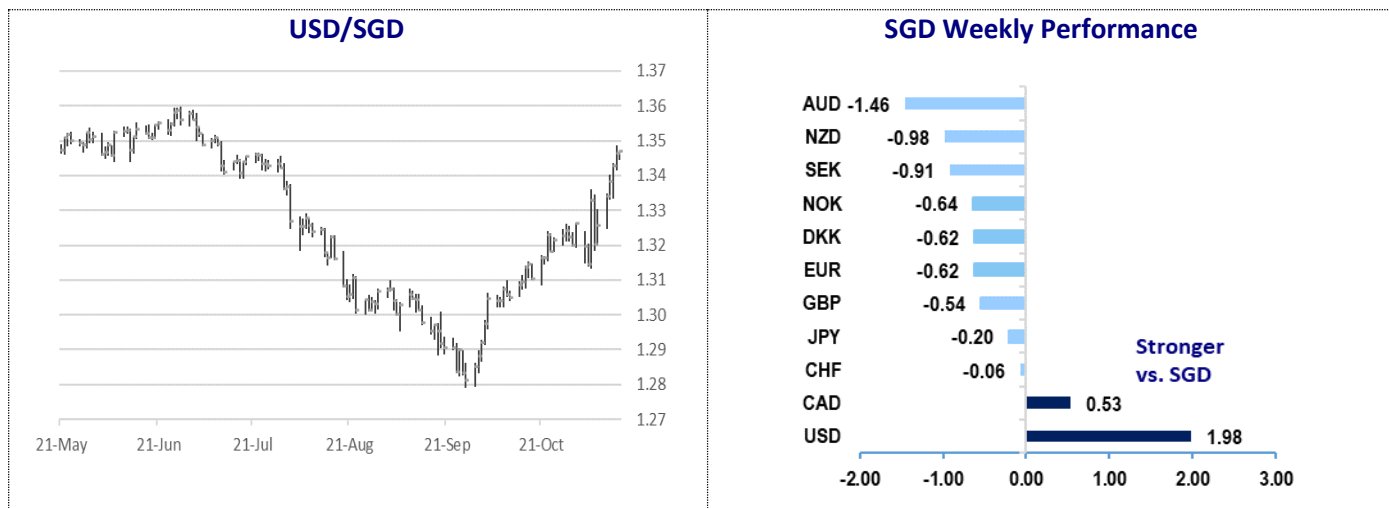


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD weakened by a whopping 1.9% w/w to 1.3462 against the Dollar during the week, after closing flattish the week before. In the absence of economic drivers on the Singapore front, the weakness was largely USD-driven, and consequently, we saw the SGD strengthening against most of the G10 currencies save for the USD, SEK and NOK but closed mixed against regionals, appreciating to the likes of THB, JPY and MYR but depreciating against KRW and CNH. For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD and foresee a possible trading range of 1.32– 1.36 for the currency pair given that the pair is trading near overbought. October’s NODX is on deck and possibly, the final revision to the 3Q GDP for the week ahead.

