

WEEKLY FOREIGN EXCHANGE OUTLOOK
09 May 2022 - 13 May 2022

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- The dollar index held losses against its peer currencies after the Fed voted unanimously to hike the rate by 0.5% to a target range between 0.75% and 1% to get a handle on the worst inflation America has seen in 40 years. The Fed also announced plans to shrink its \$9 trillion asset portfolio starting next month.
- Fed Chairman Jerome Powell said that additional half-percentage-point rate hikes will be on the table for the next few meetings. But the bank isn't looking to go bigger.
- Nonetheless, at the end of the week, the dollar rebounded as investors saw the different monetary policy between the Fed and other central banks.
- The US non-farm payrolls reported to increased 428K in April which was better than the expectations of 390K.

Dollar Index Performance

Last Week Close	102.96	Monthly High	104.07
Week Open	103.21	Monthly Low	97.69
Week Close	103.19	30 Days Average	100.92
Weekly High	104.07	90 Days Average	98.17
Weekly Low	102.35	YTD Change	#NAME?

Dollar Outlook

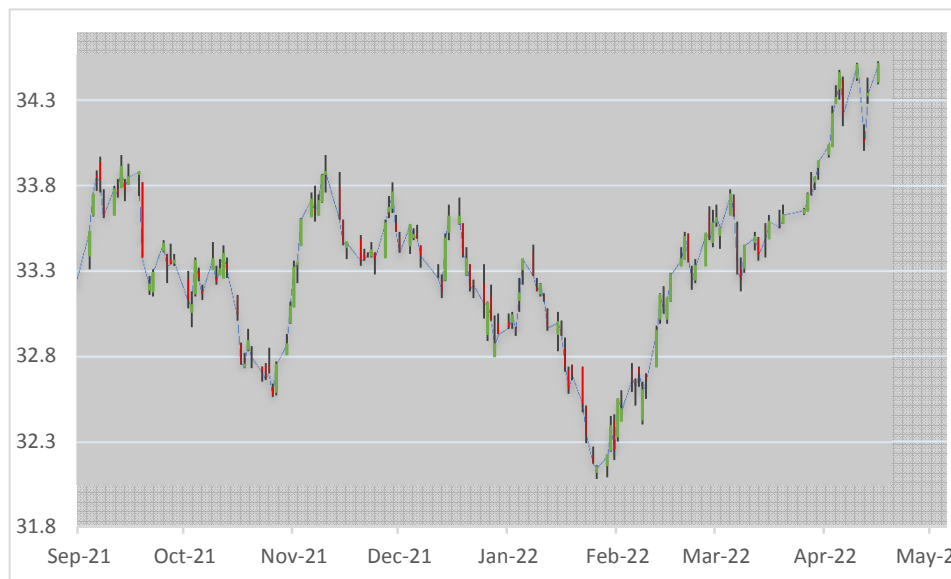
- In the medium term, the dollar could appreciate against its peer currencies as the higher US yields and risk aversion combining with tighter rate path by the Federal Reserve continues to boost the dollar.
- The constructive stance in the dollar is also underpinned by the current elevated inflation narrative and the solid health of the labour market as well as bouts of geopolitical tensions.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ISM Manufacturing PMI	Apr	2-May	57.6	57.1
Factory Orders MM	Mar	3-May	1.1%	-0.5%
Fed Funds Tgt Rate	5 May	5-May	0.75-1	0.25-0.5
Initial Jobless Clm	25 Apr, w/	5-May	182000	181000
Non-Farm Payrolls	Apr	6-May	391000	431000
Unemployment Rate	Apr	6-May	3.5	3.6
Average Earnings YY	Apr	6-May	0k	0k

Lower Bound	102.00	Upper Bound	105.00
Forecast	Appreciation		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The Thai baht, along with another currencies, could be depreciate against the dollar due to the policy divergence between the Fed and the central bank.
- The momentum of Thai economy could gain back by the tourism as the government is planning to launch four big events in Bangkok to promote tourism in the capital, says Traisuree Taisaranakul, deputy government spokesperson. Another report shown that there are more than 150,000 tourists visited popular attractions in Surat Thani last month, generating 1.25 billion baht to this southern coastal province, according to the Tourism Authority of Thailand (TAT).

