THINK Economic and Financial Analysis

July 2026

FX Talking

Dancing in the dark

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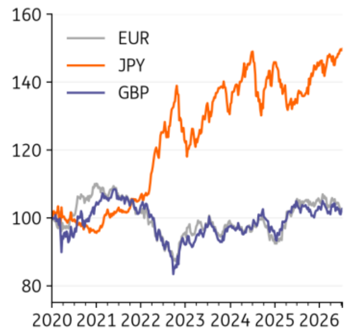
FX talking

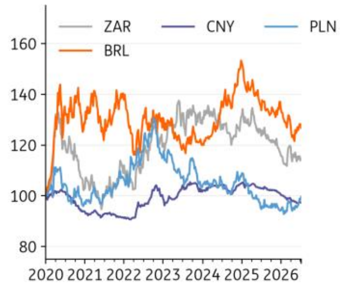
Dancing in the dark

USD/Majors (Jan 20=100)



Source: Refinitiv, ING forecast

USD/EM (Jan 20=100)



Source: Refinitiv, ING forecast

In the absence of forward guidance from the Federal Reserve, the dollar is holding onto gains made over the last eight weeks. These gains were largely driven by the June FOMC meeting when the central bank gave the impression that it was prepared to tighten rates to restore policy credibility. ING's house call, however, is that the Fed will ultimately look through this temporary rise in inflation and avoid tightening. This suggests that dollar gains won't last.

Barring a major escalation in the Gulf conflict, our Fed call means that EUR/USD should continue to meet good demand near the 1.13 area and should end the year near 1.17/18 once short-dated US rates start to drop again. Cheaper dollar hedging costs and some uncertainty around US midterm elections could also weigh on the dollar. In the eurozone, a September hike from the European Central Bank and a supportive equity market could help the euro.

Across the G10, we expect activity currencies backed by hawkish central banks to perform well. Here, we highlight the Australian dollar and the Norwegian krone, while a dovish central bank and looming USMCA renegotiations should see the Canadian dollar lag. Equally, the low-yielding defensive currencies of the Japanese yen and Swiss franc should continue to underperform in what is still a pro-risk, low volatility investment environment.

In EM, the surprise dovishness of the National Bank of Poland has weighed on the zloty. In any case we had been favouring the Czech koruna and Hungarian forint over the zloty, and still do. Ongoing interest in carry trade strategies should keep South Africa's rand and much of Latam FX supported this summer. And in Asia, it is hard to see a major advance in local currencies until interest rates are hiked substantially.

ING FX forecasts

	EUR/USD		USD/JPY		GBP/USD	
1M	1.15	↑	160	↓	1.34	↓
3M	1.17	↑	160	↓	1.31	↓
6M	1.18	↑	158	↓	1.33	↓
12M	1.20	↑	154	↓	1.35	↑
	EUR/GBP		**EUR/CZK**		**EUR/PLN**	
1M	0.86	↑	24.20	↓	4.34	↑
3M	0.87	↑	24.20	↓	4.28	↓
6M	0.88	↑	24.15	↓	4.25	↓
12M	0.90	↑	24.05	↓	4.25	↓
	USD/CNY		**USD/MXN**		**USD/BRL**	
1M	6.77	↓	17.50	↓	5.15	→
3M	6.75	↓	17.50	↓	5.15	↓
6M	6.70	↓	17.25	↓	5.15	↓
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	1.2	-1.1	1.5	-1.5	1.0
%YoY	-2.0	9.7	-1.8	-5.7	6.1	3.1
	USD/CNY	**USD/KRW**	**EUR/HUF**	**EUR/PLN**	**USD/ZAR**	**USD/BRL**
%MoM	0.2	-1.6	1.4	1.8	0.4	1.0
%YoY	-5.5	8.0	-10.8	1.6	-8.6	-8.6

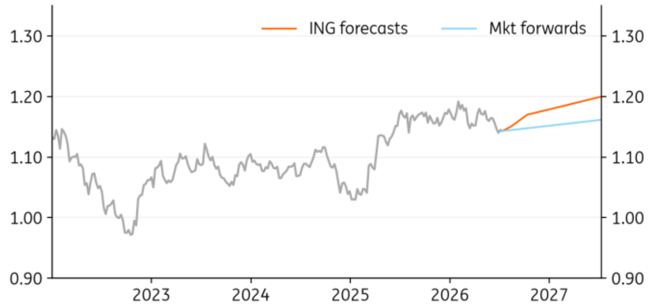
Source: Refinitiv, ING forecast

Developed markets

EUR/USD

Dollar enjoys a world of low forward guidance

Current spot: 1.1437



Source: Refinitiv, ING forecasts

- The dollar is largely holding onto the 3% gains made over the last two months. Those gains have been built on the few words we have heard from the Federal Reserve, which have largely focused on the commitment to price stability. In the absence of forward guidance, US data is going to have a bigger say in FX. ING's core call is that the data will not support a Fed hike this year. Unchanged Fed policy, particularly at the September FOMC meeting, can see EUR/USD trading back to 1.17.
- At the same time, we currently favour a follow-up hike by the European Central Bank in September – a hike which will see dollar hedging costs fall further.
- Low hedge ratios on US assets leave the dollar exposed into the policy uncertainty around the November US midterm elections.

ING forecasts (mkt fwd)	1M 1.15 (1.1457)	3M 1.17 (1.1483)	6M 1.18 (1.1528)	12M 1.20 (1.1616)

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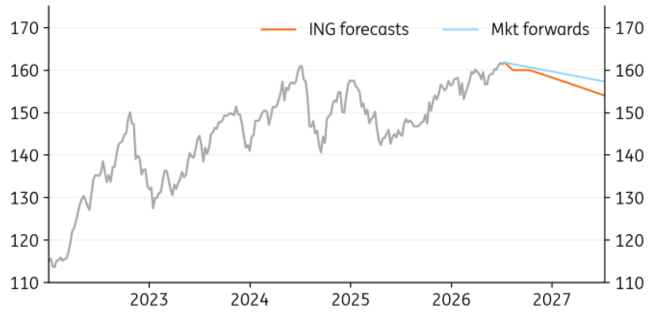
USD/JPY

Intervention watch continues this summer

Current spot: 162.14



Source: Refinitiv, ING forecasts

- It is not clear that the Bank of Japan has undertaken any further intervention since the $70bn sold in late April/early May. There is a chance that we do see more in the 16-20 July window – around Japan's Marine Day public holiday. Intervention can only slow the move, however. A reversal will not be seen until either the BoJ hikes aggressively or the Fed turns more dovish.
- Markets suspect that the government is leaning on the BoJ not to hike too quickly. The market is struggling to price in one further rate hike this year – which would take the policy rate to 1.25%.
- There could be a brief window to 164/165 this summer, but by year-end, and based on our Fed call, USD/JPY should be sub-160.

