

Market Outlook

28 September – 4 October 2015

Highlight

Last Week:

Last week, the USD appreciated against its major counterparts after the comment of Fed Chair on potential of interest rate hike this year. While most of the economics data from other major countries were weak as slowdown in world economy.

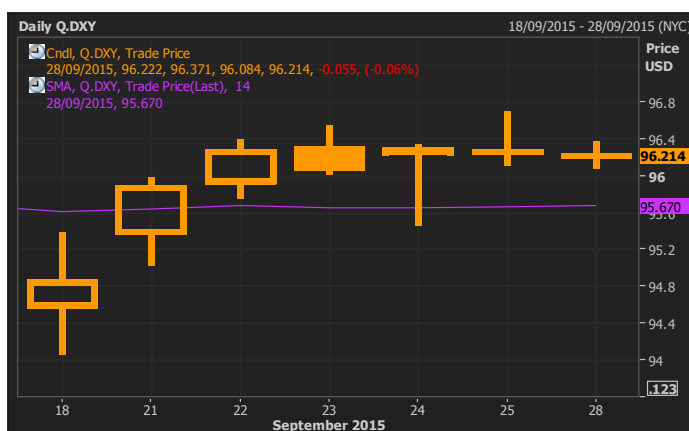
This Week:

The market will be seeking for a sign of rate hike from the Fed from the U.S. job data which will be released this week: ADP employment, non-farm payroll, and unemployment rate.

USD

The US dollar had strengthened again against other major currencies on continued belief that the Federal Reserve would hike rates this year while worries over a slowdown in China after data released on Wednesday (23/9) showed a lower than expected in China PMI. The US dollar hit the highest in over five weeks against a basket of major currencies on Friday (25/9) after Federal Reserve Chair, Janet Yellen, said she still expected the central bank to hike rates in 2015 as long as inflation remained stable and the U.S. economy was strong enough to boost employment.

Graph: Dollar Index (DXY)



Source: Reuters

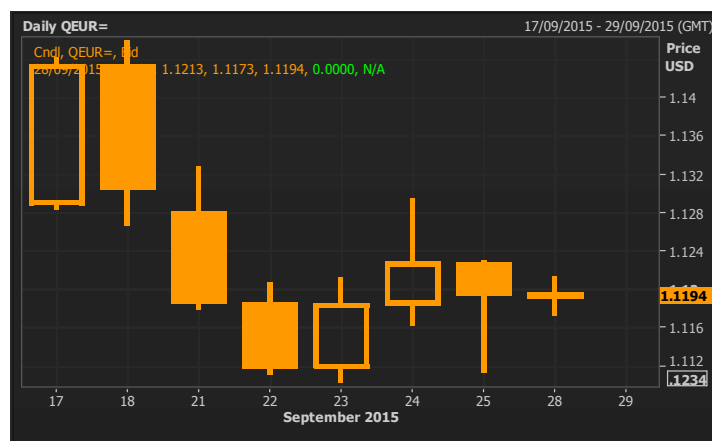
Comment : The main focuses for this week is are the US job data, non-farm pay roll and unemployment rate which will be announced this Friday (2/10). Therefore, we expected that the US dollar will be traded in side way while markets wait for the released.

