

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**18 Sep 2023 - 22 Sep 2023**

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


Source: Thomson Reuters

**Dollar Outlook**

- Investors are still betting that the Fed would hold rates steady this week, while the central bank's next policy move in November remains up for debate.
- The announcement will be more about what comes next in terms of guidance around hiking in November or December this year. We expect more of the same from Fed Chair Jerome Powell in that the messaging will reiterate the importance of data dependency while keeping the door open for future rate hikes if required. Building permit data will precede the Fed's announcement but should not have a major material impact on decision making.

<b>Lower Bound</b>	<b>104.00</b>	<b>Upper Bound</b>	<b>106.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

- The dollar index held above 105 on Friday, hovering at its highest levels in six months as robust US economic data raised hopes that the Federal Reserve could engineer a soft landing even if it keeps interest rates higher for longer.
- US retail sales advanced 0.6% MoM in August, beating forecasts for a 0.2% gain while producer prices increased 0.7%, the most since June 2022 and exceeding market expectations for a 0.4% rise.
- Meanwhile, the greenback weakened versus the yuan after China posted stronger-than-expected economic numbers for August.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>105.09</b>	<b>Monthly High</b>	<b>105.44</b>
<b>Week Open</b>	<b>105.06</b>	<b>Monthly Low</b>	<b>101.78</b>
<b>Week Close</b>	<b>105.32</b>	<b>30 Days Average</b>	<b>103.85</b>
<b>Weekly High</b>	<b>105.44</b>	<b>90 Days Average</b>	<b>102.99</b>
<b>Weekly Low</b>	<b>104.42</b>	<b>YTD Change</b>	<b>+1.67%</b>

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

Events	Period	Date	Forecast	Previous
Import Prices YY	Aug	15-Sep		-4.4%
Industrial Production MM	Aug	15-Sep	0.1%	1.0%
U Mich Sentiment Prelim	Sep	15-Sep	69.1	69.5
Housing Starts Number	Aug	19-Sep	1.440M	1.452M
Fed Funds Tgt Rate	20 Sep	21-Sep	5.25-5.5	5.25-5.5
Fed Int On Excess Reserves	20 Sep	21-Sep		5.40%
Philly Fed Business Indx	Sep	21-Sep	0.0	12.0
Existing Home Sales	Aug	21-Sep	4.10M	4.07M
Initial Jobless Clm	11 Sep, w/i	21-Sep		220k

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**18 Sep 2023 - 22 Sep 2023**

**Thai Baht**
**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht News**

- Last week Thai baht drop against dollar after the policy statement delivered in parliament last week. The deficit would be 100 billion baht, or 14%, higher than the 593 billion projected in the fiscal 2024 budget approved earlier by the Prayut Chan-o-cha government. Public debt under the revised spending plan is expected to reach 64% of GDP by the end of the 2024 fiscal year, the government statement said. That is above the 60% limit that has been adhered to for many years but is still manageable in the view of most economists.
- The centrepiece of the revival effort is the 10,000-baht digital wallet programme, but ministers so far have been vague about how its estimated cost of 560 billion baht would be funded. The programme is expected to be introduced in February.
- Baht also underpressure by better than expect of US economic data.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>35.59</b> THB/USD	<b>Monthly High</b>	<b>35.84</b> THB/USD
<b>Week Open</b>	<b>35.63</b> THB/USD	<b>Monthly Low</b>	<b>34.91</b> THB/USD
<b>Week Close</b>	<b>35.65</b> THB/USD	<b>30 Days Average</b>	<b>35.28</b> THB/USD
<b>Weekly High</b>	<b>35.84</b> THB/USD	<b>90 Days Average</b>	<b>34.88</b> THB/USD
<b>Weekly Low</b>	<b>35.41</b> THB/USD	<b>YTD Change</b>	<b>+3.06%</b>

