

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 ก.ค. 2023 - 07 ก.ค. 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- Market will keep and eye on US employment data (non-farm payroll, ADP employment, jobless claims)
- Both ASP and NFP came in around the 270-280k mark, which is quite admirable given the level of policy tightening. If we were to see a sudden drop in the ADP figures on Thursday then it could generate some excitement that NFP could follow suit on the Friday and weigh on the US dollar.
- The further important data is PMI which will be released on Monday (3/7) and Thursday (6/7).
- Expectations for a 25 basis points hike at the Fed's July meeting, markets now pricing in an 86.8 percent chance of a hike.

Lower Bound	101.50	Upper Bound	103.50
Forecast	Neutral		

Dollar News

- The dollar index rose by comments from Federal Reserve Chair Jerome Powell, who did not rule out the possibility of another hike by the Fed at its next meeting in July. "We believe there's more restriction coming, driven by the labor market" he said.
- The U.S. dollar index climbed to a two-week high on Thursday after economic data showed the labor market remained on a solid footing, giving the Federal Reserve a possible cushion to continue raising interest rates.
- Weekly initial jobless claims decreased 26,000 to a seasonally adjusted 239,000, the largest drop in 20 months and below the expectation of 265,000 by economists polled by Reuters.
- The personal consumption expenditures (PCE) gained 0.1 per cent for the month after an 0.4 per cent rise in April while advancing 3.8 per cent on an annual basis, slowing from a revised 4.3 per cent the prior month.

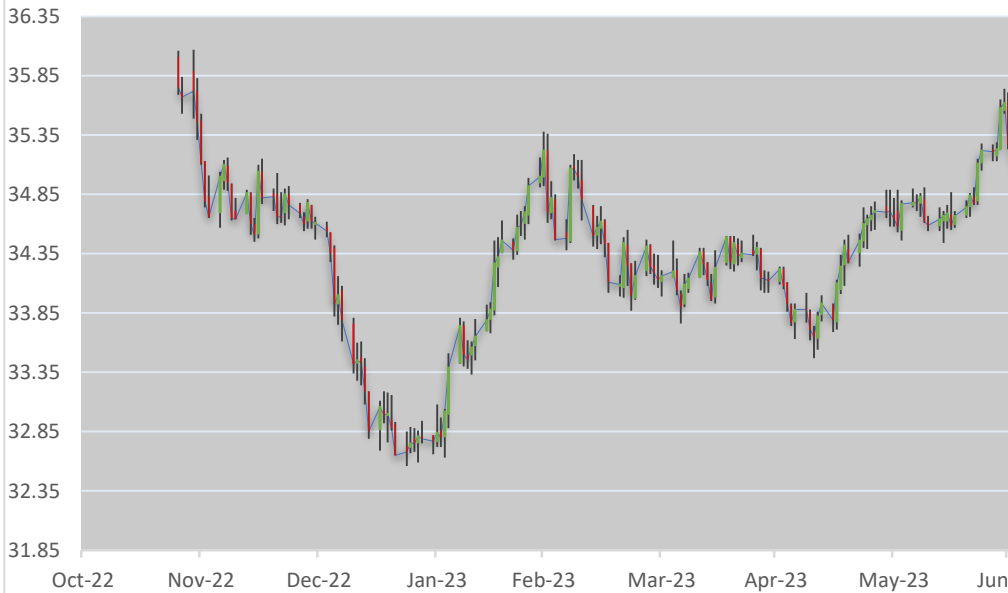
Dollar Index Performance

Last Week Close	#N/A	Monthly High	104.37
Week Open	#N/A	Monthly Low	99.58
Week Close	#N/A	30 Days Average	102.56
Weekly High	0.00	90 Days Average	102.57
Weekly Low	0.00	YTD Change	-3.59%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Final	Jun	3-Jul		
ISM Manufacturing PMI	Jun	3-Jul	47.0	
Factory Orders MM	May	5-Jul	0.8%	
Initial Jobless Clm	1 Jul, w/e	6-Jul	245k	
S&P Global Comp Final PMI	Jun	6-Jul		
S&P Global Svcs PMI Final	Jun	6-Jul		
ISM N-Mfg PMI	Jun	6-Jul	51.0	
Non-Farm Payrolls	Jun	7-Jul	225k	
Unemployment Rate	Jun	7-Jul	3.7%	

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- In the short term, the Thai baht could depreciate against the dollar as the possibility that the Fed could hike more rate supports the dollar.
- Global financial market volatility, the US's labor data and the formation of a new government and its policies would be monitored.
- The baht get stronger, focus on Thailand's newly elected lawmakers will meet for the first time in a parliamentary session on July 3.

