

FX Talking

Dollar downturn delayed



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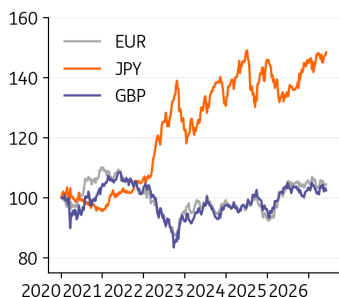
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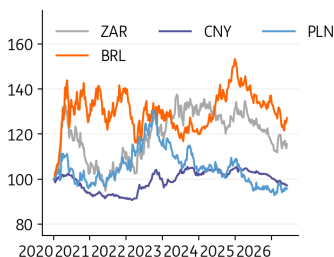
FX Talking

USD/Majors (Jan 20=100)



Source: Refinitiv, ING forecast

USD/EM (Jan 20=100)



Source: Refinitiv, ING forecast

Dollar downturn delayed

Financial markets are once again excited about a potential Middle East peace deal and the possible resumption of energy flows out of the Gulf. Whether that delivers much lower energy prices is highly questionable. What is clear, however, is that the inflation genie is out of the bottle and very few central banks can look through this inflation shock.

The big change over the last eight weeks is that investors now expect the Federal Reserve to tighten policy. This has undermined fears of a ‘captured’ Fed and is powering a cyclical bounce in the dollar. Given a resilient US labour market, above 4% inflation and the risk of higher energy prices, this period of dollar strength can extend into the third quarter. And the much-anticipated dollar decline now looks to be a story for 2027.

In G10, this means that EUR/USD could have a brief window down to 1.13/14 even if the European Central Bank hikes again at either the July or September meeting. Sterling looks vulnerable as the Bank of England drags its feet on tightening and a change in prime minister could happen quickly. USD/JPY risks higher levels, with FX intervention continuing to prove ineffective. Currencies backed by energy exports and hawkish central banks should prove insulated.

Emerging market currencies are coming under pressure, but investors and our team still like outperformance of the Czech koruna and the Hungarian forint. The Polish zloty looks set to lag given a less hawkish central bank. Idiosyncratic stories are also coming through where the Israeli shekel has been hit by both the tech sell-off and intervention.

At the forefront of the energy shock remains Asian FX. Policymakers are pulling out all the stops to halt the rot, but have their work cut out. Only the heavily controlled currencies, such as USD/CNY, look truly contained until this inflation shock/dollar rally has passed.

ING 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/CZK		EUR/PLN	
1M	0.87	↑	24.20	→	4.23	↑
3M	0.88	↑	24.15	↓	4.24	↑
6M	0.88	↑	24.10	↓	4.22	↑
12M	0.89	↑	24.00	↓	4.25	↑
	USD/CNY		USD/MXN		USD/BRL	
1M	6.76	↑	17.50	↑	5.15	↑
3M	6.73	↑	17.50	↑	5.15	↓
6M	6.70	↑	17.25	↓	5.00	↓
12M	6.65	↑	17.25	↓	4.75	↓

↑ / → / ↓ indicates our forecast for the currency pair is above/in line with/below the corresponding market forward or NDF outright

Source: Refinitiv, ING forecast

FX performance

	EUR/USD	USD/JPY	EUR/GBP	EUR/NOK	AUD/USD	USD/CAD
%MoM	-1.2	1.5	-0.5	2.3	-2.4	1.9
%YoY	0.3	11.1	1.4	-3.5	8.6	2.9
	USD/CNY	USD/KRW	EUR/HUF	EUR/PLN	USD/ZAR	USD/BRL
%MoM	-0.5	1.5	-1.4	-0.2	-1.9	4.1
%YoY	-5.9	11.3	-12.4	-0.5	-9.5	-8.1

Source: Refinitiv, ING forecast

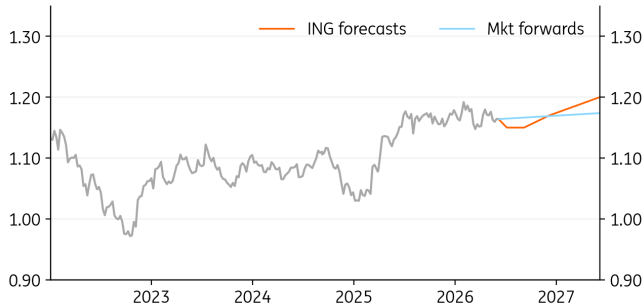


Developed markets

EUR/USD

Riding out Fed hawkishness

Current spot: 1.1579



Source: Refinitiv, ING forecasts

- It looks like FX markets are entering a period when the dollar will be back in demand. Our house call is that energy prices will stay high/go higher into July as inventory drawdown strategies are questioned. This inflation shock will be with us for longer and 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 that 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 the US.
- EUR/USD could be pushed to 1.13/14 in July – but this is not 2022.

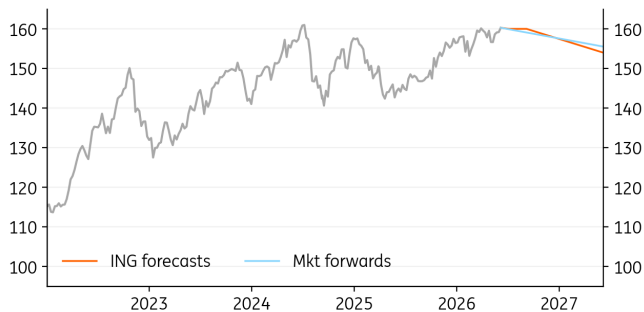
ING forecasts (mkt fwd)	1M 1.15 (1.1593)	3M 1.15 (1.1622)	6M 1.17 (1.1660)	12M 1.20 (1.1741)
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USD/JPY

Decreasing marginal returns of intervention

Current spot: 160.10



Source: Refinitiv, ING forecasts

- 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 is 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.
- This all points to USD/JPY staying bid this summer and potentially advancing into the 162/163 area. What would be a gamechanger, albeit unlikely, would be the US Treasury engaging in joint intervention. The Fed did check USD/JPY rates in January.

ING forecasts (mkt fwd)	1M 160 (159.71)	3M 160 (158.93)	6M 158 (157.80)	12M 154 (155.53)
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GBP/USD

Sluggish BoE, UK politics to weigh

Current spot: 1.3417



Source: Refinitiv, ING forecasts

- 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 probably will not be enough to deliver strong support to 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 a factor.

