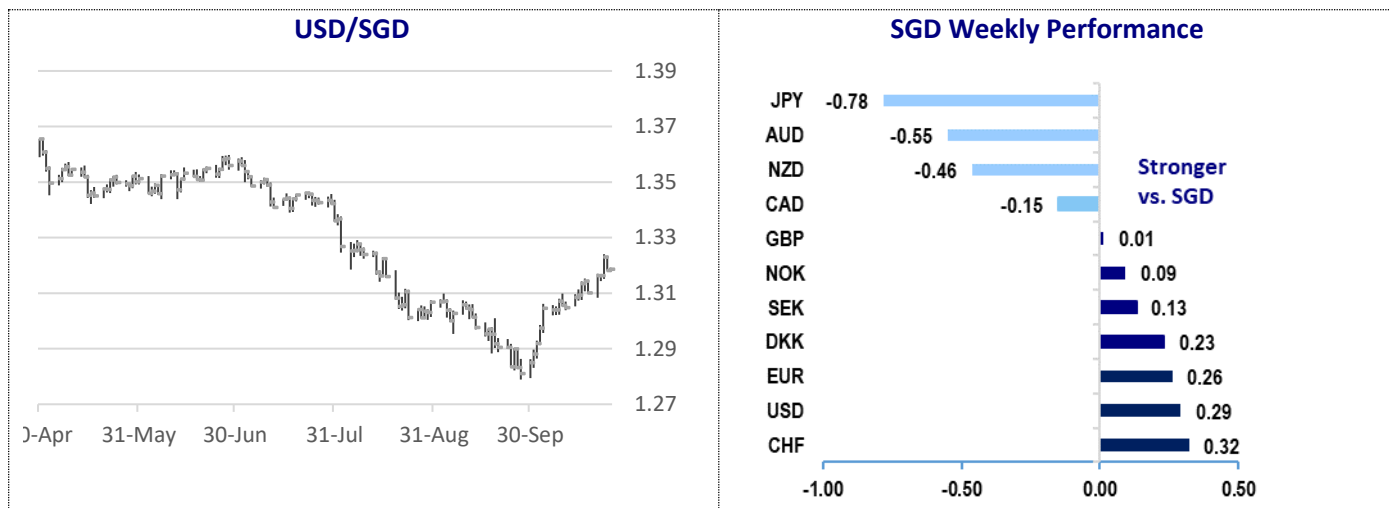


Global Markets Research

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 fourth week on the trot, albeit at a narrower pace of 0.3% w/w to 1.3181 (prior week: -0.7%). The upward surprise in core-CPI failed to lift sentiment for the currency but, in our opinion reaffirmed status quo bets for the MAS. Against the other G10 pairs and major regional currencies, it was a mixed bag for the week with a large range of +/-1.1% w/w. Notably, SGD strengthened against THB (1.1% w/w) and JPY (0.8% w/w) but weakened against CHF (0.3% d/d) and TWD (0.5% w/w). For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD, and foresee a possible trading range of 1.30– 1.33 for the currency pair. A quiet week lies ahead with only the unemployment rate scheduled for release.

