FX Weekly

23 April 2024

Of BoJ MPC, Core PCE

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BoJ MPC is closely watched this Fri. Consensus is for policy status quo. Markets still expect BoJ to take on a very gradual path of policy normalisation, with next 10bp hike expected in July while for the year, a total of 20bp hike is expected. Softer CPI print last Fri likely added to expectations that the BoJ is in no hurry to normalise. But we note that the moderation in CPI was mostly due to base effects. Upcoming Apr Tokyo inflation is eyed on Fri (on the same day as BoJ decision). Some moderation is also expected, due to base effects. But this is probably less cause for concern as inflation still run above BoJ's 2% target. The risk for JPY is a more hawkish than expected BoJ on forward guidance or even QT plans and we do not rule this out. Given a softer JPY and higher oil/energy prices, there may be a risk that BoJ may need to hike earlier than expected. Governor Ueda has also recently told G20 last week that there could be an adjustment to monetary policy if JPY's effect on inflation becomes too significant to ignore. Elsewhere, we see heightened risks of intervention/measures on JPY.

Psychological Resistance for USD? Regional policymakers and the US have collectively taken a stand on FX last week. G7 issued a statement reaffirming their view that excessive movement in FX can have adverse effects on economic stability. Separately, post-trilateral meeting of finance ministers of Japan, Korea and the US, there was another joint statement acknowledging the serious concerns of Japan and Korea about the recent sharp depreciation in JPY and KRW and that the 3 countries will continue to consult closely on FX market developments. While this may not be a 1985 Plaza Accord, but various joint statements may well be good enough to setup a psychological resistance for USD. Bear in mind it is not just the G7, but PBoC, BoK, BI amongst regional central banks weighing in. This should provide an extended breather for some of the worst-hit regional FX such as KRW, JPY. The last time G7 made such a comment warning against FX volatility was on 12 Oct 2022 and this coincided with a peak in the dollar back then. **This week, the focus is on data and auction as Fedspeaks entered blackout period ahead of FOMC** (2 May). US prelim PMIs (Tue); durable goods orders (Wed); 1Q GDP, core PCE (Thu) and personal income, spending (Fri). Recent run of strong US data has built up expectations that upcoming reports may exceed expectations. Hence, any disappointing print on US data may potentially dent USD's momentum.

Gold Slump as Geopolitical Concerns Fade. The decline may have also tripped weak longs, in turn fuelling an even larger decline. This was in line with our earlier caution that the parabolic rise looks stretched. Our position-model based on rolling 52w z-score on CFTC positions had flagged that gold longs were at extreme levels (near +2sd). And typically, gold prices can see corrective pullback at those levels. In terms of outlook, we maintain a constructive bias on gold in the medium term. The anticipation of real rates correcting lower, synchronized easing by central banks, and gold's role as a safe haven and portfolio diversifier are key factors underpinning its positive outlook. But near term, a correction is overdue, and any overshoot is not ruled out.

Bloomberg FX Forecast Ranking (1Q 2024)

By Region:
No. 7 for 13 Major FX

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

(4Q 2023)

