

Mizuho Dealer's Eye

March 2026

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Mizuho Bank, Ltd.

Global Foreign Exchange Department

U.S. Dollar – March 2026

Expected Ranges

Against the yen: JPY149.00–158.00

Outlook for This Month

The dollar/yen pair is expected to move bearishly this month.

The pair will mainly be swayed by the Bank of Japan's monetary policy stance. Japan released some lackluster Q4 real GDP data, with the country's January CPI data also rising at a broadly slower pace compared to the previous month. At first glance, it seems this combination of a weak macroeconomic environment and bearish price indicators will make it harder for the BOJ to lift rates again. However, in its monetary policy communication, the BOJ has expressed the opinion that the current policy rate level is still quite accommodative. With keynote inflation also approaching +2%, the BOJ has made positive noises about the prospect of further rate hikes. Even though there are some headwinds in the way of rate hikes, the BOJ will probably want to implement at least one rate hike in order to give itself some room for rate cuts when the next economic slowdown rolls around. Based on this thinking, it seems likely the BOJ will adopt an even more hawkish stance over spring. The 4Q Financial Statements Statistics of Corporations by Industry will be released on March 3. Recent settlement results by large enterprises have proved bullish on the whole, particularly when it comes to companies relying on domestic demand, so the March 3 release is unlikely to undergo a sharp downswing. Furthermore, the results of the spring wage negotiations will be released intensively in mid-March. If wages rise at the same level as last year on these strong business results, this will push the BOJ one step closer to hiking rates again. The markets have yet to fully price in the possibility of a March rate hike, but even if the BOJ decides not to raise rates, it will probably make positive noises about such a move at its April meeting. Under these circumstances, it seems the yen will be bought as market participants price in rate hikes in anticipation of future moves by the BOJ, with the dollar/yen pair likely to face downward pressure for a more prolonged period.

Dealers' Market Forecast

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

Bullish on the dollar	7 bulls	159.00 – 154.00	Bearish on the dollar	8 bears	158.00 – 152.00
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* Ranges are central values

Seki	Bull	160.00 – 155.00	The yen will face downward pressure from Japanese/US real interest-rate differentials and the proposed appointment of two new BOJ board members with a reflationary bent, so the pair could test 160 yen. However, the pair will be restrained by concerns of an intervention by the Japanese and US authorities and by moves to halt the yen's slide, with the pair expected to move with a heavy topside just below 160 yen.
Yamazaki	Bull	159.00 – 154.00	The dollar/yen pair looks set to rise in March. Expectations for BOJ rate hikes have waned somewhat. Investors will need to pay attention to stock market trends, but the sense of direction is likely to remain unchanged in March. However, there are also concerns about sharp fluctuations, so investors should keep an eye on headlines and so on.
Nagano	Bull	158.00 – 152.00	There will be strong real demand for buying when the dollar/yen pair hits 152 yen. There will also be strong concerns when the pair tops 156 yen, so it will trade with a heavy topside. The FOMC and BOJ will both be meeting this month, but the fundamentals are unchanged, so the yen will probably edge lower.
Toriba	Bear	158.00 – 150.00	The dollar/yen pair's movement will be shaped by Japanese and US monetary policy. The FRB continues to move in the direction of rate cuts and the BOJ in the direction of rate hikes. Investors will also move away from the dollar to a certain extent on geopolitical risk related to Iran and the US Supreme Court decision about Trump tariffs.
Yamaguchi	Bear	157.00 – 152.00	Investors are unwinding their yen short positions in the IMM market, with the yen's one-sided slide likely to draw to a close. The markets were surprised by the proposal to appoint two reflationists to the BOJ's board. As with January, though, speculation about a coordinated intervention will grow when the yen undergoes any excessive falls, so the dollar/yen pair's topside will be capped.
Matsunaga	Bear	158.00 – 152.50	With the FRB adopting a cautious stance when it comes to changing its policy rates, investors will continue to focus instead on the timing of the next BOJ rate hike. Nonetheless, it seems unlikely the BOJ will shift to aggressive rate hikes given Japan's inflationary trends, so the dollar/yen pair will probably trade in a range.
Katoono	Bear	158.00 – 152.00	The yen weakened in February on slowing Japanese CPI data and proposals for new BOJ board members. However, Japan's spring wage negotiations have kicked off in earnest and there are strong expectations that the BOJ will implement an early rate hike in March or April. With investors continuing to shift away from the US on the new tariffs, the dollar/yen pair will probably trade with a heavy topside this month.
Hakamata	Bull	159.00 – 154.00	The dollar/yen pair looks set to rise in March. With its proposals for new BOJ policy board members, the Japanese government reiterated its desire for a high pressure economy. The dollar faces uncertainty related to US tariffs and so on, but there is also no reason to buy the yen, so the yen will continue to slide.
Okuma	Bear	157.00 – 152.00	The Japanese government has proposed two reflationists as new BOJ policy board members, with the BOJ likely to continue taking steps to normalize monetary policy. However, the greenback will be prone to selling on uncertainty related to US trade policy and the response of the Trump administration, so the dollar/yen pair will move with a heavy topside.
Ito	Bear	158.00 – 149.00	Statistics released over spring will probably confirm the healthy business results of Japanese firms. On the back of this, it also seems that wages will rise at the same rate as they did last year. As such, expectations will grow for further BOJ rate hikes, with the yen likely to be bought as a result.
Nishi	Bull	158.00 – 154.00	The Takaichi administration and the BOJ are moving in different directions when it comes to monetary policy, but the government will probably win this fight on the back of public support. There will still be some strong yen selling, but fears of an intervention will grow at the upper-157 yen mark, so the dollar/yen pair will move flatly this month.

Harada	Bull	159.00 – 153.00	Concerns about dollar weakness are growing on unease about Trump tariffs, but the yen will be sold substantially on the fiscal expansion policies of the Takaichi administration. Prime minister Sanae Takaichi has also adopted a cautious tone regarding the prospect of the BOJ raising rates, with this also standing in the way of any early rate hikes.
Yamada	Bull	160.00 – 154.00	Inflation is slowing in Japan, with the BOJ showing no enthusiasm for early rate hikes. However, uncertainty is growing on trade policies and geopolitical factors. With the FRB also in no rush to lower rates again, investors will test the dollar/yen pair's topside amid concerns about an intervention.
Matsuki	Bear	158.00 – 152.00	The yen has been sold on the monetary policy stance of the Japanese authorities and news about new BOJ board members, but there seems to be a shortage of factors on the whole. The BOJ remains in hawkish mode, with speculation about a March rate hike growing on yen weakness, so caution will be needed.
Oshima	Bear	158.00 – 150.00	Momentum for rate hikes faced headwinds in February from resistance from prime minister Sanae Takaichi and from news about new BOJ board members. Still, BOJ governor Kazuo Ueda has dropped hints about an early rate hike, with the BOJ showing appetite for such a move. The yen will probably strengthen as the BOJ lays the groundwork for rate hikes from April onwards.

Euro – March 2026

Expected Ranges

Against the US\$: US\$1.1650–1.2000

Against the yen: JPY181.00–186.00

Outlook for This Month

The euro/dollar pair's upwards momentum eased off in February. At the end of January, President Trump had said he was not concerned about dollar depreciation, with the pair subsequently strengthening to \$1.20 for a time. However, it was bought back when treasury secretary Scott Bessent verbally intervened to curb the greenback's slide, with the pair dropping back below \$1.20.

