

WEEKLY FOREIGN EXCHANGE OUTLOOK

04 Mar 2024 - 08 Mar 2024

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

'• As the US economy doesn't show conclusive evidence of inflation coming down, the markets are pushing the start of easing to June, while the odds of a cut in March and May remain low. The markets are aligned with the Fed's forecasts and are now expecting 75 bps of easing in 2024, starting in June '• Fed Chair Jerome Powell's Testimony and NFP report will be on the highlight this week.

Lower Bound	103.57	Upper Bound	104.70
Forecast	Depreciation		

Dollar News

- The dollar index hovered near 104.00 as market gave up hopes of sooner cuts by the Fed. However, the USD traded in red on Friday to close at 103.70 following soft ISM PMI.
- Datawise, Personal Consumption Expenditures (PCE) showed no surprises. Inflation rate in the US, gauged by the yearly change in the Personal Consumption Expenditures (PCE) Price Index, fell to 2.4% in January from 2.6% in December. The Core PCE Price Index climbed by 2.8% over the year, also meeting expectations. The ISM revealed weak figures for February which dropped to 47.8 from 49.1 in January, significantly missing the market expectation of 49.5.

Dollar Index Performance

Last Week Close	103.94	Monthly High	104.98
Week Open	103.96	Monthly Low	102.77
Week Close	103.86	30 Days Average	103.92
Weekly High	104.29	90 Days Average	103.68
Weekly Low	103.61	YTD Change	#NAME?

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Comp Final PMI	Feb	5-Mar		51.4
S&P Global Svcs PMI Final	Feb	5-Mar		51.3
Factory Orders MM	Jan	5-Mar	-2.8%	0.2%
ISM N-Mfg PMI	Feb	5-Mar	53.0	53.4
International Trade \$	Jan	7-Mar	-63.4B	-62.2B
Initial Jobless Clm		2 Mar, w/ε 7-Mar	215k	215k
Non-Farm Payrolls	Feb	8-Mar	200k	353k
Unemployment Rate	Feb	8-Mar	3.7%	3.7%

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The Thai baht appreciated against the dollar after US ISM PMI miss sparked risk-on investor appetite.
- Thailand's customs-cleared exports rose for the sixth consecutive month in January and were up 10% annually more than 8.8% expected. Meanwhile, imports rose 2.6% in January from a year earlier, beating a forecast for a 3.1% decline. Thailand posted a trade deficit of US\$2.76 billion in January versus a forecast for a \$1.54 billion deficit.

Thai Baht Performance

Last Week Close	35.94 THB/USD	Monthly High	#NAME? THB/USD
Week Open	35.95 THB/USD	Monthly Low	#NAME? THB/USD
Week Close	35.85 THB/USD	30 Days Average	35.78 THB/USD
Weekly High	36.08 THB/USD	90 Days Average	35.36 THB/USD
Weekly Low	35.76 THB/USD	YTD Change	#NAME?

Thai Baht Outlook

- Thailand's economic figures continued to show signs of recovery with a rebound evident in tourism, consumption and exports, though private investments have slowed down.
- The battle over interest rate remained in the spotlight as the Bank of Thailand reiterating that the problems weighing on the domestic economy won't be solved by reversing monetary policy.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Core Inflation YY	Feb	5-Mar	0.50%	0.52%
CPI Index	Feb	5-Mar		106.98
Forex Reserves	1 Mar, w/ε	8-Mar		222.4B
Currency Swaps	1 Mar, w/ε	8-Mar		29.5B
Consumer Confidence Idx	Feb	7-Mar		62.9

Lower Bound	35.50	Upper Bound	36.00
Forecast	Appreciation		

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Euro Graph


Source: Thomson Reuters

Euro News

- The euro gathered strength around mid-1.0800 on a softer USD as market moved toward a wait-and-see approach on the timing of US interest rate cut that is heavily depend on incoming economic data.
- EUR/USD was also lifted by higher-than-expected Eurozone inflation figures. The EU Harmonized Index of Consumer Prices (HICP) rose 2.6% YoY above estimates of 2.5%. Core HICP increased 3.1% YoY, above the consensus of 2.9% but lower than January's 3.3%.

