Mizuho Dealer's Eye

February 2026

Mizuho Bank, Ltd.

Global Foreign Exchange Department

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U.S. Dollar – February 2026

Expected Ranges **Against the yen: JPY150.00–156.00**

Outlook for This Month

The dollar/yen pair will stop sliding this month, though it will trade with a heavy topside.

The yen weakened and the pair hit 159 yen on BOJ governor Kazuo Ueda's press conference after the January BOJ meeting, though it then plummeted to 152 yen on concerns about a joint intervention by the US and Japan. Market participants had previously focused on the weakness of Japan's standalone approach, but it seemed a joint effort might overcome these intervention funding issues, with this speculating having a significant impact on the markets. However, in the past joint interventions have only occurred during emergencies such as the Asian currency crisis or the Great East Japan Earthquake, so it seems the authorities will limit themselves to verbal interventions, with the big guns set to remain holstered for now. US treasury secretary Scott Bessent has also ruled out any intervention. At the same time, Donald Trump has signalled his tolerance for a weak dollar when he said he did not believe the greenback had fallen too far. A weak dollar would push up import prices, something the authorities would want to avoid, but the Japanese government has prompted a slide in bond prices and this is also filtering across to the US, so Washington may well push the Takaichi administration to change tack. The Japanese government's moves to curb the yen's slide (and thus push the dollar/yen pair lower) may gain some acceptance if they are premised on restoring stability to the bond markets. Sanae Takaichi's comments ahead of the Japan's House of Representatives election show a clear decline in mentions of a consumption tax cut, something the government had previously called for. Voting will begin in February 8. If the ruling party wins a majority, this could see a resumption of "Takaichi trades," with the dollar/yen pair's slide arrested and the pair moving firmly, though this momentum will be weaker than the last time around. At the same time, expectations ae growing for an early BOJ rate hike. The BOJ meeting in January was read as somewhat hawkish, with the BOJ generally upgrading its outlook for the economy and inflation on an overseas economic recovery, for example. There is also growing market expectations that the BOJ will implement an early hike to keep a lid on import inflation caused by the weak yen. Major central banks across the world are bringing rate cuts to a close and there is also speculation that they might begin lifting rates. Under these circumstances, it will grow more likely that the BOJ will hike rates in the short term to defend the yen, with the dollar/yen pair likely to move heavily this month.

Dealers' Market Forecast

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

Bullish on the dollar	13 bulls	157.30 – 151.00	Bearish on the dollar	3 bears	156.00 – 150.00

* Ranges are central values

Seki	Bull	158.00 – 152.00	With expectations for a joint US/Japanese intervention waning, the yen's rise since the start of the year has halted, with the dollar/yen pair's topside resistance growing weaker. The pair will be supported by the strength of the US economy and structural yen bearishness. Real Japanese/US interest-rate differentials will continue to push the yen lower, with the yen expected to move weakly at the same time as the dollar moves bearishly.
Yamazaki	Bull	157.50 – 148.00	The dollar/yen pair looks set to rise in February. With the FOMC pointing to the firmness of the US economy, it seems the pair will continue to trend higher. There will also be a recommencement of "Takaichi trades" after the Japanese general election.
Nagano	Bull	157.00 – 151.00	The yen rose last month on concerns about a concerted US/Japanese intervention, but the fundamentals remain unchanged, with the yen likely to move bearishly again after the February 8 general election on concerns about Japanese fiscal expansion. Nonetheless, the dollar/yen pair's topside will be weighed down by ongoing concerns about an intervention.
Toriba	Bull	158.00 – 149.00	A lot will depend on the results of the House of Representatives election on February 8, but there is a strong sense that the yen will weaken on the Takaichi administration's active fiscal policy, so the dollar/yen pair will be bought on any dip. However, government figures have also voiced concerns about yen weakness, so the pair's room on the topside will probably be capped.
Yamaguchi	Bull	156.00 – 152.00	The dollar/yen pair plunged from 159 yen to around 152 yen last month. The pair will continue to move erratically on comments and moves by the authorities, but the LDP looks set to win the general election, with the pair likely to move firmly on "Takaichi trades."
Matsunaga	Bull	157.50 – 151.00	As long as there remain fears about Japan's deteriorating finances on the Takaichi administration's fiscal policies, it is hard to imagine the trend of yen bearishness shifting solely on concerns of an intervention or expectations for an early rate hike by the BOJ. Provided President Trump's actions do not lead to more turmoil in the US, the yen is likely to be pushed lower by selling.
Katoono	Bull	158.00 – 151.00	A lot depends on the House of Representatives election results in early February, but with Japan still committed to fiscal expansion, there is a shortage of yen-buying factors, with the yen's gains since October likely to be pared back. The dollar/yen pair's topside will be constrained by fears of an intervention, but the pair is expected to edge higher as the cross yen strengthens.
Kobayashi	Bull	156.00 – 150.00	The dollar/yen pair temporarily fell to around 152 yen on concerns about a joint US/Japan intervention, but the fundamentals still remain conducive to yen bearishness, so although the pair's topside will be capped this month too, the pair will continue to move at highs.
Hakamata	Bull	156.00 – 152.00	The dollar/yen pair looks set to rise in February. The pair fell by around seven yen on concerns about a joint US/Japan intervention, but comments by US treasury secretary Scott Bessent then poured cold waters on this speculation. As fears about a joint intervention fade, the pair will face upwards pressure once more.
Okuma	Bull	157.00 – 152.00	Japan faces the House of Representatives election in which both the ruling and opposition parties have called for consumption tax cuts. Under these circumstances, the yen will probably move bearishly on concerns about Japan's deteriorating finances. The Dollar Index is also sliding, but yen buying has been capped, even when rate checks occur, which suggests the dollar/yen pair will move firmly this month.
Ito	Bear	157.00 – 148.00	Factors this month will include the announcement of the new FRB chair and the House of Representatives election. However, the dollar has been sold sharply recently and it is hard to see this trend being reversed quite so easily. The BOJ is also edging its way towards further rate hikes, so the dollar/yen pair is likely to face downward pressure.

Nishi	Bear	156.00 – 150.00	Amid concerns about a joint intervention by Japan and the US, the dollar/yen pair will probably move with a lack of direction. There are expectations for more "Takaichi trades" after the ruling party wins the House of Representatives election, but the pair's upwards momentum will be capped. The pair will also be weighed down by expectations for an early BOJ rate hike.
Harada	Bull	158.00 – 151.00	There are growing fears about an intervention in the currency markets, but there are also concerns that any strong moves could push the yen up sharply, with stock prices then plummeting, so a prudent response is required. As such, the yen will be prone to selling as long as the Takaichi administration continues to pursue fiscal expansion.
Yamada	Bull	157.30 – 152.00	The yen has risen sharply on concerns about an intervention. The dollar is also facing strong headwinds from sudden outbursts by President Trump. Nonetheless, the yen will remain weak until the BOJ actively pivots towards rate hikes. If the LDP wins a majority in the Japan's House of Representatives election, the yen will face more selling pressure.
Matsuki	Bear	156.00 – 150.00	Investors will be monitoring the results of the Japan's House of Representatives election. The dollar has moved bearishly recently. With speculation also growing about an early BOJ rate hike, it seems the dollar/yen pair will continue to move with a heavy topside in the short term.
Oshima	Bull	157.00 – 151.00	The dollar/yen pair has fallen on speculation about coordinated rate checks by the US and Japan. However, Washington has reiterated its desire for a strong dollar, so dollar selling will probably ease off. At the same time, there are deep rooted concerns about Japan's finances. If the ruling party scores a big win in the House of Representatives election, the yen will face more selling pressure, with the dollar/yen pair set to edge higher.

Shin Hakamata, Global FI Team, Global Foreign Exchange Department

Euro –February 2026

Expected Ranges **Against the US$: US$1.1750–1.2100**
Against the yen: JPY182.00–186.50

Outlook for This Month

The euro/dollar pair looks set to move firmly this month on moves away from the dollar and on the divergent monetary policy directions of the US and Europe.

