



Q1 GLOBAL FOREX MARKET REPORT: CONFLICT, MARKET MELTDOWN, AND THE ROAD AHEAD

2026

Christopher Cammack
Partner Manager & Senior Financial Analyst
FxScouts Group AB

2026-04-01

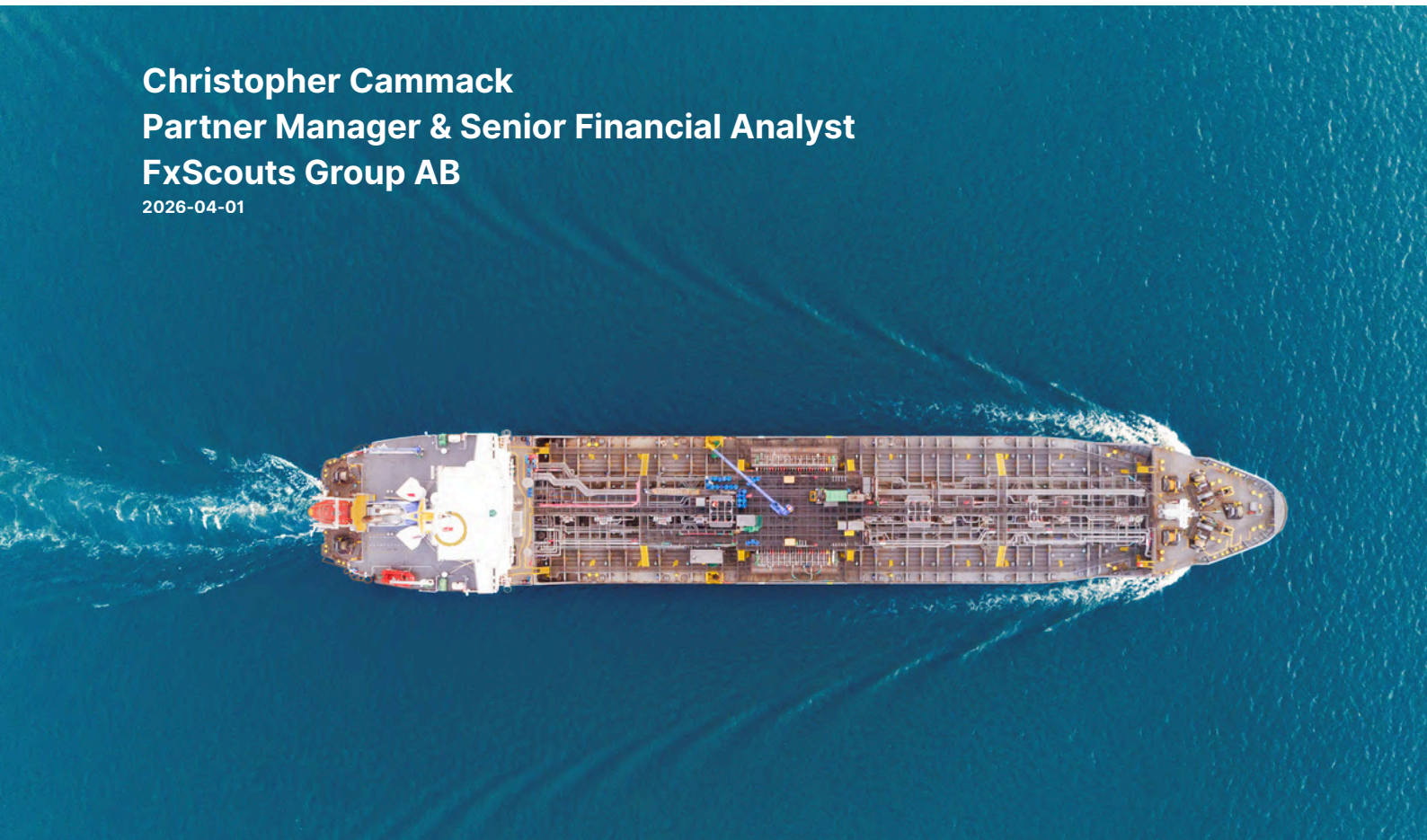


TABLE OF CONTENTS

- 01** Executive Summary
- 02** Q1 Macro Drivers
- 03** Technical Analysis
- 04** Q2 Outlook
- 05** EUR/USD Timeline
- 06** USD/JPY Timeline
- 07** S&P 500 Timeline
- 08** XAU/USD Timeline
- 09** Brent Crude Timeline
- 10** Acknowledgments

FxScouts Disclaimer:

75–90% of retail traders lose money trading Forex and CFDs. Ensure you understand the risks of leveraged trading and can afford potential losses. This report is for informational purposes only and does not constitute financial, investment, tax, or legal advice, or a recommendation to trade any financial instrument.

