

WEEKLY FOREIGN EXCHANGE OUTLOOK
11 Sep 2023 - 15 Sep 2023

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- The week's most important report will be the US Consumer Price Index (CPI) on Wednesday. If CPI continues to slow, the Greenback could suffer as it would solidify expectations of a pause from the Fed at the September 19-20 FOMC meeting. Conversely, hotter-than-expected figures will keep the doors open to more tightening, though not necessarily at the next meeting. Such a scenario could accelerate the Dollar's upside.
- The CME FedWatch Tool odds for a rate hike to the 5.50%-5.75% range at the September meeting are lowering, to 7%, while for the November meeting, slightly up to around 46.5%.

Lower Bound **103.50** **Upper Bound** **105.50**
Forecast **Neutral**

Please carefully examine the Important Disclosure on the last section of this material.

Dollar News

- The US Dollar began showing signs of self-strength, with the currency able to rally after the United States (US) discouraging data due to its safe-haven condition. Concerns about the manufacturing sector were offset this week with an improvement in the ISM Services PMI, which rose to 54.5 in August.
- The US data did not necessarily lead to expectations of a rate hike in September, but it did contribute to the notion of "higher for longer" interest rates. The economic context in the US supports the possibility of further rate hikes if the Federal Reserve deems it necessary to curb inflation.
- Moreover, rising oil prices, concerns about inflation and hawkish Fed comments led to an eight-week win streak for the US dollar as the USD index closed above 105.00 last week.

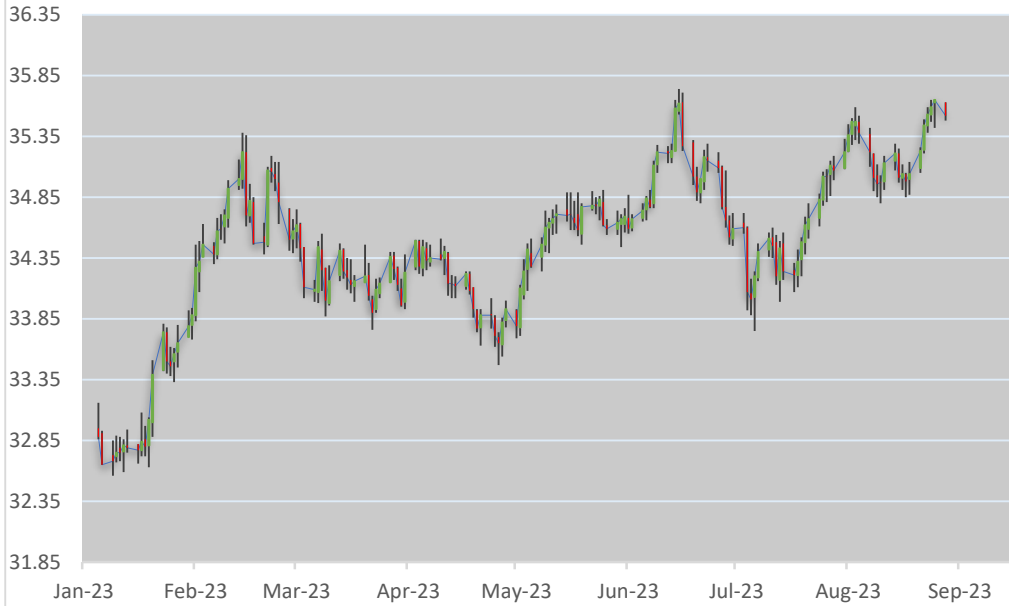
Dollar Index Performance

Last Week Close	104.24	Monthly High	105.16
Week Open	104.26	Monthly Low	101.74
Week Close	105.09	30 Days Average	103.41
Weekly High	105.16	90 Days Average	102.82
Weekly Low	104.03	YTD Change	+1.16%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Aug	13-Sep	0.2%	0.2%
Core CPI YY, NSA	Aug	13-Sep	4.3%	4.7%
CPI MM, SA	Aug	13-Sep	0.6%	0.2%
CPI YY, NSA	Aug	13-Sep	3.6%	3.2%
Initial Jobless Clm	9 Sep, w/e	14-Sep	226k	216k
Retail Sales MM	Aug	14-Sep	0.2%	0.7%
Industrial Production MM	Aug	15-Sep	0.1%	1.0%
U Mich Sentiment Prelim	Sep	15-Sep	69.2	69.5

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The Thai baht could retreat from the resistance around 35.60-35.70 this week as some technical indicators indicated that the baht has ben oversold against USD in the past few weeks.
- However,it may just only rebound since the Asian currencies remained subdued, with investors staying away on concerns over global economic growth and higher oil prices.
- US CPI released by midweek will set the direction of the near term USD/THB movement.
- The government will spell out its policy statement in parliament on Monday.All policy related to monetary and fiscal will be closely watched.

