FX Weekly

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Temporary Pause in USD Momentum

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Markets Adjust Prospects of Fed Cut. USD extended its move higher to fresh 2024 high as markets continued to price in less dovish Fedspeaks, a possible return to US exceptionalism and Trump policy uncertainty. Last week, Fed chair Powell said that the Fed does not need to be “in a hurry to lower rates” and that the current strength of the economy allows it to approach decisions carefully. On labour market, he said “it is now by many metrics back to more normal levels that are consistent with employment mandate”. On inflation outlook, he spoke about near term fluctuation in recent range and to come down to 2% over time, albeit on a “sometimes bumpy path”. Markets have already scaled back probability of 25bp cut in Dec meeting to ~60% chance (vs 71% chance a week ago). Prospects of Fed cut will continue to adjust as US data comes. This puts focus on data this week: prelim PMIs, Uni of Michigan sentiment data (Fri) before core PCE (27 Nov). Firmer print will add to US exceptionalism narrative, keeping USD rates and USD elevated for longer, until the trend turns.

Scenarios to Consider Amid Uncertainties Ahead. Last week, more Trump nomination have come through and markets are warming to the idea that Trump may hit the ground running in Jan 2025, unlike in 2016 when he was less prepared. Trump’s threat of tariffs is clearly one of the major worries, but it remains highly uncertain, in terms of the timing and severity of implementation. We may need to wait a little longer to get more clarity on policies and for economics to play out. More importantly, we may need to assess: 1/ if there is a return of US exceptionalism? 2/ how that may affect rate cut trajectory. Another re-run of US exceptionalism may have upward repercussion on inflationary pressure. In this scenario, US rates and the USD may hold up for longer while AXJ FX may come under pressure. But if US exceptionalism fails to materialize, then we should also expect the USD outperformance to ease. In the event, if global growth momentum holds up well, then USD strength may not be broad based. In this scenario, procyclical FX may be more resilient. In DM space, AUD could fare better. In Asian space, SGD could still outperform peers.

Technical Pullback in USD Not Ruled Out in the Near Term. While USD’s bullish bias remains intact across most USD/crosses, there are emerging signs to suggest that USD bulls may pause. Potential bearish divergence may be forming on daily MACD for DXY, USDKRW, USDJPY and USDSGD (to name a few) though further monitoring of price action is still required. Temporary pullback in USD is not ruled out. Support for USDSGD seen at 1.3340/1.3290, USDJPY at 153 and for DXY at 105.60.

Bloomberg FX Forecast Ranking (3Q 2024)

By Region:
No. 7 for 13 Major FX

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

(2Q 2024)

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

(1Q 2024)

By Region:
No. 7 for 13 Major FX

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

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OCBC Bank

AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, all AxJs FX turned bearish. KRW, PHP and CNY were amongst the most bearish. In terms of incremental bearish adjustments, PHP, KRW and CNH saw the largest increase in shorts. On net basis, SGD and MYR were amongst the least bearish.

