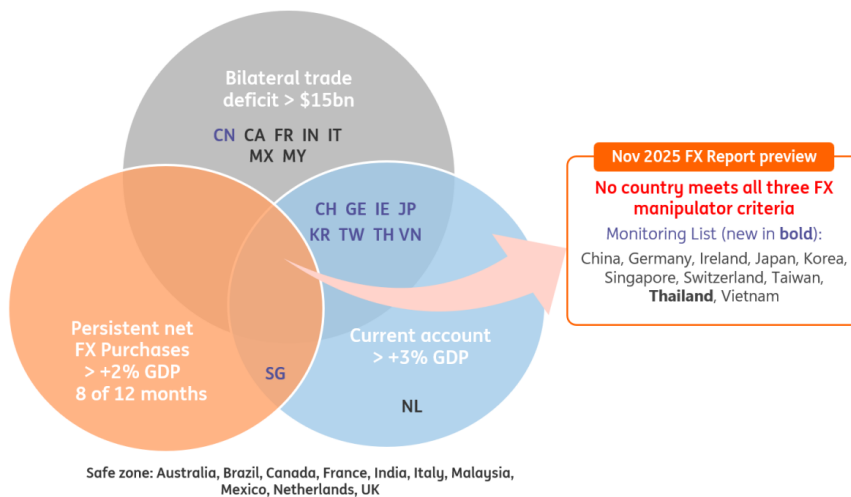


Treasury FX Report preview: Tighter scrutiny, no manipulator tags

The November FX Report has been delayed but should be released soon. We expect an emphasis on the changing approach towards a tighter scrutiny on US partners' FX practices, but we don't think we'll see any FX manipulator designation by Treasury. Thailand should, however, join the Monitoring List, and Switzerland will remain a focus point for markets



Source: ING

What is the FX Report?

The US Treasury's semi-annual Report on Foreign Exchange Policies of Major Trading Partners (the "FX Report") is expected to be released in the coming weeks, following a delay caused by the government shutdown. The report is prepared under two legislation:

- The 1988 law requiring the Treasury to identify foreign exchange manipulators
- The 2015 law introducing three quantitative criteria – thresholds have been revised over time – for evaluating trade and FX practices.

Criteria and thresholds

Criteria	Threshold (4Q rolling)
Significant bilateral trade surplus with the US	>15\$bn goods and services surplus
Material current account surplus	>3% of GDP
Persistent, one-sided intervention	Net FX purchases for at least 8 of 12 months, worth >2% of GDP

Source: US Treasury, ING

In this note, we estimate the current thresholds for these three criteria for the period covered in the Autumn FX Report: June 2024 to June 2025. Our baseline assumption is that a country is designated as an “FX manipulator” when it meets all three criteria. However, this is not a strict requirement, as Treasury can designate manipulators under the 1988 legislation even when not all thresholds are breached, like it did with China in 2019.

Each report also updates a Monitoring List for enhanced scrutiny, which includes countries meeting two criteria or contributing disproportionately to the US trade deficit. Removal typically requires failing to meet two criteria for two consecutive reports.

No country to be labelled manipulator

In June 2025, the FX Report concluded there were no FX manipulators, and expanded the Monitoring List, adding Ireland and Switzerland to the seven countries already present.

Our calculations (table below) suggest no country met all three criteria for June 2024–June 2025. While Treasury could still act at its discretion, we expect no manipulator designations in this Autumn 2025 report.

We, however, expect Thailand to join the Monitoring List, having breached the 3% of GDP threshold for current account surplus and therefore meeting the first two criteria. We don't expect any countries to be removed from the List, which would then include China, Germany, Ireland, Japan, Korea, Singapore, Switzerland, Taiwan, Thailand and Vietnam.

Our estimates for the Autumn FX Report

	Goods and services surplus with US (\$bn)	Current account balance (% of GDP)	Net FX purchases (% of GDP, Trailing 4Q)	Net FX purchases (8 of 12 Months)
China*	245	3.2	-0.4/-0.7	No
Mexico	186	-0.1	0.0	No
Vietnam**	148	5.1	-0.7	No
Taiwan	100	14.8	0.7	No
Germany	85	4.9	-	-
Ireland	68	10.2	-	-
Japan	65	4.8	-0.8	No
India	59	-0.4	-0.9	No
Korea	52	5.8	-0.4	No
Switzerland	49	7.0	0.8	Yes
Thailand**	46	3.6	1.4	No
Italy	46	1.0	-	-
Canada	36	-0.9	0.0	No
Malaysia**	28	1.6	-0.5	No
France	22	-0.3	-	-
Australia	-22	-2.1	0.0	No
Singapore	-26	18.0	3.2	Yes
UK	-26	-2.6	0.0	No
Brazil	-32	-3.7	-1.9	No

Source: ING estimates, Macrobond, Central bank disclosures

Figures in red are above the criteria's thresholds. Estimates are based on disclosed interventions when available or through the valuation-adjusted change in FX reserves, attempting to replicate the US Treasury's methodology. *The Treasury usually reports China's FX interventions both via an FX reserve calculation (first figure) and an FX settlement calculation (second figure) - we estimate both here ** Malaysia, Thailand and Vietnam convey intervention numbers privately to the Treasury, making it harder to estimate via FX reserves

Growing relevance of the FX report

FX practices have regained prominence in Trump's second term. Ahead of this release, three themes stand out in our view:

1) Dollar depreciation

This Report covers a period of sharp dollar depreciation. While the 4Q rolling nature of the analysis includes the 2H24 dollar rally, it gives some initial indications of how US trading partners reacted to the weaker dollar, which is of great interest to the Treasury in its assessment of potentially unfair FX practices. This Autumn Report will be a good preview of the June 2026 edition, which will cover the whole of 2025 and will probably show higher intervention figures.