Euro Index Performance

Last Week Close	1.0818 USD/EUR	Monthly High	#NAME? USD/EUR
Week Open	1.0824 USD/EUR	Monthly Low	#NAME? USD/EUR
Week Close	1.0837 USD/EUR	30 Days Average	1.0815 USD/EUR
Weekly High	1.0865 USD/EUR	90 Days Average	1.0853 USD/EUR
Weekly Low	1.0794 USD/EUR	YTD Change	#NAME?

Euro Outlook

- The ECB is expected to leave interest rates on hold at its March meeting on Thursday.
- The Eurozone Services PMI will be due on Tuesday. German Trade data and Eurozone Retail Sales will be released on Wednesday. The stronger-than-expected data could alleviate fears of a Eurozone recession. The first upside barrier will emerge at 1.0855; the key support level for EUR/USD is seen at the 1.0800–1.0855 zone.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HCOB - Composite Final PMI	Feb	5-Mar	48.9	48.9
ECB Refinancing Rate	Mar	7-Mar	4.50%	4.50%
ECB Deposit Rate	Mar	7-Mar	4.00%	4.00%
GDP Revised QQ	Q4	8-Mar	0.0%	0.0%
GDP Revised YY	Q4	8-Mar	0.1%	0.1%

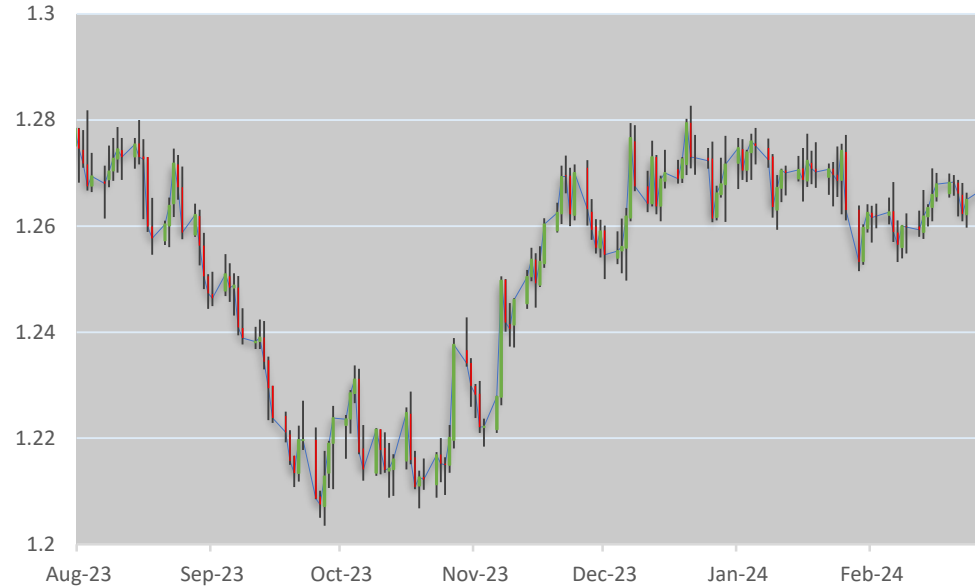
Lower Bound	1.0750	Upper Bound	1.0950
Forecast	Appreciation		

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 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- On a broader note, the Pound Sterling is expected to outperform the US Dollar as investors hope that the Bank of England will pivot to rate cuts later than the Fed.
- There isn't any relevant market-moving data from the UK, leaving spot prices at the mercy of the USD price dynamics.

Pound Sterling News

- The Pound Sterling rebounded as soft US inflation data improved market sentiment. However, the upside remains limited as uncertainty over the timing of Bank of England (BoE) rate cuts keeps the Pound Sterling on the sidelines. BoE policymakers are reluctant to reduce interest rates early as it could stall progress in inflation declining towards the 2% target, or price pressures could flare up again.
- Core consumer price inflation in the United Kingdom economy is at 5.1%, the highest in the Group of Seven economies, which would force BoE policymakers to maintain a hawkish monetary policy stance for a longer period.

Pound Sterling Performance

Last Week Close	1.2679 USD/GBP	Monthly High	#NAME? USD/GBP
Week Open	1.2662 USD/GBP	Monthly Low	#NAME? USD/GBP
Week Close	1.2650 USD/GBP	30 Days Average	1.2646 USD/GBP
Weekly High	1.2699 USD/GBP	90 Days Average	1.2597 USD/GBP
Weekly Low	1.2597 USD/GBP	YTD Change	#NAME?

