

FX Insights

Friday, 25 August 2023

Global Economics & Markets Research

Email: GlobalEcoMktResearch@uobgroup.com

URL: www.uob.com.sg/research

Quek Ser Leang

Markets Strategist

Quek.SerLeang@uobgroup.com

Lee Sue Ann

Economist

Lee.SueAnn@uobgroup.com

US equities declined on Thu as financial markets await a key speech from Fed Chair Jerome Powell. The Dow Jones Industrial Average closed 373.56 points (-1.08%) lower at 34,099.42. The S&P 500 lost 59.70 points (-1.35%) to end at 4,376.31. The tech-heavy Nasdaq Composite declined by 257.06 points (-1.87%) to 13,463.97. Thu marked the worst session for the Dow since Mar. The S&P 500 and Nasdaq had their biggest one-day loss since 2 Aug. Yields on US Treasuries moved higher. The yield on the benchmark 10-year Treasury note climbed around 4bps to 4.241%, after hitting a 16-year high on Mon. The yield on the 30-year Treasury bond rose about 2bps to 4.304%.

The US dollar rose against most of the major currencies. The US Dollar Index (DXY) touched highs of 104.02 before closing around 103.98. EUR/USD retested the 1.0800 level as it dropped to 1.0803 before closing at 1.0809. GBP/USD plummeted by towards 1.2601. USD/JPY rebounded and closed higher by at 145.87. AUD/USD snapped its 4-day winning streak as it tumbled to 0.6417.

USD gains in the region on Thu were led by USD/PHP, which gained 0.09% to close at 56.783, followed by USD/THB which rose by 0.07% to 34.991. The USD put in a relatively weaker performance against KRW. USD/KRW closed at 1321.91, 0.15% above its intraday low. USD/SGD ranged between 1.3510 and 1.3569 in the previous session before closing at 1.3566 for a 0.30% increase on the day. The SGD NEER index on our model closed the day at 1.23% above the mid-point and it is likely to remain between 0.90% and 1.40% above the mid-point for today's session. This implies a USD/SGD range of between 1.3535 and 1.3603.

Today in Asia, Thailand's customs trade balance for Jul; Malaysia's CPI data for Jul; as well as Singapore's Jul industrial production data will be the highlights. Key global economic data scheduled for release includes Germany's 2Q23 GDP (final print), Germany's IFO survey on business climate and the University of Michigan consumer sentiment index. But the focus will be on Fed Chair Jerome Powell's speech (10.05 pm SGT) at the annual Jackson Hole Economic Policy Symposium which may offer a glimpse of the Fed's next moves in interest rates.

Recent publications:

24 Aug 2023: [South Korea: BOK Keeps Restrictive Policy Stance](#)

23 Aug 2023: [Singapore: Jul Headline & Core CPI Inflation Eased Further, In Line With Expectations](#)

23 Aug 2023: [Indonesia: Current Account Turned Into Deficit In 2Q23](#)

22 Aug 2023: [Thailand Monthly: Weakening Growth Momentum Might Portend End Of Current Rate Hike Cycle Earlier Than Forecast](#)

21 Aug 2023: [China: 5Y LPR Unexpectedly Set Unchanged In August](#)

USD/SGD: 1.3565



24-HOUR VIEW

USD is likely to trade in a range of 1.3530/1.3585.

We expected USD to weaken further yesterday. However, USD only dipped to 1.3510 and then rebounded strongly to close at 1.3567 (+0.31%). The sharp bounce appears to be running ahead of itself, and USD is unlikely to rise further. Today, USD is more likely to trade in a range of 1.3530/1.3585.



1-3 WEEKS VIEW

If USD breaks above 1.3585, it would mean that it is likely to trade in a range instead of pulling back further.

Yesterday (24 Aug, spot at 1.3525), we held the view that the recent month-long USD strength had ended. We were also of the view that USD could pullback further, but 1.3470 is expected to offer solid support. We did not quite anticipate the strong rebound as USD rose to a high of 1.3569 in NY trade. We continue to hold the same view for now. However, if USD breaks above 1.3585 (no change in 'strong resistance level from yesterday), it would mean that USD is likely to trade in a range instead of pulling back further.



1-3 MONTHS VIEW

Further USD/SGD strength appears likely. The thick weekly Ichimoku cloud suggests a slower pace of advance, and the top of the cloud near 1.3765 is unlikely to come into view in the next month or so. (dated 21 Aug 2023, 1.3575) [Read more](#)

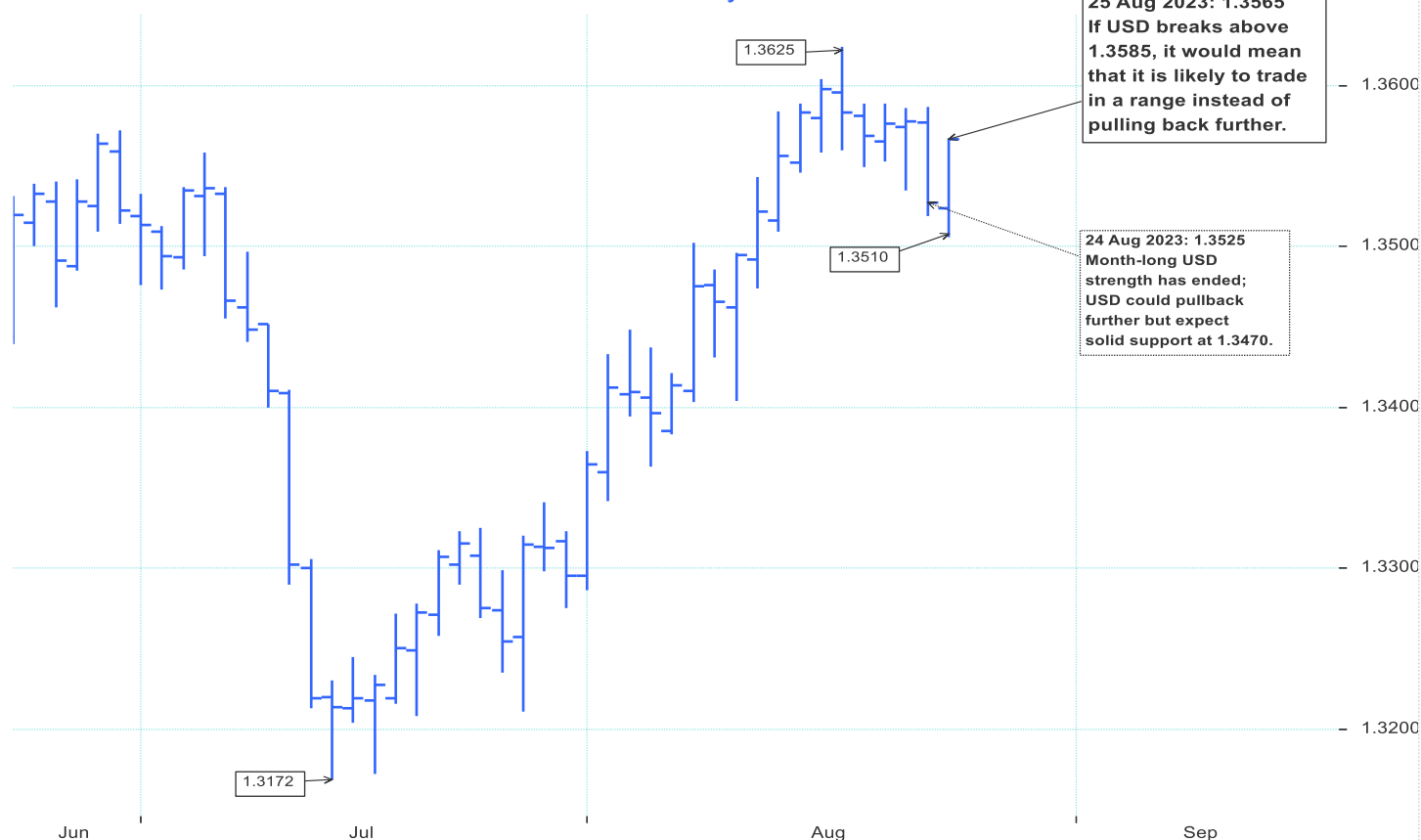


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 1.3530 S2: 1.3470	R1: 1.3585 R2: 1.3625	1.3522	1.3569	1.3510	1.3567	+0.31%	-0.12%	+1.85%	+1.20%

Aug 24, 2023; 1.3567,

USD/SGD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

EUR/USD: 1.0805



24-HOUR VIEW

EUR is likely to break 1.0790, but the next support at 1.0730 is probably out of reach.

