

## Daily Market Outlook

### Iran Headlines Rule

- **Iran Headlines Rule:** Markets are trading almost solely on Iran-related headlines. A tentative ceasefire has eased oil and yield pressures, lifting risk assets and favouring cyclical FX like AUD, pending credible follow-through on de-escalation.
- **IDR** slipped amid risk-off sentiment and oil-related terms-of-trade pressures. Measures should help mitigate IDR volatility at the margin. That said, external factors remain the dominant driver.
- **INR** in consolidation after reversing earlier losses. RBI measures were targeted at curbing speculative positioning and tightening market microstructure. Room for appreciation should geopolitical tensions de-escalate from here.

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**Iran Headlines Rule:** Markets have whipsawed on every Iran-related headline in recent weeks, with little else driving price action. Overnight trading was volatile as looming geopolitical deadlines first stoked inflation and oil supply fears, before de-escalation hopes dragged oil prices and front-end yields lower.

European yields initially rose, but US yields later declined as oil prices and the USD softened into the late New York session. Risk sentiment improved after Pakistan requested a two-week extension and urged Iran to reopen the Strait of Hormuz as a goodwill gesture.

Momentum accelerated after President Trump agreed to a two-week Iran ceasefire, conditional on the Strait reopening. Iran subsequently signalled that safe passage through the Strait of Hormuz was “possible” for two weeks. Brent fell below USD100/bbl, S&P 500 futures rallied, and the USD weakened further.

The energy shock is increasingly evident in survey data. The New York Fed’s March survey showed one-year inflation expectations rising to 3.4%, driven by higher gasoline expectations. Fed officials reiterated that elevated energy costs could lift headline inflation even as underlying pressures remain contained. Growth signals have softened. The March global composite PMI fell 2.3pts to 51.0, its weakest reading since last year’s US tariff shock, reflecting Middle East tensions. That said, a sustained de-escalation could prevent renewed business caution from derailing the expected activity pickup.

Credible signs of de-escalation would likely see the USD resume a shallow depreciation trend, as lower energy risks support non-US

economies and global risk assets. FX moves since the Iran conflict began have been shaped by terms-of-trade shifts and broader risk sentiment. In a de-escalation, lower oil prices and a risk-on environment should favour AUD, NZD and SEK over oil-linked CAD and NOK, as well as safe havens CHF and JPY. Our preferred expression is long AUD, supported by domestic economic tailwinds. EM carry trades—BRL, MXN and ZAR—are also likely to re-emerge if a truce holds.

**USDIDR. 2-way risks.** USDIDR traded a touch firmer into 17000-handle. Modest weakness reflects a still-challenging external backdrop marked by firm USD, risk-off sentiment and oil-related terms-of-trade pressures. Bank Indonesia's (BI) roll out of FX repo should help mitigate IDR volatility at the margin. That said, external factors remain the dominant driver, and weaker risk sentiment alongside elevated oil prices amid risks of a more protracted Iran conflict may still weigh on the IDR, alongside other Asian FX. But to put in perspective on the magnitude of move since the onset of Iran conflict, the IDR has been relatively resilient at -1.9% vs USD vs its peers including PHP, THB, KRW which were down over 4%. USDIDR was last at 17095. Daily momentum turned bullish while RSI rose. Slight upside risk is not ruled out but direction can turn should risk sentiments improve. Resistance at 17110 (bullish trend channel upper bound). Support at 17040, 16980 levels.

**USDINR. Consolidation.** USDINR has traded sharply lower the past few sessions, owing to RBI's targeted regulatory measures at curbing speculative positioning and tightening market microstructure. USDINR NDF points also rose aggressively with arbitrage trades being unwound and reflecting lower liquidity conditions. The measures include stricter limits on net open FX positions in INR at USD100mn, effective 10 April. This effectively forces banks to scale back long USD (short INR) positions, in turn providing support for INR. RBI also made a move to disrupt the onshore-offshore arbitrage channel by restricting local banks from offering INR NDFs to both resident and offshore users. This reduces the feedback loop between offshore pricing and onshore markets, helping to dampen speculative flows and volatility transmission. RBI also tightened rules around corporate hedging practices, including restricting the rebooking of cancelled hedges and increasing scrutiny on derivative structures. This targets the build-up of synthetic USD demand arising from hedging arbitrage strategies.

Taken together, these measures effectively constrained the market's ability to build USD long positions, in turn compressing speculative demand and forcing a rebalancing of positioning. USDINR last at 93 levels. Bullish momentum on daily chart faded while decline in RSI moderated. Some consolidation is not ruled out. Immediate support at 92.80 (21 DMA), 92.44 (23.6% fibo retracement of 2025 low to 2026

high). Resistance at 93.60, 94 levels. There could be more room for USDINR to fall should geopolitical de-escalation in Iran comes into sight.

**USDSGD. MAS Monetary Policy Statement (MPS) on 14 April.** USDSGD slipped further overnight, in line with our technical observation. Pair was last seen at 1.2820. Daily momentum shows tentative signs of turning bearish while RSI eased. Price patterns appears to show tentative signs of breaking out of the rising wedge – typically associated with bearish reversal. This requires further monitoring. Near term bearish pressure likely. Support here 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.

Markets remain hopeful for Iran deadline extension despite harsh rhetoric from President Trump. Upcoming MAS policy meeting is in focus (decision on 14 Apr). 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	1.1737	160.83	1.3446	0.8064	0.7108	0.5806	1.3991	4899	1.2952	60.66	93.38
Resistance 2	1.1656	160.27	1.3357	0.8026	0.7029	0.5762	1.3946	4788	1.2895	60.45	93.17
Resistance 1	1.1625	159.94	1.3324	0.8003	0.7002	0.5746	1.3917	4747	1.2860	60.38	93.08
Spot	1.1676	158.71	1.3388	0.7911	0.7067	0.5800	1.3846	4834	1.2767	60.30	92.99
Support 1	1.1544	159.38	1.3235	0.7965	0.6923	0.5702	1.3872	4637	1.2803	60.16	92.88
Support 2	1.1494	159.15	1.3179	0.7950	0.6871	0.5674	1.3856	4567	1.2781	60.02	92.77
Support 3	1.1413	158.59	1.3090	0.7912	0.6792	0.5630	1.3811	4456	1.2724	59.81	92.57
<b>Bollinger Band</b>											
Bollinger Upper	1.1662	160.45	1.3456	0.8033	0.7131	0.5901	1.4000	5184	1.2908	60.90	94.82
Bollinger Lower	1.1426	158.07	1.3157	0.7826	0.6822	0.5672	1.3621	4247	1.2736	59.24	90.99

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

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