

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**09 Oct 2023 - 13 Oct 2023**

**Dollar Index Graph**


Source: Thomson Reuters

**Dollar Outlook**

- All eyes will be on Thursday US inflation data where markets expect a slowing to 3.5% YoY from 3.7% in August.
- The Fed won't hesitate to respond with higher interest rate to keep inflation in check, however, the recent rise in treasury yield is doing some of the work for the Fed, and if that doesn't reverse and inflation continues to cool, the Fed may leave rates on hold.

<b>Lower Bound</b>	<b>105.00</b>	<b>Upper Bound</b>	<b>108.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

- The US Dollar Index climbed to its highest level since November 2022 at 107.28 after JOLTS job opening jumped to 9.6 million in August vs 8.8 million expected.
- However, DXY gave back earlier gains mid-week after data showed US private payrolls rose by 89K below 153K estimated. In addition, ISM services PMI fell to 53.6 from 54.5
- Initial jobless claims data came in stronger than expected.
- US job growth rose by 336K in September, beating estimate.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>106.22</b>	<b>Monthly High</b>	<b>107.35</b>
<b>Week Open</b>	<b>106.17</b>	<b>Monthly Low</b>	<b>102.94</b>
<b>Week Close</b>	<b>106.04</b>	<b>30 Days Average</b>	<b>105.30</b>
<b>Weekly High</b>	<b>107.35</b>	<b>90 Days Average</b>	<b>103.39</b>
<b>Weekly Low</b>	<b>105.95</b>	<b>YTD Change</b>	<b>+2.63%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
PPI Machine Manuf'ing	Sep	11-Oct		178.9
Core CPI MM, SA	Sep	12-Oct	0.3%	0.3%
Core CPI YY, NSA	Sep	12-Oct	4.1%	4.3%
CPI MM, SA	Sep	12-Oct	0.3%	0.6%
CPI YY, NSA	Sep	12-Oct	3.6%	3.7%
CPI Wage Earner	Sep	12-Oct		301.551
Initial Jobless Clm	7 Oct, w/e	12-Oct	210k	207k
Import Prices YY	Sep	13-Oct		-3.0%
U Mich Sentiment Prelim	Oct	13-Oct	67.4	68.1

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**Thai Baht**
**Thai Baht Graph**

**Thai Baht Outlook**

- The 10,000-baht digital wallet policy remain a significant concern with regard 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.
- Meanwhile, the central bank is watching the currency's movement and is ready to manage the baht if there are irregularities.

**Thai Baht News**

- The baht fell to a 11-month low against the dollar at 37.20 as investor concerns grew over the expected massive bond issuance to fund the government's planned 10,000-baht digital wallet handout scheme.
- The University of the Thai Chamber of Commerce (UTCC) has trimmed its economic growth forecast for this year to 3% down from 3.6%, primarily because of lower than expected exports and delay in state budget preparation.
- Inflation in Thailand fell to 0.30% in September, down from 0.88% in August, due mainly to lower energy prices backed by government subsidies and a decline in food prices.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>36.56 THB/USD</b>	<b>Monthly High</b>	<b>37.23 THB/USD</b>
<b>Week Open</b>	<b>36.54 THB/USD</b>	<b>Monthly Low</b>	<b>36.54 THB/USD</b>
<b>Week Close</b>	<b>36.89 THB/USD</b>	<b>30 Days Average</b>	<b>35.97 THB/USD</b>
<b>Weekly High</b>	<b>37.23 THB/USD</b>	<b>90 Days Average</b>	<b>35.21 THB/USD</b>
<b>Weekly Low</b>	<b>36.52 THB/USD</b>	<b>YTD Change</b>	<b>+7.02%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Forex Reserves	6 Oct, w/e	12-Oct		211.8B
Currency Swaps	6 Oct, w/e	12-Oct		29.8B
Consumer Confidence Idx	Sep	9-Oct		56.9

<b>Lower Bound</b>	<b>36.50</b>	<b>Upper Bound</b>	<b>37.50</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- EUR/USD bearish continuation puts parity on the table before year-end. Inflation will return to the spotlight this week, as Germany will publish the September Harmonized Index of Consumer Prices (HICP).

