

USDJPY – 08/12/2025

December 5, 2025
[Daily Fib, USDJPY](#)

Fundamental / Economic Backdrop (short term)

Short-term macro drivers influencing USD/JPY remain centred on **interest-rate differentials, risk sentiment and central-bank policy expectations**.

- **US Dollar side:** Market pricing continues to reflect expectations of eventual Federal Reserve easing in 2026 following slowing inflation momentum and moderating growth signals. This caps aggressive USD upside in the immediate term, unless US data surprises negatively for bonds (higher yields).
- **Japanese Yen side:** The Bank of Japan remains under pressure to continue the gradual normalisation of policy after abandoning ultra-loose settings earlier in the year. Even small shifts in Japanese yield guidance continue to provide **latent upside risk for JPY strength**.
- **Yield spread dynamics:** USD/JPY remains highly sensitive to changes in US–Japan bond yield spreads. Any renewed widening in favour of the USD supports upside; narrowing spreads support downside.
- **Risk sentiment:** In risk-off conditions, JPY typically strengthens as a funding and defensive currency. In risk-on conditions, JPY can weaken via renewed carry inflows.

Fundamental / Economic verdict

The immediate fundamental backdrop for USD/JPY is **balanced with a slight downside risk bias**. USD support from yield differentials remains relevant, but **structural JPY re-pricing and BoJ normalisation risk limit sustained USD/JPY upside** unless US yields rise meaningfully.

Technical and Market Sentiment (short term)

USD/JPY remains in a **well-defined consolidation range** following prior trending phases, with short-term direction dependent on verified breaks of key levels.

Key Support & Resistance Zones (Approximate)

- **Primary Support: ¥150.80 – ¥151.30**
- **Secondary Support: ¥149.50 – ¥149.80**
- **Near-term Resistance: ¥153.80 – ¥154.30**
- **Breakout Resistance: ¥155.50 – ¥156.00**

Market Behaviour & Sentiment

- Recent sessions show repeated rejection from the upper resistance band, indicating **supply dominance above ¥154.0**.
- Buying interest remains visible above the ¥151.0 area, confirming **range integrity**.
- Intraday volatility remains moderate, with positioning cautious ahead of US macro data and BoJ communication risk.
- Momentum indicators reflect **neutral-to-soft upside pressure**, consistent with a market awaiting a catalyst.

Technical verdict

USD/JPY is currently in a **range-bound consolidation phase** between roughly **¥151.0 and ¥154.3**. Until a confirmed break occurs, **mean-reversion and range-trading conditions dominate**. A clean break above ¥155.50 would signal bullish continuation; a sustained break below ¥149.80 would confirm trend reversal to the downside.

Strategy (short term)

Intraday / Early Week (Monday 8 December 2025) – Setup and Trade Ideas

Scenario	Market Condition	Trade Structure
Range-trading (Base Case)	Stable yields, neutral risk sentiment	<ul style="list-style-type: none">Buy near ¥151.0 – ¥151.5 → Target ¥153.5 – ¥154.0 → Stop below ¥150.3Sell near ¥154.0 – ¥154.3 → Target ¥152.0 – ¥151.3 → Stop above ¥155.0
Bullish continuation	US yields rise, risk-on strengthening	<ul style="list-style-type: none">Buy breakout above ¥155.50 → Target ¥157.00 – ¥158.20 → Stop below ¥154.40
Bearish reversal	JPY strength, risk-off, BoJ-supportive comments	<ul style="list-style-type: none">Sell breakdown below ¥149.80 → Target ¥147.80 – ¥146.50 → Stop above ¥151.10

Base Case & Risk-Managed Outlook

- The most probable near-term path is **continued range behaviour between ¥151.0 and ¥154.3**.
- Preferred execution style:** short-term **range mean-reversion** rather than trend-following.
- Risk controls:** moderate position size, stops always outside structural zones, limited exposure around US macro releases and Japanese policy-related headlines.

5 Day Outlook Scenarios

Scenario	Approx. Probability	Expected 5-Day Range	Primary Drivers
Base – Range / Compression	~50%	¥151.0 – ¥154.5	Stable yield spreads, no major macro surprises
Bullish Extension	~25%	¥155.5 – ¥158.0	Rising US yields, risk-on flows, USD strength
Bearish Breakdown / JPY Strength	~25%	¥147.0 – ¥150.0	BoJ yield support, global risk-off, narrowing yield spreads

Final Summary

USD/JPY remains in a **structural consolidation with tightening volatility**. Fundamentals imply **limited upside unless US yields accelerate**, while technical structure favours **range-based trading over trend-chasing**. Over the next week, **¥151–¥154** remains the **dominant control zone**, with directional conviction only expected on a confirmed macro-driven break.



The Daily Fib

Daily Fibs for the FX Market