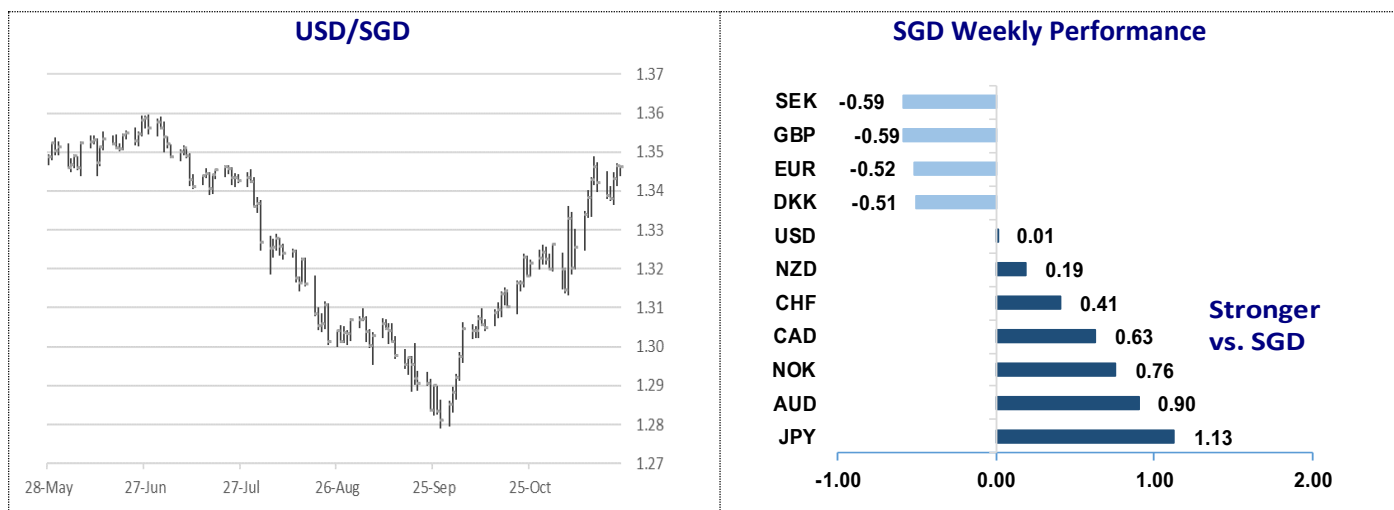


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was little changed against the USD for the week in review, closing on Thursday at 1.3464 (prior: -1.9% w/w) from 1.3462 the prior week, amidst an unexpected contraction of Singapore non-oil domestic exports in October, which was driven by a sharp fall in pharmaceutical exports and weaker exports to China. Against the other G10 currencies and major regional peers, the SGD was mixed, gaining ground against the likes of GBP (+0.6%) and IDR (+0.4%), but losing ground versus the THB (-1.3%) and JPY (-1.1%). For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD and foresee a probable trading range of 1.3325 – 1.3575 for the pair. After the release of Singapore final 3Q GDP numbers this morning, which came in stronger than expected at 5.4% y/y compared to expectations of 4.7% y/y, the highlights for the coming week are the CPI numbers and industrial production figures for October.

