

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**21 Mar 2022 - 25 Mar 2022**

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


Source: Thomson Reuters

**Dollar Outlook**

- This week, the dollar might be in a take-profit period after the end of the FED meeting last week. However, if the war in Ukraine rumbles on and the risk that it escalates into a broader European conflict escalates, the dollar is likely to remain in demand.
- Markit will release the US Manufacturing PMI on Thursday (24/3) while new home sales were expected to be released on Wednesday (23/3).

<b>Lower Bound</b>	<b>98.00</b>	<b>Upper Bound</b>	<b>99.00</b>
<b>Forecast</b>	<b>Neutral</b>		

**Dollar News**

- The dollar steadied at the beginning of the week ahead of the FOMC meeting but it significantly dropped after the Fed moved to a hawkish monetary policy, but without delivering a tougher surprise.
- The Fed, on Wednesday (16/3), lifted its benchmark rate for 25 bps to 0.25-0.50% from 0.00-0.25% as expected, signaling six rate hikes to bring inflation under control and projected its policy rate would reach a range of 1.75%-2.0% by the end of this year.
- There is less demand for the dollar, one of the safe-haven assets, after hope for a compromise in Russia and Ukraine peace talks.
- Economic data released last week were mixed. The number of filings for new claims for unemployment benefits fell last week as demand for labor remained strong but US Retail Sales grew slower than expected.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>99.12</b>	<b>Monthly High</b>	<b>99.42</b>
<b>Week Open</b>	<b>99.13</b>	<b>Monthly Low</b>	<b>95.17</b>
<b>Week Close</b>	<b>97.84</b>	<b>30 Days Average</b>	<b>97.22</b>
<b>Weekly High</b>	<b>99.29</b>	<b>90 Days Average</b>	<b>96.45</b>
<b>Weekly Low</b>	<b>97.73</b>	<b>YTD Change</b>	<b>+2.43%</b>

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
New Home Sales-Units	Feb	23-Mar	0.813M	0.801M
Initial Jobless Clm	19 Mar, w	24-Mar	211k	214k
GDP Final	Q4	24-Mar		
Durable Goods	Feb	24-Mar	-0.5%	1.6%
Markit Comp Flash PMI	Mar	24-Mar		55.9
Markit Svcs PMI Flash	Mar	24-Mar	56.0	56.5
Markit Mfg PMI Flash	Mar	24-Mar	55.8	57.3
U Mich Sentiment Final	Mar	25-Mar	59.7	59.7

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**Thai Baht**
**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The Thai baht may trade in a technical correction after last week, made the most depreciated level since end of January. The uncertainty situation between Russia and Ukraine and also rising in commodity price still weigh.
- The capital inflow/outflow by foreign investors will be closely watched as last week there is around 10k mTHB net buy in stock market and 8k mTHB net sold in bond market.
- Meanwhile, the coronavirus pandemic returned to the headlines. China reported record contagions, announcing a strict lockdown in major cities. In Thai, a daily number infection is still high and should be aware of it.

<b>Lower Bound</b>	<b>33.00</b>	<b>Upper Bound</b>	<b>33.70</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Thai Baht News**

- The Thai baht depreciated against the dollar at the beginning of last week tested 33.50 resistance level due to the strong dollar and concerns over Russia-Ukraine war.
- After FED, Thai baht appreciated back as investors took some profits in the dollar.
- The government is set to allow tourists to enter Thailand without the need to show proof of a negative RT-PCR test within 72 hours of travel as required by the Test & Go scheme.
- Another point that pressured the baht were the capital outflows from the Thai bond market. For the Thai bond market, there were 12,000 million baht outflows from the market. Meanwhile, there were capital inflows to the Thai stock market around 675.96 million baht last week.
- The covid-19 situation in Thailand remains concerned.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>33.28 THB/USD</b>	<b>Monthly High</b>	<b>33.55 THB/USD</b>
<b>Week Open</b>	<b>33.33 THB/USD</b>	<b>Monthly Low</b>	<b>32.41 THB/USD</b>
<b>Week Close</b>	<b>33.33 THB/USD</b>	<b>30 Days Average</b>	<b>32.80 THB/USD</b>
<b>Weekly High</b>	<b>33.53 THB/USD</b>	<b>90 Days Average</b>	<b>33.11 THB/USD</b>
<b>Weekly Low</b>	<b>33.19 THB/USD</b>	<b>YTD Change</b>	<b>+0.39%</b>

