Maybank

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Global

FX Monthly

2025, Issue 6: July Risk Reloaded - Fed, Tariffs and Geopolitics Collide

What Has Changed This Month?

- We have revised our USDJPY forecast higher as BOJ normalization looks to occur at a slower pace than our initial expectations given the volatility that had engulfed the JGB longer tenors. We maintain our other forecasts even as some pairs are trading at levels we see in 2Q26 on the basis that there could still be some volatility in FX ahead of the key 9 Jul tariff suspension deadline and the potential passage of OBBA.

Our Strategies and Views

- The 90-Day tariff pause is about to expire on 8 Jul (tariffs to take effect on 9 Jul) and it seems that the White House no longer looks for "phenomenal" deals but rather "mini deals" ahead of the expiry. Officials sent conflicting signals on whether this deadline could be extended. The outlook for US trade policy could remain murky but compared to Liberation Day in Apr and the subsequent tit-for-tat with China, any escalation in trade conflict could be narrower in scope and comparatively smaller in magnitude. We retain the view that the worst of the trade war could be behind us but not for the greenback. With Trump still wielding tariffs as a weapon, potentially appointing a shadow Federal Reserve Chairperson that could undermine the Fed's monetary policy independence, veering US' debt to a more unsustainable trajectory with the "One Big Beautiful Bill Act" (OBBBA), the US dollar could continue to remain on a structural decline.
- In addition, there are cyclical factors that could drive the USD lower as well in 2H 2025 including the 1) US economic slowdown, 2) Fed cuts, 3) the potential for global growth to exceed the current pessimistic expectations. The Israel-Iran conflict was short but relative value plays were clear. Most Asian and G10 currencies slid while the USD, gold and oil prices got boosts of varying extents. Net-importers INR, KRW, JPY, PHP as well as risk-sensitive AUD and NZD could remain under pressure should the fragile truce breaks.
- In the Asian space, TWD, KRW, SGD and MYR were the top performers in Jun. We believe this is due to their large structural current account surpluses and robust fundamentals. Taiwanese real money/exporters were seen to be hedging USD exposures which contributed to its outperformance and KRW, SGD and MYR coming from similar economies also did well. MAS should stand pat in Jul with growth in SG looking resilient.
- We expect ASEAN currencies to remain on an appreciation path, supported by anticipated continued USD softness. Idiosyncratically, easing monetary policies by ASEAN central banks are also likely to attract increased inflows into the region's bonds. Foreign currency holdings in the ASEAN countries are heavy too, which can lead to substantial FX strengthening once conversions occurs at a stronger pace. However, we remain cognizant of political and fiscal risks. In the near term, we are closely monitoring Thai political conditions after Paetongtarn Shinawatra was suspended of her Prime Ministerial powers.

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Top 3 Currency Plays for Jul

Short USD Against G10 Rallies
Short CNY, VND Against AUD, NZD, CAD, KRW
Sell USDAsian on rallies

Key Events for the Month Ahead

Date	Event
6-7 Jul	BRICS Summit
20 Jul	Japan Upper House Elections

USD: Waiting for the Impact of Higher Tariffs on the US

USD DXY	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	98.99	98.00	97.09	96.15
	(98.32)	(97.22)	(96.50)	(--)

Previous Forecasts in Parentheses

Motivation: USD DXY fell by around 2% in June. Our USD DXY forecasts were mildly revised higher due to revisions to our USDJPY forecast higher as BOJ normalization looks to occur at a slower pace than our initial expectations given the volatility that had engulfed the JGB longer tenors. During the month, the USD saw some support during the short Middle East war between Israel and Iran as oil prices rose and USD assets saw some inflows. The USD saw some support as the Treasury Department announced a deal with G7 allies to exclude US firms from some taxes that were imposed by other countries in exchange for removing Section 899 "revenge tax" proposal from Trump's tax bill. The comments by Commerce Secretary Lutnick that US and China has signed a trade truce in end June may have some mild support for the USD. At the same time, the quick end for now to the situation has seen the USD on a weakening trend again as concerns about Fed easing and expected US macro softness on the back of the effects from the higher tariffs continued to weigh on the USD. We hold the view that kneejerk reactions to trade deals tend to be brief and better global growth prospects vis-à-vis the US would drive USD lower. At the same time, European and UK defense renaissance factors, signs of China's strong signals to use fiscal, credit and monetary policies to support growth, as well the positive developments in terms of possible extension of the US tariff deadlines beyond July, will continue to support the euro, GBP, CNY and EM FX vis-à-vis USD.

The June FOMC Statement maintained US economy continued to expand at solid pace despite swings in net exports amid continued low unemployment rate and solid labour market conditions, while inflation remains somewhat elevated despite not yet spiking due to US imports tariffs as feared. However, we noted the slight "toning down" in the assessment on economic outlook uncertainty i.e. "uncertainty about the economic outlook has diminished but remains elevated" vs the successive "toning up" in the previous three FOMC statements i.e. "uncertainty around the economic outlook has increased further" in May 2025 FOMC statement; "uncertainty around the economic outlook has increased" in Mar 2025 FOMC statement; "economic outlook is uncertain" in Jan 2025 FOMC statement). In addition, latest FOMC statement also removed reference on "the risks of higher unemployment and higher inflation have risen". At the post-FOMC meeting press conference, Fed Chair Powell stated that for the time being, the Fed is in the position to wait to learn more about the likely course of the economy in terms of growth, labour market and inflation amid the evolving trade, fiscal, immigration and regulatory policies before considering any adjustments to our policy stance.

Meanwhile, Fed's latest "dot plot" reiterates median -50bps cuts in 2025, but signal -25bps (vs -50bps) in 2026, followed by another -25bps (unchanged) in 2027, as well as projects long-run FFR of 3.00%. The latest FOMC statement, the post-FOMC press conference and "dot plot" indicate to us the Fed is in no rush to cut FFR. Consequently, we dial down our 2025 FFR cut outlook to -50bps cuts to 3.75%-4.00% (-75bps cuts to 3.50%-3.75% previously) but maintained forecast of -50bps cuts for 2026 i.e. revised end-2026 FFR to 3.25%-3.50% from 3.00%-3.25% previously.

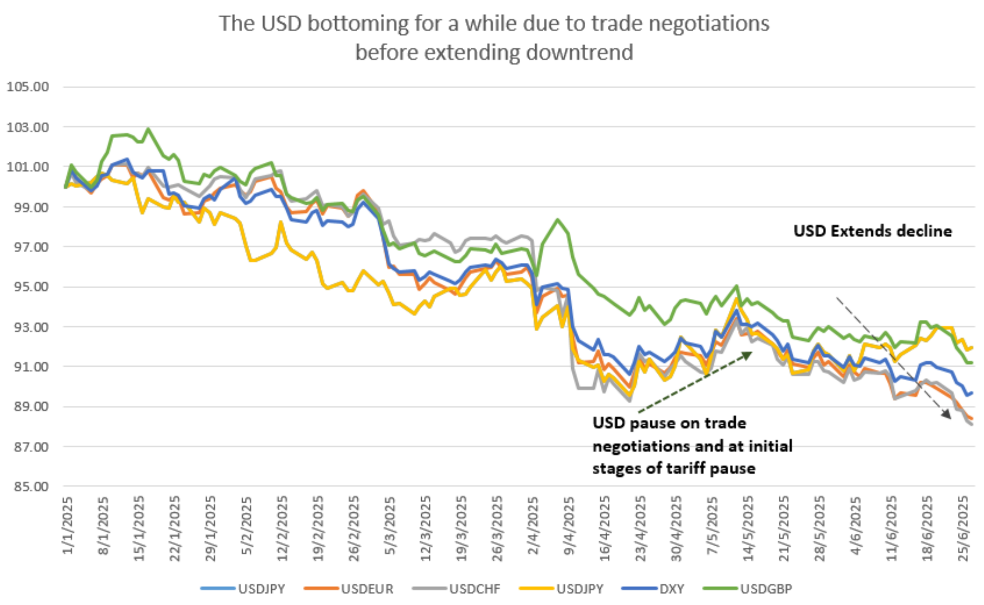
Fed's current Summary of Economic Projection (SEP, as of June 2025) trimmed real GDP growth for 2025 and 2026 to +1.4% (from +1.7%) and +1.6% (from +1.8%) respectively and maintained +1.8% forecast for 2027. Fed now sees higher headline inflation rates for 2025, 2026 and 2027 at +3.0% (+2.7% previously); +2.4% (+2.2% previously) and +2.1% (+2.0% previously) respectively. Similarly, core PCE inflation rate forecasts are revised higher to +3.1% (from +2.8%) for this year, +2.4% (from +2.2%) for next year and +2.1% (from 2.0%) for 2027. Fed also raised its unemployment rate projections for 2025, 2026 and 2027 to 4.5% (vs 4.4%), 4.5% (4.3%) and 4.4% (4.3%) respectively.

Fed kept the fed funds rate (FFR) at 4.25%-4.50% for the fourth consecutive FOMC meeting (17-18 June 2025). FOMC Statement and press conference flag economic outlook uncertainty - especially stagflation - has diminished but remains elevated and "wait & see" mode. Consequently, we dial down our 2025 FFR cuts outlook to -50bps to 3.75%-4.00% (-75bps cuts to 3.50%-3.75% previously) but maintained forecast of -50bps cuts for 2026 i.e. revised end-2026 FFR to 3.25%-3.50% from 3.00%-3.25% previously.

We recognize that the current environment is highly uncertain and volatile. There are certainly scenarios where a USD rebound could play out. However, the current balance of risks signals likely continued USD weakness at least until 3Q. If global investors have truly lost faith in the USD, then it may ultimately be extremely difficult for such faith to be restored. That is not our current baseline. The USD-smile theory could be at play, where the USD finds support in a time of a deep global or US recession, but current base case expectations suggest that this is unlikely and if risks emerge to indicate inflationary pressures have emerged strongly, pivots in the Fed policy could lead to USD support. Going forward, expectations for more monetary easing by the Fed, along with abating geopolitical tensions, have boosted sentiment and may support the USD. President Trump is also considering naming his pick to succeed Fed Chair Powell early and if so the impact of a pick which differs in view from Powell could cause some market volatility.

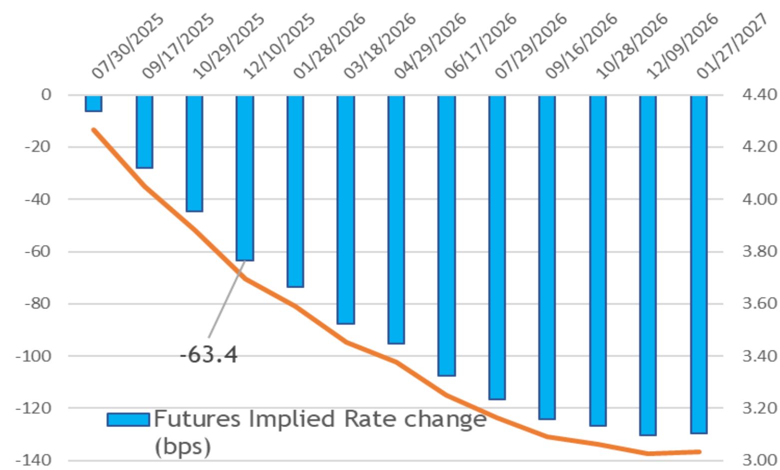
Key Data/Events in Jul 2025: ISM Manuf (1 Jul), Factory Orders, Durable Goods Orders (3 Jul), Jun ISM, Svcs/Comp PMIs (3 Jul), Apr Trade Balance (3 Jul), NFP (3 Jul), June CPI (15 Jul), Jun Retail Sales, PPI, Empire Manufacturing, Industrial Production (17 Jul), Jun Housing Starts, P U Mich Indices (18 Jul), FOMC (31 Jul), 2QA GDP (30 Jul), Core PCE Price Index (30 Jul), FOMC Meeting Minutes (10 Jul).

The USD Has Sold Off, Recovered Modestly and Extended Declines



Source: Bloomberg, Maybank FX Research & Strategy

Fed Looks Set to Pause Until Sep 25 with Market Pricing in About 60bps of Cuts



Source: Bloomberg, Maybank FX Research & Strategy

Note: Implied Policy Rate moves implied from Fed Fund Futures as of 26 Jun 2025.

EUR: A Credible Alternative

	3Q 2025	4Q 2025	1Q 2026	2Q 2026
EUR/USD	1.1400 (--)	1.1500 (--)	1.1600 (--)	1.1700 (--)

No Change to Previous Forecasts

Motivation: We maintain our EURUSD forecasts even though the pair has surged ahead to levels we see in 2Q 2026. This is based on the belief that there could be some retracement for the pair on the back of some volatility for FX caused by the US trade and tax policies, with the 9 Jul deadline for tariff suspensions closely watched. Earlier themes of increased defence spending and fiscal expansion continue to be at play and the recent deal with the UK could eventually benefit the EUR. The earlier peak that we saw for the USD appears to have materialized and EUR has been one of the biggest beneficiaries of USD weakness. At the same time, earlier headwinds for the EUR from (1) political uncertainty in Germany and France, (2) tepid growth prospects which are likely to worsen as (3) potential Trump trade policies weigh on exports (especially of cars) are now likely to be offset by better growth and sentiment. With the credibility of the USD now called into question and the USD being broadly weaker regardless of whether tariffs are being implemented or suspended, we believe that risks for the EUR are skewed to the upside as it emerges as one of the main if not the key legitimate alternative to the USD. ECB’s Lagarde has also played up the EUR as a credible alternative to the USD and this theme could continue to develop.

EURUSD traded in a 1.1341 to 1.1753 range in Jul, higher than the 1.1065 to 1.1419 range in May. The flight to quality narrative and emergence of the EUR as a legitimate alternative to the USD is evident as the correlation between yields and currencies broke down earlier and persists. Bunds rallied and EUR strengthened as USTs sold off and USD weakened. The increased fiscal spending (for defence) narrative continues to be at play which should offset some negative impact from trade. EURUSD was last seen above the key 1.17 handle after having convincingly cleared the earlier 1.15 resistance. This is a crucial level given a concentration of a high notional of bullish EUR options at the level. Next key level is at 1.20 and we caution that a pullback for the pair could be possible.

We expect no further cuts and for the ECB deposit facility rate to end 2025 at 2.00%. The ECB will not deviate from their data-dependent approach and will continue to reiterate this. As we suggested, ECB dovishness that was priced is now turning into support for the EUR as ECB policymakers signal a possible end to cuts. ECB cut by 25bps on 5 Jun 2025 to 2.00% and signalled that there could be a pause on cuts. The fiscal spending narrative could challenge the ECB rate cut outlook although we expect the ECB to remain supportive. A cut is priced on 24 Jul is at 6.5% and roughly 24bps of further cuts are priced for the rest of 2025. Market expectations are more dovish than our house view. The potential for support from an ECB that has already cut is in line with our annual theme of “Snooze in 2024, Lose in 2025”.

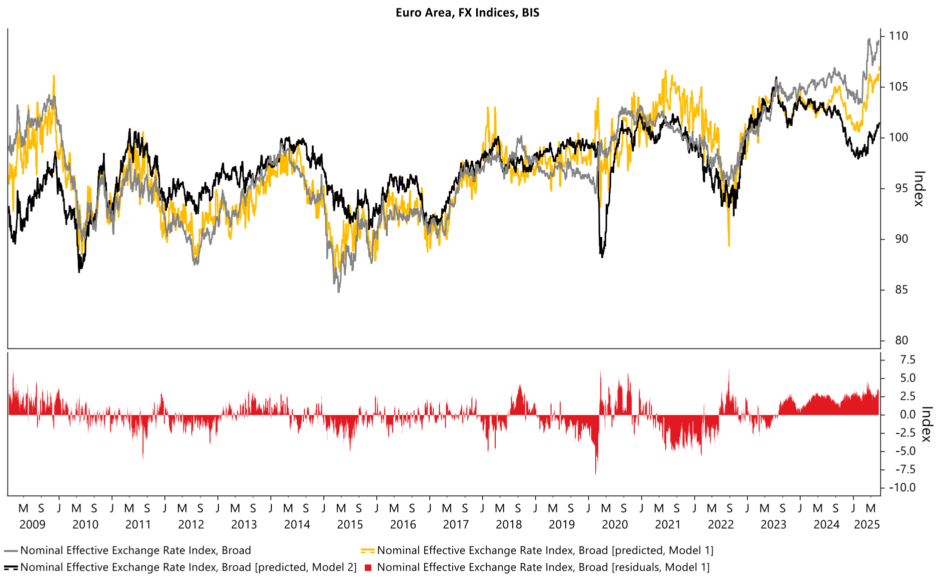
Eurozone growth has been tepid with significant downside risks from potential Trump trade policies and political issues in Germany and France. However, we expect that the fiscal expansion from defence spending narrative should provide some offset for the downside risks and anchor future growth. 1QA GDP estimates showed the Eurozone economy expanded by more than expected at 1.2% SA YoY (exp: 1.1%; prev: 1.2%) and 0.4% SA QoQ (exp: 0.2%; prev: 0.2%). Eurozone recession probability is estimated at 30% (prev: 30.0%) and Germany’s is at 50.0% (prev: 50.0%). In addition, there is some potential for the Eurozone to step in to take on a greater role as an advocate for free and open global trade should the US carry through on its tariff plans. The recent deal with the UK should be a testament to this. Should global investors indeed diversify away from the US towards Europe and the Eurozone, a future pick-up to growth could be expected.

The worst has been avoided on political woes in the Eurozone. Moreover, the defence spending plan should provide some improvement to sentiment and the deal with the UK signifies a step closer to the reset of the UK-Eurozone relationship bloc. We suggest that this could provide further tailwinds for the EUR and make it an even more credible alternative to the USD. Nevertheless, we recognize the risks on the fiscal front as France runs budget deficits that have been flagged as contravening the fiscal rules. The broader question on which countries may be able to realistically fund a fiscal expansion could therefore be asked. Spain has flat out refused to meet Trump’s suggested 5% military spend and that could be a dangerous precedent. As a baseline however, Germany as the largest economy and one of the more prudent borrowers, seems to be well-equipped to provide fiscal support.

Risks to our view: An early resolution to the Ukraine war should provide the EUR with a boost although this could then call the defence spending narrative into question. Further escalations in the Ukraine war should weigh on the EUR. US trade policy creates an extremely uncertain and challenging external environment and there is the potential for the EU as a bloc to be singled out by Trump for further tariffs. As such, risks to the downside on this front still exist. Moreover, borrowing challenges and potential rating downgrades could also challenge the outlook for fiscal spending optimism.

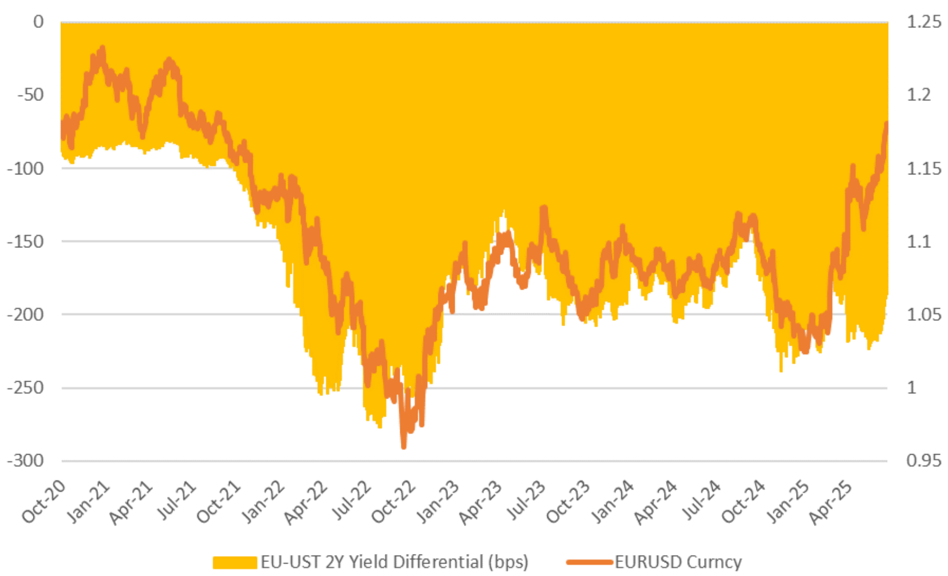
Key data/events: Jun F Mfg PMI (1 Jul), May Unemployment Rate (2 Jul), Jun F Svcs/Comp PMIs (3 Jul), May PPI (4 Jul), Jul Sentix Investor Confidence, May Retail Sales (7 Jul), May Industrial Production, Jul ZEW Survey Expectations (15 Jul), May Trade Balance (16 Jul), Jun F CPI (17 Jun), May ECB Current Account, May Construction Output (18 Jul), Jul P Consumer Confidence (23 Jul), Jul P PMIs, **ECB Policy Decision (24 Jul),** ECB Survey of Professional Forecasters, Jun Money Supply (25 Jul), ECB 1Y/3Y CPI Expectations (29 Jul), 2QA GDP, Confidence Indices (30 Jul), Jun Unemployment Rate (31 Jul).

