

WEEKLY FOREIGN EXCHANGE OUTLOOK
19 Aug 2024 - 23 Aug 2024

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- The dollar falls to a seven-and-a-half-month low against a basket of currencies as the market bets on the Federal Reserve delivering signals about cutting interest rates in its latest meeting minutes on Wednesday and at the Jackson Hole symposium on Thursday to Saturday.

Lower Bound	102.20	Upper Bound	103.00
Forecast	Depreciation		

Dollar News

- The dollar had a tough week as data increased the likelihood of a 25 bps Fed rate cut in September. The US PPI and CPI reports confirmed that inflation was on a consistent path to the 2% target. Therefore, traders are more confident that the Fed will start lowering borrowing costs. This view has kept pressure on the US dollar.

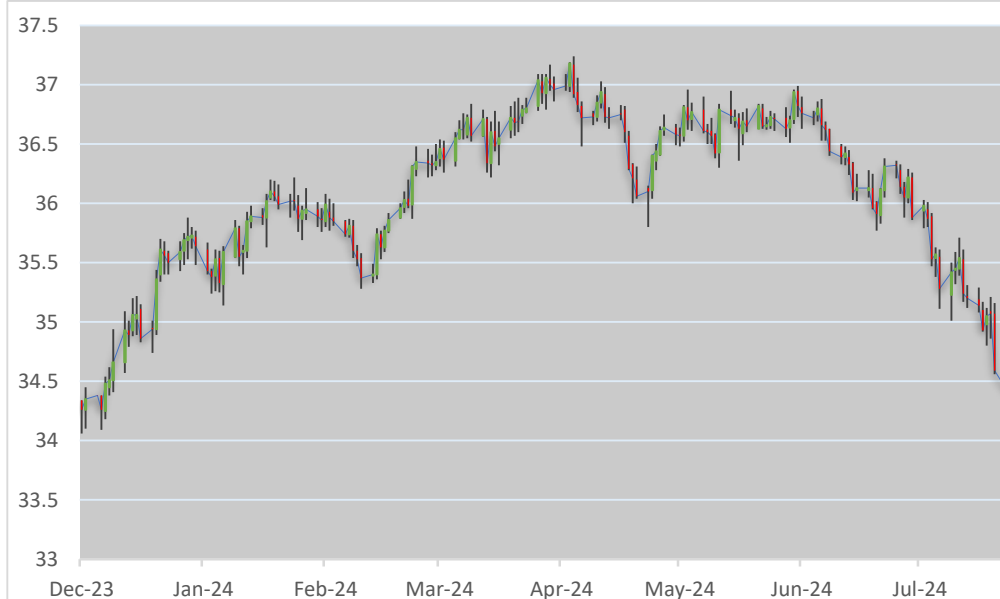
Dollar Index Performance

Last Week Close	103.14	Monthly High	105.21
Week Open	103.15	Monthly Low	102.00
Week Close	102.46	30 Days Average	103.81
Weekly High	103.55	90 Days Average	104.78
Weekly Low	102.27	YTD Change	#NAME?

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Initial Jobless Clm	17 Aug, w/	22-Aug	230k	227k
S&P Global Mfg PMI Flash	Aug	22-Aug	49.5	49.6
S&P Global Svcs PMI Flash	Aug	22-Aug	54.0	55.0
S&P Global Comp Flash PMI	Aug	22-Aug	53.7	54.3
Existing Home Sales	Jul	22-Aug	3.92M	3.89M
EIA-Nat Gas Chg Bcf	16 Aug, w/	22-Aug		-6B
Nat Gas-EIA Implied Flow	16 Aug, w/	22-Aug		-6B
New Home Sales-Units	Jul	23-Aug	0.629M	0.617M

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The Thai Baht sharply appreciated to the level below 34.60 per US dollar,
- Thailand's economic expansion accelerated in the second quarter due to stronger consumption, tourism and exports, but analysts said policy uncertainty following a change in government clouds the outlook.
- The central bank left its key interest rate unchanged at a decade-high of 2.50% for a fourth straight meeting in June, and is expected to hold the rate again when it meets on Aug. 21.

Thai Baht News

- The Thai baht depreciated against the dollar, pressured by renew concerns on Thailand 'politics after Thailand's Constitutional Court dismissed PM Srettha for appointing to his cabinet a former lawyer who served jail time, raising the specter of more political upheaval and a reset of the governing alliance.
- The Thai baht firm even the dollar rose from the upbeat US economic data.
- On Friday, Paetongtarn Shinawatra was elected Thailand's youngest prime minister, calming political uncertainty that had clouded Southeast Asia's second-largest economy after former Prime Minister Srettha Thavisin was dismissed on grounds of ethic violations.

