

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**09 Sep 2024 - 13 Sep 2024**

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


Source: Thomson Reuters

**Dollar Outlook**

- We believe that the Dollar index will trade in a consolidate phase as the Greenback's upside may be capped, as a 25-basis-point trim is the most likely scenario as US policymakers enter a blackout period ahead of the monetary policy announcement, scheduled for September 18.
- Chicago Fed President Austan Goolsbee indicated that the Fed is beginning to align with the market's view on rate cuts while, however, Goolsbee downplayed the discussion of a larger rate cut in September.
- The US will publish the August Consumer Price Index (CPI) next Wednesday, while the Producer Price Index (PPI) for the same month will be out the following day. At the end of the week, the country will publish the preliminary estimate of the September Michigan Consumer Sentiment Index.

<b>Lower Bound</b>	<b>100.50</b>	<b>Upper Bound</b>	<b>102.50</b>
<b>Forecast</b>	<b>Neutral</b>		

**Dollar News**

- The US Dollar's appeal has weakened following a weaker-than-expected August Nonfarm Payrolls (NFP) report, which showed 142K new jobs, below estimates of 160K but above July's revised 89K. The Unemployment Rate fell as expected to 4.2% from 4.3%. Other data showed that Average Hourly Earnings rose by 3.8% year-on-year, exceeding expectations.
- This decline in labor market conditions, alongside disappointing JOLTS Job Openings and ADP Employment data, has fueled concerns about a slowing economy along the week and markets are getting confident about a bigger cut in September by the Federal Reserve (Fed).
- The USD seesawed between gains and losses with the NFP report, as the figures were weak enough to back a Fed rate cut but not as weak as to trigger recession-related concerns. The odds of a 50 bps cut in September by the Fed rose to nearly 50% but A 25-basis-point trim is more favorite.
- Meanwhile, the country published the August ISM Manufacturing Purchasing Managers Index (PMI), which improved to 47.2, below the 47.5 expected while the Services PMI for the same month grew by more than anticipated, as the index hit 51.5 vs the 51.1 expected.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>101.70</b>	<b>Monthly High</b>	<b>104.53</b>
<b>Week Open</b>	<b>101.73</b>	<b>Monthly Low</b>	<b>100.51</b>
<b>Week Close</b>	<b>101.18</b>	<b>30 Days Average</b>	<b>102.15</b>
<b>Weekly High</b>	<b>101.92</b>	<b>90 Days Average</b>	<b>103.98</b>
<b>Weekly Low</b>	<b>100.58</b>	<b>YTD Change</b>	<b>+0.36%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Core CPI MM, SA	Aug	11-Sep	0.2%	0.2%
Core CPI YY, NSA	Aug	11-Sep	3.2%	3.2%
CPI MM, SA	Aug	11-Sep	0.2%	0.2%
CPI YY, NSA	Aug	11-Sep	2.6%	2.9%
CPI Wage Earner	Aug	11-Sep		308.501
Initial Jobless Clm	7 Sep, w/e	12-Sep	230k	227k
Import Prices YY	Aug	13-Sep		1.7%
U Mich Sentiment Prelim	Sep	13-Sep	68.5	67.9
PPI Machine Manuf'ing	Aug	12-Sep		184.6

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


Source: Thomson Reuters

**Thai Baht Outlook**

- In Medium term, we believe that the baht is still in an appreciated trend. However, the correction or retracement in price is expected as the US dollar start rebounding.
- The continuity of the government policy and also recent foreign capital inflow will support the baht as well as the potential rise in Gold price.
- The main support of the USD/THB is at 33.40 and if this level broken, the next one may be 33.00 and 32.85. Meanwhile, the rebounded target is at 33.95, 34.10 and 34.30.
- The upside of the THB gain may be limited as the Finance Minister Pichai said that he did not favor the baht appreciation and believe that the BOT will monitor baht movement and allow it to move in tandem with market mechanisms.

