

WEEKLY FOREIGN EXCHANGE OUTLOOK
11 Jul 2022 - 15 Jul 2022

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- The risk-averse market environment will help the dollar strength against all major currencies.
- Fed policy inflation gap hints USD may still have room to rise.
- However, if global inflation pressures ease, Fed interest rate hike expectations drop dramatically, and a global recession is avoided. The U.S. dollar may be depreciated against all major currencies.
- This week, the market will looking ahead to U.S. inflation data that will release on Wednesday (13/7) and Thursday (14/7).

Lower Bound	104.00	Upper Bound	108.00
Forecast	Appreciation		

Dollar News

- The dollar index hit a fresh 20-year highs at 107.79 as energy prices are high and the Federal Reserve has been raising interest rates more quickly than most other central banks.
- Moreover, the market still concern over the global economic outlook that boosted demand for the safe-haven while concerns about an economic downturn sent benchmark 10-year US Treasury yields to one-month lows.
- The minutes from the last Fed meeting, released on Wednesday (6/7), pointed to the possibility of an “even more restrictive” monetary policy to prevent long-lasting inflation, and now investors are pricing in another 75-basis point interest rate hike in July.
- The data released on Friday (8/7) that U.S. nonfarm payrolls increased by 372,000 jobs last month, the Labor department reported on Friday. Economists polled by Reuters had forecast 268,000 jobs added last month. Meanwhile, the unemployment rate prevailed unchanged at 3.6%.

Dollar Index Performance

Last Week Close	105.14	Monthly High	107.79
Week Open	105.12	Monthly Low	101.41
Week Close	106.81	30 Days Average	104.33
Weekly High	107.79	90 Days Average	102.04
Weekly Low	104.82	YTD Change	+11.85%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI YY, NSA	Jun	13-Jul		6.0%
CPI YY, NSA	Jun	13-Jul	8.7%	8.6%
CPI MM, SA	Jun	13-Jul	1.0%	1.0%
PPI Final Demand YY	Jun	14-Jul		10.8%
PPI Final Demand MM	Jun	14-Jul	0.8%	0.8%
PPI exFood/Energy YY	Jun	14-Jul		8.3%
PPI exFood/Energy MM	Jun	14-Jul	0.5%	0.5%
Retail Sales MM	Jun	15-Jul	0.8%	-0.3%
Industrial Production MM	Jun	15-Jul	0.2%	0.2%
U Mich Sentiment Prelim	Jul	15-Jul		50.0

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The Thai Baht fell to 36.35 THB/USD against the strong U.S. dollar on global recession fears.
- Thailand's inflation accelerated in June to a new 14-year high, boosting the case for central bank to raise borrowing costs sooner than later; the consumer prices rose 7.66% from a year earlier, accelerating from 7.1% a month ago.
- The consumer index of the University of the Thai Chamber of Commerce rose to 41.6 in June from 40.2 in the previous month.
- The Bank of Thailand (BoT) said on Friday (8/7) it would let the baht move in line with market forces, but would take action if there was excessive volatility in the currency. Weakness in the baht has been moderate compared with regional currencies and mainly driven by a strong dollar, BoT senior director Daranee Saeju told a media briefing.

Thai Baht Performance

Last Week Close	35.57 THB/USD	Monthly High	36.35 THB/USD
Week Open	34.43 THB/USD	Monthly Low	35.33 THB/USD
Week Close	35.86 THB/USD	30 Days Average	35.11 THB/USD
Weekly High	36.35 THB/USD	90 Days Average	34.28 THB/USD
Weekly Low	35.57 THB/USD	YTD Change	+7.89%

Thai Baht Outlook

- The Thai Baht could depreciate against the U.S. dollar due to the policy divergence between the Fed and the central bank.
- However, in the longer term, it is possible that the Thai Baht could appreciate against the dollar as an improving tourism sector and a recovery export sector will continue to support the Thai Baht to strong.
- USD/THB is expected to trade with in a range by 35.50-36.50 THB/USD in a week.

