

FX Monthly

2026, Issue 2: Geopolitics Tests the Soft-Dollar Narrative

What Has Changed This Month?

- We have made further calibrations to our forecasts. Despite the ongoing Middle East conflict, we see further room for gains in the AUD, CNY after they have reached our forecasts for end 1Q. Meanwhile, AUDJPY reached our second target of 112, as stated in our FX Annual Outlook 2026. We also made slight calibrations to EUR, GBP, DXY and INR forecasts in light of the geopolitical escalations.

Our Strategies and Views

- Trump kicked off Mar 2026 with an attack on Iran and unlike the twelve-day program last Jun, this conflict (alongside Israel) looks set to last a bit longer. Trump had said that this could last up to 4-5 weeks. The Strait of Hormuz is effectively closed as Iran's Revolutionary Guards have threatened to set fire on any ship that takes this route. 20% of global oil supplies traverse this path yearly and Brent/WTI futures have risen in reaction, taking the LNG benchmark (TTF, JKM) prices higher as well. Regional bourses were not spared from the risk aversion as inflation fears drove the UST yields higher and spooked equities across the regions.
- Gold saw an initial knee-jerk reaction higher but that was not sustained. The USD was the outperformer as we write (even against the bullion), benefitting from its position as a net oil exporter and as rate exceptionalism returns to favour the greenback again. Polymarket bets (as of 4 Mar) suggests that probability of a ceasefire by end Mar is at 34%. Trump has pledged US Navy to escort ships but traffic flow is likely to remain low given capacity constraints. As long as this conflict continues, we may continue to see relative underperformance of net energy importers (EUR, NZD, GBP, INR, PHP, KRW, TWD, THB) vs. that of net energy exporters and safe havens (MYR, SGD, CAD, CHF).
- We are monitoring the Two sessions in China that kicks off from 5 Mar (National People's Congress). The usual economic targets are released with growth target softened to 4.5-5%, CPI target at 2%, budget deficit at 4% of GDP alongside pledges to boost employment and income. The removal of the reserve ratio for FX forwards sales came at a time when the USD made a bullish reversal, allowing the USDCNY spot and fix to narrow. State banks are said to have started to support the yuan. Its stability could provide anchor for Asian FX.
- Even amid the ongoing Iran conflict, ASEAN FX has actually held up reasonably well despite the losses seen. The MYR, SGD, THB and IDR have held around recent ranges although they stand around the lower end of it. The PHP has unwound its recent gains although it does not appear likely so far that it would hit the earlier lows. Nonetheless, we are wary of significant downside risks to ASEAN FX if risk sentiment sinks further and there are greater climbs in the USD and oil prices.

Analysts

Saktiandi Supaat
(65) 6320 1379
saktiandi@maybank.com

Fiona Lim
(65) 6320 1374
fionalim@maybank.com

Shaun Lim
(65) 6320 1371
shaunlim@maybank.com

Alan Lau, CFA
(65) 6320 1378
alanlau@maybank.com

Top 3 Currency Plays for Mar

Sell USD on Rallies

Long CAD, CHF vs. EUR, NZD GBP

Long SGD, MYR vs PHP, INR, KRW, THB

Key Events for the Month Ahead

Date	Event
5 Mar	China Two Sessions
31 Mar - 1 Apr	Trump-Xi Summit

USD: Supported by Middle East War Concerns



USD
DXY

1Q 2026	2Q 2026	3Q 2026	4Q 2026
98.05	96.09	96.51	97.93
(97.16)	(--)	(--)	(--)

Previous Forecasts in Parentheses

Motivation: The USD entered early 2026 on a softer footing as markets increasingly priced a gradual Fed easing cycle amid signs of cooling labour demand and moderating growth momentum. However, over the past month, the narrative has shifted toward a more balanced outlook as markets reassess the interaction between slowing growth, persistent inflation risks, and evolving geopolitical developments. On the latter, our USD DXY moved a bit higher in 1H 2026 on the back of pricing in a war premium in our forecasts and it manifests via the euro and GBP.

Earlier concerns surrounding US foreign policy credibility, most notably the episode involving Greenland, have largely faded, though they highlighted how quickly policy signalling can influence global perceptions of US institutional stability. While the episode eventually settled, markets remain attentive to how US policy choices affect relationships with traditional allies and the broader geopolitical landscape.

More recently, geopolitical tensions in the Middle East have reintroduced inflation tail risks through the energy channel. Higher oil prices could delay the pace of monetary easing if they feed into headline inflation expectations. At the same time, the US Supreme Court's ruling against the administration's sweeping tariff measures has introduced a different form of uncertainty, less about tariff-driven inflation and more about the future direction of US trade policy and its implications for global growth.

Against this backdrop, our core framework of a two-phase USD outlook for 2026 remains intact. We continue to expect a mild downside bias for the USD in the first half of the year as growth convergence and gradual Fed easing reduce real yield support. However, the path is likely to be less linear than previously anticipated given rising geopolitical risks, persistent inflation uncertainty, and evolving policy dynamics.

Recent "strong dollar policy" rhetoric should therefore be viewed primarily as a confidence anchor rather than a directional policy tool. While it may help limit sharp USD downside volatility, it is unlikely to override cyclical forces arising from the monetary policy cycle and global growth convergence.

Recent Price Action and Market Developments: The USD experienced notable volatility over the past month but has broadly stabilised following its earlier decline. After peaking around 99.39 in mid-Jan, the DXY fell sharply into late Jan as markets priced greater Fed easing expectations and questioned US policy credibility during the Greenland episode.

Since then, the dollar has traded in a more contained range. The DXY briefly tested the mid-90s before stabilising and currently trades around the high-97 to 98 area, supported by a modest rebound in US yields and renewed geopolitical uncertainty. Cross-asset dynamics played an important role in shaping price action. In particular, rising energy prices and geopolitical tensions in the Middle East have reintroduced inflation concerns, prompting markets to reassess the pace of potential Fed easing. This has provided intermittent support to the USD through the rates channel even as risk sentiment remains uneven.

Policy developments have also influenced market dynamics. The nomination of Kevin Warsh as the next Fed Chair initially helped stabilise market perceptions around Fed institutional continuity. At the same time, the US Supreme Court decision striking down sweeping tariff measures introduced a new layer of policy uncertainty, shifting market focus toward potential legislative responses and broader trade policy implications.

Currency performance remains differentiated across regions. USD softness has been more evident against cyclical G10 currencies and select EM FX, while USD/JPY has remained relatively resilient amid ongoing uncertainty surrounding the Bank of Japan's policy normalisation path and domestic fiscal dynamics.

Overall, intermittent USD support during episodes of risk aversion, linked to geopolitics, tariff headlines, and fiscal concerns continues to reinforce the relevance of the USD-smile framework, where the dollar benefits during both strong US growth and global risk stress scenarios.

Policy and Macro Backdrop: The Fed entered 2026 after delivering three 25bp rate cuts in Sep, Oct and Dec 2025, bringing the federal funds target range to 3.50%-3.75%. At its Jan FOMC meeting, the Fed held rates steady while emphasising a data-dependent approach to further policy adjustments. The decision reflects a balance between gradually cooling labour market conditions and inflation that remains somewhat above the Fed's long-term target.

Recent macro data have broadly reinforced this cautious stance. The Jan Employment Report showed that non-farm payrolls increased by 130k, unemployment rate rose to 4.3% and average hourly earnings grew 0.4% m/m (3.7% y/y)

Meanwhile, labour demand indicators continue to soften. JOLTS job openings declined to around 6.5 mn, suggesting that labour market tightness is gradually easing even as employment growth remains positive.

US inflation data has shown mixed signals. Jan CPI rose 0.2% m/m, bringing headline inflation to 2.4% y/y, while core CPI increased 0.3% m/m (2.5% y/y). However, the Fed's preferred measure, core PCE inflation remains higher at around 3.0% y/y, indicating that underlying price pressures remain above target. Survey-based activity indicators have remained resilient. ISM Manufacturing has stayed above the expansion threshold near 52, while ISM Services remains firmly in expansion territory around the mid-50s.

Taken together, these data suggest that the US economy is moderating but not weakening sharply, allowing the Fed to maintain a gradual and cautious approach to easing. Market pricing currently implies roughly 40-50bp of cumulative Fed easing during 2026, consistent with a shallow easing cycle rather than an aggressive rate-cutting environment.

Curve Dynamics, Inflation Risks, and USD Implications: The US yield curve has continued to steepen modestly, with front-end yields reflecting expectations for gradual policy easing while longer-dated yields remain elevated due to fiscal and term-premium considerations.

The 10-year Treasury yield has remained near the 4% level, reflecting persistent fiscal supply concerns and inflation uncertainty. This configuration limits the downside potential for the USD even as markets price future policy easing. Inflation risks remain an important swing factor for USD direction. Several structural forces could reintroduce upward pressure on prices later in 2026, including tariffs and trade fragmentation, tighter immigration policies affecting labour supply, supply chain adjustments and AI-related infrastructure and energy bottlenecks.

The recent increase in geopolitical tensions in the Middle East further reinforces this risk through the energy price channel, which could delay the Fed's easing cycle if sustained. Beyond monetary policy, the USD also remains sensitive to evolving political and fiscal developments. Markets, however, continue to focus more closely on observable policy trade-offs including fiscal dynamics, tariff policy, and any perceived pressure on Fed independence.

Outlook and Risks: Our baseline scenario remains for modest USD depreciation in the first half of 2026, driven by gradual Fed easing, moderating US growth momentum, and improving relative performance in selected non-US economies. However, the trajectory of USD weakness is likely to be more gradual and uneven than previously anticipated. Higher-beta and fundamentally stronger currencies should benefit from periods of improved global risk sentiment. At the same time, episodic geopolitical shocks or inflation surprises could generate intermittent USD support through safe-haven flows or higher US yields.

Middle East Risk Scenarios. Recent geopolitical developments in the Middle East have reintroduced an important macro risk channel for FX markets. Any escalation would likely transmit primarily through energy prices, shipping disruptions and insurance costs, which could in turn influence global inflation expectations, monetary policy expectations and overall risk sentiment.

At this stage, given information now, we frame three broad scenarios.

Scenario 1 - Contained Disruption

Disruptions remain limited and energy markets stabilise after an initial rise in oil prices. In this scenario, oil prices remain elevated but broadly stable, allowing global growth to continue moderating without a major supply shock. The USD would likely remain supported by higher energy prices and inflation expectations, but gains would likely be limited rather than a sustained one-way move. The JPY may remain broadly stable, while EUR and GBP could face modest pressure from weaker growth expectations.

Scenario 2 - Shipping/Hormuz Disruption and War within 4-6 weeks (Baseline and Key Risk)

A more meaningful disruption to tanker flows through the Strait of Hormuz could raise shipping and insurance costs while increasing uncertainty around energy supply for Asia. In such an environment, markets would likely shift toward a clearer risk-off posture. The USD would likely strengthen against most Asian currencies, while the JPY which typically would initially outperform as a traditional safe-haven hedge, does not because Japan is a net oil importer. Within Asia, higher energy import exposure suggests that currencies such as IDR, PHP and THB could underperform, while USD/CNH may also move higher slightly.

Scenario 3 - Energy Infrastructure Shock and Protracted War beyond 2 months (Tail Risk)

A severe escalation involving major energy infrastructure could trigger a broader global risk-off environment. In this scenario, oil and LNG flows could face significant disruption, sharply lifting energy prices and inflation expectations. The USD and JPY would likely strengthen simultaneously amid safe-haven demand with JPY mitigated by its exposure to imported energy, while the EUR could face additional pressure given Europe's sensitivity to energy costs too. Asian currencies would likely experience broad depreciation in such a scenario.

Across these scenarios, the SGD could remain relatively resilient within the region given its stronger external balance and policy credibility, while the MYR may benefit if USD pressures ease given Malaysia's positive exposure to energy prices.

Taken together, Middle East developments under Scenario 1 and 2, are more likely to generate **episodic USD strength rather than a sustained bullish trend**, reinforcing our expectation for greater two-way volatility in global FX markets in the coming months. Nonetheless, the above is just a simplified way to paint the likely scenarios that could ensure but in reality the dynamics could evolve in various ways and may impact currencies differently.

Downside risks to the USD include:

- a sharper-than-expected slowdown in the US labour market
- faster transmission of easing financial conditions into global growth
- stronger investment cycles driven by AI-related capital expenditure
- Ceasefire in the Middle East led to resumption of USD weakness

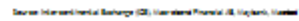
Upside risks to the USD include:

- inflation surprises linked to tariffs, supply constraints or energy prices
- renewed trade escalation or geopolitical shocks that increase safe-haven demand
- policy uncertainty ahead of the Nov 2026 US mid-term elections

Overall, while near-term USD pressure may persist, the extent of depreciation should remain contained. As 2026 progresses, we expect greater two-way risks and stronger differentiation across FX markets, particularly as policy dynamics, inflation trends and geopolitical developments continue to evolve.

Key Data / Events to Watch (Mar 2026): ISM Manufacturing PMI (Feb)(3 Mar), JPLTDS employment Situation / Nonfarm Payrolls (Feb) (6 Mar), JOLTS Job Openings (Jan)(13 Mar), US CPI (Feb) (11 Mar), PPI (Feb)(18 Mar), Core PCE Price Index (Jan) - 13 FOMC Meeting (17-18 Mar), Durable Goods and Factory Orders (late Mar).

USD Claws Back Broadly Against G10 (Excluding CHF, CAD, SEK)



Watch Payrolls Data Closely After Earlier Signs of Weakness

The chart displays the number of jobs in million for four categories: Employment, Payroll, Nonfarm, Payroll, and Total, SA. The data is presented as a bar chart with the x-axis representing time from January 2021 to March 2026 and the y-axis representing the number of jobs in million, ranging from -0.2 to 1.0. The chart shows a general downward trend with significant fluctuations, including a sharp drop in late 2023 and a recovery in early 2024.

Month	Employment, Payroll, Nonfarm, Payroll, Total, SA (million)
Jan 2021	0.38
Mar 2021	0.58
May 2021	0.42
Jul 2021	0.82
Sep 2021	0.62
Nov 2021	0.85
Jan 2022	0.65
Mar 2022	0.88
May 2022	0.38
Jul 2022	0.48
Sep 2022	0.35
Nov 2022	0.42
Jan 2023	0.38
Mar 2023	0.48
May 2023	0.32
Jul 2023	0.28
Sep 2023	0.25
Nov 2023	0.22
Jan 2024	0.25
Mar 2024	0.28
May 2024	0.12
Jul 2024	0.15
Sep 2024	0.12
Nov 2024	0.22
Jan 2025	0.28
Mar 2025	0.10
May 2025	0.15
Jul 2025	0.05
Sep 2025	0.12
Nov 2025	0.15
Jan 2026	0.18
Mar 2026	0.15

Source: U.S. Bureau of Labor Statistics (BLS), Maybank FX Research & Strategy, Macrobond



5 Mar 2026

EUR: Raising the Profile



EUR/USD

1Q 2026	2Q 2026	3Q 2026	4Q 2026
1.1700	1.1950	1.1850	1.1750
(1.1850)	(--)	(--)	(--)

Previous Forecasts in Parentheses

Motivation: We revise our EURUSD forecasts for 1Q higher to factor in a risk premium for the Middle Eastern conflict. We maintain the broad trajectory of a weaker USD in 1H26 followed by better support for the USD in 2H26. There appears to be a thrust by authorities to raise the profile of the EUR and that could be a long term tailwind for the EUR. European Parliament supported the issuance of an online and offline digital Euro which is viewed as “essential to strengthening EU monetary sovereignty, reducing fragmentation in retail payments and supporting the integrity and resilience of the single market”. The ECB reportedly wishes to have a digital euro to lessen reliance on US payment rails and is set to offer EUR liquidity via repo lines to central banks. The EUR remains a credible and key alternative to the USD and any damage to US credibility would therefore likely benefit the EUR at the margin and the EUR would be a main beneficiary to any pickup to the de-dollarization narrative. The earlier Greenland saga raises questions about the viability and importance of NATO while a war in Ukraine continues. Any escalation to an armed conflict or dissolution of NATO should in our view be negative for the EUR. At the same time, a ramp up in defence spending and a diversification of interests (seen in the form of US’ traditional allies reaching out to China) could also drive the EUR higher. We continue to monitor the situation as geopolitical interests and risks shift. The recent Middle East war between US-Israel and Iran has led to a risk off environment and higher energy prices are expected to rise higher with eurozone quite vulnerable and we are seeing the euro weakening vs the USD this week. For now we are looking at it as a short-term risk off and will continue to monitor the situation.

EURUSD traded in a narrower 1.1742 to 1.1929 range in Feb (average: 1.1823) compared to the 1.1573 to 1.2081 range in Jan (average: 1.1743). Greenland related volatility subsided in Feb and the EUR traded at a higher average than in Jan, despite not revisiting Jan highs and staying below the 1.20 figure. For now, the established range in which EURUSD trades in appears to hold well and it is likely that EURUSD trades with two-way risks within this 1.17 to 1.21 range.

We see no further cuts for the ECB and for the ECB deposit facility rate to end 2026 at 2.00%. Current rates are viewed to be broadly within the territory of neutral rates (R*) and the ECB viewed fiscal expansion in the euro area (defence spending) as having the potential to raise neutral rates. ECB stood pat on 5 Feb in line with expectations. Our base case remains for no cuts or hikes in 2026 and tilted towards 50bps of hikes in 2027. Upside risks to inflation have risen with the US and Israel striking Iran and the threat of oil prices staying higher for longer. ECB Nagel said that doubts regarding the safe-haven status of the USD have risen.

Eurozone growth consensus forecasts are at 1.5% in 2027, 1.2% in 2026, and 1.5% in 2025. Eyes are also shifting away from tariffs and could turn towards other geopolitical shifts as Euro-area countries reach out to China. Against the backdrop of uncertainty, with multiple armed conflicts around the world, growth looks to remain resilient. Taking these efforts into account, we think that growth in 2026 and the expected growth trajectory should still provide a boost for the EUR.

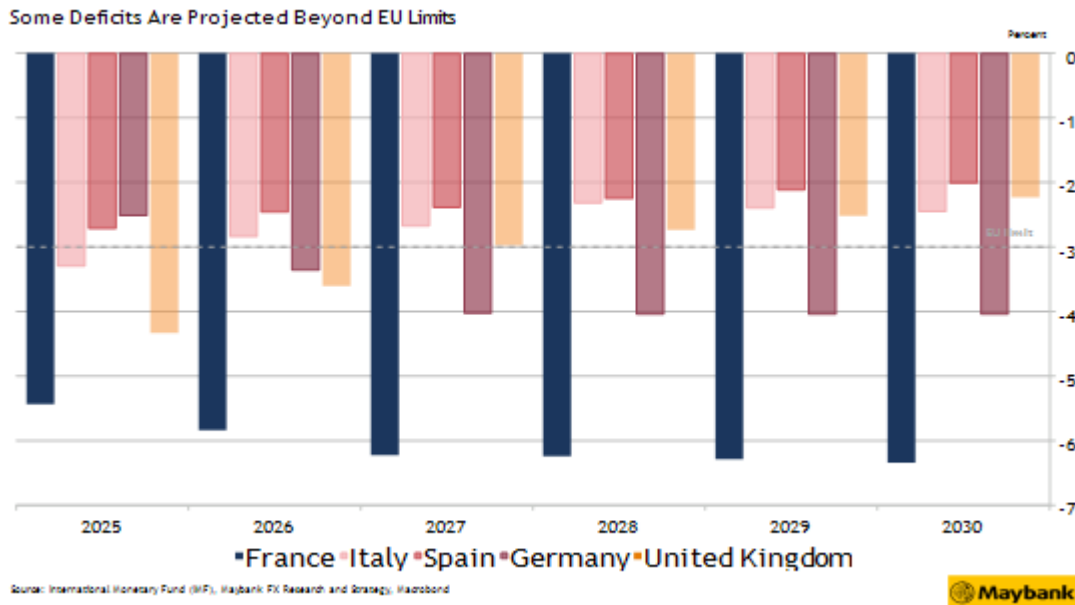
German issuance plans show that funds are being raised for fiscal expansion and defence spending. In 2026, the German Federal government expects to issue €512b of debt, up from €425b in 2025 and exceeding the previous 2023 peak of €500b. We remain convinced that a broader push for European countries to be more self-reliant in terms of defence could provide tailwinds for the EUR, although fiscal risks could also moderate EUR gains.

Risks to our view: Downside risks still linger in the form of political risks (French political paralysis), fiscal risks, armed conflicts in the Ukraine and the Middle East and the possible dissolution of NATO could all weigh on the EUR. On the upside, an early end to the Ukraine war and the potential for a ramp up in fiscal support could boost the EUR. At this juncture, our assessment is that the risks remain finely balanced and well-priced. At the same time, we are cognizant that some risks may be out of the focus of markets at this point of time, the situation can quickly change at a moment’s notice.

Key Data/Events: Feb Mfg PMI (2 Mar), Eurozone Inflation Ticket Update, Feb P CPI (3 Mar), Feb Svcs/Comp PMI, Jan PPI, Jan Unemployment (4 Mar), Jan Retail Sales (5 Mar), 4Q T GDP

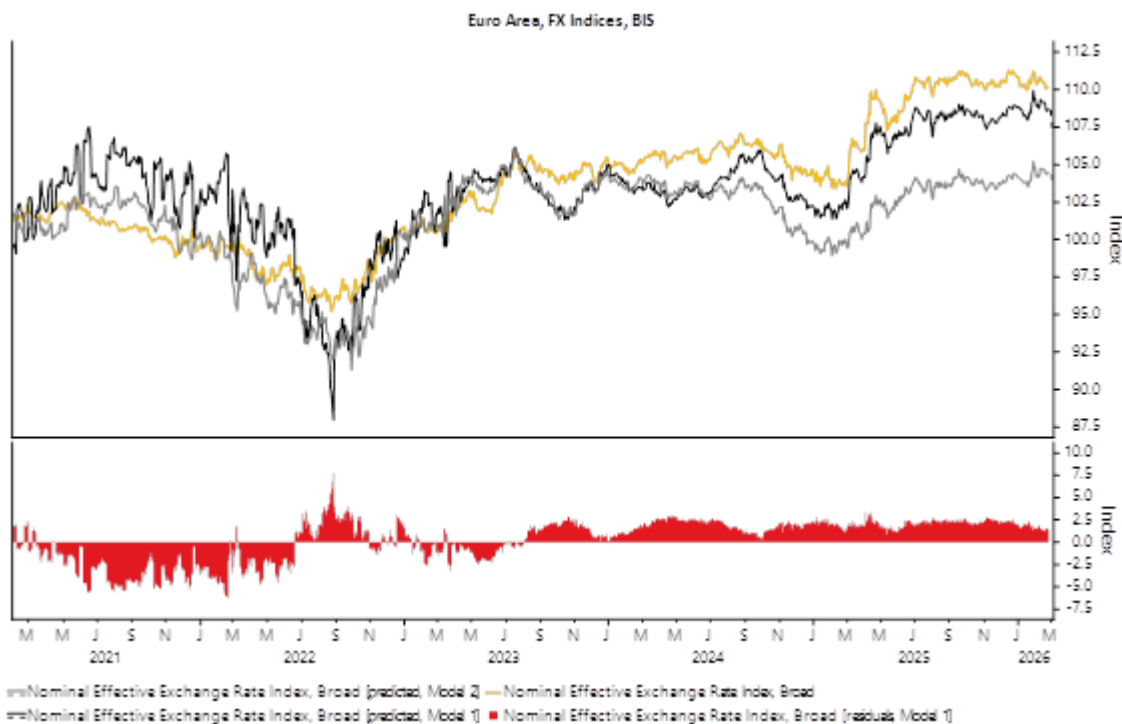
(6 Mar), Mar Sentix Investor Confidence (9 Mar), Jan Industrial Production (13 Mar), Mar ZEW Survey Expectations (17 Mar), Feb F CPI (18 Mar), 4Q Labour Costs, **ECB Policy Decision (19 Mar)**, Jan ECB CA, Jan Trade Balance (20 Mar), Mar Consumer Confidence (23 Mar), Mar P PMIs (24 Mar), Feb Money Supply (26 Mar), ECB 1Y/3Y CPI Expectations (27 to 31 Mar), Mar Economic/Industrial/Services/Consumer Confidence (30 Mar).

