FX Weekly

27 May 2024

Inflation Week

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Week Off to a Slow Start as US, UK markets are out on Monday but intensity may pick up towards end week. 2y, 5y and 7y notes auctions will take place over Tue - Thu. Plenty of inflation reports are scheduled for release this week with focus on Germany, Australia on Wed while Tokyo, France, US and Euro-area comes on Fri. China PMIs and NZ budget are also in focus on Fri. Recent hawkish comments from Fed officials, stronger than expected PMI, durable goods report resulted in a push-back in expectations for Fed cut trajectory. For the year, markets are just pricing in 33bps cut (vs. 44bps cut a week ago). Yet the USD struggled to trade much higher. In the interim, higher yields may allow for some USD strength but it is likely that USD should still be confined to recent range until the next set of catalyst comes along. **Core PCE (Fri) will be the main focus this week**, apart from consumer confidence (Tue) and second read of 1Q GDP (Thu). Softer US data this week should help to dent USD's momentum. Elsewhere, India elections will come to an end this week. Official results are likely on 4 Jun but exit polls on 1 Jun should give an indication.

PHP Under the Bus? PHP has been under pressure amid widening yield differentials in favour of US. Markets have pushed back on the timing of first Fed cut and reduced rate cut expectation. But BSP Governor recently spoke about 2 cuts, with the first cut possibly taking place as early as in Aug. We also noted that BSP officials had earlier indicated that the Peso's decline will not prompt the BSP to raise rates. Headline CPI peaked in 1Q 2023 and has been on disinflation trajectory until recently when CPI resumed its uptick to 3.8%. Current inflation sits near upper bound of BSP's inflation target range of 2% - 4% but BSP Governor struck a somewhat dovish tone at its recent MPC on 15 May. The dovish BSP guidance and divergence with US and some of the monetary policies in the region, including BI, BNM, MAS, BoK and even BoT may well subject the PHP to relative softness against USD and its peers though we note that PHP softness may technically retrace. PHP's fortunes may possibly turnaround if BSP reverses its dovish guidance/ USD turns lower/ Fed cuts earlier than market expectations.

Gold Formed Interim Top; Buy Dips Preferred. Gold experienced volatile price movements in recent times, reaching a new high of 2450 (20th May). The jump was driven by various factors, including central bank purchases (i.e., sustained gold buying by the RBI), strong demand during the Akshaya Tritiya festival, and the unexpected softness in the US CPI which brought back hopes of rate cuts while geopolitical concerns lingered. However, these gains were reversed as hawkish remarks from Fed officials, FOMC minutes, and stronger PMI data out of US, served as a reminder that high for longer may dim the allure of gold for the time being. That said, we anticipate gold volatility to stabilize following a period of volatile trading. Corrective pullback in gold prices is not ruled out. Bias to buy dips. Our overall positive outlook on gold in the medium term remains intact. This is driven by several factors, including the anticipation of central banks globally easing monetary policy, continued gold purchases by central banks, geopolitical concerns, and gold's role as a safe haven and portfolio diversifier.

Bloomberg FX Forecast Ranking (1Q 2024)

By Region:
No. 7 for 13 Major FX

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

(4Q 2023)

By Region:
No. 7 for 13 Major FX

By Currency:
No. 1 for TWD, PHP

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

AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, bets on all AxJ FX remain bearish. Amongst AxJs, bearish bets on MYR, PHP and CNY remain high. That said, some FX turned slightly less bearish last week and that include SGD and INR. The AXJs that saw sharp pare back in bearish bets were KRW, SGD and IDR. Overall, it remains a USD and yield differential story in favour of USD.

