FX Weekly

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RMB Fix and JPY, the Focus This Week

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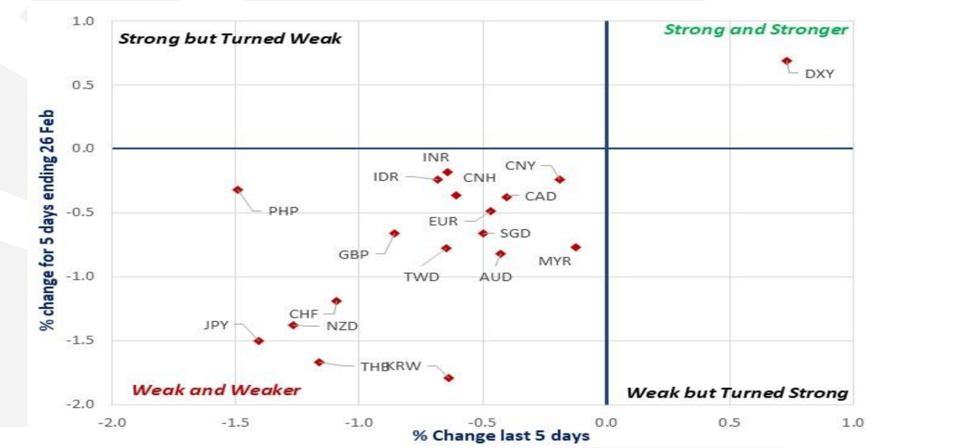
Core PCE Matters for USD. Monetary policy action caught markets by surprise last week. BoJ exited NIRP/ YCC, Taiwan's CBC unexpectedly hiked rates. SNB became the first DM central bank to cut rates, BoE's vote count at its MPC saw for the first time since Sep-2021 that no member supported rate hike while ECBspeaks have somewhat turned more dovish with a number of officials voicing support for earlier easing. Elsewhere, a handful of Latam central banks, including Brazil, Mexico, Paraguay continued to cut rates. The asynchronous policy moves highlighted the different inflationary challenges countries continued to face. But cutting through the noise, the possibility of a synchronous easing amongst the G3 central banks including Fed, ECB and the BoE may suggest that the USD may continue to stay supported in the meantime, assuming US exceptionalism continues to hold up. That said, the focus for USD is on core PCE (Fri). A softer than expected print can help to soften this narrative. Other DM FX, such as AUD, NZD may benefit to some extent, given that RBA, RBNZ may be late joiners to the dovish pivot party while global rates environment become a little less restrictive.

Asian FX to Watch CNY Fix. Weaker than expected CNY fix triggered a wave of AXJ FX weakness into Fri NY close last week. However, a stronger CNY fix on Monday morning shows that Chinese policymakers are sticking with the same playbook to manage RMB expectations via daily fix. USDCNY fix-survey expectations gap was much wider at -1,226pips today (vs. -1,015pips last week's average). This had helped most AXJs, including AUD, SGD, TWD, etc to rebound. But one fix doesn't make a trend. We would continue to monitor the fixing trend for indication of AXJ direction in the near term. Persisting softness in RMB, JPY will have negative spillover effect on most AXJs including KRW, THB.

Tokyo CPI, Intervention Threat to Drive JPY. Another hotter than expected CPI print may force a re-think of BoJ's gradual pace of policy normalisation. Meantime, intervention threat is rising as officials warned about unusual FX moves. 152 may be the line in the sand for the time being.

JPY, PHP led losses last week; USD strengthened



Bloomberg FX Forecast Ranking (4Q 2023)

By Region:
No. 7 for 13 Major FX

By Currency:
No. 1 for PHP
No. 2 for TWD

(3Q 2023)

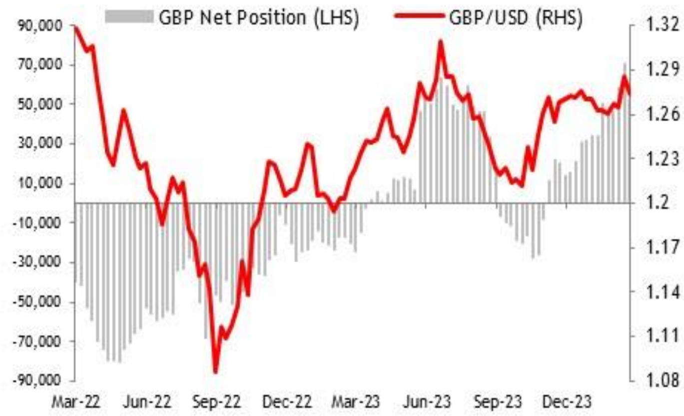
By Region:
No. 7 for G10 Major FX

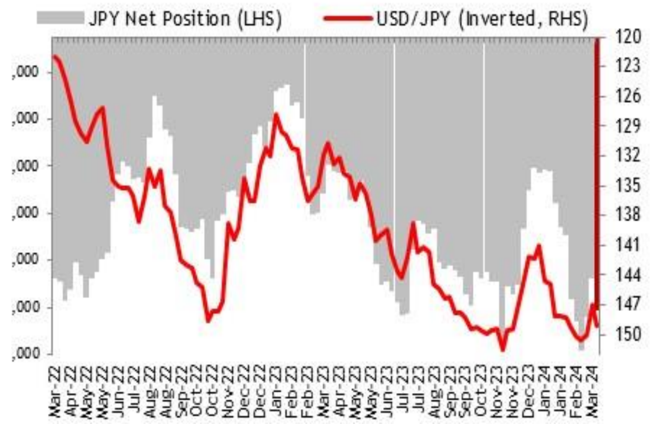
FX·Markets Asia Awards 2024 Winner
Best bank for research
OCBC Bank

