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FX Weekly

Oil, Fed and AI

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- ***Oil, Fed and AI***: *Oil's drop revives disinflation and growth hopes. This restores bonds' hedge appeal but AI valuation fears dominate equities for now. The hawkish Fed shift underpins the USD, while US–Iran tensions threaten to halt oil's slide.*

- ***New USD forecast***: *EURUSD at 1.11 (previous: 1.18) and USDJPY at 163 (previous: 155) by year-end. Hawkish Fed signals lift USD, shifts our view to modest strength from rangebound.*

- ***Asian FX may start on softer footing.*** *Risk-off from AI-led equity losses and renewed US-Iran tensions may keep USD bid and weigh on high-beta Asian FX. Data this week includes China PMIs, Korea exports/CPI, Vietnam 2Q26 GDP, Indonesia CPI and regional PMIs.*

- ***MYR recovery may stall***. *BNM/FMC comments helped sentiment, but softer risk appetite and firmer USD still argue for caution.*

Oil, Fed and AI: Oil, the Fed and AI drove markets over the past week. Brent has fallen back to pre-Iran conflict levels, bringing back the pre-war oversupply narrative. Lower energy prices ease inflation risks, improving the case for bonds as a hedge to equity risk. They also support growth by relieving pressure on household real incomes, which is broadly equity positive.

However, equities were led more by rising concerns over AI valuations. As tech wobbled, bonds proved their worth again as a portfolio hedge. The drop in oil should not be taken for granted. Fresh US–Iran tensions following weekend attacks could slow or reverse the decline in prices. The USD strengthened despite weaker terms of trade from lower oil. A more hawkish Fed and flatter yield curve have replaced high oil prices as the main support for the USD.

Debate is building on whether policy is restrictive enough given strong US growth driven by AI, in contrast to Europe's limited exposure. Meanwhile, the US labour market is improving. This week's heavy dose of US employment data is set to be an important update. Two messages stand out from the hawkish Fed signals. First, it has reassured markets on policy independence, triggering an unwind of debasement trades through lower gold and crypto, a flatter curve and a stronger USD. Second, with the Fed back in focus, the USD is realigning with rate differentials after the earlier dislocation during the energy shock.

New USD forecast: EURUSD at 1.11 (previous: 1.18) and USDJPY at 163 (previous: 155) by year-end. Hawkish Fed signals lift USD, shifts our view to modest strength from rangebound. DXY breakout targets 2 to 3 percent upside; 5 percent move requires oil surge or US overheating scenario. A firmer USD alongside widening rate differentials tends to weigh most on low-yielders such as CHF and JPY. Procyclical carry can still perform, but trade resilience will depend on selecting appropriate funding currencies (*Embracing A Stronger USD*, 23 June 2026).

Asian Calendar. The coming week's Asian calendar should shed some light on activity momentum. China PMIs (30 Jun, 1 Jul, 3 Jul) are the key regional data points, especially for signs of whether manufacturing momentum is holding up despite uneven domestic demand. In Korea, May industrial production (30 Jun), June exports (1 Jul) and June CPI (2 Jul) will help refresh the export and inflation picture. In ASEAN, Vietnam 2Q26 GDP (29 Jun) is due, while Indonesia CPI (1 Jul) should show whether price pressures remain contained. Regional PMIs from 1–3 Jul will round out the week and offer a glimpse on manufacturing conditions across Asia.

Asian FX. Likely to start on a softer footing. Friday's AI-led equity selloff still points to pressure from the equity-sentiment channel, especially if markets continue to reduce crowded AI/semiconductor exposure. The weekend re-escalation in US-Iran tensions adds to the risk-off tone, with crude likely to gap higher at the Monday open. That makes an unfriendly environment for Asian FX. USD can stay bid, oil importer FX may lose some relief from the earlier brent pullback, and high-beta Asian FX, including KRW may struggle if regional equities remain soft. Overall, Asian FX looks vulnerable to broad-based weakness unless risk sentiment stabilises quickly.

USDMYR. Retracement may soon find support. MYR had found some support from last week's BNM/FMC comments, which helped anchor sentiment after the recent depreciation. But the improvement may potentially lose some momentum as broader risk sentiment turned softer, with the AI-led equity selloff, firmer USD backdrop and renewed geopolitical concerns between US and Iran over the weekend. We still maintain a cautious stance on MYR for now. Domestic support measures can help slow one-way weakness, but a sustained recovery still likely requires USD momentum to fade and regional risk appetite to stabilise. USDMYR last closed at 4.0890 levels. Bullish momentum on daily chart is fading while RSI fell. Technical bias points to downside risks. Support at 4.0820, 4.0560/ 4.06 levels (200 DMA, 38.2% fibo retracement of May low to Jun high). Resistance at 4.0980 (23.6% fibo), 4.12 levels.

