

## Daily Market Outlook

### Energy Tensions Mount

- **Energy Tensions Mount:** EM FX weakened and markets bought USD as widening Middle East disruptions drove oil and gas higher. US assets outperformed on energy insulation, while WTI surged ahead of Brent amid fears of protracted Gulf supply bottlenecks.
- **USD Upside Risks:** Stabilising labour data and the potential for payrolls print beat could tilt the Fed toward a more balanced policy stance. Markets may be underestimating USD-supportive risks if today's jobs report beats expectations.
- Asian FX softened on ongoing Iran tensions, while Beijing's firmer CNY fixes provided some support. Escalating USD strength could require an even more forceful CNY fix to steady sentiment.

**Sim Moh Siong**

FX Strategist  
(G10 & oil)

**Christopher Wong**

FX Strategist  
(Asia & precious metals)

**Energy Tensions Mount:** Market hopes for a quick US–Iran de-escalation have evaporated. Safe-haven demand swung back to the USD, while EM currencies weakened as oil and European natural gas prices climbed on fears of a longer, more disruptive Middle East conflict. Earlier enthusiasm for EM diversification is fading as investors reassess exposures. The US, now a major energy exporter, remains relatively shielded from the shock compared with energy-importing Asian and European currencies. Some respite was seen late in the session though after news flow suggested that the Trump administration is considering options for addressing the surge in oil and gas prices.

Iran launched another wave of missile and drone strikes across the Gulf, with attacks reported in the UAE, Bahrain, Qatar and Kuwait. Signs of tangible supply disruption are emerging – China temporarily halted export permission certificates for refined products to safeguard domestic supply. US crude rallied faster than Brent as traders sought barrels seen as less vulnerable to Gulf chokepoints such as the Strait of Hormuz. The Brent–WTI spread tightened sharply to USD 3.3/bbl from USD 6.8/bbl earlier this week, reflecting heightened demand for US crude.

**USD Upside Risks:** While geopolitics has dominated market attention, recent US data also point toward potential USD upside. Challenger job cuts fell 72% YoY to 48.3k in February, with the 12-month moving average easing to 93.1k. Initial jobless claims held steady at 213k—slightly below expectations—underscoring stabilising labour market even though hiring remains soft.

Attention now shifts to today's employment report, where consensus looks for a 55k rise in nonfarm payrolls and an unchanged 4.3% unemployment rate. A stronger-than-expected print would likely alleviate US growth concerns despite lingering risks from elevated energy prices. Conversely, a miss could amplify growth worries more than in previous months, given the added uncertainty around energy markets and AI-related disruption.

A sufficiently strong payrolls number may push the Fed toward a more symmetric policy stance—signalling that its next move could be either a cut or a hike. That would mark a shift from the recent easing bias and would be supportive of the USD, especially if the report helps dispel persistent fears of labour market deterioration.

**USDCNH. Bid.** USDCNH traded higher overnight as geopolitical conflict in Iran showed little signs of de-escalation. The fixing pattern this week saw a slight pick-up in setting a stronger RMB fix, with 30d rolling average change in the USDCNY fix rising to -33pips (vs. -27 pips a month ago). Continued trend in maintaining a strong fix can bring about relative stability in RMB (especially if expected fix-to-actual fix gap does not start to deviate), and that should help to partially mitigate against Asian FX softness. But if USD strength persists and risk sentiment deteriorates further, then it may require an even stronger CNY fix to offset near term depreciation pressure. USDCNH was last at 6.9260 levels. Daily momentum is bullish while RSI rose. Risks remain skewed to the upside. Resistance at 6.9370 (50 DMA), 6.9520 and 6.9780 levels (38.2% fibo retracement of Aug high to Feb low). Support at 6.8970 (21 DMA), 6.88 levels.

**USDMYR. Consolidation near recent highs.** USDMYR consolidated this week after the run-up in early week. Combination of USD strength, soggy risk sentiments weighed on Asian FX, including MYR. For now, geopolitical headlines dominate and developments remain fluid. If tensions continue to escalate and trigger broad risk-off conditions, leading to further equity selloffs, EM outflows and rush for USD liquidity, then high-beta Asian FX, including MYR, can weaken temporarily regardless of oil/commodity dynamics. In that scenario, positioning and portfolio flows may temporarily dominate terms-of-trade benefits. Near term, we watch geopolitical headlines and US payrolls tonight. USDMYR last seen at 3.9450 levels. Bullish momentum on daily chart intact while rise in RSI moderated. 2-way trades likely. Resistance at 3.95, 3.9630 (23.6% fibo retracement of Oct high to Feb low) and 3.9865 (50 DMA). Support at 3.9180 (21 DMA), 3.88 levels.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1781	160.08	1.3525	0.7921	0.7254	0.6058	1.3870	5396	1.3001	59.06	92.30
Resistance 2	1.1693	158.69	1.3436	0.7866	0.7139	0.5982	1.3770	5253	1.2897	58.80	91.94
Resistance 1	1.1651	158.14	1.3397	0.7838	0.7073	0.5938	1.3724	5168	1.2851	58.71	91.77
Spot	1.1609	157.53	1.3358	0.7807	0.7013	0.5898	1.3670	5098	1.2802	58.62	91.61
Support 1	1.1563	156.75	1.3308	0.7783	0.6958	0.5862	1.3624	5024	1.2747	58.44	91.42
Support 2	1.1517	155.91	1.3258	0.7756	0.6909	0.5830	1.3570	4966	1.2689	58.26	91.23
Support 3	1.1429	154.52	1.3169	0.7701	0.6794	0.5754	1.3470	4823	1.2585	58.00	90.87
<b>Bollinger Band</b>											
Bollinger Upper	1.1972	158.61	1.3722	0.7830	0.7139	0.6089	1.3738	5310	1.2796	58.80	91.71
Bollinger Lower	1.1587	152.09	1.3301	0.7643	0.7009	0.5879	1.3560	4871	1.2563	57.40	90.05

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



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