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FX Weekly

Hormuz Bottleneck Bites

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- ***Hormuz Bottleneck Bites****: Oil prices are being held back only by inventory drawdowns. That support is fading. Without a Hormuz reopening, higher oil prices will be needed to crush demand, forcing volatility to spread beyond rates.*
- ***Three Big Developments****: A hawkish shift in Fed messaging, JPY intervention around 160, and the UAE's OPEC exit stood out last week. Near-term price action was muted, but longer-term policy and supply implications deserve attention.*
- ***USDSGD*** *eased amid sharp pullback in oil prices and USDJPY. That said, move lower may look more like relief than reversal unless geopolitical pressures de-escalate further.*
- ***Tight Calls, Tighter Politics****: A tight RBA call keeps AUD supported, backed by the commodity upswing, while UK politics re-enter focus, capping GBP as elections threaten to reignite fiscal concerns.*
- ***Slower Oil Unwind****: Damage to infrastructure and precautionary stockpiling should keep prices elevated even if the Strait of Hormuz reopens. We now expect Brent to end the year near USD80/bbl, up from USD70/bbl previously.*
- ***Asia ex-Japan calendar*** *is busy this week, with focus on energy pass-through in CPI prints, tech/export momentum in Taiwan, ASEAN growth data and BNM's policy decision.*

Hormuz Bottleneck Bites: We are entering week 10 of the US-Iran conflict. Oil briefly broke above the March peak, with Brent hitting as high as USD126 per barrel last week. With the Strait of Hormuz still closed, prices would likely be even higher if not for ongoing drawdowns in strategic and commercial inventories. That buffer is finite. If the strait remains shut for months, markets will need to price materially higher oil to force demand destruction. Optimism over resumed shipping through the Strait of Hormuz and progress toward a US–Iran deal somewhat weighed on oil prices and lifted US equity futures in early Asian trading.

Cross-asset price action last week reflects rising stagflation concerns. G10 yield curves bear-flattened across the board, except in Japan. EM local currency bonds took the heaviest hit, led by Indonesia, India, the Philippines, Korea, Mexico and South Africa. The safe haven USD weakened instead, tracking an AI-driven, mildly risk-on backdrop.

Rates volatility is climbing alongside oil prices, while FX and risk asset volatility continue to fall. This divergence is unlikely to persist. Either

Hormuz reopens and rates volatility subsides, or risk asset volatility eventually catches up.

Three Big Developments: Last week delivered three major surprises:

First, the Fed turned less dovish.
The April FOMC showed a clear hawkish drift. Chair Powell noted that the committee's center is moving toward a more neutral stance. Regional Fed presidents Hammack, Kashkari and Logan dissented against retaining dovish forward guidance, signalling that hikes are now seen as just as likely as cuts. While USD should soften if US-Iran conflict de-escalates, a less dovish Fed, strong US equities and sticky oil prices should limit downside. We still expect one Fed cut, but now see it likely delayed to 4Q26 from 3Q26. The gap between our Fed projections and market pricing is narrower than in Europe, where we remain more dovish than the market on the ECB and BoE.

Second, USDJPY intervention risk dominated FX.
The sharp pullback after breaking above 160 drew market attention. This likely reflected real JPY-buying intervention, amplified by thin Golden Week liquidity. Japan returns from holiday on Thursday. Defending 160 will require larger action, especially if oil prices remain high. Further intervention could push USDJPY into the 150 to 155 range, lifting Asian FX in the near term. Still, we remain cautious and keep our end-2026 USDJPY target at 155. A June BoJ hike now looks likely, but policy still appears behind the curve, limiting JPY support.

Third, the UAE exited OPEC.
The UAE's decision to leave OPEC, ending a relationship that began in 1967, has limited near-term impact while the Strait of Hormuz remains closed and the Fujairah pipeline is fully utilised. Long term, the implications are meaningful. As the fourth-largest OPEC+ producer, the UAE could export over 1 mbd of additional supply once Hormuz reopens and production normalises.