Lower Bound 35.20 Upper Bound 35.75
Forecast Neutral

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Thai Baht News

- Last week,the baht depreciated and closed week above 35.50 level amid strong dollar and weak China economic figure.
- At start of last week,Thailand’s king has formally endorsed members of a new Cabinet, paving the way for a government headed by Prime Minister Srettha Thavisin to take office more than three months after the general election.However,it didn't help the baht to gain momentum.
- Bank of Thailand Governor Sethaput Suthiwartnarueput said on Tuesday this year's GDP growth and inflation were expected to be lower than previously forecast.
- The country’s headline consumer price index (CPI) rose 0.88% in August from a year earlier, quickening from a 0.38% year-on-year increase in the previous month. However,it was the fourth successive month that headline inflation was below the Bank of Thailand’s target range of 1% to 3%.

Thai Baht Performance

Last Week Close	34.98 THB/USD	Monthly High	35.65 THB/USD
Week Open	35.09 THB/USD	Monthly Low	34.91 THB/USD
Week Close	35.65 THB/USD	30 Days Average	35.08 THB/USD
Weekly High	35.65 THB/USD	90 Days Average	34.77 THB/USD
Weekly Low	35.05 THB/USD	YTD Change	+2.60%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Aug	14-Sep		55.6

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The ECB will announce its policy decision next week, and at this point, investors expect an on-hold stance, although the chances of a 25 bps hike have been increasing lately.
- Zew survey for economic sentiment and also industrial production are all due this week.
- Technically, the EUR/USD pair closed the eighth consecutive week in the red, which lifts the odds for a bullish correction in the next one. Nevertheless, that does not affect the dominant bearish trend, as, at this point, the pair would need to recover at least beyond 1.0950 to make sellers hesitate in the mid-term.

Lower Bound **1.0650** **Upper Bound** **1.0950**
Forecast **Neutral**

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Euro News

- The euro extended its decline to sub-1.0700 last week, as financial markets remained risk averse, while the US Dollar began showing signs of self-strength.
- Investors were disappointed as EU macroeconomic figures suggested a steeper-than-anticipated economic setback. The EU is suffering stagnation and still facing high inflation risks.
- Eurozone retail sales declined by 0.2% in July, while S&P Global downwardly revised the August Services and Composite PMIs to 47.9 and 46.7, an almost three-year low, adding that, excluding the pandemic period, activity dropped the most in any month since March 2013. Finally, the EU Q2 Gross Domestic Product (GDP) was revised to 0.1% QoQ against the 0.3% previously calculated.
- European Central Bank (ECB) officials maintained the door open for another rate hike despite bets against such a decision.

Euro Index Performance

Last Week Close	1.0773 USD/EUR	Monthly High	1.0881 USD/EUR
Week Open	1.0776 USD/EUR	Monthly Low	1.0687 USD/EUR
Week Close	1.0699 USD/EUR	30 Days Average	1.0880 USD/EUR
Weekly High	1.0808 USD/EUR	90 Days Average	1.0897 USD/EUR
Weekly Low	1.0685 USD/EUR	YTD Change	+0.17%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
German ZEW Economic Sentiment	Sep	12-Sep	-15.0	-12.3
German ZEW Current Conditions	Sep	12-Sep	-75.0	-71.3
EZ Industrial Production MM	Jul	13-Sep	-0.7%	0.5%
EZ Industrial Production YY	Jul	13-Sep	-0.4%	-1.2%
ECB Refinancing Rate	Sep	14-Sep	4.25%	4.25%
ECB Deposit Rate	Sep	14-Sep	3.75%	3.75%
Total Trade Balance SA	Jul	15-Sep		12.50B

