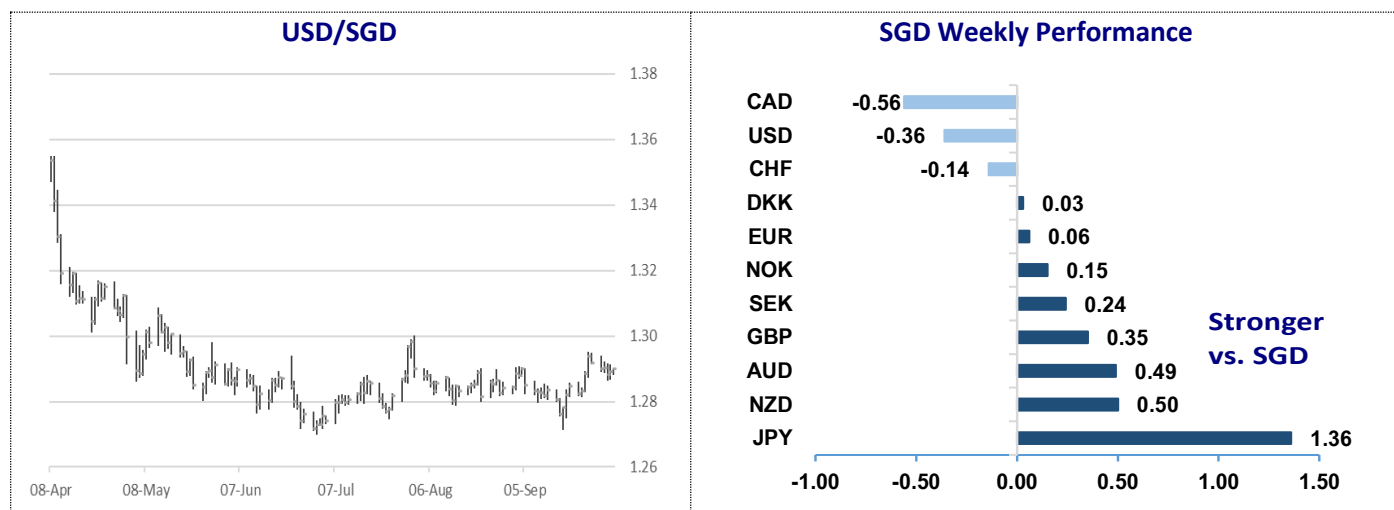


03 Oct 2025

## Global Markets Research

### Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was stronger against the USD in trading this week, advancing by 0.4% to 1.2891 (prior: -0.9% w/w) from 1.2938 the prior week, amidst a sharper than expected contraction in industrial production for August and a rise in the PMI and Electronic Sector index for September versus the month before. Against the other G10 pairs, the SGD was weaker across the board except against the CAD (+0.6%) and CHF (+0.1%), but versus major regional currencies, the SGD was stronger across, except versus the IDR (-0.6%). We are **Neutral-to-Slightly Bearish** on the USD/SGD for the coming week, eyeing a probable trading range of 1.2750 – 1.3000 for the currency pair. The week ahead sees the release of retail sales for August, advanced 3Q GDP and we will be also entering the two-week window for the release of the October monetary policy statement from the Monetary Authority of Singapore.

