

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**30 Jan 2023 - 03 Feb 2023**

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


Source: Thomson Reuters

**Dollar Outlook**

- On Wednesday, the Fed is widely anticipated to hike its policy rate by 25 bps to the range of 4.5-4.75%. The message from Jerome Powell will be eyed and in case Powell pushes back against the market expectation and opens the door for a 25 bps rate hike in May, this could be seen as a hawkish development for the dollar.
- Ahead of the weekend, the US will publish the jobs report. Nonfarm Payrolls (NFP) are forecast to rise by 175K in January. A decline in annual wage inflation, especially if it's coupled with a weaker-than-expected increase in NFP, could weigh on the US Dollar.
- Both factors above will determine the next direction of the USD.

<b>Lower Bound</b>	<b>100.00</b>	<b>Upper Bound</b>	<b>103.50</b>
<b>Forecast</b>	<b>Neutral</b>		

**Dollar Index News**

- The U.S. dollar edged lower, remaining around 7-months low amid bet that the Fed will slow the pace of its interest rate rises after signs of inflation has passed its peak.
- The dollar index hovered around 102 level as it made its lowest on Thursday(26/1) at 101.50.
- However, the greenback was slightly supported after the data published that GDP in the US expanded at an annual rate of 2.9% in the fourth quarter, down from the 3.2% growth recorded in the third quarter but surpassed the market expectation of 2.6%.
- Meanwhile, annual Core PCE inflation declined to 4.4% in December from 4.7% in November, matching the market expectation.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>102.01</b>	<b>Monthly High</b>	<b>105.63</b>
<b>Week Open</b>	<b>101.99</b>	<b>Monthly Low</b>	<b>101.50</b>
<b>Week Close</b>	<b>101.68</b>	<b>30 Days Average</b>	<b>103.25</b>
<b>Weekly High</b>	<b>102.90</b>	<b>90 Days Average</b>	<b>107.33</b>
<b>Weekly Low</b>	<b>101.50</b>	<b>YTD Change</b>	<b>-1.58%</b>

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

Events	Period	Date	Forecast	Previous
Consumer Confidence	Jan	31-Jan	109.0	108.3
ISM Manufacturing PMI	Jan	1-Feb	48.0	48.4
Fed Funds Tgt Rate	1 Feb	2-Feb	4.5-4.75	4.25-4.5
Initial Jobless Clm	28 Jan, w/e	2-Feb	200k	186k
Factory Orders MM	Dec	2-Feb	2.3%	-1.8%
Non-Farm Payrolls	Jan	3-Feb	185k	223k
Unemployment Rate	Jan	3-Feb	3.6%	3.5%
ISM N-Mfg PMI	Jan	3-Feb	50.3	49.6

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The capital inflows has to be monitored as the foreign inflow to the bond market was slowdown is last few week as well as in the stock market.
- The resistance(support) at around 32.55-32.60 seem to be too strong.After testing,the USD/THB rebound significantly.
- FED meeting and US Non-farm Payroll data will be two factor to determine the direction of the baht movement.

**Thai Baht News**

- The baht last week hit a 10-month most appreciated level below 32.60 level to the weakening dollar amid optimistic related to tourism and China's reopening.
- However,the baht was capped its gains at that resistance(support) level since custom-based exports were released slower than expected.
- Customs-based exports contracted for a third successive month in December, by a more than expected 14.6% from a year earlier as global growth slowed.However,for a whole of 2022,the export value hit a record high of \$287b form 5.5% growth.
- On Wednesday(25/1),the BOT's monetary policy committee voted unanimously to raise its key interest rate by 25 basis points for a fourth consecutive meeting to 1.5%, as it attempts to curb high inflation even as the return of Chinese tourists brightens economic growth prospects. It said that any further rate hikes would be gradual and measured but ready to adjust them if needed.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>32.65</b> THB/USD	<b>Monthly High</b>	<b>34.62</b>	THB/USD
<b>Week Open</b>	<b>34.43</b> THB/USD	<b>Monthly Low</b>	<b>32.58</b>	THB/USD
<b>Week Close</b>	<b>32.79</b> THB/USD	<b>30 Days Average</b>	<b>33.71</b>	THB/USD
<b>Weekly High</b>	<b>32.94</b> THB/USD	<b>90 Days Average</b>	<b>35.69</b>	THB/USD
<b>Weekly Low</b>	<b>32.56</b> THB/USD	<b>YTD Change</b>	<b>-5.46%</b>	

