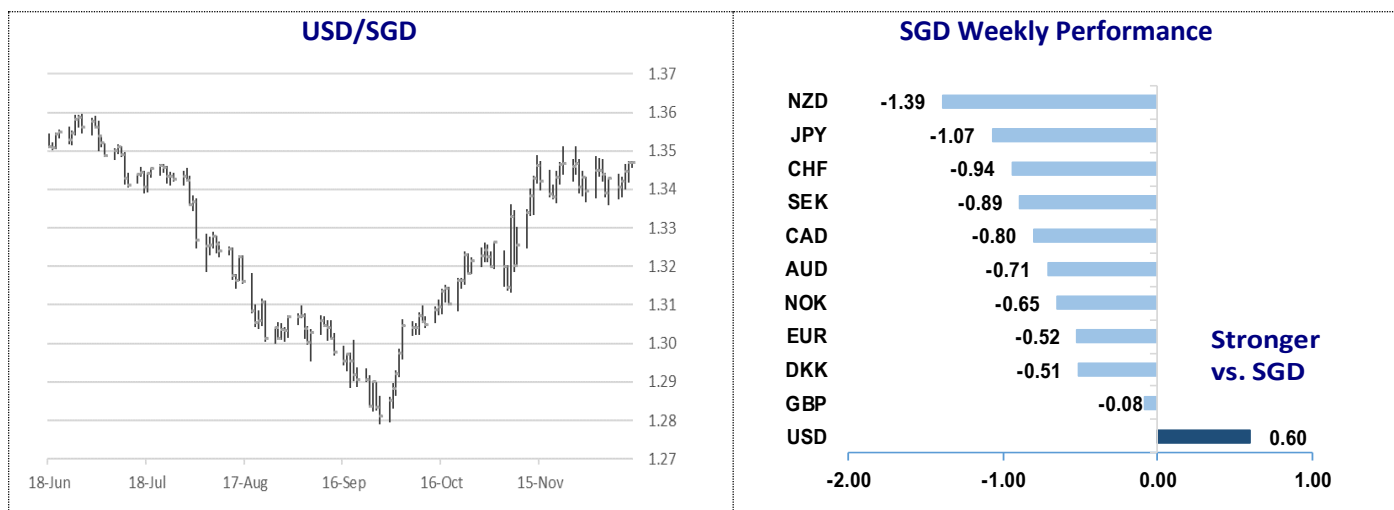


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD was weaker in trading against the USD for the first week in three, declining by 0.6% w/w to 1.3469 (prior: +0.3% w/w) from 1.3389 the prior week, amidst a strong USD backdrop and little in the way of economic data for the week domestically. Against the other G10 currencies, the SGD was stronger, advancing the most against NZD (+1.4%) and JPY (+1.1%), but versus major regional peers, the SGD was a mixed bag, gaining against KRW (+0.4%) but losing the most ground versus the THB (-2.1%). For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD, eyeing a likely trading range of 1.3325 – 1.3600 for the currency pair. The coming week sees the release of Singapore non-oil domestic exports (NODX) and electronic export numbers for the month of November, which will shed further light on how the economy is holding up in 4Q thus far.

