GLOBAL MARKETS RESEARCH

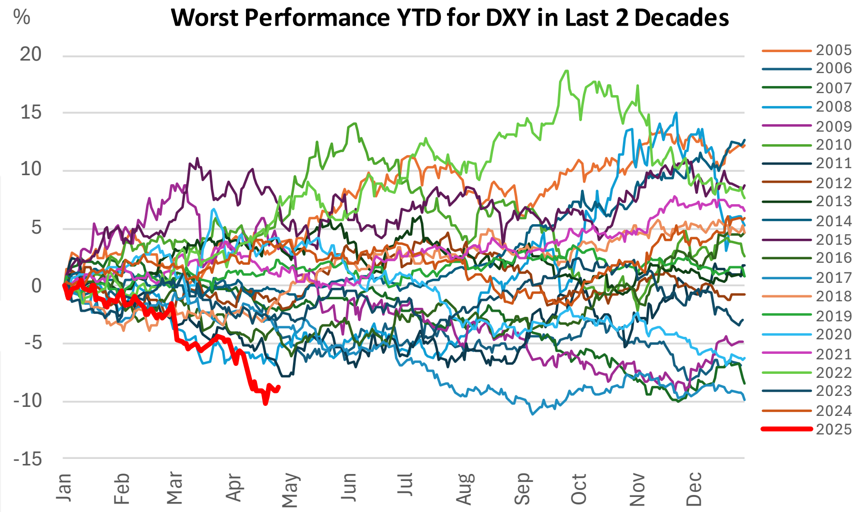
FX Weekly

29 April 2025

De-escalation Uncertainties Linger

A Sympathetic USD Bounce to Fade Into? Market thematics have been rapidly evolving, shifting from trading tariff fears in early April to trading dollar debasement and now trading tariff de-escalation. Trump/Bessent continued to speak about how “all aspects” of the US government are in contact with China on trade even as Beijing denied the existence of negotiations. Nevertheless, Bloomberg headlines reported (Fri) that China was said to exempt some US goods from tariffs as costs rise. A case of the de-escalation narrative persisting for a while more may aid some USD short covering, following the >10% decline (at one point) since Jan peak. If the USD continued to extend its bounce, some AxJs may also come under pressure in the interim, despite conciliatory tone towards trade truce/deal. That said, tariff developments remain fluid. It appears that the US is still waiting for China to make the first official move to de-escalate. **A stand-off in de-escalating tariff tensions can also result in higher volatility.** This implies that safe-haven proxies, including JPY, CHF and gold may strengthen at the expense of further USD sell-off. Elsewhere, we caution that month-end USD rebalancing flows this week may also distort FX price action. **Key data/events this week** include US ADP, GDP, core PCE and China PMIs (Wed); US ISM mfg, BoJ MPC – to hold (Thu); US NFP and Euro-area CPI estimate (Fri).

More structurally, we continue to question the USD’s status as a long-term safe haven and dominant reserve currency. While USD displacement is unlikely in the near term (given its dominant role in international trade and finance), the global financial architecture (relating to rise of EMs/ geopolitical realignment, increased usage of alternative payment systems, etc.) is gradually shifting. Reallocation flows (out of US assets, USD) or proactive hedging (to reduce USD FX exposure) can weigh on the USD. Our medium-term bias remains bearish on the dollar, driven by overvaluation, rising US debt, twin deficits, and the ongoing trend of USD debasement/ de-dollarisation.



Source: Bloomberg, OCBC Research

Christopher Wong
FX and Rates Strategy
ChristopherWong@ocbc.com

Herbert Wong
Herberthtwong@ocbc.com

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

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

AxJ Positioning Bias (Reuters Poll)

