

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 Jun 2024 - 28 Jun 2024

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- The May PCE inflation report indicated a slight unexpected dip in inflation, suggesting a potential easing of price growth and raising questions about the timing of Federal Reserve interest rate adjustments.
- The Consumer Confidence report by the Conference Board showed an increase in June, reflecting improved consumer sentiment.
- Jobless claims data revealed a decrease to 238,000, suggesting a resilient labor market.
- Federal Reserve officials have signaled a possibility of only one rate cut this year, despite some progress on inflation. The CME FedWatch Tool reflects an 87% probability of Fed rate cuts, yet the U.S. dollar's strength persists, potentially due to the Euro's vulnerability amidst political risks in France.

Lower Bound **103.93** **Upper Bound** **106.00**
Forecast **Appreciation**
Dollar News

- The dollar fell after U.S. retail sales increased less than expected in May as lower prices for gasoline and motor vehicles weighed on receipts at service stations and auto dealerships. However, the US also released May Industrial Production data, which beat expectations by surging 0.9% MoM. Meanwhile Fed Funds futures implied a 67% probability of at least one rate cut by the September Fed meeting
- The S&P Global Manufacturing PMI for June rose to 51.7 versus the forecast downtick to 51.0 from the previous 51.3. The Services PMI also thumped expectations, rising to almost a two-year high of 55.1 versus the expected softening to 53.7 from 54.8. With upbeat US economic data crimping odds of an early rate cut from the Federal Reserve (Fed), market sentiment backed up into the safe haven Greenback on Friday.

Dollar Index Performance

Last Week Close	105.55	Monthly High	105.92
Week Open	105.51	Monthly Low	103.99
Week Close	105.80	30 Days Average	104.88
Weekly High	105.92	90 Days Average	104.68
Weekly Low	105.13	YTD Change	+4.21%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Jun	25-Jun	100.0	102.0
New Home Sales-Units	May	26-Jun	0.640M	0.634M
Durable Goods	May	27-Jun	0.0%	0.6%
GDP Final	Q1	27-Jun	1.4%	1.3%
Initial Jobless Clm	22 Jun, w/	27-Jun	236k	238k
Core PCE Price Index MM	May	28-Jun	0.1%	0.2%
Core PCE Price Index YY	May	28-Jun	2.6%	2.8%
PCE Price Index MM	May	28-Jun	0.0%	0.3%
PCE Price Index YY	May	28-Jun	2.6%	2.7%
U Mich Sentiment Final	Jun	28-Jun	65.7	65.6

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The volatility of fund flows from foreign investors could be a factor that pressures the financial market during this period. It is assessed that foreign investors may not rush to purchase Thai assets until the uncertainty of the Thai political situation has subsided. This cautious approach is likely due to the potential risks associated with political instability, which can affect economic policies and market confidence. As a result, investors often wait for clearer signals of stability before committing their capital to a market perceived as volatile.

Thai Baht News

- The baht remained on defensive amid political uncertainty.
- The baht appreciated against the dollar after a criminal court granted bail to former prime minister Thaksin Shinawatra. Separately, a Constitutional Court set aside hearing dates for two cases involving the opposition Move Forward party and the incumbent prime minister Srettha Thavisin. Meanwhile Thailand's deputy finance minister said that the government will continue to introducing stimulus measures to boost the economy and investor confidence should return going forward.
- Thai industrial sentiment index fell to its lowest level in seven months in May due to weak purchasing power, higher costs and political worries; the data was drop to 88.5 in May from 90.3 in April.

Thai Baht Performance

Last Week Close	36.69 THB/USD	Monthly High	36.95 THB/USD
Week Open	36.63 THB/USD	Monthly Low	36.33 THB/USD
Week Close	36.71 THB/USD	30 Days Average	36.57 THB/USD
Weekly High	36.84 THB/USD	90 Days Average	36.44 THB/USD
Weekly Low	36.61 THB/USD	YTD Change	+6.72%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Exports YY	May	28-Jun		5.80%
Imports YY	May	28-Jun		6.40%
Trade Account	May	28-Jun		0.30B
Current Account	May	28-Jun		-0.04B
Manufacturing Prod YY	May	28-Jun	0.45%	3.43%

Lower Bound	36.49	Upper Bound	36.86
Forecast	Depreciation		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- The June report on Germany's IFO Business Climate Index indicated a decline to 88.5 points from 91.5 points in May, reflecting a pessimistic outlook and challenging conditions in the manufacturing sector.
- Eurozone inflation expectations remain significant, with consumer forecasts at 5.0% for the current year and long-term expectations stable at 2.9%.
- The European Central Bank's interest rate outlook suggests a cautious approach, with recent hikes and market expectations of a gradual reduction in rates over the coming years.
- The political situation in France, particularly the rise of the far-right and the potential for a snap election, has already impacted financial markets, causing fluctuations in the Euro and stock market indices.

