

25 May 26 - 29 May 26

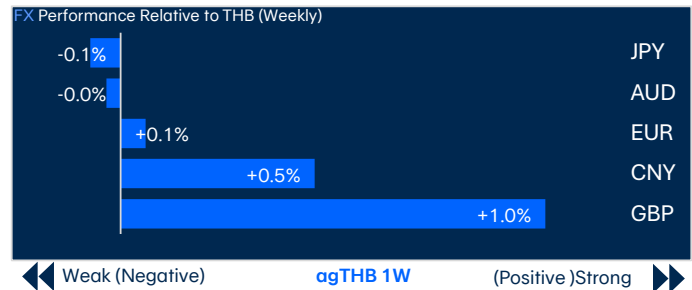
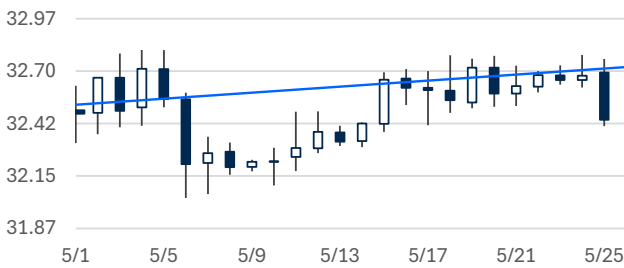
USDTHB

Open **32.69** 25-May Prev. Close **32.68** 22-May

Fed policy and US yields anchored USDTHB through the week, with the dollar retaining support as Treasury yields remained elevated across the curve. Early sessions saw steady USD demand tied to firm real yields and cautious positioning ahead of key US data. Midweek price action lacked fresh catalysts, but the absence of meaningful softness in US inflation expectations limited any sustained pullback in the dollar. Into Friday, dollar strength moderated slightly yet did not reverse, leaving USDTHB in a firm but range-bound structure. Thailand-specific drivers were muted, with the baht largely tracking broader Asian FX rather than idiosyncratic flows. The key takeaway for trading desks was that USDTHB continued to behave as a rates-led pair, with external drivers overwhelming domestic influence throughout the period.

Broad dollar sentiment begins the week under mild pressure following a shift in geopolitical tone. Weekend developments suggested substantial progress in US-Iran negotiations, with leadership indicating a near-complete framework agreement aimed at reopening the Strait of Hormuz and stabilising energy flows. The communication highlighted constructive engagement and a structured path toward resolution, even as some details remain under discussion. This backdrop has driven a classic risk-on adjustment: energy prices have declined, equity markets have firmed, and safe-haven demand for the dollar has moderated at the margin. However, USDTHB direction ultimately returns to US macro. The critical sequence lies in late-week releases, particularly PCE inflation and consumer spending. Dollar resilience requires confirmation that inflation remains sufficiently firm to keep yields elevated despite lower oil prices. The adjustment scenario is clearer than previously, with softer inflation readings amplifying the effect of improved geopolitical conditions and encouraging broader USD unwinding. Thailand's influence remains limited in current flow, positioning USDTHB as a pure external-driver pair. Initial pressure leans toward USD softness, but the durability of that move depends entirely on whether US data validate the emerging disinflation trend.

1W	High 32.78	Chg. -0.32%	1M	High 32.86	Chg. +0.30%	YTD	YoY	FXNavigate
	Low 32.49	Avg. 32.630		Low 32.04	Avg. 32.488	+3.00%	-0.50%	↔ Flat



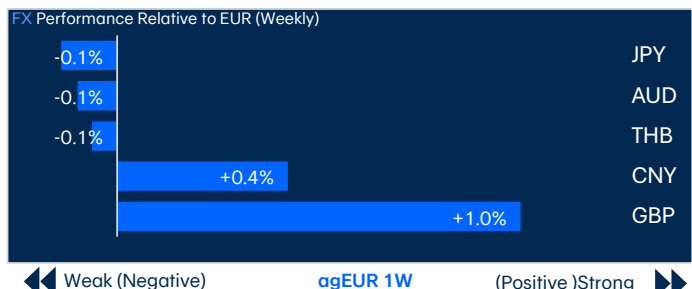
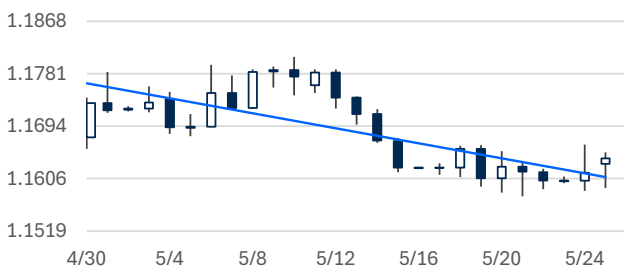
EURUSD

Open **1.1631** 25-May Prev. Close **1.1603** 22-May

The euro underperformed last week as data confirmed a loss of growth momentum. Composite PMI readings fell further below expansion thresholds, reflecting continued contraction in services and slowing manufacturing activity. This reinforced concerns about economic softness and shifted expectations around ECB policy flexibility. Against this backdrop, the dollar maintained strength supported by high US yields, leaving EURUSD pressured. Price action was characterised by limited upside follow-through, with any attempt at recovery met by renewed selling. The conclusion for traders was clear: the euro's vulnerability stemmed from domestic fundamentals rather than purely external pressure.

