

WEEKLY FOREIGN EXCHANGE OUTLOOK
07 Oct 2024 - 11 Oct 2024

Dollar Index
Dollar Index Graph


Source: Refinitiv

Dollar Outlook

- According to the CME FedWatch tool, 30-day Federal Funds futures pricing data indicates that the probability of a 50 basis points (bps) interest rate cut in November has dropped to 10% from 33% following the release of official employment data.
- As geopolitical tensions rise, the dollar is expected to be supported as a safe-haven asset.
- In addition to geopolitical risks, this week's key macroeconomic drivers include the US CPI inflation report (Consumer Price Index) and the Federal Open Market Committee (FOMC) meeting minutes.
- The September US CPI inflation report is scheduled for release on Thursday.

Lower Bound **100.50** **Upper Bound** **103.50**
Forecast **Appreciation**

Please carefully examine the Important Disclosure on the last section of this material.

Dollar News

- Early Monday, the DXY was pressured by the US PCE index and remained below 100.50.
- However, the US Dollar found support from the Fed Chair's hawkish remarks late Monday, which led investors to reduce their expectations for another large rate cut in November. Fed Chair Jerome Powell indicated that significant rate cuts should not be expected unless there is a notable downturn in US economic data.
- The dollar strengthened as a safe-haven asset amid geopolitical concerns, surpassing the key 101.00 level on Wednesday after Iran launched over 200 ballistic missiles at Israel and warned that any counterstrike would result in "vast destruction."
- Additionally, the dollar rose towards the end of the week following better-than-expected data from the ADP employment report and non-farm payrolls for September.

Dollar Index Performance

Last Week Close	100.38	Monthly High	102.69
Week Open	100.42	Monthly Low	100.16
Week Close	102.52	30 Days Average	101.19
Weekly High	102.69	90 Days Average	103.19
Weekly Low	100.18	YTD Change	+1.20%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Sep	10-Oct	0.2%	0.3%
Core CPI YY, NSA	Sep	10-Oct	3.2%	3.2%
CPI MM, SA	Sep	10-Oct	0.1%	0.2%
CPI YY, NSA	Sep	10-Oct	2.3%	2.5%
CPI Wage Earner	Sep	10-Oct		308.640
Initial Jobless Clm	5 Oct, w/e	10-Oct	230k	225k
PPI Machine Manuf'ing	Sep	11-Oct		185.1
U Mich Sentiment Prelim	Oct	11-Oct	71.0	70.1
Average Earnings YY	Sep	4-Oct	3.8%	3.8%

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Thai Baht
Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- Thailand's GDP grew by 2.5% last year, while the global economy appears to be slowing down. This makes the Thai baht (THB) more attractive to investors. However, given that the USD/THB pair was previously oversold, it is likely to rebound to levels of 33.55, 33.90, and 34.00.
- Additionally, better-than-expected Non-Farm Payroll (NFP) data has fueled the US dollar's rally.
- The September CPI report will be a key focus.

Thai Baht News

- On Monday, the baht reached its highest level in 31 months at 32.235 THB/USD, marking a 5.8% increase year-to-date, making it the second-best performer after Malaysia's ringgit. The baht appreciated alongside other regional currencies due to stimulus measures from China that boosted risk appetite and a broadly bearish US dollar.
- The Bank of Thailand (BOT) reiterated its commitment to managing the strong and volatile baht to mitigate its impact, which has led to an increase in international reserves.
- Throughout the week, the baht began to depreciate against the dollar due to the Fed's hawkish comments and rising geopolitical tensions.

