

Daily Market Outlook

Oil Pressure Keeps FX Differentiation Alive

- **AXJ FX traded mixed-to-softer**, with elevated oil prices continuing to drive differentiation. INR and PHP led declines among oil-sensitive FX, while RMB and TWD held up better on policy stability, softer USD tone and tech/AI-linked resilience.
- **USDJPY firmer on elevated oil prices**. US Treasury Secretary Bessent's Tokyo visit is in focus, with markets watching for any comments on yen weakness, excessive FX volatility or tacit support for Japan's FX operations.
- **US CPI in focus**. USD faces 2-way risks into data release. Hotter CPI print could reinforce Fed concerns and add to USD support.
- **Silver's rally** looks like a tentative breakout, with prices rising despite firmer yields. The move appears driven more by momentum, short-covering, structural tightness and possible positioning ahead of Trump–Xi talks, given silver's industrial demand exposure.

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US–Iran developments remained fragile over the past 24 hours. Trump rejected Iran's response to the US peace proposal as "totally unacceptable" and said the ceasefire was on "life support", while Iran continues to push for an end to hostilities, sanctions relief and guarantees around Hormuz before making major concessions. The Strait of Hormuz remains the key swing factor for markets, with disruption risks to energy flows keeping Brent elevated at above the USD100/bbl handle, and USD somewhat supported on dips. That said, markets stopped short of a full risk-off repricing at this point unless diplomacy formally breaks down or fresh military escalation follows.

DXY. 2-way risks. USD held on to modest gains overnight, but the move was more a function of geopolitical headlines than fresh US data. Trump's rejection of Iran's response to the US peace proposal lifted oil prices and kept markets cautious, helping to put a floor under the USD. Still, USD gains were contained, suggesting markets are not yet treating the latest headlines as a full risk-off shock. Focus now turns to US CPI tonight (830pm SGT). Consensus looks for core CPI to inch higher to 2.7% YoY, from 2.6%. A hotter print, especially if energy-related inflation concerns broaden could reinforce the market narrative on Fed keeping on hold for longer, in turn lending the USD further support.

DXY was last seen at 97.90 levels. Daily momentum is mild bearish while RSI was flat. 2-way risks likely. Key support around 97.50/60 levels

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(double bottom, 61.8% fibo retracement of 2026 low to high) is key. Break out puts next support closer to 97.10, 96.75 (76.4% fibo) Resistance at 98.10/30 levels (50% fibo, 21 DMA), 98.70 (38.2% fbo).

GBPUSD. Sell rallies. GBP was a touch firmer at the margin, taking cues from a softer USD, but the move was not a clean sterling-led rally. PM Starmer acknowledged that voters had sent a message on the pace of change, but pushed back against calls to step aside, saying he would not walk away from the challenge or risk political instability. It was reported that several MPs have urged PM Starmer to lay out departure timeline and plan for a successor. Developments on local politics remain fluid in coming days/weeks. Labour's poor showing adds to the medium-term political-risk backdrop, particularly if it fuels fiscal slippage concerns or policy uncertainty. Focus now turns back to USD direction, US CPI and BoE/UK data repricing.

Last at 1.3620 levels. Weekly momentum is mild bullish while RSI showed tentative signs of turning lower. Chart pattern saw a potential hanging man formation, typically associated with bearish reversal. We continue to watch price action. Resistance at 1.37 levels (76.4% fibo retracement of 2026 high to low). Support at 1.3550 (21 DMA), 1.3510 (50% fibo) and 1.3480.

USDJPY. Bessent's visit in focus. JPY weakened overnight as higher oil prices revived Japan's terms-of-trade concerns and kept USDJPY supported despite lingering intervention risk. Focus is also on US Treasury Secretary Scott Bessent's Tokyo visit today, where yen weakness may feature in discussions with Japanese officials. He is expected to hold talks with PM Takaichi, FM Katayama and other government and private sector representatives to discuss US-Japan economic relationship. Keep an eye on whether Bessent offers any tacit backing for Japan's FX operations or endorsement to rein in excessive FX volatility. On net, choppy oil prices and potential Bessent-related headlines may keep JPY shorts cautious near intervention-sensitive levels.

Pair was last at 157.20 levels. Bearish momentum on daily chart intact though there are signs of it waning while RSI was flat. 2-way trades likely to continue. Resistance at 157.40 (100 DMA, 38.2% fibo), 158.70 levels (23.6% fibo, 50 DMA). Support at 155.40 (61.8% fibo retracement of 2026 low to high), 154.15/30 (200 DMA, 76.4% fibo).

