

WEEKLY FOREIGN EXCHANGE OUTLOOK
18 Nov 2024 - 22 Nov 2024

Dollar Index
Dollar Index Graph


Source: Refinitiv

Dollar Outlook

• This week, investors will closely monitor the preliminary S&P Global PMI data for November, set to be released on Friday, for insights into whether the US economy's condition will allow Fed officials to slow their pace. If the economic stickiness observed in October continues into November, the likelihood of a January pause may increase, potentially driving Treasury yields and the US dollar even higher.

Dollar News

• The dollar index slipped to 106.5 on Friday, breaking a five-day winning streak, but remained near two-year highs. It was on track for a weekly gain of 1.6%, marking its seventh consecutive week of growth. The greenback's strength was supported by robust economic data and hawkish comments from the Fed Chair, which dampened expectations for rate cuts. Retail sales exceeded forecasts, indicating continued resilience in the consumer sector. Earlier in the week, headline and core producer prices increased as expected, but annual growth rates surpassed projections, contrasting with CPI data that met forecasts. On Thursday, Powell reiterated that there is no urgency to cut rates, citing the economy's strength, a solid labor market, and persistent inflationary pressures. Consequently, market expectations for a 25bps rate cut in December dropped to 62%, down from 86% earlier in the week.

Dollar Index Performance

Last Week Close	105.00	Monthly High	107.06
Week Open	104.95	Monthly Low	102.29
Week Close	106.69	30 Days Average	104.27
Weekly High	107.06	90 Days Average	102.90
Weekly Low	104.93	YTD Change	+5.29%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Import Prices YY	Oct	15-Nov		-0.1%
Retail Sales MM	Oct	15-Nov	0.3%	0.4%
Industrial Production MM	Oct	15-Nov	-0.3%	-0.3%
Housing Starts Number	Oct	19-Nov	1.340M	1.354M
Philly Fed Business Indx	Nov	21-Nov		10.3
Existing Home Sales	Oct	21-Nov	3.88M	3.84M
Initial Jobless Clm	11 Nov, w/ 21-Nov			217k

Lower Bound	104.50	Upper Bound	107.90
Forecast	Appreciation		

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Thai Baht
Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- This week, investors will be closely watching the official gross domestic product data for the third quarter, set to be released on November 18. However, the Thai baht is expected to remain under pressure due to ongoing market concerns about fewer rate cuts from the Federal Reserve.

Thai Baht News

- The Thai baht weakened against the dollar as markets adjusted to the new Trump administration and anticipated fewer rate cuts from the Federal Reserve.
- On Thursday, a deputy finance minister projected annual economic growth of 2.6% for the third quarter, with an acceleration to 4.3% in the final quarter of 2024, driven by government cash handouts. Thailand aims for 3.5% economic growth in 2025, following the 2.7% growth expected this year. The government is also planning additional stimulus measures and the second phase of its \$14 billion handout scheme.

Thai Baht Performance

Last Week Close	33.92 THB/USD	Monthly High	35.16 THB/USD
Week Open	34.20 THB/USD	Monthly Low	33.55 THB/USD
Week Close	34.81 THB/USD	30 Days Average	33.82 THB/USD
Weekly High	35.16 THB/USD	90 Days Average	34.17 THB/USD
Weekly Low	34.19 THB/USD	YTD Change	+1.05%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	8 Nov, w/e 15-Nov			237.9B
Currency Swaps	8 Nov, w/e 15-Nov			26.0B
GDP Growth YY	Q3	18-Nov	2.6%	2.3%
GDP Growth QQ SA	Q3	18-Nov	0.8%	0.8%

Lower Bound	34.40	Upper Bound	35.20
Forecast	Depreciation		

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Euro Graph


Source: Refinitiv

Euro Outlook

- S&P Global will release the Eurozone flash PMIs for November on Friday. In the Euro-area, concerns about higher tariffs from a Trump-led US government could impact the Euro-area economy, reviving speculation of bold action by the ECB in December and causing the euro to tumble to a more-than-one-year low. Even if the PMIs indicate some improvement in business activity for November, concerns about the impact of Trump's policies could remain elevated. Therefore, any potential rebound in the euro due to the PMIs is likely to be limited and short-lived.
- The uncertainty surrounding Germany's political scene could also pressure the euro, as a lengthy process to form a new coalition government may delay negotiations with the US to find common ground on trade.

