

FX Weekly

Dollar Dynamics Evolving

- **Dollar Dynamics Evolving:** *De-dollarisation concerns re-emerged, but the USD remains primarily driven by macro data and Fed expectations. Softer US inflation and sector-specific AI concerns weigh on the USD, though resilient US growth buffer against deeper losses.*
- **JPY Finds Support:** *JPY strengthened on post-election market gains and easing fiscal concerns, reducing near-term intervention risk. But without a more hawkish BoJ, upside remains limited. We stay neutral and keep our end-2026 USDJPY 149 target.*
- **MYR strength remains underpinned by resilient growth and stronger RMB while recent remarks made by officials suggest that policymakers continue to view MYR appreciation favourably.**
- **GBP Hit by Politics:** *GBP is under pressure as political uncertainty rises, but stronger UK data should offer support once near-term political risks clear.*
- **CHF Strength Risks:** *CHF gains alongside equity volatility raise risks of inflation undershoots relative to SNB forecasts. Persistent currency strength could test the SNB's tolerance for appreciation and increase the likelihood of a softer stance, mirroring recent Riksbank concerns.*
- **Gold rose modestly after softer-than-expected US CPI helped to keep Fed cut hopes alive. That said the rebound remains cautious. We continue to see gold operating in a consolidation regime rather than a parabolic acceleration phase.**

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Dollar Dynamics Evolving: De-dollarisation concerns triggered a USD sell-off last week, initially accompanied by higher Treasury yields. Bloomberg reported that Chinese regulators urged banks to reduce US Treasury exposure due to concentration and volatility risks. While this revived the long-running de-dollarisation narrative – evident in the gradual two-decade shift in global FX reserves from USD toward gold and smaller reserve currencies such as AUD, CAD and CHF – near-term USD direction remains anchored to US economic momentum and its implications for the Fed's easing cycle.

Treasury yields later reversed higher moves to finish the week lower, tracking the softer USD after weaker-than-expected US CPI and renewed AI-related equity volatility. The strong US non-farm payrolls print drew only a muted USD reaction. US equities and the USD continue to lag early in 2026, while better global growth prospects and stronger non-US equity performance reinforce the case for USD

softness – particularly against commodity currencies like AUD and NZD and higher-yielding EM FX. Even so, we expect resilient US data to cap the extent of further USD declines.

If signs of easing US wage and inflation pressures persist, long-end Treasuries could regain hedge value against growth risks, helping restore some of the USD's safe-haven appeal. This should keep any additional USD downside shallow. AI-driven disruption worries have also dragged on US equities and, by extension, the USD, but we see limited risk of a broad US equity sell-off damaging US growth enough to spark a deeper USD correction. Moreover, recent AI-related sectoral stress – from software to insurers and brokers – does not appear to be a purely US-specific shock.

JPY Finds Support: JPY has strengthened unexpectedly, rising alongside post-election rallies in Japan's bond and equity markets – sparking questions whether a “Buy Japan” theme is emerging. Markets are now assessing what this renewed JPY stability could mean for broader Asian FX. The currency may be benefiting from easing fiscal concerns as the government adopts a more prudent tone ahead of upcoming policy clarifications. PM Takaichi reiterated that the temporary food-sales tax cut—costing about JPY5tn annually, roughly equivalent to Japan's education budget—will not be debt-financed. JPY may also be finding relief from the idea of using FX reserve funds to offset the tax cut, rather than issuing additional JGBs, though the feasibility of this approach remains uncertain.

With USDJPY pulling back, the urgency for coordinated FX-intervention signalling has eased for now. A more neutral stance on JPY is warranted, but not outright bullishness. We maintain our end-2026 USDJPY 149 forecast, reflecting the view that JPY will struggle to transition from a funding currency to an investment currency unless the BoJ turns more hawkish than our current expectation of two rate hikes this year.

