

WEEKLY FOREIGN EXCHANGE OUTLOOK

21 Nov 2022 - 25 Nov 2022

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

• This week dollar will be appreciated against major currency but will move in a narrow range. The spotlight in the Thanksgiving week will be taken by the FOMC meeting minutes and several speeches by Fed officials for clues on the size of the next interest rate hike in December. Investors will also keep a close eye on manufacturing and services PMI, durable goods orders, the University of Michigan's consumer sentiment and new home sales for clues about the health of the world's largest economy.

Dollar News

- The dollar index open last week close to three-month lows after facing heavy selling pressure recently due to softening US inflation data. The Producer Price Index (PPI) (15/11) also dropped to 14-month lows, arriving at 8.0% YoY and 0.2% MoM. A softer PPI combined with a decline in the United States Consumer Price Index (CPI) bolstered expectations of smaller Federal Reserve interest rate increases, which triggered a massive sell-off in the US Dollar alongside the US Treasury bond yields.
- Nevertheless, The dollar was rebound on last Friday, supported by strong US retail sales data and hawkish remarks from Federal Reserve officials who pushed back against expectations of a policy shift. Most notably, St. Louis Fed President James Bullard said that the policy rate is not sufficiently restrictive and suggested that it could reach the 5% to 7% range as authorities try to stamp out inflation, higher than what the market is currently pricing.

Dollar Index Performance

Last Week Close	106.29	Monthly High	113.94
Week Open	106.42	Monthly Low	105.34
Week Close	106.34	30 Days Average	110.49
Weekly High	110.99	90 Days Average	109.35
Weekly Low	105.34	YTD Change	+11.82%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Durable Goods	Oct	23-Nov	0.4%	
Initial Jobless Clm	19 Nov, w/	23-Nov	225k	
S&P Global Mfg PMI Flash	Nov	23-Nov	49.9	
S&P Global Svcs PMI Flash	Nov	23-Nov	47.7	
S&P Global Comp Flash PMI	Nov	23-Nov		
U Mich Sentiment Final	Nov	23-Nov	55.0	
New Home Sales-Units	Oct	23-Nov	0.570M	

Lower Bound	105.03	Upper Bound	110.00
Forecast	Appreciation		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week baht will appreciate against dollar as hawkish tone statement from Fed member. And risk sentiment was soured by rising covid case and tightening restrictions in some cities in China
- Thailand released GDP Q3, expanded 1.2% q/q and 4.5% y/y, in line with forecast, driven by services, as the return of tourists in large numbers spilled over into the domestic economy. Growth was also boosted by pent up demand. While we see headwinds for the economy in 2023, reviving tourism growth is likely to mitigate some of the downside. The BoT will continue a slow pace of hiking.

Lower Bound	35.55	Upper Bound	36.40
Forecast	Depreciation		

Thai Baht News

- In the beginning of last week, Thai baht appreciated against dollar as US CPI data was dropped more than expected. Moreover, the Thai baht were also supported after China's yuan rose to a near two-month high against the dollar on Monday amid with a broad lift in Chinese market sentiment on official moves to help the embattled property sector and the government's decision to ease some of the country's strict COVID-19 restrictions.
- However, Thai baht depreciated against dollar as the dollar rebound, supported by strong US retail sales data and hawkish remarks from Federal Reserve officials

Thai Baht Performance

Last Week Close	35.94 THB/USD	Monthly High	38.04 THB/USD
Week Open	34.43 THB/USD	Monthly Low	35.39 THB/USD
Week Close	35.83 THB/USD	30 Days Average	37.34 THB/USD
Weekly High	36.03 THB/USD	90 Days Average	36.82 THB/USD
Weekly Low	35.37 THB/USD	YTD Change	+8.22%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q3	21-Nov	4.5%	
GDP Growth QQ SA	Q3	21-Nov	0.9%	
Custom-Based Export Data	Oct	23-Nov	5.50%	
Custom-Based Import Data	Oct	23-Nov	10.00%	
Customs-Based Trade Data	Oct	23-Nov	-1.40B	
Manufacturing Prod YY	Oct	23-Nov		
Forex Reserves	14 Nov, w/ 25-Nov			

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Euro Graph


Source: Thomson Reuters

Euro News

- Lastweek, The euro traded just above \$1.03, remaining close to its strongest level since July 4th. The Euro was support by hawkish comments from several ECB officials. The expectations of further interest rate hikes from the ECB could be bolstering the euro.
- on Tuesday (15/11) the news that Russian missiles struck in Polish border with Ukraine triggered the latest risk aversion as Poland is a North Atlantic Treaty Organization (NATO) nation. However, geopolitical concerns eased after Poland and NATO said on Wednesday that Tuesday's explosion was probably from a stray missile from Ukraine's air defenses and not an intentional Russian strike.
- The second estimate of the Euro Area Gross Domestic Product (GDP) for the third quarter (Q3) matched the initial forecasts of 2.1% YoY and 0.2% QoQ. And EU inflation was downwardly revised from 10.7% to 10.6% in October, still at record highs.

