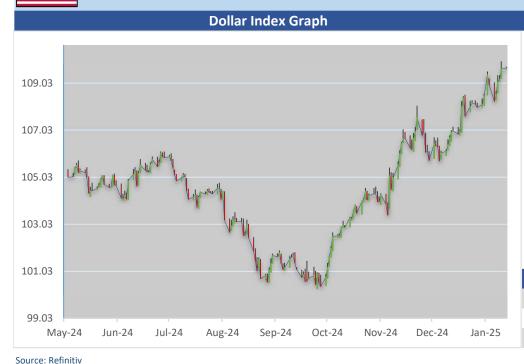


WEEKLY FOREIGN EXCHANGE OUTLOOK 13 Jan 2025 - 17 Jan 2025

Dollar Index



# Dollar Outlook

- The U.S. dollar rally after data showed the world's largest economy created more jobs than expected last month, reinforcing expectations that the Federal Reserve will pause its rate-cutting cycle at its policy meeting later this month.
- Following the U.S. data, the U.S. rate futures market has fully priced in a pause in the Fed's easing cycle at the January meeting, according to LSEG estimates. The market has also priced in just 27 basis points (bps) of easing in 2025 or just one rate cut, with the first rate move likely at the June meeting.
- Ahead of that, data on U.S. inflation is due on Wednesday, where any upside surprise could threaten to close the door on easing altogether. A slew of Fed officials are also due to speak this week.

Lower Bound	108.00	Upper Bound	110.00	
Forecast	Appreciation			

# **Dollar News**

- The US Dollar Index rose as President Trump moderated his tariff threats. According to reports in the Washington Post, Trump is considering a 'universal tariff' on only 'critical imports,' which is a downgrade from his pre-election threat of broad-based tariffs.
- Data showing a generally stable jobs market and a still robust services sector suggested that the Federal Reserve will likely slow the pace of its current rate-cutting cycle.
- The U.S. rate futures market has priced in a 93% chance of a pause in rate cuts this month, and a 6.9% probability of easing, according to LSEG estimates. Rate futures have also implied just one rate cut this year of 25 basis points.
- FOMC minutes from the December's meeting showed the central bank flagged new inflation concerns and official saw a rising risk the incoming administration's plan may slow economic growth and raise unemployment.
- The U.S. economy added 256,000 jobs in December, much higher than economists' forecasts for an increase of 160,000.

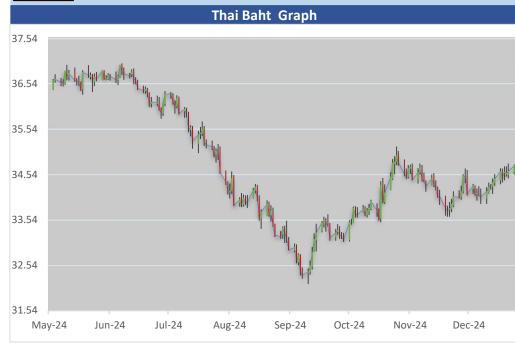
Dollar Index Performance					
Last Week Close	108.95	<b>Monthly High</b>	109.97		
Week Open	108.92	<b>Monthly Low</b>	105.42		
Week Close	109.65	30 Days Average	107.58		
Weekly High	109.97	90 Days Average	104.83		
Weekly Low	107.75	YTD Change	#NAME?		

Next Week's Doll	ar Index E	conomic E	vents	
Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Dec	15-Jan		0.3%
Core CPI YY, NSA	Dec	15-Jan		3.3%
CPI MM, SA	Dec	15-Jan	0.3%	0.3%
CPI YY, NSA	Dec	15-Jan		2.7%
Import Prices YY	Dec	16-Jan		1.3%
Philly Fed Business Indx	Jan	16-Jan		-16.4
Retail Sales MM	Dec	16-Jan	0.5%	0.7%
Initial Jobless Clm	6 Jan, w/e	16-Jan		201k
Housing Starts Number	Dec	17-Jan	1.310M	1.289M
Industrial Production MM	Dec	17-Jan	0.2%	-0.1%

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Thai Baht

Source: Refinitiv



• Thai Baht is still under pressure ahead of data on U.S. inflation is due on Wednesday, where any upside surprise could threaten to close the door on easing altogether. A slew of Fed officials are also due to speak this week.

