

# Asia FX Talking: Relatively broad-based pressure

Asian FX has been hit hard by the energy shock, where energy inflation typically has a higher weight in local inflation baskets and delivers a bigger hit to consumption. Most exposed in the region are the likes of Indonesia and the Philippines, while Singapore could prove a relative outperformer. Should conditions calm, USD/CNY could edge to 6.70



Manila, the Philippines. Alongside Indonesia, the country appears the most vulnerable across Asia FX

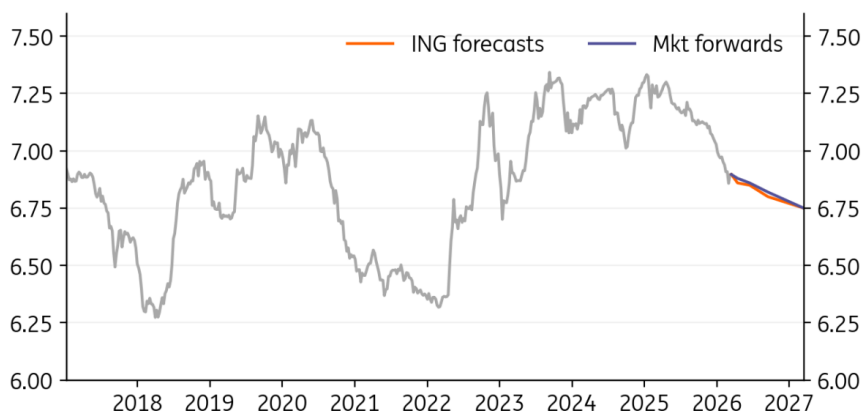
## Main ING Asia FX Forecasts

	USD/CNY	USD/KRW	USD/INR
1M	6.86 ↑	1500 ↑	92.50 ↓
3M	6.85 ↑	1450 ↓	92.50 ↓
6M	6.80 ↑	1425 ↓	91.50 ↓
12M	6.75 →	1425 ↓	90.00 ↓

## USD/CNY: Iran war briefly interrupts CNY appreciation momentum

	Spot	One month bias	1M	3M	6M	12M
USD/CNY	6.8961	Mildly Bearish ↘	6.86	6.85	6.80	6.75

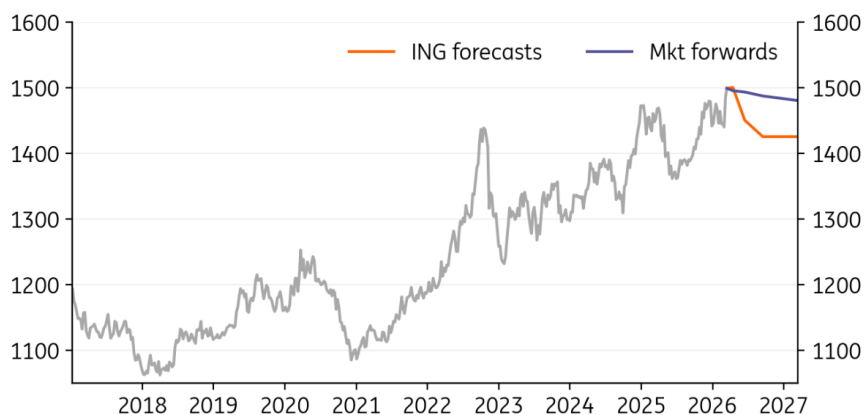
- The Chinese yuan strengthened following the Lunar New Year holiday, briefly dipping below 6.85 before rebounding to 6.93 after geopolitical risks picked up and the dollar gained. As fears subsided, the appreciation trend continued with the CNY back to 6.86.
- The People’s Bank of China cut the FX risk reserve ratio for forward trading from 20% to 0%, allowing for more shorts against the CNY, while fixings have moved closer to neutral. US-China yield spreads have widened as markets price in slower Fed cuts while the PBoC signalled possible easing this year.
- Risks to our baseline fluctuation band of 6.85-7.25 remain balanced to the downside despite the war. The next key level to watch is 6.70, the lowest since the PBoC started prioritising currency stability. Odds are rising to enter our CNY bullish scenario band of 6.70-7.00.



