THINK Economic and Financial Analysis

October 2025

FX Talking

No data, no bears

Chris Turner
Global Head of Markets and Regional Head of Research for UK & CEE
chris.turner@ing.com

Francesco Pesole
Foreign Exchange Strategy
francesco.pesole@ing.com

View all our research on Bloomberg at RESP INGX<GO>

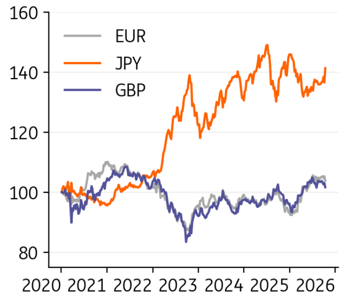
www.ing.com/THINK

Follow us
@ING_Economics

FX Talking

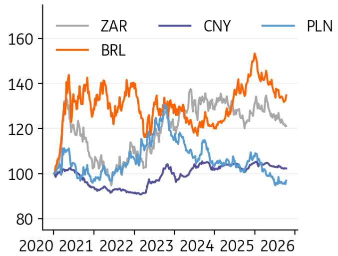
No data, no bears

USD/Majors (Jan 20=100)



Source: Refinitiv, ING forecast

USD/EM (Jan 20=100)



Source: Refinitiv, ING forecast

Depriving investors of US macro data, the government shutdown has also brought a reprieve to the dollar. Dollar bears have become discouraged by the lack of evidence of the soft jobs environment, and many have thrown in the towel. Dollar positioning looks much more balanced now. We think this is a temporary dollar bounce, however, before two further Fed cuts and seasonal weakness weigh on the dollar into year-end.

The eurozone story does not look brilliant. Yet we are reasonably confident that the ECB has finished cutting interest rates. And whilst there are genuine concerns that German fiscal stimulus will be watered down, we still think the net effect will be positive for eurozone growth and the euro into next year. We remain bullish on EUR/USD for the low 1.20s.

The yen is a very different and more volatile story. Continued interest in the carry trade and switching funding from dollars to yen warns that USD/JPY could trade to 155. But equally recent gains could completely reverse if new elections have to be called. Elsewhere in G10, sterling looks fragile into the event risk of the November budget and commodity currencies remain mixed. Challenges here include weak data and a potential USMCA revision weighing on Canada, while Australia will track US-China relations closely.

Emerging market currencies in general have had a good year. Carry should remain a key driver for the high yielders in Turkey, Latin America and Hungary. We will watch the forint carefully, however, in case the central bank turns less hawkish. The Czech koruna remains our favourite currency in CEE. The rand is performing well too – the lower inflation target attracting portfolio flows. Asian FX continues to frustrate. The best chance of Asian currencies rallying is probably the resumption of the broad $ bear trend.

ING FX forecasts

	EUR/USD		USD/JPY		GBP/USD	
1M	1.17	↑	150	↓	1.34	→
3M	1.20	↑	148	↓	1.36	↑
6M	1.20	↑	147	↓	1.36	↑
12M	1.21	↑	143	↓	1.36	↑
	EUR/GBP		**EUR/CZK**		**EUR/PLN**	
1M	0.87	→	24.25	↓	4.25	↓
3M	0.88	↑	24.25	↓	4.25	↓
6M	0.88	→	24.25	↓	4.25	↓
12M	0.89	→	24.15	↓	4.27	↓
	USD/CNY		**USD/MXN**		**USD/BRL**	
1M	7.13	↑	18.40	↓	5.40	↓
3M	7.10	→	18.25	↓	5.50	↓
6M	7.08	↑	18.25	↓	5.50	↓
12M	7.05	↑	18.00	↓	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	-1.0	3.4	0.7	0.7	-1.2	1.0
%YoY	5.9	2.6	3..9	-0.3	-3.1	1.9
	USD/CNY	**USD/KRW**	**EUR/HUF**	**EUR/PLN**	**USD/ZAR**	**USD/BRL**
%MoM	0.0	2.5	-0.5	0.1	-0.8	0.9
%YoY	0.7	5.1	-2.4	-0.8	-1.1	-2.3

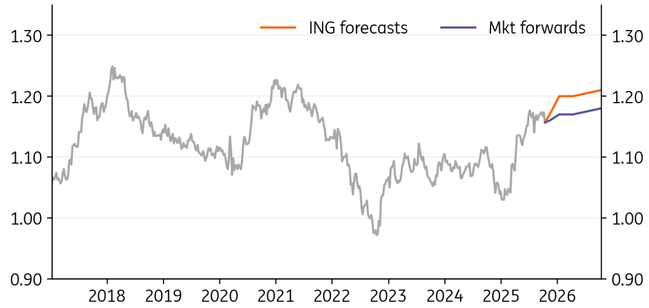
Source: Refinitiv, ING forecast

Developed markets

EUR/USD

No US news has been good news for the dollar

Current spot: 1.1613



Source: Refinitiv, ING forecasts

- The US government shutdown has shifted the narrative away from the soft labour market, allowing the AI-driven equity rally to dominate. The suspicion is that growth can once again prove more resilient than most expected. Yet the September FOMC meeting made it clear that the Fed has shifted into risk management mode on jobs and should cut twice more this year.
- After this recent short squeeze in the dollar, we're looking for a resumption of the dollar bear trend into Nov-Dec. Lower short-dated US rates will see bond investors raise FX hedge ratios.
- We think the ECB is done cutting at 2.00%. We're not looking for the French political crisis to trigger a broader crisis in Europe.

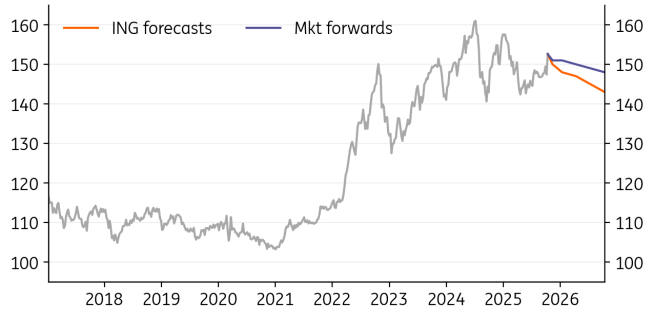
ING forecasts (mkt fwd)	1M 1.17 (1.1634)	3M 1.20 (1.1671)	6M 1.20 (1.1722)	12M 1.21 (1.1809)

Chris Turner, chris.turner@ing.com

USD/JPY

Yen becomes preferred funding vehicle

Current spot: 151.94



Source: Refinitiv, ING forecasts

- Japanese politics has had a seismic impact on the yen this month. The victory of Sanae Takaichi in the LDP leadership election – and the comparison of her policies to 'Abenomics' – have triggered a steeper yield curve, an equity rally and a weaker yen. We're not looking for the kind of 20% fall in the yen seen in 2013/14 – but investors may now switch to yen funded carry.
- The thinking here is that the less independent Bank of Japan will hold off raising rates. That's not a given since a weaker yen will only add to inflation fears and heighten the need for a hike.
- The wild card here is that the LDP has just lost the support of its coalition partner, Komeito. Snap elections could reverse yen losses if we need to consider a new government completely.