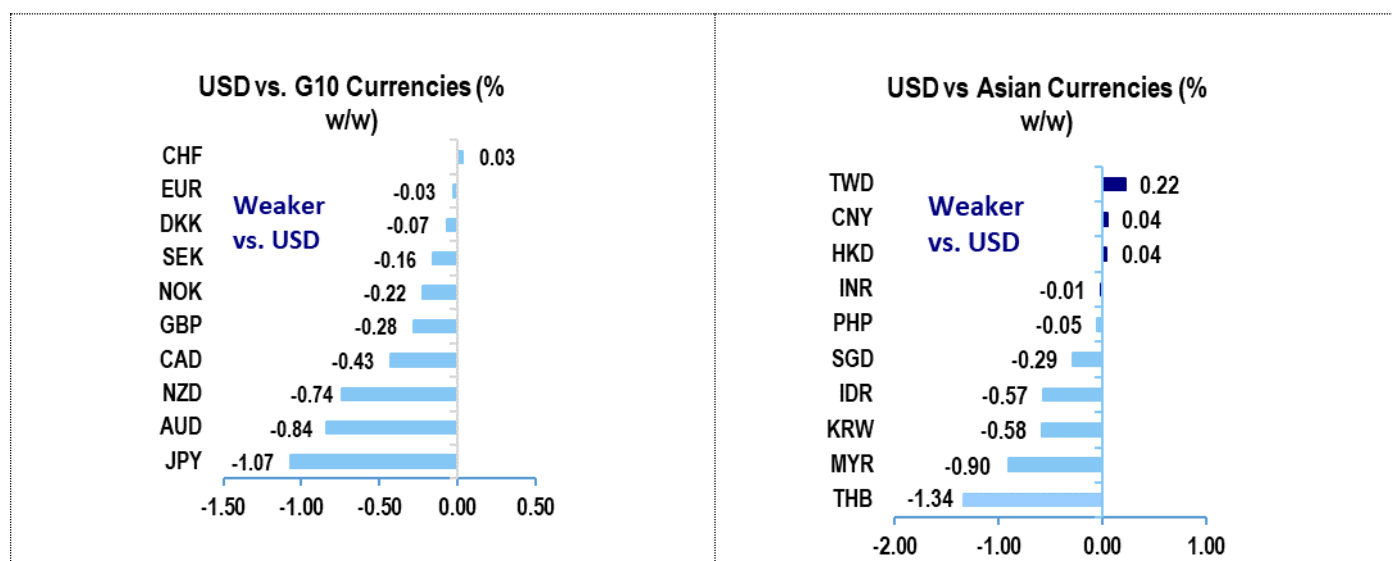
**1-Month Outlook – USD/ SGD Neutral**

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	1.3013	1.3099	1.3181	1.3256	1.3327

## Weekly Look Ahead

**USD:** The DXY closed up above the 104-handle for the first time since July and strengthened for the fourth week running, climbing by 0.2% w/w to 104.06 (prior: +0.8% w/w). Appetite for the Dollar was largely boosted by higher Treasury yields amid bets of a soft landing for the US economy and prospects of a Donald Trump win in the election, which would likely bring about inflationary policies like tariff hikes. We are **Neutral-to-Slightly Bearish** on the USD for the week ahead as the DXY is close to overbought and see a possible trading range of 102 – 106 for the DXY. A busy week lies ahead, with focus on the 3Q GDP (A), non-farm payroll, core-PCE prices and accompanying it, personal income/spending data. Besides, ISM-Manufacturing as well as consumer confidence indices are set for release and may provide more clues to Fed’s monetary policy decision in November.



Source: Bloomberg, HL Bank

**EUR:** EUR fell in trading this week against the greenback for a fourth consecutive week, albeit at a much smaller 0.03%. EUR closed just below the flatline at 1.0828 (prior: -0.9% w/w), predominantly driven by greenback strength. A light week this week with only October’s PMI on deck, where the composite print matched expectations (+0.1ppts to 49.7), helping to pare some of the losses earlier in the week. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the coming week and see a probable trading range of 1.07 – 1.10 for the pair. Data light but with 1st tier data like 3Q GDP (A), CPI, unemployment rate and economic confidence index due for release, which will provide more clue as to how the Euro area economy has fared recently.

**GBP:** GBP declined in trading this week against the USD for the fourth week on the trot, falling by 0.3% w/w to 1.2975 (prior: -0.4% w/w). GBP started the week on a positive note after its retail sales beat, but quickly retreated following USD strength as well as jittery over the upcoming Autumn Budget. We are **Neutral** on the Cable for the week ahead and see a possible trading range of 1.28-1.31, as investors will likely remain jittery with the Autumn Budget on deck. Data is sparse with 2nd tier data like consumer credit.

**JPY:** JPY was lower in trading this week for a sixth consecutive week, declining by 1.1% w/w against the USD to 151.83 (prior: -1.1% w/w), amid jittery over Japan’s general election on October 27. In fact, JPY led losses against the USD both amongst G10 and amongst regionals, sparking comments from officials that they are monitoring JPY moves with high sense of urgency, including the speculative ones. We are **Neutral-to-Slightly Bearish** on USD/ JPY for the week

ahead and see a likely trading range of 147– 154. A crucial week for Japan with the upcoming general election and BOJ’s monetary policy decision. We expect a status quo from BOJ, but before that, we will see a slew of important releases like retail sales, jobless rate, IPI and consumer confidence index.

**AUD:** AUD declined for a fourth week running, falling by 0.8% w/w to 0.6640 (prior: -0.6% w/w). The currency traded between gains and losses throughout the week and ultimately, with USD strength outpacing bullishness for the currency after another round of stimulus from China and amid hawkish RBA speak. RBA deputy governor commented that the central bank left the door opened for possible rate hike. We are **Neutral-to-Slightly Bullish** on AUD/USD for the coming week and see a likely trading range of 0.65-0.68 for the pair. Other from the final revision to its manufacturing PMI, Australia will see its CPI, consumer spending, housing and lending indicators as well as the producer prices index.

**MYR:** The MYR traded weaker against the USD this week for a fourth week running, depreciating 0.9% w/w to 4.3482 (prior: -0.4% w/w), amidst a strong USD backdrop and muted impact from both the 2025 Budget measures as well as better-than-expected advanced 3Q GDP. MYR also weakened against other G10 pairs and regional currencies save for the JPY and THB. Next week, we are **Neutral-to-Slightly Bearish** on USD/ MYR expecting a consolidation from recent moves and we see a likely trading range of 4.30-4.37 for the pair. An uneventful week on the data front with only the S&P Global Malaysia Manufacturing PMI on deck.

## 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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