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Mizuho Dealer's Eye

April 2026

Mizuho Bank, Ltd.

Global Foreign Exchange Department

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U.S. Dollar – April 2026

Expected Ranges **Against the yen: JPY155.00–163.00**

Outlook for This Month

The dollar/yen pair is expected to trade firmly in April.

Investors are seeking refuge in the dollar as an oasis of stability amid rising geopolitical risk in Iran and the rest of the Middle East, with the greenback moving firmly as a result. Energy prices are soaring in the US on the Iran situation and it is still too early to predict what impact this will have on the real economy, but the FRB has indicated that any decisions will be based on the available data, so it will probably need some time to confirm and assimilate this impact. As such, it seems likely the pace of any FRB monetary policy shifts will be slower than market participants have anticipated, with the dollar set to remain an attractive currency owing to its comparatively advantageous interest rates.

As for Japan, the markets are expecting the next move by the Bank of Japan (BOJ) to be a rate hike. As of the end of March, bets on a rate rise at the April meeting were moving around 70%. The BOJ is concerned about geopolitical risk, but investors will focus on whether the BOJ will indicate there are precise grounds for rate hikes, even when these transitory factors are removed from the equation. However, the prudency of the BOJ's decision making up until now suggests that a cooling of the Iran situation will be a prerequisite for any further moves, and it is only natural to assume the BOJ will want to make any decisions in an environment without any of this background noise, as far as possible.

The policy rate announcements of the FOMC and BOJ are penciled in for the end of April. The monetary policies of the two countries seem to be moving in opposite directions, but both central banks are likely to move in a cautious manner. After a long dialogue with the markets, a consensus will probably form that "the FRB will not lower rates as much as expected, while the BOJ is still not making any moves," with the dollar/yen pair expected to move firmly as a result.

As for economic indicators, the US March employment data will be released on April 3 and the March CPI data on April 10, while the BOJ's March Tankan survey will be released on April 1, with Japan's March CPI results following on April 24. The results of these indicators could lead to some temporary market fluctuations, so caution will be needed this month too.

Dealers' Market Forecast

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

Bullish on the dollar	7 bulls	162.50 – 158.00	Bearish on the dollar	5 bears	161.50 – 155.00

* Ranges are central values

Seki	Bull	162.00 – 158.00	The yen will be supported by expectations for a BOJ rate hike when it meets in April. However, the US economy is moving firmly and we are seeing some emergency dollar buying. With import costs also rising on tensions in the Middle East, it seems the dollar/yen pair's downside will climb higher this month. The yen might rise at times on resolute moves by Japan's Ministry of Finance, but the pair is likely to trade at highs around 160 yen.
Yamazaki	Bull	163.00 – 158.00	The dollar/yen pair looks set to rise in April. Geopolitical risk related to the Middle East will continue to have a negative impact on the global economy. There will also be uncertainty about the prospect of BOJ rate hikes. Market participants have strongly factored in such a move, so if these expectations wane, the dollar/yen pair will strengthen. Investors should monitor headlines and verbal interventions by the authorities.
Nagano	Bear	161.00 – 154.00	The dollar/yen pair could top 160 yen again as crude oil prices rise on the deteriorating situation in the Middle East, but the pair's topside will be held down by concerns about an intervention. With the BOJ also likely to implement a rate hike, the pair will probably face some adjustment this month.
Toriba	Bull	163.00 – 155.00	The dollar/yen pair will continue to move firmly in April on the dollar's attraction as a primary currency and on absolute Japanese/US interest-rate differentials. It is hard to foresee any shifts in US monetary policy until the FRB can gauge the impact of Middle East geopolitical risk on the real economy.
Yamaguchi	Bear	161.00 – 156.00	The situation in the Middle East is likely to regain composure relatively soon (within one to two months). As crude oil prices stabilize, the dollar/yen pair will probably fall. Furthermore, if Middle East tensions do ease, attention will shift to an April BOJ rate hike, with this likely to pull the yen higher.
Matsunaga	Bear	161.50 – 155.00	Though the BOJ is firming up its rate-hike stance, the FRB remains in wait-and-see mode. The yen will be dragged lower if the Middle East situation drags on for a prolonged period, with the dollar/yen pair probably shifting in a bullish yen direction as investors focus on US and Japanese monetary policy.
Hakamata	Bull	162.50 – 157.00	Crude oil prices climbed in March on the Middle East situation, with inflationary concerns also rising. If the situation in the Middle East remains tense, the dollar/yen pair will probably remain at highs. Even if the situation calms, this will not change the supply and demand environment surrounding the yen, with the dollar/yen pair's downslide likely to move firmly.
Okuma	Bull	163.00 – 158.00	Crude oil prices have risen on growing tensions in the Middle East, with the FRB casting a prudent eye on inflation risk. With the FRB pushing back the date of any rate cuts, the greenback will probably be bought as a base currency amid uncertainty about the future, with the dollar/yen pair set to continue moving firmly.
Ito	Bear	162.00 – 154.00	A lot will depend on the situation in the Middle East, but it is hard to imagine the dollar/yen pair rising further than it already has. The markets will be on guard against an intervention by the Japanese authorities, with the BOJ still having room for rate hikes too.
Harada	Bull	162.00 – 157.00	It seems tensions in the Middle East will drag on for a prolonged period, so it is hard to make any predictions about the future, with the dollar likely to face deep-rooted demand for emergency buying. Investors have priced in a BOJ rate hike on hawkish comments by BOJ governor Kazuo Ueda, but rising crude oil prices on the Middle East situation will be a block to any monetary policy moves by the BOJ.
Matsuki	Bull	162.00 – 158.00	A lot will depend on the situation in the Middle East. Things are unlikely to improve soon when it comes to ceasefire negotiations and so on, so energy prices will probably remain high, with the dollar set to continue moving firmly. Investors have also priced in BOJ hawkishness to a large extent, so this is unlikely to be a market driver this month.

Oshima	Bear	162.00 – 155.00	There is uncertainty about the situation in the Middle East, but concerns of an intervention will probably stop investors from chasing the dollar/yen pair’s topside. With the BOJ recalibrating the natural rate of interest and reformulating its price targets, it seems in the mood for rate hikes. The FRB is unlikely to make any moves ahead of its change of leadership, with the currency pair likely to slide on the BOJ’s hawkish stance.

Hiroshi Matsunaga, Forex Sales, Global Foreign Exchange Department

Euro – April 2026

Expected Ranges **Against the US$: US$1.1250–1.1600**
Against the yen: JPY180.50–185.00

Outlook for This Month

The euro/dollar pair is expected to move bearishly in April.

The US only expected the war in the Middle East to last a month, but a month has now passed and the US and Iran are both striking intransigent tones when it comes to ceasefire negotiations, with the markets reacting somewhat cooly to a mix of good and bad news. The currency pair will swing back and forth on these headlines. However, the impact of the prolonged closure of the Strait of Hormuz will steadily increase going forward. The US is also preparing troops to fight a land war and it has also threatened to attack Iran’s energy infrastructure from April 6. As such, there are no signs of risk aversion waning any time soon, with crude oil prices set to remain high and the dollar likely to see further buying. With European energy prices soaring, Germany’s March CPI data (HICP; preliminary) soared to +2.8% y-o-y (February: +2.0% y-o-y). There is a risk that inflation might rise further if the turmoil in the Middle East and the closure of the Strait of Hormuz drag on for a prolonged period, with ECB president Christine Lagarde also ringing alarm bells late March with her comments about how Europe was facing a real shock, with the markets perhaps being overly optimistic. The main scenario late February, before the war started, was that the ECB would keep monetary policy fixed for the rest of the year, but the financial markets are now pricing in three +25bp rate hikes before the year’s end. Bets on a +25bp rate hike at the ECB Governing Council meeting at the month’s end are moving around 50%, with the outlook for the ECB more hawkish than for other central banks. However, there are concerns about shrinking domestic demand on cost-push inflation or even about stagflation, with such a move expected to have a negative impact on the euro. The yen is also moving bearishly, but the dollar/yen pair has topped the key 160 yen mark and concerns about a government intervention are growing, so the euro/yen pair is likely to move with a heavy topside around 185 yen.

