

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 Mar 2025 - 28 Mar 2025

Dollar Index
Dollar Index Graph


Source: Refinitiv

Dollar Outlook

- The fact that FOMC members maintained their prediction of just two 25-basis-point-cuts this year and signalled gradual easing over the course of the forecast period indicates the Fed is still in inflation fighting mode. Markets, on the other hand, think there's a strong likelihood of a third cut this year, as many investors are betting that the US economy will slow more than what the Fed is projecting.
- Growth data could climb to the top of investors' minds over the coming months, with inflation metrics attracting somewhat less attention. The highlight this week will be the PCE inflation readings.
- Trump administration's reciprocal tariffs set to deepen trade war in April.

Lower Bound **103.00** **Upper Bound** **105.00**
Forecast **Neutral**
Dollar News

- The US Dollar Index rose to near 104.00 after the Federal Reserve kept its benchmark rate at 4.5%, maintaining a cautious stance amid evolving inflation and economic conditions. The latest FOMC dot plot revealed that policymakers expect a median rate of 3.875% for the current period, down from the prior 4.375%.
- Fed Chair Jerome Powell emphasized that policy is not on a preset course and believed that tariff-induced inflation will be temporary and mostly limited to this year.
- The Fed announced it will begin slowing the reduction of its balance sheet, starting next month.
- US retail sales rose by only 0.2% in February after a 1.2% drop a month earlier (revised from -0.9%). The values came out weaker than expected, further strengthening the arguments of those pointing to recession risks in the US economy.

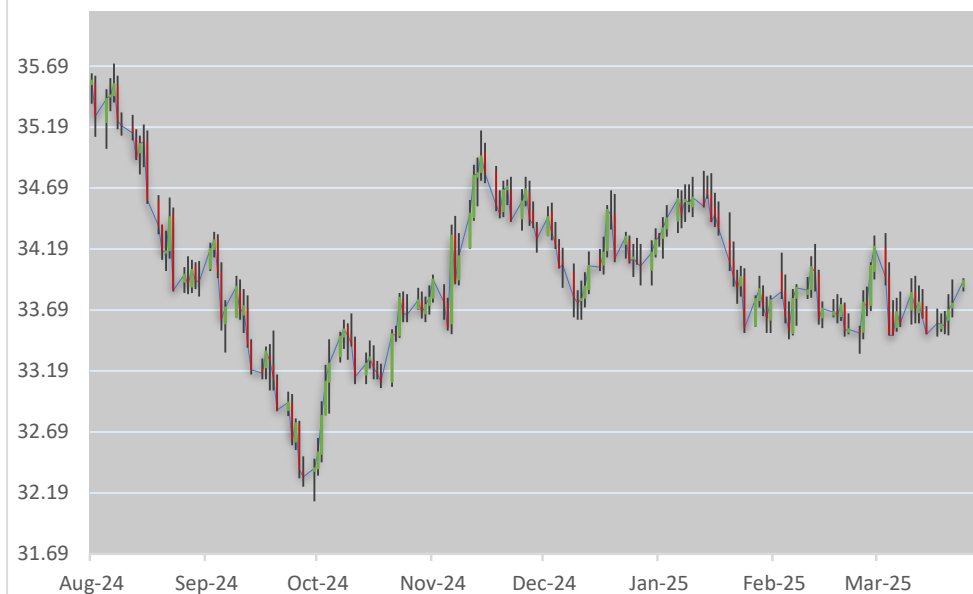
Dollar Index Performance

Last Week Close	103.72	Monthly High	108.52
Week Open	103.74	Monthly Low	103.20
Week Close	104.09	30 Days Average	105.51
Weekly High	104.22	90 Days Average	106.96
Weekly Low	103.20	YTD Change	-4.03%

Next Week's Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Svcs PMI Flash	Mar	24-Mar	50.8	51.0
S&P Global Comp PMI Flash	Mar	24-Mar		51.6
Consumer Confidence	Mar	25-Mar	94.0	98.3
New Home Sales-Units	Feb	25-Mar	0.680M	0.657M
Durable Goods	Feb	26-Mar	-1.0%	3.2%
GDP Final	Q4	27-Mar	2.3%	2.3%
Initial Jobless Clm	22 Mar, w/	27-Mar	225k	223k
Core PCE Price Index MM	Feb	28-Mar	0.3%	0.3%
Core PCE Price Index YY	Feb	28-Mar	2.7%	2.6%
PCE Price Index MM	Feb	28-Mar	0.3%	0.3%

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 Mar 2025 - 28 Mar 2025

Thai Baht
Thai Baht Graph


Source: Refinitiv

Thai Baht Outlook

- The combination of stronger USD and correction in gold price from profit- taking may pressure THB.
- The Bank of Thailand may end up having to embark on the region's most aggressive easing cycle as a sluggish economy takes a turn for the worse. Analysts predict a 75-100bps reduction by 2026.
- Longstanding problems include ailing manufacturing sector, mounting household debt, sluggish consumption, fading tourism, and escalating trade war.

