

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**27 Mar 2023 - 31 Mar 2023**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar Outlook**

- The volatile in FX markets is likely to stay elevated.
- In December, the median view of the policy rate at end-2023 stood at 5.1%, if the upward revision is not significant with the upper limit between 5.25-5.5%, risk flows could dominate markets and send the dollar index lower.
- On the other hand, the US Treasury bond yields are likely to gain traction and could help the dollar to gather strength if the SEP shows that none of policymaker expected a rate cut in 2023. If Powell's reassures markets that liquidity issues in the banking sector are contained and that they will continue to tighten the policy to tame inflation, safe-haven flows could return to market.
- The dollar index might stay below 102.00 as hopes for Fed's hiking cycle pause pre-mature as banking sector woes subside.

**Dollar Index News**

- Earlier last week, the dollar strengthened against its major peers ahead of Fed's monetary policy on March 21-22.
- The US central bank on Wednesday raised its rates as expected by 25 bps, while mention the end of tightening cycle is near as Fed balances between elevated inflation and banking turmoil.
- The greenback dropped after the announcement and lost 0.65% as the forecast to raise its policy rate by 25bps to the range of 4.75-5% is already baked in and it is unlikely to trigger significant reaction.
- Instead, investors will pay close attention to the terminal rate forecast in the revised Summary of Economic Projections (SEP) or the dot plot.
- Data from the US showed a larger-than-expected decline in Jobless Claims, helping the US Dollar gain some ground. Still, the greenback remains under pressure after the FOMC meeting.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>103.71</b>	<b>Monthly High</b>	<b>105.88</b>
<b>Week Open</b>	<b>103.86</b>	<b>Monthly Low</b>	<b>101.92</b>
<b>Week Close</b>	<b>102.50</b>	<b>30 Days Average</b>	<b>104.13</b>
<b>Weekly High</b>	<b>105.10</b>	<b>90 Days Average</b>	<b>104.01</b>
<b>Weekly Low</b>	<b>101.92</b>	<b>YTD Change</b>	<b>-0.40%</b>

**Next Week's Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confidence	Mar	28-Mar	101.0	
GDP Final	Q4	30-Mar	2.7%	
Initial Jobless Clm		25 Mar, w/ 30-Mar	196k	
Consumption, Adjusted MM	Feb	31-Mar	0.3%	
Core PCE Price Index MM	Feb	31-Mar	0.4%	
Core PCE Price Index YY	Feb	31-Mar	4.7%	
PCE Price Index MM	Feb	31-Mar		

<b>Lower Bound</b>	<b>102.50</b>	<b>Upper Bound</b>	<b>104.00</b>	PCE Price Index YY	Feb	31-Mar	
<b>Forecast</b>	<b>Neutral</b>			U Mich Sentiment Final	Mar	31-Mar	63.4

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The optimistic over a rebound in regional and international travel could strengthen the Thai baht.
- The Centre for Economic and Business Forecasting (CEBF) at the University of the Chamber of Commerce (UTCC) estimates that up to THB 120 billion will be flown during the 2-month election campaign period. The Centre is confident that there will be no pause in government spending; so, the baht could be supported.
- However, the banking crisis might push the central bank to re-evaluate their decision on the monetary policy trajectory.

<b>Lower Bound</b>	<b>34.00</b>	<b>Upper Bound</b>	<b>34.40</b>
<b>Forecast</b>	<b>Neutral</b>		

