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Mizuho Dealer's Eye

October 2025

Mizuho Bank, Ltd.

Global Foreign Exchange Department

Motoko Kobayashi, Forex Sales, Global Foreign Exchange Department

U.S. Dollar – October 2025

Expected Ranges Against the yen: JPY145.00–150.00

Outlook for This Month

The dollar/yen pair is expected to continue to float in a range around 146-148 yen in October.

The US has released some more bearish employment indicators, but inflation also remains high on President Trump's tariff policies. Some FRB members have indicated they will vote for further rate cuts when the FOMC meets in October. The employment situation has indeed weakened, but FRB chair Jerome Powell and most other members are still concerned about persistently high inflation, with several voicing caution when it comes to further rate cuts.

In Japan, meanwhile, political uncertainty has reigned since Shigeru Ishiba stepped down as LDP leader. The LDP will be voting for another leader on Saturday, October 4. However, concerns about fiscal expansion are likely to remain in place thereafter, so factors prompting fears of yen buying are unlikely to disappear any time soon. Furthermore, in a speech on September 29, Bank of Japan (BOJ) board member Asahi Noguchi said the results of several economic indicators suggested Japan was moving steadily towards hitting its 2% "price stability target" and he added that policy rate adjustment was needed more than ever, with these hawkish comments hinting at further rate hikes in the near future. Noguchi had previously adopted a dovish stance, so his hawkish comments pushed up market bets on an October BOJ rate cut to over 60%. The yen subsequently rose by around one yen against the greenback. However, October will see the launch of a new Japanese administration, with the government also monitoring the impact of the tariffs introduced by President Trump, so it seems more likely that the BOJ will keep rates fixed until December or until the next Outlook for Economic Activity and Prices is released in January 2026.

With the FRB and BOJ likely to keep policy rates unchanged in October, the dollar/yen pair looks set to continue trading in a range around 146-148 yen, following September. However, the yen might rise sharply if the FRB cuts rates or the BOJ hikes rates, so caution will be needed.

Dealers' Market Forecast

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

Bullish on the dollar	5 bulls	150.00 – 146.00	Bearish on the dollar	11 bears	150.00 – 145.00

* Ranges are central values

Seki	Bull	151.00 – 147.00	The dollar/yen pair will be pushed down by a US government shutdown and the delayed release of some statistics, but the impact of these will be short-lived and minimal. Whoever wins the LDP leadership election, the yen will probably weaken on expectations about growth and ongoing easing, so investors could test 150 yen again. However, the pair's topside will be capped by anticipation for further FRB rate cuts, with the pair unlikely to top its August highs.
Yamazaki	Bear	150.50 – 144.40	The dollar/yen pair will trend lower in October. The greenback will weaken as the release of the US employment data is delayed by a government shutdown. The pair looks set to move firmly at the lower edge of its range. The pair could fall if the BOJ hikes its policy rate, so caution will be needed.
Nagano	Bull	151.00 – 146.00	As expected, the FOMC implemented a -25bp rate cut in September. This very much seemed a preventative rate cut, though, with the dollar/yen pair likely to move strongly on the current firmness of US indicators related to inflation and the economy. The pair's room on the downside will be capped, even if the BOJ decides to lift rates.
Kato	Bear	150.00 – 144.00	The dollar has been sold against a wide range of currencies on the back of US rate cuts, but the dollar/yen pair has not seen that much dollar selling. It seems the BOJ will implement a rate hike in October or by January at the latest. As such, the pair looks set to trade heavily at 150 yen.
Toriba	Bear	151.00 – 144.00	The market theme will be the pace and number of US rate cuts. The consensus is for two cuts within the year, but the markets will be monitoring indicators related to employment and inflation. A glance at FRB chair Jerome Powell's dialogue with the markets suggest investors would be unwise to expect excessive rate cuts
Yamaguchi	Bear	150.00 – 145.00	Though a lot depends on the result of the LDP leadership election, the dollar/yen pair could hit 150 yen for a time. However, there are growing expectations for an October BOJ rate hike, so the yen looks set to move bullishly again.
(Tomoko) Yamaguchi	Bear	151.00 – 146.00	The BOJ is discussing early rate hikes and the FRB further rate cuts, so the dollar/yen pair will move heavily at times, but once the central bank meetings are over, the greenback will be bought again.
Matsunaga	Bull	149.50 – 146.90	Opinions are divided when it comes to an October US rate cut, with the dollar/yen pair set to continue swaying to and fro on the results of economic indicators. With inflation risk also lingering, the pair is likely to remain firm.
Katoono	Bear	150.00 – 144.00	The BOJ and FRB both seem divided when it comes to monetary policy in the near future, so the dollar/yen pair's topside will probably be weighed down by rising volatility. The pair will jostle up and down on official comments and indicators related to employment and inflation, but with several central bank meetings lined up at the month's end, investors will remain in cautious mode.
Kobayashi	Bear	150.00 – 145.00	The BOJ and FOMC will be meeting at the end of October, with both expected to keep policy rates fixed. However, the employment situation is deteriorating in the US and expectations for further rate cuts are growing. As such, investors will find it hard to actively buy the dollar, with the dollar/yen pair set to move bearishly.
Okuma	Bear	150.00 – 145.00	If the US releases some strong indicators which dampen expectations for aggressive FRB rate cuts, investors will move to price in BOJ rate hikes on a sense of relief. However, there will also be yen carry trades, so even if the dollar/yen pair weakens, its downside will be capped.

Ito	Bear	150.00 – 144.50	A BOJ rate hike within the year now seems more likely. The BOJ's stance will probably push the yen higher at times, but there are high hurdles in the way of successive rate hikes and the yen might be sold back after the October meeting, so caution will be needed.
Suzuki	Bull	151.00 – 145.00	The dollar/yen pair's movements will be swayed by the direction of the US government shutdown and the LDP leadership election, but investors have already priced in an October BOJ rate hike to a large extent, so any yen buying will be capped. As such, the dollar/yen pair looks set to move firmly.
Nishi	Bull	150.00 – 145.00	The impact of tariffs is not going to disappear any time soon. As such, expectations for BOJ hawkishness could be wound back, so caution will be needed. There is also uncertainty when it comes to Japanese political trends, but some fiscal expansion still seems likely, so investors will find it hard to keep buying the yen.
Harada	Bear	150.00 – 145.00	There are more dollar-selling factors, including a recommencement of FRB rate cuts, but there remains considerable uncertainty about the rate-cut cycle going forward, so a lot will depend on the movement of US economic indicators. The yen might also be sold on the results of the LDP leadership election.
Matsuki	Bear	150.00 – 146.00	If the BOJ adjudges that the corporate impact of tariffs and wage trends are becoming clearer in its Short-Term Economic Survey of Enterprises in Japan (Tankan) and at its branch managers' meeting, then the yen will rise as investors price in a rate cut at the BOJ's October meeting.

Akihiro Katoono, Forex Sales, Global Foreign Exchange Department

Euro – October 2025

Expected Ranges **Against the US$: US$1.1650–1.1900**
Against the yen: JPY172.50–175.50

Outlook for This Month

The euro/dollar pair is expected to test the $1.18 level again in October. There were concerns that persistent inflation might rise again in the eurozone, with the euro also supported by dollar selling on US stagflation fears and fiscal uncertainty.

