FX Talking: Au revoir, euro bulls

French fiscal concerns could keep weighing on the euro into the new year, while the Fed s hawkish stance on inflation should continue to underpin the dollar. We expect EUR/USD to remain in a 1.10-1.15 range in the coming months, but we retain a bullish 2027 view on the pair

In this bundle

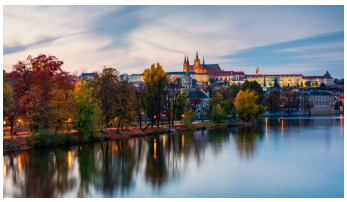


FX | FX Talking

G10 FX Talking: Independent euro weakness in play

EUR/USD looks set to stay pressured in a new 1.10-15 range

By Chris Turner and Francesco Pesole



FX | FX Talking

EMEA FX Talking: External headwinds up against local stories

Light foreign positioning and some local rate hikes can keep EMEA currencies relatively insulated

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Latam FX Talking: Brazil and Mexico on diverging paths

Brazilian assets are in the midst of a re-rating, while Banxico is showing benign neglect for the peso. BRL/MXN can advance further

By Chris Turner



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

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

By Deepali Bhargava, Lynn Song and Chris Turner



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FX | FX Talking

FX Talking: Au revoir, euro bulls

The full report of our October edition of FX Talking

By Chris Turner and Francesco Pesole

Article | 12 October 2026

FX TALKING

G10 FX Talking: Independent euro weakness in play

At a time when US economic growth appears solid and the Fed is intent on tightening policy, French budget unrest has only served to soften an already weak EUR/USD. We now think it can stay pressured at the lower end of a 1.10-15 range over the next three to six months. The biggest threat to the dollar probably comes from any new White House policy post-midterms



EUR/USD looks set to stay pressured in a new 1.10-15 range

Main ING G10 FX Forecasts

	EUR/USD	USD/JPY	GBP/USD
1M	1.13 ↑	158 →	1.35 ↑
3M	1.13 ↑	158 ↑	1.35 ↑
6M	1.13 →	158 ↑	1.35 ↑

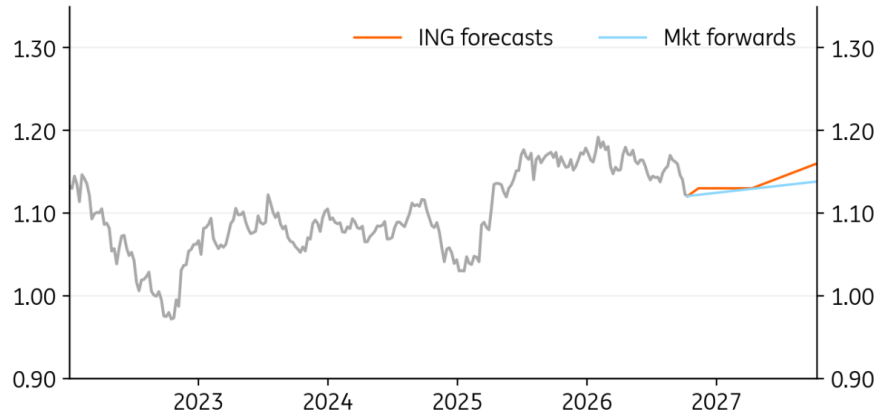
12M	1.16 ↑	156 ↑	1.35 ↑

	EUR/GBP	EUR/CHF	USD/CAD
1M	0.84 ↓	0.93 →	1.43 ↑
3M	0.84 ↓	0.93 ↑	1.42 →
6M	0.84 ↓	0.94 ↑	1.42 ↑
12M	0.86 →	0.95 ↑	1.39 ↓

EUR/USD: French debt concern dominates

	Spot	One month bias	1M	3M	6M	12M
EUR/USD	1.1203	Neutral	1.13	1.13	1.13	1.16

- A hawkish Federal Reserve hike in September and a continued rise in US yields are pressure testing the global financial system. The most recent asset class to give way is French government debt, where politicians lack the urgency to tackle budget deficits. We see this more akin to the 2018 Italian debt crisis – again, driven by elections – rather than Greece's selective default in 2012.
- Expect more volatility in the OAT-Bund spread into year-end, but passage of modest fiscal consolidation should prevent a much heavier sell-off in French debt and the euro.
- EUR/USD is set to stay offered in a 1.10-1.15 range. The main risk to the upside stems from uncertain White House policy post the November midterm elections.

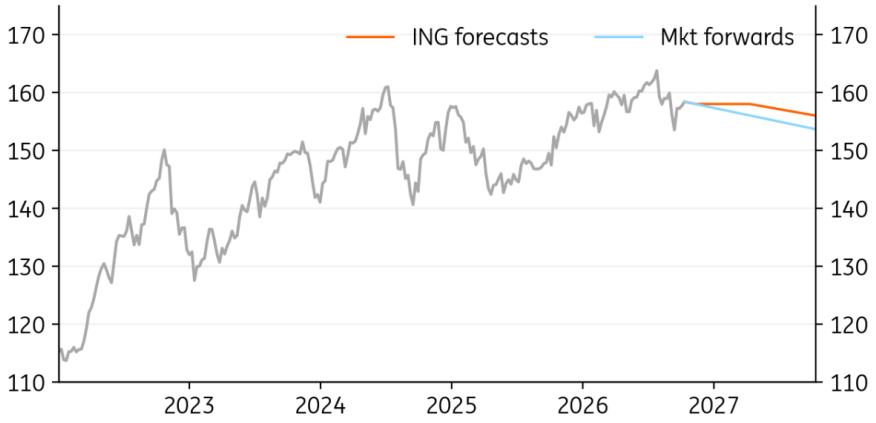


Source: Refinitiv, ING Forecasts

USD/JPY: Yen re-rating enters a pause

	Spot	One month bias	1M	3M	6M	12M
USD/JPY	158.46	Neutral	158.00	158.00	158.00	156.00

- September proved a wild month for USD/JPY, where runaway yen optimism briefly saw 153, before a hawkish Fed and a dovish Bank of Japan hike sent it back to 158. What we've learned this year is that Japan and the US are uncomfortable with the pair above 160. But a move to 150 requires less hawkishness from the Fed and a much higher policy rate in Japan. That may not emerge until 2Q27.
- Domestically, growth is picking up in Japan, but we doubt the BoJ is ready to accelerate its tightening cycle. We think the next hike (to 1.50%) comes in January, or slightly earlier on 18 December.
- 30 October is a big date for USD/JPY. No BoJ hike and no news of GPIF fund re-allocation to Japan could weigh heavily on the yen.

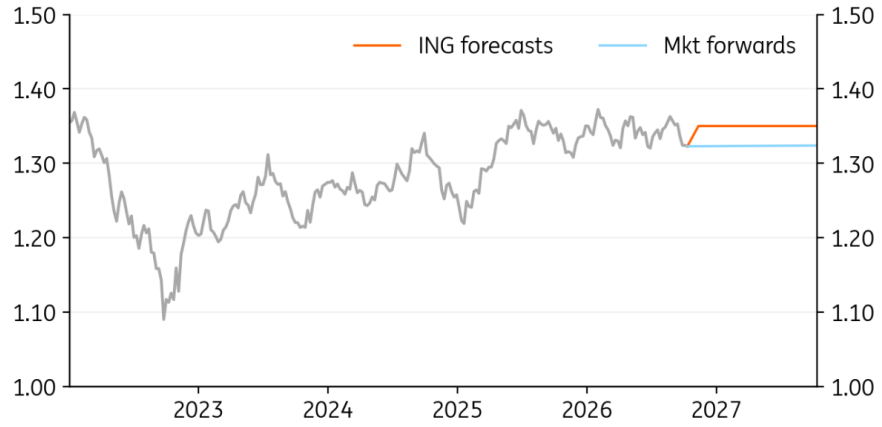


Source: Refinitiv, ING Forecasts

GBP/USD: BoE looking to pull the trigger

	Spot	One month bias	1M	3M	6M	12M
GBP/USD	1.3247	Mildly Bullish ↗	1.35	1.35	1.35	1.35

- With energy prices staying higher for longer, it increasingly looks like the Bank of England might hike at its 5 November meeting. If it does, we suspect another hike will be coming in February – taking the policy rate to 4.25%. Central to the BoE is inflation approaching 4%, a level where BoE research has found that second-round inflation effects become greater.
- The Bank delivering on expectations of a rate hike should be a sterling positive – cementing its status as a G10 high-yielder.
- 28 October is a UK event risk in the form of Prime Minister Andy Burnham's first budget. Cost of living support measures should be announced, but we expect them to be funded, avoiding a Gilt market sell-off.

