

WEEKLY FOREIGN EXCHANGE OUTLOOK

05 Feb 2024 - 09 Feb 2024

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- Friday's strong performance helped the Greenback maintain its multi-week positive streak unchanged. Moreover, Chief Powell almost ruled out a rate cut in March. Everything now points to a later-than-expected rate cut in May or June rather than March. This supported dollar to be appreciated against major currencies.
- It is a relatively quiet week for data, ISM services employment will be in focus.

Dollar News

- The dollar index surged to 104 on last Friday, the highest in seven weeks, as traders scaled back expectations of rate cuts by the Federal Reserve, prompted by a stronger-than-expected US jobs report for January. The US economy added 353K jobs last month, following an upwardly revised 333K rise in December, far exceeding the market expectations of a 180K advance. Additionally, the jobless rate held steady for a second consecutive month at 3.7%, defying the market consensus of 3.8%, and wage growth unexpectedly accelerated.
- On Wednesday, the US Federal Reserve maintained interest rates steady and transitioned from a 'tightening' bias to a neutral stance, while Chair Jerome Powell pushed back against market expectations of rate cuts in March.

Dollar Index Performance

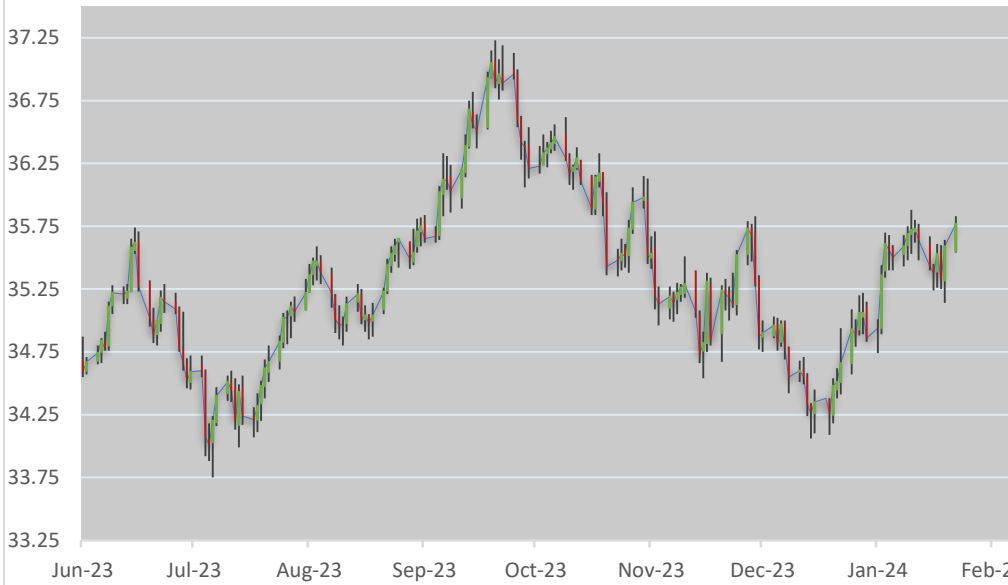
Last Week Close	103.43	Monthly High	104.28
Week Open	103.47	Monthly Low	100.62
Week Close	103.92	30 Days Average	102.72
Weekly High	104.28	90 Days Average	104.17
Weekly Low	102.90	YTD Change	+2.88%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Comp Final PMI	Jan	5-Feb		52.3
S&P Global Svcs PMI Final	Jan	5-Feb		52.9
ISM N-Mfg PMI	Jan	5-Feb	52.0	50.5
International Trade \$	Dec	7-Feb	-62.2B	-63.2B
Initial Jobless Clm	3 Feb, w/e	8-Feb	220k	224k
Cont Jobless Clm	27 Jan, w/e	8-Feb		1.898M

Lower Bound	103.00	Upper Bound	105.00
Forecast	Appreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK
05 Feb 2024 - 09 Feb 2024

Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week, Thai baht is likely to depreciate against dollar as dollar gains against major currencies. There are no high-impact data releases from Thailand.

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
- Moreover, The Bank of Thailand is likely to slash the country's GDP outlook for 2024 after growth in the fourth quarter of last year was weaker than expected. Meanwhile, the political uncertainty may pressure the baht in a long run as the Move Forward Party (MFP) could face dissolution after the Constitutional Court on Wednesday ruled that its push for an amendment to the lese-majeste law, Section 112 of the Criminal Code is an attempt to overthrow the constitutional.

