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Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was little changed against the greenback in trading this week, closing Thursday at 1.3113 (prior: +1.4% w/w) from 1.3114 the week before, amidst Singapore CPI for March coming in lower than expected, both at the headline and core level, suggesting a continued absence of significant price pressures. Against the other G10 pairs and major regional currencies, the SGD was mixed for the week, with gains registered versus the KRW (+1.2%) and CHF (+0.9%), but losing ground against the NOK (-0.8%) and MYR (-0.7%). We are **Neutral-to-Slightly Bullish** on the USD/SGD for the coming week, seeing a likely trading range of 1.3000 – 1.3250 for the currency pair. The week ahead sees the release of Singapore industrial production figures and the unemployment rate for March.

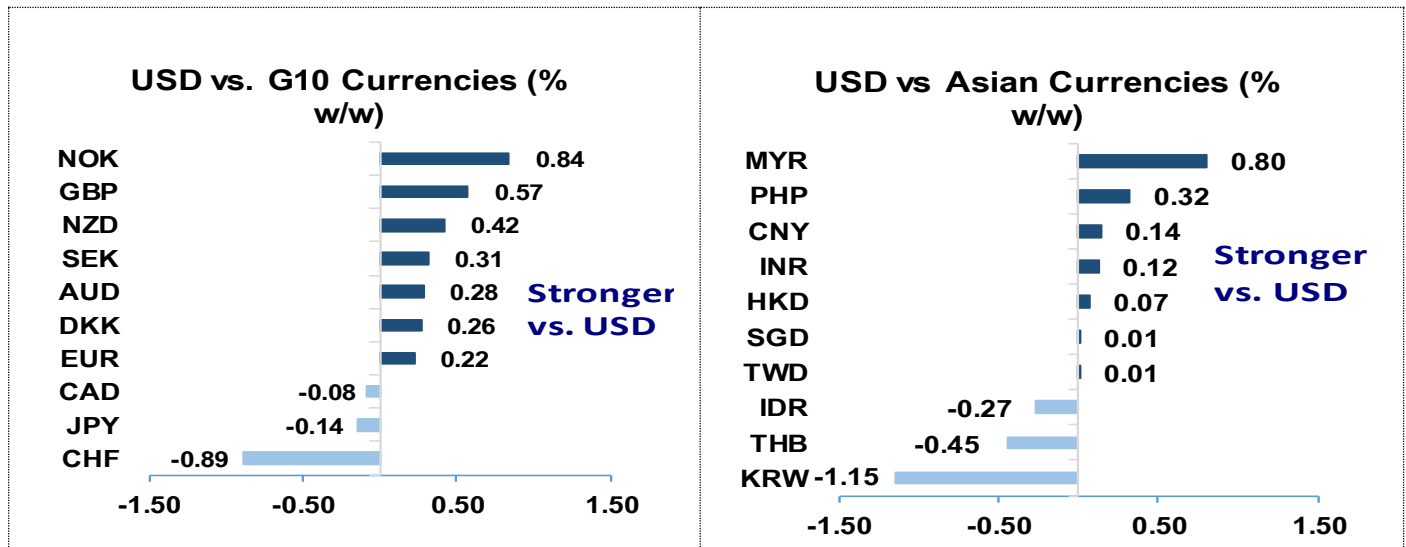
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The greenback has come off sharply of late, with growing concerns over the trajectory of the global economy following the reciprocal tariffs that were announced and then mostly postponed except for a notably punitive rate on China. The Fed held its ground again at the March FOMC meet, whilst downgrading their growth forecast and elevating their inflation forecast for the year amidst maintaining their dot plot. Expectations are for the Fed to resume reducing its policy rate in due course, with slightly over three 25bps reductions priced for 2025. US economic data is continuing to hold up, with a rebound in personal spending in February and a mixed employment report for March, while CPI for the month 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, with the central bank expecting growth for 2025 at a slower pace of 1-3% and reducing its core inflation forecast for the year to 1-2%. 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. 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	1.2970	1.3045	1.3113	1.3205	1.3290

