

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**27 Feb 2023 - 03 Mar 2023**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar Outlook**

- The US dollar will be supported by strong US economic data and the view that the Fed will have to raise interest rates further and for longer.
- Investors will get fresh insights into the strength of the economy this week with a raft of data due, including reports on durable goods orders, consumer confidence and home sales. The ISM manufacturing and service sector reports for February will be released on Wednesday and Friday, respectively.
- It's set to be a quiet week for Fed speakers with the main highlight being Governor Chris Waller's speech on the economic outlook on Thursday.

<b>Lower Bound</b>	<b>101.56</b>	<b>Upper Bound</b>	<b>105.55</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar Index News**

- The dollar index inched higher as investors braced for U.S. interest rates to be higher for longer after a set of strong U.S. economic data.
- The minutes from the Fed's February meeting stated that most of the officials supported the quarter-point increase because a slower pace "would better allow them to assess the economy's progress" toward reducing inflation to their 2% target. However, it's clear some policymakers favored a larger 50 bps increase and the meeting occurred before the release of the blockbuster January jobs report which suggested a recession was not remotely close.
- The personal consumption expenditures (PCE) price index rose 0.6% last month after gaining 0.2% in December. The PCE price index accelerated 5.4% in the 12 months through January, after rising 5.3% in December.
- The market is pricing U.S. rates to peak in July at 5.35% and remain above 5% until the end of the year, having walked back expectations of a deep rate cut this year.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>103.86</b>	<b>Monthly High</b>	<b>105.32</b>
<b>Week Open</b>	<b>103.88</b>	<b>Monthly Low</b>	<b>100.82</b>
<b>Week Close</b>	<b>104.42</b>	<b>30 Days Average</b>	<b>102.99</b>
<b>Weekly High</b>	<b>105.32</b>	<b>90 Days Average</b>	<b>105.31</b>
<b>Weekly Low</b>	<b>103.76</b>	<b>YTD Change</b>	<b>#NAME?</b>

**Next Week's Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Durable Goods	Jan	27-Feb	-2.1%	5.6
Consumer Confidence	Feb	28-Feb	109.5	107.1
S&P Global Mfg PMI Final	Feb	1-Mar		47.8
ISM Manufacturing PMI	Feb	1-Mar	47.9	47.4
Initial Jobless Clm		20 Feb, w/ 2-Mar		
S&P Global Comp Final PMI	Feb	3-Mar		50.2
S&P Global Svcs PMI Final	Feb	3-Mar		50.5
ISM N-Mfg PMI	Feb	3-Mar	54.2	55.2

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The baht still got a pressure from Fed's hawkish tone after many higher-than-expectaion of US economic datas but still high inflation.
- On data front, we'll also get the latest update to Thailand January's trade data on Tuesday and Manufacturing PMI data on Wednesday.

<b>Lower Bound</b>	<b>32.64</b>	<b>Upper Bound</b>	<b>35.24</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Thai Baht News**

- The baht depreciated, as the U.S. dollar held firm after the Federal Reserve signalled more rate hikes to bring down inflation.
- Thailand's economy is expected to grow 3.8% this year, helped by a rebound in the vital tourism sector, while inflation should cool to its target range, the finance minister said on Saturday. Domestic spending has increased and the government will accelerate large project investment to help growth, Arkhom Termpittayapaisith told a Radio Thailand programme. The finance ministry has forecast 27.5 million foreign tourist arrivals this year, after Thailand beat its forecast in 2022 with 11.15 million visitors.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>34.46 THB/USD</b>	<b>Monthly High</b>	<b>#NAME?</b>	<b>THB/USD</b>
<b>Week Open</b>	<b>34.45 THB/USD</b>	<b>Monthly Low</b>	<b>#NAME?</b>	<b>THB/USD</b>
<b>Week Close</b>	<b>34.92 THB/USD</b>	<b>30 Days Average</b>	<b>33.55</b>	<b>THB/USD</b>
<b>Weekly High</b>	<b>34.99 THB/USD</b>	<b>90 Days Average</b>	<b>34.79</b>	<b>THB/USD</b>
<b>Weekly Low</b>	<b>34.30 THB/USD</b>	<b>YTD Change</b>	<b>#NAME?</b>	

