

## FX Thoughts

### SGD – Defensive premium

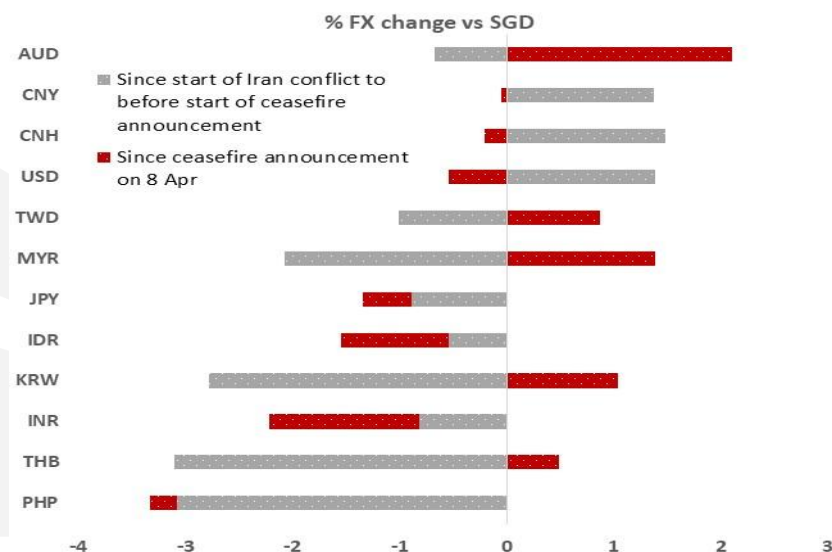
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- Alongside RMB, the SGD also behaved like a regional defensive currency during the Iran-war shock phase, holding up better vs. many Asian peers such as KRW, MYR, PHP, THB, TWD and JPY as markets favoured lower-beta, currencies.
- Since the ceasefire, the picture has turned more mixed. Some of the underperformers including KRW, MYR, have started to unwind earlier losses against SGD, while IDR, INR, PHP and JPY have remained under pressure, pointing to a shift from risk aversion and oil anxiety toward a more selective relief rally.
- The next phase depends on whether markets stay defensive or turn more risk-on. If geopolitical uncertainty lingers, SGD should retain a relative resilient stance, but if stress starts to fade and sentiment improves further, then there is room for higher-beta currencies like KRW, MYR, AUD and TWD to catch-up on loss grounds against SGD.

#### Taking stock

Apart from the RMB, SGD has also broadly behaved like a regional defensive currency. During the Iran-conflict shock phase, from 1 March to just before the ceasefire announcement, SGD held up better than most Asian peers.

#### SGD’s defensive premium during geopolitical shock



Note: FX sorted in order of cumulative performance since onset of Iran conflict till 22 Apr 2026, in order from strong to weak (vs SGD). Ceasefire first

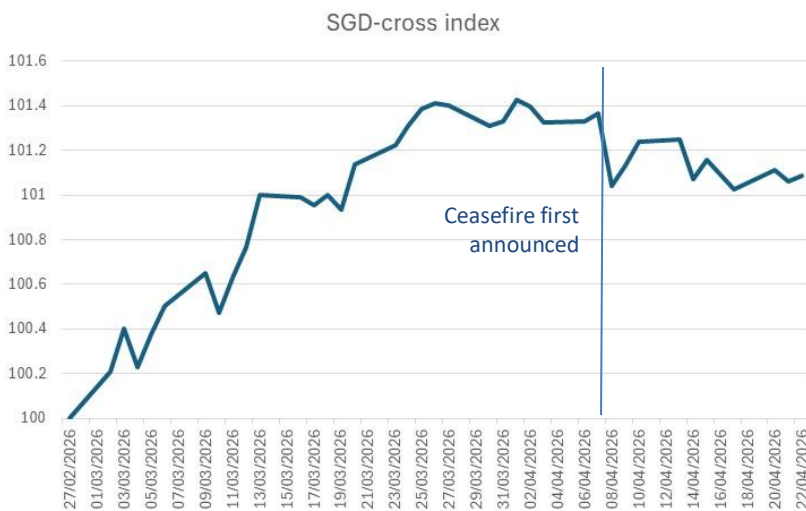
announced on 8 Apr 2026 but at time of writing, US and Iran have yet to reach a deal.

Source: Bloomberg, OCBC Group Research

SGD outperformed currencies such as JPY, KRW, MYR, PHP, THB and TWD, reflecting its lower-beta profile, effects of tighter MAS policy helping to anchor relative SGD strength, and the market’s tendency to treat SGD as a quasi-safe haven proxy within Asia during periods of geopolitical stress.

**Since the ceasefire announcement on 8 April, however, the picture has become more mixed.** Some of the earlier underperformers, such as KRW, MYR, TWD and AUD, have started to recover against the SGD, while IDR, PHP, JPY and INR have remained under pressure. This suggests that markets have shifted from a broad risk-off phase into a more selective relief rally, where currencies with greater leverage to global growth, trade and portfolio inflows have begun to play catch-up, while those facing more persistent external or domestic vulnerabilities continue to lag.

### Defensive premium can fade if geopolitical de-escalates further



Note: SGD-cross index as a measure of SGD strength against some Asian FX. Index was constructed in equal weights against 9 currencies in the region namely MYR, IDR, THB, PHP, JPY, KRW, TW, CNH and AUD, indexed to 100 on 27 Feb 2026.