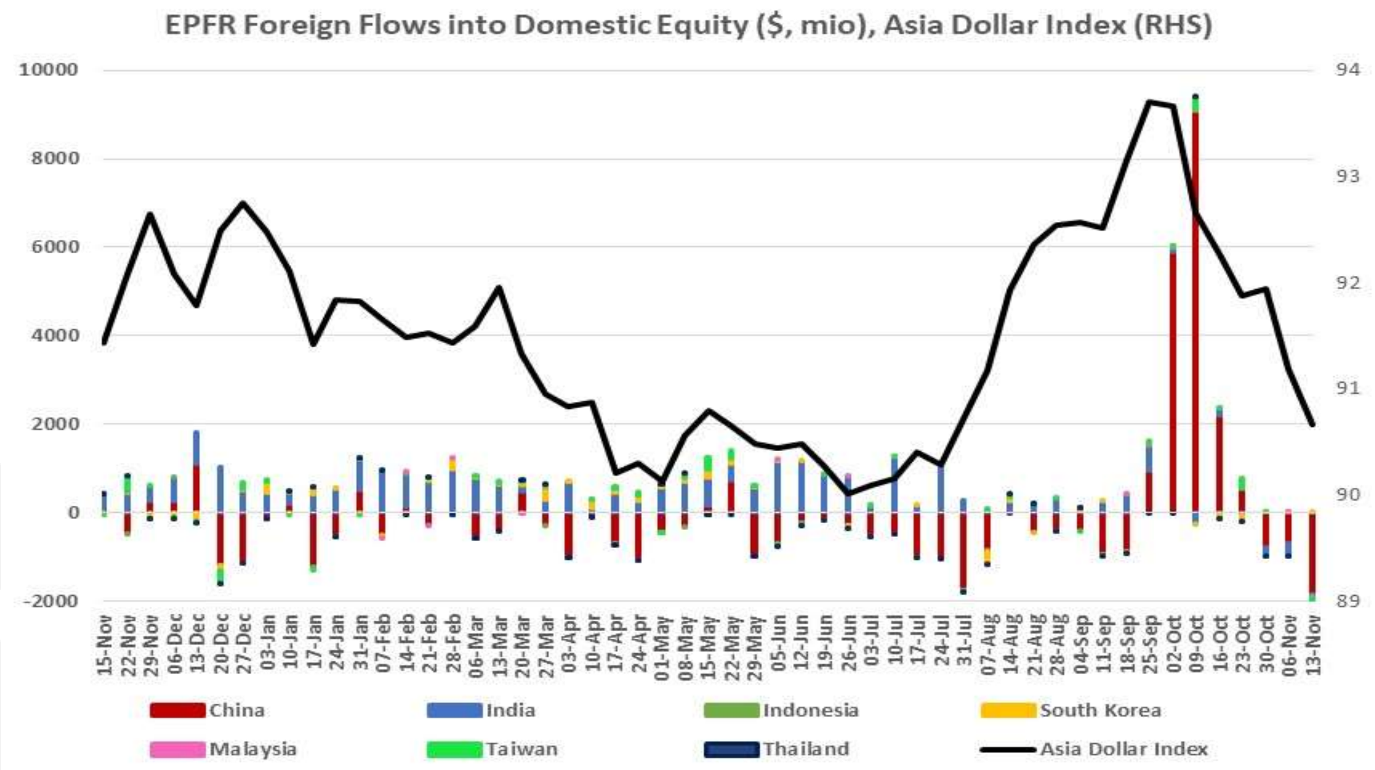
	11-Jul-24	25-Jul-24	08-Aug-24	25-Aug-24	05-Sep-24	19-Sep-24	03-Oct-24	17-Oct-24	31-Oct-24	14-Nov-24
USD/CNY	1.05	1.07	-0.02	-0.62	-0.85	-0.67	-1.14	-0.43	0.3	1.14
USD/KRW	0.87	0.79	0.05	-0.93	-1.09	-0.9	-0.79	0.26	1.06	1.61
USD/SGD	0.06	-0.33	-0.61	-1.08	-1.26	-1.12	-1.26	-0.44	-0.03	0.8
USD/IDR	0.73	0.35	-0.02	-1.26	-1.05	-1.18	-1.08	0.04	0.59	0.81
USD/TWD	0.68	0.86	0.59	-0.7	-0.77	-0.66	-0.59	0.24	0.6	1.07
USD/INR	0.22	0.12	0.6	0.21	0.21	0.33	-0.04	0.67	0.82	0.87
USD/MYR	1.03	0.39	-0.78	-1.57	-1.46	-1.3	-1.18	-0.4	0.11	0.65
USD/PHP	0.86	0.43	-0.29	-1.03	-1	-1.1	-0.7	0.26	0.81	1.18
USD/THB	0.51	0.02	-0.57	-1.16	-1.22	-1.33	-1.45	-0.28	0.09	0.9

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: 14 Nov 2024], OCBC Research

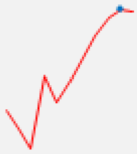
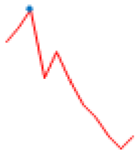
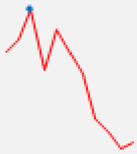
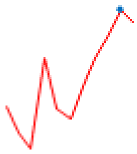
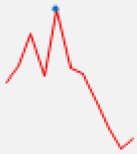
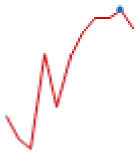
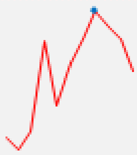
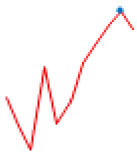
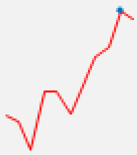
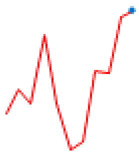
EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

Asian equities continued to see foreign net outflow last week, led by China, Taiwan though Malaysia saw modest net inflows. Asian FX continued to fall, reversing their YTD gains into losses as markets contemplate Trump policy uncertainty, a possible return to US exceptionalism and the recent dovish shift in Fed rhetoric.