Lower Bound	34.30	Upper Bound	34.65
Forecast	Depreciation		

Thai Baht News

- Thailand will not take sides in the Russia-Ukraine conflict, confirmed Prime Minister Prayut Chan-o-cha in advance of a top-level US-Asean meeting that he will be attending in Washington DC next week.
- Finance Minister Arkhom Termpittayapaisith has signed a loan agreement worth 50 billion yen (13.2 billion baht) with the Japan International Cooperation Agency to bolster the nation's Covid-19 emergency response.
- The Public Health Ministry aims to achieve its target of classifying Covid-19 as an endemic disease in July, according to Deputy Public Health Minister Sathit Pitutecha.

Thai Baht Performance

Last Week Close	34.23 THB/USD	Monthly High	#NAME? THB/USD
Week Open	#N/A THB/USD	Monthly Low	#NAME? THB/USD
Week Close	34.34 THB/USD	30 Days Average	33.79 THB/USD
Weekly High	34.52 THB/USD	90 Days Average	33.29 THB/USD
Weekly Low	34.01 THB/USD	YTD Change	#NAME?

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Apr	3-May		51.8
CPI Headline Inflation	Apr	5-May	4.98%	5.73%
CPI Core Inflation YY	Apr	5-May	2.01%	2.00%
Forex Reserves	29 Apr, w/	6-May		233.9B
Currency Swaps	29 Apr, w/	6-May		32.4B



Euro Graph



Source: Thomson Reuters

Euro News

- The euro, in the beginning of the week, weakened against the dollar as the dollar was supported by many uncertain situations in the market; however, after the Fed announced to hike the rate 0.5% as expected and hinted for further 0.5% hike in the next several meeting, the euro rebounded against the greenback.
- The euro was subsequently sold off and in the wake of damaging data from the eurozone and ongoing concerns over the Ukraine crisis.
- The downbeat Chinese PMI and the Covid-19 lockdowns pressured the euro.

Euro Index Performance

Last Week Close	1.05 USD/EUR	Monthly High	#NAME? USD/EUR
Week Open	1.05 USD/EUR	Monthly Low	#NAME? USD/EUR
Week Close	1.06 USD/EUR	30 Days Average	1.08 USD/EUR
Weekly High	1.06 USD/EUR	90 Days Average	1.11 USD/EUR
Weekly Low	1.05 USD/EUR	YTD Change	#NAME?

Euro Outlook

- There might be capital outflows from the euro as the downside risks from energy supply remains.
- 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.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Apr	2-May	-16.9	-16.9
Unemployment Chg SA	Apr	3-May	-15000	0.0B
Unemployment Rate SA	Apr	3-May	5.00%	5.00%
Unemployment Rate	Mar	3-May	6.7	0.0B
Industrial Orders MM	Mar	5-May	-1.1	0.0B
Industrial Output MM	Mar	6-May	-1	0.20%
Reserve Assets Total	Apr	6-May		235.52B

