

16 January 2026

## Global Markets Research

### Currency Outlook for the Week Ahead



Source: Bloomberg

### 1-Week Outlook – USD/ SGD Neutral-to-Slightly Bearish

SGD weakened against the USD in trading this week, depreciating by 0.3% to 1.2882 from 1.2847 (prior: 0.0%) the week before, amidst an empty data calendar domestically and the backdrop of a firmer greenback. Against other G10 currencies and major regional currencies, the SGD was a mixed bag, firming up against the JPY (+0.8%) and KRW (+0.8%), but losing ground versus the THB (-0.7%) and AUD (-0.3%). We are **Neutral-to-Slightly Bearish** on the USD/SGD for the coming week, foreseeing a possible trading range of 1.2750 – 1.2975 for the pair. After the export numbers for December came out softer than expected this morning driven by a monthly decline of exports of pharmaceutical products, the week ahead sees little in the way of economic data until the CPI figures for December which are due next Friday.

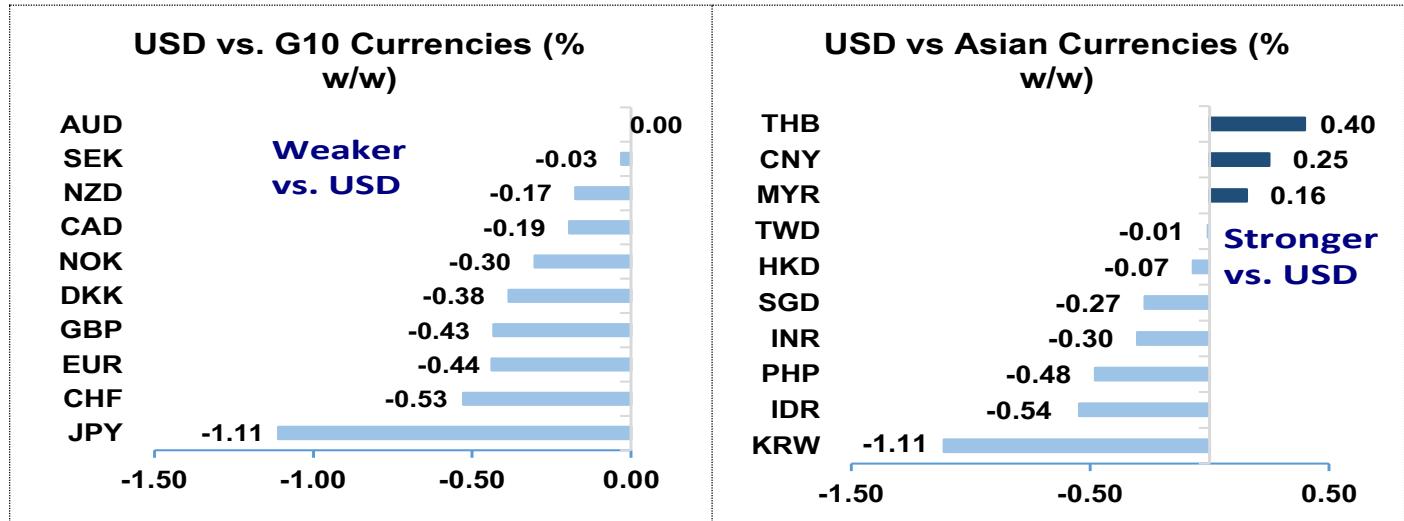
### 1-Month Outlook – USD/ SGD Neutral-to-Slightly Bearish

The USD/SGD outlook is neutral-to-slightly bearish in our view. The USD has been trading in a range with the tariff temperature continuing to have cooled as of late. The longest running federal government shutdown has finally come to an end, with the markets still awaiting the release of some of the delayed economic indicators to get more clarity on the state of the economy. Although there are continued fears over tariff-related inflation, the recent numbers have showed a cooling, with core PCE for September and core CPI for November both coming in south of expectations. The Fed reduced the Fed Funds Rate by 25bps for a third consecutive meeting in a 9-3 majority vote on Dec 10, with the dot plot revealing a Fed that continues to remain rather divided on the path of policy going forward. On the domestic front, MAS held steady on policy again at its quarterly October meeting. Economic data has been surprising on the upside of late, with 2025 annual GDP coming in north of expectations in its advanced release, exports for November again surprising on the upside for a third month and retail sales for the month that were firmer than what was anticipated. The latest inflation numbers for November were slightly softer than expected, 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	1.2770	1.2825	1.2882	1.2935	1.2990

