

## FX Weekly

03 November 2025

## Short Squeeze

**Market Adjustments.** DXY rose, alongside the rise in UST yields last week. While Fed cut rate as widely anticipated, Fed Chair Powell's comments - *a further reduction in the policy rate at the December meeting is not a foregone conclusion, far from it* – provided the excuse for markets to unwind USD shorts. Looking on, the absence of US data due to government shutdown as well as a less committal and divisive Fed will likely allow for USD short squeeze to transpire in the near term. In addition, market expectations of Fed cut for 2026 may be overly priced for now, and any continued pare back in expectations may result in further USD upticks. In absence of Federal data, markets will closely scrutinise Fedspeaks and US corporate earnings to get a sense of economy well-being. On the data docket, this week brings ISM mfg (Mon); ADP employment change, ISM services (Wed). Payrolls data initially scheduled for Fri will likely be deferred until BLS announces details.

**Look to Fade USDCNH, USDKRW on Rallies.** The higher USDCNY fix in the past 2 sessions ended the momentum of a series of downward fixes. Looking on, we would pay attention to where the fix stabilises at or if the upward fix continues to set a more entrenched directional momentum. We doubt the latter will play out but a short period of upward fixes in light of USD rebound is not ruled out. We do expect the trend of fixing USDCNY lower to resume when the USD short squeeze is over. We look to fade USDCNH on rallies. Elsewhere, KRW has been under pressure this year despite KOSPI outperformance. A few reasons ranging from anticipation of BOK cuts, sluggish growth in Korea and also the persistent uncertainty on trade between Korea and US were some of the factors weigh on KRW but we think some of this negativity is starting to fade and this may bode well for KRW recovery. We are bias for short USDKRW and long KRWTWD.

**Gold Enters Consolidation.** The sharp pullback in prices of gold is consistent with what we highlighted in our 21 Oct FX Weekly — that *speculative sentiment and RSI readings were flashing overbought signals, while a double-top formation on the tick chart hinted at potential reversal risk. The confluence of stretched technicals and complacent positioning left gold vulnerable to profit-taking once catalysts turned less supportive.* Recent correction in prices of gold may have been sharp, but this also corresponds to the equally sharp rally we've seen. Nevertheless, the sharp pullback serves to restore healthier positioning and valuations. The medium-term drivers that underpin our constructive bias remain intact but given breach of several key supports, we prefer to respect price action. If gold manages to consolidate in this range of 3,920 – 4,020, then it may set the stage for base-building before the next leg higher. But failure to hold here, could see another flush out of longs in the interim.

Christopher Wong

FX and Rates Strategy

[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)**Bloomberg FX Forecast Ranking (3Q 2025)**By Region:

No. 2 for Asia FX

No. 8 for 13 Major FX

By Currency:

No. 1 for THB, CNH

No. 2 for CNY, MYR

No. 3 for PHP, HKD

No. 4 for SGD, TWD

**(2Q 2025)**By Region:

No. 2 for Asia FX

No. 4 for 13 Major FX

By Currency:

No. 1 for SGD, THB

No. 2 for TWD

No. 3 for CNY, NZD

No. 4 for MYR



## AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, the positioning on AxJ FX remains mixed. Long position was seen in CNY, SGD and MYR while shorts were seen in INR, IDR, KRW and PHP. Longs in CNY and MYR increased while shorts in PHP increased. Elsewhere, shorts in IDR, INR continued to see reduction. Positions in THB, SGD and TWD was largely flat.

