WEEKLY FOREIGN EXCHANGE OUTLOOK

07 Mar 2022 - 11 Mar 2022

Dollar Index

<table>
<thead>
<tr>
<th>Last Week Close</th>
<th>Monthly High</th>
<th>99.21</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Low</td>
<td>95.14</td>
<td></td>
</tr>
<tr>
<td>Week Open</td>
<td>96.54</td>
<td></td>
</tr>
<tr>
<td>Week Close</td>
<td>97.84</td>
<td></td>
</tr>
<tr>
<td>30 Days Average</td>
<td>96.45</td>
<td></td>
</tr>
<tr>
<td>90 Days Average</td>
<td>95.98</td>
<td></td>
</tr>
<tr>
<td>YTD Change</td>
<td>+3.08%</td>
<td></td>
</tr>
</tbody>
</table>

Events

<table>
<thead>
<tr>
<th>Event</th>
<th>Period</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer Credit</td>
<td>Jan</td>
<td>8-Mar</td>
<td>21.50B</td>
<td>18.90B</td>
</tr>
<tr>
<td>International Trade $</td>
<td>Jan</td>
<td>8-Mar</td>
<td>-82.0B</td>
<td>-80.7B</td>
</tr>
<tr>
<td>Wholesale Invt(y), R MM</td>
<td>Jan</td>
<td>8-Mar</td>
<td>0.8%</td>
<td></td>
</tr>
<tr>
<td>JOLTS Job Openings</td>
<td>Jan</td>
<td>9-Mar</td>
<td>10.925M</td>
<td></td>
</tr>
<tr>
<td>Core CPI YY, NSA</td>
<td>Feb</td>
<td>10-Mar</td>
<td>6.4%</td>
<td>6.0%</td>
</tr>
<tr>
<td>CPI MM, SA</td>
<td>Feb</td>
<td>10-Mar</td>
<td>0.7%</td>
<td>0.6%</td>
</tr>
<tr>
<td>CPI YY, NSA</td>
<td>Feb</td>
<td>10-Mar</td>
<td>7.8%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Initial Jobless Clm</td>
<td>28 Feb, w/10-Mar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cont Jobless Clm</td>
<td>21 Feb, w/10-Mar</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U Mich Sentiment Prelim</td>
<td>Mar</td>
<td>11-Mar</td>
<td>62.8</td>
<td></td>
</tr>
</tbody>
</table>

Dollar News

- The greenback jumped against majority of its peers as concerns that Russia would move ahead with Ukraine's invasion together with a selloff in U.S. stocks triggered broad-based risk-aversion.
- Powell’s comments in testimony to the US House of Representatives Financial Services Committee has favoured a 25 basis points (bps) interest rate hike.
- U.S. Treasury yield fell, as the markets continued to focus on the developments in war between Russia and Ukraine, the haven flows into U.S. government bond caused the yield to fall.
- U.S. nnfarm Payrolls (NFP) rose by 678K, well above the median forecast of a 400K figure and upwardly revised 484K prior. The Unemployment Rate dropped to 3.8% versus 4.0% previous readings and 3.9% expected.

Dollar Index Graph

Dollar Outlook

- The Russia-Ukraine truce talks will be the key event to watch out for next.
- For now, uncertainty on aggressive tightening monetary policy has eased off and risk-impulse is on, which is favouring risk-sensitive assets.
- Consumer prices in February are the main news. Immediate Federal Reserve policy is set, but with the headline and core rates expected to accelerate, the effect will be felt in the economic and Fed funds projection due at the March 15-16 policy meeting.

Lower Bound | 96.50
Forecast     | Appreciation
Upper Bound  | 100.00

Please carefully examine the Important Disclosure on the last section of this material.
The baht was likely to fluctuate in a wide range due to pressure from the Russia-Ukraine conflict. However, it would not weaken much because the gold price is increasing as investors sell the precious metal.

The baht found support from China’s new “Zero Covid” prevention measures, which could lead to a travel bubble with Thailand. Moreover, the market was open to more risks as foreign investors continued to buy Thai stocks, which have helped the baht to strengthen.