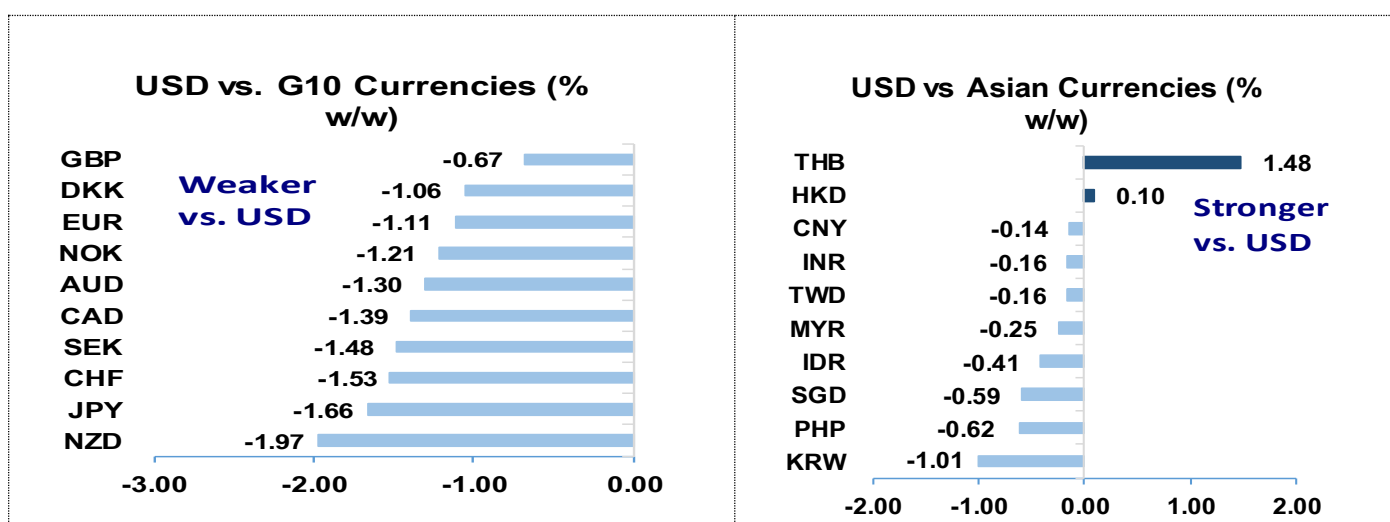
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The greenback has performed decently of late, buoyed by the results of the US election victory by Donald Trump. With the Republicans recapturing the Senate and House as well, the currency has benefitted from the expected pro-growth policies of the incoming administration, and the impact it is likely to have on inflation and Fed policy down the road. The Fed reduced its policy rate by 25bps at the November FOMC meet, and expectations are for a further cut in December, with Fed Chair Powell mentioning that the election results would not affect policy considerations in the near-term. US economic data has been mixed of late, with the latest employment report for October showing a tepid pace of job growth which could partially be as a result of the hurricane and labour strike, but September retail sales was better than expected in a strong end to the consumer for 3Q. Inflation has continued to steadily edge lower towards the Fed’s target rate, and the latest ISM indices continue to paint a mixed picture for the economy, with weakness seen on the manufacturing front whilst the services sector continues to demonstrate 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 final 3Q GDP seeing an upward revision from the advanced estimate, but retail sales in October missed estimates and exports for the month unexpectedly fell, weighed down by a large decline in pharmaceutical exports. The latest PMI and Electronic Sector index in November saw a rise from the month before, which bodes well for the growth outlook.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3295	1.3386	1.3469	1.3525	1.3610

Weekly Look Ahead

USD: The USD advanced in trading this week for the first week in three, with the DXY climbing by 1.2% to 106.96 (prior: -0.3% w/w) from 105.71 the prior week, amidst a mixed jobs report for November, and CPI for the month coming in as expected both on the headline and core level. The number of jobs added was slightly higher than expected, but this was tempered by the unemployment rate ticking higher for the month. We are **Neutral-to-Slightly Bearish** on the greenback for the week ahead, eyeing a likely trading range of 105.25 – 108.00 for the DXY. Plenty lined up in the coming week, with the FOMC meeting to decide on the path of policy, where they are expected to slash rates by a further 25bps but signal a more gradual pace of policy loosening going forward. Also on deck are the retail sales numbers for November, the third reading of US 3Q GDP, preliminary S&P Global US PMIs for December, as well as existing home sales and some housing data for November.



