

Daily Market Outlook

Tensions Fade

- **Tensions Fade:** Geopolitical risks faded as the US signalled restraint after Iran's strikes. Softer oil and AI optimism lifted risk, weakened the USD, and supported bonds, while UK gilts lagged amid political uncertainty ahead of local elections.
- **Limits to USD Downside:** A less dovish Fed and US equity leadership limit USD downside. Higher for longer oil favours exporters, complicating a bearish USD view against energy importer currencies.
- **KRW may benefit from fragile ceasefire.** AI, semiconductor upcycle thematic should continue to add to support for KRW, though the high-beta currency can still be exposed to swings should geopolitical tensions or risk sentiments worsen.
- **AUD Carry Advantage:** RBA lifted rates to 4.35% with a firmer inflation stance but signalled a pause. High carry and energy exposure strengthen the AUD outlook, supporting further outperformance.

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Tensions Fade: Early week tensions in the Middle East have not escalated further. The US played down the likelihood of renewed military action following Iran's strikes on the UAE, including an oil terminal in Fujairah.

Lower oil prices and continued AI-driven optimism supported risk sentiment overnight, weighing on the USD and easing inflation concerns in rates markets. US and euro area curves bull flattened.

Gilts lagged after Monday's holiday closure, with yields jumping to catch up with higher global rates and reflect growing political uncertainty ahead of the 7 May UK local elections. A fresh Labour setback could revive leadership speculation and reignite fiscal concerns.

AUD Carry Advantage: The RBA raised rates by 25bps to 4.35% in an 8-1 vote, a more decisive vote split from the prior 5-4 split and returning policy to a post-Covid high. The majority, including Governor Bullock, cited persistent upside risks to inflation and inflation expectations as justification for tightening.

After three consecutive hikes, the forward guidance turned more balanced. The RBA now appears to be adopting a hike-and-hold

approach, signalling a likely pause as it assesses the economic impact of higher fuel prices.

With the AUD now offering the highest carry in G10 FX, its yield advantage, combined with its high-beta exposure as an energy exporter, should continue to support currency outperformance.

Limits to USD Downside: Risk assets rebounded on de-escalation hopes, denting USD safe haven demand despite elevated oil. A less dovish Fed and US equity leadership limit USD downside. Higher for longer oil favours exporters, complicating a bearish USD view against energy importer currencies (read [FX Focus: Limits to USD Downside](#), 5 May 2026 for more).

Asian FX. Mixed play to dominate. US-Iran ceasefire appears to be holding for now, despite the earlier exchange of fire and fresh tensions around UAE and Strait of Hormuz. Nevertheless, that was enough to calm sentiment at the margin, with oil easing from recent highs. This underscores a fragile rather than a clean de-escalation. The differentiation theme highlighted earlier should continue to dominate. On relative terms with USD out of the equation, oil-sensitive currencies such as IDR, INR, PHP and THB should stay under pressure while AI/tech proxy, TWD, KRW, and to some extent, MYR may continue to trade on a firmer footing.

USDKRW. Room for downside. 1m USDKRW fell overnight, riding on the fragile hold-up of US-Iran ceasefire while AI-led equities firmed. The thematic support of AI, semiconductor upcycle should continue to benefit KRW against oil-sensitive Asian FX. That said, KRW remains high beta and is still exposed to swings in global risk appetite, oil prices and USD direction. If geopolitical uncertainty escalates, KRW can still trade weaker despite a supportive tech backdrop. Daily momentum shows tentative signs of picking up while RSI slipped. Immediate support at 1464 (61.8% fibo retracement of 2026 low to high) before 1455 and 1447 levels. Resistance at 1478 (50% fibo), 1482 (21, 50 DMAs).

USDSGD. Sideways. USDSGD eased overnight, as sentiment recovered after US Secretary of State Rubio said that Operation Epic Fury is concluded, 66 days after the US and Israel began operations against Iran. That said, US-Iran developments remain fragile and that still have implications on oil prices and risk sentiment. Pair was last at 1.2760 levels. Daily momentum and RSI indicators are still not showing a clear bias for now. 2-way trades likely in the interim though bias remains to sell rallies. Resistance at 1.2770 (50, 100 DMAs), 1.28 and 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	1.1769	159.29	1.3672	0.7900	0.7296	0.5981	1.3670	4698	1.2837	61.97	95.66
Resistance 2	1.1732	158.46	1.3608	0.7865	0.7234	0.5932	1.3644	4625	1.2799	61.80	95.50
Resistance 1	1.1712	158.17	1.3575	0.7848	0.7209	0.5910	1.3631	4591	1.2776	61.69	95.39
Spot	1.1718	157.71	1.3570	0.7815	0.7206	0.5905	1.3603	4586	1.2742	61.58	95.29
Support 1	1.1675	157.34	1.3511	0.7813	0.7147	0.5861	1.3605	4518	1.2738	61.52	95.23
Support 2	1.1658	156.80	1.3480	0.7795	0.7110	0.5834	1.3592	4480	1.2723	61.46	95.17
Support 3	1.1621	155.97	1.3416	0.7760	0.7048	0.5785	1.3566	4407	1.2685	61.29	95.01
Bollinger Band											
Bollinger Upper	1.1806	160.75	1.3607	0.7910	0.7233	0.5929	1.3830	4892	1.2797	61.93	95.42
Bollinger Lower	1.1657	156.84	1.3441	0.7775	0.7076	0.5837	1.3542	4500	1.2687	59.11	92.04

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

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