Though the overnight index swap (OIS) markets have priced in over 50bp worth of FRB rate cuts this year, they have only factored in around 8bp worth of ECB rate cuts. The FRB looks set to continue lowering rates on the deteriorating US jobs situation. On the other hand, the ECB has paused rate cuts since June 2025 and it seems ever more likely that the ECB has brought rate cuts to an end. With the FRB lowering rates while the ECB keeps rates fixed, US/European interest-rate differentials will probably shrink on these divergent monetary policies, with the euro/dollar pair set to move firmly as a result.

On the technical side, the pair received strong support at its 200-day moving average line (its long-term moving average line) in January. This will also support the pair this month too.

Furthermore, on February 20 the US Supreme Court invalidated President Trump's IEEPA tariffs. The immediate impact on the forex markets was muted, but there is a risk the dollar might depreciate in the mid- to long-term on shaken confidence in US policy. Based on these factors, it seems the currency pair might head toward \$1.20 again in 2026.

The euro/yen pair will move flatly in the lower-180 yen range as the euro/dollar pair moves firmly and the dollar/yen pair trades with a heavy topside.

Dealers' Market Forecast

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

Bullish on the euro	12 bulls	1.2000 – 1.1700	Bearish on the euro	3 bears	1.1900 – 1.1600
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* Ranges are central values

Seki	Bull	1.2000 – 1.1700	The FOMC has revised the dot chart downwards, with the euro/dollar pair's downside likely to rise on shrinking US/German interest-rate differentials. The ECB has attained the neutral rate and this will also support the euro, but Trump tariffs and a German economic slowdown mean it will take some time before the pair clearly breaches \$1.20.
Yamazaki	Bull	1.1900 – 1.1600	The euro/dollar pair will strengthen this month. US stocks will move in a range at current levels, but the pair will nonetheless edge up towards January highs. However, it could be swayed substantially by headlines, so caution will be needed.
Nagano	Bull	1.2000 – 1.1700	The financial stances of the FRB and ECB remain unchanged. However, the US Supreme Court has ruled that last year's IEEPA-based tariffs are unconstitutional. President Trump has announced some new tariffs, but the dollar will inevitably slide on renewed shifts away from the US.
Toriba	Bull	1.2300 – 1.1500	The euro remains in a comparatively superior position. Though the ECB Governing Council has tried to restrain euro appreciation, the euro is being bought as investors shift funds away from the US, so the euro/dollar pair will continue to move firmly.
Yamaguchi	Bull	1.2000 – 1.1650	The ECB has drawn the curtains on rate hikes while the FRB continues to lower rates, with the euro/dollar pair set to move firmly on these divergent monetary policies. Furthermore, the US Supreme Court has invalidated the President Trump's IEEPA tariffs, with the euro also likely to be supported by shaken confidence in the dollar.
Matsunaga	Bull	1.2000 – 1.1700	The FOMC and ECB will probably keep rates fixed when they meet in March, so the divergence in US and EU monetary policy is unlikely to grow wider. The euro/dollar pair will be bolstered as investors flee the dollar on tariff problems and so on.
Katoono	Bull	1.1950 – 1.1730	FRB hawkishness might face some adjustment when the new chair takes the reins, but the FRB's next step is still likely to be a rate cut. This marks a contrast with the cautious moves of the ECB, with this comparative difference likely to bolster the euro/dollar pair. There will moves away from the US on uncertainty about President Trump's new tariffs, with this also likely to support the pair's movements.
Hakamata	Bull	1.2000 – 1.1700	The euro/dollar pair will strengthen this month. It will move firmly on the divergent monetary policies of the US and EU and on moves away from the greenback on uncertainty about US policy.
Okuma	Bull	1.2000 – 1.1750	There are concerns related to the French political uncertainty, for example, but investors are starting to price in the prospect of the ECB shifting to rate hikes in the latter half of the year, with the euro likely to move firmly on moves away from the dollar. As such, the euro/dollar pair will continue to reap the benefits of the dollar exodus this month.
Ito	Bear	1.1900 – 1.1500	The euro looks set to move bullishly, but there remains a lack of decisive factors, so the euro/dollar pair's topside looks set to gradually edge lower.
Nishi	Bull	1.2000 – 1.1650	Moves away from the dollar have continued since the Trump tariffs were ruled unconstitutional, with the euro/dollar pair set to move firmly. The monetary policy outlook remains unchanged, with the US set on lowering rates while the EU keeps policy fixed, with this also likely to support the euro/dollar pair.

Harada	Bull	1.2000 – 1.1700	The dollar is facing more depreciatory pressure on concerns about the US after the Trump tariffs were ruled unconstitutional, for example. There is speculation that the FRB might shift away from rate cuts when its new chair assumes the role, but the US will probably remain on the path towards rate cuts, with the dollar/yen pair likely to rise on these divergent monetary policies.
Yamada	Bear	1.1900 – 1.1650	The ratification of the tariffs agreement has been put on hold by the EU after the US Supreme Court ruled that Trump tariffs were unconstitutional. Concerns about trade frictions are rising again. With investors also focusing on geopolitical risk, the euro/dollar pair looks set to move bearishly on “emergency dollar buying.”
Matsuki	Bear	1.2000 – 1.1600	The dollar will be sold on President Trump’s tariffs and other foreign policy measures, with the greenback also buffeted by speculation about Chinese moves away from the dollar. However, investors are strongly focused on \$1.20 as the euro/dollar pair’s topside, with the pair likely to trade in a range.
Oshima	Bull	1.2100 – 1.1600	Trump tariffs have been ruled unconstitutional, with the US also facing growing uncertainty related to Iran, for example. As such, the euro will be an easy currency to buy. Speculation is swirling that ECB president Christine Lagarde will step down soon. The euro/dollar pair will be swayed by news about her successor and by increased tensions between the US and EU in relation to tariffs.

British Pound – March 2026

Expected Ranges

Against the US\$: US\$1.3200–1.3900

Against the yen: JPY208.00–218.00

1. Review of the Previous Month

The GBP/USD pair fell last month. The BOE released its policy rate announcement on February 5. The markets had expected the BOE board to vote 7-2 to keep rates fixed, but the vote was actually 5-4, with more members than expected voting for a -25bp rate cut. As a result, more investors moved to price in rate cuts. The pound was subsequently sold across the board. With the release of the US employment data looming the following week, the greenback was sold on caution, so the currency pair's losses were pared back. The UK's December employment data was released on February 17. At 5.2%, the unemployment rate was in line with market expectations but up on BOE forecasts, with unemployment hitting its highest level in five years. Moves to price in rate cuts increased thereafter, with the pound sold as a result. The UK's January CPI data was released on February 18. The headline figure fell to +3% y-o-y, but the core and services figures were up on market expectations, so market participants reacted by buying the pound. However, the minutes to the FOMC meeting were released during the afternoon of the same day and they were more hawkish than expected, with several members discussing the possibility of rate hikes, for example. With the US also releasing several bullish indicators and with crude oil prices continuing to climb on geopolitical risk, the dollar began trending upwards again. There was a dearth of any new factors towards the month's end, so the pair moved without a sense of direction whilst undergoing some slight adjustment.

2. Outlook for This Month

The GBP/USD pair is expected to move bearishly in March. A glance at the recent economic indicators shows the labor market deteriorating, with growth also dipping below market expectations. The BOE is scheduled to make a policy rate announcement on Thursday, March 19, but the swap markets have essentially finished pricing in a -25bp rate cut. The persistency of inflation remains one risk on the upside, but with the UK's January headline CPI figure falling to +3%, for example, signs of disinflation are starting to appear. Inflation in the service sector is still quite high, but the overall figure has been pulled down in large part due to a pronounced slump when it comes to housing, a sector with a substantial impact on inflation. In the options markets, the one-month 25-delta implied volatility data continues to show a preponderance of puts. On the technical side, the GBP/USD pair has rallied at times at its 200-day moving average line, with the pair's topside growing heavy at the 50-day moving average line. The BOE's policy rate has still not been fully factored in to the pair's price, so the pair will probably trend lower ahead of a BOE rate cut while market participants continue to monitor the deteriorating employment situation and disinflation trends.