**Thai Baht Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Customs-Based Trade Data	Feb	23-Mar	-1.50B	-2.50B
Custom-Based Import Data	Feb	23-Mar	19.00%	20.50%
Custom-Based Export Data	Feb	23-Mar	10.40%	8.00%
Manufacturing Prod YY	Feb	23-Mar	2.40%	1.99%

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**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- Contradictory headlines about progress in negotiations between Russia and Ukraine might keep pressuring financial markets into risk-off mode and would directly pressure the euro.
- Technically speaking, the euro can extend its recovery in the upcoming days, although gains are likely to be limited. The 1.1070 level is still strong resistance.
- The upcoming week will bring the preliminary estimates of the Markit March Manufacturing PMIs for Europe and the US, while the latter will release February Durable Goods Orders.

**Euro News**

- The euro appreciated over 2% last week, jumping from 1.0900 to around 1.1100 USD/EUR as investors closely watching for developments in talks between Russia and Ukraine. Officials from both sides of the Ukraine-Russia conflict met again for peace talks although they said their positions remained far apart.
- The ECB adopted a more hawkish stance in the latest central bank meeting; ongoing economic data supports the move and could prompt an increasingly hawkish outlook going forwards.
- The euro consumer price index was upwardly revised to 5.9%, from 5.8% in the initial reading and up from 5.1% year on year in January.

**Euro Index Performance**

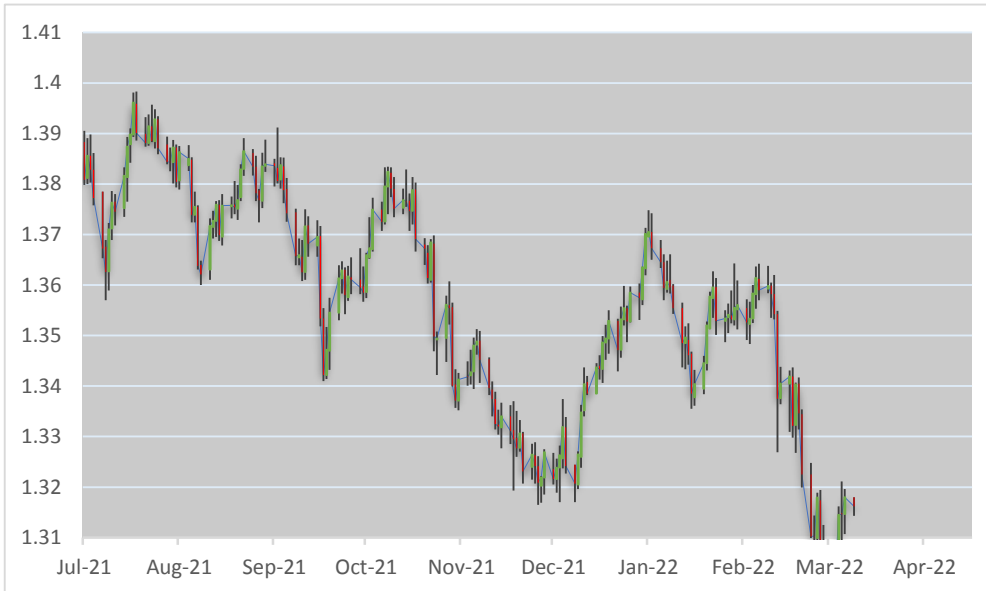
<b>Last Week Close</b>	<b>1.0909</b> USD/EUR	<b>Monthly High</b>	<b>1.1233</b> USD/EUR
<b>Week Open</b>	<b>1.0941</b> USD/EUR	<b>Monthly Low</b>	<b>1.0807</b> USD/EUR
<b>Week Close</b>	<b>1.1055</b> USD/EUR	<b>30 Days Average</b>	<b>1.1185</b> USD/EUR
<b>Weekly High</b>	<b>1.1137</b> USD/EUR	<b>90 Days Average</b>	<b>1.1264</b> USD/EUR
<b>Weekly Low</b>	<b>1.0899</b> USD/EUR	<b>YTD Change</b>	<b>-2.75%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Mar	23-Mar	-12.3	-8.8
Markit Comp Flash PMI	Mar	24-Mar	54.0	55.5
Markit Serv Flash PMI	Mar	24-Mar	54.1	55.5
Markit Mfg Flash PMI	Mar	24-Mar	56.0	58.2

