

WEEKLY FOREIGN EXCHANGE OUTLOOK
12 Jun 2023 - 16 Jun 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- Major currency pairs continue to trade in familiar ranges mid-week as investors remain in search of the next significant catalyst.
- The downside for the US dollar remains limited amid the uncertainty over the Fed's rate-hike path, which is holding bank trader from placing aggressive directional bets in near term.
- However, the recent inflation and labor market data from the US keeps hopes for a 25-bps lift-off at the June FOMC meeting.
- Investors are preparing for the Consumer Price Index (CPI) data.
- The dollar index may trade between 103.50 – 104.50 in near term.

Lower Bound	103.50	Upper Bound	104.50
Forecast	Neutral		

Dollar News

- US dollar pulled back on weak economic data; the US services sector barely grew in May as new order slowed.
- The US dollar struggled to find demand as markets see a growing possibility of the Fed leaving its key rate unchanged at the next meeting.
- The US dollar dropped during the end of the week on broad USD selling on spike in US jobless claims weighed.
- US Treasury yields lower, markets eye on rate hike pause.

Dollar Index Performance

Last Week Close	104.02	Monthly High	104.70
Week Open	104.04	Monthly Low	101.03
Week Close	103.30	30 Days Average	103.03
Weekly High	104.70	90 Days Average	103.11
Weekly Low	103.30	YTD Change	+0.06%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	May	13-Jun	0.4%	
Core CPI YY, NSA	May	13-Jun		
CPI MM, SA	May	13-Jun	0.3%	
CPI YY, NSA	May	13-Jun		
CPI Wage Earner	May	13-Jun		
PPI Machine Manuf'ing	May	14-Jun		
Fed Funds Tgt Rate	14 Jun	15-Jun	5-5.25	
Fed Int On Excess Reserves	14 Jun	15-Jun		
Import Prices YY	May	15-Jun		
Philly Fed Business Indx	Jun	15-Jun		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- Thai May headline CPI was +0.53% year-on-year versus +1.70% in poll.
- Earlier this week, most Asian currencies traded mixed with Thai baht leading losses as US data pointed to sluggish growth in the country's services sector, strengthening the case for pause in interest rate hikes by the Fed next week.
- Thai baht weakened as much as 0.7% on Tuesday, logging its worst session in 2 weeks after the country's headline inflation dropped to its lowest in 21 months due to lower energy and food prices and a high base in 2022.
- However, the baht strengthened on Friday on US dollar selling after US jobless claims weigh.

Thai Baht Performance

Last Week Close	34.58 THB/USD	Monthly High	34.91 THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.50 THB/USD
Week Close	34.59 THB/USD	30 Days Average	34.33 THB/USD
Weekly High	34.91 THB/USD	90 Days Average	34.33 THB/USD
Weekly Low	34.54 THB/USD	YTD Change	

Thai Baht Outlook

- Thai baht is likely to trade sideways this week as investors wait for Fed's policy meeting.
- Thailand's exports are likely to be flat or rise up to 1% this year as global economic has been slowed; however, the weak baht is providing support.
- A weak China growth, and political uncertainty is probably keeping the Thai baht on bearish bias.
- Investors will focus on CPI data from the US this week for fresh catalyst.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves				
Currency Swaps				

Lower Bound	34.50	Upper Bound	35.00
Forecast	Neutral		


Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- Previously, the downbeat prints of the German Factory Orders and Eurozone Retail Sales joined easing inflation expectations in the bloc to weigh on the Euro.
- The euro probably continues to trade sideways around 1.07500 area.
- The next resistance stands at 1.0780, followed by 1.0800, on the downside below 1.0700 would increase the negative pressure, exposing the monthly low at 1.0635.
- The euro bears are likely to keep the reins as the recent Eurozone statistics prod ECB hawks.

