

WEEKLY FOREIGN EXCHANGE OUTLOOK
22 Jan 2024 - 26 Jan 2024

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- The dollar held gains against its peer currencies against the backdrop of further gains in US yields across different maturities. Also, it rebounded on safety buying after U.S. and British warplanes, ships and submarines launched dozens of air strikes across Yemen
- The report showed that US Retail Sales rose by 0.6% in December, compared to the 0.4% gain of market consensus while Core Retail Sales increased by 0.4%.
- Federal Reserve Governor Christopher Waller said that while the U.S. is "within striking distance" of the Fed's 2% inflation goal, the central bank should not rush towards cuts in its benchmark interest rate until it is clear lower inflation will be sustained.
- The dollar held gains against the basket after signs of resilience in the U.S. economy and the confidence in a rate cuts in March has been rattled.

Dollar Index Performance

Last Week Close	102.40	Monthly High	104.10
Week Open	102.44	Monthly Low	100.62
Week Close	103.29	30 Days Average	102.49
Weekly High	103.82	90 Days Average	104.37
Weekly Low	102.31	YTD Change	+2.07%

Dollar Outlook

- There could be capital inflows to the dollar as the market is currently expecting a 45% probability of no rate cut in March, and is up from last week of 30%.
- Focus was now on the FOMC monetary policy meeting next week, which are expected to provide more cues on the bank's plans to cut interest rates this year.

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Durable Goods	Dec	25-Jan	1.1%	
GDP Advance	Q4	25-Jan	2.0%	
Initial Jobless Clm	20 Jan, w/	25-Jan	200k	
New Home Sales-Units	Dec	25-Jan	0.645M	
Core PCE Price Index MM	Dec	26-Jan	0.2%	
Core PCE Price Index YY	Dec	26-Jan	3.0%	
PCE Price Index MM	Dec	26-Jan	0.2%	
PCE Price Index YY	Dec	26-Jan	2.6%	

Lower Bound	102.50	Upper Bound	104.00
Forecast	Appreciation		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The BOT assistant governor Piti Disyatat said at a briefing its rates were already very low compared with global rates and that cutting them would not help an economy being battered by external factors like slowing global demand.
- The Thai baht weakened and trade near 35.70 THB/USD yesterday on concerns over economy slowdown in China and easing expectations for Fed's rate cut.
- The baht was continuing weakened as there were capital outflows from the riskier asset.

Thai Baht Performance

Last Week Close	35.06 THB/USD	Monthly High	35.88 THB/USD
Week Open	34.95 THB/USD	Monthly Low	34.12 THB/USD
Week Close	35.50 THB/USD	30 Days Average	34.89 THB/USD
Weekly High	35.70 THB/USD	90 Days Average	35.57 THB/USD
Weekly Low	34.74 THB/USD	YTD Change	+4.25%

Thai Baht Outlook

- As we expect the strong dollar, the Thai baht could depreciate against the dollar.
- There will be capital outflows from the Thai bond and Thai stock market which could lead to the depreciation of the baht.
- Trade data is on focus which is scheduled to release on 26 January 2024.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	19 Jan, w/	26-Jan		
Currency Swaps	19 Jan, w/	26-Jan		
Custom-Based Export Data	Dec	26-Jan	6.00%	
Custom-Based Import Data	Dec	26-Jan	7.20%	
Customs-Based Trade Data	Dec	26-Jan	-1.37B	

Lower Bound	35.50	Upper Bound	36.00
Forecast	Depreciation		

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Euro

Euro Graph



Source: Thomson Reuters

Euro News

- At some point, The euro held firmed despite stronger dollar after hawkish comments from ECB's policy maker.
- Dutch central bank chief Klaas Knot told CNBC that investors bets for the rate cuts are too excessive and too optimistic and cited prospect of a return of inflation to 2% in 2025.
- The German economy, contracted by 0.3% in the final quarter of last year and shrank by the same amount over the full-year 2023.

Euro Index Performance

Last Week Close	1.0949 USD/EUR	Monthly High	1.1046 USD/EUR
Week Open	1.0953 USD/EUR	Monthly Low	1.0823 USD/EUR
Week Close	1.0897 USD/EUR	30 Days Average	1.0962 USD/EUR
Weekly High	1.0967 USD/EUR	90 Days Average	1.0779 USD/EUR
Weekly Low	1.0843 USD/EUR	YTD Change	-1.59%

Euro Outlook

- The ECB hawks have pushed back against expectations of an early rate cut, which lends some support to the euro.
- Some ECB policymakers have argued that inflation in the Euro area is still too high, and they have pushed back against expectations of an early rate cut.
- The market's eyes are on the ECB monetary policy meeting on 25 January 2024 with the expectations of the policy rate unchanged.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Jan	23-Jan	-14.3	
HCOB Mfg Flash PMI	Jan	24-Jan	43.7	
HCOB Services Flash PMI	Jan	24-Jan	49.5	
HCOB Mfg Flash PMI	Jan	24-Jan	44.8	
HCOB Services Flash PMI	Jan	24-Jan	49.0	
HCOB Composite Flash PMI	Jan	24-Jan	48.0	
Ifo Business Climate New	Jan	25-Jan	86.7	
ECB Refinancing Rate	Jan	25-Jan	4.50%	
ECB Deposit Rate	Jan	25-Jan	4.00%	

Lower Bound	1.0750	Upper Bound	1.0900
Forecast	Depreciation		

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Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling News

- The cable pair is down against the dollar after momentum from higher-than-expected inflation reading in December waned. UK CPI inflation printed better than markets expected, showing MoM CPI in December climbed 0.4%, double the median market forecast of 0.2%.
- The reading buttressing the expectation that the BOE will take it time before start cutting interest rate.
- The UK's Office for National Statistics (ONS) reported early Friday that the Gross Domestic Product (GDP) grew by 0.3% on a monthly basis in November. This reading followed the 0.3% contraction recorded in October and helped Pound Sterling stay resilient against the USD.

