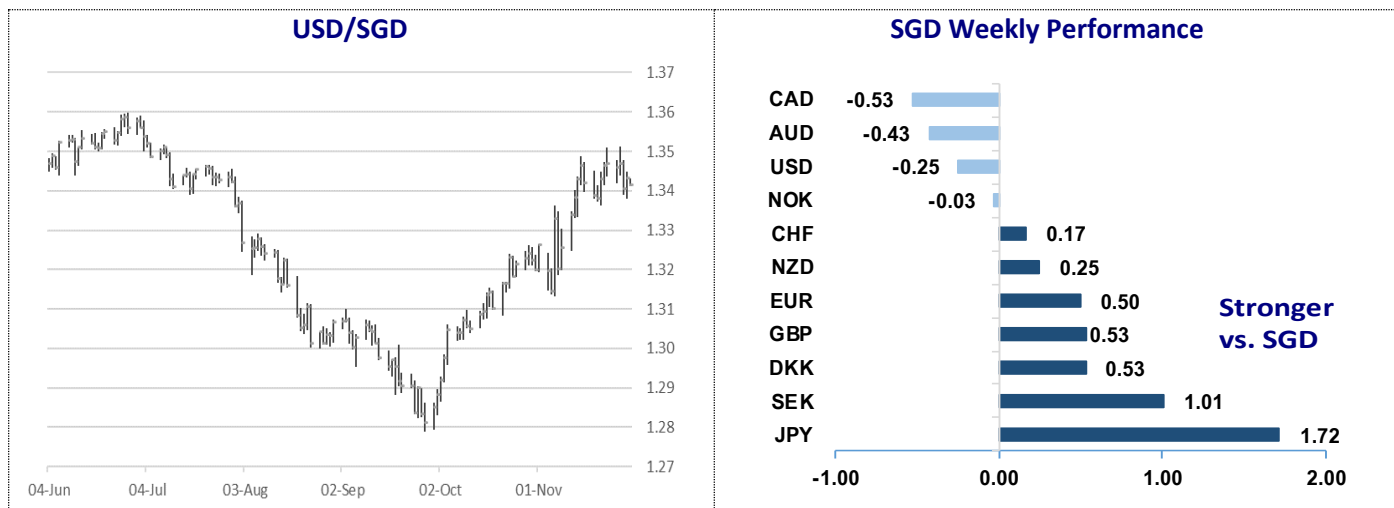


Global Markets Research

Currency Outlook for the Week Ahead



Source: Bloomberg

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

SGD was slightly firmer against the USD for the week in review, advancing by 0.3% w/w to 1.3431 (prior: unchanged) from 1.3464 the prior week, amidst an upward revision in Singapore 3Q GDP and larger than expected deceleration in October CPI, on both the headline and core level. Against the other G10 currencies and major regional peers, the SGD was a mixed bag, gaining ground against CAD (+0.5%), AUD (+0.4%) and CNY (+0.3%), but losing ground versus the JPY (-1.7%) and THB (-0.3%). For the week ahead, we remain **Neutral-to-Slightly Bearish** on the USD/SGD and see a likely trading range of 1.3300 – 1.3550 for the currency pair. The coming week sees the release of retail sales numbers for October, as well as the PMI and Electronic Sector Index for November, which will provide more clues as to how the economy is holding up in 4Q thus far.

