

WEEKLY FOREIGN EXCHANGE OUTLOOK

10 Apr 2023 - 14 Apr 2023



Dollar Index Graph



Source: Thomson Reuters

Dollar Index News

- The US Dollar started off the week on the right footing as the unexpected output cut from OPEC+ sent Oil prices higher and rekindled inflation fears.
- The USD strength, however, petered out after the ISM survey showed that manufacturing activity fell to the lowest level in nearly three years in March at 46.3. Meanwhile, all subcomponents of its manufacturing PMI came in below the 50 threshold for the first time since 2009.
- The recent streak of US economic underperformance added weight to the beleaguered US Dollar. The US JOLTS and ADP employment data showed the first signs of weakness in the US labor market.
- However, on Friday (7/4), the dollar rebounded as data indicated the labor market remains tight. NFP increased by 236,000, slightly below the 239,000 expectation of economists but Data for February was revised higher and the unemployment rate dipped to 3.5%.

Dollar Index Performance

Last Week Close	102.51	Monthly High	105.88
Week Open	102.59	Monthly Low	101.42
Week Close	101.88	30 Days Average	103.48
Weekly High	103.06	90 Days Average	103.54
Weekly Low	101.42	YTD Change	-1.28%

Dollar Outlook

- Employment-related figures showed that the labor sector has started loosening, which may be good news for Fed, as it means easing inflationary pressure from that side. Yet at the same time, it means higher chances of an economic slowdown while falling short of affecting the current central banks' dovish stance.
- According to the CME Group FedWatch Tool, markets are currently pricing in a nearly 65% chance that the FOMC will raise an interest rate by 25 bps while remaining chance is to stay at current rate.
- The beginning of the week looks set to be quiet, considering that it will be a holiday in many countries. Market activity will return to normal on Tuesday.
- CPI data from the United States released on Wednesday (12/4) will determine the US Dollar's fate in the short to medium term.

Lower Bound	101.00	Upper Bound	103.00
Forecast	Depreciation		

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Mar	12-Apr	0.4%	0.5%
Core CPI YY, NSA	Mar	12-Apr	5.6%	5.5%
CPI MM, SA	Mar	12-Apr	0.3%	0.4%
CPI YY, NSA	Mar	12-Apr	5.2%	6.0%
Initial Jobless Clm	8 Apr, w/e	13-Apr	205k	228k
Retail Sales MM	Mar	14-Apr	-0.4%	-0.4%
Industrial Production MM	Mar	14-Apr	0.2%	0.0%
U Mich Sentiment Prelim	Apr	14-Apr	62.7	62.0

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week, we expect that the trading of USD/THB will be thin amid the easter holiday from the start of the week and Songkran festival at the end of the week.
- The THB movement will depend of the strenghten of the USD and also US inflation data released on Wednesday but it is expected to trade in range between 33.75-34.40 THB/USD.

Thai Baht News

- At start of last week, the baht depreciated against the dollar after a significant jump in oil price, renewed fears of a rebound in global inflationary pressure.
- However, the bath got stronger, in line with other currencies, from the weakening of the dollar index. Moreover, after gold prices jumped higher above the significant level of 2,000 \$, gold exporter also added demand for the baht.
- The baht made its most appreciated level since February at around 33.80 THB/USD level on Wednesday(5/4).
- Thailand's headline consumer price index (CPI) rose a less than forecast 2.83% in March from a year earlier, the slowest pace in 15 months due to lower energy and food prices. The reading compared with a forecast rise of 3.30% in March. Headline inflation returned to the Bank of Thailand's (BoT) target range of 1% to 3% for the first time in 15 months.

