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Daily Market Outlook

Asian FX Differentiation Persists

Christopher Wong
FX Strategist

- ***EURUSD held around 1.16 as a softer USD*** *and firmer euro-area data offset higher oil. ECB hike expectations should limit downside, though energy remains a two-sided growth/inflation risk.*

- ***USDJPY broke below 155 and accelerated towards the low-154s*** *as BoJ tightening expectations strengthened; sustained trading below 155 risks turning prior support into resistance.*

- ***USDCNH briefly fell to 6.7050 before rebounding*** *after the PBoC set a higher fix, reinforcing the signal that policymakers are leaning against the pace, rather than the direction of RMB appreciation.*

- ***USDPHP hit another record high*** *as elevated oil compounded a weak external backdrop. BSP remains focused on smoothing volatility rather than defending a level.*

- ***USDSGD stayed subdued*** *around 1.2660 amid thin US-holiday liquidity. Softer SG retail sales had little FX impact, leaving the pair mainly driven by the broader USD.*

EURUSD. Range. EURUSD held up around the 1.16 handle overnight despite the continued rise in oil prices. A softer USD backdrop and firmer euro-area sentiment data offered some support, while markets remain heavily positioned for a 25bp ECB hike this Thursday. Higher energy prices have also complicated the outlook for the ECB's tightening cycle, with inflation risks becoming less comfortable against a backdrop of only moderate growth. Political uncertainty has edged higher following the AfD's strong result in Saxony-Anhalt, although the broader implications for federal politics appear contained for now. Firm ECB tightening expectations, together with signs of improving euro-area activity, should help limit EUR downside in the near term, although we remain cautious about chasing the pair higher. Elevated oil prices remain a two-way risk for the euro, reinforcing inflation and ECB tightening risks while at the same time weighing on the region's terms of trade and growth outlook. Focus now turns to the ECB meeting and US CPI later this week for the next directional catalyst.

EUR last at 1.1620 levels. Mild bearish momentum on daily chart intact while RSI is flat. 2-way risks likely to persist. Support at 1.1560 (100 DMA), 1.1510 (50 DMA). Resistance at 1.1630 (200 DMA), 1.1710 levels.

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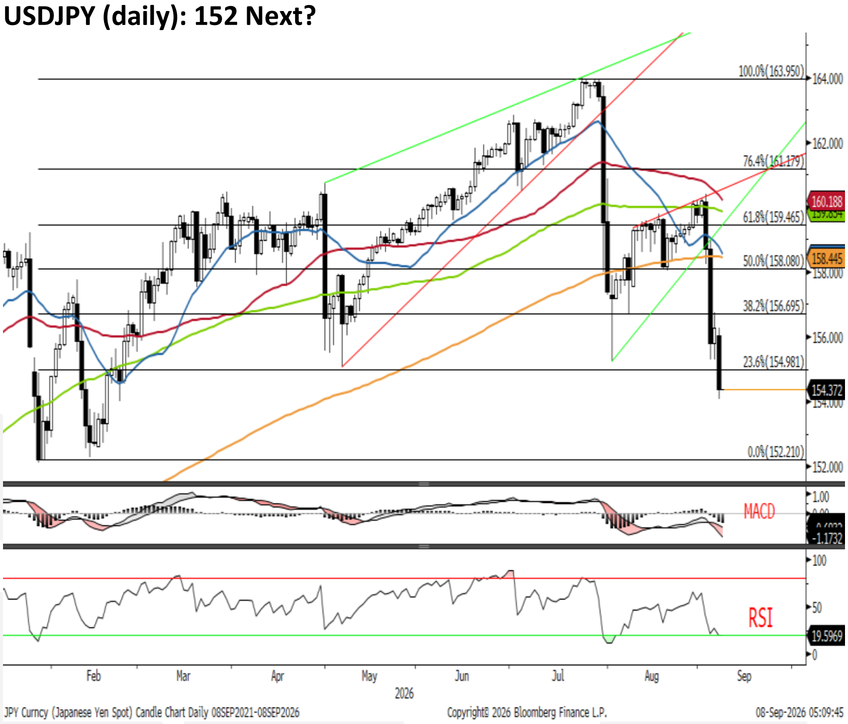
USDJPY. Broke below 155. USDJPY fell through the 155 handle overnight, with the break accelerating the decline towards the low-154s. Expectations for faster BoJ policy normalisation continued to build, with markets now close to fully pricing a 25bp hike at next week's BoJ meeting, while comments from PM Takaichi's economic adviser Takuji Aida, who expects a Sept hike followed by further tightening, added to the shift in rate expectations. More broadly, sentiment towards JPY appears to be turning less bearish, amid signs of some domestic capital repatriation and reduced appetite for yen-funded carry trades. The price action is also notable given USDJPY's limited response to stronger US payrolls and higher US rate expectations. From a technical perspective, sustained trading below 155 could see the previous support level turn into resistance and encourage further unwinding of JPY shorts. This week, US PPI/CPI remains an important data/event risk. A stronger-than-expected inflation print could still trigger some USDJPY rebound.

USDJPY last seen at 154.40 levels. Daily momentum is mild bearish while RSI is near oversold conditions. Rebound risks not ruled out but sustained price action below key support at 155 levels (23.6% fibo retracement of 2026 low to high) may open door to further downside. Next bigger support lies at 152.20 levels (2026 lows). Resistance at 155, 156.70 (38.2% fibo).

