

WEEKLY FOREIGN EXCHANGE OUTLOOK

24 Jul 2023 - 28 Jul 2023



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

• This week dollar will be appreciated against major currencies due to G7 currencies. Main focus for this week will be the FOMC rate setting meeting on Wednesday(26/7) . Markets have priced in a 96% chance of a 25-basis point hike. Markets will be looking for clues on the potential for any hikes beyond July but the recent progress in core inflation could mean we've entered into a disinflationary period, potentially seeing a peak in rates this month. However, Powell will most likely look to keep the door open for further hikes to prevent forward-looking markets from getting ahead of themselves. More over US will release GDP report (27/7) and PCE data (28/7) in this week.

Lower Bound	99.09	Upper Bound	103.66
Forecast	Appreciation		

Dollar News

• The dollar index steadied above the 100 mark on Friday and was set to gain nearly 1% last week in a likely technical bounce, while investors assess more US data to guide the outlook for Federal Reserve monetary policy. Latest data showed that weekly jobless claims in the US fell to a two-month low last week, indicating robust demand for workers, while continuing claims rose the most in over three months. The data cemented expectations that the Fed would hike rates by 25 basis points next week. Meanwhile, traders have been scaling back bets of further policy tightening after July, with market pricing suggesting possible rate cuts next year amid easing US inflation.

Dollar Index Performance

Last Week Close	99.91	Monthly High	103.62
Week Open	99.96	Monthly Low	99.58
Week Close	100.72	30 Days Average	102.02
Weekly High	101.61	90 Days Average	102.38
Weekly Low	99.59	YTD Change	-2.41%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Comp Flash PMI	Jul	24-Jul		53.2
Consumer Confidence	Jul	25-Jul	111.5	109.7
New Home Sales-Units	Jun	26-Jul	0.727M	0.763M
Durable Goods	Jun	27-Jul	0.7%	1.8%
GDP Advance	Q2	27-Jul	1.7%	2.0%
Initial Jobless Clm		22 Jul, w/e 27-Jul	235k	228k
Core PCE Price Index YY	Jun	28-Jul	4.2%	4.6%
PCE Price Index YY	Jun	28-Jul		3.8%

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Thai Baht Graph



Source: Thomson Reuters

Thai Baht Outlook

• This week baht will be depreciated against dollar due to political uncertainty. Scheduled of the next attempt to choose a premier will be on July 27, when the Pheu Thai Party is expected to propose its candidate. Businessman Srettha Thavasin is the likely choice, but the composition of the coalition might change.

Thai Baht News

- In the beginning of last week, Thai baht appreciated against dollar as dollar dropped against major currencies. Moreover, The Pheu Thai Party has emerged in pole position to form a new government after parliament on Wednesday rejected a bid to renominate Move Forward Party (MFP) leader Pita Limjaroenrat for a prime ministerial vote, citing a parliamentary meeting regulation. The Pheu Thai policy, which encouraged the baht to weaken versus the dollar, will be beneficial for economic growth.
- However, Thai baht drop in the end of the week after dollar appreciated against major currencies.

Thai Baht Performance

Last Week Close	34.52 THB/USD	Monthly High	35.32 THB/USD
Week Open	34.43 THB/USD	Monthly Low	33.76 THB/USD
Week Close	34.40 THB/USD	30 Days Average	34.83 THB/USD
Weekly High	34.72 THB/USD	90 Days Average	34.46 THB/USD
Weekly Low	33.75 THB/USD	YTD Change	-0.26%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Jun	24-Jul	-7.15	-4.6
Custom-Based Import Data	Jun	24-Jul	-6.9	-3.4
Customs-Based Trade Data	Jun	24-Jul	-860.000M	-1,800.000M
Manufacturing Prod YY	Jun	26-Jul		-3.1%

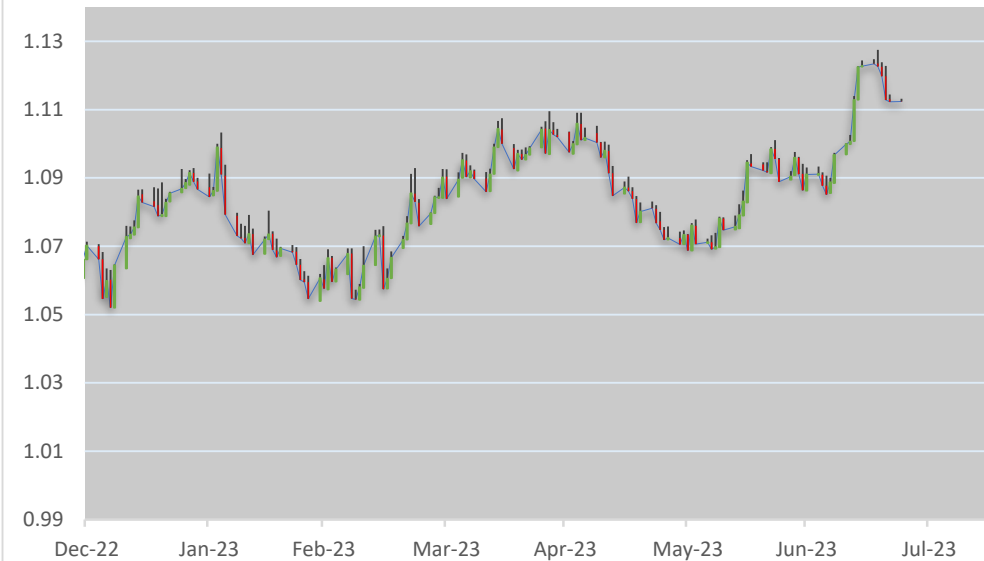
Lower Bound	34.00	Upper Bound	34.80
Forecast	Depreciation		

