

WEEKLY FOREIGN EXCHANGE OUTLOOK

28 Mar 2022 - 01 Apr 2022



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar index extends the march through the 99.00 barrier as market participants keep adjusting to the recent hawkish message from Chief Powell, the move higher in US yields and the persistent uncertainty surrounding the war in Ukraine.
- Fed member Daly said a 50bps and a decision to shrink the balance sheet could be warranted at the next policy meet. Bullard reiterated the Fed needed to move faster to bring inflation under control, after Powell's comments on Monday (21/3).
- US Initial Jobless Claims decreased to 187,000 in the prior week, the lowest since September 1969, below an expectation at 212,000.
- Durable Goods Orders dropped 2.2% in February after rising 1.6% in January from shrinking demand as arising Omicron cases and continuing industrial bottleneck.

Dollar Index Performance

Last Week Close	98.23	Monthly High	99.42
Week Open	98.24	Monthly Low	95.69
Week Close	98.40	30 Days Average	97.89
Weekly High	99.37	90 Days Average	96.66
Weekly Low	98.16	YTD Change	+2.14%

Dollar Outlook

- US yields across the curve move further up after Chair Powell expressed his concerns over the elevated inflation and opened the door to a faster pace of the Fed's tightening cycle. On this, Powell even considered the probability of a 50 bps rate hike in May.
- All eyes are on US President Biden's visit to Europe where he will be attending the G7, NATO, and EU leaders meetings. It is likely that new sanctions on Russia would be announced (mostly on members of the Duma i.e. the Russian parliament).
- Concerns surrounding the geopolitical landscape prop up further the demand for the buck as inflows into the safe havens. Moreover, its constructive outlook remains well supported by the current elevated inflation narrative, a potential more aggressive tightening stance from the Fed and the solid performance of the US economy.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Mar	29-Mar	108.0	110.5
GDP Final	Q4	30-Mar	7.1%	7.0%
Initial Jobless Clm	21 Mar, w/	31-Mar		187k
Consumption, Adjusted MM	Feb	31-Mar	0.6%	2.1%
Average Earnings YY	Mar	1-Apr		5.1%
Unemployment Rate	Mar	1-Apr	3.7%	3.8%
Non-Farm Payrolls	Mar	1-Apr	450k	678k
S&P Global Mfg PMI Final	Mar	1-Apr		58.5
ISM Manufacturing PMI	Mar	1-Apr	58.5	58.6

Lower Bound	98.00	Upper Bound	99.00
Forecast	Neutral		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Analysts suggest to follow an effect from Ukraine-Russia tension on capability of Thai exports. It would be clearer from March and so on.
- Nonetheless, Thailand has Saudi-Arabia as new exporting market for poultry products after being banned for several years.
- Markets expect the Bank of Thailand (BOT) to keep interest rate unchanged in the meeting this Wednesday (30/3)

Thai Baht News

- Thai Exports worth USD 23.48B expanded 16.2% in February, better-than-expected at 10-11%.
- Thai Imports worth USD 23.35B which grew 16.8% in the previous month.
- In February, Thai Trade Surplus worth USD 123.3M. However, Trade Balance was still deficit around USD 2.4B for the first two month

Thai Baht Performance

Last Week Close	33.33 THB/USD	Monthly High	33.80 THB/USD
Week Open	33.33 THB/USD	Monthly Low	32.41 THB/USD
Week Close	33.55 THB/USD	30 Days Average	33.00 THB/USD
Weekly High	33.69 THB/USD	90 Days Average	33.17 THB/USD
Weekly Low	33.33 THB/USD	YTD Change	-0.03%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Feb	30-Mar	2.40%	1.99%
1-Day Repo Rate	30 Mar	30-Mar		0.50%
Current Account	Feb	31-Mar		-2.20B
Trade Account	Feb	31-Mar		0.60B
Manufacturing PMI SA	Mar	1-Apr		52.5

Lower Bound	33.00	Upper Bound	33.70
Forecast	Depreciation		

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Euro

Euro Graph



Source: Thomson Reuters

Euro Outlook

-Eastern Europe war is keeping western leaders on their toes. Concerns gyrate around the European dependence on Russian energy affects economic growth in the Union, with massive sanctions in the middle. Government bond yields are on the rise as speculative interest fears inflation will heat up further on the back of soaring oil and gas prices. The German government said it maintains its position that the country cannot function without Russian oil imports.