Lower Bound	1.0653	Upper Bound	1.0921
Forecast	Depreciation		

Euro News

- EUR/USD consolidates in a tight range above the round-level support of 1.0700. The major currency pair trades sideways as investors look for fresh cues about when the European Central Bank (ECB) will deliver its second rate cut this year.
- Meanwhile, French political uncertainty continues to keep the Euro on the tenterhooks. Investors worry that the formation of Marine Le Pen 's-led-National Rally's (RN) government after the Parliament elections would trigger financial distress in the European Union's (EU) second-largest economy. The RN has promised a lower retirement age, energy price cuts, more public spending and "France first" economic policies in its manifesto.
- Friday, EUR weakens as the US Dollar extends upside after the preliminary US S&P Global PMIs report for June shows that manufacturing and service activities surprisingly rose.

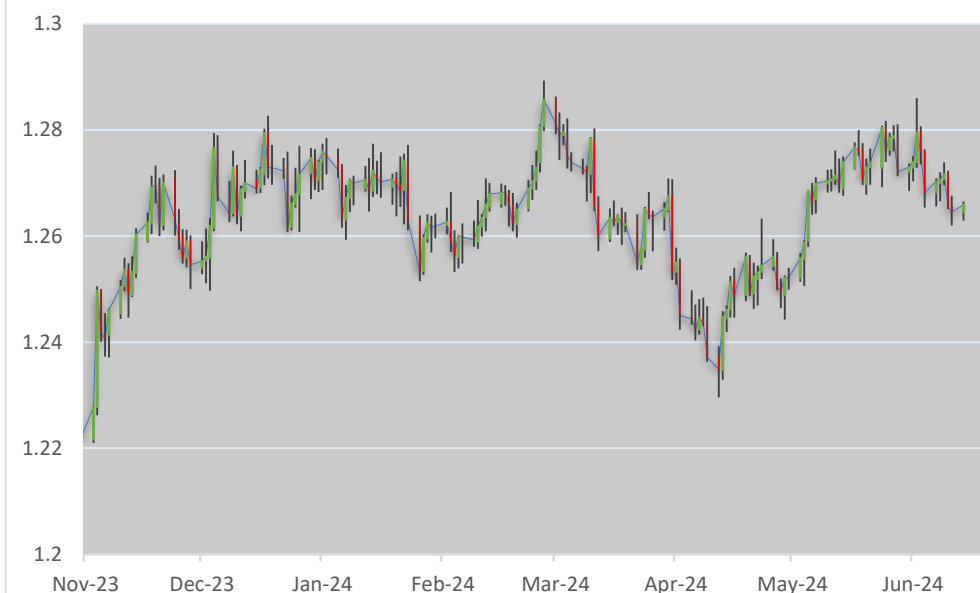
Euro Index Performance

Last Week Close	1.0700 USD/EUR	Monthly High	1.0915 USD/EUR
Week Open	1.0700 USD/EUR	Monthly Low	1.0669 USD/EUR
Week Close	1.0691 USD/EUR	30 Days Average	1.0815 USD/EUR
Weekly High	1.0761 USD/EUR	90 Days Average	1.0798 USD/EUR
Weekly Low	1.0668 USD/EUR	YTD Change	-2.83%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Ifo Business Climate New	Jun	24-Jun	89.7	89.3
Ifo Curr Conditions New	Jun	24-Jun	88.5	88.3
Ifo Expectations New	Jun	24-Jun	91.0	90.4
Consumer Confid. Final	Jun	27-Jun	-14.0	-14.0
CPI (EU Norm) Prelim YY	Jun	28-Jun	2.5%	2.6%
CPI (EU Norm) Prelim MM	Jun	28-Jun		0.1%
CPI Prelim MM NSA	Jun	28-Jun		0.0%
Producer Prices YY	May	28-Jun		-6.8%
Unemployment Chg SA	Jun	28-Jun	15k	25k
Unemployment Rate SA	Jun	28-Jun	5.9%	5.9%

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- UK economic remains thin heading into this week, leaving Sterling traders to wait for Friday's Gross Domestic Product (GDP) print.

