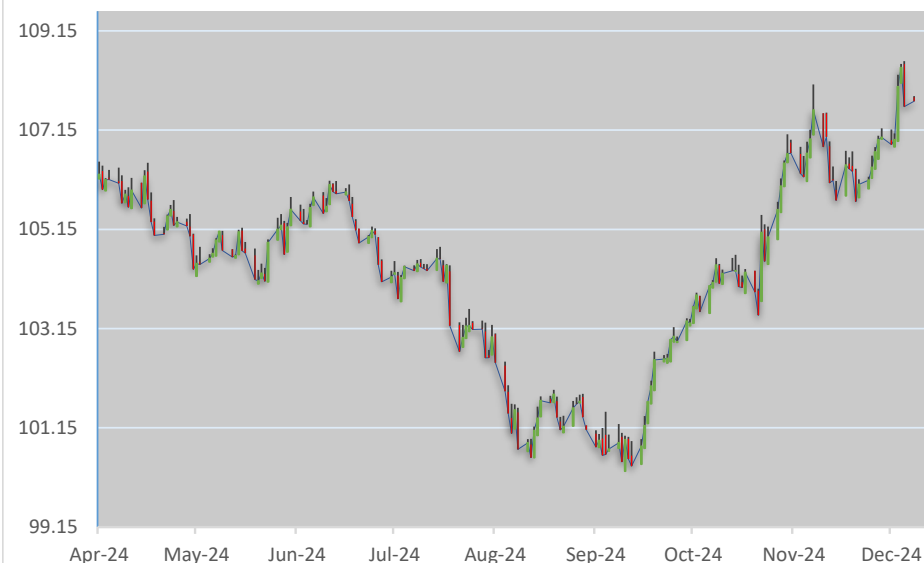


WEEKLY FOREIGN EXCHANGE OUTLOOK
23 Dec 2024 - 27 Dec 2024

Dollar Index Graph


Source: Refinitiv

Dollar Outlook

- A hawkish shift in the expectations of the US Federal Reserve's (Fed) future interest rate path and the sustained advance in US Treasury bond yields kept the Greenback's bullish undertone alive.
- Fed Chair Jerome Powell signaled that the central bank will adjust policy gradually, keeping a close eye on growth and inflation trends, prompting the Fed to remain data-dependent. Fed officials see only two interest rate cuts in 2025, fewer than the four projected earlier.

Lower Bound	106.00	Upper Bound	109.00
Forecast	Appreciation		

Dollar News

- Dollar index (DXY) rebounded to near 107 at the beginning of the week after US composite PMI improved in December.
- The monthly Retail Sales grew by 0.7%, beating the 0.5% estimate. The previous number got revised up to 0.5%, from 0.4%. The US Q3 GDP Annualized reported a 3.1% growth rate, surpassing both market expectations and the previous reading of 2.8%. Additionally, Initial Jobless Claims dropped to 220,000 for the week ending December 13, down from 242,000 in the prior week and below the market forecast of 230,000.
- DXY climbed toward 108 following the Fed's widely expected 25 bps rate cut, bringing the benchmark rate to a 4.25%-4.50% range. Updated projections show a 3.9% rate in 2025 (up from 3.4%) and a 3.4% target in 2026, reflecting a slightly more hawkish medium-term stance.
- DXY edged lower on Friday after soft PCE data.

Dollar Index Performance

Last Week Close	107.00	Monthly High	108.54
Week Open	106.95	Monthly Low	105.42
Week Close	107.62	30 Days Average	106.68
Weekly High	108.54	90 Days Average	103.76
Weekly Low	106.70	YTD Change	+6.31%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Quarterly Hog Inventory	Dec	24-Dec	100.1%	100.0%
Durable Goods	Nov	24-Dec	-0.2%	0.3%
New Home Sales-Units	Nov	24-Dec	0.670M	0.610M
Initial Jobless Clm	21 Dec, w/e	26-Dec	223k	220k
EIA Wkly Crude Stk	20 Dec, w/e	26-Dec		-0.934M
EIA Wkly Dist. Stk	20 Dec, w/e	26-Dec		-3.180M
EIA Wkly Gsln Stk	20 Dec, w/e	26-Dec		2.348M
EIA Wkly Refn Util	20 Dec, w/e	26-Dec		-0.6%
Nat Gas-EIA Implied Flow	16 Dec, w/e	27-Dec		-125B

WEEKLY FOREIGN EXCHANGE OUTLOOK
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Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- Economic fundamental remains weak given the uneven recovery across sectors, rising debt burden, and potential credit risks in certain segments.
- Analyst forecasted the MPC could cut the policy rate from 2.25% to 1.75-2.00% by the end of 2025.
- More fiscal spending from China may improve sentiment towards regional currencies, but the potential impact of the new US trade policies remain a question.