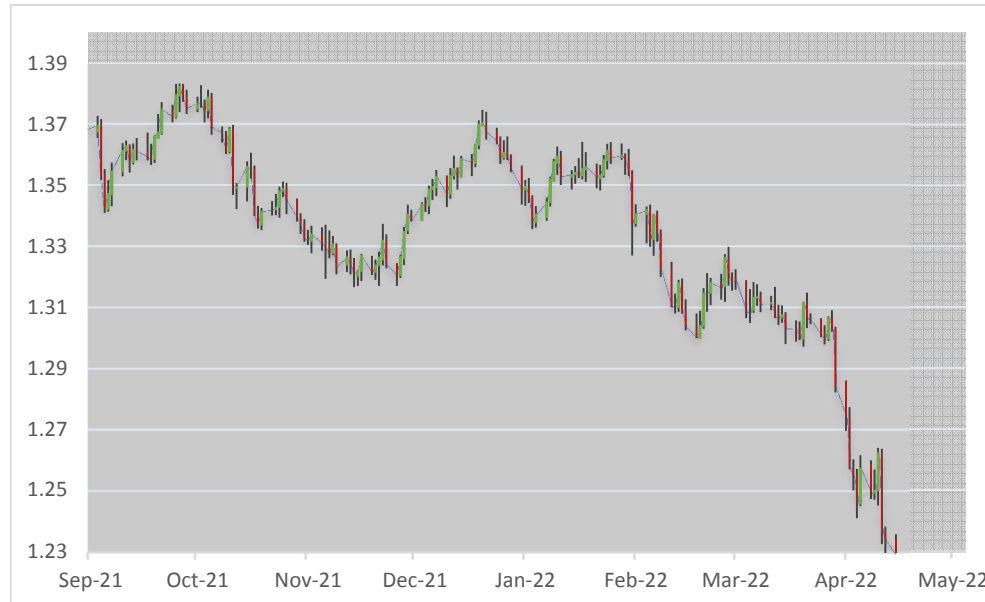
Lower Bound	1.03	Upper Bound	1.06
Forecast	Depreciation		

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Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- The British pound could depreciate against the dollar due to the inflation fears after the BoE is now forecasting inflation at 10.25% YoY in Q4 this year.
- The cable could be pressured by the concerning Brexit.

Lower Bound	1.20	Upper Bound	1.24
Forecast	Depreciation		

Pound Sterling News

- The Bank of England raised its key refinancing rate by a relatively restrained 25 basis points to 1.0% on Thursday, a fourth straight increase that takes U.K. interest rates to their highest in 13 years, just as the U.K. economy shows clear signs of slowing down.
- The BoE warned that the U.K. economy is likely to slip into recession in the autumn, but that it nonetheless needed to tighten monetary policy to bring down inflation, which is running at a 30-year high of 7.0%. The Bank warned that inflation is likely to peak at over 10% in the fourth quarter of this year, due largely to a 40% rise in many households' energy bills.

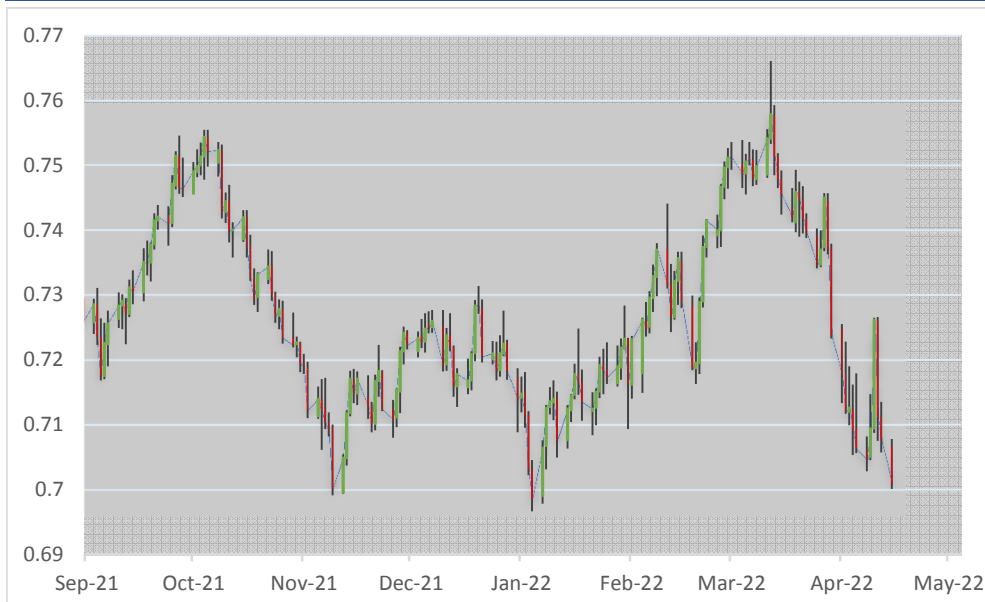
Pound Sterling Performance

Last Week Close	1.26 USD/GBP	Monthly High	#NAME? USD/GBP
Week Open	1.26 USD/GBP	Monthly Low	#NAME? USD/GBP
Week Close	1.23 USD/GBP	30 Days Average	1.29 USD/GBP
Weekly High	1.26 USD/GBP	90 Days Average	1.32 USD/GBP
Weekly Low	1.23 USD/GBP	YTD Change	#NAME?

