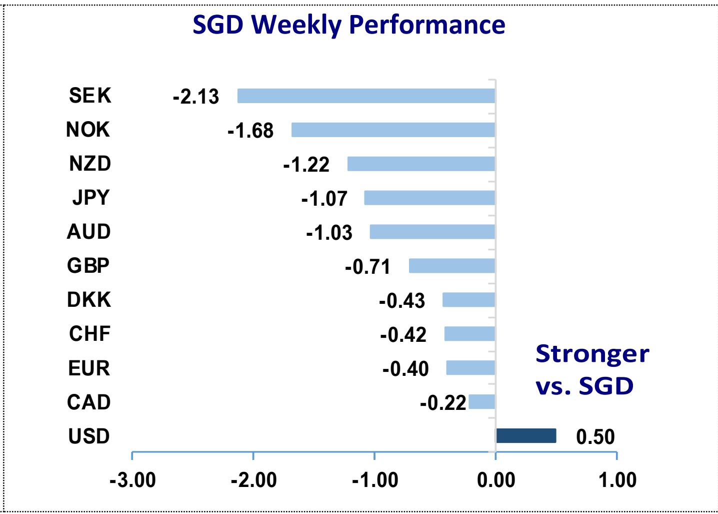
18 July 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD fell against the USD in trading this week for a third week on the trot, retreating by 0.5% to close Thursday at 1.2859 (prior: -0.3% w/w) from 1.2795 the prior week, despite positive economic data during the week, with both advanced Singapore 2Q GDP and non-oil domestic exports for June coming in quite a bit stronger than what was anticipated. Against the other G10 pairs, the SGD was firmer across the board for the week, but against major regional currencies, it was more of a mixed picture, gaining the most against the PHP (+0.9%) but losing the largest ground versus the THB (-1.1%). We are ***Neutral*** on the USD/SGD for the coming week, foreseeing a possible trading range of 1.2725 – 1.3000 for the pair. The week ahead sees the release of the Singapore CPI figures for June, as we could also be getting the July monetary policy statement from the MAS, where they are expected to ease further after similar moves in the last two quarterly meetings.

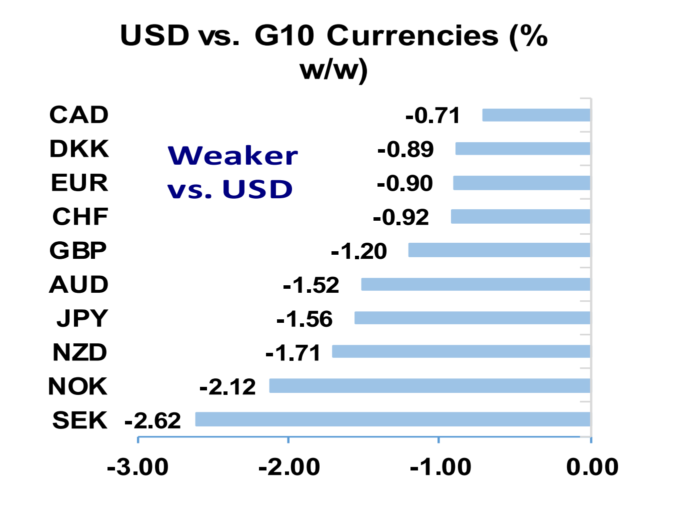
1-Month Outlook – USD/ SGD Neutral

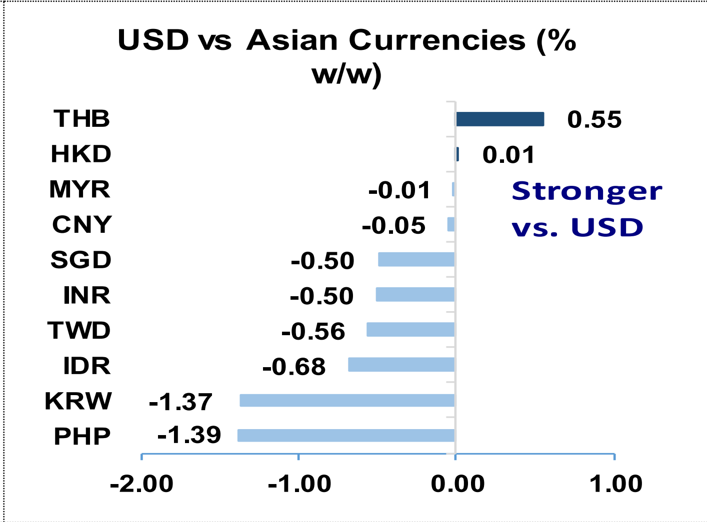
The USD/SGD outlook is neutral in our view. The USD has been weakening of late, with EM currencies outperforming on growing hopes for a continued de-escalation in the tariff situation after the US and China agreed to talk. The Fed held its ground again at the June FOMC meet, stressing that they are not 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. The advanced reading for 2Q GDP came in much stronger than anticipated, while headline inflation held steady in May and core CPI inched lower as expected, and export growth for June rebounded from the weakness seen in May. We expect MAS to ease policy again at their two remaining quarterly meetings for the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2735	1.2790	1.2859	1.2935	1.3000