Models Imply Further Upside for EUR NEER



Source: BIS, Macrobond, Maybank FX Research & Strategy

Disconnect Between Yields and EURUSD Widens



Source: Bloomberg, Maybank FX Research & Strategy

GBP: Bullishness Wanes

GBP/USD	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	1.3550 (--)	1.3600 (--)	1.3650 (--)	1.3700 (--)

No Change to Previous Forecasts

Motivation: We maintain our GBPUSD forecasts even though the pair is effectively trading at levels near our 2Q 2026 forecasts. The recent rally has stalled and we see that waning bullishness in the pair. We believe that there could be some retracement for the pair on the back of some volatility for FX caused by the US trade and tax policies, with the 9 Jul deadline for tariff suspensions closely watched. The earlier deals should continue to provide tailwinds for the GBP, and the EU deal in particular we believe is significant as it truly represents a meaningful reset of relations after Brexit and increases cooperation between the UK and the EU. As we suggested the GBP was indeed more resilient on the basis that the UK as a services-oriented economy is less likely to be influenced by Trump trade policies as the UK was hit with the lowest possible 10% global tariff. The GBP has also emerged as a potential alternative for diversification away from the USD and the US. However, we continue to believe that the external environment remains highly uncertain and challenging, which could weigh on a high-beta currency like the GBP.

GBPUSD traded in a 1.3371 to 1.3771 range in Jun, higher than the 1.3140 to 1.3593 range in May. As a high-beta currency, the GBP cannot escape unscathed if sentiment is poor. However, where trade policy comes into play, there is reason to believe that the GBP can show more resilience given that its economy is more services-oriented and this has indeed played out. The GBP has also been a beneficiary of USD weakness or global push to diversify away from the USD, albeit to a smaller extent than the EUR or CHF. At the same time, the increased defence spending narrative and improved relations with the EU should remain supportive of the GBP.

We see the BOE cutting by 25bps more in 2025. After the 25bps cut on 8 May 2025 and a hold on 19 Jun 2025, we see 25ps of cuts left in 2025. This should bring the policy rate to 4.00% which is slightly more hawkish than current market pricing of 3.56%. We think the BOE continues to be more cautious as set out at the 20 Mar meeting where Bailey espoused a “gradual and careful approach” to cutting rates. Inflation prints have come in a tad firmer than expected and show some bumpiness in the disinflation outlook although risks to growth are now balanced with the fiscal spending narrative and deal with the UK. This should enable the BOE be a tad more cautious when setting rates. While there was no mention of the expected increases in defence spending, we think that policymakers would have considered the potential implications.

UK growth could perform worse than initially expected in 2025, but growth prospects for years ahead looks promising. Probability of a UK recession is 32.5% (prev: 37.%) although UK economic data has generally been better than expected. The prospects for a services-oriented economy are also likely better than for goods-oriented economies against a backdrop of tariffs and potential escalation in trade tensions. As a close ally of the US, the UK is also unlikely to be flagged by the Trump administration for further trade measures. Consensus forecasts for real GDP growth are at 1.0% in 2025 and 1.1% in 2026. Increased cooperation with the EU and the deal signed with India should be positive for the UK as the rest of the world grapples with tariffs. The Office for Budget Responsibility (OBR) made a downward revision to the growth outlook in 2025 to 1% (prev: 2%). Forecasts for 2026 to 2029 (end of this term of parliament) were revised upwards by 0.1 to 0.3 percentage points each.

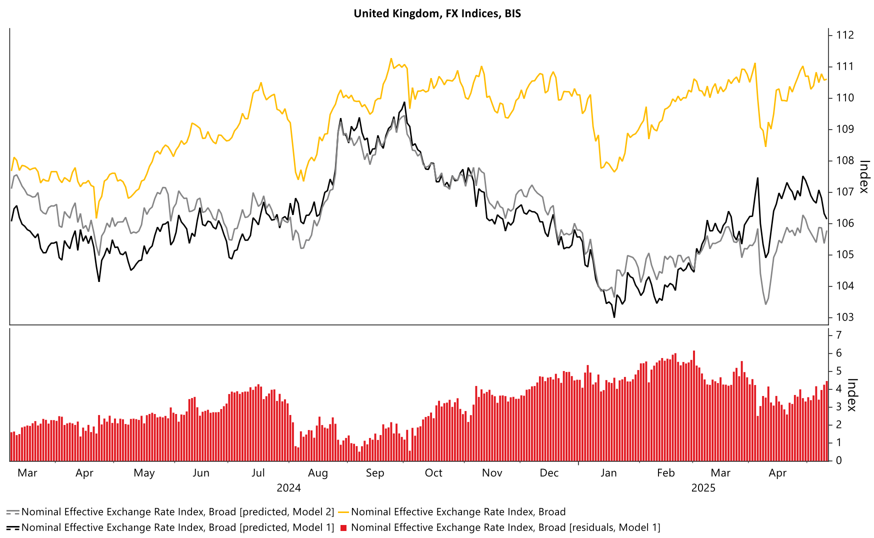
The Starmer government is committed towards fiscal discipline and improving relations with the EU, which should be supportive of the GBP. UK fiscal deficits are expected to narrow to 4.1% of GDP in 2025 and 3.5% of GDP in 2026. We earlier expected reduced fiscal deficits to be better for the GBP. However, one could question how the increase in defence spending is going to be funded with fiscal tightening. The UK government was elected on a platform of not returning to the EU, although the recent deal could signal the start of a vastly improved relationship between the UK and the EU. We continue to recognize that better relations in 2025 between the UK and EU for trade and cooperation exist and there is every possibility that closer relations could be established, especially if Trump’s policies eschew the EU. **We expect these policies to provide tailwinds for the GBP.**

Risk sentiment improving should result in GBP outperformance, conversely a hit to risk sentiment should weigh on the GBP as a high-beta currency. US trade policies are a major focal point in 2025, and the uncertainty over what and how these policies may be implemented should be worse for the GBP as opposed to safe-havens or other lower beta currencies. However, we also note that there remains room for GBP outperformance to return (recall how GBP was the standout performer for the better part of 2024) should greater clarity on trade policies be supportive of a global growth environment. Both the US and China have softened their stance on trade and this should be better for risk sentiment on net, however there could also be some drag on the GBP should global growth come in weaker, which is what is being expected.

Risks to our view: GBP remains a high beta currency that is susceptible to changes in the global economic outlook. More specifically, if Trump's policies threaten a soft landing for the global economy and threaten the resilient economic outlook for the UK, that could weigh on the GBP and lead to a return to USD safe haven support. An early end to the Ukraine war should also be GBP positive. Fiscal discipline could also be threatened by domestic politics, although this remains unlikely. Risks to the defence spending narrative could also jeopardize confidence in the UK and the GP (recall Liz Truss).

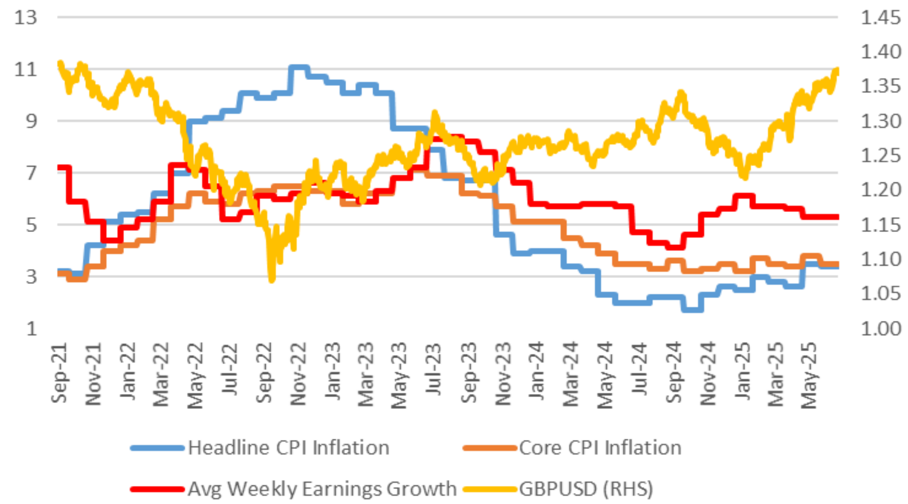
Key data/events: Jun F Mfg PMI (1 Jul), BOE Bank Liabilities/Credit Conditions Survey, Jun F Svcs/Comp PMI, Jun Reserves Changes (3 Jul), Jun Construction PMI (4 Jul), Jun RICS House Price Balamce (10 Jul), May Monthly GDP, May Industrial/Manufacturing Production, May Trade Balance (11 Jul), SP UK Jobs Report (14 Jul), Jun CPI/RPI/PPI (16 Jul), May Avg Weekly Earnings, May ILO Unemployment, Jun Claimant Count/Jobless Claims (17 Jul), Jul P PMIs (24 Jul), Jun Retail Sales (25 Jul), Jun Mortgage Approvals (29 Jul).

Room for GBP NEER to Correct



Source: BIS, Macrobond, Maybank FX Research & Strategy

Shifting Balance of Risks Supportive of GBP



Source: Bloomberg, Maybank FX Research & Strategy

CHF: The True Safe Haven

USD/CHF	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	0.8250	0.8200	0.8150	0.8100
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDCHF forecasts even as the pair has traded well ahead of our expected trajectory. We continue to believe that the CHF should continue to be better supported amid changes to US tax and trade policy. However, we also recognize that there are intervention risks that linger as inflation in Switzerland are at the lower bound of SNB's target band and this factors into our forecasts. There could also be some volatility in FX as we approach the 9 Jul deadline for Trump's tariff suspensions. We view EURCHF at 0.92 as a potential intervention trigger for the SNB. We maintain that the SNB has expressed a preference for a weaker CHF and could cut rates into negative territory should deflation become a real threat for Switzerland. The SNB has cut rates to a point where the CHF has become cheaper than the JPY on an overnight basis. However, it maintains its resilience with its strong fundamentals such as its AAA rating, strong net reserves position and gold holdings. In times of heightened volatility such as these, it has also yet to become the funding currency of choice to fund carry trades. Given the divergence between the SNB and BOJ, we expect that it is a matter of time where that pivot is crossed and when it is we would expect significant pressures on CHF and more specifically on the CHFJPY cross.

USDCHF traded in a 0.7930 to 0.8250 range in Jun compared to the 0.8186 to 0.8476 range in May. USDCHF traded below May lows largely as the USD weakened towards the end of the month on fading tensions in the Middle East. CHF was better supported by its safe-haven allure but had lost some ground to the USD before that. As the attention of markets once against turns to trade and tax policies, we expect the risk of intervention and safe-haven properties of the CHF to remain intact amid highly uncertain and volatile US trade and foreign policy.

In line with our view, the SNB cut rates by 25bps more to bring its policy rate to 0% on 19 Jun 2025. Inflation levels are benign in Switzerland, while growth prospects are tepid. The SNB should continue to remain dovish as the tepid Swiss economy could potentially be threatened by Trump tariffs. SNB President Schlegel has acknowledged that Switzerland would be vulnerable to Trump's tariffs and hinted that the SNB could intervene to control disorderly CHF movement, and we think that this would necessarily place a cap on CHF strength. Schlegel has also added that a move to negative rates would only happen if inflation were to go out of the 0% to 2% target band. Latest May Swiss CPI showed that inflation was at -0.1% YoY. The Swiss REERs and NEERs remain at elevated levels, and while EUR and GBP are concomitantly stronger, the risk of a sustained stint below target band is now elevated. Nevertheless, our base case is that the SNB will stand pat at 0% and not move to negative rates at this juncture.

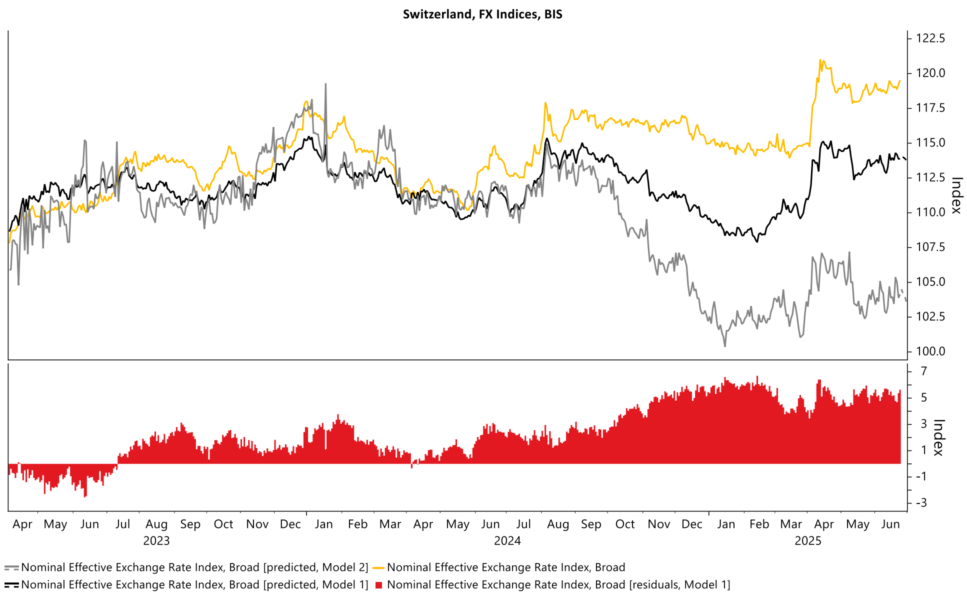
Economic growth in Switzerland is tepid. While probability of a recession is relatively low at 22.5% (prev: 25.0%), growth is expected to print at 1.1% in 2025 and 1.4% in 2026 (prev 2025: 1.1%; prev 2026: 1.4%). 1QF GDP print (sport event adjusted) came in slightly above expectations at 0.8% QoQ (exp: 0.7%; prev: 0.7%). 1Q headline GDP stood at 2.0% YoY (exp: 1.6%; prev: 1.6%). Risks to the growth outlook are to the downside given the uncertainty over Trump's trade policies and the potential impact on demand for luxury goods (watches). The CHF is expected to remain resilient given its safe-haven status, but a strong CHF would also make Swiss exports relatively expensive and unattractive.

With BOJ expected to hike and SNB expected to ease, we approach a potential pivot where CHF could replace JPY as the funding currency of choice. BOJ overnight rate is now at 0.50% and SNB is at 0.00%. BOJ is also expected to hike further while SNB should stand pat and there are risks of them heading into negative territory. For now, there is market chatter that long GBPCHF carry trades are being funded via the CHF and this could be the start of the phenomenon that we expect. Should the conditions for carry trades be favourable i.e. if volatility turns low, that could weigh heavily on the CHF if it does indeed become the preferred funding currency of choice. Nevertheless, safe-haven flows should keep USDCHF relatively supported and the CHFJPY cross could be more directly affected.

Risks to our view: The chance that the BOJ turns dovish and chooses not to hike rates, that could result in CHF's status as the preferred safe-haven currency persisting and a more prolonged period of relative CHF strength. A more rapid escalation of geopolitical tensions that expected could also result in demand for CHF and be more supportive of the CHF that we initially anticipated.

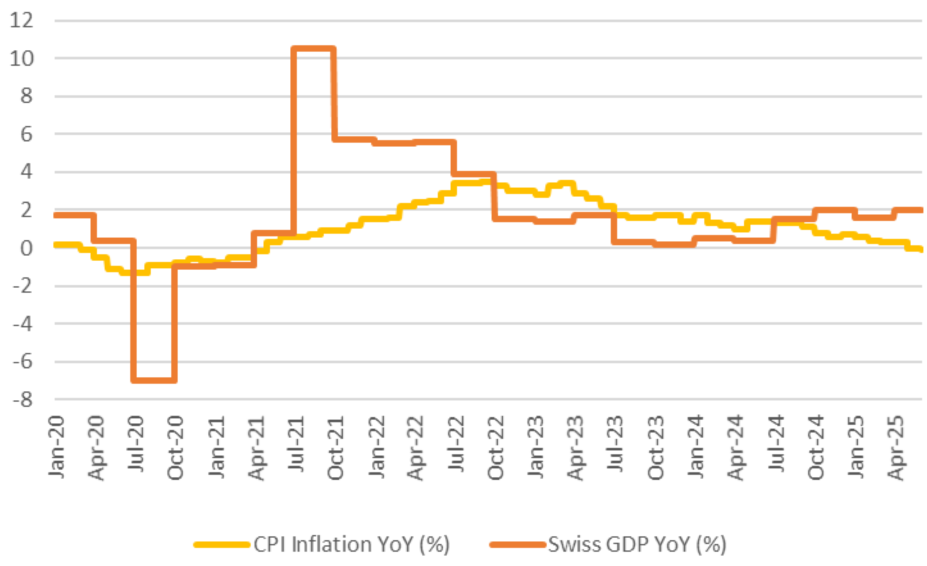
Key data/events: May Retail Sales, Jun Mfg/Svcs PMI (1 Jul), Jun CPI (3 Jul), Jun Unemployment Rate (4 Jul), Jun FX Reserves (7 Jul), Jun Producer & Import Prices (14 Jul), Jun Exports/Imports (17 Jul), Jun Money Supply (21 Jul), Jul Retail Sales, Jul KOF Leading Indicator (30 Jul).

Swiss NEER Remains Elevated



Source: BIS, Macrobond, Maybank FX Research & Strategy

Inflation Comes Off Further and Dips Below the Zero Bound



Source: Bloomberg, Maybank FX Research & Strategy

AUD: Our Call for Cut No Longer Contrarian

AUD/USD	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	0.6400	0.6400	0.6500	0.6600
	(--)	(--)	(--)	(--)

No Change in Forecasts

Motivation: With US equities back on the upmove, it is no wonder that AUDUSD is back to test key resistance at around 0.6550. AUD was not the outperformer in the month of Jun as another rate cut is being priced in for Jul while growth remains a lingering concern in the backdrop amid sporadic threats from the US. **Our mildly bullish AUDUSD forecast trajectory for the next quarters** reflects our expectation for the USD to decline in the 2H of 2025, as the US economy slows and UST yields fall. Better clarity and bilateral trade deals between the US and its trade partners would also be supportive of sentiment and the AUD but we expect that a complete resolution will not be reached within the year and the overhang of the trade policy uncertainty and its impact on global growth will affect demand for Australia's resources and slow AUD gains. The softening of iron ore prices likely also dragged on the AUDUSD.

With the USD still likely to fall on multiple factors (1) bets on Trump's desire for a weaker USD, (2) slowdown in the US, (3) Fed to cut (4) outperformance of global growth, we see possibility that the current environment may be benign for central banks in the region to cut more and that could generate even more inflows into the region, forming a virtuous circle for regional currencies. There is an upside risks to our forecasts at this point, notwithstanding the potential for further volatility given the current US administration's penchant for surprise.

Crimping on the AUD outlook was not just weakening base metal prices but also China's recent message to Australia not to be "incited" by NATO to sharply raise defense spending and instead, to cooperate with China to resolve regional disputes. The US had urged Australia to raise defense spending up to 3.5% from current 2%.

