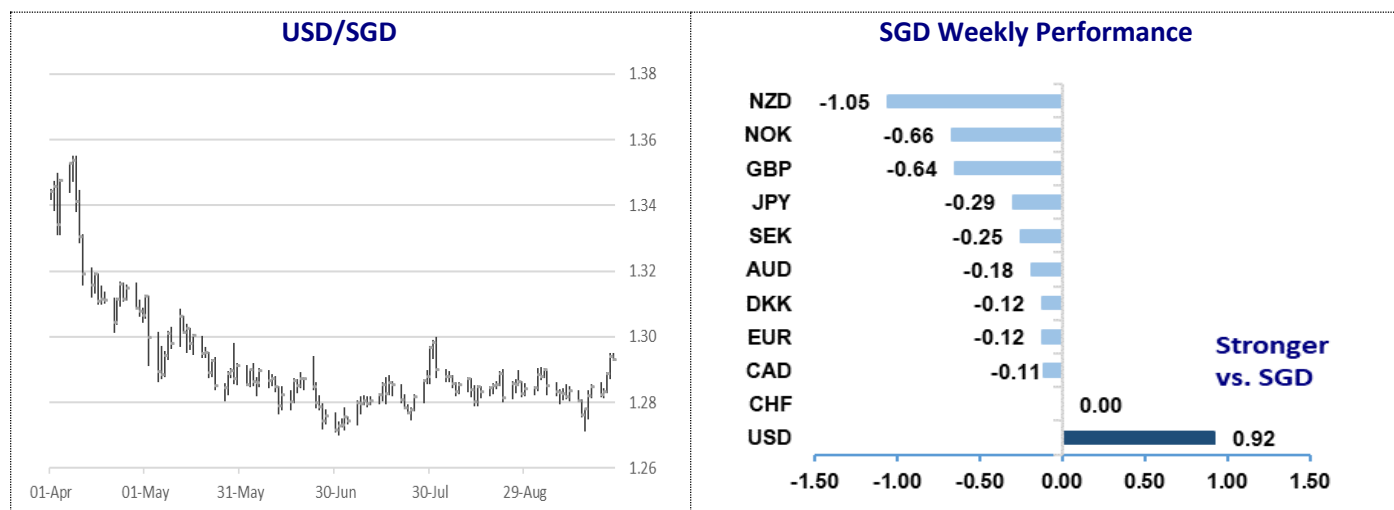


26 Sep 2025

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, declining by 0.9% to 1.2938 (prior: 0.0% w/w) from 1.2820 the prior week, amidst inflation in August unexpectedly coming in cooler than expected, both at the headline and core level. Against the other G10 pairs, the SGD was stronger across the board, but versus major regional currencies, the SGD was a mixed bag for the week, gaining versus the PHP (+0.9%) and KRW (+0.6%), but losing ground versus the HKD (-0.9%) and CNY (-0.6%). We are **Neutral-to-Slightly Bearish** on the USD/SGD for the week ahead, foreseeing a possible trading range of 1.2800 – 1.3050 for the pair. The coming week brings us the industrial production figures for August as well as the PMI can Electronic Sector index for September.

