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Daily Market Outlook

USD Holds Edge

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- ***USD Holds Edge:*** *Rising oil prices, elevated Treasury yields and resilient US economic data continue to support the USD. The key test this week is payrolls. A strong jobs report could reinforce Fed tightening expectations and extend the dollar's near-term gains.*

- ***Gold under pressure*** *from higher oil, firmer US Treasury yields, with the break below 4200 adding to technical selling. Near term, oil and the rates remain the key swing factors.*

- ***A stronger PBoC fix pushed back against the recent rise in USDCNY****. Fixing guidance remains an important anchor for RMB, while potentially thinner liquidity into the Golden Week holidays (1-7 Oct) could bring more two-way price action.*

- ***IDR traded near 18,000****; BI has shifted more intervention towards NDF/DNDF, while higher US Treasury yields, elevated oil and a firmer USD remain near-term headwinds.*

- ***THB underperformed peers****. Higher oil, US Treasury yields and the sell-off in gold weighed on THB. The court ruling removed one political uncertainty but offered little offset to the external pressure.*

- *We have corrected an error in the FX forecast tables and republished them with the updated forecasts.*

USD Holds Edge: USD remained firm, while rate-sensitive assets such as gold softened as US Treasury yields led the rise in developed market rates. The move was driven by persistent US-Iran tensions, which kept oil prices elevated and reinforced concerns about inflation. The 10-year US Treasury yield briefly climbed to 5.27%, its highest level since July 2007, supported by firmer US data and hawkish Fed rhetoric before retracing some gains. President Trump rejected Iran's ceasefire proposal and reportedly signalled a willingness to escalate military action unless Iran agrees to dismantle its nuclear programme. Recent market moves suggest that higher yields are acting more as a brake on risk appetite than a trigger for broader market stress. Credit spreads remain tight, equities continue to trade well, and EM carry remains largely intact, although some early signs of strain are beginning to emerge. Recent market developments also reinforce the view that investors still believe the global economy can absorb higher interest rates without tipping into a sharper downturn.

This week's US labour market report is the key event risk. Bloomberg consensus expects nonfarm payrolls to rise by 90,000 in September, down from 162,000 in August, while the unemployment rate is forecast to remain unchanged at 4.1%. Although Fed Chair Kevin Warsh has highlighted the four-week average of initial jobless claims as a timely indicator of labour market conditions, payrolls remain the market's preferred measure of labour market health. Recent claims data have continued to trend lower, suggesting labour market conditions remain firm. As a result, the risk of an upside payrolls surprise appears to be increasing. A stronger-than-expected employment report would likely reinforce expectations of further Fed tightening, keep Treasury yields elevated and provide additional support for the USD.

Our base case remains for a moderate USD rally into year-end. Markets are currently pricing almost four Fed rate hikes over the next year, which appears overly aggressive unless demand-driven inflation re-emerges as the dominant force behind price pressures. Wage growth and rental inflation will be critical indicators to watch. Our constructive USD view is tempered by two factors: ongoing gradual CNY appreciation and improving prospects for JPY strength as Japan's policy backdrop becomes more supportive. Nevertheless, the dollar could overshoot in the near term if Middle East tensions continue to lift energy prices and inflation concerns become more entrenched.

Gold. Likely exacerbated by technical selling. Gold extended its decline, falling to a 7-week low as the recent rise in oil prices reinforced inflation concerns and expectations for further Fed tightening. Higher US Treasury yields and a firm USD added to the pressure, while the break below 4200 likely exacerbated technical selling. Near term, oil and the corresponding rates response remain the key swing factors. Softer US data (such as core PCE, NFP) or some easing in yields could help gold stabilise, while another leg higher in oil and yields would keep downside pressure intact.

Gold last at 4120 levels. Mild bearish momentum on daily chart intact while RSI fell. Risks remain skewed to the downside. Failure to reclaim back above 4300 – 4350 (21, 50, 100 DMAs) may see bearish pressure continue. Next support at 4100, 4000 and 3944 (previous low). Resistance at 4300/50, 4460 levels.

CNY. Firmer Fixing. USDCNH traded a touch lower despite the firmer USD backdrop. The PBoC strengthened Monday’s fixing to 6.7399 from 6.7489 previously, even after USDCNH had rebounded from below 6.70. We see the stronger fix partly as an effort to break the momentum in the recent uptick in USDCNY, broader USD and reinforce the preference for a steady and measured pace of RMB appreciation. That said, the macro backdrop remains less supportive, however, with higher US Treasury yields and lingering softness in China's domestic economy likely to constrain the pace of RMB gains. Near term, fixing guidance remains an important anchor for RMB, while potentially thinner liquidity into the Golden Week holidays (1-7 Oct) could bring more two-way price action in the lead-up. Our bias remains for gradual RMB appreciation rather than a sharp one-way move.

USDCNH last seen at 6.7130 levels. Mild bullish momentum on daily chart intact while RSI turned lower. Consolidation likely. Support at 6.71, 6.7030 levels before 6.6920 (recent low). Resistance at 6.73 (50 DMA).