**Thai Baht Outlook** 

### Thai Baht News

- Thailand inflation rate returned to the target range for the first time since May last year, lifted by higher energy and food prices, the commerce ministry said on Monday.
- Thai headline consumer price index rose 1.23% in December from a year earlier, within the central bank's target of 1% to 3%, after the previous month's annual increase of 0.95%.
- The ministry maintained its headline inflation forecast at between 0.3% and 1.3% in 2025, helped by expected stronger economic growth and government stimulus measures. It had forecast headline inflation of 1.1% in 2025. The next rate review is on Feb. 26.
- Thailand recorded 35.55 million foreign tourist arrivals in 2024, up 26.27% year-on-year, tourism ministry data showed.
- Thailand's exports are expected to rise 1% to 3% in 2025, unchanged from a previous forecast, with trade wars and geopolitical issues a major risk, the national shippers' council said.

Thai Baht Performance					
Last Week Close	<b>34.36</b> THB/USD	Monthly High	#NAME? THB/USD		
Week Open	<b>34.42</b> THB/USD	<b>Monthly Low</b>	#NAME? THB/USD		
Week Close	<b>34.61</b> THB/USD	30 Days Average	<b>34.23</b> THB/USD		
Weekly High	<b>34.78</b> THB/USD	90 Days Average	<b>33.86</b> THB/USD		
Weekly Low	<b>34.32</b> THB/USD	YTD Change	#NAME?		

Next Week's Thai Baht Economic Events					
Period	Date	Forecast	Previous		
Dec	14-Jan		56.9		
Jan	16-Jan		1.7%		
6 Jan, w/e	17-Jan				
6 Jan, w/e	17-Jan				
	Period Dec Jan 6 Jan, w/e	Period Date  Dec 14-Jan	PeriodDateForecastDec14-JanJan16-Jan6 Jan, w/e17-Jan		

<b>Lower Bound</b>	34.50	<b>Upper Bound</b>	35.00	
Forecast	Depreciation			

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- **Euro Outlook**
- The Euro depreciates as strong US labor data bolster expectations that the Fed will maintain its current interest rate levels.
- Additionally, the Euro (EUR) faces headwinds as traders anticipate four interest rate cuts by the European Central Bank (ECB), which are expected to occur at each meeting by summer. ECB policymakers appear comfortable with these dovish expectations, as inflationary pressures in the Eurozone remain largely under control.

### **Euro News**

- The Euro depreciated as strong US labor data bolster expectations that the Fed will maintain its current interest rate levels.
- The preliminary estimate of the German Harmonized Index of Consumer Prices (HICP) was higher than anticipated, as the index rose 2.8% on its yearly comparison, above the 2.6% anticipated and the previous 2.4%. Retail Sales in the country fell 0.6% in November, while Factory Orders declined by 5.4% in the same period.
- The Eurozone HICP rose 2.7% in the year to December as expected, yet the Producer Price Index (PPI) was down 1.2% YoY in November, higher than the previous -3.3% or the -1.3% expected.
- The European Central Bank (ECB) will likely continue trimming interest rates. That would keep the Euro on the downside, while a hawkish Fed means a stronger US Dollar. EUR/USD at parity is in the foreseeable future.

Euro Index Performance					
<b>Last Week Close</b>	<b>1.0308</b> USD/EUR	Monthly High	#NAME? USD/EUR		
Week Open	<b>1.0301</b> USD/EUR	<b>Monthly Low</b>	#NAME? USD/EUR		
Week Close	<b>1.0244</b> USD/EUR	30 Days Average	<b>1.0427</b> USD/EUR		
Weekly High	<b>1.0436</b> USD/EUR	90 Days Average	<b>1.0708</b> USD/EUR		
Weekly Low	<b>1.0214</b> USD/EUR	YTD Change	#NAME?		

