

# FX Talking

## Same shock, new drill



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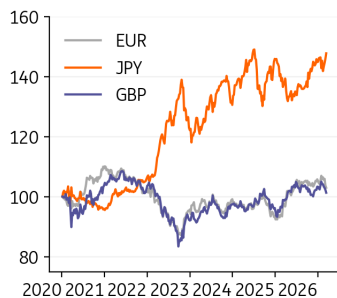


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# FX Talking

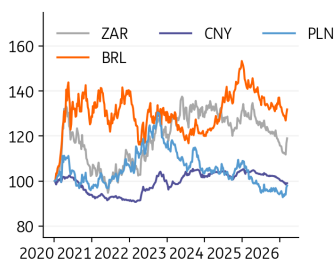
## Same shock, new drill

USD/Majors (Jan 20=100)



Source: Refinitiv, ING forecast

USD/EM (Jan 20=100)



Source: Refinitiv, ING forecast

A new military conflict has broken out. Energy and natural gas prices are surging and so is the dollar. The 2022 playbook saw the dollar soar by 15%+. While very few, if any, know when this conflict will end and when energy prices reverse, what seems highly unlikely is that the Federal Reserve is about to embark on a 500bp tightening cycle as it did in 2022. Barring a prolonged period of high energy prices which causes a global recession, we think the dollar's upside is relatively limited.

Europe also looks [better placed](#) to cope with an energy crisis than it did in 2022, being less dependent on gas and having more access to renewables and nuclear. At the same time, we expect the European Central Bank to be much closer to tightening than the Fed, where the latter is governed by both a stable inflation and maximum employment mandate. Modelling some of the most severe energy outcomes, we struggle to see EUR/USD sustainably below the 1.10/12 area this year. We have cut our EUR/USD profile, however.

Within the G10, it has been the energy exporting commodity currencies that have best kept pace with the dollar rally. The Australian dollar's rally looks more sustainable than that of the Canadian dollar, but both would be hit were global equity markets to take a major turn lower. Sterling also looks to be on borrowed time, where recently priced Bank of England tightening expectations can quickly dissipate. Elsewhere, expect Japanese and Swiss authorities look set to intervene against yen weakness and Swiss franc strength respectively.

In emerging markets, Hungary dominates the CEE story ahead of major elections in April. In Asia, Indonesian and Philippine FX appear more vulnerable to the energy shock. And if conditions calm, USD/CNY could easily move into a new 6.70-7.00 trading range.

### ING FX forecasts

	EUR/USD		USD/JPY		GBP/USD	
1M	1.15	→	158	↓	1.32	→
3M	1.16	↑	158	→	1.32	→
6M	1.18	↑	155	↓	1.33	↑
12M	1.20	↑	153	↓	1.33	↑

	EUR/GBP		EUR/CZK		EUR/PLN	
1M	0.87	→	24.40	↓	4.25	↓
3M	0.88	↑	24.35	↓	4.23	↓
6M	0.89	↑	24.30	↓	4.24	↓
12M	0.9	↑	24.20	↓	4.25	↓

	USD/CNY		USD/MXN		USD/BRL	
1M	6.86	↓	17.50	↓	5.25	↓
3M	6.85	↓	17.75	↓	5.25	↓
6M	6.80	↓	17.50	↓	5.50	↓
12M	6.75	→	17.25	↓	5.50	↓

↑ / → / ↓ 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	-3.4	4.3	-0.6	-1.2	-0.6	0.6
%YoY	4.9	6.7	2.8	-3.2	10.2	-4.1

	USD/CNY	USD/KRW	EUR/HUF	EUR/PLN	USD/ZAR	USD/BRL
%MoM	-0.1	3.5	3.3	1.4	5.6	1.9
%YoY	-4.6	3.5	-1.5	1.9	-6.9	-6.3

Source: Refinitiv, ING forecast

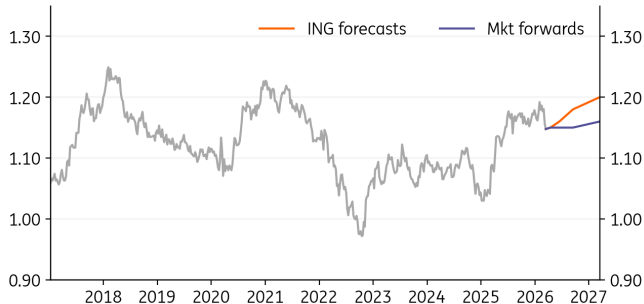


# Developed markets

## EUR/USD

### The energised dollar

**Current spot: 1.1448**



Source: Refinitiv, ING forecasts

- The energy supply shock is dominating financial markets and having an outsized and positive impact on the dollar. Comparisons to the 15% EUR/USD drop in 2022 look wide of the mark, however. The Fed is not about to launch a 500bp+ tightening cycle, nor should the natural gas shock be as large to Europe as it was in 2022. Indeed, the ECB looks far more likely than the Fed to hike should energy prices stay high.
- Even with higher energy prices, we suspect EUR/USD can find support ahead of 1.10/12 and tentatively forecast a pick-up to 1.18/20 by year-end as the Fed resumes its easing cycle.
- But Gulf oil flows need to restart to cement a EUR/USD floor.

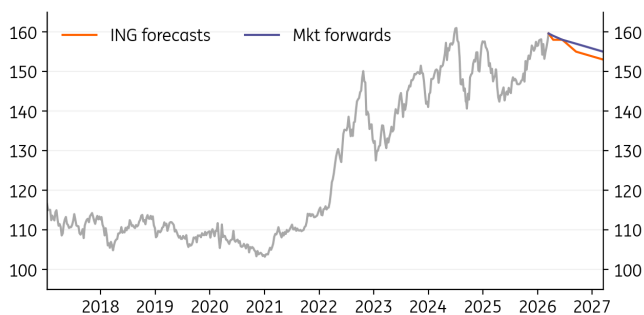
<b>ING forecasts (mkt fwd)</b>	<b>1M 1.15 (1.1466)</b>	<b>3M 1.16 (1.1498)</b>	<b>6M 1.18 (1.1542)</b>	<b>12M 1.20 (1.1613)</b>
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## USD/JPY

### Co-ordinated intervention?

**Current spot: 159.32**



Source: Refinitiv, ING forecasts

- The energy shock has hit the yen as much as the euro as evidenced by EUR/JPY staying flat. Higher energy prices and a weaker yen could undermine Prime Minister Sanae Takaichi's plans to limit the cost of living crisis with energy price caps. Verbal support against yen weakness is loud, and near 160 we are firmly in FX intervention territory. Roughly \$100bn was sold around these levels in 2024.
- The question is whether Washington formally joins Japan in coordinated intervention – probably not. Unilateral intervention could see USD/JPY correct to 155/157 but bounce back quickly.
- Expect to see USD/JPY staying stronger for longer and a reversal requires lower energy prices, Fed cuts and Bank of Japan hikes.

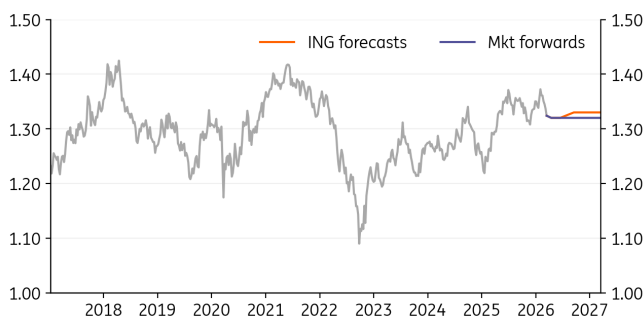
<b>ING forecasts (mkt fwd)</b>	<b>1M 158 (158.86)</b>	<b>3M 158 (158.08)</b>	<b>6M 155 (156.91)</b>	<b>12M 153 (154.83)</b>
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## GBP/USD

### BoE looks highly unlikely to hike rates

**Current spot: 1.3250**



Source: Refinitiv, ING forecasts

- European FX has been hit hard by the energy shock – although sterling is slightly outperforming. That looks largely down to the complete re-assessment of the Bank of England cycle. Here, 50bp of expected rate cuts this year have changed into 20bp of hikes as the market sees the BoE as one of the most reactive to higher prices. BoE hawks feel that inflation was never under control.
- However, the UK labour market is much looser now than it was in 2022, meaning that the risk of second round inflation is much lower. Fiscal policy is now tighter than it was in 2022 as well.
- Assuming this energy shock does not last for a full three months or longer, we expect GBP/USD to find support in the low 1.30s.