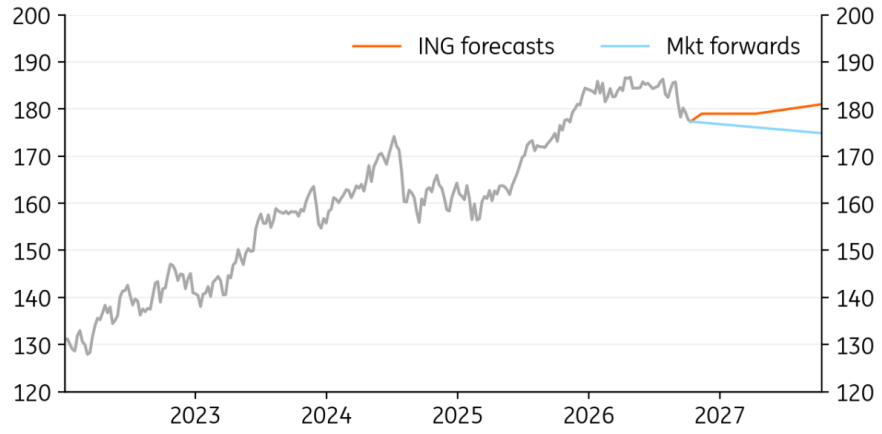


Source: Refinitiv, ING Forecasts

EUR/JPY: Multi-year correction in play

	Spot	One month bias	1M	3M	6M	12M
EUR/JPY	177.5300	Neutral	179.00	179.00	179.00	181.00

- Independent euro weakness coming through on the back of the French debt crisis is helping to solidify this correction in EUR/JPY. Having rallied over 60% in six years, EUR/JPY should now enter a more consolidative environment – perhaps in a 175-182 range.
- From the euro side, downside risks exist from the European Central Bank's reaction function. Should the ECB feel the need to curtail its tightening cycle (we look for one last hike to 2.75% in December), slow its quantitative tightening scheme or even buy bonds again, EUR/JPY could see a sizeable break lower.
- In Japan, any faster Bank of Japan tightening or the GPIF announcing an increase to its 50% weighting for domestic assets would help the yen.

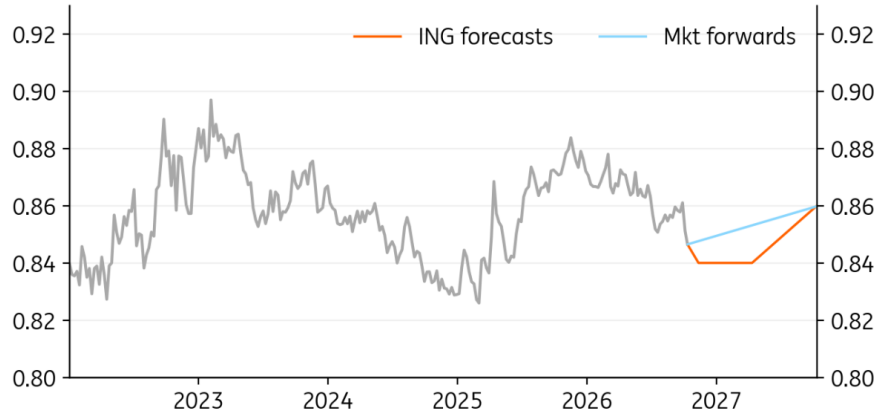


Source: Refinitiv, ING Forecasts

EUR/GBP: BoE and closer Europe ties to help GBP?

	Spot	One month bias	1M	3M	6M	12M
EUR/GBP	0.8458	Mildly Bearish ↘	0.84	0.84	0.84	0.86

- Independent euro weakness has dragged EUR/GBP back to the lows of the year at 0.8450/55. Were French risk to escalate, e.g., OAT-Bund spreads to widen to 250bp and the ECB forced to take emergency measures, EUR/GBP could trade all the way to 0.82.
- That is not our call. Instead, a more contained French crisis and a more hawkish BoE than initially expected should keep EUR/GBP in a 0.84-0.85 range for several more months – with a downside skew.
- One of the sterling bullish wild cards is Europe. PM Burnham wants to get closer to Europe and does not rule out a referendum on an EU return. An EU-UK summit on 20 November may generate headlines that are typically welcomed by sterling.

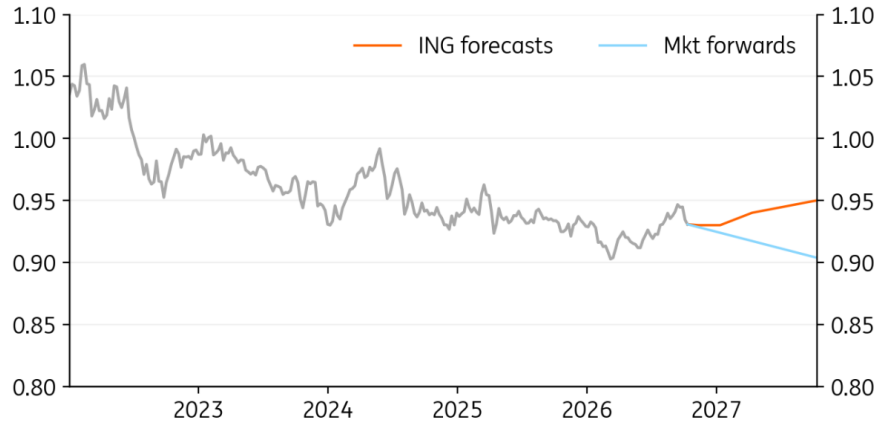


Source: Refinitiv, ING Forecasts

EUR/CHF: French debt crisis sees CHF win new friends

	Spot	One month bias	1M	3M	6M	12M
EUR/CHF	0.9318	Neutral	0.93	0.93	0.94	0.95

- It looks like EUR/CHF has put in an important top at 0.95 in September. Recall that franc weakness was being driven by ever higher global interest rates (Swiss rate hikes would lag) and also low volatility favouring franc-funded carry trades. The French debt crisis has been enough to reverse both those factors. On a view that the French risk is unresolved this year, expect EUR/CHF to bounce around in a 0.92-0.94 range.
- The Swiss National Bank is showing no signs of turning more hawkish. CPI is forecast at 0.8% in both 2027 and 2028.
- Were French risk to become extreme, expect the SNB to buy EUR/CHF again in the 0.90/91 region – though in small amounts.



Source: Refinitiv, ING Forecasts

EUR/SEK: Relief rally in cheap SEK

	Spot	One month bias	1M	3M	6M	12M
EUR/SEK	11.2000	Mildly Bearish ↘	11.15	11.15	11.00	10.75

- EUR/SEK has retreated from its highs as French risk hit the euro. While the krona remains a less attractive expression of eurozone fiscal risk than the CHF or GBP, it was also notably cheap versus short-term fair value at the end of last month.
- The combination of sticky oil prices and a fragile bond market suggests that the SEK rebound may struggle to extend in the near term. A return to 11.00 now hinges on some easing of Middle East tensions and/or further fiscal risks weighing on EUR.
- We expect the Riksbank to hike 25bp in November (now 18bp priced in), and to maintain a hawkish bias. Policymakers likely hope that will help SEK, but external factors remain too dominant. We retain a bearish EUR/SEK profile, which relies heavily on some improvement in geopolitical conditions and, to some extent, in French risk weighing on the euro for longer.

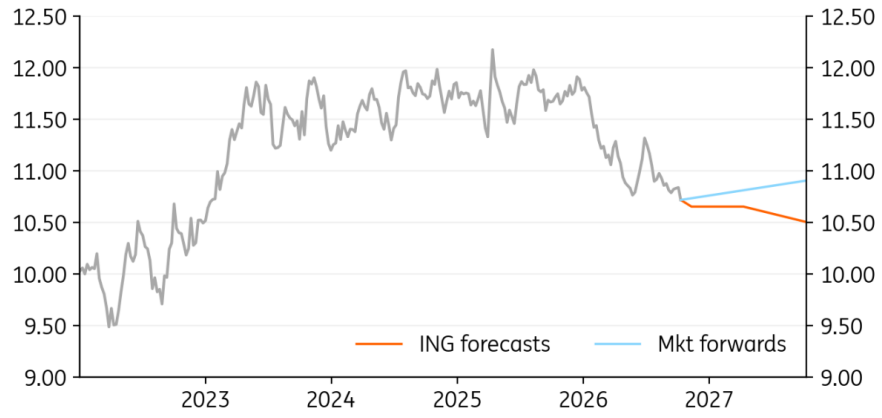


Source: Refinitiv, ING Forecasts

EUR/NOK: Fundamentals shielding the krone

	Spot	One month bias	1M	3M	6M	12M
EUR/NOK	10.7300	Mildly Bearish ↘	10.65	10.65	10.65	10.50

- Our baseline view is that Norges Bank won't hike rates again in 2026. But risks are clearly skewed towards another 25bp increase in December or in 1Q27.
- Inflation remains the key policy driver. September inflation was softer than consensus, with the headline rate rising to 3.4% and underlying CPI flattening at 3.0%. These are levels that should avert a November hike, but Norges Bank will require some improvement in coming months to remain on hold.
- The krone had a very strong 3Q, despite correcting in September. Fundamentals remain supportive, with risks mostly linked to a rapid de-escalation in the Gulf and sharp oil price decline. Neither appears imminent at this stage. EUR/NOK is incidentally being dampened by the soft euro, which is offsetting the poorer liquidity environment.

