OCBC

GLOBAL MARKETS RESEARCH

FX Weekly

24 June 2024

Of CPIs, French Elections, US Presidential Debate

EUR's Near Term Fate Beholden to French Election Risks. French legislative elections can be complex and involves 2 rounds of voting, whereby the first round (30 Jun) eliminates all candidates who fail to garner 12.5% of the vote. Anyone who scores >50% of the vote with a turnout of at least a quarter of the local electorate automatically wins. The second round (7 Jul) is a series of run-offs between 2 or more candidates (depending on the result of the first round). According to latest poll result published on Sat (Ipso survey conducted 19-20 Jun), France's far right Rassemblement National (RN) party and its allies were seen leading first round with 35.5% of the vote. Left wing New Popular Front alliance (NPF) was in second place with 29.5% of the vote. President Macron's centrist alliance was seen in 3rd place with only 19.5% of votes. Separately, another survey by BVA Xsight for RTL showed that President Macron's approval rating fell to its lowest ever. Results of the first-round elections should be out before markets reopen on 1 Jul. Depending on the skew of the results, knee-jerk impact on EUR can vary but is likely to be skewed to the downside, unless outcome surprises with President Macron's Ensemble coalition winning a larger share.

Plenty of CPI Reports This Week. DXY firmed for a 3rd consecutive week. This week, the focus is on PCE core (Fri). Softer core CPI, PPI readings in May is building expectations for core PCE to print softer. A weaker than expected print should raise hopes for Fed rate cut. This should also tamper USD gains, but hotter print may continue to fuel USD momentum. Apart from US, there is also plenty of CPI reports this week, including SG (Mon), Malaysia (Tue), Australia (Wed), France and Tokyo (Fri). Other data/events of interest include BSP MPC (Thu) - house view looks for hold and China PMIs (Sun). We also note that ½-yearly-end, month-end flows may have the potential to distort FX price action later this week. **US presidential debate on Fri (9am SGT)** may also be of interest to FX and rates markets.

Another Pullback in Prices of Gold Not Ruled Out. Gold traded a touch softer over the last couple of weeks on news that China reported no change to its gold holdings in May. This marks an end to its buying spree that lasted for 18 months. It is not uncommon for China to temporarily halt purchases, given that gold prices have rallied quite sharply. It is probably more unusual to see China buying gold constantly for 18 months straight. Elsewhere, reduction in the number of rate cuts to just 1 cut for 2024 as seen via FOMC's dot plot also somewhat weighed on sentiments of precious metals, including gold and silver. Technically, the risk of another pullback is not ruled out but bias to buy dips. Support seen at 2286, 2275 levels.

Watching RMB and JPY. The attempt to fix the RMB just slightly weaker on Fri (+4pips) vs Thu's magnitude of +33pips reinforced our view that the PBoC is pursuing a very measured pace of RMB depreciation and with the intent of still maintaining the RMB broadly stable. Elsewhere, USDJPY is approaching 160 and any rapid pace of rise in USDJPY should heighten the risks of intervention. That said, persistent softness in JPY, RMB may result in near term spillover risks to AXJs.

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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

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AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, bets on most AxJ FX turned more bearish. INR, IDR and SGD turned saw the most bearish bets put on (but doesn't imply these are the most bearish from a position standpoint). Amongst AxJs, bearish bets on PHP, IDR and MYR remain highest. That said, some AxJ FX turned slightly less bearish last week and that include THB and CNY. Bearish bets on INR remains the least amongst AXJs.

