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FX Weekly

Strong Jobs, Limited USD Follow-through

Christopher Wong
FX Strategist

- ***Aug payrolls surprised to the upside,*** *but softer annual wage growth and limited Fed repricing saw the initial USD bounce fade. Nonetheless, NFP should help restrain USD downside ahead of CPI.*

- ***JPY sentiment appears to be turning less bearish*** *as markets price a high probability of a September BoJ hike, alongside rising JGB yields and growing chatter around repatriation flows.*

- ***AXJ may trade mixed rather than uniformly defensive.*** *Elevated oil and UST yields remain headwinds, particularly for net energy importers, but softer USD follow-through and domestic buffers should continue to drive differentiation across the region.*

- ***Recent THB gains may slow*** *as external backdrop tentatively turned less supportive. Sustained rise in oil prices and upticks in UST yields are some factors that may dampen THB momentum.*

USD. Struggled to hold on to NFP gains. The USD initially rose alongside Treasury yields after US payrolls surprised strongly to the upside, but gains faded into the close. August nonfarm payrolls rose 162k vs 56k expected, while prior months were also revised higher. July was revised from -23k to +21k and June from +20k to +31k, lifting the two-month total by 55k.

The details were nonetheless somewhat less hawkish than the headline payroll beat suggests. Wage growth moderated to 3.1% YoY. Job gains were also somewhat concentrated, with food services and drinking places (+59k) and local government education (+42k) accounting for more than 60% of the overall increase. Even as the report points to a more resilient labour market and pushes back against concerns of a sharper employment slowdown, it does not necessarily signal renewed wage pressure.

This partially helps explain the relatively muted USD follow-through. Fed hike expectations increased after the release, with the implied probability of a Sept hike briefly rising to around 65% from 55% but subsequently eased towards 62%.

The payrolls report is supportive of the USD at the margin, but not sufficient on its own to drive a sustained leg higher. The stronger jobs data reinforces the resilience of the US economy and should keep the risk of Fed tightening alive, which in turn may restrain USD downside. That said, with wage pressures still contained, markets are likely to require firmer inflation evidence before pricing a Sept hike with greater conviction. Focus therefore shifts to this week's CPI, where an upside surprise could provide the catalyst for renewed USD strength, while a softer print would likely keep price action more two-way.

DXY failed to hold on to NFP gains

Source: Bloomberg, OCBC Group Research

DXY last seen at 99.20 levels. Mild bullish momentum on daily chart remains intact while RSI is flat. 2-way trades likely. Resistance at 99.40 (21DMA, 38.2% fibo), 99.75 (100 DMA). Support at 98.60/70 levels (50% fibo retracement of 2026 low to high), 98 (61.8% fibo). US markets closed for labour day holiday today.

JPY. Sentiment shifts. JPY extended its recovery last week, with USDJPY briefly testing the 155.30 area as markets increasingly priced a faster pace of BOJ policy normalisation. A 25bp Sept hike is almost fully priced, while BOJ Takata's earlier remarks that policy should respond more nimbly on a meeting-by-meeting basis have also prompted markets to consider whether subsequent tightening could come more quickly than the roughly semi-annual pace previously assumed. Expectations that higher domestic yields could encourage some repatriation of overseas assets, including market chatters around potential GPIF-related flows have provided an additional tailwind, although evidence of such flows remains relatively limited for now.

More telling was USDJPY's muted response to Friday's strong US payrolls. US yields rose sharply and Fed hike expectations increased, yet the pair struggled to sustain a meaningful rebound and ended around 156. This suggests sentiment towards JPY may be starting to shift from outright bearish towards something more neutral. Positioning also leaves scope for a sharper adjustment: CFTC data showed leveraged funds remained heavily short JPY, with net shorts close to the most stretched levels of the past few years. A decisive break below the 155–155.20 support area could therefore accelerate short-covering and open the way for a more pronounced JPY rebound. Near term, we are tactically constructive on JPY, though with a Sept BOJ hike now largely priced, follow-through will increasingly depend on whether expectations shift towards a faster subsequent pace of normalisation and whether the recent repatriation chatter translates into more visible flows.

USDJPY last seen at 156.30 levels. Daily momentum is mild bearish while RSI shows tentative signs of turning from near oversold conditions. Rebound risks not ruled out but watch key support at 155 levels (23.6% fibo retracement of 2026 low to high). Decisive break below can potentially open door to further downside. Next bigger support lies at 152.20 levels (2026 lows). Resistance at 156.70 (38.2% fibo), 158 levels (50% fibo).

AXJ: Selectively cautious. AXJ FX is likely start the week on a cautious footing following renewed US-Iran escalation over the weekend, including strikes involving oil tankers near key Iranian export routes. Brent ended last week above US$96/bbl and any further disruption to shipping through the Strait of Hormuz could put renewed upward pressure on crude. This risks an unfavourable backdrop for much of AXJ given the region's dependence on energy imports and may restrain the extent of FX appreciation even if the broader USD stays contained. Monday's US Labor Day holiday also means thinner market liquidity, which could amplify moves should there be further geopolitical headlines. We would therefore expect a more cautious and differentiated start to the week, with oil-sensitive AXJs, including PHP, THB potentially lagging while markets continue to assess the extent and duration of the supply disruption.

Week's AXJ data calendar is relatively light and centred on China trade, inflation and credit data. China August trade (8 Sep) will be watched for whether export momentum is holding up, while imports should provide a read on whether tech-linked demand remains firm. China CPI/PPI (9 Sep) and credit data due between 9–15 Sep will matter more for the domestic-demand story, particularly whether pricing power and credit appetite remain soft. Elsewhere, Thailand CPI (7 Sep), Taiwan CPI (8 Sep) and Taiwan exports (9 Sep) are due, with Taiwan exports the more relevant FX marker given its read-through to the regional tech cycle.