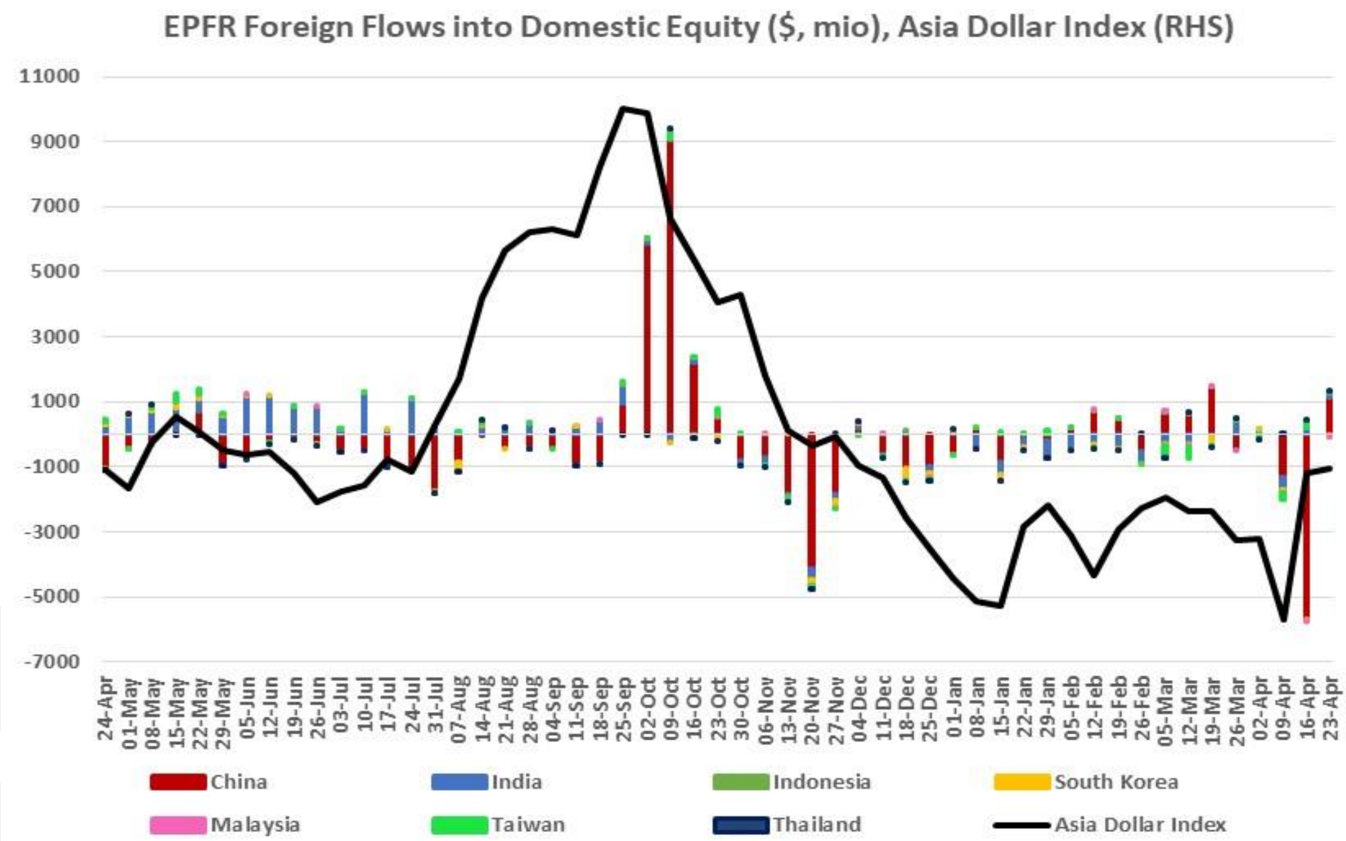
Based on Reuters survey on Asia FX positioning, AxJ FX remains mixed. In terms of magnitude change, bearish bets in TWD, KRW, SGD and THB saw the largest decline amongst AxJs while IDR and CNY saw bearish bets extended. On net, IDR, CNY and KRW remained bearish while PHP, THB, SGD and INR were bullish.

	28-Nov-24	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	Trend
USD/CNY	1.32	1.15	1.65	1.33	1.15	0.88	0.77	0.24	0.47	0.57	
USD/KRW	1.45	1.86	1.75	1.04	1.01	0.83	1	0.72	1.13	0.19	
USD/SGD	1.12	0.83	1.34	1.11	0.86	0.31	0.34	0.15	0.54	-0.26	
USD/IDR	1.03	0.87	1.2	1.5	1.25	1.06	1.36	0.97	1.2	1.33	
USD/TWD	1.1	0.82	1.18	1.01	1.14	0.59	0.71	0.85	1.14	0.06	
USD/INR	1.13	1.43	1.69	1.78	1.98	1.22	1.47	1.09	0.01	-0.2	
USD/MYR	0.76	0.65	0.99	1.01	0.62	0.37	0.45	0.42	0.33	0.04	
USD/PHP	1.13	0.53	0.65	0.77	0.93	0.31	0.2	-0.13	-0.15	-0.65	
USD/THB	0.66	0.26	0.76	0.54	0.23	0.02	0.48	0.08	0.4	-0.3	