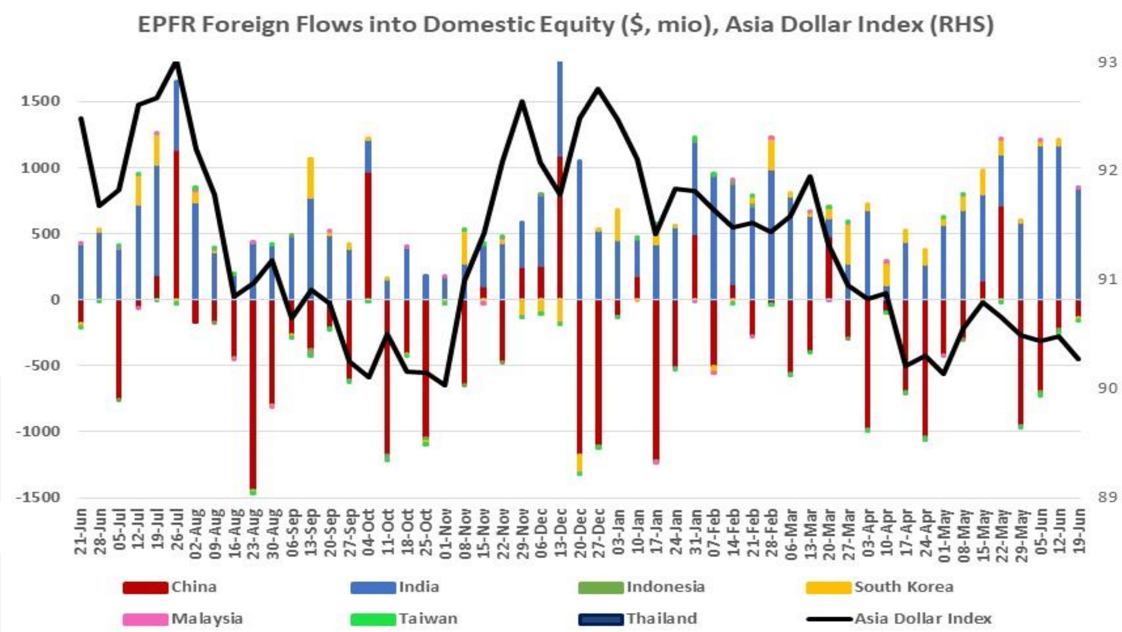
	08-Feb-24	22-Feb-24	07-Mar-24	21-Mar-24	04-Apr-24	18-Apr-24	02-May-24	16-May-24	30-May-24	13-Jun-24
USD/CNY	0.4	0.7	0.84	0.92	1.18	1.25	1.25	1.05	1.05	0.95
USD/KRW	0.39	0.4	0.54	0.82	1.09	1.59	1.61	0.96	0.72	0.87
USD/SGD	0.41	0.2	0.25	0.33	0.42	0.8	0.89	0.35	0.33	0.62
USD/IDR	0.4	0.2	0.53	0.6	1.13	1.32	1.39	0.96	0.94	1.22
USD/TWD	0.32	0.7	0.64	0.92	1.17	1.24	1.4	1.02	0.53	0.64
USD/INR	-0.17	-0.4	-0.59	-0.54	0	0.43	0.49	0.39	0	0.37
USD/MYR	1.07	1.3	1.14	1.12	1.15	1.42	1.46	1.23	0.81	1
USD/PHP	0.28	0.3	0.52	0.47	0.62	1.19	1.44	1.29	1.19	1.23
USD/THB	0.72	1.1	1.05	1.13	1.35	1.28	1.39	1	1	0.92

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: 13 Jun 2024], OCBC Research

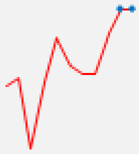
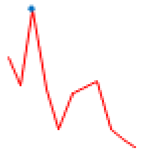
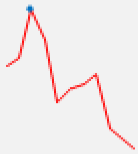
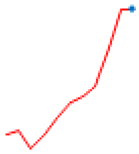
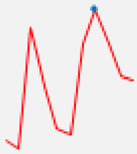
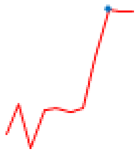
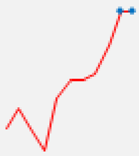
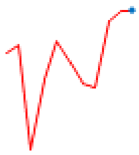
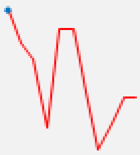
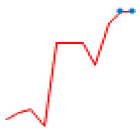
EPFR Foreign Flows to Selected AXJS vs. Asiadollar Index

Chinese equities saw foreign outflows for a fourth consecutive week, but the pace has slowed further. Elsewhere, foreign inflows to India continued to hold up but the pace has slowed. Foreign inflows returned to Malaysia equities last week. Asian FX fell last week.



Note: Latest data available as of 19th June (weekly frequency); ASIADOL index refers to Bloomberg Asia dollar index

Source: EPFR, Bloomberg, OCBC Research

FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Mon**: Dallas Fed manufacturing activity (Jun); **Tue:** CFNAI (May); Richmond Fed mfg, consumer confidence (Jun); **Wed:** New home sales (May); **Thu:** GDP (1Q T); Durable goods orders (May P); Kansas City Fed Mfg (Jun); Pending home sales (May); Jobless claims; **Fri**: Chicago PMI, Uni of Mich sentiment (Jun); **PCE Core (May); CNN Presidential Debate**		**S: 104.00; R: 106.00**
EURUSD	**Mon: German IFO expectations** (Jun) **Tue:** - Nil – **Wed:** German consumer confidence (Jul) **Thu:** Consumer confidence (Jun); German PPI (May); **Fri:** ECB Inflation expectations; **French CPI (Jun P)** **Sun**: **French legislative elections round 1**		**S: 1.0600; R: 1.0840**
GBPUSD	**Mon:** CBI Trends selling prices, total orders (Jun); **Tue:** - Nil – **Wed:** CBI Trends reported sales (Jun); **Thu:** - Nil – **Fri:** GDP, Current account (1Q)		**S: 1.2460; R: 1.2800**
USDJPY	**Mon:** - Nil – **Tue:** PPI services, machine tool orders (May); **Wed:** - Nil – **Thu:** Retail sales (May); **Fri:** Jobless rate, industrial production (May); **Tokyo CPI (Jun)**		**S: 157.00; R: 164.00**
AUDUSD	**Mon:** - Nil – **Tue:** Consumer confidence (Jun); **Wed:** Leading index (May); **CPI (Jun)** **Thu**: CPI expectations (Jun); Job vacancies (May); **Fri:** Private sector credit (May)		**S: 0.6500; R: 0.6720**
USDCNH	**Mon**: - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** Industrial profits (May); **Fri:** Current account (1Q); **Sun**: **NBS PMIs – mfg, non-mfg**		**S: 7.2500; R: 7.3000**
USDKRW	**Mon:** - Nil – **Tue:** Consumer confidence (Jun); **Wed:** - Nil – **Thu:** Business survey – mfg, non-mfg (Jul); **Fri:** Industrial production (May)		**S: 1,370; R: 1,399**
USDSGD	**Mon: CPI (May);** **Tue:** - Nil – **Wed:** Industrial production (May); **Thu:** - Nil – **Fri:** Deposits and balances of residents out SG (May)		**S: 1.3430; R: 1.3580**
USDMYR	**Mon:** FX reserves; **Tue: CPI (May)** **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 4 6800; R: 4.7400**
USDIDR	**Mon:** - Nil – **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 16,250; R: 16,600**