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Euro Graph



Source: Thomson Reuters

Euro News

• last week, the euro weakened toward the \$1.11 level, depreciating from the 17-month high of \$1.123 touched on July 17th as renewed evidence of a tight labor market in the United States strengthened hawkish bets for the Federal Reserve and triggered a rebound for the US dollar. Simultaneously, the ECB made it clear that it will raise interest rates this month, but Council members stated that tighter policy is being transmitted fast and there is no consensus on whether more rate hikes will be warranted for September under the current macroeconomic backdrop. Inflation in the eurozone declined to a 17-month low of 5.5% in June, but the core rate remained high at 5.4%, still close to the all-time high of 5.7% seen in March. In the meantime, new data showed that the Eurozone economy stalled in the first quarter of the year, revised from earlier estimates that showed a slight contraction.

Euro Index Performance

Last Week Close	1.1227 USD/EUR	Monthly High	1.1275 USD/EUR
Week Open	1.1234 USD/EUR	Monthly Low	1.0835 USD/EUR
Week Close	1.1123 USD/EUR	30 Days Average	1.0999 USD/EUR
Weekly High	1.1275 USD/EUR	90 Days Average	1.0911 USD/EUR
Weekly Low	1.1106 USD/EUR	YTD Change	+3.93%

Euro Outlook

• This week the euro will slightly drop against the dollar. The ECB is seen implementing a 25 basis-points rate rise, but with dovish undertones. With several European policymakers expressing concerns about the risks of excessive tightening and the German economy on the brink of a severe slump, President Lagarde could adopt a firm "data-dependent approach", failing to pre-commit to another hike at the September meeting. A "dovish hike" is likely to be detrimental to the euro

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HCOB Mfg Flash PMI	Jul	24-Jul	43.5	43.4
HCOB Services Flash PMI	Jul	24-Jul	51.5	52.0
HCOB Composite Flash PMI	Jul	24-Jul	49.7	49.9
ECB Refinancing Rate	Jul	27-Jul	4.25%	4.00%
ECB Deposit Rate	Jul	27-Jul	3.75%	3.50%
Consumer Confid. Final	Jul	28-Jul	-15.1	-15.1

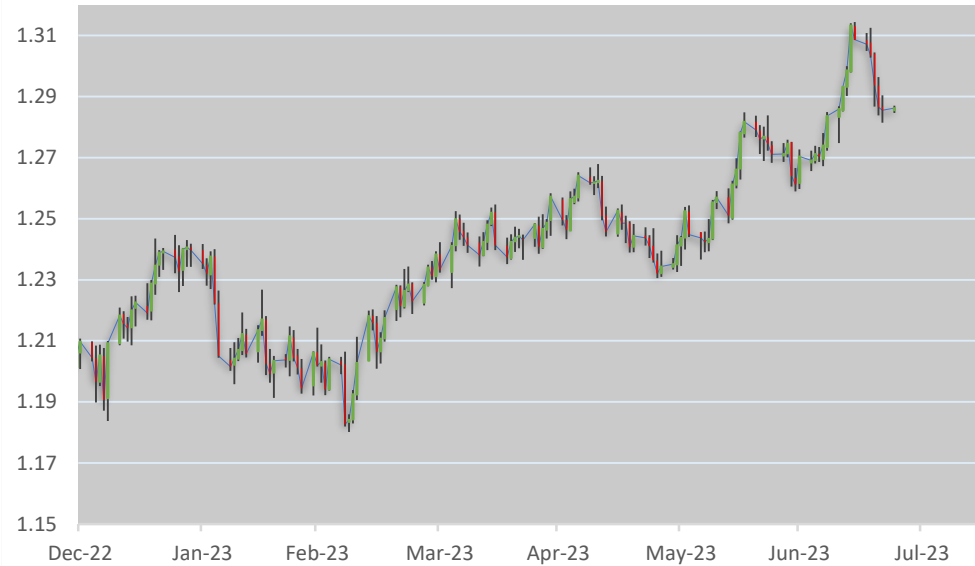
Lower Bound	1.0850	Upper Bound	1.1230
Forecast	Depreciation		

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Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

• This week the pound will be depreciated against dollar as the lower expectation of rate hike in excess of 6% this year. The Bank of England is expected to raise rates by 25 basis points at the next meeting and by another 50 basis points over the rest of the year, leaving the terminal rate at 5.75%.