Note: Latest data available as of 13 Nov (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**: NAHB housing market index (Nov); **Tue:** Building permits, housing starts (Oct); **Wed:** - Nil – **Thu:** initial jobless claims; Existing home sales (Oct); Philadelphia Fed business outlook (Nov); **Fri**: Prelim PMIs, Kansas City Fed Mfg, Uni of Mich sentiment (Nov)		**S: 103.80; R: 107.40**
EURUSD	**Mon:** Trade (Sep); **Tue:** Current account (Sep); CPI (Oct Final); Lagarde speaks; **Wed:** Construction output (Sep); ECB wage indicator (3Q); **Thu:** Consumer confidence (Nov P); **Fri:** Prelim PMIs (Nov); Lagarde speaks;		**S: 1.0450; R: 1.0800**
GBPUSD	**Mon:** Rightmove house prices (Nov); **Tue:** - Nil – **Wed: CPI,** PPI, RPI (Oct); House prices (Sep); **Thu:** Public finances (Oct); **Fri:** Retail sales (Oct); Prelim PMIs, Consumer confidence (Nov)		**S: 1.2560; R: 1.3000**
USDJPY	**Mon:** Core machine orders (Sep); **Tue:** - Nil – **Wed:** Trade (Oct); **Thu:** - Nil – **Fri: CPI (Oct);** Prelim PMIs (Nov)		**S: 151.60; R: 158.00**
AUDUSD	**Mon:** - Nil – **Tue:** RBA minutes; **Wed:** Westpac leading index (Oct); **Thu**: RBA Governor Bullock speaks; **Fri:** Prelim PMIs (Nov)		**S: 0.6350; R: 0.6640**
USDCNH	**Mon**: - Nil – **Tue:** - Nil – **Wed:** 1y, 5y LPR; **Thu:** - Nil – **Fri:** - Nil –		**S:7.1700; R: 7.2700**
USDKRW	**Mon**: - Nil – **Tue:** - Nil – **Wed:** PPI (Oct); **Thu:** Import, export first 20 days **Fri:** - Nil –		**S: 1,370; R: 1,410**
USDSGD	**Mon:** NODX (Oct); **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** GDP (3Q)		**S: 1.3200; R: 1.3500**
USDMYR	**Mon:** - Nil – **Tue:** Trade (Oct); **Wed:** - Nil – **Thu:** - Nil – **Fri: CPI (Oct);** FX reserves (Nov)		**S: 4 3400; R: 4.4500**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed: BI MPC** **Thu:** Current account (3Q) **Fri:** - Nil –		**S: 15,500; R: 16,000**

