

FX Weekly

Relief, Not Breakout

- **Relief, Not Breakout:** Treasury volatility is easing, providing relief for high beta FX like AUD and EM carry trades. With the Fed still biased towards tighter policy and the inflation only gradually cooling, the USD is likely to remain well-supported. But the bar for a USD breakout remains high.
- **EUR Upside Remains Capped:** French fiscal fears may be off the boil, but not off the table. EURUSD may stabilise, yet unresolved budget risks and weak fundamentals suggest any rally is more relief, not a trend reversal.
- **Gold rebounded** as long-end US Treasury yields eased. We retain some cautious optimism, supported by resilient ETF demand and lighter speculative positioning. Focus turns to Wednesday's US CPI, with softer inflation potentially extending the recovery if accompanied by a sustained decline in real yields and the USD.
- **INR may find some near-term relief** as recent RBI measures targeted spot USD demand and FX derivatives. That said, elevated oil prices, US Treasury yields could still pose risks.
- **Malaysia Budget 2027 reinforces fiscal consolidation** intentions, supporting our constructive medium-term MYR bias. Near term, USD direction, US Treasury yields and portfolio flows are likely to dominate.

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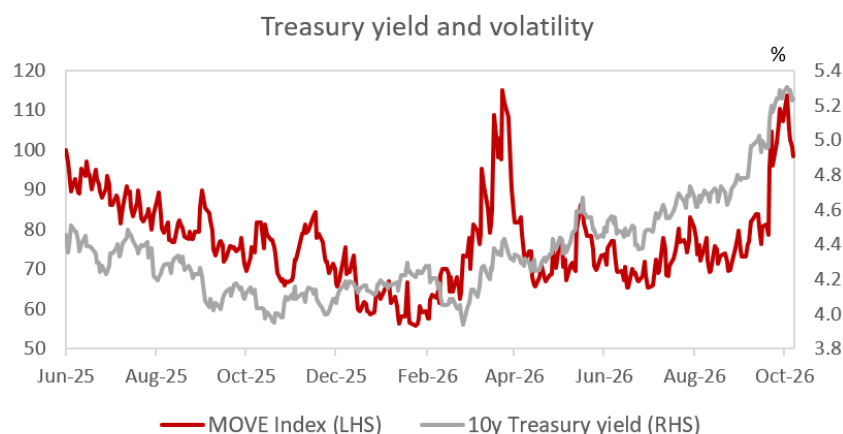
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Relief, Not Breakout: After a volatile rise in yields that widened euro area sovereign spreads and weighed on risk-sensitive assets such as AUD and EM carry trades, US Treasuries have begun to stabilise. Treasury volatility, as measured by the MOVE Index, has retreated from its recent highs, while strong demand at last week's 10-year and 30-year Treasury auctions suggests that higher yields are increasingly attracting buyers rather than triggering another wave of selling.

Treasury volatility, as measured by the MOVE Index, has retreated from its recent highs



Source: Bloomberg, OCBC Group Research

Several factors have helped calm Treasury markets. First, recent Fed communication has pointed to a more measured pace of tightening than markets had previously priced, even as policymakers retain a tightening bias. Second, technical drivers that amplified the earlier move in yields, including mortgage convexity hedging flows and shifts in Treasury futures' cheapest-to-deliver bonds, appear to have moderated. Third, concerns over France's fiscal outlook have encouraged demand for traditional safe-haven sovereign bonds, helping to cap Treasury yields despite the backdrop of higher oil prices.

Our base case remains that the USD should stay well supported, even as risk-sensitive currencies and EM carry trades enjoy some near-term relief. However, we are not yet convinced that conditions are in place for a decisive USD breakout from its recent range.

Recent US labour market data point to slowing hiring momentum and easing wage growth, reducing the risk of persistent wage-driven inflation. If upcoming CPI data confirm that underlying price pressures remain contained, markets could further scale back expectations for additional Fed tightening, limiting the scope for further USD gains. In our view, it would likely take a core CPI print of 0.4% MoM or higher to materially shift expectations ahead of this month's FOMC meeting.