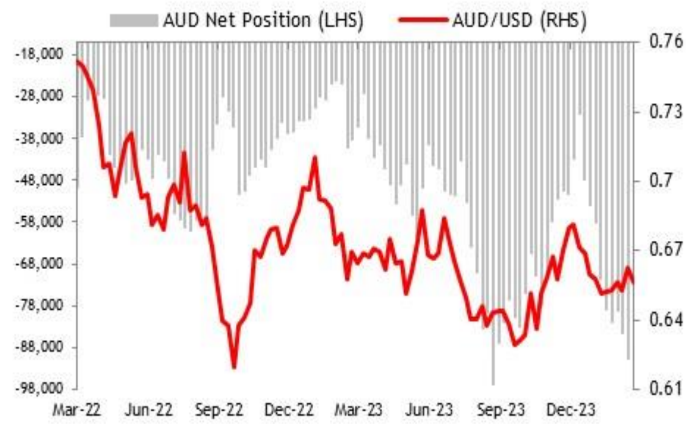
Non-Commercial CME CFTC Net Positioning (in number of contracts) vs. Respective FX/USD

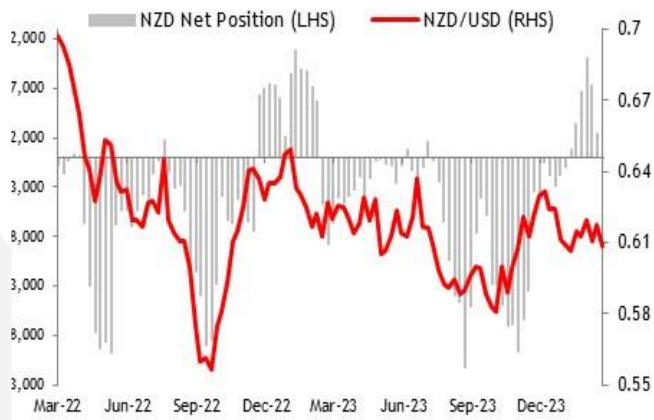
- *Positioning data as of 19 Mar; Latest CFTC report issued on 22 Mar 2024; data points of the past 2Y on weekly frequency*

Long EUR and GBP position fell last week alongside their respective decline.
JPY shorts continued to rise, alongside the decline in JPY vs. USD. This is in spite of BoJ exit from NIRP/YCC as markets perceive BoJ to undertake a very gradual approach to policy normalisation.
AUD shorts rose to record highs alongside the decline in AUD.

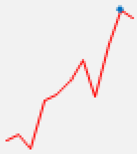
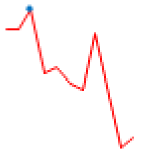
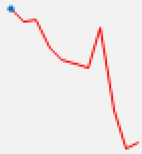
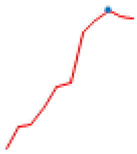
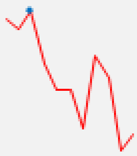
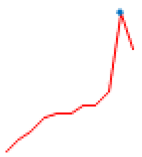
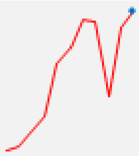
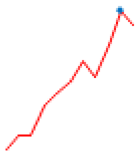
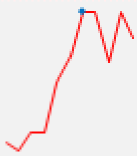
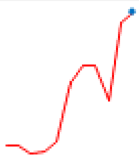








Notes: The FX positioning data for this report is part of the Commitments of Traders (COT report published by the US Commodity Futures Trading Commission (CFTC) on every Friday (330pm ET) for data up to the Tue in the same week. Hence our FX Weekly publication will show a 1-week lag. In our report, we focus on non-commercial traders' position which is typically seen as a proxy for leveraged, speculative positioning. They can provide directional cues, used as a rough gauge to measure how stretched a position may be and provide some guide for point of inflection.
Source: US CFTC, OCBC Research

FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Mon**: CFNAI (Feb); Dallas Fed mfg (Mar) **Tue:** Durable goods orders (Feb); Consumer confidence, Richmond Fed mfg (Mar); FHFA house price (Jan); **Wed:** - Nil – **Thu:** Chicago PMI (Mar); GDP (3T); **Fri**: Powell speaks; PCE core, personal income/spending (Feb)		**S: 102.805; R: 105.10**
EURUSD	**Mon:** - Nil – **Tue:** - Nil – **Wed:** Consumer confidence (Mar); **Thu:** - Nil – **Fri:** - Nil –		**S: 1.0710; R: 1.0880**
GBPUSD	**Mon:** CBI reported sales (Mar); **Tue:** - Nil – **Wed:** Business barometer; **Thu:** GDP, current account (4Q) **Fri:** - Nil –		**S: 1.2460; R: 1.2880**
USDJPY	**Mon:** - Nil – **Tue:** PPI services (Feb); **Wed:** - Nil – **Thu:** - Nil – **Fri: Tokyo CPI (Mar);** jobless rate, retail sales, IP, housing starts (Feb)		**S: 148.10; R: 152.00**
AUDUSD	**Mon:** - Nil – **Tue:** Consumer confidence (Mar); **Wed:** CPI, Leading index (Feb); **Thu**: Inflation expectations, private sector credit, retail sales (Feb) **Fri:** - Nil –		**S: 0.6460; R: 0.6730**
USDCNH	**Mon**: - Nil – **Tue:** - Nil – **Wed:** Industrial profits (Feb); **Thu:** - Nil – **Fri:** Current account (4Q); **Sun:** NBS PMIs – mfg & non-mfg (Mar)		**S: 7.1850; R: 7.2800**
USDKRW	**Mon**: - Nil – **Tue:** Consumer confidence (Mar); **Wed:** Business survey – Mfg, Non-Mfg (Apr); **Thu:** - Nil – **Fri:** Industrial production, cyclical leading index (Feb)		**S: 1320; R: 1350**
USDSGD	**Mon: CPI (Feb);** **Tue:** Industrial production (Feb); **Wed:** - Nil – **Thu:** Deposits & balances of residents outside Singapore (Feb); **Fri:** - Nil –		**S: 1.3310; R: 1.3530**
USDMYR	**Mon: CPI (Feb)** **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 4 7000; R: 4.7800**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 15560; R: 15,850**