EUR & GBP

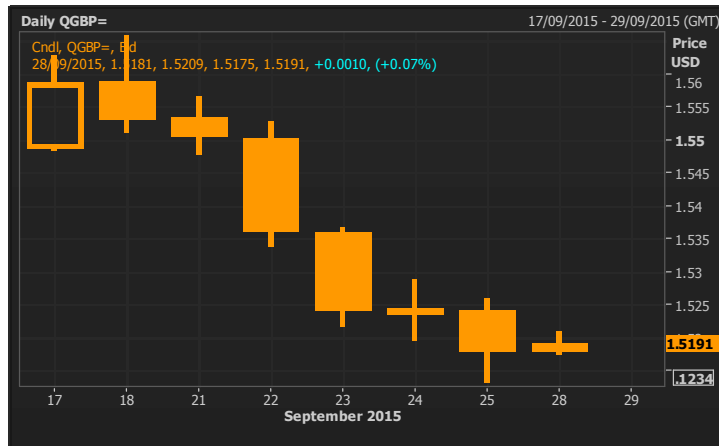
Last week, the euro opened at 1.1281/83 USD/EUR on Monday (21/9), having depreciated from previous week closing level at 1.1305/07 USD/EUR. At the beginning of last week, the euro moved in depreciating trend against the dollar after the European Central Bank's chief economist, Peter Praet, reiterated the bank's readiness and decisiveness to modify its trillion-euro bond-buying program should economic turbulence merit decisive action. On Tuesday (22/9), the INSEE official statistics agency said French economic growth stalled in the second quarter as consumer spending stagnated and firms used up their stocks instead of producing new goods. As Euro zone business growth slowed this month as Asian demand weakened, leading to fewer new jobs and forcing factories to reduce output, even though companies raised prices for the first time in over four years, a survey showed on Wednesday (23/9). Markit's Composite Flash Purchasing Managers Index (PMI), based on surveys of thousands of companies and considered a good guide to growth, came in at 53.9 in September (expected 54.1), down from 54.3 last month. The headline index has been above the 50 level that separates growth from contraction since mid-2013. However, the euro gained against the dollar on Thursday (24/9) after the head of the European Central Bank downplayed the need for further monetary stimulus any time soon. ECB President Mario Draghi said while the risks to Europe's inflation and growth outlook have increased due to the emerging market slowdown, the bank would need more time before deciding to take any fresh action. So Draghi's comments came as something of a disappointment to euro bears.

The pound sterling opened at 1.5533/35 USD/GBP on Monday (21/9), remained stable from previous week closing level at 1.5531/33 USD/GBP. During last week, the pound moved in the depreciating trend after data released on Tuesday (22/9), the data showed Britain's public finances deteriorated unexpectedly last month, recording their worst August in three years, while industrial orders also declined, signaling a global slowdown was hitting the economy. Moreover, on Friday (25/9), the pound edged down against the dollar after Federal Reserve Chair Janet Yellen said she expected the central bank to hike rates in 2015, and after U.S. growth data appeared to support such a move.

Graph: EUR & GBP



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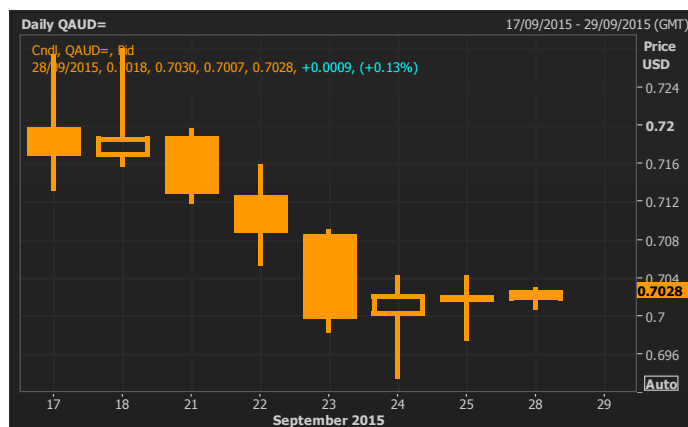
Source: Reuter

Comment: Economic data to be released this week are Euro CPI report on Wednesday (30/9) and final Markit manufacturing PMI for September on Thursday (1/10). In UK, the Gfk Consumer Confidence Index and future Q2 GDP will release on Wednesday (30/9) and the Markit manufacturing PMI on Thursday (1/10). The Bank of England is expected to follow the Fed with a rise in interest rates from their current historic lows. But with UK inflation stuck at zero, the BoE is in no hurry, and investors do not expect an increase until the second half of 2016. The euro expects to be traded within a range of 1.1100-1.1250 USD/EUR and the pound sterling expects to be traded within a range of 1.5100 – 1.5250 USD/GBP.