Source: Bloomberg, HL Bank

EUR: EUR fell against the USD this week for the first week in three, declining by 1.1% w/w (prior: +0.3% w/w) to 1.0468 from 1.0586 the prior week, amidst the ECB cutting its policy rate by a 25bps, and signaling more reductions ahead in the coming year. Futures pricing moderated a little with a further 126bps of ECB cuts priced in for 2025, down from the 149bps of cuts priced in a week ago. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the week ahead, and foresee a possible trading range of 1.0350 -1.0625 for the currency pair. On the radar for the coming week will be the industrial production figures for October, the final CPI numbers for November, labour costs for 3Q and the preliminary Eurozone composite PMIs for December.

GBP: GBP fell against the USD for the first week in three, descending by 0.7% w/w to 1.2673 (prior: +0.6% w/w) from 1.2759 the week before amidst a rather quiet week with the RICS House Price Balance report rising by more than expected in November. We are **Neutral-to-Slightly Bullish** on the Cable for the coming week, and see a likely trading range of 1.2625 – 1.2925 for the pair. It will be an eventful week ahead, with the Bank of England meeting to decide on interest rates amidst a rather packed calendar of economic data releases, with the November price indices (CPI, RPI, and PPI) and labour market report due, the manufacturing production, trade balance and monthly GDP for October, and the preliminary UK PMIs for December all scheduled for release.

JPY: JPY traded lower against the USD for the first week in four, declining by 1.7% w/w to close at 152.63 (prior: +1.0% w/w) from 150.10 the prior week, amidst Japanese October labour earnings falling slightly short of expectations on a same sample base basis, clouding the outlook for monetary policy going forward. We are **Neutral-to-Slightly Bearish** on USD/JPY for the week ahead, looking at a likely range of 149.50 – 154.50. After the Tankan 4Q survey this morning came out mostly in line with market expectations, the focus for the week lies on the Bank of Japan rate decision on Thursday, with core machine orders for October and export and trade numbers for November also scheduled for release.

AUD: AUD declined against the USD in trading for a third week on the trot, falling by 1.3% w/w to 0.6369 (prior: -0.7% w/w) from 0.6453 the week before, after a dovish tilt in the statement by the RBA as they left rates unchanged during the week opened up the door for potential interest rate reduction in the year ahead. The fall in the currency was mitigated by a strong employment report for November, which saw the unemployment rate unexpectedly decline by two notches to 3.9% versus expectations of a one notch rise. We are **Neutral-to-Slightly Bullish** on AUD/USD for the week ahead, with a possible trading range of 0.6250 – 0.6500. A quieter week lies ahead, with the preliminary Australian PMIs for December and consumer confidence scheduled for release.

MYR: The MYR weakened against the USD for the first week in four, declining by 0.3% w/w to 4.4383 (prior: +0.4% w/w) from 4.4272 the week before, amidst industrial production for October coming in slightly south of expectations, suggesting a weaker start to the domestic economic momentum as we started 4Q. Against the other G10 currencies and major regional peers, the MYR was mixed, gaining the most versus JPY (+1.2%) and losing the most ground against the THB (-1.2%). For the coming week, we are **Neutral-to-Slightly Bearish** on USD/MYR, and see a possible trading range of 4.3975 -4.4675. The week ahead sees the release of export and trade numbers for November, which will shed more light on how the external sector is faring, before the CPI for November is released next Friday.

House View and Forecasts

FX	4Q-24	1Q-25	2Q-25	3Q-25
DXY	105.78	105.51	103.40	102.37
USD/CAD	1.39	1.39	1.36	1.35
EUR/USD	1.05	1.05	1.07	1.08
GBP/USD	1.28	1.28	1.31	1.32
AUD/USD	0.65	0.66	0.67	0.68
NZD/USD	0.59	0.59	0.61	0.61
USD/JPY	153	153	148	146
USD/MYR	4.40	4.40	4.30	4.26
USD/SGD	1.33	1.33	1.31	1.29
USD/CNY	7.21	7.19	7.08	7.01

Policy Rate (%)	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
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	4.35	4.10	3.85
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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