Source: Bloomberg, OCBC Research

Key Themes and Trades

Watch Core PCE on Fri. USD dip in reaction to FOMC was shallow as losses was reversed entirely into last week's close. US data remains upbeat: prelim PMIs for manufacturing held up while jobless claims, continuing claims fell and existing home sales rose sharply. These contributed to the US exceptionalism narrative. At this point, USD still present a relative yield advantage and Fed has communicated that they are in no hurry to cut rates. Stronger data adds to the narrative. On this note, any USD dips we've seen so far has found support. This would probably change only when US data starts to show more signs of softening and this puts focus on core PCE this Fri.

The possibility of a synchronous easing amongst the G3 central banks including Fed, ECB and the BoE may also suggest that the USD may continue to stay supported in the meantime, assuming US exceptionalism continues to hold up while EUR and GBP trade on the back foot. Other DM FX, such as AUD and NZD may benefit to some extent, given that RBA, RBNZ may be late joiners to the dovish pivot party while global rates environment become a little less restrictive (due to potential rate cuts at Fed, ECB and BoE).

Taking stock, FOMC outcome (21 Mar) was largely within our expectations and the caution market had in terms of dot plot reflecting 2 cuts instead of 3 did not materialise. Dot plot still reflected 3 cuts for 2024 though the rate cut projection for 2025 was reduced to 3 cuts (from 4 cuts previously). Nevertheless, Fed Chair Powell's comments at the press conference did not contain any hawkish surprises. He made reference to the higher-than-expected inflation prints but that did not change the broader story that price gains were slowing on a "sometimes bumpy road". He also added that officials are not going to over-react to the 2 months of inflation data nor are they going to ignore them.

DXY was seen at 104.30 levels. Daily momentum is bullish but the rise in RSI shows signs of moderation. Compression of moving averages observed, and this typically precedes a break-out or pivot – continue to watch price action. Resistance at 104.50 (recent high) before 105 levels (Feb high). Support at 104 (23.6% fibo), 103.30 (38.2% fibo) and 102.80 (50% fibo retracement of Dec low to Feb high).

Overall, we remain biased for a moderate and soft USD profile as the Fed is done tightening and should embark on rate cut cycle in due course. Near term, the uncertainty on the timing of first Fed cut and magnitude of rate cut cycle will continue to drive 2-way risks in FX markets. US data will play a key role. More entrenched disinflation trend and further easing of labour market tightness, activity data in US should continue to see USD trade on a backfoot but this may require patience. To add, USD is not a one-way trade. It remains an attractive carry play and is a safe-haven proxy. A scenario of global, China growth momentum sputtering, global risk-off or escalation in geopolitical tensions would still see USD finding intermittent support on dips.

Consolidation. The recent round of ECBspeaks have been dovish with a number of officials somewhat voicing support for an earlier easing, given the retreat in Euro-area inflation. Even the usually hawkish Bundesbank Governor Nagel admitted that the probability of a first cut before the summer break in August is increasing though he did add that rates cuts won't be automatic once they begin. Scicluna said that an interest rate cut as soon as April could be warranted and shouldn't be ruled out. Lagarde told euro-areas leaders at a summit that the easing in euro-area inflation is expected to persist, thanks to the effectiveness of monetary policy. Centeno said that we are at the end of this inflationary process.

EUR was last at 1.0820 levels. Bearish momentum on daily chart intact while decline in RSI moderated. Consolidation likely. Support at 1.0795 (50% fibo retracement of Oct low to Jan high), 1.0715 (61.8% fibo). Resistance at 1.0840 (50, 200 DMAs), 1.0870/80 levels (21, 100 DMAs, 38.2% fibo) and 1.0980 (23.6% fibo).

Broadly for 2024, we maintain a neutral outlook for the EUR. The risk of earlier ECB cut returns to focus again though the quantum of rate cuts expectation has been reduced. Economic slowdown in the Euro-area needs to show firmer signs of stabilisation for EUR losses to moderate. Failing which, synchronous policy pivot or rate cut amongst the G3 majors may see EUR trade on the back foot vs. USD. To some extent, Lagarde and her colleagues may have bought some time on policy decision as officials want to monitor other measures, including negotiated wage data. The next data release for 1Q, will not be out until sometime in May. And this may well infer that the earliest move for ECB is not at the Mar or Apr meeting but possibly be at the Jun meeting. Markets are also pricing in ~70% chance of a 25bp cut at the Jun meeting. For the year, markets now expect about 75bps cut (vs. -160bps cut a month ago).

