

Daily Market Outlook

Peace Hopes Shift

- **Peace Hopes Shift:** Risk appetite improved as peace hopes cooled oil and rate fears, dragging USD lower. Still, energy prices may decline slowly, which could support oil exporters and limit USD downside. UK politics could reintroduce volatility for GBP.
- **JPY Intervention Watch:** Suspected intervention drove JPY strength as 158 replaced 160 as the key line. But without a more forceful BoJ or easing global pressures, intervention alone may not anchor a stronger JPY.
- Most **Asian FX** saw a knee-jerk rebound, with KRW and THB leading the pack. We are cautiously hopeful but still see this more as a relief rally rather than a full reversal. Focus next on Iran's response.

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Peace Hopes Shift: A potential peace deal eased oil and inflation concerns, reducing near term pressure on central banks to tighten. The USD weakened as equity sentiment improved, while gold gained on lower yields and a softer USD.

A one page memorandum presented to Iran would reopen the Strait of Hormuz. President Trump later said any deal would see Iranian uranium transferred to the US. Brent is just above USD100 per barrel on reports Iran is assessing the new US proposal to end the conflict, but prices remain about 45 percent above pre conflict levels.

Even if the Strait reopens in coming weeks, oil is likely to stay elevated and slow to ease given damage to energy infrastructure and precautionary stockpiling. Higher oil for longer supports exporters and complicates a bearish USD view against importer currencies (see [FX Focus: Limits to USD Downside](#), 5 May 2026).

On rates, the Treasury kept guidance that auction sizes will be maintained for at least the next several quarters and will evaluate potential future increases. This avoided signalling near term coupon hikes, easing concerns among some investors.

In the UK, politics return to focus with local elections in England and parliamentary elections in Scotland and Wales. Usually a limited market driver, this vote could matter more given current polling. Another setback for Labour may revive leadership questions and fiscal concerns, weighing on gilts and GBP.

JPY Intervention Watch: USD weakened broadly overnight, but JPY price action stood out as the clearest policy signal. Moves were consistent with Japanese intervention, though authorities have not confirmed activity either overnight or last week.

Market behaviour suggests official involvement. If 160 in USDJPY marked the line in the sand previously, the latest trigger appears closer to 158.

The key question is whether the Ministry of Finance will continue to defend the yen or has already deployed sufficient firepower. Intervention alone is unlikely to shift the broader trend unless backed by stronger policy support like a more assertive BoJ hiking cycle or better alignment with external drivers such as lower oil prices and US yields.

Further intervention could push USDJPY into the 150 to 155 range, especially if oil prices further decline. However, we remain cautious. A June BoJ hike looks likely, but policy still lags the curve, limiting sustained JPY support. We maintain our end-2026 USDJPY target at 155.

Asian FX. Relief rally. Most Asian FX rebounded, alongside the sharp pullback in oil prices overnight, as markets reacted to news that Iran is evaluating new US proposal to end the war. KRW and THB led rebound. Iran has about 48 hours to revert, and it remains early to concur at this point if there is any agreement. We are cautiously hopeful but still see this more as a relief rally rather than a full reversal, unless geopolitical tensions de-escalate more meaningfully. Even as a deal may be reached, the normalisation of energy flows through the Strait of Hormuz remain a key sticking point. As such, the differentiation theme earlier highlighted still holds. High-beta, AI/tech proxy Asian FX, including TWD, KRW and MYR should see gains play catch-up while oil-sensitive currencies such as IDR, INR, PHP and THB should stay under pressure. Low beta Asian FX including SGD may continue to hold up but its gains may pale in comparison relative to KRW and TWD.

