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Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD depreciated against the greenback in trading this week for the first week in three, falling by 0.9% (prior: +1.3%) to 1.2754 from 1.2646 the prior week, amidst retail sales figures for December coming in weaker than expected, and the PMI and Electronic Sector index For January registering an increase versus the levels the month before. Against other G10 currencies, the SGD was stronger across the board for the week, gaining the most ground against the NOK and SEK (+1.9%), but versus major regional currencies, it was mixed, appreciating the most against the THB and KRW (+1.2%), but declining versus the INR (-2.6%) and PHP (-1.3%). We are **Neutral** on the USD/SGD for the week ahead, foreseeing a possible trading range of 1.2625 – 1.2875. The coming week brings the Budget 2026 statement by Prime Minister Lawrence Wong, with the final 4Q25 GDP figures also due for release.

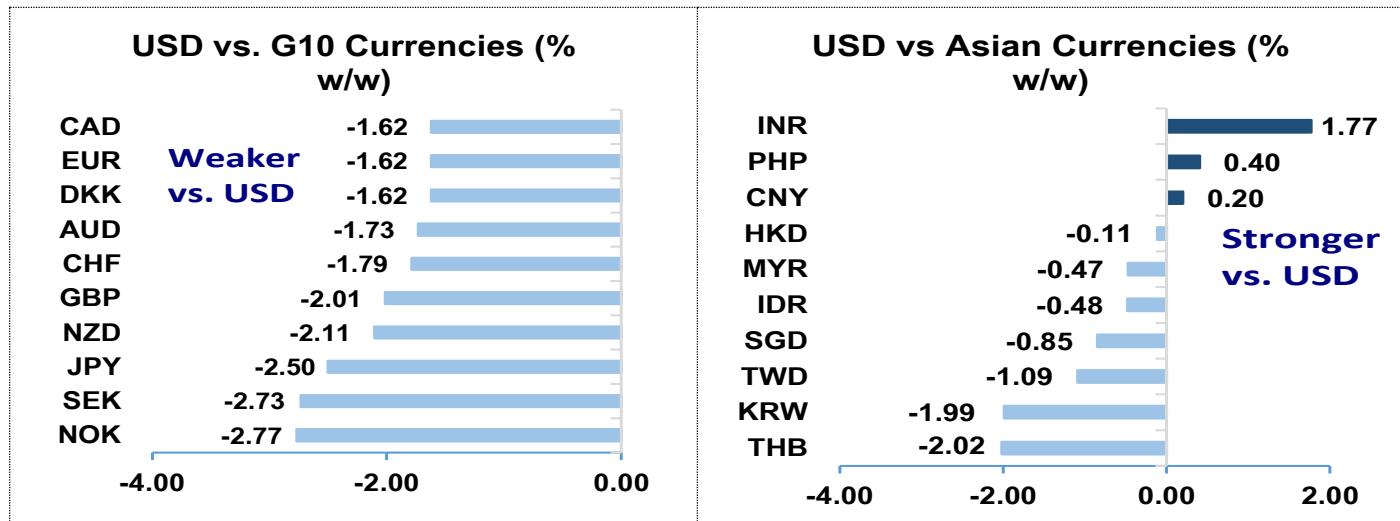
1-Month Outlook – USD/ SGD Neutral-to-Slightly Bearish

The USD/SGD outlook is neutral-to-slightly bearish in our view. The USD has been weakening as of late and the move was exacerbated by President Trump's comment on being comfortable with the decline. The longest running federal government shutdown has come to an end, and the economic data we have got since then revealing a US economy that is still rather robust. Although there are continued fears over tariff-related inflation, the recent numbers have showed a cooling, with core PCE for November coming in as anticipated and core CPI for December slightly cooler than expected. The Fed maintained the Fed Funds Rate in January after three consecutive reductions in a 10-2 majority vote, referencing the stabilization in the unemployment rate. On the domestic front, MAS held steady on policy again at its quarterly January policy statement amidst inflation that is expected to remain well behaved in 2026. Economic data has been surprising on the upside of late, with 2025 annual GDP coming in north of expectations in its advanced release and retail sales for November also surpassing expectations. Exports for December were a tad weaker than anticipated, driven by a pullback in the strong exports of pharmaceutical products the month before. The latest inflation numbers for December were as anticipated, holding steady from the previous month levels. We expect MAS to continue to keep policy unchanged for the first half of 2026.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2605	1.2680	1.2754	1.2810	1.2895

Weekly Look Ahead

USD: USD gained ground in trading this week for the first week in three, with the DXY advancing by 1.9% w/w to 97.96 (prior: -2.1%) from 96.15 the week before amidst the nomination of former Fed Governor Kevin Warsh as the new Fed Chair, with the nominee seen to be a credible candidate. Economic data for the week saw the ISM indices print better than expected in a good start for the year, with the manufacturing index improving markedly from December, but labour market indicators painted a deteriorating picture. We are **Neutral-to Slightly Bullish** on the USD for the coming week, eyeing a probable trading range of 96.50 – 99.75 for the DXY. The week ahead brings the monthly employment report for January, the retail sales figures for December and the preliminary February consumer sentiment index from the University of Michigan, before the January CPI prints are due next Friday.



