

## FX Weekly

### Oil Relief, Fed Pressures

- **Oil Relief, Fed Pressures:** USD support has shifted from oil to rates. Hawkish Fed signals have driven higher front-end yields and a stronger USD, outweighing energy relief. Risks now tilt toward a modest USD upside break if tightening fears persist.
- **BoJ Tightens, JPY Lags:** BoJ hikes as expected but stays cautious. Gradual tightening and low real rates limit near-term JPY support. Intervention risk is high, but without a clear hawkish shift, the JPY is unlikely to become an investment currency.
- **MYR remains cautious.** Domestic fundamentals remain supportive, and softer oil offers a buffer, but this is unlikely to be a strong MYR catalyst as USD momentum and US Treasury yields stay firm. USDMYR may remain better supported unless the broader USD bid fades.
- **UK Rates On Hold:** Soft inflation keeps the BoE sidelined despite lingering tightening bias. Political noise may drive volatility, but policy continuity should limit GBP downside. Neutral stance unchanged.
- **Light data flow for Asia.** Focus on TW IP, SG CPI and BOT MPC this week. Asian currencies' direction likely still hinges more on US Treasury yields and the USD than on regional data alone. This puts attention on US core PCE.

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**Oil Relief, Fed Pressures:** We have moved from oil relief to Fed pressure over the past week. Terms of trade support for the USD has faded and inflation risks subsided as energy prices eased after the US-Iran deal. In contrast, the market has repriced toward a stronger USD and higher US front-end rates following hawkish FOMC signals. The hawkish Fed messaging surprised more than the US-Iran agreement. Oil had already been declining ahead of the deal, falling about USD30 over the past month as expectations of the US-Iran deal built.

Markets now assume a high probability of normalised Hormuz flows, despite lingering uncertainty around the durability of the US-Iran deal due to the unresolved Lebanon conflict. We still think that mine clearance, insurance reinstatement, production restarts, and precautionary stockpiling should slow further downside in oil. Lower oil

prices combined with a hawkish Fed signals have weighed on energy exporters, with NOK and MYR underperforming over the past week.

Concerns about Fed independence should ease after a surprisingly hawkish first meeting under Chair Warsh. Only 18 participants submitted dot projections, with Warsh abstaining. Nine members signalled hikes this year, and six of those pointed to more than one increase. Following the June dot plot shift, markets have moved away from pricing a prolonged pause and now see meaningful tightening risk. Around 40bp of hikes are priced by year-end, up from 20bp a week ago. Warsh's preference for reduced communication and limited forward guidance is already evident in a shorter FOMC statement. This will place greater weight on incoming data and likely increase FX volatility.

Our Fed view is unchanged. We expect Fed to stay on hold through year-end, contingent on a soft landing and sustained declines in oil prices.

The reset toward potential near-term tightening has supported the USD and weighed on low-yielding currencies such as CHF and JPY. There is a growing risk to our rangebound USD view if DXY breaks above its 14-month range. A clean break would likely deliver a modest 2 to 3 percent upside. A larger move of 5 percent or more is a tail risk if oil rebounds above USD100 per barrel or if AI-led US growth leads to overheating rather than a soft landing.

**BoJ Tightens, JPY Lags:** The BoJ raised rates by 25bp to 1.0%, as expected, with one dovish dissent from new PM Takaichi appointee Asada. It also confirmed that tapering of bond purchases will end in April 2027.

Policy bias remains for further hikes, but there is no signal of speeding up the rate hike cycle. This limits near-term support for the JPY. Despite policy rate at 30-year highs, Japan still has the one of the lowest real rate in the G10.

The impact of MoF FX intervention in late April has now been fully reversed, and then some, with USDJPY above 160. Intervention risk remains elevated. However, intervention threats alone are unlikely to drive a sustained reversal. A clearer hawkish shift from the BoJ is needed to move the JPY from a funding currency toward an investment currency.

**UK Rates On Hold:** Another downside miss in May inflation points to weak underlying price pressures in the UK. Unemployment rate also fell unexpectedly, raising questions about the true degree of labour market

slack. The BoE kept rates unchanged at 3.75%, with softer inflation giving it more room to wait. While the tightening bias is not fully gone, the tone is clearly patient. We expect rates to remain on hold through the rest of 2026.

UK politics remains a key watch. Andy Burnham's by-election win opens the possibility of a leadership challenge to Prime Minister Keir Starmer. Focus now shifts to whether a formal vote materialises or if Starmer steps aside, and how Burnham would frame fiscal policy.

