

FX Weekly

30 September 2024

Optimistic but Cautious

Will Geopolitics Derail? The last 2-3 months have seen many events, starting off with (1) BoJ policy normalisation and the 20big figure JPY strength, followed by (2) Fed's 50bp cut and most recently, (3) China finally coming through with a slew of support measures, which clearly demonstrates policymakers' multi-pronged attempt to repair confidence alas. These 3 drivers have come together to Asian currencies' advantage. MYR, THB were amongst some of the biggest beneficiaries (+4 to 5% vs. USD in 1month) in the region. And if we still get this pro-risk environment going - on a combination of hopes of further support measures (boost to RMB), growth in the region looking well, Fed easing cycle and softer USD, then these Asian FX should continue to enjoy another window of recovery. Currencies that are typically sensitive to falling US rates and a re-pricing of China recovery are THB, MYR and KRW. Near term, we watch geopolitical risks in middle east – further escalation may be a setback for risk proxy FX in the interim. In terms of data, US job openings (Tue), payrolls report (Fri) will be of interest for USD. For EUR, German CPI (Mon) and Euro-area CPI estimate (Tue) will be closely watched. Further slippage in price momentum should add to expectations that the ECB may ease again in Oct, and this may weigh on EUR. There is also plenty of ECBspeak, including Lagarde (Mon). In terms of market closure, China is out from 1 to 7 Oct.

Technical Pullback for Precious Metals? The bullish momentum with gold is undeniable and at these levels, we are already in uncharted territory. Bullish trend remains intact in the medium term but in the short term, the parabolic move may look a bit extended. Net long gold position is at 4-year high while some technical indicators, including RSI, stochastics are already flagging overbought signals. Near term moderation in the pace of gain maybe likely although medium-term trajectory is still up. Silver is also another one that enjoyed a good run but failed at 32.50 again. The lack of impetus to push above potentially sets up a double-top bearish reversal. We are cautious of an interim top for now.

Stretched Long Position in Gold



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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



AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, bullish bets on most AxJs remain, with modest reductions post-FOMC's 50bp rate cut decision last week. CNY, KRW, MYR saw bullish bets pared back more than the rest while bullish bets on IDR and THB rose. Meanwhile, bearish bet on INR increased slightly. Overall, markets remained most bullish on MYR and THB.

	16-May-24	30-May-24	13-Jun-24	27-Jun-24	11-Jul-24	25-Jul-24	08-Aug-24	25-Aug-24	05-Sep-24	19-Sep-24
USD/CNY	1.05	1.05	0.95	1.34	1.05	1.07	-0.02	-0.62	-0.85	-0.67
USD/KRW	0.96	0.72	0.87	1.28	0.87	0.79	0.05	-0.93	-1.09	-0.9
USD/SGD	0.35	0.83	0.62	0.8	0.06	-0.33	-0.61	-1.08	-1.26	-1.12
USD/IDR	0.96	0.94	1.22	1.49	0.73	0.35	-0.02	-1.26	-1.05	-1.18
USD/TWD	1.02	0.53	0.64	0.88	0.68	0.86	0.59	-0.7	-0.77	-0.66
USD/INR	0.39	0	0.37	0.46	0.22	0.12	0.6	0.21	0.21	0.33
USD/MYR	1.23	0.81	1	1	1.03	0.39	-0.78	-1.57	-1.46	-1.3
USD/PHP	1.29	1.19	1.23	1.37	0.86	0.43	-0.29	-1.03	-1	-1.1
USD/THB	1	1	0.92	0.91	0.51	0.02	-0.57	-1.16	-1.22	-1.33

