



Dollar Index

Currency Pulse



Outlook

- The market's focus in this week will be on the release of U.S. Personal Consumption Expenditures (PCE) inflation data, which is the Fed's preferred measure of inflation. In addition, weekly reports on the labor market and public statements from various Fed officials are expected to be significant drivers of the dollar's value.
- Public statements and speeches from various Federal Reserve officials will be a major driver of market sentiment. Investors will be looking for clues regarding the timing and magnitude of future interest rate cuts, especially after the recent 25-basis-point reduction.

Lower Bound	96.00	Upper Bound	98.00
Forecast	Appreciation		

Quick Take

- At the beginning of last week, the U.S. Dollar Index (DXY) traded in a narrow range, reflecting investor caution ahead of key Federal Reserve signals and mixed economic data.
- U.S. retail sales rose more than expected in August, driven by broad-based consumer spending, including dining out. However, a softening labor market and rising prices—partly due to tariffs—pose downside risks to sustained consumption.
- The Federal Reserve cut its benchmark interest rate by 25 basis points to a range of 4.00%–4.25%, as widely expected, Fed Chair Jerome Powell described the move as a “risk-management cut,” citing labor market weakness, but emphasized there was no need to rush easing. Following the rate decision, the Dollar Index fell to a 43-month low near 96.30, as markets priced in further policy easing.
- The Fed’s updated dot plot projected a median of 50 basis points in additional cuts for the remainder of 2025, with only one further reduction expected in 2026.

Performance

Last Week Close	97.55	Monthly High	98.83
Week Open	97.63	Monthly Low	96.22
Week Close	97.64	30 Days Average	97.87
Weekly High	98.09	90 Days Average	98.24
Weekly Low	96.22	YTD Change	-9.88%

Impact Events

Events	Period	Date	Forecast	Previous
S&P Global Comp PMI Flash	Sep	23-Sep		54.6
New Home Sales-Units	Aug	24-Sep	0.653M	0.652M
Durable Goods	Aug	25-Sep	-0.5%	-2.8%
Existing Home Sales	Aug	25-Sep	3.98M	4.01M
Core PCE Price Index MM	Aug	26-Sep		0.3%
PCE Price Index MM	Aug	26-Sep		0.2%
U Mich Sentiment Final	Sep	26-Sep		55.4
EIA Wkly Crude Stk	15 Sep, w/ 24-Sep			
Initial Jobless Clm	15 Sep, w/ 25-Sep			

Currency Pulse



- The Thai government will coordinate with the central bank to manage the baht, which recently climbed to a four-year high. Authorities are also monitoring capital inflows and gold trading for any signs of irregularities.
- The baht typically gains when Thais sell gold, as U.S. dollar proceeds are converted into local currency. The Thai currency also maintains a stronger correlation with gold than most other emerging Asian currencies.
- Despite Thailand's sluggish economic recovery and weak export performance, the baht appreciated by over 8% year-to-date, a move analysts say is inconsistent with domestic fundamentals. The rally is largely driven by capital inflows and speculative positioning, as investors seek yield in Asia amid falling U.S. interest rates.

Lower Bound	31.50	Upper Bound	32.20
Forecast	Depreciation		

- The Thai baht appreciated against the U.S. dollar, driven by the combination of a globally weaker U.S. dollar and favorable local dynamics as well as an increase in gold prices.
- Thailand's central bank is considering a tax on gold trading as well as other measures to stabilize the soaring baht.
- The baht's rise to a four-year high is raising concerns over export competitiveness, particularly as Thai manufacturers face a 19% U.S. tariff and increasing pressure from regional rivals like Vietnam.
- In the first seven months of 2025, Thailand's gold shipments surged 82 per cent year-on-year to \$7.6 billion, with unusually large export volumes worth \$2.1 billion to Cambodia alone.
- The Bank of Thailand has intervened to slow the baht's appreciation, an assistant governor said Friday, citing risks to the country's fragile economic recovery.
- The central bank is closely monitoring currency movements, as reflected in the recent increase in foreign reserves, signaling active management of exchange rate volatility.