**Next Week's Thai Baht Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Custom-Based Export Data	Jan	27-Feb	-1.00%	-14.6
Custom-Based Import Data	Jan	27-Feb	-3.35%	-12
Customs-Based Trade Data	Jan	27-Feb	-1.50B	-1.03B
Manufacturing Prod YY	Jan	28-Feb		-8.19
Exports YY	Jan	28-Feb		-12.9
Imports YY	Jan	28-Feb		-10.5
Trade Account	Jan	28-Feb		1.00B
Current Account	Jan	28-Feb		1.10B
Manufacturing PMI SA	Feb	1-Mar		54.5

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**Euro Graph**


Source: Thomson Reuters

**Euro News**

- The Euro was also on pace to post its biggest weekly loss against the dollar since late September after the data from the US showed that PCE inflation rose at a stronger pace than expected in January.
- The flash PMI data for the Eurozone rose to a nine-month high of 52.3, up from 50.3 in January and above estimates of 50.6.
- Eurostat reported that Eurozone consumer price index fell 0.2% on the month, bringing the annual rate down to 8.6% from 9.2%. Core prices fell a stronger 0.8%, but the annual rate ticked up to 5.3% from 5.2%.
- Data released Friday showed that the German economy contracted at the end of the year, shrinking by 0.4% in the fourth quarter of 2022 compared with the previous three months.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0694</b> USD/EUR	<b>Monthly High</b>	<b>#NAME?</b>	USD/EUR
<b>Week Open</b>	<b>1.0686</b> USD/EUR	<b>Monthly Low</b>	<b>#NAME?</b>	USD/EUR
<b>Week Close</b>	<b>1.0546</b> USD/EUR	<b>30 Days Average</b>	<b>1.0775</b>	USD/EUR
<b>Weekly High</b>	<b>1.0704</b> USD/EUR	<b>90 Days Average</b>	<b>1.0531</b>	USD/EUR
<b>Weekly Low</b>	<b>1.0534</b> USD/EUR	<b>YTD Change</b>	<b>#NAME?</b>	

**Euro Outlook**

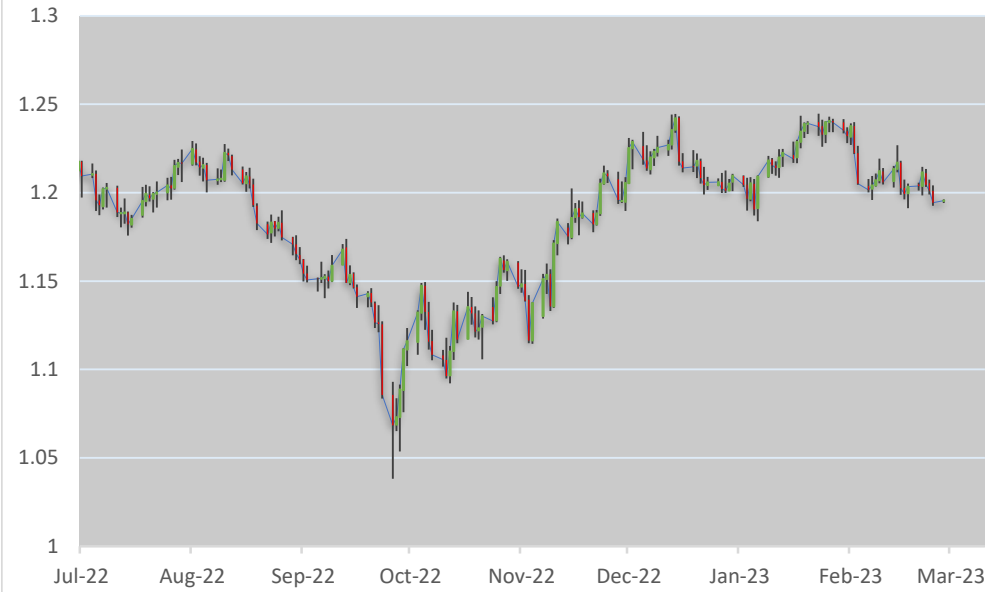
- Risk aversion keeps the single currency under pressure, as US dollar received fresh boost from US inflation data and hawkish stance of the Fed.
- While another 50-basis point rate hike at the European Central Bank's upcoming meeting in mid-March is almost certain, what happens beyond then is still up for debate, so this week's preliminary data on Eurozone inflation will be closely watched.
- On data front, we'll also get the latest update to preliminary February PMI data from Germany, France, Spain and Portugal are due on Tuesday and Wednesday, followed by the flash number for the whole euro area on Thursday.

