Innovating today. Transforming tomorrow.

Mizuho Dealer's Eye

September 2026

Mizuho Bank, Ltd.

Global Foreign Exchange Department

Fumi Yashima, Forex Sales, Global Foreign Exchange Department

U.S. Dollar – September 2026

Expected Ranges **Against the yen: JPY155.00–164.00**

Outlook for This Month

The dollar/yen pair is expected to move firmly this month. The pair fell sharply from late July to early August on waning expectations for FRB rate hikes and growing expectations for BOJ rate hikes. It then pared around half these losses back before going on to trade with a heavy topside. The greenback was then bought at the end of August after FRB chair Kevin Warsh gave a hawkish speech at the Jackson Hole symposium. With market bets on a September FRB rate hike also rising to around 60%, the pair temporarily topped 160 yen for the first time in a month.

The FOMC will be meeting from Tuesday, September 15 to Wednesday September 16. In order to gauge the outcome of the meeting, investors will need to focus on the results of the US August employment data (released Friday, September 4) and the August CPI data (released Friday, September 11). However, Mr. Warsh said the labour market was stable. With inflation also remaining strong, expectations for a rate hike are unlikely to fade. Even if the FOMC keeps policy rates fixed, dollar selling will be capped if the dot chart points to rate hikes in future. The BOJ will be meeting to set policy from Thursday, September 17 to Friday, September 18. Market participants are predicting a rate hike given the BOJ's hawkish stance and pressure from the US government following a coordinated intervention. Attention will then focus on the pace of rate hikes going forward, with investors monitoring the BOJ's communication. However, BOJ deputy governor Ryozo Himino avoided any direct mention of a September rate rise in a speech he gave, so the contents of the BOJ meeting are unlikely to top market expectations, with yen selling set to continue. Japan will be on holiday from Monday, September 21 to Wednesday, September 23. With investors still cognizant of the currency market intervention during the long Japanese holiday in May, the dollar/yen pair will probably move with a heavy topside during this time. Nonetheless, the pair looks set to edge higher at the month's end on end-of-quarter flows. Yen selling might also accelerate if the markets focus on fiscal expansion on reports about Japan's budget for FY27, so caution will be needed. With the midterm elections looming in September, though, the US has voiced concerns about the impact of rising interest rates due to yen bearishness. If the currency pair undergoes a one-sided rise, the US will probably move to control the situation, so caution will also be required when the yen falls sharply.

Dealers' Market Forecast

(Note: These opinions do not necessarily agree with the other contents of this report.)

Bullish on the dollar	11 bulls	163.00 – 157.00	Bearish on the dollar	4 bears	161.00 – 157.75

* Ranges are central values

Yamazaki	Bear	161.00 – 157.00	The dollar/yen pair will trend lower in September. Amid moves to price in US rate hikes, the pair's gains will be pared back as investors focus on 160 yen. As such, the pair look set to edge lower with 160 yen as its topside. However, there will not be enough factors to form a trend.
Nagano	Bull	163.00 – 158.00	The dollar fell and the yen rose on the coordinated US/Japan intervention in August and slowing US inflation indicators, for example, but the dollar/yen pair's downside remained firm and the pair rallied to around 160 yen. Yen supply and demand remains weak. With expectations also growing for a rate hike at the September FOMC meeting, the pair looks set to rise in September.
Toriba	Bull	163.00 – 157.00	The dollar/yen pair's movements will depend on the monetary policies of each nation as they try to curb inflation. With FRB chair Kevin Warsh announcing his intention to return the inflation rate to target, the greenback will be ripe for buying, with investors likely to continue buying on any dip.
Ogawa	Bull	162.00 – 158.50	Though recent US economic indicators do not seem unduly strong, FRB chair Kevin Warsh appeared to strike a slightly hawkish tone during his speech at the Jackson Hole symposium. With the BOJ also remaining tight-lipped about the pace of rate hikes from September onwards, it seems the dollar/yen pair only has limited room on the downside.
Yamaguchi	Bear	161.00 – 158.00	The US Treasury Department announced plans to increase its buybacks of long-dated government bonds, so there will be increasing concern about dollar bearishness. The greenback will also be bought at times on growing expectations for US rate hikes, but there will be deep-rooted concerns about US finances as long-term interest rates rise, so the dollar/yen pair is likely to move with a heavy topside.
Matsunaga	Bear	162.00 – 157.50	There are concerns about a US economic slowdown. With US bond markets also moving erratically, the dollar's role as the dominant currency may start to shift. As investors focus on economic and monetary policy, the dollar/yen pair looks set to trade in a range.
Hakamata	Bull	163.50 – 159.00	There are still many factors supporting dollar buying, including expectations regarding US and Japanese monetary policy, the dollar/yen pair's supply and demand environment, concerns about Japan's finances, and the ongoing turmoil in the Middle East. At the same time, there is still a shortage of yen-buying factors. The dollar/yen pair's topside will be weighed down by concerns of an intervention, but the pair looks set to edge higher this month.
Katoono	Bull	162.00 – 156.00	There are doubts about whether the dollar can continue rising. Nonetheless, worries about Japan's fiscal situation means there are still no signs of an end to yen selling. Amid concerns about an intervention, investors will move cautiously, but there will still be attempts on the dollar/yen pair's topside.
Okuma	Bull	162.00 – 157.00	The situation in the Middle East remains up in the air, with the yen likely to be sold and the dollar bought on concerns about Japan's deteriorating trade balance due to rising crude oil prices. The dollar/yen pair will also be supported by growing expectations for FRB rate hikes, with the pair set to move firmly in September.
Ito	Bull	165.00 – 157.00	The dollar/yen pair is likely to continue moving with a heavy topside for a time, but the markets are unlikely to be swept by moves to actively buy the yen. As investors process this month's events, they will probably try testing the pair's topside again at key levels.
Nishi	Bull	162.00 – 157.00	Expectations for a September rate hike have risen after the Jackson Hole symposium. There is still room to price in rate hikes, so with the US economy moving firmly on the whole, the dollar/yen pair will probably face upwards pressure. However, there will be strong concerns of an intervention around 160 yen, with the pair set to move skittishly.

Harada	Bull	164.00 – 157.00	Though the dollar/yen pair has continued to move with a heavy topside since the intervention at the end of July, it will probably edge higher in September. Investors are pricing in FRB rate hikes within the year, with this supporting the greenback. A rate hike at the September BOJ meeting also seems nailed on, but this is unlikely to lead to much yen buying.
Yamada	Bear	161.00 – 158.00	There are concerns about trade frictions after the US slapped more tariffs on Canada. With the FRB also buying long-term government bonds, there seem to be many factors driving moves away from the greenback. When it comes to monetary policy, it is still unclear whether the FRB will actively hike rates. On the other hand, there are growing expectations that the BOJ will step up the pace of rate hikes. As such, the dollar/yen pair looks set to trade with a heavy topside.
Matsuki	Bull	163.00 – 157.00	Investors have priced in a September BOJ rate hike to a considerable extent, but any yen buying will be muted unless the BOJ picks up the pace of rate hikes going forward. In addition to supply and demand factors like the deteriorating trade balance, the yen might also be sold further on news related to the Japanese government's moves to put together a budget, for example.
Oshima	Bull	163.00 – 158.00	Bets on a September BOJ rate hike have risen to around 90%, with the BOJ also expected to raise rates at a faster pace going forward. If the BOJ refrains from lifting rates in September or if it does not adopt a hawkish stance regarding rate hikes from October onwards, there is a strong risk this will lead to yen buying by disappointed investors.

