

Daily Market Outlook

USD Safe Haven Rebuild

- **USD Safe Haven Rebuild:** USD regains safe haven appeal, backed by AI-led capital inflows and energy risks. There is no strong case for a bearish USD. We stay neutral, expecting a firm but rangebound USD.
- **AUD Dips on Data:** GDP undershot and risk sentiment turned cautious, pressuring AUD. But attractive carry and steady hedging demand continue to keep the AUD outlook constructive.
- **MYR Plays Catch-Up:** MYR underperformed as it belatedly absorbed global drivers. Political noise has increased, yet positive fundamentals remain intact. Energy exports and CNY linkage support stability. We expect USDMYR at 3.86 by year-end.

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USD Safe Haven Rebuild: USD strength returned overnight, driven by safe haven as oil and global yields rebounded on geopolitical tensions. Risk sentiment was broadly softer, supporting the USD. Oil-importing and risk-sensitive currencies such as NZD and SEK lagged.

Geopolitics remains fluid. While diplomatic channels are still open, the US strike on Qeshm Island in response to Iranian attacks in Kuwait has reduced the likelihood of a near-term resolution to the US-Iran conflict.

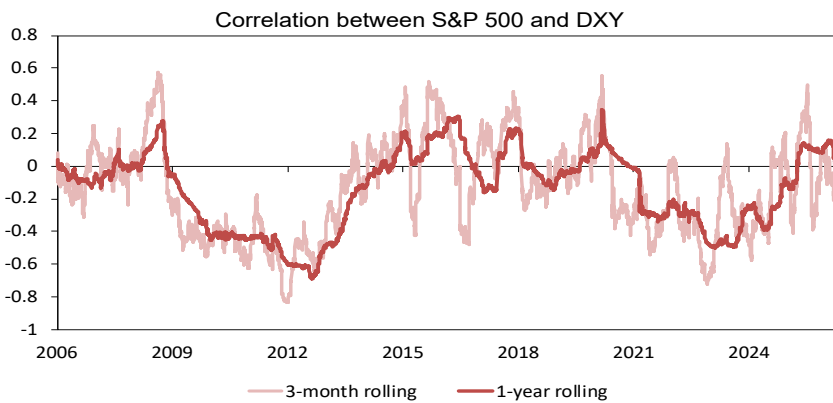
Trade risks are also back on the radar. The USTR proposed tariffs of 10 to 12.5% on imports from 60 economies linked to forced labour concerns. Implementation will follow a consultation period ending 6 July, with hearings starting 7 July. This timeline broadly aligns with the expiry of the current 10% Section 122 tariffs on 24 July.

The USD's safe haven status appears to be strengthening again, supported by the dual tailwinds of the AI boom and energy supply concerns. This marks a clear shift from 2025, when erratic US policymaking undermined confidence in the USD as a reliable hedge. Relative safe haven dynamics are also shifting. CHF has lost appeal amid increased intervention risk from the SNB, while JPY continues to lag as a hedge against energy shocks, even though it remains effective protection against a US recession.

US exceptionalism looks to be reasserting itself in 2026. AI-driven investment is cushioning the US economy from energy headwinds that are weighing on Europe and China, while supporting US equity outperformance and renewed foreign demand for USD assets. We

remain neutral on the USD. The outlook points to a firmer but rangebound path, with no compelling case for sustained USD downside (*Resilient USD story*, 3 June 2026).

The AI boom and energy supply shock has helped to restore USD's safe haven status



Source: Bloomberg, OCBC Group Research

AUD Dips on Data: AUD eased after Australia's GDP undershot expectations and risk sentiment turned defensive. GDP growth rose 0.3% QoQ in 1Q26, below the 0.4% consensus, leaving annual growth at 2.5% YoY. Domestic demand remained firm. Consumption was resilient and investment strong, led by data centre build-outs. However, a larger share of spending leaked into imports, especially services, dampening the growth impulse.

Following 75bp of tightening this year, we expect the RBA to strike a more patient tone. We remain constructive on AUD. Carry stays attractive and rising FX hedging by super funds should underpin demand. Importantly, April trimmed mean CPI held firm at 3.4% year-on-year (YoY), which should help keep nominal Australian yields elevated and underpin the currency.

MYR Plays Catch-Up: MYR underperformed overnight after a two-day public holiday, catching up to earlier moves in regional FX driven by higher oil prices and tighter financial conditions. Political risks have also picked up, with growing speculation of early elections this year, well ahead of the February 2028 timeline.

Despite the rise in political noise, we still see MYR as a relative outperformer in Asia. Malaysia's net energy exporter status, solid tech exports, and a strong FDI pipeline remain supportive. The MYR's positive correlation with CNY this year should also help anchor stability during periods of USD strength. We maintain our USDMYR forecast at 3.86 by year-end.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1684	161.28	1.3554	0.8025	0.7256	0.6039	1.4002	4592	1.2931	61.90	96.43
Resistance 2	1.1646	160.56	1.3494	0.7965	0.7201	0.5962	1.3940	4523	1.2876	61.81	96.03
Resistance 1	1.1622	160.32	1.3456	0.7943	0.7165	0.5911	1.3918	4479	1.2855	61.78	95.87
Spot	1.1605	159.96	1.3421	0.7915	0.7129	0.5867	1.3895	4451	1.2835	61.75	95.71
Support 1	1.1584	159.60	1.3396	0.7883	0.7110	0.5834	1.3856	4409	1.2800	61.70	95.47
Support 2	1.1570	159.12	1.3374	0.7845	0.7091	0.5808	1.3816	4383	1.2766	61.65	95.24
Support 3	1.1532	158.40	1.3314	0.7785	0.7036	0.5731	1.3754	4313	1.2711	61.56	94.84
Bollinger Band											
Bollinger Upper	1.1765	160.64	1.3599	0.7927	0.7263	0.5993	1.3906	4741	1.2857	62.21	96.86
Bollinger Lower	1.1544	157.08	1.3320	0.7771	0.7087	0.5806	1.3649	4371	1.2686	60.78	94.24

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

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