Pound Sterling News

- GBP/USD slipped lower on Thursday after the Bank of England (BoE) held rates at 5.25%, citing ongoing concerns about the central bank's ability to sustainably keep inflation at or below the 2.0% target.
- GBP/USD closed week at a fresh five-week low of 1.2622, marking the Cable's third straight down week. The Bank of England's (BoE) midweek rate hold did little to spark confidence in the GBP, and a late-week upswing in US Purchasing Managers Index (PMI) kicked broad-market risk appetite lower, lifting the US Dollar heading into the trading week's close.
- UK Retail Sales lurched higher to 2.9% MoM in May, snubbing the forecast move down to 1.5% from the previous month's revised -1.8% contraction. UK PMIs also came in mixed, with the S&P Global/CIPS Manufacturing PMI for June rising to 51.4 against the forecast 51.3 and the previous month's 51.2. The Services PMI contracted sharply to a seven-month low of 51.2, entirely missing the forecast uptick to 53.0 from 52.9.

Pound Sterling Performance

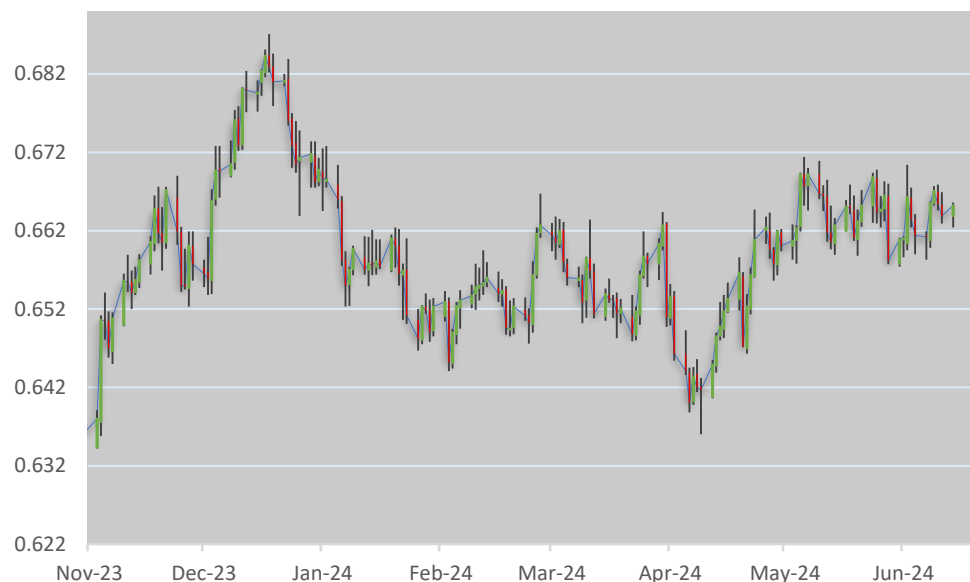
Last Week Close	1.2682 USD/GBP	Monthly High	1.2860 USD/GBP
Week Open	1.2682 USD/GBP	Monthly Low	1.2623 USD/GBP
Week Close	1.2645 USD/GBP	30 Days Average	1.2714 USD/GBP
Weekly High	1.2739 USD/GBP	90 Days Average	1.2641 USD/GBP
Weekly Low	1.2620 USD/GBP	YTD Change	-0.48%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
CBI Trends - Orders	Jun	24-Jun	-25	-33
CBI Distributive Trades	Jun	26-Jun		8
Current Acc GBP	Q1	28-Jun		-21.177B
GDP QQ	Q1	25-Jun	0.6%	0.6%
GDP YY	Q1	25-Jun	0.2%	0.2%
Business Invest QQ	Q1	25-Jun		0.9%
Business invest YY	Q1	25-Jun		-0.6%

Lower Bound	1.2638	Upper Bound	1.2821
Forecast	Neutral		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Investors are likely to be cautious ahead of this week's Australian inflation data. Markets have significantly reduced their expectations for a RBA's rate cut this year, with an easing not anticipated until April next year.

Australian Dollar News

- The Australian Dollar declines as the US Dollar remains stronger on the hawkish Fed.
- The Aussie Dollar may limit its downside due to the RBA's hawkish stance on rates trajectory.
- However, the AUD/USD pair may limit its downside due to the hawkish stance of the Reserve Bank of Australia (RBA). The RBA Governor Michele Bullock said during her latest press conference that the Board discussed potential rate hikes, dismissing considerations of rate cuts in the near term, as per ABC News.