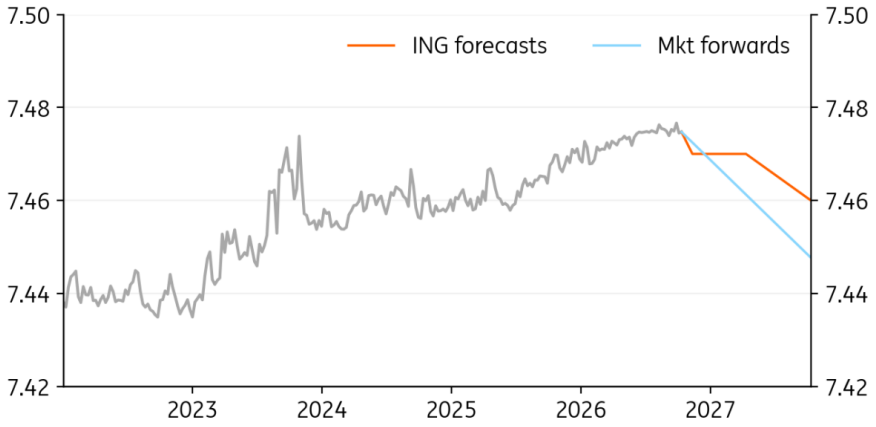


Source: Refinitiv, ING Forecasts

EUR/DKK: No intervention in September

	Spot	One month bias	1M	3M	6M	12M
EUR/DKK	7.4744	Neutral	7.47	7.47	7.47	7.46

- The Danish central bank didn't intervene in FX in September, reinforcing the message that spot levels around 0.2% above the EUR/DKK 7.460 peg are comfortably tolerated.
- EUR/DKK has come under some modest pressure since the start of October as French risk weighed on the euro. Even so, the rate differential continues to support the pair, and it would take a much more meaningful deterioration in the eurozone debt story to materially affect spot.
- We expect one last 25bp hike in Denmark in December, in line with our ECB call. We feel the rate gap will ultimately have to be narrowed, although that may now be a story for 2027.

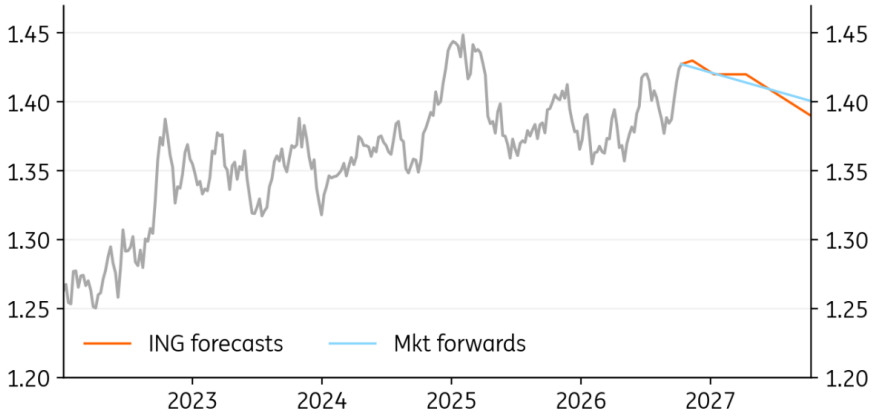


Source: Refinitiv, ING Forecasts

USD/CAD: Trade tensions an underappreciated risk

	Spot	One month bias	1M	3M	6M	12M
USD/CAD	1.4259	Neutral	1.43	1.42	1.42	1.39

- We now think the Bank of Canada will hike rates in December. Markets have been pricing it in for some time now, and it won't be enough to drive USD/CAD lower by itself. October looks premature considering the struggling jobs market, with September posting further jobs losses alongside a tick higher in unemployment to 6.5%.
- A combination of dovish repricing in Fed rate expectations and improved global financial/risk conditions remain necessary to take the pair back towards 1.40. We doubt this will happen already before year-end.
- US-Canada trade tensions are not playing a major role in CAD trading, but they remain a non-negligible downside risk, either directly or indirectly via a softer economic outlook and less room for rate increases.

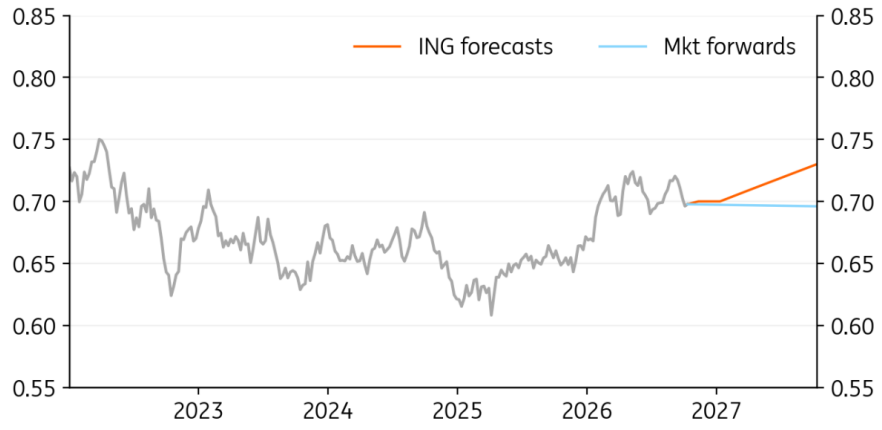


Source: Refinitiv, ING Forecasts

AUD/USD: AUD more resilient than others

	Spot	One month bias	1M	3M	6M	12M
AUD/USD	0.6977	Mildly Bullish ↗	0.70	0.70	0.71	0.73

- AUD/USD has suffered from the September USD rally but is not a standout loser in G10. It's a signal that the latest hike by the Reserve Bank of Australia is offering the Aussie dollar some protection in the crosses.
- We haven't pencilled in any additional RBA hikes as we expect some gradual improvement in the inflation picture. But policymakers have shown little hesitation to act, and markets are understandably still pricing in the risk (11bp) of a move by December.
- The sharp worsening in global financial conditions calls for a revision lower in our AUD/USD profile. We now see 0.70-0.71 as a more realistic target for year-end. We still see strong potential for AUD gains in 2027, as global inflation concerns may finally start to ease.

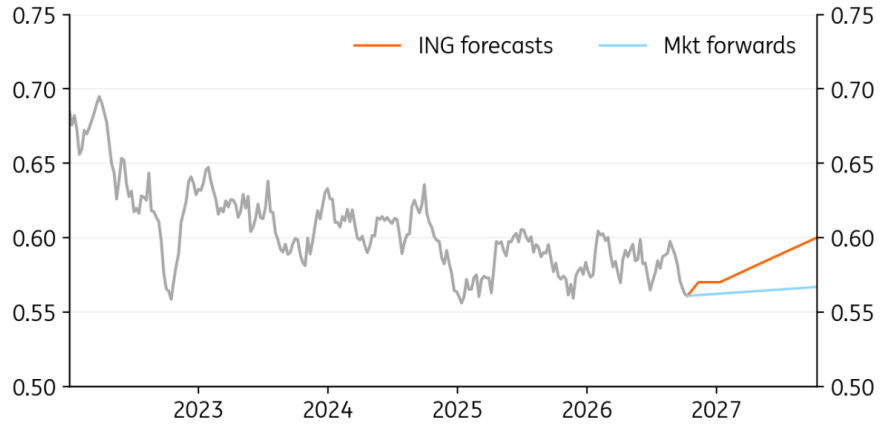


Source: Refinitiv, ING Forecasts

NZD/USD: Looking cheap

	Spot	One month bias	1M	3M	6M	12M
NZD/USD	0.5603	Mildly Bullish ↗	0.57	0.57	0.58	0.60

- The Kiwi dollar has been a big underperformer as of late. External conditions are hitting hard, and the recent dovish surprise by the Reserve Bank of New Zealand in September has left the currency less protected.
- Still, the NZD/USD drop looks too stretched relative to its short-term fair value. NZD has been the most undervalued G10 currency for the past couple of weeks, and we think further drops will be harder to sustain unless fundamentals shift.
- We also think any recovery in global risk sentiment can see NZD stand out on the positive side. The RBNZ should hike in December, but we cannot exclude a move in October, when a hawkish re-tuning of the policy message looks likely anyway. We have revised our NZD/USD lower but still see upside potential next year.



