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FX Weekly

Hormuz Shock Deepens

- ***Hormuz Shock Deepens**: A week-long halt in Hormuz shipping is driving a fast-escalating energy shock, lifting oil and gas prices, boosting the USD and global yields, and challenging 2026 consensus trades as stagflation risks rise.*
- ***USD in the Crossfire**: The greenback holds firm amid risk-off waves but broadening global momentum points to a gradual USD fade once oil jitters settle.*
- ***Asian FX** responses to the current geopolitical shock reflect differing sensitivities to oil prices and global risk sentiment, with currencies such as KRW and PHP more exposed to both channels while CNH and SGD show more balanced responses. That said, Asian FX could remain under pressure if disruptions to oil supply prove prolonged.*

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Hormuz Shock Deepens: Maritime traffic through the Strait of Hormuz has largely frozen since the US-Israel strike on Iran a week ago. Insurers are stepping back, safety risks have slashed tanker transits, and freight rates are surging. The effective shutdown of the world's most critical oil chokepoint remains the dominant market risk.

Iranian strikes have now hit energy infrastructure across the Gulf. Kuwait and the UAE have begun shutting in output, following similar moves in Iraq, as storage nears capacity with tanker liftings stalled. Energy disruptions are accelerating faster than expected. Brent has pushed above USD90/bbl, while European gas (TTF) has climbed past EUR50/MWh. Brent is now nearly 40% above its 2025 average of USD68/bbl; TTF is almost 50% above last year's EUR36/MWh average. President Trump's announcement of US naval escorts and transit insurance has not yet restored export flows.

The energy shock has overturned the 2026 pro-cyclical consensus — short USD, rotate from US to non-US equities as part of diversification tilt into EM, stay long gold versus short oil, and run EM carry via BRL, MXN and ZAR. As a major energy exporter, the US remains far less exposed than energy-importing Asia and Europe. The USD remains the preferred haven.

Stagflation (i.e. lower growth, higher inflation) worries are intensifying. Global yields, particularly at the front end, have risen sharply. US yields lag the UK and Europe after Friday's soft US jobs print, but markets are still pricing inflation risks ahead of growth fears. That balance may flip if high energy prices start visibly slowing activity.

Our base case for modest USD weakness in 2026 assumes Brent slips below USD70/bbl by mid-year. Washington will want to avoid a prolonged conflict that keeps energy costs elevated in a mid-term election year. Prediction markets assign an 8% chance of a ceasefire within a week, 24% by end-month and nearly 48% by end-April.

Tail risks around a sustained Hormuz stoppage will persist and could challenge our baseline. A plausible scenario is a Brent spike to USD120-130/bbl before settling above USD90/bbl into mid-year — similar to the early Russia-Ukraine shock. A more prolonged oil disruption could:

- Extend USD and CAD outperformance.
- Pressure Asian FX further, led by KRW and PHP (see *FX Focus – Oil shock and AXJ FX, 6 March 2026*).
- Weigh on European currencies, with EUR hardest hit by surging TTF after Qatari LNG flows halted. Despite the relief from initial short positioning unwind, GBP may also start to struggle if energy prices stay elevated.
- Push EURCHF further below 0.90, risking SNB intervention. JPY is a poor hedge in energy shocks given Japan's import dependence; USDJPY could retest the 160–162 levels that triggered BoJ/MoF action in 2024.
- Challenge the relative stability of INR and TRY despite tight central bank management, given their oil import exposure.

USD in the Crossfire: Geopolitical flare ups and oil shocks lifted safe haven demand and magnified the divide between energy exporters and importers, offering the USD support for now. Artificial intelligence (AI) driven equity rotations and the Supreme Court's tariff ruling weighed on USD sentiment, though AI-driven long-term productivity upside could still anchor high USD valuation. If our base case of no Hormuz blockade prevails, stronger non US growth points to USD softness, with cyclicals leading gains. JPY stays capped by BoJ dovishness, while resilient exports keep CNY on an appreciation track. For more detail, please see *FX Focus: USD in the Crossfire, 4 March 2026*.

