

Daily Market Outlook

Risk Rallies Back

- **Risk Rallies Back:** President Trump's pause on Iran strikes eased geopolitics, sank oil and USD, and lifted EM risk. But markets may shift from inflation fears to growth worries as higher energy costs hit confidence, reviving stagflation risks.
- **AUD Resilience Ahead:** Despite recent risk-off pressure from the energy shock, AUD fundamentals remain supportive. Hawkish RBA policy, durable rate pricing, and rising super-fund hedge ratios position AUDUSD to climb toward 0.75 by end-2026.
- **Asian FX** rebounded overnight, as geopolitical risk premium unwinds partially. KRW and SGD led the rebound. Recovery remains fragile and conditional on sustained de-escalation, with oil still elevated vs. pre-conflict levels.

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Risk Rallies Back: Markets opened the week on edge over potential escalation with Iran. Relief came after President Trump signalled a five-day pause on strikes against Iran's energy facilities, triggering a pullback in Brent toward USD100/bbl, softer front-end yields, a weaker USD, and a broad risk rebound led by EM assets. Trump said Washington is engaging a senior Iranian official outside the Supreme Leader's circle—reported to be parliament speaker Mohammad-Bagher Ghalibaf—but Iranian outlets, and later Ghalibaf himself, denied any talks. The reopening timeline for the Strait of Hormuz remains uncertain, and the damage to energy infrastructure will take time to reverse.

So far, markets have interpreted the energy shock mainly as an inflation story, reinforced by European central banks' willingness to tighten further, contrasted against the Fed's and EM central banks' more patient stances. Today's PMIs could shift the narrative toward the growth hit from higher energy prices. Euro area consumer confidence fell in March (-4.2pts to -16.3%), underscoring the drag from pricier fuel. While hawkish risks exist for the BoE and ECB, market repricing looks overstated given the likely growth slowdown if oil stays elevated. Higher oil is not just inflationary—it is also a brake on activity, reviving a classic stagflation mix.

AUD Resilience Ahead: Risk-off sentiment stemming from the energy shock has weighed on the risk-sensitive AUD, despite Australia's role as a major natural-gas exporter. While uncertainty remains elevated, we

stay constructive on the currency and now expect AUDUSD to reach 0.75 by end-2026.

Australia's above-target inflation and resilient domestic activity have prompted a more hawkish RBA response. Although markets have largely priced in further rate hikes, their actual delivery should still support the AUD through strengthened central bank credibility. Importantly, Australia's hawkish rate pricing appears more durable than Europe's, given the economy's relative insulation from energy supply risks.

Structural flows add further support. Australian super-fund hedge ratios continue to drift higher—4Q25 data showed a 1.4-percentage-point rise, with media reports signalling additional increases ahead. These flows should provide a steady tailwind for the AUD.

USDKRW. Bullish momentum fading. Sharp decline in USDKRW overnight reflected a headline-driven unwind of geopolitical risk premium. This is due to reports that the US has delayed planned strikes on Iran, in turn raising tentative hope of de-escalation. The resulting sharp correction in oil prices and improvement in risk sentiment provided relief to KRW, which had previously been under pressure from both terms-of-trade deterioration and risk-off flows. The Strait of Hormuz remains a key point of disruption, and supply-side risks alongside infrastructure damage suggest oil prices could stay elevated even without further escalation. As such, Korea's underlying vulnerabilities, particularly its sensitivity to energy imports and global risk sentiment remain intact. Upside risks to USDKRW are likely to re-emerge quickly should tensions flare again but if de-escalation hopes can materialise into ceasefire, then there may be room for USDKRW to trade lower. As such, risks remain 2-way dominated by geopolitical conditions. Pair was last at 1488 levels. Bullish momentum on daily chart shows signs of fading while RSI fell. Interim support at 1480 levels (38.2% fibo retracement of 2026 low to high), 1472 (21 DMA) and 1468 (50% fibo). Resistance at 1494 (23.6% fibo), 1506 levels.

USDSGD. Sharp retracement. The pullback in USDSGD overnight reflected the broader de-escalation narrative, with easing oil prices and a softer USD tone allowing SGD to retrace recent losses. The February CPI print (core at 1.4% YoY; headline at 1.2%) predates the March oil shock, but the pickup in core inflation points to firming underlying price pressures, even as headline softened on accommodation and private transport. In the accompanying statement, MAS has also flagged that rising global energy prices will lift import cost pressures in the near term, and that MAS is assessing recent developments and will provide

an update to inflation outlook in upcoming Monetary Policy Statement in Apr.

While markets have largely priced in MAS tightening expectations, this backdrop helps anchor SGD. That said, the recovery remains fragile and conditional on sustained de-escalation, with oil still elevated vs. pre-conflict levels, leaving USDSGD vulnerable to a rebound should geopolitical risks/ USD strength re-intensify. Pair was last seen at 1.2740 levels. Bullish momentum on daily chart faded while RSI fell. Risks tilted to the downside. Support at 1.2710 (23.6% fibo), 1.2620 levels. Resistance at 1.2780 (38.2% fibo), 1.2840/60 levels (50% fibo retracement of Nov high to 2026 low, 100, 200 DMAs).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1889	161.99	1.3833	0.8090	0.7297	0.6086	1.3887	5221	1.3053	60.81	94.25
Resistance 2	1.1734	160.35	1.3611	0.7985	0.7146	0.5961	1.3802	4784	1.2917	60.52	94.08
Resistance 1	1.1674	159.39	1.3521	0.7924	0.7078	0.5910	1.3765	4596	1.2832	60.41	94.03
Spot	1.1610	158.40	1.3428	0.7866	0.7010	0.5857	1.3729	4426	1.2747	60.30	93.97
Support 1	1.1519	157.75	1.3299	0.7819	0.6927	0.5785	1.3680	4159	1.2696	60.12	93.86
Support 2	1.1424	157.07	1.3167	0.7775	0.6844	0.5711	1.3632	3911	1.2645	59.95	93.75
Support 3	1.1269	155.43	1.2945	0.7670	0.6693	0.5586	1.3547	3474	1.2509	59.67	93.59
Bollinger Band											
Bollinger Upper	1.1817	160.30	1.3541	0.7946	0.7159	0.6013	1.3774	5539	1.2864	60.71	93.67
Bollinger Lower	1.1403	155.85	1.3243	0.7696	0.6973	0.5775	1.3565	4446	1.2643	57.25	90.20

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

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