


**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**30 พ.ค. 2022 - 03 มิ.ย. 2022**

 **Dollar Index**

**Dollar Index Graph**



Source: Thomson Reuters

**Dollar News**

- The dollar gained across the board after minutes from the Fed's May meeting showed that most participants believed half-percentage-point rate hike would likely be appropriate in June and July.
- Commerce Department showed US durable goods orders increased 0.4% in April after a downwardly revised 0.6% advance a month earlier. While core durable goods orders climbed 0.3% after a 1.1% gain a month earlier.
- Moreover, the data from the US showed that the annual Core PCE Price Index declined to 4.9% in April as expected, making it difficult for the dollar to gather strength.
- Benchmark U.S. Treasury yields were lower on Friday (27/5), but briefly bounced off session lows after the April inflation figures, which boosted hopes that the worst of soaring price pressures has passed.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>103.15</b>	<b>Monthly High</b>	<b>105.01</b>
<b>Week Open</b>	<b>103.03</b>	<b>Monthly Low</b>	<b>99.82</b>
<b>Week Close</b>	<b>101.43</b>	<b>30 Days Average</b>	<b>102.74</b>
<b>Weekly High</b>	<b>103.93</b>	<b>90 Days Average</b>	<b>99.41</b>
<b>Weekly Low</b>	<b>101.43</b>	<b>YTD Change</b>	<b>+5.76%</b>

**Dollar Outlook**

- Infact, the week begins with a Memorial Day holiday in the US, which could restrict the currency pair's price action. Tuesday is absolutely data-dry except for the US CB Consumer Confidence data.
- The US JOLTS job openings and the ISM Manufacturing PMI will be reported on Wednesday (1/6). Speeches by Fed policymakers will be also closely eyed for fresh hints on the central bank's rate hike track.
- The US will release Non-farm Payroll data this week. Expectations are for 310,000 new jobs to have been created in May. The Unemployment Rate is expected to remain unchanged at 3.6%. Keep in mind that the Fed Chairman Powell said recently that getting inflation down may come at the expense of a 3.6% Unemployment Rate.

<b>Lower Bound</b>	<b>102.13</b>	<b>Upper Bound</b>	<b>104.12</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Consumer Confidence	May	31-May	103.9	107.3
S&P Global Mfg PMI Final	May	1-Jun		57.5
ISM Manufacturing PMI	May	1-Jun	54.5	55.4
Initial Jobless Clm		28 May, w, 2-Jun	210k	210k
Factory Orders MM	Apr	2-Jun	0.7%	2.2%
Non-Farm Payrolls	May	3-Jun	320k	428k
Unemployment Rate	May	3-Jun	3.5%	3.6%
Average Earnings YY	May	3-Jun	5.2%	5.5%
S&P Global Comp Final PMI	May	3-Jun		53.8

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The Thai Baht could rise after the inflation of fed failed to help the dollar find demand.
- Furthermore ,the relaxation of other Covid-19 restrictions and the expectation about the recovery in tourism sector of Thailand might boost the baht.
- On data front, the industrial production will released on Monday (30/5), March's retail sales on Tuesday (31/5) and May's business confidence on Wednesday (1/6).

<b>Lower Bound</b>	<b>34.00</b>	<b>Upper Bound</b>	<b>34.50</b>
<b>Forecast</b>	<b>Neutral</b>		

**Thai Baht News**

- The baht traded sideways amid risk-on mood in the market including improving Covid conditions in China and expectations that the global leaders will be able to tackle the growth fears with coordinated measures. Meanwhile, Chadchart Sittipunt has won the election for Bangkok governor, pending the official announcement from the Election Commission.
- The baht has been supported by plans to reopen the economy further as Thailand is seeing a rush of foreign tourists after the nation scrapped its mandatory COVID testing and quarantine requirements.
- At the end of the week, the baht weakened VS dollar as the FOMC minutes confirmed near-term rate hike expectations. While the Public Health Ministry has issued a clarification about news regarding the lifting of the mask mandate next month, saying the mask requirement may be eased only in some designated areas.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>34.39 THB/USD</b>	<b>Monthly High</b>	<b>34.84 THB/USD</b>
<b>Week Open</b>	<b>34.43 THB/USD</b>	<b>Monthly Low</b>	<b>34.02 THB/USD</b>
<b>Week Close</b>	<b>34.11 THB/USD</b>	<b>30 Days Average</b>	<b>34.29 THB/USD</b>
<b>Weekly High</b>	<b>34.41 THB/USD</b>	<b>90 Days Average</b>	<b>33.49 THB/USD</b>
<b>Weekly Low</b>	<b>34.03 THB/USD</b>	<b>YTD Change</b>	<b>+2.19%</b>