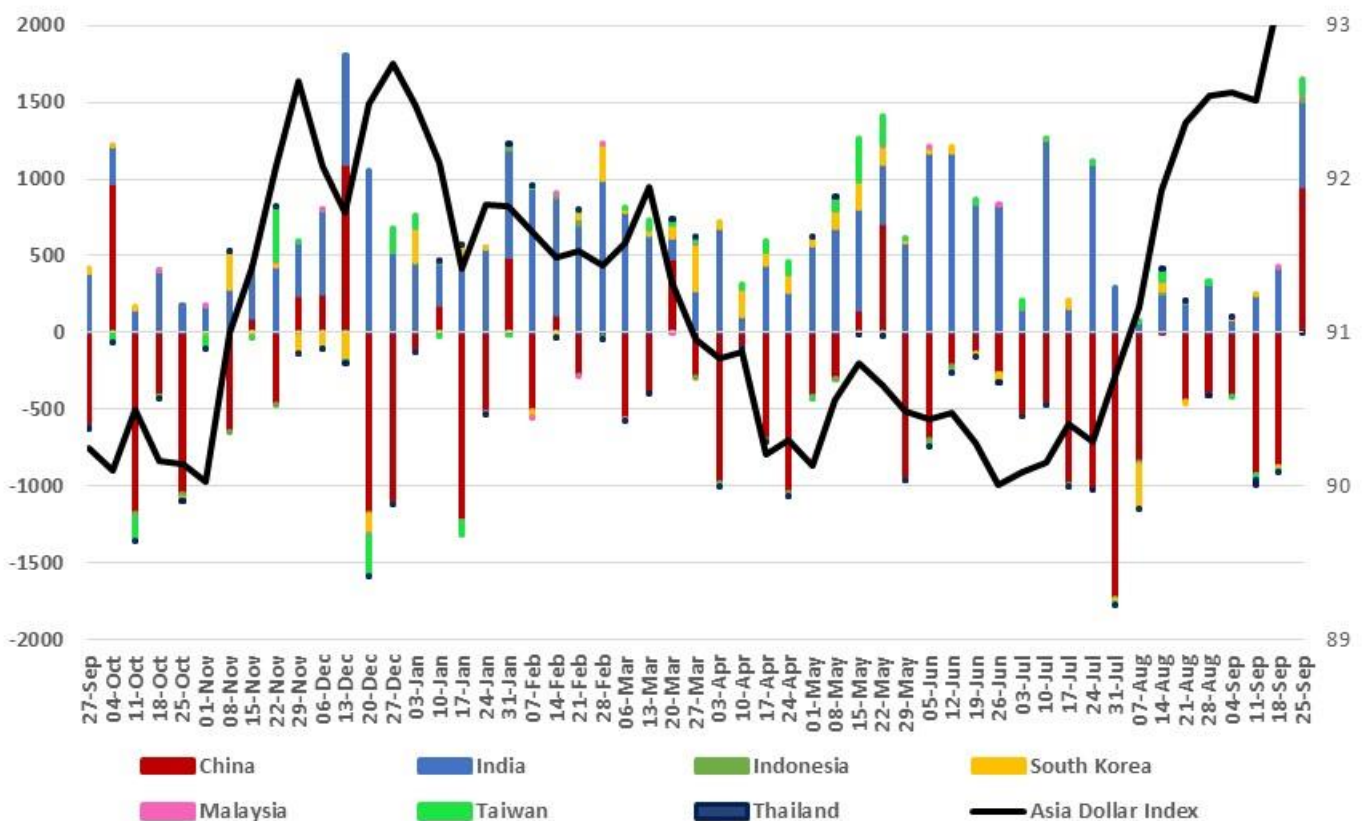
Note: Asian FX poll is conducted by Reuters, on bi-weekly basis on what analysts and fund managers believe the current market positioning are. Poll uses estimates of net short or long on a scale of -3 to +3. A score of +3 indicates significant long USD against the AxJ FX. Arrow direction indicates change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

Source: Reuters [latest avail: 19 Sep 2024], OCBC Research

EPFR Foreign Flows to Selected AxJ Equities vs. Asiadollar Index

Chinese equities saw a surge in foreign inflows last week. Foreign inflows to Indian, Taiwan, Indonesian and Malaysian equities picked up. Thailand equities saw modest outflows last week. Asian FX strengthened further.

