

WEEKLY FOREIGN EXCHANGE OUTLOOK
06 Jun 2022 - 10 Jun 2022

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- The U.S. dollar strengthened across the board as Treasury yields climbed and worries over a further acceleration in global inflation depressed investors' risk appetite.
- Fed Governor Christopher Waller said the Fed should be prepared to raise interest rates by a half percentage point at every meeting from now on until inflation is decisively curbed.
- Data showed PCE price index rose 0.2%, after shooting up 0.9% in March. For the 12 months through April, the PCE price index advanced 6.3% after jumping 6.6% in March.
- The Fed announced it will begin shrinking its balance sheet at a monthly pace of \$47.5 billion.
- Upbeat US employment data could keep the FED on aggressive path of interest rate hikes. The report showed a gain in payrolls of 390K, above the 325K of market consensus while the unemployment rate steady at 3.6%.

Dollar Index Performance

Last Week Close	101.67	Monthly High	105.01
Week Open	101.64	Monthly Low	101.30
Week Close	101.64	30 Days Average	102.96
Weekly High	102.73	90 Days Average	99.71
Weekly Low	101.30	YTD Change	+6.92%

Dollar Outlook

- DXY may regain some composure and looks to extend the rebound further north of the 102.00 mark from positive US job report, however the greenback's rally could lose steam as some investors worry that a lot of the good news for the currency is already reflected in the price.
- Bullish attempts appear limited at 102.73. Beyond this area, there are no resistance levels of note until the 2022 high at 105.00 (March 13). A few factors working against the greenback these days, but mostly risk-on sentiment.

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
International Trade \$	Apr	7-Jun	-89.3B	-109.8B
Wholesale Invt(y), R MM	Apr	8-Jun	2.1%	2.1%
Initial Jobless Clm	4 Jun, w/e	9-Jun	207k	200k
Cont Jobless Clm	28 May, w,	9-Jun		1.309M
Core CPI YY, NSA	May	10-Jun	5.9%	6.2%
CPI MM, SA	May	10-Jun	0.7%	0.3%
CPI YY, NSA	May	10-Jun	8.3%	8.3%
U Mich Sentiment Prelim	Jun	10-Jun	58.2	58.4

Lower Bound	101.00	Upper Bound	104.00
Forecast	Appreciation		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The baht appreciated against the dollar toward 34.05 earlier in the week as traders adjusted Fed rate hike views. However, THB weakened later in the session on renewed dollar demand amid inflation worries.
- Thai exports increased 9.9% in April from a year earlier, but missed a forecast of 14.6% rise, against March's 19.5% jump. Thai imports rose 21.5% from a year earlier, beating a forecast of 16.4% rise, with a trade deficit of \$1.91 billion in the month.

Thai Baht Performance

Last Week Close	34.11 THB/USD	Monthly High	34.46 THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.19 THB/USD
Week Close	34.30 THB/USD	30 Days Average	34.37 THB/USD
Weekly High	34.42 THB/USD	90 Days Average	33.56 THB/USD
Weekly Low	34.03 THB/USD	YTD Change	+3.30%

Thai Baht Outlook

- Stagflation risks for EM Asias are magnified because of an aggressive hawkish Fed. Thai baht may be pressured by capital outflow risk.
- However, improving prospect of tourism in Thailand may attract demand for Thai baht in the near term, while Thailand Central bank continues to downplay inflation pressure.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	May	6-Jun	5.78%	4.65%
CPI Core Inflation YY	May	6-Jun	2.20%	2.00%
Interest rate decision	8 Jun	8-Jun	0.50%	0.50%

Lower Bound	34.00	Upper Bound	34.80
Forecast	Depreciation		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- The European Central bank keeps paving the way for a rate hike at the beginning of Q3, shortly after ending the ongoing Asset Purchase Programme. President Christine Lagarde anticipated they would likely be in a position to exit negative interest rates by the end of the third quarter. That means at least two 25 bps hikes between July and September.
- If the pair manages to extend gains beyond 1.0770, chances of a bullish continuation towards 1.0860. However, a slide below 1.067 may spook bull and expose the next support of 1.054

