LLOYD CHAN
Senior Currency Analyst

Global Markets Research
Global Markets Division for Asia
T: +65 6918 5536
E: lloyd_chan@sg.mufg.jp

MUFG Bank, Ltd.
A member of MUFG, a global financial group

USD upside fades, won leads Asia FX

20 August 2026

Ahead Today

G3: *US initial jobless claims, Germany PPI,*

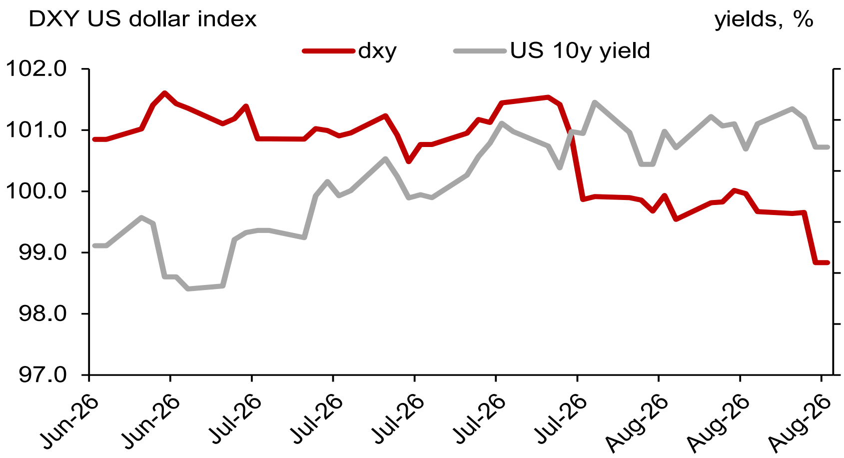
Asia: *China LPR, Malaysia trade, Taiwan export orders*

Market Highlights

The US dollar weakened after US Treasury Secretary Bessent announced a significant expansion of long-dated Treasury buyback operations, a move to ease pressure from rising long-end yields. Treasury purchases of 10-year to 30-year securities will be increased substantially. The immediate market reaction was a decline in long-end Treasury yields and a weaker dollar. While buybacks alone are unlikely to alter longer-term fundamentals, they do signal willingness by policymakers to lean against further yield increases. This suggests the relative-rate story that has supported the dollar is fading.

Looking ahead, moderating Fed tightening expectations and Treasury efforts to contain long-end yields could continue to cap dollar upside. Absent a renewed rise in US inflation or yields, the hurdle for another sustained dollar rally is becoming increasingly high. This should continue to provide a supportive backdrop for Asian currencies in the near term, particularly those with resilient domestic fundamentals, stronger external balances and positive exposure to global tech cycle.

CHART 1: USD WEAKNESS EXTENDS AS US TREASURY LOOKS TO CAP LONG-END YIELDS



Source: Bloomberg, MUFG GMR

The Korean won has outperformed regional peers this month. Beyond a softer dollar backdrop, the won is also supported by a resilient semiconductor and AI investment cycle, supporting exports, earnings, and portfolio inflows. Importantly, despite the sharp appreciation seen recently, the won remains undervalued after several years of underperformance. That said, USDKRW appears increasingly oversold in the near term and may be vulnerable to consolidation.

In Indonesia, Bank Indonesia left the policy rate unchanged at 5.75%, reinforcing policy continuity under Acting Governor Destry Damayanti and maintaining its focus on rupiah stability. The recent rupiah stabilisation has provided room for BI to stand pat while relying on incentives to attract foreign inflows, including keeping SRBI yields elevated and lowering hedging swap costs. While a softer dollar backdrop is supportive for IDR in the near term, investor caution is likely to persist amid ongoing MSCI concerns over Indonesian equity market accessibility and liquidity.

The broader takeaway remains that a less supportive USD environment is creating opportunities for selective Asia FX outperformance, with KRW continuing to stand out as one of the preferred expressions of that theme.

