

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**06 Mar 2023 - 10 Mar 2023**

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


Source: Thomson Reuters

**Dollar News**

- USD Index regains traction and targets the 105.00 region.
- The US 10-year Treasury bond yields rose to the highest levels since early November 2022 by piercing the 4.0% mark whereas the two-year counterpart rallied to the highest levels since June 2007 by flashing the 4.91% mark at the latest.
- Durable Goods Orders data for January came out mixed. The headline figure was worse than expected, showing a bigger decline (-4.5%) than what the consensus had forecast (-4.0%), but the core Nondefense Capital Goods Orders ex Aircraft beat expectations, showing a growth of 0.8% (vs 0.0% expected.)
- Business activity in the US service sector continued to expand at a robust pace in February with the ISM Services PMI arriving at 55.1

**Dollar Index Performance**

<b>Last Week Close</b>	<b>105.21</b>	<b>Monthly High</b>	<b>105.36</b>
<b>Week Open</b>	<b>105.26</b>	<b>Monthly Low</b>	<b>100.82</b>
<b>Week Close</b>	<b>104.49</b>	<b>30 Days Average</b>	<b>103.47</b>
<b>Weekly High</b>	<b>105.36</b>	<b>90 Days Average</b>	<b>104.86</b>
<b>Weekly Low</b>	<b>104.09</b>	<b>YTD Change</b>	<b>+0.71%</b>

**Dollar Outlook**

- The probable pivot in the Fed's normalization process narrative is expected to remain in the centre of the debate along with the hawkish message from Fed speakers, all after US inflation figures for the month of January showed consumer prices are still elevated, the labour market remains tight and the economy maintains its resilience.
- Eminent issues on the back boiler: Rising conviction of a soft landing of the US economy. Persistent narrative for a Fed's tighter-for-longer stance. Terminal rates near 5.5%? Geopolitical turmoil vs. Russia and China.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Factory Orders MM	Jan	6-Mar	-1.8%	1.8%
International Trade \$	Jan	8-Mar	-68.9B	-67.4B
Initial Jobless Clm	4 Mar, w/e	9-Mar	195k	190k
Non-Farm Payrolls	Feb	10-Mar	200k	517k
Unemployment Rate	Feb	10-Mar	3.4%	3.4%

**Lower Bound**      **103.50**      **Upper Bound**      **105.50**
**Forecast**      **Appreciation**

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

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The Ministry of Commerce is sticking to its targeted export growth of 1-2% this year, citing exports should gradually improve in the second quarter but will still be lower than a year earlier due to large global stockpiles.
- As the government prepares to hold a general election, concern is mounting that the implementation of some economic policies may be at halt. During the transition period, foreign investors may delay their investment projects as they want to observe the policies of the new administration.

**Lower Bound**      34.00      **Upper Bound**      35.00

**Forecast**      **Appreciation**

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**Thai Baht News**

- Thailand's customs-based exports fell for a fourth straight month as global demand slowed, with shipments expected to contract further in the first half of the year.
- Exports dropped 4.5% in January from a year earlier, worse than a 1% fall forecast. Imports rose 5.5% in January from a year earlier as incoming fuel shipments jumped, resulting in a trade deficit of \$4.65 billion in January, the highest in a decade.
- Thailand's unemployment rate in the fourth quarter of 2022 dropped to 1.15% from 1.23% in the previous quarter.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>34.92 THB/USD</b>	<b>Monthly High</b>	<b>35.36 THB/USD</b>
<b>Week Open</b>	<b>34.95 THB/USD</b>	<b>Monthly Low</b>	<b>34.40 THB/USD</b>
<b>Week Close</b>	<b>34.47 THB/USD</b>	<b>30 Days Average</b>	<b>33.93 THB/USD</b>
<b>Weekly High</b>	<b>35.38 THB/USD</b>	<b>90 Days Average</b>	<b>34.59 THB/USD</b>
<b>Weekly Low</b>	<b>34.46 THB/USD</b>	<b>YTD Change</b>	<b>-0.35%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Feb	10-Mar		51.7
Forex Reserves	3 Mar, w/e	10-Mar		217.7B
Currency Swaps	3 Mar, w/e	10-Mar		27.0B

