

## FX Weekly

28 October 2024

### Election Fever

**Probably the Most Eventful 2 Weeks Ahead.** USD rose for a fourth consecutive week amid US data outperformance and election risk premium. This week marks the start of a busy, eventful 2 weeks with JOLTS job openings, consumer sentiment (Tue); ADP employment (Wed); core PCE (Thu) and NFP (Fri) before US elections (5 Nov) and FOMC (7 Nov). Outside of US, the week begins with a softer JPY on hung parliament outcome in Japan; UK budget, AU CPI, Euro-area 3Q GDP (Wed); Euro-area CPI estimate, BoJ MPC, AU retail sales, China PMIs (Thu) will also be of interests. Between now and then, we should see 2-way trades in USD. While top side may look stretched technically, any pullback may also be shallow due to interests to buy USD (proxy for Trump hedges) ahead of US elections. Traditional polls remain too close to call while prediction market pointed to Trump lead. And that brings back worries of tariffs, inflation and fiscal concerns. Trump's proposed tax cut would add \$7.5tn more to US debt (according to estimates from nonpartisan nonprofit committee for responsible federal budget). The potential ballooning in US debt also stirred up the narrative of de-dollarisation, adding to demand for gold. The high degree of uncertainty (also seen in 2w vols, which covers US elections) basically means that markets will largely be driven by election-related headlines. Defensive positioning/ trump hedges (long USD, long gold, short CNH) may still gather traction in the near term given the fluidity of election developments until outcome of US election results.

**US Election Recap:** It is essential to understand that U.S. citizens do not directly elect their President. Instead, the country uses an electoral college system, where the President is chosen through an indirect process. In the General Election, U.S. citizens cast their votes to select a group of representatives, known as "electors," who then vote for the presidential candidates. The number of electors in each State is made up of the number of Senators (2 in each State) and Congressional District representatives. Bigger States (in terms of population) such as California is assigned 54 Electors (the most in any State). Based on the "winner takes all" rule and the tradition in 48 out of the 50 States, the winner gets all the 54 electoral votes if a candidate wins 50.1% of the vote (in California's example) while the loser gets none. There are 2 States out of the 50 that do not follow this tradition - States of Maine and Nebraska, which will use the congressional district method. These states allocate two electoral votes to the state popular vote winner, and then one electoral vote to the winner in each congressional district. This creates multiple popular vote contests in these states, which could lead to a split electoral vote. The Electoral College is 538-member body. To win, a candidate needs 270 votes, and the running mate becomes the vice-president. Once again, it is important to note that the US President is not chosen by popular vote. US election results should be known on the night of the election (or 6 Nov SGT morning).

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#### **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



## AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, bullish bets on most AxJs saw significant adjustments. THB, IDR and KRW saw the biggest unwinding. Bullish bets for SGD, CNY, MYR still remain but had also saw notable adjustments. Overall, markets are mixed on AXJs. KRW, TWD, INR and PHP turned bearish. Amongst these, markets are most bearish on INR.

	13-Jun-24	27-Jun-24	11-Jul-24	25-Jul-24	8-Aug-24	25-Aug-24	5-Sep-24	19-Sep-24	3-Oct-24	17-Oct-24
USD/CNY	0.95	1.34	1.05	1.07	-0.02	-0.62	-0.85	-0.67	-1.14	-0.43
USD/KRW	0.87	1.28	0.87	0.79	0.05	-0.93	-1.09	-0.9	-0.79	0.26
USD/SGD	0.62	0.8	0.06	-0.33	-0.61	-1.08	-1.26	-1.12	-1.26	-0.44
USD/IDR	1.22	1.49	0.73	0.35	-0.02	-1.26	-1.05	-1.18	-1.08	0.04
USD/TWD	0.64	0.88	0.68	0.86	0.59	-0.7	-0.77	-0.66	-0.59	0.24
USD/INR	0.37	0.46	0.22	0.12	0.6	0.21	0.21	0.33	-0.04	0.67
USD/MYR	1	1	1.03	0.39	-0.78	-1.57	-1.46	-1.13	-1.18	-0.4
USD/PHP	1.23	1.37	0.86	0.43	-0.29	-1.03	-1	-1.11	-0.7	0.26
USD/THB	0.92	0.91	0.51	0.02	-0.57	-1.16	-1.22	-1.33	-1.45	-0.28