Dealers' Market Forecast

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

Bullish on the euro	5 bulls	1.1800 – 1.1300	Bearish on the euro	7 bears	1.1600 – 1.1250

* Ranges are central values

Seki	Bear	1.1600 – 1.1200	Crude oil prices have risen on heightened tensions in the Middle East. The eurozone relies on energy imports, so there are growing concerns about a eurozone economic slowdown. The ECB Governing Council will probably keep rates fixed when it meets in April, but the euro/dollar pair is likely to move heavily on emergency dollar buying and slowing growth.
Yamazaki	Bear	1.1600 – 1.1300	The euro has swung lower on geopolitical risk related to Iran. The euro/dollar pair has already fallen sharply from highs, so it should stabilize at $1.14. However, if geopolitical risk rises further, its downside might hit $1.13.
Nagano	Bull	1.1800 – 1.1400	The dollar rose and the euro fell in March on the deteriorating situation in the Middle East, but with his approval ratings sliding, President Trump is unlikely to take any further action, with the euro/dollar pair likely to move in a range as the situation becomes deadlocked.
Toriba	Bear	1.1800 – 1.1200	The euro remains in a comparatively superior position, but the eurozone economy will be hit by soaring energy costs. With the dollar also likely to be bought on risk evasion, the euro/dollar pair is expected to trade with a heavy topside for now.
Yamaguchi	Bear	1.1600 – 1.1200	The dollar is being bought on instability in the Middle East, with the euro/dollar pair falling sharply. The Middle East situation will cool off going forward, but the pair is moving far below its 200-day moving average and probably lacks the momentum for a recovery.
Matsunaga	Bear	1.1600 – 1.1250	Crude oil prices remain high and the dollar continues to be bought on the prolonged turmoil in the Middle East. There are also growing concerns about soaring energy costs and inflation in Europe. The ECB has struck a hawkish tone, but the euro/dollar pair look set to move bearishly on sluggish domestic demand and concerns about stagflation.
Hakamata	Bull	1.1800 – 1.1400	If the war in the Middle East drags on, the euro/dollar pair is likely to face downward pressure. However, investors have priced in a rate hike at the March ECB meeting, so the pair's room on the downside will be capped. In fact, the pair might rally if the situation calms, so caution will be needed.
Okuma	Bear	1.1650 – 1.1250	Energy prices have risen on the deteriorating situation in the Middle East, with this placing pressure on the eurozone economy. A lot will depend on how things develop with Iran, but if the war drags on, the dollar is likely to see some emergency buying, with the euro/dollar pair set to trade with a heavy topside.
Ito	Bull	1.1900 – 1.1300	Even if the situation in the Middle East cools off, energy prices will probably remain high for a time. Under these circumstances, the ECB will be forced to adopt a hawkish monetary policy to keep prices in check, with this likely to lead to euro bullishness.
Harada	Bull	1.1600 – 1.1300	The dollar will face buying pressure on increased tensions in the Middle East, but concerns and eurozone inflation are growing again on soaring energy costs. As such, the ECB might switch to rate hikes, with the euro rising as a result.
Matsuki	Bear	1.1600 – 1.1300	There are concerns that euro trade conditions will worsen on prolonged tensions in the Middle East, with the euro set to face ongoing downward pressure. The ECB has hinted that it might lift rates to tackle rising energy costs, but there are also concerns about an economic downswing, so monetary policy is unlikely to support the euro.

Oshima	Bull	1.1800 – 1.1300	The dollar has seen some emergency buying on the situation in Iran, but if this buying cools off, the euro/dollar pair will probably strengthen again on expectations for an ECB rate hike. The inflation forecast was upgraded when the ECB released its economic outlook in March. With the US expected to continue lowering rates, the euro will probably be bought on the monetary policy diversion.

Fumihiko Kanda, Europe Treasury Department

British Pound – April 2026

Expected Ranges **Against the US$: US$1.3100–1.3600**
Against the yen: JPY207.00–216.00

1. Review of the Previous Month

The GBP/USD pair moved with a heavy topside in March.

The dollar was bought when the US and Isreal attacked Iran at the weekend, with the currency pair kicking off the month trading in the upper-$1.33 range on March 2. Amid fears of a prolonged war and soaring fuel prices, the pair continued jostling around $1.33. Sterling began moving bullishly on March 19. The Bank of England (BOE) reached a unanimous decision to keep rates fixed, with the swap markets then fully pricing in three rate hikes within the year. Concerns about an attack on Iran's fuel facilities eased during US trading time, with the pair rallying to $1.34. Worries continued though, with the pair pushed down to $1.32. Dollar long positions were unwound on March 23 when President Trump said talks were underway with Iran, with the pair then hitting $1.34 again. Risk assets were bought on March 25 on reports that the US was preparing a ceasefire plan, but the reaction of the foreign exchange markets was muted. President Trump then said over the weekend that he was extending the deadline for talks with Iran, but there was still lots of emergency dollar buying, so the pair broke below $1.33.

2. Outlook for This Month

The GBP/USD pair will continue to be swayed by the dollar's movements this month.

After last month's meeting of the Bank of England (BOE), the swap markets fully priced in three UK policy rate hikes within the year, though the number of expected hikes has continued to flutter up and down in the time since. Inflation expectations are rising as fuel prices soar on the Iran war, so it is not hard to imagine these expectations shifting again on the changing situation. As such, the foreign exchange markets have grown less reactive to each nation's policy rate outlook, with attention instead shifting to dollar supply and demand on the back of emergency dollar buying. If a ceasefire agreement is not reached, this emergency dollar buying will continue, with concerns about fuel prices also remaining in place. If a ceasefire seems more likely, there could be some unwinding of dollar positions, with crude oil prices falling and sentiments improving, but there are doubts about how far sky-high inflation expectations and concerns about the global economy will shift. The initial response to the Iran attack and subsequent movements suggests that $1.32 is acting as the GBP/USD pair's bottom price, with the pair's room on the downside capped. Investors should also be on guard against the pair strengthening in the short term.

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

Australian Dollar – April 2026

Expected Ranges **Against the US$: US$0.6750–0.7050**
Against the yen: JPY107.50–112.50

1. Review of the Previous Month

In March, the AUD/USD pair was swayed by the situation in the Middle East.

The pair fell to the mid-$0.69 mark at the start of the month on risk aversion related to heightened tensions in the Middle East. However, it then rose to the mid-$0.70 level after President Trump said the US navy might protect tankers travelling through the Strait of Hormuz. Australia's Q4 GDP data then grew at the fastest pace in three years. With the US February employment data also swinging below expectations, the Australian dollar was bought for a time, though this trend was short-lived, with the pair then floating around the mid-$0.70 mark. Crude oil prices soared on March 9 on concerns that the Iran war would drag on. US stock futures and copper prices both fell, with the AUD/USD pair temporarily sold to the mid-$0.69 range. After a round of selling, news then emerged that several countries had jointly agreed to release some strategic crude oil reserves. With President Trump also hinting at an end to the war, crude oil prices fell back, with copper prices rallying and the currency pair climbing to the upper-$0.70 level. The Australian dollar was bought mid-March after the RBA's deputy governor Andrew Hauser made some hawkish comments. Risk sentiments improved on news about the collective release of petroleum reserves, with the pair strengthening to just below $0.7190. Thereafter, the US and Iran both adopted hardline stances, but there were also reports that some ships had passed through the Strait of Hormuz, with the markets swayed back and forth by headlines. The RBA implemented a 25bp rate hike when it met on March 17, with RBA governor Michele Bullock also striking a hawkish tone in the subsequent press conference, so the Australian dollar moved higher. However, FRB chair Jerome Powell then made some hawkish statements after the FOMC meeting on March 18, so the AUD/USD pair was sold again. The pair continued to float around $0.7050 thereafter. The markets swung up and down late March on mixed expectations for peace talks between the US and Iran. The currency pair was swayed by headlines to fall sharply from the $0.70 level to the $0.68 level. Australia released some mixed February employment data on March 19, with the impact on the markets muted.