-The European Central Bank (ECB) needs to overlook the near-term volatility in energy prices while closely watching the underlying inflation trends, policymaker Francois Villeroy de Galhau said on Tuesday (22/3).

Lower Bound	1.0800	Upper Bound	1.1150
Forecast	Appreciation		

Euro News

- Business activity in Germany's manufacturing sector continued to expand in March albeit at a softer pace than it did in February with Markit Manufacturing PMI declining to 57.6 (preliminary) from 58.4. This reading came in better than the market expectation of 55.8.
- IHS Markit further reported that the Services PMI edged lower to 55 from 55.8 in the same period, compared to the market expectation of 53.8.
- Manufacturing PMI in the eurozone edged lower to 57 in early March from 58.2 in February, the data published jointly by IHS Markit and S&P Global showed on Thursday (24/3). This print came in better than the market forecast of 56.
- Further details of the report revealed that the Services PMI declined to 54.8 from 55.5 and the Composite PMI fell to 54.5 from 55.5. Both of these readings surpassed analysts' estimates.

Euro Index Performance

Last Week Close	1.1055 USD/EUR	Monthly High	1.1233 USD/EUR
Week Open	1.1057 USD/EUR	Monthly Low	1.0807 USD/EUR
Week Close	1.0981 USD/EUR	30 Days Average	1.1100 USD/EUR
Weekly High	1.1069 USD/EUR	90 Days Average	1.1243 USD/EUR
Weekly Low	1.0959 USD/EUR	YTD Change	-2.20%

Dollar Index Economic Events

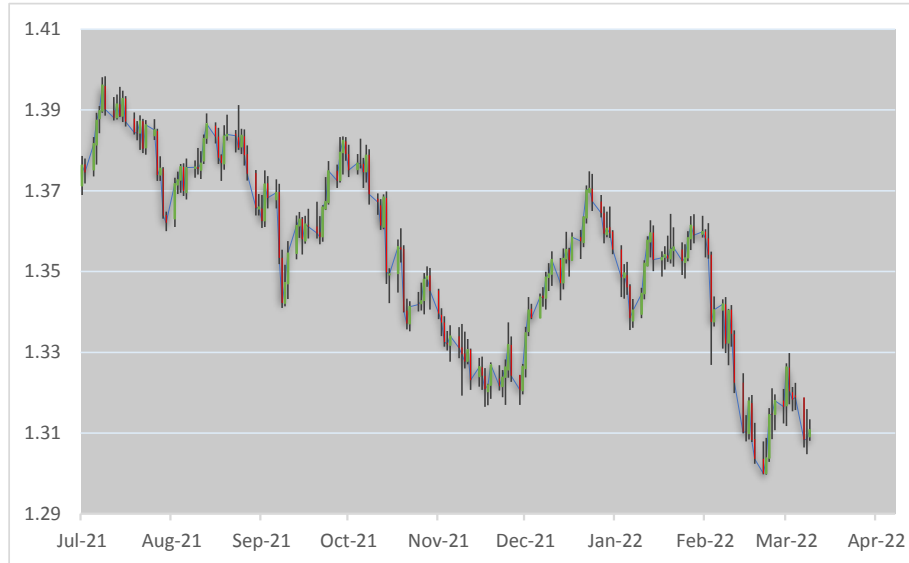
Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Mar	30-Mar		-18.7
Services Sentiment	Mar	30-Mar		13.0
Industrial Sentiment	Mar	30-Mar		14.0
Economic Sentiment	Mar	30-Mar	110.0	114.0
Business Climate	Mar	30-Mar		1.79
Unemployment Rate	Feb	31-Mar	6.7%	6.8%
S&P Global Mfg Final PMI	Mar	1-Apr		57.0
HICP-X F&E Flash YY	Mar	1-Apr	3.2%	2.9%
HICP Flash YY	Mar	1-Apr	6.2%	5.9%

