


WEEKLY FOREIGN EXCHANGE OUTLOOK

11 Mar 2024 - 15 Mar 2024

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- Investors will be looking to Tuesday's U.S. inflation data as they try to gauge how soon the Fed could start cutting interest rates. Economists are expecting February's consumer price index to rise 0.4% after a faster than expected increase of 0.3% in January.
- Market watchers will also be looking to Thursday's retail sales data for February, which is expected to rebound 0.8% after falling the same amount a month earlier.
- Fed officials will be entering the traditional blackout period ahead of their upcoming meeting next week.

Lower Bound	102.00	Upper Bound	104.00
Forecast	Depreciation		

Dollar News

- The dollar index fell against other currencies after data showed U.S. services industry growth eased. US ISM non-manufacturing PMI slipped to 52.6 last month from 53.4 in January, Economists polled had forecast the index little changed at 53.0.
- The ADP private sector employment climbed 140,000 in February from 111,000 in January, weaker than the market expectation of 150,000.
- The dollar fell across the board on Thursday, as Federal Reserve Chair Jerome Powell said the U.S. central bank is "not far" from getting enough confidence that inflation is heading to its 2% goal to start cutting interest rates.
- Nonfarm payrolls increased by 275,000 jobs last month, the labor department's Bureau of Labor Statistics said on Friday. Data for January was revised down to show 229,000 jobs created instead of 353,000 as previously reported.
- The unemployment rate rose to 3.9% in February after holding at 3.7% for three straight months, the data showed.

Dollar Index Performance

Last Week Close	103.86	Monthly High	104.98
Week Open	103.89	Monthly Low	102.36
Week Close	102.71	30 Days Average	103.88
Weekly High	104.29	90 Days Average	103.50
Weekly Low	102.36	YTD Change	+1.38%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Feb	12-Mar	0.3%	0.4%
Core CPI YY, NSA	Feb	12-Mar		3.9%
CPI MM, SA	Feb	12-Mar	0.4%	0.3%
CPI YY, NSA	Feb	12-Mar		3.1%
Retail Sales MM	Feb	14-Mar	0.3%	-0.8%
Industrial Production MM	Feb	15-Mar	0.0%	-0.1%
U Mich Sentiment Prelim	Mar	15-Mar		76.9%
Initial Jobless Clm	4 Mar, w/€	14-Mar		0.0%

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The Thai baht appreciated against the dollar.
- Thailand's headline consumer price index dropped for the fifth straight month in February, and the commerce ministry said prices could fall through April due mainly to energy subsidies. The headline consumer price index (CPI) in February fell 0.77% from a year earlier, compared with a forecast drop of 0.8% in a Reuters poll, and against the central bank's target range of 1% to 3%. The core CPI, which strips out volatile food and energy prices, rose 0.43% year-on-year, compared to a forecast increase of 0.5% in the poll. The ministry is maintaining its forecast for headline CPI at between -0.3% and +1.7% this year, which aligns with the current economic situation, it said.

Thai Baht Performance

Last Week Close	35.88 THB/USD	Monthly High	36.00 THB/USD
Week Open	35.85 THB/USD	Monthly Low	35.31 THB/USD
Week Close	35.37 THB/USD	30 Days Average	35.77 THB/USD
Weekly High	35.87 THB/USD	90 Days Average	35.34 THB/USD
Weekly Low	35.28 THB/USD	YTD Change	+2.91%

Thai Baht Outlook

- The Bank of Thailand (BOT) will likely cut its policy rate in April, after standing pat in February. Thailand's headline inflation continues to fall for the 5th consecutive month in Feb at -0.8%/y/y from -1.1%/y/y in January. Further negative inflation data is expected in March amid weak domestic consumption. Uncertainty over the government's digital wallet scheme and still fragile tourism dollars (especially from China) should further curtail purchasing power.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	4 Mar, w/€	15-Mar		
Currency Swaps	4 Mar, w/€	15-Mar		