INDICATIVE RATES 19-Aug-2026

FOREIGN EXCHANGE

	Asia	% Chg	London close 6pm	New York close 5pm		Close	% Chg
USDJPY	159.17	-0.31	158.39	158.17	INDU	53463.05	0.22
EURJPY	184.61	-0.12	184.82	184.70	NKY	65326.42	-3.16
EURUSD	1.1598	0.19	1.1669	1.1677	DAX	26091.33	-0.14
GBPUSD	1.3553	0.16	1.3610	1.3606	UKX	10743.35	0.14
USDSGD	1.2766	-0.09	1.2718	1.271	STI	5694.24	-0.13
USDTHB	33.075	-0.02	32.867	32.917	SET	1609.76	-0.73
USDMYR	4.0585	-0.03	**OTHER INDICATORS**		KLCI	1731.32	-0.12
USDIDR	17833	-0.13	DXY Curncy	98.833	JCI	6394.13	-0.86
USDPHP	61.825	0.08			PSEi	6158.34	-1.70
USDINR	95.7625	0.08	GT2 Govt	4.164	SENSEX	76909.68	-0.42
USDKRW	1387.95	-1.62	GT10 Govt	4.648	KOSPI	6471.17	-5.80
USDTWD	31.955	0.00	GTJPY2Y Govt	1.672	TWSE	44719.35	-1.30
AUDUSD	0.7077	-0.38	GTJPY10Y Govt	2.891	AS51	9053.77	-0.18
USDHKD	7.8425	-0.01	GTDEM10Y Govt	3.261	HSI	25495.07	0.09
USDCNY	6.7377	-0.07	CO1 Comdty	91.62	SHCOMP	3894.42	-2.40
USDVND	26180	0.01	XAU Curncy	4515.58	VNINDEX	1726.69	-0.31

FX estimated closing. % Chg & bps chg indicate daily changes versus prior trading day. Sources: Bloomberg
** As of 4:30pm, Beijing Time*

Disclaimer

CERTIFICATION

The author(s) mentioned on the cover of this report hereby certify(ies) (or, where multiple authors are responsible, individually certify with respect to each security that the author covers in this report) that the views expressed in this report accurately reflect their personal views about the subject company(ies) and its (their) securities, and also certify(ies) that they have not been, are not, and will not be receiving direct or indirect compensation in exchange for expressing any specific recommendation(s) or view(s) in this report.

DISCLAIMERS

DISCLAIMERS

This report has been prepared by the Global Markets Research, US Macro and Credit Strategy desks within MUFG Bank , Ltd. (“MUBK”) and MUFG Securities EMEA plc (“MUS(EMEA)”) and may be distributed to you either by MUBK, MUS(EMEA) or by another subsidiary of the Mitsubishi UFJ Financial Group (“MUFG”).

