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Daily Market Outlook

USD Lacks Direction

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- ***USD Lacks Direction****: USD drifts amid mixed geopolitics and steady data. Payrolls need a major surprise to shift expectations. We stay neutral, expecting a firmer but rangebound USD as ECB likely tightening next week contrasts with likely BoC hold.*

- ***CHF on Back Foot:*** *EURCHF drifts higher as CHF weakens on rate disadvantages and as active SNB resistance stance to strength dampen its safe haven appeal. Low inflation keeps policy dovish. Referendum risks could add to near-term FX volatility.*

- ***SGD Firm Bias****: SGD NEER to stay firm within the band while USD drives USDSGD moves. MAS tightening bias likely intact but paced. We see modest downside in USDSGD to 1.26 by year-end as policy support persists.*

- ***Asia FX Strain****: Lower oil offers limited relief. KRW and IDR stay under pressure amid equity outflows and policy concerns. Strong KRW fundamentals are overshadowed by technical flows, while BI reportedly stepped up intervention to stabilise the IDR.*

USD Lacks Direction: US-Iran tensions remain unresolved, leaving the USD without clear direction. Oil prices eased overnight on a conditional Israel-Lebanon ceasefire despite continued clashes. President Trump said talks are in their final stages, but Iran's foreign minister Abbas Araghchi said negotiations have stalled.

Focus shifts to today's US payrolls. Recent labour indicators suggest earlier softness is stabilising. With the first FOMC meeting under Chair Warsh in two weeks, only a large and decisive data surprise is likely to shift this priced-in outlook. We remain neutral on the USD. The outlook points to a firmer but rangebound path, with no strong case for sustained USD downside (*Resilient USD story*, 3 June 2026). Monetary policy meetings resume next week. The European Central Bank (ECB) and Bank of Canada (BoC) lead, with an ECB hike widely expected, while a BoC hike would be a major surprise.

CHF on Back Foot: EURCHF has drifted higher this week after opening near the 0.91 support level. CHF is under pressure as its rate disadvantage widens versus other developed markets. Since the start of the US-Iran conflict, CHF's safe-haven appeal has weakened. The

SNB's shift towards more active intervention stance against currency strength is dampening haven demand during risk-off episodes.

Swiss inflation remained subdued in May. CPI held at 0.6% YoY, while imported prices fell on the month despite higher global energy costs. Earlier CHF appreciation continues to weigh on import prices. Markets price around a 50% chance of a rate hike by year-end. We disagree. With inflation low and sensitivity to CHF strength high, the SNB is likely to stay on hold. The 14 June referendum to cap Switzerland's population at 10 million by 2050 has limited near-term macro impact. However, a 'yes' vote could trigger short-term FX volatility.

Asia FX Strain: Oil-importing Asia saw some relief from softer oil prices overnight, but FX remained under pressure, led by KRW and IDR. KRW weakness prompted renewed verbal intervention, while Bank Indonesia (BI) reportedly stepped up FX intervention to support the IDR.

Recent KRW underperformance reflects flows rather than fundamentals. Fundamentals are positive: Semiconductor exports are strong, the KOSPI is rallying, and the Bank of Korea is signalling further rate hikes. However, the AI-driven equity surge is concentrated in a handful of names, triggering rebalancing and foreign outflows due to concentration limits. This technical drag may persist near term and delay KRW upside.

In Indonesia, parliament passed a sweeping financial sector law expanding BI's mandate and introducing parliamentary performance reviews of BI officials. The mandate now more explicitly includes growth and employment alongside price and FX stability. Finance Minister Purbaya Yudhi Sadewa downplayed concerns, noting many central banks already factor in growth and jobs.

SGD Firm Bias: We expect the SGD NEER to hold firm within the policy band, trading about 1.5 to 2 percent above the midpoint. Support from de-dollarisation and safe-haven flows should persist, though reduced carry limits the SGD's appeal. With further SGD gains capped by the band, USDSGD will largely track USD direction. We are neutral on the USD near term and expect it to stay firm but rangebound.

MAS tightened policy slightly in April. Elevated oil prices keep inflation risks alive and support expectations for further tightening. However, a back-to-back slope increase in July looks less urgent after the April core CPI undershoot. Growth signals are mixed. 1Q26 GDP surprised on the upside, but MTI highlighted significantly higher downside risks from the Iran conflict. The outlook is therefore less certain despite strong recent data. We see scope for USDSGD to moderately drift lower toward 1.26 by year-end, especially if MAS delivers additional tightening later this year.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1717	160.84	1.3535	0.8006	0.7189	0.5927	1.3993	4654	1.2899	62.01	96.12
Resistance 2	1.1667	160.37	1.3484	0.7951	0.7162	0.5899	1.3949	4563	1.2869	61.83	95.92
Resistance 1	1.1639	160.20	1.3454	0.7923	0.7148	0.5883	1.3928	4519	1.2857	61.72	95.86
Spot	1.1613	160.00	1.3424	0.7894	0.7135	0.5873	1.3907	4466	1.2845	61.62	95.79
Support 1	1.1589	159.73	1.3403	0.7868	0.7121	0.5855	1.3884	4428	1.2827	61.54	95.66
Support 2	1.1567	159.43	1.3382	0.7841	0.7108	0.5843	1.3861	4380	1.2809	61.46	95.53
Support 3	1.1517	158.96	1.3331	0.7786	0.7081	0.5815	1.3817	4289	1.2779	61.28	95.33
Bollinger Band											
Bollinger Upper	1.1740	160.58	1.3565	0.7922	0.7252	0.5984	1.3924	4716	1.286	62.07	96.85
Bollinger Lower	1.1553	157.49	1.3334	0.7787	0.7087	0.5806	1.3656	4374	1.2701	61.04	94.37

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

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