**Thai Baht News**

- The baht depreciated at the beginning of the week ahead of Fed's policy meeting on March 21-22.
- Later, the baht became firm on Thursday, following dovish comments from the US Fed that reined in expectations for more interest rate hikes and lifted sentiment for Asian currencies including Thai baht.
- The Thai baht edged toward 34.00 test on broad USD selling weighed.
- The data from the Tourism and Sports Ministry showed about 5.57 million foreign tourists visited Thailand from January 1 to March 18, generating 215.05 billion baht in revenue. While the Tourism Authority of Thailand is targeting 30 million foreign tourists this year, about 80% of the 39 million that arrived during the pre-pandemic year of 2019.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>34.11 THB/USD</b>	<b>Monthly High</b>	<b>35.36 THB/USD</b>
<b>Week Open</b>	<b>34.43 THB/USD</b>	<b>Monthly Low</b>	<b>33.91 THB/USD</b>
<b>Week Close</b>	<b>34.16 THB/USD</b>	<b>30 Days Average</b>	<b>34.53 THB/USD</b>
<b>Weekly High</b>	<b>34.55 THB/USD</b>	<b>90 Days Average</b>	<b>34.26 THB/USD</b>
<b>Weekly Low</b>	<b>33.87 THB/USD</b>	<b>YTD Change</b>	<b>-0.98%</b>

**Next Week's Thai Baht Economic Events**

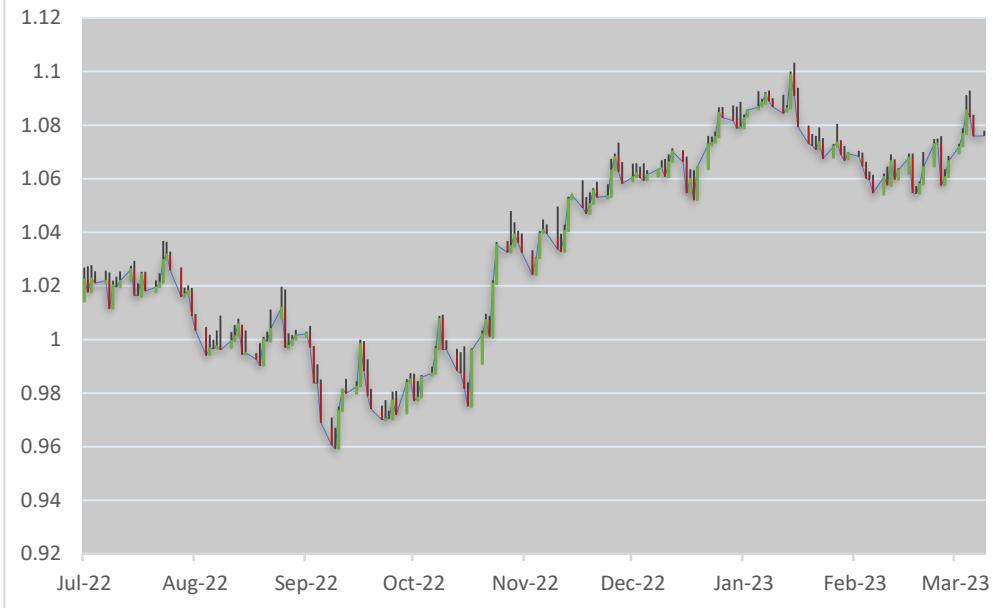
<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Custom-Based Export Data	Feb	20-Mar	-6.90%	
Custom-Based Import Data	Feb	20-Mar	2.10%	
Customs-Based Trade Data	Feb	20-Mar	-1.45B	
Manufacturing Prod YY	Feb	29-Mar		
1-Day Repo Rate	29 Mar	29-Mar	1.75%	
Exports YY	Feb	31-Mar		
Imports YY	Feb	31-Mar		
Trade Account	Feb	31-Mar		
Current Account	Feb	31-Mar		

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**Euro Graph**



Source: Thomson Reuters

**Euro News**

- The Euro rose across the board, supported by comments from the ECB officials which suggest that if the banking crisis eases, more rate hikes seem the way to go.
- Combining with the weaker US dollar post-FOMC and a robust Euro, sent the Euro to high of 1.0911, the highest since February 2.
- The Euro ended a five-day positive streak on Friday on the back of a US Dollar recovery.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0666</b> USD/EUR	<b>Monthly High</b>	<b>1.0929</b> USD/EUR
<b>Week Open</b>	<b>1.0695</b> USD/EUR	<b>Monthly Low</b>	<b>1.0517</b> USD/EUR
<b>Week Close</b>	<b>1.0759</b> USD/EUR	<b>30 Days Average</b>	<b>1.0677</b> USD/EUR
<b>Weekly High</b>	<b>1.0929</b> USD/EUR	<b>90 Days Average</b>	<b>1.0662</b> USD/EUR
<b>Weekly Low</b>	<b>1.0630</b> USD/EUR	<b>YTD Change</b>	<b>+0.58%</b>

**Euro Outlook**

- The euro has peaked above 1.0900 in the short term. The ongoing correction could find an initial support level around 1.0800, followed by 1.0750.
- The euro in near term could be weakened regarding the panic of investors from financial tensions.

