

30 May 2025

## Global Markets Research

### Currency Outlook for the Week Ahead



Source: Bloomberg

#### 1-Week Outlook – USD/ SGD Neutral

SGD was stronger against the greenback in trading for a fourth week running, trading higher by 0.4% to 1.2871 (prior: +0.4% w/w) from 1.2926 the week before, amidst Singapore CPI in April coming in hotter than expected, at both the headline and core level. Against the other G10 pairs and major regional currencies, the SGD was mixed for the week, gaining versus the PHP (+0.7%) and JPY (+0.6%) but losing ground against the NZD (-0.7%) and KRW (-0.5%). We are **Neutral** on the USD/SGD for the week ahead, looking at a possible trading range of 1.2725 – 1.3025. The coming week bring the release of Singapore retail sales numbers for April as well as the Purchasing Managers Index and Electronic Sector Index for May.

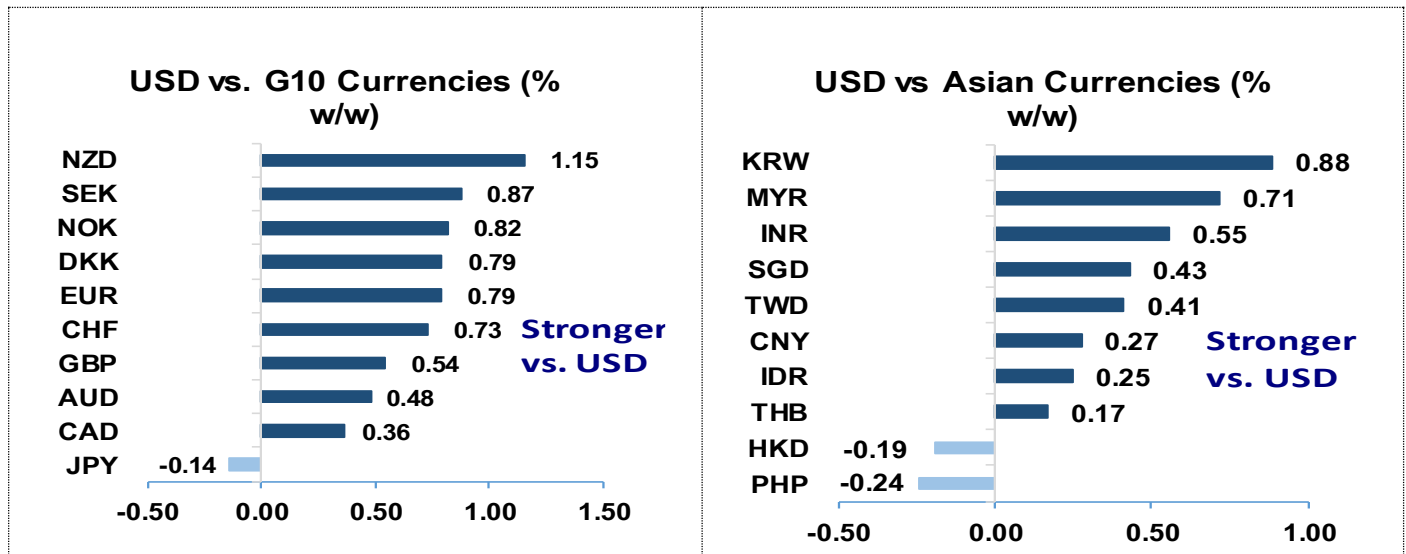
#### 1-Month Outlook – USD/ SGD Neutral

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 temporarily halt the punitive rates being applied on each other. 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, with a better than expected employment report for April and a bounce in the preliminary S&P US PMIs for May, while CPI for April surprised slightly 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. Headline inflation held steady in April and core CPI unexpectedly rose, while export growth for the month rebounded. Final 1Q GDP was revised higher and come 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 April both declining into 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	1.2740	1.2805	1.2871	1.2945	1.3010

## Weekly Look Ahead

**USD:** The USD lost ground in trading this week for a second week running, with the DXY declining by 0.7% to 99.28 (prior: -0.9% w/w) from 99.96 the prior week, amidst a US federal court ruling that blocked Trump's tariffs from taking effect, and later being suspended by an appeals court. Economic data during the week showed US 1Q consumer spending being revised lower, while consumer confidence rose in May following an easing in the tariff temperature between the US and China. We are **Neutral-to-Slightly Bearish** on the USD for the coming week, eyeing a probable trading range of 97.50 – 100.75 for the DXY. The week ahead sees the release of the core PCE index for April alongside personal income and spending, the ISM indices for May, the latest Beige Book from the Fed, and the usual slew of labour market indicators (ADP, JOLTS and Challenger) before next Friday's non-farm payroll report.