With the economy and prices moving stably in Europe, the ECB has kept policy fixed since its last rate cut in June 2025, with the interest rate futures markets not expecting any more rate cuts this year either. ECB staff projections are forecasting that the eurozone Harmonised Index of Consumer Prices (HICP; headline figure) will move from +2 1%→+1 9%→+1 8%→+2 0% from 2025 through 2028, with the ECB and the markets both agreeing that further rate cuts will not be needed. However, the US remains in the rate-cut cycle, with investors predicting around two more rate cuts this year. The euro/dollar pair will remain susceptible to rising on these divergent monetary policy directions.

The pair will also be supported by moves away from the greenback on uncertainty about US policy. Since the start of 2026, the dollar has continued to be sold on events like the investigation into FRB chair Jerome Powell and tensions over Greenland, with the greenback also buffeted by President Trump's comments about not being concerned about dollar bearishness. It is hard to predict what the US government will say or do, so caution will be needed.

France failed to agree on a budget last year, with investors focusing on the negotiations taking place this year. However, in January, the government decided to bypass parliament using a special legislative procedure based on Article 49.3 of the French Constitution, so it looked like a budget would be enacted. With France's fiscal reconstruction plans not going to plan, there were concerns that French government bonds might be downgraded again, with these concerns also impacting Europe as a whole. However, with a budget now looking likely and with a motion of no confidence in the cabinet also being voted down, worries about downwards pressure on the euro have now been allayed. The focus will now shift to next year's presidential election, with French politics expected to have minimal impact on the euro/dollar pair this month.

Dealers' Market Forecast

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

Bullish on the euro	11 bulls	1.2200 – 1.1700	Bearish on the euro	5 bears	1.2100 – 1.1700

* Ranges are central values

Seki	Bull	1.2200 – 1.1700	If the February ECB Governing Council meeting drops hints about reaching the neutral rate or a shift to rate hikes, this will support the euro/dollar pair. There are concerns about a German economic slowdown, but the Trump administration is pushing investors away from the dollar, with funds also flowing into Europe on expectations for rearmament, so to pair's topside will probably be tested this month.
Yamazaki	Bear	1.2000 – 1.1500	The euro/dollar pair has topped $1.2, but it is unlikely to remain at this level and will probably trend lower. The pair looks set to fall on dollar buy-backs.
Nagano	Bear	1.2100 – 1.1700	The euro/dollar pair rose last month as the greenback weakened after President Trump said he was prepared to tolerate dollar bearishness, for example. However, US economic indicators are moving firmly and FRB chair Jerome Powell is expected to keep rates fixed while he remains in office, so it is hard to see the pair rising further.
Toriba	Bull	1.2300 – 1.1600	President Trump continues to push for rare cuts, with the US/Europe policy rate gap shrinking. The euro will remain relatively attractive compared to the dollar.
Yamaguchi	Bear	1.2000 – 1.1600	The euro/dollar pair surged when President Trump said he would tolerate dollar weakness. However, US treasury secretary Scott Bessent then poured cold water on expectations for dollar bearishness, with the speed of the dollar's slide and the euro's rise set to slow. The currency pair will move with a heavy topside.
Matsunaga	Bear	1.2100 – 1.1700	The euro/dollar pair has rallied to $1.20 on dollar weakness, but there remain concerns about manufacturing and other sections of the European economy, so it is hard to imagine the euro being bought further.
Katoono	Bull	1.2200 – 1.1800	The ECB Governing Council will probably keep policy rates fixed when it meets at the start of February. On the other hand, there are concerns about dovish comments made by the next FRB chair. As such, investors will try testing $1.20 once again. The greenback might be bought on geopolitical risk related to the situation in the Middle East, so caution will be needed.
Kobayashi	Bull	1.2200 – 1.1600	The FRB remains in a rate-cut phase, but the ECB has brought rate cuts to a close, with the ECB likely to keep rates fixed or even discuss when to lift rates. As such, the euro/dollar pair looks set to move firmly on monetary policy and real demand.
Hakamata	Bull	1.2100 – 1.1750	The euro/dollar pair looks set to move strongly this month on the divergent monetary policy directions of the US and Europe, with the pair also bolstered by moves away from the dollar due to uncertainty about US policy. There are few factors pushing the euro lower, with the pair expected to undergo a gentle climb towards $1.2100.
Okuma	Bull	1.2200 – 1.1800	Investors are moving away from the dollar due to mistrust in the US government. The actions of President Trump looks set to remain unpredictable going forward, Though a lot will depend on the greenback's movements, it seems the euro will remain an easy currency to buy.
Ito	Bull	1.2600 – 1.1700	It will take some time before the antagonistic relation between the US and Europe calms. The US administration may become even more authoritarian going forward, with the euro likely to be bought on this tension.

Nishi	Bull	1.2200 – 1.1800	We are seeing a global shift away from the dollar on geopolitical risk caused by the Trump administration. The euro/dollar pair looks set to move firmly on the divergent directions of US and European monetary policy. It will also be boosted by fiscal expansion in the eurozone.
Harada	Bull	1.2100 – 1.1800	The dollar will be sold further on the selection of the next FRB chair and on comments by President Trump about tolerating dollar bearishness. Fears about a confrontation between the US and Europe over Greenland have also eased, with this another reason why the euro will be bought as investors move away from the dollar.
Yamada	Bear	1.2100 – 1.1700	The euro has risen on dollar bearishness, but the euro/dollar pair temporarily hit $1.20 in January and ECB officials have also intervened verbally to keep the pair in check, so its upwards momentum will probably ease off this month. The euro will be prone to some adjustive selling, but with the US still committed to lowering rates, the pair's room on the downside will probably be capped.
Matsuki	Bull	1.2200 – 1.1700	The dollar has been sold on US policy and comments by President Trump, with the euro/dollar pair moving firmly as a result. However, if the pair strengthens further, this will lead to speculation about monetary policy easing by the ECB, so the pair is unlikely to undergo a one-sided rise.
Oshima	Bull	1.2200 – 1.1700	There have been no major shifts when it comes to the economy and inflation, with the ECB Governing Council likely to keep policy fixed when it meets in February. There is still some risk of a confrontation between the US and Europe over Greenland, but the dollar faces several worrisome factors, including geopolitical risk and concerns about the FRB's independence, so investors will probably buy the euro.

Fumihiko Kanda, Europe Treasury Department

British Pound – February 2026

Expected Ranges **Against the US$: US$1.3400–1.3900**
Against the yen: JPY206.00–214.00

1. Review of the Previous Month

The GBP/USD pair rose in January. On January 2, the UK FTSE100 share index topped 10,000 points for the first time ever. After opening the month at the mid-$1.34 mark, the currency pair subsequently hovered around $1.34-1.35 early January. The pair then weakened to the lower-$1.33 level at closing on January 19 on several worrisome factors, including the possibility of FRB chair Jerome Powell facing a criminal investigation and comments by President Trump about imposing tariffs on the UK and EU in relation to the Greenland issue, though the pair then rallied on dollar selling. In the week beginning January 19, several world leaders gave speeches at the Davos summit, but the pair continued to move firmly and it hit $1.35 on January 23 when a number of UK indicators topped expectations. The greenback then fell against the yen on reports that the NY FRB had conducted a rate check, with the GBP/USD pair climbing to $1.36 as a result. On January 27, President Trump hinted that he would tolerate dollar bearishness, with the pair then bought to $1.38.

Sterling moved firmly against the yen in January. The pair began the month floating around 211 yen on January 2. The dollar/yen pair then strengthened on news that Japanese prime minister Sanae Takaichi had dissolved parliament, with the pound/yen pair also rising to 214 yen on January 13. However, Japanese authority figures then made verbal interventions. With the Greenland issue also making waves, the pair dropped below 211 yen on January 19. On January 20, prime minister Takaichi mentioned temporarily lowering the consumption tax on food. Investors reacted by selling Japanese government bonds (JGB), with the pair then rising to 213 yen for a time. The dollar/yen pair was rattled by concerns about an intervention after the BOJ meeting on January 23. The pound/yen pair also fluctuated by around two yen, though it then regained composure at 214 yen before dropping below 213 yen during US trading time. The pair subsequently jostled around 210 yen on the dollar/yen pair's movements after news emerged about the rate check on January 23.

