Article | 15 June 2026 FX TALKING NORWAY SWEDEN

G10 FX Talking: Dollar stronger for longer

Despite all the talk of de-dollarisation last year, there's been no follow-through selling. Importantly, investors now think the Federal Reserve will be in a position to tighten policy rates as the labour market stabilises and inflation moves further away from the Fed s 2% target. We think the dollar can hold recent gains this summer

Dollar dominance: supported by higher-for-longer US rates and renewed confidence in Fed tightening

Main ING G10 FX Forecasts

	EUR/USD		USD/JPY		GBP/USD	
1M	1.15	↓	160	→	1.32	↓
3M	1.15	↓	160	↑	1.31	↓
6M	1.17	→	158	→	1.33	↓
12M	1.20	↑	154	↓	1.35	↑

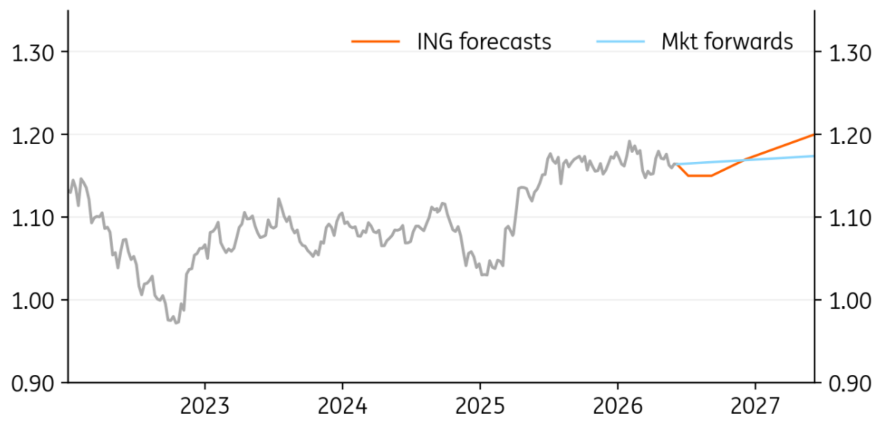
	EUR/GBP	EUR/CHF	USD/CAD

1M	0.87	↑	0.92	→	1.40	→
3M	0.88	↑	0.92	→	1.39	→
6M	0.88	↑	0.92	↑	1.37	↓
12M	0.89	↑	0.92	↑	1.33	↓

EUR/USD: Riding out Fed hawkishness

	Spot	One month bias	1M	3M	6M	12M
EUR/USD	1.1600	Mildly Bearish ↘	1.15	1.15	1.17	1.20

- It looks like FX markets are entering a period where the dollar will be back in demand. Our house call is that energy prices will remain high or rise further into July as inventory drawdown strategies are questioned. This inflation shock will be with us for longer. With a stable labour market, the Federal Reserve will have to delay its easing cycle deep into 2027. Bearish flattening of the yield curve means cyclical dollar strength should be with us through the summer.
- Having already hiked to 2.25%, we expect another hike from the European Central Bank either in July or September. But the stagflationary shock will be felt more in the eurozone than in the US.
- EUR/USD could be pushed to 1.13/14 in July – but this is not 2022.

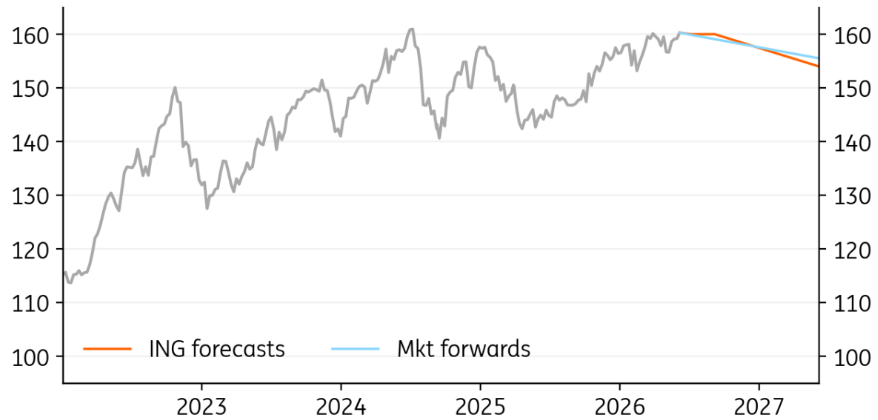


Source: Refinitiv, ING Forecasts

USD/JPY: Decreasing marginal returns of intervention

	Spot	One month bias	1M	3M	6M	12M
USD/JPY	160.10	Neutral	160.00	160.00	158.00	154.00

