

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**04 Jul 2022 - 08 Jul 2022**



**Dollar Index**

**Dollar Index Graph**



Source: Thomson Reuters

**Dollar Outlook**

- It is possible that the dollar index could be more appreciate against its peer currencies due to the concern over economic recession which lead to the capital inflows to the safe-haven-asset dollar.
- The market's eyes are on the release of FOMC meeting minutes and non-farm payrolls data on Wednesday (6/7) and Friday (8/7), respectively.

<b>Lower Bound</b>	<b>102.66</b>	<b>Upper Bound</b>	<b>106.01</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

- A lower-than-expected figure from the US GDP first quarter hurt the index as poor economic data will restrict the Federal Reserve (Fed) to remain extremely hawkish on the interest rates.
- At some point, the dollar sharply dropped after China cuts quarantine time for international travelers and close contacts of confirmed Covid cases in big step toward easing Covid controls.
- Federal Reserve Chair Jerome Powell, said at the European Central Bank Forum in Sintra, Portugal that there is a risk that Fed interest rate hikes will slow the economy too much, the bigger risk is persistent inflation that starts to let public expectations about prices drift higher while engineering policy tightening to avoid a US recession is certainly possible but not guaranteed.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>104.19</b>	<b>Monthly High</b>	<b>105.79</b>
<b>Week Open</b>	<b>104.12</b>	<b>Monthly Low</b>	<b>101.30</b>
<b>Week Close</b>	<b>104.74</b>	<b>30 Days Average</b>	<b>103.50</b>
<b>Weekly High</b>	<b>105.64</b>	<b>90 Days Average</b>	<b>101.54</b>
<b>Weekly Low</b>	<b>103.67</b>	<b>YTD Change</b>	<b>+9.50%</b>

**Next Week's Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Factory Orders MM	May	5-Jul	0.5%	0.3%
S&P Global Comp Final PMI	Jun	6-Jul		51.2
S&P Global Svcs PMI Final	Jun	6-Jul		51.6
ISM N-Mfg PMI	Jun	6-Jul	54.5	55.9
International Trade \$	May	7-Jul	-85.0B	-87.1B
Initial Jobless Clm	2 Jul, w/e	7-Jul	230k	231k
Non-Farm Payrolls	Jun	8-Jul	270k	390k
Unemployment Rate	Jun	8-Jul	3.6%	3.6%
Average Earnings YY	Jun	8-Jul	5.0%	5.2%

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht News**

- Thailand's customs-based exports rose a faster than expected 10.5% in May from a year earlier, helped by more shipment of oil and passenger cars. While imports jumped 24.1% y-o-y in May.
- Deputy government spokeswoman said that after many pandemic entry restrictions were eased Thailand recorded about 2.03 million foreign tourist arrivals since Jan 1 to Jun 26 while total foreign visitors could exceed 10 million this year.
- Thai's economy showed steady improvement in May despite inflationary pressure.
- The concerns about the Bank of Thailand's stance on monetary policy weighed down the baht's sentiment.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>35.45</b> THB/USD	<b>Monthly High</b>	<b>35.71</b> THB/USD
<b>Week Open</b>	<b>34.43</b> THB/USD	<b>Monthly Low</b>	<b>35.33</b> THB/USD
<b>Week Close</b>	<b>35.57</b> THB/USD	<b>30 Days Average</b>	<b>34.80</b> THB/USD
<b>Weekly High</b>	<b>35.69</b> THB/USD	<b>90 Days Average</b>	<b>34.10</b> THB/USD
<b>Weekly Low</b>	<b>34.93</b> THB/USD	<b>YTD Change</b>	<b>+6.93%</b>

**Thai Baht Outlook**

- In the short term, the baht could depreciate against the dollar as the uncertainty situation in the market bring the flow back to the dollar as it is a safe haven asset.
- In the longer term, it is possible that the Thai baht could appreciate against the dollar as an improving tourism sector will continue to support a firmer baht.

**Next Week's Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Jun	5-Jul	7.50%	7.10%
CPI Core Inflation YY	Jun	5-Jul	2.37%	2.28%
Consumer Confidence Idx	Jun	7-Jul		40.2
Forex Reserves	27 Jun, w/18-Jul			221.7B
Currency Swaps	27 Jun, w/18-Jul			29.4B

<b>Lower Bound</b>	<b>34.40</b>	<b>Upper Bound</b>	<b>35.84</b>
<b>Forecast</b>	<b>Depreciation</b>		


**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- The euro could appreciate against the dollar as The ECB is widely expected to follow its global peers by raising interest rates in July meeting.
- The single currency remained under pressure and navigate in the range under 1.0500 following President Christine Lagarde remarks—warning that inflation in the Eurozone is "undesirably high," and the central bank will go "as far as necessary" to bring inflation back down to its 2% target, even if it meant economic pain.