## USD/KRW: Geopolitical risks hit KRW hard

	Spot	One month bias	1M	3M	6M	12M
USD/KRW	1,496.7000	Mildly Bullish ↗	1500.00	1450.00	1425.00	1425.00

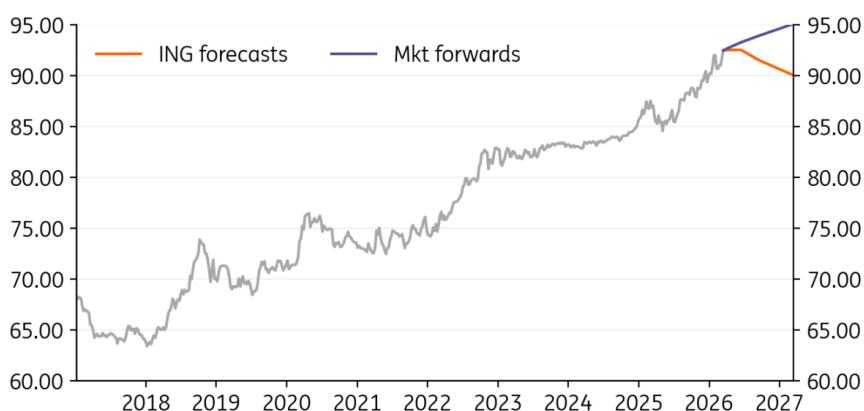
- The Korean won was hit hard by the geopolitical risks, passing 1,500. The sell-off in the KOSPI and AI over-valuation concerns amplified volatility.
- With its high beta, the range should remain between 1,450 and 1,550 in 1H26. Interventions near 1,500 are expected but the impact should be limited.
- Fund flows will largely shape the direction later. With earnings outlooks remaining solid, valuations should become appealing to foreign investors. Korea’s WGBI inclusion from April is likely to attract additional capital into bond markets.



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

	Spot	One month bias	1M	3M	6M	12M
USD/INR	92.3800	Mildly Bullish ↗	92.50	92.50	91.50	90.00

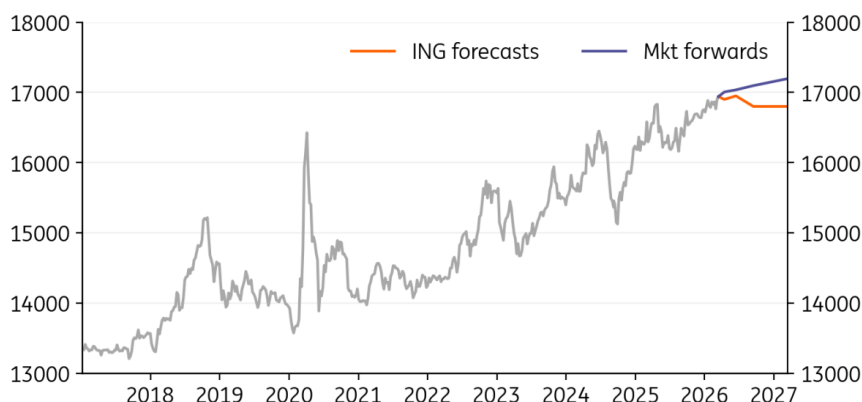
- Oil price risks remain manageable for now, as oil marketing companies are absorbing the increase in crude costs without passing them through to retail prices. As a result, we are keeping our CPI inflation forecast unchanged and continue to expect inflation to average below the Reserve Bank of India's medium-term target of 4% in 2026.
- India's fourth-quarter GDP growth came in at a robust 7.8% year-on-year, which is impressive given that exporters were still contending with 50% US tariffs at the time. Domestic demand has remained a key engine of growth, supported by easing inflation and better transmission of earlier rate cuts.
- However, the Indian rupee remains vulnerable, as higher crude prices are likely to widen the current account deficit and exert additional pressure on the currency.



## USD/IDR: Fiscal concerns could keep IDR under pressure

	Spot	One month bias	1M	3M	6M	12M
USD/IDR	16,990.0000	Neutral	16900.00	16950.00	16800.00	16800.00

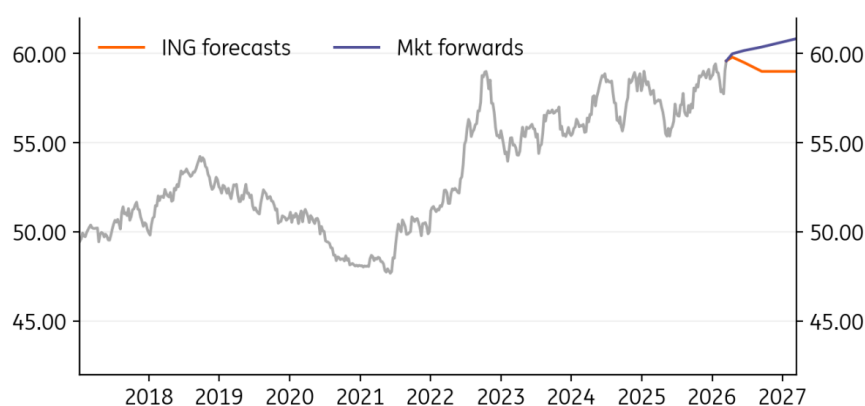
- Indonesia, as a net exporter of oil and gas, typically benefits from higher global oil prices; however, already strained fiscal balances risk further deterioration as the government increases subsidies on retail fuel. The widening fiscal deficit has already weighed on the rupiah, and further deterioration could amplify this pressure.
- Real rate differentials between Indonesia and the US have narrowed significantly – by more than two percentage points in February 2026 compared with November 2025 – adding to currency headwinds.
- Alongside sizeable FII outflows from debt since September 2025, foreign investor appetite for Indonesian equities has also weakened in 2026, further weighing on the currency. Against this backdrop, we expect additional IDR depreciation as investor caution keeps FII inflows muted.



