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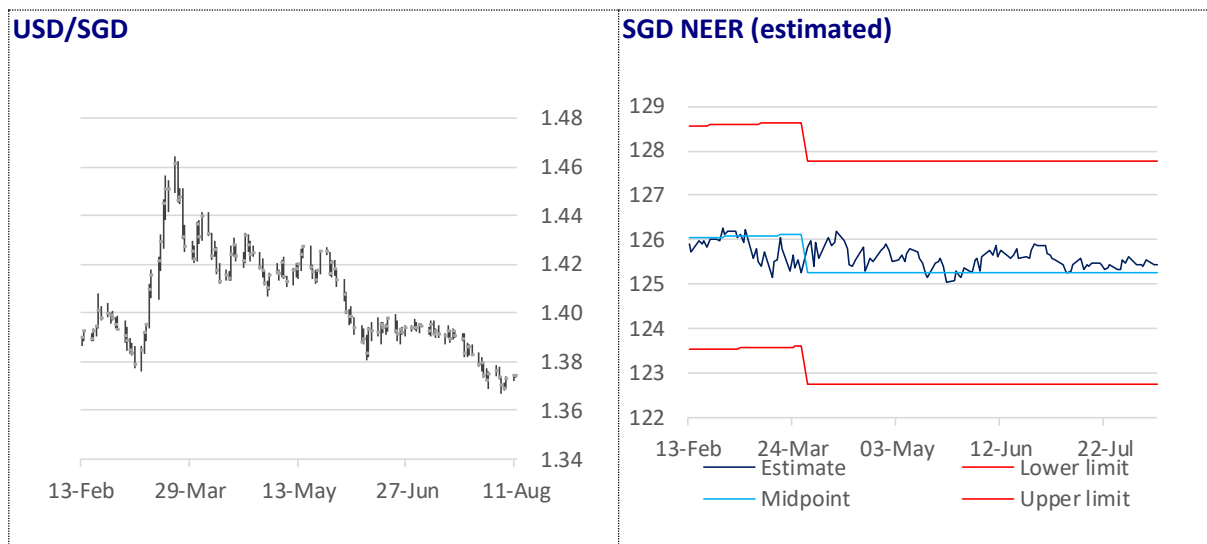
Global Markets Research

Currency Outlook

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Source: Bloomberg, HL Bank

1-Week Outlook – SGD Neutral to Bearish

We maintain our view that USD/SGD may see some correction over the coming week. This comes after the low of 1.3670 on 5 August. Singapore’s downwardly revised GDP print for 2Q highlights the challenges ahead, with only a slow recovery expected. This, alongside other international news, may trigger some risk aversion that will dampen on the recent downward march.

1-Month Outlook – SGD Neutral to Bullish

Our outlook for August is for some consolidation after broad USD weakness. Markets have mostly moved on three factors in 2Q: sentiments on Covid-19, economic sentiments and government/central bank support. Fundamentals are likely to recover in Singapore for 3Q, after the government exited the circuit breaker. However, risks from a second wave of Covid-19 infections may dampen on the recovery.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3445	1.3614	1.3731	1.3769	1.3800

SGD Crosses – 1 Week View

<p>EUR/SGD</p> 	<p>Neutral EUR (vs. SGD & USD)</p> <p>Technicals indicate overbought territory, albeit still strong on upside momentum. After a high of 1.6308, we see a possible correction below 1.6000.</p>												
<table border="1"> <thead> <tr> <th></th> <th>S2</th> <th>S1</th> <th>Prev. Close</th> <th>R1</th> <th>R2</th> </tr> </thead> <tbody> <tr> <td>EUR/SGD</td> <td>1.5455</td> <td>1.5792</td> <td>1.6122</td> <td>1.6404</td> <td>1.6560</td> </tr> </tbody> </table>		S2	S1	Prev. Close	R1	R2	EUR/SGD	1.5455	1.5792	1.6122	1.6404	1.6560	
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<p>SGD/JPY</p> 	<p>Neutral JPY (vs. SGD)</p> <p>A range of 76.06-77.49 is taking shape. A breakaway on the upside may be possible if JPY continues to underperform. We taper our recent optimism on the JPY due to current weakness.</p>												
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<p>AUD/SGD</p> 	<p>Neutral-to-Bearish AUD (vs. SGD & USD)</p> <p>We stay slightly bearish on the AUD on possible correction towards 0.97 and below. Watch 0.9756 low on 3 August. On the flipside, attention will turn to parity if AUD gains further from recent high of 0.9932.</p>												
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All charts and tables source: Bloomberg, HL Bank

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