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FX Weekly

Ceasefire on Edge

- ***Ceasefire on Edge:*** *No deal, no normalisation. Sticky oil shifts FX back to terms-of-trade winners and losers, stalls the USD selloff, and leaves equities as the weakest link.*
- ***JPY Intervention Risk****: Rising oil prices risk pushing USDJPY back to 160, sharpening intervention threats and BoJ credibility concerns. JPY weakness is steepening the JGB curve and lifting inflation expectations, strengthening the case for action. We look for a 25bp BoJ hike in April.*
- ***Gold****'s recovery last week may see a pullback in early trade as yields rose after US CPI saw a pare back in Fed cut expectations while weekend-no deal dents broad risk sentiment.*
- ***NZD Reality Check****: Hawkish RBNZ rhetoric has lifted the NZD, but markets are pricing too much, too soon. Weak growth and a negative output gap argue for delayed, shallow tightening—leaving the NZD vulnerable, especially against the AUD.*
- ***Asian FX****—led by high-beta oil importers like KRW, THB, PHP and INR—remains on watch. But Hormuz transit resuming tempers tail-risk pricing, favouring a weaker open over a disorderly selloff.*

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Ceasefire on Edge: We enter week seven of the US–Iran war with ceasefire now looking fragile. Weekend talks in Islamabad ended without a deal, keeping the Strait of Hormuz central to global macro pricing. President Trump said the US will begin a blockade of the Strait of Hormuz. Iran said any approaching military vessel would be considered a violation of the ceasefire. Ongoing shipping disruptions argue for a slow, not swift, normalisation in oil flows. Saudi Arabia's restoration of East–West pipeline capacity helps at the margin, but it does not resolve the Hormuz choke point.

The market signal is clear. Last week's relief rally largely priced out the extreme left-tail oil shock rather than a return to normal. That explains why equities and credit have retraced the most, while rates, oil and gold have lagged, with FX landing in between.

Absent a diplomatic breakthrough—and with mines and damaged energy infrastructure still in play—the next phase looks like a pause in the disinflation and re-risking trade. The oil curve may stop steepening for now rather than fully unwind.

With Brent breaking back above USD100/bbl on renewed escalation risk, equities are the obvious weak link: they have rebounded the most, while bonds have retraced the least. The recent USD sell-off likely stalls here. In a drawn-out conflict with sticky rather than spiking oil, FX should rotate back to terms-of-trade divergence—supporting energy exporters while pressuring importers. We favour AUD over EUR and stay defensive on oil-importing Asian currencies such as KRW, INR, THB and PHP.

Sticky oil keeps inflation risks alive but tame March CPI will encourage central banks to go gradual with rate hikes. Even after we shifted our forecast to an ECB insurance hike in June and a BoE hold rather than a cut this year, market pricing still looks too hawkish versus the Fed (see *Central bank outlook: policy responses depend on inflation pass-through*, 9 April 2026). We retain room for one Fed cut in 2H26, but the bigger asymmetry lies in fading overdone ECB/BoE hawkish repricing rather than aggressively chasing US cuts.

NZD Reality Check: The NZD firmed after hawkish remarks from RBNZ Governor Breman, who signalled the Bank would not hesitate to hike rates aggressively if core inflation were to re-accelerate. However, any renewed rise in oil prices—particularly following the breakdown in US-Iran talks—would likely weigh on high-beta energy importers such as the NZD.

Market pricing has swung sharply hawkish, with close to three rate hikes now priced by year-end. This looks stretched against New Zealand's sizeable negative output gap and recent run of below-trend growth, which together set a high bar for aggressive tightening. We expect the RBNZ to begin hiking only in 4Q26, delivering a single 25bp move that lifts the policy rate to 2.75% by end-2026. Relative NZD underperformance versus the AUD should persist.

JPY Intervention Risk: USDJPY risks a retest of 160 if oil prices rebound following the failure of US–Iran talks. Renewed JPY weakness brings FX intervention firmly back into focus. Japan's Finance Minister Satsuki Katayama has already issued a strong verbal warning, stressing the Ministry of Finance's readiness to take "bold action" in currency markets.