<u>A Back-To-Back Cut is No Longer a Contrarian Call.</u> RBA cut cash target rate by 25bps, in line with expectations including our own, taking the policy rate from 4.10% to 3.85%. We expect a back-to-back cut in Jul as inflation continues to slow (trimmed mean: 2.4% from 2.8%), consumer spending weakens and external demand takes a hit from the global growth slowdown. Another rate cut at this time would be appropriate to give growth the much-needed support. This would not be a surprise to RBA after it slashed growth forecasts and sounded a tad more confident on inflation remaining around the middle of target range over the next two years.

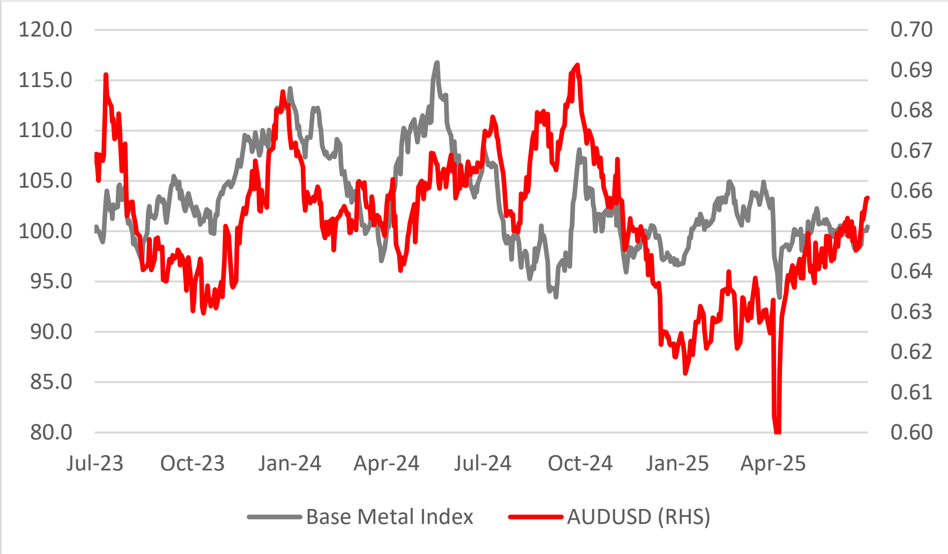
Notably: The GDP forecast was downgraded to 1.8% for year ending Jun 2025 and then to 2.1% for Dec 2025 from 2.0% and 2.4% respectively. Trimmed mean inflation is shaved to 2.6% for Jun 2025-Jun 2027 vs. 2.7% seen before. Unemployment rate is now expected to rise further to 4.3% by end 2025 compared to 4.2% seen in Feb.

<u>As such, our call for a back-to-back cut remains.</u> The hurdle for future rate cuts is lowered at the May meeting with the mention of a bigger cut of 50bps and RBA's projection (and confidence) that underlying inflation would remain near the middle of the target range over the 2Y forecast period (2025-2027). These factors suggest that the central bank is ready to react to further growth shocks. As such, markets now look for more rate cuts this year (-67bps today), shifting from another 50bps cut seen to a greater probability of a third cut for this year. **<u>We look for two more rate cuts - in Jul and in Aug that can take cash target rate to 3.35% with risks skewed to the downside.</u>**

Risks to the AUD Forecast: (1) US inflation and concomitant policy trajectory is key for USD direction and a stickier-than-expected US inflation could exert some downward pressure on the AUD. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the AUD. (3) Trump's trade agenda is key and a stronger deal with China would be positive for AUD but the latter seems pretty much done as a framework for now.

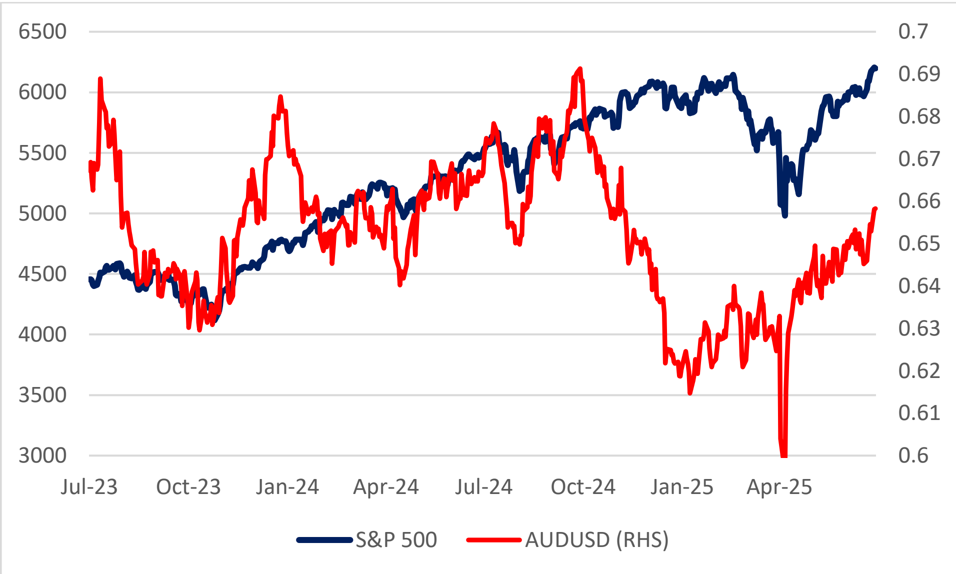
Key Data/Events: May building approvals, May retail sales [2 Jul]; May trade [3 Jul]; May household spending [4 Jul]; Jul Foreign Reserves, RBA policy decision [8 Jul]; Westpac Jul consumer confidence [15 Jul]; Jun labour report [17 Jul]; Minutes of the RBA meeting [22 Jul]; 2Q and Jun CPI [30 Jul]; Jun retail sales [31 Jul]

<u>Languid Base Metal Prices a Drag on AUD</u>



Source: Bloomberg, Maybank FX Research & Strategy

While Better Risk Sentiment is A Boon



Source: Bloomberg, Maybank FX Research & Strategy

NZD: Bias to the Upside

	3Q 2025	4Q 2025	1Q 2026	2Q 2026
NZD/USD	0.6000	0.6100	0.6100	0.6200
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: Jul should bring more trade deals – India, Vietnam are probably amongst the 10-12 nations about to keep . Japan seems to be stuck between a rock and hard place for now with Upper House Election keeping Ishiba from moving forward with a deal and accepting terms that could affect its agriculture (specifically rice) and that could complicate its efforts to lower US' 50% auto tariff. The state of play remains a mixed one but deals are in the making and fresh escalations are less likely. While Trump had threatened unilateral rates and they are unlikely to be as drastic as "reciprocal rates", such a scenario is likely to continue to erode confidence in the USD. Sentiment-wise, outcomes of the trade policies are unlikely to be as damaging on sentiment as what we saw on Liberation Day. As such, risks are skewed to the upside for the NZDUSD as well. Broadly, we expect the USD to extend its downtrend on the back of 1) US economic slowdown, 2) Fed cuts, 3) the potential for global growth to exceed the current pessimistic expectations. These cyclical factors could continue to be supportive of NZDUSD.

Signs of Recovery potentially giving RBNZ reason to pause. For the month of Jun, data releases suggest better hiring conditions, improved business and consumer confidence and 1Q GDP even surprised to the upside. This suggests that the aggressive easing undertaken by the RBNZ seem to be showing signs of pay-off and de-escalation in trade conflicts between the US and major partners have also played a part in supporting sentiments in NZ.

Data - Specifically, filled jobs rose +0.1%m/m in May vs previous -0.3%. ANZ activity outlook rose to 40.9 in Jun from previous 34.8 while ANZ business confidence rose to 46.3 in Jun from previous 36.6. Consumer confidence also swung higher to 98.8 in Jun vs. previous 36.6. 1Q GDP surprised to the upside at +0.8%q/q from previous +0.5%. retail sales came in stronger than expected. Card spending is still negative at -0.2%m/m May, steady from Apr.

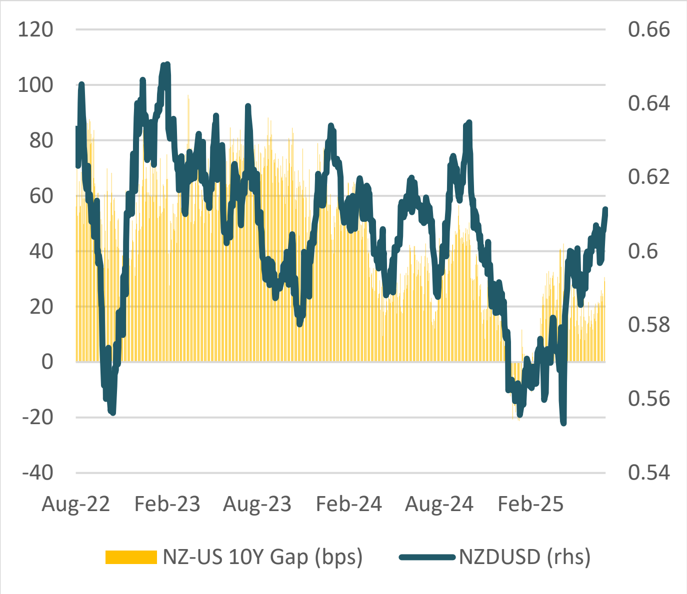
Trade. Trade balance had been improving with 12m rolling trade deficit narrowing to NZ$-3.9bn in May from prev. NZ$-5.0bn. Export receipts have been supported by strong demand for meat, dairy, wine. High commodity prices such as dairy had continued to keep the terms of trade favourable for the NZD for much of 2025. Trade balance surplus for May narrowed a tad to N$1.2bn from previous N$1.4bn. Exports are showing early signs of tariff impact on global demand. Shipment to the US had fallen 2.2%y/y in May. Overall exports growth slowed to 9.7%y/y from previous 22.3%. Imports fell 7.2%y/y in the same month.

RBA-RBNZ Policy Divergence To Play Out via AUDNZD decline near-term. We had looked for RBA to pivot dovish with a 25bps cut and RBNZ to surprise on the less dovish side alongside a 25bps cut as well. Both contrarian calls were right for May. For Jul, we expect RBNZ to keep OCR at 3.25% as growth show nascent signs of recovery, policy rate is already at neutral. OIS implied a cut only in Oct as well. It would be a significant dovish surprise if RBNZ cuts but we do not see that as likely. On the side, FinMin Willis has urged RBNZ to meet more frequently. The central bank currently holds 7 meetings a year and more frequent meetings could enable RBNZ to respond to changes in the economy.

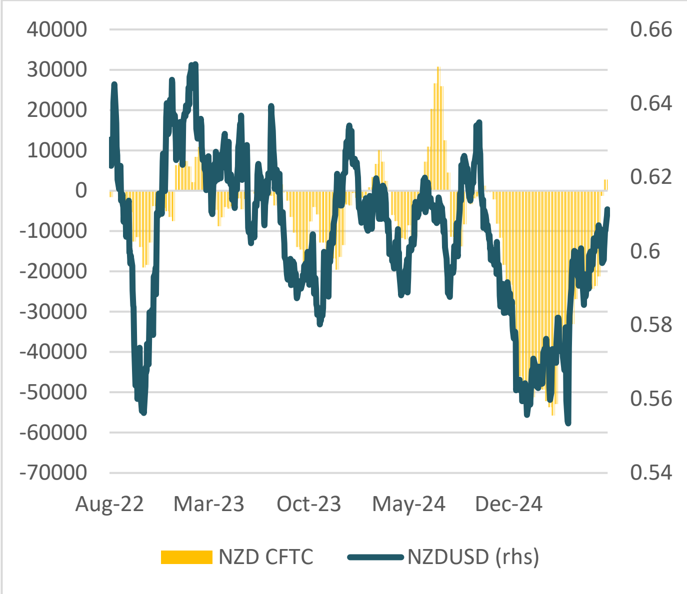
Risks: 1) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the NZD via the sentiment as well as the trade channel; 2) Trump's trade policies could continue to generate greater volatility for the NZD in the near term; 3) The NZ economy still looks a tad fragile and any downgrade to growth outlook will be negative for the NZD and warrant more aggressive rate cuts by the RBNZ. This scenario seems less likely at this point.

Key Data: Cotality Jun Home value (2 Jul), RBNZ Decision (9 Jul), May Net Migration (10 Jul), BusinessNZ Jun Mfg PMI (11 Jul); Jun Performance Services, card spending (14 Jul), Jun food prices (17 Jul); 2Q CPI (21 Jul); Jun trade (22 Jul); ANZ Jul activity outlook, Jul business confidence (30 Jul).

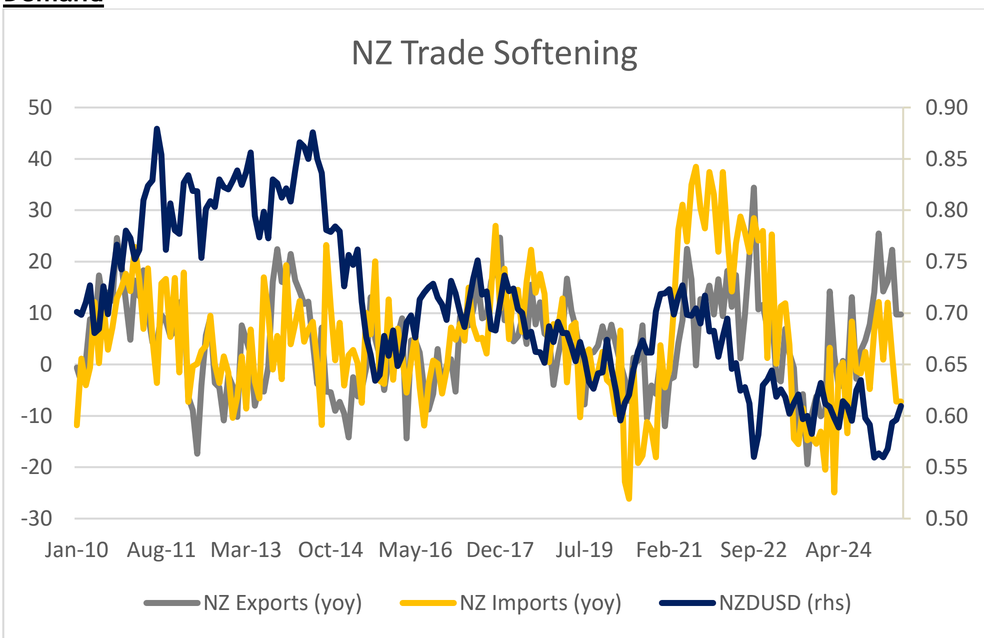
NZ-US Yield Differential Lift the NZDUSD



Net Short NZD Positions Are Correcting, +NZD



Softening Trade Could be A Sign that Trump's Tariffs is Crimping on Global Demand



Source: Bloomberg, Maybank FX Research & Strategy

CAD: A Deal Within Sight

USD/CAD	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	1.37	1.35	1.34	1.34
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: USDCAD remained on the downtrend and was last seen around the 1.36-figure. There were two CAD-supportive events that just occurred – 1) PM Carney's One Canadian Economy Act which allowed the cabinet to fast-track approvals for infrastructure projects. 2) a US-Canada trade deal that could be within sight – Canada had even rescinded the digital services tax for trade talks to continue and Canada has hoped for a deal by 21 Jul. Carney had described a deal for a New Economic and Security relationship. However, the CAD gains remained gradual and we continue to look for pace of its appreciation to be mild into the next half of the year as growth continues to be on the mend while the Fed cuts. BoC has started to slow its pace of easing as core inflation remained sticky around 3.0% and business sentiment show signs of recovery.

Trade War Status: Trump imposed 25% tariff on Canada with the exemption of oil and energy (at 10%) which took effect on 4 Mar. USMCA compliant goods are exempted. 50% tariff on aluminium and steel imports (all countries) since 4 Jun and 25 tariffs on all cars and trucks not built in the US (2 Apr). Canada's retaliatory actions include 25% levies on CA$30bn of American goods. The digital service tax that was meant to come into effect on 30 Jun after a year of planning was rescinded for the sake of US-Canada trade talks. Canada expressed hopes for a deal by 21 Jul.

Sovereignty Threats and Military Step-Up. PM Carney pledged to raise defence spending target within a year from the current 2% of GDP. At the NATO summit, Carney had also committed Canada to take military spending to 5% of GDP by 2035. That will require an additional $50-$90bn a year, depending on how much the economy grows. Earlier in May, Trump had mentioned about the Golden Dome Protection (his missile defence project to protect the US from foreign threats) that Canada would enjoy if it becomes "its cherished 51st state" but in fact, US officials and experts noted that Canada's cooperation is needed to provide radars and airspace to track incoming missiles in the Arctic. The re-negotiation of **an economic and security deal** may include the Golden Dome Protection that requires the collaboration of both Americas.

Apart from national defense, the Liberal Party had campaigned on spending on housing and critical infrastructure. The Liberal government under Carney intend to raise budget deficit from C$42.2bn seen last year for FY2025/2026 to C$62.3bn based on the Liberal party platform – due to the new priorities that the Trump administration thrusted upon its northern neighbours.

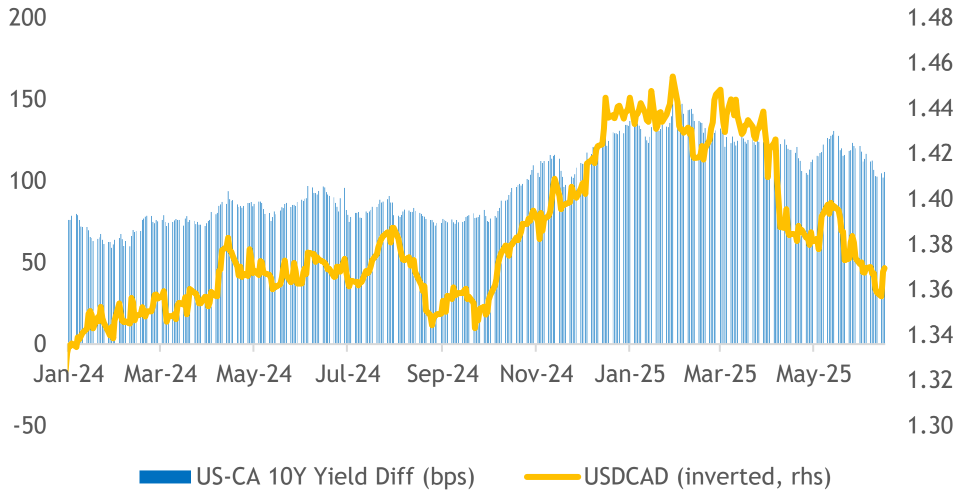
Data is mixed - S&P Mfg and Services PMI are still in contractionary region but has risen to 46.1 and 45.6 from 45.3 and 41.7 respectively. This reflects an improvement from rather dire expectations owed to the trade war. With US and Canada back in talks, there could be further improvements in this space. CFIB jumped to 47.3 from previous 40.1. Retail sales slowed from +0.8%m/m to -0.3%m/m in Apr but ex auto, the retail sales improved to -0.3% vs. previous -0.7%. Meanwhile, trade deficit widened to C$7.1bn from previous- -C$2.3bn.

BoC Could Extend Hold on Policy rate at 2.75% towards the end of Jul. Pace of easing for the rest of the year has slowed and **we now look for terminal rate at 2.50% as business sentiment showed signs of improvement and that suggests just one more cut beyond Jul is projected.** Both the 3-month and 12-month business confidence index showed marked improvement for Jun 2205. The country added 57.7K full time employment in May which was offset heavily by the net -48.8k part-time hire lost. Nonetheless, the unemployment rate inched higher to 7.0%. Wage rate was steady at 3.5%y/y in May. Together with sticky core CPI inflation at around 3%, BoC's decision on 30 Jul could hinge on the outcome of the US-Canada trade talks as well as whether inflation can continue to drift lower. **We expect the next cut to occur in Sep.**

Risks Ahead: (1) US inflation and concomitant policy trajectory is key for USD direction and any re-accelerations to boost USD against the CAD. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a global recession is negative for the CAD. (3) Focus on the economic and security deal that is in the making between Carney and Trump. 4) Inflation pressures should be monitored.