Source: Refinitiv, ING Forecasts

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Article | 12 October 2026 FX TALKING

EMEA FX Talking: External headwinds up against local stories

Like many emerging market currencies, those in the EMEA region have been hit by higher US Treasury yields and the stronger dollar. Yet the domestic stories look constructive for many, and a combination of some local rate hikes as well as light foreign positioning (ex Hungary) can insulate these currencies from the global bond market sell-off



Light foreign positioning and some local rate hikes can keep EMEA currencies relatively insulated

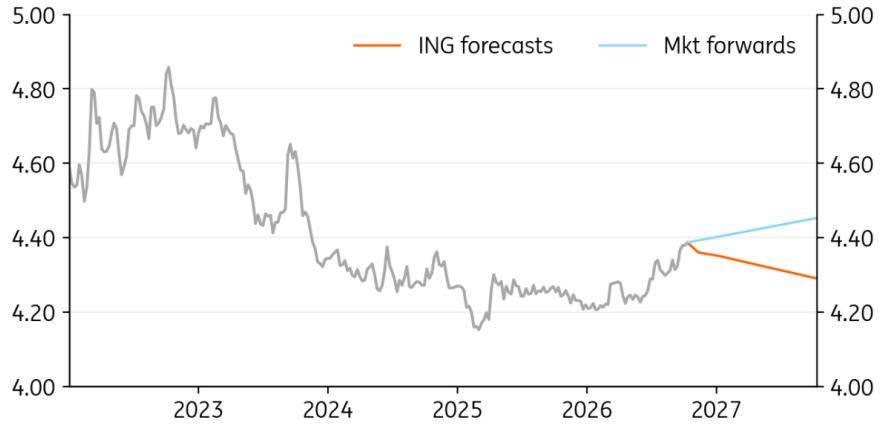
Main ING EMEA FX Forecasts

	EUR/CZK	EUR/PLN	EUR/HUF
1M	24.40 ↑	4.36 ↓	360 ↓
3M	24.40 ↓	4.35 ↓	355 ↓
6M	24.35 ↓	4.33 ↓	360 ↓
12M	24.30 ↓	4.29 ↓	362 ↓

EUR/PLN: Zloty swings with market sentiment

	Spot	One month bias	1M	3M	6M	12M
EUR/PLN	4.3877	Mildly Bearish ↘	4.36	4.35	4.33	4.29

- EUR/PLN has moved towards 4.40 after trading around the 4.30 level during summer. With market sentiment deteriorating amid geopolitical tensions in Iran, France and Russia, the coming weeks could challenge the zloty.
- PLN has recently strengthened its correlation with EUR/USD, so the dollar's future moves will be the key driver in the currency's performance, while domestic factors are likely to take a back seat.
- We retain a broadly positive stance on the zloty in the medium term due to solid GDP momentum and persistent outperformance. However, the balance of risks has become less favourable; the National Bank of Poland may deliver fewer hikes than priced, and a hot budget debate could reveal vulnerabilities.

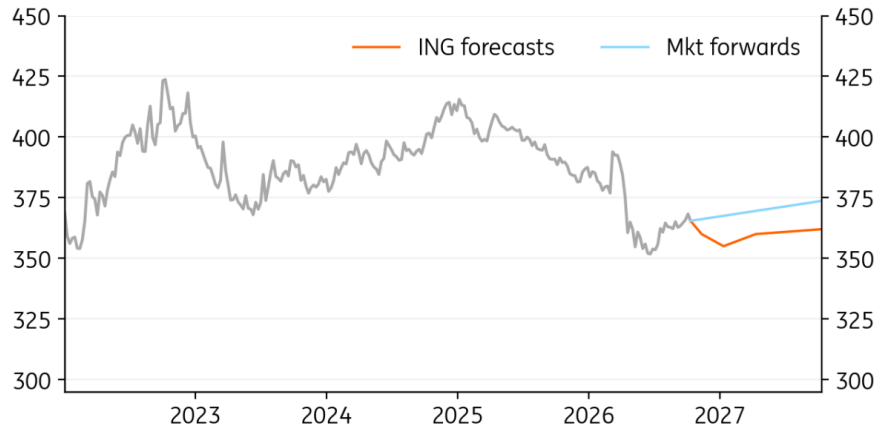


Source: Refinitiv, ING Forecasts

EUR/HUF: A credibility boost is in the making for the forint

	Spot	One month bias	1M	3M	6M	12M
EUR/HUF	364.8900	Bearish ↘	360.00	355.00	360.00	362.00

- While EUR/HUF has shown some volatility recently, the swings have been far more moderate than we used to see. This reflects general positioning and the euro adoption story.
- We think an idiosyncratic shock is coming with the 2027 budget and the mid-term fiscal consolidation plan. If the government delivers a credible plan, as we expect, and announces official talks on joining ERM II, this could provide a credibility boost to the forint.
- A significant drop in the risk premium and some insulation from geopolitical market turbulence could take EUR/HUF down to the 350-355 area over the next month. This would, however, reopen the door to a National Bank of Hungary easing cycle starting in December, putting the HUF on a mild depreciation path over the following 12 months.

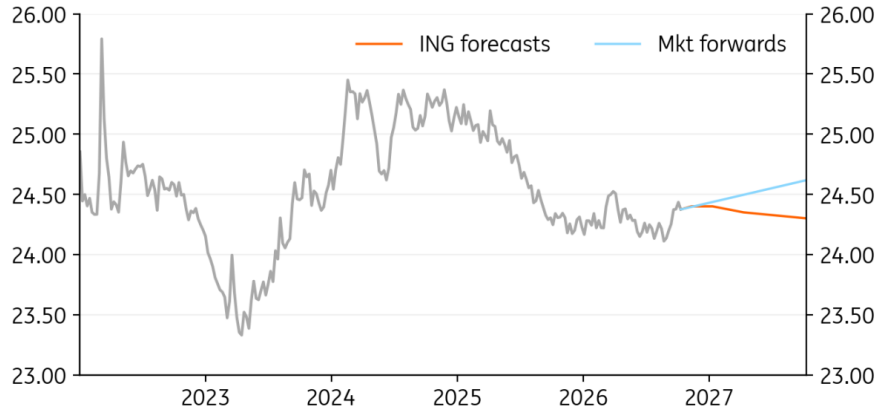


Source: Refinitiv, ING Forecasts

EUR/CZK: Braving the turbulence

	Spot	One month bias	1M	3M	6M	12M
EUR/CZK	24.3900	Neutral	24.40	24.40	24.35	24.30

- The Czech Republic has also been affected by the global bond yield rally, with the turmoil applying depreciation pressure on the koruna. Inflation is set to increase on the back of rallying import prices and second-round effects of the oil price shock starting to bite.
- We believe that equilibrium interest rates are higher than generally assumed, since the cost of capital must adjust to a world of protracted conflict and increased resource scarcity. A higher base rate is warranted to prevent the koruna from weakening further, which would exacerbate domestic price pressures.
- That said, the ECB may turn more hesitant despite elevated inflation, as concerns over French fiscal issues rekindle fears of another euro crisis. In turn, the real interest rate differential should help the koruna withstand the turmoil and gradually appreciate once things have calmed down.

