MARKET INSIGHT WEEK 12

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INDEX

UPCOMING ECONOMIC EVENTS

	Time*	Forecast	Previous
Monday, March 16			
CA CPI (MoM)(Feb)	12:30		0.0%
Tuesday, March 17			
AU RBA Interest Rate Decison	03:30		3.85%
Wednesday, March 18			
EU CPI (YoY)(Feb)	10:00	1.9%	1.7%
US PPI (MoM)(Feb)	12:30		0.5%
CA BoC Interest Rate Decision	13:45		2.25%
US Crude Oil Inventoires	14:30		3.824M
US Fed Interest Rate Decision	18:00	3.75%	3.75%
US FOMC Press Conference	18:30		
NZ GDP (QoQ) (Q4)	21:45		1.1%
Thursday, March 19			
AU Full Employment Change (Feb)	00:30		50.5K
JP BoJ Interest Rate Decision	03:00	0.75%	0.75%
GB Unemployment rate (Jan)	07:00		5.2%
CH SNB Interest Rate Decision (Q1)	08:30	0.00%	0.00%
GB BoE Interest Rate Decision	12:00	3.75%	3.75%
US Initial Jobless Claims	12:30		213K
EU ECB Interest Rate Decision (Mar)	13:15	2.15%	2.15%
Friday, March 20			
Saturday, March 21			
US Fed Chair Powell Speaks	14:30		

*US moves forward one hour for daylight saving time.

Weekly Recap – Mar 9–13, 2026 (W11)

CPI Surprise Reverses Post-NFP Narrative and Triggers Strong USD Rally
Week 11 unfolded as a decisive macro turning point. After entering the week with markets positioned for a softer inflation outcome following the previous week's negative NFP, the U.S. CPI release on March 11 delivered a firmer-than-expected print, forcing a rapid reassessment of rate expectations.
Instead of confirming the slowdown narrative, inflation data reinforced the view that the Fed may need to remain restrictive for longer, triggering a broad USD rally, higher yields, and renewed pressure on risk assets.

United States - Inflation Surprise Restores Policy

The week's dominant driver was the CPI release, which contradicted the easing narrative that had emerged after the weak payroll report.
Key market reactions:

- Treasury yields moved higher as rate-cut expectations were pushed further out
- The USD strengthened sharply across majors
- Gold lost momentum as real yields rose
- Equities turned more volatile as valuation sensitivity returned

The combination of weak labour data but firm inflation created policy tension, but markets ultimately priced the Fed as staying cautious rather than pivoting early.
This shift explains the strong USD performance:
-> higher real yields -> wider rate differentialsr -> Reduced probability of near-term easing
USD strength was therefore rate-driven, not risk-driven.

Eurozone – EUR Pressured by Yield Spread Widening

As U.S. yields moved higher, the euro weakened primarily due to widening rate differentials, not because of new European weakness.
Structural fragility in the Eurozone remains unchanged, leaving EUR highly sensitive to U.S. macro surprises.

United Kingdom – Sterling Falls with USD Strength

Sterling followed the same pattern as EUR.
With no domestic catalysts, GBP reacted mainly to the stronger USD and higher U.S. yields, confirming its role as a high-beta currency to global rate dynamics.

Asia-Pacific – Commodity FX Hit by Stronger USD

AUD and NZD came under pressure as:

- U.S. yields rose
- USD strengthened broadly
- China policy remained cautious

The absence of supportive Chinese stimulus left Asia-Pacific currencies exposed to global tightening conditions.

Commodities – Gold Pressured, Oil Mixed

Gold declined as higher real yields reduced demand for defensive hedges.
The metal's reaction confirmed that markets were repricing policy expectations rather than reacting to risk aversion.
WTI crude showed mixed behaviour, balancing stronger USD pressure against still-resilient U.S. activity and supply discipline.

Equities – Valuation Discipline Returns

Equities struggled to extend gains after CPI:

- Higher yields reduced valuation support
- Stronger USD tightened financial conditions
- Investors rotated rather than added risk

The soft-landing narrative survived, but with less confidence and more sensitivity to inflation data.

Summary

Week 11 marked a clear reversal from the post-NFP easing narrative.
A stronger-than-expected CPI forced markets to reprice rate expectations, lifting yields and driving a broad USD rally, while pressuring gold, commodity FX, and equity multiples.
The key takeaway: inflation remains the dominant macro variable, and policy easing is no longer seen as imminent.

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Market Outlook: Key Levels and Trends to Watch Across Major Pairs and Commodities

U.S. Dollar Index

DXY is testing the 100.20 resistance zone, with price extended after the recent rebound from 96.50 support. A rejection here could trigger a pullback toward 98.00–97.50, while a clean break above 100.50 would signal a stronger bullish continuation.

EUR/USD

EURUSD The pair is testing support near 1.1400 inside the rising channel after a sharp pullback, suggesting a possible corrective bounce. The broader structure remains neutral-to-bullish while support holds. A rebound could target 1.1600–1.1800, while a break below 1.1400 would expose 1.1280

GBP/USD

GBPUSD The pair is testing support near 1.3200 after a sharp pullback, with price approaching a key demand zone. The structure suggests a possible corrective rebound if support holds. A bounce could target 1.3450–1.3500, while a break below 1.3200 would expose 1.3050.

USD/JPY

USDJPY The pair is rallying toward the 161.50 resistance zone, maintaining a bullish structure above the rising trendline. Momentum remains positive but price is approaching a key supply area. A rejection could trigger a pullback toward 156–155, while a break above 161.50 would signal further upside.

