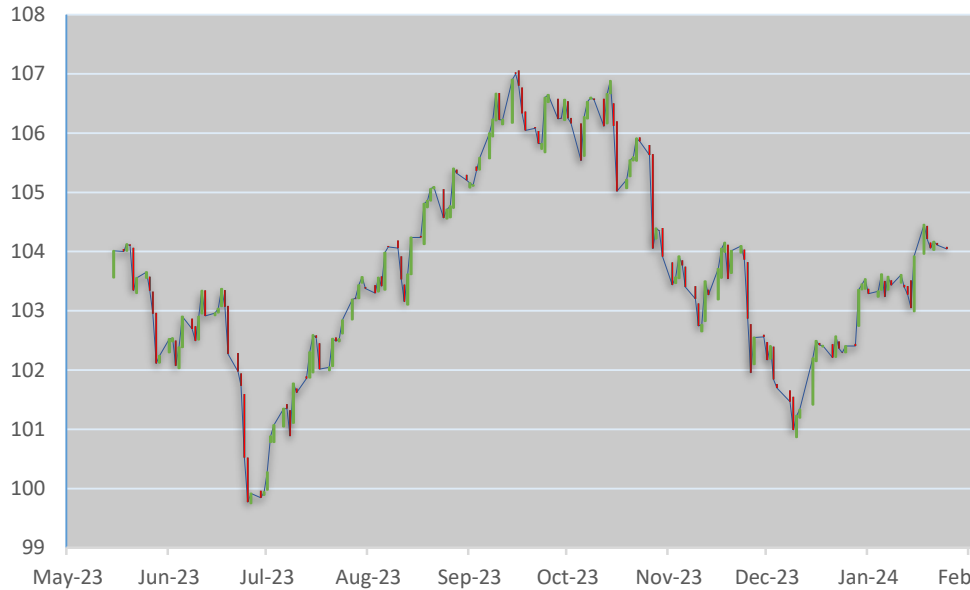


WEEKLY FOREIGN EXCHANGE OUTLOOK

12 Feb 2024 - 16 Feb 2024

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- Not only with strong US economic data, but hawkish Fed commentary throughout the week also convinced markets that chances of aggressive rate cuts by the Fed this year are off the table. As a result, the Dollar index is expected to keep its momentum this week and may rise further.
- However, the US will release the January CPI next Tuesday, foreseen at 0.2% MoM and 3.0% YoY. The country will later unveil the Producer Price Index (PPI) for the same period, as well as Retail Sales. Softer-than-anticipated inflation readings could revive speculation of a March rate cut despite local policymakers clearly positioning against such a movement.

Lower Bound	103.50	Upper Bound	105.00
Forecast	Appreciation		

Dollar News

- Lastweek, it was all about the market’s pricing of the US Federal Reserve (Fed) interest rate cut expectations following the stellar January Nonfarm Payrolls (NFP) report, which kept the US Dollar broadly elevated and hovered above 104.00 level until week closed.
- The dialing back of Fed rate cuts for this year received a fresh thrust after Fed Chair Jerome Powell, in an interview aired early Monday, dismissed a rate cut next month while pushing back against the timing of the rate cuts.
- US ISM Services PMI came in stronger at 53.4 in January, as new orders increased and employment rebounded. US Initial Jobless Claims decreased by 9,000 to 218,000 in the week ended Feb. 3
- Odds for a March Fed rate cut dropped to nearly 20% this week, compared with a 68.1% probability at the start of the year. Meanwhile, the odds for a May Fed rate cut now stand at 65%. Markets now price in 115 basis points (bps) of cuts this year, compared with around 150 bps of reductions anticipated a month ago.

