

Less De-Dollarisation, More Polarisation

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Publication features

- Full set of currency forecasts
- Tactical trading ideas
- Fundamental-based FX valuations
- Technical analysis
- Total return analysis
- Flow of funds

FX Performance in 1H 2026

| FX | % ytd vs. USD as of Jun 26 |
|-----|----------------------------|
| AUD | 3.3 |
| CNY | 2.8 |
| VND | -0.0 |
| MYR | -0.1 |
| SGD | -0.7 |
| HKD | -0.8 |
| NZD | -1.9 |
| GBP | -2.0 |
| CHF | -2.1 |
| EUR | -3.0 |
| JPY | -3.1 |
| CAD | -3.3 |
| PHP | -3.8 |
| INR | -4.8 |
| THB | -5.5 |
| KRW | -6.5 |
| IDR | -6.6 |

SUMMARY

Currency polarisation

- Following the de-dollarisation scare of 2Q 2025, global markets are entering an era of structural currency polarisation a year later.
- Iran and Venezuela represent a targeted US strategy to restore the Petrodollar framework.
- China and the EU want to elevate the global roles of their currencies to mitigate USD risks.
- EU and the US want China to address CNY undervaluation to fix trade imbalances.

Currency blocs roundup

- European currencies are still in the stronger portion of their Trump 2.0 ranges.
- Outperforming currencies – AUD, CNY, and MYR – may consolidate.
- The decline in global oil prices should reduce the pressure on Asia’s vulnerable currencies.
- The Fed’s hawkish June dots may mirror Powell’s warning that a December cut was not a done deal.

FX strategic trade ideas

- Buy KRW at its deepest undervaluation since 2009
- Long NZD/CAD on asymmetric relative value

Valuations and flows analysis

- USD, EUR, AUD, and CHF are the most over-valued G10 currencies.
- JPY’s valuation has deepened to a record low.
- IDR displaced KRW as the most undervalued Emerging Asian currency.

FX FORECASTS

| Ccy pair, eop | Jun 26 | 3Q26 | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 4Q27 | 2028 | 2029 | 2030 |
|---------------|--------|-------|--------------|-------|-------|-------|--------------|-------|-------|-------|
| USDCNY | 6.8005 | 6.75 | 6.70 | 6.74 | 6.78 | 6.81 | 6.85 | 6.77 | 6.68 | 6.60 |
| USDHKD | 7.8419 | 7.83 | 7.83 | 7.83 | 7.83 | 7.83 | 7.83 | 7.80 | 7.80 | 7.80 |
| USDINR | 94.403 | 93.4 | 93.9 | 94.4 | 95.0 | 95.5 | 96.1 | 98.2 | 100.4 | 102.5 |
| USDIDR | 17922 | 17760 | 17600 | 17660 | 17730 | 17790 | 17860 | 18120 | 18380 | 18640 |
| USDMYR | 4.0885 | 4.02 | 3.95 | 4.00 | 4.05 | 4.10 | 4.15 | 4.05 | 3.95 | 3.85 |
| USDPHP | 61.309 | 60.4 | 60.6 | 60.7 | 60.9 | 61.1 | 61.3 | 62.0 | 62.6 | 63.3 |
| USDSGD | 1.2940 | 1.28 | 1.27 | 1.28 | 1.29 | 1.29 | 1.30 | 1.28 | 1.26 | 1.24 |
| USDKRW | 1535 | 1470 | 1485 | 1500 | 1515 | 1530 | 1545 | 1495 | 1445 | 1400 |
| USDTHB | 33.377 | 32.7 | 32.0 | 32.5 | 33.0 | 33.5 | 34.0 | 33.0 | 32.0 | 31.0 |
| USDVND | 26298 | 26290 | 26290 | 26430 | 26570 | 26710 | 26850 | 27110 | 27370 | 27630 |
| AUDUSD | 0.6896 | 0.70 | 0.71 | 0.70 | 0.70 | 0.69 | 0.69 | 0.70 | 0.71 | 0.73 |
| USDCAD | 1.4195 | 1.40 | 1.38 | 1.39 | 1.40 | 1.42 | 1.43 | 1.41 | 1.39 | 1.37 |
| EURUSD | 1.1384 | 1.15 | 1.17 | 1.16 | 1.15 | 1.14 | 1.13 | 1.15 | 1.17 | 1.19 |
| USDJPY | 161.74 | 156 | 151 | 153 | 154 | 155 | 157 | 153 | 150 | 146 |
| NZDUSD | 0.5641 | 0.58 | 0.59 | 0.59 | 0.58 | 0.58 | 0.57 | 0.58 | 0.59 | 0.60 |
| USDCHF | 0.8097 | 0.80 | 0.79 | 0.80 | 0.81 | 0.82 | 0.83 | 0.82 | 0.81 | 0.80 |
| GBPUSD | 1.3200 | 1.34 | 1.36 | 1.35 | 1.34 | 1.33 | 1.32 | 1.33 | 1.35 | 1.36 |
| DXY Index | 101.36 | 100.0 | 98.6 | 99.4 | 100.2 | 101.0 | 101.8 | 99.9 | 98.1 | 96.2 |

Australia, Eurozone, New Zealand and United Kingdom are direct quotes

Sources: DBS Research, Bloomberg data

Futures/OIS pricing for central bank policy rates as of 29 Jun 2026

| | Fed Funds Rate | | ECB depo rate | | BOE bank rate | | SNB policy rate | | BOJ bal rate | | RBA cash rate | | RBNZ cash rate | | BOC o/n lend | |
|------|----------------|---------------|----------------|---------------|---------------|---------------|-----------------|--------|----------------|---------------|----------------|---------------|----------------|---------------|---------------|---------------|
| | Mtg | % | Mtg | % | Mtg | % | Mtg | % | Mtg | % | Mtg | % | Mtg | % | Mtg | % |
| 2025 | Dec 10 | 3.75 | Dec 18 | 2.00 | Dec 18 | 3.75 | Dec 11 | 0.00 | Dec 19 | 0.75 | Dec 9 | 3.60 | Nov 26 | 2.25 | Dec 10 | 2.25 |
| 2026 | Jan 28 | 3.75 | | | | | | | Jan 23 | 0.75 | | | | | Jan 28 | 2.25 |
| | | | Feb 5 | 2.00 | Feb 5 | 3.75 | | | | | Feb 3 | 3.85 | Feb 18 | 2.25 | | |
| | Mar 18 | 3.75 | Mar 19 | 2.00 | Mar 19 | 3.75 | Mar 19 | 0.00 | Mar 19 | 0.75 | Mar 17 | 4.10 | | | Mar 18 | 2.25 |
| | Apr 29 | 3.75 | Apr 30 | 2.00 | Apr 30 | 3.75 | | | Apr 28 | 0.75 | | | Apr 8 | 2.25 | Apr 29 | 2.25 |
| | | | | | | | | | | | May 5 | 4.35 | May 27 | 2.25 | | |
| | Jun 17 | 3.75 | Jun 11 | 2.25 | Jun 18 | 3.75 | Jun 18 | 0.00 | Jun 16 | 1.00 | Jun 16 | 4.35 | | | Jun 10 | 2.25 |
| | Jul 29 | 3.75 | Jul 23 | 2.25 | Jul 30 | 3.75 | | | Jul 31 | 1.00 | | | Jul 8 | 2.50 | Jul 15 | 2.25 |
| | | | | | | | | | | | Aug 11 | 4.35 | | | | |
| | Sep 16 | 4.00 | Sep 10 | 2.50 | Sep 17 | 3.75 | Sep 24 | 0.00 | Sep 18 | 1.00 | Sep 29 | 4.35 | Sep 2 | 2.50 | Sep 2 | 2.25 |
| | Oct 28 | 4.00 | Oct 29 | 2.50 | | | | | Oct 30 | 1.25 | | | Oct 28 | 2.75 | Oct 28 | 2.25 |
| | | | | | Nov 5 | 4.00 | | | | | Nov 3 | 4.35 | | | | |
| | Dec 9 | 4.00 | Dec 17 | 2.50 | Dec 17 | 4.00 | Dec 10 | 0.00 | Dec 18 | 1.25 | Dec 8 | 4.35 | Dec 9 | 2.75 | Dec 9 | 2.50 |
| 2025 | 3 cuts | 75 bps | 4 cuts | 100 bps | 4 cuts | 100 bps | 2 cuts | 50 bps | 2 hikes | 50 bps | 3 cuts | 75 bps | 6 cuts | 200 bps | 4 cuts | 125 bps |
| 2026 | 1 hike | 25 bps | 2 hikes | 50 bps | 1 hike | 25 bps | -- | -- | 2 hikes | 50 bps | 3 hikes | 75 bps | 2 hikes | 50 bps | 1 hike | 25 bps |

Sources: DBS Research, Bloomberg data

CENTRAL THEME: LESS DE-DOLLARIZATION, MORE POLARISATION

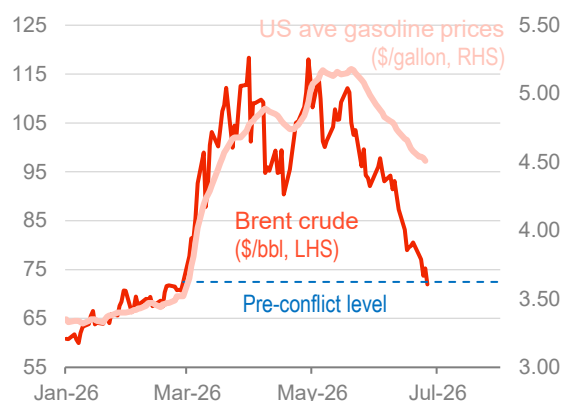
Although the post-June FOMC currency market suggests a structural USD resurgence, a deeper inspection of the macroeconomic and geopolitical dynamics reveals heightened volatility and crosscurrents for the remainder of 2026 instead.

The Fed's hawkish tilt at the June FOMC meeting, where 9 out of 19 participants pencilled at least one hike later this year, **is in danger of being diminished**. Apart from a US-Iran peace agreement lowering crude oil prices back to levels at the start of Operation Epic Fury, Fed Chair Kevin Warsh and Treasury Secretary Scott Bessent are dismantling forward guidance. President Trump will almost certainly push back if the Fed delivers the rate hike markets priced in just before the November 3 US midterm elections.

The US midterms will be a volatile event. The prediction markets see the Republicans retaining control of the Senate and losing control of the House to the Democrats. President Trump is hitting historic lows in public approval ratings, weighed down by independent voters who feel the second-term reality has deviated from the promised stability. Hence, voters will split Capitol Hill to install a constitutional brake on his executive agenda.

US President Donald Trump's **aggressive geopolitical manoeuvres in Iran and Venezuela represent a targeted strategy to restore the Petrodollar framework**, with intentions to mirror this strategy for Russia upon a resolution of the Ukraine conflict. These actions appear to forcefully push the alternative BRICS+ payment architectures back into the USD orbit. However, they do not structurally guarantee success against de-dollarisation or Trump reneging on his MAGA goal for a more competitive USD.

Worst is likely over for Iran conflict



Sources: Bloomberg, DBS

The global trade environment is entering a combative phase, with the CNY potentially becoming a flashpoint. The European Union has actively begun targeting what it deems as an undervalued CNY to aggressively address its trade deficit with China. The US Senate has launched a bipartisan push for the US Treasury Department to formally re-label China a currency manipulator. However, this structural pushback is complicated by three more Trump-Xi meetings over the remainder of 2026, alongside deep divisions among EU nations that are hesitant to alienate China while trying to diversify away from the US.

Consequently, following the short-lived de-dollarisation scare of 2Q 2025, global markets are entering an era of structural currency polarisation a year later. The irreconcilable friction between a structural US trade deficit powered by consumer resilience and fiscal expansion, and an expanding Chinese surplus fuelled by domestic deflationary pressures and industrial output. Caught in the middle, Europe's current account surplus is shrinking under the weight of its digital reliance on the US and its manufacturing exposure to China, pivoting Brussels toward economic defence tools including protectionism. Rather than moving in lockstep with global macro, exchange rates will increasingly diverge, reflecting each region's specific exposure to this structural triangle.

EUROPEAN CURRENCIES

EUR/USD remains resilient in the upper half of its Trump 2.0 trading range despite the US-Iran conflict.

Although EUR/USD depreciated by 3% to 1.1385 in the first half of 2026, it remained 9.3% above the 1.04 level at President Donald Trump's inauguration on January 20, 2025.

The vulnerability to oil shocks observed during the 2022 Ukraine crisis had been significantly reduced by the time of Operation Epic Fury. First, the EU has secured global LNG supply chains by replacing reliance on legacy pipelines with an agile network of Floating Storage Regasification Units (FSRUs). Second, Strict regulatory mandates ensure continental gas storage reservoirs are consistently filled to at least 90% capacity ahead of seasonal demand spikes, absorbing potential supply shocks. Third, structural optimizations have reduced industrial gas demand by 15-18% without triggering a contraction in manufacturing.

The decline in global crude oil prices to pre-Iran conflict levels should reduce two risks to the EUR. First, European Central Bank President Christine Lagarde stated that the Eurozone is no longer facing a worst-case scenario of economic stagnation, as plunging energy costs are suppressing headline inflation and revitalizing domestic consumer purchasing power. As US gasoline prices retreat alongside crude oil prices, market scepticism will deepen over the Fed's ability to hike rates before midterms without Trump possibly pushing for lower rates and reviving fears about central bank independence.

Following the EU sovereign debt crisis, the EU has evolved from an inward-looking and economically fractured trade bloc to a more unified bloc forged by external threats. The debt crisis exposed internal structural flows

European currencies in Trump 2.0



Sources: Bloomberg, DBS

and financial divisions between member states. The ECB preserved unity through its pledge to “do whatever it takes” with the creation of permanent bailout mechanisms.

Next, the full-scale invasion of Ukraine shattered Europe's post-Cold War security assumptions, shifting the EU's focus from internal fiscal governance to joint external defence and geopolitical solidarity. Recently, this shift has been anchored by the EU's deployment of a EUR 90 billion Ukraine Support Loan, the EU's extension of its Temporary Protection Directive for refugees into 2028, and Brussels' explicitly locking Kyiv into advanced membership accession talks.

Following Donald Trump's return to the White House, his administration's aggressive transactional diplomacy, including tariff threats and demands for Europe to take full command of NATO by 2027, has forced the EU to build concrete, unified economic and security defence mechanisms.

Today, the ECB is fortifying this economic shield by aggressively pushing for a stronger global role for the euro. To insulate the bloc from external weaponisation and foreign policy shocks, the bank has accelerated its digital euro initiative to secure pan-European payment autonomy. Backed by record-breaking EUR-denominated debt issuance, the

EUR now commands roughly 20% of global currency use, cementing its role as a vital geopolitical asset.

However, a central paradox has emerged in the EU's global currency ambitions. While both the Eurozone and China strive to elevate their currencies internationally, European political leaders have increasingly weaponised the undervalued CNY (allegedly by 15-40%) as a political scapegoat for the Euro Area's record-wide EUR 360 billion annual trade deficit with China. ECB President Christine Lagarde firmly rejected calls from German Chancellor Friedrich Merz and other EU politicians for a modern Plaza Accord to force a massive CNY appreciation, exposing a deep rift between the EU's aggressive political rhetoric and the ECB's pragmatic economic diplomacy.

GBP/USD to keep within the 1.30-1.39 range set since mid-2025.

Do not expect this year's Labour Party leadership contest to mirror the mini-budget crisis that followed the Conservative Party's contest in 2022. While both transitions inherited a fragile macroeconomic environment marked by war-related high inflation, the underlying economic mechanics of their leadership platforms are fundamentally reversed.

Unlike the 2022 strategy under former Prime Minister Liz Truss, which triggered a severe Gilt market panic by introducing completely unfunded tax cuts financed through a massive surge in public borrowing, the 2026 Labour framework operates on a strict, pound-for-pound revenue-matching model. Furthermore, rather than sidelining the Office for Budget Responsibility (OBR) and undermining institutional trust, today's frontrunners are actively cooperating with established fiscal rules and submitting their policy proposals to independent scrutiny.

