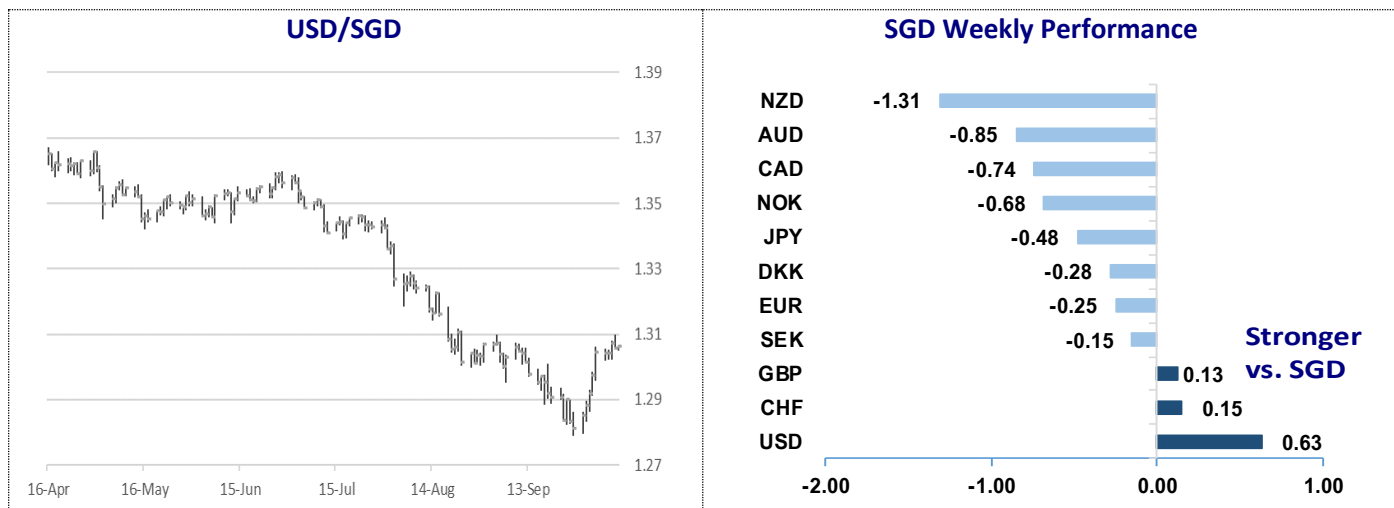


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

1-Week Outlook – USD/ SGD Neutral

SGD traded lower against the USD this week for a second week running, declining by 0.6% (prior week: -1.1%) to 1.3056 from 1.2974 the week before, amidst Singaporean retail sales in August coming in slightly north of expectations. Against the other G10 pairs, the SGD was mostly firmer against, but versus major regional currencies, it was a bit more of a mixed picture, with the SGD rising the most against the KRW (+1.7%) and PHP (+1.1%), but retreating versus the INR (-0.6%) and HKD (-0.6%). For the coming week, we are **Neutral** on the USD/SGD, and foresee a likely trading range of 1.2925– 1.3175 for the currency pair. An eventful week lies ahead, with the October MAS monetary policy statement and advanced Singapore 3Q GDP both scheduled for release, as well as September’s NODX and electronic exports numbers.

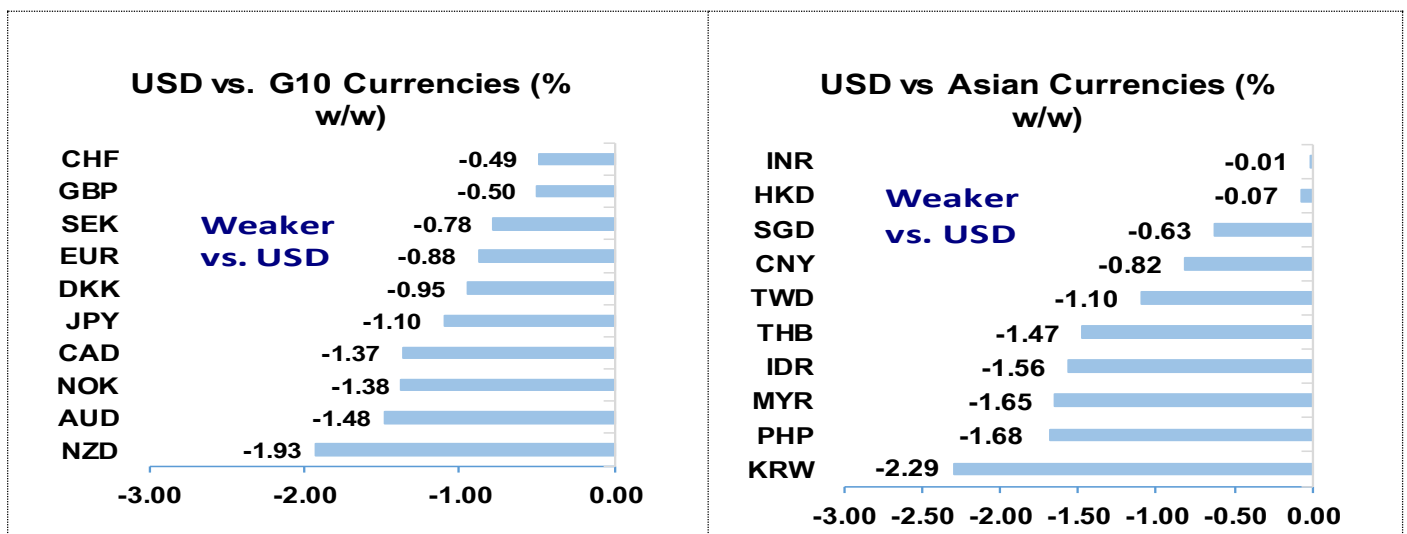
1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral-to-slightly bullish in our view. Although the USD likely to continue to remain on the back foot with Fed cuts now underway, a lot has been priced in in terms of future economic weakness and rate moves with the recent fall in the greenback, and a corrective bounce is likely to be forthcoming. The latest Fed dot plot released during the September FOMC points towards two further 25bps cuts for 2024, while the futures markets has priced in nearly three further 25bps reductions for the remaining two FOMC meetings for the year. Economic data has been weakening of late, with the labour market showing signs of a more pronounced cooling but the unemployment rate edged lower in the most recent monthly US labour market report and remains very low historically. Inflation has been slowing down at a quicker pace recently and continues to edge lower towards the Fed’s target rate, and the more forward looking indicators show a mixed picture for the economy, with weakness seen on the manufacturing front whilst the services sector continues to hold up. Geopolitical tensions in the Middle East have taken a more serious turn of late, which could lend some support to the USD. On the domestic front, recent data releases have been positive, with Singapore 2Q GDP being affirmed at 0.4% q/q in the final release versus expectations of a revision lower, and while exports for August came in lower than expected, that was after July’s bumper number, and electronic exports continued their strong showing. MAS maintained its SGD NEER policy band at its July meeting, and we continue to expect SGD NEER band to be maintained in the near future.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2905	1.2990	1.3056	1.3125	1.3190