USDKRW. Bearish bias. USDKRW extended its pullback, falling to as low as 1439 at one point. Hopes that a US-Iran deal may be in sight and AI-led risk-on sentiment drove the outperformance of KRW. Elsewhere, net foreign inflows into domestic equities surged to USD2.1bn, taking week-to-date net inflows to USD4.5bn. We also noted that WGBI inclusion should also draw passive benchmark-related demand into KTBs, and inflows should also add to support for KRW. Pair was last at 1447 levels. Daily momentum turned mild bearish while RSI fell towards near oversold conditions. Risks are skewed to the downside. Support

around 1441 levels (200 DMA). Decisive break puts next support at 1435, 1420 levels. Resistance at 1456, 1464 (61.8% fibo retracement of 2026 low to high). That said, KRW remains high beta and is still exposed to swings in global risk appetite, oil prices and USD direction. If geopolitical uncertainty re-escalates, KRW gain can unwind fast despite a supportive tech backdrop.

USDIDR. Overbought. USDIDR eased lower, alongside the move seen in most other USD/Asia while oil prices fell. Hopes of US-Iran deal fuelled optimism. Elsewhere, BI has recently (5 May) tightened rules on cash purchases of foreign currency (without support documents), lowering the cap to USD25,000 from USD50,000. This is in support of IDR stabilization measures while Governor Perry said that the IDR is undervalued and should strengthen. USDIDR last seen at 17390 levels. Bullish momentum on daily chart intact while RSI shows tentative signs of turning lower from near overbought conditions. Support seen at 17267 (23.6% fibo retracement of 2026 low to high), 17200 (21 DMA). Resistance at 17440 levels. Further pullback plausible should geopolitical tensions de-escalate more meaningfully.

USDSGD. Consolidation. USDSGD slipped slightly overnight on tentative signs of optimism that US-Iran may be near a deal. That said, Iran has yet to revert and the 48-hour deadline runs out just before the weekend. Some caution may still prevail if there is a lack of follow-through today. Pair was last at 1.2680 levels. Daily momentum is flat while RSI fell. 2-way trades likely with slight bias to the downside. Support at 1.2660 levels (76.4% fibo), 1.2610 levels. Resistance at 1.2720 (61.8% fibo retracement of 2026 low to high), 1.2770 (50, 100 DMAs), 1.28. Bias to sell rallies preferred.

Technical Levels Table

| | EURUSD | USDJPY | GBPUSD | USDCHF | AUDUSD | NZDUSD | USDCAD | XAUUSD | USDSGD | USDPHP | USDINR |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Resistance 3 | 1.1956 | 162.26 | 1.3801 | 0.7924 | 0.7429 | 0.6171 | 1.3743 | 5007 | 1.2913 | 61.60 | 96.02 |
| Resistance 2 | 1.1851 | 159.36 | 1.3696 | 0.7861 | 0.7330 | 0.6056 | 1.3680 | 4830 | 1.2807 | 61.48 | 95.40 |
| Resistance 1 | 1.1799 | 157.87 | 1.3645 | 0.7825 | 0.7284 | 0.6005 | 1.3657 | 4761 | 1.2745 | 61.41 | 95.01 |
| Spot | 1.1752 | 156.28 | 1.3598 | 0.7787 | 0.7238 | 0.5956 | 1.3637 | 4700 | 1.2678 | 61.34 | 94.61 |
| Support 1 | 1.1694 | 154.97 | 1.3540 | 0.7762 | 0.7185 | 0.5890 | 1.3594 | 4584 | 1.2639 | 61.30 | 94.39 |
| Support 2 | 1.1641 | 153.56 | 1.3486 | 0.7735 | 0.7132 | 0.5826 | 1.3554 | 4477 | 1.2595 | 61.26 | 94.17 |
| Support 3 | 1.1536 | 150.66 | 1.3381 | 0.7672 | 0.7033 | 0.5711 | 1.3491 | 4300 | 1.2489 | 61.14 | 93.56 |
| Bollinger Band | | | | | | | | | | | |
| Bollinger Upper | 1.1809 | 161.01 | 1.3614 | 0.7903 | 0.7247 | 0.5952 | 1.3808 | 4885 | 1.2803 | 61.98 | 95.51 |
| Bollinger Lower | 1.1663 | 156.18 | 1.3452 | 0.7767 | 0.7080 | 0.5830 | 1.3549 | 4511 | 1.267 | 59.26 | 92.10 |

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

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