

## FX Weekly

### Geopolitics Still Setting the Tone

**Christopher Wong**  
FX Strategist

- **Two event risks dominate the week:** *Trump–Xi meeting on 14–15 May and still-fragile developments around Hormuz. A material reset in US–China relations is not the base case, but softer rhetoric, tariff restraint or clearer dialogue could support risk appetite and weigh on the USD.*
- **US-Iran developments remain a key swing factor:** *Renewed oil spikes would revive inflation concerns, push back Fed easing expectations and hurt oil-sensitive AXJ FX. De-escalation should ease pressure on yields, the USD and high-beta AXJs.*
- **USD's failure to rally despite stronger-than-expected April NFP** *suggests markets are looking through single US data points and placing more weight on geopolitics, oil and Fed repricing channels.*
- **GBP held up despite UK political noise.** *Local election results point to a more fragmented political landscape and add a medium-term political-risk premium, but near-term GBP drivers remain USD direction and BoE repricing.*
- **Gold remains in consolidation mode.** *Softer USD and de-escalation optimism helped, but oil's rebound and lingering scepticism over US–Iran developments capped momentum. A cleaner geopolitical de-escalation and softer oil would be needed for stronger upside.*
- **Asia data calendar is light.** *Focus is on China CPI/PPI and credit, India CPI, Korea labour market and Malaysia 1Q GDP, but data may only move AXJ FX materially if surprises are large.*

Markets enter the week with two key event risks in focus: the **Trump–Xi meeting on 14–15 May** and **still-fragile US-Iran developments**. Expectations for the Trump–Xi meeting are modest, but the agenda is potentially wide-ranging possibly including trade, tariffs, technology restrictions, Taiwan and possibly China's role in the Middle East. Markets are unlikely to price in a material reset in US-China relations, but a softer rhetoric, tariff restraint or clearer negotiating path could still be sufficient to support risk appetite and weigh on the USD. Conversely, any disappointment, renewed tariff threats or lack of follow-through could quickly revive defensive USD demand. Senior officials from US and China including Vice Premier He Lifeng and Treasury Secretary Scott Bessent have scheduled to hold talks in Seoul on 13 May ahead of Trump–Xi meeting.

US-Iran developments remain the other key swing factor. Oil has stayed highly sensitive to headlines, with markets caught between hopes of de-escalation and the risk that sporadic clashes keep an energy-risk

premium embedded in FX and rates. For FX, the channel is such that renewed oil spikes would revive inflation concerns, push back against Fed easing expectations and hurt energy-importing FX, while signs of de-escalation should take some pressure off yields, the USD and oil-sensitive AXJ FX. At time of writing, Trump has rejected Iran's latest response. Oil jumped and DXY ticked higher.

**DXY. Risks modestly skewed to downside.** USD's reaction to **US payrolls** was telling. April NFP surprised to the upside at +115k, above consensus expectations of around +60k, while unemployment held steady at 4.3% and March payrolls were revised higher to +185k. Typically, this should have seen a bid on the USD. But the USD failed to sustain gains and instead traded softer and even ended a touch weaker for the week. Softer wage growth and less-threatening labour-market details helped, but the bigger message is that markets are not trading off US data in isolation.

While payrolls matter, the USD appears more sensitive to geopolitical risk, oil and the associated inflation/Fed repricing channel. When Hormuz risks flare and oil jumps, the USD can still draw support from safe-haven demand and higher US yield expectations. But when de-escalation hopes plays up and risk appetite firms, even stronger US data may struggle to lift the dollar. In that sense, last week's softer USD despite a better NFP print suggests FX markets are looking through single data points and placing more weight on the evolving geopolitical risk premium ahead of the Trump–Xi meeting.

DXY traded slightly softer last week. Last seen at 98 levels. Daily momentum shows very tentative signs of turning bearish while RSI slipped. Slight risk to the downside. Key support around 97.50/60 levels (double bottom, 61.8% fibo retracement of 2026 low to high) is key. Break out puts next support closer to 97.10, 96.75 (76.4% fibo) Resistance at 98.10/30 levels (50% fibo, 21 DMA), 98.70 (38.2% fbo).

**GBPUSD. Hanging Man?** UK local election results pointed to a more fragmented political landscape. Labour took heavy losses, Reform UK was the standout winner in English councils, the Conservatives also remained under pressure, while the Greens/Lib Dems picked up support in parts of the country. In Wales, Plaid Cymru's win ended Labour's long dominance, with Reform also performing strongly. For GBP, the immediate damage looks contained as there is no clear leadership or fiscal shock yet. But the results do add to the medium-term political risk premium, especially if poor Labour showing revive concerns over fiscal slippage. In the interim, GBP is likely to trade with a modest political-risk discount, but the bigger drivers remain USD direction and BoE repricing. GBP traded better bid for the week.