<b>Lower Bound</b>	<b>1.0800</b>	<b>Upper Bound</b>	<b>1.1150</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The market's risk perception in relation to the incoming Russia-Ukraine updates combined with the Fed-BOE monetary policy divergence will remain the central theme, impacting GBP/USD in the week ahead.
- On the macro front, cable traders brace for a quiet start to a busy week, with the first top-tier event likely to be released on Wednesday(23/3) – with UK monthly inflation data. The Markit Preliminary Manufacturing and Services from both sides of the Atlantic will drop in on Thursday(24/3)
- We think further GBP strength is likely but any advance is unlikely to challenge the major resistance at 1.3220.

<b>Lower Bound</b>	<b>1.3000</b>	<b>Upper Bound</b>	<b>1.3250</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Pound Sterling News**

- The pound appreciated to a near two-week peak after softer dollar amid a risk-on moods but turnaround after softened its language on the need for further increases interest from here.
- The Bank of England raised interest rates on Thursday for a third meeting running, as expected. MPC voted to raise Bank Rate to 0.75% from 0.5% but policymakers pushed back against investors' bets that Bank Rate will rise sharply to around 2% by the end of this year, toning down its language on the need for more hikes.
- On economic data, in the three months to January 2022, the unemployment rate in the United Kingdom was released at 3.9 percent, the lowest the rate has been since January 2020.

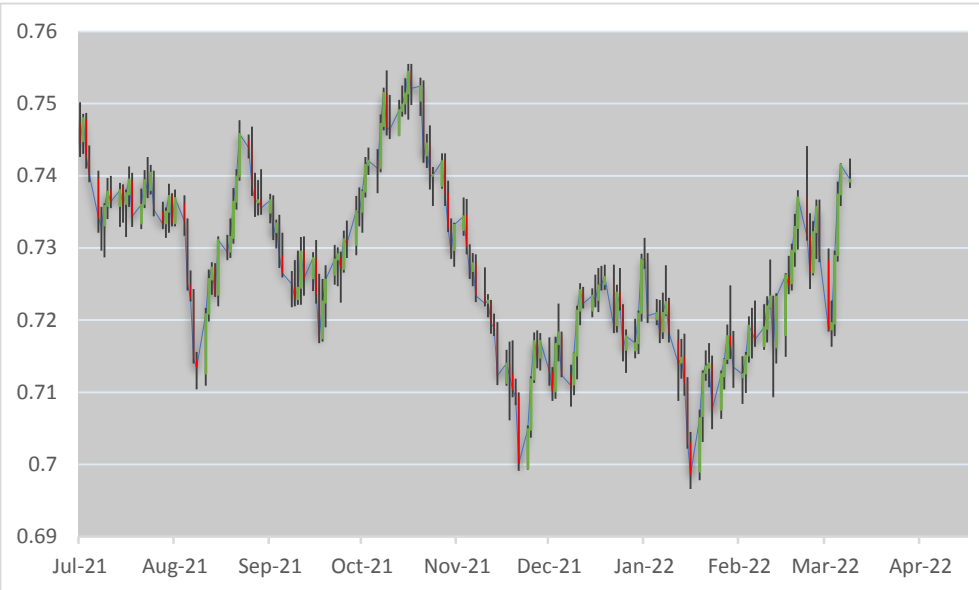
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3036</b> USD/GBP	<b>Monthly High</b>	<b>1.3437</b> USD/GBP
<b>Week Open</b>	<b>1.3036</b> USD/GBP	<b>Monthly Low</b>	<b>1.3001</b> USD/GBP
<b>Week Close</b>	<b>1.3180</b> USD/GBP	<b>30 Days Average</b>	<b>1.3354</b> USD/GBP
<b>Weekly High</b>	<b>1.3211</b> USD/GBP	<b>90 Days Average</b>	<b>1.3403</b> USD/GBP
<b>Weekly Low</b>	<b>1.2997</b> USD/GBP	<b>YTD Change</b>	<b>-2.71%</b>