Thai exports are maintaining their growth momentum, expanding 8% year-on-year in January thanks to the global economic recovery, an easing of the container shortage and promotions by authorities. Imports for the same period rose by 20.5% year on year, resulting in a trade deficit of $2.52 billion.

Foreign investors expect the baht to strengthen on the back of Thailand’s economic and tourism recovery, with some international financial institutions predicting it will rise to 30.50-31/dollar by the end of the year.

The currency market is back to selling risk assets again due to the Russia-Ukraine conflict after peace negotiations failed.

The ministry is maintaining its export growth target at 3-4% this year despite a host of risk factors such as rising oil prices from the escalating conflict between Russia and Ukraine.
Euro Outlook

- The Ukraine crisis is likely to extend in whole Europe gradually.
- The sanctions imposed on Russia are likely to worsen the already soaring inflation in Europe. Therefore, the European Central Bank (ECB) will remain in dilemma whether to hike interest rates to combat the rising inflation or to deploy a dovish stance to counter the expected recession.
- ECB monetary policy meeting is the key events to follow for fresh impulse.

Euro News

- The EUR/USD pair fell to its lowest since June 2020 and currently trades at around 1.0884
- EUR was pressured by the ongoing conflicts between Russia and Ukraine, after the talks between two countries ended up with no progress.
- The EU released the preliminary estimate of its February CPI, which jumped to a record 5.8% YoY. Speculative interest forward bets for an ECB rate hike before year-end
- Eurozone inflation surprised again significantly to the upside in February, rising to 5.8% y-o-y from 5.1%, the print adds to the challenges facing the ECB as the inflation was well above ECB’s target.
It should be noted that the recent Russia-Ukraine tussles have already raised concerns that the global economic recovery from the pandemic will be slowed down, which in turn probes central bank hawks. However, the recent comments from the US Federal Reserve (Fed) and Bank of England (BOE) officials haven’t yet confirmed the same even if the money markets are paring back the hopes of faster policy tightening.

The ongoing Russia-Ukraine war has forced the market participants to stick with the risk-aversion theme amid galloping uncertainty in the financial markets.

The pound sterling fell to below 1.34 as the risk-sentiment remained downbeat on worsen Russia and Ukraine woes, several countries agreed to impose new sanctions on Russia’s invasion of Ukraine.

UK PM Johnson backs Russian exclusion from SWIFT.

BOE, Fed policymakers flash mixed signals over Russia-Ukraine jitter’s impact on next moves.

UK Manufacturing PMI was upwardly revised to 3 months high 58.0 in February. Despite upbeat UK PMI data, GBP was not underpinned as the risk-sentiment remained downbeat on Russia-Ukraine tensions.
**Australian Dollar Performance**

- **Last Week Close**: 0.7232 USD/AUD
- **Week Open**: 0.7179 USD/AUD
- **Week Close**: 0.7370 USD/AUD
- **Monthly High**: 0.7441 USD/AUD
- **Monthly Low**: 0.7239 USD/AUD
- **30 Days Average**: 0.7172 USD/AUD
- **90 Days Average**: 0.7278 USD/AUD
- **Weekly High**: 0.7380 USD/AUD
- **Weekly Low**: 0.7149 USD/AUD
- **YTD Change**: +2.14%

**Australian Dollar News**

- The Reserve Bank of Australia (RBA) board members decided to keep the official cash rate (OCR) steady at a record low of 0.10% at the monetary policy meeting.
- RBA Governor Philip Lowe cited the war in Ukraine as a new source of global uncertainty and said the bank would be patient before raising interest rates.
- The Australian economy remains resilient and spending is picking up following the Omicron setback.
- Australian GDP for Q4 2021 was broadly in line with expectations, showing a 3.4% q-o-q bounce back, following the Delta-shock fall of 1.9% q-o-q in Q3. The upbeat Australia GDP data and higher commodity prices supported AUD.

