

Daily Market Outlook

Dollar Two-Sided

- **Dollar Two-Sided:** A temporary geopolitical reprieve has reduced haven demand, weighing on the USD. But overdone hawkish ECB and BoE pricing and firmer US data suggest USD downside momentum looks less one-way from here. AUD remains supported by commodities.
- **Asian FX** held onto gains as Iran de-escalation fuelled risk-on sentiment, pressuring the USD. Momentum may fade as markets stay headline-driven, with profit-taking risks rising into the weekend.

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Risk Rally, Questions: The USD traded mixed as geopolitical risk premiums eased modestly. Reports that the US and Iran may extend their ceasefire talks by another two weeks have tempered haven demand. Still, markets may be testing the limits of optimism amid scant evidence of lasting progress and with the Strait of Hormuz effectively closed. Asian oil importers are already feeling the squeeze, with Japan launching a second release from its national stockpile from early May.

Diminished risk aversion has weighed on the USD, but downside momentum looks less one-way from here. EURUSD has retraced to pre-conflict levels near 1.1800, while extended long USD positioning has been unwound. As a result, near-term USD price action may become more two-sided. We continue to view market pricing of 2–3 ECB hikes and 1–2 BoE hikes this year as overdone. Our base case remains an ECB insurance hike in June and a BoE on hold through 2026, with policy rates at 2.25% and 3.75% respectively by end-2026. We also retain a constructive view on AUD, supported by the AI-driven commodity upswing reinforcing the RBA's hawkish bias.

Global bond yields firmed overnight despite a rally in equities, supported by better macro data, stable oil prices, and consistent messaging from Fed officials that policy is likely to remain on hold for some time. This marks a break from the recent pattern where falling oil prices boosted equities while pulling yields lower. The Beige Book painted a slightly firmer growth picture, with eight districts reporting slight to modest growth (up from seven previously), two seeing little change, and two reporting modest declines. The overall message was that US growth remains intact, though Middle East tensions continue to dominate the risk outlook. ECB officials, meanwhile, cautioned against focusing prematurely on an April move, stressing the need for more time to assess second-round inflation effects.

Adding to uncertainty, President Trump commented on the Fed leadership transition, saying he will not halt the Department of Justice (DoJ) probe into Chair Powell and would dismiss him if he does not step down when his term ends on 16 May. Treasury Secretary Bessent noted uncertainty over whether Fed chair nominee Kevin Warsh can be confirmed by that date, while Senator Tillis said he would block Warsh's nomination until the DoJ probe concludes.

USDTWD. Flow-led. USDTWD fell this week amid renewed USD softness and net foreign inflows into domestic equities. Week-to-date, foreigners net purchased USD3.3bn of Taiwanese equities. Signs of geopolitical de-escalation in Iran spurred risk-on sentiment. In-principle agreement on US-Iran truce is still far from a deal but still a promising step. USDTWD was last at 31.65 levels. Bearish momentum on daily chart intact while RSI fell. Risk skewed to the downside. But price action shows falling wedge pattern – typically associated with bullish reversal. Support at 31.50/55 levels (100 DMA, 61.8% fibo retracement of 2025 high to low), 31.20 and 31 levels (50% fibo). Resistance at 31.90 (21 DMA).

USDMYR. Nearing key support. Markets are repricing quickly on optimism that US and Iran are considering a return to the negotiation table while USD continued to trade on a softer footing. Fundamentals have not shifted – growth momentum remains intact, alongside higher commodity prices – and these drivers should continue to underpin foreign inflows. Elsewhere, a stable RMB continues to provide an anchor for MYR. Pair was last at 3.96 levels. Bearish momentum on daily chart intact but decline in RSI moderated. Falling wedge observed – typically associated with a bullish reversal. We continue to watch price action. Some support coming in around 3.90-3.92 levels. A decisive break below may see MYR challenge 3.88. Near term focus still largely centered on ceasefire talks.

USDSGD. Heavy bias. USDSGD traded with a heavy bias, near recent lows as prospects of US-Iran ceasefire being extended helped to improve sentiment while USD slipped. Markets continue to pay close attention to geopolitical headlines as we inch closer to the weekend, which may see risk appetite curtailed. Pair was last at 1.2710 levels. Bearish momentum on daily chart intact while RSI is near oversold conditions. Key support here at 1.27. Break out puts next support closer to 1.2680, 1.2610 levels. On FX implication, our earlier study has shown that a pure increase in the slope has tended to see a more muted reaction in the aftermath as the increase in the slope is intended to guide a faster pace of appreciation path over time. That said, MAS

policy is only one side of the equation. The broader USD backdrop remains crucial. In periods of broad-based USD strength, MAS tightening may partially cushion against USDSGD upside rather than trigger a sustained decline outright.

remains crucial for USDSGD move as markets looks for signs of US and Iran continuing talks. Pair was last at 1.2720 levels. Bearish momentum on daily chart intact while RSI is near oversold conditions. Key support here at 1.27. Break out puts next support closer to 1.2680, 1.2610 levels.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1865	159.93	1.3631	0.7883	0.7279	0.5962	1.3874	4986	1.2764	60.72	93.88
Resistance 2	1.1829	159.43	1.3596	0.7850	0.7217	0.5935	1.3813	4901	1.2740	60.35	93.59
Resistance 1	1.1814	159.22	1.3579	0.7835	0.7193	0.5923	1.3777	4846	1.2727	60.23	93.49
Spot	1.1803	158.81	1.3570	0.7816	0.7171	0.5910	1.3734	4830	1.2709	60.10	93.38
Support 1	1.1778	158.72	1.3544	0.7802	0.7131	0.5896	1.3716	4761	1.2703	59.86	93.20
Support 2	1.1757	158.43	1.3526	0.7784	0.7093	0.5881	1.3691	4731	1.2692	59.62	93.02
Support 3	1.1721	157.93	1.3491	0.7751	0.7031	0.5854	1.3630	4647	1.2668	59.25	92.74
Bollinger Band											
Bollinger Upper	1.1829	160.21	1.3610	0.8047	0.7188	0.5941	1.3979	4921	1.2926	60.81	94.75
Bollinger Lower	1.1414	158.25	1.3121	0.7788	0.6798	0.5661	1.3690	4360	1.2672	59.52	91.57

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

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