When the ECB Governing Council met in September, it predicted that inflation would move stably around the mid-term 2% target. It also kept policy rates fixed, with ECB president Christine Lagarde also indicating that rate cuts would be put on ice for the time being. As such, it seems the ECB will keep rates fixed for the third straight meeting when it meets in October. The EU has reached an agreement with the US about tariffs (in late September the US government announced it would impose a uniform reciprocal tariff of 15%, with the tariff on automobiles also lowered from 27.5% to 15%, effective retroactively from August 1), so uncertainty has eased to a certain extent. Under these circumstances, the eurozone's inflation rate (the HICP) is moving at the +2.0% y-o-y target, with the ECB facing little pressure to rush to adjust policy rates. However, when the August ECB Consumer Expectations Survey was released on September 26, it revealed that inflationary expectations (for the next 12 months) had accelerated from +2.6% in July to +2.8%. Christine Lagarde said disinflation had ended, so if ECB moves to prepare for a new surge in inflation, modest market expectations for rate cuts might wane, with the euro moving bullishly as a result. However, the HICP will also be weighed down by euro strength, so the currency pair is unlikely to top its mid-September high of $1.19. The euro might be pushed lower by several factors, including French political uncertainty (with deliberations over the FY2026 budget set to take place following the cabinet resignation), the decreasing likelihood of a Ukraine ceasefire (the US has indicated it will provide Ukraine with long-range weapons, for example), and the unexpected fall in wages (when the ECB wage tracker was released on September 17, it predicted wages would rise by +1.7% in the first half of 2026, down on the +2.1% growth predicted for the second half of 2025). The euro/yen pair might weaken at times on the early October release of the BOJ's Short-Term Economic Survey of Enterprises in Japan (Tankan), on comments by BOJ governor Kazuo Ueda, or if the euro/dollar pair falls on the results of US economic indicators. However, the euro is acting as a refuge currency for investors fleeing the dollar, so the euro/yen pair looks set to move firmly overall.

Dealers' Market Forecast

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

Bullish on the euro	14 bulls	1.1900 – 1.1600	Bearish on the euro	2 bears	1.1850 – 1.1475

* Ranges are central values

Seki	Bull	1.1900 – 1.1650	The US government shutdown is likely to be resolved soon, but it could push the dollar down and bolster the euro/dollar pair early October. The pair will also be supported by expectations for FOMC rate cuts and further easing, but with the ECB remaining in cautious mode, the pair's rise will be gentle in nature.
Yamazaki	Bull	1.2000 – 1.1600	Investors should be on guard against euro bullishness. The euro might be pushed up by dollar weakness. However, the pair has undergone a one-sided rise in 2025, so its room on the topside is limited and its movements will be capped.
Nagano	Bull	1.1900 – 1.1500	The euro will be bought on divergent monetary policies and as a refuge currency for investors fleeing the dollar. However, it will also be sold and the dollar bought on French debt problems and firm US inflation, for example. As such, the dollar/yen pair will probably move in a range.
Kato	Bull	1.1900 – 1.1650	There are is a growing debate about the limits of FRB rate hikes, but we may be entering a phase where the euro is unlikely to undergo a structural collapse, so the euro/dollar pair looks set to trade firmly for a time.
Toriba	Bull	1.2000 – 1.1500	European monetary policy will remain neutral. Official statements also point to a wait-and-see mode, with more factors needed before the ECB decides on its next move. With the dollar moving bearishly, the euro will remain susceptible to upswings.
Yamaguchi	Bull	1.2000 – 1.1600	US/German interest-rate differentials are shrinking on expectations for US rate cuts and an end to rate cuts in Europe, with the euro/dollar pair expected to rise.
(Tomoko) Yamaguchi	Bull	1.1900 – 1.1500	The European economy is moving firmly and prices are also moving stably close to target, so the ECB will probably keep rates fixed for now. When the US really begins lowering rates, the euro is likely to be bought.
Matsunaga	Bear	1.1800 – 1.1450	With exports rising in the first quarter, investors are now on guard against a reactionary slide. However, the euro/dollar pair will continue to be supported by divergent monetary policies and expanded European military expenditures, for example.
Katoono	Bull	1.1900 – 1.1650	There are concerns that persistent eurozone inflation might rise again. The euro/dollar pair will also be supported by dollar selling on US stagflation concerns and fiscal uncertainty. As such, the pair looks set to test the $1.18 level again.
Kobayashi	Bull	1.1900 – 1.1500	Eurozone economic indicators are moving firmly and most observers believe the EBC will keep policy rates fixed. In the US, meanwhile, expectations for further rate cuts are growing on the noteworthy slowdown in employment, with the euro set to move firmly against the dollar.
Okuma	Bull	1.2000 – 1.1600	The phase of ECB rate cuts is coming to an end, with investors pricing in a maximum of one more rate cut. Confidence in the dollar has been shaken by several factors, including the potential US government shutdown, with the euro/dollar pair set to remain firm.

Ito	Bear	1.1900 – 1.1500	Concerns are growing again about the direction of the Ukraine conflict, so the euro could face strong headwinds going forward. It also seems the FRB will only lower rates at a gentle pace. As a result, the euro/dollar pair will probably weaken on the whole.
Suzuki	Bull	1.1950 – 1.1600	The dollar will be sold on factors like the US government shutdown and pressure from the Trump administration for rate cuts. Geopolitical risk is also smoldering away, but the euro/dollar pair looks set to move firmly on the aforementioned factors.
Nishi	Bull	1.2000 – 1.1600	While the FRB has started cutting rates again, the ECB is looking into halting rate cuts or maybe even lifting rates again, with monetary policy moving in clearly different directions in the US and Europe. Concerns about FRB independence are also prompting a global shift to the euro, with the euro/dollar pair set to move firmly.
Harada	Bull	1.1800 – 1.1600	The ECB is bringing rate cuts to a close and it will probably keep policy rates fixed for now. On the other hand, the FRB has begun cutting rates again, so the euro will probably be bought as the dollar is sold on these divergent monetary policies.
Matsuki	Bull	1.1900 – 1.1600	Market opinions are inclining in a dovish direction when it comes to FRB rate cuts, so if the US economy moves firmly, the dollar will be bought back. However, the euro is unlikely to be sold given eurozone economic sentiments and inflation data, so the euro/dollar pair will probably move in a range.

Motoki Amanuma, Europe Treasury Department

British Pound – October 2025

Expected Ranges **Against the US$: US$1.3100–1.3600**
Against the yen: JPY194.00–204.00

1. Review of the Previous Month

The GBP/USD pair's topside was tested mid-September, though the pair weakened on the whole. Sterling was sold sharply on September 2 when yields on 30-year gilts hit their highest level since 1998. This came on the back of fiscal concerns and falling global demand for long-term bonds on structural changes. The pound rallied on September 3 as UK interest rates regained composure, with the currency pair strengthening on September 5 on the results of the August US employment data. The adjustment after the US employment data continued at the start of the next week, on September 8, with the pair moving firmly as the dollar was sold on falling US interest rates. The pound was sold against the euro on September 11 ahead of the ECB policy rate announcement. With the US new applications for unemployment insurance data then topping expectations, the dollar was sold and sterling began rising again. The GBP/USD pair continued climbing over September 15-16 as the greenback was sold ahead of the FOMC meeting. The UK August CPI data was released on September 17. The services CPI figure was down on expectations, but the impact on the markets was muted. As expected, the FOMC implemented a -25bp rate cut during the afternoon. The dollar weakened slightly but it soon bounced back and then strengthened on short covering. As expected, the BOE kept policy rates fixed when it met on September 18. The US new applications for unemployment insurance data was then released and it was down slightly, so the greenback rose and the GBP/USD pair fell sharply. Amid a dearth of factors after the FOMC meeting, the markets saw more short covering on September 19, with the currency pair falling as the dollar rose across the board. In the final week, the dollar underwent a comprehensive climb on bullish US indicators.

2. Outlook for This Month

The GBP/USD pair is expected to move bearishly in October. A glance at the options markets suggests traders are growing more concerned about the UK autumn budget announcement, with speculation growing that the pound will weaken in November. According to Bloomberg data, around 80% of the euro/pound options set to expire in November are inclined in a bearish pound direction. With this in mind, it seems sterling will trade with a heavy topside in October too. Recent PMIs also suggest the economy lost steam from at the end of July-September. This partly reflects a slide in global demand, but it is also connected to concerns about the next budget. The markets are focusing on the possibility that the UK government may be forced to hike taxes. At the same time, the BOE will need clear signs of disinflation before it lowers interest rates again. Closely-watched UK indicators this month will include the UK August employment data (released Tuesday, October 14) and the UK September CPI data (released Wednesday, October 22). With the jobs situation deteriorating and inflation remaining high, these indicators might point to stagflation. The pound could be bought back in the short term on improvements in the employment and growth outlook, but investors will be focusing on the impending budget announcement.