At the same time, political developments present a new risk. President Trump has established a committee to investigate allegations against Fed Governor Lisa Cook, a move that has renewed debate around the independence of the Federal Reserve. Concerns that political pressure could undermine the Fed's credibility may ultimately become a headwind for the USD.

EUR Upside Remains Capped: EUR may retrace higher in the near term, but downside risks remain. French OATs seemed to have stabilised last week, although OAT-Bund spreads remain close to their widest levels in years, reflecting lingering concerns over France's fiscal outlook. It is still too early to tell whether higher borrowing costs will be sufficient to impose greater fiscal discipline on the French government. Encouragingly, the Rassemblement National's alternative budget proposal emphasised deficit reduction, although significant political and implementation hurdles remain.

We expect EURUSD to consolidate as the intensity of French fiscal and political headlines is unlikely to be sustained. While the ECB has largely refrained from commenting on recent market moves, there are increasing signs of discomfort with wider sovereign spreads and early indications of verbal efforts to contain fragmentation risks.

That said, any EURUSD rally is likely to be capped by Europe's structural challenges, including its vulnerability to energy shocks, limited exposure to the AI investment cycle, and the euro's relatively low carry appeal.

CHF has been the preferred funding currency across G10. However, renewed pressure on French and Italian government bonds ahead of the French presidential election in April 2027 and the Italian general election due by end-2027 could gradually erode investor confidence in the EUR. In that scenario, EUR may become a more attractive funding currency relative to CHF, particularly if sovereign risk premia continue to widen.

The Asian data calendar starts with India September CPI (12 Oct), which will be closely watched after the RBI's recent 25bp rate hike, particularly as higher food and energy prices complicate the inflation outlook. The IMF-World Bank Annual Meetings in Bangkok (12–18 Oct) will also draw attention, with the updated World Economic Outlook (13 Oct) likely to sharpen focus on global inflation, debt sustainability and growth risks.

Midweek brings a busy calendar. Singapore's advance 3Q GDP estimates and MAS policy decision (14 Oct) will be the main regional focus. China's September CPI/PPI and trade data (14 Oct) should provide a read on whether export strength continues to offset sluggish domestic demand, while credit data are also expected around mid-month, although the exact release date remains unconfirmed. Globally, US CPI (14 Oct), PPI and retail sales (15 Oct) will be important for Fed pricing, US Treasury yields and USD influence. Malaysia's advance 3Q26 GDP (16 Oct) rounds off the Asian calendar, while Fed Chair Warsh's

scheduled discussion at the IMF meetings (16 Oct) could provide another late-week catalyst for the USD and rates.

INR: Temporary relief? INR may see some near-term relief at the open after the RBI announced additional measures over the weekend to contain depreciation pressures. Effective 12 October, the RBI will provide USD through a special window to meet the entire daily USD requirements of three state-owned oil companies, reducing a significant source of demand in the spot FX market. Separately, the RBI tightened FX derivative rules, introducing a 20% cash reserve requirement for banks on qualifying foreign-currency purchase hedges exceeding USD2mn. It also lowered the threshold for derivative transactions without establishing underlying exposure to USD5mn from US\$100mn and restricted the rebooking of cancelled INR derivative contracts.

The measures follow last week's 25bp hike and hawkish policy pivot, which provided limited support for INR as much of the tightening was already anticipated. Unlike the rate hike, the latest measures directly target spot USD demand and derivative positioning, potentially providing more immediate relief for INR. However, supplying USD to oil companies still draws on reserves, while tighter derivative rules may also affect genuine hedging activity. There may be scope for a near-term INR rebound, but we remain cautious given elevated oil prices, high US Treasury yields and persistent portfolio outflows. The external environment will ultimately determine whether any recovery can be sustained.

