FX Weekly

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Appeal of Safe Haven

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Moody's downgrade of US rating is a catch-up to earlier downgrades by S&P in 2011 and Fitch Ratings in 2023. Technically, US rating is now aligned across all 3 rating agencies. There should not be material moves in the financial markets, but this downgrade comes as a timely reminder that rising US debt and deficits should not go unnoticed. A rise in budget deficit in the absence of fiscal discipline and heightened policy uncertainty (owing to Trump tariffs) further question USD's status as a safe haven and primary reserve currency. Although the USD is not likely to be displaced in the short term, a continuation of diversification flows out of US assets, including the USD, as well as more proactive hedging (to reduce USD exposure) can weigh on USD over time.

A Trip Down Memory Lane. S&P was the first rating agency to downgrade the US credit rating on 5 Aug 2011 from AAA to AA+, citing concerns about the government's budgetary and fiscal outlook. Around the same period (Jul-Oct 2011) was also a confluence of events, including worries of Greek default to contagion fears in other Euro-zone members and US debt ceiling turmoil (where there was political gridlock over raising the debt ceiling). Safe haven proxies, including gold, JPY and CHF rose to respective record highs then. Gold surged to $1,920 in early Sept 2011 while the rise in CHF and JPY prompted SNB and BoJ to intervene. SNB pegged EURCHF at a minimum of 1.20, calling CHF appreciation a threat to the Swiss economy. USDJPY then fell to record low of 77, leading to BoJ intervention (sell JPY). DXY initially dipped post downgrade in 2011 but subsequently rose, in the absence of quality alternative safe haven assets and issues in the Euro-area. Recall that in 2011 to 2012, the Euro-area was confronted with sovereign debt crisis and fears of Euro-area breakup, leading to concerns about the stability of EUR. Its share of global FX reserves fell from the high of over 28% (in 2009) to sub-20% in 2016. This time, EUR may be in a better position to benefit from a USD fallout. Most recently, ECB's Lagarde also noted that the rise in EURUSD is counterintuitive but justified by the uncertainty and loss of confidence in US policies among certain segments of the financial markets.

Safe Havens May Regain Appeal. We have a preference to lean towards fading USD spikes (if any) and favour long bias in JPY, CHF, EUR and gold. US bilateral trade talks with some partners were a good start, but Trump also said that the US will send letters to some of its trading partners to unilaterally impose new tariff rates over the next 2–3 weeks. It was not immediately clear if the new tariffs would be in addition to what is already in place or if these adjustments supersede previous tariff rates. Uncertainty on this front may lead to safe havens regaining appeal.

Bloomberg FX Forecast Ranking
(1Q 2025)

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

(3Q 2024)

By Region:
No. 7 for 13 Major FX

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

(2Q 2024)

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

(1Q 2024)

By Region:
No. 7 for 13 Major FX

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

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OCBC Bank

AxJ Positioning Bias (Reuters Poll)