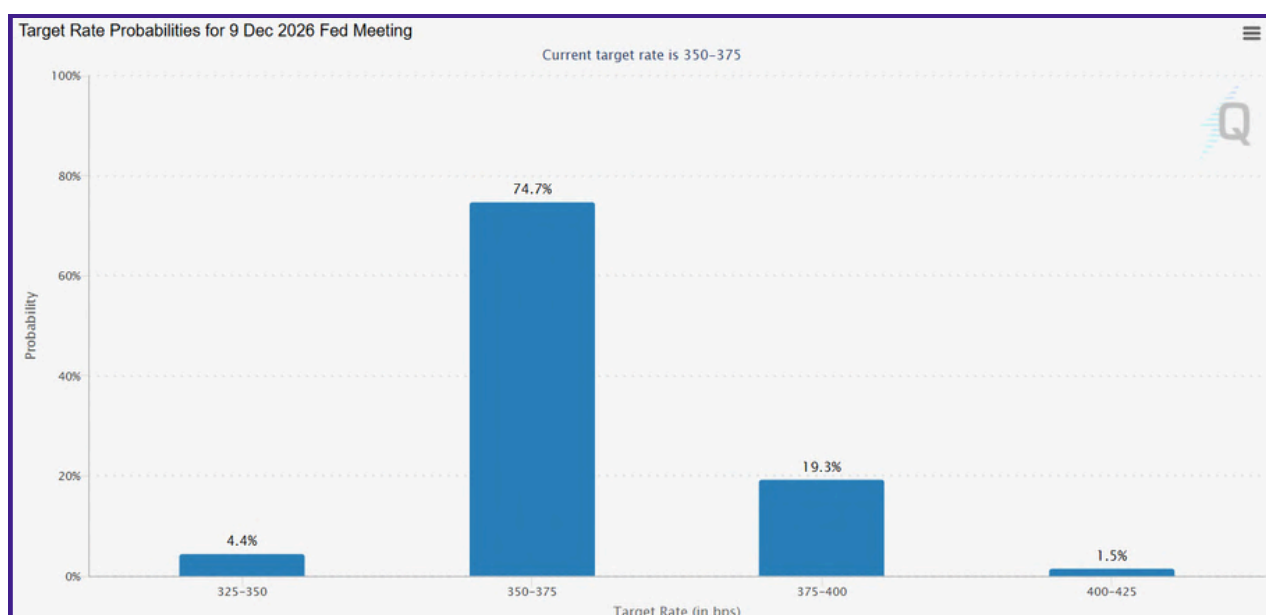
EXECUTIVE SUMMARY

The first quarter of 2026 was defined by a clear shift in narrative, as markets moved through two distinct regimes. The early part of the quarter extended trends that had emerged in late 2025, with investors rotating away from US assets amid concerns over valuations, policy credibility, and opportunities abroad.

This was reflected in a weaker US dollar, a stronger euro, and continued flow of capital into non-US markets. However, this structural reallocation was abruptly interrupted in mid-February by escalating tensions in Iran - culminating in the joint US/Israeli attack on February 28 - which triggered a sharp rise in oil prices and introduced a new inflationary shock into the global economy.

FED UNCERTAINTY

This attack fundamentally altered the macroeconomic backdrop. With inflationary pressures re-emerging through energy markets, the Fed and other central banks faced a renewed policy dilemma. Having only recently begun adjusting policy, central bankers were forced to reassess their trajectory amid rising input costs, persistent uncertainty, and limited visibility into underlying economic conditions.



CME FedWatch, which tracks expectations for the Fed's rate decisions, now shows no chance for a rate cut this year with the 20% chance of a rate hike by December. At the same time, recent FOMC projections highlight a deeply divided committee, with policymakers split between no cuts, one cut, and multiple cuts over the coming year.

This divergence underscores the uncertainty facing markets. The May arrival of Kevin Warsh as Chairman of the Fed has added a further layer of uncertainty around the future direction of US monetary policy, reinforcing concerns around credibility and consistency first observed in 2025.

REGIME CHANGE

In the early part of the quarter, US equity markets remained resilient despite elevated valuations, supported by continued positioning and expectations of policy easing. However, following the escalation in geopolitical tensions, this resilience began to fade. The surge in oil prices and renewed inflation concerns pushed back expectations for monetary easing, tightening financial conditions at a time when positioning remained heavily skewed toward equities. As a result, volatility increasingly translated into directional weakness, with sell-offs no longer fully retraced.

While broad capitulation has yet to emerge, price action suggests that underlying fragility is becoming more visible. Since the start of the war, the S&P 500 and FTSE 100 are down around 9% and 7% respectively while the EURO STOXX 50 has fallen by over 10%.



In currency markets, the US dollar's behaviour reflected this transition. During the first phase of the quarter, the dollar remained under pressure as capital flowed away from US assets. However, this dynamic reversed following the onset of the Iran conflict, with the DXY strengthening as investors sought safety amid rising geopolitical risk, higher oil prices, and shifting rate expectations.

As a net energy exporter, the United States economy has more resilience to higher oil prices, while rising inflation expectations pushed rate cuts further out. However, US dollar strength appears to be driven by the current shock, rather than a broader restoration of confidence in US assets.

EURO FEELS THE HEAT

The euro came under renewed pressure in the latter part of the quarter, reflecting the Eurozone's greater vulnerability to rising energy prices. As a net energy importer, the region faces a more direct inflationary impact from higher oil costs, increasing downside risks to growth and complicating the European Central Bank's policy outlook. This marked a clear reversal from the early part of the quarter, when EUR/USD had strengthened amid capital outflows from US assets, highlighting the extent to which the geopolitical shock altered prevailing market dynamics.

THE BOJ'S UNCOMFORTABLE PROBLEM

Elsewhere, Japanese 10Y bond yields hit their highest level since 1999, and the USD/JPY continues to hover around and just below 160, a traditional threshold for BOJ intervention. Japan imports 95% of its oil from the Middle East, meaning the country must convert yen into dollars to pay for energy. With oil prices spiking, the BOJ finds itself in an increasingly uncomfortable position.

Rate hikes would strengthen the yen and ease import cost pressures, but they would also slow an economy already absorbing an energy shock it did not choose. With the new Prime Minister, Sanae Takaichi, already pursuing record fiscal stimulus, inflationary pressure is intensifying. The BOJ kept rates stable in their meeting on 19 March, but many analysts predict an increase in the April or June meetings.