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**Euro Graph**



Source: Thomson Reuters

**Euro News**

- EUR/USD maintained ground above 1.0600. The pair is advancing despite resurgent US Dollar demand and a cautious mood, as French and Spanish inflation data raise bets for a higher ECB peak rate.
- The Consumer Price Index (CPI) in France climbed to 7.2% on a yearly basis in February's flash estimate from 7% in January. Similarly, the annual CPI in Spain rose to 6.1% from 5.9% in the same period. Following the stronger-than-expected inflation prints from large Eurozone economies, markets are nearly fully pricing in a 4% European Central Bank (ECB) terminal rate, compared to 3.75% last week, while hawkish ECB bets are helping the Euro hold its ground.
- Lagarde speech: Case for a 50 bps rate hike this month is still on the table as inflation is still too high.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0546</b> USD/EUR	<b>Monthly High</b>	<b>1.0694</b> USD/EUR
<b>Week Open</b>	<b>1.0540</b> USD/EUR	<b>Monthly Low</b>	<b>1.0566</b> USD/EUR
<b>Week Close</b>	<b>1.0632</b> USD/EUR	<b>30 Days Average</b>	<b>1.0736</b> USD/EUR
<b>Weekly High</b>	<b>1.0691</b> USD/EUR	<b>90 Days Average</b>	<b>1.0577</b> USD/EUR
<b>Weekly Low</b>	<b>1.0531</b> USD/EUR	<b>YTD Change</b>	<b>-0.17%</b>

**Euro Outlook**

- EUR/USD looks vulnerable near 1.060 mark .Any subsequent slide might now find some support around the 1.0575-1.0570 horizontal zone.
- Worries that rapidly rising borrowing costs continue to weigh on investors' sentiment and keep a lid on any optimistic move in the markets. This further benefits the Greenback's relative safe-haven status and prompts fresh selling around the EUR/USD pair.

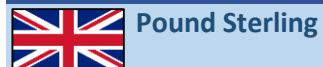
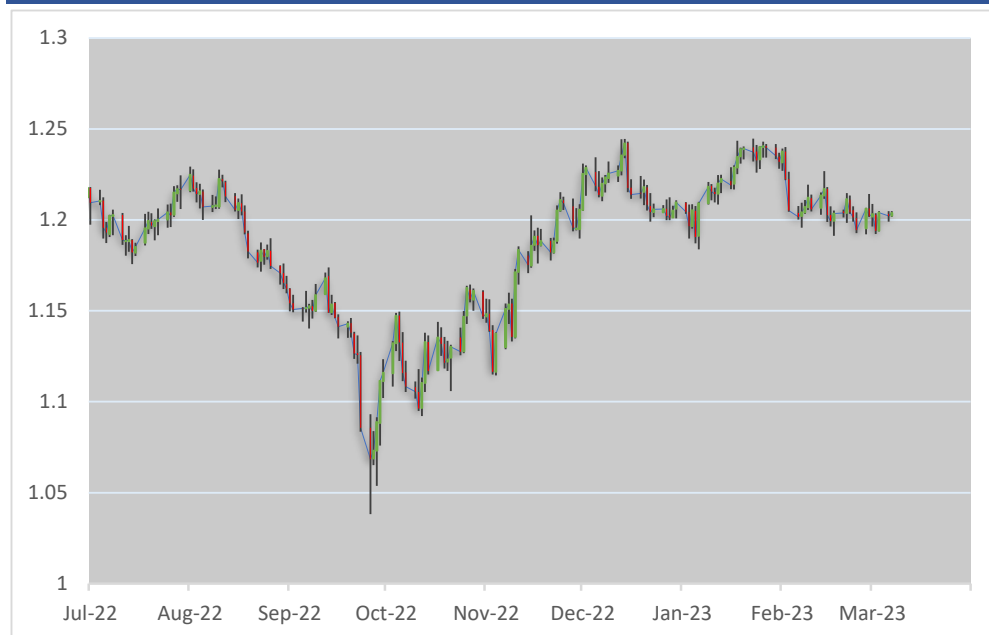
**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
S&P Global Cons PMI	Feb	6-Mar		46.1
Sentix Index	Mar	6-Mar	-6.3	-8.0
Retail Sales MM	Jan	6-Mar	1.0%	-2.7%
Retail Sales YY	Jan	6-Mar	-1.8%	-2.8%
GDP Revised QQ	Q4	8-Mar	0.0%	0.1%
GDP Revised YY	Q4	8-Mar	1.9%	1.9%

**Lower Bound**      **1.0550**      **Upper Bound**      **1.0750**

**Forecast**      **Depreciation**

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- Neutral comments from Bank of England (BoE) Governor Andrew Bailey, versus the hawkish remarks from Minneapolis Federal Reserve (Fed) President Neel Kashkari, also weigh on the GBP/USD prices.
- GBP/USD bears may attack the 1.2000 psychological magnet amid fresh challenges for the Brexit deal and a rally in the US Treasury bond yields. A break below the 1.1920 mark could trigger another leg lower.