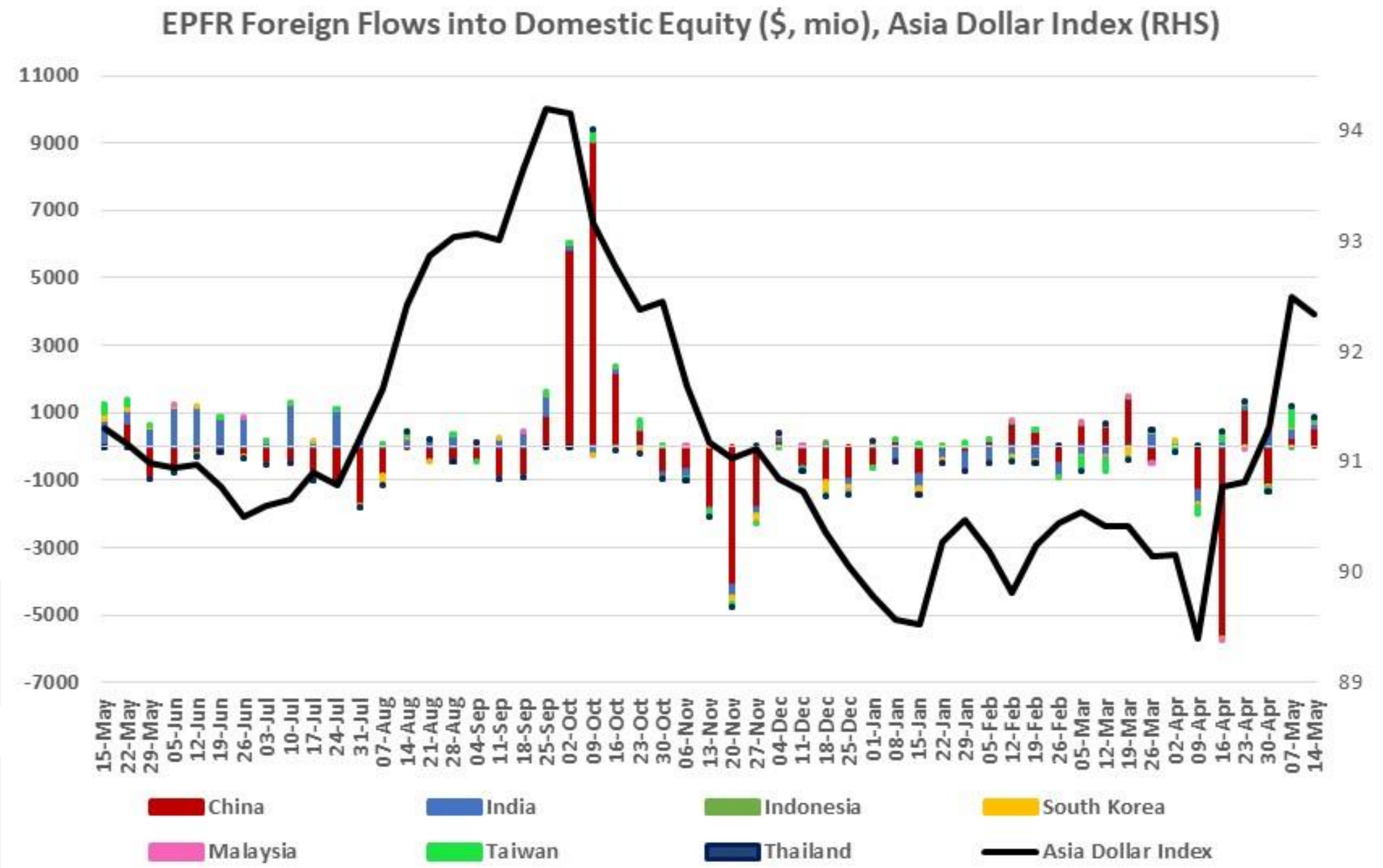
Based on Reuters survey on Asia FX positioning, most AxJ FX remained somewhat bullish. TWD, PHP and THB were most bullish amongst AxJs while IDR remained bearish on net. That said, bearish bet on IDR was pared back significantly. In terms of the magnitude of change, TWD saw the largest increase in bullish bets while INR, PHP and MYR saw bullish bets reduced.

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

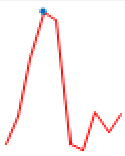
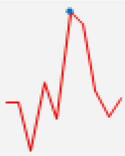
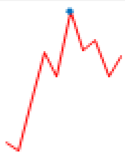
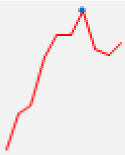
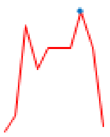
Note: Asian FX poll is conducted by Reuters, on bi-weekly basis on what analysts and fund managers believe the current market positioning are. Poll uses estimates of net short or long on a scale of -3 to +3. A score of +3 indicates significant long USD against the AxJ FX. Arrow direction indicates change in positioning from last date. Source: Reuters [latest avail: 15 May 2025], OCBC Research.

EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

Net foreign equity inflows were observed in most countries. Notably, China, India and Taiwan saw larger inflows. Strength in Asian FX moderated.