<b>Lower Bound</b>	<b>33.40</b>	<b>Upper Bound</b>	<b>34.10</b>
<b>Forecast</b>	<b>Neutral</b>		

**Thai Baht News**

- The baht significantly gained last week and made the most appreciated level at around 33.40 THB/USD on Friday(6/9) amid signs of policy continuity after the Thai PM announced her cabinet line up.
- The baht was also supported as the ministry of finance is preparing to sell Vayupak 1 investment fund units to general investors from Sept 16-20, and to institutional investors on Sept 18-20. The fund is expected to begin making its investments in the stock market on Oct 1, with an estimated 150 billion baht entering the market.
- The SET index skyrocketed last week, before closing yesterday at 1,427.64, up 5% from the previous week with foreign investors were net buyers of 15.5 billion.
- Headline inflation slowed in August, rising 0.35% from a year earlier, compared to 0.83% in July, as food prices rose and energy prices fell, the Ministry of Commerce ministry said.

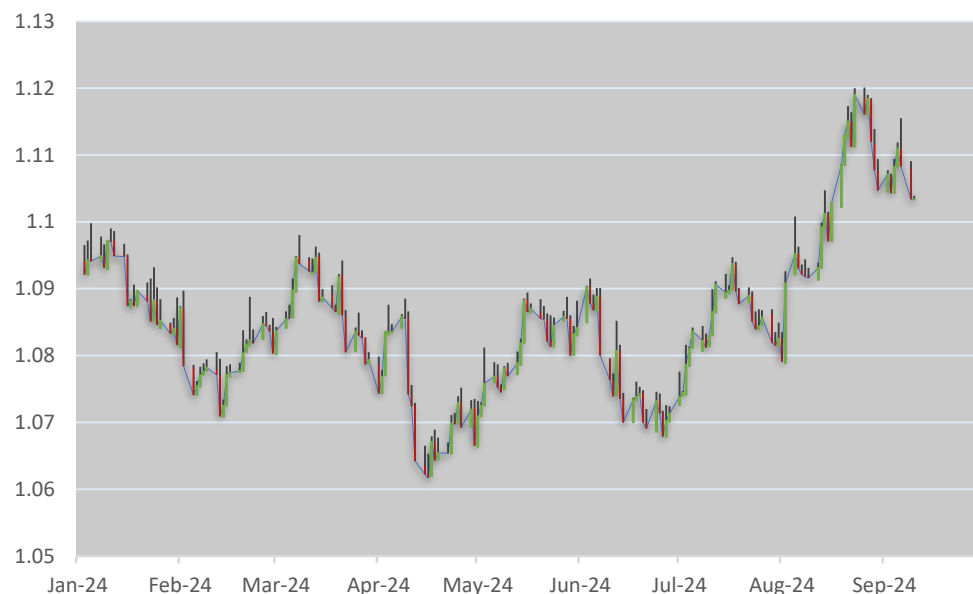
**Thai Baht Performance**

<b>Last Week Close</b>	<b>33.93</b> THB/USD	<b>Monthly High</b>	<b>34.33</b> THB/USD
<b>Week Open</b>	<b>34.03</b> THB/USD	<b>Monthly Low</b>	<b>33.38</b> THB/USD
<b>Week Close</b>	<b>33.71</b> THB/USD	<b>30 Days Average</b>	<b>34.57</b> THB/USD
<b>Weekly High</b>	<b>34.33</b> THB/USD	<b>90 Days Average</b>	<b>35.85</b> THB/USD
<b>Weekly Low</b>	<b>33.34</b> THB/USD	<b>YTD Change</b>	<b>-1.34%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Consumer Confidence Idx	Aug	12-Sep		57.7
Forex Reserves	6 Sep, w/e	13-Sep		235.7B
Currency Swaps	6 Sep, w/e	13-Sep		26.5B

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**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- The ECB will announce its decision on monetary policy on Thursday, September 12, and is widely anticipated to trim 25 basis points (bps) this time and traders remain split on whether the ECB will cut in the November or December meeting, or in both of them.
- With ECB officials repeating that decisions are data-dependent, the movement has been priced in long ago. On the one hand, inflation keeps closing into the central bank's 2% goal. On the other hand, because of tepid economic progress due to the restrictive policy, the rate cut was already priced in long ago, and what can actually affect the Euro is whatever forward guidance policymakers are willing to offer.
- Beyond the ECB announcement, the EU will have little to offer. The Union will release September Sentix Investor Confidence on Monday and July Industrial Production on Friday, while Germany will publish the final estimate of the August Harmonized Index of Consumer Prices (HICP) on Tuesday.