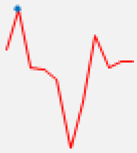
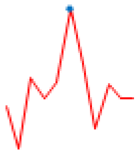
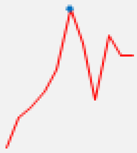
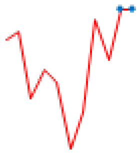
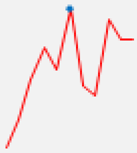
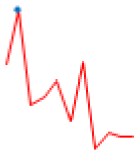
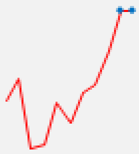
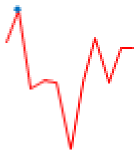
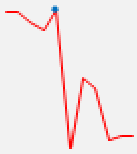
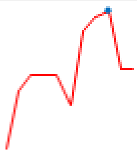
Note: Asian FX poll is conducted by Reuters, on bi-weekly basis on what analysts and fund managers believe the current market positioning are. Poll uses estimates of net short or long on a scale of -3 to +3. A score of +3 indicates significant long USD against the AxJ FX. Arrow direction indicates change in positioning from last date. Source: Reuters [latest avail: 17 Apr 2025], OCBC Research.

EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

Net foreign equity inflows were observed in Asia, including China and India. Elsewhere, South Korea and Malaysia saw modest outflows. Asian FX continued to hold on to gains, riding on broad USD softness.



Note: Latest data available as of 23 Apr 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**: Dallas Fed mfg activity (Apr); **Tue: JOLTS job openings (Mar);** Conf board consumer confidence (Apr); **Wed: ADP employment, Chicago PMI (Apr); GDP (**1Q A); **Core PCE**, pending home sales (Mar); **Thu:** initial jobless claims; **ISM mfg (Apr);** Construction spend (Mar); **Fri: Payrolls report (Apr);** durable goods order (Mar)		**S: 97.50; R: 101.00**
EURUSD	**Mon:** - Nil – **Tue:** ECB 1y, 3y CPI expectations (Mar); Consumer confidence (Apr); **Wed: GDP (1Q A);** **Thu:** - Nil – **Fri:** Mfg PMI (Apr); **CPI estimate (Apr P);** unemployment rate (Mar)		**S: 1.1200; R: 1.1600**
GBPUSD	**Mon:** - Nil – **Tue:** - Nil – **Wed:** Nationwide house pries (Apr); **Thu:** Mfg PMI (Apr); **Fri:** - Nil –		**S: 1.3200; R: 1.3500**
USDJPY	**Mon:** - Nil – **Tue:** - Nil – **Wed:** IP, retail sales (Mar); **Thu:** PMI Mfg, consumer confidence (Apr); **BoJ MPC;** **Fri:** Jobless rate (Mar)		**S: 140.00; R: 144.20**
AUDUSD	**Mon:** - Nil – **Tue:** - Nil – **Wed: CPI (1Q);** **Thu**: PMI Mfg (Apr); export, import prices (1Q); Trade (Mar); **Fri: Retail sales, PPI (1Q)**		**S: 0.6250; R: 0.6550**
USDCNH	**Mon:** - Nil – **Tue**: - Nil – **Wed:** NBS PMI – mfg, non-mfg, Caixin PMI Mfg (Apr) **Thu:** - Nil – **Fri:** - Nil –		**S:7.2500; R: 7.3400**
USDKRW	**Mon**: - Nil – **Tue:** Retail sales (Mar); **Wed:** Industrial production (Mar); **Thu**: Trade (Apr); **Fri: CPI**, PMI Mfg (Apr)		**S: 1,415; R: 1,450**
USDSGD	**Mon:** Unemployment rate (Mar); **Tue:** - Nil – **Wed:** Deposits and balances of residents outside Singapore (Mar); **Thu:** - Nil – **Fri:** PMI (Apr)		**S: 1.3050; R: 1.3300**
USDMYR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** PMI Mfg (Apr)		**S: 4.3500; R: 4.4250**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** PMI Mfg, **CPI (Apr)**		**S: 16,700; R: 16,920**

Source: Bloomberg, OCBC Research

Key Themes and Trades

DXY

2-Way Trades Near Term; Bias to Sell Rally. Market thematics have been rapidly evolving, from trading tariff fears in early April to trading dollar debasement and now trading tariff de-escalation. Trump/Bessent continued to speak about how "all aspects" of the US government are in contact with China on trade even as Beijing denied the existence of negotiations. Nevertheless, Bloomberg headlines reported (Fri) that China was said to exempt some US goods from tariffs as costs rise. A case of de-escalation narrative persisting for a while more may aid some USD short covering, following the >10% decline (at one point) since Jan peak. If the USD continued to extend its bounce, some AxJs may also come under pressure in the interim, despite conciliatory tone towards a trade truce/deal.

