Macro | FX Research & Strategy

Global

Maybank

FX Monthly

2025, Issue 1: Pricing in Trump 2.0

What Has Changed This Month?

- Our DXY index was revised a tad higher due to the upside revision of the GBP on worries about fiscal tightening affecting the UK's growth prospects and the JPY due to market developments. We have maintained our forecasts for most other currencies for now as we remain cautious of the potential overhang from Trump trade policies. Changes to the prospects of such policies remain dynamic and we continue to monitor developments as they evolve.

Our Strategies and Views

- Trump started his second term by making good a number of his pledges and then turning a tad deliberative on others. **He declared a national emergency at the border** to crack down on a surge in undocumented migrants as well as **national energy emergency** to tackle inflation by enabling new O&G development on federal lands and roll back Biden's climate regulations. Just when we thought tariffs could take a backseat as Trump held off immediate tariffs on China, he mentioned that he is "thinking in terms of 25% (tariffs) on Mexico and Canada" on Feb 1st. However, when it comes to China, he seems to have taken the softer approach for now, issuing executive order to defer the ban on TikTok for 75 days and declared that immediate tariffs on China would be deferred. USD softened as a result. Along with the fall in crude oil prices, UST yields fell from recent peaks as well. Should this continue, USDJPY and USDCHF may have more room to fall, especially when Trump seem to have expansion plans.

- **Tariffs are a means to an end?** Trump had threatened Columbia with 25% tariffs and then backed off from tariffs once Columbia agreed to allow the military planes carrying deported migrants to land in the country. This suggests that the tariffs are still used as a bargaining leverage rather than a source of revenue. That said, Mexico and Canada could be faced with a 25% tariff on 1 Feb. MXN and CAD could continue to remain in two-way swings. Frontrunners to succeed Canadian PM Trudeau Canada had vowed dollar-for-dollar retaliation to Trump. This could mean a period of tit-for-tat and negotiations. We also note that any resolution could also bring sharp relief for MXN and CAD.

- **Is Trump Really Soft on China?** Trump had a phone conversation with China President Xi. In contrast, he was also unexpectedly hostile to Russia, threatening to add sanctions on Russia if Putin does not come to the negotiating table. At Davos, Trump urged Xi to help stop the war in Ukraine and rebalance the US-CH trade deficit. So we suspect that the first goal (of ending the war in Ukraine) takes priority in 1Q. Trump's "America First" memo required the USTR and Secretary of Commerce to submit a report on various investigations into the practices of key trade partners including China to be submitted on 1 Apr. With the deferment of TikTok ban also ending early Apr, there is still a real risk of tariffs. Between now and then, Asian currencies may be a tad supported due to this delay and also potentially, avoid being labelled as a currency manipulator.

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Top 3 Currency Plays for Feb

Sell USDCHF, USDJPY on Rally
Long Gold on Break of 2800
Short AUDNZD on Rally

Key Events for the Month Ahead

Date	Event
1 Feb	India Union Budget 2025-2026
18 Feb	Singapore Budget 2025
23 Feb	Germany Federal Election
9 Mar	Canada's Liberal Party Chooses a new Prime Minister
Feb-Mar	Potential ROK Presidential Election

USD: US Election Aftermath & Uncertain Fed Path

USD DXY	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	108.02 (107.37)	108.85 (108.20)	108.73 (108.11)	108.09 (107.99)

Previous Forecasts in Parentheses

Motivation: Global market volatility have risen in recent times due to concerns on the potential level of severity of Trump's policies. USD DXY rose around 4% from 1 Dec to a high of 19.96 by 13 Jan 2025 on the back of concerns from Trump 2.0 policies. It has fallen around 1.7% since then as higher and wider tariff imposition on China and other countries beyond Mexico and Canada did not materialize after Trump's inauguration. Post his inauguration, President Trump has been quick to address topics such as immigration, energy and tariffs but more clarity is still required. Uncertainty regarding his policies are still likely to create more market volatility this year. We continue to remain cautious given the Trump policies overhang. Meanwhile, the Federal Reserve is leaning less dovish, possibly delaying rate cuts as US economic strength and inflation hold up. UST yields and the broad dollar are likely to still trade at elevated levels as markets still factor in President Trump's potential tariff, tax and immigration policies. The forecast changes in the USD DXY reflect changes to some weakness to JPY and GBP in our 2025 outlook due to reflect recent market developments and policy outlook.

Fed cut the fed funds rate (FFR) by -25bps to 4.25%-4.50% at the 17-18 Dec 2024 FOMC meet after cutting by -50bps on 18 Sep 2024 and -25bps on 7 Nov 2024. "Dot plot" shows Fed is easing on the easing cycle to -50bps p.a. in 2025-2027 after the -100bps cuts in 2024 amid upside risk to inflation under "Trump 2.0" as per the upward revisions to its inflation forecasts for 2025-2026. We expect Fed to engage in progressively shallower FFR cuts over the next two years i.e. by a total of -75bps next year (end-2025F: 3.50%-3.75%) and -50bp in 2026 (end-20206F: 3.00%-3.25%). As at 24 Jan 2025, Fed fund futures look for the Fed to cut by another 40bps by the end of 2025 (end around 3.93%) and roughly another 26.5 bps by the end of 2026 to take the policy rate to around 3.67%, which is higher than the Fed's estimate of the long-run policy rate (2.8% to 2.9%).

USD moves in Feb and its pace depends on (1) the speed and depth of the Fed cuts from the first three cuts in Sep, Nov and Dec FOMC, (2) extent and dynamics of global growth (excluding US); and (3) how external factors such as tariff imposition and severity, geopolitical risks and ongoing global central bank moves.

We are seeing a recent bout of USD strength after the US presidential elections as well as economic data pointing to a still resilient US economy, prompting Fed policymakers to pare back the quantum of rate cuts for 2025 in the latest Dec FOMC dot plot. The US macro picture remains fluid and extent of the Fed moves ahead remain uncertain and is likely to be predicated on the growth and labour market trajectory. The favourable US inflation data since May suggests the inflation is on track to return to the 2% target despite an increase in the unemployment rate (albeit remaining low). If this pans out on the inflation front and unemployment rate is kept stable and labour demand growth holds up well, we expect the remaining 50 bps cut in 2024 to be on track. Recent change in non-farm payroll data releases came out much higher than expected at 256k vs expected 165k in the Jan 2025 release.

Our latest BEER model estimates show USD is overvalued by around 4% as of 14 Jan 2025, from a peak of around 12% in 2Q 2020. However, the misalignments in the USD can continue at current levels or spike up again. USD weakness momentum can continue if the Trump administration announcement on China tariffs are either delayed introduced in a milder version or spread over time. The USD weakness can also continue if there are emerging signs of external growth recovery, most notably too if there are further China fiscal stimulus and softer US data. In the absence of any announcements, USD could remain rangy or supported as post his inauguration, President Trump has been quick to address topics such as immigration, energy and tariffs but more clarity is still needed. Uncertainty regarding his policies are likely to create more market volatility this year and support the greenback.

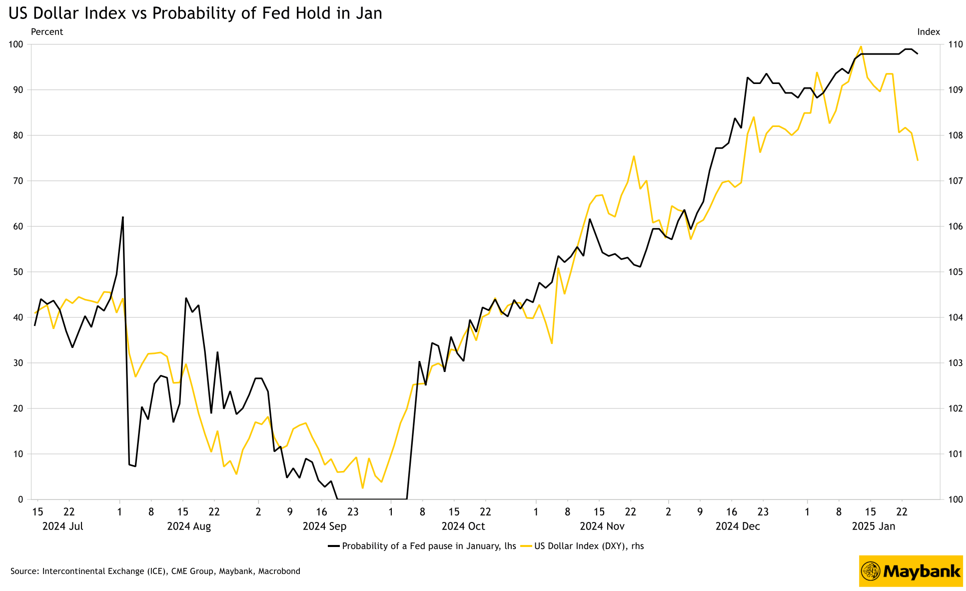
We still factor in some further moderate support in the DXY before the greenback eases by end 2025 after some clarity from the US administration becomes clearer by middle of the year. Fundamentally, we still remain negatively biased towards the USD in the medium term as the pivot away from current higher rates and yields materialises as the economic cycle turns and given the country's structural twin deficits and the national debt expected to rise further over the next few years with a fiscal cliff potential in 2025.

On the macro data front, Oct again saw release of resilient US data – NFP was at 254k vs prior 142k (expected 150k) for Sep, unemployment rate was lower at 4.1% vs prior 4.2%, CPI YoY came in slightly higher at 2.4% vs expected 2.3%. Dec core CPI came in surprising soft and core PCE deflator may come in at a pace consistent with the 2% price target. Markets will continue to monitor inflation and labour market numbers, which includes headline CPI and PCE core deflator data to see if it will come out stronger than expected and remains elevated due to services inflation. Going forward, disinflation faces headwinds from higher energy and food prices and the wildfire in Los Angeles. We expect food prices to increase in 1H 2025, and the LA disaster will boost shelter prices — which will show up partially in Jan and could boost CPI over the course of the year. All these could lead to further arguments for a pause in the rate cuts.

Expect FX risk premiums to be affected by rising trade policy/tariffs, G7-China relations, any changes in fiscal and currency policies in various countries. Broader US & G7-China conflict is dollar positive. In the near term, there is still always the possibility of a likelihood of a scenario of the FOMC cutting more quickly in consecutive meetings, if labour market data softens more than expected and driven by concerns of a slowdown in the economy rather than a normalisation move.

Key Data/Events in Feb 2025: NFP (7 Feb); S&P Global US Manuf PMI (3 Feb); Durable Goods, Factory Orders (4 Feb and 27 Feb); Trade Balance (5 Feb); CPI for Jan (12 Feb); Uni Of Michigan Sentiment (7 Feb); Retail Sales (14 Feb); Ind Prodn (14 Feb); GDP 4Q A (30 Jan); Core PCE (28 Feb); FOMC Minutes (20 Feb); FOMC (30 Jan).

DXY Has Been Tracking Probability of Fed Hold in Jan



Source: Intercontinental Exchange (ICE), Macrobond financial AB, Maybank FX Research, Macrobond

Deregulations - Growth Boosting that Could Amplify King USD
Deportation - Negative on Labour Supply

Key Trump 2.0's Policies and Priorities	Potential Impact
Deregulations	
- Reverse Biden's Limits on Energy Projects	*Negative for Oil, Better for Inflation Outlook if crude production expands*
- Exit Paris Climate Accord	*Little impact expected on markets*
- Ease Regulations on Crypto-Currency Industry	*Supportive of cryptocurrencies but arguably, great expectations may already be in the price*
Immigration	
- Deportation of Illegal Immigrants and/Foreign Workers	*Potential impact on labour supply, supply chain issues can result in price increase* *[1]44K US-born workers to lose job for every 500K immigrants removed from the labour force. [2]Construction, Agriculture sectors could be more affected.*

Note 1: A 2023 study in the Journal of Labor Economics (https://www.journals.uchicago.edu/doi/abs/10.1086/721152?journalCode=jole)
Note 2: Large numbers of Illegal immigrants are hired by construction and agriculture. A sharp labour shortage there could raise prices in those goods and services.

EUR: Headwinds Continue

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
EUR/USD	1.0300	1.0200	1.0100	1.0100
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: Headwinds continue to be present for the EUR heading in 2025 and we maintain our forecasts and the downward trajectory for the EURUSD. Headwinds are seen from (1) political uncertainty in the Eurozone with Germany facing the prospect of a no-confidence vote and France failing to pass a budget and clearing a no-confidence vote in their government, (2) tepid growth prospects which are likely to worsen as (3) potential Trump trade policies weigh on exports (especially of cars) and the EUR. As a measure of fair value, our Maybank BEER model shows that the EUR is about undervalued by about 1.4%, although we note that the market could deviate from this measure for an extended period. Also, alternative measures of fair value still show that the EUR could weaken further.

US trade policy looks set to be a major focal point for markets this year. EURUSD has trended broadly lower in Jan, and this comes largely on the back of expectations that the Fed will pause on rate cuts and Trump's policies would be largely beneficial for the USD. EURUSD trades within a lower 1.0178 to 1.0521 range as at 26 Jan 2025 (versus 1.0343 to 1.0630 range in Dec 2024). We do not expect EURUSD to hit parity this year, although our current forecast trajectory sees parity in 2026. We expect that broader USD drivers will continue to dominate moves in the FX space. Thus far, Trump has appeared to be a bit more measured in the rollout of EU-specific tariffs, which has led to a small rebound against the USD, but we are wary that the situation could change. This creates an external environment for currencies that is challenging and uncertain and we continue to monitor developments on this front.

ECB dovishness is well priced-in and risks for EUR could be to the upside if ECB surprise to the hawkish side. We expect ECB not to deviate from their data-dependent approach and expect up to 100bps of cuts in 2025 with the ECB deposit facility rate at 2.00%. This is broadly in line with market expectations as at 26 Jan 2025. We expect the ECB to adopt a growth-supportive stance as Eurozone inflationary pressures ease and Eurozone growth prospects face multiple challenges. At the same time, we recognize that there is a risk that inflation could surprise to the upside once again and that could force the ECB to be more measured on rate cuts later in 2025.

Eurozone growth has been tepid with significant downside risks from potential Trump trade policies and political issues in Germany and France. Eurozone growth has not rebounded as much as we had expected in 2024 and one key issue that remains is that Germany's growth remains weak. Eurozone recession probability is estimated at 30% and Germany's is at 52.5%. Leading indicators for major Eurozone economies are weak and the EUR is vulnerable to potential Trump trade policies. We see this as a headwind for the EUR, which is unlikely to reverse in 2025.

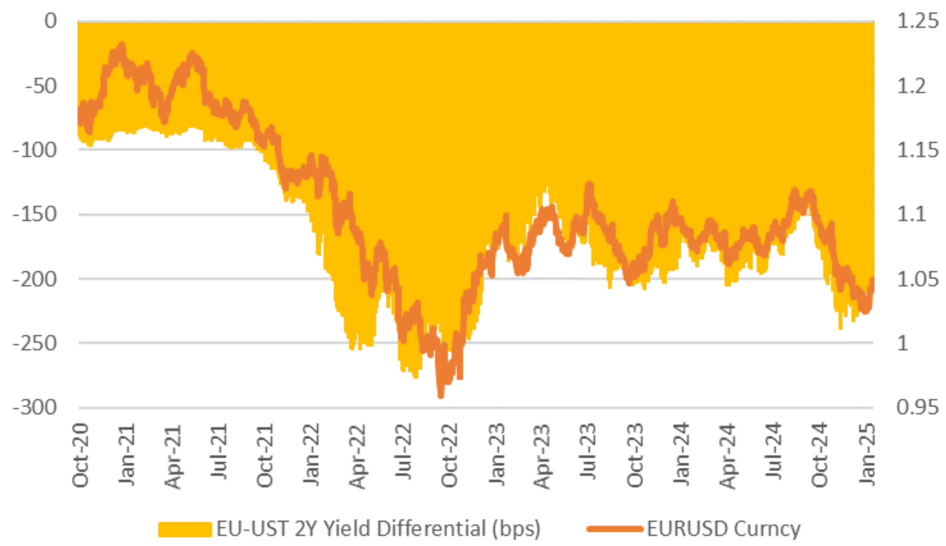
Political uncertainty is likely to continue to weigh on the EUR into 2025. French budget negotiations are undergoing between the Senate and the National Assembly, with a looming Feb deadline to avoid potential further economic disruption. An earlier administration lead by former PM Barnier lasted a mere three months, and the current administration led by Bayrou faces similar challenges with the political split in French parliament – a situation that leaves France as some suggest, ungovernable. Meanwhile German chancellor Scholz lost a no-confidence vote on 16 Dec 2024. Early German elections are now scheduled for 23 Feb 2025. The headwinds from political uncertainty could ease as early as 2Q 2025, but there is the risk that it continues to weigh for longer.

Looking at the EURUSD chart, the pair seems to be a tad on the oversold side last seen at 1.0497 levels. A slight rebound has featured thanks to an upbeat business activity data release and as Trump has been more measured on EU-specific tariffs. 1.05 and 1.06 levels are the key resistances, while support is at 1.0430 (50 dma) followed by the 1.02 to 1.0250 region, where the month-low of 1.0178 was summarily rejected.

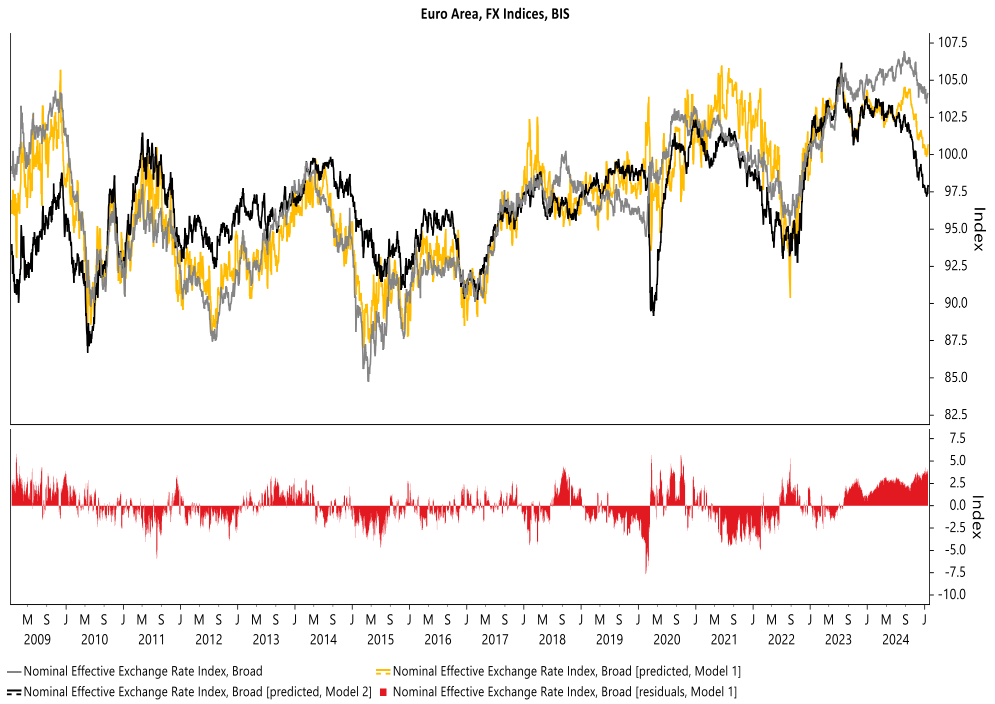
Risks to our view: An early resolution to the Ukraine war should provide the EUR with a boost although this remains the sole potential upside for the EUR that we see as likely. Trump has pledged to end the conflict, and Ukraine has suggested it could cede territory to end the war. However, escalation is also possible and that could weigh further on the EUR. Russian President Putin has also acknowledged that he would be willing to negotiate and that could well be the beginning of an end to the ongoing conflict in Ukraine.

Key data/events: Jan F Mfg PMI, Jan P CPI Inflation (3 Feb), Jan F PMIs, Dec PPI (5 Feb), Dec Retail Sales (6 Feb), Feb Sentix Investor Confidence (10 Feb), Dec Industrial Production (13 Feb), 4Q P GDP, 4Q P Employment (14 Feb), Dec Trade Balance (17 Feb), Feb ZEW Survey Expectations (18 Feb), Dec ECB Current Account (19 Feb), Dec Construction Output, Feb P Consumer Confidence (20 Feb), Feb P PMIs (21 Feb), Jan F CPI (24 Feb), Jan ECB 1Y/3Y CPI Expectations (24 to 28 Feb), Jan Money Supply, Feb Confidence Indices (27 Feb).