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Money-M3 Annual Grwth	Feb	27-Mar	3.2%	
Business Climate	Mar	30-Mar		
Economic Sentiment	Mar	30-Mar	99.7	
Industrial Sentiment	Mar	30-Mar	0.2	
Services Sentiment	Mar	30-Mar	10.0	
Consumer Confid. Final	Mar	30-Mar	-19.2	
HICP Flash YY	Mar	31-Mar	7.2%	
HICP-X F,E,A&T Flash YY	Mar	31-Mar	5.7%	
HICP-X F, E, A, T Flash MM	Mar	31-Mar		
Unemployment Rate	Feb	31-Mar	6.7%	

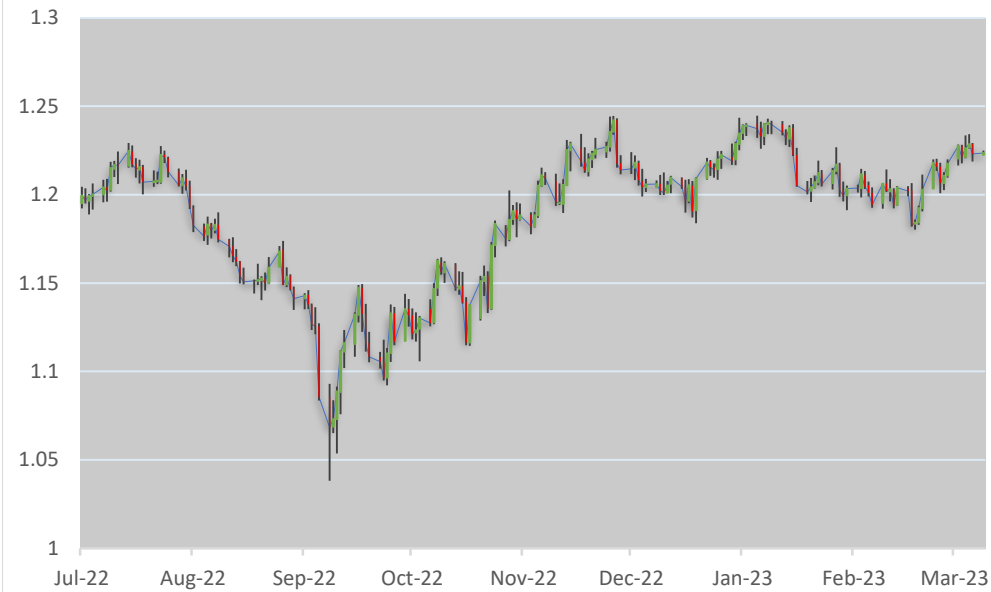
<b>Lower Bound</b>	<b>1.0650</b>	<b>Upper Bound</b>	<b>1.0780</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Pound Sterling Graph**



