

WEEKLY FOREIGN EXCHANGE OUTLOOK
06 Nov 2023 - 10 Nov 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- Analysts are looking for clues about how long the Fed will keep rates higher. Meanwhile, the CME Group FedWatch Tool, the probability of the Fed holding the interest rate steady in December rose to 80% from 69% before the meeting. This could lead to the capital outflows from the dollar in the short term.
- The US dollar could drop against its peer currencies as Cooling US data is helping to confirm that the Fed is done with rate hikes, and investors are now turning forward to start anticipating a future rate cut cycle from the US central bank.

Lower Bound	104.50	Upper Bound	106.50
Forecast	Depreciation		

Dollar News

- The FOMC, as expected, left rates in the 5.25%-5.50% range where they have been since July.
- The dollar fell against most currencies as investors perceived that Federal Reserve Chairman Powell's statements after its policy meeting suggested the Fed may be done raising interest rates.
- The ISM manufacturing PMI dropped to 46.7 last month from 49.0 in September which indicates contraction in manufacturing.
- US private payrolls rose by 113K jobs last month after gaining 89K in September. Polled by Reuters had forecast private payrolls rising 150K
- Non-farm payrolls reported on Friday to add 150K jobs in October which dropped from 297K jobs a month earlier and below the expectation to rise 178K jobs.

Dollar Index Performance

Last Week Close	105.02	Monthly High	107.35
Week Open	106.58	Monthly Low	104.85
Week Close	105.02	30 Days Average	106.26
Weekly High	107.11	90 Days Average	104.13
Weekly Low	104.94	YTD Change	+1.78%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
International Trade \$	Sep	7-Nov	-59.9B	
Consumer Credit	Sep	8-Nov	10.00B	
Wholesale Invt(y), R MM	Sep	8-Nov	0.0%	
10Y Note Auc - TA	8 Nov	9-Nov		
Initial Jobless Clm	4 Nov, w/e	9-Nov	218k	
Cont Jobless Clm	28 Oct, w/i	9-Nov	1.820M	
U Mich Sentiment Prelim	Nov	10-Nov	63.7	
Cont Jobless Clm	23 Oct, w/i	9-Nov	1.820M	

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The concerned over the political issue in Thailand is still on the table which could lead to a depreciation of the baht.
- In the short term, according to the FOMC meeting, the baht might strengthen against the greenback as the Fed was likely to close the door for rate hike.

Lower Bound	35.35	Upper Bound	36.15
Forecast	Appreciation		

Thai Baht News

- The consumer price index (CPI) fell, for the first time in 25 months, 0.31% in October from a year earlier, versus a 0.3% year-on-year rise in the previous month, compared with a forecast 0.0% for October in a Reuters poll.
- Another report shown that Thailand's economy is expected to grow 2.5% to 3.0% this year, unchanged from a previous forecast, helped by government support measures and tourism. Exports are expected to fall between 1% to 2%. However, the Commerce Ministry remains confident that exports will fare better this year than private sector estimates.
- BoT governor Sethaput Suthiwartnarueput told a business seminar the country cannot take economic stability for granted, especially when risks from conflict in the Middle East may have high side effects.

Thai Baht Performance

Last Week Close	36.29 THB/USD	Monthly High	36.33 THB/USD
Week Open	36.15 THB/USD	Monthly Low	35.39 THB/USD
Week Close	35.43 THB/USD	30 Days Average	36.38 THB/USD
Weekly High	36.33 THB/USD	90 Days Average	35.50 THB/USD
Weekly Low	35.36 THB/USD	YTD Change	+2.51%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Oct	6-Nov	0.00%	
CPI Core Inflation YY	Oct	6-Nov	0.59%	
CPI Index	Oct	6-Nov		
Consumer Confidence Idx	Oct	9-Nov		
Forex Reserves	3 Nov, w/e 10-Nov			
Currency Swaps	3 Nov, w/e 10-Nov			

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The Eurostat will release the Producer Price Index for September on Tuesday and Retail Sales data on Wednesday.
- It is likely that the euro could depreciate against the dollar due to the lack of fuel as winter is coming and the conflict in the middle-east could pressure the euro.
- The euro was also hurt by the possibility that the ECB could hold the policy rate. Some investors said that this is the end of the rate hike cycle for the ECB as well.