Source: Bloomberg, OCBC Group Research

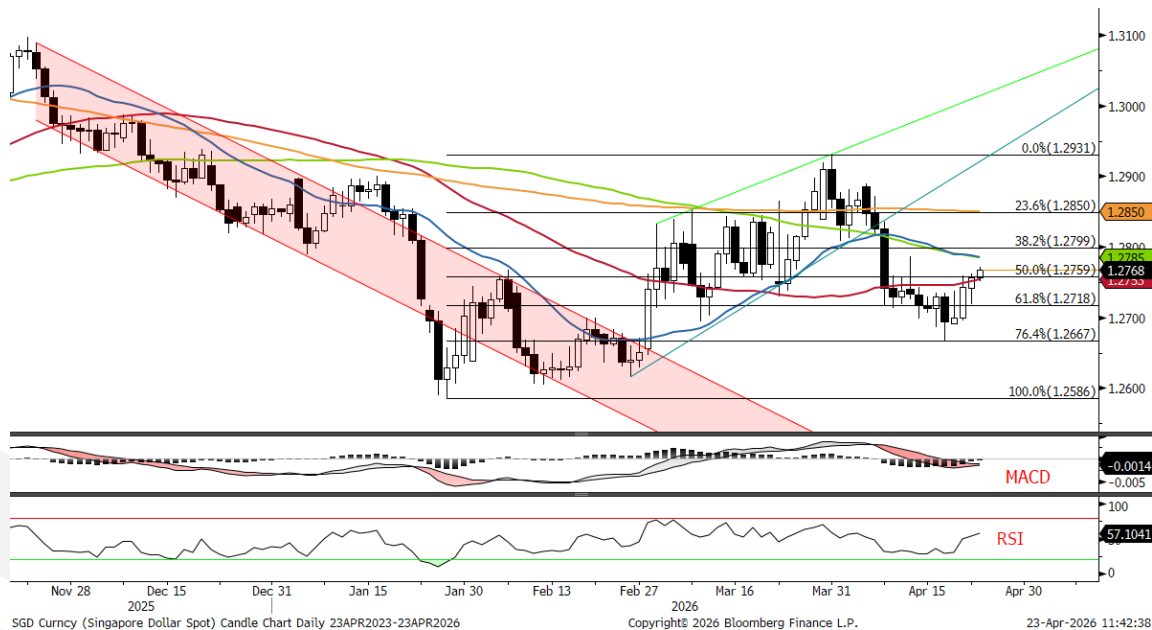
This leaves SGD in a fairly familiar position. **SGD resilience against Asia FX can persist as long as the geopolitical backdrop remains uncertain enough** to sustain demand for lower-beta regional currencies. Any renewed concerns over ceasefire durability, shipping disruptions, oil prices or global risk appetite would likely restore some of SGD’s

defensive premium. With the US-Iran ceasefire uncertainty lingering, the SGD may still retain a bid especially against the higher-beta AXJs.

But when geopolitical stress fades, markets may rotate back into pro-cyclical and trade-sensitive currencies, especially those linked to tech, global growth and broader risk recovery, In this scenario, SGD could gradually lose relative momentum and even underperform some of the higher-beta currencies on a relative basis once markets move from “defence” to “rebound.” So any potential slippage in SGD-crosses may not be about SGD weakness but more about how other higher-beta currencies like MYR, KRW, AUD or TWD can play catch-up in a relief/risk-on environment.

**USDSGD Technical View:** USDSGD was a touch firmer over the last 4 sessions. Focus is still on US-Iran ceasefire outcome as risk appetite may be curtailed ahead of the weekend. Pair was last at 1.2770 levels. Bearish momentum on daily chart is fading while RSI rose. Risks somewhat skewed to the upside. 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).

### USDSGD: Near term upside risk

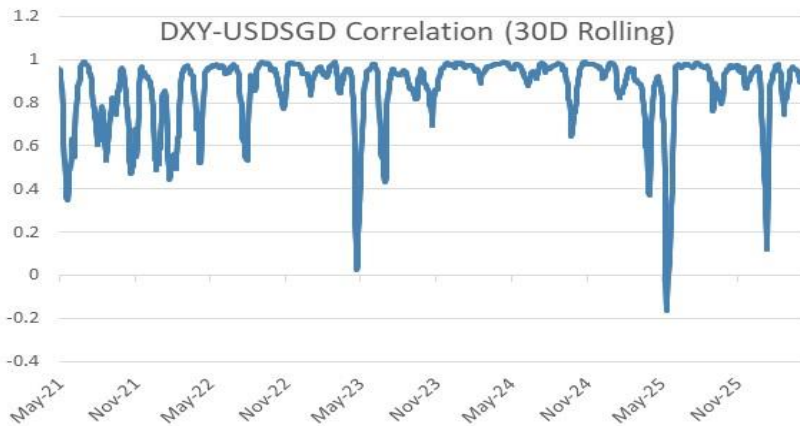


Source: Bloomberg, OCBC Group Research

**USDSGD view:** We continue to see room for the pair to trend lower in coming months, owing to expectations that geopolitical tensions fade, USD strength eases, Fed remains in easing cycle, still resilient-RMB helping to anchor broader sentiment while effects of tighter MAS policy should further help anchor SGD strength.

Key risks that may impact SGD: (1) energy price developments – if Singapore economic activities and growth is adversely impacted especially if energy prices stay elevated for longer; (2) broad USD trend given that USDSGD and DXY remains highly correlated. This can be a 2-way risks: if USD unexpectedly strengthens or Fed tightens, then USDSGD may even be exposed to upside but if "sell USD" trend returns in a big way that sees a more pronounced USD bear trend, then USDSGD may risk a larger decline; (3) trends in RMB is also another development to watch – in particular China's economic recovery and RMB fixing trend.

### Strong correlation between USDSGD and DXY



Source: Bloomberg, OCBC Group Research

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