By Global Markets | 16 January 2026

Daily Market Outlook

Oil Rally Stalls

Sim Moh Siong
FX Strategist
(G10 & oil)

Christopher Wong
FX Strategist
(Asia & precious metals)

- ***Oil Rally Stalls***: *Oil retreated from two-month highs as Iran-related escalation risks eased. With lower odds of supply disruption, Brent should stay subdued but hold a soft floor near high-USD50s.*
- ***USD Resilience Holds:*** *Resilient US data limit USD downside in 1H26 despite ongoing Fed independence concerns. Stronger AI-driven capex and fiscal support could fuel a 2H26 USD rebound, with markets trimming rate-cut expectations as the labour market cools only gradually.*
- ***GBP Shakes Laggard***: *UK growth is rebounding and fiscal worries have eased, supporting our view that GBP can shed its European FX laggard status. EURGBP may drift toward 0.85-0.86 over the next few months.*
- ***CNH***: *USDCNH continued to trade with an offered tone, led by fixing bias while comments from PBOC deputy Governor comments suggest that policymakers are likely comfortable with the pace of RMB appreciation. We continue to expect measured pace of RMB appreciation.*

Oil Rally Stalls: Oil prices fell sharply after touching a two-month high, as easing geopolitical tensions reduced fears of an imminent Iran-related escalation. Headlines suggest President Trump is stepping back from a potential US strike on Iran, lowering the risk of disruptions to Iranian supply or key shipping lanes. We maintain our forecast for Brent outlook to remain subdued but bottom near USD59/bbl by year-end, pending clarity on Venezuela's new government and resource policy. OPEC's pause in quota hikes supports soft floor for Brent in high-USD50s. Read *Commodity Compass: Venezuela: Oil and gold stirred, not shaken, 5 January 2026* for more details.

USD Resilience Holds: The steady run of resilient US data aligns with our view that USD weakness will remain limited in 1H26 despite lingering concerns over institutional risks and threats to Fed independence. These worries are unlikely to fade soon, especially with the Supreme Court set to hear oral arguments next week on the case involving Fed Governor Lisa Cook. But beyond the political noise, US cyclical momentum is holding up. AI-related investment and fiscal easing under the OBBB Act could lay the groundwork for a greenback rebound in 2H26. Initial jobless claims remain seasonally volatile, but recent surprises have skewed to the downside. Stripping out the noise, we see little evidence that the current "low firing, low hiring" labour-market environment is deteriorating meaningfully. Markets have slowly pared back Fed rate-cut expectations since the start of 2026. The OIS curve now prices just under one full 25bp cut by June (20bp) and around 47bp of cumulative easing by year-end. Our base case remains for a single 25bp cut in 2026, as the labour market is cooling but not weakening sharply, economic activity remains resilient, and inflation is still above target.

GBP Shakes Laggard: Signs of a UK growth rebound support our view that GBP can shed its European FX-laggard status in 2026, after fiscal concerns overwhelmed its yield advantage last year. We still see scope for EURGBP to edge lower to 0.85-0.86 over the next three-to-six months, though political uncertainty may rise ahead of the May local elections. Reassuringly for GBP, fiscal concerns have eased since the November Budget, and a firmer growth outlook should help keep those worries contained. UK GDP rose 0.3% MoM in November, beating expectations, with manufacturing rebounding as production normalised following the earlier cyber-attack on a major vehicle producer. With downside risks to growth diminishing, the likelihood increases that the 25bp BoE cut we expect in 1Q26 – to 3.5% -- may be pushed back. The Bank of England can afford to wait for clearer disinflation progress, in line with current market pricing.

USDCNH. Measured pace of RMB appreciation likely. USDCNH continued to trade with an offered tone amid softer USDCNY fixing. Yesterday fix was set at 7.0064 (vs. 7.0120 on Wed). This is also the lowest USDCNY fix set since May 2023. We reiterate that stronger CNY fix continues to be a key signalling tool in guiding RMB on an appreciation path. PBOC deputy Governor Zou Lan said there is no need to gain a competitive advantage in international trade through currency depreciation. He mentioned that the break of 7-threshold was due to USD weakening and easing tensions between US and China. The comments suggest that policymakers are likely comfortable with the pace of RMB appreciation. We continue to expect measured pace of RMB appreciation unless circumstances change (i.e. fixing bias shows otherwise). USDCNH last seen at 6.9660. Daily momentum is mild bullish while RSI eased lower. Sideways trading likely to persist in the interim. Support at 6.96/6.97 (double bottom). Decisive break may accelerate the decline, with next support closer to 6.9460/6.95. Resistance at 6.9920 (21 DMA), 7.03 levels.

