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Daily Market Outlook

Oil Peak Hopes

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- ***Oil Peak Hopes****: Markets steadied as diplomatic momentum lifted risk appetite despite Iran rejecting US ceasefire terms. Oil remains above USD100 but hopes of a price peak tempered volatility. USD stayed firm as Europe's hawkish rate expectations were pared back.*
- ***GBP Resilient, For Now****: GBP's resilience reflects aggressive hawkish repricing, but the market's shift looks overstretched against weakening growth, energy-driven uncertainty, and rising fiscal risks that leaves the GBP outlook less compelling.*
- *The pause in* ***Asian FX*** *depreciation looks more like consolidation, with markets still balancing de-escalation hopes against re-escalation risks. Absent a quick resolution, Asian FX, sensitive to growth, sentiment and oil including KRW, PHP and THB may continue to trade on a weaker footing.*

Oil Peak Hopes: Iran rejected US ceasefire proposals and instead tabled a five-point counter plan. Brent crude edged back above USD100/bbl, though optimism that oil prices may have peaked—after touching USD120/bbl earlier in the conflict—helped lift risk assets, led by EM.

Despite the improved tone, the USD strengthened as markets unwound aggressive European Central Bank (ECB) tightening bets. President Lagarde signalled the ECB would respond to the conflict's economic impact but gave no hint of an imminent rate hike.

Cross-asset moves show investors still view the main risks through the oil-inflation-terms-of-trade channel rather than immediate growth deterioration. Recent hawkish repricing for the ECB and BoE looks overdone if diplomatic progress continues.

Sentiment surveys are beginning to show the drag from higher energy prices, though fiscal support should cushion the hit unless the conflict becomes prolonged. USD strength—underpinned by safe-haven demand and the US's net-energy-exporter status—could ease as flows rotate back toward non-US equities if geopolitical tensions subside.

GBP Resilient, For Now: Despite being a net energy importer, the GBP has been one of the more resilient G10 currencies since the Iran conflict began, buoyed by a sharp hawkish shift in UK rate expectations. GBP held steady as slightly higher-than-expected UK CPI is unlikely to alter the Bank of England's (BoE) policy path, which ultimately hinges on the scale and duration of the energy shock.

Our expectation for a 3Q26 BoE rate cut now looks less assured, with an extended policy hold appearing more realistic. Still, the market's aggressive hawkish repricing seems excessive given the UK's slowing growth and the policy trade-offs that would emerge if energy prices stay elevated.

Geopolitics has pushed domestic politics off the front page, but the energy shock and upcoming May local elections may raise the likelihood of more expansionary fiscal policy. These rising fiscal concerns leave us more cautious on the GBP outlook.

Asian FX. Still under pressure. Asian FX showed tentative signs of stabilisation after the multi-week sell-off since the start of Iran conflict, but the tone remains fragile. The pause in depreciation looks more like consolidation, with markets still balancing de-escalation hopes against re-escalation risks. Meanwhile, the shock may already have feed into the real economy, evident in policy responses in Asian nations including Korea and the Philippines while spillovers onto food, fertiliser and tourism risks are building. Absent a quick resolution with Iran conflict, Asian FX, sensitive to growth, sentiment and oil including KRW, PHP and THB may continue to trade on a weaker footing. That said, we also expect policymakers to smooth price action given that some of the Asian FX are already testing their multi-year lows. PHP at 60 levels (vs. USD) has already breached all-time low while KRW at 1500 levels (vs USD) is near Global Financial Crisis levels. USDTHB last at 32.70 levels. Bullish momentum on weekly chart intact though RSI showed tentative signs of turning. 2-way risks likely. Resistance at 33, 33.30 (38.2% fibo retracement of 2024 high to 2026 low).

USDSGD. 2-way risks persist. USDSGD inched higher overnight. Some scepticism over de-escalation hopes remains while markets may also be pricing in some degree of growth hit should the shock be prolonged that second and third order effects come into play. Pair was last seen at 1.2810 levels. Bullish momentum on daily chart faded while RSI was flat. 2-way trades likely to persist in the interim. Resistance at 1.2830/50 levels (50% fibo retracement of Nov high to 2026 low, 100, 200 DMAs), 1.29 (61.8% fibo). Support at 1.2730/60 levels (21, 50 DMAs), 1.2710 (23.6% fibo).

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 should help to anchor relative SGD strength, unless USD see another sustained leg higher in a big way.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1731	161.02	1.3542	0.8014	0.7087	0.5896	1.3934	4814	1.2896	60.43	94.20
Resistance 2	1.1656	160.10	1.3464	0.7959	0.7026	0.5857	1.3864	4668	1.2848	60.24	94.07
Resistance 1	1.1608	159.79	1.3415	0.7937	0.6986	0.5831	1.3837	4587	1.2831	60.17	94.02
Spot	1.1562	159.38	1.3364	0.7916	0.6942	0.5805	1.3815	4497	1.2813	60.10	93.98
Support 1	1.1533	158.87	1.3337	0.7882	0.6925	0.5792	1.3767	4441	1.2783	59.97	93.89
Support 2	1.1506	158.26	1.3308	0.7849	0.6904	0.5779	1.3724	4375	1.2752	59.84	93.81
Support 3	1.1431	157.34	1.3230	0.7794	0.6843	0.5740	1.3654	4229	1.2704	59.65	93.68
Bollinger Band											
Bollinger Upper	1.1749	160.40	1.3494	0.7962	0.7162	0.5987	1.3824	5523	1.2857	60.79	94.19
Bollinger Lower	1.1423	156.43	1.3257	0.7718	0.6935	0.5762	1.3546	4332	1.269	57.64	90.27

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

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