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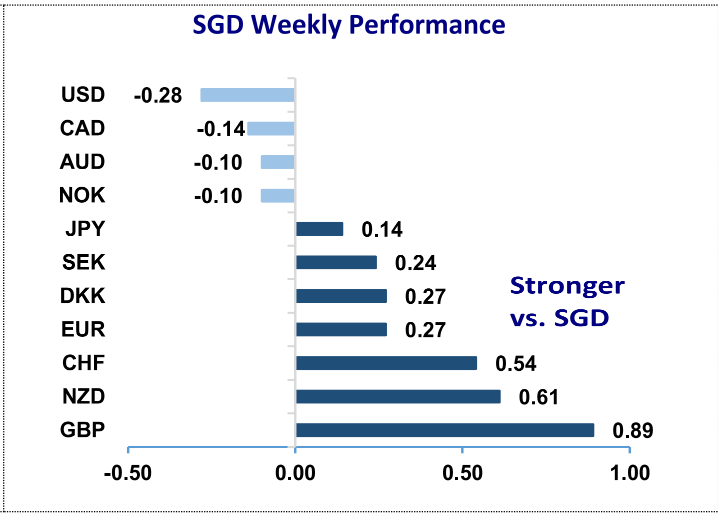
Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD advanced against the greenback in trading this week for the first week in three, rising by 0.3% w/w (prior: -0.5%) to 1.2927 from 1.2963 the prior week amidst a rise in the PMI and Electronic Sector index for June and an unexpected monthly contraction in industrial production for May. Against other G10 currencies, the SGD was mixed for the week, gaining ground against CAD (+0.1%) and AUD (+0.1%) and depreciating versus the GBP (-0.9%) and NZD (-0.6%), but against major regional currencies, it was stronger across the board except against the MYR (-0.7%). We are ***Neutral*** on USD/SGD for the coming week, looking at a likely trading range of 1.2800 – 1.3050. The week ahead sees the release of the retail sales report for May.

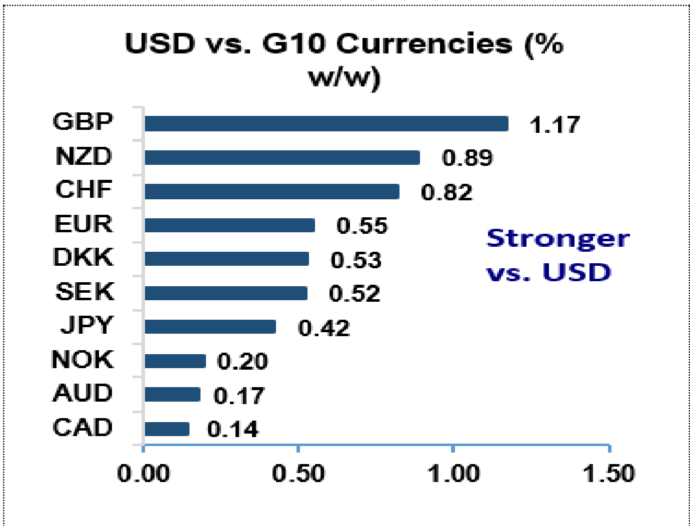
1-Month Outlook – USD/ SGD Neutral

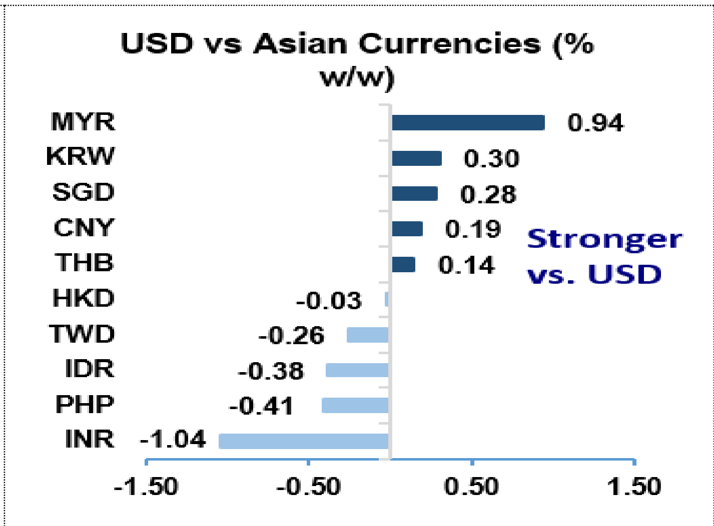
The USD/SGD one-month outlook is neutral in our view. The USD has been trading at the upper end of a range as of late as a memorandum of understanding was finally inked between the US and Iran to end the conflict with both sides now working towards the signing of a peace accord. The FOMC saw a hawkish twist in Kevin Warsh' first meeting as the new Fed Chair, with the policymakers revising their forecasts for Fed Funds higher even as they left rates unchanged. This further added fuel to the chance of rate hikes priced into the futures markets, with a first full hike now priced in by October. On the fundamental front, US economic conditions continue to remain firm, with the monthly employment report and retail sales for May both beating expectations, while recent inflation numbers have risen but have been softer than expected. On the domestic front, MAS tightened policy during the April monetary policy decision with a slight steepening of the S$NEER curve while revising their inflation forecasts higher. The final reading of Singapore 2Q GDP was also stronger than expected and consequently, saw officials maintained their growth forecast of 2-4% this year despite looming downside risks ahead.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2800	1.2865	1.2927	1.2985	1.3050

Weekly Look Ahead

USD: The DXY fell for the first week in five, declining by 0.6% w/w (prior: +0.6%) to 100.86 from 101.43 the week before, amidst the monthly employment report for June coming in weaker than expected with only half the amount of jobs added to the economy versus what was expected coupled with downward revisions for the previous months, and a larger than expected drop in the ISM Manufacturing index for the month. We are ***Neutral*** on the USD for the week ahead, foreseeing a possible trading range of 99.50 - 102.25 for the DXY. The coming week brings the release of the ISM Services index and existing home sales for June, the trade balance figures for May and the FOMC minutes of the June 17 decision, where we may find out more info about the decision to leave policy unchanged and switch to a more hawkish tone during Kevin Warsh' first meeting as the new Fed Chair.