GOLD LOSES ITS LUSTRE

Gold initially extended its strong rally into early Q1 but faced a significant correction at the end of January as speculators engaged in profit-taking following the nomination of Kevin Warsh as Chairman of the Fed. While prices stabilised thereafter, the war in Iran forced a sharp reversal as rising yields, a stronger US dollar, and shifting rate expectations reduced the appeal of non-yielding assets. This divergence highlights the increasingly complex nature of traditional safe havens, with gold caught between conflicting forces that have prevented a sustained directional move.

A QUARTER DEFINED BY COMPETING FORCES

Taken together, Q1 2026 was not defined by a single narrative, but by the interaction between a structural rotation away from US assets and a geopolitical shock that has sown chaos into the markets. This shift has left traders navigating a more complex and conditional regime, in which asset behaviour is dominated by the nature - and uncertainty - of external events.

“One cannot be at all sure that any operational plan will survive the first encounter with the main body of the enemy”

- Helmuth von Moltke the Elder, 1871

“Everyone has a plan until they get punched in the mouth”

- Mike Tyson, 1987

Q1 MACRO DRIVERS

KEY MACRO DRIVERS

- Inflation expectations push rate cuts further out, tightening financial conditions
- Central banks constrained between inflation control and growth risks
- Asset performance increasingly driven by interaction of competing macro forces
- Reduced trust in forward guidance increases market volatility and uncertainty
- Mixed messaging on Iran conflict complicates investor positioning

ENERGY SHOCK AND INFLATION REPRICING

The escalation of conflict in Iran in February introduced a significant external shock to global markets, driving a sharp rise in oil prices and reintroducing inflation risk at a critical juncture. With crude prices moving higher on concerns over supply disruption in the Middle East, energy markets once again became a central driver of macro conditions – as they had following the Russian invasion of Ukraine – reversing the disinflationary trend that had begun to take hold in late 2025.

This shift had immediate implications for monetary policy expectations. Inflation, which had been gradually moderating, was suddenly subject to renewed upside pressure, particularly through energy and transport costs. Unlike demand-driven inflation, this shock was externally imposed, limiting the ability of central banks to respond effectively. As a result, markets were forced to reassess the trajectory of interest rates, with expectations for rate cuts pushed further out and, in some cases, removed entirely.

The impact of this repricing was clearly visible across asset classes. The EUR/USD, which had strengthened to 1.20 in January due to the Trump administration's erratic behaviour on trade and towards allies more generally, reversed sharply following the onset of the conflict.

This move reflected the asymmetric impact of rising energy prices. The Eurozone - as a net energy importer - faces a more direct inflationary shock and greater downside risks to growth, while the US benefits from its position as a net energy exporter. This widening divergence in macro conditions, exerted sustained downside pressure on the euro, which came to settle in a range around 1.146.

More broadly, the re-emergence of inflation risk tightened financial conditions across markets. Higher energy prices raised input costs for businesses, weighed on consumer spending, and increased the likelihood of slower growth, particularly in energy-importing regions such as Europe and Japan. At the same time, rising inflation expectations supported higher yields, reinforcing upward pressure on real rates and reducing the attractiveness of risk assets.

Whether this development represents a temporary disruption or the beginning of a more sustained shift remains uncertain. The duration of the conflict - and the persistence of elevated energy prices - will be critical in determining whether this shock becomes embedded in the macroeconomic environment. For now, it has introduced a layer of instability that has forced markets to reprice both inflation and growth risks simultaneously.

CENTRAL BANK CONSTRAINT AND POLICY UNCERTAINTY

The re-emergence of inflation through energy markets placed central banks back into a constrained position, complicating what had previously been a relatively clear path toward policy easing. Entering the quarter, expectations had been building for a gradual reduction in interest rates, particularly in the United States, as inflation moderated and growth concerns increased. However, the inflationary shock stemming from higher oil prices has forced a reassessment.

For the Federal Reserve, this created a familiar but uncomfortable dilemma. On one hand, rising energy costs and renewed inflationary pressures argued for maintaining a restrictive policy stance. On the other, tightening financial conditions and signs of slowing growth pointed toward the need for support. This tension was reflected in market expectations, with rate cuts increasingly pushed out and then removed entirely, and in Fed projections, which revealed a deeply divided committee with no clear consensus on the appropriate path forward.

This uncertainty was compounded by the approaching end of Federal Reserve Chair Jerome Powell's term. The transition in leadership comes at a particularly sensitive moment, raising questions not only about the future direction of monetary policy, but also about the consistency and credibility of the Fed's reaction function. In an environment already defined by limited visibility and conflicting signals, the prospect of a change in leadership adds an additional layer of unpredictability for markets.

Other major central banks faced similar, though not identical, constraints. The European Central Bank must balance rising inflation driven by energy costs against weakening growth in a region heavily exposed to external shocks. Meanwhile, the Bank of Japan remains caught between the need to address currency weakness and imported inflation, and the risk of tightening policy into an already fragile domestic economy. In each case, the margin for policy error has narrowed considerably.

Taken together, Q1 reinforced the idea that central banks are no longer operating with clear forward guidance, but are instead reacting to a rapidly shifting set of conditions. This has contributed to increased market volatility, as investors are forced to frequently reassess policy expectations in response to new information, rather than relying on a predictable policy trajectory.

CONDITIONAL PRICE ACTION

Q1 also reinforced a theme that has been developing since 2025: a gradual erosion in the reliability of traditional relationships, particularly around US assets. The US dollar, long regarded as the world's primary safe haven, appeared to assume that role once conflict broke out, but in reality, its behaviour has become increasingly conditional, with strength driven more by the nature of specific shocks than by underlying confidence in US policy or institutions.