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

Australian Dollar – October 2025

Expected Ranges **Against the US$: US$0.6480–0.6690**
Against the yen: JPY95.00–100.00

1. Review of the Previous Month

The AUD/USD pair rose towards mid-September before falling at the month's end.

The pound fell and the dollar rose on September 2 as yields on UK government bonds surged during London trading time, with the AUD/USD pair also dipping temporarily to a monthly low of $0.6483. Australia released some better-than-expected 2Q GDP data on September 3, so expectations grew that the RBA would keep rates fixed when it met in September, though the market reaction was muted. The greenback then weakened and the pair climbed to the mid-$0.65 mark after the US July JOLT Job Openings figure fell below forecasts. The pair strengthened to $0.6588 for a time on September 5 after the US dollar was sold on the worse-than-expected US August employment data. The US August PPI data was released on September 10 and it was down on July, so concerns about renewed inflation eased, with the currency pair then rising to the lower-$0.66 level for the first time in seven months. There were no major surprises when the US August CPI data was released on September 11. However, the US new applications for unemployment insurance data was released on the same day and this hit its highest level in around four years, with investors focusing on deteriorating labor market demand. With the greenback sold against a wide range of currencies, the Australian dollar was also bought and the AUD/USD pair rose to the mid-$0.66 level. With US interest rates falling ahead of the FOMC meeting, the pair edged up to the upper-$0.66 mark. The FOMC implemented a 25bp rate cut when it met on September 17, with its dot chart also pointing to two more rate cuts within the year. The currency pair temporarily climbed to $0.6707 on this announcement, though it was soon sold back. In his press conference, FRB chair Jerome Powell called the FRB's move a "risk management cut," so the greenback rallied and the pair weakened to the mid-$0.66 range. The Australian dollar was bought on September 24 after the August Australian CPI data rose above forecasts, though it soon lost momentum. The US dollar was bought on September 25 after the US 2Q GDP data recorded its highest growth in two years, so the currency pair was sold sharply to the lower-$0.65 level. The pair moved with a lack of momentum around the mid-$0.65 mark at the month's end.

2. Outlook for This Month

The AUS/USD pair is expected to move firmly in October.

Expectations for RBA rate cuts fell after the August Australian CPI data swung upwards. Australia's 3Q CPI data will be released late October and there is risk it may rise further. Under these circumstances, at the time of writing investors were pricing in one more rate cut of around 18bp within the year. On the other hand, there are growing expectations that the FRB will implement more easing in the face of the deteriorating employment situation in the US, with investors factoring in just under two more US rate cuts in 2025. The AUS/USD pair will probably be bought on these divergent expectations. Australia's August employment data saw an unexpected slide in the number of people in work, with the markets now focusing on a labor market slowdown. If the September employment data falls within the bounds of expectations, though, the RBA is unlikely to actively make noises about implementing an early rate cut. Meanwhile, the US September employment data will be released on October 2. If this shows further signs of a labor market slowdown, investors will move swiftly to price in two rate cuts within the year. As such, attention should be paid to the result results of the US employment data and Australia's 3Q CPI data.

Yasuko Iwata, Canada Markets Office, Americas Markets Department

Canadian Dollar – October 2025

Expected Ranges	**Against the US$: C$1.3600–1.4000**
	Against the yen: JPY105.00–108.00

1. Review of the Previous Month

In September, the USD/CAD pair moved from the mid-C$1.37 mark to the upper-C$1.38 range, with the pair swayed by market shifts related to the possibility of rate cuts by the Bank of Canada (BOC) and the FRB. Expectations for the number of US rate cuts declined late September, so the greenback was bought and the pair climbed to C$1.39 for the first time in five weeks.

The US and Canadian employment data was released on September 5, with the number of people in work in Canada shrinking by around 66,000, the second straight month employment had dipped. After the releases, the markets reacted more to the bearish US employment figures, so the currency pair plunged from C$1.3790 to C$1.3760, though the Canadian dollar was then sold and the pair strengthened to C$1.3854.

The US August CPI data was released mid-September and it was broadly in line with expectations. A September FRB rate cut looked nailed on, with the market focus shifting to the possibility of a huge 0.50% cut. Canada's August CPI data was released on September 16. At 1.9% y-o-y, inflation was up on the previous month. However, this stood at 2.4% m-o-m once gasoline prices were removed from the equation, down on the 2.5% figure of the previous three months. As with the FRB, it seemed certain the BOC would lower rates when it met the following day. As expected, the BOC cut rates by 0.25% for the first time in four months when it met on September 17, with the overnight rate lowered from 2.75% to 2.50%.In the afternoon of the same day, the FRB also cut rates for the first time in six meetings.

Late September saw FRB chair Jerome Powell and several other FRB officials voicing caution about an October rate cut. The US also released some firm indicators, including the 2Q GDP data and the consumer spending data. As a result, the markets lowered their expectations for the number of rate cuts remaining in 2025. On September 26, the USD/CAD pair hit a high of C$1.3959 for the first time since May before moving in the C$1.39 range as of September 29.

2. Outlook for This Month

In his press conference after the September meeting, BOC governor Tiff Macklem voiced guarded optimism that inflationary pressures would ease going forward, particularly given how the federal government had scrapped almost all retaliatory tariffs on US imports effective September 1. However, though a phrase about the necessity of rate cuts was removed from the BOC's statement, Macklem indicated the BOC was prepared to lower rates again if the economic situation deteriorated on ongoing uncertainty related to tariff policies. Nonetheless, with the BOC's neutral rate moving set at 2.25-3.25% and its policy rate already lowered to 2.50%, it seems the BOC will only cut rates one more time from here on. On the other hand, if the employment situation worsens even further in the US, the FRB could cut rates again several times.

Market bets on an October FRB rate cut have risen to 89% (as of September 29), so if the results of the employment or CPI data swing upwards, investors will focus on whether the USD/CAD pair can hit C$1.40 for the first time since April (at the same time, the greenback will probably be sold if the employment data drops below forecasts).

As mentioned above, though, BOC rate cuts are coming to an end, so US/Canadian interest-rate differentials will probably shrink towards the end of the year. Furthermore, the focus of US tariff policies will shift to next year's review of the United States Mexico Canada Agreement (USMCA), with the BOC indicating that that impact of US tariffs on the Canadian economy will stabilize in the short term. As such, it seems the USD/CAD pair will edge down from its current C$1.39 level to trade in a range between C$1.36-1.38, just like it did for most of the second quarter, with the pair likely to enter 2026 trading at C$1.37.

Shuhei Yamauchi, Seoul Treasury Office, East Asia Treasury Department

Korean Won – October 2025

Expected Ranges	**Against the US$: KRW 1,370–1,420**
	Against the yen: JPY 10.31–11.05 (KRW100)

1. Review of the Previous Month

The USD/KRW pair rose in September.

The pair opened the month trading at KRW1390.0. South Korea's August export amount and CPI figure both dipped below expectations, but the impact on the foreign exchange markets was muted. With investors waiting to see the results of the US employment data, the currency pair continued to float around KRW1390 at the start of the month. The US employment data turned out bearish and investors moved to price in rate cuts. However, the yen then weakened after Shigeru Ishiba said he was stepping down as Japan's prime minister, with the won also moving weakly for a time. With President Lee Jae Myung marking 100 days in office, he announced his intention to scrap plans to lower the threshold for paying tax on stock transfers. As a result, KOSPI hit its highest level since June 2021. With overseas investors also pouring money into South Korean stocks, the USD/KRW pair temporarily fell to around KRW1385.

Funds continued to flow into stock markets mid-September, with the won also continuing to move firmly on growing expectations for US rate cuts. The pair then fell to KRW1.377.3 for a time. As broadly expected, the FOMC implemented a rate cut, but there was a growing sense that future rate cuts would not be as broad as previously thought, so the dollar was bought back and the currency pair rallied to KRW1390.

US interest rates rose on bullish US indicators towards the month's end. There were concerns of an intervention around the key KRW1400 mark, but with President Trump saying South Korea would provide $350 billion of "upfront" investment into the US, the won weakened on concerns that demand for the currency would deteriorate. The pair temporarily hit a high of KRW1414.0 towards the month's end.