Yield Differentials Drive EURUSD



EUR NEER Could Weaken Further



Source: BIS, Bloomberg, Macrobond, Maybank FX Research & Strategy

GBP: Maintain Call for Resilience

GBP/USD	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	1.2500	1.2450	1.2550	1.2600
	(1.2650)	(1.2600)	(1.2650)	(1.2700)

Previous Forecasts in Parentheses

Motivation: We remain cautiously optimistic on the GBP for 2025 although we make a an adjustment to our forecasts on economic growth concerns for the UK amid reduced fiscal spending. We maintain our belief that the GBP will be more resilient on the basis that the UK as a services-oriented economy is less likely to be influenced by Trump trade policies. As a close ally of the US, it will probably also be spared from significant actions by the Trump administration. From a fair valuation perspective, the GBP is about 1.3% undervalued based on the Maybank BEER model. Note that this could differ from market valuation of the GBP and other fair value models, which show GBP could weaken further.

GBPUSD traded in a 1.2100 to 1.2576 range as at 26 Jan 2025, broadly lower than the 1.2476 to 1.2811 range in Dec 2024. Broad based USD strength was the main reason for the decline and we expect this to be one of the dominant drivers for FX amid uncertainty from US trade policy implementation in 2025. Nevertheless, pair has rebounded off the lows as Trump appears to be less intent on forcing through tariffs as he remarked that he would not want to use tariffs against China if possible.

The BOE is in our view likely to cut rates by 100bps in 2025. This should bring the policy rate to 3.75%. This is more dovish than the 68bps of rate cuts priced by the market, although it is broadly consistent Governor Bailey's suggestions of four rate cuts for the BOE's central planning scenario. Disinflation in the UK remains intact and wage pressures are broadly moderating in tandem. At the same time, the external environment is set to become much more challenging and uncertain. As such, the BOE should be able to cut more than what is priced to support the economy.

UK growth could perform worst than initially expected as the government reduces fiscal spending. We, however, still expect some resilience for the UK economy. Probability of a UK recession is 30% (prev: 25%) and UK economic data has generally been robust. The prospects for a services-oriented economy are also likely better than for goods-oriented economies against a backdrop of tariffs and potential escalation in trade tensions. As a close ally of the US, the UK is also unlikely to be flagged by the Trump administration for further trade measures.

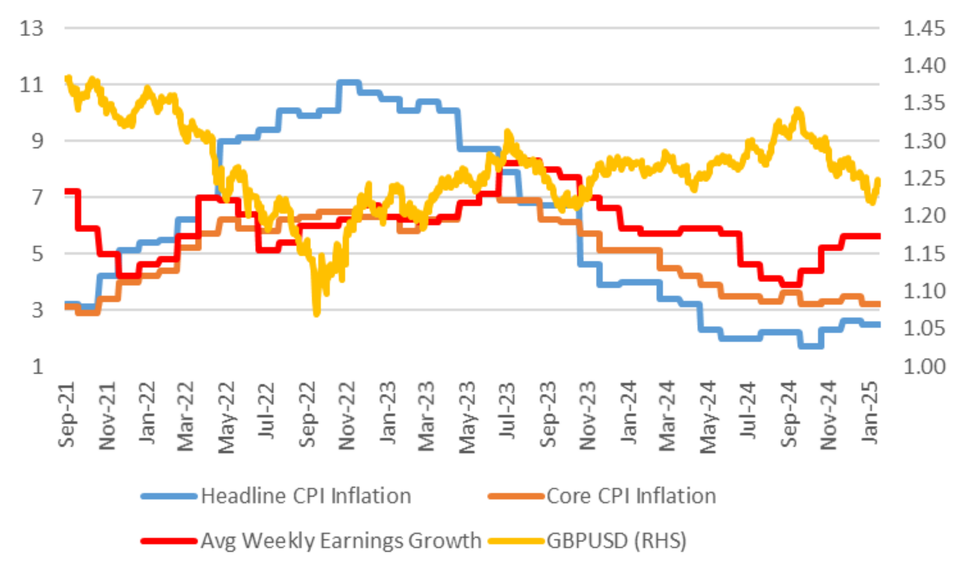
The continued approach by Starmer administration towards improving relations with the EU should be supportive of the GBP. UK fiscal deficits are expected to narrow to 3.8% of GDP in 2025 and 3.3% of GDP in 2026. We earlier expected reduced fiscal deficits to be better for the GBP, but this has thus far played out to the contrary, with tightening of the fiscal deficit associated with weaker growth prospects for the UK economy. Nevertheless, we recognize that better relations in 2025 between the UK and EU for trade and cooperation exist and there is every possibility that closer relations could be established, especially if Trump's policies eschew the EU. On net, we expect this to be GBP supportive.

Risk sentiment in general has been tentative amid a highly uncertain external environment. This weighed on the high beta GBP. Our modest adjustments to our forecasts are reflective of a GBP that could continue to be resilient, but yet have room to weaken further against the USD. US trade policies are a major focal point in 2025, and the uncertainty over what and how these policies may be implemented should be worse for the GBP as opposed to safe-havens or other lower beta currencies. However we also note that there remains room for GBP outperformance to return (recall how GBP was the standout performer for part of 2024) should greater clarity on trade policies be supportive of a global growth environment. It is possible that Trump uses tariffs and trade policies as a negotiation tool to achieve his goals for the US i.e. as a means to an end and not as an end. Should China not be as badly hit as expected, then the global growth outlook could pick up and we should see some resilience return for the GBP.

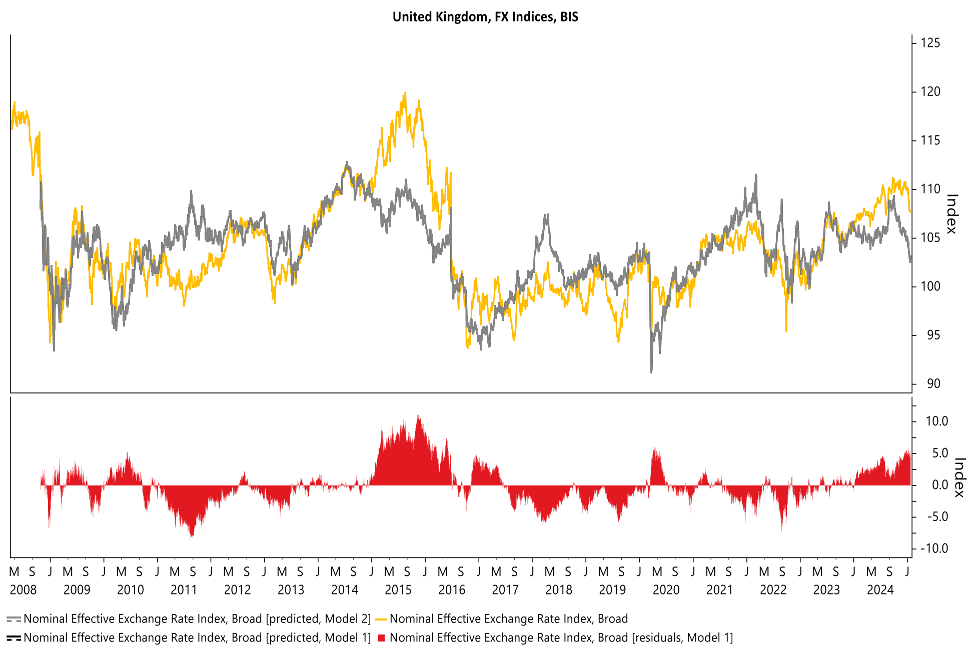
Risks to our view: GBP remains a high beta currency that is susceptible to changes to the global economic outlook. More specifically, if Trump's policies threaten a soft landing for the global economy and threaten the resilient economic outlook for the UK, that could weigh on the GBP. Fiscal discipline could also be threatened by domestic politics, although this remains unlikely. The Conservatives could derail also efforts to improve UK-EU relations and this could ruin the expected boost for the GBP from warmer relations between the EU and the UK.

Key data/events: Jan F Mfg PMI (3 Feb), Jan Official Reserves Changes, Jan F PMIs (5 Feb), Jan Construction PMI, BOE Policy Decision (6 Feb), S&P Jobs Report (10 Feb), BRC Sales Like-for-Like (11 Feb), Jan RICS House Price Balance, Dec Monthly GDP, Dec Industrial Production, Dec Manufacturing Production, Dec Trade Balance, 4QP GDP, 4QP Exports/Imports (13 Feb), Feb Rightmove House Prices (17 Feb), Dec ILO Unemployment, Dec Avg Weekly Earnings (18 Feb), Jan CPI/RPI/PPI (19 Feb), Feb Consumer Confidence, Jan Public Finances, Jan Retail Sales, Feb P S&P PMIs (21 Feb), Nationwide House Px Indices (28 Feb).

Inflation and Wages Abate in Tandem



GBP NEER Remains Slightly Overvalued



Source: BIS, Bloomberg, Macrobond, Maybank FX Research & Strategy

CHF: Safe-Haven Support

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/CHF	0.8825 (--)	0.8850 (--)	0.8850 (--)	0.8850 (--)

No Change to Previous Forecasts

Motivation: We continue to see a relatively flat trajectory for USDCHF amid USD-support persistence and a dovish SNB. The outlook for the CHF is nuanced in that as a safe-haven it should perform well in an increasingly uncertain external environment. At the same time, the SNB has expressed a preference for CHF weakness. We continue to believe that SNB's dovishness could bring it to a pivot point where the CHF becomes the funding currency of choice over the JPY. When that pivot is crossed, we would expect significant pressures on CHF and more specifically on the CHFJPY cross. The Maybank BEER model suggests that the CHF is 1.2% undervalued.

USDCHF traded in a broadly higher 0.9009 to 0.9201 range in Jan (as at 26 Jan 2025) versus the 0.8736 to 0.9080 range seen in Dec 2024. This was largely due to broad based USD strength and we expect this to be one of the dominant drivers for FX amid uncertainty from US trade policy implementation in 2025. Nevertheless, we do continue to expect CHF to be supported as a safe-haven currency.

We expect the SNB to cut rates by 50bps to bring its policy rate to 0% in 2025. This comes on the back of a larger than anticipated 50bps cut in Dec. Inflation levels are benign in Switzerland, while growth prospects are tepid. The SNB should continue to remain dovish as the tepid Swiss economy that could potentially be threatened by Trump tariffs. SNB President Schlegel has acknowledged that Switzerland would be vulnerable should Trump wield tariffs and hinted that the SNB could intervene to control disorderly CHF movement and we think that this would necessarily place a cap on CHF strength.

Economic growth in Switzerland is tepid. While probability of a recession is relatively low at 20%, growth is expected to print at 1.3% in 2025 and 2026 (prev 2025: 1.4%; prev 2026: 1.5%). Risks to the growth outlook are to the downside given the uncertainty over Trump's trade policies and the potential impact on demand for luxury watches. The CHF is expected to remain resilient given its safe-haven status, but a strong CHF would also make Swiss exports relatively expensive and unattractive.

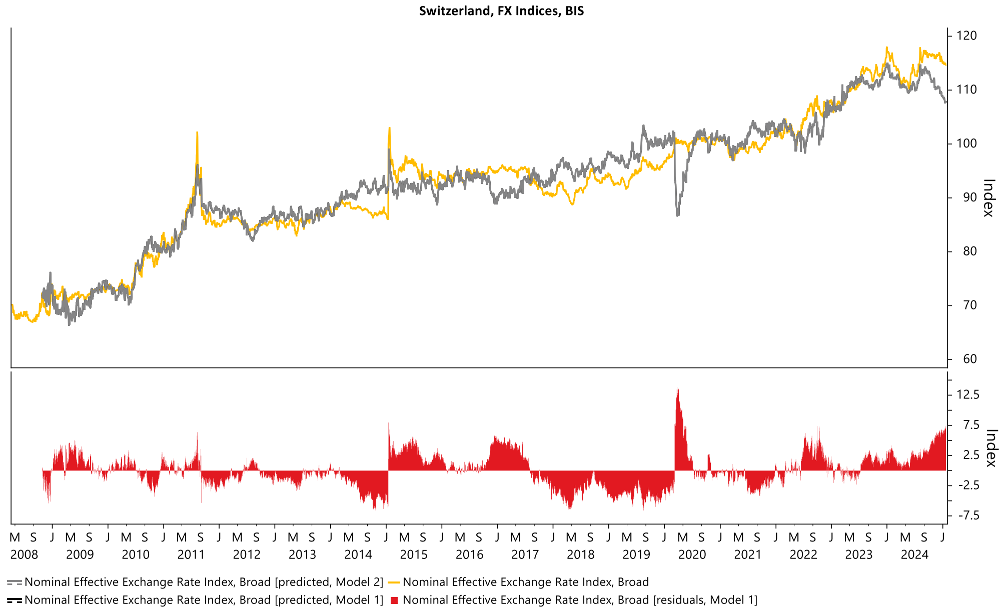
With BOJ expected to hike and SNB expected to ease, we approach a potential pivot where CHF could replace JPY as the funding currency of choice. We are now only a few hikes/cuts away from reaching the pivot with the BOJ policy rate at 0.25% and the SNB policy rate at 1.00%. Should the conditions for carry trades continue to persist i.e. if volatility remains low, that could weigh heavily on the CHF. Nevertheless, safe-haven flows should keep USDCHF relatively supported and the CHFJPY cross could be more directly affected.

Charts suggest that USDCHF could be on the verge of a potential bearish reversal, with a double top pattern forming on the charts. Tops have formed at the 0.92 level, with a neckline of around the 0.90 level to watch. However, we caution that dips in the USDCHF pair could be quickly bought up by SNB intervention and it is unlikely that the pair extends declines too far below the region of support between 0.8788 to 0.8833.

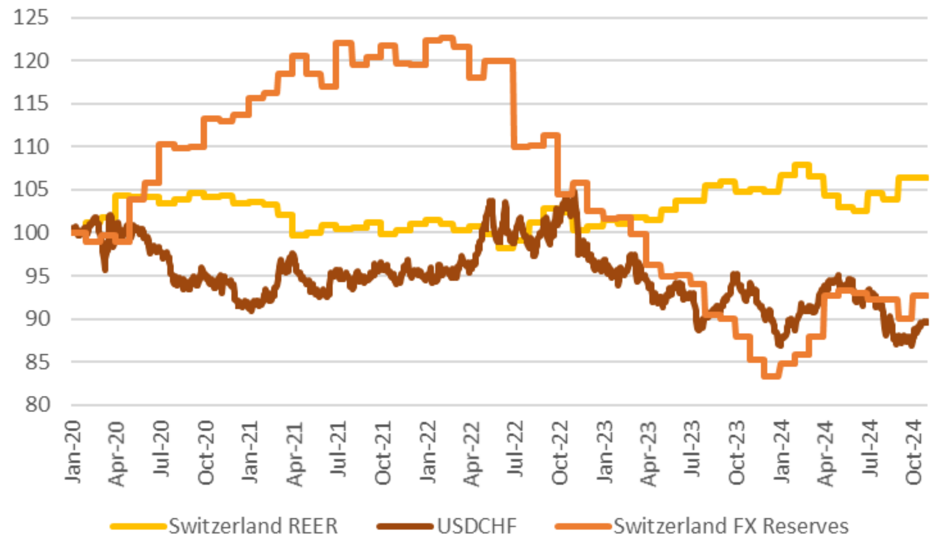
Risks to our view: Upside risks to inflation that could overturn the SNB's dovish stance although that is unlikely. In addition, the chance that the BOJ turns dovish and chooses not to hike rates, that could result in CHF's status as the preferred safe-haven currency persisting and a more prolonged period of relative CHF strength. A more rapid escalation of geopolitical tensions that expected could also result in demand for CHF and be more supportive of the CHF that we initially anticipated.

Key data/events: Jan Mfg/Svcs PMI (3 feb), Jan Unemployment Rate (6 Feb), Jan SECO Consumer Confidence, Jan FX Reserves (7 Feb), Jan CPI, 4Q P GDP (13 Feb), 4Q Industrial and Construction Output (13 Feb to 18 Feb), Jan Producer & Import Prices (14 Feb), Jan Exports/Imports (20 Feb), Jan Money Supply (21 Feb), UBS Survey Expectations (26 Feb), 4Q GDP (27 Feb), KOF Leading Indicator, Jan Retail Sales (28 Feb).

Swiss NEER Elevated



Swiss REER Remains Above SNB Comfort Level



Source: BIS, Bloomberg, Macrobond, Maybank FX Research & Strategy

AUD: Of Tariff Woes and Fading RBA Support

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
AUD/USD	0.64	0.62	0.60	0.60
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: AUDUSD had been overdue for a corrective bounce higher since the end of Dec and that has played out partially. Trump had seemed less abrasive to China since his inauguration on 20th Jan and that has likely triggered some unwinding of AUD short positions. Net short positions was at an eight-month low as of 14 Jan with a net short of 77.6k non-commercial contracts recorded by CFTC. We suspect the next update will be some reduction in the net short positions. Key date we watch is 29th Jan when the 4Q CPI is due. Softer prints could potentially spur more AUD weakness and repricing for a rate cut on 18th Feb. **Beyond the near-term, we remain bearish on the AUD.** This is based on our expectations for Trump to start imposing tariffs on China within the first half of the year, it looks to be from 2Q at this point. Risk-sensitive AUD could weaken as tariff-related news will hit sentiments. The potential impact on China's growth as well as demand for Australia's base metals (copper and iron ore) will also drag on the AUD. At home, AUD has been underpinned by hawkish RBA for much of 2024 as RBA refused to start its easing cycle even as other central banks (RBNZ, ECB, Fed) eased in earnest. Into 2025, we expect RBA to cut interest rates and we look for AUD to come under more discernible pressure once that happens. AUD is just -2.2% undervalued based on our BEER model estimation. In times of stress, wide deviation can persist.

Growth has been weakening in Australia with household spending on the slowdown at 0.4%m/m in Nov vs. 0.9% in the month prior. Taking into consideration that there was a Black Friday sales in the month, the slowdown underscores the weakening demand at home. Year-on-year, growth also decelerated to 2.4% from 3.3%. Yoy growth of non-discretionary and discretionary spending have slowed considerably on a three-month rolling average basis. However, the bump-up in short-term overseas arrivals and returns in Dec could mean that spending might improve in the following release for Dec. With the Dec labour report showing resilience (56.3K net employment), the case for a rate cut in Feb remains less compelling from the labour market point of view.

Inflation-wise, 4Q CPI is due on 29th Jan. Consensus expects trimmed mean to ease further towards 3.3% from previous 3.5%, still just above the targeted range of 2-3% and RBA's mandate is to get inflation to the mid-point at 2.5%. The monthly trimmed mean CPI has drifted lower from Oct and Nov. Trimmed mean inflation gauge remained arguably subdue for Dec. The last Statement on Monetary Policy had headline inflation to be around 2.6% and trimmed mean at 3.4%. Along with that, RBA has also pin a 25bps cut in to happen sometime by Jun 2025 where trimmed mean would have eased to 3.0%y/y. **<u>Any downside surprise to the trimmed mean on 29th Jan would spur a repricing of rate cut in Feb, right now at 77% and bring the AUD lower.</u>**

RBA to Start Easing in 2025 (-75bps). For much of 2024, RBA Bullock remained stubbornly hawkish. The phrase "not ruling anything in or out" has been in RBA's monetary policy statement since its Mar 2024 meeting and removed at the Dec meeting. This phrase has been in the statement since Mar 2024 and greatly distinguished RBA's relatively hawkish stance compared to most of its G10 peers. Along with that, the RBA is more confident that inflation pressures are declining whilst labour market conditions remain tight. With private consumption and investment under pressure from restrictive policy settings, **we continue to see the risk of a RBA starting to move in Feb and that will continue to exert downward pressure on the AUD. Despite the resilient labour market, there are clear signs that domestic demand has been under pressure from high interest rates. Inflation has also been trending lower towards the target.** With the external environment likely to turn even more challenging in 2025, risks might tilt more towards growth and we look for RBA to cut 75bps next year. There is also a risk that RBA may need to cut more than expected should Trump's frictional policies affect global growth.