Lower Bound	1.0550	Upper Bound	1.0850
Forecast	Depreciation		

Euro News

- The EUR/USD drops back to test 1.0700, extending the pullback from monthly highs, as the US dollar holds the latest upside amid souring risk sentiment.
- German retail sales drop by 0.4% YoY in April.
- Eurozone inflation climbed to a record 8.1% in May from 7.4% the prior month, led by rising energy and food costs from the ongoing Russian-Ukrainian crisis. The data arrived ahead of the European Central Bank's meeting next week, when the central bank is widely expected to tee up the idea of beginning liftoff on rate hikes in July.

Euro Index Performance

Last Week Close	1.0727 USD/EUR	Monthly High	1.0764 USD/EUR
Week Open	1.0735 USD/EUR	Monthly Low	1.0628 USD/EUR
Week Close	1.0718 USD/EUR	30 Days Average	1.0606 USD/EUR
Weekly High	1.0786 USD/EUR	90 Days Average	1.0914 USD/EUR
Weekly Low	1.0625 USD/EUR	YTD Change	-6.05%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
German Industrial Orders MM	Apr	7-Jun	0.5%	-4.7%
Sentix Index	Jun	7-Jun	-20.0	-22.6
German Industrial Output MM	Apr	8-Jun	1.0%	-3.9%
GDP Revised QQ	Q1	8-Jun	0.3%	0.3%
GDP Revised YY	Q1	8-Jun	5.1%	5.1%
ECB Refinancing Rate	Jun	9-Jun		0.00%
ECB Deposit Rate	Jun	9-Jun		-0.50%

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- Disappointment of British business leaders over the Northern Ireland Protocol (NIP) and doubts over the Bank of England's (BOE) role in taming inflation amid a downbeat assessment of the UK's economic prospects could weigh on the GBP/USD prices.
- Should the bears manage to conquer the 1.2550 support, the odds of the pair's further south-run towards the five-week-old support of 1.2400. Alternatively, the resistance line is 1.2680.

Lower Bound	1.2350	Upper Bound	1.2650
Forecast	Depreciation		

Pound Sterling News

- GBP/USD snapped four straight days of the winning streak, amid rebounding US bond yields and the risk-off impulse boosted the safe-haven USD.
- The British pound was pressured by worries about the cost of living crisis, which the Bank of England rate hike could push the UK into recession later in 2022. Adding to this, the British government's legislation, that would effectively override parts of a Brexit deal may raised fears about a trade war.