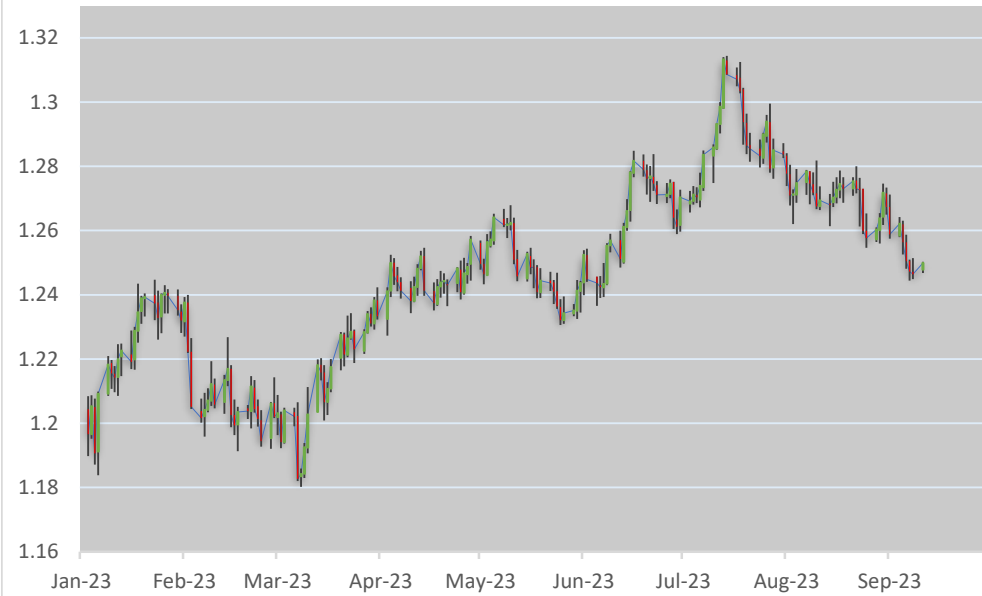
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Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- Despite the latest data and BoE comments, a 25 basis point rate hike in September seems likely, and additional hikes by year-end cannot be ruled out if inflation figures surprise to the upside.
- Employment data on Tuesday(12/9) and the monthly GDP on Wednesday(13/9) will be the highlights in the UK next week. Meanwhile, the CPI in the US on Wednesday will be also the centre of attention.
- The GBP/USD has consistently fallen since late August, and some consolidation appears overdue. However, there are no signs of that happening, and on the contrary, the pair continues to break key support levels.

Pound Sterling News

- The British pound resumed its downside movement last week and dropped to its lowest level in three months on Thursday at 1.2440 and then rebounded modestly, struggling to retake the 1.2500 level.
- The Pound was influenced by relatively dovish comments from Bank of England (BoE) officials. Governor Andrew Bailey, Deputy Governor Jon Cunliffe, stated that policy is restrictive and close to the terminal level. The Governor sees inflation falling "markedly" by the end of the year.
- The British Chambers of Commerce (BCC) released a report during the week that essentially mentioned that the UK will avoid a recession, but growth will be practically inexistent. Expectations are for the GDP to grow by 0.4% during 2023.
- A report that garnered attention from the UK was a decline in house prices. The Halifax House Price Index dropped 2.4% in July to the lowest level in 14 years.

Pound Sterling Performance

Last Week Close	1.2588 USD/GBP	Monthly High	1.2712 USD/GBP
Week Open	1.2584 USD/GBP	Monthly Low	1.2446 USD/GBP
Week Close	1.2464 USD/GBP	30 Days Average	1.2667 USD/GBP
Weekly High	1.2642 USD/GBP	90 Days Average	1.2667 USD/GBP
Weekly Low	1.2444 USD/GBP	YTD Change	+3.30%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Aug	12-Sep		29.0k
ILO Unemployment Rate	Jul	12-Sep	4.3%	4.2%
HMRC Payrolls Change	Aug	12-Sep		97k
GDP Est 3M/3M	Jul	13-Sep	0.3%	0.2%
GDP Estimate MM	Jul	13-Sep	-0.2%	0.5%
GDP Estimate YY	Jul	13-Sep	0.4%	0.9%
Manufacturing Output MM	Jul	13-Sep	-1.0%	2.4%

Lower Bound **1.2400** **Upper Bound** **1.2650**

Forecast **Depreciation**

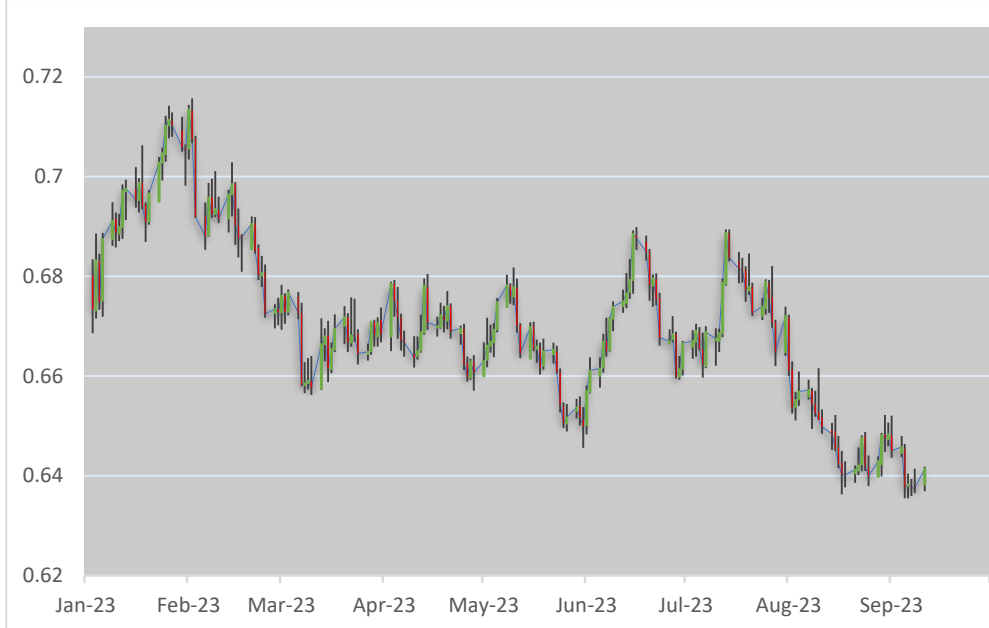
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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- Westpac consumer confidence(12/9) and pack of employment data(14/9) will be closely watched this week.
- The AUD/USD will continues to move between 0.6355 and 0.6400 but risks remain tilted to the downside amid a stronger US Dollar and cautious markets.
- It is not easy for the Aussie to gain momentum due to downbeat data from China and Australia.
- The trade tensions between the US and China escalated, which could also act as headwinds for the AUD/USD pair.

