

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**16 Oct 2023 - 20 Oct 2023**

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


Source: Thomson Reuters

**Dollar Outlook**

- U.S. retail sales figures for September, due on Tuesday, will give investors insight into the strength of consumer spending, which drives around two-thirds of the economy. Economists are expecting retail sales to have risen 0.2% last month. A stronger-than-expected reading could stir fears of a rebound in inflation and add to the view that the Federal Reserve will need to keep rates higher for longer.
- Market watchers will be closely watching comments by Fed Chair Jerome Powell on Thursday when he addresses the Economic Club of New York.
- Several regional Fed presidents are also due to make appearances during the week including Patrick Harker, Thomas Barkin, Neel Kashkari, Loretta Mester and Lorie Logan. Fed Governors Lisa Cook and Christopher Waller are also due to make speeches.

**Dollar News**

- The US Dollar Index closed at one-week high against a basket of currencies, when hot U.S. consumer prices data reinforced expectations that the Federal Reserve may have to keep interest rates higher for longer.
- The consumer price index (CPI) rose 0.4% in September, keeping the annual rate at 3.7%, the same as in August, while economists polled had forecast it would gain 0.3% on the month and 3.6% year-on-year.
- Data on Wednesday had shown U.S. PPI increased more than expected in September, rising from 2.0% to 2.2%. Additionally, the Core PPI climbed to 2.7%, surpassing the anticipated easing to 2.3%.
- The dollar was also helped by safe-haven buying driven by the escalating Middle East conflict as Israel urged civilians to leave the northern Gaza Strip.
- Data on Friday showed U.S. consumer sentiment deteriorated in October, came in at 63.0 this month compared with 68.1 in September. Economists polled had forecast a preliminary reading of 67.2.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>106.04</b>	<b>Monthly High</b>	<b>107.35</b>
<b>Week Open</b>	<b>106.10</b>	<b>Monthly Low</b>	<b>104.11</b>
<b>Week Close</b>	<b>106.65</b>	<b>30 Days Average</b>	<b>105.71</b>
<b>Weekly High</b>	<b>107.24</b>	<b>90 Days Average</b>	<b>103.53</b>
<b>Weekly Low</b>	<b>105.54</b>	<b>YTD Change</b>	<b>+2.90%</b>

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

Events	Period	Date	Forecast	Previous
Retail Sales MM	Sep	17-Oct	0.30%	
Industrial Production MM	Sep	17-Oct	0.0%	
Housing Starts Number	Sep	18-Oct	1.38M	
Initial Jobless Clm	14 Oct, w/	19-Oct	213k	
Philly Fed Business Indx	Oct	19-Oct	-6.40	
Existing Home Sales	Sep	19-Oct	3.89M	

<b>Lower Bound</b>	<b>105.00</b>	<b>Upper Bound</b>	<b>107.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Thai Baht Graph**



**Thai Baht News**

- The baht remains subject to high volatility due to government's credit ability to seek source of funds for digital wallet campaign and concern over China's economic recovery.
- The IMF has lowered Thailand's economic growth rate for this year has been revised down from 3.4% to 2.7%, and from 3.6% to 3.2% for 2024, due to global uncertainties, including China's economic slowdown and conflicts between Israel and Palestine.
- The report also mentions that Thailand's inflation rate remains relatively low compared to other ASEAN countries, partly due to government assistance programs and decreasing food prices in neighboring countries.
- The Bank of Thailand's governor commented that the current interest rate is at a neutral level and further action will depend on economic recovery, and that the rate hike should be paused for now.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>36.96 THB/USD</b>	<b>Monthly High</b>	<b>37.23 THB/USD</b>
<b>Week Open</b>	<b>37.00 THB/USD</b>	<b>Monthly Low</b>	<b>36.10 THB/USD</b>
<b>Week Close</b>	<b>36.21 THB/USD</b>	<b>30 Days Average</b>	<b>36.20 THB/USD</b>
<b>Weekly High</b>	<b>37.13 THB/USD</b>	<b>90 Days Average</b>	<b>35.31 THB/USD</b>
<b>Weekly Low</b>	<b>36.06 THB/USD</b>	<b>YTD Change</b>	<b>+4.68%</b>

**Thai Baht Outlook**

- The 10,000-baht digital wallet policy remain a significant concern with regards to the source of funding, whether it is from the budget or a combination of budget and off-budget sources. This will have implications for public debt and its impact on the Thai economy.
- Investors will focus on Thailand's custom-based trade data due on Friday.

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

Events	Period	Date	Forecast	Previous
Forex Reserves	9 Oct, w/e	20-Oct		
Currency Swaps	9 Oct, w/e	20-Oct		
Custom-Based Export Data	Sep	20-Oct		2.60%
Custom-Based Import Data	Sep	20-Oct		-12.80%
Customs-Based Trade Data	Sep	20-Oct		0.36B

<b>Lower Bound</b>	<b>36.00</b>	<b>Upper Bound</b>	<b>37.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Euro Graph**



Source: Thomson Reuters

**Euro Outlook**

- The EU will report the September final HICP on Wednesday , with the core annual reading foreseen at 4.5%. Other than that, the macroeconomic calendar will offer the German ZEW Survey on Economic Sentiment for October on Tuesday.