ING forecasts (mkt fwd)	1M 160 (161.68)	3M 160 (160.90)	6M 158 (159.64)	12M 154 (157.28)

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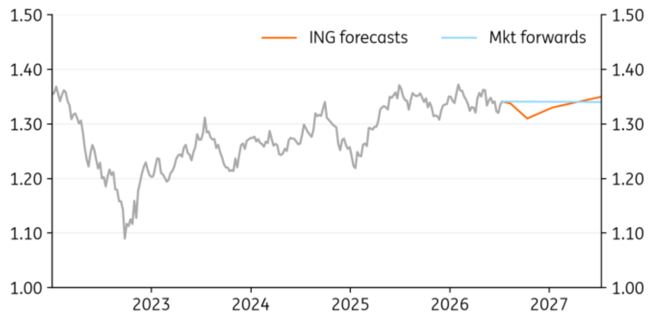
GBP/USD

Steady Fed & BoE to keep cable in check

Current spot: 1.3399



Source: Refinitiv, ING forecasts

- Markets continue to price 40-45bp tightening cycles for both the Fed and the Bank of England over the next six to nine months. Our call is that neither of them will deliver on those hikes, which means that GBP/USD can probably continue trading in the middle of its 1.32-1.36 range. If anything, we see greater downside risks in the near term, with the Fed likely to remain hawkish for another month or two and UK political risks returning to the fore in late July.
- Andy Burnham is widely expected to become the new PM on 20 July and will probably announce Ed Miliband as his new Chancellor shortly thereafter. Miliband looks £-negative.
- Expect a 7-2 vote for unchanged rates at the 30 July BoE meeting.

ING forecasts (mkt fwd)	1M 1.34 (1.3402)	3M 1.31 (1.3403)	6M 1.33 (1.3403)	12M 1.35 (1.3402)

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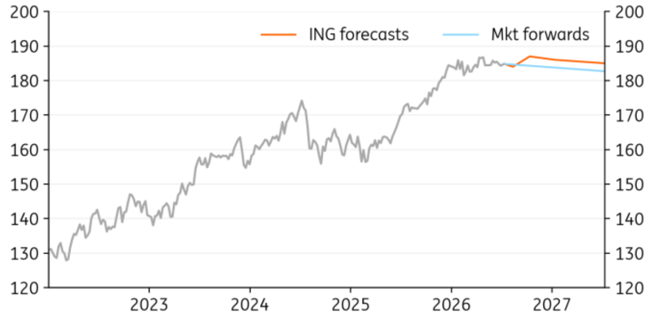
EUR/JPY

Glued to 185 **Current spot: 185.44**



Source: Refinitiv, ING forecasts

- EUR/JPY has stabilised near 185 – helped in part by range-bound equity markets. Tech valuations remain a hot talking point – especially the drop in free cash flow metrics – but there are no clear signs that a reversal is imminent. In general, if we return to a more benign environment of softer energy prices and no further Fed tightening, EUR/JPY should retain a modest upward bias.
- On the ECB side, we narrowly think another hike will be seen in September. This is contingent on core inflation staying high this summer and government energy subsidies being removed.
- The yen is undoubtedly very cheap on many longer-term valuation metrics – but we cannot see a catalyst for a reversal.

ING forecasts (mkt fwd)	1M 184 (185.20)	3M 187 (184.75)	6M 186 (184.02)	12M 185 (182.69)

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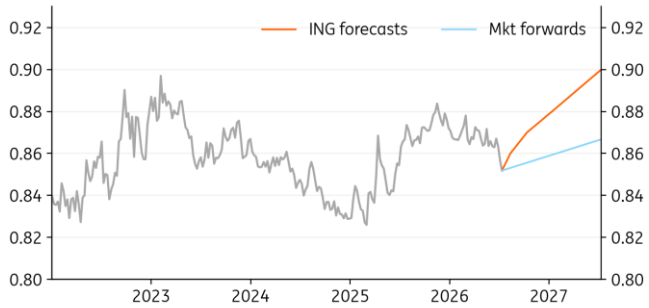
EUR/GBP

Lowest levels in a year **Current spot: 0.8536**



Source: Refinitiv, ING forecasts

- EUR/GBP has broken to the downside of a tight trading range and is now trading at its lowest levels in a year. Sterling's gains appear to be driven by a low-volatility environment that favours the UK's relatively high interest rates, plus the unwinding of some short GBP positioning.
- Where to from here? We very much doubt the BoE will deliver on any of the BoE tightening priced in by the market. And we doubt there will be a bullish re-assessment of UK growth prospects once Andy Burnham takes charge. Here, he will have to raise taxes if he wants to increase social spending.
- We would not chase EUR/GBP lower below 0.85 and still see a reasonable case that EUR/GBP ends the year near 0.87/88.

ING forecasts (mkt fwd)	1M 0.86 (0.8547)	3M 0.87 (0.8567)	6M 0.88 (0.8601)	12M 0.90 (0.8667)

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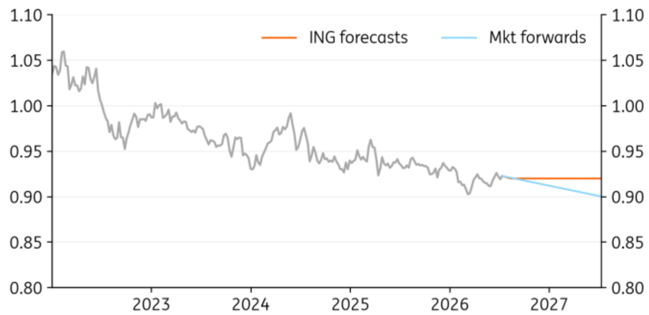
EUR/CHF

FX intervention picks up **Current spot: 0.9244**



Source: Refinitiv, ING forecasts

- In late June, the Swiss National Bank confirmed it had bought CHF3.9bn in FX in 1Q. This was when EUR/CHF briefly traded sub-0.90 on the outbreak of the Middle East conflict. The amount is relatively small, however, when compared to 2020 activity.
- EUR/CHF remains a positive beta on the global rates story. As the SNB looks likely to keep the policy rate at zero for a good while yet, EUR/CHF is being dragged round by prospects of ECB rate hikes. Yet the ECB tightening cycle looks over-priced (we see just one more hike) and we see EUR/CHF upside as limited.
- Last month, we said the CHF was being offered as the dollar debasement trade unwound. How USD/CHF trades at 0.80 is key.