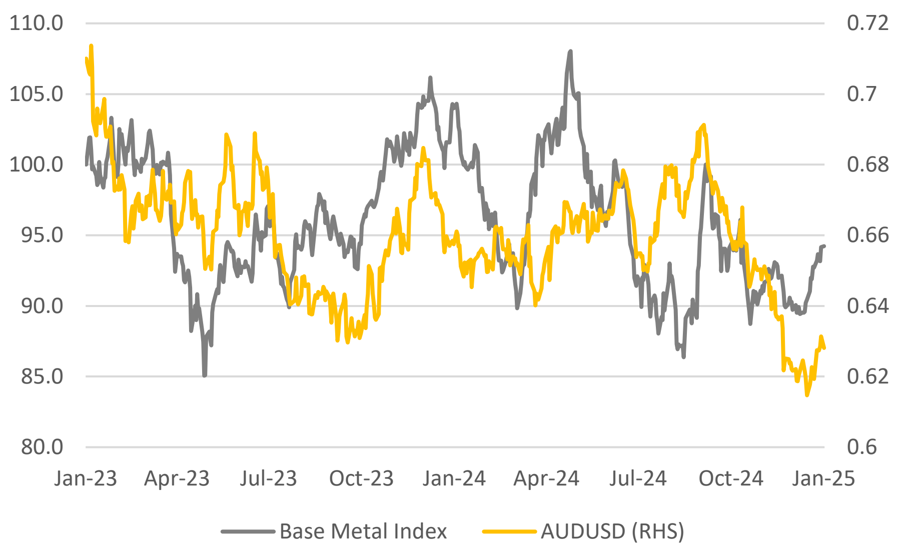
Global Growth to Moderate, Falling Base Metals to Weigh. Global growth is expected to moderate from 2.9% to 2.8% in 2025 and China's property market outlook continues to look sluggish, the outlook for iron ore continues to remain weak. Iron ore and copper prices have been trading higher since early Jan and show signs of turning (lower). Growth in China remains fragile. Trump's penchant for using tariffs as bargaining chips could hurt business confidence and crimp on global trade even more in 2025, potentially exacerbating the decline in the demand for Australia's resources (iron ore, copper, LNG, etc).

Australia's election will be held on or before 17 May 2025.

Risks to the AUD Forecast: (1) US inflation and concomitant policy trajectory is key for USD direction and a stickier-than-expected US inflation could weigh on AUD even more. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the AUD. (3) Trump's trade agenda is key and an absence of tariffs on China would be positive for AUD.

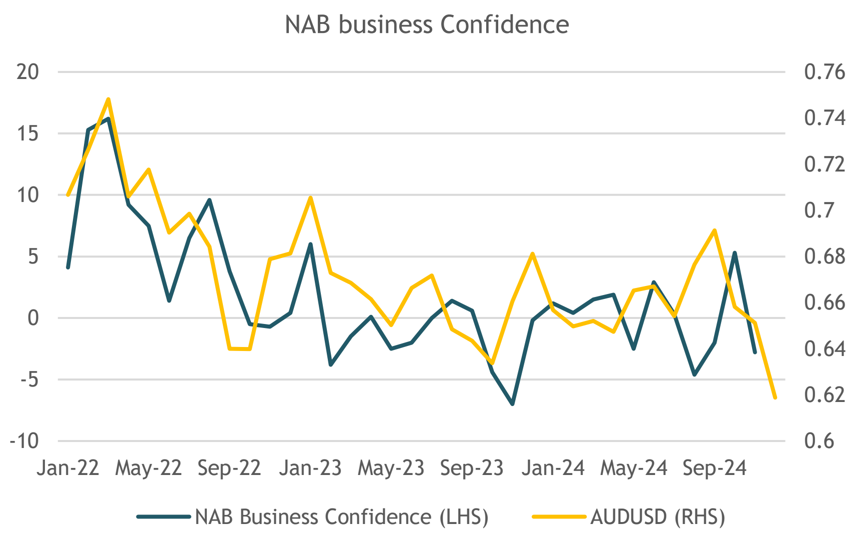
Key Data/Events: Jan CoreLogic home value (2 Feb), S&P Global Australia PMI Mfg (3 Feb), Jan M-I inflation gauge, Dec retail sales (3 Feb), Dec Household spending (4 Feb), Dec trade (6 Feb), Feb Westpac consumer confidence (11 Feb), 4Q home loans value (12 Feb), RBA cash target rate decision (18 Feb), Statement on Monetary Policy, 4Q Wage price index (19 Feb), Jan labour report (20 Feb), Jan CPI (26 Feb), 4Q Capex (27 Feb).

Pullback of Base Metals Add Pressure on the AUD



Source: Bloomberg, Maybank FX Research & Strategy

Business Confidence has been On the decline



Source: Bloomberg, Maybank FX Research & Strategy

NZD: Room for outperformance against the AUD

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
NZD/USD	0.5700 (--)	0.5600 (--)	0.5500 (--)	0.5500 (--)

No Change to Previous Forecasts

Motivation: NZD has been on the rise against the USD for much of **Jan** as 1) the USD is long due for a technical correction (lower) and that is playing out now; 2)Trump's tariff play is now focused on Canada and Mexico and seems to be taking the softer approach on China for now,3) NZ has had some positive data at home, although overall domestic demand is still soft and outlook for external demand is uncertain. Elevated dairy prices are keeping the NZD supported via the terms of trade but risks are to the downside. **Looking forward,** NZD may remain under pressure beyond the near-term as risks to growth remain tilted to the downside, especially with external demand likely to face challenges due to Trump's trade policies. We are not ruling out more frictional trade policies between the US and China. There are fewer migrants inflow into NZ. However, there are signs that domestic demand have started to recover and that could offset some of the downside pressure on growth and the NZD. RBNZ is expected to cut another 110bps this year according to the swap markets and that suggests little room for extra cuts to be priced in for the NZD. We continue to expect NZD to outperform AUD as cash rate futures suggest more conservative easing expectations for RBA. We watch RBNZ Chief Economist Conway's speech on 29 Jan. NZD is -3.2 undervalued based on our BEER model estimates. In times of stress, wider deviation can persist.

We expect RBNZ to take the OCR lower by another 50bps to 3.75% at the Feb policy meeting. 4Q CPI came in softer at 0.5%q/q vs. 0.6% in the quarter prior. Tradeable CPI picked up pace to +0.3%q/q from previous -0.2%, possibly due to the softness of the NZD while non-tradeable inflation slowed to +0.7%q/q from previous +1.3%. The inflation report suggests that domestic demand continue to show signs of softening. In addition, unemployment rate continues to rise, at 4.8% for 3Q compared to 4.6% in the quarter prior. Net migration in Nov rose to 2070 but the prior number was revised sharply lower at 1530 and on a 3month rolling basis, remains subdued. The support from migrant inflows could thus be waning. 3Q GDP actually contracted again by -1.0%q/q vs. the quarter prior at -1.1% (revised sharply lower from -0.2%). On an annual basis, growth has contracted -1.5% vs. previous -0.5%. Leading indicators such as the BusinessNZ Mafg PMI did not paint a rather weak picture at 45.9 in Dec, albeit a tad improved from 45.2. Performance services index on the other hand slipped to 47.9 vs. previous 45.2, another sign that domestic demand remains in need of further support. As such, RBNZ is still likely to provide another 50bps rate cut on 19 Feb.

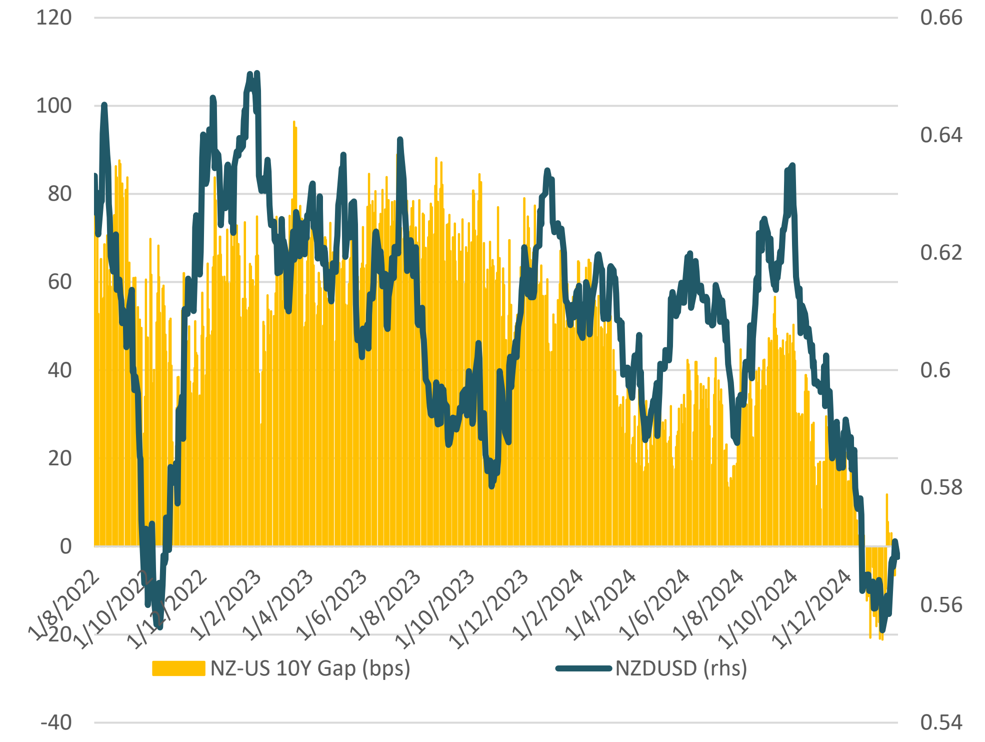
Little room for further dovish re-pricing for the NZDUSD seen as market implied policy rates suggest that investors had somewhat priced in a rather aggressive RBNZ at around -110bps. This is made possible because of lower inflation. Headline CPI has already slipped within the 1-3% target band, last at 2.2% for 4Q. This could also allow RBNZ to potentially support growth and employment. With such an aggressive positioning for RBNZ to ease, there is a possibility that NZD may rebound in an environment of stronger growth environment (US, China and Eurozone), lower UST yields as the fall in oil prices continue to nudge the yields lower. Any sign of a stronger data from home could lift the NZD. This is in contrast with AUD where expectations for easing are relatively more conservative at this point and there could be more room for rate cuts should Trump impose tariffs on China.

Trade. Trade deficit narrows quite substantially in Nov to –NZD437mn from previous ND1.658bn in the month prior. This was brought about by stronger exports receipts as well as a reduction in imports bill seen in the month compared to Oct. However, there seems to be some kind of seasonality in the data as exports of dairy products tend to surge into the end of the year. There are expectations that supplies of dairy, beef and seafood could tighten and lift prices while NZ's production could increase in 2025. However, this outlook is not without risk given that we are still faced with potentially frictional trade policies from the US.

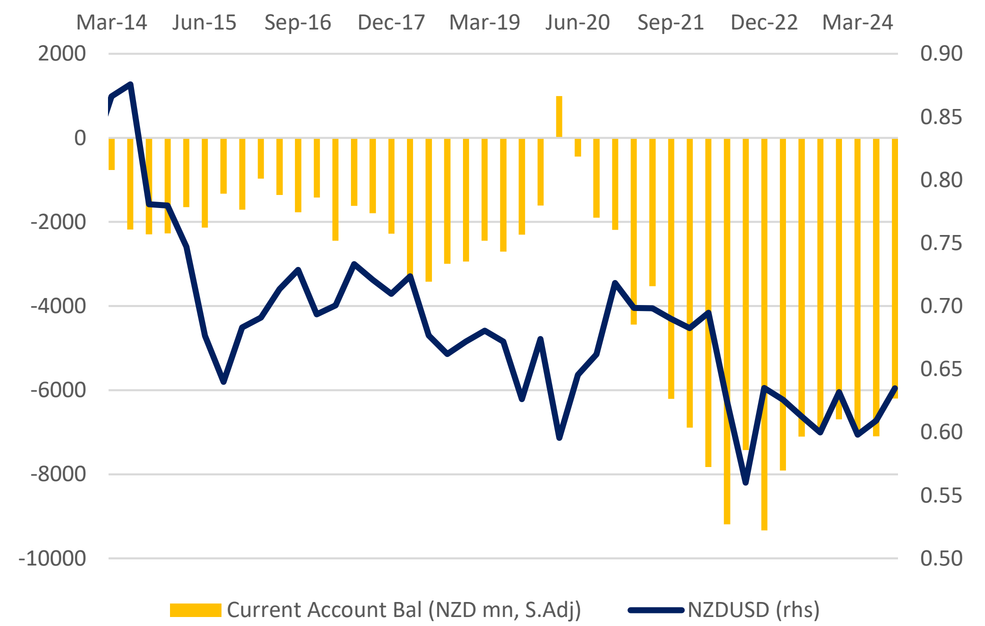
Risks: 1) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a sharper than expected global recession is negative for the NZD via the sentiment as well as the trade channel; 2) Trump's trade policies could continue to generate greater volatility for the NZD; 3) The NZ economy still looks a tad fragile and any downgrade to growth outlook will be negative for the NZD and warrant more aggressive rate cuts by the RBNZ.

Key Data: Dec trade (30 Jan), ANZ business confidence (30 Jan), CoreLogic home value (Jan), Dec building permits (4 Feb), Jan card spending retail, 2Y inflation expectation (13 Feb), Jan performance services index (17 Feb), Dec net migration (17 Feb), Jan trade (21 Feb), retail sales ex inflation 4Q (24 Feb), Feb ANZ activity outlook (27 Feb), ANZ consumer confidence Feb (28 Feb).

NZ-US 10y Differential Continues to Drive the NZDUSD, Retracements in Store?



Improvement in NZ External Balance Tends to Lift NZD



Source: Bloomberg, Maybank FX Research & Strategy

CAD: Weighed by leadership race, Trump's tariffs Threats

USD/CAD	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	1.4300	1.4500	1.4400	1.4300
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: The outlook for the CAD is volatile and uncertain. CAD had weakened significantly when Trudeau's premiership was looking increasingly vulnerable. His resignation just before the Liberal Party's national caucus lifted the CAD. However, USDCAD has been trading in range ever since. We look for USDCAD to remain in two-way trades within 1.42-1.46 range in the near-term as potential successors to Trudeau pledged dollar-for-dollar retaliation to Trump's tariffs. That could mean volatile trades for the USDCAD. A deal may still be reached eventually and with business sentiment showing signs of improvement due to lower inflation and interest rates (before Trump threw the spanner in the works), we see possibility to CAD to regain its strength towards the year end as the economy makes a recovery. Cad is around 1.7% undervalued based on our BEER model estimations. In times of stress, wide deviations can persist.

Trudeau ended his nine-year premiership by announcing his resignation on 7 Jan, promising to stay on in office until the Liberal Party can choose a new leader and parliament would be suspended until 24 Mar. Since then, a few candidates had stepped up. Front-runners include former BoC Governor Mark Carney and former FinMin Chrystia Freeland. Both had vowed dollar-for-dollar retaliation to Trump's tariffs. The latter added that it would amount to the "largest trade blow the US has ever endured". The campaign seems to be centred on how Canada can tackle Trump's tariffs and annexation threats. Candidates have to submit their nomination package, to be approved by the Party. The deadline is 23 Jan but it could take up to 10 days and Election Canada has to approved as well, which can take several days. With retaliations threatened, we can expect a potential period of tit-for-tat between the US and Canada that could drive the USDCAD higher. Swings will be two way with a move back up towards 1.46 not ruled out. A resolution would also bring the pair sharply lower. We prefer to keep the USDCAD forecasts unchanged due to the fluidity of the situation.

US-CA yield differential Driven by the US leg. The US-Ca rate differential has been driven primarily by the US treasuries and its effects on global yields. Term premium has risen amid concerns on the debt trajectory. Concerns on inflation reigniting and US exceptionalism has resulted in the steepening of the UST curve as well as widening divergence between the US-CA yield differential. That has also served to lift the USDCAD higher.

BoC is expected to cut rates by another 25bps on 29 Jan to take policy rate to 3.00%. There is a high chance that BoC would retaliate with tariffs on the US should the 25% tariffs take effect on 1 Feb. The timing is a little trickier as Canada's Liberal Party has not yet chosen a new leader and it seems to be a tight race between Chrystia Freeland and Mark Carney. The new leader will only be chosen on 9 Mar. Trudeau's stance matter and he had said Canada will "respond robustly" if Trump imposes "unfair tariffs". CAD will remain under pressure and a clearer direction may only be seen after the new leader is here. Before negotiations get started and tit-for-tats worsen inflation and growth prospects, **BoC will ease to give the economy the support they need. Swaps have fully priced in a cut.**

Beyond the near-term, we keep in mind that business sentiments have actually been improving for much of last year as inflation cools and interest rates fall. Further rate cuts could further bolster the prospect of the Canadian economy, notwithstanding the uncertainty that Trump's trade policies might bring. The quarterly **BoC survey indicated that businesses are more optimistic on future sales growth that jumped to 31 in 4Q from 13 in the quarter prior. Business outlook indicator has become less negative. Consumers sentiment improved due to interest rate cuts but remained subdue. More consumers are looking to buy a property in the next 12 months but with only 50% probability.**

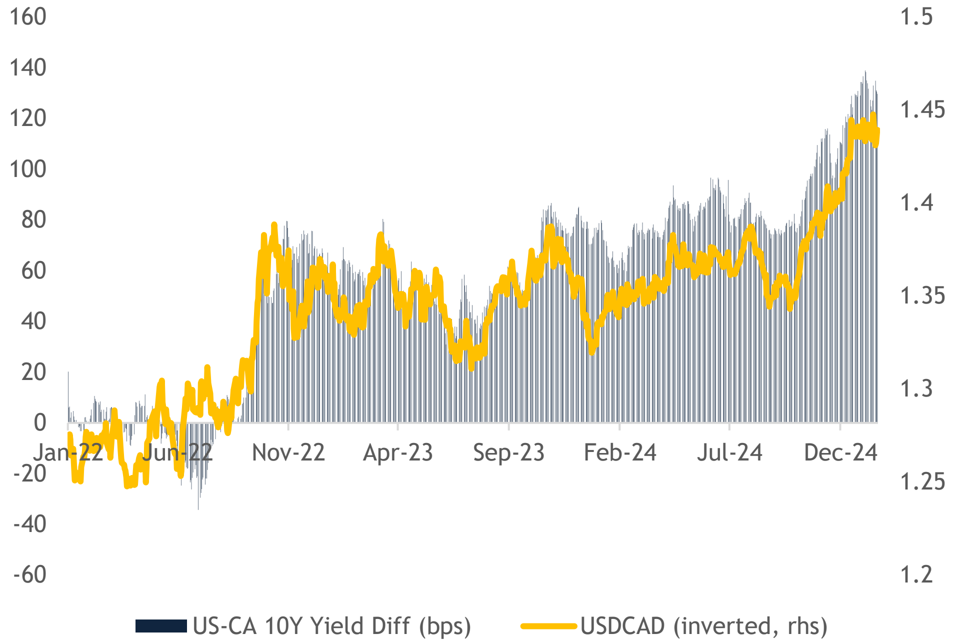
We are now in an environment of global growth assessment. It is becoming clear that growth is divergent with the US still exceptional while growth prospects of other major economies, the Eurozone and China have become weaker. Oil prices seem to be falling of late and further bearish extension could also weigh on the CAD. CAD has an asymmetric relationship with oil, more sensitive to oil's decline rather than oil gains.

Risks Ahead: (1) US inflation and concomitant policy trajectory is key for USD direction and any re-accelerations to boost USD against the CAD. (2) Any unexpected headwinds for major economies (China, US, Eurozone) that cause a global recession is negative for the CAD. (3)

An escalation of the middle-east conflict could boost the USDCAD as it had before as supply-induced higher oil prices tend to be more negative for risk sentiment and concomitantly positive for USD. (4) A more combative Canada could lengthen negotiation process with the US and put CAD under more pressure.

