

WEEKLY FOREIGN EXCHANGE OUTLOOK
07 Mar 2022 - 11 Mar 2022

Dollar Index Graph


Source: Thomson Reuters

Dollar News

- The greenback jumped against majority of its peers as concerns that Russia would move ahead with Ukraine's invasion together with a selloff in U.S. stocks triggered broad-based risk-aversion.
- Powell's comments in testimony to the US House of Representatives Financial Services Committee has favoured a 25 basis points (bps) interest rate hike.
- U.S. Treasury yield fell, as the markets continued to focus on the developments in war between Russia and Ukraine, the haven flows into U.S. government bond caused the yield to fall.
- U.S. nonfarm Payrolls (NFP) rose by 678K, well above the median forecast of a 400K figure and upwardly revised 484K prior. The Unemployment Rate dropped to 3.8% versus 4.0% previous readings and 3.9% expected.

Dollar Index Performance

Last Week Close	96.62	Monthly High	99.21
Week Open	96.54	Monthly Low	95.14
Week Close	97.84	30 Days Average	96.45
Weekly High	99.21	90 Days Average	95.98
Weekly Low	96.54	YTD Change	+3.08%

Dollar Outlook

- The Russia-Ukraine truce talks will be the key event to watch out for next.
- For now, uncertainty on aggressive tightening monetary policy has eased off and risk-impulse is on, which is favouring risk-sensitive assets.
- Consumer prices in February are the main news. Immediate Federal Reserve policy is set, but with the headline and core rates expected to accelerate, the effect will be felt in the economic and Fed funds projection due at the March 15-16 policy meeting.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Credit	Jan	8-Mar	21.50B	18.90B
International Trade \$	Jan	8-Mar	-82.0B	-80.7B
Wholesale Invt(y), R MM	Jan	8-Mar		0.8%
JOLTS Job Openings	Jan	9-Mar		10.925M
Core CPI YY, NSA	Feb	10-Mar	6.4%	6.0%
CPI MM, SA	Feb	10-Mar	0.7%	0.6%
CPI YY, NSA	Feb	10-Mar	7.8%	7.5%
Initial Jobless Clm		28 Feb, w/ 10-Mar		
Cont Jobless Clm		21 Feb, w/ 10-Mar		
U Mich Sentiment Prelim	Mar	11-Mar		62.8

Lower Bound	96.50	Upper Bound	100.00
Forecast	Appreciation		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Foreign investors expect the baht to strengthen on the back of Thailand's economic and tourism recovery, with some international financial institutions predicting it will rise to 30.50-31/dollar by the end of the year.
- The currency market is back to selling risk assets again due to the Russia-Ukraine conflict after peace negotiations failed.
- The ministry is maintaining its export growth target at 3-4% this year despite a host of risk factors such as rising oil prices from the escalating conflict between Russia and Ukraine.

Thai Baht News

- The baht was likely to fluctuate in a wide range due to pressure from the Russia-Ukraine conflict. However, it would not weaken much because the gold price is increasing as investors sell the precious metal.
- The baht found support from China's new "Zero Covid" prevention measures, which could lead to a travel bubble with Thailand. Moreover, the market was open to more risks as foreign investors continued to buy Thai stocks, which have helped the baht to strengthen.
- Thai exports are maintaining their growth momentum, expanding 8% year-on-year in January thanks to the global economic recovery, an easing of the container shortage and promotions by authorities. Imports for the same period rose by 20.5% year on year, resulting in a trade deficit of \$2.52 billion.

Thai Baht Performance

Last Week Close	32.49 THB/USD	Monthly High	32.89 THB/USD
Week Open	32.72 THB/USD	Monthly Low	32.41 THB/USD
Week Close	32.66 THB/USD	30 Days Average	32.75 THB/USD
Weekly High	32.76 THB/USD	90 Days Average	33.11 THB/USD
Weekly Low	32.40 THB/USD	YTD Change	-1.47%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Feb	9-Mar		44.80
Forex Reserves	28 Feb, w/	11-Mar		244.6B
Currency Swaps	28 Feb, w/	11-Mar		31.8B

Lower Bound	32.40	Upper Bound	33.00
Forecast	Depreciation		

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The Ukraine crisis is likely to extend in whole Europe gradually.
- The sanctions imposed on Russia are likely to worsen the already soaring inflation in Europe. Therefore, the European Central Bank (ECB) will remain in dilemma whether to hike interest rates to combat the rising inflation or to deploy a dovish stance to counter the expected recession.
- ECB monetary policy meeting is the key events to follow for fresh impulse.

