

## Daily Market Outlook

### Oil Risks Return

- **Oil Risk Returns:** Oil jumped on escalating geopolitical tensions, giving the USD an edge and weighing on oil-importers. Despite near-term volatility, we expect Brent to ease later this year as supply remains ample.
- **Hawkish Data Pulse:** Strong January jobs data keep RBA hike risks alive, offering AUD support despite a softer risk backdrop. A firmer global pro-cyclical backdrop should provide a more constructive base for further AUD strength. We see AUDUSD heading toward 0.73 by end-2026.
- **Gold** edged higher on US–Iran tensions but stayed trapped in a tight range amid thin Asia liquidity. Geopolitics loom, while Friday’s core PCE data could shift Fed cut expectations and steer gold’s next move.
- **Asian FX** was mixed: IDR stabilised on stronger BI support, PHP eased on USD strength and higher oil, and MYR slipped slightly after touching multi-year highs.

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**Oil Risks Return.** Geopolitics remains front-and-centre for FX as oil prices climb on fears of escalating US–Iran tensions. Brent is trading above USD70/bbl, nearing its highest level since June 2025, as the US boosts its fighter jet presence in the Middle East. According to the *Wall Street Journal*, regional air power is now at its strongest since the 2003 Iraq invasion. Any conflict would threaten oil shipments from a region supplying roughly one-third of global output.

Petro-currencies such as CAD are holding up better than G10 peers, but the USD is the standout performer, supported by safe-haven flows and US’s position as a net oil exporter. If elevated oil prices persist, import-dependent currencies like INR and TRY may come under increasing strain. That said, our base case is unchanged: despite potential geopolitical spikes, oil prices are likely to trend lower through 2026 amid a well-supplied market and expected inventory builds. We continue to forecast Brent bottoming near USD59/bbl by year-end.

US policy uncertainty poses near-term risks to the greenback, but we believe resilient US growth will limit any deeper USD declines. Initial jobless claims fell to 206k for the week ending 14 February, reversing the prior spike and reinforcing signs that labour-market conditions have stabilised after last year’s slowdown scare.

Meanwhile, US policy risks are rising ahead of the Supreme Court's opinion days on 20, 24, and 25 February, including a potential ruling on the IEEPA tariffs case. In Japan, both JPY and long-dated JGBs have rallied following the election, prompting questions over whether the "Buy Japan" theme is broadening beyond equities. For now, we prefer a neutral JPY stance as markets await PM Takaichi's policy speech today.

**Hawkish Data Pulse.** January labour market data kept pressure on the RBA to consider a higher cash rate, offering underlying support for the risk-sensitive AUD. Still, the currency gained only modestly as geopolitical worries weighed on global equities overnight. A firmer global pro-cyclical backdrop should provide a more constructive base for further AUD strength, and we continue to target AUDUSD at 0.73 by end-2026. Australia's unemployment rate held broadly steady at 4.1% in January, while full-time hiring posted another solid month. Unemployment is running below the RBA's February projections (4.3% for 2Q26), which should keep the central bank's tone relatively hawkish. Interest rate markets remain aligned with this view, with OIS still pricing nearly a full 25bp hike by June.

**Gold. Geopolitics tensions re-emerged.** Gold was a touch firmer overnight amid escalation in tensions between US and Iran. That said, price action remains in consolidation range, partly reflecting the thin liquidity conditions during the Asia holiday period while geopolitical tension is one risk factor that may exacerbate price action. President Trump said the US has to "make a meaningful deal" with Iran. Elsewhere, near term focus would be on the upcoming core PCE data on Fri as markets watch for any pare back in Fed cut expectations. Hotter print may lead to a reduction in Fed cut expectations and that could temporarily weigh on gold prices. Gold was last seen at 4990 levels. Bearish momentum on daily chart remains intact while RSI was flat. 2-way trades likely for now though range can be wide. Support at 4850, 4720 levels. Resistance at 5060, 5120 levels.

