By Global Markets | 17 September 2026

Daily Market Outlook

Fed Hikes, Focus Shifts Back to Data

Christopher Wong
FX Strategist

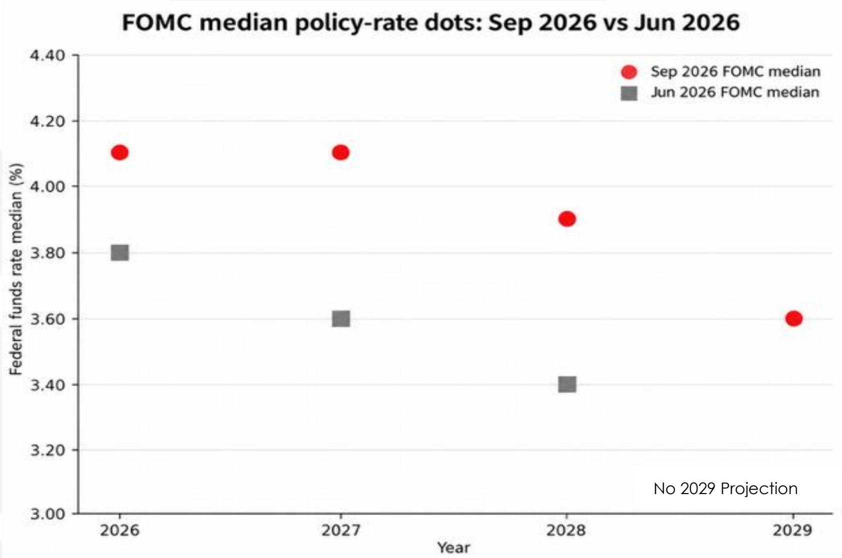
- ***Hawkish Fed shift lifted DXY and front-end yields***. *Near-term support may linger, but with substantial tightening already priced, softer US data could reopen USD downside.*

- ***AXJ may open softer on firmer USD and UST yields****, with rate-sensitive/high-beta FX more exposed. Follow-through would depend on whether the USD and yields extend higher through Asia.*

- ***Gold fell post-FOMC.*** *Still elevated yields and a firmer USD may continue to cap gold, but the Fed outcome does not necessarily undermine the broader medium-term case.*

- ***USDJPY rose as UST yields firmed.*** *Focus shifts to tomorrow's BoJ, where a 25bp hike is largely expected while guidance on the pace of further normalisation will matter more.*

Fed. Dots shift higher. The Fed raised rates 25bp to 3.75–4.00% in a unanimous decision, while the dots shifted materially higher, with the median policy rate now at 4.1% for both end-2026 and end-2027. Growth forecasts were nudged higher, unemployment forecasts lowered and core PCE inflation revised slightly higher for 2026.



Source: Bloomberg, OCBC Group Research

USD. Fed hike extends USD rebound. USD extended its rebound after the Fed raised rates 25bp and delivered a sizeable upward shift in the dots. DXY initially traded around 100 following the decision but pushed towards 100.3 during Warsh's press conference as front-end UST yields moved higher. Warsh kept the focus firmly on inflation, saying recent data had shown little improvement in underlying trends. He also noted that the economy had strengthened and the labour market was around full employment while characterising the rate increase as "removing a dose of accommodation". The USD move was notable given that substantial tightening was already priced going into the meeting, although the relatively modest repricing in UST yields suggests the Fed did not materially exceed market expectations further out. With the Fed validating a hawkish policy path and front-end yields elevated, the USD may retain moderate support in the near term. But with substantial tightening expectations already embedded in the curve, attention should increasingly shift back to the data. Any moderation in activity, labour-market conditions or inflation could prompt some unwinding of rate expectations and reopen downside in the USD.

DXY last at 100.3 levels. Daily momentum turned bullish while RSI rose to near overbought conditions. Resistance here at 100.32 (23.6% fibo retracement of 2026 low to high), 100.60 before 101.8 (2026 high). Support at 100/99.80 levels (50, 100 DMAs), 99.4 (38.2% fibo).

