

WEEKLY FOREIGN EXCHANGE OUTLOOK

07 Nov 2022 - 11 Nov 2022



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The greenback received fresh support from renewed hopes that the Fed will remain on aggressive mode on November policy meeting and go for another 0.75% hike.
- On wednesday (2/11), The FOMC raised its target range for the federal funds rate by 75 bps, which was widely expected. This hauled the Federal Funds Rate to a target range of 3.75% to 4.00%.
- The statement was very similar to the one that was released after the last meeting on September 21. That said, the FOMC noted for the first time that it will consider the cumulative degree of tightening and the lags inherent in monetary policy changes when deciding on future rate move.
- Non-Farm employment increased above expectations in October, showing a 261K reading, beating the 200K consensus. The unemployment rate increased to 3.7% from 3.5% in September, and the hourly wages have slowed down to 4.7% from 5%.

Dollar Index Performance

Last Week Close	110.75	Monthly High	114.78
Week Open	110.67	Monthly Low	109.54
Week Close	110.72	30 Days Average	112.06
Weekly High	113.15	90 Days Average	109.34
Weekly Low	110.43	YTD Change	+15.68%

Dollar Outlook

- Chair Powell indicated that the destination of rates may be higher than previously projected. We now expect a 0.5% hike in December and another 0.5% (vs 0.25% previously) in February, leaving the target range at 4.75-5%.
- But there are two more employment reports and two more CPI reports that will be released between now and December 14. The outcome of the December 14 meeting will depend crucially on what those data releases tell the FOMC about the state of the U.S. economy.
- U.S. Consumer Price Index (CPI) will be key for Fed expectations. Other important U.S. data in this week includes weekly jobless claims and preliminary estimate of the November Michigan Consumer Sentiment Index.

Lower Bound	109.85	Upper Bound	113.89
Forecast	Appreciation		

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
CPI MM, SA	Oct	10-Nov	0.7%	
CPI YY, NSA	Oct	10-Nov		
CPI Wage Earner	Oct	10-Nov		
U Mich Sentiment Prelim	Nov	11-Nov	60.0	
Initial Jobless Clm		31 Oct, w/ 10-Nov		

WEEKLY FOREIGN EXCHANGE OUTLOOK
07 Nov 2022 - 11 Nov 2022

Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- At the beginning of last week, the baht swing sideways and not strengthen beyond 38 baht to a dollar since the currency market has returned to a risk-off state.
- After that, the baht strengthened more than expected due to a series of factors – the weakening of the dollar, hopes that the Chinese government would ease its Covid restrictions, the increasing gold price, and over 6.1 billion baht in foreign transactions involving Thai stocks.
- However, these supporting factors might decrease or disappear if investors remain unsure whether the US Federal Reserve would slow its interest rate increases.
- The baht was pressured to weaken as the dollar advances amid increased gold purchases as prices of the precious metal went down after the US Federal Reserve chairman signalled he would continue to increase the interest rate.

Thai Baht Performance

Last Week Close	37.90 THB/USD	Monthly High	38.04 THB/USD
Week Open	34.43 THB/USD	Monthly Low	37.29 THB/USD
Week Close	37.28 THB/USD	30 Days Average	37.88 THB/USD
Weekly High	38.14 THB/USD	90 Days Average	36.83 THB/USD
Weekly Low	37.23 THB/USD	YTD Change	+12.12%

Thai Baht Outlook

- The baht has emerged as Southeast Asia's worst-performing currency in the second half of 2022, according to Bloomberg. The Thai currency has dropped 7 per cent in that period and hit a 16-year low against the dollar, which is being buoyed by aggressive US policy rate hikes.
- However, the baht's weakening might be limited by the gradual return of foreign investors to the Thai stock market.
- The baht might weaken since the dollar is strengthening and the market remains in a risk-off state. Also, the lack of signals from China that it will ease its zero-Covid measure would place downward pressure on the yuan and affect the Asian currency market.

Lower Bound	37.43	Upper Bound	38.42
Forecast	Appreciation		

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Oct	10-Nov		
Forex Reserves	31 Oct, w/	11-Nov		
Currency Swaps	31 Oct, w/	11-Nov		


Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- ECB President Lagarde reiterated that inflation is still way too high and that they have to take action. Lagarde further added that the Euro's exchange rate matters and that it has to be taken into account in inflation projections.
- The upcoming week will be lighter regarding data releases, with some interesting figures coming from the European Union. The region will publish September Retail Sales, while the European Commission will publish its Economic Growth Forecasts. By the end of the week, Germany will publish the final readings of its October Harmonized Index of Consumer Prices.

