

Mizuho Dealer's Eye

October 2026

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Mizuho Bank, Ltd.

Global Foreign Exchange Department

U.S. Dollar – October 2026

Expected Ranges

Against the yen: JPY154.50–160.00

Outlook for This Month

The dollar will continue to move firmly in October, though the dollar/yen pair looks set to trade in a range with its topside susceptible to downwards pressure. The pair plunged to the upper-152 yen level at the start of September, but this did not signal a shift to a bullish yen trend. It was more to do with an adjustment to accumulated yen short positions. There was also some temporary overshooting on expectations for further rate hikes by the Bank of Japan (BOJ). There have been no major shifts when it comes to economic and monetary conditions in the US and Japan. Provided inflation and employment remains strong in the US, the greenback will be supported by anticipation for ongoing FRB rate hikes, with the yen likely to face more downward pressure.

The next focus will be the US and Japanese monetary policy events lined up at the end of October. When the FOMC meets over October 27–28, investors will be watching to see whether it hikes rates again or leaves them unchanged. FRB chair Kevin Warsh maintains the FRB's stance will depend on the data, but he has also indicated that the central bank will begin to tighten monetary policy in stages if US September employment data and inflation indicators remain firm. Meanwhile, the BOJ's meeting over October 29–30 will coincide with the release of its Outlook for Economic Activity and Prices. At this moment, the markets are not expecting the BOJ to implement a rate hike in October, but if last month's Summary of Opinions (released after the September meeting) contains several hints that the BOJ is laying the ground for further rate hikes or if BOJ governor Kazuo Ueda strikes a more hawkish tone than September, then market participants might accelerate moves to price in one more rate raise this year. If this happens, there is a risk the yen might appreciate again like it did early September, so caution will be needed.

Furthermore, several Japanese government officials have made verbal interventions to curb the yen's slide since the September US/Japan heads-of-state meeting, with the authorities also starting to take a different approach when it comes to yen bearishness. It is hard to see the yen moving firmly on comments alone, but concerns of restraining moves or an intervention by the Japanese government and the BOJ will grow when the yen weakens, with this likely to dampen the dollar/yen pair's topside. Though the yen looks set to continue moving weakly, there will only be limited room for the currency to fall further.

Dealers' Market Forecast

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

Bullish on the dollar	12 bulls	160.00 – 154.75	Bearish on the dollar	5 bears	159.50 – 153.00
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*** Ranges are central values**

Nagano	Bull	161.00 – 154.00	The dollar rises across the board whenever US interest rates rise, but the dollar/yen pair's topside will be weighed down by verbal interventions and expressions of concern when the yen weakens. However, yen supply and demand conditions remain unchanged and Japan is likely to continue posting a trade deficit, so the pair will probably rise this month.
Yokota	Bear	159.00 – 153.00	Though the US only has limited room for more rate hikes, Japan is still at the midway point when it comes to lifting rates. The yen will move bullishly again the dollar for the time being on the divergent monetary policies of the US and Japan.
Toriba	Bull	160.00 – 153.00	The markets will be focusing on the timing of further rate hikes by each central bank. Inflation remains high in the US and there are strong expectations for further FRB rate hikes. As such, the greenback remains popular, with market participants likely to continue buying on any dips.
Ogawa	Bull	160.00 – 155.00	The US economy remains firm, with the FRB maintaining it will continue to lift rates. The BOJ seems to be lagging behind the FRB when it comes to the pace of rate hikes, with the yen likely to remain bearish as a result.
Yamaguchi	Bull	160.00 – 155.00	The dollar/yen pair temporarily fell to 152 yen as US and Japanese officials verbally intervened to curb the yen's slide. The yen also rose and the dollar fell on growing expectations for a further BOJ rate hike. However, the BOJ will find it hard to continue hiking rates, so any yen appreciation will be capped, with the currency pair likely to return to an upwards trajectory.
Matsunaga	Bull	160.00 – 154.50	With inflation and employment remaining strong in the US, the FRB is likely to stick to its stance of lifting rates in phases. The yen is expected to remain bearish this month.
Hakamata	Bull	161.00 – 156.00	There have been some verbal interventions by government officials, but there remain a number of factors conducive to dollar buying, including the US and Japanese monetary policy outlook, the dollar and yen supply and demand environment, and the ongoing turmoil in the Middle East. There is still a shortage of yen buying factors too, with the dollar/yen pair set to edge higher.
Katoono	Bear	161.00 – 153.00	US interest rates underwent a one-sided surge in September. As the greenback rises, investors are focusing on last year's moves away from the dollar, with some short-term adjustment likely this month. The dollar/yen pair's topside will be capped by speculation about the unexpectedly hawkish comments emanating ahead of the BOJ meeting at the end of October.
Okuma	Bull	160.00 – 155.00	Inflation remains high in the US and expectations are growing for further FRB rate hikes. With the situation in the Middle East also still up in the air, the yen will continue to be weighed down by high crude oil prices. As the impact of US/Japanese moves to tackle yen bearishness wanes, investors will probably test the dollar/yen pair's topside.
Ito	Bull	161.00 – 154.50	The BOJ is picking up the pace of rate hikes, but in the end it is hard to imagine the central bank becoming as hawkish as some market participants are expecting. These expectations will probably fade away as the October BOJ meeting approaches.
Nishi	Bull	160.00 – 154.00	Investors have essentially finished pricing in one BOJ rate hike every three months, with moves by the Japanese and US authorities to curb yen bearishness becoming less effective. As the situation in the Middle East remains deadlocked, the dollar/yen pair will be susceptible to appreciation, with investors likely to test the dollar/yen pair's topside while remaining on guard against interventions.

Harada	Bull	160.00 – 154.00	The markets are pricing in one more FRB rate hike within the year, with the dollar/yen pair set to move firmly. However, the Japanese authorities have made several verbal interventions to curb the yen's slide, so the pair's topside will grow heavier. Nonetheless, it is hard to imagine the BOJ implementing consecutive rate hikes, so the impact of any yen buying will be muted, with the pair likely to edge higher this month.
Yamada	Bear	159.50 – 152.00	There is a dearth of factors supporting successive rate hikes by the FRB and BOJ. With the situation in the Middle East also remaining deadlocked, the markets look set for skittish trading. The dollar/yen pair's topside will be held down at times by concerns about an intervention. The pair's downside might also be tested by sharp adjustments on US interest rate overshooting, so caution will be needed.
Matsuki	Bear	159.00 – 152.00	The dollar is moving firmly across the board, but investors will find it hard to actively test the dollar/yen pair's topside as they focus on moves by the Japanese authorities to curb the yen's slide. Depending on the results of the October BOJ meeting, market investors might try pushing the pair down to a 2026 low.
Oshima	Bull	160.00 – 155.00	US inflation trends and the dollar/yen pair's movements suggest the FRB and BOJ will both leave policy rates fixed this month. The forecast from here on will depend on the Middle East situation. However, even if there are signs of cooling tensions, the BOJ is facing less pressure to hike rates, so the currency pair is likely to remain firm.
Yashima	Bull	161.00 – 155.00	The BOJ and FRB both implemented rate hikes in September, but the BOJ left a dovish impression, with two members voting against the move. Concerns of an intervention have risen on comments by Japanese government officials, with the dollar/yen pair's topside growing heavier. Nonetheless, the pair will probably move firmly on the divergent monetary policy stances of the US and Japan.
Muto	Bear	159.50 – 154.00	The dollar will continue rising on the FRB's hawkish stance and the firmness of the US economy. However, there are strong concerns about verbal interventions by Japanese and US officials to curb the yen's slide. The dollar/yen pair will probably move in a range, but there is a strong possibility that the pair will fall if US interest rates slide on bearish US indicators and a risk asset crash.

Euro – October 2026

Expected Ranges

Against the US\$: US\$1.1100–1.1600

Against the yen: JPY175.00–182.00

Outlook for This Month

The euro/dollar pair and euro/yen pair will gradually start to fall back this month.