Source: Thomson Reuters

**Pound Sterling News**

- The Sterling renewed intraday high near 1.2310 level as it rose towards the 7-week high, ahead of the Bank of England (BoE) monetary policy announcements.
- Sterling hit levels above 1.2300 on Wednesday but dropped to 1.2260 later, but still holds a bullish bias.
- Strong UK inflation added strength to the Cable's pair.
- The UK released CPI on Wednesday which climbed to 10.4% on yearly basis in February from 10.1% in January. This reading also surpassed the market expectation of 9.8%.
- The BoE delivered another rate hike on Thursday for 25 bps to 4.25%, an 11th consecutive increase. The BoE noted that the inflation increased unexpectedly in the latest release, but it is likely to fall sharply over the rest of the year.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2175</b> USD/GBP	<b>Monthly High</b>	<b>1.2343</b>	USD/GBP
<b>Week Open</b>	<b>1.2204</b> USD/GBP	<b>Monthly Low</b>	<b>1.1805</b>	USD/GBP
<b>Week Close</b>	<b>1.2230</b> USD/GBP	<b>30 Days Average</b>	<b>1.2078</b>	USD/GBP
<b>Weekly High</b>	<b>1.2343</b> USD/GBP	<b>90 Days Average</b>	<b>1.2136</b>	USD/GBP
<b>Weekly Low</b>	<b>1.2165</b> USD/GBP	<b>YTD Change</b>	<b>+1.17%</b>	

**Pound Sterling Outlook**

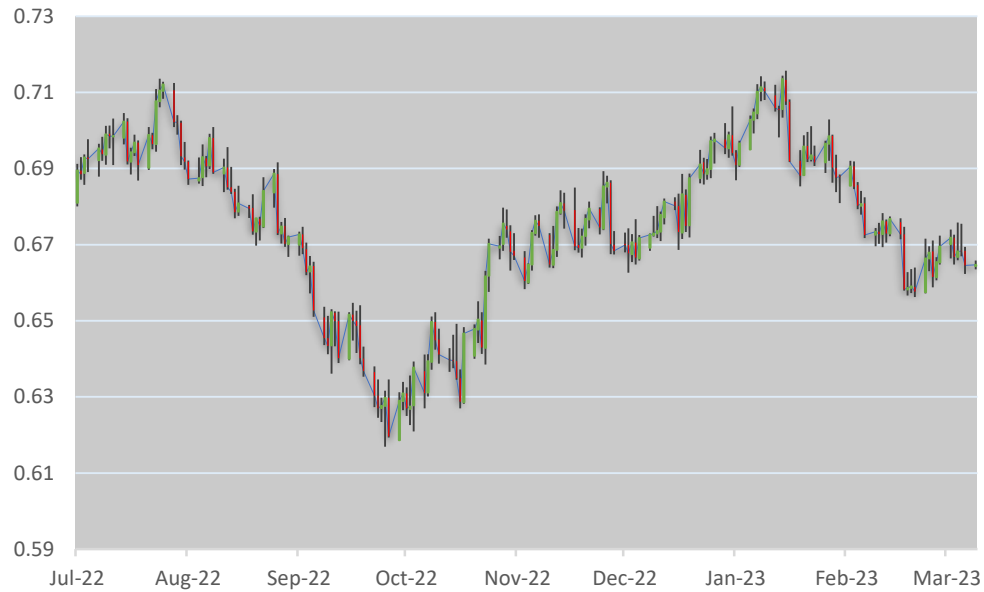
- The market now is pricing in a peak in the benchmark rate of 4.5% in Britain, however, expectations are also growing that the Fed, BoE and ECB will start to slow their tightening of monetary policy, particularly as falling energy prices take some heat out of inflation.
- The Sterling stills hold bullish bias, but continues to be unable to consolidate above 1.2300 level.
- The hurdle of 1.2330 could be seen as the next resistance before the pair targets the upper limit of 1.2370.
- On the downside, the low of 1.2230 and 1.2200 is a key support, then 1.2150 could be witnessed.

<b>Lower Bound</b>	<b>1.2150</b>	<b>Upper Bound</b>	<b>1.2300</b>
<b>Forecast</b>	<b>Neutral</b>		

**Next Week's Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
GDP QQ	Q4	31-Mar	0.0%	
GDP YY	Q4	31-Mar	0.4%	
Nationwide house price mm	Mar	31-Mar		
Nationwide house price yy	Mar	31-Mar		
Nationwide house price yy	Mar	31-Mar		

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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- Looking forward, AUD/USD is likely to grind higher amid downbeat US Treasury bond yields and optimism surrounding economic recovery in Australia's biggest customer, China.
- However, major attention will be given to developments in the Fed's dot plot and comments to push regarding banking turmoil, despite the 0.25% rate hike expected.
- If the pair remains around current levels, it would confirm bearish sign, the support is seen at 0.6650 level. On the other hands, if the Aussie rebounds back to above 0.6750, it could clear the way for 0.6770 and 0.6800.

