













Asia FX Talking: Slow-going

Asian FX continues to underperform as China remains a drag. The March Two Sessions has failed to prompt a major re-assessment of the renminbi and rather than being driven by local stories, most Asian currencies are waiting for a clear dollar bear trend. Within the region, the Indian rupee looks like it can push a little firmer



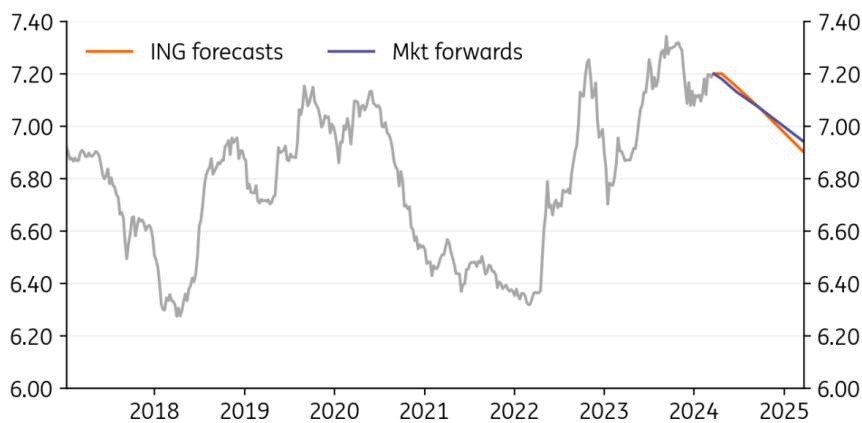
Main ING Asia FX forecasts

| | USD/CNY | | USD/KRW | | USD/INR |
|-----|--|--|---|--|---|
| 1M | 7.20  | | 1320.00  | | 83.00  |
| 3M | 7.15  | | 1280.00  | | 82.50  |
| 6M | 7.07  | | 1260.00  | | 82.00  |
| 12M | 6.90  | | 1290.00  | | 83.00  |

USD/CNY: Stable with policy rollout as potential catalyst ahead

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|--------|----------------|------|------|------|------|
| USD/CNY | 7.1992 | Neutral | 7.20 | 7.15 | 7.07 | 6.90 |

- The Chinese yuan was stable at around 7.20 for most of the past month, as the People's Bank of China pushed back against depreciation with its daily fixing.
- In the near term, China-specific fundamentals may play a larger role in the price action. These include changes in capital flows from trade or investment in reaction to policy rollout, and the scale and pace of potential further monetary policy easing.
- The PBoC hinted at further RRR cuts to come, and we expect one rate cut in the next few months. We expect a broadly stable Chinese yuan in the near term.

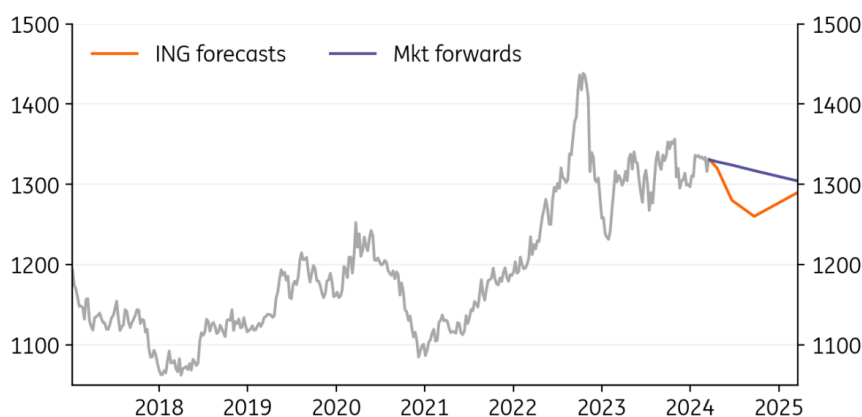


Source: Refinitiv, ING

USD/KRW: Dividend payout will drive KRW weaker in April

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|------------|----------------|---------|---------|---------|---------|
| USD/KRW | 1,330.6000 | Neutral | 1320.00 | 1280.00 | 1260.00 | 1290.00 |

- The Korean won has been volatile again, falling from 1340 to 1310 in early March on the back of a better stock market performance, but rising again above 1320 following the US Treasury moves.
- Exports are likely to improve further, but April is dividend payout season, and should temporarily weaken the KRW. Also, the Bank of Korea won't send any dovish signals to the market in April.
- At the end of 2Q24, we could see some clearer signs of appreciation, reflecting the improvement in trade and a shift to a less restrictive policy setting. Slowing global trade and US growth will work against the KRW towards the year-end.

