

WEEKLY FOREIGN EXCHANGE OUTLOOK
10 Jul 2023 - 14 Jul 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- At this moment, market continues to see a rate hike at the next FOMC meeting (93%) but expectations of a second hike before year-end have eased (to around 40%).
- As a result of these figures, there was a widespread decline in US Treasury yields. It's worth noticing that Jerome Powell has mentioned the possibility of further tightening due to a tight labor market and warned it can see some "pain". In addition, while wage inflation remains sticky, the Fed will be pressured to continue tightening or keeping rates high until progress to the downside is seen.
- On Wednesday, the US will publish the June Consumer Price Index (CPI), foreseen up by 3.6% YoY. The monthly increase is anticipated to be 0.2%, slightly above May's figure. Additionally, the country will unveil the June Producer Price Index (PPI) and the preliminary estimate of the July Michigan Consumer Sentiment Index, previously at 64.4.

Lower Bound	101.50	Upper Bound	103.50
Forecast	Neutral		

Please carefully examine the Important Disclosure on the last section of this material.

Dollar News

- At the start of the week, the US Dollar came under renewed selling pressure as the top-tier US ISM Manufacturing PMI data unexpectedly showed that contraction in the manufacturing sector deepened further.
- However, renewed US-China trade tensions also underpinned the safe-haven demand for the Greenback.
- Hawkish signals from the Minutes of the Fed meeting in June also kept the buoyant tone intact around the American Dollar. The Minutes showed that almost all Fed officials indicated that further tightening is likely.
- The US dollar weakened across the board after the US official jobs report on Friday. Nonfarm Payrolls (NFP) in the US rose by 209,000 in June, below the market expectation of 225,000. May's increase of 339,000 was revised lower to 306,000. The Unemployment Rate edged lower to 3.6% from 3.7% as expected and the annual wage inflation, as measured by the Average Hourly Earnings, stood unchanged at 4.4%, compared to analysts' estimate of 4.2%.

Dollar Index Performance

Last Week Close	102.91	Monthly High	104.70
Week Open	102.93	Monthly Low	101.92
Week Close	102.23	30 Days Average	103.15
Weekly High	103.54	90 Days Average	102.82
Weekly Low	102.23	YTD Change	-1.02%

Next Week's Dollar Index Economic Events

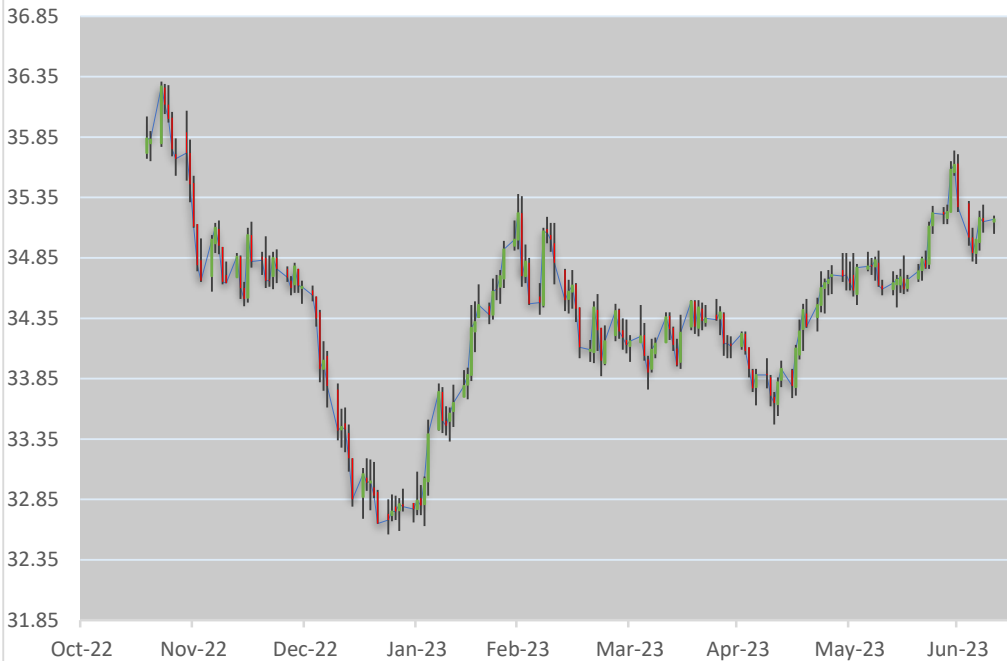
Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Jun	12-Jul	0.3%	0.4%
Core CPI YY, NSA	Jun	12-Jul	5.0%	5.3%
CPI MM, SA	Jun	12-Jul	0.3%	0.1%
CPI YY, NSA	Jun	12-Jul	3.1%	4.0%
Initial Jobless Clm	8 Jul, w/e	13-Jul	249k	248k
Import Prices YY	Jun	14-Jul		-5.9%
U Mich Sentiment Prelim	Jul	14-Jul	65.5	64.4

