GLOBAL MARKETS RESEARCH

FX Weekly

04 March 2025

Currency Cross Currents

Christopher Wong
FX and Rates Strategy
ChristopherWong@ocbc.com

Driven by US Data, Tariff Headlines. USD started the week on a softer footing as US exceptionalism continues to fade. This puts focus on US data this week, including ISM services, ADP employment (Wed) and payrolls, Powell's speech (Fri). A stagflation risk scenario for US should not be ruled out if activity and market continue to come in softer while price-related data continue to rise. Elsewhere, equity risk sentiments are somewhat dented. Trump's 25% tariff on Canada and Mexico alongside 10% additional tariff on Chinese imports come into effect today (4 Mar). China's state-backed media Global Times reported that China is preparing countermeasures that include both tariffs and a series of non-tariff measures, and US agricultural and food products will most likely be listed (timing uncertain). Tit-for-tat can undermine sentiments and lead to demand for safe haven proxy, including JPY. In Asia, we will keep a look out for NPC/CPPCC meetings (starting today and ending a week later) to see if China will deliver support measures to boost domestic demand. On RMB, we expect policymakers to maintain language to support RMB stability.

EUR Bulls Need to Clear 100 DMA. EUR found support as European leaders were seen coming together to offer Ukraine support, fuelling expectations for a higher defence spending. On data front, the higher-than-expected CPI and core CPI print in Feb also pared back some of the markets' dovish expectations on ECB. That said, the looming risk of US tariffs on Europe and upcoming ECB meeting (Thu) are some of the 2-way risks to watch for the EUR. Markets are likely to scrutinise the ECB meeting for signs of any slowdown in easing cycle or if the of the easing cycle is in sight. Any hint on the above should add to EUR recovery. On tariffs, Trump has indicated tariffs of 25% on European auto and other products but did not mention further details or an effective date. Confirmation of the tariffs may see EUR to dip but it remains to be seen if the pullback can be sustained, considering the emergence of new positives: a potential Ukraine peace deal, expectations of defence spending, chance that ECB easing may slow, Germans attempting to form a coalition government fast and likely to increase spending/ support growth, etc. Decisive break above 1.0510/30 levels put next resistance at 1.0570, 1.07 levels.

Corrective Pullback in Gold a Chance to Buy Into. Gold traded under pressure lately, owing to a combination of factors including prospects of Ukraine peace deal and firmer USD. Barring short term retracement, we remain constructive on the outlook of gold amid ongoing global trade friction and uncertainty. Softer US data suggests that Fed cut cycle has yet to conclude and most central banks are still easing monetary policy. This is generally supportive of gold prices. Potential ballooning in US debt may bring back the de-dollarisation narrative, adding to demand for gold. Elsewhere, continued gold purchases by central banks is another driver supportive of gold prices. Tariff uncertainty should also continue to keep gold supported on dips, though we believe a resolution or a quick end to the conflict in Ukraine may take away some geopolitical risks and keep gold pressured in the interim.

Bloomberg FX Forecast Ranking (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

FX·Markets Winner Asia Awards 2024
Best bank for research
OCBC Bank

AxJ Positioning Bias (Reuters Poll)