Euro News

• The euro dropped below \$1.06, its lowest level since October 2023, pressured by a strong dollar following Donald Trump's US election victory. Investors are concerned about potential trade tariffs suggested by Trump, which could harm European exports, particularly in the automotive sector. Trump warned that the eurozone would "pay a big price" for not buying enough American goods, heightening fears of a potential trade conflict. The euro is also under pressure due to political uncertainty in Germany, which is set to hold snap elections on February 23 after the collapse of Chancellor Olaf Scholz's governing coalition. Meanwhile, markets have adjusted their expectations for European Central Bank rate cuts, now forecasting a 25 bps cut in December with reduced odds of a larger move. On the data front, the ZEW Indicator of Economic Sentiment for Germany fell significantly more than expected, dropping to 7.4 in November from 13.1 in October, against forecasts of 13.

Euro Index Performance

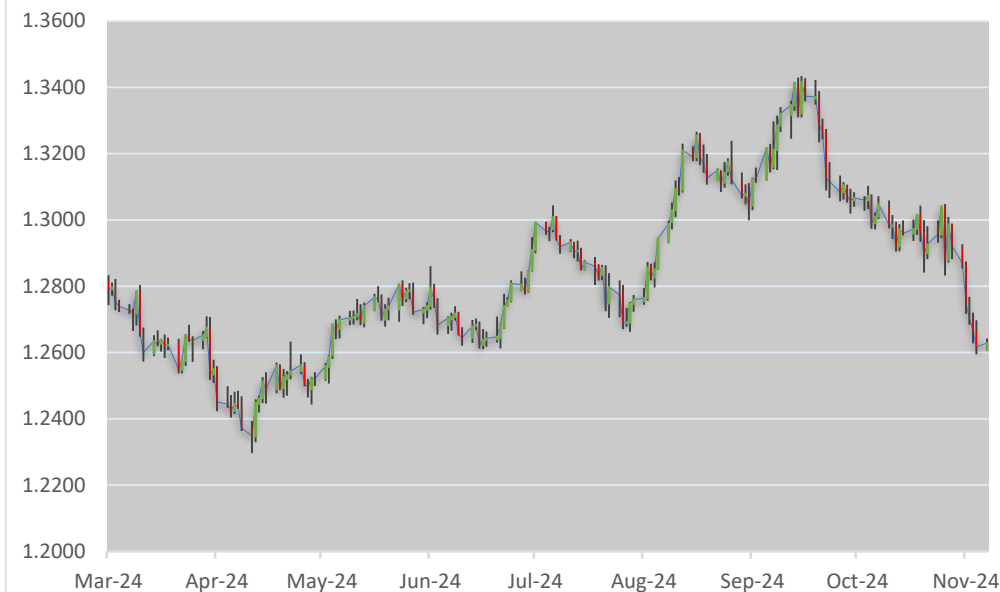
Last Week Close	1.0718 USD/EUR	Monthly High	1.0937 USD/EUR
Week Open	1.0712 USD/EUR	Monthly Low	1.0497 USD/EUR
Week Close	1.0541 USD/EUR	30 Days Average	1.0809 USD/EUR
Weekly High	1.0727 USD/EUR	90 Days Average	1.0946 USD/EUR
Weekly Low	1.0496 USD/EUR	YTD Change	-4.53%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Oct	15-Nov		1,318.88B
Total Trade Balance SA	Sep	18-Nov		11.00B
HICP Final MM	Oct	19-Nov	-0.1%	-0.1%
HICP Final YY	Oct	19-Nov	2.0%	2.0%
Consumer Confid. Flash	Nov	21-Nov		-12.5

Lower Bound	1.0445	Upper Bound	1.0650
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

• In the UK, the CPI data for October will be released on Wednesday, followed by retail sales data on Friday, ahead of the PMIs. If Wednesday's CPI data shows early signs of a rebound in price pressures, investors might delay the timing of the next interest rate cut, which could be positive for the pound. This effect could be amplified if Friday's retail sales data also exceeds expectations.

Pound Sterling News

• The British pound continued its decline to below \$1.27 for the sixth consecutive session, marking its lowest level since July, after data showed the UK economy grew just 0.1% in the third quarter, weaker than expected, due to a surprise contraction in September. This contraction was primarily driven by lower manufacturing output and reduced activity in information and communication services. The pound is on track for its worst streak in a decade, down 2% this week and poised for its seventh consecutive week of losses, the longest since 2014. The decline is also pressured by a strong US dollar, fueled by expectations that policies associated with Donald Trump's administration could boost inflation and limit the Federal Reserve's ability to lower interest rates.