**Australian Dollar Outlook**

- Money markets had been forecasting the RBA would be lifting the current cash rate of 0.1 per cent around the middle of the year due to inflationary pressures but now the situation in Ukraine has changed everybody’s plans while the flood disaster in South-East Queensland and northern NSW will also have an impact on the central bank’s deliberations.
- The global economy is continuing to recover from the pandemic. However, the war in Ukraine is a major new source of uncertainty. Inflation in parts of the world has increased sharply due to large increases in energy prices and disruptions to supply chains at a time of strong demand.

**Australian Dollar Economic Events**

<table>
<thead>
<tr>
<th>Events</th>
<th>Period</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>AIG Services Index</td>
<td>Feb</td>
<td>7-Mar</td>
<td>56.2</td>
<td></td>
</tr>
<tr>
<td>Consumer Sentiment</td>
<td>Mar</td>
<td>8-Mar</td>
<td>0.08</td>
<td></td>
</tr>
<tr>
<td>NAB Business Conditions</td>
<td>Feb</td>
<td>8-Mar</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>NAB Business Confidence</td>
<td>Feb</td>
<td>8-Mar</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Refinitiv IPSOS PCSI</td>
<td>Mar</td>
<td>11-Mar</td>
<td>54.90</td>
<td></td>
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</tbody>
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**Lower Bound**: 0.7200  **Upper Bound**: 0.7500

**Forecast**: Appreciation
**Weekly Foreign Exchange Outlook**

**Japanese Yen**

<table>
<thead>
<tr>
<th>Last Week Close</th>
<th>115.56 JPY/USD</th>
<th>Monthly High</th>
<th>115.80 JPY/USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week Open</td>
<td>114.97 JPY/USD</td>
<td>Monthly Low</td>
<td>114.66 JPY/USD</td>
</tr>
<tr>
<td>Week Close</td>
<td>114.78 JPY/USD</td>
<td>30 Days Average</td>
<td>113.82 JPY/USD</td>
</tr>
<tr>
<td>Weekly High</td>
<td>115.80 JPY/USD</td>
<td>90 Days Average</td>
<td>111.35 JPY/USD</td>
</tr>
<tr>
<td>Weekly Low</td>
<td>114.63 JPY/USD</td>
<td>YTD Change</td>
<td>-0.11%</td>
</tr>
</tbody>
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**Japanese Yen Graph**

- USD/JPY is staying relatively quiet near 115.50 as the safe-haven Japanese yen holds its ground against the greenback.
- Bank of Japan (BOJ) monetary policy board member Junko Nagaya said in a statement on Thursday, “Japan's economic outlook remains highly uncertain from January onward.”
- Risk sentiment improved as second round of negotiations between Russia and Ukraine would take place on Thursday and gives markets hopes of ceasefire agreement.
- Japan services PMI fell to 44.2 in February from 47.6 in January, suggested that the service sector activity of Japan contracted at the fastest pace in 21 months due to the hit of Omicron variant.

**Japanese Yen Outlook**

- The risk-perceived assets have found some ground after an ease in risk-on impulse as Powell’s testimony has indicated an interest rate hike by a 25 basis point (bps) in March’s monetary policy meeting.
- Sanctions on Russia are also pressuring the overall world economy.
- Investors await more development over shelling at Ukraine nuclear power stations for further guidance.
- As long as the Ukraine war continues the USD/JPY should be pinned between the safety aspects of its components.
- Japanese GDP for the fourth quarter is expected to rise slightly on revision to 5.6% annualized.

**Japanese Yen Economic Events**

- Current Account NSA JPY: Jan, -370.80B
- GDP Rev QQ Annualised: Q4, 5.4%
- GDP Revised QQ: Q4, 1.3%
- GDP Cap Ex Rev QQ: Q4, 0.4%
- Corp Goods Price MM: Feb, 0.6%
- Corp Goods Price YY: Feb, 8.6%

**Japanese Yen News**

- Investors await more development over shelling at Ukraine nuclear power stations for further guidance.
- As long as the Ukraine war continues the USD/JPY should be pinned between the safety aspects of its components.
- Japanese GDP for the fourth quarter is expected to rise slightly on revision to 5.6% annualized.
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