ING forecasts (mkt fwd)	1M 0.92 (0.9222)	3M 0.92 (0.9184)	6M 0.92 (0.9122)	12M 0.92 (0.9002)

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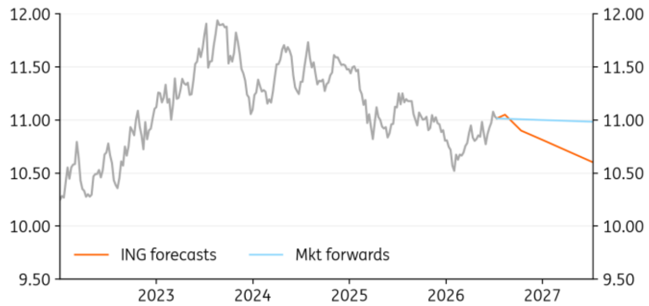
EUR/SEK

Markets still too hawkish on the Riksbank

Current spot: 11.04



Source: Refinitiv, ING forecasts

- We expect EUR/SEK to stay just above 11.00 for most of 3Q, primarily on the back of our call for a September ECB hike.
- Markets are pricing in 20bp of Riksbank tightening this year, but we expect the first move in 1Q27 as the inflation outlook remains muted. Hawkish risks would increase with a Middle East re-escalation, but a hike may still only happen after the September election, which we don't expect to have any FX impact.
- We still see some downside potential for EUR/SEK from September onwards. A dovish repricing in Fed expectations and lower US dollar should benefit the krona more than the euro. Still, tighter rate differentials mean a shallower profile than pre-war.

ING forecasts (mkt fwd)	1M 11.05 (11.03)	3M 10.90 (11.02)	6M 10.80 (11.01)	12M 10.60 (10.98)

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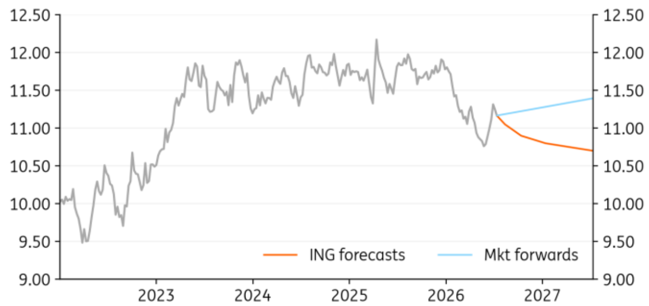
EUR/NOK

Krone has room to rally

Current spot: 11.17



Source: Refinitiv, ING forecasts

- We have greater conviction in a bearish EUR/NOK call than in a bearish EUR/SEK call. We think oil prices face short-term upside risks regardless of fresh US-Iran tensions, and our call for dovish Fed repricing should help the krone by improving overall FX liquidity.
- Support for the krone should also come from an improvement in its already attractive implied yield. We expect another Norges Bank hike to 4.50%, either in August (our baseline) or September. That should be the end of the cycle though.
- With limited downside room for oil, the main downside risks for NOK stem from another hawkish repricing in Fed rate expectations, and/or fresh stock market jitters.

ING forecasts (mkt fwd)	1M 11.05 (11.19)	3M 10.90 (11.23)	6M 10.80 (11.29)	12M 10.70 (11.40)

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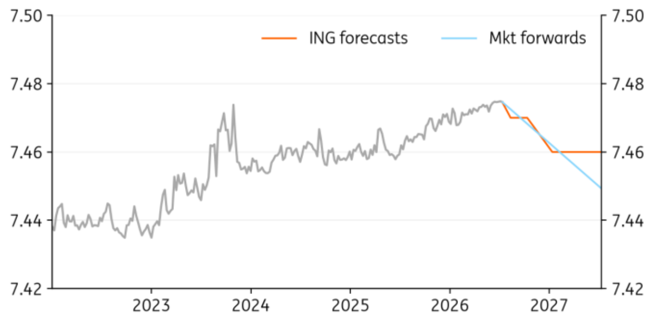
EUR/DKK

Back to intervention

Current spot: 7.4751



Source: Refinitiv, ING forecasts

- The Danish central bank (DN) bought DKK 0.75bn (c.USD 115m) in June to defend the currency. This is the first intervention since January 2023, but not entirely surprising timing-wise.
- DN had the option to hike more than the ECB on 11 June to tighten the rate gap, and instead decided to follow the usual intervention-first approach.
- The size of this intervention is very small and could suggest this is the start of a campaign. Denmark's ample FX reserves offer plenty of intervention firepower, we are tempted to think DN will deliver a larger hike than the ECB in September. We expect a return to 7.460 by year-end.

ING forecasts (mkt fwd)	1M 7.47 (7.4721)	3M 7.47 (7.4673)	6M 7.46 (7.4606)	12M 7.46 (7.4493)

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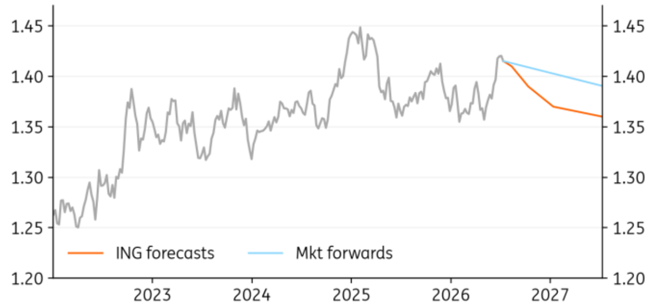
USD/CAD

Loonie recovery should be slow **Current spot: 1.4138**



Source: Refinitiv, ING forecasts

- Canadian unemployment declined for a second consecutive month in June, thanks to a rebound in hiring. But inflation will probably fall back below the 3% target upper bound in June, and we don't expect a large enough pick up in the core rate to justify a rate hike this year, unless energy prices spike higher.
- While the Canadian dollar could enjoy some support from a bottoming out in oil prices, its carry appeal remains low. The BoC may keep its options open in July, but markets won't be easily convinced to push expectations aggressively higher from the current 17bp by year-end.
- USMCA headlines can quickly emerge as a drag for the loonie.

ING forecasts (mkt fwd)	1M 1.41 (1.4117)	3M 1.39 (1.4077)	6M 1.37 (1.4015)	12M 1.36 (1.3905)

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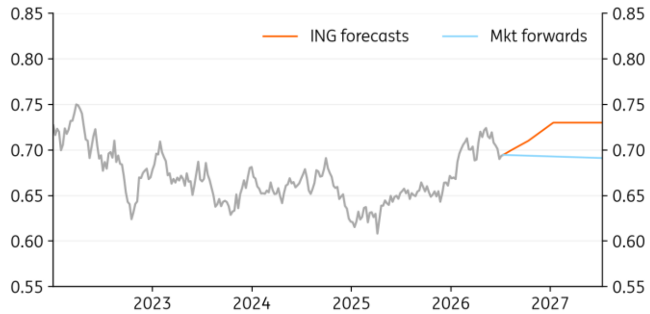
AUD/USD

Waiting on a sustainable rally **Current spot: 0.6940**



Source: Refinitiv, ING forecasts

- The more cautious tone by the Reserve Bank of Australia on further tightening has kept hawkish expectations in check: only 13bp is priced by December. We expect a prolonged hold, but the RBA has previously shown it can react swiftly to upside surprises in inflation.
- We expect a structural return above 0.70 in AUD in the coming months. Carry is attractive, terms of trades have improved, and some dovish Fed repricing could offer the right external setting.
- CFTC data shows speculative positioning on AUD has flipped negative in June for the first time since January. The Aussie had likely suffered from profit-taking in crowded longs, but now looks more capable of forming a sustainable uptrend.