Pound Sterling Performance

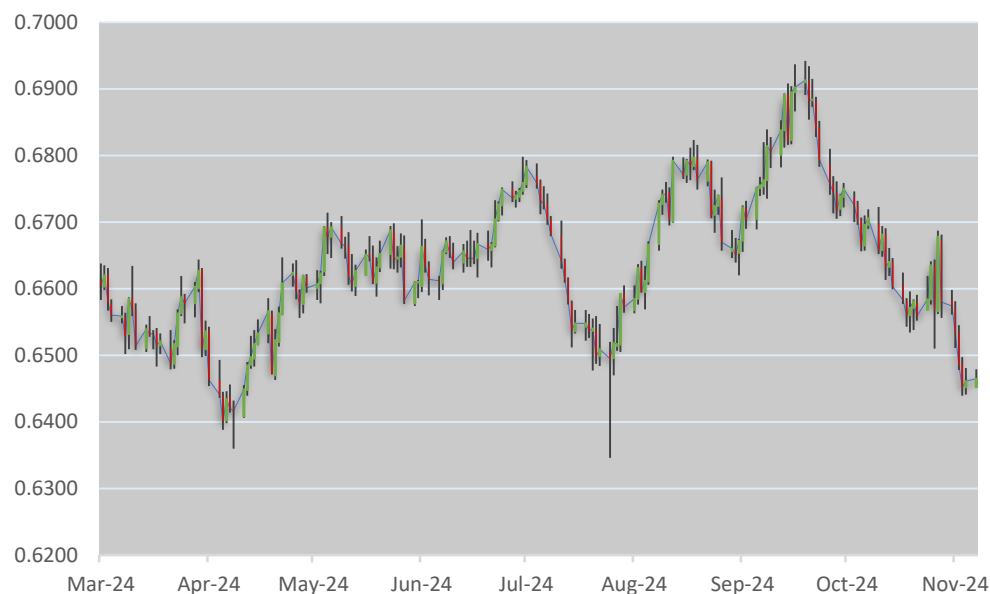
Last Week Close	1.2921 USD/GBP	Monthly High	1.3047 USD/GBP
Week Open	1.2913 USD/GBP	Monthly Low	1.2598 USD/GBP
Week Close	1.2617 USD/GBP	30 Days Average	1.2941 USD/GBP
Weekly High	1.2926 USD/GBP	90 Days Average	1.3013 USD/GBP
Weekly Low	1.2594 USD/GBP	YTD Change	-0.79%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Indicator Name	Period	Local Start	Reuters Poll	Prior
GDP Estimate YY	Sep	15-Nov	1.1%	1.0%
Services YY	Sep	15-Nov	1.7%	1.5%
Manufacturing Output MM	Sep	15-Nov	-0.1%	1.1%
GDP Prelim YY	Q3	15-Nov	1.0%	0.7%
House Price Rightmove YY	Nov	18-Nov		1.0%
Core CPI YY	Oct	20-Nov		3.2%
CPI YY	Oct	20-Nov		1.7%

Lower Bound	1.2550	Upper Bound	1.2743
Forecast	Depreciation		

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Australian Dollar
Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- Weak Australian labor data released on Friday has added to concerns about the strength of the Australian economy. Coupled with disappointing Chinese data, this could limit the recovery of the Aussie dollar in the near term. Despite these headwinds, recent hawkish comments from RBA Governor Bullock, who hinted at the possibility of further rate hikes to control inflation, could provide some support for the Australian dollar.

Australian Dollar News

- The Australian dollar traded around \$0.645 on Friday and was set to lose nearly 2% over the week, pressured by a strengthening US dollar amid expectations of fewer rate cuts from the Federal Reserve. This sentiment followed comments from Fed Chair Jerome Powell on Thursday, indicating that the central bank is in no rush to reduce rates given the strength of the US economy. The Aussie also faced pressure from weaker commodity prices and ongoing concerns about China's economic slowdown. Domestically, Reserve Bank of Australia Governor Michele Bullock reaffirmed that interest rates are sufficiently restrictive and will remain at current levels until inflation is under control. Meanwhile, Australian labor market data showed the unemployment rate held steady at 4.1% for the third consecutive month in October, in line with expectations. However, employment growth was slower than anticipated, with an increase of just 15,900 jobs, well below the forecasted 25,000.