Australian Dollar – March 2026

Expected Ranges

Against the US\$: US\$0.7000–0.7250

Against the yen: JPY108.00–113.00

1. Review of the Previous Month

In February, the AUD/USD pair fell to around \$0.69 before rising to around \$0.71.

At the start of the month, the RBA implemented a hawkish +25bp rate hike. As Australian interest rates rose and the Australian dollar strengthened, the currency pair climbed to around \$0.70. With US stocks and cryptocurrencies being sold, the currency pair tumbled to \$0.69 for a time on risk aversion. However, after a round of selling, risk assets were then bought back again, with the AUD/USD pair also rallying to the \$0.70 range.

The pair temporarily rose to the mid-\$0.71 mark in the middle of the month on some hawkish comment by RBA officials. The US then released some firm January employment data, though. With US stocks also falling sharply on concerns about the threat of AI, the pair weakened to the mid-\$0.70 level once again. Australia then released some strong January employment data. However, investors then focused on geopolitical risk related to Iran, so the Australian dollar was unable to mount a sustained climb, with the currency pair continuing to float around the mid-\$0.70 mark.

The US Supreme Court ruled that President Trump's tariffs were unconstitutional late February. As a result, US stocks rose, US interest rates fell and the greenback was sold, with the currency pair sold to the key \$0.71 level. Australia then released some unexpectedly strong CPI data for January, with the pair subsequently rising to around \$0.71 towards the month's end.

2. Outlook for This Month

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

When it met on February 3, the RBA board lifted its policy rate by 25bp to 3.85%. This was the first rate hike since November 2023, two years and three months ago. The RBA had maintained an accommodative monetary policy until February 2025, lowering rates by a total of 75bp, for example, but it now changed track and shifted towards tightening. There were several factors behind the rate hike. Australia's labor market has grown tighter, for example. Inflation also accelerated over the fourth quarter of 2025, with the headline figure up +3.6% y-o-y and the trimmed mean also hitting +3.4%, with the monthly data also showing prices rising across a wide range of items. Australia's January CPI data was released thereafter and it was up on market expectations on both a m-o-m and y-o-y basis, with investors then moving to price in more rate hikes. The trimmed mean is an indicator the RBA keeps a particularly close eye on, with this accelerating on the previous month to hit +3.4%, its highest level in 16 months. This marked the seventh straight month that the trimmed mean had remained above the RBA's target of 2-3%. The RBA board is unlikely to lift rates again when it meets in March, but bets on a further rate hike in May have risen to around 80%. Under these circumstances, the AUD/USD pair is expected to move firmly, though it will lack upwards momentum given the rising geopolitical risk related to the US and Iran, uncertainty about US tariffs, and

rising concerns about AI, for example.

Canadian Dollar – March 2026

Expected Ranges

Against the US\$: C\$1.3600–1.3900

Against the yen: JPY110.00–115.50

1. Review of the Previous Month

The USD/CAD pair temporarily fell to C\$1.35 in February, though the greenback then strengthened gradually across the board on firm US economic indicators and renewed concerns about market turmoil related to the Trump administration's tariff policies.

At the end of January, President Trump nominated ex-FRB board member Kevin Warsh to be the next FRB chair. Mr. Warsh was regarded as more hawkish than the other candidates whose names had been put forward. The US dollar then rose against the other major currencies at the start of February on the unexpectedly firm results of the US January Manufacturing ISM Report on Business. Canada's January employment data was released on February 6. The number of people in work had fallen, but the unemployment rate had dropped by -0.3% on the previous month to hit 6.5%, with the Canadian dollar bought on this good news. Reports then emerged that the Chinese regulatory authorities has advised financial institutions to keep a lid on their holdings of US treasuries. The greenback was sold as a result, with the USD/CAD pair sliding to a monthly low of C\$1.3504 on February 11.

However, the US dollar's bearishness was short-lived. US 2-year treasuries shot up +0.07% compared to the previous day on the firm better-than-expected results of the US January employment data (released February 11). The currency pair shot up from around C\$1.3565 to C\$1.3605 soon after the announcement.

Late February saw renewed uncertainty about US/Iran nuclear talks and the imposition of new tariffs by President Trump after the US Supreme Court ruled that earlier tariffs were unconstitutional. The pair was trading from the upper-C\$1.36 mark to the lower-C\$1.37 level as of February 25.

2. Outlook for This Month

On February 20, the US Supreme Court invalidated the tariffs that the Trump administration had imposed on other countries under the International Emergency Economic Powers Act (IEEPA). However, around 90% of Canada's exports to the US are covered by the United States-Mexico-Canada Agreement (USMCA), so Canada will reap few benefits from the Supreme Court's decision. The deadline for revising the USMCA is looming in July, with the direction of these talks having a decisive impact on Canada's economy and the Bank of Canada's monetary policy. The Canadian government has switched to a policy of pursuing trade with a broader range of countries as it seeks to reduce its reliance on the US, but the BOC has hinted that it might lower rates in future if uncertainty about the USMCA negotiations increases.

The main scenario at present is that the BOC will base its economic outlook on the scenario that the talks will only result in minor changes, with the USMCA extended another 16 years until 2042. The talks are still at the initial stage, so the BOC will probably keep policy rates fixed when it meets on March 18. The FOMC will be meeting on the same day. The US employment data has shown signs of improvement since the end of last year, so the FRB will

probably keep rates fixed too, with US/Canadian interest-rate differentials unlikely to change.

There is considerable uncertainty about the USMCA, which is only natural given how the negotiating partner is the unpredictable Trump administration. With US/Canadian interest-rate differentials also unchanged, the USD/CAD pair is likely to trade between C\$1.36-1.39 in March, the same range it has traded in these past two months.

Korean Won – March 2026

Expected Ranges

Against the US\$: KRW 1,400–1,460

Against the yen: JPY 10.42–11.28 (KRW100)

1. Review of the Previous Month

The USD/KRW pair rose early February before dropping back toward the end of the month.

Kevin Warsh was nominated as the next FRB chair at the end of January. Stocks and the price of precious metals fell as a result, with the dollar bought at a faster pace on risk aversion. After opening the month at KRW1451.0, the currency pair rose to the mid-KRW1460 mark. The pair then fell as the situation calmed. However, the yen was then sold on the firm results of US economic indicators and on news that the ruling party had won Japan's general election, with the won also sold as a result. The USD/KRW pair subsequently rose to \$1475.3 for a time. In the week beginning February 9, reports emerged that China was advising its financial institutions to keep a lid on their holdings of US treasuries, with the dollar then sold and the currency pair's topside edging lower. The won was also bought as South Korean stocks moved firmly on expectations for AI demand, so the pair temporarily weakened to KRW1430.

The greenback was bought during the Lunar New Year holidays on firm US indicators, with the pair hitting KRW1450 when the markets opened after the holidays. However, this level saw many exporters converting funds into won, so the pair's topside was held down. The markets grew concerned about geopolitical risk in the Middle East towards the end of the month. The pair floated at KRW1440 at the start of the last week, but the won was then bought when the KOSPI topped the key 6000 mark on February 25, so the pair fell to KRW1429.6 for a time.

2. Outlook for This Month

The USD/KRW pair is expected to trade with a heavy topside in March.

The media is awash with reports that AI might disrupt existing industrial structures, but semiconductor demand will remain firm and funds will continue to flow into South Korean stock markets as exports grow. As such, the won will remain an attractive currency. Furthermore, South Korean government bonds will enter the World Government Bond Index (WGBI) series from April, with these bonds possibly seeing some preemptive buying before this move. Based on these factors, it seems the USD/KRW pair will move with a heavy topside this month.