The ECB Governing Council hiked its major policy rate by +25bp when it met in September. However, ECB president Christine Lagarde said in her press conference that future decisions about further rate hikes would be “determined at each and every meeting” in order to tackle the impact of soaring energy prices on the Middle East situation. With the markets also pricing in expectations for further US rate hikes, the euro/dollar pair plummeted to the \$1.13 range to continue moving at lows thereafter.

The main themes for the euro this month will remain “the eurozone inflation outlook” and “speculation about the number of further ECB rate hikes.” In the long term, investors will be watching to see how long each central bank will continue lifting rates as they try to control inflation, with attention also focused on whether developed nations can achieve a soft landing by bringing inflation under control before any negative impacts are felt on the real economy. In the short term, though, it will be difficult to bring energy prices down. Iran is in no rush to reach an agreement, for example, while President Trump continues to adopt a belligerent stance towards Iran ahead of the midterm elections. As such, the currency markets will probably be swayed by the gap in the timings of each central bank’s next rate hike.

Events to monitor this month include the October 16 release of the final September eurozone CPI data (HICP). Investors will be watching to see how far inflation is from the ECB’s +2.0% target and what impact energy prices are having. Market participants should also focus on ECB president Christine Lagarde’s press conference after the October 29 ECB Governing Council meeting. One key point will be whether her stance has changed since the last meeting.

The ECB is known as an inflation fighter and it was among the first developed nations to take action, hike rates, and send a clear message about the direction of monetary policy. It now seems to be taking a more cautious approach compared to other monetary authorities, but after the markets move to price in rate hikes to a certain extent, the euro will probably grow attractive again on eurozone economic stability and the ECB’s transparent policy measures.

Dealers' Market Forecast

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

Bullish on the euro	1 bull	1.1600 – 1.1100	Bearish on the euro	16 bears	1.1500 – 1.1200
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* Ranges are central values

Nagano	Bear	1.1550 – 1.1200	The euro/dollar pair fell in September as the greenback strengthened on rising US interest rates. US interest rates have undergone a one-sided rise and there could be some adjustment to this trend in October, but political uncertainty is smoldering away in Germany and elsewhere, so the pair will continue to trend lower.
Yokota	Bear	1.1400 – 1.1200	The euro will be weighed down by deep-rooted concerns about an economic slowdown in the eurozone. The single currency has already depreciated significantly, but this trend looks set to continue for now on the divergent economic outlooks of the US and Europe.
Toriba	Bull	1.1600 – 1.1100	While the ECB has adopted a cautious stance towards further rate hikes, there are growing expectations for more FRB rate rises, with the euro/dollar pair likely to move bearishly on this gap. However, after moves to price in rate hikes to a certain extent, the euro will probably grow attractive again on eurozone economic stability.
Ogawa	Bear	1.1550 – 1.1250	When crude oil prices rise again on growing tensions in the Middle East, the ECB and FRB have both grown more hawkish, but the dollar will be a comparatively easier currency to buy. The euro/dollar pair is expected to trade with a heavy topside in October.
Yamaguchi	Bear	1.1500 – 1.1000	There are rumors the euro/dollar pair might undergo a technical slide after breaching its 2026 low. Expectations for further ECB rate hikes are growing on the rising cost of natural gas and other energy prices, but the dollar will be bought for now on rising US interest rates. The euro will probably trend lower this month.
Matsunaga	Bear	1.1500 – 1.1250	With energy prices soaring, investors are finding it hard to actively buy the euro. The euro/dollar pair will continue to move with a heavy topside provided no major clouds develop over the US economy.
Hakamata	Bear	1.1550 – 1.1250	The FRB and ECB both steered monetary policy in a hawkish direction in September, with the greenback continuing to rise on uncertainty in the Middle East and concerns about inflation. Under these circumstances, this euro/dollar pair looks set to edge lower in October too.
Katoono	Bear	1.1550 – 1.1250	There are deep-rooted expectations that the ECB will hike rates on concerns about rising inflation. Investors have already priced in successive rate hikes by the FRB, with the euro/dollar pair likely to be bought back as the ECB follows suit. However, there is a risk the euro might be sold on political uncertainty in Germany and elsewhere.
Okuma	Bear	1.1500 – 1.1250	The eurozone economy is moving firmly and bets on an ECB rate hike in October are moving around 50%. However, the FRB is even more hawkish than the ECB, so the euro/dollar pair will probably swing lower. Soaring commodity prices will also add pressure, with the pair set to trade with a heavy topside.
Ito	Bear	1.1500 – 1.0950	The ECB is steering monetary policy in the direction of rate hikes, but it has less room for tightening than the FRB. Under these circumstances, the euro/dollar pair looks set to move bearishly on concerns about political uncertainty in the major nations.
Nishi	Bear	1.1500 – 1.1150	Expectations for ECB and FRB rate hikes are growing on inflation concerns, with the euro/dollar pair likely to move flatly on the whole. Record US interest rate rises will invite dollar buying, with the pair expected to move with a slightly heavy topside.

Harada	Bear	1.1500 – 1.1200	The euro/dollar pair will move bearishly on deteriorating eurozone economic indicators and political instability in Germany and France. As such, ECB president Christine Lagarde has indicated her support for just modest rate hikes, with the pair likely to fall on the comparison with the FRB's hawkish stance.
Yamada	Bear	1.1500 – 1.1100	There is no clear path to eurozone economic growth. With the political situation also moving unstably, it seems the ECB only has limited room for further rate hikes, so investors will find it hard to actively buy the euro. The euro/dollar pair has renewed 2026 lows, with sentiments set to remain low for now.
Matsuki	Bear	1.1500 – 1.1200	The ECB and FRB are growing more concerned about inflation on rising energy prices. The ripple effect on wages (something the ECB closely monitors) has been limited so far, but the ECB will probably remain hawkish in the short term. However, the euro/dollar pair will move flatly overall as long as the FRB also pursues the same path.
Oshima	Bear	1.1500 – 1.1100	The markets have finished pricing in close to 100bp worth of rate hikes within the next 12 months. However, soaring energy costs are placing pressure on economic growth, so it seems the markets are getting a little ahead of themselves. If this is the case, the euro/dollar pair will probably move bearishly as investors compare the ECB's stance to that of the FRB, which is clearly committed to rate hikes.
Yashima	Bear	1.1500 – 1.1250	ECB president Christine Lagarde has said there are no second-round inflation effects at present and she hinted that rates might be lifted at a gentle pace. There is also political uncertainty related to the rise of the far right in Germany and stormy negotiations about France's budget for fiscal 2027. As such, the euro/dollar pair might hit a 2026 low.
Muto	Bear	1.1550 – 1.1250	The euro/dollar pair will be supported by expectations for further ECB rate hikes as long as crude oil and natural gas prices keep rising, but the FRB also remains in hawkish mode, so the dollar continue to move bullishly. However, with the pair already hitting a 2026 low, its room on the downside will probably be capped.

British Pound – October 2026

Expected Ranges

Against the US\$: US\$1.3050–1.3450

Against the yen: JPY204.00–212.00

1. Review of the Previous Month

The GBP/USD pair fell in September. The pair began the month trading at the \$1.35 level on September 1 after crude oil prices and the greenback rose when the US attacked Iran. The US August employment data was released on September 4 and it moved unexpectedly firmly, with the pair breaking through \$1.35 for a time, though it then continued fluctuating around \$1.35 until mid-September. It fell to \$1.33 on September 16 after the FOMC implemented its first rate hike since 2023. As expected, the Bank of England (BOE) kept policy rates fixed when it met on September 17, but it adopted a dovish stance towards quantitative tightening (QT) and said it would not sell any long-term government bonds until April next year. The currency pair subsequently tumbled to the mid-\$1.33 level. Hopes grew that the Strait of Hormuz would be reopened, but there remained concerns about inflation, with government bonds sold across the globe on September 23. The markets reacted particularly badly to the selling of French government bonds, so the euro weakened and the currency pair dropped to \$1.32. It rallied to the mid-\$1.32 mark following a speech by UK chancellor John Healey on September 28, but its topside was weighed down by geopolitical risk.

