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FX Weekly

Debasement Fears Return

- ***Debasement Fears Return**: The Treasury's buyback announcement has shifted the market narrative from higher yields to USD debasement – fuelling a weaker USD, stronger gold and higher breakevens. While QE comparisons are overdone, rising policy uncertainty and questions around Fed independence are weighing on the USD.*

- ***Tariff Risks Return:** Canada-US trade talks have broken down, triggering fresh tariffs and retaliatory measures. The renewed trade dispute clouds Canada's economic outlook and could undermine the loonie's recent gains.*

- ***RMB continues to trade firmer** amid softer USD conditions and exporter conversion, but fixing behaviour still points to a preference for gradual pace rather than accelerated appreciation.*

- ***KRW remains better bid** amid softer USD conditions and supportive corporate flows, though some near-term consolidation cannot be ruled out after the recent sharp appreciation.*

- ***SGDMYR should remain supported** if USD slippage extends, given SGD's moderately higher USD beta than MYR. A reversal in the cross would likely require MYR-specific strength.*

Sim Moh Siong
FX Strategist
(G10 & oil)

Christopher Wong
FX Strategist
(Asia & precious metals)

Debasement Fears Return: USD debasement has re-emerged as a market theme after the US Treasury unexpectedly expanded its long-end buyback programme, signalling discomfort with the recent rise in long-dated yields. The resulting unwind of US steepener positions has likely reinforced other debasement trades, including a weaker USD, a rebound in gold and higher US inflation breakevens. The dollar came under heavy selling pressure, particularly against the CHF, as the CHF's growing role as a funding currency triggered a squeeze on sizeable USDCHF long positions.

Several factors help explain why the buyback announcement has reignited debasement concerns. However, the view that larger buybacks amount to quantitative easing appears misplaced. The Treasury is purchasing longer-dated bonds while effectively funding the operation through increased Treasury bill issuance, rather than expanding the money supply.

More credible explanations lie elsewhere.

First, a weaker USD may be part of the adjustment needed to preserve foreign demand for US government debt and finance the US current account deficit if Treasury prices are prevented from falling further, or equivalently if yields are prevented from rising further.

Second, investors appear increasingly uneasy with what they see as a more activist Treasury. The timing of the buyback announcement, together with the earlier intervention in EURJPY, departs from the Treasury's long-standing commitment to a "regular and predictable" approach. Rising concerns over US policy uncertainty are typically USD-negative.

Third, markets are questioning whether the Fed could face pressure to keep rates lower than otherwise warranted in order to contain government financing costs, rather than focusing solely on inflation and employment objectives. Uncertainty around the Fed's reaction function and growing doubts about its willingness to prioritise inflation have sharpened focus on Chair Warsh's Jackson Hole remarks. The USD could face further downside if Chair Warsh and other Fed officials fail to push back against growing debasement concerns.

Renewed policy uncertainty is constraining the scope for USD gains and puts our moderately constructive USD view over the next one to two quarters at risk. That said, rising real yields, driven by AI-related investment demand competing with heavy government borrowing, remain consistent with a resilient US economy. This should limit the risk of an overly dovish Fed and help contain USD downside. For now, we prefer to remain neutral on the USD rather than chase the latest bout of USD weakness.

Tariff Risks Return: Just as a Canada-U.S. trade deal appeared within reach, negotiations collapsed at the last minute. The U.S. has imposed 50% tariffs on about USD20bn of Canadian imports, prompting Canada to announce dollar-for-dollar retaliation from 8 September, targeting sectors such as steel, dairy and electronics.

The breakdown adds fresh uncertainty to the future of the USMCA and could weigh on Canada's improving economic outlook. Domestic conditions had been showing signs of rebound, with unemployment falling for a third consecutive month in July to a two-year low of 6.4%, helping the CAD recover some lost ground.

However, renewed trade tensions threaten to derail that momentum and may leave the loonie vulnerable after its recent rebound.

Week's Asian calendar is dominated by regional monetary-policy decisions. BoT (26 Aug), BOK and BSP (27 Aug) are all due, but the policy considerations are quite different. For Korea, we do not rule out the risk of a back-to-back hike, especially with inflation still firm while exports, activity remain resilient. Guidance will matter for KRW, particularly if the BOK signals that further tightening remains on the table. For Thailand, the growth/inflation mix likely still points to BOT pause. THB reaction may be limited unless guidance shifts meaningfully. BSP faces a more difficult inflation backdrop, making its decision more relevant for PHP. Singapore July CPI (24 Aug) and Taiwan industrial production (25 Aug) are also due, though their FX impact is likely to be limited unless data surprises. Outside Asia, Jackson Hole (27–29 Aug), US PCE inflation, 2Q26 GDP revision and durable-goods data will shape the broader USD and rates backdrop. Jackson Hole could be more consequential for Asian FX than most regional data, given markets' sensitivity to the path of US rates.

RMB. Appreciation remains measured. RMB ended the week near multi-year highs, but the fixing continues to signal some resistance to the pace of appreciation. Friday's USDCNY midpoint was nudged slightly higher to 6.7817 and remained around 550 pips above market expectations, suggesting the PBoC remains comfortable with gradual RMB strength but is leaning against an overly rapid or one-way move. Softer USD dynamics and exporter conversions should remain supportive, though the fixing behaviour reinforces our view that any further appreciation is likely to remain gradual.

