Bangkok Bank

FX Compass

29 Dec 2025 - 02 Jan 2026

Dollar Index

Currency Pulse

Quick Take

• The US Dollar index declined toward 98.00 amid growing expectations that the Fed will continue easing policy in 2026. The US Dollar lost almost 10% of its value against its main peers in 2025.

• The preliminary US annualized GDP grew 4.3% in the July–September period, beating expectations of 3.3% and the prior quarter's 3.8% expansion. Meanwhile, the core PCE Price Index rose 2.9% quarter-over-quarter, in line with forecasts.

• US initial jobless claims fell to 214K from 224K in the previous week, coming in below the 223K forecast, while continuing jobless claims rose to 1.923 million, up from 1.885 million.

• The US dollar also faced challenges as investors favor precious metals on safe-haven demand amid geopolitical tensions.

Performance

Last Week Close	98.60	**Monthly High**	100.40
Week Open	98.67	**Monthly Low**	97.87
Week Close	#N/A	**30 Days Average**	99.19
Weekly High	0.00	**90 Days Average**	98.65
Weekly Low	98.60	**YTD Change**	#NAME?

Outlook

• Broad-based USD weakness remained a major theme going into 1Q26 with Fed funds rates heading lower in the target range of 3.00% to 3.25%.

• US growth is expected to stabilize below 2% with downside risk to labor market while tariffs headwind remain. QT is ending, and in the next few months balance sheet expansion likely resumes.

•The approaching end of Fed Chair Jerome Powell's term introduces an additional source of uncertainty, with markets beginning to assess whether a future Fed leadership transition could eventually tilt policy in a more dovish direction.

Impact Events

Events	Period	Date	Forecast	Previous
Pending Sales Change MM	Nov	29-Dec	1.0%	1.9%
EIA Wkly Crude Stk	19 Dec, w/e	29-Dec	-2.432M	-1.274M
Initial Jobless Clm	27 Dec, w/e	31-Dec	220k	214k
Cont Jobless Clm	20 Dec, w/e	31-Dec		1.923M
Chicago PMI	Dec	31-Dec	39.5	36.3
EIA-Nat Gas Chg Bcf	22 Dec, w/e	01-Jan		
Nat Gas-EIA Implied Flow	22 Dec, w/e	01-Jan		
S&P Global Mfg PMI Final	Dec	02-Jan		51.8

Lower Bound	**97.50**	**Upper Bound**	**99.50**
Forecast	Neutral		

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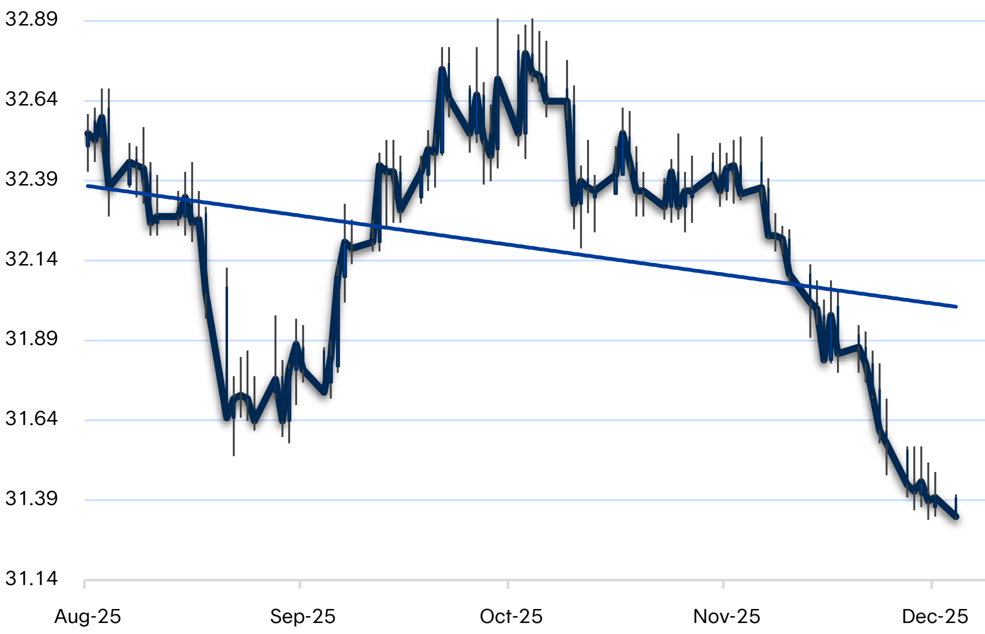
Thai Baht

Currency Pulse



Quick Take

• The Thai baht continued to strengthened throughout the week, supported by a combination of dollar weakness, seasonal inflows, and a surge in gold prices.