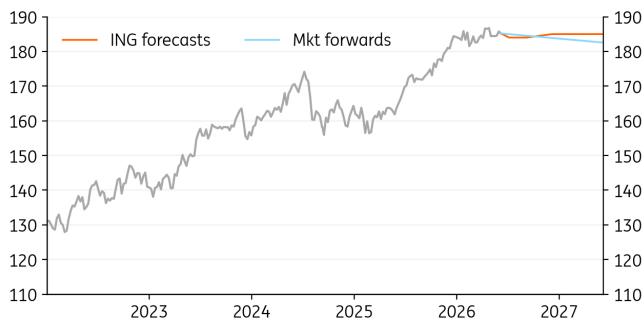
ING forecasts (mkt fwd)	1M 1.32 (1.3415)	3M 1.31 (1.3413)	6M 1.33 (1.3406)	12M 1.35 (1.3392)
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EUR/JPY

Slight downside bias emerging

Current spot: 185.38



Source: Refinitiv, ING forecasts

- 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 we see upside for USD/JPY. This because the Japanese will probably try and intervene again in the 161/162 region.
- Domestically, the Bank of Japan may well hike at the 16 June meeting and the market prices 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 can see the yen get hit.
- A big tech sell-off is one of the downside risks to EUR/JPY.

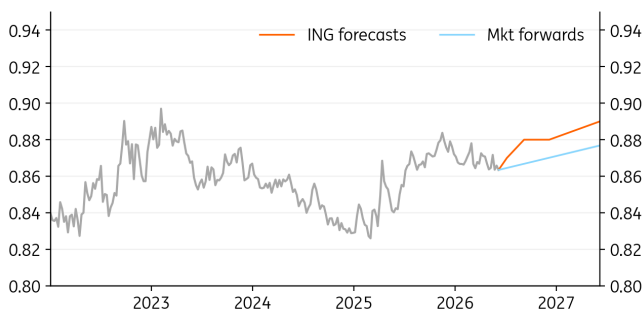
ING forecasts (mkt fwd)	1M 184 (185.16)	3M 184 (184.71)	6M 185 (183.99)	12M 185 (182.61)
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EUR/GBP

Exceptionally low volatility

Current spot: 0.8630



Source: Refinitiv, ING forecasts

- 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 around 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.

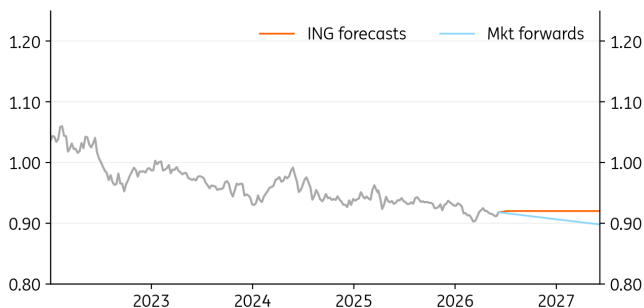
ING forecasts (mkt fwd)	1M 0.87 (0.8642)	3M 0.88 (0.8665)	6M 0.88 (0.8697)	12M 0.89 (0.8768)
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EUR/CHF

Unwind of the dollar debasement hurts CHF

Current spot: 0.9213



Source: Refinitiv, ING forecasts

- The shift in market pricing towards Fed tightening has weighed on the Swiss franc through two channels. The first is the unwind of the dollar debasement trade, which 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. It is not clear how much further widening can be expected, however.
- SNB FX intervention data on 30 June should show the largest FX buying since 2020/21 and keep EUR/CHF downside limited.

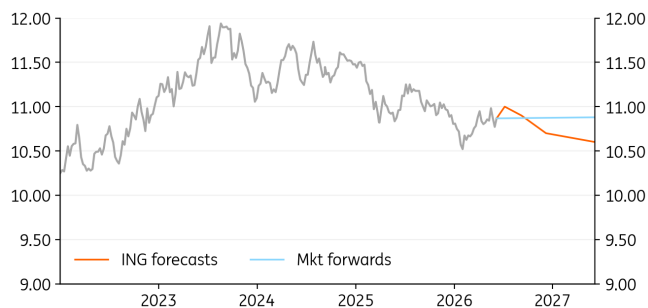
ING forecasts (mkt fwd)	1M 0.92 (0.9194)	3M 0.92 (0.9155)	6M 0.92 (0.9096)	12M 0.92 (0.8979)
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EUR/SEK

Riksbank hike hinges on the krona

Current spot: 10.93



Source: Refinitiv, ING forecasts

- 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 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, which the Riksbank might try to contain with a hike 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.

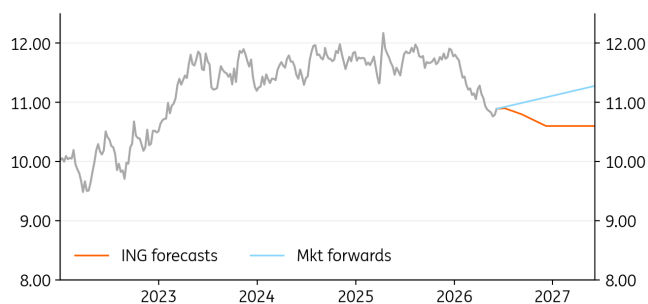
ING forecasts (mkt fwd)	1M 11.00 (10.92)	3M 10.90 (10.91)	6M 10.70 (10.90)	12M 10.60 (10.88)
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EUR/NOK

Ready to benefit from new oil rallies

Current spot: 11.05



Source: Refinitiv, ING forecasts

- We are pencilling in another Norges Bank 25bp hike this year, contingent on an increase in oil prices this summer. That would further improve the already attractive carry of the krone, which would however need to wait for a global risk stabilisation to see the benefits of it.
- A return above \$110/bbl in Brent forecasted 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.

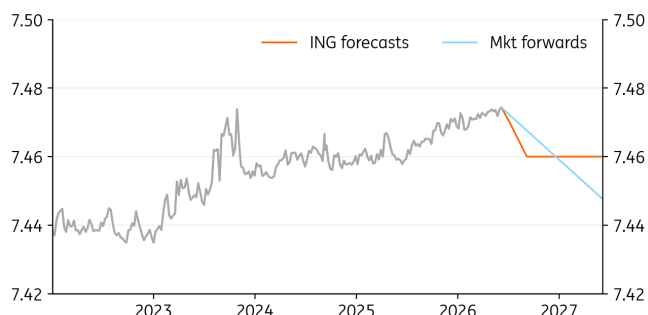
ING forecasts (mkt fwd)	1M 10.90 (11.07)	3M 10.80 (11.11)	6M 10.60 (11.17)	12M 10.60 (11.28)
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EUR/DKK

Still tolerated at these high levels

Current spot: 7.4742



Source: Refinitiv, ING forecasts

- 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 return close to the 7.470 mark in the second half of the year.

