

WEEKLY FOREIGN EXCHANGE OUTLOOK

05 Sep 2022 - 09 Sep 2022



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- Solid jobs report will support the dollar and 75bps rate hike
- U.S. ISM non-manufacturing PMI in focus as ISM services data dominating headlines. The U.S. economy is after all a largely services driven economy and should bring with it some volatility

Dollar News

- Last week the dollar touched a fresh 20-year high at 109.97 level. The greenback has been supported by hawkish comments by Federal Reserve Chair Jerome Powell 's speech in the Jackson Hole Symposium and other members.
- During the week, labor market data and robust consumer confidence was released better than expected.
- On Friday, data showed the pace of US hiring rose more than expected in August, but wage growth moderated and unemployment ticked higher, giving the Federal Reserve some wiggle room when it raises interest rates later this month.
- After the job reports, CME Fed watch tool showed the possibility that FED will tick an interest rate up 75-bps was revised down from around 75% chance to 55%.
- The dollar was also benefitted from the weakness of the euro on renewed concerns over European gas crisis.

Dollar Index Performance

Last Week Close	108.80	Monthly High	110.27
Week Open	108.84	Monthly Low	104.64
Week Close	108.93	30 Days Average	107.23
Weekly High	110.27	90 Days Average	105.39
Weekly Low	108.29	YTD Change	+14.61%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Comp Final PMI	Aug	6-Sep		45.0
S&P Global Svcs PMI Final	Aug	6-Sep		44.1
ISM N-Mfg PMI	Aug	6-Sep	54.8	56.7
International Trade \$	Jul	7-Sep	-72.3B	-79.6B
Initial Jobless Clm	29 Aug, w/€	8-Sep		232k

Lower Bound **108.50** **Upper Bound** **111.00**

Forecast **Appreciation**

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week investor will keep an eye on inflation data that will be released on Monday (5/9). Investor expected that core CPI will increase from previous month at 2.99% to 3.20% YoY
- This week baht will be move in an depreciated trend as dollar strong against major currency.

Thai Baht News

- The baht depreciated against USD as market expected that Fed will hike rate 75bps in next meeting. The baht also underpressure after Thailand's trade deficit jumped to the highest level since January 2019 last month as exports missed a forecast and imports ballooned on higher energy costs.

Thai Baht Performance

Last Week Close	36.15 THB/USD	Monthly High	36.85 THB/USD
Week Open	34.43 THB/USD	Monthly Low	36.58 THB/USD
Week Close	36.67 THB/USD	30 Days Average	36.02 THB/USD
Weekly High	36.85 THB/USD	90 Days Average	35.42 THB/USD
Weekly Low	36.17 THB/USD	YTD Change	+10.02%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Aug	5-Sep	7.85%	7.61%
CPI Core Inflation YY	Aug	5-Sep	3.20%	2.99%
CPI Index	Aug	5-Sep		107.41
Consumer Confidence Idx	Aug	8-Sep		42.4
Forex Reserves	29 Aug, w/€	9-Sep		
Currency Swaps	29 Aug, w/€	9-Sep		

Lower Bound	36.60	Upper Bound	37.00
Forecast	Depreciation		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- This week the European Central bank (ECB) will have its monetary policy meeting on Thursday, September 8, market expected that ECB will have a 75bps rate hike. This may support the Euro to recover from below parity.
- However, the euro was pressured after the Nord Stream pipeline will remain shutdown. Lower gas flows from Russia ahead of and following its February invasion of Ukraine have already pushed up European prices by nearly 400% over the past year, sending electricity costs soaring.
- This week EU will release EU July retail sales and final estimate of the Q2 Gross Domestic Product, foreseen unchanged at 3.9%.

Lower Bound	0.9750	Upper Bound	1.0200
Forecast	Depreciation		

Euro News

- EUR/USD hold around parity last week as dollar strengthen against major currency. However the Euro support by expectation that the European Central Bank may discuss raising its key rates by as much as 75 basis points at their next meeting in September.
- Eurozone inflation rose to another record high of 9.1% this month from 8.9% a month earlier, beating expectations and staying well clear of the European Central Bank's (ECB) 2% target. Eurozone inflation figures will even strengthen the case for an exceptionally large, 75-basis-point ECB rate hike next week.
- S&P Global's final euro zone manufacturing Purchasing Managers' Index (PMI) dipped to 49.6 in August from July's 49.8, edging further below the 50-mark separating growth from contraction.