That said, **tariff developments remain fluid**, even if its de-escalating. It appears that the US is still waiting for China to make the first official move to de-escalate. In a recent interview on CNBC (29 Apr), Bessent said "As I've repeatedly said, I believe it's up to China to de-escalate because they sell five times more to us than we sell to them, so these 125% tariffs are unsustainable". He also added that "the Chinese exempting some goods from tariffs indicates they are interested in reducing tensions". Bessent further said that he has "an escalation ladder in my back pocket and we're very anxious not to have to use it… Escalation could include an embargo". Last week at a Chinese press conference, MFA spokesperson Guo Jiakun, said that China's stance on the tariff war initiated by the US is clear: *we do not wish to fight, nor are we afraid to fight. If it comes to a fight, we will see it through; if it comes to talks, our door is open.* He emphasised that *if the US truly wants to resolve issues through dialogue and negotiation, it should stop threatening and coercing, and engage in dialogue with China on the basis of equality, respect, and mutual benefit.* Bessent's latest comments on CNBC may still carry some elements of threat. **A stand-off in de-escalating tariff tensions can also result in higher volatility** if either party decides not to play ball**.** This implies that safe-haven proxies, including JPY, CHF and gold may strengthen at the expense of further USD sell-off. Elsewhere, we caution that month-end USD rebalancing flows this week may also distort FX price action.

DXY was last at 99 levels. Bearish momentum on daily chart faded but recent rise in RSI has slowed and started to exhibit signs of falling. Renewed USD softness cannot be ruled out. More importantly, the recent lows at 98 levels is key. Decisive break below may open another round of decline for DXY. Next support at 97.50, 96.90 levels before 95.50. Resistance at 99.80, 100.80/101 levels (23.6% fibo retracement of 2025 peak to trough, 21 DMA). Focus this week on JOLTS jobs openings (Tue); ADP employment, core PCE, 1Q GDP (Wed); US ISM mfg (Thu) and US NFP (Fri).

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. The recent mild rebound in the dollar reflects signs of a de-escalation in tariff rhetoric and a more conciliatory tone on trade. Trump's shift in stance on Powell has also helped to stabilise sentiment. Unwinding of stretched USD shorts may see USD rebound, on a selective basis (against safe havens proxies such as CHF and JPY) if markets are not confronted with fresh bouts of surprises.

We continue to expect USD to trade weaker against major FX, including EUR, CHF and JPY over the forecast horizon as USD credibility issue takes centre-stage in the immediate term while Fed cut cycle potentially comes into focus in 2H 2025. Markets are increasingly focused on how Trump's policies (especially tariffs) are hurting the US economy, US assets and USD. Furthermore, relative growth matters. If growth in the US slumps while growth for the rest of the world holds up, USD may end up weaker over time. USD may also trade softer against AxJs and antipodeans (if broad USD weakness permeates), but the decline may be more modest than against major FX, as we take into consideration the potential implication of tariffs on global growth.

More fundamentally, markets are also questioning USD's status as a reserve currency and a safe haven. The rise in US protectionist measures have significantly heightened economic policy uncertainty, which in turn challenges the USD's status as the world's primary reserve currency. US national debt is more than

$36trn and the recent report from US Congressional Budget Office highlighted that US debt will rise from 100% to 156% of GDP in 30 years. Interest as a share of GDP will also increase to 5.4%, from a record 3.2% this year. Although the USD is not likely to be displaced in the short term, the global financial landscape (relating to the rise of EMs/ geopolitical realignment, increased usage of alternative payment systems, etc.) is gradually evolving. Reallocation flows (out of US assets, USD) or proactive hedging (to reduce USD FX exposure) can weigh on the USD. A transition to a more diversified reserve currency regime (over time) can erode USD's strength in the medium term. Our medium-term view still expects USD to trend lower. USD's overvaluation, alongside rising debt, twin deficit of fiscal and current accounts as well as de-dollarisation trends are some drivers that should weigh on USD.