Miki Yamaguchi, Global FI Team, Global Foreign Exchange Department

Euro – September 2026

Expected Ranges **Against the US$: US$1.1450–1.1800**
Against the yen: JPY184.00–188.00

Outlook for This Month

The euro/dollar pair temporarily hit $1.17 in August on dollar bearishness, though it then dropped back to the upper-$1.15 range. US treasury secretary Scott Bessent then announced plans to increase buybacks of long-dated government bonds, so the Dollar Index dropped below its 200-day moving average and the euro/dollar pair topped its 200-day moving average, with the currency pair still having room on the upside due to technical factors. However, expectations for a rate hike at the September FOMC meeting then increased on hawkish comments by FRB chair Kevin Warsh, so the dollar was bought back and the pair dropped back below its 200-day moving average.

In the eurozone OIS market, investors have priced in a +42bp rate hike within the year. This is equivalent to around 1.6 rate hikes (given how the ECB usually lifts rates by +25bp), with the markets now convinced that the ECB Governing Council will implement a rate hike when it meets in September. This is due to lingering concerns that inflation might accelerate again, particularly when it comes to services and energy prices. The ECB will be meeting to set policy on September 10, but there is unlikely to be any new forward guidance about rates hikes in the ECB's statement or in ECB president Christine Lagarde's speech. Even if the ECB implements a rate hike, the euro is unlikely to be pushed sharply upwards as a result.

Going forward, the focus will be on wage trends, the determinant factor behind any further rate hikes. According to hiring data from the recruitment company Indeed, wages rose by 3.26% in July 2026, with the 3-month moving average figure also hitting +2.97%. The 2Q wage settlement figure (released August) also climbed to +2.8% y-o-y, up +0.1%pt from the previous quarter. However, the official Eurostat labor cost index is trending downwards. The next set of figures will be released on September 16. If this show costs rising again, expectations for further rate hikes will also increase, with the euro/dollar pair likely to rise as a result. If the data continues to slide, this will put pay to the pair's sharp rise since August, with the pair likely to trade with a heavy topside thereafter.

Dealers' Market Forecast

(Note: These opinions do not necessarily agree with the other contents of this report.)

Bullish on the euro	5 bulls	1.1800 – 1.1400	Bearish on the euro	10 bears	1.1675 – 1.1425

* Ranges are central values

Yamazaki	Bear	1.1650 – 1.1500	The euro/dollar pair will trend lower in September. Investors are pricing in US rate hikes, but dollar appreciation will be short-lived, with the impact likely to be muted. A lot will depend on the results of economic indicators, but the greenback will remain bearish and will slide lower.
Nagano	Bear	1.1650 – 1.1350	Investors are expecting an ECB rate hike in September, but the FOMC also looks set to lift rates when it meets this month. With Europe also beset by political uncertainty, the euro/dollar pair's topside will be capped, with the pair likely to edge lower.
Toriba	Bear	1.1800 – 1.1300	The market theme will be monetary policy moves to curb inflation. As each country tightens policy, the eurozone's inflation outlook seems comparatively composed. There is still geopolitical risk related to Iran, with the euro/dollar pair's room on the topside likely to be capped.
Ogawa	Bear	1.1650 – 1.1500	The ECB's next step will probably be a rate hike. However, FRB chair Kevin Warsh's speech at the Jackson Hole symposium was read as hawkish. With the situation in the Middle East still up in the air too, the euro/dollar pair will have a lot of downside room.
Yamaguchi	Bull	1.1800 – 1.1450	As several ECB officials have mentioned, eurozone inflation concerns are edging upwards. Indeed's up-to-speed wages index also remains on an upwards trajectory, with the euro/dollar pair set to move firmly on expectations for an ECB rate hike.
Matsunaga	Bull	1.1750 – 1.1450	Natural gas prices are rising and inventories have fallen, so there are lingering concerns about energy ahead of winter. However, the dollar's dominance is waning and the ECB is also set on lifting rates, so the euro/dollar pair will continue to move firmly.
Hakamata	Bear	1.1650 – 1.1500	With the ECB and FRB both on the path to rate hikes, the euro/dollar pair is moving with a lack of direction, though it will be easily swayed by US interest rates. Kevin Warsh's speech at the Jackson Hole symposium was read as hawkish. With the Middle East situation still unstable too, the pair will be susceptible to downward pressure.
Katoono	Bull	1.1800 – 1.1400	The markets have priced in a September rate hike, with the focus now shifting to the pace of rate hikes. There are concerns that inflation will remain high on the Iran situation. The ECB is set on lifting rates at a gentle pace, but it may now accelerate the pace of rate hikes slightly, with investors also likely to focus on the euro's role as a receptable for people fleeing the dollar.
Okuma	Bear	1.1700 – 1.1450	The eurozone economy will continue to be weighed down by rising energy prices and the weakness of German manufacturing. Investors have priced in a September ECB rate hike, but a European economic recovery seems unlikely, with the euro/dollar pair's room on the topside likely to be capped.
Ito	Bear	1.1700 – 1.1400	The ECB is also expected to drive monetary policy in the direction of rate hikes, but it seems the euro/dollar pair is gradually entering a phase where it will be swayed by a variety of dollar-buying factors.
Nishi	Bear	1.1700 – 1.1400	The focus has fallen on the response to inflation on the Middle East situation. Investors have more-or-less finished pricing in a rate hike at the September ECB meeting. However, there is also room for dollar buying now that FRB chair Kevin Warsh has pivoted in a hawkish direction, so the euro/dollar pair will continue trading with a heavy topside.

Harada	Bear	1.1700 – 1.1400	The markets have already priced in a rate hike at the September ECB meeting, but FRB chair Kevin Warsh's speech at the Jackson Hole symposium has led to more dollar buying as investors move faster to price in a rate hike at the September FOMC meeting. With the situation in the Middle East also remaining up in the air, the environment will be conducive to dollar buying.
Yamada	Bear	1.1650 – 1.1450	With crude oil prices remaining high, the euro will face some gentle downwards pressure on the supply and demand front. The US has hit Canada with further tariffs and this could also impact the eurozone. With several European nations also facing political instability and Europe's economy stuck in the doldrums, the situation looks bleak for the euro.
Matsuki	Bull	1.1800 – 1.1400	The euro/dollar pair will be supported as investors move away from the dollar on US/Canada trade frictions and moves by the US Treasury Department to hold down long-term interest rates. However, it seems likely the FRB's next move will be a rate hike, so the pair's topside will be capped.
Oshima	Bull	1.1800 – 1.1400	Bets on a September ECB rate hike have risen to around 90%. A wait-and-see attitude will probably prevail thereafter, with the market focus shifting to trends on the US side. The probability of a September US rate hike stand around 60%. If the FOMC keeps rates fixed in September, investors will focus on the prospect on rates being left unchanged in October too as the US midterm elections loom, with the greenback likely to face selling pressure as a result.

Motoki Amanuma, Europe Treasury Department

British Pound – September 2026

Expected Ranges **Against the US$: US$1.3300–1.3900**
Against the yen: JPY212.00–222.00

1. Review of the Previous Month

The GBP/USD pair rose in August. The pair began falling on August 3 after touching the technically important $1.35 mark. Crude oil prices fell and yields on US and UK government bonds dropped on August 4 on optimistic headlines related to the closure of the Strait of Hormuz, with sterling moving firmly as a result. The US July employment data swung below market forecasts when released on August 7. As expectations for US rate hikes waned in swap markets, the greenback was sold sharply. The UK July CPI data was released on August 19. The core figure was up on market forecasts, but the data was generally not strong enough to influence moves to price in rate hikes. With recent employment market figures also casting a cloud, the impact on the markets was muted. On the afternoon of the same day, the US Treasury Department announced it was increasing its buybacks of long-term government bonds. US long-term bond yields fell and the price of gold rose, with the dollar sold and the GBP/USD pair strengthening. The trend of dollar bearishness continued on August 20, with the pair hitting a 3-month high. The greenback remained weak on August 21, with the pair moving firmly with a heavy topside at highs. The dollar began climbing across the board on August 26 on the results of series of US economic indicators. The pair did not fall too far, though, and it moved bullishly towards the end of the month.

