

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**06 May 2024 - 10 May 2024**

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


Source: Thomson Reuters

**Dollar Outlook**

- The US non-farm payrolls report, which revealed an unexpected cooling in job creation accompanied by softer wage pressures, further reinforced the US dollar to depreciated against major currencies.
- The U.S.economic calendar for this week is relatively quiet. However, the near-term outlook will need to be reassessed in mid-May, when the data of CPI figures will be released. This report will provide fresh insights into the current inflation landscape, thereby guiding the Fed's policy path and the direction of the broader market.

<b>Lower Bound</b>	<b>104.92</b>	<b>Upper Bound</b>	<b>106.54</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Dollar News**

- At the beginning of last week, the dollar index traded higher against other currencies after still-high US inflation data in March and upbeat ADP nonfarm payroll data added further to market doubts about near-term US Federal Reserve (Fed) rate cuts.
- However, the dollar index dropped against major currencies after a released of the Federal Reserve rate decision and accompanying dovish Chair Powell press conference which saw the Fed leave rates on hold as expected, but it also announced it is to taper its QT run-off to just USD 25bln a month from USD 60bln, slightly more dovish than the expected USD 30bln. Meanwhile, the Fed Chair said it is unlikely the next move will be a hike and the Fed is rather focused on how long to keep policy at its current level. Powell did admit several times that the recent inflation data does not boost the Fed's confidence in inflation returning to 2%, but he does believe policy is restrictive enough for that to occur.
- On Friday (3/5), the dollar index still dropped after data showed that employers added 175,000 jobs last month, below economists' expectations for a 243,000 increase. Wages increased 3.9% in the 12 months through April, below expectations for a 4.0% gain after rising 4.1% in March. The unemployment rate rose to 3.9% from 3.8%, remaining below 4% for the 27th straight month. Moreover, ISM Services PMI dropped into contraction territory at 49.4 in April from 51.4.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>105.94</b>	<b>Monthly High</b>	<b>106.52</b>
<b>Week Open</b>	<b>106.09</b>	<b>Monthly Low</b>	<b>103.88</b>
<b>Week Close</b>	<b>105.03</b>	<b>30 Days Average</b>	<b>105.28</b>
<b>Weekly High</b>	<b>106.49</b>	<b>90 Days Average</b>	<b>104.11</b>
<b>Weekly Low</b>	<b>104.52</b>	<b>YTD Change</b>	<b>+3.84%</b>

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

Events	Period	Date	Forecast	Previous
Initial Jobless Clm	Weekly	9-May		208k
Jobless Clm 4Wk Avg	Weekly	9-May		210.00k
Cont Jobless Clm	Weekly	9-May		1.774M
U Mich Sentiment Prelim	May	10-May		77.2
U Mich Conditions Prelim	May	10-May		79.0
U Mich Expectations Prelim	May	10-May		76.0
U Mich 1Yr Inf Prelim	May	10-May		3.2%
U Mich 5-Yr Inf Prelim	May	10-May		3.0%



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


Source: Thomson Reuters

**Thai Baht News**

- At the beginning of last week, the Thai baht depreciated against the dollar after hotter-than-expected US inflation data added more expectations that the Fed will stick interest rate with higher-for-longer path.
- Moreover, during last week, the data showed custom-based export fell 10.9% in March from a year earlier, prompting the state planning agency to cut its 2024 growth outlook from between 2.7%-3.7% to 2.2%-3.2%
- At the end of last week, the baht gained against the dollar after was not able to pass resistance level at 37.20 THB/USD as the US dollar fell after the outcome of Fed meeting.
- In addition, the Thai baht closed the week around 36.80 level after appreciating toward 36.50 level when US nonfarm payroll released on Friday (3/5) .