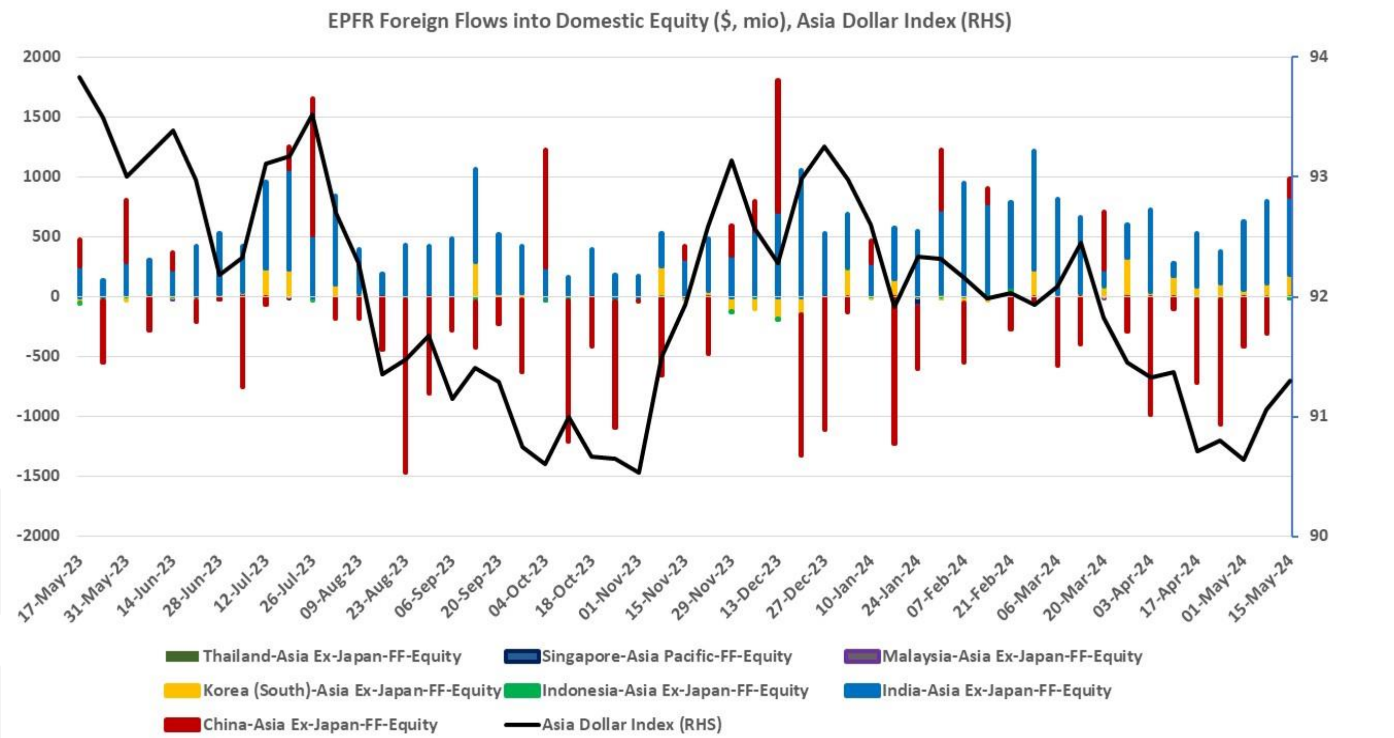
	11-Jan-24	25-Jan-24	08-Feb-24	22-Feb-24	07-Mar-24	21-Mar-24	04-Apr-24	18-Apr-24	02-May-24	16-May-24	Trend
USD/CNY	0.18	0.37	0.4	0.7	0.84	0.92	1.18	1.25	1.25	1.05	
USD/KRW	0.3	0.9	0.39	0.4	0.54	0.82	1.09	1.59	1.61	0.96	
USD/SGD	0.02	0.28	0.41	0.2	0.25	0.33	0.42	0.8	0.89	0.35	
USD/IDR	0.19	0.51	0.4	0.2	0.53	0.6	1.13	1.32	1.39	0.96	
USD/TWD	0.05	0.49	0.32	0.7	0.64	0.92	1.17	1.24	1.4	1.02	
USD/INR	-0.15	-0.18	-0.17	-0.4	-0.59	-0.54	0	0.43	0.49	0.39	
USD/MYR	0.72	1.21	1.07	1.3	1.14	1.12	1.15	1.42	1.46	1.23	
USD/PHP	0.09	0.5	0.28	0.3	0.52	0.47	0.62	1.19	1.44	1.29	
USD/THB	0.03	0.9	0.72	1.1	1.05	1.13	1.35	1.28	1.39	1	

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: 16 May 2024], OCBC Research