<b>Lower Bound</b>	<b>0.6550</b>	<b>Upper Bound</b>	<b>0.6700</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Australian Dollar News**

- Australia's Westpac Leading Economic Index for February dropped for the seventh consecutive month to -0.06% at the latest.
- However, the Aussie jumped to 0.6750 and stayed around 0.6700 ahead of Fed.
- Moreover, China's Securities Daily mentioned that the liquidity conditions in the nation remain ample, which in turn favors the AUD/USD buyers due to Aussie-China ties.
- During the end of the week, the AUD/USD was rejected again from above 0.6750 and retreated to as low as 0.6650,

<b>Last Week Close</b>	<b>0.6695</b> USD/AUD	<b>Monthly High</b>	<b>0.67830</b> USD/AUD
<b>Week Open</b>	<b>0.6701</b> USD/AUD	<b>Monthly Low</b>	<b>0.65650</b> USD/AUD
<b>Week Close</b>	<b>0.6645</b> USD/AUD	<b>30 Days Average</b>	<b>0.68993</b> USD/AUD
<b>Weekly High</b>	<b>0.6758</b> USD/AUD	<b>90 Days Average</b>	<b>0.66665</b> USD/AUD
<b>Weekly Low</b>	<b>0.6623</b> USD/AUD	<b>YTD Change</b>	<b>-2.44%</b>

**Next Week's Australian Dollar Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Retail Sales MM Final	Feb	28-Mar	0.4%	
Private Sector Credit	Feb	31-Mar		
Housing Credit	Feb	31-Mar		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Mixed Japan's inflation data and a negative risk environment are weighing on the pair. While, broad US Dollar rebound is supporting the major ahead of US PMIs.
- Significant softening of Japan's inflation could attract monetary stimulus from the government.
- An ascending support line from the mid-January around 130.40 restricts the immediate USD/JPY downside. However, the Yen pair buyers remain off the table unless witnessing clear break of a resistance line of 131.85.

<b>Lower Bound</b>	<b>129.00</b>	<b>Upper Bound</b>	<b>131.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- The yen was among the top performers, helped by the decline in US yields.
- The sentiment index for big manufacturers stood at -3, slightly up from -5 seen in previous month.
- USD/JPY downside decelerates after strong sell-off due to dovish Fed.
- Japan's National Consumer Price Index eased to 3.3% yearly basis in February from 4.3% prior and 4.1% market forecasts. However, the National CPI ex food, energy rose to 3.5% yearly basis compared to the estimates of 3.4% and the 3.2% prior.

<b>Last Week Close</b>	<b>131.79</b> JPY/USD	<b>Monthly High</b>	<b>137.91</b>	JPY/USD
<b>Week Open</b>	<b>132.46</b> JPY/USD	<b>Monthly Low</b>	<b>129.66</b>	JPY/USD
<b>Week Close</b>	<b>130.69</b> JPY/USD	<b>30 Days Average</b>	<b>140.99</b>	JPY/USD
<b>Weekly High</b>	<b>133.00</b> JPY/USD	<b>90 Days Average</b>	<b>141.75</b>	JPY/USD
<b>Weekly Low</b>	<b>129.63</b> JPY/USD	<b>YTD Change</b>	<b>-0.24%</b>	

**Next Week's Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Service PPI	Feb	27-Mar		
Leading Indicator Revised	Jan	27-Mar		
CPI Tokyo Ex fresh food YY	Mar	31-Mar	3.1%	
CPI, Overall Tokyo	Mar	31-Mar		
Jobs/Applicants Ratio	Feb	31-Mar	1.36	
Unemployment Rate	Feb	31-Mar	2.4%	
Industrial O/P Prelim MM SA	Feb	31-Mar	2.7%	
Large Scale Retail Sales YY	Feb	31-Mar		6%

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