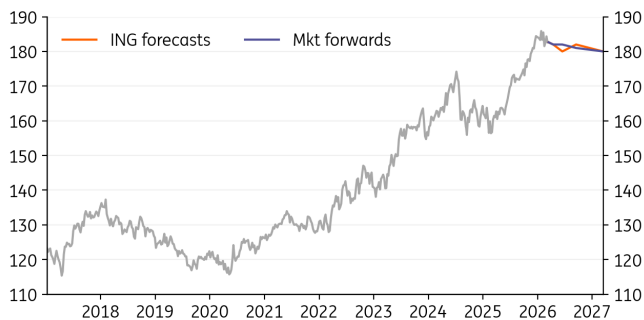
<b>ING forecasts (mkt fwd)</b>	<b>1M 1.32 (1.3249)</b>	<b>3M 1.32 (1.3249)</b>	<b>6M 1.33 (1.3243)</b>	<b>12M 1.33 (1.3216)</b>
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## EUR/JPY

Key levels in USD/JPY playing a role here

Current spot: 182.38



Source: Refinitiv, ING forecasts

- With global equity markets lower across the board, perhaps it is a surprise that EUR/JPY is not lower. The euro is being seen as the pro-growth currency, while the yen is seen as the defensive hedge. The fact that EUR/JPY is largely flat reflects that both currencies have been hit equally as hard by the energy shock.
- Should energy prices stay high/go higher, pressure will build for EUR/JPY to break lower. EUR/USD can drop more easily than USD/JPY can rally, given official interest to keep a lid on USD/JPY near 160. Higher energy will also deliver a larger growth impact.
- Both eurozone and Japanese money market curves are expecting around 40bp of rate hikes this year. The BoJ is more likely to deliver here – another reason why EUR/JPY topside is limited.

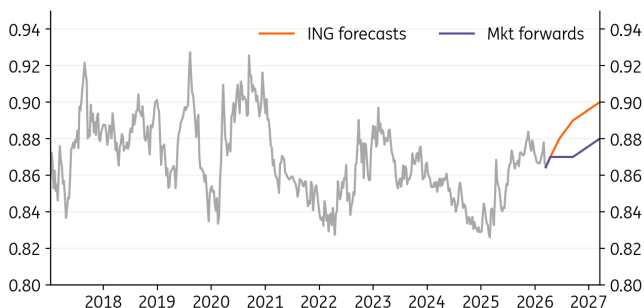
ING forecasts (mkt fwd)	1M 182 (182.15)	3M 180 (181.75)	6M 182 (181.10)	12M 180 (179.77)
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## EUR/GBP

Looking for a snap back higher

Current spot: 0.8640



Source: Refinitiv, ING forecasts

- The aggressive re-pricing of the BoE cycle has been the main driver of this correction lower in EUR/GBP. Large short positioning in sterling has also played a role. We doubt this re-pricing of the BoE cycle has much further to run and expect EUR/GBP to find support near 0.8600. And two BoE rate cuts, perhaps in the second half of the year, should be enough to send EUR/GBP to 0.88+.
- Sterling also faces challenges from the Gilt market and politics. 10-year Gilt yields are not far from the 4.90% levels that started to hit sterling in January.
- UK Prime Minister Keir Starmer faces a variety of political threats over the coming months. A potential departure alongside Chancellor Rachel Reeves would hit GBP.

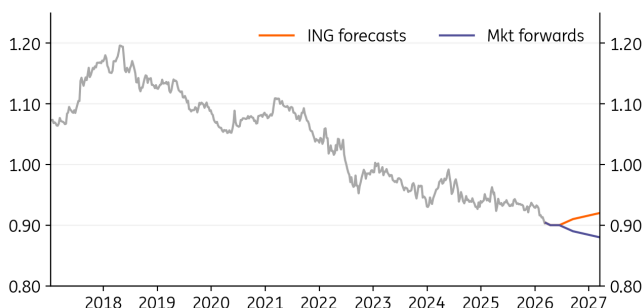
ING forecasts (mkt fwd)	1M 0.87 (0.8654)	3M 0.88 (0.8679)	6M 0.89 (0.8715)	12M 0.90 (0.8786)
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## EUR/CHF

Increasingly prepared to intervene

Current spot: 0.9034



Source: Refinitiv, ING forecasts

- Managing the monetary policy of a small, open economy, the Swiss National Bank is very sensitive to the exchange range. We would point to the real, trade-weighted CHF index now being above 120 – a level not seen since 2011. This is too strong for the SNB and has prompted an unsolicited press release that the SNB is 'increasingly prepared to intervene in FX markets'.
- The last two periods of FX buying intervention, 2Q25 and 1Q22, saw the SNB buy CHF5bn worth of FX. That is not much by international standards and did not really put a floor under EUR/CHF. But SNB may now well be buying sub-0.90.
- A correction higher really requires clear signs of eurozone growth.

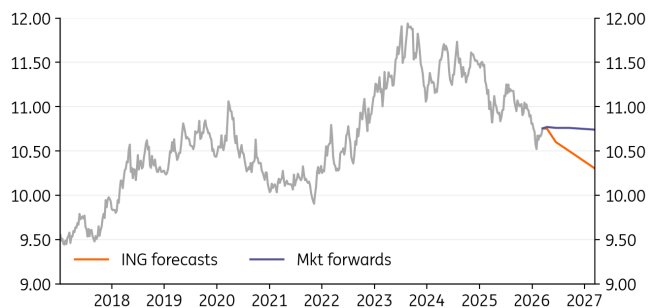
ING forecasts (mkt fwd)	1M 0.90 (0.9016)	3M 0.90 (0.8983)	6M 0.91 (0.8931)	12M 0.92 (0.8827)
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## EUR/SEK

Unchanged outlook despite turmoil

Current spot: 10.77



Source: Refinitiv, ING forecasts

- The krona has underperformed the rest of G10 since the start of the Iran conflict. Part of it reflects long positioning and some short-term overvaluation of SEK present at the end of February.
- EUR/SEK hasn't moved too much though, reflecting some lingering appetite for SEK among European currencies despite risk sentiment instability. Continued capital repatriation from the US to Sweden keeps playing a role in our view.
- Markets are betting on a hike by the ECB and Riksbank by year-end, but our call for flat rates remains unchanged for both. We see no reasons to revise our latest [EUR/SEK quarterly profile](#).

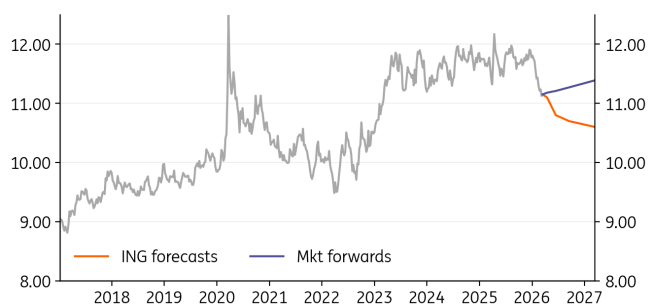
ING forecasts (mkt fwd)	1M 10.75 (10.77)	3M 10.60 (10.76)	6M 10.50 (10.76)	12M 10.30 (10.74)
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## EUR/NOK

Revising the profile lower

Current spot: 11.14



Source: Refinitiv, ING forecasts

- In our latest EUR/NOK forecasts we were still incorporating a muted oil price outlook. Our new baseline is for average Brent prices of 91\$/b in 2Q and 85\$/b in 3Q, which automatically raises the outlook for NOK relative our previous assessment.
- A de-escalation in the short term should trigger upward adjustments in EUR/NOK, but we now see 11.30 as a ceiling.
- There are around 15bp of tightening in the NOK curve by year-end, but we still see a good chance of easing in 2H26, especially after the latest inflation numbers came back down to 3.0% in February. But that should only matter for the krone at a later stage.