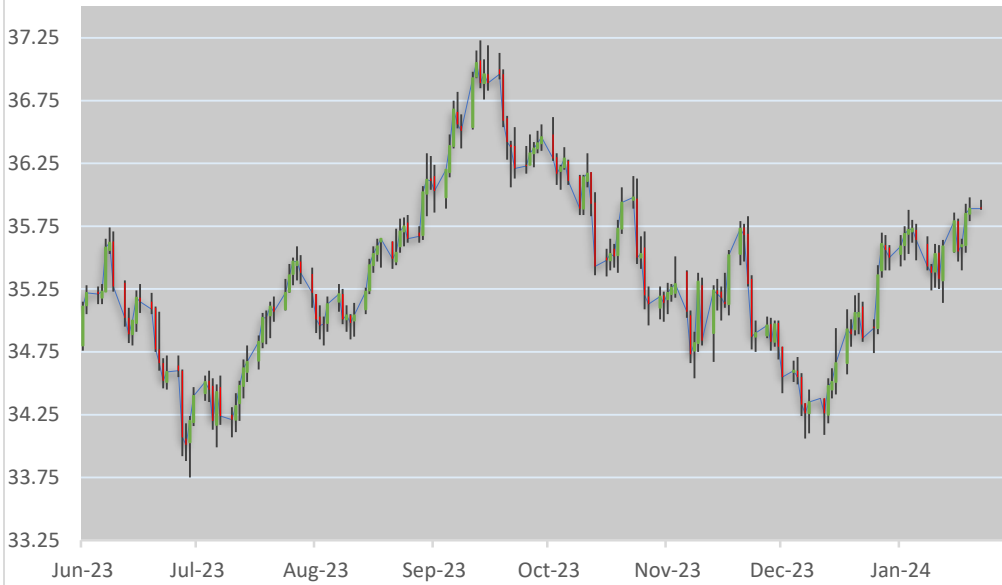
Dollar Index Performance

Last Week Close	103.92	Monthly High	104.60
Week Open	103.96	Monthly Low	101.34
Week Close	104.11	30 Days Average	103.20
Weekly High	104.60	90 Days Average	104.03
Weekly Low	103.94	YTD Change	+2.65%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Jan	13-Feb	0.3%	0.3%
Core CPI YY, NSA	Jan	13-Feb	3.8%	3.9%
CPI MM, SA	Jan	13-Feb	0.2%	0.3%
CPI YY, NSA	Jan	13-Feb	3.0%	3.4%
Initial Jobless Clm	10 Feb, w/e	15-Feb	220k	218k
Philly Fed Business Indx	Feb	15-Feb	-8.0	-10.6
Retail Sales MM	Jan	15-Feb	-0.1%	0.6%
Industrial Production MM	Jan	15-Feb	0.3%	0.1%
Housing Starts Number	Jan	16-Feb	1.470M	1.460M
U Mich Sentiment Prelim	Feb	16-Feb	80.00	79.00

WEEKLY FOREIGN EXCHANGE OUTLOOK
12 Feb 2024 - 16 Feb 2024

Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Statistically, after MPC meeting results were non-unanimous, results of next meetings were usually in line with the minority votes at the prior meeting. Thus, the MPC is expected to cut the interest rate at the April 10 meeting.
- More possibility of rate cut and weak economic outlook were the main factor weighed on the Baht. Fundamentaly and technically, we believe that the baht may depreciated further to the level around 36.10-36.20.

Thai Baht News

- Last week Thai baht depreciated against dollar after Federal Reserve Chair Jerome Powell declared that the Federal Reserve is ready to sustain the current policy rate for an extended period, if needed. Markets expected that Fed will cut the rate on May.
- The MPC kept the interest rate at 2.5% as expected. Notably, two out of seven MPC members voted for a 0.25% cut. Meanwhile, the BoT also lowered its 2024 economic growth forecast to a range between 2.5% and 3%, from 3.2% predicted earlier.
- After the event, BoT assistant governor Piti Disyatat signalled that the Bank of Thailand (BoT) is willing to lower borrowing costs if it is convinced that the weakness in the economy is persistent and not transitory.
- All in all, the baht depreciated and tested the physiological level near 36.00 before closed week at around 35.90.