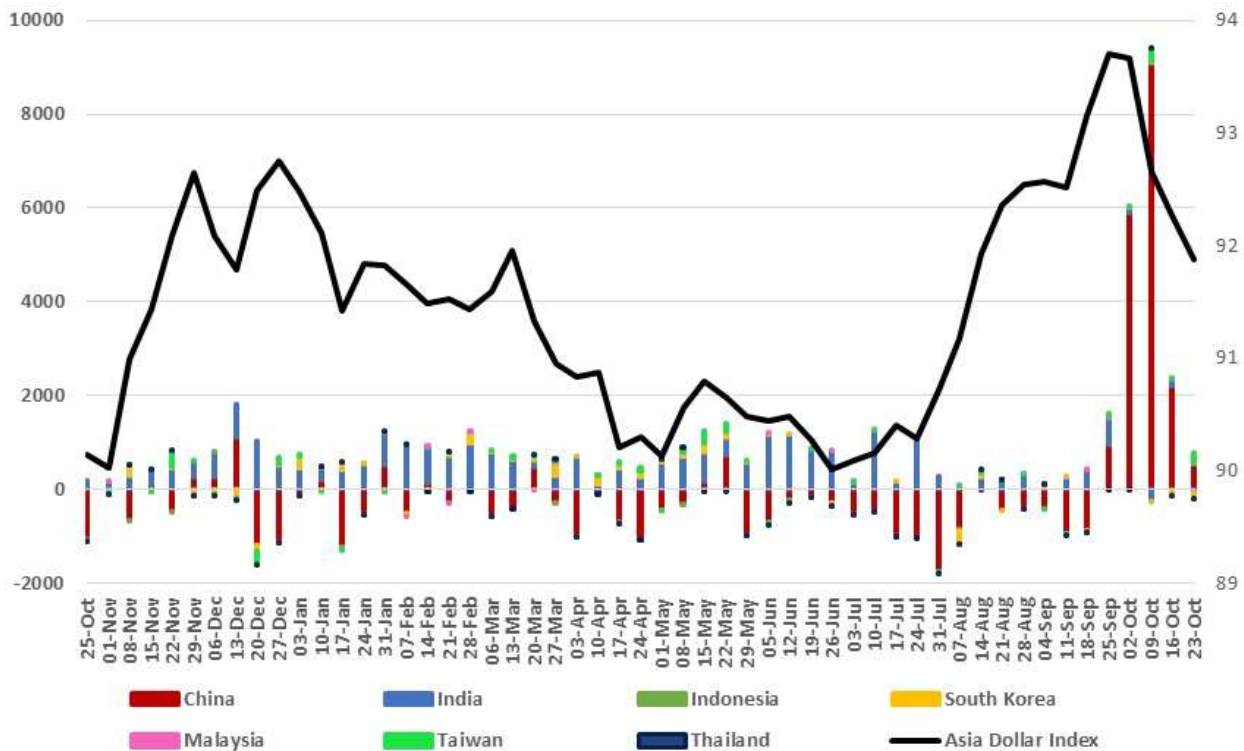
Note: Asian FX poll is conducted by Reuters, on bi-weekly basis on what analysts and fund managers believe the current market positioning are. Poll uses estimates of net short or long on a scale of -3 to +3. A score of +3 indicates significant long USD against the AxJ FX. Arrow direction indicates change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

Source: Reuters [latest avail: 17 Oct 2024], OCBC Research

## EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index





Foreign inflows into Chinese equities continued to slow last week, after the sharp inflows seen the past few weeks. Slowdown in inflows due to US election risk and a lack of follow-through on support measures. Elsewhere, foreign inflows to Taiwan picked up. Meanwhile there were continued outflows in Korea, Thailand equities last week. Asian FX remains under pressure.

EPFR Foreign Flows into Domestic Equity (\$, mio), Asia Dollar Index (RHS)