<b>Lower Bound</b>	<b>1.0950</b>	<b>Upper Bound</b>	<b>1.1150</b>
<b>Forecast</b>	<b>Neutral</b>		

**Euro News**

- Last week, the euro traded in a narrow range and hovered above 1.1000 level as slow EU economic progress kept limiting the Euro's strength. The manufacturing sector saw modest progress in August, as the Hamburg Commercial Bank (HBOC) upwardly revised the Manufacturing Purchasing Managers Index (PMI) for the region but resulted at 45.8, still indicating economic contraction. The Services PMI, on the other hand, was downwardly revised to 52.9, resulting in a Composite PMI of 51.0.
- By itself, the euro exhibited a mixed performance against its major peers as traders aren't sure about the European Central Bank (ECB) interest rate path for the remainder of the year.
- Meanwhile, most ECB officials seem to be comfortable with market speculation for interest rate cuts as they remain worried about growing risks to Eurozone economic growth. ECB Executive Board member Piero Cipollone said in an interview with a French newspaper this week that "there is a real risk that [the ECB] stance could become too restrictive."
- On Friday (6/9), the EUR/USD pair changed course after extending its slide to 1.1025, finding some positive footing mid-week to settle near 1.1100 after peaking at 1.1154.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.1047 USD/EUR</b>	<b>Monthly High</b>	<b>1.1155 USD/EUR</b>
<b>Week Open</b>	<b>1.1045 USD/EUR</b>	<b>Monthly Low</b>	<b>1.1027 USD/EUR</b>
<b>Week Close</b>	<b>1.1083 USD/EUR</b>	<b>30 Days Average</b>	<b>1.1032 USD/EUR</b>
<b>Weekly High</b>	<b>1.1155 USD/EUR</b>	<b>90 Days Average</b>	<b>1.0882 USD/EUR</b>
<b>Weekly Low</b>	<b>1.1025 USD/EUR</b>	<b>YTD Change</b>	<b>-0.02%</b>

**Next Week's Euro Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Sentix Index	Sep	9-Sep	-12.5	-13.9
German CPI Final MM	Aug	10-Sep	-0.1%	-0.1%
German CPI Final YY	Aug	10-Sep	1.9%	1.9%
German HICP Final MM	Aug	10-Sep	-0.2%	-0.2%
German HICP Final YY	Aug	10-Sep	2.0%	2.0%
ECB Refinancing Rate	Sep	12-Sep	3.65%	4.25%
ECB Deposit Rate	Sep	12-Sep	3.50%	3.75%
Industrial Production MM	Jul	13-Sep	-0.5%	-0.1%
Industrial Production YY	Jul	13-Sep	-2.7%	-3.9%

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


Source: Thomson Reuters

**Pound Sterling Outlook**

- Investors estimate about a 25% likelihood that the “Old Lady” will cut interest rates at its September 19 policy announcement, while a rate cut is fully anticipated for November.
- The near-term outlook of the British currency has remained upbeat recently as investors expect that the BoE’s policy-easing cycle will be shallower than that of other central banks. For example, the European Central Bank (ECB) and the Fed are expected to cut their borrowing rates by 50 basis points (bps) and 100 bps in the remainder of the year, respectively, while the BoE is expected to reduce them by just 25 bps.
- The major reason behind firm speculation for BoE’s more gradual easing cycle is that the economy is doing better than previously expected and the fact that inflation in the services sector remains high.
- The UK calendar appears pretty interesting with the releases of the always-relevant labour market report on Tuesday, and GDP figures among other key fundamentals, on Wednesday.

