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FX

FX Daily: Suspected USD/JPY intervention adds to weak dollar moment

Suspected intervention to sell USD/JPY, plus US authorities reportedly getting involved, has prompted a near 3.5% drop since Friday morning. This move has caught the dollar at a weak moment, and pairs like EUR/USD and USD/CHF have taken out key levels. This is not a fundamentally driven dollar move, but the dollar risk premium can stay elevated



Suspected FX intervention to sell USD/JPY, potentially with the US involved too, is weighing heavily on the dollar

↓ USD: Dollar risk premium to stay elevated

Suspected Japanese intervention to sell USD/JPY has come at a weak time for the dollar after last week's geopolitical fracturing. From what we understand so far, Japanese authorities may have intervened on Friday when USD/JPY pushed above 159 after the Bank of Japan policy meeting. The big kicker, however, was widespread discussion that at the London close at 17:00 GMT on Friday, the Federal Reserve started asking banks in New York about their position sizes in USD/JPY. This was seen as akin to a 'rate check', where a central bank might be preparing the market for physical intervention. That the Fed was allegedly doing this and not making clear that this activity was purely on behalf of Japanese authorities – i.e., that the Fed was not acting purely as an 'agent' – has led to understandable suggestions that the US might be on the verge of joint intervention with Japan. This is something we discussed in this month's [FX](#)

[Talking.](#)

The prospect of bilateral Japan-US intervention is understandably a more powerful one than mere passive intervention from Tokyo alone. Why would Washington want to get involved? We see two reasons: a) the weak yen was adding to last week's JGB sell-off and indirectly driving US Treasury yields higher. If there is any financial instrument more important than the stock market to the White House right now, it is US Treasuries. And b) the strong USD/JPY was potentially unwinding the work of US tariffs on Japan and giving Japanese manufacturers a competitive advantage.

However, this is not a fundamentally driven move. Yen real interest rates are still negative, and the snap Japanese election on 8 February could still see more pressure emerge on JGBs and the yen. And away from the geopolitical risk premium being attached to US assets, the dollar's fundamental story has not deteriorated. Plus, we suspect this week's [FOMC meeting](#) could prove slightly dollar bullish.

No doubt, Japanese and potentially US authorities, too, like this constructively ambiguous approach to FX intervention. Traders will be bracing for activity at both market opens and closes now. An upside gap in USD/JPY at 155.65 may now prove intraday resistance. But for the dollar sell-off to continue like this, we will probably need to see some poor domestic US news. Away from the FOMC, this will heighten scrutiny on earnings releases from US Big Tech this Wednesday and Thursday.

This yen intervention story has weighed heavily on DXY, where the prospect of up to \$100bn of sales (that's what Tokyo sold in summer 2024) has caught the dollar at a weak moment. DXY has an upside gap to 97.42 (now resistance) and has a bias to last year's lows at 96.20/35 – but really needs some fundamental backing for these moves to sustain.

Chris Turner

EUR: Go with the flow

We had not been expecting this kind of EUR/USD strength this quarter, but it seems the combination of last week's geopolitical developments and potentially large dollar sales from Japan has sent EUR/USD through major resistance at 1.1800/1810. The [three themes](#) we mentioned on Friday are generally supportive for the euro. Continued strong flows into emerging market equity ETFs support the global growth theory, while surging gold and the Swiss franc are maintaining the dollar debasement narrative.

There may also be a little macro support to the euro story, too. Eurozone PMIs are edging higher – most importantly in Germany. Another good reading from the German Ifo index can prove mildly EUR/USD supportive and could drag EUR/USD back to major resistance at 1.1900/1910. This could still be the top of the EUR/USD range in the first quarter, but let's see.

Also later this week, Friday sees the advance release for the 4Q25 GDP data – expected at 02% quarter-on-quarter in both Germany and the eurozone.

1.1835 is now the intraday support, and 1.1900/1910 resistance. European corporates with USD buying needs must be very pleasantly surprised.

Chris Turner

⬆️ **CHF: Very strong**

The fact that EUR/CHF is offered near 0.92 and that USD/CHF has broken under 0.7800 will be ringing alarm bells in Zurich. The trade-weighted Swiss franc will now be pushing to new all-time highs, and it would not be a surprise to see the market pricing negative rates in Switzerland again as the Swiss National Bank battles with the strong Swiss franc. If the SNB concludes that better global growth prospects mean that the strong Swiss franc is not a problem, then EUR/CHF trades to 0.90.

If this USD/CHF move is to continue, 0.7800/7810 should now prove resistance. A move straight back above 0.7880 would suggest that we are still in a very volatile trading range.

Chris Turner

➡️ **CEE: Central banks one step closer to rate cuts**

The global story stole the spotlight from the CEE region last week, but this week the local story should be back in the driver's seat. Today, we start with Czech consumer confidence for January and retail sales in Poland, where a strong rebound is expected.

On Tuesday, the National Bank of Hungary is expected to leave rates unchanged at 6.50%, but we believe this will be the last meeting before the start of the cutting cycle in February. Therefore, the focus will be on forward guidance and indications of what inflation the central bank would like to see in January to open the door to rate cuts.

On Wednesday, we will see GDP numbers in Poland and on Friday in the Czech Republic and Hungary for the fourth quarter of 2025 and the full year. And we should see confirmation of the two-speed region, with Poland and the Czech Republic on the strong side and Hungary on the weak side.

The FX market saw a stabilisation on Friday after Thursday's strong rally, and we expect the region to return to following the local story. The Czech Republic starts a blackout period on Thursday, and we can expect to see the largest concentration of Czech National Bank statements today and tomorrow ahead of the February meeting. We expect confirmation of a dovish shift in the tone from central bankers, gradually leaning towards rate cuts. This should renew pressure on the koruna, and we continue to expect EUR/CZK to head above 24.400.

Tuesday's meeting should not be a significant event for EUR/HUF unless the NBH surprises with a hawkish tone. The market is essentially fully pricing in a rate cut in February at this point, which creates more risk in favour of a stronger forint. In the medium-term, however, we expect the HUF to come under pressure from central bank rate cuts.

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