LLOYD CHAN
Senior Currency Analyst

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

Focus on FOMC

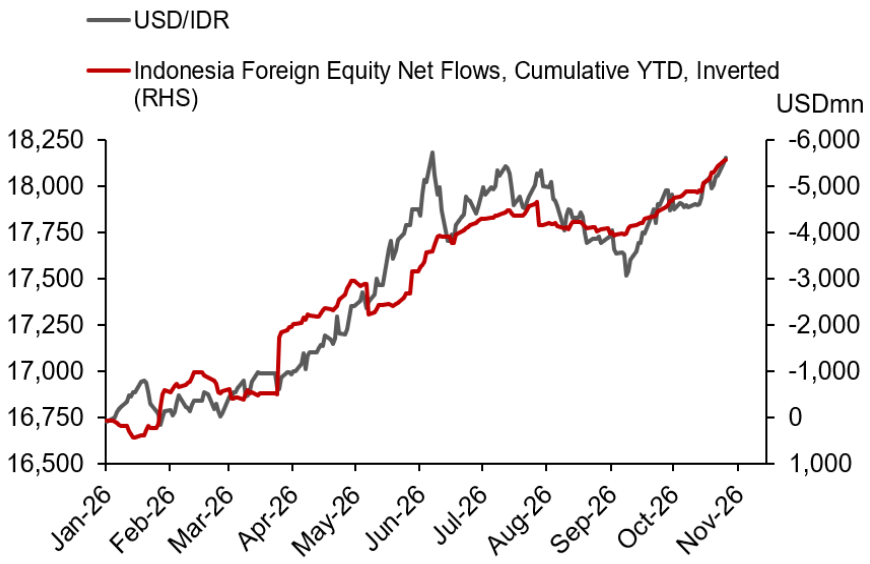
28 October 2026

Market Highlights

Markets are focused on today's FOMC decision, with the Fed widely expected to leave the policy rate unchanged following September's hike. With little policy surprise anticipated, markets will turn to the guidance, if any, particularly whether elevated energy prices and inflation risks leave policymakers open to further tightening. A hawkish tone would reinforce rate hike expectations, keep US yields elevated, and weigh broadly on Asian FX.

On the US macro front, durable goods orders rose 1.8%mom in September, while core capital goods shipments suggest another solid contribution from business investment in Q3. Some resilience in US activity, along with elevated oil prices, could keep upward pressure on US yields in the near term, leaving Asian currencies with current account deficits particularly vulnerable.

CHART 1: FOREIGN EQUITY OUTFLOWS PILE THE PRESSURE ON IDR



Source: Bloomberg, MUFG GMR.

Ahead Today

G3: *US FOMC Policy Rate decision, MBA Mortgage Applications, Wholesale Inventories*

Asia: *Thailand Policy Rate, India Industrial Production*

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USD/IDR closed at 18,153 on Tuesday, leaving it within striking distance of the record high reached in June. More importantly, the move back towards these levels has persisted despite BI intervention efforts and recent measures to support the rupiah. The rupiah continues to face multiple headwinds from elevated US yields, higher oil prices, MSCI-related uncertainty, and net foreign equity outflows. As USD/IDR approaches the June peak, attention may increasingly shift from near-term currency stabilisation measures towards whether a more forceful policy response, such as further rate hikes, may be needed to arrest a further deterioration in the rupiah outlook.

Meanwhile, South Korea's Q3 GDP surprised to the upside, growing 3.4%yoy, exceeding market consensus of 3.1%yoy. AI-related semiconductor demand remained a key growth driver, supporting exports and investment even as private consumption weakened. The stronger growth backdrop reinforces the BOK's hawkish bias and should offer some support to KRW, although broader USD moves and the semiconductor cycle will remain important drivers. SK Hynix, Korea's memory chipmaker, reported a seven-fold increase in its quarterly profit.

We maintain our view that Bank of Thailand will leave its policy rate unchanged at 1.00%. While headline inflation rose to 2.82%yoy in September, close to the upper end of the BOT's 1%-3% target range, policymakers are likely to look through oil-driven price pressures given still-subdued domestic demand. With household spending and domestic activity continuing to lag the export sector, the BOT is likely to remain cautious. This leaves THB relatively exposed to external headwinds, particularly elevated oil prices, US yields, and broader risk sentiment.

INDICATIVE RATES 27-Oct-2026

FOREIGN EXCHANGE

	Asia	% Chg	London close 6pm	NewYork close 5pm		Close	% Chg
USDJPY	157.72	0.29	157.94	157.95	INDU	52377.57	0.03
EURJPY	175.95	-0.16	175.84	175.72	NKY	63268.37	1.73
EURUSD	1.1156	-0.45	1.1133	1.1125	DAX	25590.77	0.71
GBPUSD	1.3324	-0.17	1.3310	1.3306	UKX	10686.54	-0.75
USDSGD	1.2811	0.10	1.2812	1.281	STI	5397.03	-0.35
USDTHB	33.761	-0.10	33.776	33.769	SET	1575.02	-0.25
USDMYR	4.0890	0.03	**OTHER INDICATORS**		KLCI	1611.85	0.47
USDIDR	18153	0.16	DXY Curncy	102.319	JCI	5266.13	-1.99
USDPHP	64.175	0.37			PSEi	5761.19	2.13
USDINR	95.1200	-0.08	GT2 Govt	4.738	SENSEX	73598.67	-0.01
USDKRW	1326.65	0.02	GT10 Govt	4.999	KOSPI	5638.34	3.09
USDTWD	32.470	-0.23	GTJPY2Y Govt	1.882	TWSE	46096.23	0.12
AUDUSD	0.7027	-0.06	GTJPY10Y Govt	2.802	AS51	8850.10	0.46
USDHKD	7.8443	-0.01	GTDEM10Y Govt	3.358	HSI	23041.32	-0.73
USDCNY	6.6680	0.00	CO1 Comdty	113.88	SHCOMP	3648.30	-1.33
USDVND	25834	-0.05	XAU Curncy	4060.13	VNINDEX	1761.87	-0.10

FX estimated closing. % Chg & bps chg indicate daily changes versus prior trading day. Sources: Bloomberg

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