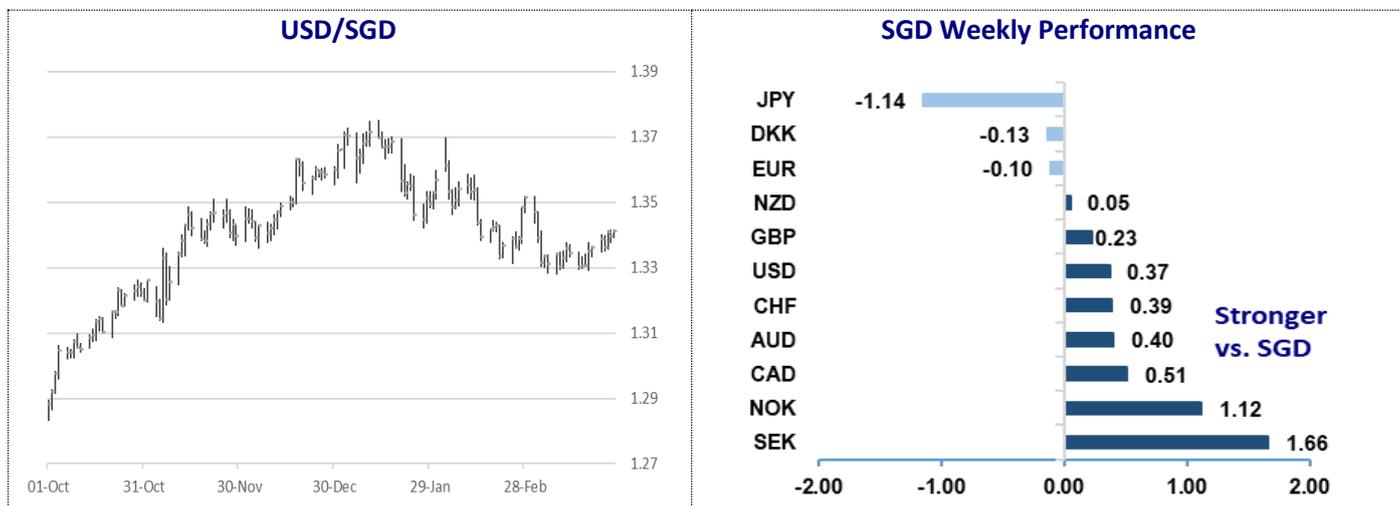


28 March 2025

## Global Markets Research

### Currency Outlook for the Week Ahead



Source: Bloomberg

#### 1-Week Outlook – USD/ SGD Neutral-to-Slightly Bullish

SGD was lower against the USD in trading this week, declining by 0.4% w/w to 1.3397 (prior: +0.1% w/w) from 1.3348 the week before, amidst a larger than expected moderation in CPI for February at both the headline and core level and an unexpected decline in industrial production for the month. Against the other G10 pairs and major regional currencies, the SGD was a mixed bag, appreciating against the JPY (+1.1%) and THB (+0.3%), but losing ground for the week against the SEK (-1.7%) and INR (-1.1%). We are **Neutral-to-Slightly Bullish** on the USD/SGD for the coming week, foreseeing a likely trading range of 1.3250 – 1.3550 for the pair. The week ahead sees the release of the PMI and Electronic Sector index for March, and the start of the 2-week window for the quarterly MAS monetary policy statement, where increasing chatter of a further easing in policy have been building up given how much core inflation has cooled of late.