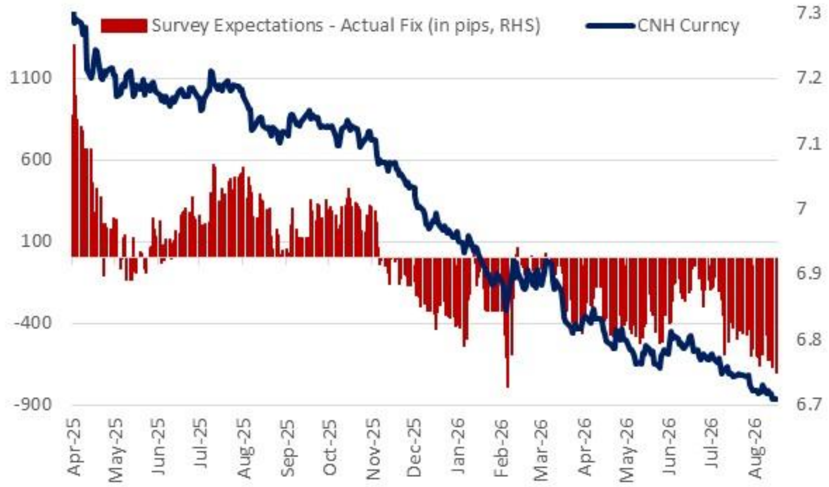
USDJPY (daily): 152 Next?



Source: Bloomberg, OCBC Group Research

USDCNH. Fix a speed limiter. USDCNH fell briefly to 6.7060 intra-day low on Monday, its lowest since February 2023. The pair then rebounded sharply after PBOC set the daily fix higher at 6.7795 (vs. Fri fix of 6.7787). Market estimates was >700pips lower than the actual fix, reinforcing our view that policymakers are leaning against the pace, rather than the direction of RMB appreciation. Near term, subdued USD demand and underlying RMB resilience may continue to keep USDCNH biased lower. We continue to favour a measured pace of RMB appreciation, with the fixing likely to serve as an important speed limit on further gains.

Market expectations for USDCNY fix >700pips below actual fix



Source: Bloomberg, OCBC Group Research

USDNH last at 6.71 level. Daily momentum and RSI are not indicating a clear bias. 2-way risks likely in the interim. Support at 6.7060 (recent low), 6.70 levels. Resistance at 6.7180, 6.7270 (21 DMA).

PHP. Oil weighs. USDPHP rose to another record high around 62.75 on Monday before paring the move. PHP continues to underperform regional peers, with elevated oil prices exacerbating an already challenging external backdrop. The trade deficit widened by nearly 30% YoY to around US$37bn in the first seven months of the year, while FX reserves have declined from their February peak. The BSP's recent communication also suggests that its priority remains limiting disorderly moves rather than defending any specific exchange-rate level. This may leave PHP more exposed to market forces, particularly while oil remains elevated. Near term, some consolidation is possible following the repeated push to record lows, especially if the broader USD remains contained, but a more sustained PHP recovery may require some easing in oil prices and improvement in the external balance.

USDPHP last closed at 62.60 levels. Bullish momentum on daily chart intact but may tentatively show signs of slowing while RSI shows signs of turning from overbought conditions. Some pullback is not ruled out in the interim. Support at 62.25 levels (23.6% fibo retracement of Aug low to Sep high), 61.92 (38.2% fibo). Resistance at 62.75 levels (recent high)

USDSGD. Break below key support can trigger further downside. USDSGD traded in a subdued range of 1.250 – 1.2680 range overnight, with price action subdued amid the US Labor Day holiday. A modestly softer USD weighed on the pair, although elevated oil prices and lingering geopolitical risks (US-Iran) helped keep moves contained. On the domestic front, July retail sales growth slowed to 1.5% y/y from 4.0% in June, below the 3.1% consensus estimate, although seasonally adjusted sales still rose 0.9% m/m. The softer headline had little discernible impact on SGD, with the currency continuing to take its cue mainly from the broader USD. Near term, USDSGD should remain sensitive to shifts in the USD and US rates, with attention turning to US inflation data later this week. A softer USD backdrop could keep the pair biased lower, though elevated oil prices and associated inflation/sentiment risks may limit the extent of the move.

Pair was last at 1.2660 levels. Momentum on daily chart remains flat while RSI slipped. 2-way risks likely to persist; sell rallies preferred. Support at 1.2650, 1.2610 levels. Resistance at 1.2740/50 levels (21DMA, 61.8% fibo retracement of 2026 low to high), 1.2790 levels (50% fibo).

USDSGD (daily): Heavy bias though nearing key support

Source: Bloomberg, OCBC Group Research

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1680	159.34	1.3616	0.8148	0.7271	0.5924	1.3894	4515	1.2721	62.98	94.69
Resistance 2	1.1651	157.12	1.3574	0.8122	0.7242	0.5901	1.3857	4461	1.2692	62.82	94.57
Resistance 1	1.1637	155.74	1.3557	0.8109	0.7230	0.5890	1.3836	4433	1.2676	62.71	94.53
Spot	1.1624	154.37	1.3542	0.8094	0.7220	0.5884	1.3816	4404	1.2660	62.60	94.49
Support 1	1.1608	153.52	1.3515	0.8083	0.7201	0.5867	1.3799	4379	1.2647	62.55	94.41
Support 2	1.1593	152.68	1.3490	0.8070	0.7184	0.5855	1.3783	4353	1.2634	62.50	94.33
Support 3	1.1564	150.46	1.3448	0.8044	0.7155	0.5832	1.3746	4299	1.2605	62.34	94.21
Bollinger Band											
Bollinger Upper	1.1709	161.99	1.3660	0.8175	0.7245	0.5987	1.3946	4672	1.2813	62.88	96.12
Bollinger Lower	1.1523	155.01	1.3456	0.7979	0.7052	0.5830	1.3759	4258	1.2633	60.68	94.49

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

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