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USD Volatility to Pick Up

US CPI data (Thursday) Key for Near Term USD Directional Cues. Consensus expects headline CPI to slow to 6.5% YoY, down from 7.1% and core CPI to slow to 5.7% YoY, down from 6%. Another deceleration in price pressures would add to speculations that the Fed could again cut back on its pace of hike to 25bps (from 50bps hike at Dec FoMC) at the upcoming FoMC (1 Feb). And this could boost appetite for risk assets while the USD could come under renewed pressure. However, an unexpected uptick may un-nerve sentiments and lend support to the USD. In any case, we should expect volatility to pick up and more 2-way swings on the USD this week ahead of CPI release.

Mixed Technical Signals for DXY. Friday's move produced a bearish engulfing candlestick, which should typically point to downside pressure. However, the weekly chart exhibited an inverted hanging man pattern which could signal a near term turn-around to the upside. Resistance at 104.40 (21 DMA), 105.1 and 106.20/40 (50, 200DMAs). We also note a potential death cross (50DMA cuts 200DMA to the downside) likely to occur this week and this is another bearish signal. We are biased rallies would fade. Support at 103.44 (recent low). A clean break below this support is required needed for USD to take another leg down.

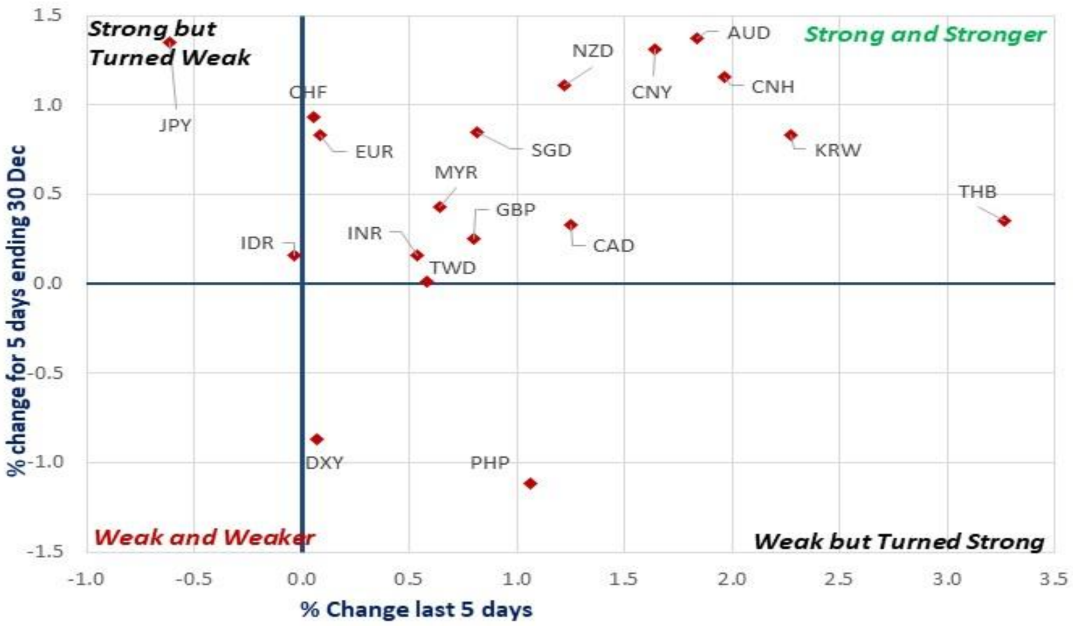
Recent developments out of China remain supportive of sentiments and Asian FX, including CNH, KRW and AUD. Last week there were a number of positive news flow, support measures out of China: 1/ Chatters of China potentially easing 3 red lines (metric puts caps on debt-to-cash of <1, debt-to-assets of <70% and debt-to-equity ratio of<100%) to support the property sector; 2/ establishing of a dynamic adjustment mechanism on mortgage rates for first time homebuyers (i.e. floor on mortgage rates can be lowered or abolished if selling prices of new homes fall m/m and y/y for 3 consecutive months); 3/ Chinese authorities planning more support measures to ease liquidity stress and shore up the balance sheets of some "systemically important" Chinese developers. Support measures could come in the form of equity financing, loans to allow creation of REITs and spurring acquisitions. There were also dribs and drabs of China relaxing property buying curbs. For instance, Chongqing now allow families to own more than 1 property if one of them is rented out on a long-term lease. The relaxation may appear to have little immediate impact at the moment but taken as a whole, **China seems to be shifting gears to a more relaxed regulatory environment as compared to last few years where there was tougher regulatory oversight on big tech, gaming, education, property sectors, etc. The shift can rebuild foreign investors' confidence and could lead to further inflows into RMB-linked assets, including equities**. 4/ Another positive news for the private sector was the approval for Alibaba's Ant Group to raise $1.5b for capital expansion. Ant is still waiting approval of licenses to operate as a financial holding company and as a personal credit ratings firm. Granting of these licenses would be another positive for sentiments, RMB-linked assets, RMB. 5/ China discussing plans to resume partial coal imports from Australia – a positive for commodities and AUD. Recall that Australia Foreign Minister Penny Wong had recently made a visit to China and the potential easing of import ban may imply the beginning of more to come as relations could be on the mend. Tourism, education and property sectors in Australia could benefit if relations between China and Australia start to warm up. This is positive for AUD. Not forgetting China reopening story and Fed policy calibration thematic that can further add to long AUD bias.

