

Daily Market Outlook

Measured Optimism into Trump-Xi Meeting

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- **Trump–Xi meeting in focus.** Expectations for a material reset in US-China relations remain low, but softer rhetoric, tariff restraint or a clearer negotiating framework could still support risk appetite and weigh on the USD at the margin. Conversely, disappointment or renewed tariff threats could quickly revive defensive USD demand.
- **Silver rally looks stretched near term.** The breakout toward USD87–88/oz appears driven more by technical momentum and Trump–Xi pre-positioning than rates, with industrial metals also better bid. However, overbought RSI and “buy the rumour, sell the fact” risks argue for some near-term caution.
- **SGDJPY: tactically fade rallies.** SGDJPY has been supported by JPY weakness and firmer SGD, but upside looks increasingly two-way as USDJPY nears the 160 intervention-sensitive zone and BoJ communication turns incrementally hawkish.
- **USD supported, but follow-through limited.** Hot CPI and PPI prints fuelled UST yields higher, but DXY struggled to extend gains decisively. USD may stay supported on dips, though a cleaner topside break likely needs stronger US data, clearer second-round inflation signs or deeper risk-off.

Expectations for the Trump–Xi meeting in Beijing are modest, but the agenda is potentially wide-ranging. Trade, tariffs, technology restrictions, rare earths, Taiwan and the Middle East/Iran conflict could all feature in the discussions. Markets are unlikely to price a material reset in US-China relations, but softer rhetoric, tariff restraint or a clearer negotiating framework may still be enough to support risk appetite and weigh on the USD at the margin. Conversely, disappointment, renewed tariff threats or limited follow-through could quickly revive defensive USD demand. Ahead of the leaders’ meeting, US Treasury Secretary Scott Bessent and Vice Premier He Lifeng held around three hours of talks in Seoul on 13 May, in what appeared to be a preparatory track to narrow differences and frame possible deliverables.

USDCNH has been trading with a heavy bias, even against a firmer broad USD backdrop. The move appears to reflect a combination of Trump-Xi-related optimism, stronger China-specific sentiment and policy-tolerated RMB appreciation. The 30-day moving average of daily

fix changes was last around -25 pips as of 13 May, a relatively contained pace compared with the broader moves seen in April. This suggests policymakers may still be comfortable guiding for a steady-to-firmer RMB. While the RMB CFETS index is near its recent high, its current levels are still some distance away from its previous peaks. This implies that further RMB appreciation is still likely. We continue to monitor the daily fix for any signs that the pace of lower USDCNY fixings is picking up. A more persistent sequence of stronger fixes would point to a greater pace of RMB appreciation. For now, RMB appreciation is still coming in at a measured pace.

USDCNH last seen at 6.7880 levels. Daily momentum is mild bearish while RSI is in oversold conditions. Key support around 6.78/6.79. A clean break below this zone sees little strong support until 6.7150/6.72 levels. Resistance at 6.8060, followed by 6.82. That said, the path remains sensitive to USD direction, summit headlines and any shift in the daily fixing bias.

Weekly USDCNH Chart: Next big support closer to 6.72 levels



Source: Bloomberg, OCBC Group Research

Silver. Near term caution. Silver extended its run higher (+13% on 5d% change), with spot holding around the \$87–88/oz area after breaking above the recent \$83–84 resistance zone. The move looks less rates driven as yields were firmer. The move higher looks more driven by a mix of technical breakout momentum and possibly, pre-positioning ahead of the Trump–Xi meeting, especially as other industrial metals were also better bid. A softer tone on US-China rhetoric on tariffs, supply chains or critical minerals would be more directly supportive for silver given silver’s industrial exposure. That said, some caution is warranted as the setup could be vulnerable to “buy the rumour, sell the fact” price action if the Trump-Xi outcome underwhelms.

Silver last seen around 87. Bullish momentum on daily chart intact though RSI is in overbought territories. This can suggest that the rally may be vulnerable to profit-taking. Support at 81.10 (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).

DXY. Firmer. USD ticked higher overnight. Following the upside surprise in CPI, April PPI also came in hot, rising 1.4% m/m and 6.0% y/y, with price pressures visible across both goods and services. The data reinforced concerns that the recent oil shock is feeding into broader pipeline inflation and kept markets leaning toward a more hawkish Fed reaction function. UST yields moved higher and DXY briefly extended gains, but follow-through was limited, suggesting markets may have already priced a fair amount of inflation risk after the CPI release. For now, USD may remain supported on dips but a cleaner topside break may require either stronger evidence of second-round inflation effects, more explicit Fed pushback, stronger US data print or a deeper deterioration in risk sentiment. Data tonight brings initial jobless claims, import/export price index and retail sales.

