OCBC

GLOBAL MARKETS RESEARCH

FX Weekly

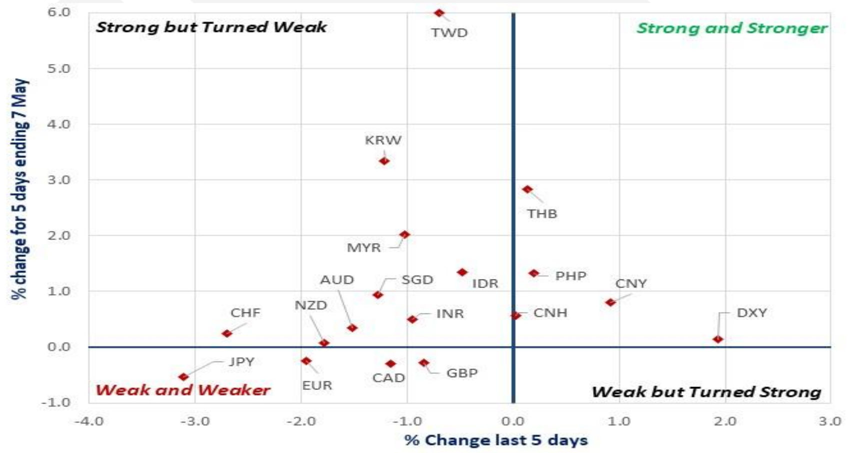
13 May 2025

Surprise Turnaround – To Fade?

Magnitude of Tariff Reduction Surprises. The narrative surrounding tariff de-escalation has gained significant momentum, highlighted by a temporary 90-day trade truce between the US and China. Under this agreement, the US will reduce its reciprocal tariff rate on Chinese goods to 30%, while China will lower its tariffs on US products to 10%. Full-scale trade negotiations are anticipated to commence in the coming weeks. President Trump characterised the discussions as achieving a “total reset” with China, describing it as a good deal and flagged a potential call with President Xi this week. The scope of the tariff reductions exceeded market expectations and emerged after just two days of dialogue in Switzerland, signalling a notable shift from a trade war to constructive engagement. As a result, safe haven proxies such as gold, CHF, and JPY have seen a reduction in long positions. Conversely, direct beneficiaries of the US-China trade deal, including DXY and RMB, have strengthened.

Sell USDJPY on Rally. USDJPY extended its rally to a 1-month high amidst the de-escalation narrative. Market expectation for Fed cut has also been pushed back in terms of timing and quantum of cuts, in turn driving up UST yields and adding to the bid tone in USDJPY. Near term, markets may also choose to focus on inflation (US CPI data on 13 May) as growth concerns take a back seat (thanks to the de-escalation in tariffs). These drivers may pose some near-term upside risks for USDJPY and we look for rally to fade into. The 90-day trade truce may be a surprise turnaround, but the devil is in the details during negotiations and some degree of caution remains warranted. Separately, Finance Minister Kato said he will seek an opportunity to discuss currency matters with US Treasury secretary Scott Bessent when the 2 of them are in Canada for the G7 meeting. But Kato refrained from commenting further on specifics. Elsewhere, the timing of BoJ policy normalisation may be deferred but policy normalisation is not derailed. Wage growth, broadening services inflation and upbeat economic activities in Japan should continue to support BoJ policy normalisation.

Safe-Havens Turned Weaker while USD, RMB Strengthened



Source: Bloomberg, OCBC Research

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Bloomberg FX Forecast Ranking (1Q 2025)

By Currency:
No. 2 for THB
No. 3 for SGD
No. 9 for CHF

(3Q 2024)

By Region:
No. 7 for 13 Major FX

By Currency:
No. 3 for TWD
No.4 for EUR
No. 8 for CHF

(2Q 2024)

By Currency:
No. 3 for TWD, THB
No. 8 for EUR, CHF

(1Q 2024)

By Region:
No. 7 for 13 Major FX

By Currency:
No. 3 for EUR
No. 4 for TWD
No. 5 for GBP

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AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, more AxJ FX turned bullish. PHP, SGD and THB were most bullish amongst AxJs while IDR and CNY remain bearish on net. Even as positioning in IDR and CNY were bearish, bearish bets in these FX were pared back. In terms of the magnitude of change, TWD, MYR and SGD saw the largest increase in bullish bets.

