

WEEKLY FOREIGN EXCHANGE OUTLOOK
10 Mar 2025 - 14 Mar 2025

Dollar Index
Dollar Index Graph


Source: Refinitiv

Dollar Outlook

- With President Trump's ongoing comments on tariffs and Ukraine, Wednesday's U.S. inflation data for February will be the week's economic highlight.
- The U.S. Federal Reserve has recently expressed concerns that inflation isn't slowing as much as anticipated. This data could reflect those concerns, especially given evidence that the prospect of tariffs has already contributed to higher prices.
- The U.S. is set to impose 25% tariffs on steel and aluminum imports from the EU starting Wednesday.
- Additional data releases include February's producer price data and weekly jobless claims figures on Thursday.

Lower Bound	103.00	Upper Bound	107.00
Forecast	Appreciation		

Dollar News

- The US Dollar Index remained firm above 107.00 after January's Personal Consumption Expenditures (PCE) inflation data matched forecasts, easing concerns over unexpected inflation spikes. Core PCE inflation, the Fed's preferred gauge excluding volatile food and energy items, decelerated to 2.6% year-on-year, as expected, down from 2.8% in December. Month-on-month core PCE inflation rose by 0.3%, faster than the 0.2% growth seen in December.
- Later, the dollar declined after the ISM reported that the U.S. Manufacturing PMI fell to 50.3 in February, below the expected level of 50.6 and down from 50.9 in January. This decline was attributed to a drop in new orders and employment, as well as concerns about U.S. trade wars.
- The US remained under pressure after Nonfarm Payrolls missed expectations and the unemployment rate rose. Additionally, President Trump kept markets on edge by hinting at fresh trade measures against Canada but refused to commit to a timeline.

Dollar Index Performance

Last Week Close	107.61	Monthly High	109.88
Week Open	107.56	Monthly Low	103.46
Week Close	103.84	30 Days Average	106.84
Weekly High	107.66	90 Days Average	107.09
Weekly Low	103.46	YTD Change	-4.38%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Feb	12-Mar	0.3%	0.4%
Core CPI YY, NSA	Feb	12-Mar	3.2%	3.3%
CPI MM, SA	Feb	12-Mar	0.3%	0.5%
CPI YY, NSA	Feb	12-Mar	2.9%	3.0%
CPI Wage Earner	Feb	12-Mar		311.172
Initial Jobless Clm	8 Mar, w/€	13-Mar		221k
PPI Machine Manuf'ing	Feb	13-Mar		186.3
U Mich Sentiment Prelim	Mar	14-Mar	63.3	64.7

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Thai Baht
Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- The market will focus on the US CPI and the global universal tariff situation.
- On the data front, Thailand's Consumer Confidence for February will be released on Thursday, March 13.

Thai Baht News

- The baht continued to weaken due to foreign fund flows and the decline in global gold prices. Meanwhile, the dollar received additional support from trade war tensions after President Donald Trump reiterated that the US would impose a 25% tariff on Canadian and Mexican goods and an additional 10% on Chinese imports, effective March 4.
- However, the baht strengthened as the dollar weakened due to concerns about the impact of tariffs on the U.S. economy and a potential recession. Additionally, the Thai baht received support from higher demand for high-beta currencies.
- Headline inflation in Thailand rose by 1.08% year-on-year in February, driven by price increases for food, especially fresh fruit, food ingredients, ready-to-eat meals, and non-alcoholic beverages.

