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FX Weekly

From Central Banks to Trump-Xi

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- ***USDCNH's break below 6.70 and the run of stronger fixes*** *put RMB firmly in focus ahead of the 24 Sep summit. A stable-to-mildly stronger RMB would be consistent with a preference for FX stability around the meeting, though the outcome will depend more broadly on progress on trade, critical minerals and technology restrictions.*

- ***Post-FOMC support remains for the USD****, but further upside may need another rise in UST yields or firmer US data.*

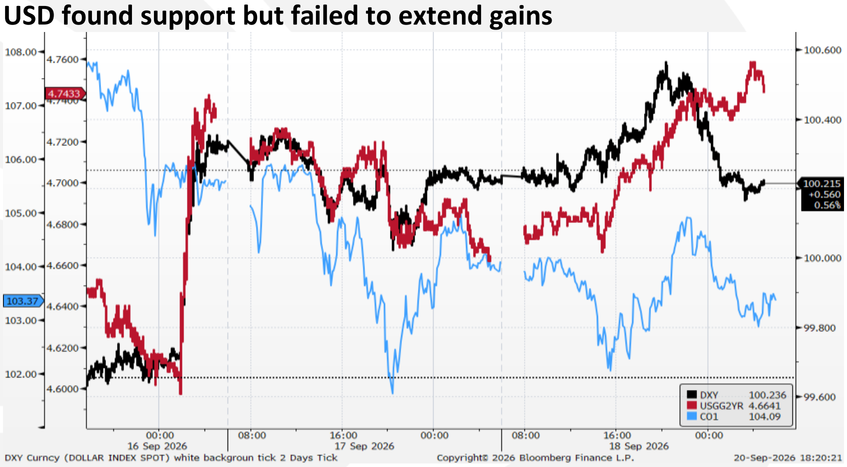
- ***BoJ hike delivered*** *but limited guidance on the next move disappointed. JPY remains sensitive to US yields while expectations around the next BOJ hike will also stay in focus.*

- ***Weekend attacks on Saudi Arabia*** *keep supply/geopolitical risks alive, potentially limiting near-term downside in oil prices.*

- ***Policy continuity under new Indonesia Finance Minister*** *helps reduce domestic uncertainty. But near-term IDR direction should still hinge more on US yields, oil and this week's BI meeting.*

USD. Post-FOMC support, but follow-through matters. USD retained a firmer tone last week after FoMC raised rates by 25bp and shifted its projected rate path higher. The move was accompanied by a rise in UST yields, with the 10y briefly crossing 5%, although the USD struggled to extend gains meaningfully into Friday as yields and oil eased from their highs.

USD found support but failed to extend gains



Source: Bloomberg, OCBC Group Research

For now, the Fed's renewed tightening bias and still-elevated UST yields should keep some support under the USD. But after the repricing last week, the hurdle for another meaningful leg higher may be higher. Further gains may increasingly require another move up in yields or firmer US data that reinforce expectations for additional tightening. This week, US PMIs and Fed communication could matter for whether the post-FOMC USD rebound has further room to run.

DXY last closed at 100.22 levels. Daily momentum is bullish though recent rise in RSI showed signs of moderation near overbought conditions. Last Fri's price pattern showed that the push higher is losing some conviction around resistance – consistent with near term upside fatigue but short of calling it a reversal. We should continue to watch price action if any bearish follow-through plays out. Resistance at 100.32 (23.6% fibo retracement of 2026 low to high), 100.60. Support at 99.90 levels (50, 100 DMAs), 99.4 (38.2% fibo, 21 DMA) and 99.2 levels (200 DMA).

DXY (daily chart): Watch price action for any bearish follow-through

Source: Bloomberg, OCBC Group Research

Oil. Weekend attacks keep risk premium supported. Oil could see some renewed support after fresh attacks on Saudi Arabia over the weekend. Houthis claimed missile and drone strikes on Riyadh and an Aramco facility at Yanbu, though Saudi authorities said the attacks on Yanbu and several other locations were thwarted, with no fresh damage to oil infrastructure reported. This comes with the East-West pipeline already damaged and Yanbu loadings disrupted. Brent had eased to around US$105/bbl on Friday as supply concerns moderated, but the weekend developments are a reminder that disruption risks remain. For now, further downside in oil may be limited unless Saudi flows normalise and attacks on energy infrastructure subside.

