

WEEKLY FOREIGN EXCHANGE OUTLOOK

06 Feb 2023 - 10 Feb 2023



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

• Due to strong US jobs data, the market expects that the terminal Fed fund rate will be at 5.00–5.25% this week, however there are still predictions of rate reductions in 2H. The market will be in a risk-averse mode, recharging the Greenback's safe haven function.

Dollar Index News

- At the beginning of last week, the dollar moved in a narrow range waiting for FOMC meeting. However, the dollar tumbled to a nine-month low against a basket of currencies on Wednesday (1/2), even after the Federal Reserve reiterated its commitment to keep hiking interest rates.
- The Federal Reserve raised interest rates by 0.25% to a range of 4.5% to 4.75% and The clear message was that the job is not yet done in getting inflation back down to 2% and further tightening lies ahead, but just how much remains uncertain.
- Dollar rebound on Friday due to a strong U.S. Jobs reports. Non-farm payroll created 517,000 jobs last month, well above economists' estimates of 185,000. Also, the unemployment rate fell to 3.4%, the lowest level since May 1969. And average hourly earnings rose by 0.3%.

Dollar Index Performance

Last Week Close	101.93	Monthly High	105.63
Week Open	101.92	Monthly Low	100.82
Week Close	101.55	30 Days Average	102.89
Weekly High	103.22	90 Days Average	106.71
Weekly Low	100.82	YTD Change	-0.44%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
International Trade \$	Dec	7-Feb	-68.6B	-61.5B
U Mich Sentiment Prelim	Feb	10-Feb	65.0	64.9
Initial Jobless Clm	30 Jan, w/	9-Feb		183k

Lower Bound	101.22	Upper Bound	103.25
Forecast	Neutral		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

• This week Thai baht probably depreciates against dollar on strong US jobs data that released on Friday. This week Thailand's January CPI data will be released on Monday (6/2)

Thai Baht News

• In the beginning of last week, Thai baht remain bearish as the Thai economy continue to gain traction with recovery in tourism and private consumption. However, the Baht dropped on Thursday after unimpressive BoE and ECB monetary policy boost the US dollar.

Thai Baht Performance

Last Week Close	32.79 THB/USD	Monthly High	33.66	THB/USD
Week Open	32.82 THB/USD	Monthly Low	32.66	THB/USD
Week Close	33.39 THB/USD	30 Days Average	33.42	THB/USD
Weekly High	33.51 THB/USD	90 Days Average	35.42	THB/USD
Weekly Low	32.63 THB/USD	YTD Change	-3.26%	

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Jan	6-Feb	5.10%	5.89%
CPI Core Inflation YY	Jan	6-Feb	3.10%	3.23%
CPI Index	Jan	6-Feb		107.86
Consumer Confidence Idx	Jan	8-Feb		49.7

Lower Bound	33.20	Upper Bound	33.80
Forecast	Depreciation		

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- This week the euro may drop against the dollar regarding Strong US jobs data. Moreover, in the latest meeting the ECB announced it would raise its interest rates by 50 bps in March too, anticipating market speculation. The market reacted to statement that ECB monetary tightening will end in the first semester of 2023.
- The upcoming week will be a lighter one in terms of macroeconomic data. The EU will publish January Retail Sales on Monday, while Germany will finally unveil the preliminary estimate of the Harmonized Index of Consumer Prices (HICP) for the same month.

Euro News

- At the beginning of last week the Euro rose against the dollar. The EUR/USD pair climbed to its highest since last April last Wednesday, hitting 1.1034. However, The euro extended losses below \$1.09 after touching \$1.1034 on Thursday (2/2) as investors turned to the USD following strong US jobs data.
- Also, investors digested a dovish clue from policymakers at the European Central Bank despite the body's hawkish stance. The ECB hiked interest rates by 50 bps as expected and pushed borrowing costs to the highest levels since late 2008, flagging one more increase of the same magnitude next month and reaffirming its commitment to battle high inflation. However, during the ECB press conference, President Christine Lagarde acknowledged the Eurozone outlook had become less worrisome for growth and inflation.

Euro Index Performance

Last Week Close	1.0867 USD/EUR	Monthly High	1.1033	USD/EUR
Week Open	1.0873 USD/EUR	Monthly Low	1.0782	USD/EUR
Week Close	1.0793 USD/EUR	30 Days Average	1.0784	USD/EUR
Weekly High	1.1033 USD/EUR	90 Days Average	1.0385	USD/EUR
Weekly Low	1.0790 USD/EUR	YTD Change	+0.83%	

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Industrial Orders MM	Dec	6-Feb	1.5%	-5.3%
S&P Global Cons PMI	Jan	6-Feb		42.6
Sentix Index	Feb	6-Feb		-17.5
Retail Sales MM	Dec	6-Feb	-1.3%	0.8%
Industrial Output MM	Dec	7-Feb	-1.5%	0.2%
CPI Prelim YY	Jan	6-Feb	9.2%	8.6%
HICP Prelim YY	Jan	6-Feb	10.0%	9.6%

Lower Bound	1.0650	Upper Bound	1.0900
Forecast	Neutral		

S&P Global Comp Final PMI	Jan	3-Feb	50.2	50.2
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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- This week the Pound is likely to depreciate against the dollar as investors rushed for the dollar following a better-than-expected US jobs report. Sterling was already under pressure as the Bank of England was seen as more dovish relative to the European Central Bank and the US Federal Reserve.
- Market will keep an eye on UK Q4 GDP that will release on Friday (10/2)

Pound Sterling News

- The bank of England raised interest rates 0.5% to 4.0%, the highest level since 2008, on Thursday (4/2). However, the central bank believes that inflation may have peaked, signaling that its tightening cycle might come to an end. Which suggests, if inflation continues to head lower from here, that the current 4% level may turn out to be the terminal rate for the UK. The weakness of British economy is likely to ensure that there is opposition in BOE to such a large step. Household spending and borrowing also slowed sharply in the U.K. at the end of last year.

