Asia FX Markets Open

Asia FX Markets Open - October 13 - Reuters News

Sentiment:
Mostly Negative

13 Oct 2026 03:36:12 AM

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Corrects the EUR/USD time-frame references from 15-month low to 17-month low in the ‘Macro Themes in Play’ and ‘Commentary and Analysis’ sections

USD meanders higher in NorAm amid light holiday trade, shuttered bond market

Market Briefs
• Cleveland Fed's Hammack: Broad-based inflation, ongoing growth need restrictive monetary policy
• Hammack: Trend inflation currently in the mid-to-high 2% range, expect it will take 'some time' to return to 2% target even with appropriate monetary policy
• Hammack: Hearing "early warning signs" of a possible problem with inflation expectations
• Hammack: The question for the Fed now is how fast to make policy more restrictive
• IMF says AI investment keeps global growth around 3% but brings massive disruption
• Productivity gains from AI could help offset Asia's ageing population problem, IMF says
• Bank of Italy: Budget deficit exceeding 3% of GDP in 2027–2028 period could affect Italy’s exit from EU's excessive deficit procedure
• Moody's: Wider stablecoin use could weaken monetary transmission and accelerate capital outflows during stress
• Fitch: Fitch's base case is that some form of durable deal to reopen Strait of Hormuz will be achieved in 1Q27
• French third-quarter growth seen at 0.1%, central bank says
• Germany's debt-to-GDP ratio expected to rise to 78.25% in 2030

Looking Ahead - Economic Data (GMT)
• 12 Oct 23:50 JP Sept Bank Lending YY 5.4% prev
• 12 Oct 23:50 JP Sept Corp Goods Price MM 0.5% f'cast, -0.2% prev; YY 7.6% f'cast, 7.6% prev
• 13 Oct 00:30 AU Sept NAB Business Conditions -1 prev; Business Confidence -8 prev

Looking Ahead - Events, Other Releases (GMT)
• 07:15 ECB’s Elderson speaks at Friends of Europe Energy and Climate Summit
• 17:00 Fed’s Barkin speaks at the Howard University School of Business
• 18:30 ECB’s Lane speaks at pre-Summit dinner ahead of International AI Summit in Dublin
• 20:00 Fed’s Collins speaks at the 25th Annual Regional and Community Bankers Conference

Macro Themes in Play
• The dollar index hit a fresh YTD high, supported by higher oil prices ahead of a busy week of US earnings, inflation data and central bank commentary.
• Oil rose as attacks on Saudi Arabia's airports outweighed prospects of increased supply from fresh Russian diesel exports and a Russia-Ukraine energy ceasefire.
• Cleveland Fed President Beth Hammack said the Fed should move "relatively quickly" to a restrictive stance as inflation becomes more broad-based and impacts firms' pricing decisions.
• Ukrainian President Volodymyr Zelenskiy said it was increasingly clear Russia would not accept a US-proposed ceasefire on energy strikes after attacks on six Ukrainian energy facilities.
• The US, UK and allies condemned Iran's actions and vowed to target Tehran-backed actors after Britain linked Iran to a suspected plot against RAF Fairford.
• Separately, UK Prime Minister Andy Burnham said Britain should pursue closer EU ties to boost growth and curb immigration.
• DXY climbed to its strongest level since April 2025 near the London fix and close, though overall turnover was modest.
• EUR/USD stayed bearish below its 10-, 21-, 55- and 200-DMAs, hitting a fresh 17-month low at 1.1154, with scope for further losses while capped below 1.1200.
• GBP/USD broke below its 10-DMA and retains a bearish bias toward the Oct. low at 1.3181, with dollar demand supported by firmer oil prices and geopolitical uncertainty.
• USD/JPY remained constructive above its 200-DMA at 158.55, with a break above 159.03 targeting 160.00, while support sits near 158.
• AUD/USD looked vulnerable below its 10-DMA on 0.6962, with bearish chart signals suggesting risk toward 0.6900 while rallies are capped near 0.7000.
• Treasury markets were closed due to a holiday.
• The S&P 500 edged up 0.11%.
• Gold fell 0.60% amid dollar gains, while copper rose 0.81%
• Heading toward the close: EUR/USD -0.39%, USD/JPY +0.18%, GBP/USD -0.21%, AUD/USD -0.35%, DXY +0.36%, EUR/JPY -0.19%, GBP/JPY 0.01%, AUD/JPY -0.16%.

Commentary and Analysis

EUR/USD-Bulls cannot overcome the dollar's power
• NY opened near 1.1180 after 1.1217 traded overnight, the drop then extended
• USD buying weighed on the pair as did USD/CNH's lift off its session low
• Oil gains and drops in gold, silver, equities added weight on EUR/USD
• The pair hit a fresh 17-month low of 1.1154 and sat nearby late in the day
• EUR/USD traded down -0.36% in NY's afternoon which helped keep techs bearish
• RSIs. widening Bolli bands, inverted daily hammer candle are bearish signals
• EUR/USD's hold below downward sloping 10-,21-, 55- & 200-DMAs is also bearish

USD/JPY holds gain as oil rise underpins
• USD/JPY extends gain amid broad dollar gains and rising oil prices
• Stays constructive above 200-DMA at 158.55 despite subdued turnover
• Focus this week is on inflation data, US corp earnings, and central banker speeches
• Pair eyes nearby top of the daily cloud and 159.03 Sept 24 high on further gains
• 55-DMA of 157.96 lends support below day's low of 158.08
• Low convexity signals modest intervention risk despite a busy event calendar
• Japan September corporate good prices upcoming