The case for containing JPY depreciation—via direct FX intervention or Bank of Japan rate hikes—is strengthening, partly to stabilise the JGB market. A weaker JPY alongside higher oil prices is pushing up inflation expectations and driving JGB curve steepening, in sharp contrast to the post-February flattening seen in the US, Europe and the UK. Markets are increasingly uneasy that the BoJ risks falling behind the curve. We expect the BoJ to lift its policy rate by 25bp to 1.0% at the April meeting.

Gold. No deal dents sentiment. Gold's recovery last week may see a pullback in early trade as yields rose after US CPI saw a pare back in Fed cut expectations while weekend-no deal dents broad risk sentiment. Elsewhere, USD could start the week better bid. Focus remains on whether the ceasefire holds as that would have implication on oil prices, inflation and influence market expectations on rates, and in turn can affect the appeal of gold prices. Gold was last seen at 4750 levels. Bullish momentum on daily chart intact but rise in RSI moderated. 2-way risks. Support at 4670 (21, 100 DMAs, 38.2% fibo) before 4250 (23.6% fibo). Resistance at 4850 levels (50% fibo retracement of 2026 high to low), 4915 (50 DMA).

Asian FX. Softer Footing. Asian FX are likely to start the week on a softer footing as renewed geopolitical uncertainty risks feeding back into crude prices, broader risk sentiment and defensive USD demand. Weekend risk sentiment has soured after US-Iran negotiations failed to produce a deal, leaving the ceasefire looking more fragile and likely keeping markets cautious into Monday's Asia open. Asian FX in particular, higher-beta and net oil importer FX, including KRW, THB, PHP and INR may remain more vulnerable while lower-beta currencies such as CNH and SGD could prove relatively more resilient. Still, with limited transit through the Strait of Hormuz having resumed, markets may stop short of fully repricing the most acute disruption scenario for now, which suggests a softer Asian FX open rather than an outright disorderly selloff.

USDSGD. MAS MPS, 1Q26 GDP on Tue. The upcoming Monetary Policy Statement (MPS) and release of 1Q26 Advance GDP are scheduled to be released on 14 Apr 2026. Our base case is for MAS to tighten policy stance by increasing the slope of the S$NEER policy band (i.e. quickening the pace of appreciation) to lean against rising imported inflation pressures See *MAS Preview - Looking for Slope Increase, published 10 Apr 2026.* Past episodes over the last 15-16 years have revealed how large swings in global energy prices can influence Singapore's inflation outlook and, by extension, monetary policy settings.

Given that expectations are skewed towards policy tightening, the focus is on the choice of policy lever(s) and tone of the statement. A slight hawkish shift in the tone would possibly see the S$NEER hovering near the upper bound of the band while USDSGD may see modest knee-jerk downside pressure post-decision, assuming the broader USD trend remains relatively balanced. But if the tone is more balanced, then reaction on USDSGD may be more muted. USDSGD hovered near recent low into NY close. Last at 1.2740. Daily momentum is mild bearish but decline in RSI moderated. 2-way trades likely. Resistance at 1.2780 levels (38.2% fibo retracement of Nov high to 2026 low), 1.2810 (21, 100 DMAs) and 1.2840/50 levels (50% fibo, 200 DMA). Key support at 1.2710 (23.6% fibo). Decisive break out puts next support at 1.2620.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1835	160.05	1.3587	0.8003	0.7151	0.5919	1.3918	4887	1.2816	60.55	93.35
Resistance 2	1.1774	159.62	1.3519	0.7944	0.7111	0.5883	1.3873	4823	1.2777	60.22	93.00
Resistance 1	1.1749	159.45	1.3490	0.7916	0.7087	0.5860	1.3857	4786	1.2757	60.10	92.86
Spot	1.1667	159.83	1.3385	0.7933	0.7016	0.5799	1.3876	4648	1.2782	59.99	92.73
Support 1	1.1688	159.02	1.3422	0.7857	0.7047	0.5824	1.3812	4722	1.2718	59.77	92.51
Support 2	1.1652	158.76	1.3383	0.7826	0.7031	0.5811	1.3783	4694	1.2699	59.56	92.28
Support 3	1.1591	158.33	1.3315	0.7767	0.6991	0.5775	1.3738	4630	1.2660	59.23	91.92
Bollinger Band											
Bollinger Upper	1.1716	160.46	1.3496	0.8031	0.7130	0.5901	1.3990	4995	1.2917	60.83	94.74
Bollinger Lower	1.1436	158.04	1.3157	0.7836	0.6824	0.5674	1.3679	4314	1.271	59.40	91.31