Lower Bound	35.20	Upper Bound	35.80
Forecast	Appreciation		

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Euro

Euro Graph



Source: Thomson Reuters

Euro News

- The euro traded higher against the dollar.
- Survey data showed that business activity in the eurozone showed signs of recovery last month. HCOB's composite Purchasing Managers' Index (PMI) for the bloc jumped to 49.2 in February from January's 47.9, ahead of a preliminary 48.9 estimate. That was its best reading since June. A services PMI rose to 50.2 from 48.4, beating the 50.0 flash reading.
- German exports rose more than expected at the start of the year, rigging 6.3% in January compared with the prior month, thanks to rising demand from EU countries and China.
- The ECB kept rates at record highs of 4.00% on Thursday while cautiously laying the ground to lower them later this year, saying it had made good progress in bringing down inflation.
- Data released Friday showed that German industrial production rose in January by 1.0% from the previous month, more than the predicted 0.6% rise, and a significant improvement from the previous month's revised 2% drop.

Euro Index Performance

Last Week Close	1.0837 USD/EUR	Monthly High	1.0980 USD/EUR
Week Open	1.0841 USD/EUR	Monthly Low	1.0799 USD/EUR
Week Close	1.0937 USD/EUR	30 Days Average	1.0823 USD/EUR
Weekly High	1.0980 USD/EUR	90 Days Average	1.0868 USD/EUR
Weekly Low	1.0836 USD/EUR	YTD Change	-0.86%

Euro Outlook

- The Eurozone is to release industrial production data for January. December's report showed a large increase in production which erased a full year of declines. Another strong reading would be an encouraging sign for first quarter GDP growth.
- Germany will publish the final estimate of the February Harmonized Index of Consumer Prices (HICP), expected to be confirmed at 2.7% YoY. Additionally, the EU will unveil the January PPI, which is expected to have contracted 2.8% from a year earlier.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
CPI Final MM	Feb	12-Mar		0.4%
CPI Final YY	Feb	12-Mar		2.5%
HICP Final MM	Feb	12-Mar		0.6%
HICP Final YY	Feb	12-Mar		2.7%
Industrial Production MM	Jan	13-Mar		2.6%
Industrial Production YY	Jan	13-Mar		1.2%
CPI (EU Norm) Final MM	Feb	15-Mar		0.1%
CPI (EU Norm) Final YY	Feb	15-Mar		0.9%
Reserve Assets Total	Feb	15-Mar		1,158.00B

Lower Bound	1.0800	Upper Bound	1.1050
Forecast	Appreciation		

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Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling News

- The Pound Sterling also found support from the UK Spring Budget announced by Finance Minister Jeremy Hunt on Wednesday. In the Budget, the British government abolished the current tax system for non-domiciled taxpayers. The government also pledged to extend the energy windfall tax by one year while continuing the household support fund at current levels for six months.
- UK PMI for the services sector on its own dipped to 53.8 from January's 54.3 and was a touch weaker than the preliminary February estimate which also stood at 54.3. But it was still its second-highest reading since May 2023.
- Sterling rose on Friday against a weakening euro and dollar after signs that the European Central Bank (ECB) and the U.S. Federal Reserve might be closer to cutting rates than the Bank of England (BoE).

Pound Sterling Performance

Last Week Close	1.2650 USD/GBP	Monthly High	1.2893 USD/GBP
Week Open	1.2652 USD/GBP	Monthly Low	1.2601 USD/GBP
Week Close	1.2857 USD/GBP	30 Days Average	1.2658 USD/GBP
Weekly High	1.2893 USD/GBP	90 Days Average	1.2628 USD/GBP
Weekly Low	1.2646 USD/GBP	YTD Change	+0.97%

Pound Sterling Outlook

- The UK is to release its latest jobs report on Tuesday, with investors and the Bank of England alike focusing on wage growth amid speculation over the timing of a first rate cut.
- On Wednesday, the monthly UK GDP report for January will be published alongside the Industrial and Trade figures.