Next Week's Euro Economic Events						
Events	Period	Date	Forecast Previous			
Industrial Production MM	Nov	15-Jan	0.0%			
Industrial Production YY	Nov	15-Jan	-1.2%			
Reserve Assets Total	Dec	15-Jan	1,391.73B			
Total Trade Balance SA	Nov	16-Jan	6.10B			
HICP Final MM	Dec	17-Jan	-0.3%			
HICP Final YY	Dec	17-Jan	2.4%			
HICP-X F, E, A, T Final MM	Dec	17-Jan	0.5%			
HICP-X F,E,A&T Final YY	Dec	17-Jan	2.7%			

Lower Bound	1.0150	Upper Bound	1.0400
Forecast	Depreciation		

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# Pound Sterling Outlook

- The UK monthly Gross Domestic Product (GDP) report and Industrial Production will be published on Thursday.
- The UK Retail Sales and the mid-tier US housing data will be published on Friday.

# **Pound Sterling News**

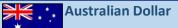
- The Pound Sterling depreciated to the lowest level against the dollar in 14 months below 1.2200.
- The decline in the GBP/USD pair gathered traction midweek after the Pound Sterling came under intense pressure due to a sharp sell-off in the British government bond market, fuelled by investors' anxiety about UK assets and the economic outlook.
- The bond market rout extended on Thursday, with the yield on benchmark 10-year UK Gilts rising by as much as 0.12 percentage points to 4.921%, the highest since 2008. This smashed the pair to its lowest level since November 2023 at 1.2239 before it recovered some ground to near 1.2300.

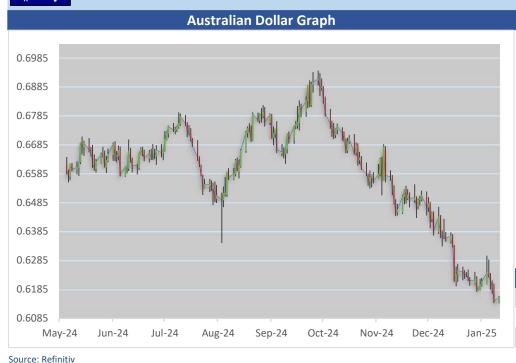
Pound Sterling Performance					
<b>Last Week Close</b>	<b>1.2420</b> USD/GBP	Monthly High	#NAME? USD/GBP		
Week Open	<b>1.2418</b> USD/GBP	<b>Monthly Low</b>	<b>#NAME?</b> USD/GBP		
Week Close	<b>1.2204</b> USD/GBP	<b>30</b> Days Average	<b>1.2563</b> USD/GBP		
Weekly High	<b>1.2575</b> USD/GBP	90 Days Average	<b>1.2845</b> USD/GBP		
Weekly Low	<b>1.2189</b> USD/GBP	YTD Change	#NAME?		

Next Week's Poun	d Sterling	<b>Economic</b>	Events
Events	Period	Date	Forecast Previous
Core CPI YY	Dec	15-Jan	3.5%
CPI YY	Dec	15-Jan	2.6%
CPI Services MM	Dec	15-Jan	-0.1%
CPI Services YY	Dec	15-Jan	5.0%
GDP Estimate MM	Nov	16-Jan	-0.1%
GDP Estimate YY	Nov	16-Jan	1.3%
Retail Sales MM	Dec	17-Jan	0.2%
Retail Sales YY	Dec	17-Jan	0.5%
Manufacturing Output MM	Nov	13-Jan	-0.6%

Lower Bound	1.2350	Upper Bound	1.2600
Forecast De	preciation		

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### **Australian Dollar Outlook**

- The Australian Dollar (AUD) is undermined by rising bets for an interest rate cut by the Reserve Bank of Australia (RBA) as early as next month, bolstered by a drop in Australia's core inflation. Apart from this, China's economic woes suggest that the path of least resistance for the Aussie is to the downside.
- Investors are expected to closely monitor Australian employment data, set to be released later this week, for additional clarity on the RBA's policy outlook.

#### Australian Dollar News

- The Aussie remains under selling pressure against the USD, lowest level since April 2020. The slower growth and deflationary risks in China continue to undermine the China-proxy AUD.
- Bearish sentiment around the Australian Dollar was exacerbated by US-China trade tensions and growing expectations for an early Reserve Bank of Australia (RBA) rate cut.
- The Aussie Dollar faces downward pressure as markets now price in a 75% probability of a rate cut by the Reserve Bank of Australia (RBA) next month.