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

FX Forecasts

Currency Pair	Current (1 Apr)	2Q26	3Q26	4Q26	1Q27	2Q27
USD-JPY	159	158	156	155	154	153
EUR-USD	1.16	1.16	1.19	1.19	1.18	1.17
GBP-USD	1.33	1.33	1.35	1.34	1.36	1.34
AUD-USD	0.69	0.71	0.75	0.75	0.75	0.74
NZD-USD	0.58	0.59	0.61	0.61	0.61	0.61
USD-CAD	1.39	1.37	1.35	1.35	1.34	1.34
USD-CHF	0.79	0.79	0.78	0.78	0.79	0.79
DXY	99.7	99.21	97.14	97.15	97.44	98.00
USD-SGD	1.28	1.28	1.28	1.27	1.27	1.27
USD-CNY	6.88	6.84	6.82	6.80	6.78	6.75
USD-CNH	6.88	6.84	6.82	6.80	6.78	6.75
USD-THB	32.61	32.80	32.50	32.10	31.80	31.60
USD-IDR	16983	16890	16890	16830	16800	16600
USD-MYR	4.03	3.98	3.92	3.86	3.83	3.81
USD-KRW	1513	1490	1480	1470	1450	1425
USD-TWD	31.96	32.00	31.90	31.80	31.60	31.50
USD-HKD	7.84	7.82	7.80	7.78	7.78	7.78
USD-PHP	60.23	60.00	59.60	59.40	59.00	58.80
USD-INR	94.81	95.00	95.30	95.50	96.00	96.50
USD-VND	26337	26200	26000	26000	25800	25900
EUR-JPY	184	183	186	184	182	179
EUR-GBP	0.87	0.87	0.88	0.89	0.87	0.87
EUR-CHF	0.92	0.92	0.93	0.93	0.93	0.93
EUR-AUD	1.67	1.63	1.59	1.59	1.57	1.58
EUR-NOK	11.25	10.80	10.90	11.00	11.10	11.10
AUD-NZD	1.20	1.21	1.23	1.22	1.22	1.21
EUR-SGD	1.49	1.49	1.52	1.51	1.50	1.48
GBP-SGD	1.71	1.71	1.72	1.70	1.72	1.70
AUD-SGD	0.89	0.91	0.96	0.95	0.95	0.94
NZD-SGD	0.74	0.75	0.78	0.78	0.78	0.77
CHF-SGD	1.62	1.62	1.63	1.63	1.61	1.59
CAD-SGD	0.93	0.94	0.94	0.94	0.95	0.94
JPY-SGD	0.81	0.81	0.82	0.82	0.82	0.83
SGD-MYR	3.14	3.10	3.07	3.04	3.02	3.01
SGD-CNY	5.35	5.34	5.35	5.35	5.35	5.34
SGD-IDR	13236	13175	13247	13252	13249	13123
SGD-THB	25.43	25.59	25.49	25.28	25.08	24.98
SGD-PHP	46.89	46.80	46.75	46.77	46.53	46.48
SGD-VND	20534	20437	20392	20472	20347	20474
SGD-CNH	5.36	5.34	5.35	5.35	5.35	5.34
SGD-TWD	24.93	24.96	25.02	25.04	24.92	24.90
SGD-KRW	1180	1162	1161	1157	1144	1126
SGD-HKD	6.11	6.10	6.12	6.13	6.14	6.15
SGD-JPY	124	123	122	122	121	121
Gold $/oz	4759	5040	5210	5350	5500	5600
Silver $/oz	75.08	77.54	82.70	89.17	91.67	94.92
Platinum $/oz	1966	2100	2171	2229	2292	2333
Palladium $/oz	1478	1556	1608	1651	1698	1728
ICE Brent $/bbl	101.2	100	85	70	70	70
NYMEX WTI $/bbl	100.1	94	81	66	66	66

Source: OCBC Group Research (Latest Forecast Update: 1 April 2026)

Note: These are not meant to serve as point forecast for the quarter-end but meant as trajectory bias of the currency pair.