This dynamic was most clearly visible in foreign exchange markets. The sharp reversal in EUR/USD during the latter part of Q1 was driven by multiple interacting forces. Rising energy prices disproportionately impacted the Eurozone, while shifting rate expectations supported the dollar, producing a divergence that reversed the capital flow trends seen earlier in the quarter.

A similar pattern was evident in other traditional safe-haven assets. Gold, which would typically benefit from geopolitical risk, failed to produce a consistent response. While prices initially rose at the outbreak of the conflict, a stronger dollar and the spectre of higher rates led to a major fall in price. This reflects the tension between competing macro drivers, with asset performance increasingly determined by which force dominates at any given time.

Equity markets also changed behaviour. In contrast to late 2025, where volatility was largely absorbed through persistent dip-buying, Q1 saw a reduced capacity to recover from sell-offs. This suggests that while positioning remains elevated, investors are less willing to add risk in the face of uncertainty, leaving markets more exposed to downside pressure when shocks occur.

EROSION OF POLICY CREDIBILITY

A further layer of complexity has emerged from the nature of US political signalling, extending an established theme. Market concerns around policy credibility - first observed in 2025 through political interference in monetary policy - have, in Q1, become more pronounced in the geopolitical sphere.

Markets were forced to navigate inconsistent messaging around the conflict in Iran, with periods of escalation often followed by indications of potential negotiations. At times, statements from the US suggested progress toward de-escalation, only to be contradicted by developments or denied by Iranian officials.

This inconsistency has made it more difficult for investors to form a stable view of the likely policy path, reinforcing a broader erosion of confidence in US institutional signalling. In practical terms, this increases market sensitivity to headlines and reduces the effectiveness of forward guidance, as investors place less weight on official communication.

For currency markets, this is particularly significant. While the US dollar has strengthened in response to the current shock, that strength is occurring alongside more fragile underlying confidence in US policy direction. The result is a more unstable equilibrium, in which price action is increasingly driven by short-term developments rather than longer-term conviction.

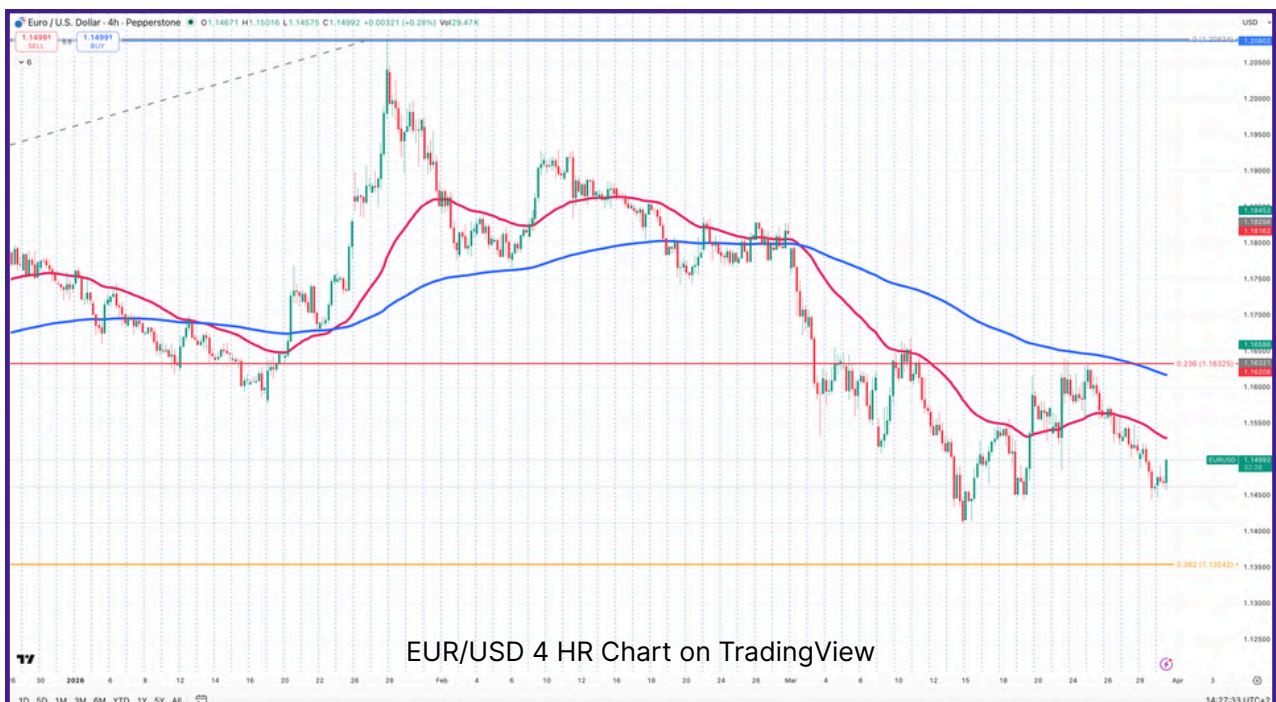
TECHNICAL ANALYSIS

EUR/USD

EUR/USD is currently trading in a clear bearish trend, driven primarily by sustained USD strength rather than inherent EUR weakness alone. In the current macro environment, the US Dollar is benefiting from safe-haven demand linked to geopolitical tensions, particularly the US–Iran conflict, while the Euro lacks a comparable catalyst. This divergence continues to pressure the pair lower, with rallies being sold into rather than sustained.

Key Technical Signals

- The 50 EMA is below the 200 EMA, confirming a **bearish trend**.
- Price is trading below both EMAs, with the 50 EMA acting as dynamic resistance.
- The 200 EMA is **sloping downward**, reinforcing longer-term bearish momentum.
- The RSI is fluctuating around 40–45, indicating **weak momentum** with no strong bullish follow-through.
- Recent downside moves have been impulsive, while recoveries are corrective, reflecting **dominant selling pressure**.