Source: Bloomberg, OCBC Research

Key Themes and Trades

Focus on PCE Core This Week. DXY firmed for a 3rd consecutive week. Better than expected prelim PMIs and still-hawkish Fedspeaks were the main drivers underpinning USD strength. Elsewhere slippage on EUR somewhat affected sentiments. This week the focus shifts to PCE core (Fri). Softer core CPI, PPI readings in May is building expectations for core PCE to print softer. A weaker than expected print should raise hopes for rate cut. This should also tamper USD gains, but hotter prints may continue to fuel USD momentum. DXY was last at 105.79. Mild bullish momentum on daily chart intact while RSI rose. Risks skewed to the upside. Resistance at 105.75/80 levels (76.4% fibo). Breakout puts 106.20, 106.50 in focus. Support at 105.20 (50 DMA), 104.80/90 (61.8% fibo retracement of Oct high to 2024 low, 21 DMA) and 104.50 (200 DMA). We also note that ½-yearly end and month-end flows may have the potential to distort price action later this week. **US presidential debate on Fri (9am SGT)** may also be of interest to FX and rates markets.

On Fedspeaks, Musalem acknowledged that recent data on real consumer spending and nominal retail sales have mostly underwhelmed. He also said that he will need to observe a period of favourable inflation, moderating demand and expanding supply before becoming confident that a reduction in rate is appropriate. He added these conditions could take months and more likely quarters to play out. Collins said Fed should be patient as it considers when to lower rates despite encouraging data on inflation. Separately, Goolsbee said that the Fed can cut if inflation continues to cool as it did last month. He also reiterated that Fed doesn't need inflation to hit 2% before rate cut.

Putting things in perspective, the US exceptionalism has somewhat softened (vs. last month when most data was still printing red hot). Not only was 1Q GDP revised lower, ISM mfg slumped, personal income and spending eased and retail sales disappointed (growing strains on US consumer). Tightness in labour market has also eased slightly: Initial, continuing claims continued to rise, job openings fell. Inflation report was also encouraging - core CPI was at its slowest pace since Aug 2021; core services ex housing was -0.04% m/m, the first decline in 2y; headline and core PPI also came in lower than expected at -0.2%, 0% m/m (vs. 0.1% and 0.3% expected) while core PCE also fell. Elsewhere, growth and activity in other parts of the world, including Korea, Taiwan, Malaysia, Philippines, Germany showed tentative signs of stabilization. Given a slight shift in global growth dynamics, and skewed market pricing for fewer Fed cuts, risk-reward may favour selling USD on rallies. Our house view continues to expect a cut, sometime in 3Q. For the year, we do not expect a significant decline in USD but still expect USD to trend just slightly lower 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. That said, we are mindful of US elections in mid-Nov. The scenario for a play-up of US-China trade tensions is not ruled out and this may inject some uncertainty to markets, thereby implying that the downward path of USD may be bumpy and may even face intermittent USD upward pressure if geopolitical tensions rise.

Post-FOMC thoughts: the dot plot showed that officials are now only expecting 1 cut for 2024 (vs. 3 cuts in earlier projection). For 2025 and 2026, officials are now expecting 4 cuts in each of those year (vs. 3 cuts previously). Cumulatively, the number of cuts over 2024-26 remain unchanged at 225bps. This shows officials are still looking for the same quantum of cut as a whole. This was one of the points Powell tried to bring up during the press conference that even if there are fewer cuts in the median this year, there is one more next year. That said, shifts in dot plot indicated that timing of first cut to come later and not now (basically high for longer).