<b>Lower Bound Forecast</b>	<b>1.0352</b>	<b>Upper Bound</b>	<b>1.0688</b>
	<b>Depreciation</b>		

**Euro News**

- German Ifo business climate read for June which missed expectations showing a drop-in entrepreneur sentiment around the EU business environment. It was at 92.3 in June, below the expectation at 93.0.
- ECB President Christine Lagarde offered no fresh insight into the central bank's policy outlook. Moreover, she said that the era of ultralow inflation that preceded the pandemic is unlikely to return. Speaking at a panel at the ECB Forum in Sintra, Portugal, Lagarde added that central banks need to adjust to significantly higher price growth expectations.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0554</b> USD/EUR	<b>Monthly High</b>	<b>1.0477</b> USD/EUR
<b>Week Open</b>	<b>1.0553</b> USD/EUR	<b>Monthly Low</b>	<b>1.0367</b> USD/EUR
<b>Week Close</b>	<b>1.0428</b> USD/EUR	<b>30 Days Average</b>	<b>1.0601</b> USD/EUR
<b>Weekly High</b>	<b>1.0614</b> USD/EUR	<b>90 Days Average</b>	<b>1.0740</b> USD/EUR
<b>Weekly Low</b>	<b>1.0365</b> USD/EUR	<b>YTD Change</b>	<b>-8.29%</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
S&P Global Serv PMI	Jun	5-Jul	54.4	54.4
S&P Global Comp PMI	Jun	5-Jul	52.8	52.8
S&P Global Services PMI	Jun	5-Jul	52.4	52.4
S&P Global Comp Final PMI	Jun	5-Jul	51.3	51.3
S&P Global Serv Final PMI	Jun	5-Jul	52.8	52.8
S&P Global Comp Final PMI	Jun	5-Jul	51.9	51.9
Industrial Orders MM	May	6-Jul	-0.6%	-2.7%
Industrial Output MM	May	7-Jul	0.4%	0.7%
Reserve Assets Total	Jun	7-Jul		237,654M

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The incoming softer UK macro data has raised concerns over British economic growth and fueled recession fears while the UK-EU impasse over the Northern Ireland Protocol of the Brexit agreement further contributed to capping gains for pound.
- The pound could be pressured by the unlikely to return to mandatory covid-19 restrictions despite rising covid-19 cases.
- The market's eyes are on the speech of BOE Governor Andrew Bailey which is scheduled on Tuesday (5/7).

<b>Lower Bound</b>	<b>1.1960</b>	<b>Upper Bound</b>	<b>1.2546</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Pound Sterling News**

- UK showed disappointing retail sales data. Price action was rather unphased as the cost-of-living squeeze is priced in and such data prints line up with current GBP sentiment. UK Retail Sales in May was at -0.5%, below the expectation at 0.4%.
- Bank of England governor Andrew Bailey said that the UK economy was at a turning point and starting to slow at a time when red-hot inflation is expected to continue.

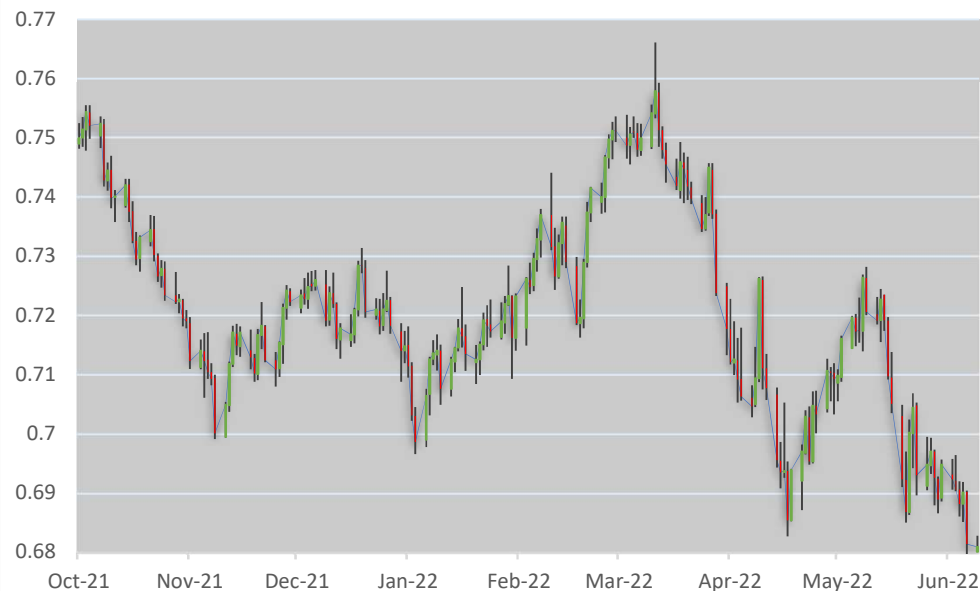
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2262</b> USD/GBP	<b>Monthly High</b>	<b>1.2161</b> USD/GBP
<b>Week Open</b>	<b>1.2262</b> USD/GBP	<b>Monthly Low</b>	<b>1.1977</b> USD/GBP
<b>Week Close</b>	<b>1.2094</b> USD/GBP	<b>30 Days Average</b>	<b>1.2359</b> USD/GBP
<b>Weekly High</b>	<b>1.2332</b> USD/GBP	<b>90 Days Average</b>	<b>1.2710</b> USD/GBP
<b>Weekly Low</b>	<b>1.1973</b> USD/GBP	<b>YTD Change</b>	<b>-10.62%</b>