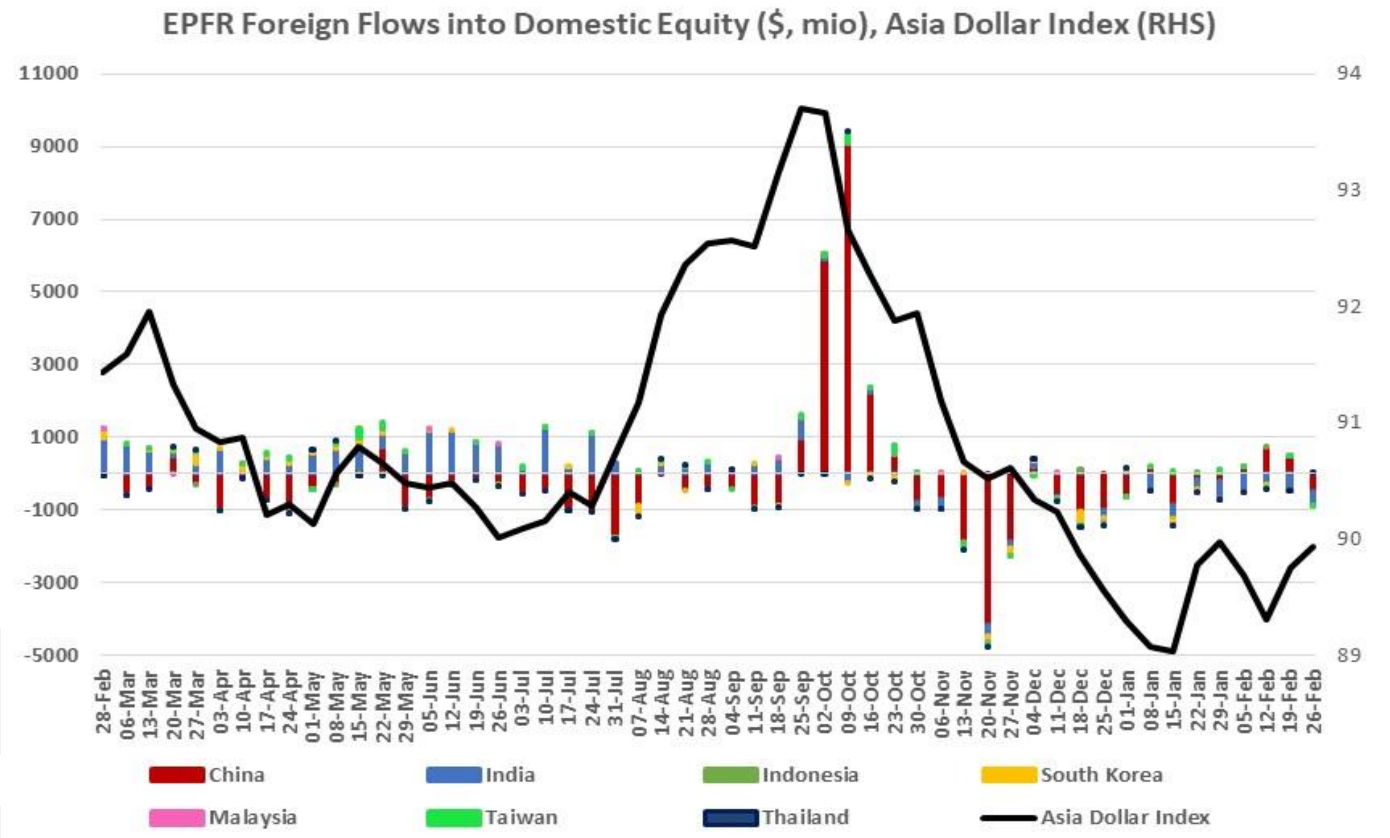
Based on Reuters survey on Asia FX positioning, AxJ FX remains bearish overall, but the extent of bearishness has started to decrease. INR and PHP saw the largest decrease in bearishness. That said on net basis, INR and IDR remain the most bearish. THB positioning turned flat (small bullish) while SGD and PHP were on net, least bearish.

	03-Oct-24	17-Oct-24	31-Oct-24	14-Nov-24	28-Nov-24	12-Dec-24	09-Jan-25	23-Jan-25	06-Feb-25	20-Feb-25
USD/CNY	-1.14	-0.43	0.3	1.14	1.32	1.15	1.65	1.33	1.15	0.88
USD/KRW	-0.79	0.26	1.06	1.61	1.45	1.86	1.75	1.04	1.01	0.83
USD/SGD	-1.26	-0.44	-0.03	0.8	1.12	0.83	1.34	1.11	0.86	0.31
USD/IDR	-1.08	0.04	0.59	0.81	1.03	0.87	1.2	1.5	1.25	1.06
USD/TWD	-0.59	0.24	0.6	1.07	1.1	0.82	1.18	1.01	1.14	0.59
USD/INR	-0.04	0.67	0.82	0.87	1.13	1.43	1.69	1.78	1.98	1.22
USD/MYR	-1.18	-0.4	0.11	0.65	0.76	0.65	0.99	1.01	0.62	0.37
USD/PHP	-0.7	0.26	0.81	1.18	1.13	0.53	0.65	0.77	0.93	0.31
USD/THB	-1.45	-0.28	0.09	0.9	0.66	0.26	0.76	0.54	0.23	0.02