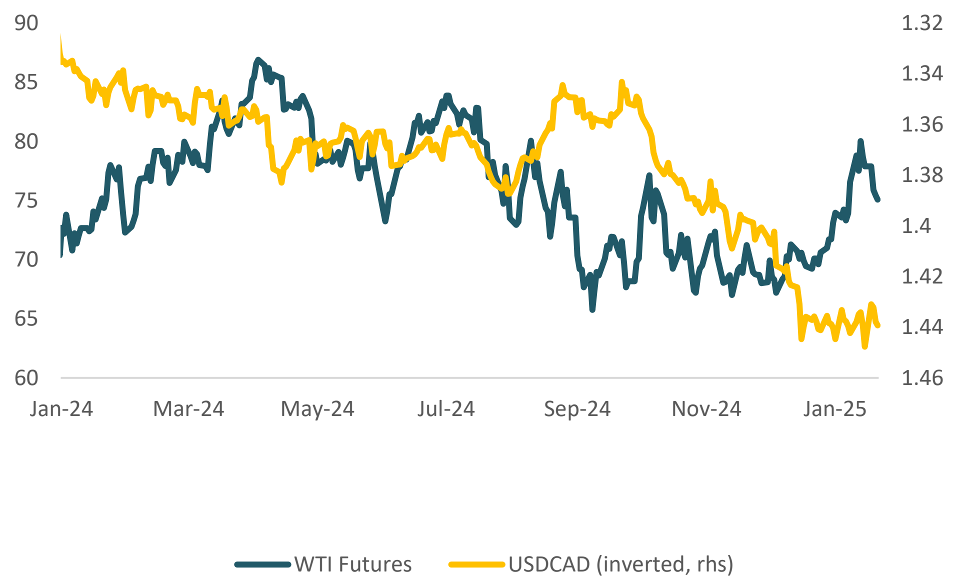
Key Data/Events: BoC rate decision (29th Jan), Nov GDP (31st Jan), Dec trade (5th Feb), Jan labour report (7th Feb), Dec building permits (11 Feb), Jan CPI (18 Feb), Dec retail sales (21st Feb), Feb CFIB business barometer (27 Feb), Dec, 4Q GDP (28 Feb).

USDCAD is Swung Higher Because of Widening US-CA 10y yields



Source: Bloomberg, Maybank FX Research & Strategy

CAD is more Sensitive to Oil Price Declines than Gains



Source: Bloomberg, Maybank FX Research & Strategy

JPY: Near Term Challenges, Reflation Mode Intact

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/JPY	150.00 (145.00)	150.00 (145.00)	145.00 (140.00)	140.00 (140.00)

Previous Forecasts in Parentheses

Motivation: We raise our USDJPY forecast on the basis that we now see the UST yields trading at a higher level than our initial expectations. Regardless, we continue to expect a downward trajectory for the USDJPY as the BOJ looks to stay on tightening path with another hike of 25bps seen in Oct 2025. We do not exclude the possibility that it could happen earlier if the Shunto wage negotiation results can come out strongly and global trade tensions are more benign. Meanwhile, our economics team is expecting the Fed to ease by 75bps this year, which would help further narrow US – JP differentials and support the JPY. There is also some risk that the implementation of Trump tariffs are likely to be more gradual in nature. In the near term, USDJPY can stay ranged although we do not rule out a move lower if the UST yields can come off further. Meanwhile, we see the JPY undervalued by -2.3% on fair value terms given its robust external position.

The BOJ hiked by 25bps to 0.50% at their recent Jan meeting, which was in line with market expectations. As a whole, we found the tone expressed by the central bank post decision to be quite balanced in nature. Hawkish cues in general had come from the upgrade of the CPI forecasts for the entirety of FY 2024 – FY2026 to above 2.0%, Ueda mentioning the ideal neutral range was quite a distance away and that there was no big shock to the markets since the Trump inauguration. This on the other hand was balanced out with dovish leaning signals such as Ueda saying that uncertainty regarding Trump policies are great whilst there was no stronger hints when a next hike would come. The hawkish cues given looks possibly to have helped try to limit further upside gains on the USDJPY. However, the BOJ words do not look sufficient to be able to support the USDJPY moving beyond the key support levels of 155.00 and 150.00. Instead, developments that back lower UST yields would more likely be the main driver for the pair to fall further. We expect the next hike of 25bps for the BOJ to come in Oct but we do not rule it out happening earlier if the Shunto wage negotiation results can come out strongly and global trade tensions are more benign.

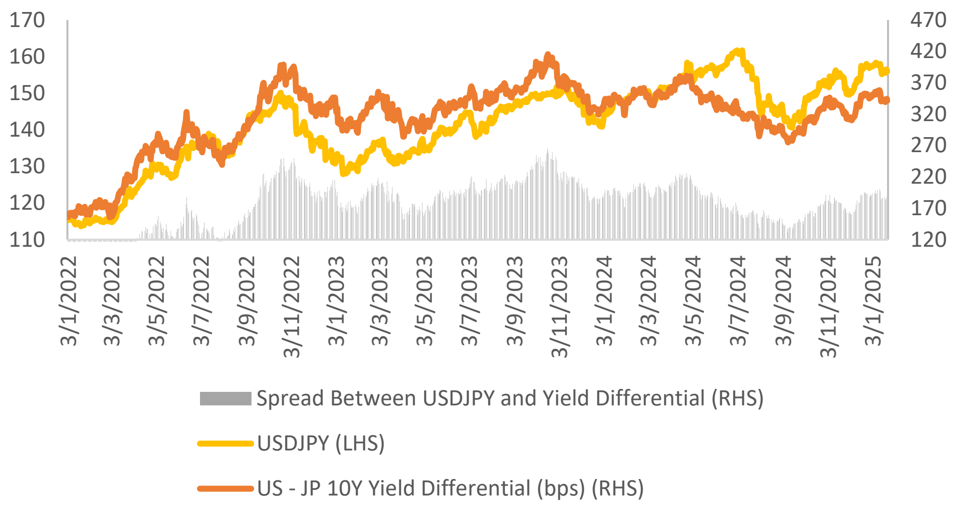
Economic data over the last month continued to reflect signs that the virtuous wage-price cycle is becoming more entrenched, which backs rate tightening. Nov cash earnings came out stronger than expectations at 3.0% YoY (est. 2.7% YoY, Oct. 2.2% YoY) as it continues to grow robustly. Shunto wage negotiations can come out strong again this year after having been at 5.1% in 2024. Already some unions are asking for a substantial increases that include service and tourism looking for a hike of 6% whilst Rengo is going to seek 5%. Inflation data at the same time continues to hold up strongly with the latest Dec CPI number being above expectations at 3.6% YoY (est. 3.4% YoY, Nov. 2.9% YoY) whilst the core core number was at 2.4% YoY (est. 2.4% YoY, Nov. 2.4% YoY). Inflation as it is is holding up above the BOJ's 2.00% target. Nov core machine orders were also robust at 3.4% YoY, implying investments is strengthening in the economy. Jan P Jibun Bank PMI services was higher at 52.7 (Dec. 50.9), reflecting the sector being the crucial driver for the economy as manufacturing in contrast remains soft with the Jan P Jibun Bank PMI mfg being lower at 48.8 (Dec. 49.6). Dec exports was above estimates at 2.8% YoY (est. 2.4% YoY, Nov. 3.8% YoY) although this may reflect export frontloading ahead of Trump tariff risks and may not be able to sustain. Overall, Japan economic data is likely to keep staying supportive for a BOJ tightening although further moves would actually be more dependent on the willingness of the central bank to move.

We continue to closely watch the progress of Ishiba's government to pass the annual budget of 115.5tn yen. Given the current position of a minority government, the Prime Minister does face quite some challenges to pass the annual budget as he needs the support of the opposition parties. A major sticking point for the budget lies in raising the ceiling on tax-free income of which the smaller opposition Democratic Party for the People (DPP) has been pushing for. The DPP had earlier supported a spending package and extra budget in exchange for a commitment from Ishiba's government to raise the ceiling. However, the Ishiba government does appear to be concerned about consenting to this given that the Finance Ministry has said that this measure could cost up to 8tn yen in lost tax revenue. Failure to garner support from the DPP would likely cause the government to turn instead to the Japan Innovation Party. So far, the government has promised to consider some of their requests including making high school education free for all students. As it stands, due to record tax revenue, the budget in its current state would reduce new bond issuance to 28.6tn yen, the lowest level since 2008. However, with the potential of adjustments, it cannot be determined just yet with much certainty on the level of new bonds issuance. The government has until end Mar to pass this annual budget.

Risks Ahead: This includes persistently high market volatility or disappointing Japanese data, delaying BOJ tightening. US data trending too strongly, slowing the pace of Fed easing is also another risk that can weigh. Other risks would be a US and global recession that would lead to more downside in USDJPY compared to our forecast.

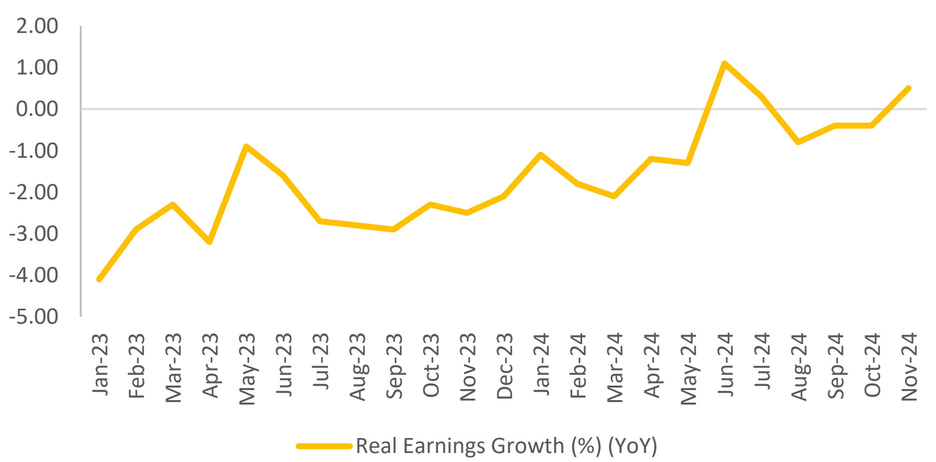
Key Data/Events: Dec cash earnings (5 Feb), Dec household spending (7 Feb), Dec P Leading index (7 Feb), Dec P coincident index (7 Feb), Jan P machine tool orders (9 - 12 Feb), Dec BoP CA balance (10 Feb), Dec trade balance BoP basis (10 Feb), Jan bank lending (10 Feb), Jan eco watchers (10 Feb), Jan PPI (13 Feb), 4Q P GDP (17 Feb), Dec capacity utilization (17 Feb), Dec tertiary industry index (17 Feb), Jan nationwide/Tokyo dep store sales (17 - 25 Feb), Dec core machine orders (19 Feb), Jan trade data (19 Feb), Jan CPI (21 Feb), Feb P Jibun Bank PMI mfg/services/composite (21 Feb), Jan PPI services (25 Feb), Feb Tokyo CPI (28 Feb), Jan P IP (28 Feb), Jan retail sales (28 Feb), Jan dept store, supermarket sales (28 Feb) and Jan housing starts (28 Feb).

Yield Differentials Should Narrow Over the Time, Guiding USDJPY Lower



Source: Bloomberg, Maybank FX Research & Strategy

Earnings Growth Should Continue to Strengthen



Source: Bloomberg, Maybank FX Research & Strategy

RMB: Tentative Relief, Prolonged Uncertainty?

USD/CNY	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	7.40	**7.55**	**7.50**	**7.50**
	(--)	**(--)**	**(--)**	**(--)**

No Change to Previous Forecasts

Motivation: For the past month, it has been rather clear that PBoC is unwilling to allow CNY to depreciate beyond the 7.33 against the USD, fixing the central party at around 7.19 since mid-Nov. With the onshore yuan only allowed to trade within the +/-2% from the central parity, that caps the USDCNY at 7.33. PBoC has also acted to issue yuan bills in Hong Kong to squeeze liquidity conditions and adjusted key parameter from 1.50 to 1.75 in its macro-prudential management to expand cross-border funding sources for companies and financial institutions (the higher parameter, the higher the quota for foreign borrowing). Since the inauguration of Trump (20th Jan), the deferment of immediate tariffs on China had boosted the CNY sentiment. The 75days deferment of the Tiktok ban (enforced by a bipartisan law) also helped with the yuan sentiment. However, we see this as only tentative relief, rather than a softening of Trump's stance towards China. His primary focus of the moment could be on Mexico and Canada as he strives to re-negotiate the USMCA, threatening to impose 25% of tariffs on them. Thus far, yuan is boosted by this relatively more benign approach. The CNY is just 0.3% overvalued based on our BEER model estimations. In times of stress, wide deviations can persist.

Tariffs are Still Likely - Key dates to watch 1 Feb, 1 Apr. Trump has a more experienced and prepared team compared to his first term. While Trump's comments on tariffs post inauguration turned out to be a little less combative than expected, we note that he issued a Memorandum on America's First Trade Policy (AFTP) memo. Section 3 of the memo tasked the USTR to assess China's compliance to the Economic and Trade agreement and to recommend appropriate actions including (the imposition of tariffs or others). The USTR is also tasked to assess the 14 May 2024 report "Four-Year review of actions taken in the Section 301 investigation" to consider additional tariff modifications. Secretary of Commerce and the USTR also tasked to assess the legislative proposals regarding Permanent Normal Trade Relations with the PRC and make recommendations regarding any proposed changes to such legislative proposals. Reports on section 3 along with most others in the Memo shall be delivered as a unified report coordinated by the Secretary of Commerce by 1 Apr 2025. More recently, Trump has mentioned about considering a 10% tariff on China by 1 Feb for China's fentanyl flows to Mexico and Canada. Markets are likely hoping that the Secretary of Commerce Howard Lutnick's plenty of businesses interests in China may mean a less hostile outcome in terms of tariffs on China. Tariffs may still come and the lengthier the discussion, the more prolonged the uncertainty.

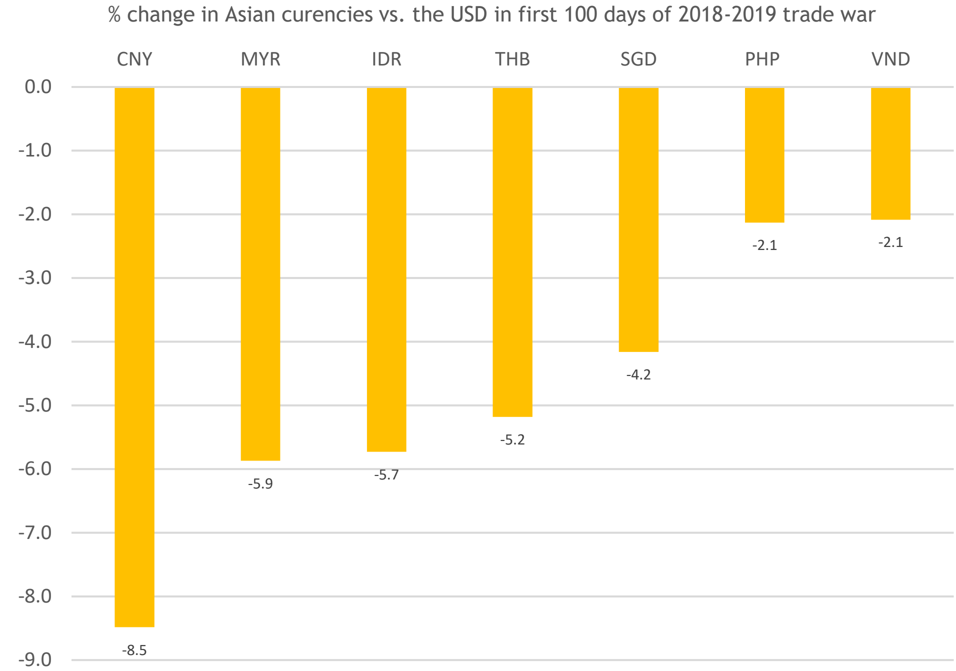
Trump's policies of deregulation, tariffs and taxes are still deemed as inflationary and could also set the Fed on a shallower path of easing and greater policy divergence from the rest of the world. Intermittent episodes of risk aversion and the potential return of U.S. exceptionalism (where the US is perceived to remain relatively stronger than the rest of the world) could keep the USD supported, especially against the CNH. How USDCNH behaves depend on how President-Elect Trump conducts his tariff negotiations with China. His nominee for US trade representative Jamieson Greer is known to be a hard-line protectionist, like his mentor, Lighthizer. Our baseline expects PBoC to allow more weakness in the yuan. We look for USDCNY and USDCNH to peak around 7.55 in 2Q before plateauing thereafter, caught between US slowdown and concerns on inflation in the US potentially emerging.

Export Resurgence Expected Before Fading into 2H 2025. In anticipation of the tariffs, the surge in Chinese shipment to the US as well as to Southeast Asia has already started, providing a buffer for yuan against sentiment effects. The cushioning impact would be limited. China has only started to see nascent signs of consumption recovery but this could be limited should housing prices continue to fall. Our economist anticipates fiscal stimulus to kick into high gear in 2Q 2025. That could also keep USDCNH from testing much higher.

Risks to our View: While growth could be stable (4.8%), sustained by "more pro-active" fiscal stimulus and "moderately loose", there could still be some extent of fragility due to its housing sector. Foreign investors may remain hesitant to re-enter Chinese financial markets. There is also the risk that the escalation of trade war towards 60% tariff could lead USDCNY to a lot higher at 7.87 (estimated). We also see some possibility that there could be lower tariffs or quicker deal achieved by the Trump administration. That pose a downside risks to our forecast at 7.55.

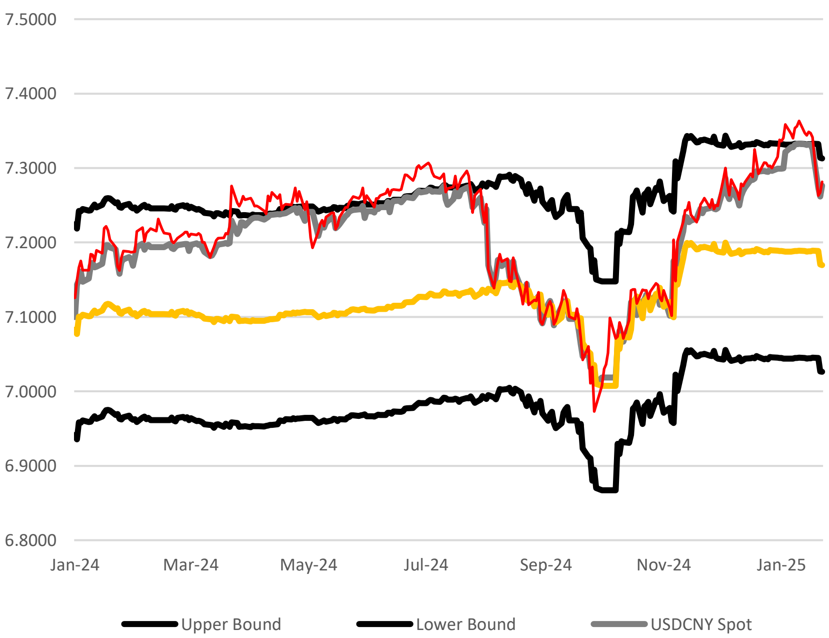
Key Data/Events: Jan Caixin China Mfg PMI (5 Feb), Foreign reserves (7 Feb), Jan CPI, PPI (9 Feb), new yuan loans, aggregate financing, money supply for Jan (9-15 Feb), FX Net settlement (Jan), new home prices, used home prices for Jan (19 Feb), 1y,5y LPR (20 Feb), 1Y MLF (25 Feb)

Currency Swings During the First 100 Days of 2018 Trade War (from 1 Apr 2018)



Source: BIS, SAFE, Bloomberg, Maybank FX Research & Strategy

USDCNY Drops from the Top of the Band on Tariff Delay



Source: Maybank FX Research & Strategy

KRW: Front-Loaded Vulnerabilities

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/KRW	1460 (--)	1470 (--)	1410 (--)	1400 (--)

No Change to Previous Forecasts

Motivation: We see some vulnerabilities for the KRW in the next couple of quarters ahead with near-term weakness in the KRW to be expected. Our USDKRW forecasts factor in a peak some time in 2Q 2025 and we think that greater clarity on Trump policies then could lead to a repricing of risk premiums. Vulnerabilities for the KRW are likely to be front-loaded with current political uncertainty and uncertainty over China weighing on the KRW. At the same time, strengths for the KRW could take some time to be priced. From a fair valuation perspective, the Maybank BEER model suggests that KRW is undervalued by about 1.5%.

USDKRW NDF traded within a 1424.88 to 1477.11 range in Jan 2025, within the earlier range of 1394.59 to 1486.18 in Dec 2024. The KRW has found some support, but staying above the 1400 handle suggests that confidence issues over political developments still linger. Look for resistance of around 1490 to cap the pair, and the 1400 handle to be a strong support. BOK could also elect to cap upside above 1490 for the pair, although restoring confidence in a currency is likely trickier than mere intervention to cap losses.