Thai Baht Performance

Last Week Close	35.33 THB/USD	Monthly High	35.98 THB/USD
Week Open	35.55 THB/USD	Monthly Low	35.19 THB/USD
Week Close	35.89 THB/USD	30 Days Average	35.30 THB/USD
Weekly High	35.98 THB/USD	90 Days Average	35.42 THB/USD
Weekly Low	35.40 THB/USD	YTD Change	+4.45%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Jan	13-Feb		62.0
Forex Reserves	5 Feb, w/e	16-Feb		220.8B
Currency Swaps	5 Feb, w/e	16-Feb		30.6B

Lower Bound	35.50	Upper Bound	36.20
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK
12 Feb 2024 - 16 Feb 2024

Euro Graph


Source: Thomson Reuters

Euro Outlook

- Although, some officials seem to be more willing to trim interest rates, it won't happen in the first half of the year.
- The Eurozone will publish a revision of the Q4 Gross Domestic Product (GDP) mid-week, with no other relevant figures scheduled for the days to come.
- Fundamentally, the Federal Reserve's wait-and-see stance and also upbeat US data will support the dollar in short to medium term. The euro, as a result, remains under selling pressure and could fall further.
- Technically, the risk remains skewed to the downside. The monthly low at 1.0725 is the immediate support level en route to the 1.0640 region. A break below the latter could result in a slide towards the 1.0550/60 price zone.

Lower Bound	1.0650	Upper Bound	1.0850
Forecast	Depreciation		

Euro News

- As investors digested an upbeat US employment data on previous Friday(2/2), the euro fell to the lowest level of the week at 1.0725 USD/EUR early on Monday before gradually rebounded and closed the week above 1.0775 USD/EUR level.
- The situation is even more fragile in Europe. Macro data keeps suggesting the economic downturn is yet to find a bottom. The HCOB released the final updates of the January Services and Composite PMIs, which confirmed the Eurozone economic activity remained in contraction territory at the beginning of 2024. News coming from Germany were mixed, as Factory Orders rose 8.9% in December, beating expectations, although Industrial Production in the same month declined 1.6%.
- Meanwhile, the European Central Bank (ECB) published the Economic Bulletin, which showed the Governing Council would maintain rates at sufficiently restrictive levels for as long as necessary to ensure that inflation returns to its 2% medium-term target in a timely manner, adding the risks to economic growth remain tilted to the downside.