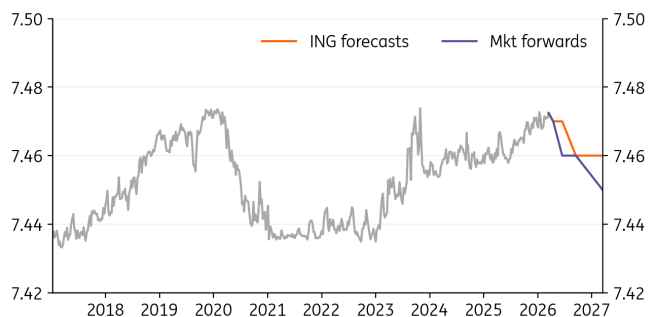
ING forecasts (mkt fwd)	1M 11.10 (11.18)	3M 10.80 (11.21)	6M 10.70 (11.27)	12M 10.60 (11.39)
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## EUR/DKK

Rate hike might be considered

Current spot: 7.4720



Source: Refinitiv, ING forecasts

- EUR/DKK continues facing some upward pressure due to poor FX liquidity conditions on top of the supportive rate differential.
- The central bank of Denmark didn't intervene in the FX market in February, but these levels are consistent with pre-pandemic interventions to buy the Danish krone.
- While we still think FX intervention is generally the first line of defence, the recent energy price shock might make a rate hike in Denmark more digestible – and able to offer a more sustainable solution to EUR/DKK's tendency to trade on the strong side.

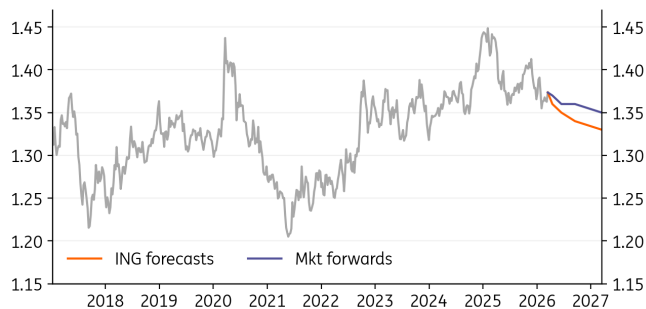
ING forecasts (mkt fwd)	1M 7.47 (7.4695)	3M 7.47 (7.4648)	6M 7.46 (7.4586)	12M 7.46 (7.4486)
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## USD/CAD

### CAD in a desirable spot

**Current spot: 1.3701**



Source: Refinitiv, ING forecasts

- CAD retains a strong position in the current environment: positive exposure to energy prices and geopolitical distance to the conflict. The weak spot remains the equity market, which may face bigger turmoil as the war continues.
- Like elsewhere in the developed space, the CAD swap curve faced intense hawkish repricing (around 35bp in the 2-year tenor). However, we don't agree with pricing for a rate hike by year-end, as uncertainty around upcoming USMCA renegotiations may well offset the benefits of higher oil prices for the Canadian economy.
- We still only see a sustainable break below 1.35 in USD/CAD as a story for the second half of the year due to rate differentials and USMCA risks.

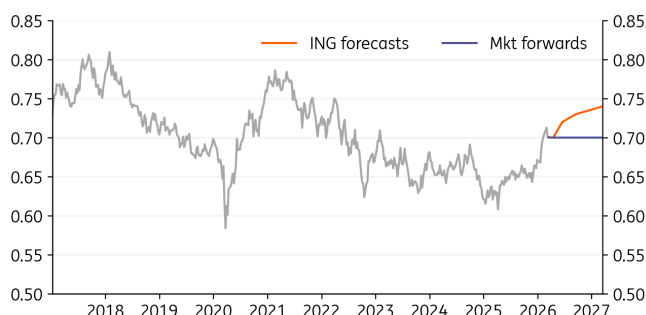
<b>ING forecasts (mkt fwd)</b>	<b>1M 1.36 (1.3683)</b>	<b>3M 1.35 (1.3647)</b>	<b>6M 1.34 (1.3599)</b>	<b>12M 1.33 (1.3531)</b>
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## AUD/USD

### Close call in March for the RBA

**Current spot: 0.7023**



Source: Refinitiv, ING forecasts

- Markets are pricing in roughly a 65% probability of a hike on 17 March by the Reserve Bank of Australia, which has now become a consensus view. We aren't convinced, as elevated uncertainty in our view probably argues more for inaction. It will be a close call.
- Anyway, we remain firm on our call for a May hike, meaning any dovish surprise in March may cause only short-term downward adjustments in AUD, which has performed well relative to the rest of the G10 since the war started.
- Positioning is looking stretched and growing equity instability can take some enthusiasm off AUD. But the outlook beyond the short-term remains strong.

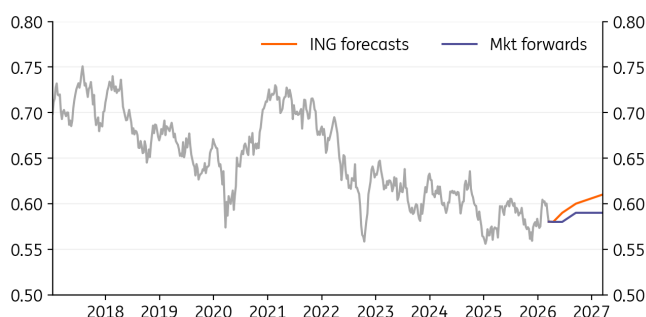
<b>ING forecasts (mkt fwd)</b>	<b>1M 0.70 (0.7021)</b>	<b>3M 0.72 (0.7016)</b>	<b>6M 0.73 (0.7003)</b>	<b>12M 0.74 (0.6964)</b>
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## NZD/USD

### Energy shock can shake the RBNZ hawks

**Current spot: 0.5821**



Source: Refinitiv, ING forecasts

- The NZD-AUD divergence is a reflection of New Zealand being a net energy importer and Australia a net exporter. This means the New Zealand dollar takes on the negatives of risk instability with no commodity upside.
- Monetary policy is also playing a role, as the Reserve Bank of New Zealand's dovish hold in February is keeping markets a bit more cautious than elsewhere in pricing rate hikes.
- The 8 April RBNZ meeting will be crucial, and we see some upside risks for NZD as energy prices may well linger at high levels for the whole of March, prompting a more hawkish stance.

<b>ING forecasts (mkt fwd)</b>	<b>1M 0.58 (0.5829)</b>	<b>3M 0.59 (0.5841)</b>	<b>6M 0.60 (0.5857)</b>	<b>12M 0.61 (0.5875)</b>
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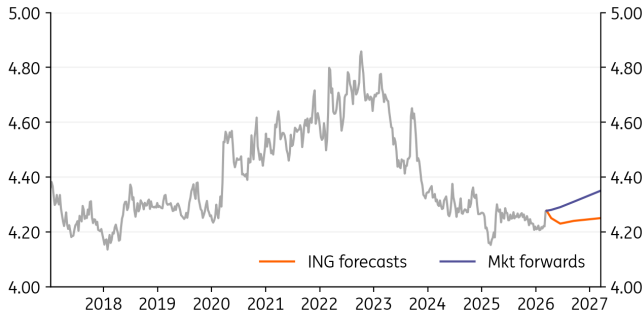


# Emerging markets

## EUR/PLN

Zloty hit by Middle East conflict

**Current spot: 4.2682**



Source: Refinitiv, ING forecasts

- As the conflict in the Middle East triggered a risk off sentiment, EUR/PLN touched 4.30, the highest level since April 2025 and the beginning of the trade war saga. The zloty also came under selling pressure due to domestic factors, as the Monetary Policy Council decided to cut interest rates in March.
- Moreover, the PLN was hit by a controversial central bank proposal to generate profit through a change in accounting rules or a (temporary) sale of part of its gold reserves – a move which, in the view of the National Bank of Poland, could substitute the European SAFE programme.
- Current risks to the zloty remain linked to geopolitical factors – less to potential Russian military provocations in Europe and more to developments in the Middle East. However, macroeconomic fundamentals continue to support the currency, as GDP growth is expected to outperform the CEE region, while inflows of EU funds should further brighten the outlook for this year and beyond.