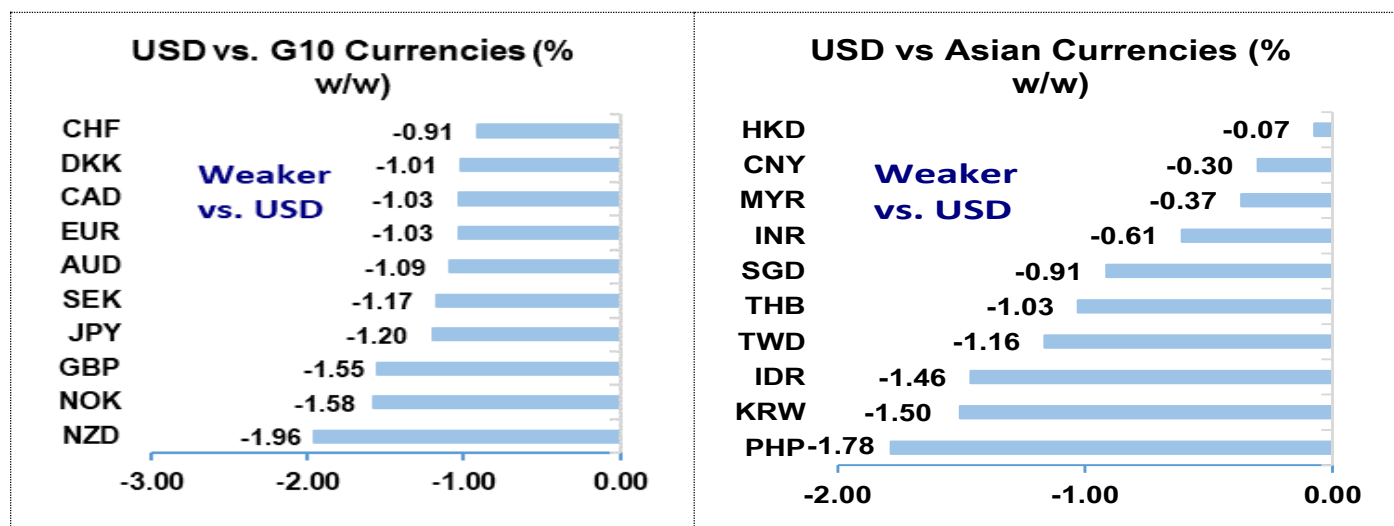
1-Month Outlook – USD/ SGD Neutral

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	1.2780	1.2865	1.2938	1.2995	1.3070

Weekly Look Ahead

USD: The USD was firmer in trading this week, with the DXY climbing by 1.2% to 98.55 (prior: -0.2% w/w) from 97.35 the week before, amidst the preliminary PMIs for September showing a slower pace of expansion versus the month before and an unexpected further decline in the weekly initial jobless claims, which quelled fears of a sharp deterioration in the labour market. We are **Neutral-to-Slightly Bearish** on the USD for the week ahead, eyeing a probable trading range of 97.00 – 99.75 for the DXY. There is plenty lined up for the coming week, with the core PCE for August, ISM indices and consumer confidence for September scheduled for release, as well as the regular release of labour market indicators (ADP, JOLTS and Challenger) prior to next Friday's all important monthly jobs report for September, which will weigh heavily in the Fed's next FOMC decision.



Source: Bloomberg, HL Bank

EUR: EUR declined against the greenback in trading this week for the first week in three, retreating by 1.0% to 1.1666 (prior: +0.5% w/w) from 1.1788 the week before, amidst the preliminary Eurozone PMIs for September coming in mixed, with deterioration seen in the manufacturing sector but strength in the services front. ECB speakers during the week highlighted that the risks to inflation are seen as balance in a further signal that the central bank is comfortable with the current policy rate. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the week ahead, looking at a likely trading range of 1.1550 – 1.1800. The coming week sees the release of the unemployment rate and ECB inflation expectations for August, as well as the economic confidence index and CPI estimates for September.

GBP: GBP fell in trading against the USD this week for a second straight week, depreciating by 1.6% w/w to 1.3345 (prior: -0.1% w/w) from 1.3555 the prior week, amidst retail sales for August that come in marginally better than anticipated, and preliminary PMIs for September that revealed a larger than expected deterioration, signalling a slowdown in growth momentum as we closed out 3Q. We are **Neutral-to-Slightly Bullish** on the Cable for the coming week, foreseeing a possible trading range of 1.3225 – 1.3500. The week ahead features the release of final 2Q GDP figures for the UK, as well as mortgage approval numbers for August and the Nationwide house price index for September.

JPY: JPY was softer in trading against the USD this week for a second week running, dropping by 1.2% to 149.80 (prior: -0.5% w/w) from 148.00 the prior week, amidst the Bank of Japan leaving rates unchanged in a 7-2 vote, with the two dissenters preferring an increase, in what was seen to be a signal that the Bank is closer to raising rates again soon. We are **Neutral-to-Slightly Bearish** on USD/JPY for the week ahead, eyeing a probable trading range of 147.25 – 151.75 for the currency pair. After the Tokyo CPI figures for September unexpectedly came out cooler than expected this morning, the coming week brings the release of retail sales figures, industrial production and housing starts for the month of August, as well as the latest Tankan survey for 3Q.

AUD: AUD lost ground against the USD in trading this week for a second consecutive week, falling by 1.1% to 0.6540 (prior: - 0.7% w/w) from 0.6612 the week before, amidst a decline in the preliminary September Australian PMIs following strong numbers the month before, and CPI for August rising by slightly more than anticipated. We are **Neutral** on AUD/USD for the coming week, looking at a likely trading range of 0.6425 – 0.6650. The week ahead will see the RBA meet to decide on policy, where they are expected to leave rates on hold this time round after reducing rates at the previous meet in August. In terms of economic data, we will see the scheduled release of building approval numbers, private sector credit figures as well as the trade balance for August.

MYR: MYR lost ground against the USD this week for the first week in three, falling by 0.4% to 4.2120 (prior: +0.6% w/w) from 4.1965 the prior week, amidst exports for August coming in softer than anticipated and CPI for the month inching up a notch as expected. Against the rest of the G10 currencies, the MYR had a good week and was stronger across the board, and versus major regional currencies, the MYR was also mainly firmer, except against the HKD (-0.4%) and the CNY (-0.1%). For the coming week, we are **Neutral** on the USD/MYR, foreseeing a possible trading range of 4.1875 – 4.2375. The week ahead sees the release of the S&P Global Malaysia manufacturing PMI for September, which may give a clearer picture of how the factory sector was doing to end 3Q.

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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