Pound Sterling Performance

Last Week Close	1.2751 USD/GBP	Monthly High	1.2785 USD/GBP
Week Open	1.2747 USD/GBP	Monthly Low	1.2597 USD/GBP
Week Close	1.2700 USD/GBP	30 Days Average	1.2703 USD/GBP
Weekly High	1.2765 USD/GBP	90 Days Average	1.2453 USD/GBP
Weekly Low	1.2593 USD/GBP	YTD Change	-0.23%

Pound Sterling Outlook

- As the BoE could delay rate cut cycle, the pound might appreciate against the greenback; however, the gain might be capped due to the capital inflows to the dollar as it is a safe haven asset.
- The UK manufacturing and services PMI is on focus.

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Jan	24-Jan	52.2	
Flash Manufacturing PMI	Jan	24-Jan	46.7	
Flash Services PMI	Jan	24-Jan	53.2	
CBI Trends - Orders	Jan	24-Jan	-23	
CBI Business Optimism	Q1	24-Jan		
CBI Distributive Trades	Jan	25-Jan		
GfK Consumer Confidence	Jan	26-Jan	-21	

Lower Bound	1.2600	Upper Bound	1.2750
Forecast	Depreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- In the short term, it is likely that the Aussie could depreciate against the dollar due to the strong dollar. Nonetheless, in the longer term, The Aussie could gain back as the RBA maintains its cautious stance and forecasts only two rate cuts this year, whereas the US financial markets have priced in six rate cuts by the end of the year.
- The gain of the Aussie could be capped due to the concern over china economy as it is a main trader partner.

Australian Dollar News

- The report showed that consumer Inflation Expectations remained unchanged at 4.5% in January, and the seasonally adjusted Unemployment Rate held steady at 3.9%, aligning with the expectations for December.
- Macroeconomic data from China released on Wednesday showed that the GDP grew at a 5.2% rate in 2023, below market expectations of a 5.3% growth. Beyond that, retail sales disappointed, reviving concerns about the sluggish post-COVID recovery and weighing on the Aussie.

Australian Dollar Performance

Last Week Close	0.6685 USD/AUD	Monthly High	0.68390 USD/AUD
Week Open	0.6679 USD/AUD	Monthly Low	0.65260 USD/AUD
Week Close	0.6597 USD/AUD	30 Days Average	0.64630 USD/AUD
Weekly High	0.6704 USD/AUD	90 Days Average	0.64445 USD/AUD
Weekly Low	0.6523 USD/AUD	YTD Change	-3.54%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Judo Bank Mfg PMI Flash	Jan	24-Jan		
Judo Bank Svs PMI Flash	Jan	24-Jan		
Judo Bank Comp PMI Flash	Jan	24-Jan		
Composite Leading Idx MM	Dec	24-Jan		0.06%
NAB Business Conditions	Dec	23-Jan		
NAB Business Confidence	Dec	23-Jan		

Lower Bound	0.6500	Upper Bound	0.6650
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- According to the shifting expectation that the Fed won't be cutting interest rate in March, also weighed on the yen as the gap between the two countries' yields stayed wide.
- Furthermore, the yen could be more depreciate against the dollar as t
- The market's eyes are on the CPI, released on 26 January 2024.

Lower Bound Forecast	146.50 Depreciation	Upper Bound	148.00
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Japanese Yen News

- At the beginning of last week, the yen gained against US dollar on Friday as the risk of a further escalation of geopolitical tensions in the Middle East is seen as a key factor benefitting the JPY's relative safe-haven status.
- The Japanese yen continued to depreciate against the dollar as investors dialed back their expectation of an exit from their ultra-loose monetary policy.

Japanese Yen Performance

Last Week Close	144.90 JPY/USD	Monthly High	148.80 JPY/USD
Week Open	144.90 JPY/USD	Monthly Low	140.82 JPY/USD
Week Close	148.14 JPY/USD	30 Days Average	147.84 JPY/USD
Weekly High	148.80 JPY/USD	90 Days Average	144.26 JPY/USD
Weekly Low	144.85 JPY/USD	YTD Change	+4.88%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JP BOJ Rate Decision	23 Jan	23-Jan	-0.1%	
Exports YY	Dec	24-Jan	9.1	
Imports YY	Dec	24-Jan	0.0B	
Trade Balance Total Yen	Dec	24-Jan	-1.2E+11	
JibunBK Mfg PMI Flash SA	Jan	24-Jan		
JibunBK SVC PMI Flash SA	Jan	24-Jan		
CPI Tokyo Ex fresh food YY	Jan	26-Jan	1.9	
CPI, Overall Tokyo	Jan	26-Jan		
Service PPI	Dec	26-Jan		

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