Thai Baht News

- The Bank of Thailand left its key interest rate unchanged on Wednesday, as widely expected, after delivering a surprise cut at its previous meeting in October.
- The Monetary Policy Committee voted unanimously to keep the one-day repurchase rate at 2.25% at its final meeting of 2024.
- The Bank of Thailand has stressed the importance of maintaining its neutral stance as the economy picks up and inflation slowly rises toward its 1-3% target.
- The BoT predicted headline inflation at 0.4% in 2024 and 1.1% in 2025. It maintained its forecast of 2.7% economic growth for 2024 and 2.9% for 2025.
- The FTI's industrial sentiment index increased to 91.4 in November from 89.1 in October, bolstered by year-end orders and government spending.

Thai Baht Performance

Last Week Close	33.88 THB/USD	Monthly High	34.67 THB/USD
Week Open	34.12 THB/USD	Monthly Low	33.66 THB/USD
Week Close	34.11 THB/USD	30 Days Average	34.37 THB/USD
Weekly High	34.67 THB/USD	90 Days Average	33.81 THB/USD
Weekly Low	33.98 THB/USD	YTD Change	-0.38%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Import Data	Nov	25-Dec	2.26%	15.90%
Customs-Based Trade Data	Nov	25-Dec	-1.01B	-0.79B
Manufacturing Prod YY	Nov	27-Dec	-0.50%	-0.91%
Exports YY	Nov	27-Dec		14.20%
Imports YY	Nov	27-Dec		17.10%
Trade Account	Nov	27-Dec		1.40B
Current Account	Nov	27-Dec		0.70B

Lower Bound	34.00	Upper Bound	35.00
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK
23 Dec 2024 - 27 Dec 2024

Euro Graph


Source: Refinitiv

Euro News

- EUR/USD slides below the psychological resistance of 1.0500 on Tuesday. The major currency pair remains fragile as the US Dollar ticks higher on expectations that the Fed will adopt a slightly hawkish stance.
- The German IFO sentiment surveys for December have shown that Business Climate and Expectations have come in weaker-than-expected.
- In Europe, German Chancellor Olaf Scholz lost its vote of confidence and snap elections are set for February 23.
- ECB Wunsch said he is comfortable with market expectations of four 25 bps interest rate cuts in 2025.

Euro Index Performance

Last Week Close	1.0502 USD/EUR	Monthly High	1.0629 USD/EUR
Week Open	1.0496 USD/EUR	Monthly Low	1.0344 USD/EUR
Week Close	1.0429 USD/EUR	30 Days Average	1.0525 USD/EUR
Weekly High	1.0534 USD/EUR	90 Days Average	1.0835 USD/EUR
Weekly Low	1.0341 USD/EUR	YTD Change	-5.40%

Euro Outlook

- The European Central Bank (ECB) President Christine Lagarde noted that further interest rate cuts were likely. "The direction of travel is clear, and we expect to lower interest rates further." However, the pace and size of the rate cuts will be determined in each meeting on the basis of incoming data. This, in turn, might cap the upside for the major pair in the near term.
- Political instability in Germany, together with the recent woes in France, also added weakness to the Euro.

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Spain GDP YY	Q3	23-Dec	3.4%	3.4%

Lower Bound	1.0300	Upper Bound	1.0500
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK
23 Dec 2024 - 27 Dec 2024

Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

- The outlook of the British currency is already uncertain as the Bank of England (BoE) monetary policy meeting on Thursday showed a dovish buildup on the policy outlook.
- BoE Governor Andrew Bailey refrained from committing a pre-defined rate cut path. "Due to heightened uncertainty in the economy, we can't commit to when or by how much we will cut rates in 2025," he said. Meanwhile, traders price in a 53 basis points (bps) interest rate reduction by the BoE in 2025 after the policy announcement.