- The $70bn of FX sales undertaken by the Bank of Japan in late April/early May only bought Tokyo a little time. Japanese authorities appreciate that the dollar is bid, yen real rates are deeply negative, and the speculative market is not especially short yen.
- There's also the issue that too frequent interventions (more than three times over a six-month period) could see Japan lose its 'freely floating' IMF currency regime designation.
- All this points to USD/JPY staying bid this summer and potentially advancing into the 162/163 area. What would be a game-changer, albeit unlikely, is the US Treasury engaging in joint intervention. The Fed did check USD/JPY rates in January.

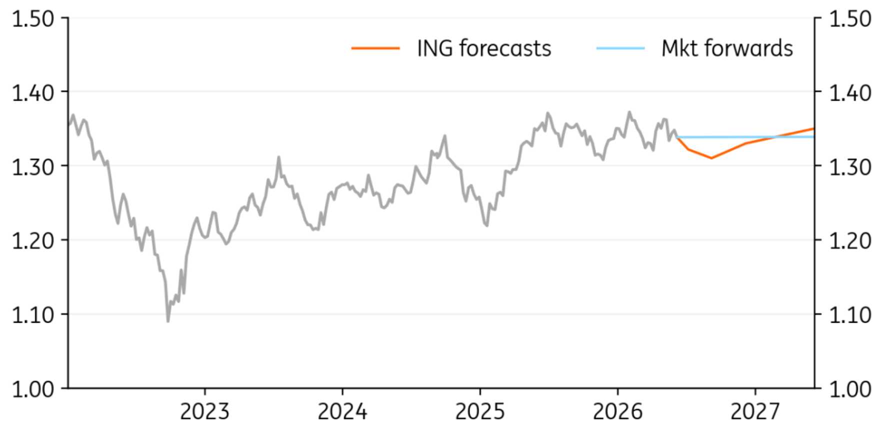


Source: Refinitiv, ING Forecasts

GBP/USD: Sluggish BoE, UK politics to weigh

	Spot	One month bias	1M	3M	6M	12M
	1.3400	Mildly Bearish	1.32	1.31	1.33	1.35

- Our team has recently revised the Bank of England call to look for one 25bp hike in July (to 4.00%) and then three cuts from 2Q27 onwards. One hike will probably not be enough to deliver strong support for the pound in what should be a strong-dollar environment this summer.
- Look out for politics to heat up around 18 June, when PM Keir Starmer's rival, Andy Burnham, looks set to win a by-election. Victory would see him formally challenge Starmer. Burnham becoming PM would mark a clear shift to the left in UK politics.
- That said, GBP has been proving resilient this year. Cheap valuations and £200bn of UK-targeted M&A could be factors.

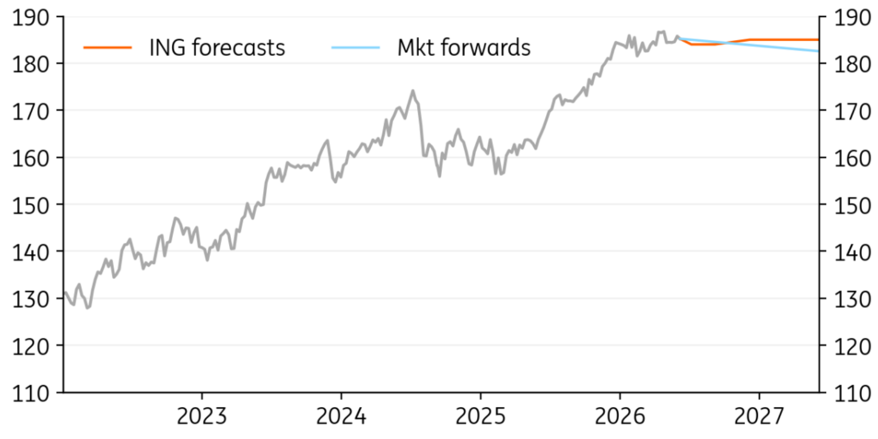


Source: Refinitiv, ING Forecasts

EUR/JPY: Slight downside bias emerging

	Spot	One month bias	1M	3M	6M	12M
EUR/JPY	185.3800	Mildly Bearish ↘	184.00	184.00	185.00	185.00