EURUSD

Watch Price Action. EUR drifted lower after rising to >3Y high of 1.1570 levels last week. De-escalation of tariffs are helping to moderate the pace of rally. To add, ECB rhetoric also turned more dovish. ECB's Villeroy said that inflation risks seem to have abated, and that ECB can respond quickly to new data. Rehn said that he sees downside risks to the region's inflation outlook and that the value of EUR is important in assessing policy. He earlier added that ECB should keep lowering interest rate at its next meeting in June if forecasts show eurozone inflation falling below the ECB's 2% target. He also said that ECB should not rule out larger interest rate cuts. Knot also said that "In the short term, it's 100% clear that the demand shock will dominate, so inflation will go down". ECB Chief Economist Lane said that there is no reason to say that a 25bp move is always the default although he would not pre-commit to any rate path. He also warned that EUR's strength is weighing on the region's economic recovery via disinflation. On the other hand, Kazaks said ECB should only lower rates into accommodative territory if growth outlook deteriorates much further. He added that while US tariff policies may slow down inflation and even cause a recession, visibility about the next developments is low and cutting too much would squander policy space.

Separately, ECB is considering changing its monetary policy strategy to enable more nimble responses to price shocks as the global environment becomes increasingly volatile. This will be discussed at an informal retreat on 6-7 May in Portugal.

EUR was last seen at 1.1410 levels. Daily momentum is flat while recent decline in RSI showed tentative signs of slowing. 2-way trades likely as we watch for signs of breakout/rejection. Resistance at 1.1490, 1.1570 levels (recent high). Decisive break out of recent high should see another leg higher in EUR towards 1.17 levels. However, failure to break out may point to an interim bearish reversal (as head and shoulders pattern may play out). Support at 1.1280, 1.1200/35 (21 DMA, 23.6% fibo retracement of 2025 low to high) before 1.11, 1.1030 levels (38.2% fibo).

We remain constructive on EUR's outlook due to recent developments: 1/ German/European spending plans lending a boost to growth; 2/ signs of a Ukraine peace deal (that can lead to supply chain normalisation, lower energy costs, reduce existing burden on corporates and households, improve sentiments and growth outlook); 3/ prospects of ECB cut cycle nearing its end while there is room for Fed to cut; 4/ China's economic growth showing tentative signs of stabilisation; 5/ EU leaders making efforts to identify concessions it is willing to make to secure partial removal of US tariffs; 6/ **signs of portfolio flows and reserve diversification that may favour alternative reserve currencies such as the EUR.** Also, the main factors that previously constrained reserve managers' allocation to EUR was the European sovereign debt crisis in 2011, the era of negative rates in EU, and limited availability of EUR-denominated bond papers. Today, these issues are no longer a hurdle. The EUR today is in a better position to benefit from a potential reduction in USD dominance in trade flows, international payments, reserve diversification and FX turnover. In reference to the recent ECB meeting, the messaging was dovish as officials expressed rising concerns around growth due to global trade tensions. It also noted a "marked" decline in services inflation and stated that the impact of trade tensions on inflation was "less than clear". Risk for further rate cuts remain on the table. In normal circumstances, EUR would have been sold on the dovish cut outcome. Instead, EUR held up firmly. This can largely be due to the erosion of USD confidence as money seek alternative reserve currencies such as the EUR.

GBPUSD

Will Double-Top Break? GBP bulls continue to hold on to gains this week as USD retreated**.** Pair was last at 1.3430 levels. Daily momentum is bullish though there were some signs of it fading slightly but RSI rose into overbought conditions. Resistance here at 1.3430 (double top). Break out puts next resistance at 1.3520, 1.3650 levels. Support at 1.3280, 1.3120 (21 DMA, 76.4% fibo retracement of Sep high to Jan low).

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

USDJPY

Sell Rallies. USDJPY rebounded into late last week as Bessent-Kato meeting saw no mention of FX levels. Kato said that both parties confirmed in their meeting that foreign exchange rates "should be determined by the market and that excessive volatility can have a negative impact on economic and financial stability." The rebound in USDJPY was in line with our earlier caution that if the meeting yields no conclusive outcome with regards to FX, then short USDJPY trades may unwind.