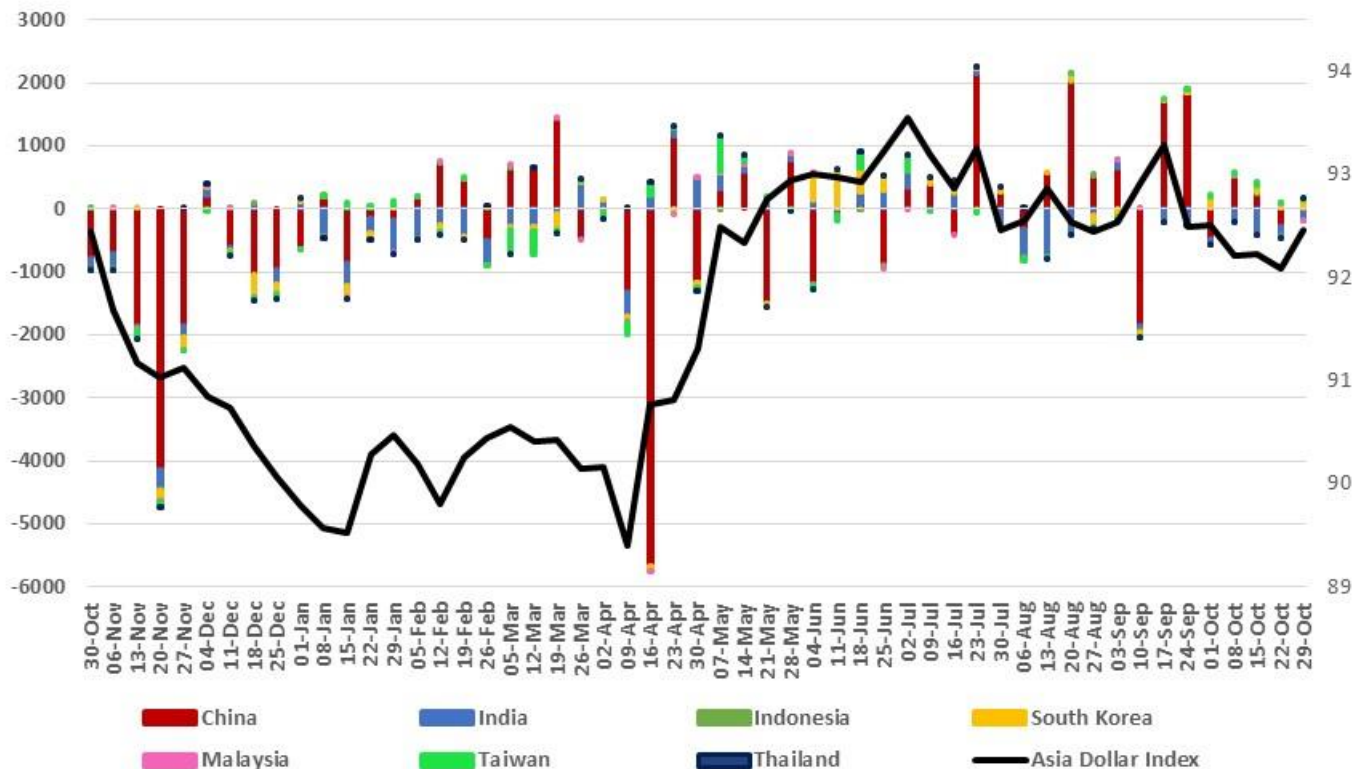
|         | 26-Jun-25 | 10-Jul-25 | 24-Jul-25 | 07-Aug-25 | 21-Aug-25 | 04-Sep-25 | 18-Sep-25 | 02-Oct-25 | 16-Oct-25 | 30-Oct-25 | Trend |
|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-------|
| USD/CNY | -0.74     | -0.54     | -0.57     | -0.09     | 0.06      | -0.77     | -1.05     | -0.67     | -0.47     | -0.8      |       |
| USD/KRW | -1.06     | -0.63     | -0.1      | 0.35      | 0.35      | 0.1       | -0.2      | 0.8       | 1.53      | 1.52      |       |
| USD/SGD | -1.22     | -1.3      | -1.09     | -0.87     | -0.73     | -0.71     | -0.54     | -0.38     | 0.14      | -0.17     |       |
| USD/IDR | -0.2      | -0.88     | -0.05     | 0.35      | -0.08     | 0.53      | 0.85      | 1.47      | 1.29      | 1.11      |       |
| USD/TWD | -1.48     | -1.55     | -1.06     | -0.5      | -0.85     | 0.29      | -0.44     | -0.32     | 0.11      | 0.2       |       |
| USD/INR | 0.89      | 0.36      | 0.51      | 1.33      | 0.94      | 1.42      | 1.5       | 1.53      | 1.18      | 0.55      |       |
| USD/MYR | -0.76     | -0.48     | -0.57     | -0.58     | -0.4      | -0.63     | -0.55     | -0.56     | -0.27     | -0.85     |       |
| USD/PHP | 0.21      | -0.06     | 0.21      | 0.35      | 0.22      | -0.02     | -0.22     | 0.44      | 0.62      | 1.14      |       |
| USD/THB | -0.33     | -0.11     | -0.14     | -0.4      | -0.81     | -0.46     | -1.16     | -0.76     | -0.16     | -0.03     |       |

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: 30 Oct 2025], OCBC Research.

## EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

EM Asia net foreign equity inflows remain subdued last week. Korea, Taiwan saw inflows while India continued to see outflows. Asian FX rebounded, led by RMB.

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



Note: Latest data available as of 29 Oct 2025 (weekly frequency); ASIADOL index refers to Bloomberg Asia Dollar Index  
Source: EPFR, Bloomberg, OCBC Research

## Key Themes and Trades

DXY

**Short Squeeze Underway.** DXY rose, alongside the rise in UST yields last week. While Fed cut rate as widely anticipated, Fed Chair Powell's comments caught markets by surprise. He commented "a further reduction in the policy rate at the December meeting is not a foregone conclusion, far from it". In other Fed'speaks, Schmid, Logan (non-voter) and Hammack (non-voter) did not support Fed's decision to cut rate while Waller and Miran supported rate cut – highlighted the division among Fed officials. Fed funds futures pared back rate cut expectation, now seeing >50% chance of a 25bp cut at December meeting, vs. almost being fully priced prior. Rate cuts priced for 2026 remained at 69bps. Our rates strategist noted that a split Committee is not a surprise, as that has been reflected in the September dot-plot. Our base-case remains for a 25bp cut in December and a 25bp cut in Q1-2026; thereafter, any additional cut will probably require inflation move near the 2% mark.

To be fair, Powell did not make a case for no cut in Dec but only to flag out some uncertainties, partly to rein in expectations. The post-decision reaction (on USD) was more a case of markets unwinding some dovish expectations. To add, USD's subsequent rise into end week was also partly due to "buy on rumor, sell on fact" post-Trump-Xi meeting.

DXY last at 99.80. Daily momentum turned mild bullish while RSI rose. 2-way trades likely to persist, with slight bias to upside. Resistance at 99.80 (61.8% fibo), 100.50/60 levels (200 DMA, 76.4% fibo). Support at 99.10 levels (50% fibo retracement of May high to Sep low), 98.40 (38.2% fibo) and 98.00/20 levels (50, 100 DMAs) and 97.60 (23.6% fibo). This week brings ISM mfg (Mon); ADP employment change, ISM services (Wed). Payrolls data initially scheduled for Fri will likely be deferred until BLS announces details.

