

Daily Market Outlook

Oil Spike Eases

- **Oil Spike Eases:** *Oil's retreat eased USD strength and revived pro-cyclical and EM carry trades, but supply-shock risks from the Strait of Hormuz keep markets tense. We stay neutral USD until clearer signs of geopolitical de-escalation.*
- **Gold's dip** reflects cash-raising, not fundamentals. In stress episodes, investors sell gold for liquidity, but once that clears, lingering geopolitical risks usually drive buyers back into safe-haven positions.
- Energy prices easing off their highs is giving **Asian FX** a breather, but shifting geopolitical tensions keep risks firmly two-way.

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Oil Spike Eases: USD gains faded as oil prices slipped back below USD100/bbl, after Brent briefly spiked to USD119.50/bbl on fears of prolonged supply disruptions. With the oil surge easing, markets rotated back into pro-cyclical positions such as long AUD, alongside EM carry trades in BRL, MXN and ZAR. The interest rate markets, which have been focused more on the upside inflation risks rather than downside growth risks from higher energy costs, were calmer.

Our baseline view – oil dropping below USD70/bbl by mid-year – is increasingly challenged by tail risks reminiscent of the 2022 Russia-Ukraine energy shock. We outlined different scenarios for energy shock depending upon the degree of continued disruption in the Strait of Hormuz in [Commodity Compass: Supply Shock Builds, 9 March 2026](#).

Oil prices eased after headlines suggested the G7 may tap strategic reserves, and following President Trump's late-session comment that the war "could be over soon." Even so, the market remains on edge: the longer the Strait of Hormuz remains closed, the greater the volume of shut-in oil production.

We remain neutral on the USD until there are clearer signs of de-escalation, which would give us more confidence that Middle East conflict-driven stagflation risks will not derail our baseline view of modest USD weakness in 2026.

Gold. Slight recovery. Gold's pullback to USD5015/oz in early trade yesterday despite escalating geopolitical tensions likely reflects liquidity dynamics rather than a change in fundamentals. The sharp

spike in oil prices toward USD110/bbl has also raised concerns about inflation and delayed Fed easing, in part strengthening the USD and prompting some profit-taking in gold. There were also signs of demand for USD funding though the stress level is nowhere near crisis. In periods of geopolitically driven market stress, investors sometimes sell assets such as gold to raise cash. Once that phase passes, geopolitical uncertainty typically continues to underpin demand for safe havens on dips. Gold has partially retraced earlier losses as broader risk sentiment recovers as oil prices eased from multi-month highs. Gold was last seen at USD5137/oz levels. Mild bearish momentum on daily chart intact while RSI is flat. 2-way trades likely for now. Support at USD5096/oz (21 DMA), USD5010/oz levels. Resistance at USD5200/oz, USD5260/oz levels.

Asian FX. Some pare back in earlier weakness. Some pullback in energy prices from respective intra-day highs have provided relief to AXJs. This also underscores the view that geopolitical tensions remain fluid and that risks remain 2-way in the interim. Markets may be able to absorb a short-lived spike in oil prices, particularly if physical flows remain intact. But if the conflict affects the length of supply disruption, then Asian FX can feel further pressure. Reiterating the regression results from a study in our earlier report, *FX Focus: Oil shock and AXJ FX: Framing the impact of escalation, 6 Mar*, Asian FX performance is dispersed rather than uniform. Currencies with high external energy dependence or strong risk sensitivity tend to underperform more if oil prices rise and risk sentiment deteriorates. Some of these currencies include KRW, PHP, INR and IDR. Conversely, if oil prices ease and risk sentiment recovers, we would also expect prior losses to retrace.

USDSGD. 2-way risks persist as oil eases. USDSGD edged lower after oil prices eased overnight, tempering some of the earlier geopolitical risk premium. The partial retracement in energy prices helped ease near-term pressure on regional FX, including the SGD. That said, geopolitical developments remain fluid and risks of further supply disruption cannot be ruled out. Any renewed upside in oil prices could again exert pressure on energy-importing economies through higher import costs and inflation expectations. USDSGD was last at 1.2755 levels. Bullish momentum on daily chart intact but shows signs of fading while RSI fell from overbought conditions. Still see 2-way risks, though the SGD's magnitude of move may be milder relative to peers. Resistance at 1.2840/60 levels (50% fibo retracement of Nov high to 2026 low, 100, 200 DMAs), 1.29 (61.8% fibo). Support at 1.2750 (50 DMA), 1.2710 levels.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1856	160.59	1.3717	0.7902	0.7283	0.6078	1.3738	5483	1.3001	60.28	92.67
Resistance 2	1.1725	159.33	1.3553	0.7846	0.7160	0.5992	1.3656	5300	1.2891	59.89	92.48
Resistance 1	1.1680	158.50	1.3495	0.7811	0.7118	0.5963	1.3622	5219	1.2818	59.69	92.40
Spot	1.1631	157.77	1.3437	0.7772	0.7079	0.5935	1.3579	5148	1.2744	59.49	92.33
Support 1	1.1549	157.24	1.3331	0.7755	0.6995	0.5877	1.3540	5036	1.2708	59.29	92.21
Support 2	1.1463	156.81	1.3225	0.7734	0.6914	0.5820	1.3492	4934	1.2671	59.10	92.09
Support 3	1.1332	155.55	1.3061	0.7678	0.6791	0.5734	1.3410	4751	1.2561	58.71	91.89
Bollinger Band											
Bollinger Upper	1.1942	159.16	1.3670	0.7825	0.7135	0.6071	1.3733	5325	1.2805	59.14	92.07
Bollinger Lower	1.1564	152.08	1.3312	0.7665	0.7013	0.5874	1.3561	4884	1.2571	57.20	90.02

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

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