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Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD appreciated against the USD in trading this week, rising by 1.2% to close Thursday at 1.2832 (prior: -1.6% w/w) from 1.2981 the week before, amidst an offered tone for the greenback and Singapore retail sales growing by more than expected in June on an annual basis. Against the other G10 pairs, the SGD was mixed for the week, but versus major regional currencies, the SGD was mostly stronger across the board, with the exception of against the PHP (-1.1%). We are **Neutral** on the USD/SGD for the week ahead, foreseeing a possible trading range of 1.2700 – 1.2975 for the currency pair. The coming week brings the final Singapore 2Q GDP release, which is expected to be revised slightly higher from the advanced estimate of 4.3% y/y released last month.

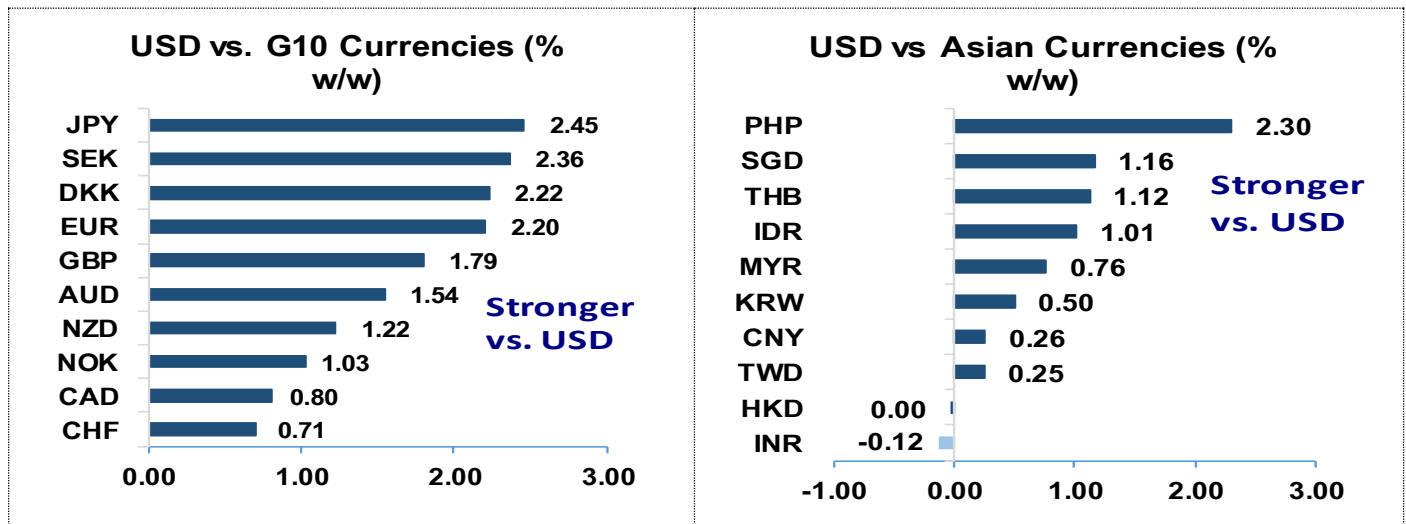
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The USD has been range bound, 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. US economic data has been more mixed, with retail sales expanding by more than expected in June and the advanced reading of US 2Q GDP surpassing expectations on a slump in imports during the quarter. The picture in the labour market however appears to be changing rapidly, with a weaker than expected July employment report that came with very sharp downward revisions in the number of jobs added in May and June. 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. Expectations that the Fed is to resume reducing its policy rate in due course surged after the poor jobs report, with more than two 25bps reductions priced in the futures market for 2025. 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	1.2695	1.2765	1.2832	1.2895	1.2970

Weekly Look Ahead

USD: The USD declined in trading this week, with the DXY declining by 1.6% to 98.40 (prior: +2.7% w/w) from 99.97 the week before, after a weaker than expected monthly employment report for July that came with sharp revisions lower in the number of jobs added in May and June that draws serious questions as to the health of the US labour market, and ISM indices for July that surprisingly deteriorated versus the month before, across both the manufacturing and services sectors. We are **Neutral** on the USD for the coming week, eyeing a probable trading range of 96.75 – 100.00 for the DXY. The week ahead sees the release of the July price indices, with both CPI and PPI due for release, and the market will also be paying attention to the evolving situation with regard to sectoral tariffs, with both pharmaceutical and semiconductor sectors in focus.



Source: Bloomberg, HL Bank

EUR: EUR was firmer in trading against the USD this week, rising by 2.2% to 1.1666 (prior: -2.8% w/w) from 1.1415 the prior week, amidst the preliminary Eurozone CPI estimate for July coming in a notch higher than expected and retail sales figures for June that matched expectations on a monthly basis. We are **Neutral** on the EUR/USD for the week ahead, looking at a likely trading range of 1.1525 – 1.1800. The coming week features the second release of Eurozone 2Q GDP and the preliminary employment change for the quarter, industrial production figures for June and the latest monthly ZEW investor survey for August.

GBP: GBP advanced in trading this week against the greenback, appreciating by 1.8% w/w to 1.3444 (prior: -2.2% w/w) from 1.3207 the week before, amidst the final UK composite PMI for July being revised upwards from its flash estimate led by the services sector, and the Bank of England reducing rates by 25bps in a narrow 5-4 vote. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, foreseeing a possible trading range of 1.3275 – 1.3575 for the currency pair. The week ahead is an eventful one economic data wise, with the monthly labour market report scheduled for release, as well as the preliminary UK 2Q GDP, the monthly GDP, manufacturing production and the trade balance for June, and the RICS House Price Balance for July.

JPY: JPY was stronger against the USD this week, climbing by 2.5% to 147.14 (prior: -2.5% w/w) from 150.75 the prior week, making it the best performer in the G10 space, amidst labour earnings figures for June coming in weaker than expected, while the jobless rate matched expectations and the final PMIs for July were little changed from the flash estimates. We are **Neutral-to-Slightly Bearish** on USD/JPY for the week ahead, eyeing a probable trading range of 144.25 – 149.25. After the Japanese trade balance for June revealed a slightly wider than expected surplus this morning, the coming week is a rather quiet one, with only producer prices and preliminary machine tool orders for July due for release prior to next Friday's preliminary 2Q GDP release.

AUD: AUD rallied against the USD this week, strengthening by 1.5% to 0.6524 (prior: -2.5% w/w) from 0.6425 the week before, amidst the Australian trade balance for June recording a larger than expected surplus as exports rose for the month while imports declined. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, looking at a likely trading range of 0.6375 – 0.6650 for the pair. The week ahead brings the much anticipated RBA rate decision, where they are expected to slash rates by 25bps this time round after surprisingly holding rates steady in the last policy meet, and also sees the scheduled release of the Australian monthly employment report for July.

MYR: MYR advanced against the USD this week, by 0.8% to 4.2327 (prior: -1.2% w/w) from 4.2650 the prior week, amidst industrial production for June coming in better than anticipated, and an improvement seen in the S&P Global Malaysia manufacturing PMI for July. Against the rest of the G10 currencies, the MYR was generally weaker while versus major regional currencies, the MYR was mixed, declining the most against the PHP (-1.5%) and gaining the largest ground against the INR (+0.9%). For the week ahead, we are **Neutral** on USD/MYR, foreseeing a possible trading range of 4.2025 – 4.2625. The coming week is light as far as economic data is concerned till next Friday's final 2Q GDP numbers, and the price action in the pair this week will likely be driven by USD directionality as well as tariff news flow, particularly any on sectoral tariffs on semiconductors.

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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