2. Outlook for This Month

The USD/KRW pair is expected to move flatly in October.

At the end of September, South Korea's deputy prime minister Koo Yun-cheol announced that foreign exchange negotiations with the US had finished. The details will be released in the near future, but they are still unclear at present. However, both sides were in agreement about the special nature of South Korea's forex market and about the necessity for a currency swap arrangement. The won is currently being weighed down by uncertainty over US/South Korea trade talks, so the situation will require close watch.

The BOK will be meeting on October 23. The BOK has said it will need to monitor household debt and house prices in the Seoul metropolitan area for a while. Even if inflation falls broadly within the target range, the BOK will remain cautious when it comes to policy management, so it will probably shelve rate cuts this month.

The USD/KRW pair will continue to be swayed by dollar trends. However, it seems there will be a limit to the depth of future US rate cuts. As mentioned above, there are also concerns that won demand will deteriorate as South

Korea invests in the US as part of the trade negotiations between the two countries. As such, the pair's room on the downside will remain limited this month.

Chen-Long Yang, Taipei Treasury Office, East Asia Treasury Department

New Taiwan Dollar – October 2025

Expected Ranges **Against the US$: NT$28.90–31.40**
Against the yen: JPY4.6–5.2

1. Review of the Previous Month

The USD/TWD pair swung to and fro in September.

After opening at TWD30.580 on September 1, the pair temporarily rose to around TWD30.75 on the previous month's trend of US-dollar bullishness. However, the US August employment data turned out weak, just like the July data, so further FRB rate cuts seemed more likely. The Taiwan dollar edged higher on these concerns about a US economic slowdown and expectations for monetary easing, with the currency pair returning to the lower-TWD30 range.

Taiwan's August export growth figure was sharply up on market forecasts on its release mid-September, with AI-related hi-tech parts continuing to grow strongly. As concerns about the direction of Taiwan's economy eased, the Taiwan dollar was bought. As expected, the FOMC began easing again at its September meeting when it implemented a 25bp rate cut. With the Central Bank of the Republic of China (Taiwan) keeping policy rates fixed, the impact on the currency markets was muted.

The US released some strong economic indicators late September. With the US economy moving firmly, expectations for further FRB rate cuts waned slightly. US interest rates rose and the greenback was bought, with the USD/TWD pair climbing to around the mid-TWD30 mark again to close the month at this level.

2. Outlook for This Month

The USD/TWD pair is expected to move in a range in October.

The pair will probably jostle up and down with an eye on US interest rates. In the US, the GDP and employment data beat forecasts, with expectations for further FRB rate cuts waning slightly. The US dollar has subsequently strengthened across the board, with the Taiwan dollar also expected to move bearishly against the greenback at the start of the month.

However, Taiwanese exports of AI and other hi-tech products continue to grow at a fast clip, with corporate capital investment also brisk. There are several factors supporting external demand, such as the sale of new smart phones and the shipment of the latest GPUs, with Taiwanese economic fundamentals moving soundly. There are concerns about a US semiconductor tariff, but Taiwanese firms continue to invest in the US, so the impact will be limited.

There are fears that the US economy might slow towards the year's end, with the US dollar sold again as US interest rates fall. However, this would also have a negative impact on Taiwan's economy, with the Taiwan dollar's topside also likely to grow heavier.

Kazuki Hisamoto, Hong Kong Treasury Office, East Asia Treasury Department

Hong Kong Dollar – October 2025

Expected Ranges	**Against the US$: HK$7.7500–7.8000**
	Against the yen: JPY18.40–19.40

1. Review of the Previous Month

The USD/HKD pair fell in September. With the Hong Kong Monetary Authority (HKMA) intervening intermittently to sell the US dollar and buy the Hong Kong dollar from June, Hong Kong dollar liquidity increased, with the HKMA's Aggregate Balance falling to move at lows. Under these circumstances, HKD interest rates faced upwards pressure, with the HIBOR 3M temporarily rising to the upper-3% range. The US August employment data was released early September and it moved bearishly, as it had in July. With the FOMC also implementing a 25bp rate cut when it met mid-September, US interest rates continued to face downward pressure. As a result, US/Hong Kong interest-rate differentials shrank sharply, so the greenback was sold and the Hong Kong dollar bought, with the currency pair sliding to around HKD7.77.

A further factor was the firm movements of Hong Kong stock markets. Demand for funds in the IPO market had slowed since 2022, but with overseas investors expected to pump funds into Hong Kong, there were signs of a revival in demand, with this possibly supporting the Hong Kong dollar.

As for economic indicators, Hong Kong's July retail sales data was down on expectations, though it still remained in positive territories at 1.0%, with Hong Kong's June export and import figures (both y-o-y) remaining positive too. There were concerns that Hong Kong's economy would be hit by the US's reciprocal tariffs, but these indicators suggested that tariffs had not hit the real economy and economic data too hard.

2. Outlook for This Month

In October, the USD/HKD pair will probably trade around HKD7.75–7.80, in the lower half of its peg range. The US released several bearish economic indicators in September. With the FOMC also forecasting two more rate cuts within the year when it met in September, US interest rates faced downwards pressure. With employment slowing, the FRB's rate-cutting stance is becoming clearer. Under these circumstances, US interest rates will face more downward pressure, with the US dollar likely to move heavily across the globe.

On the other hand, with the HKMA's Aggregate Balance moving at lows, it seems likely HKD interest rates will face upwards pressure. As such, US/Hong Kong interest-rate differentials will continue to shrink, with the USD/HKD pair set to move with a heavy topside in the lower half of its peg range.

If the greenback falls at a faster pace and the currency pair hits the HKD7.75 floor of the HKMA's peg range, then the HKMA will probably intervene to sell the Hong Kong dollar, with the Aggregate Balance subsequently rising and HKD interest rates falling. Under this scenario, the Hong Kong dollar will probably be sold on falling HKD interest rates, with the currency pair potentially rising towards the ceiling of the peg, just like it did from May to June.

Takashi Nishitani, Treasury Department, MHBK (China)

Chinese Yuan – October 2025

Expected Ranges **Against the US$: CNY 7.0500–7.1500**
Against the yen: JPY 20.50–21.50

1. Review of the Previous Month

In September, the U.S. dollar/Chinese yuan exchange rate fell sharply to temporarily reach the lower-CNY 7.10 level in the middle of the month. However, the U.S. dollar/Chinese yuan exchange rate rallied toward the end of the month.

On September 1, the U.S. dollar/Chinese yuan exchange market opened trading at CNY 7.1300. Immediately after market opening, the China RatingDog Composite PMI (formerly the Caixin China Composite PMI) exceeded the market estimate, and this strengthened the Chinese yuan against the U.S. dollar. As a result, the U.S. dollar/Chinese yuan exchange rate reached CNY 7.1270. However, after a while, market participants started to actively buy the U.S. dollar, and the U.S. dollar/Chinese yuan exchange rate rose to temporarily reach CNY 7.1500 on September 2. Thereafter, the U.S. dollar/Chinese yuan exchange rate fell to the CNY 7.13 level, at which level weekly trading closed.

On September 8, in the following week, the U.S. dollar/Chinese yuan exchange market opened trading at CNY 7.1300. The People's Bank of China (PBOC) central parity rate was set toward a stronger Chinese yuan, recording the highest exchange rate of the year on a daily basis, while interest rates in the U.S. fell. Under such circumstances, the U.S. dollar/Chinese yuan exchange rate started to fall, and on September 11, the exchange rate fell to temporarily reach the CNY 7.11 level. The U.S. dollar/Chinese yuan exchange market closed the week at the CNY 7.12 level.