Australian Dollar Performance

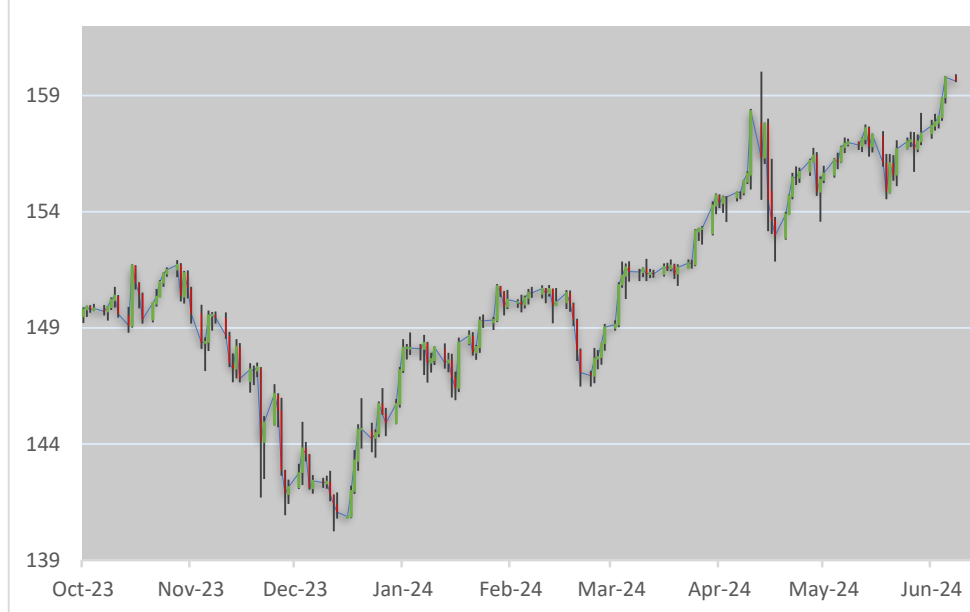
Last Week Close	0.6614 USD/AUD	Monthly High	0.67040 USD/AUD
Week Open	0.6614 USD/AUD	Monthly Low	0.65770 USD/AUD
Week Close	0.6639 USD/AUD	30 Days Average	0.65136 USD/AUD
Weekly High	0.6679 USD/AUD	90 Days Average	0.65664 USD/AUD
Weekly Low	0.6583 USD/AUD	YTD Change	-2.33%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	May	26-Jun		-0.03%
Weighted CPI YY	May	26-Jun	3.8%	3.6%
CPI SA MM	May	26-Jun		0.20%
CPI SA YY	May	26-Jun		3.80%

Lower Bound	0.6588	Upper Bound	0.6690
Forecast	Appreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Market Player wait to assess the outlook for the Bank of Japan's (BOJ) monetary policy through the Japan Retail Sales report in May and Tokyo's CPI inflation rate in June.
- Market speculation suggests that the BOJ may intervene if the yen depreciates rapidly to levels around 160-161 yen per dollar.

Lower Bound	154.90	Upper Bound	159.64
Forecast	Depreciation		

Japanese Yen News

- The Japanese yen extended upside near 160 after the Bank of Japan (BoJ) decided to keep its interest rate at 0% at the conclusion of its June policy meeting. The BoJ held rates for the second straight meeting after hiking for the first time since 2007 in March. The central bank did decide to reduce bond purchases to ensure long-term yields are formed more freely in markets. Policymakers intend to finalize a plan for decreasing bond buying at the next meeting.

Japanese Yen Performance

Last Week Close	157.37 JPY/USD	Monthly High	159.92 JPY/USD
Week Open	157.37 JPY/USD	Monthly Low	154.56 JPY/USD
Week Close	159.79 JPY/USD	30 Days Average	149.25 JPY/USD
Weekly High	159.84 JPY/USD	90 Days Average	147.27 JPY/USD
Weekly Low	157.14 JPY/USD	YTD Change	+12.77%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Service PPI	May	25-Jun		2.80%
Chain Store Sales YY	May	25-Jun		0.4%
Leading Indicator Revised	Apr	25-Jun		-0.1
Large Scale Retail Sales YY	May	27-Jun		3%
CPI Tokyo Ex fresh food YY	Jun	28-Jun	2.0%	1.9%
CPI, Overall Tokyo	Jun	28-Jun		2.2%
Jobs/Applicants Ratio	May	28-Jun	1.26	1.26
Unemployment Rate	May	28-Jun	2.6%	2.6%
Industrial O/P Prelim MM SA	May	28-Jun	2.0%	-0.9%

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