Other points of interests during press conference includes: 1/ Powell also injected some variability in saying that Fed is "prepared to respond" if the labour market weakens unexpectedly or if inflation falls faster than expected (a reactive rather than proactive stance or perhaps even happy to be behind the curve for now). 2/ When asked about whether a Sep rate cut is still possible if inflation continues to come in softer, even though only 1 cut was forecasted, Powell cautioned against reading the different scenarios in the dot plot as a definitive plan. He added that 15 of the 19 members backed either 1 or 2 cuts and either option was "plausible". This reminds us of what he had said previously that the dot plot projections do not represent a plan or commitment. It is based on officials' assessment and expectations of where rate may be. Over the years, we have seen how dot plot can change, depending on data.

Driven by French Election Risk. EUR continued to come under pressure amid rebound in USD while French election uncertainty lingers. 10y OATS-Bund spread further widened to +79bps This is a level not seen since 2012. The concern is still on potential fiscal direction far-right parties may be taking and if the 'cohabitation' outcome comes into play. This is when the President and PM are from opposing parties.

French legislative elections can be complex and involves 2 rounds of voting, whereby the first round (30 Jun) eliminates all candidates who fail to garner 12.5% of the vote. Anyone who scores >50% of the vote with a turnout of at least a quarter of the local electorate automatically wins. The second round (7 Jul) is a series of run-offs between 2 or more candidates (depending on the result of the first round).

According to latest poll result published on Saturday (Ipso survey conducted 19-20 Jun), France's far right Rassemblement National (RN) party and its allies were seen leading first round with 35.5% of the vote. Left wing New Popular Front alliance (NPF) was in second place with 29.5% of the vote. President Macron's centrist alliance was seen in 3rd place with only 19.5% of votes. Separately, another survey by BVA Xsight for RTL showed that President Macron's approval rating fell to its lowest ever. Even if RN wins first round in overwhelming fashion, and qualifies for second round (7 Jul), it doesn't mean they will automatically win the second round. It's fate still hinges on voters. It is often said that one votes with their heart in the first round but votes with their head in the second round. Hence, some of the voters may choose to adopt tactical voting (i.e. vote not to support but vote to keep the other party out or "le voteutile"). Some candidates may also drop out to prevent a vote split so as to give their ally greater chance to stop a rival. Even French footballers have spoken to vote against 'extremists'.

Results of the first-round elections should be out before markets reopen on 1 Jul. Depending on the skew of the results, knee-jerk impact on EUR can vary but is likely to be skewed to the downside, unless outcome surprises with Macron's Ensemble coalition winning a larger share. Overall, bias for EUR remains skewed to the downside as market participants are likely to reflect their second-round expectations. Hence, greater emphasis will be on second round on 7 Jul as that will ultimately decide who the PM is.

EUR was last at 1.0690 levels. Bearish momentum on daily chart intact while RSI was flat. Bearish crossover observed as 21 cuts 100, 200 DMAs to the downside. Risks skewed to the downside for now. Support at 1.0660/70 levels (recent low) before 1.06 levels. Resistance at 1.0720 (23.6% fibo), 1.0810 (38.2% fibo retracement of 2024 high to low, 100 DMA).

We see near term downside risks for EUR due to political concerns but expect this to come to past once legislative elections in France is over. For the year, we still maintain a neutral outlook for the EUR. ECB has lowered rate in June and may still continue to do so. Our house view looks for 50bps cut for the year remaining. However, the ECB is not on a preset cycle and policy making will remain data dependent. For now, it appears that July meeting is a non-event, judging from comments from ECB officials so far. Apart from monetary policy, economic stability is also important and there are signs to suggest that the economy may be stabilising (we acknowledge that French politics can pose a risk). 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 be supportive of EUR's mild upward trajectory. Key downside risks to EUR's outlook are a materialisation of more/faster pace of ECB rate cuts and/or growth, inflation momentum in Euro-area decelerate sharply. Meanwhile, there are still elections in Europe: Austria in Sep, and Lithuania in Oct. Election risks are fluid and is worth keeping a close watch as the past decade has shown that rise in far-right sentiments can undermine EUR. What may be less damaging this time is that the far-right wants to remain in EU and do not want to leave the EUR, unlike the past. So the negative impact on EUR may not be as significant but still, the EUR can be impacted somewhat as election uncertainty may affect policies (climate, immigration, fiscal, etc.) and sentiments.

Room for Downside. GBP traded softer last week amid rebound in USD, softer UK CPI and a somewhat dovish BoE. MPC voted 7-2 to keep bank rate unchanged at 5.25% (unchanged from previous) but for at least 3 of the remaining 7 members, the decision to hold was “finely balanced”. There was suspicion that Governor Bailey, Deputy Governor Ben Broadbent were amongst those 3 members. Adding to GBP’s softness and potential for cut at next MPC was headline CPI falling to 2% target. Markets have now shifted to price in 65% probability of a 25bp cut at 1 Aug MPC (vs. <50% probability a week ago).

