

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**01 May 2023 - 05 May 2023**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar Outlook**

- Fears of US default, banking sector fallout weigh on market sentiment and allow DXY bulls to return.
- US Retail Sales, Fed Chair Powell's speech will be important but debt ceiling talks are the key.

<b>Lower Bound</b>	<b>101.00</b>	<b>Upper Bound</b>	<b>103.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

- The headline CPI eased to an annualized 4.9% rate in April, while the Core CPI climbed 5.5% over the last twelve months. On a monthly basis, both gauges rose 0.4%.
- The Producer Price Index (PPI) improved to 0.2% MoM for April versus 0.3% expected and -0.4% prior. More importantly, PPI ex Food & Energy, known as Core PPI, rose on MoM but eased on YoY. Further, US Initial Jobless Claims rose by 264,000 to push the level to the highest level since October 2021, which in turn escalated the risk-off mood and favored the US Dollar.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>101.82</b>	<b>Monthly High</b>	<b>103.36</b>
<b>Week Open</b>	<b>101.72</b>	<b>Monthly Low</b>	<b>100.79</b>
<b>Week Close</b>	<b>101.42</b>	<b>30 Days Average</b>	<b>102.02</b>
<b>Weekly High</b>	<b>102.40</b>	<b>90 Days Average</b>	<b>103.01</b>
<b>Weekly Low</b>	<b>101.01</b>	<b>YTD Change</b>	<b>#NAME?</b>

**Next Week's Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Consumer Confidence	Apr	25-Apr	104.0	104.0
New Home Sales-Units	Mar	25-Apr	0.630M	0.623M
Durable Goods	Mar	26-Apr	0.7%	-1.2%
GDP Advance	Q1	27-Apr	2.0%	
Consumption, Adjusted MM	Mar	28-Apr	-0.1%	0.1%
Core PCE Price Index MM	Mar	28-Apr	0.3%	
Core PCE Price Index YY	Mar	28-Apr	4.5%	4.7%
PCE Price Index MM	Mar	28-Apr		
PCE Price Index YY	Mar	28-Apr		5.1%
U Mich Sentiment Final	Apr	28-Apr	63.5	

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht News**

- The baht continued to appreciate against the dollar as traders worried that the continued turmoil in US banking system could result in earlier-than-expected rate cut by the Federal Reserve.
- Additionally, foreign capital inflows in Thai bond market also lent support to THB strength.
- Recent Thai economic data indicated that the export and tourism sectors are set to grow. The country's current account returned to a surplus in March and beat analysts' forecast, resulting in a firmer baht relative to other regional currencies.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>34.33</b> THB/USD	<b>Monthly High</b>	<b>#NAME?</b> THB/USD
<b>Week Open</b>	<b>34.43</b> THB/USD	<b>Monthly Low</b>	<b>#NAME?</b> THB/USD
<b>Week Close</b>	<b>34.12</b> THB/USD	<b>30 Days Average</b>	<b>34.21</b> THB/USD
<b>Weekly High</b>	<b>34.51</b> THB/USD	<b>90 Days Average</b>	<b>34.01</b> THB/USD
<b>Weekly Low</b>	<b>34.02</b> THB/USD	<b>YTD Change</b>	<b>#NAME?</b>

**Thai Baht Outlook**

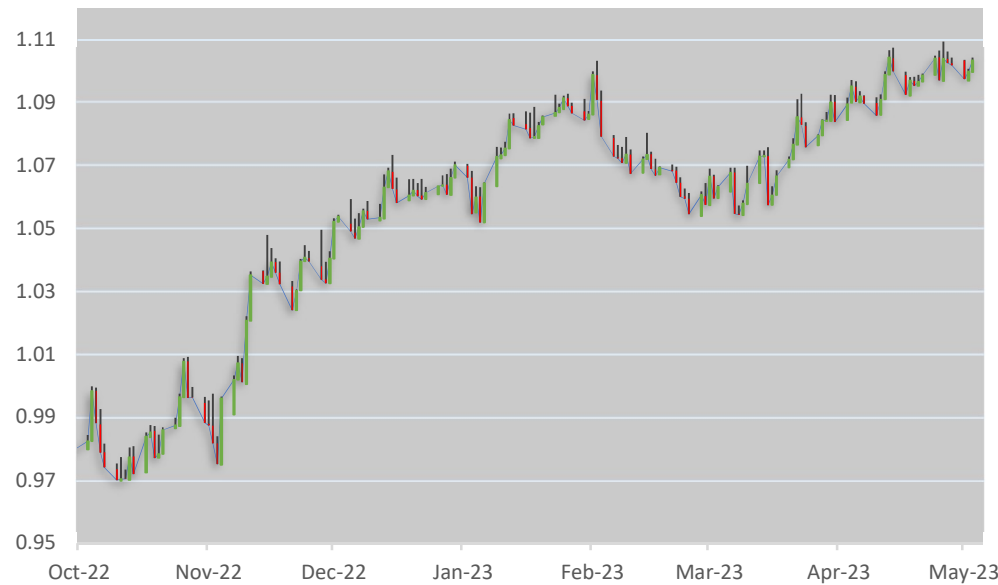
- Post-election rally and uncertainty about future policy change may discourage investor's confidence, weakening THB.
- Thaksin's proposed return to Thailand could be one destabilising factor.

