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FX Weekly

USD Awaits CPI

- ***USD Awaits CPI****: USD direction remains tethered to Fed expectations, with CPI the next key catalyst. A rangebound USD and supportive risk sentiment should keep carry trades resilient, while renewed scrutiny of Fed independence is helping underpin gold.*
- ***Intervention Test****: The intervention story is not over. Markets are now shifting focus from FX action to BoJ action, with September holding the key to whether JPY stabilisation becomes a lasting recovery.*
- ***USDCNH lacks follow-through momentum*** *to the downside. Fixing pattern continued to signal a preference for measured pace of RMB appreciation.*
- ***IDR found support*** *from a softer USD backdrop post-payroll and greater policy clarity after Destry Damayanti was nominated as the sole BI governor candidate.*
- ***USDSGD consolidated*** *after the soft US payroll. Technical rebound risks not ruled out, with this week's US CPI and PPI the next key catalysts.*

Sim Moh Siong
FX Strategist
(G10 & oil)

Christopher Wong
FX Strategist
(Asia & precious metals)

USD Awaits CPI: The USD softened over the past week as Fed rate hike expectations moderated and the US yield curve steepened. Unless this week's CPI report delivers a meaningful upside surprise, the USD is likely to remain trapped in narrow ranges. July's soft payrolls report should keep the Fed patient beyond September, with markets unlikely to price a September hike as the base case without a firmer inflation signal.

In our view, core CPI would need to print at 0.3% MoM or higher in July, above the 0.2% consensus forecast, to materially lift expectations of a September rate hike. A rangebound USD, combined with a constructive risk backdrop, should continue to support carry trades despite ongoing volatility in oil markets. Oil prices eased on hopes that the Strait of Hormuz could reopen, but Iran's firm conditions for Washington suggest any near-term boost to energy supply is likely to be limited.

Meanwhile, debasement concerns have returned to the fore, adding pressure on the USD and helping gold rebound from what increasingly appears to be a floor near USD4,000/oz. Several recent developments have renewed scrutiny over Fed independence.

First, the Trump administration reportedly made another attempt to remove Fed Governor Lisa Cook. If successful, President Trump would gain an additional opportunity to appoint a Fed governor. Cook has until 26 August to respond.

Second, the Wall Street Journal reported that President Trump has maintained frequent contact with Fed Chair Kevin Warsh, discussing issues ranging from Iran to AI. While there is no evidence that monetary policy has been directly influenced, the relationship appears less distant than the convention typically observed between the White House and the Fed.

Following the weak July payrolls data, we do not believe a Fed decision to keep rates unchanged in September would be viewed as a credibility issue. However, if inflation remains sticky, the September meeting could become an important test of the Fed's inflation-fighting credentials. In that scenario, the USD outlook will depend heavily on whether policymakers choose to reinforce their inflation mandate through tighter policy.

Intervention Test: Questions remain over whether Japan's intervention, likely larger in scale and stronger in signalling power given US involvement, can reverse the JPY's underlying weakness. With USDJPY approaching 159, the pair has already retraced almost 40% of its decline from the pre-intervention high of 164 to the post-intervention low near 155.50. We suspect both Japan and the US stand ready to intervene again if needed to stabilise the JPY.

We maintain our end-2026 USDJPY forecast of 163. However, we could turn more constructive on the JPY if the BoJ follows through with a more aggressive rate hike path and if policies that encourage GPIF and NISA-related flows back into Japanese assets materialise.

Coordinated intervention has also fuelled expectations of earlier or faster BoJ tightening, helping to stabilise long-end JGB yields. The key risk is that a more stable JPY reduces the urgency for the BoJ to raise rates. With markets pricing around a 60% probability of a September hike, upward pressure on both USDJPY and long-end JGB yields could re-emerge if the BoJ keeps rates unchanged.

Conversely, a September rate hike, combined with evidence of domestic investors reallocating capital back into Japanese assets, could drive a more sustained JPY recovery and provide longer-lasting relief for long-end JGB yields.

