

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**12 Aug 2024 - 16 Aug 2024**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar Outlook**

• Investor will be looking forward to a fresh round of producer and consumer-level inflation figures due this week. US Producer Price Index (PPI) inflation is slated for Tuesday (13/8), with Consumer Price Index (CPI) inflation on the books for Wednesday (14/8), as well as comments by Fed Chair Jerome Powell at the central bank's Jackson Hole Economic Policy Symposium on Aug. 22-24.

<b>Lower Bound</b>	<b>102.50</b>	<b>Upper Bound</b>	<b>103.50</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Dollar News**

- The dollar was close to a one-week high against other currencies on Friday.
- The Institute for Supply Management (ISM) reported that the US service sector index came in at 51.4, up from 48.8 last month and the forecast of 51.
- Investors are confident that the Federal Reserve (Fed) will choose an aggressive monetary policy stance to tame upside risks to potential United States (US) economic slowdown.
- On Wednesday, traders have adjusted their expectations of Fed cuts as this week has progressed, with markets now pricing in a 65% chance of the Fed cutting rates by 50 bps in September, the CME FedWatch tool showed, compared with an 85% chance a day earlier.
- The dollar slightly rose after the data showed that US unemployment benefits fell more than expected last week, easing fears of an imminent recession. Initial jobless claims fell to a seasonally adjusted 233,000 for the week ended Aug. 3.
- The downside of the Greenback could be limited due to rising safe-haven flows amid heightened geopolitical tensions in the Middle East.

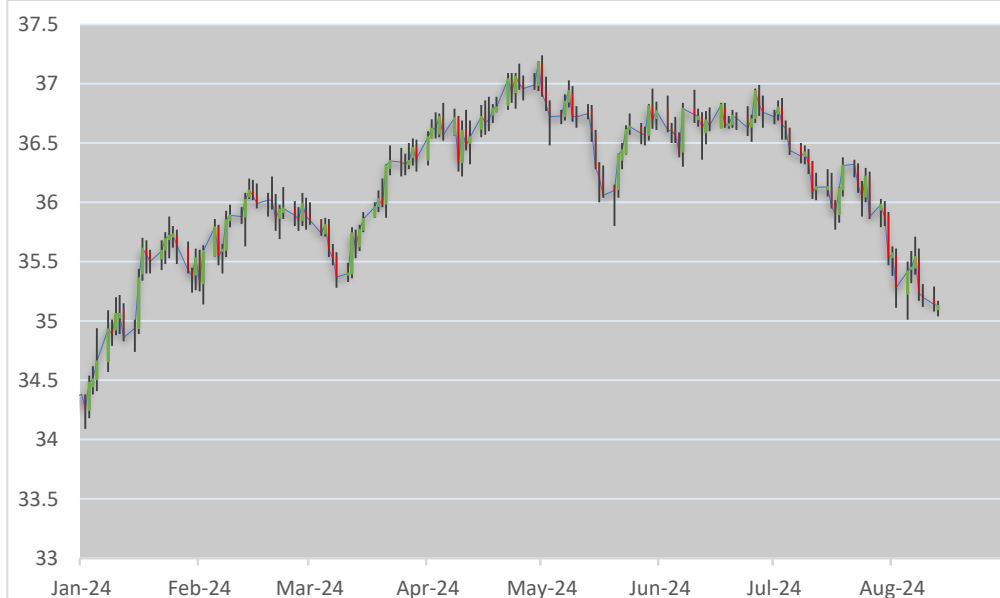
**Dollar Index Performance**

<b>Last Week Close</b>	<b>103.21</b>	<b>Monthly High</b>	<b>105.80</b>
<b>Week Open</b>	<b>103.22</b>	<b>Monthly Low</b>	<b>102.16</b>
<b>Week Close</b>	<b>103.14</b>	<b>30 Days Average</b>	<b>104.16</b>
<b>Weekly High</b>	<b>104.45</b>	<b>90 Days Average</b>	<b>104.90</b>
<b>Weekly Low</b>	<b>102.16</b>	<b>YTD Change</b>	<b>+1.85%</b>

