

Daily Market Outlook

Waiting Game

- **Waiting Game:** Markets treaded water as investors waited for policy signals, geopolitics and Big Tech results. Oil firmed on US–Iran uncertainty, but its grip on cross-asset moves has become smaller. Resilient US equities suggest USD downside may remain limited despite de-escalation hopes.
- **Central bank bonanza:** BoJ action is key for FX. Fed, ECB and BoE set to remain on hold this week, but policy optionality remains. Markets may still be overpricing ECB and BoE tightening and Fed bias bears watching.
- **Asian FX firmed,** led by MYR, THB and TWD. Iran’s overture to the US eased geopolitical fears, but elevated oil prices cast doubt on the durability of Monday’s oil-sensitive FX rebound.

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Waiting Game: Risk sentiment was subdued at the start of the week, with most asset classes moving sideways as investors held back ahead of central bank guidance, geopolitical developments and a heavy slate of Big Tech earnings.

Oil prices moved higher as progress in US–Iran negotiations stalled, dampening expectations of additional supply flows through the Strait of Hormuz. Reports indicated Tehran had proposed reopening the Strait in exchange for an end to the US blockade, while postponing nuclear talks. The proposal is now under review in Washington.

While oil remains an important macro input, its influence on cross-asset performance has moderated since March. The earlier spike was likely magnified by crowded positioning and is unlikely to be repeated. In contrast, market leadership has shifted toward structural themes, particularly renewed AI optimism supporting US equities.

Looking ahead, a softer USD remains possible if geopolitical risks ease and energy prices drift lower. However, reduced expectations for Fed easing, prospects of US equity outperformance and resilient oil prices should limit the extent of USD weakness. Oil prices may also prove slow to retreat into 2H26, reflecting lingering energy infrastructure damage and ongoing strategic stockpiling by major importers.

Central bank bonanza: Our base case remains a 25bp BoJ hike today, although current pricing suggests a meaningful risk of a hold. A pause would likely exacerbate JPY weakness, potentially pushing USDJPY into

the 160s and triggering Ministry of Finance intervention aimed at driving the pair back toward 155. Recent forceful language from Finance Minister Katayama suggests a readiness to act. Even so, we remain cautious on JPY and retain our end-2026 USDJPY target of 155.

The Fed, ECB and BoE are all expected to hold rates this week. The ECB and BoE are likely to emphasise their willingness to hike again if inflation proves persistent. Markets will also watch whether the Fed shifts away from a dovish tilt toward a more symmetric bias—signalling that the next move could be either a hike or a cut. In practical terms, we would expect very little change in a Warsh Fed from the existing Powell Fed – at least in 2026.

Market pricing for ECB and BoE hikes has retreated from March’s “peak hawkishness” and now implies roughly two hikes this year for both. Even so, this still looks somewhat aggressive, particularly if euro area core CPI remains benign. We expect a one-off “insurance” hike from the ECB in June, while the BoE is likely to stay on hold. We remain neutral EURUSD.

GBP has so far withstood fallout from the latest twist in the Mandelson Affair. Nonetheless, we remain cautious on GBP as UK political risks rise ahead of the 7 May local elections.

Asian FX. Can rally be sustained? Most Asian FX traded on a firmer footing, led by gains in MYR, THB, TWD. Iran’s proposal to reopen Hormuz may have helped with de-escalation but it remains to be seen if US will agree to the conditions including the postponement of nuclear talks to later time. While equities are near record highs, oil prices also remain elevated. Energy passthrough in the Hormuz strait remains constrained and oil prices staying higher for longer can have negative repercussions on demand. The longer the standoff between US and Iran, the tighter the oil market, and oil prices will have to be repriced higher. Ultimately this can restrain Asian FX’s recovery momentum, especially for high-beta and oil-sensitive Asian FX.

That said, geopolitical developments remain fluid. Any signs of further de-escalation, alongside oil prices easing should see Asian FX benefiting. Until this happens, Asian FX may continue to trade differentiated due to respective oil sensitivity, current account positions, foreign flows dynamics and central bank reaction/policy functions. Given the impasse and still-elevated oil prices scenario, PHP, THB may stay under pressure while SGD and MYR should retain relative resilience.