By prioritizing targeted tax adjustments to fund structural cost reductions, such as nationalizing transport, over-aggressive demand-side stimulus, the current transition is designed to work alongside markets and independent regulators, effectively neutralizing the risk of a sudden, volatile institutional shock.

USD/CHF remains within its well-defined 0.76–0.82 haven range set in mid-2025.

Aside from a brief capitulation to a multi-year low of 0.76 during January's aggressive "Sell America" trade, USD/CHF has spent the bulk of the past year consolidating tightly between 0.78 and 0.82. Following the launch of Operation Epic Fury on February 28, safe-haven capital flight pinned USD/CHF back down into a tactical 0.78–0.80 band. It took a hawkish FOMC pivot on June 17 to finally crack the 0.80 ceiling towards 0.81, as a widening interest rate differentials outlook.

While USD/CHF captures the headlines, the Swiss National Bank is likely structurally and historically fixated on the EUR/CHF cross rate. The EU is Switzerland's dominant trading partner and crucial for inbound tourism, particularly from Germany. Following a bruising slide from 0.94 down to 0.90 between December and February, EUR/CHF consolidated in a tight 0.9100–0.9250 range during the US-Iran conflict.

Looking ahead, a Fed hike remains the primary catalyst that could lift USD/CHF into a higher 0.82–0.85 range, except for countervailing forces. First, falling global oil prices are rapidly stripping the Fed of its hawkish justification by pulling headline inflation down toward target. Second, political headwinds loom large. President Trump maintains an inherent, highly public desire for rate cuts rather than hikes as he eyes the mid-term elections.

COMMODITY CURRENCIES

AUD/USD consolidates after a spectacular outperformance.

AUD/USD's 13.4% rally from 0.6420 to 0.7380 between November and May could be broken into two episodes. The initial phase was attributed to a historic global gold frenzy and the CNY's persistent appreciation. Australia is the world's second-largest gold producer, and China is its largest buyer. The second stage culminated in Australia having the highest G10 policy rate, following the Reserve Bank of Australia's three rate hikes in February-May.

By June, the AUD's tailwinds naturally faded as markets priced out further RBA hikes in favour of 1-2 Fed hikes, while gold prices continued to decline to a seven-month low. However, we remain cautious of these prevailing trends.

The RBA still commands the highest policy rate. Markets could be overpricing Fed hikes against the return of global oil prices to pre-war levels, just like they did into the RBA's third hike. There appears to be a disconnect between the RBA's higher-for-longer stance and the incentive for Australian banks to call an end to the tightening cycle. The World Gold Council reported that China's physical gold demand remained robust. China's state-owned banks have halted retail leveraged gold accounts, which could divert some of the speculative liquidity in leveraged paper trading directly into physical gold.

NZD and CAD have been moving in lockstep in Trump 2.0.

In 2025, NZD and CAD traded in tandem on an indexed basis, consolidating at subdued levels. This synchronization was further reinforced in late 2025, when the Reserve Bank of New Zealand's and the Bank of Canada's rate-cutting cycles converged at the same terminal policy floor of 2.25%.

Asia's weakest currencies in Trump 2.0



Sources: Bloomberg, DBS

NZD and CAD remained aligned in 2026 despite the divergent impacts of the Iran conflict on their economies. Canada's status as a major crude exporter insulated its domestic economy, allowing the BOC to look past energy-driven headline inflation. BOC Governor Tiff Macklem maintained that underlying core inflation remains well anchored and that the domestic economy is soft enough to warrant a prolonged pause. As a net importer of all its crude oil and refined petroleum, New Zealand was hit hard by the ensuing global energy shock. The resulting spike in transport and import costs pushed headline CPI inflation well above the RBNZ's official 1-3% target range, fracturing the monetary policy committee and triggering an aggressive hawkish pivot toward rate hikes.

Even so, the market pricing of two RBNZ rate hikes and a single BOC hike later this year was not enough to push the CAD/NZD cross rate out of its 1.20-1.27 range, with the NZD and CAD treated as primary commodity currencies. Hence, AUD is considered an outlier due to its economy's resilience amid the Iran conflict, which allowed the RBA to deliver three hikes.

ASIA'S LEAST RESILIENT CURRENCIES

We singled out four Asian currencies – INR, IDR, PHP, and KRW – that faced persistent downward pressure in Trump 2.0.

This year's US-Israel attacks on Iran inflicted more pain than Trump's global tariffs last year. Tariffs were a trade-growth shock, while Iran was an energy, inflation, and balance-of-payments shock. The tariff shock was partly absorbed by expectations of weaker US growth, lower Fed rates, supply-chain diversion, and trade negotiations. The Iran conflict attacked Asia's weakest link – external dependence. The Strait of Hormuz handles about 20% of global petroleum consumption. Its closure directly raised oil, LNG, freight, insurance, and fertilizer costs. High net energy importers faced a macroeconomic squeeze from ballooning import bills, adding to fiscal challenges and prompting unwelcome interest rate hikes amid market bets on a Fed hike.

While these four currencies depreciated, a clear divergence has emerged. INR and IDR suffered significantly sharper losses than PHP and KRW in Trump 2.0.

We will not be hasty in concluding that markets are punishing the INR and IDR as full BRICS members or cutting the PHP and KRW some slack as US allies.

What differentiates them is capital flows and external buffers. India and Indonesia are more vulnerable due to their heavy reliance on foreign portfolio equity and bond inflows to balance their capital accounts. Conversely, South Korea is supported by a current account surplus and its net foreign asset position, while Overseas Foreign Worker remittances act as natural absorbers to the oil price shocks.

The recent US-Iran peace deal to reopen Hormuz has significantly reduced the

Asia's weakest currencies in Trump 2.0



Sources: Bloomberg, DBS

Asia's weaker currencies in Trump 2.0



Sources: Bloomberg, DBS

geopolitical premium on crude. Falling oil prices to pre-war levels will alleviate the stress on trade and current account balances. However, the hawkish tone at the June 2026 FOMC meeting revived rate hike expectations, keeping the USD supported.

Unfortunately, there is no absolute certainty that the Middle East peace deal will remain durable, that oil prices won't spike on a fresh supply disruption, or that the Fed will follow through with a hike just ahead of the November US midterm elections. Nevertheless, with the oil shock largely defused, capping off the energy-related bleeding, expect central banks, together with their currency stabilization measures, to find a more manageable equilibrium that flattens the depreciation trajectory of their currencies.

SOUTHEAST ASIA'S RESILIENT CURRENCIES

The MYR, SGD, and THB are the three remaining Southeast Asian currencies that held on to their appreciation in Trump 2.0.

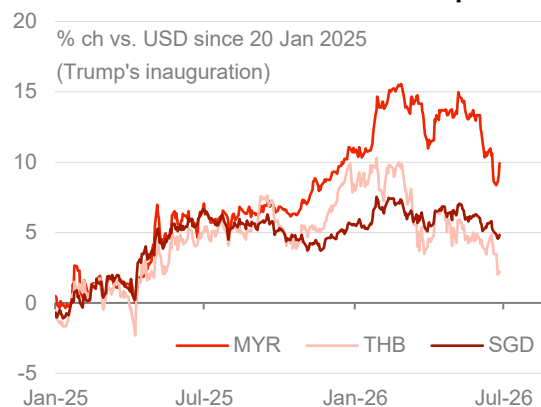
The MYR staged an exceptional rally, following Malaysia's highly successful hosting of the ASEAN Summit in October, which acted as a magnet for foreign direct investment and capital inflows. In stark contrast, the outbreak of the US-Iran conflict forced an abrupt policy pivot in Thailand, which transitioned from curbing excessive THB strength to actively defending its exchange rate as regional energy fears flared. Amid this external turbulence, the SGD proved itself Asia's ultimate haven. USD/SGD remained remarkably stable within a tight 1.26-1.31 range after de-dollarisation fears stabilized in mid-2025.

The SGD remains the most well-regarded currency by investors.

Unlike most Asian countries, Singapore's economy proved resilient to the global oil shock, with GDP growth exceeding expectations amid below-target inflation.

We don't expect the Monetary Authority of Singapore (MAS) to follow up with a back-to-back tightening at its July policy review. Following the decision to slightly increase the slope of the SGD NEER policy band on April 14, core inflation has undershot expectations, levelling off at 1.4% YoY in April and May, down from 1.7% in March. This brings core inflation below the official 2026 inflation forecast of 1.5-2.5%, which was revised up from 1-2% due to surging global oil prices and energy supply disruption stemming from the US-Iran conflict. However, Brent crude peaked in May and returned to pre-war lows in June, following progress in US-Iran ceasefire talks that eased the Strait of Hormuz chokepoint. Hence, local price pressures remain well-

Asia's resilient currencies in Trump 2.0



Sources: Bloomberg, DBS

contained, removing any urgency for further monetary tightening.

The Ministry of Trade and Industry withheld its earlier plan to adjust its official 2026 GDP growth outlook, which was maintained at 2-4% on May 25. High-frequency data, such as non-oil domestic exports, signal that GDP growth will remain strong in 2Q26, building on the exceptional 6% growth in 1Q26. Global capital expenditure on AI infrastructure continues to fuel massive demand for Singapore's advanced semiconductor manufacturing and wholesale trade services.

MYR's weakness is a tactical correction following a period of solid gains, rather than the start of a structural depreciation.

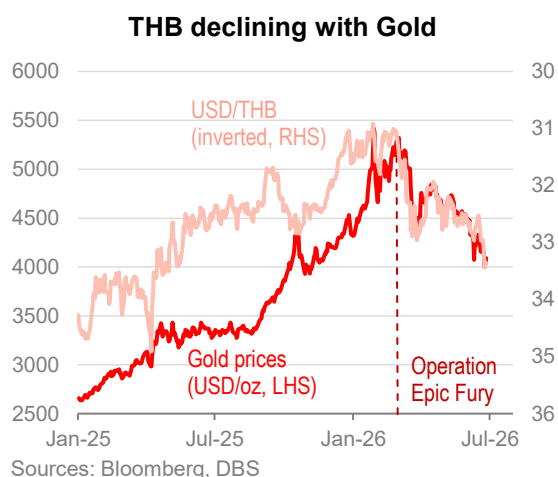
On June 24, Bank Negara Malaysia (BNM) issued a statement, pledging a coordinated policy response to anchor the MYR. This involves intensifying existing corporate incentives to accelerate the repatriation and immediate conversion of offshore earnings, as well as direct engagement with government-linked companies to maximize foreign exchange inflows.

Malaysia's macroeconomic fundamentals remain robust, providing strong support for the MYR. Export volumes remained highly resilient, fuelled by the global AI super-cycle and the country's expanding role in tech infrastructure.

While geopolitical tensions in the Middle East have driven up fuel subsidy costs, prompting Second Finance Minister Amir Hamzah Azizan to signal a potential near-term miss on the 2026 fiscal deficit target, the government's strict commitment to reducing the fiscal deficit to below 3% of GDP by 2028 safeguards its long-term sovereign credit profile.

The Thai authorities have transitioned from trying to cool down an overvalued THB in late 2025/early 2026 to quietly cushioning its depreciation this year.

The THB behaves more like a proxy for gold due to Bangkok's status as a major gold trading hub. When the Fed was dovish in 2025, gold rallied, cash flooded into Bangkok, and the THB surged. The Bank of Thailand responded by announcing, in late January, an emergency daily limit on THB-denominated online gold trading that officially went into effect on March 1, to prevent the gold-to-THB trading loop from distorting the exchange rate. The BOT also surprised with a 25-bps cut to 1% on February 25 to cool the THB.



Unfortunately, the US and Israel shocked the world by attacking Iran on February 27. The THB outlook weakened as its massive oil import bill and wider trade deficit with China erased its historically strong current account surplus, turning it into a deficit and setting up a twin-deficit situation. Hence, Thailand has

stepped up efforts to secure a free trade agreement with the EU by the end of 2026, to reduce its reliance on the US, its largest export destination, and its supply-chain vulnerability to China, its largest import source. Vietnam and Singapore already have trade agreements with the EU. Indonesia reached an agreement in 2025, with Malaysia and the Philippines also moving towards completion.

The Thai government under Prime Minister Anutin Charnvirakul is navigating a critical legal hurdle regarding its massive economic support package. The Cabinet issued an emergency decree to borrow THB 400 bn (USD 12 bn). Thailand's Constitutional Court is reviewing the decree following petitions from opposition lawmakers. A final ruling is expected by July 16. If approved, the BOT noted that the borrowing could boost 2026 GDP growth by 0.5%. However, a rejection would heavily disrupt government support and inject deep uncertainty into the country's economic outlook.

While the June FOMC was explicitly hawkish and lifted the USD, the complete retracement of Brent crude's war-induced premium should provide some relief to Thailand's net energy-importing economy and increase scepticism regarding whether the Fed could hike into the November US midterm elections.

NORTH ASIAN CURRENCIES

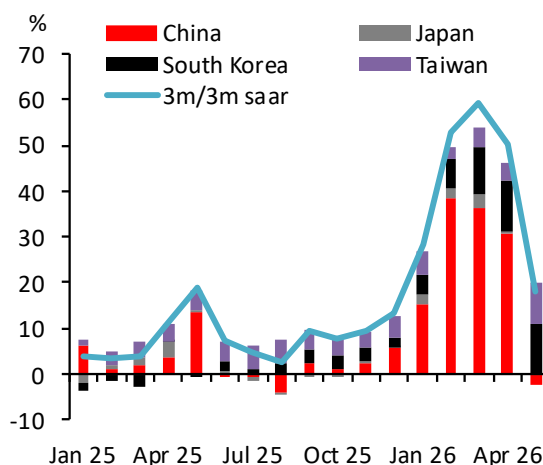
The ongoing AI boom has been a windfall for Asian tech companies, driving strong demand for semiconductors and pushing prices sharply higher. North Asia is particularly well-positioned given its high share of semiconductor exports. Aggregate exports from the region have risen by 25% y/y in May, with strong momentum in Korea and Taiwan. Robust external demand should underpin resilience in North Asian currencies.

RMB sentiment has remained constructive, supported by the Trump-Xi summit which stabilized trade relations, and China's solid export growth of 16% y/y for April-May. While the RMB's undervaluation has narrowed, it continues to draw scrutiny from European trading partners. German Chancellor Merz has called for talks over the RMB, citing the 1980s Plaza Accords as a model to address currency concerns. While multilateral co-ordination on the RMB is unlikely, a gradual pace of RMB appreciation remains likely, aligning with China's strong external position and its goal of RMB internationalization.

Persistent JPY weakness triggered official interventions to curb USD/JPY gains in late April-May. Still, JPY shorts have proven difficult to dislodge, even after BOJ hiked rates in June and signalled further tightening. With extended short positioning, Finance Minister Katayama and Treasury Secretary Bessent have indicated support for bold actions against speculation. Given an aversion to further JPY weakness and Japan's sharply improved basic balance, the JPY appears to be near a bottom.

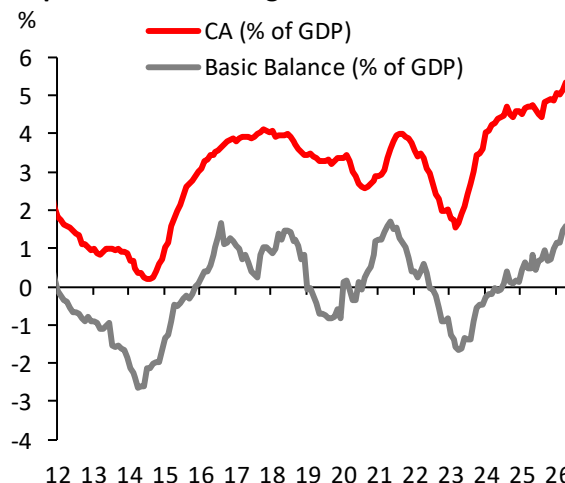
KRW looks undervalued relative to Korea's strong export performance. Nevertheless, technical factors such as domestic outflows into foreign equities and profit-taking by foreign equity investors, have weighed. We expect KRW to recover with BOK policy tightening, and active tactical hedging by the NPS.