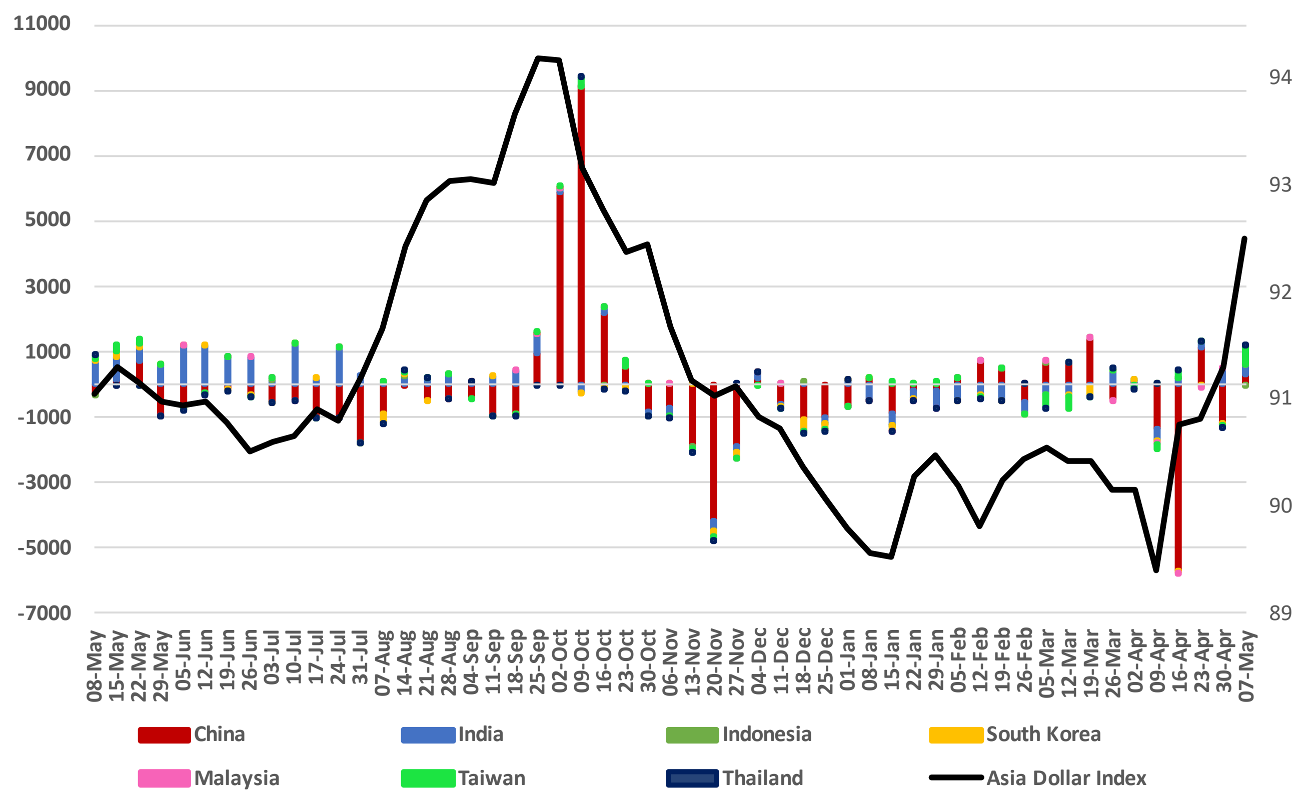
	12-Dec-24	09-Jan-25	23-Jan-25	06-Feb-25	20-Feb-25	06-Mar-25	20-Mar-25	03-Apr-25	17-Apr-25	01-May-25	Trend
USD/CNY	1.15	1.65	1.33	1.15	0.88	0.77	0.24	0.47	0.57	0.2	
USD/KRW	1.86	1.75	1.04	1.01	0.83	1	0.72	1.13	0.19	-0.06	
USD/SGD	0.83	1.34	1.11	0.86	0.31	0.34	0.15	0.54	-0.26	-0.67	
USD/IDR	0.87	1.2	1.5	1.25	1.06	1.36	0.97	1.2	1.33	1.27	
USD/TWD	0.82	1.18	1.01	1.14	0.59	0.71	0.85	1.14	0.06	-0.53	
USD/INR	1.43	1.69	1.78	1.98	1.22	1.47	1.09	0.01	-0.2	-0.58	
USD/MYR	0.65	0.99	1.01	0.62	0.37	0.45	0.42	0.33	0.04	-0.4	
USD/PHP	0.53	0.65	0.77	0.93	0.31	0.2	-0.13	-0.15	-0.65	-1.02	
USD/THB	0.26	0.76	0.54	0.23	0.02	0.48	0.08	0.4	-0.3	-0.61	

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 [latest avail: 1 May 2025], OCBC Research.

