

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**21 Feb 2022 - 25 Feb 2022**



**Dollar Index**

**Dollar Index Graph**



Source: Thomson Reuters

**Dollar News**

- The dollar pulled back as investors were relieved that the minutes from the US Federal Reserve's January 2022 meeting took a much less hawkish turn than some had expected. The minutes did not mention any discussion about a half-point move and didn't disclose details about the timing or the monthly pace of the planned balance sheet reduction.
- For now, the Russia-Ukraine conflict has superseded concerns about the Federal Reserve's plans to tighten monetary policy. But the market has been divided over the size of the expected interest rate increase.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>96.08</b>	<b>Monthly High</b>	<b>97.44</b>
<b>Week Open</b>	<b>96.03</b>	<b>Monthly Low</b>	<b>94.63</b>
<b>Week Close</b>	<b>95.73</b>	<b>30 Days Average</b>	<b>95.85</b>
<b>Weekly High</b>	<b>96.44</b>	<b>90 Days Average</b>	<b>95.59</b>
<b>Weekly Low</b>	<b>95.68</b>	<b>YTD Change</b>	<b>-0.15%</b>

**Dollar Outlook**

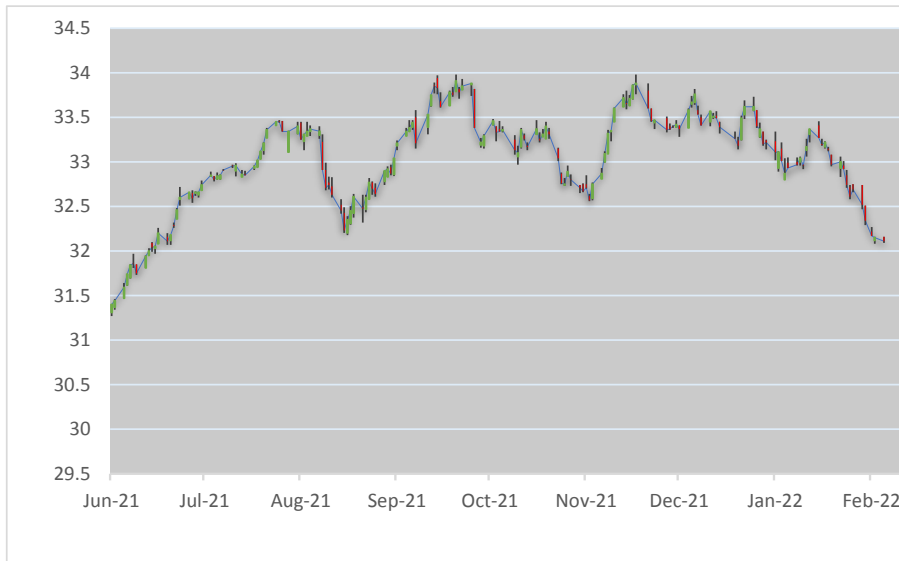
- Speculation about a double-dose rate hike will stir the currency in the coming week as Fed officials continue to send mix messages.
- However, FED is not the only central bank facing inflationary pressure. A hawkish pivot from other central banks around the world could cap dollar gains.
- Retreating US bond yields also undermined the USD.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Markit Mfg PMI Flash	Feb	22-Feb	56.0	55.5
Markit Svcs PMI Flash	Feb	22-Feb	53.0	51.2
Markit Comp Flash PMI	Feb	22-Feb		51.1
Consumer Confidence	Feb	22-Feb	109.8	113.8
GDP 2nd Estimate	Q4	24-Feb	7.0%	6.9%
Initial Jobless Clm	19 Feb, w/	24-Feb	235k	248k
New Home Sales-Units	Jan	24-Feb	0.807M	0.811M
Consumption, Adjusted MM	Jan	25-Feb	1.5%	-0.6%
Durable Goods	Jan	25-Feb	0.7%	-0.7%
U Mich Sentiment Final	Feb	25-Feb	61.7	61.7