<b>Lower Bound</b>	<b>1.3030</b>	<b>Upper Bound</b>	<b>1.3200</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- At the beginning of the week, the pound recovered from its previous weeks loss as it's underpinned by expectations that the Bank of England's (BoE) rate-cutting cycle is more likely to be slower than in the Eurozone or the United States.
- Moreover, the cable was supported after UK final August Services and Composite PMI data were revised modestly higher to 53.7 and 53.8 (from 53.3 and 53.4 respectively).The indicator suggests that the economy grew at the fastest pace since April.
- A survey released on Thursday indicated that British companies expect to raise their selling prices by the smallest margin in nearly three years, while wage growth shows no signs of slowing. This mixed news poses a challenge for BoE officials assessing inflation pressures.
- The Pound Sterling weakens against its other major peers on Friday. The British currency drops slightly as investors turn cautious amid the absence of United Kingdom (UK) top-tier economic data. Therefore, market sentiment and speculation for the Bank of England (BoE) interest rate path are guiding the value of the currency.

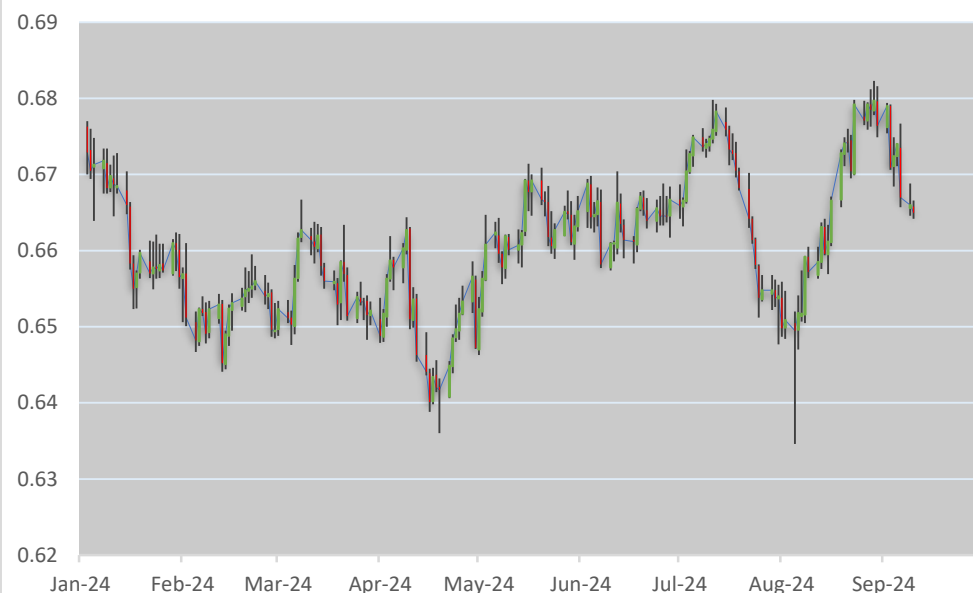
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3126 USD/GBP</b>	<b>Monthly High</b>	<b>1.3238 USD/GBP</b>
<b>Week Open</b>	<b>1.3119 USD/GBP</b>	<b>Monthly Low</b>	<b>1.3059 USD/GBP</b>
<b>Week Close</b>	<b>1.3123 USD/GBP</b>	<b>30 Days Average</b>	<b>1.2979 USD/GBP</b>
<b>Weekly High</b>	<b>1.3238 USD/GBP</b>	<b>90 Days Average</b>	<b>1.2826 USD/GBP</b>
<b>Weekly Low</b>	<b>1.3084 USD/GBP</b>	<b>YTD Change</b>	<b>+2.63%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Claimant Count Unem Chng	Aug	10-Sep		135.0k
ILO Unemployment Rate	Jul	10-Sep	4.1%	4.2%
HMRC Payrolls Change	Aug	10-Sep		24k
GDP Est 3M/3M	Jul	11-Sep	0.6%	0.6%
GDP Estimate MM	Jul	11-Sep	0.2%	0.0%
GDP Estimate YY	Jul	11-Sep	1.4%	0.7%
Services MM	Jul	11-Sep	0.2%	-0.1%
Services YY	Jul	11-Sep	1.8%	1.2%
Manufacturing Output MM	Jul	11-Sep	0.2%	1.1%

