

WEEKLY FOREIGN EXCHANGE OUTLOOK
19 ธ.ค. 2022 - 23 ธ.ค. 2022

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- On data front, there is a host of US housing data due out for November on Tuesday (20/12), the CB Consumer Confidence and existing homes sales on Wednesday (21/12) and Core PCE on Friday (23/12) which the reading is sure to capture trader's attention.
- Expectations are for a November reading of 4.6% YoY reading vs a previous reading of 5% YoY.

Lower Bound	104.00	Upper Bound	106.00
Forecast	Appreciation		

Dollar Index News

- The dollar was stronger than its peers as Friday's stronger-than-expected US PPI suggested that inflation is not cooling enough, reinforcing the view that the Fed may have to keep interest rates higher for longer.
- The FOMC met on Wednesday(14/12) as it hiked rates by 50bps to bring the Fed Funds rate to 4.50%, as expected. However, what was not so expected was the hawkishness in the Summary of Economic Projections (dot plots) which showed that Committee members have a median interest rate at 5.1% for the end of 2023. This means that the FOMC would need to hike rates by roughly 75 more bps within the next year and sustain them there throughout the year.
- Regarding the 2 most recent CPI reports, which were lower than expected and much lower than the previous readings, Powell said that it is a "welcome reduction in the monthly pace of price increase"

Dollar Index Performance

Last Week Close	104.81	Monthly High	110.99
Week Open	104.93	Monthly Low	103.45
Week Close	104.21	30 Days Average	106.13
Weekly High	105.82	90 Days Average	109.15
Weekly Low	103.45	YTD Change	+8.90%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Housing Starts Number	Nov	20-Dec	1.400M	
Consumer Confidence	Dec	21-Dec	101.0	
Existing Home Sales	Nov	21-Dec	4.20M	
GDP Final	Q3	22-Dec	2.9%	
Initial Jobless Clm		17 Dec, w/ 22-Dec	225k	
Consumption, Adjusted MM	Nov	23-Dec	0.2%	
Durable Goods	Nov	23-Dec	-0.8%	
U Mich Sentiment Final	Dec	23-Dec	59.1	
New Home Sales-Units	Nov	23-Dec	0.595M	

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The baht appreciated against the dollar after a soft reading on US inflation sparked risk on mood as the lighter CPI number could challenge the Fed's hawkish stance. Meanwhile, investors are also keeping an eye on China as a further scaling back of Covid-19 restrictions fuels hopes of economic recovery.
- However, the baht slightly depreciated against the dollar during the mid of the week amid traders' reassessment of the Fed announcements. The World Bank provided its analysis and recommendations at the launch of its "Thailand Economic Monitor (TEM): Fiscal Policy for a Resilient and Equitable Future". The World Bank is urging the government to speed up efforts to increase tax revenue and better target spending so that it focuses on helping the most vulnerable groups to reduce inequality. It also lowered Thailand's growth forecast for 2023 from its June estimate of 4.3% to 3.6% now, citing declining exports as one factor.

Thai Baht Performance

Last Week Close	34.64 THB/USD	Monthly High	35.16	THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.49	THB/USD
Week Close	34.82 THB/USD	30 Days Average	35.48	THB/USD
Weekly High	35.15 THB/USD	90 Days Average	36.61	THB/USD
Weekly Low	34.45 THB/USD	YTD Change	+4.29%	

Thai Baht Outlook

- On data front, market will eyes on trade data (Import and Export data) on Thursday (27/2).
- Export is expect to decline by 5.00% in November and Import is expect to rise 0.6%.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Nov	22-Dec	-5.00%	
Custom-Based Import Data	Nov	22-Dec	0.60%	
Customs-Based Trade Data	Nov	22-Dec	-0.10B	
Forex Reserves		12 Dec, w/ 23-Dec		
Currency Swaps		12 Dec, w/ 23-Dec		
Manufacturing Prod YY	Nov	23-Dec		

Lower Bound	34.60	Upper Bound	35.30
Forecast	Depreciation		

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Euro

Euro Graph



Source: Thomson Reuters

Euro News

- The European Central Bank also met on Thursday (15/12) and raised its deposit facility rate by 50bps to 2%, as expected.
- The commentary from Lagarde that signals higher than expected terminal rate gave thIn addition, the statement noted that the ECB will begin QT in March 2023 at a pace of 15 billion Euros per month. The committee also revised its inflation target higher to 8.4% in 2022 (from 8.1% previously) and to 6.3% in 2023.
- However, things turned more hawkish during the press conference when Lagarde said that its “obvious” that we should expect 50bps hikes for a period of time. In addition, she said that the ECB needs to do more than the markets are pricing in.