<b>Lower Bound</b>	<b>95.50</b>	<b>Upper Bound</b>	<b>97.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht News**

- Thai baht appreciated against the dollar, moving in line with foreign fund flow into stock and bond markets.
- The Bank of Thailand (BoT) left its key interest rate unchanged (0.5%) at a record low, seeking to maintain support for a fragile recovery in the economy amid efforts to revive the country's battered tourism sector and rising risks from inflation that has breached its target range.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>32.69</b> THB/USD	<b>Monthly High</b>	<b>33.27</b> THB/USD
<b>Week Open</b>	<b>32.74</b> THB/USD	<b>Monthly Low</b>	<b>32.09</b> THB/USD
<b>Week Close</b>	<b>32.15</b> THB/USD	<b>30 Days Average</b>	<b>32.97</b> THB/USD
<b>Weekly High</b>	<b>32.74</b> THB/USD	<b>90 Days Average</b>	<b>33.21</b> THB/USD
<b>Weekly Low</b>	<b>32.08</b> THB/USD	<b>YTD Change</b>	<b>-3.45%</b>

**Thai Baht Outlook**

- Policy divergence between FED and BOT may pressure Thai Baht in the medium-long term.
- Dovish stance from the central bank, expecting inflation will begin to decline once semiconductor and container shortages, as well as the swine outbreak, have subsided.
- Foreign fund flows will be key determinant of THB strength in the near term given positive global sentiment toward economic recovery.

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q4	21-Feb	0.7%	-0.3%
GDP Growth QQ SA	Q4	21-Feb	1.4%	-1.1%
Annual GDP Growth	2021	21-Feb		-6.10%
Custom-Based Export Data	Jan	23-Feb	18.60%	24.20%
Custom-Based Import Data	Jan	23-Feb	20.70%	33.40%
Customs-Based Trade Data	Jan	23-Feb	-0.30B	-0.35B
Manufacturing Prod YY	Jan	23-Feb		6.83%

<b>Lower Bound</b>	<b>31.85</b>	<b>Upper Bound</b>	<b>32.50</b>
<b>Forecast</b>	<b>Neutral</b>		

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Euro

Euro Graph



Source: Thomson Reuters

Euro News

- The EUR/USD extended the decline and printed a fresh low around 1.1325 as tension in Ukraine escalated.
- However, the euro trimmed losses after a report mentioned European Central Bank officials are leaning toward rising rates in 2022 and have begun discussing the end of QE.

Euro Index Performance

<b>Last Week Close</b>	<b>1.1349</b> USD/EUR	<b>Monthly High</b>	<b>1.1495</b> USD/EUR
<b>Week Open</b>	<b>1.1343</b> USD/EUR	<b>Monthly Low</b>	<b>1.1222</b> USD/EUR
<b>Week Close</b>	<b>1.1321</b> USD/EUR	<b>30 Days Average</b>	<b>1.1355</b> USD/EUR
<b>Weekly High</b>	<b>1.1395</b> USD/EUR	<b>90 Days Average</b>	<b>1.1376</b> USD/EUR
<b>Weekly Low</b>	<b>1.1278</b> USD/EUR	<b>YTD Change</b>	<b>-0.06%</b>

Euro Outlook

- The short term bias looks neutral. The euro needs to break and hold 1.1400 to gain strength, while a firm slide under 1.1270 should point to more losses. However, potential sanction against Russia is not good news for the EURUSD. Next week, attention will remain on the Ukrainian border. On the data front, the February Flash PMIs for the Eurozone.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg Flash PMI	Feb	21-Feb	58.7%	58.7%
Markit Serv Flash PMI	Feb	21-Feb	52.0%	51.1%
Markit Comp Flash PMI	Feb	21-Feb	52.7	52.30%
HICP Final MM	Jan	23-Feb	0.40%	0.40%
HICP Final YY	Jan	23-Feb	5.10%	5.10%
Consumer Confid. Final	Feb	25-Feb		0.00B