Thai Baht Performance

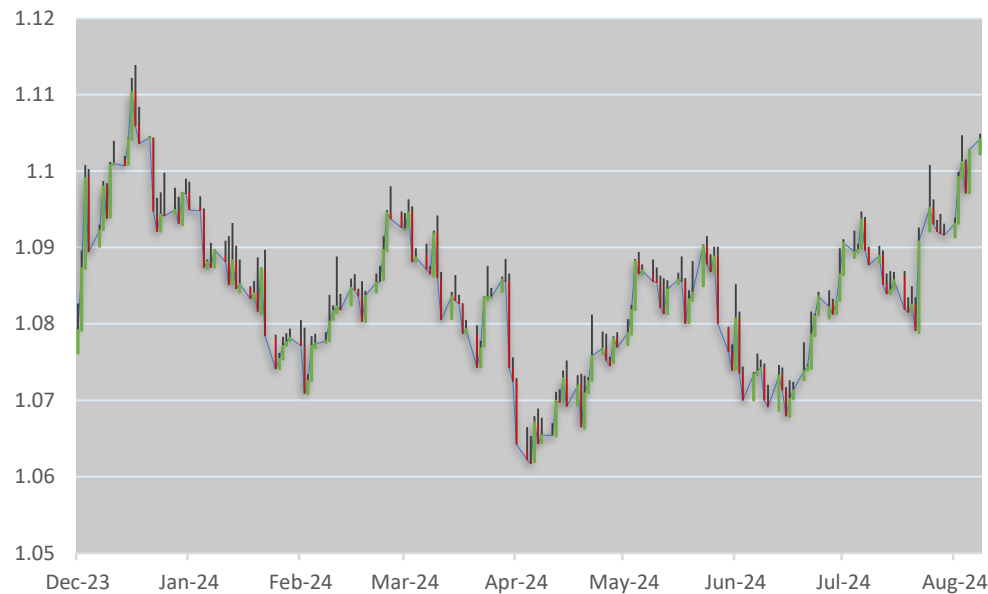
Last Week Close	35.24 THB/USD	Monthly High	#NAME? THB/USD
Week Open	35.19 THB/USD	Monthly Low	#NAME? THB/USD
Week Close	34.59 THB/USD	30 Days Average	35.70 THB/USD
Weekly High	35.29 THB/USD	90 Days Average	36.36 THB/USD
Weekly Low	34.56 THB/USD	YTD Change	#NAME?

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q2	19-Aug	2.1%	1.5%
1-Day Repo Rate	21 Aug	21-Aug	2.50%	2.50%

Lower Bound	34.46	Upper Bound	36.40
Forecast	Appreciation		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- This week, investors will scrutinize the Fed's and ECB's policy meeting minutes.
- Additionally, the Hamburg Commercial Bank (HCOB) and S&P Global will publish the preliminary estimates of the August Purchasing Managers Indexes (PMIs) for most major economies. Finally, the Jackson Hole Economic Symposium, an event that hosts policymakers, academics, and economists from around the world, will start on Friday. Fed Chair Powell will deliver remarks on the economic outlook during the first day of the symposium.
- Other than that, the Eurozone will publish the final estimate of the July Harmonized Index of Consumer Prices (HICP).

Euro News

- The euro rose after a broad dollar weakening despite economic sentiment continues to worsen.
- EUR/USD rallied towards the mentioned 2024 high on Wednesday, following the release of the US Consumer Price Index (CPI). The index rose 2.9% on a yearly basis in July, down from the 3% posted in June. The annual core figure printed at 3.2%, slightly below the previous 3.3%, although matching expectations. Finally, the CPI was up 0.2% on a monthly basis as expected.