Thai Baht Performance

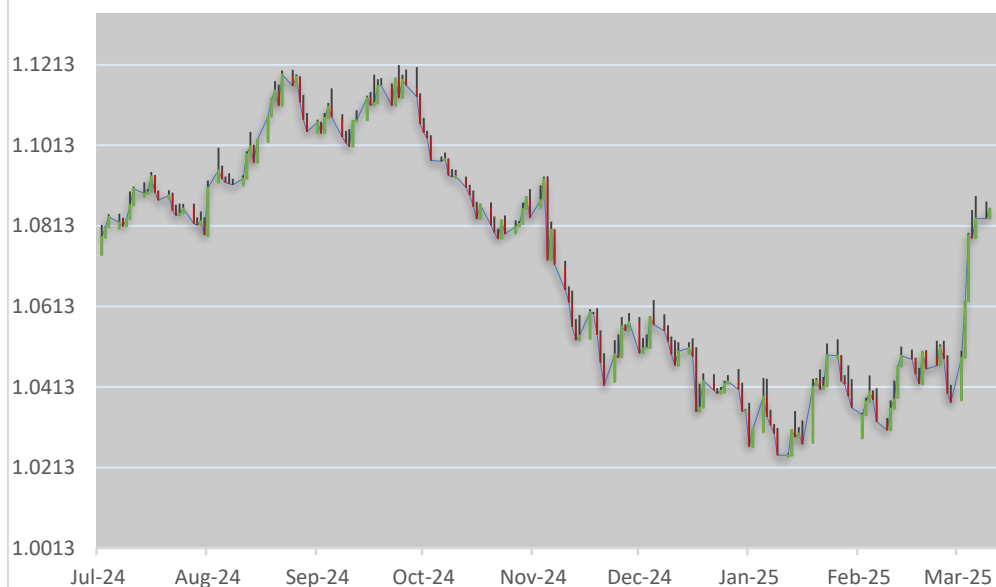
Last Week Close	34.05 THB/USD	Monthly High	34.32 THB/USD
Week Open	34.21 THB/USD	Monthly Low	33.56 THB/USD
Week Close	33.58 THB/USD	30 Days Average	33.76 THB/USD
Weekly High	34.32 THB/USD	90 Days Average	34.13 THB/USD
Weekly Low	33.48 THB/USD	YTD Change	-0.70%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Feb	13-Mar		59.0
Forex Reserves	3 Mar, w/€	14-Mar		244.8B
Currency Swaps	3 Mar, w/€	14-Mar		23.2B

Lower Bound	33.60	Upper Bound	34.20
Forecast	Depreciation		

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Euro Graph


Source: Refinitiv

Euro Outlook

- The upcoming week's data is limited, leaving investors to consider the implications of Germany's large-scale fiscal stimulus plans and the planned increase in defense spending across the continent.
- Industrial production data from Germany for January is due on Monday, March 10, followed by eurozone industrial production figures on Thursday, March 13. Final February inflation data from France and Spain will be released on Friday, March 14.
- Vanguard and AllianceBernstein expect fewer ECB rate cuts following this month's 25-basis-point reduction in the deposit rate to 2.50%. Vanguard now anticipates only one more rate cut this year, while AllianceBernstein's revised baseline for the ECB's policy rate at the end of 2025 is 2%, up from a previous expectation of 1.75%.

Euro News

- The Euro moved higher on Monday following the release of the flash German HICP for February, despite a slightly hotter German inflation report.
- The Euro is also benefiting from improved market sentiment, as hopes for a potential peace agreement in Ukraine reduce the demand for safe-haven assets. Meanwhile, EU inflation eased to 2.4% in February, slightly above analyst expectations.
- The ECB reduced its Deposit Facility Rate by 25 basis points (bps) for the fifth consecutive time, lowering it to 2.5%, as expected. The Main Refinancing Operations Rate was also cut by 25 bps to 2.65%, in line with expectations. Investors broadly expect that the ECB will only cut interest rates one more time in 2025.

Euro Index Performance

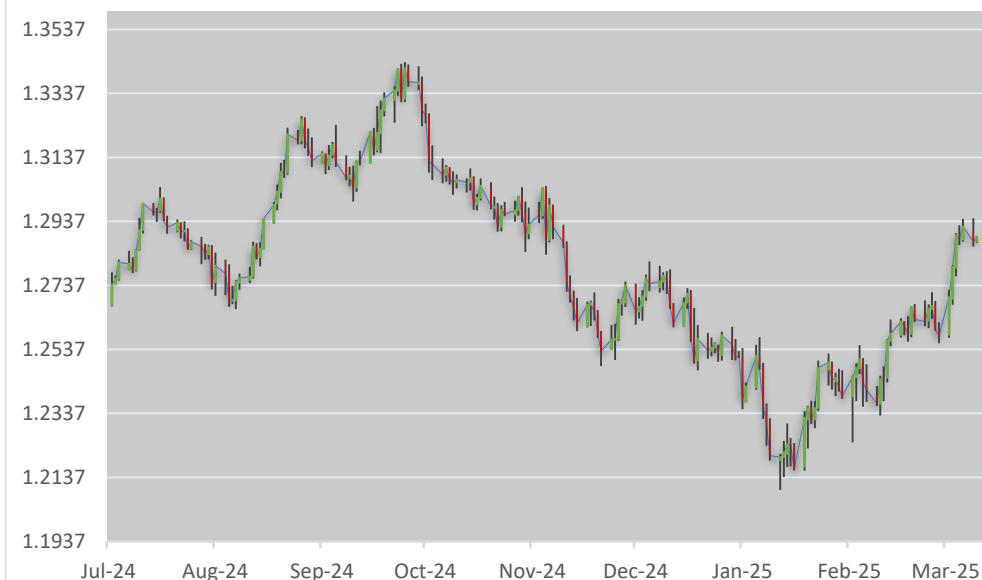
Last Week Close	1.0375 USD/EUR	Monthly High	1.0888 USD/EUR
Week Open	1.0380 USD/EUR	Monthly Low	1.0383 USD/EUR
Week Close	1.0832 USD/EUR	30 Days Average	1.0496 USD/EUR
Weekly High	1.0888 USD/EUR	90 Days Average	1.0470 USD/EUR
Weekly Low	1.0380 USD/EUR	YTD Change	+4.86%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
Industrial Output MM	Jan	10-Mar	1.5%	-2.4%
Industrial Production YY SA	Jan	10-Mar		-3.12%
Exports MM SA	Jan	10-Mar	0.5%	2.9%
Imports MM SA	Jan	10-Mar	0.8%	2.1%
Trade Balance, EUR, SA	Jan	10-Mar	20.6B	20.7B
CPI Final MM	Feb	14-Mar	0.4%	0.4%
CPI Final YY	Feb	14-Mar	2.3%	2.3%