THB. Gains may slow. THB's recent outperformance may face some consolidation as the external backdrop turns less supportive. Governor Vitai's remarks last week that the current 1% policy rate is already low but remains appropriate, and that further easing would be more suitable only in the event of another shock, should continue to temper expectations for additional near-term cuts. However, Friday's stronger US payrolls lifted UST yields and the USD while weighing on gold, removing some of the external and gold-related support for THB. Elevated oil prices are also an increasingly important drag, with renewed US-Iran tensions over the weekend adding to upside risks for energy prices. As a net energy importer, THB remains relatively exposed should oil stay elevated.

Beyond the near-term drivers, THB is also benefiting from the global tech cycle through stronger electronics exports, alongside a sizeable pipeline of data-centre and digital investment. These structural developments should provide some underlying support to Thailand's growth and FDI outlook over time. That said, the FX benefit from data-centre investment is likely to materialise gradually given the associated import requirements.

USDTHB last closed at 32.94 levels. Mild bullish momentum on daily chart shows signs of fading while RSI fell. Risks somewhat skewed to the downside. Support at 32.88 (100 DMA), 32.60/70 levels. Resistance at 33 levels (21 DMA), 33.14 and 33.25 levels (50 DMA).

USDSGD: Heavy bias. USDSGD ended the week softer, with the pair giving back its initial bounce after the stronger-than-expected US payrolls. The relatively muted USD follow-through despite higher UST yields was notable, with markets seemingly reluctant to chase the USD ahead of US PPI/CPI. The move also reinforces USDSGD's relatively higher beta to broad USD direction vs several ASEAN peers. Into Monday, thin US holiday liquidity and renewed geopolitical tensions may result in choppier price action, but unless the USD finds a fresh leg higher, upside in USDSGD may remain restrained.

Pair was last at 1.2666 levels. Momentum on daily chart remains flat while RSI slipped. 2-way risks likely; sell rallies preferred. Support at 1.2650, 1.2610 levels. Resistance at 1.2740/50 levels (21DMA, 61.8% fibo retracement of 2026 low to high), 1.2790 levels (50% fibo).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1707	159.00	1.3649	0.8220	0.7278	0.5970	1.4005	4679	1.2746	63.13	94.60
Resistance 2	1.1659	157.55	1.3583	0.8158	0.7238	0.5925	1.3918	4554	1.2710	62.84	94.54
Resistance 1	1.1636	156.91	1.3551	0.8129	0.7220	0.5904	1.3878	4492	1.2688	62.72	94.52
Spot	1.1614	156.27	1.3519	0.8100	0.7204	0.5882	1.3837	4430	1.2666	62.60	94.50
Support 1	1.1588	155.46	1.3485	0.8067	0.7180	0.5859	1.3791	4367	1.2652	62.42	94.46
Support 2	1.1563	154.65	1.3451	0.8034	0.7158	0.5835	1.3744	4304	1.2638	62.24	94.42
Support 3	1.1515	153.20	1.3385	0.7972	0.7118	0.5790	1.3657	4179	1.2602	61.94	94.36
Bollinger Band											
Bollinger Upper	1.1711	161.14	1.3661	0.8177	0.7231	0.5987	1.3965	4672	1.2827	62.79	96.07
Bollinger Lower	1.1506	156.84	1.3448	0.7979	0.7034	0.5830	1.3764	4257	1.2647	60.58	94.61

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
07-Sep	14:00	SW	CPIF YoY	Aug P		--	0.7%
	14:00	SW	CPIF Excl. Energy YoY	Aug P		--	0.6%
	14:00	GE	Industrial Production WDA YoY	Jul		--	-0.1%
08-Sep	07:30	JN	Labor Cash Earnings YoY	Jul		--	3.4%
	18:00	US	NFIB Small Business Optimism	Aug		--	99.8
		CH	Exports YoY	Aug		27.9%	23.9%
09-Sep	09:30	CH	CPI YoY	Aug		0.9%	0.5%
	09:30	CH	CPI Core YoY	Aug		--	0.9%
10-Sep	14:00	NO	CPI Underlying YoY	Aug		--	2.7%
	14:00	SW	GDP Indicator WDA YoY	Jul		--	2.4%
	14:00	NO	CPI YoY	Aug		--	3.0%
	20:15	EC	ECB Deposit Facility Rate	46275		--	2.25%
	20:30	US	Initial Jobless Claims	5-Sep		--	--
	20:30	US	PPI Final Demand YoY	Aug		--	4.7%
	20:30	US	PPI Ex Food and Energy YoY	Aug		--	4.2%
	22:00	US	Existing Home Sales	Aug		3.99m	4.06m
11-Sep	14:00	UK	Monthly GDP (MoM)	Jul		--	0.3%
	20:30	US	CPI YoY	Aug		3.4%	3.4%
	20:30	US	Core CPI YoY	Aug		2.4%	2.5%
	22:00	US	U. of Mich. Sentiment	Sep P		--	51.7

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	66.67	69.70	71.52	73.48	75.15
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	12,500	12,500	12,600	12,800	12,800

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	3.75	3.75	3.75
2-Year US Treasury	4.20	4.05	4.00
5-Year US Treasury	4.30	4.20	4.15
10-Year US Treasury	4.65	4.55	4.45
30-Year US Treasury	5.20	5.15	5.15
Forecast for US SOFR swap rates			
2-Year Rate	4.05	4.00	3.85
5-Year Rate	4.10	4.05	3.90
10-Year Rate	4.25	4.20	4.05
30-Year Rate	4.45	4.45	4.30

Source: OCBC Group Research

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