**Thai Baht Performance**

<b>Last Week Close</b>	<b>37.00 THB/USD</b>	<b>Monthly High</b>	<b>37.24 THB/USD</b>
<b>Week Open</b>	<b>36.99 THB/USD</b>	<b>Monthly Low</b>	<b>36.51 THB/USD</b>
<b>Week Close</b>	<b>36.72 THB/USD</b>	<b>30 Days Average</b>	<b>36.73 THB/USD</b>
<b>Weekly High</b>	<b>37.24 THB/USD</b>	<b>90 Days Average</b>	<b>35.99 THB/USD</b>
<b>Weekly Low</b>	<b>36.48 THB/USD</b>	<b>YTD Change</b>	<b>+7.28%</b>

**Thai Baht Outlook**

- This week, the market will eye on the data of Thailand's consumer confidence index and the movement of foreign fund flow.
- Moreover, the Thai baht movement is thus highly relevant to the gold prices and geopolitic tensions as well as the US dollar trend.
- Meanwhile, newly-appointed Finance Minister Pichai Chuhavajira said that Thailand's fiscal and monetary policies should be aligned to solve the nation's economic problems while he has plans to talk to the Bank of Thailand soon amid renewed tension between the government and the central bank on ways to revive the economy.
- We believe the Thai baht will move in the range of 36.50-37.00 THB/USD.

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

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Apr	9-May		63.0

<b>Lower Bound</b>	<b>36.50</b>	<b>Upper Bound</b>	<b>37.00</b>
<b>Forecast</b>	<b>Neutral</b>		



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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- We expect that the euro will continuously gain against the US dollar this week as analysts expect target above the psychological barrier of 1.0850 USD/EUR after concerns about a widening US-Eurozone interest rate gap recede.
- The markets are looking for clues on the likely path ahead for monetary policy following June, and the expected pace of policy easing this year. The markets are now prepared for a likely 0.25% interest rate cut in June by the European Central Bank, which has already been priced in. The ECB is planning to cut interest rates in June but the outlook further out remains clouded by rising energy costs, stubbornly high services inflation and continued geopolitical tensions.
- Moreover, the market also awaits for the HCOB Purchasing Managers' Index (PMI) data from Germany and the Eurozone, along with the Eurozone Producer Price Index (PPI), due later in this week.

<b>Lower Bound</b>	<b>1.0700</b>	<b>Upper Bound</b>	<b>1.0850</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Euro News**

- At the beginning of last week, the euro traded lower against the dollar as Eurozone consumers saw inflation in the next 12 months at 3.0%, just below the 3.1% expected a month earlier, according to the ECB's Consumer Expectations Survey. This was the lowest reading since December 2021.
- On Tuesday (30/4), ECB policymaker Pablo Hernandez de Cos supported for ECB pivoting to interest rate cuts from June if inflation continues to decline gradually. ECB Cos advised that the central bank should not commit a specific rate path and should use a data-dependent approach.
- However, at the end of last week the euro rebounded above 1.0700 level after Dovish FED meeting and after a broad miss in US Nonfarm Payrolls (NFP) labor and wages figures that reignited broad-market hopes for an accelerated path towards Federal Reserve (Fed) rate cuts.