North Asia Exports: Contributions to growth (3m/3m saar)



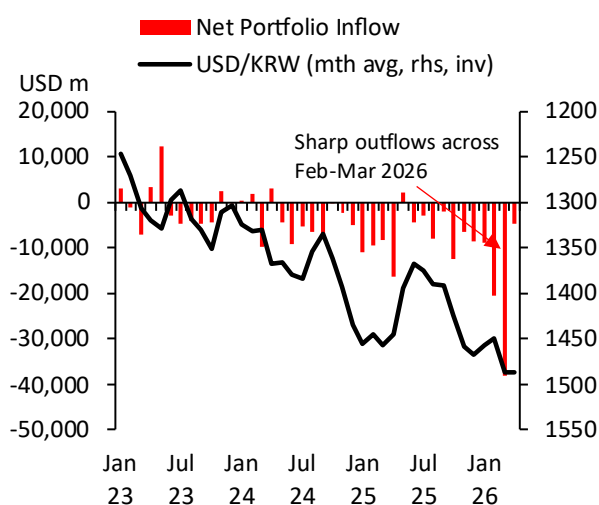
Source: CEIC, DBS

Japan's current account and basic balance are at post-Abenomics highs



Source: DBS

Korea: Net portfolio flows vs USD/KRW



Source: CEIC, Bloomberg, DBS

BUY-SIDE STRATEGIES / IDEAS

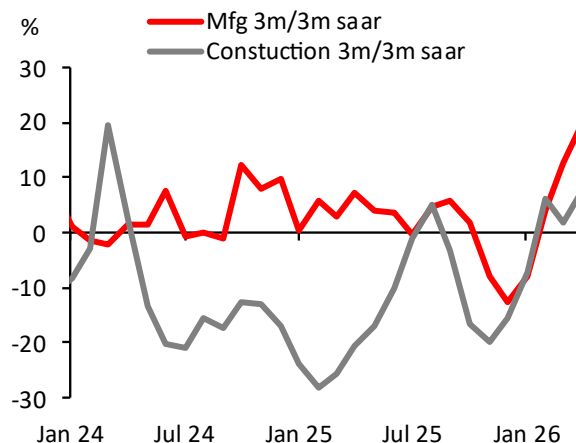
We favour short USD/KRW positions as the currency’s year-to-date weakness appears misaligned with Korea’s economic fundamentals. A KRW recovery could materialise, given improved growth prospects amid a manufacturing upturn, potential BoK rate hikes, and significant domestic investment commitments by Korean memory makers.

According to our DEER long-term FX models, the **KRW is currently at its deepest undervaluation since May 2009**. Unlike 2009 however, Korea’s economy is in robust shape, with sharp growth in exports led by semiconductors. Broader activity is also gaining traction, with overall manufacturing production expanding by 20% (3m/3m saar) in April. Our analysis found that periods of rapid manufacturing expansion are statistically correlated with KRW gains against the USD. As such, **we expect KRW to strengthen once the current episode of equity outflows fade**.

The improving growth outlook should also bolster BoK’s confidence to start policy tightening following its last rate cut in May 2025. Markets are now pricing in 100bps of rate hikes for the BoK over the next 12 months—the most aggressive tightening path expected across across both G10 and Asia. Reinforcing this view, BoK Governor Shin indicated in June that it is necessary to raise rates in a timely manner as inflation is expected to exceed its target. **With elevated KRW rates on top of a record high current account surplus, the KRW compares favourably** against peer currencies.

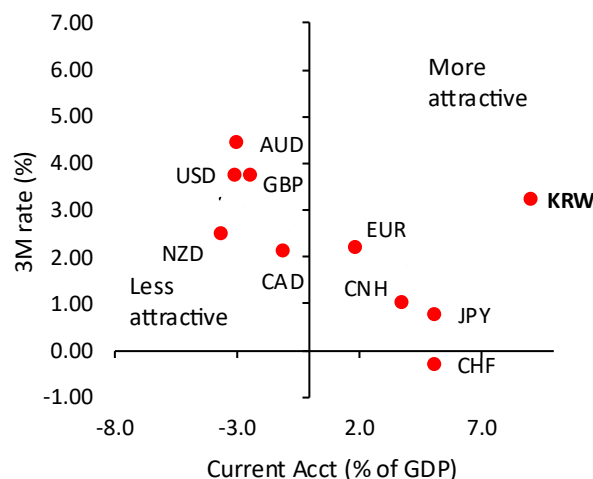
In addition, Korea is expected to see an investment upcycle driven by the AI boom. Korea’s memory makers have announced KRW 800trn (USD500bn, or 26% of GDP) in domestic investment. **Such large-scale capital expenditures are likely to drive substantial repatriation of USD earnings, providing further support for KRW.**

Korea: Both manufacturing and construction activity have bottomed out



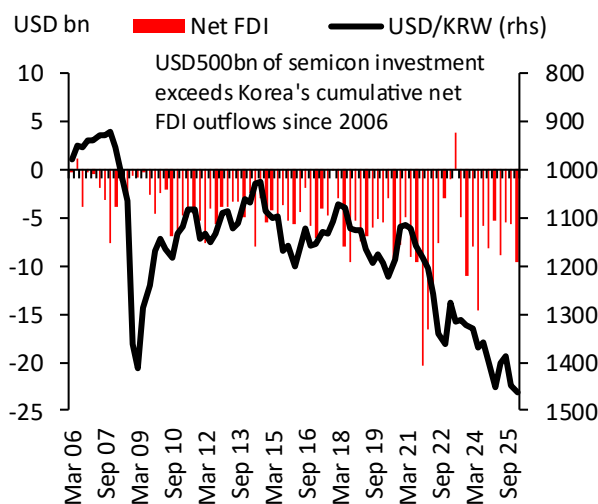
Source: CEIC, DBS

KRW is most attractive with high current account surplus and rates



Source: CEIC, DBS

Korea: Net FDI flows vs USD/KRW



Source: CEIC, Bloomberg, DBS

Asymmetric tactical relative-value long NZD vs. CAD strategy.

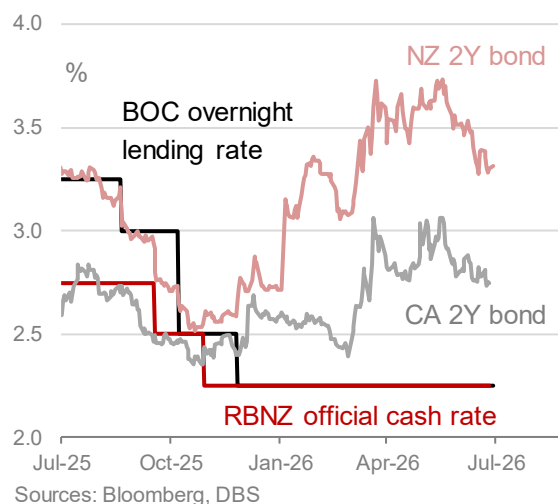
The benchmark policy rates of the Reserve Bank of New Zealand and the Bank of Canada have converged at 2.25% at the end of their rate-cutting cycles in late 2025. However, the bond market is positioning for the RBNZ to deliver 1-2 more hikes than the BOC over the rest of 2026. NZD/CAD likely bottomed around 0.79 by the end of last year, with buyers turning up below 0.80 and taking profit around 0.8250.

Due to its single price stability mandate, the RBNZ has less institutional flexibility to risk an energy-related spike in inflation from de-anchoring inflation expectations. In its May Survey of Expectations, the RBNZ reported that 1-year inflation expectations surpassed its official 1-3% target to 3.41% from 2.59% in the previous report. The RBNZ also expects inflation to rise to a peak of 4.3% in 3Q 2026, before returning to the 2% target midpoint in mid-2027.

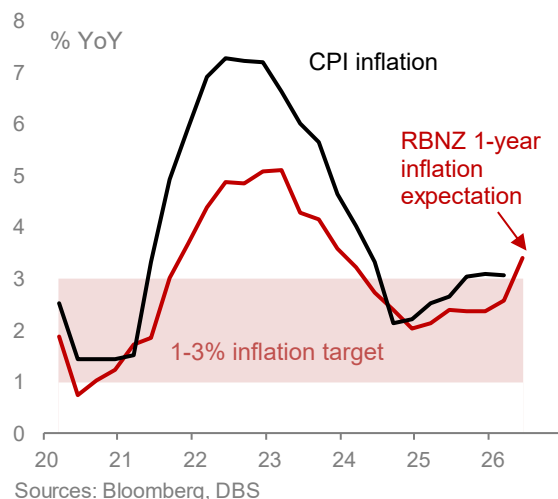
Conversely, the BOC Governing Council has explicitly stated its intention to “look through” the immediate impact of the Iran conflict on headline inflation. Unlike the New Zealand economy, the Canadian economy is operating with considerable slack, i.e., businesses lack the pricing power to pass higher fuel costs on to already squeezed consumers.

The decline in crude oil prices to around pre-Iran-conflict lows should support the strategy. As a net oil importer, the RBNZ sees lower oil prices easing the pressure on corporate profit margins and household purchasing power. Conversely, as a net oil exporter, the previous boost from higher energy prices to Canada’s terms of trade and national income will partially unwind.

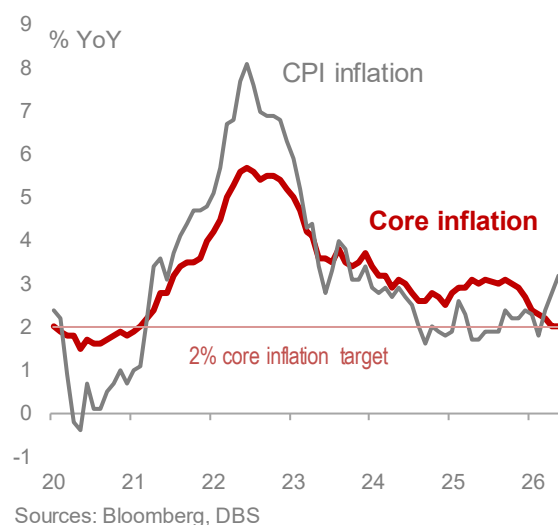
Markets see more RBNZ hikes than BOC



RBNZ has a single price-stability mandate

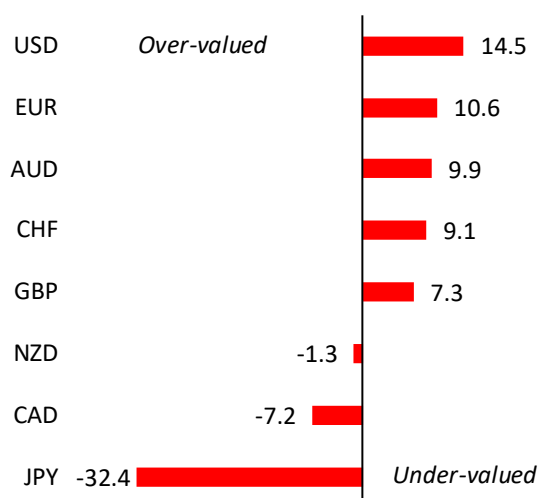


BOC looks past headline inflation



DBS Equilibrium Exchange Rates

G10 FX: DEER valuations

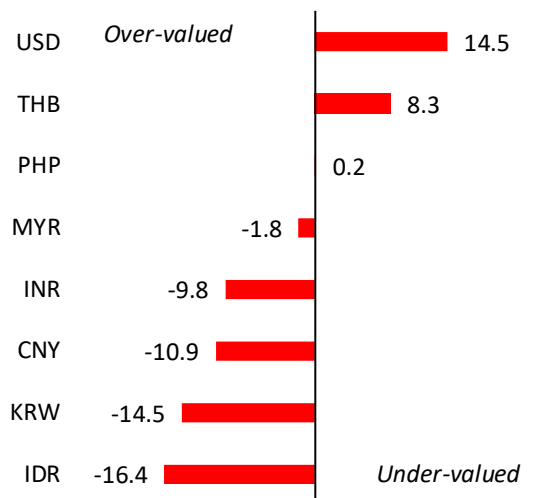


Source: IMF, CEIC, DBS

As of 25 June

Our DEER metric indicates market deviations from a currency’s modelled long-term fair value. Within G10, **the USD, EUR, AUD, and CHF stand out as most over-valued.** The USD’s valuation is the highest across G10, even as haven demand for the USD eases due to the US-Iran ceasefire and lower oil prices. EUR over-valuation is uncomfortable, especially with net exports having been a drag on Eurozone growth for seven consecutive quarters since 3Q24. AUD remains the third most overvalued, with RBA having hiked rates twice this year in response to a tight labour market. CHF’s over-valuation has narrowed noticeably, with easing Middle East tensions and strong risk sentiment leading to a pare back of haven demand for CHF. Meanwhile, **the JPY’s valuation has deepened to a record low.** Speculative shorts have remained large even after the government warned of taking bold actions to curb excessive volatility, on top of intervening in markets to buy over USD73bn of JPY from end April to early May. Further BOJ rate hikes could be needed to stabilize the JPY and inflation expectations, which had driven a surge in long-end JGB yields. CAD undervaluation has deepened with falling oil prices and uncertainty over a pending review of the USMCA.

Asian FX: DEER valuations



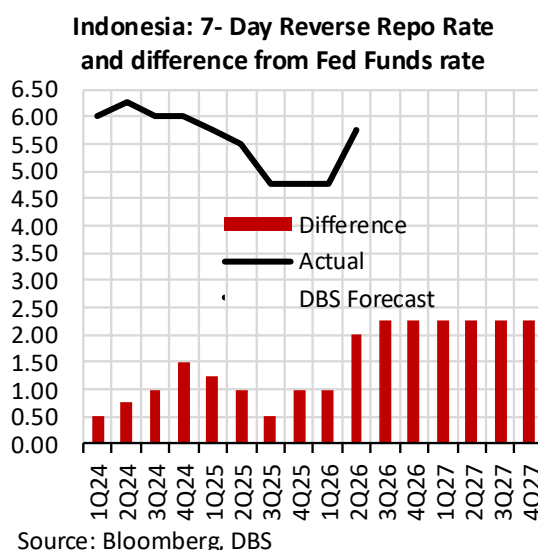
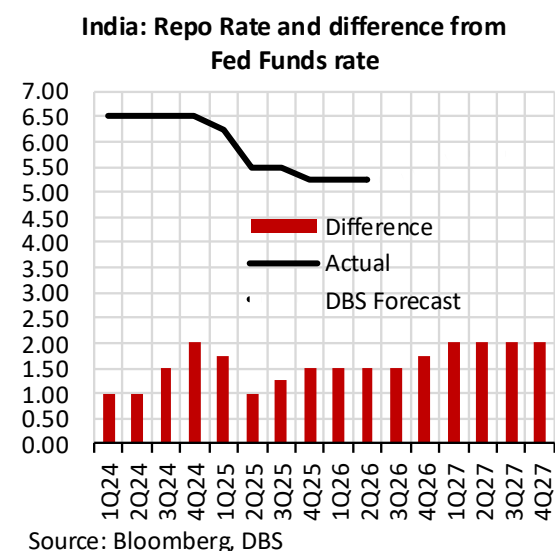
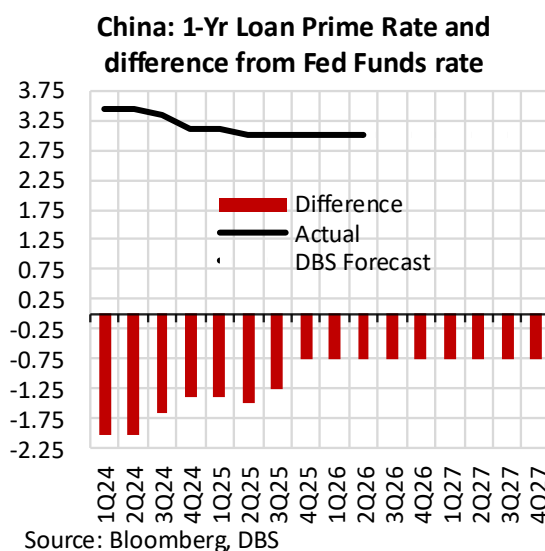
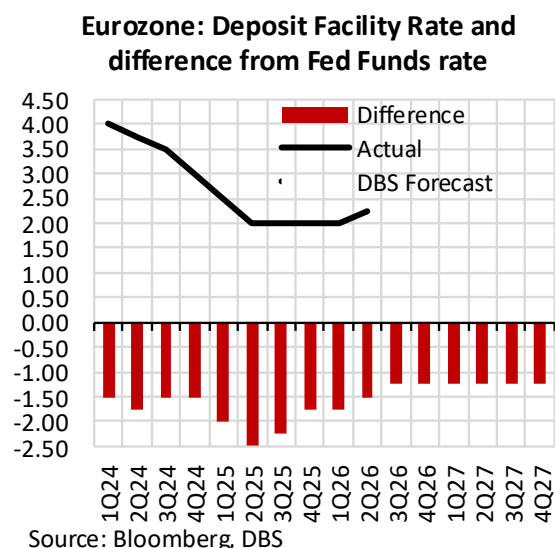
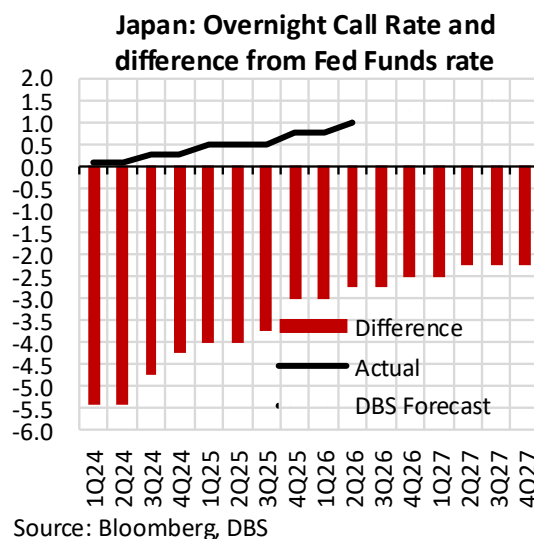
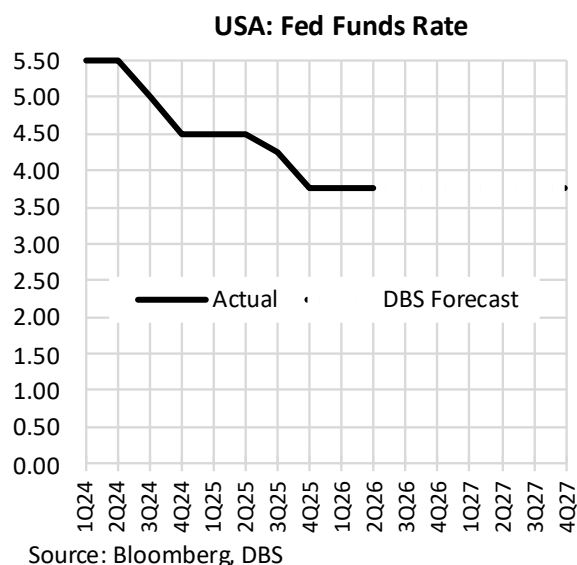
Source: IMF, CEIC, DBS

