

Daily Market Outlook

Shock, Then Relief

- **Shock, Then Relief:** Markets lurched from oil-driven fear to cautious relief as oil retreated and diplomacy resurfaced. Volatile headlines keep near term USD conviction low, but relative value favours AUD strength and European FX underperformance.
- **JPY Left Behind:** Muted BoJ messaging left JPY isolated despite a softer USD. April hike pricing has eased, but pressure to act is rising as JPY weakness fuels inflation fears, JGB steepening and concerns the BoJ is falling behind the curve.
- **KRW** traded a touch softer amid heightened geopolitical tensions in Middle East. Two-way trades in 1470 - 1500 likely as geopolitical developments remain fluid.
- **Gold** steadied after an early stumble. With geopolitics unresolved, structural support holds. Prefer buying pullbacks over chasing strength as markets take cues from ceasefire headlines and broader risk sentiment.

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Shock, Then Relief: The dominant cross-asset narrative overnight was a rapid shift from energy shock to conditional relief. The week opened with a textbook FX “risk-off” after US-Iran talks collapsed and President Trump signalled a blockade of Iranian ports—effectively threatening to halt Iranian oil exports unless free passage was assured.

That tone quickly reversed. The USD softened, led by risk-sensitive currencies such as SEK, while US yields fell as oil prices retraced their surge. Brent slipped back below USD100/bbl amid media reports that a second round of US-Iran talks could take place within days.

With headlines swinging sharply, it is difficult to take a firm near-term view on the USD. Markets are more likely to remain in wait-and-see mode rather than commit to a sustained risk-on or risk-off stance for now.

Relative FX calls are clearer. AUD should continue to outperform, supported by the AI-linked commodity boom that makes the RBA hawkish pivot more durable. In contrast, EUR and GBP may lag as markets unwind overextended hawkish repricing. The GBP risks also remain skewed to the downside into the May local elections. Sticky oil keeps inflation risks alive, but a tame March CPI print should reinforce a gradual approach to rate hikes. Even after shifting our outlook to an ECB insurance hike in June and a BoE hold (rather than a cut) this year, market pricing—64bp of ECB hikes and 44bp from the BoE by

end-2026—still looks too aggressive (see [*Central bank outlook: policy responses depend on inflation pass-through*](#), 9 April 2026).

JPY Left Behind: JPY underperformed overnight, standing out as the only major G10 currency that failed to benefit from the late USD pullback, after limited support from BoJ communication. While the April BoJ meeting is critical for the JPY, Governor Ueda offered no clear guidance in his brief remarks. As a result, markets have pared April hike expectations to around 8bp from 12bp a week ago.

Despite the absence of overtly hawkish signals, we still see an April rate hike as likely. The case for containing excessive JPY weakness—either through direct FX intervention or further policy normalisation—is strengthening, not least to help stabilise the JGB market. JPY depreciation is lifting inflation expectations and steepening the JGB curve, sharply contrasting with the post-February curve flattening seen in the US, Europe and the UK. Market unease is growing that the BoJ risks falling behind the curve.

Gold. 2-way trades. Gold's early decline to 4645 was partially retraced into NY hours. Last seen at 4720 levels. Bullish momentum on daily chart intact while rise in RSI moderated. 2-way risks likely. Support at 4670 (21, 100 DMAs, 38.2% fibo). Resistance at 4850 levels (50% fibo retracement of 2026 high to low), 4915 (50 DMA). While no-deal over the weekend had dented sentiment, gold remains supported by structural drivers. Central bank demand, though uneven on a month-to-month basis, continues to reflect broader diversification efforts, and gold's role as a hedge against geopolitical risk and policy uncertainty remains relevant within diversified portfolios. Hence, we remain in favour of buying on dip (instead of chasing longs) in current environment. Focus remains on how the ceasefire and discussion pan out, while near-term directional trade can still take cues from broader risk sentiment.

USDKRW. Sensitive to headlines. USDKRW traded higher amid heightened geopolitical tensions. No deal and a Trump blockade of the Strait of Hormuz added upward pressure to oil prices. Asian FX in particular higher-beta and net oil importer FX, including KRW traded on a softer footing. Elsewhere, BOK Governor nominee Shin highlighted that the reasons behind KRW's decline this time was different from late last year. This episode of KRW weakness was largely due to external factors, including rising oil prices and heightened risk aversion while portfolio rebalancing after strong gains in Korean stocks had also weighed on KRW. The KRW's weakness late last year was more driven by domestic factors including outbound investment flows by residents

and uncertainties related to overseas investment.

Separately, he also highlighted that *upward risks for inflation appear greater than the downward risks for the economy, based on the extent to which they are likely to deviate from current forecasts.* This is consistent with BOK Governor Rhee’s earlier comments that it is *premature to respond with any policy adjustments given the uncertainty surrounding the war in Iran. If the shock proves temporary, the board would refrain from adjusting rates, but if it becomes persistent, a policy response may be warranted.* USDKRW last seen at 1488 levels. Bearish momentum on daily chart intact but RSI shows signs of rising from oversold conditions. Two-way trades likely as geopolitical developments remain fluid. Support at 1475 (50 DMA), 1469 (100 DMA). Resistance at 1492 (38.2% fibo retracement of Mar low to high), 1500 (21 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1941	160.67	1.3721	0.8075	0.7291	0.6006	1.4003	4923	1.2872	61.22	93.71
Resistance 2	1.1834	160.10	1.3593	0.7971	0.7176	0.5925	1.3911	4817	1.2810	60.71	93.54
Resistance 1	1.1797	159.78	1.3550	0.7905	0.7135	0.5897	1.3851	4779	1.2772	60.44	93.46
Spot	1.1764	159.31	1.3512	0.7836	0.7095	0.5869	1.3789	4755	1.2734	60.16	93.38
Support 1	1.1690	159.21	1.3422	0.7801	0.7020	0.5816	1.3759	4673	1.2710	59.93	93.28
Support 2	1.1620	158.96	1.3337	0.7763	0.6946	0.5763	1.3727	4606	1.2686	59.69	93.18
Support 3	1.1513	158.39	1.3209	0.7659	0.6831	0.5682	1.3635	4500	1.2624	59.18	93.00
Bollinger Band											
Bollinger Upper	1.1766	160.43	1.3542	0.8036	0.7139	0.5912	1.3979	4954	1.2921	60.83	94.77
Bollinger Lower	1.1417	158.06	1.3139	0.7820	0.6821	0.5672	1.3692	4339	1.2698	59.42	91.39

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

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