Key downside risks to EUR's outlook are a materialisation of earlier ECB rate cut cycle and/or growth momentum in Euro-area continues to decelerate sharply. Meanwhile, elections in Euro-area are plenty with Portugal holding parliamentary election in Mar, Belgium and European parliamentary election in Jun, Austria in Sep, and Lithuania in Oct. Dutch election outcome (Far-Right Geert Wilders, known for anti-Islamic Euroskeptic views won most seats) is a reminder that far-right popularity may further gather traction in Europe and this may bring back fears of Euro break-up, referendum risks again. Election risk is worth keeping a close watch as the past decade has shown that rise in far-right sentiments can undermine EUR. But there are also upside risks to our neutral outlook. While PMIs are sluggish in Euro-area, a potential turnaround cannot be ruled out. In addition, should China stabilisation story gather momentum in later part of the year, that can also boost Euro-area exports, growth outlook. A better growth story in Euro-area can push back against aggressive rate cut expectations and this can be supportive of EUR rebound.

Corrective Pullback Underway. GBP fell as BoE vote count showed that no member in the MPC supported rate increase for the first time since Sep-2021. Markets have ramped up bets for potential rate cut in Jun. Our house view still look for first cut potentially in 3Q but if bets continue to shift in favor of Jun cut, then risks for GBP would remain skewed to the downside.

GBP was last at 1.26 levels. Daily momentum is mild bearish while RSI fell towards near oversold conditions. Risks skewed to the downside. Next support at 1.2590 (50% fibo retracement of Jul high to Oct low), 1.2530 levels. Decisive break below these levels put next support at 1.2460 (38.2% fibo). Resistance at 1.2680 (50 DMA), 1.2720 (61.8% fibo).

Near term, GBP may stay under pressure as markets re-price expectations for earlier BoE pivot, due to inflation moderating faster than expected while the Fed is in no hurry to cut rate. That said, a combination of mild positives, including 1) UK demand growth proving resilient owing to strong labour market, falling energy prices; 2) labour market remains tight alongside higher wages may keep GBP supported on dips. We still hold to a mild upward trajectory for GBP as BoE may still keep rates restrictive for a little longer as inflationary pressures remain. Potential BoE-Fed policy divergence may be somewhat supportive of GBP. Risk to our outlook: an earlier than expected BoE pivot; growth slowdown in UK, actual public finances turn out to be worse than expected and/or energy prices surge.

A Function of US Rates, JP Inflation, Intervention Threat. USDJPY extended its rise, even after BoJ exited NIRP, YCC last week. Markets are of the view that BoJ policy normalisation will be gradual, and that JPY remains an attractive funding currency of choice on that assumption while on the other hand, the Fed is in no hurry to cut rates.

Taking stock, BoJ raised short term interest rate to around 0 to 0.1%, from -0.1%. BoJ Governor Ueda said there was a risk of BoJ having to undertake a series of rapid rate hikes if authorities had waited too long to completely confirm the stable inflation target will be achieved. The move to exit NIRP and YCC was within our expectations and we had previously cited various factors justifying BoJ's earlier than expected move in Mar: 1) Inflationary pressures are broadening; 2) growth outlook is improving and 3) upward pressure on wage growth remains intact. We also highlighted that a BoJ move does not need to wait till shunto negotiation is over as Governor Ueda had already hinted that many businesses have already made decision earlier this time.

Looking on, there are multiple reports to suggest that this shunto wage negotiations should see wage growth higher than previous years. Local press has reported that JAL, Ajinomoto will offer 6% average pay increase while Nippon Steel will offer an average of 14.2% increase. Major car manufacturers including Toyota, Honda and Mazda has also matched demands from labour unions. Labour unions in Japan are targeting above 6% wage increase this year, much higher than the average of 4% in 2023. With wage growth a done deal, the next set of triggers for faster BoJ moves will be how sustained inflationary pressures may be in Japan. Feb headline JP CPI had re-accelerated, coming in at 2.8%. Tokyo CPI (Mar reading) on Fri will be key. Another 2-3 more hotter than expected inflation prints in coming months should force a re-think on BoJ's gradual policy. By then, if Fed starts rate cut cycle, USDJPY should then start to ease more materially.

Pair was last at 151.40 levels. Daily momentum is mild bullish while RSI shows tentative signs of turning from near-overbought conditions. Resistance at 152 (triple top). Decisive break out could trigger more buy flows. Support at 149.60 (21 DMA), 149 (50 DMA). This morning, top currency official Kanda told reporters that officials have seen large fluctuation of 4% in 2 weeks and this unusual move is not reflecting fundamentals. He also replied that “we are always prepared” when asked about possible direct intervention in the FX markets. Last week, Finance Minister Suzuki said that the government will continue to monitor developments in currency market with high sense of urgency. Taken together, we see heightened level of intervention risks ahead of 152 levels (which may be an interim line in the sand for policymakers at this point).

Looking out, we still expect USDJPY to trade lower on the back of a moderate-to-soft USD profile (as Fed is likely to embark on rate cut in 2Q) and on expectation for that BoJ has room to further pursue policy normalisation amid higher services inflation and wage pressures in Japan. But near term, USDJPY may remain elevated as Fed is in no hurry to cut and markets still perceive BoJ to undertake a very gradual pace of policy normalisation.