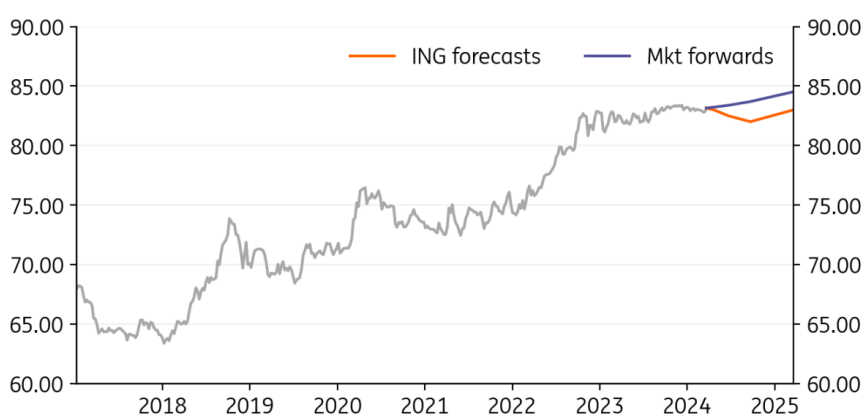


Source: Refinitiv, ING

USD/INR: Some asymmetry creeping into the RBI “peg”

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|---------|----------------|-------|-------|-------|-------|
| USD/INR | 83.1500 | Neutral | 83.00 | 82.50 | 82.00 | 83.00 |

- While there isn't much to note on the Indian rupee's virtual peg, the last month has seen the INR appreciate very slightly – moving down from the previous level of 83.3 to around 82.9 currently.
- It still looks like the Reserve Bank of India is heavily managing the INR ahead of the June global bond inclusion but is now prepared to allow some very modest appreciation ahead of that date.
- The economy continues to run strong, racking up an 8.4% growth rate in 4Q24 and inflation is steady at around 5.0%. Policy rates will likely remain on hold until global easing commences.



Source: Refinitiv, ING

USD/IDR: IDR pulls back after disappointing trade data

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|-------------|----------------|----------|----------|----------|----------|
| USD/IDR | 15,660.0000 | Neutral | 15600.00 | 15450.00 | 15300.00 | 15100.00 |

- The Indonesian rupiah managed to steady during the period after the election which showed a convincing win for the presumed president-elect Prabowo Subianto. The IDR gave back some of its gains after trade data showed a much smaller trade surplus.
- Bank Indonesia's hawkish comments after a pickup in inflation could have helped support the currency.
- The IDR should take its direction from upcoming comments from BI regarding policy although further disappointment on trade figures could weigh on the currency in the coming months.

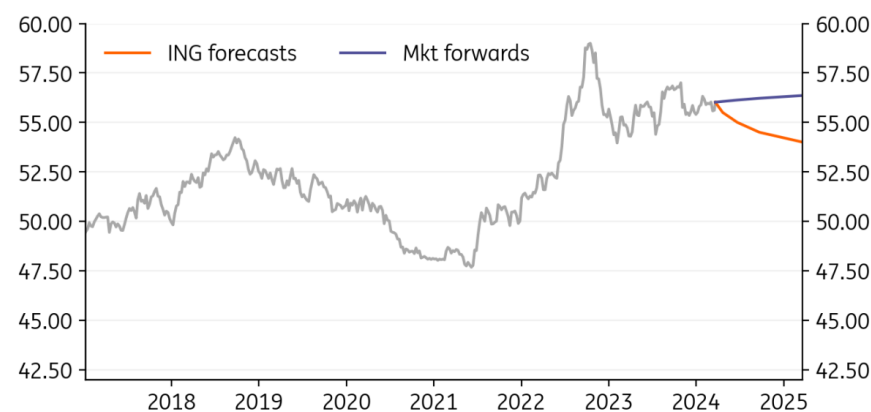


Source: Refinitiv, ING

USD/PHP: PHP recovered on hawkish BSP comments

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|---------|------------------|-------|-------|-------|-------|
| USD/PHP | 56.0200 | Mildly Bearish ▼ | 55.50 | 55.00 | 54.50 | 54.00 |

- The Philippine peso was initially on the backfoot this month on steady corporate demand for the dollar. The currency managed to steady on inflows related to a successful retail bond issuance.
- Hawkish comments from the central bank governor also helped support the currency after headline inflation surprised on the upside. Governor Eli Remolona indicated he could keep rates elevated for some time.
- The PHP could be pressured in the near-term as corporate demand returns, likely underperforming regional peers.

