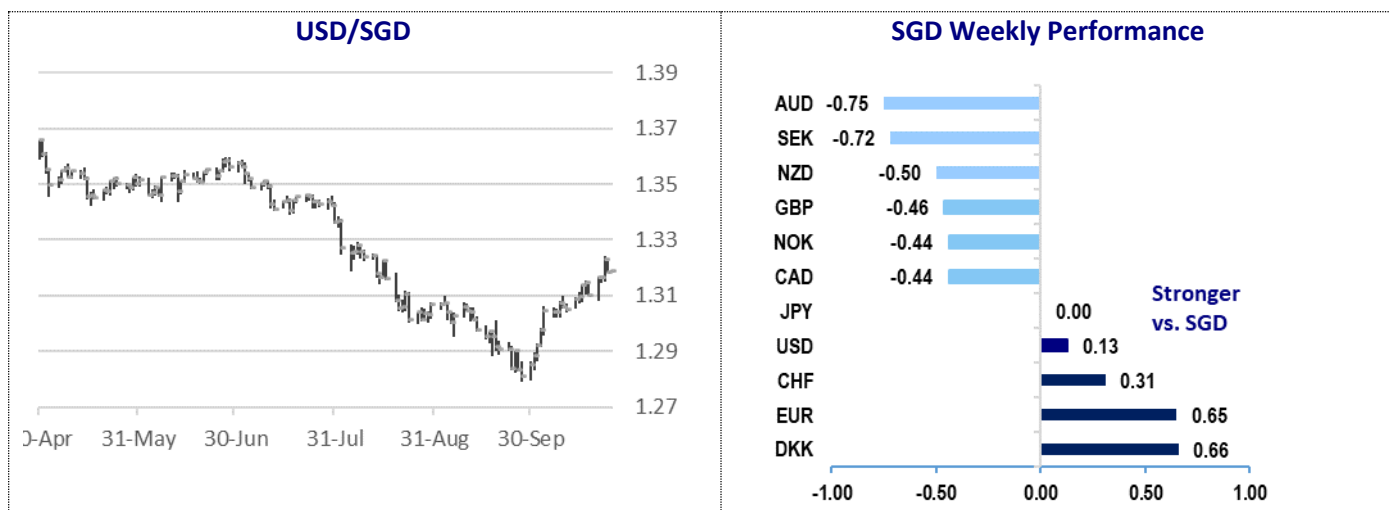


1 November 2024

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral-to-Slightly Bearish

SGD traded lower against the USD this week for a fifth week on the trot, albeit at a narrower pace of 0.1% w/w to 1.3198 (prior week: -0.3% w/w), driven by continuing strength for the Dollar against most regionals, while the better-than-expected surprise for the IPI growth and unemployment rate failed to lift sentiment for the currency. Against the other G10 pairs and major regional currencies, it was a mixed bag for the week with the SGD strengthening against IDR, MYR and AUD, but weakened against KRW. For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD and foresee a possible trading range of 1.30– 1.34 for the currency pair. Data light week with the retail sales data for September and S&P PMI for October on deck.