Lower Bound	1.0750	Upper Bound	1.0950
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

- U.K. gross domestic product data for January is due on Friday, March 14, following unexpectedly strong GDP figures for December.
- Investec economist Philip Shaw noted that while the data could remain solid, there are numerous uncertainties ahead that could impact growth moving forward.

Pound Sterling News

- The Pound Sterling is trading cautiously against its major peers, as investors anticipate that the Bank of England's (BoE) monetary easing cycle will be more moderate this year compared to other major central banks. Traders have already fully priced in two interest rate cuts by the BoE.
- Sterling has been bolstered by the prospect of increased defense spending to support Ukraine. Over the weekend, U.K. Prime Minister Keir Starmer announced a £1.6 billion missile deal for Ukraine. He also stated that U.K. defense spending will rise to 2.5% of national income by 2027, with a further increase to 3% in the next parliament.
- Sterling faced pressure at the end of the week. Markets are now pricing in fewer than 50 bps in rate cuts from the BoE in 2025, after BoE officials stated they would be very careful when easing policy, as they remain concerned about a possible reacceleration of inflation. Meanwhile, the S&P Global Construction PMI contracted in February.

Pound Sterling Performance

Last Week Close	1.2577 USD/GBP	Monthly High	1.2946 USD/GBP
Week Open	1.2583 USD/GBP	Monthly Low	1.2581 USD/GBP
Week Close	1.2920 USD/GBP	30 Days Average	1.2594 USD/GBP
Weekly High	1.2944 USD/GBP	90 Days Average	1.2573 USD/GBP
Weekly Low	1.2573 USD/GBP	YTD Change	+3.00%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Jan	14-Mar	0.3%	0.1%
GDP Estimate MM	Jan	14-Mar	0.1%	0.4%
GDP Estimate YY	Jan	14-Mar	1.2%	1.5%
Services MM	Jan	14-Mar	0.1%	0.4%
Services YY	Jan	14-Mar		2.0%
Manufacturing Output MM	Jan	14-Mar	0.0%	0.7%
House Price Rightmove MM	Mar	10-Mar		0.5%
House Price Rightmove YY	Mar	10-Mar		1.4%

Lower Bound	1.2800	Upper Bound	1.3050
Forecast	Neutral		

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Australian Dollar
Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- On Tuesday, March 11, National Australia Bank's business survey for February will attract attention as markets assess whether global events might be starting to impact confidence.
- Australia's economy has been supported by government spending over the past year, with private demand remaining subdued. The NAB survey may provide insights into a potential recovery in private demand, which could help offset an expected decline in public demand later this year.

Australian Dollar News

- The Aussie gained as the USD faced strong selling pressure, with dovish bets on the Fed escalating following a decline in US personal spending.
- However, mid-week, the AUD faced selling pressure as President Donald Trump proceeded with additional tariffs on key trading partners, including China, Mexico, and Canada.
- China's Commerce Ministry announced on Tuesday, March 4, that it would impose additional tariffs of up to 15% on imports of key farm products from the United States, effective March 10. The Ministry also stated, "China has decided to include 15 US entities that endanger China's national security and interests in the export control list, prohibiting the export of dual-use items to them."
- The Aussie was boosted by better-than-expected China's PMI data and subdued US PMI.

