

FX Weekly

USD Risks Repriced

- **USD Risks Repriced:** USD swings highlight erratic policymaking, Fed independence worries, and shifting intervention rhetoric. We raise our end-2026 EURUSD forecast to 1.23 from 1.20 acknowledging greater USD downside risk, with resilient US data capping deeper USD losses.
- **Gold and silver** retraced sharply after the US avoided a shutdown and Warsh's surprise Fed nomination. Near term, expect choppy two-way volatility as markets digest the macro developments and recalibrate positioning.
- **More AUD upside:** Hotter inflation and stronger jobs data revive RBA-hike expectations and bolster AUD sentiment. With pro-cyclical support building, we upgrade our end-2026 AUDUSD forecast to 0.73 from 0.69. We expect a 25bp RBA hike to 3.85% this week, though it remains a close call.
- **JPY Still Struggling:** Intervention chatter may cap JPY weakness, but headwinds persist. We maintain our end-2026 USDJPY forecast at 149, reflecting our view that spot is likely to track its forward rate rather than outperform it.
- **Commodity Drivers Diverge:** Industrial metal gains reflect a cyclical upswing, while oil rises on geopolitics and supply shocks. Despite near-term support, we still expect Brent to trough near USD59/bbl by year-end.
- **Asia FX:** We revised SGD, MYR, CNY, KRW and VND forecasts on stronger domestic fundamentals and a more supportive external backdrop. We nudged 2H26 USDIDR forecasts higher and turned more cautious on INR.

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USD Risks Repriced: It was a tale of two halves for the USD over the past week: early-week weakness followed by a late rebound. The debasement narrative paused after Treasury Secretary Bessent reaffirmed a strong-USD policy and President Trump nominated Kevin Warsh to succeed Chair Powell on 15 May. Warsh's nomination seemed to have eased concerns over Fed independence, prompting USD strength and a sharp pullback in precious metals, though gold and silver remain up 13% and 19% year-to-date. Warsh still requires Senate confirmation, which could be delayed as Senator Tillis signalled he may block proceedings until Powell's legal issues are resolved.

Recent USD volatility reflects hedging around erratic policymaking after the "Greenland shock," speculation over coordinated USD-selling to support the JPY and shifting communication from Washington. Bessent

pushed back against outright USD sales against the JPY – for now. We see the US administration's support for a stronger JPY as more about stabilising JGB demand and containing spillovers to US long-end yields than favouring a weaker USD.

Several USD downside risks we previously identified like erratic policymaking have now materialised. Further weakness is possible if investors remain unconvinced that “maximum US policy uncertainty” has passed. Reflecting this, we raise our end-2026 EURUSD forecast to 1.23 (from 1.20). Still, a repeat of 2025's tariff-recession-driven USD slide looks unlikely: US data remain resilient, limiting downside. The FOMC held rates at 3.50–3.75% in January and signals no urgency for deeper cuts after easing 75bp since September 2025. This Friday's nonfarm payrolls should support our call that the Fed delivers no more than one additional cut this year.

Further USD downside also depends on the ECB's tolerance for EUR strength. We expect no change in policy this week, though markets will watch for any dovish lean given firmer EUR levels and renewed geopolitical risks. On valuation, the JPY and CNY still screen as more undervalued than the EUR — but their upside is uncertain. Japan's intervention threat limits JPY downside, yet a durable JPY recovery likely requires stronger flows, a more proactive BoJ, and fiscal restraint. Meanwhile, despite USDCNY fixings below 7.0, authorities have historically leaned against rapid CNY appreciation whenever speculation around CNY strength intensifies.

More AUD upside: Stronger labour data and stickier inflation have revived early RBA hike expectations, lifting AUD sentiment. December CPI surprised on the upside, while the key 4Q25 trimmed-mean reading exceeded the RBA's own forecast. The release lands at a critical moment for market pricing: this Tuesday's RBA meeting now implies a roughly 70% chance of a 25bp hike. We expect a 25bp hike to 3.85%, though it remains a close call. A move this week would reinforce the view that the RBA could lead the next global tightening wave. Even if it holds, AUD downside should stay limited as a hawkish bias persists.

The global pro-cyclical backdrop — including firmer industrial metal prices — remains supportive, and potentially higher FX-hedge ratios by the superannuation fund could add another tailwind for AUD strength. Reflecting these drivers, we upgrade our end-2026 AUDUSD forecast to 0.73 from 0.69.

JPY Still Struggling: Intervention talk is limiting further JPY downside, but we still see little scope for USDJPY to trade sustainably below 150.

We keep our end-2026 USDJPY forecast at 149, reflecting our view that spot is likely to track its forward rate rather than outperform it.

We continue to see the March BoJ meeting as a live one for a potential 25bp hike to 1.0% and now expects one more 25bp hike in 4Q26. But a more constructive JPY outlook would require a meaningfully more hawkish BoJ stance and clearer evidence that higher long-end JGB yields are driving capital repatriation. For now, election-related fiscal pledges point to further budget loosening regardless of the 8 February result — a backdrop that continues to weigh on the JPY.