Weekly Look Ahead

USD: The USD was firmer in trading this week for a second straight week, with the DXY climbing by 1.1% to 98.73 (prior: +0.5% w/w) from 97.65 the prior week, amidst CPI readings in June that were pretty much in line with expectations, but suggestive of upside risks to the Fed's preferred core PCE price gauge which will be released at the end of the month, and retail sales in June that rebounded by more than what was anticipated. We are ***Neutral-to-Slightly Bullish*** on the USD for the week ahead, eyeing a probable trading range of 97.50 – 100.25 for the DXY. The coming week brings us the release of the preliminary US PMIs for July, which will provide clues as to how the economy began 3Q, as well as home sales data for June and the preliminary consumer sentiment survey from the University of Michigan, with the pre-FOMC external communications blackout beginning this weekend.





Source: Bloomberg, HL Bank

EUR: EUR fell in trading against the greenback this week for a second week running, depreciating by 0.9% to 1.1596 (prior: -0.5% w/w) from 1.1701 the prior week, amidst generally positive economic data during the week with Eurozone industrial production and the trade balance for May both beating estimates, while the final June CPI numbers for the region were as per the flash estimates. We are ***Neutral*** on the EUR/USD for the coming week, looking at a likely trading range of 1.1450 – 1.1750. The week ahead sees the release of the preliminary Eurozone PMIs and consumer confidence for July, as well as the ECB decision on monetary policy, where they are expected to stand pat on rates this time around.

GBP: GBP was softer in trading this week against the USD for a third week on the trot, retreating by 1.2% w/w to 1.3416 (prior: -0.6% w/w) from 1.3579 the week before, against a backdrop of weaker economic data with both UK monthly GDP growth and manufacturing production for May coming in south of expectations, while prices gauges in June were hotter than expected, with both CPI and PPI coming in above estimates. We are ***Neutral-to-Slightly Bearish*** on the Cable for the week ahead, foreseeing a possible trading range of 1.3250 – 1.3550. The coming week sees the release of the preliminary UK PMIs for July, and the CBI monthly report for orders and business optimism for July, both of which will provide a better indication on how growth began 3Q.

JPY: JPY declined against the USD this week for a third week running, falling by 1.6% to 148.58 (prior: -0.9% w/w) from 146.26 the prior week, amidst a narrower than expected Japanese trade surplus for June, with exports falling and imports rising. We are ***Neutral*** on USD/ JPY for the coming week, eyeing a probable trading range of 146.25 – 151.00 for the pair. After the national CPI numbers for June came out mixed this morning versus what was expected, the week ahead see the release of the preliminary Japanese PMIs for July as well as scheduled comments from BoJ Deputy Governor Uchida in an otherwise quiet week ahead of Tokyo July CPI numbers due next Friday.

AUD: AUD was weaker against the USD this week for the first week in four, declining by 1.5% to 0.6488 (prior: +0.3% w/w) from 0.6588 the prior week, amidst a softer than expected monthly employment report for June, which a decline in the amount of full-time employment and the unemployment rate unexpectedly rise by two notches for the month. We remain ***Neutral-to-Slightly Bearish*** on AUD/USD for the week ahead, looking at a likely trading range of 0.6350 – 0.6625 for the currency pair. The coming week brings us the scheduled releases of the preliminary Australian PMIs for July, as well RBA minutes of the July policy meeting, which saw the RBA unexpectedly hold rates steady versus market expectations of a cut.

MYR: MYR was little changed against the USD this week, closing Thursday at 4.2495 (prior: -0.7% w/w) from 4.2492 the week before, amidst industrial production in May coming in below consensus estimates, suggesting that the growth momentum in 2Q could be adversely impacted. Against the rest of the G10 and other major currencies, the MYR had a stellar week and was stronger across the board, except against the THB and HKD. For the coming week, we are ***Neutral-to-Slightly Bullish*** on USD/MYR, foreseeing a possible trading range of 4.22 – 4.29. The week ahead sees the release of the advanced reading of Malaysia 2Q GDP and trade and export numbers for June later this afternoon, as well as the CPI readings for the month.

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	Ease	Ease	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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