Some Deficits Projected Beyond EU Limits



Source: Bloomberg, Maybank FX Research & Strategy

EUR NEER Could Retrace



Source: BIS, Macrobond, Maybank FX Research & Strategy

GBP: Returning Political Risks



GBP/USD

1Q 2026	2Q 2026	3Q 2026	4Q 2026
1.3500	1.3800	1.3750	1.3700
(1.3700)	(--)	(--)	(--)

Previous Forecasts in Parentheses

Motivation: We revise our GBPUSD forecasts for 1Q lower to factor in a short term USD premium given the Middle East conflict. The trajectory for the rest of 2026 remains consistent with our view for a weaker USD in 1H26 followed by better support for the USD in 2H26. Political risks could be returning for the UK, with PM Starmer in a potentially precarious position to lose the premiership, which brings about a risk of the return of fiscal concerns. Nevertheless, we remain cautiously optimistic on the GBP. As US foreign policy grows more adversarial and capricious, we observe the UK going about its business by recalibrating its relationships with other countries, most notably that of China. The UK continues to diversify its interests away from the US, a traditional key ally and while there could be risks associated with this, we think this should be positive for the GBP in the longer run. The recent Middle East war between US-Israel and Iran has led to a risk off environment and higher energy prices are expected to rise higher and we are seeing the GBP weakening vs the USD this week on the back of USD strength. For now we are looking at it as a short term risk off and will continue to monitor the situation.

GBPUSD traded in a 1.3434 to 1.3733 range in Feb (average: 1.3577) higher than the 1.3331 to 1.3868 range in Jan (average: 1.3528). The 1.38 level we see continues to be somewhat of a cap on GBP strength, but we do recognize risks to the upside on this front given that the GBP is a high-beta e.g. if global growth comes in stronger than expected due to the AI-boom. GBP could move lower given the political risks behind Starmer potentially losing 10 Downing Street, although eyes are likely on the office of the Chancellor of the Exchequer. Previous overhang from fiscal concerns had eased after Reeves delivered the Autumn Budget, but could easily recur.

We stick to our view for 50bps of rate cuts in 2026 for the BOE, with the policy rate ending the year at 3.25%. Preliminarily we see 25bps of rate cuts in 2027. BOE stood pat on 5 Feb 2026, in line with expectations. Our view is in line with consensus estimates, although it is slightly more dovish than market pricing of 47bps of rate cuts in 2026. We believe that the BOE is not done with rate cuts yet and that should weigh on the GBP vis-à-vis the EUR, where the ECB is done with rate cuts. Rate cuts should help to support the economy as inflation is expected to retreat, with consensus forecasts for CPI at 2.4% in 2026 and 2.1% in 2027. Note that the BOE's inflation target of 2% is set by the UK government.

UK growth prospects look to remain positive with consensus forecasts for growth at 1.1% and 1.4% in 2026 and 2027 respectively. Probability of a UK recession ticked up to 25.0% (prev: 22.5%). Concerns over earlier downgrades by the Office for Budget Responsibility (OBR) look to have faded, although the fiscal responsibility measures introduced at the Autumn budget could have assuaged fears that fiscal space is closing. Nevertheless, growth prospects should remain a positive for the GBP in 2026, unless downside risks materialize.

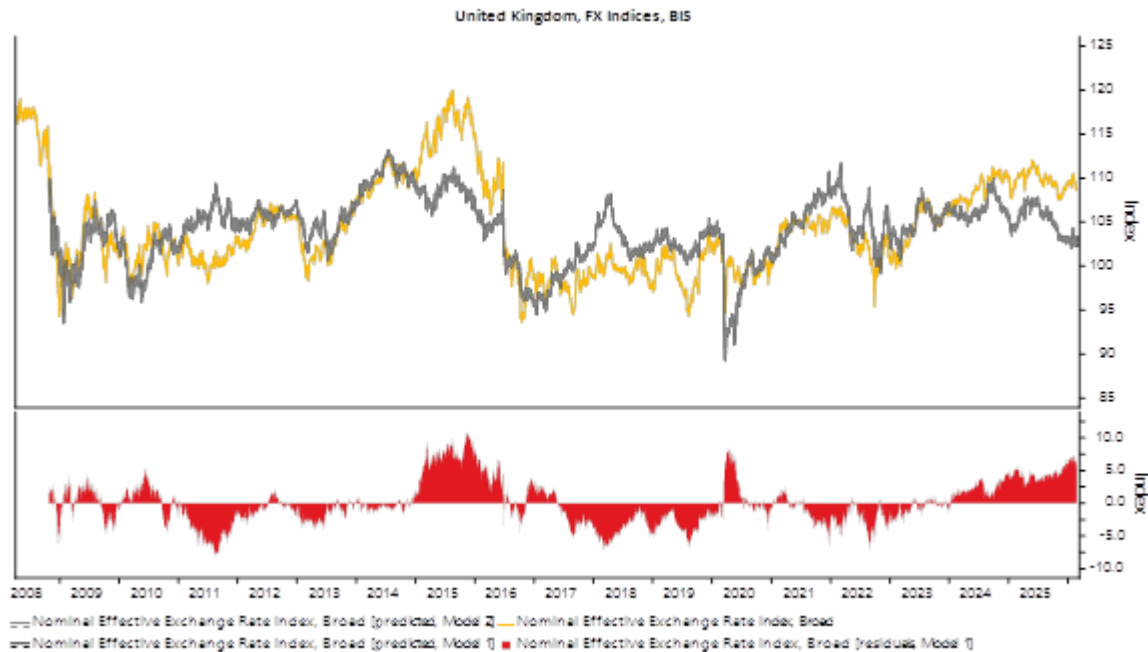
The Starmer administration looks to be quickly diversifying the UK's relationships against a backdrop of a more insular US. Starmer has sought to re-establish closer ties with the EU, and has reached out to several countries such as India, South Korea and China to ensure that economic cooperation does not stagnate. Starmer's visit to China is yielding some concrete results with tariffs (on whiskey) being reduced and consideration for UK citizens gaining visa free access to China. This forward-looking approach adopted by the UK should be a longer-term positive for the GBP. Starmer himself has noted that he would not be forced to pick between the US and China and does not envisage himself to ever be put in such a situation, but the reality of the issue is that the US under Trump could force him to choose.

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 outcome or the growth prospects for the UK 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. Risks to achieving fiscal discipline and the defence spending narrative could also jeopardize confidence in the UK and the GBP (recall Liz Truss).

Key Data/Events: Feb Nationwide House Px, Jan Consumer Credit, Jan Mortgage Approvals, Jan Money Supply, Feb Mfg PMI (2 Mar), Feb BRC Shop Price Index (3 Mar), Feb Svs/Comp 5 Mar 2026

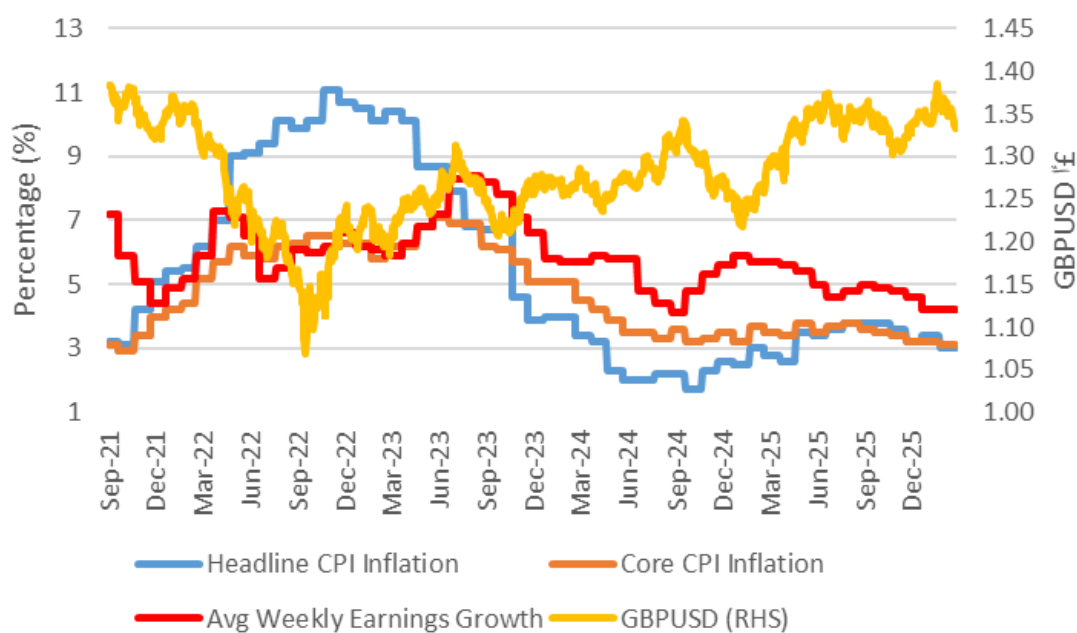
PMI, Feb Official Reserves Changes (4 Mar), Feb Construction PMI, Feb DMP 3M Output Price/1Y CPI Expectations (5 Mar), REC UK Jobs (9 Mar), Feb RICS House Price Balance (12 Mar), Jan Monthly GDP, Jan Industrial/Manufacturing Production, Jan Trade Balance Feb BoE Inflation Next 12 Mths (13 Mar), Jan ILO Unemployment, **BOE Policy Decision (19 Mar), Feb Public Finances (20 Mar)**, Mar P PMIs (24 Mar), Feb CPI/RPI/PPI (25 Mar), Feb Retail Sales (27 Mar), Feb Mortgage Approvals, Feb Nationwide House Px (30 Mar), 4QF GDP (31 Mar).

GBP NEER Has Room to Correct



Source: BIS, Macrobond, Maybank FX Research & Strategy

Inflation and Earnings Retreating Should Enable BOE Cuts



Source: Bloomberg, Maybank FX Research & Strategy

CHF: Safe Haven Resilience Tempered by Intervention



USD/CHF

1Q 2026	2Q 2026	3Q 2026	4Q 2026
0.7700	0.7600	0.7650	0.7700
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDFH forecasts on the back of continued safe haven flows, market and the countervailing intervention risks. We kept the same broad trajectory of a weaker USD in 1H26 followed by better support for the USD in 2H26. The CHF initially strengthened after the US/Israel struck Iran, but has since given up gains after SNB announced that it was ready to moderate any rapid and excessive appreciation in the Franc that affects price stability. We expect safe haven flows to continue against a backdrop of a more adversarial US foreign policy that chooses to ignore the global order, where a currency like the CHF stands to gain given the credibility of its institutions. A CHF that is excessively strong is problematic for the SNB not just in terms of price stability, but also makes Swiss exports less competitive.

USDFH traded in a narrower 0.7629 to 0.7817 (average: 0.7729) range in Feb compared to the 0.7605 to 0.8041 (average: 0.7896) range in Jan. CHF continued to be supported by its safe-haven allure and as such remains resilient on a REER and NEER basis. Nevertheless, we expect the risk of intervention and safe-haven properties of the CHF to remain intact amid what we see to be a highly uncertain external environment that would be naturally supportive of the CHF.

We see the SNB holding rates steady at 0% in 2026 and pencil in 50bps of hikes to 0.50% in 2027. Inflation levels remain benign with the CPI gauge seen at 0.4% in 2026 and 0.7% in 2027. While price pressures remain manageable, we note that there remain upside risks to inflation - such as the potential ramp up of the AI investment upcycle and a more protracted US-Iran conflict. Nevertheless, the resilience of the trade-weighted CHF should function well to moderate or offset imported inflation.

Economic growth in Switzerland is tepid although a slight pick-up in growth is expected. Growth is expected to be 1.2% YoY for 2026 and 1.5% YoY in 2027. The probability of a recession remains at 15% (prev: 1%). There are upside risks for growth and such a situation could spur the CHF stronger than we anticipate. Downside risks should not be ignored although these factors could weigh less on the CHF than on other currencies, such as in the case of a global growth slowdown or could even be supportive of the CHF.

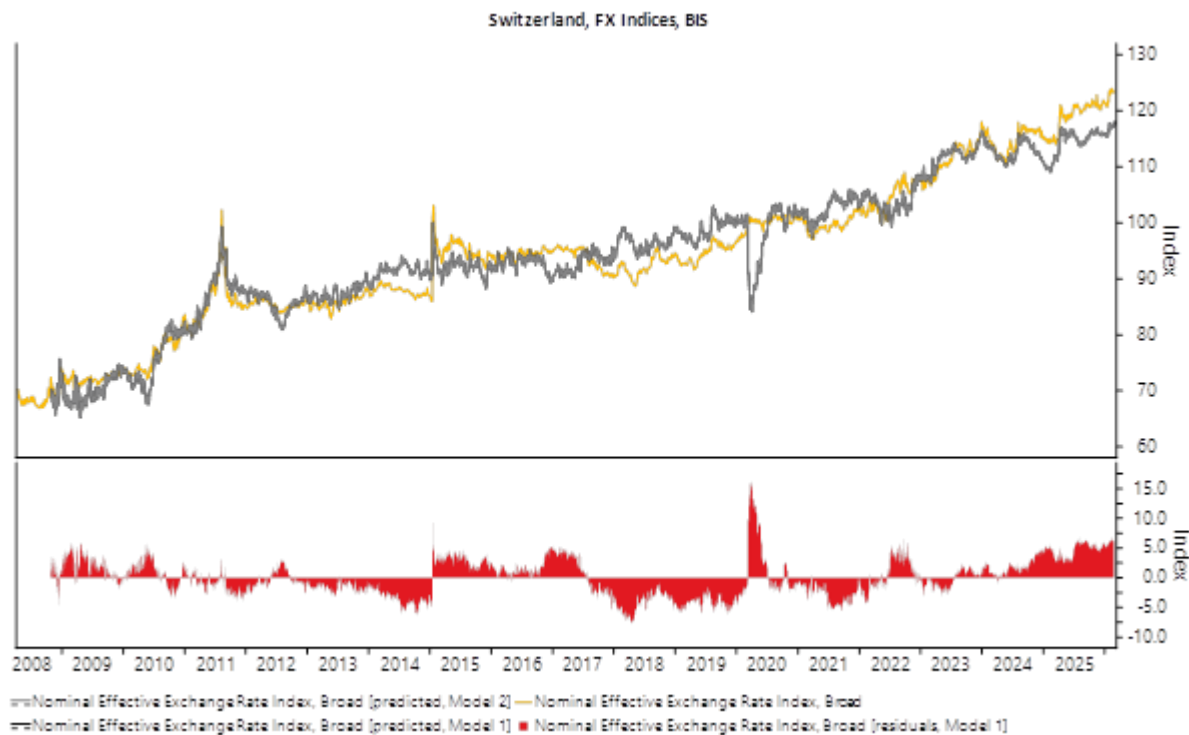
SCOTUS quashed Trump's earlier IEEPA tariffs and that has given rise to some further uncertainty on the trade front. The US-Switzerland trade deal applies a 15% tariff rate to Switzerland, a relative improvement over the 39% tariff rate earlier levied. However, Swiss companies will need to invest US\$200b in the US by the end of 2028 and the agreement will need to be finalized by 31 Mar 2026. There are still risks on this frontier, however market has largely moved on from tariffs with most deals already agreed. A reversal of a deal before it is finalized would however certainly come as a negative shock.

The CHF could also be used as a proxy for gold. We suggest that this might be the case for certain fund mandates that may not be able to invest in gold. Switzerland and the CHF could be considered as a close substitute given its safe haven properties. As demand for safe havens rise, so too could the strength of the CHF. This is especially so after the safe haven allure of the JPY has diminished. Nevertheless, the SNB will likely be the vigilant to moderate any outsized appreciation of the CHF.

Risks to our view: 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. A deflationary risk could necessitate Switzerland to move to a negative interest rate policy and that could weigh on the CHF.

Key Data/Events: Jan Retail Sales, Feb Mfg/Svcs PMI (2 Mar), Feb CPI (4 Mar), Feb Unemployment (5 Mar), Feb FX Reserves (6 Mar), Feb SECO Consumer Confidence (9 Mar), Feb Producer and Import Prices (17 Mar), SECO and KOF Spring Economic Forecasts (18 Mar), Feb Exports/Imports, SNB Policy Decision (19 Mar), Feb Money Supply (23 Mar), Mar UBS Survey Expectations (25 Mar), 4Q FX Transactions (31 Mar).

Swiss NEER Remains Elevated Amid Safe Haven Flows



Source: BIS, Macrobond, Maybank FX Research & Strategy

Disinflation and Deflation Risks Linger

Switzerland: Inflation

Source: Swiss Federal Statistical Office (Bundesamt fuer Statistik)



Source: Macrobond, Maybank FX Research & Strategy

AUD: Buy Dips



AUD/USD

1Q 2026	2Q 2026	3Q 2026	3Q 2026
0.71	0.73	0.72	0.72
(0.70)	(0.72)	(0.71)	(0.71)

Previous Forecasts in Parentheses

Motivation: Firmer-than-expected inflation trajectory may force RBA to hike faster than we anticipated in May. We calibrated our forecast a tad higher as we continue to retain a constructive view on the currency, supported by the RBA-Fed rate divergence, global growth recovery; geopolitical conflicts and AI may continue to keep precious and base metal prices elevated, translating to gains for the AUD. Technical wise, AUDUSD needs to break above the 0.7150, failing which a double top could be formed thereabouts. We look for any bearish retracement as opportunities to accumulate.

Watching the inflation Trajectory - CPI inflation surprised to the upside again for Jan with food (+0.5m/m), clothing & footwear (+2.9%), housing (2.2%), health (2.7%) picking pace. Headline inflation slowed to +0.4m/m from previous 1.0% but annually, the pace was maintained at 3.8%, a tad above consensus. Trimmed mean measure also picked up pace to 3.4y/y from previous 3.3%. Sequentially, trimmed mean CPI accelerated to 0.3% from +0.2% in the month prior. While electricity inflation saw a significant acceleration from Dec, it was largely due to the end of the energy rebates that had depressed prices. RBA projects trimmed mean to rise to 3.7% in the year through Jun 2026 before trending lower towards 3.2% by the year end, aided by base effects and stronger domestic demand (public demand, business investment). Higher oil prices may even pose a greater risk to Australia's inflation outlook. All projections are based on market implied policy trajectory and that assumes another hike in the year.

RBA to Hike Once More in 2026 but not in Mar. Another rate hike is likely and even as inflation has firmed in Jan, it was largely in line with expectations according to the Feb SoMP. RBA hiked cash target rate to 3.85% but the next rate hike could take a while more with Bullock refusing to give any forward guidance. Jan labour report was healthy with a mild net addition of +17.8K employment (+50.5k full time, -32.7K part-time). The growth forecasts were comparatively particularly weaker, on a clear divergence from the inflation trajectory in the first half of this year. Capacity pressure is becoming an increasing issue for Australia. There is a possibility that RBA is keen not to move pre-emptively to avoid affecting the labour market. We are still looking for a rate hike in May as RBA is likely to err on the side of caution and given the resilience in its labour market thus far and sticky price pressure, a rate hike to keep inflation from trending higher would still be the preferred course of action.

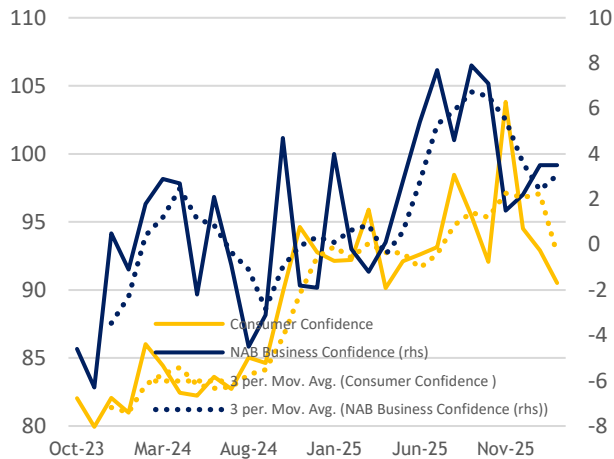
Copper prices seem to have plateaued for a while as markets start to become less certain of the AI boom and related asset valuations. That said, we are looking for a longer-term bull market as S&P did a study and found a supply deficit that would reach 10million metric tons by 2040 as demand surges due to the accelerating pace of electrification. Mining sector face challenges and existing supply is poised to decrease. Global copper production will peak in 2030 at 33mn metric tons and the 10mn MT would be a 25% below projected demand by 2040. The rise in copper prices could continue to bring gains to the AUD via higher terms of trade.

Medium-Term AUD Positive: AUDUSD could continue to grind higher. The worst case scenario for trade war has indeed been averted and Trump had likely announced his most aggressive trade policies. Even with the IEEPA ruling and further policy uncertainties, Trump likely did his worst damage on trade last year and growth had been resilient. Sentiment amongst consumers, businesses and possibly investors could be making a cautious recovery locally and potentially, globally. Sanguine growth sentiment and equity gains could translate to gains for the risk-sensitive as well. As the AI boom continues, the base metal demand could be a medium-term underpinning for the AUD via as higher copper prices and iron ore prices improve Australia's terms of trade.

Risks to the AUD Forecast: (1) US inflation and concomitant policy trajectory is still key for USD direction and a stickier-than-expected US inflation could also 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) Export downturn in the rest of the world would be negative for the AUD. (4) We also want to monitor the labour market conditions at home and inflation trajectory that could steepen the RBA's hiking trajectory.