Legal entities and branches

The securities related businesses within MUFG (together referred to in this presentation as “MUFG Securities”) are: (1) MUFG SECURITIES EMEA PLC (“MUS(EMEA)”) which is authorised in the United Kingdom by the Prudential Regulation Authority (“PRA”) and regulated by the Financial Conduct Authority (“FCA”) and the PRA (FS Registration Number 124512). MUS(EMEA) has a branch office that is registered at Level 3, East Wing, The Gate, Dubai International Financial Centre, PO Box 506894, Dubai, UAE (“Dubai Branch”). The Dubai Branch is authorised to operate in the Dubai International Financial Centre (“DIFC”) as a Non-DIFC Entity (Commercial License Number CL1656) and is regulated by the Dubai Financial Services Authority (Reference Number F002623); (2) (MUFG Securities (Europe) N.V. (“MUS (EU)”) which is authorized and regulated in the Netherlands by the Dutch Authority for the Financial Markets (AFM) and also regulated by De Nederlandsche Bank (DNB). MUS (EU) Paris Branch is regulated in France by the Autorité de contrôle prudentiel et de résolution (ACPR) and the Autorité des marchés financiers (AMF); (3) MUFG SECURITIES AMERICAS INC. (“MUSA”) which is registered in the United States with the Securities and Exchange Commission (“SEC”) and regulated by the Financial Industry Regulatory Authority (“FINRA”) (SEC# 8-43026; CRD# 19685); (4) MUFG SECURITIES (CANADA), LTD. (“MUS(CAN)”) is an investment dealers registered in Canada with the Ontario Securities Commission (“OSC”) and in each province and territory of Canada, a member of the Investment Industry Regulatory Organization of Canada (“IIROC”), and a member of the Canadian Investor Protection Fund (“CIPF”). Customers’ accounts are protected by CIPF within the specified limits; (5) MUFG SECURITIES ASIA LIMITED (“MUS(ASIA)”) which is incorporated in Hong Kong, licensed under the Hong Kong Securities and Futures Ordinance and regulated by the Hong Kong Securities and Futures Commission (Central Entity Number AAA889). MUS(ASIA) is registered as a foreign company under the Corporations Act 2001 of Australia ARBN No. 169 329 453; and (6) MUFG Securities Asia (Singapore) Limited (“MUS(SPR)”) which is licensed as an approved merchant bank by the Monetary Authority of Singapore. In respect of the financial services provided to wholesale clients in Australia, MUS(ASIA), MUS(EMEA), MUS(USA) and MUS(SPR) are each exempt from the requirement to hold an Australian financial services licence under the Corporations Act 2001 of Australia under the Australian Securities and Investments Commission Class Order Exemption CO 03/1099, CO 03/1103, CO 03/1100, and CO 03/1102, respectively. Each of MUS(ASIA), MUS(EMEA), MUSA, MUS(CAN), and MUS(SPR) are regulated under the laws of Hong Kong, the United Kingdom, the United States, Canada and Singapore respectively, which differ from Australian laws.

MUFG Bank Ltd (“MUBK”), is a limited liability stock company incorporated in Japan and registered in the Tokyo Legal Affairs Bureau (company no. 0100-01-008846). MUBK’s head office is at 4-5 Marunouchi 2-Chome, Chiyoda-Ku, Tokyo 100-8388, Japan. MUBK’s London branch is at Ropemaker Place, 25 Ropemaker Street, London EC2Y 9AN, and is registered as a UK establishment in the UK register of companies (registered no. BR002013). The principal office of MUBK’s Canada branch (MUFG Bank, Ltd., Canada Branch) is located at 200 Bay Street, Suite 1800, Toronto, Ontario, M5J 2J1, Canada. MUFG Bank’s Canada branch is an authorized foreign bank branch permitted to carry on business in Canada pursuant to the Bank Act (Canada); Deposits with MUFG Bank Canada are not insured by the Canada Deposit Insurance Corporation. MUBK is authorised and regulated by the Japanese Financial Services Agency. MUBK’s London branch is authorised by the UK Prudential Regulation Authority (“PRA”) and regulated by the UK Financial Conduct Authority (“FCA”) with limited regulation by the PRA. MUBK’s Hong Kong branch is a licensed bank regulated by the Hong Kong Monetary Authority and registered with the Securities and Futures Commission to carry out Type 1 and Type 4 regulated activities in Hong Kong. MUBK’s Singapore branch is regulated by the Monetary Authority of Singapore. MUFG Bank is a registered bank in Australia and New Zealand and is part of the Mitsubishi UFJ Financial Group. MUFG Bank is authorised and regulated in Australia by the Australian Prudential Regulation Authority and in New Zealand by the Reserve Bank of New Zealand.

General disclosures

This report is for information purposes only and should not be construed as investment research as defined by MIFID 2 or a solicitation of any offer to buy or sell any security, commodity, futures contract or related derivative (hereafter “instrument”) or to participate in any trading strategy. This report does not constitute a personal recommendation and does not take into account the individual financial circumstances, needs or objectives of the recipients. Recipients should therefore seek their own financial, legal, tax or other advice before deciding to invest in any of the instruments mentioned in this report.

