

WEEKLY FOREIGN EXCHANGE OUTLOOK
28 Feb 2022 - 04 Mar 2022

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- The USD strengthened rapidly on Thursday as Russian President had ordered a full-scale invasion of Ukraine, and reports of explosions all the country were coming thick and fast. Markets have been shaking, with the safe-haven US dollar and Japanese yen gaining ground alongside gold and oil, while stocks and risk currencies are falling fast.
- The dollar loss its gains as a collapse of the Ukrainian government could allow Putin to order a retreat.
- For the economic data; the US Q4 GDP was revised to 7.2% from 6.9% and Markit's manufacturing and services Purchasing Managers' index for February were slightly higher than expected. And Durable goods Orders for January and Retails Sales were also much robust than expected.

Dollar Index Performance

Last Week Close	96.04	Monthly High	97.74
Week Open	96.11	Monthly Low	95.04
Week Close	96.52	30 Days Average	96.02
Weekly High	97.74	90 Days Average	95.71
Weekly Low	95.69	YTD Change	+0.60%

Dollar Outlook

- If the Russia-Ukraine war becomes worse and extended stalemate, the impact on global economics rises, the more likely that US dollar as safety-asset will get advantage.
- The ISM will release the Manufacturing PMI for February on Tuesday, the ADP's private sector employment report and Fed's Beige Book will be look upon for fresh clue.
- Later on Friday, the Nonfarm Payroll will be released and more importantly, FOMC Chair, Powell, will testify before the US Senate Banking Committee which investors will see how Powell will respond to questions on the potential impact of Russia-Ukraine war on policy outlook.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg PMI Final	Feb	1-Mar		57.5
ISM Manufacturing PMI	Feb	1-Mar	58.0	57.6
Initial Jobless Clm	26 Feb, w/	3-Mar	226k	232k
Markit Comp Final PMI	Feb	3-Mar		56.0
Markit Svcs PMI Final	Feb	3-Mar		56.7
Factory Orders MM	Jan	3-Mar	0.5%	-0.4%
ISM N-Mfg PMI	Feb	3-Mar	61.0	59.9
Non-Farm Payrolls	Feb	4-Mar	450k	467k
Unemployment Rate	Feb	4-Mar	3.9%	4.0%
Average Earnings YY	Feb	4-Mar	5.8%	5.7%

Lower Bound	95.50	Upper Bound	98.00
Forecast	Appreciation		

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Thai Baht Graph
Thai Baht News


Source: Thomson Reuters

- The Thai Baht had been volatile last week by strengthened during the beginning of the week to level low of 32.10 THB/USD regarding foreign net inflow into bond market.
- However, the baht loss its gain and weakened to level above 32.80 THB/USD due to the Russia-Ukraine conflict which increased demand for safe-haven assets such as Dollar, Yen and Swiss Franc.
- On Friday, the baht went back to level around 32.55 THB/USD as USD slipped back below 97.00 as news reported a probable meeting between Russian and Ukrainian officials despite the persistent advance of Russian troops into the country.

Thai Baht Performance

Last Week Close	32.15 THB/USD	Monthly High	33.27 THB/USD
Week Open	32.16 THB/USD	Monthly Low	32.09 THB/USD
Week Close	32.49 THB/USD	30 Days Average	32.83 THB/USD
Weekly High	32.60 THB/USD	90 Days Average	33.15 THB/USD
Weekly Low	32.09 THB/USD	YTD Change	-2.67%

Thai Baht Outlook

- Investors are likely to stay focused on geopolitical headlines.
- The baht is likely to move fluctuates in near-term on Russia-Ukraine war and a release of US economic data, if the reading comes out stronger than expected, the greenback should find demand and probably weigh on the Thai baht.
- The baht could be weakened as the impact of the Omicron-driven outbreak, due to the recent rise in daily infections, could slow down the economy.

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Jan	23-Feb	19.60%	24.20%
Custom-Based Import Data	Jan	23-Feb	22.15%	33.40%
Customs-Based Trade Data	Jan	23-Feb	-0.30B	-0.35B
Manufacturing Prod YY	Jan	28-Feb	4.60%	6.83%
Exports YY	Jan	28-Feb		23.00%
Imports YY	Jan	28-Feb		28.20%
Trade Account	Jan	28-Feb		2.80B
Current Account	Jan	28-Feb		-1.40B
Manufacturing PMI SA	Feb	1-Mar		51.7
CPI Headline Inflation	Feb	4-Mar		3.23%

Lower Bound	32.20	Upper Bound	32.80
Forecast	Depreciation		

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The Euro continues to look to the geopolitical developments. The recent deterioration in the Russia-Ukraine situation is expected to keep the pair under pressure.
- The implication the war in Ukraine that will have on the ECB policy outlook might make ECB to stick to its current QE tapering plans and push away any rate hikes.
- While the potential of interest rate hike by the ECB sooner than anticipate could underpin the pair.