Pullback Risks. AUD fell last week amid USD resurgence and sharp fall in CNH (after RMB fix came in lower than expected last Fri). AUD's pullback has since stabilised after RMB fix on Mon demonstrated Chinese policymakers' intent to pursue stable FX. Pair was last seen at 0.6520. Daily momentum is mild bearish while decline in RSI moderated. 2-way trades likely for now. Support at 0.65 (61.8% fibo retracement of Oct low to Dec high), 0.6460 and 0.6410 (76.4% fibo). Resistance at 0.6550/70 (50% fibo, 21, 50, 200 DMAs) and 0.6640 (38.2% fibo).

We remain broadly constructive on AUD outlook on the back of: 1) RBA likely to be on hold for longer (possibly one of the last major central banks to cut rates), given still sticky inflation, stronger consumer confidence, retail sales and tight labour market; 2) a more moderate-to-soft USD profile into 2024 (as Fed gets closer to embark on rate cut cycle in 2Q 2024); 3) higher commodity prices; 4) potential case for China stabilisation story on hopes of stimulus measures. Key downside risk factors that may affect AUD outlook are 1) extent of CNH swings; 2) if Fed keeps restrictive environment for longer than expected; 3) global growth outlook – if DM's slowdown deteriorates; 4) any market risk-off event (i.e., escalation in Israel-Hamas conflict, Red Sea developments).

Risk of Pullback; Buy Dips Preferred. USDCHF rose sharply last week, in line with our view for further upside play while we also cautioned that a surprise cut could see CHF bears taking charge. Pair was last seen at 0.8975 levels. Daily momentum is mild bullish while RSI rose into overbought conditions. Retracement to the downside not ruled out but bias to buy dips. Resistance at 0.9030 (76.4% fibo). Break out puts next resistance at 0.9115 levels. Support at 0.89 (61.8% fibo), 0.8820 (21, 200 DMAs) and 0.8790 (50% fibo retracement of Oct high to Dec low).

Last week, SNB became the first DM central bank to cut rates. The move was motivated by disinflation trend which was well underway in Switzerland. Headline and core CPI are at 1.2%, 1.1%, respectively after hitting a peak in Feb last year and well under the 2% conditional inflation target ceiling. This was consistent with our view that SNB could face a policy regime shift as inflation is falling, growth is slowing in Switzerland and domestic companies are feeling the pain. The benefits of holding a strong FX policy to curb imported inflation has diminished and there is room for SNB's tight policy to ease. Markets are now pricing in more than 85% chance of another cut at its next MPC in Jun. This probability could potentially rise further if we do see further downticks in Swiss inflation print below 1%. Next data release on 4 Apr. We retain our bullish view on USDCHF and still like the pair to trade higher.

RMB Fix May Have Spillover Impact. Re-acceleration in SG CPI reflected the effects of Lunar New Year and was well within guidance of policymakers that core CPI is expected to rise in current quarter. This should dampen market chatters that a potential MAS easing is round the corner. S$NEER strength is likely to persist in the interim and likely only fade at some point later this year when core inflation in Singapore start to ease more materially. We expect MAS to maintain policy status quo at the upcoming MPC meeting in Apr. S$NEER is still expected fluctuate in the range of +1.5% to +1.9% above our-model implied mid.

USDSGD was last at 1.3465 levels. Daily momentum is mild bullish while RSI shows tentative signs of turning lower from near overbought conditions. Consolidation likely. Resistance at 1.35, 1.3530 (61.8% fibo). Support at 1.3460/70 levels (200 DMA, 50% fibo), 1.3420 (50 DMA) and 1.3390/1.34 (38.2% fibo retracement of Oct high to Dec low, 21, 100 DMAs).

USDCNY daily fix will be of interest in coming sessions after the weaker than expected CNY fix last Fri triggered fears that policymakers may allow for another round of RMB weakening. That said, USDCNY fix came in at 7.0996 on Monday (below Friday's fix of 7.1004). The stronger CNY fix pushed back fears that policymakers may allow another round of RMB depreciation and reaffirmed that Chinese policymakers are sticking with the same playbook to manage RMB expectations via daily fix. USDCNY fix-survey expectations gap was much wider at -1,226pips on Monday (vs. -1,015pips last week's average). This had helped most AXJs, including AUD, TWD, SGD to rebound. But one fix doesn't make a trend. We would continue to monitor the fixing trend for indication of AXJ direction in the near term.

Looking out into our forecast horizon, we still expect a mild downward trajectory for USDSGD, premised on our view for a moderate-to-soft USD outlook, on expectations that Fed is likely to embark on rate cut cycle in 2Q 2024 and on expectations that China economy may find some stabilisation. The surprise CNH decline last Fri (if persisted) can weigh on SGD in the interim.

Tactically, we had entered into short EURSGD (29 Jan) at 1.4535 on the back of potential ECB-MAS policy divergence play. Target to TP at 1.4130. SL at 1.4720. Cross was last seen at 1.4570 levels. We hold to our tactical trade on potential earlier ECB pivot while S$NEER strength may persist on expectations that MAS policy is likely to be on an extended pause into Apr MPC, given sticky core CPI outlook.

