

FX Weekly

Stagflation Risks Rising

- **Stagflation Risks Rising:** Energy shock from the US–Iran conflict is keeping oil elevated and reviving USD strength. Markets are edging from inflation fear toward growth worry, supporting the USD and potentially turning the JPY into a defensive outperformer as risk sentiment weakens.
- **Oil Resets FX:** Energy-driven stagflation risks are supporting the USD in the near term. A softer USD may emerge if oil prices fall in 2H26, though resilient US growth will restrict how far the USD can slip.
- **Gold's rebound looks technical for now;** unless prices reclaim 100DMA/38.2% fibo, upside may remain capped amid higher real yields and pared Fed cut expectations.
- **Asian FX remains under pressure as geopolitical tensions broadens to involve more parties.** Unless there is a resolution, Asian FX should continue to stay soft.

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Stagflation Risks Rising: We enter the fifth week of the US–Iran war with no clear path to de-escalation. The Houthis' weekend involvement and the arrival of additional US troops underscore the conflict's widening scope. Oil prices edged higher, with Brent ending the week at USD113/bbl. With little prospect of an imminent reopening of the Strait of Hormuz, our baseline remains for Brent to stay around USD100/bbl through mid-year before gradually easing in 2H26 (see [Commodity Compass: Oil Tensions Intensify](#), 17 March 2026). As the conflict nears its fifth week, the issue has shifted from reduced energy flows to accelerating stock depletion, with Asia feeling the pressure most acutely. Regional central banks have likely leaned against mounting FX pressures.

Erratic US policymaking weighed on the USD earlier in 2026, but the USD remains the preferred risk-off hedge—especially when the shock, like current energy shock, is global rather than US-specific. Its status as a net energy-exporter currency adds to its appeal.

The stagflationary hit from the energy shock is starting to show. March sentiment surveys reveal weaker business output expectations and softer consumer confidence, alongside rising near-term inflation expectations. Financial markets reflect this shift: front-end yields have risen on expectations of a more hawkish central bank stance. In an environment where the traditional diversification between stocks and bonds has broken down, the USD's value as a portfolio hedge has increased.

So far, the stagflation narrative has leaned more toward “flation” than “stag.” But Friday’s dip in front-end yields, coupled with lower equities, hints that markets may be shifting toward growth worries. Investors have trimmed the hawkish pricing of monetary policy, though we still expect central banks—particularly the ECB and BoE—to hike less than what markets currently imply.

For FX, terms-of-trade dynamics initially favoured energy exporters over importers. But a deeper move toward growth concerns could broaden USD gains not just against risk-sensitive currencies energy importers like NZD, SEK and GBP but also energy exporters like AUD and NOK. If US yields fall further on intensifying growth fears, the JPY could shift from underperformer to outperformer across the crosses.

Oil Resets FX: We have revised our currency forecasts to reflect a stronger near-term USD. The recent energy shock has upended the earlier “Goldilocks” narrative of firming non-US growth and easing global inflation. Markets are now trading energy terms-of-trade winners and losers, alongside renewed stagflation concerns.

A softer USD later this year remains plausible if oil prices fall as expected in the second half, boosting non-US growth while ongoing US policy uncertainty continues to encourage diversification away from the USD. Even so, resilient US economic performance limits the scope for any sharp USD decline.

A more sustained USD rebound would require a clear acceleration in US growth — something still missing for now — although early signs of labour market stabilisation could support a gradual recovery heading into 2027 (see [FX Focus: Oil Resets USD](#), 20 March 2026).

Gold. Technical rebound. Gold rebounded last Friday, with the bounce appearing largely technical after prices had fallen close to 20% at one point since the onset of the Iran conflict. Spot was last seen around the 4,490 level. On the daily chart, bearish momentum shows signs of easing, with the MACD histogram turning less negative and RSI recovering from oversold territory. While this suggests scope for a near-term rebound, it remains uncertain whether the move can be sustained. Key resistance levels are seen at 4,624 (100DMA), 4,670 (38.2% fibo retracement) and 4,850 (50% fibo).

A more durable recovery would likely require prices to reclaim and hold above these levels. Failing which, gold may continue to trade on a softer footing. On the downside, support is seen around 4,110 (200DMA). From a macro perspective, the backdrop remains less supportive. Elevated energy, commodity prices amid ongoing geopolitical tensions

risk keeping inflation pressures firm, while markets have already pared back Fed rate cut expectations. This has pushed real yields higher, with 10-year TIPS yields hovering around the 2.1% level, creating a more challenging environment for gold in the interim.

Asian FX. Under pressure. Asian FX continued to trade under pressure with Bloomberg Asia dollar index down >2% month-to-date. Not only is the geopolitical conflict becoming long drawn but is broadening to involve more parties. Houthi militants have joined the fighting while US ground troops have arrived. Apart from Strait of Hormuz, the Bab el-Mandeb may also come into focus, putting at risk a dual chokepoint. Oil prices have continued to climb higher, with Brent above \$110/bbl while equity sentiment stayed soggy. Against this backdrop, the near-term outlook for Asian FX remains skewed to the downside unless there is a resolution.

