

# Asia FX Talking: Renminbi stable, but rest of the region lags

USD/CNY continues to trade in tight ranges and looks unlikely to be blown off course by trade posturing ahead of the next US-China deadlines. The rest of the region's currencies have been performing quite poorly, however, and remain heavily reliant on lower US rates and a softer dollar for a rebound



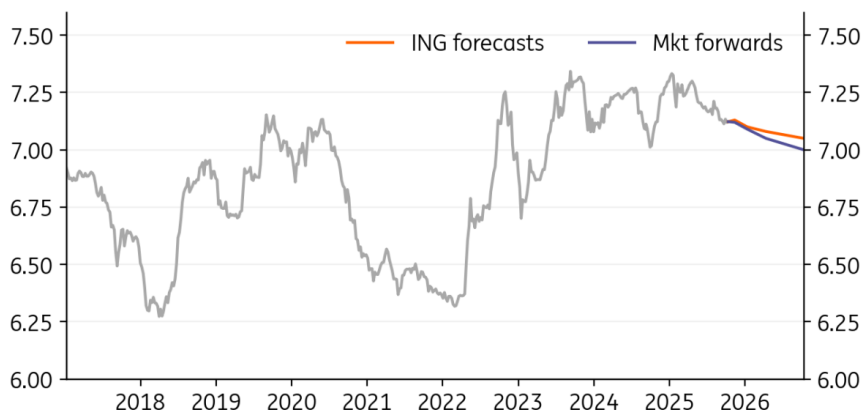
## Main ING Asia FX Forecasts

	USD/CNY	USD/KRW	USD/INR
1M	7.13 ↑	1410 ↓	88.50 ↑
3M	7.10 →	1375 ↓	88.25 ↑
6M	7.08 ↑	1375 ↓	88.00 ↓
12M	7.05 ↑	1350 ↓	87.50 ↑

## USD/CNY: CNY continued to strengthen amid inflows

	Spot	One month bias	1M	3M	6M	12M
USD/CNY	7.14	Neutral	7.13	7.10	7.08	7.05

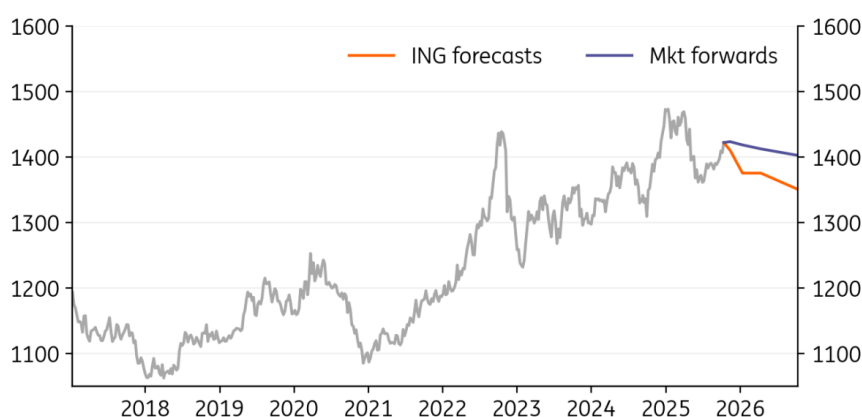
- The CNY generally traded in a tight range against the dollar over the past month, spending most of the month within a 7.11-7.12 range. Post the holiday period, renewed US-China tensions and a stronger dollar backdrop saw USD/CNY edge a little higher to 7.13.
- The People’s Bank of China’s fixings have continued to prioritise currency stability with tolerance for a stronger CNY. US-China yield spreads have narrowed after the Fed rate cut, and with the Fed set to ease faster than the PBoC, this trend should continue. Capital inflows amid an equity market rally contributed to CNY strength but could come under pressure if trade tensions worsen.
- Despite numerous flare-ups, the CNY remains one of the lowest volatility currencies against the dollar this year. We are holding our 7.00-7.25 range for the rest of the year. Moving forward, we expect the CNY to enter a gradual appreciation trend as yield spreads narrow further, and USD/CNY could test the 7.00 level sometime in 2026.



