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Daily Market Outlook

New Gold Target

- ***New Gold Target**: We have revised the gold forecasts higher to USD5,600/oz by end-2026 (vs USD4,800/oz prior) to reflect the recent sharp price increases and the persistence of structural demand, rather than a reassessment of the underlying narrative.*
- ***JPY Intervention Watch**: Intervention risks may spark further JPY gains but a durable USDJPY move significantly below 150 seems unlikely. We maintain our end-2026 USDJPY forecast at 149, reflecting a view that spot may generally track—but struggle to outperform—its forward rate.*
- ***Assessing USD Downside Risks:** Speculation over US-Japan FX intervention adds to questions about Washington's USD stance, but resilient US data keeps us neutral. Policy unpredictability may trigger pullbacks, yet sustained USD weakness still looks unlikely.*

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New Gold Target: We have revised the gold forecasts higher to USD5,600/oz by end-2026 (vs USD4,800/oz prior) to reflect the recent sharp price increases and the persistence of structural demand, rather than a reassessment of the underlying narrative.

The rally has been notable – strongest year-to-date rally (of ~17%) and has been persistent, with prices remaining elevated despite intermittent pullbacks and periods of relative calm in headline geopolitical risks. In this environment, gold is being supported less by any single event risk and more by a sustained backdrop of uncertainty that encourages diversification into non-sovereign assets. Our estimates also found a persistent pricing premium that cannot be fully attributed to the traditional macro and financial drivers, including yields, USD, ETF flows, volatility and policy uncertainty. These developments point to a material geopolitical, or uncertainty premium now embedded in gold prices, driven less by cyclical factors and more by the persistent uncertainty around geopolitics, policy unpredictability and confidence in USD. The underlying drivers of the gold uptrend remain largely unchanged. Geopolitical uncertainty continues to act as a structural rather than episodic, one-off support. Monetary condition is another important pillar while official sector, ETF demand continues to provide an important anchor. Read ***Precious Metals Focus: Gold – Revising forecast, 26 January 2026*** for more details.

Gold spiked to an intra-day high of USD5,111/oz overnight and has since eased lower. Last at USD5,011/oz levels. Bullish momentum on daily chart intact but RSI is in overbought conditions. Some risk of pullback is not ruled out, given the sharp rally. Support at USD4,920/oz, USD4,800/oz levels. Resistance at USD5,111/oz (previous high).

JPY Intervention Watch: USDJPY broke below 155 and now trades just above 154, with markets on alert for possible coordinated JPY-buying intervention after reports that the New York Fed conducted rate checks for the US Treasury. However, BoJ current account data for 27 January showed only minor deviations from broker forecasts, offering no clear indication that intervention took place. Coordinated FX intervention is exceptionally rare – the last occurred in March 2011 when the G7 jointly weakened the JPY after the Tōhoku earthquake and Fukushima crisis. Should a similar joint effort emerge (to push the JPY in the opposite direction), it could trigger a further unwinding of short-JPY positions and force USDJPY below 150 as US-Japan rate-differential relationships snap back.

That said, we do not have strong conviction that USDJPY can sustainably break much below 150. We maintain our end-2026 USDJPY forecast at 149, reflecting a view that spot may generally track – but struggle to outperform – its forward rate. A more constructive JPY outlook would require a meaningfully more hawkish BoJ stance and clearer proof that rising long-end JGB yields are prompting capital repatriation. For now, election-related fiscal pledges point to further budget loosening regardless of the 8 February outcome – keeping the pressure on JGB yields and the JPY.

Assessing USD Downside Risks: Speculation over potential US-Japan joint intervention to weaken the USD against the JPY has raised questions about whether US authorities now favour a softer greenback. This follows last week's USD volatility tied to shifting market perceptions of US foreign-policy signals around Greenland, and now markets are weighing the possibility of deliberate USD-weakening measures from Washington.

Our base case remains that a resilient US economy underpins the broad USD, though we expect intermittent pullbacks triggered by policy uncertainty and renewed concerns over Fed independence. Recent developments fit this pattern: President Trump's erratic policy swings have weighed on US assets. Beyond the abrupt escalation-and-pivot over Greenland, the administration has threatened 100% tariffs on Canada should it pursue a trade deal with China. Rising US government shutdown risk tied to the Minneapolis immigration crackdown is also marginally USD-negative.

We recognise downside risks to the USD in our forecasts, but we are not in the USD-bear camp for 2026. Strong US data should limit downside pressure, especially against the EUR. The case for higher EURUSD relies more on dovish Fed risks than on any meaningful ECB hawkishness. With US growth improving, the Fed should hold rates steady this week after three cuts since September 2025. Chair Powell is likely to signal that risks to employment and inflation are broadly balanced and that policy is near neutral. In this context, we stay neutral on the USD after a turbulent 2025.

