FX Weekly

04 June 2024

Of ECB, US Payrolls This Week

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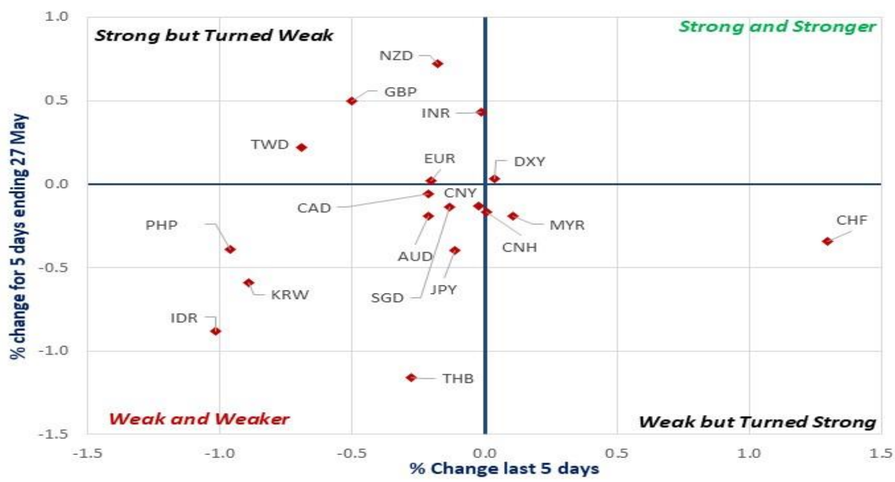
June Cut a Done Deal. Upcoming meeting on 6 June comes into focus as markets look for clues beyond June meeting. A 25bp cut is widely anticipated. Better-than-expected negotiated wage growth data for 1Q is not likely to affect ECB's decision on timing of first cut but is likely to have added some uncertainty to ECB's rate cut trajectory beyond June. Indeed, we noticed that markets have somewhat unwound ECB rate cut expectations to about 55bps cut for year (vs. 72bps cut a month ago). ECB chief Economist Lane told FT that ECB is ready to cut rates in June but policy must continue to be restrictive this year as wage growth will not normalise until 2026. Bundesbank President Nagel said that the ECB should probably wait till Sep for any subsequent cut if there is a rate cut in June, reiterating his caution against easing too quickly. De Cos is also looking for first cut in June but cautioned beyond that while Schnabel echoed similar – warning against lowering borrowing cost too quickly. Earlier, we had also flagged how growth conditions in the Euro-area is slowly stabilising and that a growth re-rating story may not have been adequately priced into EUR. Recent prelim manufacturing PMI for Euro-area, services PMI for Germany rose to more than 1y high while ZEW survey expectation rose to 2y high. A better growth story in Euro-area and a re-price for fewer ECB cuts should be supportive of EUR's upward trajectory.

US Data To Face Greater Scrutiny This Week. USD traded lower after US data disappointed. Not only was 1Q GDP revised lower, ISM mfg slumped, personal income and spending also eased and more importantly, core PCE slowed on sequential terms. The string of softer US data reinforced our view that US exceptionalism narrative is moderating, and that Fed remains on track to lower rates this year. Looking on, the extent of markets re-pricing for more cuts or not will depend on US data this week, including ISM services (Wed), US payrolls report (Fri) before FOMC dot plot guidance the following week (12 Jun). Another set of softer readings should give markets greater confidence in pricing in more cuts. Risk-reward may favour selling USD on rallies as markets are now skewed towards fewer cuts.

PHP, IDR Led Declines while CHF Strengthened



Bloomberg FX Forecast Ranking (1Q 2024)

By Region:
No. 7 for 13 Major FX

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

(4Q 2023)

By Region:
No. 7 for 13 Major FX

By Currency:
No. 1 for TWD, PHP

Winner FX·Markets Asia Awards 2024
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OCBC Bank

AxJ Positioning Bias (Reuters Poll)

Based on Reuters survey on Asia FX positioning, bets on most AxJ FX remain bearish. Only INR saw bearish bets turned flat on election outcome. Amongst AxJs, bearish bets on PHP, CNY and IDR remain high. That said, some AxJ FX turned slightly less bearish last week and that include TWD, KRW and MYR. Bearish bets on CNY and THB held steady. Overall, it remains a USD and yield differential story in favour of USD as we await FoMC outcome/ dot plot guidance.

