

Daily Market Outlook

Rates and Oil Keep Asia FX on the Defensive

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- **US PPI next.** USD found support after a hotter US CPI print lifted UST yields and nudged markets to add back Fed hike risk. Focus now turns to US PPI tonight and whether inflation data further reinforces the hawkish Fed repricing.
- **Asian FX under pressure** from the combination of higher UST yields, still-elevated oil prices and softer risk sentiment. Oil-sensitive names such as INR, IDR and PHP remain more vulnerable, while RMB may hold up better on a relative basis if the fix stays stable.
- **KRW led declines in Asia FX**, weighed by higher oil, firmer UST yields, softer risk tone and heavy foreign equity outflows. We remain wary of chasing USD/KRW higher and prefer to fade rallies selectively, given Korea's AI/export leverage and resilient semiconductor cycle as medium-term supports.
- **PHP remains at risk** of fresh weakness, with USD/PHP holding above 61 amid the unfavourable oil-rates-risk mix.

DXY. PPI next. USD firmed overnight as the hotter US CPI print pushed UST yields higher and saw markets incrementally add back Fed hike risk. Headline CPI rose 0.6% m/m in April, lifting the annual rate to 3.8%, while core CPI picked up to 0.4% m/m and 2.8% y/y. The details were not uniformly hot. Energy was a large contributor, shelter was firm, but core goods were relatively contained. For FX, the key transmission was through rates: higher front-end and long-end yields helped restore USD support, while the broader risk-off tone added to defensive demand. Near term, USD may remain supported on dips if markets continue to price a more hawkish Fed reaction function, especially with oil prices still elevated and inflation risks skewed to the upside. That said, the CPI mix does not yet point to a broad-based inflation breakout, so USD upside may still require either further upside data surprises, firmer oil, or a deeper deterioration in risk sentiment. On the data docket today, PPI is up next (830pm SGT).

DXY rose; last seen at 98.30 levels. Mild bearish momentum on daily chart faded while RSI rose. 2-way risks likely. Resistance at 98.70 (38.2% fibo), 99 levels (50 DMA). Support at 98.10 (50% fibo retracement of 2026 low to high), 97.50/60 levels (double bottom, 61.8% fibo retracement of 2026 low to high).

GBPUSD. Tentative stabilisation; bias to sell rallies. GBP remained under pressure as UK political uncertainty continued to weigh, even as PM Starmer pushed back against calls to step aside and received backing from Deputy PM David Lammy, Defence secretary John Healey and more than 100 Labour MPs. The support helps contain the immediate leadership-risk tail, but it does not fully offset market concerns after Labour's poor election showing, especially with market sensitive to the risk of policy drift and fiscal slippage concerns. Focus now shifts to the UK data dump tomorrow, including Q1 GDP, March monthly GDP, trade, industrial production, services and construction output, which should matter for BoE pricing and whether GBP can stabilise. Today, King Charles III will unveil the government's agenda for the year ahead.

GBP was last at 1.3540 levels. Daily momentum shows tentative signs of turning lower while RSI fell. Chart pattern saw a potential hanging man formation (on weekly chart), typically associated with bearish reversal. Price action so far has seen some follow-through. Support at 1.3510 (50% fibo), 1.3470/80 levels (38.25 fibo, 100 DMA) before 1.3410/30 levels (50% fibo, 100 DMA). Resistance at 1.3610, 1.37 levels (76.4% fibo retracement of 2026 high to low).

AXJ FX. Pressured. Higher UST yields and still elevated oil prices are adding to AXJ FX woes. The firmer US CPI print pushed UST yields higher as markets incrementally added to Fed hike expectations, while Brent remained above USD100/bbl on still-fragile US-Iran developments. This is a difficult mix for AXJ FX with higher UST yields keeping USD rate support intact, while elevated oil prices hurt terms of trade and weigh on sentiment. The pressure is likely to be somewhat broad-based given AXJ FX's sensitivity to US rates, global risk appetite and equity flows, especially after the overnight sell-off in risk assets. Within the region, oil-sensitive names such as INR, IDR and PHP may remain the more vulnerable laggards, while RMB may hold up better on a relative basis if the fix remains stable and policy continues to lean against disorderly depreciation. For now, AXJ FX is likely to stay defensive, with the balance of risks still tied to UST yields, oil prices and broader risk sentiment.

