

WEEKLY FOREIGN EXCHANGE OUTLOOK
17 Mar 2025 - 21 Mar 2025

Dollar Index
Dollar Index Graph


Source: Refinitiv

Dollar Outlook

- This week, there will be Fed policy meeting, with nobody expecting any changes; The CME Fedwatch Tool sees a 97.0% chance for no interest rate changes in the upcoming Fed meeting on March 19. The chances of a rate cut at the May 7 meeting currently stand at 30.3%.
- Investors will continue to focus on geopolitical developments such as a chance of a peace deal with Russia, and the US's airstrikes in Yemen, targeting multiple Houthi leaders.
- President Donald Trump's aggressive tariff agenda raised concerns about potential impacts on economic growth, reducing demand for risk assets and increasing flows into safe-haven.

Lower Bound	103.00	Upper Bound	104.45
Forecast	Appreciation		

Dollar News

- At the beginning of the week, the USD weighed down by lower than forecast NFP and higher unemployment rate; NFP came in at 151k VS 160K fc, unemployment came in at 4.1% VS 4.0% fc.
- UST yields rose as Powell reiterates patience on rate cuts.
- The Federal Reserve entered its blackout period ahead of the March 19 meeting, limiting central bank commentary for the week.
- Concerns about the US economy intensified after Trump referred to it as being in a “transition period,” indicating a possible slowdown.
- The DXY revisited the 103.80 zone, supported by further improvements in US yields across various time frames, contrasted with a slight dip in 10-year bund yields.
- The US CPI report indicated that headline inflation rose by 2.8%, which was slower than the expected 2.9% and the 3% increase recorded in January. The core CPI, excluding volatile food and energy prices, decreased to 3.1% from the previous 3.3%. Economists had anticipated a moderate slowdown in underlying inflation to 3.2%.

Dollar Index Performance

Last Week Close	103.84	Monthly High	109.04
Week Open	103.91	Monthly Low	103.22
Week Close	103.72	30 Days Average	106.23
Weekly High	105.77	90 Days Average	107.07
Weekly Low	103.22	YTD Change	-4.41%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM	Feb	17-Mar	0.6%	-0.9%
Housing Starts Number	Feb	18-Mar	1.375M	1.366M
Import Prices YY	Feb	18-Mar		1.9%
Industrial Production MM	Feb	18-Mar	0.2%	0.5%
Initial Jobless Clm	15 Mar, w/€	20-Mar	225k	220k
Philly Fed Business Indx	Mar	20-Mar	9.0	18.1
Existing Home Sales	Feb	20-Mar	3.95M	4.08M

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Thai Baht
Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- On February 26, the BOT reduced the key rate by 25 basis points to 2.00% in response to a weaker growth outlook and increased risks from global trade uncertainty. This decision followed repeated government calls for further easing to support the struggling economy. Meanwhile, the BOT indicated that the threshold for additional rate cuts is high, which could potentially weaken the baht.
- The baht could also be pressured as the European Parliament recently condemned Thailand for deporting Uyghur refugees to China and urged the European Commission to pressure Thailand to improve its human rights standards. The resolution also suggests using free trade agreement (FTA) negotiations as leverage to address these issues.
- Investors are closely monitoring the Thai government's implementation of its economic policies. Effective execution of these policies can significantly influence investor confidence and economic growth.

Lower Bound	33.55	Upper Bound	33.80
Forecast	Neutral		

Thai Baht News

- Baht moved sideways up as growth and tariff concerns underpinned.
- Thailand's government aims to boost economic growth beyond its 3% target this year. Officials expressed confidence that a strong first half will be followed by momentum from the next phase of its signature stimulus program and measures worth 150 billion baht (\$4.4 billion).
- On Friday, the baht strengthened against the USD driven by a new record high of gold price amid uncertainty surrounding US trade policies.

Thai Baht Performance

Last Week Close	33.67 THB/USD	Monthly High	34.32 THB/USD
Week Open	33.69 THB/USD	Monthly Low	33.56 THB/USD
Week Close	33.49 THB/USD	30 Days Average	33.74 THB/USD
Weekly High	33.97 THB/USD	90 Days Average	34.10 THB/USD
Weekly Low	33.49 THB/USD	YTD Change	-1.46%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	10 Mar, w/€	21-Mar		247.4B
Currency Swaps	10 Mar, w/€	21-Mar		23.5B

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Euro Graph


Source: Refinitiv

Euro Outlook

- Market participants anticipate one or two more 25bps rate cuts from the ECB later this year, even though the ECB recently implemented a widely expected 25bps rate cut and indicated that policy is becoming less restrictive, hinting at a possible pause in further cuts.
- Looking ahead, the euro is set to react to changes in trade policy, divergences in central bank strategies, and indicators of growth within the Eurozone, especially from Germany's proposed spending plans.
- Additionally, developments in the Russia-Ukraine situation and US-EU trade tensions will continue to play a crucial role in shaping market sentiment in the coming days.
- The 1.0900 psychological level acts as immediate resistance for the pair. A decisive break above this level could trigger a rally towards 1.0936, the high from November 5, 2024. Conversely, the initial support level is at 1.0712, the low from November 7, 2024. If this level is breached, it could expose 1.0544, the 100-day EMA.

