

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Apr 2023 - 07 Apr 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- According to the CME Group FedWatch Tool, markets are currently pricing in a nearly 70% chance that the FOMC will keep the policy rate unchanged after the next meeting in early May.
- Furthermore, current market pricing shows a possible 50bp cut by the year's end.
- Market's optimism about banking sector, less confidence in the Fed's further rate hike capacity weigh on DXY.
- The expectation heading into the NFP announcement is for a lower-than-previous print of 240,000 new jobs, following February's 311,000 reading and 517,000 in January.
- Unemployment is expected to remain steady at 3.6%.

Lower Bound	101.00	Upper Bound	104.00
--------------------	---------------	--------------------	---------------

Forecast	Depreciation
-----------------	---------------------

Dollar Index News

- The US Dollar Index fluctuates in a tight channel slightly above 103.00 early Monday and the 10-year US Treasury bond yield clings to modest gains at around 3.4%.
- Several Fed policymakers spoke ahead of the weekend but their comments don't seem to be having a significant impact on rate expectations.
- The upbeat market mood stays intact on easing fears over a global banking crisis.
- US Q4 Gross Domestic Product was confirmed at 2.6%, below the previous estimate of 2.7%
- Data on Thursday showed the number of Americans filing new claims for unemployment benefits rose moderately last week, showing no signs yet that tightening credit conditions were having a material impact on the U.S. labor market, which remains tight.

Dollar Index Performance

Last Week Close	103.12	Monthly High	105.88
Week Open	103.12	Monthly Low	101.92
Week Close	102.05	30 Days Average	103.93
Weekly High	103.36	90 Days Average	103.77
Weekly Low	102.05	YTD Change	-0.50%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Final	Mar	3-Apr		
ISM Manufacturing PMI	Mar	3-Apr	47.1	
Factory Orders MM	Feb	4-Apr	-0.5	
International Trade \$	Feb	5-Apr	-68.6B	
S&P Global Comp Final PMI	Mar	5-Apr		
S&P Global Svcs PMI Final	Mar	5-Apr		
ISM N-Mfg PMI	Mar	5-Apr	54.6	
Initial Jobless Clm		6-Apr		
Non-Farm Payrolls	Mar	7-Apr	240000	
Unemployment Rate	Mar	7-Apr	3.6	

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Apr 2023 - 07 Apr 2023

Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The overall financial system remains resilient. Recent banking stresses in some advanced economies have not had a significant impact on the Thai financial system, as Thai financial institutions and corporations have limited linkages with the troubled banks and risky assets.
- The MPC forecast that the baht would strengthen against the US dollar, as it was widely expected the Federal Reserve would employ less aggressive interest rate adjustment. The influx of Chinese tourists will also contribute towards the baht strengthening. The committee said it would continue to closely monitor the situation and fluctuations in the global currency market.
-

Lower Bound	33.50	Upper Bound	34.80
Forecast	Appreciation		

Thai Baht News

- The Bank of Thailand's Monetary Policy Committee (MPC) on Wednesday voted unanimously to raise the policy interest rate by 0.25 percentage point from 1.50 to 1.75 percent, effective immediately.
- The Committee projects the economic growth to be 3.6 and 3.8 percent in 2023 and 2024, respectively. A key impetus is the broad-based recovery in tourism, which should promote employment and labor income, in turn sustaining private consumption.
- Thailand's customs-based exports contracted for a fifth straight month in February, down 4.7% from a year earlier, due to a slowing global economy.
- The Tourism Confidence Index for the first quarter remained below the pre-pandemic level because of concerns over high energy costs and Chinese businesses using nominees.

Thai Baht Performance

Last Week Close	34.16 THB/USD	Monthly High	34.44	THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.17	THB/USD
Week Close	34.16 THB/USD	30 Days Average	34.54	THB/USD
Weekly High	34.47 THB/USD	90 Days Average	34.17	THB/USD
Weekly Low	33.99 THB/USD	YTD Change	-0.61%	

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Mar	3-Apr		
CPI Headline Inflation	Mar	5-Apr		
CPI Core Inflation YY	Mar	5-Apr		
CPI Index	Mar	5-Apr		
Overall Comprehensive Risk	Q2	7-Apr		4.86

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Apr 2023 - 07 Apr 2023

Euro Graph


Source: Thomson Reuters

Euro News

- EUR ended lower despite better than expected PMIs for March. Banking stocks in Europe plummeted with heavyweights Deutsche Bank and UBS slipping, markets on concerns that banking woes have not yet been contained.
- Inflation eased significantly in Germany in March on the back of lower energy prices but was above forecasts, adding pressure on the European Central Bank to further tighten its monetary policy.
- EUR rose against the dollar on Wednesday, climbing to a five-day high as Eurozone government bond yields rose while the US dollar eased as banking sector fears appear to fade reviving investors appetite for riskier currencies.
- The Gfk Consumer Confidence Index in Germany declined to -29.5 for April from -30.6 but this reading failed to trigger a noticeable market reaction.