Gold. 2-way trades likely. Gold may struggle to draw a clean haven bid from renewed US-Iran escalation. Weekend gold futures softened, suggesting that markets may be more focused on potential worries of oil shock, USD rebound and broader de-risking than on adding geopolitical hedges. Geopolitical risk may cushion downside at the margin, but unless oil opens contained or real yields ease, rallies may remain shallow. Gold last closed at 4088 levels. Mild bearish momentum on daily chart shows signs of fading while RSI showed tentative signs of rebound from near oversold conditions. Resistance at 4100, 4160 (61.8% fibo) and 4260 (21 DMA). Support at 3960, 3820 levels (76.4% fibo retracement of Aug low to 2026 high).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP
Resistance 3	1.1551	162.35	1.3308	0.8184	0.6978	0.5706	1.4273	4282	1.3040	61.55
Resistance 2	1.1471	162.03	1.3256	0.8138	0.6937	0.5674	1.4232	4169	1.2994	61.42
Resistance 1	1.1427	161.88	1.3228	0.8117	0.6917	0.5657	1.4214	4129	1.2967	61.36
Spot	1.1387	161.79	1.3197	0.8101	0.6896	0.5640	1.4190	4068	1.2944	61.31
Support 1	1.1347	161.56	1.3176	0.8071	0.6876	0.5625	1.4173	4016	1.2921	61.24
Support 2	1.1311	161.39	1.3152	0.8046	0.6855	0.5610	1.4150	3943	1.2902	61.17
Support 3	1.1231	161.07	1.3100	0.8000	0.6814	0.5578	1.4109	3830	1.2856	61.04
Bollinger Band										
Bollinger Upper	1.1681	162.19	1.3514	0.8158	0.7178	0.5938	1.4294	4509	1.2992	62.15
Bollinger Lower	1.1325	159.39	1.3120	0.7855	0.6858	0.5604	1.3801	3948	1.2783	60.28

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

FX Forecasts

Currency Pair	Current (26 Jun)	2Q26	3Q26	4Q26	1Q27	2Q27
USD-JPY	162	162	163	163	163	163
EUR-USD	1.14	1.13	1.12	1.11	1.10	1.10
GBP-USD	1.32	1.30	1.29	1.28	1.26	1.26
AUD-USD	0.69	0.71	0.72	0.72	0.71	0.71
NZD-USD	0.56	0.58	0.60	0.61	0.61	0.61
USD-CAD	1.42	1.42	1.43	1.44	1.44	1.44
USD-CHF	0.81	0.82	0.83	0.84	0.85	0.85
DXY	101.49	102.11	102.93	103.62	104.39	104.35
USD-SGD	1.30	1.30	1.30	1.29	1.28	1.27
USD-CNY	6.80	6.81	6.77	6.74	6.72	6.70
USD-CNH	6.81	6.81	6.77	6.74	6.72	6.70
USD-THB	33.42	33.30	33.80	33.30	33.10	33.00
USD-IDR	17974	17900	18000	17900	17800	17700
USD-MYR	4.10	4.14	4.15	4.15	4.12	4.10
USD-KRW	1549	1540	1550	1540	1510	1490
USD-TWD	31.88	31.60	31.60	31.50	31.20	31.00
USD-HKD	7.84	7.84	7.84	7.84	7.83	7.82
USD-PHP	61.29	61.50	61.80	61.20	61.00	60.50
USD-INR	94.40	95.00	95.20	94.60	94.20	94.00
USD-VND	26312	26350	26400	26400	26200	26000
EUR-JPY	184	183	183	181	179	179
EUR-GBP	0.86	0.87	0.87	0.87	0.87	0.87
EUR-CHF	0.92	0.93	0.93	0.93	0.94	0.94
EUR-AUD	1.65	1.59	1.56	1.54	1.55	1.55
EUR-NOK	11.24	11.20	11.20	11.10	11.10	11.10
AUD-NZD	1.22	1.22	1.21	1.19	1.17	1.16
EUR-SGD	1.47	1.46	1.45	1.44	1.41	1.40
GBP-SGD	1.71	1.68	1.67	1.65	1.62	1.61
AUD-SGD	0.89	0.92	0.93	0.93	0.91	0.90
NZD-SGD	0.73	0.75	0.77	0.78	0.78	0.78
CHF-SGD	1.60	1.57	1.56	1.54	1.50	1.49
CAD-SGD	0.91	0.91	0.91	0.90	0.89	0.88
JPY-SGD	0.80	0.80	0.80	0.79	0.79	0.78
SGD-MYR	3.16	3.19	3.20	3.21	3.21	3.21
SGD-CNY	5.25	5.25	5.22	5.21	5.24	5.26
SGD-IDR	13858	13812	13867	13833	13885	13893
SGD-THB	25.77	25.69	26.04	25.73	25.82	25.90
SGD-PHP	47.26	47.45	47.61	47.30	47.58	47.49
SGD-VND	20291	20332	20339	20402	20437	20408
SGD-CNH	5.25	5.25	5.22	5.21	5.24	5.26
SGD-TWD	24.59	24.38	24.35	24.34	24.34	24.33
SGD-KRW	1194	1188	1194	1190	1178	1170
SGD-HKD	6.05	6.05	6.04	6.06	6.11	6.14
SGD-JPY	125	125	126	126	127	128
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.

