

WEEKLY FOREIGN EXCHANGE OUTLOOK
18 Dec 2023 - 22 Dec 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- Market's eyes are on inflation data that will be released during the week. A key reading on U.S. inflation is expected to underpin market pricing of interest rate cuts.
- The possibility that the Fed rate cut could pressure the dollar in the short term.

Lower Bound **102.20** **Upper Bound** **102.70**
Forecast **Appreciation**
Dollar News

-The dollar was under pressure on Thursday after the Federal Reserve kept interest rates steady on Wednesday for the third straight meeting, and signaled deeper cuts for next year as inflation is expected to cool faster than initially anticipated. The Federal Open Market Committee, or FOMC, kept its benchmark rate at a more than two-decade high range of 5.25% to 5.50%.

-Fed members estimated that the benchmark rate will fall to 4.6% next year, suggesting three rate cuts in 2024, from a prior projection of 5.1%, or two rate cuts. For 2025, Fed members now expects the central bank to lower rates to 3.6% from 3.9% previously. The move to forecast a step up in the number of rate cuts for next year was supported by projections that inflation will fall at a quicker pace than previously anticipated.

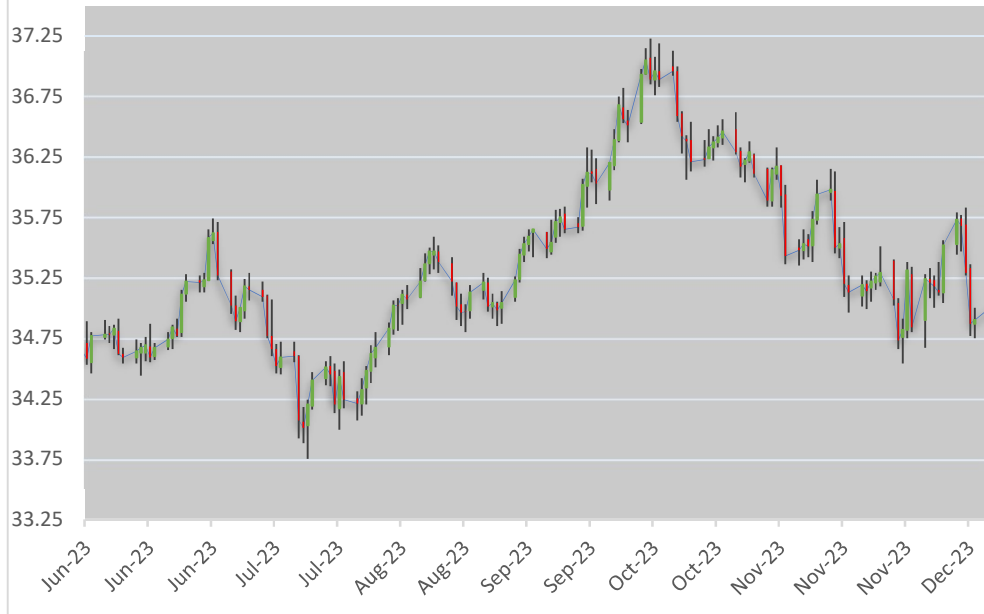
Dollar Index Performance

Last Week Close	104.01	Monthly High	106.01
Week Open	103.98	Monthly Low	101.77
Week Close	102.55	30 Days Average	103.91
Weekly High	104.26	90 Days Average	104.84
Weekly Low	101.77	YTD Change	#NAME?

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Dec	20-Dec	104.3	102.0
Existing Home Sales	Nov	20-Dec	3.77M	3.79M
GDP Final	Q3	21-Dec	5.2%	5.2%
Initial Jobless Clm	16 Dec, w/	21-Dec	218k	202k
Core PCE Price Index MM	Nov	22-Dec	0.2%	0.2%
Core PCE Price Index YY	Nov	22-Dec	3.4%	3.5%
PCE Price Index MM	Nov	22-Dec	0.0%	0.0%
PCE Price Index YY	Nov	22-Dec	2.8%	3.0%
Durable Goods	Nov	22-Dec	2.0%	-5.4%

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

-Thai baht has been depreciated at the beginning of the week as the dollar gain while the gold price dramatically dropped.

-It was turned to appreciate against the dollar after the U.S. central bank flagged likely rate cuts next year.

Thai Baht Performance

Last Week Close	35.13 THB/USD	Monthly High	#NAME? THB/USD
Week Open	35.53 THB/USD	Monthly Low	#NAME? THB/USD
Week Close	34.90 THB/USD	30 Days Average	35.29 THB/USD
Weekly High	35.83 THB/USD	90 Days Average	35.71 THB/USD
Weekly Low	34.75 THB/USD	YTD Change	#NAME?