**Euro News**

- The euro plummeted below 1.05 amid a cautious mood and a broad-based USD strength. Meanwhile, comments from ECB members have had minimal impact on the euro at the moment as market expectations for no rate hike in October and small odds for December are prevailing.
- Eurozone Retail Sales came in at -2.1% YoY in August vs. -1% prior.
- The EUR/USD pair recovers some lost ground above the 1.0500 mid-week, supported by the weaker US Dollar (USD) broadly and the softer labor market data.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0570</b> USD/EUR	<b>Monthly High</b>	<b>1.0599</b> USD/EUR
<b>Week Open</b>	<b>1.0566</b> USD/EUR	<b>Monthly Low</b>	<b>1.0449</b> USD/EUR
<b>Week Close</b>	<b>1.0586</b> USD/EUR	<b>30 Days Average</b>	<b>1.0674</b> USD/EUR
<b>Weekly High</b>	<b>1.0599</b> USD/EUR	<b>90 Days Average</b>	<b>1.0854</b> USD/EUR
<b>Weekly Low</b>	<b>1.0447</b> USD/EUR	<b>YTD Change</b>	<b>-1.34%</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Industrial Output MM	Aug	9-Oct	-0.1%	-0.8%
Industrial Production YY SA	Aug	9-Oct		-2.25%
HICP Final YY	Sep	11-Oct	4.3%	4.3%
CPI (EU Norm) Final MM	Sep	13-Oct	-0.6%	0.6%
CPI (EU Norm) Final YY	Sep	13-Oct	5.6%	5.6%

<b>Lower Bound</b>	<b>1.0400</b>	<b>Upper Bound</b>	<b>1.0600</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Pound Sterling Graph**



Source: Thomson Reuters

**Pound Sterling Outlook**

- The divergent Fed-BoE policy outlook continued to limit upside for the pair. The anticipated depreciation of the British Pound in Q4 2023 will be closely tied to the Bank of England's interest rates. On the data front, the UK GDP would dictate the future direction for the Pound Sterling, along with the Goods Trade Balance and Industrial Production.

<b>Lower Bound</b>	<b>1.2000</b>	<b>Upper Bound</b>	<b>1.2300</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Pound Sterling News**

- The GBP/USD pair made a recovery attempt on Wednesday after a better-than-projected UK Services PMI for September.
- Pound Sterling aims to extend upside toward the round-level resistance of 1.2200 as the US Dollar shifts on the backfoot after the release of the weaker-than-anticipated US ADP Employment Change data.
- Meanwhile, BoE Governor Andrew Bailey warned about potential inflation shocks but remained confident of bringing down inflation to 5% or less by year-end.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2197</b> USD/GBP	<b>Monthly High</b>	<b>1.2261</b> USD/GBP
<b>Week Open</b>	<b>1.2197</b> USD/GBP	<b>Monthly Low</b>	<b>1.2038</b> USD/GBP
<b>Week Close</b>	<b>1.2238</b> USD/GBP	<b>30 Days Average</b>	<b>1.2372</b> USD/GBP
<b>Weekly High</b>	<b>1.2261</b> USD/GBP	<b>90 Days Average</b>	<b>1.2625</b> USD/GBP
<b>Weekly Low</b>	<b>1.2035</b> USD/GBP	<b>YTD Change</b>	<b>+0.94%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
RICS Housing Survey	Sep	12-Oct		-68
GDP Est 3M/3M	Aug	12-Oct	0.3%	0.2%
GDP Estimate MM	Aug	12-Oct	0.2%	-0.5%
GDP Estimate YY	Aug	12-Oct	0.5%	0.0%
Industrial Output MM	Aug	12-Oct	-0.2%	-0.7%
Industrial Output YY	Aug	12-Oct	1.7%	0.4%
Manufacturing Output MM	Aug	12-Oct	-0.4%	-0.8%
Manufacturing Output YY	Aug	12-Oct	3.4%	3.0%
Goods Trade Balance GBP	Aug	12-Oct		-14.064B

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

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**Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar Outlook**

- Australia's central bank could go for a rate hike, with expectations pointing toward a peak of 4.35% by the end of the year. This projection aligns with the persistent elevation of inflation above the target.

**Australian Dollar News**

- AUD/USD prints a fresh 11-month low at 0.6300 as RBA kept interest rates unchanged at 4.1%. However, the Aussie pair gained support mid-week from the correction in the US Dollar (USD) following a decline in US Treasury yields. Meanwhile, the RBA's FSR report affirms that Australian banks are in a robust position to maintain credit supply to the economy, even amid heightened global and domestic risks.
- Trade Balance (MoM) showed improvement in August, reaching 9,640 million, surpassing market expectations of 8,725 million. July's reading stood at 8,039 million.
- Michele Bullock, the newly appointed governor of the RBA, emphasized the need for additional tightening of monetary policy.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6434</b> USD/AUD	<b>Monthly High</b>	<b>0.64450</b> USD/AUD
<b>Week Open</b>	<b>0.6425</b> USD/AUD	<b>Monthly Low</b>	<b>0.62860</b> USD/AUD
<b>Week Close</b>	<b>0.6383</b> USD/AUD	<b>30 Days Average</b>	<b>0.66632</b> USD/AUD
<b>Weekly High</b>	<b>0.6445</b> USD/AUD	<b>90 Days Average</b>	<b>0.66739</b> USD/AUD
<b>Weekly Low</b>	<b>0.6283</b> USD/AUD	<b>YTD Change</b>	<b>-6.52%</b>