Thai Baht Performance

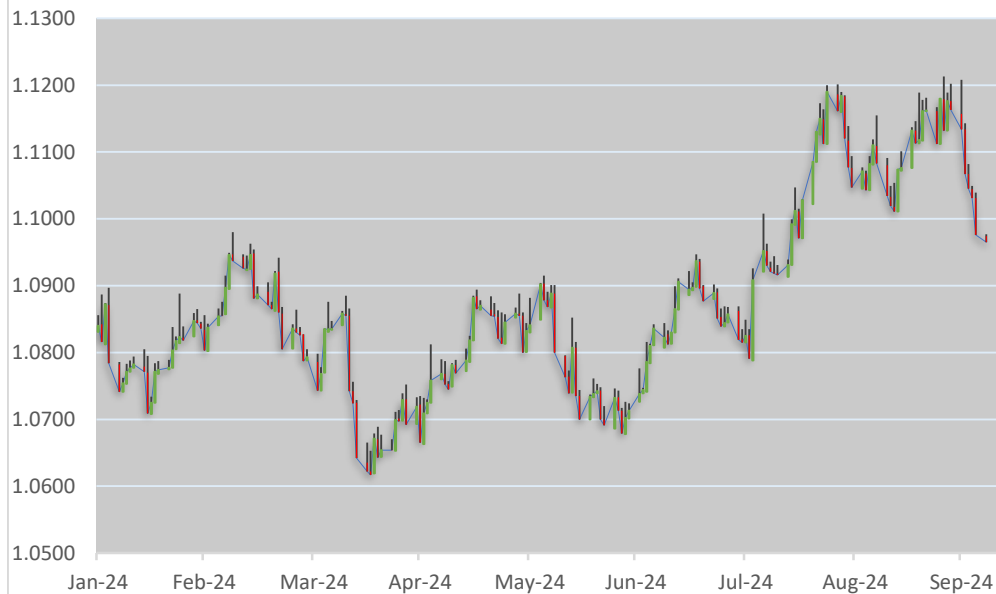
Last Week Close	32.38 THB/USD	Monthly High	33.47 THB/USD
Week Open	32.37 THB/USD	Monthly Low	32.39 THB/USD
Week Close	33.25 THB/USD	30 Days Average	33.34 THB/USD
Weekly High	33.45 THB/USD	90 Days Average	35.10 THB/USD
Weekly Low	32.12 THB/USD	YTD Change	-2.59%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Sep	7-Oct	0.80%	0.35%
CPI Core Inflation YY	Sep	7-Oct	0.72%	0.62%
CPI Index	Sep	7-Oct		108.79
Overall Comprehensive Risk	Q4	7-Oct		5.09
Consumer Confidence Idx	Sep	8-Oct		56.5

Lower Bound	33.00	Upper Bound	34.00
Forecast	Depreciation		

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Euro Graph


Source: Refinitiv

Euro Outlook

- Lower inflation in France and Spain has increased the likelihood of an ECB rate cut in October, suggesting the single currency may continue to weaken.
- Attention will be on the European Central Bank (ECB) meeting minutes on October 10.
- The deepening conflict between Iran and Israel has supported the US dollar, strengthening it against major rivals.

Euro News

- EUR/USD dropped to two-week lows, falling below 1.1000, due to a stronger US Dollar and prevailing risk-off sentiment. The pair is under pressure as poor market sentiment, driven by escalating Middle East conflict, continues to weigh on risk-sensitive assets like the Euro (EUR).
- EUR/USD continued to depreciate following the surprisingly strong US Non-Farm Payroll (NFP) data for September.

Euro Index Performance

Last Week Close	1.1163 USD/EUR	Monthly High	1.1143 USD/EUR
Week Open	1.1157 USD/EUR	Monthly Low	1.0952 USD/EUR
Week Close	1.0976 USD/EUR	30 Days Average	1.1101 USD/EUR
Weekly High	1.1208 USD/EUR	90 Days Average	1.0939 USD/EUR
Weekly Low	1.0950 USD/EUR	YTD Change	-0.63%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Sentix Index	Oct	7-Oct	-15.9	-15.4
Retail Sales MM	Aug	7-Oct	0.2%	0.1%
Retail Sales YY	Aug	7-Oct	1.0%	-0.1%

Lower Bound	1.0800	Upper Bound	1.1150
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

- The Bank of England (BoE) is expected to cut interest rates once by the end of the year.
- The upside potential for the major pair might be limited due to reduced expectations of Fed interest rate cuts following the upbeat US Nonfarm Payrolls report on Friday.

Pound Sterling News

- GBP/USD remained firm around 1.3385 on Monday as August US PCE inflation eased.
- Early Monday, the UK's Office for National Statistics revised the annualized GDP growth for Q2 down to 0.7% from the previously reported 0.9%. Following this data, GBP/USD held onto modest daily gains, slightly below 1.3400.
- GBP/USD faced challenges due to rising risk-aversion sentiment amid escalating Middle East conflict.
- In line with its risk-sensitive peers, the Sterling tumbled to multi-day lows, revisiting the 1.3200 level on Tuesday.
- GBP/USD extended its sell-off towards 1.3150 on Thursday. The pair faced fresh supply after BoE Governor Andrew Bailey indicated that the central bank could become 'more activist' on rate cuts if inflation eases. Additionally, risk aversion driven by Middle East concerns also weighed on the pair.