The week begins with a reduced geopolitical premium supporting risk assets and limiting immediate USD strength. Progress in US-Iran negotiations has improved sentiment, particularly through its impact on oil markets and inflation expectations. Yet EURUSD requires more than a softer dollar backdrop to sustain gains. However, EURUSD direction remains sensitive to US data. The upcoming calendar, including GDP revision, PCE inflation, and consumer spending, will determine whether the dollar retains its yield advantage. Continuation lower requires firm US inflation that sustains rate differentials. The alternate path depends on softer PCE combined with stabilisation in euro-area data, allowing the euro to recover within a less aggressive USD environment. The broader test for EURUSD is whether last week's weak PMI signals represent a temporary dip or the start of a deeper slowdown, with the market currently demanding clearer evidence before rebuilding long positions.

1W	High 1.1662	Chg. -0.15%	1M	High 1.1809	Chg. -0.70%	YTD	YoY	FXNavigate
	Low 1.1577	Avg. 1.1622		Low 1.1577	Avg. 1.1692	-0.86%	+2.22%	↔ Flat



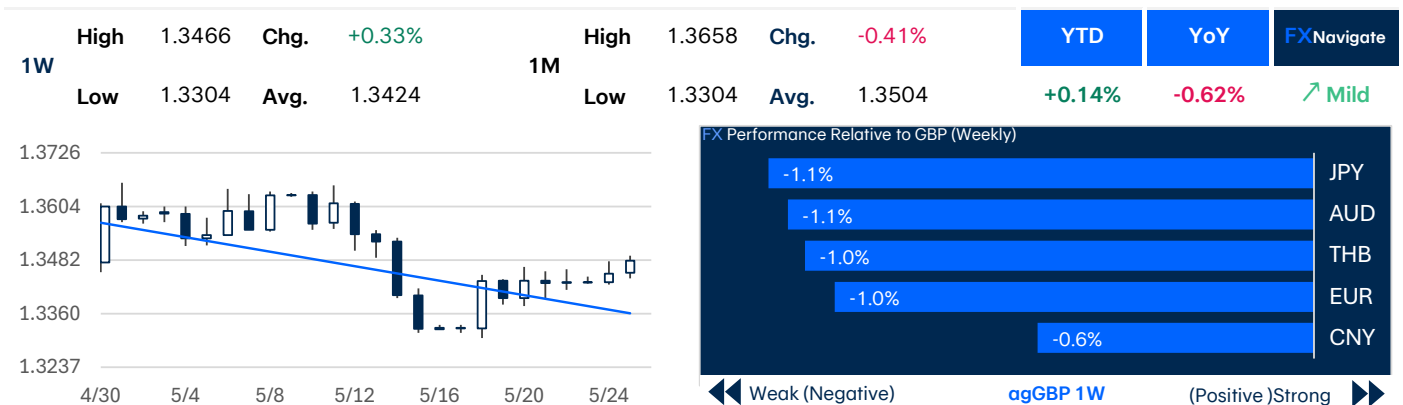
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GBPUSD

 Open **1.3453** 25-May Prev. Close **1.3431** 22-May

The pound traded with a heavy undertone last week, reflecting domestic data deterioration rather than external shocks. Inflation slowed more than expected, reducing upward pressure on policy expectations, while retail sales contracted sharply and signalled weaker consumer demand. Additional PMI readings confirmed contraction across key sectors, reinforcing concerns about economic momentum. The dollar side of the pair remained supported, with US yields holding elevated levels and limiting GBP upside. Cable's price action was relatively contained but lacked follow-through on rallies, indicating a shift in sentiment. For market participants, the key shift was a move away from sterling's rate-support narrative toward a growth-driven vulnerability.

Sterling begins the week with a modest tailwind from improved global risk conditions following developments in US-Iran negotiations. Weekend communication signalled that a framework agreement had been largely negotiated, with progress toward reopening the Strait of Hormuz and easing geopolitical tensions. This has contributed to lower oil prices and firmer equity markets, indirectly reducing demand for defensive dollar positioning and giving GBPUSD a slightly softer USD starting point. However, the dominant driver remains US macro. The upcoming sequence of GDP revision, jobless claims, and particularly the PCE inflation and spending data will determine whether the dollar maintains its yield advantage. GBPUSD continuation lower requires US inflation data to remain firm, reinforcing USD demand at a time when UK data already weakened the sterling backdrop. The alternative path is more balanced: a softer US inflation print would reduce dollar strength and allow GBPUSD to recover, particularly if UK data stabilise after last week's softness. Still, sterling needs evidence beyond USD weakness to sustain gains. Without improvement in domestic indicators, rallies remain corrective rather than structural. The pair is therefore positioned between external relief and internal fragility, with the balance determined by US inflation outcomes.


