

20 June 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was weaker against the USD in trading this week for the first time in seven weeks, depreciating by 0.6% to close Thursday at 1.2871 (prior: +0.6% w/w) from 1.2789 the week before, after an unexpected fall in exports in May, that was driven by a softening in electronic exports and exports to the US, signalling that the front-loading of exports to get ahead of the new tariffs could have run its course. Against the other G10 pairs, the SGD has a good week and was stronger across, gaining the most ground against the SEK (+1.3%) and JPY (+0.7%), but versus major regional currencies, the SGD was mixed, gaining the most ground against the PHP (+2.1%), but declining the most against the TWD (-0.7%). We remain **Neutral-to-Slightly Bullish** on the USD/SGD for the week ahead, looking at a likely trading range of 1.2750 – 1.3025. The coming week sees the release of the CPI figures for May as well as industrial production numbers for the month.

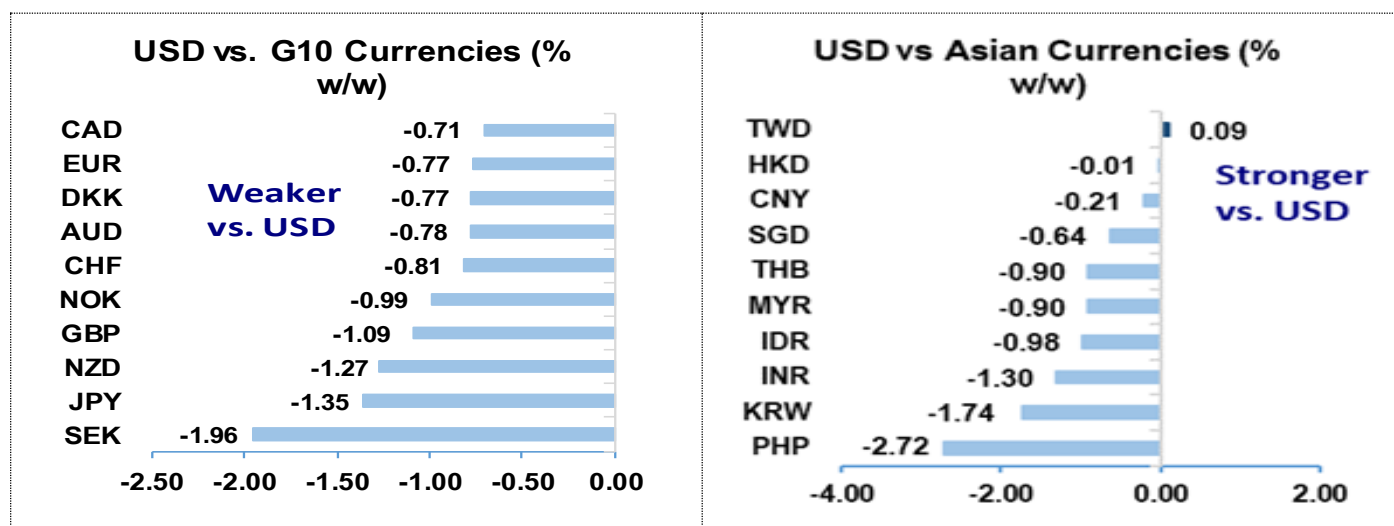
1-Month Outlook – USD/ SGD Neutral

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 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 came 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	1.2735	1.2805	1.2871	1.2945	1.3010

Weekly Look Ahead

USD: The USD was firmer in trading for the first week in five, with the DXY climbing by 1.0% to 98.78 (prior: -0.8% w/w) from 97.92 the week before, amidst the rising tensions in the Middle East over the week. Economic data releases were generally weaker than anticipated, with retail sales, industrial production and housing starts for May all coming in south of expectations. We are **Neutral-to-Slightly Bullish** on the USD for the coming week, foreseeing a possible trading range of 97.50 – 100.25 for the DXY. The week ahead brings the release of the preliminary US PMIs for June, which will give an indication as to how the US economy is closing out 2Q, as well as the consumer confidence index for the month before next Friday's core PCE reading for May. Fed Chair Powell is also due to deliver his semi-annual testimony to Congress during the week.



Source: Bloomberg, HL Bank

EUR: EUR declined in trading against the USD this week for the first week in five, declining by 0.8% to 1.1495 (prior: +1.2% w/w) from 1.1584 the week before, amidst mixed economic data domestically, with industrial production and the trade balance for April both coming in weaker than anticipated, but the latest monthly ZEW survey witnessed a sizable rise in investor expectations. We are **Neutral** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1350 – 1.1650. The coming week brings the preliminary Eurozone PMIs for June, which will give a clearer indication of the economic momentum for the region as we close out 2Q, with the ECB also due to publish their latest Economic Bulletin.

GBP: GBP was softer in trading this week against the greenback for the first week in six, depreciating by 1.1% w/w to 1.3465 (prior: +0.3% w/w) from 1.3613 the prior week, amidst the Bank of England leaving policy rates on hold as expected and maintaining a gradual rate cut path. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, looking at a likely trading range of 1.33 – 1.36. The week ahead sees the release of UK retail sales for May, as well as the preliminary UK PMIs and CBI orders and sales reports for June, which may provide a clearer picture of the state of the economy as the first half of the year draws to a close. Bank of England Governor Bailey is also scheduled to speak a couple of times during the week.

JPY: JPY was weaker against the USD for the week, falling by 1.4% to 145.45 (prior: 0.0% w/w) from 143.48 the week before amidst the Bank of Japan holding rates steady and reducing its bond tapering, to mitigate the recent rise in longer-term bond yields that spooked investors. We are **Neutral** on USD/ JPY for the week ahead, foreseeing a possible trading range of 143 – 148 for the currency pair. After the national CPI numbers for May came out higher than expected at the core level this morning, the rest of the coming week sees the release of the preliminary Japan PMIs for June and department store sales figures for May. BoJ Governor Ueda is also due to speak, and his comments will be scrutinized for further clues as to when the central bank is likely to continue its policy normalization.

AUD: AUD lost ground in trading against the USD this week for the first week in seven, declining by 0.8% to 0.6482 (prior: +0.4% w/w) from 0.6533 the prior week, amidst a weaker than anticipated monthly employment report for May, which saw the economy unexpectedly shedding jobs for the month, albeit mostly those of a part-time nature. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, eyeing a probable trading range of 0.6325 – 0.6600 for the pair. The week ahead brings the release of the preliminary Australian PMIs for June, with the CPI figures for May also due.

MYR: MYR was weaker against the USD this week for the first week in five, declining by 0.9% to 4.2603 (prior: +0.1% w/w) from 4.2220 the previous week, amidst the greenback getting a flight to safety bid from the heightened geopolitical temperature in the Middle East over the week. Against the rest of the G10 and other major currencies, the MYR was mixed for the week. For the week ahead, we continue to remain **Neutral-to-Slightly Bullish** on USD/MYR, looking at likely trading range of 4.23 – 4.30. The price action for the coming week will continue to be driven by developments in the Middle East situation, and also sees the release of export and trade data for May, as well as the consumer price index for the month, both of which will factor into BNM's thinking during the upcoming MPC meeting on July 09.

House View and Forecasts

FX	2Q-25	3Q-25	4Q-25	1Q-26
DX	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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