Source: Bloomberg, OCBC Research

	Key Themes and Trades
DXY	***Not Ruling Out Near Term Pullback.*** USD extended its move higher to fresh 2024 high as markets continued to price in less dovish Fedspeaks, a possible return to US exceptionalism and Trump policy uncertainty. Last week, Fed chair Powell said that the Fed does not need to be "in a hurry to lower rates" and that the current strength of the economy allows it to approach decisions carefully. On labour market, he said "it is now by many metrics back to more normal levels that are consistent with employment mandate". On inflation outlook, he spoke about near term fluctuation in recent range and to come down to 2% over time, albeit on a "sometimes bumpy path". Earlier Fedspeaks also noted a similar hawkish tilt. Logan calls that policymakers should more at a slow pace (with regards to cutting rates) given uncertainties about how restrictive monetary policy is. Schmid also sounded a note of caution saying that it remains to be seen how much further interest rates will decline or where they might eventually settle. He also warned about higher government debt may weigh on growth and drive rates up and depth of eventual Fed cut remains undetermined. Markets have already scaled back probability of 25bp cut in Dec meeting to ~60% chance (vs 71% chance a week ago). Prospects of Fed cut will continue to adjust as US data comes. This puts focus on data this week: prelim PMIs, Uni of Michigan sentiment data (Fri) before core PCE (27 Nov). Firmer print will add to US exceptionalism narrative, keeping USD rates and USD elevated for longer, until the trend turns. Last week, more Trump nomination have come through and markets are warming to the idea that Trump may hit the ground running in Jan 2025, unlike in 2016 when he was less prepared. Trump's threat of tariffs is clearly one of the major worries, but it remains highly uncertain, in terms of the timing and severity of implementation. We also do not know if pre-election threats/promises become reality when it comes to policymaking. Did Trump really mean to impose tariffs or were they meant as bargaining chips to unlock foreign policy agenda or level the playing ground. It can be challenging to predict the unpredictable Trump and it may be too soon to jump to conclusion, especially ahead of President inauguration (20 Jan 2025). DXY was last at 106.68 levels. Bullish momentum on daily chart moderated while rise in RSI slows near overbought conditions. Potential bearish divergence may be forming on daily MACD, but price action requires further monitoring. Near term, not ruling out a technical retracement. Support at 106.50, 105.60 (76.4% fibo) and 104.50/60 levels (21DMA, 61.8% fibo retracement of 2023 high to 2024 low). Resistance at 107, 107.40 (2023 high). US election outcome will have implications on FX as shifts in fiscal, foreign and trade policies take place under Trump presidency. Tariffs, immigration, deregulation, tax cuts, pursuing "peace" are likely some of Trump's policy priorities. Tariffs may undermine global trade, growth, sentiments and pose risks of inflation. This may derail the disinflation journey and imply fewer Fed cuts. Hawkish re-pricing alongside US exceptionalism will keep USD supported. On tariff implementation, we do not rule out tariff being used as bargaining chip to unlock foreign policies, level the playing ground. Hence, there is a chance that tariff could come later in 2H 2025, rather than earlier. In view of potential inflation impact starting to emerge in the later part of 2025, our house view removes one 25bp rate cut that we previously expected for Q4-2025. We now expect one 25bp Fed funds rate cut each in December-2024, January, March, Q2-2025 and Q3-2025, adding up to 100bps of cuts in 2025. This expected profile will bring the Fed funds rate target range to 3.25-3.50% at end 2025. Taking into consideration the risk of potential implementation of Trump tariffs (on China/ global) in 2H and Fed pause in 4Q 2025, our USD profile is skewed higher in 2H 2025 (vs. previous downward sloping).
EURUSD	***Plenty of ECBspeaks This Week – Watch for Tone.*** EUR traded lower last week, with low seen briefly below 1.05. Pair was last at 1.0540 levels. Daily momentum remains bearish bias but RSI shows tentative signs of turning higher from near oversold conditions. Falling wedge and inverted hanging man observed. Technical signs suggest EUR bears may be feeling the fatigue and risk of short squeeze/ bullish reversal is not ruled out in the near term. Resistance at 1.06, 1.0765 (21 DMA), 1.0860 (200 DMA). Support at 1.05, 1.0450 levels. This week brings plenty of ECBspeaks (about 26 officials), including Lagarde on 2 separate occasions in Paris (Tue) and Frankfurt (Fri).

We are slightly bearish on EUR's outlook. Trump's win will result in shifts in US foreign, trade policies. Much touted up-to-20% tariff can hurt Europe where growth is already slowing, and that US is EU's top export destination. EU-UST yield differentials have already widened and may widen further amid shifts in market expectations on ECB (more cuts), Fed cut (fewer cuts). In Germany, the coalition government has collapsed, and Chancellor Scholz is leading with a minority government. A confidence vote has been brought forward to 16 Dec (vs. 15 Jan 2025 previously) and a new election is likely on 23 Feb 2025). Political uncertainty in Germany may weigh on EUR in the interim, though we do expect this to come to pass. In terms of US foreign policy, military aid to Ukraine may dwindle when Trump takes over. He has on many occasions in the past said his priority is to end the war and stop what he described as a drain on US resources. He also declared before that he can end the war in one day, without offering specifics. Europe will have to take responsibility for its security in the interim and that would mean increasing defence spending – possibly adding to fiscal burden for some EU nations. That said, the medium-term benefits of ending the war in Ukraine may also take away supply side pressure, and perhaps normalise energy concerns (if sanctions on Russia are removed but these are likely not to materialise in the short term). Overall, concerns of political uncertainty in Germany, policy uncertainties associated with Trump presidency, softer growth momentum in Euro-area and widening of EU-UST yield differentials are some of the factors that warrant our forecast revisions to be lowered and trajectory to be downward sloping.