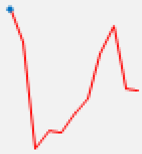
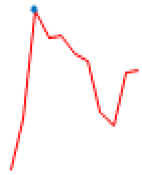
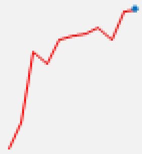
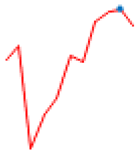
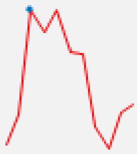
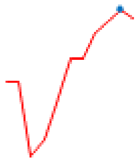
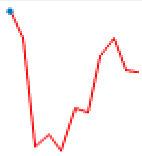
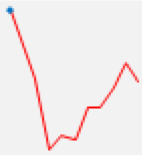
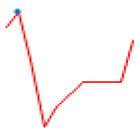
EPFR Foreign Flows to Selected AXJS vs. Asiadollar Index

Foreign flows into Chinese equities rose for the first time in multiple weeks. Foreign inflows to India, Korean equities have also increased. Asian FX has also rebounded from the trough in May.



Note: Latest data available as of 15th May (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**: - Nil – **Tue:** Dallas Fed mfg activity, conference board consumer confidence (May); FHFA house price index (Mar); **Wed:** Richmond Fed mfg (May); **Thu:** Fed's Beige book; GDP (1Q); Pending home sales (Apr); **Fri**: **PCE core**, personal income, spending (Apr); Chicago PMI (May)		**S: 103.20; R: 105.30**
EURUSD	**Mon:** German IFO (May); **Tue:** ECB 1y, 3y CPI expectations (Apr); **Wed: German CPI**, consumer confidence (May P); **Thu:** Consumer confidence (May) **Fri: CPI estimate (May)**; German retail sales (Apr); **French CPI (May P)**; French GDP (1Q)		**S: 1.0750; R: 1.0980**
GBPUSD	**Mon:** - Nil – **Tue:** CBI Reported sales (May); **Wed:** - Nil – **Thu:** - Nil – **Fri:** Nationwide house prices (May)		**S: 1.2500; R: 1.2880**
USDJPY	**Mon:** - Nil – **Tue:** PPI services (Apr); **Wed:** Consumer confidence (May); **Thu:** - Nil – **Fri: Tokyo CPI (May)**, Jobless rate, IP, retail sales (Apr)		**S: 152.00; R: 158.00**
AUDUSD	**Mon:** - Nil – **Tue:** Retail sales (Apr); **Wed: CPI**, leading index (Apr); **Thu**: Building approvals (Apr); Private capex (1Q) **Fri:** - Nil –		**S: 0.6500; R: 0.6800**
USDCNH	**Mon**: Industrial profits (Apr); **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri: NBS PMI mfg and non-mfg (May)**		**S: 7.2200; R: 7.2700**
USDKRW	**Mon**: - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** Industrial production (Apr) **Sat:** Trade (May)		**S: 1,340; R: 1,370**
USDSGD	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** Deposits & balances of residents outside Singapore (Apr)		**S: 1.3390; R: 1.3570**
USDMYR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 4 6600; R: 4.7400**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 15750; R: 16,150**

Source: Bloomberg, OCBC Research

Key Themes and Trades

Focus on Core PCE. USD was a touch firmer last week. Recent hawkish comments from Fed officials, stronger than expected PMI, durable goods report resulted in a push-back on expectations for Fed cut trajectory. For the year, markets are just pricing in 33bps cut (vs. 44bps cut a week ago). These developments reinforced the view that markets remain sensitive to data and also served as a reminder that the current high for longer rates environment may persist. That said, USD struggled to trade much higher. Without sounding overly complacent, higher yields may allow for some USD strength but it is likely that USD should still be confined to recent range until the next set of catalyst comes along. Core PCE (Fri) will be the main focus this week, apart from consumer confidence (Tue) and second read of 1Q GDP (Thu). Softer data should help to dent USD's momentum.

Recent Fedspeaks have been somewhat hawkish. Waller said there may be upward pressure on R-star if growth in supply of USTs outstrips demand. Bostic said that Fed may need to wait longer to cut interest rates because even with April's slightly cooler inflation reading, there is continued upward pressure on prices. Mester said that 3 cuts for 2024 is too many as inflation risks have moved up since the first quarter and said the real economy was "a little big stronger" than she had earlier anticipated.

