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Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD was slightly firmer against the greenback in trading for the week, inching up by 0.1% w/w (prior: -0.7%) to 1.2839 from 1.2846 the week before amidst a background of USD strength for the week and Singapore retail sales for April coming in firmer than expected. Against other G10 currencies, the SGD was firmer across the board, gaining the most ground against NOK (+1.6%) and AUD (+1.3%), but versus major regional currencies, it was more of a mixed bag, appreciating versus the MYR (+1.0%) and THB (+0.9%), but losing ground against the PHP (-0.4%) and IDR (-0.2%). We are **Neutral** on the USD/SGD for the week ahead, looking at a likely trading range of 1.2725 – 1.2950 for the currency pair. The highlight of the coming week will be the NODX and electronic export figures for May.

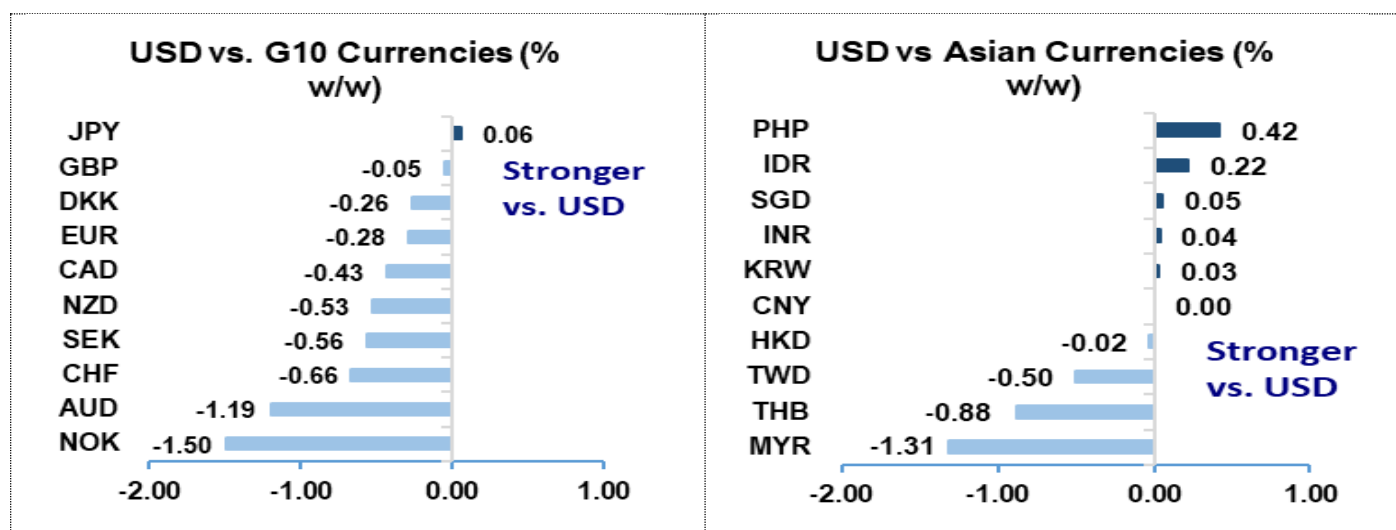
1-Month Outlook – USD/ SGD Neutral

The USD/SGD one-month outlook is neutral in our view. The USD has been trading in a range as of late as the Middle East headlines continued to drive narrative for financial markets. At the point of writing, the conflict in the Middle East has persisted for a third month, keeping energy prices elevated and traders cautious. This prompted a complete dial back of Fed rate cut expectations for the year to a small hike. On the fundamental front, US growth rebounded in 1Q, albeit some softening was seen towards the tail end and into 2Q, labour market remained firm, while recent inflation numbers have risen but softer than expected. The Fed maintained the Fed Funds Rate in April in a 11-1 majority vote, but with an additional three members objecting to the statement, preferring to state more explicitly that the next move need not necessarily be a reduction. 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	1.2690	1.2765	1.2839	1.2895	1.2960

Weekly Look Ahead

USD: The DXY advanced for a second week running, climbing by 0.5% w/w (prior: +0.4%) to 99.86 from 99.41 the prior week, amidst a ratcheting up on tensions in the Middle East and a solid monthly employment report for May, which saw job gains for the month nearly doubling expectations, coupled with upward revisions to the previous months' data. Meanwhile, CPI figures for May came in roughly as expected, with the headline measure climbing to the highest since April 2023. We are **Neutral** on the USD for the coming week, foreseeing a possible trading range of 98.50 - 101.25 for the DXY. The first FOMC meeting under new Fed Chair Kevin Warsh will be in the spotlight, with the retail sales figures for May and the preliminary June consumer sentiment index from the University of Michigan also scheduled for release.