- EUR/JPY has been remarkably stable, near 185, over recent months. If we are right with a big spike in energy over the next four to six weeks, both the euro and the yen should come under pressure. But we see more downside for EUR/USD than upside for USD/JPY. This is because the Japanese will probably try to intervene again in the 161/162 region.
- Domestically, the Bank of Japan may well hike at the 16 June meeting and the market is pricing close to a second hike by December. Investors will be focused on the friction between the BoJ and the government. Any pressure against rate hikes could hit the yen.
- A big tech sell-off is one of the downside risks to EUR/JPY.

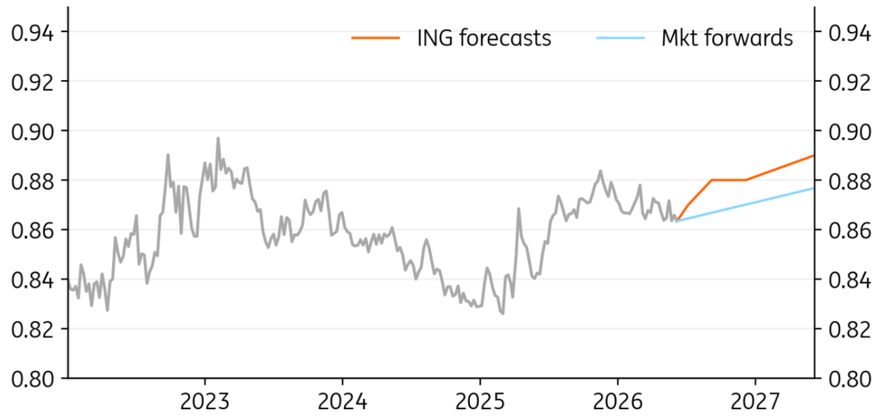


Source: Refinitiv, ING Forecasts

EUR/GBP: Exceptionally low volatility

	Spot	One month bias	1M	3M	6M	12M
EUR/GBP	0.8600	Mildly Bullish	0.87	0.88	0.88	0.89

- EUR/GBP volatility (both traded and realised) remains exceptionally low. There is a slight kink in the volatility curve around the one- to two-week term, which probably reflects the unrest surrounding the Makerfield by-election on 18 June.
- From what we can see, strong EUR/GBP support should hold around the 0.8600/8610 area, and we favour a bounce back to 0.87 on the view that Andy Burnham will oust PM Starmer and that the BoE will lag ECB tightening this summer.
- The near-term risk is that we see a repeat of March's price action. A spike in energy saw the market price more BoE than ECB rate hikes and EUR/GBP came under pressure.