On September 15, in the following week, the U.S. dollar/Chinese yuan exchange market opened at CNY 7.1240. On the same day, major August economic indices for China were released, and the results turned out to be below the market estimate. However, there was little impact on the U.S. dollar/Chinese yuan exchange market. On September 17, the Federal Open Market Committee (FOMC) announced a policy interest rate cut of 25 basis points in the U.S., immediately after which the U.S. dollar/Chinese yuan exchange rate fell to the lower-CNY 7.10 level, renewing the lowest rate for the Chinese yuan since the beginning of the year. Thereafter, some market participants bought back the U.S. dollar based on remark made by Federal Reserve Board (FRB) Chair Jerome Powell to emphasize that this interest rate cut was for the purpose of risk management. Furthermore, on September 18, the PBOC central parity rate was set at CNY 7.1099, with a weaker Chinese yuan compared to the previous day. In reaction, the trends in the market changed, and the U.S. dollar/Chinse yuan exchange rate rallied. In the end, the U.S. dollar/Chinese yuan exchange market closed for the week at the CNY 7.11 level.

On September 22, in the following week, the U.S. dollar/Chinese yuan exchange market opened trading at CNY 7.1158. On September 24, market participants continued buying the U.S. dollar against other major currencies throughout the day, as interest rates in the U.S. were on a rise. As a consequence, the U.S. dollar/Chinese yuan exchange rate also rose from the CNY 7.11 level to the CNY 7.13 level. The U.S. dollar/Chinese yuan exchange rate remained at this level, and the U.S. dollar/Chinese yuan exchange market closed for the week.

2. Outlook for This Month

In October, the U.S. dollar/Chinese yuan exchange rate is forecast to remain low, as has been the case so far.

The trade negotiations between the U.S. and China had been suspended since August when it was announced that the tariff grace period would be extended for a further three months. Under these circumstances, the media reported that U.S. Secretary of the Treasury Scott Bessent was planning to hold a ministerial meeting in Frankfurt between the U.S. and China before November 10—the new deadline for the negotiation to be completed. However, there has been no detailed information about this plan as announced during this occasion. Thus, market participants are advised to remain cautious about risks for the U.S. dollar/Chinese yuan exchange rate to fluctuate violently in both directions, following news headlines related to the tariff issues.

In terms of the monetary policy of the U.S., at the FOMC meeting held in the U.S. in September, the policy interest rate was cut by 0.25%. At the same time, the policy interest rate outlook (dot plot) was also announced with two more policy interest rate cuts expected before the end of the year. Even though this depends on future economic data, the market has gradually been reflecting a policy interest rate cut at the FOMC meeting in October and another policy interest rate cut at the FOMC meeting in December. In this context, it is likely for market participants to sell the U.S. dollar more actively in the month ahead.

On the other hand, when it comes to China, the latest domestic economic indices revealed a slowdown. Thus, the third-quarter GDP, which is scheduled to be out in October, will be an important factor. Depending on how it will turn out, it is possible for the Chinese monetary authorities to consider additional monetary easing measures. Market participants are therefore advised to remain cautious of future announcements.

Given the situation discussed above, the U.S. dollar is expected to depreciate, and the Chinese yuan is expected to appreciate based on narrowing interest rate differentials between the U.S. and China, as market participants are more attentive about additional policy interest rate cuts in the U.S.—although both countries are taking measures of monetary easing.

Ayumi Kiyota, Asia & Oceania Treasury Department

Singapore Dollar – October 2025

Expected Ranges **Against the US$: SG$ 1.2800–1.3050**
Against the yen: JPY 112.50–116.50

1. Review of the Previous Month

In September, the U.S. dollar/Singapore dollar exchange rate fell toward the middle of the month. However, after the Federal Open Market Committee (FOMC) meeting in the U.S., the U.S. dollar/Singapore dollar exchange rate started to rise again, and at the end of the month, it returned to the level observed at the beginning of the month.

At the beginning of the month, the U.S. dollar/Singapore dollar exchange market opened trading at the lower-SGD 1.28 level. Thereafter, interest rates rose in the U.S., which led the U.S. dollar/Singapore dollar exchange rate to rise to the SGD 1.29 level. On September 4 local time in the U.S., toward September 5, a series of indices related to the employment market in the U.S. were released with weak figures, and this encouraged market participants to sell the U.S. dollar. As a consequence, the U.S. dollar/Singapore dollar exchange rate fell temporarily below the SGD 1.28 level by September 9. It is also worth noting that the July retail sales index for Singapore was released on September 5 with the highest figure seen since January this year, at 4.8%. However, the market reacted to this news only to a limited degree.

On September 11, the August Consumer Price Index (CPI) for the U.S. turned out to be stronger than the market estimate. However, on the same day, initial Jobless claims data for the U.S. was also released with weak figures, which offset the market sentiment. As a result, the U.S. dollar/Singapore dollar exchange rate continued fluctuating within a narrow range at the lower-SGD 1.28 level. Toward the middle of the month, market participants gradually slowed down their buying of the U.S. dollar, as an FOMC meeting in the U.S. was approaching. Under such circumstances, Stephen Miran was approved to be a new board member of the Federal Reserve Board (FRB). As he is known to be dovish, market participants were encouraged to sell the U.S. dollar. Thus, the U.S. dollar/Singapore dollar exchange rate started to fall in an accelerated manner and temporarily reached the mid-SGD 1.27 level. On September 17, the FOMC meeting was held, and immediately after the announcement of its outcome, market participants sold the U.S. dollar further, and the U.S. dollar/Singapore dollar exchange rate temporarily reached the lower-SGD 1.27 level. Yet, this trend ended after a very short moment, and after the FOMC meeting, the trend reversed, and market participants started to buy back the U.S. dollar. By the end of the weekend, the U.S. dollar/Singapore dollar exchange rate reached the mid-SGD 1.28 level.

On September 23, the August CPI for Singapore was announced, and both the headline and core indices revealed a slowdown more significant than expected, renewing the lowest figure since the COVID-19 pandemic. However, this news did not significantly impact the foreign exchange market. On September 24 local time in Asia, market participants started to buy the U.S. dollar. On the same day local time in the U.S., interest rates in the U.S. rose, which accelerated the trend. As a result, the U.S. dollar/Singapore dollar exchange rate approached the SGD 1.29 level. On September 25 local time in the U.S., the second-quarter GDP, personal consumption, and labor-related indices for the U.S. all turned out to be stronger than the market estimate, which accelerated the U.S. dollar-buying further. Consequently, the U.S. dollar/Singapore dollar exchange rate reached the lower-SGD 1.29 level for the first time since the end of July this year.

2. Outlook for This Month

In October, the U.S. dollar/Singapore dollar exchange rate is forecast to rise, despite fierce debates about how many times the policy interest rate should be cut before the end of the year.

In September, the U.S. dollar/Singapore dollar exchange rate fell toward the FOMC meeting in the U.S. However, economic indices for the U.S. turned out to be robust, and market participants continued buying the U.S. dollar, leading the U.S. dollar/Singapore dollar exchange rate to recover to the lower-SGD 1.29 level. This level was achieved for the first time since the end of July this year when there were many tariff agreements achieved between the U.S. and countries in Europe. Also, at the beginning of August, the labor market was seen to have significantly slowed down. Since then, toward the second half of September, the U.S. dollar/Singapore dollar continued fluctuating in a narrow range at the SGD 1.28 level without moving in any direction. It can thus be said that, this time, the U.S. dollar/Singapore dollar exchange rate broke out of the trading range for the first time after a while.

To know whether the U.S. dollar/Singapore dollar exchange rate will rise further to reach the SGD 1.30 level, it is important to carefully observe the indices related to the labor market in the U.S. This is key regarding whether the U.S. economic indices can demonstrate the resilience of the U.S. economy, following the latest data of the second-quarter GDP and personal consumption for the U.S. In Singapore, the Consumer Price Index (CPI) has been on a constant fall, which led to a continued fall of Singapore dollar interest rates. As an independent factor, this may encourage market participants to sell the Singapore dollar. However, so far, this situation has had limited impact on the U.S. dollar/Singapore dollar exchange market. In other words, the U.S. dollar/Singapore dollar exchange market is largely influenced by factors related to the U.S., reacting to events related to Singapore only to a limited degree. The last monetary policy meeting of the MAS before the end of the year is scheduled in October. The remarkable decline of the CPI (including the core CPI) is expected to support monetary easing by cutting the slope of the Singapore dollar nominal effective exchange rate policy band for the first time after two meetings. If the MAS decides to take a measure of monetary easing, the U.S. dollar/Singapore dollar exchange rate is likely to rise.

