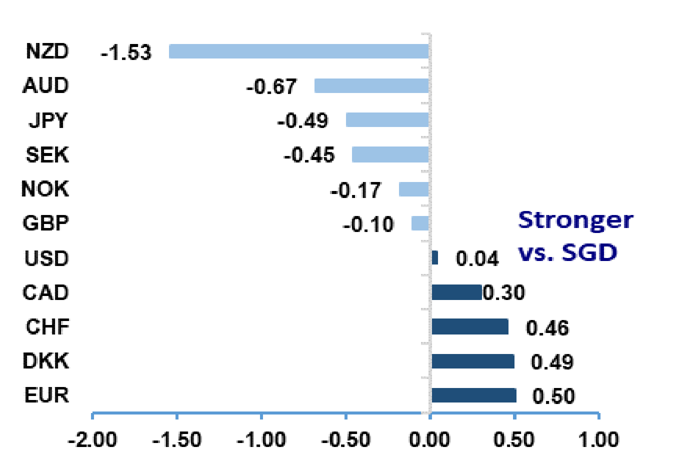
19 Sep 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD was little changed against the greenback in trading this week, closing on Thursday at 1.2820 (prior: +0.7% w/w) from 1.2815 the week before, amidst exports for August unexpectedly registering a further annual decline, dragged down by falling electronic exports. Against the other G10 pairs, the SGD was mixed, gaining the most against the NZD (+1.5%) and losing the largest ground versus the EUR (-0.5%), but versus major regional currencies, the SGD was weaker across the board, with the exception of against the IDR (+0.2%). We remain ***Neutral*** on the USD/SGD for the coming week, looking at a likely trading range of 1.2700 – 1.2950 for the currency pair. The highlight for the week ahead will be the scheduled release of the CPI figures for August.

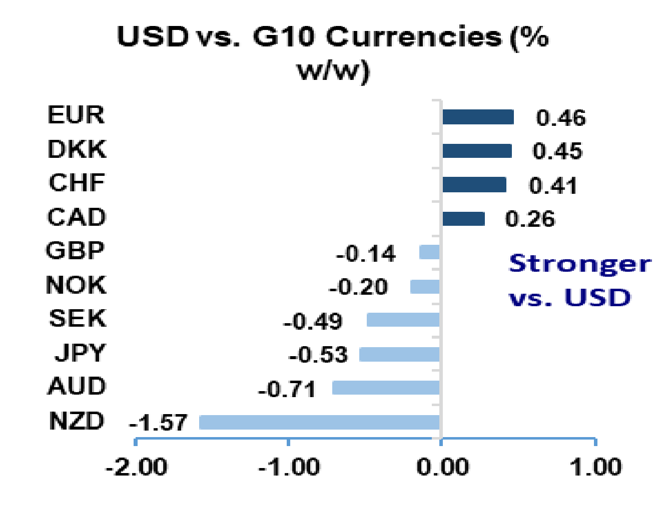
1-Month Outlook – USD/ SGD Neutral

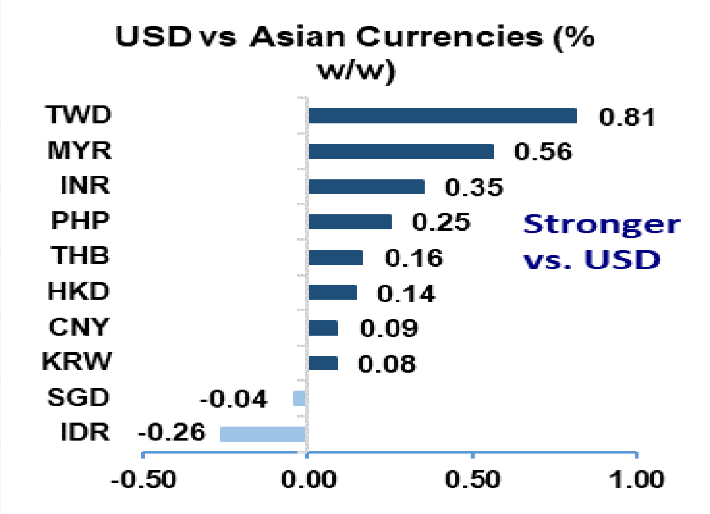
The USD/SGD outlook is neutral in our view. The USD has been on the back foot, with the labour market seemingly not as healthy as previously thought, with marked downward revisions seen in both the recent payroll releases and the preliminary annual benchmark revisions by the BLS. Although there are continued fears over tariff-related inflation, the recent numbers have been within expectations with no surprises in the core PCE for July and the core CPI for August. The Fed resumed reducing its policy rate after a 9-month hiatus, cutting the Funds Rate by 25bps in an 11-1 majority vote on Sep 17, with Fed Chair Powell indicating that future decisions will be taken on a meeting-to-meeting basis, with both the updated dot plot and the futures markets pointing to 2 further 25bps reductions for the year. On the domestic front, MAS held steady on policy at its quarterly July meeting after two consecutive quarters of easing policy. Economic data has been mixed, with exports for August again coming in south of expectations, while retail sales for July surprised on the upside. Inflation has been cooler than anticipated, with both headline and core inflation unexpectedly dipping in July. We expect MAS to keep policy unchanged for the rest of the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2638	1.2735	1.2820	1.2895	1.2980