Australian Dollar Performance

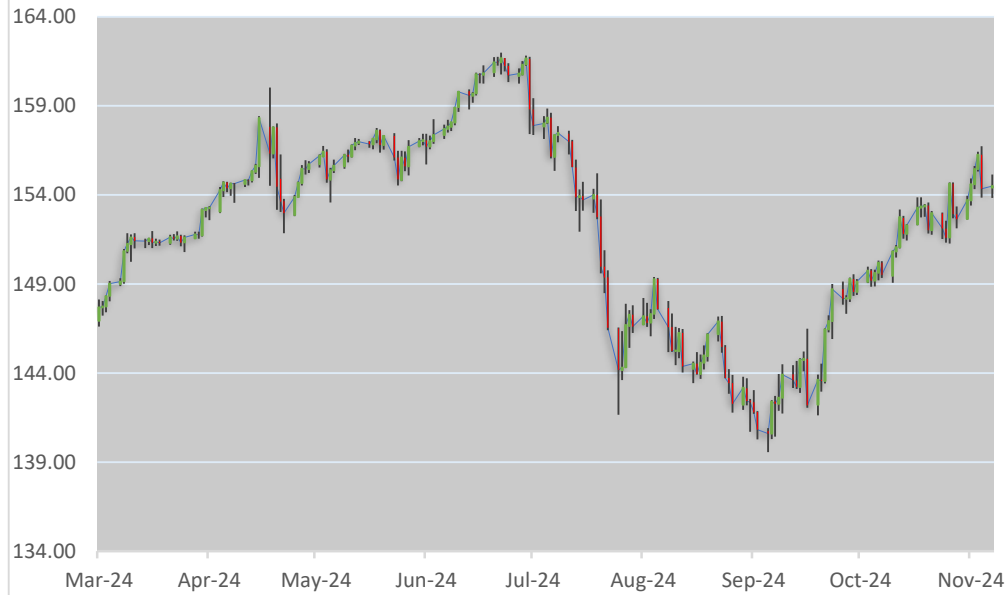
Last Week Close	0.6580 USD/AUD	Monthly High	0.66870 USD/AUD
Week Open	0.6582 USD/AUD	Monthly Low	0.64410 USD/AUD
Week Close	0.6461 USD/AUD	30 Days Average	0.67413 USD/AUD
Weekly High	0.6598 USD/AUD	90 Days Average	0.66715 USD/AUD
Weekly Low	0.6439 USD/AUD	YTD Change	-5.05%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Oct	20-Nov		0.04%

Lower Bound	0.6461	Upper Bound	0.6682
Forecast	Appreciation		

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Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- Japan's Nationwide CPI data will be released in Friday. Even if Friday's CPI data corroborates the view of higher rates soon.
- Additionally, Bank of Japan Governor Kazuo Ueda reiterated that interest rates would continue to rise gradually, provided the economy develops in line with the central bank's outlook. However, he did not specify whether a rate hike would occur in December, noting that the BOJ would need to consider various risks, including those related to the U.S. economy. As a result, the market is pricing in a 54% chance of a quarter-point hike at the next policy meeting on December 19, which remains largely unchanged from before his speech.

Lower Bound	151.05	Upper Bound	156.60
Forecast	Appreciation		

Japanese Yen News

- The Japanese yen weakened past 156 per dollar on Friday, reaching its lowest level in nearly four months, as investors reacted to the latest GDP data. Japan's economy grew by 0.2% quarter-on-quarter in the third quarter of 2024, down from 0.5% growth in Q2, but still marking the second consecutive quarter of expansion. On an annualized basis, GDP grew 0.9% in Q3, a significant slowdown from the 2.2% gain in Q2. Uncertainty remains regarding the Bank of Japan's policy normalization, as mixed economic data and a recent political shake-up cloud the outlook. Nevertheless, the central bank maintained its projection that it could raise its benchmark interest rate to 1% by the second half of fiscal 2025. Externally, the yen continued to face downward pressure from a strengthening US dollar, which rallied on expectations that the Federal Reserve will be less inclined to implement rate cuts in the near term.

Japanese Yen Performance

Last Week Close	152.63 JPY/USD	Monthly High	156.74 JPY/USD
Week Open	152.66 JPY/USD	Monthly Low	151.31 JPY/USD
Week Close	154.34 JPY/USD	30 Days Average	157.57 JPY/USD
Weekly High	156.74 JPY/USD	90 Days Average	156.07 JPY/USD
Weekly Low	152.62 JPY/USD	YTD Change	+9.53%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP QQ	Q3	15-Nov	0.2%	0.7%
GDP QQ Annualised	Q3	15-Nov	0.7%	2.9%
Tertiary Ind Act NSA	Sep	15-Nov		-2.9%
Machinery Orders YY	Sep	18-Nov	2.2%	-3.4%
Exports YY	Oct	20-Nov	2.2%	-1.7%
Imports YY	Oct	20-Nov	-0.3%	2.1%
Trade Balance Total Yen	Oct	20-Nov	-360.4B	-294.3B
Chain Store Sales YY	Oct	18-Nov		1.0%

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