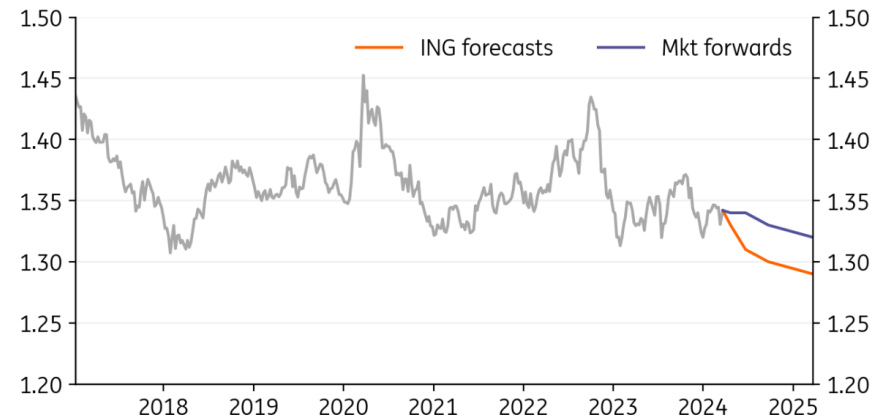


Source: Refinitiv, ING

USD/SGD: SGD strengthened in line with the region

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|--------|------------------|------|------|------|------|
| USD/SGD | 1.3418 | Mildly Bearish ↘ | 1.33 | 1.31 | 1.30 | 1.29 |

- The Singapore dollar initially pulled back after inflation cooled faster than expected in February, limiting the need for additional tightening from the MAS.
- Positive data reports on industrial production and retail sales may have helped improve sentiment in the latter half of the period, with SGD tracking the regional rally.
- With inflation cooling, the MAS may consider easing back on the SGD NEER appreciation path in the coming months, moving back towards a more neutral setting.

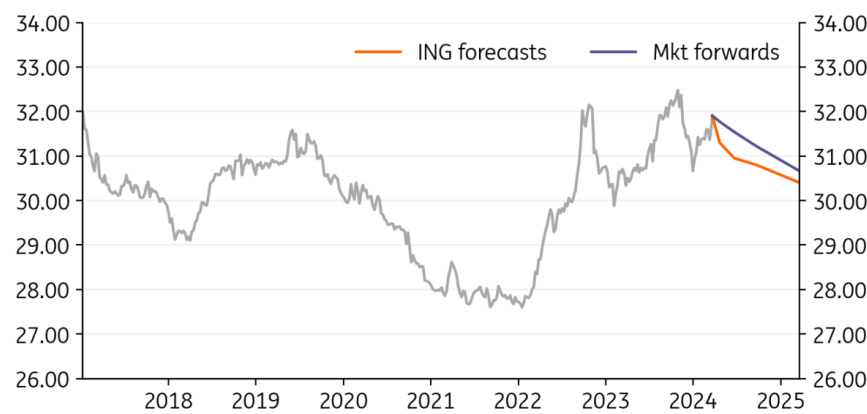


Source: Refinitiv, ING

USD/TWD: Low interest rates hurt TWD despite recovery of trade

| | Spot | One month bias | 1M | 3M | 6M | 12M |
|---------|---------|------------------|-------|-------|-------|-------|
| USD/TWD | 31.9100 | Mildly Bearish ↘ | 31.30 | 30.95 | 30.80 | 30.40 |

- The Taiwan dollar weakened slightly over the past month, trading in a narrow range of 31.3-31.6.
- A recovery of trade to start the year has improved growth prospects, but this has yet to translate to a recovery of the TWD. Low interest rates have led to unfavourable yield spreads, which may be dragging on TWD strength.
- Geopolitical factors appear likely to intermittently play a role in the TWD trajectory this year. William Lai’s Presidential inauguration on 20 May is a potential flashpoint.



Source: Refinitiv, ING

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