That said, Kato had previously said that a weak JPY won't be tolerated when the nation needs to hold trade talks with the US. Also, tariff de-escalation uncertainties linger. The US is waiting for China to make the first official move but if no one moves, then either side may turn up tariff threats again. This can again lead to safe haven demand for JPY. Elsewhere, Fed-BoJ policy divergence remains in play (even as BoJ delays hike and Fed is likely to lower rates in due course). Bias remains to lean against strength in USDJPY (if any).

Pair was last at 142.10 levels. Daily momentum is flat while RSI shows signs of falling. Bias remains to sell rallies. Resistance at 144.10, 144.40/70 levels (21 DMA, 23.6% fibo retracement of 2025 high to low), 145.40. Support at 141.60, 140.50 levels.

We still look for USDJPY to trend lower, premised on safe haven flows, 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 complicate BoJ policy outlook in the near term. Fed-BoJ policy divergence should bring about further narrowing of UST-JGB yield differentials, in turn underpinning the broader direction of travel for USDJPY to the downside.

USDCAD

Supported. Last week, Trump appeared far less decisive on tariffs and made a complete reversal regarding the potential dismissal of Fed Chair Powell. This shifts some relief for the US dollar. However, despite this modest recovery, market remain cautious as Trump's action have likely already eroded the confidence and credibility associated with the US dollar.

With the US entering a negotiation phase with multiple countries, USD/CAD is likely to see a consolidation period. In the near term, we anticipate sideways trading within the range of 1.3800-1.4100. Nevertheless, if the sell-off in USD resumes, there will be a downside bias. Support at 1.3820/00 before 1.3740. Resistance at 1.3944 before the next at 1.4016 (200 DMA).

At home, the Bank of Canada held firm in its policy stance during the April meeting, maintaining the interest rate at 2.75%. Instead of providing the usual economic projections, the central bank outlined two scenarios that depicted a mild, yet long lasting trade shock caused by tariffs. Governor Macklem revealed during the press conference that the bank did discuss cutting 25bps and emphasised that the governing council would proceed with caution, paying particular attention to the risks associated with tariffs.

In the upcoming week, the Canadian election results are expected to be released on Monday. As of April 28, Mark Carney's Liberal Party, despite seeing its lead narrow, is still likely to win the most seats and secure a majority government. Additionally, the February GDP data is scheduled for release on Wednesday.

AUDUSD

Facing Tests of Resistance. AUD managed to hold on to recent gains, trading near key resistance. Broad USD weakness helps despite rating agency's warning that Australia's AAA rating is at risk if election pledges result in larger structural deficits, debt and interest costs. According to various news snippets, major parties have made large spending commitments (ahead of 3 May national elections), ranging from setting aside billions of dollars to build homes for first time buyers to higher health spendings and tax cuts.

Pair was last at 0.6430 levels. Daily momentum is bullish while RSI rose. Risks skewed to the upside. Resistance here at 0.6430 levels (50% fibo retracement of 2024 high to 2025 low), 0.6460 (200 DMA). Break-out puts next resistance at 0.6550 (61.8% fibo). Support at 0.6280/90 levels (21, 50, 100 DMAs), 0.6160 (23.6% fibo).

AUD, a high beta FX, is typically exposed to swings in RMB, equity sentiments and global growth prospects. But a much softer USD has helped to overwhelm other factors, giving AUD the space to rebound and trade near the highs for 2025. It is possible that AUD continues to trend higher should USD softness persist. But we still highlight some challenges ahead. Global growth worries remain amid trade friction while uncertain outlook may also prompt the RBA to cut more than earlier expected (market pricing over 100bps cut this year vs. 76bp cut at the start of Apr). On the other hand, the risk of a wider fiscal deficit or debt may put Australia's AAA rating at risk. These factors may still restrain the extent of AUD's rally at some point.

USDSGD

Price Action Dictates. The recent rebound in USDSGD seems short-lived as USD weakness resumed amid concerns that tariff de-escalation may fail to find momentum. Bessent's recent interview on CNBC mentioned "an escalation ladder in my back pocket and we're very anxious not to have to use it… Escalation could include an embargo". Such threats could lead to renewed stand-off and demand for safe haven (including SGD, JPY, CHF and gold).