FX Forecasts

	Current (1 Apr)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.16	1.16	1.19	1.18
GBPUSD	1.33	1.33	1.35	1.36
USDJPY	159	158	156	154
USDCHF	0.79	0.79	0.78	0.79
AUDUSD	0.69	0.71	0.75	0.75
NZDUSD	0.58	0.59	0.61	0.61
USDCAD	1.39	1.37	1.35	1.34
EURNOK	11.25	10.80	10.90	11.10
Forecast for Asian Currencies				
USDCNY	6.88	6.84	6.82	6.78
USDIDR	16983	16890	16890	16800
USDINR	94.81	95.00	95.30	96.00
USDKRW	1513	1490	1480	1450
USDMYR	4.03	3.98	3.92	3.83
USDPHP	60.23	60.00	59.60	59.00
USDSGD	1.28	1.28	1.28	1.27
USDTHB	32.61	32.80	32.50	31.80
USDTWD	31.96	32.00	31.90	31.60
USDHKD	7.84	7.82	7.80	7.78
Forecast for Precious Metals				
Gold $/oz	4759	5040	5210	5500
Silver $/oz	75.1	78	83	92
Platinum $/oz	1966	2100	2171	2292
Palladium $/oz	1478	1556	1608	1698
Forecast for Crude Oil				
NYMEX WTI $/bbl	100.1	94.0	81.0	66.0
ICE Brent $/bbl	101.2	100.0	85.0	70.0

Source: OCBC Group Research (Latest Forecast Update: 1 April 2026)

Note: The 3-, 6-, and 12-month forecasts may vary slightly over time even when the underlying FX outlook remains unchanged. This is because we use a single set of core FX and interest-rate forecasts anchored on quarter-end levels. From these quarter-end projections, we derive the 3-, 6-, and 12-month forecasts using straightforward methodologies, including interpolation. This approach ensures internal consistency across all forecast horizons.

Interest Rates Forecasts

	Current (1 Apr)	3M	6M	12M
Forecasts for US interest rates				
Fed Funds Rate	3.75	3.75	3.50	3.50
2-Year US Treasury	3.80	3.80	3.65	3.60
5-Year US Treasury	3.95	3.80	3.70	3.65
10-Year US Treasury	4.32	4.35	4.20	4.10
30-Year US Treasury	4.90	4.80	4.75	4.75
Forecast for US SOFR swap rates				
2-Year Rate	3.63	3.65	3.55	3.55
5-Year Rate	3.63	3.65	3.60	3.60
10-Year Rate	3.87	3.85	3.80	3.75
30-Year Rate	4.11	4.10	4.05	4.00

Source: OCBC Group Research (Latest Forecast Update: 1 April 2026)

Central Bank Forecast Table

	Current (9 Apr)	2Q26	3Q26	4Q26	1Q27	2Q27
Fed Funds Rate (upper)	3.75	3.75	3.50	3.50	3.50	3.50
BoE Bank Rate	3.75	3.75	3.75	3.75	3.50	3.50
ECB Depo Rate	2.00	2.25	2.25	2.25	2.25	2.25
BOJ Policy Rate	0.75	1.00	1.00	1.25	1.25	1.50
RBA Cash Rate	4.10	4.35	4.35	4.35	4.35	4.35

Source: OCBC Group Research (Latest Forecast Update: 9 April 2026)

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
13-Apr	22:00	US	Existing Home Sales	Mar		4.08m	4.09m
14-Apr	18:00	US	NFIB Small Business Optimism	Mar		--	98.8
		CH	Trade Balance	Mar		$108.20b	$90.98b
15-Apr	17:00	EC	Industrial Production WDA YoY	Feb		-0.8%	-1.2%
	20:30	US	Empire Manufacturing	Apr		--	-0.2
	22:00	US	NAHB Housing Market Index	Apr		--	38
16-Apr	09:30	AU	Employment Change	Mar		20.0k	48.9k
	09:30	AU	Unemployment Rate	Mar		4.3%	4.3%
	10:00	CH	GDP YoY	1Q		4.8%	4.5%
	10:00	CH	Retail Sales YoY	Mar		2.2%	--
	10:00	CH	Industrial Production YoY	Mar		5.3%	--
	14:00	UK	Monthly GDP (MoM)	Feb		--	0.0%
	20:30	US	Initial Jobless Claims	11-Apr		--	219k
	20:30	US	Philadelphia Fed Business Outlook	Apr		--	18
	21:15	US	Industrial Production MoM	Mar		0.1%	0.2%

Source: Bloomberg, OCBC Group Research

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