Yesterday, we expected EUR to trade in a range of 1.0830/1.0895. Our expectation was incorrect. Instead of consolidating, EUR fell to 1.0803 before closing on a soft note at 1.0809 (-0.45%). Downward momentum has increased, but on the other hand, the weakness in EUR is oversold. Today, we see chance of EUR breaking the major support at 1.0790, but the next support at 1.0730 is likely out of reach. The downside risk is intact as long as EUR stays below 1.0860 (minor resistance is at 1.0830).



1-3 WEEKS VIEW

EUR weakness is intact; the next level to focus on below 1.0790 is 1.0730.

We have expected EUR to weaken since the start of the week (see annotations in the chart below). In our update from yesterday (24 Aug, spot at 1.0865), we highlighted that EUR "could consolidate for 1-2 days before moving towards 1.0790." We did not anticipate EUR dropping to 1.0803. Note that EUR extended its decline in early Asian trade today. The price actions suggest that a break of 1.0790 will not be surprising. The next level to focus on below 1.0790 is 1.0730. The EUR weakness is intact as long as it stays below 1.0890 ('strong resistance' level was at 1.0915 yesterday).



1-3 MONTHS VIEW

The mid-July high of 1.1275 could be a top for now, and this level is unlikely to come back into view in the next month or so. However, as there are several significant support levels that are relatively close to each other, the pace of any decline is likely to be slow. (dated 28 Jul 2023, 1.0965) [Read more](#)

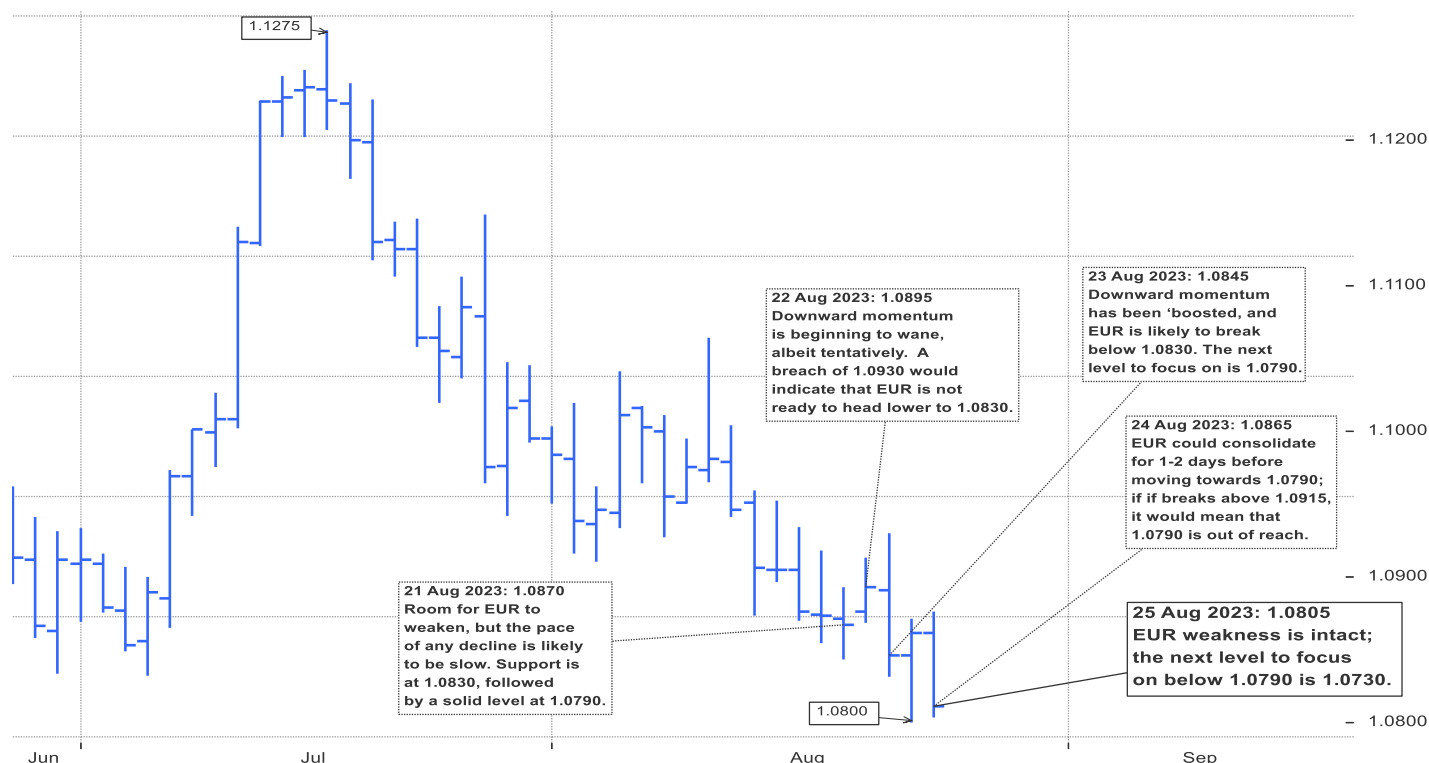


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 1.0790 S2: 1.0730	R1: 1.0860 R2: 1.0890	1.0862	1.0876	1.0803	1.0809	-0.46%	-0.57%	-2.29%	+1.00%

Aug 24, 2023; 1.0811,

EUR/USD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

GBP/USD: 1.2600



24-HOUR VIEW

GBP is likely to break below 1.2580, but it remains to be seen if it can maintain a foothold below this level.

We did not anticipate the sharp selloff that sent GBP plummeting to a low of 1.2591 (we were expecting it to trade sideways). Unsurprisingly, downward momentum is strong. That said, conditions are severely oversold. Today, GBP is likely to break below 1.2580, but it remains to be seen if it can maintain a foothold below this level. The next support is at 1.2530. In order to keep the momentum going, GBP must stay below 1.2675 (minor resistance is at 1.2640).



1-3 WEEKS VIEW

Increase in momentum suggests GBP is likely to weaken to 1.2530, possibly 1.2480.

After GBP dropped sharply to 1.2615, and then rebounded strongly, we highlighted yesterday (24 Aug, spot at 1.2720) that “there is no increase in momentum, and we continue to expect GBP to trade sideways, albeit in a lower range of 1.2580/1.2780.” We did not expect GBP to plummet to a low of 1.2591 in NY trade. This time around, there is a clear increase in momentum. From here, as long as GBP stays below the ‘strong resistance’ level, currently at 1.2720, it is likely to weaken to 1.2530, possibly 1.2480.