Australian Dollar Performance

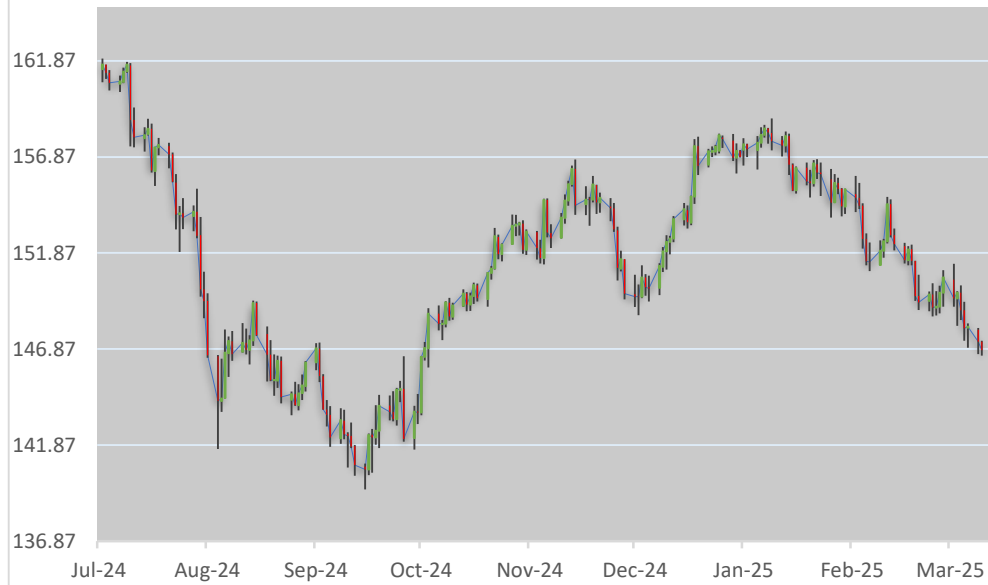
Last Week Close	0.6207 USD/AUD	Monthly High	0.63630 USD/AUD
Week Open	0.6198 USD/AUD	Monthly Low	0.61880 USD/AUD
Week Close	0.6305 USD/AUD	30 Days Average	0.62623 USD/AUD
Weekly High	0.6363 USD/AUD	90 Days Average	0.65207 USD/AUD
Weekly Low	0.6185 USD/AUD	YTD Change	+1.39%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Mar	11-Mar	0.1%	
NAB Business Conditions	Feb	11-Mar	3	
NAB Business Confidence	Feb	11-Mar	4	
LSEG IPSOS PCSI	Mar	14-Mar	49.91	

Lower Bound	0.6250	Upper Bound	0.6500
Forecast	Neutral		

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Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- The Japanese Trade Union Confederation, known as Rengo, is set to announce preliminary results for annual spring wage negotiations on Friday, March 14. Japan's largest trade union group has indicated that its member unions are seeking an average wage increase of 6.09%, the largest request in three decades. These wage negotiations are closely monitored by economists and investors for insights into the timing of future Bank of Japan interest-rate increases.
- Revised GDP data, scheduled for release on Tuesday, March 11, is expected to confirm that the Japanese economy expanded for the third consecutive quarter during the October-December period. The preliminary report released in February showed that real GDP grew at an annualized rate of 2.8% in the final quarter of 2024.

Lower Bound	146.00	Upper Bound	150.00
Forecast	Appreciation		

Japanese Yen News

- The Japanese yen extended its losses after Tokyo core CPI edged lower to 2.2%, down from 2.5% in January and below the market estimate of 2.3%.
- Throughout the week, demand for the yen as a safe-haven asset increased due to uncertainty surrounding global tariff issues.
- Additionally, the yen held gains after Bank of Japan (BoJ) Deputy Governor Shinichi Uchida stated on Wednesday, March 5, "if forecasts are met, the Bank will adjust policy further."

Japanese Yen Performance

Last Week Close	150.60 JPY/USD	Monthly High	151.31 JPY/USD
Week Open	150.48 JPY/USD	Monthly Low	146.55 JPY/USD
Week Close	148.03 JPY/USD	30 Days Average	152.81 JPY/USD
Weekly High	151.31 JPY/USD	90 Days Average	148.45 JPY/USD
Weekly Low	146.94 JPY/USD	YTD Change	-6.41%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Jan	10-Mar	-230.5B	1,077.3B
Current Account Bal SA	Jan	10-Mar		2,731,600M
Trade Bal Cust Basis SA	Jan	10-Mar		214,057.00M
GDP Rev QQ Annualised	Q4	11-Mar	2.8%	2.8%
GDP Revised QQ	Q4	11-Mar	0.7%	0.7%
GDP Cap Ex Rev QQ	Q4	11-Mar	0.3%	0.5%
Corp Goods Price MM	Feb	12-Mar	-0.1%	0.3%
Corp Goods Price YY	Feb	12-Mar	4.0%	4.2%

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