**Next Week's Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Core CPI MM, SA	Jul	14-Aug	0.2%	0.1%
Core CPI YY, NSA	Jul	14-Aug	3.2%	3.3%
CPI MM, SA	Jul	14-Aug	0.2%	-0.1%
CPI YY, NSA	Jul	14-Aug	2.9%	3.0%
Philly Fed Business Indx	Aug	15-Aug	7.0	13.9
Retail Sales MM	Jul	15-Aug	0.3%	0.0%
Industrial Production MM	Jul	15-Aug	0.1%	0.6%
Housing Starts Number	Jul	16-Aug	1.350M	1.353M
U Mich Sentiment Prelim	Aug	16-Aug	66.7	66.4
Initial Jobless Clm		5 Aug, w/e 15-Aug		

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


Source: Thomson Reuters

**Thai Baht Outlook**

- Investors will look ahead of Thai court's decision on the PM's fate on Wednesday (14/8)

**Thai Baht News**

- The Thai baht appreciated against the dollar on capital inflows into bonds market. Also, the gain in precious metal lend support demand for Thai baht further.
- The Thai baht traded volatile on Wednesday after the constitutional court disbanded the Move Forward Party (MFP), saying it was guilty of jeopardizing the constitutional monarchy and national security, and banned its executives for 10 years.
- The annual headline inflation rate quickened in July (0.83%), but the pace remained below the central bank's target range of 1% to 3%.

**Thai Baht Performance**

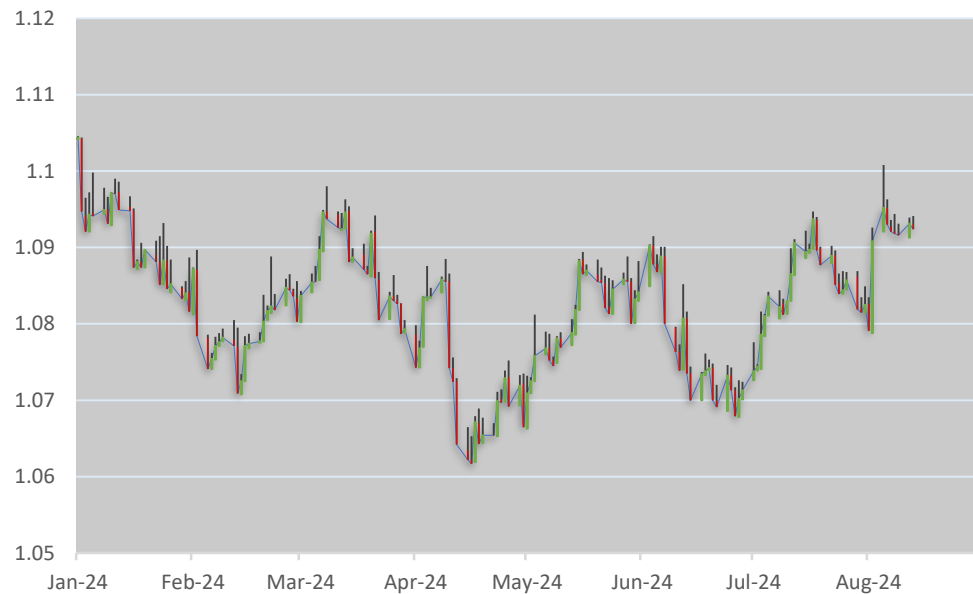
<b>Last Week Close</b>	<b>35.57 THB/USD</b>	<b>Monthly High</b>	<b>35.71 THB/USD</b>
<b>Week Open</b>	<b>35.23 THB/USD</b>	<b>Monthly Low</b>	<b>35.06 THB/USD</b>
<b>Week Close</b>	<b>35.20 THB/USD</b>	<b>30 Days Average</b>	<b>35.93 THB/USD</b>
<b>Weekly High</b>	<b>35.71 THB/USD</b>	<b>90 Days Average</b>	<b>36.44 THB/USD</b>
<b>Weekly Low</b>	<b>35.01 THB/USD</b>	<b>YTD Change</b>	<b>+2.27%</b>