The pound fell against the yen. The pound/yen pair began the month floating at the mid-216 yen mark on September 1. The yen was bought on concerns of an intervention, with the pair temporarily dropping below 210 yen after the release of the US employment data on September 4. The yen was also bought on expectations for a BOJ rate hike, so this trend continued into the following week, with the pair falling to the lower-207 yen level on September 8. As expected, the BOJ implemented a rate hike on September 18. However, some members had voted to maintain the status quo, while the yen was also sold on BOJ governor Kazuo Ueda's press conference, so the pair rose to 211 yen. It then dropped back below 210 yen on expectations for a rate check during US trading time. Amid ongoing efforts by the Japanese monetary authorities to constrain the yen's slide, the pair dropped through 208 yen on September 28.

2. Outlook for This Month

The GBP/USD pair is expected to move with a heavy topside in October. The Bank of England (BOE) will not be meeting to set policy this month. The next meeting will be held on November 5, with bets on a rate hike currently topping 80%. The Iran situation has grown volatile again and Brent prices are rising, with this fermenting expectations for rate hikes. The biggest focus this month will be the autumn budget announcement, set for October 28. This will be the first budget bill proposed under prime minister Andy Burnham and chancellor John Healey, but there have already been several days of speculation about potential tax rises or other moves to find funds. At the Labour Party conference on September 28, Mr. Healy spoke publicly about this budget proposal, but the impact on the markets was muted. The chancellor's starting point will be fiscal discipline and he is also paying considerable

attention to the markets, so this lack of market reaction could be seen as a positive sign. However, the headlines suggest the lack of reaction was because the chancellor refrained from outlining any concrete policies. The markets also appreciate fiscal discipline and they will be monitoring the budget release to adjudge whether the government will have any problems obtaining the funding for its plans. Some analyses suggest UK taxpayers are already making record contributions to the UK's finances through the stealth taxes introduced by the previous prime minister Keir Starmer. With living costs also rising due to inflation, there does not seem room to squeeze households much further. From previous comments, it seems chancellor John Healey has not ruled out tax rises. As such, rich people might continue leaving the UK to live overseas, with the founder of a UK hedge fund announcing his decision to move to Greece, for example. The government is certainly in a tight spot, with the pound set to move heavily as a result.

Australian Dollar – October 2026

Expected Ranges

Against the US\$: US\$0.6880–0.7180

Against the yen: JPY108.50–113.50

1. Review of the Previous Month

After rising to the mid-\$0.72 mark, the AUD/USD pair weakened to the lower-\$0.70 level in September.

Australia released some better-than-expected Q2 GDP data early September. With NY FRB president John C. Williams and FRB governor Christopher Waller also making dovish comments, the pair strengthened from the mid-\$0.71 range to around \$0.72. The RBA's deputy governor Andrew Hauser then made some hawkish comments the following week, so the pair's topside was tested and it rose to the mid-\$0.72 mark.

The greenback was bought on rising crude oil prices mid-September. It was also bought when the US PPI data topped market forecasts, with the currency pair then sliding to the mid-\$0.71 level. The US August CPI data was released on September 11 and it was broadly in line with market expectations. The US dollar was still bought, with the pair dropping to \$0.7150 for a time. Crude oil prices then soared on new supply problems in the Gulf region. With executives from several AI firms also calling for development to be slowed, US stocks weakened and US long-term interest rates rose, with the AUD/USD pair sliding to the lower-\$0.71 range. At its closely watched meeting on September 16, the FOMC implemented its first rate hike since 2023, with the target range for the FF rate lifted by 25bp. The dot chart suggested the FOMC would raise rates one more time before the year was out. In his press conference, FRB chair Kevin Warsh reiterated concerns about inflation, with the rate hike regarded as a hawkish one. The greenback was bought as a result, with the pair tumbling to the upper-\$0.70 mark.

The pair bounced back from its post-FOMC slide late September to temporarily hit \$0.71. However, the US dollar was then bought when the US August PMI data rose sharply above forecasts, with the pair subsequently crashing to the mid-\$0.70 level. Australia released some mixed August employment data on September 24, with the pair edging down to around \$0.7.

2. Outlook for This Month

The AUD/USD pair is expected to move firmly in October. The pair was swayed significantly by the FOMC's hawkish rate hike in September, but US stocks soon began rising and this assuaged investor fears. The FOMC meeting and FRB chair Kevin Warsh's press conference were more hawkish than the interest rate markets had predicted, so expectations for FRB rate hikes rose sharply, with investors fully pricing in one more rate rise within the year. On the other hand, though the jobs markets is moving firmly in Australia, there are growing concerns about the impact of inflation on the overall economy, with bets on a 25bp rate hike at the next RBA board meeting standing at around 90% at the time of writing (as of September 28). Market participants are aware of the FRB's hawkish stance, but if the RBA's statement or governor Michele Bullock's press conference drop hints about the possibility of further RBA rate hikes, the AUD/USD pair will probably move firmly. Investors should also monitor the October 28 release of Australia's Q3 CPI data for what it reveals about Australia's inflation trends in the medium term.

Canadian Dollar – October 2026

Expected Ranges

Against the US\$: C\$1.3900–1.4300

Against the yen: JPY109.50–113.50

1. Review of the Previous Month

The Canadian dollar moved firmly at the start of September. At an annualized 3.3%, Canada's 2Q real GDP data posted a strong recovery. With crude oil prices (WTI) also rising to \$90/barrel and with the Bank of Canada (BOC) warning about rising inflation in its September 2 meeting, the USD/CAD pair hit a monthly low of C\$1.3784 on September 8.

However, the same day marked a trend shift. Canada's August employment data was sharply down on market forecasts, with the number of full-time workers falling by around 42,000. Concerns also grew about an economic downturn on trade frictions after the US imposed retaliatory tariffs on Canada on September 8. On September 18, the currency pair hit C\$1.40, the Canadian dollar's lowest point against the greenback since August 7.

The decisive factor was the FRB's policy decision on September 16. The FOMC reached a unanimous decision to implement a 0.25% rate hike for the first time since 2023, with the target range for the FF rate lifted to 3.75–4.00%. With sixteen of the FOMC's 18 participants also predicting one further rate within the year, yields on 10-year US treasuries rose to 5.1% for the first time since 2007. Several FRB officials then voiced support for a further rate hike, with market bets on such a move in October then rising to around 70%. At the same time, the likelihood of an October BOC rate hike stood around 53% (as of September 28). As a result, the yield gap between US and Canadian government bonds grew to around 150bp, its widest level since February 2025. Though crude oil prices remained high, this did little to support the Canadian dollar, with the unit edging lower on this interest rate gap. On September 29, the USD/CAD pair hit C\$1.4202 for the first time since early July, with the greenback remaining strong until the month's end.

2. Outlook for This Month

The main focus this month will be the October 27–28 FOMC meeting and the October 28 BOC meeting. Both policy decisions will be announced on the same day, with trading likely to be volatile around this time, so caution will be needed. The US and Canadian September employment data will be released early October and the September CPI data mid-October, with investors monitoring these to ascertain what decisions each bank will take.

The main scenario is of the FRB lifting rates again while the BOC keeps rates fixed, with interest-rate differentials widening and the currency pair floating at highs between C\$1.3900–1.4300. It seems unlikely the BOC will be forced to follow suit and implement a rate hike quickly as Canadian employment and exports deteriorate on US and Canadian tariff policies.

Market participants should also be on guard against a Canadian-dollar rally. Canada's core inflation rate has cooled to an average of 2%, but the headline CPI figure has remained at 3% (the ceiling of the BOC's target) since July. In a speech on September 21, BOC governor Tiff Macklem said the BOC did not "want to be too slow to

respond if inflationary pressures are becoming more persistent.” If the September CPI data tops market forecasts, expectations for a rate hike will grow, with the currency pair having room to dip to around C\$1.3840/50.