ING forecasts (mkt fwd)	1M 0.70 (0.6940)	3M 0.71 (0.6933)	6M 0.73 (0.6924)	12M 0.73 (0.6912)

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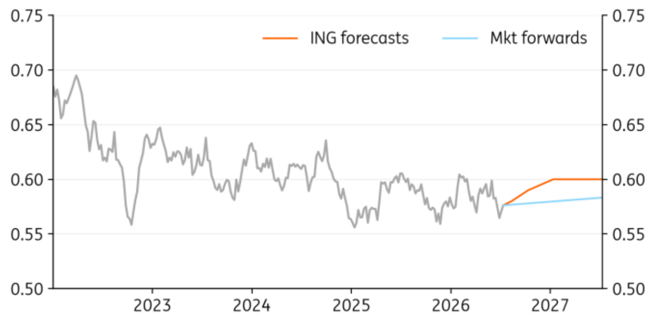
NZD/USD

Riding the rate hike enthusiasm **Current spot: 0.5779**



Source: Refinitiv, ING forecasts

- The Reserve Bank of New Zealand hiked rates in July and is signalling another move in coming meetings. We suspect that this hawkish tone was more aimed at preserving market hawkishness than out of strong conviction.
- Two of the six policy committee members may not be on board with this hawkish shift, and 50bp of tightening in the curve by December looks a bit too aggressive. Our call is another hike in September or October, followed by a pause into 2027.
- Short term momentum looks good for NZD, but we could see a slowdown in the rally on some dovish reassessment of expectations. We expect AUD to outperform NZD in 4Q.

ING forecasts (mkt fwd)	1M 0.58 (0.5787)	3M 0.59 (0.5797)	6M 0.60 (0.5812)	12M 0.60 (0.5833)

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Emerging markets

EUR/PLN

Dovish outlier NBP weighs on zloty

Current spot: 4.3320

Source: Refinitiv, ING forecasts

- EUR/PLN is testing the 4.35/€ area and has reached a more than 18-month high as the Polish central bank has adopted a clearer dovish tone. The NBP Governor has not ruled out a 25bp rate cut after the summer. In our view, however, securing a sufficient majority for this move may prove difficult, and we see stable rates in 2026. Cuts are possible in 2027.
- Poland is expecting significant inflows of EU funds in 2H26, GDP is outperforming the rest of the region/eurozone and may even accelerate, so PLN weakness is not driven by fundamentals. So far, EU fund-related FX conversions have been limited, and the NBP has expressed little concern about the zloty's underperformance, encouraging its use as the short leg in CEE FX crosses.

ING forecasts (mkt fwd)	1M 4.34 (4.3374)	3M 4.28 (4.3473)	6M 4.25 (4.3602)	12M 4.25 (4.3836)

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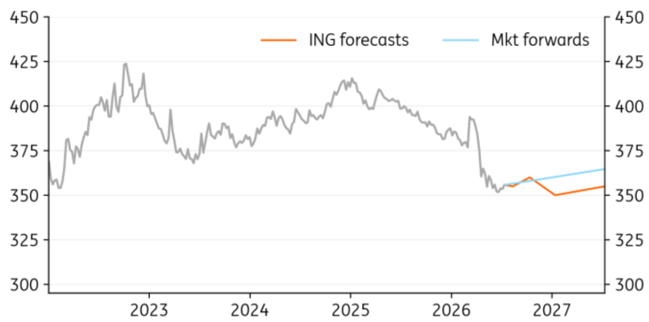
EUR/HUF

Forint's honeymoon period turns into lasting affair

Current spot: 356.42



Source: Refinitiv, ING forecasts

- The continued decrease in risk premia, the stabilisation of the forint and low inflation led to a 25bp rate cut in June. Based on the new forward guidance revealed by the central bank, this will probably be followed by two more cuts.
- The official commitment to reducing rates has resulted in further monetary easing being priced in. Investors now expect the base rate to be around 5.00% by the end of 2026.
- Given the geopolitical climate, it is difficult to predict anything. But, if inflation remains low in 2H27 as we expect, HUF is unlikely to be hit hard by the fall in real interest rates - especially if EU funds flow in and the medium-term fiscal plan is convincing

ING forecasts (mkt fwd)	1M 355 (357.52)	3M 360 (359.15)	6M 350 (361.16)	12M 355 (364.69)

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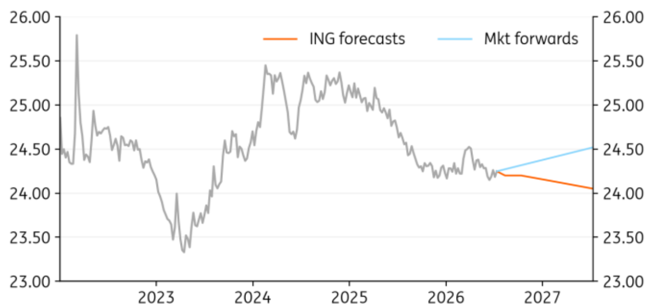
EUR/CZK

Koruna enjoys a solid interest rate buffer

Current spot: 24.26



Source: Refinitiv, ING forecasts

- We see the koruna remaining stable over the coming months. But should geopolitical hostilities escalate, the currency would likely come under some pressure.
- An unchanged Czech National Bank policy rate is the most likely scenario for the foreseeable future. Even if the ECB hikes rates again, the interest rate differential would likely remain above 1ppt in nominal terms and above 2ppt in real terms.
- Together with the Czech economy's relative outperformance in real growth terms, this should allow the koruna to resume its appreciation trend, once the current bout of geopolitical turmoil eases.

