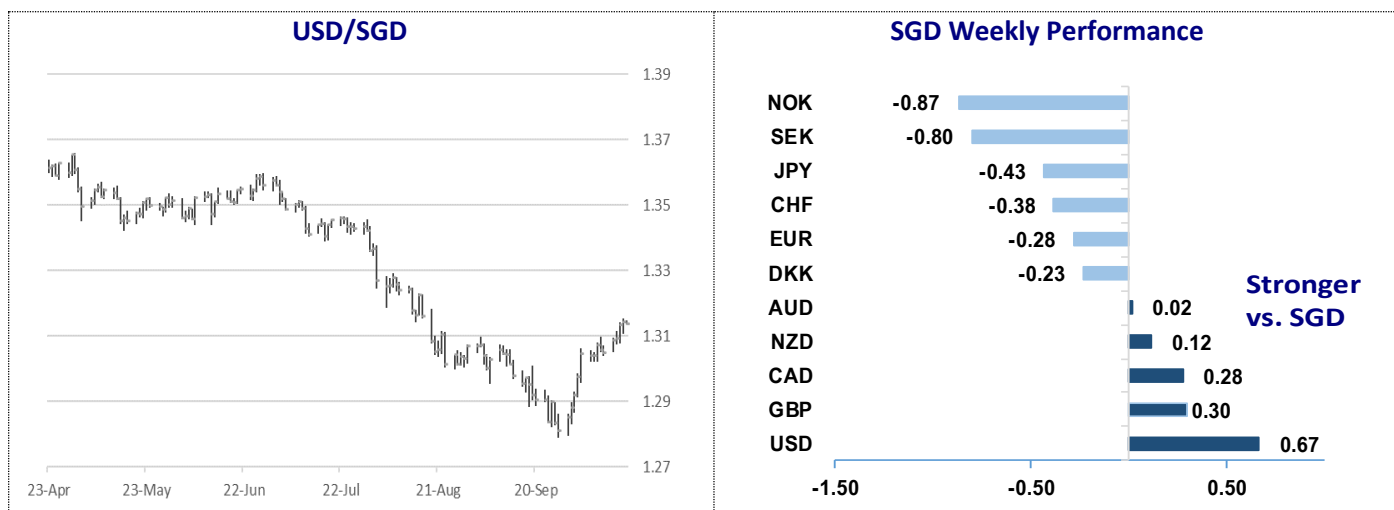


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD traded lower against the USD this week for a third week on the trot, declining by 0.7% (prior week: -0.6%) to 1.3143 from 1.3056 the week before, amidst MAS keeping policy steady during their quarterly policy meet, and Singaporean non-oil domestic exports staging a smaller than expected monthly rebound in September, weighed down by the decline in electronic exports for the month. Against the other G10 pairs and major regional currencies, it was a mixed bag for the week, with the SGD appreciating against the NOK (+0.9%) and KRW (+0.7%), but retreating versus the THB (-1.8%) and GBP (-0.3%). For the week ahead, we are **Neutral-to-Slightly Bearish** on the USD/SGD, and foresee a possible trading range of 1.3000– 1.3250. September CPI numbers are the highlight of the economic calendar, with a moderation expected in both the headline and core rates of inflation.