PRICE STRUCTURE

The market is forming a consistent series of lower highs and lower lows, confirming a bearish structure. The breakdown below the 200 EMA marked a clear shift from consolidation into a trending environment. Recent price action shows repeated failures to hold gains, with each bounce capped below prior highs and the 50 EMA.

KEY LEVELS

- **Resistance:** 1.1500 – 1.1550 (near 50 EMA zone)
- **Stronger resistance:** 1.1600 – 1.1630 (near 200 EMA and prior structure)
- **Support:** 1.1450
- **Deeper support:** 1.1400 – 1.1380 (recent swing lows)

TRADE SCENARIO

Bearish continuation (primary): Failure to reclaim 1.1500–1.1550 would likely lead to continued downside toward 1.1450 and potentially 1.1400.

Pullback entries (high probability): Selling rallies into the 50 EMA or toward 1.1550 aligns with the prevailing trend and offers favourable risk-reward.

Short-term range: Price may consolidate between 1.1450 and 1.1550 as the market pauses after recent downside moves.

Bullish reversal (conditional): A sustained break above 1.1600–1.1630 and the 200 EMA would be required to signal a potential shift in trend.

USD/JPY

USD/JPY remains in a strong bullish trend, supported by persistent USD strength and structural weakness in the Japanese Yen. In the current macro environment, the Yen is failing to act as a safe haven despite geopolitical tensions, largely due to Japan's economic exposure to energy imports and ultra-loose monetary policy. However, the pair is now approaching a critical zone near 160, where the risk of intervention by Japan's Ministry of Finance (MOF) is extremely elevated. This creates a unique dynamic where the trend remains bullish, but upside is increasingly capped by policy risk.

KEY TECHNICAL SIGNALS

- The 50 EMA is above the 200 EMA, confirming a **bullish trend**.
- Price is trading above both EMAs, with the 50 EMA as **dynamic support**.
- The 200 EMA is sloping upward, reinforcing higher-timeframe **trend strength**.
- The RSI is around 50–60, indicating **stable bullish momentum** without extreme overbought conditions.
- Recent pullbacks have been shallow and corrective, while bullish impulses remain strong.



USD/JPY 4 HR Chart on TradingView

PRICE STRUCTURE

The market is forming higher highs and higher lows, confirming a **bullish structure**. Price recently tested the 160.00–160.50 region, a historically significant **resistance zone**. The latest pullback appears **corrective**, with price holding above the 50 EMA. The structure remains intact, but price is now compressing below resistance, suggesting either **continuation or intervention-driven volatility**.

KEY LEVELS

- **Resistance:** 160.00 – 160.50 (major psychological and intervention zone)
- **Breakout resistance:** 161.50+ (new highs if intervention fails)
- **Support:** 159.00 – 159.30 (near 50 EMA)
- **Deeper support:** 157.00 (near 200 EMA)

TRADE SCENARIOS

Bullish continuation (primary trend): A clean break above 160.50 could trigger further upside toward 161.50 and beyond, continuing the established trend.

Pullback entries (high probability): Buying dips into 159.00–159.30 or toward the 50 EMA aligns with the bullish structure.

Short-term range / intervention risk: Price may consolidate between 159.00 and 160.50 as markets price in the risk of official intervention.

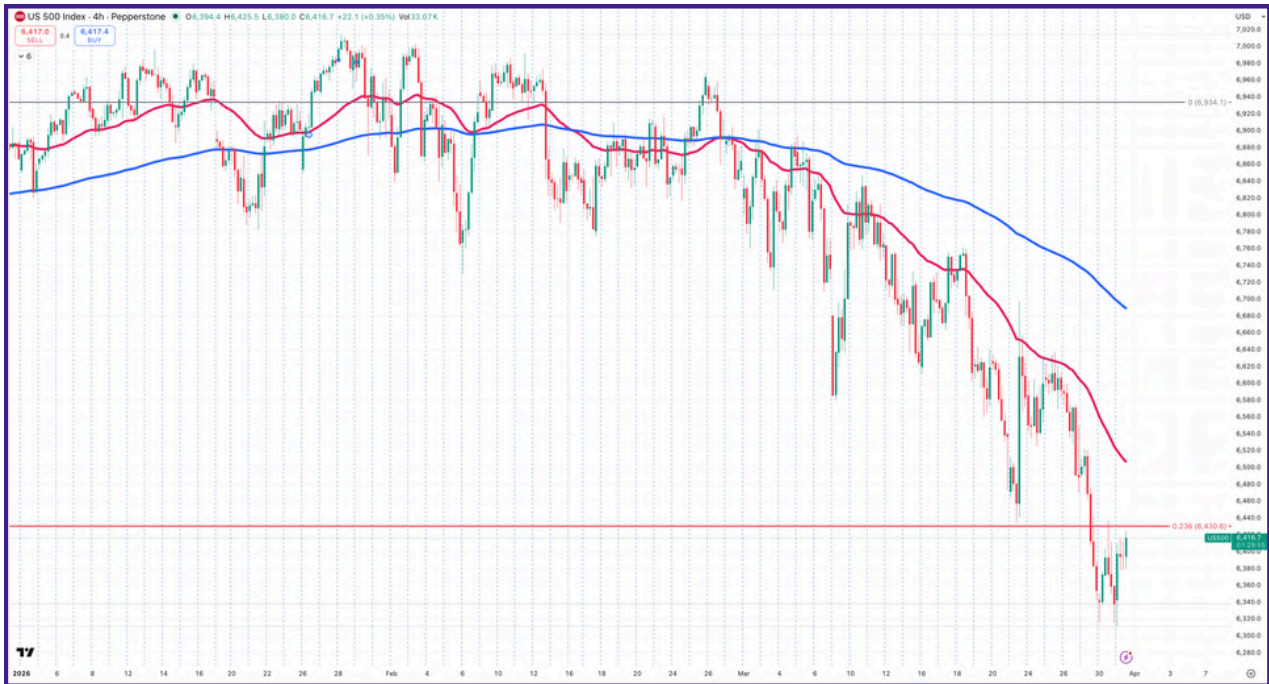
Bearish reversal (policy-driven): A sudden sharp drop below 159.00—especially if aggressive and fast—could signal intervention, potentially driving price toward 157.00 or lower.

