

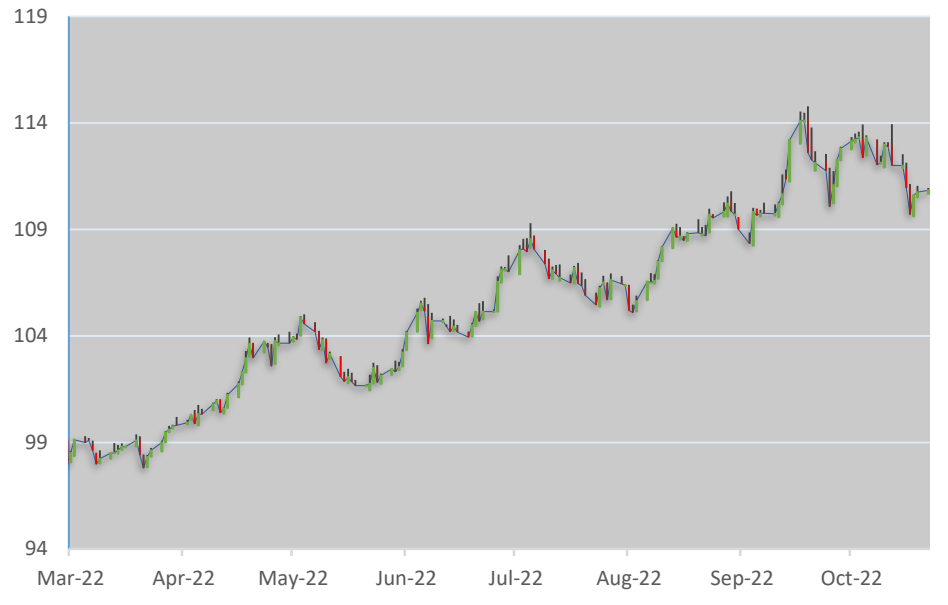
WEEKLY FOREIGN EXCHANGE OUTLOOK

31 Oct 2022 - 04 Nov 2022



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- The likelihood of further gains for the DXY remains under pressure with support line near 108.50 as the inflation looks well under control regardless of a likely slowdown in the economic activity and some loss of momentum in the labor market.
- Reduced bets for more aggressive Fed rate hikes could act as a headwind for the DXY.
- However, this November FOMC meeting will be key in judging whether the DXY shift is the start of a more structural trend or more symptomatic of a positions squeeze.
- Geopolitical tension versus Russia and China, US-China persistent trade conflict will be closely watched.

Lower Bound	109.50	Upper Bound	111.20
Forecast	Neutral		

Dollar News

- The DXY picked up from multi-week lows around 109.5 to 110.5 region on Thursday.
- The recovery in the DXY came from the inability of the ECB to surprise markets on the bullish side and a negative in US yields.
- The US dollar got bolstered by US core PCE but weakened later during the close session as it did not surprise the markets which turned into risk assets.
- The US Department of Commerce revealed that the US core PCE expenditure for September expanded by 0.5% MoM, in line with estimated.
- Friday's data justified the case for the Fed's 75 bps interest-rate hike at the November meeting; while odds for another significant rise at December meeting jumped from 34.1% to 44.9%.
- Aside from US inflation data, the University of Michigan Consumer Sentiment October's final reading came in at 59.9.

Dollar Index Performance

Last Week Close	112.01	Monthly High	114.78
Week Open	111.88	Monthly Low	109.36
Week Close	110.29	30 Days Average	112.04
Weekly High	113.94	90 Days Average	108.96
Weekly Low	109.54	YTD Change	+15.47%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ISM Manufacturing PMI	Oct	1-Nov	49.9	
ADP National Employment	Oct	2-Nov	190k	
Fed Funds Tgt Rate	2 Nov	3-Nov	3.75-4	
International Trade \$	Sep	3-Nov	-72.1B	
Initial Jobless Clm	29 Oct, w/1	3-Nov	220k	
Non-Farm Payrolls	Oct	4-Nov	200k	
Unemployment Rate	Oct	4-Nov	3.6%	
Non-Farm Payrolls	Oct	4-Nov	200k	

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Thai Baht Graph



Source: Thomson Reuters

Thai Baht Outlook

- Uncertainty over the China's political climate is likely to weigh on the Chinese Yuan and other currencies including THB.
- Focus now turns to the Fed meeting this week, where it is unanimously expected to hike its interest rate by 75bps.
- However, markets are also pricing in the possibility that the Fed might lower its pace of rate hikes from December as the recent US economic data showed less impact by rising inflation than initially thought.
- Rising in US interest rates could weigh on the Thai baht and Asian currencies, so the Thai baht this week is expected to move higher than last week.

