

Daily Market Outlook

Energy-Led Risk-Off

- **Energy-Led Risk-Off:** Middle East tensions and a closed Hormuz keep oil elevated, driving an energy-led risk-off move. USD outperforms as EM FX weakens. USDJPY nears 160 with BoJ policy risk and intervention concerns rising.
- **PMIs Signal Stagflation:** April PMIs underscore stagflation risks: euro area activity contracts, UK surveys diverge sharply, and the ECB faces a growth-inflation bind. Further euro area weakness would likely amplify downside pressure on EURUSD.
- **BSP hiked 25bp and signalled that further rate increases are not ruled out. PHP under pressure but in large part due to higher oil prices and softer risk sentiment.**

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Energy-Led Risk-Off: Brent crude edged up to around USD105/bbl as diplomatic progress stalled and the Strait of Hormuz remained closed. President Trump ordered the US Navy to fire on Iranian vessels laying mines in the Strait. Separately, Trump said Israel and Lebanon would extend their ceasefire by three weeks to pursue a longer-term agreement.

Cross-asset moves remained consistent with an energy-driven risk-off narrative. The USD benefited from safe-haven inflows, while EM currencies — notably BRL, IDR, ZAR and MXN — came under pressure. Gold and silver declined, suggesting a stronger USD and higher real rates outweighed safe-haven demand. Meanwhile, the SNB and Japanese authorities reiterated their readiness to intervene to limit CHF strength and JPY weakness.

USDJPY is approaching 160 again, sharpening focus on whether the BoJ can avoid looking behind the curve. Our base case remains a 25bp hike to 1.0% on 28 April, although markets are pricing a meaningful risk of a hawkish hold. Failure to hike would likely push USDJPY into the 160s, increasing the risk of Ministry of Finance intervention aimed at driving the pair back toward 155.

We expect the Fed, ECB and BoE to remain on hold next week, while stressing vigilance and readiness to act if conditions warrant.

PMIs Signal Stagflation: April PMIs paint an increasingly stagflationary picture. The euro area was the clear laggard, with the composite PMI slipping into contraction, down 2.1pts to 48.6.

US sentiment remains comparatively resilient versus the euro area and the UK. In the UK, firmer-than-expected PMI readings contrast sharply with a collapse in CBI business sentiment, which fell to -65 in April—the weakest since 2Q20—highlighting a sharp erosion in business confidence.

For the euro area, weak PMIs underscore the ECB's policy dilemma. Firms face rising input costs and are increasingly passing these on, even as activity contracts. If the energy shock persists and the Eurozone economy continues to deteriorate, EURUSD would face further headwinds.

PHP. More hikes not ruled out. BSP hiked policy rate by 25bp to 4.5% at its last MPC meeting (23 Apr). The Board now sees a greater risk of inflation expectations becoming de-anchored, with higher oil and fertiliser prices already feeding into domestic fuel and food costs and core inflation still edging higher. BSP also said it was necessary to take “timely and pre-emptive” policy action, which suggests it did not want to wait for broader second-round effects to become more entrenched. Inflation forecasts were also revised sharply higher to 6.3% and 4.3% for 2026 and 2027, respectively (vs. 5.1% and 3.8% previously), leaving both years above the 2-4% target. Governor Remolona said “once we start raising the policy rate, we’re likely to raise it again,” and also noted that a 50bp move was discussed. This suggests BSP is no longer just reacting to an external price shock but is becoming more concerned about broader second-round effects. Nonetheless, the 25bp hike was still framed as measured, with the Board judging that it will “still accommodate economic recovery over the medium term”.

For PHP, the message is supportive on a relative basis because it reduces the risk that BSP falls behind the curve. But the FX follow-through may still be tempered by the Philippines' vulnerability to imported energy shocks and the broader risk backdrop. PHP weakness was also in large part, driven by external drivers and at this point, the US-Iran ceasefire uncertainty still lingers. Until we get some clarity on the ceasefire agreement, PHP may have to bear the brunt of the hit. USDPHP last at 60.48 levels. Mild bearish momentum on daily chart faded while RSI rose. Risks somewhat skewed to the upside. Resistance at 60.83 (previous all-time high). Support at 60.15 (21 DMA), 60 levels (23.6% fibo retracement of 2026 low to high).