Thai Baht Performance

Last Week Close	34.16 THB/USD	Monthly High	34.46	THB/USD
Week Open	34.43 THB/USD	Monthly Low	33.79	THB/USD
Week Close	34.14 THB/USD	30 Days Average	34.43	THB/USD
Weekly High	34.46 THB/USD	90 Days Average	34.12	THB/USD
Weekly Low	33.76 THB/USD	YTD Change	-0.84%	

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Mar	11-Apr		52.6
Forex Reserves	3 Apr, w/e	14-Apr		224.5B
Currency Swaps	3 Apr, w/e	14-Apr		27.1B

Lower Bound	33.75	Upper Bound	34.40
Forecast	Neutral		


Euro Graph


Source: Thomson Reuters

Euro Outlook

- We think price consolidation across the FX board including the eur/usd seems likely ahead, considering the Easter holiday.
- Technically, the EUR/USD pair showed it remains on the bullish side although the bullish potential has receded. Therefore, the euro has a chance to gradually climb to the resistance of 1.1000 USD/EUR before retreating.
- This week, inflation updates from the US could shake financial boards. Meanwhile, Germany will also publish the Harmonized Index of Consumer Prices (HICP) for the same month on Thursday (13/4), previously estimated at 7.8% YoY. The Eurozone will publish March Retail Sales on Tuesday (11/4).

Lower Bound	1.0750	Upper Bound	1.1150
Forecast	Appreciation		

Euro News

- EUR ended at around 1.0900 USD/EUR last week amid thin trade as Easter festival has celebrated at the weekend.
- There have been no big comments from policymakers, but macroeconomic data has triggered some alarms as the economic setback continues among major economies.
- The final readings of the March S&P Global Manufacturing PMIs were confirmed below 50 as the German index confirmed at 44.7 and the Eurozone one at 47.3.
- On Thursday, Germany reported a 2% increase in Industrial Production in February, in line with the 4.8% gain in Factory Orders released on Wednesday.

Euro Index Performance

Last Week Close	1.0839 USD/EUR	Monthly High	1.0973 USD/EUR
Week Open	1.0845 USD/EUR	Monthly Low	1.0789 USD/EUR
Week Close	1.0897 USD/EUR	30 Days Average	1.0755 USD/EUR
Weekly High	1.0973 USD/EUR	90 Days Average	1.0715 USD/EUR
Weekly Low	1.0786 USD/EUR	YTD Change	+1.83%

Next Week's Euro Economic Events

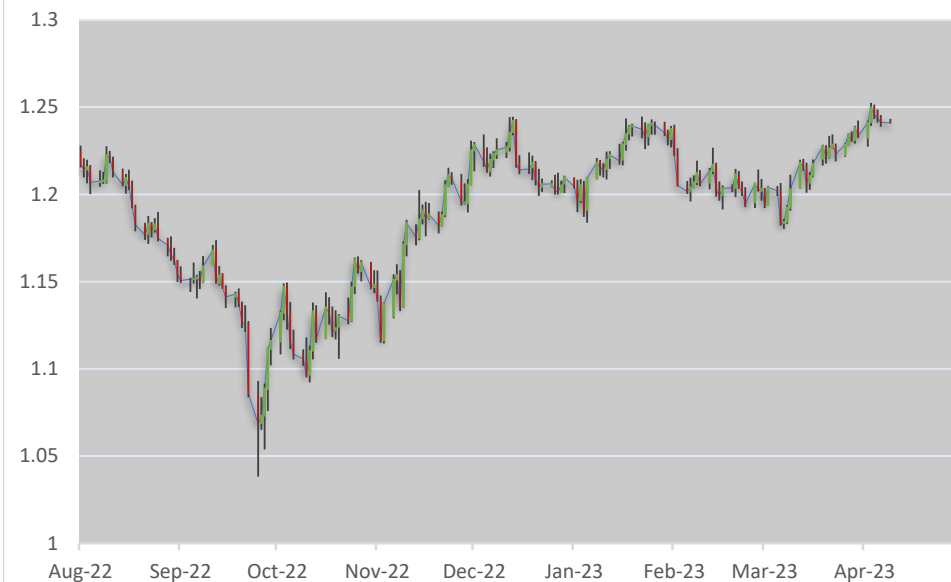
Events	Period	Date	Forecast	Previous
EU Retail Sales MM	Feb	11-Apr	-0.8%	0.3%
EU Retail Sales YY	Feb	11-Apr	-3.5%	-2.3%
German CPI Final MM	Mar	13-Apr	0.8%	0.8%
German CPI Final YY	Mar	13-Apr	7.4%	7.4%
German HICP Final MM	Mar	13-Apr	1.1%	1.1%
German HICP Final YY	Mar	13-Apr	7.8%	7.8%
EU Industrial Production MM	Feb	13-Apr	1.0%	0.7%
EU Industrial Production YY	Feb	13-Apr	1.6%	0.9%