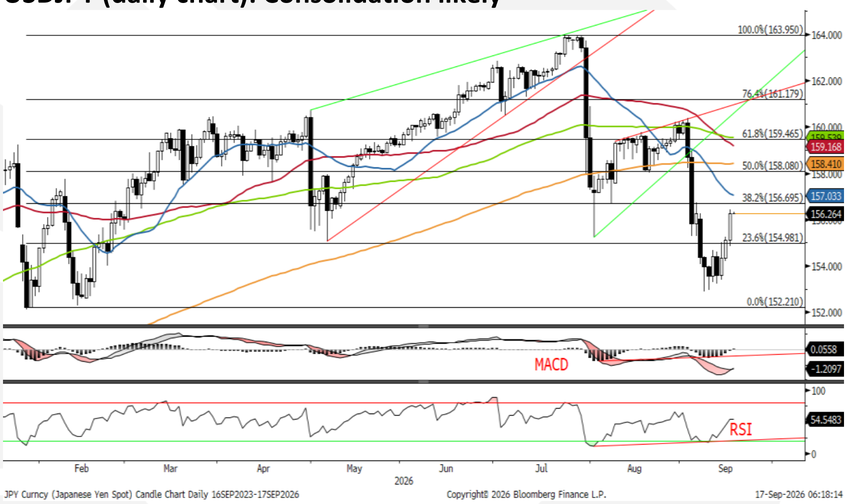
DXY (daily chart): Mild bullish but near overbought conditions

Source: Bloomberg, OCBC Group Research

AXJs. Firmer USD may weigh at the open. AXJ may open weaker after the Fed's hawkish shift lifted the USD and front-end UST yields, while US equities gave back earlier gains. Rate-sensitive and higher-beta currencies may come under more pressure, while INR, PHP and THB remain exposed if oil stays elevated. The overnight pullback in Brent should help at the margin, but crude remains high enough to keep inflation and external-balance concerns in focus. SGD may stay supported on relative terms, but it is unlikely to be immune if the broader USD move extends, given its relatively high sensitivity to the USD while RMB direction will also depend on the fixing. That said, we would be cautious about reading the initial move as the start of a broader AXJ selloff, given how much Fed tightening was already priced. Follow-through should depend on whether UST yields and the USD continue to push higher through the Asian session.

USDJPY. US rates regain the upper hand ahead of BoJ. USDJPY moved higher after the FOMC as front-end UST yields rose and the USD strengthened. Attention now turns to tomorrow's BoJ meeting, where a 25bp hike to 1.25% is widely expected. With the hike itself largely anticipated, the bigger question is how Governor Ueda frames the path beyond September, particularly whether the BoJ signals a faster pace of normalisation amid still-elevated inflation. For now, elevated UST yields may keep USDJPY supported, but the pair could turn lower again if the BoJ delivers a firmer signal on further tightening or if softer US data start to unwind some of the Fed repricing. Pair was last at 156.30 levels. Daily momentum shows tentative signs of turning mild bullish while rise in RSI moderated. Some consolidation likely after the recent play-out of bullish divergence on MACD. Resistance at 156.70 (38.2% fibo retracement of 2026 low to high), 157 (21 DMA). Support at 155 (23.6% fibo), 153 levels.

USDJPY (daily chart): Consolidation likely



Source: Bloomberg, OCBC Group Research

Gold. Higher yields interrupt the rebound. Gold reversed lower after the FOMC as the stronger USD and rise in UST yields weighed on sentiment. The 2y yield came close to 4.75% while the 10y returned to around 5%, keeping the opportunity-cost channel firmly in focus. Near term, elevated yields and a firmer USD may continue to cap gold, but the Fed outcome does not necessarily undermine the broader medium-term case. With a fairly hawkish rate path already in the price, softer US data could pull yields and the dollar lower again.

Gold last seen at 4262 levels. Mild bearish momentum intact while drift lower in RSI shows tentative signs of moderation. Support at 4250 if broken decisively, may point to some downside pressure in the interim. Next support at 4000, 3940 (2026 low). Resistance at 4333 (100 DMA), 4431 (21 DMA).

