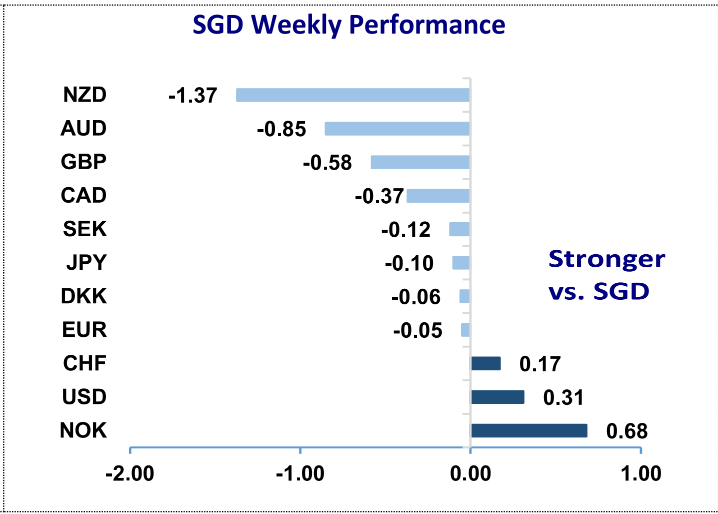
22 Aug 2025

Global Markets Research
Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was weaker against the USD in trading this week for a second straight week, receding by 0.3% to close Thursday at 1.2887 (prior: -0.1% w/w) from 1.2847 the prior week, amidst Singapore's non-oil domestic exports falling by a larger than expected pace in July on an annual basis, with exports to the US tumbling by the largest since March 2024, albeit largely due to base effects. Against the other G10 pairs and major regional currencies, the SGD was mixed for the week, gaining versus the NZD (+1.4%) and TWD (+1.4%), but losing ground against the likes of the NOK (-0.7%) and INR (-0.7%). We are ***Neutral-to-Slightly Bearish*** on the USD/SGD for the week ahead, looking at a likely trading range of 1.2725 – 1.3000 for the pair. The coming week brings the release of CPI numbers for July and the industrial production figures for the month.

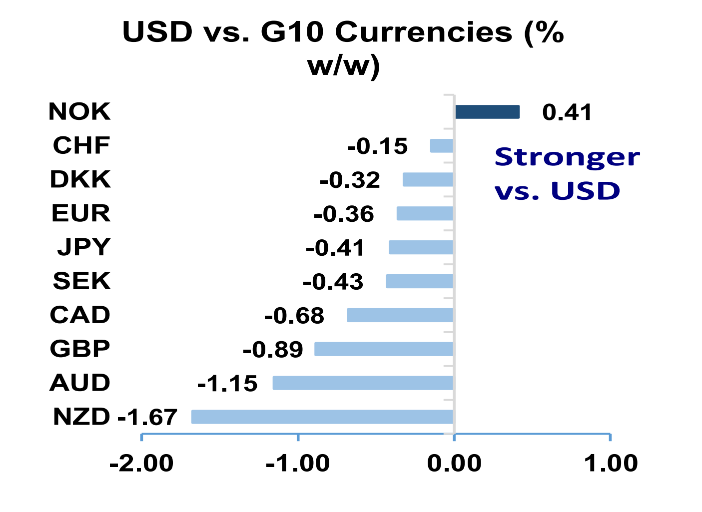
1-Month Outlook – USD/ SGD Neutral

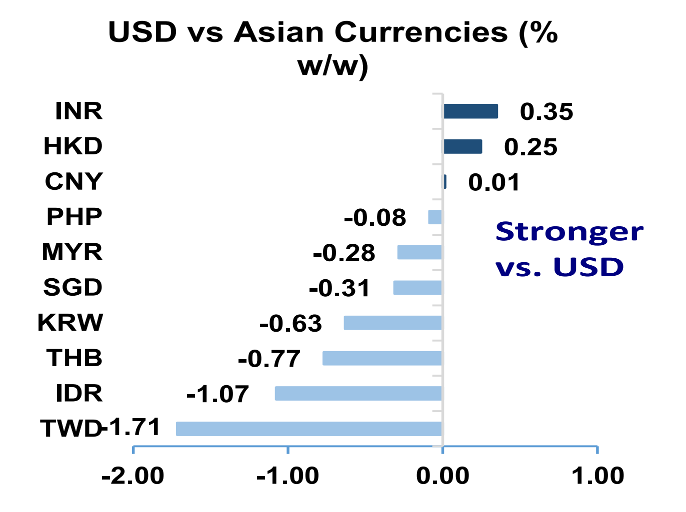
The USD/SGD outlook is neutral in our view. The USD has been range bound, with the US signing some deals with major trading partners and announcing the new rates of reciprocal tariffs on other countries on Aug 01. The Fed held its ground again at the July FOMC meet in a 9-2 majority vote, with Fed Chair Powell continuing to strike a cautious note about the impact of the trade tariffs on domestic inflation. US economic data has been more mixed, with retail sales expanding by more than expected in June and the advanced reading of US 2Q GDP surpassing expectations on a slump in imports during the quarter. The picture in the labour market however appears to be changing rapidly, with a weaker than expected July employment report that came with very sharp downward revisions in the number of jobs added in May and June. Core CPI for July and and core PCE for June were in line with expectations, but a sharp surge in producer prices for July could translate into higher consumer prices going forward. Expectations that the Fed is to resume reducing its policy rate in due course surged after the poor jobs report, with more than two 25bps reductions priced in the futures market for 2025. On the domestic front, MAS held steady on policy in its quarterly July meeting after two consecutive quarters of easing policy. The advanced reading for 2Q GDP came in much stronger than anticipated, while headline and core inflation held steady in June, and export growth for the month rebounded from the weakness seen in May. We expect MAS to be on hold for the rest of the year.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2735	1.2805	1.2887	1.2975	1.3060