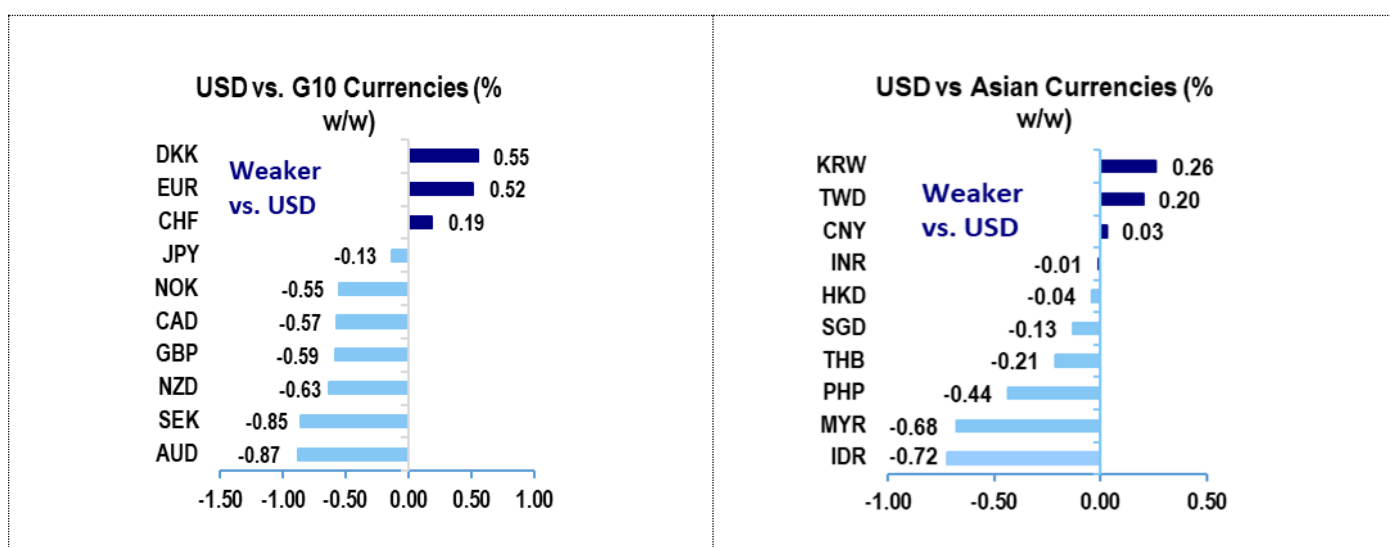
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The greenback has staged a corrective bounce of late, as US economic data has generally surprised on the positive side, bringing into question market expectations of a hard landing of a US economy that was previously bandied about. The market has dialled back expectations of aggressive Fed cuts, with the futures markets now pricing in nearly two further 25bps cuts for the two remaining FOMC meetings for the year, which brings it roughly in line with the latest Fed dot plot released during the September FOMC. Economic data has surprised on the upside of late, with the labour market showing signs continued robustness. September’s monthly employment report showed more jobs added than expected and the unemployment rate continued to inch lower, and retail sales for the month also printed better than expected in a strong end to 3Q. Inflation has continued to steadily edge lower towards the Fed’s target rate, and the more forward looking indicators paint a mixed picture for the economy, with weakness seen on the manufacturing front whilst the services sector continues to demonstrate surprising resiliency. On the domestic front, MAS maintained its SGD NEER policy band at its October meeting with the central bank expecting growth for 2024 as a whole at the higher end of its 2-3% forecast, and we continue to expect SGD NEER band to be maintained in the near future. Recent data releases have been mixed, with advanced 3Q GDP coming in slightly stronger than expected at 2.1% q/q, and while September exports rebounded by less than expected, weighed down by a monthly decline in electronic exports.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3080	1.3150	1.3198	1.3290	1.3360

Weekly Look Ahead

USD: The DXY retreated below the 104-handle amid jittery heading into the US presidential elections, with traders largely refusing to make big bets ahead of key economic data, especially the non-farm payroll due today and amid a last-minute rebound in the JPY following a hawkish hold by the BOJ, which weighed down on the index. Consequently, DXY logged its first weekly loss in 5 weeks, declining 0.1% w/w to close at 103.90, a reversal from prior week's +0.2% w/w gain. Still, the Dollar managed to hold its fort against most G10 and regional currencies this week. We prefer to remain **Neutral** pending the result of the US presidential election on November 5th, eyeing trading range between 102-106 but foresee potential upside should Trump make a return. This will be followed by the FOMC meeting soon after that where a 25bps cut is expected. Data wise is sparse, with the key economic data to look out for being the ISM-Services index.



Source: Bloomberg, HL Bank

EUR: EUR finally rebounded after 4 weeks of losses (+0.5% w/w to 1.0885) and strengthened not only against USD but also against its G10 peers as well. Largely supporting EUR was the unexpected uptick in its 3Q GDP as well as headline inflation. We are **Neutral-to-Slightly Bearish** on the EUR/USD for the coming week and see a probable trading range of 1.07–1.10 for the pair. Other from the final revisions to its S&P PMIs, key prints to watch out for include producer prices and retail sales data for more clues on consumption strength.

GBP: GBP declined for the fifth week on the trot, weakening at a faster pace of 0.6% w/w to 1.2899 (prior: -0.3% w/w). This comes after the Labour Government delivered greater fiscal spending plans during the Autumn Budget, resulting in a sell-off in UK gilts. In fact, GBP underperformed the USD and its G10 peers in tune to 0.1-0.8% d/d on the day of the release and weakened 0-1.1% w/w on a weekly basis. The exception was the NZD, SEK and AUD. We are **Neutral** on the Cable for the week ahead and see a possible trading range of 1.27-1.31. Data is sparse but the BOE's bank rate decision is on deck. Market is pencilling in 96% probability of a rate cut at the point of writing, but remains divided if another will follow suit by year end. Our house view continues to call for a 25bps cut at next week's meeting.