1-3 MONTHS VIEW

GBP/USD exceeded the objective at 1.3100; it is likely to continue to head higher to 1.3335. (dated 14 Jul 2023, 1.3130) [Read more](#)

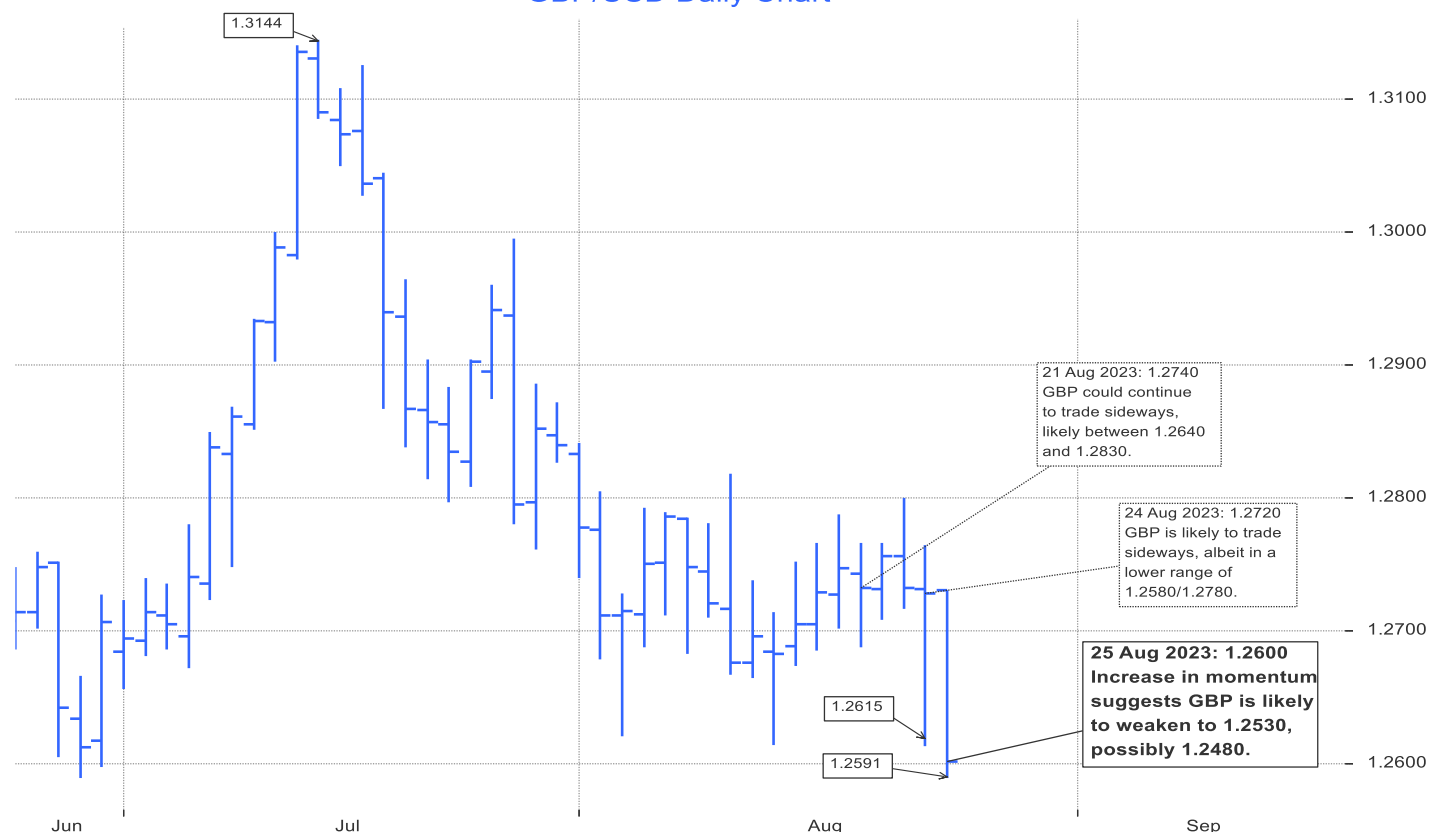


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 1.2580 S2: 1.2530	R1: 1.2675 R2: 1.2720	1.2717	1.2740	1.2591	1.2601	-1.09%	-1.15%	-1.75%	+4.20%

Aug 24, 2023; 1.2601,

GBP/USD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

AUD/USD: 0.6420



24-HOUR VIEW

Sharp drop has room to extend, but AUD is unlikely to challenge the major support at 0.6365.

Yesterday, we expected AUD to rise further. Instead of rising further, AUD fell sharply to a low of 0.6413. The sharp drop has room to extend, but it is unlikely to challenge the major support at 0.6365 (there is another support at 0.6390). Resistance is at 0.6440, followed by 0.6460.



1-3 WEEKS VIEW

Instead of rebounding further, AUD is more likely to trade in a range of 0.6365/0.6500 for the time being.

We noted yesterday (24 Aug, spot at 0.6480) that "upward momentum is building, and AUD could rebound further to 0.6520, possibly 0.6540." We did not expect the sharp drop that sent AUD plummeting to a low of 0.6413 in NY trade. While our 'strong support' level at 0.6410 has not been clearly breached, the buildup in momentum has fizzled out. Instead of rebounding further, AUD is more likely to trade in a range of 0.6365/0.6500 for the time being. Looking ahead, if AUD breaks clearly below 0.6365, it could trigger a decline to 0.6300.



1-3 MONTHS VIEW

As expected, AUD/USD fell as it broke below both 'targets' of 0.6460 and 0.6400. The sharp decline appears to be overextended; if AUD/USD were to break above the 21-day ema, it would mean that the weakness has stabilised. (dated 23 Aug 2023, 0.6430) [Read More](#)