Thai Baht News

- At the beginning of the week, Thai baht strengthened against the US Dollar after gold price reached all time high at \$3,057.
- However, THB weakened against the dollar on Friday as markets grew convinced that the Fed will keep rates higher for longer, while fears of higher tariffs and slower growth also dented risk appetite.
- Bad household debt in Thailand has risen by 25% since the end of 2022, reaching a record-high 1.23 trillion baht as of January this year, according to the National Credit Bureau (NCB).
- Exports jumped 14.0% in February from a year earlier, above a forecast rise of 9.7% in a Reuters poll and following January's 13.6% increase.

Thai Baht Performance

Last Week Close	33.62 THB/USD	Monthly High	34.32 THB/USD
Week Open	33.59 THB/USD	Monthly Low	33.55 THB/USD
Week Close	33.74 THB/USD	30 Days Average	33.74 THB/USD
Weekly High	33.94 THB/USD	90 Days Average	34.04 THB/USD
Weekly Low	33.47 THB/USD	YTD Change	-0.64%

Next Week's Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Feb	28-Mar	-1.70%	-0.85%

Lower Bound **33.50** **Upper Bound** **34.50**
Forecast **Depreciation**

Please carefully examine the Important Disclosure on the last section of this material.

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 Mar 2025 - 28 Mar 2025

Euro Graph


Source: Refinitiv

Euro Outlook

- Weakness in the euro may be driven by fear that Trump's plan of imposing reciprocal tariffs will significantly impact the Eurozone's economic growth.
- Meanwhile, the Euro has found support from hopeful signs of progress in Russia-Ukraine peace negotiations.
- On the data front, traders will be keeping an eye on Eurozone Composite PMI and Germany's Ifo business climate gauge for signs that the new coalition's spending plans are boosting optimism.

Lower Bound **1.0700** **Upper Bound** **1.0900**
Forecast **Depreciation**

Please carefully examine the Important Disclosure on the last section of this material.

Euro News

- The euro held above 1.09 at the beginning of the week, supported by approval of German fiscal deal. German Chancellor agreed to set up a 500 billion Euro infrastructure fund and dramatic changes in the borrowing rules or stretch in the so-called 'debt brake'.
- German ZEW Economic Sentiment Index increased significantly to 51.6 in March from 26.0 in February.
- EUR/USD fell to near 1.08 on renewed USD strength after the Fed expressed no rush in cutting the interest rate soon.
- Lagarde said before the European Parliament Committee that the inflationary impact of the trade war would be temporary as the effect would "ease in the medium term" due to "lower economic activity dampening inflationary pressures".

Euro Index Performance

Last Week Close	1.0879 USD/EUR	Monthly High	1.0954 USD/EUR
Week Open	1.0875 USD/EUR	Monthly Low	1.0383 USD/EUR
Week Close	1.0814 USD/EUR	30 Days Average	1.0651 USD/EUR
Weekly High	1.0954 USD/EUR	90 Days Average	1.0492 USD/EUR
Weekly Low	1.0796 USD/EUR	YTD Change	+4.58%

Next Week's Euro Economic Events

Events	Period	Date	Forecast	Previous
HCOB Mfg Flash PMI	Mar	24-Mar	47.0	46.5
HCOB Services Flash PMI	Mar	24-Mar	51.6	51.1
HCOB Composite Flash PMI	Mar	24-Mar	51.0	50.4
HCOB Mfg Flash PMI	Mar	24-Mar	48.2	47.6
HCOB Services Flash PMI	Mar	24-Mar	51.0	50.6
HCOB Composite Flash PMI	Mar	24-Mar	50.8	50.2
Ifo Business Climate New	Mar	25-Mar	86.8	85.2
Ifo Curr Conditions New	Mar	25-Mar	85.5	85.0
Ifo Expectations New	Mar	25-Mar	87.9	85.4
Unemployment Chg SA	Mar	28-Mar	10k	5k

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 Mar 2025 - 28 Mar 2025

Pound Sterling
Pound Sterling Graph


Source: Refinitiv

Pound Sterling Outlook

- The Bank of England is facing a difficult dilemma, as it's worried about a possible rise in both unemployment and inflation in the months ahead. The high risk of stagflation could cap further gains for the pound, although the UK's exclusion from Trump's trade war is a significant source of support for the time being.
- The UK economic docket will feature the Consumer Price Index (CPI) and the Spring Budget Statement. There could be an immediate boost from the budget update if Reeves announces some new measures aimed at kickstarting the stagnant economy.