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

Thai Baht – October 2025

Expected Ranges **Against the US$: THB 31.50–32.60**
Against the yen: JPY 4.50–4.70

1. Review of the Previous Month

In September, the U.S. dollar/Thai baht exchange rate once reached its low at the THB 31.50 level. However, once the Federal Open Market Committee (FOMC) confirmed its decision to cut its policy interest rate, market participants gradually bought back the U.S. dollar toward the end of the month, and the U.S. dollar/Thai baht exchange rate recovered the THB 32 level observed at the beginning of the month, offsetting the decline.

At the beginning of the month, the U.S. dollar/Thai baht exchange market opened trading at the lower-THB 32.30 level. Even though the political situation remains unstable regarding the next prime minister of Thailand, market participants sold the Thai baht only to a limited extent. Then, on September 3, indices related to the labor market in the U.S. were released with weak figures, which made market participants highly aware of downside risks to the U.S. employment statistics. As a result, the U.S. dollar weakened. On September 5, Anutin Charnvirakul was elected to be the new prime minister of Thailand. However, there was no remarkable reaction to this news in the foreign exchange market. On the same day, the August employment statistics of the U.S. were released, and the results turned out to be significantly below the market estimate. As a consequence, the U.S. dollar/Thai baht exchange rate sharply fell to approach the THB 32 level. On September 8 after the weekend, the gold price rose while interest rates in the U.S. fell, which led the Thai baht to appreciate further against the U.S. dollar. Then, on September 9, the U.S. dollar/Thai baht exchange rate reached the lowest rate since February 2021—at the upper-THB 31.50 level. Thereafter, the U.S. dollar/Thai baht exchange rate continued fluctuating within a narrow range, remaining low between the lower-THB 31.60 level and the upper-THB 31.70 level, while it was certain that the FOMC would cut its policy interest rate at its meeting scheduled for September 17. On September 15, the media reported that Thai monetary authorities were considering imposing a tax on gold transactions in order to keep the Thai baht from appreciating further. In reaction, market participants sold the Thai baht, and the U.S. dollar/Thai baht exchange rate reached the lower-THB 31.90 level. However, subsequently, pressure to sell the U.S. dollar led the U.S. dollar/Thai baht exchange rate to fall to the mid-THB 31.60 level. Then, on September 17, an FOMC meeting was held, and the policy interest rate was cut by 25 basis points. However, Federal Reserve Board (FRB) Chair Jerome Powell held a press conference after the meeting, in reaction to which many market participants stopped expecting large-scale policy interest rate cuts before the end of the year. Interest rates in the U.S. rose, and market participants started to buy back the U.S. dollar. Consequently, the U.S. dollar/Thai baht exchange rate recovered to the lower-THB 31.90 level on September 18. Then, on September 22 after the weekend, the media reported on the schedule for the new government in Thailand to announce its policy plans. However, there was little reaction to this news in the foreign exchange market, and the U.S. dollar/Thai baht exchange rate continued fluctuating at the THB 31.80 level. However, on September 24, the U.S. dollar appreciated further, thanks to the issuance of large-scale corporate bonds denominated in the U.S. dollar. Thus, the U.S. dollar/Thai baht exchange rate reached the THB 32.10 level.

2. Outlook for This Month

In October, the U.S. dollar/Thai baht exchange rate is forecast to fluctuate in both directions, depending on monetary policy in the U.S. Market participants are also advised to remain careful about upside risks based on factors related to Thailand.

According to the dot plot released after the FOMC meeting held in September, the median of the number of additional policy interest rate cuts expected before the end of the year was two. However, after the announcement of this outlook, U.S. economic indices were released with strong figures. As a result, the number of policy interest rate cuts currently reflected in the market has decreased from 2.3—seen immediately after the FOMC meeting—to approximately 1.5. Consequently, following a rise in interest rates in the U.S., the U.S. dollar/Thai baht exchange rate rose toward the end of the month as well. Furthermore, as a result of the rise in interest rates in the U.S., the price of gold, which is said to be highly correlated with the Thai baht, stopped rising. This is considered to have accelerated the rise in the U.S. dollar/Thai baht exchange rate further in the second half of September. The recent appreciation of the Thai baht is pointed out to be a result of a rise in international gold prices by the central bank of Thailand, as well as the Thai government, in September. Under such circumstances, it is likely for the new prime minister of Thailand, Anutin Charnvirakul, who is scheduled to announce policy plans in early October, to take measures related to gold transactions. Depending on its outcome, it is possible for the Thai baht to depreciate further. It is also worth noting that, in Thailand, a monetary policy committee meeting will be held in October for the first time under the new Thai central bank governor, Vitai Ratanakorn, who is known to be dovish. Currently, the market has not reflected any policy interest rate cuts. Thus, if the policy interest rate is cut in October, it would be a surprise to market participants, and this is also likely to raise the U.S. dollar/Thai baht exchange rate.

In general, the U.S. dollar/Thai baht exchange rate is expected to move in accordance with economic indices and monetary policy in the U.S. However, it is possible for trends in the market to be amplified by Thai government measures regarding gold transactions, as well as announcements about monetary policy by the central bank of Thailand. Thus, market participants are advised to remain attentive.

Kazuhiro Suzuki, Mizuho Bank (Malaysia) Berhad

Malaysian Ringgit – October 2025

Expected Ranges **Against the US$: MYR 4.1700–4.2600**
Against the yen: JPY 34.50–35.90

1. Review of the Previous Month

In September, the Malaysian ringgit reached its highest rate against the U.S. dollar for the first time in approximately one year. On September 2, the U.S. dollar/Malaysian ringgit exchange market opened trading at the upper-MYR 4.21 level. Along with a rise in interest rates in the U.S., market participants started to actively buy the U.S dollar, and the U.S. dollar/Malaysian ringgit exchange rate reached the mid-MYR 4.23 level. Subsequently, the July number of new job vacancies in the U.S. was announced, and the result turned out to be somewhat weak. In reaction, the U.S. dollar/Malaysian ringgit exchange rate fell to the lower-MYR 4.22 level. Thereafter, the central bank of Malaysia held a Monetary Policy Committee (MPC) meeting and decided to maintain the policy interest rate at the existing level, as had been anticipated in the market. Thus, this did not impact the foreign exchange market significantly. The U.S. dollar/Malaysian ringgit exchange rate was just below the MYR 4.23 level, when the August employment statistics for the U.S. were released, while the market was closed in Malaysia. The results did not reach the market estimate, and the figures for June were revised downward, while the long-term unemployment rate also deteriorated. Given the situation, market participants expected the Federal Reserve Board (FRB) to cut its policy interest rate, which led the U.S. dollar/Malaysian ringgit exchange rate to reach the MYR 4.20 level on September 9. However, before the announcement of the August Consumer Price Index (CPI) for the U.S., the U.S. dollar/Malaysian ringgit exchange rate returned to the MYR 4.21 level. In the middle of the month, the August CPI was announced, and the result turned out to be almost as had been anticipated in the market. In reaction, interest rates in the U.S. fell temporarily, but stock prices in the U.S. rose thereafter, thanks to strong corporate performance in semiconductor-related sectors in the U.S. Thus, the U.S. dollar/Malaysian ringgit exchange rate did not fall significantly, and the U.S. dollar/Malaysian ringgit exchange market closed trading at the lower-MYR 4.20 level. During consecutive holidays in Malaysia, the chair of the Council of Economic Advisers (CEA), Stephen Miran, was approved to be a new board member of the FRB. This fueled market concerns that the increased influence of the U.S. government's intentions could undermine the independence of the FRB. As a result, the U.S. dollar reached its lowest rate against the Malaysian ringgit in approximately one year on September 17 at the mid-MYR 4.18 level. Meanwhile, at the Federal Open Market Committee (FOMC) meeting held in the U.S., the policy interest rate was cut by 25 basis points. However, the policy interest rate outlook by FRB members turned out to be relatively hawkish. As a consequence, market participants bought back the U.S. dollar, and the U.S. dollar/Malaysian ringgit exchange rate reached the MYR 4.21 level toward the weekend.

