

WEEKLY FOREIGN EXCHANGE OUTLOOK
13 Nov 2023 - 17 Nov 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- This week, the spotlight will be on the October consumer price index report. With the Federal Reserve hypersensitive to incoming information and mindful of potential upside inflation risk, the latest CPI figures will take on added significance and carry extra weight for financial markets. Against this backdrop, volatility could spike in the coming trading sessions.
- In terms of projections, headline CPI is forecast to have risen 0.1% on a seasonally adjusted basis last month, bringing the annual rate down to 3.3% from 3.7% previously. For its part, the core indicator, which excludes food and energy, is seen increasing by 0.3% monthly, resulting in a year-over-year reading of 4.3%, mirroring September's result.

Lower Bound	105.09	Upper Bound	107.06
Forecast	Appreciation		

Dollar News

- The dollar index was at nearly 106 on Friday and was set to finish the week 0.8% higher, as Federal Reserve officials pushed back against speculations that US interest rates already peaked. Fed Chair Jerome Powell said on Thursday that the central bank is “not confident” that it has done enough to bring down inflation.
- Also, the latest Michigan consumer sentiment showed inflation expectations for the year ahead increased for a second month to 4.4%, the highest since April and those for the five-year outlook also went up to 3.2%, a level not seen since March 2011. Sentiment, meanwhile, fell more than expected to a 6-month low. The labor market also displayed resilience with US weekly jobless claims down by 3K to 217K last week, compared with expectations of 218K and following an upwardly revised 220K in the previous period.

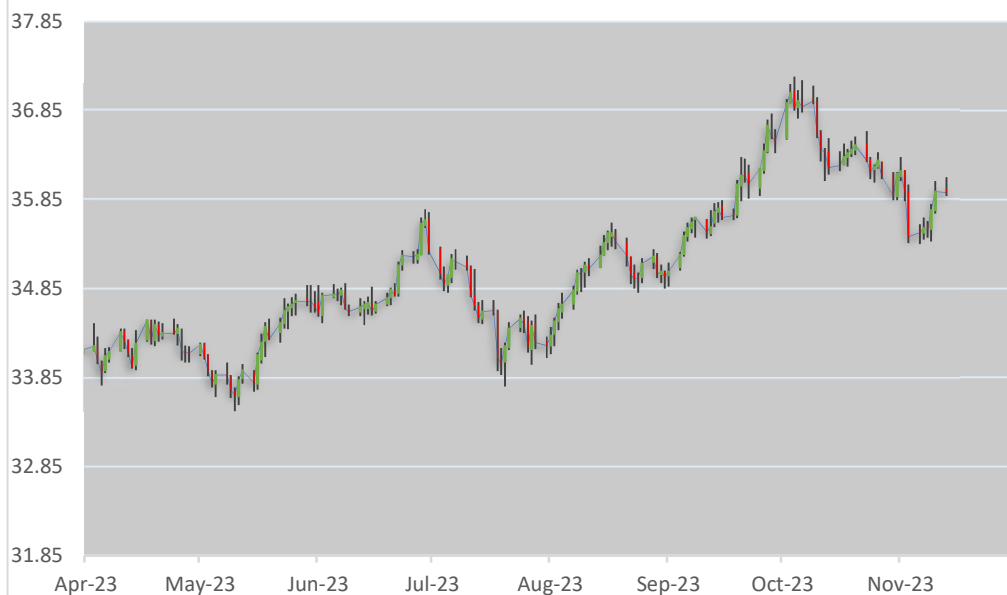
Dollar Index Performance

Last Week Close	105.02	Monthly High	107.35
Week Open	105.07	Monthly Low	104.85
Week Close	105.86	30 Days Average	106.19
Weekly High	107.11	90 Days Average	104.26
Weekly Low	104.85	YTD Change	+2.23%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI YY, NSA	Oct	14-Nov	4.1%	4.0%
CPI YY, NSA	Oct	14-Nov		
CPI Wage Earner	Oct	14-Nov		
PPI Machine Manuf'ing	Oct	15-Nov		
Retail Sales MM	Oct	15-Nov	-0.1%	-0.6%
Philly Fed Business Indx	Nov	16-Nov	-11.0	-12.1
Industrial Production MM	Oct	16-Nov	-0.4%	-0.9%
Housing Starts Number	Oct	17-Nov	1.345M	1.300M
Initial Jobless Clm		6 Nov, w/e 16-Nov		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- Last week Thai baht depreciated against dollar after Fed Chair Jerome Powell said on Thursday that the central bank is “not confident” that it has done enough to bring down inflation.
- Moreover, baht was also under pressure after Prime Minister Srettha Thavisin unveiled a \$14 billion (500 Billion baht) cash handout to jumpstart its economy, trimming the size of the planned stimulus only slightly despite warnings from some economists and former central bankers that the outlay may stoke inflation and widen fiscal deficit.

