

## Daily Market Outlook

### Markets Hold Breath

- **Markets Hold Breath:** Markets tread water as Hormuz risks and energy disruptions loom. Survey data already reflect a nascent energy shock. Escalation would trigger risk-off; credible de-escalation would favour global risk assets and a softer USD.
- **Asian FX,** including KRW, traded a touch firmer overnight amid de-escalation hopes. Extent of a relief rally will hinge on details of any deal. But before we get any details, most Asian FX should trade sideways in the interim.

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**Markets Hold Breath:** Markets made a muted start to the week amid holiday closures across several regions. Price action was restrained ahead of President Trump's deadline (Tuesday, 8pm NY time) for Iran to reopen the Strait of Hormuz, with Tehran rejecting a ceasefire proposal.

Hostilities continued, including attacks on Iranian petrochemical assets. Energy infrastructure damage was also reported across Kuwait, Bahrain, the UAE and Iraq, underscoring the tit-for-tat nature of the conflict. While traffic through the Strait of Hormuz has picked up, Iranian vessels continue to dominate flows. The likelihood of Iraqi oil transiting the strait increased after Iran said it would not block Iraqi exports. OPEC+ has signalled higher output next month, though this appears largely symbolic given supply constraints amid limited Hormuz transit.

The energy shock is increasingly visible in survey data, threatening to derail the anticipated improvement in sentiment. Recent global manufacturing PMIs show longer supplier delivery times, rising input costs and higher output prices, reflecting shipping bottlenecks and flight disruptions linked to the Middle East conflict. The March US ISM services index fell to 54.0 (consensus: 54.9), flagging upside risks to inflation as prices paid surged back towards 2021–22 levels, while employment slipped back into contraction after three months of growth.

Looking ahead, a sharp escalation targeting energy infrastructure would likely trigger a decisive risk-off move. Conversely, credible signs of de-escalation should see the USD resume a shallow depreciation trend, as easing energy risks would favour non-US economies and global risk assets.

**Asian FX. Hopeful.** Geopolitics remains the dominant driver, with focus on hopes of de-escalation while President Trump's threat of escalation acting as a counter. It remains to be seen if it proves to be another 'pause in follow-through' moment, but most Asian FX, including KRW traded a touch firmer overnight. Further relief rally is not ruled out if de-escalation wins the day. But the extent of a relief rally will hinge on details of the deal – whether it is a temporary ceasefire or not. What markets probably need is clarity on the timeline of reopening the Strait of Hormuz and if Iran secures guarantees. If we do get these details in order, then there is a good chance high-beta currencies, including KRW should take the lead in recovery. But before we get any details, most Asian FX should trade sideways in the interim.

**USDSGD. Momentum turning?** USDSGD traded softer overnight as markets weigh de-escalation hopes. Pair was last seen at 1.2845. Bullish momentum on daily chart continues to show signs of fading while RSI eased. Price pattern shows a bearish engulfing candlestick, which may point to near term bearish pressure. Support at 1.2810/20 levels (21, 100 DMAs), 1.2780 levels (38.2% fibo retracement of Nov high to 2026 low). Break below puts next support at 1.2780 (38.2% fibo), 1.2740 (50 DMA). Resistance at 1.29 (61.8% fibo), 1.2940.

Upcoming MAS policy meeting is in focus (no later than 14 Apr) – likely an announcement on the date today. The last MAS-MTI joint statement on inflation indicated that Singapore's import cost pressures are likely to pick up in the near term, while domestic unit labour cost growth is also likely to edge higher this year, albeit the extent of the latter pickup will be dampened by sustained productivity growth. The inflation forecast is also currently being reviewed. Separately, authorities had also cautioned of potentially sharper increases in electricity and gas tariffs in subsequent quarters. The surge in oil prices amid escalating geopolitical tensions involving Iran has reintroduced the risk of renewed imported inflation pressures for Singapore. Past policy episodes illustrate how large swings in global energy prices can influence Singapore's inflation outlook and, by extension, monetary policy settings. All policy options are on the table, though we lean more towards a steepening of the S\$NEER policy band slope.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1673	160.65	1.3408	0.8101	0.7035	0.5840	1.4012	4864	1.2976	61.39	93.73
Resistance 2	1.1606	160.13	1.3318	0.8044	0.6973	0.5776	1.3966	4758	1.2916	60.80	93.36
Resistance 1	1.1574	159.90	1.3276	0.8012	0.6945	0.5744	1.3939	4704	1.2881	60.41	93.21
Spot	1.1541	159.69	1.3232	0.7982	0.6916	0.5712	1.3913	4656	1.2851	60.03	93.06
Support 1	1.1507	159.38	1.3186	0.7955	0.6883	0.5680	1.3893	4598	1.2821	59.83	92.85
Support 2	1.1472	159.09	1.3138	0.7930	0.6849	0.5648	1.3874	4547	1.2796	59.63	92.64
Support 3	1.1405	158.57	1.3048	0.7873	0.6787	0.5584	1.3828	4441	1.2736	59.05	92.27
<b>Bollinger Band</b>											
Bollinger Upper	1.1635	160.45	1.3461	0.8041	0.7149	0.5921	1.4013	5243	1.2913	60.97	94.84
Bollinger Lower	1.1437	158.10	1.3149	0.7808	0.6807	0.5662	1.3585	4219	1.2732	59.04	90.81

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

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