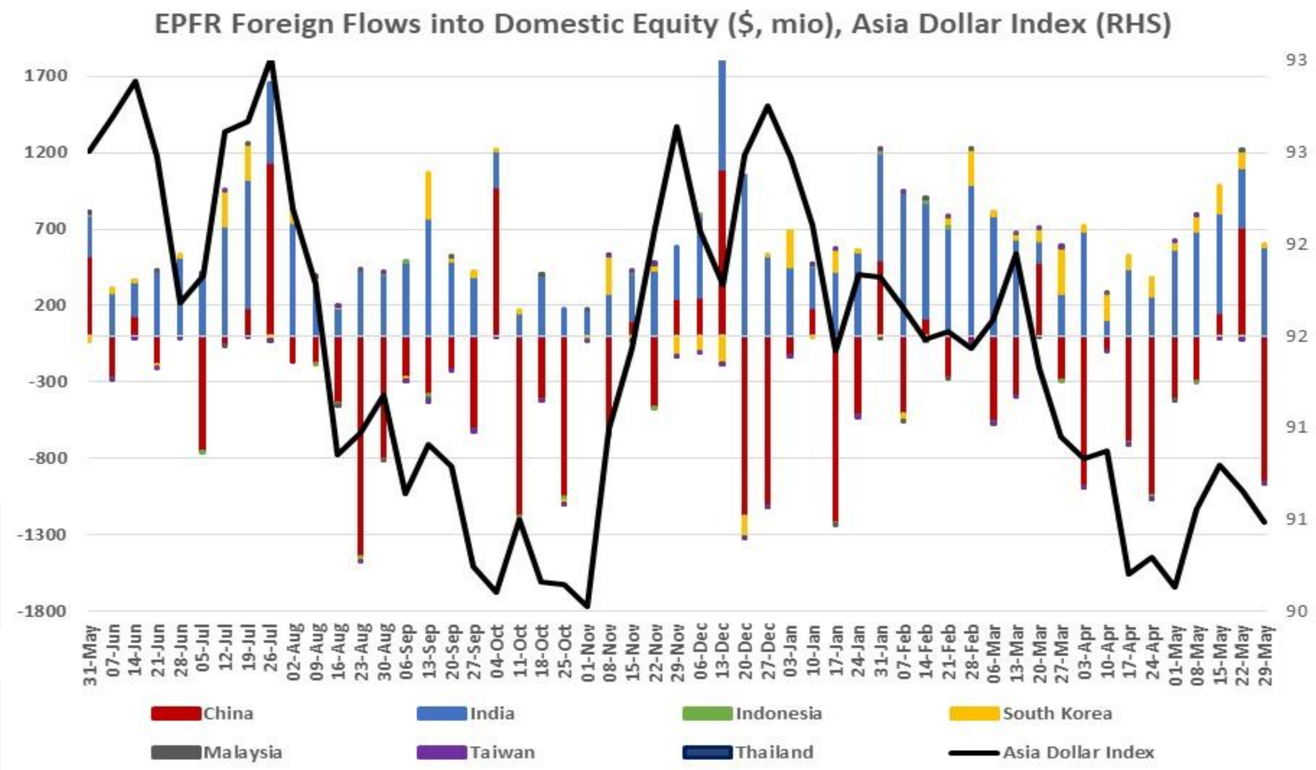
	25-Jan-24	08-Feb-24	22-Feb-24	07-Mar-24	21-Mar-24	04-Apr-24	18-Apr-24	02-May-24	16-May-24	30-May-24	Trend
USD/CNY	0.37	0.4	0.7	0.84	0.92	1.18	1.25	1.25	1.05	1.05	
USD/KRW	0.9	0.39	0.4	0.54	0.82	1.09	1.59	1.61	0.96	0.72	
USD/SGD	0.28	0.41	0.2	0.25	0.33	0.42	0.8	0.89	0.35	0.33	
USD/IDR	0.51	0.4	0.2	0.53	0.6	1.13	1.32	1.39	0.96	0.94	
USD/TWD	0.49	0.32	0.7	0.64	0.92	1.17	1.24	1.4	1.02	0.53	
USD/INR	-0.18	-0.17	-0.4	-0.59	-0.54	0	0.43	0.49	0.39	0	
USD/MYR	1.21	1.07	1.3	1.14	1.12	1.15	1.42	1.46	1.23	0.81	
USD/PHP	0.5	0.28	0.3	0.52	0.47	0.62	1.19	1.44	1.29	1.19	
USD/THB	0.9	0.72	1.1	1.05	1.13	1.35	1.28	1.39	1	1	