Lower Bound	37.85	Upper Bound	38.45
Forecast	Depreciation		

Thai Baht News

- The baht last week was trading fluctuated, moving in line with regional currencies.
- The baht was trading as low as 37.8 level, it has depreciated against the dollar about 11.7% so far this year.
- The BoT will only manage to curb excessive moves in the currency and the baht should move in line with market forces, said Mr Sethaput.
- The central bank was urging the private sector to hedge against the currency risks, he added.
- Moreover, the Chinese government recently reiterated its commitment to the strict zero-COVID policy, keeping the country's economic outlook uncertain and took Asian markets sank.
- Thailand's Custom-Based Export data came in at 7.80% VS 4.20 forecast; Import came in at 15.60% VS 20.00% forecast, Trade data came in at -0.85B VS -2.90B forecast.

Thai Baht Performance

Last Week Close	37.93 THB/USD	Monthly High	38.46 THB/USD
Week Open	34.43 THB/USD	Monthly Low	37.13 THB/USD
Week Close	37.90 THB/USD	30 Days Average	37.81 THB/USD
Weekly High	38.34 THB/USD	90 Days Average	36.70 THB/USD
Weekly Low	37.59 THB/USD	YTD Change	+14.01%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Oct	1-Nov		
CPI Headline Inflation	Oct	4-Nov		
CPI Core Inflation YY	Oct	4-Nov		
CPI Index	Oct	4-Nov		

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Euro Graph



Source: Thomson Reuters

Euro News

- The euro last week was trading fluctuated as investors waited for the European Central Bank (ECB) monetary policy meeting.
- The ECB hiked rates by 75bps on Thursday, a second straight meeting to 1.50% as widely expected.
- The ECB also adjusted the terms on its targeted longer-term refinancing operations, given the economic circumstances and the surge of inflation.
- Overall, investors saw the less hawkish guidance; taking the euro down to 0.9957 level.
- Eurozone’s final consumer confidence index came in at -27.6 in October versus -28.8 recorded previously and the -27.6 expectations.
- Meanwhile the Economic Sentiment Indicator for October dropped to 92.5 versus 93.6 previous.

Euro Index Performance

Last Week Close	0.9860 USD/EUR	Monthly High	1.0093 USD/EUR
Week Open	0.9865 USD/EUR	Monthly Low	0.9632 USD/EUR
Week Close	0.9963 USD/EUR	30 Days Average	0.9833 USD/EUR
Weekly High	1.0093 USD/EUR	90 Days Average	1.0031 USD/EUR
Weekly Low	0.9805 USD/EUR	YTD Change	-12.39%

Euro Outlook

- The ECB policymakers hint at a potential 75 bps rate hike at the next policy meeting in December, so the euro may rise against the dollar before the outcome of monetary policy meeting.
- Nevertheless, given that the ECB and the Fed will continue to tighten monetary conditions, which is positive for both the Euro and the US Dollar. But the differentials in interest rates between ECB and Fed would favor more on the US Dollar, so the euro would likely be higher in very short-term and might be under selling pressure again.
- Investors will be waiting for the ECB inflation projections which is expected to be raised in December while QT discussion should be about the start date and amount.
- This week the trend for the euro remains in neutral-to-downward biased.

Euro Economic Events

Events	Period	Date	Forecast	Previous
HICP Flash YY	Oct	31-Oct	10.2%	
HICP-X F,E,A&T Flash YY	Oct	31-Oct	4.9%	
HICP-X F, E, A, T Flash MM	Oct	31-Oct		
GDP Flash Prelim YY	Q3	31-Oct	2.1%	
GDP Flash Prelim QQ	Q3	31-Oct	0.2%	
S&P Global Mfg Final PMI	Oct	2-Nov	46.6	
Unemployment Rate	Sep	3-Nov	6.6%	
S&P Global Comp Final PMI	Oct	4-Nov	47.1	

Lower Bound	0.9850	Upper Bound	1.0050
Forecast	Neutral		

Please carefully examine the Important Disclosure on the last section of this material.

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Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling News

- Pound Sterling dropped back after tested mid-1.16 region amid pickup in the USD demand.
- The pickup in US bond yields helped revive the demand for USD which drew additional support from better-than-expected US GDP report; the data prompted fresh selling the sterling.
- The sterling, however, managed to rebound a few pips and was trading around 1.1570 region.
- However, the optimism over the appointment of the new UK PM Rishi Sunak acts as a tailwind for the pound.

