

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**11 Apr 2022 - 15 Apr 2022**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar Outlook**

- Investors will focus on Consumer prices in the US for March on Tuesday followed by the Producer Price Index (PPI). Inflation is forecast to rise to 8.3% from 7.9% with the core rate moving to 6.6% from 6.4%. Producer prices are predicted to rise to 10.5% overall with a decline in the core to 7.9% from 8.4%. From a policy and market perspective higher inflation is already priced. Moreover, Retail Sales and April's Michigan Consumer Sentiment on Thursday are the major data points

**Dollar News**

- The U.S. dollar hit its highest in nearly two years last week after The US Federal Reserve (Fed) will speed up interest rate hikes. After the U.S. data released in March showed that the labor market and the U.S. economy remained strong.
- Investors focused on the higher probability of an interest rate hike by 50 basis points from the Federal Reserve in May's monetary policy. Moreover, the FED released minutes from its last meeting, showed that they are preparing to move aggressively to head off inflation as "many" participants prepared to raise interest rates in 50-basis-point increments at coming meetings while they showed general agreement about cutting \$95 billion a month from asset holdings which had ballooned during the pandemic.

**Dollar Performance**

<b>Last Week Close</b>	<b>98.63</b>	<b>Monthly High</b>	<b>100.19</b>
<b>Week Open</b>	<b>98.57</b>	<b>Monthly Low</b>	<b>96.63</b>
<b>Week Close</b>	<b>99.74</b>	<b>30 Days Average</b>	<b>98.64</b>
<b>Weekly High</b>	<b>100.19</b>	<b>90 Days Average</b>	<b>96.92</b>
<b>Weekly Low</b>	<b>98.52</b>	<b>YTD Change</b>	<b>+3.99%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
CPI MM, SA	Mar	12-Apr	1.2%	0.8%
Retail Sales MM	Mar	14-Apr	0.6%	0.3%
Initial Jobless Clm	9 Apr, w/e	14-Apr	173k	166k
U Mich Sentiment Prelim	Apr	14-Apr	58.8	59.4
Industrial Production MM	Mar	15-Apr	0.4%	0.5%

<b>Lower Bound</b>	<b>99.50</b>	<b>Upper Bound</b>	<b>100.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- This week's main event in Thailand is Songkran festival. Tourism Authority of Thailand (TAT) governor Yuthasak Supasorn said 11 billion baht is expected from 3.34 million trips nationwide with an average occupancy of around 41% during April 13-17.
- The Chinese data will affect to Asian currencies on Wednesday. China Trade looks set to continue to low in March with lockdowns being imposed across a number of Chinese cities in an attempt to stem the rise in Covid cases. Exports are set to rise 14%, down from 20.9% in February while imports are expected to fall back from 19.5% to 7%.

<b>Lower Bound</b>	<b>33.40</b>	<b>Upper Bound</b>	<b>33.80</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Thai Baht News**

- The Thai baht slightly depreciated in line with Asian currencies, led by the yen which fell after the Bank of Japan signaled to block a rise in Japanese bond yields and the Yuan which weakened on concerns about COVID in China after activity in China's services sector contracted at the sharpest pace in two years in March.
- Meanwhile Deputy Prime Minister and Public Health Minister Anutin Charnvirakul told reporters on Thursday that Thailand will consider scrapping a mandatory real-time polymerase chain reaction (RT-PCR) test on arrival for foreign visitors as the country further relaxes its visa rules to attract tourists. The Centre for Covid-19 Situation Administration will consider the relaxation at a meeting on Friday.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>33.45 THB/USD</b>	<b>Monthly High</b>	<b>33.64 THB/USD</b>
<b>Week Open</b>	<b>33.47 THB/USD</b>	<b>Monthly Low</b>	<b>33.32 THB/USD</b>
<b>Week Close</b>	<b>33.59 THB/USD</b>	<b>30 Days Average</b>	<b>33.26 THB/USD</b>
<b>Weekly High</b>	<b>33.63 THB/USD</b>	<b>90 Days Average</b>	<b>33.20 THB/USD</b>
<b>Weekly Low</b>	<b>33.36 THB/USD</b>	<b>YTD Change</b>	<b>+0.66%</b>

**Thai Baht Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Currency Swaps	4 Apr, w/e	18-Apr		30.7B
Forex Reserves	4 Apr, w/e	18-Apr		241.6B

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- The European Central Bank will announce its decision on monetary policy on Thursday, April 14. No action is expected this time, but this meeting look set to be a particularly testing meeting for ECB President Lagarde as she tries to find a policy balance to dampen down rampant inflation while propping up a weak growth outlook. And this comes at a time when other major central banks are already or are fully prepared to, hike interest rates in ever-increasing increments.
- With the latest March CPI number surging to a new record high of 7.5% from 5.9% this anxiety is likely to increase further, even if core prices still remain low at 3%.