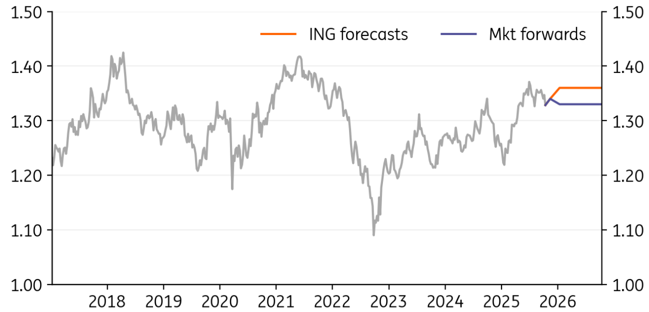
ING forecasts (mkt fwd)	1M 150 (151.42)	3M 148 (151.00)	6M 147 (149.83)	12M 143 (147.76)

Chris Turner, chris.turner@ing.com

GBP/USD

Too many risks in sterling

Current spot: 1.3350



Source: Refinitiv, ING forecasts

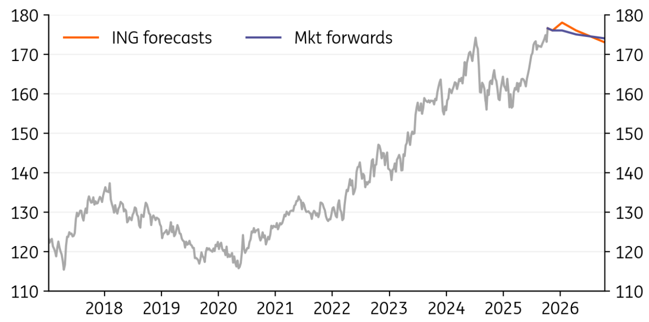
- The UK economy has not been performing as badly as the local press would have us believe, but monetary and fiscal risks do stalk sterling. On a pure macro level, we think the market is under-pricing the Bank of England easing cycle – although the next cut is not likely until February. Sticky inflation data and the employment situation will remain key for the BoE.
- The fiscal risks are more prevalent into the budget in November. We're not looking for a gilt crisis, but the Chancellor is going to have to make some tough decisions on tax rises or spending cuts.
- Tighter fiscal and looser monetary policy should ultimately be a bit bearish for sterling – though GBP/USD should trade 1.32-1.37.

ING forecasts (mkt fwd)	1M 1.34 (1.3351)	3M 1.36 (1.3303)	6M 1.36 (1.3295)	12M 1.36 (1.3271)

Chris Turner, chris.turner@ing.com

EUR/JPY

Japanese politics dominate **Current spot: 176.54**



Source: Refinitiv, ING forecasts

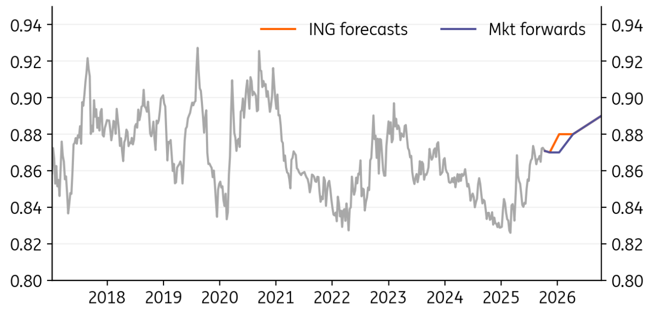
- The surge in EUR/JPY to record highs has been entirely down to Japanese politics. As above, the base case is probably that the yen stays weak now. But any signs of snap elections or BoJ forging ahead with rate hikes could reverse recent moves.
- For the eurozone, our team have been softening the 2026 growth profile on the view that German fiscal expansion will not be quite as large as first thought. For France, the base case is that the country continues to muddle through without causing a broader crisis. The ECB has tools to protect debt markets if need be.
- EUR/JPY gains have been closely correlated with global equities. Any correction here is likely to send EUR/JPY sharply lower.

ING forecasts (mkt fwd)	1M 176 (176.19)	3M 178 (175.77)	6M 176 (175.15)	12M 173 (174.06)

Chris Turner, chris.turner@ing.com

EUR/GBP

The not very attractive contest **Current spot: 0.8699**



Source: Refinitiv, ING forecasts

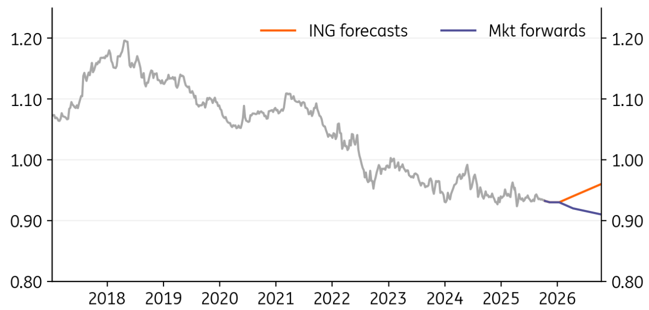
- Traders seems inclined to sell sterling – as evidenced by the skew to sterling put options in the three-month EUR/GBP risk reversal. Yet just as EUR/GBP looks to break higher, some softer eurozone news comes along in the form of politics or data. Neither currency looks particularly attractive now, but the fiscal and monetary risks for sterling are probably greater.
- The risks to a mild EUR/GBP appreciation probably stem from European politics. Early French elections could put some risk premium into the euro, and we could also be underestimating some risk premium coming out of GBP on a successful UK budget in late November. A baseline view is for EUR/GBP to 0.90 in 2026.

ING forecasts (mkt fwd)	1M 0.87 (0.8714)	3M 0.88 (0.8750)	6M 0.88 (0.8792)	12M 0.89 (0.8876)

Chris Turner, chris.turner@ing.com

EUR/CHF

Switzerland has serious problems **Current spot: 0.9312**



Source: Refinitiv, ING forecasts

- As our economics team discusses here, US tariffs pose a serious problem. We estimate that the average tariff rate on Swiss exports to the US is already now at 25% and could move to 47% if Washington pushes through with 100% tariffs on pharma. This could knock anywhere from 0.85-1.7% off Swiss growth.
- At the same time the Swiss franc is very strong, and the Swiss National Bank has limited room for FX intervention or large rate cuts into negative territory. That said, FX intervention in second quarter 2025 was CHF5bn, the highest since early 2022. But Washington is watching.
- It's hard to see EUR/CHF turning decisively higher until eurozone growth comes through – more a story for 2026 now.

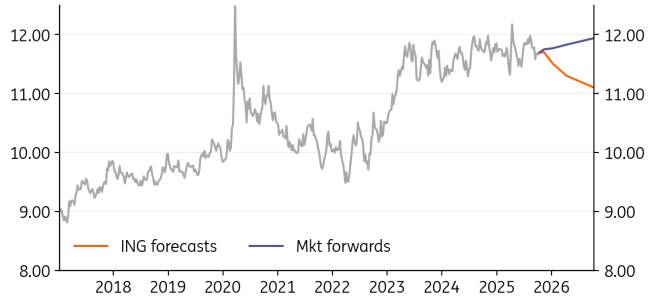
ING forecasts (mkt fwd)	1M 0.93 (0.9294)	3M 0.93 (0.9266)	6M 0.94 (0.9217)	12M 0.96 (0.9123)

Chris Turner, chris.turner@ing.com

EUR/NOK

NOK curve a little too hawkish

Current spot: 11.76



Source: Refinitiv, ING forecasts

- EUR/NOK volatility has picked up since mid-September, with the pair modestly undershooting our one-month target of 11.70 from September's FX Talking.
- Norges Bank cut rates in September, in line with our expectations, but published hawkish rate projections embed no further cuts until mid-2026. Markets are broadly aligned with that, but we remain more dovish and expect the next cut in the first quarter of 2026.
- Attractive carry can help the krone, but with a NOK swap curve leaning a bit too hawkish and downside risks to oil prices, we don't see significant downside room for EUR/NOK into year-end.