By Region:
No. 7 for 13 Major FX

By Currency:
No. 1 for TWD, PHP

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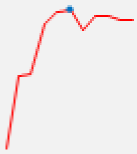
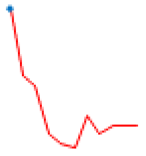
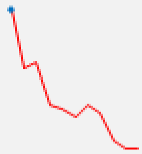
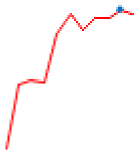
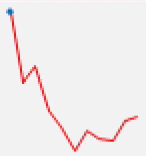
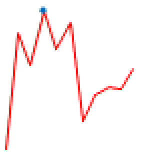
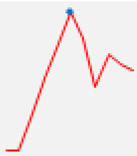
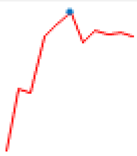
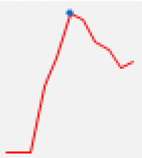
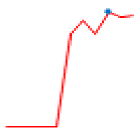
FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Mon**: CFNAI (Mar); **Tue:** Prelim PMIs, Richmond Fed mfg (Apr); New home sales (Mar); **Wed:** Durable goods orders (Mar); **Thu:** GDP, core PCE (1Q); Kansas City Fed mfg (Apr); Pending home sales (Mar); **Fri**: Personal income, pending, PCE core (Mar); Uni of Michigan sentiment (Apr)		**S: 105.00; R: 107.40**
EURUSD	**Mon:** Consumer confidence (Apr P); ECB's Lagarde speaks; **Tue:** Prelim PMIs (Apr); **Wed:** - Nil – **Thu:** - Nil – **Fri:** ECB's 1y, 3y CPI expectations		**S: 1.0550; R: 1.0800**
GBPUSD	**Mon:** Rightmove house prices (Apr) **Tue:** Public finances (Mar); Prelim PMIS (Apr); **Wed:** - Nil – **Thu:** - Nil – **Fri:** GfK consumer confidence (Apr)		**S: 1.2300; R: 1.2600**
USDJPY	**Mon:** - Nil – **Tue:** Prelim PMIs (Apr); **Wed:** PPI services (Mar); **Thu:** - Nil – **Fri:** Tokyo CPI (Apr); **BoJ MPC, quarterly report**		**S: 152.00; R: 155.00**
AUDUSD	**Mon:** - Nil – **Tue:** Prelim PMIs (Apr); **Wed:** CPI (1Q); **Thu**: - Nil – **Fri:** PPI, import/ export price index (1Q)		**S: 0.6380; R: 0.6570**
USDCNH	**Mon**: 1y, 5y LPR **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 7.2200; R: 7.2800**
USDKRW	**Mon**: First 20d exports, imports; **Tue:** PPI (Mar); **Wed:** Consumer confidence (Apr); **Thu:** Business survey – Mfg, non-Mfg (May); GDP (1Q) **Fri:** - Nil –		**S: 1,360; R: 1,400**
USDSGD	**Mon:** - Nil – **Tue:** CPI (Mar); **Wed:** - Nil – **Thu:** - Nil – **Fri:** - NURA private home prices (1Q); IP (Mar)		**S: 1.3460; R: 1.3720**
USDMYR	**Mon:** FX reserves (Apr); **Tue:** - Nil – **Wed:** - Nil – **Thu:** CPI (Mar) **Fri:** - Nil –		**S: 4 7400; R: 4.8000**
USDIDR	**Mon:** Trade (Mar); **Tue:** - Nil – **Wed: BI MPC** **Thu:** - Nil – **Fri:** - Nil –		**S: 16050; R: 16,350**

Source: Bloomberg, OCBC Research

Key Themes and Trades

PCE Core a Key Focus This Week. USD started the week on a slightly softer footing after rising for 2 consecutive weeks. There was no follow-through escalation in geopolitical tensions in the Middle East as Iran attempted to defuse tensions. A senior Iran official told Reuters there were no plans to respond against Israel for the incident and the explosions reported were due to air defences hitting 3 drones over the city of Isfahan in Central Iran. US futures and regional bourses traded in positive territory this morning. Risk-proxy FX including AUD, NZD firmed while safe-haven proxy such as gold, CHF and JPY slipped. Brent has also fallen in response. That said, geopolitics remains a risk to watch. Should tensions subside further, gold may see further pullback.

This week, Fedspeaks entered blackout period ahead of FOMC on 2 May. Focus is on the data calendar. US prelim PMIs (Tue); durable goods orders (Wed); **1Q GDP, core PCE (Thu)** and personal income, spending (Fri) would be of interest. Recent run of strong US data has built up expectations that upcoming reports may exceed expectations. Hence, any disappointing print on US data may potentially dent USD's momentum.

DXY was last seen at 106.05. Bullish momentum on daily chart shows signs of easing while RSI eased from near overbought conditions. Risks skewed to the downside. Support at 105.76 (76.4% fibo retracement of Oct high to Jan low), 105 levels. Resistance at 106.70, 107.40 (Oct high).