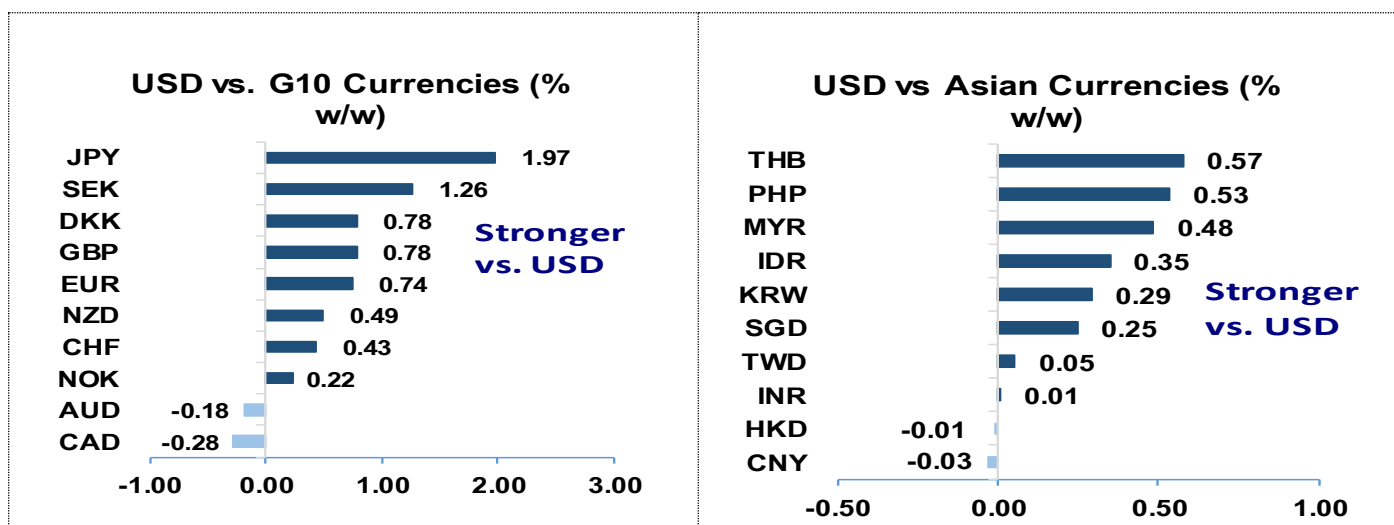
1-Month Outlook – USD/ SGD Neutral

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	1.3275	1.3360	1.3431	1.3505	1.3590

Weekly Look Ahead

USD: The USD declined in trading this week for the first week in four, with the DXY falling by 0.9% to 106.05 (prior: +0.3% w/w) from 106.97 the prior week, amidst a shortened trading week due to Thanksgiving. Economic data was generally positive, with 3Q GDP and October CPI both matching expectations, and improvements seen in the preliminary S&P Global US PMIs with the services sector in particular seeing a marked improvement from the month before. We remain **Neutral-to-Slightly Bearish** on the greenback for the week ahead and see a possible trading range of 104.50 – 107.50 for the DXY, which has moved out of overbought territory after the decline this week. The coming week sees the release of the ISM indices for November, the Fed’s latest Beige Book, as well as the usual slew of labour market indicators (JOLTS, ADP and Challenger job cuts) prior to next Friday’s non-farm payroll report.



Source: Bloomberg, HL Bank

EUR: EUR advanced against the USD this week for the first week in four, climbing by 0.7% w/w (prior: -0.5% w/w) to 1.0552 from 1.0474 the week before, amidst a softer USD backdrop and ECB executive board member Isabel Schnabel advocating gradual reductions in the ECB policy rate going forward in order to not squander valuable policy space. We are **Neutral** on the EUR/USD for the coming week, eyeing a likely trading range of 1.04 -1.07. The week ahead sees the release of the flash November CPI estimate, PPI, retail sales and the unemployment rate for October, and the final Eurozone PMI numbers for November.

GBP: GBP traded higher against the USD for the first week in three, rising by 0.8% w/w to 1.2687 (prior: -0.6% w/w) from 1.2589 the week before amidst poor economic data out of the UK, with retail sales in October registering a larger than expected contraction for the month, and the preliminary UK PMIs for November suggesting a slowdown in economic activity versus the prior month. We are **Neutral** on the Cable for the coming week, looking at a possible trading range of 1.2525 – 1.2850. The week ahead sees the release of mortgage approvals for October, November house price index by Nationwide Building Society, and the final UK PMIs for November.

JPY: JPY rose against the USD for a second consecutive week, advancing by 2.0% w/w to close at 151.55 (prior: +1.1% w/w) from 154.54 the week before, making it the best performing currency in the G10 space, amidst Japan CPI for October coming in as expected at the headline level, but higher than expected at the core level which excludes food and energy prices. We are **Slightly Bearish** on USD/ JPY for the week ahead, foreseeing a probable range of 146.50 – 153.50. After Tokyo CPI came out hotter than expected this morning and the jobless rate ticked up by a notch, a rather quiet week ahead remains with only capital spending for 3Q and consumer confidence for November due in the week, before next Friday’s labour earnings reports for October.

AUD: AUD traded lower against USD, declining by 0.2% w/w to 0.6499 (prior: +0.9% w/w) from 0.6511 the week before, amidst Australian CPI for October unexpectedly holding steady at 2.1% y/y versus expectations of a rise to 2.3% y/y. The trimmed mean measure however, saw a rise to 3.5% y/y versus last month’s 3.2% y/y. Poor industrial profits numbers out of China during the week also weighed on the Aussie. We are **Neutral-to-Slightly Bullish** on AUD/USD for the week ahead, eyeing a possible trading range of 0.6375 – 0.6650 for the currency pair. The coming week sees the release of Australia 3Q GDP, as well as retail sales and household spending numbers for October.

MYR: The MYR strengthened against the USD for a second straight week, advancing by 0.5% w/w to 4.4453 (prior: +0.4% w/w) from 4.4668 the week before, amidst October CPI unexpectedly rising a notch to 1.9% y/y, driven by higher food prices. Against the other G10 currencies and major regional peers, the MYR had a good week and was mostly stronger, save for against the JPY and THB. For the coming week, we remain **Neutral-to-Slightly Bearish** on USD/MYR and foresee a probable trading range of 4.4050 -4.4750. The week ahead is pretty quiet as far as domestic economic data is concerned, with the only release of note being the S&P Global Malaysia Manufacturing PMI for November, which may help shed more light on how economic activity is holding up for the quarter.

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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