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Daily Market Outlook

JPY Needs More

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- ***JPY Needs More***: *September BoJ hike expectations have risen, but the JPY remains unconvinced. A sustained JPY recovery likely requires a clearer commitment to faster policy normalisation, while intervention risks should keep USDJPY capped near 160.*

- ***Carry Over Caution***: *Markets have scaled back expectations of a September Fed hike, limiting USD upside. With oil contained in the USD80s and risk sentiment holding up, carry trades remain supported, though higher US yields – driven by fiscal and financing pressures – remain a key risk.*

- ***Gold struggled to extend its rebound*** *despite softer-than-expected US PPI, underscoring that the next leg higher may not be straightforward; near-term consolidation or a moderate pullback cannot be ruled out unless softer data translate into lower yields/USD and firmer investment flows.*

- ***USDSGD continued to trade subdued*** *around 1.28 as softer US inflation failed to add to fresh USD selling. Weekend Middle East event risks and steady USDCNH may keep downside contained near term.*

JPY Needs More: Bloomberg reported that the Takaichi administration supports an early BoJ rate hike, helping lift market-implied odds of a September hike to 75%, from 60% a week ago. This points to growing alignment between the BoJ, which remains concerned about inflationary pressures from a weak JPY, and the government, which is seeking to enhance the effectiveness of JPY-buying intervention.

Despite the shift in expectations, the JPY's response has been muted. Should the BoJ deliver another rate hike in September, it would mark its third increase in nine months and the fastest pace of policy tightening since the collapse of Japan's asset bubble in 1989. However, it remains unclear how much appetite the government has for additional rate hikes beyond September or October.

A more meaningful and sustained JPY recovery will likely require a stronger signal from the BoJ that policy normalisation can proceed at a faster pace. For now, intervention risks should help cap USDJPY near 160, while the CHF remains the preferred funding currency for carry trades.

Carry Over Caution: The USD was mixed overnight despite lower US Treasury yields, as softer-than-expected July PPI reinforced expectations that the Fed will remain on hold in September. Markets now price around a 35% probability of a rate hike next month, down from about 55% before last week's labour market report. However, the risk of further tightening remains if upcoming inflation and employment data show limited progress on disinflation. The Fed will receive another set of CPI and labour market reports before its September meeting.

Crude oil remains anchored in the USD80s as negotiations over reopening the Strait of Hormuz continue to make little progress. Oil prices fell overnight after investors assessed conflicting signals on the volume of crude moving through the Strait. US Energy Secretary Chris Wright said flows averaged 9 million barrels per day over the past week, well above estimates implied by ship-tracking data. Prices later recovered some losses following reports that Iranian-backed Houthi militants had targeted Saudi Aramco's refinery in Jazan on Saudi Arabia's Red Sea coast.

A broadly range-bound USD and a constructive risk backdrop should continue to support carry trades, despite ongoing oil market volatility and persistent FX intervention risks for JPY. The main threat to this favourable environment is a further rise in long-term US yields, driven by strong AI-related investment demand, persistent fiscal deficits, and continued resilience in US economic growth.

Gold. **Consolidation**. Gold struggled to extend its recent rebound despite a softer-than-expected US PPI print. The USD also held relatively steady overnight, suggesting the downside inflation surprise was not sufficient to trigger a fresh leg lower in the USD or a renewed push higher in gold. This lack of follow-through suggests the next leg higher may not be straightforward after the recent recovery. While the broader macro backdrop remains more constructive as markets pare back Fed hike expectations, risks of near-term consolidation or a moderate pullback cannot be ruled out. A more sustained move higher may require further easing in US yields and the USD, alongside stronger investment demand such as continued ETF accumulation. See *Precious Metals Tracker – Regaining Footing, 13 Aug 2026.*

Gold last seen at 4350 levels. Recent rebound shows tentative signs of fatigue with near term momentum looking stretched while RSI show signs of turning lower from overbought conditions. Some consolidation or a modest pullback is not ruled out after the recent run-up. Immediate support at 4333 (23.6% fibo retracement of 2026 high to low), 4250 before 4145 levels (21, 50 DMAs). Sustained break above 4500 (200 DMA) needed to strengthen the bullish case.

USDSGD. Consolidation continues. USDSGD remained subdued around 1.28 overnight. Softer-than-expected US PPI saw Fed hike expectations pared further and US Treasury yields eased, but the USD showed little follow-through to the downside. Geopolitical uncertainty may be partly tempering appetite to chase the USD lower, particularly heading into the weekend. Houthis claimed fresh drone attacks on Saudi Aramco's Jazan refinery, while the US said it could maintain its naval blockade of Iranian ports indefinitely. Near term, USDSGD may continue to consolidate, with US retail sales and broader USD moves in focus. We continue to see downside risks over time, but the pair's inability to break lower despite softer US inflation data suggests the next leg down may not be straightforward. Weekend geopolitical risks may also keep some defensive USD demand in play for now.

Pair last seen at 1.28 levels. Mild bearish momentum on daily chart intact while RSI was flat. 2-way trades likely in recent range. Support at 1.2770 (recent low), 1.2740 (61.8% fibo). Resistance at 1.2830/40 levels (100, 200 DMAs, 38.2% fibo retracement of 2026 low to high), 1.2870/90 levels (21, 50 DMAs, 23.6% fibo).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1594	160.46	1.3569	0.8202	0.7103	0.5933	1.3999	4593	1.2846	61.75	95.62
Resistance 2	1.1561	159.91	1.3530	0.8168	0.7080	0.5889	1.3969	4487	1.2825	61.54	95.52
Resistance 1	1.1545	159.71	1.3509	0.8154	0.7069	0.5870	1.3950	4419	1.2815	61.44	95.48
Spot	1.1534	159.44	1.3491	0.8142	0.7064	0.5855	1.3927	4357	1.2803	61.35	95.45
Support 1	1.1512	159.16	1.3470	0.8120	0.7046	0.5826	1.3920	4313	1.2794	61.23	95.38
Support 2	1.1495	158.81	1.3452	0.8100	0.7034	0.5801	1.3909	4276	1.2783	61.12	95.31
Support 3	1.1462	158.26	1.3413	0.8066	0.7011	0.5757	1.3879	4170	1.2762	60.90	95.21
Bollinger Band											
Bollinger Upper	1.1619	165.52	1.3571	0.8202	0.7093	0.5927	1.4160	4456	1.2951	62.07	96.75
Bollinger Lower	1.1341	155.50	1.3279	0.8045	0.6949	0.5763	1.3889	3892	1.275	60.65	94.75

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

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