2. Outlook for This Month

The GBP/USD pair is expected to continue moving firmly in February.

The first focus will be the February 5 Bank of England (BOE) policy decision. However, the UK released a series of better-than-expected indicators last month, so it seems the BOE will keep policy fixed, with expectations for a rate cut nipped in the bud. Market bets on a rate cut in April are moving around 50%, with investors set to the monitor the BOE vote split and the performance of indicators going forward. The UK's fourth quarter GDP data will be released on February 12, but there are doubts about how reliable this data will be, particularly given how a major US auto manufacturer was hit by a cyber-attack last year. At the same time, the international situation and dollar trends will also require monitoring. News about Venezuela, Iran and Greenland cooled off last month, but the US remains at loggerheads with the UK and EU. It is hard to gauge the impact on the markets, but there is no room for complacency. News suddenly emerged late January that the NY FRB had conducted a check of the dollar/yen pair's rate, with the greenback then sold against the yen and a range of other currencies. US treasury secretary Scott Bessent poured cold water on the idea of a coordinated intervention on January 28, but investors may find it hard to build up dollar long positions. In the UK, the main political headline concerned the late-January decision by the Labour Party's National Executive Committee (NEC) not to allow the Manchester mayor Andy Burnham to stand for parliament in a by-election. Mr. Burnham is seen as a potential rival to the UK's unpopular prime minister Kier Starmer. He is also regarded by the markets as a proponent of fiscal expansion and measures that lessen the UK's reliance on the government bond markets, both policies that could impact the UK's gilt markets. The by-election will be held on February 26. There is a risk that sterling will be affected by the ongoing fighting ahead of the May local elections, so caution will be needed.

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

Australian Dollar – February 2026

Expected Ranges **Against the US$: US$0.6850–0.7150**
Against the yen: JPY104.20–109.20

1. Review of the Previous Month

The AUD/USD pair floated around $0.67 from early to mid-January before rising to around $0.70 late January.

The greenback strengthened on risk aversion at the start of the month at geopolitical risk rose in relation to Venezuela, but no more negative factors emerged thereafter, so the currency pair moved firmly on the whole. Its downside remained firm even after Australia's November CPI data swung below expectations.

Concerns about FRB independence flared up mid-January on reports that FRB chair Jerome Powell would be subject to a criminal investigation. The US then released a lower-than-expected December core CPI figure, with US interest rates sliding and the AUD/USD pair rising to the lower-$0.67 mark for a time. However, it then floated with a lack of direction around $0.67.

The greenback was sold late January as tensions between the US and Europe ratcheted up over Greenland, with the AUD/USD pair becoming entrenched at $0.67. President Trump then ruled out any military action to take control of Greenland and he also withdrew tariffs imposed on Europe, so risk aversion was wound back. As stock markets rallied, investors tested the currency pair's topside, with the pair climbing to the upper-$0.67 range. With Australia's December employment and January PMI data moving unexpectedly firmly, the pair then rose to the lower-$0.68 level. The greenback then moved bearishly across the board on growing speculation about a joint US/Japan intervention, with the AUD/USD pair topping $0.69. Australia's December headline year-on-year CPI figure was up on forecasts and the previous month's figure, so the pair hit $0.7023 for the first time since February 2023. However, the trimmed mean had not risen by as much as feared, so the pair was sold back slightly to the upper-$0.69 mark.

2. Outlook for This Month

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

The number of people in work rose by more than expected in Australia's December employment data. With the unemployment rate also at a 7-month low, the data pointed to the firmness of the labor market. However, Australia's December headline year-on-year CPI figure was up on both forecasts and the previous month's figure, so bets on a rate hike at the February RBA board meeting have risen found around 60% before the CPI announcement to over 70%.The jobs market is moving stably in the US, so speculation about an early US rate cut has waned. Still, at the time of writing investors were pricing in just under two more rate cuts within the year. There are also concerns about FRB independence and a coordinated intervention by the US and Japan, so investors will probably continue to test the currency pair's topside for now. Under these circumstances, the pair looks set to move firmly on the whole in February. However, given how the pair underwent a sharp rise towards the end of January, there could be some position adjustments and selling for profit taking, so caution will be needed.

Yasuko Iwata, Canada Markets Office, Americas Markets Department

Canadian Dollar – February 2026

Expected Ranges **Against the US$: C$1.3600–1.3900**
Against the yen: JPY110.00–115.00

1. Review of the Previous Month

The US economic indicators released in January were still incomplete owing to the US government shutdown that took place last autumn, so the USD/CAD pair was swayed more by geopolitical risk and political events. After opening the year at C$1.37, the pair broke through C$1.39 mid-January. Erratic trading continued thereafter, with the greenback weakening and the pair falling to the lower-C$1.35 mark late January.

With the US army snatching Venezuelan president Nicolás Maduro and bringing him to New York, the greenback was bought on risk aversion early January, with the currency pair topping C$1.38. New geopolitical risk then flared up in relation to Iran and Greenland. The US and Canadian December employment data was released on January 9. Though the US unemployment rate had fallen, Canada's unemployment rate had risen, so the US dollar was bought and the USD/CAD pair rose to C$1.39 for the first time in around a month.

During the middle of the month, FRB chair Jerome Powell announced that the FRB had been served with grand jury subpoenas threatening a criminal indictment. With the US December core CPI figure also falling below expectations, the currency pair slid to C$1.38. However, crude oil prices then fell after the US shelved any military action against Iran. Furthermore, President Trump then seemed lukewarm about the prospect of nominating Kevin Allen Hassett as the next FRB chair. Mr. Hassett is director of the National Economic Council and is seen as a supporter of the president's policies. All of this saw the pair rallying to a January high of C$1.3929 on January 16. The greenbacks momentum was short-lived and it was then sold on concerns about its future credibility dues to fears about President Trump's meddling in the FRB and on tensions between the US and Europe over Greenland. The yen then surged on concerns about a coordinated intervention by the Japanese and US authorities, with the greenback weakening across the board. With President Trump also stating that he would allow the US dollar to depreciate, the USD/CAD pair tumbled to C$1.3536 on January 28 for the first time since June 2025.

2. Outlook for This Month

Canada will face a number of key political events in January. First up, prime minister Mark Carney will be visiting China as he seeks to reduce Canada's dependence on the US. He has announced Canada will slash tariffs on Chinese EVs and he has talked about building a new strategic partnership with China. At the Davos summit on January 20, Mr. Carney said middle powers like Canada would need to work together to counter the pressure tactics and threats employed by global superpowers, with this seen as a criticism of President Trump and the US, even though these were not directly mentioned. These series of events will provoke the Trump administration, with President Trump saying he will hit Canadian imports with a 100% tariff if Canada does business with China. Talks about revising the United States-Mexico-Canada Agreement (USMCA) are set to conclude in July, but negotiations will be stormy and they could well drag on for a longer period.

From the month, investors will be focusing more on US/Canadian movements related to the USMCA talks. When the Bank of Canada (BOC) met on January 28, it said these talks were the main uncertainty at present. There are whispers about potential rate cuts if this uncertainty gets worse, with market bets on a BOC rate hike within the year dipping below 30% as of January 28. In the US, one condition for further rate cuts would be a deteriorating labor market, but the jobs data has shown signs of improvement since the December FOMC meeting. Though the FRB still remains committed to rate cuts, it is in no rush and will probably continue to take a data-driven approach. The greenback will continue to be sold in February, but the Canadian dollar will be weighed down by the USMCA negotiations, with the USD/CAD pair expected to move between C$1.36-1.39, essentially unchanged on January.

