

WEEKLY FOREIGN EXCHANGE OUTLOOK

29 Aug 2022 - 02 Sep 2022

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- According to economists surveyed in the latest Reuters poll, the US Federal Reserve (Fed) is seen raising rates by 50 basis points (bps) in September. From this survey, there might be capital outflows from the safe-haven-asset dollar to risky assets.
- The market's eyes are on the report of non-farm payroll which is scheduled to release on Friday.

Dollar News

- The Preliminary US GDP report, the second reading, showed that the world's largest economy contracted by 0.6% annualized pace during the second quarter as compared to the 0.9% fall estimated previously.
- US annual PCE inflation declines to 6.3% in July vs. 7.4% expected. While the Core PCE Price Index, which excludes volatile food and energy prices, edged lower to 4.6% from 4.8% in the same period, compared to the market expectation of 4.7%.
- Federal Reserve Chairman Jerome Powell's speech at the Jackson Hole created some volatility, but nothing out of the daily ranges as he did not say something significantly different to what Fed speakers have already been talking about. In his speech, Jerome Powell said that the central bank is moving "purposefully" to a sufficiently restrictive to return inflation to 2% while adding that restoring price stability will take some time, requiring a "forcefully" use of the central bank's tools.

Dollar Index Performance

Last Week Close	108.17	Monthly High	109.39
Week Open	108.10	Monthly Low	104.64
Week Close	107.59	30 Days Average	106.83
Weekly High	109.39	90 Days Average	105.05
Weekly Low	107.59	YTD Change	+13.98%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Aug	30-Aug	97.5	
Initial Jobless Clm	27 Aug, w/	1-Sep	249k	
S&P Global Mfg PMI Final	Aug	1-Sep		
ISM Manufacturing PMI	Aug	1-Sep	52.0	
Non-Farm Payrolls	Aug	2-Sep	285k	
Unemployment Rate	Aug	2-Sep	3.5%	
Factory Orders MM	Jul	2-Sep	0.2%	

Lower Bound **108.00** **Upper Bound** **110.00**

Forecast **Appreciation**

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Thai Baht Graph



Source: Thomson Reuters

Thai Baht News

• The baht sharply appreciated against the dollar on some profit-taking as Thailand's constitutional court on Wednesday (Aug 24) suspended Prime Minister Prayut Chan-o-cha from official duty after it decided to hear a petition to review his legally mandated eight-year term limit. It is expected that the Constitutional Court proceedings will be completed within one month, or by the end of September, during which time the cabinet will continue to perform its duties. Deputy Prime Minister Prawit Wongsuwan will serve as acting prime minister in the meantime.

Thai Baht Performance

Last Week Close	35.72 THB/USD	Monthly High	36.44 THB/USD
Week Open	34.43 THB/USD	Monthly Low	35.06 THB/USD
Week Close	36.15 THB/USD	30 Days Average	36.03 THB/USD
Weekly High	36.33 THB/USD	90 Days Average	35.29 THB/USD
Weekly Low	35.73 THB/USD	YTD Change	+9.15%

Thai Baht Outlook

- It is likely that the baht could depreciate against the dollar due to the strong dollar.
- the political factors in the country remains in focus.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Jul	31-Aug	8.70%	
Exports YY	Jul	31-Aug		
Imports YY	Jul	31-Aug		
Trade Account	Jul	31-Aug		
Current Account	Jul	31-Aug		
Manufacturing PMI SA	Aug	1-Sep		

Lower Bound	36.15	Upper Bound	36.60
Forecast	Depreciation		

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Euro Graph



Source: Thomson Reuters

Euro News

- The euro fell below 1.0000 against the dollar as concerns on energy crisis.
- German final GDP which expanded by 0.1% on the quarter in the three months to June of 2022 vs. 0.0% prior.
- Germany's monthly report from Bundesbank signaled that a recession in Germany is increasingly likely while also suggesting that inflation will continue to accelerate and could peak at more than 10%.
- The euro rallied sharply after sources cited by Reuters reported that some ECB policymakers wanted to discuss a 75 bps hike for September due to further deterioration in the inflation outlook.