Pound Sterling Performance

Last Week Close	1.1302 USD/GBP	Monthly High	1.1645 USD/GBP
Week Open	1.1354 USD/GBP	Monthly Low	1.0925 USD/GBP
Week Close	1.1610 USD/GBP	30 Days Average	1.1219 USD/GBP
Weekly High	1.1645 USD/GBP	90 Days Average	1.1671 USD/GBP
Weekly Low	1.1255 USD/GBP	YTD Change	-14.22%

Pound Sterling Outlook

- The sterling is likely to trade in line with the broader USD tone in next few weeks to around 1.155 region.
- The British pound is likely to underpin by the appointment of the new UK PM Rishi Sunak as markets see Sunak as someone who can bring stability to the recent volatile and could keep the British economy stable.
- The sterling is expected to break through the 1.155 region. Moreover, positive market mood of UK leadership could take the sterling to reach the 1.1700 hurdle, the September's high.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Oct	1-Nov		
Nationwide house price yy	Oct	1-Nov		
S&P GBLB/CIPS Mfg PMI FNL	Oct	1-Nov	45.8	
Composite PMI Final	Oct	3-Nov	47.2	
Reserve Assets Total	Oct	3-Nov		
BOE Bank Rate	Nov	3-Nov	3.00%	
Halifax House Prices MM	Oct	7-Nov		
Halifax House Prices YY	Oct	7-Nov		

Lower Bound	1.1550	Upper Bound	1.1700
Forecast	Appreciation		

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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The Aussie weakened below 0.6500 as the focus shifted to the US GDP data.
- The AUD/USD was trading in narrow range of 0.6484-0.6500 as investors waited for the release of US GDP data for fresh stimulus.
- The soaring inflationary pressures have supported the Aussie bulls as Reserve Bank of Australia (RBA) may return to a higher extend of rate hike.
- In October, the RBA Governor Philip Lowe scaled down the extent of the official cash rate (OCR) hike to 25 bps when the inflation surged to 7.3% for the Q3 against the projections of 7.0% and the prior release of 6.1%.

Australian Dollar Performance

Last Week Close	0.6377 USD/AUD	Monthly High	0.65470 USD/AUD
Week Open	0.6367 USD/AUD	Monthly Low	0.61710 USD/AUD
Week Close	0.6411 USD/AUD	30 Days Average	0.69310 USD/AUD
Weekly High	0.6522 USD/AUD	90 Days Average	0.69583 USD/AUD
Weekly Low	0.6270 USD/AUD	YTD Change	-11.56%

Australian Dollar Outlook

- The RBA expressed concerns over high inflation while maintaining its pledge to continue to rise interest rate until inflation is tamed significantly.
- Markets expect that a 50 bps rise in November, however, the RBA may prefer to hike OCR frequently rather than returning to the 50-bps rate hike framework given the decision to go to 25 bps hike in October.
- Investors will wait for the announcement of the interest rate decision by the RBA this week (Tuesday), the Aussie is expected to trading in narrow range.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM Final	Sep	31-Oct	0.6%	
Mfg PMI Final	Oct	1-Nov		
RBA Cash Rate	Nov	1-Nov	2.85%	
Building Approvals	Sep	2-Nov	-9.0%	
Building Approval Total YY	Sep	2-Nov		
Owner-Occp'd Hous'g Fin MM	Sep	2-Nov	-2.65%	
Services PMI Final	Oct	3-Nov		
Comp PMI Final	Oct	3-Nov		

Lower Bound	0.6350	Upper Bound	0.6550
Forecast	Depreciation		



Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen Outlook

- The continuation of the BoJ’s loose policy setting could leave the yen vulnerable to further weakness and keeps the duty on direct intervention to dampen the pace of the yen selling.
- The BoJ also reiterated that they “won’t hesitate to ease monetary policy further it necessary” while 2% inflation target and wage growth is necessary to achieve.
- The USD/JPY is expected to trading around 146.00 as the BoJ’s dovish stance continues to encourage a weak yen, however, the market has speculated that the BoJ could pivot from a dovish to a neutral stance sooner rather than later.

Lower Bound	146.00	Upper Bound	149.00
Forecast	Depreciation		

Japanese Yen News

- The Bank of Japan (BoJ) was expected to leave its interest rate at -0.1% on Friday despite inflation standing at 3% YoY.
- The yen was trading closer to 147.00 level after hit a low on Thursday of 145.11 after the BoJ announced that it left its policy setting unchanged.
- The Japanese authorities are getting some temporary relief from the pullback in yields outside of Japan over the past week which helped discourage speculative yen selling. Yields outside Japan dropped back sharply driven by a speculation over a dovish pivot for central bank policies amongst intensifying fears over a sharply slowdown for global economy.

Japanese Yen Performance

Last Week Close	147.64 JPY/USD	Monthly High	151.94 JPY/USD
Week Open	147.56 JPY/USD	Monthly Low	143.54 JPY/USD
Week Close	147.45 JPY/USD	30 Days Average	135.26 JPY/USD
Weekly High	149.69 JPY/USD	90 Days Average	129.08 JPY/USD
Weekly Low	145.10 JPY/USD	YTD Change	+28.57%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Industrial O/P Prelim MM SA	Sep	31-Oct	-1.0%	
Retail Sales YY	Sep	31-Oct	4.1%	
Large Scale Retail Sales YY	Sep	31-Oct		
Housing Starts YY	Sep	31-Oct	2.3%	
JibunBK Mfg PMI Final SA	Oct	1-Nov		
Monetary Base YY	Oct	2-Nov		
JibunBK Comp Op Final SA	Oct	4-Nov		

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