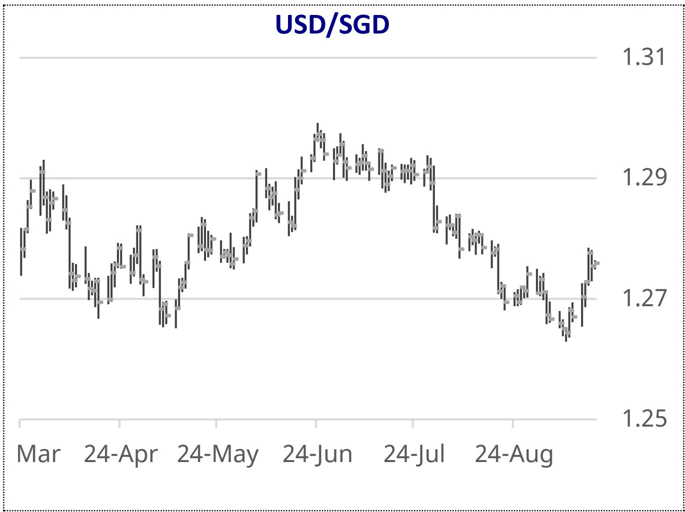
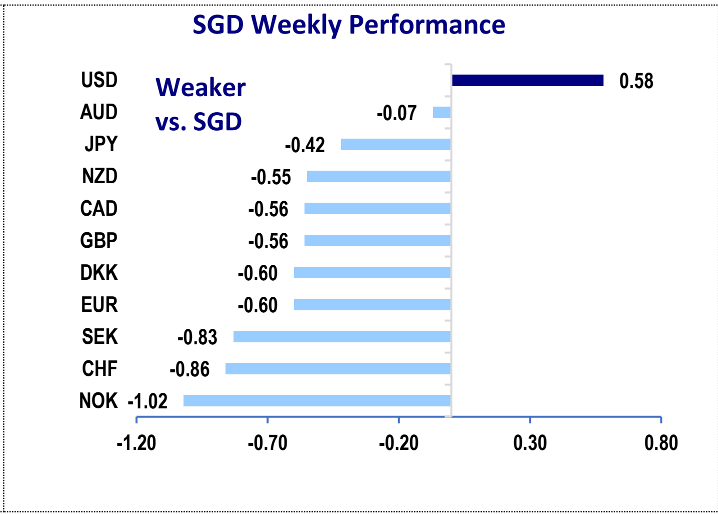
18 September 2026

Global Markets Research

Currency Outlook for the Week Ahead





Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral-to-Slightly Bullish

SGD was weaker this week, depreciating by -0.6% as the USD/SGD went to 1.2754 from 1.2681 the prior week. The SGD was swept up in the broad USD strength that followed the Fed's hawkish rate hike, despite a very strong domestic trade print. Singapore's non-oil domestic exports for August surged 46.2% YoY, well above the 35.1% consensus and accelerating sharply from the 24.2% prior reading, with electronics exports rising 131.8% YoY, underscoring the continued strength of the external sector. We are **neutral-to-slightly bullish on USD/SGD** for the coming week, foreseeing a possible trading range of **1.2700 – 1.2850**. The week ahead sees the release of Singapore's August CPI on Tuesday, September 23 (consensus: 2.35% YoY, up from 2.2% prior), which will be watched for any signs of broadening price pressures that could influence the Monetary Authority of Singapore's policy stance at its October review.