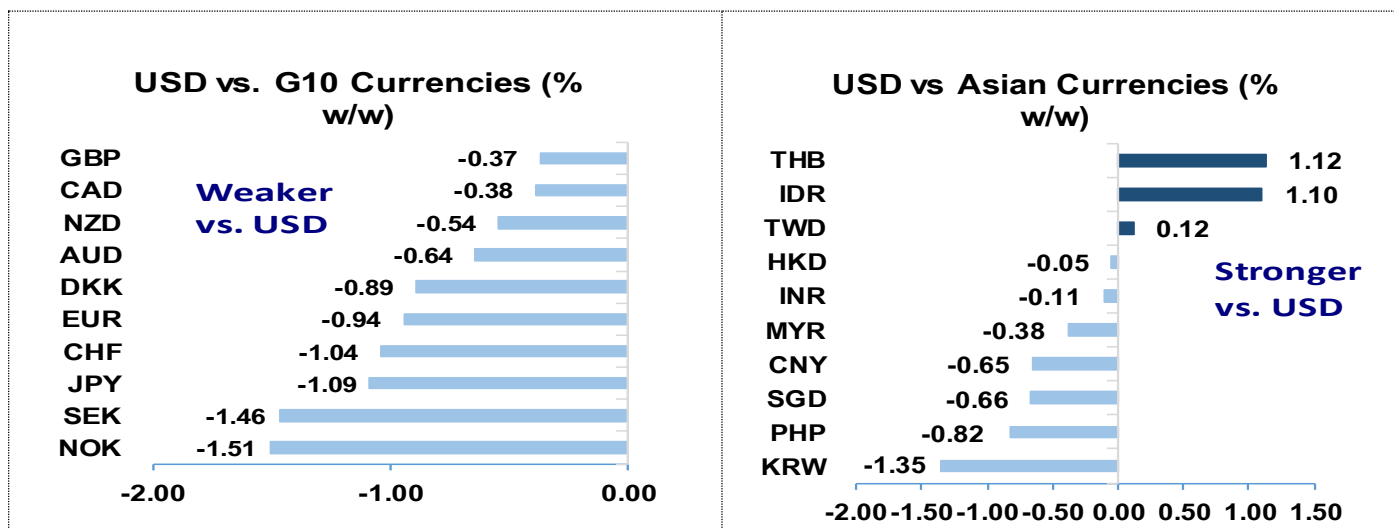
1-Month Outlook – USD/SGD Neutral

The USD/SGD outlook is neutral in our view. The greenback has staged a corrective bounce of late, as US economic data has generally surprised on the positive side, bringing into question market expectations of a hard landing of a US economy that was previously bandied about. The market has dialled back expectations of aggressive Fed cuts, with the futures markets now pricing in nearly two further 25bps cuts for the two remaining FOMC meetings for the year, which brings it roughly in line with the latest Fed dot plot released during the September FOMC. Economic data has surprised on the upside of late, with the labour market showing signs continued robustness. September’s monthly employment report showed more jobs added than expected and the unemployment rate continued to inch lower, and retail sales for the month also printed better than expected in a strong end to 3Q. Inflation has continued to steadily edge lower towards the Fed’s target rate, and the more forward looking indicators 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 while September exports rebounded by less than expected, weighed down by a monthly decline in electronic exports.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.2980	1.3065	1.3143	1.3225	1.3386

Weekly Look Ahead

USD: The DXY rose in trading this week for a third week running, climbing by 0.8% w/w to 103.83 (prior: +1.0% w/w) from 102.99 the week before, amidst US retail sales for September coming in stronger than anticipated, and producer prices for September that were pretty much in line with expectations. We are **Neutral-to-Slightly Bearish** on the USD for the week ahead and see a possible trading range of 102.25 – 105.00 for the DXY. The coming week sees the release of the Fed’s latest Beige Book, as well as some data on housing, with new and existing home sales for September due to be reported on alongside housing starts and building permits. The preliminary S&P Global US PMIs are also scheduled for release and may provide clues on the state of the US economy as we began 4Q.



Source: Bloomberg, HL Bank

EUR: EUR fell in trading this week against the greenback for a third consecutive week, declining by 0.9% w/w to 1.0831 (prior: -0.9% w/w) from 1.0934 the week before, amidst the ECB reducing their policy rate by 25bps as widely expected for the third time this year. While the ECB did not specify when or how rapidly rates will be reduced from here, the market reflected a chance that the ECB increases the pace of cuts, with the futures markets pricing in a further cut of 39bps at the ECB’s next meeting in December. We are **Neutral-to-Slightly Bullish** on the EUR/USD for the coming week and see a probable trading range of 1.0725 – 1.0950 for the pair. A lighter week lies ahead, with the Eurozone preliminary PMIs for October due for release which may provide more information on how the economy is holding up at the start of 4Q, and consumer confidence also scheduled for release.

GBP: GBP declined in trading this week against the USD for a third week on the trot, falling by 0.4% w/w to 1.3011 (prior: -0.5% w/w) from 1.3059 the week before, amidst cooler than expected consumer price prints for the UK in September, at both the headline and core level as well as for the services category. We are **Neutral** on the Cable for the week ahead and see a possible trading range of 1.2850 - 1.3150. The coming week brings us the release of the UK retail sales report for September as well as the preliminary UK PMIs for October.

JPY: JPY was lower in trading this week for a fifth consecutive week, declining by 1.1% w/w against the USD to 150.21 (prior: -1.1% w/w) from 148.57 the week before, amidst an unexpected sizable decline in core machine orders for August, and comments from BoJ Board Member Seiji Adachi, who emphasized the need for taking a gradual approach to raising interest rates. We are **Neutral-to-Slightly Bearish** on USD/ JPY for the week ahead and see a likely trading range of 147– 152. After the Japan CPI for September came out as expected at the headline level but slightly higher

than expected excluding food and energy this morning, the only thing to look out for this week in terms of economic data are the preliminary Japan PMIs for October.

AUD: AUD declined for a third week running, falling by 0.6% w/w (prior: -1.5% w/w) to 0.6696 as of Thursday's close from 0.6739 the week before, amidst a better than expected monthly labour report for September, which saw more jobs than expected being added to the economy, complicating the case for an RBA cut this year. We are **Neutral-to-Slightly Bullish** on AUD/USD for the coming week and see a likely trading range of 0.6575 - 0.6825 for the pair. The week ahead is pretty quiet domestically, with the only data release being the preliminary Australian PMIs for October.

MYR: The MYR traded lower against the USD this week for a third week straight week, declining by 0.4% w/w to 4.3090 from 4.2925 the week before (prior: -1.7% w/w), amidst a strong USD backdrop and weaker than expected industrial production numbers domestically for August. Against other G10 pairs and major regional currencies, the MYR was mixed, gaining the most against KRW and EUR, while depreciating against the THB and IDR. We are **Neutral-to-Slightly Bearish** on USD/ MYR for the coming week and see a likely trading range of 4.2650 - 4.3450 for the pair. An eventful week lies ahead for the Ringgit, with the Malaysian Budget 2025 due to be tabled in Parliament, and the advanced print of Malaysia 3Q GDP is also scheduled for release, as well as export numbers for September and CPI for the month too.

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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