

WEEKLY FOREIGN EXCHANGE OUTLOOK
30 Sep 2024 - 04 Oct 2024

Dollar Index
Dollar Index Graph


Source: Refinitiv

Dollar Outlook

- Following the Fed's jumbo rate cut at its September 17-18 gathering, investors now see around 50-75 basis points of easing for the remainder of the year, and between 100 and 125 basis points more by the end of 2025.
- The expectation that the Federal Reserve will lower its borrowing costs in the future coupled with strong risk-on sentiment amid global market recovery will continue to undermine the USD.
- This week, investors will focus on Fed Chair Jerome Powell's speech, the ISM Purchasing Managers' Index (PMI), and Nonfarm Payroll report to project the next move in dollar.

Lower Bound	100.00	Upper Bound	102.00
Forecast	Depreciation		

Dollar News

- The US Dollar Index navigated the lower end of its multi-month range south of the 101.00 barrier, with initial contention around 100.20.
- Composite S&P PMI expanded at a slower pace of 54.4 in September, down from 54.6 in August. Manufacturing PMI unexpectedly declined to 47.0, while the services PMI expanded at a better-than-projected 55.4.
- US weekly jobless claims fell by 4,000 to a four-month low of 218,000, below the 225,000 forecasts. US Durable Goods Orders were unchanged in August. Meanwhile, the final US Gross Domestic Product (GDP) rose at an annual rate of 3.0% in the second quarter (Q2), as previously estimated.
- The annual PCE inflation grew by 2.2%, slower than estimates of 2.3% and July's print of 2.5%. The core inflation, which excludes volatile food and energy prices, rose expectedly by 2.7% year-on-year from 2.6% in June. Month-on-month inflation data grew by 0.1%.

Dollar Index Performance

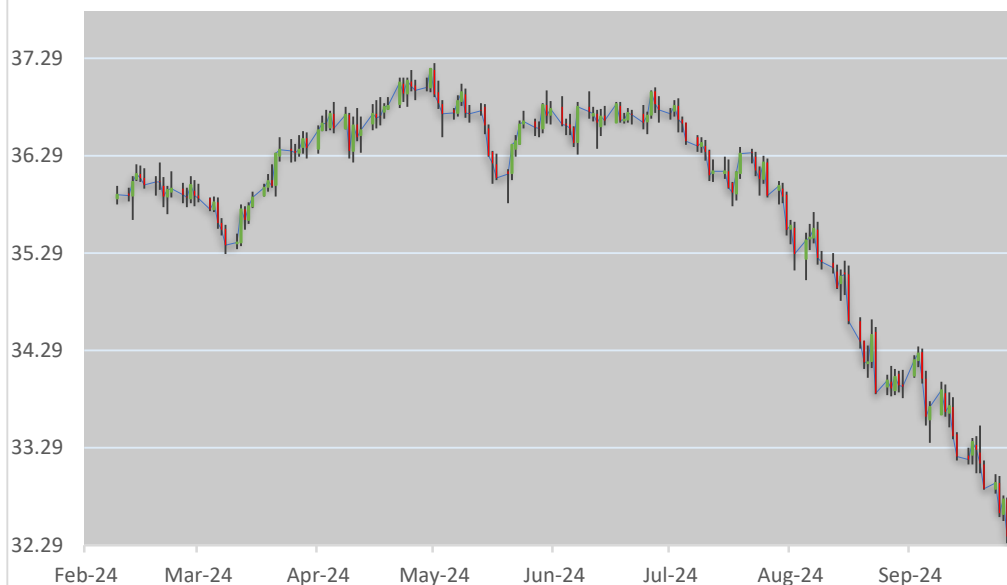
Last Week Close	100.72	Monthly High	101.92
Week Open	100.74	Monthly Low	100.16
Week Close	100.38	30 Days Average	101.06
Weekly High	101.47	90 Days Average	103.31
Weekly Low	100.16	YTD Change	-0.51%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ISM Manufacturing PMI	Sep	1-Oct	47.5	47.2
Overall Comprehensive Risk	Q4	3-Oct		7.97
Initial Jobless Clm	28 Sep, w/€	3-Oct	220k	218k
S&P Global Comp Final PMI	Sep	3-Oct		54.4
S&P Global Svcs PMI Final	Sep	3-Oct		55.4
Factory Orders MM	Aug	3-Oct	0.1%	5.0%
ISM N-Mfg PMI	Sep	3-Oct	51.6	51.5
Non-Farm Payrolls	Sep	4-Oct	140k	142k
Unemployment Rate	Sep	4-Oct	4.2%	4.2%
Average Earnings YY	Sep	4-Oct	3.8%	3.8%