We do not expect GBP's initial negative reaction to extend far. Current signals suggest Burnham would adhere to the existing fiscal framework, although delivery will matter more than guidance. For now, we retain a neutral view on GBP.

**Asian data.** The coming week's Asian calendar is relatively light but still carries some useful markers for FX. North Asia data will be watched for confirmation that the tech/export cycle remains intact, with Korea's early-June trade numbers (22 Jun) and Taiwan industrial production (24 Jun) in focus. That said, strong export data may still struggle to translate into clean KRW/TWD gains if USD strength and offshore portfolio demand remain dominant. In ASEAN, Singapore CPI (23 Jun) is closely watched for MAS tightening optionality, while the BOT meeting (24 Jun) is likely to keep the focus on the growth-inflation trade-off. The broader FX impulse may still come from the USD, with US core PCE (25 Jun) a key data to watch after the recent hawkish Fed repricing. A softer print could allow some unwind in US Treasury yield pressure, while a sticky print would leave Asian trading cautiously despite the relief from lower oil prices.

**MYR. Cautious.** MYR ended last week on a much softer footing, with USDMYR pushing up towards the 4.14 handle (at one point last week) as broad USD strength continued to weigh. Supportive domestic data, including firmer trade prints and contained inflation, did little to offset, suggesting that external drivers remain the bigger swing factor for now. Fed-led hawkish repricing has kept US Treasury yields and the USD supported. This week, MYR may still trade cautiously. Softer oil is a useful buffer, especially as it eases some pressure on the fiscal/subsidy narrative and provides relief for risk sentiment. But this is more of a cushion than a clear positive catalyst if USD momentum stays firm. Domestic fundamentals remain broadly intact, though the earlier MYR re-rating looks largely reflected in price. Near term, USDMYR may stay better supported unless US Treasury yields ease more decisively or the broader USD bid fades. Pair last closed at 4.1360. Bullish momentum on daily chart intact while RSI rose into overbought conditions. Bias remains skewed to the upside

**USDSGD. Supported.** USDSGD continued to trade with a bid tone, reflecting the firmer USD backdrop. Pair last seen at 1.2917. Daily momentum is mild bullish while RSI rose. Consolidation near the upper range likely to persist for now. Resistance at 1.2940 (recent high). Support at 1.2840/50 levels (200 DMA, 23.6% fibo), 1.28 (38.2% fibo retracement of 2026 low to high). This week's focus is on CPI data (Tue) as markets focus shifts to the next MAS policy MPC in July. A re-acceleration in core CPI should reinforce market expectations for another tightening. More broadly, SGD should remain one of the more resilient Asian currencies on relative terms, especially if oil stays contained. But the path is likely to be choppy. A firmer USD, higher US Treasury yields and fragile risk sentiment can still keep USDSGD supported in the near term.

**Gold. Under Pressure.** Gold continued to trade lower as hawkish repricing undermined sentiment. Markets are pricing about 2 Fed hikes by Mar 2027. Typically, gold trades under pressure in the environment of hawkish repricing and real rates going higher. An unwinding of hawkish Fed repricing is needed for gold to find support. Last at 4155 levels. Daily momentum showed tentative signs of turning mild bearish while RSI fell. Risks remain skewed to the downside. But price action has 21DMA restraining rebound. Support at 4120, 4024 (recent low). Resistance at 4260, 4364 (21 DMA).

Gold (daily chart)



Source: Bloomberg, OCBC Group Research

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1583	162.19	1.3368	0.8167	0.7078	0.5847	1.4261	4346	1.3005	61.05	94.96
Resistance 2	1.1520	161.72	1.3290	0.8118	0.7043	0.5796	1.4208	4255	1.2959	60.90	94.66
Resistance 1	1.1495	161.51	1.3261	0.8094	0.7028	0.5767	1.4181	4205	1.2935	60.84	94.49
Spot	1.1463	161.46	1.3208	0.8079	0.7006	0.5734	1.4178	4156	1.2923	60.79	94.33
Support 1	1.1432	161.04	1.3183	0.8045	0.6993	0.5716	1.4128	4114	1.2889	60.68	94.19
Support 2	1.1394	160.78	1.3134	0.8020	0.6973	0.5694	1.4102	4072	1.2867	60.58	94.05
Support 3	1.1331	160.31	1.3056	0.7971	0.6938	0.5643	1.4049	3981	1.2821	60.43	93.75
<b>Bollinger Band</b>											
Bollinger Upper	1.1695	161.48	1.3540	0.8091	0.7212	0.5974	1.4182	4611	1.2942	62.25	96.15
Bollinger Lower	1.1446	158.93	1.3217	0.7794	0.6954	0.5704	1.3719	4062	1.2739	60.30	94.22