GBPUSD

Inflation, Retail Sales in Focus. GBP traded sharply lower last week as UK labour market and activity data underwhelmed while USD strength was the dominant theme. GBP was last at 1.2620 levels. Daily momentum is bearish while RSI fell. Risks remain skewed to the downside. Support here at 1.2570 (76.4% fibo), 1.2490 levels. Resistance at 1.2730 (61.8% fibo retracement of Apr low to Sep high), 1.2820 (200 DMA).

We still maintain a slightly constructive outlook on GBP with a combination of less dovish BoE (than Fed) and better data out of UK – expansionary PMIs is manufacturing, services sectors, retail sales and labour market. Even as headline CPI eased, services inflation remains sticky at 4.9%. Employment growth improved and wage growth continues to outpace headline CPI. GBP remains a higher carry amongst DM FX amidst BoE's very gradual approach to easing vs. Fed's rate cut cycle. BoE has cut rate twice so far (50bps cumulatively), but the cycle may be less aggressive than Fed (so far 75bps and likely to cut once more later in Dec). The last MPC meeting (Nov) saw BoE putting an emphasis on making sure inflation stays close to target. This may imply a gradual approach to removing restraint. BoE member Mann believes that neutral interest rate is higher than BoE's model and as such, policy rate at 5% is less restrictive today. The risks to our outlook: a more aggressive BoE cut cycle than the Fed; faster growth slowdown in UK, energy price surge, Fed slowing down on policy normalisation and/or return of US exceptionalism. A play-up of any of these risks may warrant further revision to our FX forecasts.

USDJPY

Room for Retracement. USDJPY partially retraced gains as markets pared longs ahead of Governor Ueda's speech on Monday. Last Fri, Finance Minister Kato said authorities will respond appropriately to any excessive move and authorities see one sided, sudden move in FX markets. In the very near term, concerns of officials' intervention may slow pace of USDJPY rise. USDJPY was last at 154.30. Bullish momentum on daily chart faded while RSI fell. Potential bearish divergence on RSI observed. Further downside play not ruled out. Support at 153.00/30 (21 DMA, 61.8% fibo retracement of Jul high to Sep low), 150.70 (50% fibo). Resistance at 156.50 (76.4% fibo).

Recent rally in USDJPY came amid rise in UST yields. Policy uncertainty associated with Trump presidency (relating to tariffs and inflation) drove up UST yields as markets reassess Fed cut trajectory. Any slowdown or pause in policy divergence between Fed and BoJ can affect USDJPY's direction of travel. On BoJ, our house view expects BoJ to continue to with policy normalisation, including another 10-15 bp hike at Dec-2024 MPC. BoJ is expected to uphold central bank independence and Governor Ueda had earlier said that the current political situation in Japan wouldn't stop him from lifting rates if prices and the economy stay in line with BoJ's forecast. On data front, Tokyo core core CPI, PPI rose. Recent labour market report also pointed to upward wage pressure in Japan with 1/ jobless rate easing, 2/ job-to-applicant ratio increasing; 3/ trade unions calling for another 5-6% wage increase at shunto wage negotiations for 2025. Wage growth pressure remains intact, alongside broadening services inflation is supportive of BoJ normalizing rates. We still look for USDJPY to trend lower, premised on Fed cut cycle while the BoJ has room to further pursue policy normalisation amid higher services inflation and wage pressures in Japan. Our house view remains for one additional rate hike of 10-15bps from the BoJ before the end of 2024 and continued policy normalisation in 2025. Shifts in Fed-BoJ policies should bring about further narrowing of UST-JGB yield differentials. This should continue to underpin the broader direction of travel for USDJPY to the downside. But any slowdown in pace of policy normalisation - be it the Fed or BoJ - would mean that USDJPY may find support on dips.