Euro Index Performance

Last Week Close	1.0034 USD/EUR	Monthly High	1.0368 USD/EUR
Week Open	1.0039 USD/EUR	Monthly Low	0.9901 USD/EUR
Week Close	0.9961 USD/EUR	30 Days Average	1.0166 USD/EUR
Weekly High	1.0089 USD/EUR	90 Days Average	1.0381 USD/EUR
Weekly Low	0.9899 USD/EUR	YTD Change	-12.78%

Euro Outlook

- The euro tends to depreciate against the dollar as long as the energy crisis lasts.
- Another rate hike is widely expected in September but is only likely to provide fleeting support for the EUR given the stagflation fears.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Aug	30-Aug	-24.9	
CPI Prelim YY	Aug	30-Aug	7.8%	
Unemployment Chg SA	Aug	31-Aug	27k	
Unemployment Rate SA	Aug	31-Aug	5.5%	
Unemployment Rate	Jul	1-Sep	6.6%	

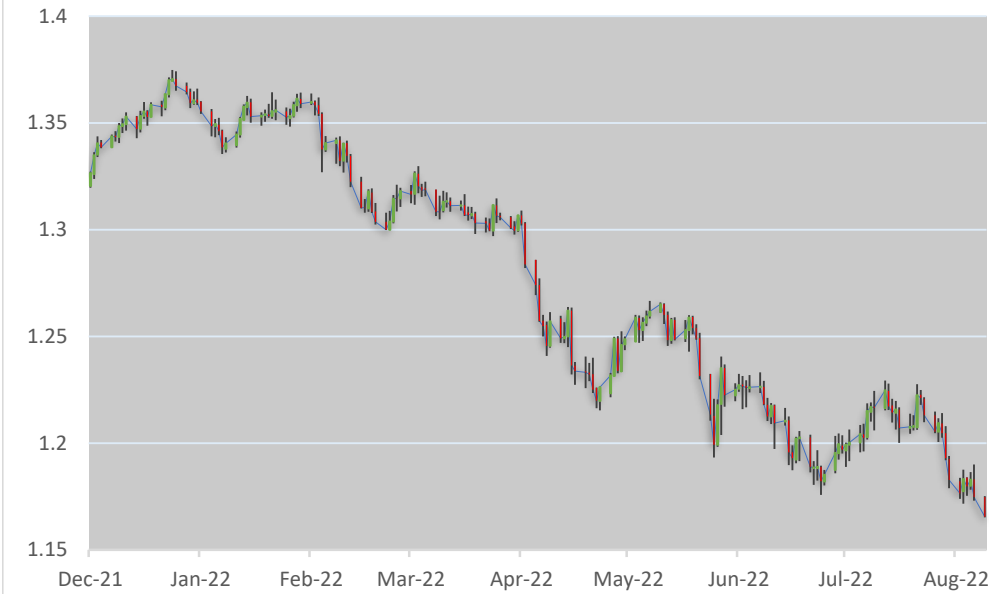
Lower Bound	0.9850	Upper Bound	1.0100
Forecast	Depreciation		

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 Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- A gloomy economic outlook in the UK, with energy bills pushing higher, Bank of England (BoE) recession projections for at least 18 months, and a slowing economy, would pressure the pound.
- The cable could depreciate against the dollar as there might be capital inflows to the dollar due to recession concerned.

Pound Sterling News

- A decent improvement in Average Earnings in the UK zone has strengthened the BOE policymakers to elevate interest rates unhesitatingly. The labor cost data landed at 4.7%, higher than the expectations of 4.5% and the prior release of 4.4%.
- The pound sterling depreciated against the greenback as markets are expected the UK's inflation to continue raising after surging energy costs and a summer of strikes highlighted the UK cost of living crisis and intensified fears for further economic slowdown.

Pound Sterling Performance

Last Week Close	1.1827 USD/GBP	Monthly High	1.2293 USD/GBP
Week Open	1.1822 USD/GBP	Monthly Low	1.1656 USD/GBP
Week Close	1.1747 USD/GBP	30 Days Average	1.2024 USD/GBP
Weekly High	1.1900 USD/GBP	90 Days Average	1.2214 USD/GBP
Weekly Low	1.1716 USD/GBP	YTD Change	-13.85%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
BOE Consumer Credit	Jul	30-Aug	1.502B	
Mortgage Lending	Jul	30-Aug		
Mortgage Approvals	Jul	30-Aug	61.750k	
Nationwide house price mm	Aug	1-Sep		
Nationwide house price yy	Aug	1-Sep		
S&P GBLB/CIPS Mfg PMI FNL	Aug	1-Sep	46.0	