Shuhei Yamauchi, Seoul Treasury Office, East Asia Treasury Department

Korean Won – February 2026

Expected Ranges **Against the US$: KRW 1,400–1,460**
Against the yen: JPY 10.35–11.20 (KRW100)

1. Review of the Previous Month

The USD/KRW pair opened the month trading at KRW1439.5. The South Korean authorities had intervened to curb strong won bearishness towards the end of December and there were concerns about a further intervention. Domestic investment was also boosted by tax incentives offered to retail investors and the National Pension Fund. With South Korean exporters also called upon to convert their foreign currency earnings into won, the pair continued trading at KRW1440 for a time on these measures to curb the won's slide. However, there was also strong demand to buy the greenback, so the pair then topped the key KRW1450 mark towards January 8 and it continued rising to just below KRW1480 at the start of the week beginning January 12. During overseas trading time on January 14, US treasury secretary Scott Bessent said the won had depreciated too much, with the pair subsequently plunging to KRW1460 on January 15. There was strong appetite to buy the US dollar at this level, so the pair bounced back to KRW1470 toward the weekend. The Bank of Korea (BOK) kept its policy rate fixed at 2.50% when it met on January 15, with a majority of members also expecting the policy rate to be left unchanged over the following three months. The BOK had previously hinted at further rate cuts, but it now seemed to shift its stance in a more neutral direction.

With geopolitical risk rising in relation to Greenland, the pair climbed to KRW1481.4 on January 21. However, it then fell to KRW1460 as concerns of an intervention grew after South Korean president Lee Jae Myung said the USD/KRW pair's exchange rate would shift toward KRW1400 within one or two months. The USD/JPY fell over the week beginning January 26 and the USD/KRW pair followed suit. President Trump then voiced his tolerance for dollar depreciation, so the currency pair dropped below KRW1430 on January 28 to move around KRW1422.

2. Outlook for This Month

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

Though the pair rose towards mid-January, won depreciation was capped by coordinated moves by Washington and Seoul, with the pair also falling sharply when the USD/JPY pair weakened. With President Trump also saying he is unconcerned about dollar weakness, the greenback has moved bearishly against other currencies. If this trend continues, the USD/KRW pair will remain heavy on the topside too.

However, on January 26 President Trump announced he was raising tariffs on South Korean cars and other goods from 15% to 25% because the South Korean parliament had still not ratified a trade agreement between the two countries. President Trump's tantrum came after South Korea's deputy prime minister Koo Yun-cheol had said the weakness of the won meant it would be difficult for South Korea to start investing US$20 billion annually in the US during the first half of 2026. With tariff concerns flaring up again and with fears growing about a deteriorating won supply and demand environment on these investments into the US, the won could well move bearishly again.

Melody Tung, Taipei Treasury Office, East Asia Treasury Department

New Taiwan Dollar – February 2026

Expected Ranges **Against the US$: NT$30.50–31.70**
Against the yen: JPY4.80–5.05

1. Review of the Previous Month

The USD/TWD pair rose to TWD31.70 in January, though most of its gains were pared back towards the month's end.

The pair opened the month trading at TWD31.420. With Taiwanese stocks hitting record highs, the Taiwan dollar was bought and the currency pair slid to TWD31.360 on January 2. Stocks remained firm thereafter, but overseas funds then flowed out of Taiwan. With an insurance company also buying the greenback, the pair climbed to TWD31.50. When a major Taiwanese technology firm distributed cash dividends on January 8, overseas investors made US dollar remittances. Market expectations for a US rate cut in the first quarter were downgraded on January 9 following the release of the US employment data. Asian currencies were subsequently sold, with the USD/TWD pair rising to TWD31.60.

The pair continued rising mid-January. On January 14, the US dollar appreciated as overseas investors pulled funds out of Taiwan, with the pair topping TWD31.700 to hit a monthly high of TWD31.706. The US and Taiwan signed a trade agreement on January 16, with tariffs lowered to 15%. With overseas investors buying Taiwanese stocks on balance, the currency pair weakened to the mid-TWD31.50 mark.

On January 22, President Trump withdrew his threat to hike tariffs on European exports, with market risk aversion then waning. The USD/JPY pair fell sharply during US trading time on January 23 when the yen was bought on news that the NY FRB had conducted a rate check. The USD/TWD pair also fell to the lower-TWD31.40 mark on January 26. With US interest rates falling and concerns growing about a US government shutdown, the pair then fell to TWD31.292 on January 28, with the pair closing the month trading around TWD31.30 on January 28.

2. Outlook for This Month

In February, the USD/TWD pair will trade in a range around the lower-TWD31 mark.

In January, the Taiwan dollar was mainly pushed lower by an outflow of overseas funds, but this outflow eased late January. With US interest rates also sliding, the currency pair gradually returned to its level from the start of the month. The pair looks set to continue trading in a range in February. An optimistic mood is sweeping the markets, with the pair likely to move between TWD31.0-31.5. The FRB is adopting a flexible approach when it comes to the timing of rate cuts. With Taiwan's economic indicators also showing no signs of any major shift, it seems the foreign exchange markets will move without any clear sense of direction in the short term.

As for seasonal factors, the greenback will see more selling by exporters in the run up to the Lunar New Year holidays, with the Taiwan dollar rallying as a result. At the same time, FRB chair Jerome Powell will be stepping down in May and President Trump may well appoint a more dovish successor, with US monetary policy likely to grow more accommodative. These personnel and policy shifts will have a major impact on the USD/TWD pair's movements, with the Taiwan dollar facing more upwards momentum.

Overall, the pair will lack a clear direction in the short term, but it will be supported by seasonal factors related to the Lunar New Year holidays, by the firmness of the Taiwanese economy, and by expectations for US rate cuts. As such, the pair is expected to move in a range around the lower-TWD31 mark.

Naoki Nohara, East Asia Treasury Department

Hong Kong Dollar – February 2026

Expected Ranges **Against the US$: HK$7.7700–7.8200**
Against the yen: JPY19.20–20.20

1. Review of the Previous Month

In January, the USD/HKD pair rose slightly to around HKD7.80, the middle range of its peg. HKD short-term interest rates fell on seasonal factors, namely the waning of the end-of-year demand flow. With expectations for an early US rate cut also falling, the currency pair was pushed higher.

The US December employment data was released at the start of January, with the unemployment rate down on the previous month. Investors had anticipated an early US rate cut on worsening employment conditions, but this anticipation now dropped off, with US interest rates also facing upwards pressure. On the Hong Kong side, demand for the Hong Kong dollar fell as end-of-year factors wore off. There were also more IPOs in January than usual, with this also capping fund demands. As a result, HKD short-term interest rates moved at a lower level compared to the previous month. With US/Hong Kong interest-rate differentials widening, the USD/HKD pair edged higher. Tensions between the US and Europe ratcheted up late January in relation to Greenland. With concerns also growing about a criminal investigation into FRB chair Jerome Powell, the greenback fell across the board. Nonetheless, the USD/HKD pair moved firmly to float around HKD7.80.

Turning to domestic economic indicators, and Hong Kong’s November retail sales figure hit +8.6% to move in positive territories for the seventh straight month. Exports and imports also expanded, with the export amount in 2025 hitting a record high. Exports were supported by an expansion in AI-related demand and brisk trade with emerging economies.

2. Outlook for This Month

In February, the USD/HKD pair is expected to move with a heavy topside close to the middle range of its peg.

Supply and demand conditions surrounding the Hong Kong dollar tend to grow tighter around the time of the Lunar New Year holidays (the Spring Festival), with HKD short-term interest rates likely to face upwards pressure. At the same time, some observers still believe the FRB will continue to cut rates throughout 2026, so USD interest rates will move heavily on the topside. As USD/HKD interest-rate differentials shrink, the Hong Kong dollar will grow steadily stronger against its US counterpart.

Risk factors include the decision about tariffs in the US and lingering uncertainty about who will be the next FRB chair. Depending on how these things develop, the US dollar could face some sharp adjustment. When geopolitical risk deteriorates or concerns about the FRB’s independence flare up again, there is a risk the greenback might face renewed selling pressure, so caution will be needed.

As for Hong Kong factors, there are still many companies scheduled to conduct IPOs in Hong Kong stock markets. It seems highly likely the IPO market will see brisk movement this year too. Technology shares and other Hong Kong stocks have moved firmly since the start of the year, with demand for the Hong Kong dollar also likely to be bolstered by fund inflows via the Stock Connect.