Amongst the Asian FX (over 5-day change vs USD): INR, PHP and MYR led declines. The decline in MYR shows that no currency is immune from geopolitical shocks even as Malaysia's position as a net commodity exporter can support the MYR. The MYR can still soften in broader risk-off environment given its exposure to global sentiment and portfolio flows. USDMYR was last seen at 4.0110 levels. We had earlier shared that price pattern exhibited an inverted head and shoulders, which is typically associated with a bullish reversal setup. Resistance at 4.0150 (38.2% fibo retracement of Oct high to Feb low), 4.0330 (100 DMA) and 4.0560 (50% fibo). Support at 3.9630 (23.6% fibo), 3.9370 levels (21 DMA).

USDSGD. Turning mild bullish. USDSGD extended its move higher, tracking most other USD/Asia higher. Oil prices rose sharply while equities slumped into New York close last Fri amid re-escalation in Iran conflict. Pair was last seen at 1.2880 levels. Bullish momentum on daily chart remains intact while RSI rose. Risks skewed to the upside in the interim. Resistance at 1.29 (61.8% fibo), 1.2940 levels. Support at 1.2730/60 levels (21, 50 DMAs), 1.2710 (23.6% fibo retracement of Nov high to 2026 low).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1612	161.96	1.3464	0.8075	0.6979	0.5834	1.3980	4834	1.2973	61.07	96.00
Resistance 2	1.1566	161.01	1.3376	0.8025	0.6931	0.5794	1.3929	4654	1.2924	60.76	95.30
Resistance 1	1.1537	160.66	1.3318	0.8008	0.6903	0.5771	1.3911	4574	1.2902	60.66	95.06
Spot	1.1492	160.40	1.3240	0.7997	0.6852	0.5732	1.3900	4487	1.2897	60.56	94.81
Support 1	1.1491	159.71	1.3230	0.7958	0.6855	0.5731	1.3860	4395	1.2853	60.35	94.36
Support 2	1.1474	159.11	1.3200	0.7925	0.6835	0.5714	1.3827	4296	1.2826	60.15	93.90
Support 3	1.1428	158.16	1.3112	0.7875	0.6787	0.5674	1.3776	4116	1.2777	59.84	93.20
Bollinger Band											
Bollinger Upper	1.1681	160.73	1.3483	0.8002	0.7181	0.5973	1.3903	5447	1.2885	60.82	94.59
Bollinger Lower	1.1437	156.86	1.3226	0.7732	0.6862	0.5726	1.3519	4234	1.2704	58.16	90.25

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
Forecast for G10 Currencies				
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
Forecast for Asian Currencies				
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
Forecast for Precious Metals				
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
Forecast for Crude Oil				
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
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	3.80	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
Forecast for US SOFR swap rates				
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
30-Mar	17:00	EC	Economic Confidence	Mar		--	98.3
	20:00	GE	CPI YoY	Mar P		2.7%	1.9%
31-Mar	07:30	JN	Tokyo CPI YoY	Mar		1.6%	1.6%
	07:30	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	Mar		2.3%	2.5%
	07:30	JN	Jobless Rate	Feb		2.7%	2.7%
	07:50	JN	Industrial Production YoY	Feb P		0.3%	0.7%
	08:30	AU	RBA Minutes of March Policy Meeting				
	09:30	CH	Manufacturing PMI	Mar		50.2	49.0
	17:00	EC	CPI Estimate YoY	Mar P		2.7%	1.9%
	17:00	EC	CPI Core YoY	Mar P		2.3%	2.4%
	20:30	CA	GDP YoY	Jan		--	1.0%
	22:00	US	Conf. Board Consumer Confidence	Mar		88.0	91.2
	22:00	US	JOLTS Job Openings	Feb		--	6946k
01-Apr	07:50	JN	Tankan Large Mfg Index	1Q		16	15
	09:45	CH	RatingDog China PMI Mfg	Mar		52.5	52.1
	20:15	US	ADP Employment Change	Mar		40k	63k
	20:30	US	Retail Sales Advance MoM	Feb		0.4%	-0.2%
	20:30	US	Retail Sales Control Group	Feb		--	0.3%
	22:00	US	ISM Manufacturing	Mar		52.3	52.4
02-Apr	14:30	SZ	CPI YoY	Mar		--	0.1%
	14:30	SZ	CPI Core YoY	Mar		--	0.4%
	16:30	UK	DMP 1 Year CPI Expectations	Mar		--	3.0%
	20:30	US	Initial Jobless Claims	28-Mar		--	210k
03-Apr	20:30	US	Change in Nonfarm Payrolls	Mar		51k	-92k
	20:30	US	Average Hourly Earnings YoY	Mar		--	3.8%
	20:30	US	Unemployment Rate	Mar		4.4%	4.4%
	22:00	US	ISM Services Index	Mar		55.0	56.1

Source: Bloomberg, OCBC Group Research

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