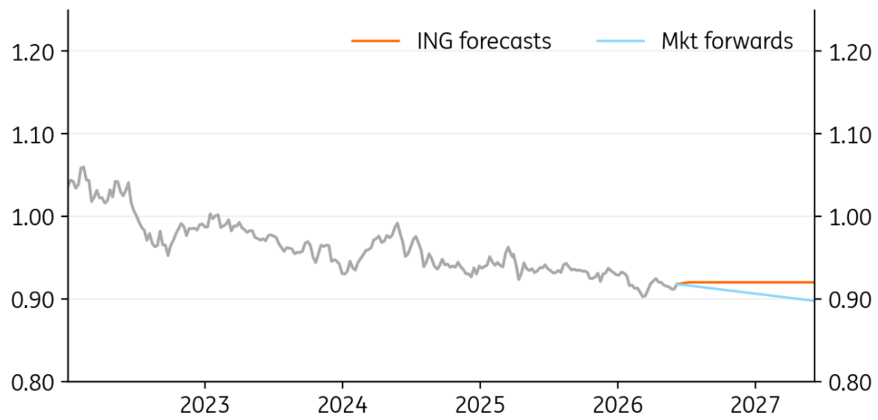


Source: Refinitiv, ING Forecasts

EUR/CHF: Unwind of the dollar debasement hurts CHF

	Spot	One month bias	1M	3M	6M	12M
EUR/CHF	0.9200	Neutral	0.92	0.92	0.92	0.92

- The shift in market pricing towards Fed tightening has weighed on the Swiss franc through two channels. The first is the unwinding of the dollar debasement trade. This has seen the franc, gold and bitcoin all come under pressure on the view that the Fed is not 'captured' after all and could end up hiking.
- The second channel is through more conventional rate spreads, where the ECB is tightening and the Swiss National Bank will lag. Two-year EUR:CHF swap differentials have widened to 270bp. However, it's not clear how much further widening can be expected.
- SNB FX intervention data on 30 June should show the largest FX buying since 2020/21 and keep EUR/CHF downside limited.

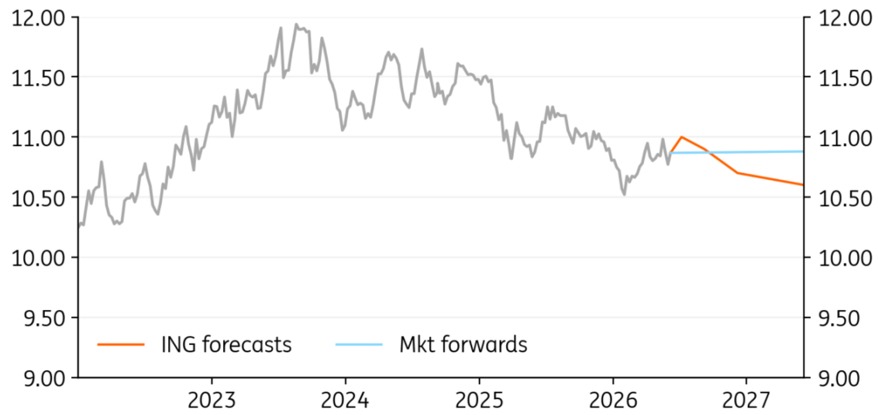


Source: Refinitiv, ING Forecasts

EUR/SEK: Riksbank hike hinges on the krona

	Spot	One month bias	1M	3M	6M	12M
EUR/SEK	10.9300	Mildly Bullish	11.00	10.90	10.70	10.60

- We are revising our EUR/SEK profile moderately higher, in line with a more bullish view on oil and a call for two ECB hikes.
- We still think markets are overestimating the chance of a Riksbank hike. Inflation is still below target, and the pass-through from higher oil prices is smaller and slower in Sweden than in the eurozone.
- Still, the risks of a hike have increased somewhat. In our view, a realistic trigger could be a sharp weakening of the krona. The Riksbank might try to contain it by hiking rates to avoid spillover into inflation expectations. That may not happen until EUR/SEK hits 11.10-11.15, which is not our current base case.

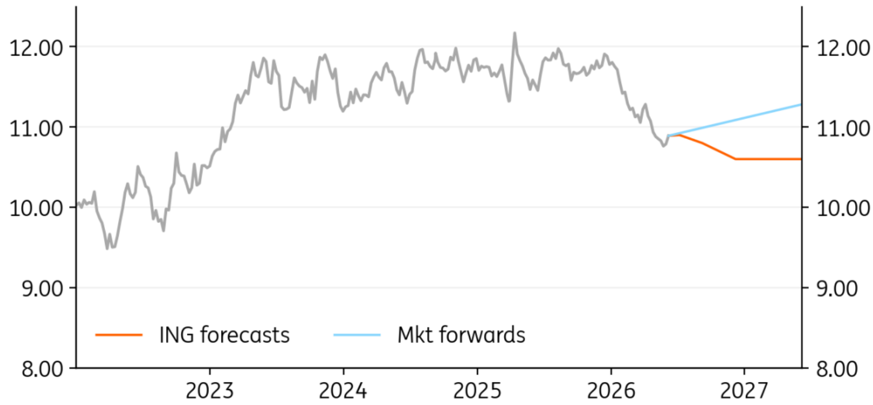


Source: Refinitiv, ING Forecasts

EUR/NOK: Ready to benefit from new oil rallies

	Spot	One month bias	1M	3M	6M	12M
EUR/NOK	11.0500	Mildly Bearish ↘	10.90	10.80	10.60	10.60

- We are pencilling in another Norges Bank 25bp hike this year, contingent on an increase in oil prices this summer. That would further enhance the krone's already attractive carry, though the currency will likely need a broader stabilisation in global risk before those advantages can fully register. A Brent price above $110/bbl, as forecast by our commodities team, should drive EUR/NOK lower, net of any short-lived corrections in risk sentiment.
- The main risks for NOK in this scenario are related to bigger equity corrections and/or the Fed hiking more than once.

