

## FX Weekly

### Hawkish but Fragile

- **Hawkish but Fragile:** Markets priced aggressive BoE and ECB tightening, but Europe's vulnerability to an energy shock caps currency upside. Stagflation risks favour USD resilience if oil remains high.
- **FX forecast revisions:** We have adjusted our currency forecasts to reflect a stronger near-term USD. Oil's surge is propping up the USD, pressuring Asia FX and gold. Near-term USD strength persists until energy prices ease and global risks recede.
- **Gold Under Pressure:** Gold slid as rising global yields and inflation worries outweighed geopolitical hedging demand. ETF outflows and stress-driven liquidation added pressure. While the medium-term outlook stays constructive, near-term price action is likely to stay choppy.

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**Hawkish but Fragile:** Despite higher energy prices last week, the USD's rise paused as markets sharply repriced central bank expectations—led by the Bank of England (BoE) and, to a lesser extent, the European Central Bank (ECB)—pushing front-end European rates higher. But investors shouldn't overinterpret the BoE's and ECB's willingness to consider hikes. Unlike the US, Europe is a net energy importer, leaving it more exposed to an energy shock that can quickly shift from an inflation story to a growth problem. Tougher central bank rhetoric does not automatically mean stronger European currencies; if high energy prices persist, the USD remains the safer beneficiary.

The BoE's message was straightforward: policy is on hold, but rate hikes are possible if needed. Markets reacted aggressively, pricing almost 85bp of hikes for 2026. This makes our expected BoE cut in 3Q26 less certain, with an extended hold now more plausible. The ECB also flagged upside inflation risks from higher energy but struck a more balanced note than the BoE. President Lagarde acknowledged both rising inflation pressures and the drag on growth. Even so, markets now price nearly three ECB hikes this year and assign roughly an 80% chance of a hike in April. We still do not view ECB hikes as a done deal.

Big picture: while hawkish risks to our BoE and ECB forecasts exist, the scale of market repricing looks excessive relative to the growth slowdown that would follow if energy prices remain elevated. Higher oil is not just an inflation shock—it is also a growth drag, a classic stagflation mix. This week's March PMIs and other sentiment surveys will offer the first read on the damage. The numbers will likely soften, which may not bode well for risk assets.

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**FX forecast revisions:** We have adjusted our currency forecasts to reflect a stronger near-term USD. Oil's surge has derailed expectations of a softer USD. Energy-driven terms-of-trade shifts, safe-haven demand, and diverging global policy risks now point to near-term USD resilience, with any meaningful decline hinging on lower oil prices later in 2026. Rising oil and persistent geopolitics keep Asia FX under pressure near term. Weaker KRW, THB, PHP and TWD expected, while RMB and SGD remain more policy-anchored. USD/Asia still seen easing once global risks fade. Rising energy prices and fading Fed cut expectations strengthen real yields and the USD, pressuring gold. Near-term gains may stay capped, though medium-term structural support remains. (See [Oil Resets USD](#), 20 March 2026.)

**Gold Under Pressure:** Gold prices fell sharply as rising global yields and renewed inflation risks—driven by higher energy prices—reduced expectations for near-term rate cuts. Investors continued to pare back gold-backed ETF holdings, adding to the downside.

The metal has also been prone to bouts of liquidation during periods of market stress, even as geopolitical uncertainties remain elevated (see [Precious Metals Thoughts: Gold – Near-term risks vs medium-term support](#), 13 March). The market is trading less on geopolitical hedging flows and more on fears that stickier inflation could prompt a more hawkish central bank stance.

Despite the near-term pressure, the broader structural backdrop remains supportive. We still expect gold to resume its medium-term uptrend, though prices may struggle for sustained momentum in the near term, with trading likely to stay choppy.

## Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1704	162.25	1.3647	0.7982	0.7226	0.5995	1.3820	5084	1.2926	60.21	95.21
Resistance 2	1.1634	160.50	1.3504	0.7931	0.7134	0.5921	1.3772	4827	1.2866	60.04	94.33
Resistance 1	1.1603	159.87	1.3422	0.7906	0.7078	0.5877	1.3747	4659	1.2844	59.92	94.02
Spot	1.1562	159.13	1.3332	0.7872	0.7012	0.5833	1.3723	4497	1.2820	59.80	93.72
Support 1	1.1533	158.12	1.3279	0.7855	0.6986	0.5803	1.3699	4402	1.2784	59.74	93.15
Support 2	1.1494	157.00	1.3218	0.7829	0.6950	0.5773	1.3676	4311	1.2746	59.68	92.58
Support 3	1.1424	155.25	1.3075	0.7778	0.6858	0.5699	1.3628	4053	1.2686	59.50	91.70
<b>Bollinger Band</b>											
Bollinger Upper	1.1836	160.45	1.3545	0.7943	0.7158	0.6022	1.3770	5494	1.2874	60.56	93.31
Bollinger Lower	1.1396	155.53	1.3234	0.7687	0.6979	0.5774	1.3566	4571	1.2634	57.12	90.22

