

## Asia FX Talking: North-south divide

Steady gains in the Chinese renminbi are providing a good anchor for north-Asian currencies. Beyond China's huge trade surplus driving CNY gains, we suspect local authorities continue to position the renminbi as a long-term store of value on the international stage. Currencies in the south look more vulnerable to the oil shock and will struggle to rally



Steady renminbi gains look likely as Chinese policymakers position the currency as a long-term store of wealth

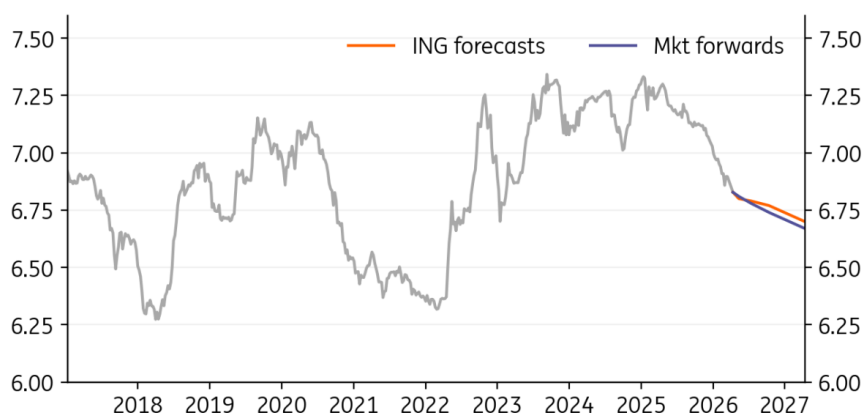
### Main ING Asia FX Forecasts

	USD/CNY	USD/KRW	USD/INR
1M	6.80 ↓	1475 ↓	93.50 ↑
3M	6.79 ↑	1450 ↓	93.50 ↓
6M	6.77 ↑	1425 ↓	93.00 ↓
12M	6.70 ↑	1425 ↓	92.50 ↓

## USD/CNY: CNY has entered our bullish scenario

	Spot	One month bias	1M	3M	6M	12M
USD/CNY	6.82	Mildly Bearish ↘	6.80	6.79	6.77	6.70

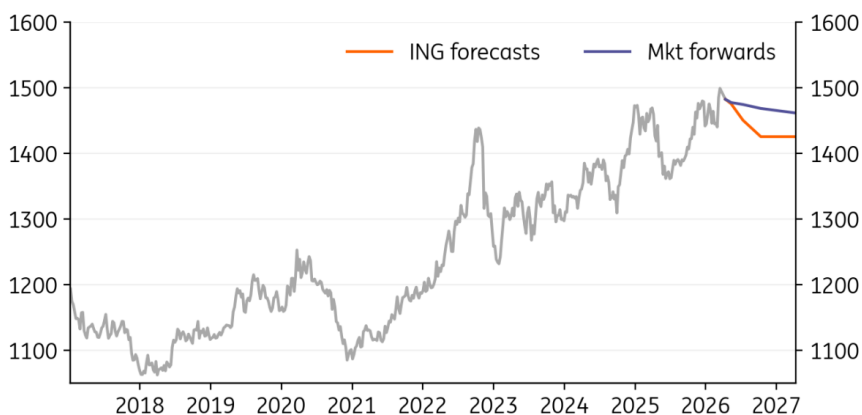
- The CNY has continued to strengthen over the past month, moving as low as 6.81, down from above 6.91 toward the end of March. The CNY has reached the strongest levels since 2023.
- CNY strength continued despite US-China yield spreads widening. The main reasons are the PBOC fixings signal tolerance for further appreciation, and as exporters with years of built-up FX holdings continue to convert proceeds back into CNY. Longer-term themes such as the rise of the petroyuan are more hype rather than actual key drivers for now, but market participants generally remained upbeat on CNY appreciation prospects.
- We've revised our fluctuation band forecast lower to 6.70-7.05, down from 6.85-7.25. Risks to this band are broadly balanced.



## USD/KRW: KRW to benefit from larger foreign investment

	Spot	One month bias	1M	3M	6M	12M
USD/KRW	1,478.4000	Neutral	1475.00	1450.00	1425.00	1425.00

