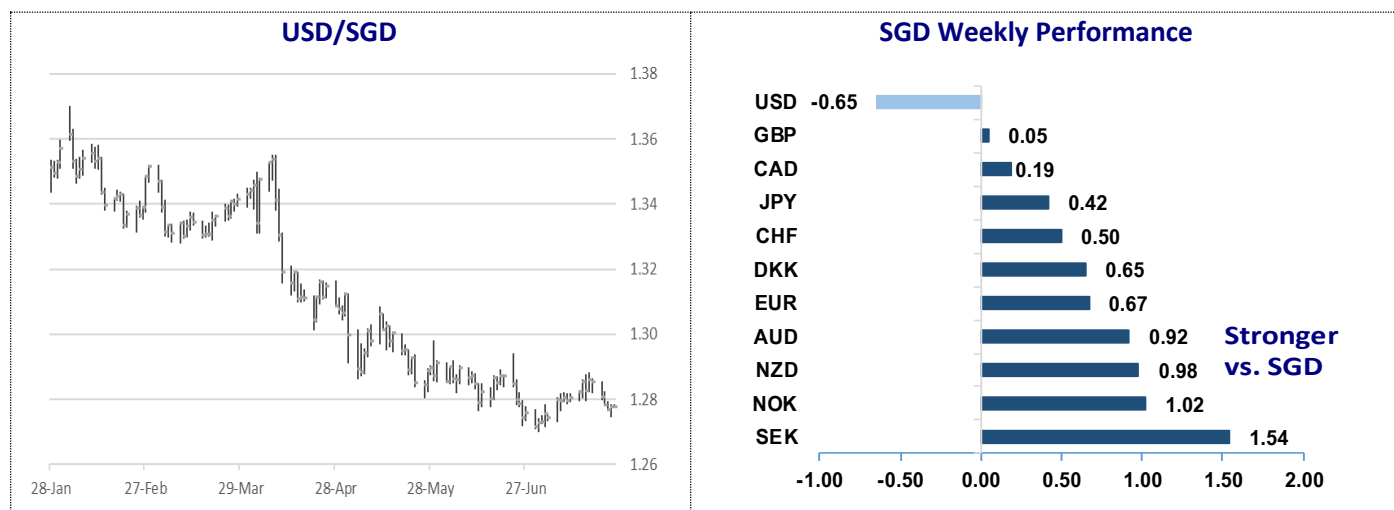


25 July 2025

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD gained against the USD in trading this week for the first week in four, advancing by 0.7% to close Thursday at 1.2776 (prior: -0.5% w/w) from 1.2859 the week before, amidst CPI in June coming in cooler than expected, both at the headline and core level. Against the other G10 pairs, the SGD was weaker across the board for the week, but versus major regional currencies, it was a mixed bag, with the SGD gaining the most against the INR (+1.0%) but losing the largest ground versus the KRW (-0.8%). We are **Neutral-to-Slightly Bullish** on the USD/SGD for the week ahead, eyeing a probable trading range of 1.2650 – 1.2925 for the currency pair. The coming week features the quarterly July monetary policy statement from the MAS, where they are expected to ease further after similar moves in the last two quarterly meetings, with industrial production and the unemployment rate for June also due to be released during the week.

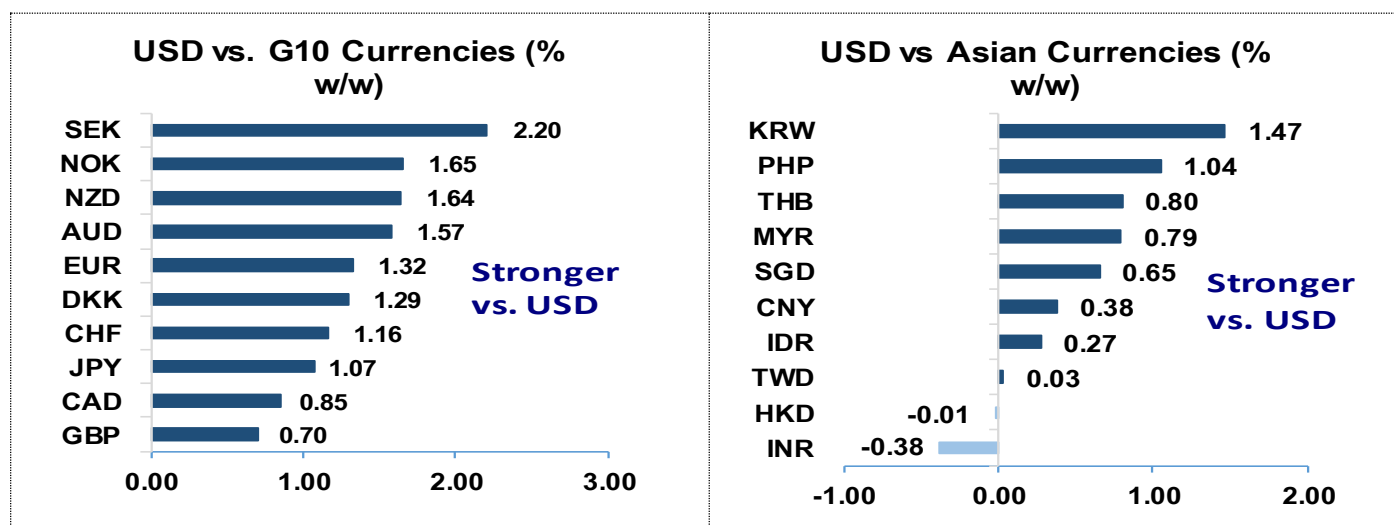
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The USD has been weakening of late, with a continued de-escalation in the tariff situation with the US signing deals with some of their major trading partners ahead of Aug 01. 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 leaning on the positive side, with the labour market continuing to defy expectations of a cooling and retail sales expanding by more than expected in June, but personal income and spending for May both unexpectedly registered monthly contractions. Inflation indicators were mixed, with core CPI surprising slightly on the downside in June while core PCE for May 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 and core inflation held steady in June, and export growth for the month 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	1.2668	1.2735	1.2776	1.2850	1.2915