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

Source: Reuters [latest avail: 30 May 2024], OCBC Research

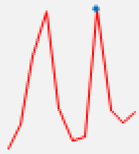
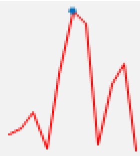
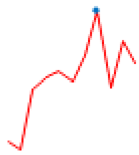
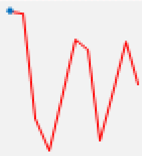
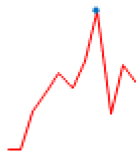
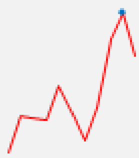
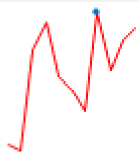
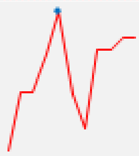
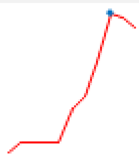
EPFR Foreign Flows to Selected AXJS vs. Asiadollar Index

Foreign flows into Chinese equities turned outflows last week. Elsewhere, foreign inflows to India increased. Asian FX weakened last week tracking the foreign flows in the region.



Note: Latest data available as of 29th May (weekly frequency); ASIADOL index refers to Bloomberg Asia dollar index

Source: EPFR, Bloomberg, OCBC Research

FX	Key Data and Events for the Week	14D Trend	Support/Resistance
Dollar	**Mon**: ISM Mfg (May); construction spending (Apr); **Tue:** JOLTS job openings, factory orders, durable goods order (Apr); **Wed:** ADP employment change, ISM services (May); **Thu**: Trade (Apr); **Fri**: NFP, hourly earnings, unemployment rate (May)		**S: 103.20; R: 105.30**
EURUSD	**Mon:** Mfg PMI (May); **Tue:** German unemployment change (May); **Wed:** Services PMI (May); PPI (May); **Thu:** Retail sales (Apr); **ECB policy decision**; German factory orders (Apr); **Fri:** GDP, employment (1Q); German IP, trade (Apr)		**S: 1.0750; R: 1.0980**
GBPUSD	**Mon:** Mfg PMI (May); **Tue:** BRC sales (May); **Wed:** Services PMI (May); **Thu:** Construction PMI (May); **Fri:** 1y CPI expectations		**S: 1.2600; R: 1.2880**
USDJPY	**Mon:** Capex, company profits/ sales (1Q); Mfg PMI (May); **Tue:** - Nil – **Wed:** Cash earnings (Apr); services PMI (May); **Thu:** - Nil – **Fri:** - Nil –		**S: 154.00; R: 160.00**
AUDUSD	**Mon:** Mfg PMI (May); **Tue:** Current account (1Q); **Wed:** Services PMI (May); GDP (1Q); **Thu**: Trade (Apr); **Fri:** FX reserves (May)		**S: 0.6500; R: 0.6800**
USDCNH	**Mon**: Caixin Mfg PMI (May); **Tue:** - Nil – **Wed:** Caixin Services PMI (May); **Thu:** - Nil – **Fri:** Trade, FX reserves (May)		**S: 7.2200; R: 7.2800**
USDKRW	**Mon**: PMI Mfg (May); **Tue:** CPI (May); **Wed:** FX reserves (May); GDP (1Q prelim) **Thu:** - Nil – **Fri:** Industrial production (Apr)		**S: 1,350; R: 1,390**
USDSGD	**Mon:** PMI (May); **Tue:** - Nil – **Wed:** Retail sales (Apr); **Thu:** - Nil – **Fri:** FX reserves (Apr)		**S: 1.3390; R: 1.3570**
USDMYR	**Mon:** Mfg PMI (May) **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** - Nil –		**S: 4 6600; R: 4.7400**
USDIDR	**Mon:** PMI Mfg, CPI (May); **Tue:** - Nil – **Wed:** - Nil – **Thu:** - Nil – **Fri:** FX reserves (May)		**S: 15,980; R: 16,290**