Uncertainty is rising, though, with President Trump announcing some new tariffs soon after the US Supreme Court ruled that the reciprocal tariffs he introduced were unconstitutional. The South Korean government has explained that the deal it reached last year to invest in the US is still valid, with the huge amount of funds needed for investment into the US likely to remain a factor behind deteriorating demand for the won. If investors focus once again on trade uncertainty and the deterioration in won demand, the won could move bearishly, so caution will be needed.

New Taiwan Dollar – March 2026

Expected Ranges

Against the US\$: NT\$30.70–31.70

Against the yen: JPY4.83–5.05

1. Review of the Previous Month

The USD/TWD pair rose to TWD31.699 in February, though most of its gains were pared back towards the month's end.

The pair opened the month trading at TWD 31.520. The markets began to price in high interest rates for a prolonged period on news that President Trump had nominated Kevin Warsh to be the next FRB chair, with US treasury yields rising and the greenback being bought. US and Taiwanese stocks moved bearishly and gold, silver and other precious metals fell sharply. As a result, the pair rose on risk aversion on February 6 to hit TWD31.699, its highest level in nine months. The US dollar was sold by exporters around TWD31.60, but the pair then traded in a range between TWD31.50-31.60 on the firmness of the greenback and a decline in risk appetite.

In mid-February, Taiwan's January trade data was released on February 9. At \$65.77 billion, the January export amount hit a record high, with the figure up sharply on market expectations at +69.9% y-o-y. These strong exports boosted the Taiwan dollar's fundamentals, with the USD/TWD pair swinging downwards as a result. The pair then fell below TWD31.400 to hit a monthly low of TWD31.378 on a revival of risk appetite, bullish Taiwanese stocks, and buying-on-balance and fund inflows by foreign investors. The pair then moved in a narrow range around TWD31.50 as Taiwan's central bank conducted liquidity adjustments and insurance companies bought the greenback.

Taiwan was on vacation for the Spring Festival holidays from February 16-20. With US stocks climbing, Taiwanese stocks also moved firmly when the markets opened again after the holidays. With exporters also selling the US dollar towards the end of the month, the pair closed February trading around TWD31.30 on February 25.

2. Outlook for This Month

In March, the USD/TWD pair will move away from highs to trade in a range around the lower-TWD31 mark.

At the start of February, President Trump had nominated Kevin Warsh to be the next FRB chair, with the pair then hitting TWD31.699, its highest level in nine months. Amid ongoing uncertainty about the timing of the next FRB rate cut, the greenback's momentum then eased off. During Taiwan's Spring Festival holidays, the US Supreme Court ruled that President Trump's tariffs were unconstitutional. As the risk grew that the US government would have to repay a huge amount of tariffs, market uncertainty grew with regards to the US's finances and trade policies, with concerns also growing about the direction of the dollar.

Taiwanese exports and stocks are moving firmly on demand related to AI and semiconductors, with the Taiwan dollar being supported by the overseas investor flow. However, the correlation between stock movements and exchange rates has weakened since the fourth quarter last year, with the overseas investor flow also subject to volatile shifts, so caution will be needed.

Hedging demand has also fallen since January this year on changes to accounting standards in the insurance sectors, with this potentially impacting the USD/TWD pair and Taiwanese interest rates.

On the whole, the currency pair is expected to continue moving in the range it has traded in since December last year. The center of this range will probably be TWD31.0-31.6.

Hong Kong Dollar – March 2026

Expected Ranges

Against the US\$: HK\$7.7800–7.8300

Against the yen: JPY19.70–20.20

1. Review of the Previous Month

In February, the USD/HKD pair rose from around HKD7.81 to the mid-HKD7.82 mark, close to the middle range of its peg.

It began the month trading at the lower-HKD7.81 level. At the end of January, news emerged that President Trump had nominated ex-FRB board member Kevin Warsh to be the next FRB chair, with US interest rates then rising on speculation about balance sheet reduction, for example. The Hong Kong December retail sales data was then released on Tuesday, February 3 and it fell sharply below market expectations, with the currency pair subsequently rising to the mid-HKD7.81 mark. However, its topside was held down when the January US ADP National Employment Report swung lower on its release on Wednesday, February 4.

There was a lack of any decisive factors thereafter, with the pair moving at the same level with a lack of direction during the Lunar New Year long holiday. The US then released some better-than-expected employment data for January on Wednesday, February 11. The US January CPI data was released on Friday, February 13 and this suggested inflation was cooling on the whole. These indicators had minimal impact, though. Supply and demand conditions tend to grow tighter and short-term Hong Kong interest rates are susceptible to upwards pressure around the time of the Lunar New Year holidays, but there were none of the movements seen in regular years.

In the week beginning February 23, the greenback was bought on uncertainty related to new US tariff policies and on geopolitical risk related to the US and Iran, so the USD/HKD pair climbed to the mid-HKD7.28 level. The pair continued to move at highs towards the month's end.

2. Outlook for This Month

In March, the USD/HKD pair is expected to converge around the center of its range.

The greenback will be supported as speculation about rate cuts wane on the firmness of the US economy and employment conditions. However, there are also several factors capable of pushing the dollar lower, including the direction of the Trump administration's new tariff policies, the impact on the economy, and renewed concerns about the dollar's credibility in the wake of all this, so the dollar is unlikely to see one-sided buying, even though interest rates are likely to remain at high levels. The pair could drop back if there is a warm reaction to reconciliatory measures introduced with an eye on the mid-term elections and the market response, so caution will be needed, but it seems the dollar will continue to undergo a gentle slide on the whole.

As for Hong Kong's economy, the December retail sales data fell sharply below forecasts, with this a slight worry, but the m-o-m figure showed signs of recovery, so it seems there is no real damage when it comes to consumer spending and so on. Furthermore, trade volumes remain at high levels on a year-to-year basis when it comes to both imports and exports, while economy activity also continues to move firmly, with Hong Kong's

January Global PMI also up on the previous announcement. The IPO market continues to move briskly too, so there will be a certain amount of demand for the Hong Kong dollar, with this also supporting the unit's movements against the US dollar.

Chinese Yuan – March 2026

Expected Ranges

Against the US\$: CNY 6.8000–7.0000

Against the yen: JPY 22.00–23.00

1. Review of the Previous Month

In February, the U.S. dollar/Chinese yuan exchange rate fell in an accelerated manner.

On February 2, the U.S. dollar/Chinese yuan exchange market opened trading at the lower-CNY 6.95 level. At the end of the previous week, the January Purchasing Managers' Index (PMI) was announced for both manufacturing and non-manufacturing sectors in China. However, this news had limited impact on the market. Immediately after market opening, the U.S. dollar/Chinese yuan exchange rate rose to momentarily reach the mid-CNY 6.95 level, but the trend did not last. Toward the second half of the week, the U.S. dollar/Chinese yuan exchange rate continued fluctuating around the CNY 6.94 level without moving in any one direction.