Upbeat data continued to contribute to the US exceptionalism narrative, alongside hawkish Fed rhetoric. At this point, USD still present a relative yield advantage and Fed has communicated that they are in no hurry to cut rates. USD may continue to stay supported until US data starts to show more signs of softening. For the year, we still expect USD to trend slightly lower towards year-end as the Fed is done tightening and should embark on rate cut cycle in due course. Our house view now looks for 75bps cut for 2024 and timing of first cut should happen in Jul. More entrenched disinflation trend and further easing of labour market tightness, activity data in US would be required for USD to trade on a backfoot. This should require patience. On net, USD remains an attractive carry play and is a safe-haven proxy. A scenario of global, China growth momentum sputtering, global risk-off or escalation in geopolitical tensions would still see USD finding intermittent support on dips. US CPI divergence with the rest of the world, including Europe, Switzerland, Canada, China has also resulted in a deepening of Fed policy divergence with other central banks including ECB, SNB, BOC and PBoC. To some extent, USD has policy divergence in its favour. That said high for longer narrative is not without limitations. If risk markets come under further pressure and results in spillover effect to sectors, growth, then we doubt the Fed can afford to keep rates elevated.

Technical Bounce? EUR's recent decline somewhat stabilised as USD bulls paused while geopolitical tensions in the Middle East eased. Pair was last seen at 1.0665 levels. Bearish momentum on daily chart is fading while RSI rose. Rebound risks not ruled out. Resistance at 1.0710 (61.8% fibo retracement of Oct low to 2024 high), 1.0750 (21 DMA). Support at 1.0610 (recent low), 1.0550 levels.

ECBspeaks have somewhat pointed to a Jun cut being consensus but the rate path trajectory beyond that remains uncertain amongst ECB members. Muller said that ECB should not rush further rate cuts after Jun; Lane pointed to data-dependent and to set policy on a meeting-by-meeting basis and Kazaks said that it is too early to declare victory over inflation and sees no need to hastily bring borrowing costs down to levels where they stop restraining demand. **Wunsch said ECB has a clear case to lower rate twice but what happens after that is difficult to predict because of uncertainty over domestic inflation pressures. He added that July meeting will give signal on rate path**. On the other spectrum, Simkus spoke about 3 cuts this year, Stournaras wanted to see 4 cuts and Scicluna even floated the idea of a bigger, 50bps cut should inflation fall below 2% target. Villeroy said that the ECB must not wait too much to ease. Markets have largely priced in first cut to occur at the next meeting (6 Jun) while for the year, markets priced in 3 cuts. While some in the markets have started to bet on Euro reaching parity, we opined that a growth re-rating on the Euro-area/ Germany is probably not priced.

Broadly for 2024, we maintain a neutral outlook for the EUR. ECB is likely to lower rate in Jun and we are of the view that ECB will lower rates by 75bps. While there was economic slowdown in the Euro-area, there are early signs to suggest some degree of stabilisation. We should continue to monitor if there are more sustained signs of turnaround going forward as that may support EUR outlook. In addition, should China stabilisation story gather momentum in later part of the year, that can also boost Euro-area exports, growth outlook. A better growth story in Euro-area can push back against aggressive rate cut expectations and this is supportive of EUR mild upward trajectory.

Key downside risks to EUR's outlook are a materialisation of more ECB rate cuts and/or growth, inflation momentum in Euro-area continues to decelerate sharply. Meanwhile, elections in Euro-area are plenty with Belgium and European parliamentary election in Jun, Austria in Sep, and Lithuania in Oct. Dutch election (Far-Right Geert Wilders, known for anti-Islamic Eurosceptic views won most seats) and Portugal election outcome (Far Right Chega party rose to become 3rd largest political force) is a reminder that far-right popularity may further gather traction in Europe and this may bring back fears of Euro break-up, referendum risks again. Election risk is worth keeping a close watch as the past decade has shown that rise in far-right sentiments can undermine EUR.

Bearish but Near Oversold. GBP fell amid downside surprise to retail sales and dovish comments made by BoE officials including Governor Bailey and Deputy Governor Ramsden. Bailey made comparison with US inflation, in saying that there is more "demand-led inflation pressure" in the US than seen in UK and there is strong evidence of UK price pressures retreating. Ramsden said that UK inflation was below US CPI and that the Apr CPI print should converge more to Europe's CPI. He added that he is more confident that domestic pressures are "receding".

Pair was last at 1.2365. Bearish momentum on daily chart intact while RSI fallen to near oversold. Risks remain skewed to the downside. Support at 1.23 levels (23.6% fibo), 1.2190. Resistance at 1.2460 (38.2% fibo), 1.2570/90 (50% fibo retracement of Jul high to Oct low, 21, 200 DMAs).