RMB. Firmer USD puts recent resilience to the test. RMB may face some pressure as Asia opens after the post-FOMC rise in the USD and UST yields, although RMB had held up relatively well ahead of FOMC. Today's fixing will be an early gauge of how much of the broader USD move policymakers are prepared to accommodate. A stronger CNY fixing would help anchor relative stability, while a softer CNY fixing could allow for more two-way movement. Near term, the external USD backdrop may dominate, but with substantial Fed tightening already priced, any subsequent moderation in US data could allow the recent RMB resilience to reassert itself.

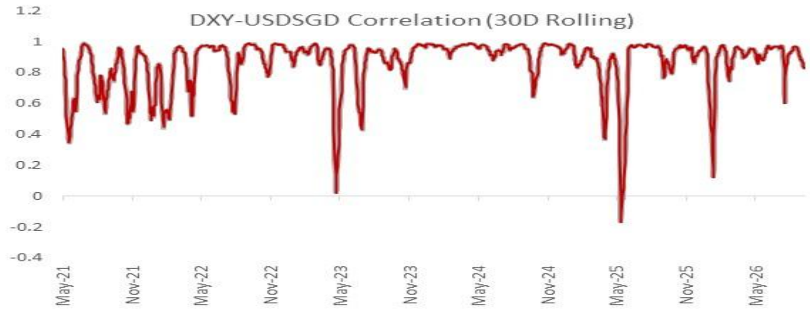
USDCNH last at 6.7125 levels. Daily momentum shows tentative signs of turning mild bullish while RSI rose. Near term retracement higher not ruled out but range likely to remain subdued. Resistance at 6.7160 (21 DMA), 6.73 levels. Support at 6.7030 (recent low), 6.70 levels.

USDCNH (daily chart): Tentative bottoming

Source: Bloomberg, OCBC Group Research

SGD. Still largely a USD story. SGD may still see some weakening pressure alongside the broader USD move after the FOMC, given its relatively high sensitivity to shifts in the USD. We would retain a slight cautious stance on SGD if DXY and front-end US yields extend higher through the Asian session. The Fed's hawkish shift may keep USDSGD temporarily supported in the near term, however this does not change the broader sensitivity to US data. If incoming US activity, labour-market or inflation readings begin to soften and rate expectations are pared back, downside in USDSGD could re-emerge.

USDSGD-DXY correlation remains significantly strong



Source: Bloomberg, OCBC Group Research

USDSGD last at 1.2780 levels. Daily momentum is bullish but RSI rose to near overbought conditions. Price action suggests a potential hanging man pattern with death cross in the making (50 DMA cuts 200 DMA to the downside). We watch further price action for confirmation for any bearish reversal or if bearish signals are being nullified. Area of resistance at 1.2790 (50% fibo retracement of 2026 low to high) - 1.2810 (50, 100, 200 DMAs). Next level at 1.2840 (38.2% fibo). Support at 1.2740 (61.8% fibo), 1.27 (21 DMA).

USDSGD (daily chart): RSI near overbought

Source: Bloomberg, OCBC Group Research

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1593	156.91	1.3564	0.8248	0.7178	0.5828	1.3979	4402	1.2805	63.10	96.06
Resistance 2	1.1567	155.88	1.3523	0.8216	0.7154	0.5796	1.3947	4346	1.2760	62.95	95.93
Resistance 1	1.1556	155.49	1.3501	0.8202	0.7143	0.5778	1.3934	4319	1.2744	62.91	95.74
Spot	1.1538	155.14	1.3475	0.8186	0.7129	0.5757	1.3917	4293	1.2728	62.84	95.96
Support 1	1.1530	154.46	1.3460	0.8170	0.7119	0.5746	1.3902	4263	1.2699	62.76	95.61
Support 2	1.1515	153.82	1.3441	0.8152	0.7106	0.5732	1.3883	4235	1.2670	62.65	95.66
Support 3	1.1489	152.79	1.3400	0.8120	0.7082	0.5700	1.3851	4179	1.2625	62.50	95.53
Bollinger Band											
Bollinger Upper	1.1701	161.93	1.3658	0.8205	0.7229	0.6017	1.3938	4681	1.2753	63.14	96.20
Bollinger Lower	1.1534	152.11	1.3442	0.7982	0.7110	0.5740	1.3756	4203	1.2641	61.33	94.40

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