Week's AXJ calendar is centred on the Trump–Xi summit, Korea trade data and the BI policy decision. Korea 20-day exports (21 Sep) should show whether the recent improvement in tech and auto exports is extending into September. Taiwan industrial production (23 Sep) will be another gauge of the regional tech cycle, while Singapore CPI (23 Sep) will be watched for any renewed firming in underlying inflation. BI also meets on 23 Sep. With IDR conditions more stable than earlier in the quarter, policymakers may have room to stay on hold, though higher oil prices and the firmer US rates backdrop remain constraints on IDR.

The Trump-Xi summit (24 Sep) will be closely watched for a number of issues including whether both sides can extend the current trade truce and make some progress on tariffs, Chinese purchases of US goods and access to rare earths. Technology restrictions and AI are also likely to feature, while Taiwan remains the key geopolitical risk. Focus will be on whether the meeting reinforces a period of managed stability in US–China relations or revives concerns over renewed trade and technology frictions. For RMB, incremental progress should be supportive for sentiment, while a breakdown in talks or tougher rhetoric could bring trade and geopolitical risk premium back into focus.

RMB. Stronger into Trump-Xi. RMB extended gains last week, with USDCNH breaking below 6.70 and the PBoC strengthening the fix for an eighth straight session. The move suggests policymakers remain comfortable with a gradual appreciation bias, while a sustained break below 6.70 would be significant. Attention now turns to the Trump-Xi meeting on 24 September. Trade, critical minerals and technology restrictions remain key areas of discussion, with Bessent-He talks ahead of the summit likely to offer some indication of where progress may be possible. Against this backdrop, a stable-to-mildly stronger RMB may remain desirable from a volatility-management perspective, although we would be cautious about reading every move in the fix as political signalling.

USDCNH last closed at 6.6955 levels. Daily momentum is not showing a clean bias though RSI fell. Some downside pressure not ruled out but largely still in orderly range. Immediate support around 6.6900/50 levels is key before next support around 6.67 levels. Resistance at 6.7030, 6.7140 (21 DMA).

JPY. Hike delivered; guidance disappoints. JPY weakened after the BoJ raised its policy rate by 25bp to 1.25%, its highest in over 3 decades. The hike was widely expected, but the 7–2 vote and relatively limited guidance on the pace of further normalisation disappointed expectations for a hawkish signal.

At the press conference, Governor Ueda did signal a change in thinking, noting that with underlying inflation nearing 2%, policy is moving into a "new stage" where the focus is increasingly on keeping inflation around target and containing upside risks. He also did not rule out consecutive or larger hikes if conditions warrant. But there was little indication that the BOJ is in a hurry. Ueda stressed the need to avoid tightening financial conditions too quickly and pointed to next year's shunto as an important gauge of whether wage-price dynamics remain intact. This does not necessarily mean that BOJ will wait until spring to move again, but it does suggest a high bar for a much faster pace of tightening. Near term, JPY may remain volatile, with UST-JGB yield differentials still an important driver while thin liquidity (due to JP hols on Mon – Wed) may exacerbate FX moves. Firmer domestic inflation and wage data, intervention risk or signs of repatriation flows could help limit JPY downside.

USDJPY last closed around 156.90 levels. Daily momentum is mild bullish while RSI rose. Rebound remains intact despite a hanging-man pattern in the preceding session, as the latest candle on Friday failed to provide bearish confirmation and instead saw renewed upside pressure. That said, some gains were retraced into the close, suggesting interim resistance is emerging around 156.70–157.00 (21 DMA). Sustained break above this level may open room for the pair to attempt higher again. Next resistance at 158 (50% fibo retracement of 2026 low to high), 158.40 (100 DMA) and 159 (50 DMA). Support at 155 (23.6% fibo), 153 levels.

