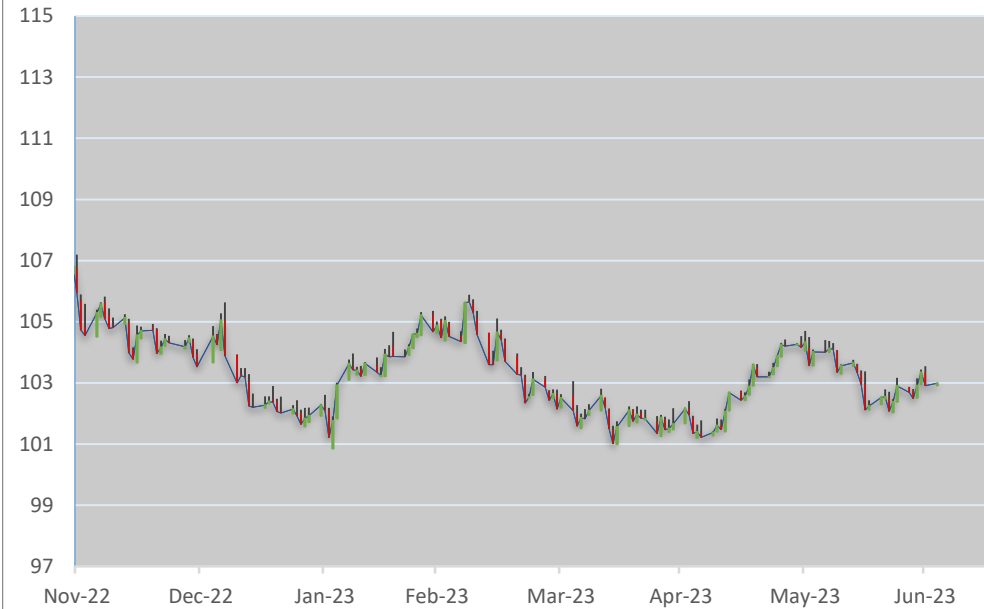


WEEKLY FOREIGN EXCHANGE OUTLOOK

17 Jul 2023 - 21 Jul 2023

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- At this moment, markets are still pricing in a 95% chance of a 25 basis point hike to 5.25-5.50% range at the Fed's July 25-26 meeting, CME's FedWatch tool showed, but no more for the rest of the year.
- Focusing on this week, the U.S. will release the June retail sales report on Tuesday (18/7) and is expected to show an increase of 0.5%, boosted by rebounding auto sales and higher gasoline station sales, indicating that consumer demand remains resilient.
- Investors will also get an update on the health of the housing sector with reports on building permits, housing starts and existing home sales this week. Moreover, the Fed entering its blackout period ahead of its July 25-26 meeting.

Lower Bound	98.50	Upper Bound	102.00
Forecast	Neutral		

Dollar News

- The dollar index drops as Fed officials say the Fed hiking cycle is likely to come to an end. The Fed needs to raise rates further to bring down inflation that is still high, but the end of its current monetary policy tightening cycle is getting close.
- Moreover, data showed the rise in U.S. consumer prices and produce prices eased in June, suggesting the Federal Reserve may have to raise interest rates only one more time this year.
- Core U.S. consumer prices rose just 0.2% in June, compared with forecasts for a gain of 0.3%. On an annual basis, U.S. CPI advanced 4.8%, lower than market expectations for a 5% increase. That was also the smallest annual increase in more than two years.
- U.S. producer prices (PPI) inched up 0.1% in June, with the annual increase at 0.1% as well, the smallest year-on-year rise in nearly three years.
- However, at the end of the week, the U.S. dollar edged higher, rebounding from 15-month lows as traders factored in an end of the Federal Reserve's rate hike cycle as inflation eases.