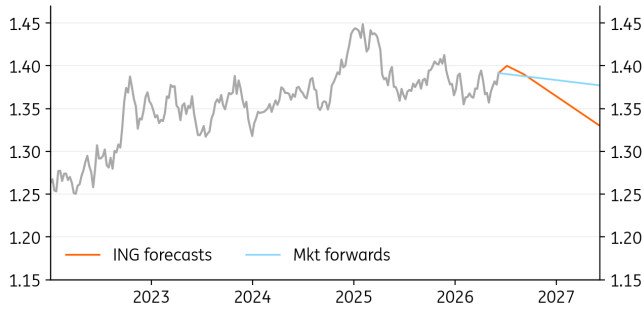
ING forecasts (mkt fwd)	1M 7.47 (7.4718)	3M 7.46 (7.4666)	6M 7.46 (7.4595)	12M 7.46 (7.4476)
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USD/CAD

CAD in an undesirable spot near term

Current spot: 1.3982



Source: Refinitiv, ING forecasts

- 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, have 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 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, which we now expect to break above 1.40 before gradually easing back towards 1.37 in the second half of 2026.

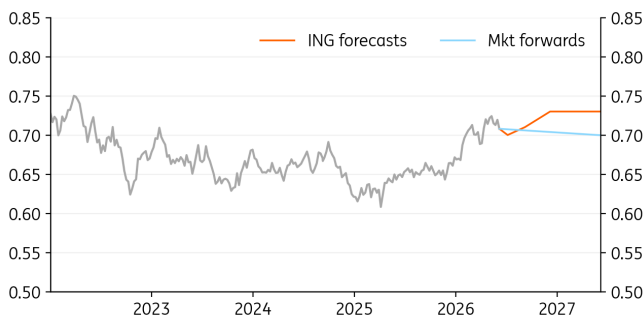
ING forecasts (mkt fwd)	1M 1.40 (1.3964)	3M 1.39 (1.3927)	6M 1.37 (1.3873)	12M 1.33 (1.3772)
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AUD/USD

More short-term turbulence possible

Current spot: 0.7044



Source: Refinitiv, ING forecasts

- 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 has equally 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 from 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 up, and if risk sentiment holds, AUD should emerge as an outperformer again later this year.

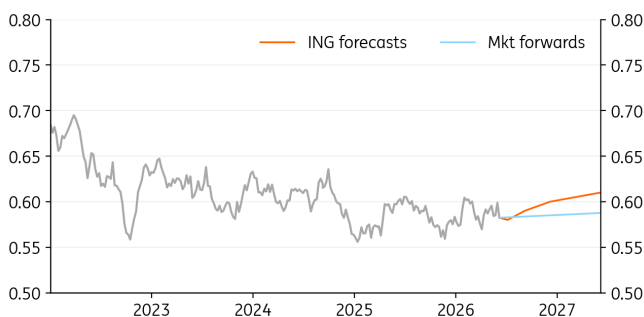
ING forecasts (mkt fwd)	1M 0.70 (0.7039)	3M 0.71 (0.7030)	6M 0.73 (0.7018)	12M 0.73 (0.6997)
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NZD/USD

Hikes fully priced in

Current spot: 0.5828



Source: Refinitiv, ING forecasts

- The Reserve Bank of New Zealand should start hiking rates on 8 July after a strongly dissented hold in May. If oil prices spike in the next few weeks, we see a chance of a 50bp increase in July.
- Even if the hike is only 25bp, the messaging may well need to remain hawkish to prevent a repricing lower in rates potentially driving 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.

ING forecasts (mkt fwd)	1M 0.58 (0.5834)	3M 0.59 (0.5844)	6M 0.60 (0.5857)	12M 0.61 (0.5876)
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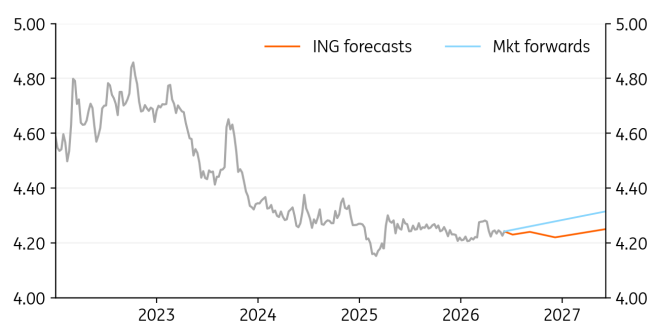


Emerging markets

EUR/PLN

Zloty remains stable

Current spot: 4.2492



Source: Refinitiv, ING forecasts

- EUR/PLN maintains its narrow range (4.23 – 4.26) despite the turmoil in the Gulf, US dollar strength and a less hawkish approach by the central bank governor in June. The zloty remains relatively resilient to these factors.
- July was perceived as a live Monetary Policy Council meeting (due to the new projections), but recent dovish MPC comments and a low May CPI support our no-hike view for 2026, while markets still price 75bp in hikes. These expectations shield the zloty against risk-off waves.
- Our view on the zloty remains unchanged. We expect a limited rise in EUR/USD in the second half of 2026, sustainable GDP outperformance and expected inflows of EU funds to justify EUR/PLN hovering close to 4.24. Risks are still linked to geopolitical factors and a dovish MPC.

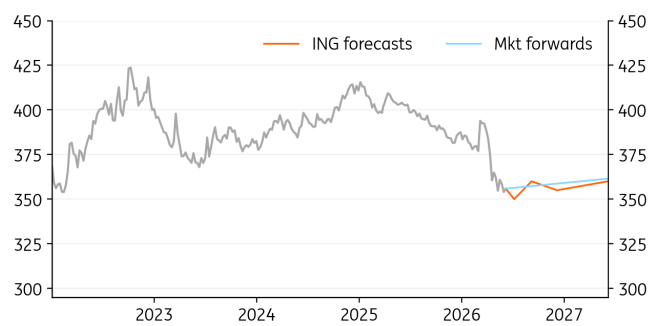
ING forecasts (mkt fwd)	1M 4.23 (4.2547)	3M 4.24 (4.2656)	6M 4.22 (4.2804)	12M 4.25 (4.3147)
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Mateusz Sutowicz, mateusz.sutowicz@ing.pl

EUR/HUF

Positive factors to maintain the strength of the HUF

Current spot: 352.91



Source: Refinitiv, ING forecasts

- We see the National Bank of Hungary cutting the base rate on 23 June. The extremely favourable May inflation print at 1.8% made us consider the possibility of a 50bp cut, though we still regard this as a remote option.
- With almost 100bp of easing priced in until end-2026, the easing cycle won't derail the forint's superstar status. Positive factors such as full access to EU funds, upgrades to ratings outlooks and a convergence programme should keep EUR/HUF at around 355 despite the lower interest rate premium.
- As policymakers prefer lower rates to a stronger forint, we see reactive policies sustaining a 350-360 range in the long term.