**Thai Baht Outlook**

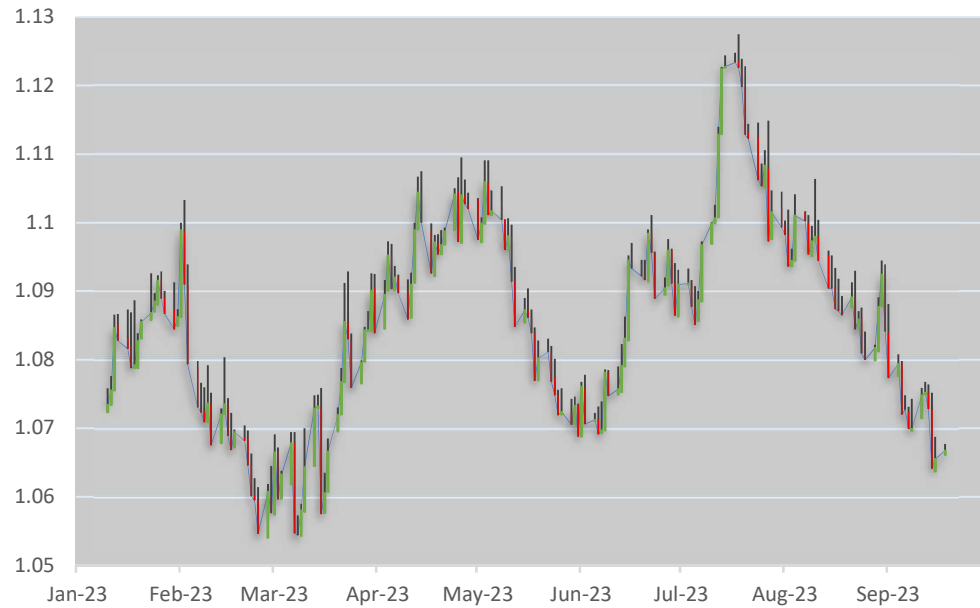
- This week, markets will focus on FOMC meeting. However baht will still underpressure. Moreover, Government will be reveal the source of funding for the 10,000 baht digital wallet scheme in the next two week.

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

Events	Period	Date	Forecast	Previous
Forex Reserves	8 Sep, w/e	15-Sep		217.1B
Currency Swaps	8 Sep, w/e	15-Sep		30.5B
Custom-Based Export Data	Aug	20-Sep		-6.20%
Custom-Based Import Data	Aug	20-Sep		-11.10%
Customs-Based Trade Data	Aug	20-Sep		-1.98B

**Lower Bound**      **35.20**      **Upper Bound**      **36.00**
**Forecast**      **Depreciation**

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**18 Sep 2023 - 22 Sep 2023**

**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- This week the euro will slightly drop against the dollar. After the commentary in the aftermath was less optimistic about the growth outlook for the Eurozone. Consequently, the markets perceive a potentially less hawkish ECB going forward.
- The key report this week will be the European preliminary September PMIs.

**Lower Bound**      **1.0550**      **Upper Bound**      **1.0750**
**Forecast**      **Depreciation**
**Euro News**

• Last week, the euro dropped below \$1.065, the lowest in six months, as the European Central Bank raised interest rates for the 10th consecutive time and indicated that it would pause its monetary tightening. ECB policymakers said that the current borrowing costs have reached a point where, if maintained for a sufficient duration, they would significantly contribute to bringing inflation back to the target level. However, inflation is still projected to remain high for an extended period, even though it's on a downward trajectory. According to the ECB's economic projections, average inflation in the Euro Area is forecasted to be 5.6% (vs 5.4% in the June projection) in 2023, 3.2% (vs 3.0%) in 2024, and 2.1% (vs 2.2%) in 2025.