USDINR last closed at 96.735 levels. Bullish momentum on daily chart intact while RSI shows signs of turning lower from overbought conditions. Some risk of pullback not ruled out in the near term. Support at 96.50, 96.25 (23.6% fibo retracement of Aug low to Oct high) and 96 levels (21 DMA). Resistance at 96.85 (recent high), 97 levels.

MYR: External factors matter. MYR traded modestly firmer into Asia close on Friday, following announcement of Budget 2027. Budget maintained the government's fiscal consolidation trajectory despite increased spending and higher energy-related subsidy costs. The fiscal deficit is projected to narrow to 3.3% of GDP in 2027 from a revised 3.6% in 2026, while federal expenditure is projected to rise to RM459.8bn. Growth assumptions remain relatively resilient, with the government expecting GDP growth of 4.2–5.2% in 2027.

The budget reinforces the government's commitment to fiscal consolidation, which should be mildly supportive of MYR sentiment. However, the projected deficit reduction hinges on revenue delivery,

including Petronas dividends, while elevated fuel subsidies pose risks to fiscal execution. We retain a constructive medium-term MYR bias, underpinned by relatively resilient growth and scope for gradual fiscal improvement, though much will depend on progress against the government's targets. Near term, the budget is unlikely to be a major catalyst for MYR, with USD direction, US yields and portfolio flows likely to remain the dominant drivers.

USDMYR last at 4.0850 levels. Mild bullish momentum on daily chart shows tentative signs of fading while RSI fell. Risks to the downside. Support at 4.0820 (21 DMA), 4.0730 (50 DMA) and 4.0610//40 levels (100 DMA, 38.2% fibo retracement of May low to Jun high). Resistance at 4.0980 (23.6% fibo).

SGD: Focus this week on Wed's MAS policy decision and 3Q26 GDP.

We expect MAS to slightly steepen the S\$NEER policy band slope, similar to July, while leaving the width and centre unchanged. Resilient domestic growth, persistent services inflation and upside risks to imported inflation provide room for further calibrated tightening. The 3Q26 GDP advance estimates release will also be closely watched for signs that growth momentum is holding up, particularly as stronger activity could reinforce the case for maintaining an appreciation bias into 2027.

However, with another MAS tightening somewhat anticipated and S\$NEER already trading on the strong side of its policy band, the scope for a sustained SGD rally on the decision alone may be limited. A more hawkish MAS guidance could provide some additional support, while a modest slope adjustment accompanied by cautious growth commentary may leave SGD little changed. Conversely, an unchanged stance could disappoint market expectations and see the S\$NEER ease towards the midpoint. Beyond the policy decision outcome, USD direction and US Treasury yields will continue to matter for USDSGD. Even with a firmer S\$NEER appreciation path, elevated US Treasury yields and renewed USD strength could constrain SGD gains against the greenback.

USDSGD was last at 1.28 levels. Bullish momentum on daily chart intact while RSI fell modestly. Two-way trade still likely, as we keep a look out for rallies to fade into. Resistance at 1.2820 (100 DMA), 1.2840 (38.2% fibo). Support at 1.2740/50 levels (61.8% fibo retracement of 2026 low to high, 50 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1320	159.51	1.3318	0.8351	0.7044	0.5666	1.4438	4331	1.2855	63.08	97.18
Resistance 2	1.1265	158.84	1.3274	0.8328	0.7010	0.5640	1.4346	4254	1.2829	62.96	96.93
Resistance 1	1.1233	158.57	1.3254	0.8315	0.6996	0.5627	1.4302	4224	1.2817	62.89	96.83
Spot	1.1198	158.30	1.3232	0.8306	0.6982	0.5611	1.4261	4185	1.2808	62.82	96.74
Support 1	1.1178	157.90	1.3210	0.8292	0.6962	0.5601	1.4210	4147	1.2791	62.76	96.58
Support 2	1.1155	157.50	1.3186	0.8282	0.6942	0.5588	1.4162	4101	1.2777	62.70	96.43
Support 3	1.1100	156.83	1.3142	0.8259	0.6908	0.5562	1.4070	4024	1.2751	62.58	96.18
Bollinger Band											
Bollinger Upper	1.1565	159.26	1.3432	0.8376	0.7154	0.5761	1.4361	4399	1.2823	62.94	96.81
Bollinger Lower	1.1122	155.74	1.3131	0.8188	0.6890	0.5558	1.3929	4054	1.2737	62.49	95.27