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

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Thai Baht
Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- The Ministry of Finance and the Bank of Thailand are due to meet this week to discuss currency appreciation and the country's inflation target.
- The rapid appreciation of the baht could prompt the Bank of Thailand to cut interest rates as early as its meeting in mid-October.
- Risk-on sentiment seen in global markets after a raft of Chinese stimulus measures continue to lift investors' confidence and strenghtend EM currencies.
- A rally in gold price could send thai baht lower should bullish momentum persists.

Lower Bound	32.00	Upper Bound	33.00
Forecast	Appreciation		

Thai Baht News

- The baht continued to appreciate against the dollar, supported by the all-time high in global gold prices and foreign capital inflow into Thai markets.
- Thailand's exports rose for a second straight month in August at 7%, while import rose 8.9%, compared with a forecast rise of 7.3%. This led to a surplus of \$260 million in August.
- The central bank said on Wednesday (25/9) that it was closely monitoring the currency and was ready to reduce volatility if necessary.
- The baht has risen by 4.6% against the dollar since the beginning of the year— with double-digit gains in the past month — to become the region's second-strongest performing currency after Malaysia's ringgit. On Friday (27/9), the baht ended the week below 32.50 THB/USD.

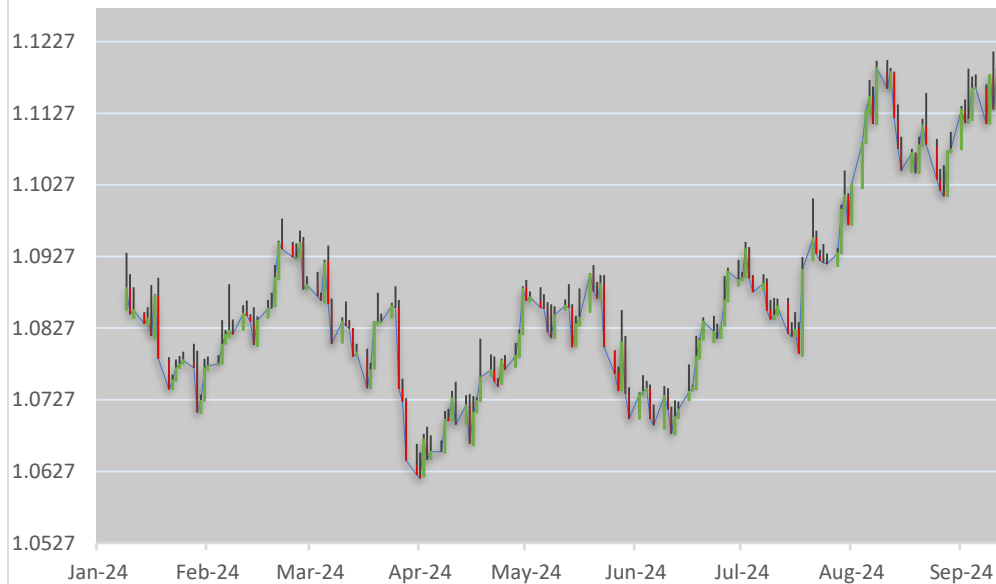
Thai Baht Performance

Last Week Close	33.13 THB/USD	Monthly High	32.50 THB/USD
Week Open	32.87 THB/USD	Monthly Low	32.39 THB/USD
Week Close	32.32 THB/USD	30 Days Average	33.48 THB/USD
Weekly High	33.02 THB/USD	90 Days Average	35.26 THB/USD
Weekly Low	32.24 THB/USD	YTD Change	-5.41%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Imports YY	Aug	30-Sep		15.80%
Trade Account	Aug	30-Sep		0.90B
Current Account	Aug	30-Sep		0.30B
Private Investment Index	Aug	30-Sep		6.00%
Pvt Consumption Index	Aug	30-Sep		0.30%
Manufacturing PMI SA	Sep	1-Oct		52.0
Overall Comprehensive Risk	Q4	4-Oct		5.09
Forex Reserves	23 Sep, w/€	4-Oct		240.9B
Currency Swaps	23 Sep, w/€	4-Oct		26.2B

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Euro Graph


Source: Refinitiv

Euro Outlook

- Going forward, the Euro will be guided by market expectations for European Central Bank (ECB) interest rate cut prospects for the rest of the year. The ECB is expected to deliver one interest rate cut in any of its two meetings remaining this year.
- A decisive break above the round-level resistance of 1.1200 will result in further appreciation toward the July 2023 high of 1.1276. On the downside, the psychological level of 1.1000 will be major support zones.
- Investors will focus on the preliminary German and Eurozone HICP data for September, which will be published on Monday and Tuesday, respectively.

