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Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral-to-Slightly Bullish

SGD declined against the USD in trading this week for a second straight week, falling by 0.3% to close Thursday at 1.2795 (prior: -0.1% w/w) from 1.2753 the week before, amidst Singapore retail sales in May falling short of expectations. Against the other G10 pairs and major regional currencies, the SGD was mixed for the week, gaining versus the TWD (+1.1%) and JPY (+0.6%) but losing ground against the SEK (-1.2%) and HKD (-0.3%). We remain **Neutral-to-Slightly Bullish** on the USD/SGD for the week ahead, looking at a likely trading range of 1.2675 – 1.2950. The coming week bring the release of Singapore's advanced 2Q GDP, as well as the non-oil domestic exports and electronic exports figures for June, as we approach the quarterly MAS policy decision which will come sometime towards the end of the month.

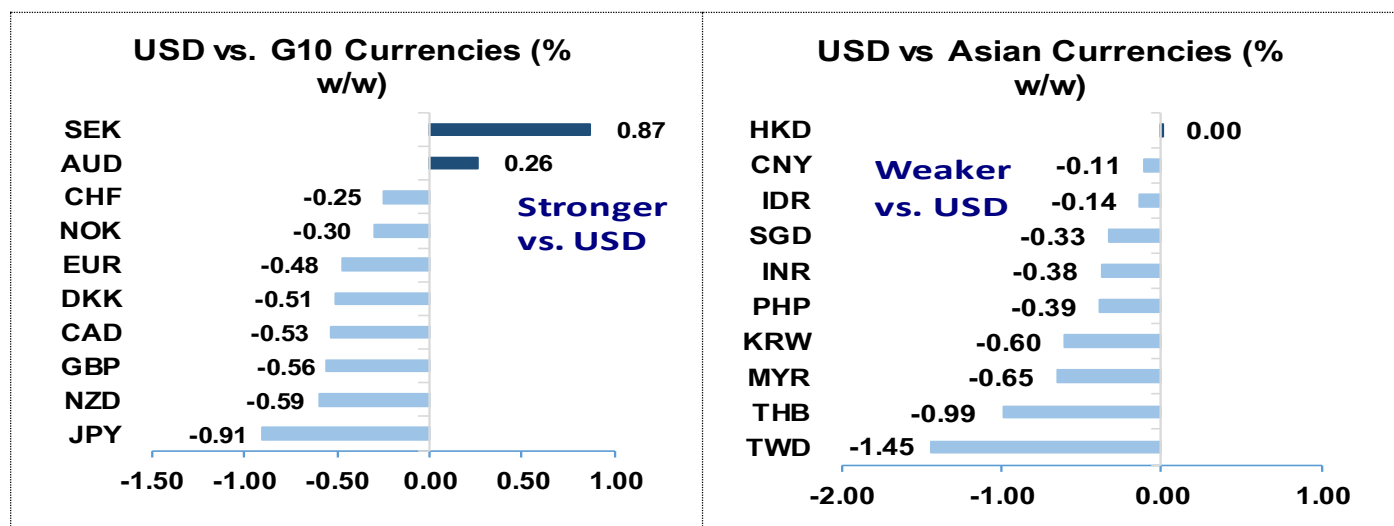
1-Month Outlook – USD/ SGD Neutral

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 June 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 has been more mixed recently, with the labour market continuing to defy expectations of a cooling, but personal income and spending for May both unexpectedly registered monthly contractions. Inflation indicators were also mixed, with core CPI surprising on the downside in May while core PCE surprised a touch on the upside. 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 May and core CPI inched lower as expected, while export growth for the month unexpectedly contracted, led by a marked decline in electronic exports, suggesting that the tariff related front-loading of exports may have run its course. As such, 2Q growth is likely to see a moderation, and we expect MAS to ease policy again at their two remaining quarterly meetings for the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2638	1.2735	1.2795	1.2865	1.2940