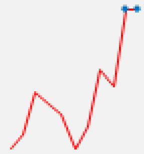
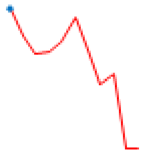
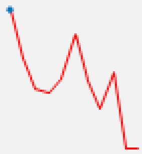
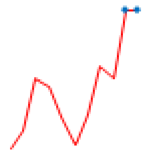
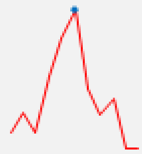
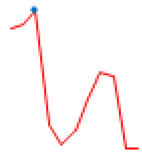
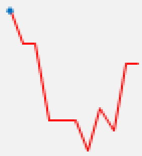
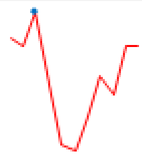
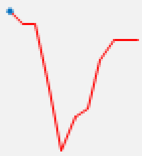
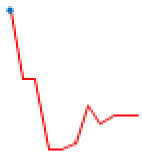
EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

Net foreign equity inflows were observed in most other countries. Notably, India continued to see inflows and Taiwan saw high inflows. Asian FX strengthened significantly.

EPFR Foreign Flows into Domestic Equity ($, mio), Asia Dollar Index (RHS)



Note: Latest data available as of 7 May 2025 (weekly frequency); ASIADOL index refers to Bloomberg Asia Dollar Index
Source: EPFR, Bloomberg, OCBC Research

FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Mon**: - Nil – **Tue: CPI**, real hourly earnings, NFIB small business optimism (Apr); **Wed:** - Nil – **Thu:** Retail sales, PPI, IP (Apr); initial jobless claims **Fri:** Housing starts, building permits, import/export price index (Apr); Uni of Michigan sentiment (May P)		**S: 99.10; R: 102.60**
EURUSD	**Mon:** - Nil – **Tue:** ZEW survey (May); **Wed:** German CPI (Apr F); **Thu:** GDP (1Q S); Employment (1Q P); IP (Mar); **Fri:** Trade (mar)		**S: 1.1000; R: 1.1340**
GBPUSD	**Mon:** - Nil – **Tue:** Labour market report (Mar); BOE Gov Bailey speaks; **Wed:** - Nil – **Thu: GDP (1Q P);** Industrial production, trade, construction output, monthly GDP (Mar) **Fri:** - Nil –		**S: 1.3080; R: 1.3400**
USDJPY	**Mon:** Current account (Mar); **Tue:** - Nil – **Wed:** PPI (Apr); **Thu:** Machine tool orders (Apr); **Fri:** IP (Mar); GDP (1Q P)		**S: 144.40; R: 150.40**
AUDUSD	**Mon:** - Nil – **Tue:** Consumer confidence (May); Business confidence (Apr); **Wed:** Wage price index (1Q); **Thu**: Labour market report (Apr) **Fri:** - Nil –		**S: 0.6250; R: 0.6550**
USDCNH	**Mon:** - Nil – **Tue**: - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S:7.1500; R: 7.2500**
USDKRW	**Mon**: First 10 days on trade; **Tue:** - Nil – **Wed:** Unemployment rate (Apr); **Thu:** - Nil – **Fri:** Export, import price index (Apr)		**S: 1,380; R: 1,440**
USDSGD	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** NODX (Apr)		**S: 1.2930; R: 1.3150**
USDMYR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** GDP, current account (1Q)		**S: 4.2500; R: 4.3600**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** Trade (Apr); **Fri:** - Nil –		**S: 16,300; R: 16,700**

Source: Bloomberg, OCBC Research

Key Themes and Trades

DXY

Will 50D MA Restrain Rebound? The tariff de-escalation narrative further gained traction, as a temporary 90-day trade truce was struck between the US and China. US reciprocal tariff rate on China will fall to 30% while China will cut tariff on US goods to 10% during this period. A full trade talk is expected to commence in the coming weeks. Trump said the trade talks achieved a "total reset" with China, calling it a very good deal and that he may have a call with President Xi this week. The magnitude of tariff reductions exceeded market expectations and came after just two days of dialogue in Switzerland — marking a sharp pivot from trade war to constructive engagement. Safe haven proxy, including gold, CHF and JPY saw some reduction in long positions, while direct beneficiaries of US-China trade deal, DXY and RMB, strengthened.

For the US, the focus this week is on CPI today and retail sales, PPI data on Thur. Market expectation is for core CPI inflation to re-accelerate to 0.3% MoM in Apr after a surprise 0.1% decline in Mar. A softer-than-expected print may perhaps help to curb USD's advance. That said, Apr CPI data may only see partial tariff increase impact. However, given the recent de-escalation, this report may be viewed with slightly lesser importance.

For RMB, USDCNH continued to trade lower, below 7.18 at one point intra-session today. The move lower was driven by a surprise quick de-escalation and the lower-than-expected USDCNY fix at 7.1991 today (vs 7.2066 yesterday). The sub-7.20 fix opened up room for RMB bulls but we believe policymakers are likely to still adopt a measured approach to appreciation (if any), similar to how they took on a measured approach with regard to depreciation. Maintaining RMB stability is likely a key objective for policymakers. That said, we continue to watch the fixing for guidance – sustained lower USDCNY fix may point to further downside for USDRMB.