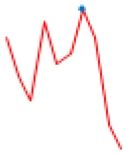
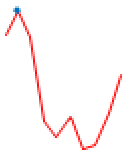
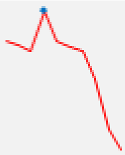
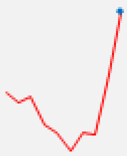
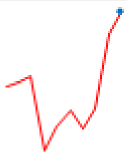
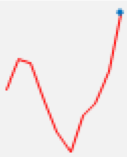
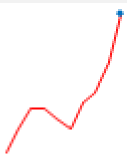
Note: Asian FX poll is conducted by Reuters, on bi-weekly basis on what analysts and fund managers believe the current market positioning are. Poll uses estimates of net short or long on a scale of -3 to +3. A score of +3 indicates significant long USD against the AxJ FX. Arrow direction indicates change in positioning from last date. Source: Reuters [latest avail: 20 Feb 2025], OCBC Research.

EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

Net foreign equity outflow was observed. China and India saw largest outflow while Indonesia saw inflow. Asian FX was mildly firmer but likely to trade softer amid renewed concerns of Trump tariff threats.



Note: Latest data available as of 26 Feb (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**: ISM mfg (Feb); Construction spending (Jan); **Tue:** - Nil – **Wed:** ADP employment, ISM services (Feb) Factory orders, durable goods orders (Jan F); **Thu:** Initial jobless claims; Trade (Jan); **Fri: NFP**, unemployment rate, average hourly earnings (Feb); **Fed's Powell speaks**		**S: 106.10; R: 109.20**
EURUSD	**Mon: CPI estimate**, mfg PMI (Feb); **Tue:** Unemployment rate (Jan); **Wed:** Services PMI (Feb); PPI (Jan); **Thu:** Retail sales (Jan); **ECB meeting;** **Fri:** GDP, employment (4Q); ECB's Lagarde speaks		**S: 1.0180; R: 1.0540**
GBPUSD	**Mon:** Mfg PMI (Feb); **Tue:** BRC shop price index (Feb); **Wed:** Services PMI (Feb); **Thu:** Construction PMI, 1y CPI expectations (Feb); **Fri:** - Nil –		**S: 1.2400; R: 1.2720**
USDJPY	**Mon:** PMI Mfg (Feb); **Tue:** Jobless rate (Jan); Capex, company profits, sales (4Q); **Wed:** PMI Services (Feb); **Thu:** - Nil – **Fri:** - Nil –		**S: 149.20; R: 154.30**
AUDUSD	**Mon:** PMI Mfg, Job advertisements (Feb) **Tue:** RBA minutes; current account (4Q); retail sales (Jan); **Wed:** PMI Services (Feb); GDP (4Q); **Thu**: Building approvals, trade (Jan); **Fri:** Household spending (Jan); FX reserves (Feb)		**S: 0.6130; R: 0.6390**
USDCNH	**Mon:** Caixin PMI Mfg (Feb); **Tue**: CPPCC meeting **Wed:** Caixin services PMI (Feb); NPC meeting **Thu:** - Nil – **Fri:** Trade (Feb); **Sun**: CPI, PPI (Feb)		**S:7.2600; R: 7.3400**
USDKRW	**Mon**: - Nil – **Tue:** Industrial production (Jan); PMI Mfg (Feb); **Wed:** GDP (4Q P); **Thu:** CPI, FX reserves (Feb); **Fri:** Current account (Jan)		**S: 1,430; R: 1,480**
USDSGD	**Mon:** PMI (Feb); **Tue:** - Nil – **Wed:** Retail sales (Jan); **Thu:** - Nil – **Fri:** FX reserves (Feb)		**S: 1.3390; R: 1.3690**
USDMYR	**Mon:** PMI Mfg (Feb) **Tue:** - Nil – **Wed:** - Nil – **Thu: BNM MPC;** **Fri:** FX reserves (Feb)		**S: 4.4200; R: 4.5300**
USDIDR	**Mon:** PMI Mfg, CPI (Feb); **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** FX reserves (Feb)		**S: 16,3000; R: 16,700**

