By Global Markets | 9 January 2026

Daily Market Outlook

Funding Tightrope

Sim Moh Siong
FX Strategist
(G10 & oil)

Christopher Wong
FX Strategist
(Asia & precious metals)

- ***Funding tightrope***: *The choice of funding currency between the CHF and JPY is finely balanced. CHF's funding appeal has improved post BoJ-tightening. But Japan's fiscal concerns remain a drag on the JPY although shorting JPY at current levels is unattractive given rising intervention risks.*
- ***USD holds firm:*** *USD stays firm on resilient US data ahead of payrolls and a potential key tariff ruling. Fiscal risks may cap gains, but any USD pullback should be shallow barring major policy surprises.*
- ***Quiet FX masks big signals:*** *USD downside looks limited amid resilient US data and buildup in short USD positioning. JPY remains conflicted by fiscal noise, AUD rides rate-hike optimism, and low volatility favours carry – until it doesn't.*
- ***Precious metal:*** *Precious metals fell amid annual rebalancing of major commodity indices. The mechanical process can create short term price distortion and should not be misinterpreted as a shift in the fundamental story. Nevertheless, markets may take this opportunity to gauge if prices of gold and silver still hold up despite the mechanical headwind.*
- ***THB:*** *Thailand's largest gold traders plan to promote USD-denominated transaction in attempt to weaken gold's influence on THB. This initiative, alongside tighter checks on FX inflows and heightened scrutiny of gold-related THB inflows may potentially weigh on the THB in coming weeks.*

Funding tightrope: Between the two G10 low-yielders, CHF and JPY, the choice of funding currency is finely balanced. CHF now enjoys a relative funding edge following the Bank of Japan's December 25bp hike to 0.75%. Shorting JPY at current levels is unattractive given rising intervention risks. While the exact threshold is uncertain, Japan's Ministry of Finance last intervened around the 159–162 USDJPY zone in July 2024. That said, Japan's fiscal concerns remain a drag on JPY and arguably outweigh Switzerland's challenge of managing excessive CHF strength. For CHF, attention has shifted to the Swiss National Bank's second policy lever – FX intervention – given the high bar for further rate cuts now that rates sit at zero. December Swiss inflation was broadly in line with expectations, with headline CPI at 0.1% YoY and core CPI slightly firmer at 0.5% YoY. The data reinforce the SNB's view that no near-term policy adjustment is required.

USD holds firm: The USD entered Friday's event risks on a firm footing, as crowded short positioning met continued US data resilience. Jobless claims remained steady, nonfarm productivity rose, and the trade deficit narrowed unexpectedly. Despite the drag from the federal government shutdown, the Atlanta Fed's GDPNow estimate for 4Q25 remains elevated at +5.4%. Oil prices surged, reflecting a rising geopolitical risk premium linked to developments in Russia and Iran.

The week closes with the December US payrolls report and a potential Supreme Court ruling on IEEPA tariffs. Consensus expects 70k jobs added and a 0.1pp decline in the unemployment rate to 4.5%. A material surprise would be required to shift expectations for the first full 25bp Fed cut, currently priced for June. Ongoing US data resilience should continue to underpin the USD, although a Supreme Court decision overturning the IEEPA could trigger mild downside pressure. Such a ruling would eliminate tariff revenues, widen the fiscal deficit and revive fiscal sustainability concerns. However, we see USD downside as limited, particularly if the Trump administration moves swiftly to implement alternative tariff measures. Separately, President Trump said he has decided on his nominee for the next Fed Chair but declined to name his choice in a *New York Times* interview.

Quiet FX, Loud Signals: The USD outlook turns more balanced in 2026 after a turbulent year. The buildup in short USD positioning could clash with resilient US data, suggesting further USD downside should be limited despite lingering policy noise. Buying USDJPY looks unattractive at current levels, yet the JPY story remains conflicted. Fiscal concerns under new political leadership continue to distort the usual relationship with rate differentials. The AUD is riding renewed rate-hike optimism. Australia's economic resilience and a US–China trade truce leave scope for further upside, even as markets debate how far RBA rate repricing can run. FX volatility: Current calm in FX supports carry trades—for now—but also sends a loud signal to insure against abrupt risk-asset weakness when suppressed volatility eventually reawakens. Read *Quiet FX, Loud Signals, 8 January 2026* for more details.