Thai Baht News

- The THB depreciated 0.6 per cent to hit its lowest level since Nov 30, 2022, as doubts linger over whether Thailand's leading candidate could secure enough votes to become prime minister in the new parliament's first session next week.
- In additional, The baht remains weaken against dollar by on Fed chairman Powell's hawkish comments.
- Economic activity was seen rising steadily with tourist arrivals still increasing, the Bank of Thailand (BOT) said in a statement. The BOT expects economic growth at 3.6% this year and 3.8% next year, with the tourism sector a key driver.
- In May, Thailand recorded a current account deficit of \$2.8 billion, after a revised deficit of \$0.6 billion the previous month, the BOT said on Friday (30/6).
- Exports, a key driver of growth, dropped 5.9% year-on-year in May, from a 4.9% year-on-year drop the previous month.

Thai Baht Performance

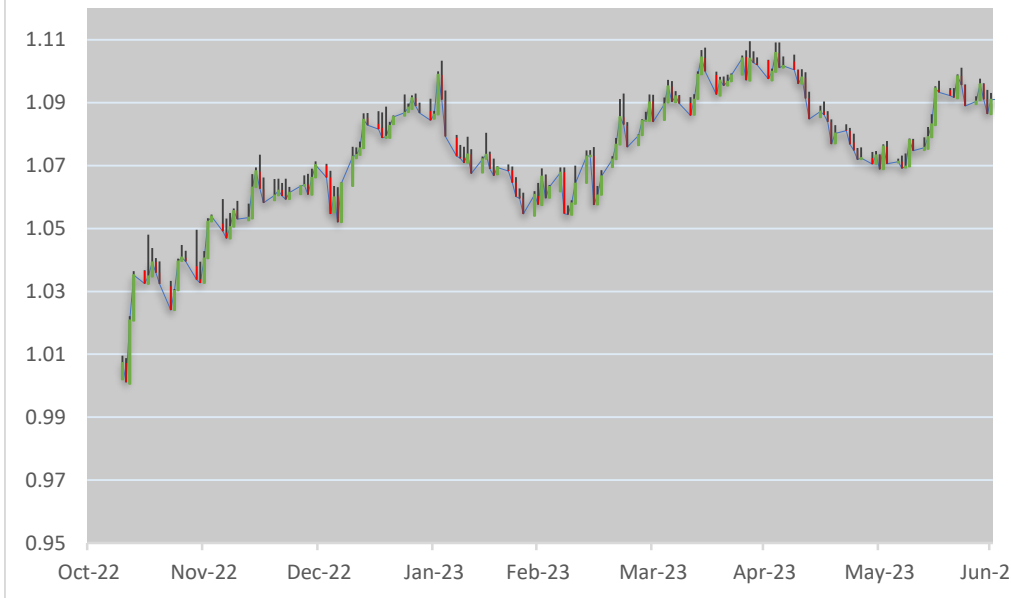
Last Week Close	#N/A	THB/USD	Monthly High	35.32 THB/USD
Week Open	34.43	THB/USD	Monthly Low	34.51 THB/USD
Week Close	35.27	THB/USD	30 Days Average	34.92 THB/USD
Weekly High	0.00	THB/USD	90 Days Average	34.47 THB/USD
Weekly Low	0.00	THB/USD	YTD Change	

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Jun	3-Jul		
CPI Headline Inflation	Jun	5-Jul	-0.16%	
CPI Core Inflation YY	Jun	5-Jul		
CPI Index	Jun	5-Jul		
Overall Comprehensive Risk	Q3	7-Jul		

Lower Bound	35.00	Upper Bound	35.50
Forecast	Neutral		

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Euro Graph


Source: Thomson Reuters

Euro News

- The euro depreciated and stayed near 1.0900 after data showed euro zone business growth virtually stalled in June. A downturn in manufacturing deepened, while activity in the bloc's dominant services sector barely expanded, as overall demand fell for the first time since January.
- The euro bulls take a breather around 1.0960 amid hawkish ECB talks. ECB President Christine Lagarde said, "We need to bring rates into "sufficiently restrictive" territory to lock in our policy tightening." The policymaker also added that, "It is unlikely that in the near future the central bank will be able to state with full confidence that the peak rates have been reached."
- The euro struggles to keep the bears on board, despite European Central Bank (ECB) officials, including President Christine Lagarde, advocated for higher interest rates. "If the baseline stands, we know we will likely hike again in July" she said.