**Next Week's Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Mar	26-Apr	-14.00%	
Custom-Based Import Data	Mar	26-Apr	-4.70%	
Customs-Based Trade Data	Mar	26-Apr	-1.07B	
Exports YY	Mar	28-Apr		
Imports YY	Mar	28-Apr		
Trade Account	Mar	28-Apr		
Current Account	Mar	28-Apr		
Manufacturing Prod YY	Mar	28-Apr	-3.65%	

<b>Lower Bound</b>	<b>33.70</b>	<b>Upper Bound</b>	<b>34.20</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- The European Central Bank will keep raising borrowing costs until it sees core inflation decline sustainably.
- Resurfacing fears over a deepening banking crisis in the United States caused investors to stay away from risk-sensitive assets.
- EUR/USD set to extend its slump with 1.0745 as the ultimate support.

<b>Lower Bound</b>	<b>1.0700</b>	<b>Upper Bound</b>	<b>1.1000</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Euro News**

- ECB members continued to speak about further rate hikes, with Governing Council member Martins Kazaks stating that rate hikes may not be finished in July. Peter Kazimir, another member, warned that they will have to keep raising rates for longer than anticipated. Isabel Schnabel also mentioned that there is more work to do to bring inflation back to target.
- German consumer prices were confirmed at 0.4% on the month in April, up 7.2% on the year.
- EUR/USD failed to justify the hawkish expectations from the ECB and retreated toward 1.0920 support.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0987</b> USD/EUR	<b>Monthly High</b>	<b>#NAME?</b> USD/EUR
<b>Week Open</b>	<b>1.0989</b> USD/EUR	<b>Monthly Low</b>	<b>#NAME?</b> USD/EUR
<b>Week Close</b>	<b>1.1020</b> USD/EUR	<b>30 Days Average</b>	<b>1.0944</b> USD/EUR
<b>Weekly High</b>	<b>1.1095</b> USD/EUR	<b>90 Days Average</b>	<b>1.0789</b> USD/EUR
<b>Weekly Low</b>	<b>1.0961</b> USD/EUR	<b>YTD Change</b>	<b>#NAME?</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Ifo Business Climate New	Apr	24-Apr	94.0	93.2
Ifo Curr Conditions New	Apr	24-Apr	96.0	
Ifo Expectations New	Apr	24-Apr	91.5	91.0
Unemployment Chg SA	Apr	28-Apr	10k	
Unemployment Rate SA	Apr	28-Apr	5.6%	
GDP Flash QQ SA	Q1	28-Apr	0.2%	-0.5%
GDP Flash YY NSA	Q1	28-Apr	0.8%	0.2%
CPI Prelim YY	Apr	28-Apr	7.3%	
HICP Prelim YY	Apr	28-Apr	7.8%	

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The BoE indicated that persistently high inflationary pressures would require further tightening.
- From a technical perspective, GBP/USD remains in a long-term uptrend, advantaging long over short holders.

**Pound Sterling News**

- GBP/USD has lost its recovery momentum and retreated to the 1.2500 area. The data from the UK showed that GDP contracted 0.3% in March. On a positive note, Industrial Production and Manufacturing Production both expanded 0.7% in the same period.
- The UK central bank raised its benchmark interest rates for the 12th time in a row, by 25 bps to 4.50%. BoE noted signs of inflation easing. However, the secondary effects of high inflation continue to persist, and that the risks to inflation in the future remain “skewed to the upside.”