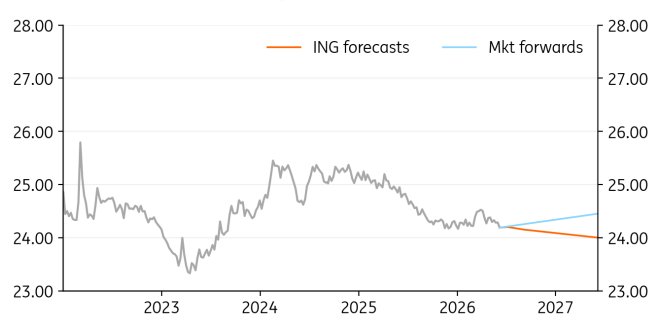
ING forecasts (mkt fwd)	1M 350 (353.92)	3M 360 (355.64)	6M 355 (357.87)	12M 360 (361.49)
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Péter Virovác, peter.virovacz@ing.com

EUR/CZK

Czech rate hike on its way

Current spot: 24.18



Source: Refinitiv, ING forecasts

- The Czech National Bank will likely proceed with one hike at its June meeting, which has been signalled by ample hawkish talk. However, we expect a split vote with a close call between a hike and flat base rate.
- In any case, the koruna will further be supported by the positive interest rate differential against the euro in both nominal and real terms. The recent ECB rate increase is not a substantial adjustment here.
- Should we see the impact of the Hormuz crisis on real growth in 2Q, the Czech and eurozone economies will both be affected. The economic support for the koruna should prevail and underscore its relative strength.

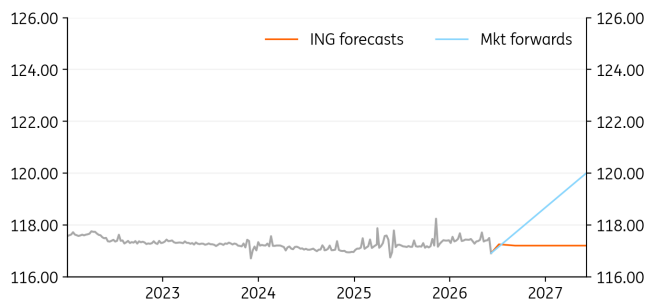
ING forecasts (mkt fwd)	1M 24.20 (24.20)	3M 24.15 (24.25)	6M 24.10 (24.32)	12M 24.00 (24.45)
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EUR/RSD

Investment trends keeping RSD supported

Current spot: 117.36



Source: Refinitiv, ING forecasts

- EUR/RSD has continued to trade mostly sideways, despite persistent political tensions. However, more positively, the shareholders' agreement for the sale of the NIS refinery has concluded, after months of uncertainty. The pair sat mostly between the 117.30 - 117.50 range. Preparations and last-mile investments related to the EXPO 2027 event are also beginning to gather pace.
- As such, investments are still set to continue to fuel the tailwinds in activity ahead, while the country's external position remains in check. The still-high, double-digit wage growth acted as a cushion through most of the recent uncertainties and has allowed demand to remain robust.
- At its June meeting, the National Bank of Serbia kept the key rate in place at 5.75% - highlighting the short-run inflationary pressures expected. We continue to believe that FX stability should remain a key focus ahead - in January-April, the Bank sold EUR 1205mn to keep the pair stable.

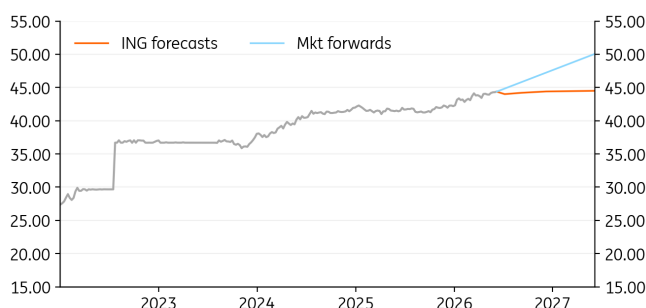
ING forecasts (mkt fwd)	1M 117.25 (117.55)	3M 117.20 (117.99)	6M 117.20 (118.62)	12M 117.20 (120.01)
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Valentin Tataru, valentin.tataru@ing.com

USD/UAH

Hryvnia at record low level

Current spot: 44.82



Source: Refinitiv, ING forecasts

- As the US dollar strengthened on the back of solid data, USD/UAH rose towards 44.8, a record high level. The National Bank of Ukraine's efforts to stabilise the hryvnia are insufficient to fully offset the global financial markets impact. Thus, the outlook for the hryvnia remains cloudy.
- May was another month in which international reserves of the NBU decreased (by 5.2% after 7.3% in April), mainly due to FX interventions and FX debt repayments. Nevertheless, the NBU see them as sufficient to maintain FX market stability.
- Still, the macroeconomic environment remains challenging due to the ongoing war. However, the latest business outlook survey shows further signs of an improvement with construction and industrial companies maintaining the most optimistic outlook.

ING forecasts (mkt fwd)	1M 44.00 (45.23)	3M 44.20 (46.05)	6M 44.40 (47.33)	12M 44.50 (50.07)
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USD/KZT

Real rates remain high despite the surprise rate cut

Current spot: 489.43



Source: Refinitiv, ING forecasts

- The tenge lost around 5% over the last month, following the correction in the oil prices. Meanwhile, [the updated house view](#) suggests upside.
- The National Bank of Kazakhstan made a surprise cut in the base rate by 100bp to 17.00%, without any commitment to further easing. With CPI of around 10% year-on-year, Kazakhstan's real rates remain high.
- We expect the tenge to continue to benefit from portfolio capital inflows thanks to the future Euroclear connection, issuance plans, and hopes of an improved position in global bond indices. Meanwhile, the effect of higher oil prices should be muted by the accompanying dividend outflow.