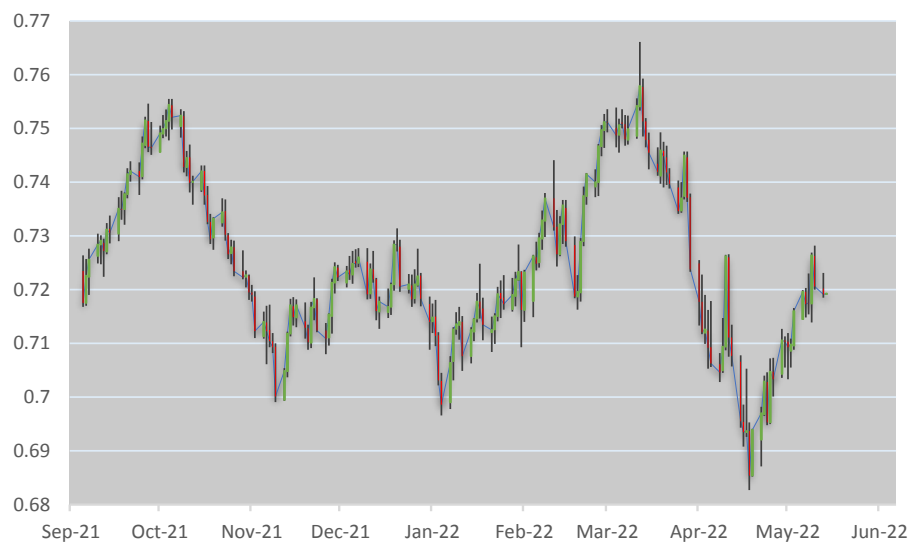
Pound Sterling Performance

Last Week Close	1.2616 USD/GBP	Monthly High	1.2616 USD/GBP
Week Open	1.2615 USD/GBP	Monthly Low	1.2460 USD/GBP
Week Close	1.2485 USD/GBP	30 Days Average	1.2469 USD/GBP
Weekly High	1.2659 USD/GBP	90 Days Average	1.2983 USD/GBP
Weekly Low	1.2456 USD/GBP	YTD Change	-7.57%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	May	7-Jun		190,766.27M
Halifax House Prices MM	May	8-Jun		1.1%
RICS Housing Survey	May	9-Jun		80

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar News

- The aussie plunged to near 0.7160 as DXY strengthens on firmer yields but manage to stay above 0.72 at the end of the week amid a risk-off mood.
- Aussie bulls have failed to capitalize on higher-than-expected Gross Domestic Product (GDP) numbers. The Australian Bureau of Statistics reported the quarterly GDP numbers at 0.8% against the estimates of 0.7% and the prior print of 3.4%. While the annual figure landed at 3.3% vs. the expectation of 3% and the former figure of 4.2%.

Australian Dollar Performance

Last Week Close	0.7160 USD/AUD	Monthly High	0.72820 USD/AUD
Week Open	0.7145 USD/AUD	Monthly Low	0.71420 USD/AUD
Week Close	0.7206 USD/AUD	30 Days Average	0.74172 USD/AUD
Weekly High	0.7282 USD/AUD	90 Days Average	0.72584 USD/AUD
Weekly Low	0.7139 USD/AUD	YTD Change	-1.17%

Australian Dollar Outlook

- The Australian dollar may come under pressure amid renewed concern surrounding global inflationary pressures. The ongoing economic consequence of China's COVID-19 policy will remain a headwind for the AUD.
- Risk-aversion and a strong US Dollar continue to weigh on the AUD/USD. Expected range is 0.708-0.7220

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
RBA Cash Rate	Jun	7-Jun	0.60%	0.35%

Lower Bound	0.7100	Upper Bound	0.7350
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Policy divergence between FED and BOJ continue to pave the way for JPY weakness. Fed policy is the determinant for the USD/JPY, although it is not at all clear that US rates can continue higher given the unsettled state of the US economy but the current spread is more than enough to pressure the Yen.

Lower Bound	129.00	Upper Bound	133.00
Forecast	Depreciation		

Japanese Yen News

- The US dollar soared against the yen after the U.S. benchmark 10-year yield hit a two-week high of 2.951% following upbeat US data. The USD/JPY jumped following the release of the US employment report and recently rose further hitting a fresh three-week high at 130.73. It remains near the top, on its way to the highest weekly close since 2002.
- The Bank of Japan (BOJ) Deputy Governor Masazumi Wakatabe, said that the central bank must maintain powerful easing.

Japanese Yen Performance

Last Week Close	127.11 JPY/USD	Monthly High	132.75 JPY/USD
Week Open	127.05 JPY/USD	Monthly Low	128.82 JPY/USD
Week Close	130.86 JPY/USD	30 Days Average	114.86 JPY/USD
Weekly High	130.98 JPY/USD	90 Days Average	114.37 JPY/USD
Weekly Low	126.85 JPY/USD	YTD Change	+15.22%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Apr	8-Jun	511.0B	2,549.3B
GDP Rev QQ Annualised	Q1	8-Jun	-1.0%	-1.0%
GDP Revised QQ	Q1	8-Jun	-0.3%	-0.2%
GDP Cap Ex Rev QQ	Q1	8-Jun	0.3%	0.5%
Corp Goods Price MM	May	10-Jun	0.5%	1.2%
Corp Goods Price YY	May	10-Jun	9.8%	10.0%

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