Note: Latest data available as of 14 May 2025 (weekly frequency); ASIADOL index refers to Bloomberg Asia Dollar Index
Source: EPFR, Bloomberg, OCBC Research

FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Mon**: Leading index (Apr); **Tue:** - Nil – **Wed:** - Nil – **Thu:** Prelim PMIs, Kansas City Fed Mfg activity (May); Existing home sales (Apr); initial jobless claims **Fri:** New home sales, building permits (Apr)		**S: 98.90; R: 102.60**
EURUSD	**Mon:** CPI (Apr); **Tue:** Current account, construction output (Mar); Consumer confidence (May); German PPI (Apr); **Wed:** - Nil – **Thu:** Prelim PMIs (May); **Fri:** German GDP (1Q F)		**S: 1.1030; R: 1.1400**
GBPUSD	**Mon:** Rightmove house prices (May); **Tue:** - Nil – **Wed: CPI, PPI, RPI (Apr);** **Thu:** Public finances (Apr); Prelim PMIs (May); **Fri:** Retail sales (Apr)		**S: 1.3120; R: 1.3400**
USDJPY	**Mon:** - Nil – **Tue:** - Nil – **Wed:** Trade (Apr); **Thu:** Prelim PMIs (May); Core machine orders (Mar); **Fri: CPI (Apr)**		**S: 142.50; R: 148.00**
AUDUSD	**Mon:** - Nil – **Tue:** RBA MPC; SOMP; **Wed:** Leading index (Apr); **Thu**: Prelim PMIs (May) **Fri:** - Nil –		**S: 0.6250; R: 0.6550**
USDCNH	**Mon:** IP, FAI, retail sales, new/used home sales (Apr); **Tue**: 1y, 5y loan prime rate; **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S:7.1800; R: 7.2500**
USDKRW	**Mon**: - Nil – **Tue:** - Nil – **Wed:** First 20days trade (May); **Thu**: - Nil – **Fri:** - Nil –		**S: 1,380; R: 1,440**
USDSGD	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu: GDP (1Q Final);** **Fri: CPI (Apr)**		**S: 1.2800; R: 1.3150**
USDMYR	**Mon:** - Nil – **Tue:** Trade (Apr); **Wed:** - Nil – **Thu: CPI (Apr);** FX reserves (May) **Fri:** - Nil –		**S: 4.2500; R: 4.3600**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed: BI MPC;** **Thu:** Current account (1Q) **Fri:** - Nil –		**S: 16,300; R: 16,700**

Source: Bloomberg, OCBC Research

	Key Themes and Trades
DXY	***Sell Rallies.*** Last Fri, Moody's downgraded the long-term issuer and senior unsecured ratings of the US from Aaa to Aa1, citing a significant increase in government debt and interest payment ratios that exceed those of similarly rated sovereigns. This downgrade reflects concerns over persistent fiscal deficits, driven by rising entitlement spending and stagnant government revenues, which are expected to widen federal deficits to nearly 9% of GDP by 2035. The report highlights that without substantial reforms in taxation and spending, the federal debt burden could rise to approximately 134% of GDP, with interest payments projected to consume 30% of government revenue by 2035. Despite these challenges, the outlook is stable, supported by the resilience of the US economy, USD's status as the global reserve currency, and the robust institutional frameworks that have historically facilitated effective policymaking. Moody's downgrade of US rating is a catch-up to earlier downgrades by S&P in 2011 and Fitch Ratings in 2023. Technically, US rating is now aligned in all 3 rating agencies. There should not be material moves in financial markets, but this downgrade comes as a timely reminder that rising US debt and deficits should not go unnoticed. A rise in budget deficit in the absence of fiscal discipline and heightened policy uncertainty (owing to Trump tariffs) further question USD's status as a safe haven and primary reserve currency. Although the USD is not likely to be displaced in the short term, a continuation of diversification flows out of US assets, including the USD, as well as more proactive hedging (to reduce USD exposure) can weigh on USD over time. Elsewhere, US bilateral trade talks with some partners were a good start, but Trump has also said that the US will send letters to some of its trading partners to unilaterally impose new tariff rates over the next 2-3 weeks. It was not immediately clear if the new tariffs would be in addition to what is already in place or, if these adjustments supersede previous tariff rates. Fresh threats/ uncertainty on this front may lead to safe havens regaining appeal. DXY was last at 101 levels. Bullish momentum on daily chart remains intact though there are early signs of it fading while RSI rose. Some upside risks not ruled out. Immediate resistance at 101.60 (50 DMA), 102.60 (38.2% fibo). Support at 100.80 (23.6% fibo retracement of 2025 peak to trough), 100 (21 DMA) and 99.10 levels. Taking stock, USD underperformance this year has been driven by a confluence of factors – from tariff uncertainty to the erosion of US exceptionalism, and more recently, reports that Trump considered removing Fed Chair Powell. Although the threat was walked back, such remarks risk undermining investor confidence, politicising monetary policy, and casting doubt on the USD's status as a safe haven. Nevertheless, the recent rebound in the DXY (early May) reflected signs of a de-escalation in tariff rhetoric and a more conciliatory tone on trade. Over the forecast horizon, we continue to expect USD to trade weaker as USD diversification trend takes centre-stage while Fed cut cycle potentially comes into focus in 2H 2025. Markets are increasingly focused on how Trump's policies (especially tariffs) are hurting the US economy, US assets and USD. Furthermore, relative growth matters. If growth in the US slumps while growth for the rest of the world holds up, USD may end up weaker over time. USD may also trade softer against AxJs and antipodeans if broad USD weakness permeates and tariff impact on global growth (excluding US) is more manageable than feared. More fundamentally, we continue to question USD's status as a reserve currency and a safe haven. The rise in US protectionist measures have significantly heightened economic policy uncertainty, which in turn challenges USD's status as the world's primary reserve currency. US national debt is more than USD36trn and the recent report from US Congressional Budget Office highlighted that US debt will rise from 100% to 156% of GDP in 30 years. Interest as a share of GDP will also increase to 5.4%, from a record 3.2% this year. Nevertheless, we are not looking for an imminent displacement of the USD. Trade invoices denominated in USD still accounts for half of global trade and as much as ~70% in APAC still invoices in USD. USD share of swift payment is still high around 49% (as of Mar 2025) vs the 5-year average of 43%. FX markets is predominantly concentrated in USD with 88% (as of 2022 latest BIS data avail) of spot, forward and swap markets involving USD in one leg of the transactions. USD still accounts for ~58-59% of global foreign