On February 9, the U.S. dollar/Chinese yuan exchange market opened at the mid-CNY 6.93 level. However, thereafter, the media reported that Chinese monetary authorities had instructed domestic financial institutions to limit their holdings of U.S. treasury bonds. In reaction, market participants sold the U.S. dollar and bought the Chinese yuan. As a result, the U.S. dollar/Chinese yuan exchange rate fell to the lower-CNY 6.92 level. Then, on February 10 during overseas trading hours, the People's Bank of China (PBOC) announced its plan to maintain the Chinese yuan exchange rate at an appropriate level while flexibly utilizing various policy measures such as policy interest rate cuts. This somewhat weakened the pressure to buy the Chinese yuan temporarily. However, the U.S. dollar/Chinese yuan exchange rate remained low. On February 11, the January Consumer Price Index (CPI) and the Producer Price Index (PPI) for China were announced with both strong and weak figures. Thus, this did not significantly impact the foreign exchange market. On the same day local time in the U.S., the January employment statistics for the U.S. were released, immediately after which market participants actively bought the U.S. dollar, and the U.S. dollar/Chinese yuan exchange rate rose to once reach the upper-CNY 6.91 level. However, this trend did not last for a long time, and on February 12 during overseas trading hours, the U.S. dollar/Chinese yuan exchange rate temporarily fell below the CNY 6.90 level.

After the Lunar New Year holidays, the U.S. dollar/Chinese yuan exchange market opened trading at the upper-CNY 6.89 level on February 24. Thereafter, the U.S. Supreme Court ruled that the tariffs imposed by U.S. President Donald Trump were unconstitutional. However, immediately after that, the Trump administration introduced another sweeping tariff, which encouraged market participants to sell the U.S. dollar and buy the Chinese yuan more actively. Under such circumstances, the U.S. dollar/Chinese yuan exchange rate fell in an accelerated manner to reach the mid-CNY 6.8 level. The U.S. dollar/Chinese yuan exchange rate is thus currently fluctuating at the lowest rate for the U.S. dollar against the Chinese yuan since 2023.

2. Outlook for This Month

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

Since last year, the U.S. dollar has been weak against the Chinese yuan. On February 24 after the Lunar New Year holidays, the U.S. dollar/Chinese yuan fell to reach the CNY 6.8 level. As credit uncertainty is growing over the U.S. dollar again due to the announcement of the introduction of sweeping new tariffs, market participants are selling the U.S. dollar against other major currencies. Under such a context, the U.S. dollar/Chinese yuan exchange rate is not likely to rally. On the contrary, the U.S. dollar/Chinese yuan exchange rate has been falling in an accelerated manner, reaching its lowest level since 2023.

With the introduction of sweeping tariffs under the Trump administration, some countries are expected to have lower tariffs, such as China. However, the U.S. is currently exploring alternative measures to maintain the tariff level. Therefore, the situation surrounding the tariffs remains uncertain. A summit dialogue between the U.S. and China is scheduled in Beijing for the beginning of April, and thus market participants are advised to remain cautious about any actions taken by the two parties prior to the dialogue.

In its quarterly report on monetary policy, the PBOC announced its plan to maintain the Chinese yuan exchange rate at an appropriate rate. Thus, it is difficult to expect the Chinese yuan to appreciate sharply. There are some important factors such as U.S. economic indices, monetary policy changes, and the summit dialogue between the U.S. and China. However, there has so far been no strong reason for market participants to actively buy the U.S. dollar. Under such circumstances, it is most likely for the U.S. dollar to continue gradually depreciating against the Chinese yuan in the times ahead.

In China, the National People's Congress of the People's Republic of China is scheduled to open on March 5. Market participants are also advised to continue to carefully observe the PBOC central parity rate, which has been set toward an increasingly stronger Chinese yuan.

Singapore Dollar – March 2026

Expected Ranges

Against the US\$: SG\$ 1.2500–1.2850

Against the yen: JPY 119.50–124.00

1. Review of the Previous Month

In February, the U.S. dollar/Singapore dollar exchange rate fluctuated in both directions, in reaction to U.S. economic indices and news headlines.

At the beginning of the month, the U.S. dollar/Singapore dollar exchange market opened trading at the lower-SGD 1.26 level on February 2. Thereafter, Kevin Warsh, who has been known for his hawkish attitude, was nominated as the next Federal Reserve Board (FRB) Chair. In reaction, interest rates rose in the U.S., and the U.S. dollar/Singapore dollar exchange rate rose to the mid-SGD 1.27 level. Thereafter, toward the end of the week, the U.S. dollar/Singapore dollar exchange rate continued fluctuating in both directions mainly at around the lower-SGD 1.27 level, as a series of U.S. economic indices released at the beginning of the month had revealed both strong and weak figures.

In the second week of February, there were many key economic indices for the U.S. announced, while there were also other important news headlines. On February 9, the media reported that China would limit holdings of U.S. treasury bonds, and this encouraged market participants to actively sell the U.S. dollar. Following this trend, the U.S. dollar/Singapore dollar exchange rate fell to the mid-SGD 1.26 level. Other economic indices for the U.S. were also announced in the same week. The January employment statistics turned out to be robust. However, the December retail sales and the January Consumer Price Index (CPI) turned out to be weaker than the market estimate. Therefore, pressure to sell the U.S. dollar remained strong. The U.S. dollar/Singapore dollar exchange rate approached the SGD 1.26 level.

In the third week of February, many Asian countries had holidays for the Lunar New Year. In Singapore as well, the market was closed on February 17 and 18. Thus, there were few transactions in the overall Asian currency exchange market. Thereafter, toward the end of the month, the U.S. Supreme Court ruled that the reciprocal tariffs introduced by U.S. President Donald Trump were unconstitutional, which weakened the U.S. dollar. Following this trend, the U.S. dollar/Singapore dollar exchange rate continued fluctuating in both directions at around the mid-SGD 1.26 level.

2. Outlook for This Month

In March, the U.S. dollar/Singapore dollar exchange rate is forecast to remain low.

In the U.S., a Federal Open Market Committee (FOMC) meeting is scheduled for March. However, it is likely for the FOMC to postpone its policy interest rate cut. Therefore, this may not impact the foreign exchange market significantly. Market participants have varied views regarding decisions by the FRB regarding future policy interest rate cuts. Yet, many U.S. economic indices have revealed weak figures, such as the inflation indices released in February. Thus, market participants are expecting a policy interest rate cut in the U.S. before the end of the year,

and this view has been strengthening gradually since the beginning of February.

On the other hand, in Singapore, the GDP for the fourth quarter in 2025 was released in February, and the confirmed figure turned out to be strong, at +6.9%, whereas the estimate was 6.5% and the preliminary figure was +5.7%. Furthermore, the annual GDP for 2025 also turned out to be high at +5.0% year-on-year. In terms of inflation indices as well, the latest figure for the January CPI for Singapore turned out to be +1.4% year-on-year, as had been anticipated in the estimate. Regarding the inflation rate for FY2026, the Monetary Authority of Singapore (MAS) foresees upward risks. For this reason, it is difficult to expect the current monetary policy, which has been maintained over the past three meetings, to be revised with additional measures of monetary easing.

As was discussed above, the Singapore economy remains strong, while the U.S. economy has been slowing down. Furthermore, there has been a sense of uncertainty growing again over the tariff policy by the U.S. Trump administration. Under such circumstances, the Singapore dollar is forecast to remain strong against the U.S. dollar in the times ahead.