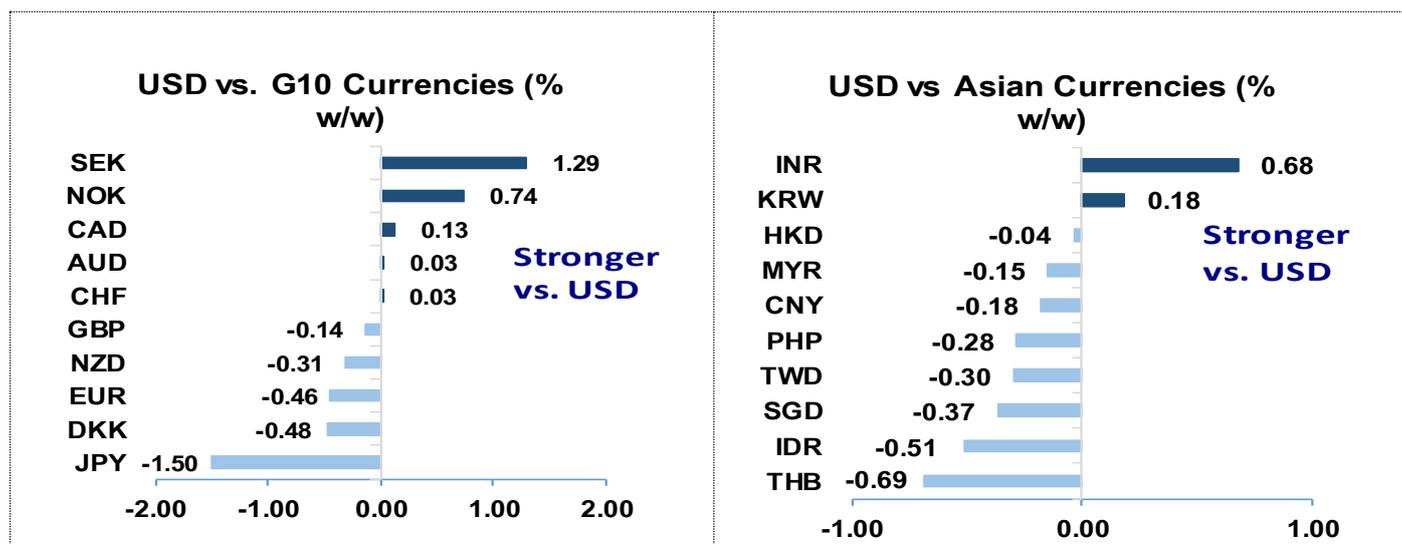
#### 1-Month Outlook – USD/ SGD Neutral

The USD/SGD outlook is neutral in our view. The greenback has eased recently as policies of the new US administration continue to take shape, with the uncertainty over the tariff situation resulting in a deterioration of consumer and investor confidence. The Fed held its ground again at the March FOMC meet, whilst downgrading their growth forecast and elevating their inflation forecast for the year. Expectations are for a more gradual pace of rate cuts going forward, with slightly over two 25bps reductions priced for 2025. US economic data is continuing to hold up, with the employment report for February coming in line with expectations, while inflation surprised on the downside, with CPI and PPI undershooting expectations. The ISM indices continue to remain mixed, with a moderation seen in the manufacturing index but the services side of things remaining firm. On the domestic front, MAS eased policy in its January meeting for the first time in five years, with the central bank expecting growth for 2025 at a slower pace of 1-3% and reducing its core inflation forecast for the year to 1-2%. January retail sales rebounded while inflation tumbled in January, with the core CPI coming off sharply to the lowest levels since June 2021. Exports rebounded in February but were weighed down by a continued moderation in electronic exports. We expect policy to be on hold for the rest of the year with the SGD NEER band to be maintained.

	S2	S1	Prev. Close	R1	R2
USD/SGD	1.3270	1.3335	1.3397	1.3468	1.3515

## Weekly Look Ahead

**USD:** The USD was firmer in trading this week, with the DXY rising by 0.5% to 104.34 (prior: 0.0% w/w) from 103.85 the week before, amidst mixed economic data for the week. The preliminary composite March PMI unexpectedly rose, driven by a surge in the services PMI, but the Conference Board's measure of consumer confidence plunging by more than expected to the lowest level since Jan 2021. We are **Neutral-to-Slightly Bullish** on the USD for the week ahead, eyeing a possible trading range of 102.75 – 106.00 for the DXY. The coming week is an eventful one, with the much awaited reciprocal tariff announcement on Apr 02 taking center stage. Also plenty on the calendar economic data wise, with the scheduled release of the personal spending numbers and core PCE index for February, the ISM indices for March, and the usual lineup of labour market indicators (ADP, JOLTS & Challenger) before next Friday's monthly NFP employment report.



Source: Bloomberg, HL Bank

**EUR:** EUR was lower in trading for the week ending Thursday, falling by 0.5% against the greenback to 1.0801 (prior: 0.0% w/w) from 1.0851 the prior week, amidst the preliminary Eurozone composite PMI for March improving from the week before, albeit by less than expected. We are **Neutral** on the EUR/USD for the week ahead, foreseeing a likely trading range of 1.0650 - 1.0950. The coming week brings the economic confidence index and preliminary CPI estimates for March, as well as the unemployment rate for February. There will be quite a bit of ECB-speak to pay attention to during the week, and the ECB is also scheduled to publish their account of the March 6 policy meeting, both of which may provide further clues as to the path of Eurozone monetary policy going forward.

**GBP:** GBP lost ground in trading this week against the USD for the first week in three, inching lower by 0.1% w/w to 1.2949 (prior: +0.1% w/w) from 1.2967 the prior week, amidst the preliminary UK composite PMI for March registering a rise, driven by the services sector which outweighed the weaker reading for manufacturing. The CPI indices for February showed a moderation at the headline and core level from the month before, but services CPI remained sticky. We are **Neutral-to-Slightly Bearish** on the Cable for the coming week, eyeing a probable trading range of 1.2775 – 1.3100. The week ahead sees the release of UK retail sales numbers and mortgage approvals for February, as well as the house price index for March by Nationwide Building Society and the final reading of 4Q GDP.