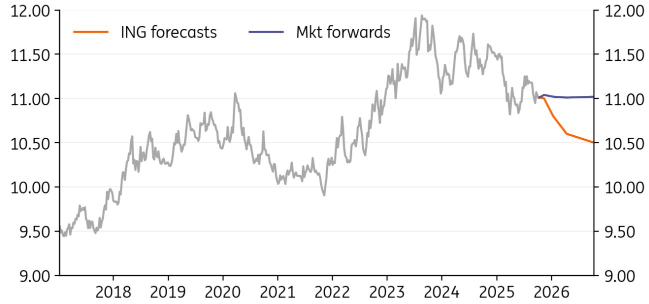
ING forecasts (mkt fwd)	1M 11.70 (11.75)	3M 11.50 (11.77)	6M 11.30 (11.83)	12M 11.10 (11.94)

Francesco Pesole, francesco.pesole@ing.com

EUR/SEK

Predictable rate gap path

Current spot: 11.05



Source: Refinitiv, ING forecasts

- The Riksbank surprised with a rate cut in September but is now signalling the easing cycle is over. The 25bp policy gap with the eurozone looks set to persist throughout 2026 but shouldn't prevent EUR/SEK from staying on a multi-quarter downward trend given medium-term fundamental undervaluation.
- November and December are the weakest months seasonally for EUR/SEK – but October was often a good month in recent years.
- We expect EUR/SEK to hover around 11.0 in coming weeks, although the balance of risks remains tilted to the downside. We have slightly revised our year-end target lower to 11.80.

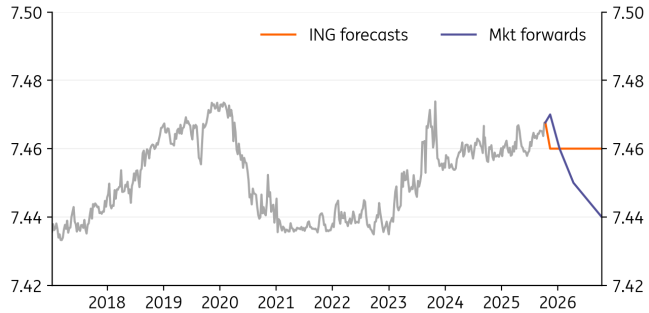
ING forecasts (mkt fwd)	1M 11.00 (11.04)	3M 10.80 (11.02)	6M 10.60 (11.01)	12M 10.50 (11.02)

Francesco Pesole, francesco.pesole@ing.com

EUR/DKK

Staying bid

Current spot: 7.4676



Source: Refinitiv, ING forecasts

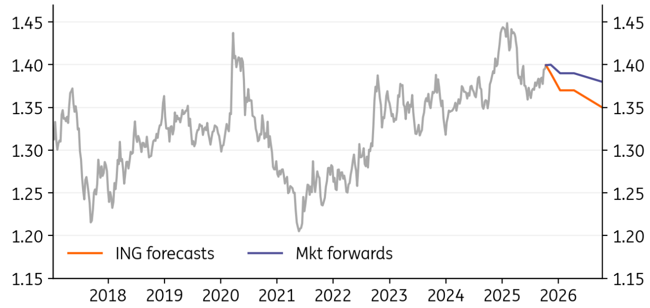
- We had a slight suspicion the Danish central bank had intervened in the FX market to support the krone in September – but official data showed again no intervention.
- EUR/DKK has continued to trade on the strong side, testing the April and September highs, although realised volatility remains contained.
- The softening in Denmark's current account surplus and some pockets of investment outflows can keep EUR/DKK somewhat elevated – but given the big firepower for FX intervention (reserve stock is about a quarter of annual GDP), we don't see the need to revise our forecast for 7.460 peg parity over the coming quarters.

ING forecasts (mkt fwd)	1M 7.46 (7.4654)	3M 7.46 (7.4612)	6M 7.46 (7.4546)	12M 7.46 (7.4429)

Francesco Pesole, francesco.pesole@ing.com

USD/CAD

December cut more likely than October | **Current spot: 1.3984**



Source: Refinitiv, ING forecasts

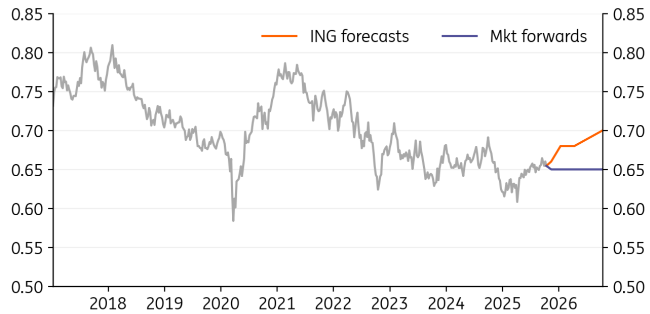
- We still think risks remain on the downside for CAD relative to the rest of G10 into year-end. The reprieve in October was more driven by the correlation with USD, rather than any optimism on the Canadian economy.
- A Carney-Trump meeting this month has yielded a more conciliatory tone, but no concrete advancements towards a tariff truce. A USMCA fallout remains a big risk ahead for CAD.
- Unemployment didn't accelerate further in September, and that might be just enough for the Bank of Canada to skip October and cut in December. But it's far from a guarantee, and there is also a non-negligible risk of further cuts in the first quarter of 2026.

ING forecasts (mkt fwd)	1M 1.39 (1.3964)	3M 1.37 (1.3936)	6M 1.37 (1.3888)	12M 1.35 (1.3810)

Francesco Pesole, francesco.pesole@ing.com

AUD/USD

Aussie still looks good | **Current spot: 0.6516**



Source: Refinitiv, ING forecasts

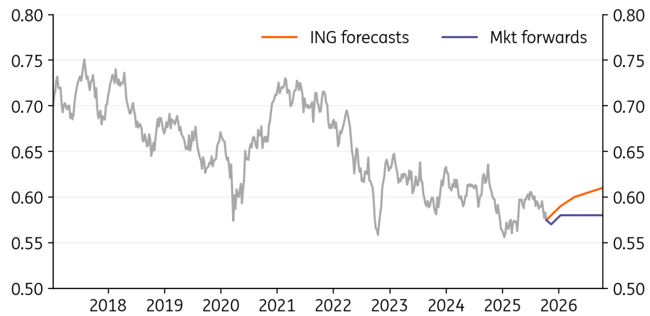
- The Aussie dollar has been more resilient than most of G10 since the start of the month. We think the case for a year-end rally remains intact, and we still target 0.68 for end-December.
- We believe the Reserve Bank of Australia will cut rates in December – 12bp priced in – but we doubt that would be enough to offset the benefits of lower USD rates given any cuts should still be accompanied by a rather hawkish tone on future moves.
- We don't expect the recent revamp in trade tensions between the US and China as likely to lead to a re-run of April's events, which would otherwise heavily weigh on the AUD outlook.

ING forecasts (mkt fwd)	1M 0.66 (0.6518)	3M 0.68 (0.6543)	6M 0.68 (0.6545)	12M 0.70 (0.6542)

Francesco Pesole, francesco.pesole@ing.com

NZD/USD

Dovish RBNZ can limit upside | **Current spot: 0.5734**



Source: Refinitiv, ING forecasts

- The Reserve Bank of New Zealand's surprise 50bp rate cut in October can have a long tail effect on NZD, especially as the Bank signalled an openness to more easing and the upcoming jobs and unemployment data may come in on the dovish side.
- A 25bp cut in November looks carved in stone unless CPI comes in quite hot, which seems unlikely if we assume the RBNZ peeked at some reliable price measures before cutting 50bp. Another cut in first quarter 2026 is now a tangible risk, around 35% priced in.
- NZD/USD has room to recover into year-end thanks to some re-softening of the dollar, in our view. But the upside potential is less pronounced than for AUD.