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

## FX Forecasts

Currency Pair	Current (29 May)	2Q26	3Q26	4Q26	1Q27	2Q27
USD-JPY	159	158	156	155	154	153
EUR-USD	1.17	1.16	1.18	1.18	1.17	1.16
GBP-USD	1.35	1.34	1.36	1.36	1.34	1.33
AUD-USD	0.72	0.72	0.75	0.75	0.75	0.74
NZD-USD	0.60	0.60	0.61	0.61	0.62	0.62
USD-CAD	1.38	1.36	1.35	1.35	1.34	1.34
USD-CHF	0.78	0.79	0.79	0.79	0.79	0.80
DXY	98.94	99.05	97.64	97.52	98.08	98.65
USD-SGD	1.28	1.28	1.27	1.26	1.26	1.25
USD-CNY	6.77	6.81	6.80	6.78	6.76	6.74
USD-CNH	6.76	6.81	6.80	6.78	6.76	6.74
USD-THB	32.54	32.80	32.50	32.10	31.80	31.60
USD-IDR	17874	17600	17550	17450	17350	17250
USD-MYR	3.96	3.95	3.92	3.86	3.83	3.81
USD-KRW	1504	1470	1460	1450	1430	1410
USD-TWD	31.36	31.60	31.50	31.40	31.20	31.10
USD-HKD	7.84	7.82	7.80	7.78	7.78	7.78
USD-PHP	61.60	61.00	60.60	60.40	60.00	59.80
USD-INR	95.00	95.00	95.30	95.50	96.00	96.50
USD-VND	26313	26200	26000	26000	25800	25900
EUR-JPY	187	183	184	183	180	177
EUR-GBP	0.87	0.86	0.87	0.87	0.87	0.87
EUR-CHF	0.91	0.92	0.93	0.93	0.93	0.93
EUR-AUD	1.62	1.61	1.57	1.57	1.56	1.57
EUR-NOK	10.79	10.80	10.90	11.00	11.10	11.10
AUD-NZD	1.20	1.19	1.22	1.22	1.21	1.20
EUR-SGD	1.49	1.48	1.50	1.49	1.48	1.45
GBP-SGD	1.72	1.72	1.73	1.71	1.70	1.67
AUD-SGD	0.92	0.92	0.95	0.95	0.95	0.93
NZD-SGD	0.76	0.77	0.78	0.78	0.78	0.77
CHF-SGD	1.63	1.61	1.61	1.60	1.59	1.56
CAD-SGD	0.93	0.94	0.94	0.94	0.94	0.94
JPY-SGD	0.80	0.81	0.82	0.82	0.82	0.82
SGD-MYR	3.10	3.10	3.08	3.05	3.03	3.04
SGD-CNY	5.30	5.34	5.35	5.36	5.36	5.37
SGD-IDR	13992	13793	13797	13805	13748	13756
SGD-THB	25.49	25.71	25.55	25.40	25.20	25.20
SGD-PHP	48.22	47.81	47.64	47.78	47.54	47.69
SGD-VND	20613	20533	20440	20570	20444	20654
SGD-CNH	5.30	5.34	5.35	5.36	5.36	5.37
SGD-TWD	24.58	24.76	24.76	24.84	24.72	24.80
SGD-KRW	1179	1152	1148	1147	1133	1124
SGD-HKD	6.14	6.13	6.13	6.16	6.16	6.20
SGD-JPY	125	124	123	123	122	122
Gold \$/oz	4540	4800	4962	5100	5230	5400
Silver \$/oz	75.3	77.54	82.70	89.47	91.75	94.74
Platinum \$/oz	1920	2000	2109	2237	2294	2368
Palladium \$/oz	1361	1428	1506	1511	1519	1528
ICE Brent \$/bbl	92.1	100	85	80	75	75
NYMEX WTI \$/bbl	87.4	94	81	76	71	71
Aluminium \$/mt	3667	3500	3350	3150	3175	3175
Copper \$/mt	13636	12800	12500	12500	12600	12600

Source: OCBC Group Research (Latest Forecast Update: 29 May 2026)