Lower Bound	1.1000	Upper Bound	1.1200
Forecast	Appreciation		

Euro News

- The euro tested territory above the key resistance of 1.1200 on Wednesday as the US dollar remains under pressure amid an improvement in investors' risk appetite due to China's massive stimulus plans.
- Flash HCOB Composite Purchasing Managers Index (PMI), unexpectedly contracted to 48.9 in September, the lowest level since January. German HCOB Manufacturing PMI came in at its lowest since September 2023 at 40.3, extending its contraction for 27 months in a row. Meanwhile, the French HCOB Composite PMI also returned to the contraction phase after expanding in August due to the one-off Olympic event.
- On Friday (27/9), the EUR/USD fell below 1.115 as softer than expected inflation data from France and Spain has prompted ECB rate cut prospects in October. However, the pair was able to reverse intraday losses and return above 1.115 later in the session after the release of US PCE.

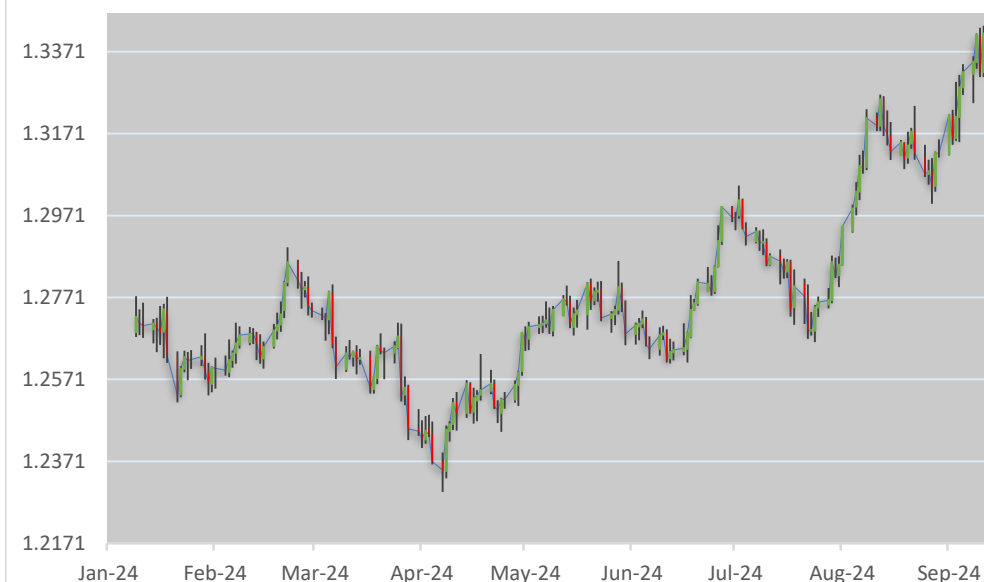
Euro Index Performance

Last Week Close	1.1162 USD/EUR	Monthly High	1.1143 USD/EUR
Week Open	1.1161 USD/EUR	Monthly Low	1.1128 USD/EUR
Week Close	1.1163 USD/EUR	30 Days Average	1.1121 USD/EUR
Weekly High	1.1213 USD/EUR	90 Days Average	1.0931 USD/EUR
Weekly Low	1.1082 USD/EUR	YTD Change	+0.88%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HICP Prelim YY	Sep	30-Sep	1.9%	2.0%
HCOB Mfg PMI	Sep	1-Oct	40.3	40.3
HCOB Mfg Final PMI	Sep	1-Oct	44.8	44.8
HICP Flash YY	Sep	1-Oct	1.9%	2.2%
HICP-X F,E,A&T Flash YY	Sep	1-Oct	2.8%	2.8%
Unemployment Rate	Aug	2-Oct	6.4%	6.4%
HCOB Services PMI	Sep	3-Oct	50.6	50.6
HCOB Composite Final PMI	Sep	3-Oct	47.2	47.2
HCOB Services Final PMI	Sep	3-Oct	50.5	50.5
HCOB - Composite Final PMI	Sep	3-Oct	48.9	48.9