Source: Bloomberg, OCBC Research

Key Themes and Trades

Another Set of Softer Data Print Should Weigh on USD. USD traded lower after US data disappointed. Not only was 1Q GDP revised lower, ISM mfg slumped, personal income and spending also eased and more importantly, core PCE slowed on sequential terms (0.2% m/m vs. 0.3% prior). The string of softer US data reinforced our view that US exceptionalism narrative is moderating, and that Fed remains on track to lower rates this year. Markets have re-priced for 41bps cut for the year, slightly more than before those data release (31bps cut as of 28 May). Looking on, the extent of markets re-pricing for more cuts or not will depend on US data this week, including ISM services (Wed), US payrolls report (Fri) before FOMC's dot plot guidance the following week (12 Jun). Another set of softer readings should give markets greater confidence in pricing in more cuts. Risk-reward may favour selling USD on rallies as markets are now skewed towards fewer cuts.

DXY was last seen at 104.56 levels. Daily momentum shows tentative signs of turning mild bearish while RSI fell. Risks skewed towards downside. Support here at 104 (50% fibo), 103.20 (38.2% fibo). Resistance at 104.40 (200 DMA), 104.80 (61.8% fibo retracement of Oct high, 21 DMA), and 105.10 (50 DMA).

US exceptionalism has somewhat softened (vs. last month when most data was still printing red hot) while growth and activity in other parts of the world, including Korea, Taiwan, Malaysia, Philippines, Germany, France are starting to show signs of stabilization. Given a slight shift in 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. The immediate risk is how recent bout of upward pressure on oil prices, freight cost translates into inflation. Persistent rise will mean that we may well have to live with high for longer (rates) for a while more and this will imply USD strength to linger on in the coming weeks. For the year, we still expect USD to trend slightly lower towards year-end as the Fed is done tightening and should embark on rate cut cycle in due course. Further USD weakness would require the blessing of weaker US data, in particular price/wage-related ones and or Fed's hawkish rhetoric to ease. The other risk we are mindful of is 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.

June Cut a Done Deal but Trajectory Beyond June is Uncertain. Upcoming meeting on 6 June comes into focus as markets look for clues beyond June meeting. A 25bp cut is widely anticipated. Uptick in core CPI and better-than-expected negotiated wage growth data for 1Q is not likely to affect ECB's decision on timing of first cut but is likely to have added some uncertainty to ECB's rate cut trajectory beyond June. Indeed, we noticed that markets have somewhat unwound ECB rate cut expectations to about 55bps cut for year (vs. 72bps cut a month ago). ECB chief Economist Lane told FT that ECB is ready to cut rates in June but policy must continue to be restrictive this year as wage growth will not normalise until 2026. Bundesbank President Nagel said that the ECB should probably wait till Sep for any subsequent cut if there is a rate cut in June, reiterating his caution against easing too quickly. De Cos is also looking for first cut in June but cautioned beyond that while Schnabel echoed similar – warning against lowering borrowing cost too quickly. Earlier, we had also flagged how growth conditions in the Euro-area is slowly stabilising and that a growth re-rating story may not have been adequately priced into EUR. Recent prelim manufacturing PMI for Euro-area, services PMI for Germany rose to more than 1y high while ZEW survey expectation rose to 2y high. A better growth story in Euro-area and a re-price for fewer ECB cuts should be supportive of EUR's upward trajectory.

EUR traded a touch firmer last week as core CPI (preliminary) surprised to the upside while USD corrected lower. EUR was last at 1.0850 levels. Daily momentum is not indicating a clear bias while RSI rose. Range-bound trade likely with bias to the upside. Resistance at 1.0930 (61.8% fibo), 1.10 levels (76.4% fibo). Support at 1.0790/1.0810 levels (21 DMA, 38.2% fibo retracement of 2024 high to low), 1.0730 (23.6% fibo).

We continue to maintain a neutral outlook for the EUR. ECB is likely to lower rate in June and we are of the view that ECB will lower rates by 75bps. Economic slowdown in the Euro-area may soon be a thing of the past there are signs to suggest some degree of stabilisation. We should continue to monitor if there are stronger data going forward as that may support EUR outlook. In addition, should China stabilisation story gather momentum in later part of the year, that can also boost Euro-area exports, growth outlook. A better growth story in Euro-area can offset against a dovish ECB and this should at the margin be supportive of EUR's mild upward trajectory. Key downside risks to EUR's outlook are a materialisation of more ECB rate cuts and/or growth, inflation momentum in Euro-area decelerate sharply. Meanwhile, elections in Euro-area are plenty with Belgium and European parliamentary election in June, Austria in Sep, and Lithuania in Oct. Election risk is worth keeping a close watch as the past decade has shown that rise in far-right sentiments can undermine EUR.

