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FX TALKING

Asia FX Talking: More two-way risk emerging in USD/CNY

Higher Treasury yields and a broadly stronger dollar are starting to inject more two-way risk in USD/CNY, raising questions about whether it needs to drop much further. We suspect 6.67 will mark the lower end of this year s range. Korea s won remains well bid on the broadening export boom, while South Asia FX continues to struggle with high energy



USD/CNY could soon be entering more of a two-way environment

Main ING Asia FX Forecasts

	USD/CNY	USD/KRW	USD/INR
1M	6.70 ↑	1375 ↑	96.50 ↓
3M	6.69 ↑	1350 ↑	97.00 ↓
6M	6.67 ↑	1350 ↑	96.00 ↓
12M	6.60 ↑	1300 ↓	96.00 ↓

USD/CNY: CNY might see a return of two-way risk ahead

	Spot	One month bias	1M	3M	6M	12M
USD/CNY	6.6931	Neutral	6.70	6.69	6.67	6.60

- USD/CNY has stabilised around the 6.70 level after briefly breaking below in September. The yuan's gradual appreciation trajectory is expected to continue by many market participants.
- Fundamental factors are starting to look more mixed. US-China yield spreads have widened to the highest levels on record. Foreign holdings of Chinese domestic assets have recovered this year, but FDI continues to contract. China continues to run a strong current account surplus, and exporters continue to sell into rallies.
- For the rest of the year, USD/CNY may be relatively rangebound. Odds for a return of two-way volatility are increasing. Our 2026 forecast sees a fluctuation band of 6.67-6.92, with risks still balanced to the downside.

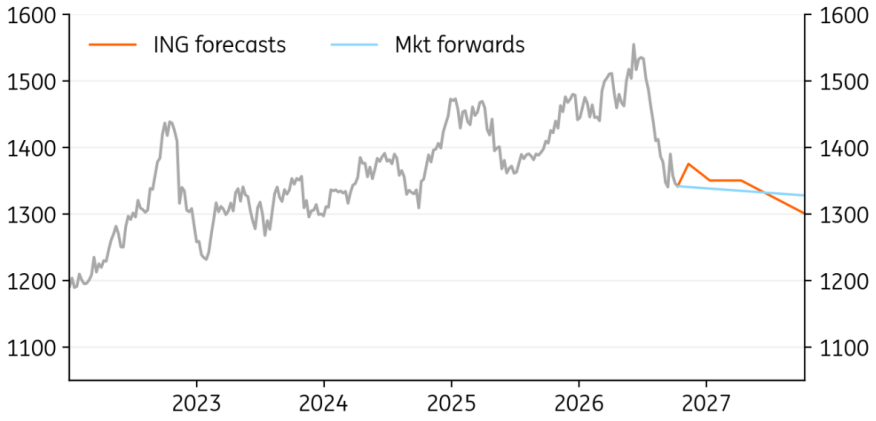


Source: Refinitiv, ING Forecasts

USD/KRW: Won holding up better than expected

	Spot	One month bias	1M	3M	6M	12M
USD/KRW	1,331.4000	Mildly Bullish ↗	1375.00	1350.00	1350.00	1300.00

- The won is delivering quite the resilient performance. Yes, we did see the brief correction to 1390 on a hawkish Fed, but those USD gains have been quickly reversed. Our preference, however, remains for a 1325-1400 trading range into year-end given the difficult external environment. High US yields, some pick up in financial market volatility and stubbornly high energy prices all matter.
- The local story remains encouraging. Consumer sentiment is picking up as the benefits of the chip export boom are broadening. Bank of Korea could hike 100bp over the next year.
- Korean exporters now seem to have greater confidence in bringing money back to the won. Sub-1300 looks possible in 2027.