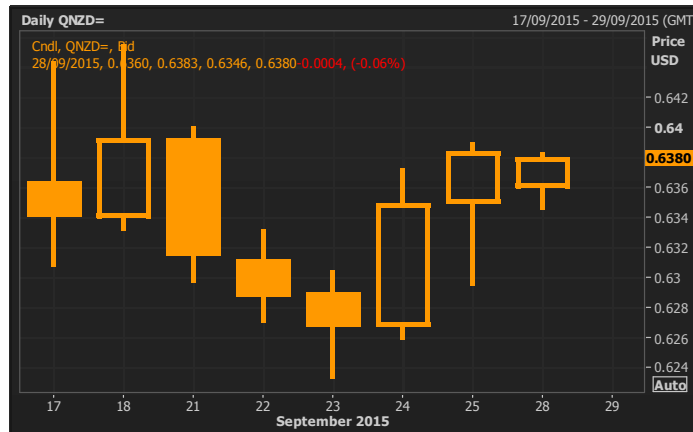
AUD & NZD

The Aussie and New Zealand dollar opened on Monday (21/9) at 0.7193/97 USD/AUD and 0.6384/87 USD/NZD, declined from Friday's close (18/9) at 0.7270/71 USD/AUD and 0.6448/52 USD/NZD. In the beginning of last week, Aussie and New Zealand dollar weakened against the dollar as market worried about global growth and the huge uncertainty surrounding the timing of the first Fed hike. The Aussie was also under pressure by worries of a slump in Chinese economy. However, the New Zealand dollar rose on Thursday (24/9) on a relief rally after giant dairy cooperative Fonterra lifted its milk payout forecast, which dairy is New Zealand top's export earner, dragging the Aussie a touch higher. This week the Aussie and New Zealand moved in the range of 0.6936 – 0.7196 USD/AUD and 0.6233 - 0.6401 USD/NZD and close on Friday (25/9) at 0.7019/21 USD/AUD and 0.6384/86 USD/NZD.

Graph: AUD and NZD



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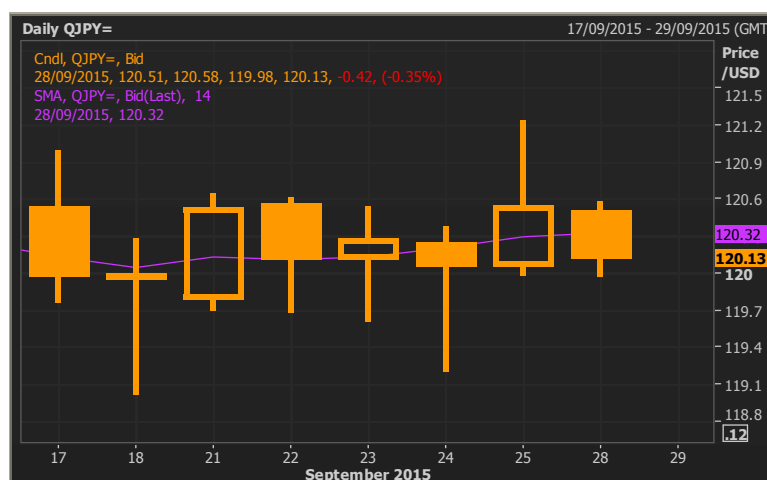
Source: Reuters

Comment: This week, Australia will release a building approval, which analysts forecast that will be decrease from 13.4% to 7.4% in August. This week, Aussie is expected to move in range of 0.6950 - 0.7150 USD/AUD, and the Kiwi is expected to move in range of 0.6300 - 0.6450 USD/NZD.

JPY

The JPY started the week with a small movement and quite trade volume since it was a long holiday for Japan. The Yen opened at 119.85/87 JPY/USD, on Monday (21/9), depreciated from previous closing level (18/9) at 119/19/20 JPY/USD. The weaker trend in JPY was caused by hawkish comments from FED members regarding the rate hike. The JPY further lost its ground at the end of the week after the revealing of the CPI data. The report showed that CPI data shrank by 0.1% in Aug which is the first drop since April 2013. Moreover, the government announced to diminish their economic outlook concerning the sluggish Chinese economic and FED decision to hike their rate. The report also showed that the economic was on a positive path but in some sectors there was also a downside pressure. In addition, BoJ's Kuroda reiterated the central bank's readiness to expand monetary policy further if needed to achieve its 2 percent inflation target. The JPY was move in a range of 119.21-121.00 JPY/USD, and closing at 120.89/91 JPY/USD.