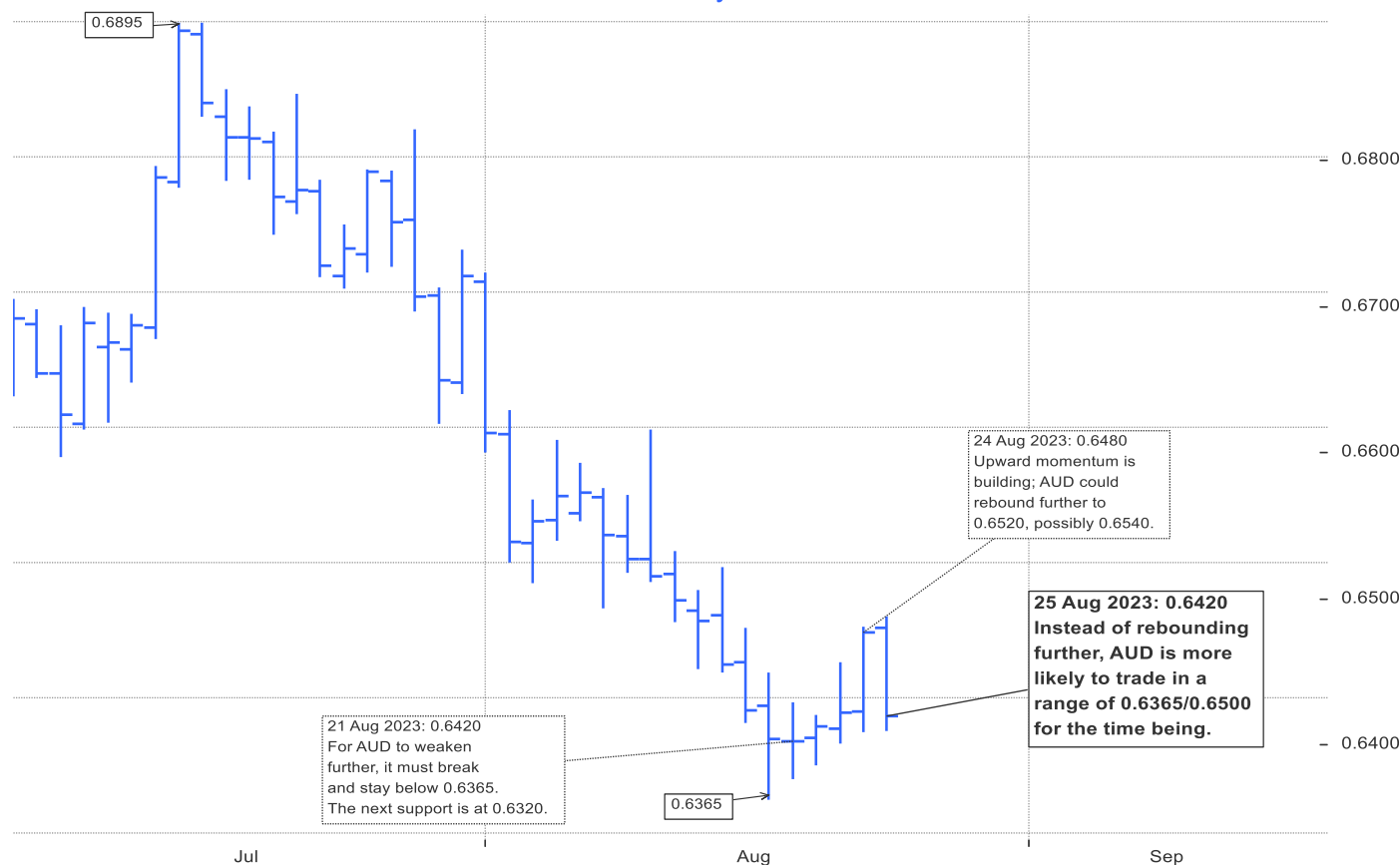


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 0.6390 S2: 0.6365	R1: 0.6460 R2: 0.6500	0.6473	0.6488	0.6413	0.6417	-0.99%	+0.23%	-4.79%	-5.87%

Aug 24, 2023; 0.6420,

AUD/USD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

NZD/USD: 0.5920

24-HOUR VIEW

Rapid decline in NZD has room to extend to 0.5895; a sustained drop below this level is unlikely.

The sharp drop in NZD that sent it plunging to 0.5915 came as a surprise (we were expecting it to rise further). The rapid decline has room to drop to 0.5895. At this stage, a sustained drop below this level is unlikely. The next support at 0.5865 is unlikely to come under threat. Resistance is 0.5935, followed by 0.5960.

1-3 WEEKS VIEW

NZD is likely to trade in a range, albeit a lower one of 0.5865/0.5995.

Yesterday (24 Aug, spot at 0.5980), we held the view that the recent NZD weakness had stabilised, and we expected it to trade in a range between 0.5910 and 0.6040. We did not expect NZD to drop towards the bottom of the expected range so quickly (NZD fell to 0.5918 in NY trade). Downward momentum has increased, but not enough to suggest a resumption of the recent weakness. We continue to expect NZD to trade in a range, albeit a lower one of 0.5865/0.5995. Looking ahead, NZD has to break clearly below 0.5865 before a sustained decline is likely.

1-3 MONTHS VIEW

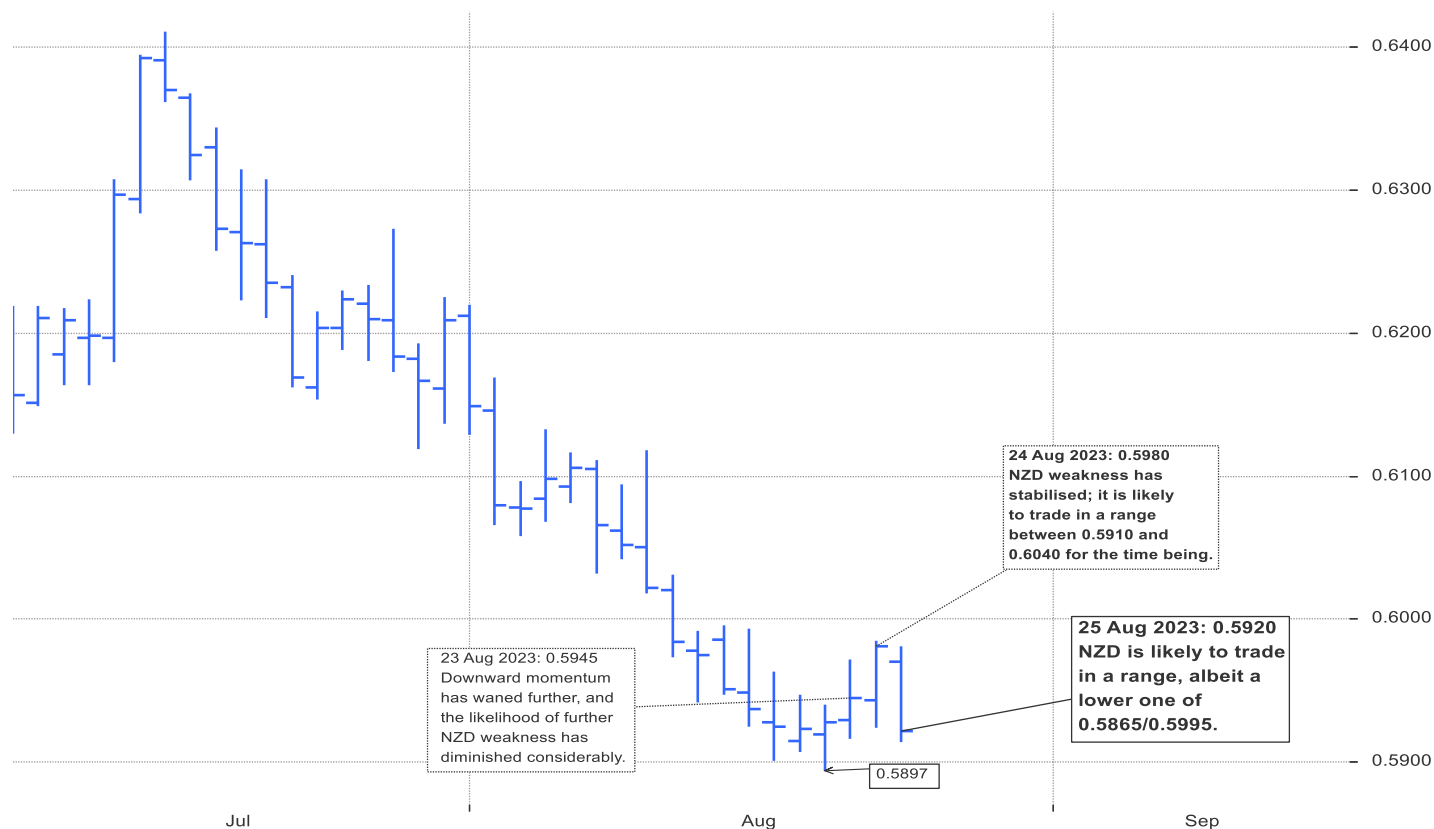
NZD/USD must break above the solid resistance zone of 0.6265/0.6315 before a sustained advance is likely. (dated 16 Jun 2023, 0.6235)
[Read more](#)

LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 0.5895 S2: 0.5865	R1: 0.5960 R2: 0.5995	0.5973	0.5980	0.5918	0.5924	-0.93%	-0.03%	-4.51%	-6.70%

Aug 24, 2023; 0.5922,

NZD/USD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

USD/JPY: 145.90

24-HOUR VIEW

USD could rebound further; the chance of it breaking clearly above 146.55 is not high.

After USD dropped sharply to 144.53 on Wednesday, we highlighted yesterday that “there is room for USD to weaken further.” Our view was incorrect, as USD staged a strong rebound to 145.95. Today, USD could rebound further, but the chance of it breaking clearly above 146.55 is not high. Support is at 145.60, followed by 145.20.

1-3 WEEKS VIEW

USD must break and stay above 146.55 before a sustained rise is likely.

