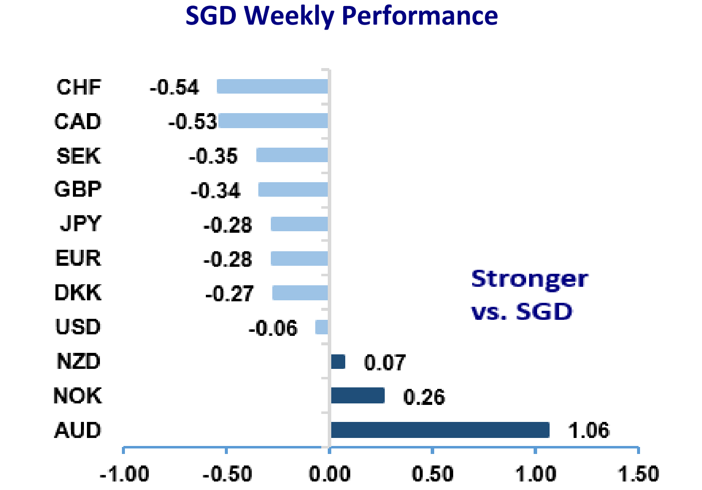
28 August 2026

Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD traded higher against the USD this week for a third week on the trot, inching up by 0.1% (prior: +0.7%) to 1.2713 from 1.2721 the prior week, amidst CPI figures for July quickening versus the month before but undershooting estimates, both at the headline and core level of prices. Against other G10 and major regional currencies, the SGD was mixed for the week, gaining versus the CHF (+0.5%) and PHP (+0.4%), but losing ground against the AUD (-1.1%) and KRW (-0.8%). We are ***Neutral-to-Slightly Bullish*** on USD/SGD for the coming week, eyeing a probable trading range of 1.2600 – 1.2850 for the currency pair. The week ahead sees the release of the purchasing managers index and the electronic sector index for August, which may provide further clues as to trajectory of growth in 3Q thus far.

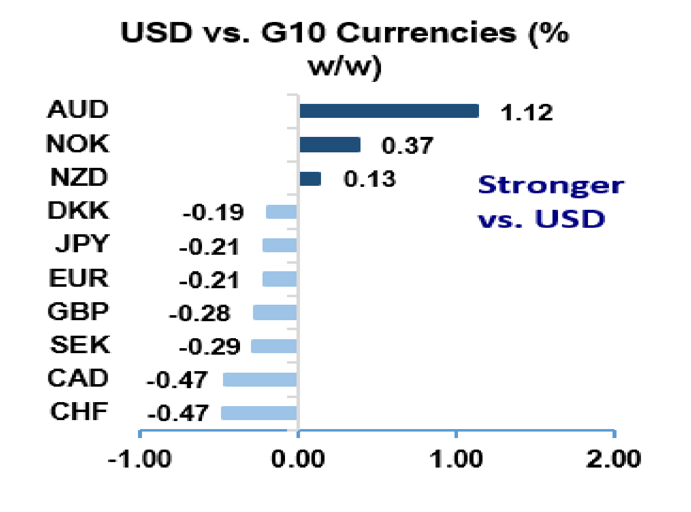
1-Month Outlook – USD/ SGD Neutral

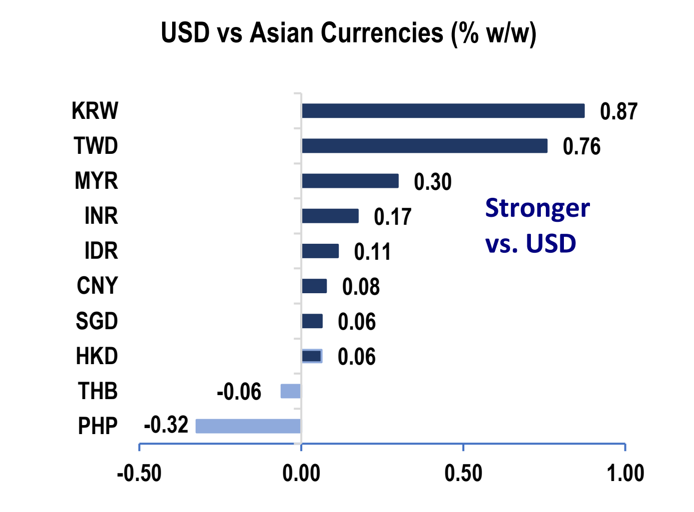
The USD/SGD one-month outlook is neutral in our view. The USD has been trading in a range as of late as the fragile interim ceasefire between the US and Iran while working towards the signing of a peace accord looks in danger of breaking down with both sides trading blows. The Fed left policy on hold for a fifth straight FOMC meeting in a 9-3 majority vote, with the three dissenters preferring a 25bps hike, with futures markets still expecting slightly more than one 25bps hike for 2026. On the fundamental front, US economic conditions continued to remain firm, but recent inflation numbers have been softer than expected, curtailing expectations of Fed hikes for the year. On the domestic front, MAS tightened policy mildly during the July monetary policy decision with a "very slight" steepening of the S$NEER curve. The final reading of Singapore 2Q GDP was slightly firmer than expected while the latest inflation numbers and export figures for July were both softer than expected.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2575	1.2638	1.2713	1.2785	1.2940