DXY started the week on a softer footing. Last seen at 104.70. Bearish momentum on daily chart is fading but RSI fell. Support at 104.80 (61.8% fibo retracement of Oct high), 1.0440 (200 DMA) and 104 (50% fibo). Resistance at 105.00/15 (21, 50DMAs), 105.75 (76.4% fibo). Bias to sell rallies. Apart from data, we also cautioned that month-end flows this week may also distort price action. Elsewhere, onshore markets are closed on Monday for Memorial Day holiday.

US exceptionalism has somewhat softened while growth and activity in other parts of the world, including Korea, Taiwan, Malaysia, Philippines, Germany, France are starting to show signs of stabilization. Given a slight shift in growth environment, and skewed market pricing for fewer Fed cuts, we think risk-reward may still favour selling USD on rallies. Our house view still looks for 75bps cut for 2024, with the first cut in July. For the year, we still expect USD to trend slightly lower towards year-end as the Fed is done tightening and should embark on rate cut cycle in due course. Further USD weakness would require the blessing of weaker US data, in particular price/wage-related ones and or Fed's hawkish rhetoric to ease.

CPI Estimate in Focus; Likely to Affect Future Trajectory. EUR started the week on a firmer footing amid broad pullback in USD. Though the better-than-expected negotiated wage growth data for 1Q does not seem to affect ECB's decision on timing of first cut in June but likely this data may have added some uncertainty to ECB's rate cut trajectory beyond June. ECB chief Economist Lane told FT that ECB is ready to cut rates in June but policy must continue to be restrictive this year as wage growth will not normalise until 2026. Bundesbank President Nagel told Bloomberg TV that the ECB should probably wait till Sep for any subsequent cut if there is a rate cut in June, reiterating his caution against easing too quickly. De Cos is also looking for first cut in June but cautioned beyond that while Schnabel echoed similar – warned against lowering borrowing cost too quickly. Earlier, we had also flagged how growth conditions in the Euro-area is slowly stabilising and that a growth re-rating story may not have been adequately priced into EUR. Recent prelim mfg PMI for Euro-area, services PMI for Germany rose to more than 1y high while ZEW survey expectation rose for 2y high. A better growth story in Euro-area and a re-price for fewer ECB cuts should be supportive of EUR's upward trajectory.

EUR was last seen at 1.0850 levels. Mild bullish momentum on daily chart intact while RSI was flat. Bullish crossover observed as 21DMA cuts 50, 200 DMAs to the upside. Risks slightly skewed to the upside for now. Resistance at 1.0870 (50% fibo), 1.0930 (61.8% fibo). Support at 1.0790/1.0810 levels (21, 200 DMAs, 38.2% fibo retracement of 2024 high to low), 1.0730 (23.6% fibo).

Broadly for 2024, we maintain a neutral outlook for the EUR. ECB is likely to lower rate in June and we are of the view that ECB will lower rates by 75bps. Economic slowdown in the Euro-area may soon be a thing of the past there are signs to suggest some degree of stabilisation. We should continue to monitor if there are stronger data going forward as that may support EUR outlook. 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 offset against a dovish ECB and this should at the margin be supportive of EUR's mild upward trajectory.

Key downside risks to EUR's outlook are a materialisation of more ECB rate cuts and/or growth, inflation momentum in Euro-area decelerate sharply. Meanwhile, elections in Euro-area are plenty with Belgium and European parliamentary election in June, Austria in Sep, and Lithuania in Oct. Dutch election (Far-Right Geert Wilders, known for anti-Islamic Eurosceptic views won most seats) and Portugal election outcome (Far Right Chega party rose to become 3rd largest political force) 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.

RSI Overbought. GBP continued to trade near elevated levels as hotter than expected CPI print pushed back the timing of first rate cut to Nov and even reduced the magnitude of cut this year to 33bps (vs. 54bps a week ago). The unexpected call for early election and higher inflation print somewhat cemented the view that BoE may not be willing to cut rate during an election campaign. Elsewhere, manufacturing PMI has also swung into expansionary territory of 51.3 in May (highest level in almost 2 years).