DXY was last at 101.60 levels. Bullish momentum on daily chart intact while RSI rose towards near overbought conditions. Risks remains somewhat skewed to the upside. Resistance at 101.85 (50 DMA), 102.60 (38.2% fibo). Support at 100.80 (23.6% fibo retracement of 2025 peak to trough), 99.70 (21 DMA).

Taking stock, USD underperformance this year has been driven by a confluence of factors – from tariff uncertainty to the erosion of US exceptionalism, and more recently, reports that Trump considered removing Fed Chair Powell. Although the threat was walked back, such remarks risk undermining investor confidence, politicising monetary policy, and casting doubt on the USD's status as a safe haven. Nevertheless, the recent mild rebound in the DXY reflected signs of a de-escalation in tariff rhetoric and a more conciliatory tone on trade. Over the forecast horizon, we continue to expect USD to trade weaker as USD diversification trend takes centre-stage in the immediate term while Fed cut cycle potentially comes into focus in 2H 2025. Markets are increasingly focused on how Trump's policies (especially tariffs) are hurting the US economy, US assets and USD. Furthermore, relative growth matters. If growth in the US slumps while growth for the rest of the world holds up, USD may end up weaker over time. USD may also trade softer against AxJs and antipodeans if broad USD weakness permeates and tariff impact on global growth (excluding US) is more manageable than feared.

More fundamentally, markets are also questioning USD's status as a reserve currency and a safe haven. The rise in US protectionist measures have significantly heightened economic policy uncertainty, which in turn challenges USD's status as the world's primary reserve currency. US national debt is more than USD36trn and the recent report from US Congressional Budget Office highlighted that US debt will rise from 100% to 156% of GDP in 30 years. Interest as a share of GDP will also increase to 5.4%, from a record 3.2% this year. Although the USD is not likely to be displaced in the short term, the global financial landscape (relating to the rise of EMs/ geopolitical realignment, increased usage of alternative payment systems, etc.) is gradually evolving. Reallocation flows (out of US assets, USD) or proactive hedging (to reduce USD FX exposure) can weigh on the USD. A transition to a more diversified reserve currency regime (over time) can erode USD's strength in the medium term. Our medium-term view still expects USD to trend lower. USD's overvaluation, alongside rising debt, twin deficit of fiscal and current accounts as well as de-dollarisation trends are some drivers that should weigh on USD.

EURUSD ***Bearish Continuation If 50 DMA Gives Way.*** EUR extended its decline amid broad USD rebound while ECB officials continue to sound dovish/cautious. Kazaks see reason for another rate cut although he urged for caution. Nagel said that "regarding monetary policy decisions, it is important to be cautious and not to overreact by overemphasising specific announcements that could change shortly afterwards". Escriva said that officials need to be humble in assessing the current situation, adding that the ECB must gather more information and "try to disentangle which elements prevail". Elsewhere, there were positive developments on trade talks between US and China, as well as between US and UK. However, there seems to be little development between US and Europe. In fact, Trump said yesterday that the EU is in many ways "nastier than China". We will not be surprised that trade focus goes back to Europe in the coming days though a resolution may not be as quick. US Treasury secretary Scott Bessent weighed in to say that EU bloc suffers from a "collective action problem", which is hampering negotiations.

EUR's decline has played out. Last seen at 1.11 levels. Daily momentum is bearish while RSI fell. Downside risks remain. Key support here at 1.1080 (50 DMA) before 1.1030 levels (38.2% fibo retracement of 2025 low to high). Resistance at 1.1235 (23.6% fibo), 1.1320 (21 DMA) and 1.14 levels.

Notwithstanding the risk of a pullback in the near term, we remain constructive on EUR's outlook due to recent developments: 1/ German/European spending plans lending a boost to growth; 2/ signs of a Ukraine peace deal (that can lead to supply chain normalisation, lower energy costs, reduce existing burden on corporates and households, improve sentiments and growth outlook); 3/ prospects of ECB cut cycle nearing its end while there is room for Fed to cut; 4/ China's economic growth showing tentative signs of stabilisation; 5/ EU leaders making efforts to identify concessions it is willing to make to secure partial removal of US tariffs; 6/ **signs of portfolio flows and reserve diversification that may favour alternative reserve currencies such as the EUR.** Also, the main factors that previously constrained reserve managers' allocation to EUR was the European sovereign debt crisis in 2011, the era of negative rates in EU, and limited availability of EUR-denominated bond papers. Today, these issues are no longer a hurdle. The EUR today is in a better position to benefit from a potential reduction in USD dominance in trade flows, international payments, reserve diversification and FX turnover.

