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Daily Market Outlook

AI Jitters Return

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- ***AI Jitters Return:*** *AI scares, tariff uncertainty and geopolitics triggered a classic risk-off, boosting gold and safe-havens while yields fell. Markets now eye chip earnings, US–Iran talks and Fed signals, with USD shorts vulnerable to a squeeze if tensions rise.*
- ***Gold*** *is rising as markets reprice tariff uncertainty and geopolitical risks. Concerns over trade fragmentation, growth headwinds, supply-chain disruption, inflation spillovers, and potential US–Iran escalation are keeping safe-haven demand firmly in play.*
- ***GBP Awaits Clarity****: Sticky inflation and firmer UK activity data offset soft labour numbers, limiting dovish BoE repricing. GBP may stay choppy ahead of the 26 Feb by-election, but we still see room for EURGBP to drift lower once political risks clear.*
- ***KRW*** *firmed on strong exports and better sentiment, helped by US trade-policy uncertainty. But weaker global risk appetite could still cap gains for high-beta FX like KRW.*

AI Jitters Return: Another bout of AI-related anxiety added to existing geopolitical and tariff concerns, sparking a classic risk-off move that pulled global bond yields lower and lifted gold. Safe-haven currencies such as JPY, CHF and the USD found modest support. A major GPU maker's earning will be closely watched amid recent US equity rotations across sectors and styles, while markets also await Thursday's US–Iran talks in Geneva.

New AI tool releases could continue to rattle specific tech sub-sectors. Meanwhile, the Trump administration is working to recreate elements of the IEEPA tariff regime – recently struck down by the Supreme Court – using alternative trade law statutes. While AI shocks and tariff revisions may drive volatility, we do not expect them to derail resilient US and global growth. One implication of IEEPA's invalidation is that it may reduce the USD's medium-term risk premium, as alternative tariff authorities are typically less discretionary, making rapid "tariff on/tariff off" swings less likely.

Fed rhetoric also shifted at the margin: Governor Waller remained dovish but signalled openness to a continued pause, dependent on February payrolls. Governor Miran, previously an uber-dove, now expects fewer cuts in 2026 due to a stronger-than-expected labour market and "signs of even more firming in goods inflation".

While conditions for a sustained USD rebound are still lacking, positioning creates squeeze risk. With CFTC data showing heavy USD shorts, safe-haven demand and the US's position as a net energy exporter could push the USD temporarily higher if US–Iran tensions escalate and oil prices spike. Oil price rallies support CAD, NOK and MYR but these currencies would also be vulnerable to risk-off price action even if accompanied by higher oil prices. That said, President Trump is unlikely to allow a sharp escalation that undermines US financial markets heading into the midterms.

GBP Awaits Clarity: Sticky inflation and a firmer UK growth pulse helped offset soft labour data, tempering the market's shift toward a more dovish BoE and limiting GBP downside. With the Greater Manchester by-election on 26 February, GBP volatility may remain elevated. We continue to see scope for EURGBP to retrace lower once political risks subside. GBP opened the week before on the back foot after weaker-than-expected labour data but later stabilised as a hotter inflation print countered the softness. Upside surprises in the flash February UK PMIs and January retail sales reinforced signs of an early-year activity pick-up following the Budget. January's budget surplus was the largest on record, and better government borrowing data should ease fiscal sustainability concerns for now.

The recent improvement in UK growth indicators may have further room to run. However, the muted GBP reaction to last week's stronger data suggests investors may be waiting for political uncertainty around the 26 February by-election to clear before taking more decisive currency positions.

Gold. Safe haven demand. Gold extended its rebound, climbing back above the 5,220 level and briefly testing 5,228, marking a near 5% recovery from last week's low around 4,960. Price action reflects a re-pricing of fresh policy (tariff) uncertainty and geopolitical concerns. The move also reinforces our earlier view that the late-January pullback was more of a normalisation phase rather than a structural trend reversal. Renewed demand for hedges following fresh tariff rhetoric from President Trump revives safe-haven demand. Markets are reassessing trade fragmentation risks and the potential spillover into global growth, supply chains and inflation pass-through. Meanwhile, the risk of geopolitical escalation between US-Iran is also another driver keeping prices of gold supported.