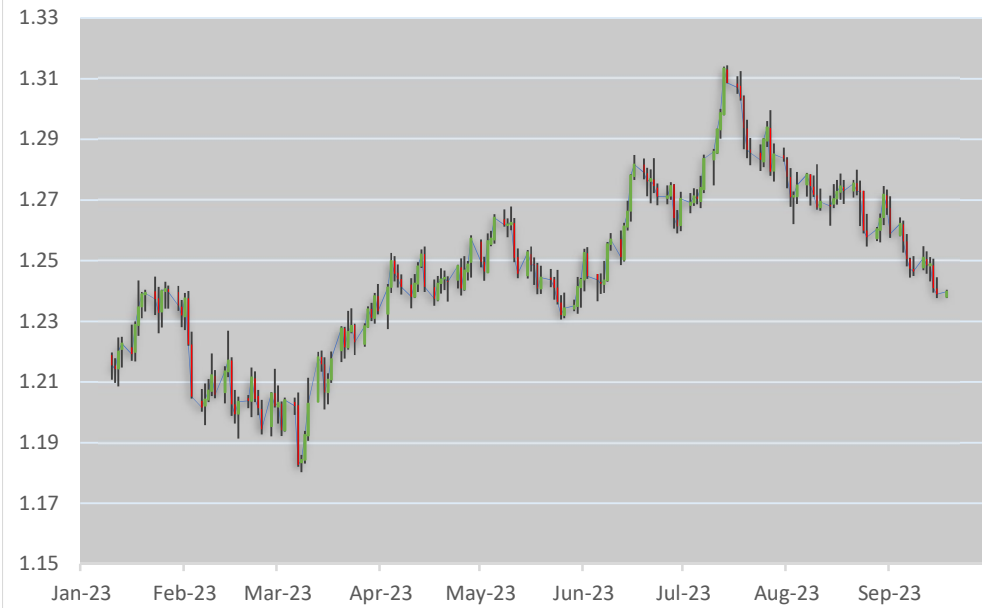
**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0699</b> USD/EUR	<b>Monthly High</b>	<b>1.0881</b> USD/EUR
<b>Week Open</b>	<b>1.0714</b> USD/EUR	<b>Monthly Low</b>	<b>1.0633</b> USD/EUR
<b>Week Close</b>	<b>1.0655</b> USD/EUR	<b>30 Days Average</b>	<b>1.0834</b> USD/EUR
<b>Weekly High</b>	<b>1.0768</b> USD/EUR	<b>90 Days Average</b>	<b>1.0884</b> USD/EUR
<b>Weekly Low</b>	<b>1.0629</b> USD/EUR	<b>YTD Change</b>	<b>-0.36%</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
Total Trade Balance SA	Jul	15-Sep		12.50B
Reserve Assets Total	Aug	15-Sep		1,109.69B
HICP Final MM	Aug	19-Sep	0.6%	-0.1%
HICP Final YY	Aug	19-Sep	5.3%	5.3%
HICP-X F, E, A, T Final MM	Aug	19-Sep	0.3%	0.3%
HICP-X F,E,A&T Final YY	Aug	19-Sep	5.3%	5.3%
Producer Prices MM	Aug	20-Sep	0.1%	-1.1%
Producer Prices YY	Aug	20-Sep		-6.0%
Consumer Confid. Flash	Sep	21-Sep	-17.0	-16.0

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**18 Sep 2023 - 22 Sep 2023**

**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- This week, the pound will be appreciated against dollar as markets are looking for the BoE to raise interest rates by a quarter of a percent from 5.25% to 5.50%, a fresh 15-year high.
- The Bank of England will have the opportunity to see the latest inflation report before they make their decision. The August CPI report, released on Wednesday, is expected to show core inflation nudging lower by 0.1% to 6.8%, while headline inflation is seen moving 0.2% higher to 7.0%.

<b>Lower Bound</b>	<b>1.2250</b>	<b>Upper Bound</b>	<b>1.2500</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Pound Sterling News**

- The British pound depreciated toward \$1.24 in September, the lowest in four months, pressured by further strength in the dollar as new data consolidated evidence of resilience in the US economy and added leeway for the Fed to leave borrowing costs a restrictive level. Conversely, concerning domestic data and plunging demand for mortgages limited the room for the BoE to remain hawkish. The UK's GDP contracted by a larger-than-expected 0.5% in July, marking the most significant decline this year. Additionally, the economy lost over 200,000 jobs to lift the unemployment rate to 4.3% in the three months to July, although average earnings continued to soar.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2464</b> USD/GBP	<b>Monthly High</b>	<b>1.2712</b> USD/GBP
<b>Week Open</b>	<b>1.2478</b> USD/GBP	<b>Monthly Low</b>	<b>1.2380</b> USD/GBP
<b>Week Close</b>	<b>1.2389</b> USD/GBP	<b>30 Days Average</b>	<b>1.2618</b> USD/GBP
<b>Weekly High</b>	<b>1.2547</b> USD/GBP	<b>90 Days Average</b>	<b>1.2661</b> USD/GBP
<b>Weekly Low</b>	<b>1.2377</b> USD/GBP	<b>YTD Change</b>	<b>+2.46%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Core CPI YY	Aug	20-Sep	6.8%	6.9%
CPI YY	Aug	20-Sep	7.0%	6.8%
BOE Bank Rate	Sep	21-Sep	5.50%	5.25%
House Price Rightmove MM	Sep	18-Sep		-1.9%
House Price Rightmove YY	Sep	18-Sep		-0.1%

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**18 Sep 2023 - 22 Sep 2023**

**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- This week the aussie will be supported by signs of stabilization from China.
- Looking ahead, the RBA meeting minutes for its meeting from earlier this month will be released on Tuesday.