## Weekly Look Ahead

**USD:** USD was firmer in trading this week for a third week on the trot, with the DXY climbing by 0.4% w/w to 99.32 (prior: +0.6%) from 98.93 the prior week, amidst a mixed monthly employment report that saw job additions fall short of expectations but a larger than anticipated fall in the unemployment rate, core CPI for December that was slightly cooler than expected, and retail sales for November that topped expectations marginally. We are **Neutral-to-Slightly Bearish** on the USD for the week ahead, eyeing a probable trading range of 97.75 – 100.50 for the DXY. The coming week is a lighter one for the data calendar, with core PCE for November likely to be the focus of markets, and the third reading of 3Q GDP is also due for release as we enter the pre-FOMC communications blackout period this weekend.



Source: Bloomberg, HL Bank

**EUR:** EUR was weaker in trading for a third consecutive week, falling against the greenback by 0.4% w/w (prior: -0.7%) to 1.1609 from 1.1660 the week before, even as retail sales and industrial production for the common currency area in November topped expectations. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the coming week, looking at a likely trading range of 1.1500 – 1.1750. The week ahead brings the release of the final CPI figures for January, in addition to the latest monthly ZEW survey and consumer confidence index, with a few ECB speakers scheduled to deliver comments at the World Economic Forum at Davos, including ECB President Lagarde.

**GBP:** GBP was softer in trading for the week for a third week running, depreciating by 0.4% w/w (prior: -0.1%) to 1.3381 against the USD from 1.3439 the prior week, even as economic data for the week surprised on the upside with both the monthly GDP and manufacturing production for November coming in better than expected. We are **Neutral** on the Cable for the week ahead, foreseeing a possible trading range of 1.3250 – 1.3525 for the currency pair. The coming week will see the release of the December price indices, with CPI, RPI and PPI all scheduled for release, with the monthly employment report also due.

**JPY:** JPY was softer against the USD in trading this week for the fourth week in a row and was the worst performing currency in the G10 space for the week, declining by 1.2% to 158.63 (prior: -0.1%) from 156.87 the week before, after rising speculation that Prime Minister Sanae Takaichi plans to dissolve parliament next week and call for a snap election next month to widen her majority in order to push her fiscal agenda through. We are **Neutral-to-Slightly Bearish** on USD/JPY for the coming week, eyeing a probable trading range of 155.75 – 160.25. The week ahead brings the release of core machine orders for November and the trade figures for December.

**AUD:** AUD was little changed against USD this week, closing trading on Thursday at 0.6699 (prior: +0.4%), similar to where it was the prior week, amidst better-than-expected household spending numbers for November. We are **Neutral** on AUD/USD for the week ahead, looking at a likely trading range of 0.6575 – 0.6825 for the pair. The coming week will see the release of the monthly employment report for December, which may provide a little more clarity on the tightness of the labour market.

**MYR:** MYR gained against the USD in trading this week for the first week in three, rising by 0.2% to 4.0560 (prior: -0.1%) from 4.0635 the week before, even as industrial production for November fell short of expectations. Against the rest of the G10 currencies, the MYR was firmer across the board with gains led versus the JPY (+1.2%), but versus its regional peers it was mixed, gaining the most against the KRW (+1.3%) but losing a little ground versus the THB (-0.2%). We are **Neutral** on USD/MYR for the coming week, foreseeing a possible trading range of 4.0275 - 4.0725. It will be a busy week ahead, with the advanced 4Q and 2025 annual GDP due, as well as the CPI and trade figures for December, with Bank Negara also set to decide on policy, where they are expected to leave rates unchanged and we foresee little change in the tone of the accompanying statement.

## 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	3.60	3.60	3.60	3.60
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)		4	18	29		10	22		9	28		16
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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