Weekly Look Ahead

USD: The USD lost ground in trading this week for the first week in three, with the DXY declining by 1.4% to 97.38 (prior: +1.1% w/w) from 98.73 the week before, amidst progress being made by the US in negotiations with a few key trading partners including Japan and the Eurozone ahead of the US imposed deadline of 01 Aug. We are **Neutral** on the USD for the coming week, looking at a likely trading range of 95.50 – 98.50 for the DXY. The week ahead is an eventful one, with the Fed set to decide on policy, and plenty of key economic data releases. Advanced US 2Q GDP, core PCE prices for June and consumer confidence for July are all scheduled for release, as well as a slew of labour market indicators (JOLTS, ADP, Challenger job cuts) ahead of next Friday's monthly employment report for July.



Source: Bloomberg, HL Bank

EUR: EUR rose in trading against the USD this week for the first week in three, surging by 1.3% to 1.1749 (prior: -0.9% w/w) from 1.1596 the prior week, amidst the ECB keeping rates unchanged during its policy meet and signalling a wait and see approach, while the preliminary Eurozone July PMIs suggested a decent start to economic activity in 3Q. We are **Neutral** on the EUR/USD for the week ahead, foreseeing a possible trading range of 1.16 – 1.19. The coming week witnesses the release of Eurozone advanced 2Q GDP as well as the unemployment rate for June and economic confidence index for July, prior to next Friday's CPI estimate for July.

GBP: GBP was firmer in trading this week against the greenback for the first week in four, climbing by 0.7% w/w to 1.3510 (prior: -1.2% w/w) from 1.3416 the prior week, against a backdrop of a broadly weaker USD and the preliminary UK PMIs for July coming weaker than expected led by a decline in the services measure. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, eyeing a probable trading range of 1.3350 – 1.3650. The week ahead sees the release of UK retail sales report and mortgage approval numbers for June, which will give a clearer indication of how economic conditions were to end 2Q, with the Bank of England set to decide on policy in a fortnight.

JPY: JPY strengthened against the USD this week for the first week in four, appreciating by 1.1% to 147.01 (prior: -1.6% w/w) from 148.58 the week before, amidst Japan and the US reaching an agreement on tariff negotiations, reducing the uncertainty about the outlook for the Japanese economy. We are **Neutral-to-Slightly Bearish** on USD/JPY for the week ahead, looking at a likely trading range of 144 - 149 for the currency pair. After Tokyo CPI for July came out slightly lower than anticipated earlier this morning, the coming week brings us the retail sales report and industrial production figures for June and the consumer confidence index for July, as the Bank of Japan meets to deliberate on policy, where they are expected to leave rates on hold again.

AUD: AUD was stronger against the USD this week, advancing by 1.6% to 0.6590 (prior: -1.5% w/w) from 0.6488 the prior week, amidst preliminary Australian PMIs for July surging higher from the previous month, buoyed by a strengthening of the services sector. The currency was also supported by RBA Governor Michele Bullock indicating that the RBA will adopt a measured and gradual approach to easing given that they did not hike aggressively when they tightened policy in 2022-23. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, foreseeing a possible trading range of 0.6450 – 0.6725 for the pair. The focus of the week ahead will be the much anticipated quarterly CPI numbers for 2Q, in a week where retail sales for June and for 2Q are also due for release as well as building approvals and private sector credit growth numbers for June.

MYR: MYR was firmer against the USD this week for the first week in three, climbing by 0.8% to 4.2162 (prior: -0.0% w/w) from 4.2495 the previous week, amidst advanced 2Q GDP unexpectedly showing a quickening in the pace of economic growth versus the quarter before. Against the rest of the G10, the MYR was weaker across the board while versus major regional currencies, it was a mixed picture. For the week ahead, we are **Neutral** on USD/MYR, eyeing a probable trading range of 4.1900 – 4.2450. The coming week is pretty light on the economic data front with no releases scheduled till next Friday's S&P Global Malaysia manufacturing PMI for July, so trading in the currency pair for the week should take the lead from the rest of USD/Asia and the USD at large.

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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