S&P 500

The US500 remains in a strong bearish trend, with recent price action showing an acceleration to the downside followed by a sharp but corrective rebound. The broader move reflects a shift toward risk-off sentiment, with equities under pressure as capital rotates into the US dollar. While the latest bounce may appear aggressive, it follows a capitulation move and does not yet signal a reversal of the prevailing downtrend.

KEY TECHNICAL SIGNALS

- The 50 EMA is **below the 200 EMA**, confirming a bearish trend.
- Price is trading below both EMAs, with the 50 EMA acting as **dynamic resistance**.
- The 200 EMA is sloping downward, reinforcing **longer-term bearish momentum**.
- The RSI recently dipped into oversold territory and is now recovering toward 40–50, indicating **a corrective bounce** rather than sustained bullish momentum.
- Volume increased significantly during the sell-off, suggesting strong participation in the **downside move**.



US500 4 HR Chart on TradingView

PRICE STRUCTURE

The market is forming a clear series of lower highs and lower lows, confirming a bearish structure. The recent sharp drop below 6,450 marked a breakdown from prior support, accelerating downside momentum. The current rebound appears to be a reaction to oversold conditions, with price reclaiming broken support but still trading below key moving averages.

KEY LEVELS

- **Resistance:** 6,450 – 6,500 (former support turned resistance, near 50 EMA trajectory)
- **Stronger resistance:** 6,650 – 6,700 (near 200 EMA)
- **Support:** 6,350
- **Deeper support:** 6,300 – 6,280 (recent capitulation lows)

TRADE SCENARIOS

Bearish continuation (primary): Failure to hold above 6,450–6,500 could lead to renewed selling pressure toward 6,350 and potentially 6,300.

Pullback entries (high probability): Selling rallies into 6,450–6,500 or closer to the 50 EMA aligns with the prevailing bearish trend.

Short-term range: Price may consolidate between 6,350 and 6,500 as the market stabilises after the sharp sell-off.

Bullish reversal (conditional): A sustained break above 6,650–6,700 and the 200 EMA would be required to signal a meaningful shift in trend.

XAU/USD

Gold remains in a broader bearish trend despite the recent rebound, reflecting a structural shift in safe-haven flows. In the current geopolitical environment, capital is favouring the US dollar over gold, as USD liquidity and yield advantages dominate. Even with conflict risk, gold has struggled to sustain upside momentum, reinforcing the challenge to its traditional safe-haven status. The recent bounce appears corrective following a sharp sell-off, rather than a shift in trend.

KEY TECHNICAL SIGNALS

- The 50 EMA is below the 200 EMA, confirming a **bearish trend**.
- Price is trading below the 200 EMA, while attempting to reclaim the 50 EMA, which is acting as **near-term resistance**.
- The 200 EMA is flattening and starting to turn lower, signalling weakening **higher-timeframe support**.
- The RSI has recovered from oversold conditions toward 50, indicating a **corrective move** rather than strong bullish momentum.
- Volume increased during the sell-off, indicating **strong conviction** in the move.



Gold Spot 4 HR Chart on TradingView

PRICE STRUCTURE

The market has shifted from a prior uptrend into a bearish structure, with lower highs and lower lows now forming. The sharp breakdown below 4,700 marked a key structural shift and triggered accelerated downside momentum.

Recent price action shows a rebound from capitulation lows near 4,100, but the move remains below key resistance zones. The current structure suggests a corrective rally within a broader downtrend, unless key levels are reclaimed.

KEY LEVELS

- **Resistance:** 4,600 – 4,650 (near 50 EMA and prior support zone)
- **Stronger resistance:** 4,900 – 5,000 (near 200 EMA)
- **Support:** 4,500
- **Deeper support:** 4,100 – 4,050 (recent capitulation lows)

TRADE SCENARIOS

Bearish continuation (primary): Failure to break above 4,600–4,650 could result in renewed downside toward 4,500 and potentially a retest of 4,100.

Pullback entries (high probability): Selling rallies into the 50 EMA or toward 4,650 aligns with the prevailing bearish trend.

Short-term range: Price may consolidate between 4,500 and 4,650 as the market stabilises after the sharp sell-off.

Bullish reversal (conditional): A sustained break above 4,900–5,000 and the 200 EMA would be required to signal a meaningful shift back to a bullish structure.

BRENT CRUDE

Brent crude remains in a strong bullish trend, underpinned by ongoing geopolitical tensions and supply-side uncertainty. Unlike traditional safe havens, oil is directly benefiting from the current environment, as markets price in potential disruptions to production and transport routes. However, recent price action shows increased volatility and signs of consolidation near highs, suggesting the market is pausing after an extended rally rather than reversing.

KEY TECHNICAL SIGNALS

- The 50 EMA is above the 200 EMA, confirming a **bullish trend**.
- Price is trading above both EMAs, with the 50 EMA acting as **dynamic support**.
- The 200 EMA is sloping upward, **reinforcing strong higher-timeframe momentum**.
- The RSI is hovering around 50–60, indicating neutral-to-bullish momentum after **cooling from overbought conditions**.
- Volume expanded during the impulsive rally and has stabilised during consolidation, suggesting **healthy trend behaviour**.