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	4 Jul, w/e	15-Jul		
Currency Swaps	4 Jul, w/e	15-Jul		

Lower Bound	35.50	Upper Bound	36.50
Forecast	Depreciation		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- The Euro could appreciate against the dollar as The ECB is widely expected to follow its global peers by raising interest rates in July meeting.
- European Central Bank head Christine Lagarde is scheduled to speak later in the session on the risks facing the global economy. This speech will be parsed carefully for clues of the thinking at the central bank given it is expected to lift interest rates later this month but growth appears to be slowing in the region.
- The market also eyes on CPI data on Wednesday (13/7)

Lower Bound	1.0000	Upper Bound	1.0300
Forecast	Appreciation		

Euro News

- The Euro tumbled to 20-year low against the dollar and fell to 1.007 USD/EUR, its weakest level since December 2002 after the eurozone services PMI slipped to a 16-month low which indicated that growth sliding fast and recession seems to be inevitable.
- The consumer price growth in the 19 countries sharing the euro accelerated to 8.6% from 8.1%, Eurostat said on Friday (1/7), higher than expectations for 8.4% and driven primarily by energy prices even as food and services also made a marked contribution.
- Meanwhile, European Central Bank (ECB) Governing Council member Ignazio Visco said on Friday (8/7) that the bank could consider a bigger rate hike in September after raising rates by 25 basis points in July.

Euro Index Performance

Last Week Close	1.0428 USD/EUR	Monthly High	1.0477 USD/EUR
Week Open	1.0422 USD/EUR	Monthly Low	1.0073 USD/EUR
Week Close	1.0183 USD/EUR	30 Days Average	1.0516 USD/EUR
Weekly High	1.0462 USD/EUR	90 Days Average	1.0694 USD/EUR
Weekly Low	1.0070 USD/EUR	YTD Change	-10.83%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
ZEW Economic Sentiment	Jul	12-Jul		-28.0
ZEW Current Conditions	Jul	12-Jul		-27.6
CPI Final MM	Jun	13-Jul		0.1%
CPI Final YY	Jun	13-Jul		7.6%
CPI (EU Norm) Final MM	Jun	13-Jul		0.8%
CPI (EU Norm) Final YY	Jun	13-Jul		6.5%
Industrial Production MM	May	13-Jul		0.4%
Industrial Production YY	May	13-Jul		-2.0%
Reserve Assets Total	Jun	15-Jul		1,108.25B

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- We will looking forward to key UK data including GDP that will release on Wednesday (13/7) which could exacerbate the worrying fundamental backdrop for pound.
- This week, the Bank of England (BoE) Governor Bailey is scheduled to speak under the current tricky market conditions and could give us more clarity as to the state of the UK economy and influence the current market pricing (BoE rates).
- Brexit-related risks in relation to a possible suspension of the Northern Ireland protocol are also a focus.

Lower Bound	1.1800	Upper Bound	1.2200
Forecast	Depreciation		

Pound Sterling News

- The pound sterling dropped against the U.S. dollar to 1.1873 USD/GBP, its lowest since March 2020, as renewed fears of a global recession coupled with UK weak economic data knocked the British pound.
- The Bank of England said on Tuesday (5/7) that the economic outlook for Britain and the world had darkened and told banks to ramp up capital buffers to ensure they could weather the storm.
- At the end of the week, the pound sterling rose above 1.2020 USD/GBP on news that UK PM Johnson said he was resigning as Britain's prime minister, bowing to calls from ministerial colleagues and law makers in his Conservative Party.