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

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Dec	31-Jan	-6.00%	-5.60%
Exports YY	Dec	31-Jan		-5.50%
Imports YY	Dec	31-Jan		8.20%
Trade Account	Dec	31-Jan		0.50B
Current Account	Dec	31-Jan		-0.40B
Manufacturing PMI SA	Jan	1-Feb		52.5

<b>Lower Bound</b>	<b>32.50</b>	<b>Upper Bound</b>	<b>33.20</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro News**

- Hawkish comments from ECB officials allowed EUR/USD to gain traction and touched its highest level in nine months near 1.0930. ECB policymakers Klaas Knot and Peter Kazimir both said that they were in favour of two more 50 basis points (bps) rate hikes in February and March. Meanwhile, ECB president Lagarde reiterated that ECB will still have to rise significantly at a steady pace to reach levels that are sufficiently restrictive and stay at those levels for as long as necessary.
- On Tuesday, the data from the Eurozone showed that S&P Global Composite PMI edging higher to 50.2 from 49.3 in December.
- Despite having touched its highest level since April, the euro struggled to gather further bullish momentum.
- The euro closed virtually unchanged after starting the week on a firm footing.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0855</b> USD/EUR	<b>Monthly High</b>	<b>1.0929</b> USD/EUR
<b>Week Open</b>	<b>1.0858</b> USD/EUR	<b>Monthly Low</b>	<b>1.0484</b> USD/EUR
<b>Week Close</b>	<b>1.0867</b> USD/EUR	<b>30 Days Average</b>	<b>1.0739</b> USD/EUR
<b>Weekly High</b>	<b>1.0929</b> USD/EUR	<b>90 Days Average</b>	<b>1.0321</b> USD/EUR
<b>Weekly Low</b>	<b>1.0832</b> USD/EUR	<b>YTD Change</b>	<b>+1.53%</b>

**Euro Outlook**

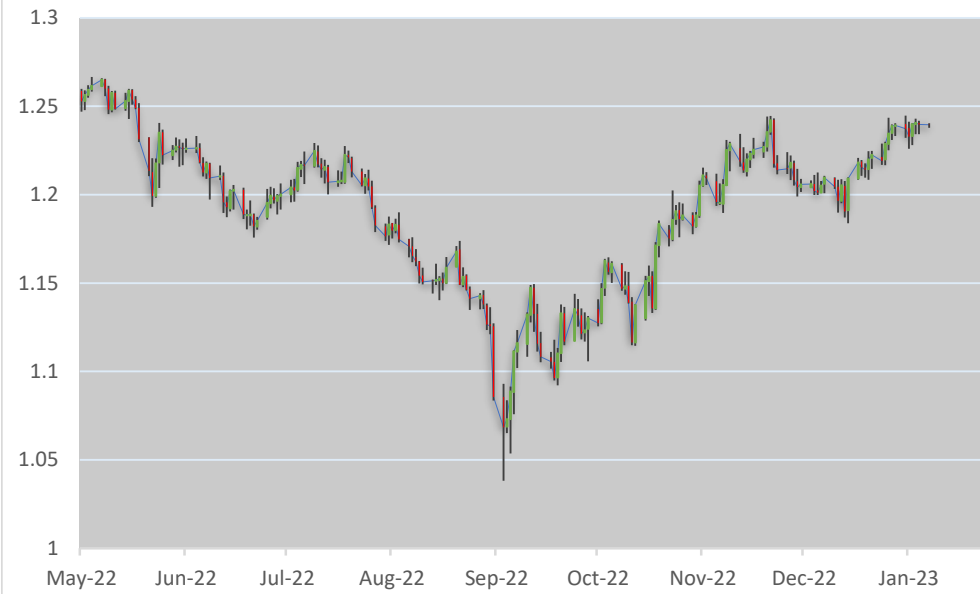
- The Federal Reserve (Fed) and the European Central Bank's (ECB) policy meetings next week could trigger the next directional move in the pair.
- Fourth-quarter GDP data from Germany will be featured in the European economic docket on Monday while the euro 's will be released on Tuesday.
- On Thursday, the ECB will announce its interest rate decision. A 50 bps rate hike by itself is unlikely to trigger a significant reaction. If the policy statement or ECB President Lagarde confirms that there is a high probability of one more 50 bps hike in March, that could help the Euro outperform its rivals. As of now the market imply that ECB will raise its deposit rate to the terminal rate of 3.25%