IDR. External drag. USDIDR traded back towards 18,000 briefly in Asian hours yesterday as higher oil prices, elevated US Treasury yields and a firm USD continued to weigh on the IDR. Separately at a parliamentary hearing, BI Governor Destry Damayanti said that BI has reduced spot intervention to around 30% of its total FX intervention, with greater use of offshore NDF and domestic DNDF as these instruments are less reserve-intensive and, in BI's assessment, more effective. This should not be read as BI stepping back from IDR stabilisation, but rather a change in the intervention mix.

Governor Destry also acknowledged that intervention cannot fully offset structural pressures from the external sector, pointing to the need for stronger exports and investment. Near term, a less favourable external environment may continue to weigh on IDR. Some easing in these external pressures (i.e. US Treasury yields, oil and USD) would be needed for the IDR to stabilise more convincingly.

USDIDR last closed at 17975 levels. Bullish momentum on daily chart intact while RSI rose into near overbought conditions. Risks still skewed to the upside. Resistance at 18100 levels. Support at 17900, 17810 levels (50, 100 DMAs) and 17725 (21 DMA).

THB. Top underperformer amongst Asian FX. THB came under pressure, with USDTHB rising to a two-month high as higher oil prices, elevated US Treasury yields and a firmer USD weighed on the currency. Overnight weakness in gold also added to pressure, given THB's recent sensitivity to gold moves. Domestically, the Constitutional Court dismissed the challenge to the legality of February's election, removing the risk of an election rerun and taking away one source of political uncertainty. The ruling was positive at the margin, but not enough to provide much support to THB. Near term, the similar set of external factors - oil, US Treasury yields and gold are likely to remain the key drivers of THB.

USDTHB last at 33.85 levels. Mild bullish momentum on daily chart intact while RSI is near overbought conditions. Bullish crossover observed with 21DMA cutting above 50DMA – typically associated with a near term bullish signal. Next resistance at 33.70, 33.86 levels (2026 high). Support at 33.45, 33.20 (21, 50 DMAs).

SGD. Holding ground. SGD traded relatively steady despite the softer Asian FX tone, with USDSGD holding around 1.2780. On the data front, August manufacturing output rose 15.4% YoY, up from a revised 6.9% in July, supported by strong gains in electronics and precision engineering, although output slipped 0.5% MoM. The data points to still-resilient activity, helped by AI-related demand. Following the CPI data last week, we now expect MAS to slightly steepen the S$NEER slope at the next MPC meeting in mid-Oct, as underlying price pressures remain intact. Near term, the pair should continue to take its cue from moves in USD/rates and RMB, while the prospect of further MAS tightening should help keep SGD relatively resilient against some of the higher-beta Asian FX.

USDSGD last at 1.2777. Bullish momentum on daily chart intact but there are tentative signs of it slowing while RSI shows signs of easing lower. Consolidation likely. Support at 1.2740 (61.8% fibo retracement of 2026 low to high), 1.2720 (21 DMA). Resistance at 1.2820 (100 DMA), 1.2840 (38.2% fibo).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1457	159.95	1.3372	0.8414	0.7085	0.5744	1.4248	4496	1.2836	62.69	96.22
Resistance 2	1.1415	158.60	1.3312	0.8361	0.7053	0.5706	1.4205	4332	1.2806	62.60	96.08
Resistance 1	1.1393	158.00	1.3283	0.8341	0.7036	0.5686	1.4190	4224	1.2790	62.57	96.04
Spot	1.1372	157.44	1.3254	0.8319	0.7017	0.5666	1.4177	4123	1.2775	62.54	95.99
Support 1	1.1351	156.65	1.3223	0.8288	0.7004	0.5648	1.4147	4059	1.2760	62.49	95.90
Support 2	1.1331	155.90	1.3192	0.8255	0.6989	0.5630	1.4119	4003	1.2746	62.43	95.81
Support 3	1.1289	154.55	1.3132	0.8202	0.6957	0.5592	1.4076	3839	1.2716	62.34	95.67
Bollinger Band											
Bollinger Upper	1.1706	159.49	1.3644	0.8347	0.7264	0.5921	1.4228	4497	1.2828	62.90	96.47
Bollinger Lower	1.1319	152.84	1.3179	0.8038	0.6984	0.5607	1.3692	4151	1.2622	62.40	94.35

Source: Bloomberg, OCBC Group Research. Potential resistance and support levels are identified based on pivot points