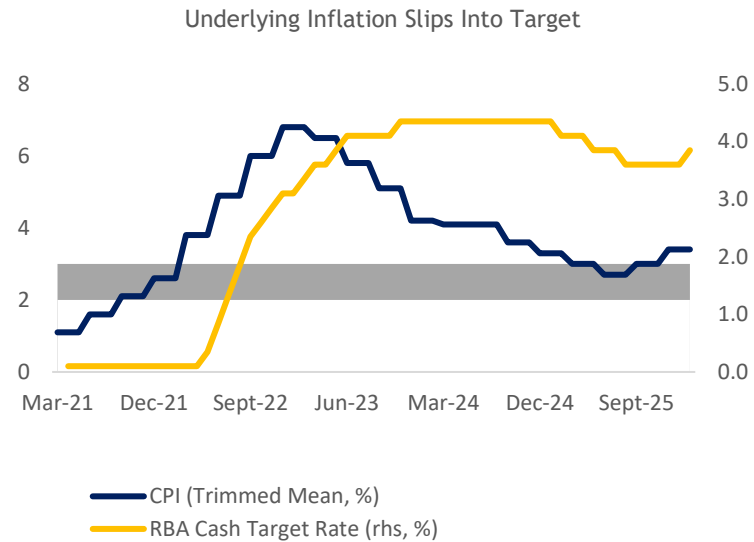
Key Data/Events: Feb Manufacturing PMI (2 Mar), Feb Melbourne Institute Inflation (2 Mar), 4Q Inventories (2 Mar), Feb ANZ-Indeed Job Ads (2 Mar), 4Q Current Account (3 Mar), Jan Building Approvals (3 Mar), Feb Composite and Services PMI (4 Mar), **RBA Policy Decision (4 Mar)**, Jan Household Spending (5 Mar), Feb Westpac Consumer Confidence (11 Mar), Feb NAB Business Confidence (11 Mar), Feb NAB Business Conditions (11 Mar), 4Q Home Loans (12 Mar), RBA Meeting Minutes (18 Mar), **4Q Wage Price Index (19 Mar)**, Feb Employment Report (20 Mar), Feb CPI (26 Mar), 4Q Private Capex (27 Mar).

Chart 1: Consumer, Business Confidence Slide a tad on Rate Hike



Bloomberg, Maybank FX Research & Strategy

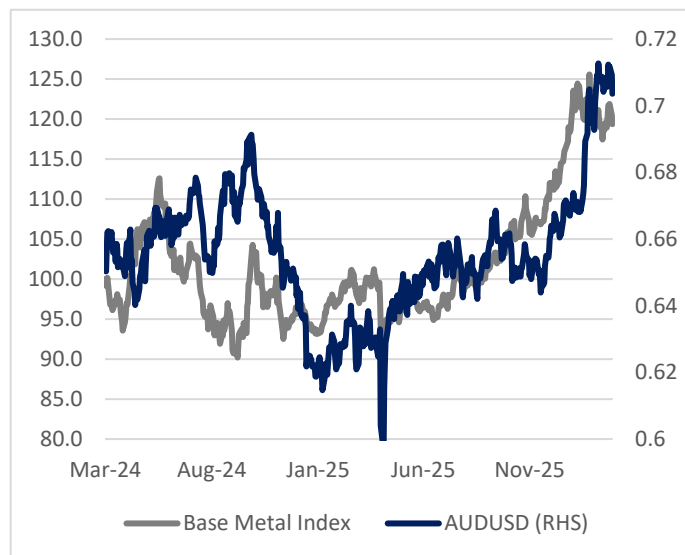
Chart 2: Inflation Rises above RBA Inflation Target Range



Source:

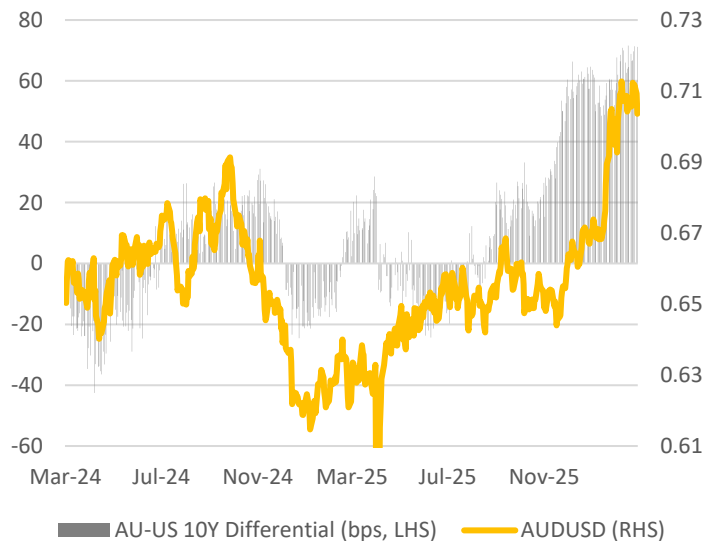
Source: Bloomberg, Maybank FX Research & Strategy

Chart 3: Base Metals Suffer a Little Correction, AUD Maintains Elevation



Source: Bloomberg, Maybank FX Research & Strategy

Chart 4: Wider AU-US Yield Differential Shd Buoy The AUD



Source: Bloomberg, Maybank FX Research & Strategy

NZD: Under Pressure



NZD/USD

1Q 2026	2Q 2026	3Q 2026	4Q 2026
0.6000	0.6200	0.6300	0.6300
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: NZD as one of the worst hit currencies in light of the war in Iran due to its risk-sensitive nature, slow economic recovery and concomitantly more accommodative monetary policy stance. New Zealand is also a net importer of energy and higher energy prices would likely pressure its external accounts and the NZD. We see downside risks to the NZD should this conflict escalate into a wider and more long-lasting conflict (beyond 12 days or even four weeks as promised by Trump).

Stance on Iran: PM Luxon said NZ acknowledges the actions taken by the US and Iran to stop Iran threatening international peace and security. PM Luxon seems to be keeping a more neutral stance on US/Israel's attack on Iran compared to peers such as Australia and other nations who expressed support for US/Israeli while Russia, China and the UN Secretary-General said that the use of force was unlawful under international law.

Rate hike expectations have not shifted even as the fresh geopolitical risk could fan inflation higher. Thus far, growth remains rather weak with unemployment rate a tad higher at 5.4% in 4Q 2025, rising from 5.3%. It seems that employment growth rose +0.5% on the quarter but that was matched by the rise in labour force participation rate in the last quarter. That said, leading indicators suggest that business conditions remain rather lukewarm with performance services index softening a tad to 50.9 from previous 51.7 while businessNZ Mfg PMI inched lower 55.2 from previous 56.1. Card spending retail in Jan also fell -1.1% m/m from previous -0.3%. ANZ business confidence in Feb fell to 59.2 from previous 64.1, which somewhat suggests that retail spending could remain weak in Feb.

At this point, Fed's rate cut stands at risk of being repriced while market expectations for RBNZ is unlikely going to change. The convergence of Fed-RBNZ trajectory could remain a drag on the NZDUSD in the near-term. However, if this is not likely to remain pro-longed, we still see a potential for unwinding. For now, we hold a cautiously optimistic view of global growth for 2026, expecting the world economy to bottom out at some point and that should also translate into greater appreciation for the pro-cyclical NZD and a potential shift into tightening cycle in 2027. Those gains seem to have panned out faster than expected and NZDUSD was at our 1Q forecast. Barring a prolonged period of elevated oil prices, we expect a stable growth environment to cushion NZD amid two-way action of greenback then and some USD support towards end of 2026.

Growth recovery for New Zealand could take a while based on the abovementioned leading indicators. Based on the ANZ Bank Roy Morgan survey, consumer confidence fell in Feb due to the still elevated fixed mortgage rates. The report noted that stagnant house price momentum, a loose labour market and lingering cost of living pressure crimp on household spending.

Recall that the NZ CPI headline rose to 3.1%y/y in 4Q from 3.0% in the quarter prior. Tradeable CPI slowed to 0.7%q/q from previous 0.8%. Non-tradeable CPI slowed to 0.6%q/q from previous 1.1%. Filled jobs rose +0.3%mm in Nov. We had looked for the easing of price pressure to be supportive of demand but the trajectory of inflation and recovery seem to be finely balanced and that has implication on the timing of the first hike.

RBNZ left its OCR unchanged at 2.25% and forward guidance still projects a slightly higher OCR at around 2.38% by the end of the year, a 50% chance of a rate hike. Governor Breman said that the monetary policy will remain accommodative until the committee is sure of the economic recovery. RBNZ was concerned with the high unemployment rate but expects a turnaround this year. RBNZ will add another policy meeting in a year to eight policy meetings, to improve transparency and communication.

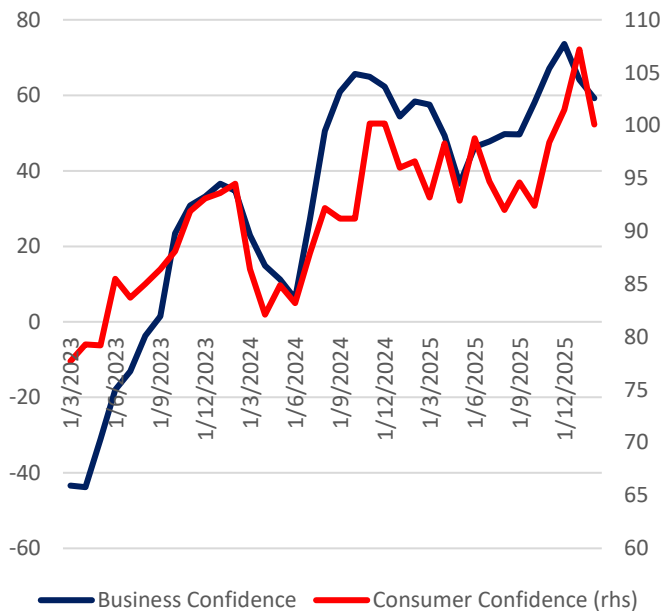
Dairy prices are showing signs of recovery with global dairy trade winning price averaging higher around \$4027/tonne, 20% higher from its Dec low. There are some expectations that dairy supply growth would peak in late 2025 and moderate into 2026. We continue to maintain a sanguine outlook on external demand that could potentially narrow the trade deficit and lift the NZD, unless elevated oil prices raises NZ energy import bill.

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) Stronger price pressure in the US that can bring the NZDUSD lower

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.

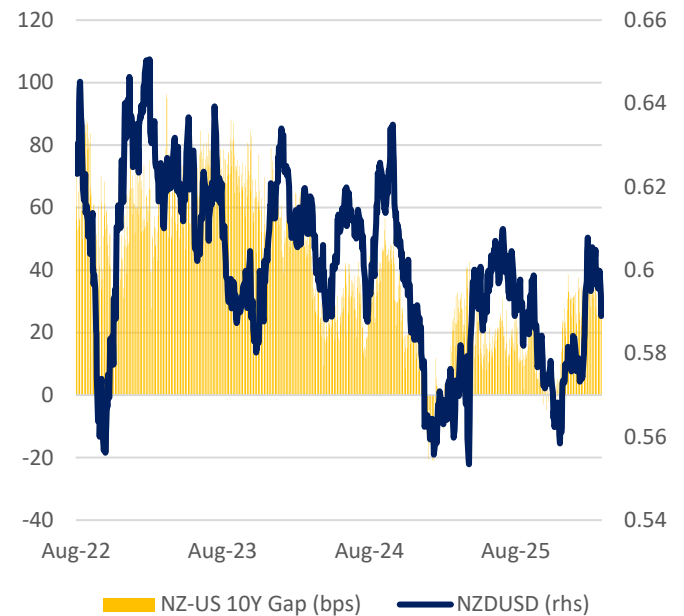
Key Data: Feb BusinessNZ Mfg PMI, Jan net migration (13 Mar), Feb Food prices (17 Mar), 4Q current account (18 Mar), 4Q GDP (19 Mar), Feb trade (20 Mar), ANZ Mar consumer confidence (Mar), Feb filled jobs (30 Mar), ANZ activity outlook (Mar).

Chart 1: Recovery in Consumer, Business Confidence Stalls



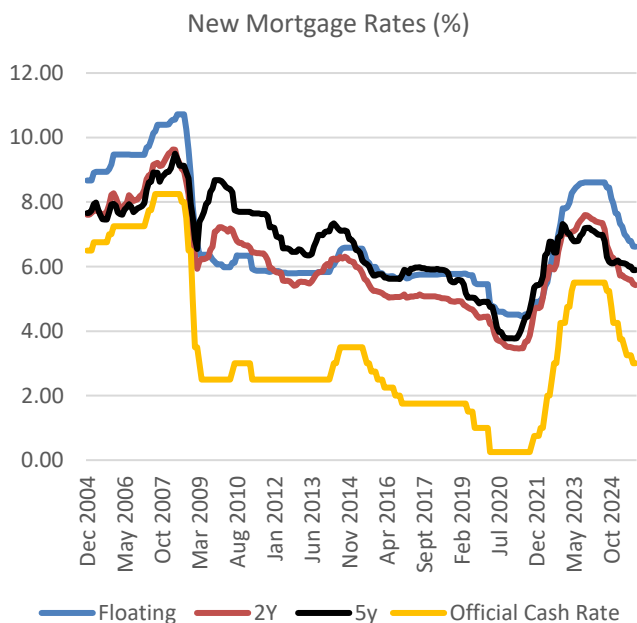
Source: Bloomberg, Maybank FX Research & Strategy

Chart 2: NZ-US Yield Differential Narrows, Risk-Off Drags NZDUSD



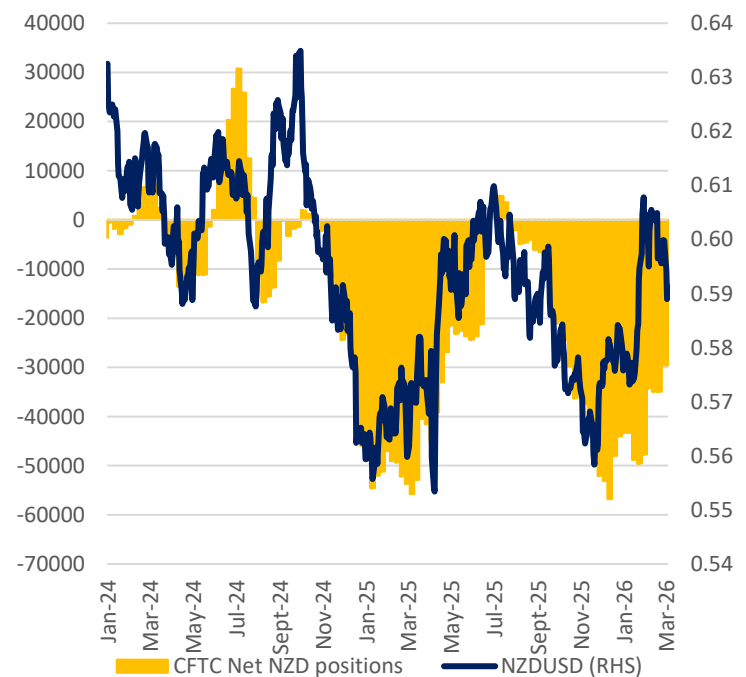
Source: Bloomberg, Maybank FX Research & Strategy

Chart 3: Mortgage Rates Are falling Slowly



Source: RBNZ, Maybank FX Research & Strategy

Chart 4: CFTC Positioning is Net Short NZD



Source: Bloomberg, Maybank FX Research & Strategy

CAD: Biased for Strength



USD/CAD

1Q 2026	2Q 2026	3Q 2026	4Q 2026
1.3600	1.3600	1.3400	1.3400
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: USDCAD saw two-way trades for much of Feb in a slightly larger range than we thought. USDCAD remains near the sell levels and we continue to maintain a preference to sell this pair on rallies. BoC continues to signal a period of pause for policy as the economy undergoes a structural shift with Governor Macklem warning that further rate cuts could stoke inflation. We remain biased towards a stronger CAD for this year but some anxiety ahead of the USMCA could keep a check on CAD's strength. So while there could still be two-way volatility, Canada's increasingly clear pivot away from the US and pledges of expansionary fiscal measures meant for defense and infrastructure should be taken to be positive for the CAD. Meanwhile, with Straits of Hormuz threatened, higher oil prices could be also mildly positive for CAD (relative to other peers) given that it is an oil exporter.

Diversification Policy Away from the US: Canada reset bilateral ties with India as Cameco Corp signed a C\$2.6bn uranium supply deal with India during PM Carney's first official visit to India. This allows Cameco to supply 22mn pounds of reactor fuel to India from 2027 through 2035. Apart from uranium supplies, there was an agreement to forge stronger cooperation for the two countries in the LNG sector, critical minerals, solar and hydrogen. There is also an agreement to expand cooperation in space and also on the development and deployment of AI under the Australia-Canada-India Technology and Innovation Partnership. This goes in line with Foreign Minister Anita Anand's vow that Canada will forge ahead to **double its non-US exports within 10 years**. Earlier in Jan ahead of Davos, Canada struck a preliminary agreement in principle with China that could see Canada reducing tariffs on a number of Chinese EVs in exchange for lower tariffs on Canadian's agriculture products.

USMCA - With the US Supreme Court ruling striking down Trump's IEEPA tariff, Canada is still very much affected by sectoral tariffs imposed under statute 232 tariffs on steel, aluminum and automotive sectors. Trade Minister Leblanc pledged support for local businesses and workers who remain affected by them. That said, he also pointed out that exemptions under USMCA are kept intact by Trump and that augurs well for the USMCA future (due for a joint review in Jul 2026). If all parties agree to review, the agreement will remain in force until 2032. However, the agreement could enter into an annual review cycle if renewal is delayed or rejected. Any withdrawal to pave the way to bilateral arrangements or expiration in 2036.

Inflation softened a tad to 2.3%/y in Jan from previous 2.4%. The BoC core inflation trimmed mean (40% of most volatile price changes trimmed) drifted lower to around 2.4% from previous 2.7%, more comfortably within the 1-3% target range. BoC had anticipated some pressure on the headline inflation and that is why markets are still rather conservative in rate hike bets. Average hourly earnings remain stable around 3.3%/y for Jan according to the labour force survey. BoC had said that there is no need for rate cut. There is a risk of misdiagnosing economic weakness as the economy undergoes a structural shift due to the US tariffs, artificial intelligences and slowing population growth.

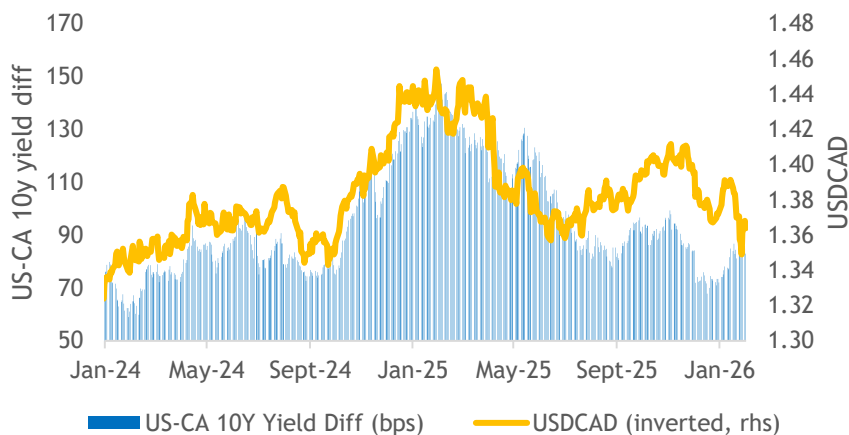
One measure that we monitor closely is the CFIB business barometer which is a reliable indicator on policy decision - The CFIB business barometer rose rather strongly to 64.8 from previous 59.5. The latest score suggests that small business optimism remained relatively strong. Average price plans had fallen to 2.2% in Feb vs. prev. 2.6% and wage plans picked up just a tad to 2.3% in Jan vs. 2.1%. The general business situation seems to be stable with mild increase in proportion of respondents seeing situation as good and bad. So this is somewhat congruent with BoC's assessment for an extended pause to allow for accommodative monetary policy conditions to continue to support the economy. BoC Macklem warned that the economy could experience weak growth over the next two years as businesses adjust to tariffs and AI-driven changes. The silver lining is that limited growth in the labour force could lead to some improvement in the jobs market. There is a limit to what monetary policy can do to address the forces reshaping the economy.

Apart from surveys, retail sales ex auto surprised to the upside in Dec at +0.1m/m in Dec (vs. cons. at -0.1%, prev. 1.6%). The labour market saw a drop in unemployment rate to 6.5% from previous 6.8% even as Canada saw a net loss of -24.8K employment. GDP shrunk -0.6%q/q in 4Q vs. previous 2.4% but pace of growth rose to 1.0%/y in Dec from previous +0.9% (also revised higher from +0.6%). That

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.

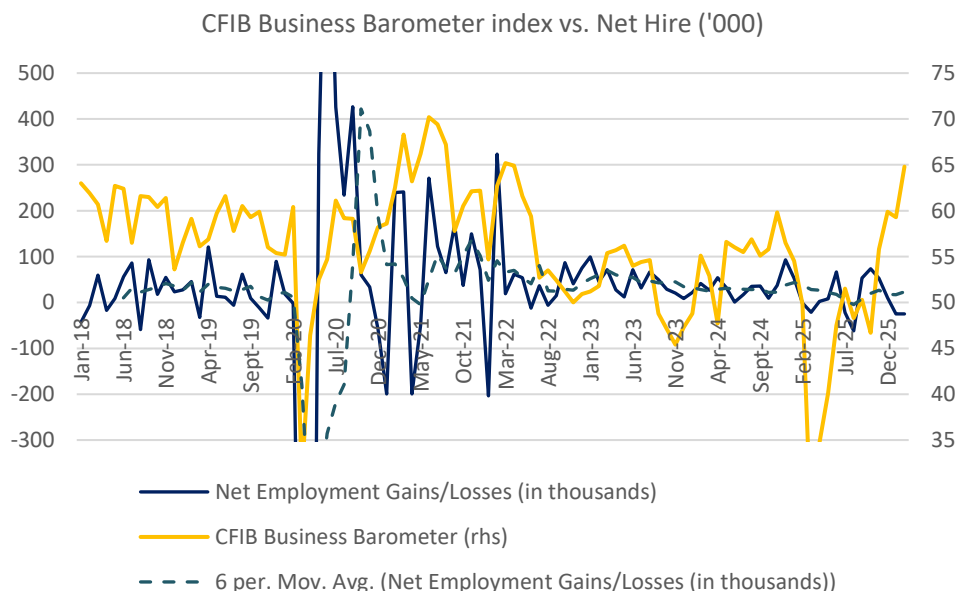
Key Data: Feb labour report (13 Mar), Feb CPI (16 Mar), Feb existing home sales (17 Mar), BoC rate decision (18 Mar), Mar CFIB business barometer (19 Mar), Jan retail sales (20 Mar), Jan GDP (31 Mar).

A US-CA 10y Yield Widens Again, May Keep USDCAD Supported on Dips



Source: Bloomberg, Maybank FX Research & Strategy

Stronger CFIB Small Business Barometer, Stable Employment Conditions



Source: Bloomberg, Maybank FX Research & Strategy

JPY: The Need for Clarity



USD/JPY

1Q 2026	2Q 2026	3Q 2026	4Q 2026
155.00	150.00	150.00	160.00
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We keep to our USDJPY forecasts expecting the currency to edge lower in 1H 2026 before bouncing back up in 2H 2026. Rising USD negative risk premium together with expectations of rate hikes should back this 1H 2026 trajectory for the USDJPY although persistently strong US growth in 2H 2026 would reverse this. However, fiscal concerns are likely to continue to weigh on the JPY throughout 2026.

We note of significant negative risk that the Middle East conflict poses to the JPY given Japan being a net oil and gas importer. Climbing oil and gas prices arising from the conflict can put significant import pressure on Japan's external position and weigh on the currency. During the last oil related geopolitical conflict - Ukraine war, the JPY had actually come under negative pressure. At this current juncture too, rising oil prices can also compound fiscal risks as the government could look to provide more energy subsidies to address cost of living matters.

Compounding the matter at hand, there are concerns related to the BOJ hiking cycle following reports of Takaichi apprehensiveness to hikes and the nomination of two BOJ reflationist board members. The Iran conflict in itself only complicates the path of BOJ hikes as high oil prices can hurt the global economy but also create inflationary pressure.

