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FX Weekly

De-escalation Hopes Questioned

- ***De-escalation Hopes Questioned****: Markets have leaned into de-escalation hopes, easing oil and rate pricing. But signs from the Strait of Hormuz point to controlled disruption, not resolution—leaving recent optimism looking vulnerable.*
- ***Oil Re-anchors USD****: Oil, not policy, is driving the USD. The greenback is regaining support from energy prices, stabilising US labour markets and safe-haven demand, limiting downside even if oil eventually declines.*
- ***Asian FX*** *continued to trade modestly softer as markets weighed President Trump's re-escalation threat. Technically, THB's weakening may seem stretched while on SGD, 2-way trades are likely.*
- ***GBP Holds Ground, For Now****: GBP stays supported by risk asset relief and earlier BoE hawkish repricing, but BoE Governor Bailey's pushback and rising fiscal expansion risks temper the GBP outlook.*

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De-escalation Hopes Questioned: The US-Iran conflict has entered its sixth week with no clear path to de-escalation. The conflict's trajectory—and its implications for energy prices—remains the key market focus. Markets first priced three weeks of escalation, then shifted in the fourth week from inflation toward growth concerns as Asia's energy importers highlighted exposure to the shock. Meanwhile, US gasoline prices above USD4/gallon increase domestic political pressure for a swift resolution.

Over the past week, sentiment improved on de-escalation hope. Brent retreated from early-week highs near USD119/bbl, hawkish central bank rate expectations were pared back, and the USD traded mixed versus G10 peers. EM carry trades also showed signs of revival.

Should credible de-escalation emerge, we expect the USD to resume a shallow depreciation trend, as easing energy risks would favour non-US economies and global risk assets. However, recent optimism looks premature. Reports of Iran drafting with Oman a protocol to manage Strait of Hormuz traffic reduce the risk of a full shutdown—but point to managed restrictions rather than a clean reopening. President Trump ramped up his threats to destroy Iran's power plants and bridges unless it reopens Strait of Hormuz by his Tuesday deadline.

Oil Re-anchors USD: We have revised our FX outlook to favour a stronger USD in the near term (see *FX Focus: Oil Resets USD*, 20 March 2026). At the start of the year, we expected a gradual USD decline, driven by US policy uncertainty, improving global growth, and stretched valuations. The sharp rally in oil has upended that view and reasserted USD support.

A softer USD remains possible later in the year if oil prices fall meaningfully in 2H26. Even then, downside should be contained. US growth remains resilient, and the USD has recently reaffirmed its safe-haven role—offsetting, rather than amplifying, equity drawdowns. This should temper any aggressive increase in FX hedge ratios.

The March US employment report surprised to the upside, pointing to a stabilising labour market. That reduces the likelihood of further Fed easing and favours an extended policy hold, consistent with the hawkish repricing of rate expectations since the onset of the US–Iran conflict.

GBP Holds Ground, For Now: GBP held firm amid a relief rally in risk assets. Earlier hawkish repricing of Bank of England (BoE) expectations after the March meeting also helped steady the currency despite higher energy prices. However, BoE Governor Bailey has questioned market pricing, cautioning that investors may be "getting ahead of themselves." While he has not ruled out further tightening, we expect the BoE to deliver less than the 50 bps of hikes currently priced for the rest of the year.

Geopolitical developments have pushed domestic politics to the sidelines, but the risk of a more expansionary fiscal stance has likely increased following the energy shock and ahead of the May local elections. These factors leave us cautious on the GBP outlook.

USDTHB. Interim top? USDTHB rose as much as >6% at one point in Mar. Terms of trade shock from oil prices staying high for longer, potential hit to tourism sector, stronger USD, weaker prices of gold and risk-off sentiment were some of the drivers weighing on THB. BOT Governor Vitai said there was no need for drastic monetary policy adjustment at this juncture as rate hike would hurt demand and would not help address the problem. He explained that a rate hike does not lower oil prices or reduce the price of goods. He also gave an economic assessment saying the Thailand economic growth may be reduced by 0.5 – 0.7ppts while inflation could rise to 3% based on current assumption that the war end within 3 months. He also said that the depreciation of the THB was in line with regional FX and helping exports, though he added that BOT would intervene to prevent excessive volatility, ensuring the THB does not strength or weaken too sharply. USDTHB last seen at 32.60 levels. Daily momentum shows signs of turning mild bearish while RSI fell. An interim top may be in the making. Resistance at 32.80, 33.05 levels (recent high). Support at 32.47 (21 DMA), 32.20 levels (38.2% fibo retracement of 2026 low to high).

