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Daily Market Outlook

Risk-On Mood Knocks USD

Sim Moh Siong
FX Strategist
(G10 & oil)

Christopher Wong
FX Strategist
(Asia & precious metals)

- *Risk-On Mood Knocks USD: The safe haven USD lost ground after an early firm start, tracking the broader risk-on mood. Despite stronger risk assets, gold surged. We see only modest USD weakness in 1H26, with the DXY likely finding a floor in 2H26. Markets look ahead to Friday's US jobs report for fresh direction.*
- *Oil and gold: We expect Brent to bottom near USD59/bbl by year-end, pending clarity on Venezuela's new government and resource policy. OPEC's pause in quota hikes should keep a soft floor in the high-USD50s. Recent events underscore global order risks, reinforcing gold's role as a strategic hedge and portfolio diversifier. Our forecast: gold at USD4,800 by end-2026.*
- *Asia FX: USDSGD fell, tracking overnight losses in USD while USDPHP traded higher on official's comments on PHP, GDP growth downward revision.*
- *FX and commodities forecasts updated. Refer to table for more details.*

Risk-On Mood Knocks USD. The safe haven USD lost ground after an early firm start, tracking the broader risk-on mood, while GBP outperformed G10 peers overnight. Despite stronger risk assets, gold surged as markets digested US intervention in Venezuela and a softer ISM manufacturing PMI, which reinforced expectations for a Fed rate cut. Higher global oil prices suggest that markets appear to be focused – for now -- on a near-term disruption in Venezuelan oil production due to the ongoing naval blockade and sanctions rather than prospects of a recovery in oil output amid potential increase in US-led investments.

Beyond geopolitics, we expect markets to remain fixated on AI-driven growth and the Fed's next steps. The year begins with a divided Fed after three consecutive 25bps cuts since Sep 2025. The median dot signals one cut in 2026, but markets price two cuts and a 40% chance of a third, leaning dovish—partly on expectations of a leadership shift after Fed Chair Powell exits in May. US growth prospects may improve on AI-led investment, fading tariff drag, and tax cuts, tempering expectations for further easing beyond the final 25bp Fed cut we see in 1Q26. This could support USD later in the year. The labour market remains key, with this Friday's December US jobs report in focus.

Oil and gold: US strike triggers political transition in Venezuela, raising prospects for sanctions relief and oil sector revival. This could add to downside pressure to global oil prices in the medium-term. We maintain our forecast for Brent to 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. Recent events underscore risks to global order and reinforce the role of gold as a strategic hedge and portfolio diversifier. We maintain a constructive outlook on gold amid Fed still biased toward easing, persistent central-bank demand and geopolitical uncertainty. We project gold at USD4,800 for end-2026. Read *Venezuela: Oil and gold stirred, not shaken* for more details.

USDSGD. *Consolidation.* USDSGD fell overnight, taking cues from a softer USD owing to weak US ISM manufacturing print. 30d rolling correlation with DXY remains significant at 0.88. We continue to expect broader market narratives, including USD trend, moves in RMB, JPY and risk sentiments, etc. to influence the pair more as MAS policy takes a back seat for now (we expect policy hold at January MPC). USDSGD spot was last seen at 1.2830 levels. Daily momentum is flat while RSI fell. Consolidation likely. Support at 1.2820 levels (Dec low), 1.2710 (Sep low). Resistance at 1.2890 levels (21 DMA), 1.2940/60 levels (50, 200 DMA, 23.6% fibo retracement of 2025 high to low).

USDPHP. *Supported.* USDPHP headed higher, on comments from Philippines official. Economic Planning Secretary Balisacan said the government expects the PHP to trade within the 58 to 60 level against the USD. The official growth target for 2026 will be reduced to 5-6%, from previous target of 6-7%. He also said that "the developments last year are likely to still be felt this year, although in a diminishing effect" He added that "growth in the first quarter or at least in the first half is expected to be still quite not as rosy as we would want it to be". We still expect PHP to lag regional peers amid domestic drags. USDPHP was last seen at 59.11 levels. Daily momentum shows tentative signs of turning mild bullish while RSI rose. Risks somewhat skewed to the upside. Resistance at 59.20/30 levels (recent high). Support at 58.80/90 levels (21, 50 DMAs), 58.30 levels (23.6% fibo retracement of 2025 low to high).

FX Forecast

Currency Pair	Mar-26	Jun-26	Sep-26	Dec-26
USD-JPY	153	151	150	149
EUR-USD	1.19	1.20	1.20	1.20
GBP-USD	1.34	1.36	1.37	1.38
AUD-USD	0.67	0.69	0.69	0.69
NZD-USD	0.58	0.59	0.59	0.59
USD-CAD	1.38	1.37	1.37	1.36
USD-CHF	0.78	0.78	0.78	0.78
DXY	97.3	96.4	96.2	96.0
USD-SGD	1.2860	1.2850	1.2830	1.2800
USD-CNY	6.9700	6.9500	6.9400	6.9200
USD-CNH	6.9700	6.9500	6.9400	6.9200
USD-THB	31.50	31.40	31.30	31.10
USD-IDR	16680	16620	16500	16420
USD-MYR	4.0600	4.0400	4.0200	4.0000
USD-KRW	1450	1430	1430	1410
USD-TWD	31.20	31.10	31.00	30.90
USD-HKD	7.7700	7.7600	7.7600	7.7600
USD-PHP	58.30	58.00	57.40	57.20
USD-INR	89.50	89.30	89.10	89.00
USD-VND	26300	26250	26200	26200
EUR-JPY	182	181	180	179
EUR-GBP	0.89	0.88	0.88	0.87
EUR-CHF	0.93	0.94	0.94	0.94
EUR-AUD	1.78	1.74	1.74	1.74
EUR-NOK	11.70	11.60	11.50	11.40
AUD-NZD	1.16	1.17	1.17	1.17
EUR-SGD	1.5303	1.5420	1.5396	1.5360
GBP-SGD	1.7195	1.7523	1.7595	1.7664
AUD-SGD	0.8616	0.8867	0.8853	0.8832
NZD-SGD	0.7428	0.7578	0.7566	0.7549
CHF-SGD	1.6455	1.6404	1.6379	1.6340
CAD-SGD	0.9319	0.9380	0.9399	0.9412
JPY-SGD	0.8405	0.8510	0.8553	0.8591

SGD-MYR	3.1571	3.1440	3.1333	3.1250
SGD-CNY	5.4199	5.4086	5.4092	5.4063
SGD-IDR	12970	12934	12860	12828
SGD-THB	24.49	24.44	24.40	24.30
SGD-PHP	45.33	45.14	44.74	44.69
SGD-VND	20451	20428	20421	20469
SGD-CNH	5.4199	5.4086	5.4092	5.4063
SGD-TWD	24.26	24.20	24.16	24.14
SGD-KRW	1127.53	1112.84	1114.58	1101.56
SGD-HKD	6.0420	6.0389	6.0483	6.0625
SGD-JPY	118.97	117.51	116.91	116.41
Gold $/oz	4500	4600	4650	4800
Silver $/oz	76.3	78.0	78.8	81.4
Platinum $/oz	2500	2556	2583	2667
Palladium $/oz	1852	1893	1914	1975
ICE Brent $/bbl	64	63	61	59
NYMEX WTI $/bbl	61	60	58	56

Source: OCBC Group Research
Note: These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair

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