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- We have slightly downward bias for the aussie in the short term as it is in the correction period after the resistance around 0.6830 was too strong to break.
- In term of fundamental, despite firm speculation that the Reserve Bank of Australia (RBA) is unlikely to cut interest rates this year, the AUD was pressured by the downbeat economic growth and the export to China figures which latestlly slumped significantly in July, with coal and iron ore prices continuing to decline.
- Technically, A break below the 0.6685 low would confirm a continuation of the downtrend. The next target below that is 0.6645, followed by 0.6587, the Fibonacci 0.50 ratio retracement level of the August rally.

<b>Lower Bound</b>	<b>0.6600</b>	<b>Upper Bound</b>	<b>0.6750</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Australian Dollar News**

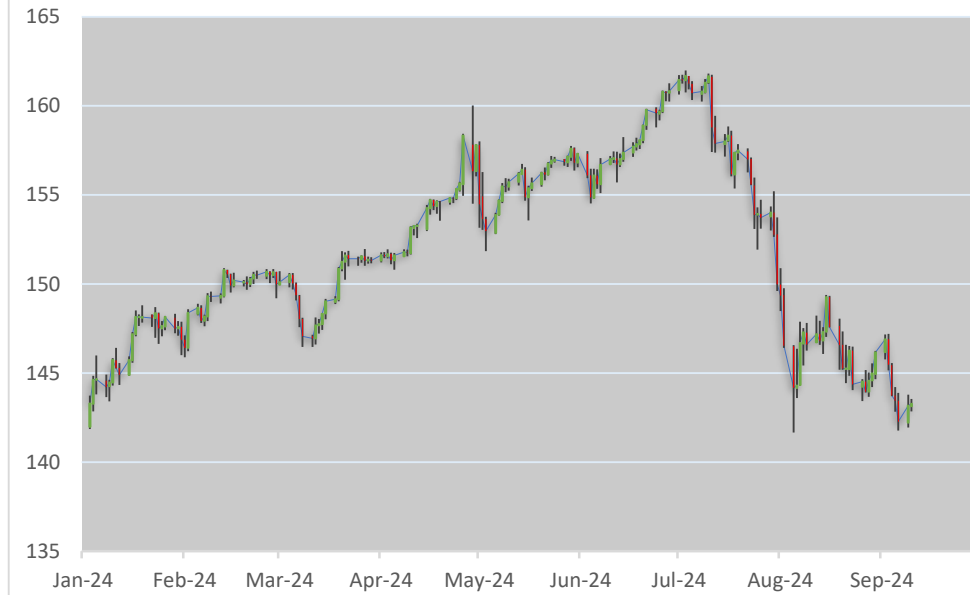
- At the beginning of last week, the Australian Dollar (AUD) weakens as the current market mood bodes poorly for risky assets. Moreover, it was pressured after Australia's GDP growth grew by just 0.2% in the April-June period and 1% over the last year which indicated that the Australian economy registered its worst performance in more than 30 years, excluding the first year of the COVID-19 pandemic.
- Additionally, the fear of a Chinese economic slowdown might contribute to the AUD's downside as China is a major trading partner to Australia. Chinese Caixin Manufacturing PMI rose to 50.4 in August from 49.8 in July, below the estimation of 52.2.
- On Thursday (5/9), the Aussie slightly gained after RBA Governor Bullock maintained a hawkish stance, reiterating that the Board does not expect to cut rates in the near term. He said that "If the economy evolves broadly as anticipated, the board does not expect that it will be in a position to cut rates in the near term."