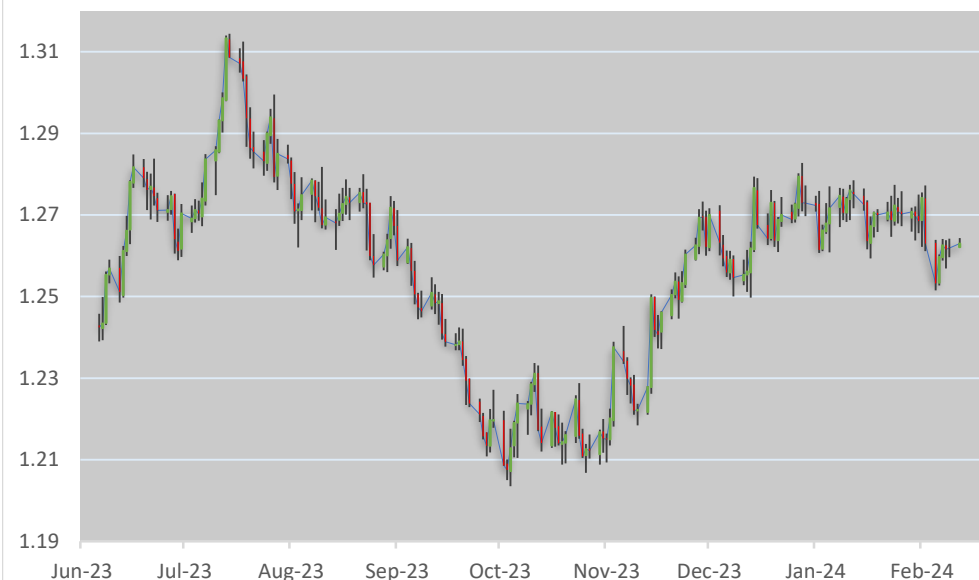
Euro Index Performance

Last Week Close	1.0784 USD/EUR	Monthly High	1.0897 USD/EUR
Week Open	1.0782 USD/EUR	Monthly Low	1.0724 USD/EUR
Week Close	1.0782 USD/EUR	30 Days Average	1.0879 USD/EUR
Weekly High	1.0794 USD/EUR	90 Days Average	1.0816 USD/EUR
Weekly Low	1.0721 USD/EUR	YTD Change	-2.23%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Germany ZEW Economic Sentiment	Feb	13-Feb	17.5	15.2
Germany ZEW Current Conditions	Feb	13-Feb	-79.0	-77.3
GDP Flash Estimate QQ	Q4	14-Feb	0.0%	0.0%
GDP Flash Estimate YY	Q4	14-Feb	0.1%	0.1%
Industrial Production MM	Dec	14-Feb	-0.3%	-0.3%
Industrial Production YY	Dec	14-Feb	-4.1%	-6.8%
Reserve Assets Total	Jan	15-Feb		1,147.67B
Total Trade Balance SA	Dec	15-Feb		14.80B

WEEKLY FOREIGN EXCHANGE OUTLOOK
12 Feb 2024 - 16 Feb 2024

Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- This week opens with BoE Governor Andrew Bailey's speech on Monday followed by the UK's labor market report, with a focus on the wage inflation data on Tuesday. The most important data will be inflation data released on Wednesday and then Q4 GDP and Retail sale on Thursday and Friday respectively.
- The short-term outlook for GBP/USD suggests that the ongoing downside consolidation phase indicates that a fresh leg lower could be in the offing.

Lower Bound	1.2500	Upper Bound	1.2700
Forecast	Depreciation		

Pound Sterling News

- The British pound extended its losing streak against the strengthened US Dollar (USD) into a fourth straight week, keeping GBP/USD undermined near two-month troughs. An upbeat UK PMI across all sectors and uptick of House price index could not help the currency to gain momentum.
- A raft of Bank of England (BoE) policymakers also took up the rostrum during the week but failed to have little to no impact on the Pound Sterling even though they retained their hawkish stance. BoE Chief Economist Huw Pill said on Monday that it's still too early to declare inflation fully suppressed – still more work to be done. Meanwhile, on Friday, policymaker Jonathan Haskel said he is encouraged by signs that the UK's inflation pressures might be on the wane but he would need more evidence of a cool-down before changing his stance.

Pound Sterling Performance

Last Week Close	1.2630 USD/GBP	Monthly High	1.2772 USD/GBP
Week Open	1.2631 USD/GBP	Monthly Low	1.2519 USD/GBP
Week Close	1.2619 USD/GBP	30 Days Average	1.2679 USD/GBP
Weekly High	1.2642 USD/GBP	90 Days Average	1.2522 USD/GBP
Weekly Low	1.2515 USD/GBP	YTD Change	-0.78%

Next Week's Pound Sterling Economic Events

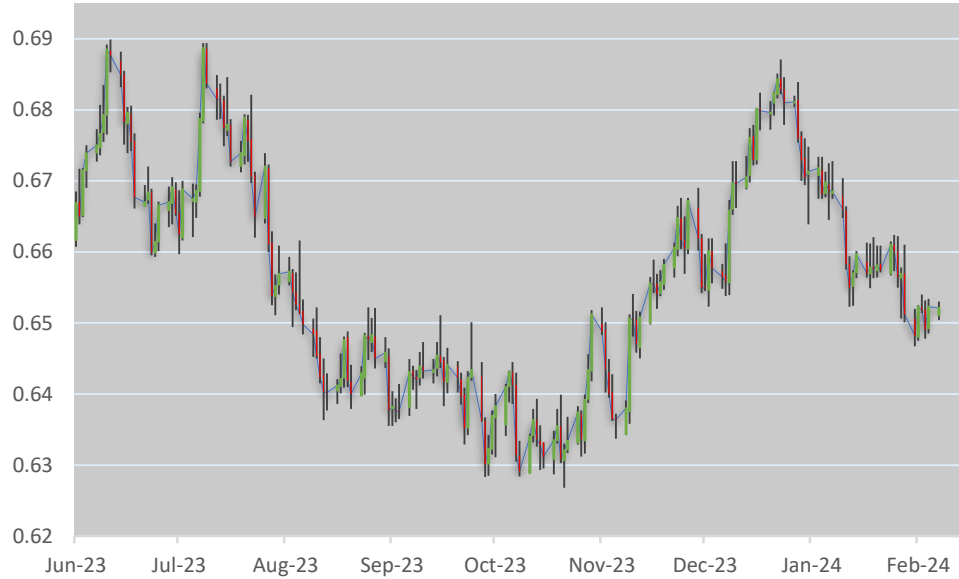
Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Jan	13-Feb		11.7k
ILO Unemployment Rate	Dec	13-Feb	4.0%	4.2%
Core CPI YY	Jan	14-Feb	5.2%	5.1%
CPI YY	Jan	14-Feb	4.2%	4.0%
GDP Est 3M/3M	Dec	15-Feb	-0.1%	-0.2%
GDP Prelim QQ	Q4	15-Feb	-0.1%	-0.1%
GDP Prelim YY	Q4	15-Feb		0.3%
Retail Sales MM	Jan	16-Feb	1.5%	-3.2%
Retail Sales YY	Jan	16-Feb		-2.4%