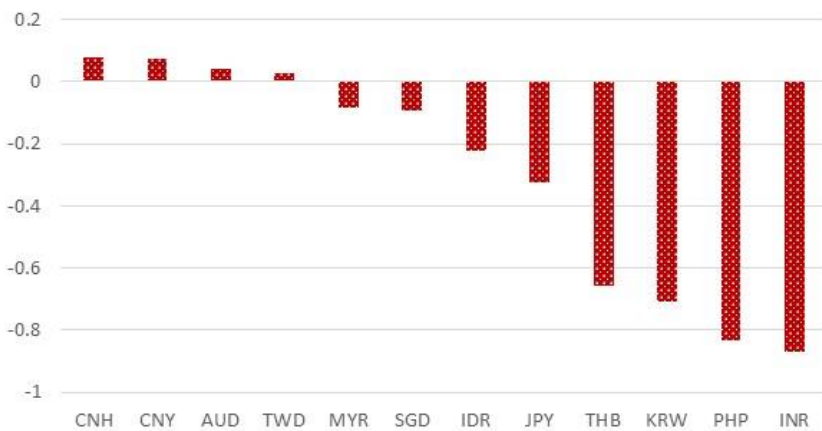
Silver. Breakout? Silver extended its rally (up over 7% overnight), breaking above the recent \$83–84 resistance zone in what tentative looks like a cleaner technical breakout. The move is notable as it came despite firmer yields, suggesting the rally is being driven less by the

usual rates channel and more by momentum, short-covering and potentially, pre-positioning ahead of the Trump–Xi meeting. Hopes for softer US-China rhetoric or some form of trade de-escalation are more directly supportive for silver, given silver’s larger industrial demand exposure across solar, electronics, EVs and broader manufacturing supply chains. Structural tightness is also helping the narrative, with the recent Silver Institute report still projecting a 6th consecutive annual deficit in 2026.

Last seen at 86 levels. Bullish momentum on daily chart intact though RSI pushed into near overbought territories. This can suggest that the rally may be vulnerable to profit-taking if the summit disappoints or if yields/USD push higher. Support at 81 (100 DMA), 76/77 (21, 50 DMAs) and 70 levels. Resistance at 90, 92.60 levels (38.2% fibo retracement of Oct low to 2026 high).

AXJ FX. Mixed play. AXJ FX traded on a mixed-to-softer footing, with elevated oil prices continuing to drive differentiated outcomes across the region. Oil-sensitive FX remained the laggards, with INR and PHP leading declines, followed by THB and KRW, as markets stayed focused on the potential terms-of-trade and inflation drag from higher energy prices. In contrast, RMB and TWD held up better, helped by a softer USD tone, policy-managed stability and tech/AI-linked resilience. Near term, AXJ FX may remain bifurcated: oil importers stay vulnerable on renewed energy spikes, while currencies with policy support, external balance buffers or thematic inflow support should continue to show relative resilience.

% 1d change vs USD



Source: Bloomberg, OCBC Group Research

USDCNH. Nearing oversold though bias is bearish. CNH remained firm, with the PBoC setting the USDCNY fix lower again at 6.8467, its strongest fixing level since March 2023. The signal remains one of tolerance for an orderly RMB appreciation, helped by “not-strong” USD

sentiment and some positioning ahead of high-level US-China engagement. Senior US and Chinese officials are scheduled to meet in Seoul on Wed ahead of Trump- Xi meeting in Beijing later this week, keeping markets alert to any signs of tariff restraint, purchase commitments or a clearer negotiating path. On the charts, the break below 6.80 is also notable as there appears to be limited support between current levels and around 6.72, though the PBoC's measured fixing pace suggests policymakers may still lean against any overly rapid appreciation. Bias remains mildly lower for USDCNH, but headline risk around the US-China meetings remains the key swing factor. Resistance at 6.8060, 6.8220 (21 DMA).

USDCNH (Weekly chart)



Source: Bloomberg, OCBC Group Research

USDSGD. Consolidation. USDSGD consolidated in recent ranges as markets await US-Iran outcome while softer USDCNY capped upside. Pair was last at 1.2680 levels. Daily momentum is slight bearish while RSI is flat. 2-way trades still likely. Support at 1.2650/60 levels (76.4% fibo), 1.2610 levels. Resistance at 1.2720/40 levels (21, DMA, 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	1.1896	157.80	1.3785	0.7873	0.7330	0.6032	1.3811	4855	1.2754	62.00	95.77
Resistance 2	1.1831	157.25	1.3695	0.7826	0.7281	0.5994	1.3744	4785	1.2715	61.38	95.33
Resistance 1	1.1809	156.97	1.3663	0.7796	0.7263	0.5980	1.3710	4750	1.2693	61.00	94.91
Spot	1.1783	157.23	1.3612	0.7780	0.7250	0.5962	1.3679	4738	1.2689	61.14	95.31
Support 1	1.1744	156.42	1.3573	0.7749	0.7214	0.5942	1.3643	4680	1.2654	60.38	94.47
Support 2	1.1701	156.15	1.3515	0.7732	0.7183	0.5918	1.3610	4645	1.2637	60.13	94.45
Support 3	1.1636	155.60	1.3425	0.7685	0.7134	0.5880	1.3543	4574	1.2598	59.51	94.01
Bollinger Band											
Bollinger Upper	1.1817	160.84	1.3630	0.7899	0.7252	0.5968	1.3755	4881	1.2805	61.89	95.67
Bollinger Lower	1.1661	155.94	1.3459	0.7755	0.7106	0.5834	1.3576	4510	1.2659	59.42	92.53

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

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