Source: Bloomberg, HL Bank

**EUR:** EUR advanced in trading against the USD this week for a second consecutive week, rising by 0.8% to 1.1370 (prior: +0.8% w/w) from 1.1281 the week before, amidst Eurozone economic confidence in May rising by more than anticipated, and an easing of the tariff temperature with the US. We are **Neutral-to Slightly Bullish** on the EUR/USD for the week ahead, foreseeing a likely trading range of 1.1225 – 1.1525. The coming week brings the preliminary Eurozone CPI estimate for May, the unemployment rate and PPI for April and the final Eurozone PMIs for May, but the focus is likely to lie on the ECB policy meet during the week and the forward guidance provided, with futures markets already suggesting a 99% chance that they will reduce rates by 25bps this time round.

**GBP:** GBP was stronger in trading this week against the greenback for a third week on the trot, climbing by 0.5% w/w to 1.3492 (prior: +0.9% w/w) from 1.3419 the prior week, amidst UK retail sales soaring in April, marking a fourth consecutive monthly rise and continuing a surprisingly strong start to the year. We are **Neutral** on the Cable for the coming week, looking at a possible trading range of 1.3350 – 1.3650. The week ahead sees the release of UK mortgage approvals for April, the final May UK PMIs and the latest monthly house price index from Nationwide Building Society. There will also be some BoE-speak during the week to pay attention to, including from BoE Governor Andrew Bailey.

**JPY:** JPY was weaker against the USD this week for the first week in three, inching lower by 0.1% w/w to close at 144.21 (prior: +1.2% w/w) from 144.01 the week before, amidst national Japanese CPI numbers in April that were slightly hotter than expected. We are **Neutral-to-Slightly Bearish** on USD/ JPY for the week ahead, eyeing a probable trading range of 141.25 – 146.25 for the currency pair. After Tokyo CPI for May came out higher than expected this morning at the core level, the

coming week will see the release of the Japanese capital spending numbers for 1Q and the labour cash earnings figures for April. BoJ Governor Ueda is also scheduled to deliver a speech during the week.

**AUD:** AUD was firmer in trading against the USD this week for a fourth week running, rising by 0.5% to 0.6442 (prior: +0.1% w/w) from 0.6411 the prior week, amidst Australian CPI for April coming in slightly hotter than anticipated, and private capital expenditure for 1Q that surprisingly contracted for the quarter. We are **Neutral-to-Slightly Bullish** on AUD/USD for the coming week, foreseeing a likely trading range of 0.63 – 0.66. The week ahead is a busier one, with Australian building approvals, retail sales, household spending and trade balance for April all due to be reported on, as well as 1Q GDP growth and the RBA minutes of the May policy meeting.

**MYR:** The MYR was firmer against the USD this week for a second straight week, climbing by 0.7% to 4.2432 (prior: +0.2% w/w) from 4.2735 the week before, amidst an improvement in risk appetite after the US agreed to defer an announced tariff increase against the Eurozone. Against the other G10 currencies, the MYR was mixed for the week, gaining the most against the JPY (+1.9%) but losing ground against the likes of the NZD (-0.4%), but versus major regional currencies, the MYR was stronger across the board except against the KRW (-0.2%). For the week ahead, we are **Neutral-to-Slightly Bearish** on USD/MYR, looking at a possible trading range of 4.2025 – 4.2725. The coming week will be rather quiet again as far as domestic economic data is concerned, with just the S&P Global Malaysia manufacturing PMI for May scheduled for release.

## House View and Forecasts

FX	2Q-25	3Q-25	4Q-25	1Q-26
DXY	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	2.50	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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