Last week, PM Sunak unexpectedly called for a snap election on 4 Jul. Sunak said it was "the moment for Britain to choose its future" as he claimed the Tories could be trusted to lead the country during a time of global instability. The decision to call an early election may be due to recent improvement in growth outlook and headline inflation easing towards 2%. But both PM Sunak and conservative party currently trails Labour party and leader Starmer in the polls and Starmer is widely perceived to become the next UK PM. At this point, both Conservative and Labour parties' economic policies appear somewhat similar (i.e. unwilling to raise taxes more broadly, etc.) and as a result, GBP appeared unaffected by election risk at the moment.

GBP was last at 1.2740 levels. Bullish momentum on daily chart intact while RSI rose to near overbought conditions. Bullish crossover observed as 21 DMA cuts 50DMA, 200DMA to the upside. Immediate resistance at 1.28 and 1.2880 (76.4% fibo). Support at 1.2720 (61.8% fibo), 1.2630 (100 DMA) and 1.2590 (50 DMA, 50% fibo retracement of Jul high to Oct low). Near term pullback lower not ruled out but directional bias appears skewed to the upside.

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 (services inflation at over 6%) while Fed is still expected to cut rate earlier (our house view). Potential BoE-Fed policy divergence may be somewhat supportive of GBP. A combination of mild positives, including 1/ UK demand growth proving resilient owing to strong labour market; 2/ labour market remains tight alongside higher wages may keep GBP supported on dips. Risk to our outlook: an earlier than expected BoE pivot; faster growth slowdown in UK, actual public finances turn out to be worse than expected and/or energy prices surge.

2-Way Trades; Intervention Risks on The Rise. USDJPY continued to drift higher last week, tracking moves in UST yields. BoJ Ueda and MOF Kanda's comments appeared to fall flat. Governor Ueda indicated that he has no major problem with long term bond yields rising to highest level since 2012. He also spoke about re-anchoring inflation expectations. Top currency official Kanda said that disproportionate FX moves will be acted on.

Pair was 156.90 levels. Daily momentum and RSI indicators are flat. 2-way risks likely to continue, though we are once again cautious about intervention risks. Resistance at 157.40, 158 levels. Support at 155.70 (21 DMA), 154 (50 DMA).

A reversal of the USDJPY uptrend would require BoJ to signal an intent to normalise urgently (rate hike or increase pace of balance sheet reduction) or the USD to turn lower. Elsewhere, intervention risks remain and hence the caution for 2-way risks in USDJPY. As much as markets may try the upside, we still believe authorities are likely to remain active and should at least attempt to limit the high (i.e. lower high to ensure that prior intervention efforts are not wasted).

Near term, USDJPY may still face 2-way risks. Pair can still find support on dips as Fed is in no hurry to cut and markets still perceive BoJ to be in no hurry to normalise monetary policy. Over a medium term, we expect USDJPY to trend gradually lower on expectations that the next move for Fed is a cut and that the BoJ has room to further pursue policy normalisation amid higher services inflation and wage pressures in Japan. We are looking for a hike as soon as at the upcoming MPC in Jun. Recent report shows that shunto wage negotiations saw wage growth at 5.17% average, much higher than previous years. Local press has earlier 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.

CPI, Retail Sales on Data Docket This Week. AUD fell last week amid rebound in USD. Pair was last seen at 0.6640 levels. Daily momentum turned mild bearish but RSI rose. Bullish crossover observed as 50DMA cuts 100DMA to the upside. 2-way trades likely but bias not to chase rally but buy dips. Immediate resistance at 0.6640 (38.2% fibo), 0.6730 (23.6% fibo). Support at 0.6615 (21DMA), 0.6570 (50% fibo) and 0.65 (61.8% fibo retracement of Oct low to Dec high).

Recent release of RBA minutes noted that data signalled inflation risks had risen somewhat, risks that CPI stay above target for longer and returning inflation to target remains highest priority. RBA considered rate hike but judged unchanged case to be stronger. We believe these do not constitute to a change in bias with regards to monetary policy but developments reinforced the view that RBA is likely to be on hold for longer.