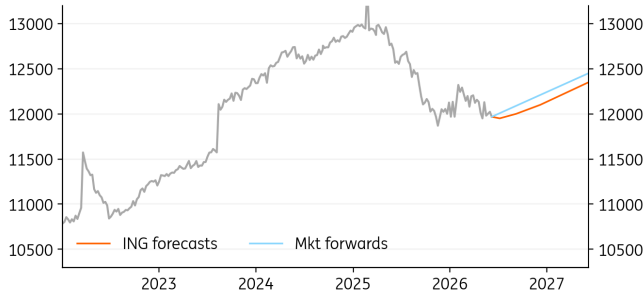
ING forecasts (mkt fwd)	1M 480 (494.97)	3M 480 (505.94)	6M 490 (522.07)	12M 500 (549.25)
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Dmitry Dolgin, dmitry.dolgin@ingbank.com

USD/UZS

Long-awaited restart of gold exports lifts UZS

Current spot: 11977.00



Source: Refinitiv, ING forecasts

- The soum appreciated against the US dollar by around 1% over the last month, in line with our constructive view. The long-awaited [restart of the gold exports](#) was the main support factor.
- Portfolio inflows, likely supported by the privatisation pipeline and improved sovereign rating prospects should serve as additional reinforcement for the FX market
- A stronger soum combined with apparent ongoing fiscal consolidation have contributed to a material drop in CPI growth to 5.5% year-on-year as of May, creating room for a cut in the policy rate from the current high level of 14.00%.

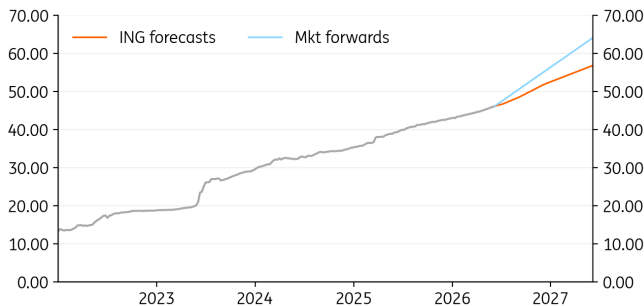
ING forecasts (mkt fwd)	1M 11950 (11990.00)	3M 12000 (12075.00)	6M 12100 (12200.00)	12M 12350 (12450.00)
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USD/TRY

A clear intention to preserve flexibility in policymaking

Current spot: 46.26



Source: Refinitiv, ING forecasts

- May inflation has not yet shown a clear return to a disinflation trend, indicating a still challenging outlook. Uncertainty around oil prices, and the spillover into other commodities, continues to pose risks. Food inflation remains uncertain, shaped by agricultural supply expectations and potential fertiliser cost pressures. Annual inflation is expected slightly below 30%.
- The Middle East conflict has required a prolonged period of tight monetary policy, accompanied by stricter credit growth caps. These measures reflect a widening current account deficit and increased financial stability concerns after the court decision. Despite stable lending trends, the central bank has lowered TRY loan growth limits for the retail and corporate segments.
- Given this backdrop, all policy options continue to be available for the Central Bank of Turkey. This approach signals a clear intention to preserve flexibility in policymaking depending on changing geopolitical conditions. In the near term, we think the CBT will remain in a wait-and-see approach before deciding whether to reduce the effective cost of funding back toward the policy rate.

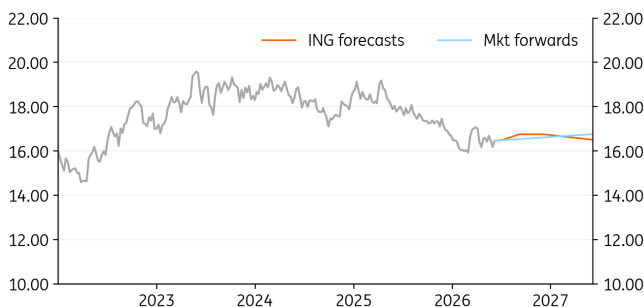
ING forecasts (mkt fwd)	1M 46.65 (47.51)	3M 48.50 (50.18)	6M 51.80 (54.50)	12M 56.80 (64.09)
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Muhammet Mercan, muhammet.mercan@ing.com.tr

USD/ZAR

Headwinds growing, including El Nino

Current spot: 16.26



Source: Refinitiv, ING forecasts

- Higher US rates and a tech-led sell-off in risk assets have started to weigh on the rand. But last month, the South African Reserve Bank pre-emptively hiked to 7%, leaving the rand with real rate protection of nearly 3%. The SARB has presented a worst-case scenario for rate hikes if the Strait of Hormuz remains closed for longer and El Nino hits hard. This could see SARB hike to 7.75%.
- We are raising our USD/ZAR profile because of the Fed story but still see it lower through 2027 on high yields, strong commodity prices and eventually lower rates in the US.
- But a heavy El Nino this November-February, causing drought in Asia and Africa, could be a major rand negative.

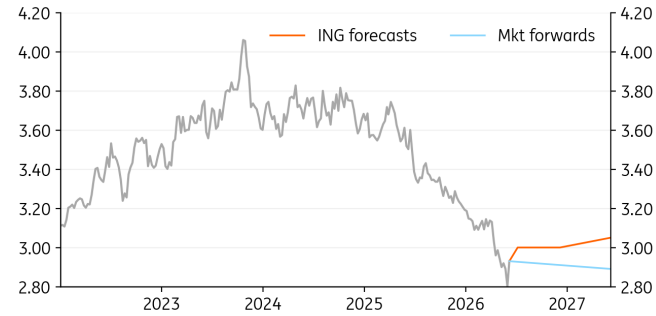
ING forecasts (mkt fwd)	1M 16.50 (16.30)	3M 16.75 (16.38)	6M 16.75 (16.50)	12M 16.50 (16.76)
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Chris Turner, chris.turner@ing.com

USD/ILS

Bank of Israel intervenes for first time since 2022

Current spot: 2.9244



Source: Refinitiv, ING forecasts

- We had felt that the Bank of Israel did not want USD/ILS to be trading under 3.00. Over the last month it intervened to the tune of \$800m and also cut rates by 25bp to 3.75%. Unlike elsewhere in the world, inflation is on target and the Bol is seen as having plenty of room to cut. The market has probably got ahead of itself, however, in pricing a further 150bp of easing.
- The FX intervention is the first since 2022 and quite a big deal. Previously it had been thought Washington had warned Israel away from intervention – that policy may have changed now.
- A stronger dollar and a tech world moving into frothy valuations leave the tech-sensitive shekel a little fragile this year.