2. Outlook for This Month

Amid uncertainty about ceasefire negotiations between the US and Iran, the AUD/USD pair will continue to move with a lack of direction in April as it swings to and fro on headlines. If there are signs of progress in peace negotiations, the markets might become more risk friendly, with investors likely to test the currency pair's topside. Australia's labor market is moving firmly, but its inflation rate has been rising, even before war broke out in the Middle East, with this regarded as a problem. Australia's treasurer Jim Chalmers has said inflation could hit 5% in the upcoming months if tensions in the Middle East drag on and crude oil prices soar, with the RBA also expressing more caution about inflation. Under these circumstances, the futures markets have started pricing in around 2-3 more rate hikes within the year, with this suggesting the Australian dollar might rise sharply when geopolitical risk wanes. However, the AUD/USD pair is unlikely to form any clear trend until the situation in the Middle East shows signs of calming, with the pair likely to move in a range for the time being.

Yasuko Iwata, Canada Markets Office, Americas Markets Department

Canadian Dollar – April 2026

Expected Ranges **Against the US$: C$1.3600–1.4000**
Against the yen: JPY112.00–117.00

1. Review of the Previous Month

The US and Isreal launched an attack on Iran on February 28. With the Strait of Hormuz effectively closed since, the Canadian dollar rose early March in tandem with soaring crude oil prices. However, the greenback was bought on risk aversion in the latter half of the month, so the Canadian dollar dropped back.

Crude oil prices rose sharply early March on concerns about supply. The US dollar was subsequently bought in the foreign exchange markets on risk aversion. The Canadian dollar is a commodity currency, so its slide against the greenback was less pronounced compared to other major currencies. On March 9, the WTI crude oil futures markets saw crude oil topping $113/barrel, its highest level in three years and nine months. As a result, the USD/CAD pair reached C$1.3526 for the first time since mid-January, with the pair then moving from the upper-C$1.35 level to the lower-C$1.36 mark. Soaring energy costs also led to renewed concerns about global inflation, with yields on 2-year Canadian government bonds shooting up. The markets began pricing in one rate hike by the Bank of Canada (BOC) before the year's end.

This flow was changed by the release of the February Canadian employment data on March 13. The data sprung a surprise by posting a loss of 84,000 jobs, the largest monthly slide in employment since 2019 (excluding the time of the pandemic). The unemployment rate also deteriorated to 6.7%. Investors had fully priced in a September rate hike until the previous day, but these expectations now waned sharply, with the Canadian dollar also sold to C$1.37 against its US counterpart. The BOC and FOMC both met on March 18, with both central banks leaving interest rates fixed. However, FRB chair Jerome Powell voiced caution about rate cuts due to the situation in the Middle East and so on, so the greenback remained at highs, with the USD/CAD pair continuing to trade at C$1.37. There was growing market skepticism about the prospect of an early end to the war, so the US dollar was bought on risk aversion late March, with the currency pair also strengthening to C$1.39 for the first time in around two months.

2. Outlook for This Month

Canada has released a series of bearish economic indicators, including the 4Q GDP data (released at the end of February), the February employment data, February CPI data, and the January trade balance (all released in March). When the Bank of Canada (BOC) met on March 18, it removed a phrase included in the statement from the January meeting about how policy rates were at an appropriate level, with this replaced by a phrase about how the BOC was prepared to respond if necessary. This came as the new uncertainty of the situation in the Middle East was added to the ongoing problem of trade frictions between the US and Canada. BOC governor Tiff Macklem also commented that "economic weakness combined with rising inflation is a dilemma for central banks."

As of March 30, the interest rate markets had factored in two more Canadian rate hikes within the year, but the BOC will find it hard to hike rates given the parlous state of the Canadian economy. Furthermore, Canada's headline inflation rate stood at 1.8% y-o-y in February, with core inflation moving in the lower-2% range. These figures are quite low compared to the US, so the BOC will probably take its time when it comes to lifting rates. The main scenario is that the BOC will keep rates fixed in 2026.

The focus in April will also fall on the situation in the Middle East. Crude oil prices will continue rising or will stay at highs as long as the war drags on, with the economic impact growing deeper. At the moment, Canada is reaping the benefits of high energy prices, but the greenback will continue to be bought in April as long as a ceasefire agreement remains elusive. With rate cuts also unlikely, it seems investors will try pushing the USD/CAD pair's topside to C$1.40, a level last hit in November last year. The US dollar has been overbought to a certain extent, so if a ceasefire agreement is reached, there might also be some short-term position adjustments this month.

Shuhei Yamauchi, Seoul Treasury Office, East Asia Treasury Department

Korean Won – April 2026

Expected Ranges **Against the US$: KRW 1,470–1,530**
Against the yen: JPY 10.27–11.02 (KRW100)

1. Review of the Previous Month

The USD/KRW pair soared in March on the situation in the Middle East.

With the US and Isreal launching a military strike on Iran at the end of February, the pair opened after a holiday trading at KRW1464.9 on March 3. As investors fled away from risk assets, South Korean stocks plunged and the won fell sharply, with the pair topping the key KRW1500 mark for a time in overseas markets. The pair then swung up and down on headlines related to the Middle East. It weakened to KRW1450 on March 5 on news that the US and Iran were discussing ceasefire conditions, but some reports said talks were not underway. With Iran also extending its reprisals to US facilities in other Middle Eastern countries, the won began moving bearishly again. Crude oil prices then soared when the Strait of Hormuz was closed, with risk aversion intensifying.

In the middle of March, the US said it expected military operations to conclude in the near future, with the currency pair subsequently sliding to KRW1460, but concerns about petroleum supplies then increased on news that Iran had attacked a tanker, so the pair rose to KRW1490 to continue swinging to and fro on headlines.

Amid prolonged uncertainty about the Iran war and petroleum shipments, overseas investors sold off more South Korean stocks. The pair strengthened to KRW1500 toward late March. It climbed further at the end of the month to move around KRW1508.9 as of March 27.

2. Outlook for This Month

The USD/KRW pair is expected to move firmly in April.

The won looks set to move heavily in the short term on the Middle East situation and rising crude oil prices. The Middle East accounts for around 71% of South Korea's crude oil imports, so soaring energy prices will hit corporate profits, with consumer sentiments also likely to worsen.

With semiconductor exports moving firmly, the Korea Customs Service said exports had risen by 50.4% to hit $53.3 billion over March 1–20, with this representing a record high for this period. Expanded semiconductor exports have bolstered South Korea's trade balance while also supporting the won, but the trade balance will be impacted from here on by semiconductor market conditions and crude oil export costs, so caution will be needed.

Bank of Korea (BOK) governor Rhee Chang-yong will be stepping down on April 20, with President Lee Jae Myung nominating Shin Hyun-song, head of the Monetary and Economic Department at the Bank for International Settlements, as the next governor. Shin Hyun-song has made several hawkish comments, saying, for example, that large-scale policy initiatives should be implemented to control soaring property prices around Seoul. With inflation rising on skyrocketing crude oil prices, investors should monitor how the new governor steers policy.