Brent Crude Oil 4 HR Chart on TradingView

PRICE STRUCTURE

The market is forming higher highs and higher lows, confirming a bullish structure. The explosive move higher in early March reflects a strong repricing in response to geopolitical risk.

Recent price action shows consolidation just below recent highs, with no clear breakdown in structure. Pullbacks have been relatively shallow, indicating buyers are still in control.

KEY LEVELS

- **Resistance:** 108.00 – 110.00
- **Stronger resistance:** 112.00 – 115.00 (recent highs)
- **Support:** 104.00 – 105.00 (near 50 EMA zone)
- **Deeper support:** 98.00 – 100.00 (prior structure and trend support)

TRADE SCENARIOS

Bullish continuation (primary): A break above 110.00 could trigger further upside toward 112.00–115.00, continuing the established uptrend.

Pullback entries (high probability): Buying dips into 104.00–105.00 or toward the 50 EMA offers favourable risk-reward in line with the trend.

Short-term range: Price may consolidate between 104.00 and 110.00 as the market digests recent gains.

Bearish correction (conditional): A break below 104.00 would open the door to a deeper pullback toward 100.00, without necessarily invalidating the broader bullish trend.

Q2 2026 OUTLOOK

01

USD: Strength Under Scrutiny

- The US dollar has strengthened in response to rising oil prices and inflationary fears
- Safe-haven demand remains conditional, driven by the nature of the shock rather than underlying confidence
- Ongoing uncertainty around policy direction and political signalling may limit sustained upside

02

US Equities: Fragility Beneath the Surface

- Equity markets have shown reduced capacity to recover from sell-offs compared to 2025
- Higher yields, uncertainty and tech sector weakness are weighing on valuations
- Markets remain vulnerable to further downside if conflict persists.

03

EUR: Pressure from Energy Inflation

- EUR/USD reversal highlights the region's vulnerability to external inflation shocks.
- Growth risks remain elevated, limiting the ECB's flexibility despite relative policy stability.
- A de-escalation in the Iran conflict would likely reduce inflationary pressures and support a move higher in EUR/USD

04

JPY: A Systemic Risk Point

- The yen continues to face pressure from higher energy import costs and persistent dollar strength.
- Markets are increasingly pricing in a BoJ rate hike in Q2, while a sustained USD/JPY move above 160 may trigger intervention
- A major policy shift or intervention could trigger broader volatility across FX and risk assets.

Q2 2026 OUTLOOK

05

Gold: Caught Between Inflation and Yields

- Gold remains supported by uncertainty and long-term trends
- However, rising yields and a stronger dollar continue to cap upside
- Price action is likely to remain volatile as competing macro forces persist

06

Brent Crude: The Central Driver

- Oil prices have become the primary macro variable following the Iran conflict
- Sustained elevated prices would reinforce inflationary pressure and constrain central banks
- Any de-escalation could lead to a sharp reversal, making oil the key driver of Q2 direction

Conclusion:

The current market regime is dependent on developments in the Middle East, and their impact on energy prices and inflation expectations. With conflicting signals coming from the parties involved, markets will remain volatile until there is greater clarity around de-escalation. Long term, the damage to regional infrastructure, and the erosion of US policy credibility, are likely to have lasting economic and financial repercussions. While the current environment has supported the US dollar, a post-conflict scenario will likely see a return to the broader trend of diversification away from US assets and renewed downward pressure on the dollar.

EUR/USD TIMELINE

- **Early January 2026** - EUR/USD trends lower to 1.158 as resilient US data and uncertainty around Fed rate outlooks support USD strength.
- **19 January 2026** - President Trump threatens 25% tariffs on EU to force acquisition of Greenland. EUR/USD climbs to 1.174 on “sell America” trade.
- **27 January 2026** - EUR/USD rallies sharply to 1.20 as US govt shutdown fears re-emerge and expectations for rate cuts build.
- **30 January 2026** - Kevin Warsh nominated as Chair of the Federal Reserve.
- **11-20 February 2026** - USD strengthens as rate cut expectations are reduced EUR/USD slide to 1.174.
- **20 February 2026** - Supreme Court rules US tariffs as illegal. EUR/USD rebounds above 1.18.
- **February 28, 2026** - US/Israel strike on Iran triggers a decisive reversal in trend as oil prices surge and the US dollar strengthens.
- **Early March 2026** - EUR/USD breaks lower to 1.151, reflecting energy-driven inflation risks and a deteriorating Eurozone outlook.
- **Mid-March 2026** - Downtrend accelerates to 1.142, with lower lows as yield differentials widen and USD demand increases.
- **Late March 2026** - After a brief spike to 1.162 on de-escalation signals, EUR slides to 1.146, with choppy price action as markets reassess macro conditions.



FxScouts Group AB

USD/JPY TIMELINE

- **Mid-January 2026** - Carry trade demand and snap election rumours weigh on the yen as the pair tests highs near 158–159.
- **19 January 2026** - Japan PM Takaichi calls election for February 8; USD/JPY remains elevated near 159.
- **23 January 2026** - USD/JPY drops sharply to 152 amid rumours of joint intervention by US and Japanese authorities.
- **30 January – 6 February 2026** - Pair rebounds toward 157 as markets price in a Takaichi victory, implying looser fiscal policy and a weaker yen.
- **9 February 2026** - Takaichi wins a landslide victory; USD/JPY falls toward 153 as volatility increases and BOJ rate hike expectations build.
- **28 February 2026** - US/Israel strike on Iran drives oil prices higher, increasing pressure on the yen due to Japan's energy import dependence.
- **Early March 2026** - USD/JPY rallies above 158 as higher oil prices and rising US yields reinforce dollar demand.
- **Mid-March 2026** - Pair approaches the 160 level, with price action becoming more volatile as intervention risk increases.
- **Late March 2026** - USD/JPY breaks through 160, but pulls back to 159 following intervention warnings from Japan policymakers.