USDTWD. Technical rebound; Fade. USDTWD rebounded, tracking the broad uptick in USD as risk sentiment was restraint. US-Iran ceasefire stalemate is a drag on broader sentiment, and may continue to stay under pressure, with weekend coming up and both parties playing a

game of who blink first. The squeeze higher in USDTWD was consistent with our technical caution for falling wedge – typically associated with a near term bullish reversal. Pair was last at 31.57 levels. Bearish momentum on daily chart shows signs of fading while RSI rose. Near term rebound risks remain. Resistance at 31.60 (100 DMA), 31.75 levels (21, 50 DMAs). Support at 31.40/45, 31.20 (2026 low) before 30.90 (200 DMA). We still favour fading rallies. Earlier we had indicated that there are signs that TWD is recoupling with tech cycle again (TWD-TWSE 30-day rolling correlation >0.90). Ongoing foreign inflows into domestic equities remain significant, with month-to-date net inflows at greater than USD13bn, while exports momentum remain strong amid AI-related optimism. Mar export orders up +65.9% YoY, exports up 61.8% YoY. So, when geopolitical de-escalation gets underway again and USD softness returns, then there is a good chance TWD can see gains catch up, riding on foreign inflows and strong AI-led export momentum.

USDSGD. Slight upward risk. USDSGD inched higher overnight tracking the broad USD rebound. Hormuz standoff dragging longer risks eroding risk appetite. Pair was last at 1.2780 levels. Bearish momentum on daily chart faded while RSI rose. Risks somewhat skewed to the upside for now. Resistance here at 1.2790/1.28 levels (21, 100 DMAs, 38.2% fibo retracement of 2026 low to high), 1.2850 (200 DMA, 23.6% fibo). Support at 1.2750/60 levels (50 DMA, 50% fibo), 1.2670 (76.4% fibo). On relative terms, SGD can continue to trade like a regional defensive play, holding up better against higher-beta FX (see [*SGD – Defensive premium*](#), published on 23 April).

Singapore's headline and core CPI accelerated to 1.8% YoY and 1.7% YoY in March, faster than Feb's readings of 1.2% YoY and 1.4% YoY respectively. Key drivers of March inflation were private transport, retail as well as other goods and services inflation. Looking ahead our economists sees the prolonged US-Iran war and the continued closure of the Strait of Hormuz to trigger energy and petrochemical-related costs for businesses which could add to the inflationary pass-through into 2Q26 and potentially beyond. We expect 2Q26 headline and core inflation to accelerate further to the 2% handle, with private transport costs, utilities, air travel and likely also food costs amongst others to feel the spillover effects from the Middle East conflict and the ensuing supply chain disruptions. MAS warned that imported cost pressures are tipped to pick up and broaden in the months ahead, as higher energy and other input costs arising from the Middle East conflict pass through global supply chains.

Our economists reiterated that Singapore's 2026 headline and core CPI forecasts were earlier revised to 2-3% YoY, slightly higher than MAS' headline and core inflation forecasts of 1.5-2.5% YoY. Food inflation is likely to escalate with a lag. Singapore imports the bulk of its food and

higher transit times, logistics and freight costs, as well as higher fertilizer costs, will likely weigh in coming months. In addition, electricity and gas tariffs are likely to rise in the next review, whereas public transport fares will adjust with a time lag due to scheduled reviews.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1786	160.70	1.3618	0.7941	0.7247	0.6013	1.3798	4882	1.2860	61.04	94.42
Resistance 2	1.1738	160.16	1.3548	0.7899	0.7191	0.5941	1.3745	4793	1.2818	60.74	94.25
Resistance 1	1.1710	159.93	1.3507	0.7881	0.7160	0.5897	1.3723	4744	1.2801	60.62	94.18
Spot	1.1684	159.79	1.3467	0.7864	0.7132	0.5856	1.3699	4698	1.2779	60.50	94.11
Support 1	1.1662	159.39	1.3437	0.7839	0.7104	0.5825	1.3670	4655	1.2759	60.31	94.02
Support 2	1.1642	159.08	1.3408	0.7815	0.7079	0.5797	1.3639	4615	1.2734	60.13	93.92
Support 3	1.1594	158.54	1.3338	0.7773	0.7023	0.5725	1.3586	4526	1.2692	59.83	93.76
Bollinger Band											
Bollinger Upper	1.1875	160.05	1.3667	0.8040	0.7274	0.5974	1.3997	4896	1.2907	60.81	94.74
Bollinger Lower	1.1464	158.43	1.3145	0.7748	0.6830	0.5670	1.3598	4541	1.265	59.52	92.23

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

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