As of 25 June

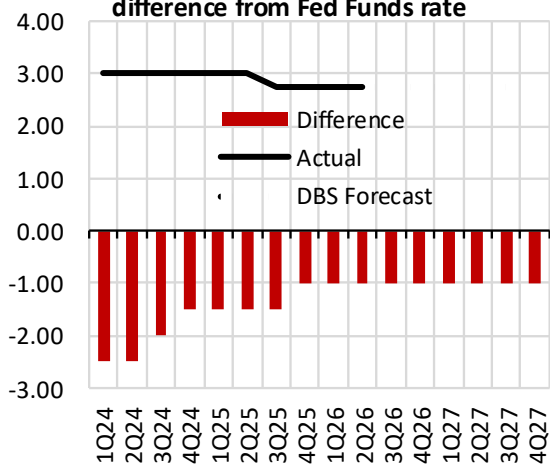
In Asia ex-Japan, IDR and KRW are the most under-valued, while THB is over-valued.

IDR has displaced KRW as the most undervalued Emerging Asian currency. Investors are turning cautious on Indonesia amid numerous uncertainties, including more state control over strategic exports, fiscal deficit pressures, and an extended MSCI review that could see Indonesia downgraded to “frontier market” status in November. To staunch IDR losses, BI has deployed three rate hikes in short order since May, but confidence issues will need to be addressed for an IDR recovery. Extended KRW weakness is a surprise despite Korea’s strong export momentum led by semiconductors, and easing oil prices. Sustained investment into foreign equity markets, and profit taking by foreign investors due to sharp gains in the KOSPI, have weighed on the KRW. We expect these outflows to lessen over time, while the NPS has also been granted more flexibility in FX hedging, which could tactically support KRW. THB stands as highly over-valued, despite a slight narrowing of its valuation since April. BoT held rates unchanged its last rate cut in Feb, citing better than expected growth. A fall in gold prices could also see THB soften in tandem.

POLICY DIFFERENTIALS

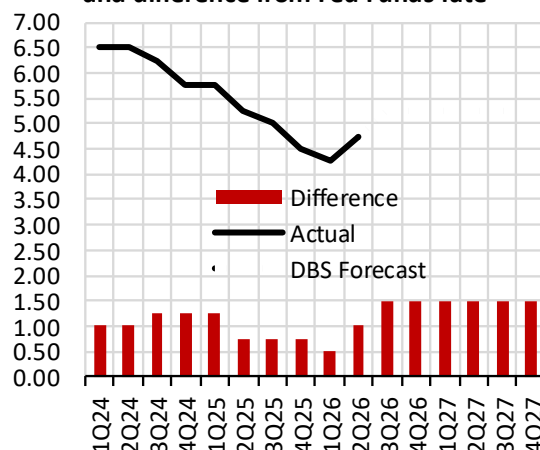


Malaysia: Overnight Policy Rate and difference from Fed Funds rate



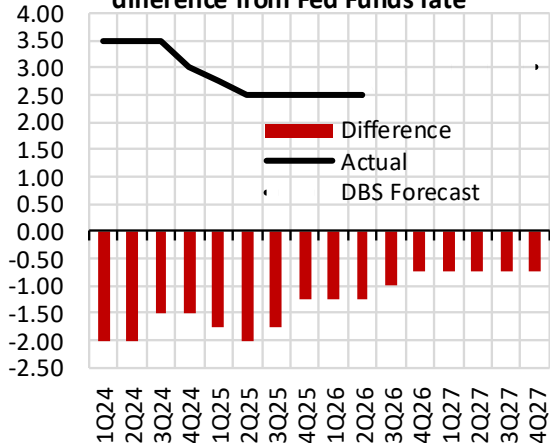
Source: Bloomberg, DBS

Philippines: Reverse Repurchase Rate and difference from Fed Funds rate



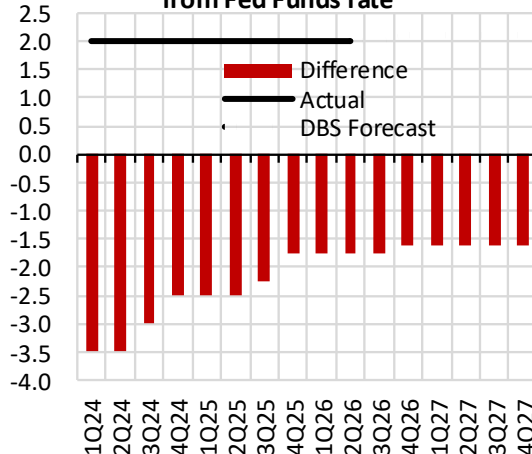
Source: Bloomberg, DBS

South Korea: 7-Day Repo Rate and difference from Fed Funds rate



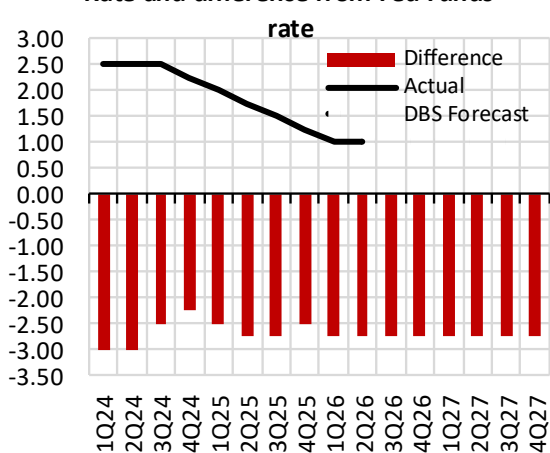
Source: Bloomberg, DBS

Taiwan: Discount Rate and difference from Fed Funds rate



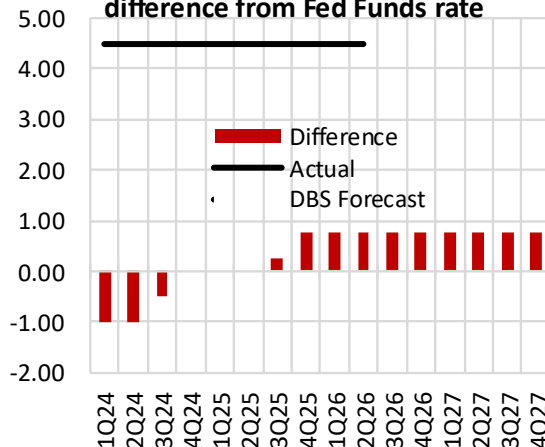
Source: Bloomberg, DBS

Thailand: 1-day Bilateral Repurchase Rate and difference from Fed Funds rate



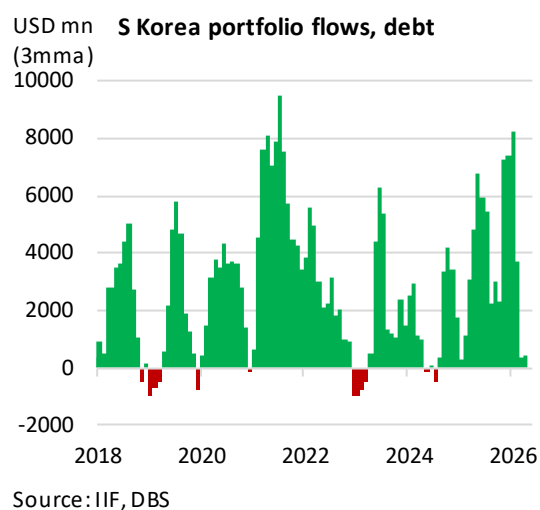
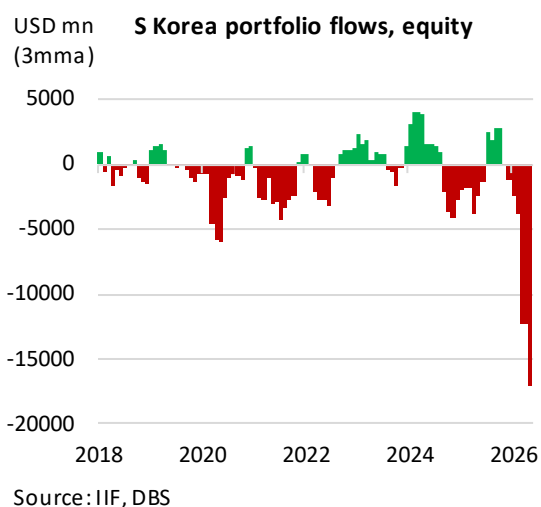
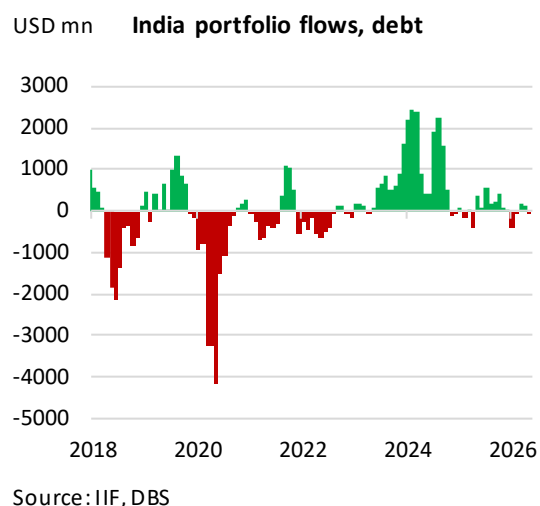
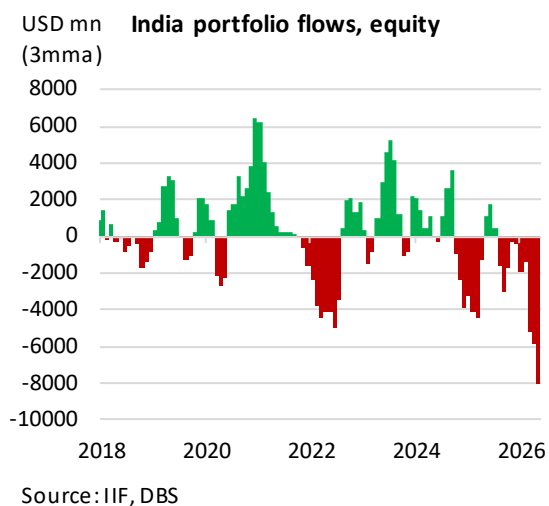
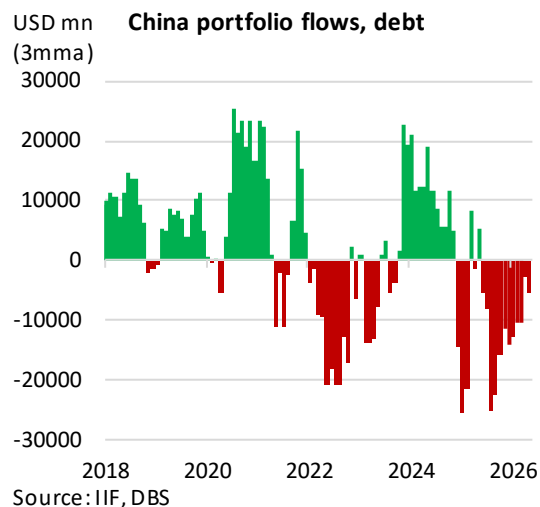
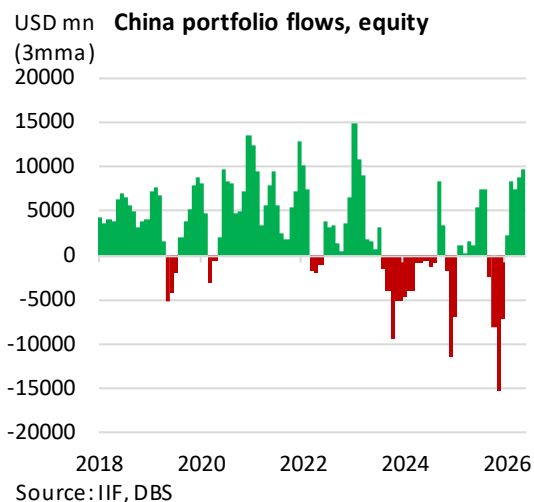
Source: Bloomberg, DBS

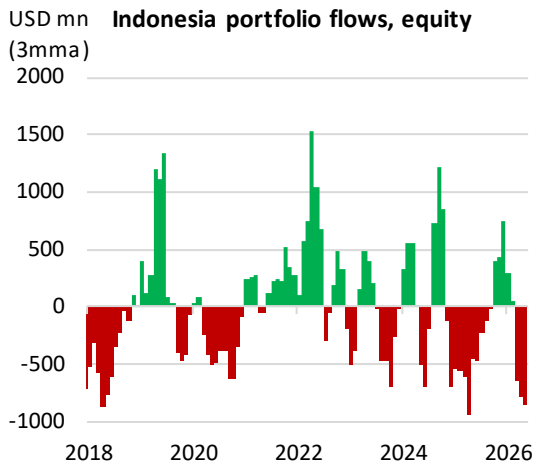
Vietnam: Refinancing Rate and difference from Fed Funds rate



