

Daily Market Outlook

Oil, Risk Drive FX

- **Oil, Risk Drive FX:** Risk sentiment steadied, softening the USD despite firm US data and higher yields. If risk conditions continue to stabilise amid elevated oil, terms-of-trade dynamics should matter more for FX. AUD and BRL stand to benefit most.
- **USD in the Crossfire:** The greenback holds firm amid risk-off waves but broadening global momentum points to a gradual USD fade once oil jitters settle.
- **Asian FX** steadied as authorities moved to calm markets following disputed peace-talk report, with KRW leading gains and IDR showing standout resilience.

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Oil, Risk Drive FX: The USD softened overnight as global risk sentiment stabilised, even though crude markets remained tense. European gas prices retreated after President Trump announced plans to safeguard tanker routes through the Strait of Hormuz. Risk appetite also steadied after a disputed *New York Times* report suggesting Iran had approached the US for talks.

Markets are trading the USD more on “risk-on/risk-off” dynamics than on US data, despite US yields edging higher. ADP private payrolls, ISM services and the Beige Book all point to a US economy still in good shape. Notably, the ISM Services Index surprised to the upside, rising to 56.1 in February (consensus: 53.5) from 53.8, signalling job market stabilisation after last year’s cooling.

If the risk backdrop continues to stabilise while Brent holds slightly above USD80/bbl, terms of trade should play a larger role in FX differentiation. A steadier risk environment would generally weigh on the USD, although resilient US growth and elevated oil prices should cap deeper losses.

Australia – an energy exporter via LNG and coal – stands to benefit indirectly from higher oil prices. Combined with improving risk sentiment, this supports the risk-sensitive AUD. EM currencies such as BRL, MXN and ZAR have sold off sharply this week, driven more by the unwinding of crowded carry trades amid volatility than by energy exposure. Among them, the BRL is best placed to regain ground given the currency’s exposure to commodity and oil exports as well as its high carry. By contrast, a firmer risk backdrop and still-elevated oil prices could pressure traditional safe havens like the JPY and CHF.

USD in the Crossfire: Geopolitical flare ups and oil shocks lifted safe haven demand and magnified the divide between energy exporters and importers, offering the USD support for now. Artificial intelligence (AI) driven equity rotations and the Supreme Court's tariff ruling weighed on USD sentiment, though AI-driven long-term productivity upside could still anchor high USD valuation. If our base case of no Hormuz blockade prevails, stronger non US growth points to USD softness, with cyclical leading gains. JPY stays capped by BoJ dovishness, while resilient exports keep CNY on an appreciation track. For more detail, please see [*FX Focus: USD in the Crossfire, 4 March 2026*](#).

USDKRW. Officials quick to contain volatility. KRW fell past 1500 (vs USD) on Tue owing to escalation in tensions between US/Israel and Iran before seeing tentative recovery overnight as KRW stabilised around 1465 levels. Sentiment stabilised on report of potential peace talks (which Iran later denied) while Korean authorities moved quickly to steady markets. Officials from Ministry of Economy and Finance, the Bank of Korea (BOK) and financial regulators convened to assess market conditions, while stepping up monitoring of FX and financial markets. BOK Governor Rhee has also delayed trip for an IMF event in Bangkok to hold the emergency meeting. Authorities also issued coordinated verbal intervention, noting that they are closely watching the FX market and stand ready to act if moves in the won become excessive or disorderly. At the same time, officials highlighted Korea's sizeable FX reserves and ample dollar liquidity, in a bid to reassure markets and discourage speculative pressure against KRW.

Policymakers signalled readiness to deploy market-stabilisation tools should volatility intensify. This includes the potential mobilisation of a KRW100 trillion market stabilisation programme aimed at supporting financial markets and easing liquidity stress if needed, alongside targeted support measures to cushion the impact of higher oil prices on corporates and supply chains. Overall, the response reflects Korea's typical playbook during episodes of FX volatility, and this includes multi-ministry emergency meeting, close monitoring, coordinated messaging and readiness to step in if market moves become disorderly. For now, the focus appears to be on containing volatility rather than defending a specific level for the KRW, though the episode once again highlights the KRW's high sensitivity to swings in global risk sentiment and energy prices. USDKRW was last at 1463 levels. Bullish momentum on daily chart intact but RSI turned lower. 2-way trades likely with bias to sell rallies. Resistance at 1475/1481 levels. Support at 1450/55 levels (21, 50, 100 DMAs).

IDR. Tentative stabilisation. IDR was a touch softer amid geopolitical escalation in Middle East, alongside other Asian FX. That said, losses in IDR was more contained relative to peers. Week-to-date IDR weakened 0.68% vs USD while PHP, THB, MYR, KRW, TWD depreciated >1%. Policymakers' vigilance to market developments helped to support sentiments. Senior deputy Governor Damayanti earlier said that BI will continue to be present in the market to maintain exchange rate stability and prevent the impact of the escalating Middle East conflict. Earlier, US also said it will provide insurance for trade especially energy through the Gulf. Elsewhere, New York Times reported that Iran intelligence ministry has reached out to CIA for talks (which Iran later denied of). While it remains unclear if the headline was accurate, but it did help to stabilise sentiment overnight.

USDIDR last seen at 16885 levels. Daily momentum was flat though while RSI rose. 2-way trades likely. Support at 16800/820 levels (21, 50 DMAs), 16730 (100 DMA). Resistance at 16900/940 levels. Yesterday, Fitch revised outlook on Indonesia's Long-Term Foreign-Currency Issuer Default Rating (IDR) to 'negative' from 'stable' while affirming the ratings at BBB. Our economist noted that the main rationale for the outlook change by Fitch Ratings is to reflect "increasing policy uncertainty and erosion of Indonesia's policy mix consistency and credibility amid growing centralisation of policymaking authority. This could weaken the medium-term fiscal outlook, undermine investor sentiment, and put pressure on external buffers."

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1781	159.26	1.3559	0.7901	0.7244	0.6079	1.3803	5386	1.2909	58.98	92.77
Resistance 2	1.1701	158.26	1.3460	0.7853	0.7146	0.5997	1.3730	5265	1.2834	58.77	92.46
Resistance 1	1.1668	157.66	1.3417	0.7822	0.7110	0.5969	1.3687	5203	1.2793	58.67	92.30
Spot	1.1635	156.99	1.3369	0.7793	0.7076	0.5937	1.3645	5165	1.2748	58.57	92.15
Support 1	1.1588	156.66	1.3318	0.7774	0.7012	0.5887	1.3614	5082	1.2718	58.46	91.99
Support 2	1.1541	156.26	1.3262	0.7757	0.6950	0.5833	1.3584	5023	1.2684	58.34	91.84
Support 3	1.1461	155.26	1.3163	0.7709	0.6852	0.5751	1.3511	4902	1.2609	58.13	91.53
Bollinger Band											
Bollinger Upper	1.1962	158.45	1.3725	0.7819	0.7134	0.6083	1.3736	5317	1.2764	58.82	91.62
Bollinger Lower	1.1620	152.16	1.3325	0.7648	0.7021	0.5901	1.3559	4859	1.2581	57.39	90.01

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

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