USDCHF

Bullish but Near Overbought. CHF weakening this episode comes alongside the decline also seen in other major FX, though the magnitude of CHF depreciation was slightly lesser (-4.7% vs USD) compared to JPY, EUR, GBP, AUD (down over 5-8% vs USD). Safe-haven characteristic of CHF was likely one of the mitigating factors that saw CHF fell by less. Nevertheless, US election outcome was one of the main reasons that triggered broad USD strength as market contemplates a return of US exceptionalism under Trump presidency/ Red sweep. Trump presidency brings back worries of tariffs, inflation and fiscal concerns. In particular, Trump's threat on tariffs can have implications on global trade, growth and inflation (if they are implemented) but we do not know how long or quick it takes for those policies to be in place. Potentially, tariffs can be inflationary. As such, the Fed may end up not lowering rates as much. This results in higher UST yields and a widening of UST-Swiss yield differentials. 2y differentials have widened from a low of ~300bps in Sep to nearly 400bps, alongside the rise in USDCHF. The risk of fewer Fed cuts and dovish SNB suggests that further widening in UST-Swiss yield differentials cannot be ruled out. This is one factor that can underpin USDCHF direction of travel to the upside.

Domestically in Switzerland, inflationary pressure fell significantly from peak of 3.5% in Aug 2023 to 0.6% in Oct 2024. Imported goods and services in contributed to the disinflationary pressure though domestic services inflation held up to some extent. Average annual inflation was also revised lower (by SNB) at the last MPC to 1.2% for 2024, 0.6% for 2025 and 0.7% for 2026. Overall, disinflation trend in Switzerland reinforces SNB's dovish bias (YTD, SNB has cut policy rate three times in clip of 25bp each time since March to 1%). Then SNB Chairman-now retired Thomas Jordan has said the SNB is ready to cut rates again, noting that inflationary pressure has decreased. He also added that further cuts in SNB policy rate may become necessary in the coming quarters to ensure price stability over the medium term. Current SNB Chairman Martin Schlegel also did not deviate too much from former Chair Thomas. At an event (late-Oct), Schlegel said that "in the coming quarters, further interest rate reductions could be needed to maintain price stability in the mid-term". This reinforced market expectations for another cut in Dec-2024 and further back-to-back rate cut out to Sep 2025. As of 14 Nov, markets implied from OIS shows expectations of rate at around 0.15% in Sep 2025.

USDCHF was last seen at 0.8880 levels. Bullish momentum on daily chart intact though RSI shows signs of easing from near overbought conditions. Near term retracement not ruled out. Support at 0.8800/20 (200 DMA, 50% fibo retracement of 2024 high to low), 0.8720 (21 DMA). Resistance at 0.89 (61.8% fibo), 0.9020 (76.4% fibo). Data of interests this week include sight deposits (Mon), trade data, Swiss watch exports (Tue).

AUDUSD

Near Term Rebound. AUD fell last week, in part due to USD outperformance and in part, due to softer-than-expected labour market data. Employment change was 15.9k in Oct (vs. 25k expected vs. 61.3k prior) though unemployment rate held steady at 4.1%. AUD was last seen at 0.6460 levels. Daily momentum is mild bearish while RSI shows signs of turning from near oversold conditions. Near term risks of rebound is not rule out. Resistance at 0.65, 0.6590 (21 DMA) and 0.6630 levels (200 DMA). Support at 0.6450 levels, 0.6350/60 levels (2024 low).

This week's focus on speech by RBA Governor Bullock (Thu) for any change in tone, following last week's data, where labour market conditions eased further. Externally, policy uncertainties associated with Trump presidency, RMB swings can also affect AUD.

We hold to our broadly constructive outlook on AUD in the medium term on the back of: 1/ RBA keeping rates on hold for longer (last major central banks to cut rates), given still sticky inflation, stronger consumer confidence, retail sales and tight labour market; and 2/ expectations that China stabilisation story can find traction amid stimulus support, though some patience is needed. Though AU labour market remains fairly tight, there are signs the tightness is fading. Other labour market surveys such as NAB employment index, ANZ job ads have been easing. This suggests that some normalising in labour market conditions could be on the cards into 1H 2025. Elsewhere, wage growth continued to ease to 2.5% for 3Q (vs. 4.1% in 2Q). The trend of wage growth moderating is expected as labour market conditions ease. RBA has also recently lowered its projection for wage price index to 3.2% for end-2025 (vs. 3.5% previous projection). This adds to our conviction for RBA to calibrate monetary policy settings at some point in 2025. RBA's recent rhetoric suggests that policymakers are not in a hurry to ease policies, given still tight labour market and still sticky services inflationary pressures. Recent progress with disinflation into RBA's 2 – 3% target range also did not see any dovish shift in RBA's tone or language. We are of the view that RBA is not in a hurry to ease policies, given still tight labour market and still sticky services inflationary pressures. Continued progress with disinflation in Australia, alongside most DM economies on easing cycle should still provide an opportune window for RBA to ease monetary policy in 2025. Our base line looks for 1 cut each in 2Q and 3Q 2025. Markets implied as of 17 Nov 2024 points to first rate cut sometime in May or July 2025. Key downside risk factors that may affect AUD outlook are 1/ extent of CNH swings (if any); 2/ if Fed under-deliver rate cuts; 3/ global growth outlook turning sour; 4/ any market risk-off event (i.e., potential escalation in US-China trade tension, commodity or tech sell-off if they were to persist beyond mere position adjustment, geopolitics).