ING forecasts (mkt fwd)	1M 3.00 (2.9227)	3M 3.00 (2.9189)	6M 3.00 (2.9110)	12M 3.05 (2.8905)
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Chris Turner, chris.turner@ing.com

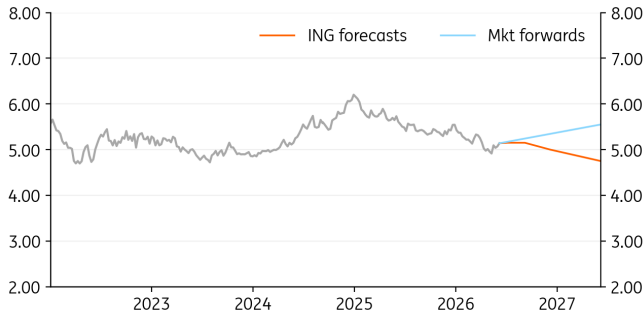


LATAM

USD/BRL

A little underperformance comes through

Current spot: 5.1003



Source: Refinitiv, ING forecasts

- We've started to see a little underperformance come through in the real over the last five to 10 days – particularly led by local interest rates. Here, the sell-off in rates now prices 125bp of tightening over the next 12 months – which looks too aggressive to us.
- Driving that sell-off has been some fear of Brazil overheating after a 1.1% QoQ GDP figure in 1Q and the loose fiscal position taken by the Lula government. Additionally, Lula pulling ahead in the presidential polling seems to have weighed on BRL too.
- But with 13% implied yields, the BRL remains an expensive sell. And ultimately high yields, Brazil's energy exporter status and perhaps high crop yields on El Nino should keep BRL supported.

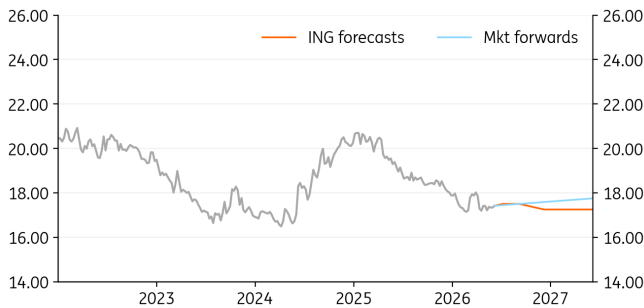
ING forecasts (mkt fwd)	1M 5.15 (5.1353)	3M 5.15 (5.2090)	6M 5.00 (5.3170)	12M 4.75 (5.5490)
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Chris Turner, chris.turner@ing.com

USD/MXN

MXN interest rate protection is a little lean

Current spot: 17.21



Source: Refinitiv, ING forecasts

- The peso has been performing relatively well during this corrective period in risk assets. A 2.5% correction is not a bad outcome for a high-beta EM currency. The next couple of months could be a difficult period for EM assets, and we see a potential period of MXN weakness. And after a two-year, 475bp Banxico easing cycle, the Mexican policy spread over the US is now a lean 275bp – close to the lows over the last decade.
- The USMCA re-negotiation looks set to drag on. The US wants to improve the US rules of origin. This uncertainty can weigh.
- We don't think Banxico wants USD/MXN to trade too far under 17.00, which in any case looks unlikely this summer.

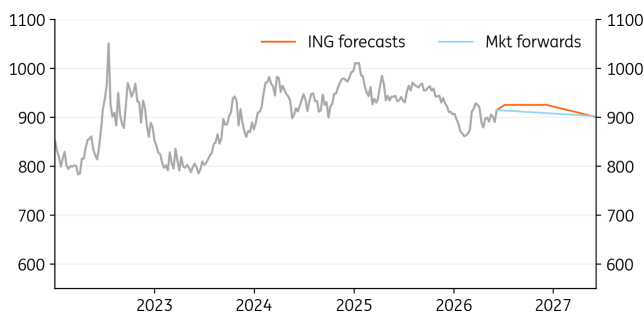
ING forecasts (mkt fwd)	1M 17.50 (17.26)	3M 17.50 (17.35)	6M 17.25 (17.48)	12M 17.25 (17.75)
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USD/CLP

Copper story could prove problematical

Current spot: 905.03



Source: Refinitiv, ING forecasts

- Higher US rates have seen USD/CLP traverse towards the upper end of its broad 850-950 range. Another big leg higher in energy prices over the next couple of months will not be welcome to Chile. We're also a little worried about Chile's copper production later this year, where more difficult access to sulphuric acid (because of the disruption in the Middle East) could hit activity.
- We are also waiting to hear about US tariffs on refined copper product – a decision is due by the end of June. A delay or a tariff could keep copper prices bid, while no tariffs could see copper prices come off.
- Expect USD/CLP to continue trading in an 850-950 range, with a top-side bias given the current strengthening dollar story.

ING forecasts (mkt fwd)	1M 925 (905.05)	3M 925 (905.32)	6M 925 (905.90)	12M 900 (901.83)
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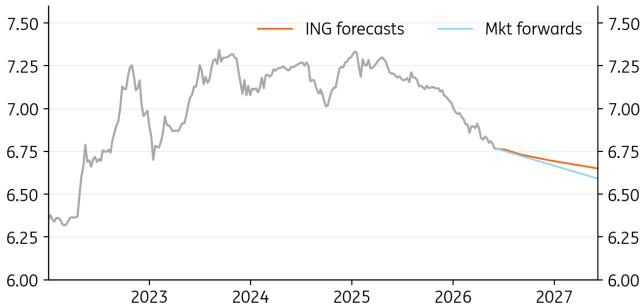


Asia

USD/CNY

Appreciation trajectory remained intact

Current spot: 6.7609



Source: Refinitiv, ING forecasts

- The Chinese yuan was an outperformer last month, with the USD/CNY drifting lower, touching a low of 6.76.
- A strong May trade surplus and less resistance to appreciation from daily fixings have offset a wider US-China yield spread in supporting the CNY over the past month.
- We hold our 6.70-7.05 fluctuation band forecast, with risks to the downside. New tightening on capital outflows add to the CNY-bullish macro backdrop. Market participants still seem largely favouring further CNY appreciation.