**Next Week's Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Forex Reserves	09-Aug	16-Aug		232.1B
Currency Swaps	09-Aug	16-Aug		27.2B

<b>Lower Bound</b>	<b>34.80</b>	<b>Upper Bound</b>	<b>35.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- German will release the August ZEW Survey on economic Sentiment on Tuesday, while the EU will publish the second estimate of the Q2 Gross Domestic Product (GDP), estimated at 0.3% QoQ and June Industrial Production data on Wednesday.

<b>Lower Bound</b>	<b>1.0850</b>	<b>Upper Bound</b>	<b>1.1050</b>
<b>Forecast</b>	<b>Neutral</b>		

**Euro News**

- The euro traded in a narrow range above 1.0900 USD/EUR.
- Eurozone retail sales fell 0.3% in June, suggesting consumers remained stretched.
- On the flip side, German industrial orders rose by more than forecast in June, rising by 3.9% on the previous month, providing a glimmer of hope for Europe's largest economy.
  - The ECB downbeat view of the Eurozone's economic prospects continues to undermine the shared currency and exert some downward pressure on the EUR/USD pair.
- The upbeat German macro data offers some support to spot prices and helps limit any further losses as Germany's industrial sector returned to expansion in June, increased by 1.4% MoM as against an expected increase of 1.0% and a 2.5% drop registered in May.
- Meanwhile, investors expect that the ECB will cut its key borrowing rates two times more this year. The ECB kicked off its policy-easing cycle in June as policymakers were confident that price pressures would return to the desired rate of 2% in 2025. However, officials prefer to avoid committing to a specific rate-cut path and left interest rates unchanged in the July meeting.

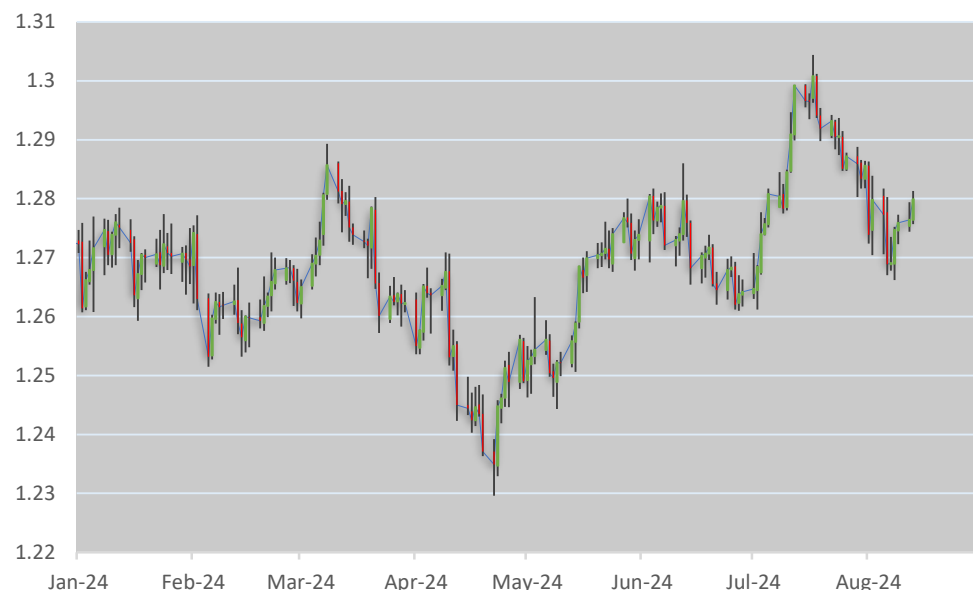
**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0908 USD/EUR</b>	<b>Monthly High</b>	<b>1.1008 USD/EUR</b>
<b>Week Open</b>	<b>1.0921 USD/EUR</b>	<b>Monthly Low</b>	<b>1.0778 USD/EUR</b>
<b>Week Close</b>	<b>1.0916 USD/EUR</b>	<b>30 Days Average</b>	<b>1.0875 USD/EUR</b>
<b>Weekly High</b>	<b>1.1008 USD/EUR</b>	<b>90 Days Average</b>	<b>1.0795 USD/EUR</b>
<b>Weekly Low</b>	<b>1.0881 USD/EUR</b>	<b>YTD Change</b>	<b>-1.03%</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
ZEW Economic Sentiment	Aug	13-Aug		41.8
ZEW Current Conditions	Aug	13-Aug		-68.9
Employment Flash YY	Q2	14-Aug		1.0%
GDP Flash Estimate QQ	Q2	14-Aug	0.3%	0.3%
GDP Flash Estimate YY	Q2	14-Aug		0.6%
Industrial Production MM	Jun	14-Aug		-0.6%
Industrial Production YY	Jun	14-Aug		-2.9%
Total Trade Balance SA	Jun	16-Aug		12.30B
Reserve Assets Total	Jul	16-Aug		1,267.63B
Retail Sales MM Real	May	12-Aug	0.1%	-1.2%