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/ USD to trend slightly lower towards year-end as the Fed is done tightening and should embark on rate cut cycle in Jul 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).

Lean against Strength. USDSGD started the week on a softer footing, but pair remain stuck to their recent range in absence of catalyst. Pair was last at 1.3495 levels. Mild bearish momentum on daily chart intact while RSI fell. Range-bound trade likely but bias remains to sell rallies. Bearish crossover observed as 21 DMA cut 50 DMA to the downside. Resistance at 1.3530 (21, 50 DMAs, 61.8% fibo retracement of Oct high to Jan low). Support at 1.3450/60 (50% fibo, 100 DMA), 1.3390 (38.2% fibo).

We estimated the S$NEER has ~1.62% above our model-implied mid and may continue to trade in the upper half of its band as MAS's policy stance (appreciation stance) should persist due to stickiness of core CPI. Recent observation shows S$NEER appears to fluctuate in 1.3% to 1.7% above model-implied mid (vs. previously when the $NEER appears to fluctuation in 1.5% to 1.9%). S$NEER strength may fade at some point this year only when core inflation in Singapore start to ease. At that point, the S$ strength can potentially taper off against some of its major trade partners. Historically there is a positive correlation between the change in S$NEER and MAS core inflation. i.e., to say if core inflation does ease materially, then there is no need for the S$NEER policy to be so tight.

Looking out into our forecast horizon, we continue to expect a milder downward trajectory for USDSGD, premised on our house view for Fed to cut rate in Jul 2024 and on expectations that China economy may find some stabilisation.

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	1.447	0.45	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. [Trade TP]	16-Apr-24
29-Jan-24	Short USDJPY	148.1	152	-2.63	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. [SL]	10-Apr-24
13-Feb-24	Long AUDUSD	0.6480	0.6625	2.24	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 [Trade TP]	06-May-24
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
25-Apr-24	Short USDKRW	1375			High for longer narrative (US rates) has been a dampener on sentiments. But since last trilateral meeting, there seems to be a psychological resistance for the USD. For the year, we still expect USD to trend slightly lower as the Fed is done tightening and should embark on rate cut cycle in due course (house looks for Jul Fed cut). Eventual re-coupling in tech/KR stocks vs FX (KRW) should return amid underlying tech/AI trend. KRW would be positioned for more gains given its high-beta characteristics and close proxy to tech and growth cycles. Start of Fed rate cut cycle and expectations for China stabilisation are other drivers that should underpin KRW's positive appeal. Entered tactical short at 1375. To take profit at 1320. SL at 1406. [LIVE]	
01-May-24	Long EURUSD	1.0661			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. [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: Rebound Risk; Sell Rallies Preferred

SGDMYR consolidated last week, in line with our call for consolidation as we continued to look for opportunities on rally to sell into. Cross was last at 3.4890 levels.

Bearish momentum on daily chart has faded while RSI rose. Some upside pressure not ruled out in the interim, but bias remains to sell rallies.

Resistance at 3.4950 (21 DMA), 3.50 (38.2% fibo retracement of Jul low to Feb high), 3.5070 (50 DMA).

Support at 3.4770 (50% fibo), 3.4530 (61.8% fibo).

SGDJPY Daily Chart: Bullish Trend Channel Intact

SGDJPY continued to trend higher last week amid JPY softness. Cross was last at 116.30 levels.

Daily momentum is mild bullish, while RSI rose. Bullish trend channel intact. Bias remains skewed to the upside until an "interruption" comes along.

Resistance at 116.30, 117.50 (recent high).

Support at 114.80/115.10 levels (21 DMA, 23.6% fibo retracement of Dec low to Apr high), 113.80 (50DMA) and 113.10 levels (38.2% fibo).

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

SGDCNH Daily Chart: Potential Bullish Crossover

SGDCNH consolidated last week. Pair was last at 5.3795 levels.

Bullish momentum on daily chart intact while RSI is near overbought conditions. Potential bullish crossover in the making as 21 DMA looks on track to cut 50, 100, 200 DMAs to the upside.

Resistance at 5.39, 5.4150 levels.