Near Term Pullback Not Ruled Out. GBP trades near elevated levels but refused to carry on momentum to trade higher. Likely these could be due to a handful of event/data risks ahead, including ECB meeting and FOMC (next week) and markets may stay sidelined. Elsewhere there is also no major data this week to influence GBP. Pair was last at 1.2712. Bullish momentum on daily chart shows signs of fading while RSI shows signs of falling. Near term retracement not ruled out but overall should see GBP trade sideways. Support at 1.2720 (61.8% fibo), 1.2630 (100 DMA) and 1.2590 (50 DMA, 50% fibo retracement of Jul high to Oct low). Immediate resistance at 1.28 and 1.2880 (76.4% fibo).

We still hold to a mild upward trajectory for GBP as BoE may still keep rates restrictive for a little longer as inflationary pressures remain (services inflation at over 6%). The unexpected call for early election and higher inflation prints somewhat cemented the view that BoE may not be willing to cut rate during an election campaign. Potential BoE-Fed policy divergence may be somewhat supportive of GBP. A combination of mild positives, including 1/ UK demand growth proving resilient owing to strong labour market; 2/ labour market remains tight alongside higher wages may keep GBP supported on dips. Risk to our outlook: an earlier than expected BoE pivot; faster growth slowdown in UK, actual public finances turn out to be worse than expected and/or energy prices surge. Elsewhere, PM Sunak had called for a snap election on 4 Jul. The decision to call an early election may be due to recent improvement in growth outlook and headline inflation easing towards 2%. But both PM Sunak and conservative party currently trails Labour party and leader Starmer in the polls and Starmer is widely perceived to become the next UK PM. While election risk has yet to impact GBP, it is worth monitoring for 2-way volatility especially when it comes closer to event day.

2-Way Trades ahead of Fed and BoJ. USDJPY continued to trade near recent high, tracking the move higher in UST yields. Ministry of Finance reported that Japan spent a record JPY9.8tn (or US$62.2bn) during 26 Apr – 29 May 2024 to defend the JPY. This amount exceeded the total amount used in 2022 (JPY9.2tn) and 2011 (JPY9.1tn). The scale of intervention demonstrated Japan's readiness to defend the JPY but officials cannot be burning resources repeatedly. Intervention is an option to slow the pace of depreciation but not a tool to reverse the trend. Hence, for USDJPY to turn lower more meaningfully would require the kindness of the greenback or for BoJ to signal an intent to normalise urgently (rate hike or increase pace of balance sheet reduction). Near term risks for USDJPY are 2-way in light of upcoming FOMC (focus on dot plot for future expectations) and BoJ MPC (16 Jun). We are looking for a hike at the upcoming MPC in June. Inflation has also been on target and shunto wage negotiations for 2024 reported wage growth at 5.17% average, much higher than previous years. JPY OIS are also implying 30bps hike by end-2024.

Pair was 157.35 levels. Daily momentum and RSI indicators are flat. 2-way risks likely to continue. Resistance at 157.40, 158 levels. Support at 156.20 (21 DMA), 154.70 (50 DMA).

Near term, USDJPY may still face 2-way risks. Pair can still find support on dips as Fed is in no hurry to cut and markets still perceive BoJ to be in no hurry to normalise monetary policy. Over a medium term, we expect USDJPY to trend gradually lower on expectations that the next move for Fed is a cut and that the BoJ has room to further pursue policy normalisation amid higher services inflation and wage pressures in Japan.

Sideways. AUD was last seen at 0.6642 levels. Daily momentum is mild bearish while RSI is flat. 2-way trades likely to dominate in the short term. Support at 0.6570 (50% fibo) and 0.65 (61.8% fibo retracement of Oct low to Dec high). Immediate resistance at 0.6640 (38.2% fibo, 21 DMA), 0.6730 (23.6% fibo).

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. Recent release of RBA minutes also noted that inflation risks had risen somewhat and there are risks that CPI stays above target for longer. RBA also said that returning inflation to target remains highest priority. 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).