Technically, the recovery above the 5,050–5,150 zone (prior congestion area) shifts near-term bias back to upside risk. Bearish momentum on daily chart faded while RSI rose. Immediate resistance sits around the recent high near 5,230/50 levels, with a clean break potentially reopening a retest of the 5,350 levels. On the downside, 5,120 now serves as first support, followed by 5024 (21 DMA), 4850 levels.

USDKRW. Consolidation with slight bearish tilt. USDKRW traded lower over the last few sessions but remains well within its recent range. Strong exports numbers and pick-up in Korea consumer confidence, alongside US trade policy uncertainty were some of the drivers keeping KRW supported. While recent US tariff uncertainty can be USD-negative, we cautioned that any deterioration in broader risk sentiment can still restraint gains on high beta proxies such as KRW. Attention also turns to the upcoming BoK MPC on Thu, where a policy hold is broadly expected, which should limit the immediate FX impulse from the decision itself. The main sensitivity is likely to be the statement tone and guidance: any perceived dovish tilt could cap KRW's upside, while a firmer inflation or stability emphasis could lend marginal support. For now, we still look for range trade as markets await greater clarity on the tariff path and its second-order impact on risk appetite.

USDKRW was last at 1442 levels. Daily momentum shows signs of turning mild bearish while RSI fell slightly. Slight risks to the downside but likely in consolidation phase. Support at 1435 (23.6% fibo retracement of Dec high to Jan low), 1432 and 1429 levels. Resistance at 1449/52 levels (21, 100 DMAs, 50% fibo), 1358/60 levels (50 DMA, 61.8% fibo).

USDSGD. Retracing losses. USDSGD's earlier losses post-US tariff announcement showed signs of unwinding. Softer risk appetite and slight pare back in expectations for MAS to tighten in Apr (following the pullback in core CPI) were some factors behind SGD's underperformance overnight. Our economist highlighted that headline CPI was in line with our forecast at 1.4% YoY, but the dip in core inflation to 1.0% YoY was a surprise which was attributed to an easing in services inflation. Our house view continues to look for MAS to hold in Apr and to monitor for further inflation prints.

Pair was last seen at 1.2665 levels. Mild bullish momentum on daily chart intact though RSI is flat. 2-way trades likely for now. Resistance at 1.2685, 1.2710 levels (23.6% fibo retracement of Nov high to Jan low). Support at 1.2640, 1.2590 levels (2026 low).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1918	156.71	1.3619	0.7856	0.7198	0.6075	1.3793	5460	1.2743	58.67	91.25
Resistance 2	1.1858	155.64	1.3560	0.7799	0.7135	0.6023	1.3738	5324	1.2701	58.19	91.03
Resistance 1	1.1822	155.15	1.3526	0.7773	0.7096	0.5989	1.3718	5276	1.2682	57.88	90.96
Spot	1.1792	154.61	1.3495	0.7744	0.7059	0.5960	1.3695	5249	1.2663	57.57	90.88
Support 1	1.1762	154.08	1.3467	0.7716	0.7033	0.5937	1.3663	5141	1.2640	57.40	90.75
Support 2	1.1738	153.50	1.3442	0.7685	0.7009	0.5919	1.3628	5054	1.2617	57.23	90.61
Support 3	1.1678	152.43	1.3383	0.7628	0.6946	0.5867	1.3573	4919	1.2575	56.75	90.39
Bollinger Band											
Bollinger Upper	1.1957	157.43	1.3813	0.7807	0.7144	0.6093	1.3752	5386	1.2746	59.32	92.14
Bollinger Lower	1.1726	151.94	1.3420	0.7641	0.6943	0.5938	1.3515	4671	1.2592	57.55	89.84

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

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