**Euro Index Performance**

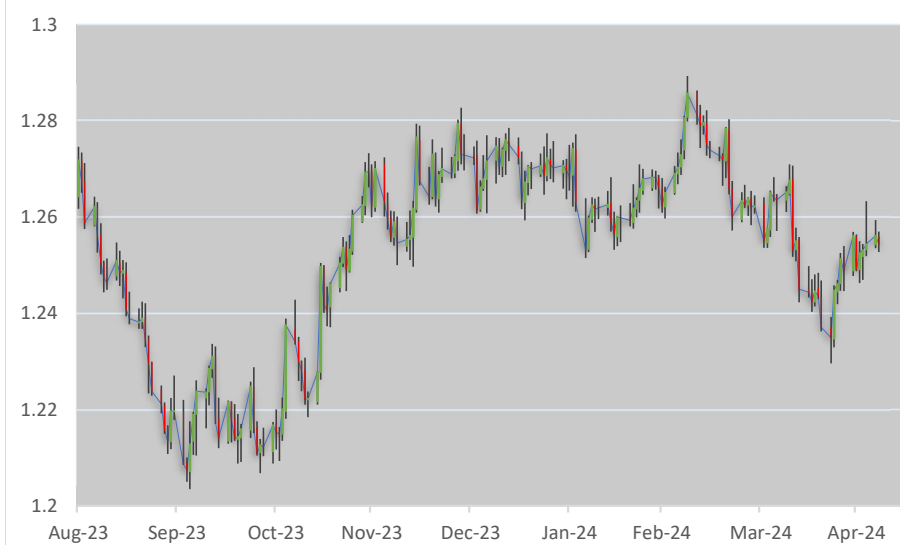
<b>Last Week Close</b>	<b>1.0692</b> USD/EUR	<b>Monthly High</b>	<b>1.0812</b> USD/EUR
<b>Week Open</b>	<b>1.0693</b> USD/EUR	<b>Monthly Low</b>	<b>1.0650</b> USD/EUR
<b>Week Close</b>	<b>1.0758</b> USD/EUR	<b>30 Days Average</b>	<b>1.0742</b> USD/EUR
<b>Weekly High</b>	<b>1.0812</b> USD/EUR	<b>90 Days Average</b>	<b>1.0816</b> USD/EUR
<b>Weekly Low</b>	<b>1.0648</b> USD/EUR	<b>YTD Change</b>	<b>-2.45%</b>

**Next Week's Euro Economic Events**

Events	Period	Date	Forecast	Previous
HCOB Services Final PMI	Apr	6-May	52.9	52.9
HCOB - Composite Final PMI	Apr	6-May	51.4	51.4
Sentix Index	May	6-May		-5.9
Producer Prices MM	Mar	6-May		-1.0%
Producer Prices YY	Mar	6-May		-8.3%
HCOB Construction PMI	Apr	7-May		42.4



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


Source: Thomson Reuters

**Pound Sterling Outlook**

- This week, the market will be focus on the BoE meeting on Thursday (9/5), which the bank will also offer updated projections and guidance, and it is widely expected that the central bank will keep interest rate unchanged. However, the markets anticipates the first rate cut in August or September, while another rate reduction appears fully priced in for December.
- In addition, the Gross Domestic Product (GDP) will be release for the first quarter on Friday (10/5), as it could show that the UK economy overcame the shallow recession it sank into during the second half of 2023.
- We believe that the Pound Sterling will be move in a range of 1.2450-1.2650 USD/GBP in this week.

<b>Lower Bound</b>	<b>1.2450</b>	<b>Upper Bound</b>	<b>1.2650</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- At the beginning of last week, the Pound Sterling traded lower against stronger of US dollar.
- However, the pound sterling held positive ground above 1.2500 USD/GBP in the middle of the week on slightly weaker US dollar ahead of Fed policy meeting.
- The markets have priced in rate cuts soon as BoE Governor Andrew Bailey said he is confident that headline inflation will come down to 2% in April. In March, UK inflation stood at 3.2%.
- At the end of last week, the Pound Sterling still traded on a stronger as the dollar softened. The market is reluctant to buy into a modest dovish message from Powell and following the release of the U.K. services PMI number.
- The data showed an increase to 55.9 in April, from 53.1 the prior month, suggesting that the U.K.'s dominant services industry remains in a healthy state, potentially offering the Bank of England room to delay interest rate cuts.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2489</b> USD/GBP	<b>Monthly High</b>	<b>1.2633</b> USD/GBP
<b>Week Open</b>	<b>1.2489</b> USD/GBP	<b>Monthly Low</b>	<b>1.2467</b> USD/GBP
<b>Week Close</b>	<b>1.2544</b> USD/GBP	<b>30 Days Average</b>	<b>1.2533</b> USD/GBP
<b>Weekly High</b>	<b>1.2633</b> USD/GBP	<b>90 Days Average</b>	<b>1.2632</b> USD/GBP
<b>Weekly Low</b>	<b>1.2463</b> USD/GBP	<b>YTD Change</b>	<b>-1.46%</b>