Source: Bloomberg, OCBC Research

	Key Themes and Trades
DXY	***Cross Currents of Data and Tariff Announcements.*** USD started the week on a softer footing as risk sentiments (outside of US) recovers. European leaders working with Ukraine on a plan to stop the fighting (supportive of EUR), better PMIs across the region including China, Taiwan, Indonesia, Thailand and a moderation in US exceptionalism (softer US data) were some of those drivers weighing on USD. In Asia this week, we will also pay attention to NPC/CPPCC meetings (starting today and ending about a week later) to see if China will deliver support measures to boost domestic demand. On RMB, we expect policymakers to maintain language to support RMB stability. Elsewhere, equity risk sentiments are somewhat dented. Trump's 25% tariff on Canada and Mexico alongside 10% additional tariff on Chinese imports come into effect today (4 Mar). China's state-backed media Global Times reported that China is preparing countermeasures that include both tariffs and a series of non-tariff measures, and US agricultural and food products will most likely be listed (timing uncertain). Tit-for-tat can undermine sentiments and lead to demand for safe haven proxy, including JPY. At the same time, we have flagged that US exceptionalism is fading. US data have come in softer, alongside dovish repricing. Markets are now pricing in about 3 cuts for the year (vs. about 1 cut previously). There is quite a handful of data this week, including ISM services, ADP employment (Wed) and payrolls (Fri). Softer print should weigh on USD, but better data can see USD riding on the momentum. 2-way trade likely to dominate. But we are also watchful if a stagflation-risk scenario is playing out for US, should activity, labour data falter and price-related data (wage growth, ISM price index) rise further. DXY was last at 106.50 levels. Daily momentum turned flat while RSI fell. Consolidation likely with risks skewed to the downside. Support at 106.35 (38.2% fibo retracement of Oct low to Jan high), 106.10 before 105.00/20 levels (50% fibo, 200 DMA). Resistance here at 107.30 (21 DMA), 107.80/108 levels (23.6% fibo, 50 DMA) before 108.50. The delay in tariff implementation, the prospect of peace talks in Ukraine, weaker US economic indicators (such as retail sales, services PMI), and a re-rating of Chinese tech stocks (thanks to DeepSeek, Xi's meeting with private sector business leaders) have created a favourable environment for risk assets to recover while the USD retreats. But tariff concerns have yet to go away. The Trump administration's memorandum to limit Chinese investments, toughen Biden's chip controls over China and reciprocal tariffs (likely on 2 Apr) serve as an unsettling reminder that Trump threats remain. **Market complacency and caution should continue to drive 2-way trades in the USD** until we get some clarity on how the trade war (or truce) will play out. Our medium-term view still expects the USD to trend lower. USD's overvaluation, alongside rising debt, twin deficit of fiscal and current accounts are some drivers that should weigh on USD. We had earlier noted that the trade friction in Trump 1.0 primarily involved the US and China, whereas in Trump 2.0, it appears to be a broader conflict between the US and the rest of the world. This time, nations including China and Europe seem to be deploying both retaliatory strategies and counter-negotiation tactics simultaneously. It would be premature to draw definitive conclusions about the future dynamics of trade friction and negotiations, but we cannot dismiss the possibility that the USD could weaken if the trade conflict escalates between the US and the rest of the world. This outcome will depend on various factors, including global economic performance, individual monetary policies, and the scope, intensity, and duration of trade disputes.
EURUSD	***Await ECB, Tariff and Ukraine Peace Deal.*** EUR found support as European leaders were seen coming together to offer Ukraine support, fuelling expectations for a higher defence spending. An emergency security summit was convened on Sunday. UK PM Starmer said that UK, France and "one or two others" would work with Ukraine on a "plan to stop the fighting." The broader European Council will meet on Thursday to discuss a €20 billion ($21 billion) military package for Ukraine and steps to boost defence spending, including a potential loosening of fiscal rules. On data front, the higher-than-expected CPI and core CPI print also pared back some of the markets' dovish expectations on ECB. That said, the looming