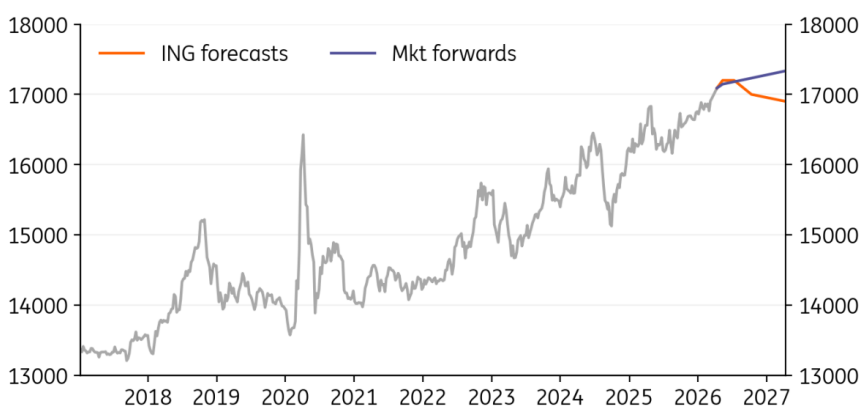
- With easing geopolitical tensions and robust performance in tech equities, KRW went lower to 1,475 from 1,525. Given high beta characteristics and high uncertainty, the range should remain between 1,450 and 1,550 in the near term.
- Favourable fund flow and NPS's larger FX hedging will help KRW appreciation. Foreign investment in KTB via WGBI and appealing local equity valuations should trigger more foreign capital inflow.
- With resilient economic growth and rising inflationary pressure, we expect BoK to deliver rate hikes in the second half 2026. A narrowing yield gap also works to firm KRW in 2H26.



### USD/IDR: Weak external balances to keep IDR under pressure

	Spot	One month bias	1M	3M	6M	12M
USD/IDR	17,130.000 0	Neutral	17200.0 0	17200.0 0	17000.0 0	16900.0 0

- The IDR has remained weak and is likely to stay under pressure. While fuel subsidies continue to cap the pass-through from higher oil prices, inflation is still expected to push above Bank Indonesia’s (BI) 2.5% target. At around 3.5%, CPI would remain well below the 2022 peak of about 5% that triggered aggressive rate hikes. With growth softening, BI is unlikely to hike rates and is expected to stay on hold in 2026, limiting monetary support for the currency.
- External balances remain a key drag. Low oil reserves, limited FX reserve buffers, a wider current account deficit, and seasonal dividend outflows are likely to keep the IDR trading on the weaker side, leaving BI with little room to defend the currency through intervention.
- Although subsidies are manageable, in our base case, a renewed oil price surge above US\$100/bbl could rapidly widen fiscal risks, intensify bond outflows, and add further pressure on the rupiah.



## USD/INR: INR remains vulnerable to higher oil prices

	Spot	One month bias	1M	3M	6M	12M
USD/INR	93.0100	Mildly Bullish ↗	93.50	93.50	93.00	92.50

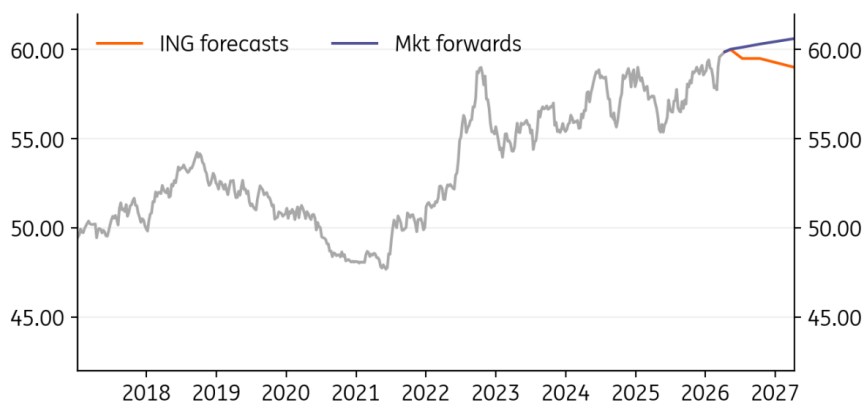
- March CPI inflation suggests that the pass-through from higher oil prices to domestic inflation has been relatively limited so far. However, given India’s heavy reliance on imported oil, external pressures remain significant. Portfolio outflows continue to be sizable, with foreign investors acting as heavy sellers in March, adding meaningful depreciation pressure on the INR.
- The Reserve Bank of India introduced limits on dealers’ open positions to curb excessive FX volatility, which has helped push spot USD/INR lower in the near term. However, this support is likely to be temporary, as the measures could have second-order effects by tightening liquidity in offshore markets.
- Structural pressures from a widening current account deficit and persistently high portfolio outflows are expected to keep the INR under pressure going forward.