Looking on, the absence of US data due to government shutdown as well as a less committal and divisive Fed will likely allow for USD short squeeze to transpire in the near term. In addition, market expectations of Fed cut for 2026 may be overly priced for now, and any continued pare back in expectations may result in further USD upticks. In absence of Federal data, markets will closely scrutinise Fed'speaks and US corporate earnings to get a sense of economy well-being.

At some point, USD bears can return with more conviction but that would require US data to come in softer (when data gets released), alongside Fed easing rates more decisively. Over the forecast horizon into 2026, we continue to expect USD to trade moderately softer as Fed resumes easing while US exceptionalism fade. Our house view looks for 1 more Fed cuts for 2025, following the two 25bp cuts that occurred at Sep and Oct FOMCs. USD has room to fall as long as broader risk-on sentiment stays intact, growth conditions outside US remains supported and the Fed stays on easing path. More broadly, US policy unpredictability, and concerns of about the rising trajectory of US debt and deficits in the medium term should continue to underpin the broad and likely, bumpy decline in the USD.

EURUSD

**Consolidate Lower.** EUR drifted lower, amid broad USD rebound. Lingering political uncertainties due to French budget/government, hung parliament outcome in Dutch elections, French CPI underwhelmed, Italy's DPM calling for ECB to cut rate, restart QE may also be other factors marginally weighing on EUR. On French politics, PM Lecornu may have survived 2 rounds of no confidence motions and won some support from Socialist party (PS) in agreeing not to topple the government (after PM pledged to suspend President's Macron pension reforms, and importantly, reversed the proposed increase in retirement age from 62 to 64). But the situation remains fragile. A left-wing bloc led by PS, Communist and Green parties is now demanding for a "Zucman tax" of 2% on wealth over EUR100mio. Lower house had voted against it (228 to 172) and this renewed disagreement may prove challenging for lawmakers to agree on a budget or worst, another government collapse. Political developments may still pose downward pressure on the EUR in the near term. However, the broader fundamental outlook remains supportive of the euro, suggesting a bias for buy-on-dips approach.

At the last ECB meeting (30 Oct), ECB kept policy rate on hold, as widely expected. Our rates strategist noted that ECB said "inflation remains close to the 2% medium-term target and the Governing Council's assessment of the inflation outlook is broadly unchanged. Lagarde maintains her stance that the central bank is "in a good place". She highlighted that statement's paragraph on risk assessment indicated "some

of the downside risks to growth have abated". Lagarde said she would not "complain too much about growth", referring to the 0.2% QoQ growth for Q3 which was a tad more than expected by consensus. While the bias for monetary policy remains mildly on the easing side, the ECB is likely to keep rates unchanged again at the December meeting where EUR OIS is pricing in a status quo decision as well.

EUR last seen at 1.1540 levels. Daily momentum turned mild bearish but RSI fell. Risks skewed to the downside. Support at 1.1460 (38.2% fibo retracement of Apr low to Sep high), 1.1320 (200 DMA, 50% fibo). Resistance at 1.1630/40 (21 DMA, 23.6% fibo), 1.1670/80 (50, 100 DMAs).

Political uncertainties may temporarily weigh on EUR but we maintain our broadly constructive outlook on EUR. (1) ECB cut cycle likely nearing its end while there is room for Fed to continue with it easing cycle. This helps to narrow EU-UST yield differentials. (2) Germany to boost growth plan with EUR400bn investment plan while European defence spending plans can lend a boost to growth. (3) China's economic growth showing tentative signs of stabilisation (stable to stronger RMB can see positive spillover to EUR) and (4) 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/fears on Euro breakup in 2011/12, the era of negative rates in EU, and limited availability of EUR-denominated bond papers. Today, these issues are less of 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. There may also be indirect benefits for EUR in the medium term, should there be a peace deal and that Europe participates in Ukraine's reconstruction efforts. A peace deal at some point can lead to supply chain normalisation, lower energy costs, in turn reducing existing burden on corporates and households, improving sentiments and growth outlook.

## USDJPY

**Watch for Signs of intervention.** The jump in USDJPY last week reflected market disappointment with BOJ's decision to keep policy rate on hold. 2 members dissented against the decision – unchanged from previous meeting. Governor Ueda also gave little hint on timeline, saying that they want to see more data on domestic wage-setting behaviours while uncertainty remains high in overseas economies. He added that "If we're convinced, we'll adjust rates regardless of the political situation". Delayed BOJ policy normalisation, risk of heavier fiscal burden amid rise in debt servicing costs, increase in social and defence spending and chance of early snap elections (given Takaichi's high approval rating of 74%) are some factors that may pose downward pressure on JPY in the interim.

But given the sharp move lately, Finance Minister Katayama now said the government will be monitoring currency movements, including those driven by speculative moves, with a high sense of urgency. She added that she's seeing very one-sided, rapid currency moves. Verbal intervention may only slow the JPY's decline at times but cannot change the broader market momentum. We watch if verbal interventions steps up intensity or progress towards actual intervention, as JPY bears may exercise caution. Ultimately for USDJPY to turn lower would require softer USD and BOJ showing more commitment to hike.

USDJPY last seen at 154 levels. Daily momentum turned mild bullish while rise in RSI moderated near overbought conditions. Resistance at 154.40 (76.4% fibo retracement of 2025 high to low). Support at 153.30 (previous double-top), 151.60/80 (21 DMA, 61.8% fibo).