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
S&P GLBL/CIPS Mfg PMI FNL	Apr	3-May	55.3	55.3
BOE Bank Rate	May	5-May	1	0.0B
GB BOE QE Corp	May	5-May	#####	0.00%
Halifax House Prices MM	Apr	6-May		0.0B

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The Aussie could depreciate against the dollar as the global woes and troubles in China, Australia's key customer joins the US-China tensions to add to the risk-off catalysts.
- Along with another currencies, the Aussie might be pressured by the policy divergence between the Fed and the RBA.

Lower Bound	0.69	Upper Bound	0.72
Forecast	Depreciation		

Australian Dollar News

- The Australian dollar appreciated against the dollar after the Reserve Bank of Australia (RBA) board members decided to raise the official cash rate (OCR) by 25 basis points (bps) from a record low of 0.10% to 0.35%, which was more than the market expectations to hike 15 bps.
- In the RBA's monetary policy, Governor Philip Lowe dictated that the central bank is in no mood to step up the interest rates as the policymakers do not see any price pressures despite rising oil and other commodity prices.
- Reserve Bank of Australia's (RBA) quarterly Monetary Policy Statement (MPS) revised down growth forecasts and expects 1.75% cash rate in 2022.

Australian Dollar Performance

Last Week Close	0.71 USD/AUD	Monthly High	#NAME? USD/AUD
Week Open	0.71 USD/AUD	Monthly Low	#NAME? USD/AUD
Week Close	0.71 USD/AUD	30 Days Average	0.72 USD/AUD
Weekly High	0.73 USD/AUD	90 Days Average	0.72 USD/AUD
Weekly Low	0.70 USD/AUD	YTD Change	#NAME?

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
RBA Cash Rate	May	3-May	0.25	0.1
Retail Sales MM Final	Mar	4-May	0.6	0.0B
Building Approvals	Mar	5-May	-12.50%	43.50%
Trade Balance G&S (A\$)	Mar	5-May	8.5E+09	7.5B

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- A commitment to stick with an ultra-loose monetary policy by the Bank of Japan (BOJ) has brought another bearish impulsive wave for yen. Moreover, the BoJ vowed to conduct daily operations to defend its “near-zero” target for 10-year bond yields.
- The BOJ adopted a neutral stance on its interest rates and dictated that stimulus will remain in the pipeline to reach pre-pandemic growth rates.
- Trade was thin in the Japanese market due to the golden week holiday.

Japanese Yen Performance

Last Week Close	129.83 JPY/USD	Monthly High	#NAME? JPY/USD
Week Open	129.77 JPY/USD	Monthly Low	#NAME? JPY/USD
Week Close	130.56 JPY/USD	30 Days Average	114.57 JPY/USD
Weekly High	130.80 JPY/USD	90 Days Average	113.58 JPY/USD
Weekly Low	128.61 JPY/USD	YTD Change	#NAME?

Japanese Yen Outlook

• The Japanese yen could be more depreciate against the dollar as the Fed would tighten its monetary policy at a faster pace to combat stubbornly high inflation remained supportive of elevated US Treasury bond yields. This has resulted in the widening of the Japanese-US government bond yield differential, which was seen as another factor that drove flows away from the yen.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Mfg PMI Final SA	Apr	2-May		53.4
Consumer Confid. Index	Apr	2-May		0.0B
CPI Tokyo Ex fresh food YY	Apr	6-May	1.80%	0.80%
CPI, Overall Tokyo	Apr	6-May		0.0B

Lower Bound	128.00	Upper Bound	132.00
Forecast	Depreciation		

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