ING forecasts (mkt fwd)	1M 6.76 (6.7470)	3M 6.73 (6.7181)	6M 6.70 (6.6764)	12M 6.65 (6.5911)
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Lynn Song, lynn.song@asia.ing.com

USD/KRW

KRW to remain weak and volatile in near term

Current spot: 1517.44



Source: Refinitiv, ING forecasts

- USD/KRW has been the worst-performing Asian currency pair, briefly breaking above 1,550 before intervention by the authorities brought it back toward the 1,525 level.
- A chip-led current account surplus is expected to widen towards historic highs, but geopolitical risks and large outbound portfolio flows should keep USD/KRW near 1,515 in the near term, with 1,550 a key intervention-risk level.
- The Bank of Korea is expected to hike in July and signal further tightening. We expect 50bp in hikes this year and another 25bp in 1H27. Narrowing the yield gap with the Fed should support a mild appreciation in the Korean won in 2H26.

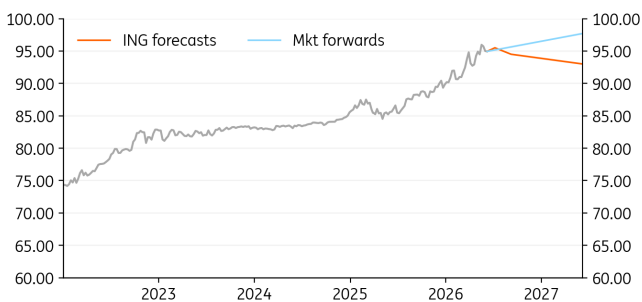
ING forecasts (mkt fwd)	1M 1515 (1516.07)	3M 1475 (1513.67)	6M 1475 (1510.44)	12M 1450 (1504.51)
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Min Joo Kang, min.joo.kang@asia.ing.com

USD/INR

Likely to trade with appreciation bias

Current spot: 95.03



Source: Refinitiv, ING forecasts

- We are factoring in mild appreciation in our Indian rupee forecast for the second half of the year. While a sizable balance of payments deficit, driven by a higher import bill and continued foreign outflows, remains a headwind, recent measures by the Reserve Bank of India to encourage capital inflows should gradually become supportive.
- The RBI announced that it will bear the full hedging cost for three- to five-year foreign currency non-resident (FCNR) deposits. This measure could enable banks to raise an estimated \$20-40bn in deposits, helping to bridge the balance of payments gap.
- In addition, exempting foreign investors from taxes on government bonds suggests that debt inflows should improve, supported by stable fiscal dynamics. At the same time, a combination of RBI FX management and the recent correction in REER-bringing the INR closer to undervalued territory-should provide further support to the rupee.

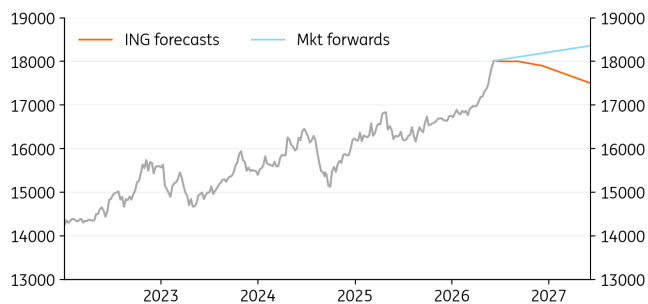
ING forecasts (mkt fwd)	1M 95.50 (95.24)	3M 94.50 (95.72)	6M 94.00 (96.42)	12M 93.00 (97.70)
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USD/IDR

Depreciation risks remain despite rate hikes

Current spot: 17870



Source: Refinitiv, ING forecasts

- Bank Indonesia surprised markets with two back-to-back rate hikes of 50bp and 25bp, respectively, over the last month, reiterating that currency stabilisation remains a key policy priority, providing some near-term stabilisation for the rupiah.
- BI has introduced additional measures to enhance the appeal of Indonesian assets to foreign investors, including reducing hedging costs. However, domestic factors remain the primary constraint. Limited visibility of the policy environment – including the fiscal outlook, sovereign rating trajectory, and broader growth strategy – continues to weigh on sentiment.
- Additionally, Indonesia’s recent move to centralise exports of key commodities – coal, palm oil and nickel – under a state-owned entity introduces a new layer of policy risk at a time when investor sentiment is already fragile. As a result, foreign participation is likely to stay subdued, leaving the IDR vulnerable to continued depreciation pressures despite tighter monetary policy.

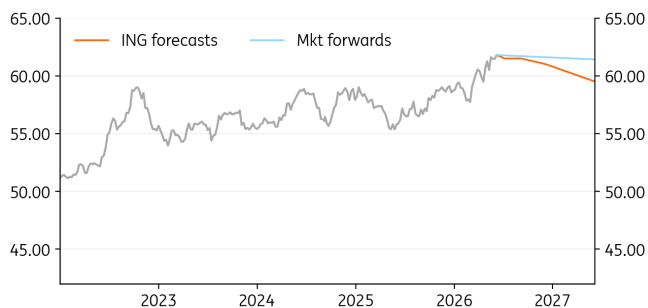
ING forecasts (mkt fwd)	1M 18000 (17904)	3M 18000 (17990)	6M 17900 (18112)	12M 17500 (18360)
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USD/PHP

No turnaround in sight yet

Current spot: 60.66



Source: Refinitiv, ING forecasts

- Inflation risks remain firmly on the upside. Second-round effects from the ongoing pass-through of elevated global oil prices – particularly into electricity, gas, and restaurant prices – show little sign of abating. Against this backdrop, we maintain our forecast for CPI inflation to average 5.8% YoY in 2026, well above the central bank’s 4% target.
- We expect a 25bp rate hike in June, with rising odds of a larger 50bp move should there be no clear progress toward de-escalation in the war. With oil prices now expected to average around \$110/bbl in the third quarter, pressure on the current account deficit is likely to intensify.
- At the same time, heightened political tensions, triggered by the impeachment of the vice president and the subsequent escalation among allies, are set to keep risk sentiment subdued, further delaying reforms and weighing on the pace of growth recovery, and the peso.

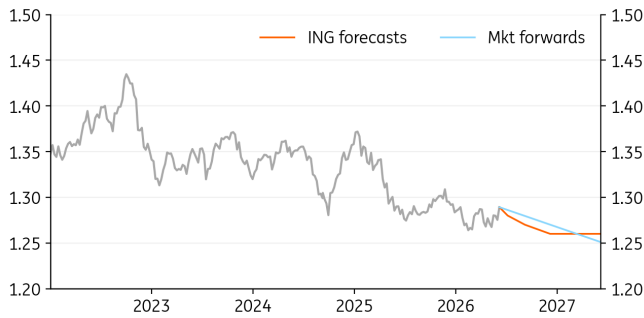
ING forecasts (mkt fwd)	1M 61.50 (60.69)	3M 61.50 (60.78)	6M 61.00 (60.98)	12M 59.50 (61.42)
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USD/SGD

More tightening likely

Current spot: 1.2836



Source: Refinitiv, ING forecasts

- Singapore remains one of the strongest growth stories in the region. GDP growth accelerated to 6% YoY in the first quarter, up from an average of 5% YoY in 2025, largely driven by government spending and robust industrial production, particularly in the electronics sector, supported by the global tech cycle
- Inflation numbers are yet to see the full impact of higher global oil prices and risks to inflation are skewed to the upside.
- The Monetary Authority of Singapore's tightening bias remains intact, and we expect further policy tightening at the July meeting. This should provide a supportive floor for the currency in the lead-up to the decision.