Dollar Index Performance

Last Week Close	102.27	Monthly High	104.30
Week Open	102.29	Monthly Low	99.58
Week Close	99.58	30 Days Average	102.42
Weekly High	103.57	90 Days Average	102.53
Weekly Low	99.58	YTD Change	-3.64%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
NY Fed Manufacturing	Jul	17-Jul	0.00	6.60
Retail Sales MM	Jun	18-Jul	0.5%	0.3%
Industrial Production MM	Jun	18-Jul	-0.1%	-0.2%
NAHB Housing Market Indx	Jul	18-Jul	55	55
Housing Starts Number	Jun	19-Jul	1.450M	1.631M
Building Permits: Number	Jun	19-Jul	1.495M	1.496M
Philly Fed Business Indx	Jul	20-Jul	-9.7	-9.7
Existing Home Sales	Jun	20-Jul	4.23M	4.23M
Initial Jobless Clm		10 Jul, w/e 20-Jul		

WEEKLY FOREIGN EXCHANGE OUTLOOK

17 Jul 2023 - 21 Jul 2023



Thai Baht Graph



Source: Thomson Reuters

Thai Baht Outlook

- This week, we believe that the political tensions had been widely focus and the baht still move volatile in the near term as the market will focus on the second round of voting for PM is scheduled for July 19.
- We expect that the Thai baht will moved in a sideways, while the resistance stands at 35.00 level.
- Moreover, markets will eyes on the upcoming data trade balance in Thailand that will release on Thursday (20/7)

Lower Bound	34.00	Upper Bound	35.00
Forecast	Neutral		

Thai Baht News

- The baht rose against US dollar as the dollar lost ground after US Federal Reserve officials signalled their rate-tightening cycle was nearing its end.
- Market participants in Thailand still awaiting Thursday's (13/7) vote to choose the next prime minister. It is not clear whether Move Forward Party leader Pita Limjaroenrat has enough support in the Senate to give him the 376 votes he needs in parliament.
- However, the baht depreciated against the US dollar on Wednesday (12/7) after the Election Commission (EC) resolved to recommend Move Forward leader Pita Limjaroenrat's status as a member of the House of Representatives be terminated because of his past shareholding in iTV and asked the Constitutional Court for a final ruling.
- At the end of the week, The baht was sideways down following Move Forward Party's prime minister candidate Pita Limjaroenrat on Thursday (13/7) failed in his attempt to become Thailand's 30th prime minister. Pita received 323 votes, most of them from his eight-party coalition, falling short of the 375 he required.

Thai Baht Performance

Last Week Close	35.18 THB/USD	Monthly High	35.32 THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.26 THB/USD
Week Close	34.59 THB/USD	30 Days Average	34.90 THB/USD
Weekly High	35.22 THB/USD	90 Days Average	34.47 THB/USD
Weekly Low	34.45 THB/USD	YTD Change	-1.04%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Jun	20-Jul		-4.60%
Custom-Based Import Data	Jun	20-Jul		-3.40%
Customs-Based Trade Data	Jun	20-Jul		-1.80B
Manufacturing Prod YY	Jun	21-Jul		-3.14%

WEEKLY FOREIGN EXCHANGE OUTLOOK
17 Jul 2023 - 21 Jul 2023

Euro Graph


Source: Thomson Reuters

Euro News

- The euro rallied against US dollar as euro zone bond yields fell after data showed the U.S. economy created fewer jobs than expected in June, helping support the view that the Federal Reserve may not have much more room to raise interest rates.
- Moreover, US inflation expectations contrast with ECB official's hawkish remarks.
- The data showed that German inflation rose in June, climbing to 6.4% from 6.1% the prior month, interrupting a steady decline since the start of the year.
- However, the euro falls back from 16-month high on Friday (14/7) to 1.1207 USD/EUR, having touched a fresh 16-month peak of 1.1244 USD/EUR before easing after data showed that German wholesale prices fell 2.9% on an annual basis in June, more than expected. This is usually regarded as a leading indicator of consumer price inflation, and the sharp drop will please the European Central Bank given German inflation remains highly elevated.