Euro Index Performance

Last Week Close	1.0530 USD/EUR	Monthly High	1.0735 USD/EUR
Week Open	1.0526 USD/EUR	Monthly Low	1.0394 USD/EUR
Week Close	1.0582 USD/EUR	30 Days Average	1.0425 USD/EUR
Weekly High	1.0735 USD/EUR	90 Days Average	1.0072 USD/EUR
Weekly Low	1.0505 USD/EUR	YTD Change	-6.72%

Euro Outlook

- On data front that will released this week, market keep an eyes on the German Ifo business climate on Monday (19/12).
- Since the Fed has also taken a more hawkish stance than expected, the EUR/USD could move more sideways over the next few weeks, with a slight preference for the bullish leg on the back of the higher room for market repricing of ECB rates compared to Fed ones.

Next Week's Euro Economic Events


Events	Period	Date	Forecast	Previous
Ifo Business Climate New	Dec	19-Dec	87.4	
Ifo Curr Conditions New	Dec	19-Dec	93.5	
Ifo Expectations New	Dec	19-Dec	82.0	
Consumer Confid. Flash	Dec	20-Dec	-22.0	

Lower Bound	1.0350	Upper Bound	1.0600
Forecast	Depreciation		

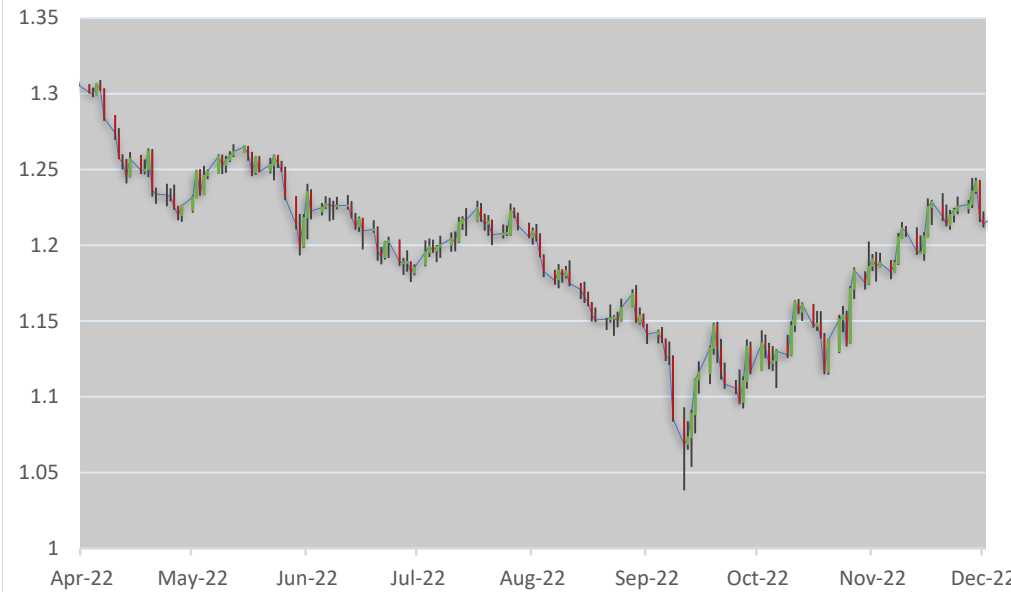
HICP Final YY	Nov	16-Dec	10.0%
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 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- Looking at the week ahead, investors focus on Final GDP q/q that will be released on Thursday (22/12) which expected to decline by 0.2%.
- In additional, a critical multi-support zone between 1.20-1.21 GBP/USD could be tested to see how solid the short-term bearish pressure is.

Pound Sterling News

- The Bank of England met on Thursday (15/12) and it also hiked rates by 50bps to bring the cash rate to 3.5%, as expected.
- However, the vote of 6-3 shows that members are not all in agreement as to what needs to be done moving forward. Two members voted for no change while one member voted for a hike of 75bps.
- In addition, BOE Governor Bailey said that further rate increases may be required. However, Bailey also noted that the latest MPC projections suggest CPI has reached its peak, but it is expected to remain very high in the coming months.