<b>Lower Bound</b>	<b>1.0750</b>	<b>Upper Bound</b>	<b>1.1100</b>
<b>Forecast</b>	<b>Neutral</b>		

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Jan	30-Jan	-20.9	-20.9
GDP Flash Prelim YY	Q4	31-Jan	1.8%	2.3%
GDP Flash Prelim QQ	Q4	31-Jan	0.0%	0.3%
S&P Global Mfg Final PMI	Jan	1-Feb	48.8	48.8
HICP Flash YY	Jan	1-Feb	9.1%	9.2%
Unemployment Rate	Dec	1-Feb	6.5%	6.5%
ECB Refinancing Rate	Feb	2-Feb	3.00%	2.50%
ECB Deposit Rate	Feb	2-Feb	2.50%	2.00%
S&P Global Serv Final PMI	Jan	3-Feb	50.7	50.7
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**

- The GBP/USD movement will depend on reaction to the Fed outcome on Wednesday and then Thursday's Bank of England interest rate decision. Investors expect another 50 bps rate hike in this meeting and then three more 25 bps moves.
- Running into the 1.2450 horizontal resistance for over a week, the pound now has entered a phase of consolidation, gathering strength for a sustained break above the latter. If it can pass 1.2450, it could face stiff resistance at the 1.2500 round figure and then will run toward 1.2600 level.

<b>Lower Bound</b>	<b>1.2150</b>	<b>Upper Bound</b>	<b>1.2550</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- The Pound Sterling clinched fresh seven-month highs against the United States Dollar (USD) at the start of the week. But bulls failed to sustain at higher levels, as GBP/USD ran into the critical 1.2450 resistance once again.
- At mid week, the UK's Producer Price Index (PPI) for December cooled the most since April 2020, which would ease pressures for the Bank of England (BoE) and sent the pound lower.
- Brexit concerns and political jitters in the United Kingdom resurfaced and kept the upside attempts limited in the GBP/USD pair. Jeremy Hunt, Chancellor of the Exchequer, angered right-wing Tory MPs by rejecting calls for big tax cuts in his Budget, insisting he can grow the economy without another wave of debt-funded fiscal loosening

