OCBC Group Research

By Global Markets | 23 July 2026

Daily Market Outlook

Calm Before Storm?

- ***Calm Before Storm?***: *FX markets remain remarkably subdued despite rising geopolitical risks and oil prices. Rates markets are sending a different message, with higher inflation fears and hawkish Fed pricing. A sustained oil shock could quickly revive volatility and underpin a broader USD rally.*

- ***BoJ Hike Speculation***: *Reports of a potentially faster BoJ tightening cycle briefly lifted the JPY, but sustained gains will depend on whether the BoJ translates expectations into action.*

- ***Gold extended its move higher*** *alongside the broader precious-metals complex despite elevated yields, firm oil and a broadly steady USD, suggesting some renewed safe-haven demand and a possible easing in gold's sensitivity to higher rates at the margin.*

- ***IDR held up relatively well*** *despite BI's surprise hold, as continued FX intervention, higher SRBI yields and portfolio-flow incentives helped offset pressure from elevated oil prices and a firmer USD.*

Sim Moh Siong
FX Strategist
(G10 & oil)

Christopher Wong
FX Strategist
(Asia & precious metals)

Calm Before Storm?: The FX market remains trapped in a low-volatility regime despite renewed US-Iran tensions driving oil prices higher. Brent has climbed to around USD94/bbl, reversing its decline since mid-June. Refined product prices have risen even more sharply as reduced flows through the Strait of Hormuz and disruptions at Russian refineries tighten diesel supply.

Earlier this week, mediators suggested a 10-day ceasefire proposal was being considered. However, Iran stated that no negotiations are currently underway, with only indirect exchanges of messages taking place. Meanwhile, President Trump warned that the US could target Iranian infrastructure, including bridges and power plants, if attacks on commercial shipping in the Strait of Hormuz continue.

Unlike the rangebound FX market, rates markets appear far less complacent. Inflation concerns and expectations of a more hawkish policy path continue to dominate. The USD yield curve bear-flattened further overnight, with markets now fully pricing a 25bp Fed rate hike in September as attention shifts to next week's FOMC meeting. While softer June US CPI data reduced expectations of near-term tightening, Fed officials have continued to stress their commitment to restoring price stability and remain alert to upside inflation risks.

Should tensions escalate further and raise fears of a prolonged supply disruption, oil prices could move back above USD100/bbl. Such an outcome would likely lift market volatility, erode the appeal of FX carry trades, and reignite a broader USD rally. The greenback would benefit from the US's position as a net energy exporter, while higher oil prices would reinforce inflation concerns. With recent US labour market data pointing to stabilisation rather than deterioration, a renewed energy shock would likely keep the Fed focused on inflation risks, providing an additional tailwind for the USD.

BoJ Hike Speculation: The JPY briefly strengthened after a Bloomberg report suggested the BoJ may be open to raising rates more quickly than the widely held expectation of one hike every six months. Persistent JPY weakness has added to upside inflation risks and remains politically sensitive in Japan.

However, the BoJ has so far maintained a cautious approach to policy normalisation, despite wage growth trends supporting a more sustained pickup in inflation. The BoJ's next policy meeting is on 31 July, where no change in policy settings is expected.

Following the report, market-implied odds of a 25bp BoJ rate hike by September rose from around 20% to 30%. While the risk of FX intervention or stronger GPIF demand for domestic assets could help curb JPY weakness, neither is likely to fundamentally alter the JPY's role as a funding currency. A more durable shift towards the JPY becoming an investment currency would likely require the BoJ to accelerate the pace of rate hikes.

Gold. Reconnecting with geopolitical risk? Gold extended its rebound to above 4,160 before easing, with the move accompanied by broad gains across silver, platinum and palladium. The rebound is notable given that the usual macro drivers of gold have not been especially supportive: the USD has been broadly steady near recent highs, Brent has climbed back above USD90/bbl and US yields remain elevated. This tentatively suggests that the recent tight relationship between gold and the oil/rates shock may be starting to loosen, at least for now and there may be signs that gold may be starting to reconnect with its traditional geopolitical safe-haven role.

Technical buying and short-covering after the recent sharp correction likely played a role, while renewed geopolitical uncertainty may also be bringing some hard-asset demand back into the complex. It is still too early to call a durable shift in correlations, but gold's ability to rally despite an otherwise challenging macro backdrop suggests its sensitivity to higher rates may be fading at the margin. Gold last at 4130 levels. Daily momentum shows signs of turning bullish while RSI rose. Risks skewed to the upside. Resistance at 4167, 4250 (50 DMA). Support at 4067 (21 DMA), 4000 levels.