Pound Sterling Performance

Last Week Close	1.2255 USD/GBP	Monthly High	1.2445 USD/GBP
Week Open	1.2244 USD/GBP	Monthly Low	1.2071 USD/GBP
Week Close	1.2140 USD/GBP	30 Days Average	1.2018 USD/GBP
Weekly High	1.2445 USD/GBP	90 Days Average	1.1620 USD/GBP
Weekly Low	1.2116 USD/GBP	YTD Change	-9.93%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
CBI Trends - Orders	Dec	19-Dec	-9	
CBI Distributive Trades	Dec	21-Dec		
Current Acc GBP	Q3	22-Dec	-20.100B	
GDP QQ	Q3	21-Dec	-0.2%	
GDP YY	Q3	21-Dec	2.4%	
Business Invest QQ	Q3	21-Dec		
Business invest YY	Q3	21-Dec		

Lower Bound	1.2100	Upper Bound	1.2400
Forecast	Appreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Looking at the week ahead, there isn't any Australian data of note, and the US will see mostly see second-tier economic indicators. This could leave AUD/USD vulnerable to sways in risk sentiment, particularly around any remarks from the RBA and the Fed.

- In addition, the RBA meeting minutes will be released on Tuesday (20/12).

Australian Dollar News

- The Australian Dollar was crunched last week after the US Dollar put on a stellar rally amid rising recession fears. The Federal Reserve hiked by 50 basis points to target 4.25% - 4.50% on Wednesday (14/12). The move was widely anticipated despite a softish US CPI the day prior.
- The Australian unemployment rate remains at multi-generational lows of 3.4% after 64k jobs were added in November. This comes on top of a burgeoning trade surplus from the week before.
- The rest of the fundamental picture is a bit mixed going into the end of the year with building approvals and retail sales data underwhelming. RBA rate hikes appear to have had an impact on those figures.

Last Week Close	0.6795 USD/AUD	Monthly High	0.68930	USD/AUD
Week Open	0.6793 USD/AUD	Monthly Low	0.66700	USD/AUD
Week Close	0.6684 USD/AUD	30 Days Average	0.64430	USD/AUD
Weekly High	0.6893 USD/AUD	90 Days Average	0.67399	USD/AUD
Weekly Low	0.6674 USD/AUD	YTD Change	-7.51%	

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Nov	21-Dec		
Private Sector Credit	Nov	23-Dec		
Housing Credit	Nov	23-Dec		

Lower Bound	0.6600	Upper Bound	0.6850
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The Bank of Japan is set to meet on Tuesday (20/12), and no change is expected in its monetary policy stance.
- The BOJ is expected to keep rates unchanged at -0.1% while maintaining its cap on the 10-Year JGB at 0.25%. Despite inflation increasing to 3.6% YoY in October, the BOJ has said that it will take additional measures if needed to ensure an easing policy stance.
- On data front, Japan will release November's CPI on Friday (23/12). Expectations are for an uptick to 3.7% YoY, however, the central bank will most likely continue to view this as transitory.

Lower Bound	136.00	Upper Bound	139.00
Forecast	Depreciation		

Japanese Yen News

- The Yen slightly depreciated VS the greenback, the Japanese PPI for November came in at 9.3% vs the 8.8% expected. So far, PPI data has far exceeded the Japanese CPI providing relief to the Bank of Japan, which aims to keep interest rates low.
- The yen seeing some support despite the country's industrial production being revised even lower in October, as rising input costs due to elevated inflation and weakening overseas demand weighed heavily on local manufacturing.
- Industrial production fell 3.2% in October from the prior month, data from the Ministry of Economy, Trade and Industry showed, more than the prior estimate of negative 2.6%. The reading was also nearly twice as much as September's decline of 1.7%.

Japanese Yen Performance

Last Week Close	136.56 JPY/USD	Monthly High	138.17	JPY/USD
Week Open	136.60 JPY/USD	Monthly Low	133.64	JPY/USD
Week Close	136.69 JPY/USD	30 Days Average	135.55	JPY/USD
Weekly High	138.17 JPY/USD	90 Days Average	133.73	JPY/USD
Weekly Low	134.56 JPY/USD	YTD Change	+18.26%	

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JP BOJ Rate Decision	20 Dec	20-Dec	-0.10%	
Chain Store Sales YY	Nov	21-Dec		
Leading Indicator Revised	Oct	22-Dec		
CPI, Core Nationwide YY	Nov	23-Dec	3.7%	
CPI, Overall Nationwide	Nov	23-Dec		
Service PPI	Nov	26-Dec		

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