Last at 1.3630 levels. Weekly momentum is mild bullish while RSI rose slightly. Technical readings are mixed with momentum/oscillator indicating upside risk while chart pattern saw a potential hanging man formation, typically associated with bearish reversal. We continue to watch price action. Resistance at 1.37 levels (76.4% fibo retracement of 2026 high to low). Support at 1.3540 (21 DMA), 1.3510 (50% fibo) and 1.3480.

**USDJPY. 2-way trades.** USDJPY traded near recent lows last week. Price action remains a two-way trade after recent suspected MoF intervention helped cap upside near the 160-handle. While intervention risk may keep JPY shorts more cautious, the fundamental backdrop is not yet decisively JPY-positive. Higher oil prices remain a terms-of-trade drag on JPY. Near term, USDJPY may stay choppy, driven by swings in oil prices. Pair was last at 156.70 levels. Bearish momentum on daily chart intact while RSI was flat. 2-way trades likely to continue. Support at 155.40 (61.8% fibo retracement of 2026 low to high), 154.15/30 (200 DMA, 76.4% fibo). Resistance at 157.40 (100 DMA, 38.2% fibo), 158.70 levels (23.6% fibo, 21, 50 DMAs).

**Gold. Consolidation.** Gold partially held on to early week gains though price action into NY close last Fri turned less convincing after earlier gains were pared. The initial support came from the same macro channel of optimism on US-Iran deal, softer USD and some easing in oil-led inflation concerns. But oil's rebound above 100-handle and lingering scepticism over US-Iran developments capped gold's momentum. For now, gold remains caught between de-escalation hopes on one hand, and oil, inflation and Fed-pricing risks on the other. A more material de-escalation in geopolitical tensions, softer oil prices and renewed dovish Fed pricing would likely be needed for gold to regain stronger upside momentum. Gold was last seen at 4715 levels. Daily momentum shows tentative signs of turning bullish while RSI rose. Consolidation with slight tilt to the upside. Resistance at 4780 levels (50, 100 DMAs), 4850 (50% fibo). Support at 4670 (38.2% fibo retracement of Jan high to Mar low), 4510 (recent low) and 4452 (23.6% fibo).

**Asia data calendar** is relatively light this week with focus mainly on China and India inflation, China credit, Korea labour market and Malaysia 1Q GDP. China's CPI/PPI (11 May) will be watched for signs of oil/input-cost pass-through, while credit data (11 – 15 May) may offer a cleaner read on whether policy support is translating into demand. In India, CPI is expected to edge higher on fuel-related pressures (12 May), while Malaysia's final 1Q GDP (15 May) should confirm still-resilient growth momentum. Elsewhere, Korea unemployment, Japan

PPI/current account, India WPI/trade and Philippines remittances are worth monitoring but are unlikely to dominate AXJ FX unless they surprise materially.

**USDCNH. Turning bearish but nearing oversold.** USDCNH broke below the 6.80 handle last Friday, helped by a softer USD backdrop and USDCNY fix being set near its lowest level (6.8502 on Fri vs. 6.8487 on Thu) in more than three years. The move also comes ahead of the Trump–Xi meeting in Beijing on 14–15 May even if a material reset in US-China relations is not our base case. For now, the signal from the fix suggests policymakers are still comfortable with a measured pace of RMB appreciation. USDCNH last seen at 6.7970 levels. Daily momentum shows early signs of turning mild bearish though RSI is near oversold conditions. Sustained trade below 6.80 could keep downside momentum alive toward 6.75/6.76, but the path remains sensitive to USD direction, summit headlines and any shift in the daily fixing bias. Resistance at 6.8245 (21 DMA).

**USDSGD. 2-way trades for now.** USDSGD traded heavy for the week, taking cues from the softer USD tone, lower USDCNH and USDJPY, while a slight easing in US-Iran geopolitical tensions also helped sentiment. Pair was last at 1.2670 levels. Daily momentum is slight bearish while RSI fell. 2-way trades still likely. Support at 1.2650/60 levels (76.4% fibo), 1.2610 levels. Resistance at 1.2720/40 levels (21, DMA, 61.8% fibo retracement of 2026 low to high), 1.2770 (50, 100 DMAs), 1.28. Bias to sell rallies preferred.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1896	157.80	1.3785	0.7873	0.7330	0.6032	1.3811	4855	1.2754	61.10	95.17
Resistance 2	1.1831	157.25	1.3695	0.7826	0.7281	0.5994	1.3744	4785	1.2715	60.84	94.83
Resistance 1	1.1809	156.97	1.3663	0.7796	0.7263	0.5980	1.3710	4750	1.2693	60.73	94.66
Spot	1.1787	156.69	1.3631	0.7766	0.7247	0.5967	1.3677	4715	1.2672	60.63	94.48
Support 1	1.1744	156.42	1.3573	0.7749	0.7214	0.5942	1.3643	4680	1.2654	60.48	94.33
Support 2	1.1701	156.15	1.3515	0.7732	0.7183	0.5918	1.3610	4645	1.2637	60.32	94.17
Support 3	1.1636	155.60	1.3425	0.7685	0.7134	0.5880	1.3543	4574	1.2598	60.07	93.83
<b>Bollinger Band</b>											
Bollinger Upper	1.1813	160.93	1.3621	0.7899	0.7245	0.5959	1.3777	4881	1.2804	61.84	95.55
Bollinger Lower	1.1661	156.07	1.3458	0.7761	0.7097	0.5834	1.3566	4510	1.2664	59.35	92.38