Based on the above, in February the USD/HKD pair is expected to move with a heavy topside close to the middle range of its peg.

Takashi Nishitani, Treasury Department, MHBK (China)

Chinese Yuan – February 2026

Expected Ranges **Against the US$: CNY 6.8700–7.0000**
Against the yen: JPY 21.50–23.00

1. Review of the Previous Month

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

On January 5, the U.S. dollar/Chinese yuan exchange market opened trading at around CNY 6.98. In response to media reports related to Venezuela, geopolitical risks heightened. However, risk-averse sentiment did not grow in the market, and there was little impact on the U.S. dollar/Chinese yuan exchange market. On January 8, market participants bought the U.S. dollar immediately after market opening. As a result, the U.S. dollar/Chinese yuan exchange rate once reached CNY 6.9968—the monthly high in January. Thereafter, market participants mainly sold the U.S. dollar, and the U.S. dollar/Chinese yuan exchange rate started to fall. Then, on January 9, the December employment statistics for the U.S. were released with both strong and weak figures. Under such circumstances, the U.S. dollar/Chinese yuan exchange rate fell slightly. The U.S. dollar/Chinese yuan exchange market closed the upper-CNY 6.97 level.

On January 12, the U.S. dollar/Chinese yuan exchange market opened trading at the mid-CNY 6.97 level. On January 15, the People's Bank of China (PBOC) announced its decision to cut its one-year interest rate, which is a structural monetary policy instrument, by 0.25%. In reaction, the U.S. dollar/Chinese yuan exchange rate rose temporarily. However, the trend did not last, and the exchange rate returned to the original level immediately thereafter. On January 16, the U.S. dollar/Chinese yuan exchange market closed trading at the lower-CNY 6.97 level.

On January 19, the U.S. dollar/Chinese yuan exchange market opened trading at the mid-CNY 6.96 level. Thereafter, the fourth-quarter GDP for China was announced, and the result turned out to be +4.5% year-on-year. On an annual basis, the government target growth rate of +5.0% was achieved. However, this had already been reflected in the market, and there was only limited impact on the U.S. dollar/Chinese yuan exchange market. On January 20, the Chinese yuan appreciated slightly, and the U.S. dollar/Chinese yuan exchange rate fell to the upper-CNY 6.95 level. On January 22, the exchange rate rallied to temporarily reach the upper-CNY 6.97 level. Yet, on January 23, the PBOC central parity rate was set at the CNY 6.99 level for the first time since May 2023, and this brought the U.S. dollar/Chinese yuan exchange rate down to the lower-CNY 6.96 level again. At this level, the U.S. dollar/Chinese yuan exchange market closed trading for the week.

On January 26, the PBOC central parity rate was set toward an even-stronger Chinese yuan. In reaction, the U.S. dollar/Chinese yuan exchange market opened trading at the upper-CNY 6.95 level. On January 27, the U.S. dollar/Chinese yuan exchange rate continued to fluctuate within a narrow range at the CNY 6.95 level. However, on the same day during trading hours abroad, market participants actively sold the U.S. dollar. As a result, the U.S. dollar/Chinese yuan exchange rate fell to the mid-CNY 6.94 level on January 28.

2. Outlook for This Month

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

In China, the Central Economic Work Conference was held in December last year, revealing the basic principle for 2026 to support the economy both from monetary and fiscal points of view. With this principle, it was made clear that monetary policy will be flexible with possible cuts of the deposit reserve requirement ratio and the policy interest rate. In January, the Chinese monetary authorities indeed announced a decision to cut the interest rate as a structural monetary policy instrument. However, this impacted the U.S. dollar/Chinese yuan exchange rate only temporarily. Upward pressure on the Chinese yuan is currently strong, while there is no evident factor to weaken it. For this reason, the Chinese yuan is expected to continue strengthening, which is the most-likely scenario.

In the U.S., the policy interest rate is likely to be cut further, and the nomination for the next Federal Reserve Board (FRB) Chair is also attracting attention in the market. Under such circumstances, the interest rate differentials between the U.S. and China are likely to narrow in the times ahead, which is a factor to weaken the U.S. dollar and strengthen the Chinese yuan.

On the other hand, however, there are risk factors, including opposition between the U.S. and Europe regarding control over Greenland, and this can heighten geopolitical risks and risk-averse sentiment in the market. Under this context, the U.S. dollar/Chinese yuan exchange market may be influenced by strengthening and weakening factors for the U.S. dollar. Thus, market participants are advised to remain careful. It is also worth noting that the PBOC central parity rate has currently been set toward a weaker Chinese yuan compared to the actual trading exchange rate since December last year, and this may be keeping the actual trading exchange rate from rising sharply. Thus, market participants are also advised to observe the level of the PBOC central parity rate.

Taro Anabuki, Asia & Oceania Treasury Department

Singapore Dollar – February 2026

Expected Ranges **Against the US$: SG$ 1.2500–1.3000**
Against the yen: JPY 119.50–123.50

1. Review of the Previous Month

In January, the U.S. dollar/Singapore dollar exchange rate fell toward the second half of the month.

At the beginning of the year, the U.S. dollar/Singapore dollar exchange market opened trading at the mid-SGD 1.28 level. On January 2, the fourth-quarter GDP for Singapore was announced, and the result turned out to be 5.7% year-on-year. Even though this result was below the market estimate, it did not impact the U.S. dollar/Singapore dollar exchange market to a major degree. On January 5 in the U.S., the December 2025 ISM® Manufacturing PMI® Report was released. The results turned out to be weak, leading the U.S. dollar to sell dominantly, and the U.S. dollar/Singapore dollar exchange rate fell to the upper-SGD 1.27 level. On January 7 in the U.S., however, the December 2025 ISM® Non-Manufacturing PMI® Report was released, and the result was seen favorably by market participants. Furthermore, interest rates rose in the U.S. As a result, the U.S. dollar/Singapore dollar exchange rate rallied to reach the mid-SGD 1.28 level. In the week of January 12, the U.S. dollar/Singapore dollar exchange rate did not rise due to media reports related to the possible prosecution of Federal Reserve Board (FRB) Chair Jerome Powell. Thus, the U.S. dollar/Singapore dollar exchange rate continued fluctuating within a narrow range between the mid-SGD 1.28 level and the upper-SGD 1.28 level.

In the week of January 19, relations between the U.S. and Europe worsened due to the issues related to control over Greenland. As a result, market participants continued to sell the U.S. dollar, and this led the U.S. dollar/Singapore dollar to fall gradually. However, in the evening of January 23, the media reported that the Federal Reserve Bank of New York would carry out U.S. dollar/Japanese yen exchange rate checks, which accelerated U.S. dollar-selling. As a result, the U.S. dollar/Singapore dollar exchange rate fell below the SGD 1.27 level for the first time since October 2014. Then, on January 27, U.S. President Donald Trump made a remark to emphasize that he was not concerned with the depreciation of the U.S. dollar, and this weakened the U.S. dollar further. Consequently, the U.S. dollar/Singapore dollar exchange rate temporarily fell further to below the SGD 1.26 level. Thereafter, U.S. Secretary of the Treasury Scott Bessent denied the possibility of foreign-exchange market interventions by the U.S. Furthermore, on January 29, the following day, a Federal Open Market Committee (FOMC) meeting was held, and the policy interest rate was maintained at the existing level, which encouraged market participants to buy back the U.S. dollar. As a result, the U.S. dollar/Singapore dollar exchange rate rose to the mid-SGD 1.26 level. On the same day, the Monetary Authority of Singapore (MAS) also held a regular meeting and decided to maintain the existing monetary policy. Even though this decision was in line with the market estimate, this confirmed the strength of Singapore's economy, and this slightly encouraged market participants to buy the Singapore dollar. As a result, the U.S. dollar/Singapore dollar exchange rate fell to the lower-SGD 1.26 level and was trading at this level.

2. Outlook for This Month

In February, the U.S. dollar is forecast to appreciate at the beginning of the month while the Singapore dollar is forecast to appreciate toward the second half of the month.