CNH. Still guided by the fix. USDCNH started the week on a softer footing. A softer USDCNY fix yesterday at 6.8579 (-95pips from prior), alongside the broad USD pullback helped to weigh on the pair. While the fix is near a fresh 3-year low, we continue to watch if the momentum of setting the fix lower is picking up. 30-day moving average of daily change was last at -16pips, rather contained magnitude compared to the month of Apr. This may imply that policymakers are guiding for a steady RMB in the interim, rather than to guide RMB for another fresh round of appreciation. That said, the fix deserves a close watch for any signs of a pick-up in acceleration in RMB gains. USDCNH last seen at 6.8270 levels. Daily momentum is mild bullish but RSI turned lower. 2-way trades likely for now. Support at 6.8060, 6.80 levels. Resistance at 6.84, 6.8450 (21 DMA).

IDR. Pullback. USDIDR turned lower overnight amid broad USD pullback and the uptick in risk sentiments. Iran's proposal to US may have partially helped to de-escalate geopolitical uncertainties though oil prices staying higher raises the question if the Monday rebound in oil-sensitive Asian FX, including IDR can be sustained. Overall, the IDR softness this episode reflects external uncertainty tied to the risk of a prolonged US-Iran conflict. Sentiment was further undermined by S&P's explicit mention that Indonesia is the sovereign most vulnerable in Southeast Asia to a prolonged energy shock.

While concerns remain in the interim, we see room for IDR to recover at some point when geopolitical situation de-escalates more meaningfully, alongside oil prices easing. USDIDR last seen at 17195 levels. Mild bullish momentum on daily chart shows tentative signs of fading while RSI eased lower. Recent price action may also represent a short term exhaustion pattern after a sharp topside break. We are keeping a look out for any continuation in the pullback though it remains early to concur a major trend reversal at this point. Support at 17100 levels (21 DMA), 16960 (50 DMA). Resistance at 17250, 17315 levels.

USDSGD. Range-bound. USDSGD slipped amid broad USD pullback. Pair was last at 1.2745 levels. Daily momentum and RSI indicators are not showing a clear bias. 2-way trades likely in the interim. Resistance at 1.2780/1.28 levels (100 DMA, 38.2% fibo retracement of 2026 low to high), 1.2850 (200 DMA, 23.6% fibo). Support at 1.2720 levels (61.8% fibo), 1.2670 (76.4% fibo). On relative terms, SGD can continue to trade like a regional defensive play, holding up better against higher-beta FX should geopolitical uncertainties continued to persist.

On data released yesterday, Singapore's industrial production accelerated to 10.1% YoY in March, picking up speed from the upwardly

revised February readings of 3.3% YoY. Electronics was the outperformer again at 30% YoY, followed by precision engineering, general manufacturing while output for both the biomedical and chemicals clusters both fell. Our economists noted that 1Q26 GDP growth is likely to be revised up from the advance estimate of 4.6% YoY to 5.2% YoY ceteris paribus as the manufacturing sector growth is likely to be notched higher to 7.9%YoY based on the March print versus the advance estimate of 5.0% YoY.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1855	160.56	1.3706	0.7930	0.7319	0.6039	1.3804	4818	1.2843	61.03	94.55
Resistance 2	1.1788	159.98	1.3620	0.7891	0.7245	0.5967	1.3720	4756	1.2795	60.87	94.37
Resistance 1	1.1755	159.70	1.3577	0.7873	0.7215	0.5937	1.3673	4719	1.2769	60.80	94.28
Spot	1.1723	159.44	1.3537	0.7854	0.7188	0.5910	1.3624	4691	1.2744	60.73	94.19
Support 1	1.1688	159.12	1.3491	0.7834	0.7141	0.5865	1.3589	4656	1.2721	60.64	94.11
Support 2	1.1654	158.82	1.3448	0.7813	0.7097	0.5823	1.3552	4630	1.2699	60.56	94.02
Support 3	1.1587	158.24	1.3362	0.7774	0.7023	0.5751	1.3468	4568	1.2651	60.40	93.84
Bollinger Band											
Bollinger Upper	1.1868	159.96	1.3679	0.8011	0.7285	0.5989	1.3975	4846	1.2867	60.85	94.84
Bollinger Lower	1.1518	158.52	1.3205	0.7748	0.6883	0.5692	1.3559	4628	1.2657	59.50	92.21

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

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