However, if the Middle East conflict does prove to be short lived, then the situation can turn positive for the JPY. Not only would there be relief from the oil and gas price pressure, there are also several potentially positive economic related developments at hand in the coming weeks. Early results of the wage Spring wage negotiations in Mar would be closely watched and a strong number (possibly 5% increase) should help improve JPY sentiment. The Mar BOJ meeting would then be closely watched to gauge the likelihood of hikes. Continued strong spring wage numbers in Apr can be more reassuring to markets and there are some expectations of an Apr hike although we see the Jun move as more likely given the BOJ would have a more complete set of wage and inflation data then. Meanwhile, intervention risks would continue to put some limits on JPY weakness.

On other items, the uncertainty associated with the Supreme Court Ruling on US tariff at this point does not necessarily pose an issue for Japan given that the country has agreed a trade deal with the US with a tariff of 15%, which is similar to the 15% that Trump is threatening with section 122. However, if US tariff's end up lower than 15% after 150 days, then Japan would be disadvantaged and some renegotiation could be considered.

Both Toichiro Asada and Ayano Sato appointments have weighed in on sentiment towards the JPY due to risks to the BOJ hiking cycle. Asada himself is known to be a supporter of modern monetary theory (MMT). His views appear to point towards support of strong fiscal policy and in the past, he advocated amending the BOJ Act to strengthen coordinated BOJ - government policymaking. He also previously blamed the 1997 consumption tax hikes and the insufficient monetary policy easing as causes of deflation. Meanwhile, Ayano Sato is reportedly an Abenomics supporter and supported a weak JPY in the past. She is known to have co-authored work with the dovish leaning former BOJ board member Yutaka Harada, who was known to be a supporter of QQE and YCC. The latter also blamed insufficient monetary easing and consumption tax hikes as the causes of deflation. Sato has served as a lecturer for an LDP caucus that promotes a proactive fiscal policy.

However, their nomination of two reflationist BOJ board members does not change our expectations for two 25bps BOJ hikes in Jun and Dec. We do have to take into account that we have not actually heard directly from both nominees. In particular, Asada's views were mentioned in the past when deflation was occurring and it would be interesting to hear from him today when inflation is taking hold more. We have also not been able to find any significant public statements that Sato has made regarding monetary and fiscal policy. However, even if the two are accepted to be reflationist, the board composition of members may not have significantly changed with the tilt only being marginally dovish. The two are actually replacing one dove - Noguchi and neutral dovish leaning Nakagawa. Economic data also remains supportive with core core inflation above 2.0% at 2.6% in the last Jan reading whilst the latest forward looking Feb core core Tokyo CPI stands at 2.5%. Whilst inflation can soften later in the year, threats of FX weakness and the impact it can have on prices may also push the BOJ to hike rates. Spring wage negotiations also remain crucial for hikes to continue and a 5% increase being secured should back BOJ hikes. Recently, both

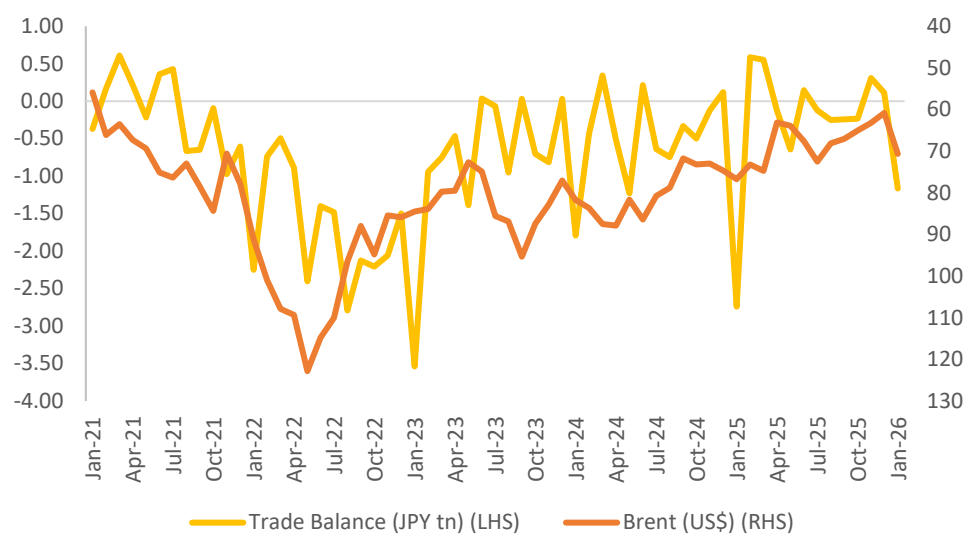
comments from both Ueda and Hakata (the latter being hawkish leaning) have also served as a reminder of the hawkish elements in the board.

Takaichi won a big redounding election victory although we remain wary of the fiscal conditions weighing in on markets. Initially, sentiment did appear to improve on the belief that Takaichi's win could lead to greater political flexibility for her to manage both economic goals and market sentiment. The PM had even said that she intended to seek market trust. However, the nomination of two reflationist BOJ board members and reports of her apprehensiveness to rate hikes has cast doubts about this. Meanwhile, the PM has continued to push ahead with the plan on a food sales tax suspension for two years and hopes to reach an interim conclusion by summer. Funding wise, there is still limited clarity on it although she has been ruling out new-deficit covering bonds. Developments related to this merit close watch as it poses another risk towards sentiment.

Risks Ahead: On the JPY downside, government pressure or softer than expected trending inflation (resulting in a miss of our 1.9% 2026 CPI forecast) could delay hikes. Aside that, aggressive fiscal policies with a lack of clarity on funding and a much wider primary balance also risks hurting market sentiment. On the flipside, a faster pace of BOJ hikes beyond two could guide for a stronger JPY than our forecasts. Note, Iran conflict risk explained above.

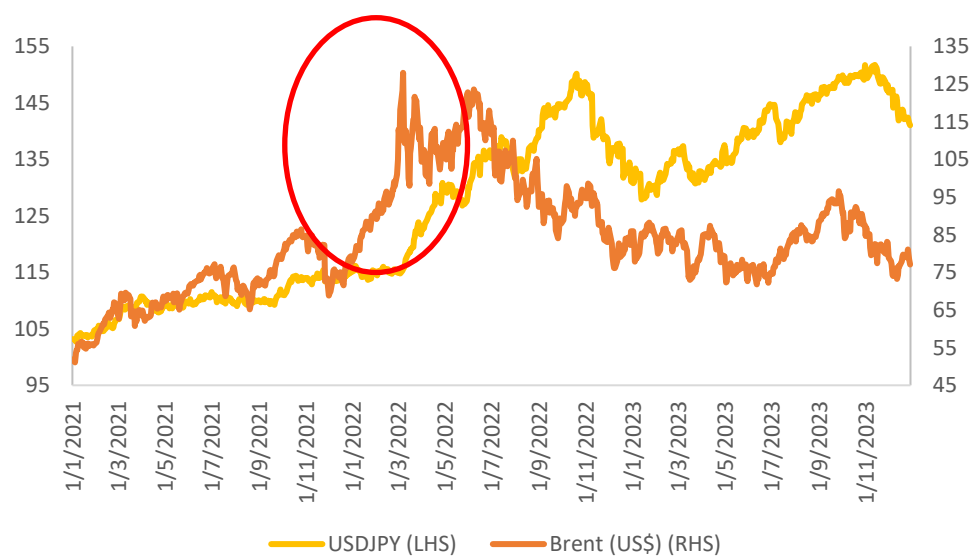
Key Data/Events: Jan jobless rate & job-to-applicant ratio (3 Mar), 4Q company sales/profits (3 Mar), 4Q capital spending (3 Mar), Feb consumer confidence index (4 Mar), Jan cash earnings (9 Mar), 4Q F GDP (10 Mar), Feb PPI (11 Mar), 1Q BSI large all industry/mfg (12 Mar), Feb nationwide & Tokyo dept store sales (16 - 23 Mar), BOJ policy decision (19 Mar), Feb CPI (24 Mar), Mar P S&P Global PMIs (24 Mar), Feb PPI services (26 Mar), Mar Tokyo CPI (31 Mar), Feb jobless rate & job-to-applicant ratio (31 Mar), Feb retail sales, dept store, supermarket sales (31 Mar), Feb P IP (31 Mar).

Rising Oil Prices Widens the Trade Deficit Such as in 2022



Source: Bloomberg, Maybank FX Research & Strategy

JPY Weakened in 2022 Despite the Ukraine War



Source: Bloomberg, Maybank FX Research & Strategy

RMB: Moderate Strength Can Continue



USD/CNY

1Q 2026	2Q 2026	3Q 2026	4Q 2026
6.82	6.78	6.80	6.80
(6.90)	(6.85)	(6.92)	(6.92)

Previous Forecasts in Parentheses

Motivation: We look for USDCNY to fall further especially in 1H of 2026 if first, exports continue to sustain its growth, second, tourism arrivals rise (narrowing its tourism de), and third, equity-related inflow continue to remain supportive of the yuan. However, the third factor continues to play a decisive role in driving the yuan higher given its stronger correlation with the yuan. War in Iran has lifted the USD and broke the momentum of yuan appreciation but we see this as tentative.

IEEPA Ruling Curtails Trump's Tariff Might, Bodes Well for Relations. Winds continue to shift in the favour of the yuan. Yuan sentiment may continue to remain positive, especially with the Supreme Court ruling that Trump has exceeded his authority in using the IEEPA to impose tariffs last year. This came right ahead of the Trump-Xi summit slated to happen between 31 Mar - 2 Apr 2026. Focus at this summit would be on getting China to extend the trade truce beyond **10 Nov 2026** so that China's export restrictions on rare earth would not come into effect until the US has set up alternative supply chains. Trump did not mention China at all at his State of Union Address. That hints at his intent to get a positive outcome from his trip to Beijing and that bodes well for the yuan.

Guidance from PBoC - Room for Gains, Albeit Controlled. At its 4Q monetary policy report (10 Feb), PBoC had mentioned about "adhering to a managed floating exchange rate regime based of market supply and demand and reference to a basket of currencies." It will "maintain exchange rate flexibility, allow the yuan to serve as an automatic stabilizer in adjusting the macro-economy and the balance of payments, strengthen expectations management, prevent risks of excessive exchange rate volatility, and keep the yuan basically stable at a reasonable and balanced level". **What the above means suggest:** Yuan will remain managed actively by the PBoC and it will either remain stable against the USD or stable in terms of NEER. Either way, PBoC's management via the central fix and the state banks' influence will dampen yuan volatility. Yuan's role as an automatic stabilizer in adjusting the balance of payments suggests that there is ample room for gains given its wide current account surplus (\$242bn in 4Q 2025).

Lunar New Year Travels Show Tentative Signs of Recovery. More room for yuan to strengthen. China's travelers' reached record high for spending and trips during the Lunar New Year holiday. A point does not indicate a trend. We are cautiously optimistic and continue to look for consumption to recover and a stronger domestic demand backdrop that would give PBoC more confidence to allow yuan to gain further. We shift USDCNY forecast lower to 6.78 for 2Q 2026.

Equity inflows may Surge, Likely Supportive of the Yuan. While CSI300 remained firm, IIF data suggests that the equity-related inflow for China has not been so strong yet. Regardless, there is an uptrend in the debt and equity flow that is supportive of the yuan thus far and this could extend well into 2026. In addition, due to the rising optimism on the local equity markets, PBoC quarterly survey suggest that more depositors are keen on investing more and the share of depositors who want to save more has started to plateau as of 3Q 2025. That said, willingness to consume more continued to weaken based on 3Q 2025 PBoC survey.

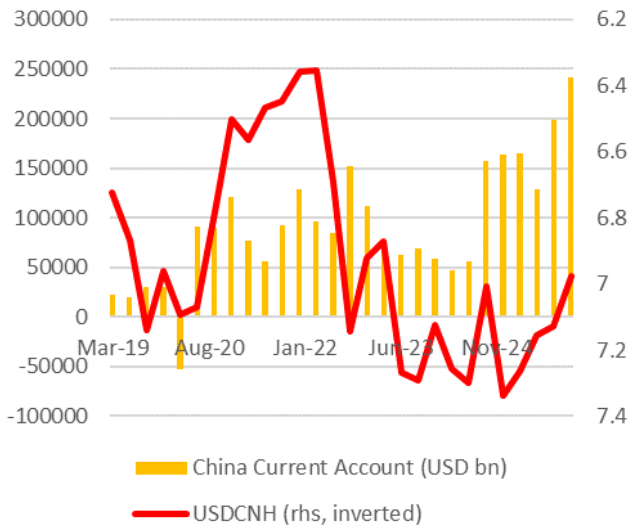
With the government pledging to give more support to domestic demand (consumption and investment) in 2026, we see a potential virtuous circle that can be formed for local equities and the yuan. Greater domestic demand, on top of continued support for advanced technology sectors, could brighten prospect of economic growth/equity earnings, driving more investment in local equities that could in turn, attract more equity-related inflows. As challenging as this could be, success in this area would present more significant upside risks to the currency.

PBoC Yuan Management Remains Prudent. The central bank is comfortable with yuan strength but prefers to moderate the pace of its appreciation. This was followed by the removal of the reserve requirements for FX Forward sales, reducing the costs of shorting the yuan. His words are nothing out of the ordinary though but given that CNY CFETS TWI is still around 3.5% down from its 2025 peak and China's ballooning goods trade surplus, the Deputy Governor may be reminding markets that this was due to market forces and not a

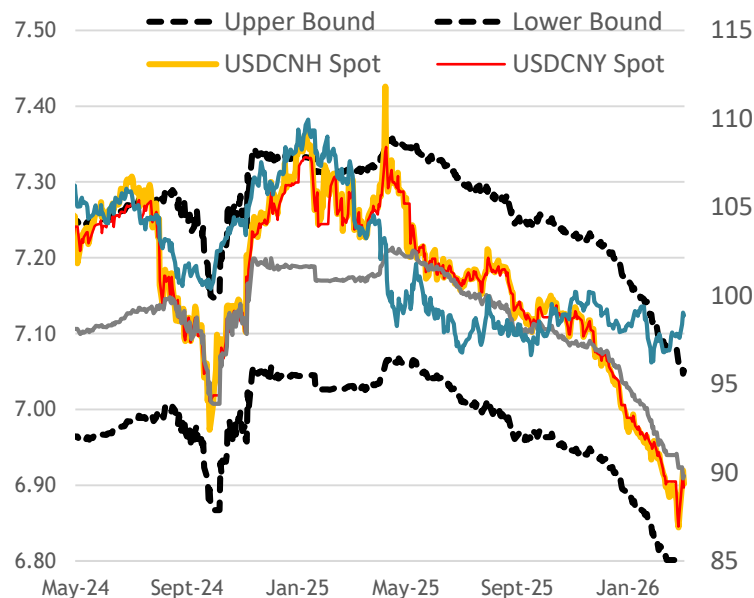
policy-driven outcome to ensure export competitiveness. Yuan appreciation is likely to continue.

Key Data/Events: NBS Jan PMIs [31 Jan], RatingDog Jan Mfg PMI [2 Feb], Jan Foreign Reserves [7 Feb], Jan money supply, new yuan loans, aggregate financing [9-14 Feb], FDI [10-17 Feb], Jan CPI, PPI [11-Feb], Jan new, used home prices, FX Net settlement, 4Q Prelim. BoP current account balance [13 Feb], 1Y, 5Y LPRs [24 Feb].

Current Account Surplus Implies Room for Gains

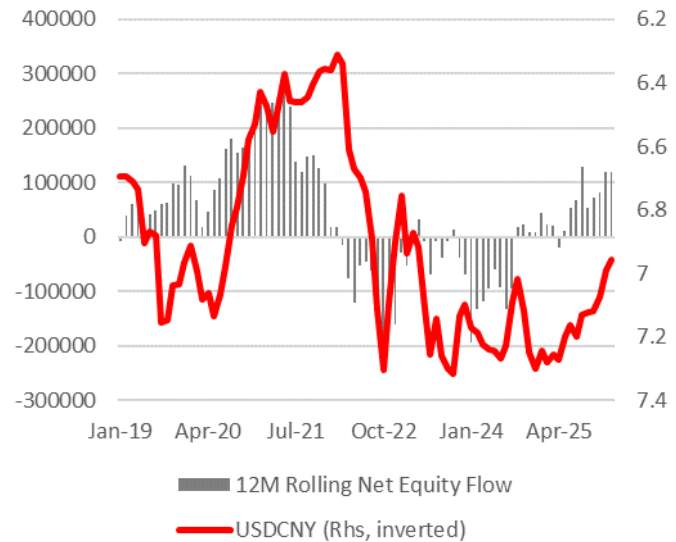


Source: IIF, Bloomberg, Maybank FX Research & Strategy
USDCNH/USDCNY Catch Down to DXY

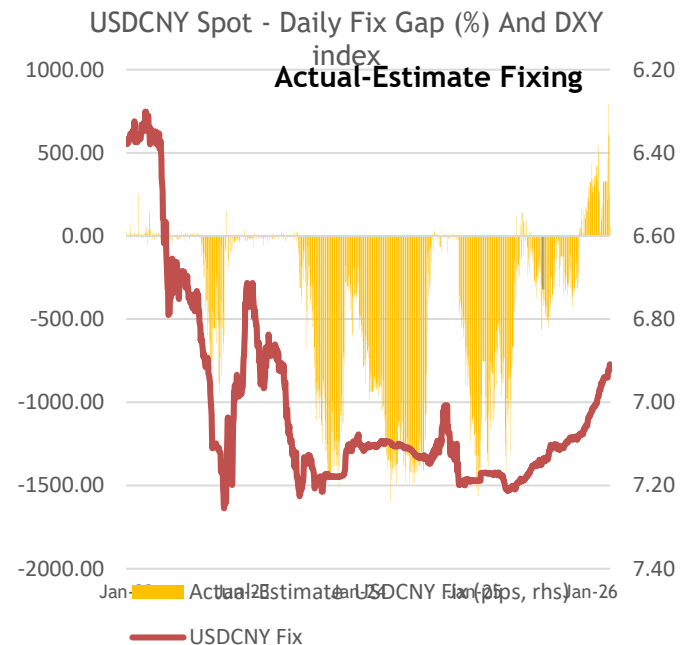


Source: PBoC, Bloomberg, Maybank FX Research & Strategy

Equity Flow Increasingly Supportive of the CNY



Source: PBoC, Macrobond, Maybank FX Research & Strategy
Record high Actual-Estimate Gap (Premium)



Source: Bloomberg, NBS, Maybank FX Research & Strategy

KRW: Trade Confusion, High Beta Woes



USD/KRW

1Q 2026	2Q 2026	3Q 2026	4Q 2026
1440	1420	1430	1420
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDKRW forecasts for the USD to be weaker in 1H26 and supported in 2H26. KRW continues to trade with heightened volatility as a high beta currency. Sentiment remained weak even as the KOSPI traded close to all-time highs and the recent drawdown due to the Middle East conflict has not helped. US/Israel strikes on Iran should continue to weigh on the KRW as an oil importer and high beta. However, SCOTUS quashing tariffs could alleviate some of the earlier overhang and jitters from the US\$350b commitment to a trade deal with the US. We retain our cautious optimism on the KRW on the back of a continued AI-investment upcycle.

USDKRW 1M NDF traded in a 1418.03 to 1473.91 range in Feb (average: 1447.54) compared to a 1418.44 to 1479.88 range (average: 1453.51) in Jan. KRW continues to be volatile but gained against the USD for most of Feb, especially after SCOTUS quashed Trump's IEEPA tariffs. Intervention by the authorities continue to loom. Volatility is likely here to stay given the considerable uncertainty on the trade front and the conflict in the Middle East, a weaker JPY could also continue to drag the KRW weaker. However, a strong CNY policy, if pursued by China could also act as an anchor for Asia.

BOK is likely to stay on hold as long as KRW weakness and volatility lingers. BOK held steady on 26 Feb 2026 as expected and there was even an explicit reference to the KRW volatility remaining high even as KRW weakness retreated. BOK hinted that as inflationary risks linger, easing could be put on hold as language on plans to implement further cuts were omitted. We see BOK standing pat on their policy rate at 2.50% for as long as KRW weakness or volatility lingers.

We continue to be positive of growth in Korea given the current AI boom. Consensus forecasts see 2026 growth rising to 2.0% (2025: 1.0%) before edging down to 1.9% in 2027. Risks continue to linger in the form of debt issues and the overhang of unsettled trade deal for Korea, however the AI boom is likely to power through. Such a backdrop remains generally positive for the KRW. However, we cannot ignore downside risks from a prolonged US-Iran conflict.

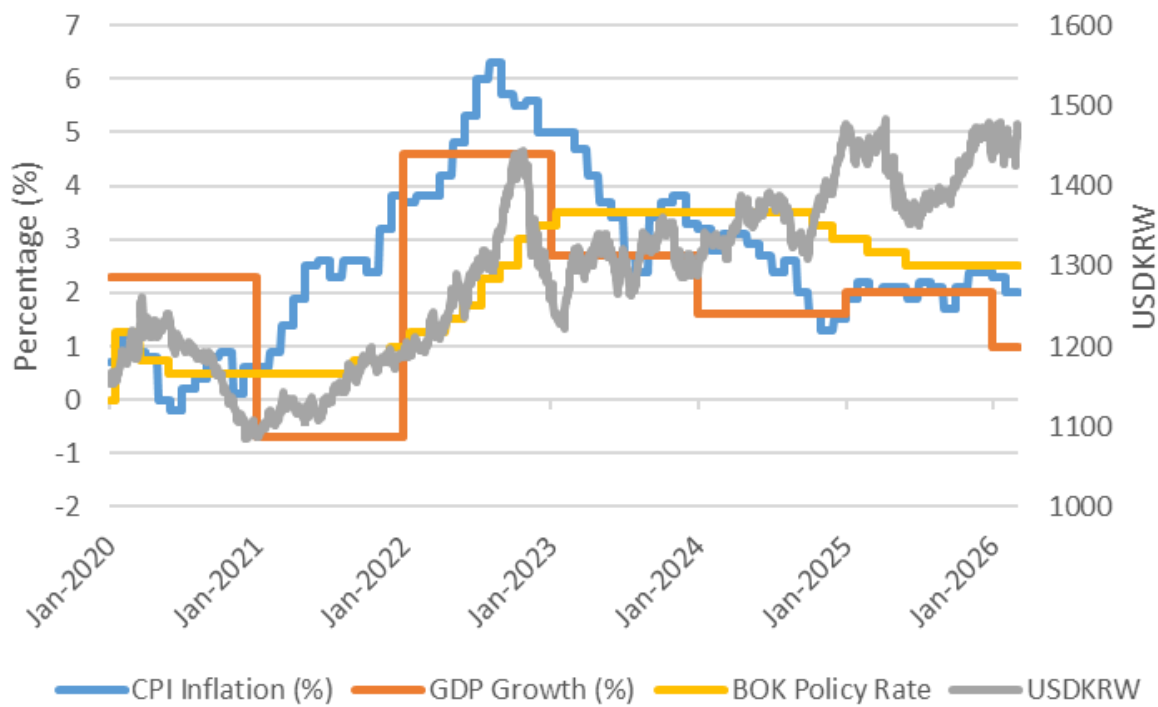
President Lee's closer relations with China should be a positive for the KRW in the longer term. Lee has shown to be an astute diplomat and there remains an opportunity for Korea to become a closer partner to China while relations with its other neighbour Japan remain frigid. The two countries share a common history of disagreement of Japan's whitewashing of its imperial past and signs of the leaders of the two North Asian countries getting closer are evident. We think that this is positive for the KRW moving forward, especially given China's advantage in AI and Korea's position as a key player in the AI value chain.