We still hold to a mild upward trajectory for GBP as BoE may still keep rates restrictive for a little longer as inflationary pressures remain (services inflation at over 6%) while Fed is still expected to cut rate earlier (our house view). Potential BoE-Fed policy divergence may be somewhat supportive of GBP. A combination of mild positives, including 1/ UK demand growth proving resilient owing to strong labour market; 2/ labour market remains tight alongside higher wages may keep GBP supported on dips. Risk to our outlook: an earlier than expected BoE pivot; faster growth slowdown in UK, actual public finances turn out to be worse than expected and/or energy prices surge.

BoJ MPC in Focus. USDJPY resumed its uptick as geopolitical tensions faded. Rising 2y UST yield continues to underpin USDJPY's move. Pair was last at 154.80. Bullish momentum on daily chart shows signs of fading while RSI is in overbought conditions. Bearish divergence may be forming on MACD. Some signs of pullback are emerging. Support at 152.65 (21 DMA), 151 (50 DMA). Resistance at 155, 156.40 (138.2% fibo of Nov high to Jan low). Elsewhere, Japanese officials have been warning about intervention explicitly. Finance Minister Suzuki said in parliament (Tue) that "the environment for taking appropriate action on FX is in place though I won't say what the action is". Separately, BoJ Governor Ueda said that BoJ will raise interest rates if underlying inflation rises towards BoJ's sustainable 2% inflation target. He added that price trend is still below 2% and BoJ expects it will move towards 2% through next year. We are cautious of intervention/measures on the JPY.

BoJ MPC is closely watched this Fri. Consensus is for no hike. Markets still expect BoJ to take on a very gradual path of policy normalisation, with next 10bp hike expected in July while for the year, a total of 20bp hike is expected. Softer CPI print last Fri likely added to expectations that the BoJ is in no hurry to normalise. But we note that the moderation in CPI was mostly due to base effects. Upcoming Apr Tokyo inflation is eyed on Fri (on the same day as BoJ decision). Some moderation is also expected, due to base effects. But this is probably less cause for concern as inflation still run above BoJ's 2% target. The risk for JPY is a more hawkish than expected BoJ on forward guidance or even QT plans and we do not rule this out. Given a softer JPY and higher oil/energy prices, there may be a risk that BoJ may need to hike earlier than expected. Governor Ueda has also recently told G20 last week that there could be an adjustment to monetary policy if JPY's effect on inflation becomes too significant to ignore.

Near term, USDJPY may remain elevated as Fed is in no hurry to cut and markets still perceive BoJ to be in no hurry to normalise monetary policy. Move in USDJPY still mirror 2y UST yields closely for now. De-coupling can happen when Fed pivots or BoJ turns out to be more hawkish than expected. Over a medium term, we expect USDJPY to trend gradually lower on expectations that the next move for Fed is a cut (house view calls for 75bps) and that the BoJ has room to further pursue policy normalisation amid higher services inflation and wage pressures in Japan. Multiple reports to suggest that this shunto wage negotiations should see wage growth higher than previous years. Local press has reported that JAL, Ajinomoto will offer 6% average pay increase while Nippon Steel will offer an average of 14.2% increase. Major car manufacturers including Toyota, Honda and Mazda has also matched demands from labour unions. Labour unions in Japan are targeting above 6% wage increase this year, much higher than the average of 4% in 2023.

***Mild Rebound Underway*.** AUD's recent decline stabilised as geopolitical tensions somewhat faded while risk sentiment found respite. Pair was last seen at 0.6440. Bearish momentum on daily chart intact though there are signs of it fading while RSI rose. Rebound risks not ruled out should risk sentiment stays supported. Technically, a potential falling wedge may also have emerged – typically associated with a bullish reversal. Resistance at 0.65 (61.8% fibo retracement of Oct low to Dec high), 0.6530 (50 DMA). Support at 0.6410 (76.4% fibo), 0.6370 levels (upward sloping trend line from the lows in 2020 and 2023).

We remain broadly constructive on AUD outlook on the back of: 1/ RBA likely to be on hold for longer (possibly one of the last major central banks to cut rates), given still sticky inflation, stronger consumer confidence, retail sales and tight labour market; 2/ USD to trend slightly lower towards year-end as the Fed is done tightening and should embark on rate cut cycle in Jul) 3/ higher commodity prices; 4/ potential case for China stabilisation story on hopes of stimulus measures. Key downside risk factors that may affect AUD outlook are 1/ extent of CNH swings; 2/ if Fed keeps restrictive environment for longer than expected; 3/ global growth outlook – if DM's slowdown deteriorates; 4/ any market risk-off event (i.e., escalation in Israel-Hamas conflict, Red Sea developments).

