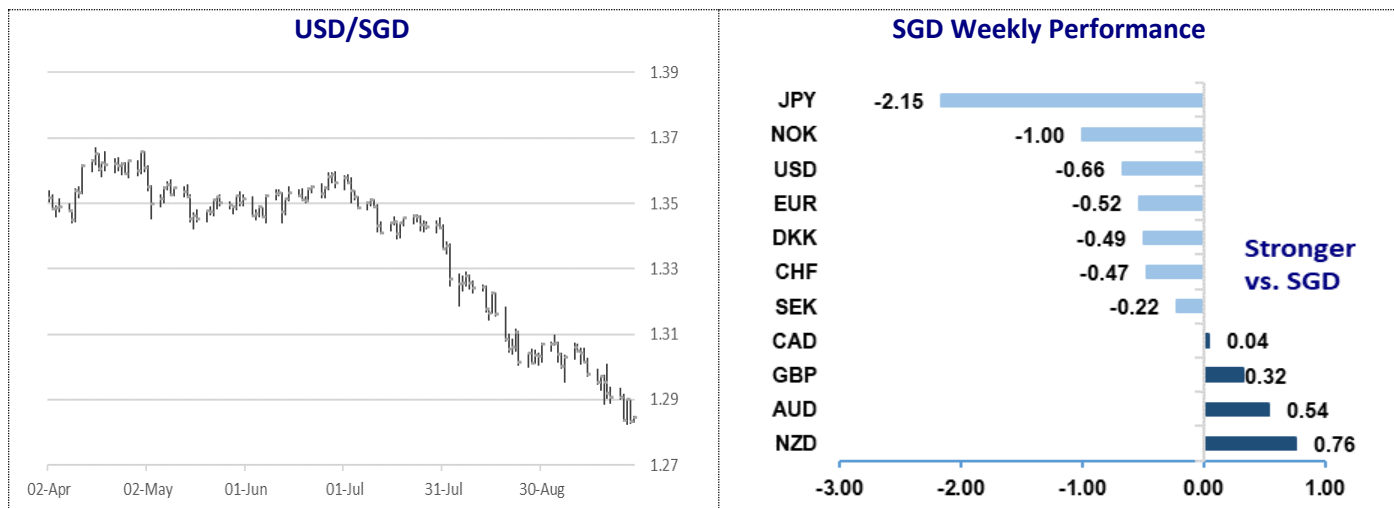


Global Markets Research

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 second straight week, rising by 0.7% (prior week: +0.7%) to 1.2832 from 1.2917 the week before amidst hotter than expected Singapore CPI numbers for August, at both the headline and core level, and an unexpected increase in the monthly industrial production for August. Against the other G10 pairs and major regional currencies, the SGD was mixed for the week, rising the most against the JPY (+2.2%) and PHP (+1.3%), but retreating versus the THB (-1.0%) and NZD (-0.8%). For the week ahead, we are **Neutral-to-Slightly Bullish** on the USD/SGD, eyeing a probable trading range of 1.2725– 1.2975 for the pair. The coming week sees the release of the Singapore purchasing managers index and electronic sector index numbers for September, as well as the preliminary private home prices report for 3Q.

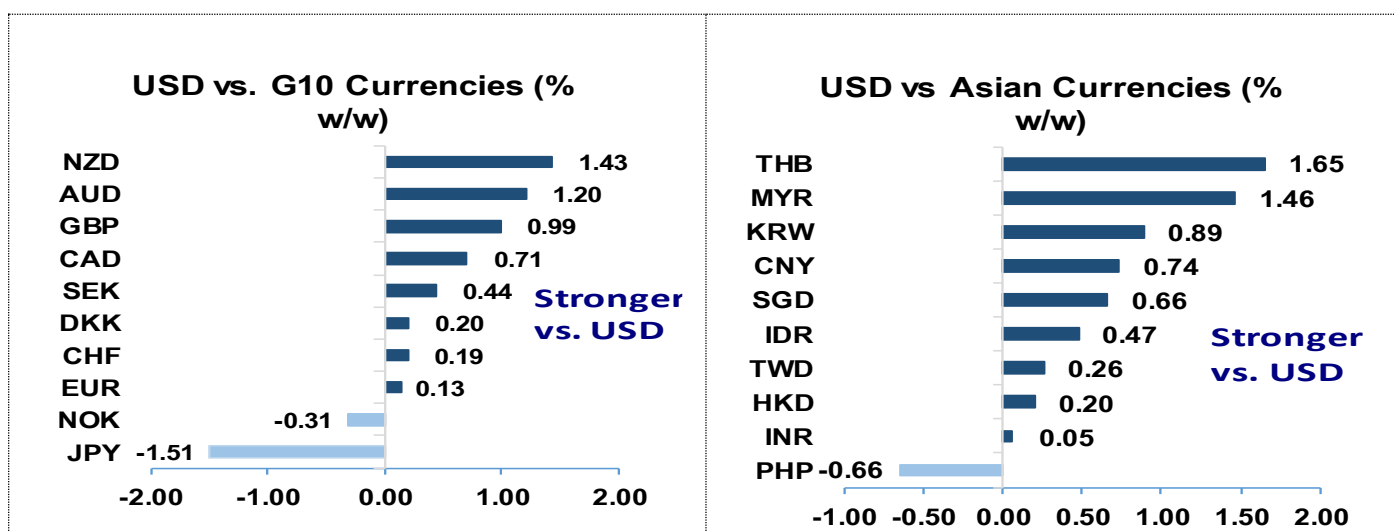
1-Month Outlook – USD/ SGD Neutral-to-Slightly Bullish