While the external environment in 2026 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 2026. 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: The key risk to our KRW outlook is if market sentiment for AI sours or if the AI-boom CAPEX flatters to deceive. In such a case, growth in Korea would be adversely affected and there could be outflows from Korean equities. This would be more negative than anticipated in our base case for the KRW, although intervention could be considered and could moderate some of the weakening pressure on the KRW. Armed conflict in the region, while unlikely, is another factor that could negatively affect the KRW. Both Japan and China have stepped up their rhetoric over Taiwan, conflict in the geographic region given the reliance on maritime routes and the relative proximity to the potential conflict could be disastrous for Korea.

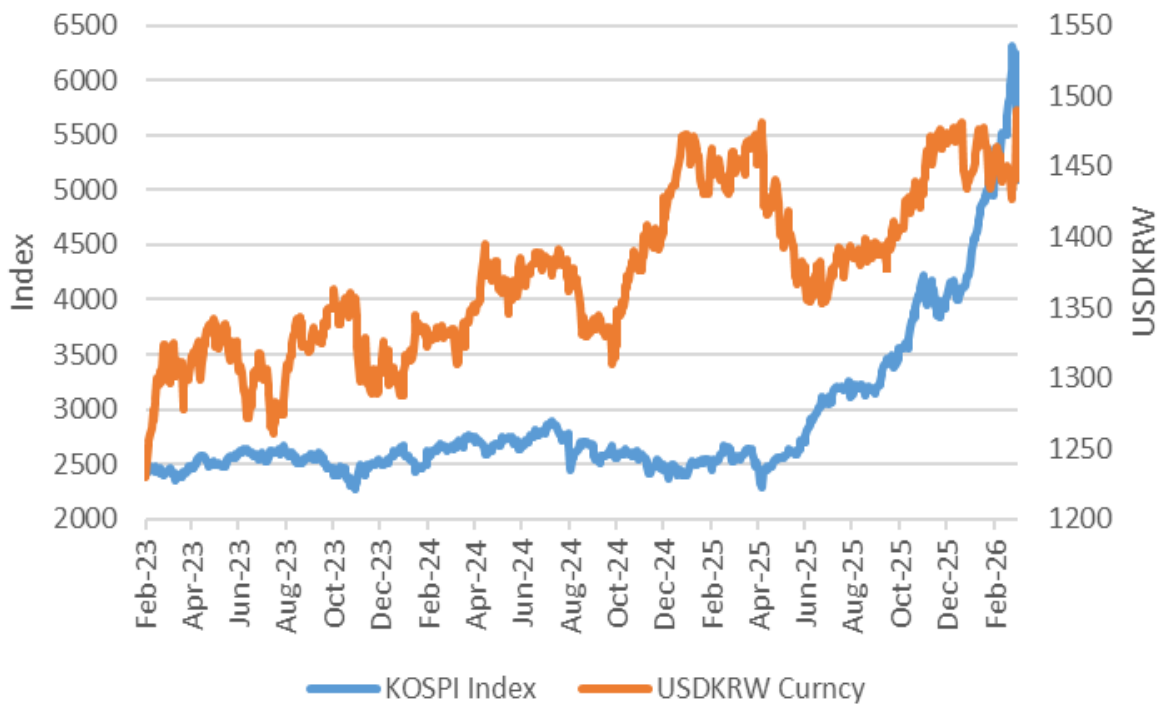
Key Data/Events: Feb Exports/Imports/Trade Balance (1 Mar), Feb Mfg PMI (3 Mar), Jan Industrial Production (4 Mar), Feb FX Reserves (5 Mar), Feb CPI, Jan BoP CA/Goods Balance (6 Mar), Feb Bank Lending (9 to 14 Mar), 4QP GDP, 2025 Annual GDP (10 Mar), Feb Money Supply (13 Mar), Feb Export/Import Price Index (17 Mar), Feb Unemployment (18 Mar), Feb PPI (24 Mar), Mar Consumer Confidence (25 Mar), Feb Industrial Production (31 Mar).

BOK Policy Risks Being Restrictive



Source: Bloomberg, Maybank FX Research & Strategy

KRW Sentiment Still Poor Given KOSPI Performance (Notwithstanding Recent Drawdown)



Source: Bloomberg, Maybank FX Research & Strategy

SGD: SGDNEER Resilience Amid Strong Fundamentals



USD/SGD

1Q 2026	2Q 2026	3Q 2026	4Q 2026
1.2600	1.2400	1.2450	1.2500
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDSGD forecasts lower on our broad USD trajectory for a weaker USD in 1H26 and USD support in 2H26. We remain constructive on the SGD given the view that MAS is likely to tighten the SGDNEER policy slope by 50bps in Apr-26. Prior to any tightening, MAS policy remains supportive at +0.5% per annum appreciation in the SGDNEER. SGDNEER remains resilient even amid high global uncertainty that has arisen from SCOTUS quashing Trump IEEPA tariffs and the US-Iran conflict with its associated energy related price shock risks. Singapore's fundamentals remain extremely strong with the recent S\$15.1b fiscal surplus. Moreover, a strong CNY (with risks to the upside in our view) is likely to provide an anchor for USD-Asia, of which SGD should be a clear beneficiary.

USDSGD traded within a 1.2604 to 1.2768 range (average: 1.2667) range in Feb, lower than the 1.2586 to 1.2900 range (average: 1.2802) in Jan. SGDNEER remained resilient in a relatively high volatility environment. USDSGD has also been one of the lower volatility currencies. The SGD has the tendency to not be an outlier and appreciation in line with a broadly weaker USD is our base case expectation. We continue to view rallies in the USDSGD as opportunities to sell the pair.

MAS stood pat on 29 Jan and we felt the statement was balanced although there was a likely shift towards a tightening bias. Our economists now see MAS increasing the SGDNEER policy slope by 50bps in Apr-26. Current pace of SGDNEER appreciation (0.5%) continues to be what MAS believes to be appropriate given the balance of risks. Our Taylor Rule estimates still suggest an upward trajectory for the SGDNEER should be appropriate given the expected growth-inflation dynamics, in line with the current stance. MAS can react to both downside and upside surprises with policy space to do so on both ends of the spectrum.

Core inflation dipped to 0.7% in 2025, below the historical mean of 2% and is expected to rise in 2026. Growth is expected to remain robust. Consensus forecasts for core inflation and growth are at 1.4% and 3.1% in 2026. For 2026, our economists remain positive on growth at 2.8% and see inflation averaging 1.3% (core) and 1.4% (headline). Our economists recognize risks to the upside for both growth and inflation. MAS' core and headline inflation estimates in 2026 were revised to 1.0% to 2.0% (prev: 0.5 to 1.5%), while noting that risks for both growth and inflation were tilted to the upside. At the same time, downside risks were noted as being present. Our economists and MAS remain broadly aligned on the likely trajectories for growth and inflation. Latest Jan core inflation print came in at 1.0% (exp: 1.5%; prev: 1.2%) while headline inflation inched higher to 1.4% (exp: 1.4%; prev: 1.2%).

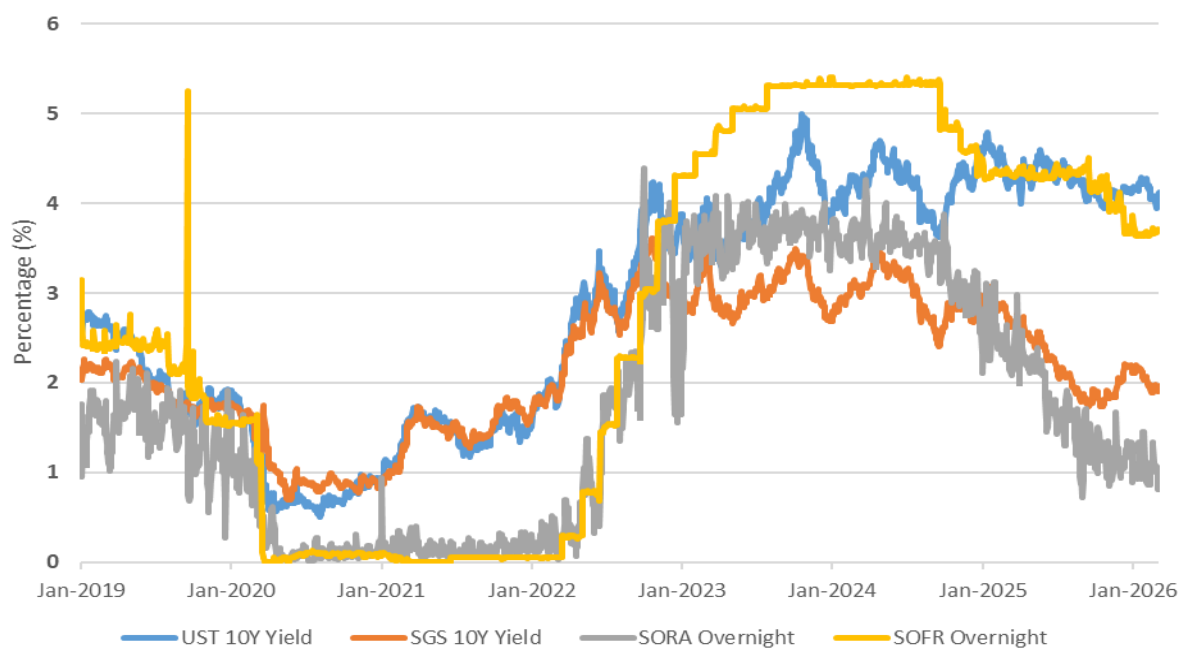
We think that the SGD resilience and support will continue to persist. Within the Asian currency space, the SGD is one of the most reliable stores of value given Singapore's strong fundamentals. MAS' policy is at worst at no appreciation and is typically at some positive appreciation stance (also alluded 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 remain resilient relative to its peers.

Budget 2026 showed the government's commitment to planning ahead with highlights including an AI-steering committee. The fiscal surplus was also a robust S\$15.1b due to higher than expected corporate tax revenues, underscoring Singapore's prudent approach to fiscal spending which then reinforces our view for a resilient SGD. Note that Singapore remains the only AAA-rated country in Asia and with most other AAA-rated countries in Europe, its credibility and strength of institutions remain key for SGD strength.

Risk to our view: Developments that could derail MAS' expected path for inflation or growth. In the absence of such developments, our base case expectations for SGD appreciation should hold. Our economists see an inflation overshoot as a wild card for 2026 (which is now likelier should the Middle East conflict persist) and should this risk materialize then MAS could tighten further and the SGD could also strengthen by more than we anticipate.

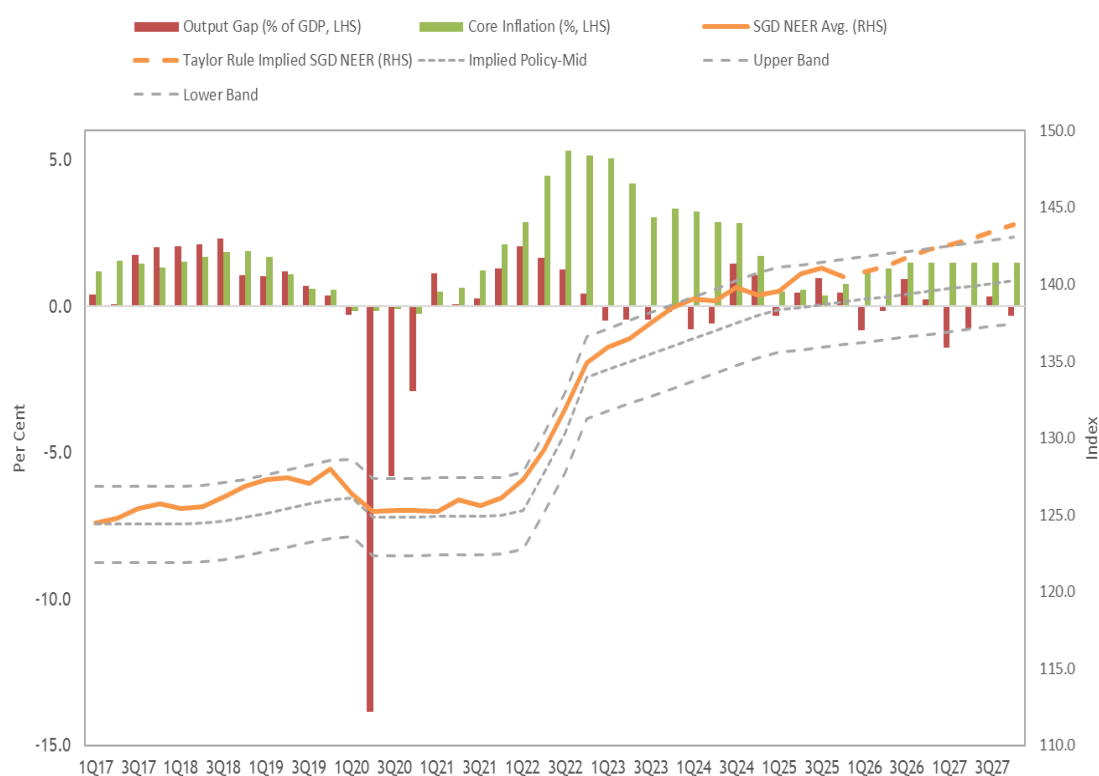
Key Data/Events: Feb ESI/PMI (2 Mar), Feb SP Global PMI (4 Mar), Jan Retail Sales (5 Mar), Feb FX Reserves (9 Mar), Feb NODX/Electronics Exports (17 Mar), Feb CPI (23 Mar), Feb Industrial Production (26 Mar), Feb Money Supply (31 Mar).

SG Rates Remain Low, Correlation Returning



Source: Bloomberg, Maybank FX Research & Strategy

Taylor Rule Supportive of Future Tightening



Source: Bloomberg, Maybank FX Research & Strategy

MYR: Strong Fundamentals Back Currency



USD/MYR

1Q 2026	2Q 2026	3Q 2026	4Q 2026
3.90	3.80	3.90	3.95
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: Strong fundamentals together with the global AI boom are placing the MYR in pole position to outperform its regional FX peers in 2026. In terms of trajectory, USDMYR is still expected to broadly move in line with the regional FX cycle, declining in 1H 2026 amid softer USD dynamics before rebounding in 2H 2026 as the USD sees two way risks in 2H 2026 and on balance sees some support by end 2026. Global AI capex is expected to remain strong as the US and China race for technological superiority, and demand for tech exports and data centres should be a major boon for Malaysia's external position given its integral role in the global tech supply chain. Electronics exports are set to remain robust this year, improving Malaysia's trade balance, while data-centre construction continues to attract sizeable FDI inflows. These trends are unfolding alongside a broader domestic investment upcycle that appears set to remain firm in 2026. The Johor-Singapore Special Economic Zone, together with major infrastructure projects such as the Penang LRT and the Klang Valley Double-Track Electrification Project, underscores the breadth of investment catalysts currently in play. A sustained tourism recovery is also helping to lift exports.

That said, incremental MYR gains are now likely to be more gradual, as much of the positive narrative is increasingly well-priced. The recent sharp drop in the USDMYR reflects not only the positive domestic drivers but also the softness in the dollar due to the various factors explained in the USD section and is expected to remain as the Fed eases in 2026. In addition, a firmer RMB and stabilising Chinese growth outlook should anchor regional sentiment, while Malaysia's domestic story - resilient consumption, moderate inflation, and credible fiscal reform, continues to attract foreign portfolio interest.

We take note that the recent Iran conflict poses significant risks for the MYR given the widening risk-off sentiment that could arise from it. The MYR just like other EM FX are already facing quite some selloff amid concerns that rising oil prices could badly hurt the global economy. However, the MYR could still fare better than other peers given that Malaysia is a net oil exporter. Additionally, the country's strong fundamentals - current accounts surplus, fiscal prudence and political stability all play a part in helping the MYR better weather the challenging environment. Also, higher oil prices can actually back higher dividend payment from SOEs towards the budget. Nonetheless, should the intensity of the conflict be prolonged, there would be upside risks to our USDMYR forecasts.

Policy and Macro Backdrop: A strong external position, rising investments and resilient private demand, supported by cash transfers as well as civil service pay and pension hikes underpin a solid growth outlook of 5.1% YoY in 2026 (2025: 5.2% YoY). With inflation expected to remain moderate at 1.7% YoY, BNM is likely to keep the OPR unchanged at 2.75%, ensuring that the MYR's carry appeal is not materially eroded. Commitment to fiscal consolidation also remains firm, with the fiscal deficit projected to narrow from 4.1% of GDP in 2024 to 3.7% in 2025 and 3.5% in 2026. While this should help contain bond supply, it is less likely to provide incremental support for bond market performance. MYR strength and Fed easing could still encourage further foreign inflows, although these may be more selective given expectations for policy stability. In addition, sizeable foreign-currency deposits held by corporates have yet to see significant conversion into MYR, offering latent support for the currency. The MYR is also among the most sensitive ASEAN FX to CNY/CNH movements, and a gradual appreciation in the yuan should provide another supportive tailwind.

Risks: The Iranian conflict poses significant downside risks for the MYR as per the explanation above. Any setback to the AI upcycle could also weaken Malaysia's external position and weigh on the MYR outlook, particularly if global scrutiny intensifies over the monetisation of AI investments. Uncertainty surrounding US-specific tariffs, especially on semiconductors, which are currently exempted from the US 19% reciprocal tariffs remains an additional overhang. While the US and China are currently observing a one-year trade truce, the situation remains fragile and any renewed escalation would be negative for the MYR. Domestic related risks will also be monitored closely, with the 2026 Malacca state election (or any early dissolutions) ahead and the future direction of fiscal policy. On the upside, a comprehensive US-China trade deal, stronger-than-expected AI-driven investments, or faster progress in subsidy rationalisation could amplify MYR gains. Beyond 2026, growth is expected to hold at 4.5% YoY in 2027, supported by robust private consumption, external trade, government spending and investment. Inflation is projected

to remain moderate at 1.9% YoY, which should allow BNM to keep the OPR unchanged at 2.75% in 2027 as well.

Macro & Policy Outlook: Our economists forecast OPR staying at 2.75% this year given strong growth upside of 5.1% for 2026 following strong full-year 2025 real GDP growth of +5.2% YoY. At the same time, we see moderate upside to inflation (2026F: +1.7%; 2025: +1.4%) reflecting manageable cost-push factors following targeted fiscal and structural reforms as well as long overdue adjustments i.e. Sales and Services Taxes (SST) and Tenaga electricity tariffs reviews (effective 1 July 2025); higher labour costs from minimum wage hike (partially effective 1 Feb 2025 and fully effective 1 Aug 2025), foreign workers' EPF contribution (effective Oct 2025) and multi-tier foreign worker levies (expected in 2026); increases in local government taxes and state water tariffs (2025-2026); targeted RON95 petrol subsidy rationalization (end Sep 2025). Demand-pull inflation risk is mitigated by economic growth outlook that is within the potential output growth range of +4.0% to +5.0%. To note, market is also pricing a stable OPR this year as per the 1-year interest rate swap

The government's Budget 2026, tabled on 10 Oct 2025, prioritised housing, healthcare, and education reforms, consistent with the Madani Economy and the 13th Malaysia Plan (13MP). These measures, together with continued implementation of major infrastructure projects and the Johor-Singapore Special Economic Zone (JS-SEZ), are expected to sustain private-sector investment and medium-term growth. Budget 2026 also targets a lower budget deficit, at MYR74.6b/3.5% of GDP (2025: MYR75.6b/3.7% of GDP) from a combination of tax revenue uplifts (Budget 2026: +MYR17b to MYR270.4b; 2025E: +MYR13.2b to MYR253.4b) and expenditure savings from 2024-2025 measures.

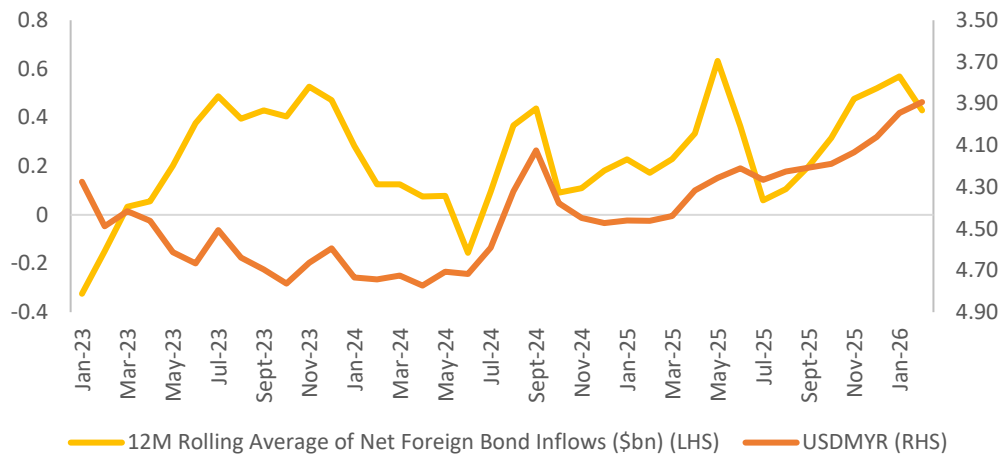
Inflation & Domestic Policy: Both headline and core inflation rates was steady in Jan 2026 at +1.6% YoY (Dec 2025: +1.6% YoY) and +2.3% YoY (Dec 2025: +2.3% YoY). 2025 inflation averaged +1.4%. Looking ahead, we expect inflation rate to average +1.8% for 2026, taking cue from the manageable impact on inflation of multiple cost factors that include higher labour costs, consumption-related tax adjustments, reviews in utilities' rates, and targeted subsidy rationalisation. Bank Negara Malaysia (BNM) left the Overnight Policy Rate (OPR) at 2.75% following this year's first Monetary Policy Committee (MPC) meeting on 21-22 Jan 2026. We view the Monetary Policy Statement (MPS) as continuing to flag stable OPR outlook i.e. keeping the "insurance policy" taken via the 25bps cut back in July 2025 given the persistent external uncertainties and volatilities to support the resilient domestic economy amid benign inflation.

External Trade & Balance: Jan 2026 saw a wide growth gap between exports (Jan 2026: +19.6% YoY; Dec 2025: +10.4% YoY) vs imports (Jan 2026: +5.3% YoY; Dec 2025: +12.0% YoY), resulting in wider trade surplus (Jan 2026: +MYR21.4b; Dec 2025: +MYR19.3b). 2025 exports and imports rose +6.5% YoY (2024: +5.8%) and +6.2% YoY (2024: +13.1%) respectively with +MYR151.8b trade surplus (2024: +MYR139.1b). A diversified exports base benefits Malaysia, amid the US-Malaysia trade deal and overhang in US tariff on semiconductors - currently exempted from US tariffs, and the AI-drive tech upcycle. Expect full-year 2026 forecast of +7.0% exports growth, +6.5% imports growth and +MYR172b trade surplus. A key takeaway from 2025 trade data is the importance of diverse export products and markets amid global trade uncertainty, volatility and shifts triggered by US trade policy and tariffs that are mitigated by the upside of AI-drive tech upcycle. Looking into 2026, enhancing export markets diversification and improvement in trade policy clarity will be key for external trade outlook and growth. Externally, while the US-China trade truce has provided short-term relief, uncertainty around product-specific tariffs, especially in semiconductors, remains a key risk. Still, regional stability and incremental stimulus from China's fiscal policies have supported sentiment toward the MYR.