Pullback May Be Shallow. USDSGD eased slightly as geopolitical tensions subsided. That said, the pair remains near 2024 high. Last at 1.3620 levels. Bullish momentum on daily chart intact but shows some signs of fading while RSI eased from overbought conditions. Retracement risks not ruled out, but pullback may be shallow. Support at 1.3530 (61.8% fibo retracement of Oct high to Dec low). Resistance at 1.3660/70 levels.

We estimated the S$NEER at ~1.65% above our model-implied mid and may continue to trade in the upper half of its band as MAS's policy stance (appreciation stance) should persist due to stickiness of core CPI. Recent observation shows S$NEER appears to fluctuate in 1.3% to 1.7% above model-implied mid (vs. previously when the $NEER appears to fluctuation in 1.5% to 1.9%).

S$NEER strength may fade at some point this year should core inflation in Singapore start to ease. At that point, the S$ strength we've seen for large part of 2023 can potentially taper off against some of its major trade partners. Historically there is a positive correlation between the change in S$NEER and MAS core inflation. i.e., to say if core inflation does ease materially, then there is no need for the S$NEER policy to be so tight.

Looking out into our forecast horizon, we expect a milder downward trajectory for USDSGD, premised on our house view for Fed to cut rate in Jul 2024 and on expectations that China economy may find some stabilisation.

In its April monetary policy statement, the MAS kept its policy unchanged. The decision was widely expected. The central bank reiterated that core inflation is expected to stay elevated between the second and third quarters of this year but remains on moderating path before easing in the fourth quarter and falling further into 2025. The MAS also reiterated that both upside and downside risks remain for inflation. Shocks to global food and energy prices, or stronger-than-expected domestic labour demand could induce additional inflationary pressure, whereas an unexpected weakening of the global economy could result in a faster easing of cost and price pressures. Looking ahead, the window to ease monetary policy is open for the second half of this year, but it will be data dependent. If core inflation shows signs of subsiding earlier or more materially than anticipated, then policy could be eased in July or October, although this is not our base scenario at this juncture. Our base case is still for MAS to remain on extended hold, unless there outside-expectation changes to inflation-growth dynamics.

Retracement. USDMYR eased as geopolitical tensions in the Middle East subsided. Pair was last at 4.7770 levels. Bullish momentum on daily chart intact but shows tentative signs of fading while RSI eased from overbought conditions. Further retracement not ruled out. Support at 4.75 (21, 50 DMAs, 23.6% fibo retracement of 2024 low to high), 4.72 levels (38.2% fibo). Resistance at 4.80. 4.81 levels.

Regarding the recent move higher in USDMYR, we observed MYR's sensitivity to market developments is somewhat more muted lately compared to previous episodes. This could be due to a few reasons including increased frequency in BNM communications with the market, earlier efforts to encourage GLCs and GLICs to repatriate foreign income and corporate to increase FX conversion as well as BNM's pledge to provide support. BNM said in a statement last Monday that it stands ready to deploy the tools to ensure the Malaysian financial markets remain orderly and continue to function efficiently. The increase in communication gives markets the impression that regulators are closely watching MYR FX markets closely.