Weekly Look Ahead

USD: The USD was firmer in trading this week, with the DXY rising by 0.5% to 97.65 (prior: 0.0% w/w) from 97.18 the previous week, amidst a new batch of reciprocal tariffs announced by the US on selected countries to take effect on 01 Aug. Economic data was light during the week, with the minutes of the 18 June FOMC revealing a split in the committee, which is likely to lead to a continued patient approach with regards to a further easing of policy. We are **Neutral-to-Slightly Bullish** on the USD for the coming week, foreseeing a possible trading range of 96.25 – 99.25 for the DXY. The week ahead sees the release of June price indices, with both CPI and PPI due, as well as the retail sales report for the month which will provide a clearer picture of the shape of the economy as we ended 2Q. The Fed is also scheduled to release their latest Beige Book during the week.



Source: Bloomberg, HL Bank

EUR: EUR declined in trading against the USD this week for the first week in three, depreciating by 0.5% to 1.1701 (prior: +0.5% w/w) from 1.1757 the week before, amidst mixed economic data domestically, with Eurozone retail sales for May registering a larger than expected monthly contraction, but the Sentix monthly investor confidence for July rebounded by more than anticipated. We are **Neutral** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1550 – 1.1850. The coming week will bring us the industrial production and trade balance figures for May, the final CPI indices for June as well as the latest ZEW survey for July.

GBP: GBP was weaker in trading this week against the greenback for a second straight week, dropping by 0.6% w/w to 1.3579 (prior: -0.5% w/w) from 1.3655 the prior week, amidst the RICS house price balance unexpectedly registering a slight improvement in June. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, looking at a likely trading range of 1.3425 – 1.3725. The week ahead is a busier one as far as economic data is concerned, with the monthly GDP, manufacturing production, house price index and trade balance for May all scheduled for release, as well as the CPI and RPI figures for June and the latest monthly UK employment report. Bank of England Governor Andrew Bailey is also due to speak in the week ahead.

JPY: JPY was softer against the USD this week for a second week running, declining by 0.9% to 146.26 (prior: -0.4% w/w) from 144.93 the week before, amidst an unexpected slowing down in pace of labour earnings growth for May, complicating the case for further policy normalisation by the Bank of Japan going forward. We are **Neutral-to-Slightly Bullish** on USD/ JPY for the week ahead, foreseeing a possible trading range of 144.25 – 149.25 for the currency pair. The coming week witnesses the release of core machine orders and industrial production figures for May, as well as the trade balance for June before the national CPI for June is released next Friday.

AUD: AUD was stronger against the USD this week for a third week on the trot, climbing by 0.3% to 0.6588 (prior: +0.4% w/w) from 0.6571 the prior week, amidst the Reserve Bank of Australia surprisingly keeping interest rates steady in a majority 6-3 vote, deciding to wait for more evidence that inflation is under control before easing policy further. The futures market had already fully priced in a rate cut and were caught off guard by the decision, and Governor Bullock clarified that it was a question of timing and not one of direction. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, eyeing a probable trading range of 0.6425 – 0.6700 for the pair. The week ahead will see the release of the Australian monthly employment report for June as well as the consumer confidence index for July.

MYR: MYR was softer against the USD this week for the first week in three, falling by 0.7% to 4.2492 (prior: +0.2% w/w) from 4.2215 the prior week, after BNM reduced the overnight policy rate by 25bps in a pre-emptive move to shore up growth amidst the prolonged uncertainty caused by the tariff situation. Against the rest of the G10 and other major currencies, the MYR was mostly weaker. For the week ahead, we remain **Neutral-to-Slightly Bullish** on USD/MYR, looking at a likely trading range of 4.22 – 4.29. Industrial production figures for May are scheduled for release later this afternoon, and the rest of the coming week will be quiet in terms of economic data until next Friday's release of advanced 2Q GDP and trade numbers for June.

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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