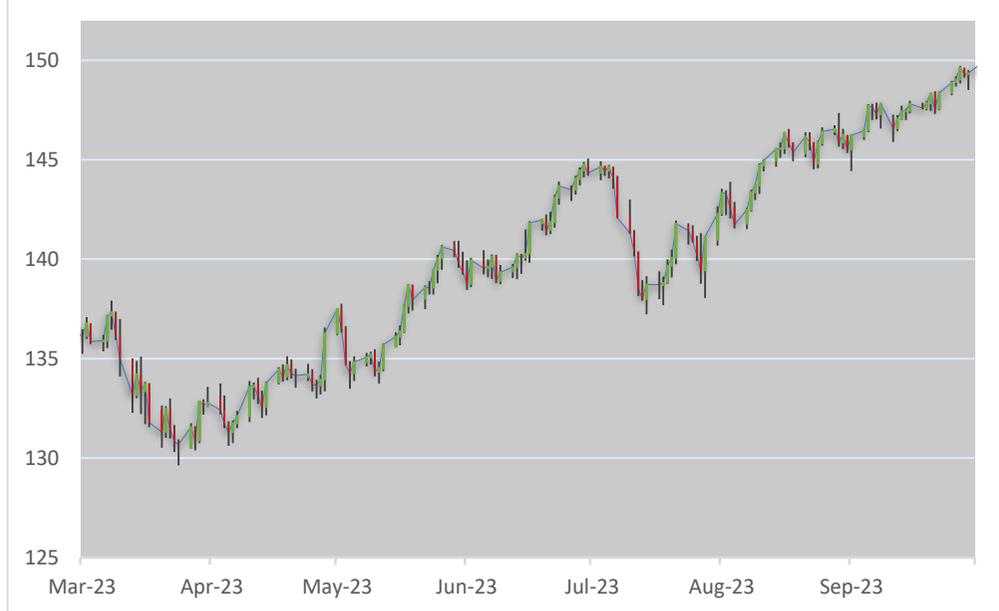
**Next Week's Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Sep	10-Oct	13	
NAB Business Confidence	Sep	10-Oct	2	
Consumer Sentiment	Oct	11-Oct	-1.5%	
Refinitiv IPSOS PCSI	Oct	13-Oct	49.40	

**Lower Bound** 0.6200 **Upper Bound** 0.6500

**Forecast** Neutral

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


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Japanese authorities are facing renewed pressure to combat a sustained depreciation of the yen, as investors confront the prospect of higher-for-longer U.S. interest rates while the Bank of Japan remains wedded to its super-low interest rate policy.

<b>Lower Bound</b>	<b>147.00</b>	<b>Upper Bound</b>	<b>150.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Japanese Yen News**

- The yen remained in focus as it traded near the 150 level, which is viewed as potentially spurring intervention from Japanese authorities.
- Japan's factory activity fell at the fastest pace in seven months in September as worsening global economic conditions continued to weaken demand.
- While Japan's service activity in September expanded for the 13th month but at the slowest pace since the start of the year.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>149.35 JPY/USD</b>	<b>Monthly High</b>	<b>150.16 JPY/USD</b>
<b>Week Open</b>	<b>149.45 JPY/USD</b>	<b>Monthly Low</b>	<b>147.40 JPY/USD</b>
<b>Week Close</b>	<b>149.32 JPY/USD</b>	<b>30 Days Average</b>	<b>139.62 JPY/USD</b>
<b>Weekly High</b>	<b>150.16 JPY/USD</b>	<b>90 Days Average</b>	<b>135.86 JPY/USD</b>
<b>Weekly Low</b>	<b>147.37 JPY/USD</b>	<b>YTD Change</b>	<b>+13.74%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Current Account NSA JPY	Aug	10-Oct	3,090.9B	2,771.7B
Current Account Bal SA	Aug	10-Oct		2,766,900M
Trade Bal Cust Basis SA	Aug	10-Oct		-114,600M
Reuters Tankan N-Man Idx	Oct	11-Oct		23
Corp Goods Price MM	Sep	12-Oct	0.1%	0.3%
Corp Goods Price YY	Sep	12-Oct	2.3%	3.2%
Machinery Orders MM	Aug	12-Oct	0.4%	-1.1%
Machinery Orders YY	Aug	12-Oct	-7.3%	-13.0%
M2 Money Supply	Sep	13-Oct		1,236,260,900M
Broad Money	Sep	13-Oct		2,114.6T

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