Thai Baht – March 2026

Expected Ranges

Against the US\$: THB 30.70–32.10

Against the yen: JPY 4.80–5.10

1. Review of the Previous Month

At the beginning of the month, the U.S. dollar/Thai baht exchange rate rose sharply to temporarily reach the upper-THB 31.70 level on February 2 due to a sharp fall in gold prices. However, on February 3, gold prices rallied, along with which the U.S. dollar/Thai baht exchange rate rallied to approach the THB 31.40 level. Thereafter, on February 5, the January Consumer Price Index (CPI) for Thailand was announced, and the result turned out to be below the market estimate. Furthermore, gold prices fell again, which led the U.S. dollar/Thai baht exchange rate to rise to reach the upper-THB 31.80 level temporarily. However, subsequently, gold prices rallied again, encouraging market participants to buy the Thai baht. As a result, the U.S. dollar/Thai baht exchange market closed trading for the week at around the THB 31.50 level. After the weekend, market participants started to actively buy the Thai baht on February 9 with growing expectations for political stability in Thailand, as a general election had been held for the House of Representatives during the weekend, at which the Bhumjaithai Party became the largest party. As a result, the U.S. dollar/Thai baht exchange rate fell to approach the THB 31 level. On February 12, the U.S. dollar/Thai baht exchange rate occasionally fell below the THB 31 level, as the U.S. dollar was also weakening. On February 13, the media reported that the Bhumjaithai Party under Prime Minister Anutin Charnvirakul would begin negotiations for a possible coalition with the Pheu Thai Party, an opposition party under former Prime Minister Thaksin Shinawatra. In reaction, market participants sold the Thai baht. However, the Thai baht rallied thereafter, and the U.S. dollar/Thai baht exchange market closed trading for the week at around the THB 31 level.

At the beginning of the week, on February 16, the fourth-quarter GDP of Thailand was announced, and the result turned out to be above the market estimate. In reaction, the U.S. dollar/Thai baht exchange rate momentarily fell below the THB 31 level. However, on February 17, the February New York Empire State Manufacturing Index was released, and its result turned out to be above the market estimate. As a result, market participants bought the U.S. dollar actively, and the U.S. dollar/Thai baht exchange rate rose to approach the THB 31.40 level. On February 18, gold prices appreciated again, and the U.S. dollar/Thai baht exchange rate fell to temporarily reach the mid-THB 31.10 level and remained low thereafter. On February 20, the U.S. Supreme Court ruled that the reciprocal tariffs introduced by U.S. president Donald Trump were unconstitutional, which led the U.S. dollar/Thai baht exchange rate to fall further again. Consequently, the U.S. dollar/Thai baht exchange rate fell to approach the THB 31 level at the end of the week. In the following week, on February 23, market participants continued selling the U.S. dollar due to the sense of uncertainty regarding the U.S. tariffs. Thus, the U.S. dollar/Thai baht exchange rate fell below the THB 31 level. Then, on February 25, the central bank of Thailand decided to cut its policy interest rate against the expectations of the majority of market participants. However, this impacted the foreign exchange market only to a limited degree. As of the time at which this article was written, the U.S. dollar/Thai baht exchange rate was fluctuating at around the THB 31.10 level.

2. Outlook for This Month

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

On February 8, the House of Representatives in Thailand held a general election, and the conservative Bhumjaithai Party won the majority, making it possible to form the government. It can thus be said that there is now one upside risk eliminated in the U.S. dollar/Thai baht exchange market. In addition, in Thailand on February 25, the Bank of Thailand (BOT; the central bank of Thailand) decided to cut its policy interest rate by 0.25% to 1.00%, which had not been anticipated by the majority of market participants. After the announcement of this decision, the Thai baht depreciated only by around 10 satang, which has confirmed once again that the current strength of the Thai baht is not based on interest rate levels. In a statement, the BOT explained that the strength in the underlying momentum based on private investment and export of goods was the main factor for the economic growth observed in the fourth quarter in 2025, which turned out to be above the market estimate. Because the current account balance of Thailand has shown a surplus, Thai baht-buying based on actual demand is also considered to be an important factor for the robustness of the Thai baht, in addition to the appreciation of gold prices, as was mentioned above. The statement of the BOT also states that this trend is expected to continue in 2026 and 2027. Meanwhile, in February, the U.S. Supreme Court ruled that the reciprocal tariffs proposed by the U.S. government were unconstitutional. In reaction, U.S. President Donald Trump announced another sweeping tariff at 15%. However, this rate is lower than the rate previously proposed to Thailand, which was 19%. Thus, some market participants expect that imports from the U.S. will increase in Thailand. Even though there are still many factors of uncertainty, this may stimulate economic activities in Thailand during the first half of 2026. For these reasons, the U.S. dollar/Thai baht exchange rate is forecast to remain low, as there have so far been no other factors that can weaken the Thai baht.

Malaysian Ringgit – March 2026

Expected Ranges

Against the US\$: MYR 3.8500–3.9500

Against the yen: JPY 39.00–41.00

1. Review of the Previous Month

In February, the Malaysian ringgit remained strong against the U.S. dollar. At the beginning of the month, the U.S. dollar/Malaysian ringgit exchange market opened trading at around the MYR 3.96 level. Thereafter, the media made a report about the next Federal Reserve Board (FRB) Chair, in reaction to which market participants made various speculations about the monetary policy outlook of the FRB. Under such circumstances, the Malaysian ringgit appreciated against the U.S. dollar. On February 3, the U.S. dollar/Malaysian ringgit exchange rate reached the MYR 3.92 level. Subsequently, the U.S. stock market and rising volatility in precious metal prices supported the U.S. dollar, leading the U.S. dollar/Malaysian ringgit exchange rate to reach the weekly high at the MYR 3.96 level in the morning of February 6. However, the exchange rate fell slightly toward the end of the week to reach the mid-MYR 3.94 level at the closing of weekly trading. On February 9, the U.S. dollar/Malaysian ringgit exchange market opened trading at the upper-MYR 3.94 level. Thereafter, the media reported that China would limit purchase of U.S. treasury bonds, and this strengthened the Chinese yuan and weakened the U.S. dollar. Following this trend, the Malaysian ringgit also appreciated against the U.S. dollar. In reaction to remarks made by the Director of the U.S. National Economic Council, market participants grew cautious about the January employment statistics that were to be out on February 11. Under such circumstances, the U.S. dollar weakened before the release of the statistics, and the U.S. dollar/Malaysian ringgit exchange rate reached the mid-MYR 3.91 level. The January employment statistics turned out to be stronger than the market estimate. However, the U.S. stock market weakened, and the Chinese yuan continued appreciating thereafter. Thus, the U.S. dollar/Malaysian ringgit exchange rate fell below the MYR 3.90 level on February 13. Toward the end of the week, however, the U.S. dollar/Malaysian ringgit exchange rate returned to the upper-MYR 3.90 level. On February 16, the U.S. dollar/Malaysian ringgit exchange rate continued fluctuating in both directions within a narrow range at around the MYR 3.90 level throughout the day. While the U.S. economic indices turned out to be strong, supporting the U.S. dollar, the stability of resources prices and the robustness of the Malaysian economy supported the Malaysian ringgit. Furthermore, there were no more influential events in the market, as many Asian countries had holidays for the Lunar New Year, while Ramadan was also starting. Thus, the U.S. dollar/Malaysian ringgit exchange rate did not move in any direction. After the Lunar New Year holidays, the U.S. dollar/Malaysian ringgit exchange market opened trading at the lower-MYR 3.90 level on February 19. Thereafter, the exchange rate rose and once approached the MYR 3.92 level. However, the trend did not last, and the exchange rate fell immediately after. Subsequently, the January Consumer Price Index (CPI) for Malaysia was announced, and the result turned out to be +1.6% year-on-year, as had been anticipated, which confirmed that inflation is under control. Toward the weekend, there were no more significant movements, and the U.S. dollar/Malaysian ringgit exchange rate continued fluctuating at the lower-MYR 3.90 level until the end of the day of February 20. Also, the U.S. Supreme Court ruled that the U.S. tariff policy was unconstitutional, fueling uncertainty about government operation, and this kept the U.S. dollar weak. On the other hand, the January trade statistics demonstrated the strength of the Malaysian economy. Thus, toward February 25, the U.S. dollar/Malaysian

ringgit exchange rate fell to reach the MYR 3.88 level.