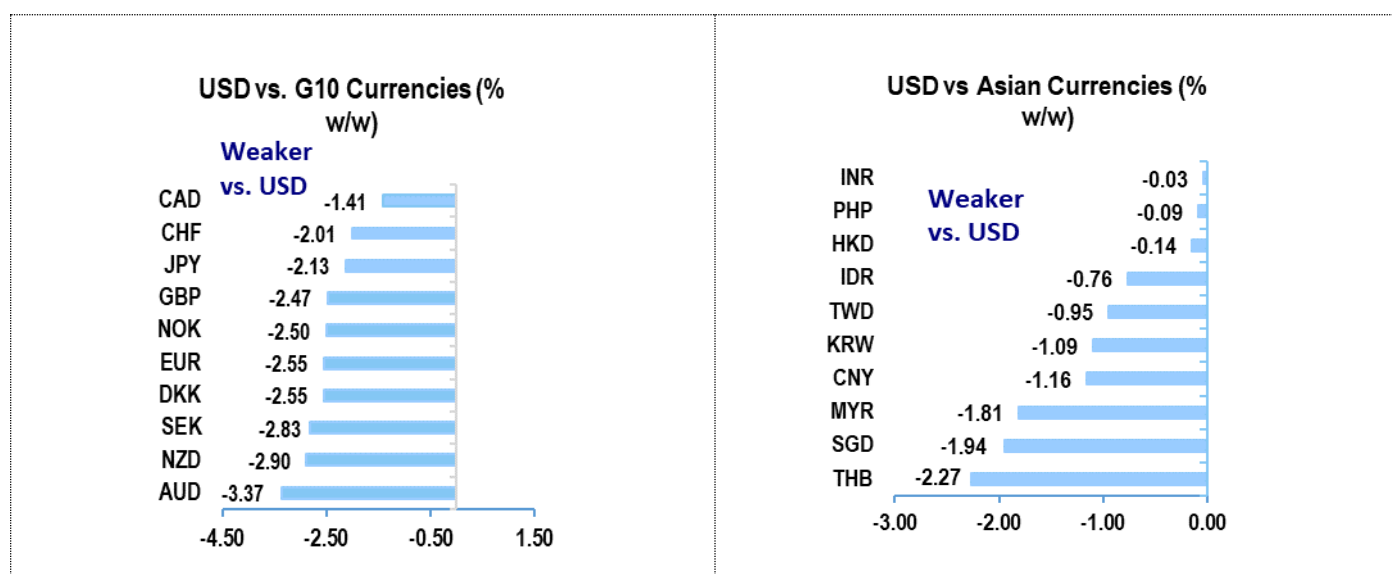
1-Month Outlook – USD/ SGD Neutral

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 likely to hold on to the 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 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 a decent showing for retail sales in September, while September exports rebounded by less than expected, weighed down by a monthly decline in electronic exports, and the latest PMI and Electronic Sector index suggest that 4Q is beginning on a slightly weaker note

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3137	1.3382	1.3462	1.3528	1.3601

Weekly Look Ahead

USD: It was largely a strong Dollar story, as Trump’s win reverberated through the financial and forex markets for the second week while a hawkish note from Fed Chair Jerome Powell that the Fed is in no rush to cut rates saw traders paring rate cut bets. Treasury yields on the front-end spiked and the Dollar strengthened against all its G10 peers as well as regional currencies. DXY closed up 2.1% w/w to 106.67 (prior: +0.4% w/w) during the week, holding firmly above the 106 handle after touching 107s briefly towards end week. We are **Neutral-to-Slightly Bearish** on the greenback in week ahead and foresee a likely trading range of 104 – 108 given its slightly overbought position. A busy week ahead with the S&P Manufacturing and Services PMIs, Leading Index and housing indicators at the forefront, on top of regional indices from the Philadelphia to New York and Kansas Feds.



Source: Bloomberg, HL Bank

EUR: EUR weakened against the USD for the second week, falling by a larger pace of 2.6% w/w (prior: -0.7% w/w) to 1.0530 against the Dollar as appetite for the EUR was notably dented by US tariff concerns as well as geopolitical uncertainties at home, specifically Germany. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the coming week and foresee a likely trading range of 1.03 -1.08 given that the pair is oversold. A crucial next week with the final revisions to the CPI and 3Q negotiated wages indicators on deck, giving us more peeps into inflationary pressures and possible policy path going forward. This will be on top of S&P PMIs, consumer confidence and trade data scheduled for release,

GBP: Last week’s gain proved short-lived, with GBP retreating again against the Dollar by 2.5% w/w to 1.2666 (prior: +0.7% w/w). The downtick was not only underpinned by a stronger USD but also softer labour data at home ground which dented sentiment for sterling. We prefer to stay **Neutral** on the Cable for the week ahead, pending the release of 1st tier data like CPI and retail sales and eyeing a possible trading range of 1.26 - 1.29. We however note that this pair is trading near the oversold position, hence expected limited downside.

JPY: JPY fell against the USD for ninth straight week, declining by 2.1% w/w to close at 156.27 (prior: -0.6% w/w), amidst the strong USD backdrop and on the Japanese front, weighed down by its capital outflows data as well as latest

summary of opinions from BOJ policy meeting which showed that policy makers were cautious in its tightening policy path given the political uncertainties. We have a **Neutral-to-Slightly Bearish** stance on USD/ JPY for the coming week, foreseeing a probable trading range of 151 – 157 on expectations that the Government will intervene at this level. It will be heavy with 1st tier data like CPI, core machine orders, trade and S&P PMIs in the Japan space next week.

AUD: AUD felt the heat not only from the strong USD this week but also as liquid proxy to the Chinese counterparts, the heat from China’s weak economic outlook and underwhelming stimulus measures. Also adding to the downward pressure was its softer wage print in Aussie, and consequently, AUD not only weakened against USD (-3.4% w/w to 0.6454 vs prior: +1.5% w/w) but AUD also underperformed all its peers within the G10 space. We are **Neutral-to-Slightly Bullish** on AUD/USD for the coming week as the pair veers towards oversold, and see a likely trading range of 0.63 – 0.68 for the pair. Minutes to the latest RBA minutes will take centre stage next week, followed by the S&P PMIs and Westpac Leading Index.

MYR: The MYR was weaker against the USD this week for a seventh consecutive week, declining by 1.8% w/w to 4.4855 (prior: -0.6% w/w) largely driven by a strong USD backdrop while concerns that trade-dependent Asian economies, like Malaysia, would be negatively impacted by Trump’s protectionist policies. MYR nonetheless strengthened against the rest of G10 currencies save for the CAD, but weakened against most regional peers, except for the SGD, JPY and THB. For the coming week, we are **Neutral-to-Slightly Bearish** on USD/ MYR as the pair is trading in slightly overbought territory and we expect a probable trading range of 4.42-4.51. The release of the final 3Q GDP is on deck this afternoon, with the flash data pointing a 5.3% y/y growth rate. Next week, we will see 4Q’s data starting to trickle in starting with the exports and CPI numbers for October

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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