

## Daily Market Outlook

### Oil Slide Reboots Risk

- **Oil Slide Reboots Risk:** Brent's drop to USD100/bbl sparked a broad risk rebound, softer USD, and lower yields as markets priced oil through the inflation—not growth—channel. But geopolitics remain unsettled, keeping energy-driven FX divergences firmly in play.
- **RBA Leads Charge:** A packed week of central bank meetings will test policymakers' inflation views amid the Middle East energy shock. The RBA is poised to frontload tightening, supporting AUD outperformance versus other risk-sensitive G10 currencies.
- Strait of Hormuz calmer for now, giving **Asian FX** brief breathing room. But sustained USD/Asia downside needs clearer energy and geopolitical signals. Strategy unchanged: fade USDSGD strength.

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**Oil Slide Reboots Risk:** Brent's retreat to USD100/bbl drove a rebound in risk sentiment overnight, pushing the USD lower and global yields down. The market is still trading oil primarily through the inflation channel, with falling crude prices easing rate-related concerns more than growth fears.

Oil's pullback reflected hopes that the Strait of Hormuz (SoH) may partially reopen and the IEA's signal that it could release more reserves if needed. Reports suggest select vessels have managed to pass through the SoH following verification by Iran and the US confirmed that it is allowing Iranian oil shipments to move through the SoH. But overall flows remain near a standstill. President Trump has urged international partners to help reopen the strait militarily, but no country has committed. Signs from both Washington and Tehran remain mixed, keeping de-escalation uncertain.

Markets have now shifted closer to our moderately severe energy scenario. The Brent curve implies prices holding above USD96/bbl through mid-year before easing toward USD80/bbl by year-end—a sharp rise from USD69/bbl pre-conflict. Renewed fears of sustained high oil prices have re-opened the divide between energy exporters and importers. The USD, AUD, NOK, and CAD have seen the strongest terms-of-trade gains since the Iran conflict began, while Asian and euro-area importers have faced the steepest deterioration.

If energy shocks and stagflationary pressures persist, USD resilience is likely to continue—supported by safe-haven demand and its renewed value as a portfolio hedge as equity-bond diversification weakens. Crucially, unlike the 2022 Russia-Ukraine shock, Asia's dependence on

Gulf crude is far deeper. While 2022 was mostly a price shock, the 2026 episode risks evolving into a severe physical supply shock for Asia if disruptions escalate.

**RBA Leads Charge:** This week delivers a heavy slate of central bank meetings, starting with the RBA today. Markets will focus on how policymakers reassess inflation and growth risks in light of the Middle East conflict and the resulting energy shock.

We expect the RBA to frontload tightening in response to the latest spike in energy prices and still-elevated inflation—lifting rates by 25bp today (versus roughly 16bp priced) and again in May, taking the cash rate to 4.35% by end-2026. The RBA's hawkish shift began before the energy shock and has been one of several tailwinds supporting the AUD heading into this period.

As a net energy exporter likely to benefit indirectly from higher oil prices, Australia is better positioned than many of its G10 peers. The AUD should continue to outperform, particularly against other risk-sensitive currencies such as the NZD, CAD and GBP.

**USDTHB. Bid though near-term pullback not ruled out.** USDTHB traded with a firmer bias, tracking the broader rebound in the USD and softer regional risk sentiment. The >4% move higher month-to-date in the pair came as markets pared back expectations of near-term Fed easing following the recent surge in energy prices, which in turn lent support to the USD. At the same time, the sharp rise in oil prices owing to Iran conflict persisting represents a negative terms-of-trade shock for Thailand as a net energy importer, adding further pressure on the THB. Beyond oil dynamics, Thailand's policymakers have also previously signalled a preference for a weaker THB to better reflect underlying fundamentals. In the current environment of softer gold prices alongside oil-driven terms-of-trade shock, firmer USD should tilt near-term risks toward a softer THB. This is also in line with our earlier view that THB is likely to be amongst the regional FX worst hit due to sensitivity to shifts in oil prices, global risk sentiment and broad USD direction.

Overnight development with Strait of Hormuz should provide temporary relief for THB but clearer visibility on the trajectory of energy prices and geopolitical developments is needed for USDTHB to turned lower meaningfully. Pair was last at 32.51 levels. Momentum is bullish though RSI is near overbought conditions. Risk of pullback not ruled out in the near term. Support at 32.10 levels (200 DMA, 61.8% fibo retracement of Oct high to Feb low), 31.90 (50% fibo). Resistance at 32.60 before 32.90 (Oct high).

**USDSGD. Bearish divergence?** USDSGD has eased lower, in line with our tactical bias to lean against strength. Move lower in the pair came amid prospects that tankers are allowed to pass the Strait of Hormuz while IEA's comments that more oil releases can be made available if needed provided some comfort. Oil prices eased lower while equities rebounded, in turn providing relief to Asian FX, including SGD. While any hopes of ceasefire in Iran may seem a distant, geopolitical developments can be fluid and as such sentiments can turn faster than headlines fade. Pair was last at 1.2770 levels. Bullish momentum on daily chart intact but shows signs of fading while RSI eased lower. Tentative signs of bearish divergence observed on daily MACD. Support at 1.2780 (38.2% fibo) before 1.2740 (50 DMA) and 1.2710/20 levels (21 DMA, 23.6% fibo). A decisive break below these support levels is needed for bearish momentum to gather traction. Resistance at 1.2840/60 levels (50% fibo retracement of Nov high to 2026 low, 100, 200 DMAs). Retain tactical bias to lean against strength.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1708	161.02	1.3525	0.8004	0.7245	0.6018	1.3844	5144	1.2935	60.45	92.73
Resistance 2	1.1594	160.12	1.3410	0.7946	0.7145	0.5927	1.3767	5074	1.2865	60.14	92.57
Resistance 1	1.1550	159.60	1.3365	0.7912	0.7109	0.5894	1.3726	5040	1.2821	60.02	92.50
Spot	1.1499	159.12	1.3315	0.7882	0.7069	0.5854	1.3687	5015	1.2783	59.90	92.43
Support 1	1.1436	158.70	1.3250	0.7854	0.7009	0.5803	1.3649	4970	1.2751	59.71	92.33
Support 2	1.1366	158.32	1.3180	0.7830	0.6945	0.5745	1.3613	4934	1.2725	59.51	92.24
Support 3	1.1252	157.42	1.3065	0.7772	0.6845	0.5654	1.3536	4864	1.2655	59.20	92.08
<b>Bollinger Band</b>											
Bollinger Upper	1.1901	160.32	1.3572	0.7901	0.7152	0.6037	1.3746	5310	1.2844	59.97	92.72
Bollinger Lower	1.1422	154.02	1.3260	0.7674	0.6991	0.5812	1.3573	4942	1.2609	56.98	90.13

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

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