Thai Baht Performance

Last Week Close	35.93 THB/USD	Monthly High	36.33 THB/USD
Week Open	35.50 THB/USD	Monthly Low	35.39 THB/USD
Week Close	35.94 THB/USD	30 Days Average	36.26 THB/USD
Weekly High	36.06 THB/USD	90 Days Average	35.53 THB/USD
Weekly Low	35.35 THB/USD	YTD Change	+4.07%

Thai Baht Outlook

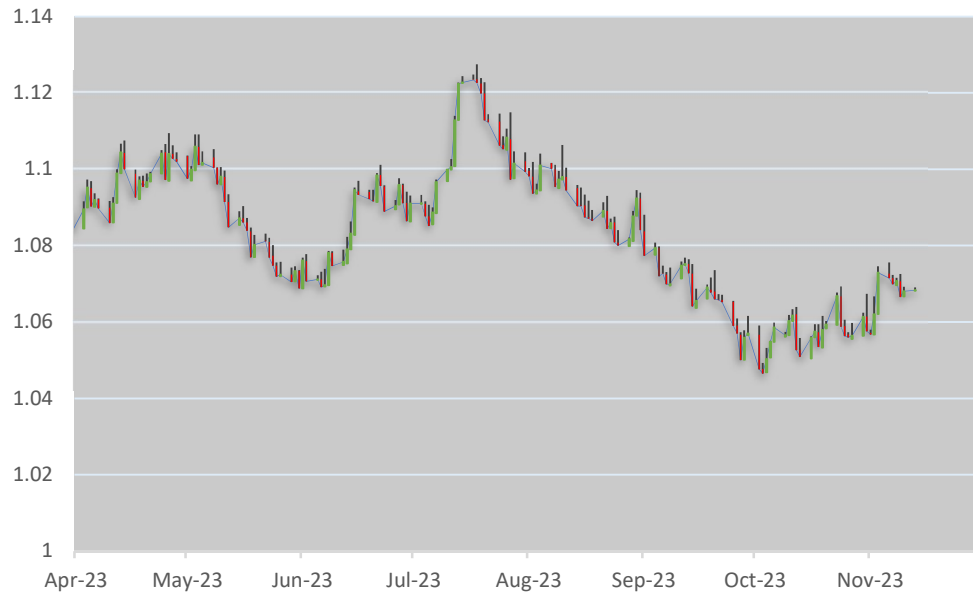
- This week, Investor will focus on US CPI that will be release on Tuesday (14/11). Baht will still under pressure after Fed expressed uncertainty about whether interest rates are sufficiently high to tackle inflation effectively.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	6 Nov, w/e 17-Nov			214.1B
Currency Swaps	6 Nov, w/e 17-Nov			30.4B

Lower Bound	35.37	Upper Bound	36.66
Forecast	Depreciation		

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- This week, focus will be aimed at US CPI and euro CPI respectively. Euro area headline inflation is expected to drop sharply to 2.9% from 4.3% which could weigh negatively on the euro should this actualize.
- The EU will release the second estimate of Q3 GDP, expected to give a reading at -0.1% QoQ on Tuesday, while Germany will unveil the November ZEW Survey on Economic Sentiment.

Euro News

- The euro was below \$1.07, down from a seven-week peak of \$1.0756 reached on November 6th, as investors digested a series of remarks by central bank officials. European Central Bank President Christine Lagarde indicated that maintaining the deposit rate at 4% should be sufficient to control inflation, but officials would consider raising borrowing costs if necessary. Also, policymaker Robert Holzmann emphasized vigilance on inflation and the readiness to raise rates when needed. Market sentiment suggests a potential 95 basis points of interest rate cuts by the ECB by the end of 2024, following the end of 10 consecutive rate hikes in October.
- Meanwhile, Federal Reserve Chair Jerome Powell expressed uncertainty about the effectiveness of current interest rates in addressing inflation, suggesting the possibility of further rate hikes. For the week, the euro is down 0.6%.