Lower Bound	1.0650	Upper Bound	1.0800
Forecast	Neutral		

Euro News

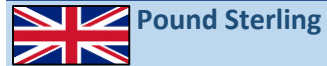
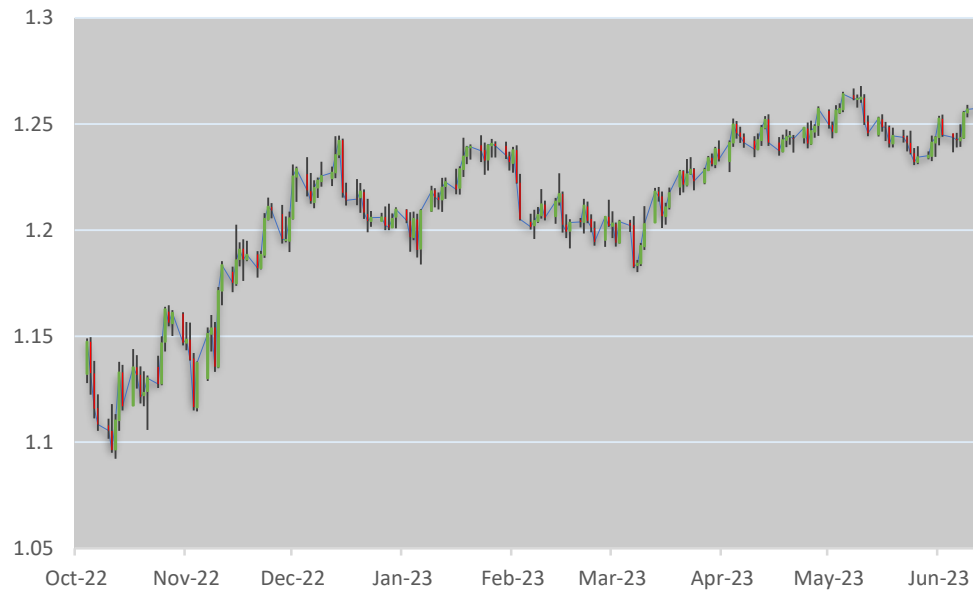
- Euro bottomed at 1.0663 and rebounded toward 1.0700 level but was unable to retake that level after mixed Eurozone Retail Sales data for April; the pair remains undermined by the cautious market mood, disappointing German Factory Orders and a broad US dollar rebound.
- However, the Euro grinds higher on Friday, rising the most in 11 weeks, after a release of a disappointing US jobless claims.
- The Eurozone GDP for the first quarter (Q1) of 2023 revised down from initial forecast of 0.1% to -0.1% vs 0.0% expected, the euro, on the other hand, bulls regarding next week's ECB monetary policy meeting, ignoring the downbeat economic concerns.

Euro Index Performance

Last Week Close	1.0706 USD/EUR	Monthly High	1.0786 USD/EUR
Week Open	1.0710 USD/EUR	Monthly Low	1.0662 USD/EUR
Week Close	1.0747 USD/EUR	30 Days Average	1.0834 USD/EUR
Weekly High	1.0786 USD/EUR	90 Days Average	1.0799 USD/EUR
Weekly Low	1.0665 USD/EUR	YTD Change	+0.36%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Total Trade Balance SA	Apr	15-Jun		
Reserve Assets Total	May	15-Jun		
ECB Refinancing Rate	Jun	15-Jun	4.00%	
ECB Deposit Rate	Jun	15-Jun	3.50%	
HICP Final MM	May	16-Jun	0.6%	
HICP Final YY	May	16-Jun	6.1%	

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The GBP bears are likely to keep the reins as the higher British inflation keeps suggesting the BoE rate hikes.
- Apart from the British catalysts, the latest increase in the market's bets on the Federal Reserve's 25 bps rate hike in July increased, even as the June Federal Open Market Committee (FOMC) is likely to keep the rates unchanged, also challenge the GBP/USD upside.
- The Sterling could be traded between 1.2420 – 1.2550.

Pound Sterling News

- Sterling stayed defensive after 3-day losing streak, and licked its wounds near 1.2425 during the beginning of the week.
- Further, the cautious mood ahead of the UK PM Rishi Sunak's US visit, and the fears that the British economy will have to bear the burden of too high inflation and less productivity increase weighs on the GBP prices.
- However, the sterling rallied above 1.2500 level on Friday as US labor market data keeps investors expecting a pause on the Fed rate hike cycle. The Bank of England's additional tightening underpins the sterling.

Pound Sterling Performance

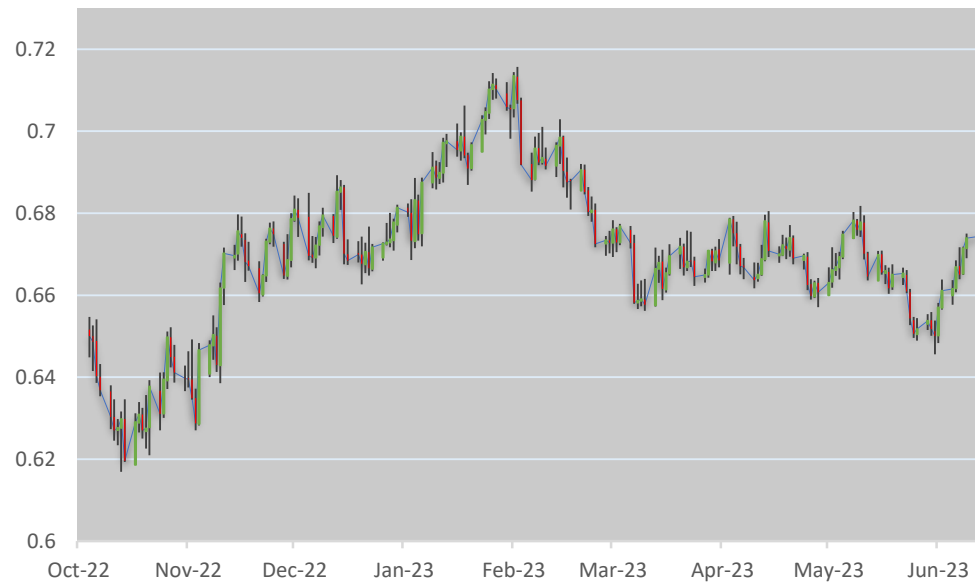
Last Week Close	1.2448 USD/GBP	Monthly High	1.2590 USD/GBP
Week Open	1.2456 USD/GBP	Monthly Low	1.2369 USD/GBP
Week Close	1.2569 USD/GBP	30 Days Average	1.2481 USD/GBP
Weekly High	1.2590 USD/GBP	90 Days Average	1.2310 USD/GBP
Weekly Low	1.2366 USD/GBP	YTD Change	+3.94%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	May	13-Jun		
ILO Unemployment Rate	Apr	13-Jun		
HMRC Payrolls Change	May	13-Jun		
GDP Est 3M/3M	Apr	14-Jun		
GDP Estimate MM	Apr	14-Jun		
GDP Estimate YY	Apr	14-Jun		
Manufacturing Output MM	Apr	14-Jun		