USD/CHF

USDCHF Price is testing the upper side of the descending channel, with the trend still bearish overall. The current bounce looks corrective within the broader downtrend. Rejection from this zone could push price back toward 0.7680, while a break above 0.8000 would weaken the bearish structure.

USD/CAD

USDCAD The pair remains inside a descending channel, with the recent bounce approaching resistance near 1.3900. The broader structure still favors downside unless this level breaks. Rejection could send price back toward 1.3480, while a break above 1.3900 would open room for a deeper correction higher.

AUD/USD

AUDUSD Price remains in a strong uptrend, consolidating above the support zone near 0.6950 after the recent rally. The structure suggests continuation if buyers defend this area. Holding above support could lead to a move toward 0.7250, while a break below 0.6950 would signal a deeper pullback.

NZD/USD

NZDUSD Price is pulling back toward the 0.5750 support zone after rejecting resistance near 0.5900, suggesting a corrective move within the range. Buyers may re-enter if support holds. A rebound could target 0.5900, while a break below 0.5750 would open the way to 0.5570.

Gold (XAU/USD)

Gold remains in a strong uptrend, consolidating above 5,010 support after the recent spike, with buyers still defending pullbacks. A move back above 5,260 could open the way toward the 5,560 resistance, while holding above the current demand zone keeps the bullish structure intact.

WTI Crude

WTI Price continues to surge after the breakout, keeping strong bullish momentum with the next resistance near 112.00. The move looks extended, so a pullback after testing this zone is likely. A rejection could bring price back toward 100–98, while holding above 90 keeps the bullish structure intact.

S&P 500

S&P 500 The index is breaking down from the rising channel, with price testing the 6,550 support zone, which is key for short-term direction. A bounce from this level could trigger a corrective move back toward 6,800–6,900, but a clean break below would expose 6,200 as the next downside target.

EuroStoxx 50

EuroStoxx 50 The index has broken lower from recent highs near 6,200, with momentum pointing toward the 5,490 support zone. A bounce may occur there, but a sustained break would expose the next downside level around 5,390.

Strategic Outlook
Week 12 (Mar 16–20, 2026)

USD Reversal Risk Builds After Extreme Strength, Markets Look for Mean Reversion
Week 12 begins after a strong repricing phase that pushed the U.S. dollar to its strongest levels since July 2025, following last week's CPI-driven yield spike. However, with positioning now stretched and rate expectations largely repriced, markets enter the new week with increasing probability of a technical and macro-driven USD pullback.
The focus shifts from inflation shock to positioning adjustment, yield stabilisation, and short-term mean reversion, opening the door for a temporary weakening of the dollar and relief across risk assets.

Macro Themes

1.United States - After the CPI Shock, Markets Look for Balance

Last week's CPI surprise forced a rapid repricing of rate expectations, but the move also left:
- USD positioning crowded
- Yields near short-term highs
- Risk assets under pressure

In Week 12, markets will watch:
- Fed communication tone
- Secondary data (housing, claims, activity indicators)
- Bond market behaviour after last week's spike

Strategic View
- If yields stabilise USD likely to correct lower
- If data moderates -> easing expectations partially return
- If inflation fears fade -> risk assets recover

After reaching extremes, the market is vulnerable to profit-taking and positioning unwind, favouring short-term USD weakness.
USD Bias: Corrective downside after overextension.

2.Eurozone - EUR Supported by USD Pullback

With the dollar stretched, the euro may benefit from:
- Narrowing yield momentum
- Positioning adjustment
- Absence of new negative Eurozone surprises

This would not represent structural strength in Europe, but rather USD-driven appreciation.

3.United Kingdom - Sterling Favoured in USD Correction

Sterling could outperform in a weaker USD environment, especially if:
- Yields stabilise
- Risk sentiment improves
- No new UK macro deterioration appears

GBP likely to move as a high-beta beneficiary of USD weakness.

4.Asia-Pacific - Commodity FX Relief Rally Possible

AUD and NZD may see a rebound after several weeks of pressure.
Drivers:
- USD pullback
- Stabilising yields
- Possible improvement in commodity sentiment

China remains the key variable, but even without new stimulus, a weaker USD alone could support the region.

5.Commodities - CPI Drives Real Yields

Gold
Gold enters Week 12 with upside potential if:
- Real yields fall
- USD weakens
- Risk sentiment stabilises

After last week's pressure, the metal may see a technical recovery phase.
WTI Crude
Oil may benefit from:
- Softer USD
- Improved risk sentiment
- Stable supply outlook

However, demand concerns still limit strong upside.

6.Equities - Relief Possible After Rate Shock

Equities start Week 12 after a valuation reset.
If yields stabilise:
- Multiples can recover
- Risk appetite improves
- Rotation into cyclicals possible

If yields continue higher:
- Upside remains limited
- Volatility returns quickly

Markets are now highly sensitive to the bond market.

Summary & Key Risks

Summary
Week 12 is likely to be defined by USD correction after an overextended rally, following last week's inflation-driven repricing. With positioning crowded and yields near short-term highs, markets may enter a mean-reversion phase, supporting EUR, GBP, commodity FX, gold, and equities.

Key Risks
1. Yields continue rising -> USD extends rally, risk assets pressured
2. Data reaccelerates -> easing expectations pushed further out
3. Bond volatility -> amplifies FX and equity moves
4. China disappointment -> limits commodity FX rebound
5. Geopolitical shock -> safe-haven demand returns to USD

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