**Euro News**

- The market is still worried about inflation after data showed eurozone inflation jumped to 7.5% in March, hitting a record high again which made it expected that The European Central Bank (ECB) may raise interest rates as early as July and the deposit interest rate will reach around 1.5% by the end of 2023. In addition, markets have picked up on the possibility that the ECB will raise interest rates by 0.60% by the end of the year.
- The euro fell below 1.1000 level against the dollar, the worst performer in all major peers. The focus remains on the Eastern Europe crises and the prospect of new Western sanctions on Russia added pressure to the European currency. ☒

**Euro Index Performance**

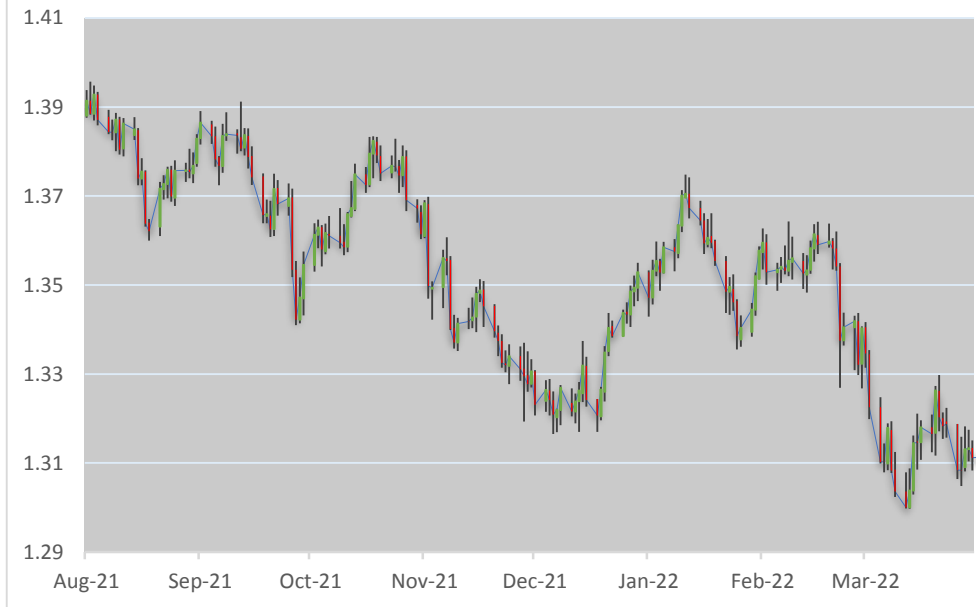
<b>Last Week Close</b>	<b>1.1053</b> USD/EUR	<b>Monthly High</b>	<b>1.1075</b> USD/EUR
<b>Week Open</b>	<b>1.1034</b> USD/EUR	<b>Monthly Low</b>	<b>1.0837</b> USD/EUR
<b>Week Close</b>	<b>1.0876</b> USD/EUR	<b>30 Days Average</b>	<b>1.1012</b> USD/EUR
<b>Weekly High</b>	<b>1.1054</b> USD/EUR	<b>90 Days Average</b>	<b>1.1214</b> USD/EUR
<b>Weekly Low</b>	<b>1.0835</b> USD/EUR	<b>YTD Change</b>	<b>-4.21%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
HICP Final YY	Mar	12-Apr	7.6%	7.6%
ZEW Current Conditions	Apr	12-Apr	-35.0	-21.4
ZEW Economic Sentiment	Apr	12-Apr	-48.0	-39.3
ECB Deposit Rate	Apr	14-Apr	-0.50%	-0.50%
ECB Refinancing Rate	Apr	14-Apr	0.00%	0.00%
CPI (EU Norm) Final YY	Mar	15-Apr	5.1%	5.1%
CPI (EU Norm) Final MM	Mar	15-Apr	1.6%	1.6%

<b>Lower Bound</b>	<b>1.0700</b>	<b>Upper Bound</b>	<b>1.1000</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- UK wages/unemployment will be released on Tuesday, the trend of higher wages is set to rise in the coming months, however it won't even come close to matching the impact of rising prices in the shops, even when the various pay increases announced by various retailers recently. While, Unemployment also fell back to 3.9% in January and is expected to fall back to its pre-pandemic lows of 3.8%, when this week's February numbers are released.
- UK CPI looks set to get even worse for March. In further signs that inflation is becoming more embedded. Nonetheless, expectations for this week's CPI are expected to see a rise to 6.7% and potentially closer to 7%.