Asian FX. Driven by oil and risk sentiments. Asian currencies' response to the recent geopolitical escalation reflects differing sensitivities to both oil prices and global risk sentiment. As such, the key question for Asian FX is not simply whether oil prices spike, but whether supply disruptions prove persistent enough to keep crude prices elevated. In a report, *FX Focus: Oil shock and AXJ FX: Framing the impact of escalation*, published on 6 March, our regression framework suggests that currencies such as KRW and PHP exhibit negative betas to both oil prices and volatility, leaving them more exposed when geopolitical shocks simultaneously push crude prices higher and trigger broader risk-off conditions. INR and IDR also show negative oil sensitivities, highlighting the pressure that higher crude prices can exert through the energy import bill channel.

For MYR, the picture is somewhat nuanced. While the regression shows a negative oil beta, Malaysia's position as a net commodity exporter means that higher oil prices can also lift the broader commodity complex and improve terms of trade. This can provide some offset to MYR during periods of oil-driven market stress, even though the currency may still soften during broader risk-off episodes given its exposure to global sentiment and portfolio flows.

Currencies like CNH and SGD exhibit more balanced responses, with relatively modest sensitivity to both oil prices and volatility. This partly reflects policy frameworks and market structures that can dampen currency volatility during global shocks. Overall, Asia FX should not be viewed as a single bloc during oil shocks. The interaction between terms-of-trade effects from oil prices and shifts in global risk sentiment will likely determine the degree of performance dispersion across currencies. As geopolitical developments remain fluid, FX moves are likely to face two-way risks and prior weakness could retrace if tensions ease and risk sentiment stabilises. However, if disruptions to oil supply prove prolonged, the combined oil-and-risk shock could keep Asian FX complex under pressure.

USDSGD. Bid. USDSGD traded a touch firmer in early trade. Escalation in Iran over the weekend suggests that oil supply may be disrupted, and this can risk exerting further upward pressure on energy prices. JKM LNG prices have already jumped 63% over five day change. Risk of prolonged supply disruption may keep energy prices supported and may see some pass-through effects onto import cost pressures in Singapore's inflation dynamics. This may potentially have implication on MAS policy stance, depending on how the dynamics evolves. USDSGD was last at 1.2805 levels. Bullish momentum on daily chart intact while RSI is near overbought conditions. Still see 2-way risks, though the SGD's magnitude of move may be milder relative to peers. Resistance at 1.2840/60 levels (50% fibo retracement of Nov high to 2026 low, 100, 200 DMAs)., 1.29 (61.8% fibo). Support at 1.2780 (38.2% fibo), 1.2750 (50 DMA).

Technical Levels Table

	EURUSD	USDJPY	GBPUSD	USDCHF	AUDUSD	NZDUSD	USDCAD	XAUUSD	USDSGD	USDPHP	USDINR
Resistance 3	1.1745	159.15	1.3588	0.7922	0.7160	0.6007	1.3835	5364	1.2899	59.63	92.01
Resistance 2	1.1670	158.45	1.3484	0.7852	0.7089	0.5949	1.3719	5250	1.2844	59.26	91.86
Resistance 1	1.1644	158.12	1.3449	0.7806	0.7060	0.5923	1.3644	5211	1.2810	59.13	91.80
Spot	1.1535	158.33	1.3318	0.7802	0.6981	0.5857	1.3590	5120	1.2824	59.00	91.75
Support 1	1.1569	157.42	1.3345	0.7736	0.6989	0.5865	1.3528	5098	1.2755	58.77	91.65
Support 2	1.1520	157.05	1.3276	0.7712	0.6947	0.5833	1.3487	5024	1.2734	58.53	91.54
Support 3	1.1445	156.35	1.3172	0.7642	0.6876	0.5775	1.3371	4911	1.2679	58.16	91.38
Bollinger Band											
Bollinger Upper	1.1970	159.02	1.3699	0.7828	0.7143	0.6087	1.3736	5319	1.2815	58.90	91.83
Bollinger Lower	1.1553	151.95	1.3292	0.7655	0.6996	0.5861	1.3555	4876	1.2559	57.34	90.06