exchange reserves and remains the primary currency in international banking and debt markets. Liquidity in the US government bond market also remains unmatched.

Although the USD is still irreplaceable in the short term, the global financial landscape (relating to the rise of EMs/ geopolitical realignment, increased usage of alternative payment systems, etc.) is gradually evolving. Reallocation/diversification flows (out of US assets, USD) or proactive hedging (to reduce USD FX exposure) can weigh on the USD. A transition to a more diversified reserve currency regime (over time) can erode USD's strength in the medium term. Our medium-term view still expects USD to trend lower. USD's overvaluation, alongside rising debt, twin deficit of fiscal and current accounts as well as de-dollarisation trends are some drivers that should weigh on USD.

EURUSD

Can EUR Seize the Moment? EUR consolidated after the 4% decline from high of 1.1570 levels. It may remain caught between opposing forces. On one hand, dovish ECB rhetoric and hold-up in trade negotiations with US are some factors weighing on EUR. A resolution may not be as forthcoming even as EU leaders attempted to make efforts to negotiate trade. US Treasury Secretary Scott Bessent had weighed in to say that EU bloc suffers from a "collective action problem", which is hampering negotiations. On the other hand, planned fiscal/defence spending can boost growth, potential Ukraine ceasefire and USD diversification flows can be supportive of EUR. Most recently, ECB's Lagarde commented in an interview that "It's impressive to note that in a period of uncertainty when we should normally have seen the dollar appreciate significantly, the opposite happened: the euro appreciated against the dollar. It's counterintuitive but justified by the uncertainty and loss of confidence in US policies among certain segments of the financial markets." She also took the opportunity to emphasise the importance of EUR's stability and called for leaders to accelerate the process of deepening the European Union. She also said "At a time when we see the rule of law, the judicial system, and trade rules being called into question in the US, where uncertainty is permanent and renewed daily, Europe is rightly perceived as a stable economic and political area, with a sound currency and an independent central bank".

EUR was last seen at 1.1160 levels. Daily momentum is bearish while RSI was flat. 2-way trades likely for now. Key support here at 1.1110 (50 DMA) before 1.1030 levels (38.2% fibo retracement of 2025 low to high). Resistance at 1.1235 (23.6% fibo), 1.13 (21 DMA) and 1.1450 levels.