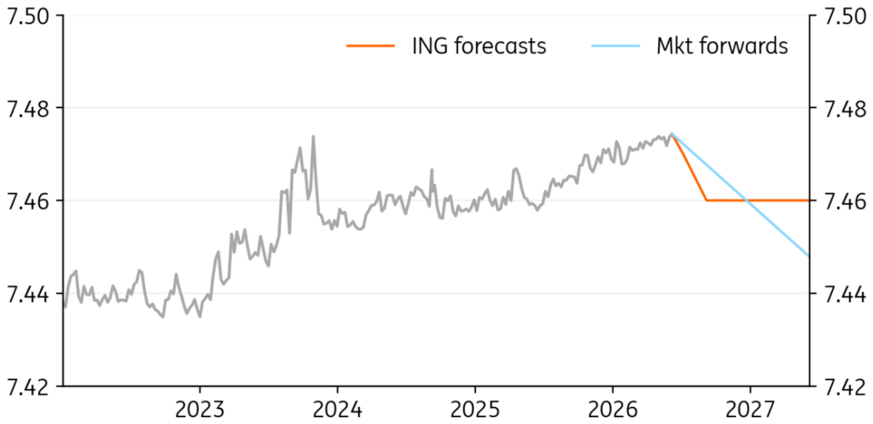


Source: Refinitiv, ING Forecasts

EUR/DKK: Still tolerated at these high levels

	Spot	One month bias	1M	3M	6M	12M
EUR/DKK	7.4700	Neutral	7.47	7.46	7.46	7.46

- The Danish central bank continues to show tolerance for the relatively strong EUR/DKK, choosing not to intervene to buy DKK again in May and hiking 25bp like the ECB on 11 June.
- We still think we are close to a tipping point in EUR/DKK strength to trigger new FX intervention or action on the rates side to close the policy gap with the ECB.
- Our view, therefore, remains that EUR/DKK will stay close to the 7.470 mark in the second half of the year.

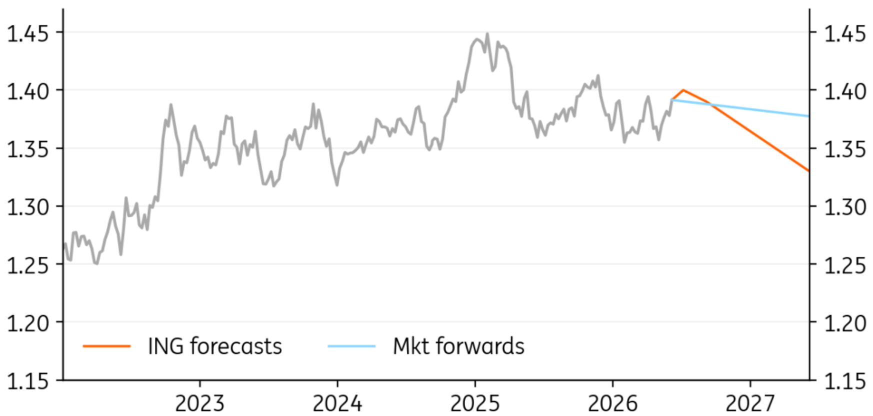


Source: Refinitiv, ING Forecasts

USD/CAD: CAD in an undesirable spot near term

	Spot	One month bias	1M	3M	6M	12M
USD/CAD	1.4000	Neutral	1.40	1.39	1.37	1.33

- Idiosyncratic risks have continued to weigh on Canada's dollar. The labour market rebounded in May, but the April jobs slump, paired with a technical recession, has left Bank of Canada officials a bit more cautious on tightening. We don't expect a hike.
- USMCA renegotiations may well be the next big thing on President Trump's agenda. It's still unclear how those will be dealt with alongside Iran negotiations and the World Cup. But trade tensions remain an important driver of uncertainty for Canadian businesses.
- Higher oil prices can partly offset those domestic woes for CAD in the crosses, but not in USD/CAD. We now expect it to break above 1.40 before gradually easing back towards 1.37 in the second half of 2026.