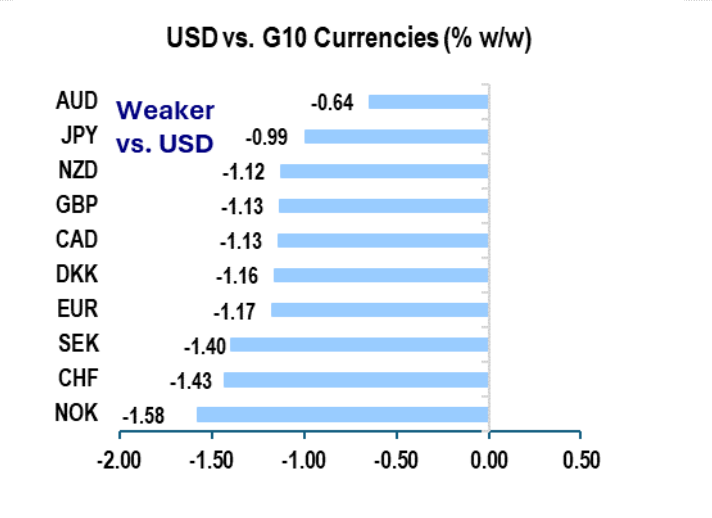
1-Month Outlook – USD/ SGD Neutral

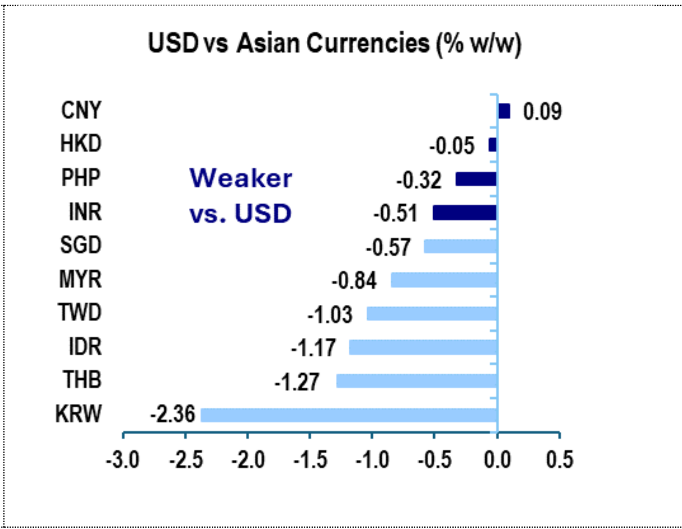
Over the coming month, USD/SGD is expected to trade in a broadly **range-bound fashion**, with competing forces on both sides keeping the pair anchored. On the USD-supportive side, the Federal Reserve's hawkish pivot this week, raising the fed funds rate to 3.75%–4.00% and signalling at least one additional 25bps hike before year-end, has materially widened the US-Singapore rate differential and is likely to keep the USD underpinned in the near term. On the SGD-supportive side, however, the MAS is itself in a tightening posture, having raised the slope of its SGD NEER policy band for the second consecutive time in July, and Barclays analysts noted this week that the MAS may again tighten "very slightly" at its October review, potentially raising the slope by a further 25bps to 1.5% from an estimated 1.25% currently, as the AI-driven electronics boom, elevated energy prices from the Middle East conflict, and El Niño-related food price pressures create lingering inflationary risks. Singapore's August CPI due next week will be a critical input into the MAS's October deliberations; given the upward trend in headline inflation from 1.9% in June to 2.2% in July, a further uptick would reinforce the case for further MAS tightening and provide SGD support. Netting these forces, the bullish USD impulse from the Fed's hawkish repricing is broadly offset by the MAS's own tightening bias and Singapore's still-resilient fundamentals, leaving the pair in equilibrium.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2638	1.2735	1.2754	1.2801	1.2885

Weekly Look Ahead

USD: The DXY surged higher this week, climbing by 1.2% to 100.25 from 99.05 the prior week, driven by a hawkish Federal Reserve rate decision and a string of stronger-than-expected US economic data. The data backdrop reinforced the hawkish narrative: August core CPI came in at 0.3% MoM (above the 0.2% consensus), retail sales for August surged 1.2% MoM (well above the 0.8% expected), and initial jobless claims for the week of September 12 fell to 196k (below the 206.5k consensus). The University of Michigan's preliminary September sentiment index, however, slumped to 47.8 from 51.7, with one-year inflation expectations jumping to 4.6% (above the 4.2% consensus), suggesting consumer confidence is fraying under the weight of elevated prices. We are **neutral-to-slightly bullish on the USD** for the week ahead, eyeing a probable trading range of **99.50 – 100.80** for the DXY. The coming week is relatively light on tier-one US data, with industrial production and the Conference Board leading index due today, followed by flash September PMIs on Tuesday, and durable goods orders and the final University of Michigan sentiment reading on Thursday, the latter of which will be watched closely given the sharp deterioration in the preliminary print.





Source: Bloomberg, HL Bank

EUR: The EUR retreated sharply this week, declining by 1.2% to 1.1476 from 1.1612 the prior week, as the USD's broad-based rally following the Fed's hawkish hike overwhelmed the EUR's own positive catalyst. The ECB raised its deposit rate by 25bps to 2.50% on Thursday, September 10, its second hike since the outbreak of the Iran war drove energy prices higher. A flurry of ECB speakers through the week kept the October meeting firmly in play: Governing Council members Nagel and Makhlouf both signalled that further tightening remains possible. On the data front, the final Eurozone CPI for August was revised slightly lower to 3.2% YoY from the 3.3% flash estimate, while the July trade balance came in better than expected at EUR 5.0bn (SA) and industrial production for July was broadly flat at -0.1% MoM (a slight beat versus the -0.2% consensus). We are **neutral-to-slightly bearish on EUR/USD** for the coming week, looking at a likely trading range of **1.1400 – 1.1550**. The week ahead features the flash September PMIs for the Eurozone on Tuesday, (manufacturing consensus: 52.3, services: 51.1), Eurozone consumer confidence, as well as continued ECB-speak, which will be scrutinised for any firming of guidance around an October hike.