We expect the BOK to cut rates by 100bps in 2025 with the policy rate ending at 2.00%. This is more dovish than market pricing, which sees about 60bps of cuts and consensus forecasts which see 70bps of cuts. BOK cut rates at end-Nov against consensus but in line with our own view by 25bps to bring the policy rate to 3.00% as balance of risks for the BOK appeared to shift to favour being growth supportive as the broad disinflationary trajectory remained intact. We think it is likely that BOK continues to be supportive even with the Jan hold – a signal that the BOK are concerned about KRW weakness and volatility.

Growth could be hindered by a challenging and uncertain external environment in 2025. Consensus forecasts see 2025 growth moderating to 1.8% (2024: 2.1%) in real terms, with a 20.0% (prev: 15.0%) probability of a recession. Korea is somewhat potentially vulnerable to further US trade measures. Trump has already signalled potential measures on Taiwan for “stealing” US chip business and Korea could also similarly be flagged. Moreover, Korea has a trade surplus with the US and that could be a reason for further trade measures being applied. However, the flip side is that Korea could be viewed as a US strategic ally and be spared from Trump’s ire. Should this particular case materialize, then there could be cause for joy for the KRW.

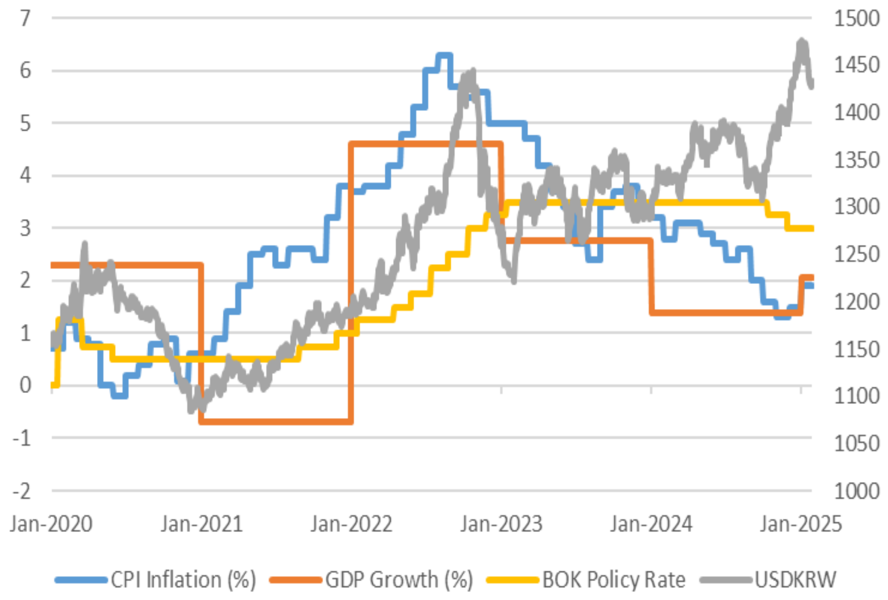
Political uncertainty could now last beyond the near-term. President Yoon’s brief declaration of martial law has shaken confidence in Korea and the subsequent drama that has ensued has led to confidence issues and weighed on the KRW. We thought that this could be short-lived earlier, but now recognize that this could last longer than we initially expected. Even with Yoon’s impeachment and indictment for insurrection charges, an early election in 2025 is possible. According to the constitution, a snap election must be held within 60 days if President Yoon resigns or is removed from office by the Court. Yoon will be ineligible to run for a second term as the constitution places limits of a single five-year term in office for the President. The front runner for the new President looks to be Lee Jae Myung, who lost to Yoon back in 2022. Nevertheless, it could take time for confidence for the KRW to recover.

While the external environment in 2025 remains uncertain and challenging, structural inflows to Korea bonds should continue. Korea was included onto major government bond indices and structural inflows are expected to continue into 2025. This should provide some support for the KRW at the margin, although our base case expectations for KRW support to come in only from 3Q 2025 onwards, after our suggested peak for the USD.

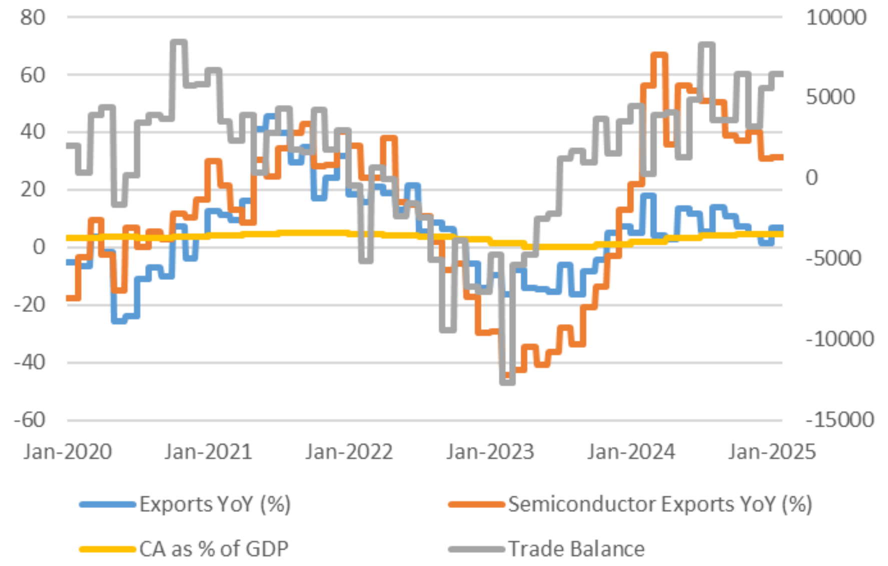
Risks to our view: Extended period of political uncertainty should President Yoon choose to linger in his role could weigh heavily on confidence on Korea and the KRW. Potential further action from the Trump administration on China could also weigh on the KRW.

Key data/events: Jan Exports/Imports/Trade Balance (1 Feb), Dec Industrial Production, Dec Cyclical Leading Index, Jan Mfg PMI(3 Feb), Jan FX Reserves, Jan CPI Inflation (5 Feb), Dec CA/Goods Balance (6 Feb), Dec Money Supply (13 Feb), Jan Unemployment Rate, Export/Import Price Indices (14 Feb), 4Q Household Credit (18 Feb), Jan PPI, Feb Consumer Confidence (20 Feb), Feb Business Survey Mfg/Non-Mfg, Feb Exports/Imports (21 Dec), Jan Retail Sales (24 to 28 Feb), BOK Base Rate (25 Feb), 4Q Short-term External Debt (27 Feb).

Balance of Risks Tilts to Growth Over Inflation for BOK



Trade Balance Rising, Exports (incl Semicon) Stabilize



Source: Bloomberg, Maybank FX Research & Strategy

SGD: Supported Even with MAS Easing

USD/SGD	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	1.3600	1.3750	1.3600	1.3450
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We continue see support for SGD as a regional safe-haven against a backdrop of elevated uncertainty in the external environment. SGD was supported even as MAS eased the appreciation of the SGDNEER slightly (0.5%). We maintain our forecasts with the SGDNEER still on a +1.0% appreciating path. USDSGD is likely to hit a peak in 2Q 2025 where there would be more clarity on Trump policies and thereafter moderate to end the year lower. While Singapore is an open economy and trade frictions could negatively impact growth, a bilateral trade deficit with the US is likely to keep it out of Trump's crosshairs. In addition, Singapore is well positioned to gain from potential re-routing of trade flows.

USDSGD traded within a range of 1.3444 to 1.3751 in Jan (as at 27 Jan), higher than the range of 1.3358 to 1.3680 in Dec 2024. This was largely due to broader USD strength and on the whole the SGD still remained relatively resilient against other currencies in the SGDNEER basket, in line with our expectations. The SGDNEER was last seen at +0.95% above the midpoint of the policy band even after MAS' "slight" easing on 24 Jan. We do not expect excessive SGDNEER weakness, although two-way movements are possible. A mini "double-bottom" has formed at about +0.60% above the mid-point.

MAS eased via a slight slope reduction on 24 Jan with a fairly balanced statement. In our view, MAS is becoming more growth supportive while retaining some hold over inflation. Current pace of SGDNEER appreciation (1.0%) should be seen as consistent with medium-term price stability. MAS noted the considerable external uncertainty surrounding both growth and inflation. Our economists think that MAS could ease once more at either the Apr or Jul 2025 meeting. We think that MAS could opt to wait and see given the considerable uncertainties from the external environment. Our Taylor Rule estimates suggest some merit to our view given that the upward trajectory for the SGDNEER should still continue.

Core inflation dipped to 1.8% in 2024, below the historical mean of 2% and is expected to fall further. Growth is expected to remain robust. Our economists forecast core inflation at +1.4% for 2025 and see real growth of +4.2% in 2024. Price pressures could cool by more than previously expected on the back of government subsidies, benign external cost pressures and base effects from the GST hike, travel-related costs and cooling aggregate demand. Our economists forecast real growth to moderate to +2.6% in 2025.

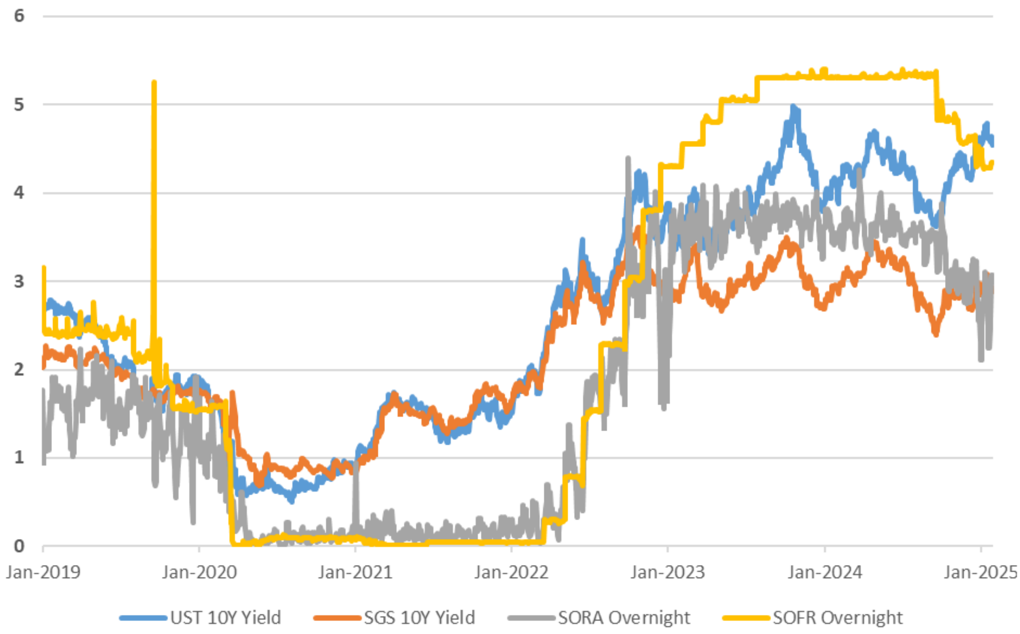
Our economists see a budget boost from the last budget of the current term of government, before elections are called no later than Nov 2025. Budget 2025 will be delivered by PM Wong on 18 Feb 2025. Our economists expect the budget will likely be generous and mildly expansionary and do not see a surprise in the election results. Similarly, we suggest that the baseline election outcome is not expected to shake confidence in Singapore and the strength of its institutions. It remains the sole AAA rated sovereign in the region, and is required by legislation to operate a balanced budget over a term of government. In uncertain times, this would make the SGD a relatively attractive currency to hold.

Given the current balance of risks, we do think that the SGD resilience and support will continue to persist. MAS has judged the current stance as appropriate in achieving medium-term price stability. Within the Asian currency space, the SGD is also one of the most recognized and reliable stores of value. MAS' policy is an explicit appreciation stance. This is the historical norm and is unlikely to change. In an environment of heightened external uncertainty, the SGD would be a relatively attractive currency to hold.

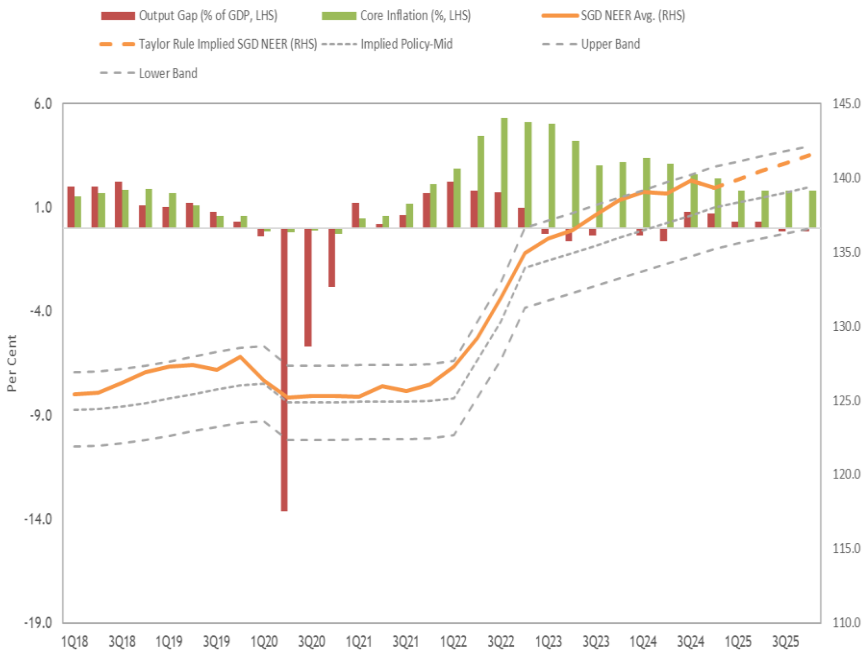
Risk to our view: Developments that could derail MAS' expected path for inflation to come off or cause growth prospects for Singapore to worsen. This could include oil price shocks or supply chain disruptions that could arise from geopolitical conflicts. In the absence of such developments, our base case expectations for SGD appreciation should hold. We cannot rule out further MAS easing and possibly the need for fiscal policy as part of a macro policy mix, if downside risks to growth or inflation materialize. At the same time, MAS could also elect to tweak policy tighter should inflation once again become a concern.

Key data/events: Jan PMI/ESI (3 Feb), Jan Global PMI, Dec Retail Sales (5 Feb), Jan FX Reserves (7 Feb), Jan NODX (17 Feb), Budget 2025 (18 Feb), 4QF GDP (21 Feb to 25 Feb), Jan CPI (24 Feb), Jan Industrial Production (26 Feb), Jan Money Supply (28 Feb).

High Rate Correlation with USD Should Shelter SGD



SGDNEER Should See Continued Upward Pressures



Source: Bloomberg, Maybank FX Research & Strategy Estimates

MYR: Staying Resilient in Trump 2.0

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/MYR	4.60	4.70	4.55	4.45
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: The Ringgit was largely unchanged since 1 Dec 2024. Over the past 1-2 months, we saw broad USD strength on the back of concerns that US growth, labour market remains resilient and the disinflation path affected, leading to concerns that Fed easing will stall. In addition, concerns about trade frictions emerging post elections has supported the USD. Against this backdrop, USDMYR rose around 1.5% to reach a high of 4.51 in Jan 2025. More recently though given the deliberative and less hostile approach from President Trump towards China on tariffs has led to some retracement in the USD and further support for EM currencies including the MYR. However, we remain cautious and still embed some risk premium in our forecasts, as we remain mindful that risks remain from the US Trump administration on various policies including US-China trade frictions, changes to US growth assessment and concomitantly an adjustment in the pace of Fed easing and global geo-politics. Second, developments outside of the US, growth will be soft with fiscal stimulus announcements out of China only in end 2Q 2025 onwards, possibly eventually supporting CNY and consequentially MYR. While volatility may persist in the coming months, driven by the evolving news flows on Trump's policies and Federal Reserve decisions, more clarity on both fronts should emerge over time, giving grounds for MYR appreciation. By the end of 2025, we anticipate the MYR to trade at 4.45 or lower to the USD. Looking ahead to the medium term, there is significant upside potential for the MYR. Our Maybank behavioural equilibrium exchange rate (BEER) model estimate shows that, on average, the MYR is undervalued by about 10% to 12%. As global conditions stabilise and market uncertainties dissipate, the MYR is expected to gradually appreciate towards its fair value or equilibrium exchange rate.

Compared to its regional peers, the MYR has held up impressively well, now at +7.8% stronger versus the USD since mid-2024 (specifically 28 Jun 2024 to 24 Jan 2025) after having kept much of its gains from its earlier 2024 rally. On a nominal effective exchange rate (NEER) basis, which measures it against a basket of key trading partners' currencies without considering price level differences, it still outperforms its peers.

This resilience can be attributed to solid domestic fundamentals and sound policymaking supporting the MYR. We expect Malaysia's domestic economic fundamentals to remain robust. Bank Negara Malaysia (BNM) has held its benchmark interest rate steady at 3.00% while economic performance has been robust, with 2024 GDP growth at 5.1%. The growth outlook is likely to be resilient at 4.9% for 2025 underpinned by domestic tailwinds, namely pick up in consumer spending and momentum in private investment growth, while inflation is expected to stay manageable at 3%.

We expect 2025 real GDP growth to moderate slightly to +4.9% from the AE of +5.1% on the back of sustained growth momentum in services sector (2025F: +5.2%; 2024AE: +5.3%) and manufacturing (2025F: +4.3%; 2024AE: +4.2%) and improvement in mining (2025F: +1.6%; 2024AE: +0.8%) amid moderation in construction (2025F: +12.8%; 2024AE: +17.2%) and agriculture (2025F: +1.0%; 2024AE: +3.0%). Domestic tailwinds, namely resilient domestic demand driven by 1) firmer consumer spending (following Budget 2025 measures to boost workers' income) and 2) continued investment upcycle on the realization of robust investment approvals in 2021-2024 as well as the kick offs in Johor-Singapore Special Economic Zone and new major infrastructure projects (e.g. Penang LRT), will be key in mitigating the external headwinds amid the evolving news flows on Trump 2.0's and US Fed's policies.

This favourable growth-inflation outlook allows BNM to stand pat on its monetary policy, and the OPR should hold in 2025 at 3.0%, which helps mitigate the impact of widening yield differentials on the MYR. The stable OPR near term (next 6 months) as priced by Interest Rate Swap rate coupled with the expected US interest rate cuts starting Sep 2024 is Ringgit-positive. The latest Interest Rate Swap (IRS) rate implies market is pricing in a stable OPR next 12 months. BNM's implementation of timely measures to encourage corporate foreign currency conversions have impacted positively. Foreign currency deposits held by businesses remained stable through the first 11 months of 2024, indicating growing confidence in the MYR. These proactive policies have helped to stabilise the currency despite global volatility.

BNM kept the Overnight Policy Rate (OPR) at 3.00% for the tenth consecutive Monetary Policy Committee (MPC) meeting on 21-22 Jan 2025 amid sustained growth momentum, muted domestic inflation and relatively stable Ringgit vs USD. We expect OPR to remain at

3.00% this year to support domestic demand as we forecast slight easing in GDP growth this year (2025F: +4.9%; 2024 advance estimate: +5.1%) amid the combo of external headwinds from Trump's Presidency policy moves, and the domestic tailwinds from firmer consumer spending and continued investment upcycle. Although we project higher inflation rate this year (2025F: +3.0%; 2024: +1.8%), this is mainly due to cost-push factors, reflecting the much-needed structural and fiscal reforms as well as long-overdue adjustments i.e. higher labour cost from minimum wage hike and foreign workers' multitier levies and mandatory EPF contribution; targeted RON95 petrol subsidy rationalisation; increases in local government taxes; and potential review in Tenaga's base electricity rate in July 2025. From the latest Monetary Policy Statement (MPS), BNM generally continues expecting sustained global and domestic growth momentum in 2025 after the favourable performance in 2024. However, BNM also acknowledged the two-way or upside and downside risks to growth, particularly the downside from uncertainty surrounding trade and investment restrictions as President Trump officially comes into office on 20 Jan 2025 after winning the US election in Nov 2024.

On inflation, following the +1.8% inflation rate in 2024, BNM sees "manageable" inflation in 2025 amid easing global cost conditions as it sees global commodity prices trending lower and the absence of excessive demand pressures, taking cue from core inflation rate that is line with – rather than running faster than - headline inflation. BNM view is that these factors will help contain the impact of the recently announced domestic policy reforms, notably on labour market and fiscal policy. To note, the official inflation rate forecast for 2025 is a wide spread of between +2.0% and +3.5%. Inflation eased to +1.7% YoY (Nov 2024: +1.8% YoY) giving full- year average of +1.8% (2023: +2.5%). Core inflation slowed to +1.6% YoY (Nov 2024: +1.8% YoY) and averaged +1.8% last year (2023: +3.0%). Maintain our 2025 inflation forecast of +3.0% reflecting cost-push drivers (i.e. higher labour costs from minimum wage hike and foreign workers' multi-tier levies and mandatory EPF contribution; increases in local government taxes and Tenaga's base rate) plus RON95 petrol subsidy rationalisation.