**Lower Bound**      **1.1900**      **Upper Bound**      **1.2100**
**Forecast**      **Depreciation**

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**Pound Sterling News**

- GBP/USD staged a decent comeback at the beginning of the week around the 1.2100 level, as traders continue to cheer Brexit deal-inspired optimism.
- British Prime Minister Rishi Sunak announced they have reached an agreement with the European Union to replace the Northern Ireland Protocol with the Windsor Framework. Although it's too early to say whether this development could have a lasting impact on Pound Sterling's valuation and the Bank of England's (BOE) policy outlook, the initial market reaction helped the pair stretch higher.
- The S&P Global/CIPS UK Preliminary Manufacturing Purchasing Managers' Index (PMI) unexpectedly improved to 49.2 in February versus 46.8 expected. Meanwhile, the Preliminary UK Services Business Activity Index for February jumped to 53.3 as against January's 48.7 final print and 48.3 expected.

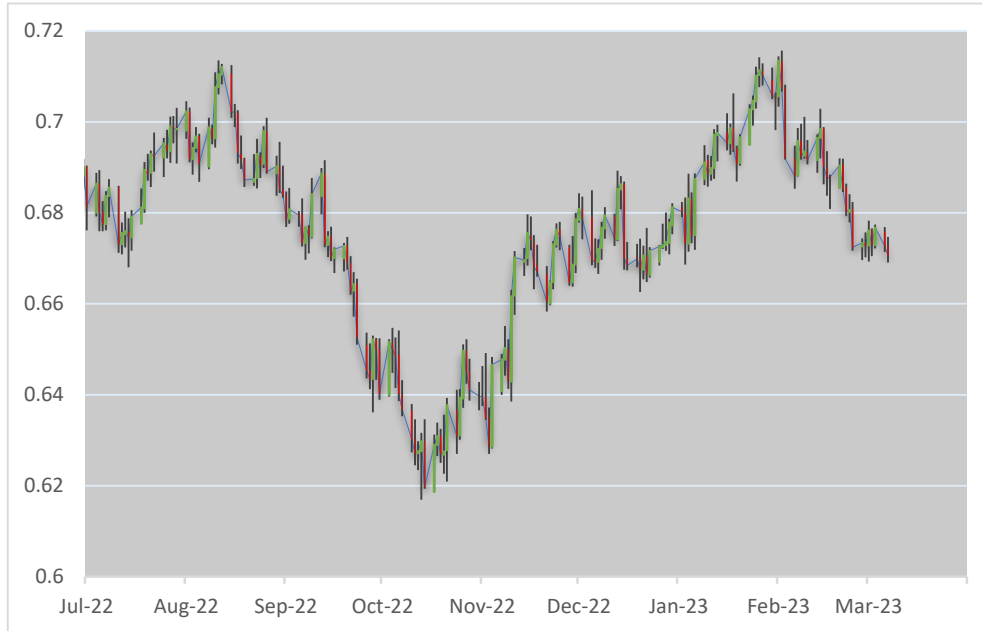
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.1944</b> USD/GBP	<b>Monthly High</b>	<b>1.2088</b> USD/GBP
<b>Week Open</b>	<b>1.1954</b> USD/GBP	<b>Monthly Low</b>	<b>1.1926</b> USD/GBP
<b>Week Close</b>	<b>1.2040</b> USD/GBP	<b>30 Days Average</b>	<b>1.2122</b> USD/GBP
<b>Weekly High</b>	<b>1.2143</b> USD/GBP	<b>90 Days Average</b>	<b>1.2060</b> USD/GBP
<b>Weekly Low</b>	<b>1.1921</b> USD/GBP	<b>YTD Change</b>	<b>-0.32%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
All-Sector PMI	Feb	6-Mar		48.5
Halifax House Prices MM	Feb	7-Mar	-0.3%	0.0%
Halifax House Prices YY	Feb	7-Mar		1.90%
GDP Est 3M/3M	Jan	10-Mar	0.0%	0.0%
GDP Estimate MM	Jan	10-Mar	0.1%	-0.5%
GDP Estimate YY	Jan	10-Mar	-0.1%	-0.1%
Manufacturing Output MM	Jan	10-Mar	-0.1%	0.0%