GBP was last at 1.2645. Daily momentum is mild bearish while RSI is falling. Near term retracement not ruled out. Support here at 1.2620/40 levels (50, 100 DMAs), 1.2590 (50% fibo retracement of Jul high to Oct low) and 1.2560 (200 DMA). Resistance at 1.2720/40 levels (61.8% fibo, 21 DMA), 1.2820.

We still hold to a mild upward trajectory for GBP. Though BoE may soon cut rates in Aug, we do not expect an aggressive rate cut cycle and still expect BoE to keep monetary policy restrictive overall as inflationary pressures remain (services inflation at ~5.7%). 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 aggressive rate cut cycle; faster growth slowdown in UK, actual public finances turn out to be worse than expected and/or energy prices surge.

Heightened Risk of Intervention. USDJPY continued to trade higher last week. A few factors underpinned the move: 1/ firmer USD after US prelim PMIs came in stronger than expected; 2/ softer JP data, including CPI and dip in services PMI below 50-mark. We continue to see risks of USDJPY mounting a challenge above 160, and any rapid pace of rise in USDJPY should heighten the risks of intervention. This is especially so when the recent upmove in USDJPY has already diverged from the directional move in US treasury yields and UST-JGB yield differentials (breakdown in traditional correlation may suggest that speculative flows should not be ruled out).

That said, intervention is at best an option to slow the pace of depreciation and not a tool to reverse the trend. For USDJPY to turn lower, that would require the USD to turn/Fed to cut or for BoJ to signal an intent to normalise urgently (rate hike or increase pace of balance sheet reduction). None of the above appears to be taking place. As such, the path of least resistance for USDJPY may still be to the upside, for now.

USDJPY was last at 159.80. Daily momentum is bullish while RSI rose. Directional bias skewed to the upside though intervention may tamper momentum. Resistance at 160.17 (previous high), 164.90 (123.6% fibo projection of 2024 low to high). Support at 157.20 (21 DMA), 156.20 (50 DMA).

Near term, USDJPY faces upside risks. Fed doesn’t seem to be in a hurry and does not have the reasons to cut even if it wants to while the BoJ is still perceived to be in no hurry to normalise. At its recent MPC (14 Jun), BoJ kept policy rate on hold and said it will reduce bond purchases without offering specifics. It will maintain their guidelines for JPY6tn a month and will defer to next meeting on bond buying plans. We had argued that the BoJ should waste no time in normalising policies as shunto wage outcome have met expectations and inflation has been on target. Nevertheless, given this Fed-BoJ policy bias divergence, the path of least resistance for USDJPY may still be to the upside. 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. Shunto for 2024 reported wage growth at 5.17% average, much higher than previous years.

CPI in Focus. AUD traded higher last week. Pair was last seen at 0.6640 levels. Daily momentum is flat while RSI fell. 2-way trades likely in the short term. Support at 0.6590 (50 DMA), 0.6550 (200 DMA). Resistance at 0.6700/20 levels. Focus this week on CPI (Wed).

RBA kept cash rate on hold at 4.35% as widely expected (18 Jun). RBA Governor Bullock made some points: 1/ near-term path for interest rates was 'not obvious'; 2/ reiterated the Board was 'not ruling anything in or out'. She admitted that a hike was debated at the last meeting, but the probability of a hike was not increasing and noted the word 'vigilant' in the post-meeting statement was not meant to signal a hiking bias. Overall meeting outcome remains in line with our view that RBA is likely to stay on hold for longer due to sticky inflation and still-tight labour market. But in a broader scheme of things, the disinflation path should remain on track. Moderation in wage growth should ease concerns of price-wage spiral and support our view that the RBA remains on track to lower rates in the later part of the year.

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 soon; 3/ higher commodity prices; 4/ potential case for China stabilisation story as China is sharpening its more targeted approach on real estate sector. Outside of Australia, China's recently announced measures to support its real estate markets have also boosted sentiments. 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; 4/ any market risk-off event (i.e., potential escalation in US-China trade tension, escalation in Israel-Hamas conflict, Red Sea developments).

Break-Out Risk. USDSGD drifted modestly higher last week amid firmer USD (post-prelim PMIs), softer RMB while EUR traded softer on renewed election jitters. We had earlier shared that election uncertainty in France would influence the EUR and that may have spillover impact on SGD in the near term. Pair was last at 1.3550 levels. Mild bullish momentum on daily chart intact while RSI rose. Risks skewed to the upside. Resistance at 1.3560/70 levels (channel upper bound), 1.3620 (76.4% fibo). Support at 1.3530 (50DMA, 61.8% fibo retracement of Oct high to Jan low), 1.35 (21 DMA) and 1.3460 (50% fibo).