Euro Index Performance

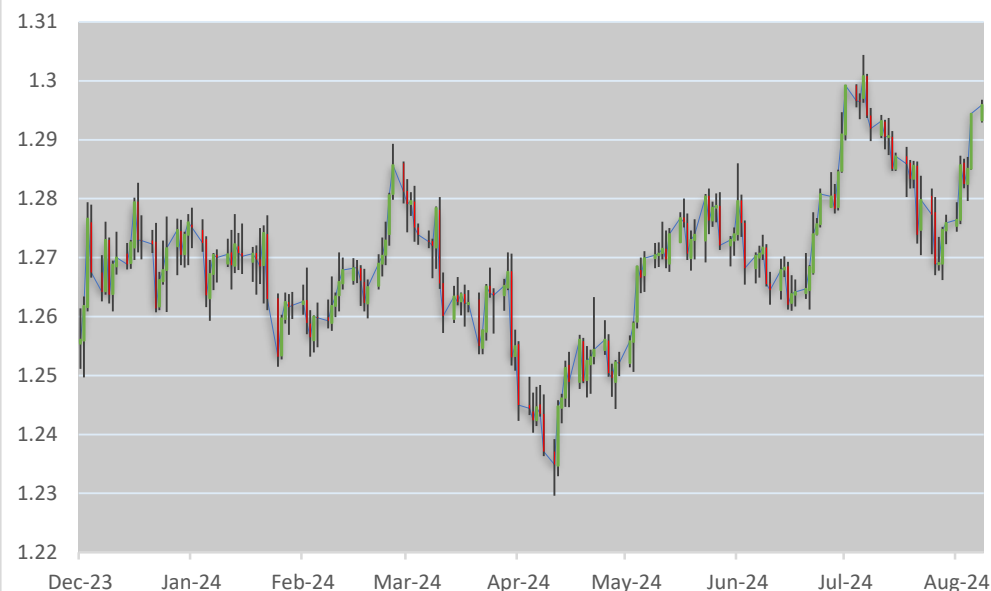
Last Week Close	1.0916 USD/EUR	Monthly High	#NAME? USD/EUR
Week Open	1.0913 USD/EUR	Monthly Low	#NAME? USD/EUR
Week Close	1.1028 USD/EUR	30 Days Average	1.0903 USD/EUR
Weekly High	1.1047 USD/EUR	90 Days Average	1.0809 USD/EUR
Weekly Low	1.0910 USD/EUR	YTD Change	#NAME?

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HICP Final MM	Jul	20-Aug	0.0%	0.2%
HICP Final YY	Jul	20-Aug	2.6%	2.6%
HCOB Mfg Flash PMI	Aug	22-Aug	46.0	45.8
HCOB Services Flash PMI	Aug	22-Aug	51.9	51.9
HCOB Composite Flash PMI	Aug	22-Aug	50.3	50.2
Consumer Confid. Flash	Aug	22-Aug	-12.6	-13.0

Lower Bound	1.0760	Upper Bound	1.1056
Forecast	Appreciation		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The Sterling outlook is bullish as the pound rallies amid a drop in BoE rate cut expectations. On the other hand, the dollar remained weak as investors fully priced in a 25 bps Fed rate cut in September.
- Meanwhile for UK PMIs, the key concern is inflation in the services sector which remains strong, keeping the Bank of England's rate setters split. If we see stronger inflation data from the UK again, this will complicate the MPC's ability to cut rates further, which, on balance, would likely be bullish for the GBP/USD forecast.

Pound Sterling News

- The Pound Sterling has been bullish since last week when data showed that the UK economy was steady. Notably, UK retail sales rose 0.5% in July after dropping by 0.9% the previous month. The sales figures came after GDP data revealed an expected 0.6% growth in Q2.
- A steady economy has lowered the chances that the Bank of England will implement another rate cut soon. The likelihood of a September rate cut fell to 37%. At the same time, investors expect 43 bps cuts in 2024. As BoE rate cut expectations fall, markets fully price a Fed cut in September.

Pound Sterling Performance

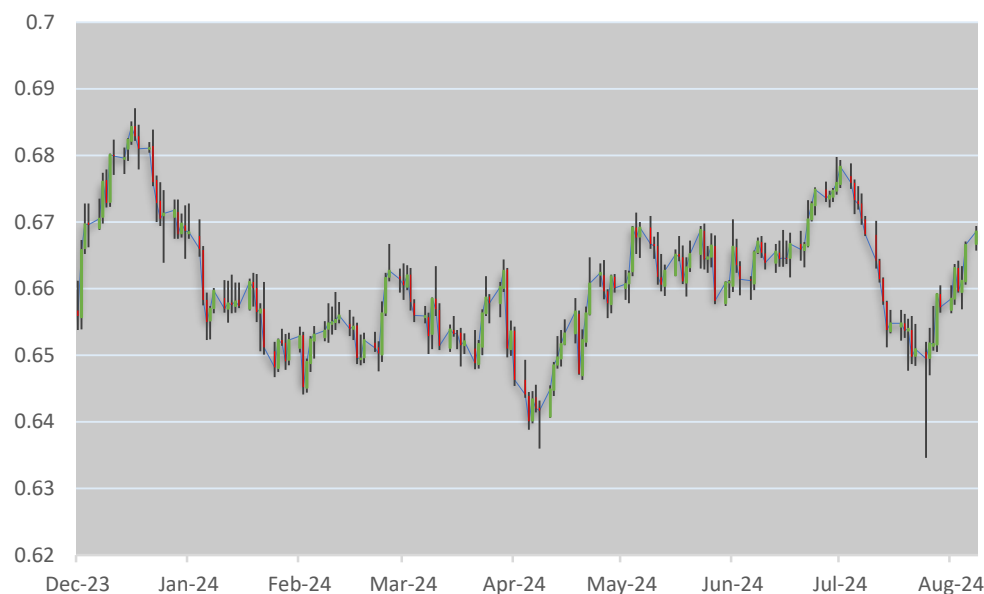
Last Week Close	1.2759 USD/GBP	Monthly High	#NAME? USD/GBP
Week Open	1.2754 USD/GBP	Monthly Low	#NAME? USD/GBP
Week Close	1.2944 USD/GBP	30 Days Average	1.2854 USD/GBP
Weekly High	1.2945 USD/GBP	90 Days Average	1.2709 USD/GBP
Weekly Low	1.2744 USD/GBP	YTD Change	#NAME?