Source: Bloomberg, HL Bank

EUR: EUR was weaker in trading this week for the first week in three, declining against the USD by 1.6% w/w (prior: +1.8%) to 1.1777 from 1.1971 the prior week, amidst the ECB leaving policy on hold and continuing to signal a neutral outlook. Economic data releases for the week saw the unemployment rate unexpectedly decline a notch in December, while advanced Eurozone 4Q GDP came out slightly better than expected, and retail sales for December was softer than anticipated. We are **Neutral** on the EUR/USD for the week ahead, looking at a likely trading range of 1.1625 – 1.1925. The coming week will be rather quiet in terms of economic data releases, with no key releases scheduled till next Friday's second reading of Eurozone 4Q GDP and preliminary quarterly employment figures.

GBP: GBP also depreciated in trading for the first week in three, falling by 2.0% w/w (prior: +2.3%) to 1.3531 against the greenback from 1.3809 the week before, amidst the Bank of England leaving their Bank rate unchanged this time round in a narrow vote with Governor Andrew Bailey suggesting that there could be scope for some further reduction in the policy rate this year, and mortgage approvals for December that unexpectedly declined. We remain **Neutral-to-Slightly Bearish** on the Cable for the coming week, foreseeing a possible trading range of 1.3350 – 1.3675. The week ahead sees the release of preliminary UK 4Q GDP, manufacturing production and trade figures for December and the RICS House Price balance for January.

JPY: JPY was softer against the USD in trading this week, weakening by 2.5% to 157.04 (prior: +3.5%) from 153.11 the prior week, amidst retail sales for December that was weaker than anticipated and cooler than expected Tokyo CPI figures for January. The minutes of the January meeting of the Bank of Japan hinted at more rate hikes to come, with rates described as being accommodative, and upside risk for prices being highlighted as a consequence of a weakening currency. We are **Neutral-to-Slightly Bearish** on USD/JPY for the week ahead, eyeing a probable trading range of 153.50 – 159.50. The focus of the coming week will be the Japanese election over the weekend and the labour earnings data for December, with trade figures for December and producer prices for January also scheduled for release.

AUD: AUD declined against the USD this week for the first week in three, receding by 1.7% to 0.6927 (prior: +3.1%) from 0.7049 the week before, even as the RBA raised policy rates by 25bps as widely expected and signalled the possibility that further hikes would be forthcoming if inflation continues to remain higher than anticipated, as the sharp pullback in precious metals during the week weighed on the currency. We continue to be **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, looking at a likely trading range of 0.6775 – 0.7050. The week ahead sees the release of the household spending numbers for December as well as the latest monthly consumer and business confidence figures.

MYR: MYR weakened against the USD in trading this week for the first week in four, dropping by 0.5% to 3.9478 (prior: +2.7%) from 3.9293 the prior week, amidst the S&P Global Malaysia manufacturing PMI inching higher in January from the month before and the backdrop of a stronger greenback for the week. Against the rest of the G10 currencies, the MYR was stronger across the board, but versus its regional peers, it was a mixed bag, gaining versus the THB (+1.5%) and KRW (+1.5%) but losing ground against the INR (-2.3%) and PHP (-0.8%). We are **Neutral-to-Slightly Bullish** on USD/MYR for the week ahead, foreseeing a possible trading range of 3.9175 – 3.9875. The coming week bring the industrial production figures for December, before the release of the final 4Q25 and 2025 GDP figures next Friday.

House View and Forecasts

FX	1Q-26	2Q-26	3Q-26	4Q-26
DXY	96.71	95.13	94.70	95.49
USD/CAD	1.36	1.35	1.35	1.35
EUR/USD	1.20	1.22	1.22	1.21
GBP/USD	1.36	1.37	1.37	1.35
AUD/USD	0.68	0.69	0.70	0.69
NZD/USD	0.58	0.59	0.59	0.58
USD/JPY	153	149	147	147
USD/MYR	4.00	3.97	3.97	4.00
USD/SGD	1.26	1.23	1.23	1.24
USD/CNY	6.90	6.83	6.85	6.90

Policy Rate (%)	1Q-26	2Q-26	3Q-26	4Q-26
Fed	3.50-3.75	3.25-3.50	3.00-3.25	2.75-3.00
BOC	2.25	2.25	2.25	2.25
ECB	2.00	2.00	2.00	2.00
BOE	3.50	3.50	3.50	3.50
RBA	3.85	4.10	4.10	4.10
RBNZ	2.25	2.25	2.25	2.25
BOJ	0.75	0.75	1.00	1.00
BNM	2.75	2.75	2.75	2.75
MAS	Hold	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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