ING forecasts (mkt fwd)	1M 0.58 (0.5741)	3M 0.59 (0.5761)	6M 0.60 (0.5782)	12M 0.61 (0.5815)

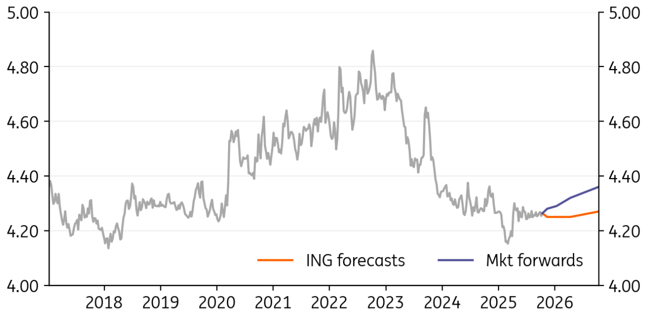
Francesco Pesole, francesco.pesole@ing.com

Emerging markets

EUR/PLN

Further stabilisation of the zloty

Current spot: 4.2659



Source: Refinitiv, ING forecasts

- The EUR/PLN exchange rate is hovering within a narrow range of 4.23-4.29. Despite a lower EUR/USD and political turmoil in France and Japan – along with its economic repercussions – the zloty has remained stable and once again proven its resilience to global factors.
- We maintain a neutral outlook for the zloty. A positive carry trade remains the main argument for the zloty's resistance, along with a cautious approach by the Monetary Policy Council and GDP growth outlook clearly outperforming the CEE region.
- Downside risks to the zloty are linked to a possible escalation of a Russia hybrid war with NATO countries. Also, a cohabitation between the president and government from different political camps undermines any fiscal consolidation in the medium term.

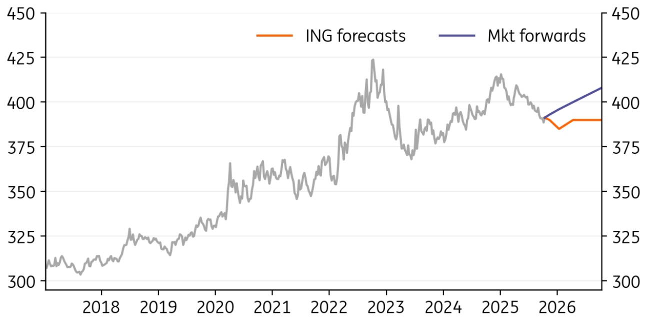
ING forecasts (mkt fwd)	1M 4.25 (4.2752)	3M 4.25 (4.2929)	6M 4.25 (4.3176)	12M 4.27 (4.3647)

Mateusz Sutowicz, mateusz.sutowicz@ing.pl

EUR/HUF

We expect the HUF carry trade to remain popular

Current spot: 392.33



Source: Refinitiv, ING forecasts

- EUR/HUF broke out of its recent comfort range of 388–392 following some government commentary on monetary policy. It remains to be seen whether the ultra-long positioning will change permanently, but the initial reaction shows that the market has faith in the National Bank of Hungary's hawkishness.
- Given our hawkish view on the central bank's interest rate path, we expect the market to ignore the recent noise and continue with its HUF buying trend until the end of the year, with an EUR/HUF forecast of 385.
- The upcoming general election in April 2026 will introduce a great deal of uncertainty and provide market players with ample opportunity to speculate wildly about the outcome. This could lead to higher volatility and, in our view, some HUF weakness.

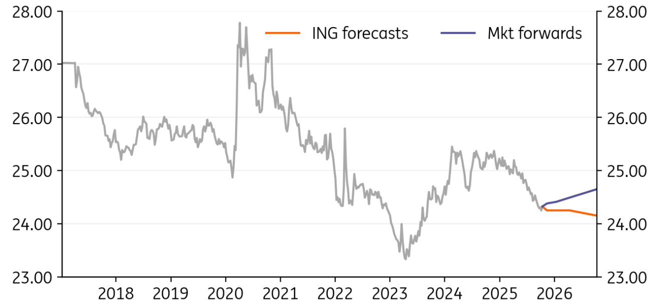
ING forecasts (mkt fwd)	1M 390 (393.10)	3M 385 (395.59)	6M 390 (399.74)	12M 390 (408.01)

Péter Virovácz, peter.virovacz@ing.com

EUR/CZK

Solid ground for the koruna while external risks matter

Current spot: 24.35



Source: Refinitiv, ING forecasts

- The Czech National Bank's monetary policy stance is likely to remain hawkish, with the persistently strong price growth in the services sector and robust rent dynamics not allowing for any relaxation at this point. Core inflation is set to remain elevated, potentially approaching the 3% threshold toward year-end, as strong wage growth gives households ample means to sustain spending. The Czech economy is just about to enter a more mature phase of the economic rebound, as industry somewhat stabilised during the first half of the year. Once the output gap turns positive, likely by the middle of next year, the overall environment is more prone to inflationary pressures, possibly linked to a re-tightening labour market.
- For sure, there's a caveat: external risks to the Czech growth outlook are emerging at the border, namely from key eurozone trading partners. The German economy seems to have had another rough quarter in terms of growth performance, with industrial output tanking in August. France faces its own fiscal and political headwinds, and this may imply rather disappointing eurozone growth with repercussions for Czech exporters. So, if the German stabilisation so far proves driven solely by tariff-induced front loading, showing that there is no more gold in the mine, the CNB may face a double-edged sword. Still, for now, the koruna stands on solid ground, although we have more uncertainty than before.

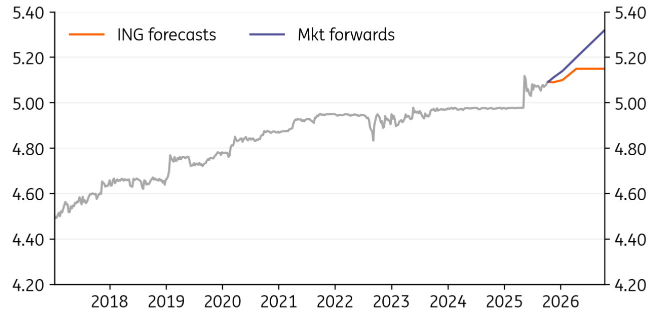
ING forecasts (mkt fwd)	1M 24.25 (24.38)	3M 24.25 (24.41)	6M 24.25 (24.49)	12M 24.15 (24.65)

David Havrlant, David.havrlant@ing.com

EUR/RON

Stable RON remains on the frontline against price pressures

Current spot: 5.0929



Source: Refinitiv, ING forecasts

- EUR/RON has edged slightly higher towards the 5.09-5.10 area. Still-persistent external imbalances and some speculative flows have likely been at play. Risks stemming from the fiscal, political and inflation developments continue to dominate the narrative.
- The current push towards maximising the investment cycle gains remains key ahead, especially as this year's fiscal deficit is set to remain yet again elevated (the latest target agreed with the EU Commission sitting at 8.4% of GDP). Consumers are currently hitting the brake, which is already visible in import data. This brings downside risks for budget revenues ahead but is also set to moderate the trade imbalances.
- Our monetary policy base case with the National Bank of Romania keeping rates on hold until May 2026 remains in place. Afterwards, we expect a total of 100bp of rate cuts through 2026. It's hard to picture the NBR tolerating additional inflationary pressures given the current spike in prices and we see the pair remaining broadly stable at 5.10 through the year-end and gradually up to only 5.15 through 2026.