JPY: JPY was largely under pressure throughout the week after LDP's less than majority win in the general election added to political instability concerns but made a stellar rebound after the BOJ kept its ultra-low interest rates steady

but are seen to keep raising rates going forward. Consequently, JPY declined by a narrower pace of 0.1% w/w against the USD to close at 152.03 (prior: -1.1% w/w) and traded mixed vs the G10 and regionals. We are **Neutral** on USD/JPY for the week ahead and see a likely trading range of 150–154. A less intense week ahead with only the leading index, labour cash earnings and household spending data on deck.

AUD: AUD continued to hemorrhage for the fifth week, declining at 0.9% w/w to 0.6582 against the Dollar (prior: -0.8% w/w), despite AUD getting a short breather after its still elevated trimmed mean CPI and firm retail sales prints reaffirmed bets of a status quo for the RBA next week. We are **Neutral-to-Slightly Bullish** on AUD/USD for the coming week given it is trading near its oversold position, and see a likely trading range of 0.64-0.68 for the pair. An important week for Australia given that the RBA will decide on its monetary policy stance and tone after this week's string of mixed data. We will also be watching out for its trade data for clues on its external demand strength, especially from China.

MYR: The MYR traded weaker against the USD this week for a fifth week running, albeit at a narrower pace of 0.7% w/w to 4.3780 (prior: -0.9% w/w) amid USD strength and in the absence of economic data on the domestic front. Nonetheless, MYR also weakened mostly against the rest of G10 and regional peers, save for the SEK, JPY, AUD, NZD and IDR. Next week, we are **Neutral-to-Slightly Bearish** on USD/ MYR as the pair veers towards overbought territory and we see a likely trading range of 4.32-4.43 for the pair in anticipation of increased market volatility surrounding US election. Next week marks the first time that BNM will meet after Budget 2025 and may provide some colours on BNM's thoughts for 2025, especially on the inflationary front. We will also be watching out for the IPI and manufacturing sales data for more clues on how the economy have performed in 3Q

House View and Forecasts

FX	4Q-24	1Q-25	2Q-25	3Q-25
DXY	101.56	100.54	99.53	99.04
USD/CAD	1.36	1.34	1.33	1.31
EUR/USD	1.11	1.12	1.13	1.14
GBP/USD	1.33	1.35	1.36	1.37
AUD/USD	0.68	0.69	0.70	0.71
NZD/USD	0.62	0.63	0.64	0.64
USD/JPY	146	142	138	135
USD/MYR	4.25	4.20	4.15	4.10
USD/SGD	1.31	1.29	1.27	1.25
USD/CNY	7.12	7.03	6.94	6.85

Policy Rate (%)	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.25-4.50	3.75-4.00	3.50-3.75	3.25-3.50
BOC	3.75	3.25	3.00	3.00
ECB	3.00	2.75	2.50	2.25
BOE	4.75	4.50	4.25	4.00
RBA	4.35	4.10	3.85	3.60
RBNZ	4.75	4.50	4.00	3.75
BOJ	0.25	0.50	0.50	0.50
BNM	3.00	3.00	3.00	3.00
MAS	Hold	Hold	Hold	Hold
PBOC	Hold	Hold	Hold	Hold

2024 Central Bank Meetings/Announcements

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	31		20		1	12	31		18		7	18
Bank of Canada (BOC)	24		6	10		5	24		4	23		11
European Central Bank (ECB)	25		7	11		6	18		12	17		12
Bank of England (BOE)		1	21		9	20		1	19		7	19
Reserve Bank of Australia (RBA)		6	19		7	18		6	24		5	10
Reserve Bank of New Zealand (RBNZ)		28		10	22		10	14		9	27	
Bank of Japan (BOJ)	23		19	26		14	31		20	31		19
Bank Negara Malaysia (BNM)	19		9		3		6		7		2	
Monetary Authority of Singapore (MAS)	Jan			Apr			Jul			Oct		

Source: Bloomberg, HL Bank

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