

13 June 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was stronger against the greenback in trading for a sixth straight week, trading higher by 0.6% to 1.2789 (prior: +0.1% w/w) from 1.2860 the prior week, taking cue from the weaker environment for the greenback in the absence of any economic data releases domestically. Against the other G10 pairs, it was a mixed bag for the SGD, gaining the most ground against the JPY (+0.5%) but declining versus the Nordic currencies, but versus major regional currencies, the SGD had a good week and was mostly stronger across, with the exception of against the TWD (-0.4%). We are **Neutral-to-Slightly Bullish** on the USD/SGD for the coming week, eyeing a probable trading range of 1.2675 – 1.2950. The week ahead sees the release of NODX and electronic export numbers for May, which will give us a better idea of how the economy is holding up in 2Q thus far.

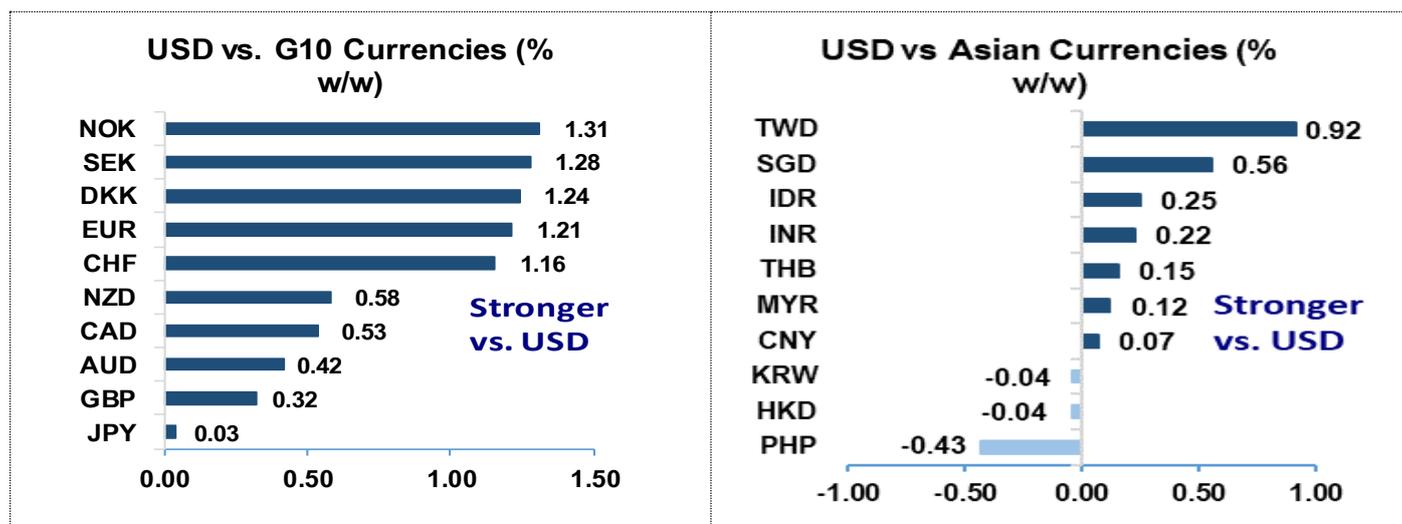
1-Month Outlook – USD/ SGD Neutral

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	1.2638	1.2735	1.2789	1.2865	1.2940

Weekly Look Ahead

USD: The USD was weaker in trading for a fourth consecutive week, with the DXY falling by 0.8% to 97.92 (prior: -0.5% w/w) from 98.74 the week before, amidst consumer and producer prices in May both coming in cooler than expected at both the headline and core level, and a monthly employment report that was touch firmer than anticipated. We are **Neutral-to-Slightly Bullish** on the USD for the week ahead, looking at a likely trading range of 96.50 – 99.50 for the DXY. The FOMC decision awaits us in the coming week, where they are largely expected to keep rates on hold again, and the focus will be on the dot plot, tone of the statement and the press conference by Fed Chair Powell post the decision. In terms of economic data, the key releases for the week will be the retail sales report for May and the preliminary June consumer sentiment reading from the University of Michigan.



Source: Bloomberg, HL Bank

EUR: EUR climbed in trading against the greenback this week for a fourth straight week, appreciating by 1.2% to 1.1584 (prior: +0.7% w/w) from 1.1445 the prior week, amidst Eurozone 1Q growth being revised upwards in its third reading and retail sales in April that was a touch weaker than expected but accompanied by upward back month revisions. We are **Neutral** on the EUR/USD for the coming week, foreseeing a possible trading range of 1.1425 – 1.1725. The week ahead sees the release of Eurozone labour costs for 1Q, the trade balance and industrial production figures for April, the final CPI for May, as well as the latest ZEW investor survey for June. There will also be plenty of ECB-speak to look out for during the week, with the markets now pricing in one further final cut for the year.

GBP: GBP was firmer in trading this week against the USD for a fifth consecutive week, climbing by 0.3% w/w to 1.3613 (prior: +0.6% w/w) from 1.3570 the week before, amidst UK monthly GDP and industrial production for April contracting by more than expected, an early signal that 2Q may prove to be more challenging for UK economy. We are **Neutral-to-Slightly Bearish** on the Cable for the week ahead, eyeing a probable trading range of 1.3450 – 1.3750. The coming week sees the release of May price indices with both CPI and RPI due. The Bank of England is also scheduled to decide on policy, and while they are expected to leave rates unchanged this time round, the markets will be paying attention to any forward guidance provided, with the futures markets currently pricing in a further two 25bps cuts from them for the year.

JPY: JPY was little changed against the USD for the week, closing Thursday at 143.48 (prior: +0.5% w/w) from 143.53 the prior week amidst Japan final 1Q GDP being revised upwards to nearly flat for the quarter versus the earlier reading of a contraction. We are **Neutral** on USD/JPY for the coming week, looking at a likely trading range of 141 – 146 for the pair. The week ahead sees the Bank of Japan decide on policy, where they are expected to leave rates on hold once again, as well as the scheduled release of core machine orders and the final industrial production figures for April, and the trade numbers for May.

AUD: AUD was firmer in trading against the USD this week for a sixth straight week, rising by 0.4% to 0.6533 (prior: +1.0% w/w) from 0.6506 the week before, amidst a light data week which saw rises in both consumer and business confidence indices, as well as consumer inflation expectations. We are **Neutral-to-Slightly Bearish** on AUD/USD for the week ahead,

foreseeing a possible trading range of 0.6375 – 0.6650. The coming week brings us the monthly Australian employment report for May, which may have implications on RBA policy going forward, with the central bank next due to decide on policy in early July.

MYR: MYR was firmer against the USD this week for a fourth week running to close the week in review 0.1% higher at 4.2220 (prior: +0.4% w/w) from 4.2270 the previous week, amidst industrial production missing estimates in April and a decline in the jobless rate to a decade low. Against the rest of the G10 and other major currencies, the MYR was mixed for the week. For the coming week, we are **Neutral-to-Slightly Bullish** on USD/MYR, eyeing a probable trading range of 4.1925 – 4.2625. The week ahead will be quiet on the economic data front with no releases scheduled during the week before next Friday's export and trade data for May, so trading in the pair is likely to take the lead from the rest of USD/Asia and the USD at large.

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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