WEEKLY FOREIGN EXCHANGE OUTLOOK

12 Feb 2024 - 16 Feb 2024

 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- This week, we have downside bias on the Aussie. Not only the recovery in the greenback put the AUD under pressure but it has been also propped up by the generalized bearish trend in the commodity complex, where copper prices and iron ore extended further their retracements. Moreover, another lower-than-expected inflation figures in China in the first month of the year also weigh the AUD.
- Further losses in the AUD/USD should pass its 2024 level of 0.6468 (Feb 5), setting up a potential test of the 2023 low of 0.6270 (Oct 26).
- This week, investor will eye on NAB Business Confidence(13/2) and employment data(15/2).

Australian Dollar News

- At the beginning of last week, the AUD/USD plunged to a three-month low due to hawkish comments from Federal Reserve Chair Jerome Powell.
- The AUD gradually rebounded against the US Dollar (USD) starting on Tuesday after the Reserve Bank of Australia (RBA) maintained its Official Cash Rate (OCR) at 4.35% at February's meeting, as expected.
- Reserve Bank of Australia Governor Michele Bullock reaffirmed the commitment to managing inflation and cited a 2.8% inflation forecast for the year 2025. CBA maintains its forecast of 75 bps rate cuts for 2024, with the initial cut anticipated in September.
- Australian Bureau of Statistics released Retail Sales (QoQ) data on Tuesday, indicating an improvement with a 0.3% rise in the fourth quarter compared to the previous growth of 0.2%. The Australian economy is going through a cost-of-living crisis, there appears to be limited room for RBA policymakers to raise interest rates further.

Australian Dollar Performance

Last Week Close	0.6512 USD/AUD	Monthly High	0.66100 USD/AUD
Week Open	0.6506 USD/AUD	Monthly Low	0.64700 USD/AUD
Week Close	0.6523 USD/AUD	30 Days Average	0.65730 USD/AUD
Weekly High	0.6540 USD/AUD	90 Days Average	0.64568 USD/AUD
Weekly Low	0.6467 USD/AUD	YTD Change	-4.26%