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



## FX Forecasts

Currency Pair	Current (19 Mar)	1Q26	2Q26	3Q26	4Q26	1Q27
USD-JPY	158	159	158	156	155	154
EUR-USD	1.16	1.14	1.16	1.19	1.19	1.18
GBP-USD	1.34	1.33	1.33	1.35	1.34	1.36
AUD-USD	0.71	0.71	0.73	0.75	0.75	0.75
NZD-USD	0.59	0.59	0.60	0.61	0.61	0.61
USD-CAD	1.37	1.37	1.36	1.35	1.35	1.34
USD-CHF	0.79	0.80	0.79	0.78	0.78	0.79
DXY	99.2	100.5	99.2	97.1	97.2	97.4
USD-SGD	1.28	1.28	1.27	1.27	1.26	1.26
USD-CNY	6.89	6.88	6.84	6.82	6.80	6.78
USD-CNH	6.88	6.88	6.84	6.82	6.80	6.78
USD-THB	32.79	32.50	32.20	32.00	31.80	31.80
USD-IDR	16985	16950	16890	16890	16830	16800
USD-MYR	3.94	3.90	3.86	3.85	3.83	3.81
USD-KRW	1495	1480	1460	1455	1440	1425
USD-TWD	31.97	31.80	31.70	31.60	31.50	31.00
USD-HKD	7.83	7.83	7.82	7.80	7.78	7.78
USD-PHP	60.09	59.50	59.20	58.60	58.40	58.20
USD-INR	92.64	92.60	92.90	93.40	93.90	94.30
USD-VND	26290	26100	26000	26000	25800	25800
EUR-JPY	183	181	183	186	184	182
EUR-GBP	0.86	0.86	0.87	0.88	0.89	0.87
EUR-CHF	0.91	0.91	0.92	0.93	0.93	0.93
EUR-AUD	1.64	1.61	1.59	1.59	1.59	1.57
EUR-NOK	10.99	10.90	10.80	10.90	11.00	11.10
AUD-NZD	1.21	1.21	1.22	1.23	1.22	1.22
EUR-SGD	1.48	1.45	1.47	1.51	1.50	1.48
GBP-SGD	1.72	1.69	1.69	1.71	1.69	1.71
AUD-SGD	0.91	0.91	0.93	0.95	0.95	0.94
NZD-SGD	0.75	0.75	0.76	0.77	0.78	0.77
CHF-SGD	1.62	1.60	1.60	1.62	1.61	1.60
CAD-SGD	0.93	0.93	0.93	0.94	0.94	0.94
JPY-SGD	0.81	0.80	0.80	0.81	0.81	0.82
SGD-MYR	3.07	3.06	3.04	3.04	3.04	3.03
SGD-CNY	5.39	5.39	5.39	5.39	5.39	5.39
SGD-IDR	13235	13284	13299	13352	13347	13355
SGD-THB	25.42	25.47	25.35	25.30	25.22	25.28
SGD-PHP	46.83	46.63	46.61	46.32	46.31	46.26
SGD-VND	20582	20455	20472	20553	20460	20509
SGD-CNH	5.39	5.39	5.39	5.39	5.39	5.39
SGD-TWD	25.03	24.92	24.96	24.98	24.98	24.64
SGD-KRW	1170	1160	1150	1150	1142	1133
SGD-HKD	6.13	6.14	6.16	6.17	6.17	6.18
SGD-JPY	123	125	124	123	123	122
Gold \$/oz	4650	4950	5040	5210	5350	5500
Silver \$/oz	72.83	76.15	77.54	82.70	89.17	91.67
Platinum \$/oz	1973	2063	2100	2171	2229	2292
Palladium \$/oz	1452	1528	1556	1608	1651	1698
ICE Brent \$/bbl	108.7	100.0	100.0	85.0	70.0	70.0
NYMEX WTI \$/bbl	96.1	94.0	94.0	81.0	66.0	66.0