Lower Bound	1.1100	Upper Bound	1.1350
Forecast	Depreciation		

Euro News

- The Euro collapsed to monthly lows around 1.1200 area against the US dollar as risk-off sentiment picked up pace on Russia-Ukraine war.
- On Friday, the Euro was trading around 1.1240 USD/EUR as demand for the greenback receded and stocks bounces.
- The EU, UK and the US announced a series of sanctions on Thursday but refrained from cutting Russia off from the SWIFT system while reiterating that it was an option that could be exercised.

Euro Index Performance

Last Week Close	1.1321 USD/EUR	Monthly High	1.1495 USD/EUR
Week Open	1.1314 USD/EUR	Monthly Low	1.1107 USD/EUR
Week Close	1.1267 USD/EUR	30 Days Average	1.1336 USD/EUR
Weekly High	1.1390 USD/EUR	90 Days Average	1.1359 USD/EUR
Weekly Low	1.1105 USD/EUR	YTD Change	-0.89%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg Final PMI	Feb	1-Mar	58.4	58.4
HICP Flash YY	Feb	2-Mar	5.3%	5.1%
HICP-X F&E Flash YY	Feb	2-Mar	2.7%	2.4%
Markit Serv Final PMI	Feb	3-Mar	55.8	55.8
Markit Comp Final PMI	Feb	3-Mar	55.8	55.8
Producer Prices MM	Jan	3-Mar	2.3%	2.9%
Producer Prices YY	Jan	3-Mar	26.9%	26.2%
Unemployment Rate	Jan	3-Mar	7.0%	7.0%
Retail Sales MM	Jan	4-Mar	1.5%	-3.0%
Retail Sales YY	Jan	4-Mar	9.5%	2.0%

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Pound Sterling
Pound Sterling Graph
Pound Sterling News


Source: Thomson Reuters

- The pound sterling gained during the beginning of last week as hawkish BOE expectations led by hotter UK inflation had underpinned the pound.
- However, the pound gave up its bulls and break below the 1.3455 support as Ukraine conflict dampens BoE hike expectations.
- The official announcement of Russia's invasion of Ukraine by NATO pushed the US dollar higher.

Pound Sterling Performance

Last Week Close	1.3590 USD/GBP	Monthly High	1.3643 USD/GBP
Week Open	1.3593 USD/GBP	Monthly Low	1.3274 USD/GBP
Week Close	1.3405 USD/GBP	30 Days Average	1.3536 USD/GBP
Weekly High	1.3638 USD/GBP	90 Days Average	1.3476 USD/GBP
Weekly Low	1.3269 USD/GBP	YTD Change	-0.92%

Pound Sterling Outlook

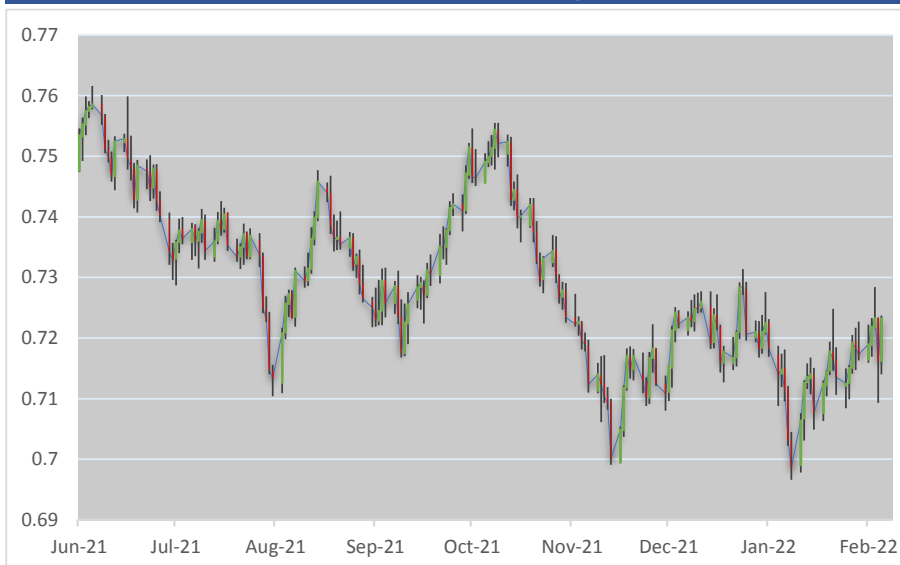
- The conflict of Russia-Ukraine is likely to encourage markets to scale back its expectations for monetary tightening from major central banks in the near-term, the next meeting is in March.
- The BOE's plan to lift interest rates back toward pre-pandemic level has sounded more dovish recently due to uncertainty to war in Ukraine.
- The scaling back of more aggressive BoE rate hike expectations in near-term combined with more risk-off trading conditions should see the sterling lower and might test year-to-date lows at 1.3358 in coming weeks.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Markit/CIPS Mfg PMI Final	Feb	1-Mar	57.3	57.3
Nationwide house price mm	Feb	2-Mar		0.8%
Nationwide house price yy	Feb	2-Mar		11.2%