Lacklustre Range. USDSGD remain stuck to their lacklustre range in absence of major catalyst. Pair was last at 1.3515 levels. Daily momentum and RSI indicators are showing early signs of turning bullish. Lacklustre trading in recent sideways range likely until we get clarity on Fed policy. Immediate resistance at 1.3530 (50 DMA, 61.8% fibo retracement of Oct high to Jan low), 1.3560 levels. Support at 1.3460/80 (50% fibo, 100 DMA), 1.3390 (38.2% fibo).

We estimated the S$NEER is ~1.7% above our model-implied mid and that the S$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 1.3% to 1.8% above model-implied mid (vs. previously when the $NEER appears to fluctuation in 1.5% to 1.9%). S$NEER strength may fade at some point this year only when core inflation in Singapore start to ease. At that point, the S$ strength can potentially taper off against some of its major trade partners. Historically there is a positive correlation between the change in S$NEER and MAS core inflation. i.e. to say if core inflation does ease materially, then there is no need for the S$NEER policy to be so tight. Looking out into our forecast horizon, we continue to expect a milder downward trajectory for USDSGD, premised on our house view for Fed to cut rate in Jul 2024 and on expectations that China economy may find some stabilisation.

2-Way Risks. There has been a number of support measures coming out of China in May, including the 300bn RMB in funding to help clear excess housing inventory and converting them into affordable housing while also relaxing downpayment and mortgage rules. This was a good start. China CSI 300 real estate index was up nearly 30% at one point in May but FX markets have yet to react positively. There is still some scepticism if such measures will repair sentiments/confidence and if it brings back demand. Some details are still missing over the funding source and if this amount may be sufficient. FX markets may prefer to see more progress on real estate, growth picking up before pricing in any optimism. Elsewhere for USDRMB, wide UST-CGB yield differentials was also another factor underpinning the rise in USDRMB. Markets continue to expect rates and yields in China to go lower while Fed not in a hurry to cut rates keeps the USD supported. On net, while there may be positives such as real estate support measures, better Caixin manufacturing PMI (signs of growth stabilising), the wide UST-CGB yield differentials, and fears of US-China trade tensions deteriorating (US election risks) are offsetting factors. As such, USDCNH may continue to see 2-way risks in the interim.

USDCNH last seen at 7.2590 levels. Mild bullish momentum shows signs of fading while RSI slipped. Retracement to the downside not ruled out. But range likely to hold. Support at 7.2460 (61.8% fibo retracement of Nov high to 2024 low, 21, 50 DMAs), 7.2160 (50% fibo). Resistance at 7.2730, 7.28 levels.

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: Consolidation; Sell Rallies Preferred

SGDMYR continued to trade range-bound near its recent low last week. Cross was last at 3.4820 levels.

Daily momentum and RSI are not indicating a clear bias. Consolidation likely; bias remains to sell rallies.

Resistance at 3.4900/20 (21, 200 DMAs), 3.5000/20 (38.2% fibo retracement of Jul low to Feb high, 50 DMA), 3.5165 (100 DMA).

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

SGDJPY Daily Chart: Bulls Seem to Be Looking Fatigue

SGDJPY continued to inch higher last week. Cross was last at 116.40 levels.

Bullish momentum shows signs of waning though decline in RSI moderated. Bullish trend channel intact but there are tentative signs to suggest the uptrend may moderate.

Support at 115.50 levels (21 DMA). 114.90 (23.6% fibo retracement of Dec low to Apr high) and 114.20 (50 DMA).

Resistance at 116.70, 117.50 (recent high).

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

SGDCNH Daily Chart: Bullish Momentum Waning

SGDCNH consolidated last week. Pair was last at 5.3750 levels.

Bullish momentum on daily chart shows signs of fading while RSI fell. Risks skewed to the downside for now.

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

Resistance at 5.39, 5.4150 levels.

EURSGD Daily Chart: Break-Out Lacks Conviction

EURSGD traded higher, breaking out of its consolidative range slightly. But price action lacks conviction for now Cross was last at 1.4660 levels.

Bullish momentum on daily chart intact but shows signs of fading though RSI rose. We continue to watch price action to ascertain that this is not a false break.

Resistance at 1.4720 (23.6% fibo) and 1.48 levels.

Support at 1.46 (38.2% fibo), 1.4550/80 levels (50, 100 and 200 DMAs) and 1.4510 (50% fibo retracement 2023 low to high).

