

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**09 Jan 2023 - 13 Jan 2023**

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


Source: Thomson Reuters

**Dollar Outlook**

- Earlier, the economic data showed the labor market remained tight in November, which bolsters the case for the Fed to continue to hike interest rates more than is currently expected. Although, the markets currently think the Fed tightening cycle may be nearing to an end after the release of the minutes.
- Following the mixed data, Atlanta Federal Reserve President Raphael Bostic highlighted the fears of the US economic slowdown and should step down to a quarter percentage point interest rate hike at its next policy meeting.
- The US Fed slows the pace of its own interest rate increases could pushing down the dollar.
- The risk-positive market environment made it difficult for the US Dollar to find demand.

<b>Lower Bound</b>	<b>102.50</b>	<b>Upper Bound</b>	<b>104.50</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Dollar Index News**

- The benchmark US 10-year Treasury yield fell on Wednesday, putting it on track for its longest streak of declines in more than five months after the release of the minutes from the most recent meeting of the Federal Reserve.
- All Fed officials agreed with the slower pace, but still concerned with any misperception in financial markets that their commitment to fight stubbornly high inflation was in any way starting to recede.
- However, the upbeat employment-related data helped the US dollar shake off the bearish pressure during the end of the week and remained around 105 level.
- Later, the dollar fell 1.17% to 103.88 after reaching a high of 105.63 after the ISM said its non-manufacturing PMI dropped to 49.6 last month from 56.5 in November; while US Nonfarm Payrolls and Unemployment Rate printed impressive figures for December.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>103.52</b>	<b>Monthly High</b>	<b>107.20</b>
<b>Week Open</b>	<b>103.66</b>	<b>Monthly Low</b>	<b>103.39</b>
<b>Week Close</b>	<b>103.87</b>	<b>30 Days Average</b>	<b>104.72</b>
<b>Weekly High</b>	<b>105.63</b>	<b>90 Days Average</b>	<b>108.58</b>
<b>Weekly Low</b>	<b>103.47</b>	<b>YTD Change</b>	<b>+0.12%</b>

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

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Dec	12-Jan	0.3%	
Core CPI YY, NSA	Dec	12-Jan	5.7%	
CPI MM, SA	Dec	12-Jan	0.0%	
CPI YY, NSA	Dec	12-Jan	6.5%	
CPI Wage Earner	Dec	12-Jan		
Initial Jobless Clm	7 Jan, w/e	12-Jan	220k	
Import Prices YY	Dec	13-Jan		
U Mich Sentiment Prelim	Jan	13-Jan	60.0	

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht News**

- The baht appreciated at the beginning of the year to level below 34.00 THB/USD on weaker USD.
- The baht rose continually against the dollar as the oil-importing nation's currency was supported by a drop in crude prices, foreign inflows, and China's reopening also another factor that underpin the baht.
- Thailand's pace of headline CPI pace was well above the central bank's target range, reinforcing expectations that the central bank will raise its key interest rate at its next meeting on January 25.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>34.61</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>33.53</b>	THB/USD
<b>Week Close</b>	<b>33.79</b> THB/USD	<b>30 Days Average</b>	<b>34.68</b>	THB/USD
<b>Weekly High</b>	<b>34.62</b> THB/USD	<b>90 Days Average</b>	<b>36.33</b>	THB/USD
<b>Weekly Low</b>	<b>33.61</b> THB/USD	<b>YTD Change</b>	<b>-3.15%</b>	

**Thai Baht Outlook**

- Recently, the baht looks to outperform in Asia market as it receives a further bump in tourist arrivals due to reopening of China's borders.
- Thailand is expecting at least 5 million Chinese tourist arrivals this year which could boost country's economy and its vital tourism sector and strengthen the baht further.
- Moreover, the Bank of Thailand has already said it expects to keep raising interest rates through the first half of 2023, and any upside surprise in the data may see market price in a longer tightening cycle.
- The baht this week is probably trading between 33.50– 34.00 THB/USD.