Thai Baht Performance

Last Week Close	35.73 THB/USD	Monthly High	35.83 THB/USD
Week Open	35.61 THB/USD	Monthly Low	35.19 THB/USD
Week Close	35.59 THB/USD	30 Days Average	35.07 THB/USD
Weekly High	35.67 THB/USD	90 Days Average	35.49 THB/USD
Weekly Low	35.14 THB/USD	YTD Change	+4.10%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Jan	5-Feb	-0.82%	-0.83%
CPI Core Inflation YY	Jan	5-Feb	0.57%	0.58%
CPI Index	Jan	5-Feb		106.96
Consumer Confidence Idx	Jan	6-Feb		62.0

Lower Bound	35.50	Upper Bound	36.00
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK

05 Feb 2024 - 09 Feb 2024



Euro Graph



Source: Thomson Reuters

Euro Outlook

• This week Euro will be under pressure as falling inflation boosted hopes for a soon-to-come European Central Bank (ECB) rate cut. Moreover, the dollar rise against major currency as Fed Chair Jerome Powell pushes back on the timing of rate cuts while Middle East geopolitical tensions also underpin the Greenback. EU Sentix and US ISM PMI awaited.

Lower Bound	1.0700	Upper Bound	1.0900
Forecast	Depreciation		

Euro News

- The euro fell back towards \$1.08, hovering around its weakest level in seven weeks, as the greenback surged following a stronger-than-expected jobs report, diminishing hopes that the US Federal Reserve could start cutting interest rates early this year.
- On the other hand, investors have mixed feelings regarding the timing of ECB rate cuts. The latest CPI report showed a slowdown in the bloc's inflation rate to 2.8% in January, slightly down from December's 2.9%, in line with market expectations. However, the core rate cooled less than expected to 3.3%.
- Earlier in the week, ECB policymaker Joachim Nagel, typically perceived as a hawk, mentioned that the central bank had successfully tamed the "greedy beast" of inflation, while his colleagues, de Guindos, Centeno, and Kazimir, suggested that the ECB's next move would involve an interest rate cut.

Euro Index Performance

Last Week Close	1.0852 USD/EUR	Monthly High	1.0897 USD/EUR
Week Open	1.0847 USD/EUR	Monthly Low	1.0751 USD/EUR
Week Close	1.0784 USD/EUR	30 Days Average	1.0927 USD/EUR
Weekly High	1.0897 USD/EUR	90 Days Average	1.0802 USD/EUR
Weekly Low	1.0778 USD/EUR	YTD Change	-2.61%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HCOB Services Final PMI	Jan	5-Feb	48.4	48.4
S&P Global Comp Final PMI	Jan	5-Feb	47.9	47.9
Sentix Index	Feb	5-Feb	-15.0	-15.8
Producer Prices MM	Dec	5-Feb	-0.8%	-0.3%
Producer Prices YY	Dec	5-Feb	-10.5%	-8.8%
HCOB Construction PMI	Jan	6-Feb		43.6
Retail Sales MM	Dec	6-Feb	-1.0%	-0.3%
Retail Sales YY	Dec	6-Feb	-1.1%	-1.1%

WEEKLY FOREIGN EXCHANGE OUTLOOK

05 Feb 2024 - 09 Feb 2024



Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

• This week, the Pound Sterling will take a breather after an action-packed week, full of key central banks' decisions and top-tier US economic data. There are no high-impact data releases from the United Kingdom. Pound is probably trade in narrow range this week.

Pound Sterling News

- The British pound eased back below \$1.27, hovering at its weakest level since January 17th, as investors tempered expectations of interest rate cuts by the Federal Reserve after data showed the US economy added more jobs than expected in January. Investors also assessed a week filled with monetary policy decisions.
- On Thursday, the Bank of England maintained interest rates at a nearly 16-year high but interestingly enough. The Monetary Policy Committee, the bank's decision-making body, appears more divided than before. Six members voted to maintain rates but two held out for another hike; and the well-known dovish member, Swati Dhingra voted in favour of a first rate cut for the Bank of England. Policymakers projected the Consumer Price Index (CPI) rate to temporarily fall to the 2% target in Q2 2024 before increasing again in Q3 and Q4.