Source: Bloomberg, HL Bank

EUR: EUR declined in trading this week for a second consecutive week, retreating by 0.3% w/w (prior: -0.3%) to 1.1578 from 1.16111 the week before, amidst the ECB hiking its policy rate by 25bps with the statement and press conference that followed the decision suggesting that there is more tightening to come. Economic data for the week saw a large downward revision to Eurozone 1Q GDP numbers in its third release, which was brought about by a sharp contraction in the Irish economy for the quarter. We are **Neutral** on the EUR/USD for the week ahead, eyeing a probable trading range of 1.1450 - 1.1700. The coming week brings the release of the final Eurozone CPI for May, as well as the industrial production numbers and trade balance for April.

GBP: The British Pound was softer for a second week running, inching lower by 0.1% w/w (prior: -0.2% w/w) to 1.3417 from 1.3424 the prior week, amidst a rather quiet week for economic data domestically, with the RICS House Price balance for May registering a similar level to the revised number the month before. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, looking at a likely trading range of 1.3250 - 1.3550. It will be a more eventful week ahead, with manufacturing production and the trade balance for April due for release, as well as the price indices for May (CPI, PPI and RPI), the monthly employment report and the policy rate decision from the Bank of England.

JPY: The Yen was slightly firmer against the USD in trading this week for the first week in six, inching up by 0.1% w/w (prior: -0.5%) to 159.93 from 160.02 the week before, amidst mixed labour earning numbers for April, hotter than expected producer prices for May and a revision higher in the 1Q GDP figures in the final release. We are **Slightly Bearish** for USD/JPY for the week ahead, foreseeing a possible trading range of 157 - 162 for the currency pair, with the current levels being near where the Japanese authorities reportedly previously undertook intervention to strengthen the Yen. The Bank of Japan meets to decide on policy in the coming week, where they are expected to deliver a rate hike this time round, and the trade figures for May and core machine orders for April are also scheduled for release.

AUD: AUD depreciated in trading this week for a second straight week, plunging by 1.2% (prior: -0.4%) to 0.7049 from 0.7134 the prior week amidst increasing speculation that the tightening cycle by the RBA could have already come to an end. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, eyeing a probable trading range of 0.6900 – 0.7175 for the pair. The week ahead sees little in terms of economic data with just the Leading index for May due for release, and the focus will be on the RBA rate decision, where they are expected to stand pat this time round after three consecutive hikes, and the markets will be looking at the statement for any guidance on monetary policy going forward.

MYR: MYR declined against the USD in trading this week for a fifth straight week, falling by 1.3% w/w (prior: -0.8%) to 4.0652 from 4.0120 the week before. There was little in terms of economic data domestically amidst comments by the second finance minister during the week that the country could fall short of its fiscal deficit target for the year. Against the rest of the G10 and major regional currencies, the MYR was mostly weaker, losing ground the most pairs save for the AUD (+0.6%) and NZD (+0.2%). We are **Neutral-to-Slightly Bearish** on USD/MYR for the week ahead with the pair now trading in overbought territory, looking at a likely trading range of 4.03 – 4.09. The coming week brings the release of the industrial production figures for April, before May's export and trade figures and CPI which are due for release next Friday.

House View and Forecasts

FX	2Q-26	3Q-26	4Q-26	1Q-27
DXY	100.63	99.80	97.96	96.48
USD/CAD	1.39	1.38	1.37	1.35
EUR/USD	1.14	1.15	1.17	1.19
GBP/USD	1.31	1.32	1.34	1.35
AUD/USD	0.68	0.69	0.70	0.71
NZD/USD	0.57	0.58	0.58	0.59
USD/JPY	159	155	152	152
USD/MYR	3.98	3.96	3.93	3.90
USD/SGD	1.29	1.28	1.27	1.25
USD/CNY	6.93	6.88	6.84	6.77

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	4.00	4.25	4.25	4.25
RBA	4.35	4.35	4.35	4.35
RBNZ	2.25	2.25	2.25	2.25
BOJ	1.00	1.00	1.00	1.00
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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