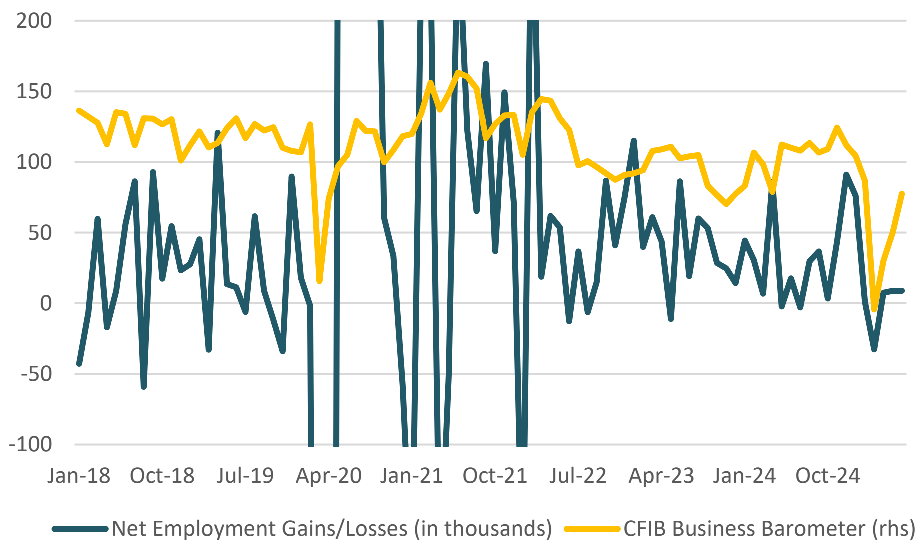
Key Data/Events: May trade (3 Jul), Jun labour (11 Jul), Jun CPI (15 Jul), CFIB business barometer (17 Jul), 2Q Business outlook future sales (21 Jul), May retail sales (24 Jul), BoC policy decision (30 Jul), May GDP (31 Jul).

USDCAD Trended Lower



Source: Bloomberg, Maybank FX Research & Strategy

Hiring Sentiments, Business Confidence Remain Weak



Source: Bloomberg, Maybank FX Research & Strategy

JPY: Appreciating on a Gradual Trend

USD/JPY	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	142.00	140.00	138.00	135.00
	(135.00)	(132.00)	(132.00)	(--)

No Change to Previous Forecasts

Motivation: We continue to expect the USDJPY to edge lower over time although we have adjusted our forecasts for it to occur at a more gradual pace. We still expect a number of factors to remain supportive for the JPY that include 1) Fed easing, 2) softer USD trend and 3) ongoing BOJ normalization. We expect the Fed to ease by 50bps this year and that would likely help narrow the UST – JGB differentials. The Fed easing in combination with ongoing US asset diversification is also likely to guide the dollar softer in the coming future. The BOJ should also continue with normalization as price pressures and wage growth holds up. The Governor has noted tariff concerns and this is likely to lead to monetary normalization being more gradual. However, the pace of normalization could be at an even slower pace than we had anticipated given the volatility at the long end of the bond market. This has led us to revise our forecasts. The BOJ at its last meeting had decided to cut down the bond purchase tapering from JPY400bn to JPY200bn effective from Apr – Jun 2026, reflecting their concerns about the bond market volatility and the caution they could exercise on normalizing monetary policy. The MOF is also reducing its supply of the long end bonds and shifting it to the shorter end. Given these policy measures, yields could rise at a more moderate pace slowing down JPY appreciation. We expect that the next BOJ hikes would likely only come in Jan 2026 and Jul 2026 of which they would be 25bps each. Meanwhile, we take into account some risks including any climb in oil prices or a rebound in USD. Occurrences of these events happening so far have only been interim in nature as has been the case recently. On the trade negotiations, the situation remains challenging to achieve a deal between Japan and the US given several contentious issues including agriculture and auto tariffs. We do not see Japan being singled out for trade tariffs at this point and hence, this risk is less likely to weigh on the JPY.

The BOJ held rates at the Jun meeting with our expectations that they are unlikely to engage in further hikes this year. The central bank seemed to be expressing a rather cautious tone about the pace of tightening given both the tariff and bond market situation. On the latter, the central bank actually slowed down the pace of its bond purchase tapering given the volatility that had engulfed the long end of the market. They had decided on a reduction in the tapering from JPY400bn to JPY200bn, effective from the Apr – Jun 2026 quarter. The BOJ's move comes in line with the Ministry of Finance's decision to reduce supply at the long end of the curve and transfer it to the shorter end (20Y, 30Y and 40Y would see a reduction of JPY3.2tn but 6M, 1Y and 2Y would be increased by JPY2.7tn). At this point, it is still difficult to ascertain the impact of these policies given limited auctions since the decision. The 20Y auction on the 24 Jun had seen a bid to cover ratio of 3.11, which is below the 12-month average. The 10Y auction on 1 Jul did see a bid to cover ratio of 3.51, which is higher than the 12-month average. As it is, the uncertainty regarding the bond market still may keep the BOJ proceeding with a cautious slower pace of normalization. At the same time, there remain immense uncertainty on the tariff situation, which may also keep the BOJ edgy on hikes. Ueda himself had noted at the post meeting press conference that high uncertainties over trade policy can impact corporate profits and wage growth. It is unclear on when the US and Japan can reach a trade deal as there are multiple contentious issues between the two sides (elaborated more below). **Given the situation, we believe that the next BOJ hikes may only come in Jan 2026 and Jul 2026 of which they would be 25bps each.** By that point, there should be more clarity regarding both the bond market and tariff situation.

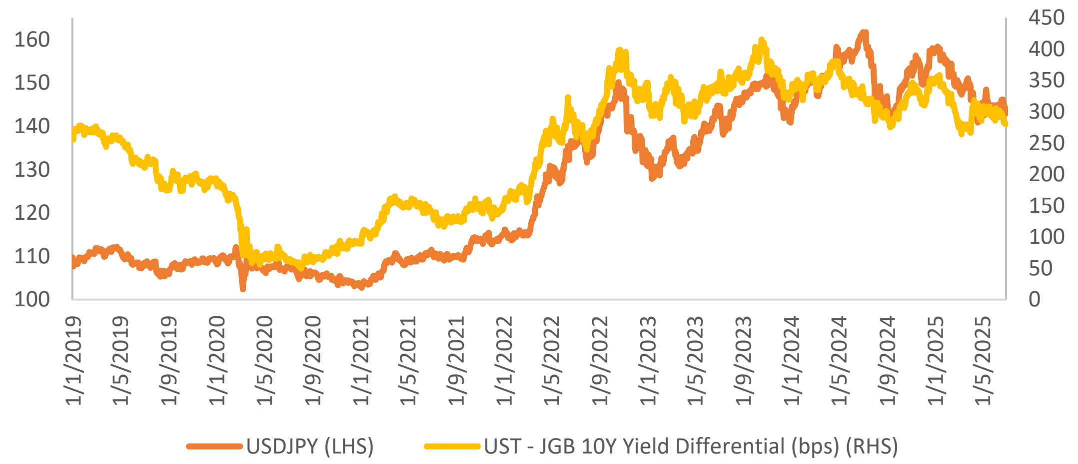
On the trade front, there looks to be limited progress in reaching a deal between Japan and the US. There are multiple contentious issues between the two side which include both the agriculture and auto tariffs. The US looks to be taking issue with Japan's rice tariffs whilst Japan appears to have qualms with Trump's 25% auto tariffs. Trump did recently criticize Japan over the rice tariffs expressing frustration that they would not take US rice and that he would be sending them a letter (a reference to countries that the Trump administration would unilateral inform of the tariff levels after the exemptions end on 9 Jul). The President had also earlier said that Japan's trade imbalance of cars with the US is "not fair" and claimed that Japan understood it. It is far from clear if Japan would be facing higher tariffs after 9 Jul although Kevin Hassett has mentioned that talks between Japan and the US would continue. Scott Bessent had previously said that trade talks could carry on until 1 Sep – Labor Day.

Upper house elections are set to be held on 20 Jul with polls showing the LDP in the lead quite ahead of the other political parties. Nonetheless, the LDP does not actually hold a clear majority of the support based on the latest polls. Some of the issues that are in voters' mind include cost of living and the US trade tariffs. The LDP and Komeito (its other coalition partner) would need to win 50 of the 125 seats up from grab in order to retain their majority. Any poor performance by the ruling party can create fiscal risks, which in turn can weigh on the bond markets.

Risks Ahead: Downside risks include any major sustained rebound in the USD or the BOJ tilting more dovish. Upside risk for the JPY meanwhile would be a deep US and global recession that would support more safe haven demand for the currency or the BOJ accelerating the pace of hikes.

Key Data/Events: 2Q Tankan (1 Jul), Jun consumer confidence index (1 Jul), May household spending (4 Jul), May cash earnings (7 Jul), May P coincident/leading index (7 Jul), May BoP CA/trade balance (8 Jul), Jun bank lending (8 Jul), Jun Eco Watchers survey (8 Jul), Jun M2/M3 (9 Jul), Jun P machine tool orders (9 Jul), Jun PPI (10 Jul), May core machine orders (14 Jul), May capacity utilization/tertiary industry index (14 Jul), Jun nationwide/Tokyo dept sales (16 - 22 Jul), Jun trade data (17 Jul), Jun CPI (18 Jul), Jul P S&P Global PMIs (24 Jul), Jul Tokyo CPI (25 Jul), Jun PPI services (25 Jul), Jun P IP (31 Jul), Jun retail sales/ dept store,supermarket sales (31 Jul),Jun housing starts (31 Jul), Jul consumer confidence index (31 Jul) and BOJ policy decision (31 Jul).

<u>**Yield Differentials Should Narrow Overtime Guiding USDJPY Lower**</u>



Source: Bloomberg, Maybank FX Research & Strategy

<u>**Volatility Remains Elevated at the Long End of the JGB, Keeping the BOJ Cautious on its Pace of Normalization**</u>

Source: Bloomberg, Maybank FX Research & Strategy

RMB: Steady as It Can Go

	3Q 2025	4Q 2025	1Q 2026	2Q 2026
USD/CNY	7.20	7.18	7.15	7.15
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: Jun was marked by a few significant events – the confirmation that a trade framework had been inked between the US and China. US Commerce Secretary Lutnick assured that the flow of critical minerals will resume because of this and they will "take down their countermeasures". **USDCNY fixes have been keeping the CNY on a slow appreciation path but the CNY has been weakening against most other trade partners. There is a delicate balance that yuan stability is achieving - an environment that is positive for foreign investors, predictable for importers/exporters and it provides little room for yuan speculation.** We are still holding a bearish view on the USD in the medium term – as US continues to slow, Fed cuts and the fact that the rest of the world may potentially outperform current pessimistic expectations. **Our observation is that PBoC is not willing to let yuan appreciate too fast or depreciate in an orderly manner, in case it triggers an avalanche of export receipt conversion.**

Pushing for Wider Yuan Yuan Adoption. China has been pushing for wider yuan adoption for a while now. Around a decade ago, the RMB was promoted as a reserve currency and included in the IMF's SDR basket. The creation of offshore yuan itself was meant to promote yuan in financial transactions, trade settlement and as a reserve. With China as the biggest exporter of the world, the second largest importer of the world and the largest energy importer, RMB's share of SWIFT payment is low at around 3% due to its inconvertibility. RMB's share of forex reserves seem to be at a sliver of around 2% as well. That said, the push for yuan is seeing a lot more traction at home as the share of yuan used was around 50% in cross-border transactions and that meant substantial progress in de-dollarization made in recent years at home and the data trend suggests that the shift away from the USD seemed to be more noticeable after Trump's first trade war with China and after financial sanctions were imposed on Russia.

In the backdrop of trade conflict earlier this year, PBoC raised the floor ratio for RMB-trade transactions to 40% from 25%. Banks will have to adhere to this guideline and increase the share of RMB in their cross-border trade facilitation or risk getting a lower score in regulatory review. This was likely meant as a defensive move in case US-China bilateral relations deteriorate significantly. With the confidence in the USD being shaken and investors/corporates/sovereigns potentially looking to diversify away from the greenback, PBoC Pan's recent call to expand the global use of yuan and a revamp of cross-border payment system was opportunistic and an endeavour to reduce China's reliance and vulnerability to the USD and the SWIFT system for the long term. This had been years in the making. However, we stop short of looking for full yuan internationalization to rival the dollar's dominance.

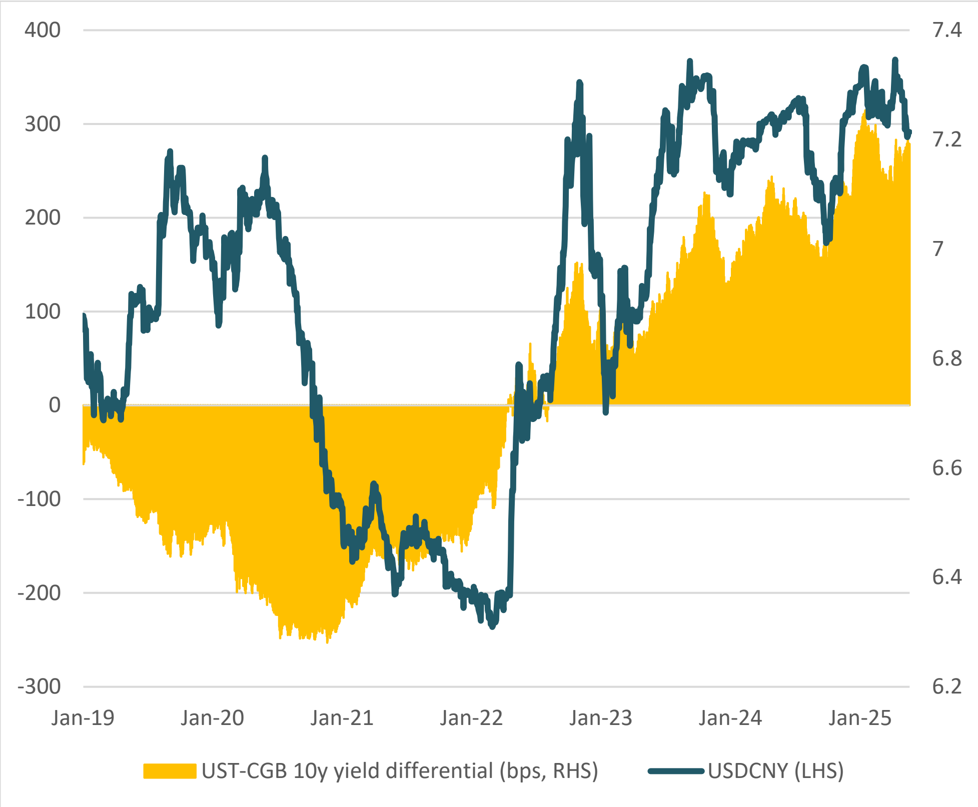
Further capital account liberalisation could probably accelerate "yuan internationalization" but that would require surrendering some control over its currency. China's tolerance for yuan volatility in recent years had been rather low. The countercyclical adjustment factor was significant in times of USD strength in recent years and PBoC seems to prefer to have yuan be an anchor for regional currencies (or even the world) in times of market uncertainty rather than another source of volatility. The central bank had certainly demonstrated finesse in keeping the yuan stable and that in turn provided positive spill-overs for the region.

More Pledges to Support Consumption. May data suggest stronger retail sales and a slight softening in industrial production and fixed assets ex rural momentum. Consumer spending was likely bolstered by subsidies provided – in the form of state-sponsored trade-in program and potentially some relief that the US and China had been able to come to a trade truce. Industrial production seemed to have started to slow with manufacturing showing signs of pressure from tariffs. FAI slipped to 3.7%y/y in Jan-May from 4.0% in Jan-Apr.

Monetary Policy is Likely to Have Little Effect. There is little need for monetary policy as monetary policy alone is unable to boost consumer and business confidence. There is little PBoC can do when the trade war is the key drag on the economy. PBoC and CSRC announced a 50bps RRR cut, 10bps to 7-day reverse repo along with other measures to support consumption and stock markets. PBoC CGB 10y yield may not have a lot more room to fall. USDCNY and USDCNH is still driven by yield differential and further decline in the UST 10y yield should bring both pairing lower.

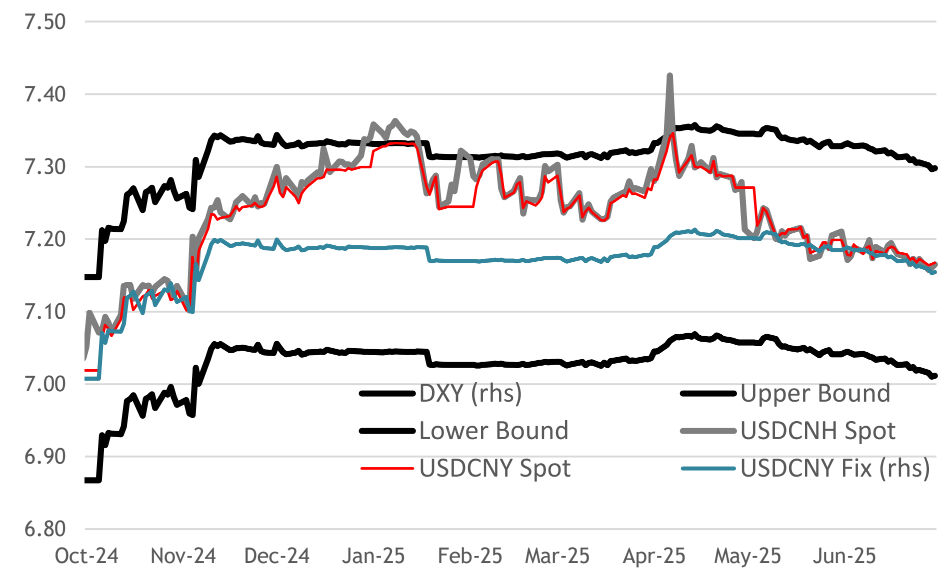
<u>Key Data/Events:</u> Foreign reserves [7 Jul], Jun CPI, PPI [9 Jul]; Jun new yuan loans, money supply, aggregate financing [9-15 Jul]; Jun Trade [14 Jul]; New home price, used home prices, retail sales, industrial production, fixed assets ex rural, 2Q GDP for Jun [15 Jul]; 1Y, 5Y LPR [21 Jul]; FX Net settlements for Jun SWIFT [22 Jul]; Jul industrial profits [27 Jul]; Mfg, non-mfg PMI [31 Jul].

Fall in UST yields Going to be a Boon for the CNY against the USD



Source: Bloomberg, Maybank FX Research & Strategy

USDCNY on the Downtrend, Merged with the Fix



Source: Bloomberg, Maybank FX Research & Strategy

KRW: Stronger as Political Issues Resolve

	3Q 2025	4Q 2025	1Q 2026	2Q 2026
USD/KRW	1390	1370	1360	1350
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDKRW forecasts even as the pair trades at levels close to our 2Q2026 forecasts of 1350 on the belief that there could be some volatility in FX as we head closer to the 9 Jul deadline on Trump tariffs and amid the uncertainty surrounding US tax and trade policy. We hold the view that the USD is likely to broadly weaken on the back of fading US exceptionalism and any relief on the tariff front should be beneficial for Asian currencies. Our anticipated peak in the USD has likely materialized and the USDKRW is a high beta North Asian and is likely to benefit more from resolutions on the trade front. On the other hand, protracted negotiations could weigh on the KRW. Political risks have eased with President Lee Jae Myung winning the election and the KRW has stabilized.