Thai Baht Outlook

- With no significant event in focus, Thai baht movement is this week still weighted on the movement of US dollar and gold price.
- The baht could slightly depreciate against the dollar as there are year-end capital outflows.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	11 Dec, w/	22-Dec		218.6B
Currency Swaps	11 Dec, w/	22-Dec		30.2B

Lower Bound **34.75** **Upper Bound** **35.20**
Forecast **Depreciation**

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- Same as US market, the release of inflation data could weighted the move of the euro.
- The uncertainty of ECB's interest rate path could pressure the euro.

Lower Bound	1.0750	Upper Bound	1.0980
Forecast	Depreciation		

Euro News

-The euro traded in a narrow range. The Eurozone's ZEW Economic Sentiment Survey beat expectations to print at a firm 23.0, handily climbing over the forecast 12.0 and vaulting above the previous month's 13.8, however, Germany business activity in the private sector contracted at an accelerating pace in early December.

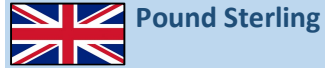
-The European Central Bank left interest rates unchanged at 4% on Thursday. And it pushed back against bets on cuts in the near future. Calm inflation data over the last few months has all but ruled out further policy tightening. It's led to a debate among economists on how the ECB will reverse course and lower rates. However, ECB President Christine Lagarde didn't hint that policy easing was approaching, and instead kept guidance for steady rates ahead.

Euro Index Performance

Last Week Close	1.0761 USD/EUR	Monthly High	#NAME? USD/EUR
Week Open	1.0760 USD/EUR	Monthly Low	#NAME? USD/EUR
Week Close	1.0894 USD/EUR	30 Days Average	1.0851 USD/EUR
Weekly High	1.1008 USD/EUR	90 Days Average	1.0730 USD/EUR
Weekly Low	1.0740 USD/EUR	YTD Change	#NAME?

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Ifo Business Climate New	Dec	18-Dec	87.8	87.3
Ifo Curr Conditions New	Dec	18-Dec	89.7	89.4
Ifo Expectations New	Dec	18-Dec	85.9	85.2
HICP Final MM	Nov	19-Dec	-0.5%	0.1%
HICP Final YY	Nov	19-Dec	2.4%	2.4%
Consumer Confid. Flash	Dec	20-Dec	-16.5	-16.9
Business Climate Mfg	Dec	21-Dec		99
Business Climate Overall	Dec	21-Dec		97
Producer Prices YY	Nov	22-Dec		-1.2%

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The UK's GDP and the CPI is in focus.
- The BoE's decision for its monetary policy meeting is still on the table after the mixed economic data released.

Pound Sterling News

-The pound sterling hovered around 1.2750 level on a weaker US dollar on the BoE hawkish bias. The BoE decided to keep interest rates steady at a 15-year high of 5.25% on Thursday. Meanwhile, Governor Andrew Bailey is on the wires, noting that “we cannot say that interest rates have peaked.”

-The sterling continued its gain after a firm UK PMI, meanwhile, manufacturing PMI misses expectations.

Pound Sterling Performance

Last Week Close	1.2546 USD/GBP	Monthly High	#NAME? USD/GBP
Week Open	1.2540 USD/GBP	Monthly Low	#NAME? USD/GBP
Week Close	1.2675 USD/GBP	30 Days Average	1.2521 USD/GBP
Weekly High	1.2794 USD/GBP	90 Days Average	1.2417 USD/GBP
Weekly Low	1.2497 USD/GBP	YTD Change	#NAME?

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Core CPI YY	Nov	20-Dec	5.5%	5.7%
CPI YY	Nov	20-Dec	4.4%	4.6%
GDP QQ	Q3	22-Dec	0.0%	0.0%
GDP YY	Q3	22-Dec	0.6%	0.6%
Retail Sales MM	Nov	22-Dec	0.4%	-0.3%
Retail Sales Ex-Fuel MM	Nov	22-Dec	0.0%	-0.1%
Retail Sales YY	Nov	22-Dec	-1.8%	-2.7%

Lower Bound **1.2550** **Upper Bound** **1.2750**
Forecast **Depreciation**

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

-Fed dovish outlook will support equity and commodity prices, which will further underpin risk currencies such as the Australian dollar. The aussie may hold its gain and has chance to hits 0.6810

Australian Dollar News

- The Australian dollar sits marginally lower, last near 0.6555, but has outperformed NZD by around 0.45% at the beginning of the week. The mid year fiscal update from the government didn't impact sentiment, while CBA data showed a firmer spending in November.
- After FOMC meeting end, the aussie has been one of the main beneficiaries of the U.S. Federal Reserve's surprisingly pronounced dovish pivot. Positive factors driving the Australian dollar portend more gains into year-end.
- Australia's strong November employment report released on Thursday has pushed the AUD/USD up to a four-month high at 0.6708.