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

## FX Forecasts

Currency Pair	Current (4 May)	2Q26	3Q26	4Q26	1Q27	2Q27
USD-JPY	157	157	156	155	154	153
EUR-USD	1.17	1.17	1.19	1.19	1.18	1.17
GBP-USD	1.35	1.34	1.35	1.34	1.36	1.34
AUD-USD	0.72	0.72	0.75	0.75	0.75	0.74
NZD-USD	0.59	0.59	0.61	0.61	0.61	0.61
USD-CAD	1.36	1.36	1.35	1.35	1.34	1.34
USD-CHF	0.78	0.79	0.78	0.78	0.79	0.79
DXY	98.4	98.41	97.14	97.15	97.44	98.00
USD-SGD	1.28	1.28	1.27	1.26	1.26	1.25
USD-CNY	6.83	6.81	6.80	6.78	6.76	6.74
USD-CNH	6.83	6.81	6.80	6.78	6.76	6.74
USD-THB	32.60	32.80	32.50	32.10	31.80	31.60
USD-IDR	17380	17150	17100	17000	16900	16800
USD-MYR	3.96	3.95	3.92	3.86	3.83	3.81
USD-KRW	1474	1470	1460	1450	1430	1410
USD-TWD	31.63	31.60	31.50	31.40	31.20	31.10
USD-HKD	7.83	7.82	7.80	7.78	7.78	7.78
USD-PHP	61.57	61.00	60.60	60.40	60.00	59.80
USD-INR	95.09	95.00	95.30	95.50	96.00	96.50
USD-VND	26341	26200	26000	26000	25800	25900
EUR-JPY	184	184	186	184	182	179
EUR-GBP	0.86	0.87	0.88	0.89	0.87	0.87
EUR-CHF	0.92	0.92	0.93	0.93	0.93	0.93
EUR-AUD	1.63	1.63	1.59	1.59	1.57	1.58
EUR-NOK	10.84	10.80	10.90	11.00	11.10	11.10
AUD-NZD	1.22	1.22	1.23	1.22	1.22	1.21
EUR-SGD	1.49	1.49	1.51	1.50	1.49	1.47
GBP-SGD	1.73	1.72	1.72	1.69	1.71	1.69
AUD-SGD	0.92	0.92	0.95	0.95	0.95	0.93
NZD-SGD	0.75	0.75	0.78	0.78	0.78	0.77
CHF-SGD	1.63	1.62	1.63	1.62	1.60	1.58
CAD-SGD	0.94	0.94	0.94	0.94	0.94	0.94
JPY-SGD	0.81	0.81	0.82	0.82	0.82	0.82
SGD-MYR	3.10	3.10	3.08	3.05	3.03	3.04
SGD-CNY	5.35	5.34	5.35	5.36	5.36	5.37
SGD-IDR	13644	13440	13443	13449	13391	13397
SGD-THB	25.58	25.71	25.55	25.40	25.20	25.20
SGD-PHP	48.34	47.81	47.64	47.78	47.54	47.69
SGD-VND	20623	20533	20440	20570	20444	20654
SGD-CNH	5.35	5.34	5.35	5.36	5.36	5.37
SGD-TWD	24.77	24.76	24.76	24.84	24.72	24.80
SGD-KRW	1158	1152	1148	1147	1133	1124
SGD-HKD	6.13	6.13	6.13	6.16	6.16	6.20
SGD-JPY	123	123	123	123	122	122
Gold \$/oz	4522	5040	5210	5350	5500	5600
Silver \$/oz	72.77	77.54	82.70	89.17	91.67	94.92
Platinum \$/oz	1947	2100	2171	2229	2292	2333
Palladium \$/oz	1485	1556	1608	1651	1698	1728
ICE Brent \$/bbl	114	100	85	80	75	75
NYMEX WTI \$/bbl	106	94	81	76	71	71