Tight Calls, Tighter Politics: Australia and Scandinavia this week conclude the run of G10 central bank meetings. We expect the RBA to hike by 25bp to 4.35%, though the decision is likely to be finely balanced after the narrow March vote.
We remain constructive on AUD. An AI-led commodity upswing continues to underpin growth and reinforces the RBA's hawkish lean.

GBP has so far weathered the latest turn in the Mandelson Affair. However, we stay cautious. The 7 May local elections could reopen fiscal concerns, and with another heavy setback for Labour Party expected, the outlook offers little immediate relief.

Slower Oil Unwind: Hormuz disruptions linger, keeping physical oil markets tight despite an extended ceasefire and partial pipeline diversions. Supply recovery, constrained by damaged infrastructure, will be uneven, even after reopening, supporting higher prices for longer into 2H26. Energy security has moved up the policy agenda, strengthening incentives for strategic stockpiling. We now expect Brent to end the year near USD80/bbl, up from USD70/bbl previously (see *Commodity Compass: Slower Oil Unwind*, 28 April 2026).

Gold. Consolidation. Gold rebounded after trading a low of 4510 last week. Oil prices fell sharply into Fri NY close after reports of Iran's proposal to US. The sharp decline in oil prices is a relief to risk sentiment. That said, high oil prices continue to complicate inflation-Fed path and rates outlook – these can have implication on gold prices. a clearer easing in geopolitical risk, softer oil prices and renewed dovish Fed pricing would likely be needed for gold to regain stronger upside momentum. Gold was last seen at 4614 levels. Mild bearish momentum on daily chart shows tentative signs of fading while rise in RSI moderated. Consolidation likely for now. Support at 4510 (recent low), 4452 (23.6% fibo). Resistance at 4670 (38.2% fibo retracement of Jan high to Mar low), 4850/60 levels (50 DMA, 50% fibo).

Asian Data**.** Data calendar for Asia ex-Japan region remains fairly active this week, with inflation pass-through, tech exports and 1Q26 GDPs in focus. Korea's April exports (released 1 May) surprised on the upside, rising 48% YoY as the AI/semiconductor cycle continued to offset weakness in non-tech segments, while April CPI (6 May) will be watched for energy and food pass-through. Taiwan's CPI (7 May) will be watched for signs of energy and food pass-through while trade data (8 May) should give a clearer read on whether tech/export momentum remains intact. Across ASEAN, Vietnam's April trade data (released 3 May) points to some loss of export momentum, with exports pulling back MoM but still rose 21% on YoY terms. April CPI prints in Indonesia (4 May), Philippines (5 May) and Thailand (6 May) will also be watched for higher fuel and transport cost pass-through. Indonesia 1Q26 GDP (5 May) and Philippines 1Q26 GDP (7 May) will shed light on the balance between festive/government spending support and the drag from higher energy prices. BNM policy decision is scheduled on 7 May. Our economist expects BNM to keep policy rate on hold at 2.75% through 2026. Data mix is unlikely to be a major surprise to BNM. Elsewhere, China markets remain shut for golden week and will return on 6 May.