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	1.2705	1.2770	1.2832	1.2910	1.2995

Weekly Look Ahead

USD: DXY was slightly softer in trading this week, inching lower by 0.1% w/w to 100.56 (prior: -0.6% w/w) from 100.63 the previous week, amidst the preliminary S&P Global US PMIs for September coming in below the August levels, suggesting a softer end to the economy in 3Q. The Conference Board's measure of consumer confidence for September also unexpectedly fell, registering its largest monthly decline in three years, reflecting concerns about the labour market and the economy at large. We are **Neutral-to-Slightly Bullish** on the USD for the week ahead, and see a possible trading range of 99.50 – 102.00 for the DXY. A heavy week lies ahead, with August personal income and spending numbers due along with the core PCE reading for the month. We are also due to get the latest ISM indices for September and the usual slew of labour market indicators (Challenger, ADP and JOLTS) prior to next Friday's US nonfarm employment report for September.



Source: Bloomberg, HL Bank

EUR: EUR rose marginally in trading this week against the greenback, inching higher by 0.1% w/w to 1.1177 (prior: +0.8% w/w) from 1.1162 the prior week, amidst an unexpected contraction in the preliminary Eurozone Composite PMI for September, driven by a deeper contraction in manufacturing and a sharp decline in the pace of services growth, suggesting that the Eurozone economy may be quickly losing momentum. We are **Neutral-to-Slightly Bearish** on the EUR/USD for the coming week and see a likely trading range of 1.1025 – 1.1275 for the pair. The week ahead sees the release of the Eurozone economic confidence and flash CPI numbers for September, the unemployment rate and PPI for August, as well as the final September PMI numbers. ECB President Lagarde will also be scheduled to address the EU parliament in the coming week.

GBP: GBP was stronger in trading this week against the USD for a second straight week, climbing by 1.0% w/w to 1.3415 (prior: +1.2% w/w) from 1.3284 the prior week, amidst a better than expected UK retail sales report for August, and the preliminary UK PMIs for September cooling by more than anticipated. We are **Neutral-to-Slightly Bearish** on the Cable for the week ahead and see a possible trading range of 1.3275 - 1.3525. Final UK 2Q GDP numbers are due to be released in the coming week, as well as mortgage approvals for August and the house price index for September from the Nationwide Building Society, and the final UK September PMIs.

JPY: JPY was weaker in trading this week for a second consecutive week, declining by 1.5% w/w against the USD to 144.81 (prior: -0.6% w/w) from 142.63 the week before, after the Bank of Japan left policy on hold and BoJ Governor Kazuo Ueda indicated that they are in no hurry to raise interest rates further and that the BoJ will closely monitor

financial markets and global economic conditions before making any decisions. We are **Neutral** on USD/ JPY for the week ahead and see a possible trading range of 142.50 – 147.25. After this morning’s Tokyo CPI for September moderated as expected, the rest of the week sees the release of Japan retail sales, housing starts, industrial production and unemployment rate for August, as well as the much-watched Tankan survey for 3Q, and the final Japan PMI numbers for September.

AUD: AUD rose this week for a second week, climbing by 1.2% w/w (prior: +1.4% w/w) to 0.6896 as of Thursday’s close from 0.6814 the week before, amidst the Reserve Bank of Australia standing pat on policy during the week as expected, and a sharp moderation in the annual rate of Australian CPI for August as anticipated. The futures market continues to point to a 71% chance (prior week: 72%) of seeing a cut by the RBA this year. We are **Neutral-to-Slightly Bearish** on AUD/USD for the week ahead and see a probable trading range of 0.6750 - 0.7000. The coming week brings the release of the Australian trade balance, private sector credit growth, building approvals and retail sales for the month of August, as well as the final Australian PMIs for September.

MYR: The MYR traded higher against the USD this week for a third week on the trot, rising by 1.4% w/w to 4.1458 from 4.2065 the week before (prior: +3.0% w/w), amidst Malaysian CPI unexpectedly cooling in August to 1.9% y/y versus expectations of a stable rate after the 2.0% y/y in July, underscoring the absence of significant price pressures domestically. Against other G10 pairs and major regional currencies, the MYR had another stellar week and was stronger across the board, with the exception of against the THB (-0.2%). We are **Neutral-to-Slightly Bullish** on USD/ MYR for the week ahead and see a probable trading range of 4.1050 - 4.1950, with the pair now deep in oversold territory and set for a correction. It will be rather quiet on the economic data front domestically in the coming week, with only the S&P Global Malaysia Manufacturing PMI reading due.

House View and Forecasts

FX	3Q-24	4Q-24	1Q-25	2Q-25
DXY	102.41	100.87	99.86	98.86
USD/CAD	1.37	1.35	1.34	1.33
EUR/USD	1.11	1.12	1.10	1.08
GBP/USD	1.29	1.30	1.30	1.29
AUD/USD	0.66	0.66	0.67	0.68
NZD/USD	0.60	0.61	0.61	0.62
USD/JPY	145	143	140	137
USD/MYR	4.50	4.40	4.35	4.30
USD/SGD	1.33	1.32	1.30	1.28
USD/CNY	7.21	7.12	7.03	6.94

Policy Rate (%)	3Q-24	4Q-24	1Q-25	2Q-25
Fed	5.00-5.25	4.50-4.75	4.25-4.50	4.00-4.25
BOC	4.50	4.00	3.75	3.50
ECB	4.00	3.75	3.50	3.25
BOE	5.00	4.75	4.50	4.25
RBA	4.35	4.35	4.10	3.85
RBNZ	5.50	5.00	4.75	4.50
BOJ	0.25	0.25	0.40	0.40
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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