

## Daily Market Outlook

### USD Eyes Breakout

- **USD Eyes Breakout:** *The USD is holding firm on rising yields and hawkish Fed bets. Limited guidance may increase market swings. A DXY breakout could deliver modest upside, with larger gains requiring oil strength or an overheating US economy.*
- **GBP Stabilises:** *GBP rebounds on expectations of a smooth leadership handover. Fiscal continuity signals help, but credibility hinges on execution. We stay neutral on GBP pending clarity on the new Chancellor and budget plans.*
- **Silver shows very tentative signs of stabilisation** *but has yet to show decisive signs of turnaround. ETF selling and hawkish Fed repricing suggest caution remains warranted. Interim support at USD63/61 levels and USD70 a near term resistance.*
- **Hormuz Premium Fades:** *Easing US Iran tensions pull Brent below USD80. Markets price smoother Hormuz flows, but operational frictions should cap downside. We keep our end-2026 Brent forecast at USD80.*
- **KRW underperformed** *despite strong Jun 1–20 exports, as USD/US Treasury yield pressure, equity outflows and resident offshore demand diluted the usual FX support from chip-led dollar receipts.*

**Sim Moh Siong**

FX Strategist  
(G10 & oil)

**Christopher Wong**

FX Strategist  
(Asia & precious metals)

**USD Eyes Breakout:** The Fed's hawkish shift is keeping the USD supported as markets price a more aggressive policy path. Treasury yields rose across the curve despite weaker oil, pointing to rates, not energy, as the key driver.

Chair Warsh's leaner communication style, seen in a shorter FOMC statement, shifts focus to incoming data and should lift FX volatility. May US core PCE is next, though softer oil may mute the signal even as headline inflation is set to rise to 4.1% YoY.

Risks to our rangebound USD view are building. A clear DXY break above its 14-month range could open 2–3% upside. A larger 5%+ rally is a tail risk if oil climbs above USD100 per barrel or AI-led US growth overheats, marked by declining unemployment rate and rising medium-term inflation expectations.

**Hormuz Premium Fades:** Incremental progress in US Iran talks over the weekend has pushed Brent back below USD80 per barrel. Expectations of a Strait of Hormuz reopening and lower energy prices should help stabilise business and consumer sentiment in developed markets, likely showing up in today's flash PMI prints.

Markets are now pricing a high probability of normalised Hormuz flows, despite lingering doubts over the durability of the US-Iran deal. We still think mine clearance, insurance reinstatement, production restarts will take time. This along with a likely pickup in precautionary stockpiling should slow further downside in oil prices. We maintain our end-2026 Brent forecast at USD80 per barrel.

**GBP Stabilises:** GBP rebounded after recent weakness into the Makerfield by-election, supported by expectations of a smooth leadership transition following Keir Starmer's resignation as UK Prime Minister. Former Manchester mayor Andy Burnham is set to become PM in an uncontested process by mid-July.

This will mark the UK's sixth prime minister in seven years. Nominations run from 9 to 16 July, ahead of the summer recess, with the new PM expected in place before Parliament returns in September. Market focus now shifts to Burnham's choice of Chancellor and fiscal strategy. Early signals point to adherence to the current fiscal framework, but delivery will matter more than guidance. We retain a neutral stance on GBP for now.

**Silver. Signs of stabilisation?** Silver had traded with a heavy bias, with ETF demand no longer providing the same support. Bloomberg data showed silver ETFs cut holdings by 205,925 oz in the latest session and by 2.95mn oz last week, taking year-to-date net sales to 79.1mn oz, or a 9.2% decline in holdings. Hawkish Fed repricing has raised the hurdle for non-yielding metals, while persistent ETF outflows point to investor demand being pared back. While the medium-term deficit story remains intact, near-term price action may stay soggy unless US yields soften or ETF liquidation slows more clearly. Last seen at 65.50 levels. Mild bearish momentum on daily chart observed but decline in RSI shows tentative signs of slowing. These point to consolidation for now, so long support at 63, 61 levels (recent low) holds. Resistance at 69.40 (200 DMA), 70.5 (21 DMA) and 75.60 (50 DMA).

**USDKRW. Supported on dips.** KRW underperformed overnight despite a very strong export backdrop. Korea's Jun 1–20 exports surged 60.4% YoY, led by semiconductors, while the trade balance remained in sizeable surplus. That suggests the issue is not Korea's export engine,

but the weaker FX transmission from export receipts into KRW demand. USD strength and higher US Treasury yields remained the immediate drag, but KRW was also weighed by persistent offshore investment demand and foreign selling in domestic equities, with Korea among the larger regional equity outflow markets this month. In short, the AI/export story is still positive for Korea's macro backdrop, but it is not delivering clean KRW support as USD receipts are being offset by portfolio outflows and resident demand for foreign assets. Pair was last at 1537 levels. Bearish momentum on daily chart shows signs of fading while RSI rose modestly. Some upside risks not ruled out in the interim. Resistance at 1542, 1560 levels. Support at 1528.50 (23.6% fibo retracement of 2026 low to high), 1520 (21 DMA).

**USDSGD. CPI in focus today.** USDSGD was a touch higher overnight, tracking the modest upticks in USD, US Treasury yields. Pair last seen at 1.2935. Daily momentum is mild bullish while RSI rose. Consolidation near the upper range likely to persist for now. Resistance at 1.2940 (recent high). Support at 1.2840/50 levels (200 DMA, 23.6% fibo), 1.28 (38.2% fibo retracement of 2026 low to high). Focus today on CPI data as data may shape expectations ahead of next MAS policy MPC in late-July. A re-acceleration in core CPI should reinforce market expectations for another round of tightening. While SGD is likely to retain relative resilience, the SGD is not immune to higher US Treasury yields/ firmer USD. A strong USD environment if sustained, may keep USDSGD supported in the interim.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1560	163.23	1.3419	0.8142	0.7069	0.5893	1.4262	4351	1.2988	61.77	95.58
Resistance 2	1.1501	162.38	1.3327	0.8113	0.7038	0.5815	1.4214	4267	1.2958	61.39	95.07
Resistance 1	1.1465	161.97	1.3289	0.8100	0.7020	0.5764	1.4186	4228	1.2945	61.26	94.88
Spot	1.1427	161.57	1.3248	0.8089	0.6998	0.5713	1.4157	4190	1.2934	61.13	94.68
Support 1	1.1406	161.12	1.3197	0.8071	0.6989	0.5686	1.4138	4144	1.2915	60.88	94.36
Support 2	1.1383	160.68	1.3143	0.8055	0.6976	0.5659	1.4118	4098	1.2898	60.63	94.05
Support 3	1.1324	159.83	1.3051	0.8026	0.6945	0.5581	1.4070	4014	1.2868	60.26	93.54
<b>Bollinger Band</b>											
Bollinger Upper	1.1700	161.68	1.3531	0.8111	0.7203	0.5981	1.4202	4588	1.2956	62.23	96.10
Bollinger Lower	1.1417	158.96	1.3210	0.7797	0.6946	0.5683	1.3731	4056	1.2743	60.28	94.17

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

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