USDJPY (daily chart): Hanging man nullified; brace for 2-way moves

Source: Bloomberg, OCBC Group Research

KRW. Temporary relief; flows need to turn. USDKRW eased slightly from its Fri's highs into NY close. During the Asian session, Korean equities rebounded and foreign investors returned as buyers. KOSPI rose 2.66%, led by semiconductor names, while foreigners net purchased around KRW439bn of equities. The pullback in oil and some easing in UST yields also helped the broader risk backdrop. But we would not read one session as a turn in the flow story just yet. Foreign equity selling had been a key drag on KRW over the preceding week, particularly through the large-cap technology complex. Friday's rebound is helpful, but a more sustained recovery in KRW likely needs foreign selling to slow or reverse. The underlying semiconductor/export story remains supportive, but KRW continues to trade as a relatively high-beta currency. That leaves it sensitive to US yields, oil and swings in tech sentiment. Softer US rates together with a more durable return of foreign equity inflows would open room for further KRW recovery while renewed foreign selling and elevated rates/oil would likely keep USDKRW supported.

USDKRW last closed at 1386 levels. Daily momentum remains bullish while RSI rose closer to overbought conditions. Risks remain skewed to the upside. Resistance at 1388 levels (23.6% fibo retracement of Jul high to Sep low), 1410 (50 DMA). Support at `35, 1365 levels (50 DMA).

USDKRW (daily chart): Rebound risk though near overbought RSI

Source: Bloomberg, OCBC Group Research

IDR. Policy continuity helps, but external headwinds remain. IDR may draw some support from the policy signals out of the new Finance Minister Suahasil Nazara, who used his first press conference to stress continuity, kept the 2026 fiscal deficit projection at 2.85% of GDP and reiterated that the deficit would remain within the statutory 3% ceiling. The January-August deficit stood at a relatively contained 0.93% of GDP. The government will maintain at least IDR200tn of funds in state-owned banks until July 2027, while Suahasil said any subsequent withdrawal would be communicated carefully to avoid disrupting financial stability. His appointment, after serving as deputy finance minister since 2019 points more towards policy continuity and a renewed emphasis on fiscal discipline than a major change in direction.

For IDR, this helps reduce some of the domestic policy risk premium, but the near-term FX picture still hinges largely on external factors. High UST yields and still-elevated oil prices remain constraints, while this week's BI meeting will also be watched for its read on FX stability. A more durable IDR recovery would probably need some easing in US rates and oil alongside continued foreign demand for Indonesian assets.

USDIDR last closed at 17742 levels. Mild bullish momentum on daily chart intact while recent rise in RSI shows tentative signs of moderation. Range-bound trade not ruled out. Resistance at 17700 (100 DMA), 17840 (50 DMA, 23.6% fibo retracement of 2026 low to high). Support at 17677 (21 DMA), 17620 (38.2% fibo) and 17500 levels.

USDIDR (daily chart): Range-bound trade

Source: Bloomberg, OCBC Group Research

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1552	161.29	1.3500	0.8321	0.7184	0.5793	1.4071	4501	1.2846	63.04	96.23
Resistance 2	1.1515	159.11	1.3438	0.8277	0.7152	0.5758	1.4032	4436	1.2806	62.88	96.03
Resistance 1	1.1500	158.00	1.3417	0.8251	0.7137	0.5740	1.4009	4407	1.2784	62.82	95.95
Spot	1.1486	156.89	1.3395	0.8224	0.7122	0.5723	1.3987	4379	1.2762	62.77	95.87
Support 1	1.1463	155.82	1.3355	0.8207	0.7105	0.5705	1.3970	4342	1.2744	62.66	95.75
Support 2	1.1441	154.75	1.3314	0.8189	0.7088	0.5688	1.3954	4306	1.2726	62.56	95.63
Support 3	1.1404	152.57	1.3252	0.8145	0.7056	0.5653	1.3915	4241	1.2686	62.40	95.43
Bollinger Band											
Bollinger Upper	1.1713	161.50	1.3665	0.8256	0.7236	0.6012	1.3993	4652	1.2778	63.22	96.31
Bollinger Lower	1.1475	152.12	1.3372	0.7984	0.7094	0.5694	1.3751	4188	1.2631	61.57	94.36