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

GBPSGD Daily Chart: Mild Bullish

GBPSGD continue to trade higher last week in line with our bullish bias. Cross was last 1.7220 levels.

Mild bullish momentum on daily chart intact but RSI fell from overbought conditions. Consolidation likely.

Resistance at 1.7240/60 levels before 1.7370).

Support at 1.7130, 1.7060/80 (61.8% fibo retracement of Jul high to Oct low, 21 DMA) and 1.6960 (50% fibo).

AUDSGD Daily Chart: Bias to for Upside Play

AUDSGD consolidated last week; last at 0.8990 levels.

Daily momentum is mild bearish bias, but RSI rose. Bias for upside play.

Resistance at 0.90 (61.8% fibo), 0.9060.

Support at 0.8920/60 levels (21DMA, 50% fibo retracement of June high to Oct low), 0.8845/80 (38.2% fibo, 50, DMA).

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

Gold Daily Chart: Corrective Pullback

Gold traded lower last week, in line with our call for interim top/bearish divergence. Last seen at 2327 levels.

Daily momentum is bearish while RSI fell. Bearish divergence on MACD is playing out. Risks remain skewed towards a corrective pullback.

Support here at 2325 (50 DMA) before 2275 (38.2% fibo retracement of 2024 low to high).

Resistance at 2342 (23.6% fibo), 2354 (21 DMA). Bulls need to reclaim above these levels for momentum to rebuild. Next resistance at 2420, 2450 levels (recent high).

Silver Daily Chart: Bearish Divergence

Silver attempted to trade higher again for a second time, but the move failed last week. Last seen at 30.40 levels.

Bullish momentum on daily chart is fading while RSI fell. Bearish divergence on MACD, RSI is playing out. Double top formed (bearish reversal). Risks skewed to the downside for now.

Support at 30 (23.6% fibo retracement of 2024 low to high), 28.765 levels (21 DMA) and 28.48 levels (38.2% fibo).

Resistance at 31.65, 32.50 levels.

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

Medium Term FX Forecasts

Currency Pair	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25
USD-JPY	156.00	154.00	152.00	150.00	148.00
EUR-USD	1.0800	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	1.3600	1.3500	1.3450	1.3400	1.3300
USD-CHF	0.9050	0.9050	0.9000	0.9000	0.9000
USD-SEK	10.86	10.71	10.61	10.35	10.10
DXY	104.99	104.34	103.43	102.83	101.88
USD-SGD	1.3450	1.3420	1.3400	1.3350	1.3310
USD-CNY	7.2200	7.2200	7.2000	7.1800	7.1800
USD-CNH	7.2400	7.2400	7.2200	7.2000	7.1800
USD-THB	36.40	36.20	35.80	35.80	35.70
USD-IDR	16000	15900	15800	15700	15650
USD-MYR	4.6800	4.6600	4.6400	4.6200	4.6000
USD-KRW	1355	1345	1325	1320	1315
USD-TWD	32.20	32.10	31.85	31.75	31.60
USD-HKD	7.800	7.800	7.800	7.790	7.780
USD-PHP	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	168.48	167.09	166.44	165.00	164.28
EUR-GBP	0.8531	0.8537	0.8555	0.8594	0.8638
EUR-CHF	0.9774	0.9819	0.9855	0.9900	0.9990
EUR-SGD	1.4526	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	1.4862	1.4829	1.4889	1.4833	1.4789
JPY-SGD	0.8622	0.8714	0.8816	0.8900	0.8993
SGD-MYR	3.4796	3.4724	3.4627	3.4607	3.4560
SGD-CNY	5.3680	5.3800	5.3731	5.3783	5.3944
SGD-IDR	11896	11848	11791	11760	11758
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	18652	18670
SGD-CNH	5.3829	5.3949	5.3881	5.3933	5.3944
SGD-TWD	23.94	23.92	23.77	23.78	23.74
SGD-KRW	1007.43	1002.24	988.81	988.76	987.98
SGD-HKD	5.7993	5.8122	5.8209	5.8352	5.8452
SGD-JPY	115.99	114.75	113.43	112.36	111.19
Gold $/oz	2350	2415	2445	2475	2500
Silver $/oz	30.52	31.78	32.17	33.00	33.33

Source: OCBC Research (Latest Forecast Update: 3rd 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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