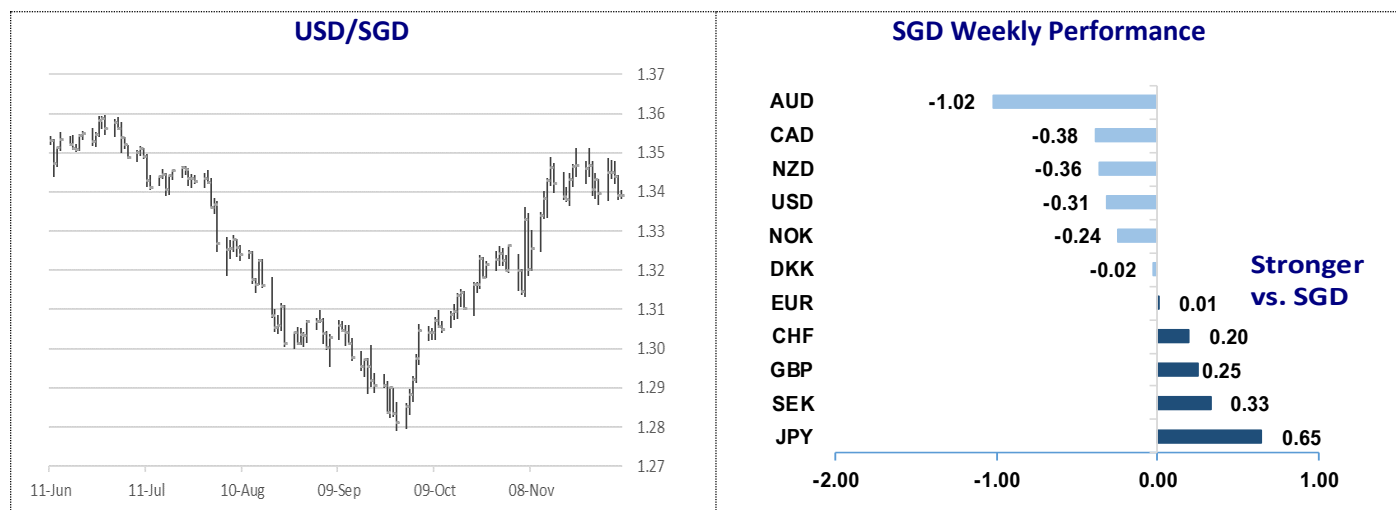


Global Markets Research
Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD was firmer against the USD in trading for a second week in a row, advancing by 0.3% w/w to 1.3389 (prior: +0.3% w/w) from 1.3431 the prior week, amidst mixed economic data domestically. The Singapore PMI and Electronic Sector Index for November both registered a higher reading than the prior month, but October retail sales fell slightly short of expectations. Against the other G10 currencies and major regional peers, the SGD was a mixed bag, gaining ground against KRW (+1.9%) and AUD (+1.0%), but losing ground versus the PHP (-1.1%) and JPY (-0.7%). For the coming week, we are **Neutral** on the USD/SGD and foresee a possible trading range of 1.3250 – 1.3525 for the pair. A quiet week ahead, with no scheduled releases of economic data domestically, so trading in the pair will largely be determined by USD directionality.