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Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling News

- The pound recorded the fourth straight weekly gain and hit ten-month highs above 1.2500, as the sterling bulls refused to give up, despite the late rebound in the United States Dollar (USD).
- The pound gained from US Dollar weakness after investors were quite disappointed with United States macroeconomic figures, which suggested the economy is heading into a recession.
- The upside in Cable was capped by the dovish comments from BoE interest rate-setter Silvana Teneyro on Tuesday, citing that “I expect that the high current level of bank rate will require an earlier and faster reversal, to avoid a significant inflation undershoot.”
- On the data side, Halifax House Prices rose by 0.8% on a monthly basis in March. This reading surpassed the market expectation for a decline of 0.3%

Pound Sterling Performance

Last Week Close	1.2333 USD/GBP	Monthly High	1.2525 USD/GBP
Week Open	1.2325 USD/GBP	Monthly Low	1.2275 USD/GBP
Week Close	1.2413 USD/GBP	30 Days Average	1.2194 USD/GBP
Weekly High	1.2525 USD/GBP	90 Days Average	1.2173 USD/GBP
Weekly Low	1.2273 USD/GBP	YTD Change	+2.57%

Pound Sterling Outlook

- The pound has been supported as monetary policy divergence between the FED and the BOE was highlighted as the UK’s central bank is seen hiking rates by 25 basis points (bps) next month while the FED may pause.
- This week’s attention turns toward Wednesday’s US inflation data, UK GDP, Bank of England Governor Andrew Bailey’s speech and the Minutes of the Federal Reserve March meeting.
- Technically, we believe that the GBP/USD is gearing up for a bumpy road toward the May, 2022 high of 1.2670. However, the correction might extend in the week ahead and immediate support is seen at the 1.2350 psychological level.

Lower Bound	1.2300	Upper Bound	1.2600
Forecast	Appreciation		

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Feb	13-Apr	0.0%	0.0%
GDP Estimate MM	Feb	13-Apr	0.2%	0.3%
GDP Estimate YY	Feb	13-Apr		0.0%
Manufacturing Output MM	Feb	13-Apr	0.3%	-0.4%

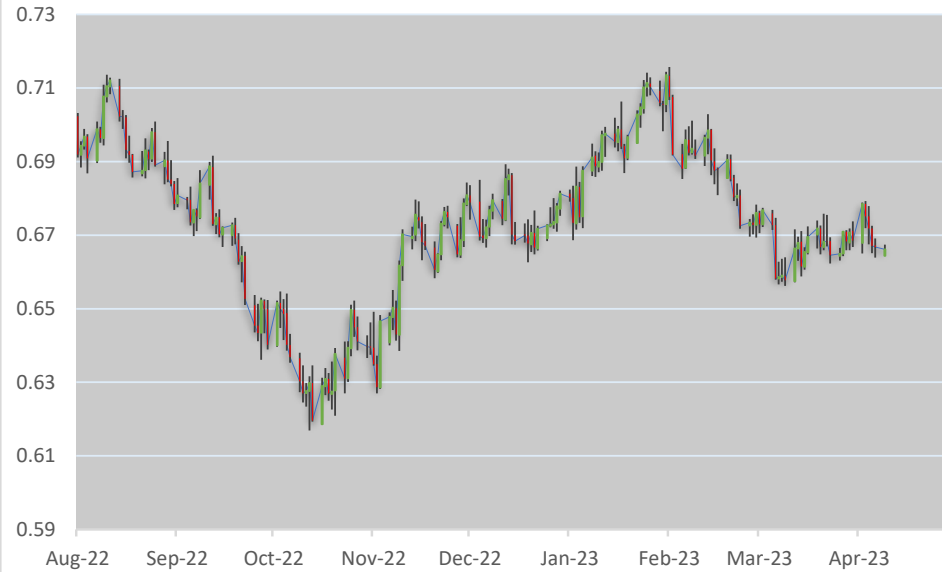
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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The street was divided over the interest rate decision as Australia's monthly CPI indicator has already conveyed that inflation has softened quickly in the past two months to 6.8% from the peak of 8.4% registered in December. It seems that RBA Governor Philip Lowe is highly optimistic about further softening in Australian inflation.
- Market participants are now expect the central bank to keep rates on hold and will watch closely officials' economic outlook.
- This week, investors will looking for Westpac Consumer Confidence(11/4) and employment datas(13/4).
- We believe the AUD still have upside due to the USD weakness. However, the risk-off mode amid recession fear will limit that gain.