FX Forecasts

Currency Pair	Current (25 Sep)	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
USD-JPY	157	155	154	153	151	150
EUR-USD	1.14	1.14	1.13	1.13	1.14	1.15
GBP-USD	1.32	1.31	1.30	1.30	1.31	1.31
AUD-USD	0.70	0.71	0.72	0.72	0.72	0.72
NZD-USD	0.57	0.58	0.60	0.62	0.62	0.62
USD-CAD	1.41	1.41	1.42	1.42	1.40	1.37
USD-CHF	0.83	0.82	0.83	0.83	0.82	0.82
DXY	100.97	100.8	101.5	101.4	100.4	99.5
USD-SGD	1.2773	1.2700	1.2670	1.2630	1.2610	1.2550
USD-CNY	6.7133	6.6900	6.6700	6.6400	6.6200	6.5900
USD-CNH	6.7227	6.6900	6.6700	6.6400	6.6200	6.5900
USD-THB	33.39	33.00	32.80	32.50	32.20	32.00
USD-IDR	17903	17800	17700	17660	17630	17550
USD-MYR	4.0740	4.0500	4.0300	4.0100	4.0000	3.9800
USD-KRW	1354.07	1360	1340	1320	1300	1290
USD-TWD	31.76	31.60	31.50	31.40	31.30	31.10
USD-HKD	7.84	7.84	7.83	7.82	7.82	7.80
USD-PHP	62.48	62.20	61.80	61.30	61.20	61.00
USD-INR	95.82	95.60	95.30	95.00	94.80	94.60
USD-VND	25974	26000	25900	25800	25800	25600
EUR-JPY	179	177	174	173	172.14	172.50
EUR-GBP	0.86	0.87	0.87	0.87	0.87	0.88
EUR-CHF	0.94	0.94	0.94	0.94	0.94	0.94
EUR-AUD	1.62	1.61	1.57	1.57	1.58	1.60
EUR-NOK	10.83	10.90	11.00	11.10	11.00	11.00
AUD-NZD	1.24	1.22	1.21	1.16	1.17	1.16
EUR-SGD	1.46	1.45	1.43	1.43	1.44	1.44
GBP-SGD	1.69	1.66	1.65	1.64	1.65	1.64
AUD-SGD	0.90	0.90	0.91	0.91	0.91	0.90
NZD-SGD	0.72	0.74	0.75	0.78	0.78	0.78
CAD-SGD	0.90	0.90	0.89	0.89	0.90	0.92
CHF-SGD	1.54	1.54	1.52	1.52	1.53	1.54
JPY-SGD	0.81	0.82	0.82	0.83	0.84	0.84
SGD-MYR	3.19	3.19	3.18	3.17	3.17	3.17
SGD-CNY	5.26	5.27	5.26	5.26	5.250	5.251
SGD-IDR	14014	14016	13970	13983	13981	13984
SGD-THB	26.14	25.98	25.89	25.73	25.54	25.50
SGD-PHP	48.89	48.98	48.78	48.54	48.53	48.61
SGD-VND	20334	20472	20442	20428	20460	20398
SGD-CNH	5.26	5.27	5.26	5.26	5.25	5.25
SGD-TWD	24.85	24.88	24.86	24.86	24.82	24.78
SGD-KRW	1060	1071	1058	1045	1031	1028
SGD-HKD	6.14	6.17	6.18	6.19	6.20	6.22
SGD-JPY	123	122	122	121	120	120
Gold $/oz	4285	4600	4720	4850	4960	5050
Silver $/oz	64	70	72	73	75	78
Platinum $/oz	1782	1952	2002	2058	2104	2118
Palladium $/oz	1271	1490	1529	1571	1606	1617
ICE Brent $/bbl	104	85	83	81	78	75
NYMEX WTI $/bbl	92	81	79	77	74	71
Aluminium $/mt	3268	3,050	3,075	3,100	3,100	3,100
Copper $/mt	14623	13,000	13,100	13,300	13,300	13,300

Source: OCBC Group Research (Latest Forecast Update: 25 September 2026)

Note: These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair.

FX Forecasts

	Current (25 Sep)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.14	1.14	1.13	1.14
GBPUSD	1.32	1.31	1.30	1.31
USDJPY	157	155	154	151
USDCHF	0.83	0.82	0.83	0.82
AUDUSD	0.70	0.71	0.72	0.72
NZDUSD	0.57	0.58	0.60	0.62
USDCAD	1.41	1.41	1.42	1.40
EURNOK	10.83	10.90	11.00	11.00
Forecast for Asian Currencies				
USDCNY	6.71	6.69	6.67	6.62
USDIDR	17903	17800	17700	17630
USDINR	95.82	95.60	95.30	94.80
USDKRW	1354	1360	1340	1300
USDMYR	4.07	4.05	4.03	4.00
USDPHP	62.48	62.20	61.80	61.20
USDSGD	1.28	1.27	1.27	1.26
USDTHB	33.39	33.00	32.80	32.20
USDTWD	31.76	31.60	31.50	31.30
Forecast for Precious Metals				
Gold $/oz	4285	4600	4720	4960
Silver $/oz	64.30	70	72	75
Platinum $/oz	1782	1952	2002	2104
Palladium $/oz	1271	1490	1529	1606
Forecast for Crude Oil				
NYMEX WTI $/bbl	92.4	81.0	79.0	74
ICE Brent $/bbl	104.3	85.0	83.0	78

Source: OCBC Group Research (Latest Forecast Update: 25 September 2026)

Note: The 3-, 6-, and 12-month forecasts may vary slightly over time even when the underlying FX outlook remains unchanged. This is because we use a single set of core FX and interest-rate forecasts anchored on quarter-end levels. From these quarter-end projections, we derive the 3-, 6-, and 12-month forecasts using straightforward methodologies, including interpolation. This approach ensures internal consistency across all forecast horizons.

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