Our view for USDJPY to trend lower is premised on the USD sell-off story and Fed-BOJ policy divergence (Fed rate cut cycle to resume while the BOJ to continue its policy normalisation). Wage growth, broadening services inflation and upbeat economic activities in Japan should continue to support BoJ policy normalisation. We have long argued that macro conditions are ripe for policy normalisation to take place. Data last Friday– Tokyo CPI picking up pace in Oct –reinforced our bias. Fed-BOJ policy divergence and USD diversification theme should still support USDJPY's broader direction of movement to the downside. But in the near term, BOJ's hesitancy to normalise is an obstacle.

## USDSGD

**Watching 200DMA.** USDSGD traded higher, towards upper bound of its recent sideways trend channel. The move higher took cues from the rebound in USD post-FOMC while higher USDJPY and USDCNH also fuelled the uptick in USDSGD. Pair was near 1.3010 levels. Daily momentum is flat while rise in RSI moderated. 2-way risks likely. Resistance here at 1.3010, 1.3040 (200 DMA). Break above 200dma may expose the pair towards 1.31 resistance (38.2% fibo). Support at 1.2950/65 levels (23.6% fibo retracement of 2025 high to low, 21 DMA), 1.29 (50 DMA).

Meanwhile S\$NEER continued to ease; last at 1.27% above model implied mid. We had earlier shared that S\$NEER does not necessarily need to return to its upper bound post-MAS. Keep in mind that the MAS's current policy stance aims for only a mild appreciation. Therefore, there is still potential for the S\$NEER to remain near its current level or even decline moderately. To some extent, the S\$NEER arguably should not have been that strong, considering the 2 rounds of easing in the first half of the year, if not for safe-haven inflows. Implication of MAS policy on USDSGD is only one aspect as USD trend, broader market thematics, such as Fed policy, moves in RMB, growth-inflation dynamics, risk sentiments, etc. also matter. If the broader USD trend is a bullish one, then with MAS keeping policy on hold at Oct meeting, USDSGD can still take cues from the bullish USD trend to drift higher.

At the last MPC (14 Oct), MAS maintained policy on hold – prevailing rate of appreciation of the S\$NEER policy band, width and center of currency band. In accompanying statement, MAS indicated that core inflation should trough in the near term and rise gradually over the course of 2026 as temporary factors dampening inflation fade. Other highlights of the MPS include: (1) Growth surpassed expectations, underpinned by resilient activity in the manufacturing and domestic consumer-facing sectors. Growth is expected to moderate from this above-trend pace in the upcoming quarters as activity normalises in the trade-related sectors. (2) While core inflation could edge down further in the near term, some of the factors dampening inflation are expected to diminish in the quarters ahead. Imported costs should exert a smaller drag on inflation in 2026, given projections for a more gradual decline in global crude oil prices, as well as a modest pickup in regional inflation from the easing this year. On the domestic front, services unit labour costs growth is projected to rise in 2026 as productivity growth normalises. The net drags on inflation associated with administrative price changes and their base effects should also unwind more discernibly from Q4 this year. All in, MAS Core Inflation is forecast to trough in the near term and rise gradually thereafter. (3) MAS is in an appropriate position to respond effectively to any risk to medium-term price stability and will continue to closely monitor economic developments amid uncertainties in the external environment.

For the forecast horizon into 2026, we continue to project a mild degree of USDSGD downside, premised on (1) moderately softer, albeit bumpy USD trend to continue amid Fed cuts underway; (2) still-resilient RMB; (3) while tariff impact on regional, Singapore growth to be largely manageable (i.e. no sharp recession). We continue to pay close attention to a few key risks that may impact SGD: (1) how sectoral tariff may play out – if Singapore growth, exports will ultimately be impacted by higher tariffs on pharmaceuticals while monitoring tariff developments on semiconductor goods; (2) broad USD trend given that USDSGD and DXY remains highly correlated – if USD sees an extended bounce, then USDSGD may even be exposed to upside risks; (3) moves in EUR, JPY, can also affect SGD, given relative strong correlation and weights in S\$NEER basket; (4) trends in RMB is also another development to watch – in particular China's economic recovery, RMB fixing trend and sentiments.

## USDCNH

**Double-Bottom Bullish Reversal.** USDCNH rebounded in what looked like “buy rumor, sell the fact” post-Trump-Xi meeting, while broad rebound in USD post-FOMC and higher USDCNY fix fuelled the move higher. Daily fix was set at a low of 7.0843 on eve of Trump-Xi meeting (29 Oct) and subsequently set higher at 7.0864 (30 Oct) and 7.0880 (31 Oct). The higher fix ended the momentum of a series of downward fixes. Looking on, we would pay close attention to where the fix stabilises at or if the upward fix continues to set a more entrenched directional momentum. We doubt the latter will play out but a short period of upward fixes in light of USD rebound is not ruled out. We do expect the trend of fixing USDCNY lower to resume when the USD short squeeze is over. We still look for USD to trend moderately lower over time but in the absence of US data and non-committal comments from Fed Chair Powell, some position adjustment may take place first. Ultimately, Fed on easing cycle and a more cordial relations

between US and China should remain supportive of RMB, risk-proxy FX including AUD while USD may trade on the backfoot, unless equity sentiment faces a surprise shock.

On Trump-Xi summit in Busan (30 Oct), both US and China reached an agreement. Some highlights include trade truce being extended for another year; China will restart buying 12m tons of soybeans this year, and 25m tons in 2026; China to postpone export restriction on rare earth for a year; US will reduce fentanyl tariff rate to 10%; both parties will hold off imposing port fees for another year; TikTok transaction will resume. Trump later told reporters that it was an amazing meeting and on a scale of 0 – 10 with 10 being the best, the meeting was a 12.