Commodity Drivers Diverge: The early-year rally in industrial metals and crude oil is being driven by two distinct forces. Industrial metal strength signals a global cyclical economic pickup — a move markets should not dismiss. Oil, by contrast, is being pushed higher by supply disruptions and geopolitics. US–Iran tensions briefly lifted Brent above USD70/bbl, supporting petro-currencies such as NOK and CAD. President Trump warned Iran to pursue a nuclear deal or face military action, while the Associated Press reported that Iran had alerted vessels about upcoming live-fire drills in the Strait of Hormuz — a chokepoint for roughly 20% of global oil flows. Any escalation would quickly revive supply-risk concerns. Beyond geopolitics, a severe US winter storm further lifted energy prices as refineries struggled with operational constraints.

While geopolitics may keep oil supported in the near term, the broader outlook remains anchored by an underlying market surplus. We continue to expect Brent to bottom near USD59/bbl by year-end, pending greater clarity on Venezuela's new government and resource policy. OPEC's pause in quota hikes provides a soft floor in the high-USD50s, while China's ongoing strategic stockbuilding should keep non-China inventories relatively low.

Gold: Watch price action. Price action has turned notably more volatile. Following a sharp and rapid rally, gold has corrected meaningfully into month-end amid a confluence of macro developments, including the US averting a government shutdown, tentative signs of geopolitical de-escalation involving Iran, CME raising margin requirements for previous metals and copper futures, effective on Monday and a broader cross-asset repricing that saw the USD rebound and risk assets softened. Sentiment was further impacted by market surprise around the appointment of Kevin Warsh as the next Fed Chair, who is perceived as least dovish amongst the other candidates.

From a technical perspective, the sharp rejection from the highs and subsequent pullback confirm a transition from a parabolic phase into consolidation and corrective price action. Momentum has cooled, with very tentative signs of bearish divergence (on weekly chart) but further price action required for confirmation. Next support at 4650 - 4540 (38.2% fibo retracement of Feb 2025 to Jan 2026 high). A stabilisation above support would be consistent with consolidation before another attempt higher, while a sustained break below would point to a deeper corrective phase with support at 4210/15 levels (21WMA, 50% fibo). Overall, the recent pullback is best viewed as a normalisation phase rather than a shift in the underlying trend. Elevated price levels imply greater sensitivity to USD and yield dynamics in the near term, and two-way volatility is likely to persist as positioning and sentiment adjust. Structural drivers, including rising government debt burdens, geopolitical uncertainty and policy unpredictability continue to underpin a constructive medium-term outlook, even as near-term price action remains choppy.

Silver. Volatile awakening. Silver remains highly volatile following last week's sharp reversal from above USD120/oz. Prices briefly dipped below USD75/oz on Friday amid sharp unwinding and stop-loss driven selling before stabilising and closing higher around USD85/oz. The intraday washout underscores silver's higher-beta profile and the non-linear nature of drawdowns following parabolic advances. The sell-off was compounded by position adjustment dynamics and broader macro repricing, including a firmer USD while risk proxies fell, following the appointment of Kevin Warsh as the next Fed Chair, which weighed disproportionately on higher-beta precious metals.

From a technical perspective, the failure to hold above the USD90–USD100 zone points to a deeper correction phase. Momentum indicators have reset sharply from overbought conditions, consistent with a normalisation phase after an extended rally. Near term, two-way volatility is likely to remain elevated, and further retests of lower levels cannot be ruled out. The USD70–USD90 region now represents a critical stabilisation zone; sustained failure to hold this area would warrant a reassessment of the broader trend. For now, the medium-term structural backdrop remains supportive, but patience is warranted given silver's heightened volatility and drawdown risk.

Asia FX. Selective revision. Some AXJs have appreciated faster than anticipated, breaking key psychological levels early in the year but performance remains highly differentiated, reflecting policy credibility, domestic constraints and idiosyncratic drivers. We have revised forecasts for SGD, MYR, CNY, KRW and VND to reflect improving domestic fundamentals and a more supportive external environment

amid moderate USD softness. We calibrated the 2H26 forecast for USDIDR slightly higher (than our previous forecasts) to reflect some downside risks for IDR but still maintained a mild downward trajectory for USDIDR over the forecast horizon to reflect the prospects of some IDR recovery. We also calibrated THB outlook modestly but emphasised that the appreciation path should take on a restrained path. We downgraded INR profile to reflect a higher likelihood of a weaker trading range. That said, near-term event risks remain. Markets will be closely watching comments from Fed officials post-FOMC for any hawkish rhetoric, alongside any early remarks from Fed Chair nominee Kevin Warsh. For further details, please read **[FX Focus - Revisiting AXJ](#)**
[FX: Differentiation and volatility 30 Jan 2026](#).