Weekly Look Ahead

USD: The USD rose in trading this week for the first week in three, with the DXY rising by 0.4% to 98.63 (prior: -0.2% w/w) from 98.25 the week before, amidst a solid retail sales report for July in a good start for the quarter, an unexpected rise in inflation expectations, and the preliminary composite PMI for August unexpectedly rising. The minutes of the Jul 30 FOMC meeting revealed that officials were worried about both higher inflation and weaker employment, but a majority saw the former as the greater of these two risks. We are ***Neutral-to-Slightly Bearish*** on the USD for the coming week, foreseeing a possible trading range of 96.75 – 100.00 for the DXY. The week ahead sees Fed Chair Powell's opening speech at the Jackson Hole Symposium take centre stage, where we may get more clarity of the path of policy for the remainder of the year, with the second reading of 2Q GDP and the consumer confidence index for August from the Conference Board also scheduled for release, before the core PCE index for July is released next Friday.





Source: Bloomberg, HL Bank

EUR: EUR lost ground in trading against the greenback this week for a second week running, declining by 0.4% to 1.1606 (prior: -0.2% w/w) from 1.1648 the prior week, amidst an unexpected rise in the preliminary Eurozone composite PMI for August on a pickup in manufacturing, and final CPI for July coming in as per the flash estimates released previously. We are ***Neutral-to-Slightly Bullish*** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1475 – 1.1775. The coming week brings the scheduled release of the negotiated wages for 2Q as well as the Eurozone economic confidence index for August. ECB President Lagarde is scheduled for speak at the Fed's Jackson Hole symposium, and the ECB will also be publishing their account of the July 23-24 rate decision.

GBP: GBP lost ground in trading this week against the USD for the first week in three, declining by 0.9% w/w to 1.3412 (prior: +0.7% w/w) from 1.3532 the week before, amidst CPI for July coming in hotter than expected both at the headline and core level, and the preliminary UK composite PMI for August surprising on the upside led by the services sector reading. We are ***Neutral*** on the Cable for the coming week, looking at a likely trading range of 1.3250 – 1.3575 for the currency pair. The week ahead is rather empty in terms of economic data releases, but there will be a speech by BoE Governor Bailey at Jackson Hole to watch out for.

JPY: JPY traded lower against the USD this week for a second consecutive week, declining by 0.4% to 148.37 (prior: -0.4% w/w) from 147.76 the prior week, amidst preliminary Japan 2Q GDP coming in north of expectations, and exports in July registering its steepest decline in more than four years as US tariffs weighed. We are ***Neutral-to-Slightly Bearish*** on USD/ JPY for the week ahead, foreseeing a possible trading range of 145.50 – 150.50 for the currency pair. After the Japanese national CPI for July came out pretty much in line with expectations this morning, the coming week bring the release of department store sales figures before next Friday's unemployment rate for July and Tokyo CPI numbers for August. The Bank of Japan's Nakagawa is also scheduled to be making some comments during the week.

AUD: AUD traded lower against the USD this week for a second week running, depreciating by 1.2% to 0.6420 (prior: -0.4% w/w) from 0.6495 the week before, amidst a broad based rise seen in the preliminary Australian PMIs for August and a surge in consumer confidence for the month. We are ***Neutral-to-Slightly Bullish*** on AUD/USD for the coming week, eyeing a probable trading range of 0.6300 – 0.6575. The week ahead sees the release of Australian CPI for July and the private capital expenditure figures for 2Q, as well as the minutes of the RBA's August policy meeting, which saw them reduce rates by 25bps as expected.