Melody Tung, Taipei Treasury Office, East Asia Treasury Department

New Taiwan Dollar – April 2026

Expected Ranges **Against the US$: NT$31.60–32.60**
Against the yen: JPY4.85–5.07

1. Review of the Previous Month

The US dollar rose across the board in March on the external shock of the US/Israeli attack on Iran that began at the end of February. The USD/TWD pair climbed at a faster pace from mid-March to hit TWD32.196 on March 23, its highest level in 11 months.

After opening the month at TWD31.330, the pair moved in a range between TWD31.70-31.90 at the start of March as risk aversion grew on rising geopolitical risk related to the Israeli airstrikes on Iran. Taiwan's exports moved firmly, but the markets slipped further into wait-and-see mode with an eye on US inflation indicators and the FRB's policy decisions.

The Middle East situation deteriorated mid-March, with the greenback seeing a surge in demand in its capacity as a refuge asset. Overseas investors sold Taiwanese stocks on balance, with demand for the US dollar increasing and the USD/TWD pair approaching the key TWD32 mark. The FOMC kept policy rates fixed when it met on March 18, but its statement was slightly hawkish, so the Dollar index and dollar interest rates both rose. Exporters then sold the US dollar and Taiwan's central bank made some liquidity adjustments, but the USD/TWD pair continued its one-sided rise.

Amid ongoing tensions in the Middle East, expectations for an FRB rate cut waned late March, with the greenback continuing to rise. The currency pair broke clearly through TWD32 to hit TWD32.196 on March 23, its highest level in 11 months. It continued moving at highs around TWD31.90-32.10 thereafter to finally hit TWD31.952 on March 25.

2. Outlook for This Month

Geopolitical risk will remain the main factor driving the foreign exchange markets in April. The US dollar will continue to appreciate until the situation in the Middle East calms, with the USD/TWD pair set to continue trading at highs in the short term.

As such, the external environment remains conducive to greenback bullishness. Taiwan's central bank kept policy rates fixed when it met in March, but it also upgraded its 2026 GDP outlook sharply to 7.28%, with the domestic economy moving firmly. However, US-dollar selling by exporters is moving stably, with the currency pair's room on the downside capped.

As for the outlook for April, if tensions remain high in the Middle East, investors will continue to buy the greenback as a safe asset, with the USD/TWD pair expected to move in a high range between TWD32.0-32.3. If the situation worsens, it could head towards TWD32.4-32.5. However, if the situation cools off and risk aversion wanes, the pair could weaken to TWD31.8-31.9, though its room on the downside will be capped by uncertainty about the timing of FRB rate cuts and fund movements by overseas investors.

On the whole, the main scenario for the pair in April will remain "US dollar appreciation/fluctuation in a range/driven by geopolitical risk," with the pair expected to move at highs around TWD32.

Naoki Nohara, East Asia Treasury Department

Hong Kong Dollar – April 2026

Expected Ranges **Against the US$: HK$7.8000–7.8500**
Against the yen: JPY20.10–20.60

1. Review of the Previous Month

In March, the USD/HKD pair moved around HKD7.80-7.84, in the upper half of its peg range.

Risk aversion grew at the start of the month when the situation in the Middle East deteriorated sharply. With Hong Kong stock markets falling sharply, the currency pair weakened temporarily to around HKD7.80. However, concerns about US inflation then grew as crude oil prices soared after the Strait of Hormuz was closed. US interest rates rose and the greenback saw emergency buying, with the USD/HKD pair also rising again, with its topside extending to around HKD7.84.

The FOMC focused on uncertainty in the Middle East when it met in March. Though it did not make any direct mention of the situation in the Middle East, FRB chair Jerome Powell and other FRB officials voiced caution about inflation on the back of rising crude oil prices. As market expectations for US rate cuts waned, speculation actually grew that the FRB might lift rates within the year. The greenback faced even more appreciatory pressure as a result. Crude oil prices dropped back in the latter half of the month on news that President Trump had called a temporary halt to attacks. The greenback also faced some slight adjustment, with the USD/HKD pair falling back to HKD7.81 for a time, though it returned to around HKD7.83 towards the month's end.

Within Hong Kong, demand for the Hong Kong dollar was subdued in the interbank market, with HKD interest rates continuing to move at lows. Hong Kong/US interest-rate differentials remained wide, with this also serving to push the currency pair higher.

2. Outlook for This Month

In April, the USD/HKD pair is expected to continue moving around HHKD7.80-7.85, in the upper half of its peg range.

In the Hong Kong interbank market, there is not much tightness when it comes to fund demand, with HKD short-term interest rates set to continue moving at lows. On the other hand, US interest rates are likely to remain at highs on renewed concerns about inflation due to rising crude oil prices, so the USD/HKD pair will continue to face upwards pressure from Hong Kong/US interest-rate differentials.

There is still deep-rooted uncertainty about the situation in the Middle East, with Iran also remaining tight-lipped regarding talks with the US, so concerns about the Middle East are likely to remain elevated for the time being. Crude oil prices are also unlikely to regain composure any time soon, with fears about rising inflation likely to remain in place on sky-high crude oil prices.

There is a growing sense in the markets that the US will implement rate hikes within the year, but the FRB's main scenario remains biased towards rate cuts. If geopolitical risk wanes and crude oil prices fall back sharply, the greenback will see some unwinding, with the currency pair also falling sharply, so caution will be needed. However, as mentioned above, supply and demand conditions for the Hong Kong dollar are not that tight. With no major IPOs lined up for April either, it seems likely to the pair will continue trading in the upper half of its range on the whole.

Takashi Nishitani, Treasury Department, MHBK (China)

Chinese Yuan – April 2026

Expected Ranges **Against the US$: CNY 6.8500–7.0000**
Against the yen: JPY 22.40–23.40

1. Review of the Previous Month

In March, the U.S. dollar/Chinese yuan exchange rate fluctuated within a narrow range at around the CNY 6.90 level.

At the beginning of the month, the U.S. dollar/Chinese yuan exchange market opened trading at the lower-CNY 6.87 level on March 2. At the end of the previous week, the geopolitical situation in Iran tightened, which encouraged market participants to actively buy the U.S. dollar to avoid risks under the emergency. Under such circumstances, the U.S. dollar/Chinese yuan exchange rate rose to reach the upper-CNY 6.92 level in the middle of the week. Subsequently, the U.S. dollar/Chinese yuan exchange rate fell to reach the CNY 6.89 level again. However, the Chinese yuan weakened gradually thereafter, as the National People's Congress of the People's Republic of China opened on March 5, and the economic growth target rate for 2026 was announced to be 4.5–5.0% with a decline from the previous year, as had generally been anticipated in the market. On the same day during overseas trading hours, interest rates rose in the U.S. as a result of the rise in crude oil prices. Following this trend, the U.S. dollar/Chinese yuan exchange rate rose to reach the CNY 6.91 level.

On March 9, the U.S. dollar/Chinese yuan exchange market opened trading at the upper-CNY 6.92 level. Subsequently, the media reported that G7 countries had discussed releasing their oil reserves, and this encouraged market participants to sell the U.S. dollar. As a consequence, the U.S. dollar/Chinese yuan exchange rate fell to the CNY 6.90 level. On March 10, there were many media reports related to the geopolitical situation in Iran. Under such circumstances, the U.S. dollar weakened while the Chinese yuan strengthened, leading the U.S. dollar/Chinese yuan exchange rate to fall to reach the CNY 6.86 level. Toward the second half of the week, the U.S. dollar/Chinese yuan exchange rate continued fluctuating within a narrow range at around the CNY 6.90 level.

On March 16, the U.S. dollar/Chinese yuan exchange market opened trading at around the CNY 6.90 level. On the same day, the major domestic economic indices of China turned out to be generally above the market estimate. However, this news impacted the Chinese yuan exchange market only to a limited degree. Then, on March 18, a Federal Open Market Committee (FOMC) meeting was held in the U.S., and the policy interest rate was maintained at the existing level, as had been anticipated in the market. However, Federal Reserve Board (FRB) Chair Jerome Powell held a press interview after the meeting, the content of which was seen hawkish by market participants. As a result, the U.S. dollar appreciated in the overall foreign exchange market.