USDCNH last seen at 7.1225 levels. Bearish momentum on daily chart shows signs of fading while RSI rose from oversold conditions. Double-bottom pattern formed – typically associated with bullish reversal. Some rebound risks not ruled out. Resistance at 7.1280 (21, 50 DMAs), 7.1460 levels (61.8% fibo retracement of 2024 low to 2025 high). Support at 7.0890, and 7.08 (76.4% fibo).

## USDKRW

**Sell Rallies.** USDKRW eased away from recent highs following the meeting between South Korea President Lee and Trump (29 Oct) but rose again somewhat into month-end, due to the broad rise in USD post-FOMC.

To take stock, KRW has been largely under pressure this year, falling to 5-month low vs USD, despite KOSPI outperformance (up 70% YTD). A few reasons ranging from anticipation of BOK cuts, sluggish growth in Korea and also the persistent uncertainty on trade between Korea and US were some of the factors weigh on KRW but we think some of this negativity is starting to fade and this may bode well for KRW recovery. For instance, Lee and Trump announced a deal. US tariffs on KR autos and parts will be reduced to 15% from 25%, putting Korean automakers on equal footing with their Japanese and European auto rivals. The agreement also includes a US\$350 billion investment pledge from South Korea, with \$200 billion in cash and equity investment and \$150 billion for supporting and guaranteeing loans to Korean firms in the shipbuilding sector. These details help to offer clarity on the investment fund's structure.

Meanwhile 3Q GDP report released last Tuesday surprised to the upside, led by domestic demand due to cash handouts and asset market outperformance. Although construction activity contracted, the rate of contraction showed some signs of easing. Facility investment continues to show recovery while exports rebounded. So in a way, if USD and US rates continue to trend lower, alongside a firmer RMB, then it is likely a top in USDKRW may have been formed. We are of the view that KRW should see recovery. Bias for downward play in USDKRW. Suggest enter short (spot ref at 1431). SL above 1452 with TP at 1370. Elsewhere, we re-entered short SGD KRW.

Spot last seen at 1431 levels. Daily momentum turned slight bearish while rise in RSI slowed. Consolidation likely in the near term. Key support at 1422 (21 DMA), 1413 (200 DMA). Decisive break below puts next support at 1403.50 (50 DMA), 1390 (100 DMA). Resistance at 1435, 1445 levels.

## USDTWD

**Buy Dips.** USDTWD traded higher for the month of Oct, mirroring the upticks seen in other USDAXJs, including USDKRW, USDJPY and USDCNH, as well as broader USD, post-FOMC. On CBC minutes released (30 Oct), some board directors expressed support for the Bank's approach that kept the policy rates unchanged but still ensured ample liquidity conditions conducive to traditional industries and SMEs through open market operations, namely by reducing issuance of certificates of deposit. 2 board directors observed that there was limited scope for a rate cut as the projected GDP growth rate of Taiwan for this year was revised upward by the Bank. On the other hand, the gradual decline in the CPI annual growth rate this year followed by a further decrease next year suggested there was little need for a rate hike. On balance, a rate hold would be an appropriate policy action.

USDTWD spot last seen at 30.74. Daily momentum is flat while rise in RSI moderated. 2-way trades likely intra-day. Resistance at 30.83. Support at 30.61 (21 DMA), 30.5 levels (50 DMA). Lesser incentive for lifers to hedge amid potential accounting rule changes, geopolitical risks and potential fade-out of export orders may be some of the factors that may see TWD lag its peers.

## Gold

**Consolidation.** After a vertical run that saw prices surge over 30% from mid-August to above 4,300 (21 Oct) in record pace, gold has corrected back below 3,900 briefly and is hovering closer to 4,000. The retracement reflects both the unwinding of momentum-driven positioning and the re-pricing of macro-optimism as several short-term supports faded.

The pullback is consistent with what we highlighted in our 21 Oct FX Weekly — *that speculative sentiment and RSI readings were flashing overbought signals, while a double-top formation on the tick chart hinted at potential reversal risk. The confluence of stretched technicals and complacent positioning left gold vulnerable to profit-taking once catalysts turned less supportive.*

Indeed, several factors have surfaced to trigger this adjustment. First, optimism over renewed trade diplomacy between the US and key partners — China, Brazil, Japan — has tempered geopolitical risk premia, in turn reducing demand for safe-haven hedges. Second, US treasury yields have also edged higher in the lead-up to FOMC (30 Oct) while Fed Chair Powell subsequently struck a cautious tone - a further reduction in the policy rate at the December meeting is not a foregone conclusion, far from it. A firmer USD and rising nominal yields mechanically weigh on the opportunity cost of holding non-yielding assets such as gold.

Recent correction in prices of gold may have been sharp, but this also corresponds to the equally sharp rally we've seen. Nevertheless, the sharp pullback serves to restore healthier positioning and valuations. The medium-term drivers that underpin our constructive bias remain intact: Fed to continue to ease policy into 2026 with yields likely to trend lower overall, and central-bank as well as institutional diversification demand continues. Gold's role as a portfolio hedge against fiscal and policy uncertainty remains undiminished, though short-term exuberance has clearly given way to consolidation.

Given the breach of several key supports, we prefer to respect price action. If gold manages to consolidate in this range of 3,920 – 4,020, then it may set the stage for base-building before the next leg higher. But failure to hold here, could see another flush out of longs in the interim.