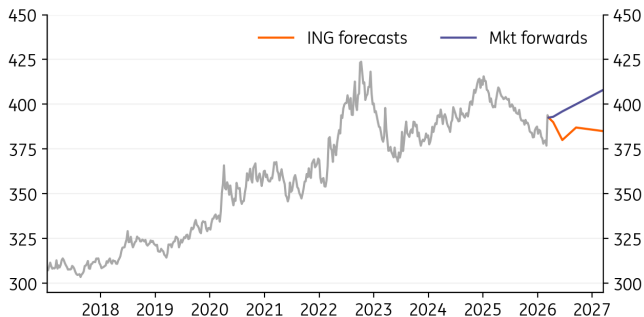
ING forecasts (mkt fwd)	1M 4.25 (4.2752)	3M 4.23 (4.2881)	6M 4.24 (4.3081)	12M 4.25 (4.3504)
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## EUR/HUF

We foresee continued high volatility in HUF

**Current spot: 391.66**



Source: Refinitiv, ING forecasts

- We are now in a 'pick your poison' situation with regard to the forint. The war in the Middle East and the energy price shock are hitting Hungary hard due to its reliance on energy imports. Even if the market calms down slightly, there is another red flag event: the general election on 12 April, which is set to be a close race.
- We think that monetary policy will be sidelined in the coming weeks, with either the energy situation or politics deciding the fate of the HUF. With the central bank being as cautious as possible, and even actively using its FX reserves to redirect import-related FX market flows, if necessary, the 385-390 range will act as a gravity line.
- On the political front, we predict that investors will react asymmetrically, as long positions related to political bets have largely been liquidated. We believe that there will be less resistance to a stronger HUF. In either case (a result-driven rally or a sell-off), however, the move will be short-lived, with the fundamentals dragging EUR/HUF back to around 385 as the dust settles on the election results.

ING forecasts (mkt fwd)	1M 390 (393.14)	3M 380 (395.74)	6M 387 (399.91)	12M 385 (407.54)
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## EUR/CZK

Subdued inflation, plausible growth structure, and sound fiscal back koruna

Current spot: 24.44



Source: Refinitiv, ING forecasts

- The Czech economy is well positioned to face the current turmoil given that inflation is muted, economic growth has a plausible structure, and the fiscal setup is reasonable. Under conditions of an oil price shock, and more generally a negative external supply shock, the Czech National Bank will follow the appropriate recipe, which is to keep rates unchanged.
- The thing is that two almost simultaneous risks are at hand: higher inflation on the back of ample energy prices, along with a pressured economic performance due to tighter budgets, disrupted supply chains, and shaken confidence.
- And yes, elevated oil prices will mostly affect Asia and Europe, with limited options to substitute energy flowing from the Gulf. That said, the koruna has still decent macroeconomic backing and will outperform the single currency once the onset of the shock starts drifting to the past. Meanwhile, we see rather stable rate against the greenback, which is backed by domestic energy production and export.

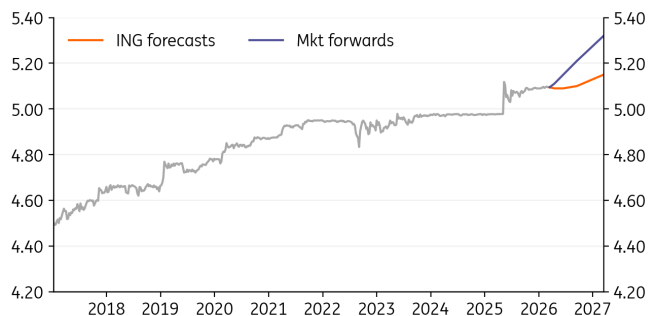
ING forecasts (mkt fwd)	1M 24.40 (24.47)	3M 24.35 (24.52)	6M 24.30 (24.60)	12M 24.20 (24.75)
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## EUR/RON

The NBR continues to hold a firm grip on the currency

Current spot: 5.0951



Source: Refinitiv, ING forecasts

- The EUR/RON has traded largely sideways through early March, but sizeable trading volumes – suggestive of official offers – have likely prevented EUR/RON from rising in line with regional peers amid the global risk-off environment. If risk aversion persists, an earlier-than-expected upward adjustment of the pair cannot be ruled out.
- Inflation is now set to exceed 10% in the March–April prints, driven largely by the spike in oil prices, leaving the National Bank of Romania with little room for manoeuvre. At the same time, if global risk-off sentiment persists for a prolonged period, maintaining the FX rate at current levels could become increasingly costly. Yet allowing a leu depreciation would only feed back into inflation pressures, further complicating the policy trade-off.
- In money markets, the rise in FX implied volatility signalled a rapid tightening of the RON liquidity surplus (RON45bn in February), although the magnitude was still modest compared with the May 2025 episode. Government bond yields reacted more forcefully initially but have since partially retraced. Our base case now assumes a first rate cut in August and cumulative easing of 75bp in 2026.

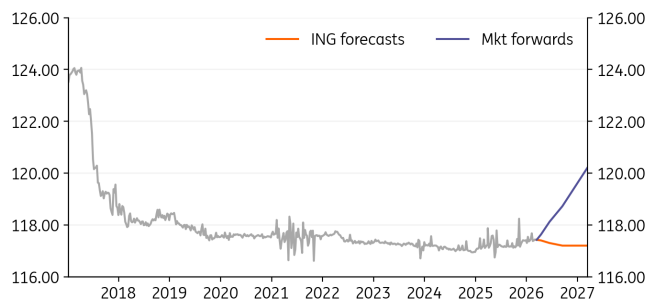
ING forecasts (mkt fwd)	1M 5.09 (5.1138)	3M 5.09 (5.1501)	6M 5.10 (5.2068)	12M 5.15 (5.3195)
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## EUR/RSD

### NBS likely to resist upward RSD pressures ahead

**Current spot: 117.42**



Source: Refinitiv, ING forecasts

- EUR/RSD has remained largely insulated from the recent global sell-off, likely reflecting continued official FX interventions. The pair traded mostly within a narrow 117.30–117.45 range.
- Serbia's macroeconomic fundamentals remain supportive, underpinned by strong investment inflows and reflected in the country's Ba2 sovereign rating. Inflation has moderated well within the target range, standing at 2.4% in early 2026. That said, Moody's decision in early March to revise the outlook from positive to stable serves as a reminder that recent progress is not guaranteed and remains vulnerable to shifting risks.
- At its March meeting, the National Bank of Serbia left the policy rate unchanged at 5.75%, with heightened geopolitical risks featuring prominently in its assessment. FX stability is expected to remain a key priority; between January 2026 and February 2026, the NBS sold EUR810m to support the dinar, with intervention volumes likely to increase further in March.

