

Daily Market Outlook

Dollar Takes Breather

- **Dollar Takes Breather:** A softer-than-expected payrolls report trimmed Fed hike expectations, weighing on the USD and front-end US yields while lifting gold. While the USD may consolidate in the near term, support should persist as long as further Fed tightening remains in play.
- **Intervention Jitters:** A sudden USDJPY drop reignited intervention speculation, but with no clear catalyst behind the move, positioning and stop-loss flows may have played a key role. Intervention risks remain elevated, though unlikely to reverse the broader USDJPY trend on their own.
- **Gold's rebound gained momentum** after the soft NFP print helped pull back the USD, yields and Fed-hike pricing. The tone can shift from cautious to cautiously constructive, but a durable recovery still needs Fed rhetoric to dial back and ETF/investor demand to stabilise.

Sim Moh Siong

FX Strategist
(G10 & oil)

Christopher Wong

FX Strategist
(Asia & precious metals)

Dollar Takes Breather: The USD softened, gold rallied and the US yield curve steepened after a weaker-than-expected payrolls report, while ongoing AI-driven rotation continued to pressure US equities. Front-end Treasuries gained, with markets pushing the next fully priced Fed hike from October to December.

US nonfarm payrolls rose by just 57k in June, below the 113k consensus forecast, while the previous month's figure was revised lower. The unemployment rate edged down to 4.2%, although the decline was largely driven by changes in labour force participation. Overall, the report was noisy but still points to a stabilising labour market. At the margin, it is dovish, helping to ease concerns about labour market overheating and the need for more aggressive policy tightening.

The recent USD rally could pause in the near term, but the broader outlook remains constructive, particularly against low-yielding currencies, as long as Fed tightening expectations stay intact. Sustained USD weakness would likely require a stronger EUR and JPY, yet catalysts for either remain limited. Fiscal concerns and a still behind-the-curve BoJ should continue to weigh on the JPY. Meanwhile, fading ECB rate hike expectations, supported by benign eurozone inflation dynamics, are likely to remain a headwind for the EUR.

Intervention Jitters: A sudden overnight slide in USDJPY reignited speculation of official intervention, with markets remaining alert to MoF action after fiscal concerns and perceptions that BoJ policy is still behind the curve pushed the pair further above 160 and fuelled volatility in long-dated JGBs. The move lower followed a report suggesting the MoF could intervene without the verbal warnings that have typically preceded past operations. If that is the new playbook, abrupt USDJPY pullbacks could become more common even in the absence of clear headlines, keeping investors on edge at current levels.

That said, the initial trigger for the decline remains unclear, leaving room for stop-loss flows and position squaring to explain part of the move ahead of today's US bank holiday. Following roughly USD74bn of intervention between April and May, Japan still retains substantial firepower, with FX reserves standing at around USD1.3trn. However, while intervention risks can generate bouts of volatility and sharp corrections, verbal and actual intervention alone are unlikely to drive a sustained reversal in USDJPY without a shift in underlying macro fundamentals.

Gold. Cautiously constructive. Gold's rebound overnight has gained more traction after the softer US payrolls print. June NFP rose by just 57k, with previous months revised lower, giving markets the labour-market softness that is needed to take some heat out of the USD, yields and Fed-hike pricing. This builds on the earlier Warsh-led relief move. Warsh's Sintra comments had already acknowledged that inflation risks and expectations have come down, though he stopped short of sounding relaxed on policy and reaffirmed the Fed's 2% inflation objective. The softer-than-expected payrolls data therefore helps reduce the hawkish tail risk. Near term, we would shift the tone from cautious to cautiously constructive. Gold can extend the recovery if incoming US data continue to cap real yields and the USD. But with unemployment still steady, Fed rhetoric still hawkish and inflation risks still on the Fed's radar, some tactical caution is warranted. A more durable recovery in gold needs real yields to ease more decisively, ETF/investor demand to stabilise and Fed to step back on its hawkish rhetoric.

Gold last seen at 4124 levels. Daily momentum shows tentative signs of turning mild bullish while RSI rose further. Technically, risks are skewed to the upside. Resistance at 4160/74 levels (21 DMA, 61.8% fibo retracement of Jul low to 2026 high), 4250. Support at 4060, 3960 levels.

USDKRW. Room for pullback. USDKRW fell sharply overnight, consistent with our caution for a technical turnaround soon. Softer US payrolls took the heat out of the USD and UST yields, allowing for KRW to find a breather. Pair was last seen at 1538 levels. Bearish engulfing pattern was observed. Mild bullish momentum on daily chart faded while RSI fell. Retracement lower likely unless broader sentiment shifts. Support at 1533 levels (21 DMA), 1528 (23.6% fibo retracement of 2026 low to high). Decisive break can open room for deeper pullback towards 1506/07 (50 DMA, 38.2% fibo). Resistance at 1550, 1562 levels.

USDSGD. Slippage. USDSGD eased lower modestly, tracking the moves in USD, and 2y UST yields after US payrolls report disappointed. Pair was last at 1.2925 levels. Daily momentum showed signs of turning mild bearish while RSI was flat. 2-way trades likely for now with slight risk for downside retracement. Support at 1.29 (61.8% fibo retracement of Nov high to 2026 low), 1.2880 (21 DMA). Resistance at 1.2980 levels (76.4% fibo), 1.3030 levels.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1623	165.39	1.3567	0.8224	0.7034	0.5792	1.4333	4327	1.3052	61.81	96.18
Resistance 2	1.1525	163.42	1.3450	0.8136	0.6975	0.5743	1.4259	4213	1.2991	61.70	95.71
Resistance 1	1.1478	162.27	1.3398	0.8086	0.6949	0.5720	1.4221	4168	1.2959	61.63	95.56
Spot	1.1425	161.43	1.3340	0.8043	0.6917	0.5693	1.4191	4127	1.2926	61.56	95.40
Support 1	1.1380	160.30	1.3281	0.7998	0.6890	0.5671	1.4147	4054	1.2898	61.52	95.08
Support 2	1.1329	159.48	1.3216	0.7960	0.6857	0.5645	1.4111	3985	1.2869	61.48	94.77
Support 3	1.1231	157.51	1.3099	0.7872	0.6798	0.5596	1.4037	3871	1.2808	61.37	94.30
Bollinger Band											
Bollinger Upper	1.1628	162.72	1.3465	0.8155	0.7107	0.5878	1.4322	4369	1.2998	62.02	95.88
Bollinger Lower	1.1311	159.62	1.3133	0.7916	0.6845	0.5594	1.3895	3939	1.2811	60.30	94.00

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

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:

This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures

Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.