GBPUSD ***Consolidate, with Risks Modestly Skewed to Downside.*** GBP continued to drift lower, in line with our caution last week. Pair was last at 1.32 levels, after trading a low of 1.3140 yesterday. Bearish momentum on daily chart intact while RSI fell. Risks skewed to the downside. Support at 1.3130 (23.6% fibo retracement of 2025 low to high), 1.3090 (50 DMA) and 1.3030 levels. Resistance at 1.33 (21 DMA), 1.3430/40 levels (double top).

BoE lowered its rate by 25bp to 4.25% as widely anticipated (8 May). There was a 3-way vote split with 5 members looking for 25bp cut; 2 looking for 50bp cut and 2 looking for a hold. BoE Governor Bailey said that the easing inflationary pressure allowed for MPC to reduce rate. The committee held to its guidance that easing should continue to be "gradual and careful" in light of volatility in the global economy caused by Trump's sweeping tariffs. On growth revisions, the BoE upgraded growth this year to 1% from 0.7% and lowered next year to 1.25% from 1.5%. The 2027 outlook is unchanged. BoE also said that *while the risk to growth is "somewhat to the downside," the risks to inflation remain "two-sided".*

We remain neutral on the GBP outlook. Stagflation risk (rising prices, business cost pressure and slowing growth), tariff risks, risk of BoE turning more dovish and growing twin deficits of current and fiscal accounts are negatives for GBP. On the other hand, the persistent USD softness may overwhelm other GBP-negative factors.

USDJPY ***Sell Rallies.*** USDJPY extended its rally to a 1-month high amidst the de-escalation narrative. The US-China 90-day trade truce over the weekend, US-UK deal last week and the India-Pakistan ceasefire were some of the recent drivers fuelling the de-escalation narrative, resulting in further sell-off in safe haven proxies including JPY. Market expectations for Fed cut has also been pushed back in terms of timing and quantum of cuts, in turn driving up UST yields and adding to the bid tone for USDJPY. Near term, markets may also switch focus to inflation (US CPI data on 13 May) as growth concerns take a back seat (thanks to de-escalation in tariffs). These drivers may pose some near-term upside risks for USDJPY.

Pair was last at 147.90 levels. Bullish momentum on daily chart intact while RSI rose to near overbought conditions. Resistance at 149.40/70 levels (50% fibo, 200 DMA) before 150.30 (100 DMA), 151 levels. Support at 147.10 (38.2% fibo retracement of 2025 high to low), 146.30 (50 DMA). We look for rally to fade into. The 90-day trade truce may be a surprise turnaround but the devil is in the details during negotiations and some degree of caution remains warranted. Separately, Finance Minister Kato said he will seek an opportunity to discuss currency matters with US Treasury secretary Scott Bessent when the two of them are in Canada for the G7 meeting. But Kato refrained from commenting further on specifics.

Elsewhere, the timing of BoJ policy normalisation may be deferred, but policy normalisation is not derailed. In BoJ's summary of opinions report, one BoJ board member said that the central bank's policy path could change at "any time" depending on the course of US tariff measures while another urged for a wait-and-see mode until tariffs settle. Separately, BoJ's Uchida said that BoJ will raise rates if economic outlook is realised. Earlier, Governor Ueda did say that the BoJ will raise the policy rate when policymakers become more confident in the outlook. He also added that the delay in the price target timing does not mean that there will be a delay in hikes. Overall, we still expect BoJ to get back to normalising interest rates at some point (when tariff uncertainty finds some clarity). Even as BoJ is on hold, we believe the Fed could lower rates at some point in 2Q 2025. The Fed-BoJ policy divergence should continue to underpin broader direction of travel for USDJPY to the downside.

More broadly, we continue to look for USDJPY to trend lower, premised on the USD sell-off story and Fed-BoJ policy divergence at some point (Fed rate cut cycle while the BoJ has room to further pursue policy normalisation). Wage growth, broadening services inflation and upbeat economic activities in Japan should continue to support BoJ policy normalisation although tariff uncertainty may temporarily delay policy normalisation in the near term. Fed-BoJ policy divergence should bring about further narrowing of UST-JGB yield differentials, in turn underpinning the broader direction of travel for USDJPY to the downside.

USDCAD

Downward Biased. USDCAD has finally broken out of the recent range of 1.3740-1.3900 that has been in place since mid-April. The recent rebound in the pair is in line with the broadly higher in US dollar and US Treasury yields, triggered by the US-China trade de-escalation.

On the domestic front, Canada's April job data slightly exceeded expectations with employment rising by 7.4K, surpassing the market consensus of 5.0K. Although the unemployment rate returned to its post-pandemic high of 6.9%, wage growth remained steady at an annual rate of 3.5%. There is around 37bps of easing priced by the end of the year, which is 4 bps lower prior to the release of the job reports.