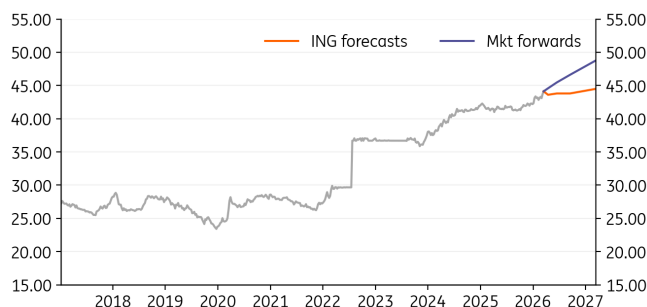
<b>ING forecasts</b> (mkt fwd)	<b>1M</b> 117.40 (117.63)	<b>3M</b> 117.30 (118.12)	<b>6M</b> 117.20 (118.72)	<b>12M</b> 117.20 (120.22)
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## USD/UAH

### UAH remains under selling pressure

**Current spot: 44.09**



Source: Refinitiv, ING forecasts

- The war in the Middle East and rising global energy prices have increased pressure on the Ukrainian hryvnia. At the beginning of March, the hryvnia began to weaken to record lows against both the US dollar and the euro. Even without the global risk off sentiment, the currency continues to face pressure due to ongoing war-related disruptions.
- From a macroeconomic perspective, the situation in Ukraine remains mixed. On the one hand, business sentiment weakened slightly in February due to uncertainty over the duration of hostilities and large-scale destruction. On the other hand, several factors have provided positive momentum for economic activity: sustained consumer demand, stable inflows of international aid, and slowing inflation.
- Although international reserves fell slightly in February – driven by the National Bank of Ukraine's FX interventions and Ukraine's foreign currency debt repayments – they remain close to their highest level since the country's independence and are sufficient to maintain FX market stability.

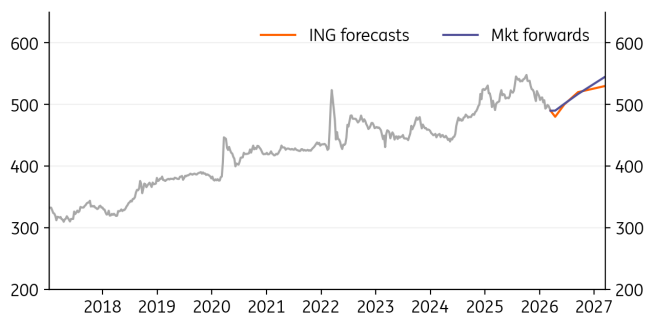
<b>ING forecasts</b> (mkt fwd)	<b>1M</b> 43.60 (44.58)	<b>3M</b> 43.80 (45.46)	<b>6M</b> 43.80 (46.61)	<b>12M</b> 44.50 (48.79)
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**Mateusz Sutowicz, mateusz.sutowicz@ing.pl**

## USD/KZT

Lifted by oil

Current spot: 484.94



Source: Refinitiv, ING forecasts

- After a flat February, the tenge appreciated by c. 2% to the US dollar in the first two weeks of March, as the war in the Middle East lifted oil prices by 42%. Strengthening in the tenge was somewhat restrained by the global flight to safety that led to the dollar's c. 3% appreciation to key currencies.
- The National Bank of Kazakhstan, in line with earlier commitments, opted to hold the policy rate at 18.00% despite CPI decelerating to 11.7% in February. This move should reinforce the capital account amid rising external risks related to higher imported inflation and a reduction in risk appetite.
- We remain constructive on KZT in the near term, as commodity exporters of the CIS region are beneficiaries of the renewed tensions in the Middle East, but the longer-term effect will depend on the duration and may be muted by counterbalancing outflows on the capital and current account.

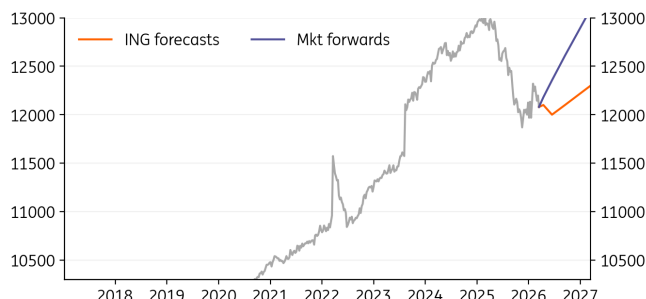
ING forecasts (mkt fwd)	1M 480 (490.41)	3M 500 (501.21)	6M 520 (517.26)	12M 530 (545.28)
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Dmitry Dolgin, dmitry.dolgin@ingbank.com

## USD/UZS

Yet to catch up with gold

Current spot: 12100.00



Source: Refinitiv, ING forecasts

- The Uzbekistani soum posted a 0.6% appreciation to the US dollar in the first two weeks of March after similar appreciation for the full month of February. It was a benefactor of the 12-day war of June 2025, however, this time gold prices didn't react to the rise in global uncertainty and dropped 5% after rallying 21% in January-February.
- We believe the soum is still undervalued relative to the gold price level, as the central bank has been holding back physical gold sales, exporting only 85 mt of gold in 2025 vs c. 100 mt annual capacity.
- We believe Uzbekistan is best positioned in the CIS space from the macro standpoint given its exposure to gold and distance from Iran. However, it remains to be seen to what extent this will pass through to the UZS performance given the country's persistent twin deficits and elevated CPI risks.

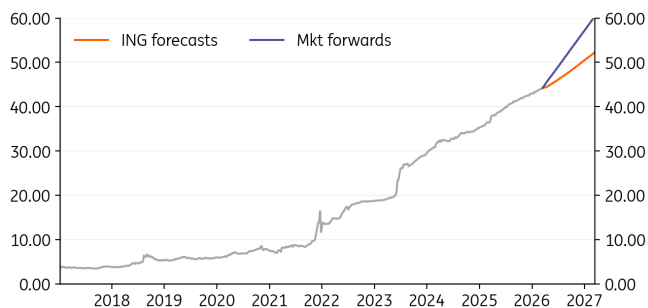
ING forecasts (mkt fwd)	1M 12100 (12180.00)	3M 12000 (12355.00)	6M 12100 (12610.00)	12M 12300 (13090.00)
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Dmitry Dolgin, dmitry.dolgin@ingbank.com

## USD/TRY

### Geopolitical shock to weigh on the macro outlook

**Current spot: 44.19**



Source: Refinitiv, ING forecasts

- The geopolitical shock from the Middle East conflict has increased near-term risks to the macro outlook with effects on the risk premium, inflation, monetary policy and the current account balance. The economic impact of these developments will depend on both the scale and duration of the disruption.
- As geopolitical uncertainty continues, Turkish policymakers have moved quickly and in a coordinated manner to stabilise markets by a) providing FX supply to the system, b) reducing TRY supply that could go to FX, c) supporting demand for the lira and d) increasing the size of daily securities purchases. The Central Bank of Turkey did not change the 37% policy rate in March. However, continuing reserve losses may lead the bank to raise the policy rate and maintain flexibility to tighten further, if needed.
- In addition to the CBT, the Ministry of Finance has also taken action to absorb the impact of oil prices. It introduced a tax regulation which essential means that if refinery prices go up because of higher global oil prices or a weaker exchange rate, the government can cut the special consumption tax on these products by up to 75% of that increase.

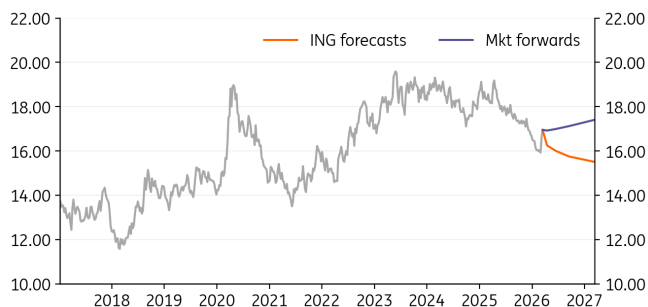
<b>ING forecasts (mkt fwd)</b>	<b>1M 44.50 (45.67)</b>	<b>3M 45.75 (48.32)</b>	<b>6M 47.80 (52.42)</b>	<b>12M 52.30 (60.46)</b>
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Muhammet Mercan, muhammet.mercan@ing.com.tr

## USD/ZAR

### Energy crisis curtails the SARB easing cycle

**Current spot: 16.88**



Source: Refinitiv, ING forecasts

- Before the Middle East crisis, South African markets had been enjoying goldilocks conditions of low inflation, the prospect of rate cuts, bond inflows and a stronger rand. The oil shock has reversed all that, curtailing expectations of any further cuts from the South African Reserve Bank and prompting foreigners to sell \$2bn of South African bonds in the first week of the crisis.
- As for all markets, the duration of the shock will be key, and the market is now starting to price a 25bp SARB rate hike. That will come sooner if USD/ZAR trades to 17.50
- Back in 2022, USD/ZAR rose 25% on the energy shock. Today, the SARB's new, lower inflation target at 3% suggests the central bank will act sooner to tighten if energy prices don't turn around soon.