Trade Ideas

Entry Date	Trade	Entry	Close	Profit/ Loss (%)	Remarks	Exit Date
08-Nov-23	Long 3m put spread USDTWD 31.5 vs 31. Pay 0.35%			Rec +1% on unwind. Net gain +0.65%	Position for potential change in political climate towards one that may bode well for cross-straits relations, exports recovery momentum and lower yields, softer USD. [Trade TP]	12 Jan 2024 (before elections)
29-Jan-24	Short EURSGD	1.4535	1.447	0.45	Risk of an earlier ECB cut, alongside still contractionary PMI readings in Europe suggest that EUR may be biased to the downside for now. MAS policy is likely to be on an extended pause into Apr MPC, given sticky core CPI outlook. ECB-MAS policy divergence to favor downside play tactically. Entered short at 1.4535. TP at 1.4130. SL at 1.4720. [Trade TP]	16-Apr-24
29-Jan-24	Short USDJPY	148.1	152	-2.63	BOJ paving way for a move, sooner rather than later. Potentially, an earlier move in Mar/ Apr should not be ruled out. Retain bias to sell USDJPY on rallies on potential Fed-BoJ policy divergence. Entered short at 148.10. TP 141. SL at 152. [SL]	10-Apr-24
13-Feb-24	Long AUDUSD	0.6480			Expect AUD to recover following the recent washout as: 1) Fed gets closer to embark on rate cuts in 2Q 2024; 2) potential case for China stabilisation on hopes of stimulus support measures; 3) uptick in commodity prices; 4) while RBA could remain on hold for longer. SL 0.6340. TP 0.6870 [LIVE]	
28-Feb-24	Short EURJPY	163.05	161.35	1.04	Based on the view of technical retracement for EUR and that BoJ may move earlier in Mar (JPY positive). Technically, the pair looks stretched with RSI easing from overbought conditions while bullish momentum on daily chart is fading. Room for downside to play out. Tactical opportunity to go short EURJPY targeting a move lower towards 161.35. SL at 163.65. [Trade TP]	07-Mar-24

Note: Close level is average of 1st, 2nd and 3rd objectives for take profit scenario; TP refers to take profit; SL refers to stop-loss

Selected SGD Crosses

SGDMYR Daily Chart: At Risk of Breaching Bullish Trend Channel

SGDMYR slipped. Cross was last at 3.5060 levels.

Daily momentum shows signs of turning mild bearish while RSI fell. Risks skewed to the downside while we continue to monitor if the bullish trend channel is at risk of being breached.

Immediate support at 3.50 (38.2% fibo retracement of Jul low to Feb high, lower bound of bullish trend channel), 3.48 (200 DMA).

Resistance at 3.5260/90 (23.6% fibo, 50 DMA), 3.5450 levels.

SGDJPY Daily Chart: Cautious

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

SGDJPY continued to inch higher into uncharted territories amid JPY softness. Cross was last at 113.53 levels.

Daily momentum is mild bullish bias, but RSI eased. We are increasingly cautious on the extent the cross can continue to venture in uncharted territories. Meantime, we watch out for potential bearish divergence that may emerge on MACD and RSI.

Resistance at 113.70 (recent high), 115.40.

Support at 112.80 (21 DMA), 112.16 levels (50 DMA) and 110.56 (100 DMA).

SGDCNH Daily Chart: Consolidation

SGDCNH consolidated last week. Last at 5.3250 levels.

Daily momentum is mild bearish bias while RSI shows signs of rising from oversold conditions. Consolidation likely.

Support at 5.3120 (38.2% fibo retracement of 2023 low to high), 5.30 levels.

Resistance at 5.3680 (23.6% fibo), 5.37 (100 DMA).

EURSGD Daily Chart: Mild Rebound Underway

EURSGD rebounded amid EUR outperformance. Cross was last at 1.4560 levels.

Bearish momentum on daily chart faded while RSI rose. Risks skewed to the upside.

Resistance at 1.4550/80 levels (21,50, 100, 200 DMAs), 1.46 (38.2% fibo).

Support at 1.4510 (50% fibo retracement 2023 low to high), 1.4420 levels (61.8% fibo), 1.4350 levels.

GBPSGD Daily Chart: Bounce Likely

GBPSGD extended its decline, in line with our caution for downside risks. Cross was last 1.6840 levels.

Mild bearish momentum on daily chart intact but RSI rose from oversold conditions. Some rebound is not ruled out.

Resistance at 1.6870 (38.2% fibo retracement of Jul high to Oct low), 1.6930 (200DMA).

Support here at 1.1.6810, 1.6750 (23.6% fibo).

AUDSGD Daily Chart: Rebound

AUDSGD rebounded this week after briefly falling outside the bullish trend channel. Cross was last at 0.8790 levels.

Mild bearish momentum shows signs of fading while RSI rose. Rebound may need to clear a few hurdles.

Resistance at 0.8800/10 (21, 50 200 DMAs), 0.8845 (38.2% fibo retracement of Jun high to Oct low, 100 DMA), 0.8920 (50% fibo).

Support at 0.8750 (23.6% fibo), 0.87 levels.