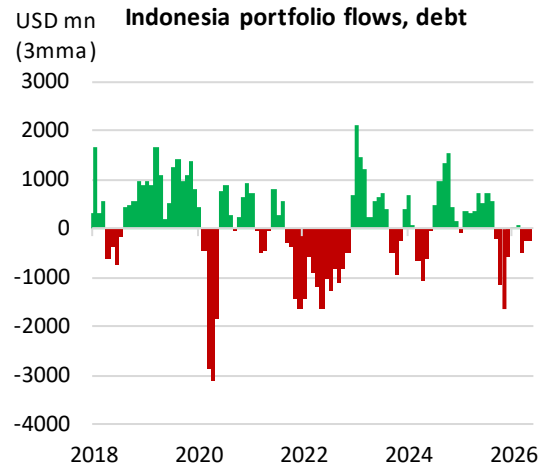
Source: Bloomberg, DBS

NON-RESIDENT INFLOWS

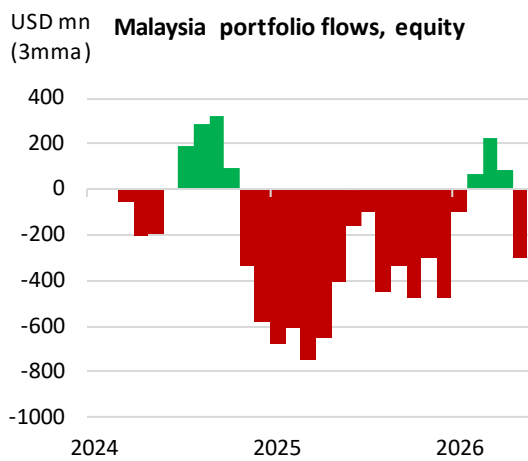




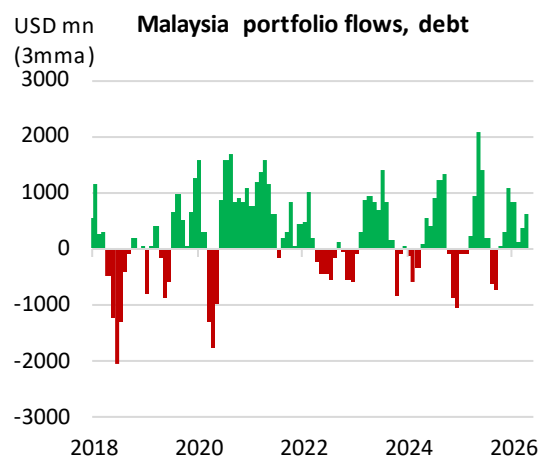
Source: IIF, DBS



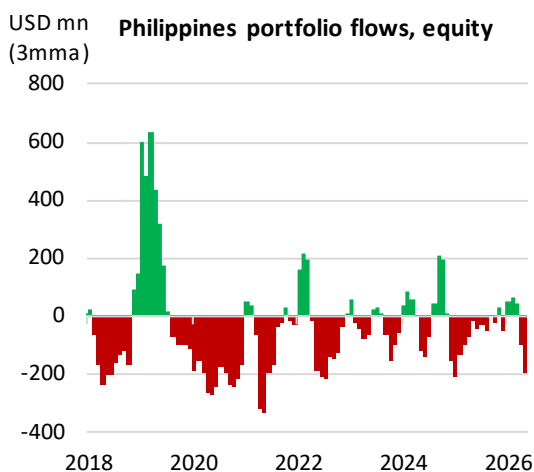
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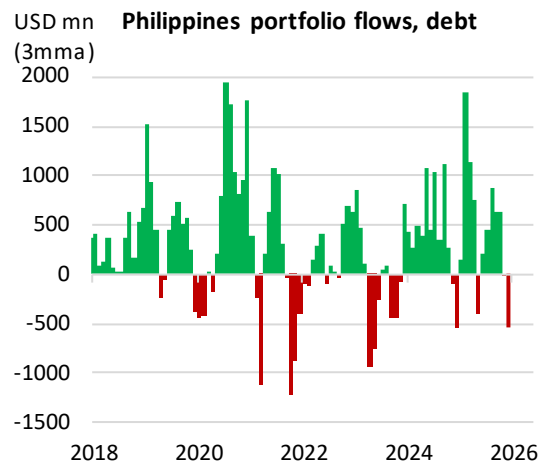
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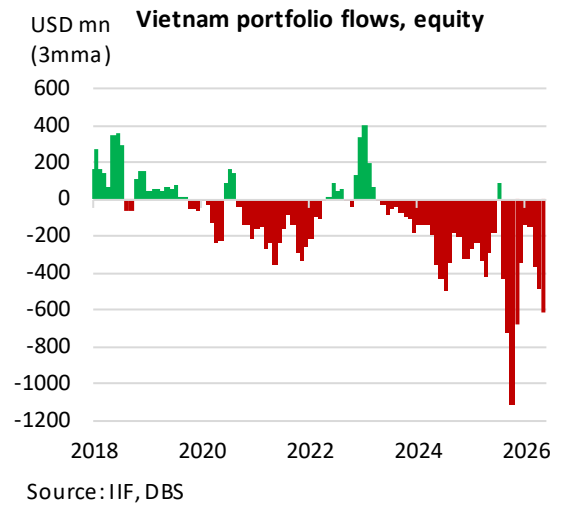
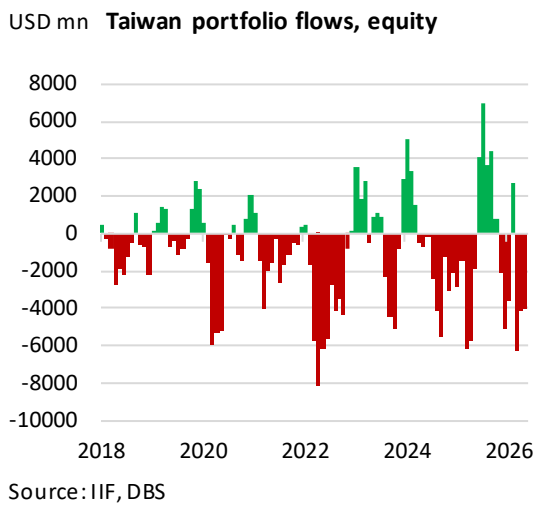
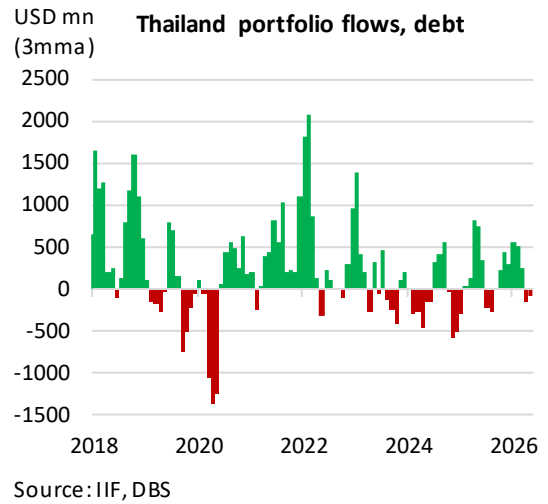
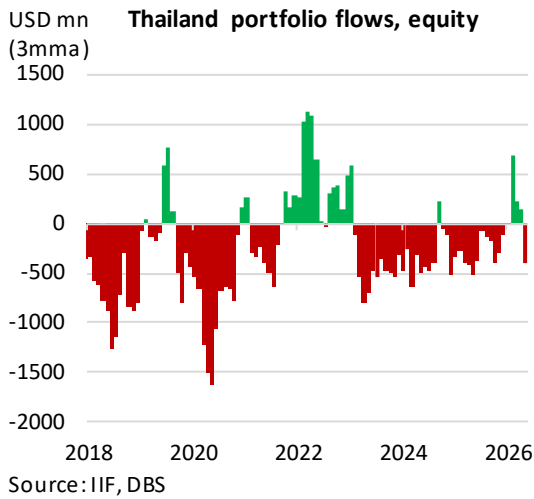
Source: IIF, DBS



Source: IIF, DBS

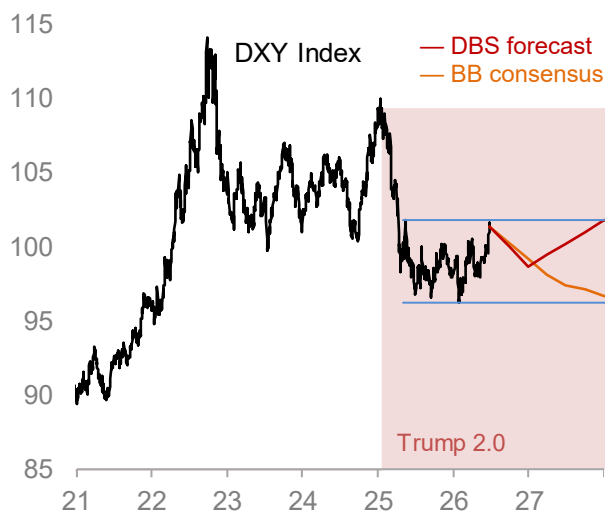


Source: IIF, DBS



US DOLLAR

USD remains in a lower range



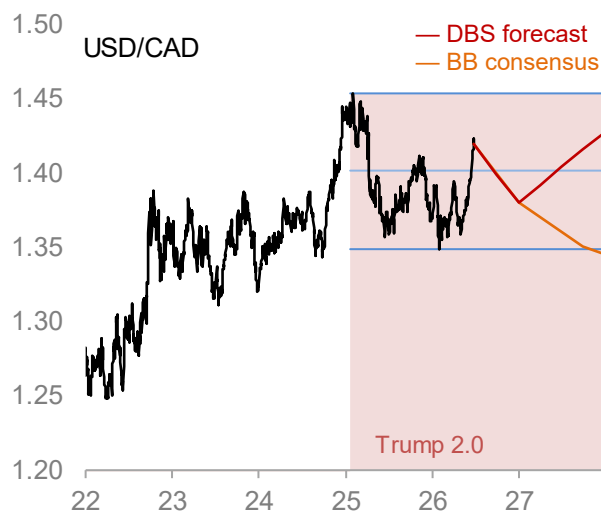
| eop | DXY index forecasts | | DBS forecasts | | |
|--------|---------------------|------|---------------|------|------|
| | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 101.36 | | 3.75 | 4.09 | 4.37 |
| 3Q26 | 100.0 | 99.2 | 3.75 | 3.85 | 4.40 |
| 4Q26 | 98.6 | 98.2 | 3.75 | 3.85 | 4.50 |
| 1Q27 | 99.4 | 97.4 | 3.75 | 3.90 | 4.55 |
| 2Q27 | 100.2 | 97.1 | 3.75 | 3.95 | 4.60 |
| 3Q27 | 101.0 | 96.7 | 3.75 | 3.95 | 4.65 |
| 4Q27 | 101.8 | 96.4 | 3.75 | 3.95 | 4.65 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 2.0 | 1.9 | 1.7 |
| CPI inflation, % yoy | 2.7 | 3.5 | 3.0 |
| Current account, % GDP | -3.9 | -3.5 | -3.3 |
| Budget balance, % GDP | -7.4 | -7.9 | -8.0 |

CANADIAN DOLLAR

Pushing above 1.40 again

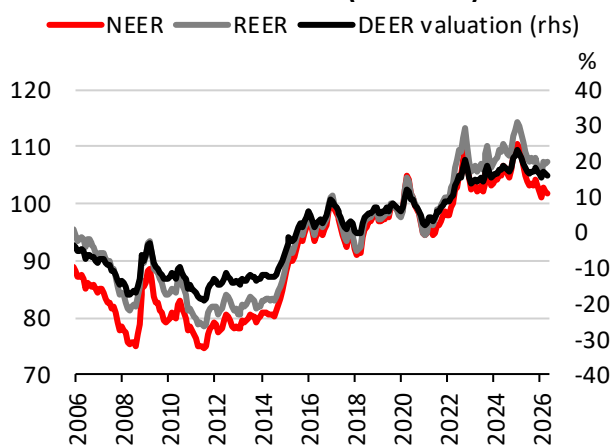


| eop | USD/CAD fcasts | | Bloomberg forecasts | | |
|--------|----------------|------|---------------------|------|------|
| | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 1.4195 | | 3.75 | 4.13 | 4.73 |
| 3Q26 | 1.40 | 1.38 | 0.00 | 2.73 | 3.45 |
| 4Q26 | 1.38 | 1.37 | 0.00 | 2.72 | 3.47 |
| 1Q27 | 1.39 | 1.36 | 0.00 | 2.77 | 3.47 |
| 2Q27 | 1.40 | 1.35 | 0.00 | 2.81 | 3.48 |
| 3Q27 | 1.42 | 1.35 | 0.00 | 2.84 | 3.48 |
| 4Q27 | 1.43 | 1.34 | 0.00 | 2.86 | 3.48 |

* Bloomberg consensus

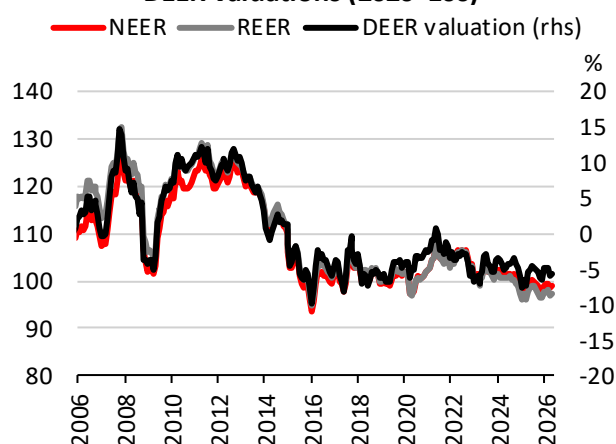
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 1.9 | 0.7 | 1.9 |
| CPI inflation, % yoy | 2.1 | 2.6 | 2.0 |
| Current account, % GDP | -1.0 | -0.6 | -0.8 |
| Budget balance, % GDP | -1.1 | -2.1 | -2.0 |

USD: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

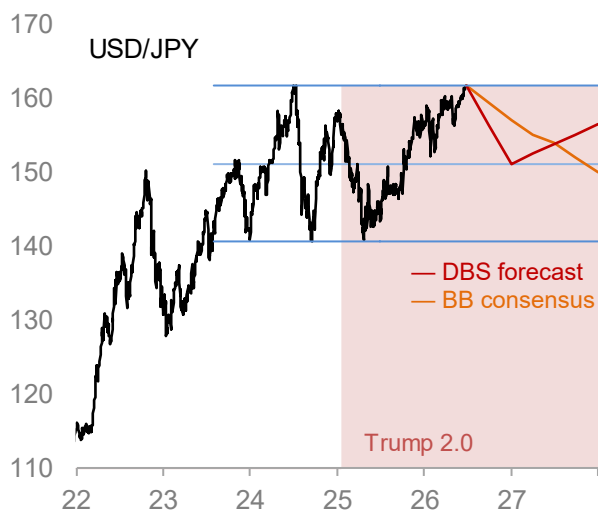
CAD: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

JAPANESE YEN

In a 140-162 range since late 2023



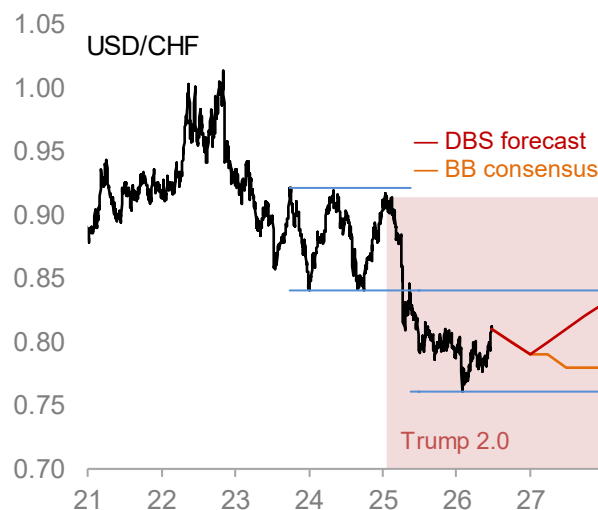
| eop | USD/JPY forecasts | | DBS forecasts | | |
|--------|-------------------|-------|---------------|------|------|
| | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 161.74 | | 1.00 | 1.41 | 2.62 |
| 3Q26 | 156.4 | 157.0 | 1.00 | 1.55 | 2.65 |
| 4Q26 | 151.2 | 155.0 | 1.25 | 1.70 | 2.70 |
| 1Q27 | 152.5 | 154.0 | 1.25 | 1.80 | 2.70 |
| 2Q27 | 153.9 | 152.0 | 1.50 | 1.90 | 2.70 |
| 3Q27 | 155.2 | 150.0 | 1.50 | 1.90 | 2.75 |
| 4Q27 | 156.5 | 148.0 | 1.50 | 1.90 | 2.75 |

* Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 1.5 | 1.0 | 1.2 |
| CPI inflation, % yoy | 2.2 | 3.1 | 2.1 |
| Current account, % GDP | 1.2 | 1.2 | 1.2 |
| Budget balance, % GDP | -3.1 | -3.1 | -3.1 |

SWISS FRANC

Downside risks reduced

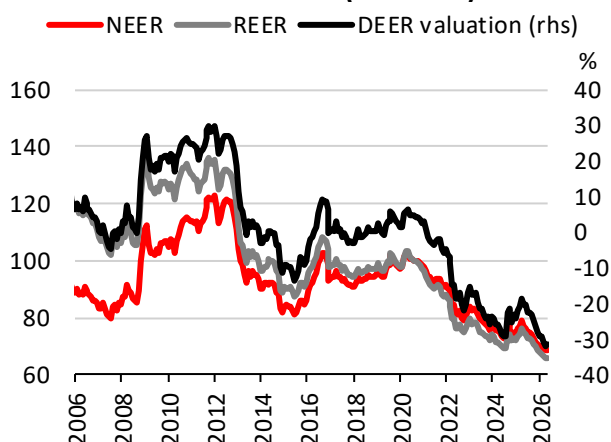


| eop | USD/CHF forecasts | | Bloomberg forecasts | | |
|--------|-------------------|------|---------------------|------|------|
| | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 0.8097 | | 3.75 | 4.13 | 4.73 |
| 3Q26 | 0.80 | 0.79 | 0.00 | 0.10 | 0.46 |
| 4Q26 | 0.79 | 0.79 | 0.00 | 0.10 | 0.47 |
| 1Q27 | 0.80 | 0.78 | 0.00 | 0.20 | 0.47 |
| 2Q27 | 0.81 | 0.78 | 0.00 | 0.30 | 0.50 |
| 3Q27 | 0.82 | 0.78 | 0.00 | 0.30 | 0.54 |
| 4Q27 | 0.83 | 0.78 | 0.00 | 0.35 | 0.58 |

DBS forecasts; * Bloomberg consensus

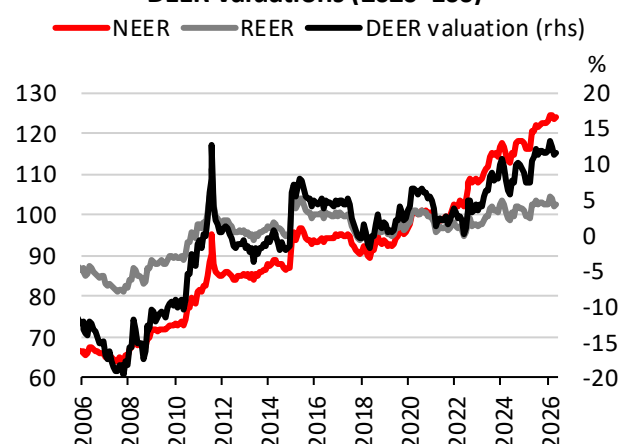
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 1.4 | 1.1 | 1.4 |
| CPI inflation, % yoy | 0.2 | 0.6 | 0.7 |
| Current account, % GDP | 6.4 | 6.9 | 7.1 |
| Budget balance, % GDP | 0.5 | 0.1 | 0.2 |

JPY: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

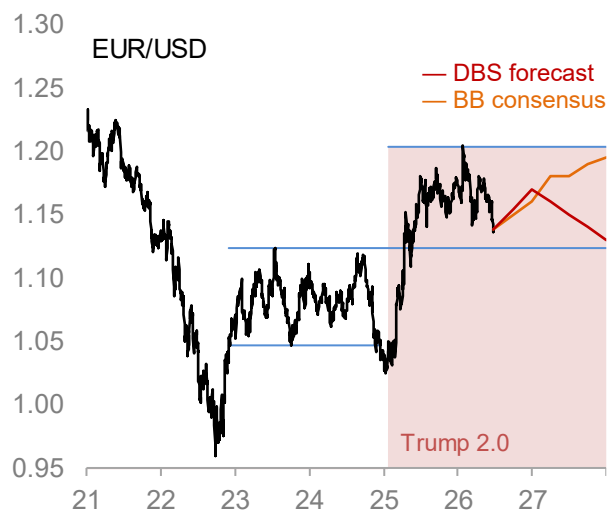
CHF: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

EURO

Still high in Trump 2.0



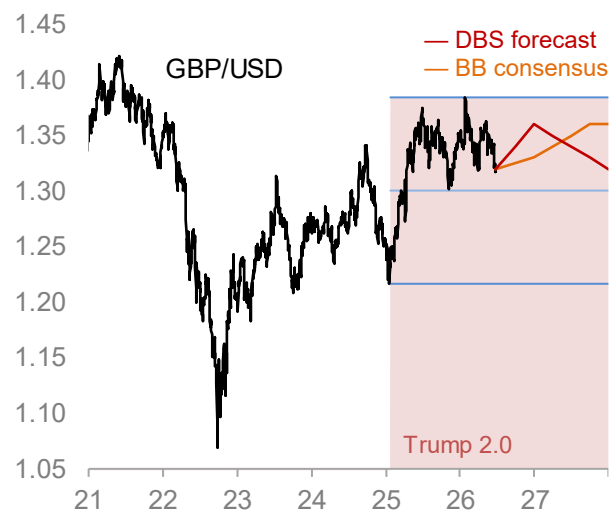
| EUR/USD forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 1.1384 | | 2.25 | 2.52 | 2.85 |
| 3Q26 | 1.15 | 1.16 | 2.50 | 2.55 | 3.10 |
| 4Q26 | 1.17 | 1.18 | 2.50 | 2.60 | 3.20 |
| 1Q27 | 1.16 | 1.18 | 2.50 | 2.65 | 3.25 |
| 2Q27 | 1.15 | 1.19 | 2.50 | 2.70 | 3.30 |
| 3Q27 | 1.14 | 1.20 | 2.50 | 2.70 | 3.30 |
| 4Q27 | 1.13 | 1.20 | 2.50 | 2.70 | 3.30 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 1.5 | 1.0 | 1.2 |
| CPI inflation, % yoy | 2.2 | 3.1 | 2.1 |
| Current account, % GDP | 1.2 | 1.2 | 1.2 |
| Budget balance, % GDP | -3.1 | -3.1 | -3.1 |

BRITISH POUND

Holding its post-Liberation Day range

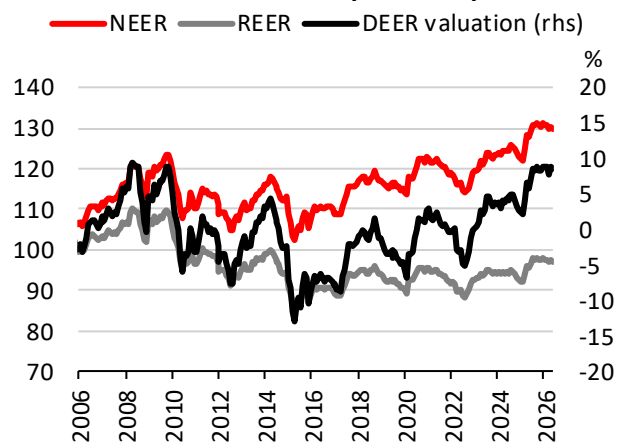


| GBP/USD forecasts | | | Bloomberg forecasts | | |
|-------------------|--------|------|---------------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 1.3200 | | 3.75 | 4.13 | 4.73 |
| 3Q26 | 1.34 | 1.33 | 4.00 | 4.30 | 4.85 |
| 4Q26 | 1.36 | 1.34 | 3.75 | 4.15 | 4.75 |
| 1Q27 | 1.35 | 1.35 | 3.75 | 4.00 | 4.70 |
| 2Q27 | 1.34 | 1.36 | 3.75 | 3.85 | 4.65 |
| 3Q27 | 1.33 | 1.36 | 3.50 | 3.60 | 4.50 |
| 4Q27 | 1.32 | 1.36 | 3.25 | 3.50 | 4.35 |

DBS forecasts; * Bloomberg consensus

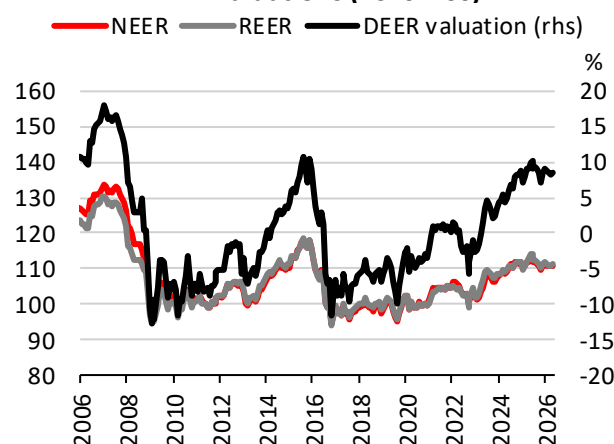
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 1.4 | 1.0 | 1.1 |
| CPI inflation, % yoy | 3.4 | 3.2 | 2.6 |
| Current account, % GDP | -2.4 | -2.9 | -2.7 |
| Budget balance, % GDP | -4.9 | -3.8 | -3.3 |

EUR: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

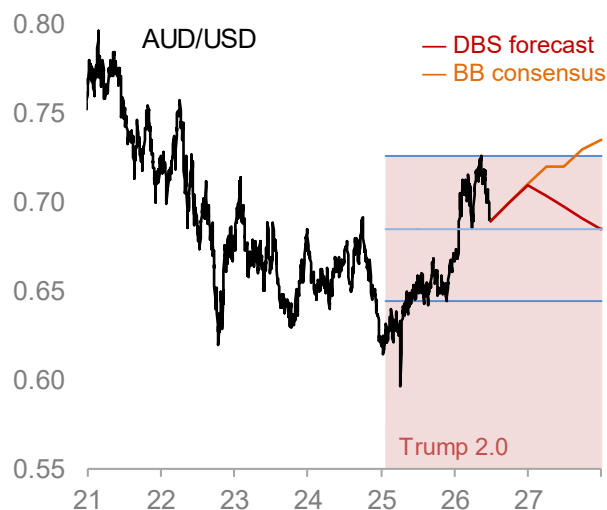
GBP: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

AUSTRALIAN DOLLAR

To consolidate after heady gains



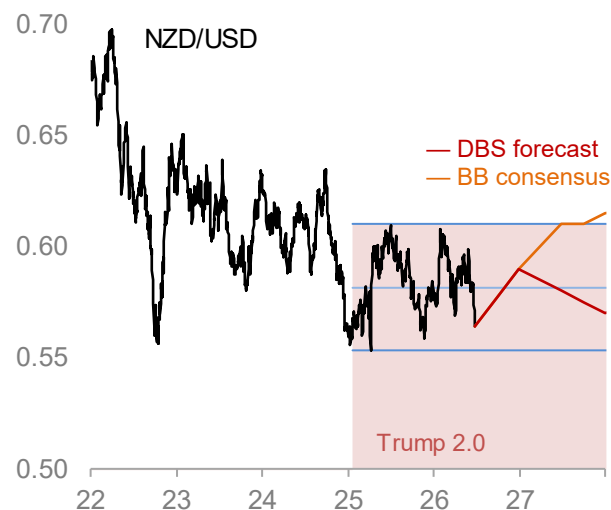
| eop | AUD/USD fcsts | | Bloomberg forecasts | | |
|--------|---------------|------|---------------------|------|------|
| | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 0.6896 | | 4.35 | 4.41 | 4.72 |
| 3Q26 | 0.70 | 0.71 | 4.50 | 4.65 | 4.90 |
| 4Q26 | 0.71 | 0.72 | 4.50 | 4.55 | 4.85 |
| 1Q27 | 0.70 | 0.72 | 4.50 | 4.50 | 4.85 |
| 2Q27 | 0.70 | 0.73 | 4.50 | 4.35 | 4.75 |
| 3Q27 | 0.69 | 0.74 | 4.25 | 4.35 | 4.75 |
| 4Q27 | 0.69 | 0.74 | 4.25 | 4.25 | 4.75 |

* Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 2.0 | 1.9 | 1.7 |
| CPI inflation, % yoy | 2.8 | 4.2 | 2.9 |
| Current account, % GDP | -2.7 | -2.8 | -2.5 |
| Budget balance, % GDP | -2.7 | -1.1 | -1.3 |

NEW ZEALAND DOLLAR

Trapped in a 0.56 - 0.61 range

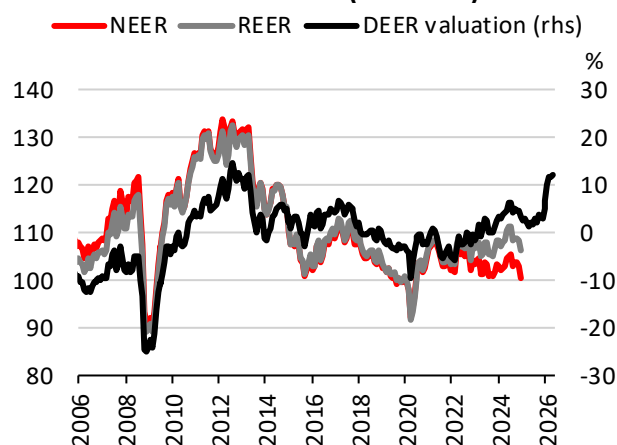


| eop | NZD/USD fcsts | | Bloomberg forecasts | | |
|--------|---------------|------|---------------------|------|------|
| | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 0.5641 | | 2.25 | 3.30 | 4.36 |
| 3Q26 | 0.58 | 0.59 | 2.50 | -- | 4.65 |
| 4Q26 | 0.59 | 0.60 | 2.50 | -- | 4.60 |
| 1Q27 | 0.59 | 0.61 | 2.75 | -- | 4.60 |
| 2Q27 | 0.58 | 0.61 | 3.00 | -- | 4.65 |
| 3Q27 | 0.58 | 0.62 | 3.00 | -- | 4.65 |
| 4Q27 | 0.57 | 0.62 | 3.00 | -- | 4.60 |

* Bloomberg consensus

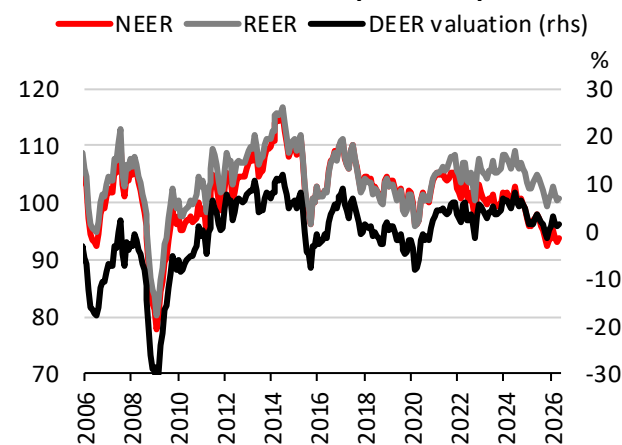
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 0.2 | 1.7 | 2.5 |
| CPI inflation, % yoy | 2.8 | 3.6 | 2.1 |
| Current account, % GDP | -3.8 | -3.7 | -3.3 |
| Budget balance, % GDP | -0.2 | -3.2 | -2.5 |