Momentum indicator is neutral while RSI is hovering below 50. Technical undertone remains bearish with near term support is seen at 1.3850/00 before the next at 1.3740. Resistance at 1.3950 before 1.4100/10. While we look for two-way swing to continue in the near term and maintain our downward bias for USD/CAD over the forecast horizon, given our view for the USD to trend lower.

Looking ahead this week, Canada's housing starts and existing home sales for April will be released. Additionally, the manufacturing and wholesale sales data for March will offer an early indication of economic activities after the implementation of IEEPA tariffs on 4 Mar.

AUDUSD

Range. AUD's attempt to trade above the 0.65-handle was brief last week. The high traded intra-day was 0.6515 (7 May) but turned lower amidst broad USD rebound. US and China agreeing to reduce mutual tariffs dramatically to 30% for Chinese goods and 10% for US goods partially helped to restore investor confidence on US assets and USD. A pushback in the timing of the next Fed cut and reduction in magnitude of cuts this year were other factors supportive of the USD. That said, AUD also did not see a big pullback but has been trading range-bound near recent the range of 0.63 – 0.65. A trade truce can improve global growth outlook including China, while lower-than-expected USDCNY fixing (on sustained basis) may also have positive spillover effect onto AUD. Given both positives and negatives, AUD may well remain caught in the recent range.

Pair was last at 0.6405 levels. Daily momentum is mild bearish while decline in RSI slowed. Consolidation likely in the interim. Resistance here at 0.6460 (200 DMA), 0.6515 (recent high) and 0.6550 (61.8% fibo). Support at 0.6310/30 levels (38.2% fibo retracement of 2024 high to 2025 low, 50 DMA), 0.6290 (100 DMA).

AUD, a high beta FX, is typically exposed to swings in RMB, equity sentiments and global growth prospects. Recent development was a de-escalation narrative and USD rebounding from low grounds. These factors restrain AUD from breaching higher but at the same time, better prospects on global growth limits the downside. Consolidation likely for now but it is also possible that AUD continues to trend higher should USD softness persist.

USDSGD

Near Term Consolidation; Bias to Sell Rallies. USDSGD rebounded to an intra-day high of 1.3086 yesterday, in line with our caution for bullish divergence. The quick tariff de-escalation caught markets by surprise, and oversold USD recovered. The lower-than-expected USDCNY fix this morning somewhat restrained the rebound in USDSGD.

Pair was last at 1.3035 levels. Daily momentum turned bullish while RSI rose. Bullish divergence on daily MACD is underway. Rebound can have legs if next resistance at 1.3060 (21 DMA) is decisively broken. Support at 1.3020 (76.4% fibo retracement of 2024 low to 2025 high), 1.2910 levels. Meanwhile, we watch 1.30 – 1.3070 range intra-day

We project a mild degree of USDSGD downside over the forecast trajectory, assuming tariff de-escalation continues with tariff impact on regional growth largely manageable (i.e. no sharp recession), softer USD trend continues and Fed resumes easing cycle in due course. In consideration of recent developments, we calibrated the forecasts for USDSGD slightly lower. We will continue to pay close attention to 1/ tariff developments – whether de-escalation optimism has momentum to carry on; 2/ broad USD trend – if the weakness continues; 3/ RMB movements – in particular China's economic recovery and RMB fixing trend; 4/ the extent of EUR's recovery – in light of defence spending plans impact on growth, ECB cut cycle and Ukraine peace dividend (if any). Positive developments on these fronts (i.e. stronger recovery in EUR, RMB and weaker USD) can pose risks to our USDSGD forecasts.

Looking on, MAS downgrades to growth and inflation projections for 2025 alongside a highly uncertain external environment suggests that the door remains open for further easing, should macroeconomic conditions deteriorate further. With S$NEER trading near the upper bound of its band (+1.8% above model-implied mid), we continue to see room for SGD to trade softer against its trade peers, if tariff de-escalation momentum and softer USD trend continue to play out.

Recap of last MPC 14 Apr: MAS reduced policy slope slightly and will continue with policy of modest and gradual appreciation of the S$NEER policy band. This implies that the rate of SGD appreciation vs basket of trade peers will be reduced. Policy move was well within our expectations. The accompanying MPS noted that *prospects for global trade and GDP growth dimmed in early April. The US has imposed tariffs on imports from most countries in the world, with some of these countries announcing retaliatory tariffs. Economies that levy duties on imports will likely experience an increase in costs and this will weigh on their aggregate demand. At the same time, exporting countries which have been hit by tariffs will be confronted with a weaker demand and pressure to lower prices for their output. In addition, global financial conditions have tightened as asset markets have begun repricing risks in the global economy. These factors will exert widespread and potentially reinforcing drags on production, trade and investments in Singapore's major trading partners. Global growth is expected to weaken this year, with trade possibly moderating to a greater extent.* It also indicated that *amid the weakening external outlook, Singapore's output gap will turn negative. Consequently, imported and domestic cost pressures will remain low, and MAS Core Inflation is forecast to stay well below 2%. The risks to inflation are tilted towards the downside.*