Bullish though Overbought in Near Term. CBC surprised with a 12.5bps hike to bring policy rate to 2%. Governor Yang's comments to parliament 2 weeks ago (before CBC meeting) highlighted concerns about the upward pressure on expected electricity price increases that would have implications on CPI. For instance, residential and general industrial electricity are categorised into 3 tiers, and each subjected to different price adjustment. For super consumers (those with over 5b KWhours consumed annually for 2 straight years), the rate hike may reach around 25% and the corps that will be affected include Micron, TSMC which have 24h operations of their semicon fabs. He also warned that Taiwan may see structural changes to inflation that would make it impossible to go back to low rates seen in the 2010s. Inflation in Taiwan has been a sticking point if we consider past CBC minutes. The Nov release of its Sep meeting had already highlighted that members were of the view that the central bank should take a stronger approach to curb inflation if it does show any hint of becoming unanchored. At this point, it is hard to say if this is a one and done. We would probably need a few more inflation readings in coming months to assess if the CBC is done with rates at 2%, which arguably is a high since 2008. But inflation at 3% level is also a post-GFC high.

From a real interest rate point of view, Taiwan is still in negative territories. Signs of moderation in inflation need to come in soon, if not, the chance of another hike is not ruled out to further tame prices. On FX, TWD's correlation with tech appears to have broken down since Feb. TWSE, SOX rallied nearly 13-

14% since Feb but TWD spot fell over 1.5% in the same period. CBC hike was probably only marginally helpful. But USD still command a significant yield advantage, and this may keep USDTWD supported on dips in the interim. Pair was last at 31.96. Daily momentum is bullish bias while RSI is in overbought conditions. Risks skewed to the upside in the near term. Resistance at 32 levels (76.4% fibo retracement of Nov high to Jan low), 32.10. Support at 31.80 (61.8% fibo), 31.60.

Trade Ideas

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

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

Selected SGD Crosses

SGDMYR Daily Chart: Sell Rallies

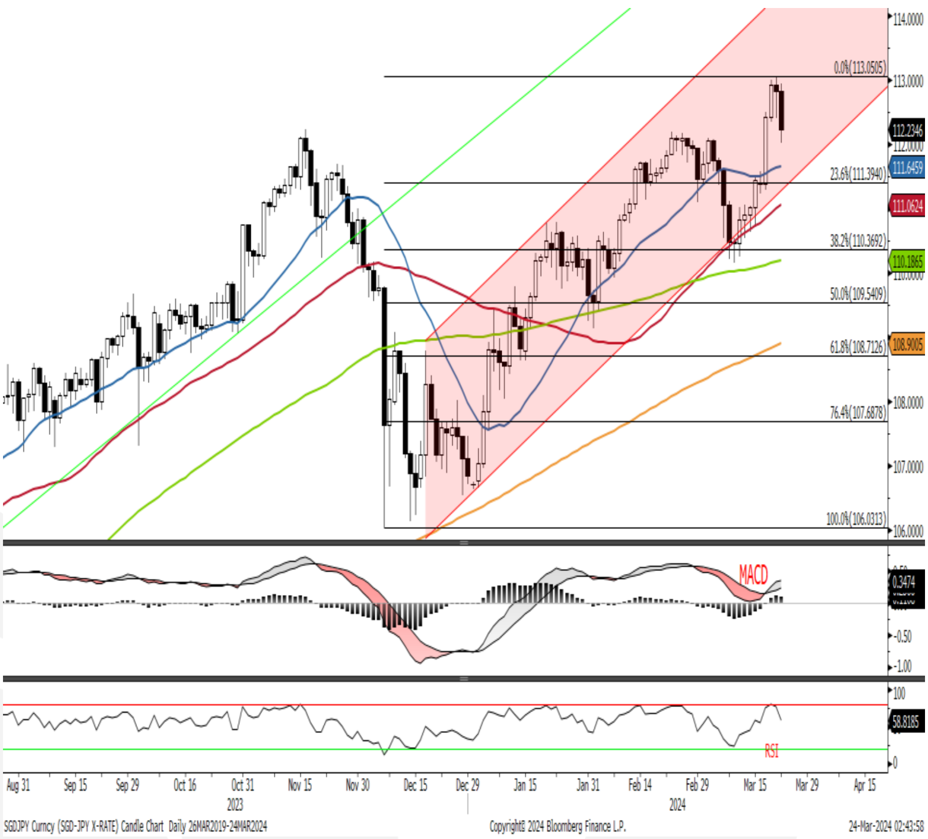
SGDMYR was a touch softer, in line with our call for retracement play. Cross was last at 3.5120 levels.

Bearish momentum on daily chart intact while RSI fell. Risks skewed to the downside. That said, Fri's trading session saw an inverted H&S, which may point to bullish reversal. Continue to monitor price action.

Immediate support here at 3.5090 (100 DMA), 3.50 (38.2% fibo retracement of Jul low to Feb high, 100 DMA) and 3.4760 (50% fibo).

Resistance at 3.52 (21 DMA), 3.5290/3.53 (23.6% fibo, 50 DMA), 3.5450 levels.

SGDJPY Daily Chart: Room for Pullback



SGDJPY eased after hitting a high of 113.05 (21 Mar). Cross was last at 112.30 levels.