GBP: The pound fell against the USD this week, declining by 1.1% to 1.3359 from 1.3512 the prior week, as the Bank of England's decision to hold rates steady contrasted with the Fed's hawkish hike, widening the policy divergence and weighing on sterling. The hold came despite UK CPI for August rising to a five-month high of 3.1% YoY (from 2.9% in July), driven by motor fuel and airfares, with the data released just a day before the decision. On the positive side, UK monthly GDP for July surprised to the upside at +0.4% MoM (versus a flat consensus), manufacturing production rose 0.9% MoM, and the trade balance narrowed sharply to -GBP 3.45bn from -GBP 5.54bn previously. The labour market, however, showed signs of softening, with payrolled employees falling by 26.1k in August (well below the -5k consensus) and jobless claims rising by

27.8k. We are **neutral-to-slightly bearish on GBP/USD** for the coming week, foreseeing a possible trading range of **1.3200 – 1.3500**. The week ahead sees UK retail sales for August due today, (consensus: -0.15% MoM), followed by the flash September PMIs on Tuesday, and GfK consumer confidence on Thursday, (consensus: -16.0), all of which will inform the debate around whether the BOE moves in November.

JPY: The Japanese yen depreciated against the USD this week, with USD/JPY rising by 1.0% to 155.97 from 154.42 the prior week, as the Federal Reserve's hawkish hike and upward revision to its rate path widened the US-Japan interest rate differential and overshadowed the near-certain prospect of a BOJ rate increase. On the data front, Japan's August trade balance deteriorated, while July final industrial production was revised to -0.2% MoM. Japan's national CPI ex-fresh food for August, released on Friday morning, slowed to 1.7% YoY from 1.8%, slightly below expectations, though this was largely attributed to government subsidies and did not materially alter the BOJ's tightening calculus. We are **neutral on USD/JPY** for the coming week, eyeing a probable trading range of **154.00 – 158.50**. The key event is the BOJ rate decision itself today, where the market will focus less on the hike, which is fully priced, and more on Governor Ueda's press conference for signals on the pace of future tightening.

AUD: The Aussie fell against the USD this week, declining by 0.6% to 0.7111 from 0.7157 the prior week, as the broad USD rally following the Fed's hawkish hike weighed on the pair, compounded by a softening in domestic Australian data. Consumer inflation expectations for September held steady at 4.9%, unchanged from the prior month while the Westpac leading index for August dipped to -0.04% MoM from +0.03% previously, turning negative for the first time in several months and pointing to a modest loss of economic momentum. We are **neutral on AUD/USD** for the coming week, looking at a likely trading range of **0.7025 – 0.7200**. The week ahead is headlined by the August employment report on Thursday, where the consensus looks for a rebound of +20k jobs after the prior month's surprised contraction, with the unemployment rate expected to hold at 4.5%, a stronger-than-expected print could provide some support to the AUD, while another miss would reinforce the bearish bias.

MYR: The ringgit softened for a third consecutive week, dropping -0.9% (prior: -0.6%) to 4.0995 from 4.0650 the prior week, triggered by the Federal Reserve's hawkish rate hike on Thursday, which lifted the USD across the board, compounded selling pressure on the ringgit. Against the rest of the G10 and major regional currencies, the MYR had a mixed week, losing ground versus CNH (-0.8%) and HKD (-0.8%), while outperforming most sharply against the NZD (-1.10%), EUR (-0.6%), and AUD (-0.6%). We are **neutral on USD/MYR** for the coming week, foreseeing a possible trading range of **4.06 – 4.11**. The week ahead is a crucial one domestically, with August CPI (consensus: 1.8% YoY) and the August trade balance (consensus: MYR 24.8bn) both due at noon today, that will offer the first read on how external demand and price pressures are tracking into 3Q.

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 (%)	3Q-26	4Q-26	1Q-27	2Q-27
Fed	3.75-4.00	4.00-4.25	4.00-4.25	4.00-4.25
BOC	2.25	2.25	2.50	2.50
ECB	2.50	2.75	2.75	2.75
BOE	3.75	3.75	3.75	3.75
RBA	4.35	4.35	4.35	4.35
RBNZ	2.50	2.50	2.50	2.50
BOJ	1.00	1.25	1.25	1.25
BNM	2.75	2.75	3.00	3.00
MAS	Hold	Hold	Hold	Hold
PBOC	3.00	3.00	3.00	3.00

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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