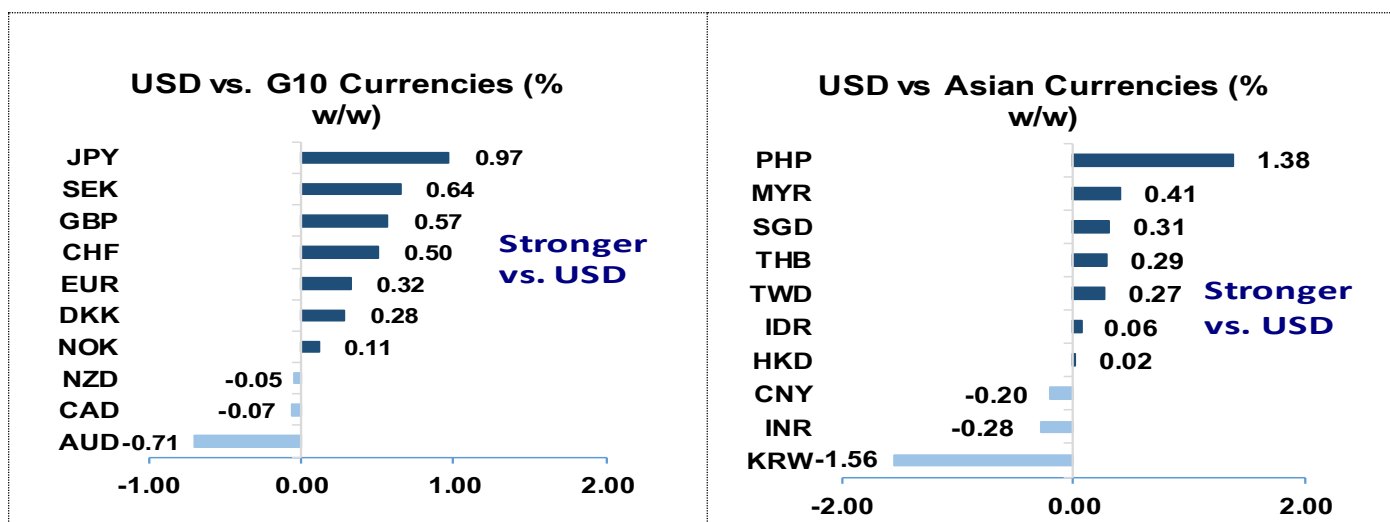
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The greenback has performed decently of late, buoyed by the results of the US election victory by Donald Trump. With the Republicans recapturing the Senate and House as well, the currency has benefitted from the expected pro-growth policies of the incoming administration, and the impact it is likely to have on inflation and Fed policy down the road. The Fed reduced its policy rate by 25bps at the November FOMC meet, and expectations are for a further cut in December, with Fed Chair Powell mentioning that the election results would not affect policy considerations in the near-term. US economic data has been mixed of late, with the latest employment report for October showing a tepid pace of job growth which could partially be as a result of the hurricane and labour strike, but September retail sales was better than expected in a strong end to the consumer for 3Q. Inflation has continued to steadily edge lower towards the Fed’s target rate, and the latest ISM indices continue to paint a mixed picture for the economy, with weakness seen on the manufacturing front whilst the services sector continues to demonstrate resiliency. On the domestic front, MAS maintained its SGD NEER policy band at its October meeting with the central bank expecting growth for 2024 as a whole at the higher end of its 2-3% forecast, and we continue to expect SGD NEER band to be maintained in the near future. Recent data releases have been mixed, with final 3Q GDP seeing an upward revision from the advanced estimate, but retail sales in October missed estimates and exports for the month unexpectedly fell, weighed down by a large decline in pharmaceutical exports. The latest PMI and Electronic Sector index in November saw a rise from the month before, which bodes well for the growth outlook.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3220	1.3305	1.3389	1.3468	1.3550

Weekly Look Ahead

USD: The USD declined in trading this week for a second straight week, with the DXY declining by 0.3% to 105.71 (prior: -0.9% w/w) from 106.05 the prior week, amidst generally positive data out of the US. The ISM Manufacturing index rose by more than expected while the Services measure saw a larger than expected decline, while the latest Fed Beige Book concluded that economic activity “rose slightly” in most areas, and the JOLTS report showed a larger than expected rise in job openings, which suggests that the labour market remains healthy. We are **Neutral** on the greenback for the week ahead and see a probable trading range of 104.25 – 107.25 for the DXY. The coming week sees the release of the US monthly employment report for November as well as the CPI for the month, the final two important pieces of economic data before the Fed meets to decide on policy on Dec 18.



Source: Bloomberg, HL Bank

EUR: EUR advanced against the USD this week for a second consecutive week, rising by 0.3% w/w (prior: +0.7% w/w) to 1.0586 from 1.0552 the week before, amidst a week of continued political turmoil in France, which saw MPs vote to oust French prime minister Michel Barnier in a no-confidence vote. ECB President Lagarde mentioned during the week that the ECB’s fight against inflation is approaching its end but has yet to be won. Futures pricing shows 27bps of cuts priced in the upcoming meeting with a further 120bps of ECB cuts priced in for 2025. We are **Neutral-to-Slightly Bearish** on the EUR/USD for the coming week, foreseeing a possible trading range of 1.04 -1.07. The ECB meets to decide on rates during the week ahead, and markets fully expect a 25bps reduction in the policy rate in an otherwise quiet week as far as economic data in concerned.