MYR: MYR declined against the USD this week for the first week in three, falling by 0.3% to 4.2242 (prior: +0.5% w/w) from 4.2122 the prior week, amidst final 2Q GDP being revised a notch lower to 4.4% y/y, and a surprising rise in exports for July which resulted in the widest monthly trade surplus since March. Against the rest of the G10 currencies and major regional currencies, the MYR was a mixed bag, gaining versus the NZD (+1.8%) and THB (+0.5%), but falling against the HKD (-0.7%) and the EUR (-0.1%). For the coming week, we are ***Neutral*** on USD/MYR, looking at a likely trading range of 4.1950 – 4.2550 for the pair. The week ahead sees the release of the CPI report for July, where expectations are for a marginal rise.

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	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

General Disclaimer by the Bank

This report is for information purposes only and does not take into account the investment objectives, financial situation or particular needs of any particular recipient. The information contained in this report does not constitute the provision of investment advice and is not to be regarded as an offer to sell or a solicitation of an offer to buy with respect to the purchase or sale of any of the financial instruments mentioned in this report and/or to participate in any trading strategy. This report will not form the basis or a part of any contract or commitment whatsoever.

The information contained in this publication is derived from data obtained from sources believed by HL Bank to be reliable and in good faith, but no warranties or guarantees, representations are made by HL Bank with regard to the accuracy, completeness, correctness or suitability of the data. Any opinions expressed reflect the current judgment of the authors of the report and do not necessarily represent the opinion of HL Bank or any of the companies within the Hong Leong Bank Group ("HLB Group"). The opinions reflected in this report may change without notice and the opinions do not necessarily correspond to the opinions of HL Bank. HL Bank does not have an obligation to amend, modify or update this report or to otherwise notify a reader or recipient in the event that any matter stated in this report, or any opinion, projection, forecast, valuation or estimate in this report, changes or subsequently becomes inaccurate. The information contained in this report may be incomplete, condensed and it may not contain all material information concerning the company or currency referred to in this report.

HLB Group, their directors, employees and representatives do not have any responsibility or liability to any person or recipient (whether by reason of negligence, negligent misstatement or otherwise) arising from any statement, opinion or information, expressed or implied, arising out of, contained in or derived from or omission from the reports or matter nor will any liability be accepted for any loss whatsoever that may arise from any use and/or reliance on this report. HL Bank may, to the extent permitted by law, buy, sell or hold significantly long or short positions; act as investment and/or commercial bankers; be represented on the board of the issuers; and/or engage in 'market making' of securities or currencies mentioned in this report. The past performance of financial instruments is not indicative of future results. The value of and the income that is produced by the financial instruments mentioned in this report may fluctuate so that an investor may get back less than originally invested. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Any projections or forecasts mentioned in this report may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information. No assurance can be given that any opinion described in this report would yield favorable investment results. Recipients should seek the advice of their independent financial advisor before taking any investment decision based on any recommendations that may be contained in this report. Any recommendation that may be contained in this report does not consider the specific investment objectives, financial situation, suitability and the particular needs of a particular customer. This report is for the information of the addressee only and is not to be taken in substitution for the exercise of judgment by the addressee who should obtain separate independent legal or financial advice.

Past performance does not always indicate future performance or future results. The value of any investment or income from any investment may go up as well as down. All investments involve an element of risk including the potential to lose the entire amount that is invested.

HL Bank may provide hyperlinks to websites of entities mentioned in this report, however the inclusion of a link does not imply that HL Bank endorses, recommends or approves any material on the linked page or accessible from it. Such linked websites are accessed entirely at your own risk. HL Bank does not accept responsibility whatsoever for any such material, nor for consequences of its use.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. This report is for the use of the addressees only and may not be redistributed, reproduced, copied, duplicated or passed on to any other person or published, in part or in whole, for any purpose, without the prior, written consent of HL Bank. The manner of distributing this report may be restricted by law or regulation in certain countries. Persons into whose possession this report may come are required to inform themselves about and to observe such restrictions. By accepting this report, a recipient agrees to be bound by all limitations contained in this report.

This report is being distributed in Singapore by HL Bank (Company registration number S56FC1182L) to Accredited Investors, Expert Investors or Institutional Investors, as defined in the Securities and Futures Act (Chapter 289 of Singapore). HL Bank is an Exempt Financial Adviser, as defined in the Financial Advisers Act (Chapter 110 of Singapore), and regulated by the Monetary Authority of Singapore. HL Bank is a branch of Hong Leong Bank Berhad, a limited liability company incorporated in Malaysia. HL Bank holds a full bank license in Singapore. Hong Leong Bank Berhad is also a member of the Hong Leong Group Malaysia.