Euro Index Performance

Last Week Close	0.9961 USD/EUR	Monthly High	1.0048 USD/EUR
Week Open	0.9969 USD/EUR	Monthly Low	0.9879 USD/EUR
Week Close	0.9951 USD/EUR	30 Days Average	1.0130 USD/EUR
Weekly High	1.0078 USD/EUR	90 Days Average	1.0348 USD/EUR
Weekly Low	0.9909 USD/EUR	YTD Change	-12.91%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Serv Final PMI	Aug	5-Sep	50.2	50.2
S&P Global Comp Final PMI	Aug	5-Sep	49.2	49.2
German Industrial Orders MM	Jul	6-Sep	-0.5%	-0.4%
German Manufacturing O/P Cur Price SA	Jul	6-Sep		2.2%
German Industrial Output MM	Jul	7-Sep	0.0%	0.4%
German Industrial Production YY SA	Jul	7-Sep		-0.41%
GDP Revised YY	Q2	7-Sep	3.9%	3.9%
ECB Refinancing Rate	Sep	8-Sep		0.50%
ECB Deposit Rate	Sep	8-Sep		0.00%

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Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- The UK is set to announce a new prime minister on Monday, with the current Foreign Minister Liz Truss as the frontrunner.
- The focus is on the Bank of England (BOE) which is expected to raise interest rates by another 50 basis points at its Sept. 15 meeting.

Pound Sterling News

- last week, the pound hit a 2.5 year low of \$1.1501 as factory output and new orders fell by the most in more than two years in the face of deepening uncertainty about surging inflation and the risk of recession at home and abroad.
- The British pound also underpressured after Goldman Sachs warning that U.K. inflation could top 22% next year if natural gas prices remain elevated in the coming months.
- Last Friday, the British energy regulator, Ofgem, announced average annual household energy bills will rise by 80% from October to 3,549 pounds.

Pound Sterling Performance

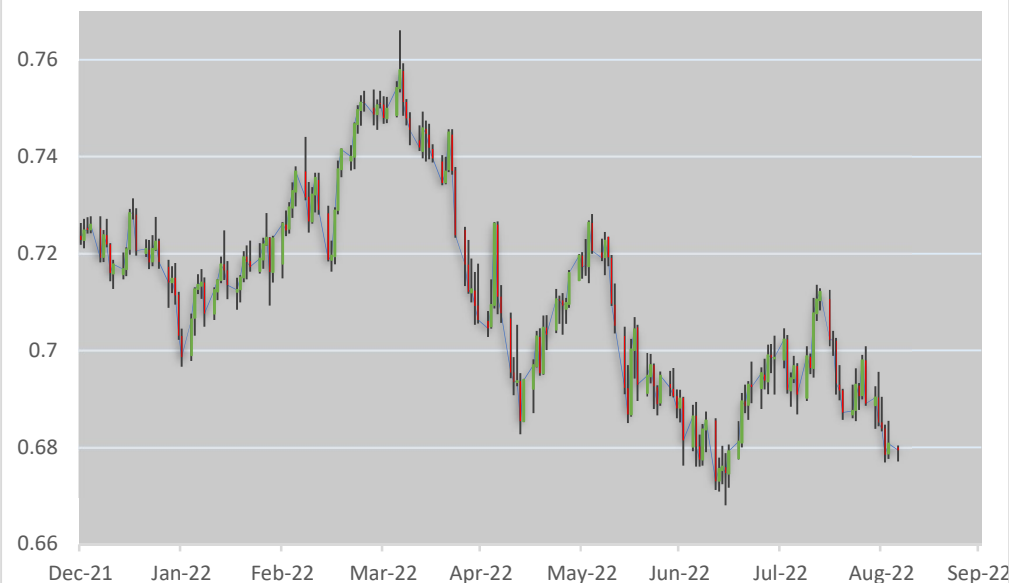
Last Week Close	1.1747 USD/GBP	Monthly High	1.1616 USD/GBP
Week Open	1.1747 USD/GBP	Monthly Low	1.1444 USD/GBP
Week Close	1.1507 USD/GBP	30 Days Average	1.1956 USD/GBP
Weekly High	1.1760 USD/GBP	90 Days Average	1.2160 USD/GBP
Weekly Low	1.1493 USD/GBP	YTD Change	-15.22%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Composite PMI Final	Aug	5-Sep		50.9
Reserve Assets Total	Aug	5-Sep		184,043.27M
All-Sector PMI	Aug	6-Sep		51.8
Halifax House Prices MM	Aug	7-Sep		-0.1%
Halifax House Prices YY	Aug	7-Sep		11.80%