**Pound Sterling Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
CPI YY	Feb	23-Mar	5.9%	5.5%
Flash Services PMI	Mar	24-Mar	59.0	60.5
Flash Manufacturing PMI	Mar	24-Mar	57.1	58.0
Flash Composite PMI	Mar	24-Mar	58.7	59.9
Retail Sales YY	Feb	25-Mar	8.0%	9.1%
Retail Sales Ex-Fuel MM	Feb	25-Mar	1.0%	1.7%
Retail Sales MM	Feb	25-Mar	0.8%	1.9%

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- A ban on Russian energy exports from the US and its allies got commodity markets roaring initially higher, underpinning the Australian dollar.
- During the upcoming week, the focus will be on business growth, as Australia will release the preliminary estimates of the March Commonwealth Bank PMIs(24/3).
- In term of technical,technical indicators hold within positive levels as the pair finished the week above all of its moving averages.However,it was not enough to confirm a long-term bullish continuation.

**Australian Dollar News**

- The aussie started the week on the back foot, pressured by concerns related to the Russia-Ukraine crisis.Moreover,it was also pressured by the “patient” stance of the Reserve Bank of Australia, as the central bank has released the Minutes of its latest monetary policy meeting, which brought little new to speculative interest.
- However,The AUD managed to post a substantial comeback from a weekly low of 0.7164, currently trading around 0.7400 as the US dollar was taken profit after no surprise at FED meeting
- The commodity-linked currency had one more reason to strengthen. Australian employment data resulted much better than anticipated.The country managed to add 77.4K jobs more than doubling the 37K expected while the unemployment rate contracted to 4%.

**Australian Dollar Performance**

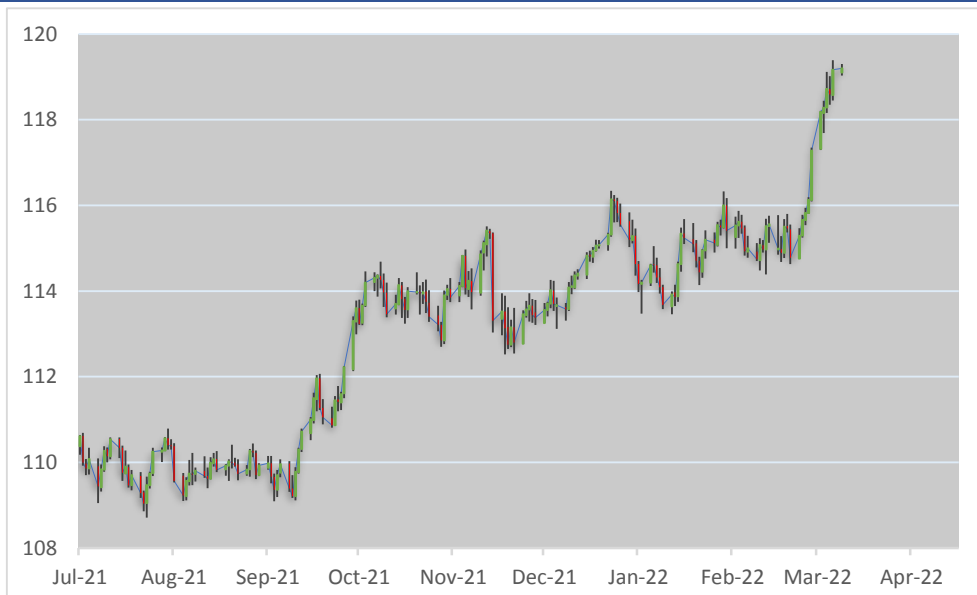
<b>Last Week Close</b>	<b>0.7290</b> USD/AUD	<b>Monthly High</b>	<b>0.7441</b> USD/AUD
<b>Week Open</b>	<b>0.7283</b> USD/AUD	<b>Monthly Low</b>	<b>0.7166</b> USD/AUD
<b>Week Close</b>	<b>0.7415</b> USD/AUD	<b>30 Days Average</b>	<b>0.7202</b> USD/AUD
<b>Weekly High</b>	<b>0.7417</b> USD/AUD	<b>90 Days Average</b>	<b>0.7266</b> USD/AUD
<b>Weekly Low</b>	<b>0.7163</b> USD/AUD	<b>YTD Change</b>	<b>+1.89%</b>