Euro News

- The EUR/USD pair fell to its lowest since June 2020 and currently trades at around 1.0884
- EUR was pressured by the ongoing conflicts between Russia and Ukraine, after the talks between two countries ended up with no progress.
- The EU released the preliminary estimate of its February CPI, which jumped to a record 5.8% YoY. Speculative interest forward bets for an ECB rate hike before year-end
- Eurozone inflation surprised again significantly to the upside in February, rising to 5.8% y-o-y from 5.1%, the print adds to the challenges facing the ECB as the inflation was well above ECB's target.

Euro Index Performance

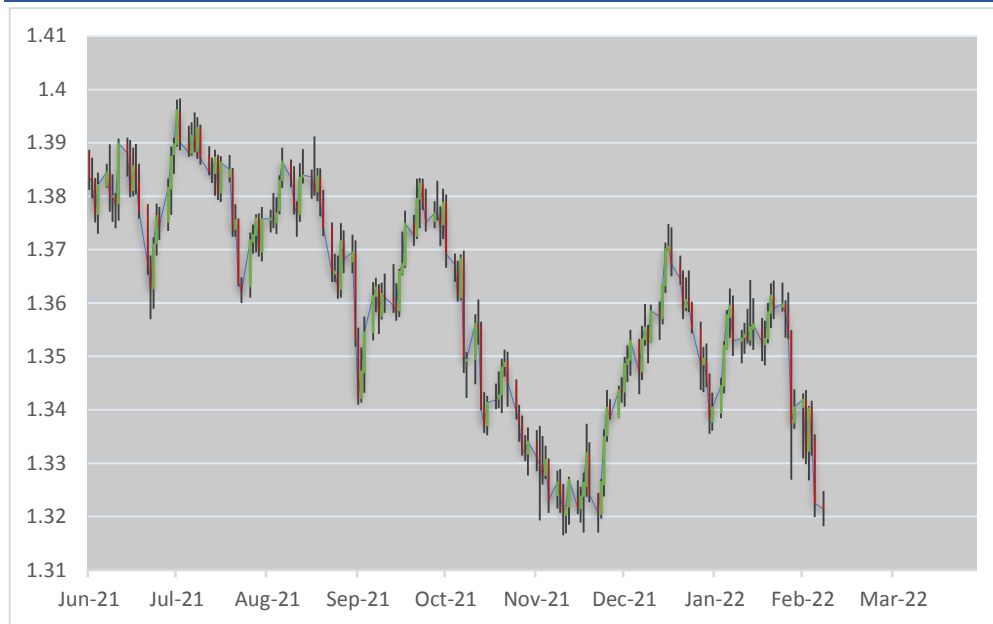
Last Week Close	1.1267 USD/EUR	Monthly High	1.1233 USD/EUR
Week Open	1.1177 USD/EUR	Monthly Low	1.0822 USD/EUR
Week Close	1.0926 USD/EUR	30 Days Average	1.1280 USD/EUR
Weekly High	1.1246 USD/EUR	90 Days Average	1.1323 USD/EUR
Weekly Low	1.0884 USD/EUR	YTD Change	-4.34%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Sentix Index	Mar	7-Mar		16.60
GDP Revised QQ	Q4	8-Mar		0.30%
GDP Revised YY	Q4	8-Mar		4.6%
ECB Refinancing Rate	Mar	10-Mar	0%	0%
ECB Deposit Rate	Mar	10-Mar	-0.5%	-0.5%

Lower Bound	1.0700	Upper Bound	1.1100
Forecast	Depreciation		

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- It should be noted that the recent Russia-Ukraine tussles have already raised concerns that the global economic recovery from the pandemic will be slowed down, which in turn probes central bank hawks. However, the recent comments from the US Federal Reserve (Fed) and Bank of England (BOE) officials haven't yet confirmed the same even if the money markets are paring back the hopes of faster policy tightening.
- The ongoing Russia-Ukraine war has forced the market participants to stick with the risk-aversion theme amid galloping uncertainty in the financial markets.