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

	Spot	One month bias	1M	3M	6M	12M
USD/PHP	59.8500	Neutral	59.80	59.50	59.00	59.00

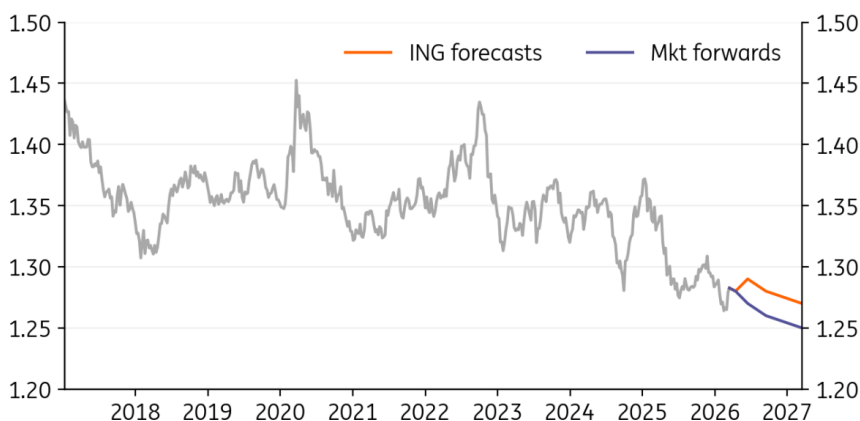
- The Philippines remains one of the most oil-exposed economies in the region and is likely to feel higher oil prices sooner than most Asian counterparts such as Thailand or Indonesia, given its modest fuel buffers, rapid domestic price pass-through and a structurally wider current account deficit.
- In our scenario of sustained oil disruptions for a month, CPI inflation for the Philippines is expected to inch closer to upper end of 4% of Bangko Sentral ng Pilipinas' target range. In turn, the BSP is unlikely to cut rates despite weaker growth.
- Overall, we are increasing our current account deficit forecast for the Philippines to 4% of GDP in 2026. Risk of further oil disruptions should keep peso weaker vs the USD.



## USD/SGD: Relative outperformer in the region

	Spot	One month bias	1M	3M	6M	12M
USD/SGD	1.2808	Neutral	1.28	1.29	1.28	1.27

- Singapore has been a hotspot in Asia with GDP growth surprising meaningfully on the upside in 2025. Its 4Q25 GDP growth accelerated to 6.9% YoY, powered by a strong rebound in manufacturing – especially pharmaceuticals and electronics.
- Given the expected pass-through from higher crude oil prices to domestic pump prices, we are raising our 2026 Singapore headline CPI inflation forecast from 1.8% to 2.0%.
- Against this backdrop of strong growth and firming inflation, we continue to anticipate that the Monetary Authority of Singapore will tighten its FX policy stance in April. Singapore's strong fiscal position and substantial current account surplus should also help limit depreciation pressures on the currency.



### USD/TWD: Depreciation move breaks months of rangebound trading

	Spot	One month bias	1M	3M	6M	12M
USD/TWD	32.0500	Mildly Bullish ↗	31.90	31.60	31.30	31.00

- After a few months of trading within a narrow range of around 31.3-31.7, the Taiwan dollar began to weaken further following the outbreak of the Iran war, moving above 31.9 on 9 March, its weakest level since April 2025.
- Domestic factors were generally TWD negative over the past month. The US-Taiwan yield spread slightly widened in a negative sign for the TWD. The sell-off of equities also led to net capital outflow. We think the Central Bank of the Republic of China is set to remain on hold again in March.
- Near-term trends will be likely be more dependent on Middle East developments and potentially the CBC's efforts to stabilise the TWD. Taiwan's direct exposure to the Strait of Hormuz is relatively limited at under 20% but its overall energy dependency ratio of around 97-98% keeps it vulnerable to price shocks.



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