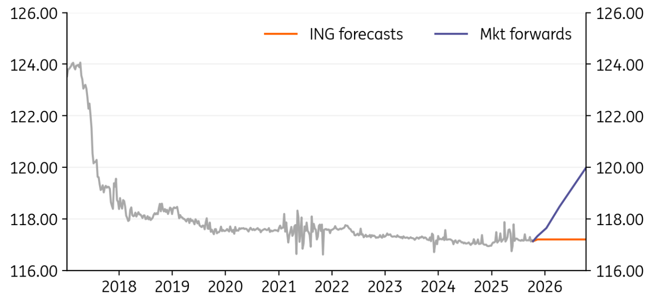
ING forecasts (mkt fwd)	1M 5.09 (5.1097)	3M 5.10 (5.1437)	6M 5.15 (5.1986)	12M 5.15 (5.3165)

Valentin Tataru, valentin.tataru@ing.com

EUR/RSD

No large changes expected despite intensifying pressures

Current spot: 117.13



Source: Refinitiv, ING forecasts

- EUR/RSD traded most of the previous month in the 117.10–117.20 range. Robust macro fundamentals underpinned by strong investments and prudent fiscal policy continue to remain at play. That said, risks are to the downside now given the persistent protests and the recent decision in favour of NIS refinery sanctions.
- At its October meeting, the National Bank of Serbia held the key rate steady at 5.75%, as global uncertainties continue to pose key risks ahead. Energy price pressures could get into the spotlight in the near term. Headline inflation eased lower to 4.7% in August, getting closer to the NBS's 3±1.5% target band.
- FX stability should remain a key focus down the line. While the current fundamentals remain a strength, a temporary worsening of the situation could come into play if the sanctions on NIS feed through to prices and prevent optimal levels of production more broadly.

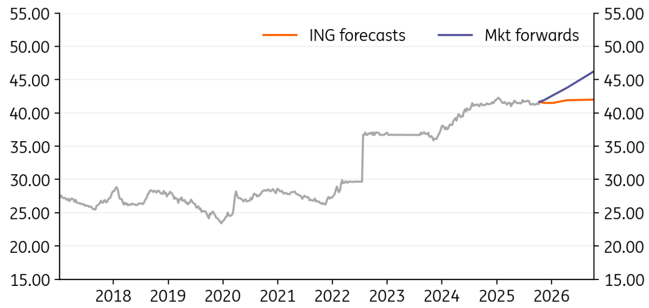
ING forecasts (mkt fwd)	1M 117.20 (117.33)	3M 117.20 (117.64)	6M 117.20 (118.47)	12M 117.20 (119.99)

Valentin Tataru, valentin.tataru@ing.com

USD/UAH

Hryvnia in a narrow range trading

Current spot: 41.66



Source: Refinitiv, ING forecasts

- The situation in the hryvnia market remained stable, partly due to measures previously taken by the National Bank of Ukraine (including a 250bp hike of the key policy rate over the past year) to ensure interest in hryvnia-denominated assets. As a result, net FX demand from households was restrained and the hryvnia exchange rate fluctuated moderately with a tendency to appreciate. The volume of NBU interventions declined in August and was more than offset by external aid disbursements.
- Even though the USD/UAH exchange rate moves in a tight range, significant risks associated to the ongoing war, and its consequences persist. These include mounting pressure on public finances as the conflict continues. Therefore, major risks to the FX market remain valid.

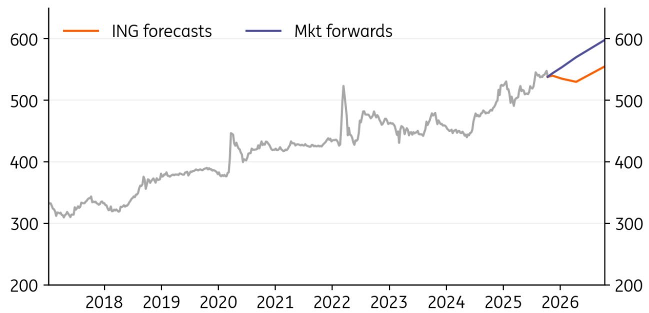
ING forecasts (mkt fwd)	1M 41.50 (41.91)	3M 41.50 (42.67)	6M 41.90 (43.75)	12M 42.00 (46.27)

Mateusz Sutowicz, mateusz.sutowicz@ing.pl

USD/KZT

FX market may find support until the year-end

Current spot: 538.21



Source: Refinitiv, ING forecasts

- The tenge lost 1.9% to the US dollar in September, underperforming our expectations, but recovered around 1.4% in the first week of October, following the decision by the central bank to ramp up domestic FX sales to reflect higher gold prices.
- Together with the operations of the sovereign fund, the monthly amount of net FX sales by the government and the central bank should increase to $1.5bn in October from c.$1.0bn monthly volumes in the previous couple of months.
- We expect the domestic FX market to find support thanks to the higher state FX sales and possible improvement in the current account on the back of higher oil production and exports. Our longer-term view remains cautious.

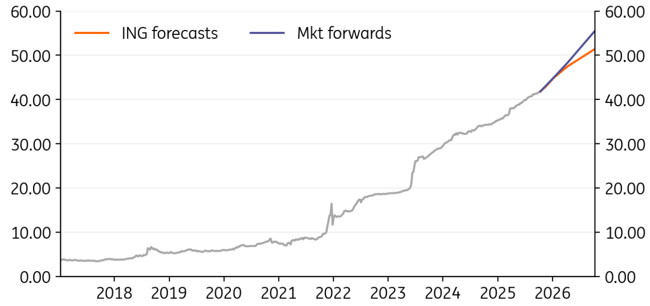
ING forecasts (mkt fwd)	1M 540 (543.52)	3M 535 (554.04)	6M 530 (569.77)	12M 555 (597.69)

Dmitry Dolgin, dmitry.dolgin@ingbank.com

USD/TRY

Surprise inflation spike complicates rate-cut path

Current spot: 41.83



Source: Refinitiv, ING forecasts

- Stronger-than-expected inflation data for September shows the impact of structural factors and reaffirms the ongoing difficulties in achieving services disinflation, which requires a marked improvement in price-setting behaviour and in inflation expectations. With no unforeseen shocks for the rest year, we think annual inflation would be 30.5% by the end of 2025.
- Forward guidance from the central bank points to continued rate cuts, while the scale of any further cuts will be shaped by residents' portfolio preferences and inflation trends in addition to economic activity levels and the trajectory of reserves.
- A lack of a significant improvement in the underlying inflation trend (in three-month moving average terms) shows upside risks to the Central Bank of Turkey's inflation projections and will lead the bank to reconsider the pace of rate cuts. Given this backdrop, we expect 150bp cuts in the last two MPCs, bringing the policy rate to 37.5% in December, but risks are on the upside given possible negative inflation surprises and political news flow.

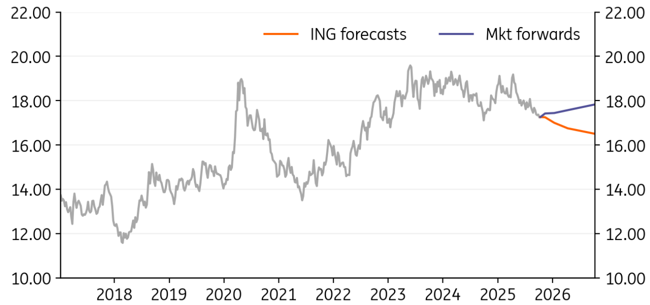
ING forecasts (mkt fwd)	1M 42.75 (42.92)	3M 45.00 (45.06)	6M 47.50 (48.35)	12M 51.45 (55.58)

Muhammet Mercan, muhammet.mercan@ing.com.tr

USD/ZAR

Metals boom and new inflation target drive ZAR gains

Current spot: 17.44



Source: Refinitiv, ING forecasts

- Three major themes are driving the rand stronger and none of them look like turning anytime soon. The first is the ongoing appreciation by investors of the central bank pursuing a new 3.0% inflation target compared to 4.5% previously. Credibility gains here have seen 10-year local currency bond yields fall 200bp this year, while local equities are up 35%+ year-to-date.
- The second is the rally in precious metals. As a big metals' exporter, South Africa's terms of trade are surging. There's no sign that this demand will turn around.
- The last factor is the global carry trade and the high ZAR policy rate. The SARB is thinking about a cut from 7.00% - but only a 50bp reduction is seen over the next six to twelve months.