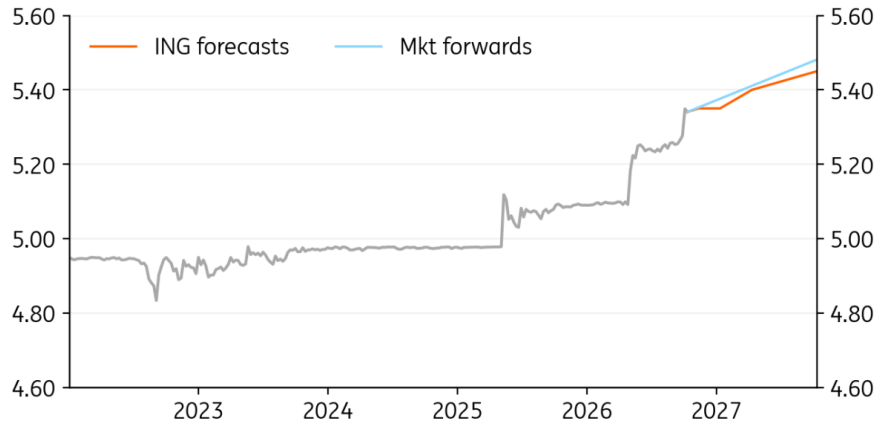


Source: Refinitiv, ING Forecasts

EUR/RON: Rating downgrade avoided, RON still vulnerable

	Spot	One month bias	1M	3M	6M	12M
EUR/RON	5.3383	Neutral	5.35	5.35	5.40	5.45

- EUR/RON had its second major move of the year, climbing from 5.28 to 5.35, which looks to be the near-term level. Official interventions have likely moderated the impact of significant outflow pressures through both September and so far in October – with the fear of rating downgrades and the protracted political instability as key drivers.
- While the rating remained in place, the political arena is yet to find its consensus. The key positive element supporting the credit story remains the budget deficit, which stood at 2.89% of GDP as of August 2026 (vs 4.50% in August last year).
- A tighter liquidity management has recently led FX implied yields to the highest levels since May 2025, although funding pressures have diminished from their early October peak. We expect the pair to remain around its current levels by year-end and close next year near 5.45.

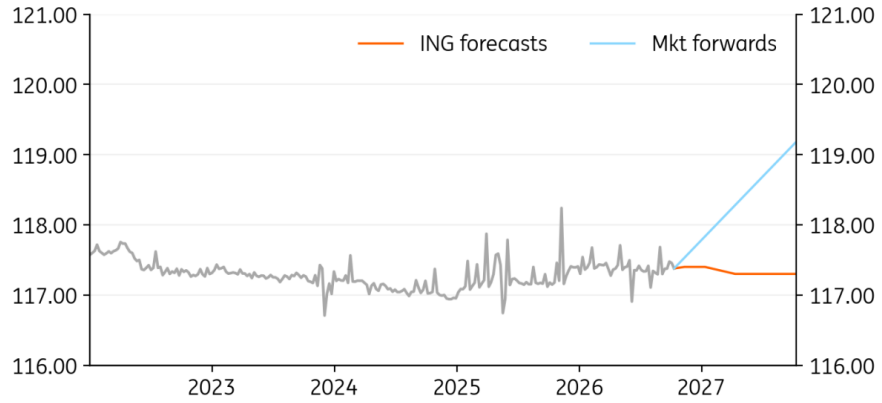


Source: Refinitiv, ING Forecasts

EUR/RSD: RSD stable ahead of parliamentary elections

	Spot	One month bias	1M	3M	6M	12M
EUR/RSD	117.4200	Neutral	117.40	117.40	117.30	117.30

- EUR/RSD has remained relatively flat in the range of 117.3–117.5. Yet again, the US Treasury's Office of Foreign Assets Control (OFAC) has extended the operating waiver for Serbia's NIS refinery until 30 October. The NIS ownership issue is yet to be resolved.
- Snap parliamentary elections have been called for 25 October, with President Aleksandar Vucic resigning in order to pursue premiership. The fiscal deficit has recently been revised higher, from 3.0% to 3.5% of GDP in 2026, mainly reflecting higher social expenditure.
- At its October meeting, the National Bank of Serbia kept the key rate in place at 5.75%, continuing to highlight inflation uncertainty. Between January and August, the Bank sold €407m to keep the pair stable. We expect the pair to remain around the current levels ahead.

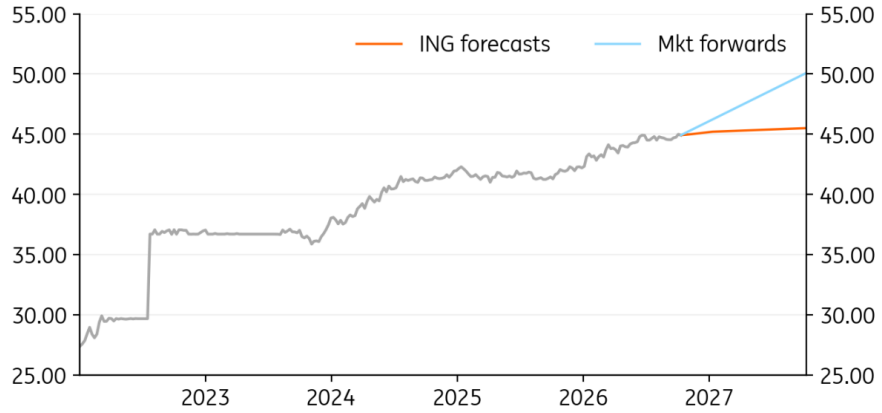


Source: Refinitiv, ING Forecasts

USD/UAH: NBU efforts to protect the UAH

	Spot	One month bias	1M	3M	6M	12M
USD/UAH	44.9200	Neutral	45.00	45.20	45.30	45.50

- The hryvnia remained under pressure as the dollar strengthened, partly due to renewed Middle East tensions. Consequently, USD/UAH temporarily broke above 45.0, reaching its highest level on record.
- Hryvnia depreciation could have been sharper, but National Bank of Ukraine action provided support. In September, the central bank raised rates by 50bp to 16.0% and maintained sizeable FX interventions, with the four-week average near record highs.
- The outlook for the hryvnia appears cloudy as the macroeconomic environment remains challenging – particularly as the ongoing war with Russia poses an increasing threat to the Ukrainian economy.



Source: Refinitiv, ING Forecasts

USD/KZT: Growing state FX sales backlog to boost KZT resilience

	Spot	One month bias	1M	3M	6M	12M
USD/KZT	452.0400	Neutral	455.00	450.00	440.00	465.00

- The tenge gained 5% against the US dollar in September, driven mainly by private capital inflows, particularly continued non-resident demand for KZT government bonds.
- Combined net FX sales by the state oil fund (NFRK) and National Bank of Kazakhstan fell to zero in September, compared with $1.0–1.3bn per month in 1H26. As NFRK sales have remained below fiscal financing needs since mid-2026, an estimated $1.0–1.5bn backlog of FX sales has accumulated.
- After gaining 25% YoY against USD, the tenge has limited upside, particularly amid global risk aversion and regional geopolitical uncertainty. At the same time, Kazakhstan's high real rates should continue to attract carry-trade inflows, while the eventual release of the state FX sales backlog could ensure KZT resilience if market sentiment deteriorates.

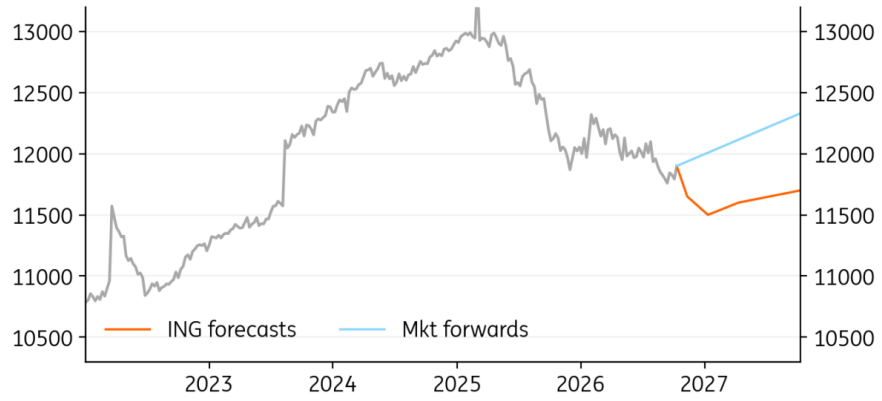


Source: Refinitiv, ING Forecasts

USD/UZS: Still waiting for gold exports to catch up

	Spot	One month bias	1M	3M	6M	12M
USD/UZS	11,898.0000	Bearish ↘	11650.00	11500.00	11600.00	11700.00

- After appreciating 1% against the US dollar in August, the soum was broadly flat in September and early October. This was slightly weaker than we expected, but still resilient given the global dollar rally and lower gold prices.
- Gold exports remain a key variable for Uzbekistan's FX market. There were no exports in August, and gold was exported only in April and July this year. Year-to-date volumes stand at just 18 mt, implying a substantial backlog compared with 85 mt in FY25 and the historical annual range of 80–120 mt.
- Like Kazakhstan, Uzbekistan offers high real rates and is likely to continue doing so despite a potential monetary policy easing. As inflation has stabilised at 6.2–6.4% YoY, we see some room for a cautious cut from the current 14.00% policy rate before the end of the year.