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

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
21-Sep	09:00	CH	1-Year Loan Prime Rate	21-Sep	3.00%	--	3.00%
	20:30	US	Chicago Fed Nat Activity Index	Aug	-0.06	--	-0.08
22-Sep	22:00	EC	Consumer Confidence	Sep P	-15.8	--	-15.5
	22:00	US	Richmond Fed Manufact. Index	Sep	--	--	4
23-Sep	07:00	AU	S&P Global Australia PMI Composite	Sep P	--	--	52.7
	15:30	GE	S&P Global Germany Composite PMI	Sep P	--	--	51.8
	16:00	EC	S&P Global Eurozone Composite PMI	Sep P	51.5	--	52
	21:45	US	S&P Global US Composite PMI	Sep P	--	--	56
24-Sep	08:30	JN	S&P Global Japan PMI Composite	Sep P	--	--	53.5
	09:30	AU	Employment Change	Aug	20.0k	--	-15.8k
	15:30	SZ	SNB Policy Rate	24-Sep	0.00%	--	0.00%
	15:30	SW	Riksbank Policy Rate	24-Sep	1.75%	--	1.75%
	16:00	NO	Deposit Rates	24-Sep	4.50%	--	4.25%
	16:00	GE	IFO Business Climate	Sep	89	--	88.8
	20:30	CA	Retail Sales MoM	Jul	-0.80%	--	0.60%
	20:30	US	Current Account Balance	2Q	--	--	-$226.8b
	20:30	US	Initial Jobless Claims	19-Sep	--	--	196k
	22:00	US	New Home Sales	Aug	615k	--	607k
25-Sep	07:01	UK	GfK Consumer Confidence	Sep	-16	--	-14
	20:30	US	Durable Goods Orders	Aug P	-0.30%	--	1.10%
	20:30	US	Cap Goods Orders Nondef Ex Air	Aug P	0.50%	--	0.00%
	22:00	US	U. of Mich. Sentiment	Sep F	47.8	--	47.8