Lower Bound	1.0712	Upper Bound	1.0900
Forecast	Depreciation		

Euro News

- The Euro was gaining support from Germany's fiscal reforms, with major political parties planning to revise the debt brake.
- The proposed changes aim to boost defense spending and fund a €500 billion infrastructure initiative to stimulate economic growth. Additionally, European leaders have agreed to significantly increase defense spending to enhance the continent's military capabilities.
- Data from Germany indicated that Industrial Production grew at a stronger-than-expected pace in January, but it did not draw a market reaction.
- However, the euro loses ground to around 1.0880 on Thursday as the escalating trade tension between the United States and the European Union exerts some selling pressure on the Euro against the Greenback.

Euro Index Performance

Last Week Close	1.0832 USD/EUR	Monthly High	1.0947 USD/EUR
Week Open	1.0833 USD/EUR	Monthly Low	1.0383 USD/EUR
Week Close	1.0879 USD/EUR	30 Days Average	1.0565 USD/EUR
Weekly High	1.0947 USD/EUR	90 Days Average	1.0476 USD/EUR
Weekly Low	1.0804 USD/EUR	YTD Change	+5.11%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HICP Final MM	Feb	19-Mar	0.5%	-0.3%
HICP Final YY	Feb	19-Mar	2.4%	2.4%

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Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

- Expectations for a gradual rate-cutting cycle by the Bank of England (BoE) are supporting the GBP and bolstering the pair.
- On the downside, the first support area is at 1.2810-1.2800, followed by 1.2750 (50-day SMA) and 1.2720 (200-day SMA). On the upside, resistances are at 1.2950 and 1.3000.

Pound Sterling News

- GBP/USD continued to attract buying interest on Monday, supported by a bearish US Dollar.
- The Pound Sterling recovered recent losses and trading around 1.2890 level after BoE's Catherine Mann rejected the necessity for a "gradual and cautious" approach to monetary easing.
- On Friday, GBP/USD lost momentum and fell toward 1.2900. UK data revealed a 0.1% monthly contraction in Gross Domestic Product for January, alongside a 1.1% decrease in Manufacturing Production, putting pressure on the Pound Sterling.
- UK data remained strictly low-tier last week as markets focus on geopolitics.

Pound Sterling Performance

Last Week Close	1.2920 USD/GBP	Monthly High	1.2987 USD/GBP
Week Open	1.2903 USD/GBP	Monthly Low	1.2581 USD/GBP
Week Close	1.2932 USD/GBP	30 Days Average	1.2666 USD/GBP
Weekly High	1.2987 USD/GBP	90 Days Average	1.2574 USD/GBP
Weekly Low	1.2858 USD/GBP	YTD Change	+3.39%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
House Price Rightmove MM	Mar	17-Mar		0.5%
House Price Rightmove YY	Mar	17-Mar		1.4%
Claimant Count Unem Chng	Feb	20-Mar		22.0k
ILO Unemployment Rate	Jan	20-Mar	4.4%	4.4%
HMRC Payrolls Change	Feb	20-Mar		21k
BOE Bank Rate	Mar	20-Mar	4.50%	4.50%

Lower Bound	1.2800	Upper Bound	1.3000
Forecast	Neutral		

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Australian Dollar
Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- The risk-off sentiment and escalating US-China trade war are likely to create headwinds for the Australian Dollar. Additionally, uncertainty around US tariffs continues to limit the risk-sensitive Aussie.
- The AUD is experiencing mild downward pressure and may test 0.6250 against the USD. However, it is unlikely to reach the major support level at 0.6215. In the longer term, price movements are expected to remain within the range of 0.6215 to 0.6355.

Lower Bound	0.6215	Upper Bound	0.6355
Forecast	Neutral		

Australian Dollar News

- AUD/USD's recovery faded and turned south again, testing 0.6300 during the Asian session on Monday. Impending tariffs from US President Trump and geopolitical tensions were driving fresh haven demand for the US Dollar, while disappointing Chinese inflation data continued to weigh on the Australian Dollar.
- China, Australia's largest trading partner, released its Consumer Price Index (CPI) data showing a 0.7% annual decrease in February, following a 0.5% increase in January. The market had expected a 0.5% decline for this period.
- Early Thursday data from Australia revealed that Consumer Inflation Expectations fell to 3.6% in March from 4.6%. Following modest gains on Wednesday, the Aussie edged lower and fluctuated around 0.6300 at the start of the European session.
- On Friday, the Australian Dollar is bolstered by rising commodity prices such as Gold, Steel, and Iron Ore.