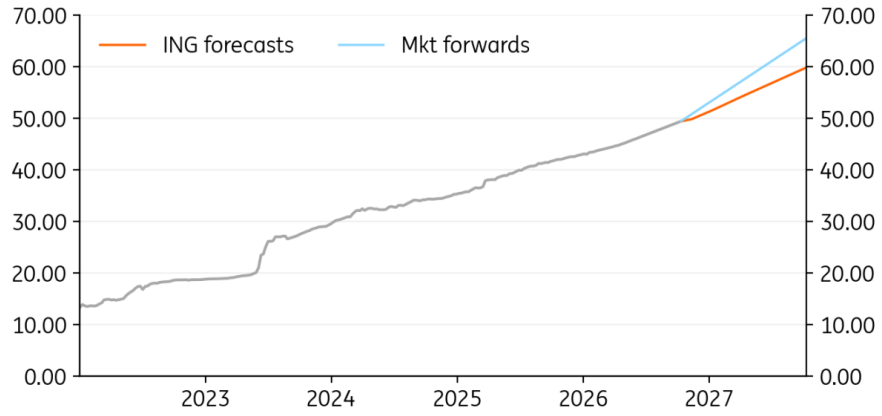


Source: Refinitiv, ING Forecasts

USD/TRY: Rate cut expectations build as inflation eases

	Spot	One month bias	1M	3M	6M	12M
USD/TRY	49.3400	Bullish ↗	49.75	51.50	54.30	59.80

- Fund volatility has not affected the dollarisation ratio. Net outflows in lira-denominated funds turned TRY625bn between the end of August and 6 October, excluding suspended funds. Meanwhile, outflows from FX-linked fund assets totalled $2.2bn, while higher TRY deposits and repo balances suggest dollarisation remains contained.
- September's CPI came in below consensus, supported by favourable food and transport. Annual CPI fell to 29.7% from 31.5% in August. Seasonally adjusted CPI, a key indicator closely monitored by the Central Bank of Turkey, slowed to 1.6% month-on-month from 2.2% in August, marking one of the lowest readings seen in recent years.
- This backdrop increases the likelihood of a shift toward policy rate cuts. The recent investment fund disruption is likely to raise downside risks to activity. Given September's CPI and weak domestic demand, we expect two 100bp cuts in October and December.

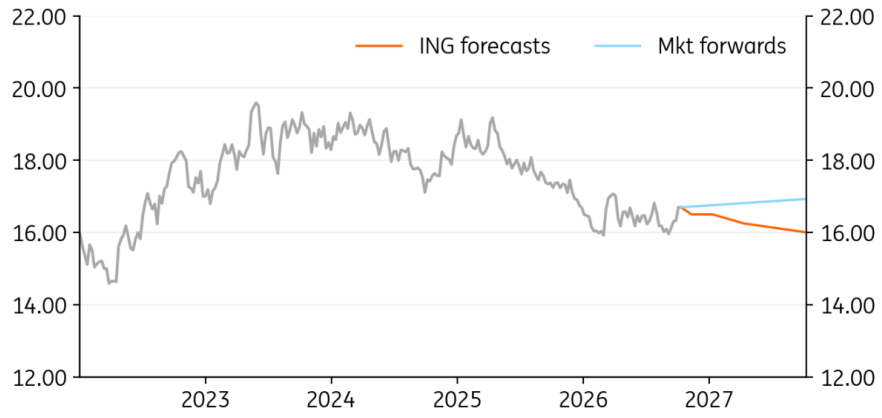


Source: Refinitiv, ING Forecasts

USD/ZAR: A resilient performance from the rand

	Spot	One month bias	1M	3M	6M	12M
USD/ZAR	16.5100	Mildly Bearish ↘	16.50	16.50	16.25	16.00

- The high-yield rand has been one of the better EM performers during the sell-off over the last month. Its fiscal metrics are not particularly great, (5% budget deficit, 80% debt to GDP), but the coalition government looks to be taking things in the right direction; a primary budget surplus is helpful here.
- The South African Reserve Bank is helping out too, having hiked 25bp in September to 7.25%. It is threatening to hike rates again on a baseline view that core central banks hike another 50bp.
- A difficult external environment suggests USD/ZAR may need to trade in a 16.00-16.60 range for the next three to six months. As 2027 progresses, however, the case for sub-16.00 levels builds.

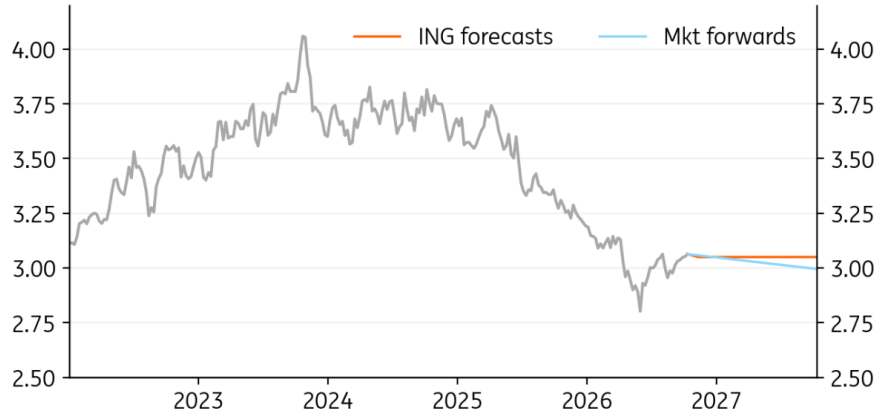


Source: Refinitiv, ING Forecasts

USD/ILS: Israel's higher credit rating provides a buffer

	Spot	One month bias	1M	3M	6M	12M
USD/ILS	3.0713	Neutral	3.05	3.05	3.05	3.05

- Israel's high-quality credit rating (A-) has provided a buffer to the shekel during this debt crisis. That largely stems from Israel's strong external investment position and relatively large domestic capital market. Additionally, the debt sell-off has yet to unhinge the US tech story – of which the shekel is a beneficiary.
- In September, the Bank of Israel cut rates to 3.25%, citing low inflation. Markets currently price further aggressive cuts to the 2.00% area, which seems excessive. The BoI might prefer to save those rate cuts for when the dollar is broadly softer – maybe in 2Q27 – and when USD/ILS is threatening to run away sub-3.00.
- Longer term, the trade-weighted ILS is very firm, and we suspect Israeli authorities will struggle to tolerate much further strength.



Source: Refinitiv, ING Forecasts

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Article | 12 October 2026 FX TALKING

Latam FX Talking: Brazil and Mexico on diverging paths

Flávio Bolsonaro s surprising success in the first round of Brazil s presidential elections suggests Brazilian assets and the currency remain prone to a re-rating. In contrast, Banxico seems to have little intention of tracking the Fed in its tightening cycle, leaving the peso quite vulnerable. BRL/MXN looks set to continue its powerful advance



Brazilian assets are in the midst of a re-rating, while Banxico is showing benign neglect for the peso

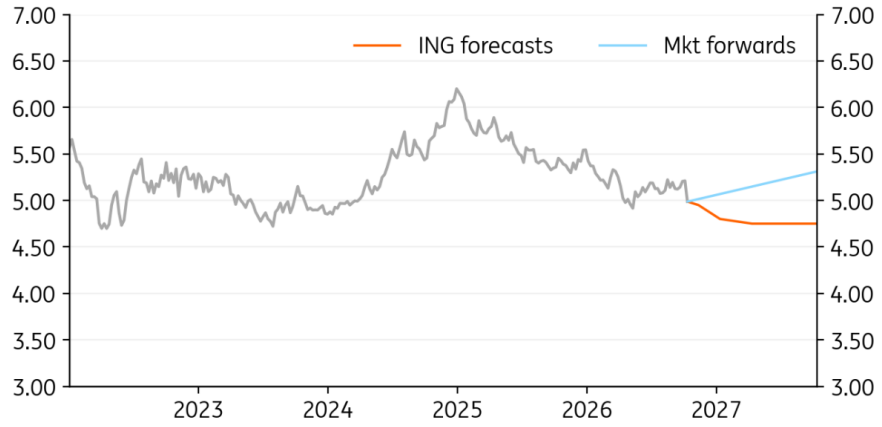
Main ING Latam FX Forecasts

	USD/BRL	USD/MXN	USD/CLP
1M	4.95 ↓	18.25 ↓	975 ↓
3M	4.80 ↓	18.25 ↓	975 ↓
6M	4.75 ↓	18.00 ↓	975 ↑
12M	4.75 ↓	17.75 ↓	925 ↓

USD/BRL: The presidency is Bolsonaro's to lose

	Spot	One month bias	1M	3M	6M	12M
USD/BRL	4.9873	Mildly Bearish ↘	4.95	4.80	4.75	4.75

- The first-round result in the presidential election proved quite the surprise, where Flavio Bolsonaro secured a two-point lead over incumbent President Lula da Silva. The run-off on 25 October is expected to see the other candidates' votes directed very much to Bolsonaro. The presidency now seems Bolsonaro's to lose.
- A Bolsonaro victory later this month could see another round of Brazilian asset buying on expectations that fiscal consolidation (perhaps 2% of GDP) and deregulation can prompt a re-rating of the Brazil investment thesis. The policy rate could be cut 150bp.
- Despite a tough external environment, we see scope for USD/BRL to test the lows of the year at 4.90 and break lower next year.