**JPY:** JPY declined against the USD in trading this week for a second straight week, falling by 1.5% w/w to close at 151.05 (prior: -0.7% w/w) from 148.78 the week before, amidst a smaller than expected cooling in the national CPI numbers for February and the preliminary Japan composite PMI for March plunging into contractionary territory, with declines across both the manufacturing and services readings. We are **Neutral** on USD/JPY for the week ahead, looking at a possible trading range of

148.50 – 153.50. After the Tokyo CPI numbers for March came out hotter than anticipated this morning, the focus for the coming week will lie on how the import tariff announcements by the US affect Japan, and any retaliatory action taken by the Japanese. There are quite a few key economic releases to watch out for too, with Japanese retail sales, housing starts and the unemployment rate for February all due for release, as well as the latest Tankan survey for 1Q.

**AUD:** AUD was little changed against the USD in trading this week, closing Thursday at 0.6305 (prior: +0.3% w/w) from 0.6303 the prior week, amidst a rise in the preliminary Australian PMIs for March and an unexpected cooling in the CPI for February, which could give more confidence to the RBA to continue their easing cycle. We are **Neutral-to-Slightly Bearish** on AUD/USD for the coming week, eyeing a probable trading range of 0.6175 – 0.6425 for the pair. The week ahead sees the RBA meeting to decide on policy, where they are expected to leave rates on hold this time round, and also brings the release of Australian retail sales, private sector credit numbers and building approvals for February, as well as the trade balance for the month.

**MYR:** The MYR was slightly weaker in trading against the USD this week, declining by 0.2% to 4.4318 (prior: +0.3% w/w) from 4.4253 the week before, amidst February CPI moderating as expected on high base effects and BNM presenting a cautiously optimistic outlook during its 2024 Annual Report release. Against the other G10 currencies and major regional currencies, the MYR was mixed, gaining versus the JPY (+1.3%) and THB (+0.4%), but losing ground against the INR (-0.8%) and AUD (-0.4%). For the coming week, we are **Neutral-to-Slightly Bullish** on USD/MYR, looking at a probable trading range of 4.4050 - 4.4650. The week ahead sees the release of S&P Global's Malaysia manufacturing PMI for March, which will provide more clues on the economic momentum as we closed out 1Q, with the focus of the market likely to lie on the reciprocal tariffs announcement by the US on Apr 02.

## House View and Forecasts

FX	1Q-25	2Q-25	3Q-25	4Q-25
DXY	109.10	108.58	106.93	105.27
USD/CAD	1.45	1.45	1.42	1.39
EUR/USD	1.03	1.03	1.05	1.06
GBP/USD	1.24	1.24	1.25	1.27
AUD/USD	0.62	0.63	0.64	0.66
NZD/USD	0.56	0.56	0.57	0.58
USD/JPY	158	155	150	146
USD/MYR	4.55	4.50	4.40	4.35
USD/SGD	1.37	1.35	1.32	1.29
USD/CNY	7.37	7.30	7.23	7.15

Policy Rate (%)	1Q-25	2Q-25	3Q-25	4Q-25
Fed	4.25-4.50	4.25-4.50	4.25-4.50	4.00-4.25
BOC	2.75	2.50	2.50	2.50
ECB	2.50	2.00	2.00	2.00
BOE	4.50	4.25	4.00	4.00
RBA	4.10	3.85	3.60	3.60
RBNZ	3.75	3.50	3.25	3.00
BOJ	0.50	0.50	0.75	0.75
BNM	3.00	3.00	3.00	3.00
MAS	Ease	Hold	Hold	Hold
PBOC	Ease	Hold	Hold	Hold

## 2025 Central Bank Meetings/Announcements

Central Bank	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Federal Reserve (FOMC)	29		19		7	18	30		17	29		10
Bank of Canada (BOC)	29		12	16		4	30		17	29		10
European Central Bank (ECB)	30		6	17		5	24		11	30		18
Bank of England (BOE)		6	20		8	19		7	18		6	18
Reserve Bank of Australia (RBA)		18		1	20		8	12	30		4	9
Reserve Bank of New Zealand (RBNZ)		19		9	28		9	20		8	26	
Bank of Japan (BOJ)	24		19		1	17	31		19	30		19
Bank Negara Malaysia (BNM)	22		6		8		9		4		6	
Monetary Authority of Singapore (MAS)	Jan			Apr			Jul			Oct		

Source: Bloomberg, HL Bank

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