Lower Bound	1.2800	Upper Bound	1.3000
Forecast	Depreciation		

Pound Sterling News

- The Pound Sterling (GBP) fell 0.29% against the US Dollar (USD) on Friday, set to end the week unchanged amid a risk-off mood and persistent US Dollar strength.
- The Bank of England (BOE) delivered on expectations and kept the policy rate steady at 4.50%. The BOE stuck to its guidance of 'a gradual and careful approach' to further rate cuts. However, the 8-1 vote split to stay on hold was a hawkish surprise and triggered an upward adjustment to UK rate expectations.
- The UK Unemployment Rate stays at 4.4% in three months to January. Additional details of the report showed that the number of people claiming jobless benefits increased by 44.2K in February, compared with a gain of 2.8K in January, missing the expected 7.9K figure.

Pound Sterling Performance

Last Week Close	1.2932 USD/GBP	Monthly High	1.3014 USD/GBP
Week Open	1.2928 USD/GBP	Monthly Low	1.2581 USD/GBP
Week Close	1.2918 USD/GBP	30 Days Average	1.2753 USD/GBP
Weekly High	1.3014 USD/GBP	90 Days Average	1.2588 USD/GBP
Weekly Low	1.2884 USD/GBP	YTD Change	+3.32%

Next Week's Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Mar	24-Mar	50.3	50.5
Flash Manufacturing PMI	Mar	24-Mar	46.4	46.9
Flash Services PMI	Mar	24-Mar	50.9	51.0
Core CPI YY	Feb	26-Mar	3.6%	3.7%
CPI YY	Feb	26-Mar	2.9%	3.0%
CPI Services MM	Feb	26-Mar		-0.2%
CPI Services YY	Feb	26-Mar	4.9%	5.0%
Retail Sales MM	Feb	28-Mar	-0.4%	1.7%
GDP QQ	Q4	28-Mar	0.1%	0.1%

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 Mar 2025 - 28 Mar 2025

Australian Dollar
Australian Dollar Graph


Source: Refinitiv

Australian Dollar Outlook

- Uncertainty surrounding US trade policy continues to weigh on risk-sensitive currencies like the Australian Dollar. With investors closely monitoring potential retaliatory actions from global trade partners, fears of a broader economic slowdown remain elevated. Given Australia's reliance on commodity exports to China, any weakness in Chinese demand could place additional downward pressure on the Aussie.
- The Reserve Bank of Australia (RBA) remains cautious, monitoring inflation trends and global trade risks before committing to further policy adjustments. While the central bank cut rates by 25 basis points in February, future decisions will depend on evolving economic conditions.

Australian Dollar News

- AUD/USD hung near weekly low, remains depressed below 0.63 on stronger USD.
- Thursday's disappointing jobs data undermines the Aussie and contributes to the slide.
- Job report showed number of employed people declined by 52.8K in February. The reading missed consensus estimates for a 30.0K increase and raised concerns about potential weakness in the labor market.
- Australian Prime Minister Anthony Albanese confirmed that Australia will not impose reciprocal tariffs on the US, emphasizing that retaliatory measures would only raise costs for Australian consumers and fuel inflation.

Australian Dollar Performance

Last Week Close	0.6323 USD/AUD	Monthly High	0.63900 USD/AUD
Week Open	0.6324 USD/AUD	Monthly Low	0.61880 USD/AUD
Week Close	0.6269 USD/AUD	30 Days Average	0.62280 USD/AUD
Weekly High	0.6390 USD/AUD	90 Days Average	0.64677 USD/AUD
Weekly Low	0.6256 USD/AUD	YTD Change	+1.52%

Next Week's Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Flash	Mar	24-Mar		50.4
S&P Global Svs PMI Flash	Mar	24-Mar		50.8
S&P Global Comp PMI Flash	Mar	24-Mar		50.6
Weighted CPI YY	Feb	26-Mar	2.5%	2.5%
CPI SA MM	Feb	26-Mar		0.60%
CPI SA YY	Feb	26-Mar		2.70%

Lower Bound **0.6200** **Upper Bound** **0.6400**
Forecast **Depreciation**

Please carefully examine the Important Disclosure on the last section of this material.


Japanese Yen Graph


Source: Refinitiv

Japanese Yen Outlook

- In Japan, tariffs are weighing on the outlook and the Bank of Japan is hesitant to commit to a timeline for further rate hikes. The yen could resume its ascent if the incoming data points to ongoing price pressures. Producer prices for the services sector are out on Wednesday, while the March CPI estimates for the Tokyo region are due on Friday.
- A potentially bigger driver for the yen could also be Friday's Summary of Opinions of the BoJ's March meeting. If the summary reveals board members are keener on further tightening than indicated by Governor Ueda in his latest press conference, investors might bring forward their rate hike expectations, bolstering the yen.

Lower Bound **148.00** **Upper Bound** **151.00**

Forecast **Depreciation**

Please carefully examine the Important Disclosure on the last section of this material.