GBP Hit by Politics: GBP has been the weakest G10 currency this month as renewed leadership challenge chatter revives concerns over government stability. The Mandelson episode has put political risk back on the radar, with fiscal worries at risk of resurfacing. The noise is unlikely to fade ahead of the 26 February Gorton and Denton by-election, where a Labour loss in what was once a safe seat could further unsettle PM Starmer. The February BoE meeting signalled the MPC may be nearing another rate cut as disinflation builds. However, the UK growth backdrop continues to improve, offering a potential catalyst for GBP to recover if political uncertainty eases. The more positive recent momentum in the UK PMI data is encouraging and

there is a lack of any clear negative readthrough to GBP from the mild disappointment on this past week's 4Q25 UK GDP data.

CHF Strength Risks: Last week's equity market turbulence coincided with further gains for the CHF, which is consolidating well below 0.92 in EURCHF. Further CHF gains raise the risk of additional downside surprises relative to the SNB's inflation forecasts, even as last week's CPI was in line with the 0.1% YoY 1Q26 projection. This could potentially challenge the SNB's recent tolerance for currency appreciation, even if the bar for returning to negative rates remains high. Dovish Riksbank minutes—highlighting SEK strength as a downside inflation risk—underscore the possibility that the SNB could also soften its stance if persistent CHF appreciation leads to further inflation undershoots.

Gold. 2-way trades. Gold rebounded on Friday after US CPI came in softer than expected, helping to keep Fed rate cut hopes alive. The broader narrative around a softer US labour market and headline CPI continues to support the view that Fed's easy policy should stay for longer, in turn creating a conducive environment for gold. That said, the recovery in gold prices was measured rather than impulsive. This suggests markets are not yet prepared to re-enter the prior momentum phase. Sentiment had been dented by earlier sharp and disorderly swings, and confidence typically takes time to repair. With the Shanghai gold market closed for Spring Festival until 24 Feb, thinner participation may also amplify headline-driven moves in the interim.

We continue to see gold operating in a consolidation regime rather than a parabolic acceleration phase. Gains are likely to be more incremental and dependent on sustained macro validation. Near term, sensitivity to USD and real yield dynamics means two-way volatility should persist. Gold was last seen at 5042. Technically, the close above the 5000 psychological handle reduces immediate downside pressure. Mild bearish momentum on daily chart intact. 2-way trades likely. A sustained break above 5090/5120 would still be required to reassert stronger bullish momentum. On the downside, support remains at 4960 (21 DMA), 4720 (38.2% retracement of August low to 2026 high).

MYR. Nearing key support. MYR extended gains (+1% vs USD) last week, supported by softer USD dynamics, firmer RMB and signs of sustained portfolio inflows into Malaysian equities. The move remains broadly consistent with our constructive bias, underpinned by resilient external balances, supportive commodity prices and Malaysia's positioning within regional electronics and AI-linked supply chains. Recent remarks made by officials added to the supportive backdrop.

Second Finance Minister Amir Hamzah Azizan reiterated that the ringgit has room to strengthen given intact growth momentum and flagged potential upside to 2026 GDP forecasts. Importantly, at a 15 Feb press conference, he noted that the government will work to ensure benefits of ringgit strength are passed through to consumers rather than absorbed by importers. This framing suggests policymakers view currency appreciation as helping to ease cost-of-living pressures via lower imported cost. Macro fundamentals remain steady, with growth outperforming earlier expectations and fiscal consolidation efforts reinforcing investors' confidence. Relative to some regional peers facing domestic headwinds, Malaysia's macro profile appears comparatively attractive.

That said, near-term moves remain sensitive to external drivers, particularly Fed repricing risks, broader risk sentiments. A renewed USD rebound could temper the pace of MYR appreciation even if the broader bias stays constructive. USDMYR last at 3.9080 levels. Daily momentum is flat while RSI shows tentative signs of rising from near oversold conditions. Expect 3.8955 – 3.90 levels to provide some support. But a break could open room for further downside towards 3.88, 3.86 levels. Resistance at 3.9140, 3.92 and 3.94. Onshore markets are close for CNY holidays on Tue and Wed.

