Citi Wealth

Asia Pacific
*Regional Publication*

**Jaideep Tiwari**
Head, Global Foreign Exchange Investment Strategy

23 April, 2026

# FX Focus: USDSGD Likely Rangebound; Monetary Authority of Singapore Seeking Balance

**At its April 2026 board meeting, Singapore's Monetary Authority of Singapore (MAS) adopted a gradualist approach to tightening policy by steepening the 12-month slope of the SGD Nominal Effective Exchange Rate (SGD NEER) band by an estimated 50 basis points (bps) to 1% p.a. with no change to the center and width of the policy band. The MAS is attempting to balance higher inflation from an increase in oil prices since the start of the Middle East conflict against slower growth. Unless it adopts a more hawkish stance at its July meeting, the USDSGD cross is likely to be rangebound while SGD may also underperform other currencies like the Australian Dollar (AUD) in the near term.**

- At its April board meeting, MAS tightened policy by steepening the 12-month slope of the SGD NEER band by an estimated and modest 50bps to 1% p.a. with no change to the center and width of the policy band. The MAS continued with its "gradualist approach" to policy shifts. With higher inflation prints expected from the conflict in the Middle East, it seeks balance against a slow growth backdrop.
- The central bank also raised its Singapore 2026 core inflation forecast by 50 bps while the Ministry of Trade and Industry (MTI) downgraded its 2026 official GDP forecasts to between 1.5-3.5% (2025: 5%). Risks are now seen as more two-sided versus tilted to the upside as was the case in MAS's January 2026 Monetary Policy Statement (MPS). The April MPS gave no clear indication of the tilt in the balance of risks, merely stating that more persistent supply disruptions could exacerbate both inflationary pressures and deepen growth drags.
- The stance was anticipated, with SGD NEER spot already hovering close to the stronger end of the band prior to the meeting. Since, SGD bulls have expressed some disappointment that the MAS did not tighten more aggressively. This saw the SGD NEER gap down to ~160bps above mid-point from ~180bps prior to the meeting.
- Looking ahead though, the MAS's more cautious language is unlikely to cause a significant culling by SGD longs as:
  1. The Singapore economy remains relatively resilient to stagflation risks for now compared to other advanced markets like the euro area, UK, Japan, among others, and matched by its robust external accounts
  2. Expectations remain for continued global AI-related capex spending and sustained activity in tech-related sectors, which were already lending meaningful support to growth previously
  3. Singapore's capital markets resilience, has for now, largely stemmed the impact of the further tightening.
- At the same time, significant gains in SGD are likely to be more difficult unless MAS signals a more aggressive tightening stance in July. At current levels, the SGD NEER already lies close to the stronger end of the band, likely pricing a further 50 bps steepening in the SGD NEER slope in July. Markets have yet to discount a more aggressive tightening via a re-centering of the SGD NEER band - a possibility in July if uncertainty fades and domestic growth proves more resilient while core CPI surprises significantly to the upside. Under this scenario, a more aggressive upward re-centering of the SGD NEER band is possible alongside a concurrent 50 bps slope steepening.
- Should markets re-price towards this more hawkish scenario, SGD is likely to strengthen significantly especially on non-USD crosses but that remains a tail risk for now.
- But even if the MAS is more cautious and continues on a more gradual tightening path, markets are likely to still look at SGD from the long side (a buy on dips) with additional support for SGD based on its perceived "safe haven" status.

**BOTTOM LINE:** The backdrop implies limited dips in SGD against USD with upside in USDSGD spot likely capped at ~ 1.30-1.31 in 2H26 while the downside at ~1.25-1.26 represents strong support in the pair, at a level at which the SGD NEER would likely be on the cusp of breaching the strong end of the band. With MAS reluctant to tighten more aggressively, SGD may also underperform in the near term against some of its G10 counterparts such as AUD and NZD where the central bank stance is significantly more hawkish (Reserve Bank of Australia) or likely to become so later this year (Reserve Bank of New Zealand).

**FIGURE 1: USDSGD spot at multi-year lows, seemingly discounting a gradual tightening stance**


Source: Bloomberg, April 14, 2026. **Past performance is no guarantee of future results.** Real results may vary.