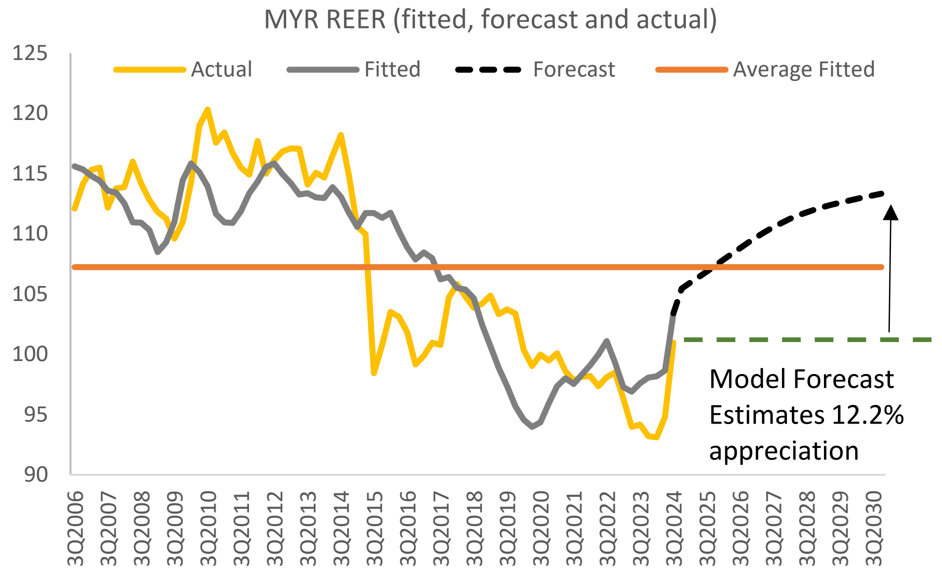
In addition to these favourable domestic conditions, Malaysia has made significant strides in fiscal consolidation. The government's efforts to narrow the budget deficit toward its medium-term target of 3% of GDP are progressing well. The budget deficit for 2024 is now estimated to be 4.0%-4.1%, better than the initial forecast of 4.3%, taking cue from Malaysia's net government funding for 2024 which was MYR77 billion, lower than the MYR84.3 billion initially anticipated. The deficit is projected to narrow further to 3.8% in 2025. This improved fiscal management boosts investor confidence, creating positive conditions for MYR demand going forward. Against this backdrop, there is even potential for an upgrade in Malaysia's sovereign credit rating or at least a positive outlook from rating agencies in the next 12 to 15 months.

In Dec 2024, exports and imports jumped +16.9% YoY (Nov 2024: +3.9% YoY) and +11.9% YoY (Nov 2024: +1.6% YoY), likely on front-loading ahead of "Trump 2.0" amid US trade policy uncertainties. Full-year 2024, exports and imports rebounded to +5.7% YoY (2023: -8.0% YoY) and +13.2% YoY (2023: -6.4% YoY) resulting in +RM136.9b (2023: +MYR215.2b) trade surplus. We currently expect 2025 exports and imports growth of +4.5% and +6.3% with +MYR120b trade surplus amid cloudy outlook due to "Trump 2.0".

Risks to look out for in Feb 2025. Downside risks include any signs of more hostile US-China and US-Eurozone trade relations, change to a pause in Fed policy easing path from stronger US growth/labour market/inflation and worsening geopolitics. All these can lead to a risk off sentiment, which leads to stronger USD, and in turn hurts riskier EM FX including the MYR. However, upside risks may also materialise such as a more benign trade friction scenario, with US-China trade tensions averted, which could lead to significantly lower USDMYR.

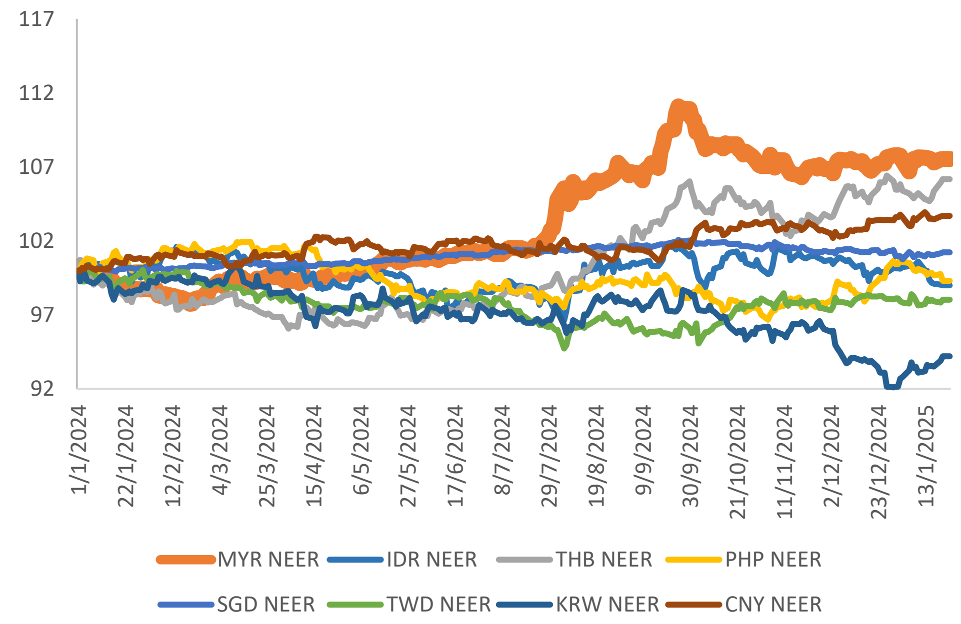
Key domestic events and issues to watch in Feb: S&P Global PMI mfg (3 Feb), Foreign reserves (7 Feb), Dec mfg sales (7 Feb), Dec IP (7 Feb), Jan trade data (20 Feb), Foreign reserves (21 Feb), GDP 4Q (14 Feb) and Jan CPI (21 Feb).

Fair Value Estimate Show the MYR is Undervalued by 12.2%, Implying Medium - Long Term Upside



Sources: Bloomberg, Macrobond, Maybank FX Research & Strategy

MYR NEER Implies Currency Outperformance Compared to Peers



Sources: Bloomberg, Maybank FX Research & Strategy estimates.

IDR: Bumpy Amid EM Volatility

USD/IDR	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	16800	17000	16500	16500
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We keep to our forecasts for the USDIDR as our expectations for a challenged global environment looks to still hold. Trump's trade policies are likely to be an uncertainty that would hang over markets for the first half of this year amid potential trade negotiations between the US and various other countries. UST yields can stay elevated and this would back our forecasts for USDIDR climb in 1H 2025. However, more policy clarity in 2H 2025 should allow the pair to come off in 2H 2025 albeit stay elevated. Fed easing of 75bps cuts is also still likely to occur this year and that should help give some offsetting support to the IDR amid any pressures it faces. Domestically, Bank Indonesia (BI) recently cut rates by 25bps to 5.75% as they balance their policy goals to also have a focus on growth. The central bank is expected to ease by another 50bps, cumulatively making it 75bps this year and simply being in line with the Fed. The budget deficit is expected to still come out at 2.53%, which is below the 3.00% legal limit and somewhat highlights fiscal discipline and upholds investor confidence. IDR appears to be undervalued by 1.3% on a fair value basis, implying it has space for appreciation given robust growth rates, consistent trade surplus and manageable inflation levels.

BI surprised the market with a 25bps rate cut to bring it down to 5.75% as they choose to focus on growth. BI itself now sees that 2024 growth would fall below the midpoint of 4.7 – 5.5% whilst their 2025 growth forecast has been revised downwards to a range of 4.7 – 5.5% from 4.8 – 5.6% previously. Lower exports from softer global demand in addition to weaker household consumption and private investment are factors they highlighted behind the revision lower. The decision to focus on growth marks a change from prior meetings where they had quite strongly stated that the priority is to stabilize the IDR. In our view, it seems that the central bank is now looking to have a more balanced approach in its decisions as they try to ensure that the IDR would fall in line with their other economic parameters. BI had actually said in their statement that the decision is also in line with "maintaining the rupiah exchange rate in line with economic fundamentals to control inflation". However, it does not mean BI is not wary about the pace of decline in the IDR as they had continued to be in the market after the decision. The impact on bonds and the related instruments for now remains to be assessed. Our economist expects another 50bps of cuts from BI as they continue to try to support growth. Meanwhile, Prabowo had approved a plan to require commodity exporters to keep their entire foreign currency-denominated earnings onshore for at least a year. The move looks to be intended to support IDR stability and can help shore up the foreign reserves. BI had also announced two instruments related to exporters' FX earnings.

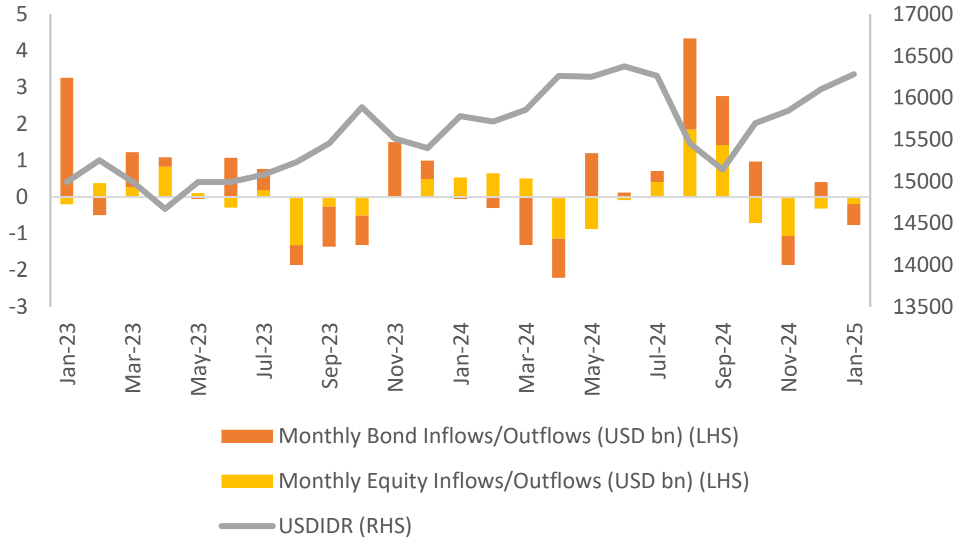
There had been strong portfolio outflows as sentiment towards EM assets for much of Jan had been weighed down by concerns of initial Trump policy announcements and strong US data. Bond MTD outflows up until 21 Jan 2025 had stood at around -$0.57bn. President Trump's team does look to have a more deliberative approach this time around and could try to ensure flexibility around their plans. This can lead to markets remaining edgy for the coming months on Trump policies and keep investors cautious of EM bonds. We would also like to note that foreign ownership of SRBI has dipped in the last few months. On the equities portion, there was also an outflow MTD to -$0.2bn, which looks to have been due to similar reasons of lower appetite for EM assets amid the global uncertainty. We do note that the outflows did reduce marginally after the BI decision as the rate cut gave a lift to equity markets. Regardless, foreign equity investors are overall likely to stay edgy about the EM space going forward.

Domestic economic data in the meantime was rather mixed. Dec core CPI remained benign at around 2.26% YoY, which in its own right backed the decision for BI to cut rates as the inflation number was actually at the lower end of BI's target range at 1.5% - 3.5%. The soft print looked to be a reflection too of the subdued consumer demand. Our economist believes that average inflation for the entire 2025 should also be rather soft at 2.6%. Dec trade balance data out this month was still in surplus albeit narrower at $2.2bn (Nov. $4.4bn) and therefore supportive of the currency. The country should be able to maintain a trade surplus in the coming month, which would be supportive for the currency.

Risks Ahead: Downside risks relates to any budget slippage although there is a possibility that the deficit can stay below the 3.00% even if it is higher than the target. The free school lunch program has been rolled out and a top official has noted that the country may need an extra $6.1bn this year to expand this program. Prabowo's approval rating though was high at 80.9% in a nationwide survey Litbang Kompas from 4 Jan to 10 Jan. Other risks include a US recession which can significantly weigh on EM assets and FX including that of the IDR. Higher oil prices arising from geopolitical tensions can also hurt the IDR given the country is a net oil importer.

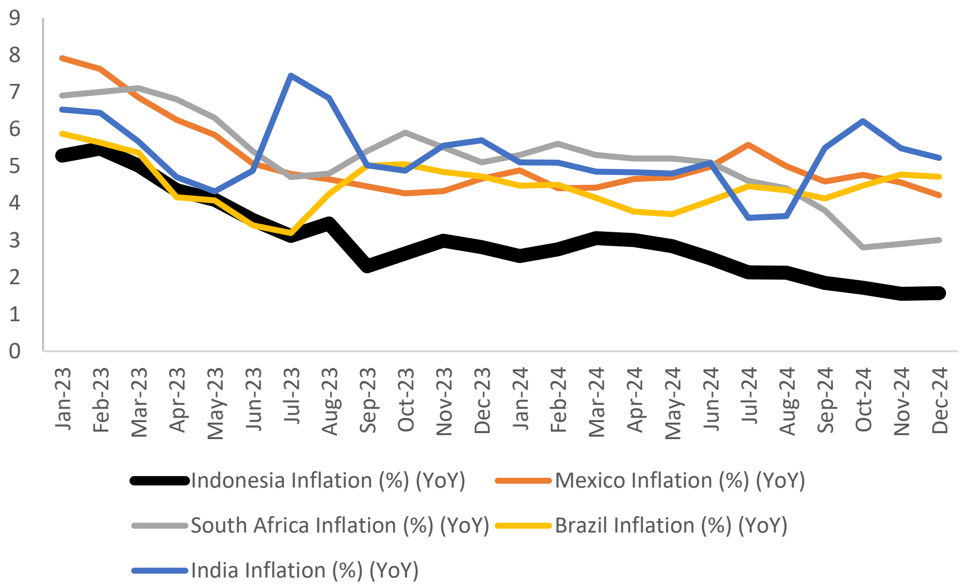
Key Data/Events: Jan S&P Global PMI mfg (3 Feb), Jan CPI (3 Feb), 4Q and 2024 GDP (5 Feb), Jan foreign reserves (7 Feb), Jan consumer confidence index (11 Feb), Jan local auto sales (11 – 15 Feb), Jan trade data (17 Feb), Dec external debt (17 Feb), BI policy decision (19 Feb) and 4Q BoP CA balance (20 Feb).

Portfolio Outflows Have Occurred Recently Amid Uncertainty of Trump Policies and Concerns of Extended Fed Pause



Source: Bloomberg, Maybank FX Research & Strategy
Note: Jan 2025 data for equities until 23 Jan 2025 and for bonds it is until 22 Jan 2025
USDIDR rate is as of close on 23 Jan 2025

Inflation for Indonesia is Lower than Other EM Countries, Putting the Central Bank in Better Position to Keep Easing Rates



Source: Macrobond, Maybank FX Research & Strategy

PHP: BSP Easing, Global Uncertainty Keeps the Pressure

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/PHP	60.00	63.00	61.00	61.00
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We keep to USDPHP forecast expecting that the pair should trade elevated primarily due to uncertainty on US policies. UST yields for now looks like it could keep trading elevated and volatile especially as there is a possibility that clarity on US trade and fiscal policies may only gradually take hold. Trump had made little mention of fiscal policies and he has so far only made tariff threats but not imposed them yet. The country's persistent twin deficit condition would also add to the currency's weakness. We see the BSP would cut rates by 25bps in Feb given inflation is within target. As we do not expect the Fed to move so soon, the BSP move looks to keep the pressure on the PHP. Overall, we see the BSP easing by a total of 100bps this year, which is more than the Fed at 75bps. We do though take note that the repatriation of funds by overseas workers can help limit PHP weakness. On a fair value basis, the PHP is overvalued by 1.3% given its stressed fiscal and external position.

We expect the BSP to cut rates by 25bps in Feb and by 100bps in total this year, which would bring the rate down to 4.75%. Inflation has fallen within their target of 2 – 4% with the Dec reading at 2.9% YoY, which backs a Feb move by the central bank. Governor Eli Remolona has also said that they are "still in restrictive territory compared" to what he thinks is the "godilocks rate" and there believe they "still have some room to ease". A Feb move is looking to keep the pressure on the PHP given that we are not expecting the Fed to move so soon in addition to global macro conditions being volatile. However, we do take note that Finance Secretary Ralph Recto himself does in contrast see that rate cuts may be fewer and farther apart then in 2024 (75bps in total) in the face of geopolitical tensions and uncertainties from US policies.

There was equity outflows MTD to 23 Jan 2025 of -$0.096bn, which if it persists until month end would mark the third straight month in a row of outflows. Whilst the Philippines stock market has been relatively undervalued (forward PE of 9.85 as of writing), limited appetite for EM assets amid concerns regarding Trump policies and the Fed pace of easing, looks to be weighing on flows. Low liquidity and currency weakness (which ironically is part of a vicious cycle of weakening currency and less flows) are also ongoing concerns. We do not expect foreign interest in Philippines equities to make a come back so soon given that US policy uncertainty is likely to keep hanging over markets for an extended period of time. Meanwhile, bond data is rather dated and showed inflows of $0.2bn for Nov 2025. This though was much lower than Oct 2025 inflows of $1.2bn. Inflows for Philippines bonds in Sep – Nov period look to have been much supported by BSP rate cuts then, which had occurred in a period of a global easing cycle. It is difficult though for this to continue in the coming months given the risk of a Fed pause even if the BSP may carry on with easing.

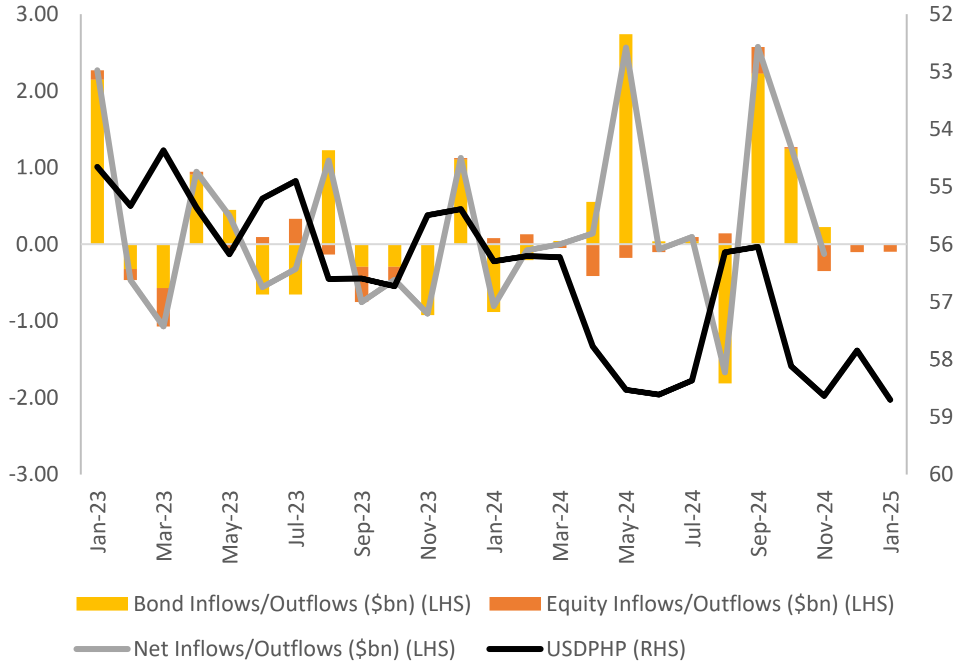
Economic data for the month of Jan was rather mixed in nature. Dec S&P Global PMI mfg remained in expansion at 54.3. Nov trade balance saw a narrower deficit at -$4.7bn (Oct. -$5.8bn) but it was nonetheless still a deficit that weighed on the currency and it is likely to persist for the coming year. Unemployment rate fell to 3.2 % in Dec (Nov. 3.9%) though there is some seasonality of it being lower in Dec, possibly due to higher employment needs during the festive season. Nov bank lending had also slowed towards the 9.0% YoY mark (Oct. 10.3% YoY). At this point, we continue to be wary of economic conditions in the Philippines especially in this uncertain global environment.