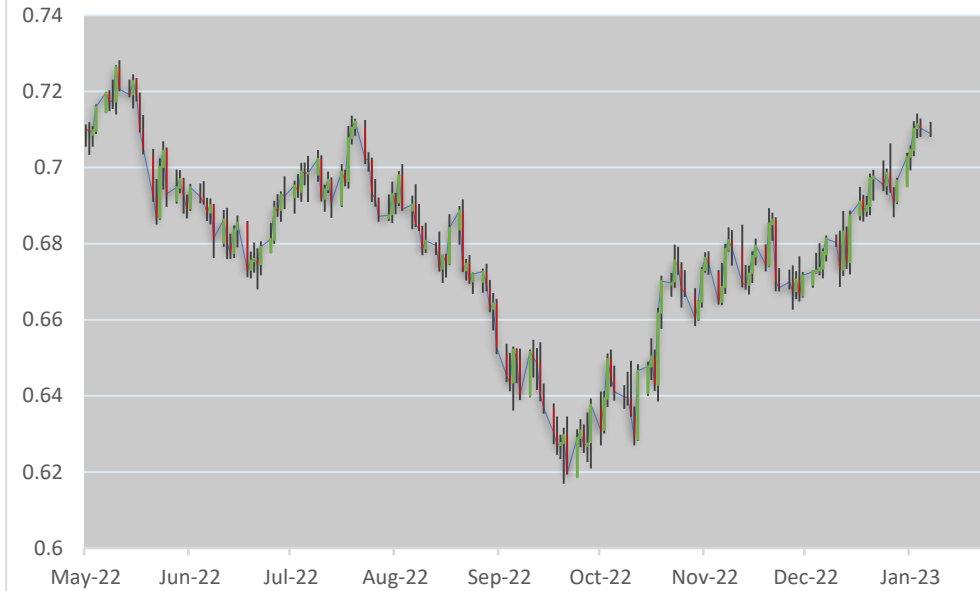
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2393</b> USD/GBP	<b>Monthly High</b>	<b>1.2447</b>	USD/GBP
<b>Week Open</b>	<b>1.2399</b> USD/GBP	<b>Monthly Low</b>	<b>1.1842</b>	USD/GBP
<b>Week Close</b>	<b>1.2397</b> USD/GBP	<b>30 Days Average</b>	<b>1.2175</b>	USD/GBP
<b>Weekly High</b>	<b>1.2447</b> USD/GBP	<b>90 Days Average</b>	<b>1.1817</b>	USD/GBP
<b>Weekly Low</b>	<b>1.2260</b> USD/GBP	<b>YTD Change</b>	<b>+2.46%</b>	

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

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Jan	30-Jan		-0.1%
Nationwide house price yy	Jan	30-Jan		2.8%
S&P GBLB/CIPS Mfg PMI FNL	Jan	1-Feb	46.7	46.7
Halifax House Prices MM	Jan	1-Feb		-1.5%
Halifax House Prices YY	Jan	1-Feb		1.95%
BOE Bank Rate	Jan	2-Feb	4.00%	3.50%
Composite PMI Final	Jan	3-Feb	47.8	47.8
Reserve Assets Total	Jan	3-Feb		185,564.56M

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- The aussie will be continuously supported from as markets priced in higher interest rates at home as well as optimism over China's reopening whetted risk appetites globally.
- As of now investors imply around a 90% chance the RBA will lift rates a quarter point to 3.35% when it meets on Feb. 7, and have raised the peak for rates to 3.60% to 3.85%.
- The economic data released this week includes Retail Sales(31/1),AIG Manufacturing index(1/2) and Building Approvals(2/2).
- Technically,the AUD has to break the horizontal resistance around 0.7140 if it wants to continue its gains.

<b>Lower Bound</b>	<b>0.6900</b>	<b>Upper Bound</b>	<b>0.7150</b>
<b>Forecast</b>	<b>Neutral</b>		

**Australian Dollar News**

- Last week,the Aussie gradually climbed to the highest level since June 2022 at around 0.7100 level and then consolidated there at the end of the week.
- The AUD has been supported as markets still expect less aggressive policy tightening by the Fed, and are pricing in a smaller 25 bps Fed rate hike move in February, which, in turn, keeps a lid on any meaningful upside for the Greenback.
- Apart from this, rising odds for an additional rate hike by the Reserve Bank of Australia (RBA) in February, bolstered by the stronger domestic CPI report on Wednesday, underpin the domestic currency and acts as a tailwind for the AUD/USD pair.
- Headline consumer prices climbed 7.8% in the year to December, while a key core measure jumped to 6.9%.