Euro Index Performance

Last Week Close	1.0967 USD/EUR	Monthly High	1.1256 USD/EUR
Week Open	1.0969 USD/EUR	Monthly Low	1.0835 USD/EUR
Week Close	1.1227 USD/EUR	30 Days Average	1.0944 USD/EUR
Weekly High	1.1244 USD/EUR	90 Days Average	1.0888 USD/EUR
Weekly Low	1.0942 USD/EUR	YTD Change	+5.16%

Euro Outlook

- The euro's strong rally was mainly driven by broad-based weakness in the U.S. dollar, following softer-than-expected U.S. CPI and PPI data. For context, both indicators surprised to the downside, signaling that price pressures in the North American economy are cooling faster than initially envisioned, an encouraging situation for the Federal Reserve.
- In the Eurozone, June CPI data could get some attention, but it is unlikely to be a big source of volatility, as it will be the second and final estimate, which generally incorporates little revisions compared to the flash report.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Jun	17-Jul		1,140.49B
HICP Final MM	Jun	19-Jul		0.0%
HICP Final YY	Jun	19-Jul		5.5%
Current Account NSA, EUR	May	20-Jul		4.20B
Current Account SA, EUR	May	20-Jul		4.000B
Consumer Confid. Flash	Jul	20-Jul		-16.1

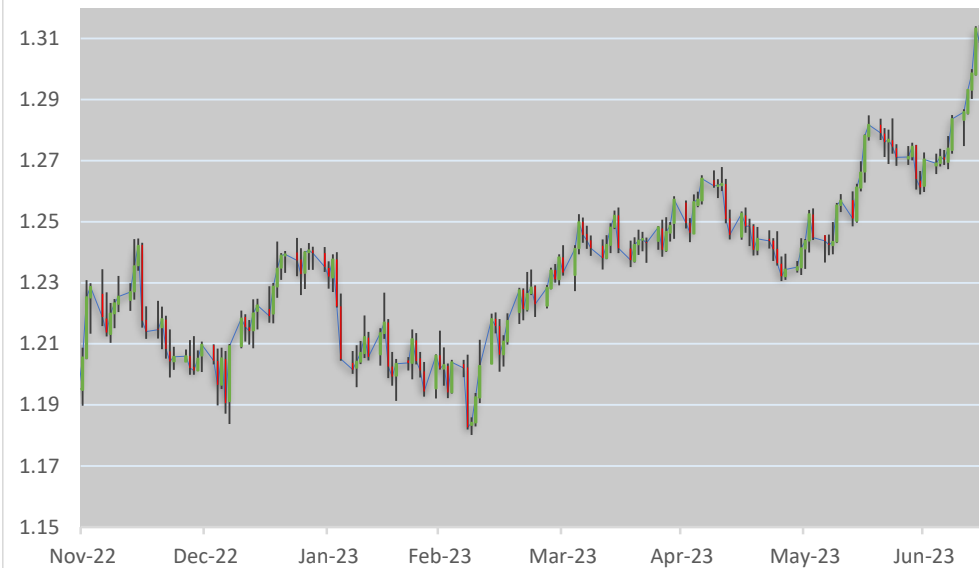
Lower Bound	1.1000	Upper Bound	1.1300
Forecast	Appreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK

17 Jul 2023 - 21 Jul 2023

 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- Despite last week numbers, with U.K. inflation running at the highest rate of any major economy, the Bank of England is expected to continue its tightening cycle when it next meets.
- The U.K. is to release June inflation data on Wednesday (19/7) and investors will be watching closely as it will likely determine the size of the Bank of England's next rate hike.
- The headline consumer price index is expected to ease to 8.2% year-over-year from 8.7% in May as food and fuel prices dip. Core inflation is also expected to edge lower, but the services component is expected to hold steady at a post-COVID high of 7.4%.

