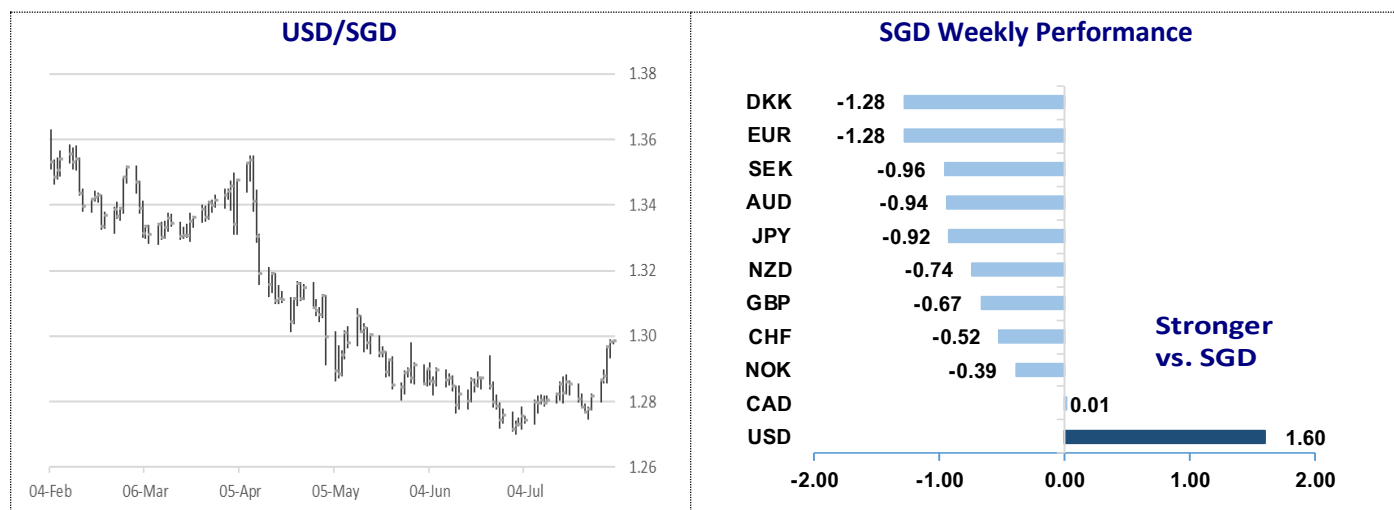


01 Aug 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD declined against the greenback in trading this week, depreciating by 1.6% to close Thursday at 1.2981 (prior: +0.7% w/w) from 1.2776 the week before, amidst MAS holding policy steady during their quarterly monetary policy meet. Economic data was mixed, with industrial production for June coming in better than expected, while the unemployment rate for the month inched higher versus the month before. Against the other G10 pairs, the SGD was stronger across the board for the week, but versus major regional currencies, it was a mixed bag, with the SGD gaining the most against the PHP (+1.3%) but losing ground versus the CNY (-0.5%). We are **Neutral** on the USD/SGD for the coming week, looking at a likely trading range of 1.2850 – 1.3125 for the pair. The week ahead brings the scheduled release of the PMI and Electronic Sector index for July, as well as the retail sales report for the month of June.