USDKRW NDF traded in a 1344.65 to 1388.52 range in Jun, lower than the 1356.84 to 1436.79 range in May. USDKRW NDF was last seen at 1356.92 levels. Volatility has come off with the resolution of political issues, and as we suggested there likely has been an easing of the political uncertainty premium with the voting of the President concluding. However, we note that there has also been market chatter that North Asian real money could pare down on their USD assets, which could lead to further upside for the KRW. A case in point is the purported hedging of the long USD positions of Taiwanese life insurers which likely has driven the TWD stronger against the USD. The KRW is closely related to the TWD and could be dragged along or used as a proxy for hedging purposes.

We expect the BOK to cut rates by 50bps more in 2025 with the policy rate ending at 2.00%. BOK cut rates by 25bps on 29 May to 2.50%, largely in line with expectations. We see a further 50bps of rate cuts by the BOK in 2025 and this is more dovish than the approximately 11bps of cuts implied by market pricing and 40bps of rate cuts forecast by economists. We think that the BOK should continue to pivot towards growth support as inflation eases, although should concerns over KRW weakness arise then they could be more hawkish to be supportive. This remains in line with other central banks pivoting to become more growth supportive as the disinflationary trend gathers steam. The fact that the KRW has stabilized could also encourage the BOK to cut more without the fear excessive FX volatility.

Growth could be hindered by a challenging and uncertain external environment in 2025. Consensus forecasts see 2025 growth moderating to 1.0% (prev: 0.9%; 2024: 2.1%) in real terms, with a 15.0% (prev: 20.0%) probability of a recession. Korea is potentially vulnerable to further US trade measures on semiconductors and pharmaceuticals. Trump has already signalled potential measures on Taiwan for “stealing” US chip business and Korea could also similarly be flagged. Moreover, Korea has a trade surplus with the US and that could be a reason for further trade measures being applied. However, the flip side is that Korea could be viewed as a US strategic ally and be spared from Trump’s ire which should support the KRW.

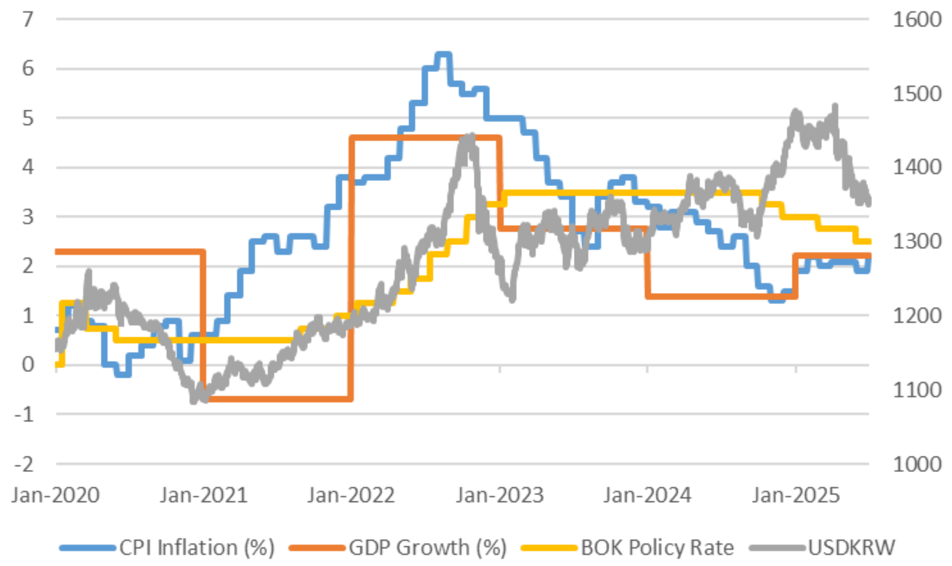
As we suggested, political issues have largely resolved after the election. The Presidency has been won by front runner Lee Jae Myung who has set priorities to revitalize the economy, contain a potential debt issue and appropriately addressing the risks of US trade policy on the export-oriented Korean economy. Thus far a second supplementary budget of KRW30.5t to provide support for the Korean economy has been announced, dwarfing the first supplementary budget of 12.2t (introduced in Apr. The new budget includes measures to boost consumption and investment, support SMEs and vulnerable groups and to offset a shortfall in tax revenues.

While the external environment in 2025 remains uncertain and challenging, structural inflows to Korea bonds should continue. Korea was included into major government bond indices and structural inflows are expected to continue into 2025. This should provide some support for the KRW at the margin. The push to diversify away from the USD and USD denominated bonds could also be beneficial for the KRW denominated assets should it continue. We note that the value proposition of Korean debt is quite different from that of say German Bunds and while the latter may be a larger beneficiary of diversification away from the USD and US assets, continued structural inflows from index inclusion should continue to be supportive.

Risks to our view: Extended period of political uncertainty could weigh heavily on confidence on Korea and the KRW. Potential further action from the Trump administration on China or worse yet Korea itself, given sensitivity over chips and pharmaceuticals, could also weigh on the KRW.

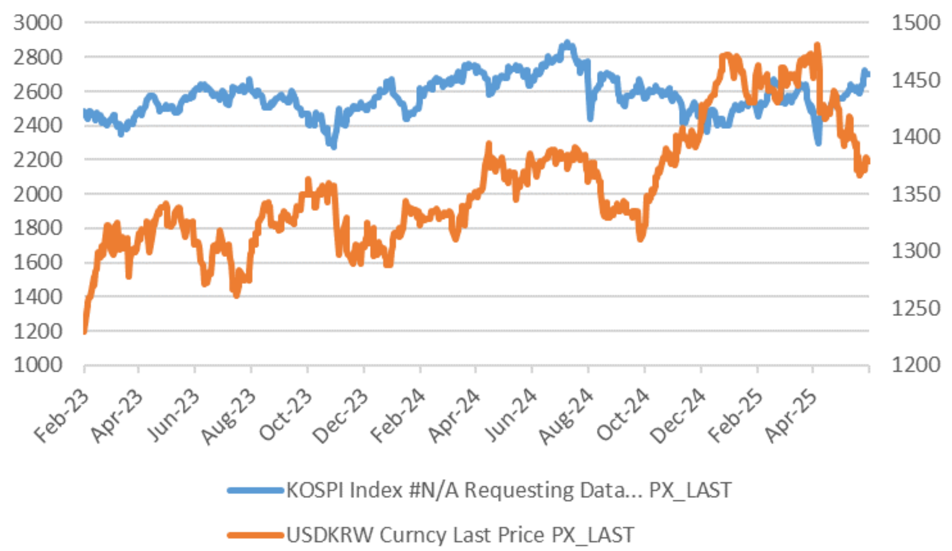
Key data/events: Jun Exports/Imports/Trade Balance, Jun Mfg PMI (1 Jul), Jun CPI (2 Jul), Jun Foreign Reserves (3 Jul), May CA/Goods Balance (4 Jul), **BOK Policy Decision (10 Jul),** Jul 10-Days Exports/Imports (11 Jul), May Money Supply (15 Jul), Jun Unemployment Rate (16 Jul), Jul 20-days Exports/Imports (21 Jul), Jun PPI (22 Jul), 2QA GDP (24 Jul), Jun Industrial Production (31 Jul).

Falling USDKRW Could Enable Further BOK Cuts



Source: Bloomberg, Maybank FX Research & Strategy

KOSPI Recovers as USDKRW Falls



Source: Bloomberg, Maybank FX Research & Strategy

SGD: Resilience from Stability

USD/SGD	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	1.2800	1.2650	1.2600	1.2550
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDSGD forecasts and believe that the SGD can continue to appreciate against the USD as US exceptionalism fades and a broad diversification on a flight to quality away from the USD continues. The SGD is a currency that has strong fundamentals and has proven to be a regional safe haven. Therefore, we think that it can continue to benefit against a backdrop of a broadly weaker USD. On a bilateral USDSGD basis, the SGD has also been resilient likely on strong safe-haven demand for SGD assets. This is evident from the outperformance of SGS (outperforming USTs and largely keeping pace with German bunds). We recognize that Singapore is an open economy and trade frictions could negatively impact growth, a bilateral trade deficit with the US is likely to keep it out of Trump's crosshairs and with the lower reciprocal tariff rate of 10% imposed puts in on a better position on a relative basis with others. However, we also suggest that Singapore could benefit from a global re-routing of trade and look for the SGD to retain its appeal as diversifications away from the USD are sought. MAS policy remains supportive at +0.5% per annum appreciation in the SGDNEER and our base case is for no further easing unless there is a technical recession.

USDSGD traded lower within a 1.2709 to 1.2941 range in Jun compared to the 1.2802 to 1.3129 range in May. Pair was last seen at 1.2731 levels, below the key 1.28 level. SGDNEER was last seen at +1.91% above the mid-point and has stayed above the +1.20% above the mid-point level after MAS' easing on 14 Apr. In fact, the SGDNEER has been above the +1.60% mark on our SGDNEER model since mid-May. Naturally, with the USD-bloc (USD and HKD) the largest constituent in the basket, the SGDNEER is well supported in times of broad USD weakness where the SGD does not underperform other basket constituents. **Note that one-sided SGD appreciation which translates to trade-weighted SGDNEER strength is very likely to be moderated by MAS given the current relative close proximity to what we see as the band edge of 2%.** The SGD has the tendency to not be an outlier and therefore a moderate appreciation in line with a broadly weaker USD is our base case expectation.

MAS eased via a slight slope reduction on 14 Apr with a statement that was balanced. We view the move as an adjustment to reflect the downside risks in inflation and growth. This is largely in line with the stance of other central banks globally. Current pace of SGDNEER appreciation (0.5%) is what MAS believes to be appropriate given the considerable downside risks to both growth and inflation. **Our economists see MAS standing pat, but cannot rule out a shift to a flat slope or a re-centering of the mid-point of the SGD NEER lower should there be a recession or an escalation in trade tensions.** Our Taylor Rule estimates suggests a gentle upward trajectory for the SGDNEER should be appropriate given the expected growth inflation dynamics, in line with the current stance. MAS could also opt to retain the policy space to react to any future downside shocks. We note that this has been the first time MAS has opted to ease the slope slightly at consecutive meetings, given that on earlier occasions MAS has preferred to set the appreciation to 0% after a slight reduction (Oct 2015, Apr 2016 & Oct 2019, Mar 2020). However, we also note that MAS has moved to quarterly (from semi-annual) meetings and this could also be to facilitate more nuanced and perhaps more gradual policy moves.

Core inflation dipped to 1.8% in 2024, below the historical mean of 2% and is expected to fall further. Growth is expected to remain robust. May Core CPI edged lower to 0.6% YoY (exp: 0.7%; prev: 0.7%). Our economists forecast core inflation at +0.5% (prev: +0.8%), headline inflation at 0.8% (prev: 1.0%) and revise dreal growth up to +2.4% (prev: 2.1%) in 2025. Price pressures could cool by more than previously expected on the back of government subsidies, benign external cost pressures and base effects from the GST hike, travel-related costs and cooling aggregate demand. Manufacturing grew by +3.9% MoM SA in May as the US tariff shock did not disrupt or dampen trade and manufacturing as significantly as initially feared. Our economists see some easing recession risks amid a US-China trade truce and a front-loading of manufacturing supporting 2Q growth. They estimate 2Q2025 growth at resilient +3.4% YoY. Singapore remains a bellwether for the global economy and a slowdown could be reflective on the likely state for the rest of the world.

Budget 2025, the last budget for this term of government was delivered by PM Wong on 18 Feb 2025. The budget was expansionary, and yet a healthy S$6.8b (or 0.9% of GDP) fiscal surplus is still expected. Key budget initiatives included household goodies and social policies and support for businesses as well as setting aside funds for longer-term priorities.

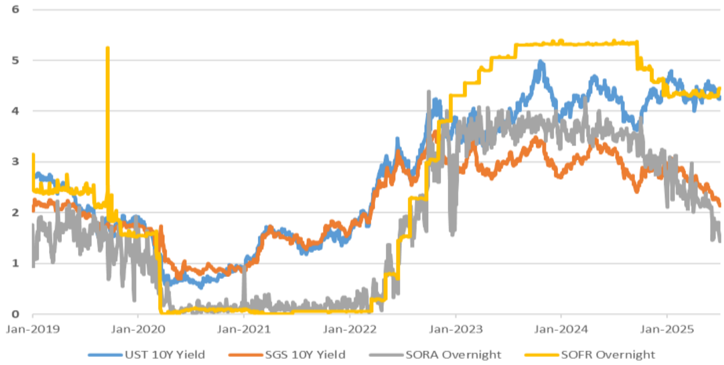
Our economists do not expect a surprise at the elections. Similarly, we suggest that the baseline election outcome is not expected to shake confidence in Singapore and the strength of its institutions. It remains the sole AAA rated sovereign in the region and is required by legislation to operate a balanced budget over a term of government. **Few countries would be able to announce an expansionary budget and maintain a healthy fiscal surplus, so Budget 2025 underscores one of the fundamental strengths of the SGD.** In uncertain times, this would make the SGD a relatively attractive currency to hold.

Given the current balance of risks, we do think that the SGD resilience and support will continue to persist. MAS has assessed that the current stance as appropriate to address the current growth and inflation risks, although the reference to "medium term price stability" was dropped. Within the Asian currency space, the SGD is also one of the most reliable stores of value given Singapore's strong fundamentals. MAS' policy is at worst at no appreciation and is typically at some positive appreciation stance (also alluded to as the R* equivalent by Chief Economist Robinson in his speech) and this is unlikely to change given the history of MAS policy and the potential negative implications of having a depreciating stance. In an environment of heightened external uncertainty, the SGD is likely to outperform its peers.

Risk to our view: Developments that could derail MAS' expected path for inflation to come off or cause growth prospects for Singapore to worsen. These could include oil price shocks or supply chain disruptions that could arise from geopolitical conflicts. In the absence of such developments, our base case expectations for SGD appreciation should hold. We cannot rule out further MAS easing and possibly the need for fiscal policy as part of a macro policy mix, if downside risks to growth or inflation materialize. Pharmaceutical and semi-conductor tariffs could weigh on the growth outlook for Singapore

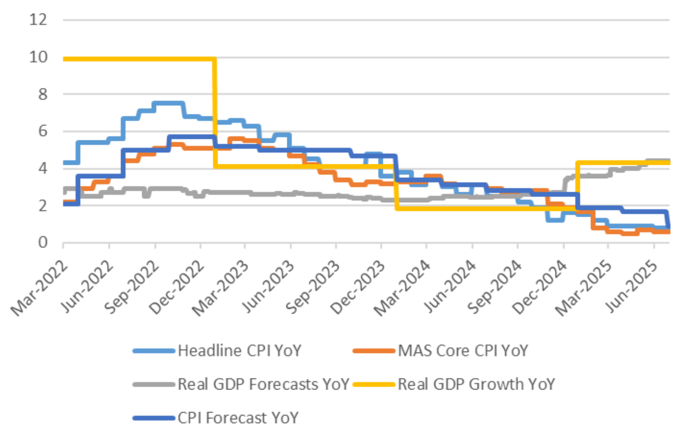
Key data/events: MAS Policy Decision (No Later Than 31 Jul), 2Q URA Home Prices (1 Jul), Jun PMI/ESI (2 Jul), Jun SP PMI (3 Jul), May Retail Sales (4 Jul), 2QA GDP (9 to 13 Jul), Jun NODX/Electronics Exports (17 Jul), Jun CPI (23 Jul), Jun Industrial Production (25 Jul), Jun Unemployment Rate (30 to 31 Jul).

SG-US Rate Correlation Breaks Down



Source: Bloomberg, Maybank FX Research & Strategy

Inflation Risks to Downside, Growth Remains Respectable



Source: Bloomberg, Maybank FX Research & Strategy

MYR: Dissipating Tariff Crosswinds, Sustaining Tailwinds

USD/MYR	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	4.20	4.10	4.05	4.00
	(--)	(--)	(--)	(-)

No Change to Previous Forecasts

Motivation: MYR remains one of the top performers in the ASEAN year-to-date, appreciating around 5.7%. In the month of June, MYR only strengthened around 0.6% and saw some swings as USD strengthened during the Middle East war between Israel and Iran and concerns on oil supply and prices emerged. Since then the USD/MYR pair has retreated as the crisis ended quickly for now. USDMYR saw a month low of 4.22 on 12 June due in part to tariff related announcements. Trump had mentioned on 12 June unilateral tariffs would be set for countries in the next two weeks then but Bessent said it is "highly likely" the July 9 deadline may be extended for partners who negotiate in good faith. Going forward, we do recognize that Malaysia does remain vulnerable to US imposed tariffs especially as negotiations are not straightforward but we do think that any negative impact arising from this can be offset by the positive factors from USD softness, CNY strength and global growth pick up. We maintain our USDMYR forecast (with a downward trajectory intact) to better reflect the conditions that are actually more supportive for the currency. Globally, more recent signs of trade truce between US and China for the next few months provide the possibility of EM FX and MYR support.

Maintained our outlook of Malaysia's 2025 real GDP growth decelerating to +4.1% (2024: +5.1%). After the third consecutive easing in quarterly growth to +4.4% YoY in 1Q25 (4Q24: +4.9% YoY), we expect growth to have moderate further in 2Q 2025 – in part due to the base effect (2Q24: +5.9% YoY) - and the rest of the year, taking cue from the signals coming from the index of leading economic indicators, manufacturing PMI, imports of intermediate goods and our monthly GDP growth estimate. Our growth forecast for this year also factors in the projection of slower global economic growth of +2.5% (2024: +3.3%). Our full-year 2025 growth forecast of +4.1% (1Q25: +4.4% YoY; 2024: +5.1%) implying real GDP growth moderating to the average of around +4.0% YoY per quarter in 2Q-4Q25.

Domestic tailwinds will be key in keeping the Malaysian economy on a growth path. Resilience in domestic demand – especially consumer spending and investment upcycle will be the ones to watch. We remain constructive on the outlook of real private consumption growth (2025F: +5.3%; 1Q 2025: +5.0% YoY; 2024: +5.1%) given the various measures to boost workers' and households' incomes and thus spending. At the same time, investment upcycle appears intact as per the continued rise in approved investment as well as the sustained robust growth in imports of capital goods and banking system's financing for industrial buildings and factories in 1Q/4M 2025.

Eyes will also be on BNM's monetary policy, taking cue from the increasingly dovish tone of the Monetary Policy Statement (MPS) amid slowing growth and tame inflation as well as the unexpected -100bps reduction in the Statutory Reserve Requirement (SRR) in May 2025. We expect BNM to undertake a single 25bps cut in OPR in 3Q 2025, where there are two Monetary Policy Committee (MPC) meetings i.e. 8-9 July 2025 and 3-4 Sep 2025. Our view is based on the past episodes of a single 25bps cut during a calendar year i.e. 2016 and 2019 where a notable similarity with current situation is that the moves were preceded by slowing quarterly economic growth i.e. not recession.

At the same time, we take note of the increasingly dovish tone of the latest Monetary Policy Statements (MPS) amid heightened emphasis on global headwinds and fallouts on key trading partners' growth stemming from US-driven trade policy shifts and tariff actions, thus downsides to domestic growth primarily through the external trade channel4 . At the same time, BNM remains relatively sanguine on domestic inflation given the trajectory year-to-date (Fig 45), expecting it to remain manageable this year, with the "overall impact of the announced domestic policy reforms on inflation" to be contained. We are looking at inflation rate this year to pick up moderately to +2.0% (4M25: +1.5% YoY; 2024: +1.8%).

Furthermore, while BNM has kept OPR unchanged at 3.00% p.a. after three Monetary Policy Committee (MPC) meetings this year, the MPC on 8-9 May was followed by the announcement of a 100bps cut in the Statutory Reserve Requirement (SRR) to 1% from 2%, releasing MYR19b into the banking system. Granted that BNM emphasised the SRR is not a monetary policy instrument and thus the cut in SRR is not monetary policy easing per se, historically, cuts in SRR and OPR were not far apart.

Inflation and core inflation in May 2025 eased to +1.2% YoY (Apr 2025: +1.4% YoY) and +1.8% YoY (Apr 2025: +2.0% YoY). 5M2025 inflation averaged +1.4%. Maintain 2025 inflation forecast of +2.0% (2024: +1.8%) given factors like Sales and Services Taxes' as well as Tenaga's tariff reviews (1 July 2025); full compliance in new minimum wage (1 Aug 2025); RON95 petrol subsidy rationalization (2H 2025); and higher foreign workers' costs i.e. EPF contributions (4Q 2025); multi-tier levies (pending).

