

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**03 Oct 2022 - 07 Oct 2022**



**Dollar Index Graph**



Source: Thomson Reuters

**Dollar News**

- At the front of the week, the dollar index still gained against all major currencies as US Federal Reserve officials said their priority remained controlling domestic inflation, lent support expectations for more interest rate hike.
- However, The dollar significantly fell at the middle of the week after 10-year benchmark US treasury yields hitting a high of 4% for the first time since 2010. The yield fell after BoE announced purchases of UK government bonds which sent the UK bond yield lower.
- The Conference Board showed that the Consumer Confidence Index rose to 108.00 in September from 103.6 in August (revised from 103.2) while US Durable Goods Orders declined by 0.2%, or by \$0.6 billion, on a monthly basis in August to \$272.7 billion.
- The final readings of the US Q2 Gross Domestic Product (GDP) confirmed the initial forecasts of -0.6% while the core Consumption Personal Expenditures Price Index rose 4.9% YoY in August, more than the 4.7% anticipated by the market.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>113.19</b>	<b>Monthly High</b>	<b>114.78</b>
<b>Week Open</b>	<b>113.02</b>	<b>Monthly Low</b>	<b>107.59</b>
<b>Week Close</b>	<b>111.58</b>	<b>30 Days Average</b>	<b>110.21</b>
<b>Weekly High</b>	<b>114.78</b>	<b>90 Days Average</b>	<b>107.10</b>
<b>Weekly Low</b>	<b>111.58</b>	<b>YTD Change</b>	<b>+16.81%</b>

**Dollar Outlook**

- On Monday (3/10), the ISM will release its Manufacturing PMI report for September. The Price Paid Component of the survey, which dropped to 52.5 in August from 55.5 in July, could influence the dollar's performance
- The ADP's private sector employment report will be released on Wednesday (5/10) ahead of the US Bureau of Labor Statistics' highly-anticipated Nonfarm Payrolls (NFP) data on Friday (7/10). Investors expect the NFP to rise by 250K following August's better-than-forecast increase of 315K.
- Investors will be looking closely at Friday's U.S. jobs report to assess how much impact the Federal Reserve's rate hikes are having on the economy.
- Moreover, the several Fed officials are also due to speak during the week.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Final	Sep	3-Oct		51.8
ISM Manufacturing PMI	Sep	3-Oct	52.8	52.8
International Trade \$	Aug	5-Oct		-70.7B
S&P Global Comp Final PMI	Sep	5-Oct		49.3
S&P Global Svcs PMI Final	Sep	5-Oct		49.2
ISM N-Mfg PMI	Sep	5-Oct	56.5	56.9
Initial Jobless Clm	26-Sep	6-Oct		193k
Non-Farm Payrolls	Sep	7-Oct	250k	315k
Unemployment Rate	Sep	7-Oct	3.7%	3.70%

<b>Lower Bound</b>	<b>111.00</b>	<b>Upper Bound</b>	<b>115.00</b>
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Forecast Appreciation

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**Thai Baht**
**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- For this week, we will expect that the Thai Baht could appreciate against the U.S. dollar as the central bank announced that Thailand's economy was still on a recovery path in August on rebounding tourism and domestic demand, which would continue to support economic activity.
- Moreover, Thailand's Constitutional Court on Friday (30/9) ruled Prime Minister Prayuth Chan-ocha had not exceeded the maximum 8-year limit as prime minister.
- USD/THB is expected to trade with in a range by 37.30-38.30 THB/USD in a week.
- The market will be focus on Thailand's CPI core inflation data on Wednesday (5/10).

<b>Lower Bound</b>	<b>37.30</b>	<b>Upper Bound</b>	<b>38.30</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Thai Baht News**

- The Thai baht depreciated to a new 16-year lows approaching to 38.50 THB/USD level on Wednesday (26/9) as disappointed the outcome of monetary policy meeting which investors waited for a bit more aggressive.
- The BoT's Monetary Policy Committee voted unanimously to increase the one-day repurchase rate by 0.25% from 0.75% to 1.00%, disappointed few economists who expected a half-point increase. Meanwhile, they maintained its 2022 economic growth outlook of 3.3% seen in June but trimmed its 2023 growth forecast to 3.8% from 4.2%. The BoT also raised its 2022 headline inflation forecast to 6.3% from 6.2% seen earlier, and its 2023 estimate to 2.6% from 2.5%.
- Bank of Thailand governor Sethaput Suthiwartnarueput said the bank was ready to adjust the pace of tightening monetary policy if needed and would be prepared to hold an off-cycle meeting if necessary.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>37.53 THB/USD</b>	<b>Monthly High</b>	<b>38.13 THB/USD</b>
<b>Week Open</b>	<b>34.43 THB/USD</b>	<b>Monthly Low</b>	<b>37.83 THB/USD</b>
<b>Week Close</b>	<b>37.77 THB/USD</b>	<b>30 Days Average</b>	<b>36.85 THB/USD</b>
<b>Weekly High</b>	<b>38.45 THB/USD</b>	<b>90 Days Average</b>	<b>36.02 THB/USD</b>
<b>Weekly Low</b>	<b>37.52 THB/USD</b>	<b>YTD Change</b>	<b>+14.16%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Sep	3-Oct		
CPI Headline Inflation	Sep	5-Oct	6.70%	
CPI Core Inflation YY	Sep	5-Oct	3.20%	
CPI Index	Sep	5-Oct		
Overall Comprehensive Risk	Q4	7-Oct		4.73