We estimated the S$NEER is ~1.85% above our model-implied mid. Focus this week on SG CPI (Mon), IP (Wed). A softer CPI print may trigger some excitement on initiating shorts on S$NEER ahead of MAS meeting in Jul. That said, a stickier print (of core CPI above 3.1%) may dampen any excitement and see S$NEER trading close to its upper bound.

Broadly speaking, the S$NEER may continue to trade in the upper half of its band as MAS's policy stance (appreciation stance) should persist due to stickiness of core CPI. Recent observation shows S$NEER appears to fluctuate in 1.5% to 1.9% above model-implied mid (vs. previously when the $NEER appears to fluctuate in 1.3% to 1.7%). S$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	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

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: Death Cross

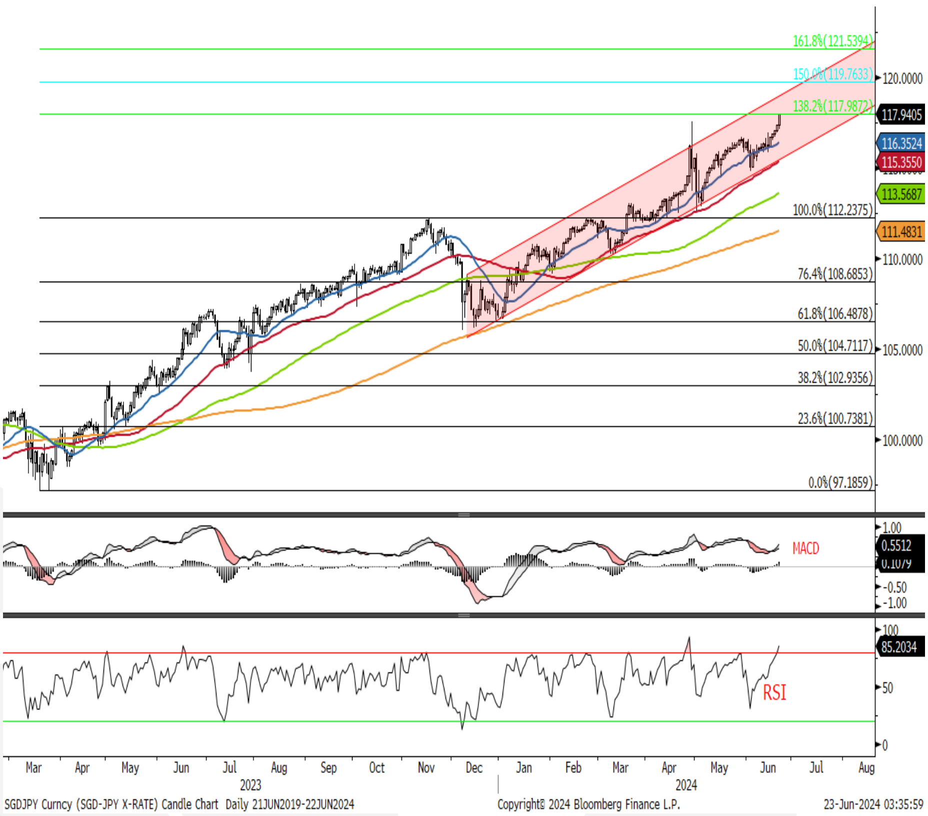
SGDMYR traded a touch softer last week. Last at 3.4800 levels.

Mild bullish momentum on daily chart is waning while RSI fell. Death cross formed, as 50DMA look cuts 200 DMA to the downside. Bias to sell rallies.

Resistance at 3.4950/3.5000 (38.2% fibo retracement of Jul low to Feb high, 50, 200 DMAs), 3.5120 (100 DMA).

Support at 3.48 (50% fibo), 3.4720 and 3.4530 (61.8% fibo).

SGDJPY Daily Chart: Bullish Trend Channel Intact



SGDJPY extended its move higher last week amid JPY underperformance. Cross was last at 117.90 levels.