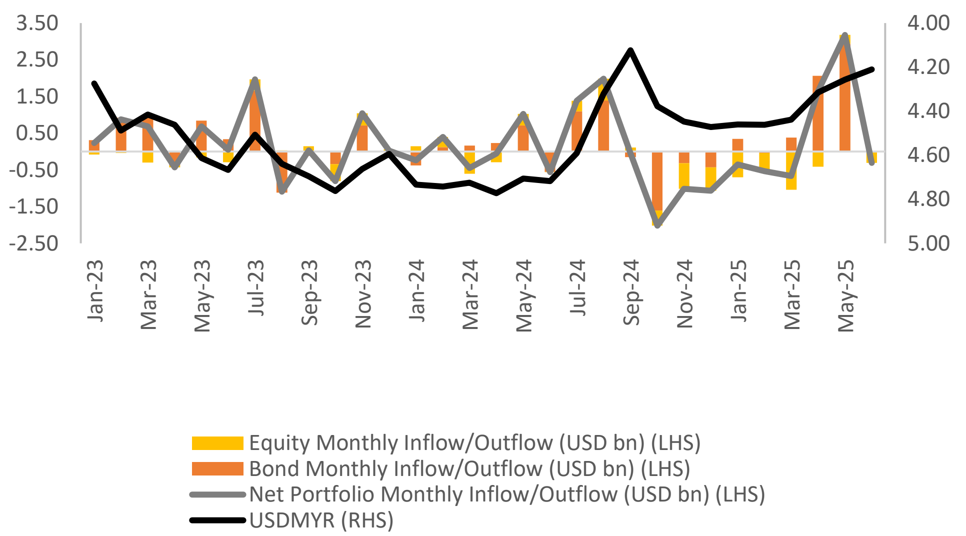
May 2025 exports fell -1.1% YoY (Apr 2025: +16.4% YoY) signaling end of frontloading ahead of US tariffs. Imports slowed to +6.6% YoY (Apr 2025: +20.0% YoY) amid further decline in intermediate goods (May 2025: -4.4% YoY, Apr 2025: - 1.7% YoY) but still robust capital goods (May 2025: +63.7% YoY, Apr 2025: +113.9% YoY) imports. 5M2025 exports and imports grew +5.5% YoY and +6.9% YoY, and amid the evolving dynamics of trade and tariffs, maintain full-year forecasts of +5.5% and +6.5%. Exports benefitted from front-loading amid the 90-day suspension of the US reciprocal tariffs, coupled with exemption on E&E products like "semiconductor & semiconductor equipment", "computer & data storage", as well as "smartphones & other communication devices", which accounts for 44% of total US imports from Malaysia. Three consecutive months of decline in intermediate goods imports flags weaker exports performance. Outlook also depends on evolving trade and tariffs e.g. outcome of US-Malaysia trade and tariff negotiations; US decision on product-specific tariffs, especially on semiconductors.

2H25 will also be dominated by domestic policy lookouts. First and foremost will be fiscal policy, pertaining to achieving the 3.8% budget deficit to GDP ratio (2024: +4.1%) amid the expected downward revision to current official growth forecast range of +4.5% to +5.5%; the still pending rollout of targeted RON95 subsidy rationalisation; the slightly delayed review in Sales Tax and broadening of the Services Tax scope; and the adjustment in e-invoice implementation timeline. Budget deficit consolidation and fiscal reforms. Looking at the current trajectory of budget deficit, 1Q/4M 2025 recorded the second lowest as % of GDP and in value (MYRb) since the current period of fiscal consolidation begins in 2022. These provide us with comfort against the risk of "slippage" – at least for now.

Risks to look out for in Jul 2025. Downside risks include surprises from tariff related announcements and geopolitical risks rearing its head again causing concerns about supply chains and affecting global growth. However, upside risks may also materialize such as a more benign trade friction scenario, with US-China trade tensions averted in a sustained way beyond Jul, which could lead to significantly lower USDMYR and a positive deal being made with US. A more dovish or larger than expected easing by the US Fed could also weigh on the USD, leading to lower USDMYR.

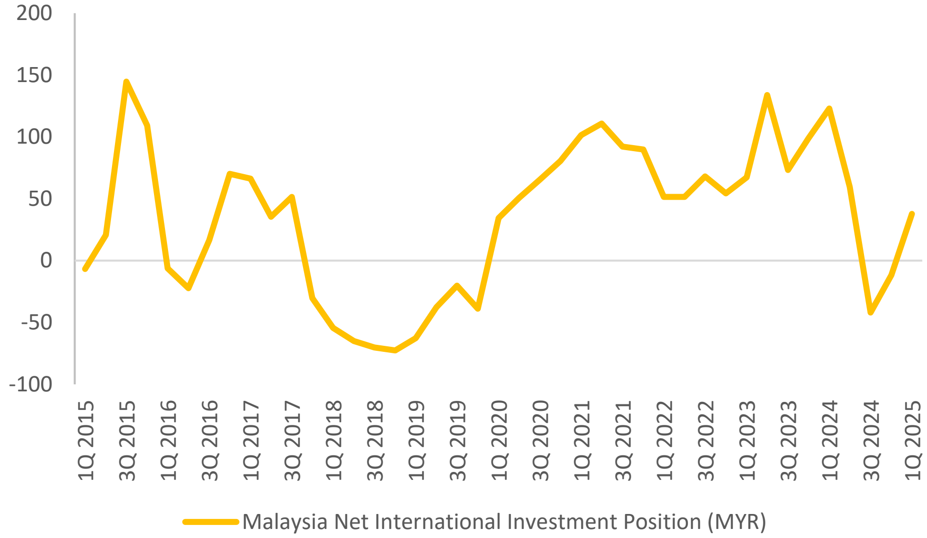
Key domestic events and issues to watch in Jul: S&P Global Malaysia PMI Mfg (1 Jul), May IP (11 Jul), May mfg sales (11 Jul), BNM policy decision (9 Jul), 30 Jun foreign reserves (7 Jul), June trade data (18 Jul), June May CPI (22 Jul) and 15 Jun foreign reserves (22 Jun).

Portfolio Inflows Have Been Supporting the MYR



Sources: Bloomberg, Maybank FX Research & Strategy
Note: Bond data is not yet available for the Jun 2025

<u>Malaysia's Net International Investment Position has Turned Marginally Positive this Year</u>



Sources: Macrobond, Maybank FX Research & Strategy

IDR: Supportive Factors Stay in Play

USD/IDR	3Q 2025	4Q 2025	1Q 2025	2Q 2026
	16250	16150	16000	16000
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDIDR forecast as the supportive factors backing both concurrently the currency and the country's bonds remain in play. These include 1) softer dollar trend, 2) BI easing cycle and 3) manageable fiscal conditions. USD decline is expected to persist given both the likelihood of the Fed easing and ongoing US asset diversification. Domestically, BI easing cycle should continue as the central bank looks to give more support for the economy and boost credit growth. The USD softness itself can also provide opportunities for rate cuts. On the fiscal front, the government has pointed to there being fiscal slippage but the budget deficit is expected to be below the legal limit (3.00%) at 2.78% - implying the situation still being manageable. We do though stay cognizant of any fiscal concerns. Meanwhile, any sustained USD supportive factors can risk unraveling our IDR appreciation story as it would nullify all those three supportive factors we mentioned. However, we do see a lower likelihood of that happening even if in the interim there can be developments which back the greenback.

BI held rates at the Jun meeting at 5.50% given concerns about the IDR though we believe rate cuts would resume later given the dovish nature of the hold. Over the last year, the relationship between the Indo GB – UST yield differentials have been less clear due to overarching events/factors affecting flows including domestic policy concerns, carry trade unwind and USD softness. At the time of the meeting, the latter had been the focus given a USD rebounded amid rising Mid-East tensions. Under such a situation, Indo GBs could become less attractive and this in turn had likely led to BI's caution to hold rates. However, since then, the Mid-East tensions have eased whilst risks of a faster pace of Fed easing and concerns about Fed independence has damaged sentiment for the USD. There is a possibility that the USD can stay soft into next month and in turn, this can provide the opportunity for the central bank to cut rates. BI's tone at the Jun meeting had also been dovish as they importantly mentioned that lending rates need to keep declining to boost loan growth and that credit growth would be at 8 – 11% this year (which had been revised downwards at the prior meeting). They continued to highlight the need to support the domestic economy whilst also keeping to a growth forecast of 4.6% - 5.4% (a forecast that had already been slightly lower at the May meeting). They were confident that headline inflation will remain within its target of 1.5%-3.5% in 2025 and 2026. Overall, our economist is expecting that BI would cut rates by another 50bps this year to 5.50% and this should back support for the country's bonds as the USD softens.

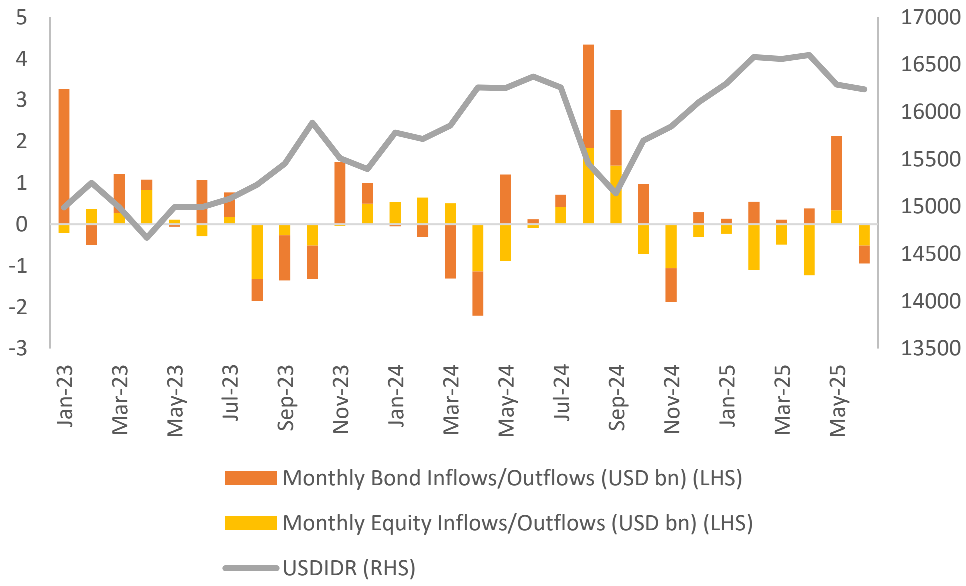
Regarding fiscal matters, it appears there could be some fiscal slippage this year with Sri Mulyani saying it would be at 2.78% of GDP, which is higher than the initial forecast of 2.5%. The number though is still below the 3.0% legal limit. The higher than initially expected deficit level looks to have been driven by weaker revenue collection. The government has been facing challenges to collect taxes due to some policy changes. However, it also looks like there could be underspending of the initial budget allocation. The budget for the free school meal programs would be cut to $21bn, which is a 22% drop from the original outlay given the challenges to fully implement the initiative. Overall, we stay vigilant of the fiscal situation.

Latest data shows there was both outflows for bonds (mtd to 23 Jun) and equities (mtd to 25 Jun) although the amount was small. The former saw an outflow mtd to 23 Jun of -$0.32bn, which could have been due to some anxiety resulting from rising Mid-East tensions. The same reason could also explain the equities outflow of -$0.61bn mtd to 25 Jun. The Mid-East tensions have eased since and the USD is again softening. This can guide inflows back into both bonds and equities again in the near term. Also, a resumption of BI rate cuts if the USD softens can back both the bonds and equities too.

Risks Ahead: Downside risks include significant budget slippage beyond the 3% legal limit or worsening concerns about Danantara, which has not been factored into our forecasts. Other risks include USD climbing back up strongly as appetite returns for US assets or a rise in geopolitical tensions.

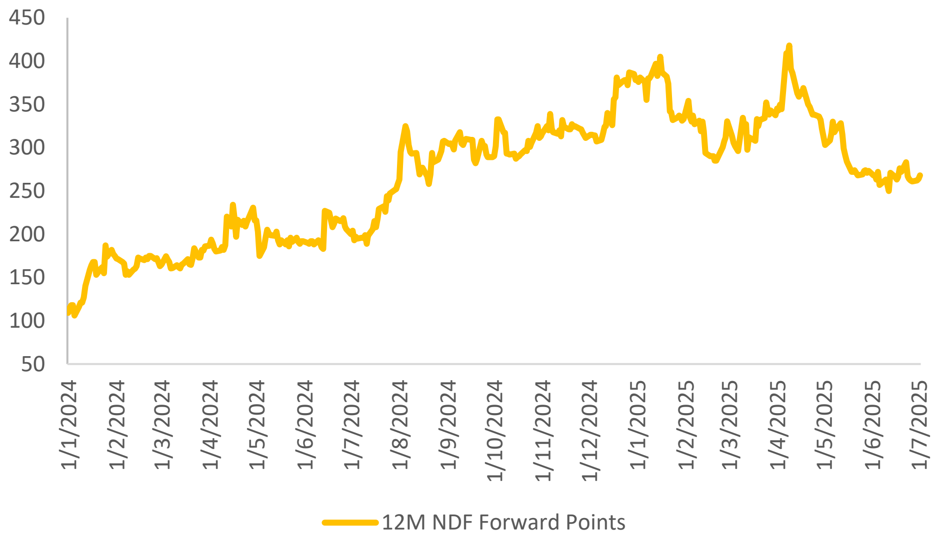
Key Data/Events: Jun S&P Global PMI mfg (1 Jul), Jun CPI (1 Jul), May trade data (1 Jul), Jun foreign reserves (7 Jul), Jun consumer confidence index (8 Jul), Jun local auto sales (11 – 15 Jul), May external debt (15 Jul) and BI policy decision (16 Jul)

Portfolio Inflows Should Strengthen as BI Engages in Further Rate Easing



Source: Bloomberg, Maybank FX Research & Strategy

FX Forward Points Decline Point to Potentially Less Hedging



Source: Bloomberg, Maybank FX Research & Strategy

PHP: Supportive Factors Remain in Play

	3Q 2025	4Q 2025	1Q 2025	2Q 2026
USD/PHP	55.00	54.50	54.00	54.00
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We keep to our PHP forecast as the supportive factors backing the currency look to remain in play. These include 1) dollar softer trend, 2) the country's inward looking economy and 3) some further BSP easing (albeit more limited at this point). Dollar weakness is expected to continue given the increasing likelihood of a Fed cut and ongoing US asset diversification. At the same time, the country's economy is more domestically driven, creating appeal for its assets given it is more sheltered from the trade war. The Philippines' equities are also undervalued and it could be appreciated more in such an environment. On the rates, we expect that the BSP should ease by another 25bps this year, which has been hinted strongly by Governor Remolona as the central bank looks to give more support to the economy. This should back the bonds albeit moderately given that the easing cycle for this year looks almost complete. On the flipside, we are wary of multiple risks for the currency including the recent spike in oil prices (which hurts the currency heavily given the country is a net importer of oil) and factors supporting USD rebound. However, we note that this occurrence may only be interim in nature (as has been the case) and they are less likely to be hold up continuously throughout the year. Oil prices in itself is looking to be more weighed down by weaker demand whilst investor concern towards US economic policy is also quite strong, making sustained USD rebounds less likely. Other risks include political uncertainty especially in relation to the feud between Marcos and Duterte. For now, the situation regarding that has not substantially affected PHP sentiment.

The BSP cut rates as widely expected by 25bps at the Jun meeting to 5.25% with our expectations they could ease by another 25bps this year. The central bank again expressed a dovish tone as they noted that "on balance, the monetary board sees the need for a more accommodative monetary policy stance". The BSP too lowered their inflation forecasts for 2025 from 2.4% to 1.6% whilst marginally raising their 2026 forecasts from 3.3 to 3.4% and for 2027 from 3.2% to 3.3%. Governor Remolona himself also hinted that the BSP can again ease rates if the situation remains on track. Whilst it looks likely there could be another cut, our economist has noted that the timing itself is uncertain. The BSP's dovish stance should continue to provide support to the country's bonds albeit moderately only given the easing cycle is almost complete for 2025. Meanwhile, Governor Remolona continued to talk of a more hands-off approach regarding the currency as he mentioned that intervention was "futile" if the depreciation was driven by USD strength and in such a scenario, the BSP would not have enough reserves. Upside risks for the USDPHP though looks to have receded but the Governor's words nonetheless do highlight that the currency can risk coming under significant pressure during periods of high stress.

The climb in oil prices have placed heavy depreciation pressure on the PHP in the last month but that looks to be behind us already. An escalation in the Israel – Iran tensions in Jun led to a spike in oil prices, which in turn hurt the PHP substantially given the Philippines' position as a net importer of oil. The geopolitical tensions though have since eased and oil prices have pulled back substantially from their recent highs and towards the levels seen before the conflict. The PHP has therefore in fact been seeing a quite strong rally recently as it retraces the loss it suffered during the period of the Mid-East conflict. As it is, the worst of the geopolitical tensions should be behind us and we expect oil prices this year should average between the $60 -$70 levels, which should avoid it being a drag on the PHP.

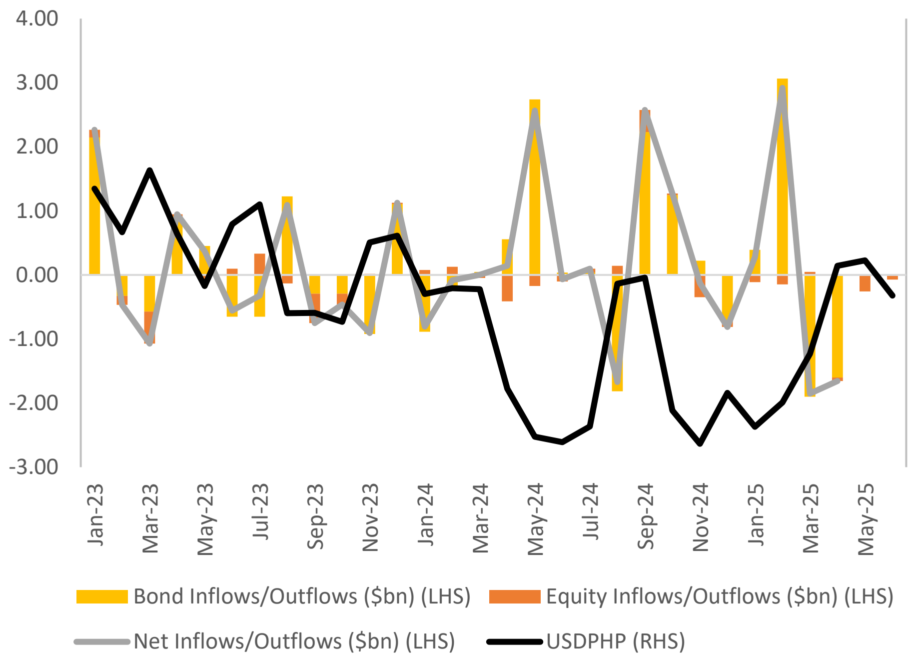
We see the potential of more portfolio inflows given the country's favorable position amid ongoing trade spats. Equities saw a marginal outflow of -$0.071bn for Jun but we expect that this should pick-up. There would be a greater appreciation of the fundamentals of Philippines equities (which is undervalued) whilst the country's is relatively shielded from the trade war with its companies focused heavily on the domestic economy. Easing rates is also a boon for the stocks. Meanwhile, on the bonds side, there was outflows of -$1.9bn for the month of Apr. The data is rather dated although bond inflows are likely to be more moderate in the coming months given that the BSP is possibly almost done with its easing cycle this year – our economist only expects another 25bps for 2025.

