

WEEKLY FOREIGN EXCHANGE OUTLOOK
16 May 2022 - 20 May 2022

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- American consumer prices and sentiment weighed on the market outlook for the US economy. April CPI at 8.3% overall and 6.2% for core were slightly lower than the March figures but higher than the forecasts. Combined with producer prices at 11%, inflation is looking more and more as a long-term phenomenon, bringing the Federal Reserve's aggressive rate policy to the fore.
- As a result of inflation data, together with the abrupt re-emergence of the risk aversion, the dollar index hit fresh peaks in levels last seen in December 2002 just below 105.00 the figure on Thursday (12/5).

Dollar Index Performance

Last Week Close	103.66	Monthly High	105.01
Week Open	103.66	Monthly Low	99.31
Week Close	104.47	30 Days Average	102.05
Weekly High	105.01	90 Days Average	98.72
Weekly Low	103.37	YTD Change	+8.56%

Dollar Outlook

- The overall scenario favors the continued dollar's strength. However, the greenback is largely overbought in the near term, and a corrective decline is not on the table.
- The US will release April Retail Sales and industrial production figures (17/5). By the end of the week, the focus will shift to US housing data including building permits (18/5) and existing home sales (19/5).

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM	Apr	17-May	0.9%	0.5%
Industrial Production MM	Apr	17-May	0.5%	0.9%
Housing Starts Number	Apr	18-May	1.765M	1.793M
Initial Jobless Clm	14 May, w,	19-May	200k	203k
Philly Fed Business Indx	May	19-May	16.0	17.6
Existing Home Sales	Apr	19-May	5.65M	5.77M

Lower Bound	103.00	Upper Bound	105.50
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Forecast	Neutral
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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The baht, along with another currencies, could still depreciate against the dollar due to the policy divergence between the Fed and the central bank.
- The resistance at 35.00 THB/USD is expected to be tested soon.
- A decreasing daily infected Covid-19 case and opening city scheme as well as upcoming Bangkok governor election on next Sunday (22/5) should be closely monitors. They could signal some positive sentiment toward the baht.

Lower Bound	34.30	Upper Bound	35.00
Forecast	Neutral		

Thai Baht News

- The baht continued to depreciate due to the strengtend US dollar as investors fled risk and sought safe havens due to worries about inflation and slower global economic growth.
- Finance Minister said Thailand's economy is showing signs of improvement this year with predicted slow yet sustainable growth if all involved pitch in to help.
- Goldman Sachs said the first Thai interest increase is likely to come in September, that's well ahead of the median forecasts of economists for the first quarter of 2023.
- Official data showed Monday (16/5) that China's retail sales slumped to its lowest in two years while factory output plunged,capturing the dismal economic fallout from Beijing's zero-Covid policy.This factor pressured outlook of asian economy as well as all their currencies.

Thai Baht Performance

Last Week Close	34.33 THB/USD	Monthly High	34.84 THB/USD
Week Open	34.43 THB/USD	Monthly Low	34.02 THB/USD
Week Close	34.70 THB/USD	30 Days Average	34.08 THB/USD
Weekly High	34.80 THB/USD	90 Days Average	33.37 THB/USD
Weekly Low	34.32 THB/USD	YTD Change	+3.99%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q1	17-May	2.1%	1.9%
GDP Growth QQ SA	Q1	17-May	0.9%	1.8%

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- During the upcoming week, the focus will be on the EU's second estimate of the Q1 Gross Domestic Product, foreseen at 0.2% QoQ, while the US will publish April Retail Sales, expected to have risen by 0.7% MoM.
- The outlook for the euro still remains tilted towards the bearish side, always in response to dollar dynamics, geopolitical concerns and the Fed-ECB divergence. The euro is extremely oversold after falling for six consecutive weeks. Nevertheless, a corrective advance or at least another consolidative phase is on the cards and would help to enhance the dominant trend.

Euro News

- The euro finally left its consolidative phase, breaking lower and falling to a multi-year low of 1.0350 level although it closed the week a handful of pips above the level with sellers now adding shorts on spikes beyond the 1.0400 figure.
- The collapse took place on Thursday, following the release of US inflation figures the day before.
- Multiple European Central Bank officials stated that they would be comfortable hiking rates right after finishing the massive bond-buying program known as APP in July. However, the Fed is two steps ahead of its major counterparts.
- Tensions between Russia and western nations fueled the risk-averse mood. Finland has announced it would drop its neutral stance and apply to join NATO, while Sweden is considering a similar move.