On March 23, the U.S. dollar/Chinese yuan exchange market opened trading at around the CNY 6.91 level. On March 25, the media reported that U.S. President Donald Trump had postponed his visit to China to May 14 and 15 due to the political situation in Iran, while it was originally scheduled for the end of March. However, this news did not impact the foreign exchange market to a great extent. In the second half of the week, the U.S. dollar/Chinese yuan exchange rate did not move in any single direction, fluctuating in both directions at around the CNY 6.90 level.

2. Outlook for This Month

The U.S. dollar/Chinese yuan exchange rate is forecast to gradually rise in April.

At the National People's Congress held in March, major economic policy targets were announced, which did not surprise market participants in general. In terms of monetary policy stance as well, it remained unchanged, slightly weakening expectations for additional measures of monetary easing. On the other hand, the focus points for 2026 were announced with a particular emphasis on the expansion of domestic demand and the promotion of investment, as had been the case in the previous year. Thus, market participants are advised to remain attentive of economic policy measures to be announced by the government. It is also worth mentioning that there was an announcement that the foreign currency risk reserve ratio was cut from 20% to 0% on March 2. As a result of this reserve ratio cut, it has become easier for market participants to buy foreign currencies and sell the Chinese yuan. Under such circumstances, market participants are advised to remain careful about the possibility for the Chinese yuan to weaken slightly against the U.S. dollar.

On the other hand, from a short-term perspective, the U.S. dollar/Chinese yuan exchange market is expected to follow headlines related to the geopolitical situation in Iran, as was the case in March. While ceasefire negotiations between the U.S. and Iran struggle, the sense of uncertainty persists in the market. As a result, it is difficult for the U.S. dollar/Chinese yuan exchange rate to move in any one direction. It is also worth noting that the market is currently reflecting policy interest rate hikes based on the expected monetary policy change by the FRB in the future because of the geopolitical situation in Iran. This is likely to be related to inflation concerns in the U.S. due to the rise of crude oil prices. If market participants expect even more policy interest rate hikes in the U.S. in the times ahead, there would be more impact on the Chinese yuan exchange market as well.

For the above reasons, the Chinese yuan is forecast to weaken gradually against the U.S. dollar in April, even though the most important factor remains the geopolitical situation in Iran.

Ayumi Kiyota, Asia & Oceania Treasury Department

Singapore Dollar – April 2026

Expected Ranges **Against the US$: SG$ 1.2600–1.2950**
Against the yen: JPY 120.50–125.00

1. Review of the Previous Month

In March, market participants actively bought the U.S. dollar in the U.S. dollar/Singapore dollar exchange market due to the outbreak of war between the U.S. and Iran.

At the beginning of the month, the U.S. dollar/Singapore dollar exchange market opened trading at the mid-SGD 1.26 level on March 2. At the end of the previous week, the U.S. and Israel had begun attacks on Iran, and this increased geopolitical risks significantly. As a result, market participants actively bought the U.S. dollar, and the U.S. dollar/Singapore dollar exchange rate reached the mid-SGD 1.27 level on the same day. Then, on March 3, the following day, there were news headlines suspecting a blockage of the Strait of Hormuz, and this increased risk-averse sentiment in the market further. As a result, the U.S. dollar/Singapore dollar exchange rate temporarily reached the mid-SGD 1.28 level by March 9 for the first time in approximately 1.5 months. However, thereafter, the media reported on a possible joint release of oil reserves, and this somewhat calmed the rise of the crude oil price. Following the trend, market participants started to sell the U.S. dollar again, and the U.S. dollar/Singapore dollar exchange rate fell to reach the SGD 1.27 level on March 10. It is also worth noting that the retail sales index (year-on-year) for Singapore was announced on March 5, and the result turned out to be significantly below the market estimate (negative growth). However, this news did not impact the foreign exchange market to a great extent.

On March 11, the U.S. dollar/Singapore dollar exchange rate started to fluctuate within a narrow range between the upper-SGD 1.27 level and the mid-SGD 1.28 level again, while there were both positive and negative news headlines regarding the geopolitical situation in the Middle East. On March 23, the February headline Consumer Price Index (CPI) for Singapore turned out to be lower than both the market estimate and the previous month's result in terms of the year-on-year figure (+1.2%). However, the core CPI turned out to be above both the market estimate and the previous month's result, showing an acceleration (+1.4%). Yet, there was no marked reaction in the U.S. dollar/Singapore dollar exchange market both before and after the announcement of these CPI figures. On the same day local time in Europe, however, the media reported that U.S. President Donald Trump made an optimistic remark regarding the geopolitical situation in the Middle East. In reaction, market participants hurried to sell back the U.S. dollar. As a result, the U.S. dollar/Singapore dollar exchange rate fell and once reached the lower-SGD 1.27 level. Toward the end of the month, market participants started to actively buy the U.S. dollar again, and as of the time at which this article was being written, the U.S. dollar was gradually appreciating, and the U.S. dollar/Singapore dollar exchange rate has been approaching the mid-SGD 1.28 level.

2. Outlook for This Month

In April, the U.S. dollar/Singapore dollar exchange rate is forecast to be low again, while it is likely to fluctuate violently following the geopolitical situation in the Middle East.

In March, market participants bought the U.S. dollar to avert risks under the emergency situation, and as a result, the Singapore dollar was sold in relative terms. Until there is clear improvement in the geopolitical situation in the Middle East, the U.S. dollar/Singapore dollar exchange rate is likely to continue fluctuating violently. It is also important to note that various economic indices for Singapore that were announced in February generally saw weak figures compared to both the previous results and the market estimate. In particular, compared to the robust economic growth demonstrated in the previous month by the industrial production and non-oil export index, the growth has seemed to have slowed down somewhat. However, these indices tend to be highly volatile from month to month, and it is difficult to evaluate the economic situation simply based on single-month results. Thus, as has been the case so far, these figures are not likely to impact the foreign exchange market unless there is a significant surprise.

With media reporting both optimistic and pessimistic news related to the geopolitical situation in the Middle East, the U.S. dollar/Singapore dollar exchange rate has been fluctuating within a narrow range with the mid-SGD 1.28 level as the upper end. In order for the U.S. dollar/Singapore dollar exchange rate to exceed this level, it would require further deterioration in the geopolitical situation or additional information that extends the risk period. It is also worth noting that, in Singapore, the Monetary Authority of Singapore (MAS) is scheduled to have a regular meeting in the middle of April, and market participants expect the MAS to shift to monetary tightening for the first time since 2022. Recently, the MAS pointed out in its report related to price levels that import costs are likely to rise in the near future. If the MAS decides to revise the inflation outlook upward, or to steepen or raise the median value of the policy slope, capital inflows into Singapore are likely to increase while lowering the USD/SGD exchange rate again.