2. Outlook for This Month

In September, the GBP/USD pair is expected to move with a heavy topside. Recent labor market data and inflation indicators have not sprung any surprises and have not had any major impact on moves to price in rate hikes. Providing there is no pressing demand for rate hikes, the authorities will likely remain in wait-and-see mode as they monitor more data points. The Bank of England (BOE) will be making a policy rate announcement on Thursday, September 17, but the swap markets have only just factored in one rate hike within the year, with investors becoming more dovish in this respect. The end of August saw some debasement trades following news that the US Treasury Department would be increasing its buybacks of long-term government bonds. The greenback weakened and the currency pair strengthened as a result, though this trend is easing off. In the one-month option market, 25-delta risk reversals are moving more-or-less flatly, thus marking a shift from the usual situation of distortions towards put overs. However, volatility is comparatively low, which suggests there is less need to hedge against the risk of pound depreciation.

Ai Ando, Sydney Treasury Office, Asia & Oceania Treasury Department

Australian Dollar – September 2026

Expected Ranges **Against the US$: US$0.7050–0.7350**
Against the yen: JPY112.00–117.00

1. Review of the Previous Month

The AUD/USD pair rose from below $0.70 to climb to just under $0.72 in August.

There was a coordinated intervention by the US and Japan at the end of July, so the pair dropped through $0.70 at the start of August on the movements of the cross yen, through hit soon bounced back. With the US also releasing some worse-than-expected July employment data, the pair strengthened to around the mid-$0.70 level.

As broadly expected, the RBA board kept interest rates fixed when it met over August 11, with the meeting springing no surprises. The US July CPI data was in line with forecasts. Investors had built up positions on concerns about an inflation uptick, but these were now unwound, with the AUD/USD pair rising to just below $0.71 as a result. However, its stay there was short-lived and it fell back to swing to and fro. The US July retail sales data unexpectedly fell. With the US August University of Michigan consumer sentiment index also sliding for the first time in three months, the currency pair temporarily topped $0.71. Crude oil prices remained high on the deadlocked situation in the Middle East, so the greenback was bought and the pair dipped back to the upper-$0.70 level.

On August 19, US treasury secretary Scott Bessent spoke of plans to increase buybacks of US long-term government bonds. The US dollar was sold as a result, with the AUD/USD pair rising over several days to hit the upper-$0.71 range. Australia’s July CPI data topped forecasts on its release on August 26, so investors tested the pair’s topside and it strengthened to just below $0.72.

2. Outlook for This Month

The AUD/USD pair is expected to move firmly in September.

The number of people in work unexpectedly fell in the July Australia employment data. With the unemployment rate also deteriorating slightly on the previous month, the results suggested the labor market might be growing slacker. However, in its statement released after the August meeting, the RBA board said that although labor market conditions had eased by a little more than expected in recent months, “labour market leading indicators point to only limited easing in the near term,” thus suggesting that the recent slackening was within the bounds of expectations. On the other hand, Australia’s July CPI data swung upwards, with the data pointing to strong inflationary pressures. As a result, investors have begun pricing in further RBA rate hikes within the year. The AUD/USD pair’s downside is being supported by expectations that inflation will remain high in Australia.

In the US, meanwhile, attention is focused on the Jackson Hole economic symposium, scheduled for Thursday, August 27–Saturday, August 29. FRB chair Kevin Warsh has not been as dovish as expected since assuming office and has actually made a hawkish impression. The US has recently released several bearish economic indicators, with expectations for US rate hikes waning, so investors will be watching to see what kind of speech Mr. Warsh makes at Jackson Hole (at the time of writing on August 28). Furthermore, US treasury secretary Scott Bessent has hinted at plans to increase buybacks of US long-term government bonds. This will also have a big impact on US long-term interest rates and foreign exchange, so these plans will require monitoring from here on too.

Yasuko Iwata, Canada Markets Office, Americas Markets Department

Canadian Dollar – September 2026

Expected Ranges **Against the US$: C$1.3800–1.4200**
Against the yen: JPY112.00–116.00

1. Review of the Previous Month

Crude oil prices plummeted at the start of August on the possibility that the US government might reach a deal with Iran on re-opening the Strait of Hormuz. The Canadian dollar was sold and the USD/CAD pair hit a monthly high of C$1.4080 on August 4. However, the US dollar was then sold and the Canadian dollar bought towards mid-August, with the pair falling from around C$1.4000 to the mid-C$1.38 mark. This was due to a deterioration in the US employment data and CPI data, with expectations for US rate hikes then waning. Canada's employment data also improved, while crude oil prices rose again after hopes for a Middle East peace deal faded. On August 19, the US Treasury Department announced plans to increase buybacks of long-term government bonds. As US long-term interest rates fell, the greenback also dropped sharply against the other major currencies. August 19 was also the day the US was set to hit Canadian goods worth $20 billion with an extra 50% tariff based on Section 338 of the Tariff Act of 1930, but the move was postponed for three days as the two sides continued negotiating towards an agreement. A sense of relief spread through the markets, with the USD/CAD pair hitting C$1.3732 on August 21 for the first time since May.

In the end, talks between the US and Canada broke off just before the new deadline. With the US hitting Canada with a new 50% tariff, Canada also announced retaliatory tariffs on the same amount of US goods. With tensions between the two countries intensifying, the currency pair rose to C$1.38 again. Canada's 2Q GDP data was released on August 28. At an annualized 3.3%, the economy showed strong signs of recovery, but the Canadian dollar was not bought thereafter. At the Jackson Hole symposium on the same day, FRB chair Kevin Warsh dropped hints about rate hikes, so the pair continued rising toward C$1.39.

2. Outlook for This Month

In September, the USD/CAD pair is expected to trade in a range between C$1.3800–1.4000. The Bank of Canada (BOC) will be meeting on September 2 and the FOMC on September 16. Expectations for rate hikes continue to bubble away in the US on strong inflationary pressures. In Canada, though, core inflation remains around 2%, despite rising crude oil prices, with the BOC widely predicted to keep rates fixed when it meets this month. As such, US/Canadian interest-rate differentials will continue to act as a structural factor supporting the greenback.

Under these circumstances, the currency pair could swing up and down in a range this month, with its direction primarily shaped by the US/Canada trade frictions that flared up again in August. President Trump has announced he will be raising tariffs on all Canadian cars, car parts and steel to 50% on January 1, 2027. US trade representative Jamieson Greer has also stated the US will not accept any retaliatory measures. Based on all this, the risk of a tit-for-tat trade war seems quite high at this moment in time. In such an event, the USD/CAD pair might strengthen above C$1.40.

However, if there is a sudden trade agreement or if the US scraps some tariffs, the Canadian dollar will be bought back sharply, with the pair breaking through C$1.3600 for the first time since May this year. Furthermore, expectations for BOC rate cuts might increase on a sharp deterioration in Canada's employment data and growth indicators. The greenback could also strengthen across the board if the September FOMC meeting springs a hawkish surprise by lifting rates. In these scenarios, investors will try testing the ceiling of the pair's range.

Shuhei Yamauchi, Seoul Treasury Office, East Asia Treasury Department

Korean Won – September 2026

Expected Ranges **Against the US$: KRW 1,370–1,430**
Against the yen: JPY 11.00–11.80 (KRW100)

1. Review of the Previous Month

The USD/KRW pair continued falling in August.

The pair opened the month trading around KRW1436. The US and Japan undertook a coordinated intervention to buy the yen late July, with the pair moving heavily as the won was also bought against the greenback. Won buying in July was mainly driven by dollar selling by major South Korean semiconductor companies, with investors expecting this trend to continue in August. With exporters still selling the greenback too, the pair weakened to KRW1410.

Peace talks between the US and Iran stalled towards mid-August. However, the pair remained directionless with its bottom around KRW1410 and its topside supported around KRW1420. The memorandum between the US and Iran had set a 60-day deadline for peace negotiations, but this deadline now passed without any discernable results, so crude oil prices rose for a time, through the impact on the won was muted.