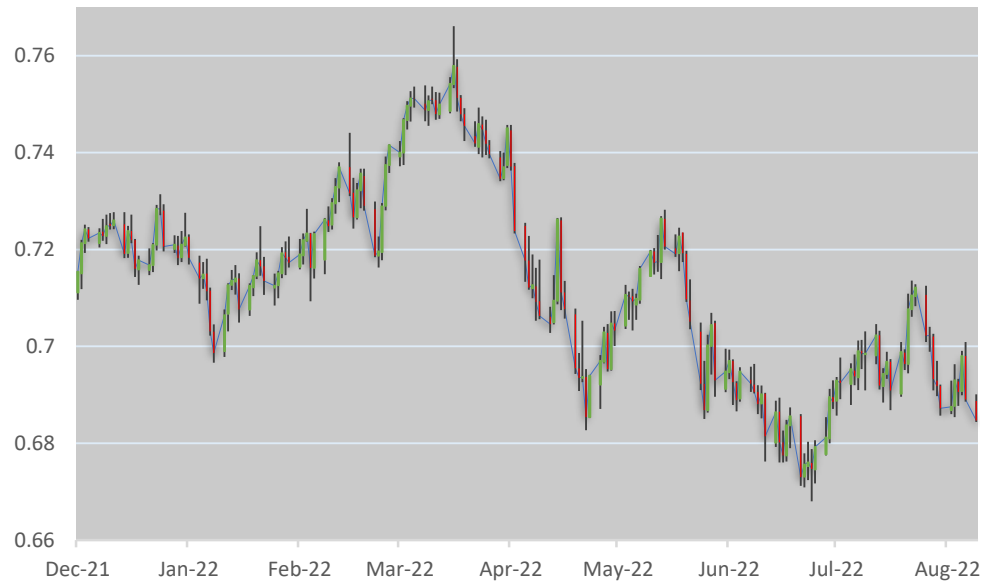
Lower Bound	1.1550	Upper Bound	1.1750
Forecast	Depreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- It is possible that the aussie could weaken against the greenback due to the strong dollar.
- As it is a trade partner with China, the aussie could depreciate against the dollar due to the gloomy economic outlook in China.

Australian Dollar News

- The asset is declining from the past three trading sessions consecutively after surrendering the psychological support of 0.7000.
- As the Aussie is a leading trading partner to China, it has received significant bids after the People's Bank of China (PBOC) trimmed its one-year and five-year Prime Lending Rate (PLR) by 5 basis points (bps) and 15 bps respectively. A dovish stance was highly expected by the PBOC as the Chinese economy is facing the headwinds of shrinkage in economic activities, particularly in infrastructure, construction, and chemical manufacturing.

Australian Dollar Performance

Last Week Close	0.6872 USD/AUD	Monthly High	0.71360 USD/AUD
Week Open	0.6868 USD/AUD	Monthly Low	0.68480 USD/AUD
Week Close	0.6890 USD/AUD	30 Days Average	0.70147 USD/AUD
Weekly High	0.7009 USD/AUD	90 Days Average	0.71869 USD/AUD
Weekly Low	0.6854 USD/AUD	YTD Change	-5.67%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM Final	Jul	29-Aug	0.3%	
Building Approvals	Jul	30-Aug	-1.0%	
Building Approval Total YY	Jul	30-Aug		
Mfg PMI Final	Aug	1-Sep		
Owner-Occp'd Hous'g Fin MM	Jul	1-Sep	-3.00%	
Invest Hous'g Fin MM	Jul	1-Sep		
Capital Expenditure	Q2	1-Sep	1.2%	

Lower Bound	0.6750	Upper Bound	0.6950
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The CPI landed at 2.6%, higher than the consensus of 2.2% and the prior release of 2.4%. The sustainability of the inflation rate above 2% may force the Bank of Japan (BOJ) to turn neutral. However, the escalation in the policy divergence is imminent.
- As for the Bank of Japan, considering the current increase in headline inflation readings, the central bank is expected to exit its unsustainable policy, Yield Curve Control, or YCC.

Japanese Yen News

- The Japan's manufacturing activity growth slowed to a 19-month low, as new orders continue to decline. The manufacturing PMI fell to 51.0 in Aug from 52.1 in previous month.
- The Bank of Japan (BOJ) is continuously flushing liquidity in the economy to spurt the overall growth. Despite, the continuation of a prudent monetary policy, a contraction in economic activities is worrisome for BOJ policymaker.
- Bank of Japan (BOJ) board member Toyoaki Nakamura commented that the BOJ must patiently maintain powerful monetary easing.

Japanese Yen Performance

Last Week Close	136.93 JPY/USD	Monthly High	138.87 JPY/USD
Week Open	136.87 JPY/USD	Monthly Low	130.42 JPY/USD
Week Close	137.52 JPY/USD	30 Days Average	127.55 JPY/USD
Weekly High	137.71 JPY/USD	90 Days Average	120.14 JPY/USD
Weekly Low	135.80 JPY/USD	YTD Change	+20.64%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Leading Indicator Revised	Jun	29-Aug		
Jobs/Applicants Ratio	Jul	30-Aug	1.27	
Unemployment Rate	Jul	30-Aug	2.6%	
Industrial O/P Prelim MM SA	Jul	31-Aug	-0.5%	
Large Scale Retail Sales YY	Jul	31-Aug		
JibunBK Mfg PMI Final SA	Aug	1-Sep		
Monetary Base YY	Aug	2-Sep		

Lower Bound	137.00	Upper Bound	140.00
Forecast	Depreciation		

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