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

FX Forecasts

Currency Pair	Current (2 Mar)	1Q26	2Q26	3Q26	4Q26	1Q27
USD-JPY	157	153	151	150	149	147
EUR-USD	1.17	1.21	1.22	1.23	1.23	1.21
GBP-USD	1.34	1.39	1.42	1.44	1.45	1.41
AUD-USD	0.71	0.71	0.73	0.73	0.73	0.73
NZD-USD	0.59	0.61	0.62	0.62	0.62	0.62
USD-CAD	1.37	1.35	1.34	1.34	1.33	1.33
USD-CHF	0.78	0.77	0.76	0.76	0.76	0.78
DXY	98.38	95.50	94.50	93.90	93.60	94.70
USD-SGD	1.27	1.26	1.25	1.25	1.24	1.24
USD-CNY	6.91	6.90	6.86	6.85	6.80	6.80
USD-CNH	6.90	6.90	6.86	6.85	6.80	6.80
USD-THB	31.45	31.20	31.00	31.00	30.80	30.90
USD-IDR	16861	16680	16620	16620	16500	16550
USD-MYR	3.93	3.90	3.86	3.86	3.83	3.84
USD-KRW	1440	1405	1380	1380	1350	1350
USD-TWD	31.44	31.20	31.10	31.00	30.90	30.00
USD-HKD	7.82	7.77	7.76	7.76	7.76	7.76
USD-PHP	58.18	58.30	58.00	57.40	57.20	57.00
USD-INR	91.48	92.20	92.50	93.00	93.50	94.00
USD-VND	26171	25900	25800	25800	25600	25600
EUR-JPY	184	185	184	184	183	178
EUR-GBP	0.87	0.87	0.86	0.85	0.85	0.86
EUR-CHF	0.91	0.93	0.93	0.93	0.94	0.94
EUR-AUD	1.65	1.70	1.67	1.68	1.68	1.66
EUR-NOK	11.20	11.70	11.60	11.50	11.40	11.30
AUD-NZD	1.19	1.16	1.17	1.17	1.17	1.18
EUR-SGD	1.49	1.52	1.52	1.53	1.52	1.50
GBP-SGD	1.71	1.75	1.77	1.79	1.79	1.74
AUD-SGD	0.90	0.89	0.91	0.91	0.90	0.91
NZD-SGD	0.76	0.77	0.78	0.78	0.77	0.77
CHF-SGD	1.63	1.63	1.63	1.64	1.62	1.60
CAD-SGD	0.93	0.93	0.93	0.93	0.93	0.93
JPY-SGD	0.81	0.82	0.82	0.83	0.83	0.84
SGD-MYR	3.09	3.11	3.10	3.10	3.10	3.10
SGD-CNY	5.42	5.50	5.51	5.50	5.51	5.48
SGD-IDR	13263	13291	13349	13349	13360	13347
SGD-THB	24.65	24.86	24.90	24.90	24.94	24.92
SGD-PHP	45.74	46.45	46.59	46.10	46.32	45.97
SGD-VND	20547	20637	20723	20723	20729	20645
SGD-CNH	5.42	5.50	5.51	5.50	5.51	5.48
SGD-TWD	24.75	24.86	24.98	24.90	25.02	24.19
SGD-KRW	1153	1120	1108	1108	1093	1089
SGD-HKD	6.14	6.19	6.23	6.23	6.28	6.26
SGD-JPY	124	122	121	120	121	119
Gold $/oz	5322	5250	5367	5425	5600	5626
Silver $/oz	89	117	119	121	133	134
Platinum $/oz	2307	2917	2982	3014	3111	3126
Palladium $/oz	1781	2161	2209	2233	2305	2315
ICE Brent $/bbl	78	70	67	65	63	63
NYMEX WTI $/bbl	71	66	64	62	60	60

