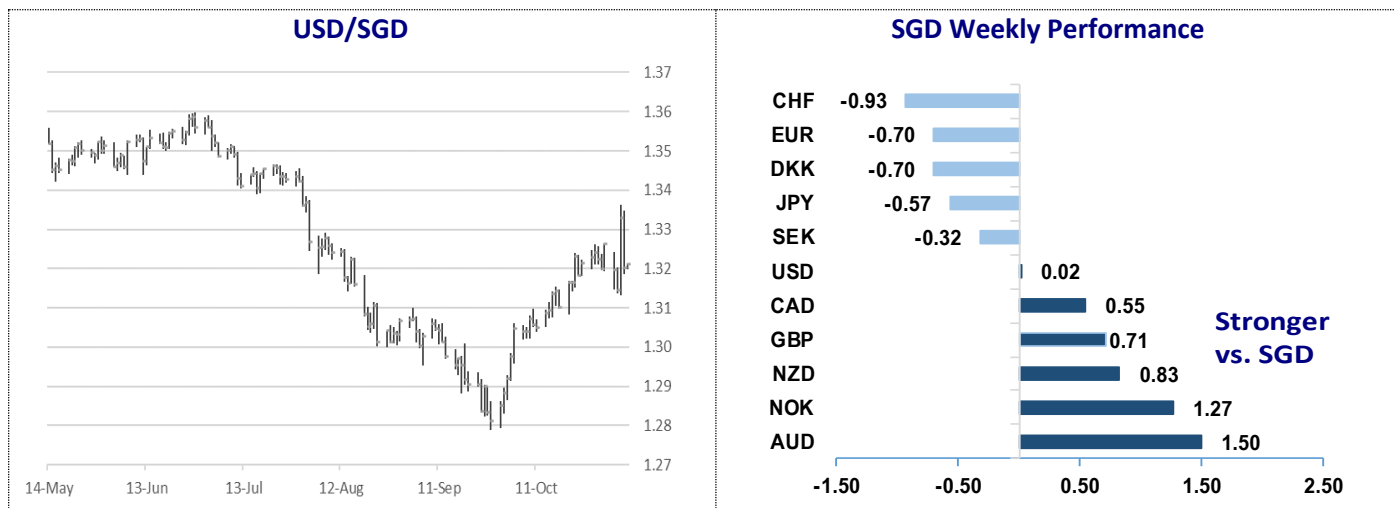


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was little changed for the week in review, closing at 1.3201 (prior week: -0.1% w/w) from 1.3198 the week before amidst mixed data domestically. The PMI and Electronic Sector Index for October both registered marginal declines versus levels in September, but retail sales grew by more than anticipated in September. Against the other G10 pairs, it was a mixed bag for the week with the SGD strengthening the most against the CHF (+0.9%) and losing the most ground against the AUD (-1.5%), but versus major regional currencies, the SGD was firmer for the week, rising the most against the THB (+1.6%) and PHP (+1.0%). For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD and foresee a possible trading range of 1.3050 – 1.3325 for the currency pair. With an empty data calendar domestically for the coming week, trading in the pair will likely be influenced by rest of USD/Asia and the USD at large.

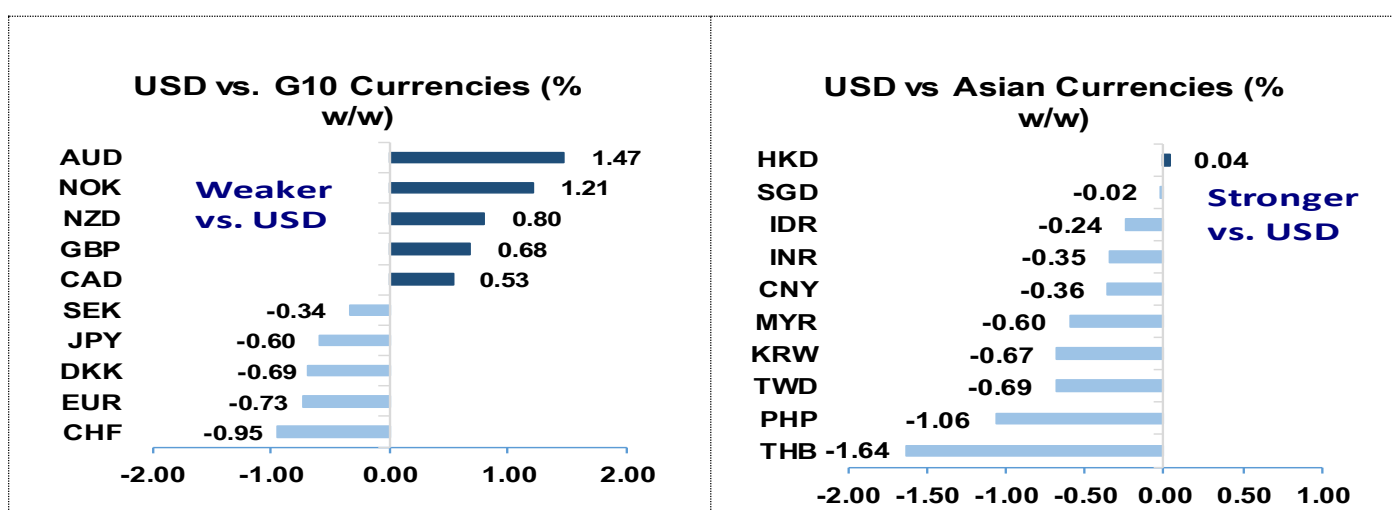
1-Month Outlook – USD/ SGD Neutral

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 likely to hold on to the 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 surprising 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 advanced 3Q GDP coming in slightly stronger than expected at 2.1% q/q and a decent showing for retail sales in September, while September exports rebounded by less than expected, weighed down by a monthly decline in electronic exports, and the latest PMI and Electronic Sector index suggest that 4Q is beginning on a slightly weaker note.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3080	1.3150	1.3201	1.3290	1.3360