In 2025, the fourth-quarter GDP for Singapore turned out to be +5.7% year-on-year, demonstrating constant economic expansion in Singapore. On January 29, a MAS report was released, confirming growing investment related to AI technology and the stability of the world economy in the fourth quarter of 2025. Because Singapore is highly dependent on trade, the content of the report outlined the strengthening of Singapore's economy. It is also worth noting that the economic outlook for 2026 indicates continued economic strength, albeit with a slight slowdown, supported by non-technology sectors such as monetary services and construction. With regard to the inflation rate, the report indicated that there has been upward pressure on the service sector but that such will only be a moderate rise as a result of cost reduction based on improved efficiency. Therefore, thanks to steady economic growth, the Singapore dollar is forecast to appreciate slowly against the U.S. dollar.

Market participants actively sold the U.S. dollar because of media headlines related to exchange rate checks by U.S. dollar monetary authorities. However, as some media outlets reported that U.S. Secretary of the Treasury Scott Bessent had denied the possibility of foreign-exchange market interventions, the U.S. dollar/Singapore dollar exchange rate is not likely to fall to a great extent. It is also worth noting that an FOMC meeting was held in the U.S. on January 29 and that the policy interest rate was maintained at the existing level. The FOMC report was seen as slightly hawkish based on steady economic activity and stable employment. However, it did not impact the U.S. dollar exchange rate to a major extent. In February, the U.S. dollar exchange rate is likely to fluctuate in accordance with economic conditions, as has been the case so far.

In general, in February, the U.S. dollar is forecast to weaken while the Singapore dollar is forecast to strengthen because market participants are cautious about foreign-exchange market interventions. However, such a situation is not likely to persist for a long time, and market participants are expected to start to gradually buy back the U.S. dollar. Thereafter, the Singapore dollar is expected to appreciate against the U.S. dollar toward the end of the month, based on a relatively strong Singapore economy.

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

Thai Baht – February 2026

Expected Ranges **Against the US$: THB 30.70–32.10**
Against the yen: JPY 4.80–5.10

1. Review of the Previous Month

Thailand had holidays both on New Year's Day and January 2. The U.S. dollar/Thai baht exchange market opened trading at the lower-THB 31.60 level. Even though the U.S. dollar/Thai baht exchange rate rose rapidly at the end of last year, market participants sold the U.S. dollar more actively at the beginning of the year. Meanwhile, the price of gold is rising based on growing geopolitical risks. Under such circumstances, the U.S. dollar/Thai baht exchange rate fell and once reached the mid-THB 31.10 level on January 6. However, on January 7 in the U.S., the December 2025 ISM® Non-Manufacturing PMI® Report was released with its strongest figures since October 2024. In reaction, the U.S. dollar/Thai baht exchange rate rallied to approach the THB 31.40 level.

In the middle of the month, the media reported on January 12 that U.S. prosecution authorities had started an investigation into the congressional testimony given by Federal Reserve Board (FRB) Chair Jerome Powell last summer regarding renovation work at FRB headquarters. In response, risk-averse sentiment grew in the market. Under such a context, demand for gold as a safe asset increased, and at the same time, market participants actively bought the Thai baht. Meanwhile, the monetary authorities of Thailand took steps to control the appreciation of the Thai baht. As a result, the U.S. dollar/Thai baht exchange rate did not move in any one direction, continuing to fluctuate within a narrow range between the lower-THB 31 level and the mid-THB 31 level.

At the end of the month, market participants were concerned with geopolitical risks growing again related to U.S. control over Greenland. In response, the price of gold rose in an accelerated manner, also strengthening market participant appetite to buy the Thai baht. As a consequence, on January 21, the U.S. dollar/Thai baht exchange rate fell to once reach the upper-THB 30 level. However, thereafter, the U.S. dollar/Thai baht exchange rate continued fluctuating at the upper-THB 30 level or around THB 31, with the THB 31 level acting as a psychological turning point below which the Thai baht did not depreciate further on many occasions. Toward the end of the month, the central bank of Thailand announced a plan to introduce restrictions on trading gold in order to keep the Thai baht from appreciating further. However, this was not sufficient to change the trend in the market. In the end, as of January 28, when this article was being written, the U.S. dollar/Thai baht exchange rate was fluctuating at around THB 31.

2. Outlook for This Month

In February, the Thai baht is forecast to continue appreciating against the U.S. dollar, keeping the U.S. dollar/Thai baht exchange rate low.

In response to the appreciation of the Thai baht, the monetary authorities of Thailand announced a series of measures to restrict gold and foreign-currency transactions that were deemed to have contributed to the appreciation of the Thai baht since January. However, this impacted the foreign-exchange market only to a limited degree. The announced restrictions included a raise of the upper limit for the repatriation of foreign currency revenues and the introduction of an upper limit for online transactions of gold, as well as compulsory reports on large-scale transactions. These measures all aimed to control the market flow so as to adjust the exchange rate. While market participants were cautious about possible taxation on gold transactions, a decision on this matter was postponed so that monetary authorities could first evaluate the effectiveness of the measures introduced this time. Because concerns over strict measures and heavy taxation were mitigated, risks of speculative positions unwinding were reduced for the time being. As a result, the U.S. dollar/Thai baht exchange rate was on a downtrend. Even though market participants no longer needed to hurry in converting foreign currencies into the Thai baht, this was not sufficient to immediately keep the Thai baht from appreciating further in terms of monetary flows. Thus, it is likely that the announced measures were seen as a factor of relief in the market.

It is important to note that the monetary authorities of Thailand have not completely abandoned the idea of introducing strong measures. It is clear that taxation on gold transactions remain a possibility. Thus, if the rapid appreciation of the Thai baht cannot be controlled with the measures announced this time, the monetary authorities of Thailand may consider more-powerful measures. For this reason, market participants are advised to expect the Thai baht to continue appreciating against the U.S. dollar in the times ahead while also to remain cautious about media reports related to market restrictions.

Kazuhiro Suzuki, Mizuho Bank (Malaysia) Berhad

Malaysian Ringgit – February 2026

Expected Ranges **Against the US$: MYR 3.8600–4.0200**
Against the yen: JPY 37.00–40.00

1. Review of the Previous Month

In 2026, the U.S. dollar/Malaysian ringgit exchange market opened trading at the lowest level since May 2018. On January 2, the U.S. dollar/Malaysian ringgit exchange rate continued fluctuating within a narrow range at the upper-MYR 4.05 level, as there were few market transactions. However, in the early morning of January 3, the U.S. carried out a military operation in Venezuela, and this heightened geopolitical risks. As a result, in the morning of January 5, the U.S. dollar/Malaysian ringgit exchange rate rose from the lower-MYR 4.06 to the mid-MYR 4.07 level. However, the interim president of Venezuela took a conciliatory attitude toward the U.S., which brought the U.S. dollar/Malaysian ringgit exchange rate back to the MYR 4.05 level. Yet, market participants remained cautious before the release of the December employment statistics for the U.S. Consequently, the U.S. dollar/Malaysian ringgit exchange rate rose to reach the lower-MYR 4.07 level once again on January 9. Also, in the December employment statistics for the U.S., the headline figure turned out to be below the market estimate, while the unemployment ratio was improved. Thus, there was little impact on the foreign-exchange market.