Japanese Yen News

- A modest USD uptick lends support to USD/JPY and lifts it above the 149.00 mark.
- Japan's National Consumer Price Index (CPI) rose 3.7% YoY in February, slower than 4% in the previous month. Meanwhile, the nationwide core CPI, which excludes fresh food items, climbed 3% compared to 3.2% in January, though the reading was slightly above the 2.9% expected.
- The preliminary results from Japan's annual spring labor negotiations revealed that firms largely agreed to union demands for strong wage growth for the third consecutive year. This, in turn, is anticipated to boost consumer spending and contribute to broadening inflationary pressures in Japan, giving the Bank of Japan headroom to keep hiking rates.

Japanese Yen Performance

Last Week Close	148.62 JPY/USD	Monthly High	151.31 JPY/USD
Week Open	148.32 JPY/USD	Monthly Low	146.55 JPY/USD
Week Close	149.31 JPY/USD	30 Days Average	152.88 JPY/USD
Weekly High	150.14 JPY/USD	90 Days Average	148.26 JPY/USD
Weekly Low	148.16 JPY/USD	YTD Change	-4.48%

Next Week's Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JibunBK Mfg PMI Flash SA	Mar	24-Mar		49.0
JibunBK Comp Op Flash SA	Mar	24-Mar		52.0
JibunBK SVC PMI Flash SA	Mar	24-Mar		53.7
Service PPI	Feb	26-Mar		3.10%
Chain Store Sales YY	Feb	26-Mar		0.9%
Leading Indicator Revised	Jan	26-Mar		0.1
CPI Tokyo Ex fresh food YY	Mar	28-Mar	2.2%	2.2%
CPI, Overall Tokyo	Mar	28-Mar		2.9%

IMPORTANT DISCLAIMER

This material was prepared solely by the Treasury Marketing Unit of Bangkok Bank PCL. Any opinions expressed herein may differ from those of other departments within Bangkok Bank. This material is provided for informational purposes only and does not constitute an offer or solicitation to purchase or sell any financial instrument. The information contained herein has been obtained from public sources and is subject to change based on market conditions. The use of any information provided is at the recipient's discretion.

Opinions and assumptions in this document reflect the current judgment of the author as of the date of writing and do not necessarily represent the views of Bangkok Bank. These opinions are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees, or advisors make any representations or warranties, express or implied, as to the completeness, accuracy, reliability, or suitability of the information contained in this document. Bangkok Bank and its affiliates shall not be liable for any loss or damage arising from the use of this information. Bangkok Bank does not assume any fiduciary duty or responsibility for any consequences arising from any decision made based on the information provided. The inclusion of any third-party information does not imply endorsement or approval by Bangkok Bank, and Bangkok Bank is not responsible for the accuracy or completeness of such information. Bangkok Bank is under no obligation to update or keep current the information contained in this document. Bangkok Bank shall not be liable for any technical errors, omissions, or inaccuracies in the information provided, nor for any delays or interruptions in the delivery of the information. Bangkok Bank makes no warranty, express or implied, regarding the results that may be obtained from the use of the information provided.

Each recipient should carefully consider the risks associated with any financial transaction and make a determination based on their own particular circumstances. It is recommended that recipients seek independent financial, legal, and other professional advice before making any investment decisions. This document is intended for the exclusive use by the recipients and is provided with the express understanding that the information contained herein will be regarded and treated as strictly confidential. Any unauthorized use, disclosure, or distribution is prohibited. Bangkok Bank and its affiliates shall not be liable for any actions taken based on the information provided in this document. This document may contain forward-looking statements that are subject to risks and uncertainties. Actual results may differ materially from those expressed or implied in these statements. Past performance is not indicative of future performance. No expressed or implied warranty can be made regarding the projections and forecasts of future performance stated herein. The contents of this document have not been reviewed by any regulatory authority. Recipients are advised to exercise caution in relation to the contents. This document is not intended to constitute any investment, legal, financial, business, accounting, taxation, or other advice. If in doubt, recipients should seek professional advice from relevant advisers about their particular circumstances. Bangkok Bank, its connected companies, employees, or clients may at any time, to the extent permitted by applicable law and/or regulation, take the other side of any order by you, enter into transactions contrary to any recommendations contained herein, or have positions or make markets or act as principal or agent in transactions in any securities mentioned herein or derivative transactions relating thereto. Accordingly, Bangkok Bank, its connected companies, or employees may have a conflict of interest that could affect the objectivity of this document. This document is not directed to, or intended for distribution to or use by, any person who is a citizen or resident of, or entity located in, any locality, territory, state, country, or other jurisdiction where such distribution, publication, availability, or use would be contrary to or restricted by law or regulation. Persons or entities into whose possession this document comes should inform themselves about and observe such restrictions.