<b>Lower Bound</b>	<b>1.0450</b>	<b>Upper Bound</b>	<b>1.0650</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Euro News**

- The euro sees continued selling pressure into the week's end, tapping the 1.0500 major level.
- Concerns about a slowing economy, with worries that it could potentially dip into a recession. As a result, it suggests that further rate hikes by the European Central Bank (ECB) may not be on the table for the time being, and this cautious stance could undermine the EUR/USD pair.
- The European Central Bank's (ECB) President Christine Lagarde reaffirmed the ECB's tight monetary policy stance until inflation achieves the central bank's 2%.
- The ECB's decision in December will be based on fresh projections and will play a crucial role in reevaluating their monetary policy stance. This suggests that any potential further rate hikes may be dependent on the economic outlook at that time.
- Eurozone industrial production rose by 0.6% month-on-month in August for a 5.1% year-on-year decline, more than expected. Economists polled had expected a 0.1% monthly increase and a 3.5% decline from a year earlier.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0586</b> USD/EUR	<b>Monthly High</b>	<b>1.0639</b> USD/EUR
<b>Week Open</b>	<b>1.0561</b> USD/EUR	<b>Monthly Low</b>	<b>1.0449</b> USD/EUR
<b>Week Close</b>	<b>1.0509</b> USD/EUR	<b>30 Days Average</b>	<b>1.0626</b> USD/EUR
<b>Weekly High</b>	<b>1.0639</b> USD/EUR	<b>90 Days Average</b>	<b>1.0844</b> USD/EUR
<b>Weekly Low</b>	<b>1.0494</b> USD/EUR	<b>YTD Change</b>	<b>-1.66%</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Total Trade Balance SA	Aug	16-Oct		2.90B
Reserve Assets Total	Sep	16-Oct		1,118.77B
ZEW Economic Sentiment	Oct	17-Oct		-11.4
ZEW Current Conditions	Oct	17-Oct		-79.4
HICP Final MM	Sep	18-Oct	0.5%	0.5%
HICP Final YY	Sep	18-Oct	4.3%	4.3%
Business Climate Mfg	Oct	19-Oct		99
Business Climate Overall	Oct	19-Oct		100

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**Pound Sterling**
**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The U.K. is to release its latest employment report on Tuesday followed a day later by inflation figures for September and retail sales on Friday, which will be the final such reports ahead of the Bank of England's upcoming November meeting.
- U.K. inflation has come in above expectations and ahead of BoE forecasts for most of the year before slowing more than expected in August.
- Meanwhile, the last jobs report indicated that the U.K. labor market was starting to stabilise, but wage growth remained in concern.

<b>Lower Bound</b>	<b>1.2100</b>	<b>Upper Bound</b>	<b>1.2300</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Pound Sterling News**

- The GBP/USD fell on the stronger dollar.
- The International Monetary Fund (IMF), under the oversight of research director Pierre-Olivier Gourinchas, has revised the UK's economic growth forecast for 2024 downward to 0.6% on Tuesday. The revision positions the UK as the worst-performing economy in the G7, largely due to the strain of high inflation and increased interest rates on households and businesses.
- The IMF also predicts the UK's Consumer Price Index (CPI) inflation to peak at 7.7% this year before sharply declining to 3.7% next year. In contrast, Canada is expected to lead G7 growth with a rate of 1.6%.
- The U.K. economy grew 0.2% in August, according to data released earlier Thursday, partially recovering after a sharp 0.6% drop in July. This growth reduces the possibility of a recession starting as early as the July-September period, with the ONS stating that the economy would need to grow by 0.2% in September to avoid a contraction in the third quarter.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2238</b> USD/GBP	<b>Monthly High</b>	<b>1.2337</b> USD/GBP
<b>Week Open</b>	<b>1.2225</b> USD/GBP	<b>Monthly Low</b>	<b>1.2038</b> USD/GBP
<b>Week Close</b>	<b>1.2141</b> USD/GBP	<b>30 Days Average</b>	<b>1.2302</b> USD/GBP
<b>Weekly High</b>	<b>1.2337</b> USD/GBP	<b>90 Days Average</b>	<b>1.2610</b> USD/GBP
<b>Weekly Low</b>	<b>1.2120</b> USD/GBP	<b>YTD Change</b>	<b>+0.50%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
ILO Unemployment Rate	Aug	17-Oct		4.3%
HMRC Payrolls Change	Sep	17-Oct		0k
Core CPI YY	Sep	18-Oct		6.2%
CPI YY	Sep	18-Oct		6.7%
Retail Sales MM	Sep	20-Oct		0.4%
Retail Sales YY	Sep	20-Oct		-1.4%
House Price Rightmove MM	Oct	16-Oct		0.4%
House Price Rightmove YY	Oct	16-Oct		-0.4%

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 **Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar Outlook**

- The upcoming focal points include the release of Meeting Minutes from the Reserve Bank of Australia (RBA) and employment data this week.
- This downbeat Chinese inflation data has the potential to impact the Australian Dollar, considering Australia's significant role as a major exporter to China. Economic dynamics between these two countries often influence the performance of the Aussie Dollar, and the subdued inflation figures from China may contribute to undermining its strength.