Euro Index Performance

Last Week Close	1.0352 USD/EUR	Monthly High	1.0480 USD/EUR
Week Open	1.0365 USD/EUR	Monthly Low	0.9731 USD/EUR
Week Close	1.0324 USD/EUR	30 Days Average	1.0002 USD/EUR
Weekly High	1.0480 USD/EUR	90 Days Average	1.0012 USD/EUR
Weekly Low	1.0270 USD/EUR	YTD Change	-9.59%

Euro Outlook

- This week the euro will drop against dollar on hawkish comment from Fed officials. However, the euro still support by expectation that European Central Bank is seen tightening monetary policy further to control high inflation, despite fears of economic slowdown. Investors are now split between pricing a 50 and 75 basis-point hike in December
- The ECB will publishes its monetary policy meeting accounts on Thursday.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Nov	22-Nov	-26.0	
S&P Global Mfg Flash PMI	Nov	23-Nov	46.0	
S&P Global Serv Flash PMI	Nov	23-Nov	48.1	
S&P Global Comp Flash PMI	Nov	23-Nov	47.0	
Ifo Business Climate New	Nov	24-Nov	85.0	
GDP Detailed QQ SA	Q3	25-Nov	0.3%	
GDP Detailed YY NSA	Q3	25-Nov	1.1%	

Lower Bound	1.0162	Upper Bound	1.0480
Forecast	Depreciation		

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Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

• The Pound drop as dollar gain against major currency. The focus will be on November's flash PMI data is expected to show a reduction in UK private sector output for the fourth month running, underlining Chancellor Jeremy Hunt's comments that the economy is already in recession. The downturn is likely to reflect stronger contractions across both the manufacturing and service sectors, with the more significant drag coming from the former

Pound Sterling News

• last week, the British pound bounced back to \$1.19 on Friday, recovering from a 0.5% loss on Thursday and closing in on the highest in 3 months as investors welcomed fresh data and a new budget. Data released on Friday showed retail sales rose 0.6% in October, well above market expectations of a 0.3% gain. Meanwhile, UK Chancellor Jeremy Hunt outlined in the Autumn Budget Statement a £55 billion package of tax rises and spending cuts aiming to fix the country's public finances and restore its economic credibility. However, the Chancellor said the UK is already in recession and the OBR forecasted the British economy to shrink by 1.4% in 2023, compared with a forecast for growth of 1.8% in the previous outlook published in March.

Pound Sterling Performance

Last Week Close	1.1835 USD/GBP	Monthly High	1.2025 USD/GBP
Week Open	1.1803 USD/GBP	Monthly Low	1.1150 USD/GBP
Week Close	1.1884 USD/GBP	30 Days Average	1.1473 USD/GBP
Weekly High	1.2025 USD/GBP	90 Days Average	1.1608 USD/GBP
Weekly Low	1.1707 USD/GBP	YTD Change	-12.57%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Nov	23-Nov	47.5	
Flash Manufacturing PMI	Nov	23-Nov	45.6	
Flash Services PMI	Nov	23-Nov	48.0	
CBI Trends - Orders	Nov	24-Nov		

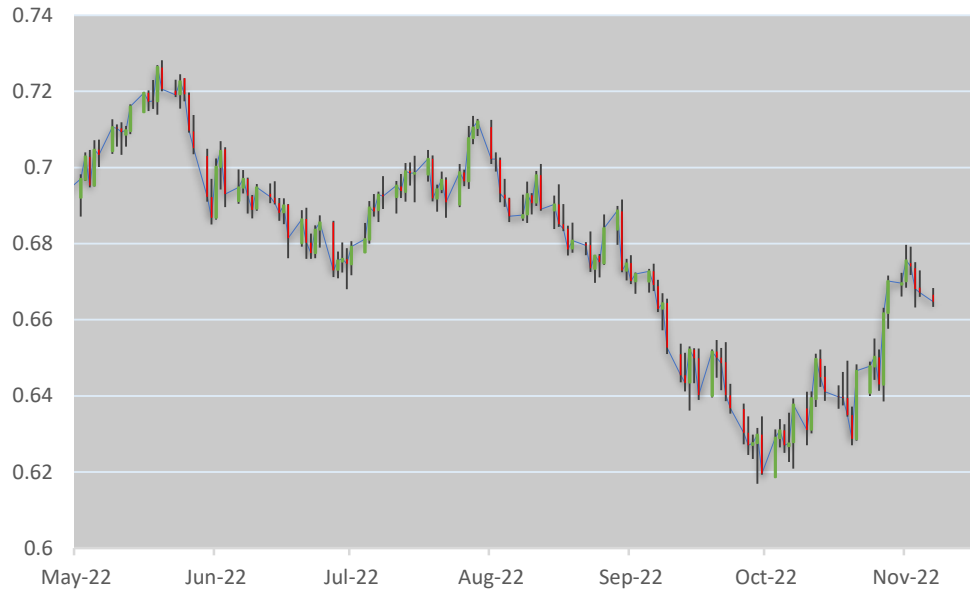
Lower Bound	1.1700	Upper Bound	1.2025
Forecast	Depreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- This week Aussie will depreciated against dollar ad risk appetite deriorates in China covid news
- The focus will be on flash PMI data for November, after the composite reading from last month pointed to the first contraction since January.