risk of US tariffs on Europe and upcoming ECB meeting (Thu) are some of the 2-way risks to watch for the EUR. Markets are likely to scrutinise the ECB meeting for signs of any slowdown in easing cycle or if the of the easing cycle is in sight. Any hint on the above should add to EUR recovery. On tariffs, Trump has indicated tariffs of 25% on European auto and other products but did not mention further details or an effective date. Confirmation of the tariffs may see EUR to dip but it remains to be seen if the pullback can be sustained, considering the emergence of new positives: a potential Ukraine peace deal, expectations of defence spending, chance that ECB easing may slow, Germans attempting to form a coalition government fast and likely to increase spending/ support growth, etc.

EUR was last seen at 1.0490 levels. Daily momentum is mild bearish but RSI rose. 2-way trades likely. Key resistance at 1.0510 (100 DMA). Decisive break out puts next resistance at 1.0575 (38.2% fibo retracement of Sep high to Jan low), 1.07 levels (50% fibo). Support at 1.0420 (21DMA, 23.6% fibo), 1.0360/90 (50 DMA) and 1.0280 levels.

We have turned neutral (vs. bearish previously) on EUR's outlook, due to recent developments: 1/ hope for 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); 2/ Europeans trying to avert a full-fledged trade war with the US via negotiations. European Commissioner for Trade and Economic Security, Maroš Šefčovič had earlier indicated that Brussels is ready to discuss "anything" to avoid Trump's threatened tariffs on European exports. He mentioned that Brussels is willing to reduce its substantial surplus in goods and services with the US which reached €50 billion last year and has also signalled that the EU is ready to reduce its 10% tariff on cars, which is four times higher than the rate imposed by the US. He also indicated that the EU could boost purchases of US goods such as LNG and soybeans. He was last in Washington to negotiate. 3/ Tentative signs that China's recovery may start to gain better footing. 4/ Germany determined to form a coalition government fast and likely may increase spending plans to support the economy.

That said, there are still plenty of downside risks to EUR: 1/ US reciprocal or other specific type of tariff on EU may come within weeks and such announcement (depending on severity) may weigh on EUR. 2/ Europe will have to take responsibility for its security/ Ukraine peace and that would mean increasing defence spending – possibly adding to fiscal burden for most EU nations. 3/ Existing EUR negatives such as stagnation in the Euro-area, and ECB needing to cut more/ deeper to support growth. Hence 2-way trades with neutral outlook bias are likely. Over the medium term, EUR can revert to trend higher when growth stabilises, political, geopolitical concerns and policy uncertainties find some clarity.

GBPUSD

Slight Risk to Upside. GBP built on momentum and extended its run higher this week, on expectations that UK may also bump up defence spending. Last week, there were reports of former BoE policymakers warning that BoE may need to pause rate cut given the recent bout of inflation. DeAnne Julius said "Businesses that can raise their prices are going to do so to try to cover at least part of the additional cost that they are facing starting Apr 1 when the national insurance increase comes in and the minimum wage goes up." Comments made by former BoE officials were consistent with Huw Pill, the current BoE Chief Economist. He had earlier expressed that he is cautious about further rate cuts. He said that BoE had more work to do to bring down inflation and that policymakers "can't just remove all restriction overnight, cut rates aggressively, etc".

GBP was last at 1.27. Bullish momentum on daily chart intact while RSI rose. Slight risk to the upside. Resistance at 1.2765/90 levels (50% fibo, 200 DMA), 1.2860 levels. Support at 1.2610/20 levels (38.2% fibo retracement of Sep high to Jan low, 100 DMA), 1.2555 (21 DMA).

We remain cautious on GBP outlook. Stagflation risk (rising price pressure, slowing growth), dovish BoE, growing twin deficits of current account and fiscal accounts in the face of rising yields are negatives for GBP. Upside risk to our view includes 1/ a less dovish BoE; 3/ recovery in UK's economic activity; 3/ broad USD softness.