Source: OCBC Group Research (Latest Forecast Update: 20 March 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 (19 Mar)	3M	6M	12M
<b>Forecast for G10 Currencies</b>				
EURUSD	1.16	1.15	1.18	1.18
GBPUSD	1.34	1.33	1.35	1.35
USDJPY	158	158	157	154
USDCHF	0.79	0.79	0.79	0.79
AUDUSD	0.71	0.72	0.74	0.75
NZDUSD	0.59	0.59	0.61	0.61
USDCAD	1.37	1.36	1.35	1.34
EURNOK	10.99	10.83	10.87	11.07
<b>Forecast for Asian Currencies</b>				
USDCNY	6.89	6.85	6.83	6.79
USDIDR	16985	16910	16890	16810
USDINR	92.64	92.80	92.90	94.17
USDKRW	1495	1467	1460	1430
USDMYR	3.94	3.87	3.86	3.82
USDPHP	60.09	59.30	59.20	58.27
USDSGD	1.28	1.27	1.27	1.26
USDTHB	32.79	32.30	32.20	31.80
USDTWD	31.97	31.73	31.70	31.17
USDHKD	7.83	7.82	7.81	7.78
<b>Forecast for Precious Metals</b>				
Gold \$/oz	4650	5010	5153	5450
Silver \$/oz	72.83	77	81	91
Platinum \$/oz	1973	2088	2147	2271
Palladium \$/oz	1452	1546	1591	1682
<b>Forecast for Crude Oil</b>				
NYMEX WTI \$/bbl	96.1	94.0	85.5	66.0
ICE Brent \$/bbl	108.7	100.0	90.0	70.0

Source: OCBC Group Research (Latest Forecast Update: 20 March 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 (18 Mar)	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	3.80	3.80	3.70	3.65
10-Year US Treasury	4.35	4.35	4.20	4.10
30-Year US Treasury	4.80	4.80	4.75	4.75
<b>Forecast for US SOFR swap rates</b>				
2-Year Rate	3.62	3.65	3.55	3.55
5-Year Rate	3.58	3.65	3.60	3.60
10-Year Rate	3.80	3.85	3.80	3.75
30-Year Rate	4.07	4.10	4.05	4.00

Source: OCBC Group Research (Latest Forecast Update: 19 March 2026)

## Central Bank Forecast Table

	Current (18 Mar)	1Q26	2Q26	3Q26	4Q26
Fed Funds Rate (upper)	3.75	3.75	3.75	3.50	3.50
BoE Bank Rate	3.75	3.75	3.75	3.50	3.50
ECB Depo Rate	2.00	2.00	2.00	2.00	2.00
BOJ Policy Rate	0.75	0.75	1.00	1.00	1.25
RBA Cash Rate	4.10	4.10	4.35	4.35	4.35

Source: OCBC Group Research (Latest Forecast Update: 19 March 2026)

## Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
23-Mar	20:30	US	Chicago Fed Nat Activity Index	Feb		0.04	0.18
24-Mar	07:30	JN	NatI CPI YoY	Feb		1.5%	1.5%
	07:30	JN	NatI CPI Ex Fresh Food, Energy YoY	Feb		2.7%	2.6%
	08:30	JN	S&P Global Japan PMI Composite	Mar P		--	53.9
	17:00	EC	S&P Global Eurozone Composite PMI	Mar P		51.0	51.9
	17:30	UK	S&P Global UK Composite PMI	Mar P		52.9	53.7
	21:45	US	S&P Global US Composite PMI	Mar P		--	51.9
25-Mar	08:30	AU	CPI YoY	Feb		3.8%	3.8%
	08:30	AU	CPI Trimmed Mean YoY	Feb		3.4%	3.4%
	15:00	UK	CPI YoY	Feb		3.0%	3.0%
	15:00	UK	CPI Core YoY	Feb		3.1%	3.1%
	16:00	SW	Economic Tendency Survey	Mar		--	100.1
	17:00	GE	IFO Expectations	Mar		86.0	90.5
26-Mar	17:00	NO	Deposit Rates	26-Mar		4.00%	4.00%
	20:30	US	Initial Jobless Claims	21-Mar		210k	205k
27-Mar	17:00	EC	ECB 3 Year CPI Expectations	Feb		2.7%	2.6%

Source: Bloomberg, OCBC Group Research

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