On January 11, Federal Reserve Board (FRB) Chair Jerome Powell announced that he had received grand jury subpoenas suggesting criminal indictment. In reaction, the U.S. dollar appreciated momentarily, after which market participants grew concerned about the independence of the FRB, weakening the U.S. dollar. However, the U.S. dollar/Malaysian ringgit exchange rate did not fall significantly, and toward January 16, the exchange rate started to rally. On January 16, the 2025 annual GDP for Malaysia turned out to be +4.9% year-on-year, exceeding the range expected by the central bank. The fourth-quarter GDP also turned out to be strong, at +5.7% year-on-year. However, the U.S. dollar/Malaysian ringgit exchange market closed for the week at the upper-MYR 4.05 level. Then, on January 19, the World Economic Forum (WEF) was held in Davos-Klosters, attracting the attention of market participants, and the U.S. dollar/Malaysian ringgit exchange rate continued hovering at the MYR 4.05 level until the afternoon of January 21. At the WEF, U.S. President Donald Trump made a remark to emphasize that there was no need to use military power in Greenland, and this improved market sentiment. Furthermore, the central bank of Malaysia decided to maintain its existing monetary policy. Market participants expected the interest rate differentials between the U.S. and Malaysia to narrow in the times ahead, and meanwhile, the Malaysian economy has remained strong. As a consequence, the U.S. dollar/Malaysian ringgit exchange rate fell below the MYR 4.00 mark. In the last week of the month, the media reported that the U.S. Department of the Treasury carried out U.S. dollar/Japanese yen exchange rate checks in an indirect manner. In reaction, the U.S. dollar weakened as market participants grew cautious about coordinated foreign-exchange market interventions by the U.S. and Japan. Moreover, U.S. President Donald Trump also made a remark to tolerate the depreciation of the U.S. dollar, and this accelerated the trend of U.S. dollar-selling. Under such a context, the U.S. dollar/Malaysian ringgit exchange rate was stable below the MYR 4.00 level as of January 28.

2. Outlook for This Month

In February, the Malaysian ringgit is expected to remain strong against the U.S. dollar, as market participants are concerned about the possibility of coordinated foreign-exchange market intervention by the U.S. and Japan and the concomitant depreciation of the U.S. dollar, as well as a possible government shutdown in the U.S.

At the end of January, the U.S. dollar reached its lowest exchange rate against the Malaysian ringgit in approximately seven years. Following this trend, in February, the Malaysian ringgit is forecast to remain strong against the U.S. dollar based on external factors. Needless to say, domestic demand, which is the main driving force of the Malaysian economy, will be supported by the 2025 GDP of Malaysia, which exceeded the market estimate, as well as the stable inflation rate in Malaysia, along with an appropriate policy interest rate level. Thus, there are also market transactions being made based on a positive evaluation of the Malaysian economy. However, given the level of presence of Malaysia in the global economy, it is not sufficient to create a market trend. For this reason, it feels that the majority of market participants buying the Malaysian ringgit chose the currency only by eliminating other currencies based on the current situation.

In terms of external factors, market participants are likely to be discouraged from buying the U.S. dollar due to media reports on the U.S. Department of the Treasury's indirect exchange rate checks, along with U.S. President Donald Trump's remark to accept the depreciation of the U.S. dollar. Because the exchange rate checks are considered to be an ultimatum from U.S. monetary authorities, it is difficult for market participants to take long positions in the U.S. dollar under strong pressure. This makes it easier for the Malaysian ringgit to appreciate against the U.S. dollar. It is also important to note that issues related to immigrants in Minnesota are likely to trigger opposition from the Democratic Party, affecting the approval of the interim budget plan. If the interim budget plan expires, the U.S. government would be shut down once again, which would encourage market participants to sell the U.S. dollar (as of January 28, when this article was being written). As a result, in February, it is most likely that the U.S. dollar/Malaysian ringgit exchange rate will continue falling, approaching the MYR 3.86 level, which is the next psychological turning point.

Taro Anabuki, Asia & Oceania Treasury Department

Indonesian Rupiah – February 2026

Expected Ranges **Against the US$: IDR 16,500–17,000**
Against the yen: JPY 0.8900–0.9400 (IDR 100)

1. Review of the Previous Month

In January, the U.S. dollar/Indonesian rupiah exchange market saw the all-time lowest rate for the Indonesian rupiah.

At the beginning of the year, the U.S. dollar/Indonesian rupiah exchange market opened trading at the lower-IDR 16,700 level. Then, on January 5, a series of economic indices for Indonesia were released. Even though the impact on the exchange market was limited, market participants sold the Indonesian rupiah slightly more actively. On 8 January, media reported that the fiscal deficit for 2025 had turned out to be 2.92% of GDP, approaching 3.00%, which is the statutory ceiling. In reaction, market participants sold the Indonesian rupiah in an accelerated manner. As a consequence, toward January 9, the following day, the U.S. dollar/Indonesian rupiah exchange rate rose to reach the lower-IDR 16,800 level. On January 12, market participants were both selling and buying in the U.S. dollar/Indonesian rupiah exchange market, given the figures in the U.S. employment statistics released at the end of the previous week, as well as the media reports on the possible prosecution of Federal Reserve Board (FRB) Chair Jerome Powell. However, market participants were buying the U.S. dollar slightly more actively than the Indonesian rupiah. As a result, toward January 14, the U.S. dollar/Indonesian rupiah exchange rate rose to reach the upper-IDR 16,800 level—the lowest exchange rate for the Indonesian rupiah against the U.S. dollar. In reaction, the central bank of Indonesia—Bank Indonesia (BI)—made an announcement to emphasize that it would continue intervening in the foreign-exchange market in order to stabilize the Indonesian rupiah exchange rate. This momentarily stopped the U.S. dollar/Indonesian rupiah exchange rate from rising further. However, on January 15, U.S. economic indices turned out to be strong, encouraging market participants to buy the U.S. dollar. Consequently, the U.S. dollar/Indonesian rupiah exchange rate rose to approach the IDR 16,900 level, renewing its lowest exchange rate for the Indonesian rupiah.

Toward the second half of the month, President of Indonesia Prabowo Subianto nominated his own nephew as a member of the board of directors at BI on January 20. This situation raised concerns among market participants regarding potential impact on the independence of BI, as well as Indonesia's fiscal deficit exceeding 3%, which is the current ceiling. As a result, the U.S. dollar/Indonesian rupiah exchange rate rose to once approach the IDR 17,000 level, further renewing its all-time low for the Indonesian rupiah. Then, on January 21, BI held a regular meeting and decided to maintain its policy interest rate at 4.75%, which had been anticipated in the market. Thereafter, the media reported that BI would not hesitate in carrying out large-scale foreign-exchange market interventions in order to stabilize the Indonesian rupiah exchange rate. As a result, the Indonesian rupiah rallied slightly. From January 22 until the end of the month, there were transactions to buy the Indonesian rupiah that were seen to BI interventions, while market participants also bought the Indonesian rupiah against the U.S. dollar because of the exchange rate checks by U.S. monetary authorities. Thus, the U.S. dollar/Indonesian rupiah exchange rate fell below the IDR 16,700 level. As of January 28, the U.S. dollar/Indonesian rupiah exchange rate was fluctuating at the lower-IDR 16,700 level.

2. Outlook for This Month

In February, market participants are forecast to actively sell the Indonesian rupiah against the U.S. dollar toward the second half of the month.

At the monetary policy meeting held over January 20 and 21, BI decided to maintain its policy interest rate at the existing level. As was the case with the previous meeting, BI mainly emphasized the importance of the stability of the Indonesian rupiah exchange rate, inflation rate, and economic support measures. However, given that the Indonesian rupiah renewed its all-time low against the U.S. dollar before the meeting was held, it seems that BI prioritized the stability of the Indonesian rupiah exchange rate. The December inflation rate was +2.92%, recording an accelerated rise from the previous month. However, BI foresees the inflation rate to be within the target range set out by the government both in 2026 and 2027. Therefore, it is possible for downward pressure on interest rates to continue strengthening in the time ahead, as long as the inflation rate remains within the target range and the Indonesian rupiah exchange rate remains stable.

It is also worth noting that, on January 19, Deputy Governor of BI Juda Agung suddenly resigned before the end of his term, and Thomas Djiwandono, the nephew of President of Indonesia Prabowo Subianto, was nominated as a candidate to replace him. As a result, market participants are currently growing skeptical about the independence of BI as well as a possible increase of the fiscal deficit.

Toward the end of January, market participants started to actively sell the U.S. dollar due to concerns over foreign-exchange market interventions as well as remarks made by U.S. President Donald Trump. Thus, it is possible that the U.S. dollar/Indonesian rupiah exchange rate will continue falling for a while. However, the BI interest rate is on a downtrend, and market participants remain cautious about the independence of BI as well as an increasing fiscal deficit. Under such circumstances, it is unlikely for market participants to actively buy the Indonesian rupiah. For this reason, the Indonesian rupiah may appreciate against the U.S. dollar at the beginning of February, but it is forecast to start depreciating from the middle of the month.