Pound Sterling Performance

Last Week Close	1.2397 USD/GBP	Monthly High	1.2400 USD/GBP
Week Open	1.2397 USD/GBP	Monthly Low	1.2032 USD/GBP
Week Close	1.2051 USD/GBP	30 Days Average	1.2198 USD/GBP
Weekly High	1.2417 USD/GBP	90 Days Average	1.1888 USD/GBP
Weekly Low	1.2045 USD/GBP	YTD Change	-0.30%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
All-Sector PMI	Jan	6-Feb		49.0
Halifax House Prices MM	Jan	7-Feb		-1.5%
Halifax House Prices YY	Jan	7-Feb		1.95%
GDP Estimate YY	Dec	10-Feb		0.2%
GDP Prelim QQ	Q4	10-Feb		-0.3%
GDP Prelim YY	Q4	10-Feb		1.9%
Manufacturing Output MM	Dec	10-Feb		-0.5%

Lower Bound Forecast	1.2055	Upper Bound	1.2250
	Neutral		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The aussie remains supported by expectations that the Reserve Bank of Australia would press on with its policy tightening and by China's rapid reopening from Covid curbs that bolstered the global economic outlook.
- Markets expect that RBA will hike the rate 0.25% in this meeting on Tuesday (7/2). As the latest December CPI numbers showed a bigger than expected jump to 8.4%, from 7.3% in November. For Q4 this pushed the average rate to 7.8% from 7.3%, raising concerns that the RBA might have to be more hawkish in terms of what to do later this week.

Australian Dollar News

- At the beginning of last week Aussie rose against the dollar after Chinese PMI showed signs of an economic recovery which followed domestic data that revealed an easing of conditions and supported by gold price.
- However, the Aussie had been under pressure post soft retail sales and credit data. Retail sale in december drop 3.9% from previous month.

Last Week Close	0.7103 USD/AUD	Monthly High	0.71570 USD/AUD
Week Open	0.7092 USD/AUD	Monthly Low	0.68860 USD/AUD
Week Close	0.6919 USD/AUD	30 Days Average	0.66706 USD/AUD
Weekly High	0.7157 USD/AUD	90 Days Average	0.66416 USD/AUD
Weekly Low	0.6917 USD/AUD	YTD Change	+1.79%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Retail Trade	Q4	6-Feb	-0.6%	0.2%
Trade Balance G&S (A\$)	Dec	7-Feb		13,201M
RBA Cash Rate	Feb	7-Feb	3.35%	3.10%

Lower Bound	0.6810	Upper Bound	0.7156
Forecast	Neutral		


Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- This week yen could be depreciated against dollar regarding the better than expect of US jobs data.
- The Japanese Yen, on the other hand, continues to draw support from expectations that high inflation may invite a more hawkish stance from the Bank of Japan (BoJ) later this year. The bets were lifted by Japan's Nationwide core inflation, which reached its highest annualized print since December 1981. This is seen as another factor keeping a lid on the USD/JPY pair, at least for now.

Japanese Yen News

- At the beginning of last week, The Japanese yen moved around 130.00 JPY/USD, the Bank of Japan's (BoJ) repeated attempts to defend the Yield Curve Control (YCC), amid recently firmer inflation data from Tokyo, exert downside pressure on the USD/JPY prices.
- Later, the Japanese yen strengthened against the dollar. Investors appear cautious ahead of the key Federal Reserve verdict. Also challenging the sentiment, could be the latest moves of the Japan Government Bond (JGB) yields. The benchmark 10-year JGB yields keeps poking the Bank of Japan's 0.50% limit during the seven-day uptrend. The same has recently pushed the Japanese central bank to intervene multiple times. However, the yen depreciated against dollar on Friday after better than expect of US jobs data.

Last Week Close	129.85 JPY/USD	Monthly High	132.56 JPY/USD
Week Open	129.71 JPY/USD	Monthly Low	128.09 JPY/USD
Week Close	131.17 JPY/USD	30 Days Average	145.21 JPY/USD
Weekly High	131.21 JPY/USD	90 Days Average	139.41 JPY/USD
Weekly Low	128.07 JPY/USD	YTD Change	+0.42%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK SVC PMI Final SA	Apr	9-May		50.5
All Household Spending YY	Mar	10-May	-2.8%	1.1%
All Household Spending MM	Mar	10-May	2.6%	-2.8%
Current Account NSA JPY	Mar	12-May	1,752.3B	1,648.3B

Lower Bound	127.26	Upper Bound	132.42
Forecast	Neutral		

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