

## FX Weekly

### Brinkmanship Continues

- **Brinkmanship Continues:** Ceasefire hopes sparked an everything rally, but renewed Hormuz tensions expose complacency. Energy risks linger, inflation tails remain skewed up, and geopolitical brinkmanship could yet revive USD strength despite an eventual deal remaining the most likely outcome.
- **BoJ Credibility Test:** A post-energy shock JGB curve steepening has exposed BoJ credibility risks. We expect a BoJ April hike to help restore confidence, with USDJPY upside and intervention risk rising if the BoJ stands pat.
- **Gold weakens as weekend geopolitics dent risk appetite.** Still tethered to risk proxies, with ceasefire outcomes driving direction—prefer buying dips over chasing rallies.
- **Asian FX are set to unwind Friday’s rally after a geopolitical jolt from Iran.** KRW is set to lead downside after outsized gains, while most other Asian FX likely soften. Low-beta CNH and SGD may stay steadier, but pressure persists.

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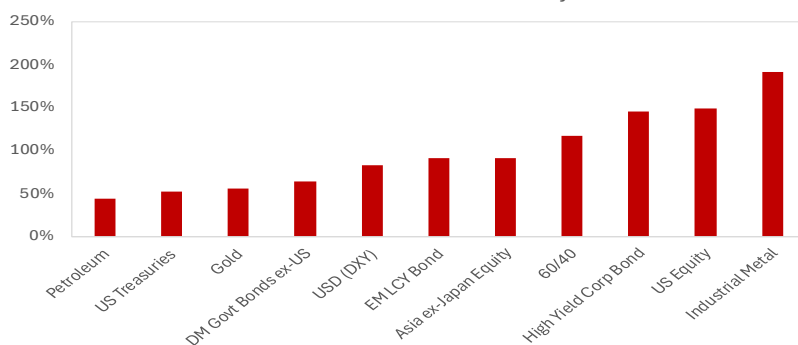
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**Brinkmanship Continues:** Ceasefire optimism drove a broad “everything rally” last week as the safe haven USD and energy prices declined. Equities and bond prices rallied on lower perceived stagflation risk, with US equities now well above pre-US-Iran conflict levels. The DXY has retraced nearly 85% of its war-related gains. Energy prices and yields fell on tentative signals that the Strait of Hormuz could reopen, steepening curves, though the pullback has been modest.

### Equities and credit are ahead in pricing conflict normalisation, rates and commodities (i.e. oil and gold) are lagging, and FX is mid-pack

Percentage retracement from extreme since the onset of US - Iran war at the end of February



Note: Data as of 17 March 2026

Source: Bloomberg, OCBC Group Research

Cross-asset retracements since the conflict began suggest markets are less concerned about oil-price shocks derailing growth. However, upside inflation risks remain. Oil prices may ease more slowly than our baseline of Brent at USD70/bbl by early 2027, especially if infrastructure damage persists or sovereigns lift strategic oil purchases. Supply chains for plastics, fertilisers and industrial chemicals will take time to normalise, implying months of disruption. In some cases, recovery will take longer; missile damage to Qatar's gas-field infrastructure could take years to repair.

Iran's renewed closure of the Strait of Hormuz over the weekend, amid a continued US naval blockade, underscores these risks. Markets may have priced an overly swift resumption of energy flows. The standoff looks set to drag on as both sides test pain thresholds. Near term, some risk wobble and a USD rebound are likely. Still, we remain selectively short USD, as the most likely endgame remains a deal—albeit via a messy path of brinkmanship with elevated tail risk.

We retain a constructive view on AUD, supported by the AI-driven commodity upswing reinforcing the RBA's hawkish bias. While market pricing for ECB and BoE rate hikes this year has eased to 1-2 rounds and 1 round respectively, it still looks a touch aggressive. March core inflation surprises in Europe were mostly to the downside, with the UK due this week. Central banks continue to signal little urgency to hike, a message reiterated at last week's IMF meetings by BoE Governor Bailey and ECB President Lagarde, alongside ECB board member Schnabel. With EURUSD near its pre-war level of 1.18, we are neutral EURUSD and remain cautious on GBP as UK political risks rise ahead of the 7 May local elections.