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

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## FX Forecasts

	Current (29 May)	3M	6M	12M
<b>Forecast for G10 Currencies</b>				
EURUSD	1.17	1.17	1.18	1.16
GBPUSD	1.35	1.35	1.36	1.34
USDJPY	159	157	155	153
USDCHF	0.78	0.79	0.79	0.80
AUDUSD	0.72	0.74	0.75	0.74
NZDUSD	0.60	0.61	0.61	0.62
USDCAD	1.38	1.35	1.35	1.34
EURNOK	10.79	10.87	10.97	11.10
<b>Forecast for Asian Currencies</b>				
USDCNY	6.77	6.80	6.79	6.75
USDIDR	17874	17567	17483	17283
USDINR	95.00	95.20	95.43	96.33
USDKRW	1504	1463	1453	1417
USDMYR	3.96	3.93	3.88	3.82
USDPHP	61.60	60.73	60.47	59.87
USDSGD	1.28	1.27	1.27	1.26
USDTHB	32.54	32.60	32.23	31.67
USDTWD	31.36	31.53	31.43	31.13
USDHKD	7.84	7.81	7.79	7.78
<b>Forecast for Precious Metals</b>				
Gold \$/oz	4540	4908	5054	5343
Silver \$/oz	75.3	81	87	94
Platinum \$/oz	1920	2072	2194	2344
Palladium \$/oz	1361	1480	1510	1525
<b>Forecast for Crude Oil</b>				
NYMEX WTI \$/bbl	87.4	85.5	77.5	71.0
ICE Brent \$/bbl	92.1	90.0	81.5	75.0
Aluminium \$/mt	3667	3400	3217	3175
Copper \$/mt	13636	12600	12500	12600

Source: OCBC Group Research (Latest Forecast Update: 29 May 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

	Current (5 Jun)	3M	6M	12M
<b>Forecasts for US interest rates</b>				
Fed Funds Rate	3.75	3.75	3.75	3.75
2-Year US Treasury	4.15	4.15	4.15	4.00
5-Year US Treasury	4.27	4.25	4.25	4.15
10-Year US Treasury	4.53	4.60	4.60	4.50
30-Year US Treasury	5.00	5.10	5.10	5.15
<b>Forecast for US SOFR swap rates</b>				
2-Year Rate	4.00	3.95	3.95	3.85
5-Year Rate	3.99	4.00	4.00	3.90
10-Year Rate	4.12	4.15	4.15	4.05
30-Year Rate	4.27	4.35	4.35	4.30

Source: OCBC Group Research (Latest Forecast Update: 8 Jun 2026)

## Central Bank Forecast Table

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	Current (12 Jun)	2Q26	3Q26	4Q26	1Q27	2Q27
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	3.75	3.50	3.50
ECB Depo Rate	2.25	2.25	2.50	2.50	2.50	2.50
BOJ Policy Rate	0.75	1.00	1.00	1.25	1.25	1.50
RBA Cash Rate	4.35	4.35	4.35	4.35	4.35	4.35
RBNZ Official Cash Rate	2.25	2.25	2.50	2.75	3.00	3.00

Source: OCBC Group Research (Latest Forecast Update: 12 Jun 2026)

## Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
22-Jun	09:00	CH	5-Year Loan Prime Rate			3.50%	3.50%
	20:30	CA	CPI YoY	May		3.0%	2.8%
	20:30	CA	CPI Core- Trim YoY%	May		2.0%	2.0%
23-Jun	16:00	EC	S&P Global Eurozone Composite PMI	Jun P		--	48.5
	16:30	UK	S&P Global UK Composite PMI	Jun P		--	49.7
	21:45	US	S&P Global US Composite PMI	Jun P		--	51.5
24-Jun	09:30	AU	CPI YoY	May		4.6%	4.2%
	09:30	AU	CPI Trimmed Mean YoY	May		--	3.4%
	15:00	TH	BoT Benchmark Interest Rate			1.00%	1.00%
	16:00	GE	Ifo Expectations	Jun		84.5	83.8
	22:00	US	New Home Sales	May		640k	622k
25-Jun	09:30	AU	Employment Change	May		30.0k	-18.6k
	09:30	AU	Unemployment Rate	May		4.4%	4.5%
	20:30	US	Core PCE Price Index YoY	May		3.4%	3.3%
	20:30	US	Initial Jobless Claims	20-Jun		225k	226k
	20:30	US	Durable Goods Orders	May P		-4.7%	8.0%
	20:30	US	Durables Ex Transportation	May P		0.5%	1.1%
	20:30	US	Chicago Fed Nat Activity Index	May		--	0.1
26-Jun	07:30	JN	Tokyo CPI YoY	Jun		1.6%	1.4%
	07:30	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	Jun		1.8%	1.6%
	15:00	SW	Economic Tendency Survey	Jun		--	99.3
	16:00	EC	ECB 3 Year CPI Expectations	May		--	2.9%

Source: Bloomberg, OCBC Group Research

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