

## Daily Market Outlook

9 May 2025

### Uneven De-escalation

- **DXY. Short Squeeze.** USD short squeeze gained traction and broadened against more currencies from safe haven to procyclical FX. MYR, gold, JPY and THB led losses. While US reached a trade deal with UK, US Commerce Secretary Lutnick did say that trade deals with South Korea and Japan could take significantly more time. This may also dampen enthusiasm about US trade talks with China (Vice Premier He Lifeng to meet with US Treasury Secretary Scott Bessent and US Trade representative Jamieson Greer) in Switzerland this weekend) and other Asian nations (in coming weeks). This morning, Bernama news reported that Malaysia's bid to coordinate a regional response to US tariffs with ASEAN as a bloc had been rejected by the US. While recent developments on de-escalation may be positive at the headline level, it may not be perceived as positive when it comes to the details. Alongside higher than expected USDCNY fix for a handful of sessions this week and the recent FOMC outcome (no hurry to cut), these underwhelming factors may temporarily add to broad weakness in Asian currencies, including JPY, MYR and KRW while USD rebounds from troughs. DXY rose, in line with our caution. Last at 100.65 levels. Daily momentum remains bullish while RSI rose. Risks remains somewhat skewed to the upside. Resistance at 100.80 (23.6% fibo retracement of 2025 peak to trough), 101.40 and 102 (50 DMA). Support at 99.60 (21 DMA), 98.90 levels.
- **USDJPY. Rebound Meets First Resistance.** USD short covering gathered pace vs. safe haven proxies. The recent US-UK deal and the upcoming US-China talks over the weekend further added momentum to the tariff de-escalation narrative. In addition, higher than expected USDCNY fix for a handful of sessions this week further dampened the USDAsia selloff momentum and provided a bid tone for most USDAsia, including USDJPY. The recent FOMC outcome (no rush to cut) further provided a setup for unwinding USD shorts. On data release this morning, lower than expected cash earnings also dimmed market enthusiasm for BoJ normalisation, from a timing perspective. USDJPY was last at 145.60 levels. Bullish momentum on daily chart intact while RSI rose. Immediate resistance at 146.35 (50 DMA), 147.15 (38.2% fibo retracement of 2025 high to low). Support at 145.40, 142.5 (23.6% fibo).

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- **USDMYR. *Rebound Underway.*** USDMYR continued to trade higher, in line with our caution for a move towards 4.31 levels. Pair hit an intra-day high this morning above 4.32. Last seen at 4.3120. Bearish momentum on daily chart is fading while RSI rose. Rebound risks likely. Resistance at 4.3250, 4.35 levels (21 DMA). Support at 4.3060 (50% fibo), 4.26/4.27 levels (61.8% fibo retracement of 2024 low to 2025 high). Higher than expected USDCNY fix for a handful of sessions this week further dampened the USDAsia sell-off momentum and provided a bid tone for most USDAsia, including USDMYR and USDKRW. Recent FOMC outcome (Fed in no hurry to cut) further provided a setup for unwinding USD shorts. While US-UK reached a trade deal, US Commerce Secretary Lutnick did say that trade deals with South Korea and Japan could take significantly more time. This may also dampen enthusiasm with US trade talks with China and other Asian nations. This morning, Bernama news reported that Malaysia's bid to coordinate a regional response to US tariffs with ASEAN as a bloc had been rejected by the US. While recent developments on de-escalation may be positive at the headline level, it is uneven when it comes to the details. These underwhelming factors may temporarily weigh on MYR.
- **USDSGD. *Bullish Divergence in Play.*** USDSGD continued to extend its rise, breaching above 1.30-levels. The overshoot in SGD over the last few days is due for correction as market liquidity return and that the higher-than-expected USDCNY daily fix (for a few sessions this week) dented the broad sell-off momentum in USDAsia. Pair was last at 1.30 levels. Bearish momentum on daily chart is waning while RSI rose from oversold conditions. Bullish divergence on daily MACD observed. Rebound likely. Resistance at 1.3020 (76.4% fibo retracement of 2024 low to 2025 high), 1.3070 (21 DMA). Support at 1.2910 levels. S\$NEER last seen around 1.78% above model-implied mid.

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