OCBC TREASURY RESEARCH

FX Weekly

9 January 2023

FX – Turning or Trending – KRW, THB, CNH Leading Gains in AxJs



Source: Bloomberg, OCBC

Seasonality Trends: January a Seasonally Strong Mondayth for USD (% change calendar Mondayth basis)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
22 Yr Avg	.58	.24	.13	-.71	.49	-.39	-.21	.20	-.06	.38	.32	-.97
2022	.91	.17	1.66	4.73	-1.17	2.88	1.16	2.64	3.14	-.53	-5.00	-2.29
2021	.72	.33	2.59	-2.09	-1.59	2.90	-.28	.49	1.73	-.11	1.99	-.34
2020	1.04	.76	.93	-.03	-.68	-.97	-4.15	-1.29	1.89	.16	-2.31	-2.10
2019	-.62	.61	1.17	.20	.28	-1.66	2.48	.41	.47	-2.04	.95	-1.92
2018	-3.25	1.66	-.71	2.08	2.33	.52	.09	.62	-.01	2.10	.15	-1.13
2017	-2.64	1.62	-.76	-1.30	-2.15	-1.34	-2.89	-.21	.44	1.59	-1.59	-.99
2016	.99	-1.40	-3.69	-1.59	3.02	.26	-.64	.52	-.58	3.12	3.10	.70
2015	5.02	.52	3.22	-3.82	2.44	-1.47	1.94	-1.55	.55	.62	3.33	-1.54
2014	1.59	-1.99	.51	-.78	1.13	-.74	2.11	1.59	3.85	1.14	1.66	2.17
2013	-.70	3.46	1.25	-1.48	1.99	-.29	-2.03	.78	-2.27	-.03	.60	-.80
2012	-1.11	-.69	.34	-.29	5.42	-1.71	1.23	-1.73	-1.57	-.02	.29	-.48
2011	-1.64	-1.09	-1.34	-3.85	2.34	-.45	-.55	.30	5.99	-3.04	2.91	2.29
2010	2.06	1.13	.88	.98	5.77	-.66	-5.21	2.04	-5.39	-1.85	5.09	-2.67
2009	5.77	2.34	-2.93	-.96	-6.22	.99	-2.23	-.22	-1.94	-.46	-1.86	3.98
2008	-1.98	-1.95	-2.59	.98	.51	-.57	1.05	5.67	2.67	7.78	1.03	-6.02
2007	1.14	-1.22	-.77	-1.79	1.05	-.46	-1.40	.03	-3.80	-1.60	-.43	.72
2006	-2.42	1.29	-.42	-4.03	-1.61	.52	.16	-.29	1.15	-.83	-2.78	.84
2005	3.36	-1.27	1.88	.44	3.94	1.52	.29	-1.98	2.22	.61	1.67	-.44
2004	.32	.13	.34	3.28	-1.75	-.11	1.31	-1.13	-1.77	-2.82	-3.64	-1.19
2003	-1.90	-.20	-.83	-1.71	-4.01	1.54	2.28	1.25	-5.35	-.13	-2.70	-3.67
2002	2.96	-.87	-.45	-2.89	-2.93	-5.10	1.23	-.40	-.10	-.22	-.24	-4.26
2001	.88	1.35	4.79	-1.37	2.86	.34	-1.92	-3.21	-.01	1.28	1.11	.53
2000	3.20	.75	-.45	4.46	-1.27	-1.75	2.59	2.73	.58	3.00	-1.21	-4.93

-6.22 7.78

Source: Bloomberg, OCBC

AxJ Positioning Bias (Reuters Poll) and EPFR Flows

On EPFR flows, global bond market reported net inflows of $6.5bn, an increase from last week's outflows of $1.0bn. Developed Market saw inflows while Emerging Market saw outflows this week. Developed Market reported $6.6bn of inflows, where North America led with the largest inflows of$5.3bn. Emerging Market reported outflows of $0.15bn, where Emerging Asia led with the largest outflows of $0.16bn

Based on Reuters survey on Asia FX positioning, long bets on SGD, KRW and THB further extended – a consistent trend over the past 2 polls (~ a month). In terms of sharp turnaround from bearish to bullish bets, CNY and PHP took the lead.