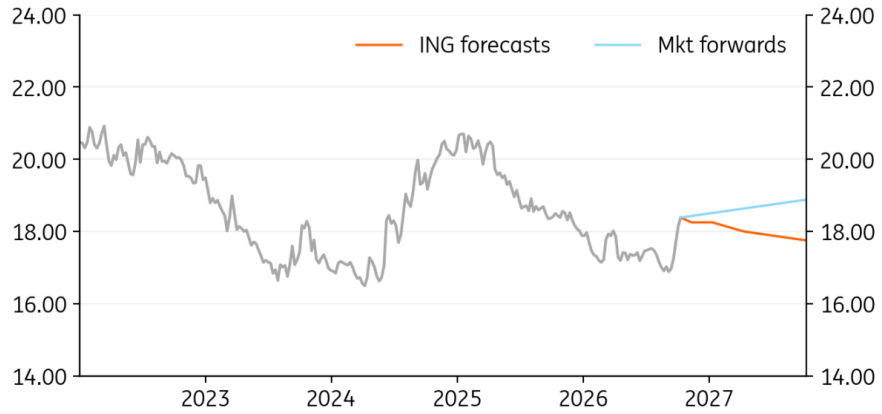


Source: Refinitiv, ING Forecasts

USD/MXN: Benign neglect of the peso

	Spot	One month bias	1M	3M	6M	12M
USD/MXN	18.4000	Neutral	18.25	18.25	18.00	17.75

- USD/MXN has surged 7-8%, largely because the Fed has hiked, US Treasury yields have surged and Banxico did not feel the need to match the Fed's move. Indeed, Banxico said it does not have to 'mechanically' react to actual or expected Fed policy. This leaves the Banxico-Fed spread at the tightest levels (250bp) seen over the last quarter of a century. The peso is now exposed.
- EM correlations show Mexican local currency debt as some of the most exposed to higher Treasury yields. It seems too early to call a top in US rates, meaning that USD/MXN could trade 18.50.
- Uncertainty around the United States-Mexico-Canada Agreement and US President Donald Trump returning to trade post-midterm election results can see MXN underperform.

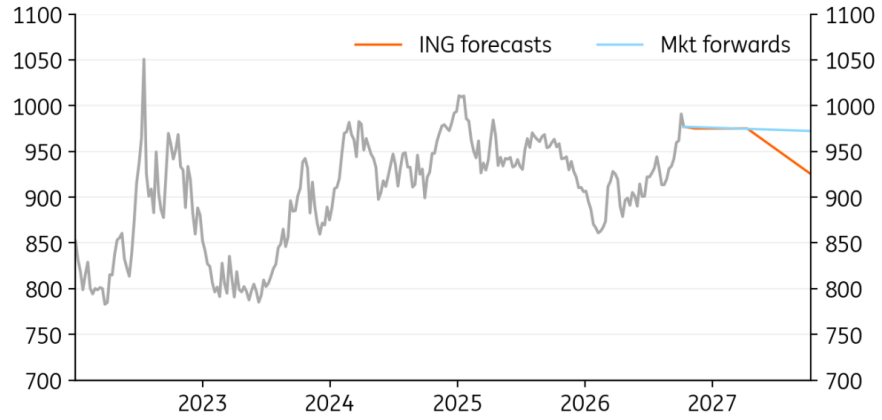


Source: Refinitiv, ING Forecasts

USD/CLP: Higher US rates, lower copper production weigh

	Spot	One month bias	1M	3M	6M	12M
USD/CLP	976.8600	Neutral	975.00	975.00	975.00	925.00

- Latam currencies had a tough September, and Chile's peso was no exception. Not only are higher US rates weighing on the peso, but so too are Chile's challenges with copper production. Bad weather has been playing a part here, but there are now reports of labour market strikes starting too. As such, Chile may not be able to take advantage of high copper prices.
- The central bank has the policy rate at 4.50%. In the past, it had wanted to cut rates further, but that window has now shut. Markets are expecting 100bp of hikes now over the next year.
- USD/CLP could get close to the top of a 900-1000 range over the next three to six months. And we look for USD/CLP to turn lower in 2Q27.



Source: Refinitiv, ING Forecasts

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Article | 12 October 2026 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.

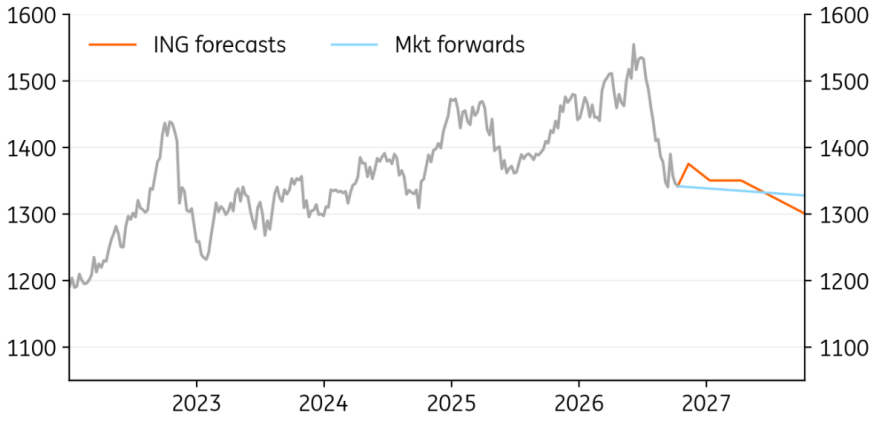


Source: Refinitiv, ING Forecasts

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.

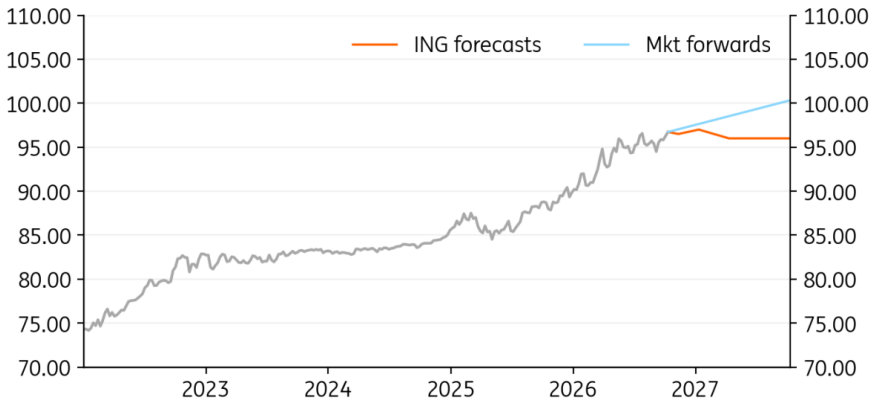


Source: Refinitiv, ING Forecasts

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.

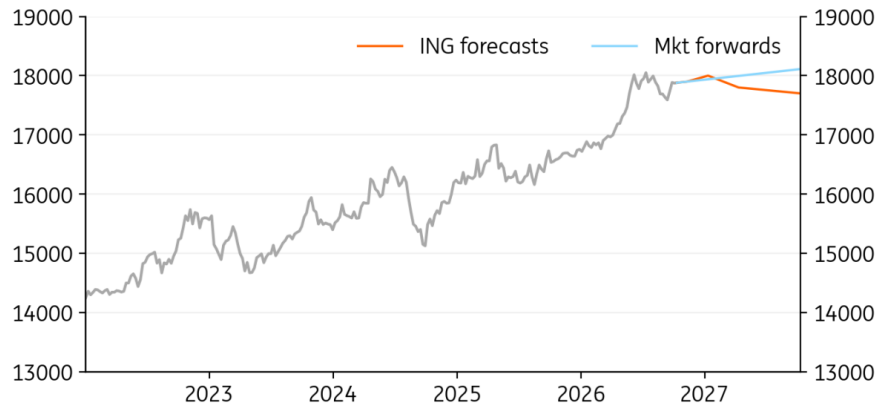


Source: Refinitiv, ING Forecasts

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.