ING forecasts (mkt fwd)	1M 24.20 (24.29)	3M 24.20 (24.34)	6M 24.15 (24.38)	12M 24.05 (24.52)

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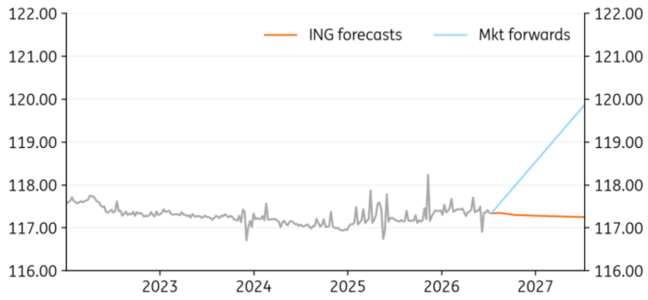
EUR/RSD

Central bank priorities FX stability **Current spot: 117.41**



Source: Refinitiv, ING forecasts

- EUR/RSD has remained mostly flat in a 117.30 – 117.50 range. The key developments have been political, where President Vucic has stated that early elections should be held in the autumn, while progress has also been made on the NIS refinery situation.
- On the latter, Serbia and Hungary's MOL have signed an agreement. Approval from the US Office of Foreign Assets Control remains one of the key conditions for completing the transaction.
- On macro, strong investments and solid wage growth continue to provide tailwinds for activity. At its July meeting, the National Bank of Serbia kept the key rate in place at 5.75%, signalling a still-cautious monetary policy stance. FX stability should remain a key focus ahead – in Jan-March, the Bank sold EUR 1.160mn to keep the pair stable.

ING forecasts (mkt fwd)	1M 117.35 (117.63)	3M 117.30 (118.09)	6M 117.28 (118.67)	12M 117.25 (119.88)

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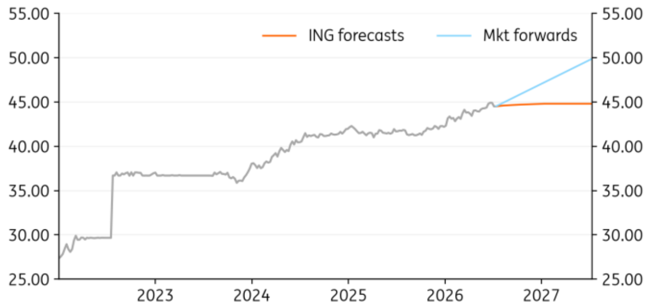
USD/UAH

Hryvnia at all-time highs against the dollar **Current spot: 44.63**



Source: Refinitiv, ING forecasts

- Global dollar strength over recent months pushed USD/UAH towards 45,0 – an all-time high. The National Bank of Ukraine is fighting the move. In 1H 2026, it sold over US$23bn in FX, of which US$5.2 billion was in June. The outlook for the hryvnia remains cloudy.
- In late June, Ukraine received US$6.8bn from the EU, including the first tranches from its €90bn Ukraine Support Loan. The country also received US$4.5bn via World Bank accounts. Although the NBU's international reserves increased to US$51.3bn in June, the pressure on the hryvnia has remained significant. On June 17, the NBU decided to keep interest rates unchanged, with the key policy rate at 15.0%.
- The macroeconomic environment remains challenging due to the Russian war but relations with US have improved recently.

ING forecasts (mkt fwd)	1M 44.60 (44.96)	3M 44.70 (45.74)	6M 44.80 (47.00)	12M 44.80 (49.89)

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USD/KZT

Less support from state FX flows warrants attention **Current spot: 477.06**

Source: Refinitiv, ING forecasts

- Tenge's continued strength was interrupted recently by the abolishing of the mandatory sales of 50% of FX proceeds by the quasi-public corporates.
- The fundamental impact of this measure is likely to be limited, but the broader decline of state support for the tenge is more important, favouring our view on limited scope for appreciation under current global assumptions
- The tenge remains resilient thanks to high real rates and portfolio inflows. But the reduction in state FX support argues against material room for appreciation. We expect USD/KZT to remain in the 475-500 range over the coming 12 months.

ING forecasts (mkt fwd)	1M 475 (482.26)	3M 480 (492.16)	6M 485 (506.06)	12M 485 (530.37)

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USD/UZS

Local FX market shows resilience to gold prices

Current spot: 12088.73

Source: Refinitiv, ING forecasts

- The soum remained virtually flat over the last month, at around 12,000 per USD. As expected, the continued weakness in gold prices had little effect on the currency.
- The recent external trade data implies gold exports were put on hold in May again after a brief restart in April. Meanwhile, multi-month pauses are not typical.
- Portfolio inflows into Uzbekistan should be supported by the continuous rating upgrades, most recently by Moody's to Ba2 amid material improvement in the consolidated fiscal deficit (to 1.2% GDP as of 4 quarters ending in March-26), according to our estimates.

ING forecasts (mkt fwd)	1M 12000 (12150.17)	3M 12100 (12235.25)	6M 12150 (12424.50)	12M 12350 (12653.50)

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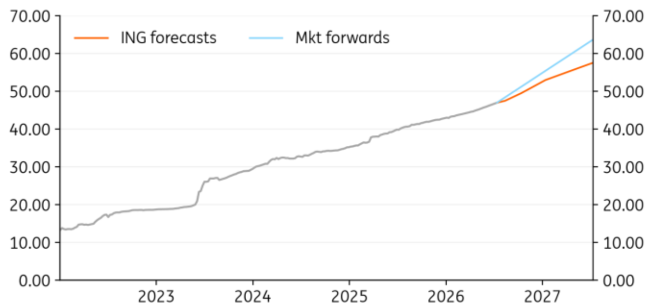
USD/TRY

Capital inflows resume in Turkey

Current spot: 47.00



Source: Refinitiv, ING forecasts

- July inflation resumed its annual decline, but underlying inflation momentum improved only modestly, highlighting ongoing disinflation challenges. However, if geopolitical risks subside, and oil prices remain contained, this should support the inflation outlook.
- Following the US-Iran agreement, the Central Bank of Turkey accelerated its FX purchases, with cumulative purchases exceeding US$20bn between early June and early July. Reserve accumulation is expected to continue in the near term, supported by potential capital inflows and seasonal improvement in the current account balance.
- The CBT is likely to relax liquidity conditions in July, potentially after the MPC meeting, lowering the effective funding rate from 40% to 37%. A move to 35% could be seen in 4Q26.

ING forecasts (mkt fwd)	1M 47.50 (48.17)	3M 49.50 (50.57)	6M 53.00 (54.58)	12M 57.60 (63.74)

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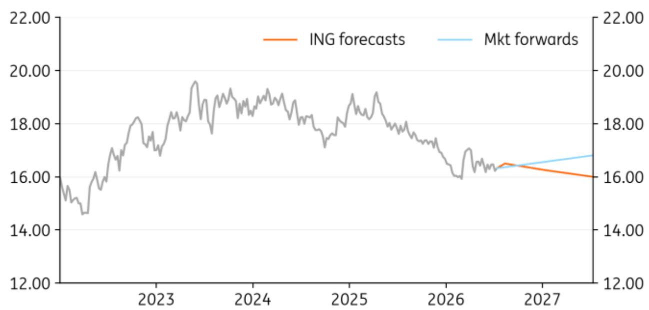
USD/ZAR