WEEKLY FOREIGN EXCHANGE OUTLOOK

10 Jul 2023 - 14 Jul 2023



Thai Baht Graph



Source: Thomson Reuters

Thai Baht Outlook

- This week, we believe the baht will move more volatile since the big event is scheduled on Thursday(13/7). The first support of USDTHB is at around 34.80 while the resistance stand at 35.20 level.
- The speaker is expected to table a joint session of parliament later on Thursday(13/7) to decide on a prime minister, which requires the votes of more than half of the 750 members of the bicameral legislature.
- We believe that further progress in the appointment of the new PM(if successful) could bolster investor confidence, supporting equity inflows into Thailand and helping the baht recover its post-election loss.

Lower Bound	34.50	Upper Bound	35.50
Forecast	Neutral		

Please carefully examine the Important Disclosure on the last section of this material.

Thai Baht News

- At the beginning of last week, the baht appreciated against US dollar to 34.85 level as investors see the country's political progress, with the parliament confirmed that Veteran politician Wan Muhamad Noor Matha of Thailand's Prachachart Party will be speaker of the new House of Representatives after being the only nominee for the post of House speaker.
- On Wednesday, the baht depreciated though Thailand's annual headline inflation unexpectedly rose in June. The headline CPI increased 0.23% YoY in June, compared with a forecast fall of 0.1%. The commerce ministry lowered its forecast for consumer price rises for the whole year.
- At the end of the week, the baht weakened above 35.00 level as US ADP jobs data released on Thursday was upbeat and political uncertainty regarding the election of prime minister on this Thursday(13/7) weighed on the baht's strength.
- Reports came out that several senators backtracked on vote for the prime candidate for PM position, Pita, fueling investors' worries over Thai political transition. This risk also weighed on the local capital market as foreign investors have been net sold in equity and bond in the market.

Thai Baht Performance

Last Week Close	35.62 THB/USD	Monthly High	35.32 THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.84 THB/USD
Week Close	35.15 THB/USD	30 Days Average	34.92 THB/USD
Weekly High	35.32 THB/USD	90 Days Average	34.48 THB/USD
Weekly Low	34.80 THB/USD	YTD Change	+1.65%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Jun	13-Jul		55.7

WEEKLY FOREIGN EXCHANGE OUTLOOK
10 Jul 2023 - 14 Jul 2023

Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The positive risk sentiment and hawkish expectations about the outlook of the European Central Bank (ECB) are helping to limit the losses.
- The focus shifts to price pressures next week, as major economies will report inflation data. Germany will also release the final estimates of the Harmonized Index of Consumer Prices (HICP) for June, previously estimated at 6.8% YoY.
- Technically, the euro is hovering above 1.0960, at the highest since June 27, with bullish momentum intact. It is holding onto weekly gains, above the 20-week Simple Moving Average. If the pair holds above 1.0960, attention would turn to the 1.1000 area and then the June high at 1.1012. On the contrary, a decline under 1.0930 would weaken the short-term outlook for the Euro.

