

Daily Market Outlook

USD Takes Lead

- **USD Takes Lead:** The USD strengthened on safe-haven demand and positioning unwind, with energy volatility magnifying the exporter-importer divide.
- **Hormuz in Focus:** Disruptions across Hormuz, Qatar and Saudi Arabia are tightening energy flows and lifting risk premiums. In an extreme scenario, a prolonged Hormuz blockage could push Brent above USD100/bbl, though OPEC spare capacity should limit lasting damage under our base case.
- **Asian FX** stayed soft, with THB and PHP leading losses as firmer oil, a stronger USD, and weaker RMB, JPY weighed on sentiment. Fluid geopolitics point to continued two-way volatility across the region's currencies.

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USD Takes Lead: Brent crude briefly jumped to USD82/bbl before easing back to around USD78/bbl, in part due to hopes that disruptions in the Strait of Hormuz are limited. The oil price spike marked the largest one-day rise since 2022. Brent is now up 14% from its 2025 average of USD68/bbl, while European natural gas (TTF) prices have surged 23% above last year's EUR36/MWh average. Gold outperformed, and Treasury yields climbed overnight as higher oil prices revived inflation concerns and reduced expectations of Fed easing.

FX markets responded in classic risk-off fashion, favouring safe-haven currencies and differentiating sharply between energy exporters and importers – broadly to the USD's advantage. The USD continues to benefit from the US's position as a net energy exporter since 2019 and its status as the world's largest LNG exporter since early 2026, surpassing Qatar and Australia. USD strength also reflects position-squaring, as markets had entered this episode with net short USD exposure and are now unwinding risk amid heightened geopolitical uncertainty.

Hormuz in Focus: Shipping through the Strait of Hormuz has already been disrupted after the weekend's US-Israel strikes on Iran. Insurers are pulling back, safety concerns have slashed daily tanker transits from the typical ~35, and key freight rates have spiked. European natural gas prices jumped after Qatar shut the world's largest LNG export facility following an Iranian drone attack, while operations at Saudi Arabia's Ras Tanura refinery were halted after a nearby strike. In an extreme

scenario where the Strait of Hormuz – gateway for ~20% of global oil flow – faces a prolonged blockade, Brent could surge into triple digits.

A brief move above USD80/bbl is unlikely to derail global growth, but a sustained rally would raise clear stagflation risks. Geopolitical oil shocks typically fade, yet an extended confrontation could keep volatility high. Our base case assumes no Hormuz blockade, with OPEC spare capacity helping to cap prolonged disruption and allowing the geopolitical premium to unwind later in 2026. For more detail, please see [*Commodity Compass: Oil Risks Resurface, 27 February 2026*](#).

THB. Hit by oil. THB traded under pressure, owing to surge in oil prices (affecting high net-oil dependent, Thailand), RMB softness and new rules on gold trading that took effect 1 Mar. Individuals' online, THB-denominated gold transactions will be subject to a daily limit of THB50mn per person, per platform. BoT also mandates full prepayment via electronic payment for all transactions and prohibits the use of nominee accounts and short selling. This was part of a series of planned measures aimed at enhancing transparency and market standards as well as dampening THB appreciation. Recall last week BoT surprised markets with a 25bp cut. Policymakers were concerned with THB strength being misaligned with fundamentals.

Separately in an interview with Bloomberg yesterday, deputy Governor Piti said that THB is on the upper band based on BoT's metric and measures. The impact of a stronger THB on the cash flows of exporters, particularly small and medium enterprises, is a concern for the Monetary Policy Committee. On FX, he mentioned that BoT does not target any specific level or direction for THB. He also indicated that a sustained USD10 increase in oil prices for a year would likely lift Thailand's inflation by 0.4 – 0.5 ppts. He added that "We haven't been below 1.5% except in crisis situations, and this isn't a crisis in that narrow sense," USDTHB was last at 31.45 levels. Daily momentum shows tentative signs of turning mild bullish while RSI rose. Near term risks skewed to the upside. The double-bottom bullish reversal is underway. Next resistance at 31.65 (38.2% fibo retracement of Oct high to 2026 low), 31.80 (100 DMA). Support at 31.26 (21, 50 DMAs), 31.10 levels.

USDCNH. Rebound underway. USDCNH rebounded, in line with our technical caution. Pair was last at 6.9040 levels. Bearish momentum on daily chart faded while RSI rose. Risks skewed to the upside for now. Resistance at 6.92 levels (23.6% retracement of Aug high to 2026 low), 6.9420 (50 DMA). Support at 6.8860, 6.8550 levels. The combination of weaker risk sentiment (owing to rise in oil prices), broad rebound in USD and signs of policymakers attempting to rein in pace of RMB

appreciation may pose temporary setback to RMB's path of appreciation. But this also underscores the point that FX is no one-way trade.

We believe PBOC's decision to cut risk reserve ratio for forward FX sales to zero last Fri should not be interpreted as a change in the broader direction of travel for USDRMB to the downside but a signal to moderate the pace of RMB appreciation. Indeed, the gap between market expectation of the fix vs actual fix has narrowed to -595pips (vs. -793 pips on 27 Feb). The daily fix in coming sessions will be key to watch. A moderation in the pace of fixing strength should act as another lever to slow the pace of RMB appreciation.

USDSGD. Better bid for now. USDSGD extended its run-up, in line with moves seen in other USD/Asia, including USDJPY and USDCNY. Risk-off sentiment dominates as there is no visibility of de-escalation in the Middle East conflict for now. Whether the initial sell-off in SGD extends further will hinge on a few moving parts: (1) if geopolitical uncertainty continues to escalate or quickly stabilises; (2) if equities still see sharp sell-off; (3) how RMB trades. A triple whammy scenario for SGD would be one where geopolitical escalation prolongs; equities continue to see further sell-off and RMB trades weaker. But to some extent, we expect SGD to retain relative resilience to other Asian FX, given its lower beta. Pair was last at 1.2740 levels. Bullish momentum on daily chart intact while RSI rose. Risks remain skewed to the upside. Resistance at 1.2750 (50 DMA), 1.2780 (38.2% fibo) and 1.2810 levels. Support at 1.2710 levels (23.6% fibo retracement of Nov high to Jan low), 1.2670 (21 DMA) and 1.2620. S\$NEER seen at +1.72% deviation from model-implied mid.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1967	160.80	1.3693	0.8045	0.7249	0.6109	1.3841	5649	1.2946	58.92	91.90
Resistance 2	1.1843	158.90	1.3544	0.7902	0.7165	0.6030	1.3759	5492	1.2831	58.48	91.65
Resistance 1	1.1765	158.14	1.3475	0.7847	0.7129	0.5985	1.3718	5407	1.2786	58.34	91.56
Spot	1.1695	157.34	1.3408	0.7788	0.7102	0.5944	1.3674	5339	1.2734	58.19	91.48
Support 1	1.1641	156.24	1.3326	0.7704	0.7045	0.5906	1.3636	5249	1.2671	57.91	91.31
Support 2	1.1595	155.10	1.3246	0.7616	0.6997	0.5872	1.3595	5177	1.2601	57.62	91.14
Support 3	1.1471	153.20	1.3097	0.7473	0.6913	0.5793	1.3513	5019	1.2486	57.18	90.88
Bollinger Band											
Bollinger Upper	1.1927	158.35	1.3719	0.7807	0.7162	0.6075	1.3744	5363	1.2752	58.99	91.40
Bollinger Lower	1.1696	152.21	1.3380	0.7654	0.6977	0.5922	1.3559	4782	1.2587	57.30	90.16

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

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