USDSGD. 2-way trades for now. USDSGD fell into Fri NY close, consistent with our call to sell rallies. Sharp decline in brent (by as much as over 15% from Thu intra-day peak to Fri intra-day low) helped to take some pressure off oil-led inflation and Fed repricing narrative. It also tempered immediate upside risks to US Treasury yields and USD. Elsewhere, the sharp pullback in USDJPY also played a part. Nevertheless, the move lower should be seen more as a relief than a full reversal. Geopolitical headlines remain fluid, and any renewed spike in oil price could quickly revive concerns over inflation, growth and broader risk sentiment. Markets are expected to keep a close eye on US-Iran developments (for implications on oil prices and sentiment) and if USDJPY's decline has more room to run. Pair was last at 1.2730 levels. Daily momentum and RSI indicators are not showing a clear bias for now. 2-way trades likely in the interim; bias remains to sell rallies. Support at 1.2720 (61.8% fibo), 1.2680 levels. Resistance at 1.2760/70 levels (21, 50, 100 DMAs, 50% 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
Resistance 3	1.1879	160.27	1.3781	0.7912	0.7293	0.5980	1.3666	4811	1.2798	61.86
Resistance 2	1.1810	158.44	1.3692	0.7861	0.7249	0.5942	1.3622	4711	1.2761	61.63
Resistance 1	1.1765	157.73	1.3638	0.7841	0.7225	0.5920	1.3605	4663	1.2745	61.55
Spot	1.1734	156.85	1.3589	0.7808	0.7215	0.5908	1.3585	4626	1.2728	61.48
Support 1	1.1696	155.90	1.3549	0.7790	0.7181	0.5882	1.3561	4563	1.2708	61.33
Support 2	1.1672	154.78	1.3514	0.7759	0.7161	0.5866	1.3534	4512	1.2687	61.19
Support 3	1.1603	152.95	1.3425	0.7708	0.7117	0.5828	1.3490	4412	1.2650	60.96
Bollinger Band										
Bollinger Upper	1.1823	160.85	1.3647	0.7948	0.7257	0.5958	1.3885	4875	1.2809	61.61
Bollinger Lower	1.1629	156.96	1.3364	0.7759	0.7019	0.5789	1.3533	4555	1.2678	59.15

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	80	75	75
NYMEX WTI $/bbl	100.1	94	81	76	71	71

Source: OCBC Group Research (Latest Forecast Update: 29 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	90.0	79.5	71.0
ICE Brent $/bbl	101.2	95.0	83.5	75.0

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 (1 Apr)	2Q26	3Q26	4Q26	1Q27	2Q27
Fed Funds Rate (upper)	3.75	3.75	3.75	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
RBNZ Official Cash Rate	2.25	2.25	2.25	2.50	2.50	2.75

Source: OCBC Group Research (Latest Forecast Update: 4 May 2026)

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
04-May	16:00	EC	S&P Global Eurozone Manufacturing PMI	Apr F		52.2	52.2
05-May	12:30	AU	RBA Cash Rate Target	46147		4.35%	4.10%
	14:30	SZ	CPI YoY	Apr		0.7%	0.3%
	14:30	SZ	CPI Core YoY	Apr		0.5%	0.4%
	22:00	US	ISM Services Index	Apr		53.7	54.0
	22:00	US	JOLTS Job Openings	Mar		6700k	6882k
06-May	06:45	NZ	Unemployment Rate	1Q		5.4%	5.4%
	09:45	CH	RatingDog China PMI Composite	Apr		--	51.5
	14:00	SW	CPIF YoY	Apr P		1.2%	1.6%
	14:00	SW	CPIF Excl. Energy YoY	Apr P		0.4%	1.1%
	16:00	EC	S&P Global Eurozone Composite PMI	Apr F		48.6	48.6
	20:15	US	ADP Employment Change	Apr		--	62k
	20:30	US	US Treasury Quarterly Refunding Announcement				
07-May	16:00	NO	Deposit Rates	7-May		4.00%	4.00%
	17:00	EC	Retail Sales YoY	Mar		--	1.7%
	20:30	US	Initial Jobless Claims	46144		--	189k
08-May	07:30	JN	Labor Cash Earnings YoY	Mar		3.1%	3.3%
	14:00	GE	Industrial Production WDA YoY	Mar		0.0	0.0
	20:30	US	Change in Nonfarm Payrolls	Apr		60k	178k
	20:30	CA	Net Change in Employment	Apr		--	14.1k
	20:30	CA	Unemployment Rate	Apr		--	6.7%
	20:30	US	Average Hourly Earnings YoY	Apr		3.8%	3.5%
	20:30	US	Unemployment Rate	Apr		4.3%	4.3%
	22:00	US	U. of Mich. Sentiment	May P		48.8	49.8
9-May		CH	Trade Balance	Apr		$82.35b	$51.13b

Source: Bloomberg, OCBC Group Research

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