Notwithstanding the risk of a pullback in the near term, we remain constructive on EUR's outlook due to recent developments: 1/ German/European spending plans can lend a boost to growth; 2/ signs of a Ukraine peace deal (can lead to supply chain normalisation, lower energy costs, reduce existing burden on corporates and households, improve sentiments and growth outlook); 3/ prospects of ECB cut cycle nearing its end while there is room for Fed to resume easing cycle; 4/ China's economic growth showing tentative signs of stabilisation (stable to stronger RMB can see positive spillover to EUR); 5/ **signs of portfolio flows and reserve diversification that may favour alternative reserve currencies such as the EUR.** Also, the main factors that previously constrained reserve managers' allocation to EUR was the European sovereign debt crisis/ 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 no longer a hurdle. The EUR today is in a better position to benefit from a potential reduction in USD dominance in trade flows, international payments, reserve diversification and FX turnover.

GBPUSD

Inflation, Retail Sales and Prelim PMIs This Week. GBP consolidated after the 2% pullback from 2025 high. Its performance has also been surprisingly resilient amongst the DM FX on MTD change, and this may be attributed to better-than-expected growth momentum (reflected in 1Q GDP), less dovish than expected BoE rhetoric as well as the US-UK trade deal (removes uncertainty element). Pair was last at 1.3280 levels. Bearish momentum on daily chart intact while RSI was flat. 2-way trades likely. Support at 1.3120/30 levels (23.6% fibo retracement of 2025 low to high, 50 DMA), 1.3020 levels. Resistance at 1.3310 (21 DMA), 1.3430/40 levels (double top).

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

We remain neutral on the GBP outlook. UK trade deal with US takes away some element of tariff uncertainty for now, better than expected 1Q GDP, less dovish BOE rhetoric and softer USD trend are some factors supportive of GBP. On the other hand, GBP can also be dragged down by domestic pressure, including slowing job growth and growing twin deficits of current and fiscal accounts.

USDJPY

Bias to Sell Rallies. USDJPY fell, tracking the decline in UST yields. Pair was last at 145.70 levels. Bullish momentum on daily chart intact but shows signs of fading while RSI fell from near overbought conditions. Support next at 144.15/40 levels (21 DMA, 23.6% fibo). Resistance at 146.15 (50 DMA), 147.10 (38.2% fibo retracement of 2025 high to low). We kept our short USDJPY (entered at 148 as per FX Weekly last Tue), targeting a move towards 141. SL at 151. The 90-day trade truce between the US and China may calm broad market sentiments but we cautioned that the devil is in the details (during discussions). Moreover, Trump has also said that the US will send letters to some of its trading partners to unilaterally impose new tariff rates over the next 2-3 weeks. It was not immediately clear if the new tariffs would be in addition to what is already in place or, if these adjustments supersede previous tariff rates. Fresh threats/ uncertainty on this front may see safe havens regaining appeal. Elsewhere, while the timing of BoJ policy normalisation may be deferred, policy normalisation is not derailed. Fed-BoJ policy divergence and USD diversification theme should still support USDJPY's broader direction of movement to the downside.

More broadly, we continue to look for USDJPY to trend lower, premised on the USD sell-off story and Fed-BoJ policy divergence at some point (Fed rate cut cycle while the BoJ has room to further pursue policy normalisation). Wage growth, broadening services inflation and upbeat economic activities in Japan should continue to support BoJ policy normalisation although tariff uncertainty may temporarily delay policy normalisation in the near term. In BoJ's summary of opinions report, one BoJ board member said that the central bank's policy path could change at "any time" depending on the course of US tariff measures while another urged for a wait-and-see mode until tariffs settle. Separately, BoJ's Uchida said that BoJ will raise rates if economic outlook is realised. Earlier, Governor Ueda also said that the BoJ will raise the policy rate when policymakers become more confident in the outlook. He also added that the delay in the price target timing does not mean that there will be a delay in hikes. Overall, we still expect BoJ to get back to normalising interest rates at some point (when tariff uncertainty finds some clarity). Fed-BoJ policy divergence should bring about further narrowing of UST-JGB yield differentials, in turn underpinning the broader direction of travel for USDJPY to the downside.