Source: OCBC Group Research (Latest Forecast Update: 2 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 (2 Mar)	3M	6M	12M
Forecast for G10 Currencies				
EURUSD	1.17	1.22	1.22	1.22
GBPUSD	1.34	1.41	1.43	1.42
USDJPY	157	152	150	148
USDCHF	0.78	0.76	0.76	0.77
AUDUSD	0.71	0.72	0.73	0.73
NZDUSD	0.59	0.62	0.62	0.62
USDCAD	1.37	1.34	1.34	1.33
EURNOK	11.20	11.63	11.53	11.33
Forecast for Asian Currencies				
USDCNY	6.91	6.87	6.85	6.80
USDIDR	16861	16640	16620	16533
USDINR	91.48	92.40	92.50	93.83
USDKRW	1440	1388	1380	1350
USDMYR	3.93	3.87	3.86	3.84
USDPHP	58.18	58.10	58.00	57.07
USDSGD	1.27	1.25	1.25	1.24
USDTHB	31.45	31.07	31.00	30.87
USDTWD	31.44	31.13	31.10	30.30
USDHKD	7.82	7.76	7.76	7.76
Forecast for Precious Metals				
Gold $/oz	5322	5328	5406	5617
Silver $/oz	89	118	120	134
Platinum $/oz	2307	2960	3003	3121
Palladium $/oz	1781	2193	2225	2312
Forecast for Crude Oil				
NYMEX WTI $/bbl	71	64.5	62.5	60.0
ICE Brent $/bbl	78	68.0	65.5	63.0

Source: OCBC Group Research (Latest Forecast Update: 2 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 (2 Mar)	3M	6M	12M
Forecasts for US interest rates				
Fed Funds Rate	3.75	3.75	3.50	3.50
2-Year US Treasury	3.48	3.55	3.50	3.50
5-Year US Treasury	3.61	3.65	3.65	3.65
10-Year US Treasury	4.03	4.05	4.00	3.95
30-Year US Treasury	4.68	4.80	4.75	4.70
Forecast for US SOFR swap rates				
2-Year Rate	3.30	3.40	3.40	3.50
5-Year Rate	3.32	3.45	3.45	3.50
10-Year Rate	3.60	3.65	3.65	3.65
30-Year Rate	3.94	3.95	3.90	3.90

Source: OCBC Group Research (Latest Forecast Update: 2 March 2026)

Central Bank Forecast Table

	Current (2 Mar)	1Q26	2Q26	3Q26	4Q26
Fed Funds Rate (upper)	3.75	3.75	3.50	3.50	3.50
BoE Bank Rate	3.75	3.50	3.50	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	3.85	3.85	4.10	4.10	4.10

Source: OCBC Group Research (Latest Forecast Update: 2 March 2026)

Weekly Economic Calendar

Date	Spore time	Country/ Currency	Data/ Event	Period	Actual	Cons.	Prior
09-Mar	07:30	JN	Labor Cash Earnings YoY	Jan		2.4%	2.4%
	09:30	CH	CPI YoY	Feb		0.9%	0.2%
	15:00	GE	Industrial Production WDA YoY	Jan		-0.8%	-0.6%
10-Mar	15:00	NO	CPI YoY	Feb		--	3.6%
	15:00	NO	CPI Underlying YoY	Feb		--	3.4%
	15:00	SW	GDP Indicator WDA YoY	Jan		--	0.9%
	18:00	US	NFIB Small Business Optimism	Feb		99.6	99.3
	22:00	US	Existing Home Sales	Feb		3.87m	3.91m
		CH	Exports YTD YoY	Feb		7.0%	--
		CH	Trade Balance YTD	Feb		$179.05b	--
11-Mar	20:30	US	CPI YoY	Feb		2.5%	2.4%
	20:30	US	Core CPI YoY	Feb		2.4%	2.5%
12-Mar	08:01	UK	RICS House Price Balance	Feb		--	-10.0%
	20:30	US	Initial Jobless Claims	7-Mar		--	213k
13-Mar	15:00	UK	Monthly GDP (MoM)	Jan		--	0.1%
	18:00	EC	Industrial Production WDA YoY	Jan		1.3%	1.2%
	20:30	CA	Net Change in Employment	Feb		10.0k	-24.8k
	20:30	CA	Unemployment Rate	Feb		6.6%	6.5%
	20:30	US	Core PCE Price Index YoY	Jan		3.1%	3.0%
	20:30	US	Durable Goods Orders	Jan P		0.4%	-1.4%
	20:30	US	Durables Ex Transportation	Jan P		0.4%	1.0%
	22:00	US	U. of Mich. Sentiment	Mar P		56.3	56.6
	22:00	US	JOLTS Job Openings	Jan		--	6542k

Source: Bloomberg, OCBC Group Research

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