USDJPY	***Maintain Bias to Sell Rallies.*** USDJPY started the week on a high (touched above 151 briefly) before turning lower. Japan's top currency official Mimura said at a panel that he is seeing promising signs of wage increases during ongoing wage negotiations at small and medium-sized firms as well as big companies. This is in line with our earlier observation that several Japanese corporates and banks have indicated wage increases of >5%. Prospects of wage growth, broadening services inflation and upbeat economic activities in Japan continue to support BoJ policy normalisation while fading US exceptionalism validates our bias for Fed cut cycle to continue. Fed-BoJ policy divergence should underpin broader direction of travel for USDJPY to the downside. That said, we continue see a confluence of risk factors, including Trump tariff threats and dividend seasonality trends that may prove "noisy" for USDJPY. We maintain bias to sell rallies in USDJPY should there be a bounce driven by tariff uncertainty or seasonality trends. Pair was last at 150.15 levels. Daily momentum is flat while rise in RSI moderated. Bias remains to sell rallies. Resistance at 150.50, 151.50 (38.2% fibo retracement of Sep low to Jan high). Support at 149.20 (50% fibo), 148.80 before 147 (61.8% fibo). Overall, we still look for USDJPY to trend lower, premised on the Fed rate cut cycle while the BoJ has room to further pursue policy normalisation (supported by economic data, including upbeat GDP, signs of potential increase in wages, etc.). Wage growth pressure remains intact, alongside broadening services inflation. Tokyo core core CPI, PPI, wages rose while labour market report also pointed to an upward wage pressure in Japan with jobless rate easing. Trade unions are also calling for another 5-6% wage increase at the shunto wage negotiations for 2025. Several Japanese corporates have already indicated their intention to raise wages by >5% this year, with SMBC is looking to raise wages by about 8%. Fast retailing (Uniqlo) announced it will raise starting pay for new employees by 10% and 5% for other employees, while companies in other sectors such as Meiji Yasuda Life Insurance Co. and Hoshino Resorts Co., Ltd announced raising wages by 5% and 5.5% on average respectively. Suntory Holdings is looking to raise monthly wages by about 7% in 2025 for the third straight year. We should have clarity on shunto wage negotiations by end-Mar or early Apr. But at this point, these anecdotal evidence points to another year of solid wage increase, meeting the pre-requisite for BoJ to continue with hiking rates. Divergence in Fed-BoJ policies should bring about further narrowing of UST-JGB yield differentials, underpinning the broader direction of travel for USDJPY to the downside. That said, the risk is that any slowdown in pace of policy normalisation – be it the Fed or BoJ – would mean that USDJPY's direction of travel may be bumpy or even face intermittent upward.
AUDUSD	***4Q GDP, RBA minutes on Tap.*** AUD fell last week, in line with our caution for corrective pullback. Move lower was due to Trump's tariff threats, weak equity sentiment and USD's broad rebound. Pair was last at 0.6240 levels. Bearish momentum on daily chart remains intact but RSI shows signs of turning higher from near oversold conditions. Consolidation likely. Immediate resistance seen at 0.6260 (50 DMA), 0.6300/20 levels (21 DMA, 23.6% fibo retracement of 2024 high to 2025 low) and 0.6380 (100 DMA). Support at 0.6190 (recent low) and 0.6130 levels. Near term focus for AUD on RBA minutes (Tue), GDP (Wed), broader risk sentiments (dependent on Trump's threats) as well as the China NPC/CPPCC meeting. We remain constructive on AUD outlook. Some of the reasons underpinning the bias include: 1/ expectations for a shallower pace of RBA rate cut cycle given sticky inflation and tight labour market; 2/ expectations that China's stabilisation story can find traction and re-rating of Chinese tech stocks (support risk sentiments). But AUD can still trade choppy when tariff concerns re-surface (negative for broad market sentiment) and if China optimism falls flat. Key downside risk factors that may affect AUD outlook are 1/ extent of CNH swings (if any); 2/ if Fed under-delivers/pauses rate cuts; 3/ global growth outlook turning sour; 4/ any market risk-off event (i.e., potential escalation in US-China trade tension, commodity or tech sell-off if they were to persist beyond mere position adjustment and geopolitics).
USDSGD	***2-Way Trades.*** USDSGD rebounded last week, tracking the rise in USD while sentiment was dented on Trump's tariff threats. That said, the pair started the week on a softer footing. Rebound in EUR (owing to expectations of higher defence spending, supporting growth) and softer USD (on the back of moderation in US exceptionalism) were some of the drivers. Pair was last seen at 1.3440 level. Mild

bullish momentum on daily chart remains intact while RSI turned lower. We still caution for 2-way trades as this week is likely to be an event-busy week with potential US tariff imposition, China NPC/CPPCC and US data including ISM services, NFP, as well as Powell's speech.