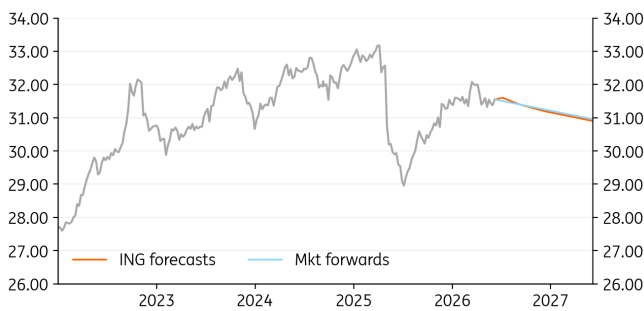
ING forecasts (mkt fwd)	1M 1.28 (1.2809)	3M 1.27 (1.2755)	6M 1.26 (1.2674)	12M 1.26 (1.2510)
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USD/TWD

Rangebound pattern holds with CBC meeting ahead

Current spot: 31.62



Source: Refinitiv, ING forecasts

- The USD/TWD remained range-bound for another month, trading in the same band between 31.3-31.7. The stagnant FX pair contrasts with exciting moves in equity markets and macro data.
- Capital inflows continued for much of May before global tech-sell-offs drove outflows in early June. US-TW yield spreads were fairly stable.
- We expect the Central Bank of China to remain on hold at its June monetary policy meeting, but its guidance is important to watch. We currently have a rate hike pencilled in for the third quarter, which could support the Taiwan dollar.

ING forecasts (mkt fwd)	1M 31.60 (31.57)	3M 31.40 (31.46)	6M 31.20 (31.30)	12M 30.90 (30.95)
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ING foreign exchange forecasts

EUR cross rates	Spot	1M	3M	6M	12M	USD cross rates	Spot	1M	3M	6M	12M
Developed FX											
EUR/USD	1.16	1.15	1.15	1.17	1.20						
EUR/JPY	185	184	184	185	185	USD/JPY	160	160	160	158	154
EUR/GBP	0.86	0.87	0.88	0.88	0.89	GBP/USD	1.34	1.32	1.31	1.33	1.35
EUR/CHF	0.92	0.92	0.92	0.92	0.92	USD/CHF	0.80	0.80	0.80	0.79	0.77
EUR/SEK	10.91	11.00	10.90	10.70	10.60	USD/SEK	9.44	9.57	9.48	9.15	8.83
EUR/NOK	11.05	10.90	10.80	10.60	10.60	USD/NOK	9.56	9.48	9.39	9.06	8.83
EUR/DKK	7.47	7.47	7.46	7.46	7.46	USD/DKK	6.46	6.50	6.49	6.38	6.22
EUR/CAD	1.62	1.61	1.60	1.60	1.60	USD/CAD	1.40	1.40	1.39	1.37	1.33
EUR/AUD	1.64	1.64	1.62	1.60	1.64	AUD/USD	0.70	0.70	0.71	0.73	0.73
EUR/NZD	1.99	1.98	1.95	1.95	1.97	NZD/USD	0.58	0.58	0.59	0.60	0.61
EMEA											
EUR/PLN	4.25	4.23	4.24	4.22	4.25	USD/PLN	3.67	3.68	3.69	3.61	3.54
EUR/HUF	352.6	350	360	355	360	USD/HUF	304.8	304	313	303	300
EUR/CZK	24.17	24.20	24.15	24.1	24	USD/CZK	20.89	21.0	21.0	20.6	20.0
EUR/RSD	117.36	117.25	117.20	117.20	117.20	USD/RSD	101.37	101.96	101.91	100.17	97.67
EUR/UAH	51.89	50.60	50.83	51.95	53.40	USD/UAH	44.83	44.00	44.2	44.4	44.5
EUR/KZT	550.7	552.0	552.0	573.3	600.0	USD/KZT	489.4	480	480	490	500
EUR/UZS	13864.6	13742.5	13800.0	14157.0	14820.0	USD/UZS	11977.0	11950	12000	12100	12350
EUR/TRY	53.56	53.65	55.78	60.61	68.16	USD/TRY	46.13	46.65	48.50	51.80	56.80
EUR/ZAR	18.83	18.98	19.26	19.60	19.80	USD/ZAR	16.26	16.50	16.75	16.75	16.50
EUR/ILS	3.38	3.45	3.45	3.51	3.66	USD/ILS	2.92	3.00	3.00	3.00	3.05
LATAM											
EUR/BRL	5.90	5.92	5.92	5.85	5.70	USD/BRL	5.10	5.15	5.15	5.00	4.75
EUR/MXN	19.92	20.13	20.13	20.18	20.70	USD/MXN	17.21	17.50	17.50	17.25	17.25
EUR/CLP	1047.66	1064	1064	1082	1080	USD/CLP	905.03	925	925	925	900
Asia											
EUR/CNY	7.83	7.77	7.74	7.84	7.98	USD/CNY	6.76	6.76	6.73	6.70	6.65
EUR/IDR	20702	20700	20700	20943	21000	USD/IDR	17870	18000	18000	17900	17500
EUR/INR	110.01	109.83	108.68	109.98	111.60	USD/INR	95.03	95.50	94.50	94.00	93.00
EUR/KRW	1756.62	1742	1696	1726	1740	USD/KRW	1517.47	1515	1475	1475	1450
EUR/PHP	70.22	70.73	70.73	71.37	71.40	USD/PHP	60.66	61.50	61.50	61.00	59.50
EUR/SGD	1.49	1.47	1.46	1.47	1.51	USD/SGD	1.28	1.28	1.27	1.26	1.26
EUR/TWD	36.61	36.34	36.11	36.50	37.08	USD/TWD	31.63	31.60	31.40	31.20	30.90

Source: Refinitiv, ING

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