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



Note: Latest data available as of 25 Sep (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	<p>Mon: Powell speaks at NABE; Chicago PMI, Dallas Fed mfg (Sep); Tue: ISM mfg (Sep); JOLTS job openings, construction spending (Aug); Wed: ADP employment (Sep); Vice-president debate; Thu: ISM services, initial jobless claims (Sep); durable goods orders (Aug); Fri: Payrolls report (Sep)</p>		S: 99.60; R: 102.50
EURUSD	<p>Mon: German CPI (Sep); ECB's Lagarde speaks; Tue: Mfg PMI, CPI estimate (Sep); Wed: Unemployment rate (Aug); Thu: Services PMI, PPI (Sep); Fri: - Nil -</p>		S: 1.1000; R: 1.1220
GBPUSD	<p>Mon: Lloyds business barometer, nationwide house price (Sep); Current account, GDP (2Q F) Tue: Mfg PMI(Sep); Wed: - Nil - Thu: Services PMI (Sep); Fri: Construction PMI (Sep)</p>		S: 1.3210; R: 1.3450
USDJPY	<p>Mon: IP, retail sales, housing starts (Aug); Tue: Jobless rate (Aug); Tankan survey (3Q); PMI Mfg (Sep); Wed: Consumer confidence (Sep); Thu: PMI services (Sep) Fri: - Nil -</p>		S: 139.50; R: 145.00
AUDUSD	<p>Mon: Private sector credit (Aug); Tue: PMI Mfg (Sep); Building approvals, retail sales (Aug); Wed: - Nil - Thu: Trade (Aug) Fri: Household spending (Aug)</p>		S: 0.6720; R: 0.6900
USDCNH	<p>Mon: NBS, Caixin PMIs - mfg, non-mfg (Sep) Tue: - Nil - Wed: - Nil - Thu: - Nil - Fri: - Nil -</p>		S: 6.9400; R: 7.0200
USDKRW	<p>Mon: Industrial production (Aug); Tue: Trade (Sep); Wed: CPI, PMI Mfg (Sep); Thu: - Nil - Fri: FX reserves (Sep)</p>		S: 1,290; R: 1,340
USDSGD	<p>Mon: Deposits and balances of residents outside SG (Aug); Tue: URA home prices (3Q P); Wed: PMI (Sep); Thu: - Nil - Fri: Retail sales (Aug)</p>		S: 1.2700; R: 1.2910
USDMYR	<p>Mon: - Nil - Tue: PMI Mfg (Sep) Wed: - Nil - Thu: - Nil - Fri: - Nil -</p>		S: 4 1000; R: 4.2000
USDIDR	<p>Mon: - Nil - Tue: PMI Mfg, CPI (Sep) Wed: - Nil - Thu: - Nil - Fri: - Nil -</p>		S: 15,050; R: 15,450

Source: Bloomberg, OCBC Research

Key Themes and Trades

DXY

Labour Market Data Comes Into Focus. USD continued to trade with a heavy bias as data continued to disappoint – consumer confidence, core PCE slipped while FedSpeaks were somewhat dovish. For instance, Goolsbee said rates need to be lowered significantly to protect US labour market and the economy and he looks for many more rate cuts over the next year. He also said that current level of interest rates is hundreds of bps above neutral rate. Bostic said large cut supports labour market, but pace is not set. Musalem said he sees more than one additional 25bp cut for rest of 2024. He also said that a faster pace of rate reduction might be appropriate if economy and labour market weaken more than he expects. Lisa Cook said she wholeheartedly supported 50bp cut, citing slowing labour market and easing inflation. On the other hand, Bowman supported her dissent saying that US economy remains strong and current unemployment rate is well below her estimate of full employment.