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

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Apr	7-May		-1.0%
Halifax House Prices YY	Apr	7-May		0.30%
BOE Bank Rate	Apr	9-May	5.25%	5.25%
GDP Est 3M/3M	Mar	10-May		0.2%
GDP Estimate MM	Mar	10-May		0.1%
GDP Estimate YY	Mar	10-May		-0.2%
Goods Trade Balance GBP	Mar	10-May		-14.212B
GDP Prelim QQ	Q1	10-May		-0.3%
GDP Prelim YY	Q1	10-May		-0.2%



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


Source: Thomson Reuters

**Australian Dollar Outlook**

- The market will be closely monitoring the upcoming Reserve Bank of Australia (RBA) interest rate decision on Tuesday (7/5), especially after recent inflation figures surpassed forecasts. We expect that the RBA will leave Australia's cash rate unchanged at 4.35% at a meeting.
- In addition, the RBA will also release their quarterly SOMP (Statement on Monetary Policy) which will include updated staff forecasts and that can quickly reshape expectations for the rest of the year.
- Additionally, recent economic data from China has not provided clear indications of a robust recovery, which is crucial for supporting a significant resurgence in the Australian dollar.
- We expect that the Australian Dollar will be extends gains due to improved risk appetite.

**Australian Dollar News**

- Last week, the Australian dollar gained even data showed the country's trade balance shrank to an over three-year low in March.
- China's Caixin Services Purchasing Managers' Index (PMI) for April dipped slightly to 52.5 from 52.7 in March, which is in line with expectations. Nonetheless, it signifies the 16th consecutive month of expansion in services activity. This positive trend has the potential to uplift Australia's market, given its significant role as one of the largest exporters to China.
- However, the Judo Bank Australia Composite Purchasing Managers Index (PMI) declined to 49.6 in April from 49.9 in prior month, indicating a slightly slower growth in Australian private sector output.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6533</b> USD/AUD	<b>Monthly High</b>	<b>0.66470</b> USD/AUD
<b>Week Open</b>	<b>0.6533</b> USD/AUD	<b>Monthly Low</b>	<b>0.64660</b> USD/AUD
<b>Week Close</b>	<b>0.6608</b> USD/AUD	<b>30 Days Average</b>	<b>0.65403</b> USD/AUD
<b>Weekly High</b>	<b>0.6647</b> USD/AUD	<b>90 Days Average</b>	<b>0.66017</b> USD/AUD
<b>Weekly Low</b>	<b>0.6463</b> USD/AUD	<b>YTD Change</b>	<b>-2.98%</b>

