

## Daily Market Outlook

### Limited USD Pullback

- **Limited USD Pullback:** Oil's sharp drop and easing geopolitics lifted risk, but USD resilience reflects Fed caution, AI-driven US strength, and event risk. No strong case for sustained USD weakness; cross trades remain preferred.
- **Breather for Asian FX laggards.** Room for currencies that have been hit harder, such as IDR, PHP and INR, to claw back some lost ground if external conditions continue to improve. This week, the focus is on central bank meetings including BI, BSP and CBC on Thursday.
- **Potential turnaround for gold?** Follow-through in momentum requires a more durable improvement in the external environment and this would include softer oil prices, yields to ease further and clearer evidence that Fed hawkish repricing has peaked.

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**Limited USD Pullback:** Energy prices fell sharply and risk assets rallied after the US and Iran agreed on a memorandum of understanding on 14 June, with signing targeted for 19 June. US yields and the broad USD eased only modestly, despite a sharp rebound in EM oil importer currencies such as IDR, INR and PHP.

The limited pullback in US yields and a resilient USD suggest markets remain cautious on hawkish Fed risks. Strong AI-driven investment continues to support labour demand and reinforces the resilient US growth outlook relative to peers. Positioning also looks constrained ahead of this week's FOMC meeting, reducing appetite to sell the USD into a key policy event.

Elsewhere, Europe's limited exposure to the AI cycle could cap EUR upside, while a stronger JPY would likely require a more hawkish BoJ. CNY firmness should persist and has helped contain broader USD strength. Overall, the case for sustained USD weakness remains unconvincing. We stay neutral on the USD and prefer FX crosses opportunities.

Oil dynamics also limit USD downside. Brent has fallen to around USD83 per barrel, near many year-end forecasts. We expect Brent to drift towards USD80 by year-end, with risks skewed higher. Over the past month, oil has dropped roughly USD30 per barrel as expectations for a deal increased, with markets now pricing a high probability of full normalisation in Hormuz flows.

While a US-Iran agreement is supportive, durability remains untested. Even if the Strait of Hormuz reopens, normalisation will be gradual. Mine clearance, insurance reinstatement, restarting shut-in production and precautionary stockpiling are likely to slow further downside in oil prices.

**Asian FX. Breather.** The external backdrop is turning less hostile for Asian FX. US-Iran looks close to a done deal, though the details still matter. Brent is down 10% over the last 5 sessions, and this has helped take some pressure off US Treasury yields, inflation breakevens and the USD. That should give some breathing room to the Asian FX laggards. We would not frame this as a broad Asian FX rally, but there is room for currencies that have been hit harder, such as IDR, PHP and INR to claw back some lost ground if external conditions continue to improve. This week, the focus is on central bank meetings including FOMC, BI and BSP on Thursday.

**USDIDR. Watch BI.** BI has shown greater urgency in recent weeks. The surprise 50bp hike in May, followed by an off cycle 25bp hike last week, while higher SRBI yields and continued FX measures have helped restore some confidence. The main risks are the FOMC decision and BI policy action/ communication this week. If BI stays on hold or sounds less hawkish, it could take some momentum out of IDR. But if BI keeps a firm tone, alongside external pressure easing, then there is room for USDIDR to extend lower. Spot last at 17703 levels. Daily momentum turned bearish while RSI fell. Next support at 17620 (38.2% fibo retracement of 2026 low to high), 17430/450 levels (50 DMA, 50% fibo). Resistance at 17838 (23.6% fibo), 17950 levels.

**USDPHP. Bearish but looking oversold.** USDPHP gapped sharply lower yesterday in response to softer yields, oil prices. This week's focus shifts to BSP, which may face a tougher balancing act. Inflation is still too high (last print at 6.8%, outside BSP's 2-4% target range), but growth has also slowed. Consensus is leaning toward a 25bp hike, but a larger 50bp move should not be ruled out given the risk that BSP risks falling behind the curve. A scenario of firmer policy response, alongside softer oil prices can help PHP recover some lost ground. Elsewhere, watch FOMC for any hawkish surprises that may upset momentum. Pair was last at 60.5 levels. Momentum is bearish while RSI looks oversold. Risk of snapback should BSP disappoints or external environment turns. Support at 60.10 (38.2% fibo retracement of 2026 low to high). Resistance at 60.72 (23.6% fibo), 61 levels (50 DMA).

**USDTWD. CBC in focus.** Taiwan’s CBC is also worth watching this week (Thu), especially after Governor Yang’s comments last week. He said a pre-emptive hike could be appropriate if inflation expectations stay above 2% for the next six months, as moving early may reduce the need for sharper adjustments later. For TWD, the broader story remains supportive. The AI/export upcycle is still strong, equity inflows remain a tailwind, and any CBC hike or hawkish tilt would add another layer of support. Spot last at 31.55 levels. Bullish momentum on daily chart is easing while RSI fell. Support at 31.45 (76.4% fibo), 31.30 levels. Resistance at 31.60 (61.8% fibo retracement of 2026 low to high), 31.70 (50% fibo).

**Gold. Potential turn?** Gold rebounded as US-Iran de-escalation narrative helped to unwind part of the oil led inflation and rates shock. The 5% rebound since Wed may potentially turn less even from here, with FOMC coming up while markets may shift focus from headline to details on US-Iran agreement. For gold to regain stronger upside momentum, a more durable improvement in the external environment is needed and this would include softer oil prices, yields to ease further and clearer evidence that Fed hawkish repricing has peaked. The latter will be a clear boost for gold prices – watch FOMC on Thu for clues. Gold last seen at 4320 levels. Bearish momentum on daily chart showed tentative signs of fading while RSI rose. A sustained recovery above resistance at 4394 (23.6% fibo retracement of 2026 high to low), 4450 (200 DMA), 4580 (50 DMA) is needed to ease downside pressure. Otherwise, rallies may remain corrective. Support at 4200, 4024 (recent low).

### Gold daily chart



## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1700	161.48	1.3539	0.8039	0.7163	0.5924	1.4064	4523	1.2947	61.04	95.30
Resistance 2	1.1647	160.82	1.3483	0.7992	0.7115	0.5880	1.4021	4419	1.2889	60.79	94.97
Resistance 1	1.1618	160.58	1.3448	0.7968	0.7094	0.5851	1.4006	4365	1.2858	60.63	94.84
Spot	1.1590	160.32	1.3414	0.7947	0.7072	0.5827	1.3993	4315	1.2828	60.47	94.72
Support 1	1.1565	159.92	1.3392	0.7921	0.7046	0.5807	1.3963	4262	1.2800	60.38	94.52
Support 2	1.1541	159.50	1.3371	0.7898	0.7019	0.5792	1.3935	4212	1.2773	60.30	94.32
Support 3	1.1488	158.84	1.3315	0.7851	0.6971	0.5748	1.3892	4108	1.2715	60.05	93.99
<b>Bollinger Band</b>											
Bollinger Upper	1.1680	160.82	1.3499	0.8017	0.7226	0.5963	1.4038	4676	1.2903	62.14	96.69
Bollinger Lower	1.1519	158.69	1.3343	0.7791	0.6996	0.5762	1.3719	4134	1.2731	60.88	94.50

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

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