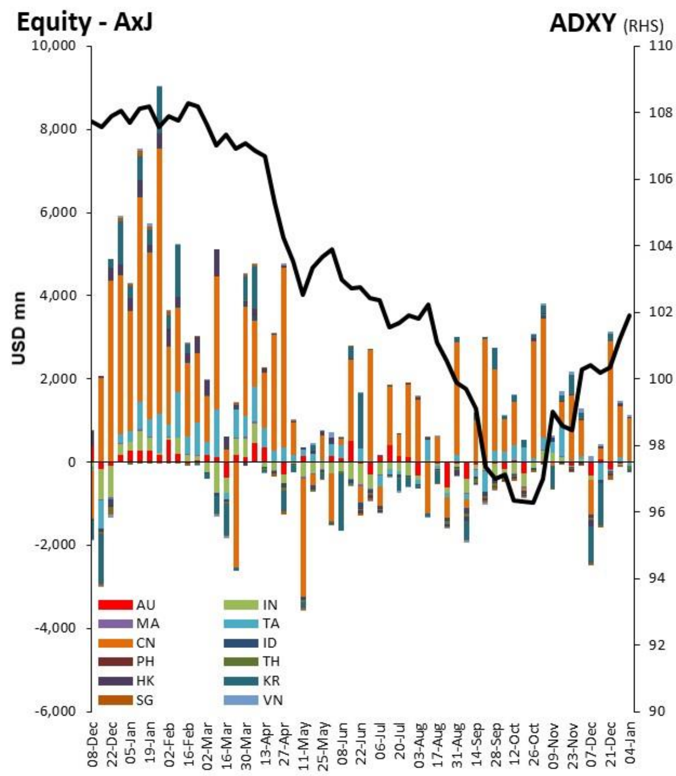
In contrast, polls continue to show less positivity on IDR and INR as both were still perceived to be net short.

	25-Aug-22	08-Sep-22	22-Sep-22	06-Oct-22	20-Oct-22	03-Nov-22	17-Nov-22	01-Dec-22	15-Dec-22	Trend
USD/CNY	1.68	2.04	2.09	1.94	1.96	1.81	0.74	0.63	0.08	
USD/KRW	1.85	2.33	2.39	2.25	2.02	1.38	0.21	-0.15	-0.55	
USD/SGD	1.12	1.54	1.61	1.53	1.13	0.47	-0.06	-0.3	-0.85	
USD/IDR	1.03	1.13	1.35	1.86	1.83	1.57	1.06	1.08	0.92	
USD/TWD	1.53	1.93	2.37	2.12	1.98	1.81	0.84	0.15	-0.22	
USD/INR	1.31	1.35	1.23	1.55	1.6	1.47	1.13	0.76	0.63	
USD/MYR	1.9	1.89	1.9	2.22	2.33	2.02	1.18	-0.02	-0.35	
USD/PHP	1.38	1.7	1.94	2.16	1.94	1.36	0.89	0.33	-0.15	
USD/THB	1.28	1.59	1.86	2.08	2	1.34	0.4	-0.16	-0.69	

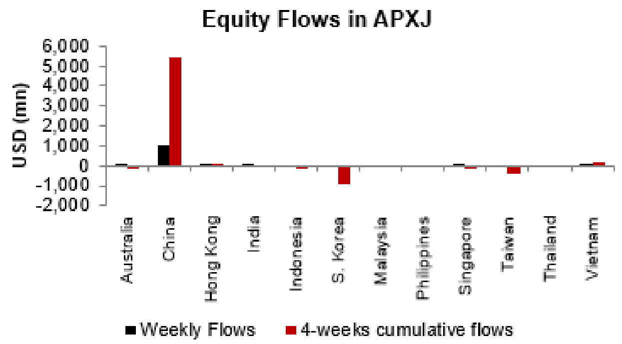
Note: Asian FX poll is conducted by Reuters, on bi-weekly basis on what analysts and fund managers believe the current market positioning are. Poll uses estimates of net short or long on a scale of -3 to +3. A score of +3 indicates significant long USD against the AxJ FX. Arrow direction indicates change in positioning from last date.

Source: Reuters, OCBC [latest avail: 15 Dec 2022 as polls were suspended due to holidays. Will resume by the next FX Weekly]

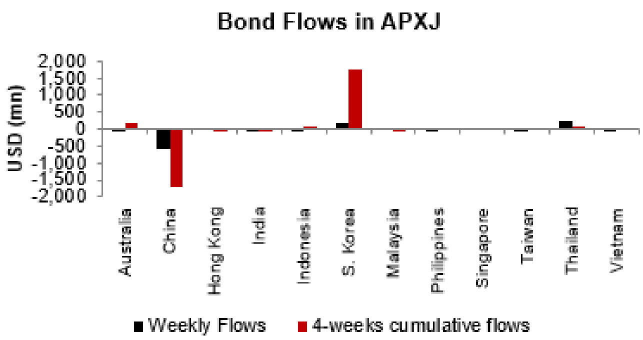
EPFR Equity Flows to AxJ vs ADXY



AxJ Equity Flows – Week vs 4w Cumulative



AxJ Bond Flows - Week vs 4w Cumulative



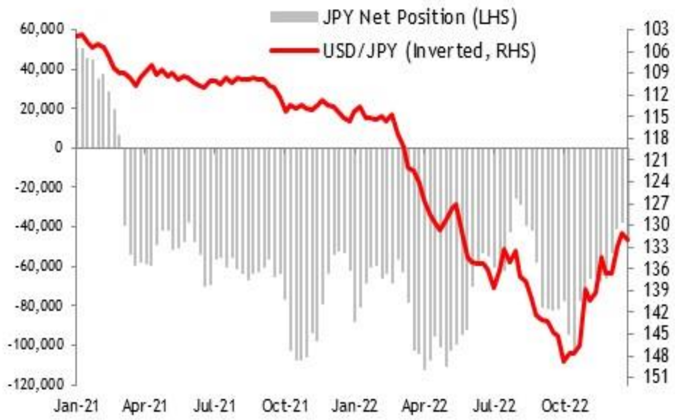
Note: Latest data available as of 4 Jan 2023 (weekly frequency).