<b>Last Week Close</b>	<b>0.6966</b> USD/AUD	<b>Monthly High</b>	<b>0.71420</b> USD/AUD
<b>Week Open</b>	<b>0.6950</b> USD/AUD	<b>Monthly Low</b>	<b>0.66890</b> USD/AUD
<b>Week Close</b>	<b>0.7103</b> USD/AUD	<b>30 Days Average</b>	<b>0.66106</b> USD/AUD
<b>Weekly High</b>	<b>0.7142</b> USD/AUD	<b>90 Days Average</b>	<b>0.66516</b> USD/AUD
<b>Weekly Low</b>	<b>0.6949</b> USD/AUD	<b>YTD Change</b>	<b>+4.01%</b>

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

Events	Period	Date	Forecast	Previous
Retail Sales MM Final	Dec	31-Jan	-0.3%	1.4%
Judo Bank Mfg PMI Final	Jan	1-Feb		49.8
Building Approvals	Dec	2-Feb		-9.0%
Building Approval Total YY	Dec	2-Feb		1.2%
Judo Bank Svs PMI Final	Jan	3-Feb		48.3
Judo Bank Comp PMI Final	Jan	3-Feb		48.2


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Japanese PM Kishida said he would nominate a new BOJ governor next months, as markets test whether the central bank will change the ultra-low-rate policy of the dovish Haruhiko Kuroda.
- Japan's unemployment rate, industrial production and retail sales figures are all expected to be released on Tuesday(31/1).
- From a technical perspective, the USD/JPY pair has been oscillating between two converging trend lines over the past two weeks or so, forming a symmetrical triangle on short-term charts. There is a chance that the formation of a bearish pennant will occur and adds credence to the negative outlook for the USD/JPY pair.

<b>Lower Bound</b>	<b>127.00</b>	<b>Upper Bound</b>	<b>131.50</b>
<b>Forecast</b>	<b>Neutral</b>		

**Japanese Yen News**

- The Japanese yen traded in a narrow range last week, between 129.00-131.00 level.
- The prevalent cautious mood - amid fears of a deeper global economic downturn - underpins demand for the safe-haven JPY. Apart from this, fresh speculation that high inflation may invite a more hawkish stance from the Bank of Japan (BoJ) later this year continues to lend support to the JPY.
- The yen, however, was pressured after BoJ Governor Kuroda, insisted that the BoJ aims to regain market functionality by tweaking yield curve control operations while maintaining easy monetary environment.
- Core inflation in Japan rose to 3.1% in December, its highest in over three decades, rather than staying at 2.9% as expected.

<b>Last Week Close</b>	<b>129.57 JPY/USD</b>	<b>Monthly High</b>	<b>134.77</b>	JPY/USD
<b>Week Open</b>	<b>129.50 JPY/USD</b>	<b>Monthly Low</b>	<b>127.23</b>	JPY/USD
<b>Week Close</b>	<b>129.85 JPY/USD</b>	<b>30 Days Average</b>	<b>144.09</b>	JPY/USD
<b>Weekly High</b>	<b>131.11 JPY/USD</b>	<b>90 Days Average</b>	<b>138.57</b>	JPY/USD
<b>Weekly Low</b>	<b>129.01 JPY/USD</b>	<b>YTD Change</b>	<b>-1.14%</b>	

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

Events	Period	Date	Forecast	Previous
Jobs/Applicants Ratio	Dec	31-Jan	1.36	1.35
Unemployment Rate	Dec	31-Jan	2.5%	2.5%
Industrial O/P Prelim MM SA	Dec	31-Jan	-1.2%	0.2%
Large Scale Retail Sales YY	Dec	31-Jan		3%
JibunBK Mfg PMI Final SA	Jan	1-Feb		48.9
Monetary Base YY	Jan	2-Feb		-5.95%
JibunBK Comp Op Final SA	Jan	3-Feb		50.8
JibunBK SVC PMI Final SA	Jan	3-Feb		52.4

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