OFWR growth strengthened in the month of Nov to 3.3% YoY (est. 3.0% YoY, Oct. 2.7% YoY) with the absolute number at $2308m. On a monthly basis, there was a decline though of -8.8% MoM (Oct. 2.4% MoM). However, seasonally a decline tends to occur in Nov as it seems like a substantial amount of the repatriation is done in the prior month or after it in Dec. Our economist sees that OFWR would grow strongly overall at 3.0% YoY for 2024 and remain robust in 2025 at 2.9% YoY as the global economy keeps holding up. This should be a supportive factor that can help offset the other pressures on the PHP.

Risks Ahead: Downside risks include an aggressive quick imposition of US tariffs, which would contrast to our base case for gradual increases. This can guide UST yields higher and weigh on the PHP more than per our forecasts. Other risks include the Fed pausing for an extended period of time and the BSP continuing to cut rates, which in turn would place even greater pressure on the PHP.

Key Data/Events: Jan S&P Global PMI mfg (3 Feb), Jan CPI (5 Feb), Jan foreign reserves (7 Feb), Dec unemployment (6 Feb), BSP policy decision (13 Feb), Dec OFWR (17 Feb), Jan BoP overall (19 Feb), Jan trade data (28 Feb), Dec budget balance (28 Feb), Jan M3 money supply (28 Feb) and Jan bank lending (28 Feb).

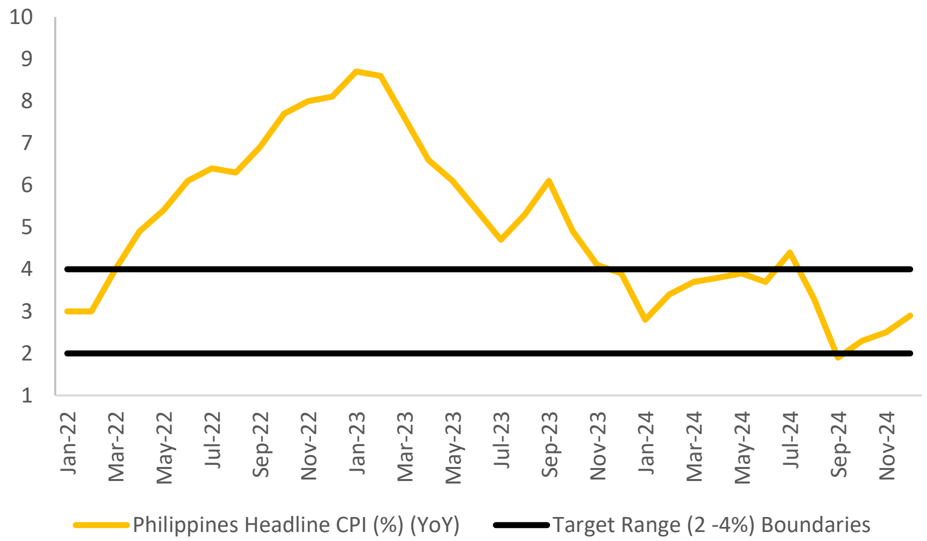
Bond Inflows Between Sep-Nov Supported by BSP Cuts But this has Likely Not Continued as High US Rates Sap EM Appetite (as Seen with Equities Recently)



Source: Bloomberg, Maybank FX Research & Strategy

Note: Bond flow data not available for Dec 2024 and Jan 2025 whilst equity flow and USDPHP data for Jan 2025 is up until 23 Jan 2025.

CPI Remains Within 2 - 4% Target, backing a BSP Feb Cut of 25bps and Keeping the Pressure on the PHP



Source: Macrobond, Maybank FX Research & Strategy

THB: Trade Tensions Likely to Weigh In

USD/THB	1Q 2025	2Q 2025	3Q 2025	4Q 2025
	35.50	36.50	35.80	35.80
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We keep to our forecasts for the USDTHB expecting upside pressure for the pair given the country's large trade exposure and its vulnerability to US tariffs. Recently, the THB outperformed regionally as the currency got much relief in line with the CNH (of which it exhibits strong sensitivity to) given Trump had not immediately imposed drastic tariffs. However, significant tariff threats look to remain for the rest of this year as the US President continues to talk about weighing a 10% tariffs on China. Idiosyncratically, there are also other concerning factors for the currency. Tourism flows, which had been on an improving trend, instead looks like it could be hurt by concerns of Chinese visitors being kidnapped. Easing pressure on the central bank also looks like it could persist as the government has mentioned of appointing a new Bank of Thailand (BOT) governor with "modern ideas". Our economist still sees the BOT would hold rates this year. Elevated gold prices (amid concerns of Trump tariffs) meanwhile have provided much support to the THB. USDTHB is likely to edge higher in the 1H 2025 as this would mark the most intense period of trade tensions before stabilizing after that as more clarity on US trade policies emerge. On fair value basis, the THB seems to be undervalued by -0.4% and can still appreciate more in the long term given strong growth, manageable inflation levels and decent external position.

Pressure on the BOT to ease looks to persist. Finance Minister Pichai Chunhavajira during this month had said that they are searching for a new BOT governor with "modern ideas" to replace Sethaput Suthiwartnarueput, whose term would end in Sep. He mentioned that the new governor must be able to "work closely together" with the government and that problems cannot be looked at the "traditional ways" given that "the world, especially financial markets, have changed significantly". His words do give the impression that the government is likely to continue to pressure the BOT for more rate cuts. A yet-to-be announced selection panel is required to submit a shortlist of candidates to the finance minister 90 days before the current governors' term ends. However, we do note that the government on the other hand still has not been able to get a candidate approved for the Chairman of the BOT. The initial nominee Kittiratt Na-Ranong has been disqualified by the Office of the Council of State due to his political position (or in essence, his ties to the ruling Pheu Thai Party). This does raise some question on the extent to which the government can actually sway the central bank's decisions. Regardless, we stay wary of the easing pressure weighing on the THB sentiment. **Our economist believes the central bank would stay on hold in Feb and the rest of 2025 at 2.25% given elevated uncertainty and shifts in the Fed's policy trajectory to be less dovish.**

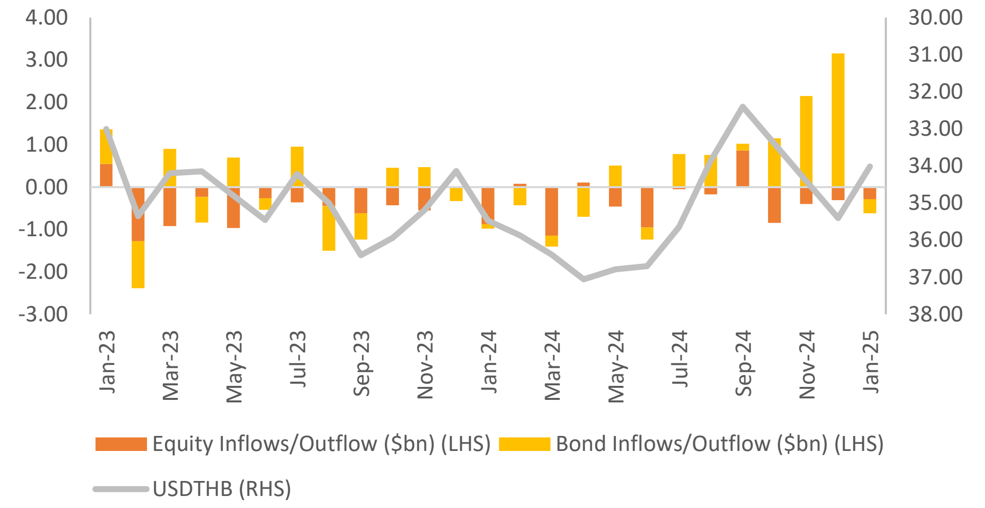
There has been substantial portfolio outflows on net so far this month given US policy and data concerns but there has been some recent offsetting inflows as sentiment slightly improved. Bond outflows MTD up until 22 Jan 2025 was at -\$0.4bn as concerns on strong US data (which can keep the Fed holding rates for longer) and Trump policies likely led to investors staying off EM countries especially those that are trade exposed such as Thailand. There looked to have been some offsetting inflows after Trump's inauguration on the 20th Jan as markets breathed a sigh of relief when Trump did not immediately announce harsh tariffs on China. Foreign appetite for bonds though is likely to be limited going forward and outflow can persist given that tariff threats look to keep weighing on investors' sentiment. Trump himself after all later said that he is weighing a 10% tariff on China. On the equities portion, similar investor concerns had initially caused outflows but then there was also some offsetting inflows after Trump's inauguration. Attractive valuations in the background too could also be supporting foreign interest given that forward 12m P/E stands at 14.77, compared to a historical 16.0x. On net though, mtd up to 22 Jan 2025, equity outflows stood at -\$0.15bn. We stay cautious too of further Thai equity flows given the uncertain global environment.

Economic data was mixed for the month of Jan. Dec core CPI remained soft at 0.79% YoY (est. 0.88% YoY, Nov. 0.80% YoY), which in some sense continues to back lower rates. Dec trade balance on the other hand narrowed significantly to -\$11m (est. -\$210m, Nov. -\$224m) although this could have just simply been a reflection of export frontloading ahead of potential Trump tariffs and may not necessarily sustain. Weaker tourism inflows could be of substantial concern going forward given known incidences Chinese visitors kidnapped to be brought to the scam centers. Such risks are coming after tourism inflows had just seen an improvement in 2024. As a whole, economic performance remains a concerning factor for the THB.

Risks Ahead: There can be upside risks for the THB if there is a strong China growth recovery given it can provide a boost to both Thailand's tourism and trade. A rollout of strong Chinese stimulus support can allow for this to be realized although there is immense uncertainty on this front. On the downside, aggressive quick imposition of US tariffs (base case for it to be gradual) can hurt the THB more than our forecast.

Key Data/Events: Jan S&P Global PMI mfg (3 Feb), Jan business sentiment index (3 Feb), Jan CPI (5 Feb), Jan consumer confidence (7 – 13 Feb), 4Q and 2024 GDP (17 Feb), Jan car sales (18 – 24 Feb), Jan customs trade (21 – 26 Feb), BOT policy decision (26 Feb), Jan ISIC capacity utilization (26 – 28 Feb), Jan ISIC mfg production index (26 – 28 Feb), Jan trade data (28 Feb) and Jan BoP overall/CA balance (28 Feb).

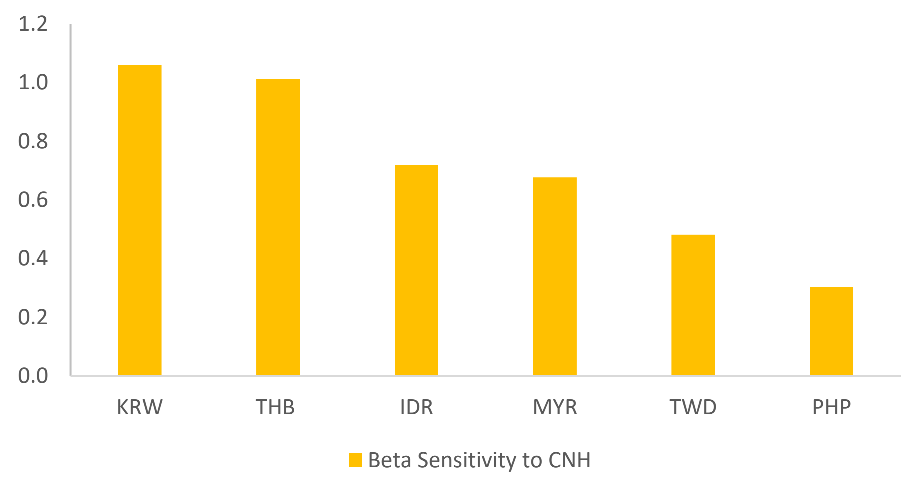
Net Portfolio Outflows in Jan Amid Uncertainty of Trump Trade Policies and Concerns of Extended Fed Pause



Source: Bloomberg, Maybank FX Research & Strategy

Note: Equity and bond inflow data for Jan 2025 data is month to date until 23 Jan 2025 whilst the USDTHB rate is as of close onshore 23 Jan 2025

THB is Among the Most Sensitive to the CNH Regionally, Making the THB Vulnerable to US - China Tensions



Source: Bloomberg, Maybank FX Research & Strategy
Note: Beta sensitivity is calculated by a regression of the respective currency on the CNH with weekly data from Jan 2020 - Dec 2024

VND: Relief and Tactical Strength

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/VND	25000 (--)	25200 (--)	25200 (--)	25200 (--)

No Change to Previous Forecasts

Motivation: VND has outperformed mtd (as of 24 Jan), rising faster than peers such as the THB, RMB, TWD, IDR, INR and PHP. This was in spite of still elevated UST yields that could have added pressure on the VND, not helped the least by the recent new bill that lifts the interest rate ceiling (of 0%) from dollar deposits at home (in Nov). Since Trump's inauguration, VND has been strengthening quite significantly, amounting to 1% of gains vs. the USD. Trump had been surprisingly soft on China, deferring immediate tariffs on China, delaying the ban on Tiktok and even had a good phone call with Xi Jinping, hoping that the latter can influence Putin to stop the war in Ukraine. He even mentioned that he "rather not use tariffs on China", albeit still emphasizing the "tremendous power" it has over China. That said, he still issued an American First Memo, ordering investigations into the compliance of China with the first trade deal, amongst others, to be submitted to Trump himself by 1 Apr. With China not the focus of trade talks at this point, VND has some room for a breather, especially with the rebound of RMB.

Vietnam is proactive in wooing the Trump administration - working to rebalance trade and keeping VND strong. PM Pham Minh Chinh assured that Party General Secretary To Lam had spoken to the new US president and is able to "handle the relationship with the US". PM Pham added that Vietnam is working "on solutions" to rebalance its trade surplus with the US by buying Boeing planes and potentially other high-tech items. Trump had remained rather silent on Vietnam for much of 2024 and with Vietnam pro-actively trying to re-balance their trade surplus, there is a possibility for Vietnam to remain in the good books of the new US administration. Right after Trump was inaugurated, a fact sheet that is not made public yet has urged key federal agencies to address "foreign exchange manipulation" by other countries. Japan, China, Germany and Singapore are on the US Treasury Department's "monitoring list" for currency practices and more countries are at risk of being labelled a currency manipulator. That could also be a reason for VND to strengthen recently. This could be another tactic for Vietnam to avoid being labelled a currency manipulator.

Wary of What is to Come in 2Q. That said, risks are still to the upside for the USDVND. The "America First" memo issued by Trump would have some findings that allow Trump to potentially impose more tariffs on China beyond 1st April (the deadline for reports of the investigations ordered on trade, PNTR status, etc). The deferment of the tiktok ban will also expire on 4 Apr. As such, there is a possibility that we may see more pressure on Asian currencies, including VND then.

Vietnam data turned out to be stronger for Sep. Inflation has eased to 2.63%y/y from previous 3.45%, weighed by food (+8.37% vs. prev. 10.97%), housing/construction (+4.37% vs. prev. 5.00%) and transport (-5.33% vs. prev. -1.46%). Education inflation also slowed considerably to 1.21%y/y from previous 7.1%. Core inflation actually steady around 2.5% last month. Retail sales eased to 7.6% growth from previous 7.9%. Tourism retail sales have eased to 1.9% y/y in Sep from previous 7.1%.

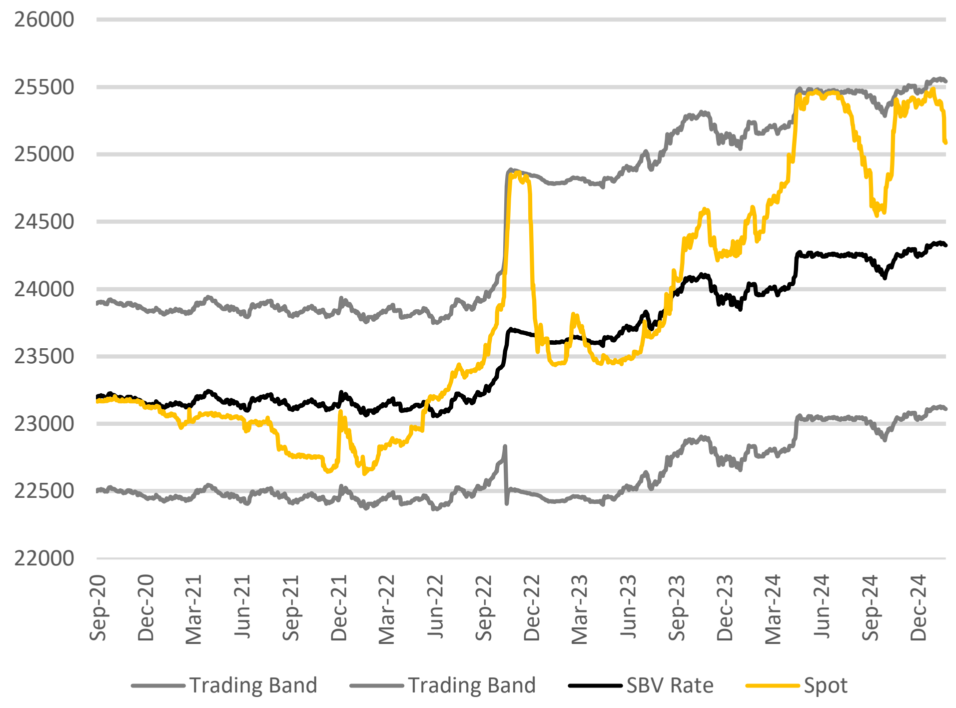
Vietnam clocked a rather strong growth print for 4Q at 7.55% and grew 7.1% for 2024. Growth was boosted by financial, banking and insurance activities which picked pace to 9.3%y/y from 7.7% in the quarter prior. Output in construction also accelerated to 8.3% vs. previous 7.4%. Manufacturing growth actually moderated from 9.0%y/y to 8.4%. Our economist still looks for 6.4% growth this year, as cooling export growth is likely to be cushioned by consumption and investment in public infrastructure. However, the government on the hand, had put out a 8% growth target for this year and there is little clarity on how this can be achieved especially with the uncertainties that Trump's trade and foreign policies are likely to bring to the year. Exports was strong at 12.8%y/y vs. previous 8.2% while imports also surged 19.2%y/y vs. previous 9.8%. Trade surplus narrowed to $524mn.

FDI Slows in Dec. FDI flows seem to have eased with registered FDI falling 3.0%y/y in Dec while realized FDI was bumped up by 25.2% on an annual basis. Investors could be more reluctant to pledge investments in such an uncertain environment given that Vietnam does have a risk of being slapped with tariffs.

Risks to the VND: 1) A sudden re-acceleration of inflation in the US could lift the USD and US rates and lift the USDVND. 2) Growth slowdown of the world becomes a more severe downturn that could weaken Vietnam's external position and the VND. 3) Thus far, Trump and Secretary of State Marco Rubio had been constructive in their dialogue with Vietnam, urging the country to find a solution to rebalance trade. However, there is a possibility that the administration could still change tack with Vietnam or with China. Both scenario brings a risk to the VND.

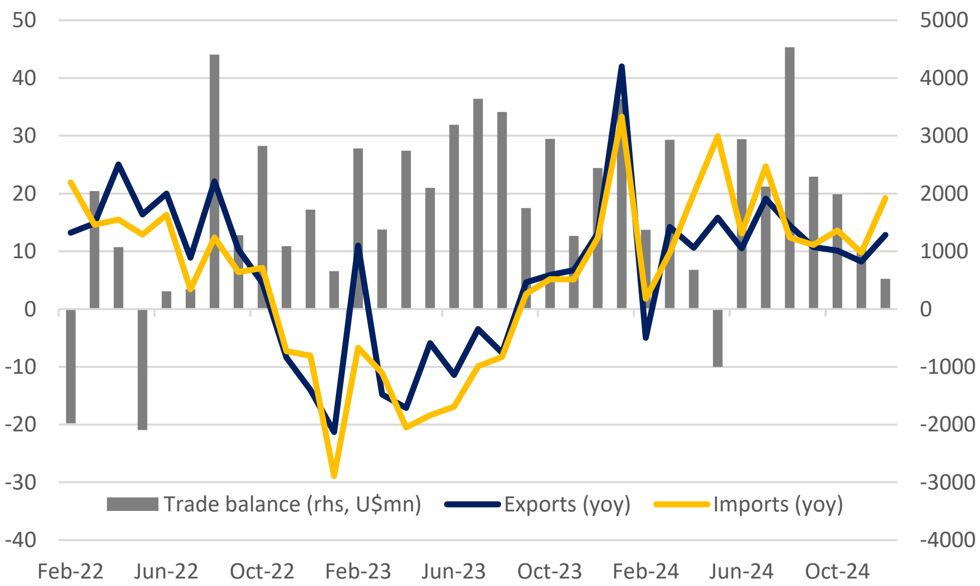
Key Data/Events: Tet break starts from 25 Jan - 2 Feb. Jan trade, IP, CPI, retail sales [6 Feb].