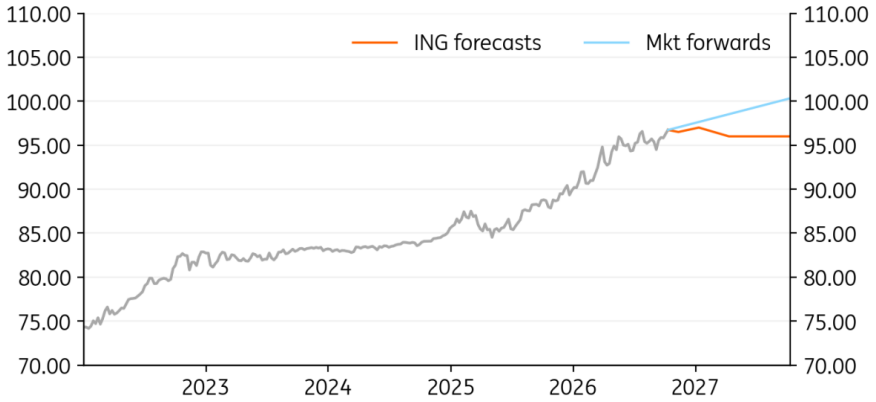


Source: Refinitiv, ING Forecasts

USD/INR: Higher rates not enough to lift the INR

	Spot	One month bias	1M	3M	6M	12M
USD/INR	95.7800	Neutral	96.50	97.00	96.00	96.00

- The Reserve Bank of India has embarked on a rate hiking cycle, raising the repo rate by 25bp to 5.5%. Despite this, the rupee slipped against the dollar and continued to depreciate. Lack of a decisive tightening signal and a relatively neutral stance on rates likely triggered the response.
- Absent a major upside inflation surprise from oil, El Niño-related food pressures, or a sharper INR depreciation, we expect the RBI to maintain a gradual tightening path, delivering another 50bp of hikes to a terminal repo rate of 6.0% by 2Q27.
- After a brief surge in FII inflows, September saw around $6bn in outflows, driven by higher oil prices and a widening USD rate advantage. With limited near-term catalysts, the INR is likely to trade with a weaker bias.

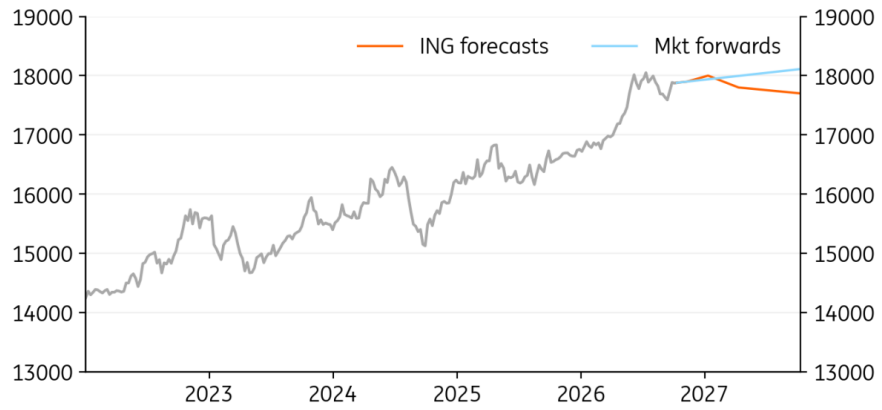


Source: Refinitiv, ING Forecasts

USD/IDR: Renewed weakening pressures likely

	Spot	One month bias	1M	3M	6M	12M
USD/IDR	17,900.0000	Neutral	17900.00	18000.00	17800.00	17700.00

- Currency stability remains Bank Indonesia's primary objective. Rather than raising rates and increasing borrowing costs, BI appears willing to rely on targeted market measures to attract inflows and support the rupiah. This has helped IDR recover from its lows.
- Although improving sentiment supported by greater policy certainty has eased near-term pressure on policymakers to hike rates, upside risks to inflation from higher fuel prices and a severe El Niño remain. We therefore continue to expect one 25bp rate hike in 2026.
- Indonesia's external accounts remain a key source of vulnerability. FDI inflows are still subdued, FII inflows have weakened again, and the current account deficit is expected to widen, keeping depreciation pressures on the rupiah elevated. Meanwhile, declining FX reserves have reduced BI's scope for sustained currency intervention.

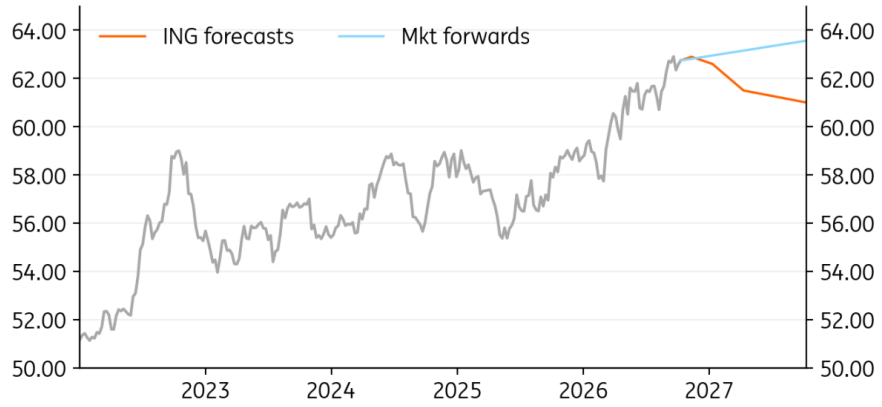


Source: Refinitiv, ING Forecasts

USD/PHP: Potential breach of 63.0 driven by fundamentals

	Spot	One month bias	1M	3M	6M	12M
USD/PHP	62.7500	Neutral	62.90	62.60	61.50	61.00

- Elevated oil prices have intensified pressure on the oil-sensitive peso, making it one of the region's worst-performing currencies year-to-date. The weakness reflects a deteriorating external position, with the current account deficit widening by roughly 50% to $15bn in 1H26 from a year earlier.
- Inflation has reaccelerated above 7% YoY and remains persistently elevated, driven by food and fuel prices. Compared with regional peers, the Philippines stands out for its stronger pass-through of global oil prices into domestic fuel costs, amplifying inflationary pressures.
- We expect the currency to remain under pressure as declining FX reserves limit the central bank's ability to intervene aggressively in the FX market, while weakening external fundamentals continue to weigh on investor sentiment.