Lower Bound	0.9653	Upper Bound	1.0053
Forecast	Depreciation		

Euro News

- EUR/USD failed to capitalize on hot inflation data from the euro area on Monday but managed to turn north early Tuesday amid broad-based selling pressure surrounding the greenback.
- EUR/USD is extending the rebound from weekly lows above 0.9900, helped by ECB Chief Lagarde's comments. The US dollar loses further ground amid a better risk profile and falling Treasury yields.
- The Eurozone published the preliminary estimate of the October Consumer Price Index, up at an annualized pace of 10.7%, a new record.

Euro Index Performance

Last Week Close	0.9963 USD/EUR	Monthly High	0.9975 USD/EUR
Week Open	0.9946 USD/EUR	Monthly Low	0.9731 USD/EUR
Week Close	0.9960 USD/EUR	30 Days Average	0.9841 USD/EUR
Weekly High	0.9975 USD/EUR	90 Days Average	0.9997 USD/EUR
Weekly Low	0.9728 USD/EUR	YTD Change	-12.60%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Industrial Output MM	Sep	7-Nov	-0.8%	-0.8%
Industrial Production YY SA	Sep	7-Nov		2.52%
Reserve Assets Total	Oct	8-Nov		243,535M
HICP Final YY	Oct	11-Nov		11.6%

WEEKLY FOREIGN EXCHANGE OUTLOOK

07 Nov 2022 - 11 Nov 2022



Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- While the political crisis is over, the economic one has just begun. Britain is already suffering a recession, and the pound is heading down.
- The Bank of England (BoE) this week warned that the UK is likely to see a prolonged recession with the economy not expected to start expanding again until mid-2024
- The UK economic calendar is relatively thin this week aside from the monthly look at UK GDP. The market is already clear that the UK is going to enter into a recession and so these may not have as much market-moving potential as normal.

Lower Bound	1.1004	Upper Bound	1.1670
Forecast	Depreciation		

Pound Sterling News

- GBP/USD staged a rebound and climbed toward 1.1550. In a report published late Monday, the Financial Times said that British Prime Minister Rishi Sunak was set to sign off on raising taxes across the board.
- On Thursday, the Bank of England (BoE) announced that it raised its policy rate by 75 basis points to 3% as expected.
- In the policy statement, the BoE said further increases in bank rate may be required but noted that the peak rate would be lower than 5.2% priced into markets.
- BoE Governor Andrew Bailey said that they may have the largest upside risk in inflation forecasts in the MPC history but the British Pound failed to stay resilient against its major rivals.
- GBPUSD lost more than 200 pips on Thursday and touched its lowest level in two weeks at 1.1150 before staging a rebound.

Pound Sterling Performance

Last Week Close	1.1610 USD/GBP	Monthly High	1.1566 USD/GBP
Week Open	1.1605 USD/GBP	Monthly Low	1.1150 USD/GBP
Week Close	1.1375 USD/GBP	30 Days Average	1.1254 USD/GBP
Weekly High	1.1613 USD/GBP	90 Days Average	1.1627 USD/GBP
Weekly Low	1.1145 USD/GBP	YTD Change	-16.25%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Oct	7-Nov		-0.1%
Halifax House Prices YY	Oct	7-Nov		9.90%
GDP Est 3M/3M	Sep	11-Nov		-0.3%
GDP Estimate MM	Sep	11-Nov		-0.3%
GDP Estimate YY	Sep	11-Nov		2.0%
Manufacturing Output MM	Sep	11-Nov		-1.6%
GDP Prelim QQ	Q3	11-Nov		0.2%
GDP Prelim YY	Q3	11-Nov		4.4%

WEEKLY FOREIGN EXCHANGE OUTLOOK
07 Nov 2022 - 11 Nov 2022

Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The RBA released its quarterly Statement on Monetary policy to confirm most things that we already knew from the post-meeting media release. That is, they expect inflation to hit 8% this year, adjusted up from 7.75% (currently 7.3%), before easing next year.
- This puts their forecast of the cash rate to 3.5% in mid-2024 before going lower. Of course, they maintained the usual caveats around incoming data.
- Other central banks are continuing to front-load their rate rises while the RBA has taken their foot off the gas. In their statement, they noted that they believe the increases in interest rates have been fully felt by mortgage holders.
- Property weakness and zero-COVID continue to pressure China's economy.