Lower Bound	1.2950	Upper Bound	1.3150
Forecast	Appreciation		

Pound Sterling News

- The pound sterling similarly firmed against the US dollar as bets that stubborn inflation in the UK will force the Bank of England to raise interest rates to a 25-year high of 6.5% by December.
- Also, U.K. employment data showed that average earnings rose at a record 7.3% in June, putting pressure on the Bank of England to continue tightening interest rates with U.K. inflation already at the highest levels in the G7.
- The pound sterling hit a fresh 15-month peak of 1.3140 USD/GBP earlier on Thursday (13/7) even though data showed that the U.K. economy contracted in May, raising the possibility of a recession later in the year.
- The country's gross domestic product fell 0.1% in May from April, following growth of 0.2% in the previous month, better than the contraction of 0.3% expected.

Pound Sterling Performance

Last Week Close	1.2836 USD/GBP	Monthly High	1.3144 USD/GBP
Week Open	1.2833 USD/GBP	Monthly Low	1.2659 USD/GBP
Week Close	1.3086 USD/GBP	30 Days Average	1.2753 USD/GBP
Weekly High	1.3144 USD/GBP	90 Days Average	1.2527 USD/GBP
Weekly Low	1.2748 USD/GBP	YTD Change	+8.27%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM	Jun	19-Jul	0.8%	0.8%
Core CPI YY	Jun	19-Jul	7.1%	7.1%
CPI MM	Jun	19-Jul	0.7%	0.7%
CPI YY	Jun	19-Jul	8.7%	8.7%
Retail Sales MM	Jun	21-Jul	0.3%	0.3%
Retail Sales Ex-Fuel MM	Jun	21-Jul	0.1%	0.1%
Retail Sales YY	Jun	21-Jul	-2.1%	-2.1%
House Price Rightmove MM	Jul	17-Jul	0.0%	0.0%
House Price Rightmove YY	Jul	17-Jul	1.1%	1.1%

WEEKLY FOREIGN EXCHANGE OUTLOOK
17 Jul 2023 - 21 Jul 2023

Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The Australian Dollar has seen some strong bullish momentum recently. The weaker USD has been a key driver to boost many other currencies and commodities.
- This week, market will focus on the employment data on Thursday (20/7).
- On the domestic front, the Australian Government appointed Michelle Bullock to the role of governor of the Reserve Bank of Australia during the week.
- In a recent speech, she remarked that the unemployment rate may need to get to 4.5% well above the current level of 3.6% in order to put the inflation genie back in the bottle.

Lower Bound	0.6700	Upper Bound	0.6950
Forecast	Neutral		

Australian Dollar News

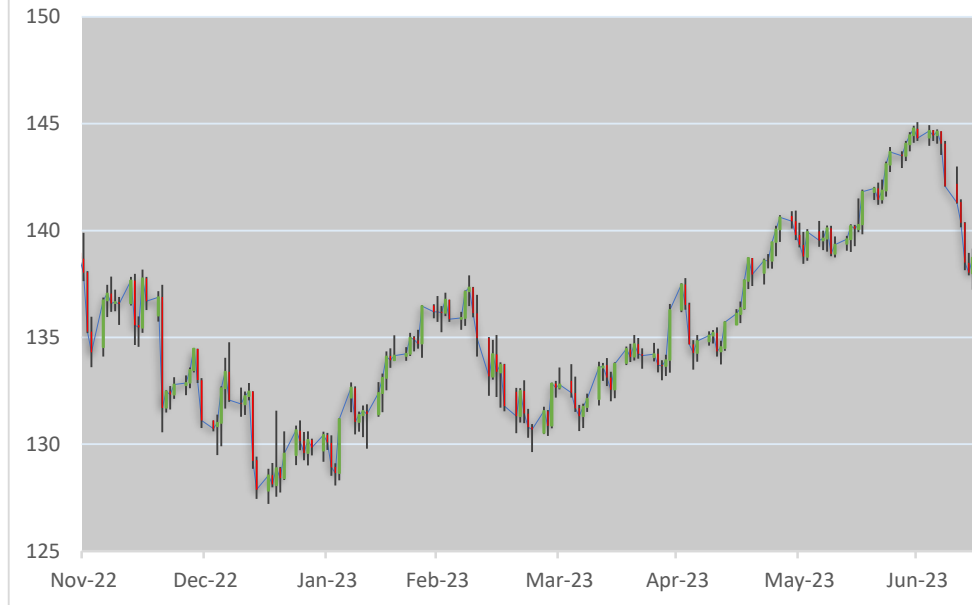
- The Australian dollar gained against the US dollar as weaker US Dollar and higher commodity prices.
- Moreover, the data showed an improvement in consumer sentiment.
- The Melbourne Institute Survey of Consumer Inflationary Expectations report showed that expected inflation remains unchanged in July at 5.2% over the next 12 months, and wage expectations declined to 1.2%.
- Chinese exports dropped 12.4% in June from a year earlier, the biggest drop since February 2020. Imports dropped 6.8%, reflecting weak domestic demand. The numbers add pressure to policymakers to take more action.
- However, the Australian dollar fell to 0.6869 USD/AUD on Friday (14/7) amid some uncertainty over monetary policy after the government named Deputy Reserve Bank Governor Michele Bullock as the new central bank governor, the first woman appointed to the role.