Graph: JPY

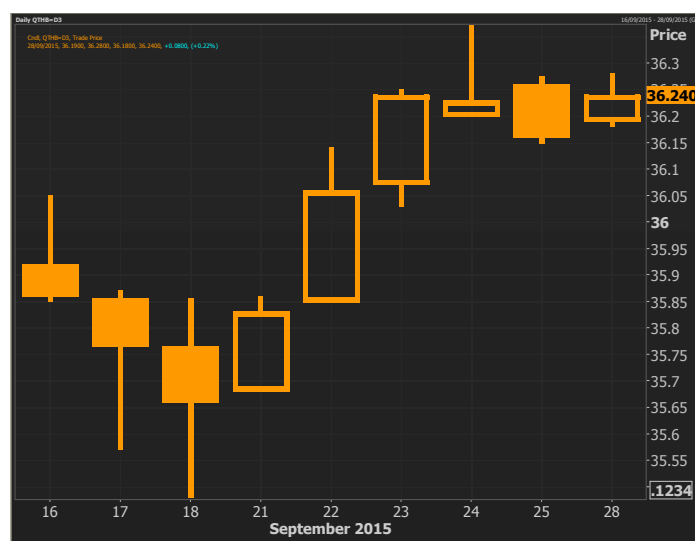


Comment: The JPY could face another narrow movement since the investors will wait to see the clarity of FED decision to hike their cost of borrowing. The stronger trend of the JPY could signal the negative to their economic and that could force the BoJ to loose their monetary policy further in a near future. We expected the JPY the move between 119.30-120.80 JPY/USD.

THB

Thai Baht opened on Monday (21/9) at 35.71/73 THB/USD, depreciating from the previous Friday's closing (18/9) level at 35.54/56 THB/USD after the dollar recovered as the investors still expected Fed's rate hike this year. Moreover, Thai Baht was pressured from disappointed Thailand economic data. On Monday (21/9), industrial confidence was reported at 82.4 in August, dropped from 83.0 in July which was said to be affected from downside risk in both domestic and global economy. The Bank of Thailand (BOT) also adjusted Thailand's GDP in 2015 to 2.7% from 3.0% in the previous forecast after the country faced many economic risks, especially a slowdown in exports. Furthermore, the BOT had revised the growth of exports in 2015 from -1.5% to -5.0%, and revised down GDP growth forecast in 2016 from 4.1% to 3.7%. In addition, Thai Baht was depreciating against the dollar as well as the regional currencies because of the concern about China economy, Asia's biggest economy. On Wednesday (23/9), The Caixin flash China general manufacturing PMI plunged to 78-month low at 47.0 in September from 47.3 in August, and well below the forecast at 47.5. During last week, Thai Baht moved to the highest level at 36.35 THB/USD which was 8-year high on Thursday (24/9) before closing on Friday (25/9) at 36.25/27 THB/USD.

Graph: THB



Source: Reuters

Comment: This week, we wait for significant US manufacturing data which will be reported later during this week, and we also focus on US nonfarm-payroll on Friday (2/10). We expect that Thai Baht will move within the range 36.15-36.50 THB/USD.

FX Forecast

Currency	Support	Resistance
THB/USD	36.15	36.50
JPY/USD	119.30	120.80
USD/EUR	1.1100	1.1250
USD/GBP	1.5100	1.5250
USD/AUD	0.6950	0.7150
USD/NZD	0.6300	0.6450