Euro News

- Until Thursday, the EUR/USD saw little action for a second consecutive week, settling around the 1.0900 mark as the absence of relevant European data kept the Euro in check. However, on Friday, disappointed US non-farm payroll sent the euro toward 1.1000 once again.
- Weaker European economic growth undermines demand for the euro. S&P Global downwardly revised most of its June PMIs for the Eurozone. Moreover, the economic slowdown has been steeper as most economic data also missed expectations.
- The latest survey of consumer expectations for inflation, conducted by the European Central Bank (ECB) on a monthly basis, reveals that inflation expectations among Eurozone consumers decreased further in May.
- However, hawkish comments from ECB officials still support the currency and capped the downside. Joachim Nagel said on Wednesday that interest rates must rise further to curb inflation.

Euro Index Performance

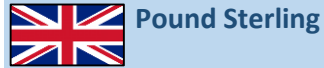
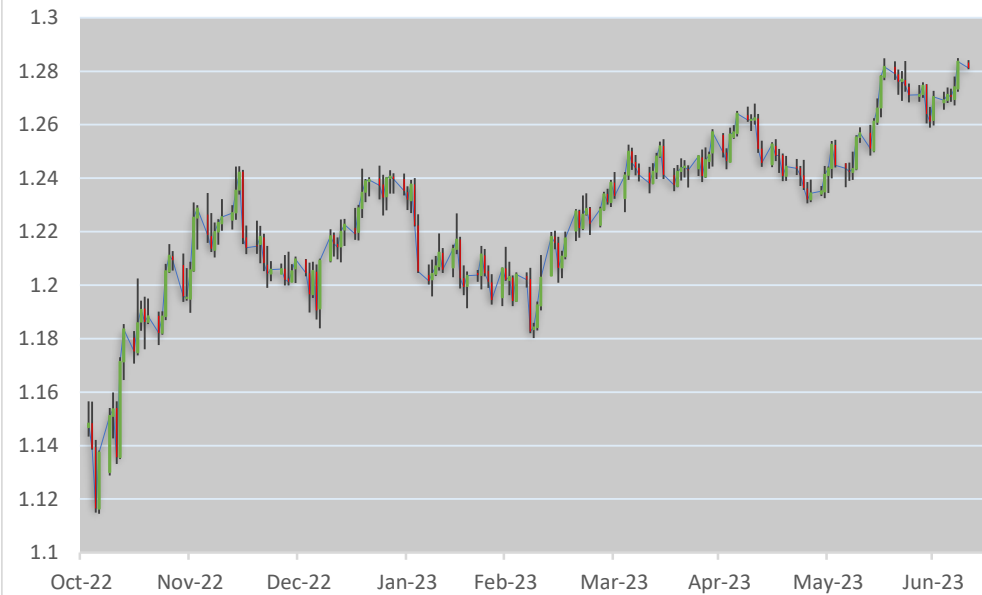
Last Week Close	1.0910 USD/EUR	Monthly High	1.0973 USD/EUR
Week Open	1.0909 USD/EUR	Monthly Low	1.0835 USD/EUR
Week Close	1.0967 USD/EUR	30 Days Average	1.0853 USD/EUR
Weekly High	1.0973 USD/EUR	90 Days Average	1.0853 USD/EUR
Weekly Low	1.0832 USD/EUR	YTD Change	+2.34%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
CPI Final MM	Jun	11-Jul	0.3%	0.3%
CPI Final YY	Jun	11-Jul	6.4%	6.4%
HICP Final MM	Jun	11-Jul	0.4%	0.4%
HICP Final YY	Jun	11-Jul	6.8%	6.8%
ZEW Economic Sentiment	Jul	11-Jul	-10.0	-8.5
ZEW Current Conditions	Jul	11-Jul	-60.0	-56.5
Industrial Production MM	May	13-Jul	0.3%	1.0%

Lower Bound	1.0850	Upper Bound	1.1050
Forecast	Appreciation		

Please carefully examine the Important Disclosure on the last section of this material.