USDSGD. 2-way trades. USDSGD inched modestly higher as markets weighed President Trump's re-escalation threat while there was earlier hopes of conditional de-escalation following the passage of French, Japanese and Omani vessels through the Strait of Hormuz. Caution remains as markets watch if Trump follows through with the threat. Pair was last seen at 1.2860 levels. Bullish momentum on daily chart continues to show signs of fading while RSI is flat. 2-way trades likely. Resistance at 1.29 (61.8% fibo), 1.2940. Support at 1.2810/20 levels (21, 100 DMAs), 1.2780 levels (38.2% fibo retracement of Nov high to 2026 low).

Upcoming MAS policy meeting is in focus (no later than 14 Apr). The last MAS-MTI joint statement on inflation indicated that Singapore's import cost pressures are likely to pick up in the near term, while domestic unit labour cost growth is also likely to edge higher this year, albeit the extent of the latter pickup will be dampened by sustained productivity growth. The inflation forecast is also currently being reviewed. Separately, authorities had also cautioned of potentially sharper increases in electricity and gas tariffs in subsequent quarters. The surge in oil prices amid escalating geopolitical tensions involving Iran has reintroduced the risk of renewed imported inflation pressures for Singapore. Past policy episodes illustrate how large swings in global energy prices can influence Singapore's inflation outlook and, by extension, monetary policy settings. All policy options are on the table, though we lean more towards a steepening of the S$NEER policy band slope.

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	USDSGD	USDPHP
Resistance 3	1.1597	160.40	1.3319	0.8067	0.6961	0.5772	1.4003	1.2924	60.63
Resistance 2	1.1562	160.02	1.3265	0.8032	0.6930	0.5735	1.3970	1.2894	60.45
Resistance 1	1.1541	159.84	1.3234	0.8018	0.6912	0.5712	1.3957	1.2880	60.34
Spot	1.1513	159.73	1.3189	0.8008	0.6888	0.5688	1.3945	1.2876	60.23
Support 1	1.1506	159.46	1.3180	0.7983	0.6881	0.5675	1.3924	1.2850	60.16
Support 2	1.1492	159.26	1.3157	0.7962	0.6868	0.5661	1.3904	1.2834	60.09
Support 3	1.1457	158.88	1.3103	0.7927	0.6837	0.5624	1.3871	1.2804	59.91
Bollinger Band									
Bollinger Upper	1.1643	160.47	1.3477	0.8047	0.7168	0.5941	1.4016	1.2918	60.97
Bollinger Lower	1.1433	157.92	1.3147	0.7784	0.6804	0.5660	1.3553	1.2717	58.99

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

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

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
06-Apr	22:00	US	ISM Services Index	Mar		54.9	56.1
07-Apr	14:00	SW	CPIF YoY	Mar P		2.2%	1.7%
	14:00	SW	CPIF Excl. Energy YoY	Mar P		1.5%	1.4%
	20:30	US	Durable Goods Orders	Feb P		-1.0%	0.0%
	20:30	US	Durables Ex Transportation	Feb P		0.4%	0.4%
	23:00	US	NY Fed 1-Yr Inflation Expectations	Mar		--	3.0%
08-Apr	07:30	JN	Labor Cash Earnings YoY	Feb		2.7%	3.0%
	10:00	NZ	RBNZ Official Cash Rate			2.3%	2.3%
	17:00	EC	Retail Sales YoY	Feb		1.6%	2.0%
09-Apr	02:00	US	FOMC Meeting Minutes	18-Mar		--	--
	14:00	GE	Industrial Production WDA YoY	Feb		0.7%	-1.2%
	20:30	US	Core PCE Price Index YoY	Feb		3.0%	3.1%
	20:30	US	Initial Jobless Claims	4-Apr		210k	202k
10-Apr	09:30	CH	CPI YoY	Mar		1.2%	1.3%
	14:00	NO	CPI YoY	Mar		3.6%	2.7%
	14:00	NO	CPI Underlying YoY	Mar		3.1%	3.0%
	14:00	SW	GDP Indicator WDA YoY	Feb		--	0.6%
	20:30	CA	Net Change in Employment	Mar		14.9k	-83.9k
	20:30	CA	Unemployment Rate	Mar		6.8%	6.7%
	20:30	US	CPI YoY	Mar		3.4%	2.4%
	20:30	US	Core CPI YoY	Mar		2.7%	2.5%
	22:00	US	U. of Mich. Sentiment	Apr P		51.8	53.3
	22:00	US	U. of Mich. 5-10 Yr Inflation	Apr P		3.5%	3.2%

Source: Bloomberg, OCBC Group Research

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