The US released some bearish economic indicators towards the month's end, with the greenback sold as expectations for US rate hikes waned. The pair breached KRW1400 for the first time since October last year. With news then emerging that the US Treasury Department would be increasing its purchases of government bonds, US interest rates fell and the pair weakened further to temporarily hit a monthly low around KRW1376. The BOK implemented a 25bp rate hike on August 27. Its statement was also hawkish, so the pair continued trading with a heavy topside.

2. Outlook for This Month

The USD/KWD looks set to trade flatly in September.

The won's rise from July to August was mainly due to a sharp shift in supply and demand conditions on dollar selling by South Korean firms. The key point this month will be whether this will be a passing trend or not. At the end of August, two major South Korean semiconductor companies announced plans to implement shareholder returns. Some analysts believe they will sell more foreign currency to pay for these returns. Either way, with won supply and demand conditions shifting due to short-term events, there are doubts about whether this trend will continue through September too.

In August, the BOK implemented a 25bp rate hike to raise its policy rate to 3.00%. Member projections point to one more rate hike within the next six months. Several US economic indicators deteriorated in August, so expectations for rate hikes have partially declined, with the won likely to rise on monetary policy factors as investors focus on shrinking South Korean/US interest-rate differentials.

The factors that have driven the won higher will take a breather in September, so the USD/KRW pair looks set to bounce back, though its topside could be held down by anticipation for higher South Korean interest rates and by dollar selling due to events.

Rei Tsai, Taipei Treasury Office, East Asia Treasury Department

New Taiwan Dollar – September 2026

Expected Ranges **Against the US$: NT$31.30–32.30**
Against the yen: JPY4.85–5.10

1. Review of the Previous Month

In August, the USD/TWD pair moved in a range between TWD31.77–32.50 as investors tested its downside.

The pair opened the month trading at TWD32.260. The yen strengthened early August as the Japanese authorities intervened to buy the yen. With tensions also easing in the Middle East, overseas investors poured funds into Taiwanese stocks, so the greenback was sold. The pair subsequently weakened to the upper-TWD32.2 mark.

The US July employment data was released on August 7 and it was down on market forecasts. The US CPI and PPI data was then released over August 12-13, with both deteriorating. As a result, market participants continued to sell the greenback, with the currency pair hitting TWD31.774 on August 18, its lowest level in two months. Amid a dearth of new factors, the pair continued to trade around TW31.8 with an eye on the movements of overseas investors.

The pair was swayed by these fund movements in late August too and it continued floating around TWD31.8–31.9. US interest rates then fell and the US dollar moved bearishly. The greenback was sold, but there was also some buying at lows to lock in profits, so the pair held steady for a time. It closed on August 26 trading at TWD31.818.

On the whole, the pair was swayed by overseas factors such as US economic indicators and the fund flows of overseas investors.

2. Outlook for This Month

The USD/TWD pair is expected to trade firmly in September in a range between TWD31.30–32.30.

As for overseas factors, the main focus will be on the September 16 FOMC meeting. If the US economy continues to slide and inflation continues slowing, US interest rates will face less upwards pressure, with the greenback pushed down as a result. However, if concerns about inflation grow on a renewed surge in crude oil prices, expectations for rate hikes could flare up again, with this pushing the US dollar higher. The greenback is also likely to be bought if the results of the FOMC meeting turn out hawkish.

Turning to domestic factors, and Taiwan exports remained high in July on growing demand for AI servers and semiconductors, though growth was down slightly on the previous month. Taiwanese stocks remain at highs, but if overseas investors sell to lock in profits or if more funds flow overseas, the Taiwan dollar will be susceptible to downward pressure. Investors should also pay close attention to the September 17 board meeting of the Central Bank of the Republic of China (Taiwan).

On the whole, the USD/TWD pair's movements will be shaped by the FOMC meeting and US economic indicators in September. A wait-and-see mode will probably prevail early September ahead of several key events, with the pair likely to fluctuate on the results of the FOMC meeting in the second half of the month. Amid smoldering uncertainty about the situation in the Middle East, the pair is expected to continue moving firmly with an eye on crude oil prices and US interest rate trends.

Naoki Nohara, East Asia Treasury Department

Hong Kong Dollar – September 2026

Expected Ranges **Against the US$: HK$7.8000–7.8500**
Against the yen: JPY20.00–20.70

1. Review of the Previous Month

In August, the USD/HKD pair hit the upper-HKD7.84 mark for the first time in around a year as crude oil prices and US interest rates remained high. However, Hong Kong stocks moved firmly again late August, so Hong Kong short-term interest rates began rising and the pair fell back. It subsequently dropped to the upper-HKD7.83 level.

Hong Kong's June retail sales data was released on August 4, with the figures down on market forecasts. With the situation in the Middle East showing no signs of improvement, crude oil prices and US interest rates also remained high, so the currency pair edged upwards. Hong Kong stock markets continued moving bearishly towards mid-August, with the Hong Kong dollar moving heavily and the USD/HKD pair temporarily climbing to the upper-HKD7.84 range.

However, Hong Kong short-term interest rates began rising towards late August. With Hong Kong stock markets also recovering for a time, the pair's gains were gradually pared back. On August 19, US treasury secretary Scott Bessent announced plans to increase buybacks of long- and ultra-long dated government bonds. US long-term interest rates temporarily plummeted as a result and the greenback was also sold, with the currency pair's room on the downside extending. US long-term interest rates then rose again on skepticism about whether the buyback program would succeed in holding down rates. Nonetheless, the US dollar still faced selling pressure on concerns about the sustainability of the US financial situation. The currency pair trended downwards at the month's end on this mixture of internal and external factors, with the pair dropping down to the upper-HKD7.83 range.

2. Outlook for This Month

In September, the USD/HKD pair looks set to continue moving between HKD7.80–7.85, in the upper half of its peg range.

Tensions between the US and Iran flared up again mid-July and there are still no signs of things cooling off. With treasury secretary Scott Bessent announcing a new package of economic sanctions on Iran on August 24, it is hard to see things improving in the Middle East any time soon. As such, crude oil prices will probably remain high, with the Hong Kong dollar pushed down by fears about Hong Kong's deteriorating trade balance, just like it was last month. Furthermore, though the US Treasury Department is putting together measures to curb long-term interest rates, there are fears about persistent inflation and concerns about US fiscal expansion, so US long-term interest rates remain at high levels. As such, the USD/HKD pair will continue to face upwards pressure from US/HK interest-rate differentials too.

On the domestic front, Hong Kong short-term interest rates began rising over the second half of August. There is likely to be strong demand for funds in September too as the end of quarter approaches, so short-term interest rates might rise even further. September will also see a large IPO taking place. The firm had initially planned to go public in August. It has since scaled its plans back, but the new IPO will take place on September 1 and this will also increase demand for the Hong Kong dollar in capital markets, with the unit probably pushed higher as a result. However, a glance at fund flows in the Stock Connect shows funds flowing from Hong Kong to mainland China towards late August. As this shows, there are also factors working against Hong Kong dollar appreciation, so caution will be needed.

Based on the above, it seems the USD/HKD pair will continue to move firmly in the upper half of its peg range on strong demand for the US dollar.

Takashi Nishitani, Treasury Department, MHBK (China)

Chinese Yuan – September 2026

Expected Ranges **Against the US$: CNY 6.6700–6.7500**
Against the yen: JPY 23.10–24.10

1. Review of the Previous Month

In August, the U.S. dollar/Chinese yuan exchange rate fell gradually.

At the beginning of the month, the U.S. dollar/Chinese yuan exchange market opened trading at the lower-CNY 6.75 level on August 3. On the same day, the July RatingDog China General Manufacturing Purchasing Managers' Index (PMI)® was released, and the result turned out to be below the market estimate. However, it impacted the Chinese yuan exchange market to a limited degree. Thereafter, the Chinese yuan appreciated against the U.S. dollar to temporarily reach the upper-CNY 6.74 level. Yet, from the viewpoint of weekly fluctuation, the U.S. dollar/Chinese yuan exchange rate generally remained within a narrow range at around the CNY 6.75 level.