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Feb	12-Mar		14100
ILO Unemployment Rate	Jan	12-Mar		3.8
HMRC Payrolls Change	Feb	12-Mar		48000
GDP Est 3M/3M	Jan	13-Mar		-0.3
GDP Estimate MM	Jan	13-Mar		0
GDP Estimate YY	Jan	13-Mar		0
Manufacturing Output MM	Jan	13-Mar		0.8

Lower Bound	1.2700	Upper Bound	1.2900
Forecast	Appreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The Australian dollar appreciated against the dollar.
- Gross domestic product rose 0.2% quarter-on-quarter in the three months to December 31, data from the Australian Bureau of Statistics showed on Wednesday. The reading was in line with expectations and remained steady from the prior quarter. Year-on-year GDP grew 1.5%, higher than expectations of 1.4% but slower than the 2.1% growth seen in the prior quarter. The reading showed that strong government and capital spending helped offset a sharp decline in personal consumption.
- Australia's trade balance grew slightly less than expected in January, while imports remained steady. The trade balance grew to a surplus of A\$11.03 billion (\$7.2 billion). The figure was slightly below expectations for a surplus of A\$11.42 billion, but increased from a revised A\$10.74 billion surplus seen in December.

Australian Dollar Performance

Last Week Close	0.6523 USD/AUD	Monthly High	0.66670 USD/AUD
Week Open	0.6519 USD/AUD	Monthly Low	0.64780 USD/AUD
Week Close	0.6627 USD/AUD	30 Days Average	0.67084 USD/AUD
Weekly High	0.6667 USD/AUD	90 Days Average	0.65263 USD/AUD
Weekly Low	0.6476 USD/AUD	YTD Change	-2.88%

Australian Dollar Outlook

- The Reserve Bank of Australia had also recently warned that economic growth will remain below trend in the coming years, especially as rates remain higher for longer. The central bank had warned earlier this year that it could still hike interest rates further.
- Investors will be looking to Australia's consumer confidence data on Tuesday.

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Feb	12-Mar		6
NAB Business Confidence	Feb	12-Mar		1
LSEG IPSOS PCSI	Mar	15-Mar		49.14

Lower Bound	0.6500	Upper Bound	0.6700
Forecast	Neutral		

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Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- The Japanese yen rose to a five-week high against the dollar, aided by reports the Bank of Japan is warming to the idea of raising interest rates and considering a new quantitative monetary policy framework.
- Tokyo core inflation rose 2.5% in February, from 1.8% the previous month. The measure excluding food and energy did slow to 3.1%, but stayed above the Bank of Japan's 2% target. Many market players expect the BOJ to end its negative interest rate policy by April.
- The Japanese Yen strengthens after Jiji News Agency reported that some members of Bank of Japan's (BoJ) Monetary Policy Committee (MPC) would favor an exit from ultra-loose monetary policy stance at the March policy meeting.
- BOJ board member Junko Nakagawa said on Thursday Japan's economy was moving steadily towards sustainably achieving the central bank's 2% inflation target.

Japanese Yen Performance

Last Week Close	150.11 JPY/USD	Monthly High	150.71 JPY/USD
Week Open	150.10 JPY/USD	Monthly Low	146.49 JPY/USD
Week Close	147.07 JPY/USD	30 Days Average	150.03 JPY/USD
Weekly High	150.62 JPY/USD	90 Days Average	147.40 JPY/USD
Weekly Low	146.47 JPY/USD	YTD Change	+4.13%

Japanese Yen Outlook

- The Bank of Japan's policy decision on March 19, the yen could remain on the front foot and find buyers on the dips, as speculation grows over the potential for it to finally drop its negative interest rates.
- On the data front, Investors will be looking to Japanese's GDP release on Monday and PPI data on Tuesday.

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP Rev QQ Annualised	Q4	11-Mar		-0.4%
GDP Revised QQ	Q4	11-Mar		-0.1%
GDP Cap Ex Rev QQ	Q4	11-Mar		-0.1%
Corp Goods Price MM	Feb	12-Mar		0.0%
Corp Goods Price YY	Feb	12-Mar		0.2%
Chain Store Sales YY	Feb	15-Mar		1.9%

Lower Bound Forecast	146.00	Upper Bound	150.00
	Neutral		

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