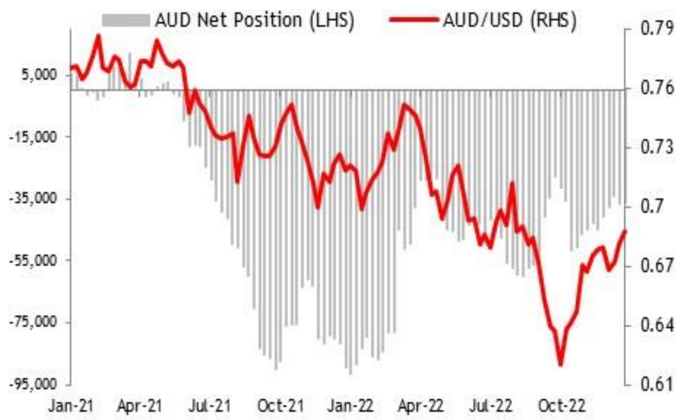
Source: EPFR, Bloomberg, OCBC

Non-Commercial CME CFTC Net Positioning (in number of contracts) vs. Respective FX/USD

- *Positioning data as of 3 Jan; Latest CFTC report issued on 6 Jan 2023; data points of the past 2Y on weekly frequency*

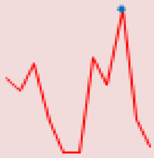
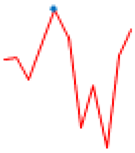
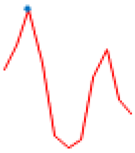
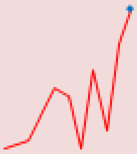
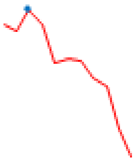
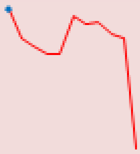
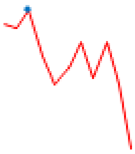
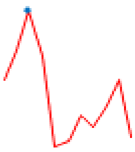
Reduction of long DXY position paused last week but data cut-off was prior to the release US NFP report.
JPY shorts rebuilt but this was prior to US NFP release.
AUD short saw modest reduction while NZD long increased modestly, in line with rise in AUD and NZD, respectively.





Notes: The FX positioning data for this report is part of the Commitments of Traders (COT report published by the US Commodity Futures Trading Commission (CFTC) on every Friday (330pm ET) for data up to the Tuesday in the same week. Hence our FX Weekly publication will show a 1-week lag. In our report, we focus on non-commercial traders' position which is typically seen as a proxy for leveraged, speculative positioning. They can provide directional cues, used as a rough gauge to measure how stretched a position may be and provide some guide for point of inflection.
Source: US CFTC, OCBC

Source: Bloomberg, OCBC

FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Monday:** - Nil – **Tuesday:** NFIB small business optimism (Dec); Fed Chair Powell speaks; **Wednesday:** - Nil – **Thursday:** CPI, real average hourly earnings (Dec); **Friday**: Uni of Michigan sentiment, 1y and 5-10y inflation (Jan); Import, export prices (Dec)		**S: 102.15; R: 105.10**
EURUSD	**Monday:** - Sentix investor confidence (Jan); Unemployment (Nov); **Tuesday:** - Nil – **Wednesday:** - Nil – **Thursday:** - Nil – **Friday:** Industrial production, trade (Nov); German GDP (2022)		**S: 1.0410; R: 1.0750**
GBPUSD	**Monday:** - Nil – **Tuesday:** BRC sales (Nov); **Wednesday:** - Nil – **Thursday:** - Nil – **Friday:** Industrial production, GDP, trade construction output (Nov)		**S: 1.2050; R: 1.2220**
USDJPY	**Monday:** - Nil – **Tuesday:** Tokyo CPI (Dec); Household spending (Nov); **Wednesday:** Leading index, coincident index (Nov); **Thursday:** Current account (Nov); **Friday:** - Nil –		**S: 130.60; R: 134.80**
AUDUSD	**Monday:** Building approvals (Nov); **Tuesday:** - Nil – Wednesday: CPI (Nov); **Thursday**: Trade (Nov); **Friday:** - Nil –		**S: 0.6760; R: 0.7020**
USDCNH	**Monday**: - Nil – **Tuesday:** - Nil – **Wednesday:** - Nil – **Thursday:** CPI, PPI (Dec; **Friday:** Trade (Dec);		**S: 6.7200; R: 6.8410**
USDKRW	**Monday**: - Nil – **Tuesday:** Current account (Nov); **Wednesday:** Unemployment rate (Dec); **Thursday:** - Nil – **Friday: BoK MPC**; import, export price index (Dec)		**S: 1220.00; R: 1260.00**
USDSGD	**Monday:** FX reserves (Dec); **Tuesday:** - Nil – **Wednesday:** - Nil – **Thursday:** - Nil – **Friday:** - Nil –		**S: 1.32200; R: 1.3480**
USDMYR	**Monday:** FX reserves (Dec); **Tuesday:** - Nil – **Wednesday:** Industrial production (Nov) **Thursday:** - Nil – **Friday:** - Nil –		**S: 4.3600; R: 4.4100**
USDIDR	**Monday:** consumer confidence (Dec) **Tuesday:** - Nil – **Wednesday:** - Nil – **Thursday:** - Nil – **Friday:** - Nil –		**S: 15,400; R: 15,650**