USDKRW. Lean against strength. KRW came under renewed pressure overnight and led declines in Asian FX. Underperformance was amidst a negative combination of higher oil prices, firmer UST yields and softer risk sentiment. The move was amplified by heavy foreign selling of Korean equities (-\$3.4bn yest), adding to KRW weakness and reinforcing KRW's high-beta characteristics. Near term, USDKRW can remain choppy and vulnerable to wider swings, especially if oil prices stay elevated and global risk sentiment remains fragile. That said, we

would avoid chasing USD/KRW higher from here and would look to fade rallies selectively for better risk-reward, as Korea's AI/export leverage and still-resilient semiconductor cycle remain medium-term supports once the geopolitical/rates impulse settles. Also watch President Lee's meeting with US Treasury Secretary Bessent today; while not necessarily a KRW event by itself, any comments on tariffs, FX volatility or US-Korea economic cooperation could help shape near-term sentiment.

USDKRW last seen at 1493 levels. Daily momentum turned mild bullish while RSI rose. Near term risks skewed to the upside. Resistance at 1501, 1510 levels (23.6% fibo retracement of 2026 low to high). Support at 1474/78 levels (21DMA, 50% fibo). Bias to sell rallies.

USDPHP. At risk of making fresh highs. USD/PHP held above 61 as PHP remained one of the more vulnerable AXJ FX under the current oil-rates-risk-off mix. Higher oil prices are hurting the Philippines through import demand, inflation and the current account channel, while weak 1Q GDP and April CPI at 7.2% y/y leave BSP facing an uncomfortable inflation-growth trade-off. Political noise may also be adding a layer of caution at a time when oil, rates and risk-off dynamics are already unfavourable.

USDPHP last seen at 61.74 levels. Mild bearish momentum shows signs of fading while RSI rose. Near term risks skewed to the upside. Resistance at 61.70 (prev highs) in focus before 62-figure. Support at 60.70 levels (21 DMA), 60.1 levels. Bias remains for USD/PHP to stay supported if oil and UST yields stay elevated.

USDSGD. Consolidation. USDSGD rose, tracking broader USDAXJs higher. But the magnitude of the rise was also milder, with USDSGD partially retracing earlier gains. Move reflects SGD's lower beta characteristics but at the same time, SGD is not immune to external developments, including yields, oil and sentiments. Pair was last at 1.2720 levels. Mild bearish momentum on daily chart is fading but rise in RSI moderated. 2-way trades still likely. Resistance at 1.2720/40 levels (21, DMA, 61.8% fibo retracement of 2026 low to high), 1.2770 (50, 100 DMAs), 1.28. Support at 1.2650/60 levels (76.4% fibo), 1.2610 levels. Bias to sell rallies preferred.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHE	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1882	159.35	1.3782	0.7897	0.7320	0.6022	1.3804	4979	1.2816	62.08	96.04
Resistance 2	1.1816	158.37	1.3667	0.7849	0.7277	0.5987	1.3751	4844	1.2764	61.51	95.60
Resistance 1	1.1777	158.00	1.3603	0.7828	0.7258	0.5969	1.3723	4780	1.2741	61.33	95.46
Spot	1.1737	157.61	1.3539	0.7806	0.7242	0.5950	1.3698	4715	1.2721	61.47	95.63
Support 1	1.1711	157.02	1.3488	0.7780	0.7215	0.5934	1.3670	4645	1.2689	60.76	95.02
Support 2	1.1684	156.41	1.3437	0.7753	0.7191	0.5917	1.3645	4574	1.2660	60.38	94.74
Support 3	1.1618	155.43	1.3322	0.7705	0.7148	0.5882	1.3592	4439	1.2608	59.82	94.30
Bollinger Band											
Bollinger Upper	1.1800	160.73	1.3626	0.7899	0.7265	0.5979	1.3731	4852	1.2805	61.98	95.81
Bollinger Lower	1.1665	155.79	1.3458	0.7754	0.7111	0.5832	1.3589	4518	1.2659	59.46	92.67

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

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