AUDUSD

RBA in Focus on Tue. AUD consolidated last week. The 90-day trade truce can improve global growth outlook while the lower-than-expected USDCNY fixing (on sustained basis) and a surprisingly hotter-than-expected AU job market are some factors supportive of AUD. Elsewhere, market pushback in the timing of the next Fed cut and reduction in magnitude of cuts this year were other factors partially mitigating the negativity on USD (in turn restraining the rise in AUD). Focus next shifts to RBA (Tue). Markets expect RBA to deliver a second 25bp cut for the year as CPI has fell into RBA's target range. There will also be focus on RBA's language with respect to guidance on future rate trajectory. To some extent, a stronger job market and rising wages may suggest less haste for RBA to cut going forward. Potentially, this can be supportive of AUD if guidance is indeed less dovish (especially when markets are pricing in 3 more cuts for the year).

Pair was last at 0.64 levels. Daily momentum is mild bearish while RSI fell. Consolidation with slight downside risks not ruled out in the interim. Support at 0.6310/30 levels (38.2% fibo retracement of 2024 high to 2025 low, 50 DMA), 0.63 (100 DMA, 38.2% fibo). Resistance here at 0.6460 (200 DMA), 0.6515 (recent high) and 0.6550 (61.8% fibo).

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

USDSGD

Near Term Consolidation; Bias to Sell Rallies. USDSGD traded a touch lower for last week, taking cues from softer UST yields and lower-than-expected USDCNY daily fixing. Pair was last at 1.3005 levels. Daily momentum is mild bullish while RSI rose. Consolidation with slight risk to the upside. Next resistance at 1.3040 (21 DMA), 1.3140/60 levels (61.8% fibo retracement of 2024 low to 2025 high). Support at 1.2940, 1.2910 levels. Meanwhile, we watch 1.2950 – 1.3090 range this week.

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

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

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

USDCNH

Interim Bottom Maybe Forming. USDCNY fix continued to come in slightly softer (and below spot) for the whole of last week. Friday morning fix was set at 7.1938 (vs. 7.1963 last Thur). We believe policymakers are likely to still adopt a measured approach to appreciation (if any) like how they took on a measured approach when USDRMB was trading higher previously. Maintaining RMB stability is a key objective for policymakers. Any sharp RMB appreciation may risk triggering exporters rushing to sell their USD holdings and that cycle (if it happens) may result in excessive RMB strength and volatility, which is not desirable for policymakers at this point.

USDCNH continued to trade in subdued range. Last at 7.21 levels. Mild bearish momentum on daily chart intact but shows signs of fading while RSI shows sign of rising. Near term risks skewed to the upside.

Resistance at 7.2200/30 (200 DMA), 7.25 levels (21 DMA). Support at 7.18 before 7.1475 (61.8% fibo retracement of 2024 low to 2025 high).

Trade Ideas

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

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

Selected SGD Crosses

SGDMYR Daily Chart: To Consolidate

SGDMYR consolidated last week, in line with our call. Cross was last at 3.3070 levels.

Daily momentum shows tentative signs of turning mild bullish while RSI rose. Consolidation is likely, with slight risk to the upside.

Resistance at 3.3150/200 levels (50 DMA, 38.2% fibo retracement of Jul high to Sep), 3.3350 levels.

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

SGDJPY Daily Chart: Downside Risk

SGDJPY turned lower last week. Cross was last seen at 112 levels.

Bullish momentum on daily chart show signs of waning while RSI fell from overbought conditions. Risks to the downside.

Support at 111.80 (50% fibo) and 110.60/70 levels (21, 50 DMAs, 38.2% fibo).

Resistance at 112.90 (61.8% fibo), 113.70 and 114.20 (76.4% fibo retracement of 2025 high to low).

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

Gold Daily Chart: Bearish Bias

Gold continued to trade with a heavy bias last week, in line with our caution. Tariff de-escalation saw profit taking on safe haven trade. Last seen at 3203 levels.

Daily momentum in bearish while RSI fell.

Key support here at 3157/62 levels (38.2% fibo retracement of 2025 low to high, 50 DMA) before 3051 (50% fibo).

Resistance at 3250, 3290/3300 levels (23.6% fibo, 21 DMA) and, 3430 levels.

Silver Daily Chart: 2-Way Trades to Continue

Silver consolidated. Last seen at 32.30 levels.

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

Support at 31.80 levels (100 DMA, 23.6% fibo retracement of 2024 low to high), 31.30 (200 DMA) and 30 levels (38.2% fibo).

Resistance at 32.75 (50 DMA), 33.80 and 34.50.

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

Medium Term FX Forecasts

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

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

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

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