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

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Dec	12-Jan		
Forex Reserves	2 Jan, w/e	13-Jan		
Currency Swaps	2 Jan, w/e	13-Jan		

<b>Lower Bound</b>	<b>33.50</b>	<b>Upper Bound</b>	<b>34.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Euro Graph**


Source: Thomson Reuters

**Euro News**

- Euro dropped below 1.0600 figure after the Fed unveiled December's monetary policy minutes which showed that policymakers remain resolute in tackling inflation and do not expect rate cuts during 2023.
- Euro managed to stage a modest rebound as investors refrain from making large bets ahead of the private sector employment data from the US.
- The Industrial producer prices in the euro area declined sharply in November, however, the euro still cling to modest gains above 1.0600.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0702</b> USD/EUR	<b>Monthly High</b>	<b>1.0706</b> USD/EUR
<b>Week Open</b>	<b>1.0700</b> USD/EUR	<b>Monthly Low</b>	<b>1.0484</b> USD/EUR
<b>Week Close</b>	<b>1.0644</b> USD/EUR	<b>30 Days Average</b>	<b>1.0588</b> USD/EUR
<b>Weekly High</b>	<b>1.0706</b> USD/EUR	<b>90 Days Average</b>	<b>1.0173</b> USD/EUR
<b>Weekly Low</b>	<b>1.0482</b> USD/EUR	<b>YTD Change</b>	<b>-0.27%</b>

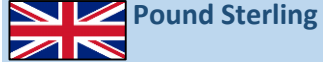
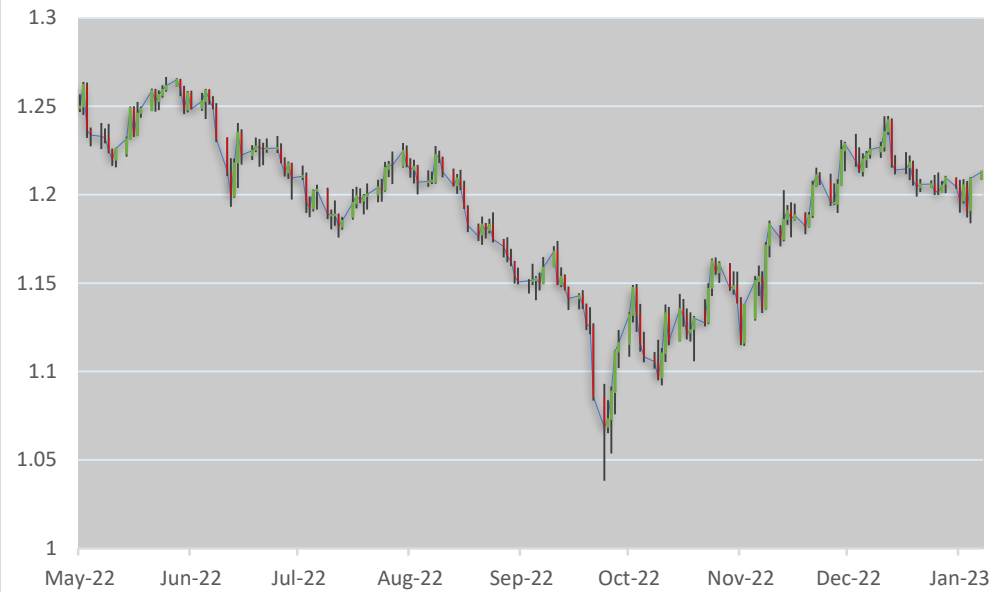
**Euro Outlook**

- Euro is likely to trade with a downward bias but any decline is expected to face solid support at 1.0500, while the resistant level is 1.0750.
- Eurostat will publish December inflation figures. On a yearly basis, the Core Harmonized Index of Consumer Prices (HICP) is forecast to hold steady at 5%. A weaker-than-expected core reading could hurt the Euro with the immediate reaction and vice versa.

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Sentix Index	Jan	9-Jan	-18.0	
Unemployment Rate	Nov	9-Jan	6.5%	
Total Trade Balance SA	Nov	13-Jan		
Industrial Production MM	Nov	13-Jan	0.2%	
Industrial Production YY	Nov	13-Jan	0.5%	

<b>Lower Bound</b>	<b>1.0500</b>	<b>Upper Bound</b>	<b>1.0750</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- Weaker US wage growth combined with a large miss for ISM Service activity have been the main drivers for greenback to turnaround, resulting in recovery in Sterling.
- The support level is 1.1900 while the resistant is 1.2150.
- Investors will be watching for GDP which is due to release on January 13.