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**Pound Sterling**
**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The focus now shifts to the release of the UK monthly jobs data, due this Tuesday (13/8), which will be followed by the latest consumer inflation figures from the UK on Wednesday. Apart from this, the monthly UK GDP print on Thursday should help in determining the next leg of a directional move for the currency pair.

<b>Lower Bound</b>	<b>1.2700</b>	<b>Upper Bound</b>	<b>1.2850</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Pound Sterling News**

- The British currency will be influenced by market expectations for Bank of England (BoE) rate cuts amid an absence of top-tier United Kingdom (UK) economic data.
- The Pound Sterling (GBP) encountered challenges following the Bank of England's (BoE) decision last week to cut interest rates from a 16-year high. The BoE reduced rates by a quarter-point to 5% after a narrow vote among policymakers, who were divided on whether inflation pressures had adequately eased.
- The upside of the GBP/USD pair could be limited due to increased safe-haven flows amid heightened geopolitical tensions in the Middle East.

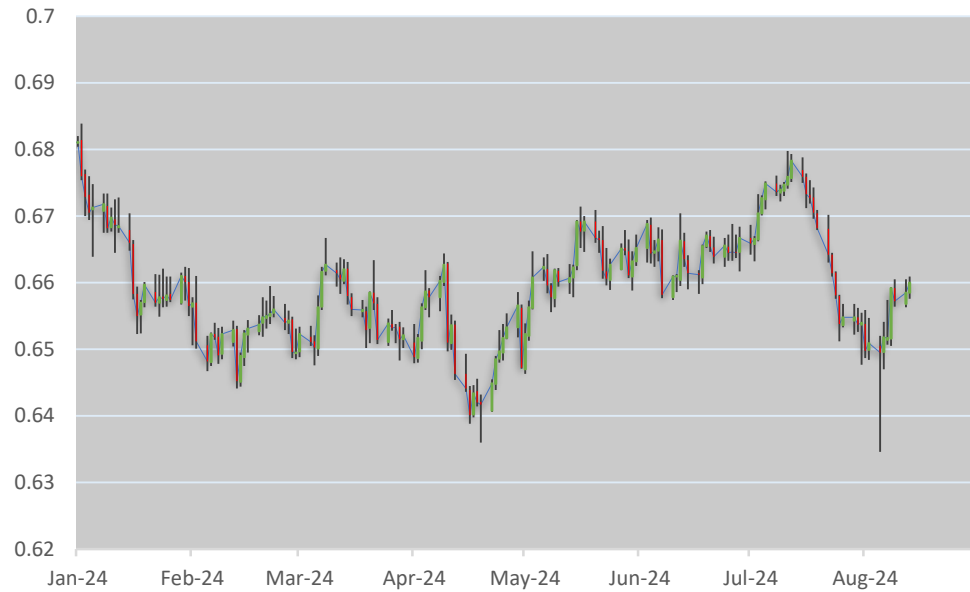
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2798</b> USD/GBP	<b>Monthly High</b>	<b>1.2860</b> USD/GBP
<b>Week Open</b>	<b>1.2805</b> USD/GBP	<b>Monthly Low</b>	<b>1.2665</b> USD/GBP
<b>Week Close</b>	<b>1.2759</b> USD/GBP	<b>30 Days Average</b>	<b>1.2838</b> USD/GBP
<b>Weekly High</b>	<b>1.2817</b> USD/GBP	<b>90 Days Average</b>	<b>1.2693</b> USD/GBP
<b>Weekly Low</b>	<b>1.2662</b> USD/GBP	<b>YTD Change</b>	<b>+0.53%</b>