Note: Latest data available as of 23 Oct (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	<b>Mon:</b> Dallas Fed mfg activity (Oct); <b>Tue:</b> Conf B. consumer confidence (Oct); <b>JOLTS job openings (Sep)</b> <b>Wed:</b> <b>ADP employment (Oct)</b> ; Pending home sales (Sep); <b>GDP (3Q)</b> ; <b>Thu:</b> Personal income, spending, <b>core PCE (Sep)</b> ; initial jobless claims; Chicago PMI (Oct); <b>Fri:</b> <b>NFP, unemployment rate</b> , avg hourly earnings, ISM mfg (Oct)		S: 102.90; R: 104.80
EURUSD	<b>Mon:</b> - Nil – <b>Tue:</b> - Nil – <b>Wed:</b> Consumer confidence (Oct F); <b>GDP (3Q)</b> ; <b>Thu:</b> <b>CPI estimate</b> , unemployment rate (Oct); <b>Fri:</b> - Nil –		S: 1.0740; R: 1.0900
GBPUSD	<b>Mon:</b> Lloyds business barometer, CBI reported sales (Oct); <b>Tue:</b> - Nil – <b>Wed:</b> <b>UK budget</b> ; <b>Thu:</b> - Nil – <b>Fri:</b> Mfg PMI, nationwide house prices (Oct)		S: 1.2870; R: 1.3170
USDJPY	<b>Mon:</b> - Nil – <b>Tue:</b> Jobless rate (Sep); <b>Wed:</b> Consumer confidence (Oct); <b>Thu:</b> Retail sales (Sep); <b>BoJ MPC</b> <b>Fri:</b> PMI Mfg (Oct)		S: 149.50; R: 156.50
AUDUSD	<b>Mon:</b> - Nil – <b>Tue:</b> - Nil – <b>Wed:</b> <b>CPI (3Q)</b> ; <b>Thu:</b> Import/export price, <b>retail sales (3Q)</b> ; Building approvals (Sep); <b>Fri:</b> PMI Mfg (Oct); PPI (3Q); Household spending (Sep)		S: 0.6530; R: 0.6750
USDCNH	<b>Mon:</b> - Nil – <b>Tue:</b> - Nil – <b>Wed:</b> - Nil – <b>Thu:</b> <b>NBS PMIs – mfg, non-mfg (Oct)</b> <b>Fri:</b> Caixin PMI Mfg (Oct)		S: 7.0700; R: 7.1700
USDKRW	<b>Mon:</b> - Nil – <b>Tue:</b> - Nil – <b>Wed:</b> - Nil – <b>Thu:</b> Industrial production (Sep); <b>Fri:</b> Trade, PMI Mfg (Oct)		S: 1,360; R: 1,400
USDSGD	<b>Mon:</b> - Nil – <b>Tue:</b> Unemployment rate (Sep); <b>Wed:</b> Deposits & balances of residents outside Singapore (Sep); <b>Thu:</b> - Nil – <b>Fri:</b> - Nil –		S: 1.3020; R: 1.3290
USDMYR	<b>Mon:</b> - Nil – <b>Tue:</b> - Nil – <b>Wed:</b> - Nil – <b>Thu:</b> - Nil – <b>Fri:</b> PMI Mfg (Oct)		S: 4.2800; R: 4.3700
USDIDR	<b>Mon:</b> - Nil – <b>Tue:</b> - Nil – <b>Wed:</b> - Nil – <b>Thu:</b> - Nil – <b>Fri:</b> PMI Mfg, <b>CPI (Oct)</b>		S: 15,400; R: 15,800

Source: Bloomberg, OCBC Research

## Key Themes and Trades

**DXY**

**Busy Week Ahead.** USD rose for a 4<sup>th</sup> consecutive week. This is a result of a few drivers, from 1/ factoring in US election risk premium; 2/ ongoing geopolitical tensions in middle east; 3/ US data outperformance, leading markets to unwind prior dovish expectation on Fed cut trajectory and to some extent, even factoring in the plausibility that Fed may opt for hold at next meeting in Nov. Last week, Uni of Michigan sentiment, durable goods order surprised to the upside while the week before, retail sales, Philly Fed business outlook, CPI came in better-than-expected. This underscores the potential return of US exceptionalism.

This week marks the start of a busy, eventful 2 weeks with JOLTS job openings, consumer sentiment (Tue); ADP employment (Wed); core PCE (Thu) and NFP (Fri) before US elections (5 Nov) and FOMC (7 Nov) the following week. Between now and then, we should see 2-way trades in USD. While top side may look stretched technically, any pullback may also be shallow due to interests to buy USD (proxy for Trump hedges) ahead of US elections. Traditional polls remain too close to call while prediction market pointed to Trump lead. And that brings back worries of tariffs, inflation and fiscal concerns. Trump's proposed tax cut would add \$7.5tn more to US debt (according to estimates from nonpartisan nonprofit committee for responsible federal budget). The potential ballooning in US debt also stirred up the narrative of de-dollarisation, adding to demand for gold. The high degree of uncertainty (also seen in 2w vols, which covers US elections) basically means that markets will largely be driven by election-related headlines. Defensive positioning/ trump hedges (long USD, long gold, short CNH) may still gather traction in the near term given the fluidity of election developments until outcome of US election results.