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

Gold Daily Chart: Corrective Pullback May Have More Room to Run

Gold fell sharply this week, by as much as 3.25% at one point before retracing slightly. Move lower was in line with our caution for risk of pullback. Last seen at 2309 levels.

Daily momentum turned bearish while RSI fell. Retracement lower underway as a correction was long overdue and any overshoots is not ruled out.

Immediate support at 2305 before 2263.7 (38.2% fibo retracement of 2024 low to high), 2240 levels.

Resistance at 2327.8 (23.6% fibo), 2360 levels.

Silver Daily Chart: Corrective Pullback Underway

Silver eased sharply this week, after hitting a high of 29.79 (12 Apr). Move lower was in line with our caution for corrective pullback. Last seen at 26.94 levels.

Daily momentum turned bearish while RSI fell. Further pullback not ruled out.

Support at 26.80 (38.2% fibo retracement of 2024 low to high), 25.90 (50% fibo).

Resistance at 27 (21 DMA), 27.9 (23.6% fibo) and 28.75 levels.

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

Medium Term FX Forecasts

Currency Pair	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
USD-JPY	152.00	150.00	149.00	148.00	145.00
EUR-USD	1.0650	1.0750	1.0850	1.0900	1.1000
GBP-USD	1.2560	1.2610	1.2700	1.2800	1.2850
AUD-USD	0.6600	0.6700	0.6800	0.6850	0.6900
NZD-USD	0.6000	0.6100	0.6200	0.6250	0.6250
USD-CAD	1.3700	1.3600	1.3500	1.3400	1.3300
USD-CHF	0.9200	0.9200	0.9100	0.9000	0.9000
USD-SEK	10.49	10.28	10.18	10.00	9.80
DXY	105.54	104.58	103.69	103.03	102.00
USD-SGD	1.3550	1.3520	1.3500	1.3450	1.3410
USD-CNY	7.2400	7.2200	7.2000	7.1700	7.1400
USD-CNH	7.2800	7.2600	7.2400	7.2100	7.1600
USD-THB	36.70	36.50	36.10	36.10	36.00
USD-IDR	16000	15900	15800	15700	15650
USD-MYR	4.7400	4.6900	4.6600	4.6400	4.6200
USD-KRW	1365	1355	1335	1330	1325
USD-TWD	32.20	32.10	31.85	31.75	31.60
USD-HKD	7.8200	7.8100	7.8000	7.7900	7.7800
USD-PHP	56.50	56.10	55.90	55.50	55.10
USD-INR	83.40	83.10	82.80	82.60	82.50
USD-VND	25000	24800	24700	24500	24450
EUR-JPY	161.88	161.25	161.67	161.32	159.50
EUR-GBP	0.8479	0.8525	0.8543	0.8516	0.8560
EUR-CHF	0.9798	0.9890	0.9874	0.9810	0.9900
EUR-SGD	1.4431	1.4534	1.4648	1.4661	1.4751
GBP-SGD	1.7019	1.7049	1.7145	1.7216	1.7232
AUD-SGD	0.8943	0.9058	0.9180	0.9213	0.9253
NZD-SGD	0.8130	0.8247	0.8370	0.8406	0.8381
CHF-SGD	1.4728	1.4696	1.4835	1.4944	1.4900
JPY-SGD	0.8914	0.9013	0.9060	0.9088	0.9248
SGD-MYR	3.4982	3.4689	3.4519	3.4498	3.4452
SGD-CNY	5.3432	5.3402	5.3333	5.3309	5.3244
SGD-IDR	11808	11760	11704	11673	11670
SGD-THB	27.08	27.00	26.74	26.84	26.85
SGD-PHP	41.70	41.49	41.41	41.26	41.09
SGD-VND	18450	18343	18296	18216	18233
SGD-CNH	5.3727	5.3698	5.3630	5.3606	5.3393
SGD-TWD	23.76	23.74	23.59	23.61	23.56
SGD-KRW	1007	1002	989	989	988
SGD-HKD	5.7712	5.7766	5.7778	5.7918	5.8016
SGD-JPY	112.18	110.95	110.37	110.04	108.13
Gold $/oz	2300	2365	2395	2425	2450
Silver $/oz	27.71	28.49	28.86	29.22	29.52

Source: OCBC Research (Latest Forecast Update: 16th April 2024)

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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