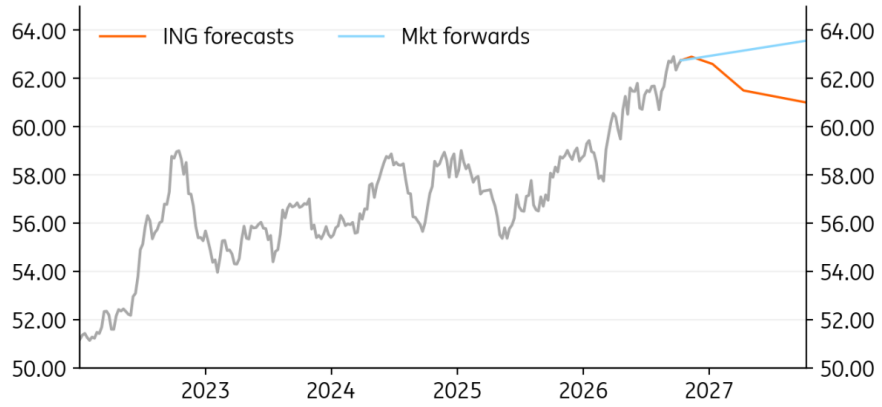


Source: Refinitiv, ING Forecasts

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.

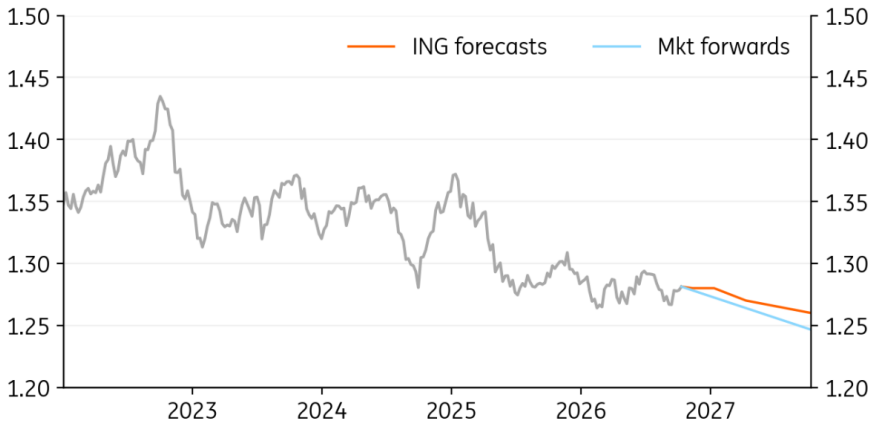


Source: Refinitiv, ING Forecasts

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.

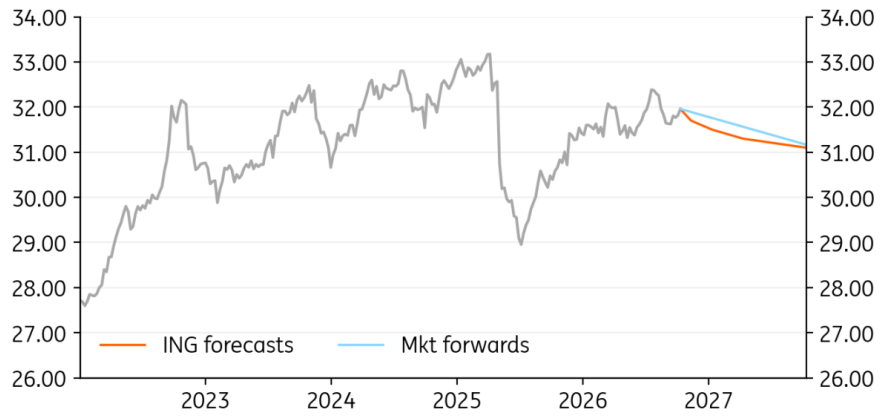


Source: Refinitiv, ING Forecasts

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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Article | 12 October 2026

FX TALKING

FX Talking: Forecast table

The latest FX forecasts from our team



ING foreign exchange forecasts

EUR cross rates	Spot	1M	3M	6M	12M	USD cross rates	Spot	1M	3M	6M	12M
Developed FX											
EUR/USD	1.12	1.13	1.13	1.13	1.16						
EUR/JPY	178	179	179	179	181	USD/JPY	158	158	158	158	156
EUR/GBP	0.85	0.84	0.84	0.84	0.86	GBP/USD	1.32	1.35	1.35	1.35	1.35
EUR/CHF	0.93	0.93	0.93	0.94	0.95	USD/CHF	0.83	0.82	0.82	0.83	0.82
EUR/SEK	11.20	11.15	11.15	11.00	10.75	USD/SEK	10.00	9.87	9.87	9.73	9.27
EUR/NOK	10.73	10.65	10.65	10.65	10.50	USD/NOK	9.57	9.42	9.42	9.42	9.05
EUR/DKK	7.47	7.47	7.47	7.47	7.46	USD/DKK	6.67	6.61	6.61	6.61	6.43
EUR/CAD	1.60	1.62	1.60	1.60	1.61	USD/CAD	1.43	1.43	1.42	1.42	1.39
EUR/AUD	1.61	1.61	1.61	1.59	1.59	AUD/USD	0.70	0.70	0.70	0.71	0.73
EUR/NZD	2.00	1.98	1.98	1.95	1.93	NZD/USD	0.56	0.57	0.57	0.58	0.60
EMEA											
EUR/PLN	4.39	4.36	4.35	4.33	4.29	USD/PLN	3.92	3.86	3.85	3.83	3.70
EUR/HUF	364.9	360	355	360	362	USD/HUF	325.7	319	314	319	312
EUR/CZK	24.39	24.40	24.4	24.35	24.3	USD/CZK	21.76	21.6	21.6	21.5	20.9
EUR/RON	5.34	5.35	5.35	5.4	5.45	USD/RON	4.76	4.73	4.73	4.78	4.70
EUR/RSD	117.42	117.40	117.40	117.30	117.30	USD/RSD	104.80	103.89	103.89	103.81	101.12
EUR/UAH	50.33	50.85	51.08	51.19	52.78	USD/UAH	44.92	45.00	45.20	45.30	45.50
EUR/KZT	506.4	514.2	508.5	497.2	539.4	USD/KZT	452.0	455	450	440	465
EUR/UZS	13330.4	13164.5	12995.0	13108.0	13572.0	USD/UZS	11897.9	11650	11500	11600	11700
EUR/TRY	55.31	56.22	58.20	61.36	69.37	USD/TRY	49.34	49.75	51.50	54.30	59.80
EUR/ZAR	18.50	18.65	18.65	18.36	18.56	USD/ZAR	16.51	16.50	16.50	16.25	16.00
EUR/ILS	3.44	3.45	3.45	3.45	3.54	USD/ILS	3.07	3.05	3.05	3.05	3.05
LATAM											
EUR/BRL	5.59	5.59	5.42	5.37	5.51	USD/BRL	4.99	4.95	4.80	4.75	4.75
EUR/MXN	20.61	20.62	20.62	20.34	20.59	USD/MXN	18.40	18.25	18.25	18.00	17.75
EUR/CLP	1094.48	1102	1102	1102	1073	USD/CLP	976.86	975	975	975	925
Asia											
EUR/CNY	7.50	7.57	7.56	7.54	7.66	USD/CNY	6.69	6.70	6.69	6.67	6.60
EUR/IDR	20033	20227	20340	20114	20532	USD/IDR	17900	17900	18000	17800	17700
EUR/INR	107.31	109.05	109.61	108.48	111.36	USD/INR	95.78	96.50	97.00	96.00	96.00
EUR/KRW	1492.20	1554	1526	1526	1508	USD/KRW	1331.43	1375	1350	1350	1300
EUR/PHP	70.30	71.08	70.74	69.50	70.76	USD/PHP	62.75	62.90	62.60	61.50	61.00
EUR/SGD	1.43	1.45	1.45	1.44	1.46	USD/SGD	1.28	1.28	1.28	1.27	1.26
EUR/TWD	35.76	35.82	35.60	35.37	36.08	USD/TWD	31.92	31.70	31.50	31.30	31.10

Source: Refinitiv, ING Forecasts

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Report | 12 October 2026

FX Talking: Au revoir, euro bulls

French fiscal concerns could keep weighing on the euro into the new year, while the Fed s hawkish stance on inflation should continue to underpin the dollar. We expect EUR/USD to remain in a 1.10-1.15 range in the coming months, but we retain a bullish 2027 view on the pair



Executive summary

Euro bulls are suffering a temporary setback. Having started the year more upbeat on EUR/USD off the back of the dollar debasement trade (remember Greenland?), bulls are now facing a much more hawkish Federal Reserve.

High inflation, high yields and expectations of tighter US monetary policy appear to be staying with us for the next two quarters. Add in French budgetary politics ahead of upcoming elections and EUR/USD should stay soft in a 1.10-1.15 range.

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