The tariff situation and US/Iran events could shift suddenly without any warning, so investors should remain vigilant of the pair trending upwards or downwards.

Korean Won – October 2026

Expected Ranges

Against the US\$: KRW 1,330–1,400

Against the yen: JPY 11.15–12.00 (KRW100)

1. Review of the Previous Month

The USD/KRW pair fell towards mid-September and then moved erratically thereafter.

After opening the month around KRW1368, the pair temporarily rose to KRW1370 as crude oil prices climbed on the deteriorating situation in the Middle East. South Korea's August export data was also released at the start of the month. The export amount was up +68.7% on the same month last year, with semiconductor exports hitting record highs. With President Trump and several other US government officials also warning against rate hikes, the dollar was sold, with the pair subsequently dropping below the key KRW1350 level. Crude oil prices continued rising in the week beginning September 7, but the pair fell as the greenback was sold by exporters. It dropped below KRW1340 for the first time since October 2024 and it weakened to around KRW1335.

The pair then staged a comeback over the latter half of the month. Crude oil prices remained high as Saudi and other major pipelines were closed. As inflation concerns rose, US long-term interest rates climbed to the 5% mark. The FOMC implemented a rate hike on September 16. With the FRB chair's press conference also read a hawkish, the USD/KRW pair rallied sharply. It consequently hit a high around KRW1387 on September 18. However, in the week beginning September 21, news emerged that representatives from the US and Iran had met on the sidelines of the UN General Assembly meetup, with hopes then growing for improvements in the Middle East situation. With exporters also settling their accounts ahead of the Mid-Autumn Festival holidays, the currency pair weakened again. It dropped below KRW1350 again on September 23. On September 28, after the holidays, the pair rebounded slightly to trade in the lower-KRW1360 range.

2. Outlook for This Month

In October, the USD/KRW pair is expected to move from the mid- to the upper-KRW 1300 range.

The won will continue to be supported by South Korea's growing trade surplus and the strength of semiconductor and other exports. However, when the pair moved around lows of KRW1340–1350 last month, this led to settlement demand among exporters and growing appetite among South Korean investors to convert funds into dollars. As this suggests, the pair's room on the downside will also be limited in October. The central banks of the US and South Korea continue to lift policy rates, with both banks also set to meet to set policy in October too. At this moment in time, it seems likely the Bank of Korea will maintain the status quo this month. With the FRB expected to hike rates, the pair could move bullishly as investors focus on shrinking South Korean/US interest rate differentials.

In October last year, South Korea's government agreed to invest \$350 billion into the US, with Seoul announcing it had selected its initial targets for investment. The government has capped investment at \$20 billion a year on concerns about won bearishness, but reports suggest these initial projects might top this figure. It seems some won

funds will need to be converted into dollars to pay for part of this US investment. If this leads to renewed concerns about worsening won supply and demand conditions, the won might weaken further, so caution will be needed.

New Taiwan Dollar – October 2026

Expected Ranges

Against the US\$: NT\$31.40–32.40

Against the yen: JPY4.85–5.08

1. Review of the Previous Month

In September the USD/TWD pair floated in a range between TWD31.45–31.96 (as of September 24).

The pair opened the month trading at TWD31.640. It rose to TWD31.80 early September as tensions in the Middle East intensified, but the greenback was then sold on the back of yen appreciation. The USD/TWD pair moved flatly while temporarily dipping to TWD31.455.

The pair began rising mid-September. The US August CPI data was released on September 11, with the markets then pricing in a rate hike at the following week's FOMC meeting. The US dollar was also bought as crude oil prices rose again, with the pair's topside reaching TWD31.958 on September 17. The FOMC implemented a rate hike at its closely watched meeting (the results were released on the morning of September 17, Taiwan trading time). The Central Bank of the Republic of China (Taiwan) met on the same day and it decided to keep its policy rate unchanged. Overseas funds subsequently flowed into Taiwanese stocks, with the currency pair moving back to TWD31.80.

Taiwanese stocks and the Taiwan dollar remained firm late September, with investors pushing the pair's downside toward TWD31.60. With yields on US treasuries rising, the greenback then moved firmly. However, there was a sense in Taiwanese markets that negative factors had run their course, so overseas investors pumped funds into Taiwan. The pair was trading at TWD31.780 as of September 24.

2. Outlook for This Month

In October, the USD/TWD pair is expected to rise while floating in a range. It will probably move between TWD31.40–32.40.

As for overseas factors, investors should continue to focus on major economic indicators like the US CPI and employment data, with the October 29 FOMC meeting also requiring attention. When it met in September, the FOMC implemented its first rate hike in around three years while also hinting at one more hike within the year. As long as major US indicators show no signs of slowing inflation, the next FOMC meeting is also likely to prove hawkish, with the greenback bought as a result. The situation in the Middle East will also need monitoring.

As for domestic factors, the focus will fall on Taiwanese stock movements. With the Central Bank of the Republic of China (Taiwan) keeping its policy rate fixed when it met in September, Taiwanese stocks have been moving firmly. At +41% y-o-y, meanwhile, Taiwan's August export growth remained at a high level, so overseas investors will probably pump more money into Taiwan, with the Taiwan dollar strengthening as a result.

However, a glance at September's movements suggest the USD/TWD pair is more susceptible to external factors and US interest rate trends. With the US continuing to step up the pace of rate hikes, the greenback will remain an easy currency to buy in October. There are also no signs of tensions easing in the Middle East, with crude oil prices likely to stay high. As such, it is hard to imagine the US dollar falling to any great extent.

Hong Kong Dollar – October 2026

Expected Ranges

Against the US\$: HK\$7.8000–7.8500

Against the yen: JPY19.70–20.50

1. Review of the Previous Month

In September, the USD/HKD pair rose to the upper-HKD7.84 mark as crude oil prices rose on supply concerns against a backdrop of uncertainty about the Middle East situation, with the pair also bolstered by rising US interest rates. However, worries about excessive worries about supplies eased in the latter half of the month, with crude oil prices subsequently sliding. With HKD short-term interest rates also trending upwards on demand for the Hong Kong dollar after the end of the quarter, the pair dropped back to return to the lower-HKD7.84 level.

Hong Kong's July retail sales data was released on Monday, August 31. As with June, the data was down on market forecasts. Hong Kong's August S&P Global PMI was then released on Thursday, September 3, with the indicator moving below the 50 mark dividing expansion from contraction. As concerns grew about Hong Kong's economy, the Hong Kong dollar faced downward pressure and the currency pair strengthened. The Hong Kong dollar was then supported as funds from the Chinese mainland flooded into Hong Kong stock markets via the Stock Connect, so the pair traded with a slightly heavy topside. There was sporadic news about retaliatory attacks by the US and Iran mid-September. US interest rates then rose after the announced details of the US Treasury Department's increased buybacks of long- and ultra-long dated government bonds did not meet market expectations. The USD/HKD pair also climbed higher to temporarily hit HKD7.8465 on Friday, September 18. However, excessive concerns about crude oil supplies eased late September on reports about renewed US/Iran ceasefire talks. The Hong Kong dollar was also bolstered as HKD short-term interest rates began rising on demand for funds after the end of the quarter, with the pair returning to the lower-HKD7.84 mark.

2. Outlook for This Month

In October, the USD/HKD pair is expected to continue trading between HKD7.80–7.85 in the upper half of its peg range.

As for US markets, expectations for further US rate hikes increased after the FOMC meeting struck a hawkish tone on the firm results of several US economic indicators released in September. After the FOMC meeting, FRB officials continued to make verbal interventions to control inflation while talking up further rate hikes, with bets on a rate rise at the October FOMC meeting topping 60% in the US interest rates futures market. US long-term interest rates look set to continue rising on policy rates and on concerns about fiscal expansion, for example. As with last month, the greenback will face strong buying pressure on US/HK interest-rate differentials.