Australian Dollar Performance					
<b>Last Week Close</b>	<b>0.6212</b> USD/AUD	Monthly High	#NAME?	USD/AUD	
Week Open	<b>0.6203</b> USD/AUD	<b>Monthly Low</b>	<b>#NAME?</b>	USD/AUD	
Week Close	<b>0.6145</b> USD/AUD	30 Days Average	0.66065	USD/AUD	
Weekly High	<b>0.6302</b> USD/AUD	90 Days Average	0.66699	USD/AUD	
Weekly Low	<b>0.6138</b> USD/AUD	YTD Change	#NAME?		

Next Week's Australian Dollar Economic Events					
Events		Period	Date	Forecast	Previous
Consumer Sentiment	Ja	an	15-Jan		-2.0%
Employment	D	ec ec	16-Jan		35.6k
Full Time Employment	D	ec ec	16-Jan		52.6k
Participation Rate	D	)ec	16-Jan		67.0%
Unemployment Rate	D	ec ec	16-Jan		3.9%

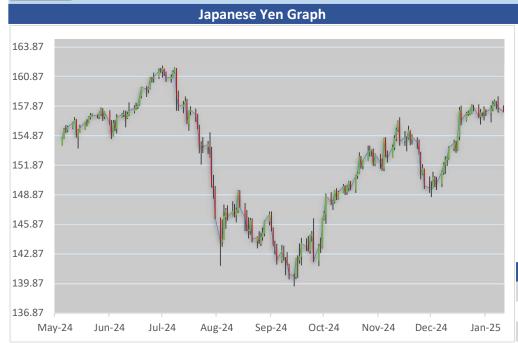
Lower Bound	0.6100	Upper Bound	0.6300	
Forecast	Depreciation			

13 Jan 2025 - 17 Jan 2025



Source: Refinitiv

Japanesese Yen



# Japanese Yen Outlook

- The market focus now shifts to the release of the US Producer Price Index (PPI) and the US Consumer Price Index (CPI) on Tuesday and Wednesday, respectively, which will play a key role in influencing the USD/JPY pair.
- Moreover, the recent widening of the US-Japan yield differential could also contribute to capping the lower-yielding JPY. This, along with the underlying bullish sentiment surrounding the US Dollar (USD), should act as a tailwind for the USD/JPY pair, warranting some caution before positioning for a deeper corrective slide.

## **Japanese Yen News**

- The Japanese Yen (JPY) remains on the front foot against the dollar and moves away from a multi-month low. Against the backdrop of geopolitical risks, growing acceptance that the Federal Reserve (Fed) will pause its rate-cutting cycle later this month temper investors' appetite for riskier assets and benefit the safe-haven JPY.
- Furthermore, the broadening inflationary pressure in Japan keeps the door open for another interest rate hike by the Bank of Japan (BoJ) in January or March. This turns out to be another factor underpinning the JPY, though bets that the BoJ may wait until April to seek confirmation that strong wage momentum will carry over into the spring negotiations might keep a lid on any meaningful appreciation.

Japanese Yen Performance					
<b>Last Week Close</b>	<b>157.27</b> JPY/USD	Monthly High	<b>#NAME?</b> JPY/USD		
Week Open	<b>157.23</b> JPY/USD	<b>Monthly Low</b>	<b>#NAME?</b> JPY/USD		
Week Close	<b>157.69</b> JPY/USD	30 Days Average	<b>143.89</b> JPY/USD		
Weekly High	<b>158.87</b> JPY/USD	90 Days Average	<b>151.69</b> JPY/USD		
Weekly Low	<b>156.22</b> JPY/USD	YTD Change	#NAME?		

Next Week's Japanese Yen Economic Events					
Events	Period	Date	Forecast	Previous	
Current Account NSA JPY	Nov	14-Jan		2,456.9B	
Current Account Bal SA	Nov	14-Jan		2,408,800M	
Trade Bal Cust Basis SA	Nov	14-Jan		-180,885.00M	
Reuters Tankan N-Man Idx	Jan	15-Jan		30	
Corp Goods Price MM	Dec	16-Jan		0.3%	
Corp Goods Price YY	Dec	16-Jan		3.7%	

Lower Bound	155.00	Upper Bound	159.00
Forecast	Neutral		



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