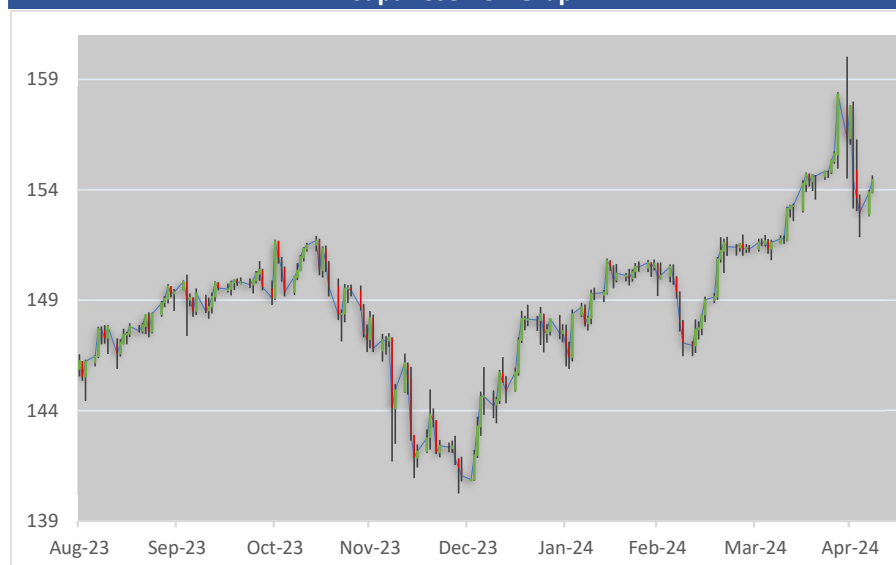
**Next Week's Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Retail Trade	Q1	7-May	-0.2%	0.3%
RBA Cash Rate	May	7-May	4.35%	4.35%

<b>Lower Bound</b>	<b>0.6500</b>	<b>Upper Bound</b>	<b>0.6700</b>
<b>Forecast</b>	<b>Appreciation</b>		



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**Japanese Yen**
**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen News**

- At the beginning of the week, the Japanese yen depreciated against the dollar after the Bank of Japan (BOJ) left its short-term interest rate target at 0-0.1% on Friday (26/4) and made small upward adjustments in its inflation forecast.
- However, the Japanese yen sharply rose to 152.90 level against the dollar as a intervention from the BOJ last week after rising to a 160.2 on Monday (29/4).
- Reuters reported data from the Bank of Japan (BoJ) indicating that Japanese authorities may have allocated around ¥6.0 trillion on April 29 and ¥3.66 trillion on May 1 to support the JPY.
- Japanese Finance Minister Shunichi Suzuki said on Friday (3/5) that authorities may need to smooth any excessive yen moves that hurt households and companies.
- Last week, the yen is on track for its best weekly percentage gain against the greenback since November 2022, after Japanese authorities also intervened in October 2022 to shore up the currency.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>158.33</b> JPY/USD	<b>Monthly High</b>	<b>158.01</b> JPY/USD
<b>Week Open</b>	<b>157.82</b> JPY/USD	<b>Monthly Low</b>	<b>151.87</b> JPY/USD
<b>Week Close</b>	<b>152.98</b> JPY/USD	<b>30 Days Average</b>	<b>143.99</b> JPY/USD
<b>Weekly High</b>	<b>160.03</b> JPY/USD	<b>90 Days Average</b>	<b>147.36</b> JPY/USD
<b>Weekly Low</b>	<b>151.85</b> JPY/USD	<b>YTD Change</b>	<b>+9.48%</b>

**Japanese Yen Outlook**

- The Japanese yen holds gains near 154.00 JPY/USD despite a soft US dollar. Meanwhile the speculation for Japan intervention to support the Japanese yen remained still focus on.
- We expect that the Japanese yen will be continued strength against the US dollar amid watered down expectations for early interest rate cuts by the Federal Reserve.
- In addition, the market will eyes on Japan household spending and current account data this week.

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

Events	Period	Date	Forecast	Previous
JibunBK Comp Op Final SA	Apr	7-May		52.6
JibunBK SVC PMI Final SA	Apr	7-May		54.6
Overtime Pay	Mar	9-May		-1.0%
All Household Spending YY	Mar	10-May	-2.4%	-0.5%
All Household Spending MM	Mar	10-May	-0.3%	1.4%
Current Account NSA JPY	Mar	10-May	3,489.6B	2,644.2B
Current Account Bal SA	Mar	10-May		1,368,600M
Trade Bal Cust Basis SA	Mar	10-May		-712,200M

<b>Lower Bound</b>	<b>152.00</b>	<b>Upper Bound</b>	<b>156.00</b>
<b>Forecast</b>	<b>Appreciation</b>		



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