**Australian Dollar Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Comp PMI Flash	Mar	24-Mar		56.6
Services PMI Flash	Mar	24-Mar		57.4
Mfg PMI Flash	Mar	24-Mar		57.0

<b>Lower Bound</b>	<b>0.7200</b>	<b>Upper Bound</b>	<b>0.7500</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- We believe that the yen may continue depreciating as long as the policy divergence between two central bank continued to widen.
- Tokyo's annual Consumer Price Index (CPI) for March due on March 25, is expected to jump 50% to 1.5%, but with the BoJ on seemingly permanent hold, it is irrelevant to policy.
- An escalation of the Ukraine conflict could reignite the yen safety-trade but it would have to be of nearly catastrophic nature to overcome the fundamental and technical biases towards the dollar.
- After breaking 116.30 level, the strong follow higher has opened the levels above to the 2015 high of 125.00.

<b>Lower Bound</b>	<b>117.00</b>	<b>Upper Bound</b>	<b>122.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Japanese Yen News**

- With the modest yen benefit of the safety-trade in abeyance since a week before, the yen significantly depreciated and reached five-year high at 119.40.
- The yen was heavily pressured as Federal Reserve and Bank of Japan rate policies officially diverged. FED increased the fed funds upper target 0.25% to 0.5% while Japan's overnight cash rate remained at -0.1%, where it has been for six years, after the Bank of Japan (BoJ) meeting on Friday.
- Moreover, BoJ Chief Haruhiko Kuroda endorses a weaker yen and continued monetary support. He said in his press conference after the rate decision that monetary easing was needed to support Japan's economy halfway through recovery from the pandemic.
- Recently, the return on the US 10-year note was at around 2.1% while the 10-year JGB yield was just 0.2%.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>117.28 JPY/USD</b>	<b>Monthly High</b>	<b>119.39 JPY/USD</b>
<b>Week Open</b>	<b>117.32 JPY/USD</b>	<b>Monthly Low</b>	<b>114.66 JPY/USD</b>
<b>Week Close</b>	<b>119.17 JPY/USD</b>	<b>30 Days Average</b>	<b>113.89 JPY/USD</b>
<b>Weekly High</b>	<b>119.39 JPY/USD</b>	<b>90 Days Average</b>	<b>111.80 JPY/USD</b>
<b>Weekly Low</b>	<b>117.29 JPY/USD</b>	<b>YTD Change</b>	<b>+3.60%</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
JibunBK Mfg PMI Flash SA	Mar	24-Mar		52.7
CPI, Overall Tokyo	Mar	25-Mar		1.0%
CPI Tokyo Ex fresh food YY	Mar	25-Mar		0.5%

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