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Daily Market Outlook

Oil, Yields Test FX Conviction

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- ***DXY little changed*** *as higher oil and UST yields failed to generate much follow-through, with markets reluctant to add fresh USD positions ahead of CPI.*

- ***NZD stayed on the back foot*** *as higher oil/UST yields weighed, while RBNZ's Gai said the OCR may already be within the neutral zone, tempering the tightening narrative.*

- ***USDKRW bounced from around 1336 on higher oil, firmer yields,*** *settlement demand and NPS hedging headlines, but rallies still struggled for follow-through.*

- ***MYR weakened*** *alongside higher US yields and a sharp local bond sell-off, with the 15Y MGS yield rising around 15bp.*

DXY. Conviction stays light ahead of CPI. USD traded mixed overnight, with DXY little changed around 98.8 as markets remained reluctant to put on fresh directional positions ahead of US inflation data. The greenback received little follow-through from elevated UST yields, while JPY-specific strength weighed on the broader index earlier in the session. Oil prices remained another key focus, with Brent briefly approaching USD100/bbl after renewed attacks on Saudi energy facilities before paring some of the move. The latest escalation keeps the inflation and Fed policy implications of higher energy prices in focus, particularly after last week's strong payrolls print revived expectations of another rate hike. For now, higher oil and yields may help limit USD downside, but we suspect a more decisive move will require confirmation from the upcoming inflation data.

DXY last at 98.8 levels. Daily momentum is not showing a clear bias while RSI is flat. 2-way risks likely to persist. Support at 98.60/70 levels (50% fibo retracement of 2026 low to high), 98 (61.8% fibo). Resistance at 99.30/40 levels (21DMA, 38.2% fibo), 99.77 (100 DMA).

JPY. Wage data added to JPY strength. JPY extended its recent gains, with USDJPY briefly testing below 153 after stronger cash earnings data reinforced expectations for further BOJ policy normalisation. Real wages rose 2.4% y/y in July, the strongest increase in more than five years, while scheduled cash earnings rose 4.1%. The data added to confidence that wage growth is becoming more entrenched and strengthened the case for another BOJ hike next week. The move was likely amplified by further unwinding of JPY shorts and yen-funded carry positions as key technical levels gave way. USDJPY subsequently rebounded above 154, suggesting part of the earlier move had become stretched, although the broader shift towards a less bearish JPY bias remains intact.

USDJPY last seen at 154.25 levels. Daily momentum is bearish but RSI is in oversold conditions. Dragonfly doji potentially in the making – pointing to risk of bullish reversal in the near term. Rebound risks not ruled out in the interim. Resistance at 155, 155.70 and 156.70 (38.2% fibo). Support at 152.90, 152.20 levels (2026 lows). Focus this week on US PPI/CPI this week. A stronger-than-expected inflation print could still trigger some USDJPY rebound.

USDJPY (daily): Dragonfly doji?

Source: Bloomberg, OCBC Group Research

NZD. Pressured. NZD traded on the back foot amid higher US yields, oil prices and risk-off sentiment. Comments from MPC member Prasanna Gai also weighed on NZD. Gai said it was plausible that the OCR, now at 2.75%, is already within the neutral zone and indicated he does not have a strong view at this stage that further tightening will be required. That reinforces the sense that last week's hike was more about guarding against renewed inflation risks than the start of an aggressive tightening cycle. With the external backdrop still challenging and oil prices elevated, NZD may struggle for a stronger follow-through unless markets become more convinced that the RBNZ will need to move policy clearly into restrictive territory.

NZD last at 0.5850 levels. Bearish momentum on daily chart remains intact while RSI fell. Risks skewed to the downside. Immediate support here at 0.5850/60 levels (50, 100, 200 DMAs, 50% fibo) before 0.58 (38.2% fibo retracement of 2026 high to low). Resistance at 0.5910 (21 DMA, 61.8% fibo).