Lower Bound	1.0650	Upper Bound	1.0850
Forecast	Appreciation		

Euro News

- The euro dropped in the past week which was supported by the weaker US Dollar.
- Data from the Eurozone showed that inflation slowed more than expected in October and that the economy contracted by 0.1% during the third quarter. These numbers will likely keep the ECB on hold.
- ECB Policymaker Francois Villeroy de Galhau confirmed that the cooling inflation across multiple euro zone territories justified their recent halt in rate hikes, reflecting the ECB's decision-making process.
- Annual HICP inflation in the Euro area is forecast to soften to 3.2% from 4.3% in September

Euro Index Performance

Last Week Close	1.0564 USD/EUR	Monthly High	1.0756 USD/EUR
Week Open	1.0564 USD/EUR	Monthly Low	1.0518 USD/EUR
Week Close	1.0729 USD/EUR	30 Days Average	1.0587 USD/EUR
Weekly High	1.0746 USD/EUR	90 Days Average	1.0792 USD/EUR
Weekly Low	1.0515 USD/EUR	YTD Change	+0.05%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Consumer Goods SA	Sep	6-Nov		131.2
HCOB Services PMI	Oct	6-Nov	48.0	
HCOB Composite Final PMI	Oct	6-Nov	45.8	
HCOB Services Final PMI	Oct	6-Nov	47.8	
S&P Global Comp Final PMI	Oct	6-Nov	46.5	
Industrial Output MM	Sep	7-Nov	-0.1%	
Industrial Production YY SA	Sep	7-Nov		
HICP Final YY	Oct	8-Nov	3.0%	

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The UK will release Gross Domestic Product figures for the third quarter on Friday which is expected to soften for the 3rd quarter, forecast to print at -0.1% compared to the previous quarter's 0.2%, as well as Industrial Production and trade data.
- A level above 1.2205 will add to positive momentum in the cable and target additional gains (to 1.23 initially, potentially 1.2450) in the weeks ahead.
- The pound, in the medium term, could rise as BoE Governor Andrew Bailey stated that an additional rate hike could be appropriate, but Bailey disregarded rate cuts.

Lower Bound	1.2250	Upper Bound	1.2450
Forecast	Appreciation		

Pound Sterling News

- The pound sterling gained against the dollar after the BoE decided to hold their interest rate steady at 5.25%, a 15-year high, and stressed that rate cut shouldn't be expected any time soon. Meanwhile, Governor Andrew Bailey didn't shut the door to another rate hike but adopted a relatively cautious regarding further tightening.
- Along with other currencies, the cable was also supported from US NFP data miss which was sending the greenback broadly lower, giving a hand to riskier assets.
- The inflation forecast report from the BoE shows that inflation will come down to 4.6% by the end of 2023. This indicates that the promise of halving inflation to 5.4% made by UK Prime Minister Rishi Sunak in January at a time when inflation was at 10.7% would be fulfilled.

Pound Sterling Performance

Last Week Close	1.2122 USD/GBP	Monthly High	1.2428 USD/GBP
Week Open	1.2113 USD/GBP	Monthly Low	1.2097 USD/GBP
Week Close	1.2376 USD/GBP	30 Days Average	1.2186 USD/GBP
Weekly High	1.2389 USD/GBP	90 Days Average	1.2518 USD/GBP
Weekly Low	1.2088 USD/GBP	YTD Change	+1.94%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
All-Sector PMI	Oct	6-Nov		
Halifax House Prices MM	Oct	7-Nov		
Halifax House Prices YY	Oct	7-Nov		
GDP Est 3M/3M	Sep	10-Nov	-0.1%	
GDP Estimate MM	Sep	10-Nov	0.0%	
GDP Estimate YY	Sep	10-Nov	1.0%	
Manufacturing Output MM	Sep	10-Nov	0.3%	
GDP Prelim QQ	Q3	10-Nov	-0.1%	
GDP Prelim YY	Q3	10-Nov	0.5%	

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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The Reserve Bank of Australia will announce its monetary policy decision on Tuesday. Market expectations lean towards a rate hike. Some analysts expect a 25 basis point rate hike, while others anticipate no change.
- The Chinese economy is still focus as it is a main trade partner with Australia: however, there was no important Chinese's economic data released this week but just only Chinese's trade balance.

Australian Dollar News

- The risk-on market sentiment is sending the Aussie into its sixth green candle out of the last seven consecutive trading days.
- There was data published by the Australian Bureau of Statistics (ABS) showed that Australia's Retail Sales, a measure of the country's consumer spending, rose 0.2% QoQ in the third quarter as compared to a 0.6% drop in the previous quarter.
- The Aussie also supported from Chinese economic data which was Caixin services PMI in China edged higher to 50.4 in October from 50.2 in September.