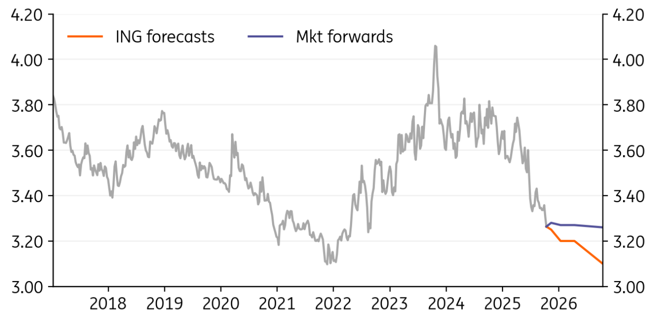
ING forecasts (mkt fwd)	1M 17.25 (17.42)	3M 17.00 (17.44)	6M 16.75 (17.57)	12M 16.50 (17.83)

Chris Turner, chris.turner@ing.com

USD/ILS

Newfound optimism

Current spot: 3.2886



Source: Refinitiv, ING forecasts

- The prospect of a peace deal to end the war in Gaza is helping the shekel push to the highs of the year. On a macro level, an end to the fighting would help to alleviate labour supply challenges and help inflation come in lower as supply constraints ease. Modelling an end to the war in first quarter 2026, the Bank of Israel research team forecast GDP growth expanding to 4.7% next year from 2.5% this year. Those forecasts could be revised higher.
- We mentioned last month that capital raising by Israeli tech firms could be bringing in $3bn per quarter – a theme which will continue as tech shares remain buoyant.
- There's no sign yet the Bank of Israel is prepared to fight shekel strength with FX intervention. US Treasury warnings may be discouraging it. We see USD/ILS pressured into December.

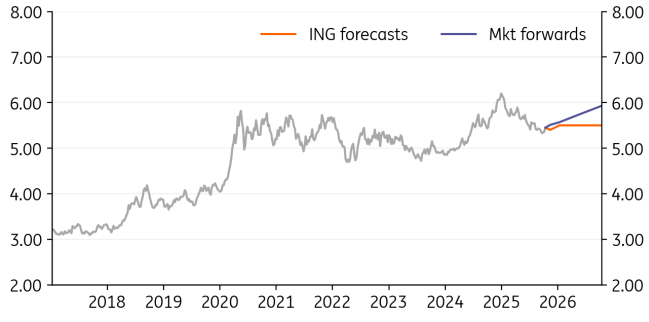
ING forecasts (mkt fwd)	1M 3.25 (3.2804)	3M 3.20 (3.2725)	6M 3.20 (3.2687)	12M 3.10 (3.2586)

Chris Turner, chris.turner@ing.com

LATAM

USD/BRL

Real holds gains — **Current spot: 5.4762**



Source: Refinitiv, ING forecasts

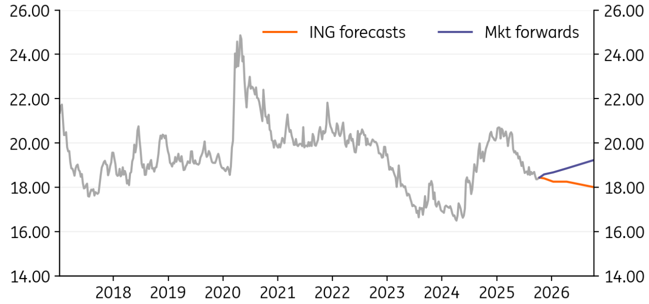
- The summer of carry saw the real benefit in the third quarter – USD/BRL was down around 2%. Even though implied yields have come down a little, at 13%+ they are still attractive and are seen to outweigh the local and international political risks. At the same time BACEN remains quite hawkish. At its September meeting it was even threatening to raise its 15% policy rate rather than cut.
- The challenge for BRL will be October 2026 Presidential elections. Growth is expected to slow from above 2% down to 1.5% and the Lula administration may be tempted into fiscal giveaways.
- The world is watching Trump-Lula relations. Any warming and a reduction in the 50% tariff rate would be BRL positive.

ING forecasts (mkt fwd)	1M 5.40 (5.5098)	3M 5.50 (5.5687)	6M 5.50 (5.6883)	12M 5.50 (5.9306)

Chris Turner, chris.turner@ing.com

USD/MXN

Tariff story isn't over yet — **Current spot: 18.52**



Source: Refinitiv, ING forecasts

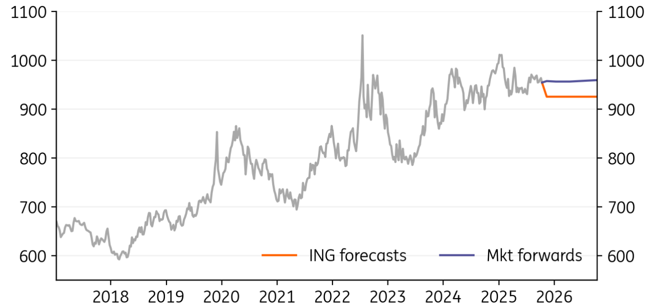
- Mexican growth is expected at a weak 0.5% this year and only expected to pick up to 1.3% in 2026. Currently about 50% of its exports to the US are USMCA compliant (at 0% tariffs). The ambition is to make that 80-85%. Remember as well that the USMCA is due for a renegotiation next July – presenting further opportunities to Washington for leverage. Non-USMCA exports are tariffed at 25%, steel at 50% and now heavy trucks at 25%.
- Banxico has already cut rates to 7.50% and may cut another 50bp over the next six months on a view that inflation will be back at its 3.0% target by third quarter 2026.
- We and consensus had not expected the peso to get this strong and we still do struggle to see USD/MXN below 18.00.

ING forecasts (mkt fwd)	1M 18.40 (18.58)	3M 18.25 (18.67)	6M 18.25 (18.85)	12M 18.00 (19.23)

Chris Turner, chris.turner@ing.com

USD/CLP

The peso should be doing a lot better — **Current spot: 959.50**



Source: Refinitiv, ING forecasts

- The outage at the world's second largest copper mine, Glasberg in Indonesia, has sent copper above $10,500/MT. Chile's terms of trade are flying high and the peso should be doing a lot better. If and when US data can confirm the weak US labour market, USD/CLP should now be pressing the 925 area.
- Perhaps holding the peso back is the knowledge that the central bank is restocking FX reserves to the tune of $18bn. This is a three-year plan equating to $25m of USD/CLP buying per day.
- The peso may also find more support in the run up to the 16 November general election on the view that market-friendly Jose Antonio Kast will be elected president. Polls suggest he is expected to defeat the left-wing candidate 49% to 32% in the second-round run-off.