Euro Index Performance

Last Week Close	1.0551 USD/EUR	Monthly High	1.0641 USD/EUR
Week Open	1.0550 USD/EUR	Monthly Low	1.0351 USD/EUR
Week Close	1.0411 USD/EUR	30 Days Average	1.0681 USD/EUR
Weekly High	1.0592 USD/EUR	90 Days Average	1.1021 USD/EUR
Weekly Low	1.0348 USD/EUR	YTD Change	-8.22%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
GDP Flash Estimate QQ	Q1	17-May	0.2%	0.2%
GDP Flash Estimate YY	Q1	17-May	5.0%	5.0%
HICP Final MM	Apr	18-May	0.6%	2.4%
HICP Final YY	Apr	18-May	7.5%	7.5%
HICP-X F, E, A, T Final MM	Apr	18-May	1.1%	1.1%
HICP-X F,E,A&T Final YY	Apr	18-May	3.5%	3.5%
Consumer Confid. Flash	May	20-May	-21.5	-22.0

Lower Bound	1.0300	Upper Bound	1.0550
Forecast	Neutral		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The British pound will be continuously pressured as the macroeconomic, as well as, monetary policy divergence between the UK and US returned to the fore.
- It now remains to be seen whether the rebound in the GBP/USD pair could extend into the new week, which is likely to be a busy one.
- The British labor market data will drop on Tuesday (17/5) while the UK CPI on Wednesday (18/5) will hog the limelight after the inflation rate hit a fresh multi-decade high at 7.0% YoY in March. Friday will see monthly UK Retail Sales, which showed a sharp contraction in consumer spending a month ago.

Lower Bound	1.2150	Upper Bound	1.2450
Forecast	Neutral		

Pound Sterling News

- The pound recorded fourth straight weekly lows, hit two-year lows at around 1.2160 USD/GBP as the US dollar emerged the most favored safe haven amid a revival of global growth and inflation fears.
- Nothing changed for the pound, as the fundamental factors impacting the currency pair remained more or less the same. The Bank of England's (BOE) policy announcements-led sell-off extended as they projected a recession in the final quarter of this year.
- The UK economy contracted 0.1% MoM in March while recording a meager 0.8% expansion in Q1 2022, exacerbating the pain in the pound.

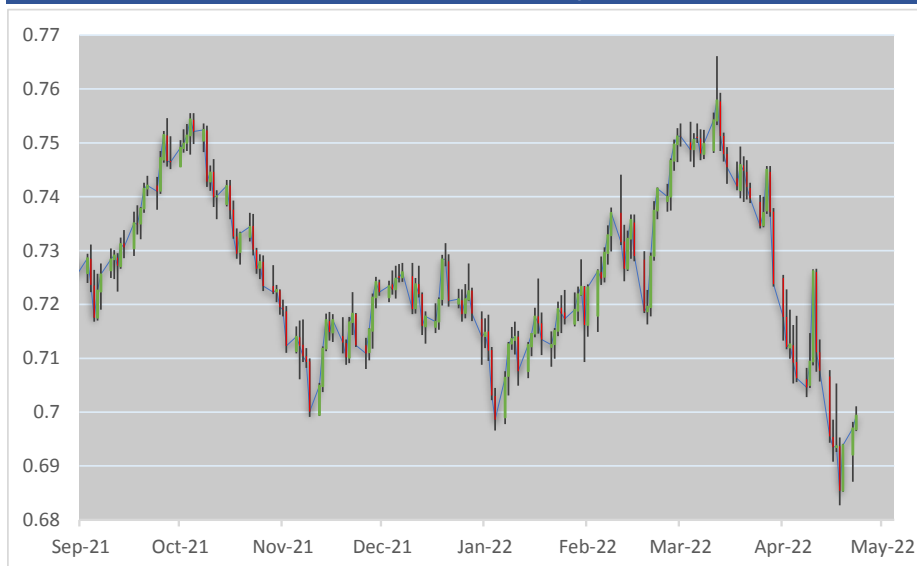
Pound Sterling Performance

Last Week Close	1.2337 USD/GBP	Monthly High	1.2638 USD/GBP
Week Open	1.2336 USD/GBP	Monthly Low	1.2157 USD/GBP
Week Close	1.2261 USD/GBP	30 Days Average	1.2696 USD/GBP
Weekly High	1.2406 USD/GBP	90 Days Average	1.3152 USD/GBP
Weekly Low	1.2154 USD/GBP	YTD Change	-8.86%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Apr	17-May	-42.5k	-46.9k
ILO Unemployment Rate	Mar	17-May	3.8%	3.8%
CPI YY	Apr	18-May	9.1%	7.0%
Retail Sales MM	Apr	20-May	-0.2%	-1.4%
Retail Sales Ex-Fuel MM	Apr	20-May	-0.2%	-1.1%
Retail Sales YY	Apr	20-May	-7.2%	0.9%

