

Daily Market Outlook

Relief, But Fragile

- **Relief, But Fragile:** A US-Iran ceasefire has triggered a relief rally across markets, but fragile negotiations and lingering geopolitical risks are limiting the move. The Fed is still firmly in wait-and-see mode. AUD remains the preferred expression of de-escalation and pro-growth.
- **Asian FX** rebounded on ceasefire relief, but this remains a tactical reprieve. Sustainability hinges on lower oil prices, stabilising FX reserves, and a return of portfolio inflows.
- **USDCNH** fell sharply, taking cues from a stronger CNY fix while broader sentiment switched to risk-on, in turn triggering an unwinding in safe-haven USD demand.

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Relief, But Fragile: A two-week conditional ceasefire between the US and Iran sparked a sharp relief rally across markets. Oil prices fell, easing inflation fears and fuelling a broad risk-on move. At the time of writing, Brent crude has slipped to USD95/bbl, still well above its pre-conflict level of around USD70/bbl or lower. The USD gave back earlier gains, with the currencies hit hardest during the conflict unsurprisingly leading the rebound.

In G10 FX, high-beta energy importers such as SEK and NZD led the snapback after being the main underperformers during the conflict. Our preferred relief trade remains AUD. It is not only a pro-cyclical currency that is relatively resilient to energy shocks, but it could also benefit from firmer industrial metals prices if further de-escalation lifts global growth as the energy shock fades. By contrast, NOK and CAD, which had held up relatively well on the back of higher oil prices, are now losing support as crude retreats.

US yields initially moved lower, but that decline was later pared as headlines pointed to still-fragile negotiations. The Trump administration said the Strait of Hormuz remains open to shipping, but Iran has reportedly continued to levy tolls and insist on military oversight. At the same time, Israel has yet to agree to a ceasefire in Lebanon, which Iran says breaches the US deal. Saudi Arabia's east-west oil pipeline — an alternative export route to Hormuz — was also hit by a drone, although reported damage appears limited. US-Iran talks are scheduled to take place in Pakistan on Friday, and oil flows through the Strait will remain the key market focus in the days ahead.

The March FOMC minutes reinforced the Fed's wait-and-see stance. The tone was more balanced than at the March press conference, highlighting both upside inflation risks and downside employment risks. Notably, "some" participants saw a "strong" case for describing the risks to the outlook as two-sided — a shift from the January minutes, which referred only to "several" participants, and without the added emphasis of "strong". That said, the meeting took place just over two weeks into the conflict and before last week's stronger employment report.

Asian FX. Relief. Asian FX enjoyed a strong rebound, in varying degrees overnight following the 2-week ceasefire deal. Net oil importer FX including INR, PHP, THB and KRW led rebound. Lower oil prices help via a smaller import bill, some easing in near-term inflation pressure, and improved sentiment as the war premium fades. At this point, we would still frame this as more of a tactical reprieve than a full reversal. Transit through the Strait of Hormuz has yet to fully normalise, damaged infrastructure will take time to repair, and the ceasefire itself remains fragile as talks are still ongoing. While Asian FX could partially recover their recent losses, the extent of any rebound will still depend on whether oil prices stay meaningfully lower, whether FX reserves stabilise, and whether portfolio inflows begin to return. More broadly, oil is only one part of the equation. A more durable recovery in Asian FX still requires a softer US dollar, less adverse yield differentials and steadier portfolio flows to recover.

USDCNH. Nearing Key Support. USDCNH fell sharply overnight, taking cues from a much stronger CNY fix (6.8680 vs. 6.8854 the day before). This is also the lowest USDCNY fix since Apr 2023, reinforcing the trend of guided RMB appreciation since Apr 2025. Elsewhere, broader sentiment switched to risk-on, following the 2-week ceasefire deal and triggered an unwinding in safe-haven USD demand. While we continue to look for a measured pace of RMB appreciation, we would still watch the fix closely for any signs to moderate the pace or to increase the pace of appreciation especially as we inch closer to Trump-Xi meeting in Beijing on 14-15 May. USDCNH last seen at 6.8335 levels. Daily momentum is bearish bias while RSI fell to near oversold conditions. Immediate support around 6.8200/70 levels (double bottom). Decisive break out puts next support at 6.81, 6.79 levels. Resistance at 6.89 (21 DMA), 6.92 (23.6% fibo retracement from Aug high to double bottom).

USDSGD. Consolidation. USDSGD extended its move lower overnight as US-Iran ceasefire brought about near-term relief. USD eased, RMB jumped while risk proxies rebounded. Further pullback in USDSGD is dependent on how quickly oil flow through the Strait of Hormuz is

restored, if the ceasefire deal holds, broader direction of the USD, RMB and upcoming MAS decision on policy stance (14 Apr). The last MAS-MTI joint statement on inflation had flagged that Singapore’s import cost pressures are likely to pick up in the near term while authorities had also separately cautioned on potentially sharper increases in electricity and gas tariffs in subsequent quarters. Past episodes over the last 15-16 years have revealed how large swings in global energy prices can influence Singapore’s inflation outlook and, by extension, monetary policy settings.

We believe all policy options/ combination are on the table, though we lean more towards a steepening of the S\$NEER policy band slope. Pair fell, consistent with our technical observation. Last seen at 1.2750. Daily momentum turned mild bearish while RSI fell. Rising wedge pattern – typically associated with bearish reversal – has played out. Support here at 1.2740 (50 DMA), 1.2710 (23.6% fibo) before 1.2620. Resistance at 1.2780 levels (38.2% fibo retracement of Nov high to 2026 low), 1.2810/20 levels (21, 100 DMAs).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1922	162.36	1.3782	0.8153	0.7266	0.6082	1.4006	5072	1.3001	60.30	93.02
Resistance 2	1.1790	160.54	1.3585	0.8038	0.7149	0.5941	1.3931	4915	1.2883	59.90	92.80
Resistance 1	1.1727	159.56	1.3490	0.7976	0.7097	0.5881	1.3889	4817	1.2812	59.66	92.69
Spot	1.1655	158.72	1.3388	0.7918	0.7032	0.5820	1.3855	4702	1.2753	59.43	92.58
Support 1	1.1595	157.74	1.3293	0.7861	0.6980	0.5740	1.3814	4661	1.2694	59.26	92.47
Support 2	1.1526	156.90	1.3191	0.7808	0.6915	0.5659	1.3781	4602	1.2647	59.09	92.36
Support 3	1.1394	155.08	1.2994	0.7693	0.6798	0.5518	1.3706	4445	1.2529	58.69	92.14
Bollinger Band											
Bollinger Upper	1.1674	160.45	1.3463	0.8031	0.7120	0.5898	1.3995	5099	1.2913	60.86	94.82
Bollinger Lower	1.1427	158.00	1.3156	0.7834	0.6826	0.5673	1.3647	4273	1.2725	59.31	91.03

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

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