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

FX Forecasts

Currency Pair	Current (25 Sep)	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27
USD-JPY	157	155	154	153	151	150
EUR-USD	1.14	1.14	1.13	1.13	1.14	1.15
GBP-USD	1.32	1.31	1.30	1.30	1.31	1.31
AUD-USD	0.70	0.71	0.72	0.72	0.72	0.72
NZD-USD	0.57	0.58	0.60	0.62	0.62	0.62
USD-CAD	1.41	1.41	1.42	1.42	1.40	1.37
USD-CHF	0.83	0.82	0.83	0.83	0.82	0.82
DX	100.97	100.8	101.5	101.4	100.4	99.5
USD-SGD	1.2773	1.2700	1.2670	1.2630	1.2610	1.2550
USD-CNY	6.7133	6.6900	6.6700	6.6400	6.6200	6.5900
USD-CNH	6.7227	6.6900	6.6700	6.6400	6.6200	6.5900
USD-THB	33.39	33.00	32.80	32.50	32.20	32.00
USD-IDR	17903	17800	17700	17660	17630	17550
USD-MYR	4.0740	4.0500	4.0300	4.0100	4.0000	3.9800
USD-KRW	1354.07	1360	1340	1320	1300	1290
USD-TWD	31.76	31.60	31.50	31.40	31.30	31.10
USD-HKD	7.84	7.84	7.83	7.82	7.82	7.80
USD-PHP	62.48	62.20	61.80	61.30	61.20	61.00
USD-INR	95.82	95.60	95.30	95.00	94.80	94.60
USD-VND	25974	26000	25900	25800	25800	25600
EUR-JPY	179	177	174	173	172.14	172.50
EUR-GBP	0.86	0.87	0.87	0.87	0.87	0.88
EUR-CHF	0.94	0.94	0.94	0.94	0.94	0.94
EUR-AUD	1.62	1.61	1.57	1.57	1.58	1.60
EUR-NOK	10.83	10.90	11.00	11.10	11.00	11.00
AUD-NZD	1.24	1.22	1.21	1.16	1.17	1.16
EUR-SGD	1.46	1.45	1.43	1.43	1.44	1.44
GBP-SGD	1.69	1.66	1.65	1.64	1.65	1.64
AUD-SGD	0.90	0.90	0.91	0.91	0.91	0.90
NZD-SGD	0.72	0.74	0.75	0.78	0.78	0.78
CAD-SGD	0.90	0.90	0.89	0.89	0.90	0.92
CHF-SGD	1.54	1.54	1.52	1.52	1.53	1.54
JPY-SGD	0.81	0.82	0.82	0.83	0.84	0.84
SGD-MYR	3.19	3.19	3.18	3.17	3.17	3.17
SGD-CNY	5.26	5.27	5.26	5.26	5.250	5.251
SGD-IDR	14014	14016	13970	13983	13981	13984
SGD-THB	26.14	25.98	25.89	25.73	25.54	25.50
SGD-PHP	48.89	48.98	48.78	48.54	48.53	48.61
SGD-VND	20334	20472	20442	20428	20460	20398
SGD-CNH	5.26	5.27	5.26	5.26	5.25	5.25
SGD-TWD	24.85	24.88	24.86	24.86	24.82	24.78
SGD-KRW	1060	1071	1058	1045	1031	1028
SGD-HKD	6.14	6.17	6.18	6.19	6.20	6.22
SGD-JPY	123	122	122	121	120	120
Gold \$/oz	4285	4600	4720	4850	4960	5050
Silver \$/oz	64	70	72	73	75	78
Platinum \$/oz	1782	1952	2002	2058	2104	2118
Palladium \$/oz	1271	1490	1529	1571	1606	1617
ICE Brent \$/bbl	104	85	83	81	78	75
NYMEX WTI \$/bbl	92	81	79	77	74	71
Aluminium \$/mt	3268	3,050	3,075	3,100	3,100	3,100
Copper \$/mt	14623	13,000	13,100	13,300	13,300	13,300