Weekly Look Ahead

USD: The USD was little changed in trading this week, with the DXY closing Thursday at 99.38 (prior: -1.5% w/w), a similar level to the closing seen the prior week, having initially traded below 98 during the week before recovering on news that there could be some tariff de-escalation with China, as well as President Trump mentioning that he has no intention of removing Fed Chair Powell. The preliminary US composite PMI for April declined by more than expected but remained above 50 level, signaling that economic activity was still expanding for now in spite of the kicking in of tariffs. We are **Neutral-to-Slightly Bullish** on the USD for the week ahead, looking at a likely trading range of 98 – 101 for the DXY. The coming week is a busy one, with core PCE for March, the advanced US 1Q GDP figures, the ISM Manufacturing for April and the usual slew of labour market indicators (ADP, Challenger and JOLTS) all due before next Friday's monthly US employment report.



Source: Bloomberg, HL Bank

EUR: EUR was firmer in trading against the greenback this week for a fourth week running, inching higher by 0.2% to 1.1390 (prior: +1.5% w/w) from 1.1365 the prior week, amidst the shortened week with the Easter holidays which saw the preliminary April PMIs for the Eurozone come in mixed, with the services measure declining by more than expected into contractionary territory while the manufacturing measure unexpectedly inched higher. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1250 – 1.1550. The coming week sees the release of the advanced 1Q Eurozone GDP growth numbers as well as the Economic Confidence measure for April.

GBP: GBP was higher in trading this week against the USD for a second straight week, rising by 0.6% w/w to 1.3342 (prior: +2.3% w/w) from 1.3266 the prior week, amidst the preliminary composite UK PMI for April tumbling by more than expected into contractionary territory, hinting at a challenging quarter ahead for the UK. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, looking at a likely trading range of 1.3175 – 1.3475 for the currency pair. The week ahead brings us the UK retail sales report and mortgage approvals for the month of March, as well as the Nationwide house price index for April.

JPY: JPY was softer against the USD in trading this week for the first week in four, inching lower by 0.1% w/w to close at 142.63 (prior: +1.4% w/w) from 142.43 the prior week, amidst a cooler than expected national headline CPI for March, and the preliminary Japan composite PMI climbing back into expansionary territory, led by the services sector. We are **Neutral** on USD/JPY for the week ahead, foreseeing a possible trading range of 139.75 -145.50 for the pair. After Tokyo CPI for April came out higher than expected this morning, a busy week lies ahead with retail sales, industrial production and housing starts for March all due to be reported on, as well the rate decision by the Bank of Japan, where they are expected to stand pat as they

continue to take a patient approach to normalizing policy whilst continuing to digest the implications of the elevated tariff regime.

AUD: AUD was higher in trading against the USD this week for a second consecutive week, climbing by 0.3% to 0.6408 (prior: +2.7% w/w) from 0.6390 the week before, amidst the preliminary Australia PMIs for April coming in little changed from the previous month's readings. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, eyeing a probable trading range of 0.6250 – 0.6525. The week ahead sees the release of the 1Q CPI numbers, where the trimmed mean measure to be closely watched for its implications on monetary policy, with a 25bps rate cut by the RBA at its May 20 meeting more than 100% priced by the futures market. In addition, the CPI, trade balance and private sector credit numbers for March are also scheduled for release.

MYR: The MYR advanced against the USD this week for a second week running, strengthening by 0.8% to 4.3723 (prior: +1.4% w/w) from 4.4073 the week before, amidst advanced first quarter GDP numbers that missed expectations and inflation in March unexpectedly cooled versus the month before. Against the other G10 currencies and major regional currencies, it was a stellar week for the MYR, with broad based gains registered against most pairs, led by gains versus the KRW (+1.9%) and THB (+1.2%). For the coming week, we are **Neutral-to-Slightly Bullish** on USD/MYR, eyeing a possible trading range of 4.3475 – 4.4025. The week ahead is pretty quiet on the economic data front before next Friday's PMI number for April, with the central bank due to decide on policy in a fortnight's time.

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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