USDSGD. Consolidation. USDSGD rebounded last week after hitting a multi-year low of 1.2586 (28 Jan). USD sentiments turned less bearish as we headed into the week's close. In addition, President Trump's appointment of Kevin Warsh as the next Fed Chair caught markets by surprise. He is perceived as least dovish amongst the other candidates and is one who is likely to prioritise restoring Fed credibility over central bank independence. He was a known sceptic on QE and this may at some point prompt a reassessment of rate and policy expectations. Pair was last seen at 1.2710 levels. Bearish momentum on daily chart is fading while RSI rose. Rebound risks in the near term. Resistance here at 1.2710/30 levels (23.6% fibo retracement of Nov high to Jan low). Decisive break puts next resistance at 1.2780/90 levels (21 DMA, 38.2% fibo). Support at 1.2630, 1.2590 levels (recent low).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.2142	157.99	1.3996	0.7890	0.7216	0.6179	1.3857	6534	1.2870	59.16	92.23
Resistance 2	1.2017	156.07	1.3861	0.7795	0.7101	0.6108	1.3715	5773	1.2779	59.04	92.09
Resistance 1	1.1934	155.42	1.3774	0.7762	0.7033	0.6065	1.3664	5334	1.2741	58.97	92.04
Spot	1.1842	155.46	1.3666	0.7745	0.6928	0.6002	1.3655	4731	1.2734	58.89	91.99
Support 1	1.1809	153.50	1.3639	0.7667	0.6918	0.5994	1.3522	4572	1.2650	58.85	91.90
Support 2	1.1767	152.23	1.3591	0.7605	0.6871	0.5966	1.3431	4251	1.2597	58.81	91.80
Support 3	1.1642	150.31	1.3456	0.7510	0.6756	0.5895	1.3289	3490	1.2506	58.70	91.66
Bollinger Band											
Bollinger Upper	1.2009	160.73	1.3845	0.8157	0.7067	0.6111	1.4037	5349	1.2972	59.60	92.39
Bollinger Lower	1.1491	152.52	1.3238	0.7611	0.6549	0.5622	1.3516	4227	1.2611	58.81	89.29

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

FX Forecast

Currency Pair	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
USD-JPY	153.00	151.00	150.00	149.00	147.00
EUR-USD	1.21	1.22	1.23	1.23	1.21
GBP-USD	1.39	1.42	1.44	1.45	1.41
AUD-USD	0.71	0.73	0.73	0.73	0.73
NZD-USD	0.61	0.62	0.62	0.62	0.62
USD-CAD	1.35	1.34	1.34	1.33	1.33
USD-CHF	0.77	0.76	0.76	0.76	0.78
DX	95.45	94.49	93.95	93.55	94.67
USD-SGD	1.26	1.25	1.25	1.24	1.24
USD-CNY	6.90	6.86	6.85	6.80	6.80
USD-CNH	6.90	6.86	6.85	6.80	6.80
USD-THB	31.20	31.00	31.00	30.80	30.90
USD-IDR	16680	16620	16620	16500	16550
USD-MYR	3.90	3.86	3.86	3.83	3.84
USD-KRW	1405	1380	1380	1350	1350
USD-TWD	31.20	31.10	31.00	30.90	30.00
USD-HKD	7.77	7.76	7.76	7.76	7.76
USD-PHP	58.30	58.00	57.40	57.20	57.00
USD-INR	92.20	92.50	93.00	93.50	94.00
USD-VND	25900	25800	25800	25600	25600
EUR-JPY	185.13	184.22	183.75	183.27	177.87
EUR-GBP	0.87	0.86	0.85	0.85	0.86
EUR-CHF	0.93	0.93	0.93	0.94	0.94
EUR-AUD	1.70	1.67	1.68	1.68	1.66
EUR-NOK	11.70	11.60	11.50	11.40	11.30
AUD-NZD	1.16	1.17	1.17	1.17	1.18
EUR-SGD	1.52	1.52	1.53	1.52	1.50
GBP-SGD	1.75	1.77	1.79	1.79	1.74
AUD-SGD	0.89	0.91	0.91	0.90	0.91
NZD-SGD	0.77	0.78	0.78	0.77	0.77
CHF-SGD	1.63	1.63	1.64	1.62	1.60
CAD-SGD	0.93	0.93	0.93	0.93	0.93
JPY-SGD	0.82	0.82	0.83	0.83	0.84
SGD-MYR	3.11	3.10	3.10	3.10	3.10
SGD-CNY	5.50	5.51	5.50	5.51	5.48
SGD-IDR	13291	13349	13349	13360	13347
SGD-THB	24.86	24.90	24.90	24.94	24.92
SGD-PHP	46.45	46.59	46.10	46.32	45.97
SGD-VND	20637	20723	20723	20729	20645
SGD-CNH	5.50	5.51	5.50	5.51	5.48
SGD-TWD	24.86	24.98	24.90	25.02	24.19
SGD-KRW	1120	1108	1108	1093	1089
SGD-HKD	6.19	6.23	6.23	6.28	6.26
SGD-JPY	122	121	120	121	119
Gold \$/oz	5250	5367	5425	5600	5626
Silver \$/oz	116.7	119.3	120.6	133.3	134.0
Platinum \$/oz	2917	2982	3014	3111	3126
Palladium \$/oz	2161	2209	2233	2305	2315
ICE Brent \$/bbl	68.00	66.00	62.50	59.00	59.00
NYMEX WTI \$/bbl	64.00	63.00	59.50	56.00	56.00

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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