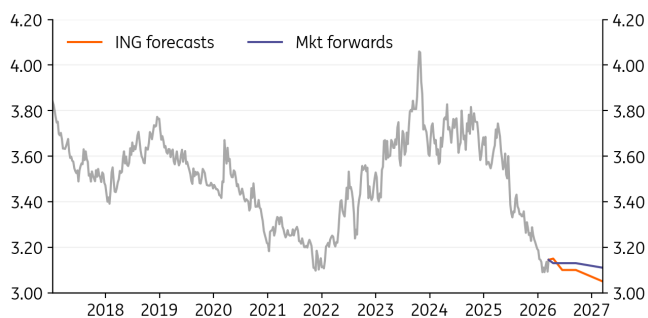
<b>ING forecasts (mkt fwd)</b>	<b>1M 16.25 (16.92)</b>	<b>3M 16.00 (16.99)</b>	<b>6M 15.75 (17.12)</b>	<b>12M 15.50 (17.41)</b>
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## USD/ILS

### Shekel remains resilient

**Current spot: 3.1367**



Source: Refinitiv, ING forecasts

- Somewhat surprisingly, the Israeli shekel remains incredibly well bid during this third Gulf War. It is hard to know the driving factors, but presumably portfolio and perhaps some US defence flows are going through the FX market. It is not as though Israel benefits from an energy crisis and indeed Israel's terms of trade have declined as oil and gas prices have spiked.
- Unlike elsewhere in the world, Israel monetary policy rates have been re-priced 25-45bp lower across the curve. This is presumably based on the view that the shekel stays strong and that Israel has been warned off FX intervention by Washington.
- We suspect Israel will want to keep USD/ILS above 3.00 for the export sector and will cut rates if need be.

<b>ING forecasts (mkt fwd)</b>	<b>1M 3.15 (3.1339)</b>	<b>3M 3.10 (3.1301)</b>	<b>6M 3.10 (3.1252)</b>	<b>12M 3.05 (3.1137)</b>
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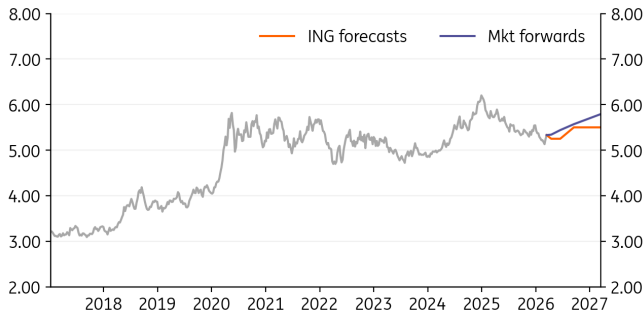
Chris Turner, chris.turner@ing.com

# LATAM

## USD/BRL

### Brazilian assets prove resilient

**Current spot: 5.3237**



Source: Refinitiv, ING forecasts

- Like other EM currencies, Brazilian assets were hit on conflict in the Middle East. This is despite Brazil being a net energy exporter and its terms of trade having risen since the crisis began. Yet local assets have bounced back quickly. Supporting the bond market remains the prospect of the Central Bank of Brazil starting its easing cycle on 19 March. Traders have pared back bets for a 50bp opening cut, but a 200bp easing cycle is still priced.
- Providing the Brazilian real with some support may also be opinion polls. Despite measures to support his base, President Luiz Inácio Lula da Silva is still seen running at 50:50 with the opposition candidate, Flavio Bolsonaro.
- Were external conditions to improve, USD/BRL could trade sub 5.00. Pre-election fiscal giveaways remain the risk.

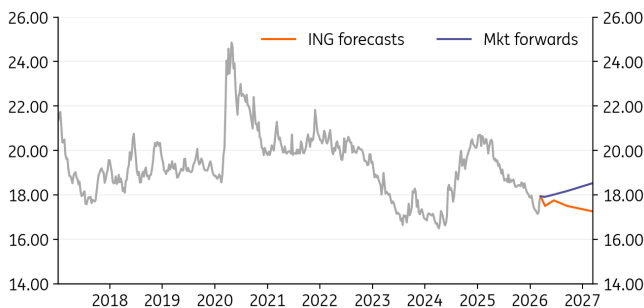
ING forecasts (mkt fwd)	1M 5.25 (5.3420)	3M 5.25 (5.4435)	6M 5.50 (5.5670)	12M 5.50 (5.7910)
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## USD/MXN

### Riding the global EM tide

**Current spot: 17.86**



Source: Refinitiv, ING forecasts

- With a big weight in EM benchmark indices, Mexican assets were understandably hit on the Middle East energy shock. They are starting on a recovery, with the peso leading the charge. Money markets have now priced out chances of further Banxico rate cuts this year and that leaves the peso with healthy real interest rates near 3%.
- We have a kink in the USD/MXN profile to take account of the USMCA renegotiation. The US is interested in rules of origin, supply chain security and any inroads the USMCA offers China. The deadline is July this year.
- If we are right with a relatively short-lived energy crisis, USD/MXN can end the year near 17.25 and the peso can outperform forwards again.

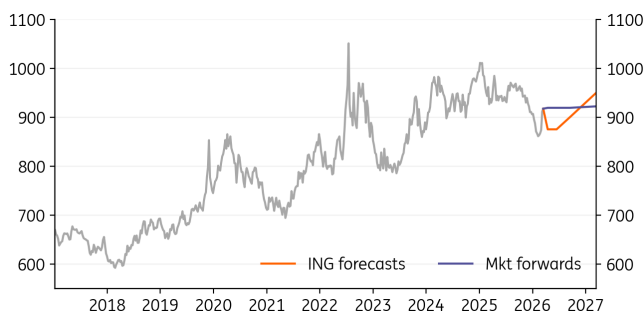
ING forecasts (mkt fwd)	1M 17.50 (17.91)	3M 17.75 (18.01)	6M 17.50 (18.17)	12M 17.25 (18.53)
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## USD/CLP

### The wrong kind of commodity rally

**Current spot: 917.84**



Source: Refinitiv, ING forecasts

- The big jump in energy prices has once again exposed Chile's dependence of fossil fuel imports. Petroleum products make up around 20% of Chile's imports. And the Middle East crisis seems to have firmed up a low at 850 in USD/CLP.
- As we discussed last month, we think copper prices may not be quite as friendly for the peso as they have been previously. Copper is edging back under \$13,000/Mt and our commodities team warn of a move back to \$11,000/Mt, particularly later in the year, as overseas supply increases. USD/CLP could be heading back to 950 then.
- Markets have re-priced Chile's monetary policy cycle some 20bp higher during the energy crisis, with limited room for rate cuts.