USDCNH last closed at 6.7210 levels. Daily momentum is mild bearish while RSI fell into oversold conditions. Bias remains skewed to the downside though risk of snapback not ruled out. Resistance at 6.7480 (21 DMA), 6.7540. Support here at 6.72, 6.7140 (61.8% fibo retracement of 2022 low to triple-top) and 6.70 levels.

KRW. Momentum remains firm, though the pace may slow. KRW extended its rally into Friday, with USDKRW falling to low of 1380 at one point. Exporter and corporate USD selling, alongside the softer broader USD, appear to have provided the more consistent support, while foreign equity flows were mixed. The domestic backdrop also remains constructive, with exports up 56% YoY in the first 20 days of August on record semiconductor shipments and a sizeable trade surplus. After the sharp move, some consolidation would not be surprising, particularly with oil and US long-end yields still elevated. Attention this week turns to Jackson Hole, where any shift in Fed expectations or the USD could determine whether KRW extends its gains or pauses after the recent rally. Domestically, focus is on BOK MPC decision (Thu).

USDKRW was last at 1386 levels. Mild bullish momentum faded while RSI Is near oversold conditions. Near term consolidation not ruled out. Support at 1380 (recent low), 1375 levels. Resistance at 1398 (76.4% fibo retracement of 2025 low to 2026 high), 1406 levels.

SGDMYR. USD weakness may keep the cross supported. Both SGD and MYR remain underpinned by relatively solid fundamentals, but their sensitivity to broader USD moves differs. Our rolling-beta estimates show SGD has had a moderately higher beta to DXY than MYR across the 60d and 90d windows. This suggests that if the next leg is mainly driven by further USD slippage, SGDMYR may stay supported rather than move materially lower. Malaysia's strong export and trade backdrop remains constructive for MYR, but a more sustained decline in the cross may require a clearer MYR-specific catalyst or stronger domestic flow support. Near term, we therefore see scope for SGDMYR to remain relatively resilient if broad USD weakness stays the dominant FX driver.

SGDMYR last closed at 3.1830 levels. Momentum is mild bearish while RSI is flat for now. 2-way trades likely to persist. Resistance at 3.1920, 3.20 levels. Support at 3.17 (50 DMA), 3.1540 (38.2% fibo retracement of 2026 low to high).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1770	160.35	1.3760	0.8081	0.7295	0.6066	1.3879	4828	1.2786	61.83	95.91
Resistance 2	1.1728	159.58	1.3703	0.8043	0.7224	0.6017	1.3820	4705	1.2743	61.77	95.81
Resistance 1	1.1704	159.27	1.3674	0.8028	0.7198	0.5998	1.3790	4654	1.2718	61.74	95.76
Spot	1.1676	158.97	1.3644	0.8013	0.7170	0.5973	1.3794	4606	1.2698	61.71	95.71
Support 1	1.1662	158.50	1.3617	0.7990	0.7127	0.5949	1.3731	4531	1.2675	61.68	95.66
Support 2	1.1644	158.04	1.3589	0.7967	0.7082	0.5919	1.3702	4458	1.2657	61.65	95.60
Support 3	1.1602	157.27	1.3532	0.7929	0.7011	0.5870	1.3643	4335	1.2614	61.59	95.50
Bollinger Band											
Bollinger Upper	1.1702	162.53	1.3674	0.8196	0.7173	0.5979	1.4136	4672	1.2908	62.01	95.95
Bollinger Lower	1.1414	155.88	1.3331	0.7982	0.6954	0.5793	1.3744	3937	1.2683	60.66	95.07

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
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

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
24-Aug	20:30	US	Chicago Fed Nat Activity Index	Jul		--	-2.0%
25-Aug	09:30	AU	RBA Minutes of Aug. Policy Meeting				
	15:30	SW	Riksbank Publishes Minutes of Aug. 19 Policy Meeting				
	16:00	GE	IFO Expectations	Aug			86.7
	21:00	US	S&P Cotality CS 20-City YoY NSA	Jun		1.7%	1.6%
	22:00	US	New Home Sales	Jul		620k	628k
	22:00	US	Conf. Board Consumer Confidence	Aug		90.2	90.8
26-Aug	09:30	AU	CPI YoY	Jul		3.3%	3.8%
	09:30	AU	CPI Trimmed Mean YoY	Jul		3.5%	3.6%
	15:00	TH	BoT Benchmark Interest Rate			1.00%	1.00%
	20:30	US	Core PCE Price Index YoY	Jul		3.3%	3.3%
	20:30	US	Durable Goods Orders	Jul P		0.5%	0.5%
	20:30	US	Durables Ex Transportation	Jul P		0.5%	0.7%
27-Aug	09:30	AU	Private Capital Expenditure	2Q		0.3%	6.5%
	14:00	NO	GDP Mainland QoQ	2Q		--	0.2%
	14:30	PH	BSP Overnight Borrowing rate			5.00%	4.75%
	20:30	US	Initial Jobless Claims	22-Aug		208k	206k
	--	SK	BOK Base Rate			3.00%	2.75%
28-Aug	07:30	JN	Tokyo CPI YoY	Aug		1.9%	2.0%
	07:30	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	Aug		2.0%	2.0%
	07:30	JN	Jobless Rate	Jul		2.5%	2.5%
	14:00	SW	GDP WDA YoY	2Q		--	2.0%
	15:00	SW	Economic Tendency Survey	Aug		--	104.7
	17:00	EC	Economic Confidence	Aug		--	96.9
	20:30	CA	Quarterly GDP Annualized	2Q		3.3%	-0.1%
	20:30	CA	GDP Advance Estimate MoM	Jul		--	0.2%

Source: Bloomberg, OCBC Group Research

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