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Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

- Expectations that the Bank of England's (BoE) rate-cutting cycle is likely to be slower than in the United States should continue to underpin the British Pound (GBP) and contribute to limiting losses for the GBP/USD pair.
- Q2 GDP will be due on Monday (30/9)

Pound Sterling News

- The Pound Sterling faced pressure near 1.34 against the US dollar.
- The BoE is expected to cut interest rates once in the last quarter of the year.
- BoE Governor Andrew Bailey said in an interview, "I do think the path for interest rates will be downwards, gradually." Bailey's comments suggest that he is confident about inflation sustainably returning to the bank's target of 2%.
- The annual headline inflation hovered near the bank's target of 2% in the last three months. However, high inflation in the services sector has remained a major concern for BoE policymakers, for which they closely track the Service Consumer Price Index (CPI), which increased to 5.6% in August from 5.2% in July.

Pound Sterling Performance

Last Week Close	1.3321 USD/GBP	Monthly High	1.3389 USD/GBP
Week Open	1.3316 USD/GBP	Monthly Low	1.3363 USD/GBP
Week Close	1.3373 USD/GBP	30 Days Average	1.3205 USD/GBP
Weekly High	1.3434 USD/GBP	90 Days Average	1.2929 USD/GBP
Weekly Low	1.3245 USD/GBP	YTD Change	+5.00%

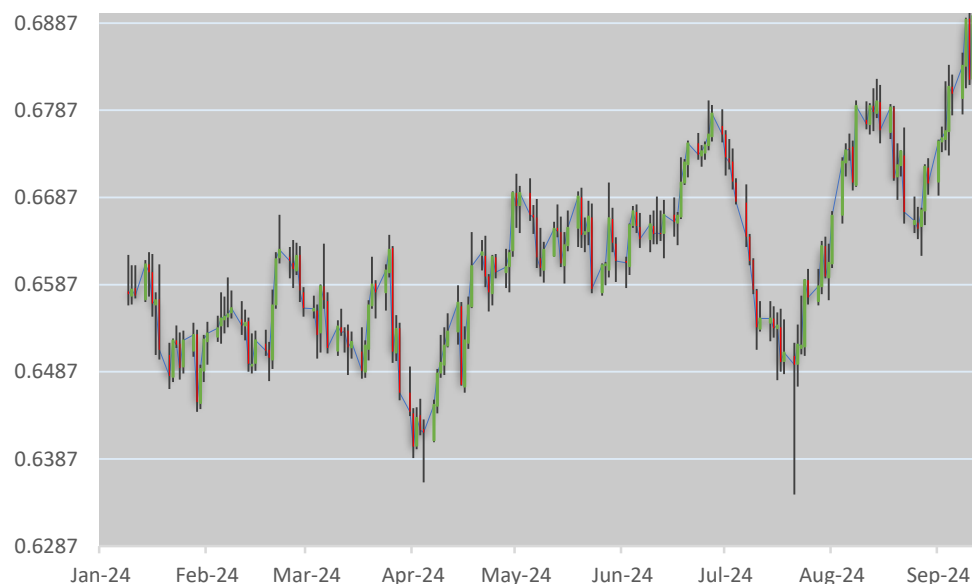
Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Sep	30-Sep	0.2%	-0.2%
Nationwide house price yy	Sep	30-Sep	2.7%	2.4%
GDP QQ	Q2	30-Sep	0.6%	0.6%
S&P GLOBAL MANUFACTURING PMI	Sep	1-Oct	51.5	51.5
S&P GLOBAL PMI: COMPOSITE - OUTPUT	Sep	3-Oct	52.9	52.9
Reserve Assets Total	Sep	3-Oct		193,045.40M
Overall Comprehensive Risk	Q4	3-Oct		8.97
S&P GLOBAL PMI: MSC COMPOSITE - OUTPUT	Sep	4-Oct		53.8

Lower Bound **1.3300** **Upper Bound** **1.3500**
Forecast **Appreciation**

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Australian Dollar
Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- Hawkish RBA stance and soft US inflation maintain upside potential for AUD/USD.
- The next target to the upside is 0.6988 (14 February '23 swing high), followed by 0.7156 in a bullish case (2 February '23 high). The pair is not overbought according to the Relative Strength Index (RSI) momentum indicator and so has breadth for more upside.