XAU last seen at 4,002 levels. Bearish momentum on daily chart intact though there are tentative signs of it fading while decline in RSI slowed. 2-way trades likely to take hold in the interim. Support at 3,970 (38.2% fibo), 3,820/45 levels (50 DMA, 50% fibo retracement of Aug low to Oct high). Resistance at 4,077 (21 DMA), 4,127 (23.6% fibo) and 4,200 levels.

## Silver

**Consolidation; Buy Dips.** Silver surged to a high of near 55 at one point (17 Oct) before the sharp correction to below 46 briefly (28 Oct). The sharp run-up reflected a confluence of structural tightness, macro tailwinds, technical breakout momentum and spillover effect from gold prices. Market tightness had become severe. Silver lease rates have surged to near 35%, reflecting scarcity of deliverable metal and heightened competition for physical supply. Spot-futures spreads had flipped into steep backwardation, while London vault inventories were drawn down. ETF inflows have turned positive, while futures positioning shows speculative longs climbing to multi-month highs. The renewed participation has magnified price moves in a market already constrained by tight supply.

The subsequent 15% corrective pullback lower follows the sharp retreat in leasing rates, turnaround in market sentiment, and in part also due to the spillover effect from the sharp pullback seen in gold prices. Silver lease rates retreated sharply from historic high of near 35% to about 2.6% (end-Oct) as physical squeeze eased. According to various reports, *exchange and industry statistics show that the shortage of silver in London has been alleviated through cross-border shipments (with China and the US sending silver to London), leading to a decline in spot premiums and borrowing costs.*

We believe the correction helps to ease exuberance and restore better risk-reward valuations. Fundamental backdrop remains constructive. Silver sits uniquely between the dual characteristics of precious and industrial demand dynamics. On one hand, its safe-haven appeal benefits from the same drivers lifting gold and on the other, sustained industrial demand from solar, EV and electronics sectors continues to underpin real consumption. With global growth still holding up and Fed easing expectations

intact, the combination of tight supply, solid industrial usage and macro tailwinds places silver in a sweet spot within the commodities complex.

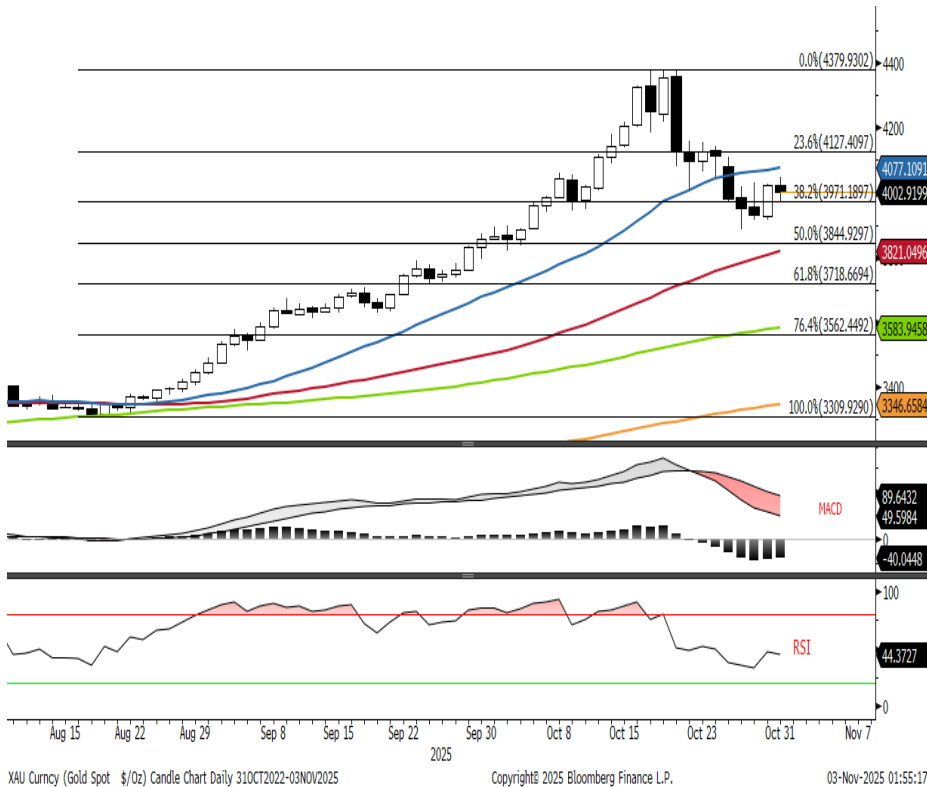
XAG last seen at 48.70. Bearish momentum intact though there are signs of it fading while the rise in RSI moderated. Some consolidation in price action may take hold. Resistance at 49.60 (21 DMA), 50.22 (23.6% fibo retracement of Jul's run-up to Oct peak). Support at 47.60 (38.2% fibo), 45.50 (50 DMA, 50% fibo).