Key risks include: Risks associated with the Iran conflict have been addressed above. Stronger-than-expected US data delaying Fed easing and supporting USD strength; Renewed US-China tariff frictions targeting semiconductors; Commodity price swings affecting Malaysia's trade balance; and global growth disappointments weighing on export performance. New geo-political conflicts that get elevated will strengthen USD.

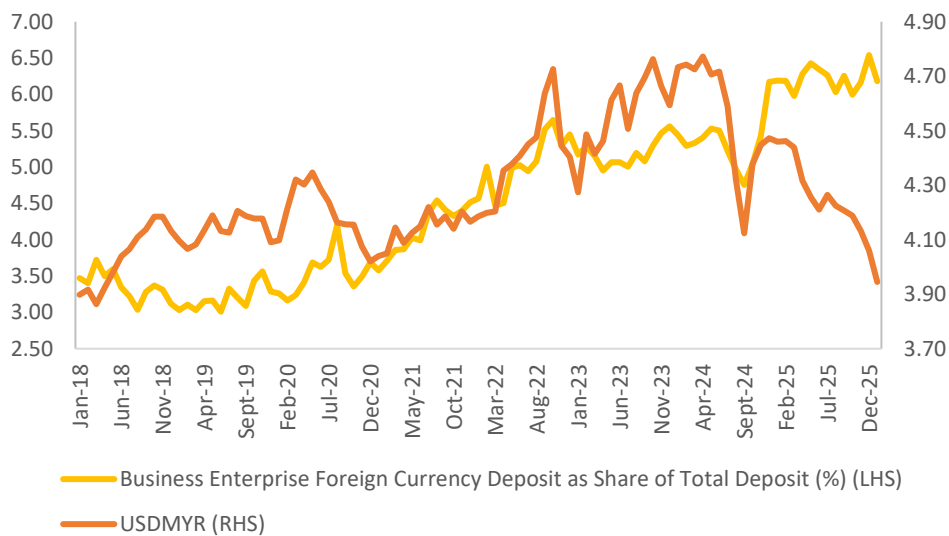
Key Data/Events in Mar 2026: S&P Global Malaysia PMI Mfg (2 Mar); BNM Policy Decision (5 Mar); Manufacturing Sales (10 Mar); Jan Foreign Reserves (6 Mar & 20 Mar); Jan Industrial Production (10 Mar); Feb CPI (19 Mar); Exports, Trade Balance (19 Mar).

Fast Money Played a Large Part in Lifting the MYR



Sources: Bloomberg, Maybank FX Research & Strategy

Foreign Conversions has Still Not Picked Up Significantly



Sources: Bloomberg, Maybank FX Research & Strategy

PHP: Caution Amid Challenging Backdrop



USD/PHP

1Q 2026	2Q 2026	3Q 2026	4Q 2026
58.50	58.00	59.00	59.50
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We keep to our USDPHP forecast as we expect PHP to still be on the backfoot given the challenging backdrop of soft growth, rate easing and a trade deficit. After cutting by 25bps at the recent Feb meeting, our economist is still expecting another 25bps cut later in the year to 4.00% on economic weakness, which in turn weighs on the currency's carry. Governance issues surrounding the flood control projects would continue to dampen public spending and hurting growth. Meanwhile, the country is still likely to report a trade deficit this year, which only serves to weigh on the currency. On the flipside, we do take into account that the JPM GBI-EM Global Diversified Index inclusion and repatriation can be some offsetting supportive factors.

We take note that the recent Iran conflict can pose significant risks to PHP given the Philippines position as a net oil importing country. Already, the PHP has been among the biggest losers regionally due to the pressure of the rising oil prices. Should the intensity of the conflict be prolonged, we see further upside risks to our USDPHP forecast as the demand for dollars rise.

BSP cut by 25bps in Feb, which was in line expectations with our economist expecting another 25bps cut this year. The central bank did somewhat sound more neutral this time around as they noted further cuts would be dependent upon on economic confidence. Inflation forecasts were also revised higher to 3.6% in 2026 and 3.2% in 2027 from 3.2% and 3.0% respectively previously, which looks to guide some caution on their part too. However, BSP growth expectations is still subdued at 4.6% for 2026 (2025: 4.4%) although they see a pick up to 52.9% in 2027. In essence, they look to be on data dependent mode at this point and the next 25bps cut looks to only come later in the year as the central bank may end up being on an extended pause. Nonetheless, the possibility of an additional cut weighs on the currency's carry appeal especially when Fed cuts in 2026 is looking unclear.

We remain favorable on RPGBs for both the 3Y and 5Y. The 3Y and 5Y were last seen as of writing at 5.24% and 5.56% respectively. The possibility of further rates cuts this year together with flush liquidity conditions should support Philippines bonds. The slowdown in government spending due to the flood control projects scandal, would also result in a narrower budget deficit of -5.7% of GDP in 2026 compared to -6.1% of GDP in 2025. Meanwhile, we expect there to be decent foreign interest for the bonds albeit there would be limits. Whilst the allocation arising from JPM GBI-EM Global Diversified Index inclusion would support flows, the weak currency would also weigh in on appetite. Latest flow data for Philippines which is dated to 31 Dec 2025 showed a net inflow of \$0.1bn. We expect appetite to be decent in the subsequent months.

There was a modest level of net foreign inflows into Philippines equities in Feb even the as PSEi performed. QTD as of 25 Feb 2026, there was net foreign inflow of \$0.3bn into Philippines equities. The unfavourable fundamental conditions that guide a weak currency could possibly be sapping foreign appetite for the country's equities. Nonetheless, uncertain political conditions and a soft economy also maybe keeping foreigners cautious even despite what appears to be local optimism to equities. In the coming months, we still expect foreign sentiment to be cautious towards the country's equities.

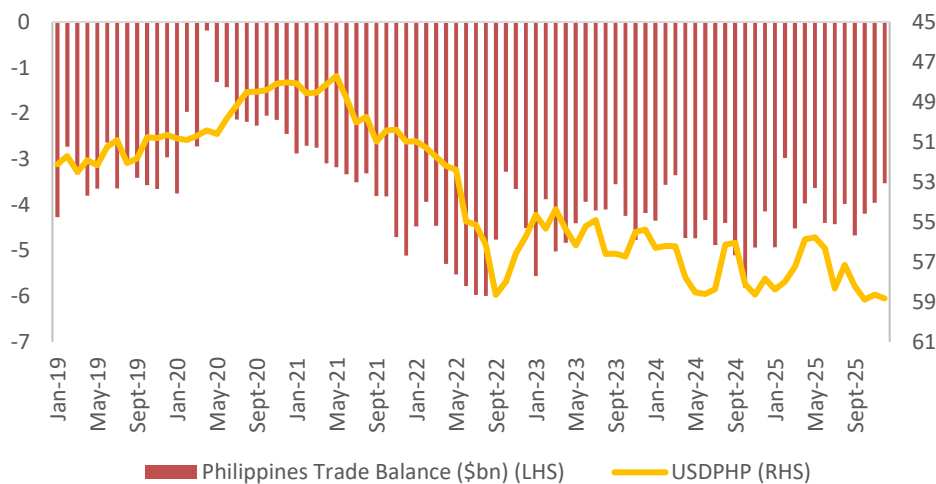
OFWR continues to remain strong and robust into the end of last year with the Dec number beating expectations. The number came out at 4.2% YoY (est. 3.3% YoY, Nov. 3.6% YoY) whilst the absolute reading was at \$3522m (Nov. \$2910m). The Jan number is likely to be softer given the completion of the holiday seasons (when repatriation is seasonally higher). Into 2026, OFWR repatriation is expected to remain strong as global PMIs should continue to hold up amid a robust global economy with an AI boom backing the US economy.

On other items, it remains uncertain the impact of the US Supreme Court Ruling on US tariffs for the Philippines at this point. The US had originally set a tariff rate of 19% for the Philippines which is higher than the 10% tariff or the potential 15% under section 122. Technically, Philippines should benefit from the lower tariffs but beyond the 150 days of these tariffs, it is unclear how the situation would evolve. Philippines has also not agreed to any trade deal with the US yet. Under a 10% tariff, Philippines' effective tariff is at 15.2% compared to 18.5% under 19%.

Risks Ahead: A greenback strengthening trend together with the BSP appearing relaxed about the PHP weakness can unravel our forecasts. OFWR flows can also risk being weighed down by a weaker than expected global economy. We are also increasingly vigilant of the threat of higher oil prices (as has been the case recently with the Iran conflict).

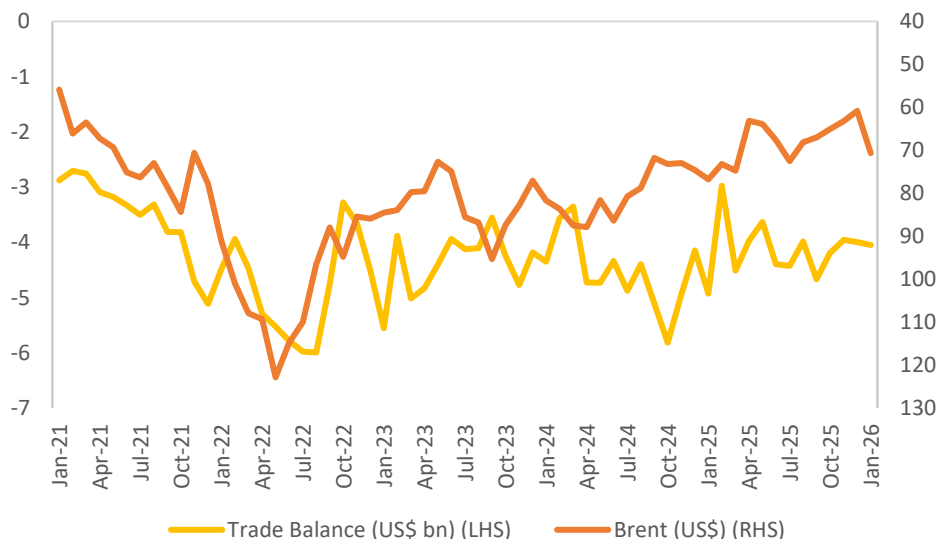
Key Data/Events: Feb S&P Global PMI mfg (2 Mar), Feb CPI (5 Mar), Feb foreign reserves (6 Mar), Jan bank lending (9 Mar), Jan unemployment rate (10 Mar), Jan OFWR (16 Mar), Feb BoP overall (19 Mar), Jan budget balance (19 Mar), Feb trade data (27 Mar), Feb bank lending (31 Mar).

Trade Deficit Creates Negative Backdrop for the PHP



Source: Bloomberg, Maybank FX Research & Strategy

Elevated Prices Led to a Widening in the Trade Deficit in 2022



Source: Bloomberg, Maybank FX Research & Strategy

IDR: Navigating the Confluence of Factors

	USD/IDR	1Q 2026	2Q 2026	3Q 2026	4Q 2026
		16900	16900	17000	17000
		(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDIDR forecast, expecting the currency to hold up but underperform peers. Dollar softness should provide support, though domestic constraints—fiscal concerns, rate easing, and equity pressures—remain a drag. Investors caution towards fiscal conditions are likely to persist even as we accept the deficit at 2.9% of GDP (legal limit at 3.0%). Carry will be weighed by 50bps of BI cuts in 2H 2026, while foreign appetite to equities would only gradually recover following post-MSCI volatility. However, there are factors limiting the impact of such domestic concerns including BI's prioritizing FX stability, the eight-point plan to address MSCI concerns, financing space for budget shortfalls, and a trade surplus.

We are cognizant of the risks that the Iran conflict poses to the IDR. Indonesia is somewhat a net importer of oil and the surging oil prices risk narrowing Indonesia's trade surplus. Also, the risk-off environment arising from the conflict can particularly weigh on riskier EM such as the IDR. Should the intensity of the conflict be prolonged, we see further upside risks to our USDIDR forecast. However, we also take note that the authorities would be in the market to support the currency.

BI kept rates on hold at 4.75% at the Feb meeting although we keep to our forecast of 50bps cuts in 2026, hurting carry. The central bank once again prioritized currency stability at the recent meeting although they still kept the door open for further rate cuts. They also continued to emphasize their strong support for the currency as they described it as “undervalued” and mentioned they continue raise the intensity of their intervention via DNDF, NDF and spot. Governor Warjiyo himself mentioned that they will “monitor the situation going forward to see if interest rates can be reduced”, while being “data dependent given the continuing high level of global uncertainty”. Our expectations are for the 50bps of cuts to likely come in 2H 2026.

Foreign equity inflows are likely to provide only limited support to the FX, as the post-MSCI recovery is expected to be gradual. YTD foreign equity outflows stood at -\$0.7bn as of 24 Feb 2026, largely reflecting selling following the late-January MSCI announcement, while MTD net inflows as of 25 Feb was flattish at \$0.04bn. MSCI's warnings regarding a potential downgrade or weightage reduction appear primarily aimed at encouraging improvements in free-float transparency. Indonesia has since announced an eight-point action plan, including key measures such as higher minimum free-float requirements (7.5% to 15%), enhanced shareholder disclosure (requiring disclosure of shareholder names for holdings above 1%, compared with 5% previously), and greater investor classification granularity by KSEI (from 9 to 28 sub-categories). While these steps are encouraging, effective follow-through will be critical. Overall, we are expecting MSCI to get its required ownership transparency. Combined with a pro-growth policy stance and around 10% earnings growth in 2026, this supports our view that the Jakarta Composite Index should still end the year higher at 9,250. Meanwhile, the FTSE Russell freeze on index-related changes does not represent punitive action; rather, it reflects a wait-and-see approach pending greater clarity on free-float reforms, in order to avoid unnecessary turnover and mispricing.

Foreign inflows into bonds are likely to remain measured, offering only limited support for the IDR. Bank Indonesia (BI) support and steady local demand, alongside cumulative BI rate cuts of 50bps, should underpin Indonesian government bonds. That said, markets are likely to remain cautious amid lingering fiscal and policy concerns. On balance, we are mildly bullish on Indonesian government bonds, as upside risks to yields appear contained, though the scope for further yield declines will depend on how these concerns evolve. Such uncertainties are also likely to keep foreign investors cautious. At the same time, foreign ownership remains low at around 13%, with absolute holdings at their lowest level since 2018. Taken together, this suggests that the risk of further foreign selling is limited while selective and opportunistic foreign buying may still emerge.

The government posted a rare deficit of Rp54.6tn in Jan but nonetheless, we continue to expect the overall 2026 deficit at 2.9% of GDP. There was a 26% jump in expenditure as the government pushes the implementation of projects to lift the economy though at the same time overall revenue climbed by 9.5%, which is undershooting a full year target of 14.4%. There was a tax revenue surge of 30.7% but that came off a low base last year whilst non-tax revenue was impacted by diversion of SOE dividend to Danantara. However, we still

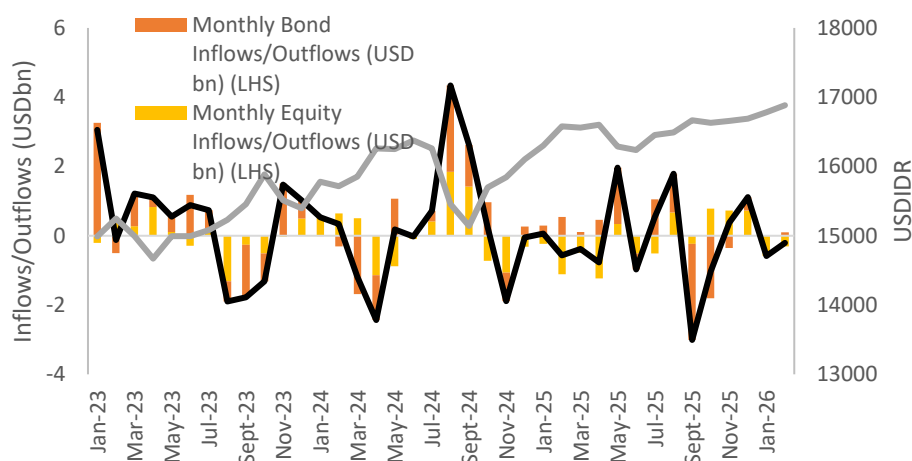
believe the budget deficit would be 2.9% as the government spending in the early year is frontloaded and may taper off. Also, there could still be excess budget allocation from the free school meals program given Jan outlay was only at Rp62tn whilst the full year budget stands at Rp335tn. Extra financing space could also help deal with the shortfall.

On other items, the uncertainty associated with the Supreme Court Ruling on US tariff creates a mixed situation for Indonesia. The deal has not yet been ratified but Indonesia does see several advantages including textile and apparel and palm oil exemptions. The tariff rate is though set at 19%, which is higher than the 10% enforced by section 122 so far and the further 15% threatened by the Trump administration. Given the lack of clarity of the US tariff developments, it remains to be seen what the best position Indonesia should take regarding it. Under a 10% tariff, Indonesia's effective tariff is at 16.9% compared to 23.6% under 19%.

Risks Ahead: Downside risks include fiscal slippage beyond the legal limit of the 3.00% mark, MSCI threats being realized and strong uptrend in the USD. Upside risks include more USD softness than our forecast or improved sentiment due to stronger assurance on the fiscal situation. Risks related to the Iran conflict have been explained above.

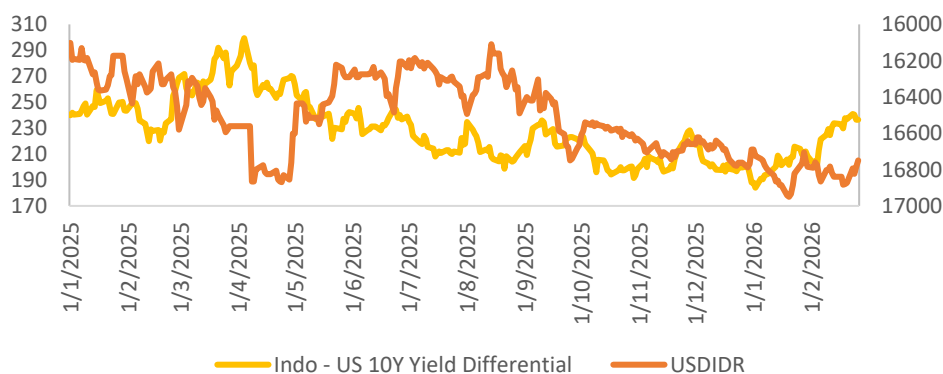
Key Data/Events: Feb S&P Global PMI mfg (2 Mar), Jan trade data (2 Mar), Feb CPI (2 Mar), Feb foreign reserves (6 Mar), Feb consumer confidence (9 Mar), Jan external debt (16 Mar), BI policy decision (17 Mar)

Limited Net Portfolio Outflows at Year Start



Source: Bloomberg, Maybank FX Research & Strategy

Note: Feb Bonds data is as of 13 Feb 2026 whilst equities and IDR data is as of 18 Feb 2026
10Y Yield Differentials Have Widened Again Recently



Source: Bloomberg, Maybank FX Research & Strategy

THB: Caution Amid Rising Challenges



USD/THB

1Q 2026	2Q 2026	3Q 2026	4Q 2026
31.00	30.50	32.00	32.50
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our USDTHB forecast but we are cautious about the THB and expect it would underperform peers. As with other pairs, the USDTHB would trace the USD as it moves lower in 1H 2026 before rebounding in 2H 2026. A robust external position (AI and tourism recovery) and an S-I surplus would back the currency. However, the flipside factors would significantly weigh on the THB - government discomfort with FX strength, unfavourable carry and a possible gold price - THB correlation breakdown. On the former, both the BOT and the government have already rolled out measures to address FX strength. Regarding carry, the BOT surprised with a 25bps cut in Feb justifying it on FX and economic concerns whilst the door for more cuts does not actually look shut. Meanwhile, risks of USD and oil price upside can weaken the gold price - THB correlation leading to CTAs selling off.

We are extremely cognizant of the risks that the Iran conflict poses to the THB. Thailand is a net importer of oil and the rising oil prices arising from the conflict can lead to a narrowing of the country's trade surplus. Also, a stronger dollar would not bode well for the THB. Combined, the impact of the two factors on weakening the THB can also help sever its positive correlation with rising gold prices (during such geopolitical tensions) and lead to CTAs selling off. Should the intensity of the conflict be prolonged, we see further upside risks to our USDTHB forecast. Also take note, the surging oil prices are also occurring at the same time as that the Thailand faces a seasonally narrower CA position.

BOT surprised with a 25bps cut to 1.00% in Feb but we expect them on hold for the rest of 2026. The vote split behind the decision stood at 4-2 as the MPC justified the decision on the basis of higher inflation downside risks, below potential growth and currency strength. Tone wise, they do appear somewhat more "neutral" especially as they removed the statement "stands ready to adjust" whilst also noting that the "the present level of the policy interest rate reflects a sufficiently accommodative monetary policy stance". Our economist is expecting that the central bank be on pause until end 2027. However, we are also not going to completely rule out the chance still of further cuts as the BOT did not look to have fully shut the door. Take note, Assistant Governor Nakornthab mentioned that they are preserving a 50bps policy space buffer (relative to the 0.50% pandemic low) given high uncertainty stemming from US tariffs. Additionally, he also noted that the rate cut may ease the inflow into bonds. Nonetheless, we would not deny that the bar is higher for additional a cut especially as the MPC does acknowledge that the effectiveness of each subsequent cut diminishes closer to the lower bound. Currency wise, we do believe that the unfavourable carry and potential that the BOT can surprise again can weigh on the THB.

The BJT also surprised in the Thai elections as it increased its seat count and strengthen its voice in a coalition government. The BJT in total won 193 seats out of 500 which puts it in a stronger position in the formation of a coalition government. As it stands, the BJT has partnered with PT together with other smaller parties, to form a government with a comfortable majority of 300 seats. Policies that look to be pursued include consumption stimulus and cost-of-living assistance measures. The 'FastPass' FDI is also expected to be pushed through unlocking THB1.9tn of investments whilst THB1.5tn in infrastructure projects could be better executed. Sentiment is already being lifted as the SET has strongly rallied and foreign interest looks to be making a return with about \$1.7bn of foreign inflows into equities mtd as of 25 Feb 2026. However, despite the optimism we are choosing to be cautious on whether it can sustain. Take note that this is still a coalition government in power with two parties that have their own interests. Also, the opposition is still a strong and large group especially in the likes of PP.

We keep to a neutral stance regarding ThaiGBs as we remain wary of issuance and the likelihood of a BOT pause. The surprise BOT rate cut has helped to guide the curve lower although at this point, we remain cautious that rate cuts can give any further support. As mentioned, the door is not closed on cuts but we see the bar high for further easing and our economist expects a pause until end 2027. At the same time, the formation of a somewhat "stronger" coalition government with BJT's increased number of seats does reduce the risks of delay in budgetary spending. However, we also stay cautious of challenges associated with the ability of the coalition to work together.