Source: Bloomberg, OCBC

Key Themes and Trades

Likely to See More 2 Way Trades; CPI Key Highlight This Week. USD reversed early gains on Friday into the close amid softer US data. In particular, average hourly earnings decelerated (0.3% MoM in Dec vs. 0.6% prior), ISM services fell into contractionary territories (49.6 in Dec vs. 55 expected), factory orders slumped (-1.8% in Nov vs. -1% expected) while payroll gains of +223k was the smallest since Dec-2020. Softer data suggests that Fed's cumulative tightening in 2022 is starting to have its effects felt on the economy. That said US labor market remains solid despite a slowdown in hiring. This somewhat supports Fed's hopes for economic soft-landing.

This week's CPI data (Thursday) would be key for near term USD directional cues. Consensus expects headline CPI to slow to 6.5% YoY, down from 7.1% and core CPI to slow to 5.7% YoY, down from 6%. Another deceleration in price pressures would add to speculations that the Fed could again cut back on its pace of hike to 25bps (from 50bps hike at Dec FoMC) at the upcoming FoMC (1 Feb). And this could boost appetite for risk assets while the USD could come under renewed pressure. However, an unexpected uptick may un-nerve sentiments and lend support to the USD. In any case, we should expect volatility to pick up and more 2-way swings on the USD this week ahead of CPI release.

On DXY price action, Friday's move produced a bearish engulfing candlestick, which should typically point to downside pressure. However the weekly chart exhibited an inverted hanging man pattern which could signal a near term turn-around to the upside. DXY was last at 103.88. Mild bullish momentum on daily chart intact while RSI turned lower. Sideways trade near recent lows likely. Support at 103.44 (recent low). A clean break below this support is required for USD to move another leg down. Next support comes in at 102.15 (50% fibo retracement of 2021 low to 2022 high). Resistance at 104.40 (21 DMA), 105.1 and 106.20/40 (50, 200DMAs). A potential death cross (50DMA cuts 200DMA to the downside) should occur this week and this is another bearish signal. We are biased rallies would fade.

Overall, we retain the overarching view that the upside for USD may be limited as pace of Fed tightening slows and goes into late cycle. Broad trend of USD for 2023 remains skewed to the downside. On risk sentiments, we are slightly more optimistic as a case of slower pace of tightening seen across most central banks and China reopening, support measures should help to partially mitigate against global growth concerns. A less severe global growth slowdown can also be supportive of pro-cyclical FX, including AxJs, AUD while counter-cyclical USD stays on the back foot. That said, it is not a one-way street for the USD. There will be instances of intermittent and sporadic USD upticks as USD still retain a yield advantage and the Fed is still tightening (but at slower pace). We also note that seasonality trend in January typically favors the DXY (but not necessarily a given). Based on monthly calendar returns since 2000, DXY rose on 14 Januarys out of 22 and on average gained nearly 0.60%. This is also the highest amongst the 12 calendar months. That said, it is not a one-way street for the USD. There will be instances of intermittent and sporadic USD upticks as USD still retain a yield advantage and the Fed is still tightening (but at slower pace).

Possibly a 1.0520 – 1.0750 Range. EUR managed to hold above the pivotal 1.06-handle last week amid broad USD softness (on softer set of US data). Continued decline (down nearly 9% YTD) in European gas prices to pre-invasion levels due to mild weather conditions suggests that inflationary pressures may not be as bad as feared and this could help business to cope better. Pair was last at 1.0640 levels. Mild bearish momentum on daily chart shows tentative signs of fading while RSI rose. Bullish trend channel (formed since Nov) still holds. Golden cross formed (50DMA cuts 200 DMA to the upside). Resistance at 1.0675, 1.0750 levels (61.8% fibo retracement of 2022 high to low, trend upper bound). Break-out of 1.0750 is needed for EUR bulls to follow through. Support at 1.0520/40 (50% fibo) and 1.0410 (50 DMA).

We are neutral-to-mild-constructive on EUR's outlook. While recession fears in Euro-area, energy woes and geopolitical concerns remain, we believe the bulk of the risks have been baked into the price (i.e., mild recession priced). Hawkish ECB rhetoric mitigates against further worsening in EU-UST yield differentials and should continue to provide some support for EUR. But on the other hand, an overly hawkish ECB risks spooking equity markets, of which EUR has a strong correlation to (coefficient of 0.88). Key risks to watch that may drag on EUR include (1) how severe EU recession turns out to be; (2) whether there will be further escalation in Russian-Ukraine tensions – poses risks to energy and inflation or would there be a ceasefire scenario; (3) if USD strength returns with a vengeance (i.e., global risk-off or Fed resumes aggressive tightening).