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

Philippine Peso – February 2026

Expected Ranges **Against the US$: PHP 58.00–59.50**
Against the yen: PHP 0.370–0.390

1. Review of the Previous Month

In January, the Philippine peso continued to intermittently renew its all-time lowest exchange rate against the U.S. dollar, eventually reaching PHP 59.50.

At the beginning of 2026, the U.S. dollar/Philippine peso exchange market opened at PHP 58.85. At the beginning of January, the Philippine peso remained weak, as was the case with the end of 2025. On January 6, the December price statistics were released with figures stronger than the market estimate. The governor of the central bank of the Philippines emphasized once again that the end of the policy interest rate cuts was approaching, while also showing a tolerant attitude toward the current depreciation of the Philippine peso. As a consequence, on January 7, the Philippine peso renewed its all-time low against the U.S. dollar for the first time in approximately three months, reaching PHP 59.38.

Thereafter, U.S. economic indices were released with weak figures, and long-term interest rates fell in the U.S., which encouraged market participants to sell the U.S. dollar against the Philippine peso to take profit. As a result, the U.S. dollar/Philippine peso exchange rate fell to once approach the PHP 59 level. However, in the middle of January, market participants started to buy the U.S. dollar again, and the Philippine peso depreciated against the U.S. dollar. Thereafter, the Philippine peso continued depreciating against the U.S. dollar every day, albeit slowly by around PHP 0.1 per day. The Philippine peso thus renewed its all-time low against the U.S. dollar intermittently. On January 20, the U.S. dollar/Philippine peso finally reached PHP 59.50. However, after reaching this benchmark, the U.S. dollar/Philippine peso exchange rate started to fall. Furthermore, President of the Philippines Ferdinand Marcos Jr. made a remark to emphasize that the depreciation of the Philippine peso beyond PHP 60 against the U.S. dollar would not be desirable. Consequently, the U.S. dollar/Philippine peso exchange rate continued to fall for four consecutive days and fell below the PHP 59 level for the first time in three weeks. The U.S. dollar/Philippine peso exchange rate remained at the upper-PHP 58 level without further appreciation of the U.S. dollar.

2. Outlook for This Month

In February, the U.S. dollar/Philippine peso exchange rate is forecast to fluctuate in response to comments by the central bank of the Philippines.

At the beginning of the year, some media outlets reported that the government of the Philippines had revised the country's economic outlook for 2026 downward from 6–8% to 5–6%. Even though the Philippine economy was affected by the reciprocal tariff policy of the U.S. only to a relatively limited extent, stagnant public investment has been a weakening factor. On February 19, the first monetary policy meeting of the year will be held by the central bank of the Philippines. As of now, it is uncertain whether the policy interest rate will be cut. Given recent comments by the central bank of the Philippines, it seems to be shifting focus from price inflation to economic conditions in making a decision about policy interest rate cuts. Thus, market participants are waiting for comments by the central bank of the Philippines to be made after the release of the Consumer Price Index (CPI) for the Philippines scheduled for February 5.

In January, there were strengthening geopolitical risks related to Venezuela. Furthermore, there were other factors that caused fluctuations in the market such as media reports about the possible criminal prosecution of Federal Reserve Board (FRB) Chair Jerome Powell. However, U.S. economic indices remained strong even under such circumstances. In response, the Philippine peso depreciated against the U.S. dollar. In addition, the number of policy interest rate cuts in the U.S. in 2026 anticipated by market participants has been slightly decreasing. Under such a context, the Philippine peso is likely to continue to depreciate against the U.S. dollar slowly for a long time to eventually reach the lower-PHP 59 level to the mid-PHP 59 level again. In terms of risk scenarios, market participants may start buying the Philippine peso if the economic indices for the Philippines turn out to be unexpectedly strong to confirm economic strength. In such a case, it would be difficult to foresee any clear trend until there are more new factors in the market.

Shuhei Watahiki, India Treasury Office, Asia & Oceania Treasury Department

Indian Rupee – February 2026

Expected Ranges **Against the US$: INR 90.50–93.00**
Against the yen: JPY 1.57–1.77

1. Review of the Previous Month

In January, the Indian rupee was on a clear downtrend in the U.S. dollar/Indian rupee exchange market.

In January, the U.S. dollar/Indian rupee exchange market opened trading at the upper-INR 89 level. At the beginning of the month, the U.S. dollar/Indian rupee exchange rate reached the INR 90 mark again, after which the exchange rate did not fall any further and continued to fluctuate at the same level. From the middle to the end of the month, the Indian rupee depreciated slowly against the U.S. dollar, and the U.S. dollar/Indian rupee exchange rate exceeded the INR 91 level and rose further to approach the INR 92 level. Thereafter, the Reserve Bank of India (RBI) intervened in the foreign-exchange market in order to keep the U.S. dollar/Indian rupee exchange rate from rising further. As a result, the exchange rate fell slightly. However, this did not change the overall trend in the market. In the end, the U.S. dollar/Indian rupee exchange market closed at the upper-INR 91 level (as of January 23).

The BSE SENSEX opened trading at the lower-85,000 level and remained on a downtrend throughout the month. Even though the index did not fall further from the 83,000 level, pressure to sell remained stronger. As a consequence, the BSE SENSEX closed trading at the lower-INR 81,000 level (as of January 23). At this level, the index rallied slightly. While market participants are advised to continue observing this trend, in terms of investment capital inflow from foreign investors into Indian stock market, there has so far been a net sell on a single-month basis in January, and the timing of the return of investment capital is yet to be confirmed.

In terms of economic indices for India, the December manufacturing and services PMI turned out to be slightly slower than the previous figures. The December Consumer Price Index (CPI, year-on-year) turned out to be +1.33%, with an increase from the +0.71% recorded in the previous month. The December trade balance revealed an increased deficit, reaffirming the persistence of the trade deficit in India.

2. Outlook for This Month

In February, the U.S. dollar/Indian rupee exchange rate is forecast to fluctuate upward with a weak Indian rupee.

In January, the Indian rupee depreciated against the U.S. dollar, and the U.S. dollar/Indian rupee exchange rate rose from the INR 90 mark to almost reach the INR 92 level. This trend was corrected by the RBI, which intervened in the foreign-exchange market to keep the U.S. dollar/Indian rupee exchange rate from rising further. However, as Governor of the RBI Sanjay Malhotra has a plan to make the Indian rupee exchange rate more flexible, the general trend in the U.S. dollar/Indian rupee exchange market has not changed. Even though the RBI is likely to slow down the trend when it accelerates excessively, market participants are advised to remain cautious about further depreciation of the Indian rupee against the U.S. dollar.

At a monetary policy committee (MPC) meeting held in December, the RBI decided to cut its policy interest rate by 25 basis points to 5.25%. While the monetary policy stance was kept neutral, one of the MPC members supported a shift toward monetary easing. Furthermore, the RBI mentioned that there was still room to cut the policy interest rate further. Based on this, market participants expected the next move for the RBI to be to cut the policy interest rate further. On the other hand, the CPI for India has recently been on the rise. Thus, it is also possible for the RBI to maintain its policy interest rate at the existing level at an MPC meeting to be held in February.

The supply & demand balance in India has slightly improved. However, it is likely to take a little more time for India to move out of the constant deficit in its current account balance. It is also possible that pressure for capital outflow might strengthen again. Thus, the Indian rupee is generally expected to continue depreciating against the U.S. dollar. Market participants expect the policies of U.S. President Donald Trump to be revised and that any update in monetary policy in the U.S. and Japan is unlikely to affect the Indian rupee exchange market as much as previously anticipated. Furthermore, the RBI is likely to continue intervening in the foreign-exchange market in order to support exports by keeping the U.S. dollar/Indian rupee exchange rate from falling. Thus, the Indian rupee is likely to remain weak, while its depreciation will be controlled and slowed down. For this reason, the U.S. dollar/Indian rupee exchange rate is forecast to rise in the times ahead.