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2430</b> USD/GBP	<b>Monthly High</b>	<b>#NAME?</b> USD/GBP
<b>Week Open</b>	<b>1.2437</b> USD/GBP	<b>Monthly Low</b>	<b>#NAME?</b> USD/GBP
<b>Week Close</b>	<b>1.2572</b> USD/GBP	<b>30 Days Average</b>	<b>1.2415</b> USD/GBP
<b>Weekly High</b>	<b>1.2583</b> USD/GBP	<b>90 Days Average</b>	<b>1.2225</b> USD/GBP
<b>Weekly Low</b>	<b>1.2385</b> USD/GBP	<b>YTD Change</b>	<b>#NAME?</b>

**Next Week's Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
PSNB Ex Banks GBP	Mar	25-Apr	20.000B	13.322B
PSNB, GBP	Mar	25-Apr		12.501B
PSNCR, GBP	Mar	25-Apr		-1.693B
CBI Business Optimism	Q2	25-Apr		
CBI Distributive Trades	Apr	26-Apr	0	
CBI Trends - Orders	Apr	25-Apr	-20	

<b>Lower Bound</b>	<b>1.2350</b>	<b>Upper Bound</b>	<b>1.2550</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- The Reserve Bank of Australia's (RBA) hawkish outlook, indicating that some further tightening of monetary policy may be required to ensure that inflation returns to target in a reasonable time. Concerns about a global economic slowdown resurfaced following the release of the mixed Chinese inflation figures and weaker US labor market report, which, in turn, is seen as a key factor weighing on the risk-sensitive Aussie.

**Australian Dollar News**

- AUD/USD fluctuate around 0.6760-70 as it bears the burden of the market's cautious mood, as well as recently softer second-tier Aussie data.
- Australia's Roy Morgan Business Confidence for April dropped to 90.2 from 93.6 prior, while Aussie Retail Sales and China trade numbers also disappointed AUD/USD bulls
- Mixed Chinese inflation figures acted as a headwind for the AUD/USD pair.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6690</b> USD/AUD	<b>Monthly High</b>	<b>#NAME?</b> USD/AUD
<b>Week Open</b>	<b>0.6686</b> USD/AUD	<b>Monthly Low</b>	<b>#NAME?</b> USD/AUD
<b>Week Close</b>	<b>0.6607</b> USD/AUD	<b>30 Days Average</b>	<b>0.68540</b> USD/AUD
<b>Weekly High</b>	<b>0.6705</b> USD/AUD	<b>90 Days Average</b>	<b>0.68041</b> USD/AUD
<b>Weekly Low</b>	<b>0.6571</b> USD/AUD	<b>YTD Change</b>	<b>#NAME?</b>

**Next Week's Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
CPI QQ	Q1	26-Apr	1.3%	
CPI YY	Q1	26-Apr	6.9%	
RBA Weightd Medn CPI QQ	Q1	26-Apr	1.3%	
RBA Weightd Medn CPI YY	Q1	26-Apr	5.9%	
RBA Trimmed Mean CPI QQ	Q1	26-Apr	1.4%	
RBA Trimmed Mean CPI YY	Q1	26-Apr	6.7%	

<b>Lower Bound</b>	<b>0.6600</b>	<b>Upper Bound</b>	<b>0.6800</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The JPY could be viewed as a cleaner 'safe haven' than the USD, for any US-centric 'risk off' dynamics, such as the US debt ceiling stand-off and US banking sector concerns.

<b>Lower Bound</b>	<b>134.00</b>	<b>Upper Bound</b>	<b>137.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Japanese Yen News**

- A generally positive tone around the equity markets, along with the Bank of Japan's (BoJ) dovish outlook, undermines the safe-haven Japanese Yen (JPY) and turns out to be a key factor acting as a tailwind for the USD/JPY pair. It is worth recalling that the BoJ Governor Kazuo Ueda, speaking in parliament earlier in the week, said it was too early to discuss specific plans for an exit from the massive stimulus programme.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>134.15 JPY/USD</b>	<b>Monthly High</b>	<b>#NAME? JPY/USD</b>
<b>Week Open</b>	<b>134.08 JPY/USD</b>	<b>Monthly Low</b>	<b>#NAME? JPY/USD</b>
<b>Week Close</b>	<b>136.28 JPY/USD</b>	<b>30 Days Average</b>	<b>133.20 JPY/USD</b>
<b>Weekly High</b>	<b>136.56 JPY/USD</b>	<b>90 Days Average</b>	<b>140.25 JPY/USD</b>
<b>Weekly Low</b>	<b>133.00 JPY/USD</b>	<b>YTD Change</b>	<b>#NAME?</b>

**Next Week's Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Service PPI	Mar	25-Apr		1.70%
Leading Indicator Revised	Feb	27-Apr		
JP BOJ Rate Decision	28 Apr	28-Apr	-0.10%	
CPI Tokyo Ex fresh food YY	Apr	28-Apr	3.2%	
CPI, Overall Tokyo	Apr	28-Apr		
Jobs/Applicants Ratio	Mar	28-Apr	1.34	
Unemployment Rate	Mar	28-Apr	2.5%	
Industrial O/P Prelim MM SA	Mar	28-Apr	0.5%	
Large Scale Retail Sales YY	Mar	28-Apr		
Chain Store Sales YY	Mar	25-Apr		

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