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- The Euro could remain under pressure against the U.S. dollar as eminent issues include continuation of the ECB hiking cycle, Italian post-elections developments, fragmentation risks amidst the ECB's normalization of its monetary conditions, and impact of the war in Ukraine and the persistent energy
- On Monday (3/10), S&P Global will release the final estimates of the September Manufacturing PMIs for the EU.
- Furthermore, Germany and the EU will publish their respective August Retail Sales data on Thursday (6/10)

<b>Lower Bound</b>	<b>0.9600</b>	<b>Upper Bound</b>	<b>0.9900</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Euro News**

- The euro slipped 0.8% to \$0.9736 on Monday (26/9), its lowest level since October 2002, after S&P Global's flash eurozone Composite Purchasing Managers' Index (PMI), seen as a good gauge of overall economic health, fell further in September to 48.5.
- The euro fell along with other major currency after comments from ECB President Christine Lagarde that interest rates will need to rise over the next policy meeting even if slowing growth in Euro Zone. Meanwhile, the German IFO business climate report at 84.3, worse than expected at 87.0 and drop from previous month at 88.6.
- The euro was pressured as Germany published the GfK Consumer Confidence Survey, which plunged in October to -42.5 from -36.8 in the previous month.

**Euro Index Performance**

<b>Last Week Close</b>	<b>0.9690</b> USD/EUR	<b>Monthly High</b>	<b>0.9834</b> USD/EUR
<b>Week Open</b>	<b>0.9678</b> USD/EUR	<b>Monthly Low</b>	<b>0.9785</b> USD/EUR
<b>Week Close</b>	<b>0.9799</b> USD/EUR	<b>30 Days Average</b>	<b>0.9934</b> USD/EUR
<b>Weekly High</b>	<b>0.9853</b> USD/EUR	<b>90 Days Average</b>	<b>1.0197</b> USD/EUR
<b>Weekly Low</b>	<b>0.9534</b> USD/EUR	<b>YTD Change</b>	<b>-13.87%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
S&P Global Mfg Final PMI	Sep	3-Oct	48.5	48.5
Producer Prices MM	Aug	4-Oct	4.7%	4.0%
Producer Prices YY	Aug	4-Oct	43.2%	37.9%
S&P Global Serv Final PMI	Sep	5-Oct	48.9	48.9
S&P Global Comp Final PMI	Sep	5-Oct	48.2	48.2
S&P Global Cons PMI	Sep	6-Oct		44.2
Retail Sales MM	Aug	6-Oct	-0.5%	0.3%
Retail Sales YY	Aug	6-Oct		-0.9%

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- September jobs report from the US and political developments in the UK will be watched closely by market participants this week.
- Investors will be looking at the Conservative Party's annual conference for any indications of a U-turn on the government's tax-cutting budget which has sent the Pound Sterling plummeting and government borrowing cost soaring.

**Pound Sterling News**

- The pound ended up posting weekly gains despite Monday's (26/9) massive sterling selloff.
- The pound weakened to a fresh 37-year low against the dollar on last Monday (26/9) and debt prices also dropped further after the UK government announced huge debt-financed tax cuts that will boost borrowing, sending UK bond yields vaulting higher in their biggest daily increases in decades.
- However, the pound gained more than 1% to above 1.08 against the dollar on Wednesday (28/9) after the Bank of England (BoE) said it would step in to buy as many long-dated government bonds as needed to stabilize financial markets.
- The Bank's dramatic move came after UK government bonds have come under the heaviest pressure, with prices tumbling and yields soaring as UK financial markets have cratered in recent days after new Finance Minister Kwasi Kwarteng

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.0856</b> USD/GBP	<b>Monthly High</b>	<b>1.1279</b> USD/GBP
<b>Week Open</b>	<b>1.0856</b> USD/GBP	<b>Monthly Low</b>	<b>1.1087</b> USD/GBP
<b>Week Close</b>	<b>1.1160</b> USD/GBP	<b>30 Days Average</b>	<b>1.1416</b> USD/GBP
<b>Weekly High</b>	<b>1.1234</b> USD/GBP	<b>90 Days Average</b>	<b>1.1904</b> USD/GBP
<b>Weekly Low</b>	<b>1.0382</b> USD/GBP	<b>YTD Change</b>	<b>-17.25%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
S&P GBL/CIPS Mfg PMI FNL	Sep	3-Oct		48.5
S&P GBL/CIPS SVC PMI FNL	Sep	5-Oct		49.2
Composite PMI Final	Sep	5-Oct	48.4	48.4
All-Sector PMI	Sep	6-Oct		49.6
S&P Global/CIPS Cons PMI	Sep	6-Oct		49.2
Halifax House Prices MM	Sep	7-Oct		0.4%
Halifax House Prices YY	Sep	7-Oct		11.50%

<b>Lower Bound</b>	<b>1.0700</b>	<b>Upper Bound</b>	<b>1.1200</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- The Reserve Bank of Australia is widely expected to hike interest rates on Tuesday (4/10) but after four straight increases of 50 basis points, many are speculating that policymakers will opt for a smaller 25-bps increment in October.
- On Wednesday (5/10), it will be the turn of the Reserve Bank of New Zealand to announce its policy decision. Investors expect the RBNZ to raise the cash rate by 50 bps, maintaining the same pace as the last four meetings.