Need a Break above 21DMA for Bullish Momentum to Carry On. GBP reversed losses to trade flat for the week. This comes amid broad USD softness on disappointing US data. Pair was last at 1.2090 levels. Bearish momentum on daily chart shows signs of waning while RSI rose. A bullish engulfing was observed on Friday session while weekly chart suggests potential of rebound. The initial near-term caution that we had been calling for in the past FX Weekly may have ran its course with support at 1.1850 met (low traded on Friday at 1.1842). Immediate resistance at 1.2120 (21 DMA). Decisive break above that could bring back buying momentum. Next resistance at 1.2150, 1.2220 levels. Failure to recapture price action above 21DMA could see GBP re-attempt downside. Support at 1.2050 (50% fibo retracement of 2022 high to low), 1.1960 (50 DMA) and 1.1840 levels (recent low).

We retained our slight cautious outlook on GBP amid stagflation concerns. Autumn statement (17 Nov) shows UK will undergo a painful but necessary phase of fiscal consolidation, that included GBP30bn of spending cuts and GBP25bn of tax increases. A credible fiscal plan underscores policymakers' resolve to fiscal discipline. This also helped to patch back the confidence crisis caused by former PM Liz Truss and former Chancellor Kwarteng. In addition, a moderate-to-soft USD profile allows for GBP to recover but weaker domestic fundamentals (stagflation, consumer squeeze, etc.), less-hawkish BoE could still restraint the extent of GBP's recovery.

2-Way Trades but Retain Bias to Sell Rallies. USDJPY traded a high of 134.77 levels last Friday before reversing earlier gains into losses. Softer US data was the main driver fuelling the selloff in USD. Pair was last at 132 levels. Mild bullish momentum remains intact but RSI fell. 2-way trades likely. Resistance at 133.60 (21 DMA), 134.80 (23.6% fibo retracement of Oct high to Jan low). Support at 131, 130.60 and 129.50. On the weekly chart, bearish momentum remains intact. Price action exhibits a head and shoulders pattern – bearish reversal. A break below 130 support could see losses accelerate towards 127.30 (50% fibo)

Last week a Reuters report indicated that BoJ is putting more emphasis on core CPI and will likely raise its projections soon. Report also highlighted that price increases are broadening more than initially expected. This reconciles with our observation that recent comments from other BoJ officials seem to suggest rising likelihood of policy shift especially if trend inflation overshoots expectations and stay above its 2% target. We believe Dec's surprise YCC tweak signals the beginning of more to come. Question is on the timing. Some options that the BoJ may consider could be a removal of YCC regime and/or even exit from NIRP. A potential policy shift will lead to JPY strength. Elsewhere sell-off in JGBs continued for the past few sessions with the new upper bound tested and the BoJ conducting unscheduled bond purchases. We believe it is probably a matter of time the BoJ surprises again and this puts focus on 18th Jan's BoJ MPC. A no-move status quo could disappoint JPY bulls and JPY could see weakness. But we opined any JPY weakness to be temporary as BoJ will probably make a policy shift come Mar-Apr around annual Shunto wage negotiations and when the new governor comes on board in Apr. BoJ officials are likely to take the next 2-3 months to evaluate the YCC tweak, inflationary pressures.

Anticipation of further BoJ moves could see further unwinding of JPY-shorts in due course. But we would have monitor as any disorderly unwinding of JPY-shorts may have repercussion on global markets as JPY is a funding currency. In addition, the broad rise in global yields, including JGBs yields may add to concerns of tighter financial conditions and undermine risk sentiments. This could keep recent gains in risk-proxy AxJs in check in the interim. That said, we expect the moderate-to-soft USD profile (on the back of Fed policy calibration thematic), recent BoJ tweak and expectation for further BoJ shift to underpin the medium-term downside bias for USDJPY. In addition, long JPY can also be a hedge against geopolitical risks.

Maintain Long Bias. AUD managed to trade higher for the 3rd consecutive week. Softer US data (raising hopes for Fed policy calibration) and positive development out of China are still the key drivers fuelling AUD upside. In particular on the China front, hopes of China easing 3 red lines to support the property sector and establishment of dynamic adjustment mechanism on mortgage rates reinforced our view that China is shifting gears to a more relaxed regulatory environment as compared to last few years where there was tougher regulatory oversight on big tech, gaming, education, property sectors, etc. The shift can rebuild foreign investors' confidence and reignite growth hopes for the region. To add, China discussing plans to resume partial coal imports from Australia – a positive for commodities and AUD. Recall that Australia Foreign Minister Penny Wong had recently made a visit to China and the potential easing of import ban may imply the beginning of more to come. Tourism, education and property sectors in Australia could benefit if relations between China and Australia start to warm up. In summary, we lean more to the positive side of things, where China reopening, and a more moderate-to-soft USD profile can support AUD's recovery. Bias to buy dips. Key downside risk factors that may affect AUD view are 1/ extent of CNH swings; 2/ if USD strength or aggressive Fed tightening returns; 3/ global growth outlook – how severe DM slowdown pans out to be; 4/ how the surge of covid cases may be spilled over to other nations or any emergence of new variant.