**Australian Dollar News**

- The Australian dollar, which often trades as a proxy for Chinese growth, was last down below 0.6300 USD/AUD, with these risk-sensitive currencies still under pressure.
- Investors also digested producer and consumer prices data out of China on Friday that showed that the economy is still struggling despite the government stimulus.
- On the AUD front, its economic docket was absent though the latest China data portrays the economy continues to struggle despite the latest government stimulus aimed at helping the country to achieve its growth target of 5%. In addition, geopolitical tensions in the Middle East would continue to favor flows toward safe-haven assets.
- The Australian dollar weakened with Reserve Bank assistant governor Chris Kent suggesting possible monetary policy tightening.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6383</b> USD/AUD	<b>Monthly High</b>	<b>0.64450</b> USD/AUD
<b>Week Open</b>	<b>0.6357</b> USD/AUD	<b>Monthly Low</b>	<b>0.62860</b> USD/AUD
<b>Week Close</b>	<b>0.6291</b> USD/AUD	<b>30 Days Average</b>	<b>0.66205</b> USD/AUD
<b>Weekly High</b>	<b>0.6445</b> USD/AUD	<b>90 Days Average</b>	<b>0.66568</b> USD/AUD
<b>Weekly Low</b>	<b>0.6284</b> USD/AUD	<b>YTD Change</b>	<b>-7.16%</b>

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

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Sep	18-Oct		-0.04%
Employment	Sep	19-Oct		64.9k
Full Time Employment	Sep	19-Oct		2.8k
Participation Rate	Sep	19-Oct		67.0%
Unemployment Rate	Sep	19-Oct		3.7%

<b>Lower Bound</b>	<b>0.6150</b>	<b>Upper Bound</b>	<b>0.6450</b>
<b>Forecast</b>	<b>Depreciation</b>		

Please carefully examine the Important Disclosure on the last section of this material.


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Authorities in Japan are facing renewed pressure to combat a sustained depreciation in the yen, as investors bet on higher-for-longer U.S. interest rates while the Bank of Japan remains wedded to its super low interest rate policy.
- On the data front, investors will focus on Industrial production for August on Monday, trade balance for September on Thursday and CPI data for September on Friday.

**Japanese Yen News**

- The yen slid closer to breaching the 150 mark, seen as a level Japanese officials may intervene to halt the currency from weakening further.
- Japan core machinery orders fell for a second straight month in August, suggesting worries about a global economic slowdown and China's wobbly recovery may be hurting companies' appetite to make fresh investments.
- A central bank board member said on Thursday that "There is no pressing need for the Bank of Japan to alter its yield control settings as it has room left for manoeuvre before the 10-year bond yield hits its ceiling", brushing aside market speculation.
- Japanese Finance Minister Shunichi Suzuki said on Friday he told his G20 counterparts that Tokyo may need to take "appropriate action" in the exchange-rate market as global monetary tightening could heighten volatility in currency moves. The remarks came as the yen renewed its declines against the dollar, and underscored Tokyo's resolve to keep markets on edge over the chance of exchange-rate intervention to prop up the Japanese currency.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>149.32 JPY/USD</b>	<b>Monthly High</b>	<b>150.16 JPY/USD</b>
<b>Week Open</b>	<b>149.07 JPY/USD</b>	<b>Monthly Low</b>	<b>147.40 JPY/USD</b>
<b>Week Close</b>	<b>149.55 JPY/USD</b>	<b>30 Days Average</b>	<b>140.79 JPY/USD</b>
<b>Weekly High</b>	<b>149.86 JPY/USD</b>	<b>90 Days Average</b>	<b>136.38 JPY/USD</b>
<b>Weekly Low</b>	<b>148.15 JPY/USD</b>	<b>YTD Change</b>	<b>+13.98%</b>

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

Events	Period	Date	Forecast	Previous
Tertiary Ind Act NSA	Aug	17-Oct		0.6%
Exports YY	Sep	19-Oct		-0.8%
Imports YY	Sep	19-Oct		-17.8%
Trade Balance Total Yen	Sep	19-Oct		-930.5B
CPI, Core Nationwide YY	Sep	20-Oct		3.1%
CPI, Overall Nationwide	Sep	20-Oct		3.2%
Chain Store Sales YY	Sep	20-Oct		3.4%

<b>Lower Bound</b>	<b>148.00</b>	<b>Upper Bound</b>	<b>150.00</b>
<b>Forecast</b>	<b>Neutral</b>		

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