Weekly Look Ahead

USD: The DXY edged higher in trading this week, appreciating by 0.3% (prior: -1.1%) to 99.16 from 98.90 the week before, amidst the US announcing a shift in the Middle East strategy towards an economic isolation of Iran and threatening secondary sanctions on parties that continue to trade with them. Economic data for the week saw the core PCE for July and second reading of US 2Q GDP come in line with expectations, and preliminary August PMIs that unexpectedly quickened in a services-led surge. We remain ***Neutral-to-Slightly Bullish*** on the USD for the week ahead, looking at a likely trading range of 98.00 – 100.50 for the DXY. The coming week brings the ISM indices for August as well as the monthly employment report, with Fed Chair Warsh due to speak at the Jackson Hole symposium tonight.





Source: Bloomberg, HL Bank

EUR: EUR fell in trading this week, retreating by 0.2% (prior: +1.3%) against the greenback to 1.1653 from 1.1678 the prior week, amidst easing inflation expectations readings for July and an unexpected quickening in the preliminary Eurozone composite PMI for August which was driven by a good showing from the manufacturing sector. We are ***Neutral-to-Slightly Bearish*** on the EUR/USD for the coming week, foreseeing a possible trading range of 1.1525 – 1.1775. The week ahead sees the release of the economic confidence index for August, as well as the unemployment rate and PPI for July, and the preliminary CPI estimates for August.

GBP: The GBP eased against the USD in trading this week, coming off by 0.3% w/w (prior: +1.1% w/w) to 1.3593 from 1.3631 the week before, amidst retail sales for July declining as expected and the preliminary UK composite PMI unexpectedly firming in August on strength in the services sector. We remain ***Neutral-to-Slightly Bearish*** on the Cable for the week ahead, eyeing a probable trading range of 1.3450 – 1.3725 for the pair. The coming week brings the mortgage approval figures for July as well as the Nationwide house price index for the month of August.

JPY: The Japanese Yen depreciated against USD in trading this week, falling by 0.2% (prior: +0.3%) to 159.39 from 159.05 the prior week, amidst the CPI figures for July quickening from the previous month's pace as expected, and the BoJ Deputy Governor saying that the bank should pay greater attention to the upside risk to prices, increasing the likelihood that they may tighten policy at the upcoming monetary policy meeting in mid-September. We are ***Neutral*** on USD/JPY for the coming week, looking at a likely trading range of 157.75 – 161.00 for the pair. After the Tokyo CPI figures for August quickened as anticipated and the jobless rate for July unexpectedly edged lower this morning, the week ahead sees the release of the retail sales, industrial production and housing starts for July, as well as the capital spending figures for 2Q.

AUD: AUD advanced against the USD in trading this week for a fifth week running and was the best performing currency in the G10 space, surging by 1.1% (prior: +0.8%) to 0.7194 from 0.7114 the week before, amidst hotter than expected CPI figures for July which led to the markets pricing in a higher chance of a hike at the next RBA meeting at the end of September. Other releases for the week were mixed, with household spending for July rising by more than anticipated, while private capital expenditure for 2Q unexpectedly contracted. We are ***Slightly Bearish*** on AUD/USD for week ahead with the pair in overbought territory with the move higher, foreseeing a possible trading range of 0.7050 – 0.7300 for the pair. The coming week brings the release of Australian 2Q GDP, as well as the private sector credit growth figures and the trade balance for the month of July.

MYR: MYR advanced in trading against the USD for a third week on the trot, rising by 0.3% (prior: +1.0%) to 4.0330 from 4.0450 the prior week, amidst an empty data calendar domestically during the holiday-shortened week. Against the rest of the G10 and major regional currencies, the MYR has had a good week and was mostly stronger, except against the KRW (-0.6%), TWD (-0.5%) and AUD (-0.4%). We are ***Neutral-to-Slightly Bullish*** on USD/MYR for the coming week with the pair continuing to trade in oversold territory for a second week, eyeing a probable trading range of 4.0125 – 4.0625. The week ahead will be another short one with the Merdeka holiday on Monday, and will see the release of the S&P Global Malaysia manufacturing PMI for August, with Bank Negara also due to decide on policy during the week, where we expect an unchanged policy rate for the seventh straight MPC meet and for them to continue to sound out a neutral tone in the 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 (%)	3Q-26	4Q-26	1Q-27	2Q-27
Fed	3.50-3.75	3.50-3.75	3.50-3.75	3.50-3.75
BOC	2.25	2.25	2.50	2.50
ECB	2.50	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	2.50	2.50	2.50	2.50
BOJ	1.00	1.25	1.25	1.25
BNM	2.75	2.75	2.75	2.75
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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