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

Thai Baht – April 2026

Expected Ranges **Against the US$: THB 31.00–34.00**
Against the yen: JPY 4.75–5.10

1. Review of the Previous Month

At the beginning of the month, the U.S. dollar/Thai baht exchange market opened trading at around the THB 31.20 level. Meanwhile, market participants bought the U.S. dollar in response to the attack on Iran by the U.S. and Israel, which started at the end of the previous week. Even though such transactions were partially offset by the rise of gold prices, the U.S. dollar/Thai baht exchange rate rose to approach the THB 31.40 level. Then, on March 3, there was a holiday in Thailand, but the U.S. dollar/Thai baht exchange rate continued fluctuating in both directions reacting to news headlines related to the above issues, and the exchange rate temporarily reached the THB 31.90 level. On March 4, the media reported that the U.S. was considering offering support measures and insurance schemes for tanker operations in the Strait of Hormuz. In reaction, the U.S. dollar/Thai baht exchange rate fell to reach the THB 31.40 level. However, toward the end of the week, the U.S. dollar/Thai baht exchange rate rose to reach the lower-THB 31.80 level again. On March 9, after the weekend, Mojtaba Khamenei, who supported anti-U.S. conservative policies, was elected as the new supreme leader of Iran. As a result, the U.S. dollar/Thai baht exchange rate rose to reach the upper-THB 32.10 level. However, thereafter, G7 countries discussed the release of oil reserves, while U.S. President Donald Trump indicated that the geopolitical tension in the Middle East would be mitigated shortly. In response to these headlines, the U.S. dollar/Thai baht exchange rate returned to the mid-THB 31 level. Subsequently, the crude oil price rose again, which led the U.S. dollar/Thai baht exchange rate to rise to reach the THB 32 level. At the beginning of the following week, the U.S. dollar/Thai baht exchange rate continued fluctuating within a narrow range, after which the media reported on March 17 that the Port of Fujairah in the United Arab Emirates has once again suspended the loading of crude oil. In response to this news, the U.S. dollar/Thai baht exchange rate rose to reach the lower-THB 32.50 level. On March 18, risk-averse sentiment persisted in the market. Under such circumstances, the Federal Reserve Board (FRB) announced its decision to maintain its policy interest rate in the U.S. at the existing level, after which FRB Chair Jerome Powell expressed a cautious attitude about policy interest rate cuts at the press conference. In reaction, the U.S. dollar/Thai baht exchange rate rose further and approached the THB 32.80 level. On March 19, the media reported that Anutin Charnvirakul had been re-elected to be prime minister of Thailand. The Thai baht weakened slightly after this announcement. However, there was no further reaction to this news in the market. Subsequently, the media reported on the possibility that Iran's capability to produce missiles had been destroyed, which led the U.S. dollar/Thai baht exchange rate to fall and reach the THB 32.4 level. Thereafter, market participants continued actively buying the U.S. dollar until March 23 after the weekend. Consequently, the U.S. dollar/Thai baht exchange rate reached the THB 33 level. However, thereafter, U.S. President Donald Trump announced that there was dialogue with Iran, and this led the U.S. dollar/Thai baht exchange rate to fall to reach the THB 32.10 level. Immediately after this announcement, Iran denied this information. Subsequently, the U.S. dollar/Thai baht exchange rate continued fluctuating following headlines related to the geopolitical situation in the Middle East, while market participants actively bought the U.S. dollar. As of March 27, the day on which this article was being written, the U.S. dollar/Thai baht exchange rate returned to approach the THB 33 level.

2. Outlook for This Month

The geopolitical situation in the Middle East remains uncertain. Under such circumstances, the crude oil price is likely to lead the U.S. dollar/Thai baht exchange market to fluctuate in April.

The current geopolitical situation in the Middle East has weakened the correlation between the gold price and the Thai baht, and this was part of the reason why the Thai baht previously appreciated sharply. In the meantime, the correlation between the U.S. dollar and crude oil prices has strengthened. Thailand is a crude oil importer that relies on imports for 90% of its crude oil supply. Thus, when crude oil prices rise, its trade balance deteriorates through an increase in the import value, increasing downward pressure on the Thai baht. This situation was observed when Russia started its attack on Ukraine in February 2022, resulting in the fall of crude oil prices during the following three months and displaying a high correlation between the two figures.

This time, the geopolitical situation in the Middle East has a significant impact on the U.S. dollar/Thai baht exchange market, as Thailand relies on imports from the Middle East for 50–60% of its crude oil supply, while the Middle East, which accounts for approximately 30% of global crude oil production, is the epicenter of the conflict.

From a short-term perspective, market participants are advised to remain careful about downward pressure on the Thai baht based on the appreciation of the crude oil price. On the other hand, upward pressure on the Thai baht also seems to be strong based on actual demand, as has been demonstrated by the constant current account surplus for Thailand as observed until January this year. For this reason, it is possible for the upward pressure on the Thai baht to strengthen again when the market comes back to its normal state after the upheaval in the Middle East has settled. Market participants are advised to keep this point in mind as well.

Kazuhiro Suzuki, Mizuho Bank (Malaysia) Berhad

Malaysian Ringgit – April 2026

Expected Ranges **Against the US$: MYR 3.9100–4.0600**
Against the yen: JPY 39.00–41.00

1. Review of the Previous Month

In March, the U.S. dollar appreciated against the Malaysian ringgit to the highest level in approximately two months as a result of the worsened geopolitical situation in the Middle East. On March 2, the U.S. dollar/Malaysian ringgit exchange rate rose sharply from the lower-MYR 3.90 level to the upper-MYR 3.93 level in response to the media report at the end of February regarding air strikes on Iran by the U.S. and Israel, as well as the death of Ayatollah Khamenei. Thereafter, the U.S. dollar/Malaysian ringgit exchange rate continued to rise to reach the MYR 3.95 level, following retaliatory attacks by Iran as well as media reports on the possible blockage of the Strait of Hormuz. Subsequently, the central bank of Malaysia evaluated the Malaysian economy positively at the Monetary Policy Committee (MPC) meeting held on March 5, but this did not have significant impact on the U.S. dollar/Malaysian ringgit exchange market, and the U.S. dollar/Malaysian ringgit exchange rate continued to fluctuate at around the MYR 3.95 level. Then, on March 6 local time in the U.S., the February employment statistics for the U.S. were released, revealing weakness in the labor market. However, since the geopolitical situation remained tense in the Middle East, this news did not weaken the U.S. dollar, and the U.S. dollar/Malaysian ringgit exchange rate reached the MYR 3.97 level in the morning of March 9. On March 9 local time in the U.S., U.S. President Donald Trump mentioned an early end to the war, and thus the U.S. dollar/Malaysian ringgit exchange rate fell significantly to the MYR 3.92 level on March 10.

Yet, market participants were doubtful about an early end to the war, and the U.S. dollar/Malaysian ringgit exchange rate started to rally after reaching the MYR 3.91 level. Subsequently, Mojtaba Khamenei, an anti-U.S. hardliner, was elected as the new supreme leader of Iran, fueling concerns over the prolongation of the war, and the U.S. dollar/Malaysian ringgit exchange rate rose to approach the MYR 3.94 level. On the other hand, the rise of crude oil prices slowed down, once mitigating concerns over the acceleration of inflation. Around the same time, interest rates also declined in the U.S. As a result, the U.S. dollar/Malaysian ringgit exchange rate reached the MYR 3.90 level on March 18, and this turned out to be the monthly low. At the March Federal Open Market Committee (FOMC) meeting in the U.S., Federal Reserve Board (FRB) Chair Jerome Powell made a remark to emphasize that there would be no policy interest rate cuts without progress on inflation stalls. This remark was considered hawkish in the market, and consequently, the U.S. dollar/Malaysian ringgit exchange rate rallied to temporarily reach the MYR 3.94 level on March 19—the day after the FOMC meeting. The Hari Raya holidays then started with the U.S. dollar/Malaysian ringgit exchange rate at the mid-MYR 3.93 level. On March 24, after the Ramadan period, concerns grew over the prolongation of the war and rise of crude oil prices impacting overall Asian countries. As a result, market participants actively sold Asian currencies, including the Malaysian ringgit. As the U.S. dollar appreciated globally at the same time, the Malaysian ringgit weakened against the U.S. dollar, and the U.S. dollar/Malaysian ringgit exchange rate reached the MYR 4.00 level on March 27 for the first time in approximately two months.

2. Outlook for This Month

It is likely for the U.S. dollar to remain strong in April as the reserve currency without an end to the war with Iran. Thus, the Malaysian ringgit is forecast to remain on a downtrend against the U.S. dollar.

