

Daily Market Outlook

USD Not Out

- **USD Not Out:** Stronger NFP supports a steadier US labour market, limiting near-term USD downside. But structural policy risks mean further USD gains require more positive data surprises. Meanwhile, improving global growth keeps commodity and high-yielding EM FX well-supported against the USD.
- **JPY Finds Support:** JPY strengthened on post-election market gains and easing fiscal concerns, reducing near-term intervention risk. But without a more hawkish BoJ, upside remains limited. We stay neutral and keep our end-2026 USDJPY 149 target.
- **AUD Up, Yields Down:** Hauser's hawkish remarks lifted AUD, but soft OIS pricing and lower yields show rates markets aren't convinced. We still see AUD strength ahead, with our end-2026 AUDUSD target raised to 0.73 (from 0.69).
- **Asian FX** gained broadly this week, with KRW leading on strong inflows, easing JPY selling pressure and better risk sentiment. A softer USD also pushed SGD, THB and MYR toward multi-year highs.

Sim Moh Siong

FX Strategist
(G10 & oil)

Christopher Wong

FX Strategist
(Asia & precious metals)

USD Not Out: Stronger-than-expected US non-farm payrolls reinforce our view that a stabilising labour market, which gives the FOMC room to stay patient on rate cuts, should limit deeper USD losses. However, structural drags — Fed succession uncertainty and broader US policy risks — mean the USD will still need additional upside surprises in upcoming data to sustain any rebound. Improving global growth prospects and the continued outperformance of non-US equities keep the case for USD weakness alive, especially against commodity-linked currencies like AUD and NZD, as well as high-yielding EM FX.

January NFP surprised to the upside with a 130k gain (consensus: 65k), supported by broader sectoral job growth. The unemployment rate edged down to 4.3% from 4.4%, alongside improvements in the underemployment rate — developments that should ease Fed concerns over labour-market softness. Fed's Schmid struck a hawkish tone post-NFP, stressing that above-target inflation justifies holding rates steady. He also sounded constructive on growth, highlighting resilient consumption and ongoing AI-driven investment.

JPY Finds Support: JPY has strengthened unexpectedly, rising alongside post-election rallies in Japan's bond and equity markets. Markets are now assessing what this renewed JPY stability could mean for broader Asian FX. The currency may be benefiting from easing fiscal concerns as

the government adopts a more prudent tone ahead of upcoming policy clarifications. PM Takaichi reiterated that the temporary food-sales tax cut—costing about JPY 5tn annually, roughly equivalent to Japan’s education budget—will not be debt-financed. JPY may also be finding relief from the idea of using FX reserve funds to offset the tax cut, rather than issuing additional JGBs, though the feasibility of this approach remains uncertain.

With USDJPY pulling back, the urgency for coordinated FX-intervention signalling has eased for now. A more neutral stance on JPY is warranted, but not outright bullishness. We maintain our end-2026 USDJPY 149 forecast, reflecting the view that JPY will struggle to transition from a funding currency to an investment currency unless the BoJ turns more hawkish than our current expectation of two rate hikes this year.

AUD Up, Yields Down: Hawkish comments from RBA Deputy Governor Hauser supported the AUD overnight. Hauser warned that inflation remains “too high” and that the Board cannot allow it to persist much longer. We have extended our bullish AUD view, now forecasting AUDUSD at 0.73 by end-2026 (previously 0.69). However, the muted reaction in the OIS market—still pricing roughly 20bp of cumulative hikes by May and about 36bp by year-end—suggests bond investors remain unconvinced that the RBA’s hawkish tone will translate into a sustained policy shift. Lower Australian bond yields reinforce this disconnect between FX and rates markets.

KRW. Gains catching up. USDKRW traded lower this week, amid the pullback in USD, stronger gains in JPY while pro-risk sentiment and foreign inflows to local equities this week (+US\$1.018bn) further supported the appreciation. Year-to-date, KOSPI has also outperformed the region (+27%). We had long argued that strong economic fundamentals including the AI-led electronics upcycle, strong semiconductor export demand (first 10 days exports jumped 44.4% YoY) and KOSPI outperformance should continue to add to KRW’s recovery momentum. Not forgetting that President Lee has earlier said that he expects the USDKRW to fall to around 1400 in about 1 – 2 months at a press conference (21 Jan). USDKRW was last at 1447 levels. Bullish momentum on daily chart is fading while RSI fell. Risks skewed to the downside. Support at 1444 (100 DMA, 38.2% fibo retracement of Dec high to Jan low), 1435 (23.6% fibo) and 1420 levels (Jan low). Resistance at 1452 (50% fibo), 1459 (61.8% fibo, 21, 50 DMAs).

USDSGD. Nearing multi-year low. USDSGD continued to trade lower this week alongside the broader decline in USD while most USD/Asia including USDJPY, USDCNY also traded softer. Pair was last at 1.2610

levels. Daily momentum shows signs of turning mild bearish while RSI fell closer to near oversold conditions. Area of support seen at 1.2580 – 1.2610. Decisive break may see follow-through, especially if broader USD continues to take another leg down south. Next support at 1.2540, 1.2460 levels. Resistance at 1.3660, 1.2710 levels.

On data releases earlier this week, Singapore's 4Q25 GDP growth was revised up to 6.9% YoY from the advance estimate of 5.7% YoY. Key performer was the manufacturing sector, which was revised up from 15.0% YoY to 18.8% YoY in 4Q25, the fastest since 3Q17 (19.3% YoY). This was led by the electronics cluster (4Q25: 24.1% YoY) due to AI-related demand for semiconductors, servers and service-related products, as well as the biomedical cluster. The construction and services sectors also saw upward revisions. MTI also upgraded the 2026 growth forecast from 1-3% to 2-4% YoY, citing a brighter outlook for the global economy and the AI investment boom. Our economists revised the 2026 GDP growth forecast higher from 2% to 3% YoY, with the manufacturing, construction and services sectors likely to expand by 3.0%, 5.1% and 3.5% YoY respectively. Singapore budget will be announced later this afternoon.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.2065	157.67	1.3854	0.7862	0.7264	0.6146	1.3796	5273	1.2758	58.81	91.23
Resistance 2	1.1971	155.58	1.3752	0.7780	0.7188	0.6097	1.3681	5174	1.2695	58.58	90.94
Resistance 1	1.1922	154.42	1.3690	0.7748	0.7158	0.6073	1.3629	5129	1.2658	58.44	90.82
Spot	1.1875	153.28	1.3623	0.7713	0.7124	0.6048	1.3576	5066	1.2622	58.29	90.71
Support 1	1.1828	152.33	1.3588	0.7666	0.7082	0.6024	1.3514	5030	1.2595	58.21	90.53
Support 2	1.1783	151.40	1.3548	0.7616	0.7036	0.5999	1.3451	4976	1.2569	58.12	90.35
Support 3	1.1689	149.31	1.3446	0.7534	0.6960	0.5950	1.3336	4877	1.2506	57.89	90.06
Bollinger Band											
Bollinger Upper	1.2038	159.64	1.3878	0.8005	0.7213	0.6163	1.3909	5378	1.2888	59.64	92.32
Bollinger Lower	1.1611	151.74	1.3361	0.7557	0.6680	0.5787	1.3442	4543	1.2553	58.30	89.80

Source: Bloomberg, OCBC Group Research. Potential resistance and support levels are identified based on pivot points

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