Pound Sterling Performance

Last Week Close	1.2094 USD/GBP	Monthly High	1.2165 USD/GBP
Week Open	1.2101 USD/GBP	Monthly Low	1.1877 USD/GBP
Week Close	1.2027 USD/GBP	30 Days Average	1.2259 USD/GBP
Weekly High	1.2165 USD/GBP	90 Days Average	1.2636 USD/GBP
Weekly Low	1.1873 USD/GBP	YTD Change	-11.45%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	May	13-Jul		0.2%
GDP Estimate MM	May	13-Jul		-0.3%
Goods Trade Balance GBP	May	13-Jul		-20.893B
GDP Estimate YY	May	13-Jul		3.4%
Industrial Output MM	May	13-Jul		-0.6%
Industrial Output YY	May	13-Jul		0.7%
Manufacturing Output MM	May	13-Jul		-1.0%
Manufacturing Output YY	May	13-Jul		0.5%

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- If global inflation pressures ease and a global recession is avoided. We expected that the Australia dollar will be supported against the soft US dollar.
- Looking ahead for this week, the market will focus on consumer sentiment (13/7) and employment data (14/7).

Australian Dollar News

- The Australia dollar fell to 0.6760 USD/AUD after the Reserve Bank of Australia hiked its key interest rate by 50 basis points to 1.35% on Tuesday (5/7). While this move was widely expected, the U.S. Federal Reserve's 75 basis point increase last month had fueled speculation that Australia's central bank might be more aggressive in its tightening.
- Later, the Australia dollar was supported by the news that China's services activity grew at the fastest rate in June in almost a year as COVID curbs eased and demand revived.
- The Caixin services purchasing managers' index rose to 54.5 in June, indicating the fastest growth since July last year and the first expansion since February.

Australian Dollar Performance

Last Week Close	0.6814 USD/AUD	Monthly High	0.69030 USD/AUD
Week Open	0.6801 USD/AUD	Monthly Low	0.67620 USD/AUD
Week Close	0.6856 USD/AUD	30 Days Average	0.71989 USD/AUD
Weekly High	0.6894 USD/AUD	90 Days Average	0.72437 USD/AUD
Weekly Low	0.6760 USD/AUD	YTD Change	-6.03%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Jun	12-Jul		16
NAB Business Confidence	Jun	12-Jul		6
Consumer Sentiment	Jul	13-Jul		-4.5%
Employment	Jun	14-Jul		60.6k
Unemployment Rate	Jun	14-Jul		3.9%

Lower Bound	0.6700	Upper Bound	0.7000
Forecast	Appreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The Japanese Yen tends to appreciate against the U.S. dollar due to the policy divergence between the BoJ and the Fed.
- Risk aversion due to darkening global economic outlook can also support the Japanese Yen.

Japanese Yen News

- The Japanese yen weakened and strengthened back to above 134.77 JPY/USD as risk aversion returns amid concerns about global recession.
- However, Japan's services sector activity expanded at the fastest pace in over eight years in June as the easing of coronavirus curbs boosted sentiment among businesses such as those in tourism.
- The final Jibun Bank Japan Services purchasing managers' index (PMI) rose to a seasonally adjusted 54.0, marking the fastest pace of expansion since October 2013. That was stronger than May's final 52.6 growth, though it remained below a 54.2 flash reading for June released last month.
- The safe-haven Japanese yen seeing strong demand after Japanese former Prime Minister Shinzo Abe was shot on Friday (8/7) while campaigning in the city of Nara.

Japanese Yen Performance

Last Week Close	135.19 JPY/USD	Monthly High	137.27 JPY/USD
Week Open	135.32 JPY/USD	Monthly Low	134.75 JPY/USD
Week Close	136.08 JPY/USD	30 Days Average	116.78 JPY/USD
Weekly High	136.56 JPY/USD	90 Days Average	115.24 JPY/USD
Weekly Low	134.77 JPY/USD	YTD Change	+19.25%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Machinery Orders MM	May	11-Jul		10.8%
Machinery Orders YY	May	11-Jul		19.0%
Corp Goods Price MM	Jun	12-Jul		0.0%
Corp Goods Price YY	Jun	12-Jul		9.1%

Lower Bound	135.00	Upper Bound	139.00
Forecast	Appreciation		

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