Economic Calendar

Last Week

Date		Event		Survey	Actual	Prior
09/21/2015	GE	PPI MoM	Aug	-0.30%	-0.50%	0.00%
09/21/2015	GE	PPI YoY	Aug	-1.60%	-1.70%	-1.30%
09/21/2015	US	Existing Home Sales	Aug	5.50m	5.31m	5.59m
09/21/2015	US	Existing Home Sales MoM	Aug	-1.60%	-4.80%	2.00%
09/22/2015	AU	House Price Index QoQ	2Q	2.30%	4.70%	1.60%
09/22/2015	AU	House Price Index YoY	2Q	8.00%	9.80%	6.90%
09/22/2015	US	FHFA House Price Index MoM	Jul	0.40%	0.60%	0.20%
09/22/2015	EC	Consumer Confidence	Sep A	-7	-7.1	-6.9
09/22/2015	US	Richmond Fed Manufact. Index	Sep	2	-5	0
09/23/2015	CH	Caixin China PMI Mfg	Sep P	47.5	47	47.3
09/23/2015	FR	GDP YoY	2Q F	1.00%	1.10%	1.00%
09/23/2015	FR	GDP QoQ	2Q F	0.00%	0.00%	0.00%
09/23/2015	FR	Markit France Manufacturing PMI	Sep P	48.6	50.4	48.3
09/23/2015	FR	Markit France Services PMI	Sep P	51	51.2	50.6
09/23/2015	FR	Markit France Composite PMI	Sep P	50.4	51.4	50.2
09/23/2015	GE	Markit/BME Germany Manufacturing PMI	Sep P	52.6	52.5	53.3
09/23/2015	GE	Markit Germany Services PMI	Sep P	54.5	54.3	54.9
09/23/2015	GE	Markit/BME Germany Composite PMI	Sep P	54.6	54.3	55
09/23/2015	EC	Markit Eurozone Manufacturing PMI	Sep P	52	52	52.3
09/23/2015	EC	Markit Eurozone Services PMI	Sep P	54.2	54	54.4
09/23/2015	EC	Markit Eurozone Composite PMI	Sep P	54	53.9	54.3
09/23/2015	US	MBA Mortgage Applications	Sep-18	--	13.90%	-7.00%
09/23/2015	CA	Retail Sales MoM	Jul	0.70%	0.50%	0.60%
09/23/2015	US	Markit US Manufacturing PMI	Sep P	52.8	53	53
09/24/2015	JN	Nikkei Japan PMI Mfg	Sep P	51.2	50.9	51.7
09/24/2015	GE	GfK Consumer Confidence	Oct	9.8	9.6	9.9

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09/24/2015	FR	Manufacturing Confidence	Sep	103	104	103
09/24/2015	GE	IFO Business Climate	Sep	107.9	108.5	108.3
09/24/2015	GE	IFO Current Assessment	Sep	114.7	114	114.8
09/24/2015	GE	IFO Expectations	Sep	101.4	103.3	102.2
09/24/2015	IT	Industrial Orders MoM	Jul	--	0.60%	3.00%
09/24/2015	IT	Industrial Sales MoM	Jul	--	-1.10%	0.70%
09/24/2015	IT	Retail Sales MoM	Jul	--	0.40%	-0.30%
09/24/2015	IT	Retail Sales YoY	Jul	0.80%	1.70%	1.70%
09/24/2015	US	Chicago Fed Nat Activity Index	Aug	0.24	-0.41	0.34
09/24/2015	US	Initial Jobless Claims	Sep-19	272k	267k	264k
09/24/2015	US	Durable Goods Orders	Aug	-2.30%	-2.00%	2.00%
09/24/2015	US	Durables Ex Transportation	Aug	0.10%	0.00%	0.60%
09/24/2015	US	New Home Sales MoM	Aug	1.60%	5.70%	5.40%
09/24/2015	FR	Total Jobseekers	Aug	3552.3k	3571.6k	3551.6k
09/24/2015	FR	Jobseekers Net Change	Aug	0.5	20	-1.9
09/25/2015	JN	Natl CPI YoY	Aug	0.10%	0.20%	0.20%
09/25/2015	JN	PPI Services YoY	Aug	0.50%	0.70%	0.60%
09/25/2015	FR	Consumer Confidence	Sep	94	97	93
09/25/2015	TH	Foreign Reserves	Sep-18	--	\$157.0b	\$156.2b
09/25/2015	EC	M3 Money Supply YoY	Aug	5.30%	4.80%	5.30%
09/25/2015	US	GDP Annualized QoQ	2Q T	3.70%	3.90%	3.70%
09/25/2015	US	Personal Consumption	2Q T	3.20%	3.60%	3.10%
09/25/2015	US	GDP Price Index	2Q T	2.10%	2.10%	2.10%
09/25/2015	US	Core PCE QoQ	2Q T	1.80%	1.90%	1.80%
09/25/2015	US	Markit US Composite PMI	Sep P	--	55.3	55.7
09/25/2015	US	Markit US Services PMI	Sep P	55.6	55.6	56.1
09/25/2015	US	U. of Mich. Sentiment	Sep F	86.5	87.2	85.7
09/25/2015	US	U. of Mich. Current Conditions	Sep F	--	101.2	100.3
09/25/2015	US	U. of Mich. Expectations	Sep F	--	78.2	76.4
09/25/2015	US	U. of Mich. 1 Yr Inflation	Sep F	--	2.80%	2.90%
09/25/2015	US	U. of Mich. 5-10 Yr Inflation	Sep F	--	2.70%	2.80%