**MYR. Mild pullback.** MYR eased alongside other Asian currencies post-Lunar New Year holidays as the USD firmed broadly while CNH had earlier traded weaker in the session. On data releases, Malaysia's January CPI held steady at 1.6% YoY, underscoring contained inflation pressures. The benign print supports expectations that Bank Negara Malaysia is likely to keep policy on hold. USDMYR last seen at 3.9090 levels. Bearish momentum on daily chart has faded while RSI shows signs of rising from oversold conditions. Mild rebound risk not ruled out from here. Resistance at 3.92, 3.95 levels (21 DMA). Area of support at 3.8950 – 3.90 levels.

**IDR. BI reinforces stabilisation measures.** USDIDR traded higher on the open yesterday before reversing its gains to closer lower for the day. BI's reiteration of efforts, including the increase in intensity of IDR stabilisation measures in offshore and onshore had helped to ease depreciation pressure. BI also noted that IDR had weakened due to technical, short term factors and that IDR is undervalued relative to Indonesia's economic fundamentals. On policy decision, BI kept policy rate on hold at 4.75%, with the deposit facility rate at 3.75% and the lending facility rate at 5.5%. This was within expectations. In terms of policy guidance, BI reiterated room to lower rates, though the timing remains data dependent. USDIDR was last at 16880. Mild bullish momentum on daily chart intact but the rise in RSI moderated. 2-way risks likely as we watch for signs of turnaround lower. Resistance at 16900, 16940 levels. Support at 16820 (21 DMA), 16780 (50 DMA).

**USDPHP. Driven higher by USD and oil prices.** USDPHP rebounded post-BSP decision outcome while broad USD strength and rising oil prices were key factors that contributed to the softness in PHP. On policy outcome, BSP cut rate by 25bp to 4.25%, its lowest since Aug 2022. BSP Governor Remolona said the central bank had underestimated the economic impact of the decline in investor and consumer confidence brought about by a corruption scandal late last year. On forward guidance, the latest statement removed the reference to *the monetary policy easing cycle nearing its end*. Remolona added that "we think confidence will return pretty soon, within a few months. If we're right, then we won't need further cuts."

On inflation, forecast for 2026 was raised to 3.6%, from a prior estimate of 3.2%, due to supply-side pressures in the short term. BSP sees the risk of oil and power costs driving price pressure in the first half of the year before returning to ~3% target by 2027. USDPHP was last seen at 58 levels. Bearish momentum on daily chart intact but RSI shows signs of turning higher from oversold conditions. Rebound risks not ruled out in the interim. Resistance at 58.23, 58.50 levels. Support at 57.85 (38.2% fibo retracement of 2025 low to 2026 high), 57.65 (200 DMA).

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP
Resistance 3	1.1906	156.56	1.3638	0.7830	0.7165	0.6058	1.3782	5116	1.2755	58.24
Resistance 2	1.1840	155.76	1.3555	0.7787	0.7109	0.6014	1.3735	5054	1.2718	58.10
Resistance 1	1.1807	155.39	1.3510	0.7769	0.7083	0.5993	1.3707	5025	1.2701	58.05
Spot	1.1770	155.18	1.3461	0.7754	0.7056	0.5971	1.3687	4993	1.2686	58.01
Support 1	1.1741	154.59	1.3427	0.7726	0.7027	0.5949	1.3660	4964	1.2664	57.92
Support 2	1.1708	154.16	1.3389	0.7701	0.6997	0.5926	1.3641	4932	1.2644	57.83
Support 3	1.1642	153.36	1.3306	0.7658	0.6941	0.5882	1.3594	4870	1.2607	57.70
<b>Bollinger Band</b>										
Bollinger Upper	1.1998	157.51	1.3849	0.7815	0.7146	0.6092	1.3748	5343	1.2751	59.39
Bollinger Lower	1.1717	151.59	1.3436	0.7621	0.6920	0.5948	1.3509	4673	1.2587	57.71

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

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