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
House Price Rightmove MM	Aug	19-Aug		-0.4%
House Price Rightmove YY	Aug	19-Aug		0.4%
Flash Composite PMI	Aug	22-Aug	52.8	52.8
Flash Manufacturing PMI	Aug	22-Aug	52.1	52.1
Flash Services PMI	Aug	22-Aug	52.8	52.5

Lower Bound	1.2673	Upper Bound	1.2974
Forecast	Appreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The upside of the AUD/USD pair could be attributed to improved risk sentiment, along with the hawkish mood surrounding the Reserve Bank of Australia (RBA) regarding its policy outlook.
- However, Investors will be closely watching the RBA Meeting Minutes and the People's Bank of China's (PBoC) Interest Rate Decision on Tuesday.

Australian Dollar News

- The Australian dollar performed strongly and closed above 0.6600 on Friday after the US Dollar has received downward pressure as the likelihood of an interest rate cut by the Federal Reserve (Fed) starting in September.
- Moreover, the AUD has been supported amid worries that the Reserve Bank of Australia (RBA) could tighten its monetary policy further.
- RBA Governor Michele Bullock stated on Friday that the Australian central bank is focused on the potential upside risks to inflation and anticipates no rate cuts in the near term.
- Upbeat Aussie Employment data, released on Thursday, added to evidence that price pressures could remain persistent. The data showed that fresh payrolls were higher at 58.2K, compared with estimates of 20K and the prior release of 52.3K.

Australian Dollar Performance

Last Week Close	0.6572 USD/AUD	Monthly High	#NAME? USD/AUD
Week Open	0.6568 USD/AUD	Monthly Low	#NAME? USD/AUD
Week Close	0.6666 USD/AUD	30 Days Average	0.66437 USD/AUD
Weekly High	0.6671 USD/AUD	90 Days Average	0.65770 USD/AUD
Weekly Low	0.6563 USD/AUD	YTD Change	#NAME?

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Jul	21-Aug		0.00%
Judo Bank Mfg PMI Flash	Aug	22-Aug		47.5
Judo Bank Svs PMI Flash	Aug	22-Aug		50.4
Judo Bank Comp PMI Flash	Aug	22-Aug		49.9

Lower Bound	0.6464	Upper Bound	0.6675
Forecast	Appreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Japan's latest Producer Price Index (PPI) figures have shown an uptick toward 3%, coupled with an increasing import price index and a stable export price index, setting positive expectations for this week's national CPI figures. Anticipation of further hawkish monetary policies from Japan remains a significant market factor.

Lower Bound	142.22	Upper Bound	156.09
Forecast	Appreciation		

Japanese Yen News

- The Japanese yen rallied underpinned by weak US PPI data and lower US Treasury yields with investors eyeing US CPI data tonight to gauge the size of a rate cut in September. A larger rate cut such as 50 bps one will cut down the two countries interest rate gap and provide support to the yen
- The yen climbed above 149.00 JPY/USD after upbeat US's Retail Sales and Jobless Claims data provide boost to the USD.

Japanese Yen Performance

Last Week Close	146.61 JPY/USD	Monthly High	#NAME? JPY/USD
Week Open	146.73 JPY/USD	Monthly Low	#NAME? JPY/USD
Week Close	147.58 JPY/USD	30 Days Average	153.37 JPY/USD
Weekly High	149.39 JPY/USD	90 Days Average	149.80 JPY/USD
Weekly Low	146.07 JPY/USD	YTD Change	#NAME?

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Machinery Orders MM	Jun	19-Aug	1.1%	-3.2%
Machinery Orders YY	Jun	19-Aug	1.8%	10.8%
Exports YY	Jul	21-Aug	11.4%	5.4%
Imports YY	Jul	21-Aug	14.9%	3.2%
Trade Balance Total Yen	Jul	21-Aug	-330.7B	224.0B
JibunBK Mfg PMI Flash SA	Aug	22-Aug		49.1
CPI, Core Nationwide YY	Jul	23-Aug	2.7%	2.6%
CPI, Overall Nationwide	Jul	23-Aug		2.8%
Machinery Orders YY	Jun	19-Aug	1.8%	10.8%

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