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6764</b> USD/AUD	<b>Monthly High</b>	<b>0.67940</b> USD/AUD
<b>Week Open</b>	<b>0.6762</b> USD/AUD	<b>Monthly Low</b>	<b>0.66450</b> USD/AUD
<b>Week Close</b>	<b>0.6670</b> USD/AUD	<b>30 Days Average</b>	<b>0.66796</b> USD/AUD
<b>Weekly High</b>	<b>0.6794</b> USD/AUD	<b>90 Days Average</b>	<b>0.66049</b> USD/AUD
<b>Weekly Low</b>	<b>0.6657</b> USD/AUD	<b>YTD Change</b>	<b>-2.35%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Consumer Sentiment	Sep	10-Sep		2.8%
NAB Business Conditions	Aug	10-Sep		6
NAB Business Confidence	Aug	10-Sep		1
LSEG IPSOS PCSI	Sep	13-Sep		49.27


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- This week, investors are monitoring the Q2 GDP(9/9), PPI data(12/9) and ,industrail production(13/9). Meanwhile, the divergent between Fed-BoJ policy expectations will be the key role that would drive the pair.
- We believe that the USD/JPY downtrend will continues, as downward momentum accelerates after volatility from US Nonfarm Payrolls data.
- Key support levels include 142.00 and last week's low of 141.77, with further downside likely if these are breached.

<b>Lower Bound</b>	<b>142.00</b>	<b>Upper Bound</b>	<b>144.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- On Monday(4/9), the yen extends losses to the level around 147.00 as the US Dollar (USD) continues its recovery from the late August lows after the release of July's US PCE.
- Since Tuesday(3/9), the USD/JPY pair has been under some selling pressure every single day and drops to over a one-month low, around the 142.00 round-figure mark on Friday.
- The divergent Fed-BoJ policy expectations turn out to be a key factor exerting downward pressure.
- The bets(US 50bps rate cut) were reaffirmed by rather an unimpressive US macro data released this week, which pointed to a cooling labor market and suggested that the economy is at risk of a slowdown. In contrast, BoJ Governor Kazuo Ueda reiterated in the week that the central bank will continue to raise interest rates if the economy and prices perform as expected. Furthermore, an unexpected rise in Japan's real wages for the second straight month in July keeps the BoJ on track for another rate hike in 2024.
- The yen was also supported from upbeat economic figure as the Jibun Bank Services PMI data released on Wednesday that rhe index was revised to 53.7 in August which marks the seventh consecutive month of expansion in the service sector.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>146.16 JPY/USD</b>	<b>Monthly High</b>	<b>147.20 JPY/USD</b>
<b>Week Open</b>	<b>146.18 JPY/USD</b>	<b>Monthly Low</b>	<b>141.79 JPY/USD</b>
<b>Week Close</b>	<b>142.27 JPY/USD</b>	<b>30 Days Average</b>	<b>155.41 JPY/USD</b>
<b>Weekly High</b>	<b>147.20 JPY/USD</b>	<b>90 Days Average</b>	<b>151.69 JPY/USD</b>
<b>Weekly Low</b>	<b>141.77 JPY/USD</b>	<b>YTD Change</b>	<b>+1.56%</b>

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

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Current Account NSA JPY	Jul	9-Sep	2,589.3B	1,533.5B
Current Account Bal SA	Jul	9-Sep		1,776,300M
Trade Bal Cust Basis SA	Jul	9-Sep		-440,580.00M
GDP Rev QQ Annualised	Q2	9-Sep	3.2%	3.1%
GDP Revised QQ	Q2	9-Sep	0.8%	0.8%
GDP Cap Ex Rev QQ	Q2	9-Sep	1.0%	0.9%
Reuters Tankan N-Man Idx	Sep	11-Sep		24
Corp Goods Price MM	Aug	12-Sep	0.0%	0.3%
Corp Goods Price YY	Aug	12-Sep	2.8%	3.0%

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