For now, 30d Fed fund futures still implied 76bp cut for rest of 2024, despite Fed guiding for 50bp cut (as per last dot plot). This week's JOLTS job openings (Tue), initial jobless claims (Thu) and payrolls report (Fri) will be of interest. Dovish bets may be reduced if labour-related data comes in hotter, and this may have rebound impact on USD in the near term. Elsewhere, FedSpeaks will also be watched. About 13 officials are scheduled to speak this week, of which Fed Chair Powell's speech at NABE (1 Oct) will be the highlight.

DXY was last at 100.38. Daily momentum is flat while RSI fell. Risks are somewhat skewed to the downside. Near term support at 100.20 (recent low). Break-out puts next support at 99.60, 99.20 levels. Resistance at 101.10 (21 DMA), 101.90 levels.

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 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. What would be ideal for USD softness, risk-on trade to play out is US growth in goldilocks while disinflation continues its path and the labour market not showing significant loss in momentum. Given the 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. That said, the US elections (Nov-2024) risk is a big known unknown. The emergence of Kamala Harris as Democratic presidential nominee after President Biden dropped out of race suggests fluid developments and remains early to call. There will be 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.

EURUSD

Double-Top Sets Up Sell Pattern. EUR has been somewhat resilient lately despite the poor prints on Euro-area PMIs as well as increased bets on ECB to cut in Oct. OIS shows 82% probability for 25bp cut priced (vs. 46% probability 2 weeks ago). And we attributed EUR's resilience to optimism with China's recovery after policymakers unleashed a big package of support measures. This week, focus shifts to German CPI (Mon), Euro-area CPI estimate (Tue). Softer-than-expected prints should see a 25bp cut at 17 Oct meeting more or less fully priced. This may weigh on EUR. Elsewhere, there is plenty of ECBspeak this week (about 17 scheduled, with Lagarde tonight) – we watch for any shift in tone on policy guidance.

Pair was last at 1.1160 levels. Daily momentum is not showing a clear bias while RSI turned lower. Risks remain skewed towards the downside. Double-top pattern observed – typically associated with bearish reversal. Resistance at 1.12 (double-top). Support at 1.11 (21 DMA), 1.1030,60 levels (50 DMA, 23.6% fibo retracement of 2024 low to high). Bias to sell rallies.

We still maintain a neutral outlook on EUR. Recent PMIs for the Euro-area continued to point to renewed concerns on growth, but it remains to be seen if this is a one-off summer lull or whether it represents a more material economic downturn. The latter will suggest that ECB easing may need to play catch up and that would warrant a softer EUR. We continue to keep a close watch on data. ECB's Lagarde did recently noted that ECB is open to considering a rate cut in Oct if the economy suffers a major setback, though the next comprehensive set of information will only be available at the following meeting (which is Dec). But as of now, ECB officials are playing it calm and that ECB prefers to maintain full optionality. ECB's no rush to ease vs. greater room for Fed to ease may be supportive of EUR upside unless Euro-area growth sees a negative shock. Our house view looks for another 25bps cut for the year.

GBPUSD

Bullish Bias but Nearing Overbought. GBP traded higher for the week amid broad USD decline while the broader risk sentiment was generally supported, following China stimulus. Pair was last at 1.3370 levels. Daily momentum is mild bullish while RSI moderated. Near term, we still do not rule out the pace of gains to slow or rally to retrace somewhat. Support at 1.3280, 1.3220 (21 DMA). Resistance at 1.34, 1.36 levels.

We continue to 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 5.6%. 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. At the recent 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 cut cycle than the Fed; faster growth slowdown in UK, and/or energy price surge.

