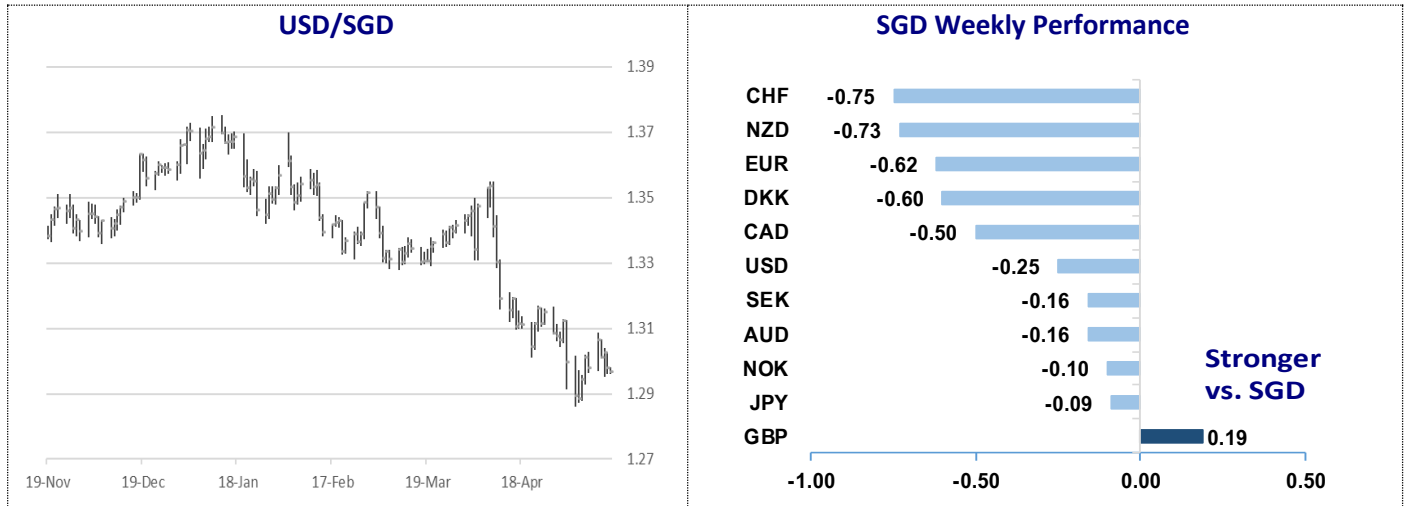


16 May 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was firmer against the greenback in trading for a second straight week, rising by 0.3% to 1.2977 (prior: +0.9% w/w) from 1.3010 the week before, amidst a continued positive environment for Asian currencies versus the US dollar in the absence of any economic data for the week domestically. Against the other G10 pairs, the SGD has another good week, gaining ground across the board except for against the GBP (-0.2%), but versus major regional currencies, it was more mixed, gaining versus the THB (+1.9%) but losing ground against the CNH (-0.3%). We are **Neutral-to-Slightly Bullish** on the USD/SGD for the week ahead, eyeing a possible trading range of 1.2850 – 1.3125. After the export numbers for April came out better than anticipated this morning, the focus of the week will be the final Singapore 1Q GDP release, which is expected to be revised lower.

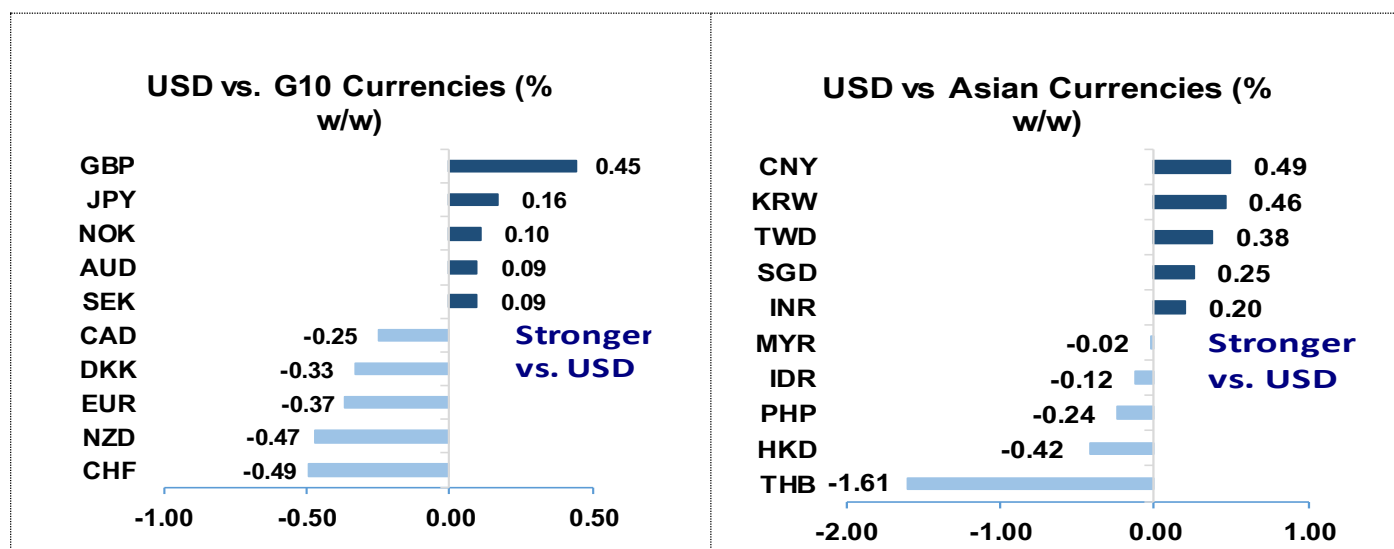
1-Month Outlook – USD/ SGD Neutral-to-Slightly Bullish