Trade Ideas

Entry Date	Trade	Entry	Close	Profit/ Loss (%)	Remarks	Exit Date
01-May-24	Long EURUSD	1.0661	1.09	2.24	Markets have largely priced in ECB's 75bps cuts into EUR but a growth re-rating outlook on Euro-area economy is probably not priced. And lately there are signs to suggest some signs of stabilisation in Euro-area growth. ECB's Lagarde and Bundesbank have recently spoken about signs of activity picking up pace in Germany. A better growth story in Euro-area can push back against aggressive rate cut expectations and this is supportive of EUR. Entered at 1.0661. Targeting move towards 1.0900. SL at 1.0508. [Trade TP]	04-Jun-24
12-Aug-24	Short RMB Index	98.53	98.5	0	USDCNY's decline was a function of USD leg. Faced with domestic woes, the RMB should remain weak on TWI basis. This should see RMB CFETS index fall further (i.e. short CNH vs basket trade). And a move towards 2023 low at 96 levels is not ruled out. SL 99.70. [EXIT with no P&L, given recent market development in China]	30-Sep-24
19-Aug-24	Short CHFJPY	170.1	166.7	2.03	SNB-BOJ policy divergence. SNB may turn wary of how recent CHF strength may complicate inflation objective. May press on for 3rd cut of the year and/or pursue FX intervention to weaken CHF. On the other hand, BOJ is embarking on policy normalization which is likely to continue into 2025. Also, USDJPY is more sensitive to declines in UST yield. Target 148. SL 181. [Trade TP]	10-Feb-25
23-Sep-24	Short EURGBP	0.838	0.841	-0.3	Policy and growth divergence between EU/ECB and UK/BOE. Target a decline towards 0.81. SL 0.8470. [SL]	14-Jan-25
10-Dec-24	Short USDJPY	151.5	154.7	-2.07	Bias for USDJPY to trend lower, premised on Fed cut cycle while the BoJ has room to further pursue policy normalisation. Target a move towards 146.10. SL at 154.70. [SL]	18-Dec-24
15-Jan-25	Short SGDJPY	115.1	113.8	1.13	To express MAS-BOJ monetary policy/ inflation divergence trade. Targeting a move towards 110 levels. SL at 117.12. [TP]	03-Feb-25
25-Feb-25	Long NZDSGD	0.7665	0.755	-1.50	Riding on RBNZ nearing end of rate cut cycle with next cut a step-down to 25bp/ clip, improvement in China sentiments (NZD as a higher beta play) and NZD short at extreme levels. On the other hand, there is room for SGD strength to fade should MAS eases policy again. Entry at 0.7665, targeting move towards 0.80. SL below 0.7550. [SL]	04-Apr-25
05-May-25	Short CHFJPY	174.7			Long CHF (safe haven) position should have room to unwind if de-escalation narrative further gain traction. On the other hand, policy divergence between SNB-BOJ may still underpin the direction of travel to the downside. Target move towards 166. SL: 178.5 [LIVE]	
05-May-25	Short SGDKRW	1072.2			An expression of short S$NEER, riding on tariff de-escalation narrative. High-beta KRW may have more room to catch-up on gains while much gentler slope in S$NEER policy band implies that SGD may appreciate less than trade peers. A proxy trade for short S$NEER. Target move towards 1015. SL: 1105 [LIVE]	
13-May-25	Short USDJPY	148			90d trade truce may be a surprise turnaround but devil is in the details during negotiations. Some degree of caution remains warranted. Separately, Finance Minister Kato said he will seek an opportunity to discuss currency matters with US Treasury secretary Scott Bessent without offering specifics. Target move towards 141. SL: 151. [LIVE]	

Note: TP refers to take profit; SL refers to stop-loss. Trade can take profit or stopped earlier than indicated levels, depending on market conditions.

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Selected SGD Crosses

SGDMYR Daily Chart: To Consolidate

SGDMYR rebounded last week, in line with our caution the prior sell-off was overdone. Cross was last at 3.310 levels.

Bearish momentum on daily chart faded while rise in RSI moderated. Consolidation likely from here.

Support at 3.3050 (100, 200 DMAs), 3.2720 (23.6% fibo).

Resistance at 3.3150 (38.2% fibo retracement of Jul high to Sep), 3.3220 (21, 50 DMAs) and 3.33 levels.

SGDJPY Daily Chart: Bullish but Near Overbought

SGDJPY extended its rebound last week amid JPY underperformance. Cross was last seen at 113.60 levels.

