Daily Market Outlook

Yields, Oil, Watch

- ***Yields, Oil, Watch****: Oil, yields and geopolitics are keeping markets on edge. Still, reduced Fed tightening expectations should keep the USD rangebound and preserve support for carry trades. Markets now turn to the July FOMC minutes for clues on the Fed's policy outlook.*

- ***INR's FCNR(B) tailwind is fading,*** *but the reserve cushion is stronger; oil and importer USD demand remain the bigger swing factors for USDINR.*

- ***PHP may face some pressure.*** *BSP's tone is turning less hawkish as inflation eases and growth slows. Elevated oil prices remain a key headwind, although a softer USD backdrop should provide some near-term buffer.*

- ***USDSGD may still face 2-way trades in lower range****. US data is key for USD direction while USDRMB bias should also remain an important anchor for the pair.*

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Yields, Oil, Watch: Risk assets had a choppy start to the week as oil prices rose after reports that President Trump is in no rush to end the conflict with Iran. Negotiations appear stalled, with the 60-day truce having expired on Monday. Trump also threatened action against Oman if it interferes with the US blockade of Iranian shipping.

Markets are also watching whether a further rise in long-end US Treasury yields could derail the rally in risk assets. The move is occurring against a backdrop of global bear steepening, partly driven by renewed upward pressure on long-end Japanese government bond (JGB) yields.

Questions remain over whether the recent joint US-Japan currency intervention will be sufficient to reverse JPY weakness and ease pressure on long-end JGB yields. Meanwhile, French 10-year OAT spreads widened to slightly above 80bp over Bunds, well above historical norms and at times approaching Italian levels, highlighting growing concerns over French political risk.

China's 3Q26 activity data has also started on a soft note. While export growth remains resilient, domestic indicators, including retail sales, fixed asset investment, and manufacturing and services output, have softened. The slowdown in domestic demand is likely to add pressure on policymakers to introduce further support measures.

The combination of still-attractive USD carry and a pause in the USD's bullish momentum, following softer US economic data that has reduced the likelihood of a September Fed hike, should keep the greenback rangebound in the near term. Provided long-end US yields do not rise significantly further, the broader risk backdrop should remain supportive of carry trades.

This week's key event is the release of the July FOMC minutes. Markets will look for greater clarity on policymakers' inflation views and the extent of support for keeping rates unchanged, beyond the three regional Fed presidents reportedly favouring higher rates. While the minutes have been partly overtaken by softer July labour market and inflation data, they remain important given the Fed's limited forward guidance on interest rates.

INR. FCNR tailwind fading, but RBI cushion intact. INR softened to a two-week low, with USDINR closing around 95.60, as higher oil prices and the early closure of RBI's FCNR(B) swap window weighed on sentiment. The FCNR(B) window will now close on 31 Aug, one month earlier than planned, after the broader FX-inflow measures drew nearly USD57bn, including more than USD52bn via non-resident deposits. Less incremental inflow support into September can be a mild INR negative, but the strong take-up has already lifted FX reserves back above USD700bn, also gave RBI more room to smooth FX volatility. Importer USD demand and oil remain the key drags, though potential RBI-linked USD sell-flows and a broadly softer USD should help limit disorderly moves.

USDINR last closed at 95.61. Bearish momentum on daily chart faded while RSI rose. Risks skewed to the upside. Resistance at 95.70 (21 DMA), 96 levels. Support at 95.40 (50 DMA), 95.10 levels.

PHP. Oil headwinds remain though USD softness may mitigate. PHP remains caught between a softer USD backdrop and renewed pressure from elevated oil prices. The BSP's tone appears to have turned somewhat less hawkish as inflation shows early signs of easing and growth remains weak. July headline inflation moderated to 6.2% from 6.4%, while 2Q26 GDP growth slowed sharply to 2.3% YoY. Governor Remolona said inflation should ease gradually over the medium term, although upside risks remain, suggesting the hurdle for more aggressive tightening may have risen. For PHP, elevated oil prices remain a key vulnerability given the Philippines' dependence on imported energy and the potential pass-through to inflation and the trade balance. Brent has rebounded towards USD90/bbl after rising about 6% last week as Middle East supply concerns resurfaced. That said, the broader USD has also come under pressure as softer US data prompted markets to pare Fed hike expectations, and this should provide some buffer for PHP. Near term, we expect PHP to remain sensitive to oil and broader risk sentiment, with the 27 Aug BSP meeting closely watched.

USDPHP last closed at 61.48. Daily momentum turned mild bullish while RSI rose. Risks skewed to the upside. Resistance at 61.65 before 61.85 levels (recent high). Support at 61.33 (21, 50 DMAs), 61.11 levels (100 DMA).

USDSGD. Lower range. USDSGD inched lower amid broad USD softness. Recent softer US activity and inflation data have seen markets continue to pare Fed hike expectations, with DXY slipping to its lowest levels since June. On SG data, July NODX rose 24.2% YoY, underpinned by another strong increase in electronics exports, reinforcing the resilience in Singapore's external-facing sectors. Near term, we retain a mild downside bias for USDSGD, though two-way trade remains likely given elevated oil prices and still-high US yields. US data remain key, with import price index, housing starts and industrial production due later today, while USDCNH direction should also remain an important anchor for the pair.

Pair last seen at 1.2780 levels. Mild bearish momentum on daily chart intact while RSI was near oversold conditions. 2-way trades likely in recent range. Support at 1.2750 (yest low), 1.2740 (61.8% fibo). Resistance at 1.2830/40 levels (100, 200 DMAs, 38.2% fibo retracement of 2026 low to high), 1.2880/90 levels (50 DMA, 23.6% fibo).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1686	160.80	1.3629	0.8231	0.7214	0.5986	1.3932	4527	1.2867	61.76	95.85
Resistance 2	1.1636	160.05	1.3589	0.8168	0.7158	0.5945	1.3899	4466	1.2821	61.63	95.71
Resistance 1	1.1608	159.76	1.3566	0.8138	0.7132	0.5924	1.3886	4441	1.2798	61.56	95.66
Spot	1.1583	159.33	1.3552	0.8106	0.7108	0.5906	1.3871	4422	1.2773	61.48	95.61
Support 1	1.1558	159.01	1.3526	0.8075	0.7076	0.5883	1.3853	4379	1.2752	61.43	95.52
Support 2	1.1536	158.55	1.3509	0.8042	0.7046	0.5863	1.3833	4343	1.2729	61.38	95.43
Support 3	1.1486	157.80	1.3469	0.7979	0.6990	0.5822	1.3800	4281	1.2683	61.25	95.29
Bollinger Band											
Bollinger Upper	1.1643	164.95	1.3607	0.8200	0.7121	0.5944	1.4162	4516	1.2939	62.03	96.58
Bollinger Lower	1.1355	155.37	1.3277	0.8044	0.6945	0.5764	1.3839	3909	1.2734	60.65	94.74

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

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