2. Outlook for This Month

In March, the Malaysian ringgit is forecast to remain strong against the U.S. dollar. In early March, the central bank of Malaysia is scheduled to hold a second monetary policy committee (MPC) meeting in 2026. As of the time at which this article was being written, market participants unanimously expected the policy interest rate to be maintained at the existing level. The price level is at the expected level at +1.6%, continuing to rise at an appropriate pace after bottoming out at 1.0% in June last year. In addition, trade statistics recorded significant growth in exports in January, at 19.6% year-on-year. This growth is largely thanks to a remarkable expansion in the electric and electronics sector, which is the main industry in Malaysia. Thus, in Malaysia, the main industry has been growing steadily since the second half of last year, which is an extremely favorable situation for the country. And because the labor market has also been in a good condition, offering stable salary rise with increasing domestic demand, the Malaysian economy is most likely to benefit from a virtuous cycle.

Furthermore, it is also worth mentioning that the U.S. Supreme Court ruled that the previous imposition of U.S. tariffs was a misuse of power by the U.S. President, but the media reported that another sweeping tariff had been introduced. As a result, market participants started to avoid the U.S. dollar globally, which has been reflected in the U.S. dollar/Malaysian ringgit exchange market. Thus, there are factors both for the depreciation of the U.S. dollar and the appreciation of the Malaysian ringgit, which explains the significant strength of the Malaysian ringgit currently observed in the market.

The Trump administration in the U.S. is attempting to impose broad tariffs by turning to alternative legal authorities. This may further depreciate the U.S. dollar. In such a case, market participants are likely to have more reasons to buy the Malaysian ringgit against the U.S. dollar, and thus the U.S. dollar/Malaysian ringgit exchange rate is likely to remain low.

Indonesian Rupiah – March 2026

Expected Ranges

Against the US\$: IDR 16,500–17,000

Against the yen: JPY 0.8900–0.9400 (IDR 100)

1. Review of the Previous Month

In February, the U.S. dollar/Indonesian rupiah exchange rate remained generally flat.

At the beginning of the month, the U.S. dollar/Indonesian rupiah exchange market opened trading at the upper-IDR 16,700 level on February 2. On the same day, the January inflation rate for Indonesia was released, and the result turned out to be +3.55% year-on-year, falling below the market estimate. However, this news impacted the foreign exchange market only to a limited degree. On February 5, the U.S. January ISM® Non-Manufacturing (Services) PMI® Report turned out to be above the market estimate, and this encouraged market participants to actively buy the U.S. dollar. As a consequence, the U.S. dollar/Indonesian rupiah exchange rate rose to reach the IDR 16,800 level. On February 6, the ratings company, Moody's Ratings, revised its rating for Indonesia downward to "negative," as a result of which the Indonesian rupiah depreciated sharply. The U.S. dollar/Indonesian rupiah exchange rate rose to temporarily approach the IDR 16,900 level. Subsequently, in the following week, the media reported that China would limit holdings of U.S. treasury bonds on February 9, and this encouraged market participants to actively buy the U.S. dollar. Consequently, the U.S. dollar/Indonesian rupiah exchange rate fell from the upper-IDR 16,800 level to the lower-IDR 16,800 level. On February 10, the Deputy Governor of Bank Indonesia (BI; the central bank of Indonesia) made a remark to suggest that there was still room for further policy interest rate cuts, which encouraged market participants to sell the Indonesian rupiah. However, on February 12, the January employment statistics for the U.S. were released with strong figures, which further strengthened the U.S. dollar while weakening the Indonesian rupiah. Thus, the U.S. dollar/Indonesian rupiah exchange rate fluctuated at the lower-IDR 16,800 level. Then, on February 13, the Ministry of Finance of Indonesia published its GDP growth outlook, but this did not impact the foreign exchange market. The U.S. dollar/Indonesian rupiah exchange rate continued fluctuating at the lower-IDR 16,800 level.

On February 16 and 17, the market was closed for the Lunar New Year holidays. On February 18, the U.S. dollar/Indonesian rupiah exchange market opened trading at the mid-IDR 16,800 level, after which the U.S. dollar/Indonesian rupiah exchange rate rose gradually to approach the IDR 16,900 level, as market participants were waiting for BI to hold its monetary policy meeting. On February 19, the minutes of a Federal Open Market Committee (FOMC) meeting were seen as hawkish, and market participants started to actively buy the U.S. dollar. As a consequence, the U.S. dollar/Indonesian rupiah exchange rate rose to the mid-IDR 16,900 level. In the afternoon of the same day, BI held a monetary policy meeting and decided to maintain its policy interest rate at 4.75%, by stating that the stability of the Indonesian rupiah is the priority. After the announcement of this decision, market participants bought back the Indonesian rupiah, and the U.S. dollar/Indonesian rupiah exchange rate fell to reach the lower-IDR 16,900 level. On February 20, market participants actively sold the U.S. dollar due to uncertainty over U.S. trade policy. As a result, the U.S. dollar/Indonesian rupiah exchange rate fell below the IDR 16,800 level. As of the time at which this article was being written, the U.S. dollar/Indonesian rupiah exchange rate was fluctuating at the lower-IDR 16,800 level.

2. Outlook for This Month

In March, the Indonesian rupiah is forecast to weaken against the U.S. dollar.

BI decided to maintain its policy interest rate (the BI rate) at 4.75% at its monetary policy meeting held on February 18 and 19. Thus, the policy interest rate was kept unchanged for the fifth consecutive time, as had been anticipated in the market. In a statement, BI expressed its strong intention to support economic growth in 2026 to 2027 while maintaining the stability of the Indonesian rupiah exchange rate. In terms of economic outlook, BI expects growth to continue slowing due to growing uncertainty. Given this outlook, BI will set its monetary policy to focus on maintenance of high growth in the economy as well as the stability of the Indonesian rupiah exchange rate, thus continuing to look for a chance to cut its policy interest rate. In terms of the inflation level, the January Consumer Price Index (CPI) turned out to be +3.55% year-on-year, slightly exceeding the inflation target rate, which was 1.5–3.5%. However, the Indonesian government sees the rise in the inflation rate to be a temporary one and expects it to come back into the target range in the near future. Thus, downward pressure is likely to strengthen on the policy interest rate in the times ahead.

It is also worth noting that there were a series of media reports that fueled a sense of uncertainty regarding the stock and bond markets in Indonesia. In January, the stock index provider, MSCI, suggested a possible downgrade of the Indonesian stock market due to the fact that a lack of transparency in its structure was fueling concerns among investors. In February, the media reported that the ratings agency, Moody's Ratings, downgraded its credit rating for Indonesia because of concerns over its growing fiscal deficit, uncertainty in its policy making structure, and a lack of transparency in its governance. For this reason, the Indonesian rupiah is forecast to remain weak based on the downward pressure on the policy interest rate in Indonesia as well as due to the sense of uncertainty in the financial market.

Philippine Peso – March 2026

Expected Ranges **Against the US\$: PHP 57.00–58.50**
Against the yen: PHP 0.365–0.385

1. Review of the Previous Month

In February, the Philippine peso continued intermittently renewing its yearly high, reaching the PHP 57 level against the U.S. dollar for the first time in four months.

In February, the U.S. dollar/Philippine peso exchange market opened trading at PHP 58.90. At the end of January, both the president of the Philippines, Ferdinand Romualdez Marcos Jr., and the governor of the central bank of the Philippines, Eli M. Remolona, made a remark to call for caution regarding the depreciation of the Philippine peso. Since then, the Philippine peso appreciated gradually. Then, on February 5, the January price statistics for the Philippines were released, and the outcome was stronger than the market estimate. Furthermore, U.S. economic indices revealed both strong and weak figures, which encouraged market participants to sell the U.S. dollar worldwide. As a result, the U.S. dollar/Philippine peso exchange rate started to fall in an accelerated manner, gradually from the mid-PHP 58 level to the lower-PHP 58 level.