SARB might need to hike again

Current spot: 16.36



Source: Refinitiv, ING forecasts

- USD/ZAR continues to trade in a very tight range, although the rand is a little under pressure. Investors had been positioning for a summer of low volatility and had been attracted by the rand's 7% yields. Depending on how high oil jumps now, and what that does to short term rates, volatility and global risk sentiment, the rand might come under a little more pressure.
- As we wrote last month, the SARB says it is prepared to hike to 7.75% in an adverse environment. The policy rate is 7.00% now and the next meeting is on 23 July. Another rate hike cannot be ruled out and would be rand supportive.
- 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 (16.40)	3M 16.40 (16.47)	6M 16.25 (16.59)	12M 16.00 (16.81)

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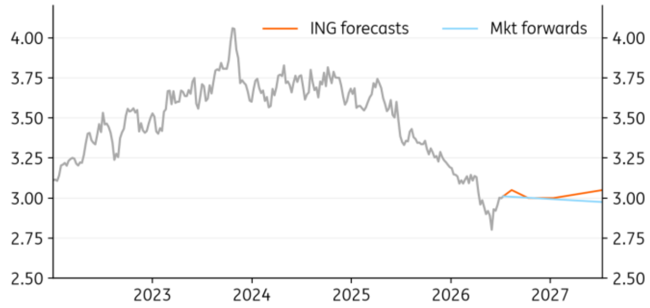
USD/ILS

Bank of Israel turns the shekel tide

Current spot: 3.0201



Source: Refinitiv, ING forecasts

- We had felt that the Bank of Israel did not want USD/ILS under 3.00 earlier this year and it has now cut rates 50bp (to 3.50%) and intervened over the last two months (buying $2bn) to turn the bearish USD/ILS trend around. The market now expects the BoI to follow up with further rate cuts, and prices the policy rate as low as 2.00% into 2027.
- If we are right with our dollar call, the BoI might need to intervene more later this year – though a steady easing cycle should take some upside pressure of the shekel.
- The shekel is also tied to the fortunes of the tech sector. Given this positive correlation, any AI-led equity correction could also lift USD/ILS.

ING forecasts (mkt fwd)	**1M** 3.05 (3.0169)	**3M** 3.00 (3.0115)	**6M** 3.00 (3.0000)	**12M** 3.05 (2.9751)

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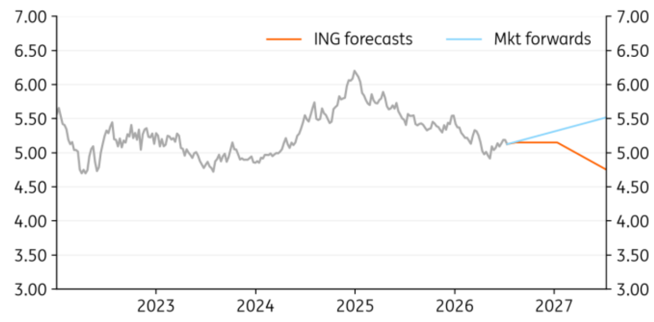
LATAM

USD/BRL

Domestic story seems constructive

Current spot: 5.1086



Source: Refinitiv, ING forecasts

- USD/BRL has edged higher along with the broader dollar over the last couple of months, but looks to be holding under the 5.20 area. Barring a major spike in oil prices or a large equity correction which would send volatility higher, these summer months should favour the real with its 13% implied yields.
- Domestically, the economy seems to be doing fine. BACEN recently cut the policy rate to 14.25% even though inflation is drifting further away from target. The market doesn't see the policy rate under 14%, however.
- In politics, President Lula still leads former President Bolsonaro in the polls. Watch out for 15 July, where US Section 301 tariffs pose a risk to the real.

ING forecasts (mkt fwd)	1M 5.15 (5.1500)	3M 5.15 (5.2168)	6M 5.15 (5.3159)	12M 4.75 (5.5185)

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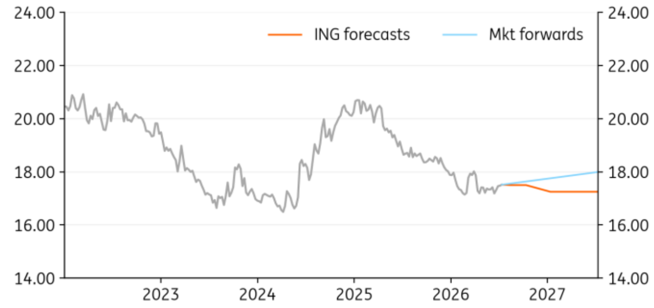
USD/MXN

Heading into a range-bound summer

Current spot: 17.48



Source: Refinitiv, ING forecasts

- It looks like USD/MXN has put in a floor just above 17.00. Banxico has cut rates to 6.50% and the spread over the Fed policy rate, now at 275bp, is at the narrowest levels in a decade. It is unlikely to narrow any further and we would expect Banxico to follow, should the Fed hike after all.
- Offering implied yields of around 6.70% makes the peso a modest high yielder, but less attractive than Brazil. Both countries, however, do have to deal with the US trade threat, where Mexico now faces uncertain annual renewals of the USMCA trade deal.
- USD/MXN can hold around the 17.50 area this summer and then perhaps at 17.25 later this year if the Fed doesn't hike.

ING forecasts (mkt fwd)	1M 17.50 (17.53)	3M 17.50 (17.61)	6M 17.25 (17.74)	12M 17.25 (17.99)

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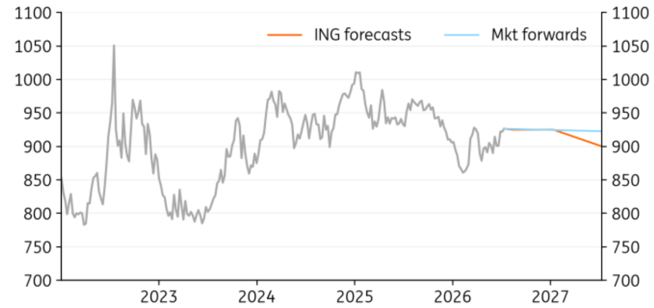
USD/CLP

Copper holds gains and limits peso's downside

Current spot: 924.95



Source: Refinitiv, ING forecasts

- Copper, Chile's chief export, continues to trade above $13000/MT and our commodities team expects it to stay there. Stocks of refined copper have been hoarded in the US ahead of potential tariffs. The ruling on that tariff has been repeatedly delayed and the feeling now in the mining community is that those stocks will not find their way back into the global system.
- Firm copper prices should limit the downside for the peso and offset the risk of higher energy prices. That means the 940/950 area should limit the topside this summer for USD/CLP.
- Markets price the risk of another cut in Chile's 4.50% policy rate. But that seems unlikely until the Fed story resolves itself.