Lower Bound	1.2450	Upper Bound	1.2600
Forecast	Appreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The Aussie appears to continue to its upward trend as the rate hike boosted the Aussie.
- Moreover, the RBA statement suggests the further tightening of monetary policy may be required.
- However, the upside could be limit due to the weak China's growth.
- The support level is 0.6640, 0.6610, and 0.6580 while the resistance level is 0.6680, 0.6710, and 0.6745.

Australian Dollar News

- The Australian Dollar outperformed its rivals early Tuesday following the RBA's unexpected decision to raise the policy rate by 25 basis points to 4.1%.
- Aussie grinds higher past 0.6650 on Wednesday, justifies by hawkish comments from RBA Governor Philip Lowe, as well as the rate lift.
- During mid-week, the AUD/USD was turning south toward 0.6650 after China's Trade Surplus shrunk on weaker exports and the Australian Q1 GDP missed estimates with 0.2% QoQ.
- The Aussies on Friday edged lower following the release of the latest Chinese inflation figures.

Australian Dollar Performance

Last Week Close	0.6611 USD/AUD	Monthly High	0.67500 USD/AUD
Week Open	0.6600 USD/AUD	Monthly Low	0.64850 USD/AUD
Week Close	0.6739 USD/AUD	30 Days Average	0.66841 USD/AUD
Weekly High	0.6750 USD/AUD	90 Days Average	0.68031 USD/AUD
Weekly Low	0.6577 USD/AUD	YTD Change	-1.04%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Employment	May	15-Jun	20.0k	
Unemployment Rate	May	15-Jun	3.7%	

Lower Bound	0.6600	Upper Bound	0.6770
Forecast	Neutral		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The yen is benefitting as safe-haven asset regarding the recent disappointing Chinese data which showed trade surplus sank to a 13-month low in May led by a surprise slump in exports on the weaker overseas demand for Chinese goods which weighs on investors' sentiment.
- Moreover, speculations for more sizeable inventions by the BoJ to support the domestic currency further should underpin the yen.
- Apart from this, the BoJ has been seeing no policy adjustments in June as BoJ Ueda is consistently supporting monetary stimulus.

Lower Bound	138.50	Upper Bound	140.50
Forecast	Appreciation		

Japanese Yen News

- The yen extended its pullback below 139.50 during the beginning of the week. The pair was undermined by the ongoing sell-off the US Treasury bond yields, which dragged the US dollar lower.
- Receding hawkish Fed bets, absence of major US data and Fed blackout also favored yen pair sellers.
- BoJ Governor Kazuo signaled last week that the Japanese central bank will continue QQE until the achievement of the inflation target.

Japanese Yen Performance

Last Week Close	139.94 JPY/USD	Monthly High	140.45 JPY/USD
Week Open	139.97 JPY/USD	Monthly Low	138.47 JPY/USD
Week Close	139.34 JPY/USD	30 Days Average	131.29 JPY/USD
Weekly High	140.45 JPY/USD	90 Days Average	135.94 JPY/USD
Weekly Low	138.74 JPY/USD	YTD Change	+6.38%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Corp Goods Price MM	May	12-Jun	-0.2%	
Corp Goods Price YY	May	12-Jun	5.5%	
Machinery Orders MM	Apr	15-Jun	3.0%	
Machinery Orders YY	Apr	15-Jun	-8.0%	
Exports YY	May	15-Jun	-0.8%	
Imports YY	May	15-Jun	-10.3%	
Trade Balance Total Yen	May	15-Jun	-1,331.9B	-432.3B
Tertiary Ind Act NSA	Apr	15-Jun		
JP BOJ Rate Decision	16 Jun	16-Jun	-0.10%	
Chain Store Sales YY	May	15-Jun		

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