Pound Sterling News

• The British pound dipped below \$1.3 but remained close to a 15-month high of \$1.314 reached on July 14, after data indicating a reduction in inflationary pressures in the UK suggested that the Bank of England might not have to raise rates as high as initially expected. The inflation rate eased to 7.9% in June, marking the lowest level since March 2022 and slightly below the market consensus of 8.2%. However, this reading aligned with the Bank of England's projection made in May. Furthermore, the core rate stood at 6.9%, which was not far from the previous period's 31-year high of 7.1%. Additionally, producer prices have also declined more than anticipated.

Pound Sterling Performance

Last Week Close	1.3086 USD/GBP	Monthly High	1.3144 USD/GBP
Week Open	1.3084 USD/GBP	Monthly Low	1.2659 USD/GBP
Week Close	1.2855 USD/GBP	30 Days Average	1.2804 USD/GBP
Weekly High	1.3125 USD/GBP	90 Days Average	1.2561 USD/GBP
Weekly Low	1.2814 USD/GBP	YTD Change	+6.31%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Jul	24-Jul	52.4	52.8
Flash Manufacturing PMI	Jul	24-Jul	46.1	46.5
Flash Services PMI	Jul	24-Jul	53.0	53.7
CBI Business Optimism	Q3	25-Jul		-2
Nationwide house price mm	Jul	27-Jul	-0.5%	0.1%
Nationwide house price yy	Jul	27-Jul	-4.0%	-3.5%

Lower Bound	1.2750	Upper Bound	1.3050
Forecast	Depreciation		

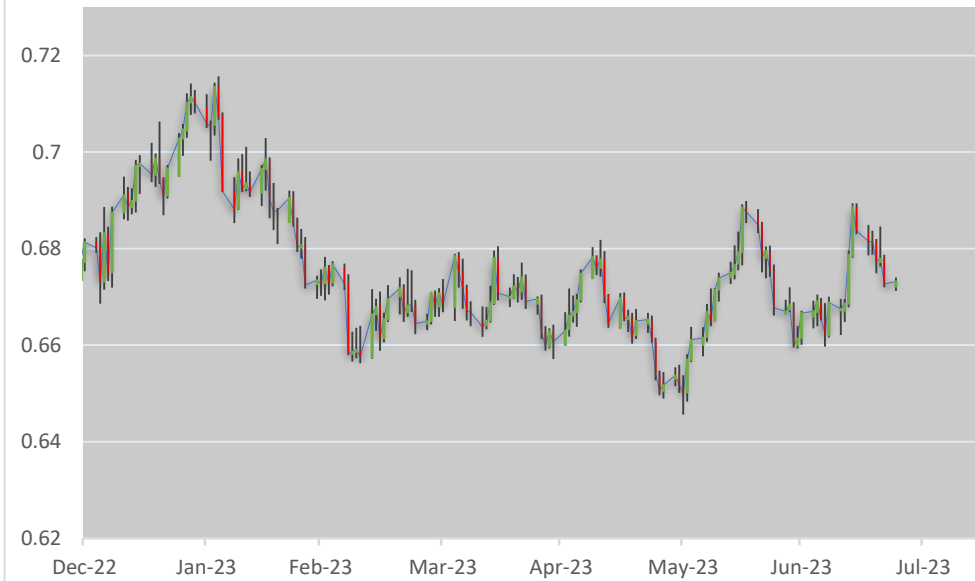
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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- This week the aussie will be appreciated against dollar as market expected that RBA should be hike rate further in this year. This Wednesday will see the year-on-year Australian headline CPI to the end of the second quarter. A Bloomberg survey of economists is anticipating 6.2% against 7.0% previously.

Australian Dollar News

• The Australian dollar held below \$0.68, giving back gains driven by surprisingly strong domestic jobs data. Latest data showed that Australia's unemployment rate was 3.5% in June, below the 3.6% anticipated and Australian employment jumped 36,200 in June, which was notably above the 15k expected to be added and 75.9k previously, signaling a still-tight labor market and adding to risks of a wage-driven rise in inflation. Earlier this month, the Reserve Bank of Australia decided to keep rates steady to assess the impact of previous hikes on the economy. However, the central bank warned that some further tightening may still be needed to bring down persistent inflation. Investors now look ahead to Australian inflation data for more clues on the economy and the path for domestic rates.