**Next Week's Pound Sterling Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
ILO Unemployment Rate	Jun	13-Aug		4.4%
Core CPI YY	Jul	14-Aug		3.5%
CPI YY	Jul	14-Aug		2.0%
GDP Estimate MM	Jun	15-Aug		0.4%
GDP Estimate YY	Jun	15-Aug		1.4%
GDP Prelim QQ	Q2	15-Aug		0.7%
GDP Prelim YY	Q2	15-Aug		0.3%
Retail Sales MM	Jul	16-Aug		-1.2%
Retail Sales YY	Jul	16-Aug		-0.2%

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- Overall, the RBA is likely to be the last among the G10 central banks to begin cutting interest rates. Potential easing by the Federal Reserve (Fed) in the medium term, contrasted with the RBA's expected prolonged restrictive stance, could support AUD/USD in the coming months

**Australian Dollar News**

- The AUD/USD pair builds on this week's solid recovery move from the 0.6350 area, or its lowest level since November 2023 and climbs to a two-and-a-half-week high on Friday.
- Against the backdrop of hawkish comments from Reserve Bank of Australia (RBA) Governor Michele Bullock, stronger Chinese inflation figures provide an additional lift to the Australian Dollar (AUD). On Thursday, Bullock emphasized the need to stay vigilant about inflation risks and indicated a willingness to hike rates if necessary.
- Moreover, the National Bureau of Statistics reported this Friday that consumer prices in China rose by 0.5% in July from a year ago as compared to expectations for a print of 0.3%.
- Additional details revealed that the headline CPI climbed 0.5% in July, the highest since February, overshadowing the fact that the Producer Price Index shrank for a 22nd consecutive month, by 0.8% in July.

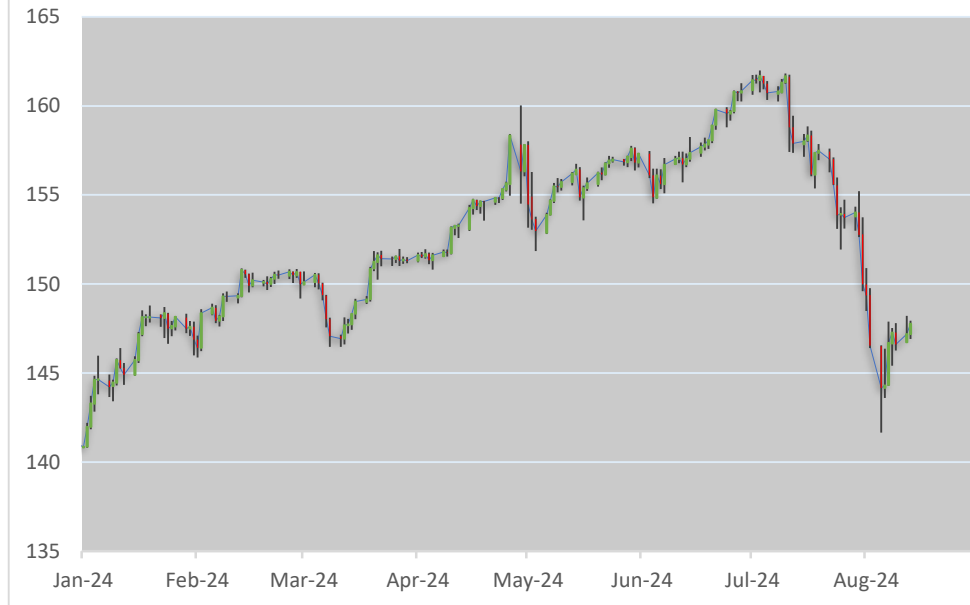
**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6509</b> USD/AUD	<b>Monthly High</b>	<b>0.66090</b> USD/AUD
<b>Week Open</b>	<b>0.6505</b> USD/AUD	<b>Monthly Low</b>	<b>0.63500</b> USD/AUD
<b>Week Close</b>	<b>0.6572</b> USD/AUD	<b>30 Days Average</b>	<b>0.66392</b> USD/AUD
<b>Weekly High</b>	<b>0.6605</b> USD/AUD	<b>90 Days Average</b>	<b>0.65720</b> USD/AUD
<b>Weekly Low</b>	<b>0.6346</b> USD/AUD	<b>YTD Change</b>	<b>-3.05%</b>