Kevin Warsh has been confirmed as the next Fed Chair. While he has previously leaned toward a Fed rethink and lower rates over time, the timing is tricky with CPI and PPI both printing hot, oil still elevated and markets adding back some Fed hike risk. This makes it harder for an early dovish pivot to gain traction. For now, the uncertainty around his first policy signals may keep USD supported on dips.

DXY rose; last seen at 98.50 levels. Daily momentum showed tentative signs of turning mild bullish while RSI rose. 2-way risks likely to persist. 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).

SGDJPY. Tactical sell rallies? SGDJPY has inched higher over the last few sessions, amid JPY's underperformance. Cross may remain supported on dips, but upside momentum could turn more two-way from here. SGD still trades firmer amid tighter policy stance while JPY weakness had persisted. But we are increasingly cautious as USDJPY's move around the 160 area keeps intervention risk alive. The last time when BOJ was suspected to have intervened in JPY was around 30Apr-1May 2026, and the sharp drop in USDJPY also saw SGDJPY fell from above 125 to 122 levels. Elsewhere, recent BoJ communication has turned incrementally hawkish, with more discussion around a June hike, currently around 64% priced. Our house view still looks for 2 more hike this year. Yesterday, former BoJ Governor Kuroda also said the JPY is unlikely to fall much beyond 160, and his belief is that USDJPY rate

around 120/130 is seen as equilibrium based on Japan’s economic fundamentals.

For SGDJPY, this argues for tactically fading rallies rather than chasing topside aggressively. Intervention risks may come into play around 160 for USDJPY and this can affect SGDJPY. Cross was last at 124.10 levels. Bearish momentum on daily chart is fading while RSI rose. Technical signs somewhat skewed to the upside but bias to lean against strength. Short term bearish crossover appears to be in the making with 21 DMA on track to cut 50 DMA to the downside. Resistance at 124.30/35 levels (21, 50 DMAs), 125.45 levels (previous high). Support at 123.35 (100 DMA), 122 levels (previous low). View to sell rallies can be at risk if geopolitical re-escalation plays up with oil prices going higher, resulting in JPY staying under pressure and the SGD drawing a safe-haven bid.

USDIDR. Relief. USDIDR turned lower yesterday, helped by signs that BI is stepping up its defence of the rupiah after the pair tested fresh record highs earlier in the week. BI reiterated that it remains present in the market through spot, DNDF and offshore NDF intervention, while also leaning on monetary operations and tighter domestic FX rules to curb speculative USD demand. The latest messaging on “smart interventions” appears to have helped stabilise sentiment at the margin, though the broader backdrop remains challenging if oil prices stay elevated and UST yields go higher. Spot was last at 17465 levels. Mild bullish momentum on daily chart intact but RSI shows signs of easing from near overbought conditions. Price action yesterday also saw bearish engulfing – typically associated with bearish reversal. We watch price action. Support at 17340 (23.6% fibo retracement of 2026 low to high), 17280 (21 DMA). Resistance at 17500/540 levels (recent high).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1808	158.51	1.3652	0.7879	0.7336	0.6033	1.3773	4810	1.2772	62.03	96.23
Resistance 2	1.1762	158.15	1.3586	0.7848	0.7295	0.5987	1.3738	4752	1.2748	61.70	95.92
Resistance 1	1.1737	158.00	1.3554	0.7834	0.7276	0.5961	1.3723	4721	1.2738	61.58	95.77
Spot	1.1716	157.85	1.3524	0.7818	0.7260	0.5934	1.3707	4689	1.2719	61.39	95.71
Support 1	1.1691	157.64	1.3488	0.7803	0.7235	0.5915	1.3688	4663	1.2714	61.25	95.46
Support 2	1.1670	157.43	1.3454	0.7786	0.7213	0.5895	1.3668	4638	1.2700	61.03	95.28
Support 3	1.1624	157.07	1.3388	0.7755	0.7172	0.5849	1.3633	4581	1.2676	60.70	94.97
Bollinger Band											
Bollinger Upper	1.1793	160.63	1.3626	0.7898	0.7278	0.5980	1.3734	4851	1.2805	62.02	96.00
Bollinger Lower	1.1664	155.78	1.3456	0.7754	0.7110	0.5834	1.3588	4517	1.2658	59.58	92.72

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

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