Source: OCBC Group Research (Latest Forecast Update: 4 May 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 (4 May)	3M	6M	12M
<b>Forecast for G10 Currencies</b>				
EURUSD	1.17	1.18	1.19	1.18
GBPUSD	1.35	1.35	1.35	1.35
USDJPY	157	157	156	154
USDCHF	0.78	0.78	0.78	0.79
AUDUSD	0.72	0.73	0.75	0.75
NZDUSD	0.59	0.60	0.61	0.61
USDCAD	1.36	1.36	1.35	1.34
EURNOK	10.84	10.83	10.93	11.10
<b>Forecast for Asian Currencies</b>				
USDCNY	6.83	6.81	6.79	6.75
USDIDR	17380	17133	17067	16867
USDINR	95.09	95.10	95.30	96.17
USDKRW	1474	1467	1460	1423
USDMYR	3.96	3.94	3.92	3.82
USDPHP	61.57	60.87	60.60	59.93
USDSGD	1.28	1.27	1.27	1.26
USDTHB	32.6	32.70	32.50	31.73
USDTWD	31.63	31.57	31.50	31.17
USDHKD	7.83	7.81	7.79	7.78
<b>Forecast for Precious Metals</b>				
Gold \$/oz	4522	5097	5257	5533
Silver \$/oz	72.77	79	85	93
Platinum \$/oz	1947	2124	2190	2306
Palladium \$/oz	1485	1573	1622	1708
<b>Forecast for Base Metals</b>				
Aluminium (LME) \$/mt	3590	3450	3283	3175
Copper (LME) \$/mt	13135	12433	12300	12400
<b>Forecast for Crude Oil</b>				
NYMEX WTI \$/bbl	106	90.0	79.5	71.0
ICE Brent \$/bbl	114	95.0	83.5	75.0

Source: OCBC Group Research (Latest Forecast Update: 4 May 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

	Current (4 May)	3M	6M	12M
<b>Forecasts for US interest rates</b>				
Fed Funds Rate	3.75	3.75	3.75	3.50
2-Year US Treasury	3.95	3.80	3.80	3.60
5-Year US Treasury	4.09	3.90	3.80	3.70
10-Year US Treasury	4.44	4.35	4.25	4.10
30-Year US Treasury	5.01	4.90	4.85	4.80
<b>Forecast for US SOFR swap rates</b>				
2-Year Rate	3.79	3.75	3.75	3.55
5-Year Rate	3.79	3.75	3.75	3.60
10-Year Rate	4.00	3.95	3.90	3.75
30-Year Rate	4.24	4.20	4.15	4.05

Source: OCBC Group Research (Latest Forecast Update: 4 May 2026)

## Central Bank Forecast Table

	Current (5 May)	2Q26	3Q26	4Q26	1Q27	2Q27
Fed Funds Rate (upper)	3.75	3.75	3.75	3.50	3.50	3.50
BoE Bank Rate	3.75	3.75	3.75	3.75	3.50	3.50
ECB Depo Rate	2.00	2.25	2.25	2.25	2.25	2.25
BOJ Policy Rate	0.75	1.00	1.00	1.25	1.25	1.50
RBA Cash Rate	4.35	4.35	4.35	4.35	4.35	4.35
RBNZ Official Cash Rate	2.25	2.25	2.25	2.50	2.50	2.75

Source: OCBC Group Research (Latest Forecast Update: 5 May 2026)

## Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
11-May	09:30	CH	CPI YoY	Apr		0.8%	1.0%
	14:00	NO	CPI YoY	Apr		--	3.6%
	14:00	NO	CPI Underlying YoY	Apr		--	3.0%
12-May	22:00	US	Existing Home Sales	Apr		4.06m	3.98m
	18:00	US	NFIB Small Business Optimism	Apr		96.0	95.8
	20:30	US	CPI YoY	Apr		3.7%	3.3%
13-May	20:30	US	Core CPI YoY	Apr		2.7%	2.6%
	09:30	AU	Wage Price Index YoY	1Q		3.3%	3.4%
	17:00	EC	Industrial Production WDA YoY	Mar		--	-0.6%
14-May	14:00	UK	GDP YoY	1Q P		--	1.0%
	20:30	US	Initial Jobless Claims	9-May		205k	200k
	20:30	US	Retail Sales Advance MoM	Apr		0.5%	1.7%
15-May	20:30	US	Retail Sales Control Group	Apr		0.4%	0.7%
	20:30	US	Empire Manufacturing	May		8.0	11.0
	21:15	US	Industrial Production MoM	Apr		0.2%	-0.5%
		CH	BoP Current Account Balance	1Q P		--	\$243.8b

Source: Bloomberg, OCBC Group Research

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