**Next Week's Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Aug	13-Aug		-1.1%
NAB Business Confidence	Jul	13-Aug		4
Wage Price Index QQ	Q2	13-Aug		0.8%
Wage Price Index YY	Q2	13-Aug		4.1%
Employment	Jul	15-Aug		50.2k
Unemployment Rate	Jul	15-Aug		4.1%

<b>Lower Bound</b>	<b>0.6500</b>	<b>Upper Bound</b>	<b>0.6650</b>
<b>Forecast</b>	<b>Appreciation</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Safe-haven flows may limit the downside of the JPY amid increased geopolitical tensions.
- Japanese Gross Domestic Product (GDP) figures are also due later in the week, and could provide markets with a signal of how the BoJ plans to go about the business of trying to keep growth and inflation within Japan on the positive side.

**Japanese Yen News**

- The Japanese yen falls from 7-mth peak, but strong wages herald resilience, with the USDJPY pair surging nearly 1% from its weakest levels in seven months. The pair had fallen as low as the mid-141-yen levels. The yen benefited from increased safe haven demand as broader financial markets crashed.
- The yen depreciated on Wednesday after an influential Bank of Japan official played down the chances of a near-term rate hike, soothing investors' concerns that a further jump in the Japanese currency could again rock global markets.
- A summary of opinions voiced at the BOJ's July policy meeting showed on Thursday that some board members cited a need to keep raising interest rates, with one saying they should eventually be increased to at least around 1%.
- The contrasting opinions from the summary and Uchida on whether the BOJ will continue to raise rates, or pause as a result of market volatility, underscores the delicate task facing the central bank and will likely keep investors skittish.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>146.54 JPY/USD</b>	<b>Monthly High</b>	<b>150.89 JPY/USD</b>
<b>Week Open</b>	<b>146.50 JPY/USD</b>	<b>Monthly Low</b>	<b>141.70 JPY/USD</b>
<b>Week Close</b>	<b>146.61 JPY/USD</b>	<b>30 Days Average</b>	<b>152.83 JPY/USD</b>
<b>Weekly High</b>	<b>147.89 JPY/USD</b>	<b>90 Days Average</b>	<b>149.21 JPY/USD</b>
<b>Weekly Low</b>	<b>141.66 JPY/USD</b>	<b>YTD Change</b>	<b>+4.76%</b>

**Next Week's Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
GDP QQ	Q2	15-Aug	0.5%	-0.7%
GDP QQ Annualised	Q2	15-Aug	2.1%	-2.9%
Tertiary Ind Act NSA	Jun	16-Aug		-1.5%
Machinery Orders YY	Jun	15-Aug		10.8%

<b>Lower Bound</b>	<b>145.00</b>	<b>Upper Bound</b>	<b>150.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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