The USD/SGD outlook is neutral-to-slightly bullish in our view. The greenback has consolidated of late, with growing hopes for a continued de-escalation in the tariff situation, including between the US and China. 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 slightly under three 25bps reductions priced for 2025. US economic data is continuing to hold up, with a better than expected employment report for April, while both core CPI and core PCE in March surprised on the downside. On the domestic front, MAS continued to ease policy in its April meeting by reducing the slope of the SGD NEER band. Inflation continued to ease in March, with the core CPI easing by a notch to 0.5%, the lowest level since March 2021, while export growth in March unexpectedly slowed ahead of the new US tariffs kicking in and the unemployment rate for the month headed higher. Advanced 1Q GDP came in south of expectations at 3.8% y/y, and indications are that the economy could slow further in 2Q, with the PMI and Electronic Sector index for April both declining into contractionary territory. We expect the MAS to ease policy again at their two remaining quarterly meetings for the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2845	1.2910	1.2977	1.3055	1.3130

Weekly Look Ahead

USD: The USD was firmer in trading this week for a third week on the trot, with the DXY rising by 0.2% to 100.88 (prior: +0.4% w/w) from 100.64 the prior week, amidst CPI and PPI for April undershooting expectations and retail sales for the month that was generally poorer than expected, underscoring a possible weaker growth and lower inflation environment going forward. We remain **Neutral-to-Slightly Bullish** on the USD for the coming week, looking at a likely trading range of 99.50 – 102.50 for the DXY. The week ahead is a lighter one for economic data releases, with the highlights being the release of the preliminary consumer sentiment index for May from the University of Michigan, as well as the preliminary PMIs for the month, which will provide us an initial glimpse at how economic activity is holding up thus far in May.



Source: Bloomberg, HL Bank

EUR: EUR lost ground in trading against the USD this week for a third straight week, declining by 0.4% to 1.1187 (prior: -0.6% w/w) from 1.1228 the week before, amidst Eurozone 1Q GDP being revised slightly lower in its second reading and industrial production numbers for March that were stronger than anticipated. We are **Neutral** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1075 – 1.1375. The coming week brings the release of the Eurozone trade balance for March, the final CPI readings for April and the preliminary Eurozone PMIs for May, with the ECB also due to publish the account of the Apr 16-17 policy meeting.

GBP: GBP was firmer in trading this week against the USD for the first week in three, climbing by 0.5% w/w to 1.3305 (prior: -0.2% w/w) from 1.3246 the week before, amidst UK 1Q GDP growth coming in slightly stronger than expectations, buoyed by increases in business investment and net trade. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, looking at a possible trading range of 1.3125 – 1.3450. The week ahead sees the release of the UK house price index for March, the CPI and RPI figures for April and the preliminary UK PMIs for May. There is also some BoE-speak to pay attention to during the week, including speeches due from BoE chief economist Huw Pill where we may get more clarity with regards to the path of monetary policy this year.

JPY: JPY gained against the USD this week for the first week in five, inching up by 0.2% w/w to close at 145.67 (prior: -0.4% w/w) from 145.91 the week before, amidst labour earnings numbers for March which surprised on the downside, which could possibly push back the expected further monetary policy normalization by the Bank of Japan. We are **Neutral** on USD/JPY for the week ahead, foreseeing a likely trading range of 143.25 – 148.00 for the pair. After Japanese preliminary 1Q GDP showed a slightly larger than expected quarterly contraction this morning, the coming week will see the release of core machine

orders for March, trade numbers for the month of April and the preliminary PMIs for May, and there are also scheduled speeches from the BoJ's Nakamura and Noguchi to watch out for.

AUD: AUD was firmer in trading against the USD this week for a second straight week, inching higher by 0.1% to 0.6406 (prior: +0.3% w/w) from 0.6383 the week before, amidst a solid employment report for April which saw quite a bit more jobs added than expected, driven by gains in full-time jobs. The wage price index for 1Q also came in higher than expected. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, looking at a probable trading range of 0.6250 – 0.6525. The week ahead will be headlined by the RBA monetary policy decision, with the market expecting the RBA to resume easing policy with a 25bps reduction in the cash rate after holding it steady the last time round.

MYR: The MYR was little changed against the USD this week after four consecutive weeks of gains, closing Thursday at 4.2828 (prior: +0.8% w/w) from 4.2820 the week before, amidst the US and China agreeing to a 90-day pause in the punitive tariffs that were previously in effect, quelling fears of a global recession. Against the other G10 currencies and major regional currencies, the MYR was mixed, with gains registered versus the THB (+1.6%) and JPY (+0.8%), but losing ground against the CNY (-0.4%) and GBP (-0.1%). For the week ahead, we are **Neutral** on USD/MYR, foreseeing a possible trading range of 4.2425 – 4.3225. The coming week sees the release of the final 1Q GDP figures, as well as the trade and CPI numbers for April.

House View and Forecasts

FX	2Q-25	3Q-25	4Q-25	1Q-26
DXY	99.70	98.38	97.01	95.70
USD/CAD	1.41	1.41	1.40	1.39
EUR/USD	1.14	1.15	1.17	1.19
GBP/USD	1.31	1.32	1.33	1.34
AUD/USD	0.62	0.62	0.63	0.64
NZD/USD	0.57	0.57	0.58	0.58
USD/JPY	142	139	136	133
USD/MYR	4.54	4.50	4.47	4.40
USD/SGD	1.34	1.33	1.31	1.30
USD/CNY	7.43	7.35	7.28	7.21

Policy Rate (%)	2Q-25	3Q-25	4Q-25	1Q-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	1.75	1.75	1.75
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	2.50
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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