Pound Sterling Performance

Last Week Close	1.3373 USD/GBP	Monthly High	1.3389 USD/GBP
Week Open	1.3366 USD/GBP	Monthly Low	1.3070 USD/GBP
Week Close	1.3116 USD/GBP	30 Days Average	1.3208 USD/GBP
Weekly High	1.3422 USD/GBP	90 Days Average	1.2948 USD/GBP
Weekly Low	1.3066 USD/GBP	YTD Change	+2.99%

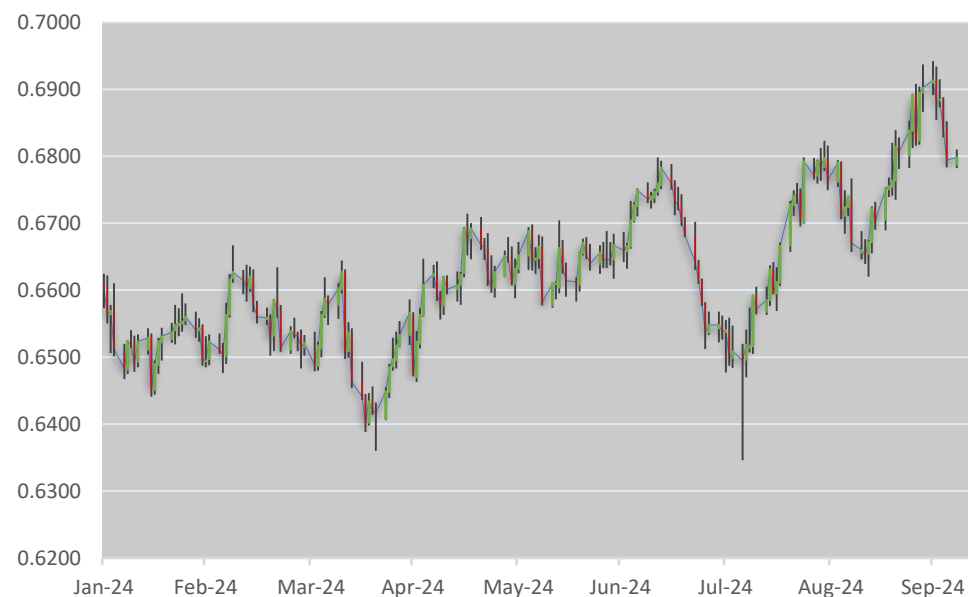
Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Sep	7-Oct	0.4%	0.3%
Halifax House Prices YY	Sep	7-Oct	5.20%	4.30%
Overall Comprehensive Risk	Q4	7-Oct		8.97
GDP Est 3M/3M	Aug	11-Oct	0.3%	0.5%
GDP Estimate MM	Aug	11-Oct	0.2%	0.0%
GDP Estimate YY	Aug	11-Oct	1.4%	1.2%
Services MM	Aug	11-Oct	0.2%	0.1%
Services YY	Aug	11-Oct		1.7%
Manufacturing Output MM	Aug	11-Oct	0.2%	-1.0%

Lower Bound **1.3000** **Upper Bound** **1.3300**
Forecast **Depreciation**

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Australian Dollar
Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- The RBA reiterated last week that policy will need to remain restrictive until there is confidence that inflation is moving sustainably towards the target range. This suggests a hawkish stance compared to the Fed, which might push AUD/USD into an upward trend.
- The pair is likely to benefit from expectations of additional Chinese stimulus.
- Attention now shifts to the RBA Minutes.

Australian Dollar News

- At the beginning of the week, AUD/USD found support as global risk sentiment received a boost from the People's Bank of China (PBOC) cutting the 7-day repo rate to 1.5% from 1.7% and lowering the reserve requirement ratio (RRR) by 50 basis points, fueling a risk-on rally across global equity markets.
- On Tuesday, AUD/USD held above 0.6900 following stronger-than-expected Australian Retail Sales data. Optimism over China's stimulus measures, the Reserve Bank of Australia's (RBA) hawkish stance, and a pause in the US Dollar upswing supported the pair.
- However, AUD/USD reversed three consecutive daily advances and revisited the 0.6860 zone due to a stronger Dollar and a more cautious stance in the risk complex.