Lower Bound	1.3250	Upper Bound	1.3500
Forecast	Depreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- As the geopolitics remain the primary market driver, the Aussie this week could be volatile.
- This week, Australia will publish January Retail Sales and official PMIs on Monday. Later into the week, the country will publish its Q4 GDP and January Trade Balance.
- The Reserve Bank of Australia is having a monetary policy meeting this Tuesday which is expected to change nothing to the current policy at the time being.
- The investors also focus on next week's key events risk; US Nonfarm Payrolls and Fed's testimony.

Lower Bound	0.7100	Upper Bound	0.7300
Forecast	Depreciation		

Australian Dollar News

- The Aussie fell on Thursday as safe-haven USD and JPY remains at full stream after Russia's President Putin kicked off a full-scale invasion of Ukraine. Investors are dumping risk-perceived assets on heightening the war-like situation in Eastern Ukraine.
- However, on Friday, Russia expressed willingness to send delegation and discuss the possibility of Ukraine becoming neutral; the news helped markets to recover some loss on Thursday which in turn underpinned the AUD.
- On data front; the Australian data came out mixed. Q4 Wage Price Index advanced modestly 0.7%

Australian Dollar Performance

Last Week Close	0.7173 USD/AUD	Monthly High	0.7284 USD/AUD
Week Open	0.7164 USD/AUD	Monthly Low	0.7034 USD/AUD
Week Close	0.7232 USD/AUD	30 Days Average	0.7163 USD/AUD
Weekly High	0.7284 USD/AUD	90 Days Average	0.7291 USD/AUD
Weekly Low	0.7093 USD/AUD	YTD Change	-0.39%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM Final	Jan	28-Feb	0.4%	-4.4%
Current Account Balance SA	Q4	1-Mar	14.3B	23.9B
Net Exports Contribution	Q4	1-Mar	-1.0%	1.0%
RBA Cash Rate	Mar	1-Mar	0.10%	0.10%
Real GDP QQ SA	Q4	2-Mar		-1.9%
Real GDP YY SA	Q4	2-Mar		3.9%
Building Approvals	Jan	3-Mar		8.2%


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The potential for Ukraine to disrupt economic picture could help support the yen as safe-haven asset in near-term.
- The cautious optimism moved US dollar away from its highest level since June 2020 and exerted downward pressure limit deeper losses and could underpin the yen this week.
- However, the widening differential between US and Japanese interest rates could be source of dollar strength against the yen.

Japanese Yen News

- The Yen gained after Russia set in motion its invasion of Ukraine early on Thursday, putting the risk assets to downside pressure and bolstering the demand for the safer assets like the dollar, yen and Swiss franc.
- On Friday, the yen gave back its Thursday's safety gain and went back to 115.00 JPY/USD as market reverse invasion shock.
- Japanese economic data was mixed; with Tokyo CPI in February was stronger than forecast, though the core index was weaker.

Japanese Yen Performance

Last Week Close	115.00 JPY/USD	Monthly High	116.33 JPY/USD
Week Open	114.92 JPY/USD	Monthly Low	114.17 JPY/USD
Week Close	115.56 JPY/USD	30 Days Average	113.26 JPY/USD
Weekly High	115.76 JPY/USD	90 Days Average	111.08 JPY/USD
Weekly Low	114.39 JPY/USD	YTD Change	+0.43%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Industrial O/P Prelim MM SA	Jan	28-Feb	-0.7%	-1.0%
JibunBK Mfg PMI Final SA	Feb	1-Mar		52.9
JibunBK SVC PMI Final SA	Feb	3-Mar		42.7
Jobs/Applicants Ratio	Jan	4-Mar	1.16	1.16
Unemployment Rate	Jan	4-Mar	2.7%	2.7%

Lower Bound	114.00	Upper Bound	116.00
Forecast	Neutral		

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