PUBLIC

Weekly Money Market Report
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Oil Spike and Dollar Recovery in Focus as Geopolitical Risks Escalate

Market Commentary

Global markets were driven by a sharp repricing of risk as oil surged and the U.S. dollar recovered amid escalating geopolitical tensions and mixed macro data. WTI crude rallied toward $111 on fears of supply disruptions linked to the U.S. and Iran conflict and ongoing risks around the Strait of Hormuz, while safe haven demand supported the resurgence of a stronger USD after a two-day decline. At the same time, U.S. labor market data pointed to resilience amid mixed signals, with low layoffs, stronger hiring, and weaker job openings. In Europe, inflation picked up on higher energy prices, though underlying pressures remained softer, highlighting that the current macro backdrop is increasingly being shaped by geopolitics and energy driven inflation. On the other side, inflation in Tokyo slowed to a near two-year low largely due to government subsidies. However, yields on long term JGB bonds, particularly the 10-year bond, reached a 28-year high of 2.4%, reflecting market concerns on geopolitics and fiscal sustainability.

United States

Oil Prices Rise Amid Rising Tensions

WTI crude jumped to $111.54 in the week ending April 3, gaining nearly 12% as markets rapidly repriced geopolitical risk amid heightened volatility. The rally was driven by escalating tensions between the United States and Iran, which raised concerns about potential disruptions to energy infrastructure and global supply. Sentiment weakened after President Trump warned that military operations could intensify in the coming weeks without a clear resolution, while Iran dismissed ceasefire prospects and reaffirmed their stance over the Strait of Hormuz, reinforcing fears of sustained risks to global oil flows.

ISM Manufacturing PMI Shows Underlying Inflationary Pressures

The U.S. ISM Manufacturing PMI rose to 52.7 in March 2026, surpassing expectations and marking the strongest factory growth since August 2022, primarily driven by increased production. However, underlying details were mixed, with new orders slowing and employment continuing to contract slightly. Inflation pressures intensified, with the prices index reaching its highest level since mid-2022, while supplier deliveries slowed further, pointing to ongoing supply chain constraints. Survey commentary reflected growing business concerns, as a majority of respondents reported negative sentiment driven by tariffs and the escalating Iran conflict, which is increasingly impacting operations alongside broader policy uncertainty.

JOLTS Job Openings Show Weak Demand for Workers

U.S. labor demand weakened in February, with job openings falling more than expected to 6.88 million, below forecasts and down from January levels. The job openings rate declined to 4.2%, while hiring dropped sharply by nearly 500,000 to 4.85 million, the lowest level since early 2020, pushing the hires rate down to 3.1%. Meanwhile, layoffs edged higher but remained relatively low, rising to 1.72 million. Overall, the data points to a cooling labor market, with slower hiring and reduced demand for workers.

Unemployment Claims Reinforces "Low Hire, Low Fire" Economy

U.S. jobless claims fell unexpectedly last week, with initial applications dropping to 202,000, signaling that layoffs remain low and the labor market stayed stable through March. This came in below expectations of 212,000. However, continuing claims rose to 1.841 million, suggesting it is taking longer for unemployed individuals to find new jobs. While continuing claims have eased from last year's highs, this may partly reflect workers exhausting their benefits rather than stronger hiring. Supporting this, recent data showed a sharper than expected decline in job openings and hiring slowing to its weakest pace in nearly six years. Economists also flagged that an extended Middle East conflict could pose downside risks to the labor market outlook.

NFP Exceeds Expectations

U.S. nonfarm payrolls rose by 178,000 in March, far exceeding expectations of 65,000, according to the Bureau of Labor Statistics. The unemployment rate declined to 4.3%, while average hourly earnings increased 0.2% on the month and 3.5% YoY. The stronger than expected data comes despite a backdrop of falling job openings and heightened geopolitical uncertainty.

The Greenback was last seen trading at 100.03.

Eurozone

Eurozone Inflation Surges in March

Eurozone inflation rose to 2.5% in March from 1.9% in February, slightly below expectations but showing a clear acceleration, with monthly prices increasing 1.2% at the fastest pace since late 2022. The increase was driven mainly by energy, which rebounded to 4.9% year on year after contracting the previous month, reflecting higher oil and gas prices linked to Middle East tensions and disruptions in the Strait of Hormuz. Despite the rise in headline inflation, underlying pressures remained softer as core inflation eased to 2.3%, while services inflation edged down to 3.2% and non-energy industrial goods slowed to 0.5%, indicating the move was largely energy driven. On the backdrop of the higher inflation reading, markets are pricing in three ECB rate hikes by year-end.

The EUR/USD currency pair was last seen trading at 1.1515.

Asia-Pacific

Tokyo Inflation Slows Amid Surging Yields and Potential Hikes

Tokyo's core inflation slowed to a near two-year low in March, coming in at 1.7% year on year and remaining below the Bank of Japan's target for a second consecutive month, largely due to falling energy costs driven by government subsidies. However, the slowdown is expected to be temporary, as rising oil prices linked to Middle East tensions and higher import costs from a weaker yen are likely to push inflation higher. Bank of Japan Governor Kazuo Ueda signaled that currency movements are a key driver of price pressures and could justify a near term rate hike, with markets currently pricing in about a 57% chance of tightening at the upcoming policy meeting in late April. Furthermore, market worries about the impact of a potential energy shock in Japan along with concerns about fiscal sustainability prompted yields on 10-year JGBs to reach a 28 year high of 2.4%.

The USD/JPY currency pair was last seen trading at 159.46.

Kuwait

Kuwaiti Dinar

USD/KWD closed last week at 0.30685.

Rates – April 5th, 2026

	Previous Week Levels				This Week's Expected Range		3-Month
Currencies	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.1511	1.1442	1.1627	1.1515	1.3100	1.1620	1.1561
GBP	1.3262	1.3156	1.3346	1.3189	1.3000	1.3300	1.3184
JPY	159.89	158.25	160.46	159.46	158.60	161.00	158.33
CHF	0.7945	0.7902	0.8042	0.8008	0.7900	0.8200	0.7929