Yesterday (24 Aug, spot at 144.75), we indicated that the recent mild upward pressure has faded and we expected USD to trade in a range of 143.50/146.20. We did not anticipate the strong rebound to 145.95. Despite the rebound, upward momentum has not improved much. From here, USD must break and stay above 146.55 before a sustained rise is likely. The likelihood of USD breaking clearly above 146.55 will remain intact as long as it stays above 144.50 in the next 1 to 2 days.

1-3 MONTHS VIEW

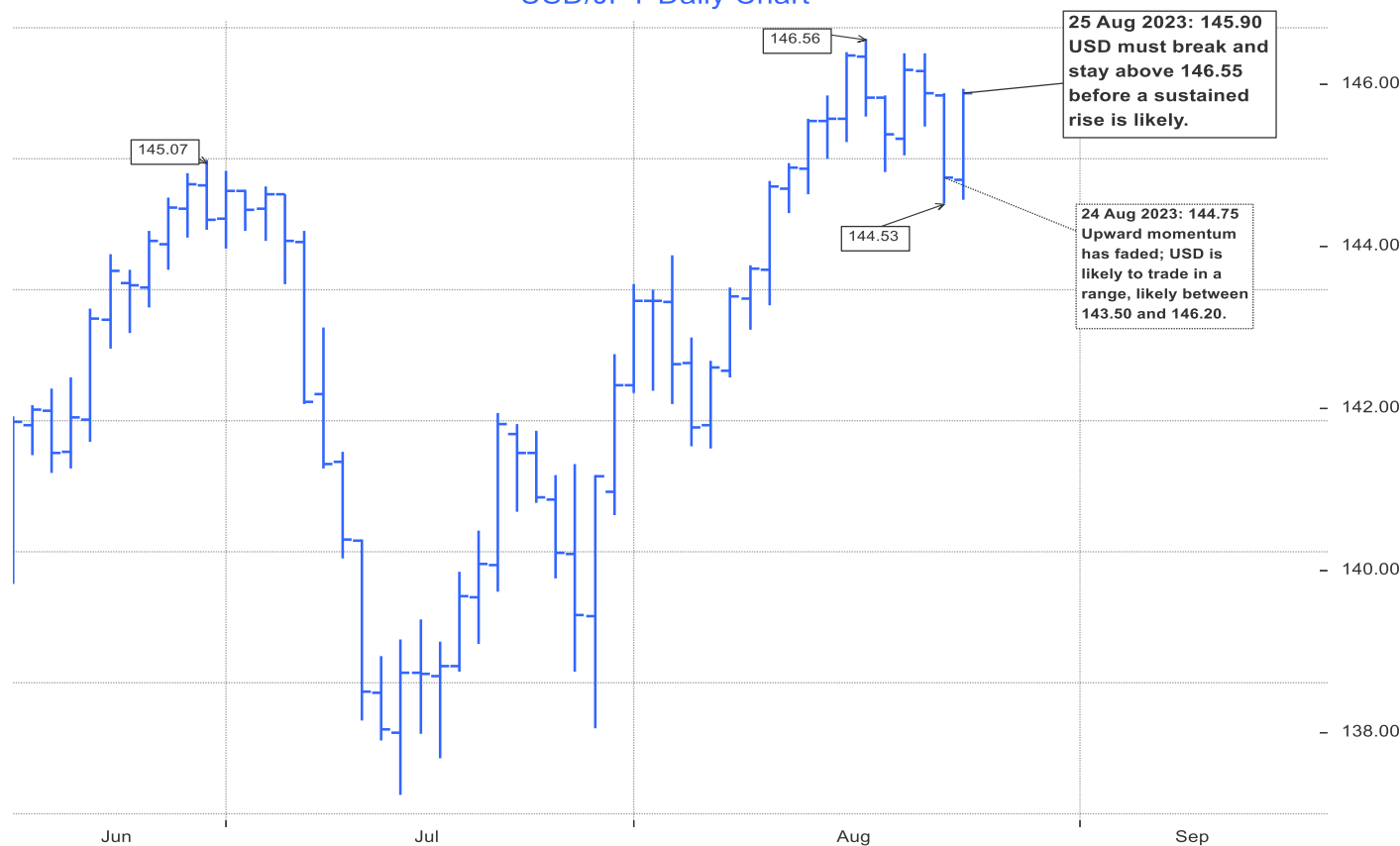
Upward momentum is building, and USD/JPY is likely to trade with an upward bias. However, July's high near 145.05 is a solid resistance level and might not be easy to break. (dated 08 Aug 2023, 143.00) [Read more](#)

LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 145.20 S2: 144.50	R1: 146.55 R2: 147.00	144.87	145.95	144.57	145.87	+0.72%	+0.03%	+3.13%	+11.26%

Aug 24, 2023; 145.88

USD/JPY Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

USD/CNH: 7.2870

24-HOUR VIEW

USD is likely to trade in a range, probably between 7.2700 and 7.3000.

We expected USD to edge lower yesterday. However, we were of the view that it is unlikely to break clearly below 7.2680. Our view turned out to be correct, as USD dropped to 7.2678 and then rebounded. USD appears to have moved into a consolidation phase. Today, USD is likely to trade in a range, probably between 7.2700 and 7.3000.

1-3 WEEKS VIEW

Upward momentum has eased; USD is likely to trade in a range of 7.2500/7.3300 for the time being.

Our update from yesterday (24 Aug, spot at 7.2840) is still valid. As highlighted, the recent buildup in upward momentum has eased, and USD is more likely to trade in a range of 7.2500/7.3300 for the time being.

1-3 MONTHS VIEW

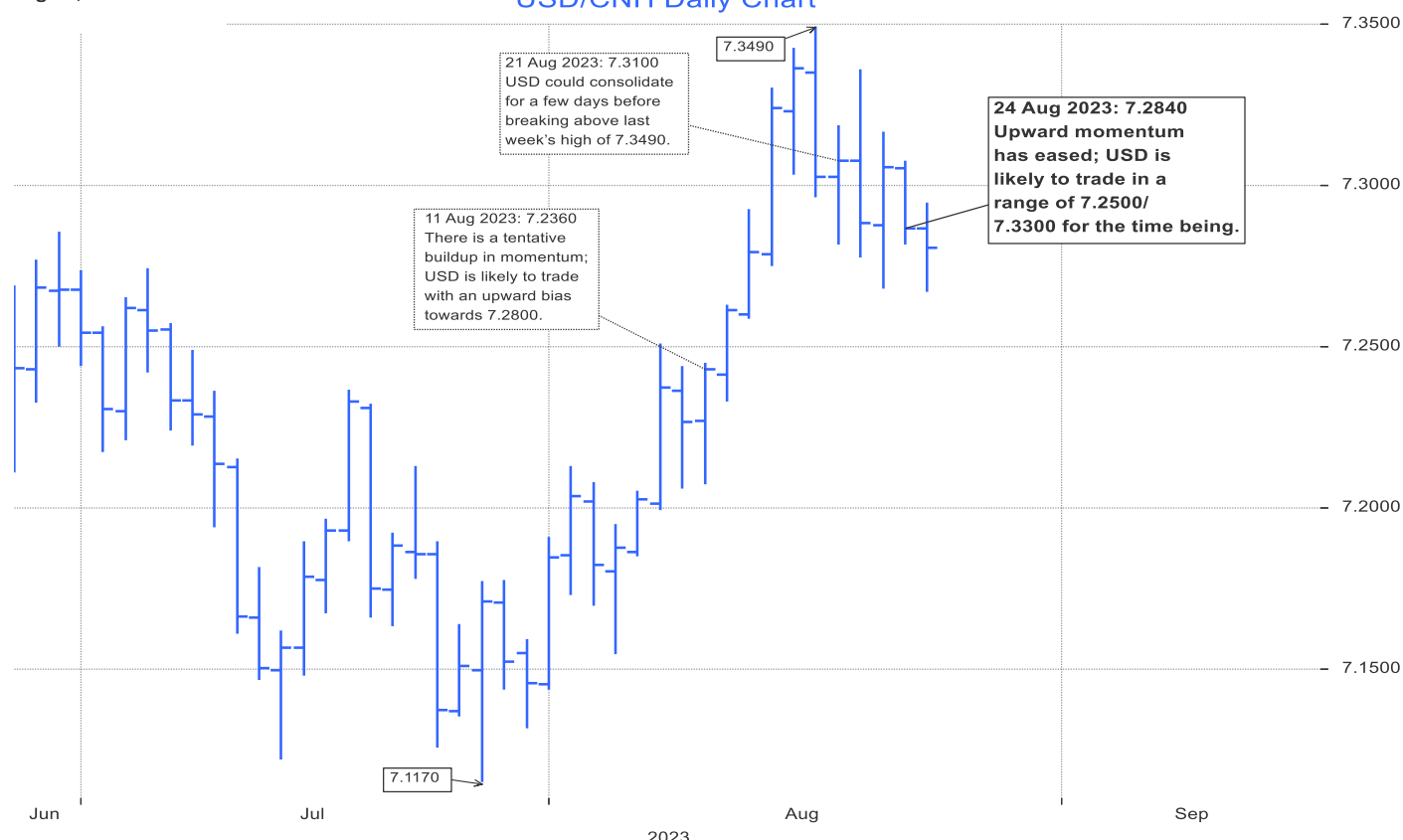
Room for severely overbought USD/CNH rally to extend, but it remains to be seen if last year's peak near 7.3745 will come into view this time around. (dated 30 Jun 2023, 7.2650) [Read more](#)

LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 7.2700 S2: 7.2500	R1: 7.3000 R2: 7.3300	7.2881	7.2945	7.2678	7.2815	-0.07%	-0.25%	+1.33%	+5.12%

Aug 24, 2023: 7.2808

USD/CNH Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

EUR/SGD: 1.4650



24-HOUR VIEW

Decline is oversold, but there is room for EUR to continue to weaken. However, 1.4610 is likely out of reach.

After EUR fell to 1.4665 on Wednesday and then rebounded, we highlighted yesterday that “despite the rebound, the weakness in EUR has not stabilized.” We held the view that EUR “could continue to weaken, but it is unlikely to reach 1.4655.” While EUR weakened as expected, it reached a low of 1.4650. Today, there is room for EUR to continue to weaken further. This time around, the support at 1.4610 is likely out of reach (minor support is at 1.4630). On the upside, a breach of 1.4700 (minor resistance is at 1.4670) would mean that the weakness has stabilised.



1-3 WEEKS VIEW

EUR is still weak; the next level to aim for is 1.4610.

Two days ago (23 Aug, spot at 1.4725), we highlighted that “the increase in downward momentum suggests EUR is likely to trade with a downward bias towards 1.4655.” Yesterday, EUR dropped below 1.4655 (low has been 1.4650). The weakness has not stabilised, and we continue to expect EUR to weaken. The next level to aim for is 1.4610. Overall, only a breach of 1.4735 (‘strong resistance’ level was at 1.4760 yesterday) would indicate that EUR is not weakening further.



1-3 MONTHS VIEW

The outlook for EUR/SGD is still negative; if it breaks the formidable weekly support at 1.4525, there is a chance for it to drop to the June’s low of 1.4390. (dated 01 Aug 2023, 1.4625) [Read more](#)

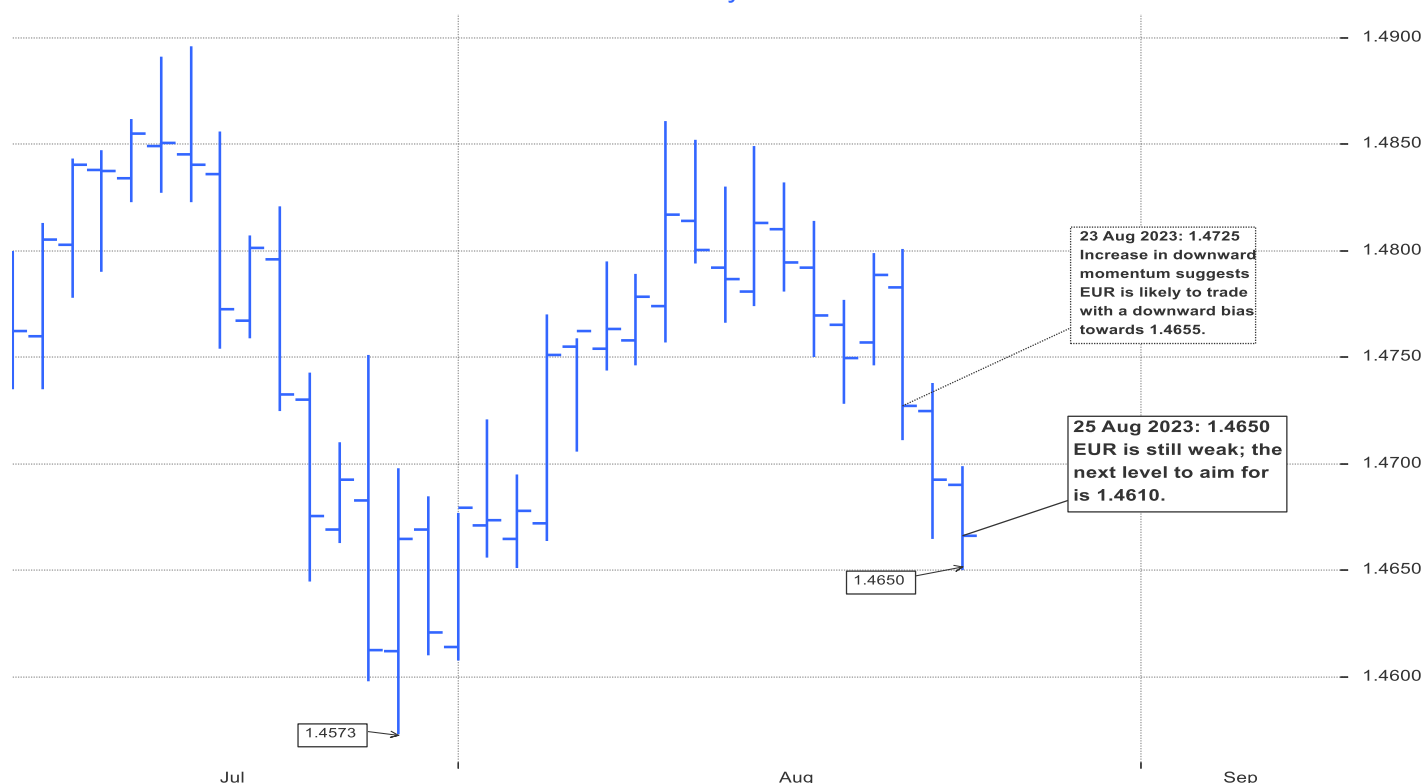


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 1.4655 S2: 1.4610	R1: 1.4700 R2: 1.4735	1.4687	1.4699	1.4650	1.4653	-0.23%	-0.76%	-0.50%	+2.19%

Aug 24, 2023 1.4667,

EUR/SGD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

GBP/SGD: 1.7080



24-HOUR VIEW

Rapid increase in momentum is likely to lead to further GBP weakness, but the major support at 1.7000 is likely out of reach

The sharp drop in GBP that sent it to a low of 1.7074 came as a surprise (we were expecting it to trade sideways). The rapid increase in momentum is likely to lead to further GBP weakness. That said, the major support at 1.7000 is likely out of reach today. There is another level of support at 1.7040. On the upside, if GBP breaks above 1.7160 (minor resistance is at 1.7120), it would mean that the weakness in GBP has stabilised.