Euro Index Performance

Last Week Close	#N/A	USD/EUR	Monthly High	1.1248 USD/EUR
Week Open	#N/A	USD/EUR	Monthly Low	1.0835 USD/EUR
Week Close	#N/A	USD/EUR	30 Days Average	1.0926 USD/EUR
Weekly High	0.0000	USD/EUR	90 Days Average	1.0882 USD/EUR
Weekly Low	0.0000	USD/EUR	YTD Change	

Euro Outlook

- The positive risk sentiment and hawkish expectations about the outlook of the European Central Bank (ECB) are helping to limit the losses.
- In the euro area, it will be a relatively quiet week, with May producer prices on Wednesday (5/7) and retail sales on Thursday (6/7) on the agenda. However, investors will also be keeping an eye on potential revisions to the June PMIs when the final prints are released on Monday and Wednesday. Moreover, key indicators out of Germany will likely attract some attention for traders. German trade figures are out on Tuesday (4/7), to be followed by industrial orders on Thursday (6/7) and industrial production on Friday (7/7), all for May.

Lower Bound	1.0800	Upper Bound	1.1050
Forecast	Appreciation		

Next Week's Euro Economic Events

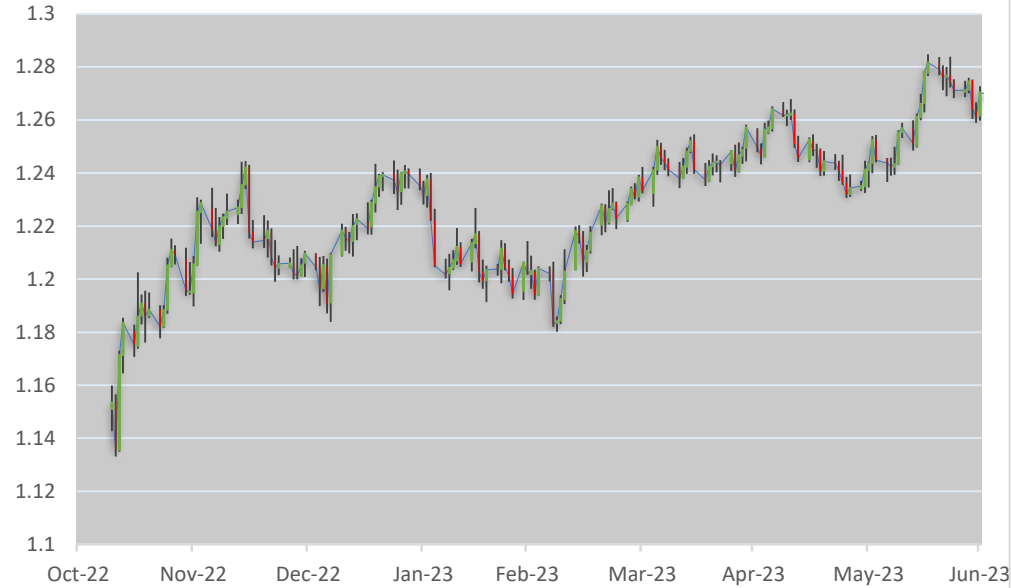
Events	Period	Date	Forecast	Previous
HCOB Mfg PMI	Jun	3-Jul	41.0	
HCOB Mfg Final PMI	Jun	3-Jul	43.6	
HCOB Services PMI	Jun	5-Jul	54.1	
HCOB Composite Final PMI	Jun	5-Jul	50.8	
HCOB Services Final PMI	Jun	5-Jul	52.4	
S&P Global Comp Final PMI	Jun	5-Jul	50.3	
Industrial Orders MM	May	6-Jul	1.5%	
Manufacturing O/P Cur Price SA	May	6-Jul		
Industrial Output MM	May	7-Jul	-0.1%	

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 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- Pound Sterling traders gear up for another data-light economic calendar from the United Kingdom in the upcoming week. All eyes will be on the United States statistics heading into Friday's critical Nonfarm Payrolls release.