**A recap on US elections 101:** It is essential to understand that U.S. citizens do not directly elect their President. Instead, the country uses an electoral college system, where the President is chosen through an indirect process. In the General Election, U.S. citizens cast their votes to select a group of representatives, known as "electors," who then vote for the presidential candidates. The number of electors in each State is made up of the number of Senators (2 in each State) and Congressional District representatives. Bigger States (in terms of population) such as California is assigned 54 Electors (the most in any State). Based on the "winner takes all" rule and the tradition in 48 out of the 50 States, the winner gets all the 54 electoral votes if a candidate wins 50.1% of the vote (in California's example) while the loser get none. There are 2 States out of the 50 that do not follow this tradition - States of Maine and Nebraska, which will use the congressional district method. These states allocate two electoral votes to the state popular vote winner, and then one electoral vote to the winner in each congressional district. This creates multiple popular vote contests in these states, which could lead to a split electoral vote. The Electoral College is 538-member body, corresponding to 435 representatives and 100 Senators, in the 50 States as well as the District of Columbia (3 votes). To win, a candidate needs 270 votes, and the running mate becomes the vice-president. Once again, it is important to note that the US President is not chosen by popular vote. US election results should be known on the night of the election (or 6 Nov SGT morning). Recall back in 2000, George W. Bush lost the popular vote to Al Gore but won the elections on the Electoral College vote of 271 to 266. In 2016, Donald Trump beat Hillary Clinton after polling almost three million fewer votes.

DXY was last at 104.47 levels. Daily momentum remains bullish but RSI eased lower from overbought conditions. While the recent run up continues to look stretched technically, the move higher may still extend in the interim. That said, we do also caution that the subsequent snapback may also be sharp, on any triggers or data surprises. Resistance at 104.60 (61.8% fibo), 105.20 levels. Support at 103.80 levels (200 DMA, 50% fibo), 102.90/103.20 levels (21, 100 DMAs, 38.2% fibo retracement of 2023 high to 2024 low) and 101.90 (50 DMA).

US elections (Nov-2024) risk remains a big known unknown. Even at this point (with less than 2 weeks to election day), developments remain fluid with traditional polls and prediction markets are seeing growing divergence. The outcome will have implications on FX as shifts in fiscal, foreign and trade policies may occur, depending on whether Trump or Harris is elected as the next President come Nov.

- A Trump outcome may see a play-up of US-China trade tensions and should 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 US-China trade tensions escalate (i.e. long gold, short CNH).

- However, a Kamala Harris outcome is deemed to be more focused on domestic issues and could see more measured engagements with China. On this note, vols should ease, equities may retain gains and Asian/ high-beta FX may find relief.

Assuming a Harris victory, we expect markets to refocus back on growth, inflation dynamics. On that note, we maintained our view for USD to trend lower as Fed's rate cut cycle gets underway. Extent of USD's decline hinges on 1/ how quick and deep the Fed cuts and 2/ how global growth pans out. It is also important to put in context, what is the market environment when rate cut cycle gets underway. If Fed cut is non-recessionary driven and that growth outside-US continues to manage ok in a not-hot-not cold setting, then the USD can remain back footed and high beta/ Asian FX can enjoy another window of recovery. The risk is a return of US exceptionalism and/or Fed slowing rate cut cycle, as these may result in USD bounces. That said, in the scenario of stability in major Asian FX including RMB, JPY, growth in the region looking fine and Fed cuts paving room for other Asian central banks to ease, Asian bonds may also be in a sweet spot and further foreign demand can result in positive feedback loop in support of Asian FX. We maintained our view for USD to trend lower in the medium term. But near term, better than expected US data, unwinding of dovish expectations, and in light of US elections (further reduction of risk positions) may lend support to USD.