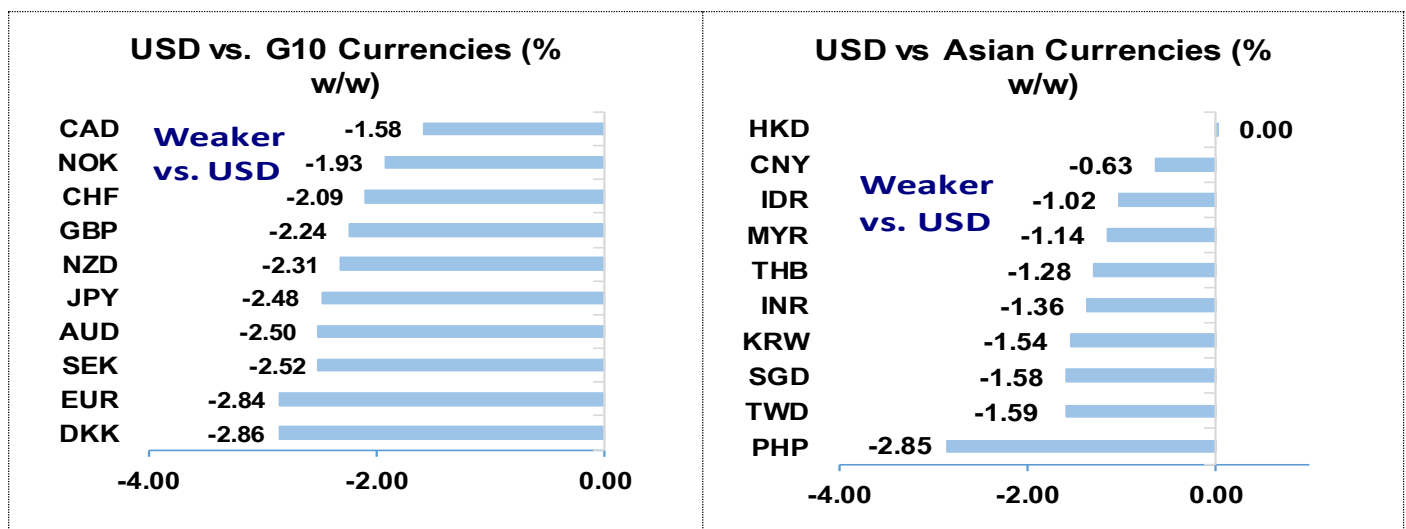
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The USD has rebounded of late, with the US signing some deals with major trading partners and announcing the new rates of reciprocal tariffs on other countries on Aug 01. The Fed held its ground again at the July FOMC meet in a 9-2 majority vote, with Fed Chair Powell continuing to strike a cautious note about the impact of the trade tariffs on domestic inflation. Expectations that the Fed is to resume reducing its policy rate in due course were pared, with between one to two 25bps reductions priced in the futures market for 2025. US economic data has been leaning on the positive side, with the labour market continuing to defy expectations of a cooling and retail sales expanding by more than expected in June, and the advanced reading of US 2Q GDP surpassed expectations on a slump in imports during the quarter. Inflation indicators were mixed, with core CPI surprising slightly on the downside in June while core PCE for the month was in line with expectations. On the domestic front, MAS held steady on policy in its quarterly July meeting after two consecutive quarters of easing policy. The advanced reading for 2Q GDP came in much stronger than anticipated, while headline and core inflation held steady in June, and export growth for the month rebounded from the weakness seen in May. We expect MAS to be on hold for the rest of the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2820	1.2905	1.2981	1.3045	1.3110

Weekly Look Ahead

USD: The USD strengthened broadly in trading this week, with the DXY surging by 2.7% to 99.97 (prior: -1.4% w/w) from 97.38 the prior week, amidst the Fed leaving policy on hold for a fifth straight FOMC meet in a 9-2 majority vote, with Fed Chair Powell continuing to strike a cautious note. Economic data during the week was positive with advanced 2Q GDP coming in higher than expected and consumer confidence rising by more than anticipated, while core PCE for June came in line with expectations. We are **Neutral** on the USD for the week ahead, foreseeing a possible trading range of 98.50 – 101.50 for the DXY. The focus of the coming week will lie on the monthly employment report for July as well as the ISM indices for the month which will provide further clues as to how the economy was faring to start 3Q, with the trade balance for June also due to be reported on. News on tariffs will also likely continue to command attention with the new reciprocal tariffs announced by the White House overnight.



Source: Bloomberg, HL Bank

EUR: EUR declined in trading against the greenback this week, plunging by 2.8% to 1.1415 (prior: +1.3% w/w) from 1.1749 the week before, amidst a strong USD backdrop even as Eurozone economic confidence climbed by more than expected for July and the 2Q advanced GDP release showed that the region unexpectedly grew for the quarter and the unemployment rate for June came in a notch lower than expected. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the coming week, eyeing a probable trading range of 1.1275 – 1.1575. The week ahead has quite a bit in store, with the preliminary CPI estimate for July scheduled for release, as well as the retail sales and PPI numbers for June, and the final Eurozone PMIs for July. In addition, the ECB will also be publishing their latest Economic Bulletin during the week.