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


Source: Thomson Reuters

**Australian Dollar News**

- The Aussie asset witnessed a sell-off after the release of the downbeat Australian Gross Domestic Product (GDP) and a sheer decline in the monthly Consumer Price Index (CPI). However, the downside bias in the Australian Dollar faded after the release of the upbeat Caixin Manufacturing PMI data, which infused fresh blood into the Aussie and resulted in a V-shape recovery.
- AUD/USD has stretched its V-shape recovery move near the 0.6760 resistance.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6725</b> USD/AUD	<b>Monthly High</b>	<b>0.67830</b> USD/AUD
<b>Week Open</b>	<b>0.6726</b> USD/AUD	<b>Monthly Low</b>	<b>0.66940</b> USD/AUD
<b>Week Close</b>	<b>0.6768</b> USD/AUD	<b>30 Days Average</b>	<b>0.67734</b> USD/AUD
<b>Weekly High</b>	<b>0.6783</b> USD/AUD	<b>90 Days Average</b>	<b>0.66117</b> USD/AUD
<b>Weekly Low</b>	<b>0.6693</b> USD/AUD	<b>YTD Change</b>	<b>-1.56%</b>

**Australian Dollar Outlook**

- A sense of relief has been observed by the Reserve Bank of Australia as inflation has softened significantly.
- Further downside is possible amid US-Sino woes and overall slower global growth. The outlook for AUD remains weak and the next levels to watch are at 0.6680 and 0.6630

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Trade Balance G&S (A\$)	Jan	7-Mar	12,500M	12,237M
RBA Cash Rate	Mar	7-Mar	3.60%	3.35%

<b>Lower Bound</b>	<b>0.6650</b>	<b>Upper Bound</b>	<b>0.6850</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- USD/JPY may extend the upside toward 137.00 amid a broad-based US Dollar rebound, firmer US Treasury bond yields and dovish BoJ commentary.
- From a technical perspective, bulls need to wait for a sustained strength around the 136.75-136.80 zone and the 137.25 region. On the flip side, follow-through selling below the 135.00 psychological mark could drag the USD/JPY pair towards the next relevant support near the 134.40-134.20

<b>Lower Bound</b>	<b>135.00</b>	<b>Upper Bound</b>	<b>137.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Japanese Yen News**

- The USD/JPY pair maintains its offered tone and is currently placed near the 136.00 round-figure mark.
- On the Tokyo front, back-to-back dovish commentaries from Bank of Japan (BoJ) policymakers are impacting the Japanese Yen. The current monetary policy has been considered as appropriate by board members, citing “An expansionary policy is highly essential for supporting the economy and fueling wages.”
- Japan's manufacturing sector remained in contraction territory in February. The annual headline CPI has dropped to 3.4% from the consensus of 4.1% and the prior release of 4.4%. Contrary to that, the core CPI that excludes the impact of energy and food prices have improved to 3.2% from 3.1% as expected and the former release of 3.0%.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>136.46 JPY/USD</b>	<b>Monthly High</b>	<b>137.09 JPY/USD</b>
<b>Week Open</b>	<b>136.50 JPY/USD</b>	<b>Monthly Low</b>	<b>135.27 JPY/USD</b>
<b>Week Close</b>	<b>135.86 JPY/USD</b>	<b>30 Days Average</b>	<b>145.66 JPY/USD</b>
<b>Weekly High</b>	<b>137.09 JPY/USD</b>	<b>90 Days Average</b>	<b>141.36 JPY/USD</b>
<b>Weekly Low</b>	<b>135.24 JPY/USD</b>	<b>YTD Change</b>	<b>+3.53%</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Current Account NSA JPY	Jan	8-Mar	-818.4B	33.4B
Current Account Bal SA	Jan	8-Mar		1,182,100M
Trade Bal Cust Basis SA	Jan	8-Mar		-1,431,700M
GDP Rev QQ Annualised	Q4	9-Mar	0.8%	0.6%
GDP Revised QQ	Q4	9-Mar	0.2%	0.2%
GDP Cap Ex Rev QQ	Q4	9-Mar	-0.4%	-0.5%
M2 Money Supply	Feb	9-Mar		1,215,213,300M
Broad Money	Feb	9-Mar		2,086.1T
JP BOJ Rate Decision	10 Mar	10-Mar	-0.10%	-0.10%
Corp Goods Price MM	Feb	10-Mar	-0.3%	0.0%

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