Looking into our USDSGD forecast trajectory, we see a tactical window for USDSGD to pullback in 1Q 2025, premised on Fed cut cycle, expectations for China's recovery to find some traction amidst a re-rating of Chinese tech stocks. Subsequently, USDSGD forecast is projected to skew to the upside for most parts of 2025, taking into consideration the risks of Trump tariffs (on China/ global though timing of tariff remains uncertain) and MAS policy easing. Softer CPI print for Jan is likely to add to expectations that MAS may ease monetary policy again at its next MPC in Apr. This should also restrain S$NEER from strengthening.

- Softer core CPI was driven by lower inflation across all broad core CPI categories while for headline, the easing in price pressure was due to a moderation in accommodating inflation in addition to the fall in core inflation.

- In the joint MAS-MTI CPI statement, it was noted that *unit labour costs are projected to rise gradually as nominal wage growth eases and productivity increases. At the same time, enhanced government subsidies for essential services such as public healthcare, pre-school education and public transport will continue to dampen services inflation.* It also indicated that *imported inflation is expected to remain moderate, reflecting favourable supply projections in key food commodity markets and forecasts of declines in global oil prices.*

Recap: At the last MPC meeting (24 Jan), MAS announced it will reduce the slope of the S$NEER policy band slightly. This means that the SGD's rate of appreciation against trade partners is reduced but still on a gradual appreciation. Our model estimates the slope is reduced to 1% pa., down from 1.5%. While there was a slight calibration in the MAS policy stance via slope reduction, the overall policy stance remains on a modest and gradual appreciation path. Going forward, it is worth paying attention to core CPI in the coming months to get a sense on whether the MAS easing is one-off or may ease further. Expectations for MAS to ease can imply that the SGD strength (on TWI terms) seen in the past 2-3 years will continue to ease. But as long the policy band does not revert to neutral, SGD could still retain some degree of relative resilience, selectively against trade partners.

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			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.	

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.

Selected SGD Crosses

SGDMYR Daily Chart: 2-Way Risks

SGDMYR continue to trade range-bound last week. Cross was last at 3.3120 levels.

Daily momentum is mild bullish but shows signs of fading while RSI rose slightly. Bullish crossover observed (21 DMA cuts 50, 100 DMAs) to the upside, complicating the technical picture. Near term may still see 2-way risks persist.

Resistance at 3.3150 (38.2% fibo retracement of Jul high to Sep), 3.3320 and 3.35 levels (50% fibo, 200 DMA).

Support at 3.30 (21, 100 DMAs), 3.29 (50 DMA) and 3.2720 (23.6% fibo).

SGDJPY Daily Chart: Not Ruling Out a Near Term Rebound

SGDJPY extended its decline, in line with our call for the cross to head lower. Move lower was due to SGD underperformance while JPY was resilient

Cross was last at 111.40 levels.

Daily momentum is mild bearish but shows signs of waning while RSI rose. Near term rebound is not ruled out.

Resistance at 111.80 (50% fibo), 112.55/90 levels (21 DMA, 38.2% fibo), 114.30/40 levels (50, 100, 200 DMAs, 23.6% fibo retracement of 2024 low to Nov-Dec double-top).

Support at 111.30, 110.70 (61.8% fibo) and 110 levels.

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

Gold Daily Chart: Corrective Pullback Done?

Gold fell last week, in line with our caution for near term pullback. But started the week firmer. Last seen at 2891 levels.

Daily momentum is bearish but shows tentative signs of waning while RSI rose. Consolidation likely, with risk slightly skewed to the upside.

Resistance at 2895 (21 DMA) and 2956 (recent high).