<b>Lower Bound</b>	<b>1.1900</b>	<b>Upper Bound</b>	<b>1.2150</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- Pound sterling edged modestly lower after having reached a high of 1.2088 to level around 1.19.
- The sterling has failed in taking control above 1.2000 amid a risk-off market mood. A significant drop in investors' risk appetite ahead of the U.S. ISM Manufacturing PMI data and the Federal Reserve (Fed)'s minutes for December monetary policy has strengthened the US Dollar.

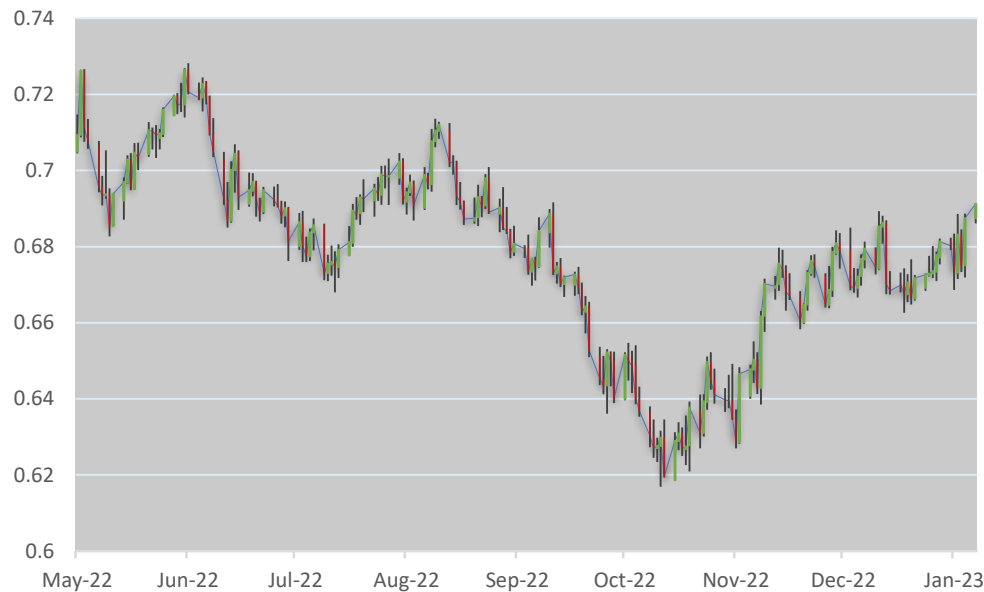
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2097</b> USD/GBP	<b>Monthly High</b>	<b>1.2136</b> USD/GBP
<b>Week Open</b>	<b>1.2095</b> USD/GBP	<b>Monthly Low</b>	<b>1.1842</b> USD/GBP
<b>Week Close</b>	<b>1.2092</b> USD/GBP	<b>30 Days Average</b>	<b>1.2130</b> USD/GBP
<b>Weekly High</b>	<b>1.2099</b> USD/GBP	<b>90 Days Average</b>	<b>1.1667</b> USD/GBP
<b>Weekly Low</b>	<b>1.1838</b> USD/GBP	<b>YTD Change</b>	<b>+0.26%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
GDP Est 3M/3M	Nov	13-Jan	-0.4%	
GDP Estimate MM	Nov	13-Jan	-0.3%	
GDP Estimate YY	Nov	13-Jan	0.3%	
Industrial Output MM	Nov	13-Jan	-0.3%	
Industrial Output YY	Nov	13-Jan	-3.2%	
Manufacturing Output MM	Nov	13-Jan	-0.2%	
Manufacturing Output YY	Nov	13-Jan	-5.1%	
Goods Trade Balance GBP	Nov	13-Jan		

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- The Aussie could now navigate within the key levels at 0.6750 – 0.7000 this week as markets scaled back expectations for US interest rate rises which the opening of China's border boded well for an eventual recovery in demand there, boost the AUD.
- The Aussie was also supported by Chinese efforts to revive growth this year.
- The focus is back on Thursday's US CPI.