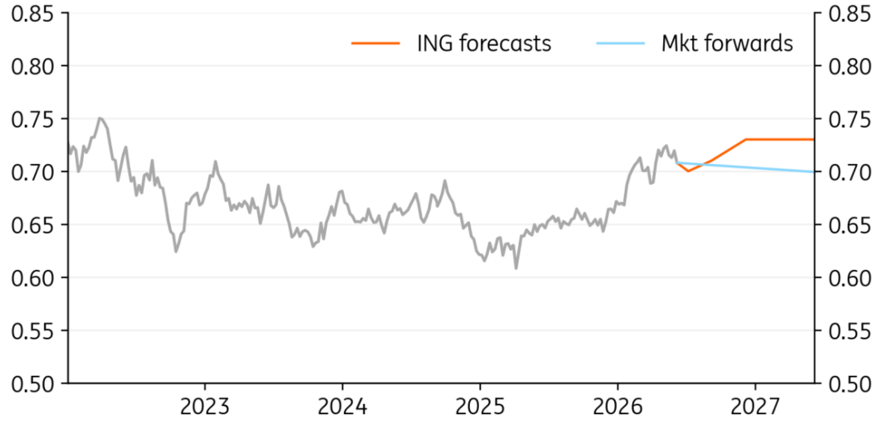


Source: Refinitiv, ING Forecasts

AUD/USD: More short-term turbulence possible

	Spot	One month bias	1M	3M	6M	12M
AUD/USD	0.7000	Neutral	0.70	0.71	0.73	0.73

- The likelihood of another rate hike by the Reserve Bank of Australia would rise, especially in a potentially rocky summer for energy markets. The Bank might have a slightly higher bar to tighten again, but it has shown little hesitation to act if data heats up.
- The positive impact on AUD/USD from another RBA hike would, however, be more than offset by potential Fed tightening, which tends to have a deeper impact on high-beta currencies than domestic stories.
- Beyond a potentially turbulent summer, we remain optimistic on AUD's outlook. Carry and terms-of-trade improvements are pointing higher. If risk sentiment holds, AUD should emerge as an outperformer again later this year.

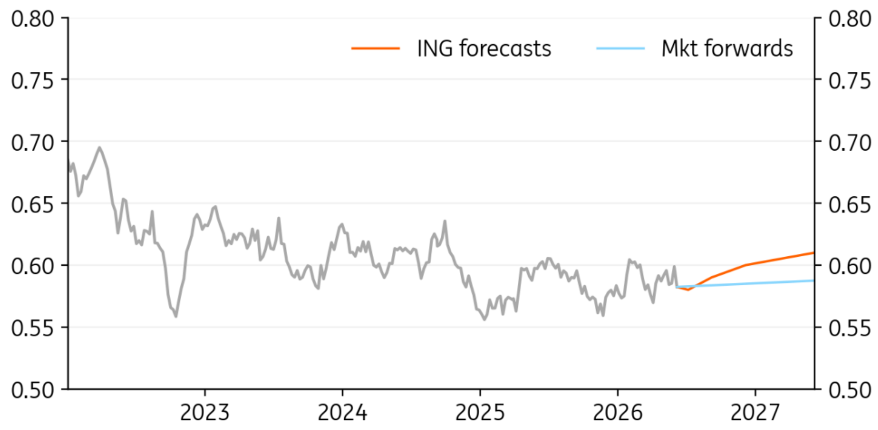


Source: Refinitiv, ING Forecasts

NZD/USD: Hikes fully priced in

	Spot	One month bias	1M	3M	6M	12M
NZD/USD	0.5800	Neutral	0.58	0.59	0.60	0.61

- The Reserve Bank of New Zealand should start hiking rates on 8 July after a strongly dissented hold in May. If oil prices spike over the next few weeks, we see a chance of a 50 bp increase in July.
- Even if the hike is only 25bp, the messaging may well need to remain hawkish to avoid a rates repricing that could push inflation expectations higher. Markets are pricing in 75bp of RBNZ hikes by year-end; our call is 50bp, with hawkish risks. Still, we expect the Fed story to be a bigger driver for NZD/USD.
- We are still looking at some upside for the pair in 2H26, but we expect AUD to outpace NZD again into year-end.



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