AUDUSD

 Open **0.7150** 25-May Prev. Close **0.7129** 22-May

AUDUSD traded with a constructive tone but lacked directional conviction. Gains were supported by firmer regional equities and steady China-linked sentiment, while RBA minutes kept policy discussion active in the background. At the same time, elevated US yields limited upside potential, preventing a stronger breakout. Price action remained range-bound, reflecting competing forces between external risk support and USD rate strength. The result was a currency that reacted more to global sentiment than domestic drivers, with AUD functioning as a proxy for broader Asia risk conditions.

Global conditions shift in AUD's favour at the start of the week following constructive signals from US-Iran negotiations. Lower oil prices and stronger equity markets have improved risk sentiment, providing a supportive backdrop for the currency. The sustainability of this move depends on US inflation outcomes. Softer PCE data would validate the risk-on environment and allow AUDUSD to extend gains. A firmer outcome would reintroduce USD strength and limit upside. AUD remains highly sensitive to external drivers, particularly China-related developments and global growth expectations. Initial conditions are favourable, but follow-through depends on confirmation from US macro data.



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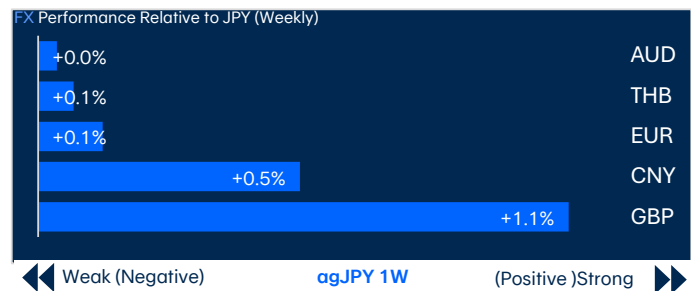
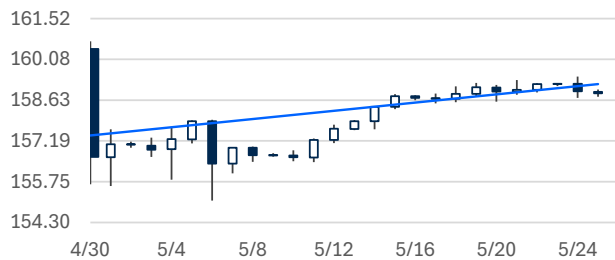
USDJPY

Open **158.93** 25-May Prev. Close **159.20** 22-May

USDJPY traded with mixed direction last week as both sides of the yield equation remained active. US yields provided ongoing support for the dollar, while Japanese long-term yields stayed elevated near multi-decade highs. At the same time, domestic inflation slowed, reducing immediate pressure on the Bank of Japan to tighten policy. This created a more balanced environment, with yen weakness from carry offset by support from rising domestic yields. Price action reflected this tension, with no sustained directional break. For traders, the key shift was that USDJPY could no longer be treated as a one-way yield differential trade, as Japanese bond markets began playing a more active role in FX dynamics.

Reduced geopolitical tension at the start of the week weakens demand for safe-haven currencies, including the yen. Developments around US-Iran negotiations suggest a pathway toward de-escalation, easing market stress and supporting risk assets globally. The primary driver remains US macro data, particularly inflation. Firm results sustain USDJPY upside through yield support. Softer inflation opens the door for yen appreciation, especially given elevated domestic yields. Japan's bond market remains a key variable, as persistent upward pressure in yields can reinforce yen strength independently of policy changes. The pair therefore reflects both global and domestic rate dynamics, with less reliance on traditional safe-haven flows.

1W	High 159.34	Chg. +0.02%	1M	High 160.71	Chg. -0.36%	YTD	YoY	FXNavigate
	Low 158.57	Avg. 159.02		Low 155.09	Avg. 158.17	+1.34%	+11.21%	↔ Flat