In Hong Kong, meanwhile, stock markets continue to move bearishly. There are no reports about large-scale IPOs at the moment, so investors will find it hard to buy the Hong Kong dollar on interest rate and stock movements. Furthermore, though crude oil prices have fallen from peak on hopes for progress in US/Iran negotiations, they remain high. Though the recently-announced Hong Kong August trade data saw export growth topping market

forecasts, imports climbed even further, so Hong Kong recorded a trade deficit, with this also likely to place selling pressure on the Hong Kong dollar.

Based on the above, it seems the USD/HKD pair will continue moving firmly in the upper half of its peg range on firm demand to buy the US dollar and sell the Hong Kong dollar.

Chinese Yuan – October 2026

Expected Ranges

Against the US\$: CNY 6.6700–6.7300

Against the yen: JPY 23.10–24.10

1. Review of the Previous Month

In September, the U.S. dollar/Chinese yuan exchange rate fell gradually, but in the second half of the month it rallied to return to the level at which monthly trading opened.

At the beginning of the month, on September 1, the U.S. dollar/Chinese yuan exchange market opened trading at around CNY 6.72. Thereafter, the media reported that U.S. Federal Reserve Board (FRB) officials made cautious comments about an interest rate hike in September. In reaction, market participants sold the U.S. dollar, and as a result, the U.S. dollar/Chinese yuan exchange rate fell to reach the lower-CNY 6.71 level. On September 4, the August employment statistics for the U.S. were released with figures significantly stronger than the market estimate. In reaction, the U.S. dollar strengthened, following which the U.S. dollar/Chinese yuan exchange rate rallied temporarily to reach the mid-CNY 6.71 level. However, after a while, the exchange rate returned to the original level, and trading closed for the week at the lower-CNY 6.71 level.

On September 7, the U.S. dollar/Chinese yuan exchange market opened at around CNY 6.71. In the middle of the week, the exchange rate fell to reach the mid-CNY 6.70 level. However, toward the second half of the week, the U.S. dollar/Chinese yuan exchange rate rallied to reach the lower-CNY 6.71 level, as the August PPI for the U.S. was announced, and the result turned out to be above the market estimate. Thereafter, the U.S. dollar/Chinese yuan exchange rate fell, and trading closed for the week at the upper-CNY 6.70 level.

On September 14, the U.S. dollar/Chinese yuan exchange market opened at the upper-CNY 6.70 level. On September 16, a Federal Open Market Committee (FOMC) meeting was held in the U.S., after which the U.S. dollar/Chinese yuan exchange rate temporarily rose to reach the CNY 6.71 level. Yet, toward the second half of the week, the People's Bank of China (PBOC) central parity rate was set at the strongest Chinese yuan level seen so far this year for several consecutive days. In reaction, the U.S. dollar/Chinese yuan exchange rate fell below the CNY 6.70 mark for the first time since January 2023. Thereafter, the U.S. dollar/Chinese yuan exchange rate continued falling to reach the upper-CNY 6.69 level, at which level trading closed for the week.

On September 21, the U.S. dollar/Chinese yuan exchange market opened trading at around CNY 6.70. Thereafter, market participants bought the U.S. dollar against other currencies. Following this trend, the Chinese yuan depreciated. Under such circumstances, the September manufacturing industry Purchasing Managers' Index (PMI) for the U.S. was announced, and the result turned out to be significantly stronger than the market estimate. In reaction, the U.S. dollar/Chinese yuan exchange rate rose further and returned to the CNY 6.71 level. The media reported thereafter that, at a summit dialogue, the U.S. and China had agreed to extend the trade war truce between them until January 10 next year. However, there was no progress further than that. Thus, the impact of this on the foreign exchange market was limited. In the end, the U.S. dollar/Chinese yuan exchange market closed trading at the lower-CNY 6.71 level.

2. Outlook for This Month

In October, the U.S. dollar/Chinese yuan exchange rate is forecast to continue falling gradually.

In September, as mentioned, a summit dialogue between the U.S. and China was held. Even though the two countries emphasized that they had a friendly relationship, there was no particular progress in specific matters such as custom tariffs, restrictions on export, the geopolitical situation in the Middle East, or issues related to Taiwan. The only agreement made during the dialogue was to extend the trade war truce until January next year. On the other hand, the media reported that the two countries had a plan to hold another summit dialogue at the time of the Asia Pacific Economic Cooperation (APEC) meeting and G20 Summit meeting scheduled for November and December this year. Thus, dialogue between the U.S. and China is likely to continue intermittently. In particular, it is obvious that U.S. President Donald Trump wants to avoid unnecessary friction with China, as such would have significant impact on the U.S. economy—as the U.S. mid-term elections will be held in November. Thus, it is unlikely for the relationship between the U.S. and China to deteriorate significantly toward weakening the Chinese yuan.

In terms of monetary policy, the FRB took a hawkish attitude and raised its policy interest rate at the FOMC meeting held in September. However, additional policy interest rate hikes before the end of the year have already been reflected in the market. Thus, it is unlikely for the U.S. dollar to appreciate and the Chinese yuan to depreciate one-sidedly based on the hawkish attitude of the FRB. Given this situation, the U.S. dollar/Chinese yuan exchange rate is expected to fluctuate in both directions in accordance with U.S. economic indices.

In September, the PBOC set its central parity rate toward a stronger Chinese yuan in an accelerated manner. As a result, the U.S. dollar/Chinese yuan exchange rate temporarily reached the CNY 6.69 level in the actual market. However, it is uncertain whether this trend will continue in the coming month. Therefore, market participants are advised to continue carefully observing the level of the PBOC central parity rate. As trade surplus is accumulating, the Chinese yuan is expected to continue to appreciate gradually as a general trend. However, depending on how the PBOC central parity rate is set, the pace of the trend would change, of which market participants are advised to keep in mind.

Singapore Dollar – October 2026

Expected Ranges

Against the US\$: SG\$ 1.2650–1.2950

Against the yen: JPY 121.00–126.00

1. Review of the Previous Month

In September, the Singapore dollar depreciated against the U.S. dollar.

On September 1, the U.S. dollar/Singapore dollar exchange market opened trading at the lower-SGD 1.27 level. As the geopolitical risks in the Middle East grew again, crude oil prices rose again. Based on the rising prices of crude oil, concerns over inflation grew as well. In response, interest rates in the U.S. rose, and market participants temporarily bought the U.S. dollar more actively. Following this trend, the U.S. dollar/Singapore dollar exchange rate rose as well. However, the August ADP employment statistics and other economic indices for the U.S. were released thereafter, and the results turned out to be weak, which reversed the market trend, and the U.S. dollar started to depreciate. As a consequence, on September 9, the U.S. dollar/Singapore dollar exchange rate fell to reach the lower-SGD 1.26 level.

Subsequently, toward the middle of the month, the August Producer Price Index (PPI) for the U.S. was released on September 10, and the August Consumer Price Index (CPI) for the U.S. was released on September 11, both demonstrating growing inflation pressure. In reaction, market participants started to actively buy the U.S. dollar. As a Federal Open Market Committee (FOMC) meeting was scheduled in the same month, expectations were also growing for a policy interest rate hike. As a result, the U.S. dollar/Singapore dollar exchange rate rose to reach the lower-SGD 1.27 level on September 15. Then, on September 16, the Federal Reserve Board (FRB) decided to raise its policy interest rate by 25 basis points, which strengthened the U.S. dollar further, and the U.S. dollar/Singapore dollar exchange rate reached the upper-SGD 1.27 level. After several central bank meetings, the U.S. dollar/Singapore dollar exchange market somewhat calmed down, and the U.S. dollar/Singapore dollar exchange rate continued fluctuating within a narrow range mainly at the upper-SGD 1.27 level.

On September 23, the August CPI for Singapore was announced, and the result turned out to be +2.3% year-on-year, as had been anticipated in the market. On the same day, local time, in the U.S., the September Purchasing Managers' Index (PMI) for the U.S. was announced, and the result turned out to be significantly above the market estimate. In response, interest rates in the U.S. rose, and market participants started to actively buy the U.S. dollar. Following this trend, the U.S. dollar/Singapore dollar exchange rate rose to reach the lower-SGD 1.28 level. Subsequently, toward the end of the month, the U.S. dollar/Singapore dollar exchange rate continued fluctuating at the upper-SGD 1.27 level.