USDVND Spot (Yellow) Drifting Lower Back Toward the Reference Rate (Black)



Source: Bloomberg, Maybank FX Research & Strategy

Trade Surplus is Steady but Exports started to plateau



Source: Bloomberg, Maybank FX Research & Strategy

INR: Pivoting to a Neutral Stance

	1Q 2025	2Q 2025	3Q 2025	4Q 2025
USD/INR	85.25	85.50	85.75	85.75
	(--)	(--)	(--)	(--)

No Change to Previous Forecasts

Motivation: We maintain our forecasts and expect gentle upward sloping trajectory for the USDINR in 2025. INR is more resilient to potential Trump trade policies and we think the new governor is unlikely to deviate too much from the RBI's stance of leaning against the wind and preferring a stable INR, despite suggestions that he may allow INR to trade within a wider range. Governor Sanjay is a career bureaucrat that should be viewed as a safe pair of hands. Ultimately, yield differentials likely narrowing vis-à-vis the US are likely to pressure the INR. From a fair valuation perspective, the Maybank BEER suggests that the INR is overvalued by about 1.5%.

USDINR NDF traded within an 85.80 to 87.02 range in Jan (as at 27 Jan 2025). This was broadly higher than the 84.63 to 86.11 range in Dec 2024. The move was largely due to the broadly stronger USD on the back of anticipation of Trump taking office. We expect such broad-based USD moves to dominate as Trump's policies are a major focal point for markets.

In 2025 we see RBI cutting rates by 75bps to bring the policy rate to 5.75%. RBI has pivoted to neutral but its policy rate at 6.50% is restrictive, cutting rates by 75bps should align their neutral stance and policy rate. This is largely in line with market pricing but slightly more dovish than consensus forecasts (70bps of cuts). Risks are tilted to the downside for growth and inflation is expected to ease in the months ahead which should provide RBI with the comfort to embark on their easing cycle and align the policy rate with the neutral stance.

Inflation is expected to ease into 2025. There is an anticipated easing of food costs, which should reduce volatility in consumer prices. **Growth is expected to remain reasonably strong** at 6.4% in real terms, with probability of a recession estimated to be close to 0%. The fiscal deficit is projected to narrow to 4.9% of GDP. While these factors are largely supportive of the INR, the narrowing yield differential with the US, challenging external environment and considerable uncertainty make it difficult to be positive on the INR. **India's population dynamics remain favourable for growth.** The population is younger than those of China or the US, with the proportion of Indians who are 65 and older likely to remain under 20% in 2063 and will not approach 30% until 2100 by UN median projections.

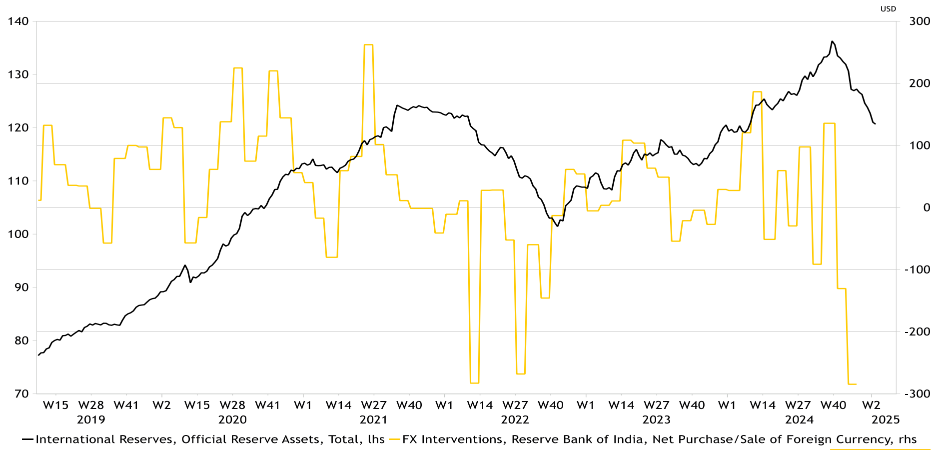
INR remains one of the more resilient currencies against Trump policies. The Indian economy is not reliant on exports to the US and they are unlikely to be flagged for specific measures from Trump. In addition, the RBI's preference for stability should provide the currency with ample resilience against a backdrop of a USD that we see being better supported in 2025. Inflows into India after its inclusion in global bond indices should also provide the INR with some support, although we expect gains to the INR to be limited by RBI's preference for stability.

India and Indonesia discussed diversifying their trade basket to improve economic ties. Modi and Prabowo met to discuss "freedom of navigation" and to increase cooperation in defence manufacturing. India could be launching a charm offensive to warm ties with Southeast Asian nations, officially referred to as the "Act East" policy. Following Modi's visit to Singapore in Sep 2024 and a subsequent visit by President Tharman to India in Jan 2025. **Increased trade between India and ASEAN could help to offset some of the negative impact of US trade policies, which should at the margin support the INR.**

Risk to our view: The RBI switching out of its stance to lean against the wind. This could occur as a matter of policy change or if there is too much scrutiny, possibly by the US Treasury. Should a challenging external environment result in higher inflation or poorer growth prospects, that should also challenge our view on the INR. Governor Sanjay has not show

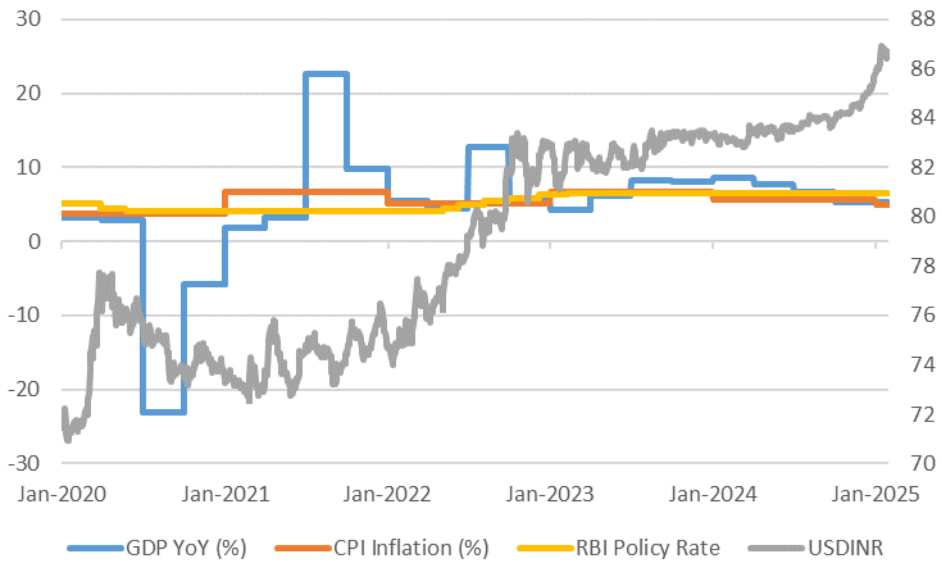
Key data/events: India Budget (1 Feb), Jan F PMIs (5 Feb), RBI Policy Decision (7 Feb), Dec Industrial Production, Jan CPI Inflation (12 Feb), Jan Imports/Exports/Trade Balance (12 to 15 Feb), Jan Wholesale Prices (14 Feb), Feb P PMIs (21 Feb), 4Q GDP/GVA, Jan Fiscal Deficit, 2025 GDP FY Estimate, Jan Eight Infrastructure Industries (28 Feb).

India's Preference for INR Stability Evident in Two-Sided Intervention



Source: Reserve Bank of India (RBI), Maybank, Macrobond

RBI's Rate is Restrictive and Could Hurt Growth



Source: Bloomberg, Macrobond, Maybank FX Research & Strategy

Gold: Bullish Amid Geopolitical Conflicts (Old and New)

Forecast	1Q 2025	2Q 2025	3Q 2025	4Q 2025
XAU/USD	2800	2850	2900	2950

Motivation: We still expect gold to rise towards $3000/oz. We look for strong demand for gold as an alternative to the USD (amid geopolitical tensions and conflicts - old and new), as a safe-haven, as an alternative investment asset for Chinese in times of RMB pressure and further underpinned by rate cuts that could bring real yields down.

Gold is nearing our 1Q forecast of 2800, last printed 2780. The rise in gold was in spite of the ceasefire along the Gaza strip and Trump's softer approach with China had virtually little impact on it. These are conflicts that the world has already experienced. The rise in gold was contrary to its behaviour post Trump win where it dropped around 7.6% and the reason is likely due to Trump's intention of expanding the US territories - his desire of taking over Panama canal, buying Greenland and annexation of Canada was only made known more recently. While "old conflicts" like the trade-war with China, the war in Ukraine and Israel's attack on Gaza could potentially be dialled down (at this point), the world could be faced with new conflicts started by Trump and that is fanning gold prices higher.

Gold and the USD. Gold traditionally possesses a negative correlation with USD as gold is taken to be a hedge against inflation and it is priced in the USD. However, its nature has since morphed. The negative correlation with USD not as strong anymore as demand for gold as a safe-haven strengthens in the backdrop of growing geopolitical conflicts. **In fact, we see an asymmetry in the relationship, the rise in the USD may not dampen the gold as much but the fall in the USD seems to be able to boost the bullion.**

Meanwhile, even though Trump had sounded softer on China, Marco Rubio had a call with China Foreign Minister Wang Yi on 24 Jan where he stressed that the relationship with China had to "advance US interest and put the American people first". Wang told Rubio that both leaders had reached "important consensus" and they should implement it.

China is known to be the biggest importer of gold. A lack of attractive assets in China has driven the Chinese retailers to buy gold in recent years, apart from steady accumulation by the PBoC. China's demand for gold could continue to stay firm. In view of the potential continuation of a trade dispute between the US and China, the path of least resistance for the yuan could be to the downside. Outlook for financial markets at home could be uncertain, albeit likely to be supported by strong domestic measures.

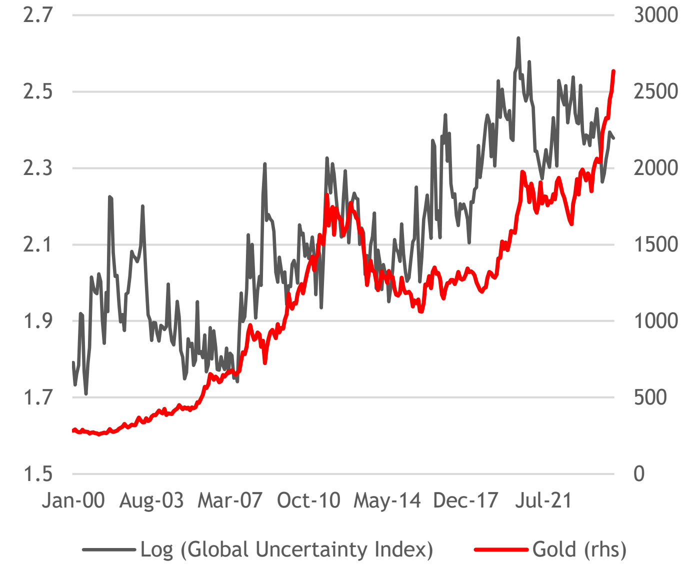
As a result of safe-haven demand, weaponization of the dollar as well as China's shift towards gold as an alternative investment, the negative correlation between the USD and the gold weakened.

De-dollarization endeavours have spurred investors, central bankers towards buying gold as an alternative reserve. The global central banks' net purchase of gold spiked after the invasion of Ukraine by Russia and unprecedented financial sanctions imposed on Russia by the US and EU. Since then, the quarterly net gold purchases by central banks had been higher than the years preceding the invasion.

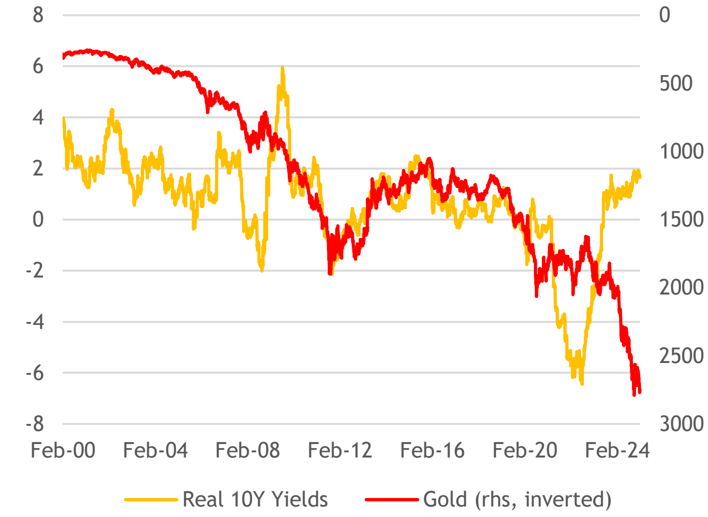
Risk to our view: 1) Rate repricing of the Fed could still have some effect on gold where a dovish re-pricing would add boost. 2) Trump has threatened more sanctions on Russia if Putin does not come to the negotiating table with Ukraine. More financial sanctions could reinforce efforts to de-dollarize or diversify away from the SWIFT payment system. 3) A stop of the war in Ukraine could dampen gold.

Technical Analysis: Be Wary of a Double Top. Gold has arrived to re-visit its record high at around 2780. This is a key level to break. Failure to break this level could form a double top which is a bearish reversal pattern that can potentially bring gold back toward levels around 2540.

Global Political Uncertainties Continue to Lift Gold

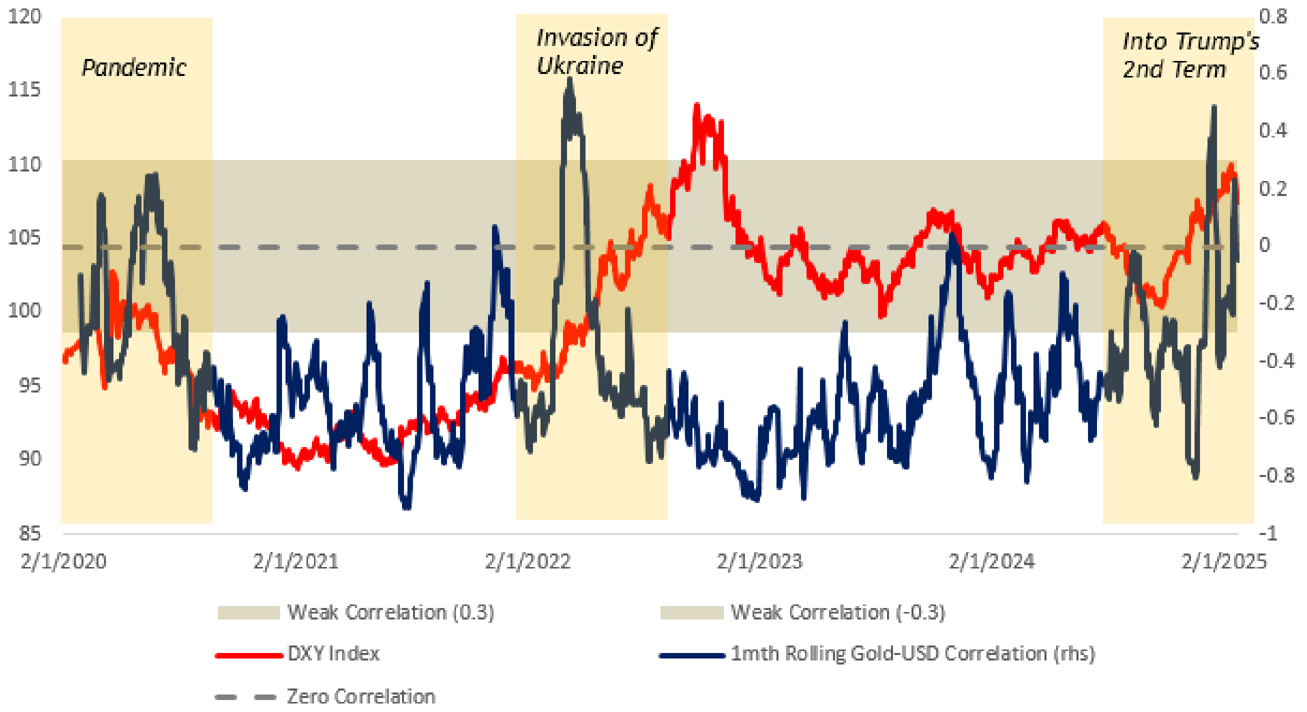


Relationship between Real Yield and Gold Has Weakened



Source: Global Policy Uncertainty index, Bloomberg, Maybank FX Research & Strategy

Trump is known as the disruptor and it may explain why the correlation between USD and Gold Breaks down as Trump starts his new term, similar to the pandemic and invasion of Ukraine



Note: 1month is taken to be 21 working days
Source: Maybank, FX research & Strategy

FX Forecast Table

	End Q1-25	End Q2-25	End Q3-25	End Q4-25
USD/JPY	150.00	150.00	145.00	140.00
EUR/USD	1.0300	1.0200	1.0100	1.0100
GBP/USD	1.2500	1.2450	1.2550	1.2600
AUD/USD	0.6400	0.6200	0.6000	0.6000
NZD/USD	0.5700	0.5600	0.5500	0.5500
USD/CAD	1.4300	1.4500	1.4400	1.4300
USD/CHF	0.8825	0.8850	0.8850	0.8850
USD/SGD	1.3600	1.3750	1.3600	1.3450
USD/MYR	4.6000	4.7000	4.5500	4.4500
USD/IDR	16800	17000	16500	16500
USD/THB	35.50	36.50	35.80	35.80
USD/PHP	60.00	63.00	61.00	61.00
USD/CNY	7.40	7.55	7.50	7.50
USD/CNH	7.40	7.55	7.50	7.50
USD/HKD	7.76	7.77	7.78	7.79
USD/TWD	32.60	32.70	32.80	33.00
USD/KRW	1460	1470	1410	1400
USD/INR	85.25	85.50	85.75	85.75
USD/VND	25000	25200	25200	25200
DXY Index	108.02	108.85	108.73	108.09
Gold ($/oz)	2800.00	2850.00	2900.00	2950.00
	End Q1-25	End Q2-25	End Q3-25	End Q4-25
SGD/MYR	3.38	3.42	3.35	3.31
JPY/SGD	0.91	0.92	0.94	0.96
EUR/SGD	1.40	1.40	1.37	1.36
GBP/SGD	1.70	1.71	1.71	1.69
AUD/SGD	0.87	0.85	0.82	0.81
NZD/SGD	0.78	0.77	0.75	0.74
CAD/SGD	0.95	0.95	0.94	0.94
CHF/SGD	1.54	1.55	1.54	1.52
SGD/IDR	12353	12364	12132	12268
SGD/THB	26.10	26.55	26.32	26.62
SGD/PHP	44.12	45.82	44.85	45.35
SGD/CNY	5.44	5.49	5.51	5.58
SGD/HKD	5.71	5.65	5.72	5.79
SGD/TWD	23.97	23.78	24.12	24.54
SGD/KRW	1074	1069	1037	1041
SGD/INR	62.68	62.18	63.05	63.75
SGD/VND	18382	18327	18529	18736
	End Q1-25	End Q2-25	End Q3-25	End Q4-25
JPY/MYR	3.07	3.13	3.14	3.18
EUR/MYR	4.74	4.79	4.60	4.49
GBP/MYR	5.75	5.85	5.71	5.61
AUD/MYR	2.94	2.91	2.73	2.67
NZD/MYR	2.62	2.63	2.50	2.45
CAD/MYR	3.22	3.24	3.16	3.11
CHF/MYR	5.21	5.31	5.14	5.03
MYR/IDR	3652	3617	3626	3708
MYR/THB	7.72	7.77	7.87	8.04
MYR/PHP	13.04	13.40	13.41	13.71
MYR/CNY	1.61	1.61	1.65	1.69
MYR/HKD	1.69	1.65	1.71	1.75
MYR/TWD	7.09	6.96	7.21	7.42
MYR/KRW	317	313	310	315
MYR/INR	18.53	18.19	18.85	19.27
MYR/VND	5435	5362	5538	5663

*Source: Maybank FX Research as of 27 Jan 2025. *These forecasts are meant to be indicative of FX trends and not meant to be point forecasts.*

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