ING forecasts (mkt fwd)	1M 875 (918.93)	3M 875 (918.92)	6M 900 (919.15)	12M 950 (922.38)
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Chris Turner, [chris.turner@ing.com](mailto:chris.turner@ing.com)

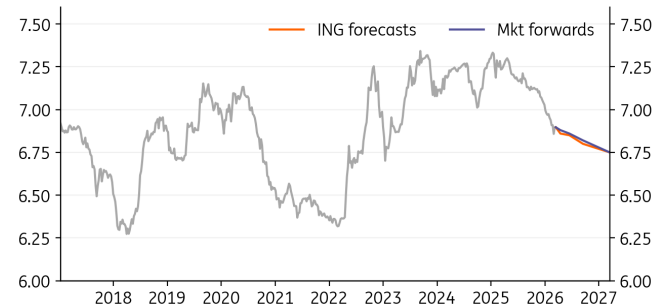


# Asia

## USD/CNY

Iran war briefly interrupts CNY appreciation momentum

Current spot: 6.8961



Source: Refinitiv, ING forecasts

- The Chinese yuan strengthened following the Lunar New Year holiday, briefly dipping below 6.85 before rebounding to 6.93 after geopolitical risks picked up and the dollar gained. As fears subsided, the appreciation trend continued with the CNY back to 6.86.
- The People's Bank of China cut the FX risk reserve ratio for forward trading from 20% to 0%, allowing for more shorts against the CNY, while fixings have moved closer to neutral. US-China yield spreads have widened as markets price in slower Fed cuts while the PBoC signalled possible easing this year.
- Risks to our baseline fluctuation band of 6.85-7.25 remain balanced to the downside despite the war. The next key level to watch is 6.70, the lowest since the PBoC started prioritising currency stability. Odds are rising to enter our CNY bullish scenario band of 6.70-7.00.

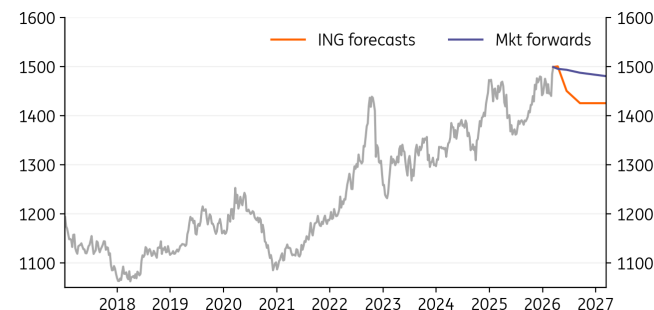
ING forecasts (mkt fwd)	1M 6.86 (6.8825)	3M 6.85 (6.8573)	6M 6.80 (6.8200)	12M 6.75 (6.7506)
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## USD/KRW

Geopolitical risks hit KRW hard

Current spot: 1496.77



Source: Refinitiv, ING forecasts

- The Korean won was hit hard by the geopolitical risks, passing 1,500. The sell-off in the KOSPI and AI over-valuation concerns amplified volatility.
- With its high beta, the range should remain between 1,450 and 1,550 in 1H26. Interventions near 1,500 are expected but the impact should be limited.
- Fund flows will largely shape the direction later. With earnings outlooks remaining solid, valuations should become appealing to foreign investors. Korea's WGBI inclusion from April is likely to attract additional capital into bond markets.

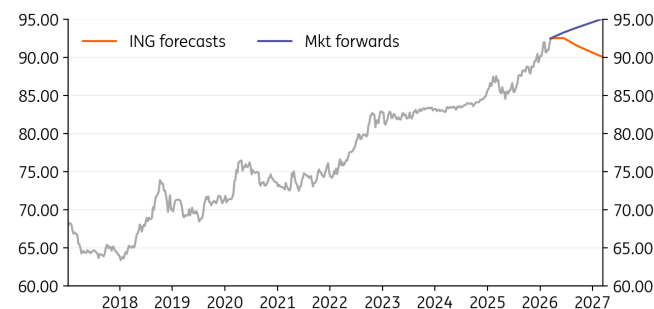
ING forecasts (mkt fwd)	1M 1500 (1495.04)	3M 1450 (1492.51)	6M 1425 (1487.39)	12M 1425 (1479.96)
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Min Joo Kang, [min.joo.kang@asia.ing.com](mailto:min.joo.kang@asia.ing.com)

## USD/INR

INR remains vulnerable to higher oil prices

Current spot: 92.38



Source: Refinitiv, ING forecasts

- Oil price risks remain manageable for now, as oil marketing companies are absorbing the increase in crude costs without passing them through to retail prices. As a result, we are keeping our CPI inflation forecast unchanged and continue to expect inflation to average below the Reserve Bank of India's medium-term target of 4% in 2026.
- India's fourth-quarter GDP growth came in at a robust 7.8% year-on-year, which is impressive given that exporters were still contending with 50% US tariffs at the time. Domestic demand has remained a key engine of growth, supported by easing inflation and better transmission of earlier rate cuts.
- However, the Indian rupee remains vulnerable, as higher crude prices are likely to widen the current account deficit and exert additional pressure on the currency.

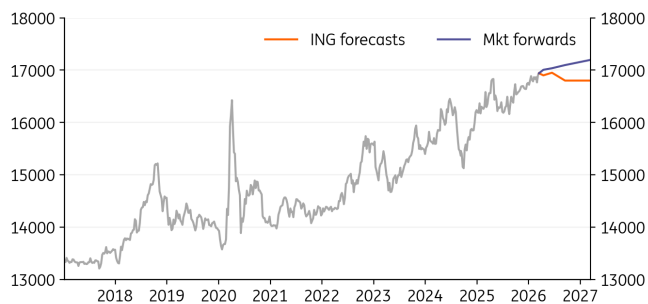
ING forecasts (mkt fwd)	1M 92.50 (92.74)	3M 92.50 (93.25)	6M 91.50 (93.89)	12M 90.00 (95.07)
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## USD/IDR

Fiscal concerns could keep IDR under pressure

Current spot: 16990



Source: Refinitiv, ING forecasts

- Indonesia, as a net exporter of oil and gas, typically benefits from higher global oil prices; however, already-strained fiscal balances risk further deterioration as the government increases subsidies on retail fuel. The widening fiscal deficit has already weighed on the rupiah, and further deterioration could amplify this pressure.
- Real rate differentials between Indonesia and the US have narrowed significantly – by more than two percentage points in February 2026 compared with November 2025 – adding to currency headwinds.
- Alongside sizeable FII outflows from debt since September 2025, foreign investor appetite for Indonesian equities has also weakened in 2026, further weighing on the currency. Against this backdrop, we expect additional IDR depreciation as investor caution keeps FII inflows muted.

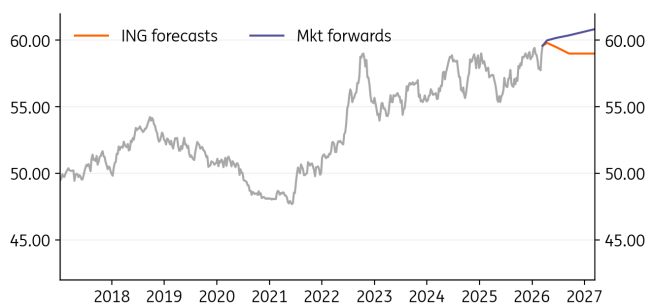
ING forecasts (mkt fwd)	1M 16900 (17006)	3M 16950 (17036)	6M 16800 (17096)	12M 16800 (17196)
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## USD/PHP

Oil prices to keep PHP weaker

Current spot: 59.85



Source: Refinitiv, ING forecasts

- The Philippines remains one of the most oil-exposed economies in the region and is likely to feel higher oil prices sooner than most Asian counterparts such as Thailand or Indonesia, given its modest fuel buffers, rapid domestic price pass-through and a structurally wider current account deficit.
- In our scenario of sustained oil disruptions for a month, CPI inflation for the Philippines is expected to inch closer to upper end of 4% of Bangko Sentral ng Pilipinas' target range. In turn, the BSP is unlikely to cut rates despite weaker growth.
- Overall, we are increasing our current account deficit forecast for the Philippines to 4% of GDP in 2026. Risk of further oil disruptions should keep peso weaker vs the USD.