**Next Week's Pound Sterling Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
BBA Mortgage Rate	Jun	3-Jul		4.25%
S&P GLBL/CIPS SVC PMI FNL	Jun	5-Jul	53.4	53.4
Reserve Assets Total	Jun	5-Jul		187,988.30M
S&P Global/CIPS Cons PMI	Jun	6-Jul	55.0	56.4
Halifax House Prices MM	Jun	7-Jul		1.0%

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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- The AUD/USD pair could extend the fall further due to the drop of commodity prices along with the strong dollar.
- The market's eyes are on the RBA monetary policy meeting which is scheduled to meet on Tuesday (5/7).

**Australian Dollar News**

- Australian Finance Minister Katy Gallagher said that Australia is facing economic challenges. The policy's comments follow warnings the global economy risks a toxic mix of low growth and high inflation, also known as stagflation.
- Australia's Treasurer Jim Chalmers also mentioned fears of higher inflation during the weekend while expecting a 7.0% figure and agreeing with a forecast by the central bank.
- The recent slump in commodity prices is a key factor undermining the resources-linked Australian dollar.
- Another factor adding downward pressure on the China-proxy aussie is the fact that the Chinese economy is facing headwinds amid the resurgence of COVID-19 cases.
- Australia's Roy Morgan Business Confidence index fell to 97.3 for June. In doing so, the sentiment gauge drops to the lowest levels since September 2020 while also posting the second monthly fall.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6948</b> USD/AUD	<b>Monthly High</b>	<b>0.69030</b> USD/AUD
<b>Week Open</b>	<b>0.6931</b> USD/AUD	<b>Monthly Low</b>	<b>0.67650</b> USD/AUD
<b>Week Close</b>	<b>0.6814</b> USD/AUD	<b>30 Days Average</b>	<b>0.72967</b> USD/AUD
<b>Weekly High</b>	<b>0.6964</b> USD/AUD	<b>90 Days Average</b>	<b>0.72573</b> USD/AUD
<b>Weekly Low</b>	<b>0.6762</b> USD/AUD	<b>YTD Change</b>	<b>-6.27%</b>

**Next Week's Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Building Approvals	May	4-Jul	-1.8%	-2.4%
RBA Cash Rate	Jul	5-Jul	1.35%	0.85%
Trade Balance G&S (A\$)	May	7-Jul	10,600M	10,495M

<b>Lower Bound</b>	<b>0.6745</b>	<b>Upper Bound</b>	<b>0.7180</b>
<b>Forecast</b>	<b>Depreciation</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The yen tends to depreciate against the dollar due to the policy divergence between the BoJ and the Fed. However, the BoJ is able to keep interest rates pinned down as Japanese inflation is still low by global standards.

**Japanese Yen News**

- The Japanese yen depreciated against the dollar as the Bank of Japan (BOJ) policymakers support the ultra-loose monetary policy while the Fed going to tighten its monetary policy.
- The lackluster demand for safe-haven assets pushed the US Treasury bond yields higher, resulting in the widening of the gap between the US-Japanese bond yields which weighed on the JPY.
- Retail sales rose 3.6% in May from a year earlier, slightly higher than the median market forecast for a 3.3% gain.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>135.17</b> JPY/USD	<b>Monthly High</b>	<b>135.98</b> JPY/USD
<b>Week Open</b>	<b>135.10</b> JPY/USD	<b>Monthly Low</b>	<b>134.75</b> JPY/USD
<b>Week Close</b>	<b>135.19</b> JPY/USD	<b>30 Days Average</b>	<b>115.89</b> JPY/USD
<b>Weekly High</b>	<b>136.99</b> JPY/USD	<b>90 Days Average</b>	<b>114.87</b> JPY/USD
<b>Weekly Low</b>	<b>134.50</b> JPY/USD	<b>YTD Change</b>	<b>+17.36%</b>

**Next Week's Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
JibunBK SVC PMI Final SA	Jun	5-Jul		54.2
All Household Spending YY	May	8-Jul	2.1%	-1.7%
All Household Spending MM	May	8-Jul	0.8%	1.0%
Current Account NSA JPY	May	8-Jul	185.6B	501.1B
Machinery Orders MM	May	11-Jul		10.8%
Machinery Orders YY	May	11-Jul		19.0%

<b>Lower Bound</b>	<b>132.67</b>	<b>Upper Bound</b>	<b>137.20</b>
<b>Forecast</b>	<b>Depreciation</b>		

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