Lower Bound	1.1300	Upper Bound	1.1700
Forecast	Depreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- It is possible that the aussie could weaken against the greenback due to the strong dollar. Moreover, the Aussie will also get the impact by China lockdown in chengdu.
- A Bloomberg survey shows economists are forecasting a 50-basis point hike in the cash rate target by the RBA at their meeting this Tuesday (6/9)

Lower Bound	0.6650	Upper Bound	0.7000
Forecast	Depreciation		

Australian Dollar News

- The Aussie remains hostage to US Dollar fluctuations as the domestic economy is beginning to show signs of tightening fatigue ahead of the Reserve Bank of Australia's (RBA) meeting on Tuesday.
- Economic information out during the week was mixed. July retail sales were much stronger than forecast last Monday, coming in at 1.3% MoM, instead of 0.3% anticipated and 0.2% previously. while, building approvals data revealed a -17.2% crash in July compared to June, way below expectations of -3.0% and -0.7% in the prior month.

Australian Dollar Performance

Last Week Close	0.6890 USD/AUD	Monthly High	0.68550 USD/AUD
Week Open	0.6887 USD/AUD	Monthly Low	0.67720 USD/AUD
Week Close	0.6808 USD/AUD	30 Days Average	0.69541 USD/AUD
Weekly High	0.6956 USD/AUD	90 Days Average	0.71571 USD/AUD
Weekly Low	0.6769 USD/AUD	YTD Change	-6.50%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Services PMI Final	Aug	5-Sep		49.6
Comp PMI Final	Aug	5-Sep		49.8
Current Account Balance SA	Q2	6-Sep	20.0B	7.5B
Net Exports Contribution	Q2	6-Sep	1.0%	-1.7%
RBA Cash Rate	Sep	6-Sep	2.35%	1.85%
Real GDP QQ SA	Q2	7-Sep	1.2%	0.8%
Real GDP YY SA	Q2	7-Sep	3.8%	3.3%
Trade Balance G&S (A\$)	Jul	8-Sep	14,000M	17,670M


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

• This week yen may rebound from 20 yrs low as Japanese Finance Minister Shunichi Suzuki signaling the chance of intervention to address market volatility. However, the yen still underpressure as divergence in monetary policy and interest rate differentials between Japan and the United States.

Lower Bound	138.00	Upper Bound	142.00
Forecast	Depreciation		

Japanese Yen News

- The data from Japan showed that the unemployment rate remained unchanged at 2.6% in July as expected. Japan's Retail Sales have improved to 2.4%, higher than the expectations of 1.9% on an annual basis. Meanwhile, the Industrial Production data has landed higher at 1.8% than the expectations and the former release of -2.6% and -2.8% respectively.
- The Japanese yen weakened to as low as 140.80 yen per dollar, its softest since 1998 as the rate differentials between Japan and the US weighed down the yen sentiment.
- Japanese Finance Minister Shunichi Suzuki said on Friday(2/9) that Tokyo will take "appropriate" action as needed on the yen's slide to a fresh 24-year low against the dollar, signaling the chance of intervention to address market volatility.

Japanese Yen Performance

Last Week Close	137.52 JPY/USD	Monthly High	140.79 JPY/USD
Week Open	137.63 JPY/USD	Monthly Low	139.07 JPY/USD
Week Close	140.20 JPY/USD	30 Days Average	128.41 JPY/USD
Weekly High	140.79 JPY/USD	90 Days Average	120.91 JPY/USD
Weekly Low	137.54 JPY/USD	YTD Change	+22.03%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Comp Op Final SA	Aug	5-Sep		48.9
JibunBK SVC PMI Final SA	Aug	5-Sep		49.2
Current Account NSA JPY	Jul	8-Sep	713.5B	-132.4B
Current Account Bal SA	Jul	8-Sep		838,300M
Trade Bal Cust Basis SA	Jul	8-Sep		-1,586,500M
GDP Revised QQ	Q2	8-Sep	0.7%	0.5%
M2 Money Supply	Aug	9-Sep		1,204,802,700M
Broad Money	Aug	9-Sep		2,067.1T

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