Australian Dollar Performance

Last Week Close	0.6688 USD/AUD	Monthly High	0.68940 USD/AUD
Week Open	0.6672 USD/AUD	Monthly Low	0.66000 USD/AUD
Week Close	0.6837 USD/AUD	30 Days Average	0.66750 USD/AUD
Weekly High	0.6894 USD/AUD	90 Days Average	0.67617 USD/AUD
Weekly Low	0.6621 USD/AUD	YTD Change	+0.26%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Employment	Jun	20-Jul		75.9k
Full Time Employment	Jun	20-Jul		61.7k
Unemployment Rate	Jun	20-Jul		3.6%


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- On the Japanese Yen, investors are looking for cues on whether the Bank of Japan (BoJ) will continue its ultra-dovish policy stance or tweak its Yield Curve Control (YCC).
- Apart from that Japanese officials are still observing FX moves despite the recent depreciation in the US Dollar against the Japanese Yen.
- There was "no discussion" about exchange rates at a meeting of Group of Seven (G7) finance ministers and central bank chiefs, Japanese Finance Minister Shunichi Suzuki said on Sunday, according to Kyodo News.
- The market will eyes on Japan's trade balance on Thursday (20/7) and CPI on Friday (21/7).

Lower Bound	137.00	Upper Bound	143.00
Forecast	Appreciation		

Japanese Yen News

- The yen dropped below 140 JPY/USD, with the yen moving further away from a recent seven-month low as U.S. Treasury yields retreated sharply.
- Moreover, there are expectations in the market that the Bank of Japan could tweak its yield-curve-control policy at its meeting later this month and this has also been giving a boost to the Japanese yen.
- Japan's top currency diplomat Masato Kanda cited that deflationary norms may be changing. This must be the outcome of the rising contribution of demand-driven aspects in inflationary pressures. Kanda added the government is closely watching FX market moves.

Japanese Yen Performance

Last Week Close	142.07 JPY/USD	Monthly High	144.93 JPY/USD
Week Open	142.18 JPY/USD	Monthly Low	137.26 JPY/USD
Week Close	138.73 JPY/USD	30 Days Average	133.94 JPY/USD
Weekly High	143.00 JPY/USD	90 Days Average	133.09 JPY/USD
Weekly Low	137.23 JPY/USD	YTD Change	+5.64%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Reuters Tankan Man'f Idx	Jul	19-Jul		8
Reuters Tankan N-Man Idx	Jul	19-Jul		24
Exports YY	Jun	20-Jul		0.6%
Imports YY	Jun	20-Jul		-9.8%
Trade Balance Total Yen	Jun	20-Jul		-1,381.9B
CPI, Core Nationwide YY	Jun	21-Jul		3.2%
CPI, Overall Nationwide	Jun	21-Jul		3.2%

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