

Daily Market Outlook

30 June 2025

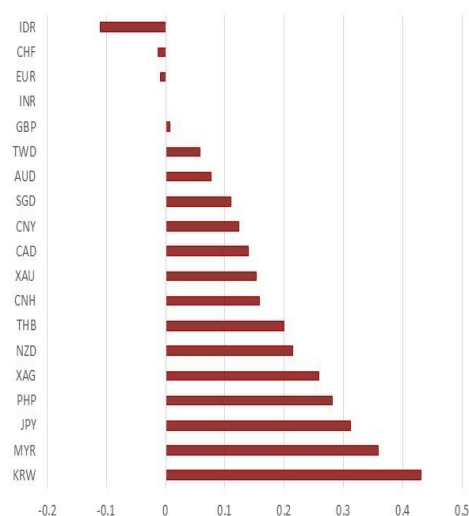
Tentative Progress on Trade Talks

- DXY. Heavy.** USD consolidated near recent lows, driven by tentative optimism on trade talks, comments from Trump on Fed Chair and in reaction to softer US data last Fri. Trump mentioned that the US probably has trade deals with around four or five countries, including the UK, China, and potentially India. Taiwan noted constructive progress while this morning, Canada said it would rescind digital services tax to advance trade talks. Last Fri, Trump spoke about selecting a Fed chair who would cut rates, a remark that could be seen as undermining Fed independence and may contribute to selling pressure on the USD. Regarding US data, core PCE inflation was slightly higher, but personal income and spending surprised to the downside, with personal income declining, partly due to the decrease in Social Security payments, while personal spending and the savings rate also fell. In the near term, the tariff deadline on July 9 remains a key focus, with market participants watching for potential new deals or agreements before that date, the implementation of unilateral tariff rates, and whether the deadline might be extended. However, Trump stated overnight that the deadline will not be extended. He also commented on sending letters within the next week and a half—or possibly sooner—to other countries, informing them about unilateral tariff rates. This week, attention will turn to ISM manufacturing and services data, as well as the payrolls report, which will be released earlier on Thursday since US markets will be closed on Friday for the Independence Day holiday. DXY traded heavy; last at 97.20 levels. Mild bearish momentum intact while RSI is near oversold conditions. Support at 97, 96.50 levels. Resistance at 97.50/60 levels, 98.40 (21 DMA). Data today: Chicago PMI, Dallas Fed manufacturing activity.

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% Change vs USD Intra-day (30 Jun 2025)



Source: Bloomberg, OCBC Research

- USDJPY. Breaking Lower?** USDJPY was a touch softer amid broad USD softness and UST yields drifting lower. Key risk to watch in coming days – trade negotiation with US. Japan's top negotiator Ryosei Akazawa was in Washington DC last week for the 7th round of trade negotiations, in hopes of ironing out a deal before 9 Jul deadline. Japan said that Akazawa and Lutnick had a "fruitful" discussion and agreed to continue seeking a deal that is beneficial to both US and Japan. In a separate interview overnight, Trump labelled the trade in cars between US and Japan as unfair,

but he also said that Japan can take oil from US and “a lot of other things”. Pair was last at 144.15 levels. Bullish momentum on daily chart is fading while RSI continues to fall. Risks remain skewed to the downside. Support next at 144, 142.50 levels. Resistance 144.40/50 levels (23.6% fibo, 21, 50 DMAs), 146.40 (100 DMA) and 147.15 (38.2% fibo retracement of 2025 high to low).

- **USDCNH. *Nearing Support.*** USDCNH continued to trade in subdued ranges near its recent lows. Consistent trend of CNY fix being set stronger, relatively upbeat PMIs, confirmation of trade deal framework between US and China as well as a softer USD environment should continue to point to a more constructive outlook for RMB. But at the same time, we believe policymakers will continue to pursue setting the USDCNY fix at a “measured pace” to also help anchor relative stability in RMB overall. Any sharp or rapid RMB appreciation may risk triggering exporters rushing to sell USD holdings and that cycle (if it happens) may result in excessive RMB volatility and strength. This may hurt exporters’ margins and have wider repercussion on deflation. A more gradual pace of appreciation could repair investor sentiments and encourage a return of foreign inflows. USDCNH last at 7.1620 levels. Daily momentum is not showing a clear bias while RSI shows signs of falling. Support at 7.16, 7.1460 (61.8% fibo retracement of 2024 low to 2025 high). Resistance at 7.1820 (21 DMA). In the 2Q MPC meeting statement released last Fri (meeting held on 23rd Jun), PBoC said it would adjust the pace and intensity of policy implementation in response to domestic and global economic and financial conditions. Statement also noted that China’s economy shows a positive trend, social confidence continues to be boosted, and high-quality development is being solidly advanced, but challenges remain such as insufficient domestic demand, persistently low-price levels, and multiple risk factors. Statement further indicated that it is necessary to implement a moderately accommodative monetary policy, strengthen counter-cyclical adjustments, better leverage the dual functions of monetary policy tools in terms of both quantity and structure, increase coordination between monetary and fiscal policies, and maintain stable economic growth and prices at reasonable levels.
- **USDSGD. *Heavy Bias.*** USDSGD continued to trade near recent low; last at 1.2745 levels. Daily momentum is mild bearish while RSI fell. Risks remain skewed to the downside. Next support at 1.2710, 1.2650 levels. Resistance at 1.2780, 1.2840 levels (21 DMA), 1.2930 (50 DMA). A combination of tentative progress on trade talks, soft USD environment, stronger RMB while geopolitical tensions de-escalate should keep the momentum going. S\$NEER stays near upper bound; last at ~1.98% above our model-implied mid.



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