

Daily Market Outlook

Oil Jolts Markets

- **Oil Jolts Markets:** *Oil is back in the driver's seat alongside tech-led equity weakness. Higher crude boosted the USD and yields, weighed on gold and reinforced our view that oil prices will ease only gradually from current levels.*
- **TWD underperformed,** *pressured by foreign equity outflows and dividend/remittance-related USD demand, while authorities are trying to mobilise natural USD supply to tame depreciation pressure.*

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Oil Jolts Markets: Oil prices and tech-led equity weakness dominated overnight trading. Higher crude prices pushed global bond yields and the USD higher, while gold retreated. Oil rallied amid renewed concerns over US-Iran tensions after Washington revoked its waiver for Iranian oil sales following attacks on three vessels in the Strait of Hormuz.

The move serves as a reminder that inflation risks, hawkish central bank expectations and terms-of-trade pressures can quickly re-emerge despite the US-Iran memorandum of understanding that allows safe passage through the Strait. Weakness in Asia's semiconductor sector also spilled into US equity markets. The impact on technology-linked currencies was most evident in the TWD, while the KRW outperformed on continued expectations of inflows linked to a potential ADR listing.

Our view remains that the next leg lower in oil prices will be more gradual than the sharp correction seen in 2Q26. We maintain our Brent forecasts of USD75/bbl by end-2026 and USD71/bbl by mid-2027 ([2H26 Commodities Outlook, 2 July 2026](#)). A persistent security premium reflecting disruption risks is likely to slow the pace of decline.

A return to full-scale US-Iran conflict appears unlikely given growing US political pressure to keep oil prices contained ahead of the November midterm elections. However, there is still no clear path to fully securing the Strait of Hormuz. For now, the US is likely to rely on economic pressure to retain leverage in ongoing negotiations with Iran. Another key question for oil is whether China will increase imports further, particularly after reports that it has been purchasing discounted Saudi crude.

We continue to expect the USD to appreciate by 2-3% in 2H26 and remain constructive on the currency against low-yielding currencies including the EUR, JPY, CHF and CAD. A larger move of more than 5%

remains a tail risk and would likely require either a rebound in oil prices above USD100/bbl or signs of renewed US overheating, such as falling unemployment and rising medium-term inflation expectations, rather than a soft-landing scenario.

Precious Metals. Oil hit. The precious-metals complex has come under renewed pressure, following the recent spike in oil prices. While geopolitics would normally offer some support for gold, the latest move has worked more through the oil, inflation and rates channel. That has weighed on non-yielding assets, with gold down nearly 2% week-to-date and silver falling more than 4%. Silver's underperformance is not surprising given its higher-beta profile. Near term, unless oil stabilises or Fed/rates concerns ease, rallies in gold and silver may still struggle to sustain.

TWD. Pressured. TWD has stayed on the back foot, with USDTWD breaking above the 32 handle. The move looks largely flow-driven rather than a deterioration in domestic fundamentals. Foreign equity selling has weighed on Taiwan equities and added to USD demand, while dividend/profit remittance flows also added to seasonality demand for USD. CBC officials have framed recent FX weakness as largely USD-led but also pointed to portfolio flows and elevated Taiwan equity valuations as factors weighing on TWD. Elsewhere, there were reports saying that the CBC had asked local banks receiving large USD sell orders to complete the transactions on the same day, rather than delaying or staggering execution. This suggests the authorities are hoping to bring forward more natural USD supply to help tame TWD depreciation pressure. Near term, TWD may remain vulnerable if foreign equity outflows persist and USD sentiment stays firm into the FOMC minutes. But the presence of exporter/USD-selling supply, alongside CBC guidance to smooth execution, may partially help to reduce the risk of a disorderly move higher in USDTWD.

Spot last closed at 32.16 levels. Bullish momentum on daily chart intact while RSI rose into overbought conditions. Upside risks persist but not ruling out the risk of snapback. Resistance at 32.22 (76.4% fibo retracement of 2025 high to low), 32.50/60 levels. Support at 31.95, 31.76 (21 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1503	163.00	1.3476	0.8154	0.7014	0.5756	1.4288	4302	1.2978	61.60	95.93
Resistance 2	1.1463	162.49	1.3423	0.8113	0.6975	0.5721	1.4246	4214	1.2950	61.52	95.51
Resistance 1	1.1437	162.30	1.3391	0.8098	0.6952	0.5699	1.4223	4160	1.2938	61.48	95.24
Spot	1.1405	162.29	1.3353	0.8086	0.6928	0.5682	1.4201	4105	1.2934	61.44	94.97
Support 1	1.1397	161.79	1.3338	0.8057	0.6913	0.5664	1.4181	4072	1.2910	61.40	94.83
Support 2	1.1383	161.47	1.3317	0.8031	0.6897	0.5651	1.4162	4038	1.2894	61.36	94.69
Support 3	1.1343	160.96	1.3264	0.7990	0.6858	0.5616	1.4120	3950	1.2866	61.28	94.27
Bollinger Band											
Bollinger Upper	1.1603	162.95	1.3468	0.8162	0.7088	0.5850	1.4320	4334	1.3003	61.97	95.71
Bollinger Lower	1.1302	159.92	1.3132	0.7934	0.6839	0.5588	1.3975	3951	1.2822	60.32	94.08

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

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