Australian Dollar Performance

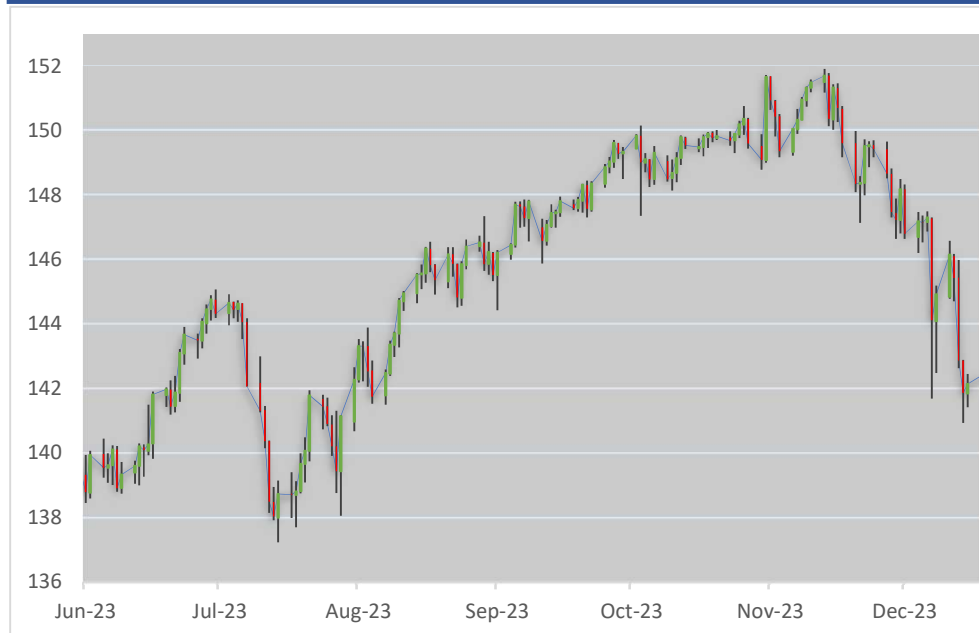
Last Week Close	0.6577 USD/AUD	Monthly High	#NAME? USD/AUD
Week Open	0.6573 USD/AUD	Monthly Low	#NAME? USD/AUD
Week Close	0.6696 USD/AUD	30 Days Average	0.63817 USD/AUD
Weekly High	0.6728 USD/AUD	90 Days Average	0.65180 USD/AUD
Weekly Low	0.6538 USD/AUD	YTD Change	#NAME?

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Nov	20-Dec		-0.03%
Reserve Assets Total	Nov	21-Dec		94,568M
Broad Money	Nov	22-Dec		2,921.06B
Private Sector Credit	Nov	22-Dec		0.3%
Housing Credit	Nov	22-Dec		0.4%

Lower Bound **0.6700** **Upper Bound** **0.6810**
Forecast **Depreciation**

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

-The Bank of Japan (BOJ) meets Tuesday amid much chatter that it is considering how and when to move away from negative interest rates. The yen may continue its gain if BOJ signal any clue.

Japanese Yen News

-The yen traded slightly depreciated against the dollar after media reports showed that the Bank of Japan had no intention of moving away from its ultra-loose policies in the near-term. While the bank has still signaled some intent to eventually raise interest rates from negative levels, the reports suggested that such a move was likely to be later, rather than sooner.

Japanese Yen Performance

Last Week Close	144.93 JPY/USD	Monthly High	#NAME? JPY/USD
Week Open	144.85 JPY/USD	Monthly Low	#NAME? JPY/USD
Week Close	142.15 JPY/USD	30 Days Average	143.96 JPY/USD
Weekly High	146.58 JPY/USD	90 Days Average	141.07 JPY/USD
Weekly Low	140.94 JPY/USD	YTD Change	#NAME?

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JP BOJ Rate Decision	19 Dec	19-Dec	-0.10%	-0.10%
Exports YY	Nov	20-Dec	1.5%	1.6%
Imports YY	Nov	20-Dec	-8.6%	-12.5%
Trade Balance Total Yen	Nov	20-Dec	-962.4B	-662.5B
CPI, Core Nationwide YY	Nov	22-Dec	2.5%	2.9%
CPI, Overall Nationwide	Nov	22-Dec		3.3%
Chain Store Sales YY	Nov	22-Dec		3.3%

Lower Bound	140.00	Upper Bound	145.00
Forecast	Appreciation		

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