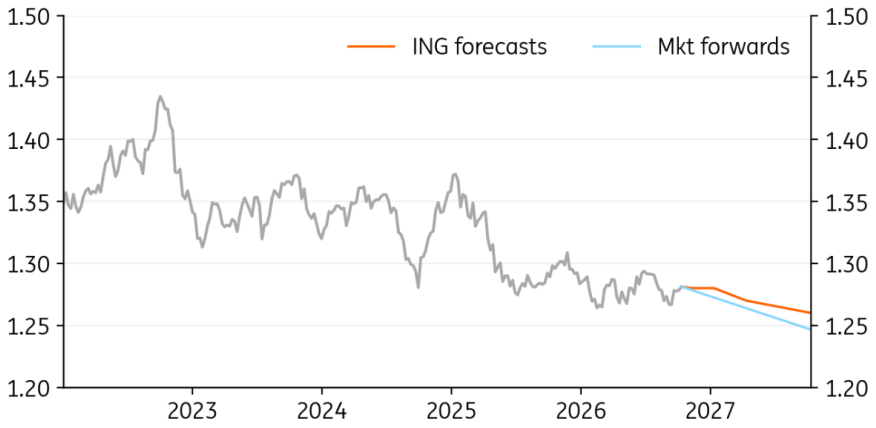


Source: Refinitiv, ING Forecasts

USD/SGD: Likely to remain the strongest ASEAN currency

	Spot	One month bias	1M	3M	6M	12M
USD/SGD	1.2799	Neutral	1.28	1.28	1.27	1.26

- We continue to see upside risks to Singapore's inflation outlook, driven by resilient domestic demand and persistent price pressures across both goods and services. Underlying price dynamics point to further firming in core inflation over the coming months.
- Persistent inflation risks from energy, food and domestic demand suggest the Monetary Authority of Singapore may not yet be finished tightening. As a result, we believe the October policy meeting remains a live event.
- We expect modest policy tightening through a “very slight” increase in the slope of the SGD NEER policy band, potentially to around 1.5% annual appreciation. Such a move would provide additional support for the Singapore dollar amid an uncertain external environment.

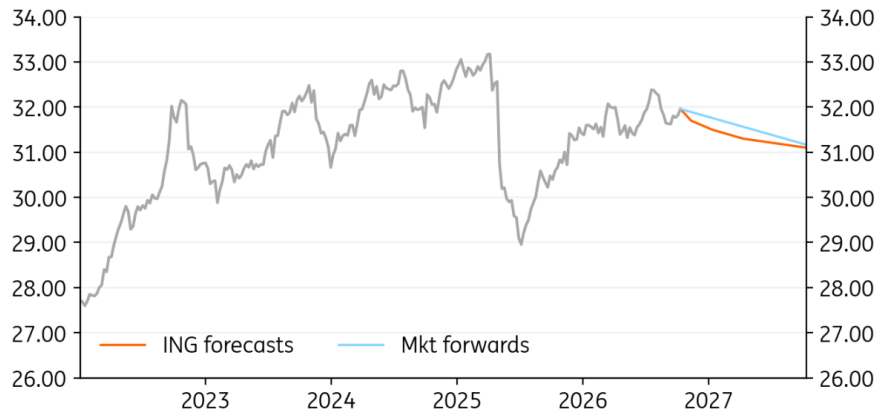


Source: Refinitiv, ING Forecasts

USD/TWD: TWD weakens despite equity inflows and trade surplus

	Spot	One month bias	1M	3M	6M	12M
USD/TWD	31.9200	Neutral	31.70	31.50	31.30	31.10

- USD/TWD trended a little higher over the past month, trading within a range of 31.5-31.9 and partially unwinding the drop seen in August.
- We've seen a mixed picture in terms of the Taiwan dollar's key drivers. Yield spreads widened as the Fed hiked while the Central Bank of the Republic of China stayed on hold. There is also significant outflow pressure from Taiwan corporates investing abroad. However, equity market inflows generally continued over the past month, and Taiwan's trade surplus continued to reach new highs.
- With mixed drivers, further rangebound trading is expected in the near-term. The CBC continues to manage FX volatility, and we expect a rate hike at December's meeting. Barring significant new catalysts, USD/TWD looks likely to stay within this year's range of 31.2-32.5 through year-end.



Source: Refinitiv, ING Forecasts

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