• The Ministry of Finance and the Bank of Thailand have implemented guidelines to tighten controls on gold trading, which believe to be the main driver of recent baht's rapid appreciation. Gold trading volume is projected to reach 250 billion baht in 2025, surpassing the stock market and driving the baht to appreciate by 9.4%.

• Military officers from Thailand and Cambodia began talks on Wednesday, amid hopes that the defence ministers of the two countries would join them on Saturday to put the finishing touches on a ceasefire agreement.

Outlook

• With gold price continue to hit multiple record highs, the baht could potentially appreciate further as the strengthening momentum is still present.

• Military talks between Thailand and Cambodia are likely to continue. Any unexpected events may amplified market swings during year end holiday-thinned trade.

• In the medium term, THB is expected to gradually weaken given the country's sluggish growth, narrowing account surplus, and BOT easing appraoch in 2026.

Lower Bound	31.00	Upper Bound	31.30
Forecast	Appreciation		

Performance

Last Week Close	31.39	THB/USD	**Monthly High**	#NAME?	THB/USD
Week Open	31.40	THB/USD	**Monthly Low**	#NAME?	THB/USD
Week Close	#N/A	THB/USD	**30 Days Average**	32.00	THB/USD
Weekly High	31.41	THB/USD	**90 Days Average**	32.21	THB/USD
Weekly Low	31.33	THB/USD	**YTD Change**	#NAME?	

Impact Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Nov	29-Dec	0.80%	-0.08%
Exports YY	Nov	30-Dec		5.30%
Imports YY	Nov	30-Dec		17.10%
Trade Account	Nov	30-Dec		-1.00B
Current Account	Nov	30-Dec		-1.80B
CPI Headline Inflation	Dec	01-Jan	-0.37%	-0.49%
CPI Core Inflation YY	Dec	01-Jan	0.69%	0.66%
CPI Index	Dec	01-Jan		100.15

Euro

Currency Pulse

Outlook

• The market appears to favour euro upside against the dollar in 2026, with futures pointing to a potential retest of the recent highs of 1.1919, mostly due to the expected continued divergence in their respective monetary policy stances.

• 2026 Eurozone GDP forecast at 1.1%, driven by domestic demand and fixed investment, while net exports are likely to be negative. US tariff continue to exert downward pressure but public spending should become more effective, with Germany benefiting the most.

• However, renewed political crises (in France and Germany), worsening Eurozone-Russia relations, and a potentially disappointing impact from fiscal spending – particularly if Germany's growth projections are not met – could materially alter the ECB's stance during 2026.

Lower Bound	1.1700	Upper Bound	1.1900
Forecast	Appreciation		

Quick Take

• The EUR/USD peaked at 1.1808 as markets remain concerned about a gradual slowdown in the US economy.

• On the European side, the Euro is supported by a more stable backdrop. The European Central Bank (ECB) maintains a wait-and-see stance after confirming a steady policy outlook last week. ECB President Christine Lagarde stated that monetary policy is in a "good place" and that interest rates are likely to remain unchanged for a prolonged period. This message of continuity, combined with slightly upgraded growth and inflation projections, improves market visibility and supports the single currency.

• By the end of the week, the euro is consolidating its recent gains slgihtly below 1.180 in a low-liquidity environemnt ahead of Christmas eve and extended holidays.

Performance

Last Week Close	1.1708	USD/EUR	**Monthly High**	#NAME?	USD/EUR
Week Open	1.1705	USD/EUR	**Monthly Low**	#NAME?	USD/EUR
Week Close	#N/A	USD/EUR	**30 Days Average**	1.1640	USD/EUR
Weekly High	1.1723	USD/EUR	**90 Days Average**	1.1654	USD/EUR
Weekly Low	1.1703	USD/EUR	**YTD Change**	#NAME?	

Impact Events

Events	Period	Date	Forecast	Previous
Money-M3 Annual Grwth	Nov	02-Jan	2.7%	2.8%
HCOB Mfg Final PMI	Dec	02-Jan	49.2	49.2

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Pound Sterling

Currency Pulse

Quick Take

• The GBP/USD traded in positive territory near 1.3510 on expectations that the Bank of England will follow a gradual monetary easing path in 2026.

• The latest UK GDP data showed annualised growth of 1.3%, in line with market expectations and slightly below the previous reading of 1.4%. The report had a broadly neutral impact on sterling, as it confirms the UK economy continues to expand, albeit at a moderate pace, without signs of acceleration.

• The United Kingdom (UK) headline inflation has decelerated to 3.2% YoY in November after peaking at 3.8% in the July-September period.

• Retail sales declined by 0.1% below the 0.4% expected. However, the pace of decline was significantly lower compared to the 0.9% contraction seen in October, which was downwardly revised from 1.1%. Year-on-year, the consumer spending measure grew steadily by 0.6%, slower than the 0.9% projection.