Pound Sterling News

- The British pound recovered toward 1.27 on Tuesday after data from the UK showed that the ILO Unemployment Rate held steady at 4.3% in the three months to October, while the annual wage inflation climbed to 5.2%
- The Consumer Price Index (CPI), rose to 2.6% in November from 2.3% in October, as anticipated. The core CPI rose 3.5% on a yearly basis, up from the 3.3% increase recorded in October but below analysts' estimate of 3.6%. The Retail Sales data rose by 0.2% in November, slower than estimates of 0.5% but recovering from a 0.7% decline in October.
- The Pound tumble near 1.25 on Friday after the Bank of England decided to keep its bank rate steady at 4.75%. This move was anticipated, but it's worth noting that three out of nine policymakers were in favor of a rate cut.

Pound Sterling Performance

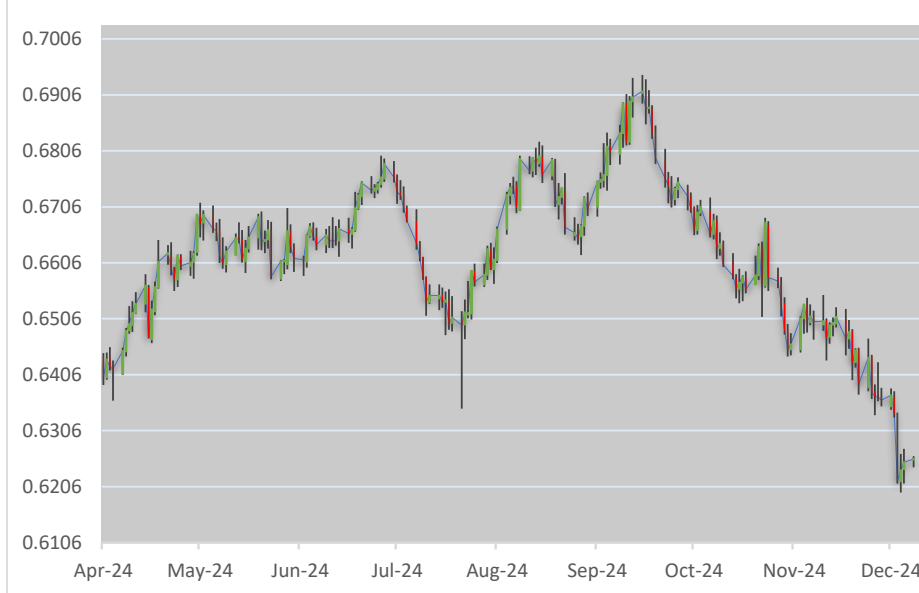
Last Week Close	1.2618 USD/GBP	Monthly High	1.2811 USD/GBP
Week Open	1.2609 USD/GBP	Monthly Low	1.2476 USD/GBP
Week Close	1.2569 USD/GBP	30 Days Average	1.2664 USD/GBP
Weekly High	1.2728 USD/GBP	90 Days Average	1.2960 USD/GBP
Weekly Low	1.2471 USD/GBP	YTD Change	-1.21%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP YY	Q3	23-Dec	1.0%	1.0%
Business Invest QQ	Q3	23-Dec		1.2%
Business invest YY	Q3	23-Dec		4.5%
Current Acc GBP	Q3	23-Dec	-22.750B	-28.397B

Lower Bound	1.2400	Upper Bound	1.2600
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK
23 Dec 2024 - 27 Dec 2024

Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- China's slowdown and tariff concerns continue to cap the Aussie's upside.
- With Powell sounding cautious and the Fed signalling fewer cuts in 2025, a spike in US Treasury yields continue to push the pair down.
- National Australia Bank (NAB) maintains its forecast for the first Reserve Bank of Australia rate cut at the May 2025 meeting, though they acknowledge February as a possibility. NAB's report indicates that the Unemployment Rate is expected to peak at 4.3% before easing to 4.2% by 2026 as the economy stabilizes.

Australian Dollar News

- The Australian Dollar remains subdued following domestic consumer confidence indicating signs of strain, with December data showing a decline as consumers grow increasingly pessimistic about the economic outlook.
- The Australian Dollar dipped near 0.6200 after the Federal Reserve's rate cut and fresh projections signaled a more measured policy path.
- Australia's Consumer Inflation Expectations increased to 4.2% in December from the previous 3.8% rise.