On September 22, the U.S. dollar/Malaysian ringgit exchange rate rose from the MYR 4.20 level observed in the morning to the MYR 4.21 level, thanks to a rise in stock prices in the U.S. recorded at the end of the previous week. However, Stephen Miran, who recently became a board member of the FRB, advocated for a large-scale policy interest rate cut in an interview. As a result, the U.S. dollar weakened, and the U.S. dollar/Malaysian ringgit exchange rate temporarily fell below the MYR 4.20 level. Yet, it has also been revealed that there were differences in opinion among FRB members, which prevented the U.S. dollar from depreciating one-sidedly. Toward the second half of the fourth week of the month, U.S. economic indices were released with some figures that were stronger than the market estimate, such as indices related to housing as well as GDP. The new tariff policy of the U.S. was also announced, which placed some weight on the Malaysian ringgit. As a result, on September 26, the U.S. dollar/Malaysian ringgit exchange rate reached the lower-MYR 4.22 level—the highest rate for the U.S. dollar and the lowest rate for the Malaysian ringgit in approximately three weeks.

2. Outlook for This Month

In October, the government of Malaysia is scheduled to announce the budget plan for 2026, and the Malaysian ringgit is expected to remain robust against the U.S. dollar. The announcement of the budget plan for 2026 scheduled for October is the most influential event out of all the events in the country scheduled this year. In general, the budget plan is likely to place main focus on the improvement of the quality of citizens' lives and enhancing the international competitiveness of Malaysia, through selective concentration in budget execution, while also working on fiscal improvement. Thus, this is not likely to be a negative factor for the Malaysian ringgit exchange market. However, it is also worth noting that fiscal improvement is not progressing as smoothly as initially planned. This is due to delays in expanding the scope of the Sales and Service Tax announced last year to improve fiscal conditions, as well as delays in the start of reducing gasoline subsidies. It is also possible for exports to the U.S. to slow down in the times ahead, due to tariff policies in the U.S. Under such circumstances, exports to China may also decrease due to policies of self-reliance and self-strengthening taken by China. If the budget plan focuses on fiscal discipline, the burden on the real economy tends to strengthen. Thus, the announcement of the budget plan may become a slightly negative factor for the Malaysian ringgit. On the other hand, in the U.S., FRB members expect a policy interest rate cut at both of the two FOMC meetings scheduled during the rest of the year. However, there has not been consistency in the remarks made by FRB members, including FRB Chair Jerome Powell, who made a remark after an FOMC meeting. Thus, it is difficult to foresee monetary policy in the U.S. Yet, given the fact that the employment market in the U.S. is certainly slowing down, the interest rate differentials between the U.S. and Malaysia are expected to narrow. Furthermore, the Malaysian economy is likely to grow steadily, albeit with a relative slowdown in growth compared to last year's growth rate, based on economic policies taken by the government of Malaysia. For this reason, in the most likely scenario, the Malaysian ringgit is forecast to remain robust against the U.S. dollar in October.

Taro Anabuki, Asia & Oceania Treasury Department

Indonesian Rupiah – October 2025

Expected Ranges **Against the US$: IDR 16,400–16,800**
Against the yen: JPY 0.8700–0.9100 (IDR 100)

1. Review of the Previous Month

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

At the beginning of the month, the U.S. dollar/Indonesian rupiah exchange market opened trading at the upper-IDR 16,400 level. Thereafter, market participants continued selling the Indonesian rupiah due to persistent instability caused by protests that were increasing since the end of the previous month. As a consequence, the U.S. dollar/Indonesian rupiah exchange rate rose to temporarily reach the IDR 16,500 level. Thereafter, the central bank of Indonesia intervened in the foreign exchange market, and this brought the U.S. dollar/Indonesian rupiah exchange rate to the upper-IDR 16,300 level on September 2. Subsequently, market participants took a wait-and-see attitude, as a national holiday and the release of the U.S. employment statistics were approaching. The U.S. dollar was bought back, and the U.S. dollar/Indonesian rupiah exchange rate fell to the lower-IDR 16,400 level. On September 8, expectations for the policy interest cut were strengthened based on the release of the U.S. employment statistics. As a result, the U.S. dollar/Indonesian rupiah exchange rate fell to the lower-IDR 16,300. However, on the following day, the media reported that the finance minister of Indonesia, Sri Mulyani Indrawati, had been removed from the position, which led the U.S. dollar/Indonesian rupiah exchange rate to rise sharply to approach the IDR 16,500 level. Thereafter, the market calmed down, thanks to the central bank interventions for market stability as well as the statement by the new finance minister that confirmed that the upper limit to the fiscal deficit would be maintained. On September 12, the finance minister of Indonesia made an announcement to inject funds through the state-run bank, which brought the U.S. dollar/Indonesian rupiah exchange rate down to the upper-IDR 16,300 level.

On September 15 and 16, market participants actively sold the Indonesian rupiah due to concerns about the independence of the central bank of Indonesia. As a result, the U.S. dollar/Indonesian rupiah exchange rate rose to the mid-IDR 16,400 level. On September 17, the central bank of Indonesia decided to cut the seven-day reverse repo rate, which is the policy interest rate in Indonesia, by 25 basis points. Consequently, the Indonesian rupiah depreciate, while the U.S. dollar appreciated. On September 18, market participants started to actively buy the U.S. dollar in reaction to a statement made by Federal Reserve Board (FRB) Chair Jerome Powell after the policy interest rate cut in the U.S. Therefore, the U.S. dollar/Indonesian rupiah exchange rate rose to temporarily reach the lower-IDR 16,500 level. On September 22, the U.S. dollar/Indonesian rupiah exchange rate rose to the mid-IDR 16,600 level, due to the decision to cut the Indonesian rupiah deposit interest rate by the governor of the central bank, as well as growing concerns over economic measures to be taken by the government and an increase in fiscal deficits. On September 23, the budget plan for 2026 was released, which fueled concerns over fiscal deterioration, and this encouraged market participants to sell the Indonesian rupiah toward the end of the month. As a result, the U.S. dollar/Indonesian rupiah exchange rate rose to temporarily reach IDR 16,800—the lowest rate for the Indonesian rupiah since the end of April this year. Thereafter, the rise of the U.S. dollar/Indonesian rupiah exchange rate slowed down slightly, as the governor of the central bank of Indonesia emphasized his plan to stabilize the Indonesian rupiah exchange rate. However, the Indonesian rupiah remained generally weak, while the U.S. dollar remained strong.

2. Outlook for This Month

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

In September, the central bank of Indonesia (BI) held a monetary policy meeting and decided to cut its policy interest rate (BI rate) by 0.25% to 4.75%. This was the third consecutive policy interest rate cut. Because the majority of market participants were expecting the policy interest rate to be maintained at the existing level, this decision turned out to be a surprise. At the press conference after the meeting, the central bank explained the stability of exchange rates for the Indonesian rupiah and inflation prospects as reasons for the consecutive policy interest cut while also emphasizing the importance of supporting economic growth. Therefore, the possibility of additional policy interest rate cuts in the future was suggested. Thus, the trend of policy interest rate cuts is likely to continue.

It is also worth noting that there were protests against the current government at the end of August and that the finance minister Sri Mulyani Indrawati was dismissed in September, which caused social confusion. There have also been media reports questioning the independence of the central bank of Indonesia, and a sense of uncertainty is growing in the market concerning fiscal deficits and fiscal disciplines. Under such circumstances, market participants are likely to sell the Indonesian rupiah. For this reason, as the most-likely scenario, the Indonesian rupiah is forecast to depreciate, while the U.S. dollar is forecast to appreciate.

In the U.S., after the Federal Open Market Committee (FOMC) meeting held in September, FRB Chair Jerome Powell held a press conference and made a remark to weaken expectations for additional policy interest rate cuts. At the moment, the market reflects two more policy interest rate cuts by the end of 2025. However, depending on economic indices, it is possible for the expectations for policy interest rates to recede. Thus, from the viewpoint of interest rates, it is more likely for the Indonesian rupiah to depreciate against the U.S. dollar in relative terms.