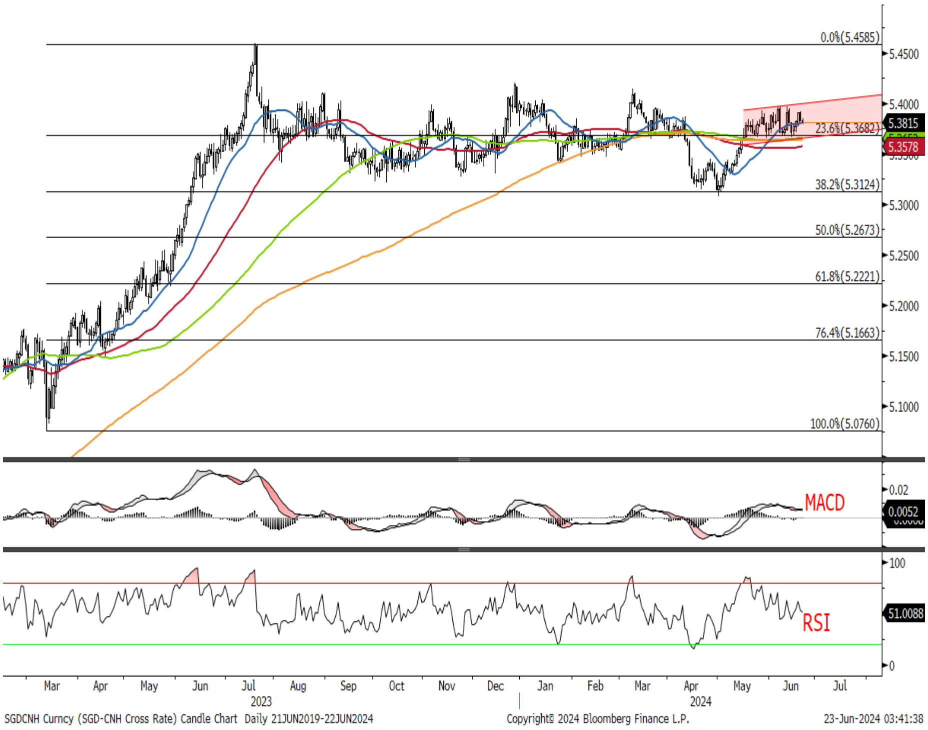
Daily momentum turned bullish while RSI rose into overbought conditions. Bullish trend channel intact.

Resistance at 118 (138.2% fibo projection from 2023 low to high), 119.80 (150% fibo).

Support at 116.35 (21 DMA), 115.35 (50 DMA).

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

SGDCNH Daily Chart: Sideways



SGDCNH continued to trade sideways last week. Cross was last at 5.3815 levels.

Daily momentum is not showing a clear bias for now while RSI fell. Sideways trade likely to dominate for now.

Support at 5.3680 (23.6% fibo retracement of 2023 low to high), 5.3550 (50 DMA).

Resistance at 5.39, 5.40 levels.

EURSGD Daily Chart: Bearish Crossover Observed

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

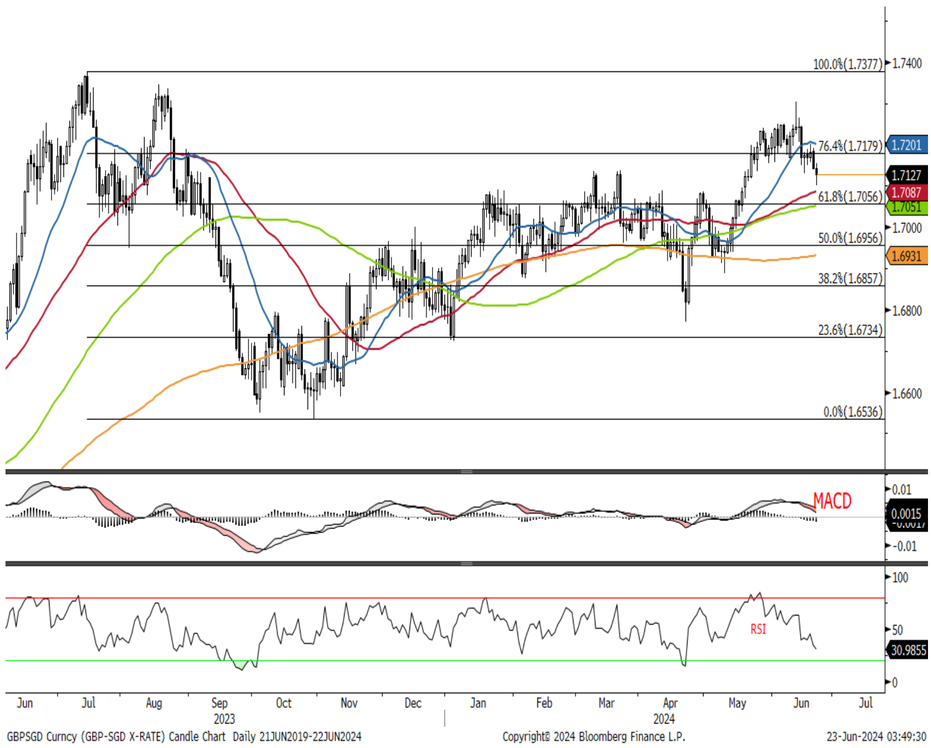
EURSGD traded heavy near recent lows as election risks in France weighed on sentiments. Cross was last at 1.4490 levels.

Bearish momentum on daily chart intact while RSI is near oversold conditions. 21 DMA looks on track to cut 50 DMA in due course. Near term risks skewed to the downside.

Support at 1.4420 (61.8% fibo), 1.4365 and 1.4310 (76.4% fibo).

Resistance at 1.4510 (50% fibo retracement 2023 low to high), 1.4540/80 levels (21, 50, 100 and 200 DMAs), 1.4600 (38.2% fibo), 1.4680 levels

GBPSGD Daily Chart: Corrective Pullback



GBPSGD turned lower last week. Cross was last 1.7130 levels.