Sterling eyes trend lows sub-1.32 amid light holiday liquidity
• GBP$ soft in NY afternoon trade, -0.2% at 1.3210; NorAm range 1.3238-1.3202
• Liquidity light given US holiday, no US cash bond trading; UST futures prices a touch lwr
• Pair dripped lower throughout the session; US-Iran situation fluid, oil +2%
• US CPI on October 14, UK GDP and output on the 15th in focus
• LSEG's IRPR indicates BoE to hike in early Nov; Fed seen hiking in early-Dec
• GBP$ supt 1.3202 Monday low, 1.3140 2026 low on June 24, 1.3099 lwr 30-d Bolli
• Res 1.3231- 10-DMA, 1.3261 Monday high, 1.3290/1.33 falling 21-DMA/psychological lvl

AUD/USD-Bulls are concerned the bounce is complete
• NY opened near 0.6970 after 0.6995 traded overnight, pair moved up early
• 0.6975 traded but sellers emerged and the overnight drop then resumed
• Broad-based USD buying weighed as did USD/CNH turning positive
• Drops in gold, silver & rallies in oil also contributed to weighing down AUD/USD
• AUD/USD hit 0.6956, sat nearby late, it traded down -0.31% in NY's afternoon
• Daily inverted hammer, diverging daily RSI are concerns for AUD/USD bulls
• AUD/USD's fall below the 10-DMA, bear pennant on daily charts add to concerns

Sterling holds narrow range before UK data and budget
Sterling's forward path looks increasingly captive to an event-heavy calendar, with entrenched positioning leaving GBP/USD confined to a modest 1.3180–1.3280 range in recent sessions. Brief reactions to geopolitical news in the Middle East have been fleeting, demonstrating a lack of conviction to break out of this established channel. The market seems to be in a holding pattern, with traders hovering around 1.3200-1.3280, perhaps

reflecting a gamma trading environment ahead of significant UK economic releases. The upcoming GDP and output data on October 15, followed by UK CPI on October 21, may provide crucial insights into the health of the UK economy and the likely trajectory of BoE monetary policy. These data points will set the stage for the Autumn Budget on October 28, where Prime Minister Andy Burnham and Chancellor John Healey face the challenge of presenting a budget that addresses fiscal concerns without exacerbating them. Adding complexity to the GBP/USD landscape is Burnham's increasing rhetoric on Brexit, particularly discussions surrounding alleged Russian interference and the prospect of closer ties with the EU. Should negative sentiment gain traction, and the Autumn Budget disappoint, it could accelerate a decline toward 2026 lows at 1.3140 and possibly November 2025 lows near 1.30, underscoring the fragile state of the pound amid a dynamic political and economic backdrop. Chart: https://tmsnrt.rs/4s3pFcX

EUR/USD techs suggest no relief for bulls

EUR/USD slipped on Monday, and the technical picture suggests traders holding long positions are unlikely to be rewarded. The pair hit a 15-month low of 1.1161 on October 5, and rebounds since then have been weak. Each attempt to climb toward the declining 10-day moving average has drawn sellers, pushing the pair back toward that low. Friday's and Monday's sessions reinforced this sell-the-rally pattern. Both saw sharp gains that sellers reversed, leaving inverted hammer candles on the daily chart. Momentum indicators point to further weakness. Daily and monthly RSIs are trending downward. The 15-month Bollinger bands are also widening, which signals rising volatility and stronger bearish momentum. The pair remains below its 10-, 21-, 55- and 200-day moving averages, which are lined up in bearish order. Another bearish signal is forming as EUR/USD consolidates its decline from the September 25 daily high. A pause like this within a downtrend is considered healthy because it gives sellers a chance to regroup before the next leg lower. The consolidation would be complete on a break below the October 5 low of 1.1161. If that happens, the pair could test the psychological 1.1000 level. A clear break below 1.1000 would likely deepen bearish sentiment and bring the 1.0500–1.0600 zone into view as the next target. Overall, the technical signals favor the bears, and near-term rallies are more likely to be sold than sustained. Chart: https://tmsnrt.rs/4ifPrai

Chart of the Day (USD/JPY)

Dollar bulls have regained control as a combination of heightened geopolitical tensions, concerns over European sovereign debt, and a heavy week of event risk boosts demand for the greenback. Investors face a packed week of event risk, with U.S. corporate earnings, Wednesday's CPI report and remarks from several officials, including Fed Chairman Kevin Warsh and potentially BOJ Governor Kazuo Ueda. Stronger-than-expected inflation data and higher oil prices could bolster expectations for additional Fed tightening, providing further support for USD/JPY. Against a backdrop of broad-based dollar strength and USD/JPY's break above its 200-day moving average at 158.55, focus is shifting toward the nearby Ichimoku cloud top, the Sept. 24 high at 159.03 and the key

psychological 160 level, where Japanese exporter offers are expected to emerge. Further gains could also trigger the capitulation of speculative shorts established on expectations of additional BOJ rate hikes and renewed intervention, adding fuel to any upside extension in USD/JPY. Sustained USD/JPY strength would raise intervention and BOJ response risks, but subdued implied volatility suggests markets remain complacent despite past interventions often occurring around major policy and international meetings, including this week's IMF and G20 gatherings. Comments from BOJ Governor Ueda could provide important policy signals, with any failure to deliver a sufficiently hawkish message posing a notable risk to yen bulls and potentially encouraging a fresh leg higher in USD/JPY. Chart: https://tmsnrt.rs/4hJmlzZ

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Keywords: (CORRECTED)