OFWR growth in the month of Apr exceeded expectations at 4.0% YoY (est. 2.7% YoY, Mar. 2.6% YoY) with the absolute number at $2660m and likely provided quite a bit of support for the currency. Our economist continues to see that OFWR growth can still be strong in 2025 at 2.9% YoY to $35.5bn as the global PMI should stay in expansion levels of above 50.0 despite the various concerns. OFWR therefore can still act as a support for the PHP.

Risks Ahead: Downside risks include any USD sustained rebound (driven by for example geopolitical tensions or the Fed holding rates) and domestic economic weakness that can hurt interest in Philippines assets. Political uncertainty can also impact investor appetite. Upside risks meanwhile would be Fed rate cuts that exceed our call of 50bps as this would help support EM sentiment overall.

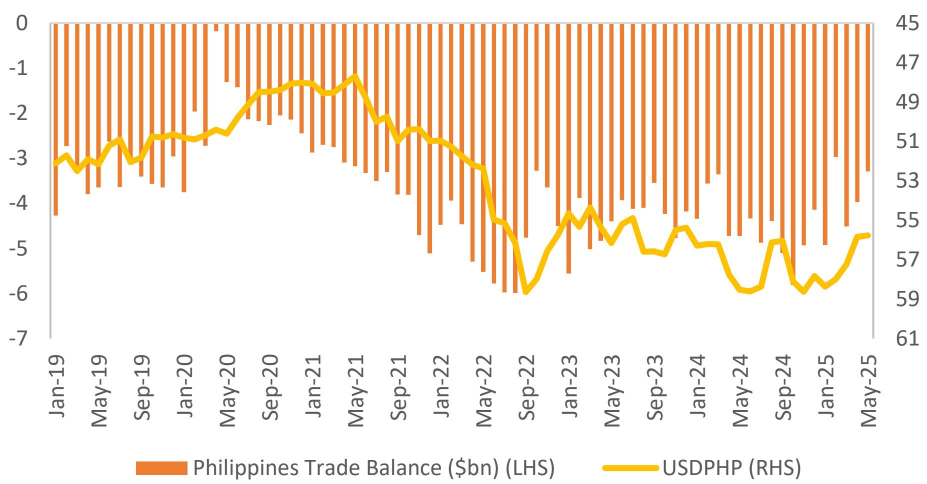
Key Data/Events: Jun S&P Global PMI mfg (1 Jul), Jun CPI (4 Jul), May bank lending (7 Jul), Jun foreign reserves (7 Jul), May M3 money supply (7 Jul), May unemployment rate (8 Jul), May OFWR (15 Jul), Jun BoP overall (18 Jul), Jun budget balance (24 Jul), Jun trade data (30 Jul), Jun bank lending (31 Jul) and M3 money supply (31 Jul).

There is Potential of More Inflows On Greater Appreciation of Philippines Stocks



Source: Bloomberg, Maybank FX Research & Strategy

Factors that Hurt the Trade Balance Are a Risk (Such as Higher Oil Prices)



Source: Bloomberg, Maybank FX Research & Strategy

THB: Appreciating Trend to Hold

	3Q 2025	4Q 2025	1Q 2025	2Q 2026
USD/THB	32.00 (--)	31.50 (--)	31.00 (--)	31.00 (--)

No Change to Previous Forecasts

Motivation: We keep to our USDTHB forecast expecting it to trend lower throughout this year on the basis 1) softer USD trend, 2) elevated gold prices and 3) BOT rate easing. Over the last month, despite the volatility and uncertainty of the events, we see little reason to not think that these factors remain in play. Dollar softness trend should hold in place given the likelihood of the Fed easing and US asset diversification. Gold prices should stay elevated given safe haven demand – this should benefit the THB given the country's position as a gold trading hub. BOT easing looks to remain in the books amid concerns about the economy, which should provide support for bonds. However, at the same time we are cognizant of a few risk factors especially in relation to domestic political conditions and the tariff situation. On the former, PM Paetongtarn's suspension has raised concerns given the uncertainty it creates about the stability of government and the passing of fiscal initiatives. At this point, the situation is fluid and there is still no clarity if there would be any change of government although we stay vigilant of the situation. Regarding trade, it is unclear if Trump would be imposing higher tariffs again after the 9 Jul deadline. Thailand is reportedly engaging in talks and whilst there are concerns that they could face higher tariffs, we do not believe the country would be singled out.

The BOT held rates at 1.75% in the Jun meeting but we continue to expect another 25bps cut to 1.50% in 3Q 2025. The central bank looked to have engaged in what we believe was a dovish hold as they continued to highlight weakness in the economy. Whilst they did raise their 2025 GDP forecast to 2.3% (from 1.3% YoY - 2.0% previously), they did note that frontloading in goods exports in particular to the US looks to have given strong support to the economy in the initial first half of the year. They warned that the economy is expected to slow in 2H 2025 as the tariff concerns and private consumption moderation would both be headwinds for the economy. 2026 growth they see would only be at 1.7%. Interestingly, they had assumed a tariff rate of 18% in their forecasts although the government has said that this is not the rate that Thailand has expected to set with the US. On the inflation front, they also see the headline number is likely to stay subdued at 0.5% and 0.8% in 2025 and 2026 respectively. Credit growth they importantly note remains negative as financial institutions are cautions in extending credit. Meanwhile, on other items, we closely watch the appointment of the next BOT Governor with two shortlisted candidates - Vitai Ratanakorn, President of GSB bank and Roong Mallikamas, current Deputy Governor of the BOT. Their names would still go through the MOF for consideration and final selection before being presented to the cabinet. We crucially keep a close eye for any decision in the coming month given the impact it can have on the extent of BOT easing. The current Governor's term would be expiring on 30 Sep.

Political risks have risen but the situation is fluid and there is no clarity yet that there would be a change of government. Over the last month, PM Paetongtarn Shinawatra was engulfed in a controversy after Cambodian Senate Leader Hun Sen had released a recorded phone call of the two where the former had criticized the Thai army. Since then, the constitutional court has suspended her powers as PM although she has remained in the cabinet as Culture Minister. Deputy PM Suriya Jungrungreangkit will take over as PM temporarily. Paetongtarn has seen her reported support plunge as the latest Nida poll for Jun showed that only 9.2% of respondents supported her (much lower than the 30.9% in the Mar survey). Bhumjatithai, the largest member of the Pheu Thai coalition has also pulled out amid the incident though the former has reportedly already been bickering with the latter over multiple issues including the position of the Interior Minister and the casino bill. The Pheu Thai coalition though still has a majority albeit it is much narrower. For now, we stay vigilant of the risks of it and the risks it can have on THB sentiment given the fluidity of the situation and lack of clarity.

On the trade front, there was limited updates over the last month but the Thai Finance Minister would be in the US in the week of 30 Jun for trade talks. As a recap, on 2 Apr, the US government had announced that the country would be subjected to a reciprocal tariff rate of 36%, which would later be suspended until 9 Jul. The Thai government has already submitted a proposal to the US, which involves five main elements that are 1) strengthening US – Thailand processed food cooperation, 2) increasing imports of US products, 3) opening markets and reducing trade barriers, 4) strict enforcement of rules of origin and 5) promoting Thai investment in the US. US Treasury Scott Bessent had previously commented that Thailand did submit an excellent proposal. We are keeping a close eye on any update in Jul although we take note that reaching an agreement is not going to be straightforward. Bessent has mentioned too that the US could be done with the trade deals only by Labor Day - 1 Sep. We are also wary of an informal currency (addressing Asian FX weakness) agreement seeping into any trade deal, which can guide more THB strength.

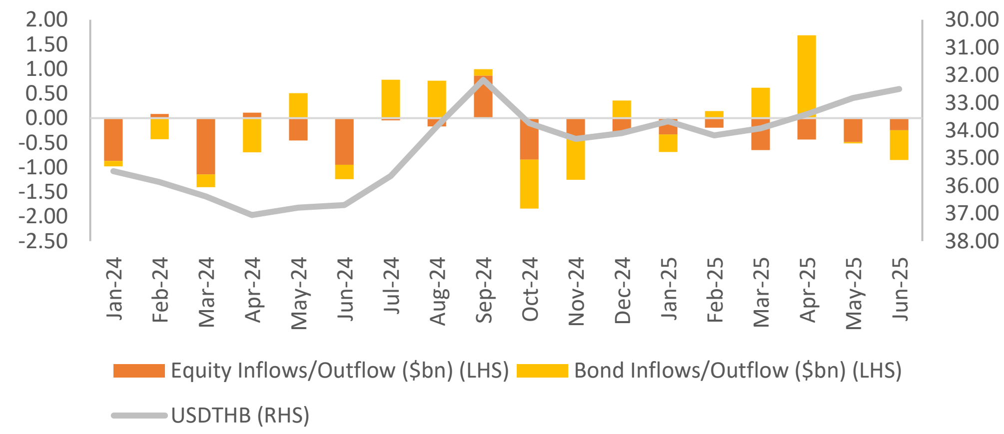
Thailand saw marginal equity outflows of -$0.3bn month to date (mtd) 27 Jun 2025 whilst bonds similarly too saw very light outflows of -$0.5bn. The latter did occur after there had been a prior period of strong inflows on BOT rate cut bets. With the BOT easing cycle and US asset diversification still in play, we believe that inflows into Thai bonds can pick up again. On the equity front, we are more cautious given both the ongoing trade and domestic political uncertainty. Inflows for it maybe weaker. On net, we expect portfolio flows to be supportive of THB with the bond flows offsetting equity weakness.

Elevated gold prices remain a major support for the THB given Thailand's position as a gold trading hub. Our analysis has shown that higher gold prices likely supported the THB's outperformance. We are bullish on gold prices as appetite could remain strong amid the uncertainty ahead still and it has shown to be an effective safe haven in the last few years. Therefore, we expect higher gold prices to keep boosting the THB.

Risks Ahead: There can be upside risks for the THB if there is a strong China growth recovery given the trade links between the two. On the downside, a worsening domestic political situation and a sustain USD rebound can weigh on the THB. Also, Thailand being singled out alone for the high additional reciprocal tariffs would do no favors for the currency.

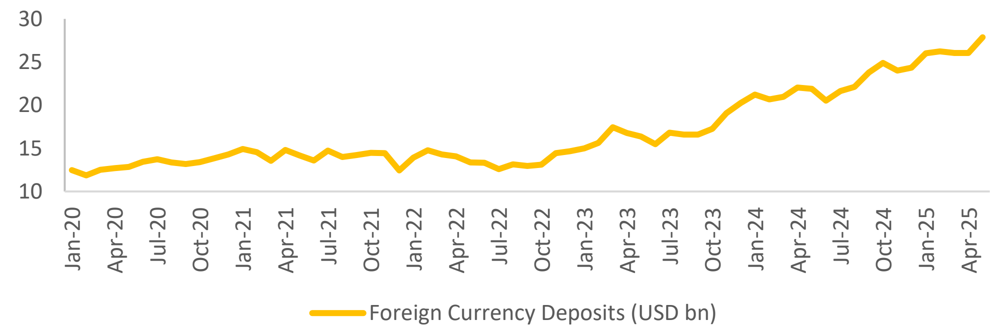
Key Data/Events: Jun S&P Global PMI mfg (1 Jul), Jun business sentiment index (1 Jul), Jun CPI (7 Jul), Jun consumer confidence (7 - 14 Jul), Jun car sales (18 - 24 Jul), Jun customs trade data (18 - 26 Jul), Jun ISIC capacity utilization and mfg index (26 - 30 Jul), Jun trade data (31 Jul) and Jun BoP overall/CA balance (31 Jul).

Bond Outlfows in Jun But it Should Pick Up Again as BOT Likely Continues to Ease Further



Source: Bloomberg, Maybank FX Research & Strategy

There is Potential for Large Conversions Given the Large Build Up in Foreign Currency Deposit Holdings Over the Years



Source: Bloomberg, Maybank FX Research & Strategy

VND: Likely To Remain a Laggard

	3Q 2025	4Q 2025	1Q 2026	2Q 2026
USD/VND	25800 (--)	25600 (--)	25500 (--)	25500 (--)

No Change to Previous Forecasts

Motivation: We see upside risks to our forecasts from here. We hold our view that VND could remain as a laggard against most regional currencies as we do not expect Vietnam to see US drastically reduce the tariffs from 46% to zero or even to 10%, despite strong efforts by the government to secure the best deal. **As such, one way that Vietnam can cushion the impact of the tariffs would be to allow the VND to depreciate on top of the various fiscal measures.**

Trade Policy Updates - What is in for the US: US' reciprocal tariff (46%) on Vietnam is on pause and will take effect on 9 Jul if a deal is not struck by then. Thus far, there have been trade talks and a few developments that might contribute in some ways to a trade deal – (1) nuclear power agreement between US Westinghouse and PetroVietnam, (2) The Trump Organization's $1.5bn complex of hotels, golf courses and homes in Hung Yen (started construction in 21 May) + an upcoming Trump Tower in Thu Thien, (3) Trade Minister Nguyen urging firms in energy, mining, telecommunications and aviation to buy high-value US imports in large volumes and at a stable pace, (4) Vietnam will screen investment projects that show signs of simple processing without creating added value, encourage high-tech projects and to adhere to product origin criteria. A MOU signed to share real-time data to prevent frauds.

Thus far on the fiscal front, the Finance Ministry had proposed to delay the implementation of alcohol excise tax to 2027 from 2026. There is also a plan to diversify its export markets for its agricultural, forestry and fishery products. Deputy Director Nguyen Xuan Hoa of the National Authority of Agro-Forestry-Fishery Quality highlighted that Southeast Asia, the EU, Japan, South Korea and the Middle East offer promising opportunities for the long-term sustainability of Vietnam's agriculture sector (Saigon News). The officials emphasized that plans to diversify would benefit Vietnam in the long term and it is not just a reaction to trade war fluctuations. More recently, the National Assembly has approved to boost the nuclear energy sector, approved the development of an international financial centre in HCM City and Da Nang with the former focused on traditional finance while tech and green finance would feature more strongly in Da Nang and allowed SBV to offer zero-interest rate loans to troubled banks.

Our economist raised GDP forecast to 6.2% in 2025 and 2026 (from 5.9% prev.) as the frontloading of exports and manufacturing along with strong tourism demand likely lift economic growth to 7.5%, leaving growth to come in around 7.2% for 1H 2025 Into 2H, our economist looks for a more reasonable reciprocal tariff rate to limit the export downturn. Public infrastructure investment will be ramped, a 25bps cut in policy rate to support credit growth. In addition, pro-business reforms will support the outlook for 2026.

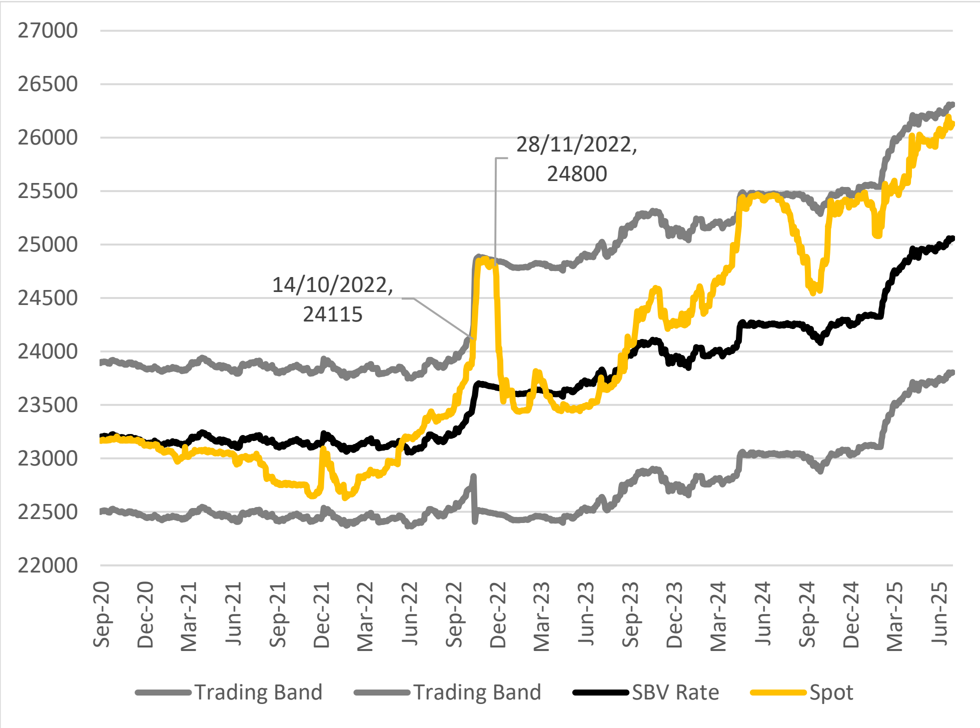
Gold is seeing a reform at home as well in the backdrop of rising premium for domestic bullion. While gold did not see further upside beyond the key psychological level of $3500 on 22 Apr, the weakness in the VND and the resilience in the bullion likely ramped up domestic demand for gold, causing the domestic-international premium to rise to around 15% and that in turns fuel the depreciation of the local currency itself. In response to this issue, a Decree 24 is being reviewed to end the gold monopoly at home, to ease supply bottlenecks (by issuing more retail licenses) and to improve market competition. That may in turn reduce the domestic gold premium and alleviate the pressure on the VND.

The USDVND does take cue from the broader USD and we continue to see the USDVND making a gradual fall in line with our view that the greenback is in for another leg of decline. The gold reform could also aid in supporting the local currency as well. On the other hand, support from its trade surplus could diminish in the 2H along with the export downturn, albeit mitigated by a potential trade deal with the US. USDVND could be allowed to rise in order for Vietnam to cope with the new tariff rates.

Risks to the VND: 1) A re-acceleration of inflation in the US could lift the USD and US rates and lift the USDVND. 2) Growth slowdown of the world becomes a more severe downturn that could weaken Vietnam's external position and the VND. 3) A full 46% tariff rate to kick in on Vietnam on 9 Jul that would take the effective rate to 31% (assuming exemption on electronics amongst others).

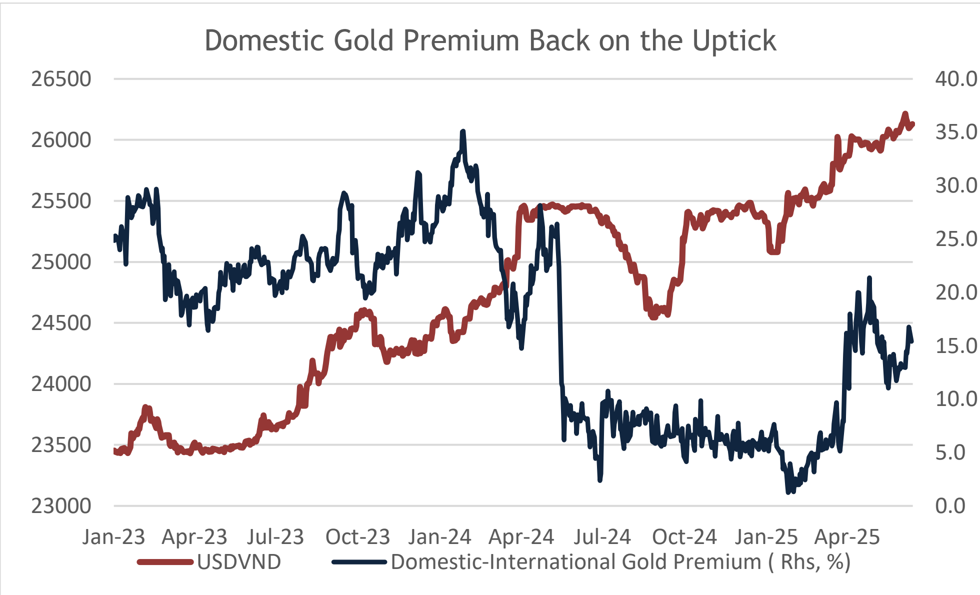
Key Data/Events: Jun PMI [2 Jul]; Jun trade, IP, CPI and retail sales [6 Jul].