In the middle of February, market transactions based on actual demand related to trade settlement decreased, as the Lunar New Year holidays were approaching in many Asian countries. Thus, the U.S. dollar/Philippine peso exchange rate reached a stalemate at around the PHP 58 level. On February 19, the central bank of the Philippines held a monetary policy meeting and decided to cut its policy interest rate by 0.25% for the sixth consecutive time, as had been anticipated in the market. The U.S. dollar/Philippine peso exchange rate continued fluctuating at around the PHP 58 level. At the end of February, movement in the U.S. dollar/Philippine peso exchange market accelerated when the U.S. Supreme Court ruled that the reciprocal tariffs introduced by U.S. President Donald Trump were unconstitutional, which encouraged market participants to sell the U.S. dollar and buy the Philippine peso. As a consequence, the U.S. dollar/Philippine peso exchange rate fell to reach the mid-PHP 57 level for the first time since September last year. Because market participants also adjusted their positions at the same time, downward pressure on the U.S. dollar/Philippine peso exchange rate strengthened further. For a short moment, the U.S. dollar/Philippine peso exchange rate returned to the upper-PHP 57 level, but the trend did not last for a long time, and the exchange rate fell back to the mid-PHP 57 level again. The U.S. dollar/Philippine peso exchange market closed trading in February with a weak U.S. dollar.

2. Outlook for This Month

In March, the Philippine peso is forecast not to appreciate further against the U.S. dollar from the PHP 57 level, waiting for new factors that could lead the Philippine peso to start depreciating again.

The attitude of the central bank of the Philippines has recently changed based on remarks such as “inflation

pressure is likely to strengthen from the supply side, but control will remain possible” and “although it's not clear how much help that would be, there are some reasons for monetary easing from aspects other than inflation.” In particular, the economic growth outlook for 2026 was set at 4.6%—significantly lower than that of last year. Even though the central bank expects a recovery in the second half of the year, domestic demand is showing a slow pace of recovery. On the other hand, with regard to the foreign exchange market, market participants are likely to grow less cautious about the depreciation of the Philippine peso in the times ahead, as the U.S. dollar/Philippine peso exchange rate fell as far as to the PHP 57 level at the end of February. Even though the final decision would depend on the figures in the March economic indices for the Philippines, it is likely for the central bank of the Philippines to continue cutting its policy interest rate at its monetary policy meeting scheduled for the middle of April.

Meanwhile, U.S. economic indices are starting to strengthen, and therefore the most-likely trend would be for the Philippine peso to start weakening again. In March, there will be few market-leading factors, and the U.S. dollar/Philippine peso exchange rate is forecast to fluctuate mainly around the PHP 57 level. However, at the current moment, there are more factors to sell the U.S. dollar, with actions taken by U.S. President Donald Trump, and this is likely to strengthen the Philippine peso. The next resistance line for the U.S. dollar/Philippine peso exchange rate is at the upper-PHP 56 level; but for now, the U.S. dollar/Philippine peso exchange rate is not likely to fall below the lower-PHP 57 level, as market participants see that as an appropriate level, leading the exchange rate to autonomously rally after reaching this level.

Indian Rupee – March 2026

Expected Ranges

Against the US\$: INR 89.50–92.50

Against the yen: JPY 1.62–1.82

1. Review of the Previous Month

In February, the trend in the U.S. dollar/Indian rupee exchange rate changed, and the Indian rupee appreciated against the U.S. dollar.

At the beginning of the month, the U.S. dollar/Indian rupee exchange market opened trading at the upper-INR 91 level. Thereafter, the media reported that Indian Prime Minister Narendra Modi and U.S. President Donald Trump held a telephone dialogue and reached an agreement to lower reciprocal tariffs. In positively reacting to this news, market participants bought the Indian rupee, and as a result, the Indian rupee appreciated sharply, leading the U.S. dollar/Indian rupee exchange rate to reach the lower-INR 90 level. In the middle of the month, there were some transactions that seemed to be stop-loss orders, along with frequent foreign exchange market interventions by the Reserve Bank of India (RBI) to keep the U.S. dollar/Indian rupee exchange rate from falling further. Thus, the U.S. dollar/Indian rupee exchange rate did not fall below the INR 90 mark, continuing to fluctuate within a narrow range at the upper-INR 90 level. Toward the end of the month, there were some transactions based on actual demand, and the U.S. dollar/Indian rupee exchange rate started to rise gradually. Yet, the U.S. dollar/Indian rupee exchange rate did not rise further to reach the INR 91 level. In the end, the U.S. dollar/Indian rupee exchange market closed trading at the upper-INR 90 level (as of February 23).

The BSE SENSEX opened trading at the lower-82,000 level. Subsequently, in reaction to the media reporting related to tariffs as mentioned above, the index rose sharply to the mid-83,000 level. In the middle of the month, the BSE SENSEX occasionally and momentarily exceeded the 84,000 level several times. However, there were some transactions to take profit, and the index fell to the 83,000 level again. Toward the end of the month, the BSE SENSEX remained flat at the same level, and trading closed there (as of February 23). There has been a net buy in terms of investment capital inflow from foreign investors. However, market participants are advised to continue carefully observing the trend of capital return for a while.

In terms of economic indices for India, the RBI unanimously decided to maintain its policy interest rate at 5.25% at its monetary policy committee (MPC) meeting held in February. The January India Manufacturing Purchasing Managers' Index (PMI) and Services PMI recorded a slight improvement from the previous figure. The January Consumer Price Index (CPI, year-on-year) turned out to be +2.75% with an increase from the previous month's result, which was +1.33%. The January trade balance revealed an increase in the trade deficit. Thus, there has been a constant deficit in the trade balance of India.

2. Outlook for This Month

In March, the Indian rupee is forecast to depreciate, even though the U.S. dollar/Indian rupee exchange rate is likely to rise only slowly.

The RBI is likely to continue intervening in the foreign exchange market when the U.S. dollar/Indian rupee exchange rate approaches the INR 91 mark. Thus, the U.S. dollar/Indian rupee exchange rate is not likely to rise sharply in March. On the other hand, there has been a constant excess in imports, which makes it likely for the Indian rupee to continue weakening in a persistent manner. It is therefore possible for the U.S. dollar/Indian rupee exchange rate to continue rising slowly and to return to the INR 92 level, as was observed in January 2026.

At a monetary policy committee (MPC) meeting held in February, the RBI decided to maintain its policy interest rate at 5.25%, unlike at the previous meeting held in December, at which the policy interest rate was cut for the first time in three meetings. The monetary policy stance was maintained at “neutral.” While the RBI seems to view the trade agreement as favorable, economic outlook would depend on progress in economic conditions and indices. Even though it is most likely for the RBI to maintain its current monetary policy, it might cut its policy interest rate further depending on both domestic and international circumstances. On the other hand, since the RBI also revised its CPI outlook upward, it is possible for the policy interest rate to be raised toward the second half of the year—about which market participants are advised to be cautious.

The Indian government also announced its national budget for the next fiscal year. The government is likely to develop its expansionary fiscal policy further based on demand from the industry, which is expected to slow down in fiscal consolidation, in return. As the most-likely scenario, the Indian rupee is forecast to remain weak. However, because the U.S. is a major trade partner for India, the relationship between the two countries regarding the tariff policy remains uncertain, and therefore the U.S. dollar/Indian rupee exchange rate may occasionally fluctuate violently in the times ahead due to headline risks. Thus, market participants are advised to remain careful.

This report was prepared based on economic data as of February 27, 2026.

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