Source: OCBC Group Research (Latest Forecast Update: 25 September 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 (25 Sep)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.14	1.14	1.13	1.14
GBPUSD	1.32	1.31	1.30	1.31
USDJPY	157	155	154	151
USDCHF	0.83	0.82	0.83	0.82
AUDUSD	0.70	0.71	0.72	0.72
NZDUSD	0.57	0.58	0.60	0.62
USDCAD	1.41	1.41	1.42	1.40
EURNOK	10.83	10.90	11.00	11.00
Forecast for Asian Currencies				
USDCNY	6.71	6.69	6.67	6.62
USDIDR	17903	17800	17700	17630
USDINR	95.82	95.60	95.30	94.80
USDKRW	1354	1360	1340	1300
USDMYR	4.07	4.05	4.03	4.00
USDPHP	62.48	62.20	61.80	61.20
USDSGD	1.28	1.27	1.27	1.26
USDTHB	33.39	33.00	32.80	32.20
USDTWD	31.76	31.60	31.50	31.30
Forecast for Precious Metals				
Gold \$/oz	4285	4600	4720	4960
Silver \$/oz	64.30	70	72	75
Platinum \$/oz	1782	1952	2002	2104
Palladium \$/oz	1271	1490	1529	1606
Forecast for Crude Oil				
NYMEX WTI \$/bbl	92.4	81.0	79.0	74
ICE Brent \$/bbl	104.3	85.0	83.0	78

Source: OCBC Group Research (Latest Forecast Update: 25 September 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	4.25	4.25	4.25
SOFR	4.15	4.15	4.15
2-Year US Treasury	4.75	4.65	4.45
5-Year US Treasury	4.85	4.75	4.55
10-Year US Treasury	5.05	4.95	4.80
30-Year US Treasury	5.40	5.40	5.30
Forecast for US SOFR swap rates			
2-Year Rate	4.65	4.55	4.35
5-Year Rate	4.65	4.55	4.35
10-Year Rate	4.70	4.60	4.40
30-Year Rate	4.75	4.70	4.55

Source: OCBC Group Research

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
12-Oct		CH	Money Supply M2 YoY	Sep		7.4%	7.5%
13-Oct	08:30	AU	RBA Minutes of Sept. Policy Meeting				
	18:00	US	NFIB Small Business Optimism	Sep		98.0	98.7
	22:00	US	Existing Home Sales	Sep		3.96m	3.98m
14-Oct	09:30	CH	CPI YoY	Sep		1.0%	0.8%
	09:30	CH	CPI Core YoY	Sep		--	1.0%
	20:30	US	CPI YoY	Sep		3.6%	3.4%
	20:30	US	Core CPI YoY	Sep		2.5%	2.4%
		CH	Exports YoY	Sep		25.3%	25.0%
15-Oct	02:00	US	Fed Releases Beige Book				
	08:30	AU	Employment Change	Sep		20.0k	39.5k
	08:30	AU	Unemployment Rate	Sep		4.6%	4.6%
	14:00	UK	Monthly GDP (MoM)	Aug		--	0.4%
	17:00	EC	Industrial Production WDA YoY	Aug		0.1%	0.0%
	20:30	US	Retail Sales Advance MoM	Sep		0.3%	1.2%
	20:30	US	Retail Sales Control Group	Sep		0.3%	1.4%
	20:30	US	Empire Manufacturing	Oct		--	7.6
	20:30	US	Philadelphia Fed Business Outlook	Oct		26.4	37.8
	20:30	US	Initial Jobless Claims	10-Oct		--	197k
16-Oct	21:15	US	Industrial Production MoM	Sep		0.4%	0.0%

Source: Bloomberg, OCBC Group Research

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