

## Daily Market Outlook

### Hormuz Tensions Rise

- **Hormuz Tensions Rise:** Middle East tensions are back in focus. Rising oil prices are lifting inflation risk, boosting the USD and weighing on equities. Inventory buffers are buying time, but a prolonged Hormuz disruption would force much higher oil prices.
- **Carry vs. Politics:** The RBA is set to edge rates higher, supporting AUD via carry and flows. GBP remains vulnerable as domestic politics threaten to resurface, potentially spilling into renewed fiscal concerns and currency pressure.
- **Silver** slipped as re-escalation in Middle East tensions weighed on risk sentiment. Next support at 70, 63.50 levels. Resistance at 78, 80 levels.
- **Asian FX** struggled overnight as oil prices jumped. Oil-sensitive Asian FX including PHP, INR, THB are likely to remain on the back foot, while lower-beta currencies such as SGD should continue to hold up better on relative terms.

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**Hormuz Tensions Rise:** Renewed Middle East tensions pushed oil prices higher overnight, revived inflation risk in rates markets, strengthened the USD and weighed on equities. The trigger was a fresh flare-up in the Persian Gulf, where Iran resumed strikes on regional energy infrastructure after US steps to reopen the Strait of Hormuz. Over the weekend, President Trump announced an operation to escort vessels through the strait.

Oil would likely be trading even higher were it not for ongoing drawdowns in strategic and commercial inventories, which are cushioning near-term supply risks. That buffer, however, is finite. If the strait remains closed for months, markets will need to price much higher oil levels to force demand destruction.

**Carry vs. Politics:** Australia and Scandinavia close out this week's run of G10 central bank meetings. We expect the RBA to deliver a 25bp hike today, taking the cash rate to 4.35%, though the decision is finely balanced following March's narrow vote.

We remain constructive on AUD. Positioning is crowded and recent rate hikes have weighed on sentiment, but attractive carry and the potential for higher FX hedge ratios from Australian super funds should continue to underpin the currency.

GBP has so far weathered the latest turn in the Mandelson Affair. However, we stay cautious. The 7 May local elections carry no direct implications for central government. However, another heavy Labour setback could revive leadership speculation, reignite fiscal concerns and add pressure to gilts and GBP.

**Silver. Renewed pressure.** Silver fell again, snapping two sessions of gains, as renewed escalation in the Middle East weighed on broader risk sentiment. The move reinforces silver's more fragile and volatile setup versus gold. While geopolitical uncertainty can support precious metals, silver is also exposed to the growth and industrial-demand linkages. With oil prices elevated and markets wary that inflation risks could keep the Fed cautious, silver struggled to find support. Near term, momentum remains soft after the failed break higher, with rallies likely to be faded unless USD, US Treasury yields and risk sentiment turn more supportive. Silver was last seen at 72.65. Daily momentum is mild bearish while the recent rise in RSI moderated. Risks are skewed to downside. Immediate support at 70, 63.50 (200 DMA). Break below those levels risk deeper pullback towards 50. Resistance at 75 (21 DMA), 78/80 (50, 100 DMAs).

**Asian FX. Softened again.** Asian FX struggled overnight as the late-Apr/early May relief proved short-lived. Oil prices jumped after fresh re-escalation in the Middle East, with reports of Iranian missile/drone attacks on the UAE and incidents around the Strait of Hormuz raising concerns that the fragile ceasefire may be at risk. The renewed oil shock revives the familiar negative mix for Asian FX — higher energy import bills, inflation risks, firmer USD/US Treasury yields and softer risk sentiment. In this environment, oil-sensitive Asian FX including PHP, INR, THB are likely to remain on the back foot, while lower-beta currencies such as SGD may continue to hold up relatively better, albeit not immune to a renewed oil and USD shock.

**USDSGD. 2-way trades.** USDSGD rebounded overnight, in line with our caution that the earlier move lower in USDSGD was more a relief than a reversal trade. We reiterate that geopolitical headlines remain fluid, and any renewed spike in oil price could quickly revive concerns over inflation, growth and broader risk sentiment. We continue to keep a close eye on US-Iran developments, if there is any tit-for-tat response from the US. Further escalation will still pose upward pressure to USDSGD as SGD is not immune to a firmer USD, higher US Treasury yields or weaker regional risk sentiment. But amongst Asian FX, SGD should continue to show relative resilience. Pair was last at 1.2765 levels. Daily momentum and RSI indicators are not showing a clear bias for now. 2-way trades likely in the interim, though bias remains to sell

rallies. Resistance at 1.2850 (200 DMA, 23.6% fibo). Support at 1.2720 (61.8% fibo retracement of 2026 low to high), 1.2680 levels.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1876	159.91	1.3736	0.7925	0.7329	0.6017	1.3704	4808	1.2884	62.05	95.53
Resistance 2	1.1794	158.33	1.3643	0.7877	0.7256	0.5952	1.3657	4679	1.2820	61.78	95.26
Resistance 1	1.1742	157.79	1.3587	0.7858	0.7211	0.5912	1.3641	4601	1.2795	61.69	95.18
Spot	1.1692	157.21	1.3531	0.7841	0.7168	0.5872	1.3624	4520	1.2769	61.59	95.09
Support 1	1.1660	156.21	1.3494	0.7810	0.7138	0.5847	1.3594	4472	1.2731	61.42	94.91
Support 2	1.1630	155.17	1.3457	0.7781	0.7110	0.5822	1.3563	4422	1.2692	61.24	94.73
Support 3	1.1548	153.59	1.3364	0.7733	0.7037	0.5757	1.3516	4294	1.2628	60.97	94.47
<b>Bollinger Band</b>											
Bollinger Upper	1.1809	160.78	1.3611	0.7921	0.7233	0.5930	1.3852	4896	1.2799	61.78	95.17
Bollinger Lower	1.1649	156.83	1.3417	0.7775	0.7058	0.5826	1.3544	4505	1.2687	59.13	92.07

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

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