WEEKLY FOREIGN EXCHANGE OUTLOOK
10 Jul 2023 - 14 Jul 2023

Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The pound has been supported from the hawkish pricing of the Bank of England (BoE) terminal rate beyond 6.0%
- This week market will turn attention to UK jobs data and Bailey's speeches. BOE governor Andrew Bailey will make a speech at the Financial and Professional Services on Monday(10/7) and will hold a press conference about the Financial Stability Report (FSR) on Wednesday(12/7).
- The UK Unemployment Rate and the Average Hourly Earnings released on Tuesday(11/7) will be closely scrutinized for the BoE's next interest-rates path. Moreover, the UK's monthly Gross Domestic Product (GDP) and Industrial Production data will be reported on Thursday(13/7)
- After the pound develops above the trendline resistance at 1.2780, chances now skew for a test of the 1.2900 mark. However, the strong resistance near 1.2850 will have to be cracked first.

Pound Sterling News

- The Pound Sterling held onto recovery gains against US Dollar this week following a brief correction from 14-month highs. However, the GBP/USD traded in a narrow range, with the upside capped by resurgent US Dollar demand on hawkish US Federal Reserve (Fed) signals and growing recession fears.
- The UK Debt Management Office sold 4 billion pounds (\$5.08 billion) of government bonds, which will pay an annual return of 5.668% - the highest yield since 2007, and mature in October 2025, at Wednesday's auction. As a result, the 2-year UK gilt yield reached its highest level since 2008 near 5.5%, providing a boost to GBP and helping GBP/USD limit its losses.
- Early Thursday, Bank of England (BoE) Governor Andrew Bailey told BBC that he expects a "quite a marked fall in inflation" but refrained from commenting on the rate outlook.
- The pound climbed to its highest level in two weeks above 1.2800 on Friday(7/7) following a mixed reaction to the US June jobs report.

Pound Sterling Performance

Last Week Close	1.2704 USD/GBP	Monthly High	1.2849 USD/GBP
Week Open	1.2684 USD/GBP	Monthly Low	1.2659 USD/GBP
Week Close	1.2836 USD/GBP	30 Days Average	1.2634 USD/GBP
Weekly High	1.2849 USD/GBP	90 Days Average	1.2458 USD/GBP
Weekly Low	1.2656 USD/GBP	YTD Change	+5.90%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Jun	11-Jul		-13.6k
ILO Unemployment Rate	May	11-Jul	3.8%	3.8%
HMRC Payrolls Change	Jun	11-Jul		23k
GDP Est 3M/3M	May	13-Jul	-0.1%	0.1%
GDP Estimate MM	May	13-Jul	-0.4%	0.2%
GDP Estimate YY	May	13-Jul		0.5%
Manufacturing Output MM	May	13-Jul	-0.5%	-0.3%

Lower Bound	1.2700	Upper Bound	1.2950
--------------------	---------------	--------------------	---------------

Forecast	Appreciation
-----------------	---------------------

Please carefully examine the Important Disclosure on the last section of this material.

WEEKLY FOREIGN EXCHANGE OUTLOOK

10 Jul 2023 - 14 Jul 2023

 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- This week, market will focus on speech of RBA Governor Lowe on Wednesday(12/7) as well as the release of Westpac Consumer Confidence(11/7) and Consumer Inflation Expectations(13/7).
- We still has bearish bias for the AUD as the risk of a further escalation in the US-China trade conflict continues to weigh on investors' sentiment, which is evident from a generally weaker tone around the equity markets and could act as a headwind for the risk-sensitive Aussie. Moreover, the greenback has been supported after rate-sensitive two-year US government bond is placed near its highest since June 2007, while the benchmark 10-year US Treasury yield holds steady above the 4.0% threshold.