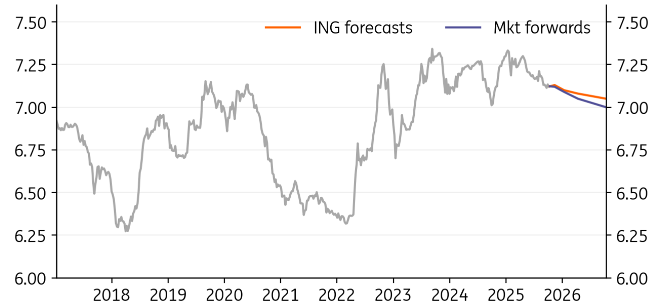
ING forecasts (mkt fwd)	1M 925 (957.43)	3M 925 (955.68)	6M 925 (956.22)	12M 925 (958.93)

Chris Turner, chris.turner@ing.com

Asia

USD/CNY

CNY continued to strengthen amid inflows **Current spot: 7.14**



Source: Refinitiv, ING forecasts

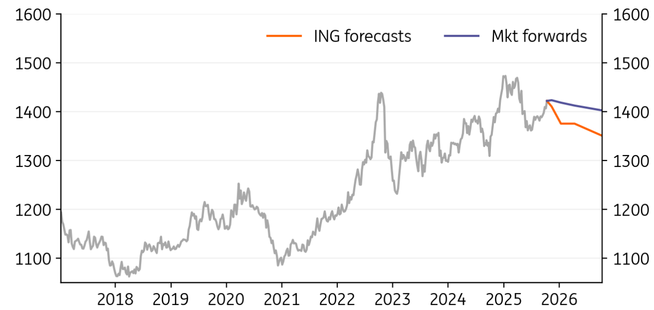
- The CNY generally traded in a tight range against the dollar over the past month, spending most of the month within a 7.11-7.12 range. After reopening from the Golden Week holidays, the CNY weakened to 7.13 as the dollar recovered.
- The People's Bank of China's fixings have continued to signal tolerance for a stronger CNY, and the market has yet to test if the 7.10 level would change that dynamic. US-China yield spreads have narrowed after the Fed rate cut, and with the Fed set to ease faster than the PBOC, this trend should continue.
- The CNY remains one of the lowest volatility currencies against the dollar this year. We are holding our 7.00-7.25 view for the rest of the year. Moving forward, we expect the CNY to enter a gradual appreciation trend as yield spreads narrow further, and the USD/CNY could test the 7.00 level sometime in 2026.

ING forecasts (mkt fwd)	1M 7.13 (7.1166)	3M 7.10 (7.0864)	6M 7.08 (7.0548)	12M 7.05 (6.9970)

Lynn Song, lynn.song@asia.ing.com

USD/KRW

The trade deal is a key determinant of the KRW **Current spot: 1427.86**



Source: Refinitiv, ING forecasts

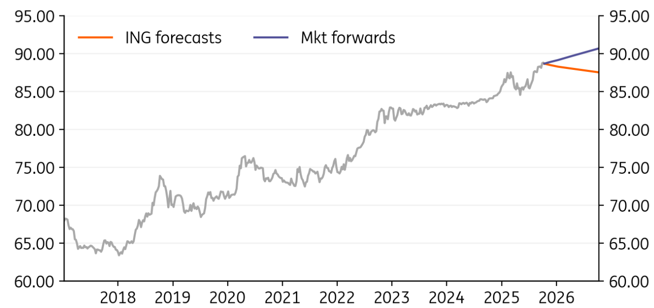
- Owing to limited progress in trade deal negotiations, the KRW traded above 1,400. South Korea seeks an FX swap to steady its market amid uncertainty caused by a US $350 billion investment pledge, but no details have been confirmed yet.
- Inflation stays near 2% but housing prices have picked up again. We expect the government to tighten macroprudential rules while the Bank of Korea is likely to delay its cut to November.
- Authorities' smoothing operations and exporters' dollar selling will likely keep the KRW below 1,425 in the near term.

ING forecasts (mkt fwd)	1M 1410 (1423.12)	3M 1375 (1417.55)	6M 1375 (1411.60)	12M 1350 (1401.70)

Min Joo Kang, min.joo.kang@asia.ing.com

USD/INR

Risk of further weakness in INR persists **Current spot: 88.75**



Source: Refinitiv, ING forecasts

- The Indian rupee was one of the weakest regional currencies last month, weighed down not only by elevated tariffs on goods exports, but also by potential setbacks to software exports from the recent announcement of higher H-1B visa fees by the US.
- GDP growth is expected to moderate over the coming quarters. Some slowdown was already evident in August's weaker-than-expected industrial production data, reflecting the initial impact of the 50% tariffs. A rate cut in December is a distinct possibility.
- We think India will eventually secure a lower tariff rate, which should benefit INR over 3-6 months but for now, the prevailing uncertainty may continue to dampen investor sentiment.

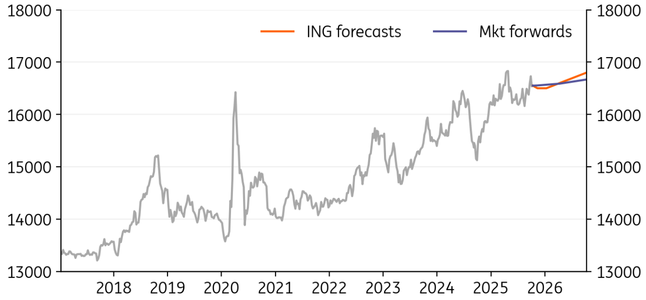
ING forecasts (mkt fwd)	1M 88.50 (88.83)	3M 88.25 (89.13)	6M 88.00 (89.65)	12M 87.50 (90.67)

Deepali Bhargava, deepali.bhargava@ing.com

USD/IDR

Fiscal concerns could keep IDR under pressure

Current spot: 16550



Source: Refinitiv, ING forecasts

- Fiscal concerns persist. A third stimulus package has been announced by the government, taking the 2026 budget deficit higher to 2.7% from 2.5% earlier. We think this is still too optimistic given the weak revenue trend.
- Foreign institutional investor outflows in government bonds accelerated, following concerns on the rising fiscal deficit, totalling $2.5bn in September. However, expectations of further monetary policy easing and inflows from domestic institutional investors have supported the bond market.
- While Bank Indonesia's intervention has so far stabilised the IDR, the recent sharp drop in FX reserves to a nine-month low suggests BI may scale back its support. Indonesia's FX reserves fell by $2bn to $149bn in September.

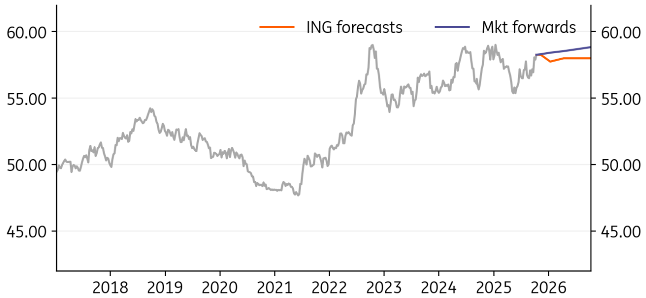
ING forecasts (mkt fwd)	1M 16500 (16554)	3M 16500 (16568)	6M 16600 (16588)	12M 16800 (16668)

Deepali Bhargava, deepali.bhargava@ing.com

USD/PHP

Fresh concerns on growth hit the local currency

Current spot: 58.33



Source: Refinitiv, ING forecasts

- The Philippine peso depreciated by 1.2% last month, largely driven by a sell-off in equity markets as the corruption allegations in government projects sparked mass protests.
- In a dovish turn, the Philippines' central Bank, the BSP, cut rates by 25bp to 4.75%, citing softening growth and subdued inflation. Infrastructure spending concerns and corruption scandals add downside risks to our 2026 GDP outlook.
- While we expect the PHP to trade on the weaker side in the medium term, anticipated Fed easing, could provide near-term support for the PHP. Additionally, while any reduction in fiscal spending may weigh on GDP growth, it could help narrow the current account deficit, offering further support to PHP.