<b>Lower Bound</b>	<b>1.1300</b>	<b>Upper Bound</b>	<b>1.1500</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Pound Sterling Graph**



Source: Thomson Reuters

**Pound Sterling News**

- The pound sterling climbed to fresh weekly high, above 1.3600 mark amid renewed the dollar weakness.
- The high-beta British pound remained resilient to the Russia-Ukraine crisis that dominated all through the week, as hotter UK inflation ramped up aggressive rate hike expectations from the Bank of England (BOE).
- The UK annualized inflation rate hit a fresh 30-year high, arriving at 5.5%, a tad hotter than the 5.4% expected.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3560</b> USD/GBP	<b>Monthly High</b>	<b>1.3643</b> USD/GBP
<b>Week Open</b>	<b>1.3554</b> USD/GBP	<b>Monthly Low</b>	<b>1.3435</b> USD/GBP
<b>Week Close</b>	<b>1.3590</b> USD/GBP	<b>30 Days Average</b>	<b>1.3560</b> USD/GBP
<b>Weekly High</b>	<b>1.3642</b> USD/GBP	<b>90 Days Average</b>	<b>1.3490</b> USD/GBP
<b>Weekly Low</b>	<b>1.3483</b> USD/GBP	<b>YTD Change</b>	<b>+0.77%</b>

**Pound Sterling Outlook**

- With BoE being among the two most aggressive central banks while inflation continue to rise rapidly. The recent trend has been bullish and if that continues 1.37 will once again be key resistance, with the next test at 1.3834
- The UK economic docket will feature Markit Manufacturing and Services PMI data for February this week.
- Despite a relative data-light week, the main underlying theme will be determined by Russia-Ukraine geopolitical updates. The planned meeting between the US Secretary of State Antony Blinken and Russian Foreign Minister Sergey Lavrov will hold the key for markets.

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Feb	21-Feb	55.0	54.2
Flash Manufacturing PMI	Feb	21-Feb	57.2	57.3
Flash Services PMI	Feb	21-Feb	55.5	54.1
CBI Trends - Orders	Feb	22-Feb	25	24
CBI Distributive Trades	Feb	24-Feb	25	28
GfK Consumer Confidence	Feb	25-Feb	-18	-19

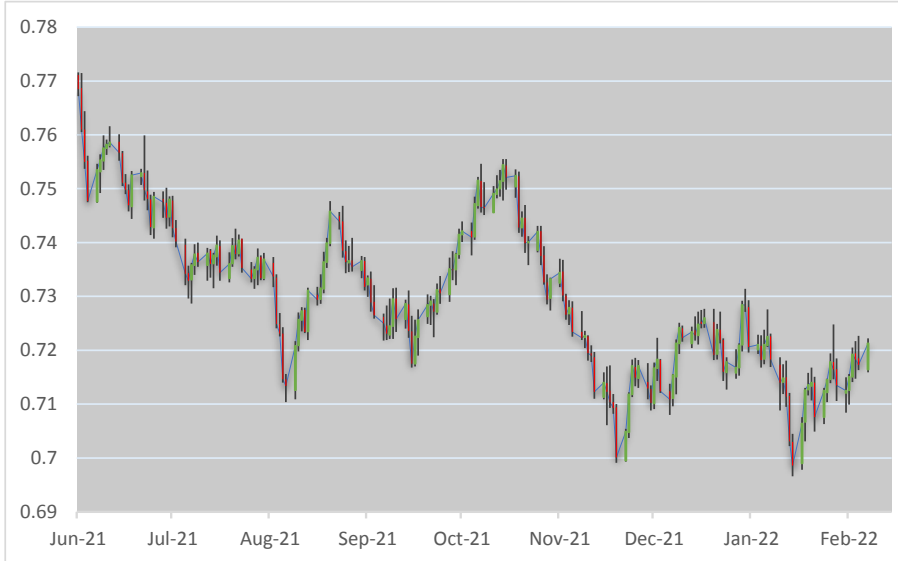
<b>Lower Bound</b>	<b>1.3500</b>	<b>Upper Bound</b>	<b>1.3700</b>
<b>Forecast</b>	<b>Appreciation</b>		