**Pound Sterling News**

- Last week, GBP remains still around 1.3 USD/GBP. The focus will be on the MPC speak as it's becoming more and more important as the markets has re-considered the outlook for UK rates from the BoE's dovish tightening in March and many rate hikes has priced in which should leave the GBP vulnerable against the dollar.
- At the end of the week, the pound sterling traded lower, under pressure from Fed-BoE rate divergence, after the BoE embraced a more temperate view of rate hikes to foster growth while fighting inflation.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3112</b> USD/GBP	<b>Monthly High</b>	<b>1.3166</b> USD/GBP
<b>Week Open</b>	<b>1.3112</b> USD/GBP	<b>Monthly Low</b>	<b>1.2983</b> USD/GBP
<b>Week Close</b>	<b>1.3031</b> USD/GBP	<b>30 Days Average</b>	<b>1.3149</b> USD/GBP
<b>Weekly High</b>	<b>1.3166</b> USD/GBP	<b>90 Days Average</b>	<b>1.3365</b> USD/GBP
<b>Weekly Low</b>	<b>1.2979</b> USD/GBP	<b>YTD Change</b>	<b>-3.70%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Manufacturing Output MM	Feb	11-Apr	0.3%	0.8%
GDP Estimate YY	Feb	11-Apr	9.5%	10.0%
GDP Estimate MM	Feb	11-Apr	0.3%	0.8%
GDP Est 3M/3M	Feb	11-Apr	0.9%	1.1%
ILO Unemployment Rate	Feb	12-Apr	3.9%	3.9%
Claimant Count Unem Chng	Mar	12-Apr		-48.1k
CPI YY	Mar	13-Apr	6.7%	6.2%

<b>Lower Bound</b>	<b>1.2900</b>	<b>Upper Bound</b>	<b>1.3150</b>
<b>Forecast</b>	<b>Depreciation</b>		

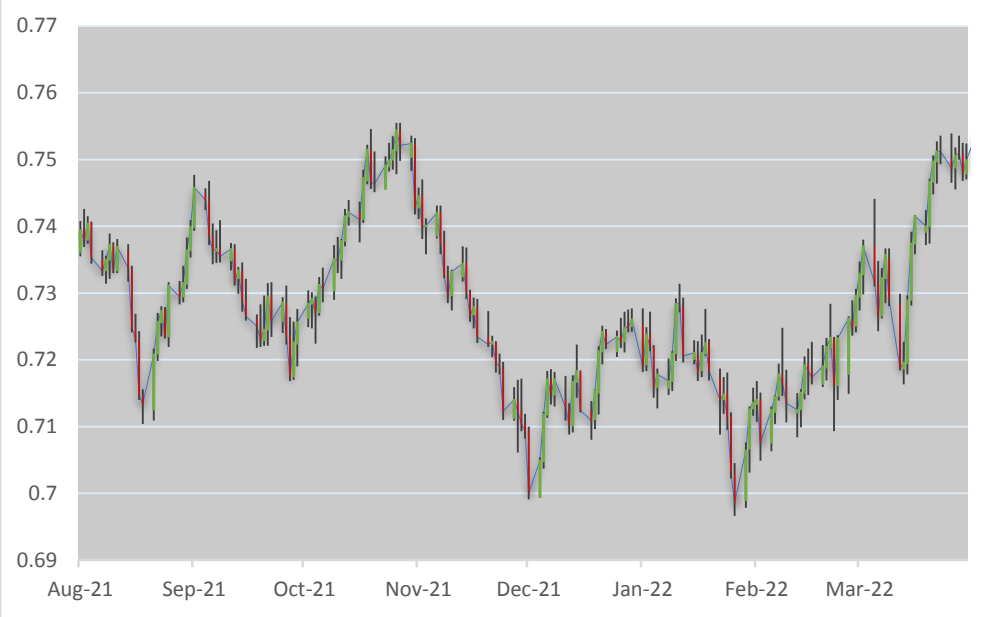
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**Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar Outlook**

- The Australian Dollar made a 10-month high earlier in last week, while The RBA changed the tone of its language from ultra-dovish to the hawkish tone in the proceeding statement that lifted the currency. In particular, the reference to being “patient” regarding tightening was dropped. Before weakening going into the weekend as global factors override the domestic picture.
- Looking ahead, jobs data will be released on Thursday, it is arguably the most important having seriously outperformed in previous months. Fading confidence and employment gains will dampen sentiment in Australian markets and could increase the risk of a material correction lower by AUD and local equities.