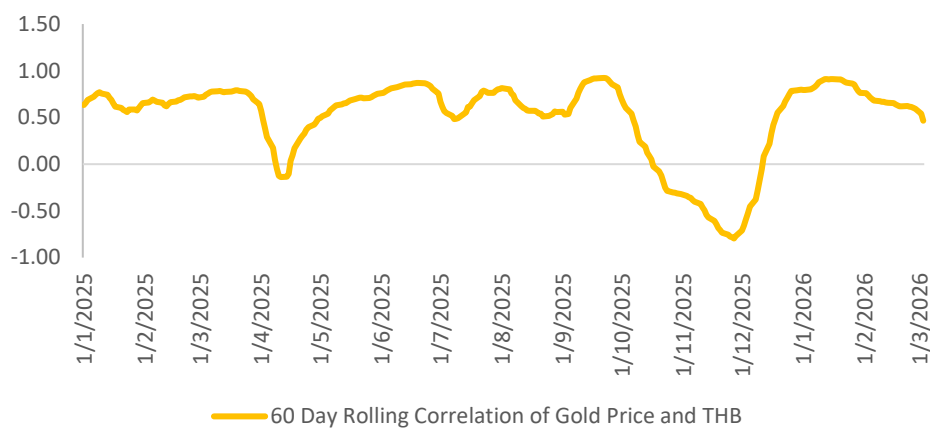
On other items, it remains uncertain the impact of the US Supreme Court Ruling on US tariffs for Thailand at this point. The US had originally set a tariff rate of 19% for Thailand

which is higher than the 10% tariff or the potential 15% under section 122. Technically, Thailand should benefit from the lower tariffs but beyond the 150 days of these tariffs, it is unclear how the situation would evolve. Thailand has also not agreed to any trade deal with the US yet. Under a 10% tariff, Thailand's effective tariff is at 15.2% compared to 18.8% under 19%.

Risks Ahead: Major downside risks include if the government announces stronger measures to deal with the unexplainable flows or if the USD sees a substantial uptrend. Significant downside risks includes further BOT easing, a greenback that surprises much weaker than forecast or a breakdown in the coalition government.

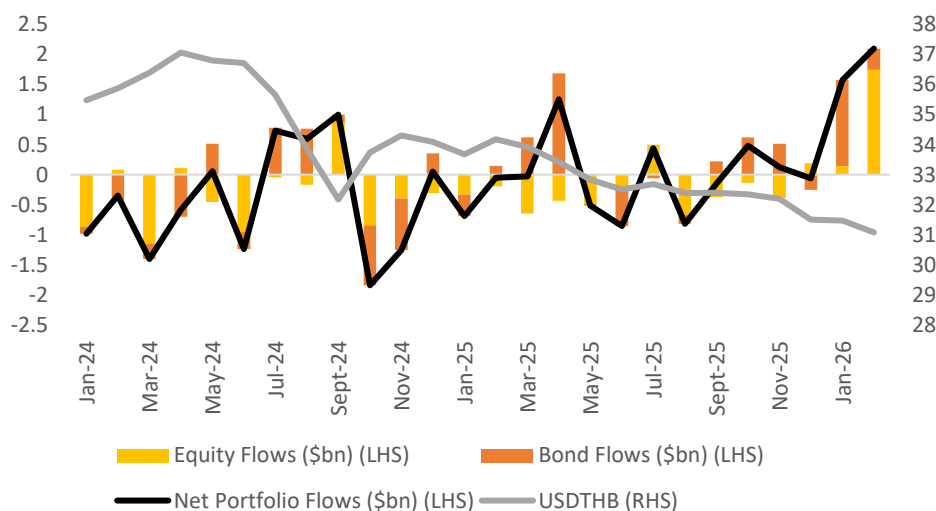
Key Data/Events: Feb S&P Global PMI mfg (2 Mar), Feb CPI (5 Mar), Feb consumer confidence (8 - 13 Mar), Feb car sales (2 - 25 Mar), Feb customs trade (21 - 26 Mar), Feb ISIC mfg prod index and capacity utilization (27 - 29 Mar), Feb BoP CA/overall balance (31 Mar) and Feb trade data (31 Mar).

THB - Gold Price Positive Correlation Weakens



Source: Bloomberg, Maybank FX Research & Strategy

Cautious if Strong Net Portfolio Inflows YTD Can Hold Up



Source: Bloomberg, Maybank FX Research & Strategy

VND: Giving Back Gains



USD/VND

1Q 2026	2Q 2026	3Q 2026	4Q 2026
26200	26000	26200	26400
(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: For much of Jan and Feb, we saw a rather strong demand for VND. But the drop in USDVND seems to have reversed. There are two reasons - one is due to the bullish seasonality ahead of Tet and the other is inflation trajectory. The US/Israel attack on Iran may be affecting the VND via two channels - 1) Vietnam being a net energy importer, 2) USD is bid broadly against most currencies. A prolonged conflict could pose upside risks to our USDVND forecasts.

The Tet effect. We saw USDVND drop precipitously ahead of Tet. The demand for cash during this period normally results in bullish seasonal effects for VND. On top of that, there was quite a bit of optimism generated after Vietnam's MOF pledged to use three measures to get Vietnam's sovereign credit rating upgraded to investment-grade of BBB- by 2030 - namely prudent debt management, macroeconomic stability and deeper engagement with international rating agencies. We recall that the three-pronged approach will enable the Vietnam to secure an investment-grade sovereign rating of Baa3 or BBB- or higher by 2030. The last upgrade by Fitch to BB+ was in 2023. Right after Tet, we saw a USDVND rebound. That was also in line with the SBV USDVND reference rate fix that was marginally higher.

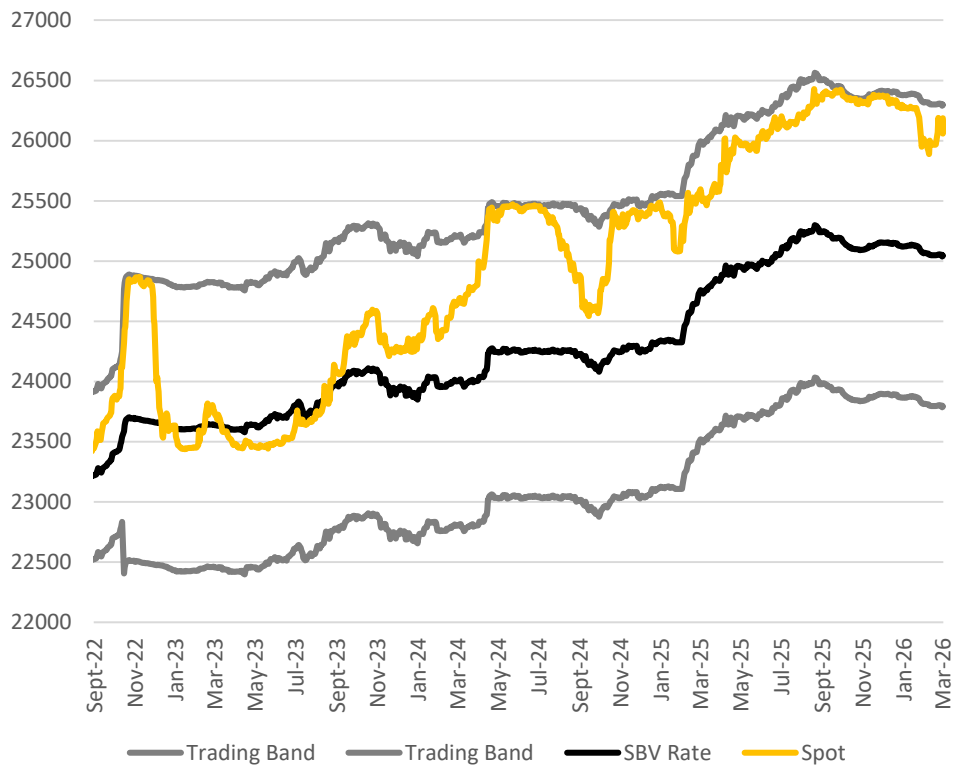
Inflation Trajectory Matters. It was also clear that USDVND has been rather sensitive to inflation expectations. The USDVND was a tad more constrained when the Vietnam Ministry said that inflation could quicken towards 3.6-4.6% from last year. This was taken as a sign that a weaker VND is less tolerated. Regardless, the attack on Iran and broader market volatility has overwhelmed the policy signaling.

Recall Vietnam's Five Year Plan - Vietnam's National Assembly set the growth target to be at a minimum of 10% for 2026. The first meeting of the National Steering Committee for the Implementation of Resolution 79 was chaired by PMM Chinh on 1 Feb. He urged for new policies to optimise State resources, improving governance, promoting digitalisation and green development, and balancing state and private sector resources whilst reducing excessive administrative intervention (Vietnam+). PPPs should be expanded. SoEs need to be restructured to improve efficiency and governance and the aim is for 50 SOEs to be SEA's 500 largest firms and one to three in the global top 500 by 2030.

Gold Premium Is Stable. The eventual goal of liberalizing the gold market home was to narrow the domestic-international premium. However, that had not happened as domestic gold prices continued to remain above international gold prices. In the old regime, SBV was the only importer of gold and SJC (Saigon Jewelry Co.) produced most of the standard bullion bars in Vietnam. The abolishment of state monopoly of gold has taken effect but supply is still an issue as most enterprises (including banks) that are licensed to trade gold bars are not able to move so quickly into the full production of bullion bars under the new regime. As such, the supply of non-SJC bars are still scarce. That said, this is the early stage of liberalisation. **A National Gold Exchange is also in the works to improve transparency, reduce speculation and manipulation of prices and the Exchange could start operation as early as this month (Feb) according to Vietnam Plus.** Eventually, the gold exchange may gradually unlock gold supply held by public hoarders especially if prices were to come to a better equilibrium. There are even requirements for all gold transactions worth VND20mn within a day to be made via bank accounts. Vietnam likely hopes to have an exchange liken the Shanghai Gold Exchange which helps to better circulate the bullion.

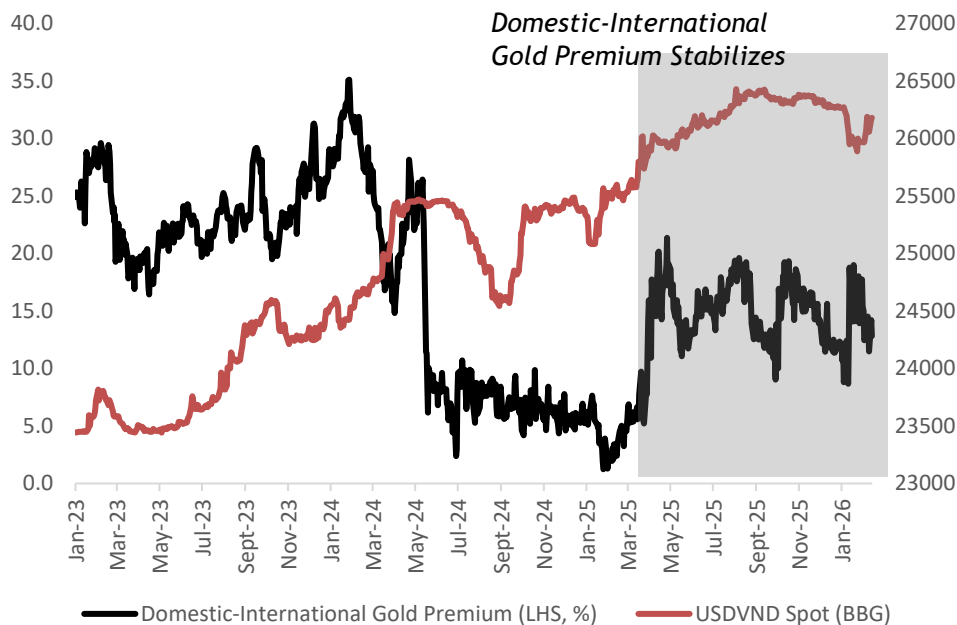
Our economist noted that the economy ended the year strong with a 8% growth for the full year, above the 7.8% expected. Growth was driven by manufacturing and construction and brisk infrastructure spending. Services growth accelerated (8.8%) led by trade and tourism-related segments. FDI commitments were still robust and the plans laid out by Congress' certainly supported investor sentiment. Our economist looks for 7.6% growth for 2025, underpinned by resilient exports, rising FDI, acceleration in public investment and consumption recovery.

Spot Drops Closer towards Daily Reference Rate



Source: Bloomberg, State Bank of Vietnam, Maybank FX Research & Strategy

Narrower Domestic-International Gold Premium Stabilizes the VND



Source: Bloomberg, Macrobond, State Bank of Vietnam, Maybank FX Research & Strategy

INR: No Rest for the Rupee

	USD/INR	1Q 2026	2Q 2026	3Q 2026	4Q 2026
		92.00	90.00	90.50	91.00
		(90.00)	(89.00)	(89.50)	(90.00)

Previous Forecasts in Parentheses

Motivation: We revise our USDINR forecasts higher given the balance of risks after the Middle East conflict erupted and SCOTUS quashed Trump's IEEPA tariffs. We also retain our broad USD trajectory for a weaker USD in 1H26 and a supported USD in 2H26. INR remains highly volatile and India's reliance on energy imports via the Straits of Hormuz means that they could be forced to continue buying energy from Russia if the Middle East conflict persists, which could put their previously agreed trade deal with the US at jeopardy. In addition, SCOTUS quashing Trump's IEEPA tariffs raises uncertainty on the trade front, which could add to volatility in the INR. India is also at risk of being drawn into a conflict in a scenario where it broadens, given that they are more aligned towards Israel and are geographically close to the conflict. Moreover, Pakistan is more aligned with Iran and a broadening of the regional conflict could see the nuclear powers take their respective sides.

1M USDINR NDF traded in a 90.18 to 92.19 range in Feb (average: 90.86), narrower than the 89.96 to 92.44 range in Jan (average: 91.03). The INR enjoyed a brief respite at the start of the month and then trended higher after. The central bank looks to have stepped away from strongly defending what were seen as lines in the sand (USDINR at 89, 90, 91 and 92), although they could defend any further upside move in USDINR. We suggest that market could also have been further emboldened after Governor Maholtra suggested that given the inflation differentials between India and developed markets, an annual depreciation of 3% to 3.5% in the INR would be normal.

In 2026 we see no further cuts from the RBI and for the policy rate to end the year at 5.25%. Our view is slightly more dovish than consensus of 5.29% and is roughly in line with market pricing. RBI held on 6 Feb as widely expected. Should the RBI decide to ease further, there could be likely further pressures on the INR, which could be tricky for the RBI to deal with at this juncture.

Inflation is expected to ease with forecasts seeing 2.0% inflation in FY26 (FY25: 2.2%) before a step up to 4.0% in FY27. Growth is expected to remain reasonably strong at 7.5% YoY (prev: 7.1%) in real terms, with probability of a recession estimated to be close to 0%. The fiscal deficit is projected to narrow to -4.4% of GDP in 2026. 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. These factors are fundamentally supportive of a stronger INR.

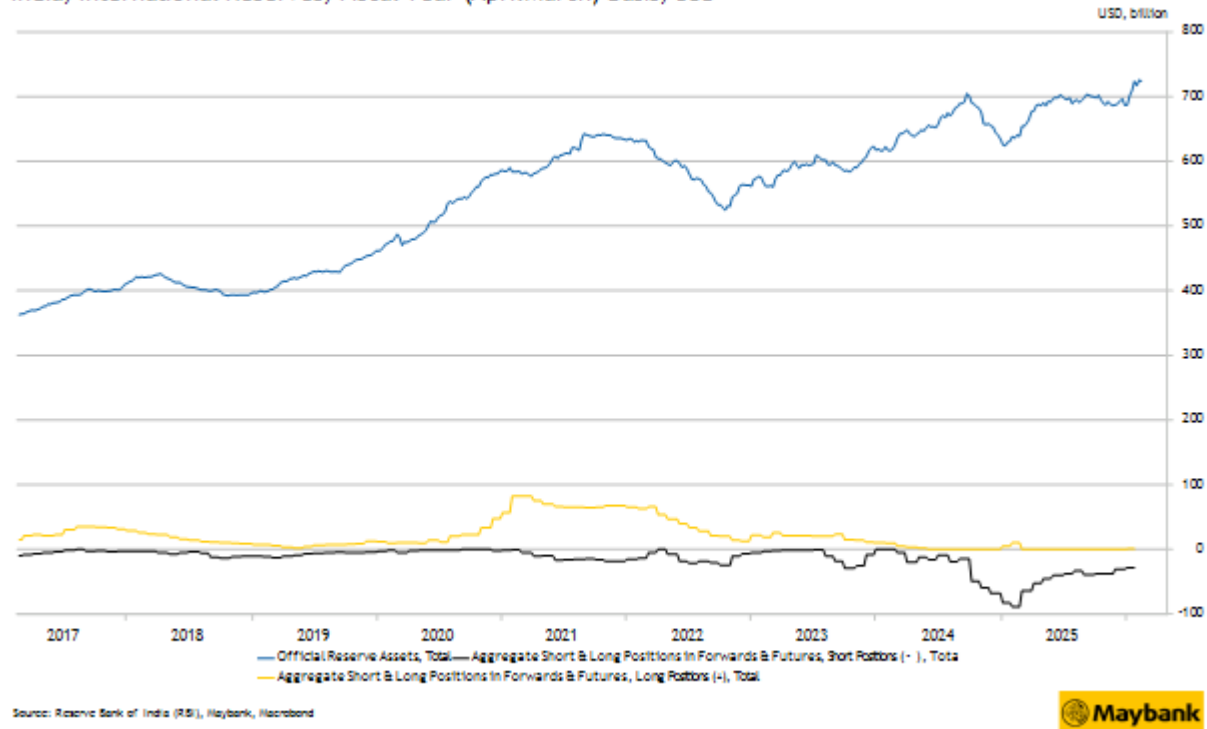
India remains an attractive choice for countries alienated by US trade and foreign policy to reach out to. Over this period, India has inked deals with the EU, UK, NZ, and ironically most recently the US. The India-EU trade deal is expected to take effect over the course of a year and has been heralded by both the India and the EU after two decades of stalled negotiations. India will eliminate or reduce tariffs on 96.6% of EU exports while the EU does the same for 99.5% of Indian exports. Our view is that India's value proposition remains as an important geopolitical diversification away from the US and China. On another level, it is also an important geopolitical hedge against both the US and China, and its attractiveness as a rising power also cements this status. India's importance as an economic power could rise and with it providing some support for the INR, although this could take some time to play out.

Risk to our view: The RBI easing further or declining to intervene even further could affect our INR outlook. With India now also firmly involved in the geopolitical game of chess between the US and China, the dynamic moving forward will be interesting, yet challenging. Our base case is that Modi does not alienate BRICS in favour of the US and it is likely that there is a scenario where India wins by acting as a go-between for the global South and global North or if you prefer the East and the West. A broadening of the US-Iran conflict could negatively impact the INR and is a tail risk. However, should geopolitical chess go badly for India then we would expect INR weakness to be one of the first and most immediate manifestations.

Key Data/Events: Feb Mfg PMI, Jan Industrial Production, 4Q CA Balance (2 Mar), Jan Svcs/Comp (4 Mar), Feb CPI (12 Mar), Feb Exports/Imports/Trade Balance (13 to 16 Mar), Feb Wholesale Prices, Feb Unemployment Rate (16 Mar), Mar P PMIs (24 Mar), Feb Industrial Production (27 Mar), YTD Fiscal Deficit (30 Mar).

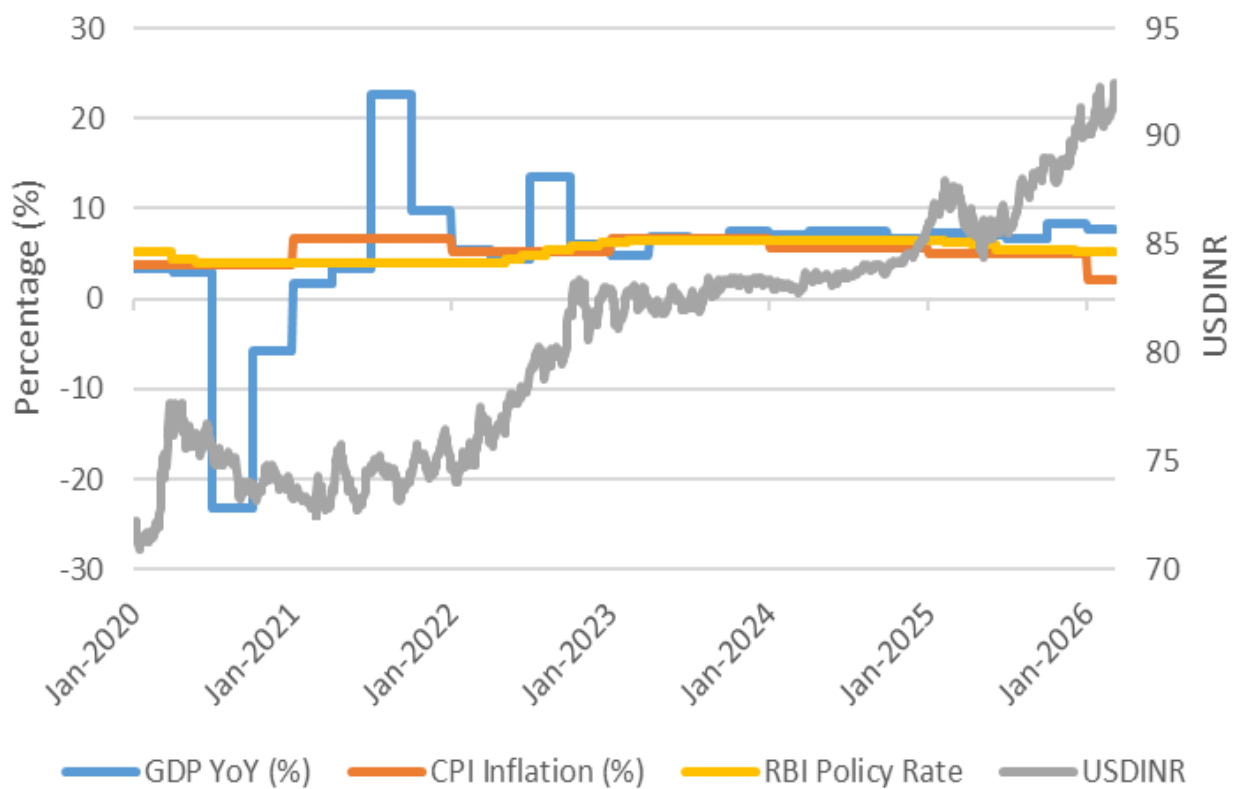
Forward Book (Short USD Positions) Pare Back Suggesting Less Forward Intervention

India, International Reserves, Fiscal Year (April/March) Basis, USD



Source: Macrobond, Maybank FX Research & Strategy

USDINR Rises While Inflation Retreats



Source: Bloomberg, Macrobond, Maybank FX Research & Strategy

Gold: A Slow Grind Higher

	1Q 2026	2Q 2026	3Q 2026	4Q 2026
XAU/USD	5000	5200	5200	5500
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: A war has broken out (again). Gold reacted as it should in the first 48 hours before drifting back towards the 5150 as we write. The move atop \$5k as we have mentioned brings the bullion to the top of the uptrend that has sustained for months. We continue to look for sideways trades, albeit supported on dips. The \$5K-level retains its magnetic draw, even as we continue to expect the environment to remain somewhat supportive of the bullion. The move higher towards \$5500 will be a grind.