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Feb	27-Feb		-19.0
S&P Global Mfg Final PMI	Feb	1-Mar		48.5
HICP Flash YY	Feb	2-Mar		
HICP-X F,E,A&T Flash YY	Feb	2-Mar		
HICP-X F, E, A, T Flash MM	Feb	2-Mar		
Unemployment Rate	Jan	2-Mar		6.6%
S&P Global Serv Final PMI	Feb	3-Mar		53.0
S&P Global Comp Final PMI	Feb	3-Mar		52.3

<b>Lower Bound</b>	<b>1.0496</b>	<b>Upper Bound</b>	<b>1.0930</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The Bank of England (BoE) is signaling an end to the rate hike cycle soon. If inflation does turn out to be more persistent than the BoE expects, its rather dovish stance is likely to weigh further on the Pound
- On data front, UK Final PMI Manufacturing reading is due on Wednesday. Meanwhile, the UK Final Services PMI will be reported on Thursday.

**Pound Sterling News**

- The pound is consolidating weekly losses amid a stronger US Dollar. US activity and inflation figures above consensus favoured expectations of higher for longer interest rates.
- Strong UK S&P Global Preliminary Manufacturing and Services PMI data boost the Pound Sterling in the early part of the week. The S&P Global/CIPS UK Preliminary PMI unexpectedly improved to 49.2 in February versus 46.8 expected and January's 47.0 final readouts. Meanwhile, the Preliminary UK Services Business Activity Index for February jumped to 53.3 as against January's 48.7 final print and 48.3 expected.
- The data prompted traders to fully price a quarter-point hike at the UK central bank's next meeting and to up the expected peak rate.
- U.K. consumer confidence rebounded by the most in almost two years in February, with the GfK's consumer confidence indicator jumping seven points to -38, a 10-month high.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2035</b> USD/GBP	<b>Monthly High</b>	<b>#NAME?</b>	USD/GBP
<b>Week Open</b>	<b>1.2046</b> USD/GBP	<b>Monthly Low</b>	<b>#NAME?</b>	USD/GBP
<b>Week Close</b>	<b>1.1944</b> USD/GBP	<b>30 Days Average</b>	<b>1.2183</b>	USD/GBP
<b>Weekly High</b>	<b>1.2147</b> USD/GBP	<b>90 Days Average</b>	<b>1.2026</b>	USD/GBP
<b>Weekly Low</b>	<b>1.1927</b> USD/GBP	<b>YTD Change</b>	<b>#NAME?</b>	

**Next Week's Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Feb	27-Feb		-0.6
Nationwide house price yy	Feb	27-Feb		1.1
S&P GLBL/CIPS Mfg PMI FNL	Feb	1-Mar		49.2
Halifax House Prices MM	Feb	1-Mar		0
Halifax House Prices YY	Feb	1-Mar		1.9
Composite PMI Final	Feb	3-Mar		53