Pound Sterling News

- The pound sterling consolidated near 1.2700 level and closed last week in red as the US Dollar continues to benefit from risk aversion. Moreover, recession worries in the UK heightened with decreasing consumer confidence and a potential 6% interest rate hike from the BoE.
- The Pound Sterling rebounded 0 as the Bank of England has kept doors open for further interest rate hikes, while headline inflation remained higher than anticipation as upbeat sales of second-hand automobiles offset a decline in energy prices.
- The British Pound is weighed down by fears that the UK economy is heading for recession, especially after a surprise 50 bps rate hike by the Bank of England (BoE) last Thursday. Investors also seem worried that further increases in interest rates will spark a mortgage crisis and raise borrowing costs for government debt. The fears were further fueled by BoE Governor Andrew Bailey's comments, hinting that rates could remain at peak levels for longer than traders currently expect.

Pound Sterling Performance

Last Week Close	#N/A	USD/GBP	Monthly High	1.3144	USD/GBP
Week Open	#N/A	USD/GBP	Monthly Low	1.2659	USD/GBP
Week Close	#N/A	USD/GBP	30 Days Average	1.2731	USD/GBP
Weekly High	0.0000	USD/GBP	90 Days Average	1.2517	USD/GBP
Weekly Low	0.0000	USD/GBP	YTD Change		

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
S&P GBL/CIPS Mfg PMI FNL	Jun	3-Jul	46.2	
Composite PMI Final	Jun	5-Jul	52.8	
Reserve Assets Total	Jun	5-Jul		
All-Sector PMI	Jun	6-Jul		
Overall Comprehensive Risk	Q3	6-Jul		
Halifax House Prices MM	Jun	7-Jul		
Halifax House Prices YY	Jun	7-Jul		

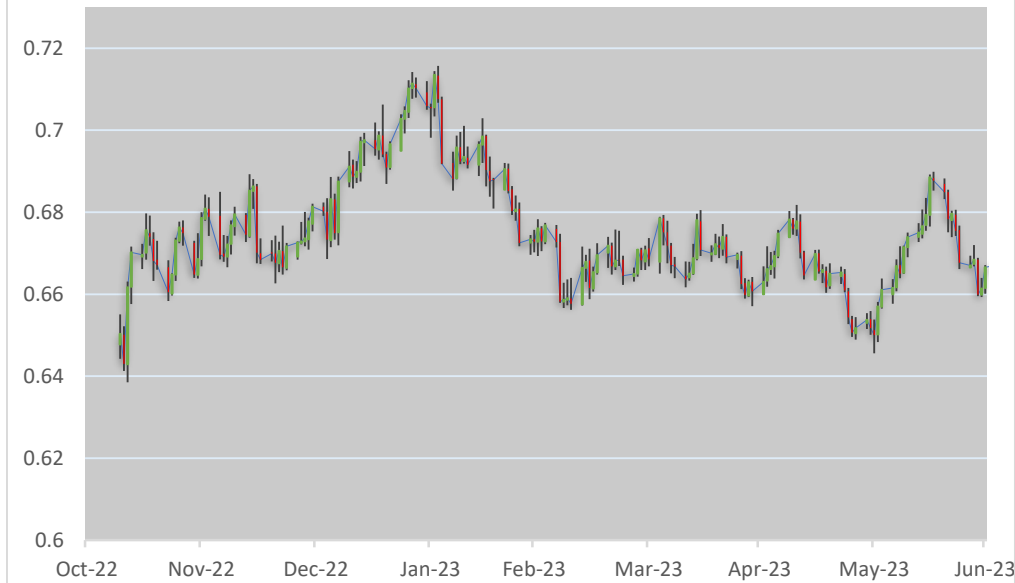
Lower Bound	1.2550	Upper Bound	1.2800
Forecast	Appreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The focus in this week is on the RBA rate decision which expect to hold the rate at 4.1%
- The Aussie asset has faced immense pressure as the market mood has turned quite risk-off due to fears of the global recession.

Australian Dollar News

- After a brief consideration around 0.6640, the AUD/USD resumed its decline and tumbled towards 0.6600, reaching fresh weekly lows. The pair was trading lower following Australian inflation data and more recently, due to the stronger US Dollar across the board during the weekend.
- However, the aud rose after Australia Retail Sales grew 0.7% monthly in May versus 0.1% expected and 0.0% prior, per the latest economic update from the Australian Bureau of Statistics.
- The aud remained on the defensive after Chinese PMIs, holds just above 0.6600 mark.