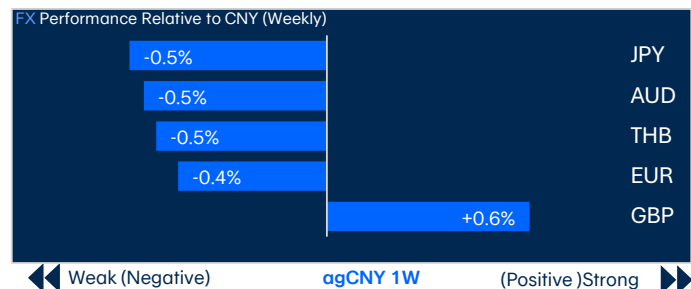
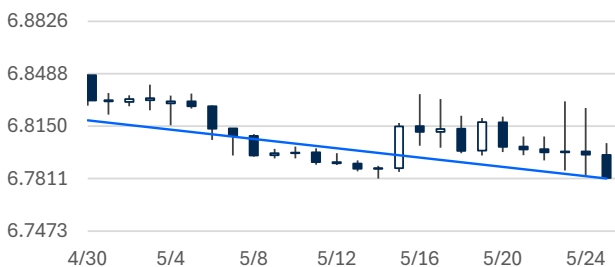
USDCNY

Open **6.7965** 25-May Prev. Close **6.7982** 22-May

The yuan lacked a strong domestic catalyst last week after Chinese authorities maintained benchmark lending rates, leaving policy settings unchanged. This reinforced a status quo environment in which USDCNH tracked external developments rather than internal shifts. The dollar remained supported by elevated yields, while China's growth narrative stayed subdued. Price action reflected gradual appreciation in the pair, with controlled movements rather than volatility. The main takeaway was that CNH direction continued to depend heavily on global macro conditions, particularly US interest rate dynamics.

The offshore yuan begins the week with a more supportive external backdrop following progress in US-Iran negotiations. Expectations of a near-term agreement and reopening of energy supply routes have eased oil prices and improved global risk sentiment, supporting Asian currencies at the margin. Nevertheless, US macro remains the dominant driver. The upcoming data sequence, culminating in PCE inflation and spending figures, will determine whether US yields remain elevated. Continued firm inflation supports USDCNH upside, as the rate differential remains in favour of the dollar. The alternative path involves softer US data combined with improved risk sentiment, which would allow the yuan to strengthen alongside regional peers. China's domestic policy stance remains steady in the absence of new stimulus measures, leaving the currency largely reactive to external developments. The key dynamic for the week is whether the improvement in global sentiment can be sustained long enough to offset underlying pressure from US rates.

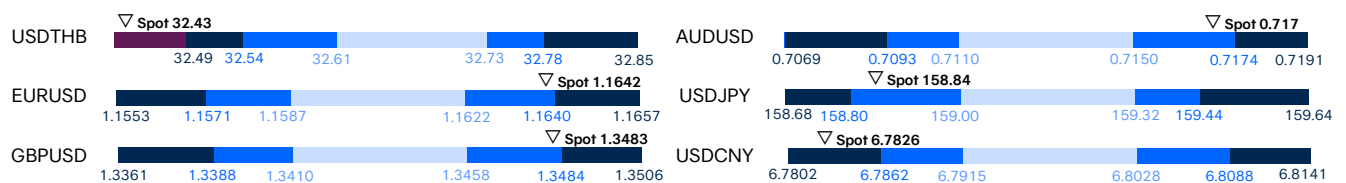
1W	High 6.8218	Chg. -0.26%	1M	High 6.8508	Chg. -0.65%	YTD	YoY	FXNavigate
	Low 6.7929	Avg. 6.8033		Low 6.7812	Avg. 6.812	-2.79%	-5.51%	↘ Mild



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Economic Calendar

Date	Currency	Event	Consensus	Previous
26-May 13:02	CNY	Foreign Direct Investment ytd/y		-7.30%
26-May 21:00	USD	CB Consumer Confidence	91.9	92.8
27-May 07:00	JPY	BOJ Gov Ueda Speaks		
27-May 08:30	AUD	CPI m/m	0.60%	1.10%
27-May 08:30	AUD	Trimmed Mean CPI m/m	0.30%	0.30%
27-May 08:30	AUD	CPI y/y	4.40%	4.60%
27-May 15:00	EUR	ECB Financial Stability Review		
27-May 20:00	CNY	CB Leading Index m/m		-0.20%
28-May 19:30	USD	Prelim GDP q/q	2.10%	0.70%
28-May 19:30	USD	Unemployment Claims	210K	209K
28-May 19:30	USD	Prelim GDP Price Index q/q	3.60%	3.80%
28-May 19:30	USD	Core PCE Price Index m/m	0.30%	0.30%
28-May 21:00	USD	New Home Sales	661K	682K
29-May 06:30	JPY	Tokyo Core CPI y/y	1.50%	1.50%
29-May 13:29	EUR	German Prelim CPI m/m	0.20%	0.60%
29-May 15:20	GBP	BOE Gov Bailey Speaks		
31-May 08:30	CNY	Manufacturing PMI		50.3
31-May 08:30	CNY	Non-Manufacturing PMI		49.4

Key FX Level Snapshot support & resistance across sessions


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