On the other hand, if the Indonesian rupiah continues to depreciate and approaches its lowest rate against the U.S. dollar, the central bank of Indonesia is expected to intervene in the foreign exchange market to control the market and to keep the Indonesian rupiah from weakening further. For this reason, the U.S. dollar/Indonesian rupiah exchange rate is not likely to rise excessively, while the U.S. dollar is expected to remain generally strong with the Indonesian rupiah generally weak.

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

Philippine Peso – October 2025

Expected Ranges **Against the US$: PHP 56.50–58.50**
Against the yen: PHP 0.380–0.400

1. Review of the Previous Month

In September, the Philippine peso weakened against the U.S. dollar toward the end of the month to reach the PHP 58 level for the first time in approximately two months.

At the beginning of the month, the U.S. dollar/Philippine peso exchange market opened trading at PHP 57.122. Thereafter, the U.S. dollar/Philippine peso exchange rate rose and once reached the mid-PHP 57 level. However, the trends reversed subsequently. The August Consumer Price Index (CPI) (year-on-year) for the Philippines turned out to be +1.5%, while the market estimate was +1.2% and the previous month's result was +0.9%—recording the highest figure in five months. Furthermore, the August employment statistics of the U.S. turned out to be unexpectedly weak. In reaction, the U.S. dollar/Philippine peso exchange rate fell and approached the mid-PHP 56 level.

In the middle of the month, the U.S. dollar/Philippine peso exchange rate returned to approach PHP 57. However, market participants subsequently took a wait-and-see attitude, waiting for the Federal Open Market Committee (FOMC) meeting in the U.S. Thus, the U.S. dollar/Philippine peso exchange rate continued fluctuating within a narrow range. Thereafter, the policy interest rate in the U.S. was cut by 0.25%, as had been anticipated by the majority of market participants. After the release of the dot plot and the press conference by Federal Reserve Board (FRB) Chair Jerome Powell, long-term interest rates rose in the U.S. As a result, market participants actively bought the U.S. dollar against the Philippine peso, and the Philippine peso depreciated gradually.

At the end of the month, the U.S. dollar/Philippine peso exchange rate exceeded the mid-PHP 57 level, which had been the resistance line for a while, and reached the PHP 58 level for the first time since the beginning of August this year. The Philippine peso continued weakening, and the U.S. dollar/Philippine peso exchange rate once reached PHP 58.43. However, trading hours in the Philippine peso foreign exchange market were shortened due to successive typhoons, strengthening pressure to buy the Philippine peso. As a result, the U.S. dollar/Philippine peso exchange rate approached PHP 58. Toward the end of September, the U.S. dollar/Philippine peso exchange rate continued fluctuating at around the PHP 58 level.

2. Outlook for This Month

In October, the U.S. dollar/Philippine peso exchange rate may remain highly volatile.

The central bank of the Philippines suggests at least one more policy interest rate cut before the end of 2025. However, there are only two monetary policy meetings scheduled this year, for October 9 and December 11. Thus far, the central bank of the Philippines has not released a clear message about its monetary policy. The next available reference will be the September price statistics for the Philippines, which are out on October 7. Regarding the monetary policy in the U.S. as well, two more policy interest rate cuts are expected according to the outlook released recently. However, the second-quarter GDP of the U.S. turned out to be stronger than the market estimate. Under such circumstances, market participants became unsure whether the policy interest rate will be cut once or twice before the end of the year. The next FOMC meeting is scheduled for October 29. Until then, market participants should carefully observe the September employment statistics for the U.S. that have turned out to be unexpectedly weaker than the market estimate for the past two months.

Since market participants have oscillating views about future monetary policy decisions both in the U.S. and the Philippines, the U.S. dollar/Philippine peso exchange rate is likely to fluctuate, sensitively reacting to figures in economic indies as well as actions taken by the central banks.

Regarding the depreciation of the Philippine peso as currently observed, the rise of the U.S. dollar/Philippine peso exchange rate is expected to slow down, given that the U.S. dollar/Philippine peso exchange rate has reached the mid-PHP 58 level many times in the past, after which the depreciation of the Philippine peso slowed down. On the other hand, it is also worth noting that the U.S. dollar/Philippine peso exchange rate has been fluctuating in a wide range between the PHP 56 level and the PHP 58 level since July this year, and the fluctuation was, at sometimes, abrupt. Thus, market participants are also advised to keep in mind that the U.S. dollar/Philippine peso exchange rate may return to the lower-PHP 57 level.

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

Indian Rupee – October 2025

Expected Ranges **Against the US$: INR 87.00–89.50**
Against the yen: JPY 1.55–1.75

1. Review of the Previous Month

In September, the U.S. dollar/Indian rupee exchange rate renewed its all-time low again.

In September, the U.S. dollar/Indian rupee exchange market opened trading at the lower-INR 88 level. At the beginning of the month, the U.S. dollar/Indian rupee exchange rate continued fluctuating with a weak Indian rupee. Subsequently, in the middle of the month, pressure to sell the U.S. dollar strengthened. Following this trend, the Indian rupee appreciated, and the U.S. dollar/Indian rupee exchange rate temporarily fell below the INR 88 level. Toward the end of the month, the U.S. announced its plan to restrict the issuance of H1-B visas, which impacted the market negatively. As a result, the Indian rupee renewed its all-time low. On the other hand, the Reserve Bank of India (RBI) intervened in the foreign exchange market to keep the U.S. dollar/Indian rupee exchange rate from rising further. Thus, the rise of the U.S. dollar/Indian rupee exchange rate was controlled and slowed. In the end, the U.S. dollar/Indian rupee exchange market closed trading at the upper-INR 88 level (as of September 29).

The BSE SENSEX opened trading at the lower-80,000 level. Thereafter, the index started to rise at the beginning of the month and reached the 83,000 level in the middle of the month. Subsequently, some market participants seem to have made profit-taking transactions, while the media reported news related to the U.S. work visas. As a result, the BSE SENSEX started to fall and returned to the level seen at the beginning of the month. Yet, the index did not fall below the 80,000 level, with a certain range of stability (as of September 29). In terms of capital inflow from foreign investors, there was a net sell in September on a single-month basis. Market participants are thus advised to carefully continue observing whether the capital outflow would stop in the times ahead.

In terms of Indian economic indices, the current account balance for the April–June quarter in 2025 revealed a deficit of approximately USD 2.4 billion, due to a slowdown in the growth of surplus in the services sector. Even though the previous quarter recorded a surplus for the first time in a year, it is likely to take a while for India to overcome its constant deficits through fundamental reinforcement.

2. Outlook for This Month

In October, the Indian rupee is likely to remain weak against the U.S. dollar.

In September, the Indian rupee renewed its all-time low. However, since the RBI intervened in the foreign exchange market, the U.S. dollar/Indian rupee exchange rate stabilized for the moment. Due to news headlines related to the U.S. work visas, the pressure to sell the Indian rupee may temporarily strengthen in the times ahead, due to a growing sense of caution in the market, given 70% of the current H1-B visa holders are Indian human resources—mainly highly skilled workers in the IT sector.

The central bank of India is expected to maintain its policy interest rate at 5.50% at the Monetary Policy Committee (MPC) meeting to be held in October. The central bank maintains its monetary policy stance at neutral. After the phase of disinflation, the latest Consumer Price Index (CPI) has shown signs of the acceleration of inflation again. Thus, the possibility for further policy interest rate cuts is limited.

Because the RBI has taken an attitude to accept flexibility in the foreign exchange market, the U.S. dollar/Indian rupee exchange rate has been fluctuating in a wider range compared to previously. Thus, the U.S. dollar/Indian rupee exchange market remains highly volatile. In October, there will be a most-important festival for the Hindu religion—Diwali—which is expected to stimulate personal consumption as an annual trend. Furthermore, there was a reform on the goods & services tax (GST) in the second half of September, which is impacting the market positively. Thus, the business confidence level in India is expected to improve based on expanded domestic demand, keeping the U.S. dollar/Indian rupee exchange rate low. However, on the other hand, from the viewpoint of export promotion, the trend in the U.S. dollar/Indian rupee exchange market is not likely to change dramatically either. Thus, in general, the Indian rupee is forecast to remain weak.

This report was prepared based on economic data as of September 30, 2025.
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