ING forecasts (mkt fwd)	1M 925 (924.89)	3M 925 (924.65)	6M 925 (923.67)	12M 900 (922.70)

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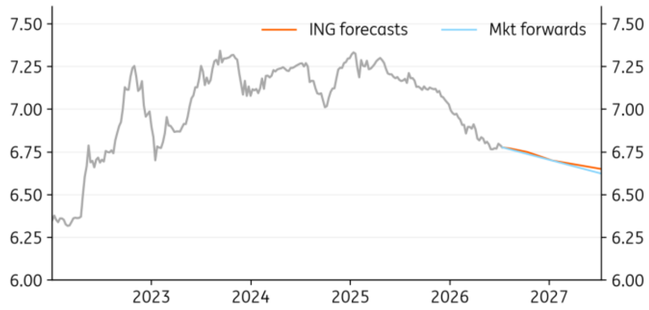
Asia

USD/CNY

Narrowing our fluctuation band for 2H26

Current spot: 6.7816



Source: Refinitiv, ING forecasts

- The Chinese yuan weakened slightly against the dollar over the past month, bouncing from a low of 6.75 to around 6.80 as markets priced in a more hawkish Fed and softer Chinese growth.
- The People's Bank of China's countercyclical factor is now neutral, signalling no intention to facilitate depreciation after this month's pullback. Yield spreads widened but the correlation has weakened this year. Continued current account surpluses and exporter conversions remain the main theme for the CNY. We see rising odds for a 3Q PBoC rate cut but it shouldn't halt appreciation.
- We've updated our fluctuation band forecast to 6.67-6.92 for the rest of 2026, and keep our 6.70 year-end target unchanged.

ING forecasts (mkt fwd)	1M 6.77 (6.7861)	3M 6.75 (6.7590)	6M 6.70 (6.7187)	12M 6.65 (6.6231)

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USD/KRW

Korean authorities struggle with volatility

Current spot: 1497.00

Source: Refinitiv, ING forecasts

- USD/KRW trades with, by far, the highest volatility in the region. That probably reflects the huge swings in the tech-driven Kospi equity index and the enormous flows behind them. Foreigners have sold a net $102bn of Korean equities this year, while local authorities have struggled to keep up, conducting $13.6bn of intervention in 1Q.
- Korean authorities might start to find that macro is on their side, however. A Bank of Korea rate hike to 2.75% looks likely on 16 July and the market expects the policy rate at 3.50% next year.
- Ongoing inflows into the won from Hynix's $25bn ADR issue, plus the WGBI index inclusion (April-November 26) should help.

ING forecasts (mkt fwd)	1M 1515 (1495.58)	3M 1500 (1492.78)	6M 1475 (1489.30)	12M 1450 (1479.30)

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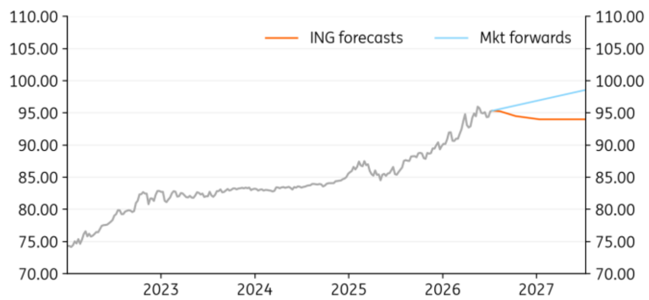
USD/INR

Return of foreign inflows supportive of INR

Current spot: 95.65



Source: Refinitiv, ING forecasts

- India's rupee has staged a modest recovery, helped by improved foreign demand for local bonds. India has boosted its investor appeal by removing capital gains tax and withholding tax on interest from government securities.
- We remain relatively constructive on INR, supported by recent measures to attract FCNR deposits and the possibility of bond index inclusion, which should help improve capital inflows and narrow the balance-of-payments gap in 2026.
- This should be underpinned by solid growth, driven by a strong consumer recovery and healthy industrial and export performance. CPI inflation is expected to remain in the 4% handle in 3Q giving room to the Reserve Bank of India to delay any rate hikes.

ING forecasts (mkt fwd)	1M 95.25 (95.94)	3M 94.50 (96.47)	6M 94.00 (97.21)	12M 94.00 (98.58)

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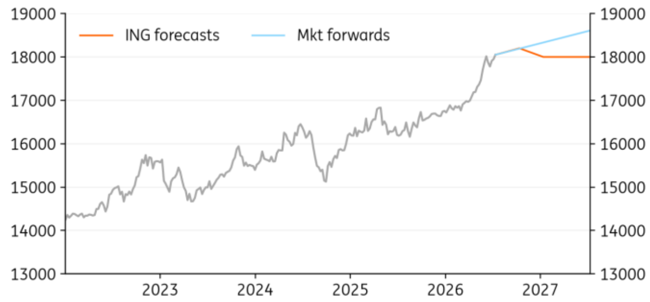
USD/IDR

Downside risk persists for IDR **Current spot: 18105**



Source: Refinitiv, ING forecasts

- Bank Indonesia has tightened monetary policy by 100bp since May, resulting in robust foreign inflows into the bond market in the month of June. However, external headwinds, including elevated US Treasury yields are keeping investors cautious.
- At the same time, rating downgrade risk has risen with S&P Dow Jones Indices placing Indonesia on a watchlist for potential reclassification to frontier-market status, likely keeping the rupiah biased to the downside.
- Growth and consumer recovery remain weak, but further rate hikes cannot be ruled out as currency stability remains a policy priority. Additional tightening could offer IDR some short-term support, but it is unlikely to alter its broader weakening bias.

ING forecasts (mkt fwd)	**1M** 18100 (18152)	**3M** 18200 (18236)	**6M** 18000 (18363)	**12M** 18000 (18610)

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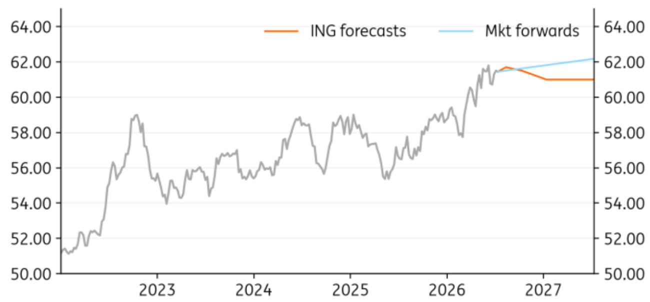
USD/PHP

Weakening bias persists for PHP **Current spot: 61.58**



Source: Refinitiv, ING forecasts

- Headline inflation eased in June for a second month in a row, as global oil prices corrected further, resulting in some easing in retail fuel prices. However, we don't believe the central bank has enough evidence yet to declare victory on inflation.
- Recently announced wage increases and an acceleration in core inflation underscores the persistence of second-round effects. These risks should keep policymakers focused on ensuring inflation expectations remain anchored, supporting our expectation of further 50bp rate hikes in 2026.
- At the same time, rising political uncertainty following the vice president's impeachment are weighing on investor sentiment, potentially delaying reforms, slowing the growth recovery, and maintaining downward pressure on the peso.