Gold's role as an inflation hedge is still relevant in 2026. Disinflation continues to stall. Even as we expect inflation to continue its more benign trajectory, there are signs that inflation could be bottoming this year, especially if commodity prices (oil, silver, copper) resume their bullish trajectory and with China possibly coming out of deflation this year. Hedging against inflation is still a relevant trade for 2026.

Fed To Ease in 2026, Supportive of Gold. Thus far, markets are underpricing the likelihood of Fed cuts in 1H of 2026. We see a possibility for the USD to extend its downtrend further should data releases suggest further softening in the USD. We see possibility that further softening of the USD would provide a more sustained lift to gold in the second half of this year.

More Geopolitical Conflicts to Underpin Support - War in Iran. Gold rose at open on 2 Mar, right after Iran was attacked by the US and Israel. This attack had been weeks in the making but we suspect markets do not have conviction to trade higher, not just because of our technical analyses, but also because a number of America's traditional allies are distancing themselves from the war in Iran. While Spain and the UK spoke out against the attack. Germany allows the US to use its base with Chancellor Merz voicing doubts on whether the attack would result in a regime shift at all. The fact that the rest of the world was not so eager to jump on the bandwagon likely weakened appetite for the safe haven gold. Oil prices remained elevated and USD strength alongside higher UST yields likely crimped on gold as well.

US-China Summit: Trump is about to meet President Xi on 31 Mar for a potential extension of the trade truce negotiated in South Korea last Oct. The trade truce is meant to last a year to give both sides more time to adapt to the new export curbs that the two nations are going to apply to each other. As a result, Trump has launched the Project Vault which is a strategic critical minerals stockpile with \$12bn in seed money, to buffer manufacturers from supply shocks as the US strive to reduce its reliance on Chinese rare earths and other metals. The Project Vault will combine \$1.67bn in private capital with a \$10bn loan from the US Ex-Im bank to purchase and store minerals, akin to a national stockpile. We expect Trump to seek an extension for the trade truce to give the US more time to set up alternative supply chains for rare earth and other strategic critical minerals. The outcome from this meeting is likely to be favourable but that is also meant to pave the way for a more fragmented world. That also means that gold conditions can remain soft in the near-term but structurally, the underpinnings remain robust for the bullion in the medium term.

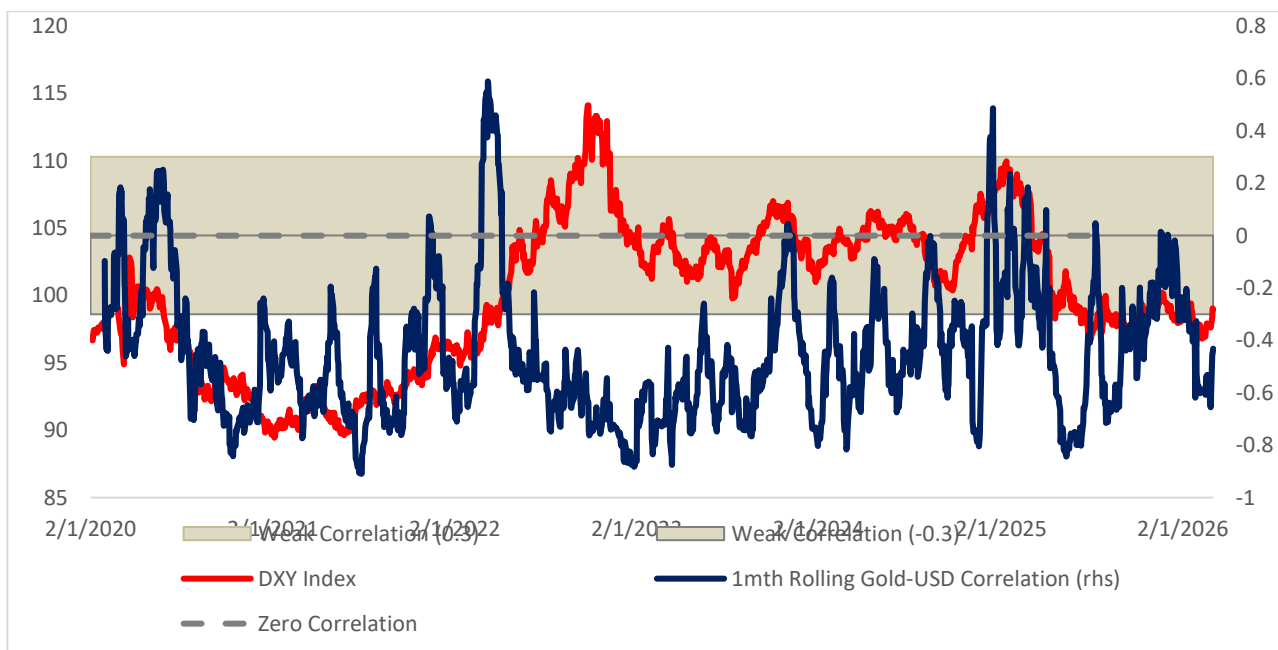
Supply Conditions Unchanged: According to WGC, annual mine production grew fractionally y/y, albeit to a new record high of 3672tonne while the full-year recycled gold supply rose only 3%. Total gold supply rose 1% to 5002t, the highest ever on record (since 1970). Mine production may rise in 2026 as two major mines recovers - in Grasberg (Indonesia) and Barrick (Mali). Artisanal and small-scale gold mining contribution should also continue to rise in supply. That said, global gold mining industry has struggled to grow over the past decade. Normally, recycling activity rise when gold prices rise but that seem to be constrained by hoarding activities in major markets.

Technical Analysis: Gold's Consolidation Remain in a Wide Range (4800-5600). Momentum is mildly bullish but stochastics are entering overbought conditions. Break to the downside will open the way towards support around 4400.

Technical Analysis Chart: XAU/USD - Daily - Gold's Consolidation may happen in a Wide Range



The USD-Gold Inverse Correlation Has Strengthened of Late - Lower USD May Drive Gold Higher



Source: Bloomberg, Maybank FX Research & Strategy

FX Forecast Table

	End Q1-26	End Q2-26	End Q3-26	End Q4-26
USD/JPY	155.00	150.00	150.00	160.00
EUR/USD	1.1700	1.1950	1.1850	1.1750
GBP/USD	1.3500	1.3800	1.3750	1.3700
AUD/USD	0.7100	0.7300	0.7200	0.7200
NZD/USD	0.6000	0.6200	0.6300	0.6300
USD/CAD	1.3600	1.3600	1.3400	1.3400
USD/CHF	0.7700	0.7600	0.7650	0.7700
USD/SGD	1.2600	1.2400	1.2450	1.2500
USD/MYR	3.9000	3.8000	3.9000	3.9500
USD/IDR	16900	16900	17000	17000
USD/THB	31.00	30.50	32.00	32.50
USD/PHP	58.50	58.00	59.00	59.50
USD/CNY	6.82	6.78	6.80	6.80
USD/CNH	6.82	6.75	6.78	6.78
USD/HKD	7.78	7.75	7.75	7.78
USD/TWD	31.30	31.00	31.00	31.00
USD/KRW	1440	1420	1430	1420
USD/INR	92.00	90.00	90.50	91.00
USD/VND	26200	26000	26200	26400
DXI Index	98.05	96.09	96.51	97.93
Gold (\$/oz)	5000	5200	5200	5500
	End Q1-26	End Q2-26	End Q3-26	End Q4-26
SGD/MYR	3.10	3.06	3.13	3.16
JPY/SGD	0.81	0.83	0.83	0.78
EUR/SGD	1.47	1.48	1.48	1.47
GBP/SGD	1.70	1.71	1.71	1.71
AUD/SGD	0.89	0.91	0.90	0.90
NZD/SGD	0.76	0.77	0.78	0.79
CAD/SGD	0.93	0.91	0.93	0.93
CHF/SGD	1.64	1.63	1.63	1.62
SGD/IDR	13413	13629	13655	13600
SGD/THB	24.60	24.60	25.70	26.00
SGD/PHP	46.43	46.77	47.39	47.60
SGD/CNY	5.41	5.47	5.46	5.44
SGD/HKD	6.17	6.25	6.22	6.22
SGD/TWD	24.84	25.00	24.90	24.80
SGD/KRW	1143	1145	1149	1136
SGD/INR	73.02	72.58	72.69	72.80
SGD/VND	20794	20968	21044	21120
	End Q1-26	End Q2-26	End Q3-26	End Q4-26
JPY/MYR	2.52	2.53	2.60	2.47
EUR/MYR	4.56	4.54	4.62	4.64
GBP/MYR	5.27	5.24	5.36	5.41
AUD/MYR	2.77	2.77	2.81	2.84
NZD/MYR	2.34	2.36	2.46	2.49
CAD/MYR	2.87	2.79	2.91	2.95
CHF/MYR	5.06	5.00	5.10	5.13
MYR/IDR	4333	4447	4359	4304
MYR/THB	7.95	8.03	8.21	8.23
MYR/PHP	15.00	15.26	15.13	15.06
MYR/CNY	1.75	1.78	1.74	1.72
MYR/HKD	1.99	2.04	1.99	1.97
MYR/TWD	8.03	8.16	7.95	7.85
MYR/KRW	369	374	367	359
MYR/INR	23.59	23.68	23.21	23.04
MYR/VND	6718	6842	6718	6684

Source: Maybank FX Research as of 5 Mar 2026. *These forecasts are meant to be indicative of FX trends and not meant to be point forecasts.

DISCLAIMER

This report is for information purposes only and under no circumstances is it to be considered or intended as an offer to sell or a solicitation of an offer to buy the securities or financial instruments referred to herein, or an offer or solicitation to any person to enter into any transaction or adopt any investment strategy. Investors should note that income from such securities or financial instruments, if any, may fluctuate and that each security's or financial instrument's price or value may rise or fall. Accordingly, investors may receive back less than originally invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities and/or financial instruments or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Malayan Banking Berhad and/or its affiliates and related corporations (collectively, "Maybank") and consequently no representation is made as to the accuracy or completeness of this report by Maybank and it should not be relied upon as such. Accordingly, no liability can be accepted for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Maybank and its officers, directors, associates, connected parties and/or employees may from time to time have positions or be materially interested in the securities and/or financial instruments referred to herein and may further act as market maker or have assumed an underwriting commitment or deal with such securities and/or financial instruments and may also perform or seek to perform investment banking, advisory and other services for or relating to those companies whose securities are mentioned in this report. Any information or opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward looking statements. Maybank expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

This report is prepared for the use of Maybank's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank. Maybank accepts no liability whatsoever for the actions of third parties in this respect. This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.

APPENDIX I: TERMS FOR PROVISION OF REPORT, DISCLAIMERS AND DISCLOSURES

DISCLAIMERS

This research report is prepared for general circulation and for information purposes only and under no circumstances should it be considered or intended as an offer to sell or a solicitation of an offer to buy the securities referred to herein. Investors should note that values of such securities, if any, may fluctuate and that each security's price or value may rise or fall. Opinions or recommendations contained herein are in form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from the relevant jurisdiction's stock exchange in the equity analysis. Accordingly, investors' returns may be less than the original sum invested. Past performance is not necessarily a guide to future performance. This report is not intended to provide personal investment advice and does not take into account the specific investment objectives, the financial situation and the particular needs of persons who may receive or read this report. Investors should therefore seek financial, legal and other advice regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report.

The information contained herein has been obtained from sources believed to be reliable but such sources have not been independently verified by Maybank Investment Bank Berhad, its subsidiary and affiliates (collectively, "Maybank IBG") and consequently no representation is made as to the accuracy or completeness of this report by Maybank IBG and it should not be relied upon as such. Accordingly, Maybank IBG and its officers, directors, associates, connected parties and/or employees (collectively, "Representatives") shall not be liable for any direct, indirect or consequential losses or damages that may arise from the use or reliance of this report. Any information, opinions or recommendations contained herein are subject to change at any time, without prior notice.

This report may contain forward looking statements which are often but not always identified by the use of words such as "anticipate", "believe", "estimate", "intend", "plan", "expect", "forecast", "predict" and "project" and statements that an event or result "may", "will", "can", "should", "could" or "might" occur or be achieved and other similar expressions. Such forward looking statements are based on assumptions made and information currently available to us and are subject to certain risks and uncertainties that could cause the actual results to differ materially from those expressed in any forward looking statements. Readers are cautioned not to place undue relevance on these forward-looking statements. Maybank IBG expressly disclaims any obligation to update or revise any such forward looking statements to reflect new information, events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Maybank IBG and its officers, directors and employees, including persons involved in the preparation or issuance of this report, may, to the extent permitted by law, from time to time participate or invest in financing transactions with the issuer(s) of the securities mentioned in this report, perform services for or solicit business from such issuers, and/or have a position or holding, or other material interest, or effect transactions, in such securities or options thereon, or other investments related thereto. In addition, it may make markets in the securities mentioned in the material presented in this report. One or more directors, officers and/or employees of Maybank IBG may be a director of the issuers of the securities mentioned in this report to the extent permitted by law.

This report is prepared for the use of Maybank IBG's clients and may not be reproduced, altered in any way, transmitted to, copied or distributed to any other party in whole or in part in any form or manner without the prior express written consent of Maybank IBG and Maybank IBG and its Representatives accepts no liability whatsoever for the actions of third parties in this respect.

This report is not directed to or intended for distribution to or use by any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for distribution only under such circumstances as may be permitted by applicable law. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Without prejudice to the foregoing, the reader is to note that additional disclaimers, warnings or qualifications may apply based on geographical location of the person or entity receiving this report.

Malaysia

Opinions or recommendations contained herein are in the form of technical ratings and fundamental ratings. Technical ratings may differ from fundamental ratings as technical valuations apply different methodologies and are purely based on price and volume-related information extracted from Bursa Malaysia Securities Berhad in the equity analysis.

Singapore

This report has been produced as of the date hereof and the information herein may be subject to change. Maybank Research Pte. Ltd. ("MRPL") in Singapore has no obligation to update such information for any recipient. For distribution in Singapore, recipients of this report are to contact MRPL in Singapore in respect of any matters arising from, or in connection with, this report. If the recipient of this report is not an accredited investor, expert investor or institutional investor (as defined under Section 4A of the Singapore Securities and Futures Act 2001), MRPL shall be legally liable for the contents of this report.

Thailand

Except as specifically permitted, no part of this presentation may be reproduced or distributed in any manner without the prior written permission of Maybank Securities (Thailand) Public Company Limited. Maybank Securities (Thailand) Public Company Limited ("MST") accepts no liability whatsoever for the actions of third parties in this respect.

If you are an authorised recipient, you hereby tacitly acknowledge that the research reports from MST Research are first produced in Thai and there is a time lag in the release of the translated English version.

The disclosure of the survey result of the Thai Institute of Directors Association ("IOD") regarding corporate governance is made pursuant to the policy of the Office of the Securities and Exchange Commission. The survey of the IOD is based on the information of a company listed on the Stock Exchange of Thailand and the market for Alternative Investment disclosed to the public and able to be accessed by a general public investor. The result, therefore, is from the perspective of a third party. It is not an evaluation of operation and is not based on inside information. The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey may be changed after that date. MST does not confirm nor certify the accuracy of such survey result.

The disclosure of the Anti-Corruption Progress Indicators of a listed company on the Stock Exchange of Thailand, which is assessed by Thaipat Institute, is made in order to comply with the policy and sustainable development plan for the listed companies of the Office of the Securities and Exchange Commission. Thaipat Institute made this assessment based on the information received from the listed company, as stipulated in the form for the assessment of Anti-corruption which refers to the Annual Registration Statement (Form 56-1), Annual Report (Form 56-2), or other relevant documents or reports of such listed company. The assessment result is therefore made from the perspective of Thaipat Institute that is a third party. It is not an assessment of operation and is not based on any inside information. Since this assessment is only the assessment result as of the date appearing in the assessment result, it may be changed after that date or when there is any change to the relevant information. Nevertheless, MST does not confirm, verify, or certify the accuracy and completeness of the assessment result.

US

This third-party research report is distributed in the United States ("US") to Major US Institutional Investors (as defined in Rule 15a-6 under the Securities Exchange Act of 1934, as amended) only by Wedbush Securities Inc. ("Wedbush"), a broker-dealer registered in the US (registered under Section 15 of the Securities Exchange Act of 1934, as amended). All responsibility for the distribution of this report by Wedbush in the US shall be borne by Wedbush. This report is not directed at you if Wedbush is prohibited or restricted by any legislation or regulation in any jurisdiction from making it available to you. You should satisfy yourself before reading it that Wedbush is permitted to provide research material concerning investments to you under relevant legislation and regulations. All U.S. persons receiving and/or accessing this report and wishing to effect transactions in any security mentioned within must do so with: Wedbush Securities Inc. 1000 Wilshire Blvd, Los Angeles, California 90017, +1 (646) 604-4232 and not with the issuer of this report.

UK

This document is being distributed by Maybank Securities (London) Ltd ("MSUK") which is authorized and regulated, by the Financial Conduct Authority and is for Informational Purposes only. This document is not intended for distribution to anyone defined as a Retail Client under the Financial Services and Markets Act 2000 within the UK. Any inclusion of a third party link is for the recipients convenience only, and that the firm does not take any responsibility for its comments or accuracy, and that access to such links is at the individuals own risk. Nothing in this report should be considered as constituting legal, accounting or tax advice, and that for accurate guidance recipients should consult with their own independent tax advisers.

DISCLOSURES

Legal Entities Disclosures

Malaysia: This report is issued and distributed in Malaysia by Maybank Investment Bank Berhad (15938-H) which is a Participating Organization of Bursa Malaysia Berhad and a holder of Capital Markets and Services License issued by the Securities Commission in Malaysia. **Singapore:** This report is distributed in Singapore by MRPL (Co. Reg No 198700034E) which is regulated by the Monetary Authority of Singapore. **Indonesia:** PT Maybank Sekuritas Indonesia ("PTMSI") (Reg. No. KEP-251/PM/1992) is a member of the Indonesia Stock Exchange and is regulated by the Financial Services Authority (Indonesia). **Thailand:** MST (Reg. No. 0107545000314) is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission. **Philippines:** Maybank Securities Inc (Reg. No. 01-2004-00019) is a member of the Philippines Stock Exchange and is regulated by the Securities and Exchange Commission. **Vietnam:** Maybank Securities Limited (License Number: 117/GP-UBCK) is licensed under the State Securities Commission of Vietnam. **Hong Kong:** MIB Securities (Hong Kong) Limited (Central Entity No AAD284) is regulated by the Securities and Futures Commission. **India:** MIB Securities India Private Limited ("MIBSI") is a participant of the National Stock Exchange of India Limited and the Bombay Stock Exchange and is regulated by Securities and Exchange Board of India ("SEBI") (Reg. No. INZ000010538). MIBSI is also registered with SEBI as Category 1 Merchant Banker (Reg. No. INM 000011708) and as Research Analyst (Reg No: INH000000057). **UK:** Maybank Securities (London) Ltd (Reg No 2377538) is authorized and regulated by the Financial Conduct Authority.

Disclosure of Interest

Malaysia: Maybank IBG and its Representatives may from time to time have positions or be materially interested in the securities referred to herein and may further act as market maker or may have assumed an underwriting commitment or deal with such securities and may also perform or seek to perform investment banking services, advisory and other services for or relating to those companies.

Singapore: As of 6 March 2026, Maybank Research Pte. Ltd. and the covering analyst do not have any interest in any companies recommended in this research report.

Thailand: MST may have a business relationship with or may possibly be an issuer of derivative warrants on the securities /companies mentioned in the research report. Therefore, Investors should exercise their own judgment before making any investment decisions. MST, its associates, directors, connected parties and/or employees may from time to time have interests and/or underwriting commitments in the securities mentioned in this report.

Hong Kong: As of 6 March 2026, MIB Securities (Hong Kong) Limited and the authoring analyst do not have any interest in any companies recommended in this research report.

India: As of 6 March 2026, and at the end of the month immediately preceding the date of publication of the research report, MIBSI, authoring analyst or their associate / relative does not hold any financial interest or any actual or beneficial ownership in any shares or having any conflict of interest in the subject companies except as otherwise disclosed in the research report. In the past twelve months MIBSI and authoring analyst or their associate did not receive any compensation or other benefits from the subject companies or third party in connection with the research report on any account what so ever except as otherwise disclosed in the research report.

Maybank IBG may have, within the last three years, served as manager or co-manager of a public offering of securities for, or currently may make a primary market in issues of, any or all of the entities mentioned in this report or may be providing, or have provided within the previous 12 months, significant advice or investment services in relation to the investment concerned or a related investment and may receive compensation for the services provided from the companies covered in this report.

OTHERS

Analyst Certification of Independence

The views expressed in this research report accurately reflect the analyst's personal views about any and all of the subject securities or issuers; and no part of the research analyst's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Reminder

Structured securities are complex instruments, typically involve a high degree of risk and are intended for sale only to sophisticated investors who are capable of understanding and assuming the risks involved. The market value of any structured security may be affected by changes in economic, financial and political factors (including, but not limited to, spot and forward interest and exchange rates), time to maturity, market conditions and volatility and the credit quality of any issuer or reference issuer. Any investor interested in purchasing a structured product should conduct its own analysis of the product and consult with its own professional advisers as to the risks involved in making such a purchase.

No part of this material may be copied, photocopied or duplicated in any form by any means or redistributed without the prior consent of Maybank IBG.

Published by:



Malayan Banking Berhad
(Incorporated In Malaysia)

Foreign Exchange
Singapore
Saktiandi Supaat
Head, FX Research
saktiandi@maybank.com
(+65) 6320 1379

Fiona Lim
Senior FX Strategist
Fionalim@maybank.com
(+65) 6320 1374

Alan Lau
FX Strategist
alanlau@maybank.com
(+65) 6320 1378

Shaun Lim
FX Strategist
shaunlim@maybank.com
(+65) 6320 1371

Indonesia
Juniman
Chief Economist, Indonesia
juniman@maybank.co.id
(+62) 21 2922 8888 ext 29682

Myrdal Gunarto
Industry Analyst
MGunarto@maybank.co.id
(+62) 21 2922 8888 ext 29695

Sales
Malaysia
Zarina Zainal Abidin
Head, Sales-Malaysia, Global Markets
zarina.za@maybank.com
(+60) 03- 2786 9188

Tan Yew Yan
Head, Sales Corporates & CFS
yewyan.tan@maybank.com

Singapore
Sheetal Dev Kaur
Head, Corporates Sales (MBS)
skaur@maybank.com
(+65) 63201335

Tan Huilin
Head, Sales FI
TanHuilin@maybank.com
(+65) 63201511

Janice Loh Ai Lin
Head, Sales (MSL)
jloh@maybank.com.sg
(+65) 6536 1336

Shanghai
Joyce Ha
Treasury Sales Manager
Joyce.ha@maybank.com
(+86) 21 28932588

Indonesia
Endang Yulianti Rahayu
Head of Sales, Indonesia
EYRahayu@maybank.co.id
(+62) 21 29936318 or
(+62) 2922 8888 ext 29611

Philippines
Angela R. Ofrecio
Head, Global Markets Sales
Arofrecio@maybank.com
(+632 7739 1739)

Fixed Income
Malaysia
Winson Phoon
Head, Fixed Income
winsonphoon@maybank.com
(+65) 6231 5831

Erine Yu
(+60) 03-2074 7606
erine.yu@maybank.com