## EURUSD

**CPI Estimate, 3Q GDP on Tap This Week.** EUR continued to trade near recent lows amid broad USD strength and dovish ECBspeaks, which led markets to price in more dovish expectations (40% probability of 50bp cut at Dec meeting. There was plenty of ECBspeaks last week and a notable shift in dovishness. Vasil said that ECB should not hurry to lower rates or spend too long contemplating how far and how quickly they should fall. Vujcic said that he is open to any discussion in Dec. Simkus wants rate cut but cannot justify 50bp move. Knot said that given the downward surprise of both headline and core CPI in 3Q, inflation may drop faster than expected. He also added that data point to increasing risk of disappointing growth in the near and medium term. Panetta said that a combination of low inflation and weak growth is conducive to further loosening of monetary policy. He added that ECB is likely to reach 2% inflation target "much earlier" than at the end of 2025. In earlier ECBspeaks, Lagarde said that path of rate was clear while pace was still "to be determined", Centeno said that ECB would consider accelerating pace of cuts should data warrants it, Rehn said that weak growth could increase disinflation pressure while Villeroy said that "We are not behind the curve today, but agility should prevent us from running such a risk in the future, ... the risk of reducing too late our restrictive stance could indeed become more significant relatively to the one of acting too quickly." The risk of a Trump outcome also setups the risk of a 10% tariff on all imports and this may also undermine EUR.

EUR was last seen at 1.0790. Momentum remains bearish though there are signs of it fading while RSI is still near oversold conditions. Support 1.0780, 1.0740 (76.4% fibo). Resistance at 1.0830 (61.8% fibo retracement of 2024 low to high), 1.0870 (200 DMA), 1.0910/30 levels (21, 100 DMAs).

We still maintain a neutral outlook on EUR. PMIs for the Euro-area continued to point to renewed concerns on growth while CPI undershoot expectations. Markets have already overshot dovish expectations. Unwinding of dovish expectations should see EUR correct higher. That said, we continue to keep a close watch on data.

## GBPUSD

**Budget in Focus.** Chancellor Reeves said there would be new rules in her budget this week governing Treasury borrowing, allowing debt levels to increase by up to £50bn over 5 years – to facilitate investment in Britain's infrastructure. There were concerns if her plans would be similar to former PM Liz Truss's infamous mini-budget in 2022 although Reeves did say that she would stick firmly to a requirement for day-to-day spending to be matched by tax receipts. Increase in borrowings may keep rates elevated for longer. This suggests that the BoE may not have much room to lower rates, which may run in contrast to Governor Bailey's recent dovish shift in rhetoric, in which he said that *BoE could become a "bit more*

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*aggressive” and “a bit more activist” in its approach to cutting rates if the news on inflation continued to be good (Telegraph interview).*

GBP continued to trade near recent low owing to broad USD strength. Pair was last at 1.2962 levels. Daily momentum is bearish bias though there are signs of it fading while RSI shows signs of rising from near oversold conditions. Support here at 1.2960 (100 DMA), 1.2870 (50% fibo) and 1.2810 (200 DMA). Resistance at 1.30 (38.2% fibo retracement of Apr low to Sep high), 1.3100/40 levels (21, 50 DMAs).

We still maintain a somewhat constructive outlook on GBP with a combination of softer USD, less dovish BoE (than Fed) and better data out of UK – expansionary PMIs in 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. BoE has started its rate cut cycle (1 Aug), but the cycle may be less aggressive than Fed. Recent comments from Governor Bailey on The Guardian were inconsistent from comments made in MPC. We would need to observe this further. At the last MPC meeting (Sep), policymakers emphasized the need for policy to stay restrictive for “sufficiently long” and that most members saw the need for 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. GBP remains a higher carry amongst DM FX amidst BoE’s very gradual approach to easing vs. Fed frontloading rate cuts. The risks to our outlook: a more aggressive BoE rate cycle than the Fed; faster growth slowdown in UK, and/or energy price surge.

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#### USDJPY

**Boosted by Hung Parliament, Policy Uncertainty.** USDJPY rose in early trade, following hung parliament outcome. According to Japan’s NHK public TV, LDP coalition is set to lose a 233-majority in the 465 seat lower house. LDP coalition only garnered 215 votes and would urgently need to find partners. The Constitutional Democratic Party of Japan, led by centrist leader Yoshihiko Noda made huge gains to 148 votes (up from previous 98 votes). He can push to seek a coalition with other opposition parties but it was last known that his party has had little success finding partners. A hung parliament means that LDP coalition may face challenges passing policies in parliament. Uncertainty may complicate fiscal-monetary policy, weigh on Japanese equities and JPY in the interim. BoJ meeting (Thu) is likely a non-event as Japanese policymakers are likely to hold off rate increases until there is greater clarity with government and economic policies. Slowing BoJ policy normalisation and Fed in no hurry to cut, alongside US election risks may imply that USDJPY may well stay supported in the interim.