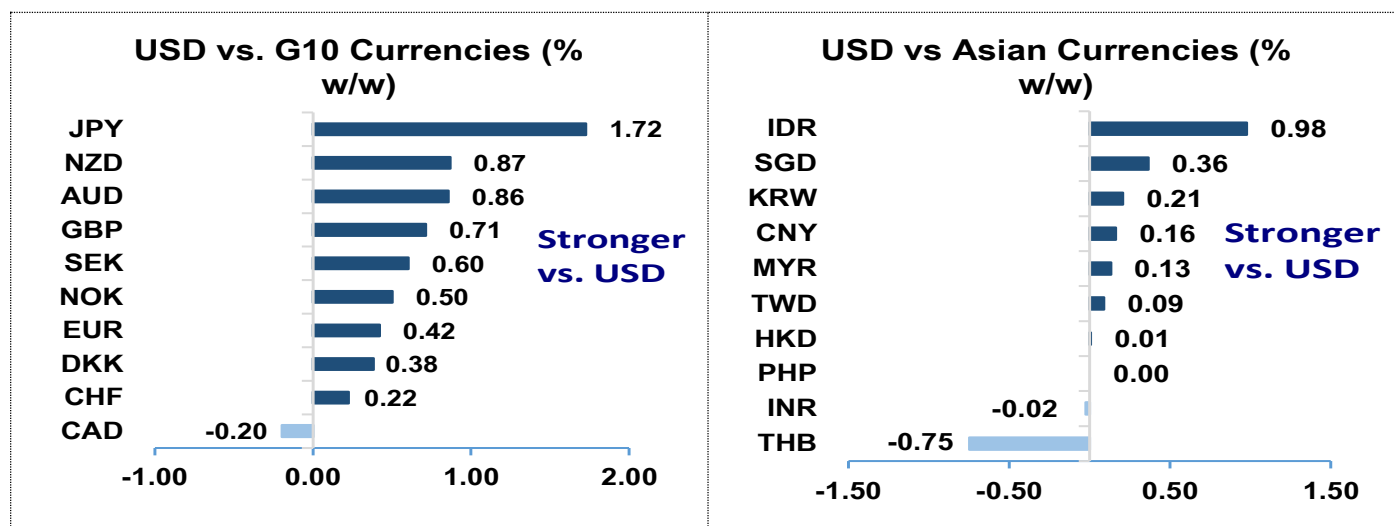
#### 1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The USD has been on the back foot, with the labour market seemingly not as healthy as previously thought, with marked downward revisions seen in both the recent payroll releases and the preliminary annual benchmark revisions by the BLS. Although there are continued fears over tariff-related inflation, the recent numbers have been within expectations with no surprises in the core PCE for July and the core CPI for August. The Fed resumed reducing its policy rate after a 9-month hiatus, cutting the Funds Rate by 25bps in an 11-1 majority vote on Sep 17, with Fed Chair Powell indicating that future decisions will be taken on a meeting-to-meeting basis, with both the updated dot plot and the futures markets pointing to 2 further 25bps reductions for the year. On the domestic front, MAS held steady on policy at its quarterly July meeting after two consecutive quarters of easing policy. Economic data has been mixed, with exports for August again coming in south of expectations, while retail sales for July surprised on the upside. Inflation has been cooler than anticipated, with both headline and core inflation unexpectedly dipping in August. We expect MAS to keep policy unchanged for the rest of the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2760	1.2825	1.2891	1.2965	1.3030

## Weekly Look Ahead

**USD:** The USD lost ground in trading this week, with the DXY declining by 0.7% to 97.85 (prior: +1.2% w/w) from 98.55 the week before, amidst the federal government shutting down for the new fiscal year after Senate failed to pass a new spending bill. Economic data for the week was mixed, with personal income and spending for August topping expectations and core PCE for the month matching what was anticipated, while the private ADP survey suggested that the US economy unexpectedly lost jobs in September. We are **Neutral** on the USD for the coming week, looking at a likely trading range of 96.50 – 99.25 for the DXY. The monthly jobs report for September is due for release in the week ahead, but could be delayed as a result of the federal government shutdown, with the ISM Services index for the month, the trade balance for August and the FOMC minutes of the Sep 17 meeting also scheduled for release.



Source: Bloomberg, HL Bank

**EUR:** EUR advanced against the USD in trading this week, climbing by 0.4% to 1.1715 (prior: -1.0% w/w) from 1.1666 the prior week, amidst the Eurozone economic confidence index for September and ECB inflation expectations for August both coming in higher than what was expected, while the flash CPI figures for September matched market expectations and the unemployment rate for August unexpectedly rose a notch. We are **Neutral** on the EUR/USD for the coming week, foreseeing a possible trading range of 1.1575 – 1.1850. The week ahead brings the release of the final Eurozone composite PMI for September, as well as producer prices and the retail sales report for August.