<b>Lower Bound</b>	<b>0.7300</b>	<b>Upper Bound</b>	<b>0.7550</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Australian Dollar News**

- The Australian trade balance released by the Australian Bureau of Statistics could weigh on the Aussie currency as imports came in far higher than expected. The trade balance released by the Australian Bureau of Statistics for February 7.46bn AUD surplus vs. the expected surplus 12bn AUD and prior surplus 12.891bn AUD.
- The Aussie has dropped back to near the 0.7500 level as the US dollar strengthens after the Fed minutes release. Meanwhile, RBA Deputy Governor Michelle Bullock said, they “have very tight labor markets,” adding that they are “seeing some response in wages with unemployment at 4%.” Bullock said she “expects some revision upward in our inflation forecasts.” This comment made AUD recovered 0.15% on the day to trade at 0.7590. □

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7499 USD/AUD</b>	<b>Monthly High</b>	<b>0.7661 USD/AUD</b>
<b>Week Open</b>	<b>0.7486 USD/AUD</b>	<b>Monthly Low</b>	<b>0.7427 USD/AUD</b>
<b>Week Close</b>	<b>0.7455 USD/AUD</b>	<b>30 Days Average</b>	<b>0.7155 USD/AUD</b>
<b>Weekly High</b>	<b>0.7661 USD/AUD</b>	<b>90 Days Average</b>	<b>0.7238 USD/AUD</b>
<b>Weekly Low</b>	<b>0.7424 USD/AUD</b>	<b>YTD Change</b>	<b>+2.55%</b>

**Australian Dollar Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Unemployment Rate	Mar	14-Apr	3.9%	4.0%
Participation Rate	Mar	14-Apr	66.5%	66.4%
Full Time Employment	Mar	14-Apr		121.9k
Employment	Mar	14-Apr	40.0k	77.4k


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The yen loss in March and these trends continued in April. Treasury yields and the widening gulf between Federal Reserve and Bank of Japan (BoJ) monetary policies were the prime factor in the dollar ascent, treasury yields have been driven higher by a series of comments from several Federal Reserve officials promoting higher rates and a reduction in the bank's \$9 trillion balance sheet. The gap between the two countries interest rate structure is should continue to move apart.
- The biggest risk is that the BoJ will permit a gradual rise in Japanese interest rates. That has not been an active BoJ approach in over two decades and within inflation still well below its goal seems unlikely. ☒

<b>Lower Bound</b>	<b>123.50</b>	<b>Upper Bound</b>	<b>126.00</b>
<b>Forecast</b>	<b>Neutral</b>		

**Japanese Yen News**

- The yen depreciated against dollar by the Bank of Japan's commitment to aggressively defend its 0.25% yield cap before BoJ's Governor Kuroda spoke in parliament that Japan's economy is likely to recover adding that inflation will clearly accelerate due to a sharp rise in energy prices.
- On Thursday, the Bank of Japan (BOJ) remains stuck with its ultra-loose monetary policy stance while desperately defending its yield curve target at 0.25%. On the other side, the US Treasury yields keep rallying after the Fed officials stepped up the hawkish rhetoric recently, calling for a bigger rate hike, as well as, the balance sheet run-off in the May meeting. ☒

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>122.49</b> JPY/USD	<b>Monthly High</b>	<b>124.67</b> JPY/USD
<b>Week Open</b>	<b>122.61</b> JPY/USD	<b>Monthly Low</b>	<b>121.83</b> JPY/USD
<b>Week Close</b>	<b>124.32</b> JPY/USD	<b>30 Days Average</b>	<b>113.90</b> JPY/USD
<b>Weekly High</b>	<b>124.67</b> JPY/USD	<b>90 Days Average</b>	<b>112.45</b> JPY/USD
<b>Weekly Low</b>	<b>122.25</b> JPY/USD	<b>YTD Change</b>	<b>+8.24%</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Corp Goods Price YY	Mar	12-Apr	9.3%	9.3%
Corp Goods Price MM	Mar	12-Apr	0.9%	0.8%
Bank Lending YY	Mar	12-Apr		0.4%
Reuters Tankan Man'f Idx	Apr	13-Apr		8
Machinery Orders YY	Feb	13-Apr	14.5%	5.1%
Machinery Orders MM	Feb	13-Apr	-1.5%	-2.0%

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