GBP: GBP rose against the USD for a second straight week, gaining by 0.6% w/w to 1.2759 (prior: +0.8% w/w) from 1.2687 the week before amidst a larger than expected rise in house prices in November reported by the Nationwide Building Society, and a services-led revision higher in the final composite UK PMI for the month. We are **Neutral** on the Cable for the coming week, and see a probable trading range of 1.26 – 1.29 for the pair. It will be very quiet data wise for the week ahead with only the RICS House Price Balance report for November due for release during the week, but there are scheduled speeches from the Bank of England’s Greene and Ramsden to pay attention to with the BoE due to decide on rates in a fortnight’s time.

JPY: JPY appreciated against the USD for a third week on the trot, climbing by 1.0% w/w to close at 150.10 (prior: +2.0% w/w) from 151.55 the week before, amidst Tokyo CPI for November coming in hotter than expected, fueling expectations that the Bank of Japan will hike again over the coming months. We are **Neutral-to-Slightly Bearish** on USD/ JPY for the week ahead, looking at a likely range of 147.00 – 152.75. After Japanese October base salaries for regular workers rose this morning at 2.8% y/y which was the highest gain since 1994, the rest of the week sees the release of Japan final 3Q GDP numbers, as well as the trade balance and PPI for the month of November before next Friday's 4Q Tankan survey.

AUD: AUD declined against USD in trading for a second straight week, falling by 0.7% w/w to 0.6453 (prior: -0.2% w/w) from 0.6499 the week before, after Australian 3Q GDP growth missed estimates, coming in at +0.3% q/q versus expectations of +0.5% q/q, held back by lower than expected household consumption. We are **Neutral-to-Slightly Bullish** on AUD/USD for the week ahead, with a probable trading range of 0.6325 – 0.6625 seen for the currency pair. An eventful week ahead, with the RBA meeting to decide on policy where they are expected to continue to stand pat on rates, and the monthly Australian employment report for November is also scheduled to be released.

MYR: The MYR strengthened against the USD for a third week on the trot, advancing by 0.4% w/w to 4.4272 (prior: +0.5% w/w) from 4.4453 the week before, despite the pullback in November S&P Global Manufacturing PMI from the month before, suggesting a deeper contraction. The currency was also supported by the announcement of a smaller than expected issuance size for the final government bond auction of the year, which will likely translate to a better fiscal deficit than previously projected for 2024. Against the other G10 currencies and major regional peers, the MYR was mixed, gaining the most versus AUD (-1.3%) and losing the most ground against the JPY (-0.6%). For the coming week, we are **Neutral** on USD/MYR, eyeing a likely trading range of 4.3950 -4.4600. The week ahead sees the release of industrial production numbers for October, which will give a glimpse into how the economy was faring at the start of 4Q.

House View and Forecasts

FX	4Q-24	1Q-25	2Q-25	3Q-25
DXY	105.78	105.51	103.40	102.37
USD/CAD	1.39	1.39	1.36	1.35
EUR/USD	1.05	1.05	1.07	1.08
GBP/USD	1.28	1.28	1.31	1.32
AUD/USD	0.65	0.66	0.67	0.68
NZD/USD	0.59	0.59	0.61	0.61
USD/JPY	153	153	148	146
USD/MYR	4.40	4.40	4.30	4.26
USD/SGD	1.33	1.33	1.31	1.29
USD/CNY	7.21	7.19	7.08	7.01

Policy Rate (%)	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.25-4.50	4.00-4.25	3.75-4.00	3.75-4.00
BOC	3.75	3.25	3.00	3.00
ECB	3.00	2.75	2.50	2.25
BOE	4.75	4.50	4.25	4.00
RBA	4.35	4.35	4.10	3.85
RBNZ	4.75	4.50	4.00	3.75
BOJ	0.25	0.50	0.50	0.50
BNM	3.00	3.00	3.00	3.00
MAS	Hold	Hold	Hold	Hold
PBOC	Hold	Hold	Hold	Hold

2024 Central Bank Meetings/Announcements

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	31		20		1	12	31		18		7	18
Bank of Canada (BOC)	24		6	10		5	24		4	23		11
European Central Bank (ECB)	25		7	11		6	18		12	17		12
Bank of England (BOE)		1	21		9	20		1	19		7	19
Reserve Bank of Australia (RBA)		6	19		7	18		6	24		5	10
Reserve Bank of New Zealand (RBNZ)		28		10	22		10	14		9	27	
Bank of Japan (BOJ)	23		19	26		14	31		20	31		19
Bank Negara Malaysia (BNM)	19		9		3		6		7		2	
Monetary Authority of Singapore (MAS)	Jan			Apr			Jul			Oct		

Source: Bloomberg, HL Bank

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