On August 10, the U.S. dollar/Chinese yuan exchange market opened trading at the mid-CNY 6.74 level. In the second half of the week, the July price statistics for the U.S. were released, with figures slightly below the market estimate. In reaction, expectations for policy interest rate hikes in the U.S. receded. Under such circumstances, the U.S. dollar depreciated while the Chinese yuan appreciated, bringing the U.S. dollar/Chinese yuan exchange rate slightly down to the lower-CNY 6.74 level.

On August 17, the U.S. dollar/Chinese yuan exchange market opened trading at the mid-CNY 6.74 level. Thereafter, the July key economic indices for China were released, and the results were generally weak, falling below the market estimate. However, this impacted the Chinese yuan exchange market only to a limited extent. Subsequently, the U.S. dollar depreciated in the overall foreign exchange market. Following this trend, the U.S. dollar/Chinese yuan exchange rate remained low, falling to reach the CNY 6.73 level. On August 19, the U.S. Department of the Treasury announced its plan to buy back U.S. Treasury bills. In reaction, interest rates fell in the U.S. Under such circumstances, market participants sold the U.S. dollar in an even more active manner. As a result, the U.S. dollar/Chinese yuan exchange rate fell to reach the lower-CNY 6.72 level.

On August 24, the U.S. dollar/Chinese yuan exchange market opened trading at the lower-CNY 6.72 level. Thereafter, the media reported that the U.S. was considering imposing an additional tariff of 7.5% on Chinese products. However, this impacted the Chinese yuan exchange market only to a limited extent. Subsequently, the U.S. dollar/Chinese yuan exchange rate remained low toward the middle of the week, temporarily reaching the upper-CNY 6.71 level—the lowest figure in the year.

2. Outlook for This Month

In September, the U.S. dollar/Chinese yuan exchange rate is forecast to fall gradually.

U.S. economic indices are currently on a downtrend. Against this backdrop, many market participants expect the U.S. Federal Reserve Board (FRB) to slow the pace of policy interest rate hikes. Thus, it is becoming harder for the U.S. dollar to appreciate in the overall foreign exchange market. Under such circumstances, the U.S.

dollar/Chinese yuan exchange rate also remains low. Because the People's Bank of China (PBOC) central parity rate has been set to remain flat every day, it is difficult to expect a significant change in the market trend. However, thanks to the trade surplus of China, the Chinese yuan is forecast to appreciate gradually against the U.S. dollar in the times ahead.

On the other hand, there are media reports that the U.S. is considering introducing additional tariffs against China. Furthermore, the U.S. is strengthening its economic sanctions against Iran. Under such circumstances, some market participants expect some indirect impact on China. Thus, it is important to pay attention to possible deterioration in the relationship between the U.S. and China, who are also scheduled to hold a third summit in the second half of September. Thus, it is unlikely that the U.S. will introduce excessively severe measures against China before the summit meeting. However, given that midterm elections are scheduled for November in the U.S., there are many factors of uncertainty in the market.

It is also important to note that the Federal Open Market Committee (FOMC) in the U.S. is scheduled to have a meeting on September 15 and 16. Under the current situation, the majority of market participants expect the FRB to postpone a policy interest rate hike. However, it is possible for the U.S. dollar to appreciate further, if market participants consider the FRB's stance as hawkish, based on the dot plot (policy interest rate outlook), economic and price outlook, and the contents of the press conference by FRB Chair Kevin Warsh.

In general, the Chinese yuan is forecast to appreciate against the U.S. dollar. However, depending on political conditions and monetary policy in the U.S. and China, there are risks that the Chinese yuan could depreciate, and market participants are advised to remain cautious.

Ayaka Matsumoto, Asia & Oceania Treasury Department

Singapore Dollar – September 2026

Expected Ranges **Against the US$: SG$ 1.2600–1.2900**
Against the yen: JPY 123.00–128.00

1. Review of the Previous Month

In August, the Singapore dollar appreciated gradually against the U.S. dollar, although in some phases, the U.S. dollar/Singapore dollar exchange rate did not move in any direction.

At the beginning of the month, on August 3, the U.S. dollar/Singapore dollar exchange market opened trading at the lower-SGD 1.28 level. During the first week of the month, the U.S. dollar/Singapore dollar exchange rate continued fluctuating in both directions with mixed expectations and uncertainty over a possible agreement on the Strait of Hormuz. Because many market participants were waiting for the release of the July employment statistics for the U.S. scheduled for August 7, the U.S. dollar/Singapore dollar exchange rate fluctuated within a narrow range, mainly at around the lower-SGD 1.28 level. On August 7, the July employment statistics for the U.S. were released, and the results turned out to be far below the market estimate, with the number of non-farm payrolls declining by 23,000. As a result, expectations for policy interest rate hikes in the U.S. receded, encouraging market participants to sell the U.S. dollar in an accelerated manner. Following this trend, the U.S. dollar/Singapore dollar exchange rate fell to reach the upper-SGD 1.27 level.

Thereafter, toward the middle of the month, there were no new factors in the market, and thus the U.S. dollar/Singapore dollar exchange rate did not move in any specific direction, fluctuating within a narrow range at around the SGD 1.28 level. On August 19, the U.S. Department of the Treasury announced its plan to increase the amount of long-term U.S. Treasury bill buybacks. In reaction, interest rates fell in the U.S., and market participants started to actively sell the U.S. dollar. Consequently, the U.S. dollar/Singapore dollar exchange rate fell. Then, on August 21, the exchange rate fell below the SGD 1.27 mark, reaching the upper-SGD 1.26 level. On August 24, the July Consumer Price Index (CPI) for Singapore was announced, and the result turned out to be +2.2% year-on-year for the headline CPI and +2.0% year-on-year for the core CPI, showing signs of acceleration from the previous month's results. Even though these figures also showed a moderate increase from the market estimate, market participants have been advised to remain cautious about the possible resurgence of domestic inflation pressure. Toward the end of the month, market participants kept a stronger wait-and-see attitude, while the Jackson Hole Economic Symposium, scheduled for August 27 to 29, was gathering attention in the market. As a consequence, the U.S. dollar/Singapore dollar exchange rate continued fluctuating within a limited range, at around the SGD 1.27 level.

2. Outlook for This Month

In September, the Singapore dollar is forecast to remain strong and stable.

In the U.S., the Federal Open Market Committee (FOMC) is scheduled to have a meeting in September. Market participants are carefully observing the possible shift in monetary policy to policy interest rate hikes. However, for now, the market has not reflected a policy interest rate hike at the upcoming FOMC meeting, and the outcome of the meeting is expected to have limited market impact. In terms of the geopolitical situation in the Middle East, there has been some progress and regression, but the market seems to be reacting slightly less actively to the issue. On the contrary, the U.S. Department of the Treasury's plan to buy back long-term U.S. Treasury bills has become a new factor that may potentially push the interest rate level down in the U.S. Thus, the U.S. dollar is expected to weaken in September.

On the other hand, in Singapore, the final figure for the second-quarter GDP in 2026 turned out to be +5.9% year-on-year (revised 0.2 percentage points upward from the preliminary figure), showing consistent strength. Even though growth has slowed down compared to the first quarter, the negative impact from the geopolitical risks in the Middle East has been offset by vigorous demand in the semiconductor sector related to artificial intelligence (AI). The Monetary Authority of Singapore (MAS) has also predicted continued high growth for Singapore's GDP. It is also important to note that price indices have reached the 2% level both in terms of the headline CPI and the core CPI, fueling concerns over a resurgence of inflation pressure. The MAS is scheduled to have its next meeting in October. While the MAS is likely to remain careful in evaluating the effect of monetary tightening from its previous meeting held in July, it is expected to maintain a general policy of monetary tightening.