IDR. BI holds, but FX defence remains firmly in place. IDR stayed relatively well behaved despite BI unexpectedly leaving its policy rate unchanged at 5.75%, against expectations for another hike. The hold, however, came alongside a continued focus on IDR stability, with BI reiterating intervention across spot, DNDF and offshore NDF markets, while using higher SRBI yields, cheaper hedging and other incentives to support foreign portfolio inflows. These measures, together with the cumulative 100bp of tightening since May, have helped keep IDR assets attractive and USDIDR contained. Notably, IDR has held up relatively well even with oil prices elevated and the USD firmer against parts of the region. For now, that suggests BI's combination of carry support, intervention and flow measures is offsetting some of the external pressure. We would still stay cautious, as persistently high oil prices or another leg higher in US Treasury yields and the USD could put renewed pressure on the IDR, especially if portfolio inflows start to fade. USDIDR was last at 17880 levels. Momentum is mild bearish on daily chart while RSI fell. Near terms support at 17840 (50DMA, 23.6% fibo retracement of 2026 low to high), 17770 levels. Resistance at 17970 (21 DMA), 18100.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1460	164.08	1.3455	0.8203	0.7061	0.5867	1.4160	4303	1.2961	61.80	97.11
Resistance 2	1.1435	163.55	1.3415	0.8169	0.7029	0.5844	1.4126	4214	1.2936	61.78	96.79
Resistance 1	1.1424	163.35	1.3395	0.8157	0.7013	0.5831	1.4106	4172	1.2924	61.77	96.68
Spot	1.1411	163.10	1.3375	0.8144	0.6990	0.5814	1.4088	4124	1.2912	61.76	96.57
Support 1	1.1399	162.82	1.3355	0.8123	0.6981	0.5808	1.4072	4083	1.2899	61.75	96.36
Support 2	1.1385	162.49	1.3335	0.8101	0.6965	0.5798	1.4058	4035	1.2886	61.73	96.15
Support 3	1.1360	161.96	1.3295	0.8067	0.6933	0.5775	1.4024	3946	1.2861	61.71	95.83
Bollinger Band											
Bollinger Upper	1.1461	163.35	1.3524	0.8153	0.7028	0.5894	1.4268	4188	1.2953	61.85	96.88
Bollinger Lower	1.1376	161.22	1.3216	0.8024	0.6875	0.5610	1.4009	3960	1.2892	61.22	94.20

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

Disclaimers

This report is solely for information purposes and general circulation only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This report should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein or to participate in any particular trading or investment strategy. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this report is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this report may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This report may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, it should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. In the event that you choose not to seek advice from a financial adviser, you should consider whether the investment product mentioned herein is suitable for you. Oversea-Chinese Banking Corporation Limited ("OCBC Bank"), Bank of Singapore Limited ("BOS"), OCBC Securities Private Limited ("OSPL") and their respective related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future, interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial or securities related services to such issuers as well as other parties generally. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products. There may be conflicts of interest between OCBC Bank, BOS, OSPL or other members of the OCBC Group and any of the persons or entities mentioned in this report of which OCBC Bank and its analyst(s) are not aware due to OCBC Bank's Chinese Wall arrangement. This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).

The information provided herein may contain projections or other forward looking statements regarding future events or future performance of countries, assets, markets or companies. Actual events or results may differ materially. Past performance figures are not necessarily indicative of future or likely performance.

Privileged / confidential information may be contained in this report. If you are not the addressee indicated in the message enclosing the report (or responsible for delivery of the message to such person), you may not copy or deliver the message and/or report to anyone. Opinions, conclusions and other information in this document that do not relate to the official business of OCBC Bank, BOS, OSPL and their respective connected and associated corporations shall be understood as neither given nor endorsed.

Co.Reg.no.: 193200032W

Additional disclosures and disclaimers applicable only to clients of Bank of Singapore Limited

This material is being made available to you through an arrangement between Bank of Singapore Limited (Co Reg. No.: 197700866R) ("BOS") and Oversea-Chinese Banking Corporation Limited ("OCBC Bank") (Co Reg. No.: 193200032W). BOS and OCBC Bank shall not be responsible or liable for any loss (whether direct, indirect or consequential) that may arise from, or in connection with, any use of or reliance on any information contained in or derived from this material, or any omission from this material, other than where such loss is caused solely by BOS' or OCBC Bank's wilful default or gross negligence.

The DIFC Branch of BOS has not conducted or produced any research contained in this material and is acting solely as a conduit in forwarding it to you.

For BOS clients in the United Kingdom:
This research has been prepared by OCBC Bank and made available to BOS. It is intended solely for informational purposes and does not constitute investment advice, a personal recommendation, or an offer or solicitation to buy or sell any financial instruments. Any payments or non-monetary benefits received or paid will be fully disclosed in accordance with applicable regulations, promptly and transparently, and will not influence the advice or services offered to you. If you would like more information about any inducements received, please contact your Relationship Manager.

Cross Border Disclaimer and Disclosures
Please refer to https://www.bankofsingapore.com/Disclaimers_and_Disclosures.html for cross-border marketing disclaimers and disclosures.