Support at 2868 (23.6% fibo), 2814 (38.2% fibo of Dec low to Feb high) and 2770 (50% fibo, 50 DMA).

Silver Daily Chart: Rebound Not Ruled Out

Silver fell last week, consistent with our call for *pullback likely* but rebounded this week. Last at 31.77 levels.

Daily momentum is mild bearish but there are tentative signs of it waning while RSI rose from near oversold conditions. Rebound is not ruled out.

Resistance at 31.90/ 32.10 levels (23.6% fibo, 21 DMA) and 33.20/40 (recent high).

Support at 31.00/30 levels (50, 100 DMAs), 30.50 (200 DMA) and 30 levels (38.2% fibo retracement of 2024 low to high).

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

Medium Term FX Forecasts

Currency Pair	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26
USD-JPY	149.00	147.00	146.00	145.00	144.00
EUR-USD	1.0400	1.0400	1.0450	1.0500	1.0520
GBP-USD	1.2400	1.2350	1.2400	1.2450	1.2450
AUD-USD	0.6350	0.6400	0.6450	0.6500	0.6550
NZD-USD	0.5750	0.5800	0.5850	0.5900	0.5950
USD-CAD	1.4300	1.4300	1.4400	1.4500	1.4350
USD-CHF	0.9000	0.8950	0.8920	0.8900	0.8900
USD-SEK	11.00	10.94	10.89	10.83	10.83
DXY	107.42	107.22	106.81	106.40	106.08
USD-SGD	1.3450	1.3500	1.3550	1.3600	1.3600
USD-CNY	7.2500	7.2800	7.3200	7.3500	7.3400
USD-CNH	7.2600	7.3000	7.3400	7.3600	7.3400
USD-THB	34.00	34.20	34.20	34.30	34.30
USD-IDR	16500	16550	16600	16600	16700
USD-MYR	4.4200	4.4400	4.4600	4.4800	4.5000
USD-KRW	1440	1445	1460	1465	1465
USD-TWD	32.60	32.80	32.90	33.20	33.20
USD-HKD	7.7600	7.7700	7.7800	7.7900	7.7900
USD-PHP	58.00	58.30	58.50	58.70	58.80
USD-INR	87.50	87.70	87.90	88.00	88.00
USD-VND	25500	25550	25600	25650	25650
EUR-JPY	154.96	152.88	152.57	152.25	151.49
EUR-GBP	0.8387	0.8421	0.8427	0.8434	0.8450
EUR-CHF	0.9360	0.9308	0.9321	0.9345	0.9363
EUR-SGD	1.3988	1.4040	1.4160	1.4280	1.4307
GBP-SGD	1.6678	1.6673	1.6802	1.6932	1.6932
AUD-SGD	0.8541	0.8640	0.8740	0.8840	0.8908
NZD-SGD	0.7734	0.7830	0.7927	0.8024	0.8092
CHF-SGD	1.4944	1.5084	1.5191	1.5281	1.5281
JPY-SGD	0.9027	0.9184	0.9281	0.9379	0.9444
SGD-MYR	3.2862	3.2889	3.2915	3.2941	3.3088
SGD-CNY	5.3903	5.3926	5.4022	5.4044	5.3971
SGD-IDR	12268	12259	12251	12206	12279
SGD-THB	25.28	25.33	25.24	25.22	25.22
SGD-PHP	43.12	43.19	43.17	43.16	43.24
SGD-VND	18959	18926	18893	18860	18860
SGD-CNH	5.3978	5.4074	5.4170	5.4118	5.3971
SGD-TWD	24.24	24.30	24.28	24.41	24.41
SGD-KRW	1070.63	1070.37	1077.49	1077.21	1077.21
SGD-HKD	5.7695	5.7556	5.7417	5.7279	5.7279
SGD-JPY	110.78	108.89	107.75	106.62	105.88
Gold $/oz	2850	2900	2910	2930	2950
Silver $/oz	31.67	32.22	32.70	33.30	33.52

Source: OCBC Research *(Latest Forecast Updated: 3 March 2025)*
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
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanyavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathanng4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyiong1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkam@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
mengteechin@ocbc.com