## Trade Ideas

| Entry Date | Trade         | Entry  | Close  | Profit/ Loss (%) | Remarks                                                                                                                                                                                                                                                                                                                                                                                                                                | Exit Date |
|------------|---------------|--------|--------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| 05-May-25  | Short SGD KRW | 1072.2 | 1105   | -3               | 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 <a href="#">[SL]</a>                                                                                                        | 23-Oct-25 |
| 13-May-25  | Short USD JPY | 148    | 147.22 | 0.52             | 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: 147.22. <a href="#">[TP]</a>                                                                  | 25-Jul-25 |
| 05-Aug-25  | Short CHF JPY | 182.1  | 187    | -2.69            | Entered into short at 182.10 (5 Aug), looking for a move towards 170.10. SL at 187. The 12% run-up this year may also provide an opportunity to re-enter short, from a risk-reward perspective. 39% tariff on Swiss imports to US can hurt Swiss economy and lead to SNB cutting rates into negative. SNB-BOJ policy divergence play could return, and this can underpin the direction of travel to the downside. <a href="#">[SL]</a> | 19-Sep-25 |
| 08-Oct-25  | Short USD CNH | 7.15   |        |                  | PBOC shifts from RMB stability to RMB appreciation bias. Sell rallies towards 7.15, target move towards 7.01. SL at 7.21 <a href="#">[LIVE]</a>                                                                                                                                                                                                                                                                                        |           |
| 03-Nov-25  | Short USD KRW | 1431   |        |                  | A few reasons ranging from anticipation of BOK cuts, sluggish growth in Korea and also the persistent uncertainty on trade between Korea and US were some of the factors weigh on KRW but we think some of this negativity is starting to fade and this may bode well for KRW recovery. Enter short (spot ref at 1430). SL:1452 with TP:1370 <a href="#">[LIVE]</a>                                                                    |           |
| 03-Nov-25  | Short SGD KRW | 1100   |        |                  | To express view on lesser SGD strength amid milder pace of appreciation stance while riding on KRW recovery following clarity on US-KR trade relations. TP:1060. SL:1126 <a href="#">[LIVE]</a>                                                                                                                                                                                                                                        |           |

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.

## Gold Daily Chart: Consolidation

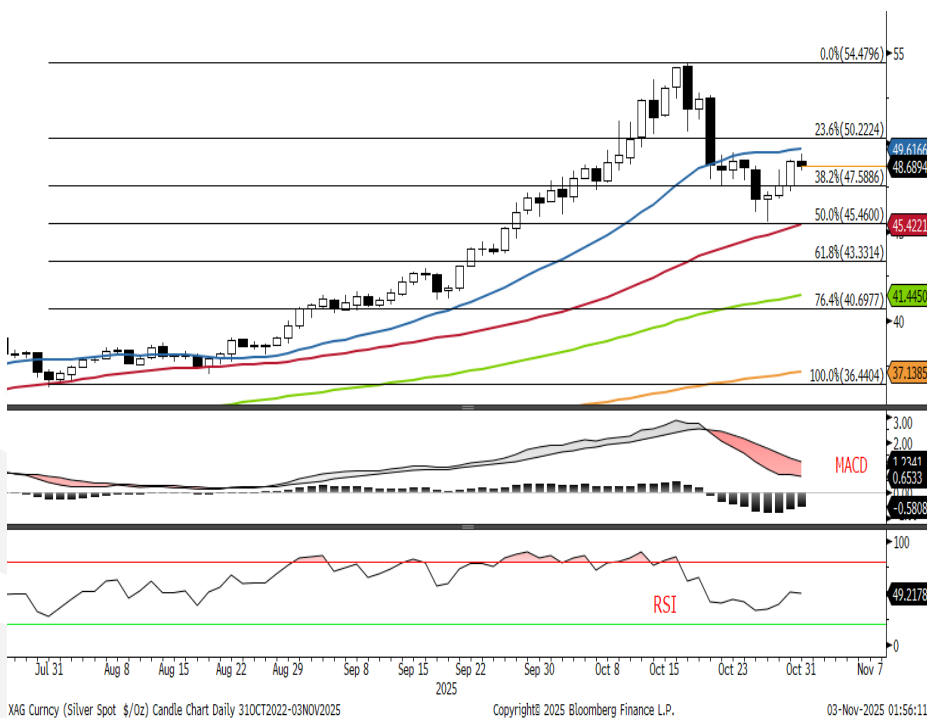


Given the breach of several key supports, we prefer to respect price action. If gold manages to consolidate in this range of 3,920 – 4,020, then it may set the stage for base-building before the next leg higher. But failure to hold here, could see another flush out of longs in the interim

XAU last seen at 4,002 levels. Bearish momentum on daily chart intact though there are tentative signs of it fading while decline in RSI slowed.

2-way trades likely to take hold in the interim. Support at 3,970 (38.2% fibo), 3,820/45 levels (50 DMA, 50% fibo retracement of Aug low to Oct high). Resistance at 4,077 (21 DMA), 4,127 (23.6% fibo) and 4,200 levels.

## Silver Daily Chart: Consolidation; Buy Dips



Silver surged to a high of near 55 at one point (17 Oct) before the sharp correction to below 46 briefly (28 Oct).

XAG last seen at 48.70. Bearish momentum intact though there are signs of it fading while the rise in RSI moderated.

Some consolidation in price action may take hold. Look for dips to buy into. Support at 47.60 (38.2% fibo), 45.50 (50 DMA, 50% fibo). Resistance at 49.60 (21 DMA), 50.22 (23.6% fibo retracement of Jul's run-up to Oct peak).