Outlook

• Rising bets of a slower BoE monetary easing path could provide some support to the Cable against the US Dollar (USD) in the near term. Money markets believe the BoE will deliver at least one rate cut in the first half of 2026, and pricing in nearly a 50% probability of a second before the year-end.

• Subsequent direction will likely depend on upcoming UK inflation and labour market reports, alongside evolving US rate expectations and broader global risk sentiment.

Performance

Last Week Close	1.3375	USD/GBP	**Monthly High**	#NAME?	USD/GBP
Week Open	1.3367	USD/GBP	**Monthly Low**	#NAME?	USD/GBP
Week Close	#N/A	USD/GBP	**30 Days Average**	1.3249	USD/GBP
Weekly High	1.3399	USD/GBP	**90 Days Average**	1.3351	USD/GBP
Weekly Low	1.3365	USD/GBP	**YTD Change**	#NAME?	

Impact Events

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Dec	02-Jan	0.1%	0.3%
Nationwide house price yy	Dec	02-Jan	1.2%	1.8%
S&P GLOBAL MANUFACTURING PMI	Dec	02-Jan	51.2	51.2

Lower Bound	**1.3400**	**Upper Bound**	**1.3600**
Forecast	Neutral		

Australian Dollar

Currency Pulse

Quick Take

• The Australian Dollar hit 0.6713, the highest since October 2024, on Wednesday.

• The AUD/USD pair strengthened as the Aussie Dollar found support following the release of the Reserve Bank of Australia's (RBA) December Meeting Minutes, which indicated that interest rates may need to rise if inflation remains persistent.

• Australia's headline inflation rose to 3.8% in October 2025 from 3.6% in September, remaining above the RBA's 2–3% target range. As a result, markets are increasingly pricing in a rate hike as early as February 2026, with both the Commonwealth Bank of Australia and National Australia Bank projecting a rise to 3.85% at the RBA's first policy meeting of the year.

Outlook

• RBA's rate-hike expectations in February remain alive as Australia's inflation rose to 3.8% in October from 3.6%.

• Acting as a proxy currency for China economy, the AUD remain elevated after China signaled a more proactive fiscal stance in 2026, indicating sustained government support to expand targeted investment such as advanced manufacturing, tech innovation and development of human capital.

• Technical indicators favour the upside, with AUD/USD trading above key moving averages. A break above 0.6713 would support the AUD/USD pair to explore the region around the upper boundary of the ascending channel at 0.6790.

Performance

Last Week Close	0.6610	USD/AUD	**Monthly High**	#NAME?	USD/AUD
Week Open	0.6605	USD/AUD	**Monthly Low**	#NAME?	USD/AUD
Week Close	#N/A	USD/AUD	**30 Days Average**	0.6553	USD/AUD
Weekly High	0.6624	USD/AUD	**90 Days Average**	0.6550	USD/AUD
Weekly Low	0.6603	USD/AUD	**YTD Change**	#NAME?	

Impact Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Final	Dec	02-Jan		52.2

Lower Bound	**0.6600**	**Upper Bound**	**0.6800**
Forecast	Appreciation		

Japanese Yen

Currency Pulse

Quick Take

• Consumer inflation in Tokyo eased in December from the previous month, but remained above the Bank of Japan's target, leaving expectations for further rate hikes largely intact.

• Japan's industrial production declined in November, highlighting continued weakness in the manufacturing sector amid soft global demand. However, retail sales rose, pointing to resilience in household consumption.

• The USD/JPY pair dipped below 156.0 after the BoJ signaled continued policy tightening in 2026. The BoJ Summary showed members favor steady rate hikes, citing Japan's ultra-low real rates and FX-driven inflation risks. In adiditon,

threats of intervention by Japan's Finance Minister also kept the JPY trading range-bound.

Performance

Last Week Close	157.75	JPY/USD	**Monthly High**	#NAME?	JPY/USD
Week Open	157.63	JPY/USD	**Monthly Low**	#NAME?	JPY/USD
Week Close	#N/A	JPY/USD	**30 Days Average**	147.62	JPY/USD
Weekly High	157.74	JPY/USD	**90 Days Average**	147.62	JPY/USD
Weekly Low	157.20	JPY/USD	**YTD Change**	#NAME?	

Outlook

• Lower U.S. Treasury yields may provide some support to Asian currencies despite the muted trading environment.

• Japan's normalization of the economy with 2-3% nominal GDP growth should continue with PM Takaichi's fiscal expansionary policy along with the BoJ's policy normalization.

• The BoJ is expected to continue its policy normalization, with rate hikes occurring at a semiannual pace, reaching 1.25% by the end of 2026 and a terminal rate of 1.5% in the middle of 2027.

• Goods exports to contract through Q1 2026, while increased trade deficit and increased primary balance surplus likely to net out, leaving broadly unchanged current account balance.

Impact Events

Events	Period	Date	Forecast	Previous

Lower Bound	155.00	**Upper Bound**	157.00
Forecast	Neutral		

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