Fed chair nominee Kevin Warsh is scheduled to testify before the Senate Banking Committee on 21 April. The hearing will likely give him scope to reiterate his call for rate cuts tied to Fed balance-sheet reduction. No vote is expected, and confirmation before Chair Powell's term ends next month remains unlikely.

**BoJ Credibility Test:** The BoJ faces a growing credibility challenge. The damage is evident in the sharp steepening of the JGB curve after the energy shock triggered by the US–Iran war—an outcome that contrasts starkly with the post-February curve flattening seen across other G10 markets. Market unease is building that the BoJ is falling behind the curve, intensifying pressure for an April rate hike to reassert policy credibility. Our base case is a 25bp hike on 28 April, though current pricing still reflects a meaningful risk of a hawkish hold.

Failure to hike would likely see USDJPY push higher, potentially into the 160s, prompting Ministry of Finance intervention aimed at driving the pair back towards 155. Recent forceful messaging from Finance Minister Katayama suggests the authorities are prepared to act. Even so, we remain cautious on the JPY and retain our end-2026 USDJPY target of 155.

**Gold. Pullback Risk.** Gold rose to as high as 4889 levels, on earlier news that Strait of Hormuz was open, before some retracement into NY close. Last at 4830 levels. Bullish momentum on daily chart intact but RSI is flat. Consolidation likely for now. Resistance at 4850 levels (50% fibo retracement of 2026 high to low), 4900 (50 DMA). Support at 4714 (100 DMA), 4650/70 levels (21, 38.2% fibo). Geopolitical twist over the weekend is a setback to risk sentiments, and is likely to see spillover effects onto gold, which still trades cues from risk proxies in the interim. We still expect gold's near-term directional trade to take cues from broader risk sentiment, dependent on ceasefire talks pan out. This underscores our take on buying on dip (instead of chasing longs) in current environment.

**Asian FX. Setback.** Asian FX are likely to retrace late Friday's gains while USD should catch a safe-haven bid amid twist in geopolitical developments into the weekend. Iran announced the closure of the Strait of Hormuz after having stated that it was "completely open" to commercial vessel a day prior on Friday. Subsequently, both US and Iran accused each other of breaching ceasefire agreement while there were also reports that vessels were under attack. This underscores the fluidity of geopolitical developments and continues to argue for 2-way trades. Amongst the Asian FX, high-beta KRW that had benefited from the earlier positive development should see a bigger pullback. Most Asian FX, including TWD, INR, THB and PHP should also trade on a softer footing given their sensitivity to oil prices and risk sentiment. On relative terms, lower beta FX, including CNH and SGD may trade less volatile but likely still under pressure. US officials have indicated that negotiations will take place in Pakistan this week, but at the same time threats have also escalated. Developments suggest both sides are still building leverage ahead of the 2 weeks ceasefire deadline on 22 Apr.

This week sees BI MPC meeting on Wed and BSP MPC meeting on Fri. For BI, our house view looks for policy rate to stay on hold. Elsewhere, Philippines headline and core CPI accelerated to 4.1% YoY, 3.2% YoY in Mar, up from 2.4%, 2.9%, respectively in Feb. Our economists maintain outlook that inflation will continue to pick up to 3.9% YoY in 2026 compared to 1.7% in 2025. Consensus is looking for 25bp hike to bring policy rate to 4.5%. In data releases this week, Korea releases 20-day

trade data (Tue) and 1Q GDP on Thu. TW releases IP on Thu. SG CPI is also expected on Thu.