Week's Asian data calendar is centred on Malaysia 2Q26 GDP and current account (14 Aug), India CPI (12 Aug) and China credit data due during the week. Malaysia's GDP and current account should provide an update on whether growth momentum and external balances continue to offer some support for MYR, while India CPI will be watched for whether food and underlying price pressures are firming again after the RBI stayed on hold. In China, July CPI slowed to 0.5% YoY, while PPI eased to 3.5% YoY from 4.1% in June, pointing to softer domestic demand and some moderation in cost pressures. China credit and financing data will be relevant for whether domestic credit demand is improving or remains soft. Outside Asia, US CPI (12 Aug), PPI (13 Aug) and retail sales later in the week will be key for Fed expectations and the USD, particularly after the recent repricing of near-term Fed hike risks.

CNH. Post-NFP gains consolidate. USDCNH slipped after Friday's weak US payrolls print, with RMB trading close to its strongest levels in more than three years. Some gains were pared overnight as softer China inflation data refocused attention on still-soft domestic demand. The fixing pattern also continued to suggest that policymakers prefer a more measured pace of appreciation. Yesterday's USDCNY fix was set at 20 pips lower compared with Bloomberg expectations for a -202pips decline. We continue to see room for RMB strength, supported by exporter conversions and a softer USD backdrop, but policymakers are likely to keep the pace measured. USDCNH was last at 6.7460 levels.

Mild bearish momentum on daily chart intact though there are early signs to show waning momentum while RSI show signs of rising from near oversold conditions. Some retracement higher not ruled out but bias to lean against strength. Resistance at 6.7540, 6.7630 (21 DMA). Support at 6.74, 6.72 levels.

IDR. BI succession clarity adds to post-payroll support. IDR strengthened overnight, building on the more supportive external backdrop after Friday's weak US payrolls, while President Prabowo's nomination of interim governor Destry Damayanti as the sole candidate to head Bank Indonesia provided an additional domestic catalyst. The IDR strengthened to near 2-month high following the announcement. Markets appear to have taken comfort from Destry's extensive experience at BI and expectations for policy continuity, including her emphasis on currency stability. The nomination removes an important source of near-term uncertainty following Perry Warjiyo's departure. For now, a softer USD backdrop and greater clarity over the BI leadership should keep IDR better supported, with US CPI, oil prices and the next BI meeting (19 Aug) the next key event risks to watch. USDIDR last seen at 17762 levels. Bearish momentum on daily chart intact while RSI fell to near oversold conditions. Bearish crossover observed with 21DMA cutting 50DMA to the downside. Directional bias skewed to the downside. Next support at 17680, 17620 (38.2% fibo retracement of 2026 low to high) and 17580 (100 DMA). Resistance at 17840 (23.6% fibo), 17950/970 levels (21, 50 DMAs).

USDSGD. Technical Rebound risk. USDSGD consolidated overnight after the decline post-payroll on Fri. Last seen at 1.28 levels. Bearish momentum intact but shows signs of waning while RSI shows signs of turning higher from near oversold conditions. Rebound risks not ruled out in the interim. Resistance at 1.2830/40 levels (100, 200 DMAs, 38.2% fibo retracement of 2026 low to high), 1.2870/90 levels (21, 50 DMAs, 23.6% fibo). Support at 1.2770 (recent low), 1.2740 (61.8% fibo). Near term, USDSGD is likely to take cues from broader moves in USD and USDCNY. This puts focus on upcoming US data releases this week, including CPI, PPI and to a lesser extent, retail sales.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1604	162.37	1.3601	0.8162	0.7103	0.5935	1.4018	4530	1.2857	61.15	95.51
Resistance 2	1.1577	160.55	1.3554	0.8127	0.7082	0.5911	1.3981	4448	1.2827	60.97	95.38
Resistance 1	1.1560	159.92	1.3530	0.8114	0.7068	0.5897	1.3960	4420	1.2815	60.86	95.34
Spot	1.1543	159.29	1.3507	0.8103	0.7055	0.5882	1.3941	4392	1.2805	60.75	95.30
Support 1	1.1533	158.10	1.3483	0.8079	0.7047	0.5873	1.3923	4338	1.2785	60.68	95.21
Support 2	1.1523	156.91	1.3460	0.8057	0.7040	0.5863	1.3907	4285	1.2767	60.61	95.13
Support 3	1.1496	155.09	1.3413	0.8022	0.7019	0.5839	1.3870	4203	1.2737	60.42	95.00
Bollinger Band											
Bollinger Upper	1.1602	166.01	1.3574	0.8198	0.7074	0.5925	1.4149	4371	1.2963	62.16	96.90
Bollinger Lower	1.1334	155.88	1.3277	0.8027	0.6947	0.5762	1.3933	3873	1.2769	60.68	94.86

