



## JPY Jawboning and Stronger CNY Fix Anchor Sentiments

- **USDCNH. Stronger Fix Brings Relief.** Stronger CNY fix for a second consecutive day reaffirmed the view that Chinese policymakers are sticking with the same playbook to anchor stable RMB via daily fix. This morning, USDCNY fix came in at 7.0943 (vs. yesterday's fix of 7.0996. This should help to alleviate pressure on AXJs, including KRW, THB as well as AUD, NZD, which have stronger sensitivity to RMB moves. That said, the bounce in AXJ FX lacked momentum and this may still be due to the lingering uncertainty with RMB, quarter-end FX flows and USD still somewhat supported (as Fed is in no hurry to cut rates). USDCNH last at 7.2470 levels. Mild bullish momentum on daily chart intact while RSI fell from overbought conditions. Room for pullback but onshore spot needs to retreat further below 7.20 (current spot ref at 7.2175). Support at 7.23 (200 DMA), 7.2160 (21, 50 DMAs, 50% fibo retracement of Nov high to Jan low). We continue to monitor USDCNY fix in coming sessions.
- **DXY. Consolidate.** USD eased modestly overnight on softer US data. Dallas Fed manufacturing and new home sales disappointed. On Fedspeaks, Goolsbee said he is amongst the policymakers looking for 3 cuts this year as inflation cools. Specifically he was referring to the rapid disinflation seen in 2H 2023. Bostic reiterated his take on 1 cut this year and Lisa Cook said the Fed must take cautious approach to lowering rate to allow more time for inflation to slow in some segments of the US economy. Elsewhere, a stronger CNY fix boosted sentiments. DXY was last at 104.17 levels. Daily momentum is bullish but RSI shows signs of easing from near-overbought conditions. Compression of moving averages observed, and this typically precedes a break-out or pivot – continue to watch price action. Resistance at 104.50 (recent high) before 105 levels (Feb high). Support at 104 (23.6% fibo), 103.30 (38.2% fibo) and 102.80 (50% fibo retracement of Dec low to Feb high). Data focus today on durable goods order, conference board consumer confidence and Richmond Fed manufacturing. We are also cautious of over-interpreting price action this week due to quarter-end flows that may distort price action while potentially thinner liquidity conditions due to Good Fri holiday may exacerbate price action.
- **EURUSD. Consolidate.** EUR was a touch firmer amid USD pullback. Pair was last at 1.0840. Mild bearish momentum on daily chart intact while decline in RSI moderated. Consolidation likely intraday. Resistance here at 1.0845 (50, 200 DMAs), 1.0870/80 levels (21, 100 DMAs, 38.2% fibo). Support at 1.0795 (50% fibo

**Christopher Wong**    
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

Global Markets Research  
Tel: 6530 8384

retracement of Oct low to Jan high), 1.0715 (61.8% fibo). On ECB's side, Lane said that pay growth in Euro-area is returning to more normal levels. On inflation, he noted good progress to contain inflation and should stabilise around 2% target in 2025. He further added that if this assessment is confirmed then policymakers will start looking more closely at reversing some of the rate increases.

- USDJPY. Jawboning Continues.** We opined that the risk of *leaning against the wind* is on the rise for USDJPY. Finance Minister Suzuki said that he is watching FX moves with high sense of urgency and the government will take steps against excessive currency moves, without ruling out any measures. Yesterday, top currency official Kanda told reporters that officials have seen large fluctuation of 4% in 2 weeks and this unusual move is not reflecting fundamentals. Elsewhere, CFTC JPY positioning saw record shorts and we reckon JPY bears maybe complacent and under-prepared for any policy surprises or actual intervention. Also of interest is the 3m JPY basis swap, which had risen to 2y high – a reflection of decreasing demand for hedging as markets are less concerned that JPY will strengthen sharply in the short term. USDJPY consolidated near recent highs. Pair was last at 151.35 levels. Bullish momentum on daily chart intact while RSI shows very tentative signs of turning from near overbought conditions. Resistance at 152 (triple top). Support at 149.60 (21 DMA), 149 (50 DMA). This week, data focus on Tokyo CPI (Fri). Another 2-3 hotter than expected prints may should result in a re-think on BoJ's gradual policy normalisation. By then, if Fed starts rate cut cycle, USDJPY should then start to ease further.
- USDSGD. Industrial Production in Focus (1pm SGT).** Re-acceleration in SG CPI reflected the effects of Lunar New Year and was well within guidance of policymakers that core CPI is expected to rise in current quarter. Higher CPI should dampen market chatters that a potential MAS easing is round the corner. S\$NEER strength is likely to persist in the interim and likely only fade at some point later this year when core inflation in Singapore start to ease more materially. We expect MAS to maintain policy status quo at the upcoming MPC meeting in Apr. S\$NEER is still expected fluctuate in the range of +1.5% to +1.9% above our-model implied mid. Last seen at 1.75% above model-implied mid. USDSGD eased lower on stronger than expected RMB fix. Last seen at 1.3445 levels. Daily momentum is mild bullish but RSI fell from overbought conditions. Retracement ahead. Support at 1.3420 (50 DMA) and 1.3390/1.34 (38.2% fibo retracement of Oct high to Dec low, 21, 100 DMAs). Resistance at 1.3460/70 levels (200 DMA, 50% fibo), 1.3500/30 (61.8% fibo).

## Macro Research

**Selena Ling**  
Head of Strategy & Research  
[LingSSSelena@ocbc.com](mailto:LingSSSelena@ocbc.com)

**Tommy Xie Dongming**  
Head of Greater China Research  
[XieD@ocbc.com](mailto:XieD@ocbc.com)

**Keung Ching (Cindy)**  
Hong Kong & Macau Economist  
[Cindyckung@ocbc.com](mailto:Cindyckung@ocbc.com)

**Herbert Wong**  
Hong Kong & Macau Economist  
[HerbertWong@ocbc.com](mailto:HerbertWong@ocbc.com)

**Lavanya Venkateswaran**  
Senior ASEAN Economist  
[LavanyaVenkateswaran@ocbc.com](mailto:LavanyaVenkateswaran@ocbc.com)

**Ahmad A Enver**  
ASEAN Economist  
[Ahmad.Enver@ocbc.com](mailto:Ahmad.Enver@ocbc.com)

**Jonathan Ng**  
ASEAN Economist  
[JonathanNg4@ocbc.com](mailto:JonathanNg4@ocbc.com)

**Ong Shu Yi**  
ESG Analyst  
[ShuyiOng1@ocbc.com](mailto:ShuyiOng1@ocbc.com)

## FX/Rates Strategy

**Frances Cheung, CFA**  
Rates Strategist  
[FrancesCheung@ocbc.com](mailto:FrancesCheung@ocbc.com)

**Christopher Wong**  
FX Strategist  
[ChristopherWong@ocbc.com](mailto:ChristopherWong@ocbc.com)

## Credit Research

**Andrew Wong**  
Credit Research Analyst  
[WongVKAM@ocbc.com](mailto:WongVKAM@ocbc.com)

**Ezien Hoo, CFA**  
Credit Research Analyst  
[EzienHoo@ocbc.com](mailto:EzienHoo@ocbc.com)

**Wong Hong Wei, CFA**  
Credit Research Analyst  
[WongHongWei@ocbc.com](mailto:WongHongWei@ocbc.com)

**Chin Meng Tee, CFA**  
Credit Research Analyst  
[MengTeeChin@ocbc.com](mailto:MengTeeChin@ocbc.com)

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).