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 **Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar News**

- AUD/USD failed to hold to the north of the 0.7200 level for a third successive session, despite solid jobs data earlier in the week.
- Easing Russia-Ukraine tensions lifted risk sentiment and undermined the safe-haven greenback. RBA rate hike bets further inspired the aussie bulls and remained supportive of the move up.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7135</b> USD/AUD	<b>Monthly High</b>	<b>0.7248</b> USD/AUD
<b>Week Open</b>	<b>0.7121</b> USD/AUD	<b>Monthly Low</b>	<b>0.7034</b> USD/AUD
<b>Week Close</b>	<b>0.7173</b> USD/AUD	<b>30 Days Average</b>	<b>0.7164</b> USD/AUD
<b>Weekly High</b>	<b>0.7227</b> USD/AUD	<b>90 Days Average</b>	<b>0.7293</b> USD/AUD
<b>Weekly Low</b>	<b>0.7084</b> USD/AUD	<b>YTD Change</b>	<b>-0.69%</b>

**Australian Dollar Outlook**

- AUD's resilience to the escalating geopolitical situation in Eastern Europe will be put to the test once more this week with a key face-to-face meeting between US Secretary of State Anthony Blinken and Russian Foreign Minister Sergey Lavrov in focus. Any signs the two sides come to some sort of agreement to de-escalate things could help propel the pair back above monthly highs and back towards 2022 highs in the 0.7300 area.
- Aussie Q4 wage data will also be in the highlight. An upside surprise could be the final piece in the puzzle for the RBA to formally signal rate hikes in 2022

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Mfg PMI Flash	Feb	21-Feb		55.1
Services PMI Flash	Feb	21-Feb		46.6
Comp PMI Flash	Feb	21-Feb		46.7
Wage Price Index QQ	Q4	23-Feb	0.7%	0.6%
Wage Price Index YY	Q4	23-Feb	2.4%	2.2%
Capital Expenditure	Q4	24-Feb	2.9%	-2.2%

<b>Lower Bound</b>	<b>0.7100</b>	<b>Upper Bound</b>	<b>0.7300</b>
<b>Forecast</b>	<b>Neutral</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Policy divergence between BOJ and FED continue to pressure the Japanese Yen. The pandemic hasn't changed anything for BOJ's stance. It has only served to exacerbate Japan's economic issues and that will persist for many more years to come.
- Safe havens may advance further as geopolitical development dampened hopes for a diplomatic deal to avert military action around Ukraine.

**Japanese Yen News**

- The USD/JPY slipped through 115.00 for the first time since February 7 as less hawkish FOMC minutes, along with retreating US Treasury bond yields further undermined the greenback.
- The safe-haven Japanese yen remained attractive for the week as a series of developments in the Ukraine-Russia crisis put investors on edge.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>115.41</b> JPY/USD	<b>Monthly High</b>	<b>116.33</b> JPY/USD
<b>Week Open</b>	<b>115.26</b> JPY/USD	<b>Monthly Low</b>	<b>114.17</b> JPY/USD
<b>Week Close</b>	<b>115.00</b> JPY/USD	<b>30 Days Average</b>	<b>112.98</b> JPY/USD
<b>Weekly High</b>	<b>115.87</b> JPY/USD	<b>90 Days Average</b>	<b>110.95</b> JPY/USD
<b>Weekly Low</b>	<b>114.78</b> JPY/USD	<b>YTD Change</b>	<b>-0.21%</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
JibunBK Mfg PMI Flash SA	Feb	21-Feb		55.4
CPI Tokyo Ex fresh food YY	Feb	25-Feb	0.4%	0.2%
CPI, Overall Tokyo	Feb	25-Feb		0.5%

<b>Lower Bound</b>	<b>114.00</b>	<b>Upper Bound</b>	<b>116.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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