USDJPY was last seen at 153.65 levels. Bullish momentum on daily chart intact while RSI is again rising towards overbought conditions. Near term risks skewed to the upside. Resistance at 155 and 156.50 (76.4% fibo). Support at 151.50 (200 DMA), 150.60/70 levels (50% fibo retracement of Jul high to Sep low, 100 DMA). We cautioned that verbal intervention could kick in only if USDJPY trades quickly up to 155/156 levels but we doubt there will be actual intervention.

Over a medium term, we continue to expect USDJPY to trend gradually lower on as Fed cut cycle is underway and that 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 by the BoJ before the end of 2024. We do however acknowledge that Governor Ueda did hint that BoJ is in no hurry to raise rates but that does not change the course of monetary policy in the broader scheme of things. 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 still be supported on dips. Hung parliament resulting in potential delay in economic policies may imply that BoJ may also need to rush to normalise especially when recent inflation prints came in softer.

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#### AUDUSD

**Under Pressure; Nearing Key Support.** AUD continued to trade under pressure. Markets re-pricing US election risk premium, rebound in yields, USD and a lack of follow-through on Chinese support measures were some of the catalysts behind a softer AUD.

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AUD was last seen at 0.66 levels. Daily momentum remains bearish while RSI looks to head lower towards oversold conditions. Risks skewed to the downside. Next support at 0.6570, 0.6530 levels. Resistance at 0.6630 (200 DMA), 0.67 levels (100 DMA) and 0.6730/50 (21, 50 DMAs).

We hold to our broadly constructive on AUD medium term outlook 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; 2/ USD to trade on the back foot as Fed cut cycle gets underway. The case for China stabilisation story is getting some traction after China unleashed multi-pronged support measures but the lack of a concrete “number” has also disappointed markets. Focus next on NPC (end-Oct, early Nov). More concrete steps then should help to reinstate confidence but this may come later in Nov after China NPC. Hopes of China stabilisation would be a positive driver supporting AUD. 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).

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#### USDSGD

**Trading Like a USD Proxy.** USDSGD extended its move higher, tracking the broad rise in USD, UST yields. Pair was last at 1.3245 levels. Daily momentum remains bullish while RSI is near overbought conditions. Resistance at 1.3290 (61.8% fibo retracement of Jun high to Oct low), 1.3350 levels (200 DMA). Support at 1.3190 (50% fibo), 1.31 (38.2% fibo).

In recently published MAS macroeconomic review, 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%. Elsewhere, recent employment surveys indicate that *hiring sentiment may be improving*. Manpower Group’s employment outlook also indicated that *labour demand could strengthen further by the end of this year, led by stronger hiring in the financial services and information & communications sectors*.

Post-MAS policy decision, S\$NEER continued to ease lower due to USD component within the basket. Last at 1.46% above model-implied mid and is close to the bottom of its year’s band of 1.4 – 2%. 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. That said, it is still worth monitoring if market will jump ahead to price in softer S\$NEER to align with MAS projection for core inflation to ease further in 2025.

Looking out into our forecast horizon, we continue to expect a milder downward trajectory for USDSGD, as Fed cuts get underway (to weigh on USD), partially offset by a less tight monetary stance for MAS at some point in 2025. China finding recovery footing at one point is also another factor supportive of Axl FX, including SGD.

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## 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 <a href="#">[Trade TP]</a>	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. <a href="#">[Trade TP]</a>	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. <a href="#">[Trade TP]</a>	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. <a href="#">[Trade TP]</a>	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. <a href="#">[EXIT with no P&amp;L, given recent market development in China]</a>	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 3 <sup>rd</sup> 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. <a href="#">[LIVE]</a>	
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. <a href="#">[LIVE]</a>	

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: Consolidation



SGDMYR was a touch firmer last week, but largely still trade in recent range. Cross was last at 3.2880 levels.

Daily momentum is bullish while RSI eased. Further consolidation is still expected.

Resistance at 3.29 (23.6% fibo retracement of 2024 high to low) and 3.3031 levels.

Support at 3.2720 (21 DMA), 3.24 levels.

SGDJPY Daily Chart: Upside Risks



SGDJPY traded higher on JPY underperformance stoked by hung parliament outcome. Cross was last at 115.93 levels.