1-3 WEEKS VIEW

Downward momentum has improved, and GBP is likely to weaken further. The next level to watch is 1.7000.

We indicated yesterday that "not only has the mild upward pressure faded, downward pressure is also beginning to build", and we held the view that GBP could test the support at 1.7100. We did not anticipate GBP to reach 1.7100 so soon, as it fell sharply to a low of 1.7074 in NY trade. Downward momentum has improved, and GBP is likely to weaken further. The next level to watch is 1.7000. Overall, only a breach of 1.7220 ('strong resistance' level was at 1.7290 yesterday) would indicate that GBP is not weakening further.



1-3 MONTHS VIEW

GBP/SGD exceeded the 1.7355 target and then pulled back. Bearish divergence on the daily MACD suggests there is room for GBP/SGD to pullback further. However, the trendline support (currently at 1.7035) is likely to offer solid support. (dated 18 Jul 2023, 1.7285) [Read more](#)

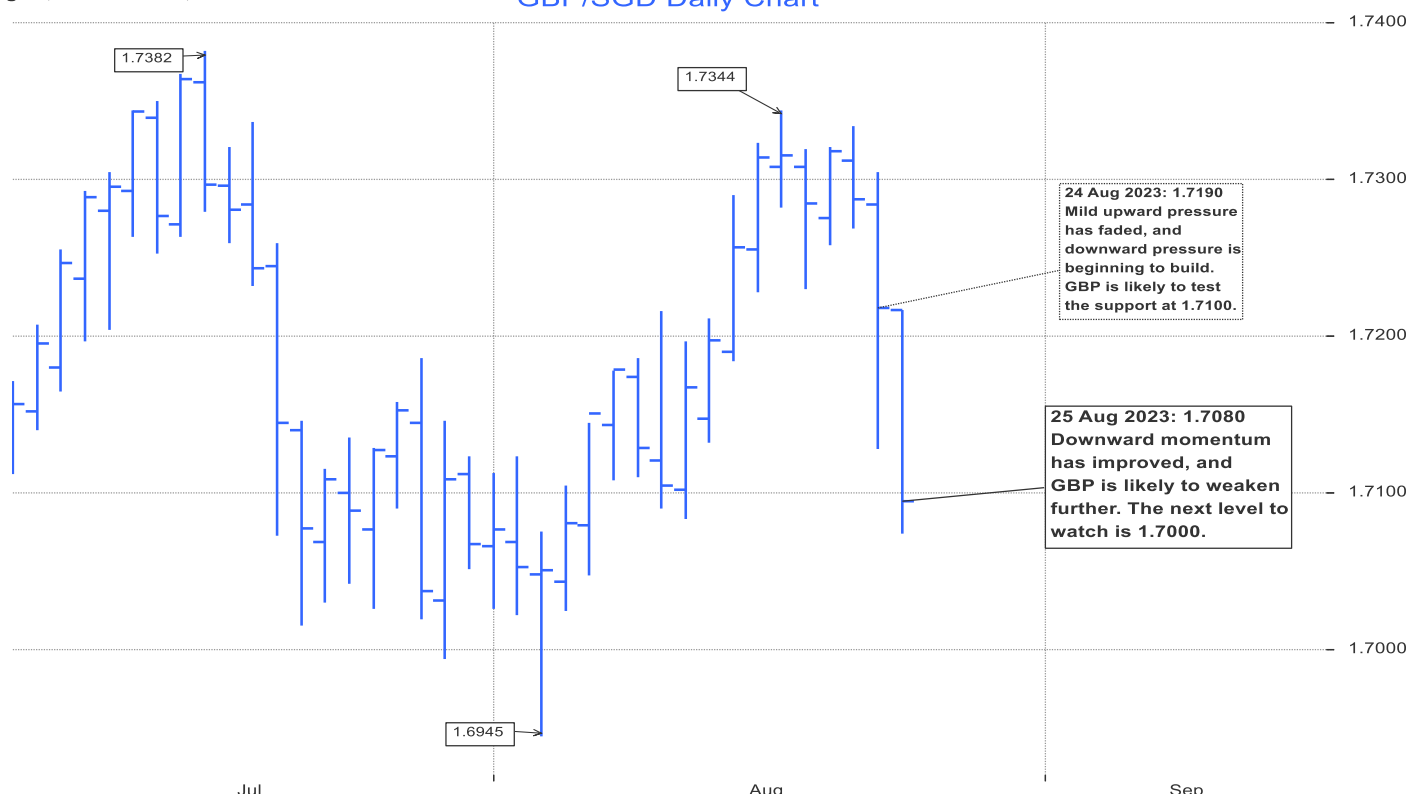


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 1.7040 S2: 1.7000	R1: 1.7160 R2: 1.7220	1.7193	1.7217	1.7074	1.7082	-0.76%	-1.32%	-0.01%	+5.39%

Aug 24, 2023: 1.7094,

GBP/SGD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

AUD/SGD: 0.8710



24-HOUR VIEW

AUD could decline further, but it is unlikely to break the major support at 0.8660.

Yesterday, we held the view that AUD “could rise, but any advance is likely part of a higher trading range of 0.8720/0.8775.” AUD then rose to a high of 0.8768 before staging a surprisingly sharp drop to 0.8695. The rapid drop appears to be overdone, but with no signs of stabilisation just yet, AUD could decline further. However, it is unlikely to break the major support at 0.8660. Resistance is at 0.8730, followed by 0.8755.



1-3 WEEKS VIEW

AUD appears to have moved into a consolidation phase; it is likely to trade in a range of 0.8660/0.8800 for the time being.

Our update from two days (23 Aug, spot at 0.8725) is still valid. As highlighted, AUD appears to have moved into a consolidation phase, and it is likely to trade in a range of 0.8660/0.8800 for the time being.



1-3 MONTHS VIEW

There is no clear directional bias for now; AUD/SGD is likely to trade between 0.8755 and 0.9215 in the next couple of months. (dated 28 Jun 2023, 0.8975) [Read more](#)