GBP: GBP was softer in trading this week against the USD, depreciating by 2.2% w/w to 1.3207 (prior: +0.7% w/w) from 1.3510 the prior week, amidst a weaker than expected retail sales report for June that resulted in sales for the quarter as a whole barely growing at all. We are **Neutral** on the Cable for the week ahead, looking at a likely trading range of 1.3050 – 1.3350 for the pair. The coming week sees the Bank of England decide of policy, where they are expected to reduce rates by 25bps after holding steady during the last meet in June. The final UK PMIs for July are also scheduled for release during the week.

JPY: JPY was weaker against the USD this week, declining by 2.5% to 150.75 (prior: +1.1% w/w) from 147.01 the week before, amidst the Bank of Japan leaving rates on hold during its policy meet while revising their inflation forecasts higher for the next 3 years. Economic data during the week was generally positive, with retail sales and industrial production for June both coming in higher than anticipated, while Tokyo CPI for July surprised slightly on the downside. We are **Neutral-to-Slightly Bearish** on USD/JPY for the coming week, foreseeing a possible trading range of 147.75 – 152.75. After the Japanese jobless rate for June came out as per expectations this morning, the focus of the week ahead will lie on the labour earnings numbers for June, with the final Japanese PMIs for July also due for release.

AUD: AUD depreciated against the USD this week, falling by 2.5% to 0.6425 (prior: +1.6% w/w) from 0.6590 the prior week, amidst a decline in price pressures in 2Q, with the RBA's favoured trimmed mean measure receding as expected, which should open the door for a rate cut at their next meeting. Meanwhile, retail sales numbers for June and for 2Q as a whole surprised on the upside in a positive end to the quarter. We are **Neutral** on AUD/USD for the week ahead, eyeing a probable trading range of 0.6275 – 0.6575 for the currency pair. The coming week sees the release of the Australian trade balance for June as well as the final PMIs for July.

MYR: MYR lost ground against the USD this week, declining by 1.2% to 4.2650 (prior: +0.8% w/w) from 4.2162 the week before, amidst a strong backdrop for the greenback and BNM revising its growth and inflation forecasts for the year lower. Against the rest of the G10 currencies, the MYR was stronger across the board while versus major regional currencies, it was a mixed bag for the MYR. For the coming week, we are **Neutral** on USD/MYR, looking at a likely trading range of 4.2350 – 4.2950. The week ahead sees the release of industrial production figures for June, as the markets continue to digest the new reciprocal tariffs announced by the US overnight.

House View and Forecasts

FX	3Q-25	4Q-25	1Q-26	2Q-26
DXY	98.32	96.29	94.99	93.77
USD/CAD	1.38	1.37	1.35	1.34
EUR/USD	1.16	1.19	1.20	1.22
GBP/USD	1.36	1.38	1.39	1.40
AUD/USD	0.63	0.65	0.67	0.68
NZD/USD	0.59	0.60	0.61	0.61
USD/JPY	147	144	140	137
USD/MYR	4.28	4.25	4.22	4.18
USD/SGD	1.29	1.26	1.24	1.22
USD/CNY	7.20	7.16	7.12	7.10

Policy Rate (%)	3Q-25	4Q-25	1Q-26	2Q-26
Fed	4.00-4.25	3.75-4.00	3.50-3.75	3.25-3.50
BOC	2.50	2.25	2.25	2.25
ECB	2.00	2.00	2.00	2.00
BOE	4.00	3.75	3.50	3.50
RBA	3.60	3.35	3.10	3.10
RBNZ	3.00	2.75	2.75	2.75
BOJ	0.50	0.50	0.75	0.75
BNM	2.75	2.75	2.75	2.75
MAS	Hold	Hold	Hold	Hold
PBOC	Ease	Ease	Hold	Hold

2025 Central Bank Meetings/Announcements

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	29		19		7	18	30		17	29		10
Bank of Canada (BOC)	29		12	16		4	30		17	29		10
European Central Bank (ECB)	30		6	17		5	24		11	30		18
Bank of England (BOE)		6	20		8	19		7	18		6	18
Reserve Bank of Australia (RBA)		18		1	20		8	12	30		4	9
Reserve Bank of New Zealand (RBNZ)		19		9	28		9	20		8	26	
Bank of Japan (BOJ)	24		19		1	17	31		19	30		19
Bank Negara Malaysia (BNM)	22		6		8		9		4		6	
Monetary Authority of Singapore (MAS)	Jan			Apr			Jul			Oct		

Source: Bloomberg, HL Bank

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