Precious metals. Temporary distortion. Precious metals including gold and silver saw a pullback overnight amid annual rebalancing of major commodity indices including the Bloomberg Commodity Index which began on 8 January over the next 5 business days. For this round, the adjustment process using pre-defined rules based on factors like liquidity and production data will see the index normalise the weights of gold and silver lower after the sharp rally in 2025 resulted in their actual index weights drifting above benchmark targets. The rebalancing will hence trigger mechanical and price-insensitive selling from funds that track commodity benchmarks as they restore weights and should not be misinterpreted as a shift in fundamental story. Nevertheless, the process can create a temporary price distortion for gold and silver. But at the same time, market participants who have been questioning the sustainability of the precious metals' rally may use this rebalancing exercise to gauge if prices of gold and silver still hold up despite the mechanical headwind.

Gold was last seen at 4449 levels. Momentum is flat while RSI slipped. Near term support at 4393 (23.6% fibo retracement of Oct low to Dec peak), 4368 (21 DMA) and 4296 (38.2% fibo). Resistance at 4500, 4550 levels (recent high). Silver was last at 75.50. Bullish momentum on daily chart shows signs of easing while RSI fell. Risks somewhat skewed to the downside. Support at 75 (23.6% fibo retracement of Oct low to Dec peak), 70.60 (21 DMA). Failure to hold above these levels may open room for further pullback. Price action requires further monitoring. Resistance at 82, 84 levels. Technically, this may see XAUXAG normalise higher after the sharp selloff. Bullish divergence observed in daily MACD while RSI rose from oversold conditions. Resistance at 62, 62.30 levels (21 DMA, 23.6% fibo retracement of the sell off from Oct to Jan), 66.50. Support at 54.33 (double bottom).

USDTHB. Upside risk. USDTHB rose as gold prices consolidated lower amid commodity index rebalancing (led to sell-gold flows) while USD bounced. Bloomberg also reported that Thailand's largest gold traders plan to promote USD-denominated transaction in attempt to weaken gold's influence on THB. We observed that 30d gold-THB correlation is significant at 0.92. Thailand Ministry of Finance is reportedly exploring the introduction of a special business tax on online gold trading, aimed at curbing speculative activity and reducing THB volatility. Bank of Thailand (BoT) Governor Vitai has previously indicated that "on days when the THB strengthened sharply, gold transactions account for about half of the flows pushing the THB up" adding that "large gold dealers now represented trading volumes equivalent to roughly 50% of GDP". In a separate report citing the BoT, it was mentioned that at peak periods, gold-related deals accounted for 50-60% of Thailand's total dollar trading.

Over the last few weeks, BoT has already introduced a series of measures to help tame THB's persistent appreciation. For transactions involving foreign currency proceeds from overseas gold sales will now require full documentation on a transaction-by-transaction basis. These measures, alongside tighter checks on FX inflows and heightened scrutiny of gold-related THB inflows may potentially weigh on the THB in coming weeks, especially when combined with softer domestic fundamentals, notably weak growth momentum (assuming gold prices continue to consolidate). As election campaigning approaches (elections on 8 February), domestic developments could begin to play a larger role in driving THB performance, depending on how the situation evolves. Spot last seen at 31.51. Daily momentum is mild bullish while RSI rose. Risks skewed to the upside in the interim. Resistance at 31.73 (38.2% fibo retracement of Oct high to Dec low), 31.95 (50% fibo, 50 DMA). Support at 31.45 (23.6% fibo, 21 DMA), 31.20 levels.

USDSGD. Beholden to moves in USD. USDSGD was a touch firmer overnight ahead of US data risk. US payrolls is the highlight tonight (930pm SGT) and the outcome could be somewhat symmetric for FX, given that some USD shorts have been pared. Elsewhere, the Supreme Court has indicated that it could release opinions on Friday with regards to the legality of Trump's global tariffs (ruling likely soon) may also have implications on markets. Pair was last seen at 1.2860. Daily momentum is flat while RSI rose from near oversold conditions. Consolidation likely. Resistance at 1.2880 levels (21 DMA), 1.2930/55 levels (50, 200 DMA, 23.6% fibo retracement of 2025 high to low). Support at 1.2790 levels (Jan low), 1.2710 (Sep low).