Pound Sterling Performance

Last Week Close	1.2702 USD/GBP	Monthly High	1.2772 USD/GBP
Week Open	1.2693 USD/GBP	Monthly Low	1.2582 USD/GBP
Week Close	1.2630 USD/GBP	30 Days Average	1.2702 USD/GBP
Weekly High	1.2772 USD/GBP	90 Days Average	1.2496 USD/GBP
Weekly Low	1.2611 USD/GBP	YTD Change	-1.15%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
S&P GLOBAL SERVICE PMI	Jan	5-Feb	53.8	53.8
S&P GLOBAL PMI: COMPOSITE - OUTPUT	Jan	5-Feb	52.5	52.5
S&P GLOBAL PMI: MSC COMPOSITE - OUTPUT	Jan	6-Feb	51.7	51.7
S&P Global CONSTRUCTION PMI	Jan	6-Feb	47.3	46.8
Halifax House Prices MM	Jan	7-Feb		1.1%
Halifax House Prices YY	Jan	7-Feb		1.70%
RICS Housing Survey	Jan	8-Feb	-26	-30

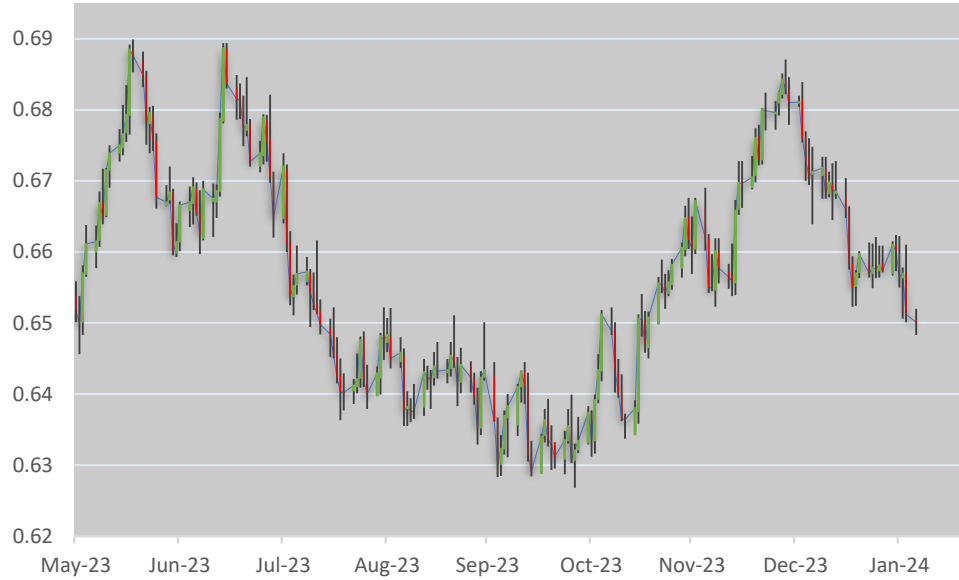
Lower Bound	1.2500	Upper Bound	1.2700
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK

05 Feb 2024 - 09 Feb 2024

 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

• This week, the Aussie’s economic calendar will feature the Reserve Bank of Australia (RBA) monetary policy decision, followed by RBA’s Governor Michele Bullock’s press conference. Expectations are for another hold in rates in line with recent slowdowns in headline inflation on both a quarterly as well as a monthly basis. After that, the Aussie could gauge direction from the release of the AI Group Industry Index, Westpac Consumer Confidence, and NAB Business Confidence data. Moreover, the Aussie will also be under pressure by soft China’s PMI.

Australian Dollar News

- The Australian dollar fell to \$0.65, the lowest in over two months and a half, as stronger than expected labor report dashed investors' hope for Fed rate cuts early in the year boosting sharply the dollar.
- On the other hand, surprisingly soft inflation reading spurred bets for an earlier cut in domestic rates. The country’s consumer price index rose 4.1% year-on-year in the fourth quarter, slower than the 5.4% recorded in the third quarter and coming in below the 4.3% forecast. The monthly CPI indicator also slowed to 3.4% in December from 4.3% in November, missing market expectations of 3.7%.
- The Reserve Bank of Australia is widely expected to hold rates steady at next week’s meeting, while markets see around a two-thirds chance of a rate cut in June and are fully priced in for a move in August.