USDJPY

Sell Rallies Preferred. USDJPY had a choppy session last week – traded up to high of 146.49 before taking the dive to 142 levels. The move higher can be attributed to 2 factors: 1/ the risk that Takaichi remains one of the strong contenders for LDP leadership as she got to run-off stage; 2/ Governor Ueda's recent comments that seem to suggest the BoJ will not rush to hike. And it turned out that Ishiba won over Takaichi, whom has been vocal against BoJ raising rates. The risk she may win was one of the factors that saw USDJPY rather supported at first. And as soon as run-off results was known, USDJPY fell sharply. We still expect the direction of travel for USDJPY to be down but the BoJ going for a gradual pace of policy normalisation may see pace of USDJPY decline slow in the short term.

Pair was last at 142.20. Bullish momentum on daily chart is fading while RSI fell. Risks skewed to the downside. Support at 142, 139.60 levels (recent low). Resistance at 143.30 (21 DMA), 144.80 (23.6% fibo retracement of Jul high to Sep low) and 146.20 (50 DMA).

We continue to expect USDJPY to trend gradually lower on as Fed kickstarts rate cut cycle 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. He had earlier said that the upside risk to prices does appear to be easing given the recent yen strength... there's some time to confirm certain points when making policy decisions, referring to the importance of checking moves in financial markets and the state of overseas economies. Barring any rebound in the near term, 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. We also

noted how the decline in USDJPY saw a recoupling of the FX to UST-JGB yield differentials. And if we do expect USDJPY to play catchup to its historical correlation with UST-JGB yield differentials, then there is room for USDJPY to trade lower. Based on where 2y yield differentials is, our simple univariate fair value model estimates put USDJPY theoretical value at closer to 136.

AUDUSD

Bulls Face Test Ahead of 200DMA. AUD was better bid amid China stimulus, still some-what hawkish RBA while USD continued to trade on the backfoot. Pair was last seen at 0.69 levels. Bullish momentum on daily chart remains intact while RSI rose. Upside risks intact for now. Resistance at 0.6960 (200 DMA), 0.7050 (38.2% fibo retracement of 200 low to high). Support at 0.6760 (50% fibo), 0.6690 (21 DMA). Buy dips preferred.

Recent RBA meeting remains somewhat hawkish. Though the board did not explicitly consider rate hike at the meeting, RBA Governor Bullock reiterates that the board does not see rate cuts in the near term. She also said that *if our rates are steady while others cut, it supports AUD*. She also said that monthly inflation data are quite volatile (likely in response to the recent print that went to 2.7%) and that recent data has not materially affected policy outlook.

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. This has helped iron ore rise 15% in the past week. 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).

USDSGD

Heavy. USDSGD continued to trade lower, tracking the broad decline in USD, rebound in RMB and JPY. Pair was last at 1.2810. Daily momentum is turning mild bearish while RSI is near oversold conditions. We remain cautious of near term rebound risk but broader trend remains skewed to the downside. Support at 1.2740 levels (76.4% fibo retracement of 2012 low to 2020 high). Resistance at 1.29, 1.30 levels. S\$NEER was last estimated at ~2% above our model-implied mid.

Core CPI for Aug re-accelerated to 2.7% y/y (vs. 2.5% in Jul). Services inflation picked up from 2.9% y/y in July to 3.3% y/y in August, as holiday expenses surged 4.4% y/y whilst airfares saw smaller declines. For the first 8 months of the year, core CPI is at 3% and it remains well above historical mean. 5y average is about 2.2% and 10y average is about 1.7%. MAS does not have an explicit inflation target, but MAS has previously indicated that a core inflation of just under 2% is close to its historical mean, and consistent with price stability in the economy. Core CPI at 3% suggests that it may still be too early for MAS to ease policy stance at the Oct MPC but we do not rule out an outside chance that MAS may surprise with an earlier easing given that MAS adopts a forward looking approach to monetary policy making. Core inflation may still be high from a historical standpoint but has been easing and is projected to ease further into 2025. A forward-looking approach as opposed to reactionary approach may still justify MAS easing policy stance at the Oct MPC, by way of reducing slope of policy band slightly.

