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Daily Market Outlook

Safe Haven Stress Test

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- ***Safe Haven Stress Test****: Oil-driven volatility triggered risk aversion and a stronger USD, but price action partially reversed as Brent retreated. Traditional havens, other than the USD, underperformed amid intervention risks and deleveraging, while EM FX bore the brunt of the carry unwind.*
- ***AUD Awaits Lift****: Bullock's hawkish tone briefly lifted RBA hike expectations, but risk-off sentiment kept AUD on the back foot. Once geopolitical pressures ease, RBA hawkish tilt should support AUD, with today's GDP print key for near-term pricing.*
- ***Precious metals*** *slid as a stronger USD, fading rate-cut expectations, weak risk appetite, and deleveraging flows drained investor demand across the complex.*
- ***RMB*** *softened despite a stronger fix as risk-off flows dominated. The fix gap narrowed sharply, and while near-term weakness may persist, we still see the RMB biased toward appreciation over the broader horizon.*

Safe Haven Stress Test: Financial markets continued to remain worried about the risk of prolonged disruption to global energy supply amid Middle East escalation and its stagflationary implications. Risk assets sold off, bond yields pushed higher, and the USD strengthened. Some of these moves unwound after Brent crude eased from an overnight high near USD85/bbl, following President Trump's assurance of military and insurance backing for tankers transiting the Strait of Hormuz to ensure the free flow of energy.

Oil had spiked earlier after a major fire at the UAE's Fujairah oil hub and reports that Iraq's storage capacity is close to full as tanker liftings stall – forcing producers to start shutting in output. Cross-asset moves are no longer just about the oil exporter-versus-importer divide or simple risk-on/risk-off dynamics; they increasingly reflect central-bank intervention risks and deleveraging amid rising market volatility.

The USD remains the standout safe haven. Its strength also reflects position-squaring, as markets entered this episode with net short USD exposure and are now unwinding risk under heightened geopolitical uncertainty. In contrast, gold fell despite its safe-haven credentials, likely due to deleveraging. The CHF similarly underperformed, constrained by elevated SNB intervention risk. Today's CPI print will be closely monitored, as past interventions have tended to occur when Swiss CPI slipped into deflation. EM currencies posted notable losses, with carry unwind pressuring BRL, MXN, and ZAR. KRW underperformed its Asian peers, reflecting equity outflows and Korea's particular vulnerability to energy flow disruptions in the Strait of Hormuz.

AUD Awaits Lift: RBA Governor Bullock delivered remarks overnight that markets viewed as hawkish, though the impact on AUD was muted amid a broader risk-off mood weighing on risk-sensitive currencies. We think the RBA's policy outlook will continue to underpin AUD once risk sentiment stabilises. Bullock emphasised that the RBA does not operate on a fixed quarterly rhythm and noted she has "no prediction" for the March meeting, though it remains "live." Rate hike pricing for 17 March rose from roughly 2bps to 7bps after her comments. Our base case is now a further hike in May, taking the cash rate to 4.10%.

Today's Australia GDP release will be closely watched, especially after stronger-than-expected partial indicators set the stage for an upbeat print. Still, elevated geopolitical uncertainty – particularly surrounding Middle East tensions – tilts the balance toward a March hold.

Precious metals. Safe haven demand takes a back seat. Both gold and silver fell overnight. Silver was down over 14% while gold was down >7% at one point. Concerns over a slower pace of monetary easing, strong rebound in USD, and sluggish risk appetite were some of the factors that dimmed appetite for precious metals complex. Higher oil prices as a result of escalating geopolitical tensions in Iran added to inflationary concerns and complicated the outlook for monetary easing. 30d fed fund futures have seen some unwinding of market expectations on Fed cut trajectory, now pricing in about 47bps of cut, as compared to 55bps of cut a week ago. There were also market chatters of sell-off in equities and bonds spilling over to liquidation in safe-haven holdings as investors shore up liquidity. However, the underlying fundamentals have not materially shifted. Structural drivers such as geopolitical uncertainty, policy unpredictability and portfolio diversification needs remain intact. Once the phase of forced deleveraging subsides, safe-haven flows are likely to re-emerge, particularly if tensions persist or broaden.

Gold was last seen at 5118 levels. Daily momentum is turning flat while RSI fell. 2-way trades likely for now. Support at 5030/60 levels (21 DMA, 38.2% fibo retracement of Feb low to Mar high), 4910 (50% fibo). Resistance at 5180 (23.6% fibo), 5250 and 5420 (recent high). Silver was last seen at 83.50 levels. Bullish momentum on daily chart shows signs of fading while RSI fell. Risks somewhat skewed to the downside. Support here at 83 levels (21 DMA, 50% fibo retracement of Oct low to

Jan high), 78 levels and 74.60 (61.8% fibo). Resistance at 92.60 (38.2% fibo) and 98 levels.