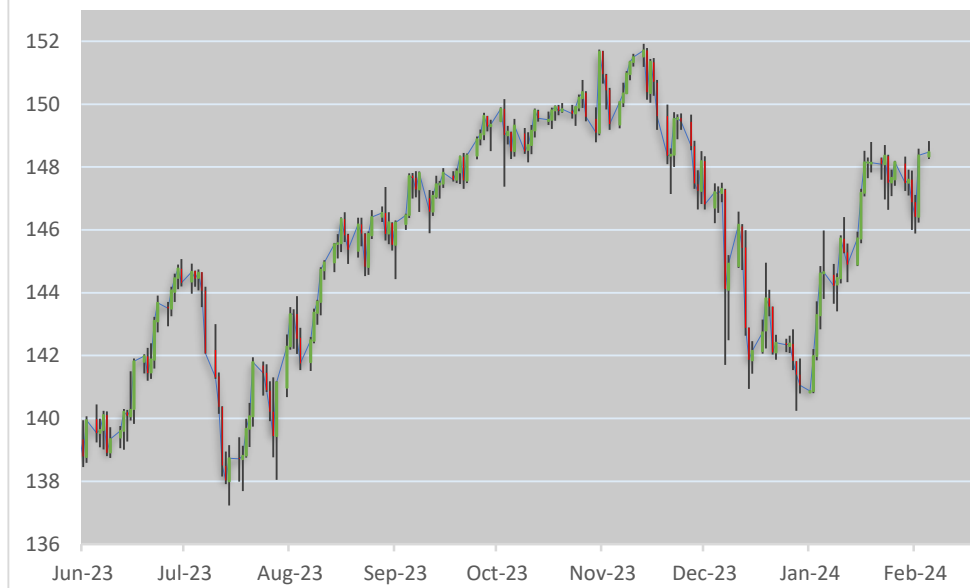
Australian Dollar Performance

Last Week Close	0.6574 USD/AUD	Monthly High	0.66100 USD/AUD
Week Open	0.6570 USD/AUD	Monthly Low	0.64870 USD/AUD
Week Close	0.6512 USD/AUD	30 Days Average	0.65291 USD/AUD
Weekly High	0.6624 USD/AUD	90 Days Average	0.64446 USD/AUD
Weekly Low	0.6501 USD/AUD	YTD Change	-4.61%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Judo Bank Svs PMI Final	Jan	5-Feb		47.9
Judo Bank Comp PMI Final	Jan	5-Feb		48.1
Retail Trade	Q4	6-Feb	0.4%	0.2%
RBA Cash Rate	Feb	6-Feb	4.35%	4.35%
AIG Manufacturing Index	Dec	7-Feb		-25.3
AIG Construction Index	Dec	7-Feb		-22.2

Lower Bound	0.6400	Upper Bound	0.6600
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The Japanese Yen is weighed down by the risk-on mood, though the BoJ's hawkish tilt limits losses.
- Geopolitical tensions and China's economic woes could also act as a tailwind for the safe-haven JPY.
- The post-NFP USD buying remains unabated and continues to lend some support to the USD/JPY pair.

Japanese Yen News

- The Japanese yen fell by almost 1.5% on Friday to a 148.5-per-dollar level, closing in on the lowest level in 2 months. This drop was triggered by a stronger-than-expected US labor report, which dashed investors' hopes for early-year Fed rate cuts, leading to a significant boost in the dollar.
- On the other hand, in Japan, it is widely anticipated that the Bank of Japan will terminate the last remaining negative interest rate in the world this year. However, the timing of such a decision has been constantly delayed due to recent data indicating economic challenges domestically. Manufacturing activity remains subdued while consumer spending has been growing less than expected.

Japanese Yen Performance

Last Week Close	148.16 JPY/USD	Monthly High	148.82 JPY/USD
Week Open	148.11 JPY/USD	Monthly Low	145.90 JPY/USD
Week Close	148.37 JPY/USD	30 Days Average	148.63 JPY/USD
Weekly High	148.58 JPY/USD	90 Days Average	145.12 JPY/USD
Weekly Low	145.88 JPY/USD	YTD Change	+5.28%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Comp Op Final SA	Jan	5-Feb		51.1
JibunBK SVC PMI Final SA	Jan	5-Feb		52.7
All Household Spending YY	Dec	6-Feb	-2.1%	-2.9%
All Household Spending MM	Dec	6-Feb	0.2%	-1.0%
Current Account NSA JPY	Dec	8-Feb	1,018.9B	1,925.6B
Current Account Bal SA	Dec	8-Feb		1,885,400M
Trade Bal Cust Basis SA	Dec	8-Feb		-613,000M

Lower Bound	147.50	Upper Bound	150.50
Forecast	Depreciation		

IMPORTANT DISCLAIMER

This material was prepared by a Treasury Marketing Unit, Bangkok Bank PCL, only. Any opinions expressed herein may differ from these by other departments. This material is prepared for informational purpose only, not to be an offer to the recipients to purchase or sale any financial instrument. The information herein has been obtained from other public sources and the rates informed are subject to change according to the market condition. The use of any information provided shall be on the recipients' discretion. Opinions and Assumptions in this document constitute the current judgment as of the date of the author only, do not reflect the opinions of Bangkok Bank, and are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person make no representations or warranties of any kind, about the completeness, accuracy, reliability or suitability, of the information contained in this presentation and will not be liable for any loss or damage whatsoever arising from the use of any such information. Each recipient should carefully consider the risks associated and make a determination based upon the recipient's own particular circumstances entering into such transaction.