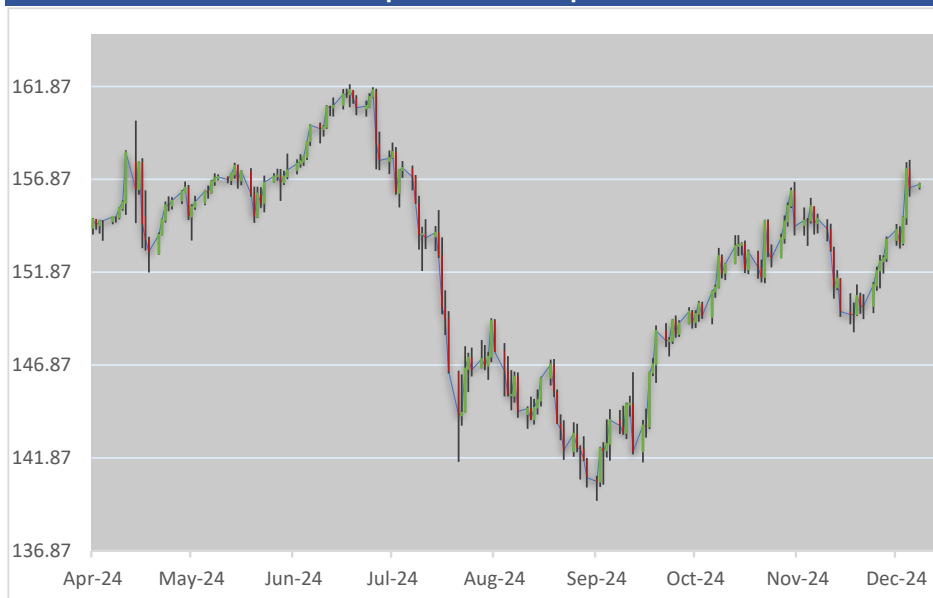
Australian Dollar Performance

Last Week Close	0.6361 USD/AUD	Monthly High	0.65240 USD/AUD
Week Open	0.6350 USD/AUD	Monthly Low	0.62000 USD/AUD
Week Close	0.6250 USD/AUD	30 Days Average	0.67497 USD/AUD
Weekly High	0.6382 USD/AUD	90 Days Average	0.66982 USD/AUD
Weekly Low	0.6196 USD/AUD	YTD Change	-8.14%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Invest Hous'g Fin MM	Oct	23-Dec		-1.00%

Lower Bound	0.6100	Upper Bound	0.6300
Forecast	Depreciation		


Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- The dollar remains well supported by wide gap between Fed and BoJ monetary policies.
- BoJ January meeting is coming into focus as some analysts anticipated a 25-basis-point hike due to recent indications of growing inflation in Japan.
- Currency strategists closely monitor the 155 level, viewing it as a potential tipping point for verbal intervention by Japanese authorities.

Lower Bound	155.00	Upper Bound	158.00
Forecast	Depreciation		

Japanese Yen News

- The Japanese yen extended rally toward 157.00 following the BoJ's decision to leave policy rate unchanged at 0.15%-0.25% as policymakers remained cautious over Japan's economic outlook and the path of inflation.
- Decision to keep rate steady was mainly based on assessment of wage trends, uncertainties of overseas economies and next US administration's policies.
- Governor Kazuo Ueda sounded more data-dependent than forward-guidance-orientated, saying additional information on wages and growth is needed.

Japanese Yen Performance

Last Week Close	153.64 JPY/USD	Monthly High	157.92 JPY/USD
Week Open	153.61 JPY/USD	Monthly Low	148.66 JPY/USD
Week Close	156.41 JPY/USD	30 Days Average	146.67 JPY/USD
Weekly High	157.92 JPY/USD	90 Days Average	153.84 JPY/USD
Weekly Low	153.14 JPY/USD	YTD Change	+11.02%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Service PPI	Nov	25-Dec		2.90%
Leading Indicator Revised	Oct	25-Dec		-0.3
CPI Tokyo Ex fresh food YY	Dec	27-Dec	2.5%	2.2%
CPI, Overall Tokyo	Dec	27-Dec		2.6%
Jobs/Applicants Ratio	Nov	27-Dec	1.25	1.25
Unemployment Rate	Nov	27-Dec	2.5%	2.5%
Industrial O/P Prelim MM SA	Nov	27-Dec	-3.4%	2.8%
Large Scale Retail Sales YY	Nov	27-Dec		-1%

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