Source: Bloomberg, HL Bank

EUR: EUR was stronger in trading this week for the first week in five, gaining ground by 0.6% w/w (prior: -0.8%) against the greenback to 1.1432 from 1.1370 the prior week, amidst CPI cooling more than expected for June in the preliminary estimates, both at the headline and core level and a larger than expected rise in the Eurozone economic confidence index for the month, while the unemployment rate for May held steady at 6.2%. We are ***Neutral*** on the EUR/USD for the coming week, eyeing a probable trading range of 1.1300 – 1.1575. The week ahead sees the release of the retail sales figures and producer price index for the month of May, with the final Eurozone composite PMI for June also scheduled for release. The ECB is also due to publish the account of their June policy decision where they raised rates by 25bps, which may give a bit more clarity about monetary policy going forward.

GBP: The GBP advanced versus the USD in trading this week for the first week in five, climbing by 1.2% w/w (prior: -0.1% w/w) to 1.3346 from 1.3192 the week before, amidst UK 1Q GDP being revised slightly lower in the final release, while mortgage approvals for May declined by more than anticipated, and the Nationwide house price index for June showed house prices being unexpectedly stagnant on a monthly basis. We are ***Neutral-to-Slightly Bearish*** on the Cable for the week ahead, looking at a likely trading range of 1.3200 – 1.3475. The coming week is a rather quiet one for economic data, with just the RICS House Price balance and the final UK composite PMI for June to look out for. The Bank of England is also scheduled to release their latest Financial Stability Report during the week.

JPY: The Japanese Yen appreciated against the USD in trading this week for the first week in three, advancing by 0.4% w/w (prior: -0.3%) to 161.11 from 161.79 the prior week, amidst the Tankan survey for 2Q and retail sales for May both coming out stronger than anticipated, while Tokyo CPI for June was a touch cooler than expected. We are ***Neutral-to-Slightly Bearish*** on USD/JPY for the coming week with the pair at the risk of intervention by the Japanese authorities, foreseeing a possible trading range of 158.50 – 162.75. The highlight for the week ahead will be the labour earnings figures for May, with the preliminary machine tool orders for June also due for release.

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AUD: AUD was higher against the USD in trading this week for the first week in five, inching higher by 0.2% (prior: -1.5%) to 0.6922 from 0.6910 the week before, amidst the RBA warning that inflation remains materially above its target and that labour cost pressures remain widespread. We are ***Neutral-to-Slightly Bearish*** on AUD/USD for the coming week, eyeing a probable trading range of 0.6800 – 0.7025. The coming week brings the release of the final Australian composite PMI for June and the Melbourne Institute inflation reading for the month.

MYR: MYR was firmer against the USD in trading this week for the first week in eight, strengthening by 0.9% w/w (prior: 0.0%) to 4.0805 from 4.1188 the prior week, amidst a rebound seen in the S&P Global Malaysia manufacturing PMI for June. Against the rest of the G10 and major regional currencies, the MYR had a stellar week and was firmer across the board with the exception of against the GBP (-0.2%). We are ***Neutral*** on USD/MYR for the coming week, looking at a likely trading range of 4.05 – 4.12. The week ahead sees the release of industrial production figures for May, as well as the MPC decision where the central bank is expected to leave rates on hold for a sixth straight meeting and continue to sound out a neutral tone in the monetary policy statement.

House View and Forecasts

FX	3Q-26	4Q-26	1Q-27	2Q-27
DXY	102.28	100.86	99.42	98.07
USD/CAD	1.43	1.41	1.40	1.38
EUR/USD	1.13	1.14	1.16	1.18
GBP/USD	1.29	1.30	1.32	1.33
AUD/USD	0.68	0.70	0.71	0.72
NZD/USD	0.56	0.56	0.57	0.57
USD/JPY	162	159	155	153
USD/MYR	4.15	4.11	4.07	4.03
USD/SGD	1.31	1.30	1.28	1.27
USD/CNY	6.85	6.78	6.72	6.65

Policy Rate (%)	2Q-26	3Q-26	4Q-26	1Q-27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
BOC	2.25	2.25	2.25	2.25
ECB	2.25	2.50	2.50	2.50
BOE	3.75	3.75	3.75	3.75
RBA	4.35	4.35	4.35	4.35
RBNZ	2.25	2.25	2.25	2.25
BOJ	1.00	1.00	1.25	1.25
BNM	2.75	2.75	2.75	2.75
MAS	Tighten	Hold	Hold	Hold
PBOC	Hold	Hold	Hold	Hold

2026 Central Bank Meetings/Announcements

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	28		18	29		17	29		16	28		9
Bank of Canada (BOC)	28		18	29		10	15		2	28		9
European Central Bank (ECB)		5	19	30		11	23		10	29		17
Bank of England (BOE)		5	19	30		18	30		17		5	17
Reserve Bank of Australia (RBA)		3	17		5	16		11	29		3	8
Reserve Bank of New Zealand (RBNZ)		18		8	27		8		2	28		9
Bank of Japan (BOJ)	23		19	28		16	31		18	30		18
Bank Negara Malaysia (BNM)	22		5		7		9		3		5	
Monetary Authority of Singapore (MAS)	Jan			Apr			Jul			Oct		

Source: Bloomberg, HL Bank

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