Australian Dollar News

•The Australian dollar held below \$0.675, remaining under pressure as better-than-expected US retail sales data and hawkish Federal Reserve commentary countered the narrative of an imminent Fed pivot. The aussie also fell despite a surprise drop in the Australian unemployment rate that supported bets for further monetary tightening. Meanwhile, the latest Reserve Bank of Australia policy meeting minutes showed that officials are open to either pause the tightening cycle or return to larger interest rate hikes depending on incoming data.

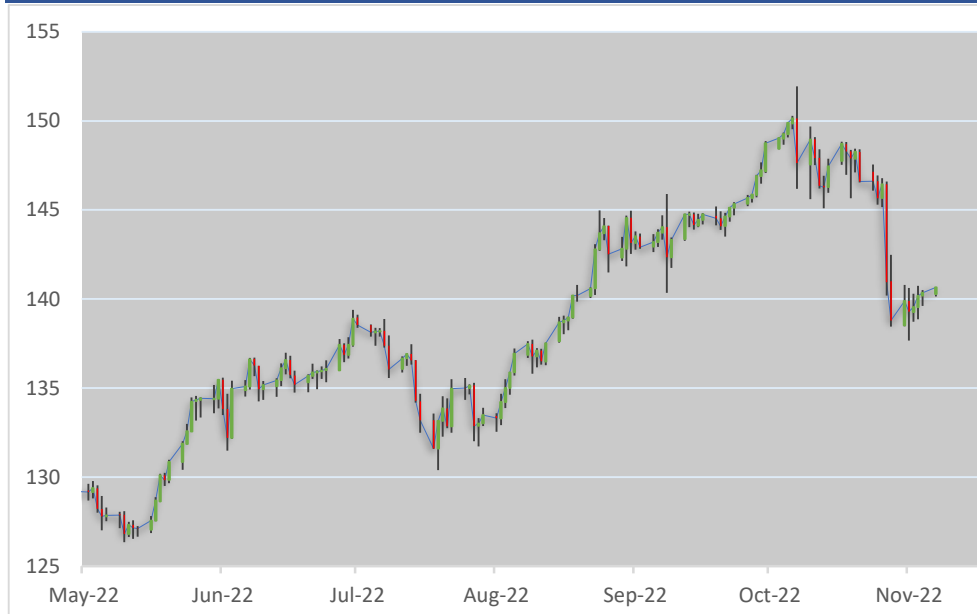
Australian Dollar Performance

Last Week Close	0.6702 USD/AUD	Monthly High	0.67970 USD/AUD
Week Open	0.6692 USD/AUD	Monthly Low	0.62730 USD/AUD
Week Close	0.6671 USD/AUD	30 Days Average	0.67684 USD/AUD
Weekly High	0.6797 USD/AUD	90 Days Average	0.69010 USD/AUD
Weekly Low	0.6632 USD/AUD	YTD Change	-8.43%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Mfg PMI Flash	Nov	23-Nov		
Services PMI Flash	Nov	23-Nov		
Comp PMI Flash	Nov	23-Nov		

Lower Bound	0.6550	Upper Bound	0.6800
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The Bank of Japan, so far, has shown no inclination to hike interest rates and reiterated that it will continue to guide the 10-year bond yield at 0%. This marks a big divergence in the policy stance adopted by the two major central banks and supports prospects for a further appreciating move for the dollar index.

Lower Bound	137.00	Upper Bound	142.50
Forecast	Depreciation		

Japanese Yen News

- The Japanese government is planning to release more stimulus and hike taxes for ultra-rich individuals.
- The Bank of Japan (BOJ) has been citing warning signals of a slowdown due to external economic shocks and the chances of the inflation rate returning below 2%.

Japanese Yen Performance

Last Week Close	138.79 JPY/USD	Monthly High	148.82 JPY/USD
Week Open	138.52 JPY/USD	Monthly Low	137.69 JPY/USD
Week Close	140.35 JPY/USD	30 Days Average	135.95 JPY/USD
Weekly High	140.79 JPY/USD	90 Days Average	131.57 JPY/USD
Weekly Low	137.67 JPY/USD	YTD Change	+22.25%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Mfg PMI Flash SA	Nov	24-Nov		
JibunBK Comp Op Flash SA	Nov	24-Nov		
JibunBK SVC PMI Flash SA	Nov	24-Nov		
Chain Store Sales YY	Oct	24-Nov		
Leading Indicator Revised	Sep	24-Nov		
CPI Tokyo Ex fresh food YY	Nov	25-Nov	3.5%	
CPI, Overall Tokyo	Nov	25-Nov		
Service PPI	Oct	25-Nov		

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