Since the second half of last month, there were various media reports related to ceasefire negotiations between the U.S. and Iran. Furthermore, Israel maintains a hardline stance, rejecting any resolution made solely between the two countries. As a result, market sentiment deteriorated, leading the U.S. dollar/Malaysian ringgit exchange rate to rise and reach the MYR 4.00 level for the first time in two months. This situation confirms the high demand for the U.S. dollar as the reserve currency. Under such circumstances, it is inevitable for the Malaysian ringgit to depreciate against the U.S. dollar due to indirect negative economic impact from other countries, even though Malaysia is a net-energy-exporting country with only 5% of its trade targeting countries in the Middle East.

As crude oil prices are rising, the government of Malaysia announced its plan to cut its petrol subsidies for citizens in order to reduce fiscal burden to some extent. However, approximately 90% of the population is still receiving the subsidy. The government of Malaysia may see its limit in facing fiscal reconstruction, which is a critical issue. Market participants are likely to evaluate such a situation as a potential risk in taking long positions in the Malaysian ringgit. However, if the ceasefire process advances in the times ahead, it is likely for the U.S. dollar/Malaysian ringgit exchange rate to fall, as a result of the offset of the appreciation of the U.S. dollar as observed so far. For these reasons, the U.S. dollar/Malaysian ringgit exchange rate is expected to remain on an uptrend as long as geopolitical uncertainty persists, even though this all depends on news headlines.

Taro Anabuki, Asia & Oceania Treasury Department

Indonesian Rupiah – April 2026

Expected Ranges **Against the US$: IDR 16,700–17,100**
Against the yen: JPY 0.9300–0.9600 (IDR 100)

1. Review of the Previous Month

In March, the Indonesian rupiah depreciated against the U.S. dollar as a result of the deterioration of the geopolitical situation in the Middle East.

At the beginning of the month, the U.S. dollar/Indonesian rupiah exchange market opened trading at the lower-IDR 16,800 level on March 2. In response to military attacks on Iran by the U.S. and Israel, risk-averse sentiment grew in the market, strengthening the U.S. dollar and weakening the Indonesian rupiah. Consequently, on March 4, the U.S. dollar/Indonesian rupiah exchange rate rose to reach the mid-IDR 16,900 level. However, the media reported thereafter that Bank Indonesia (BI; the central bank of Indonesia) would continue intervening in the foreign exchange market, and this kept the U.S. dollar/Indonesian rupiah exchange rate from rising further. On March 9, crude oil prices rose sharply as the war in the Middle East grew. Market participants mainly bought the U.S. dollar, and the U.S. dollar/Indonesian rupiah exchange market opened trading at around the IDR 17,000 level, renewing the all-time low for the Indonesian rupiah. Subsequently, BI seems to have intervened in the foreign exchange market by selling the U.S. dollar and buying the Indonesian rupiah. As a result of this, the U.S. dollar/Indonesian rupiah exchange rate fell to reach the mid-IDR 16,900 level. On March 10 and after, the U.S. dollar/Indonesian rupiah exchange rate sometimes fell to the upper-IDR 16,800 level. However, with market participants buying the U.S. dollar in order to avert risk, the U.S. dollar/Indonesian rupiah exchange rate rose to reach the lower-IDR 16,900 level.

On March 16, market participants actively sold the Indonesian rupiah because the geopolitical situation in the Middle East remained uncertain. Consequently, the U.S. dollar/Indonesian rupiah exchange rate once rose to approach the IDR 17,000 level. On March 17, BI held a monetary policy meeting and decided to maintain the BI interest rate at the existing level. Because this decision had been anticipated in the market, it had only limited impact on the U.S. dollar/Indonesian rupiah exchange market. From March 18 until March 24, the Indonesian market was closed. After consecutive holidays, the U.S. dollar/Indonesian rupiah exchange market opened trading at the lower-IDR 16,900 level on March 25. Also, Indonesia's Ministry of Finance released its outlook for the fiscal deficit for 2026, and the figure was maintained at 2.68% of the country’s GDP. This mitigated excessive concerns over the fiscal deficit, and this encouraged some market participants to buy the Indonesian rupiah. On March 27, however, market participants expected the war in the Middle East to be prolonged and actively sold the Indonesian rupiah. As of the time at which this article was being written, the U.S. dollar/Indonesian rupiah exchange rate was fluctuating at the mid-IDR 16,900 level.

2. Outlook for This Month

The U.S. dollar/Indonesian rupiah exchange rate is forecast to remain high and stable in April.

BI held a monetary policy meeting on March 16 and 17 and decided to maintain its policy interest rate (the BI rate) at 4.75%. This means that the policy interest rate was kept unchanged for the sixth consecutive time, as had been anticipated in the market. In a statement, BI emphasized once again the importance of maintaining economic growth in Indonesia as well as active foreign exchange market interventions so as to keep the Indonesian rupiah stable. On the other hand, text related to the possibility of further policy interest rate cuts was removed. According to BI, this revision was made in response to growing geopolitical risks based on the worsening situation in the Middle East. Since the passage related to policy interest rate cuts was removed, expectations for further policy interest rate cuts subsided in the market. In general, when market participants do not expect policy interest rate cuts in Indonesia, the Indonesian rupiah is likely to appreciate. However, under the current situation, there has been strong pressure to buy the U.S. dollar to avert risk under emergency. Thus, this news did not have significant impact on the foreign exchange market.

Under the current context, the U.S. dollar/Indonesian rupiah exchange rate has been fluctuating in accordance with headlines related to the geopolitical situation in the Middle East. Once the situation calms, it is possible for the U.S. dollar to weaken, as the U.S. dollar-buying at the time of crisis may be offset. However, given that the war in the Middle East may be prolonged, it is more likely for market participants to continue buying the U.S. dollar. It is also worth noting that crude oil prices have been high because of the worsening situation in the Middle East, and this is a source of concern for Indonesia—an oil importing country. Therefore, market participants are advised to remain careful about the possibility for high crude oil prices to lead to an expansion of the fiscal deficit and further Indonesian rupiah-selling. For these reasons, the U.S. dollar/Indonesian rupiah exchange rate is forecast to remain high and stable in the coming month.

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

Philippine Peso – April 2026

Expected Ranges **Against the US$: PHP 59.00–61.50**
Against the yen: PHP 0.370–0.390

1. Review of the Previous Month

In March, the Philippine peso continued to renew its all-time low against the U.S. dollar, eventually reaching the PHP 60 level.

In March, the U.S. dollar/Philippine peso exchange market opened trading at PHP 57.85. During the weekend, U.S. and Israel began attacks on Iran, intensifying the situation in the Middle East. After the weekend, stock prices fell in various countries, and crude oil prices rose sharply, causing commotions in the market. In response, market participants started to buy the U.S. dollar to avert risks at the time of crisis. Following this trend, the U.S. dollar/Philippine peso exchange rate quickly rose to reach the PHP 58 level and continued fluctuating thereafter following the geopolitical situation in the Middle East.

In February, the U.S. dollar/Philippine peso exchange market opened at a level just below the PHP 59 level, after which the Philippine peso appreciated against the U.S. dollar intermittently throughout the month of February. As a result, the U.S. dollar/Philippine peso exchange rate fell to reach PHP 57.43 on February 25. However, in the first week of March, the U.S. dollar/Philippine peso exchange rate returned quickly to PHP 59. Thereafter, crude oil prices rose sharply, and the Philippine peso continued depreciating against the U.S. dollar for eight consecutive days, as a result of which the U.S. dollar/Philippine peso exchange rate reached the upper-PHP 59 level.

However, the media subsequently reported that G7 countries had discussed the joint release of oil reserves, which stopped the rise of crude oil prices, temporarily slowing the global trend of buying the U.S. dollar. In reaction, the U.S. dollar/Philippine peso exchange rate also fell by nearly PHP 1 in two days, reaching the upper-PHP 58 level, resulting in violent fluctuations in the market.