2) Recent FX joint statements

The US and some trading partners have issued joint statements on FX practices of late (table below). These are probably part of the Treasury's intensified focus on FX practices through the lenses of tackling the large US trade deficit. At the same time, they could slightly reduce the chance of FX manipulator tags being handed out via the FX Report as the Treasury is already very active in direct FX discussions with central banks, likely based on up-to-date intervention estimates/disclosures. That said, the FX Report will provide an important update on how instrumental these joint statements are in the overall assessment of a country's trade/FX practices.

3) Shifting approach by the Treasury

In the June 2025 FX Report, a few statements were added, remarking the shift in approach towards a higher scrutiny of trading partners' FX practices. While admitting FX intervention had declined, the Treasury stressed “the damage done is long-lasting”, and the intent was to strengthen the analysis of trading partners' FX practices by taking into account market dynamics. This Report can help form expectations of how important FX discussions will be for future trade deals.

Latest joint statements with US Treasury on FX practices

Date	Country	Key points
11 Sep 2025	Japan	<ul style="list-style-type: none"> Reaffirmed that intervention is limited to exceptional market disorder Committed to monthly disclosure of FX interventions and reserves/forwards
29 Sep 2025	Switzerland	<ul style="list-style-type: none"> FX intervention only to counter disorderly volatility Committed to regular disclosure of interventions and reserves
30 Sep 2025	South Korea	<ul style="list-style-type: none"> Agreed to avoid FX manipulation Interventions only for volatility/disorder Monthly disclosure of interventions, reserves, forwards
28 Oct 2025	Malaysia	<ul style="list-style-type: none"> No currency targeting FX intervention only for volatility/disorder Monthly reserves data and semi-annual FX transactions disclosure
28 Oct 2025	Thailand	<ul style="list-style-type: none"> FX intervention only to counter volatility/disorder Semi-annual disclosure of interventions Monthly reserves and forwards data
14 Nov 2025	Taiwan	<ul style="list-style-type: none"> Avoid FX manipulation Interventions only for disorderly volatility Quarterly disclosure of interventions and reserves/forwards

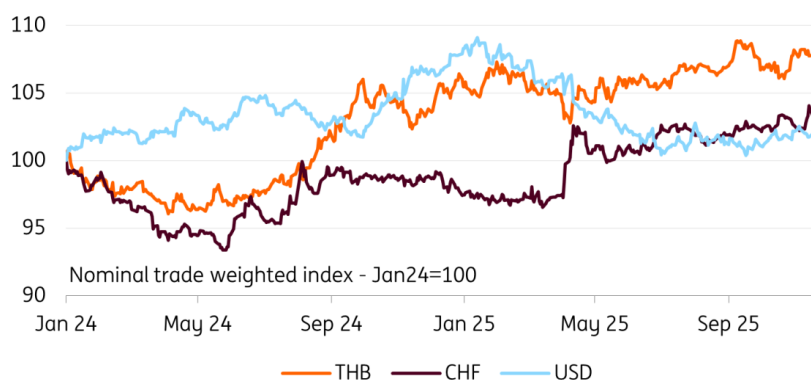
Source: ING, US Treasury, Central bank disclosures

Country focus: Thailand

As we expect no country to be named a manipulator, the market implications of the report should not be significant, in our view. However, Thailand joining the Monitoring List could grab a few headlines, particularly given the domestic discussion about the baht's strength and its economic implications.

The joint statement between the Bank of Thailand and the Treasury reinforces the US scrutiny on interventions that can't be justified as volatility smoothing measures. So far, the BoT would privately communicate the FX intervention numbers to the Treasury, and estimating them independently has proven rather challenging on our end. For this report, we estimate interventions will be 1.4% of GDP, but may well prove much closer to the 2% threshold. The BoT will have to disclose them semi-annually from now on.

THB and CHF have strengthened on a trade-weighted basis



Source: ING, BIS

Country focus: Switzerland

Markets will continue to look at the FX Report with interest when it comes to Switzerland. The recent joint statement on FX practices and the reduction of US tariffs on Switzerland have failed to address the Swiss National Bank's longstanding conundrum: how to weaken the franc?

As shown in the table, we estimate FX intervention by the SNB at \$7.4bn (or 0.8% of GDP) for the four quarters into June 2025, which are covered by this FX Report. However, \$6.4bn of those happened in the first half of 2025, capping the room for further intervention in 2H25. But with rates at 0% and low appetite to return to negative, there is a strong feeling FX interventions are the only realistic measure to drive CHF lower.

Any change in wording about Switzerland in the FX Report will be scrutinised closely. In June, the Treasury mostly included some macro considerations on the country, with no major focus on FX practices and only a recommendation to increase government spending. If the Treasury sounds more lenient towards Swiss FX intervention – framed as a macroeconomic tool – CHF can take a hit. Conversely, a tighter approach could keep perceived FX intervention risk low and support CHF further.

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