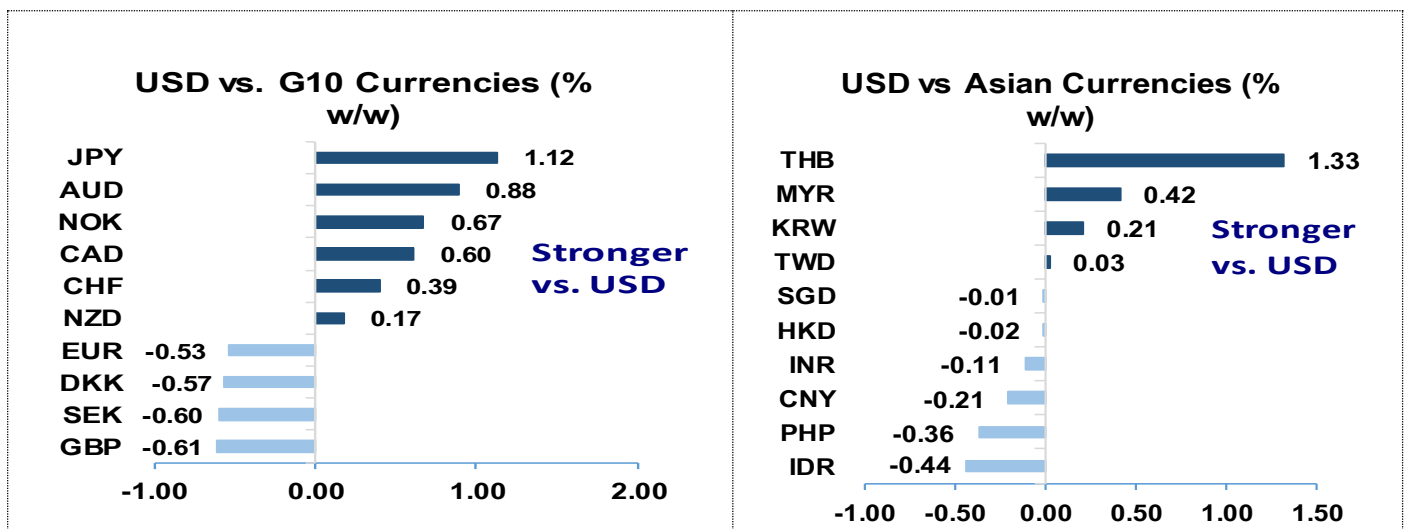
1-Month Outlook – USD/ SGD Neutral

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	1.3464	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 fell against the USD this week for a third consecutive week, declining by 0.5% w/w (prior: -2.6% w/w) to 1.0474 from 1.0530 the week before, amidst a rise in Eurozone negotiated wages in 3Q to 5.4% y/y from 3.5% y/y the preceding quarter, which complicates ECB plans for more interest rate cuts. We are **Neutral** on the EUR/USD for the coming week and see a possible trading range of 1.0325 -1.0625 with the regional escalation in geopolitical tensions likely to continue dominating headlines. The week ahead sees the release of Eurozone preliminary PMI’s and the Economic Confidence index for November. There will also be quite a bit of ECB-speak to pay attention to, including from President Lagarde.

GBP: GBP traded lower against the USD for a second straight week, descending by 0.6% w/w to 1.2589 (prior: -2.5% w/w) from 1.2666 the prior week amidst UK CPI for October coming in hotter than expected, both at the headline and core level, complicating the BoE’s plan for more rate cuts down the road. We are **Neutral-to-Slightly Bullish** on the Cable for the coming week, eyeing a probable trading range of 1.2450 - 1.2800. UK retail sales numbers for October are the highlight of the week ahead, which also sees the release of the latest industry sales report from the CBI for the month.

JPY: JPY strengthened against the USD for the first week in ten, advancing by 1.1% w/w to close at 154.54 (prior: -2.1% w/w) from 156.27 the week before, amidst Japan preliminary 3Q GDP coming in slightly north of expectations, buoyed by strong private consumption that offset weakness from the export sector for the quarter. We remain **Neutral-to-Slightly Bearish** on USD/ JPY for the week ahead, seeing a possible trading range of 151 – 157. After the national CPI numbers for October came out mixed this morning with the headline rate of inflation matching expectations while core inflation came in a notch higher than expected, a rather quiet week ahead remains with only October department store sales for Tokyo and nationwide, and services PPI for the month scheduled for release ahead of next Friday’s unemployment rate and retail sales releases.

AUD: AUD traded higher against USD, climbing by 0.9% w/w to 0.6511 (prior: -3.4% w/w) from 0.6454 the week before, amidst the minutes of the RBA policy meeting for November revealing that the central bank sees its current policy settings as appropriate, and that they discussed a wide variety of scenarios for the policy rate going forward. We remain **Neutral-to-Slightly Bullish** on AUD/USD for the coming week, and see a likely trading range of 0.6400 – 0.6650 for the currency pair. The week ahead sees the release of Australia CPI numbers for October, as well as private capital expenditure for 3Q.

MYR: The MYR strengthened against the USD for the first week in eight, advancing by 0.4% w/w to 4.4668 (prior: -1.8% w/w) from 4.4855 the week before, amidst 3Q GDP coming in as per expected at 5.3% y/y, matching the flash estimate released last month. Exports in October also witnessed a rebound albeit by less than what had been anticipated. Against the other G10 currencies and major regional peers, the MYR was a mixed bag for the week. For the coming week, we remain **Neutral-to-Slightly Bearish** on USD/MYR and expect a likely trading range of 4.4275 -4.4975. The week ahead sees a quiet week as far as domestic economic data is concerned.

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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