**Australian Dollar News**

- The Australian dollar appreciated past \$0.645, hitting its highest levels in almost two weeks after China cut reserve requirements for all banks and reported upbeat retail sales and industrial production numbers for August, boosting the economic outlook for Australia's largest trading partner.
- Meanwhile, latest data showed that Australia's unemployment rate stood at 3.7% in August, among the highest recorded since May last year. On the monetary policy front, the Reserve Bank of Australia held interest rates steady for the third consecutive month at its September meeting, in line with expectations. The board said that inflation in the country had passed its peak despite remaining elevated, while the economy is experiencing a period of below-trend growth and unemployment is forecast to rise gradually.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6375</b> USD/AUD	<b>Monthly High</b>	<b>0.65210</b> USD/AUD
<b>Week Open</b>	<b>0.6382</b> USD/AUD	<b>Monthly Low</b>	<b>0.63580</b> USD/AUD
<b>Week Close</b>	<b>0.6432</b> USD/AUD	<b>30 Days Average</b>	<b>0.67398</b> USD/AUD
<b>Weekly High</b>	<b>0.6473</b> USD/AUD	<b>90 Days Average</b>	<b>0.66929</b> USD/AUD
<b>Weekly Low</b>	<b>0.6369</b> USD/AUD	<b>YTD Change</b>	<b>-5.46%</b>

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

Events	Period	Date	Forecast	Previous
Refinitiv IPSOS PCSI	Sep	15-Sep		48.06
Composite Leading Idx MM	Aug	20-Sep		-0.02%
Reserve Assets Total	Aug	21-Sep		91,407M

<b>Lower Bound</b>	<b>0.6350</b>	<b>Upper Bound</b>	<b>0.6550</b>
<b>Forecast</b>	<b>Appreciation</b>		

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**18 Sep 2023 - 22 Sep 2023**

**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- For this week's Bank of Japan meeting, no changes in the ultra-loose policy are expected, but markets will monitor any changes in the economic forecast.
- Ahead of the FOMC decision on Wednesday, markets are likely to revisit concerns about FX intervention by the Japanese Ministry of Finance, particularly if we get a hawkish message from the Fed or see the summary of economic projections point to higher inflation figures than previously forecasted.

**Japanese Yen News**

- Lastweek, the Japanese yen weakened again past 147 per dollar, sliding back toward ten-month lows as investors reassessed the outlook for Bank of Japan monetary policy in light of Governor Kazuo Ueda's recent remarks. Ueda said over the weekend that the central bank could end its negative interest rate policy when the 2% inflation target is sustainability achieved. However, analysts argued that his statement was conditional and did not commit to policy normalization.
- Meanwhile, latest data showed that producer prices in Japan rose the least in 29 months and decelerated for the eighth straight month in August.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>147.81 JPY/USD</b>	<b>Monthly High</b>	<b>147.96 JPY/USD</b>
<b>Week Open</b>	<b>147.01 JPY/USD</b>	<b>Monthly Low</b>	<b>144.45 JPY/USD</b>
<b>Week Close</b>	<b>147.82 JPY/USD</b>	<b>30 Days Average</b>	<b>136.73 JPY/USD</b>
<b>Weekly High</b>	<b>147.96 JPY/USD</b>	<b>90 Days Average</b>	<b>134.32 JPY/USD</b>
<b>Weekly Low</b>	<b>145.89 JPY/USD</b>	<b>YTD Change</b>	<b>+12.58%</b>

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

Events	Period	Date	Forecast	Previous
Refinitiv IPSOS PCSI	Sep	15-Sep		38.25
Tertiary Ind Act NSA	Jul	15-Sep		3.9%
Exports YY	Aug	20-Sep	-1.7%	-0.3%
Imports YY	Aug	20-Sep	-19.4%	-13.5%
Trade Balance Total Yen	Aug	20-Sep	-659.1B	-78.7B

<b>Lower Bound</b>	<b>145.00</b>	<b>Upper Bound</b>	<b>150.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

**IMPORTANT DISCLAIMER**

This material was prepared by a Treasury Marketing Unit, Bangkok Bank PCL, only. Any opinions expressed herein may differ from these by other departments. This material is prepared for informational purpose only, not to be an offer to the recipients to purchase or sale any financial instrument. The information herein has been obtained from other public sources and the rates informed are subject to change according to the market condition. The use of any information provided shall be on the recipients' discretion. Opinions and Assumptions in this document constitute the current judgment as of the date of the author only, do not reflect the opinions of Bangkok Bank, and are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person make no representations or warranties of any kind, about the completeness, accuracy, reliability or suitability, of the information contained in this presentation and will not be liable for any loss or damage whatsoever arising from the use of any such information. Each recipient should carefully consider the risks associated and make a determination based upon the recipient's own particular circumstances entering into such transaction.