AUD was last at 0.6870 levels. Bullish momentum on weekly chart intact while RSI rose. A potential cup and handle pattern is observed on weekly chart and this is typically a bullish formation. Completion of pattern puts textbook objective at around 0.75/0.76 levels. On the daily chart, daily momentum is showing tentative signs of turning mild bullish while RSI rose. We continue to favor a long bias. Next resistance at 0.6920 (76.4% fibo), 0.7020 before 0.7150 (Aug high). Support at 0.6840 (200 DMA), 0.6760/70 levels (21 DMA, 61.8% fibo retracement of Aug high to Oct low) and 0.6680 (50 DMA).

Trading Heavy but a Slow Grind Down. USDSGD continued to trade with a heavy bias, taking cues from the decline in USDCNY (breaking below 6.80-handle), USDJPY and softer USD. Pair was last at 1.3320 levels. Daily momentum is mild bullish while RSI is flat. Bias still for downside play but the move down from here could be a slow grind, given the sharp pullback of ~8% since Oct peak. Support at 1.3320/40 levels (recent low). Decisive break puts next support at 1.3220 levels. Resistance at 1.3480 (21 DMA, 76.4% fibo), 1.3670 (50 DMA, 61.8% fibo retracement of 2020 low to 2022 high). S$NEER is 1.3% above model-implied mid.

We retain a slight bullish outlook on SGD due to resilient macro-fundamentals, China reopening optimism (supportive of sentiments and regional growth) and a moderate-to-soft USD profile. The case for further MAS tightening via slope steepening is still plausible if inflationary pressures in Singapore continues.

SGD was relatively more resilient than its peers for most of the first 9-10 months of 2022 where risk aversion was at its fore. But going forward, with USD on a more moderate-to-soft profile and risk aversion taking a backseat, we see room for selected Asian FX, including A$, THB, KRW, JPY that were oversold to play catch-up to S$ strength – in a way short S$ vs. long A$, KRW, JPY and THB.

Trade Ideas

Entry Date	Trade	Entry	Close	Profit/ Loss	Remarks	Exit Date
03-Oct-22	Short AUDNZD	1.141	1.1143	2.34%	RBNZ-RBA policy divergence. First target at 1.12 met. Targeting next objective at 1.1050. Shift SL to 1.1360. [Trade TP earlier at 1.1085]	19-Oct-22
04-Oct-22	Short AUDJPY	94.6	92.9	1.80%	Tentative signs of market stresses. First objective at 92.1 met. Targeting next objective at 90.50. Move SL to 93.70 (17 Oct). [Trade tripped SL in NY time]	17-Oct-22
27-Oct-22	Short CADJPY	107.3	104.9	2.24%	Tentative signs of market stresses.Target a move towards 105.75, 104.20 and 102.70 objectives. SL at 110.70. [TP trade earlier given that JPY leg appreciated larger and faster than expected]	14-Nov-22
20-Dec-22	Short NZDUSD	0.6345	0.63125	0.51%	Softer activity outlook, business confidence and consumer confidence in NZ undermined NZD. Short NZDUSD, targeting a move lower towards 0.6280 (first objective met) before 0.62 (second objective). SL moved to 0.6345 from 0.6385 [Trade tripped SL]	28/12/2022
20-Dec-22	Long AUDNZD	1.0555	1.074667	1.82%	Tactical long AUDNZD on bullish divergence, targeting a move towards 1.0650 (first objective met), 1.0725 (second objective met) and 1.0865. SL at 1.0475 [Trade TP]	04/01/2023

Note: Close level is average of 1st, 2nd and 4rd objectives for take profit scenario.

Selected SGD Crosses

SGDMYR Daily Chart: Sideways

SGDMYR continued to trade sideways last week. Cross was last at 3.2870 levels.

Mild bullish momentum on daily chart intact while RSI rose. Bullish trend channel formed remains intact. We continue to look for price action within channel.

Resistance at 3.2940 (50 DMA), 3.3080 (50% fibo).

Support at 3.2875 levels (38.2% fibo retracement of Nov high to Dec low), 3.2730 (21 DMA) and 3.2620 (23.6% fibo).

SGDJPY Daily Chart: Bias to Sell Rallies

SGDJPY drifted higher last week amid JPY underperformance. But the rise appears to lack follow-thru momentum for now. Cross was last at 98.63 levels.

Daily momentum is mild bullish while RSI rose. Retain bias to lean against strength. Resistance at 99.10 (21 DMA), 99.80 and 100.80 (50 DMA).

Support at 97.85 levels (38.2% fibo retracement of Mar low to Oct high), 96.7 (recent low) and 95.23 (50% fibo).

Note: blue line – 21SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA

SGDCNH Daily Chart: Consolidative; Bias to Fade

SGDCNH extended its decline this week amid CNH strength. Cross was last at 5.0875 levels

Daily momentum turned bearish bias while RSI fell. We continue to look for downside play.