Euro Index Performance

Last Week Close	1.0729 USD/EUR	Monthly High	1.0756 USD/EUR
Week Open	1.0727 USD/EUR	Monthly Low	1.0518 USD/EUR
Week Close	1.0681 USD/EUR	30 Days Average	1.0605 USD/EUR
Weekly High	1.0756 USD/EUR	90 Days Average	1.0781 USD/EUR
Weekly Low	1.0654 USD/EUR	YTD Change	-0.19%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
GDP Flash Estimate YY	Q3	14-Nov	0.1%	0.1%
Total Trade Balance SA	Sep	15-Nov		11.90B
Industrial Production MM	Sep	15-Nov	-0.6%	0.6%
Industrial Production YY	Sep	15-Nov		-5.1%
Reserve Assets Total	Oct	15-Nov		1,113.49B
HICP Final MM	Oct	17-Nov	0.1%	0.3%
HICP Final YY	Oct	17-Nov	2.9%	2.9%

Lower Bound	1.0503	Upper Bound	1.0746
Forecast	Depreciation		

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 **Pound Sterling**
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- On Tuesday, labor market data is due, and analysts will closely examine Average Earnings and changes in employment.
- The main focus for the Pound is scheduled for Wednesday, with the release of the Consumer Price Index (CPI) for October. It is expected to show further moderation in inflation but still above the target. The CPI is projected to rise by 0.2% on a monthly basis. The annual rate of Core CPI is expected to decline from 6.1% to 5.8%. Evidence of inflation decelerating could put downward pressure on the Pound, but it would be welcomed by the Bank of England and the economy. This could mitigate all the negative momentum for the currency. Inflation and employment are decisive for the monetary policy stance.

Lower Bound	1.2054	Upper Bound	1.2348
Forecast	Depreciation		

Pound Sterling News

- The British pound remains relatively stable, trading above the \$1.22 level, as the UK economy showed no growth in the third quarter, defying expectations for a contraction and potentially averting a recession this year. The UK economy stalled from July to September, compared to a 0.2% increase in the previous quarter. In annual terms, third-quarter GDP was 0.6% higher than the same period in 2022. UK Chancellor of the Exchequer Jeremy Hunt emphasized sticking to the economic plan to combat inflation for sustainable growth. The Bank of England recently kept interest rates at a 15-year high, reaffirming its commitment to addressing inflation.
- Elsewhere, several Fed policymakers, including Powell, expressed uncertainty about whether interest rates are sufficiently high to tackle inflation effectively. For the week, the sterling is down 1.3%.

Pound Sterling Performance

Last Week Close	1.2376 USD/GBP	Monthly High	1.2428 USD/GBP
Week Open	1.2366 USD/GBP	Monthly Low	1.2097 USD/GBP
Week Close	1.2222 USD/GBP	30 Days Average	1.2194 USD/GBP
Weekly High	1.2428 USD/GBP	90 Days Average	1.2495 USD/GBP
Weekly Low	1.2184 USD/GBP	YTD Change	+1.10%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
House Price Rightmove MM	Nov	13-Nov		0.5%
House Price Rightmove YY	Nov	13-Nov		-0.8%
Claimant Count Unem Chng	Oct	14-Nov		20.4k
ILO Unemployment Rate	Sep	14-Nov	4.3%	4.2%
Core CPI YY	Oct	15-Nov	5.8%	6.1%
CPI YY	Oct	15-Nov	4.9%	6.7%
Retail Sales MM	Oct	17-Nov		-0.9%
Retail Sales Ex-Fuel MM	Oct	17-Nov		-1.0%

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The RBA's 25 bps rate hike under new Governor Michele Bullock's leadership fails to provide a bullish impetus for the Aussie.
- Jerome Powell's hawkish tone on US monetary policy adds to the AUD's woes, with China's economic slowdown posing additional risks. In addition to that, a deflationary scenario in China, hurts the prospects of the Aussie (AUD), due to Australia's dependence on its largest trading partner. A further deterioration of China's economy would dampen Australia's prospects, suggesting that further AUD/USD weakness lies ahead.

Australian Dollar News

- The Australian dollar depreciated past \$0.64 and was on track to lose more than 2% this week, as the Reserve Bank of Australia delivered what analysts considered as a dovish interest rate hike. The central bank raised its cash rate by 25 basis points to 4.35% during its November meeting in a widely expected move, as inflation proved more persistent than anticipated a few months ago. However, the RBA replaced a previous statement that "some" further tightening may be needed with "whether" a move would be necessary depending on incoming data. Meanwhile, the central bank said in its quarterly monetary policy statement that it expects inflation to return to the top of its 2-3% goal by the end of 2025 as price pressures are easing more slowly than previously thought.