**Thai Baht Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Manufacturing Prod YY	Apr	30-May	1.60%	-0.10%
Exports YY	Apr	31-May		18.90%
Imports YY	Apr	31-May		16.70%
Trade Account	Apr	31-May		5.20B
Current Account	Apr	31-May		1.20B
Manufacturing PMI SA	May	1-Jun		51.9
CPI Headline Inflation	May	6-Jun		4.65%
CPI Core Inflation YY	May	6-Jun		2.00%

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**Euro Graph**


Source: Thomson Reuters

**Euro News**

- The euro was still supported as the ECB GC member Ignazio Visco commented that the ECB can move out of negative rate territory, and a June hike is “certainly” out of the question. Meanwhile, the Eurozone economic docket featured the German Producer Price Index (PPI) for April, which came hotter than expected.
- The euro extended its gains after ECB President Christine Lagarde’s remarks on Monday. President Lagarde said that the ECB will most likely end its experiment with negative interest rates by the end of Q3, while she added that the Frankfurt-based institution will probably end its net purchase of bonds “very early in the Q3”.
- German consumer sentiment index by the GfK institute inched up slightly to -26.0 points heading into June after hitting a revised all-time low of -26.6 points in May.
- On Friday (27/5), the Euro gained above 1.0700 after disappointed US inflation data.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0560</b> USD/EUR	<b>Monthly High</b>	<b>1.0769</b> USD/EUR
<b>Week Open</b>	<b>1.0570</b> USD/EUR	<b>Monthly Low</b>	<b>1.0351</b> USD/EUR
<b>Week Close</b>	<b>1.0727</b> USD/EUR	<b>30 Days Average</b>	<b>1.0622</b> USD/EUR
<b>Weekly High</b>	<b>1.0764</b> USD/EUR	<b>90 Days Average</b>	<b>1.0949</b> USD/EUR
<b>Weekly Low</b>	<b>1.0556</b> USD/EUR	<b>YTD Change</b>	<b>-5.42%</b>

**Euro Outlook**

- During the upcoming week, the focus will be on inflation. Germany and the EU will release the preliminary estimates of their May Consumer Price Index, both seen accelerating on an annual basis. Germany and the EU will also publish April Retail Sales, while the EU will unveil the April Producer Price Index.
- There is a trick to the dollar’s potential recovery. The market has long ago priced in a super tight monetary policy arc from the Fed. Anything that falls short of more hawkish will be seen as dovish. The ECB, on the other hand, has multiple options to be more aggressive, although chances of that happening are a few at the time being. In this scenario, macroeconomic data may become more relevant.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	May	30-May	-21.1	-21.1
CPI Prelim YY	May	30-May	7.6%	7.4%
HICP Prelim YY	May	30-May	8.0%	7.8%
Unemployment Chg SA	May	31-May	-16k	-13k
Unemployment Rate SA	May	31-May	5.0%	5.0%
HICP Flash YY	May	31-May	7.7%	7.4%
HICP-X F&E Flash YY	May	31-May	3.8%	3.9%
S&P Global/BME Mfg PMI	May	1-Jun	54.7	54.7
S&P Global Mfg Final PMI	May	1-Jun	54.4	54.4

<b>Lower Bound</b>	<b>1.0600</b>	<b>Upper Bound</b>	<b>1.0800</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The week ahead is relatively calm, as there are no first-tier economic data releases scheduled on either side of the Atlantic in the first half of the week.
- The final version of the UK Manufacturing PMI for May will be reported on Wednesday (1/6).
- The UK market will be closed on Thursday (2/6), in observance of Spring Bank Holiday.