Support at 5.3680 (23.6% fibo retracement of 2023 low to high), 5.3490 (21 DMA).

EURSGD Daily Chart: Breakout Not Ruled Out

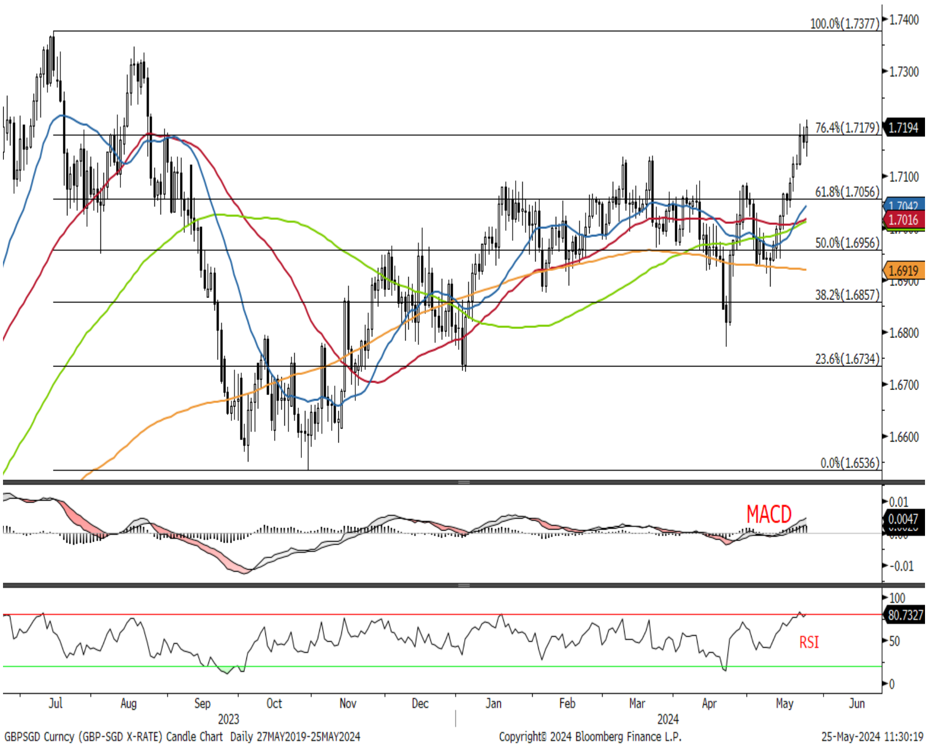
EURSGD consolidated and ended the week near the upper bound of the range. Cross was last at 1.4640 levels.

Bullish momentum on daily chart intact while RSI rose. Bullish crossover observed earlier, as 21 DMA cut 50, 100 and 200 DMAs to the upside. Potential break-out risk not ruled out.

Resistance at 1.4650 levels (triangle upper bound), 1.4720 (23.6% fibo) and 1.48 levels.

Support at 1.46 (38.2% fibo), 1.4550/70 levels (50, 100 and 200 DMAs) and 1.4510 (50% fibo retracement 2023 low to high).

GBPSGD Daily Chart: Bullish Bias but Overbought



GBPSGD extended its run-up last week in line with our bullish bias. Cross was last 1.7190 levels.

Bullish momentum intact while RSI rose to overbought conditions. Bullish crossover observed as 21 DMA cuts 50, 100 DMAs to the upside.

Resistance at 1.7220, 1.7260 levels.

Support at 1.7130, 1.7040/60 (61.8% fibo retracement of Jul high to Oct low, 21 DMA) and 1.6960 (50% fibo).

AUDSGD Daily Chart: Bias to Buy Dips

Our technical caution for the risk of pullback (on the back of rising wedge pattern) played out last week. AUDSGD fell; last at 0.8950 levels.

Daily momentum is mild bearish bias while decline in RSI moderated. Consolidation likely for now but bias to buy dips.

Support at 0.8920/40 levels (21DMA, 50% fibo retracement of Jun high to Oct low), 0.8845/60 (38.2% fibo, 50, DMA).

Resistance at 0.90 (61.8% fibo), 0.9060.