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Feb	5-Mar		185,469.26M
S&P GLOBAL PMI: MSC COMPOSITE - OUTPUT	Feb	6-Mar		52.6
Halifax House Prices MM	Feb	7-Mar		1.3%
Halifax House Prices YY	Feb	7-Mar		2.50%

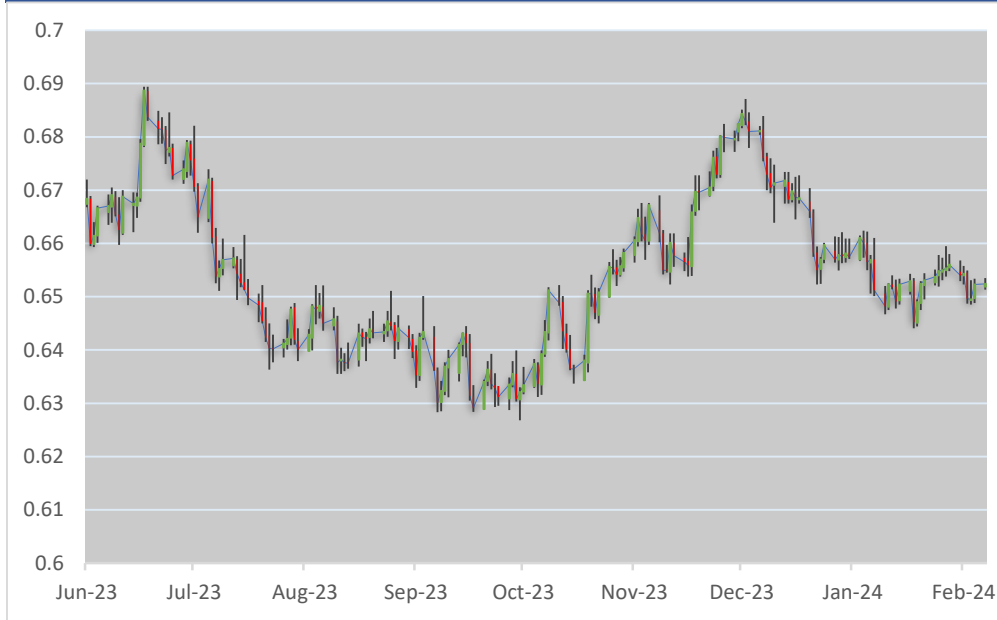
Lower Bound	1.2550	Upper Bound	1.2750
Forecast	Appreciation		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The decline of the ASX 200 index may provide further downward pressure on the Aussie Dollar, thereby undermining the AUD/USD pair. Traders are likely awaiting key Australian data releases, including the Services Purchasing Managers Index (PMI) for February on Tuesday and the Gross Domestic Product (GDP) for the fourth quarter of 2023 on Wednesday.

Lower Bound	0.6450	Upper Bound	0.6650
Forecast	Neutral		

Australian Dollar News

- The AUD/USD registered back-to-back trading sessions with losses and remained within the lows of the week, just below the 0.6500 figure. US Inflation data initially boosted the Aussie, though the rally was short-lived, as the Greenback staged a comeback. The pair exchanges hands at 0.6490, virtually unchanged.
- The seasonally adjusted Australian Retail Sales (MoM) grew by 1.1% in January, lower than expected 1.5% but swinging from the previous decline of 2.7%.
- Australian Monthly Consumer Price Index (CPI) was unchanged at 3.4% for January, which was below market expectations of 3.5%.

Australian Dollar Performance

Last Week Close	0.6560 USD/AUD	Monthly High	#NAME? USD/AUD
Week Open	0.6547 USD/AUD	Monthly Low	#NAME? USD/AUD
Week Close	0.6523 USD/AUD	30 Days Average	0.67019 USD/AUD
Weekly High	0.6568 USD/AUD	90 Days Average	0.65126 USD/AUD
Weekly Low	0.6485 USD/AUD	YTD Change	#NAME?