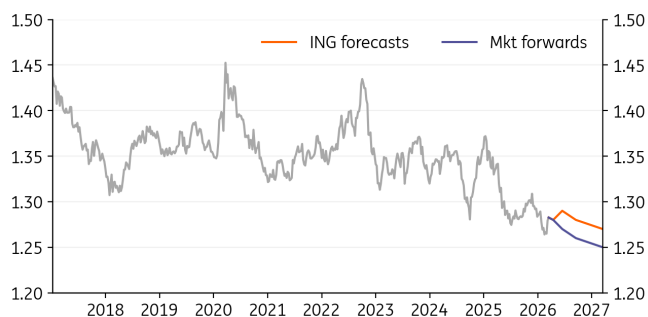
ING forecasts (mkt fwd)	1M 59.80 (59.99)	3M 59.50 (60.17)	6M 59.00 (60.37)	12M 59.00 (60.84)
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## USD/SGD

Relative outperformer in the region

Current spot: 1.2808



Source: Refinitiv, ING forecasts

- Singapore has been a hotspot in Asia with GDP growth surprising meaningfully on the upside in 2025. Its 4Q25 GDP growth accelerated to 6.9% YoY, powered by a strong rebound in manufacturing – especially pharmaceuticals and electronics.
- Given the expected pass-through from higher crude oil prices to domestic pump prices, we are raising our 2026 Singapore headline CPI inflation forecast from 1.8% to 2.0%.
- Against this backdrop of strong growth and firming inflation, we continue to anticipate that the Monetary Authority of Singapore will tighten its FX policy stance in April. Singapore's strong fiscal position and substantial current account surplus should also help limit depreciation pressures on the currency.

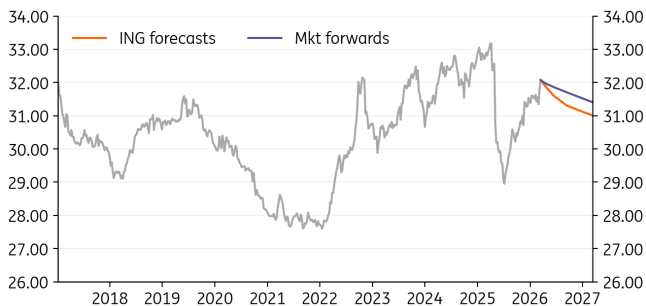
ING forecasts (mkt fwd)	1M 1.28 (1.2778)	3M 1.29 (1.2725)	6M 1.28 (1.2645)	12M 1.27 (1.2502)
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## USD/TWD

### Depreciation move breaks months of rangebound trading

**Current spot: 32.05**



Source: Refinitiv, ING forecasts

- After a few months of trading within a narrow range of around 31.3-31.7, the Taiwan dollar began to weaken further following the outbreak of the Iran war, moving above 31.9 on 9 March, its weakest level since April 2025.
- Domestic factors were generally TWD negative over the past month. The US-Taiwan yield spread slightly widened in a negative sign for the TWD. The sell-off of equities also led to net capital outflow. We think the Central Bank of the Republic of China is set to remain on hold again in March.
- Near-term trends will be likely be more dependent on Middle East developments and potentially the CBC's efforts to stabilise the TWD. Taiwan's direct exposure to the Strait of Hormuz is relatively limited at under 20% but its overall energy dependency ratio of around 97-98% keeps it vulnerable to price shocks.

<b>ING forecasts</b> (mkt fwd)	<b>1M</b> 31.90 (31.98)	<b>3M</b> 31.60 (31.86)	<b>6M</b> 31.30 (31.70)	<b>12M</b> 31.00 (31.40)
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## ING foreign exchange forecasts

EUR cross rates	Spot	1M	3M	6M	12M	USD cross rates	Spot	1M	3M	6M	12M
<b>Developed FX</b>											
EUR/USD	1.15	1.15	1.16	1.18	1.20						
EUR/JPY	182	182	180	182	180	USD/JPY	159	158	158	155	153
EUR/GBP	0.86	0.87	0.88	0.89	0.9	GBP/USD	1.32	1.32	1.32	1.33	1.33
EUR/CHF	0.90	0.90	0.9	0.91	0.92	USD/CHF	0.79	0.78	0.78	0.77	0.77
EUR/SEK	10.78	10.75	10.60	10.50	10.30	USD/SEK	9.41	9.35	9.14	8.90	8.58
EUR/NOK	11.13	11.10	10.80	10.70	10.60	USD/NOK	9.72	9.65	9.31	9.07	8.83
EUR/DKK	7.47	7.47	7.47	7.46	7.46	USD/DKK	6.53	6.50	6.44	6.32	6.22
EUR/CAD	1.57	1.56	1.57	1.58	1.60	USD/CAD	1.37	1.36	1.35	1.34	1.33
EUR/AUD	1.63	1.64	1.61	1.62	1.62	AUD/USD	0.70	0.70	0.72	0.73	0.74
EUR/NZD	1.97	1.98	1.97	1.97	1.97	NZD/USD	0.58	0.58	0.59	0.60	0.61
<b>EMEA</b>											
EUR/PLN	4.27	4.25	4.23	4.24	4.25	USD/PLN	3.73	3.70	3.65	3.59	3.54
EUR/HUF	391.6	390	380	387	385	USD/HUF	342.0	339	328	328	321
EUR/CZK	24.44	24.40	24.35	24.3	24.2	USD/CZK	21.34	21.2	21.0	20.6	20.2
EUR/RON	5.09	5.09	5.09	5.1	5.15	USD/RON	4.45	4.43	4.39	4.32	4.29
EUR/RSD	117.43	117.40	117.30	117.20	117.20	USD/RSD	102.56	102.09	101.12	99.32	97.67
EUR/UAH	50.48	50.14	50.81	51.68	53.40	USD/UAH	44.08	43.60	43.80	43.8	44.5
EUR/KZT	569.7	552.0	580.0	613.6	636.0	USD/KZT	484.5	480	500	520	530
EUR/UZS	13856.3	13915.0	13920.0	14278.0	14760.0	USD/UZS	12,100.0	12,100	12,000	12,100	12,300
EUR/TRY	50.66	51.18	53.07	56.40	62.76	USD/TRY	44.18	44.5	45.75	47.8	52.3
EUR/ZAR	19.33	18.69	18.56	18.59	18.60	USD/ZAR	16.88	16.25	16.00	15.75	15.50
EUR/ILS	3.59	3.62	3.60	3.66	3.66	USD/ILS	3.14	3.15	3.10	3.10	3.05
<b>LATAM</b>											
EUR/BRL	6.10	6.04	6.09	6.49	6.60	USD/BRL	5.32	5.25	5.25	5.50	5.50
EUR/MXN	20.43	20.13	20.59	20.65	20.70	USD/MXN	17.84	17.50	17.75	17.50	17.25
EUR/CLP	1051.06	1006	1015	1062	1140	USD/CLP	917.84	875	875	900	950
<b>Asia</b>											
EUR/CNY	7.89	7.89	7.95	8.02	8.10	USD/CNY	6.90	6.86	6.85	6.8	6.75
EUR/IDR	19428	19435	19662	19824	20160	USD/IDR	16,990	16,900	16,950	16,800	16,800
EUR/INR	105.83	106.38	107.30	107.97	108.00	USD/INR	92.42	92.5	92.5	91.5	90.00
EUR/KRW	1713.67	1725	1682	1682	1710	USD/KRW	1,496.46	1,500	1,450	1,425	1,425
EUR/PHP	68.50	68.77	69.02	69.62	70.80	USD/PHP	59.81	59.8	59.5	59.0	59.0
EUR/SGD	1.47	1.47	1.50	1.51	1.52	USD/SGD	1.28	1.28	1.29	1.28	1.27
EUR/TWD	36.71	36.69	36.66	36.93	37.20	USD/TWD	32.06	31.9	31.6	31.3	31.00

Source: Refinitiv, ING

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