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar News

- The AUD/USD pair kept falling last week ,reached a fresh 2-year low of 0.6830 on Thursday (12/5).
- Global stocks traded dully throughout the week,dragging the commodity-linked currency down with them.Recession fears also benefitted the USD and drove flows away from the perceived riskier aussie.
- Australia’s Consumer Inflation Expectations for May came in at 5.0% versus 4.8% expected and 5.2% prior. Although the hopes are in favor of the higher price pressure, the numbers fail to justify the Reserve Bank of Australia’s (RBA) recent 50 basis points (bps) rate hike, which in turn seemed to have weighed on the AUD/USD prices of late.

Australian Dollar Performance

Last Week Close	0.7077 USD/AUD	Monthly High	0.72660 USD/AUD
Week Open	0.7066 USD/AUD	Monthly Low	0.68300 USD/AUD
Week Close	0.6939 USD/AUD	30 Days Average	0.72712 USD/AUD
Weekly High	0.7078 USD/AUD	90 Days Average	0.72011 USD/AUD
Weekly Low	0.6827 USD/AUD	YTD Change	-3.66%

Australian Dollar Outlook

- The Aussie could depreciate against the dollar as the global woes and troubles in China.Moreover,the Australian dollar’s latest weakness could also be linked to the covid conditions in China. Although the recent coronavirus figures from Shanghai and mainland China ease, the community cases seem to keep the lockdowns intact.
- The Reserve Bank of Australia will release the Minutes of its latest meeting on Tuesday(17/5).Moreover,employment data will be in focus on Thursday(19/5).

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Wage Price Index QQ	Q1	18-May	0.8%	0.7%
Wage Price Index YY	Q1	18-May	2.5%	2.3%
Employment	Apr	19-May	30.0k	17.9k
Participation Rate	Apr	19-May	66.4%	66.4%
Unemployment Rate	Apr	19-May	3.9%	4.0%

Lower Bound **0.6800** **Upper Bound** **0.7100**
Forecast **Neutral**


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The fundamental interest rate factors that have propelled the USD/JPY higher since early March remain intact.
- Treasury rates have pulled back from their highs and the USD/JPY moved with them. Concerns over US economic growth in the second and third quarters are likely to cap Treasury rates in the immediate future and that in turn will retard a further ascent in the USD/JPY.
- Japan's annualized first quarter GDP(18/5) is forecast to be -1.8% and -1.2% (YoY). Growth was negative in the first and third quarters and the expected continuation of the pattern into a second year is underlines the fragile state of the Japanese economy.

Lower Bound	128.00	Upper Bound	130.50
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Forecast	Appreciation
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Japanese Yen News

- The yen rebounded back last week to the level below 130.00 JPY/USD as treasury yields had turned lower through Thursday aiding the JPY recovery as investors sought the safety of the US government debt. The exploding spread between US and Japanese government debt since January had been the chief fuel for a higher dollar.
- Plunging equity prices around the world, the war in Ukraine, China's lockdowns and soaring inflation and food prices have sent investors flying to the safety of yen.
- The summary of the Bank of Japan (BoJ) April meeting underlined the extreme accommodation policy of the central bank. Japanese economic sentiment indexes showed a small improvement in April but not enough to impact market views.

Japanese Yen Performance

Last Week Close	130.56 JPY/USD	Monthly High	131.34 JPY/USD
Week Open	130.50 JPY/USD	Monthly Low	127.53 JPY/USD
Week Close	129.19 JPY/USD	30 Days Average	114.76 JPY/USD
Weekly High	131.34 JPY/USD	90 Days Average	113.88 JPY/USD
Weekly Low	127.50 JPY/USD	YTD Change	+12.41%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP QQ	Q1	18-May	-0.4%	1.1%
GDP QQ Annualised	Q1	18-May	-1.8%	4.6%
Machinery Orders MM	Mar	19-May	3.7%	-9.8%
Machinery Orders YY	Mar	19-May	3.7%	4.3%
Exports YY	Apr	19-May	13.8%	14.7%
Imports YY	Apr	19-May	35.0%	31.2%
Trade Balance Total Yen	Apr	19-May	-1,150.0B	-414.1B
CPI, Core Nationwide YY	Apr	20-May	2.1%	0.8%
CPI, Overall Nationwide	Apr	20-May		1.2%

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