**USDSGD. Rebound Risk.** USDSGD had traded as low as 1.2667 last Fri, on news of conditional open of passageway at strait of Hormuz. But the pair rebounded sharply this morning in early trade following the weekend setback – reclosure of the strait. Focus remains on whether both parties manage to get a deal or if there are further military escalation in the next 24-48 hours. Pair was last at 1.2725 levels. Bearish momentum on daily chart intact but shows tentative signs of fading while RSI shows signs of rising from near oversold conditions. Key support at 1.27, 1.2670 (76.4% fibo). Resistance at 1.2750/60 levels (50 DMA, 50% fibo), 1.28 levels (21, 100 DMAs, 38.2% fibo retracement of 2026 low to high), 1.2850 (200 DMA, 23.6% fibo).

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1968	162.47	1.3728	0.7941	0.7319	0.5995	1.3799	5072	1.2835	60.38	93.49
Resistance 2	1.1880	160.53	1.3634	0.7876	0.7251	0.5946	1.3741	4951	1.2767	60.22	93.17
Resistance 1	1.1822	159.58	1.3575	0.7846	0.7213	0.5915	1.3716	4890	1.2730	60.14	93.05
Spot	1.1745	159.02	1.3490	0.7833	0.7144	0.5869	1.3705	4776	1.2732	60.06	92.93
Support 1	1.1734	157.64	1.3481	0.7781	0.7145	0.5866	1.3658	4769	1.2662	59.97	92.73
Support 2	1.1704	156.65	1.3446	0.7746	0.7115	0.5848	1.3625	4708	1.2631	59.89	92.54
Support 3	1.1616	154.71	1.3352	0.7681	0.7047	0.5799	1.3567	4586	1.2563	59.72	92.22
<b>Bollinger Band</b>											
Bollinger Upper	1.1854	160.18	1.3626	0.8050	0.7225	0.5945	1.3988	4946	1.2927	60.80	94.69
Bollinger Lower	1.1420	158.31	1.3124	0.7778	0.6789	0.5661	1.3673	4378	1.266	59.54	91.82

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
<b>Forecast for G10 Currencies</b>				
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
<b>Forecast for Asian Currencies</b>				
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
<b>Forecast for Precious Metals</b>				
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
<b>Forecast for Crude Oil</b>				
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
<b>Forecasts for US interest rates</b>				
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
<b>Forecast for US SOFR swap rates</b>				
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
20-Apr	09:00	CH	5-Year Loan Prime Rate			3.50%	3.50%
	20:30	CA	CPI YoY	Mar		2.6%	1.8%
	20:30	CA	CPI Core- Trim YoY%	Mar		2.3%	2.3%
21-Apr	06:45	NZ	CPI YoY	1Q		2.9%	3.1%
	14:00	UK	Average Weekly Earnings 3M/YoY	Feb		3.6%	3.9%
	14:00	UK	ILO Unemployment Rate 3Mths	Feb		5.2%	5.2%
	17:00	GE	ZEW Survey Expectations	Apr		0.0	-0.5
	20:30	US	Retail Sales Advance MoM	Mar		1.3%	0.6%
	20:30	US	Retail Sales Control Group	Mar		0.2%	0.5%
	22:00	US	Pending Home Sales NSA YoY	Mar		--	-0.6%
22-Apr	14:00	UK	CPI YoY	Mar		3.3%	3.0%
	14:00	UK	CPI Core YoY	Mar		3.2%	3.2%
23-Apr	16:00	EC	S&P Global Eurozone Composite PMI	Apr P		50.3	50.7
	16:30	UK	S&P Global UK Composite PMI	Apr P		49.4	50.3
	20:30	US	Chicago Fed Nat Activity Index	Mar		--	-0.11
	20:30	US	Initial Jobless Claims	18-Apr		210k	207k
	21:45	US	S&P Global US Composite PMI	Apr P		--	50.3
24-Apr	07:30	JN	NatI CPI YoY	Mar		1.4%	1.3%
	07:30	JN	NatI CPI Ex Fresh Food, Energy YoY	Mar		2.4%	2.5%
	16:00	GE	IFO Expectations	Apr		86.8	86.0

Source: Bloomberg, OCBC Group Research

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