Daily momentum and RSI indicators are turning bearish. Risks skewed to the downside.

Support at 1.7060/90 (61.8% fibo retracement of Jul high to Oct low, 50 DMA), 1.6960 (50% fibo).

Resistance at 1.71801.72 (76.4% fibo, 21 DMA), 1.7250 levels.

AUDSGD Daily Chart: Pullback Risks; Buy Dips Preferred

AUDSGD was a touch firmer last week. Last at 0.8990 levels.

Daily momentum is not showing a clear bias while RSI fell. Slight pullback risks to the downside not ruled out. Bias to buy dips.

Support at 0.8970 levels (21DMA), 0.8920 (50DMA, 50% fibo retracement of June high to Oct low), 0.8845/60 levels (38.2% fibo, 100, DMA).

Resistance at 0.9000/20 levels (61.8% fibo), 0.9090 (76.4% fibo).

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

Gold Daily Chart: Another Pullback Not Ruled Out

Gold traded higher in early week, but gains were reversed into late week. Last seen at 2322 levels.

Technical signals have been mixed and not-so-compelling lately.

Bearish crossover was earlier observed (21 cut 50 DMA to the downside). On the other hand, bearish momentum on daily chart shows signs of fading but RSI fell. The risk of another pullback is still not ruled out.

Support seen at 2286 levels (recent low), 2272 (38.2% Fibonacci retracement of the low to high range from 2024) and 2241 (100 DMA). Resistance at 2340/43 (23.6% fibo, 50 DMA), 2367 levels.

Range of 2240 – 2360 should hold.

Silver Daily Chart: Near Term Downside Risks

Silver was last seen at 29.55 levels.

Bearish momentum on daily chart is intact while RSI fell. Bearish divergence on RSI is playing out. Double top earlier formed (bearish reversal). Risks remain skewed to the downside for now.

Key support at 29.14 (50 DMA), 28.40 levels (38.2% fibo). Decisive break puts next support at 27.20 (50% fibo).

Resistance at 30.00/20 (23.6% fibo retracement of 2024 low to high, 21 DMA), 31 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	156.00	155.00	153.00	150.00	148.00
EUR-USD	1.0700	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	0.6100	0.6200	0.6250	0.6300	0.6300
USD-CAD	1.3700	1.3600	1.3500	1.3400	1.3300
USD-CHF	0.8950	0.8950	0.9000	0.9000	0.9000
USD-SEK	10.86	10.71	10.61	10.35	10.10
DXY	105.58	104.46	103.55	102.83	101.88
USD-SGD	1.3450	1.3420	1.3400	1.3350	1.3310
USD-CNY	7.2300	7.2200	7.2000	7.1800	7.1800
USD-CNH	7.2500	7.2400	7.2200	7.2000	7.1800
USD-THB	36.40	36.20	35.80	35.80	35.70
USD-IDR	16250	16150	16050	15950	15800
USD-MYR	4.6800	4.6600	4.6400	4.6200	4.6000
USD-KRW	1360	1350	1330	1325	1320
USD-TWD	32.20	32.10	31.85	31.75	31.60
USD-HKD	7.8000	7.8000	7.8000	7.7900	7.7800
USD-PHP	59.00	58.60	58.40	58.00	57.60
USD-INR	83.20	83.10	83.00	83.00	82.80
USD-VND	25400	25200	25100	24900	24850
EUR-JPY	166.92	168.18	167.54	165.00	164.28
EUR-GBP	0.8452	0.8537	0.8555	0.8594	0.8638
EUR-CHF	0.9577	0.9711	0.9855	0.9900	0.9990
EUR-SGD	1.4392	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	0.8205	0.8320	0.8375	0.8411	0.8385
CHF-SGD	1.5028	1.4994	1.4889	1.4833	1.4789
JPY-SGD	0.8622	0.8658	0.8758	0.8900	0.8993
SGD-MYR	3.4796	3.4724	3.4627	3.4607	3.4560
SGD-CNY	5.3755	5.3800	5.3731	5.3783	5.3944
SGD-IDR	12082	12034	11978	11948	11871
SGD-THB	27.06	26.97	26.72	26.82	26.82
SGD-PHP	43.87	43.67	43.58	43.45	43.28
SGD-VND	18885	18778	18731	s	18670
SGD-CNH	5.39	5.39	5.3881	5.39	5.39
SGD-TWD	23.94	23.92	23.77	23.78	23.74
SGD-KRW	1011.15	1005.96	992.54	992.51	991.74
SGD-HKD	5.7993	5.8122	5.8209	5.8352	5.8452
SGD-JPY	115.99	115.50	114.18	112.36	111.19
Gold $/oz	2350	2415	2445	2475	2500
Silver $/oz	29.38	30.19	32.17	33.00	33.33

Source: OCBC Research (Latest Forecast Updated: 14th June 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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