

Daily Market Outlook

Markets Hold Nerve

- **Markets Hold Nerve:** Brinkmanship has returned, but markets are not panicking. A messy deal remains the most likely outcome, keeping us selectively short USD, constructive AUD, neutral EURUSD and wary of GBP as risks accumulate.
- **Safe Haven Blunted:** CHF safe-haven flows are being capped by SNB intervention risk. EURCHF's overnight decline may price less intervention, but expecting the SNB to tolerate sustained CHF strength to fight imported inflation looks premature.
- **Asian FX** traded mixed as markets await outcome of US-Iran ceasefire talk 2.0. Geopolitical developments remain fluid, implying two-way risks is still warranted even as markets are trading on hopes of an end to the conflict. This leaves room for disappointment should talks fail to deliver a deal.

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Markets Hold Nerve: Markets are back in wait-and-see mode after the Strait of Hormuz was re-closed over the weekend and the US seized an Iranian vessel. Importantly, markets did not fully retrace Friday's moves, signalling cautious optimism that an eventual deal is still achievable. Vice President JD Vance is reported to be heading to Pakistan on Tuesday for the next round of Iran talks. While Tehran has not formally confirmed, it has signalled—via regional intermediaries—that negotiators will attend. President Trump has said he is “highly unlikely” to extend the two-week ceasefire deadline beyond Wednesday evening (US time).

We remain selectively short USD. Our base case is still a deal, albeit via a disorderly path of brinkmanship with elevated tail risks. We retain a constructive view on AUD, underpinned by the AI-driven upswing in commodities reinforcing the RBA's hawkish bias.

Market pricing for ECB and BoE tightening has eased, now implying 1–2 hikes for the ECB and a single move for the BoE this year, but still looks slightly aggressive. March core inflation across Europe mostly surprised to the downside, with UK data due this week. Central banks continue to signal little urgency to hike, a message reinforced at last week's IMF meetings by BoE Governor Bailey, ECB President Lagarde and ECB board member Schnabel. With EURUSD back near its pre-war levels around 1.18, we are neutral EURUSD and remain cautious on GBP as UK political risks build ahead of the 7 May local elections.

In the US, Kevin Warsh appears before the Senate Banking Committee today. His prepared testimony stresses the importance of monetary policy independence and may remind markets that a new Fed Chair's views will matter. Senator Thom Tillis, while allowing the hearing to proceed, has pledged not to advance any Fed nominations until the DOJ investigation into Chair Powell is resolved. Powell's term as Chair ends on 15 May.

Safe Haven Blunted: CHF's traditional safe-haven bid has been blunted by the SNB's shift toward more active intervention stance against currency strength since the outbreak of the US–Iran conflict. The SNB likely stepped in to offset safe-haven inflows, acting reactively to cap CHF gains rather than proactively weaken the currency.

The overnight grind of EURCHF below 0.92 may reflect market pricing of reduced SNB intervention as acute geopolitical risks fade. However, we think it is premature to expect the SNB to tolerate sustained CHF strength as a tool to counter imported inflation.

USDTWD. Near Oversold Conditions. USDTWD continued to trade lower over the past few sessions. The move appears consistent with AI-led support for Taiwan equities, ongoing foreign inflows into domestic equities, and still-strong tech export momentum. Month-to-date, net foreign purchases was at USD10.9bn There are also signs that TWD's correlation with the tech sector is recoupling (30D rolling correlation coefficient between TW and TWSE at >0.9). With foreign inflows returning to Taiwan equities and tech exports staying strong, TWD appears to be trading more closely with the technology cycle again. On net, TWD remains supported by both portfolio inflows and external trade fundamentals. USDTWD was last at 31.50 levels. Bearish momentum on daily chart intact while RSI is near oversold conditions. Price action continues to show falling wedge pattern – typically associated with bullish reversal. Support here at 31.40/50 levels (100 DMA, 61.8% fibo retracement of 2025 high to low), 31.20 and 31 levels (50% fibo). Resistance at 31.70/90 levels (21, 50 DMAs). Taiwan releases export orders today and IP on Thu.

USDSGD. Await Discussion. USDSGD edged modestly lower amid a broad USD pullback, as markets price in a US–Iran de-escalation narrative. Reports suggest discussions are slated for Wednesday, just ahead of the ceasefire deadline. Geopolitical developments remain fluid, implying two-way risks even as markets trade on hopes of an end to the conflict. This leaves room for disappointment should talks fail to deliver a deal. Pair was last at 1.27 levels. Bearish momentum on daily chart intact but shows tentative signs of fading while RSI is near

oversold conditions. Key support at 1.2670 (76.4% fibo). Decisive break puts next support at 1.2620, 12590 levels. Resistance at 1.2750/60 levels (50 DMA, 50% fibo), 1.28 levels (21, 100 DMAs, 38.2% fibo retracement of 2026 low to high), 1.2850 (200 DMA, 23.6% fibo). This week brings Singapore CPI data on Thu.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1891	160.30	1.3656	0.7928	0.7284	0.6008	1.3813	4976	1.2803	60.45	94.10
Resistance 2	1.1830	159.56	1.3587	0.7864	0.7221	0.5946	1.3738	4886	1.2756	60.20	93.56
Resistance 1	1.1809	159.19	1.3561	0.7824	0.7200	0.5919	1.3691	4853	1.2728	60.10	93.34
Spot	1.1783	158.89	1.3528	0.7787	0.7174	0.5907	1.3643	4826	1.2703	59.99	93.12
Support 1	1.1748	158.45	1.3492	0.7760	0.7137	0.5857	1.3616	4763	1.2681	59.85	92.80
Support 2	1.1708	158.08	1.3449	0.7736	0.7095	0.5822	1.3588	4705	1.2662	59.70	92.49
Support 3	1.1647	157.34	1.3380	0.7672	0.7032	0.5760	1.3513	4614	1.2615	59.45	91.95
Bollinger Band											
Bollinger Upper	1.1878	160.18	1.3647	0.8060	0.7251	0.5958	1.4007	4956	1.293	60.78	94.68
Bollinger Lower	1.1417	158.32	1.3119	0.7754	0.6784	0.5657	1.3636	4414	1.2645	59.52	91.90

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

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