## USD/KRW: The trade deal is a key determinant of the KRW

	Spot	One month bias	1M	3M	6M	12M
USD/KRW	1,428.0000	Mildly Bearish <span style="color: red;">↘</span>	1410.00	1375.00	1375.00	1350.00

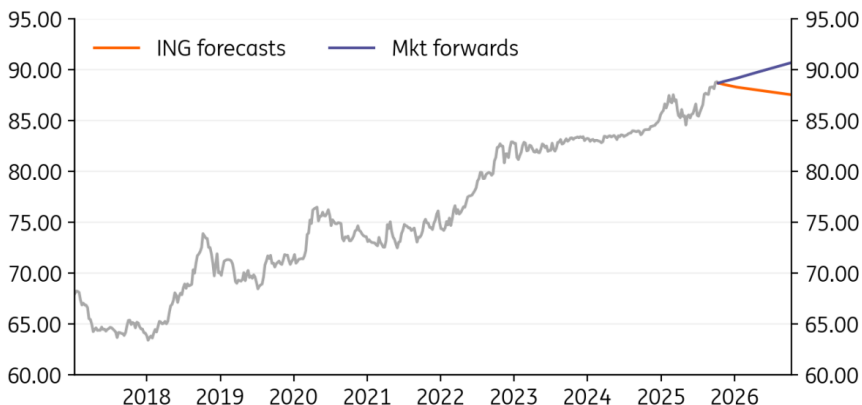
- Owing to limited progress in trade deal negotiations, the KRW traded above 1,400. South Korea seeks an FX swap to steady its market amid uncertainty caused by a US \$350 billion investment pledge, but no details have been confirmed yet.
- Inflation stays near 2% but housing prices have picked up again. We expect the government to tighten macroprudential rules while the Bank of Korea is likely to delay its cut to November.
- Authorities' smoothing operations and exporters' dollar selling will likely keep the KRW below 1,425 in the near term.



## USD/INR: Risk of further weakness in INR persists

	Spot	One month bias	1M	3M	6M	12M
USD/INR	88.7500	Mildly Bearish <span style="color: red;">↘</span>	88.50	88.25	88.00	87.50

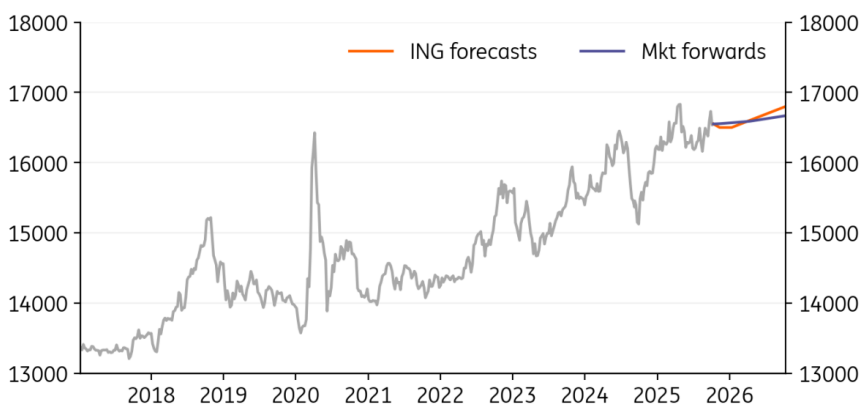
- The Indian rupee was one of the weakest regional currencies last month, weighed down not only by elevated tariffs on goods exports, but also by potential setbacks to software exports from the recent announcement of higher H-1B visa fees by the US.
- GDP growth is expected to moderate over the coming quarters. Some slowdown was already evident in August's weaker-than-expected industrial production data, reflecting the initial impact of the 50% tariffs. A rate cut in December is a distinct possibility.
- We think India will eventually secure a lower tariff rate, which should benefit INR over three to six months but for now, the prevailing uncertainty may continue to dampen investor sentiment.



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

	Spot	One month bias	1M	3M	6M	12M
USD/IDR	16,550.000	Neutral	16500.00	16500.00	16600.00	16800.00

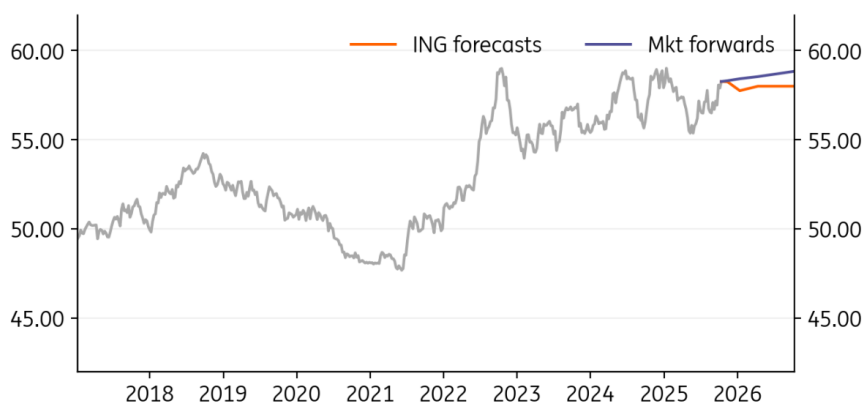
- Fiscal concerns persist. A third stimulus package has been announced by the government, taking the 2026 budget deficit higher to 2.7% from 2.5% earlier. We think this is still too optimistic given the weak revenue trend.
- Foreign institutional investor outflows in government bonds accelerated, following concerns on the rising fiscal deficit, totalling \$2.5bn in September. However, expectations of further monetary policy easing and inflows from domestic institutional investors have supported the bond market.
- While Bank Indonesia’s intervention has so far stabilised the IDR, the recent sharp drop in FX reserves to a nine-month low suggests BI may scale back its support. Indonesia’s FX reserves fell by \$2bn to \$149bn in September.