As discussed above, the Singapore dollar has recently been stable, thanks to Singapore's robust economy, while there are some potential reasons for market participants to sell the U.S. dollar. For this reason, the Singapore dollar is forecast to remain strong and stable against the U.S. dollar.

Reina Okazaki, Bangkok Treasury Office, Asia & Oceania Treasury Department

Thai Baht – September 2026

Expected Ranges **Against the US$: THB 32.00–34.00**
Against the yen: JPY 4.70–5.00

1. Review of the Previous Month

At the beginning of the month, the U.S. dollar/Thai baht exchange market opened trading at the mid-THB 33.30 level on August 3. Crude oil prices fell due to the U.S. decision to postpone attacks on Iran, as well as due to the mitigation of geopolitical risks in the Middle East. Furthermore, the price of gold appreciated. As a result, Thai baht-buying became dominant. On August 5, the July Consumer Price Index (CPI) for Thailand was released, and the result turned out to be below the market estimate. However, the impact of this on the foreign exchange market was limited, and the U.S. dollar/Thai baht exchange rate fell to reach the THB 33 level by August 6. Thereafter, due to a sense of uncertainty over the geopolitical situation in the Middle East, the U.S. dollar/Thai baht exchange rate rallied temporarily. However, on August 7, the U.S. dollar/Thai baht exchange rate fell below the THB 33 level. On August 11, in the following week, expectations for a ceasefire agreement between the U.S. and Iran receded. Under such circumstances, the U.S. dollar/Thai baht exchange rate rose to reach the upper-THB 33.10 level. On August 13, the July Producer Price Index (PPI) for the U.S. turned out to be below the market estimate, but its impact in the market was limited. However, on August 14, the following day, the July retail sales for the U.S. turned out to be below the market estimate, while on August 17, the second-quarter GDP of Thailand turned out to be above the expected level. As a consequence, the U.S. dollar/Thai baht exchange rate once reached the mid-THB 32.90 level. Then, on August 18, the geopolitical situation in the Middle East worsened, and crude oil prices rose. In reaction, the U.S. dollar/Thai baht exchange rate rallied to approach the THB 33.10 level. However, on August 19, the U.S. Department of the Treasury announced its plan to double the upper limit of long-term U.S. Treasury bill buybacks. In reaction, interest rates in the U.S. fell sharply, and the U.S. dollar/Thai baht exchange rate fell to temporarily reach the mid-THB 32.80 level. Toward August 21, interest rates in the U.S. started to rally. However, the U.S. dollar/Thai baht exchange rate continued to fall and reached the lower-THB 32.60 level. On August 24, the media reported that Thai monetary authorities would introduce a new tax on gold transactions. However, it turned out that the tax was not high, as their purpose was to keep records of gold transactions. Thus, this news did not have any specific impact on the market. Then, on August 26, the central bank of Thailand held a monetary policy committee meeting and unanimously decided to maintain the policy interest rate as had been anticipated in the market. The contents of the central bank's statement remained generally unchanged from the previous meeting held in June. Thus, the impact on the U.S. dollar/Thai baht exchange market was limited. Thereafter, the price of gold fell, and the July core Personal Consumption Expenditure (PCE) price index for the U.S. did not show as much slowdown from the previous month as expected. As a result, as of August 28, when this article was being written, the U.S. dollar/Thai baht exchange rate rose to reach the upper-THB 32.80 level.

2. Outlook for This Month

In September, the U.S. dollar/Thai baht exchange rate is forecast to remain low.

On August 19, the U.S. Department of the Treasury announced its plan to increase the amount of long-term U.S. Treasury bill buybacks. In reaction, long-term interest rates in the U.S. temporarily fell. However, they rallied on the following day, as market participants were doubtful about the effect of the U.S. Treasury bill buybacks in improving the supply and demand balance and expected an increase in the supply of the U.S. Treasury bills. In particular, it is noteworthy that the U.S. dollar/Thai baht exchange rate fell, while market participants bought back the U.S. dollar against the euro and the Japanese yen. This is due to the fact that the price of gold continued to rise despite the rise in U.S. interest rates, which is likely to have encouraged market participants to sell the U.S. dollar and buy the Thai baht for gold transactions. It is also possible that such a trend was anticipated in the market, offsetting upward pressure on the U.S. dollar caused by rising interest rates. In general, when interest rates rise in the U.S., market participants are less interested in investing in gold, which does not generate interest income. However, this time, interest rates in the U.S. rose based on worsening fiscal conditions in the U.S. and concerns over the deteriorating supply and demand balance for U.S. Treasury bills. Thus, it is possible that market participants chose gold as a means to maintain their asset value.

Since the geopolitical situation in the Middle East worsened, market participants paid more attention to the correlation between the U.S. dollar/Thai baht exchange rate and crude oil prices rather than between the U.S. dollar/Thai baht exchange rate and the gold price. However, the market trend as observed this month confirmed that the impact of gold transactions has not been lost yet, and when the gold price fluctuates significantly, the U.S. dollar/Thai baht exchange market is impacted in its own distinct manner. In the times ahead, market participants are advised to keep in mind that the U.S. dollar/Thai baht exchange rate may not rise despite a rise in U.S. interest rates if the gold price is rising based on doubts regarding U.S. fiscal conditions or concerns about the stability of the U.S. dollar.

In September, the U.S. dollar/Thai baht exchange rate is forecast to remain low, as the price of gold, which has been on a phase of adjustment, is gradually rallying.

Kazuhiro Suzuki, Mizuho Bank (Malaysia) Berhad

Malaysian Ringgit – September 2026

Expected Ranges **Against the US$: MYR 4.0000–4.0900**
Against the yen: JPY 38.00–41.00

1. Review of the Previous Month

In August, the Malaysian ringgit remained sluggish due to the uncertainty surrounding the geopolitical situation in the Middle East during the first half of the month. However, in the second half of the month, the U.S. dollar/Malaysian ringgit exchange rate fell based on strong figures in the Malaysian economic indices as well as a decline in interest rates in the U.S.

On August 3, the U.S. dollar/Malaysian ringgit exchange market opened trading at the mid-MYR 4.08 level. Thereafter, the U.S. decided to postpone attacks on Iran. However, this was after the meetings held by major central banks and came as market participants were waiting for the release of the July employment statistics for the U.S. As a result, the U.S. dollar/Malaysian ringgit exchange rate continued fluctuating at around the MYR 4.09 level without moving in any direction until the end of the week. Subsequently, the July employment statistics for the U.S. turned out to be weak, with the number of non-farm payrolls decreasing by 23,000, while the market estimate had been an increase of 80,000 and the growth in average wages was also weak. However, the U.S. dollar did not depreciate on August 10 in the following week, as market participants were concerned with delayed peace negotiations in the Middle East.

In the middle of the month, the U.S. dollar/Malaysian ringgit exchange rate continued hovering at around the MYR 4.08 level, as market participants were waiting for the release of the second-quarter GDP for Malaysia as well as the July retail sales for the U.S. that had been scheduled for August 14. Malaysia's GDP turned out to record a further acceleration at 6.0%, while the preliminary figure was 5.8%. However, there was little reaction to this news in the market during the same day. Subsequently, U.S. retail sales turned out to record negative growth, and business confidence indices in the U.S. also turned out to be below the market estimate. In reaction, on August 17 after the weekend, market participants started to actively buy the Malaysian ringgit. As a result, the U.S. dollar/Malaysian ringgit exchange rate fell rapidly to reach the MYR 4.05 level. Moreover, the U.S. Department of the Treasury announced its plan to increase the purchase of ultra-long-term U.S. Treasury bills. As a consequence, the U.S. dollar/Malaysian ringgit exchange rate fell further to reach the MYR 4.03 level on August 21 at the end of the week, with some phases of instability, following the decline of interest rates in the U.S.