Weekly Look Ahead

USD: The DXY was firmer in trading this week for a second consecutive week, rising by 1.0% w/w to 102.99 (prior: +1.4% w/w) from 101.99 the previous week, as the greenback was buoyed by a strong monthly jobs report, which saw quite a bit more jobs added versus what was anticipated, and the unemployment rate unexpectedly falling a notch to 4.1%, whilst CPI for September came in north of expectations, both at the headline and core level. We are **Neutral** on the USD for the coming week and see a likely trading range of 101.75 – 104.25 for the DXY. US retail sales for September takes center stage the week ahead, which also sees the scheduled release of the preliminary consumer sentiment index for October from the University of Michigan, producer prices for September and some regional Fed activity indices out of New York and Philadelphia, which will give a first glimpse of how the economy is faring at the start of 4Q.



Source: Bloomberg, HL Bank

EUR: EUR fell in trading this week against the greenback for a second week, declining by 0.9% w/w to 1.0934 (prior: -1.3% w/w) from 1.1031 the week before, amidst Eurozone retail sales for August coming in line with expectations, and a slight improvement in the Sentix investor confidence reading for October. We remain **Neutral-to-Slightly Bearish** on the EUR/USD for the week ahead and see a possible trading range of 1.0800 – 1.1075 for the pair. An eventful week ahead of us, with the ECB meeting to decide on policy, with the futures markets currently pricing in a 96% chance of a 25bps reduction in their policy rate. Also due in the coming week are the final September Eurozone CPI numbers, industrial production for August as well as the latest monthly ZEW survey.

GBP: GBP was weaker in trading this week against the USD for a second week running, declining by 0.5% w/w to 1.3059 (prior: -2.2% w/w) from 1.3124 the week before, amidst a strong USD backdrop and generally positive economic data out of the UK, with a surge in the construction PMI for September and a larger than expected rise in the RICS House Price Balance. We are **Neutral** on the Cable for the coming week and see a likely trading range of 1.2900 - 1.3200. Domestically, a busier week lies ahead, with CPI and RPI for September scheduled for release, as well as the latest monthly UK jobs report, and the monthly GDP and manufacturing production numbers for August.

JPY: JPY fell in trading this week for a fourth consecutive week, descending by 1.1% w/w against the USD to 148.57 (prior: -1.4% w/w) from 146.93 the week before, amidst mixed Japanese economic data, with labour cash earnings for August coming in a notch above expectations, household spending declining but by less than what was anticipated, and producer prices coming in hotter than expected in September. We are **Neutral-to-Slightly Bearish** on USD/ JPY

for the week ahead and see a probable trading range of 145.50 – 151.00. The coming week sees the release of Japanese core machine orders for August, as well as department store sales and trade and export data for September.

AUD: AUD declined for a second week running, falling by 1.5% w/w (prior: -0.8% w/w) to 0.6739 as of Thursday's close from 0.6840 the week before, driven by a pullback in coal prices after investors were disappointed by the lack of more details this week in the Chinese policy measures announced recently. The odds of a RBA cut fell after the release of the RBA minutes, with the futures market pricing a 41% chance of a cut by the RBA this year (prior week: 64%). We are **Neutral-to-Slightly Bullish** on AUD/USD for the week ahead and see a possible trading range of 0.6625 - 0.6875. The coming week sees the release of the Australian monthly employment report for September, in an otherwise quiet week domestically.

MYR: The MYR traded lower against the USD this week for a second week running, declining by 1.7% w/w to 4.2925 from 4.2218 the week before (prior: -1.8% w/w), amidst a strong USD backdrop with nothing for the week in terms of economic data releases domestically. Against other G10 pairs and major regional currencies, the MYR was nearly weaker across the board, except against the NZD, AUD and KRW. We are **Neutral** on USD/ MYR for the week ahead and see a possible trading range of 4.2500 - 4.3350 for the pair. For the coming week, industrial production numbers for August are scheduled for release and provide a clearer picture of whether the economy maintained its positive momentum in 3Q, ahead of advanced 3Q GDP numbers and the tabling of the 2025 Malaysia Budget which are both due next Friday.

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	3.25	3.00	2.75	2.50
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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