Silver. Buy dips. Silver clawed back losses overnight after initial slippages (of as much as >7% weaker) seen during the session. The pullback was attributed to profit-taking activities after the sharp greater than 25% run-up year-to-date, making the rally one of the most rapid in modern history. Though the broader structural bull case remains intact, the technical backdrop signals some caution after an exceptionally rapid extension. Silver last seen at 90 levels. Bullish momentum on daily chart intact though there are signs of it fading while RSI shows tentative signs of turning lower from overbought conditions. A potential bearish divergence on MACD is not ruled out – though price action still needs monitoring. Support at 84, 76.30 levels (21 DMA). Resistance at 98.70 (138.2% fibo projection from the low of Oct to Dec peak), 103.20 (150% fibo). Bias remains to buy dips.

USDSGD. Consolidation. USDSGD consolidated near recent highs in absence of fresh catalyst. Pair was last seen at 1.2885. Daily momentum is mild bullish while RSI is flat. 2-way trades likely to dominate for now. Resistance at 1.2920/50 levels (50, 100, 200 DMAs, 23.6% fibo retracement of 2025 high to low). Support at 1.2820, 1.2790 levels (Jan low). We still expect the pair to be more driven by external drivers, including the USD given the significant correlation between DXY and USDSGD.

USDKRW. Tactical bias to sell rallies. USDKRW consolidated as the US Treasury Secretary Bessent-triggered decline in USDKRW showed little signs of follow-through momentum. At the post-BOK decision press conference, Governor Rhee said that FX was major factor in decision to keep policy rate on hold. He also said that large scale USD buying from retail investors ex-pension. Separately, Deputy Finance Minister Choi said the Bessent's remarks show that stable KRW is needed for US investment. He also said that domestic USD demand is driving offshore transactions and strong domestic belief on weak KRW creates vicious cycle. He also indicated that the government may review macroprudential measure aimed at managing capital flows if the exchange rate situation persists. It remains early at this point to concur if comments from Korean officials and US Treasury Secretary Scott Bessent were sufficient to halt KRW's decline, but it does signal that the behavioural pattern of KRW depreciation may have tested policymakers' threshold. Choi had pointed there is a "pattern where domestic demand is influencing overseas trading behaviour".

We are somewhat hopeful that policymakers will be determined to address the KRW issue. We believe KRW should benefit from KOSPI's rally, AI boom through electronics supply chain and exports growth amid strong demand for semiconductors. Spot last seen at 1469 levels. Mild bullish momentum on daily chart intact while RSI turned lower. Bearish engulfing price action observed on 14 Jan may potentially signal a bearish reversal setup but this requires follow-through in subsequent price action. Key area of support at 1458/62 levels (23.6%

fibo retracement of Sep low to Dec peak). Resistance at 1479, 1484 (recent high). We look for tactical opportunity to lean against strength.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP
Resistance 3	1.1724	159.88	1.3563	0.8116	0.6778	0.5794	1.3980	4709	1.2929	59.63
Resistance 2	1.1670	159.23	1.3480	0.8069	0.6735	0.5767	1.3938	4659	1.2905	59.54
Resistance 1	1.1640	158.93	1.3430	0.8051	0.6717	0.5754	1.3915	4638	1.2893	59.51
Spot	1.1609	158.64	1.3380	0.8035	0.6701	0.5744	1.3891	4609	1.2882	59.48
Support 1	1.1586	158.28	1.3347	0.8004	0.6674	0.5727	1.3873	4588	1.2869	59.41
Support 2	1.1562	157.93	1.3314	0.7975	0.6649	0.5713	1.3854	4560	1.2857	59.35
Support 3	1.1508	157.28	1.3231	0.7928	0.6606	0.5686	1.3812	4510	1.2833	59.26
Bollinger Band										
Bollinger Upper	1.1830	159.06	1.3554	0.8051	0.6734	0.5850	1.3961	4676	1.2899	59.54
Bollinger Lower	1.1588	155.14	1.3376	0.7842	0.6660	0.5711	1.3607	4260	1.281	58.52

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

This report is solely for information purposes and general circulation 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 report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. 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 report 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 report 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 report 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, it 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. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Investment Research Private Limited ("OIR"), OCBC Securities Private Limited ("OSPL") and their respective 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 or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OIR, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. 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).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OIR, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Disclaimers

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) (the "Bank") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). The Bank and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by the Bank's or OCBC Bank's wilful default or gross negligence.

Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.