This Week

Date		Event		Survey	Actual	Prior
09/28/2015	TH	Customs Exports YoY	Aug	-3.10%	-	-3.56%
09/28/2015	IT	Consumer Confidence Index	Sep	108.7	112.7	109
09/28/2015	IT	Business Confidence	Sep	102.7	104.2	102.5
09/28/2015	US	Personal Income	Aug	0.40%	--	0.40%
09/28/2015	US	Personal Spending	Aug	0.30%	--	0.30%
09/28/2015	US	Pending Home Sales MoM	Aug	0.40%	--	0.50%

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09/28/2015	US	Dallas Fed Manf. Activity	Sep	-10	--	-15.8
09/29/2015	UK	Mortgage Approvals	Aug	69.8k	--	68.8k
09/29/2015	EC	Economic Confidence	Sep	104.1	--	104.2
09/29/2015	EC	Business Climate Indicator	Sep	0.21	--	0.21
09/29/2015	EC	Consumer Confidence	Sep F	-7.1	--	-7.1
09/29/2015	GE	CPI MoM	Sep P	-0.10%	--	0.00%
09/29/2015	GE	CPI YoY	Sep P	0.10%	--	0.20%
09/29/2015	US	Consumer Confidence Index	Sep	96	--	101.5
09/30/2015	UK	GfK Consumer Confidence	Sep	5	--	7
09/30/2015	JN	Industrial Production MoM	Aug P	1.00%	--	-0.80%
09/30/2015	JN	Industrial Production YoY	Aug P	1.80%	--	0.00%
09/30/2015	JN	Retail Sales MoM	Aug	0.50%	--	1.20%
09/30/2015	AU	Building Approvals MoM	Aug	-2.00%	--	4.20%
09/30/2015	AU	Building Approvals YoY	Aug	7.40%	--	13.40%
09/30/2015	JN	Housing Starts YoY	Aug	7.60%	--	7.40%
09/30/2015	UK	Nationwide House PX MoM	Sep	0.40%	--	0.30%
09/30/2015	UK	Nationwide House Px NSA YoY	Sep	3.80%	--	3.20%
09/30/2015	GE	Retail Sales MoM	Aug	0.20%	--	1.40%
09/30/2015	GE	Retail Sales YoY	Aug	3.30%	--	3.30%
09/30/2015	FR	PPI MoM	Aug	--	--	-0.10%
09/30/2015	FR	PPI YoY	Aug	--	--	-1.60%
09/30/2015	TH	Exports YoY	Aug	--	--	-3.10%
09/30/2015	TH	Imports YoY	Aug	--	--	-10.60%
09/30/2015	TH	Trade Balance	Aug	--	--	\$2708m
09/30/2015	TH	BoP Current Account Balance	Aug	\$1600m	--	\$2116m
09/30/2015	GE	Unemployment Change (000's)	Sep	-5k	--	-7k
09/30/2015	GE	Unemployment Claims Rate SA	Sep	6.40%	--	6.40%
09/30/2015	UK	GDP QoQ	2Q F	0.70%	--	0.70%
09/30/2015	UK	GDP YoY	2Q F	2.60%	--	2.60%
09/30/2015	EC	Unemployment Rate	Aug	10.90%	--	10.90%
09/30/2015	EC	CPI Estimate YoY	Sep	0.00%	--	0.10%
09/30/2015	IT	PPI MoM	Aug	--	--	--
09/30/2015	IT	PPI YoY	Aug	--	--	--
09/30/2015	US	MBA Mortgage Applications	Sep-25	--	--	13.90%
09/30/2015	US	ADP Employment Change	Sep	190k	--	190k
09/30/2015	CA	GDP MoM	Jul	0.20%	--	0.50%
09/30/2015	CA	GDP YoY	Jul	0.70%	--	0.60%
09/30/2015	US	Chicago Purchasing Manager	Sep	53	--	54.4
10/01/2015	AU	AiG Perf of Mfg Index	Sep	--	--	51.7
10/01/2015	JN	Tankan Large Mfg Index	3Q	13	--	15
10/01/2015	JN	Tankan Large Mfg Outlook	3Q	10	--	16
10/01/2015	JN	Tankan Large Non-Mfg Index	3Q	20	--	23
10/01/2015	JN	Tankan Large Non-Mfg Outlook	3Q	19	--	21