Mild bullish momentum intact while RSI rose towards near overbought conditions. Near term risks skewed to the upside.

Resistance at 116, 116.72 (76.4% fibo).

Support at 114.70 levels (38.2% fibo retracement of Dec low to 2024 high), 114.10 (21 DMA), 113 (50% fibo).

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

## Gold Daily Chart: Risks of Bearish Divergence



Gold continued to trade high to another all-time highs. Last seen at 2736 levels.

Daily momentum is bullish while RSI eased from overbought conditions. Somewhat cautious of bearish divergence on RSI, MACD – implies near term corrective move lower.

Support at 2677 (21 DMA), 2603 (50 DMA).

Resistance at 2762 (76.4% fibo extension), 2800 levels.

## Silver Daily Chart: Retracement Risks



Silver traded multi-year high of 34.90 last week before easing. Last seen at 33.72 levels.

Daily momentum is bullish but RSI shows signs of easing from overbought conditions. Cautious of retracement risks

Support at 33 (61.8% fibo), 32.16 (21 DMA) and 31.80 levels (50% fibo) and 30.55.

Resistance at 34.90 (recent high), 37 levels

Note: blue line – 21SMA; 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	140.00	138.00	136.00	135.00	132.00
EUR-USD	1.1050	1.1200	1.1250	1.1300	1.1300
GBP-USD	1.3150	1.3200	1.3400	1.3500	1.3550
AUD-USD	0.6800	0.6900	0.6950	0.7000	0.7000
NZD-USD	0.6150	0.6250	0.6300	0.6350	0.6350
USD-CAD	1.3550	1.3500	1.3450	1.3400	1.3300
USD-CHF	0.8600	0.8550	0.8550	0.8500	0.8500
USD-SEK	10.48	10.33	10.25	10.00	10.00
DXY	101.27	100.13	99.43	98.83	98.42
USD-SGD	1.3000	1.2900	1.2850	1.2830	1.2800
USD-CNY	7.0500	7.0000	6.9800	6.9600	6.9200
USD-CNH	7.0500	7.0000	6.9800	6.9600	6.9200
USD-THB	32.50	32.40	32.30	32.10	32.00
USD-IDR	15100	14900	14825	14800	14775
USD-MYR	4.2200	4.1500	4.1400	4.1200	4.0800
USD-KRW	1330	1300	1290	1280	1270
USD-TWD	31.50	31.30	31.20	31.10	31.00
USD-HKD	7.7800	7.7800	7.7700	7.7600	7.7500
USD-PHP	56.20	55.50	55.00	54.60	54.30
USD-INR	83.60	83.30	83.40	83.10	82.80
USD-VND	24800	24650	24300	24200	24050
EUR-JPY	154.70	154.56	153.00	152.55	149.16
EUR-GBP	0.8403	0.8485	0.8396	0.8370	0.8339
EUR-CHF	0.9503	0.9576	0.9619	0.9605	0.9605
EUR-SGD	1.4365	1.4448	1.4456	1.4498	1.4464
GBP-SGD	1.7095	1.7028	1.7219	1.7321	1.7344
AUD-SGD	0.8840	0.8901	0.8931	0.8981	0.8960
NZD-SGD	0.7995	0.8063	0.8096	0.8147	0.8128
CHF-SGD	1.5116	1.5088	1.5029	1.5094	1.5059
JPY-SGD	0.9286	0.9348	0.9449	0.9504	0.9697
SGD-MYR	3.2462	3.2171	3.2218	3.2112	3.1875
SGD-CNY	5.4231	5.4264	5.4319	5.4248	5.4063
SGD-IDR	11615	11550	11537	11535	11543
SGD-THB	25.00	25.12	25.14	25.02	25.00
SGD-PHP	43.23	43.02	42.80	42.56	42.42
SGD-VND	19077	19109	18911	18862	18789
SGD-CNH	5.4231	5.4264	5.4319	5.4248	5.4063
SGD-TWD	24.23	24.26	24.28	24.24	24.22
SGD-KRW	1023.08	1007.75	1003.89	997.66	992.19
SGD-HKD	5.9846	6.0310	6.0467	6.0483	6.0547
SGD-JPY	107.69	106.98	105.84	105.22	103.13
Gold \$/oz	2750	2780	2810	2830	2850
Silver \$/oz	34.38	34.32	34.69	34.10	34.34

Source: OCBC Research (Latest Forecast Updated: 22<sup>nd</sup> October 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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