Daily momentum is bullish while RSI rose to near overbought conditions.

Next resistance at 114.20 (76.4% fibo retracement of 2025 high to low), 115 levels.

Support at 112.90 (61.8% fibo), 111.80 (50% fibo) and 110.50/70 levels (50 DMA, 38.2% fibo).

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

Gold Daily Chart: Bearish Pullback Underway

Gold continued to trade lower, in line with our caution. Tariff de-escalation continued to see profit taking on safe haven trade. Last seen at 3235 levels.

Daily momentum in bearish while RSI fell.

Key support here at 3200 levels (previous low), 3137/57 levels (38.2% fibo retracement of 2025 low to high, 50 DMA) before 3051 (50% fibo).

Resistance at 3290/3311 levels (23.6% fibo, 21 DMA), 3430, 3500 (recent all time high).

Silver Daily Chart: 2-Way Trades

Silver consolidated. Last seen at 32.50 levels.

Daily momentum and RSI indicators are not showing a clear bias for now. 2-way trades likely for now

Support at 31.80 levels (100 DMA, 23.6% fibo retracement of 2024 low to high), 31.20 (200 DMA) and 30 levels (38.2% fibo).

Resistance at 32.70 (50 DMA), 33.70 and 34.50.

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

Medium Term FX Forecasts

Currency Pair	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
USD-JPY	142.00	141.00	139.00	139.00	138.00
EUR-USD	1.1300	1.1400	1.1500	1.1550	1.1600
GBP-USD	1.3300	1.3450	1.3500	1.3500	1.3550
AUD-USD	0.6400	0.6500	0.6600	0.6650	0.6650
NZD-USD	0.5950	0.6000	0.6050	0.6100	0.6150
USD-CAD	1.3850	1.3800	1.3750	1.3750	1.3700
USD-CHF	0.8250	0.8200	0.8150	0.8100	0.8100
USD-SEK	9.95	9.88	9.79	9.57	9.50
DXY	99.86	99.04	98.22	97.86	97.41
USD-SGD	1.2950	1.2920	1.2890	1.2850	1.2820
USD-CNY	7.2400	7.2200	7.2000	7.1800	7.1600
USD-CNH	7.2400	7.2200	7.2000	7.1800	7.1600
USD-THB	33.00	32.80	32.60	32.60	32.50
USD-IDR	16550	16500	16400	16350	16350
USD-MYR	4.2500	4.2400	4.2200	4.2000	4.1800
USD-KRW	1390	1360	1350	1340	1330
USD-TWD	30.40	30.00	29.80	29.60	29.50
USD-HKD	7.7500	7.7500	7.7500	7.7500	7.7500
USD-PHP	55.80	55.60	55.20	55.00	54.80
USD-INR	84.50	84.30	84.20	84.00	83.80
USD-VND	25970	25900	25850	25750	25650
EUR-JPY	160.46	160.74	159.85	160.55	160.08
EUR-GBP	0.8496	0.8476	0.8519	0.8556	0.8561
EUR-CHF	0.9323	0.9348	0.9373	0.9356	0.9396
EUR-AUD	1.7656	1.7538	1.7424	1.7368	1.7444
EUR-SGD	1.4634	1.4729	1.4824	1.4842	1.4871
GBP-SGD	1.7224	1.7377	1.7402	1.7348	1.7371
AUD-SGD	0.8288	0.8398	0.8507	0.8545	0.8525
AUD-NZD	1.0756	1.0833	1.0909	1.0902	1.0813
NZD-SGD	0.7705	0.7752	0.7798	0.7839	0.7884
CHF-SGD	1.5697	1.5756	1.5816	1.5864	1.5827
JPY-SGD	0.9120	0.9163	0.9273	0.9245	0.9290
SGD-MYR	3.2819	3.2817	3.2739	3.2685	3.2605
SGD-CNY	5.5907	5.5882	5.5857	5.5875	5.5850
SGD-IDR	12780	12771	12723	12724	12754
SGD-THB	25.48	25.39	25.29	25.37	25.35
SGD-PHP	43.09	43.03	42.82	42.80	42.75
SGD-VND	20054	20046	20054	20039	20008
SGD-CNH	5.5907	5.5882	5.5857	5.5875	5.5850
SGD-TWD	23.47	23.22	23.12	23.04	23.01
SGD-KRW	1073.36	1052.63	1047.32	1042.80	1037.44
SGD-HKD	5.9846	5.9985	6.0124	6.0311	6.0452
SGD-JPY	109.65	109.13	107.84	108.17	107.64
Gold $/oz	3200	3310	3420	3520	3600
Silver $/oz	32.65	33.78	34.90	37.05	37.89

Source: OCBC Research *(Latest Forecast Updated: 5 May 2025)*

Note: These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair

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