

6 June 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD was stronger against the greenback in trading for a fifth week running, trading higher by 0.1% to 1.2860 (prior: +0.4% w/w) amid USD weakness. Against the other G10 pairs and major regional currencies, SGD was mostly weaker, losing ground with Singapore's retail sales disappointing forecasts. The SGD fell the most against KRW, JPY and THB on the regional front and it also underperformed commodity currencies like NZD, AUD and CAD in the G10 space. We are **Neutral** on the USD/SGD for the week ahead, looking at a possible trading range of 1.27 – 1.31. With no data release on the Singapore front, the pair will likely take cue from USD movement.

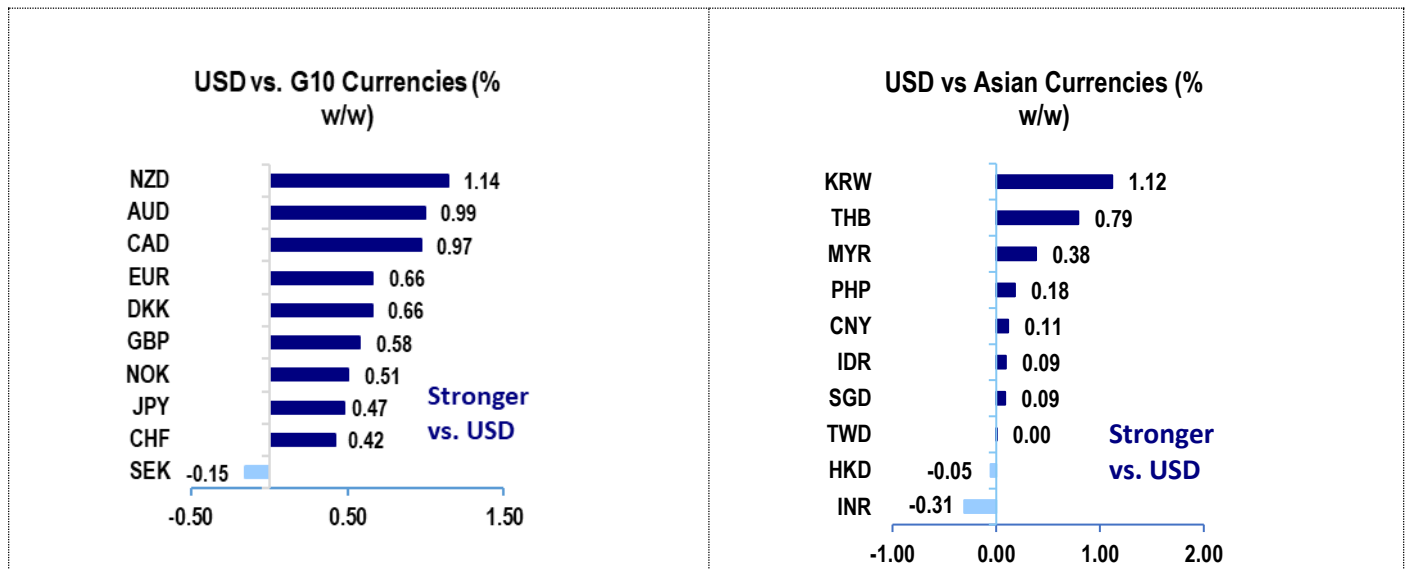
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The USD has been weakening of late, with EM currencies outperforming on growing hopes for a continued de-escalation in the tariff situation after the US and China agreed to talk. The Fed held its ground again at the May FOMC meet, stressing that they are not in a hurry to cut rates amidst heightened uncertainty and elevated risks for both growth and inflation. Expectations are for the Fed to resume reducing its policy rate in due course with about two 25bps reductions priced for 2025. US economic data is continuing to hold up, despite a softer than expected employment data and mixed manufacturing prints of late. PCE prices, meanwhile, remained steady in April with no signs of tariff induced inflation. On the domestic front, MAS continued to ease policy in its April meeting by reducing the slope of the SGD NEER band. Headline inflation held steady in April and core CPI unexpectedly rose, while export growth for the month remained robust. Final 1Q GDP was revised higher and come in above expectations at 3.9% y/y, but indications are that the economy could slow further in 2Q, with the PMI and Electronic Sector index for May in the contractionary territory. We expect MAS to ease policy again at their two remaining quarterly meetings for the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2719	1.2815	1.2860	1.2993	1.3075

Weekly Look Ahead

USD: The USD was wavering between gains and losses before ultimately losing ground for the third week running amid a slew of weak economic prints. The DXY declined 0.5% to 98.74 (prior: -0.7% w/w) and the Dollar traded weaker against all its G10 peers save for the SEK. On the regional front, USD also traded softer against most Asia currencies save for the HKD and INR amid a slew of weaker than expected prints from the US, namely the ISM indices and labour prints from ADP employment change and jobless claims. We are **Neutral** on the USD for the coming week, eyeing a probable trading range of 97.71 – 100.31 for the DXY. With Fed entering the communication blackout period, focus will be switched from the NFP today to price indicators like CPI and PPI next week, not to mention the preliminary University of Michigan Sentiment index for June.