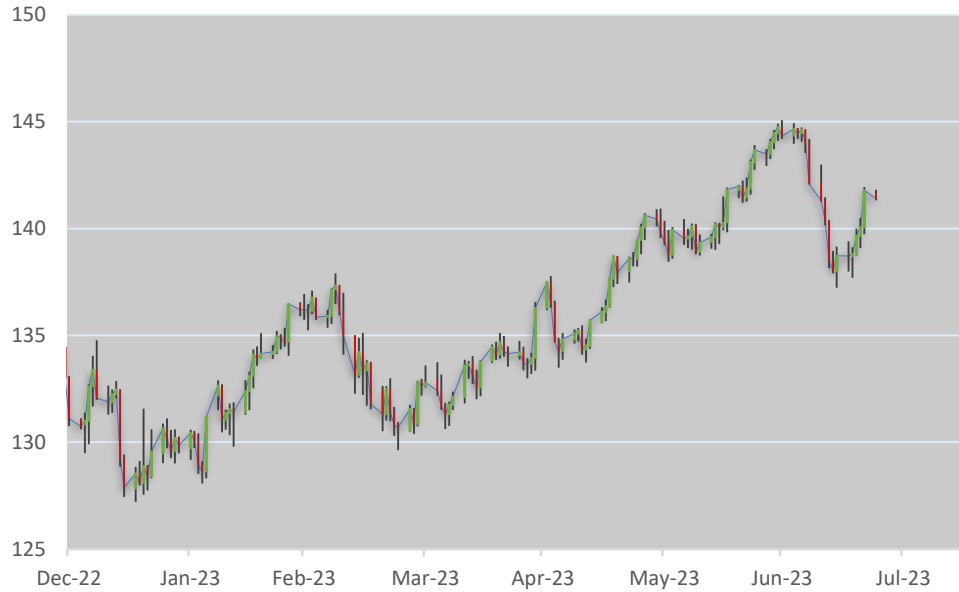
Australian Dollar Performance

Last Week Close	0.6837 USD/AUD	Monthly High	0.68940 USD/AUD
Week Open	0.6830 USD/AUD	Monthly Low	0.66000 USD/AUD
Week Close	0.6727 USD/AUD	30 Days Average	0.66482 USD/AUD
Weekly High	0.6849 USD/AUD	90 Days Average	0.67399 USD/AUD
Weekly Low	0.6720 USD/AUD	YTD Change	-1.19%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Judo Bank Mfg PMI Flash	Jul	24-Jul		48.2
Judo Bank Comp PMI Flash	Jul	24-Jul		50.1
CPI YY	Q2	26-Jul	6.2%	7.0%
RBA Weightd Medn CPI YY	Q2	26-Jul	5.4%	5.8%
Retail Sales MM Final	Jun	28-Jul		0.7%

Lower Bound	0.6650	Upper Bound	0.6890
Forecast	Appreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- This week Yen will depreciated against dollar as news filtered through that the BoJ were likely to keep the Yield Curve Control (YCC) policy as it at its upcoming meeting. This Friday (28/7) market expected that BOJ will keep interest rate and policy unchange

Japanese Yen News

- The Japanese yen depreciated past 140 per dollar, hitting its lowest levels in a week after Bank of Japan Governor Kazuo Ueda said there was still some distance to sustainably and stably achieve the central bank's 2% inflation target, indicating the BOJ's commitment to ultra-easy monetary policy. The currency also weakened even after data showed that Japan's annual headline and core inflation rates accelerated slightly in June and remained above the BOJ's target. The headline inflation falling slightly but core inflation ticked higher to 3.3%.

Japanese Yen Performance

Last Week Close	138.73 JPY/USD	Monthly High	144.93 JPY/USD
Week Open	138.74 JPY/USD	Monthly Low	137.26 JPY/USD
Week Close	141.79 JPY/USD	30 Days Average	133.52 JPY/USD
Weekly High	141.95 JPY/USD	90 Days Average	132.84 JPY/USD
Weekly Low	137.69 JPY/USD	YTD Change	+7.86%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Mfg PMI Flash SA	Jul	24-Jul		49.8
JibunBK Comp Op Flash SA	Jul	24-Jul		52.1
Service PPI	Jun	26-Jul		1.60%
Leading Indicator Revised	May	26-Jul		1.4
JP BOJ Rate Decision	28 Jul	28-Jul	-0.10%	-0.10%
CPI Tokyo Ex fresh food YY	Jul	28-Jul	2.9%	3.2%
CPI, Overall Tokyo	Jul	28-Jul		3.1%

Lower Bound	138.80	Upper Bound	145.00
Forecast	Depreciation		

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