**Pound Sterling News**

- The pound was set for its biggest weekly gain since December 2020 against the dollar as the latest economic data suggested the market might not need to scale back its expectations for Bank of England rate hikes much further.
- However, the Sterling failed to keep up with its positive start to the week and tumbled on Tuesday (24/5). The sell-off was triggered by a slump in the UK S&P Global Services PMI, which arrived at 51.8 in May vs. 57.3 expected. The decline in the UK services sector activity suggested that recessionary fears are sinking into British households, battling with the cost-of-living crisis.
- Nevertheless, the Sterling rallied as UK Finance Minister Rishi Sunak's household support plan announced Thursday (26/5), which led to an extension of sterling's upside. Sunak pledged to send one-off £650 payments to around 8 million of the country's lowest-income households, amounting to around £5 billion in support.

**Pound Sterling Performance**

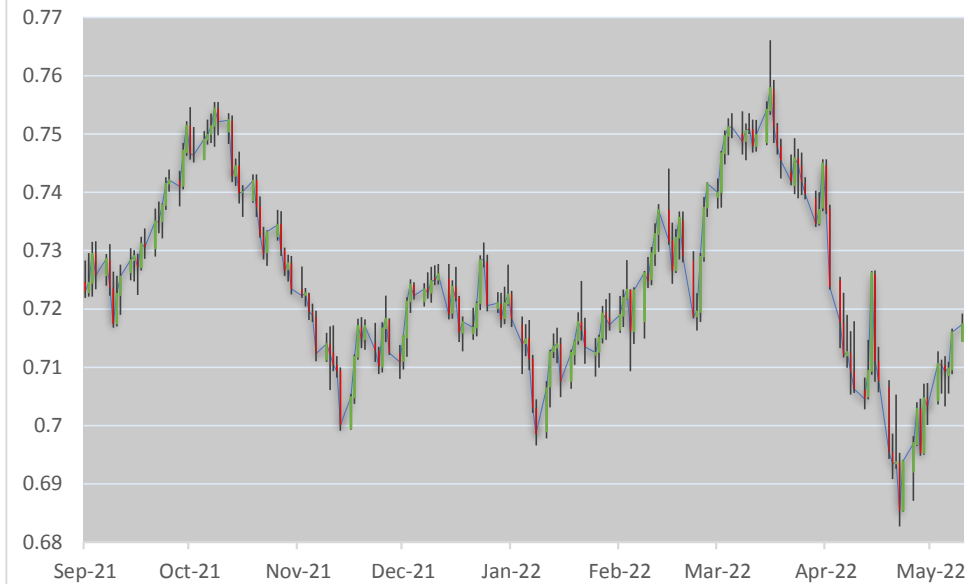
<b>Last Week Close</b>	<b>1.2487</b> USD/GBP	<b>Monthly High</b>	<b>1.2666</b> USD/GBP
<b>Week Open</b>	<b>1.2476</b> USD/GBP	<b>Monthly Low</b>	<b>1.2157</b> USD/GBP
<b>Week Close</b>	<b>1.2616</b> USD/GBP	<b>30 Days Average</b>	<b>1.2542</b> USD/GBP
<b>Weekly High</b>	<b>1.2666</b> USD/GBP	<b>90 Days Average</b>	<b>1.3043</b> USD/GBP
<b>Weekly Low</b>	<b>1.2469</b> USD/GBP	<b>YTD Change</b>	<b>-6.65%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Flash Services PMI	May	24-May		58.9
Flash Manufacturing PMI	May	24-May		55.8
Flash Composite PMI	May	24-May		58.2

<b>Lower Bound</b>	<b>1.2400</b>	<b>Upper Bound</b>	<b>1.2700</b>
<b>Forecast</b>	<b>Depreciation</b>		

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- In the week ahead, the Australian docket will feature the Real GDP for Q1. We expect them to rise by 1.2%, higher than expected. They added that “Growth momentum probably slowed in Q1 as economic activity was interrupted by the Omicron wave and floods in Queensland and NSW.
- However, we think these shocks are temporary as domestic demand should be relatively resilient, as reflected in the strong Q1 retail sales outturn.
- Australian exports are at risk of seeing a deceleration in demand. In particular, the iron ore that satiates Chinese demand. If the Chinese economy continues to be sluggish for a prolonged period, it may undermine the Aussie.