Next support at 5.0800/40 levels (100 DMA, 38.2% fibo) and 5.0210 (50% fibo).

Resistance at 5.12, 5.1530/50 levels (23.6% fibo, 21 DMA).

EURSGD Daily Chart: Slight Rebound Risk

EURSGD traded a low of 1.4130 after breaking below 200DMA. Cross has since rebounded and was last at 1.4240 levels.

Mild bearish momentum is showing signs of fading while RSI rose. Room for bounce.

Resistance at 1.4290 (200 DMA), 1.4315 (21 DMA) and 1.4380 (38.2% fibo retracement of 2022 high to low).

Support at 1.4130 (23.6% fibo), 1.4110 (100 DMA).

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Note: blue line – 21SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA

GBPSGD Daily Chart: Tentative Signs of Rebound

GBPSGD fell, in line with our caution for bearish reversal (as per last FX Weekly). Cross traded a low of 1.5962 (6 Jan) and was last at 1.6180 levels.

Bearish momentum on daily chart intact while RSI rose. Room for rebound. Key resistance at 1.6260 (38.2% fibo retracement of 2022 high to low), 1.6340 (21, 50 DMAs). Break above these levels could then see bullish momentum gain further traction.

Failing which, the cross could retest previous lows. Support at 1.61 and 1.5960 levels.

AUDSGD Daily Chart: Breaking Out of Channel

AUDSGD continued to march higher amid AUD outperformance. Cross was last at 0.9220 levels.

Daily momentum is showing signs of turning mild bullish while RSI rose. Cross also shows signs of breaking out of bearish trend channel. Bias for upside play.

Resistance at 0.9270, 0.9315 (Nov high) and 0.9480 (200 DMA).

Support at 0.9115/40 (21, 50 DMAs), 0.9065 (50% fibo retracement of Oct low to Nov high) and 0.9005 (61.8% fibo).

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Note: blue line – 21SMA; red line – 50 SMA; green line - 100 SMA; yellow line - 200 SMA

Medium Term FX Forecasts

FX	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
USD-JPY	130.00	127.00	125.00	124.00	123.00
EUR-USD	1.0600	1.0800	1.0800	1.1000	1.1000
GBP-USD	1.2200	1.2300	1.2400	1.2600	1.2600
AUD-USD	0.6900	0.7000	0.7100	0.7200	0.7200
NZD-USD	0.6500	0.6600	0.6600	0.6700	0.6800
USD-CAD	1.3200	1.3100	1.3000	1.3000	1.2900
USD-CHF	0.9300	0.9200	0.9200	0.9100	0.9100
USD-SEK	10.400	10.200	10.200	10.000	9.900
DXY	103.61	101.89	101.50	100.01	99.784
USD-SGD	1.3400	1.3350	1.3350	1.3300	1.3250
USD-CNY	6.9000	6.8500	6.8000	6.7500	6.7200
USD-CNH	6.9000	6.8500	6.8000	6.7500	6.7200
USD-THB	33.600	33.400	33.200	33.000	32.600
USD-IDR	15500	15500	15400	15400	15300
USD-MYR	4.3500	4.3000	4.2800	4.2600	4.2200
USD-KRW	1265.0	1250.0	1240.0	1230.0	1220.0
USD-TWD	30.500	30.500	30.500	30.200	30.100
USD-HKD	7.8100	7.8000	7.8000	7.7800	7.7800
USD-PHP	55.600	55.300	55.500	55.200	54.800
USD-INR	83.000	82.900	82.500	82.000	82.000
USD-VND	23400	23300	22900	22800	22800
EUR-JPY	137.80	137.16	135.00	136.40	135.30
EUR-GBP	0.8689	0.8780	0.8710	0.8730	0.8730
EUR-CHF	0.9858	0.9936	0.9936	1.0010	1.0010
EUR-SGD	1.4204	1.4418	1.4418	1.4630	1.4575
GBP-SGD	1.6348	1.6421	1.6554	1.6758	1.6695
AUD-SGD	0.9246	0.9345	0.9479	0.9576	0.9540
NZD-SGD	0.8710	0.8811	0.8811	0.8911	0.9010
CHF-SGD	1.4409	1.4511	1.4511	1.4615	1.4560
JPY-SGD	1.0308	1.0512	1.0680	1.0726	1.0772
SGD-MYR	3.2463	3.2210	3.2060	3.2030	3.1849
SGD-CNY	5.1493	5.1311	5.0936	5.0752	5.0717
SGD-IDR	11567	11610	11536	11579	11547
SGD-THB	25.075	25.019	24.869	24.812	24.604
SGD-PHP	41.493	41.423	41.573	41.504	41.358
SGD-CNH	5.1493	5.1311	5.0936	5.0752	5.0717
SGD-TWD	22.761	22.846	22.846	22.707	22.717
SGD-KRW	944.03	936.33	928.84	924.81	920.75
SGD-HKD	5.8284	5.8427	5.8427	5.8496	5.8717
SGD-JPY	97.015	95.131	93.633	93.233	92.830
Gold $/oz	1825.0	1835.0	1845.0	1865.0	1875.0

Source: OCBC (forecasts as of 5 Jan 2022)

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