USDSGD. 2-way trades. USDSGD traded a subdued range, near recent lows. Softer US CPI and signs of labour market cooling are some factors that saw Fed cut bets intact, leading to softer USD. Elsewhere, stronger JPY and RMB for the week, up 3%, and 0.5% respectively (vs. USD) also has spillover effects onto SGD. With market expectations for MAS tightening intact, we should expect S\$NEER to continue hovering near its strong side of the band. Our model shows S\$NEER at 1.85% above implied-mid. But this also implies that further downside in USDSGD becomes more incremental unless we see a renewed round of broad USD softness. USDSGD was last at 1.2630. Daily momentum is flat while RSI shows tentative signs of rising from near oversold condition. Still expect 2-way trades in absence of fresh catalyst. Support at 1.2590 (Jan low). Resistance at 1.2670, 1.2710 (21 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1943	155.13	1.3770	0.7783	0.7177	0.6107	1.3704	5313	1.2703	58.37	90.97
Resistance 2	1.1905	154.06	1.3702	0.7736	0.7124	0.6071	1.3660	5152	1.2667	58.21	90.82
Resistance 1	1.1886	153.38	1.3676	0.7708	0.7099	0.6055	1.3639	5097	1.2648	58.12	90.73
Spot	1.1869	152.68	1.3649	0.7678	0.7069	0.6038	1.3618	5021	1.2632	58.03	90.64
Support 1	1.1848	152.31	1.3608	0.7661	0.7046	0.6019	1.3595	4936	1.2612	57.96	90.58
Support 2	1.1829	151.92	1.3566	0.7642	0.7018	0.5999	1.3572	4831	1.2595	57.88	90.52
Support 3	1.1791	150.85	1.3498	0.7595	0.6965	0.5963	1.3528	4670	1.2559	57.72	90.37
Bollinger Band											
Bollinger Upper	1.2014	159.14	1.3858	0.7923	0.7195	0.6134	1.3833	5349	1.2838	59.62	92.28
Bollinger Lower	1.1685	151.10	1.3431	0.7573	0.6770	0.5866	1.3467	4637	1.2556	58.05	89.92