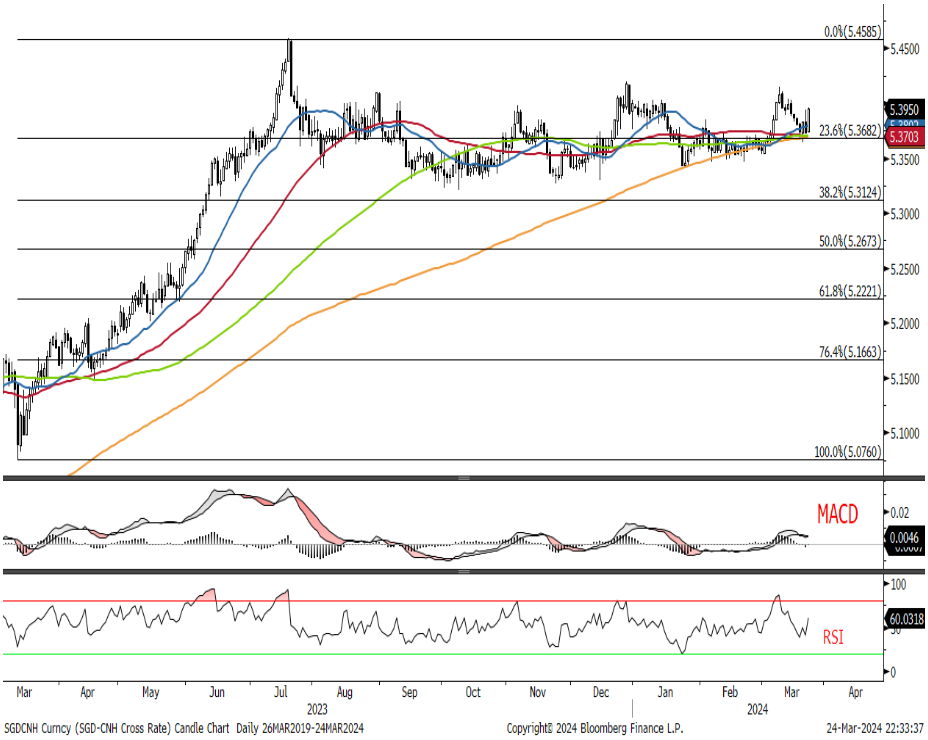
Daily momentum is mild bullish while RSI fell. Room for further pullback to play out.

Resistance at 113.05 (recent high).

Support at 111.65 levels (21 DMA), 111 levels (50 DMA) and 110.20/40 levels (100 DMA, 23.6% fibo retracement of Dec to Mar).

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

SGDCNH Daily Chart: Break-Out?



SGDCNH traded higher amid CNH underperformance. Cross was last at 5.3950 levels.

Daily momentum is not showing a clear bias while RSI rose. Compression of moving averages observed, and this typically precedes a breakout. We continue to watch price action. Near term risks skewed to the upside.

Resistance at 5.40, 5.4150 levels.

Support at 5.3680 (23.6% fibo retracement of 2023 low to high), 5.3450 levels.

EURSGD Daily Chart: Range-Bound

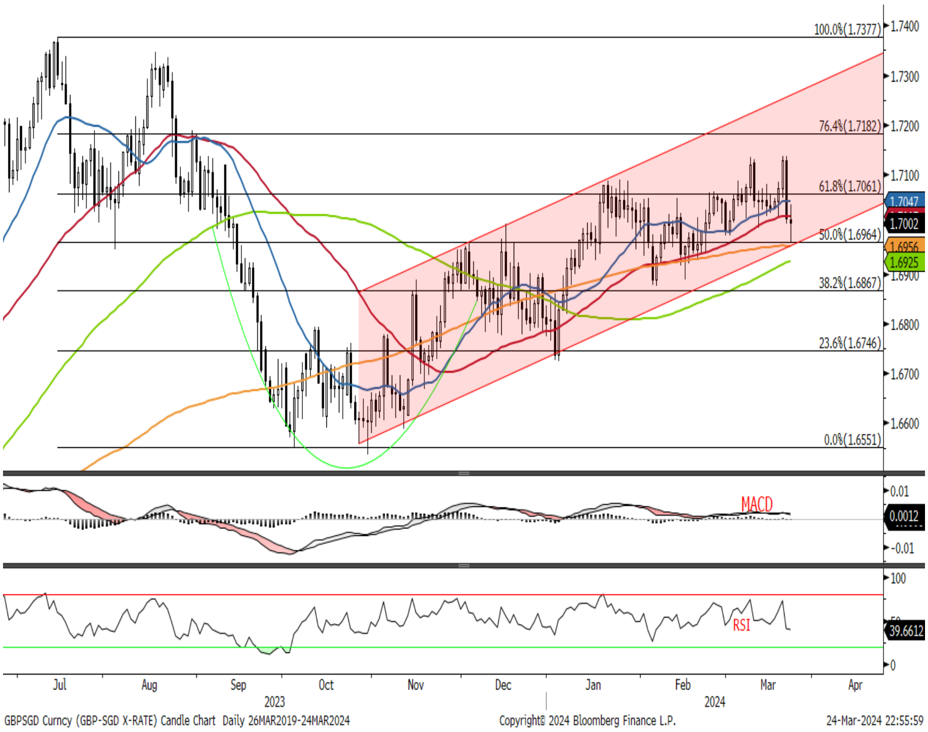
EURSGD partially retraced last week's gains into NY close last Fri. Cross was last at 1.4575 levels.

Daily momentum is flat while RSI fell. Risks to the downside.