2. Outlook for This Month

In October, the Singapore dollar is forecast to depreciate against the U.S. dollar.

In the U.S., the FOMC is scheduled to hold a meeting in October as well. Because an FRB official recently made a reference to an additional policy interest rate hike, a policy interest rate hike in October has been gradually

reflected in the market since after the September FOMC meeting. Following this trend, interest rates in the U.S. are also rising. For example, the 10-year U.S. bond yield has reached the 5% level—reaching the highest point in approximately 20 years. The U.S. dollar index has also been on an uptrend. While concerns are growing over inflation in the U.S., market participants are likely to continue to buy the U.S. dollar in October based on rising interest rates in the U.S.

In Singapore, on the other hand, the MAS has scheduled its quarterly meeting for October. Thanks to vigorous demand in AI-related sectors, non-petroleum exports grew by more than 20% for the fifth consecutive month, and this demonstrates the strength of the Singapore economy. In terms of price levels as well, the CPI for Singapore has currently been at the 2% level, remaining higher than last year, which had been anticipated by the MAS. However, the MAS is likely to remain cautious in deciding whether or not to change its monetary policy at the October meeting, carefully evaluating the effect of the measures of monetary tightening taken at its April and July meetings.

For the above reasons, the Singapore dollar is forecast to start depreciating gradually in October based on the trend of active U.S. dollar-buying motivated by rising interest rates in the U.S.

Thai Baht – October 2026

Expected Ranges

Against the US\$: THB 32.50–34.50

Against the yen: JPY 4.60–4.90

1. Review of the Previous Month

At the beginning of the month, the U.S. dollar/Thai baht exchange market opened trading at the upper-THB 33.10 level. Subsequently, the U.S. and Iran resumed military attacks, which raised crude oil prices and interest rates in the U.S., while the price of gold fell. As a result, toward September 2, the U.S. dollar/Thai baht exchange rate rose to approach the THB 33.40 level. However, thereafter, the trend reversed, and the U.S. dollar/Thai baht exchange rate fell to approach the THB 32.90 level toward September 3. Subsequently, the employment statistics were released with figures significantly above the market estimate. However, this impacted the market only to a limited extent. In the following week, the August Consumer Price Index (CPI) for Thailand turned out to be significantly above the market estimate on September 7, but this did not impact the market significantly. However, the media reported thereafter that an agreement on a temporary route through the Strait of Hormuz would be reached within a few days, in reaction to which the U.S. dollar/Thai baht exchange rate fell to reach the lower-THB 32.80 level. Subsequently, the U.S. dollar/Thai baht exchange rate continued fluctuating in both directions at around the THB 32.80 level without moving in any direction. On September 10, the media reported that ships were attacked in the Middle East, and this raised both crude oil prices and interest rates in the U.S. Furthermore, the August Producer Price Index (PPI) for the U.S. was announced thereafter. As a result, market participants started to actively buy the U.S. dollar, and the U.S. dollar/Thai baht exchange rate rose to reach the lower-THB 33.10 level. Yet, on September 11, the following day, the rise of crude oil prices stopped temporarily, and the U.S. dollar/Thai baht exchange rate fell to approach the THB 33 level. Thereafter, the CPI for the U.S. turned out to be almost the same as the market estimate. Market participants did not react to this news immediately. However, on September 14, the following day, long-term interest rates in the U.S. once reached 5%, which led the U.S. dollar/Thai baht exchange rate to rise and reach the lower-THB 33.30 level. Subsequently, the trend reversed, and the U.S. dollar/Thai baht exchange rate fell to temporarily reach the mid-THB 33.10 level. Yet, on September 15, the U.S. dollar/Thai baht exchange rate returned to approach the THB 33.30 level, and market participants took a wait-and-see attitude, as a Federal Open Market Committee (FOMC) meeting in the U.S. was being held. On September 16, the FOMC unanimously decided to raise its policy interest rate, and Federal Reserve Board (FRB) Chair Kevin Warsh made a hawkish statement. In reaction, the U.S. dollar appreciated in the overall foreign exchange market. Following this trend, the U.S. dollar/Thai baht exchange rate rose to reach the upper-THB 33.30 level. Toward the beginning of the following week, there was a series of positive news reports related to the geopolitical situation in the Middle East. Consequently, the U.S. dollar/Thai baht exchange rate fell to reach the upper-THB 33.00 level on September 22. However, the U.S. economic indices turned out to be strong, and FRB officials made a series of hawkish remarks. Thus, on September 24, the U.S. dollar/Thai baht exchange rate rose to approach the THB 33.50 level on September 24. Then, on September 25, the August trade balance for Thailand was announced, and the result turned out to be stronger than the market estimate. In reaction, the U.S. dollar/Thai baht exchange rate fell to approach the THB 33.30 level. However, on September 28 after the weekend, when this article was being written, market participants

bought the U.S. dollar at the end of the month, and the U.S. dollar/Thai baht exchange rate rose to approach the THB 33.60 level.

2. Outlook for This Month

In October, the U.S. dollar/Thai baht exchange rate is forecast to remain high and stable.

In September, the central banks of the U.S., Europe, and Japan all raised their respective policy interest rate by 25 basis points. On the other hand, the assistant governor of the central bank of Thailand, Don Nakornthab, made a remark at an interview that the policy interest rate hike by the FRB had already been anticipated prior to its decision and that, at the moment, there was no need for the central bank of Thailand to take the same action as the FRB. The policy interest rate in Thailand is 1%, and this is seen internationally as being low. However, in Thailand, the GDP growth rate for the April–June quarter slowed down to 1.9% year-on-year, and domestic demand remains weak. Thus, under such circumstances, it seems that the central bank of Thailand still sees the necessity to maintain monetary easing. The widening policy interest rate differentials between the U.S. and Thailand is normally a factor to encourage market participants to buy the U.S. dollar and sell the Thai baht. However, regarding the Thai baht, which depreciated against the U.S. dollar by more than 5% from the beginning of the month, the assistant governor of the central bank of Thailand, Don Nakornthab, also shared his view that the current U.S. dollar/Thai baht exchange rate is relatively orderly and preferable for export and economic growth. As exports are growing this year, the central bank is likely to allow the Thai baht to depreciate to some extent unless there are rapid movements. For this reason, as long as the exchange rate remains at the current level, it is unlikely for the central bank of Thailand to raise its policy interest rate immediately to keep the Thai baht from depreciating. Thus, upward pressure is likely to grow on the U.S. dollar/Thai baht exchange rate. However, it is also important to note that, if the depreciation of the baht coincides with the rise of crude oil prices, it can result in high import prices and the deterioration of the current account balance. Therefore, market participants are advised to remain careful to see whether the central bank of Thailand will strengthen its cautious stance against the depreciation of the Thai baht in addition to the possibility of an additional interest hike by the FRB. Nevertheless, under the current circumstances, the interest rate differentials between the U.S. and Thailand are attracting more attention in the market, and therefore, downward pressure on the U.S. dollar/Thai baht exchange rate is likely to be limited.

Malaysian Ringgit – October 2026

Expected Ranges

Against the US\$: MYR 4.0350–4.1050

Against the yen: JPY 37.50–40.00

1. Review of the Previous Month

In September, the Malaysian ringgit depreciated against the U.S. dollar as the tensions of the geopolitical situation in the Middle East intensified, while the Federal Reserve Board (FRB) resumed policy interest rate hikes and interest rates rose globally.