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

FX Forecasts

Currency Pair	Current (31 Jul)	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
USD-JPY	160	163	163	163	163	162
EUR-USD	1.15	1.12	1.11	1.10	1.10	1.10
GBP-USD	1.34	1.29	1.28	1.26	1.26	1.26
AUD-USD	0.70	0.72	0.72	0.71	0.71	0.71
NZD-USD	0.59	0.60	0.61	0.61	0.61	0.62
USD-CAD	1.40	1.42	1.43	1.44	1.44	1.44
USD-CHF	0.81	0.83	0.84	0.85	0.85	0.85
DXY	100.15	102.9	103.6	104.4	104.3	104.2
USD-SGD	1.2826	1.2860	1.2800	1.2760	1.2710	1.2690
USD-CNY	6.7471	6.7400	6.7100	6.6900	6.6600	6.6500
USD-CNH	6.7457	6.7400	6.7100	6.6900	6.6600	6.6500
USD-THB	33.39	33.80	33.30	33.10	33.00	32.80
USD-IDR	18000	18100	18000	17900	17850	17800
USD-MYR	4.0875	4.1500	4.1200	4.1200	4.1000	4.0800
USD-KRW	1430	1460	1440	1420	1400	1380
USD-TWD	32.31	32.60	32.50	32.20	32.00	32.00
USD-HKD	7.8410	7.8400	7.8400	7.8300	7.8200	7.8200
USD-PHP	61.25	61.80	61.20	61.00	60.50	60.40
USD-INR	95.43	95.20	94.80	94.50	94.20	94.00
USD-VND	26292	26400	26400	26200	26000	26000
EUR-JPY	185	183	181	179	179	178
EUR-GBP	0.86	0.87	0.87	0.87	0.87	0.87
EUR-CHF	0.93	0.94	0.94	0.94	0.94	0.94
EUR-AUD	1.64	1.56	1.54	1.55	1.55	1.55
EUR-NOK	10.98	11.10	11.10	11.10	11.10	11.00
AUD-NZD	1.20	1.21	1.19	1.17	1.16	1.15
EUR-SGD	1.48	1.44	1.42	1.40	1.40	1.40
GBP-SGD	1.72	1.66	1.63	1.61	1.61	1.60
AUD-SGD	0.90	0.93	0.92	0.91	0.90	0.90
NZD-SGD	0.75	0.77	0.77	0.77	0.78	0.78
CAD-SGD	0.91	0.91	0.90	0.89	0.88	0.88
CHF-SGD	1.59	1.54	1.52	1.49	1.49	1.48
JPY-SGD	0.81	0.79	0.79	0.78	0.78	0.78
SGD-MYR	3.19	3.23	3.22	3.23	3.23	3.22
SGD-CNY	5.26	5.24	5.24	5.24	5.24	5.24
SGD-IDR	14045	14075	14063	14028	14044	14027
SGD-THB	26.04	26.28	26.02	25.94	25.96	25.85
SGD-PHP	47.77	48.06	47.81	47.81	47.60	47.60
SGD-VND	20501	20529	20625	20533	20456	20489
SGD-CNH	5.26	5.24	5.24	5.24	5.24	5.24
SGD-TWD	25.19	25.35	25.39	25.24	25.18	25.22
SGD-KRW	1116	1135	1125	1113	1101	1087
SGD-HKD	6.11	6.10	6.13	6.14	6.15	6.16
SGD-JPY	125	127	127	128	128	128
Gold $/oz	4065	4180	4360	4520	4680	4820
Silver $/oz	58	60	62	65	67	69
Platinum $/oz	1642	1672	1744	1808	1872	1928
Palladium $/oz	1300	1276	1331	1380	1429	1472
ICE Brent $/bbl	82	80	75	73	71	69
NYMEX WTI $/bbl	88	76	71	69	67	65
Aluminium $/mt	3196	3,150	3,050	3,075	3,100	3,100
Copper $/mt	13803	12,500	12,500	12,600	12,800	12,800