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



FX Forecasts

Currency Pair	Current (29 Jan)	1Q26	2Q26	3Q26	4Q26	1Q27
USD-JPY	153	153	151	150	149	147
EUR-USD	1.20	1.21	1.22	1.23	1.23	1.21
GBP-USD	1.38	1.39	1.42	1.44	1.45	1.41
AUD-USD	0.70	0.71	0.73	0.73	0.73	0.73
NZD-USD	0.61	0.61	0.62	0.62	0.62	0.62
USD-CAD	1.35	1.35	1.34	1.34	1.33	1.33
USD-CHF	0.76	0.77	0.76	0.76	0.76	0.78
DXY	96.3	95.5	94.5	94.0	93.6	94.7
USD-SGD	1.26	1.26	1.25	1.25	1.24	1.24
USD-CNY	6.95	6.90	6.86	6.85	6.80	6.80
USD-CNH	6.94	6.90	6.86	6.85	6.80	6.80
USD-THB	31.2	31.2	31.0	31.0	30.8	30.9
USD-IDR	16750	16680	16620	16620	16500	16550
USD-MYR	3.93	3.90	3.86	3.86	3.83	3.84
USD-KRW	1434	1405	1380	1380	1350	1350
USD-TWD	31.3	31.2	31.1	31.0	30.9	30.0
USD-HKD	7.81	7.77	7.76	7.76	7.76	7.76
USD-PHP	59.0	58.3	58.0	57.4	57.2	57.0
USD-INR	92.0	92.2	92.5	93.0	93.5	94.0
USD-VND	26020	25900	25800	25800	25600	25600
EUR-JPY	183.29	185.13	184.22	183.75	183.27	177.87
EUR-GBP	0.87	0.87	0.86	0.85	0.85	0.86
EUR-CHF	0.91	0.93	0.93	0.93	0.94	0.94
EUR-AUD	1.70	1.70	1.67	1.68	1.68	1.66
EUR-NOK	11.4	11.7	11.6	11.5	11.4	11.3
AUD-NZD	1.16	1.16	1.17	1.17	1.17	1.18
EUR-SGD	1.51	1.52	1.52	1.53	1.52	1.50
GBP-SGD	1.75	1.75	1.77	1.79	1.79	1.74
AUD-SGD	0.89	0.89	0.91	0.91	0.90	0.91
NZD-SGD	0.77	0.77	0.78	0.78	0.77	0.77
CHF-SGD	1.65	1.63	1.63	1.64	1.62	1.60
CAD-SGD	0.94	0.93	0.93	0.93	0.93	0.93
JPY-SGD	0.83	0.82	0.82	0.83	0.83	0.84
SGD-MYR	3.11	3.11	3.10	3.10	3.10	3.10
SGD-CNY	5.50	5.50	5.51	5.50	5.51	5.48
SGD-IDR	13271	13291	13349	13349	13360	13347
SGD-THB	24.70	24.86	24.90	24.90	24.94	24.92
SGD-PHP	46.68	46.45	46.59	46.10	46.32	45.97
SGD-VND	20578	20637	20723	20723	20729	20645
SGD-CNH	5.49	5.50	5.51	5.50	5.51	5.48
SGD-TWD	24.79	24.86	24.98	24.90	25.02	24.19
SGD-KRW	1134	1120	1108	1108	1093	1089
SGD-HKD	6.17	6.19	6.23	6.23	6.28	6.26
SGD-JPY	121	122	121	120	121	119
Gold \$/oz	5375	5250	5367	5425	5600	5626
Silver \$/oz	115.7	116.7	119.3	120.6	133.3	134.0
Platinum \$/oz	2643	2917	2982	3014	3111	3126
Palladium \$/oz	2011	2161	2209	2233	2305	2315
ICE Brent \$/bbl	70.7	68.0	66.0	62.5	59.0	59.0
NYMEX WTI \$/bbl	65.4	64.0	63.0	59.5	56.0	56.0

Source: OCBC Group Research (Latest Forecast Update: 29 January 2026)

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

FX Forecasts

	Current (29 Jan)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.20	1.21	1.22	1.22
GBPUSD	1.38	1.40	1.43	1.43
USDJPY	153	152	151	148
USDCHE	0.76	0.77	0.76	0.77
AUDUSD	0.70	0.72	0.73	0.73
NZDUSD	0.61	0.62	0.62	0.62
USDCAD	1.35	1.35	1.34	1.33
EURNOK	11.4	11.67	11.57	11.37
Forecast for Asian Currencies				
USDCNY	6.95	6.89	6.86	6.80
USDIDR	16750	16660	16620	16517
USDINR	92.0	92.30	92.50	93.67
USDKRW	1434	1397	1380	1350
USDMYR	3.93	3.89	3.86	3.83
USDPHP	59.0	58.20	58.00	57.13
USDSGD	1.26	1.25	1.25	1.24
USDTHB	31.2	31.13	31.00	30.83
USDTWD	31.3	31.17	31.10	30.60
USDHKD	7.81	7.77	7.76	7.76
Forecast for Precious Metals				
Gold \$/oz	5375	5289	5386	5609
Silver \$/oz	116	118	120	134
Platinum \$/oz	2643	2938	2992	3116
Palladium \$/oz	2011	2177	2217	2308
Forecast for Crude Oil				
NYMEX WTI \$/bbl	71	64	62	56
ICE Brent \$/bbl	65	67	65	59

Source: OCBC Group Research (Latest Forecast Update: 29 January 2026).

Note: The 3-, 6-, and 12-month forecasts may vary slightly over time even when the underlying FX outlook remains unchanged. This is because we use a single set of core FX and interest-rate forecasts anchored on quarter-end levels. From these quarter-end projections, we derive the 3-, 6-, and 12-month forecasts using straightforward methodologies, including interpolation. This approach ensures internal consistency across all forecast horizons.