S&P 500 TIMELINE

- **5-12 January** - Markets shrug off the capture of President Maduro. Gold surges but equities remained resilient due to strong AI-related earnings.
- **20 January 2026** - President Trump threatens 25% tariffs on EU to force acquisition of Greenland. S&P 500 drops 2.1%
- **28 January 2026** - S&P 500 hits an intraday record of 7,002.28. 80% of earnings reported on the previous day beat expectations.
- **5-10 February 2026** - Sharp sell-off in tech and AI-related stocks sends S&P 500 below 6,800, but prices recover, as dip-buying behaviour continues.
- **12 February 2026** - S&P 500 falls 1.57% on AI fears after two days of losses
- **28 February 2026** - US/Israel strike on Iran triggers a breakdown in market structure as oil prices surge and inflation fears return.
- **3 March 2026** - S&P 500 breaks lower on inflation fears, closing at 6,816.63
- **13 March 2026** - Downtrend accelerates, with repeated sell-offs and weaker rebounds signaling declining risk appetite. S&P 500 closes at 6,632.19.
- **18 March 2026** - Fed holds interest rates steady, Chairman Powell's comments on inflation fears lead to further declines.
- **Late March 2026** - Meta legal woes contribute to conflict fears. S&P 500 suffers worst quarter since 2022 with "Mag 7" stocks seeing sharp declines.



XAU/USD TIMELINE

- **1–16 January 2026** - Gold trends higher from 4,300 as dollar weakness and policy uncertainty support demand.
- **19 January 2026** - President Trump threatens 25% tariffs on EU to force acquisition of Greenland; gold rises to \$4,690.
- **29 January 2026** - Gold hits an all-time high of \$5,594, driven by safe-haven demand amid rising geopolitical and policy uncertainty.
- **30 January 2026** - Gold posts a historic loss of 9.5%. Initially triggered by the nomination of Kevin Warsh as Fed Chair, the reversal is exacerbated by profit-taking and forced liquidation of leveraged positions.
- **2–24 February 2026** - Gold rebounds toward \$5,243 as geopolitical risk supports demand, while rising yields act as a constraint.
- **28 February – 3 March 2026** - US/Israel strike on Iran pushes gold toward near-record highs, but gains fail to hold.
- **19 March 2026** - Downtrend accelerates as rising bond yields, inflation concerns, and USD strength trigger sustained selling.
- **Late March 2026** - Gold drops sharply below \$4,200 before rebounding toward \$4,600. Gold set for biggest monthly drop in 17 years.



BRENT CRUDE TIMELINE

- **1–20 January 2026** - Brent trades in a gradual uptrend from \$62 to \$66 as stable demand and early geopolitical risk support prices.
- **20 January 2026** - President Trump threatens tariffs on the EU; oil continues to firm toward \$68 as broader geopolitical tensions begin to build.
- **27–31 January 2026** - Brent pushes higher to \$70, with markets beginning to price in a growing Middle East risk premium.
- **28 February 2026** - US/Israel strike on Iran triggers repricing of global energy risk; Brent breaks above \$80 as markets price in supply disruption.
- **6–9 March 2026** - Brent spikes to a quarterly high over \$118 in a disorderly move driven by fears of escalation, before rapidly reversing below \$100.
- **10–14 March 2026** - Oil stabilises in a volatile range between \$95 and \$105 as markets reassess the likelihood of sustained supply disruption.
- **17–19 March 2026** - Prices rally again toward \$115 as renewed escalation fears emerge, but fail to break previous highs.
- **21–24 March 2026** - Sharp pullback toward \$95 as de-escalation narratives reduce the geopolitical risk premium.
- **25–31 March 2026** - Price drives higher to \$116 before falling back again, as conflicting narratives drive volatility. Brent on track for record monthly rise.



ACKNOWLEDGEMENTS

This report was produced by **Christopher Cammack**, Partner Manager & Senior Financial Analyst on behalf of **FxScouts Group AB**. We want to acknowledge the contribution of **Alison Heyerdahl**, Head of Content, whose technical analysis expertise provided depth and precision to the report. This publication was developed through close collaboration with the entire **FxScouts research team**, and the final work benefits from the quality standards upheld across the company.

About FxScouts

Founded in **Stockholm, Sweden in 2011**, **FxScouts** has one mission: to make Forex trading accessible and transparent. Our team of analysts and experts help traders of all levels by providing independent broker reviews, practical trading guides, and timely market insights. Whether you're just starting out or refining your skills, we give you the knowledge and tools to stay informed and trade with confidence.

We are committed to:

Independence & integrity - our reviews and editorial content are never influenced by commercial interests.

Transparency - FxScouts Group AB is a full LEI (Legal Entity Identifier) Member.

Continuous improvement - we regularly revisit and update our content, testing criteria, and methodologies to reflect evolving market conditions.

Contact

Address:

FxScouts Group AB
Östra Kyrkogatan 8, 611 34
Nyköping, Sweden

Email:

General Inquiries: forexmasters@fxscouts.com
Partnerships / Media: chris@fxscouts.com

We value feedback. If you have comments, suggestions, or questions about this report or any of our research, please feel free to get in touch.

FxScouts Group AB

Q1 Global Forex Market Report: Conflict, Market Meltdown, and the Road Ahead