Support at 1.4510/20 levels (50% fibo retracement 2023 low to high, 21DMA) and 1.4420 levels (61.8% fibo).

Resistance at 1.46 (200 DMA, 38.2% fibo), and 1.4720 levels (23.6% fibo).

GBPSGD Daily Chart: Consolidate



GBPSGD fell last week amid GBP's relative underperformance. Cross was last 1.70 levels. Daily momentum is not showing a clear bias while RSI fell. Consolidation likely.

Key resistance at 1.7060 (61.8% fibo) before 1.7090 (previous high).

Support at 1.6960/80 levels (50% fibo retracement of Jul high to Oct low), and 1.6870 (38.2% fibo, 100 DMA).

AUDSGD Daily Chart: Evening Star

AUDSGD consolidated last week. Cross was last at 0.8795 levels.

Mild bullish momentum on daily chart intact but RSI fell. Evening star bearish setup suggests room for pullback in the near term.

Support at 0.8750 (23.6% fibo), 0.8710 levels (near recent low) and 0.8650 levels.

Resistance at 0.8820 (100, 200 DMAs), 0.8845 levels (38.2% fibo retracement of Jun high to Oct low, 50, 200 DMAs).

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

Gold Daily Chart: Bearish Divergence

Gold partially retraced early week's gains into NY close last Fri. Last seen at 2165 levels.

Bullish momentum on daily chart faded while RSI fell from overbought conditions. Bearish divergence observed. Evening star pattern formed – typically associated with a bearish reversal.

Support at 2145, 2125 levels (23.6% fibo retracement of Oct low to Mar high, 21DMA before 2065 levels (50 DMA, 38.2% fibo).

Resistance at 2190, 2220 (recent high).

Silver Daily Chart: Double-Top?

Silver fell last week. Last seen at 24.67 levels.

Bullish momentum on daily chart shows signs of fading while RSI fell. Double top pattern observed at 25.77. Bearish reversal not ruled out in the interim.

Support at 24.60 (23.6% fibo retracement of 2023 low to high), 24.05 (21 DMA) and 23.72 (38.2% fibo).

Resistance at 25.77 (double top).

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

Medium Term FX Forecasts

Currency Pair	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25
USD-JPY	151.00	149.00	147.00	146.00	145.00
EUR-USD	1.0750	1.0850	1.0950	1.1000	1.1100
GBP-USD	1.2600	1.2700	1.2750	1.2850	1.2950
AUD-USD	0.6600	0.6700	0.6800	0.6900	0.6950
NZD-USD	0.6000	0.6100	0.6200	0.6300	0.6350
USD-CAD	1.3500	1.3500	1.3400	1.3300	1.3200
USD-CHF	0.9000	0.9200	0.9200	0.9100	0.9000
USD-SEK	10.50	10.30	10.24	10.14	9.98
DXY	104.62	103.78	102.90	102.29	101.39
USD-SGD	1.3450	1.3350	1.3320	1.3340	1.3300
USD-CNY	7.2000	7.2000	7.1800	7.1500	7.1000
USD-CNH	7.2400	7.2400	7.1800	7.1500	7.1000
USD-THB	36.50	36.20	36.00	35.60	35.60
USD-IDR	15780	15730	15630	15530	15500
USD-MYR	4.7400	4.6900	4.6500	4.6200	4.6000
USD-KRW	1330	1310	1300	1285	1280
USD-TWD	31.80	31.70	31.60	31.35	31.25
USD-HKD	7.8200	7.8000	7.7900	7.7900	7.7900
USD-PHP	56.00	55.70	55.30	55.10	54.70
USD-INR	83.50	83.30	83.00	82.50	82.50
USD-VND	24700	24650	24450	24350	24150
EUR-JPY	162.33	161.67	160.97	160.60	160.95
EUR-GBP	0.8532	0.8543	0.8588	0.8560	0.8571
EUR-CHF	0.9675	0.9982	1.0074	1.0010	0.9990
EUR-SGD	1.4459	1.4485	1.4585	1.4674	1.4763
GBP-SGD	1.6947	1.6955	1.6983	1.7142	1.7224
AUD-SGD	0.8877	0.8945	0.9058	0.9205	0.9244
NZD-SGD	0.8070	0.8144	0.8258	0.8404	0.8446
CHF-SGD	1.4944	1.4511	1.4478	1.4659	1.4778
JPY-SGD	0.8907	0.8960	0.9061	0.9137	0.9172
SGD-MYR	3.5242	3.5131	3.4910	3.4633	3.4586
SGD-CNY	5.3532	5.3933	5.3904	5.3598	5.3383
SGD-IDR	11732	11783	11734	11642	11654
SGD-THB	27.14	27.12	27.03	26.69	26.77
SGD-PHP	41.64	41.72	41.52	41.30	41.13
SGD-VND	18364	18464	18356	18253	18158
SGD-CNH	5.38	5.42	5.39	5.3598	5.34
SGD-TWD	23.64	23.75	23.72	23.50	23.50
SGD-KRW	988.85	981.27	975.98	963.27	962.41
SGD-HKD	5.8141	5.8427	5.8483	5.8396	5.8571
SGD-JPY	112.27	111.61	110.36	109.45	109.02
Gold $/oz	2160	2180	2202	2225	2245
Silver $/oz	24.55	24.77	25.02	25.28	25.51

Source: OCBC Research (Latest Forecast Update: 25th March 2024)
Note: These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair

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