AUD: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

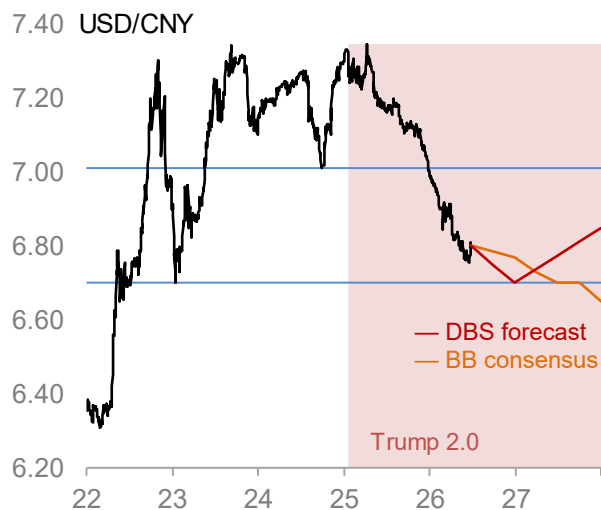
NZD: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

CHINESE YUAN

Turning cautious after a steady decline



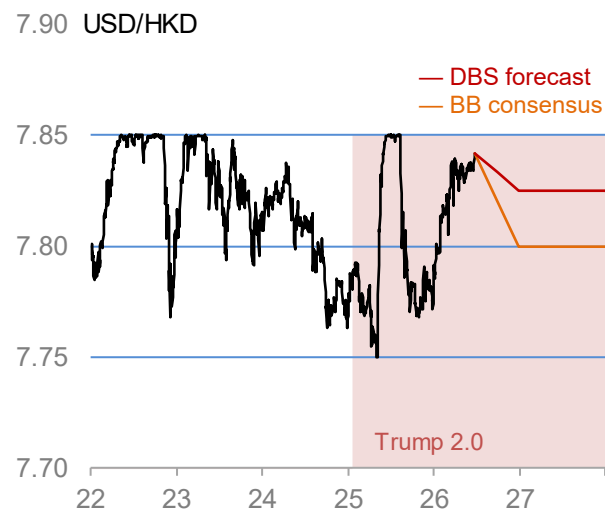
| USD/CNY forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 6.8005 | | 3.00 | 1.26 | 1.73 |
| 3Q26 | 6.75 | 6.77 | 3.00 | 1.25 | 1.75 |
| 4Q26 | 6.70 | 6.73 | 3.00 | 1.25 | 1.80 |
| 1Q27 | 6.74 | 6.70 | 3.00 | 1.25 | 1.80 |
| 2Q27 | 6.78 | 6.70 | 3.00 | 1.25 | 1.85 |
| 3Q27 | 6.81 | 6.65 | 3.00 | 1.25 | 1.85 |
| 4Q27 | 6.85 | 6.60 | 3.00 | 1.25 | 1.85 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 5.0 | 4.5 | 4.0 |
| CPI inflation, % yoy | 0.0 | 1.2 | 1.5 |
| Current account, % GDP | 3.7 | 2.3 | 2.2 |
| Budget balance, % GDP | -5.1 | -5.0 | -5.0 |

HONG KONG DOLLAR

Upper half of convertibility band

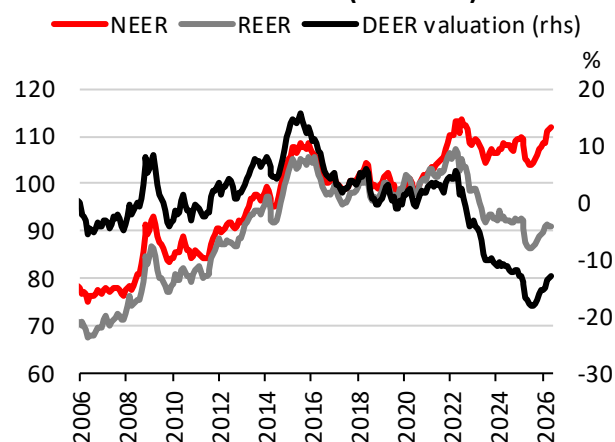


| USD/HKD forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 7.8419 | | 2.99 | 2.89 | 3.26 |
| 3Q26 | 7.83 | 7.80 | 2.75 | 2.85 | 3.40 |
| 4Q26 | 7.83 | 7.80 | 2.75 | 2.85 | 3.50 |
| 1Q27 | 7.83 | 7.80 | 2.75 | 2.90 | 3.55 |
| 2Q27 | 7.83 | 7.80 | 2.75 | 2.95 | 3.60 |
| 3Q27 | 7.83 | 7.80 | 2.75 | 2.95 | 3.65 |
| 4Q27 | 7.83 | 7.80 | 2.75 | 2.95 | 3.65 |

DBS forecasts; * Bloomberg consensus

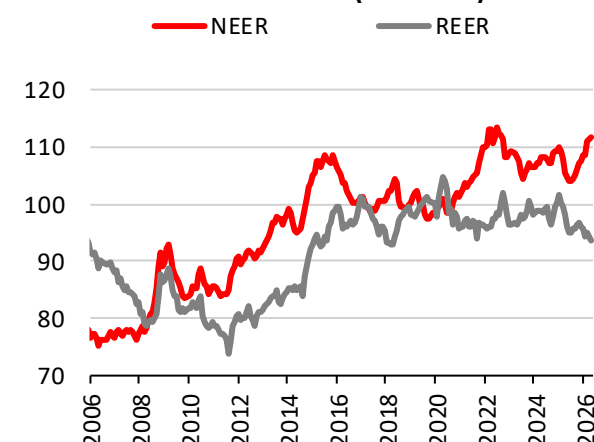
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 3.5 | 3.0 | 2.8 |
| CPI inflation, % yoy | 1.4 | 1.6 | 1.5 |
| Current account, % GDP | 14.0 | 12.0 | 11.5 |
| Budget balance, % GDP | 0.1 | 1.0 | 2.0 |

CNY: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

HKD: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

SOUTH KOREAN WON

Post-Covid-19 rising price channel



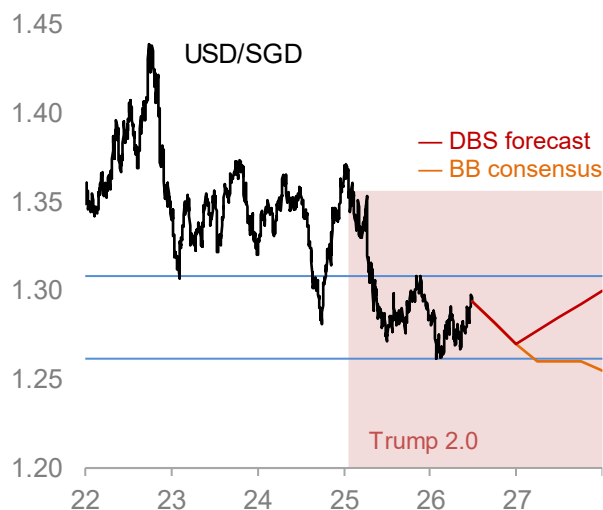
| USD/KRW forecasts | | | DBS forecasts | | |
|-------------------|------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 3Y | 10Y |
| 26 Jun | 1535 | | 2.50 | 3.72 | 4.12 |
| 3Q26 | 1470 | 1485 | 2.75 | 3.60 | 4.20 |
| 4Q26 | 1485 | 1475 | 3.00 | 3.75 | 4.25 |
| 1Q27 | 1500 | 1470 | 3.00 | 3.75 | 4.25 |
| 2Q27 | 1515 | 1457 | 3.00 | 3.75 | 4.25 |
| 3Q27 | 1530 | 1431 | 3.00 | 3.75 | 4.25 |
| 4Q27 | 1545 | 1405 | 3.00 | 3.75 | 4.25 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 1.0 | 2.6 | 2.0 |
| CPI inflation, % yoy | 2.1 | 2.6 | 2.1 |
| Current account, % GDP | 6.6 | 5.0 | 4.2 |
| Budget balance, % GDP | -4.0 | -4.2 | -4.1 |

SINGAPORE DOLLAR

Consolidating in a 1.26-1.31 range

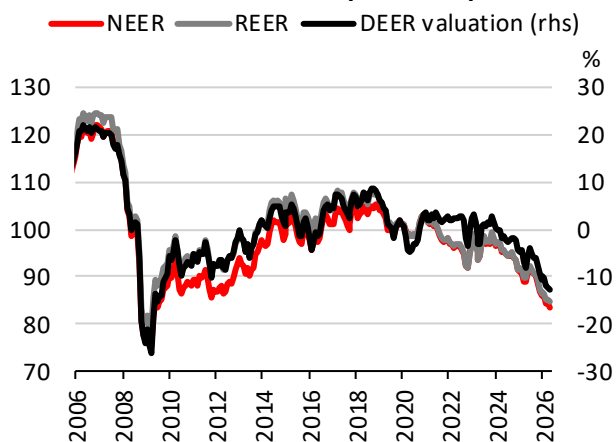


| USD/SGD forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | 3M | 2Y | 10Y |
| 26 Jun | 1.2940 | | 1.18 | 1.59 | 2.01 |
| 3Q26 | 1.28 | 1.27 | 1.20 | 1.55 | 2.20 |
| 4Q26 | 1.27 | 1.26 | 1.20 | 1.60 | 2.20 |
| 1Q27 | 1.28 | 1.26 | 1.20 | 1.62 | 2.25 |
| 2Q27 | 1.29 | 1.26 | 1.20 | 1.65 | 2.25 |
| 3Q27 | 1.29 | 1.26 | 1.20 | 1.67 | 2.30 |
| 4Q27 | 1.30 | 1.25 | 1.20 | 1.70 | 2.30 |

DBS forecasts; * Bloomberg consensus

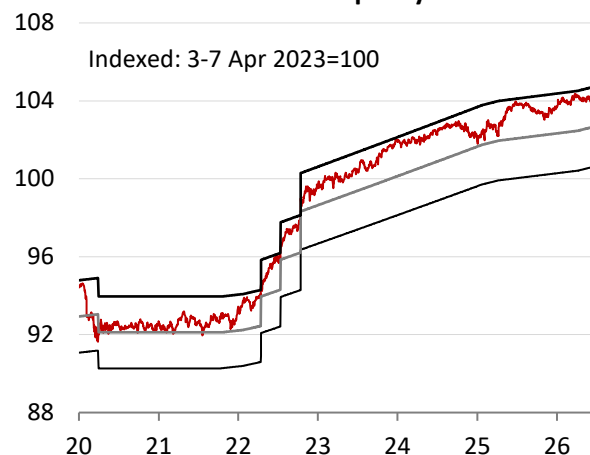
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 5.0 | 2.8 | 2.3 |
| CPI inflation, % yoy | 0.9 | 2.2 | 2.0 |
| Current account, % GDP | 16.7 | 16.4 | 16.0 |
| Budget balance, % GDP | 1.9 | 1.0 | 0.5 |

KRW: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

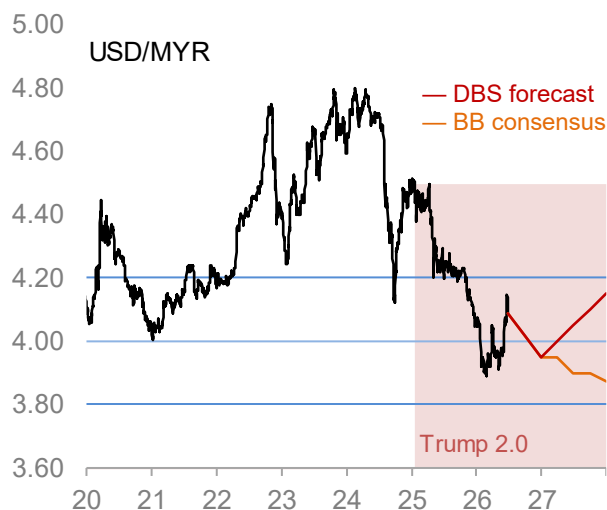
DBS SGD NEER and policy band



Source: DBS

MALAYSIAN RINGGIT

Correcting and consolidating



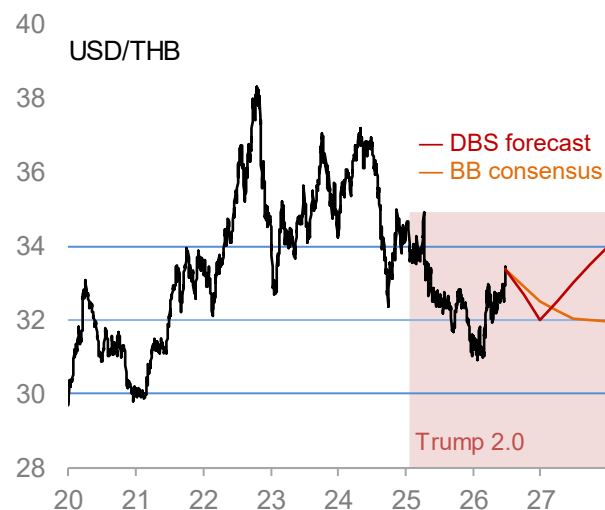
| USD/MYR forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 3Y | 10Y |
| 26 Jun | 4.0885 | | 2.75 | 3.25 | 3.61 |
| 3Q26 | 4.02 | 3.95 | 2.75 | 3.25 | 3.65 |
| 4Q26 | 3.95 | 3.95 | 2.75 | 3.25 | 3.65 |
| 1Q27 | 4.00 | 3.90 | 2.75 | 3.25 | 3.65 |
| 2Q27 | 4.05 | 3.90 | 2.75 | 3.25 | 3.65 |
| 3Q27 | 4.10 | 3.88 | 2.75 | 3.25 | 3.70 |
| 4Q27 | 4.15 | 3.85 | 2.75 | 3.25 | 3.70 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 5.2 | 4.7 | 4.2 |
| CPI inflation, % yoy | 1.4 | 2.0 | 2.0 |
| Current account, % GDP | 1.6 | 1.4 | 1.2 |
| Budget balance, % GDP | -2.9 | -2.9 | -2.9 |

THAI BAHT

Policy support around 31

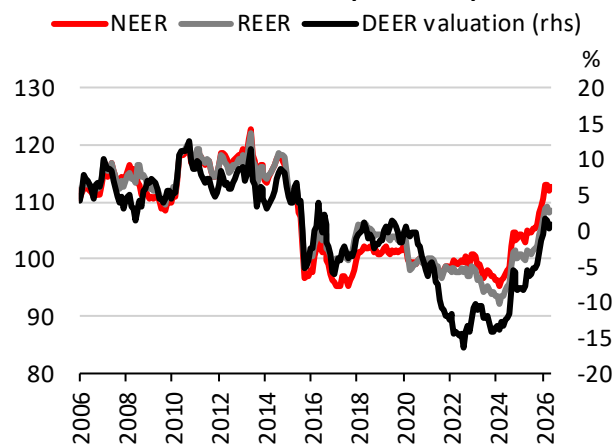


| USD/THB forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 33.377 | | 1.00 | 1.13 | 2.02 |
| 3Q26 | 32.7 | 32.5 | 1.00 | 1.35 | 2.55 |
| 4Q26 | 32.0 | 32.3 | 1.00 | 1.35 | 2.60 |
| 1Q27 | 32.5 | 32.1 | 1.00 | 1.45 | 2.70 |
| 2Q27 | 33.0 | 32.0 | 1.00 | 1.50 | 2.75 |
| 3Q27 | 33.5 | 32.0 | 1.00 | 1.50 | 2.80 |
| 4Q27 | 34.0 | 32.0 | 1.00 | 1.50 | 2.90 |

DBS forecasts; * Bloomberg consensus

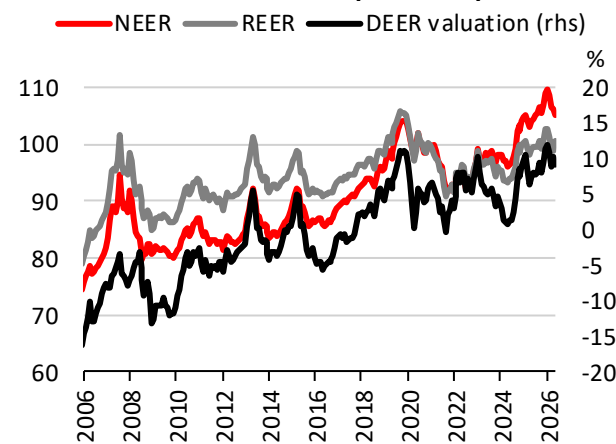
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 2.4 | 1.6 | 2.0 |
| CPI inflation, % yoy | -0.1 | 2.5 | 1.5 |
| Current account, % GDP | 3.1 | 2.2 | 2.5 |
| Budget balance, % GDP | -2.3 | -2.8 | -2.5 |