Interest Rates Forecasts

	Current (29 Jan)	3M	6M	12M
Forecasts for US interest rates				
Fed Funds Rate	3.75	3.50	3.50	3.50
2-Year US Treasury	3.56	3.55	3.50	3.50
5-Year US Treasury	3.82	3.65	3.65	3.65
10-Year US Treasury	4.23	4.05	4.00	3.95
30-Year US Treasury	4.85	4.80	4.75	4.70
Forecast for US SOFR swap rates				
2-Year Rate	3.40	3.40	3.40	3.50
5-Year Rate	3.55	3.45	3.45	3.50
10-Year Rate	3.86	3.65	3.65	3.65
30-Year Rate	4.19	3.95	3.90	3.90

Source: OCBC Group Research (Latest Forecast Update: 29 January 2026)

Central Bank Forecast Table

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	Current (29 Jan)	1Q26	2Q26	3Q26	4Q26
Fed Funds Rate (upper)	3.75	3.50	3.50	3.50	3.50
BoE Bank Rate	3.75	3.50	3.50	3.50	3.50
ECB Depo Rate	2.00	2.00	2.00	2.00	2.00
BOJ Target Rate	0.75	1.00	1.00	1.00	1.25
RBA Cash Rate	3.60	3.85	3.85	3.85	3.85

Source: OCBC Group Research (Latest Forecast Update: 29 January 2026)

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
16-Feb	07:50	JN	GDP Annualized SA QoQ	4Q P		1.6%	-2.3%
	18:00	EC	Industrial Production WDA YoY	Dec		1.3%	2.5%
17-Feb	08:30	AU	RBA Minutes of Feb. Policy Meeting				
	15:00	UK	Average Weekly Earnings 3M/YoY	Dec		4.6%	4.7%
	15:00	UK	ILO Unemployment Rate 3Mths	Dec		5.1%	5.1%
	15:00	UK	Payrolled Employees Monthly Change	Jan		-20k	-43k
	18:00	GE	ZEW Survey Expectations	Feb		65.0	59.6
	21:30	US	Empire Manufacturing	Feb		6.2	7.7
	21:30	CA	CPI YoY	Jan		2.4%	2.4%
	21:30	CA	CPI Core- Trim YoY%	Jan		2.6%	2.7%
18-Feb	23:00	US	NAHB Housing Market Index	Feb		38	37
	08:30	AU	Wage Price Index YoY	4Q		3.4%	3.4%
	09:00	NZ	RBNZ Official Cash Rate			2.3%	2.3%
	15:00	UK	CPI YoY	Jan		3.0%	3.4%
	15:00	UK	CPI Core YoY	Jan		3.0%	3.2%
	21:30	US	Durable Goods Orders	Dec P		-2.0%	5.3%
	21:30	US	Durables Ex Transportation	Dec P		0.3%	0.4%
	21:30	US	Housing Starts	Dec		1307k	--
19-Feb	22:15	US	Industrial Production MoM	Jan		0.4%	0.4%
	03:00	US	FOMC Meeting Minutes			--	--
	08:30	AU	Employment Change	Jan		20.0k	65.2k
	08:30	AU	Unemployment Rate	Jan		4.2%	4.1%
	21:30	US	Initial Jobless Claims	14-Feb		225k	227k
20-Feb	23:00	US	Pending Home Sales NSA YoY	Jan		--	-1.3%
	07:30	JN	Natl CPI YoY	Jan		1.6%	2.1%
	07:30	JN	Natl CPI Ex Fresh Food, Energy YoY	Jan		2.7%	2.9%
	17:00	EC	HCOB Eurozone Composite PMI	Feb P		51.5	51.3
	17:30	UK	S&P Global UK Composite PMI	Feb P		53.3	53.7
	21:30	US	Core PCE Price Index YoY	Dec		2.9%	2.8%
	21:30	US	GDP Annualized QoQ	4Q A		3.0%	4.4%
	22:45	US	S&P Global US Composite PMI	Feb P		52.9	53.0
23:00	US	New Home Sales	Dec		730k	--	

Source: Bloomberg, OCBC Group Research

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