Lower Bound	0.6550	Upper Bound	0.6800
Forecast	Neutral		

Australian Dollar News

- The aussie jumped to nearly one-month top on Monday(3/4) after the risk-on mood weighs on the safe-haven USD and benefits the risk-sensitive Aussie. Moreover, the release of lower-than-expected US ISM PMI data also support the AUD.
- On Tuesday, the pair has slipped below 0.6770 as the RBA has broken the policy-tightening spell after hiking rates straight 10 times. RBA Governor Philip Lowe has kept the Official Cash Rate (OCR) unchanged at 3.6%.
- The AUD/USD extends its losses to three consecutive days after risk aversion weakened high beta currencies, like the Australian Dollar (AUD).
- Regarding Australian trade data, exports dropped 3% in January and imports 9%, showing that the Chinese reopening effects take time to impact, in line with reports from other countries in the region.

Last Week Close	0.6685 USD/AUD	Monthly High	0.67930 USD/AUD
Week Open	0.6679 USD/AUD	Monthly Low	0.66420 USD/AUD
Week Close	0.6668 USD/AUD	30 Days Average	0.69699 USD/AUD
Weekly High	0.6793 USD/AUD	90 Days Average	0.67279 USD/AUD
Weekly Low	0.6639 USD/AUD	YTD Change	-2.23%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Apr	11-Apr		0.0%
Employment	Mar	13-Apr	20.0k	64.6k
Participation Rate	Mar	13-Apr	66.6%	66.6%
Unemployment Rate	Mar	13-Apr	3.6%	3.5%
Participation Rate	Mar	13-Apr	66.6%	66.6%

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The US Treasury bond yields depressed near their lowest level in seven months. This results in the narrowing of the US-Japan rate differential, which drives some flows towards the JPY.
- However, the continuation of the current monetary policy will limit the gain of the yen.
- We believe the USD/JPY will trade in wide range of around 130.50-132.50 JPY/USD.
- This week, investors will eye on Japan's Consumer Confidence Index (10/4), Machinery Orders and Producer Price Index (12/4).

Lower Bound	130.00	Upper Bound	134.00
Forecast	Neutral		

Japanese Yen News

- The Japanese Yen appreciated at the beginning of last week and made its most appreciated level in a week at around 130.65 on Wednesday(5/4) as the US 10-year yield fell to 3.30%, and was about to test March lows while 2-year Treasury yield was bottomed at 3.75%.
- However, the yen gain was capped after Japan's Finance Minister (FinMin) Shunichi Suzuki and Japanese Chief Cabinet Secretary Hirokazu Matsuno both signaled the continuation of the current monetary policy.
- Japan's Inflation-adjusted real wages drops for 11th month in February but at a slower pace.
- The USD/JPY was rising sharply after the US Nonfarm Payrolls report showed that the labor market continued to slow down but was a whisker below expectations.

Last Week Close	132.79 JPY/USD	Monthly High	133.75	JPY/USD
Week Open	132.97 JPY/USD	Monthly Low	130.65	JPY/USD
Week Close	132.13 JPY/USD	30 Days Average	137.28	JPY/USD
Weekly High	133.75 JPY/USD	90 Days Average	141.82	JPY/USD
Weekly Low	130.62 JPY/USD	YTD Change	+1.17%	

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Feb	10-Apr	2,535.7B	-1,976.6B
Current Account Bal SA	Feb	10-Apr		216,300M
Trade Bal Cust Basis SA	Feb	10-Apr		-1,695,900M
Producer Price MM	Mar	12-Apr	0.0%	-0.4%
Producer Price YY	Mar	12-Apr	7.1%	8.2%
Machinery Orders MM	Feb	12-Apr	-7.8%	9.5%
Machinery Orders YY	Feb	12-Apr	2.9%	4.5%

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