MYR. Dragged lower by sentiment and RMB. USDMYR traded sharply higher, driven by a combination of broad USD strength and a deterioration in risk sentiment following the spike in oil prices. Markets also began questioning whether renewed energy-led inflation risks could complicate the Fed's easing trajectory, lending further support to the USD. At the same time, softer RMB weighed on sentiments for regional FX, amplifying MYR's underperformance. For now, geopolitical headlines dominate. If tensions continue to escalate and trigger broad risk-off conditions, leading to further equity selloffs, EM outflows and rush for USD liquidity, then high-beta Asian FX, including MYR, can weaken temporarily regardless of oil/commodity dynamics. In that scenario, positioning and portfolio flows may temporarily dominate terms-of-trade benefits. USDMYR was last at 3.9460 levels. Daily momentum turned bullish while RSI rose. Risks are skewed to the upside. Resistance at 3.9630 levels (23.6% fibo retracement of Nov high to Feb low), 3.9920 levels (50 DMA) and 4 levels. Support at 3.9170 (21 DMA), 3.88 (recent low).

USDCNH. Watching the fix for signals. USDCNH extended its rebound amid broad USD strength. Pair was last at 6.9150 levels. Daily momentum turned bullish while RSI rose. Risks remain skewed to the upside. Resistance at 6.92 levels (23.6% retracement of Aug high to 2026 low), 6.9410 (50 DMA). Support at 6.8860, 6.8550 levels. There were some expectations that policymakers maybe sending signals of moderating the pace of RMB appreciation after PBOC's decision to cut risk reserve ratio for forward FX sales to zero last Fri. However, the daily fixing yesterday surprised, with a much lower USDCNY fix at 6.9088 (vs. 6.9236 on Monday). It remains to be seen if policymakers are attempting to play a stabiliser role to regional FX or if there was no intent for any moderation in pace of RMB appreciation. But bottom line remains that RMB's broader direction of travel remains skewed for appreciation bias, though near-term pullback is likely. We would continue to monitor the daily fix for clues on any signal. For now, the gap between market expectation of the fix vs actual fix has narrowed further to -249pips (vs. -595pips on Mon).

USDSGD. Supported. USDSGD's earlier run-up has faded into NY hours in reaction to headlines that US to provide insurance for trade especially energy through the Gulf. While this can partially support sentiments, the broader geopolitical conflict in Iran is still a focus, in particular what is the endgame and how long will this persist for. Geopolitical developments remain fluid and risks are 2-way. Signs of a quick resolution should help with SGD recovery, but a prolonged escalation should see spillover effect onto other risk-proxies, Asian FX and with SGD not spared from regional weakness. Pair was last at 1.2770 levels. Bullish momentum on daily chart intact while RSI rose to near overbought conditions. Risks remain skewed to the upside. Resistance at 1.2780 (38.2% fibo) and 1.2840 (50% fibo). Support at 1.2750 (50 DMA), 1.2710 levels (23.6% fibo retracement of Nov high to Jan low) and 1.2670 (21 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1971	159.26	1.3689	0.8016	0.7392	0.6134	1.3895	5922	1.3012	58.90	#VALUE!
Resistance 2	1.1794	158.44	1.3517	0.7922	0.7213	0.6014	1.3795	5539	1.2892	58.63	#VALUE!
Resistance 1	1.1703	158.09	1.3438	0.7871	0.7125	0.5952	1.3738	5314	1.2831	58.53	#VALUE!
Spot	1.1613	157.71	1.3357	0.7820	0.7041	0.5890	1.3676	5126	1.2769	58.43	91.48
Support 1	1.1526	157.27	1.3266	0.7777	0.6946	0.5832	1.3638	4930	1.2711	58.26	#VALUE!
Support 2	1.1440	156.80	1.3173	0.7734	0.6855	0.5774	1.3595	4772	1.2652	58.09	#VALUE!
Support 3	1.1263	155.98	1.3001	0.7640	0.6676	0.5654	1.3495	4388	1.2532	57.82	#VALUE!
Bollinger Band											
Bollinger Upper	1.1957	158.57	1.3722	0.7823	0.7156	0.6088	1.3746	5330	1.277	58.91	91.40
Bollinger Lower	1.1637	152.11	1.3342	0.7645	0.6981	0.5892	1.3560	4807	1.2578	57.34	90.16

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

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