## Medium Term FX Forecasts

| Currency Pair | Dec-25  | Mar-26  | Jun-26  | Sep-26  | Dec-26  |
|---------------|---------|---------|---------|---------|---------|
| USD-JPY       | 151.00  | 148.00  | 146.00  | 145.00  | 143.00  |
| EUR-USD       | 1.1800  | 1.1900  | 1.2000  | 1.2050  | 1.2100  |
| GBP-USD       | 1.3300  | 1.3500  | 1.3650  | 1.3700  | 1.3750  |
| AUD-USD       | 0.6700  | 0.6700  | 0.6750  | 0.6800  | 0.6850  |
| NZD-USD       | 0.5800  | 0.5900  | 0.6000  | 0.6050  | 0.6100  |
| USD-CAD       | 1.3900  | 1.3800  | 1.3700  | 1.3600  | 1.3600  |
| USD-CHF       | 0.7980  | 0.7900  | 0.7900  | 0.7850  | 0.7800  |
| DXY           | 97.84   | 96.78   | 95.91   | 95.39   | 94.88   |
| USD-SGD       | 1.2900  | 1.2830  | 1.2780  | 1.2760  | 1.2720  |
| USD-CNY       | 7.1000  | 7.0700  | 7.0600  | 7.0500  | 7.0000  |
| USD-CNH       | 7.1000  | 7.0700  | 7.0600  | 7.0500  | 7.0000  |
| USD-THB       | 32.50   | 32.30   | 32.20   | 32.20   | 32.00   |
| USD-IDR       | 16500   | 16350   | 16300   | 16250   | 16200   |
| USD-MYR       | 4.1600  | 4.1500  | 4.1400  | 4.1200  | 4.1000  |
| USD-KRW       | 1390    | 1370    | 1350    | 1340    | 1320    |
| USD-TWD       | 30.50   | 30.30   | 30.20   | 30.10   | 30.00   |
| USD-HKD       | 7.7800  | 7.7500  | 7.7500  | 7.7600  | 7.7600  |
| USD-PHP       | 58.00   | 57.60   | 57.40   | 56.90   | 56.90   |
| USD-INR       | 88.40   | 88.20   | 88.50   | 88.20   | 88.00   |
| USD-VND       | 26400   | 26500   | 26600   | 26700   | 26800   |
| EUR-JPY       | 178.18  | 176.12  | 175.20  | 174.73  | 173.03  |
| EUR-GBP       | 0.8872  | 0.8815  | 0.8791  | 0.8796  | 0.8800  |
| EUR-CHF       | 0.9416  | 0.9401  | 0.9480  | 0.9459  | 0.9438  |
| EUR-AUD       | 1.7612  | 1.7761  | 1.7778  | 1.7721  | 1.7664  |
| EUR-SGD       | 1.5222  | 1.5268  | 1.5336  | 1.5376  | 1.5391  |
| GBP-SGD       | 1.7157  | 1.7321  | 1.7445  | 1.7481  | 1.7490  |
| AUD-SGD       | 0.8643  | 0.8596  | 0.8627  | 0.8677  | 0.8713  |
| AUD-NZD       | 1.1552  | 1.1356  | 1.1250  | 1.1240  | 1.1230  |
| NZD-SGD       | 0.7482  | 0.7570  | 0.7668  | 0.7720  | 0.7759  |
| CHF-SGD       | 1.6165  | 1.6241  | 1.6177  | 1.6255  | 1.6308  |
| JPY-SGD       | 0.8543  | 0.8669  | 0.8753  | 0.8800  | 0.8895  |
| SGD-MYR       | 3.2248  | 3.2346  | 3.2394  | 3.2288  | 3.2233  |
| SGD-CNY       | 5.5039  | 5.5105  | 5.5243  | 5.5251  | 5.5031  |
| SGD-IDR       | 12791   | 12744   | 12754   | 12735   | 12736   |
| SGD-THB       | 25.19   | 25.18   | 25.20   | 25.24   | 25.16   |
| SGD-PHP       | 44.96   | 44.89   | 44.91   | 44.59   | 44.73   |
| SGD-VND       | 20465   | 20655   | 20814   | 20925   | 21069   |
| SGD-CNH       | 5.5039  | 5.5105  | 5.5243  | 5.5251  | 5.5031  |
| SGD-TWD       | 23.64   | 23.62   | 23.63   | 23.59   | 23.58   |
| SGD-KRW       | 1077.52 | 1067.81 | 1056.34 | 1050.16 | 1037.74 |
| SGD-HKD       | 6.0310  | 6.0405  | 6.0642  | 6.0815  | 6.1006  |
| SGD-JPY       | 117.05  | 115.35  | 114.24  | 113.64  | 112.42  |
| Gold \$/oz    | 4060    | 4110    | 4170    | 4210    | 4230    |
| Silver \$/oz  | 49.51   | 50.12   | 50.85   | 51.98   | 52.88   |

Source: OCBC Research

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

## Macro Research

**Selena Ling**  
Head of Research & Strategy  
[lingsselena@ocbc.com](mailto:lingsselena@ocbc.com)

**Tommy Xie Dongming**  
Head of Asia Macro Research  
[xied@ocbc.com](mailto:xied@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[cindyckeung@ocbc.com](mailto:cindyckeung@ocbc.com)

**Herbert Wong**  
Hong Kong & Taiwan Economist  
[herberhtwong@ocbc.com](mailto:herberhtwong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[lavanyavenkateswaran@ocbc.com](mailto:lavanyavenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[ahmad.enver@ocbc.com](mailto:ahmad.enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[jonathanng4@ocbc.com](mailto:jonathanng4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[shuyiong1@ocbc.com](mailto:shuyiong1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Head of FX & Rates Strategy  
[francescheung@ocbc.com](mailto:francescheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[christopherwong@ocbc.com](mailto:christopherwong@ocbc.com)

## Credit Research

**Andrew Wong**  
Head of Credit Research  
[wongvkam@ocbc.com](mailto:wongvkam@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[ezienhoo@ocbc.com](mailto:ezienhoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[wonghongwei@ocbc.com](mailto:wonghongwei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[mengteechin@ocbc.com](mailto:mengteechin@ocbc.com)

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