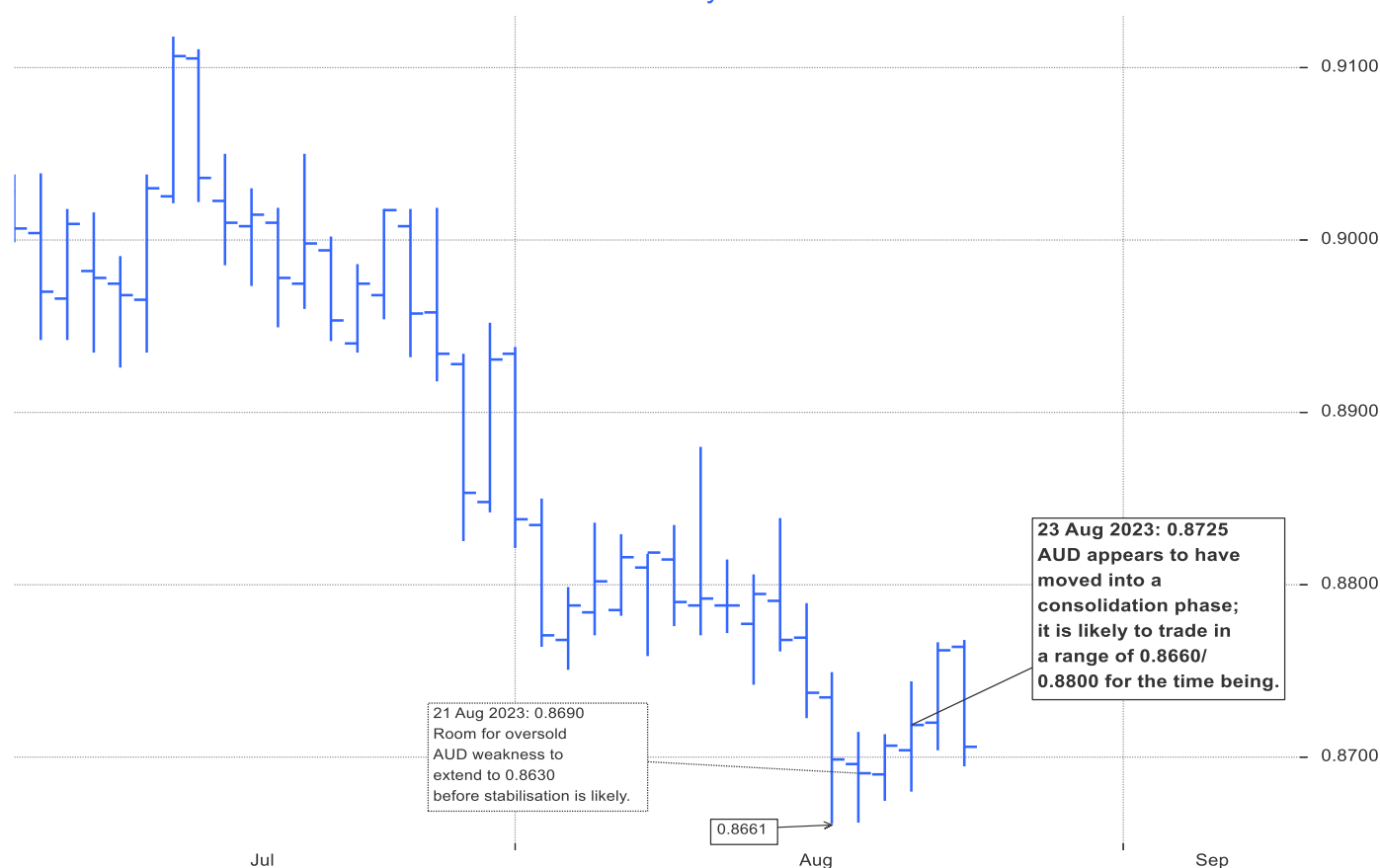


LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 0.8685 S2: 0.8660	R1: 0.8755 R2: 0.8800	0.8749	0.8768	0.8695	0.8700	-0.67%	+0.03%	-3.03%	-4.69%

Aug 24, 2023: 0.8706

AUD/SGD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

JPY/SGD: 0.9290



24-HOUR VIEW

Room for the weakness in JPY to test 0.9260 before stabilisation is likely.

We expected JPY to trade in a range between 0.9300 and 0.9360 yesterday. However, after rising briefly to 0.9351, JPY dropped sharply to a low of 0.9281 in NY trade. The rapid drop appears to be overdone, but there is room for JPY to test 0.9260 before stabilisation is likely. Resistance is at 0.9315, followed by 0.9330.



1-3 WEEKS VIEW

JPY must break and stay below 0.9260 before a sustained decline is likely.

Yesterday (24 Aug, spot at 0.9325), we indicated that downward momentum had faded. We expected JPY to trade in a range of 0.9280/0.9385. We did expect JPY to drop sharply to 0.9281. Downward momentum has increased, albeit not enough to suggest that the recent JPY weakness has resumed. From here, JPY must break and stay below 0.9350 before a sustained decline is likely. The likelihood of JPY breaking clearly below 0.9260 will remain intact as long as it stays below 0.9355 in the next few days.



1-3 MONTHS VIEW

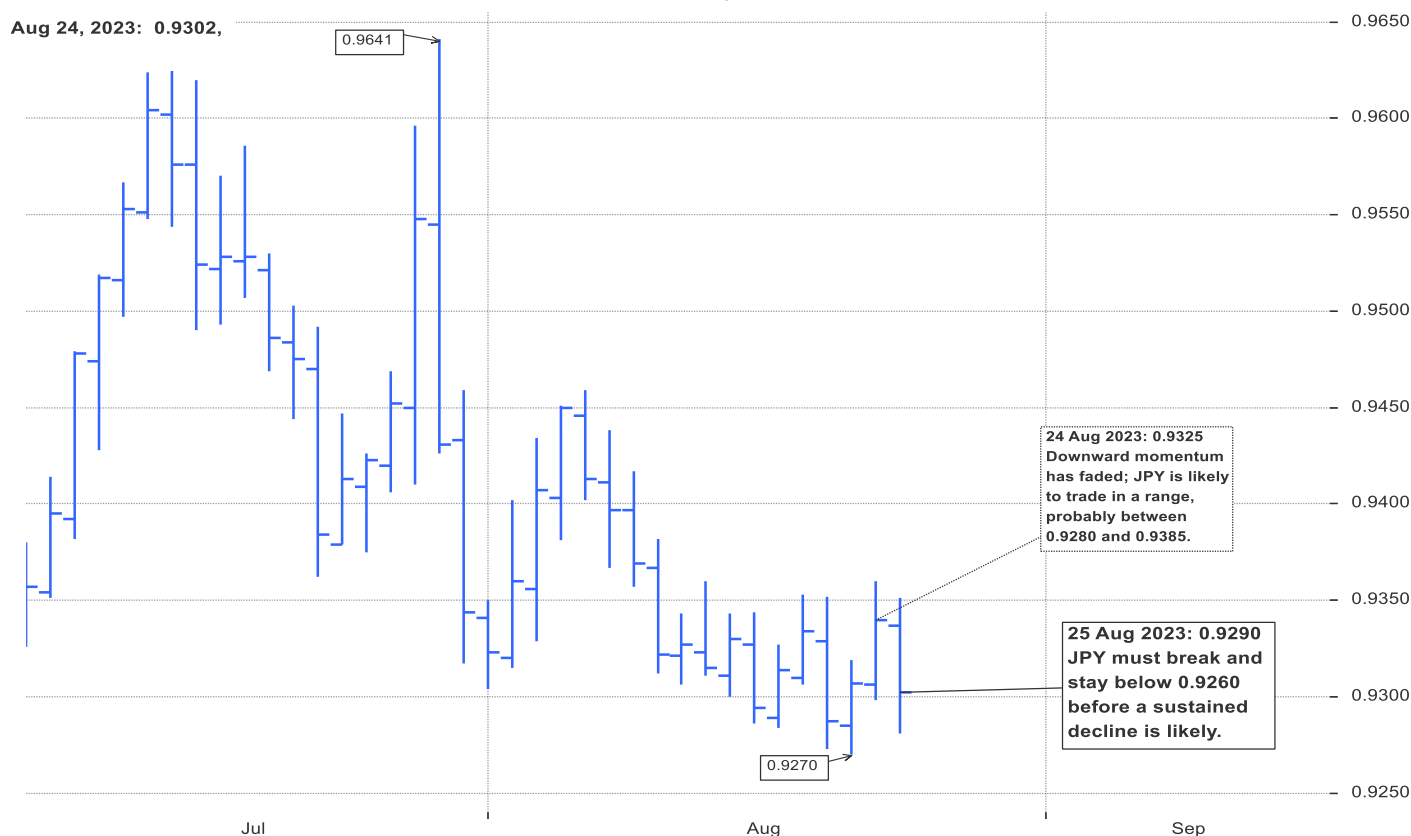
JPY/SGD is likely to break below the 2022 low near 0.9400 but it remains to be seen if it can maintain a foothold below this level. (dated 16 Jun 2023, 0.9540) [Read more](#)



LEVELS

Support	Resistance	Ranges 24 Aug 23				Percentage change			
		Open	High	Low	Close	1D	1W	1M	YTD
S1: 0.9260 S2: 0.9230	R1: 0.9330 R2: 0.9355	0.9333	0.9351	0.9281	0.9290	-0.50%	-0.24%	-1.28%	-9.07%

JPY/SGD Daily Chart



Source: Refinitiv Datastream/UOB Global Economics & Market Research

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