Euro Index Performance

Last Week Close	1.0759 USD/EUR	Monthly High	1.0848	USD/EUR
Week Open	1.0765 USD/EUR	Monthly Low	1.0789	USD/EUR
Week Close	1.0839 USD/EUR	30 Days Average	1.0702	USD/EUR
Weekly High	1.0926 USD/EUR	90 Days Average	1.0689	USD/EUR
Weekly Low	1.0743 USD/EUR	YTD Change	+0.82%	

Euro Outlook

- Expectations that the European Central Bank (ECB) will continue raising rates are offering support to the Euro.
- The Euro and the Pound are holding on to significant monthly gains versus the US Dollar.
- EUR/USD may break 1.10 this week before the US Nonfarm Payrolls.
- The ECB, after a series of rate hikes, stood aside in announcing their next actions and signaled that the further steps will be data dependent, but the latest comments from a number of policymakers that further raising of interest rates is likely to be needed to put high inflation under control and push it towards 2% target, add to positive signals for euro.

Lower Bound	1.0650	Upper Bound	1.0900
Forecast	Appreciation		

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI	Mar	3-Apr		
S&P Global/BME Mfg PMI	Mar	3-Apr		
S&P Global Mfg Final PMI	Mar	3-Apr		
Industrial Orders MM	Feb	5-Apr		
S&P Global Serv PMI	Mar	5-Apr		
S&P Global Comp PMI	Mar	5-Apr		
S&P Global Services PMI	Mar	5-Apr		
S&P Global Comp Final PMI	Mar	5-Apr		
S&P Global Serv Final PMI	Mar	5-Apr		

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Apr 2023 - 07 Apr 2023

Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- Some investors have argued that central banks should take into account the banking turmoil when setting interest rates.
- Markets are already pricing in another hike by the summer, so the bar for a hawkish surprise to lift GBP does seem relatively high.
- GBPUSD ended lower after rallying earlier, when concerns about the state of the international financial system continued to diminish. BoE Governor assured there is no stress to UK banking attached to the problems at SVB and Credit Suisse.

Lower Bound	1.2150	Upper Bound	1.2500
Forecast	Appreciation		

Pound Sterling News

- GBP ended lower against the dollar, caused by another collapse in banking equities that caused investors to rush to safe-haven assets. The surprise revival inflation would probably fade raising doubts on hiking rates further.
- Bank of England Governor Andrew Bailey signalled that interest rate-setters would focus on fighting inflation and would not be swayed unduly by worries about the health of the global banking system.
- UK credit data on Wednesday will show how the tightening cycle is affecting lending.
- GBPUSD rose on Wednesday as the BoE wasn't passing on the stress linked to the demise of SVB and Credit Suisse. The investors immediate concerns over the banking sector lowered as regulators fine tune their reaction.

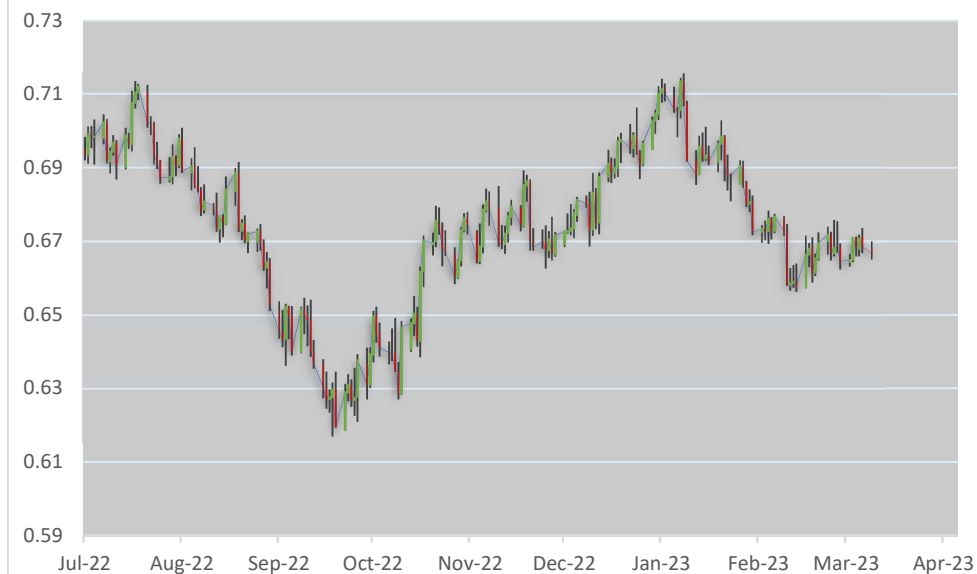
Pound Sterling Performance

Last Week Close	1.2230 USD/GBP	Monthly High	1.2331 USD/GBP
Week Open	1.2225 USD/GBP	Monthly Low	1.2277 USD/GBP
Week Close	1.2333 USD/GBP	30 Days Average	1.2124 USD/GBP
Weekly High	1.2423 USD/GBP	90 Days Average	1.2155 USD/GBP
Weekly Low	1.2216 USD/GBP	YTD Change	+1.50%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Indicator Name	Period	Local Start	I Reuters Poll	Revised
S&P GLBL/CIPS Mfg PMI FNL	Mar	3-Apr		
Composite PMI Final	Mar	5-Apr		
Reserve Assets Total	Mar	5-Apr		
Overall Comprehensive Risk	Q2	5-Apr		8.89
Halifax House Prices MM	Mar	6-Apr		
Halifax House Prices YY	Mar	6-Apr		
All-Sector PMI	Mar	6-Apr		