Australian Dollar Performance

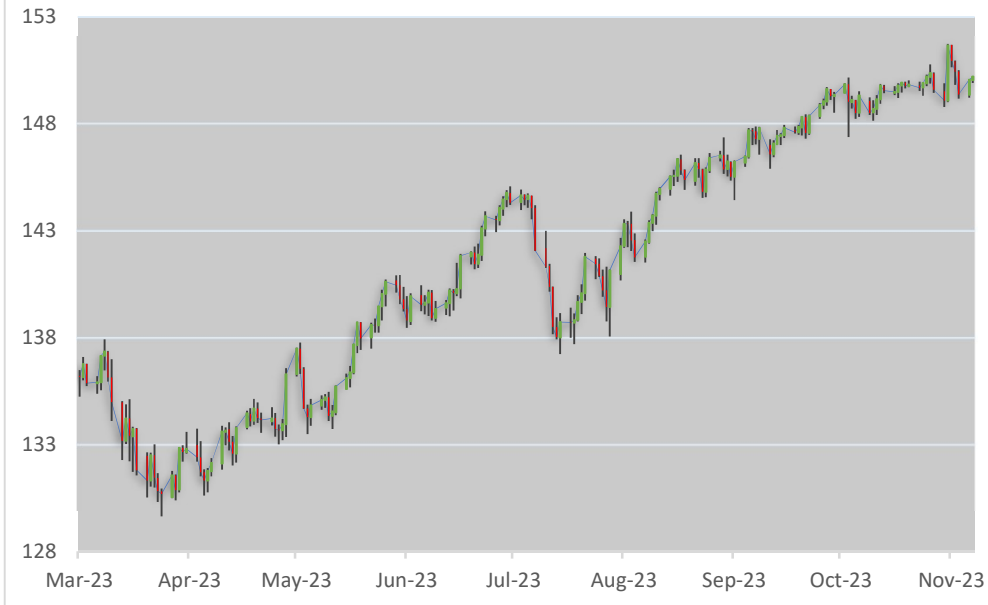
Last Week Close	0.6334 USD/AUD	Monthly High	0.65220 USD/AUD
Week Open	0.6332 USD/AUD	Monthly Low	0.63190 USD/AUD
Week Close	0.6512 USD/AUD	30 Days Average	0.64551 USD/AUD
Weekly High	0.6518 USD/AUD	90 Days Average	0.66103 USD/AUD
Weekly Low	0.6312 USD/AUD	YTD Change	-5.20%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
RBA Cash Rate	Nov	7-Nov	4.35%	
LSEG IPSOS PCSI	Nov	10-Nov		

Lower Bound	0.6300	Upper Bound	0.6550
Forecast	Appreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The yen could depreciate in the middle term as an expanding gap between U.S. and Japanese yields add pressure on the yen.
- The Bank of Japan will release its Summary of Opinions on Thursday, including projections for inflation and economic growth.
- It is likely that the yen could less weaken against the dollar since the concern over the policy divergence between The Fed and the BoJ is lower as the Fed kept its interest rate unchanged in the meeting last week.

Lower Bound	149.00	Upper Bound	151.50
Forecast	Appreciation		

Japanese Yen News

- In the middle of last week, the Japanese yen turned negative below 151.50 JPY/USD following the verbal intervention from Japan's top currency diplomat Masato Kanda which said that they were concerned about one-sided sharp movements in the foreign exchange markets and reiterated that they will not rule out any steps to respond.
- The BoJ made it clear that one of the indicators use for intervention will be volatility and not a specific level.
- The BoJ left the policy settings unchanged after the October meeting as expected, maintaining the interest rate and the 10-year JGB yield target at -0.1% and 0%, respectively.

Japanese Yen Performance

Last Week Close	149.60 JPY/USD	Monthly High	151.44 JPY/USD
Week Open	149.53 JPY/USD	Monthly Low	149.21 JPY/USD
Week Close	149.37 JPY/USD	30 Days Average	141.67 JPY/USD
Weekly High	151.74 JPY/USD	90 Days Average	137.45 JPY/USD
Weekly Low	148.79 JPY/USD	YTD Change	+14.55%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Comp Op Final SA	Oct	6-Nov		
JibunBK SVC PMI Final SA	Oct	6-Nov		
Reuters Tankan N-Man Idx	Nov	8-Nov		
Current Account NSA JPY	Sep	9-Nov	3,000.8B	
Current Account Bal SA	Sep	9-Nov		
Trade Bal Cust Basis SA	Sep	9-Nov		
M2 Money Supply	Oct	10-Nov		
Broad Money	Oct	10-Nov		

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