**Australian Dollar News**

- The Australian dollar surged during mid of last week, driven by higher stocks and rumors that China is discussing easing of ban on Australia coal imports. Aussie advanced and cracked pivotal barrier at 0.6854.
- China unofficially banned the import of coal from Australia back in 2020 after Australia took a hard stance on Covid as the government under Morrison even demanded investigations into the origin of the virus, pointing the finger at Chinese authorities. Since then, China has imported barely any thermal or coal.
- However, during the end of the year, a new government in Canberra and Albanese has made it clear to repair relations with Beijing by having conversation with Xi, following a visit by Australia's foreign minister to China. It's thought that China could start lifting some of the ban on coal as part of a softening of relations between the two countries.

<b>Last Week Close</b>	<b>0.6813</b> USD/AUD	<b>Monthly High</b>	<b>0.69130</b> USD/AUD
<b>Week Open</b>	<b>0.6813</b> USD/AUD	<b>Monthly Low</b>	<b>0.66890</b> USD/AUD
<b>Week Close</b>	<b>0.6875</b> USD/AUD	<b>30 Days Average</b>	<b>0.64140</b> USD/AUD
<b>Weekly High</b>	<b>0.6887</b> USD/AUD	<b>90 Days Average</b>	<b>0.66833</b> USD/AUD
<b>Weekly Low</b>	<b>0.6686</b> USD/AUD	<b>YTD Change</b>	<b>+1.47%</b>

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

Events	Period	Date	Forecast	Previous
Building Approvals	Nov	9-Jan	-1.0%	-5.6%
Retail Sales MM Final	Nov	11-Jan	0.7%	
Trade Balance G&S (A\$)	Nov	12-Jan	10,900M	
Owner-Occp'd Hous'g Fin MM	Nov	13-Jan	-3.25%	
Invest Hous'g Fin MM	Nov	13-Jan		

<b>Lower Bound</b>	<b>0.6750</b>	<b>Upper Bound</b>	<b>0.7000</b>
<b>Forecast</b>	<b>Appreciation</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The Bank of Japan (BoJ) may soon fully abandon its controversial yield curve control.
- An ultra-loose monetary approach by the BoJ has triggered volatility in Japanese Yen.
- A generally positive tone around the equity markets, bolstered by the optimism over the easing of strict Covid curbs in China, undermines the safe-haven Japanese Yen. This is seen as another factor lending support to the USD/JPY pair. The upside, however, seems limited amid reports that the Bank of Japan (BoJ) plans to raise its inflation forecasts.

<b>Lower Bound</b>	<b>129.00</b>	<b>Upper Bound</b>	<b>133.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- During the first week of the year, the yen reversed its direction and sharply rose toward 131.00 after having touched its lowest level since late May at 129.50. The pair, however, lost its bullish momentum and was last seen later at 133.88.
- The Japanese yen witnessed a steep fall after BOJ Governor Haruhiko Kuroda advocated for further policy easing to push the wage price index to achieve raised inflation forecasts for CY2023 and 2024.
- Japan's service sector activity rebounded in December due to international and domestic tourism as Covid curbs were relaxed. The index stayed above the 50-mark that separates expansion from contraction for a fourth consecutive month.

<b>Last Week Close</b>	<b>131.11 JPY/USD</b>	<b>Monthly High</b>	<b>134.77</b>	JPY/USD
<b>Week Open</b>	<b>131.11 JPY/USD</b>	<b>Monthly Low</b>	<b>129.52</b>	JPY/USD
<b>Week Close</b>	<b>132.07 JPY/USD</b>	<b>30 Days Average</b>	<b>139.94</b>	JPY/USD
<b>Weekly High</b>	<b>134.77 JPY/USD</b>	<b>90 Days Average</b>	<b>136.00</b>	JPY/USD
<b>Weekly Low</b>	<b>129.50 JPY/USD</b>	<b>YTD Change</b>	<b>+0.27%</b>	

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
CPI Tokyo Ex fresh food YY	Dec	10-Jan	3.8%	
CPI, Overall Tokyo	Dec	10-Jan		
Current Account NSA JPY	Nov	12-Jan	471.1B	
Current Account Bal SA	Nov	12-Jan		
Trade Bal Cust Basis SA	Nov	12-Jan		

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