In September, the U.S. dollar/Malaysian ringgit exchange market opened trading at the lower-MYR 4.03 level. On September 3, the central bank of Malaysia held an NPC meeting and decided to maintain the policy interest rate at the existing level. Thus, the impact of this on the foreign exchange market was minimal. Thereafter, geopolitical risks grew as both the U.S. and Iran resumed attacks. Under such circumstances, the U.S. dollar/Malaysian ringgit exchange rate rose to reach the mid-MYR 4.04 level toward the end of the week. In the following week, the U.S. Department of the Treasury announced its plan to purchase government bonds. However, the scale of this was smaller than expected in the market, and it led interest rates in the U.S. to raise sharply. The 10-year U.S. bond yield approached the 5% level. In response, the U.S. dollar/Malaysian ringgit exchange rate also rose to reach the MYR 4.07 level.

In the middle of the month, market participants were waiting to see the outcome of the September Federal Open Market Committee (FOMC) meeting, to be announced on a national holiday in Malaysia. As a result, the U.S. dollar/Malaysian ringgit exchange rate did not move significantly during the first half of the week. At the FOMC meeting in the U.S., the policy interest rate was raised unanimously, which was seen as a hawkish move in the market. As a consequence, the U.S. dollar/Malaysian ringgit exchange rate reached the MYR 4.10 level on September 17. However, on September 18, concerns over crude oil supplies were mitigated. Furthermore, the August trade statistics for Malaysia were released, and the results turned out to be strong, with exports recording positive growth of +45.5% and imports recording +41.1%. In reaction, the U.S. dollar/Malaysian ringgit exchange rate returned to the MYR 4.08 level.

At the end of the month, the petroleum pipelines in Saudi Arabia re-opened. Positively reacting to this news, the U.S. dollar/Malaysian ringgit exchange rate offset the temporary rise seen previously and reached the mid-MYR 4.06 level. However, subsequently, Iran suggested the continued closure of the Strait of Hormuz. Furthermore, FRB officials made hawkish remarks, while crude oil futures and interest rates in the U.S. both rose. Under such conditions, the U.S. dollar/Malaysian ringgit exchange rate rallied once again to reach MYR 4.09. However, the U.S. and Iran resumed peace negotiations thereafter, which led the U.S. dollar/Malaysian ringgit exchange rate to return to the MYR 4.07 level and stabilize at this level on September 25. On September 28, market participants expected the FRB to maintain its hawkish attitude, as business confidence indices in the U.S. turned out to be stronger than the market estimate released at the end of the previous week. As a result, the U.S. dollar/Malaysian ringgit exchange rate rose and fluctuated at the mid-MYR 4.08 level.

2. Outlook for This Month

In October, the U.S. dollar/Malaysian ringgit exchange rate is forecast to remain high. Inflation pressure is likely to strengthen in a wide range of sectors due to continued investment in AI-related sectors as well as energy prices that remain high. As a result, interest rates in major countries are expected to remain on an upward trend, which would be a negative factor for the currencies of emerging countries.

In September, the central bank of Malaysia held an NPC meeting, and there is only one NPC meeting before the end of the year, scheduled for November 5. However, the domestic inflation level in Malaysia has been stable within the target range set out by the central bank, although there are slight monthly fluctuations of approximately 0.1%. Thus, it is difficult to expect the central bank of Malaysia to raise its policy interest rate based on domestic inflation. For this reason, the majority of market participants expect the central bank to maintain its current monetary policy. Under such circumstances, the U.S. dollar/Malaysian ringgit exchange market has been easily affected by capital outflow motivated by the rise of interest rates in Japan, the U.S., and Europe. Also, the Malaysian government is scheduled to announce its budget plan for FY2027 on October 9, and it may include some measures to support household economies even by slowing down the recovery of fiscal conditions. In such a case as well, some foreign investors who prioritize fiscal discipline may avoid the Malaysian ringgit, resulting in Malaysian ringgit-weakening.

There may be some progress in the geopolitical situation in the Middle East, as the Trump administration may try to show positive achievement before the U.S. mid-term elections scheduled for November. However, based on what has been reported, there is a strong impression that peace negotiations are at a stalemate. Thus, it is difficult to expect remarkable progress in the situation within a short term. For this reason, the U.S. dollar/Malaysian ringgit exchange rate is forecast to remain high in October.

Indonesian Rupiah – October 2026

Expected Ranges

Against the US\$: IDR 17,500–18,200

Against the yen: JPY 0.8600–0.9100 (IDR 100)

1. Review of the Previous Month

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

In September, the U.S. dollar/Indonesian rupiah exchange market opened trading at around the IDR 17,700 level. During the first half of the month, the Indonesian rupiah appreciated and the U.S. dollar/Indonesian rupiah exchange rate once approached the IDR 17,500 level on September 9, recording the monthly high for the Indonesian rupiah. Crude oil prices fell to some extent, thanks to expectation for a diplomatic solution in the geopolitical situation in the Middle East. This helped the Indonesian rupiah remain stable in the overall foreign exchange market.

On September 10, however, market participants started to actively buy the U.S. dollar as U.S. government bond yields rose sharply while crude oil prices hiked again. Consequently, market participants sold the Indonesian rupiah in an accelerated manner. On September 16, the Federal Reserve Board (FRB) decided to raise its policy interest rate by 25 basis points for the first time in three years while suggesting further policy interest rate hikes before the end of the year. In reaction, the 10-year U.S. government bond yield exceeded 5.2%, and the 30-year U.S. government bond yield rose to approach the 5.5% level. Following this trend, the U.S. dollar index also reached its highest level in two months. In reaction, pressure to sell the currencies of overall Asian emerging countries strengthened, which weakened the Indonesian rupiah as well. Furthermore, the friction between the U.S. and Iran intensified, which led the price of Brent crude oil to remain high at more than USD 100 per barrel, which was another negative factor for Indonesia, which imports crude oil.

At its meeting held on September 23, Bank Indonesia (BI, the central bank of Indonesia) decided to maintain its policy interest rate at 5.75%—as had been anticipated in the market. However, some market participants expected the BI to prioritize the stability of the Indonesian rupiah. As a result, slightly more participants reacted by selling the Indonesian rupiah. Furthermore, concerns were growing over fiscal expansion, while the Indonesian stock market saw capital outflow, both of which put weight on the Indonesian rupiah. Then, on September 24, there was emergency dialogue between the governor of BI and the Ministry of Finance in order to coordinate financial market liquidity and calibrate strategy in issuing government bonds. However, this did not mitigate concerns over the stability of the Indonesian rupiah. Under such circumstances, the U.S. dollar/Indonesian rupiah reached the upper-IDR 17,900 level on September 28, renewing the monthly low for the Indonesian rupiah.

2. Outlook for This Month

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

The performance of the Indonesian rupiah against the U.S. dollar has been the poorest of all the Asian emerging currencies. The 30-year U.S. government bond yield has reached its highest level since 2004, and the market has

reflected an additional policy interest rate hike by the FRB at the October meeting at approximately 70%. The U.S. dollar index has also risen approximately by 2% since the beginning of the month, and this has been a negative factor for the overall currencies of emerging countries in Asia. In addition, the price of Brent crude oil has been above USD 100 per barrel, which is strengthening pressure against the current account balance in Indonesia, which imports crude oil from abroad. The fiscal burden of the fuel subsidy has also been a serious issue.

On September 23, BI decided to maintain its policy interest rate at 5.75%. However, BI has already raised its policy interest rate by 100 basis points in total in May and June, and market participants are waiting for stronger signals from BI to prioritize the stability of the Indonesian rupiah. In order to support the stability of the Indonesian rupiah by managing the foreign exchange market more effectively, BI announced its plans to expand preferential measures to promote capital inflow, swap and NDF transactions, and settlements in Indonesian rupiah. In the stock market as well, the Jakarta Stock Exchange Composite Index (JKSE) has been sluggish, and the outflow of foreign capital is further weakening the Indonesian rupiah.

For the above reasons, the Indonesian rupiah is forecast to remain weak against the U.S. dollar in October, keeping the U.S. dollar/Indonesian rupiah exchange rate high. The key factors in October include a decision by the FRB regarding a policy interest rate hike, trends in crude oil prices, and a decision by the BI regarding the additional policy interest rate hike.