Thereafter, the Philippine peso started to weaken against the U.S. dollar, with some fluctuations following the movement in crude oil prices. Consequently, the U.S. dollar/Philippine peso exchange rate intermittently renewed the all-time low for the Philippine peso. On March 16, the U.S. dollar/Philippine peso rose to finally reach PHP 59.95. In the second half of January, the president of the Philippines, Bongbong Marcos, made a remark to emphasize that it was undesirable for the U.S. dollar/Philippine peso exchange rate to exceed PHP 60. Thus, market participants expected the central bank of the Philippines to intervene in the foreign exchange market, and this slowed down the depreciation of the Philippine peso. However, on March 19, the U.S. dollar/Philippine peso exchange rate exceeded the psychological turning point of the PHP 60 mark. Thereafter, the depreciation of the Philippine peso accelerated, and the U.S. dollar/Philippine peso exchange rate reached PHP 60.40. Toward the end of March, the U.S. dollar/Philippine peso exchange rate fluctuated in a wide range at around the PHP 60 level. Under such circumstances, the U.S. dollar/Philippine peso exchange rate rose to reach PHP 60.84 on March 30.

2. Outlook for This Month

It is possible for the U.S. dollar/Philippine peso exchange rate to reach the PHP 61 level in April, depending on the level of crude oil prices.

The geopolitical situation in the Middle East has had a significant impact on the trends in stock prices, foreign exchange rates, and future monetary policy plans in the Philippines. Since the end of February, stock prices in the Philippines fell by more than 10%, and the Philippine peso depreciated against the U.S. dollar by nearly 5%, leading the U.S. dollar/Philippine peso exchange rate to eventually exceed the PHP 60 mark. Some data shows that nearly 20% of the total remittances from overseas Filipino workers are from the Middle East. Thus, a decline in the amount of the remittances would result in somewhat decreased demand to buy the Philippine peso. The consumer prices of petroleum oil continue to rise, and this has started to impact daily life and corporate activities. Under such circumstances, the central bank of the Philippines held an extraordinary monetary policy meeting on March 26. As a result of this meeting, the policy interest rate was maintained at the existing level, but the central bank identified a policy interest rate hike as a possible solution to rising crude oil prices. The central bank of the Philippines has cut its policy interest rate consecutively for the last six times. Market participants are advised to carefully observe to see whether the central bank will maintain its policy interest rate at the existing level again or cut the rate to support the economy at its next monetary policy meeting scheduled for April 23. The central bank of the Philippines is facing a difficult situation with a possible policy interest rate hike as a measure of controlling the price level. Under such circumstances, the U.S. dollar/Philippine peso exchange rate is most likely to continue fluctuating violently in both directions, following the fluctuation of crude oil prices, since the geopolitical situation in the Middle East remains highly uncertain regarding when the war will end. In the middle of March, the central bank of the Philippines made a comment to confirm that it had intervened in the foreign exchange market before the U.S. dollar/Philippine peso reached the PHP 60 level. However, the central bank also admitted that the U.S. dollar/Philippine peso exchange rate moved too quickly such that the effect of the interventions was limited. The central bank still has a large amount of foreign exchange reserves that can be used for interventions in the foreign exchange market. However, the central bank suggested that it would wait for the right time to intervene without making hasty decisions. Thus, the U.S. dollar/Philippine peso exchange rate is most likely to fluctuate in a wide range at around the PHP 60 level. There are risk scenarios in both directions. The central bank may continue observing the market without intervening even if the U.S. dollar/Philippine peso exchange rate exceeds the PHP 61 level. At the same time, it is also possible for the central bank to bring the exchange rate back to the PHP 58 level. In any case, the geopolitical situation in the Middle East remains a key factor in the coming month.

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

Indian Rupee – April 2026

Expected Ranges **Against the US$: INR 92.00–95.00**
Against the yen: JPY 1.64–1.84

1. Review of the Previous Month

In March, the Indian rupee weakened significantly and renewed its all-time low against the U.S. dollar.

In March, the U.S. dollar/Indian rupee exchange market opened trading at the lower-INR 91 level. After a holiday in India in the first week of the month, the media reported breaking news that the geopolitical situation in the Middle East was tightened. In reaction, market participants bought the U.S. dollar as a safe asset, which weakened the Indian rupee, and the U.S. dollar/Indian rupee exchange rate reached the lower-INR 92 level. In the middle of the month, the Reserve Bank of India (RBI) intermittently intervened in the foreign exchange market to keep the U.S. dollar/Indian rupee exchange rate from rising further. As a result, the Indian rupee depreciated only slightly. However, after the three consecutive holidays of Ramadan, the U.S. dollar/Indian rupee exchange rate rose sharply and reached the INR 93 level. Resource prices rose, which was a risk factor for India (which relies heavily on imports for the supply of crude oil and natural gas). Thus, there was no reason for market participants to buy back the Indian rupee, and the U.S. dollar/Indian rupee exchange rate has been sitting just below the INR 94 level (as of March 25).

At the beginning of the month, the BSE SENSEX opened trading at the 80,400 level, which turned out to be the monthly high, after which the index fell. In the middle of the month, U.S. President Donald Trump made a remark to suggest a ceasefire plan, which led the BSE SENSEX to temporarily rally slightly. However, at the end of the month, resource prices rose while concerns grew over the outlook of India's economic growth and corporate earnings, resulting in the depreciation of overall Asian stock prices, including those in India. Furthermore, there was a significant net sell from foreign investors. As a result, the BSE SENSEX has been trading at the mid-75,000 level (as of March 25).

In terms of economic indices, the February export value turned out to be -1% year-on-year, mainly due to a decline in exports to the U.S.—the largest trade destination for India. The trade balance turned out to be a deficit of USD 27.1 billion—higher than the same month of last year, which was USD 14.4 billion. However, this was not the all-time high figure.

2. Outlook for This Month

In April, the U.S. dollar/Indian rupee exchange market is forecast to follow news related to external factors, as has been the case so far.

The U.S. dollar/Indian rupee exchange rate quickly exceeded the psychological turning point of the INR 93 level, while the Indian rupee continues to depreciate against the U.S. dollar. The U.S. dollar/Indian rupee exchange rate is thus expected to approach the INR 94 level. The deterioration of the geopolitical situation in the Middle East has had strong negative impact on India, and this led to unstoppable capital outflow. After the Ramadan period, the Indian rupee depreciated significantly, and many market participants see this as a result of the fact that the RBI postponed its foreign exchange market intervention, maintaining a somewhat cautious attitude. The foreign currency reserves in India have decreased by approximately 3% from the end of February. If the RBI continues to remain cautious about foreign exchange market interventions, the U.S. dollar/Indian rupee exchange rate may approach the INR 95 level.

Some market participants expect the RBI to raise its policy interest rate, which has been maintained at the existing level since December, at the monetary policy committee (MPC) meeting to be held in April, given the recent uptrend of the Consumer Price Index (CPI). On the other hand, it is also possible for the RBI to cut its policy interest rate to mitigate concerns over an economic slowdown in India caused by the intensification of geopolitical tensions in the Middle East. Thus, the RBI will inevitably be faced with difficult decisions.

The March Purchasing Managers' Index (PMI) for India (preliminary figure) was announced by a private research company, and the outcome turned out to be 56.5—the lowest figure in approximately three years. This is considered to be a result of the rise in resource prices, which weakened domestic demand. On the contrary, there have been vigorous orders from abroad, and companies remain highly optimistic, with an increase in employment. Even though news headlines related to the geopolitical situation in the Middle East are inevitably an important factor, stock prices in India are likely to rally, as foreign investors are expected to come back from a medium- to long-term perspective. On the other hand, however, the trade deficit needs to be resolved for the Indian rupee to rally, which would take a much longer time.