## USD/PHP: Oil prices to keep PHP weaker

	Spot	One month bias	1M	3M	6M	12M
USD/PHP	59.9900	Neutral	60.00	59.50	59.50	59.00

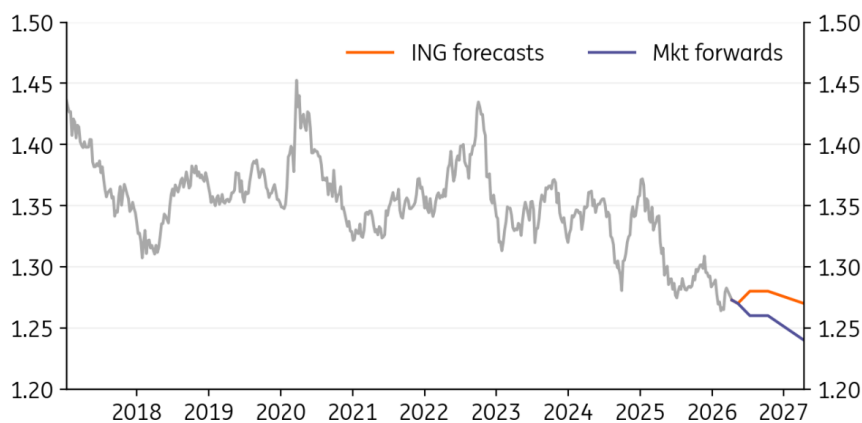
- The Philippines remains one of the most oil-exposed economies in the region. The economy is entering this period of elevated energy costs from a position of vulnerability, following a weak 2025 performance driven by a sharp contraction in government spending. Against this backdrop, we are revising down our 2026 GDP growth forecast to 4.5%, from 5.2% previously.
- Given this weaker growth setting, and assuming some easing in the current conflict, our base case is that the Bangko Sentral ng Pilipinas (BSP) remains on hold in April. Moreover, higher oil prices are likely to widen the current account deficit further. This deterioration heightens depreciation risks for the Philippine peso.
- The BSP's recent guidance – that it is not defending any specific exchange-rate level and that intervention in the FX market remains modest – suggests limited resistance to further currency weakness. Domestic tightening alone is unlikely to materially shift the peso's trajectory.



## USD/SGD: Relative outperformer in the region

	Spot	One month bias	1M	3M	6M	12M
USD/SGD	1.2700	Neutral	1.27	1.28	1.28	1.27

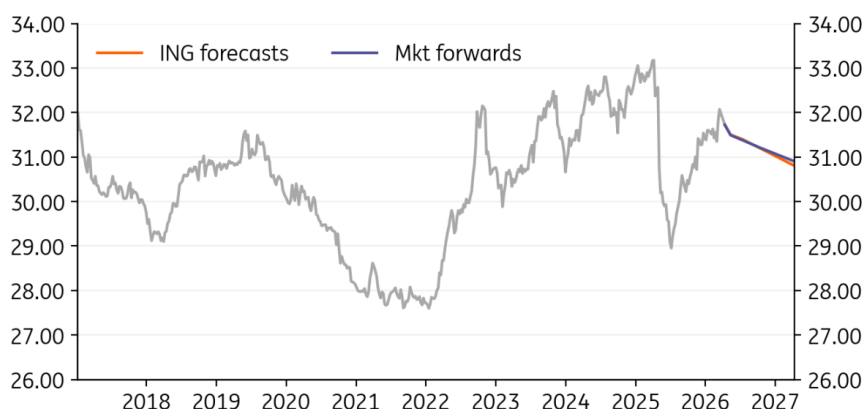
- The Monetary Authority of Singapore (MAS) delivered a measured tightening of its policy stance this week, raising the slope of the S\$NEER band. We think there is still space for further tightening, especially as our forecasts for both CPI inflation and GDP growth sit slightly above the midpoints of MAS's target ranges.
- Although risks from oil-related supply disruptions persist, we expect some of these pressures to be offset by still-robust AI- and tech-driven demand and recent fiscal measures
- The SGD NEER is currently trading near the top of its policy band – around 1.7% above the midpoint – and we expect it to remain on the strong side. MAS continues to signal its commitment to containing excessive volatility in the SGD NEER. This policy stance should underpin continued strength in the SGD in the near term.



## USD/TWD: TWD recovered slightly over the past month

	Spot	One month bias	1M	3M	6M	12M
USD/TWD	31.5500	Neutral	31.50	31.40	31.20	30.80

- The TWD began to recover at the start of April, with the USDTWD pulling back from the 32 level toward 31.7 by mid-April. This trend was broadly in line with the wider dollar environment.
- Domestic factors were generally TWD negative over the past month. The US-Taiwan yield spread widened slightly again. The equity market continued to see a net capital outflow. The CBC meeting in March ended in a hold and was largely neutral in tone, suggesting June is likely to remain on hold as well.
- The TWD has stayed relatively range-bound so far this year, largely moving within the band of 31.2-32.1. Factors to watch are how long the tech boom may continue, and if any potential issues of shortages emerge from the blockades of the Strait of Hormuz.



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