

Daily Market Outlook

More AUD upside

- **More AUD upside:** Hotter inflation and stronger jobs data revive RBA-hike expectations. With pro-cyclical support building, we upgrade our end-2026 AUDUSD forecast to 0.73 from 0.69. We expect a 25bp RBA hike to 3.85% today, though it remains a close call.
- **Resilient Data Props USD:** Resilient US data – led by a strong ISM rebound – pushed US yields and the USD higher. While precious metals volatility persists, firm US growth should limit deeper USD losses despite policy noise around Fed independence and shifting Washington signals.
- **Gold:** Gold's sharp drop from above USD5,500/oz to a low of USD4,402/oz is showing early signs of stabilisation, but sensitivity to USD moves, yield shifts, and Fed uncertainty remains high, keeping near-term trading choppy and two-way.
- **CNY:** A sub-Bloomberg consensus USDCNY fix signals growing tolerance for RMB strength, but authorities still appear committed to a measured, orderly RMB appreciation path.

Sim Moh Siong

FX Strategist
(G10 & oil)

Christopher Wong

FX Strategist
(Asia & precious metals)

Resilient Data Props USD: Crowded trades were reduced further, as the precious metals sold off amid a firmer USD. That said, declines in precious metals showed signs of moderation. Unlike the sharp swings in precious metals and crypto, traditional assets such as equities and bonds remained orderly. Crude oil also weakened further as geopolitical tensions eased, with President Trump downplaying Iran's warnings of regional conflict and expressing confidence in a potential deal.

US yields rose alongside the USD after a strong ISM Manufacturing print helped close the gap with the PMI. The index jumped 4.7pts to 52.6 – the highest since 2022 and the first expansionary reading in a year – underscoring the resilience of the US economy. This firmness in data should help cap deeper USD downside that might otherwise arise from heightened USD risk premiums linked to erratic US policymaking and uncertainty around Fed independence. Kevin Warsh's nomination as Fed Chair does not alter our view that the Fed is unlikely to deliver more than one additional cut this year; robust data continues to argue against an extended Fed easing cycle.

The BLS confirmed that January payrolls and December JOLTS will be delayed due to the partial government shutdown. If the shutdown ends by mid-week, the earliest release window opens next Tuesday, 10 February. Meanwhile, INR strengthened after President Trump and

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Prime Minister Modi announced a tariff agreement on social media, lowering US tariffs on India to 18% from 50%. Trump also highlighted India's commitment to halt purchases of Russian oil.

More AUD upside: Coming up is the RBA decision. We expect a 25bp hike to 3.85% following the confirmation of stronger core CPI pressure in 4Q26, though it remains a close call. The market is pricing a 70% chance of a hike. A rate hike today would reinforce the view that the RBA could lead the next global tightening wave. Even if it holds, AUD downside should stay limited as a hawkish bias persists.

The global pro-cyclical backdrop — including firmer industrial metal prices — remains supportive, and potentially higher FX-hedge ratios by the superannuation fund could add another tailwind for AUD strength. Reflecting these drivers, we upgrade our end-2026 AUDUSD forecast to 0.73 from 0.69.

USDCNY. Trend remains your friend until it is broken. USDCNY continued to trend lower, in a measured tone. The daily fix has been a clear “tool” to convey policymakers’ preference for RMB appreciation. The daily USDCNY fix has continued to be set lower after breaking below 7.00 on 23 Jan. For the first time in over 2 months, the fix was even set lower than Bloomberg consensus estimates yesterday though it was also set slightly higher than Friday’s fix. 30d rolling average of the daily change in fix shows the intensity has picked up slightly to about -29 pips/day versus -16pips/day in Dec. This pattern remains consistent with our view that policymakers are likely to still pursue an orderly and measured pace of RMB appreciation. This approach aims to prevent markets from rushing to offload USD in a disorderly manner, thereby avoiding any abrupt price fluctuations and ensuring orderly market dynamics. USDCNY last seen at 6.9450 levels.

Daily momentum is flat while RSI is near oversold conditions. 2-way trades may suffice in the interim. Support here at 6.9420 levels (61.8% fibo retracement of 2023 low to 2025 high), 6.9340 levels. Resistance at 6.9670 (21 DMA), 6.9820. In a commentary published in Qiushi on weekend and picked up later by FT, President Xi said that a financial powerhouse should be based on a strong economic foundation and have a series of core financial elements. Given this context, he highlighted strong currency, widely used in international trade, investment and currency markets as one. He also listed others including strong central bank, strong financial institution with high operational efficiency, strong international financial center which can attract global investors and influence international pricing system, strong financial supervision, sound financial rule of law and strong financial talent team. He also highlighted that China is already a

financial power, large in terms of bank volume, FX reserves but not strong and that building a financial power takes long term efforts.

Gold: Tentative signs of stabilisation. The sharp decline in gold prices from above USD5,500/oz last week to low of USD4,402/oz yesterday appears to show tentative signs of stabilisation. While prices are now less elevated following the correction, sensitivity to the USD, yield repricing, and uncertainty around Fed policy remains high. Near-term price action is likely to remain two-way as markets continue to reassess Fed leadership risks, rate expectations and broader macro repricing. We view the sharp correction as an unwinding of the fast momentum trade seen in January rather than a change in the underlying trend.

Central bank buying is likely to continue while portfolio diversification demand remains supported by geopolitical risks, rising debt burdens, and policy uncertainty. Gold last seen at USD4,661/oz levels. Bearishness seen in 4-hourly momentum shows tentative signs of fading though RSI still near oversold conditions. 4,400-4,600 remains a key area of support. Sustained break below would point to a deeper corrective phase with support at 4210/15 levels. But should prices hold up, then some consolidation should take hold. Resistance at 4835 levels.

USDUSD. Consolidation. USDUSD inched higher, tracking broader USD strength. Pair was last seen at 1.2720 levels. Bearish momentum on daily chart continues to fade but rise in RSI moderated. Rebound risks may slow, from a technical point of view. Resistance at 1.2780/90 levels (21 DMA, 38.2% fibo). Support at 1.2710/30 levels (23.6% fibo retracement of Nov high to Jan low), 1.2590 levels (recent low). In coming sessions, risk sentiments, USD direction may matter more. Should risk sentiments stabilise further and USD move slows, then we should see the recent rise in USDUSD stabilise to consolidation in 1.2680 – 1.2760 range.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.2012	157.80	1.3852	0.7980	0.7076	0.6094	1.3867	5614	1.2913	59.01	92.39
Resistance 2	1.1913	156.56	1.3760	0.7878	0.7010	0.6051	1.3764	5132	1.2807	58.95	91.99
Resistance 1	1.1852	156.10	1.3713	0.7837	0.6979	0.6025	1.3723	4897	1.2765	58.93	91.75
Spot	1.1795	155.55	1.3668	0.7795	0.6953	0.6005	1.3680	4725	1.2722	58.90	91.52
Support 1	1.1753	154.86	1.3621	0.7735	0.6913	0.5982	1.3620	4415	1.2659	58.87	91.36
Support 2	1.1715	154.08	1.3576	0.7674	0.6878	0.5965	1.3558	4168	1.2595	58.84	91.20
Support 3	1.1616	152.84	1.3484	0.7572	0.6812	0.5922	1.3455	3686	1.2489	58.78	90.80
Bollinger Band											
Bollinger Upper	1.2008	160.70	1.3858	0.8148	0.7086	0.6126	1.4033	5344	1.2971	59.61	92.44
Bollinger Lower	1.1497	152.46	1.3242	0.7609	0.6553	0.5629	1.3510	4247	1.2603	58.78	89.40

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

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