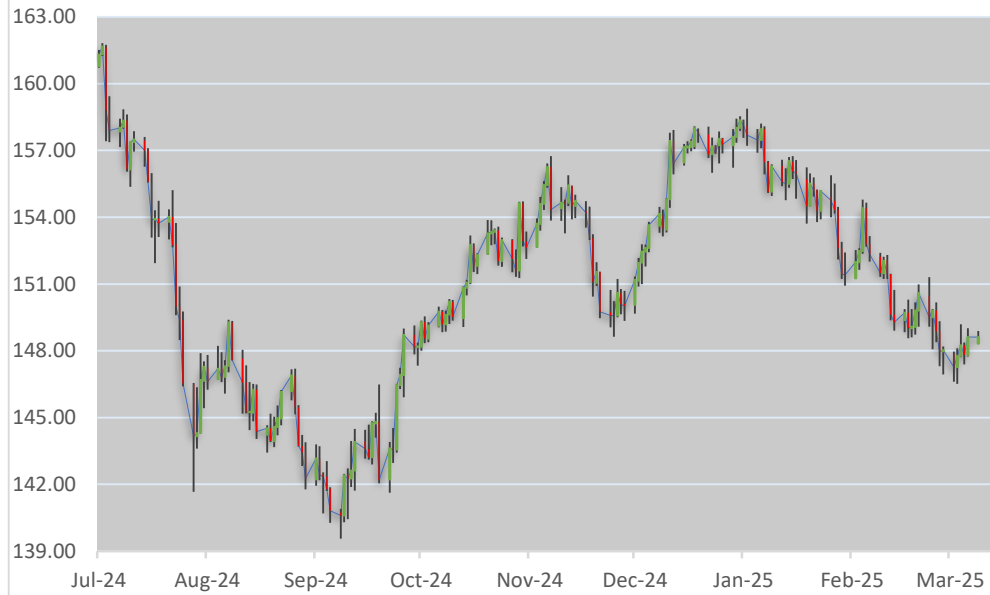
Australian Dollar Performance

Last Week Close	0.6305 USD/AUD	Monthly High	0.63630 USD/AUD
Week Open	0.6296 USD/AUD	Monthly Low	0.61880 USD/AUD
Week Close	0.6323 USD/AUD	30 Days Average	0.62407 USD/AUD
Weekly High	0.6333 USD/AUD	90 Days Average	0.64983 USD/AUD
Weekly Low	0.6257 USD/AUD	YTD Change	+2.31%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Feb	19-Mar		0.13%
Employment	Feb	20-Mar	30.0k	44.0k
Unemployment Rate	Feb	20-Mar	4.1%	4.1%

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Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- Amid ongoing uncertainty in the global trade war, the yen is anticipated to appreciate as investors seek safe-haven assets.
- The USD/JPY pair appears vulnerable to further moving below the 146.50 support, potentially testing the 146.00 level. Conversely, a recovery might face strong resistance around 148.50 and if the pair is pushing above 149.00 it could potentially reach the 150.00 mark.

Lower Bound	146.50	Upper Bound	149.50
Forecast	Appreciation		

Japanese Yen News

- USD/JPY moved off its multi-month lows but remained under pressure near 147.50 early Monday. Concerns about a global tariff war and a potential US economic slowdown were driving risk-off flows, increasing demand for the safe-haven Japanese Yen. This was weighing on the pair, especially amid expectations of policy divergence between the Federal Reserve and the Bank of Japan.
- Japan's GDP grew by 0.6% quarter-on-quarter in Q4 2024, falling short of the preliminary estimate.
- On Friday, a positive risk sentiment, strengthened by encouraging remarks from the US-Canada trade discussions and reports indicating sufficient Democratic votes to prevent a US government shutdown, appears to weaken the safe-haven JPY.

Japanese Yen Performance

Last Week Close	148.03 JPY/USD	Monthly High	151.31 JPY/USD
Week Open	147.87 JPY/USD	Monthly Low	146.55 JPY/USD
Week Close	148.62 JPY/USD	30 Days Average	153.12 JPY/USD
Weekly High	149.19 JPY/USD	90 Days Average	148.34 JPY/USD
Weekly Low	146.52 JPY/USD	YTD Change	-5.23%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP Rev QQ Annualised	Q4	11-Mar	2.8%	2.8%
GDP Revised QQ	Q4	11-Mar	0.7%	0.7%
Machinery Orders MM	Jan	19-Mar	-0.5%	-1.2%
Machinery Orders YY	Jan	19-Mar	6.9%	4.3%
Exports YY	Feb	19-Mar	12.1%	7.2%
Imports YY	Feb	19-Mar	0.1%	16.7%
Trade Balance Total Yen	Feb	19-Mar	722.8B	-2,758.8B
JP BOJ Rate Decision	19 Mar	19-Mar	0.50%	0.50%

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