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

Gold Daily Chart: Interim Top Formed

Gold traded fresh high of 2450 (20th May), in line with our call that it *may test fresh highs* before erasing gains into losses for the week. Last seen at 2333 levels.

Daily momentum turned mild bearish but decline in RSI moderated. Potential bearish divergence on MACD observed alongside the formation of double top pattern. These price action suggests a potential setup for an interim top.

Support at 2310 (50 DMA), 2275 (38.2% fibo retracement of 2024 low to high).

Resistance at 2342/47 levels (23.6% fibo, 21 DMA), 2420 levels.

Silver Daily Chart: Consolidation

Silver turned lower after the rapid rise last week. Last seen at 30.26 levels.

Bullish momentum on daily chart is fading but decline in RSI moderated. Consolidation likely to take hold for now as we look for dips to buy into.

Support at 30 (23.6% fibo retracement of 2024 low to high), 28.50/65 levels (21 DMA, 38.2% fibo).

Resistance at 31, 32.50 levels.

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

Medium Term FX Forecasts

Currency Pair	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
USD-JPY	152.00	150.00	149.00	148.00	145.00
EUR-USD	1.0750	1.0850	1.0950	1.1000	1.1100
GBP-USD	1.2660	1.2710	1.2800	1.2800	1.2850
AUD-USD	0.6650	0.6750	0.6800	0.6850	0.6900
NZD-USD	0.6000	0.6100	0.6200	0.6250	0.6250
USD-CAD	1.3600	1.3500	1.3450	1.3400	1.3300
USD-CHF	0.9200	0.9200	0.9100	0.9000	0.9000
USD-SEK	10.49	10.28	10.18	10.00	9.80
DXY	104.81	103.85	103.01	102.49	101.47
USD-SGD	1.3450	1.3420	1.3400	1.3350	1.3310
USD-CNY	7.2000	7.1800	7.1800	7.1600	7.1400
USD-CNH	7.2200	7.2000	7.2000	7.1800	7.1600
USD-THB	36.40	36.20	35.80	35.80	35.70
USD-IDR	16000	15900	15800	15700	15650
USD-MYR	4.680	4.660	4.640	4.620	4.600
USD-KRW	1355	1345	1325	1320	1315
USD-TWD	32.20	32.10	31.85	31.75	31.60
USD-HKD	7.800	7.800	7.800	7.790	7.780
USD-PHP	57.50	57.10	56.90	56.50	56.10
USD-INR	83.40	83.10	82.80	82.60	82.50
USD-VND	25400	25200	25100	24900	24850
EUR-JPY	163.40	162.75	163.16	162.80	160.95
EUR-GBP	0.8491	0.8537	0.8555	0.8594	0.8638
EUR-CHF	0.9890	0.9982	0.9965	0.9900	0.9990
EUR-SGD	1.4459	1.4561	1.4673	1.4685	1.4774
GBP-SGD	1.7028	1.7057	1.7152	1.7088	1.7103
AUD-SGD	0.8944	0.9059	0.9112	0.9145	0.9184
NZD-SGD	0.8070	0.8186	0.8308	0.8344	0.8319
CHF-SGD	1.4620	1.4587	1.4725	1.4833	1.4789
JPY-SGD	0.8849	0.8947	0.8993	0.9020	0.9179
SGD-MYR	3.4796	3.4724	3.4627	3.4607	3.4560
SGD-CNY	5.3532	5.3502	5.3582	5.3633	5.3644
SGD-IDR	11896	11848	11791	11760	11758
SGD-THB	27.06	26.97	26.72	26.82	26.82
SGD-PHP	42.75	42.55	42.46	42.32	42.15
SGD-VND	18885	18778	18731	18652	18670
SGD-CNH	5.368	5.365	5.373	5.378	5.379
SGD-TWD	23.94	23.92	23.77	23.78	23.74
SGD-KRW	1007.43	1002.24	988.81	988.76	987.98
SGD-HKD	5.7993	5.8122	5.8209	5.8352	5.8452
SGD-JPY	113.01	111.77	111.19	110.86	108.94
Gold $/oz	2400	2465	2495	2525	2550
Silver $/oz	31.58	32.43	33.27	33.67	34.00

Source: OCBC Research (Latest Forecast Update: 20th May 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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