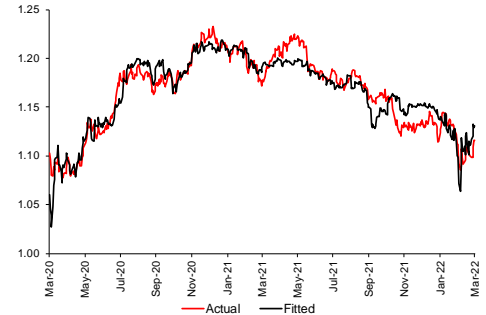


Daily Market Outlook – Key Currency Updates

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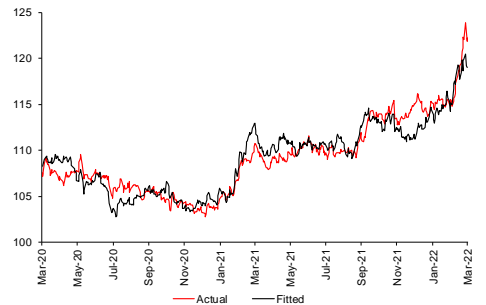
EUR-USD

Consolidate. EUR/USD rebounded from a low of 1.0472 and has been able to hold above the 1.0500 mark. However, the upward momentum seems to be running out of steam. ECB's hawk Schnabel warned that inflationary pressures are broadening and suggested a rate hike in July, which did not trigger much market reaction as Lagarde earlier flagged July already.



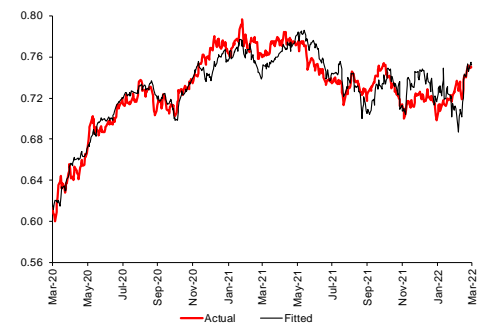
USD-JPY

Upward pressure may resume. USD/JPY retraced from the high of 131.25 moved to a range of 129.55 and 128.76 as the Dollar and US yields reacted downwards overnight. The immediate support is at 127.65 (the 21DMA). Beyond the short-term momentum, the Fed-BoJ divergence is still in play and the pair may re-test 131.25.



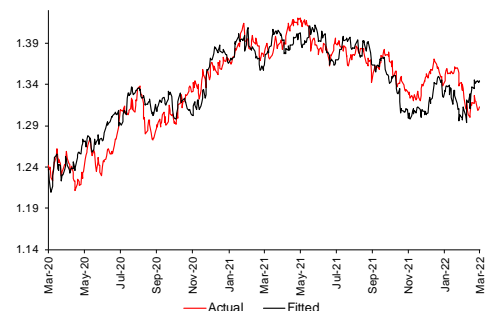
AUD-USD

Bounce may have topped. AUD/USD strengthened overnight on the back of the softer dollar, but the pair failed to break further higher despite the better-than-expected trade balance. The Covid situation in China continues to weigh on risk appetite and cap the Aussie in the near term. 0.7262(100 DMA) and 0.7284 (200 DMA) still appear as strong resistance to clear.



GBP-USD

Neutral. The pair reversed sharply higher to above 1.2600 after the Fed discarded the odds of a 75bps rate hike. While a 25bps hike together with a potential plan for active QT are pretty much expected at the BoE MPC later today (0800 GMT), the trade-off between inflation and growth complicates the rate hike trajectory thereafter. Risk is for a less hawkish-than-expected outcome given the market is still pricing in a slew of additional rate hikes.

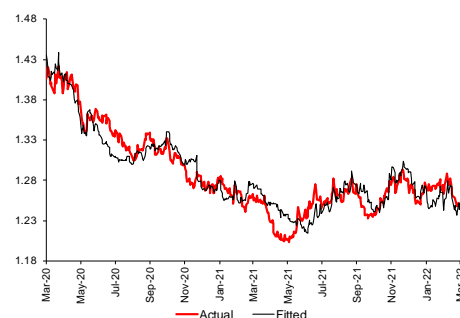


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USD-CAD

Consolidate. USD/CAD grinded lower with a broad decline in the USD. Bias remains to the downside, but some consolidation around the current levels cannot be ruled out, as investors wait for better USD directionality. Technical-wise, since there was a key cross on the 21 DMA and 100 DMA, the pair may stay steady for now.



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