Australian Dollar News

- At the start of the week, the AUD gains as expectation that the RBA will raise its interest rate by at least 25 bps. However, the aussie nosedived more than 50 pips after the central bank unveiled a dovish surprise while keeping the benchmark interest rate unchanged at 4.10% after monthly inflation has sharply softened to 5.8% and then the central bank would get some time to assess monetary policy conditions.
- The Australia Trade Surplus increases in May as it came in at 11,791M MoM for May, compared with the expectations of 10,500M. Exports rose 4.0% on a monthly basis while imports rose 2% MoM.
- A slew of weak economic data from China released over the past week added to worries about slowing growth in the world's second-largest economy.
- On Friday, the AUD/USD surged to the 0.6680 area as the USD weakened following weak Nonfarm Payrolls from June.

Australian Dollar Performance

Last Week Close	0.6666 USD/AUD	Monthly High	0.67050 USD/AUD
Week Open	0.6659 USD/AUD	Monthly Low	0.66000 USD/AUD
Week Close	0.6688 USD/AUD	30 Days Average	0.66894 USD/AUD
Weekly High	0.6705 USD/AUD	90 Days Average	0.67848 USD/AUD
Weekly Low	0.6597 USD/AUD	YTD Change	-2.17%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Jul	11-Jul		0.2%
NAB Business Conditions	Jun	11-Jul		8
NAB Business Confidence	Jun	11-Jul		-4

Lower Bound	0.6600	Upper Bound	0.6800
Forecast	Neutral		

Please carefully examine the Important Disclosure on the last section of this material.


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The resultant widening of the US-Japan rate differential, along with expectations that the Bank of Japan's (BoJ) negative interest-rate policy will remain in place at least until next year.
- Hence, the ongoing downfall (on USD/JPY) might still be categorized as a corrective pullback as bullish traders opt to lighten their bets.
- Technically, if consider the daily chart, bulls took a big hit and the outlook is starting to favor the JPY with support levels are seen at 142.00, followed by the 141.40 area.
- There is no significant economic data released in Japan this week. Therefore the focus will shift to the US inflation data.

Lower Bound **141.00** **Upper Bound** **144.00**
Forecast **Depreciation**
Japanese Yen News

- The yen has been supported and capped the upside of USD/JPY at around 145.00 against the backdrop of fear about the potential intervention by Japanese authorities to support the domestic currency. Moreover, the risk-off mood boosts demand for the safe-haven Japanese Yen (JPY) as investors remain worried about economic headwinds stemming from rapidly rising borrowing costs.
- Adding to this, the risk of a further escalation in trade conflicts between the US and China - the world's two largest economies - takes its toll on the global risk sentiment.
- On Friday(7/7), the USD/JPY pair remained under heavy selling pressure and dropped to nearly three-week low, around the 142.00 region, after the release of downbeat US employment data.
- As a result of US employment figures, there was a widespread decline in US Treasury yields. The 2-year yield experienced a significant drop of over 1.70%, settling at 4.90%. Similarly, the 5-year and 10-year yield rates reached 4.29% and 4.02%, respectively. The US-Japan rate differential then instantly moved narrower.

Japanese Yen Performance

Last Week Close	144.32 JPY/USD	Monthly High	144.93 JPY/USD
Week Open	144.35 JPY/USD	Monthly Low	142.08 JPY/USD
Week Close	142.07 JPY/USD	30 Days Average	134.21 JPY/USD
Weekly High	144.93 JPY/USD	90 Days Average	133.61 JPY/USD
Weekly Low	142.06 JPY/USD	YTD Change	+9.05%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	May	10-Jul	1,884.5B	1,895.1B
Current Account Bal SA	May	10-Jul		1,899,600M
Trade Bal Cust Basis SA	May	10-Jul		-380,400M
Corp Goods Price MM	Jun	12-Jul	0.1%	-0.7%
Corp Goods Price YY	Jun	12-Jul	4.3%	5.1%
Machinery Orders MM	May	12-Jul	1.0%	5.5%
Machinery Orders YY	May	12-Jul	-0.2%	-5.9%

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.