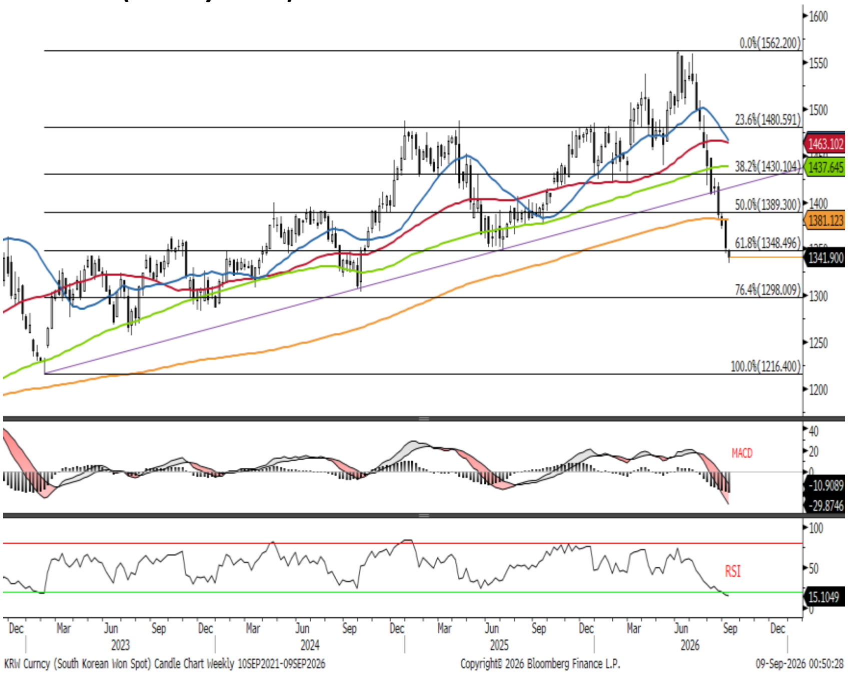
NZD (daily chart): Mild bearish momentum

Source: Bloomberg, OCBC Group Research

USDKRW. RSI oversold. KRW pared some of its recent gains during Asian trade, with USDKRW rebounding from around 1336 as higher oil prices and firmer UST yields lent support to the pair. Onshore reports also noted importer settlement demand emerging at the lows after the sharp decline in USDKRW. Elsewhere, reports that the NPS had suspended FX hedging provided another modest upside factor, although this mainly removes a source of USD selling rather than generating immediate USD demand. Even so, USDKRW struggled to extend higher, with exporters continuing to sell dollars while JPY strength provided a supportive regional backdrop. These factors may slow the pace of KRW appreciation, but underlying flow dynamics could still limit the extent of any USDKRW rebound.

Pair was last at 1341 levels. Bearish momentum on weekly, daily chart intact though RSI is in oversold conditions. Risk of pullback not ruled out in the near term but broader bias remains skewed to the downside. Support at 1327, 1320 levels. Resistance at 1348/50 levels.

USDKRW (weekly chart): Bearish but oversold



Source: Bloomberg, OCBC Group Research

MYR. Bond selloff adds to pressure. MYR weakened towards 4.06-handle against the USD, with the move coinciding with a fairly sharp sell-off in Malaysian government bonds. The move was particularly pronounced further out the curve, with the 15Y MGS yield rising by around 15bp on Tuesday, while the 10Y yield climbed about 6bp, alongside the broader rise in global yields. That likely added another source of pressure on MYR beyond the firmer USD, risk-off sentiments. While Malaysia's domestic growth and policy backdrop remains relatively supportive, the combination of higher UST yields, softer local bonds and geopolitical uncertainty may keep USDMYR somewhat better supported in the near term.

USDMYR last closed higher at 4.0625. Daily momentum shows signs of turning mild bullish while RSI rose. Risks skewed to the upside. Resistance at 4.0730 (50 DMA), 4.0860 levels. Support at 4.0460, 4.0350 (100 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1680	159.34	1.3616	0.8148	0.7271	0.5924	1.3894	4515	1.2721	62.98	94.69
Resistance 2	1.1651	157.12	1.3574	0.8122	0.7242	0.5901	1.3857	4461	1.2692	62.81	94.57
Resistance 1	1.1637	155.74	1.3557	0.8109	0.7230	0.5890	1.3836	4433	1.2676	62.71	94.53
Spot	1.1627	154.25	1.3538	0.8090	0.7221	0.5859	1.3786	4397	1.2648	62.63	94.83
Support 1	1.1608	153.52	1.3515	0.8083	0.7201	0.5867	1.3799	4379	1.2647	62.54	94.41
Support 2	1.1593	152.68	1.3490	0.8070	0.7184	0.5855	1.3783	4353	1.2634	62.48	94.33
Support 3	1.1564	150.46	1.3448	0.8044	0.7155	0.5832	1.3746	4299	1.2605	62.31	94.21
Bollinger Band											
Bollinger Upper	1.1710	162.01	1.3660	0.8175	0.7246	0.5988	1.3948	4671	1.2815	62.95	96.12
Bollinger Lower	1.1523	154.97	1.3456	0.7979	0.7052	0.5826	1.3754	4262	1.2631	60.78	94.44

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

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