## USD/PHP: Fresh concerns on growth hit the local currency

	Spot	One month bias	1M	3M	6M	12M
USD/PHP	58.3300	Neutral	58.25	57.75	58.00	58.00

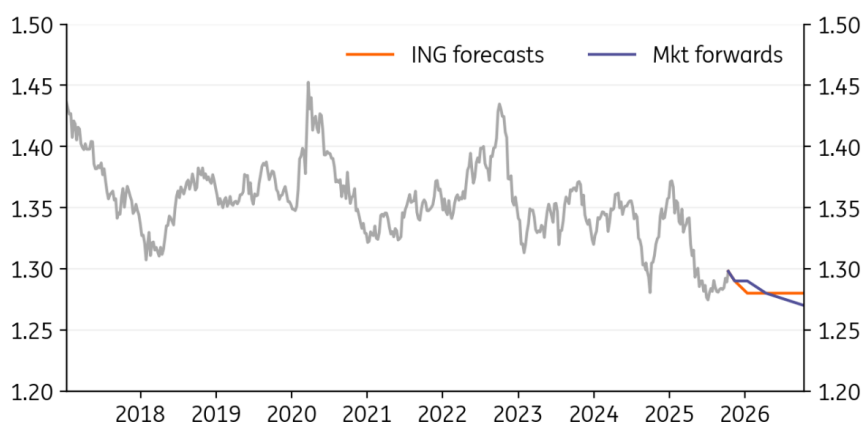
- The Philippine peso depreciated by 1.2% last month, largely driven by a sell-off in equity markets as the corruption allegations in government projects sparked mass protests.
- In a dovish turn, the Philippines' central Bank, the BSP, cut rates by 25bp to 4.75%, citing softening growth and subdued inflation. Infrastructure spending concerns and corruption scandals add downside risks to our 2026 GDP outlook.
- While we expect the PHP to trade on the weaker side in the medium term, anticipated Fed easing, could provide near-term support for the PHP. Additionally, while any reduction in fiscal spending may weigh on GDP growth, it could help narrow the current account deficit, offering further support to the peso.



## USD/SGD: MAS likely to stand still in October

	Spot	One month bias	1M	3M	6M	12M
USD/SGD	1.3000	Mildly Bearish ↘	1.29	1.285	1.28	1.28

- The probability of further monetary policy easing by the Monetary Authority of Singapore in October has fallen as growth remains strong as also reflected in strong industrial output growth. Moreover, the impact of pharma tariffs on Singapore exports to the US is likely to be small.
- Export weakness is emerging, driven by falling non-electronics shipments to the US, though electronics exports remain strong. We expect export growth to soften further in the fourth quarter, but full-year GDP growth should hold firm at 2.5%.
- Core inflation has been weaker than expected which, if sustained, could give the MAS an opportunity to ease next year if GDP growth turns weaker. While SGD NEER has fallen off from the top of the band, it could get further support in the fourth quarter as the Fed is expected to cut rates.



## USD/TWD: TWD has resumed its depreciation trend in the past month

	Spot	One month bias	1M	3M	6M	12M
USD/TWD	30.6400	Neutral	30.70	30.10	29.80	29.60

- After a brief appreciation in early September, the New Taiwan dollar weakened again from mid-September. USD/TWD rose from a low of 30.05 to around 30.5.
- Despite the Central Bank of the Republic of China’s decision to maintain the policy rate in September, US-Taiwan yield spreads slightly widened with a local peak of 2.51. However, the strong performance of the stock market led to a significant increase in equity market net inflows, which to some extent offset the depreciation caused by the strong USD. Barring a notable economic slowdown, we expect the CBC to stay on hold in December.
- The TWD has been relatively range-bound as of late. The broader USD environment aside, local factors may still favour an uptick of the TWD in the coming months.



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