Lower Bound	0.6190	Upper Bound	0.6504
Forecast	Depreciation		

Australian Dollar News

- On Monday, Australia reported that TD Securities Inflation was up by more than anticipated in October, now at 5.2% YoY from 5% in the previous month.
- Following its November policy meeting, the Reserve Bank of Australia (RBA) announced early Tuesday that it hiked its policy rate by 25 basis points (bps) to 2.85% from 2.6% as expected.
- The RBA noted in the policy statement that the board expect to increase rates further over the period ahead but acknowledged that higher interest rates and higher inflation were putting pressure on the budgets of many households.
- Reuters reports that Australia's central bank on Friday downgraded the outlook for economic growth, warning that more rate hikes will be necessary to bring down sky-high inflation even as it strives to avoid an outright recession.

Australian Dollar Performance

Last Week Close	0.6411 USD/AUD	Monthly High	0.64920 USD/AUD
Week Open	0.6398 USD/AUD	Monthly Low	0.62730 USD/AUD
Week Close	0.6466 USD/AUD	30 Days Average	0.69012 USD/AUD
Weekly High	0.6492 USD/AUD	90 Days Average	0.69443 USD/AUD
Weekly Low	0.6270 USD/AUD	YTD Change	-11.45%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
AIG Services Index	Oct	8-Nov		48.0
Consumer Sentiment	Nov	8-Nov		-0.9%
NAB Business Conditions	Oct	8-Nov		25
NAB Business Confidence	Oct	8-Nov		5
Refinitiv IPSOS PCSI	Nov	11-Nov		53.54


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Japanese Finance Minister Shunichi Suzuki said that they have no intention of guiding fx to certain levels by intervening.
- All eyes turn to October's US CPI report. A softer-than-expected outcome could add fuel to the endpoint for the Fed. That would be the best-case scenario for the Yen, which is still tied to a quite dovish Bank of Japan.
- Recent sessions have seen some swings, but those swings are becoming increasingly benign forcing USD/JPY into more wedging action.
- The major news causing volatility is from Beijing which has denied it was considering easing its zero COVID-19 policy.

Lower Bound	145.56	Upper Bound	150.30
Forecast	Depreciation		

Japanese Yen News

- USD/JPY reversed its course and was last seen losing 0.6% on a daily basis below 148.00. Japanese Finance Minister Shunichi Suzuki reiterated on Tuesday that they are closely watching currency market moves with a high sense of urgency and that they would respond appropriately to excessive fluctuations.
- JPY was pressured by a widening Fed-BoJ policy divergence and higher UST yields. The mixed set of economic data did little to influence the Yen, one which showed a solid retail sales data, seconded by a poor factory output data and a weak consumer confidence index.
- Despite seeing the U.S. dollar strengthen on the Fed's hawkish rhetoric, USDJPY weakened as the JPY was supported by BoJ Governor Kuroda's hint of a possible adjustment in the yield curve control policy upon achievement of the 2% inflation target.

Japanese Yen Performance

Last Week Close	147.45 JPY/USD	Monthly High	148.82 JPY/USD
Week Open	147.76 JPY/USD	Monthly Low	145.69 JPY/USD
Week Close	146.59 JPY/USD	30 Days Average	136.07 JPY/USD
Weekly High	148.84 JPY/USD	90 Days Average	130.16 JPY/USD
Weekly Low	145.66 JPY/USD	YTD Change	+27.95%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Reuters Tankan N-Man Idx	Nov	9-Nov		15
Current Account NSA JPY	Sep	9-Nov		58.9B
Current Account Bal SA	Sep	9-Nov		-530,500M
Trade Bal Cust Basis SA	Sep	9-Nov		-2,124,700M
M2 Money Supply	Oct	10-Nov		1209245.3B
Broad Money	Oct	10-Nov		2,078.0T
Corp Goods Price MM	Oct	11-Nov		0.7%
Corp Goods Price YY	Oct	11-Nov		9.7%

IMPORTANT DISCLAIMER

This material was prepared by a Treasury Marketing Unit, Bangkok Bank PCL, only. Any opinions expressed herein may differ from these by other departments. This material is prepared for informational purpose only, not to be an offer to the recipients to purchase or sale any financial instrument. The information herein has been obtained from other public sources and the rates informed are subject to change according to the market condition. The use of any information provided shall be on the recipients' discretion. Opinions and Assumptions in this document constitute the current judgment as of the date of the author only, do not reflect the opinions of Bangkok Bank, and are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person make no representations or warranties of any kind, about the completeness, accuracy, reliability or suitability, of the information contained in this presentation and will not be liable for any loss or damage whatsoever arising from the use of any such information. Each recipient should carefully consider the risks associated and make a determination based upon the recipient's own particular circumstances entering into such transaction.