Australian Dollar News

- The Aussie dipped on Tuesday(5/9) and refreshed a 10-month low near 0.6350 as global market mood turned bearish after the Caixin Manufacturing PMI for August dropped significantly to 51.8 vs. the former release of 54.1. Moreover, in the same day the Reserve Bank of Australia (RBA) kept interest rates unchanged at 4.10% as investors see RBA done with hiking rates although RBA policymakers kept doors open for further policy tightening and warned that inflation is still too high and will remain so for some time.
- The AUD experienced minor support due to Australia's upbeat GDP Q2 released on Wednesday. GDP (YoY) grew at 2.1%, better than expectations of 1.7%.
- Jim Chalmers, the Australian Treasurer, stated, "The slowdown in China's economy and higher interest rates at home will put significant pressure on the Australian economy."
- Despite slightly rebound, the AUD closed the week below 0.6400 level.

Australian Dollar Performance

Last Week Close	0.6450 USD/AUD	Monthly High	0.65210 USD/AUD
Week Open	0.6446 USD/AUD	Monthly Low	0.63580 USD/AUD
Week Close	0.6375 USD/AUD	30 Days Average	0.67367 USD/AUD
Weekly High	0.6480 USD/AUD	90 Days Average	0.66886 USD/AUD
Weekly Low	0.6355 USD/AUD	YTD Change	-5.81%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Sep	12-Sep		-0.4%
Employment	Aug	14-Sep	23.0k	-14.6k
Participation Rate	Aug	14-Sep	66.7%	66.7%
Unemployment Rate	Aug	14-Sep	3.6%	3.7%

Lower Bound **0.6300** **Upper Bound** **0.6500**

Forecast **Depreciation**

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- The USD/JPY pair made a new high since November 2022 last week at level around 147.85.
- Market expectations for the Bank of Japan's (BoJ) continued commitment to an accommodative monetary policy were reinforced by comments from BoJ policymaker Hajime Takata. Takata emphasized the need for the central bank to maintain its accommodative stance patiently, citing the high uncertainty in the economic outlook.
- Japanese GDP Q2 came in at 1.2% QoQ vs. 1.5% prior, worse-than-expected at 1.3%.
- Not only the Fed-BoJ policy divergence has pressured on the yen but a slow expansion in China's economic activity has also impacted Japanese exports to the world's second-largest economy which not favor to the yen.
- However, the upside of the pair was capped following a statement from Japan's top currency diplomat, Masato Kanda, who indicated that authorities won't rule out any

Japanese Yen Performance

Last Week Close	146.23 JPY/USD	Monthly High	147.87 JPY/USD
Week Open	146.18 JPY/USD	Monthly Low	144.45 JPY/USD
Week Close	147.81 JPY/USD	30 Days Average	135.81 JPY/USD
Weekly High	147.87 JPY/USD	90 Days Average	133.78 JPY/USD
Weekly Low	146.00 JPY/USD	YTD Change	+11.68%

Japanese Yen Outlook

- We believe that the USD/JPY likely to extend sideways mode, awaiting fresh signals from US inflation report.
- The dollar remains more attractive than the yen, due to expectations that the Fed will keep high borrowing cost for extended period, as well as persisting gap between US and Japan's monetary policies. However, traders remain cautious on persisting threats of intervention.

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Reuters Tankan N-Man Idx	Sep	13-Sep		32
Corp Goods Price MM	Aug	13-Sep	0.1%	0.1%
Corp Goods Price YY	Aug	13-Sep	3.2%	3.6%
Machinery Orders MM	Jul	14-Sep	-0.9%	2.7%
Machinery Orders YY	Jul	14-Sep	-10.7%	-5.8%

Lower Bound **145.00** **Upper Bound** **150.00**
Forecast **Neutral**

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