Source: Bloomberg, OCBC Group Research

FX Forecasts

Currency Pair	Current (31 Aug)	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27
USD-JPY	160	160	160	161	161	159
EUR-USD	1.16	1.15	1.14	1.13	1.13	1.14
GBP-USD	1.35	1.34	1.31	1.30	1.30	1.31
AUD-USD	0.72	0.73	0.73	0.72	0.72	0.72
NZD-USD	0.60	0.60	0.61	0.62	0.62	0.62
USD-CAD	1.39	1.39	1.39	1.40	1.40	1.39
USD-CHF	0.81	0.82	0.82	0.83	0.83	0.82
DXY	99.7	100.3	101.1	101.9	101.9	100.8
USD-SGD	1.2740	1.2710	1.2650	1.2620	1.2580	1.2560
USD-CNY	6.7300	6.7200	6.6900	6.6700	6.6400	6.6200
USD-CNH	6.7300	6.7200	6.6900	6.6700	6.6400	6.6200
USD-THB	32.90	33.20	32.70	32.50	32.40	32.20
USD-IDR	17692	17820	17720	17620	17580	17550
USD-MYR	4.0200	4.0400	4.0200	4.0000	3.9800	3.9600
USD-KRW	1375	1375	1360	1340	1320	1300
USD-TWD	31.60	31.80	31.60	31.50	31.40	31.30
USD-HKD	7.84	7.84	7.84	7.83	7.82	7.82
USD-PHP	62.30	62.60	62.20	61.80	61.30	61.20
USD-INR	95.40	95.20	94.80	94.50	94.20	94.00
USD-VND	26078	26100	26000	25900	25800	25800
EUR-JPY	185	184	182	182	182	181.26
EUR-GBP	0.86	0.86	0.87	0.87	0.87	0.87
EUR-CHF	0.94	0.94	0.94	0.94	0.94	0.94
EUR-AUD	1.62	1.58	1.56	1.57	1.57	1.58
EUR-NOK	10.86	11.00	11.10	11.10	11.10	11.00
AUD-NZD	1.21	1.21	1.19	1.17	1.16	1.16
EUR-SGD	1.48	1.46	1.44	1.43	1.42	1.43
GBP-SGD	1.70	1.70	1.66	1.64	1.63	1.65
AUD-SGD	0.91	0.93	0.92	0.91	0.91	0.90
NZD-SGD	0.75	0.77	0.78	0.78	0.78	0.78
CAD-SGD	0.92	0.91	0.91	0.90	0.90	0.90
CHF-SGD	1.58	1.55	1.53	1.52	1.51	1.52
JPY-SGD	0.80	0.79	0.79	0.78	0.78	0.79
SGD-MYR	3.17	3.18	3.18	3.17	3.16	3.15
SGD-CNY	5.28	5.29	5.29	5.29	5.278	5.29
SGD-IDR	13924	14020	14008	13962	13975	13973
SGD-THB	26.00	26.12	25.85	25.75	25.76	25.64
SGD-PHP	49.01	49.25	49.17	48.97	48.73	48.73
SGD-VND	20460	20535	20553	20523	20509	20541
SGD-CNH	5.28	5.29	5.29	5.29	5.28	5.27
SGD-TWD	24.79	25.02	24.98	24.96	24.96	24.92
SGD-KRW	1080	1082	1075	1062	1049	1035
SGD-HKD	6.10	6.17	6.20	6.20	6.22	6.23
SGD-JPY	126	126	126	128	128	127
Gold $/oz	4455	4400	4600	4720	4850	4960
Silver $/oz	66.38	67	70	72	73	75
Platinum $/oz	1824	1867	1952	2002	2058	2104
Palladium $/oz	1425	1425	1490	1529	1571	1606
ICE Brent $/bbl	88	85	80	78	76	74
NYMEX WTI $/bbl	83	81	76	74	72	70
Aluminium $/mt	3242	3,150	3,050	3,075	3,100	3,100
Copper $/mt	14294	13,000	13,000	13,100	13,300	13,300

Source: OCBC Group Research (Latest Forecast Update: 31 August 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 Aug)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.16	1.14	1.13	1.14
GBPUSD	1.35	1.32	1.30	1.31
USDJPY	160	160	161	160
USDCHF	0.81	0.82	0.83	0.83
AUDUSD	0.72	0.73	0.72	0.72
NZDUSD	0.60	0.61	0.61	0.62
USDCAD	1.39	1.39	1.40	1.39
EURNOK	10.86	11.07	11.10	11.03
Forecast for Asian Currencies				
USDCNY	6.73	6.70	6.68	6.63
USDIDR	17692	17753	17653	17560
USDINR	95.40	94.93	94.60	94.07
USDKRW	1375	1365	1347	1307
USDMYR	4.02	4.03	4.01	3.97
USDPHP	62.30	62.33	61.93	61.23
USDSGD	1.27	1.27	1.26	1.26
USDTHB	32.90	32.87	32.57	32.27
USDTWD	31.60	31.67	31.53	31.33
Forecast for Precious Metals				
Gold $/oz	4455	4533	4680	4923
Silver $/oz	66.38	68.80	70.91	74.60
Platinum $/oz	1824	1923	1985	2089
Palladium $/oz	1425	1468	1516	1594
Forecast for Crude Oil				
NYMEX WTI $/bbl	83	77.7	74.7	70.7
ICE Brent $/bbl	88	81.7	78.7	74.7

Source: OCBC Group Research (Latest Forecast Update: 31 August 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	4	3.75
2-Year US Treasury	4.4	4.25	4
5-Year US Treasury	4.6	4.5	4.15
10-Year US Treasury	4.75	4.65	4.45
30-Year US Treasury	5.25	5.2	5.15
Forecast for US SOFR swap rates			
2-Year Rate	4.35	4.25	3.85
5-Year Rate	4.4	4.3	3.9
10-Year Rate	4.45	4.35	4.05
30-Year Rate	4.6	4.5	4.3

Source: OCBC Group Research

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