On the implication of potential MAS policy easing on USDSGD. Our view is as follows: 1/ If there is no broad USD softness, then a slope reduction by MAS would see SGD trade weaker (i.e. USDSGD can trade higher). 2/ Given an environment of broad USD softness (if this is to persist), a slope reduction would be less clear cut on the impact on USDSGD. Firstly, MAS manages S\$NEER basket (not just SGD vs USD alone but vs a list of trading partner FX, including MYR, THB, KRW, EUR, JPY, CNY, and more). Next a slope reduction in theory means SGD to appreciate less vs these currencies in the basket (not just the USD). Hence, it has been our view that S\$NEER strength can somewhat fade when MAS eases. On this note, SGD can weaken vs. its trading partners' FX but if the USD is weak, then SGD may not necessarily weaken vs. USD.

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.

USDCNH

Sell Rallies. USDCNH fell sharply below psychological 7 amid recent optimism with support measures and the continuous decline in USD as Fed embarks on larger than expected 50bp cut. The scale of support measures this time is large (instead of piecemeal approach). This suggests that policymakers are determined to make a genuine effort to do whatever it takes to tackle woes at home – unleash liquidity, lower debt servicing burden, support the poor, reboot domestic equity sentiments and rebuild real estate confidence. USDCNH can trade lower if weak USD trend continues to dominate but RMB may still lag peers on trade-weighted terms. A true recovery in RMB would require confidence to be “repaired”, economic recovery to gain better momentum and for USD to turn lower. China’s support measures are a good start, and we continue to monitor if a more material recovery is forthcoming. Judging from the daily fixing pattern, there is little push back against RMB appreciation, but neither was there any indication that policymakers would prefer a strong currency at early stages of stimulus measures. In addition, the one risk to watch is US elections in Nov and this should gather more attention as we get closer to event risk. Outcome may have implications on US-China relations and spillover effect on RMB.

Pair was last seen at 6.9820 levels. Bearish momentum intact while RSI is near oversold conditions. Price action shows an inverted hanging man – typically associated with the risk of bullish reversal in the near term. We do not rule out rebound risk, given the pair has fell >4.5% since Jul. But bias remains skewed to the downside. Sell rallies preferred. Resistance at 7.0330 (50% fibo retracement of 2023 low to high), 7.08 (21 DMA). Support at 6.97 (recent low), 6.9540 (61.8% fibo) and 6.92 levels.

Trade Ideas

Entry Date	Trade	Entry	Close	Profit/ Loss (%)	Remarks	Exit Date
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			USDCNY's decline was a function of USD leg. Faced 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. [LIVE]	
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 rd 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 Weekly Chart: Bearish but Oversold



SGDMYR extended its decline last week. Cross was last at 3.2170 levels.

Bearish momentum on daily chart intact though RSI is in oversold conditions. Consolidation may occur but bias to sell rallies

Support at 3.21, 3.18 and 3.16 levels.

Resistance at 3.24 (61.8% fibo retracement of 2021 low to 2024 high), 3.2660 (200 WMA).

SGDJPY Daily Chart: Sell Rallies Preferred



SGDJPY rebounded in early week but reversed move into week's close after LDP elections. Cross was last at 111 levels.

Daily momentum is mild bullish but RSI fell. Bias for downside play. Sell rallies preferred.

Support at 110.50 (21 DMA), 109.30 (76.4% fibo) and 108 levels.

Resistance at 111.40 (61.8% fibo retracement of Dec low to 2024 high, 50DMA). 112.80/ 113 levels (200 DMA, 50% fibo)

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

Gold Weekly Chart: Bullish but Looking Overbought



Gold continued to trade higher into uncharted territory. Last seen at 2658 levels.

The bullish momentum with gold is undeniable and at these levels, we are already in uncharted territory. Bullish trend remains intact in the medium term but in the short term, the parabolic move may look a bit extended. Net long gold position is at 4-year high while some technical indicators, including RSI are already flagging overbought signals. Near term moderation in the pace of gain maybe likely but medium-term trajectory is still up.