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10/01/2015	JN	Tankan Large All Industry Capex	3Q	8.70%	--	9.30%
10/01/2015	CH	Manufacturing PMI	Sep	49.7	--	49.7
10/01/2015	JN	Nikkei Japan PMI Mfg	Sep F	--	--	50.9
10/01/2015	CH	Caixin China PMI Mfg	Sep F	47	--	47
10/01/2015	CH	Caixin China PMI Composite	Sep	--	--	48.8
10/01/2015	CH	Caixin China PMI Services	Sep	--	--	51.5
10/01/2015	TH	Consumer Confidence	Sep	--	--	72.3
10/01/2015	TH	Consumer Confidence Economic	Sep	--	--	61.5
10/01/2015	JN	Vehicle Sales YoY	Sep	--	--	2.30%
10/01/2015	AU	Commodity Index AUD	Sep	--	--	79.7
10/01/2015	AU	Commodity Index YoY	Sep	--	--	-20.90%
10/01/2015	IT	Markit/ADACI Italy Manufacturing PMI	Sep	53.3	--	53.8
10/01/2015	FR	Markit France Manufacturing PMI	Sep F	50.4	--	50.4
10/01/2015	GE	Markit/BME Germany Manufacturing PMI	Sep F	52.5	--	52.5
10/01/2015	EC	Markit Eurozone Manufacturing PMI	Sep F	52	--	52
10/01/2015	UK	Markit UK PMI Manufacturing SA	Sep	51.3	--	51.5
10/01/2015	US	Initial Jobless Claims	Sep-25	272k	--	267k
10/01/2015	US	Markit US Manufacturing PMI	Sep F	53	--	53
10/01/2015	US	ISM Manufacturing	Sep	50.6	--	51.1
10/01/2015	TH	CPI YoY	Sep	-1.09%	--	-1.19%
10/01/2015	TH	CPI Core YoY	Sep	1.00%	--	0.89%
10/02/2015	JN	Jobless Rate	Aug	3.30%	--	3.30%
10/02/2015	JN	Overall Household Spending YoY	Aug	0.30%	--	-0.20%
10/02/2015	AU	Retail Sales MoM	Aug	0.40%	--	-0.10%
10/02/2015	TH	Foreign Reserves	Sep-25	--	--	\$157.0b
10/02/2015	EC	PPI MoM	Aug	-0.60%	--	-0.10%
10/02/2015	EC	PPI YoY	Aug	-2.40%	--	-2.10%
10/02/2015	US	Change in Nonfarm Payrolls	Sep	202k	--	173k
10/02/2015	US	Unemployment Rate	Sep	5.10%	--	5.10%
10/02/2015	US	ISM New York	Sep	--	--	51.1
10/02/2015	US	Factory Orders	Aug	-1.30%	--	0.40%

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