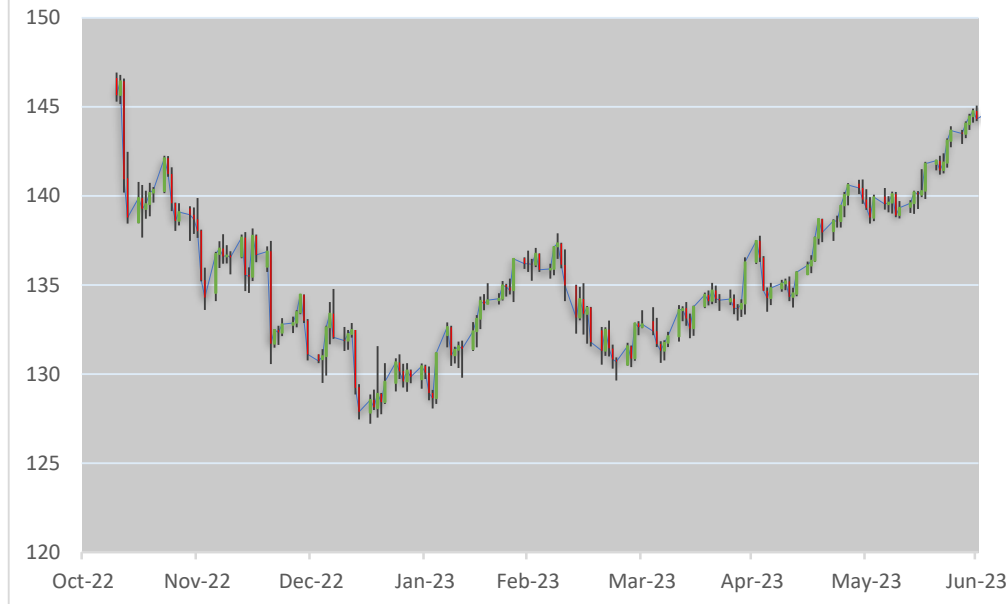
Australian Dollar Performance

Last Week Close	#N/A	USD/AUD	Monthly High	0.68940	USD/AUD
Week Open	#N/A	USD/AUD	Monthly Low	0.66000	USD/AUD
Week Close	#N/A	USD/AUD	30 Days Average	0.66823	USD/AUD
Weekly High	0.0000	USD/AUD	90 Days Average	0.67660	USD/AUD
Weekly Low	0.0000	USD/AUD	YTD Change		

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
CPI SA MM	May	28-Jun		
CPI SA YY	May	28-Jun		
Retail Sales MM Final	May	29-Jun	0.1%	
Private Sector Credit	May	30-Jun		
Housing Credit	May	30-Jun		

Lower Bound	0.6550	Upper Bound	0.6750
Forecast	Neutral		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Next week's data are not expected to turn the tide for the yen, although a broadly upbeat set of numbers might provide some support for the safe-haven currency.
- The Bank of Japan's quarterly Tankan business survey will start the week on Monday (3/7). Forecasts point to growing optimism among businesses for the current and next quarters, as well as plans to increase capital expenditure. Household spending stats will be watched on Friday (7/7), along with average cash earnings for May.

Lower Bound	143.50	Upper Bound	146.50
Forecast	Depreciation		

Japanese Yen News

- The yen depreciated further to most depreciated level in more than seven months as the Japanese currency has come under renewed pressure as the Bank of Japan (BOJ) maintains an ultra-dovish stance.
- The Japanese yen, which has been under pressure as the BOJ has been an outlier among global central banks by keeping loose monetary policy, weakened to a 7-month low per dollar. BOJ Governor Kazuo Ueda said the central bank would see a good reason to alter its monetary policy if it became "reasonable sure" inflation would start to re-accelerate into next year after a period of moderating.

Japanese Yen Performance

Last Week Close	#N/A JPY/USD	Monthly High	144.93 JPY/USD
Week Open	#N/A JPY/USD	Monthly Low	137.26 JPY/USD
Week Close	#N/A JPY/USD	30 Days Average	133.98 JPY/USD
Weekly High	0.00 JPY/USD	90 Days Average	133.15 JPY/USD
Weekly Low	0.00 JPY/USD	YTD Change	

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Judo Bank Mfg PMI Final	Jun	3-Jul		
Building Approvals	May	3-Jul	2.0%	
Building Approval Total YY	May	3-Jul		
Owner-Occp'd Hous'g Fin MM	May	3-Jul	1.60%	
Invest Hous'g Fin MM	May	3-Jul		
RBA Cash Rate	Jul	4-Jul	4.35%	
Judo Bank Svs PMI Final	Jun	5-Jul		
Judo Bank Comp PMI Final	Jun	5-Jul		
Trade Balance G&S (A\$)	May	6-Jul	10,500M	

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