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 Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- UK Retail Sales dropped 0.3% MoM in February, missed an expectation of rising 0.6% due to decreased online shopping orders and bad weather.
- Investors still eye on any hawkish comment from the Bank of England (BOE), since it dropped expectation of rate hikes in the previous meeting.

Pound Sterling News

- The Manufacturing PMI in the UK declined to 55.5 in early March from 58 in February, the data published jointly by S&P Global and CIPS showed on Thursday. This print missed the market expectation of 56.7.
- On a positive note, the Services PMI improved to 61 from 60.5, surpassing analysts' estimate of 58.
- US Commerce Secretary Gina Raimondo announced late Tuesday (22/3) that America has struck a deal with the UK to end tariffs on British steel and aluminium. At the same time, the British will simultaneously cancel retaliatory tariffs on some American goods.

Pound Sterling Performance

Last Week Close	1.3180 USD/GBP	Monthly High	1.3437 USD/GBP
Week Open	1.3180 USD/GBP	Monthly Low	1.3001 USD/GBP
Week Close	1.3188 USD/GBP	30 Days Average	1.3263 USD/GBP
Weekly High	1.3298 USD/GBP	90 Days Average	1.3383 USD/GBP
Weekly Low	1.3117 USD/GBP	YTD Change	-3.12%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Nationwide house price yy	Mar	31-Mar		12.6%
Nationwide house price mm	Mar	31-Mar		1.7%
GDP YY	Q4	31-Mar		6.5%
GDP QQ	Q4	31-Mar		1.0%
S&P GLBL/CIPS Mfg PMI FNL	Mar	1-Apr		55.5

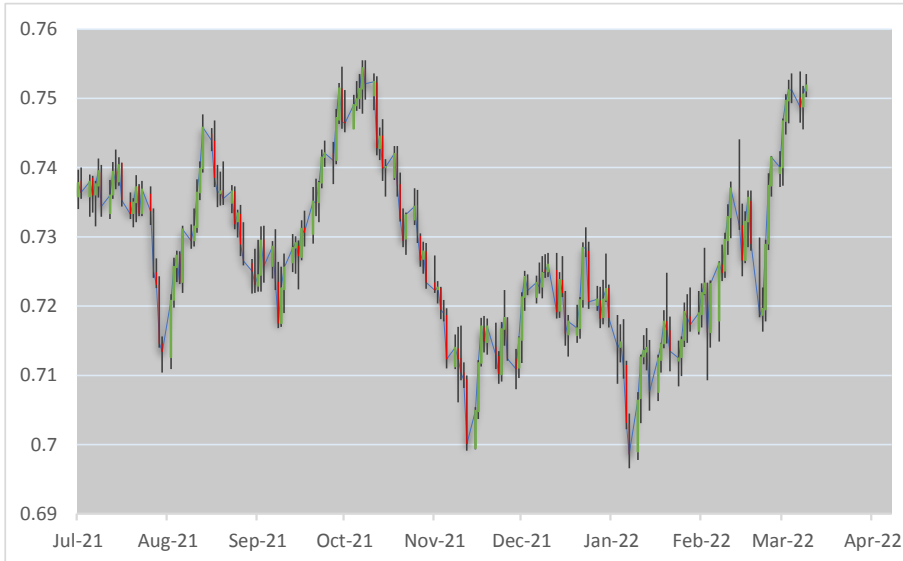
Lower Bound	1.3000	Upper Bound	1.3250
Forecast	Appreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

-The Manufacturing and Services PMI have landed at 57.3 and 57.9 against the previous print of 57 and 57.4 respectively while the Composite PMI has been recorded at 57.1 in comparison with the prior figure of 56.6.