MYR: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

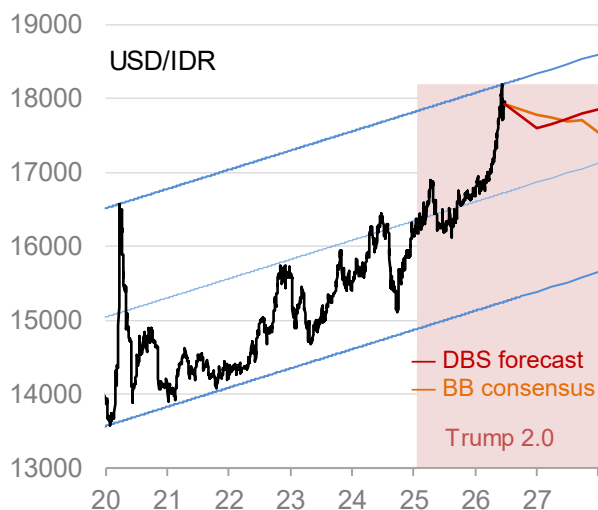
THB: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

INDONESIAN RUPIAH

Into the upper price channel



| USD/IDR forecasts | | | DBS forecasts | | |
|-------------------|-------|-------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 17922 | | 5.75 | 7.16 | 7.16 |
| 3Q26 | 17760 | 17775 | 6.00 | 6.90 | 7.00 |
| 4Q26 | 17600 | 17750 | 6.00 | 6.85 | 6.95 |
| 1Q27 | 17660 | 17690 | 6.00 | 6.80 | 6.90 |
| 2Q27 | 17730 | 17700 | 6.00 | 6.75 | 6.90 |
| 3Q27 | 17790 | 17550 | 6.00 | 6.75 | 6.90 |
| 4Q27 | 17860 | 17400 | 6.00 | 6.70 | 6.90 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 5.1 | 5.1 | 5.1 |
| CPI inflation, % yoy | 1.9 | 3.2 | 2.2 |
| Current account, % GDP | -0.1 | -0.5 | -0.7 |
| Budget balance, % GDP | -2.9 | -2.9 | -2.9 |

INDIAN RUPEE

INR's depreciation pace to slow

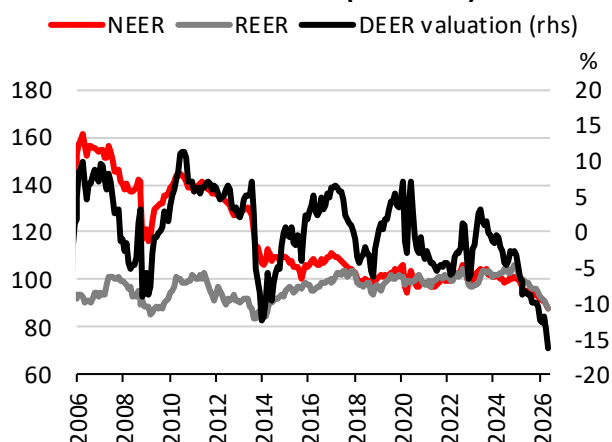


| USD/INR forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 25 Jun | 94.403 | | 5.25 | 5.95 | 6.77 |
| 3Q26 | 93.4 | 95.3 | 5.25 | 6.30 | 6.95 |
| 4Q26 | 93.9 | 95.5 | 5.50 | 6.30 | 6.90 |
| 1Q27 | 94.4 | 95.0 | 5.75 | 6.35 | 6.90 |
| 2Q27 | 95.0 | 94.0 | 5.75 | 6.35 | 6.90 |
| 3Q27 | 95.5 | 93.6 | 5.75 | 6.35 | 6.85 |
| 4Q27 | 96.1 | 93.2 | 5.75 | 6.35 | 6.85 |

DBS forecasts; * Bloomberg consensus

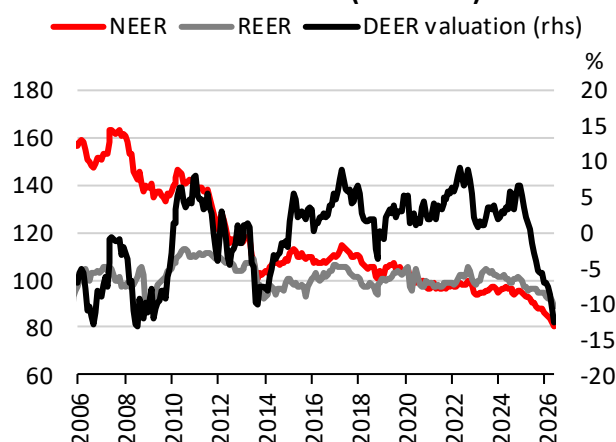
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 7.7 | 6.5 | 6.4 |
| CPI inflation, % yoy | 2.1 | 4.9 | 4.0 |
| Current account, % GDP | -1.0 | -1.8 | -1.5 |
| Budget balance, % GDP | -7.5 | -7.5 | -7.3 |

IDR: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

INR: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

PHILIPPINE PESO

Above its 3-year range of 55-59



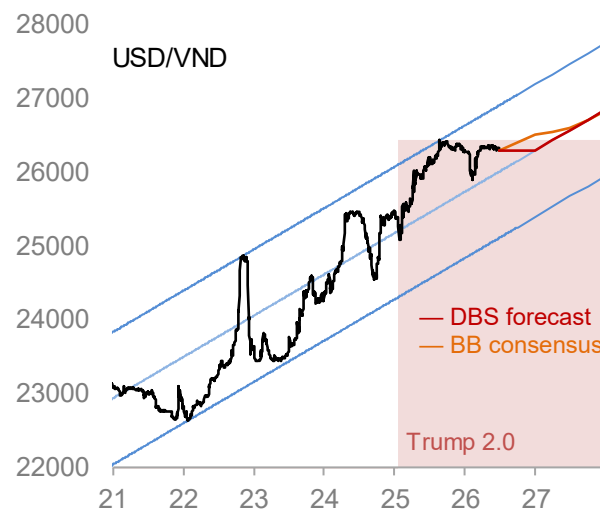
| USD/PHP forecasts | | | DBS forecasts | | |
|-------------------|--------|------|---------------|------|------|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 61.309 | | 4.75 | 6.32 | 6.93 |
| 3Q26 | 60.4 | 61.5 | 5.25 | 6.10 | 7.65 |
| 4Q26 | 60.6 | 61.0 | 5.25 | 6.20 | 7.75 |
| 1Q27 | 60.7 | 60.5 | 5.25 | 6.25 | 7.80 |
| 2Q27 | 60.9 | 61.3 | 5.25 | 6.30 | 7.85 |
| 3Q27 | 61.1 | 60.7 | 5.25 | 6.35 | 7.90 |
| 4Q27 | 61.3 | 60.1 | 5.25 | 6.35 | 7.95 |

DBS forecasts; * Bloomberg consensus

| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 4.5 | 4.7 | 5.0 |
| CPI inflation, % yoy | 1.7 | 6.5 | 4.0 |
| Current account, % GDP | -2.3 | -2.5 | -2.5 |
| Budget balance, % GDP | -5.3 | -5.3 | -5.3 |

VIETNAMESE DONG

In the upper price channel

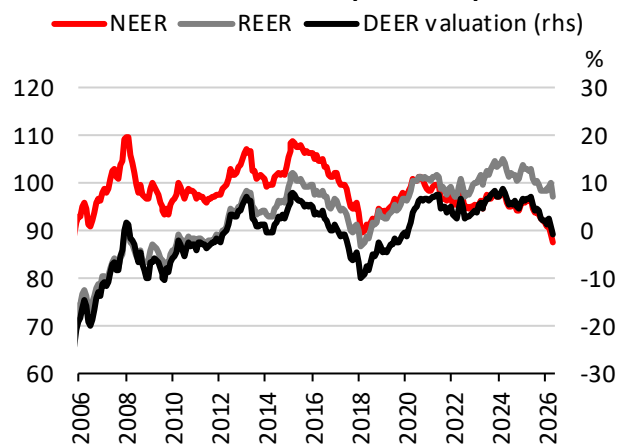


| USD/VND forecasts | | | DBS forecasts | | |
|-------------------|-------|-------|---------------|----|-----|
| eop | DBS | BB* | Policy | 2Y | 10Y |
| 26 Jun | 26298 | | 4.50 | -- | -- |
| 3Q26 | 26290 | 26500 | 5.00 | -- | -- |
| 4Q26 | 26290 | 26550 | 5.00 | -- | -- |
| 1Q27 | 26430 | 26600 | 5.00 | -- | -- |
| 2Q27 | 26570 | 26700 | 5.00 | -- | -- |
| 3Q27 | 26710 | 26825 | 5.00 | -- | -- |
| 4Q27 | 26850 | 26950 | 5.00 | -- | -- |

DBS forecasts; * Bloomberg consensus

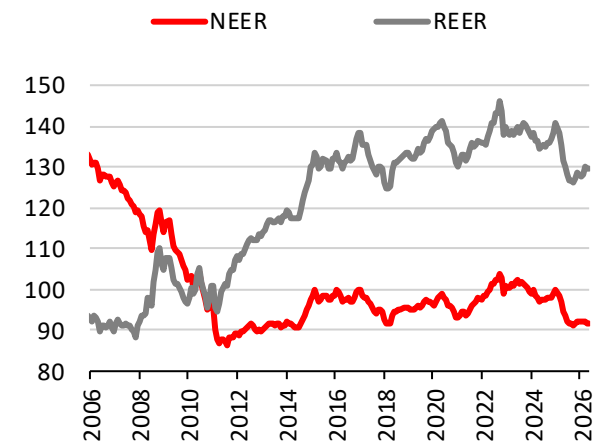
| Economic indicator | 2025 | 2026 | 2027 |
|------------------------|------|------|------|
| GDP growth, % yoy | 8.0 | 6.5 | 6.5 |
| CPI inflation, % yoy | 3.3 | 4.8 | 3.3 |
| Current account, % GDP | 6.7 | 4.5 | 4.5 |
| Budget balance, % GDP | -4.5 | -4.5 | -4.0 |

PHP: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

VND: Effective Exchange Rates and DEER valuations (2020=100)



Source: BIS, DBS

GROWTH, INFLATION, POLICY RATES & FX FORECASTS

| | GDP GROWTH, % YOY | | | | CPI INFLATION, % YOY | | | |
|-----------------------|-------------------|------|-------|-------|----------------------|------|-------|-------|
| | 2024 | 2025 | 2026f | 2027f | 2024 | 2025 | 2026f | 2027f |
| CHINA | 5.0 | 5.0 | 4.5 | 4.0 | 0.2 | 0.0 | 0.5 | 0.8 |
| HONG KONG | 2.5 | 3.5 | 3.0 | 2.8 | 1.5 | 1.4 | 1.6 | 1.5 |
| INDIA | 6.7 | 7.8 | 6.5 | 6.4 | 4.9 | 2.2 | 4.5 | 4.2 |
| INDIA (FISCAL YEAR) * | 6.5 | 7.7 | 6.5 | 6.4 | 4.6 | 2.1 | 4.9 | 4.0 |
| INDONESIA | 5.0 | 5.1 | 5.1 | 5.1 | 2.3 | 1.9 | 3.2 | 2.2 |
| MALAYSIA | 5.1 | 5.2 | 4.7 | 4.2 | 1.8 | 1.4 | 2.0 | 2.0 |
| PHILIPPINES** | 5.6 | 4.5 | 4.7 | 5.0 | 3.2 | 1.7 | 6.5 | 4.0 |
| SINGAPORE | 5.3 | 5.0 | 2.8 | 2.3 | 2.4 | 0.9 | 2.2 | 2.0 |
| SOUTH KOREA | 2.0 | 1.0 | 2.6 | 2.0 | 2.3 | 2.1 | 2.6 | 2.1 |
| TAIWAN | 5.3 | 8.8 | 9.4 | 3.5 | 2.2 | 1.7 | 1.9 | 1.8 |
| THAILAND | 2.9 | 2.4 | 1.6 | 2.0 | 0.4 | -0.1 | 2.5 | 1.5 |
| VIETNAM | 7.0 | 8.0 | 6.5 | 6.5 | 3.6 | 3.3 | 4.8 | 3.3 |
| EUROZONE | 0.7 | 1.5 | 1.0 | 1.2 | 2.3 | 2.2 | 3.1 | 2.1 |
| JAPAN | -0.2 | 1.2 | 0.5 | 0.5 | 2.7 | 3.2 | 1.8 | 1.8 |
| UNITED STATES*** | 2.8 | 2.0 | 1.5 | 1.7 | 3.0 | 2.7 | 2.5 | 2.5 |

* 2020 = Fiscal year Apr20-Mar21 ** new CPI series *** eop for CPI inflation

POLICY INTEREST RATES, EOP

| | 1Q26 | 2Q26 | 3Q26 | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 4Q27 |
|---------------|------|------|------|------|------|------|------|------|
| CHINA* | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| INDIA | 5.25 | 5.25 | 5.25 | 5.50 | 5.75 | 5.75 | 5.75 | 5.75 |
| INDONESIA | 4.75 | 5.25 | 5.50 | 5.75 | 5.75 | 5.75 | 5.75 | 5.75 |
| MALAYSIA | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| PHILIPPINES | 4.25 | 4.75 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 | 5.25 |
| SINGAPORE** | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| SOUTH KOREA | 2.50 | 2.50 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 | 2.75 |
| TAIWAN | 2.00 | 2.00 | 2.13 | 2.13 | 2.13 | 2.13 | 2.13 | 2.13 |
| THAILAND | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| VIETNAM*** | 4.50 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 |
| EUROZONE^ | 2.00 | 2.25 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| JAPAN | 0.75 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| UNITED STATES | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 | 3.75 |

* 1-yr Loan Prime Rate; ** 3M SORA OIS; *** refinancing rate; ^ deposit facility rate

EXCHANGE RATES, EOP

| | 1Q26 | 2Q26 | 3Q26 | 4Q26 | 1Q27 | 2Q27 | 3Q27 | 4Q27 |
|---------|-------|-------|-------|-------|-------|-------|-------|-------|
| USD/CNY | 6.89 | 6.83 | 6.75 | 6.70 | 6.74 | 6.78 | 6.81 | 6.85 |
| USD/HKD | 7.84 | 7.82 | 7.83 | 7.83 | 7.83 | 7.83 | 7.83 | 7.83 |
| USD/INR | 94.8 | 96.7 | 93.4 | 93.9 | 94.4 | 95.0 | 95.5 | 96.1 |
| USD/IDR | 17041 | 17990 | 17760 | 17600 | 17660 | 17730 | 17790 | 17860 |
| USD/MYR | 4.05 | 3.91 | 4.02 | 3.95 | 4.00 | 4.05 | 4.10 | 4.15 |
| USD/PHP | 60.7 | 62.1 | 60.4 | 60.6 | 60.7 | 60.9 | 61.1 | 61.3 |
| USD/SGD | 1.29 | 1.27 | 1.28 | 1.27 | 1.28 | 1.29 | 1.29 | 1.30 |
| USD/KRW | 1516 | 1470 | 1470 | 1485 | 1500 | 1515 | 1530 | 1545 |
| USD/THB | 32.6 | 32.1 | 32.7 | 32.0 | 32.5 | 33.0 | 33.5 | 34.0 |
| USD/VND | 26340 | 26230 | 26290 | 26290 | 26430 | 26570 | 26710 | 26850 |
| AUD/USD | 0.69 | 0.71 | 0.70 | 0.71 | 0.70 | 0.70 | 0.69 | 0.69 |
| EUR/USD | 1.16 | 1.18 | 1.15 | 1.17 | 1.16 | 1.15 | 1.14 | 1.13 |
| USD/JPY | 159 | 156 | 156.4 | 151.2 | 152.5 | 153.9 | 155.2 | 156.5 |
| GBP/USD | 1.32 | 1.36 | 1.34 | 1.36 | 1.35 | 1.34 | 1.33 | 1.32 |

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