Pound Sterling News

- The pound sterling fell to below 1.34 as the risk-sentiment remained downbeat on worsen Russia and Ukraine woes, several countries agreed to impose new sanctions on Russia's invasion of Ukraine.
- UK PM Johnson backs Russian exclusion from SWIFT.
- BOE, Fed policymakers flash mixed signals over Russia-Ukraine jitter's impact on next moves.
- UK Manufacturing PMI was upwardly revised to 3 months high 58.0 in February. Despite upbeat UK PMI data, GBP was not underpinned as the risk-sentiment remained downbeat on Russia-Ukraine tensions

Pound Sterling Performance

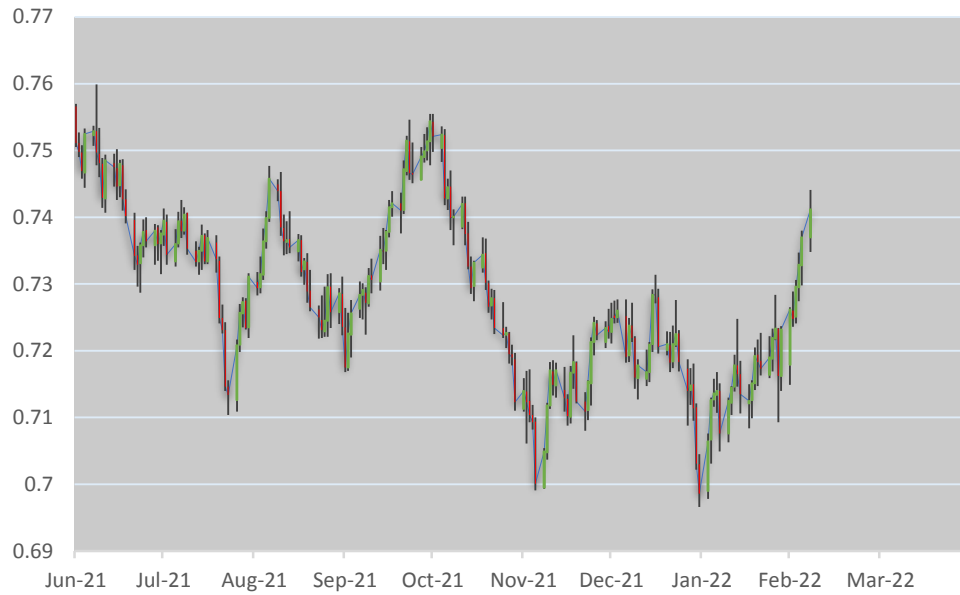
Last Week Close	1.3405 USD/GBP	Monthly High	1.3437 USD/GBP
Week Open	1.3405 USD/GBP	Monthly Low	1.3186 USD/GBP
Week Close	1.3225 USD/GBP	30 Days Average	1.3481 USD/GBP
Weekly High	1.3437 USD/GBP	90 Days Average	1.3448 USD/GBP
Weekly Low	1.3199 USD/GBP	YTD Change	-2.32%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Feb	7-Mar		0.00B
GDP Est 3M/3M	Jan	11-Mar		0.0B
GDP Estimate MM	Jan	11-Mar		-0.2%
GDP Estimate YY	Jan	11-Mar		6%
Manufacturing Output MM	Jan	11-Mar		0.2%

Lower Bound	1.3150	Upper Bound	1.3450
Forecast	Depreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Money markets had been forecasting the RBA would be lifting the current cash rate of 0.1 per cent around the middle of the year due to inflationary pressures but now the situation in Ukraine has changed everybody's plans while the flood disaster in South-East Queensland and northern NSW will also have an impact on the central bank's deliberations.
- The global economy is continuing to recover from the pandemic. However, the war in Ukraine is a major new source of uncertainty. Inflation in parts of the world has increased sharply due to large increases in energy prices and disruptions to supply chains at a time of strong demand.

Australian Dollar News

- The Reserve Bank of Australia (RBA) board members decided to keep the official cash rate (OCR) steady at a record low of 0.10% at the monetary policy meeting.
- RBA Governor Philip Lowe cited the war in Ukraine as a new source of global uncertainty and said the bank would be patient before raising interest rates.
- The Australian economy remains resilient and spending is picking up following the Omicron setback.
- Australian GDP for Q4 2021 was broadly in line with expectations, showing a 3.4% q-o-q bounce back, following the Delta-shock fall of 1.9% q-o-q in Q3. The upbeat Australia GDP data and higher commodity prices supported AUD.