Weekly Look Ahead

USD: The greenback rose in trading this week after the results of the US presidential election revealed a convincing victory for Donald Trump and the Republican party, which set off a rally in equities and the currency on expectations of pro-growth policies to come amidst the Republicans winning back the Senate and likely to maintain control of the House as well. The DXY advanced by 0.4% w/w (prior: -0.1% w/w) to close at 104.36 from the 103.90 level the week before. The FOMC reduced interest rates by 25bps as widely anticipated at its meeting during the week. Economic data took a back seat amidst the election focus, with a softer than expected monthly jobs report and mixed ISM indices not having too much of an impact. We are **Neutral** on the greenback in week ahead and foresee a likely trading range of 103.00 – 105.75 for the DXY. A quieter week lies ahead as far as the economic data is concerned, with the CPI index for October the highlight of the week, with the markets likely to continue to digest the election results and what it means for markets and the economy at large.



Source: Bloomberg, HL Bank

EUR: EUR weakened against the USD this week, falling by 0.7% against the USD (prior week: +0.5%) to 1.0805 from 1.0884 the week before, amidst economic data taking a backseat to political events across both sides of the Atlantic. The US election results brought to the fore potential trade tariffs that are likely to be imposed by incoming US government, which would impact the Eurozone adversely given that it is its largest export market, and domestically the firing of the German finance minister by Chancellor Scholz is likely to bring about the collapse of the ruling coalition in the Eurozone’s largest nation state and introduce yet more uncertainty. We are **Slightly Bearish** on the EUR/USD for the coming week and foresee a likely trading range of 1.0625 -1.0925 for the currency pair. The second reading of Eurozone 3Q GDP awaits us in the week ahead, alongside industrial production numbers for September and the latest monthly ZEW investor survey.

GBP: GBP rose for the first week in six against the greenback, advancing by 0.7% w/w to 1.2987 (prior: -0.6% w/w) from 1.2899 the week before. The increase in the Sterling was driven by the Bank of England cautioning that inflation could be a half percentage point higher than previously forecast as a result of the recent UK budget, during their decision to reduce their policy rate by 25bps this week as was widely expected. The rate cuts priced in the months ahead were dialled back slightly after the decision, with futures markets now pricing only a 25% chance of a cut (prior week: 36%) for the next BoE meeting in December. We are **Neutral** on the Cable for the week ahead and see a possible

trading range of 1.28 - 1.32. The coming week sees the release of the latest UK monthly labour market report as well as the RICS House Price Balance index.

JPY: JPY fell against the USD for an eighth straight week, declining by 0.6% w/w to close at 152.94 (prior: -0.1% w/w) from 152.03 the week before, amidst the strong USD backdrop and lower than expected labour earnings for the month of September. With the pair veering into overbought territory, we are constructive on the JPY here and have a **Neutral-to-Slightly Bearish** stance on USD/ JPY for the coming week, foreseeing a probable trading range of 150 – 155. Not much in terms of Tier-1 data in the week ahead, with PPI and preliminary machine tool orders for October the highlights, before the preliminary Japan 3Q GDP is announced next Friday.

AUD: AUD was firmer in trading for the first week in six, advancing by 1.5% w/w to 0.6679 against the USD (prior: - 0.9% w/w), making it the best performing currency in the G10 universe for the week, after positive news out of China, with exports in Australia’s largest trading partner rising by the most since July 2022. Domestically, the RBA stood pat on rates during the week as widely anticipated. We are **Neutral** on AUD/USD for the coming week, and see a likely trading range of 0.6550 – 0.6800 for the pair. The Australian monthly employment report for October is likely to be the focus for the week ahead. Wage data for 3Q and the latest business and consumer confidence numbers are also scheduled for release.

MYR: The MYR was weaker against the USD this week for a sixth consecutive week, declining by 0.6% w/w to 4.4043 (prior: -0.7% w/w) from 4.3780 the week before, amidst Bank Negara leaving its policy rate unchanged for a ninth straight meeting and continuing to maintain a neutral tone, and a strong USD backdrop after the results of the US presidential election revealed Donald Trump as the victor. Against the rest of G10 pairs and major regional currencies, the MYR was mixed, rising against the THB and EUR but losing ground versus the AUD and NZD. For the coming week, we are **Neutral-to-Slightly Bearish** on USD/ MYR with the pair veering towards overbought territory and see a probable trading range of 4.36-4.43. The week ahead sees the release of final 3Q GDP release, with the flash number released last month showing a 5.3% y/y growth rate.

House View and Forecasts

FX	4Q-24	1Q-25	2Q-25	3Q-25
DXY	101.56	100.54	99.53	99.04
USD/CAD	1.36	1.34	1.33	1.31
EUR/USD	1.11	1.12	1.13	1.14
GBP/USD	1.33	1.35	1.36	1.37
AUD/USD	0.68	0.69	0.70	0.71
NZD/USD	0.62	0.63	0.64	0.64
USD/JPY	146	142	138	135
USD/MYR	4.25	4.20	4.15	4.10
USD/SGD	1.31	1.29	1.27	1.25
USD/CNY	7.12	7.03	6.94	6.85

Policy Rate (%)	4Q-24	1Q-25	2Q-25	3Q-25
Fed	4.25-4.50	3.75-4.00	3.50-3.75	3.25-3.50
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	4.10	3.85	3.60
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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