Pair was last at 1.3080 levels. Bearish momentum on daily chart is fading but recent rise in RSI moderated and is showing signs of falling again. 2-way risks from here. Support at 1.3010 levels (76.4% fibo retracement of 2024 low to 2025 high), 1.2960 levels. Break below these key support levels may point to another leg lower for USDSGD towards 1.2790 (2024 low). Resistance at 1.3160 (61.8% fibo), 1.32 levels.

USDSGD continued to trade near recent lows as markets re-assess the tariff developments and a softer USD. Our USDSGD forecast is projected to skew modestly to the upside for 2025, taking into consideration the implication of Trump tariffs on growth, trade and sentiments as well as a lower rate of SGD appreciation. That said, the prospects of firmer recovery in EUR and RMB or if weak USD trend persists for longer, then these may turn out to be factors supporting SGD. On this note, we will monitor 1/ RMB moves– in particular China's economic recovery and RMB fixing trend; 2/ whether EUR strength is sustainable – considering German/ European defence spending plans, EU economic recovery and the prospects of Ukraine peace deal; 3/ USD trend and Fed cut cycle – whether the USD sell-off persists further. US protectionist measures, fading US exceptionalism and ballooning US debt are some catalysts driving the "sell USD" trade as USD's status as reserve currency and safe haven come under scrutiny; 4/ if Trump rolls back tariff threats and global growth prospects improve. Positive developments on these fronts (i.e. stronger recovery in EUR, RMB and weaker USD) can pose risks to our forecasts.

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.* 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. But at this point, it may be too early to jump the gun as the impact of tariff hit on growth remains highly uncertain.

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

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: Corrective Pullback Underway

SGDMYR turned lower last week amid SGD underperformance while MYR strengthened. Cross was last at 3.3250 levels.

Daily momentum turned bearish while RSI fell sharply. Risks skewed to the downside for now.

Support at 3.3150 levels (200 DMA, 38.2% fibo), 3.3070 (100 DMA) and 3.2920 levels.

Resistance at 3.35 (50% fibo), 3.3850 (61.8% fibo retracement of Jul high to Sep).

SGDJPY Daily Chart: Will 21 DMA Stall the Rebound Momentum

SGDJPY inched modestly higher as JPY longs unwound. Cross was last seen at 109.30 levels.

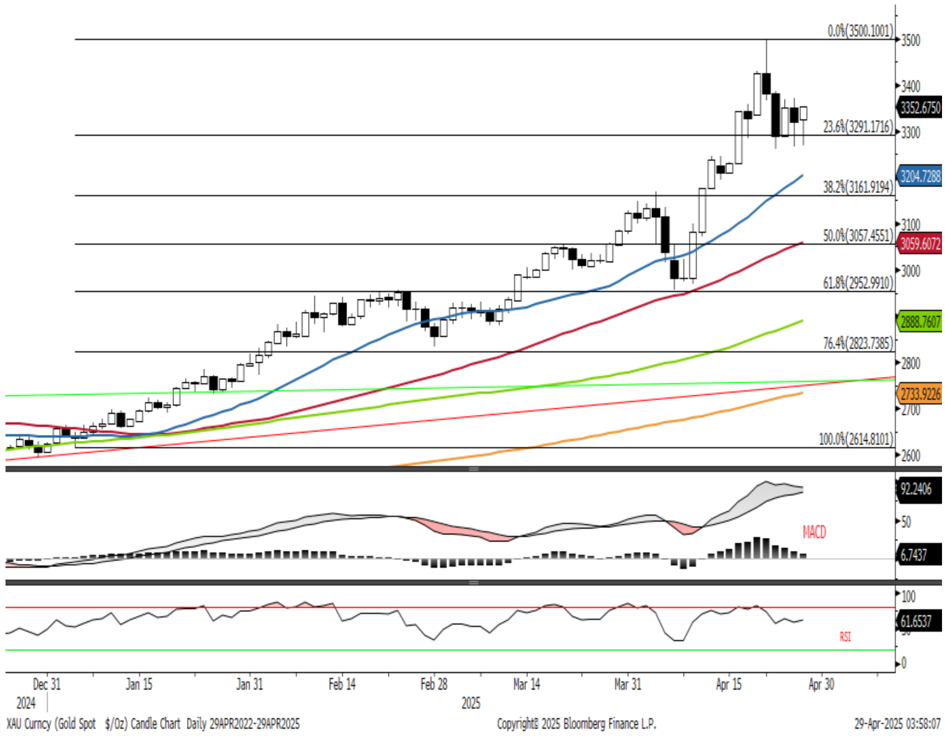
Daily momentum turned slightly bullish while RSI rose.