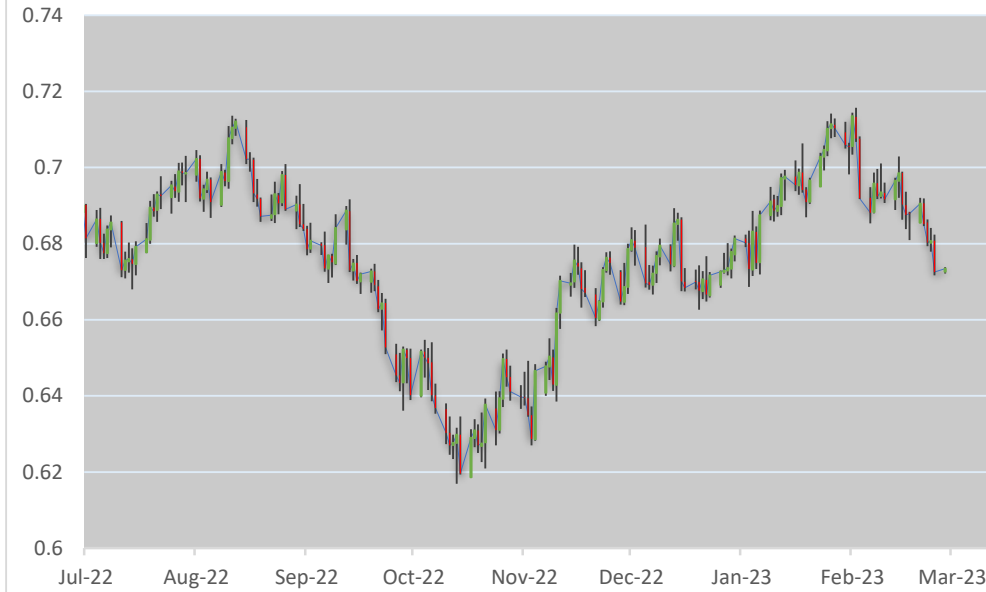
<b>Lower Bound</b>	<b>1.1869</b>	<b>Upper Bound</b>	<b>1.2306</b>
<b>Forecast</b>	<b>Depreciation</b>		

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 **Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar Outlook**

- Firming expectations that the Federal Reserve will keep interest rates higher for longer in the wake of stubbornly high inflation continue to push the US Dollar higher. Apart from this, the prevalent risk-off mood - amid looming recession risks and geopolitical tensions - benefit the safe-haven buck and drive flows away from the risk-sensitive Aussie. While we continue to believe China's reopening should improve sentiment toward the Australian dollar.
- Looking ahead this week. On Tuesday the Australian Bureau of Statistics will release the Retail Sales figures for the month. On Wednesday all eyes will be on the monthly Consumer Price Index (CPI) and we will also see the release of the Gross Domestic Product (GDP).

**Australian Dollar News**

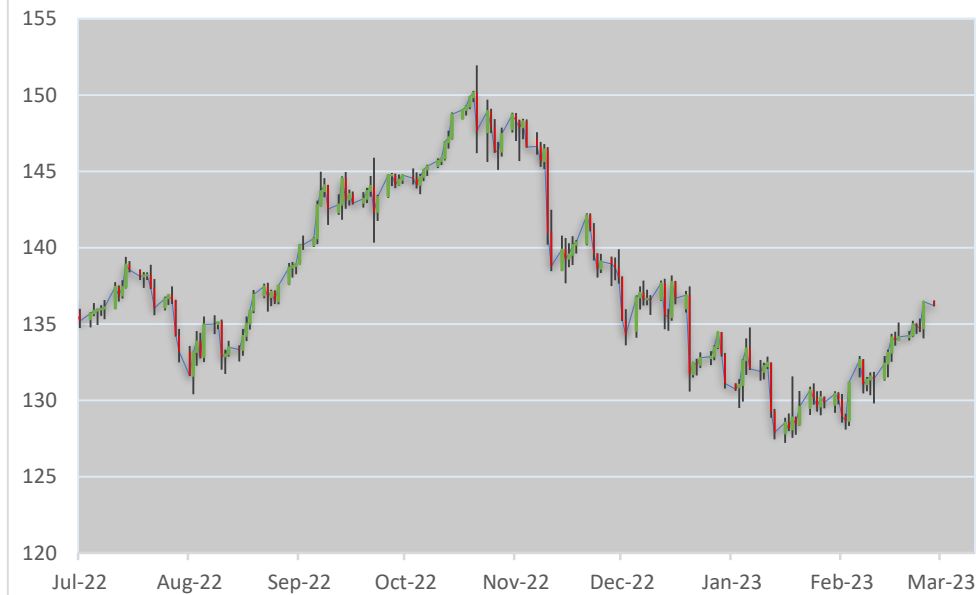
- The Australian Dollar fell to fresh low since January amid sustained USD buying and risk-off mood.
- The Reserve Bank of Australia had considered raising interest rates by 50 basis points during its February meeting, the minutes of the bank's meeting showed on Tuesday, as it struggled to bring down inflation from overheated levels.
- The bank had eventually settled on a 25 basis point (bps) hike, raising rates to 3.35 bps. The minutes showed that members of the Reserve Bank Board saw uncertainty around the near-term economic outlook, and that regular meetings gave the bank enough scope to keep raising rates.
- The board agreed that more interest rate hikes are needed over the coming months to bring down inflation, which is now expected to come within the RBA's 2% to 3% target range only by 2025.