**Australian Dollar News**

- The Australian dollar sank 0.4% to 0.6494 as a new measure of Australian consumer prices on Thursday (27/9) showed annual inflation eased a slightly in August from July, offering hope that cost pressures might be close to a peak.
- However, AUD/USD rose back to 0.6503, while USD/CNY slipped 0.5% to 7.0900 after the official Chinese PMI data showed the country's manufacturing sector unexpectedly grew in September.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6527</b>	<b>USD/AUD</b>	<b>Monthly High</b>	<b>0.64600</b>	<b>USD/AUD</b>
<b>Week Open</b>	<b>0.6509</b>	<b>USD/AUD</b>	<b>Monthly Low</b>	<b>0.64030</b>	<b>USD/AUD</b>
<b>Week Close</b>	<b>0.6402</b>	<b>USD/AUD</b>	<b>30 Days Average</b>	<b>0.68841</b>	<b>USD/AUD</b>
<b>Weekly High</b>	<b>0.6537</b>	<b>USD/AUD</b>	<b>90 Days Average</b>	<b>0.70449</b>	<b>USD/AUD</b>
<b>Weekly Low</b>	<b>0.6361</b>	<b>USD/AUD</b>	<b>YTD Change</b>	<b>-11.35%</b>	

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Mfg PMI Final	Sep	3-Oct		53.9
Building Approvals	Aug	4-Oct	5.0%	-17.2%
Building Approval Total YY	Aug	4-Oct		-5.5%
RBA Cash Rate	Oct	4-Oct	2.85%	2.35%
Services PMI Final	Sep	5-Oct		50.4
Comp PMI Final	Sep	5-Oct		50.8
Trade Balance G&S (A\$)	Aug	6-Oct	10,500M	8,733M

<b>Lower Bound</b>	<b>0.6300</b>	<b>Upper Bound</b>	<b>0.6600</b>
<b>Forecast</b>	<b>Neutral</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Overall, we see that the intervention of the currency did not manage to provide a substantial support to Japanese yen, while the dollar remains well supported by safe-haven flows and hawkish Fed.
- The market will focus on Tankan manufacturing index on Monday (3/10), CPI data on Tuesday (4/10) and household spending on Friday (7/10)

<b>Lower Bound</b>	<b>143.00</b>	<b>Upper Bound</b>	<b>146.00</b>
<b>Forecast</b>	<b>Neutral</b>		

**Japanese Yen News**

- The yen trading in sideways around 145 JPY/USD line since Japanese officials stepped in to conduct their first yen buying intervention since 1998 on Wednesday (22/9).
- Meanwhile, the Bank of Japan July policy meeting minutes released on Wednesday (28/9) revealed an agreement among policymakers about the need to scrutinize how the yen's recent sharp depreciation could impact inflation.
- Japan's Unemployment Rate has remained in line with the estimates of 2.5% but lower than the prior release of 2.6%.
- The Retail Sales data has improved significantly to 4.1%, higher than the forecast of 2.8% and the prior figure of 2.4%. The retail demand seems upbeat in the Japanese economy.
- Japan's industrial production rose 2.7% in August from the prior month, beating expectations for growth of 0.2%

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>143.32 JPY/USD</b>	<b>Monthly High</b>	<b>145.19 JPY/USD</b>
<b>Week Open</b>	<b>143.37 JPY/USD</b>	<b>Monthly Low</b>	<b>144.55 JPY/USD</b>
<b>Week Close</b>	<b>144.75 JPY/USD</b>	<b>30 Days Average</b>	<b>130.27 JPY/USD</b>
<b>Weekly High</b>	<b>144.90 JPY/USD</b>	<b>90 Days Average</b>	<b>124.47 JPY/USD</b>
<b>Weekly Low</b>	<b>143.26 JPY/USD</b>	<b>YTD Change</b>	<b>+26.09%</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Tankan Big Mf Idx	Q3	3-Oct	11	9
Tankan Big Non-Mf Idx	Q3	3-Oct	13	13
JibunBK Mfg PMI Final SA	Sep	3-Oct		51.0
CPI Tokyo Ex fresh food YY	Sep	4-Oct	2.8%	2.6%
CPI, Overall Tokyo	Sep	4-Oct		2.9%
JibunBK Comp Op Final SA	Sep	5-Oct		50.9
JibunBK SVC PMI Final SA	Sep	5-Oct		51.9
All Household Spending YY	Aug	7-Oct	6.7%	3.4%
All Household Spending MM	Aug	7-Oct	0.2%	-1.4%

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