Immediate resistance at 109.30 (21 DMA, 76.4% fibo retracement of 2024 low to Nov-Dec double-top). Decisive break above should see the pair trade higher towards 110.60/70 levels (50 DMA, 61.8% fibo), 111.80 levels (50 DMA).

But failure to break above 21 DMA should see the cross revert to trade a lower range to 107 – 110. Support at 107.60, 107 levels (2024 low). A stretch towards 106.10 (2023 lows) should not be ruled out.

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

Gold Daily Chart: Consolidation



Gold drifted lower last week after hitting an all-time high of 3500. Last seen at 3352 levels.

Bullish momentum on daily chart intact though it also shows signs of fading. Elsewhere decline in RSI eased. Consolidation likely.

Resistance at 3370, 3500 (recent all time high).

Support at 3291 (23.6% fibo retracement of 2025 low to high), 3204 (21 DMA) and 3161 (38.2% fibo).

Silver Daily Chart: Consolidation

Silver's rebound showed signs of stalling. Last seen at 33.10 levels.

Daily momentum is mild bullish but RSI turned lower. Consolidation likely for now.

Resistance at 33.70, 34.90 levels.

Support at 32.40/60 levels (21, 50 DMAs), 31.65/85 levels (100 DMA, 23.6% fibo retracement of 2024 low to high) and 31 levels (200 DMA).

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	0.6350	0.6400	0.6450	0.6450	0.6500
NZD-USD	0.5900	0.5930	0.5980	0.6000	0.6050
USD-CAD	1.3900	1.3950	1.4000	1.3950	1.3900
USD-CHF	0.8200	0.8150	0.8100	0.8050	0.8100
USD-SEK	9.95	9.88	9.79	9.57	9.50
DXY	99.87	99.12	98.36	97.96	97.54
USD-SGD	1.3200	1.3250	1.3300	1.3300	1.3200
USD-CNY	7.3000	7.3200	7.3500	7.3500	7.3200
USD-CNH	7.3000	7.3200	7.3500	7.3500	7.3200
USD-THB	33.20	33.20	33.30	33.30	33.10
USD-IDR	16820	16880	16930	16930	16880
USD-MYR	4.3800	4.4000	4.4200	4.4400	4.4000
USD-KRW	1425	1430	1435	1430	1425
USD-TWD	32.40	32.50	32.60	32.60	32.50
USD-HKD	7.7500	7.7600	7.7700	7.7600	7.7600
USD-PHP	56.30	56.50	56.50	56.20	55.80
USD-INR	85.20	85.40	85.50	85.50	85.40
USD-VND	26000	26050	26100	26200	26050
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	0.9266	0.9291	0.9315	0.9298	0.9396
EUR-AUD	1.7795	1.7813	1.7829	1.7907	1.7846
EUR-SGD	1.4916	1.5105	1.5295	1.5362	1.5312
GBP-SGD	1.7556	1.7821	1.7955	1.7955	1.7886
AUD-SGD	0.8382	0.8480	0.8579	0.8579	0.8580
AUD-NZD	1.0763	1.0793	1.0786	1.0750	1.0744
NZD-SGD	0.7788	0.7857	0.7953	0.7980	0.7986
CHF-SGD	1.6098	1.6258	1.6420	1.6522	1.6296
JPY-SGD	0.9296	0.9397	0.9568	0.9568	0.9565
SGD-MYR	3.3182	3.3208	3.3233	3.3383	3.3333
SGD-CNY	5.5303	5.5245	5.5263	5.5263	5.5455
SGD-IDR	12742	12740	12729	12729	12788
SGD-THB	25.15	25.06	25.04	25.04	25.08
SGD-PHP	42.65	42.64	42.48	42.26	42.27
SGD-VND	19697	19660	19624	19699	19735
SGD-CNH	5.5303	5.5245	5.5263	5.5263	5.5455
SGD-TWD	24.55	24.53	24.51	24.51	24.62
SGD-KRW	1079.55	1079.25	1078.95	1075.19	1079.55
SGD-HKD	5.8712	5.8566	5.8421	5.8346	5.8788
SGD-JPY	107.58	106.42	104.51	104.51	104.55
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: 29 April 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