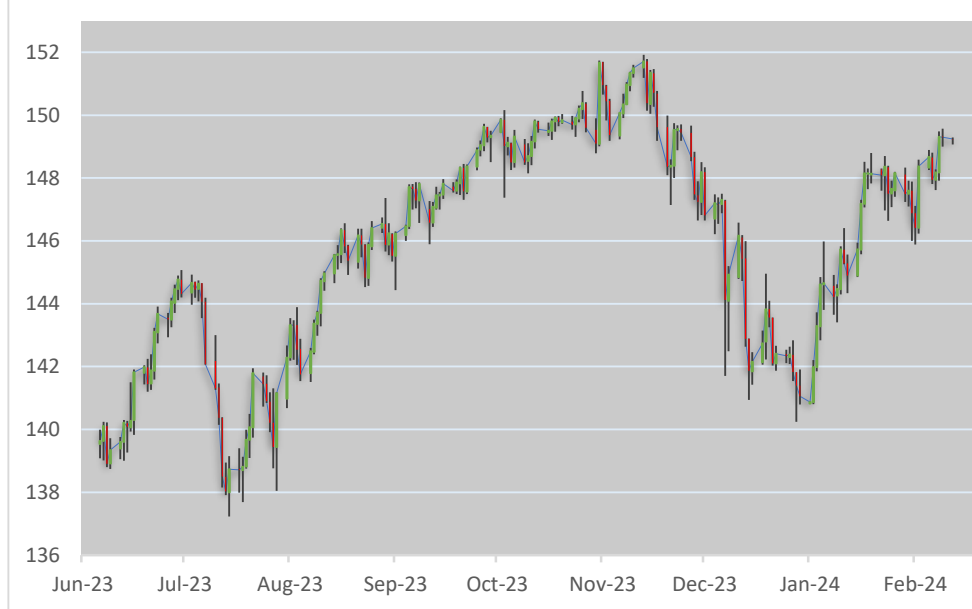
Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Feb	13-Feb		-1.3%
NAB Business Conditions	Jan	13-Feb		7
NAB Business Confidence	Jan	13-Feb		-1
Employment	Jan	15-Feb	30.0k	-65.1k
Full Time Employment	Jan	15-Feb		-106.6k
Participation Rate	Jan	15-Feb	66.9%	66.8%
Unemployment Rate	Jan	15-Feb	4.0%	3.9%

Lower Bound	0.6400	Upper Bound	0.6600
Forecast	Depreciation		

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

WEEKLY FOREIGN EXCHANGE OUTLOOK
12 Feb 2024 - 16 Feb 2024

Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- The Japanese Yen (JPY) remained on the back foot against its American counterpart and hit a fresh YTD low(around 149.50) last week as the Bank of Japan (BoJ) Deputy Governor Uchida Shinichi's dovish remarks on Thursday, saying that the central bank will not hike aggressively upon ending negative rates, continue to undermine the safe-haven JPY.
- The data showed that Japan's real wages fell for a 21st straight month, though at a slower pace, while household spending dropped for a 10th consecutive month, showing inflation outpaced wage recovery and continued to weigh on consumer spending as well as the rate hike possibility.
- Apart from this, a generally positive tone around the equity markets is seen as another factor denting the JPY's relative safe-haven status and acting as a tailwind for the USD/JPY pair.

Japanese Yen Performance

Last Week Close	148.37 JPY/USD	Monthly High	149.57 JPY/USD
Week Open	148.33 JPY/USD	Monthly Low	145.90 JPY/USD
Week Close	149.30 JPY/USD	30 Days Average	149.10 JPY/USD
Weekly High	149.57 JPY/USD	90 Days Average	145.55 JPY/USD
Weekly Low	147.62 JPY/USD	YTD Change	+5.76%

Japanese Yen Outlook

- The crucial US consumer inflation figures will play a key role in influencing the Fed's future policy decision, which, in turn, will drive the sentiment surrounding the Greenback and provide a fresh directional impetus to the currency pair.
- Japan sees GDP growth figures early Thursday, and markets are forecasting a fourth-quarter growth rebound in Japan to 0.3% QoQ, compared to the previous quarter's -0.7% decline.
- Last week's breakout through the 148.80 horizontal barrier was seen as a fresh trigger for bullish traders and might have already set the stage for additional gains.Hence, a subsequent strength towards reclaiming the 150.00 psychological mark, for the first time since November 17, looks like a distinct possibility.

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Corp Goods Price MM	Jan	13-Feb	0.1%	0.3%
Corp Goods Price YY	Jan	13-Feb	0.1%	0.0%
GDP QQ	Q4	15-Feb	0.3%	-0.7%
GDP QQ Annualised	Q4	15-Feb	1.4%	-2.9%
GDP QQ Pvt Consmp Prelim	Q4	15-Feb	0.1%	-0.2%
GDP QQ Capital Expend.	Q4	15-Feb	0.3%	-0.4%
GDP QQ External Demand	Q4	15-Feb	0.3%	-0.1%

Lower Bound	148.00	Upper Bound	150.50
Forecast	Depreciation		

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