USDVND Spot has been stable within the band, albeit Elevated. Reference Rate Higher



Source: Bloomberg, Maybank FX Research & Strategy

Foreign Trade Surplus Narrows



Source: Macrobond, Maybank FX Research & Strategy

INR: Stability Preferred

USD/INR	3Q 2025	4Q 2025	1Q 2026	2Q 2026
	84.25	84.00	83.75	83.50
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDINR forecasts on the belief that Asian currencies can continue to broadly appreciate against the USD on fading US exceptionalism and an easing of trade tensions. At the same time, we factor in a gentler pace of appreciation for the INR on the belief that RBI maintains its preference for a stable INR. India has been one of the more proactive in negotiating a trade deal with the US and is reportedly close to a deal according to the White House. Reports are that India is proposing a reciprocal zero tariff deal for steel, car parts and pharmaceuticals up to a certain threshold. While we expect INR to appreciate against the USD, we remain wary that the RBI will continue its stance of leaning against the wind and preferring a stable INR, and this is reflected in the relatively gentler appreciation of the INR in our forecasts.

1M USDINR NDF traded within an 85.35 to 87.02 range in Jun compared to the 83.96 to 86.36 range in May 2025. While broad-based USD moves remain the dominant driver as we believe RBI is watching the INR closely, as an oil importer the INR underperformed against the backdrop of the Iran-Israel conflict in the middle of the month. The INR made a quick recovery upon the establishment of the ceasefire between Israel and Iran. India has been very proactive in engaging the US on trade talks, in contrast to China's harder and somewhat unyielding stance. This has provided some reason for previous pressures from the trade front on the INR to ease. Indeed, good relations with the US could potentially improve the situation for India against the highly uncertain and challenging external environment.

In 2025 we see no further cuts from the RBI and for the policy rate to end the year at 5.50%. RBI has become accommodative and cut rates by 50bps to 6.00% on 6 Jun 2025. Our expectations are largely in line with market pricing (5.58%) and consensus forecasts (5.45%). Risks are tilted to the downside for growth and inflation is expected to ease in the months ahead which should provide RBI with the comfort to embark on their easing cycle and align the policy rate with the accommodative stance. We expect this to moderate INR appreciation, in line with our view in the Annual 2025 highlighting the potential for some catch up for the currencies with central banks that have eased early.

Inflation is expected to ease into 2025 with consensus forecasts suggesting 4.6% YoY. There is an anticipated easing of food costs, which should reduce volatility in consumer prices. **Growth is expected to remain reasonably strong at 6.3% YoY (prev: 6.3%) in real terms, with probability of a recession estimated to be close to 0%.** The fiscal deficit is projected to narrow to 4.8% of GDP in 2025. While these factors are largely supportive of the INR, the RBI and a narrowing yield differential could help to moderate the appreciation of the INR. **India's population dynamics remain favourable for growth.** The population is younger than those of China or the US, with the proportion of Indians who are 65 and older likely to remain under 20% in 2063 and will not approach 30% until 2100 by UN median projections.

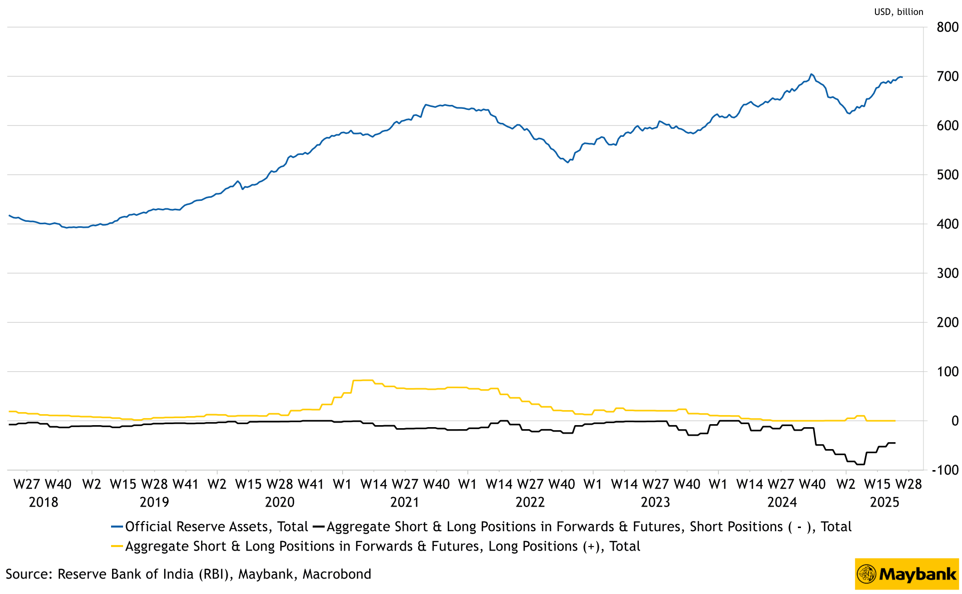
Modi's proactive engagement with Trump should pay dividends. While the Indian economy is not reliant on exports to the US and they are unlikely to be flagged for specific measures from Trump, the mention of reciprocal tariffs could put them in the administration's crosshairs. India is prepared to propose reciprocal zero-tariff arrangements with the US, which if accepted could provide some upside for the INR. Inflows into India after its inclusion in global bond indices should also provide the INR with some support, although we expect gains to the INR to be limited by RBI's preference for stability. Good relations should also mitigate the fact that India is firmly in the crosshairs of the Trump administration as one of the "Dirty 15" that are "cheating on trade" and that could pressure the INR further. Trump could also use India as a sign to show China that trade deals are not only possible, but potentially rewarding.

India and Indonesia discussed diversifying their trade basket to improve economic ties. Modi and Prabowo met to discuss "freedom of navigation" and to increase cooperation in defence manufacturing. India could be launching a charm offensive to warm ties with Southeast Asian nations, officially referred to as the "Act East" policy. Following Modi's visit to Singapore in Sep 2024 and a subsequent visit by President Tharman to India in Jan 2025. **Increased trade between India and ASEAN could help to offset some of the negative impact of US trade policies, which should at the margin support the INR.**

Risk to our view: The RBI switching out of its stance to lean against the wind. This could occur as a matter of policy change or if there is too much scrutiny, possibly by the US Treasury. Should a challenging external environment result in higher inflation or poorer growth prospects, that should also challenge our view on the INR. Governor Sanjay has not shown an inclination to ease prematurely and we think that him being a career bureaucrat and a safe pair of hands should mitigate some of these risks.

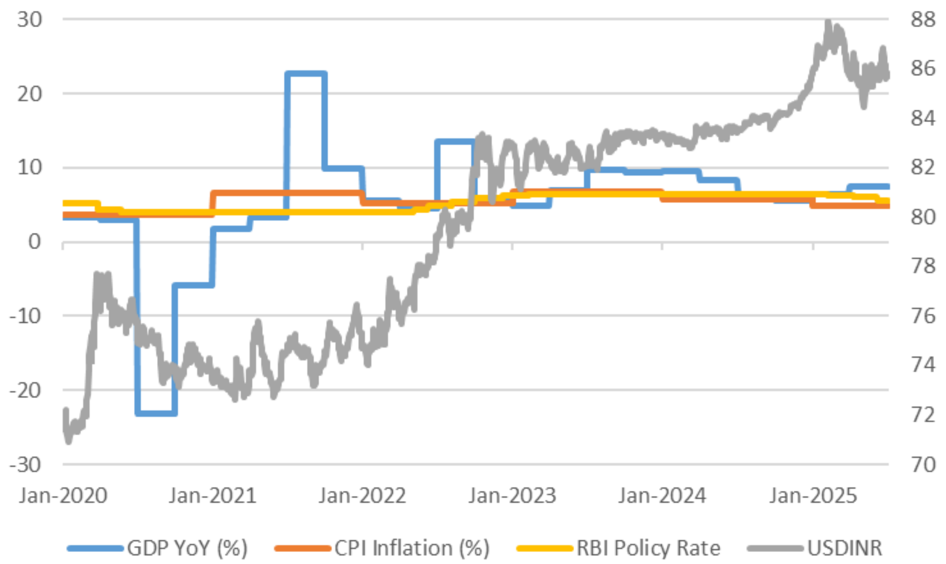
Key data/events: Jun F Mfg PMI (1 Jul), Jun F Svcs/Comp PMIs (3 Jul), Jun Wholesale Prices, Jun CPI (14 Jul), Jun Exports/Imports/Trade Balance, Jun Unemployment (15 Jul), Jun Eight Infrastructure Industries (21 Jul), Jul P Mfg/Svcs/Comp PMIs (24 Jul), Jun Industrial Production (28 Jul), Jun Bank Credit (31 Jul).

Reserves Recover as Short Positions Pare Back



Source: Macrobond, Maybank FX Research & Strategy

USDINR Settling Alongside Growth and Inflation



Source: Bloomberg, Macrobond, Maybank FX Research & Strategy

Gold: Supported

	3Q 2025	4Q 2025	1Q 2026	2Q 2026
XAU/USD	3400	3450	3500	3550
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: Gold is in for another month of two- way action as the world awaits more trade deals rather than trade conflicts. Our base case is arguably a glass half full view – that we are past the worst of the trade war and countries (including the US) are working urgently to seal trade deals/frameworks. The mention of unilateral tariff rates by the US (sent as a letter to nations) underscores Trump's impatience with the progress of trade negotiations and that also implies a threat of an escalation. That could continue to keep gold supported from here. Near-term, we look for two-way action within 3177-3500 range. 3370 is an interim resistance.

We remain constructive on gold. Underpinning factors for the gold remain 1) outlook for real UST yields remain bearish, 2) geopolitical conflicts (such as that of US and China, amongst others) that could still occur that spur safe haven demand, 3) inflation expectations in the US are still elevated due to tariffs, 4) de-dollarization or rather the diversification away from USD or even the fiat may pause but not end. In an environment of rate cuts, growth concerns and inflation fears, gold is likely to remain supported. **However, the cadence of its climb could reduce in 2H of 2025 with the worst of trade uncertainty likely behind us.**

Geopolitical Conflicts/tensions have paused alongside Trump's Tariffs - Driving Safe Haven Demand for gold. The US daily trade policy uncertainty index (that monitors the press coverage on policy-related economic uncertainty that also contain references to trade policy) indicated that the trade uncertainty remained elevated could continue to underpin gold.

Gold may continue to play a role as an inflation hedge (at least in the US). Surveys (NY Fed 1Y inflation expectations, Univ. of Mich. Sentiment 1Y and 5Y inflation (5.1% and 4.1% respectively), ISM Mfg and Services prices paid suggest that inflation expectations remain at risk of rising. Fed officials have repeatedly cautioned that a pro-longed period of trade uncertainty and price uncertainty could unmoor inflation expectations.

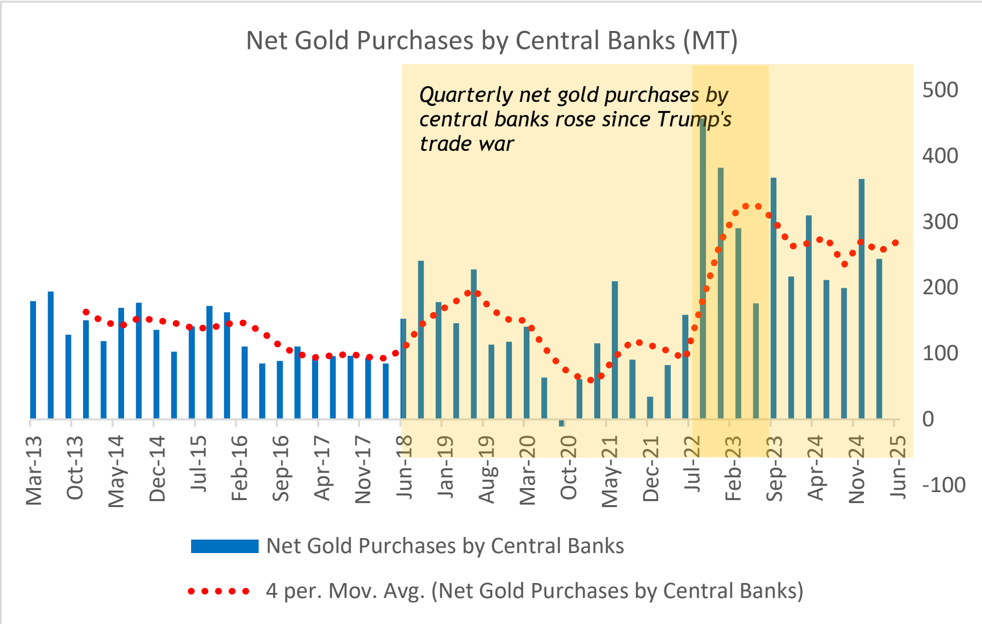
US GDP contracts in 1Q, Apr Mfg PMI Deteriorates in Asia, Downside Risks to Real Yields. US growth continues to face downside risks – the Fed downgraded GDP forecast further for 2025-2027 in its Jun summary of economic projection. After taking the Fed Funds Target rate 100bps lower from its peak of 5.25-5.50% last year, the Fed could be in for an extended pause and markets are pricing in between two and three cuts this year from Sep onwards. And as such, the balance of risks to real yields is still to the downside, especially if US growth takes a hit and inflation becomes increasingly sticky. That is an environment that remains constructive for gold.

Meanwhile, the US debt sustainability remains in question as the Senate approved its latest version of the OBBBA and the bill is passed back to House for its approval. The non-partisan CBO had projected that the legislature will add around $3.2trillion of debt added to the US over the next ten years. As debt becomes potentially insurmountable to the US and treasuries' safe haven status could come into question, the alternatives to US Treasures may not be plentiful and gold would be one of them.

Trump's unpredictable policies could keep investors cautious for the rest of his term. We recall that gold had risen around 50% by the end of Trump's first term even with the phase 1 of trade deal inked with China. At this point, gold is up 20% since trump's inauguration.

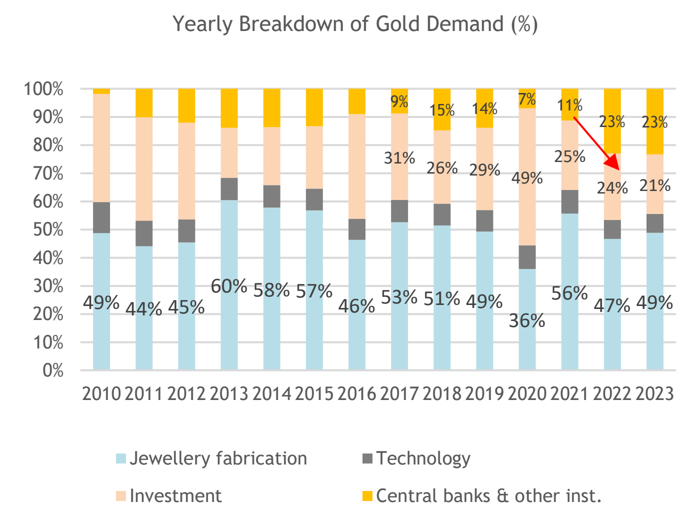
Technical Analysis: Gold was stuck in the $3200-3500 range. Momentum indicators on the weekly chart suggests mild bearish risks with stochastics turning lower from overbought conditions. Support is seen around 3177. Resistance at 3500. Break of the year high would expose next key target at 3750.

Quarterly Net Gold Purchases by Central Banks Have Risen Since First Trade War



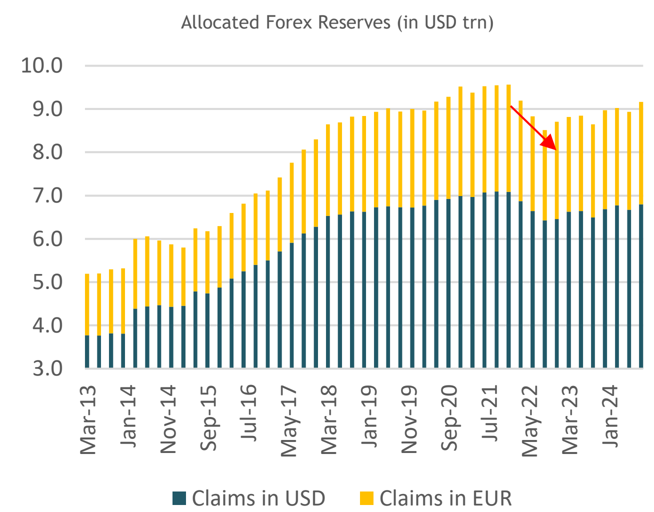
Source: Bloomberg, Univ. of Michigan, Maybank FX research & Strategy

The rise in gold acquisition by central banks...



Source: World Gold Council, Maybank FX Research & Strategy

... Coincides with the drop in USD and EUR forex holdings



Source: Bloomberg, IMF COFER, Maybank FX Research & Strategy

FX Forecast Table

	End Q3-25	End Q4-25	End Q1-26	End Q2-26
USD/JPY	142.00	140.00	138.00	135.00
EUR/USD	1.1400	1.1500	1.1600	1.1700
GBP/USD	1.3550	1.3600	1.3650	1.3700
AUD/USD	0.6400	0.6400	0.6500	0.6600
NZD/USD	0.6000	0.6100	0.6100	0.6200
USD/CAD	1.3700	1.3500	1.3400	1.3400
USD/CHF	0.8250	0.8200	0.8150	0.8100
USD/SGD	1.2800	1.2650	1.2600	1.2550
USD/MYR	4.2000	4.1000	4.0500	4.0000
USD/IDR	16250	16150	16000	16000
USD/THB	32.00	31.50	31.00	31.00
USD/PHP	55.00	54.50	54.00	54.00
USD/CNY	7.20	7.18	7.15	7.15
USD/CNH	7.20	7.18	7.15	7.15
USD/HKD	7.75	7.75	7.75	7.80
USD/TWD	31.60	31.50	31.30	31.00
USD/KRW	1390	1370	1360	1350
USD/INR	84.25	84.00	83.75	83.50
USD/VND	25800	25600	25500	25500
DXY Index	98.99	98.00	97.09	96.15
Gold ($/oz)	3400	3450	3500	3550
	End Q3-25	End Q4-25	End Q1-26	End Q2-26
SGD/MYR	3.28	3.24	3.21	3.19
JPY/SGD	0.90	0.90	0.91	0.93
EUR/SGD	1.46	1.45	1.46	1.47
GBP/SGD	1.73	1.72	1.72	1.72
AUD/SGD	0.82	0.81	0.82	0.83
NZD/SGD	0.77	0.77	0.77	0.78
CAD/SGD	0.93	0.94	0.94	0.94
CHF/SGD	1.55	1.54	1.55	1.55
SGD/IDR	12695	12767	12698	12749
SGD/THB	25.00	24.90	24.60	24.70
SGD/PHP	42.97	43.08	42.86	43.03
SGD/CNY	5.63	5.68	5.67	5.70
SGD/HKD	6.05	6.13	6.15	6.22
SGD/TWD	24.69	24.90	24.84	24.70
SGD/KRW	1086	1083	1079	1076
SGD/INR	65.82	66.40	66.47	66.53
SGD/VND	20156	20237	20238	20319
	End Q3-25	End Q4-25	End Q1-26	End Q2-26
JPY/MYR	2.96	2.93	2.93	2.96
EUR/MYR	4.79	4.72	4.70	4.68
GBP/MYR	5.69	5.58	5.53	5.48
AUD/MYR	2.69	2.62	2.63	2.64
NZD/MYR	2.52	2.50	2.47	2.48
CAD/MYR	3.07	3.04	3.02	2.99
CHF/MYR	5.09	5.00	4.97	4.94
MYR/IDR	3869	3939	3951	4000
MYR/THB	7.62	7.68	7.65	7.75
MYR/PHP	13.10	13.29	13.33	13.50
MYR/CNY	1.71	1.75	1.77	1.79
MYR/HKD	1.85	1.89	1.91	1.95
MYR/TWD	7.52	7.68	7.73	7.75
MYR/KRW	331	334	336	338
MYR/INR	20.06	20.49	20.68	20.88
MYR/VND	6143	6244	6296	6375

*Source: Maybank FX Research as of 2 July 2025. *These forecasts are meant to be indicative of FX trends and not meant to be point forecasts.*

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