FX Forecasts

	Current (26 June)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.14	1.12	1.11	1.10
GBPUSD	1.32	1.29	1.28	1.26
USDJPY	162	163	163	163
USDCHF	0.81	0.83	0.84	0.85
AUDUSD	0.69	0.72	0.72	0.71
NZDUSD	0.56	0.59	0.60	0.61
USDCAD	1.42	1.43	1.44	1.44
EURNOK	11.24	11.20	11.13	11.10
Forecast for Asian Currencies				
USDCNY	6.80	6.78	6.75	6.71
USDIDR	17974	17967	17933	17733
USDINR	94.40	95.13	94.80	94.07
USDKRW	1549	1547	1543	1497
USDMYR	4.10	4.15	4.15	4.10
USDPHP	61.29	61.70	61.40	60.67
USDSGD	1.30	1.30	1.30	1.28
USDTHB	33.42	33.63	33.47	33.03
USDTWD	31.88	31.60	31.53	31.07
USDHKD	7.84	7.84	7.84	7.82
Forecast for Precious Metals				
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
Forecast for Crude Oil				
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
Forecasts for US interest rates				
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
Forecast for US SOFR swap rates				
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

	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
29-Jun	17:00	EC	Economic Confidence	Jun		94.8	93.5
30-Jun	07:30	JN	Jobless Rate	May		2.5%	2.5%
	07:50	JN	Industrial Production YoY	May P		1.1%	2.0%
	09:30	AU	RBA Minutes of June Policy Meeting				
	09:30	CH	Manufacturing PMI	Jun		50.1	50.0
	20:30	CA	GDP YoY	Apr		0.7%	0.4%
	21:00	US	S&P Cotality CS 20-City YoY NSA	Apr		--	0.0
	22:00	US	Conf. Board Consumer Confidence	Jun		94.3	93.1
	22:00	US	JOLTS Job Openings	May		7275k	7618k
01-Jul	07:50	JN	Tankan Large Mfg Index	2Q		16	17
	09:45	CH	RatingDog China PMI Mfg	Jun		51.9	51.8
	17:00	EC	CPI Estimate YoY	Jun P		3.1%	3.2%
	17:00	EC	CPI Core YoY	Jun P		3.1%	3.2%
	20:15	US	ADP Employment Change	Jun		118k	122k
	21:30	EC	ECB's Lagarde, Fed's Warsh, BOE's Bailey, BOC's Macklem				
	22:00	US	ISM Manufacturing	Jun		53.8	54.0
02-Jul	14:30	SZ	CPI YoY	Jun		0.2%	0.6%
	14:30	SZ	CPI Core YoY	Jun		--	0.3%
	20:30	US	Change in Nonfarm Payrolls	Jun		115k	172k
	20:30	US	Average Hourly Earnings YoY	Jun		3.5%	3.4%
	20:30	US	Unemployment Rate	Jun		4.3%	4.3%
	20:30	US	Initial Jobless Claims	27-Jun		220k	215k
03-Jul	16:30	UK	DMP 1 Year CPI Expectations	Jun		--	3.7%

Source: Bloomberg, OCBC Group Research

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