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Apr 2023 - 07 Apr 2023

Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Monday's Caixin Manufacturing PMI data will be keenly watched. Investors should be aware of the fact that Australia is a leading trading partner of China and a higher scale of economic activities will support the Australian Dollar.
- The Australian Dollar will remain active ahead of the interest rate decision by the Reserve Bank of Australia (RBA).
- Markets are pricing in a potential pause in rate hikes for the RBA, leaving its Cash Rate at 3.6%; this follows lower-than-expected annual inflation data out of Australia. However, some desks are still calling for another 25bp push and for rates to peak at 3.85%.

Lower Bound	0.6550	Upper Bound	0.6800
Forecast	Depreciation		

Australian Dollar News

- AUD ended higher against the dollar as worries about a worldwide credit crunch pressured commodities, and bonds yields fell as markets reduced their expectations for official interest rates.
- The data from Australia showed that Retail Sales rose by 0.2% on a monthly basis in February, missing the market expectation of 0.4%. Nevertheless, AUD/USD took advantage of the risk positive mood.
- Australian monthly CPI for February in at 6.8% (vs. expected 7.1%).
- AUDUSD rose due to riskier assets rising from reduced bad news from the banking sector, and domestic data was muted enough to sustain market bets for a halt to Australian rate increases which RBA signaled the same.
- China's National Bureau of Statistics (NBS) has reported better-than-projected PMI figures.

Last Week Close	0.6645 USD/AUD	Monthly High	0.67000	USD/AUD
Week Open	0.6644 USD/AUD	Monthly Low	0.66520	USD/AUD
Week Close	0.6685 USD/AUD	30 Days Average	0.69423	USD/AUD
Weekly High	0.6737 USD/AUD	90 Days Average	0.66947	USD/AUD
Weekly Low	0.6631 USD/AUD	YTD Change	-2.17%	

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Judo Bank Mfg PMI Final	Mar	3-Apr		
Owner-Occp'd Hous'g Fin MM	Feb	3-Apr		
Invest Hous'g Fin MM	Feb	3-Apr		
RBA Cash Rate	Apr	4-Apr	3.85%	
Judo Bank Svs PMI Final	Mar	5-Apr		
Judo Bank Comp PMI Final	Mar	5-Apr		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Makoto Sakurai, said that he was not expecting the new governor to make changes to the yield curve control strategy in July.
- Meanwhile, Governor Haruhiko Kuroda repeated that it was premature to debate an exit from easy monetary policy.
- IMF's Salgado signals more flexibility in BoJ YCC policy, Japan FinMin Suzuki advocates BoJ independence.
- Mixed Japan data, sluggish yields and cautious optimism keep Yen pair buyers hopeful.

Lower Bound	129.00	Upper Bound	135.00
Forecast	Depreciation		

Japanese Yen News

- The Japanese Yen was among the worst performers hit by the improvement in market sentiment and higher yields in Europe and the US.
- The data from Japan showed that the Coincident Index improved to 96.4 in January from 96.1 and the Leading Economic Index inched higher to 96.6 from 96.5.
- JPY rose against the dollar on Wednesday despite a fall in demand for safe-haven assets as the banking crisis appears to fade and the dollar easing against a basket of currencies.
- Bank of Japan (BoJ) Governor Haruhiko Kuroda said on Wednesday, that Japan is "closer than before to sustainably hit the 2% inflation target."
- Tokyo Consumer Price Index (CPI) rose to 3.3% in March versus 2.7% expected but eased from 3.4% prior.

Last Week Close	130.69 JPY/USD	Monthly High	133.48 JPY/USD
Week Open	130.53 JPY/USD	Monthly Low	132.83 JPY/USD
Week Close	132.79 JPY/USD	30 Days Average	139.13 JPY/USD
Weekly High	133.59 JPY/USD	90 Days Average	141.89 JPY/USD
Weekly Low	130.39 JPY/USD	YTD Change	+1.80%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Tankan Big Mf Idx	Q1	3-Apr	3	
Tankan Small Mf Idx	Q1	3-Apr	-6	
Tankan All Sm Capex Est	Q1	3-Apr	-9.0%	
JibunBK Mfg PMI Final SA	Mar	3-Apr		
Monetary Base YY	Mar	4-Apr		
JibunBK Comp Op Final SA	Mar	5-Apr		
JibunBK SVC PMI Final SA	Mar	5-Apr		
Overall Comprehensive Risk	Q2	7-Apr		

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.