**Australian Dollar News**

- The Aussie is up already more than 1% on Monday (23/5). Nonetheless, Australia's election result should be no game-changer for the AUD.
- Australia’s preliminary readings of the S&P Global Manufacturing PMI for May dropped to 55.3, versus 57.8 expected and 58.8 prior, whereas the Services counterpart improved from 52.2 forecast to 53.0, compared to 56.6 prior (revised). As a result, the Composite PMI also eased to 52.5 from 55.9 prior.
- AUD/USD takes the bids to approach the weekly top surrounding 0.7130 during Friday (27/5). Australia’s preliminary readings of seasonally adjusted Retail Sales for April match the 0.9% market consensus, versus 1.6% prior.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7033</b> USD/AUD	<b>Monthly High</b>	<b>0.72660</b> USD/AUD
<b>Week Open</b>	<b>0.7043</b> USD/AUD	<b>Monthly Low</b>	<b>0.68300</b> USD/AUD
<b>Week Close</b>	<b>0.7160</b> USD/AUD	<b>30 Days Average</b>	<b>0.73741</b> USD/AUD
<b>Weekly High</b>	<b>0.7166</b> USD/AUD	<b>90 Days Average</b>	<b>0.72346</b> USD/AUD
<b>Weekly Low</b>	<b>0.7033</b> USD/AUD	<b>YTD Change</b>	<b>-1.17%</b>

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Building Approvals	Apr	31-May	2.0%	-18.5%
Current Account Balance SA	Q1	31-May	13.4B	12.7B
Net Exports Contribution	Q1	31-May	-1.4%	-0.2%
Building Approvals	May	1-Jun		
Real GDP QQ SA	Q1	1-Jun	0.7%	3.4%
Real GDP YY SA	Q1	1-Jun	3.0%	4.2%
Trade Balance G&S (A\$)	Apr	2-Jun	9,500M	9,314M

<b>Lower Bound</b>	<b>0.7000</b>	<b>Upper Bound</b>	<b>0.7200</b>
<b>Forecast</b>	<b>Depreciation</b>		

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- The yen slightly depreciated to the level near 128.00 JPY/USD after US dollar rebounded on Friday night (20/5). However, recently, the yen has been supported from a declining of US bond yields which played a key role in influencing the USD/JPY price in last few months.
- The yen moved in narrow range as investors remains worried that a more aggressive move by major central banks to constrain inflation could pose challenges to global economic growth.
- On Wednesday (25/5), Bank of Japan (BoJ) Governor Haruhiko Kuroda was reported to have commented in the Diet about the eventual end of the bank's long running bond-buying stimulus program. Any public consideration of such a change in policy would have volcanic potential for the market's perception of the pricing for Japanese yen.

Japanese Yen Performance

<b>Last Week Close</b>	<b>127.85</b> JPY/USD	<b>Monthly High</b>	<b>131.34</b> JPY/USD
<b>Week Open</b>	<b>127.92</b> JPY/USD	<b>Monthly Low</b>	<b>126.37</b> JPY/USD
<b>Week Close</b>	<b>127.11</b> JPY/USD	<b>30 Days Average</b>	<b>114.94</b> JPY/USD
<b>Weekly High</b>	<b>128.08</b> JPY/USD	<b>90 Days Average</b>	<b>114.26</b> JPY/USD
<b>Weekly Low</b>	<b>126.35</b> JPY/USD	<b>YTD Change</b>	<b>+10.62%</b>

Japanese Yen Outlook

- This week's retreat in the USD/JPY was both fundamental and technical. Fundamental, as US economic figures showed some weakness, Treasury yields retreated and inflation gave the first hint of easing while Japanese data showed some strength.
- In Japan, Retail Trade (sales) and Industrial Production (31/5) are the main events, neither should impact trading.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Jobs/Applicants Ratio	Apr	31-May	1.23	1.22
Unemployment Rate	Apr	31-May	2.6%	2.6%
Industrial O/P Prelim MM SA	Apr	31-May	-0.2%	0.3%
JibunBK Mfg PMI Final SA	May	1-Jun		53.2
JibunBK SVC PMI Final SA	May	3-Jun		51.7

<b>Lower Bound</b>	<b>126.00</b>	<b>Upper Bound</b>	<b>128.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

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