Resistance at 2685 (recent high), 2700 levels.

Support at 2580, 2530 levels.

Silver Daily Chart: Double Top in Sight



Silver traded higher last week. Last seen at 31.56 levels.

Bullish momentum on daily chart intact but RSI shows signs of falling near overbought conditions. Price pattern exhibited double top – flashing potential signal of a bearish reversal.

Resistance at 32.50 (double-top).

Support at 30 (23.6% fibo retracement of 2024 low to high, 21 DMA), 29.10 levels (50 DMA) and 28.50 (38.2% fibo).

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	138.00	136.00	135.00	135.00	132.00
EUR-USD	1.1200	1.1200	1.1250	1.1300	1.1300
GBP-USD	1.3350	1.3400	1.3450	1.3500	1.3550
AUD-USD	0.6880	0.6900	0.6950	0.7000	0.7000
NZD-USD	0.6250	0.6250	0.6300	0.6350	0.6350
USD-CAD	1.3550	1.3500	1.3450	1.3400	1.3300
USD-CHF	0.8500	0.8550	0.8550	0.8500	0.8500
USD-SEK	10.48	10.33	10.25	10.00	10.00
DXY	100.06	99.75	99.28	98.83	98.42
USD-SGD	1.2870	1.2850	1.2850	1.2830	1.2800
USD-CNY	7.0200	7.0000	6.9800	6.9600	6.9200
USD-CNH	7.0200	7.0000	6.9800	6.9600	6.9200
USD-THB	32.50	32.40	32.30	32.10	32.00
USD-IDR	15000	14900	14825	14800	14775
USD-MYR	4.1700	4.1500	4.1400	4.1200	4.0800
USD-KRW	1310	1300	1290	1280	1270
USD-TWD	31.50	31.30	31.20	31.20	31.00
USD-HKD	7.7900	7.7800	7.7700	7.7600	7.7500
USD-PHP	55.00	55.00	54.60	54.60	54.30
USD-INR	83.30	83.30	83.40	83.10	82.80
USD-VND	24500	24350	24300	24200	24050
EUR-JPY	154.56	152.32	151.88	152.55	149.16
EUR-GBP	0.8390	0.8358	0.8364	0.8370	0.8339
EUR-CHF	0.9520	0.9576	0.9619	0.9605	0.9605
EUR-SGD	1.4414	1.4392	1.4456	1.4498	1.4464
GBP-SGD	1.7181	1.7219	1.7283	1.7321	1.7344
AUD-SGD	0.8855	0.8867	0.8931	0.8981	0.8960
NZD-SGD	0.8044	0.8031	0.8096	0.8147	0.8128
CHF-SGD	1.5141	1.5029	1.5029	1.5094	1.5059
JPY-SGD	0.9326	0.9449	0.9519	0.9504	0.9697
SGD-MYR	3.2401	3.2296	3.2218	3.2112	3.1875
SGD-CNY	5.4545	5.4475	5.4319	5.4248	5.4063
SGD-IDR	11655	11595	11537	11535	11543
SGD-THB	25.25	25.21	25.14	25.02	25.00
SGD-PHP	42.74	42.80	42.49	42.56	42.42
SGD-VND	19037	18949	18911	18862	18789
SGD-CNH	5.4545	5.4475	5.4319	5.4248	5.4063
SGD-TWD	24.48	24.36	24.28	24.32	24.22
SGD-KRW	1017.87	1011.67	1003.89	997.66	992.19
SGD-HKD	6.0528	6.0545	6.0467	6.0483	6.0547
SGD-JPY	107.23	105.84	105.06	105.22	103.13
Gold \$/oz	2650	2680	2710	2730	2750
Silver \$/oz	31.18	31.53	31.88	32.89	33.13

Source: OCBC Research (Latest Forecast Updated: 23rd September 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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