USDSGD

Rising Wedge Pattern. USDSGD's advancement came close to 1.3490 last week before easing into the week's close. Move higher tracked moves in USD, UST yields. Pair was last seen at 1.3420 levels. Daily momentum is mild bullish but rise in RSI moderated. Bearish divergence on MACD appears to be forming while rising wedge appears to be forming. Technical patterns point to signs of bearish pullback in the near term. Support at 1.3340 (200 DMA), 1.3290 (61.8% fibo retracement of Jun high to Oct low). Resistance at 1.3490, 1.3520 levels. Policy uncertainties associated with Trump policies, swings in RMB and JPY should continue to drive USDSGD in the near term.

At the 14th Oct MAS MPC, MAS kept policy status quo – no change to width, or the level or slope of policy band. In the MAS macroeconomic review (Oct-2024), the report indicated that inflation continued to decline steadily in 3Q amid *deceleration in prices of goods and services. Lower imported fuel and food costs, due in part to the appreciating S$NEER, as well as slowing unit labour cost increases contributed to the fall in inflation.* The report continued to indicate that core and headline to average 1.5 – 2.5% for 2025, down from 2024 forecast of 2.5 – 4%. MAS maintaining status quo on policy stance means that S$NEER strength may still linger (on TWI terms) and only fade at some point, when core inflation in Singapore start to ease more. When that happens, markets can be guided to price in weaker S$NEER. Historically, a softer core CPI profile can lead to less tight S$NEER policy. In terms of policy bias, there is no need for MAS to jump the gun. We expect MAS to continue to adopt wait-and-see approach – to ease policy only when core CPI falls towards their projection.

Looking into our USDSGD forecast trajectory, we see a tactical window for USDSGD to pullback in 1Q 2025, premised on Fed cut cycle (2 cuts in 1Q, and 1 cut each in 2Q and 3Q 2025), expectations that China recovery to find some traction. Subsequently, USDSGD forecast is projected to skew to the upside into 2H 2025, taking into consideration potential implementation of Trump tariffs (on China/ global) and Fed pause in 4Q 2025. That said, the timing and magnitude of tariff remains highly uncertain.

Trade Ideas

Entry Date	Trade	Entry	Close	Profit/ Loss (%)	Remarks	Exit Date
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	1320	4.00	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. [Trade TP]	26-Aug-24
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	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			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. [LIVE]	
23-Sep-24	Short EURGBP	0.838			Policy and growth divergence between EU/ECB and UK/BOE. Target a decline towards 0.81. SL 0.8470. [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: Rising Wedge Pattern?

SGDMYR traded a touch higher last week amid MYR relative underperformance. Cross was last at 3.3360 levels.

Daily momentum remains bullish while RSI rose closer to overbought conditions. Price pattern also revealed a potential rising wedge pattern, that can be associated with a bearish reversal. Further monitoring is needed.

Resistance at 3.3450/80 levels (38.2%, 100 DMA), 3.36, 3.3890 (50% fibo).

Support at 3.3070 (21 DMA), 3.29 (23.6% fibo retracement of 2024 high to low, 50 DMA) and 3.27 levels.

SGDJPY Daily Chart: Further Pullback Not Ruled Out

SGDJPY erased earlier gains into losses as the week closed. The move lower was in line with our view for *upmove to slow or reverse.* Cross was last at 115 levels.

Daily momentum is mild bearish while RSI fell. Near term risks remain skewed to the downside.

Support at 114.70 levels (38.2% fibo retracement of Dec low to 2024 high), 113.60/80 levels (100, 200 DMAs), 113 (50% fibo).

Resistance at 115.40 (21 DMA), 116.20 (recent high), 116.72 (76.4% fibo).

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

Gold Daily Chart: Will 2530 Hold?