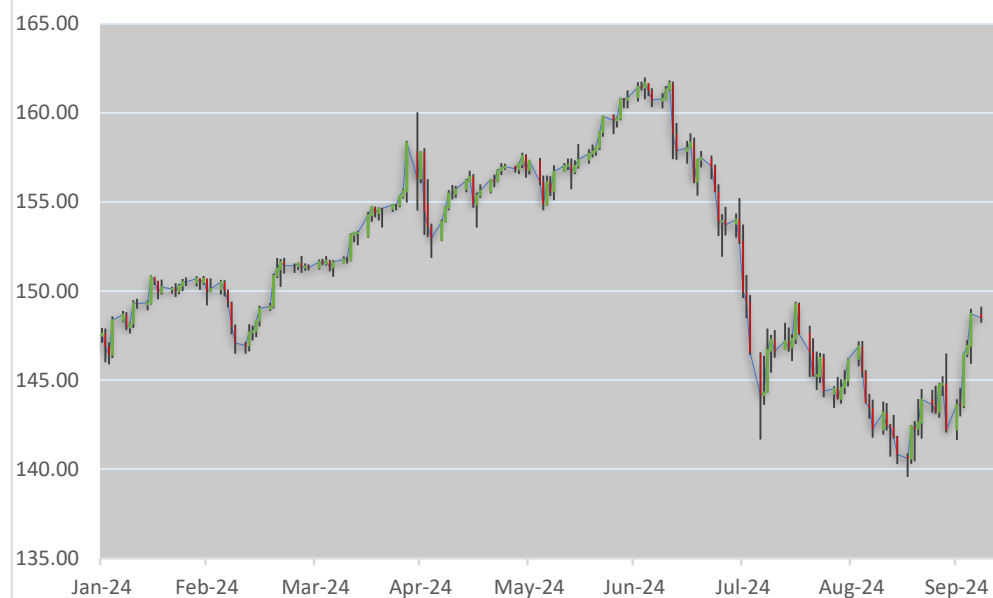
Australian Dollar Performance

Last Week Close	0.6902 USD/AUD	Monthly High	0.69340 USD/AUD
Week Open	0.6910 USD/AUD	Monthly Low	0.67850 USD/AUD
Week Close	0.6794 USD/AUD	30 Days Average	0.66306 USD/AUD
Weekly High	0.6942 USD/AUD	90 Days Average	0.66083 USD/AUD
Weekly Low	0.6783 USD/AUD	YTD Change	-0.16%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Oct	9-Oct		-0.5%

Lower Bound	0.6700	Upper Bound	0.6900
Forecast	Neutral		


Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- New Japanese PM Shigeru Ishiba surprised markets last week by stating that the economy is not ready for further rate hikes. Additionally, political uncertainty ahead of the general election on October 27 might keep JPY bulls cautious.
- Meanwhile, upbeat US monthly jobs data released on Friday led investors to scale back their bets for a significant rate cut by the Fed in November. This supports the US Dollar (USD), helping it maintain recent strong gains to a seven-week high.
- Geopolitical developments are also expected to provide short-term momentum to the USD/JPY pair.

Lower Bound	146.00	Upper Bound	149.00
Forecast	Neutral		

Japanese Yen News

- After a sharp decline of over 1.5% on Friday, JPY continued to edge lower towards 142.00 early Monday. Over the weekend, Japanese media reported that incoming Prime Minister Shigeru Ishiba proposed October 27 for a snap election. If confirmed, the parliament is likely to be dissolved by October 9.
- However, the USD/JPY pulled back from its highs, trading near 144.00 on Tuesday. The Japanese Yen slightly lowered amid a steady US Dollar and mixed market sentiment.
- In addition, the Yen also fell after PM Shigeru Ishiba said Japan is not in an environment for an additional rate increase, an apparent effort to shake off his reputation as monetary hawk after a meeting with BoJ Governor Kazuo Ueda on Wednesday.

Japanese Yen Performance

Last Week Close	142.19 JPY/USD	Monthly High	149.13 JPY/USD
Week Open	142.23 JPY/USD	Monthly Low	142.98 JPY/USD
Week Close	148.71 JPY/USD	30 Days Average	156.71 JPY/USD
Weekly High	149.00 JPY/USD	90 Days Average	153.51 JPY/USD
Weekly Low	141.63 JPY/USD	YTD Change	+5.27%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Aug	8-Oct	2,921.9B	3,193.0B
Current Account Bal SA	Aug	8-Oct		2,802,900M
Trade Bal Cust Basis SA	Aug	8-Oct		-392,690.00M
Reuters Tankan N-Man Idx	Oct	9-Oct		23

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