Philippine Peso – October 2026

Expected Ranges

Against the US\$: PHP 61.50–63.50

Against the yen: PHP 0.385–0.415

1. Review of the Previous Month

In September, the Philippine peso renewed its all-time low intermittently, while the U.S. dollar/Philippine peso exchange rate almost reached the PHP 63 level.

In September, the U.S. dollar/Philippine peso exchange market opened trading at PHP 62.25 against the U.S. dollar. At the end of August, the exchange rate reached the PHP 62 mark, and at the beginning of September, the Philippine peso renewed its all-time low against the U.S. dollar for consecutive days. On September 4, the August price statistics (headline) for the Philippines were released, and the figures were at the expected level. However, along with the core inflation rate, a persistent downtrend was confirmed. In reaction, the U.S. dollar/Philippine peso exchange rate fell from the upper-PHP 62 level to the lower-PHP 62 level. However, crude oil prices continued rising intermittently since the end of August, and this kept the U.S. dollar/Philippine peso exchange rate from falling further. Subsequently, the August employment statistics and price statistics for the U.S. were released. When expectations grew for policy interest rate hikes in the U.S., the Philippine peso depreciated against the U.S. dollar again. In the middle of September, the Philippine peso renewed its all-time low against the U.S. dollar on consecutive days once more, and the U.S. dollar/Philippine peso exchange rate reached PHP 62.925, approaching the PHP 63 mark.

Thereafter, the central banks of the U.S. and Japan both decided to raise their respective policy interest rate by 0.25%, and the market started to reflect further policy interest rate hikes before the end of the year. However, crude oil prices continued falling in the middle of the September, and this kept the U.S. dollar/Philippine peso exchange rate from rising. As a result, the U.S. dollar/Philippine peso exchange rate continued fluctuating within a narrow range mainly at the upper-PHP 62 level.

At the end of September, interest rates in the U.S. continued rising, but upward pressure on crude oil prices weakened. As a result, there were factors to both sell and buy in the U.S. dollar/Philippine peso exchange market. As a result, the U.S. dollar/Philippine peso exchange rate did not move in any direction. Toward the end of the month, there were transactions based on actual demand related to trade settlements, which dominated the market, and the U.S. dollar/Philippine peso exchange rate continued fluctuating at around the mid-PHP 62 level.

2. Outlook for This Month

In October, the U.S. dollar/Philippine peso exchange rate is forecast to fluctuate in reaction to figures in the economic indices both for the U.S. and the Philippines while gradually forming a trend.

Since the Federal Open Market Committee (FOMC) meeting in September, expectations for additional policy

interest rate hikes in the U.S. were growing, encouraging market participants to buy the U.S. dollar globally. However, regarding the possible policy interest rate hike at the October FOMC meeting, market participants remain uncertain. Depending on the figures in the September employment statistics for the U.S. that are to be out on October 2, the decision on the October policy interest rate hike in the U.S. will be more predictable.

It is also important to note that the September price statistics for the Philippines are scheduled to be out on October 6. Since March, when the tensions of the geopolitical situation in the Middle East intensified, the price inflation rate (year-on-year) peaked in April at +7.2%, after which it has been gradually falling for four consecutive months to reach 6.1% year-on-year. However, in September, crude oil prices remained high, as the geopolitical situation in the Middle East remains unpredictable. Thus, it is possible for inflation pressure in the Philippines to strengthen again. At the moment, there are mixed expectations among market participants regarding the possibility of a policy interest rate hike at the monetary policy meeting to be held by the central bank of the Philippines on October 22.

Under such circumstances, the figures in the economic indices for both the U.S. and the Philippines would change the outlook for future monetary policy while encouraging market participants to modify the U.S. dollar positions that have accumulated so far. As a result, it is possible for the U.S. dollar/Philippine peso exchange rate to fluctuate by frequently touching the upper and lower ends of the expected fluctuation range, about which market participants are advised to remain careful. Even if economic indices turned out to be moderate, market participants are expected to persistently continue buying the U.S. dollar given the current trend in crude oil prices and the current economic conditions in the Philippines. Thus, the U.S. dollar/Philippine peso exchange rate is forecast to fluctuate mainly around the PHP 62 level in October.

Indian Rupee – October 2026

Expected Ranges

Against the US\$: INR 94.00–97.00

Against the yen: JPY 1.55–1.75

1. Review of the Previous Month

In September, the U.S. dollar/Indian rupee exchange rate moved significantly from the INR 94 level to approach the INR 96 level.

In August, the U.S. dollar/Indian rupee exchange rate fluctuated only within a narrow range. However, this trend changed significantly in September, and the U.S. dollar/Indian rupee exchange market remained highly volatile. In the second week of the month, the Indian rupee depreciated against the U.S. dollar by more than 1%. Thereafter, the U.S. dollar/Indian rupee exchange rate fluctuated in accordance with the geopolitical situation in the Middle East. In the middle of the month, the crude oil price exceeded USD 100 per barrel, as a result of which the Indian rupee depreciated sharply. On the other hand, there has been significant response to the measures to promote capital inflow in various sectors introduced by the Reserve Bank of India (RBI, the central bank of India) and the Ministry of Finance of India in June and beyond. Thus, there has been a certain level of support for the Indian rupee from the Indian monetary authorities even though there were no direct interventions in the foreign exchange market.

The BSE Sensex continued falling. In addition to the appreciation of crude oil prices resulting from the deteriorating geopolitical situation in the Middle East, inflation pressure strengthened due to a lack of rainfall during the monsoon season, and this acted as a negative factor in the market. Even though the BSE Sensex temporarily rallied at the end of the month, the level was far from the upper-76,000 level, seen at the beginning of the month. The BSE Sensex is currently trading at around the 73,000 level (as of September 28). There was also a net sell in foreign investors' capital flow in the Indian stock market for the first time in three months.

With regard to economic indices in India, the April–June real GDP growth rate for India turned out to be +7.8% year-on-year. In response, the RBI revised its growth rate outlook upward. On September 8, Prime Minister of India Narendra Modi mentioned this during his speech at a fintech event held in Mumbai and emphasized that the robust growth of India was gaining global trust, for which the government would continue its economic reforms.

2. Outlook for This Month

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

As India is dependent on energy imports, the rise of crude oil prices remains the biggest risk that can weaken the Indian rupee. The price level may be affected by weather conditions, and the end to the capital inflow promotion measure by the RBI can also be a negative factor for the Indian rupee. On the other hand, it is likely for the RBI to continue small-scale interventions in the foreign exchange market by consistently purchasing the Indian rupee, supported by the RBI's level of foreign currency reserves—reaching an all-time high at USD 780.8 billion. The

deputy governor of the RBI, Poonam Gupta, suggested that the Indian rupee could even appreciate in the times ahead. Thus, the Indian rupee is less likely to depreciate sharply compared to the previous trend.

The majority of market participants expect the RBI to maintain its policy interest rate at the existing level at the monetary policy committee (MPC) meeting to be held in October. However, market participants are still advised to carefully observe the future attitude of the RBI, as well as remarks made by the RBI governor. Meanwhile, the August Consumer Price Index (CPI) for India was +4.82% (year-on-year), significantly above +4%, which was the target rate. Thus, depending on economic conditions in the coming months, it is possible for the RBI to shift its plan and to start raising its policy interest rate before the end of the year.

While Diwali, an important Hindu festival, is approaching, the peak wedding season is also about to begin. Under such circumstances, Prime Minister of India Narendra Modi released a video to ask the population not to buy gold unless necessary. Prime Minister Modi also encouraged the population to buy domestic products, as India needed to make further efforts to become self-sufficient in order to maintain its economic growth. India is the second-largest gold bullion buyer after China, and its supply is almost entirely dependent on imports. While it is important for India to grow out of persistent deficits in order to strengthen the Indian rupee, there seems to be a deep-rooted tendency to buy gold in India.

This report was prepared based on economic data as of September 30, 2026.

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