Certain information contained in this report has been obtained or derived from third party sources and such information is believed to be correct and reliable but has not been independently verified. MUFG does not make any guarantee, representation, warranty or undertaking, express or implied, as to the fairness, accuracy, reliability, completeness, adequacy or appropriateness of any information or comments contained in this report. Furthermore the information may not be current due to, among other things, changes in the financial markets or economic environment. MUFG has no obligation to update any such information contained in this report.

The information contained in this report may contain forward-looking information (“FLI”). FLI is information regarding possible events, conditions, or results of operations that is based on assumptions about future economic conditions and courses of action and may be presented as either a forecast or a projection. This report is not intended to forecast or predict future events. Past performance is not a guarantee or indication of future results. Upon receipt of this report, each recipient acknowledges and agrees that any FLI included herein should not be considered material. Recipients should consult their own legal and financial advisers for additional information. Any prices provided herein (other than those identified as being historical) are indicative only and do not represent firm quotes as to either price or size.

This report is proprietary to MUFG and may not be quoted, circulated or otherwise referred to without our prior written consent. Notwithstanding this, MUFG shall not be liable in any manner whatsoever for any consequences or loss (including but not limited to any direct, indirect or consequential loss, loss of profits and damages) arising from any reliance on or usage of this report and accepts no legal responsibility to any investor who directly or indirectly receives this material.

For the avoidance of doubt, MUBK covers the banking business responsible for the publication of FX research reports; whereas MUFG Securities covers the securities business responsible for the publication of securities related research reports. References to “MUBK” shall be interpreted as a reference only for all matters related to bank products and references to “MUFG Securities” shall be interpreted as a reference only for all matters related to securities products.

MUBK and/or its directors, officers and employees, from time to time, may have interest and/or underwriting commitment in the relevant securities mentioned herein or related instruments and/or may have a position or holding in such securities or related instruments as a result of engaging in such transactions. Furthermore, MUBK may have, or have had a relationship with or may provide or have provided corporate finance or other services to any company mentioned herein.

Country and region specific disclosures

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or is located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to any law, regulation or rule. Each entity and branch within MUFG is subject to distinct regulatory requirements and certain products and services discussed in this document may not be available in all jurisdictions or to all client types.

In this regard, please note the following in relation to the jurisdictions in which MUFG has a local presence:

• United Kingdom / European Economic Area (EEA): This report is intended for distribution to a “professional client” or “eligible counterparty” as those terms are defined in the rules of the FCA and PRA. In other EEA countries, this report is intended only for persons regarded as professional investors (or equivalent) in their home jurisdiction.

• United States of America: This report, when distributed by MUSA, is intended for Institutional Investors (“Institutional Accounts” as defined by FINRA Rule 4512(c)). When distributed by a non-US affiliate of MUSA, this report is intended for distribution solely to “major U.S. institutional investors” or “U.S. institutional investors” pursuant to Rule 15a-6 under the U.S. Securities Exchange Act of 1934, as amended. Securities referenced in this report may have been underwritten by MUSA and/or its affiliates. Nothing in this report should be considered an offer or solicitation of an offer to buy or sell securities or any other financial product or a commitment of any kind with respect to any transaction.

IRS Circular 230 Disclosure: MUFG Securities does not provide tax advice. Accordingly, any discussion of U.S. tax matters included herein (including any attachments) is not intended or written to be used, and cannot be used, in connection with the promotion, marketing or recommendation by anyone not affiliated with MUSA of any of the matters addressed herein or for the purpose of avoiding U.S. tax-related penalties.

• Hong Kong: This report is only intended for distribution to a “professional investor” as that term is defined in the Securities and Futures Ordinance and should not be passed onto any other person. All enquiries by recipients in Hong Kong must be directed to your usual sales contact in Hong Kong.