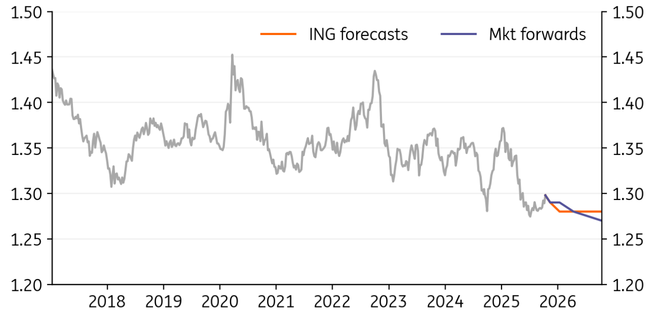
ING forecasts (mkt fwd)	1M 58.25 (58.31)	3M 57.75 (58.42)	6M 58.00 (58.54)	12M 58.00 (58.84)

Deepali Bhargava, deepali.bhargava@ing.com

USD/SGD

MAS likely to stand still in October

Current spot: 1.2969



Source: Refinitiv, ING forecasts

- The probability of further monetary policy easing by the Monetary Authority of Singapore in October has fallen as growth remains strong as also reflected in strong industrial output growth. Moreover, the impact of pharma tariffs on Singapore exports to the US is likely to be small.
- Export weakness is emerging, driven by falling non-electronics shipments to the US, though electronics exports remain strong. We expect export growth to soften further in the fourth quarter, but full-year GDP growth should hold firm at 2.5%.
- Core inflation has been weaker than expected which, if sustained, could give the MAS an opportunity to ease next year if GDP growth turns weaker. While SGD NEER has fallen off from the top of the band, it could get further support in the fourth quarter as the Fed is expected to cut rates.

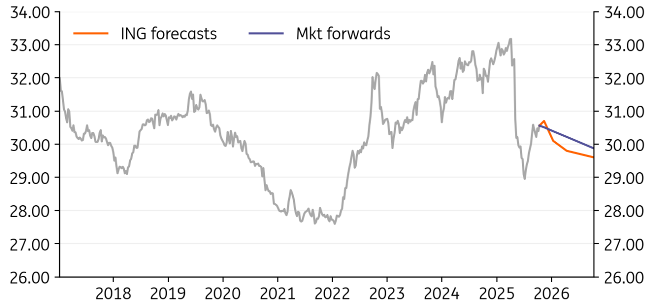
ING forecasts (mkt fwd)	1M 1.29 (1.2938)	3M 1.28 (1.2894)	6M 1.28 (1.2814)	12M 1.28 (1.2675)

Deepali Bhargava, deepali.bhargava@ing.com

USD/TWD

TWD has resumed its depreciation trend in the past month

Current spot: 30.64



Source: Refinitiv, ING forecasts

- After a brief appreciation in early September, the New Taiwan dollar weakened again from mid-September. USD/TWD rose from a low of 30.05 to around 30.5.
- Despite the Central Bank of the Republic of China's decision to maintain the policy rate in September, US-Taiwan yield spreads slightly widened with a local peak of 2.51. However, the strong performance of the stock market led to a significant increase in equity market net inflows, which to some extent offset the depreciation caused by the strong USD. Barring a notable economic slowdown, we expect the CBC to stay on hold in December.
- The TWD has been relatively range-bound as of late. The broader USD environment aside, local factors may still favour an uptick of the TWD in the coming months.

ING forecasts (mkt fwd)	1M 30.70 (30.51)	3M 30.10 (30.39)	6M 29.80 (30.22)	12M 29.60 (29.87)

Lynn Song, lynn.song@asia.ing.com

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	1.17	1.20	1.20	1.21						
EUR/JPY	177	176	178	176	173	USD/JPY	152	150	148	147	143
EUR/GBP	0.87	0.87	0.88	0.88	0.89	GBP/USD	1.34	1.34	1.36	1.36	1.36
EUR/CHF	0.93	0.93	0.93	0.94	0.96	USD/CHF	0.80	0.79	0.78	0.78	0.79
EUR/NOK	11.76	11.70	11.50	11.30	11.10	USD/NOK	10.12	10.00	9.58	9.42	9.17
EUR/SEK	11.05	11.00	10.80	10.60	10.50	USD/SEK	9.51	9.40	9.00	8.83	8.68
EUR/DKK	7.47	7.46	7.46	7.46	7.46	USD/DKK	6.43	6.38	6.22	6.22	6.17
EUR/CAD	1.63	1.63	1.64	1.64	1.63	USD/CAD	1.40	1.39	1.37	1.37	1.35
EUR/AUD	1.79	1.77	1.76	1.76	1.73	AUD/USD	0.65	0.66	0.68	0.68	0.70
EUR/NZD	2.03	2.02	2.03	2.00	1.98	NZD/USD	0.57	0.58	0.59	0.60	0.61
EMEA											
EUR/PLN	4.27	4.25	4.25	4.25	4.27	USD/PLN	3.67	3.63	3.54	3.54	3.53
EUR/HUF	392.3	390	385	390	390	USD/HUF	337.6	333	321	325	322
EUR/CZK	24.35	24.25	24.25	24.25	24.15	USD/CZK	20.96	20.7	20.2	20.2	20.0
EUR/RON	5.09	5.09	5.10	5.15	5.15	USD/RON	4.38	4.35	4.25	4.29	4.26
EUR/RSD	117.13	117.2	117.2	117.2	117.2	USD/RSD	100.83	100.17	97.67	97.67	96.86
EUR/UAH	48.22	48.56	49.80	50.28	50.82	USD/UAH	41.66	41.50	41.5	41.9	42.0
EUR/KZT	580.1	631.8	642.0	636.0	671.6	USD/KZT	538.2	540	535	530	555
EUR/TRY	48.60	50.02	54.00	57.00	62.25	USD/TRY	41.83	42.75	45.00	47.50	51.45
EUR/ZAR	20.27	20.18	20.40	20.10	19.97	USD/ZAR	17.44	17.25	17.00	16.75	16.50
EUR/ILS	3.83	3.80	3.84	3.84	3.75	USD/ILS	3.29	3.25	3.20	3.20	3.10
LATAM											
EUR/BRL	6.37	6.32	6.60	6.60	6.66	USD/BRL	5.48	5.40	5.50	5.50	5.50
EUR/MXN	21.52	21.53	21.90	21.90	21.78	USD/MXN	18.52	18.40	18.25	18.25	18.00
EUR/CLP	1115.13	1082.25	1110.00	1110.00	1119.25	USD/CLP	959.50	925.00	925.00	925.00	925.00
Asia											
EUR/CNY	8.29	8.34	8.52	8.50	8.53	USD/CNY	7.14	7.13	7.10	7.08	7.05
EUR/IDR	19187	19305	19800	19920	20328	USD/IDR	16550	16500	16500	16600	16800
EUR/INR	103.13	103.55	105.90	105.60	105.88	USD/INR	88.75	88.5	88.25	88.00	87.5
EUR/KRW	1659.30	1650	1650	1650	1634	USD/KRW	1427.86	1410	1375	1375	1350
EUR/PHP	67.79	68.15	69.30	69.60	70.18	USD/PHP	58.33	58.25	57.75	58.00	58.00
EUR/SGD	1.51	1.51	1.54	1.54	1.55	USD/SGD	1.30	1.29	1.29	1.28	1.28
EUR/TWD	35.61	35.92	36.12	35.76	35.82	USD/TWD	30.64	30.70	30.10	29.80	29.60

Source: Refinitiv, ING

Disclaimer