<b>Last Week Close</b>	<b>0.6879</b> USD/AUD	<b>Monthly High</b>	<b>#NAME?</b>	USD/AUD
<b>Week Open</b>	<b>0.6855</b> USD/AUD	<b>Monthly Low</b>	<b>#NAME?</b>	USD/AUD
<b>Week Close</b>	<b>0.6725</b> USD/AUD	<b>30 Days Average</b>	<b>0.67470</b>	USD/AUD
<b>Weekly High</b>	<b>0.6920</b> USD/AUD	<b>90 Days Average</b>	<b>0.66055</b>	USD/AUD
<b>Weekly Low</b>	<b>0.6717</b> USD/AUD	<b>YTD Change</b>	<b>#NAME?</b>	

**Next Week's Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Current Account Balance SA	Q4	28-Feb		-2.30B
Net Exports Contribution	Q4	28-Feb		-0.2
Retail Sales MM Final	Jan	28-Feb		-3.9
Real GDP QQ SA	Q4	1-Mar		0.6
Real GDP YY SA	Q4	1-Mar		5.9
Building Approvals	Jan	2-Mar		18.5
Building Approval Total YY	Jan	2-Mar		0.6

<b>Lower Bound</b>	<b>0.6709</b>	<b>Upper Bound</b>	<b>0.7114</b>
<b>Forecast</b>	<b>Depreciation</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Comments from the country's monetary authorities suggest a new wave of pressure on the yen with the Bank of Japan not changing policy.
- On data front, the Japan's PMI will be released on Wednesday and Unemployment rate due on Friday.

**Japanese Yen News**

- The yen depreciated against the stronger dollar after incoming Bank of Japan governor Kazuo Ueda indicated in a speech to the country's parliament that the central bank will largely maintain its ultra-accommodative policy in the near term, citing a weak economy.
- At his confirmation hearing on Friday, Kazuo Ueda signaled that he was in no rush to abandon the BoJ's yield curve control -- designed to keep Japanese government bond yields capped at a defined target level -- and added that it was appropriate to stick with BoJ's dovish monetary policy measures.
- The BoJ governor nominee said the run-up in inflation is driven by "cost-push" factors -- including rising import prices that would prove temporary -- rather than strong demand.
- These dovish comments came as Japan's consumer inflation hit an over 41-year high, which rose from 4.0% to 4.2% in January, suggesting Ueda may be pressured into action pretty quickly.

<b>Last Week Close</b>	<b>134.15</b> JPY/USD	<b>Monthly High</b>	<b>#NAME?</b>	JPY/USD
<b>Week Open</b>	<b>134.14</b> JPY/USD	<b>Monthly Low</b>	<b>#NAME?</b>	JPY/USD
<b>Week Close</b>	<b>136.46</b> JPY/USD	<b>30 Days Average</b>	<b>146.64</b>	JPY/USD
<b>Weekly High</b>	<b>136.51</b> JPY/USD	<b>90 Days Average</b>	<b>141.22</b>	JPY/USD
<b>Weekly Low</b>	<b>133.91</b> JPY/USD	<b>YTD Change</b>	<b>#NAME?</b>	

**Next Week's Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Leading Indicator Revised	Dec	27-Feb		-0.5
Industrial O/P Prelim MM SA	Jan	28-Feb		0.3
JibunBK Mfg PMI Final SA	Feb	1-Mar		47.4
CPI Tokyo Ex fresh food YY	Feb	3-Mar		4.3
CPI, Overall Tokyo	Feb	3-Mar		4.4
Unemployment Rate	Jan	3-Mar		2.5

<b>Lower Bound</b>	<b>128.43</b>	<b>Upper Bound</b>	<b>137.17</b>
<b>Forecast</b>	<b>Depreciation</b>		

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