• Singapore: This report is only intended for distribution to an "institutional investor", "accredited investor" or "expert investor" as those terms are defined under regulation 2 of the Financial Advisers Regulation. It is solely for the use of such investors and shall not be distributed, forwarded, passed on or disseminated to any other person. Investors should note that, as a result of exemptions that apply when this report is distributed to "accredited investors" and "expert investors", MUBK’s Singapore branch and MUS(ASIA) Singapore is exempt from complying with certain requirements under the Financial Advisers Act, including section 34 of the Financial Advisers Act (which requires a financial adviser to disclose all material information on certain investment products), section 36 (which requires a financial adviser to have a reasonable basis for making recommendations on investments) and section 45 (which requires a financial adviser to disclose any interests that it holds in securities that it recommends). Please contact your respective financial advisor in Singapore in relation to any matters arising from this report.

• Canada: When distributed in Canada by MUS(EMEA) or MUSA. MUS(EMEA) operates under an International Dealer Exemption from registration with the securities regulators in Alberta, British Columbia, Manitoba, Ontario and Québec. MUSA operates under an International Dealer Exemption from registration with the securities regulators in all Canadian Provinces and Territories. When distributed by MUS(EMEA) or MUSA, this report is only intended for a “permitted client” as that term is defined under the National Instrument 31-103 in Canada and is not intended for re-distribution to any other person. When distributed by MUS(CAN), this report is only intended for an “institutional client” as that term in defined under the IIROC dealer member rules and is not intended for re-distribution to any other person. The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, or solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Under no circumstance is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient.

• Japan: This Note, when distributed by MUFG Securities affiliates located outside of Japan, is intended for distribution in accordance with Article 58-2 of the Financial Instruments Exchange Act 1948 (“FIEA”) i) to a “Financial Instruments Business Operator” engaged in “Securities-Related Business” as defined in the FIEA or ii) to the government, the Bank of Japan, a qualified financial institution defined in Article 209 of the Cabinet Office Ordinance Concerning Financial Instruments Business, Etc., or an Investment Manager.

When distributed by Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (“MUMSS”), this Note is intended for distribution to a “Professional Investor (tokutei-toushika)” as defined in the FIEA.

• United Arab Emirates: This report is only intended for distribution to a “Professional Client” or “Market Counterparty” as those terms are defined under the rules of the Dubai Financial Services Authority and only a person meeting the criteria for these terms should act upon this report.

• Australia: This Note is only intended for distribution to persons in Australia who are sophisticated or professional investors for the purposes of section 708 of the Corporations Act of Australia, and are wholesale clients for the purposes of section 761G of the Corporations Act of Australia. This Note is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in Australia. This Note is for informational purposes only, it does not make any recommendations and should not be relied upon for any investment purposes. For information on how we collect, use, store and secure personal information, please review our Privacy Policy.

MUFG has established policies and procedures to identify and manage conflicts of interest to uphold the values of integrity, responsibility, accountability and trust, and to treat clients fairly. MUFG has put in place the following arrangements to prevent conflicts of interest: information barriers to prevent the unnecessary exchange or misuse of confidential information; segregated deal teams to manage competing interests in a transaction; defined procedures for dealing with conflicts of interest, including procedures on crossing information barriers; reasonable steps by Compliance to ensure that information barrier arrangements remain effective and are effectively monitored.

New Zealand: This Note is only intended for distribution to persons in New Zealand who are wholesale clients as defined in clause 4 of Schedule 5 of the Financial Markets Conduct Act, orAct or are wholesale investors as defined in clauses 3(2) and 3, and clauses 36(b) of Schedule 1 of the Financial Markets Conduct Act. This Note is not intended to be distributed or passed on, directly or indirectly, to any other class of persons in New Zealand. For information on how we collect, use, store and secure personal information, please review our Privacy Policy.

Other jurisdictions:

MUFG Securities also relies on local registrations or regulatory exemptions in order to undertake certain securities business in other countries. In Thailand, MUS(EMEA) has a derivatives dealer registration with the Securities and Exchange Commission, Thailand. In Canada, MUS(EMEA) and MUSA each operate under an international dealer exemption registered with the securities regulators. MUS(EMEA) operates under the exemption in Alberta, Quebec, Ontario, British Columbia and Manitoba. MUSA operates under the exemption in all Canadian Provinces and Territories