Australian Dollar Performance

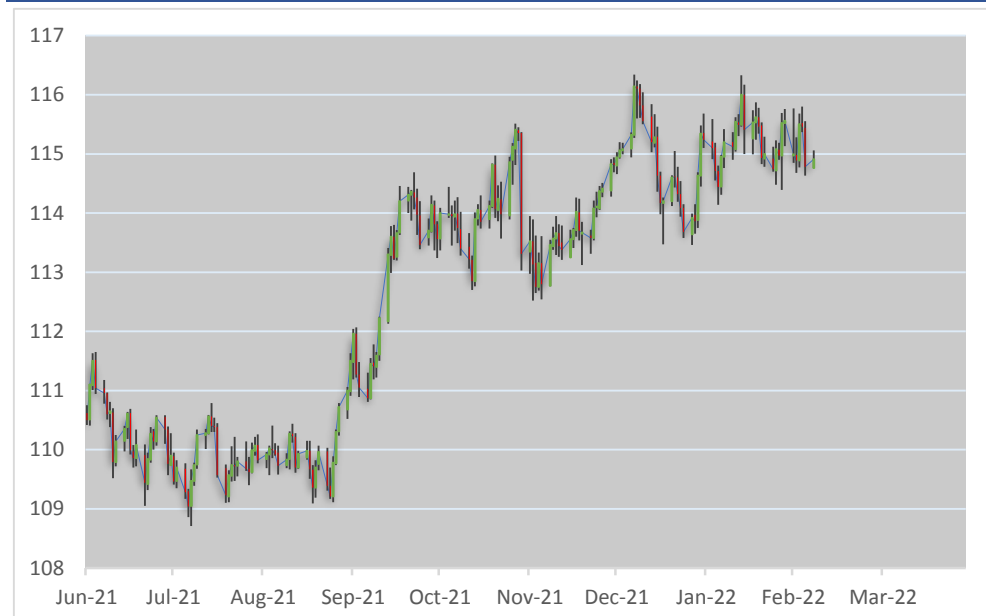
Last Week Close	0.7232 USD/AUD	Monthly High	0.7441 USD/AUD
Week Open	0.7179 USD/AUD	Monthly Low	0.7239 USD/AUD
Week Close	0.7370 USD/AUD	30 Days Average	0.7172 USD/AUD
Weekly High	0.7380 USD/AUD	90 Days Average	0.7278 USD/AUD
Weekly Low	0.7149 USD/AUD	YTD Change	+2.14%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
AIG Services Index	Feb	7-Mar		56.2
Consumer Sentiment	Mar	8-Mar		0.0B
NAB Business Conditions	Feb	8-Mar		3
NAB Business Confidence	Feb	8-Mar		3
Refinitiv IPSOS PCSI	Mar	11-Mar		54.90

Lower Bound	0.7200	Upper Bound	0.7500
Forecast	Appreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- USD/JPY is staying relatively quiet near 115.50 as the safe-haven Japanese yen holds its ground against the greenback.
- Bank of Japan (BOJ) monetary policy board member Junko Nagaya said in a statement on Thursday, "Japan's economic outlook remains highly uncertain from January onward."
- Risk sentiment improved as second round of negotiations between Russia and Ukraine would take place on Thursday and gives markets hopes of ceasefire agreement.
- Japan services PMI fell to 44.2 in February from 47.6 in January, suggested that the service sector activity of Japan contracted at the fastest pace in 21 months due to the hit of Omicron variant.

Japanese Yen Performance

Last Week Close	115.56 JPY/USD	Monthly High	115.80 JPY/USD
Week Open	114.97 JPY/USD	Monthly Low	114.66 JPY/USD
Week Close	114.78 JPY/USD	30 Days Average	113.82 JPY/USD
Weekly High	115.80 JPY/USD	90 Days Average	111.35 JPY/USD
Weekly Low	114.63 JPY/USD	YTD Change	-0.11%

Japanese Yen Outlook

- The risk-perceived assets have found some ground after an ease in risk-on impulse as Powell's testimony has indicated an interest rate hike by a 25 basis point (bps) in March's monetary policy meeting.
- Sanctions on Russia are also pressuring the overall world economy.
- Investors await more development over shelling at Ukraine nuclear power stations for further guidance.
- As long as the Ukraine war continues the USD/JPY should be pinned between the safety aspects of its components.
- Japanese GDP for the fourth quarter is expected to rise slightly on revision to 5.6% annualized.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Jan	8-Mar		-370.80B
GDP Rev QQ Annualised	Q4	9-Mar		5.40%
GDP Revised QQ	Q4	9-Mar		1.3%
GDP Cap Ex Rev QQ	Q4	9-Mar		0.40%
Corp Goods Price MM	Feb	10-Mar		0.6%
Corp Goods Price YY	Feb	10-Mar		8.6%

Lower Bound	114.00	Upper Bound	116.00
Forecast	Neutral		

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