In the last week of the month, market participants saw it unlikely for the Federal Reserve Board (FRB) Chair to become more hawkish at the Jackson Hole Economic Symposium. As a result, interest rates fell in the U.S., and the U.S. dollar/Malaysian ringgit exchange rate continued falling on August 26 and 27 after the national holidays in Malaysia, even though market participants remained cautious, waiting for the Jackson Hole Economic Symposium. The U.S. dollar/Malaysian ringgit exchange rate temporarily reached the MYR 4.02 level for the first time since the beginning of June.

2. Outlook for This Month

In September, the U.S. dollar/Malaysian ringgit exchange rate is forecast not to fluctuate violently in either direction, remaining within a narrow range between MYR 4.00 and MYR 4.09.

In August, the Malaysian economy was confirmed to have grown in an accelerated manner in the second quarter in 2026, making it possible for the annual growth rate to exceed 5%. Even though there will be some lag between GDP calculation and announcement, given the July trade statistics in which both imports and exports grew by more than 30%, the electrical and electronics sector is likely to continue expanding in the third quarter, realizing steady growth. Thanks to healthy conditions in trade, the trade surplus remains at its highest level. This is likely to regularly encourage market participants to sell the U.S. dollar, lowering the U.S. dollar/Malaysian ringgit exchange rate.

Regarding the geopolitical situation in the Middle East, which kept the Malaysian ringgit weak during the first half of August, the U.S. announced its decision to introduce additional economic sanctions against Iran. While the effect remains unknown, it is clear that the U.S. administration faces the necessity to take some action before the midterm elections in order to attract people's attention. Under such circumstances, market participants are advised to remain careful about the possibility that the U.S. will use greater military force in addition to economic sanctions. Furthermore, as of the time at which this article was being written, there were no details on statements made by the central bank governors of various countries at the Jackson Hole Economic Symposium. While it is expected that more central bank governors will refer to inflation risks, the U.S. administration does not want interest rates to rise. Depending on what will be said by FRB Chair Kevin Warsh, trends in the foreign exchange market in Asia may change significantly, following the movement of interest rates in the U.S. Yet, the U.S. dollar/Malaysian ringgit exchange rate is forecast to fluctuate within a narrow range as was discussed above, unless fundamental sentiment in the market changes dramatically.

Yuta Ishimura, Asia & Oceania Treasury Department

Indonesian Rupiah – September 2026

Expected Ranges **Against the US$: IDR 17,500–18,100**
Against the yen: JPY 0.8500–0.9100 (IDR 100)

1. Review of the Previous Month

In August, the U.S. dollar/Indonesian rupiah exchange rate fell.

In August, the U.S. dollar/Indonesian rupiah exchange market opened trading at the upper-IDR 17,900 level on August 3. On the same day, Indonesia's July Consumer Price Index (CPI) was announced, and the result turned out to be +2.88% year-on-year, demonstrating a slowdown from the previous month, at the lowest growth rate in three months. Furthermore, the June trade balance recorded a deficit for the second consecutive month. Even though the deficit turned out to be significantly smaller than the market estimate, the reaction in the market was limited. Then, on August 5, the second-quarter GDP was announced, and the result turned out to be +5.29% year-on-year, recording the lowest growth rate in three quarters. However, the figure was still above the market estimate, and the Indonesian rupiah remained strong and stable.

On August 10–14, the Indonesian rupiah strengthened against the U.S. dollar, as U.S. employment statistics turned out to be weak at the beginning of the week, while the second-quarter GDP for Indonesia recorded positive growth. As a consequence, the U.S. dollar/Indonesian rupiah exchange rate occasionally fell to reach the upper-IDR 17,700 level. However, subsequently, crude oil prices rose, and expectations for a peace agreement between the U.S. and Iran receded, both of which encouraged market participants to actively buy the U.S. dollar. Consequently, the U.S. dollar/Indonesian rupiah exchange rate rose to reach the upper-IDR 17,800 level. Thereafter, the U.S. dollar/Indonesian rupiah exchange rate continued fluctuating within a narrow range, mainly at the upper-IDR 17,800 level, as market participants were waiting for the announcement of the July CPI of the U.S. Even after the announcement of the CPI, the U.S. dollar did not appreciate dramatically, as expectations for a policy interest rate hike at the September Federal Open Market Committee (FOMC) meeting had receded.

Over August 17–21, the U.S. dollar/Indonesian rupiah exchange rate continued fluctuating within a narrow range, at around the mid-IDR 17,800 level at the beginning of the week. However, market participants started to actively sell the U.S. dollar thereafter based on weak figures in the U.S. economic indices. As a result, the Indonesian rupiah appreciated against the U.S. dollar. In the middle of the week, the central bank of Indonesia (BI) held a monetary policy meeting, and its policy interest rate was maintained at 5.75% for the second consecutive month, as had been anticipated in the market. During the second half of the week, the yields of U.S. Treasury bills fell, as the U.S. Department of the Treasury announced its plan to double its purchase of U.S. Treasury bills. As a consequence, the U.S. dollar depreciated. Following this trend, the U.S. dollar/Indonesian rupiah exchange rate fell to reach the upper-IDR 17,600 level—reaching its lowest level since the middle of June.

In the week commencing on August 24, the U.S. dollar/Indonesian rupiah exchange rate was moving at around the IDR 17,700 level without any influential factors.

2. Outlook for This Month

In September, the U.S. dollar/Indonesian rupiah exchange rate is forecast to remain high and stable.

At its monetary policy meeting held on August 19, BI decided to maintain its policy interest rate at 5.75%, as had been anticipated in the market. Thus, the policy interest rate was maintained at the existing level for the second consecutive time. Meanwhile, the geopolitical situation in the Middle East remains tense. Under such a condition, BI stated that its existing monetary policy was at the appropriate level in order to reinforce the stability of the Indonesian rupiah amid the global confusion, while also achieving the inflation target for 2026 and 2027—supporting Indonesia's sustained economic growth. BI also revealed its plan to increase incentives to expand measures to promote capital inflow and stabilize the Indonesian rupiah market, introduced at the previous meeting. Since former BI governor, Perry Warjiyo, resigned unexpectedly in the previous month, the meeting was held under the acting governor, Destry Damayanti (the senior deputy governor). The nation's president's office has confirmed that President of Indonesia Prabowo Subianto had nominated Destry Damayanti as the only candidate for next BI governor. BI governors as nominated by the president of Indonesia have long been approved in Indonesia's parliament, so it is highly likely that Destry Damayanti will be the next BI governor.

As has been pointed out so far, there have been growing concerns over the independence of BI. Under such a circumstance, it is unlikely that market participants will actively buy the Indonesian rupiah. When the tension in the Middle East is mitigated, market participants may temporarily sell the U.S. dollar. However, this would not be sufficient to change the market trend. On the other hand, when the Indonesian rupiah depreciates excessively, it is possible for BI to additionally raise its policy interest rate to protect its currency. Thus, the rise of the U.S. dollar/Indonesian rupiah exchange rate is expected to be limited.

Shunsuke Fukuda, Manila Treasury Office, Asia & Oceania Treasury Department

Philippine Peso – September 2026

Expected Ranges **Against the US$: PHP 60.80–62.80**
Against the yen: PHP 0.380–0.400

1. Review of the Previous Month

In August, the U.S. dollar/Philippine peso exchange rate finally reached the PHP 62 mark.

In August, the U.S. dollar/Philippine peso exchange market opened trading at PHP 61.00. Regarding the geopolitical situation in the Middle East, U.S. President Donald Trump announced that new negotiations had started. In reaction, crude oil prices fell by nearly 6% at the beginning of the week. Following that week, market participants started to actively buy the Philippine peso in the U.S. dollar/Philippine peso exchange market from the beginning of the week. Thereafter, on August 5, the July price statistics for the Philippines were released with figures weaker than the market estimate. However, crude oil prices continued falling, and thus the Philippine peso continued appreciating against the U.S. dollar, with the U.S. dollar/Philippine peso exchange rate having approached the mid-PHP 60 level for the first time since the middle of June. Yet, on August 7, the second-quarter GDP for the Philippines was announced, and the result turned out to be weaker than the market estimate, recording a slowdown for the fourth consecutive quarter. As a result, the trend reversed, and market participants started to actively sell the Philippine peso. The U.S. dollar/Philippine peso exchange rate returned to the PHP 61 level.