Weekly Look Ahead

USD: The USD fell in trading this week for a second week running, with the DXY losing ground by 0.2% to 97.35 (prior: -0.8% w/w) from 97.53 the prior week, recovering initial deeper losses after the FOMC slashed its policy rate by 25bps in the first move by the Fed since last December. Economic data for the week was positive, with retail sales data for August surpassing expectations and industrial production for the month unexpectedly rising. We are ***Neutral*** on the USD for the week ahead, foreseeing a possible trading range of 95.75 – 98.75 for the DXY. The coming week sees the release of the preliminary S&P Global US PMIs for September, the third reading of 2Q GDP, new and existing homes sales figures for August and the preliminary durable goods orders for the month, before next Friday's core PCE price index for August. There is quite a bit of Fed-speak during the week which may offer further clues as to the path of monetary policy.





Source: Bloomberg, HL Bank

EUR: EUR climbed against the USD in trading this week for a second consecutive week, advancing by 0.5% to 1.1788 (prior: +0.7% w/w) from 1.1734 the week before, amidst the final headline CPI figure for August being revised down a notch from the flash estimate released previously. We are ***Neutral*** on the EUR/USD for the coming week, eyeing a probable trading range of 1.1650 – 1.1925. The week ahead brings the release of the preliminary Eurozone PMIs and consumer confidence index for September, with the ECB also due to publish their latest Economic Bulletin.

GBP: GBP fell in trading this week against the greenback this week, inching lower by 0.1% w/w to 1.3555 (prior: +1.0% w/w) from 1.3574 the week before, amidst the Bank of England leaving the Bank Rate unchanged at 4.00% in a 7-2 majority vote, and CPI figures for August that matched expectations. We are ***Neutral-to-Slightly Bearish*** on the Cable for the week ahead, looking at a likely trading range of 1.3400 – 1.3675. The coming week will see the release of the UK retail sales figures for August as well as the preliminary UK PMIs for September. There will also be some BoE-speaks during the week, including from Governor Andrew Bailey.

JPY: JPY was weaker in trading against the USD this week, declining by 0.5% to 148.00 (prior: +0.9% w/w) from 147.21 the week before, amidst a narrower than expected Japanese trade deficit for August, and core machine orders for July that registered a larger than anticipated monthly decline. We are ***Neutral-to-Slightly Bearish*** on USD/ JPY for the coming week, foreseeing a possible trading range of 145 – 150 for the pair. After the national CPI figures for August came out a notch lower than expected on the headline figure this morning, the focus for the week ahead will be the Bank of Japan policy decision, where they are expected to leave rates unchanged but possibly lay the ground for a hike in the coming months. We are also due to get the preliminary Japanese PMIs for September as well as the department store sales figures for August.

AUD: AUD lost ground against the USD in trading this week, depreciating by 0.7% to 0.6612 (prior: +2.2% w/w) from 0.6659 the prior week, amidst an unexpected decline in the number of jobs added to the Australian economy in August, which was driven by a decline in full-time employment numbers. We are ***Neutral-to-Slightly Bearish*** on AUD/USD for the week ahead, eyeing a probable trading range of 0.6475 – 0.6750. The coming week will see the release of CPI figures for August, as well as the preliminary Australian PMIs for September. Reserve Bank of Australia Governor Michele Bullock is also scheduled to deliver her semi-annual testimony to the Australian parliament, which may contain more clues as to the path of monetary policy going forward.

MYR: MYR was firmer against the USD this week for a second straight week, rising by 0.6% to 4.1965 (prior: +0.2% w/w) from 4.2200 the week before, amidst broad greenback weakness in the absence of any economic data domestically. Against the rest of the G10 currencies, the MYR was mixed but versus major regional currencies, the MYR was firmer nearly across the board, losing ground only against the TWD (-0.3%). For the week ahead, we are ***Neutral*** on the USD/MYR, looking at a likely trading range of 4.1725 – 4.2225. The coming week brings the release of export and trade numbers for August which will shed more light on how the external sector is faring in 3Q thus far, as well as the CPI figures for the month.

House View and Forecasts

FX	4Q-25	1Q-26	2Q-26	3Q-26
DXY	96.45	95.57	94.24	92.99
USD/CAD	1.37	1.36	1.35	1.33
EUR/USD	1.19	1.20	1.22	1.24
GBP/USD	1.36	1.37	1.38	1.39
AUD/USD	0.67	0.67	0.68	0.68
NZD/USD	0.59	0.60	0.60	0.60
USD/JPY	146	145	142	140
USD/MYR	4.20	4.15	4.10	4.10
USD/SGD	1.28	1.26	1.24	1.23
USD/CNY	7.08	7.06	6.99	6.94

Policy Rate (%)	3Q-25	4Q-25	1Q-26	2Q-26
Fed	4.00-4.25	3.50-3.75	3.25-3.50	3.00-3.25
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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