Next Week's Australian Dollar Economic Events

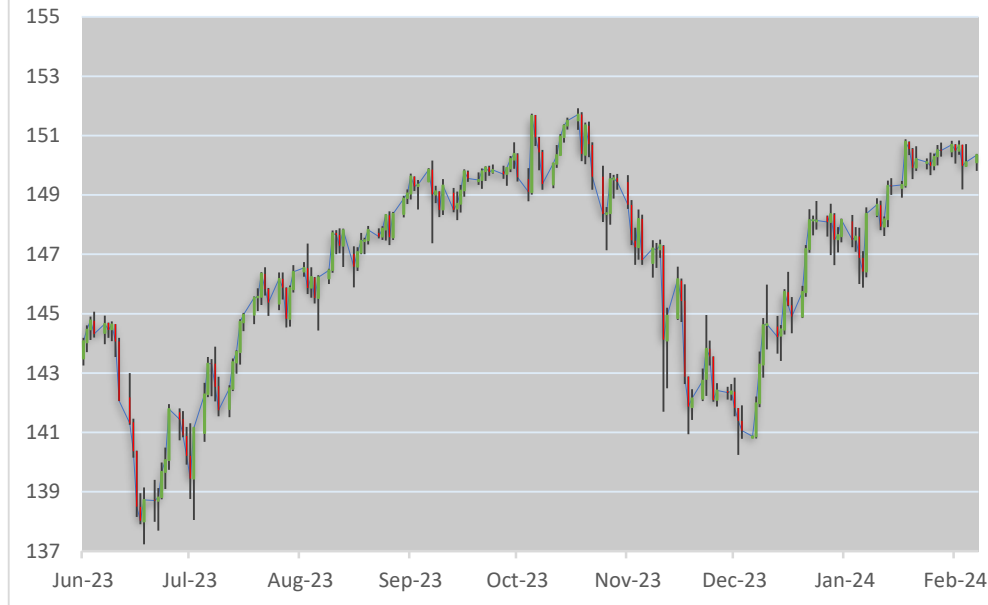
Events	Period	Date	Forecast	Previous
Building Approval Total YY	Jan	4-Mar		-2.0%
Judo Bank Svs PMI Final	Feb	5-Mar		52.8
Judo Bank Comp PMI Final	Feb	5-Mar		51.8
Current Account Balance SA	Q4	5-Mar	5.6B	-0.2B
Net Exports Contribution	Q4	5-Mar	0.2%	-0.6%
Real GDP QQ SA	Q4	6-Mar	0.3%	0.2%
Real GDP YY SA	Q4	6-Mar	1.4%	2.1%
Owner-Occp'd Hous'g Fin MM	Jan	7-Mar	2.00%	-5.60%
Invest Hous'g Fin MM	Jan	7-Mar		-1.30%

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- The USD/JPY staged a recovery after diving to a two-week low of 149.21, climbing above the 150.00 figure on Friday amidst dovish comments by the Bank of Japan (BoJ) Governor Kazuo Ueda.
- BoJ Governor Kazuo Ueda, said it was too early to conclude that inflation was close to sustainably meeting the 2% target and stressed the need to scrutinize more data on the wage outlook.

Japanese Yen Performance

Last Week Close	150.50 JPY/USD	Monthly High	#NAME? JPY/USD
Week Open	150.47 JPY/USD	Monthly Low	#NAME? JPY/USD
Week Close	150.11 JPY/USD	30 Days Average	150.06 JPY/USD
Weekly High	150.84 JPY/USD	90 Days Average	146.87 JPY/USD
Weekly Low	149.19 JPY/USD	YTD Change	#NAME?

Japanese Yen Outlook

- Friday's disappointing US data keeps the USD bulls on the defensive and might cap USD/JPY. Traders look to the Tokyo CPI report on Tuesday ahead of this week's key US economic data.
- Mixed signals from Bank of Japan policy makers, along with the underlying bullish sentiment around the equity markets, continue to act as a headwind for the safe-haven Japanese Yen.

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
CPI Tokyo Ex fresh food YY	Feb	5-Mar	2.5%	1.6%
CPI, Overall Tokyo	Feb	5-Mar		1.6%
JibunBK Comp Op Final SA	Feb	5-Mar		50.3
JibunBK SVC PMI Final SA	Feb	5-Mar		52.5
Current Account NSA JPY	Jan	8-Mar	-330.4B	744.3B
Current Account Bal SA	Jan	8-Mar		1,810,000M
Trade Bal Cust Basis SA	Jan	8-Mar		-365,200M

Lower Bound	148.50	Upper Bound	151.50
Forecast	Neutral		

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