Gold extended its decline last week, consistent with our caution for deeper pullback. Last seen at 2563 levels.

Daily momentum is bearish while RSI fell to near oversold conditions. Further pullback not ruled out though falling wedge pattern maybe in the making (potential bullish reversal at some point). Key support at 2533/45 levels (50% fibo, 100 DMA). Decisive break there risks a sharper pullback towards 2473 (61.8% fibo).

Resistance at 2594 (38.2% fibo retracement of May low to Oct high), 2651 (50 DMA).

Silver Daily Chart: Bearish but Near Oversold

Silver traded lower last week. Last seen 30.27 levels.

Daily momentum remains bearish while RSI fell to near oversold conditions. Near term consolidation likely but bias remains skewed to the downside.

Support here at 30.20, 29.95 (38.2% fibo retracement of 2024 low to high). Bigger support comes in at 28.40/70 levels (200 DMA, 50% fibo).

Resistance at 30.35 (100 DMA), 31.60/90 levels (23.6% fibo, 50 DMA).

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

Medium Term FX Forecasts

Currency Pair	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
USD-JPY	153.00	148.00	146.00	145.00	144.00
EUR-USD	1.0600	1.0600	1.0550	1.0500	1.0500
GBP-USD	1.2600	1.2700	1.2800	1.2800	1.2900
AUD-USD	0.6550	0.6800	0.6850	0.6900	0.6900
NZD-USD	0.5950	0.6150	0.6200	0.6250	0.6250
USD-CAD	1.4050	1.3900	1.3950	1.4000	1.4100
USD-CHF	0.8900	0.8800	0.8900	0.8900	0.9000
USD-SEK	10.54	10.26	10.13	9.97	9.91
DXY	106.02	105.18	105.19	105.35	105.23
USD-SGD	1.3320	1.3250	1.3300	1.3350	1.3400
USD-CNY	7.2200	7.1500	7.1800	7.2100	7.2500
USD-CNH	7.2400	7.1500	7.2000	7.2300	7.2500
USD-THB	34.50	34.00	34.10	34.50	34.70
USD-IDR	15800	15600	15600	15750	15900
USD-MYR	4.4400	4.3700	4.4000	4.4200	4.4600
USD-KRW	1385	1365	1370	1385	1400
USD-TWD	32.40	32.00	32.10	32.20	32.50
USD-HKD	7.7800	7.7700	7.7700	7.7800	7.7900
USD-PHP	58.60	58.00	58.30	58.50	58.70
USD-INR	84.30	84.00	84.20	84.40	84.50
USD-VND	25400	25200	25250	25350	25450
EUR-JPY	162.18	156.88	154.03	152.25	151.20
EUR-GBP	0.8413	0.8346	0.8242	0.8203	0.8140
EUR-CHF	0.9434	0.9328	0.9390	0.9345	0.9450
EUR-SGD	1.4119	1.4045	1.4032	1.4018	1.4070
GBP-SGD	1.6783	1.6828	1.7024	1.7088	1.7286
AUD-SGD	0.8725	0.9010	0.9111	0.9212	0.9246
NZD-SGD	0.7925	0.8149	0.8246	0.8344	0.8375
CHF-SGD	1.4966	1.5057	1.4944	1.5000	1.4889
JPY-SGD	0.8706	0.8953	0.9110	0.9207	0.9306
SGD-MYR	3.3333	3.2981	3.3083	3.3109	3.3284
SGD-CNY	5.4204	5.3962	5.3985	5.4007	5.4104
SGD-IDR	11862	11774	11729	11798	11866
SGD-THB	25.90	25.66	25.64	25.84	25.90
SGD-PHP	43.99	43.77	43.83	43.82	43.81
SGD-VND	19069	19019	18985	18989	18993
SGD-CNH	5.4354	5.3962	5.4135	5.4157	5.4104
SGD-TWD	24.32	24.15	24.14	24.12	24.25
SGD-KRW	1039.79	1030.19	1030.08	1037.45	1044.78
SGD-HKD	5.8408	5.8642	5.8421	5.8277	5.8134
SGD-JPY	114.86	111.70	109.77	108.61	107.46
Gold $/oz	2720	2750	2780	2800	2820
Silver $/oz	31.63	31.61	31.77	31.82	32.05

Source: OCBC Research (Latest Forecast Updated: 18th November 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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