Source: OCBC Group Research (Latest Forecast Update: 31 July 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 (31 Jul)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.15	1.12	1.11	1.10
GBPUSD	1.34	1.28	1.27	1.26
USDJPY	160	163	163	163
USDCHF	0.81	0.84	0.85	0.85
AUDUSD	0.70	0.72	0.72	0.71
NZDUSD	0.59	0.60	0.61	0.61
USDCAD	1.40	1.42	1.43	1.44
EURNOK	10.98	11.10	11.10	11.07
Forecast for Asian Currencies				
USDCNY	6.75	6.73	6.70	6.66
USDIDR	18000	18067	17967	17833
USDINR	95.43	95.07	94.70	94.13
USDKRW	1430	1453	1433	1393
USDMYR	4.09	4.14	4.12	4.09
USDPHP	61.25	61.60	61.13	60.47
USDSGD	1.28	1.28	1.28	1.27
USDTHB	33.39	33.63	33.23	32.93
USDTWD	32.31	32.57	32.40	32.00
USDHKD	7.84	7.84	7.84	7.82
Forecast for Precious Metals				
Gold $/oz	4065	4240	4413	4727
Silver $/oz	58	61	63	68
Platinum $/oz	1641	1696	1765	1891
Palladium $/oz	1301	1295	1348	1443
Forecast for Crude Oil				
NYMEX WTI $/bbl	87	74	70	66
ICE Brent $/bbl	88	78	74	70
Aluminium $/mt	3196	3350	3150	3175
Copper $/mt	13803	12500	12500	12600

Source: OCBC Group Research (Latest Forecast Update: 31 July 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.

Interest Rates Forecasts

	3M	6M	12M
Forecasts for US interest rates			
Fed Funds Rate	3.75	3.75	3.75
2-Year US Treasury	4.15	4.05	4.00
5-Year US Treasury	4.25	4.20	4.15
10-Year US Treasury	4.55	4.45	4.45
30-Year US Treasury	5.10	5.10	5.15
Forecast for US SOFR swap rates			
2-Year Rate	3.95	3.90	3.85
5-Year Rate	4.00	3.95	3.90
10-Year Rate	4.15	4.10	4.05
30-Year Rate	4.35	4.35	4.30

Source: OCBC Group Research

Central Bank Forecast Table

	Current (3 Aug)	3Q26	4Q26	1Q27	2Q27	3Q27
Fed Funds Rate (upper)	3.75	3.75	3.75	3.75	3.75	3.75
BoE Bank Rate	3.75	3.75	3.75	3.50	3.50	3.50
ECB Depo Rate	2.25	2.50	2.50	2.50	2.50	2.50
BOJ Policy Rate	1.00	1.00	1.25	1.25	1.50	1.50
RBA Cash Rate	4.35	4.35	4.35	4.35	4.10	4.10
RBNZ Official Cash Rate	2.50	2.50	2.75	3.00	3.00	3.00

Source: OCBC Group Research (Latest Forecast Update: 3 Aug 2026)

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
10-Aug	14:00	NO	CPI Underlying YoY	Jul	2.7%	2.9%	2.7%
	14:00	NO	CPI YoY	Jul	3.0%	2.8%	2.7%
11-Aug	12:30	AU	RBA Cash Rate Target	46245		4.35%	4.35%
	18:00	US	NFIB Small Business Optimism	Jul		97.3	97.4
12-Aug	20:30	US	CPI YoY	Jul		3.4%	3.5%
	20:30	US	Core CPI YoY	Jul		2.5%	2.6%
13-Aug	14:00	UK	GDP YoY	2Q P		1.1%	0.9%
	14:00	UK	Monthly GDP (MoM)	Jun		-0.1%	0.1%
	16:00	NO	Deposit Rates	46247		4.25%	4.25%
	17:00	EC	Industrial Production WDA YoY	Jun		-0.5%	-1.2%
	20:30	US	Initial Jobless Claims	8-Aug		203k	199k
14-Aug	15:00	SZ	Sport Event adjusted GDP QoQ	2Q P		0.3%	0.4%
	17:00	EC	GDP SA YoY	2Q S		1.0%	1.0%
	20:30	US	Retail Sales Advance MoM	Jul		0.2%	0.2%
	20:30	US	Retail Sales Control Group	Jul		0.3%	0.5%
	22:00	US	U. of Mich. Sentiment	Aug P		54.1	55.2

Source: Bloomberg, OCBC Group Research

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