**GBP:** GBP rose in trading against the greenback this week for the first week in three, appreciating by 0.7% w/w to 1.3440 (prior: -1.6% w/w) from 1.3345 the week before, amidst final UK 2Q GDP being revised up slightly and mortgage approvals in August that came in line with what was anticipated. We are **Neutral-to-Slightly Bearish** on the Cable for the week ahead, eyeing a probable trading range of 1.3275 – 1.3575. The coming week doesn't see much in terms of key economic data, with only the final UK PMIs for September and the RICS house price balance due to be reported on, but there will be some BoE-speak during the week to watch out for, including from BoE Governor Andrew Bailey.

**JPY:** JPY was firmer in trading against the USD this week, advancing by 1.7% to 147.26 (prior: -1.2% w/w) from 149.80 the prior week, making it the best performing currency in the G10 space for the week, amidst slightly weaker than expected industrial production in August and retail sales for the month that unexpectedly contracted. The Tankan survey for 3Q came in pretty much in line as expected, and there was a downside surprise in Tokyo CPI for September, complicating the case for a resumption of rate hikes by the Bank of Japan. We are **Neutral-to-Slightly Bearish** on USD/JPY for the coming week, looking at a likely trading range of 145 – 149 for the pair. After the jobless rate for August rose by more than expected this morning, the highlight of the week ahead will be the labour earnings numbers for August in a week where the trade balance for the month and preliminary machine tool orders for September are also scheduled for release.

**AUD:** AUD gained against the USD in trading this week for the first week in three, ascending by 0.9% to 0.6596 (prior: -1.1% w/w) from 0.6540 the week before, amidst the RBA leaving its cash rate target unchanged as expected and sounding out a slightly more hawkish tone than the previous meeting. Economic data for the week saw building approvals for August unexpectedly registering a monthly contraction and a narrower than expected trade surplus for the month on falling exports. We are **Neutral-to-Slightly Bearish** on AUD/USD for the week ahead, foreseeing a possible trading range of 0.6475 – 0.6700. The coming week brings the release of the consumer confidence index for October as well as consumer inflation expectations for the month.

**MYR:** MYR strengthened marginally against the USD this week, by 0.1% to 4.2065 (prior: -0.4% w/w) from 4.2120 the prior week, amidst the S&P Global Malaysia manufacturing PMI for September declining by a notch versus the reading in August. Against the rest of the G10 currencies, the MYR lost ground for the week and was softer against most pairs, but versus major regional currencies it was a mixed bag, firming against the THB (+0.9%) but losing ground the most against the IDR (-0.8%). For the week ahead, we are **Neutral** on the USD/MYR, eyeing a probable trading range of 4.1825 – 4.2300. There is nothing on the radar for the coming week in terms of economic data, until next Friday's industrial production figures for August, with the government also due to table the 2026 Budget on Friday.

## House View and Forecasts

FX	4Q-25	1Q-26	2Q-26	3Q-26
DXY	96.45	95.57	94.24	92.99
USD/CAD	1.37	1.36	1.35	1.33
EUR/USD	1.19	1.20	1.22	1.24
GBP/USD	1.36	1.37	1.38	1.39
AUD/USD	0.67	0.67	0.68	0.68
NZD/USD	0.59	0.60	0.60	0.60
USD/JPY	146	145	142	140
USD/MYR	4.20	4.15	4.10	4.10
USD/SGD	1.28	1.26	1.24	1.23
USD/CNY	7.08	7.06	6.99	6.94

Policy Rate (%)	3Q-25	4Q-25	1Q-26	2Q-26
Fed	4.00-4.25	3.50-3.75	3.25-3.50	3.00-3.25
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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