-The market sentiment recently worsened as Australia levied fresh sanctions on Russia and Belarus while taking clues from the Western leaders who criticized Moscow's invasion of Kyiv the previous day. Australian Foreign Minister Marise Payne announced fresh punitive measures on Belarusian President Lukashenko and members of his family, in addition to unveiling sanctions on Russian diplomats.

Australian Dollar Performance

Last Week Close	0.7415 USD/AUD	Monthly High	0.7539 USD/AUD
Week Open	0.7392 USD/AUD	Monthly Low	0.7166 USD/AUD
Week Close	0.7512 USD/AUD	30 Days Average	0.7181 USD/AUD
Weekly High	0.7536 USD/AUD	90 Days Average	0.7253 USD/AUD
Weekly Low	0.7372 USD/AUD	YTD Change	+3.53%

Australian Dollar Outlook

- Reserve Bank of Australia (RBA) remains dovish until there is evidence of pervasive price pressures as the central bank Governor Phillip Lowe said at an event honoring journalists on Tuesday (22/3).

-Nonetheless, the Aussie-dollar resumes further gains from rising commodities' prices.

-To sum up, challenges to sentiment may test AUD/USD prices but firmer gold can keep buyers hopeful. However, recently covid woes from China and Europe, as well as global dislike for China's ties with Russia, may trigger consolidation of the weekly gains.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM Final	Feb	29-Mar		1.8%
Housing Credit	Feb	31-Mar		0.7%
Private Sector Credit	Feb	31-Mar		0.6%
Private House Approvals	Feb	31-Mar		-17.5%
Building Approvals	Feb	31-Mar		-27.9%
AIG Manufacturing Index	Mar	1-Apr		53.2
Private House Approvals	Feb	1-Apr		-17.5%

Lower Bound	0.7200	Upper Bound	0.7500
Forecast	Appreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

-Reuters has reported that Japanese Prime Minister Fumio Kishida is likely to order an additional economic stimulus package by the end of March to cushion the impact of rising prices of oil and other goods on the economy, Yomiuri newspaper said on Wednesday (23/3).

-Market's view is that the weak yen is due to Japan importers' dollar demand, prospects of US interest rate hikes.

-BOJ will maintain its powerful monetary easing to support corporate profits and create positive economic cycle.

-Japan has nothing to benefit from worsening terms of trade blamed on rising energy prices, so watching impact carefully.

Lower Bound	117.00	Upper Bound	122.00
Forecast	Depreciation		

Japanese Yen News

-Bank of Japan (BOJ) Governor Haruhiko Kuroda made some comments on consumer inflation in his appearance on Tuesday (22/3). He added that rising in energy and food prices could push down Japan's real wages, even nominal wages would rise significantly and also pressed concern over the inflation issue that may be weighing on economy for longer-term.

-BOJ will continue buying ETFs as needed, as part of its monetary easing programme. In the event BOJ decides to reduce ETF holdings, it will do so in a way that minimizes BOJ's losses and causes least disruption to markets.

Japanese Yen Performance

Last Week Close	119.17 JPY/USD	Monthly High	125.10 JPY/USD
Week Open	119.10 JPY/USD	Monthly Low	114.66 JPY/USD
Week Close	122.06 JPY/USD	30 Days Average	113.82 JPY/USD
Weekly High	122.43 JPY/USD	90 Days Average	112.09 JPY/USD
Weekly Low	119.03 JPY/USD	YTD Change	+6.00%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Unemployment Rate	Feb	29-Mar	2.8%	2.8%
Jobs/Applicants Ratio	Feb	29-Mar	1.20	1.20
Industrial O/P Prelim MM SA	Feb	31-Mar	0.5%	-0.8%
Tankan All Sm Capex Est	Q1	1-Apr	-7.2%	5.1%
JibunBK Mfg PMI Final SA	Mar	1-Apr		53.2

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