Source: Bloomberg, HL Bank

EUR: EUR advanced in trading against the USD this week for a third consecutive week, rising by 0.7% to 1.1445 (prior: +0.8% w/w), getting a sharp boost from ECB's Lagarde signal that the ECB is nearing the end of its easing cycle. This comes after ECB lowered policy rates by 25bps as expected following the retreat in Eurozone's inflation below the 2.0% official target. We are **Neutral** on the EUR/USD for the week ahead, foreseeing a likely trading range of 1.12 – 1.15. We will see the release Eurozone's retail sales numbers this evening, followed by the final reading of its 1Q GDP and April's industrial output data next week. There will be some ECB-speaks during the week to pay attention to, including from ECB President Christine Lagarde.

GBP: GBP was stronger in trading this week against the greenback for a fourth week on the trot, climbing by 0.6% w/w to 1.3570 (prior: +0.5% w/w) amid USD weakness and optimism that the UK could complete the trade deal in the next two weeks to avoid the new tariffs on steel. We are **Neutral to-slightly bearish** on the Cable for the coming week, looking at a possible trading range of 1.33 – 1.37. The week ahead sees the release of first tier April data like monthly GDP as well as labour indicators like unemployment rate and average weekly earnings. BOE's Megan Greene is also due to speak.

JPY: Benefitting from its safe haven status and an upward surprise in Tokyo's core inflation, JPY rebounded to trade stronger against the USD for the week, appreciating 0.5% w/w to close at 143.53 (prior: -0.1% w/w). We are **Neutral-to-Slightly Bullish** on USD/ JPY for the week ahead, eyeing a probable trading range of 142 – 147 for the currency pair. After Japan household spending data came out lower than expected this morning, we will see the release of the preliminary leading index for April later today, followed by the final revision to the 1Q GDP, 2Q's BSI Large All Industry index, as well as May's Eco Watchers Survey Outlook index and bank lending data next week.

AUD: AUD was firmer in trading against the USD this week for a fifth week running, rallying by 1.0% to 0.6506 (prior: +0.5% w/w), as Dollar softness largely outweighed the GDP miss for Australia and weak PMI from its largest trading partner, China. We are **Neutral** on AUD/USD for the coming week, foreseeing a likely trading range of 0.63 – 0.66. The week ahead is a quiet

one, with only the consumer inflation expectations, consumer and business confidence data on deck down under. However, China exports are on deck and may have some influences on AUD.

MYR: Amid broad greenback weakness, the MYR was firmer against the USD for the third straight week, albeit at a narrower pace of +0.4% w/w to close the week in review at 4.2270 (prior: +0.7% w/w). MYR also strengthened against most of regional peers, but traded mostly weaker against the rest of the G10, losing the most ground against safe haven JPY amid a deterioration in risk sentiment as well as commodity currencies in the like of AUD and CAD. For the week ahead, we are **Neutral** on USD/MYR, looking at a possible trading range of 4.21–4.28. The coming week will see more data for April, with the manufacturing and IPI data due for release on Wednesday, and providing us with clues if manufacturers are ramping up production or drawing down inventories after the strong exports data.

House View and Forecasts

FX	2Q-25	3Q-25	4Q-25	1Q-26
DXY	99.36	98.60	97.69	96.58
USD/CAD	1.38	1.38	1.39	1.40
EUR/USD	1.14	1.16	1.18	1.19
GBP/USD	1.34	1.34	1.35	1.36
AUD/USD	0.65	0.65	0.65	0.66
NZD/USD	0.60	0.60	0.59	0.60
USD/JPY	144	146	145	142
USD/MYR	4.20	4.24	4.24	4.20
USD/SGD	1.28	1.30	1.31	1.30
USD/CNY	7.06	7.13	7.17	7.10

Policy Rate (%)	2Q-25	3Q-25	4Q-25	1Q-26
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.50-3.75
BOC	2.75	2.50	2.25	2.25
ECB	2.00	2.00	2.00	2.00
BOE	4.25	4.00	3.75	3.50
RBA	3.85	3.60	3.35	3.10
RBNZ	3.25	3.00	2.75	2.75
BOJ	0.50	0.50	0.75	0.75
BNM	3.00	2.75	2.75	2.75
MAS	Ease	Ease	Ease	Hold
PBOC	Ease	Ease	Ease	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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