Subsequently, the July employment statistics, price statistics, and retail sales for the U.S. were intermittently announced, which slowed down the expected pace and timing for the next policy interest rate hike. However, crude oil prices rose gradually, which kept the U.S. dollar/Philippine peso exchange rate from falling. As a result, the U.S. dollar/Philippine peso exchange rate rose to reach the upper-PHP 61 level. Then, on August 19, the U.S. dollar/Philippine peso exchange rate exceeded PHP 61.85—the all-time low for the Philippine peso against the U.S. dollar recorded on July 24—and momentarily reached PHP 61.995. Yet, around the same time, crude oil prices started to fall, which prevented the U.S. dollar/Philippine peso exchange rate from reaching the PHP 62 mark, and the trend in the U.S. dollar/Philippine peso exchange market reversed as well.

Toward the end of August, crude oil prices continued falling intermittently, while long-term interest rates in the U.S. declined as well. As a consequence, downward pressure on the Philippine peso weakened, and the U.S. dollar/Philippine peso exchange rate continued fluctuating within a narrow range between the mid-PHP 61 level and the upper-PHP 61 level. Then, on August 27, the central bank of the Philippines held a monetary policy meeting, which attracted attention in the market, and decided to raise its policy interest rate by 0.25% for the third consecutive time. In reaction, the U.S. dollar/Philippine peso exchange rate reached the PHP 62 mark on August 28—the following day.

2. Outlook for This Month

In September, the U.S. dollar/Philippine peso exchange market is forecast to reflect the geopolitical situation

in the Middle East and the U.S. economic indices.

According to a central bank statement after the policy interest rate hike announced on August 27 as well as the comment by the governor of the central bank of the Philippines, Eli Remolona, Jr., the policy interest rate was raised as a preemptive measure, as crude oil prices remain unstable, while the severe El Niño effect may affect the price levels of agricultural produce and as the rising wage levels may also strengthen inflation pressure. In addition, the central bank revealed that some members supported the idea of maintaining the policy interest rate at the existing level and implied that policy interest rate hikes were soon to end by emphasizing that the central bank would continue raising its policy interest rate as much as necessary—but that hopefully additional policy interest rate hikes would no longer be necessary in the times ahead. The central bank also shared its outlook that economic recovery would start accelerating in the second half of 2026, as various measures of fiscal support would progress.

In the U.S., approximately one policy interest rate hike is expected by the end of 2026, as expectations for multiple and early policy interest rate hikes receded due to somewhat weak figures in recent economic indices. The next Federal Open Market Committee (FOMC) meeting in the U.S. is scheduled for the middle of September, and market participants expect the FOMC to maintain its policy interest rate at the existing level. However, this time the quarterly dot plot (policy interest rate outlook) would also be announced, and thus the U.S. dollar/Philippine peso exchange rate is likely to fluctuate from the beginning to the middle of September, actively reacting to figures in U.S. economic indices.

At the end of August, the U.S. dollar/Philippine peso exchange rate exceeded the PHP 62 mark. Thus, the central bank of the Philippines is likely to be cautious about market trends, wishing to avoid causes for further inflation pressure resulting from the depreciation of the Philippine peso. Market participants are looking for the next resistance line, but the Philippine peso is forecast to depreciate against the U.S. dollar only in a gradual manner in the times ahead. Thus, it is likely that the U.S. dollar/Philippine peso exchange rate will fluctuate mainly within a narrow range between the upper-PHP 61 level and the PHP 62 level. This trend is likely to continue for a while unless market participants confirm the tangible decline in crude oil prices and economic recovery in the Philippines.

Shino Kihara, India Treasury Office, Asia & Oceania Treasury Department

Indian Rupee – September 2026

Expected Ranges **Against the US$: INR 94.50–97.50**
Against the yen: JPY 1.60–1.80

1. Review of the Previous Month

In August, the U.S. dollar/Indian rupee exchange rate continued fluctuating within a narrow range without rising significantly.

In July, the U.S. dollar/Indian rupee exchange rate moved from INR 94.67 to INR 96.57. However, in August, the U.S. dollar/Indian rupee exchange rate only fluctuated within a narrow range. On August 5, the Monetary Policy Committee (MPC) of India unanimously decided to maintain its policy interest rate at the existing level for the fourth consecutive time. Given the uncertainty in the geopolitical situation in the Middle East, along with uncertainty in food price levels, the central bank exhibited a stance of being in no hurry to change its monetary policy. Then, in the middle of the month, crude oil prices rose, which somewhat weakened the Indian rupee against the U.S. dollar. However, after the U.S. dollar/Indian rupee exchange rate reached the upper-INR 95 level, the market trend reversed. At the end of the month, the Reserve Bank of India (RBI) seems to have intervened in the foreign exchange market. Yet, expectations grew for a ceasefire agreement in the Middle East, and consequently the Indian rupee appreciated. As of August 26, when this article was being written, the U.S. dollar/Indian rupee exchange rate was hovering at the lower-INR 95 level.

Meanwhile, the BSE Sensex opened trading at the upper-78,000 level. Upward pressure remained from the end of the previous month, and the index occasionally exceeded the 79,000 level at the beginning of the month. In the middle of the month, however, the geopolitical situation in the Middle East became uncertain, and the BSE Sensex fell below the 77,000 level. Thereafter, the index stabilized and rallied slightly, at which level trading closed (as of August 26).

In terms of India's economic indices, the July Consumer Price Index (CPI) (year-on-year) turned out to be +4.45%, maintaining positive growth from the previous month, and continued to exceed +4%. The RBI has a strong focus on a target rate of +4%, with growing concerns regarding whether crops such as cotton and rice might be impacted by precipitation volume from the rainy season, including in August. In this context, the government of India has taken measures against the record hike of sugar prices by temporarily lifting import tariffs on raw sugar while also introducing restrictions on stockpiles, in order to prevent hoarding.

2. Outlook for This Month

In September, the Indian rupee is forecast to depreciate gradually against the U.S. dollar.

In July, India's exports turned out to be strong. However, most of India's energy is dependent on imports. Thus, unless there is dramatic improvement in the geopolitical situation in the Middle East, it is unlikely for India to move out of constant trade and current account deficits. For this reason, the Indian rupee is forecast to continue depreciating against the U.S. dollar in the times ahead, although the RBI is likely to control the exchange rate level through foreign exchange market interventions and other policy measures.

At the MPC meeting held in August, the RBI decided to maintain its policy interest rate at 5.25% for the fourth consecutive time, while also maintaining the monetary policy stance as unchanged, at neutral. Thus, the central bank is expected to keep a wait-and-see attitude for a while. However, it is important to note that, in the minutes of the monetary policy meeting published on August 19, the deputy governor of the RBI, Poonam Gupta, referred to the possibility of a policy interest rate hike being necessary. Thus, the balance of risks may motivate the central bank to start raising its policy interest rate.

In June, India introduced a measure to promote foreign capital inflow, and this significantly impacted the market: the expiry of the special measures was brought forward to the end of August from the end of September. Thus, this measure is considered to have kept the U.S. dollar/Indian rupee exchange rate from rising to some extent. On the other hand, the foreign currency reserves of India recorded an increase of approximately +3% in the first two weeks of August from USD 692.9 billion to USD 716.9 billion. This may be a result of the central bank's intervention in the foreign exchange market through the selling of the Indian rupee as a means of promoting exports. Furthermore, it is impossible to prevent market participants from buying the U.S. dollar based on actual demand. Therefore, the Indian rupee is forecast to weaken again in September toward INR 96 against the U.S. dollar.

This report was prepared based on economic data as of August 31, 2026.