Australian Dollar Performance

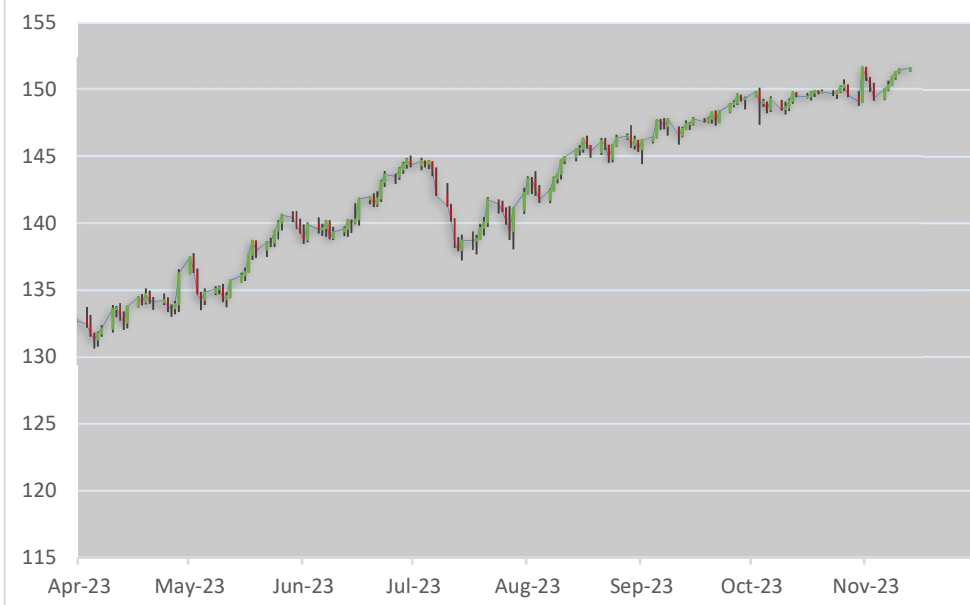
Last Week Close	0.6512 USD/AUD	Monthly High	0.65220 USD/AUD
Week Open	0.6499 USD/AUD	Monthly Low	0.63190 USD/AUD
Week Close	0.6364 USD/AUD	30 Days Average	0.64410 USD/AUD
Weekly High	0.6522 USD/AUD	90 Days Average	0.66006 USD/AUD
Weekly Low	0.6337 USD/AUD	YTD Change	-6.71%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Wage Price Index QQ	Q3	15-Nov	1.3%	0.8%
Wage Price Index YY	Q3	15-Nov	3.9%	3.6%
Employment	Oct	16-Nov	18.0k	6.7k
Unemployment Rate	Oct	16-Nov	3.7%	3.6%

Lower Bound	0.6263	Upper Bound	0.6483
Forecast	Depreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- This week, the yen would get some cues of US Retail Sales, and inflation data in the United States (US). In Japan, the calendar would feature the release of GDP, Industrial Production, and the Trade Balance.
- Japanese Yen's further decline is tempered by intervention warnings from the Ministry of Finance, as officials emphasize the need for Forex movements to align with economic fundamentals.

Japanese Yen News

- The Japanese yen weakened again past 151 per dollar and is at risk of depreciating toward its lowest levels since 1990 as hawkish messaging from the US Federal Reserve contrasted sharply with the Bank of Japan's commitment to ultra-easy monetary policy. Earlier this week, Fed Chair Jerome Powell hinted at the possibility of further interest rate hikes to tame inflation. Meanwhile, BOJ Governor Kazuo Ueda said the central bank should tread carefully as uncertainties abound. He also acknowledged that widening policy divergence led to the currency's weakness, but made no direct pronouncements in support of the yen.

Last Week Close	149.37 JPY/USD	Monthly High	151.67 JPY/USD
Week Open	149.35 JPY/USD	Monthly Low	149.21 JPY/USD
Week Close	151.50 JPY/USD	30 Days Average	141.69 JPY/USD
Weekly High	151.60 JPY/USD	90 Days Average	137.85 JPY/USD
Weekly Low	149.23 JPY/USD	YTD Change	+15.66%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP QQ	Q3	15-Nov	-0.1%	1.2%
GDP QQ Annualised	Q3	15-Nov	-0.6%	4.8%
Machinery Orders MM	Sep	16-Nov	0.9%	-0.5%
Machinery Orders YY	Sep	16-Nov	-3.6%	-7.7%
Exports YY	Oct	16-Nov	1.2%	4.3%
Imports YY	Oct	16-Nov	-12.2%	-16.3%
Trade Balance Total Yen	Oct	16-Nov	-735.7B	62.4B

Lower Bound	148.82	Upper Bound	151.83
Forecast	Depreciation		

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