ING forecasts (mkt fwd)	**1M** 61.70 (61.62)	**3M** 61.50 (61.71)	**6M** 61.00 (61.87)	**12M** 61.00 (62.18)

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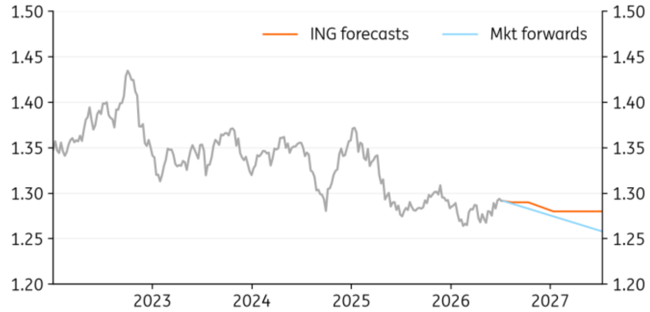
USD/SGD

Relative strength in SGD to prevail **Current spot: 1.2924**



Source: Refinitiv, ING forecasts

- Singapore is benefiting from two reinforcing trends. First, strong and sustained FDI inflows driven by its safe-haven appeal. Second, the country is emerging as a key beneficiary of the AI investment cycle, given its world-class digital infrastructure, deep talent pool, and openness to innovation.
- This is now visible in strong consumption growth patterns and tight labour market, which is keeping the economy on a strong growth trajectory. However, CPI inflation has surprised on the downside recently.
- Hence, while we expect the Monetary Authority of Singapore's tightening bias to remain intact, the recent correction in fuel prices provides some scope for MAS to reassess the urgency for further tightening at its July meeting.

ING forecasts (mkt fwd)	1M 1.29 (1.2891)	3M 1.29 (1.2838)	6M 1.28 (1.2751)	12M 1.28 (1.2579)

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USD/TWD

TWD breaks out of range, sees further weakening **Current spot: 32.20**

Source: Refinitiv, ING forecasts

- USD/TWD has generally been in a narrow range of 31.3-31.7 over the past few months, but broke out of it finally towards the end of June, rising to nearly 32.2.
- Significant net foreign portfolio outflows contributed to the weakness in the Taiwan dollar this month, as did a further widening in US-Taiwan yield spreads. Taiwan's record high current account surpluses are not translating into a stronger currency for now.
- TWD appreciation is likely to depend on exporters ramping up conversion to TWD, something that hasn't yet materialised. June inflation surprised on the upside, and if it stays sticky, the central bank could hike rates in 3Q to support the currency, but this remains uncertain for now.

ING forecasts (mkt fwd)	1M 32.00 (32.20)	3M 31.70 (32.26)	6M 31.40 (32.31)	12M 31.10 (32.40)

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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	1.14	1.15	1.17	1.18	1.20						
EUR/JPY	185	184	187	186	185	USD/JPY	162	160	160	158	154
EUR/GBP	0.85	0.86	0.87	0.88	0.9	GBP/USD	1.34	1.34	1.31	1.33	1.35
EUR/CHF	0.93	0.92	0.92	0.92	0.92	USD/CHF	0.81	0.80	0.79	0.78	0.77
EUR/SEK	11.03	11.05	10.90	10.80	10.60	USD/SEK	9.65	9.61	9.32	9.15	8.83
EUR/NOK	11.17	11.05	10.90	10.80	10.70	USD/NOK	9.77	9.61	9.32	9.15	8.92
EUR/DKK	7.48	7.47	7.47	7.46	7.46	USD/DKK	6.54	6.50	6.38	6.32	6.22
EUR/CAD	1.62	1.62	1.63	1.62	1.63	USD/CAD	1.41	1.41	1.39	1.37	1.36
EUR/AUD	1.65	1.64	1.65	1.62	1.64	AUD/USD	0.69	0.70	0.71	0.73	0.73
EUR/NZD	1.98	1.98	1.98	1.97	2.00	NZD/USD	0.58	0.58	0.59	0.60	0.60
EMEA											
EUR/PLN	4.32	4.34	4.28	4.25	4.25	USD/PLN	3.78	3.77	3.66	3.60	3.54
EUR/HUF	356.5	355	360	350	355	USD/HUF	311.8	309	308	297	296
EUR/CZK	24.25	24.20	24.2	24.15	24.05	USD/CZK	21.21	21.0	20.7	20.5	20.0
EUR/RSD	117.36	117.35	117.30	117.28	117.25	USD/RSD	102.66	102.04	100.26	99.39	97.71
EUR/UAH	51.15	51.29	52.30	52.86	53.76	USD/UAH	44.73	44.60	44.70	44.80	44.80
EUR/KZT	541.2	546.3	561.6	572.3	582.0	USD/KZT	473.2	475	480	485	485
EUR/UZS	13816.8	13800.0	14157.0	14337.0	14820.0	USD/UZS	12088.7	12000	12100	12150	12350
EUR/TRY	53.79	54.63	57.92	62.54	69.12	USD/TRY	47.00	47.50	49.50	53.00	57.60
EUR/ZAR	18.69	18.98	19.19	19.18	19.20	USD/ZAR	16.35	16.50	16.40	16.25	16.00
EUR/ILS	3.46	3.51	3.51	3.54	3.66	USD/ILS	3.03	3.05	3.00	3.00	3.05
LATAM											
EUR/BRL	5.83	5.92	6.03	6.08	5.70	USD/BRL	5.11	5.15	5.15	5.15	4.75
EUR/MXN	19.98	20.13	20.48	20.36	20.70	USD/MXN	17.47	17.50	17.50	17.25	17.25
EUR/CLP	1055.94	1064	1082	1092	1080	USD/CLP	924.95	925	925	925	900
Asia											
EUR/CNY	7.75	7.79	7.90	7.91	7.98	USD/CNY	6.78	6.77	6.75	6.70	6.65
EUR/IDR	20657	20815	21294	21240	21600	USD/IDR	18105	18100	18200	18000	18000
EUR/INR	109.31	109.54	110.57	110.92	112.80	USD/INR	95.62	95.25	94.50	94.00	94.00
EUR/KRW	1707.13	1742	1755	1741	1740	USD/KRW	1493.30	1515	1500	1475	1450
EUR/PHP	70.35	70.96	71.96	71.98	73.20	USD/PHP	61.58	61.70	61.50	61.00	61.00
EUR/SGD	1.48	1.48	1.51	1.51	1.54	USD/SGD	1.29	1.29	1.29	1.28	1.28
EUR/TWD	36.79	36.80	37.09	37.05	37.32	USD/TWD	32.20	32.00	31.70	31.40	31.10

Source: Refinitiv, ING

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