Lower Bound	0.6850	Upper Bound	0.7050
Forecast	Appreciation		

Australian Dollar News

- The AUD/USD gained traction throughout the week, rising from 0.68 to 0.69 on optimism surrounding China's stimulus measures, including a rate cut and lower reserve requirement ratio, boosting risk sentiment and supporting the AUD.
- The Reserve Bank of Australia (RBA) held the Official Cash Rate (OCR) steady at 4.35% on Tuesday.
- The Australian central bank reiterated on that policy will need to be restrictive until confidence returns that inflation is moving sustainably towards the target range. Adding to this, RBA Governor Michele Bullock stated that the recent data has not significantly influenced the policy outlook.

Australian Dollar Performance

Last Week Close	0.6806 USD/AUD	Monthly High	0.69340 USD/AUD
Week Open	0.6801 USD/AUD	Monthly Low	0.69080 USD/AUD
Week Close	0.6902 USD/AUD	30 Days Average	0.66396 USD/AUD
Weekly High	0.6937 USD/AUD	90 Days Average	0.66076 USD/AUD
Weekly Low	0.6782 USD/AUD	YTD Change	+1.60%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	Aug	1-Oct		10.4%
Building Approval Total YY	Aug	1-Oct		24.9%
Retail Sales MM Final	Aug	1-Oct	0.4%	0.0%
Judo Bank Svs PMI Final	Sep	3-Oct		50.6
Judo Bank Comp PMI Final	Sep	3-Oct		49.8
Balance on Goods	Aug	3-Oct	6,100M	6,009M
Goods/Services Imports	Aug	3-Oct		-0.8%
Goods/Services Exports	Aug	3-Oct		0.7%
Owner-Occp'd Hous'g Fin MM	Aug	4-Oct	1.00%	2.90%


Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- A sharp rally in the Yen suggests that the market participants expect the victory of new PM Shigeru Ishiba to be favorable for further interest rate hikes by the Bank of Japan (BoJ). In his previous comments, Ishiba told Reuters that the central bank was "on the right policy track" with rate hikes thus far.
- However, BoJ Governor Kazuo Ueda indicated that the central bank has time to evaluate market and economic conditions before making any policy adjustments, signaling that there is no urgency to raise interest rates again. Ueda also noted that Japan's real interest rate remains deeply negative, which is helping to stimulate the economy and drive up prices.

Japanese Yen News

- USD/JPY remains volatile, moving between 143-145 earlier in the week due to the potential delay in BoJ's rate hikes.
- The Jibun Bank Japan Composite Purchasing Managers Index (PMI) declined to 52.5 in September, down from a final reading of 52.9 in August. While, the Services PMI increased to 53.9 in September, up from a final 53.7 in the previous month.
- On Thursday (26/9), the BoJ Monetary Policy Meeting Minutes expressed the members' consensus on the importance of remaining vigilant regarding the risks of inflation exceeding targets. Several members indicated that raising rates to 0.25% would be suitable as a way to adjust the level of monetary support. A few others suggested that a moderate adjustment to monetary support would also be appropriate.
- On Friday (27/9), the USD/JPY nosedives to near 142.50 on Ishiba's victory in PM contest.
- Tokyo CPI rose 2.2% YoY in September vs. a 2.6% rise prior. Meanwhile, the CPI excluding fresh food and energy climbed 1.6% YoY in September, unchanged from the previous reading.

Japanese Yen Performance

Last Week Close	143.91 JPY/USD	Monthly High	144.41 JPY/USD
Week Open	143.93 JPY/USD	Monthly Low	143.67 JPY/USD
Week Close	142.19 JPY/USD	30 Days Average	156.28 JPY/USD
Weekly High	146.49 JPY/USD	90 Days Average	153.15 JPY/USD
Weekly Low	142.05 JPY/USD	YTD Change	+2.30%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Large Scale Retail Sales YY	Aug	30-Sep		1%
Jobs/Applicants Ratio	Aug	1-Oct	1.24	1.24
Unemployment Rate	Aug	1-Oct	2.6%	2.7%
JibunBK Mfg PMI Final SA	Sep	1-Oct		49.6
Monetary Base YY	Sep	2-Oct		0.64%
JibunBK Comp Op Final SA	Sep	3-Oct		52.5
JibunBK SVC PMI Final SA	Sep	3-Oct		53.9

Lower Bound	140.00	Upper Bound	144.50
Forecast	Appreciation		

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