Meanwhile, the Supreme Court appears sceptical of President Trump's attempt to dismiss Fed Governor Lisa Cook over unproven mortgage-fraud allegations, citing risks to Fed independence and broader market stability. With that challenge likely to stall, attention turns to the next Fed Chair. Betting markets currently favour Rick Rieder, with Kevin Warsh a close second.

USDIDR. Finding relief. IDR was trading under pressure amid risks of fiscal slippages and market perception of potential policy independence issues. But the weakness has eased over the last few sessions. On Wed, post-BI decision, Governor Warjiyo said that the central bank "will maintain rupiah stability and strengthen it, supported by our economic fundamentals, including attractive investment returns, low inflation and improved economic prospect". Warjiyo also indicated that BI's immediate focus is strengthening the currency, and the central bank is confident the IDR will remain stable and likely to strengthen going forward, citing low inflation, improved capital inflows and strong growth prospects. On net, an improving environment of softer USD, easing geopolitical tensions on Greenland and supported risk sentiments, alongside policymakers' resolve to maintain IDR stability should continue to be supportive of the tentative recovery seen in IDR. Spot USDIDR was last at 16885 levels. Mild bullish momentum on daily chart shows signs of easing while RSI turned lower from overbought conditions. Risks skewed to the downside. Support at 16810 (21 DMA), 16780 (23.6% fibo retracement of Aug low to Jan high). Resistance at 16950, 16980 levels.

USDSGD. Oversold. USDSGD's decline shows tentative signs of stabilisation overnight. There was no follow-through from USDJPY or USDCNY at least for now. Focus shifts to MAS policy decision on Thursday. Keeping the policy stance on hold at the upcoming MAS policy decision is likely a consensus call. The December MAS survey of professional forecasters noted that 100% of respondents anticipated the MAS to keep policy stance unchanged at the Jan MPC. This is an increase from about 94% respondents seen in the Sep survey results. Our base case is for MAS to keep policy stance on hold – to maintain the prevailing rate of appreciation of the S$NEER policy band, with no change to width and midpoint, though the risks are increasingly shifting towards a hawkish tilt.

We consider the various scenarios and outcomes for S$NEER and SGD, taking into consideration current market's somewhat slight-hawkish expectation. (1) A scenario of a MAS hold with no change in the tone of the statement should dampen market enthusiasm. S$NEER is likely to weaken while USDSGD should trade firmer, post-decision (assuming broader USD trend is more nuanced). (2) A scenario of MAS hold, with hawkish tilt in statement should validate market expectations. This is likely to keep S$NEER closer to the upper bound and USDSGD should retain a downside bias. (3) In an outside chance of MAS tightening policy at the upcoming meeting, S$NEER should continue to strengthen and USDSGD may see knee-jerk reaction to trade lower. That said, the implication of MAS policy on USDSGD is only one aspect as broader USD trend, Fed policy expectations, moves in RMB, growth-inflation dynamics and risk sentiments, etc. also matter. Read ***MAS Preview: Status quo; risk of hawkish tilt, 23 January 2026*** for more details. USDSGD last seen at 1.27 levels. Bearish momentum on daily chart intact but RSI dips into oversold conditions. Some risks of near-term retracement not ruled out. Support at 1.2650, 1.2610 levels. Resistance at 1.28 levels.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP
Resistance 3	1.2020	158.36	1.3829	0.7891	0.7015	0.6112	1.3807	5278	1.2775	59.18
Resistance 2	1.1947	156.32	1.3753	0.7828	0.6966	0.6039	1.3754	5157	1.2736	59.08
Resistance 1	1.1913	155.25	1.3716	0.7798	0.6941	0.6007	1.3731	5083	1.2716	59.03
Spot	1.1874	154.40	1.3676	0.7774	0.6914	0.5970	1.3714	5057	1.2707	58.98
Support 1	1.1840	153.21	1.3640	0.7735	0.6892	0.5934	1.3678	4963	1.2677	58.93
Support 2	1.1801	152.24	1.3601	0.7702	0.6868	0.5893	1.3648	4916	1.2658	58.89
Support 3	1.1728	150.20	1.3525	0.7639	0.6819	0.5820	1.3595	4796	1.2619	58.79
Bollinger Band										
Bollinger Upper	1.1864	159.88	1.3654	0.8091	0.6900	0.5966	1.3964	5080	1.2942	59.60
Bollinger Lower	1.1551	154.58	1.3307	0.7782	0.6583	0.5651	1.3666	4186	1.2719	58.79

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