Performance

Last Week Close	31.71	THB/USD	Monthly High	32.45	THB/USD
Week Open	31.73	THB/USD	Monthly Low	31.58	THB/USD
Week Close	31.80	THB/USD	30 Days Average	32.16	THB/USD
Weekly High	31.97	THB/USD	90 Days Average	32.40	THB/USD
Weekly Low	31.57	THB/USD	YTD Change	-6.91%	

Impact Events

Events	Period	Date	Forecast	Previous
Forex Reserves	15 Sep, w/	26-Sep		
Currency Swaps	15 Sep, w/	26-Sep		



Euro

Currency Pulse



Outlook

- The euro remains vulnerable as the Federal Reserve's recent policy stance has reinforced dollar strength, while the European Central Bank is expected to keep rates on hold amid sluggish eurozone growth and persistent inflation.
- Several analysts noted that the market currently lacks strong directional conviction, suggesting that the euro could remain in a range between roughly 1.1650 and 1.1850 until a clearer trend emerges .
- French political developments continue to have a significant impact on the euro, especially during periods of heightened political uncertainty.

Lower Bound	1.1650	Upper Bound	1.1850
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Forecast	Depreciation
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Quick Take

- The euro strengthened significantly, hitting a four-year high of 1.1878 on Tuesday, driven by broad-based dollar weakness and growing expectations of a dovish from the Federal Reserve. Moreover, the euro has received an additional boost from an unexpected improvement in Germany's Economic Sentiment.
- German ZEW Economic Sentiment Index improved to 37.3 in September, up from 34.7 in August and well above the market forecast of 27.3.
- Market sentiment remained cautious amid Fitch's downgrade of France's credit rating, which added a layer of geopolitical risk to eurozone assets.
- However, gains moderated midweek as traders locked in profits and adopted a cautious stance ahead of Fed Chair Jerome Powell's press conference. Powell emphasized a "meeting-by-meeting" approach, signaling that while further easing is possible, it is not guaranteed. His less dovish tone provided some support to the dollar, causing EUR/USD to stabilize around 1.1815

Performance

Last Week Close	1.1733	USD/EUR	Monthly High	1.1918	USD/EUR
Week Open	1.1733	USD/EUR	Monthly Low	1.1609	USD/EUR
Week Close	1.1744	USD/EUR	30 Days Average	1.1707	USD/EUR
Weekly High	1.1918	USD/EUR	90 Days Average	1.1606	USD/EUR
Weekly Low	1.1715	USD/EUR	YTD Change	+13.31%	

Impact Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Sep	22-Sep		-15.5
HCOB Composite Flash PMI	Sep	23-Sep		49.8
HCOB Mfg Flash PMI	Sep	23-Sep		49.8
HCOB Mfg Flash PMI	Sep	23-Sep		50.7
HCOB Services Flash PMI	Sep	23-Sep		50.5
HCOB Composite Flash PMI	Sep	23-Sep		51.0
Ifo Business Climate New	Sep	24-Sep		89.0

Pound Sterling

Currency Pulse



Outlook

- The markets increasingly anticipate the Bank of England will maintain its hawkish stance throughout the rest of the year.
- The pound has recently weakened following disappointing UK retail sales figures and higher-than-expected government borrowing, which have sparked fiscal concerns. The market remains sensitive to any new economic releases from the UK.
- However, the potential upside for the Pound Sterling might be limited amid concerns that UK Finance Minister Rachel Reeves may struggle to keep her budget under control.

Lower Bound	1.3450	Upper Bound	1.3600
Forecast	Depreciation		

Quick Take

- The British Pound posted modest gains against the U.S. Dollar, as traders priced in diverging central bank outlooks and reacted to key macroeconomic data.
- The Pound Sterling extend gains despite mixed UK labor market data. Unemployment remained at a four-year high of 4.7%, while average earnings edged slightly lower. However, hawkish expectations for the Bank of England (BoE) helped support the currency, with markets anticipating no further rate cuts in the near term.
- UK headline inflation remained elevated at 3.8% YoY, with core CPI at 3.6%, ahead of BoE meeting.
- The Bank of England left its benchmark rate unchanged at 4.00%, in line with expectations. The decision carried a slightly dovish tone, as two Monetary Policy Committee (MPC) members—Swati Dhingra and Alan Taylor—voted for an immediate 25-basis-point cut. The MPC also voted 7–2 to continue reducing the stock of UK government bonds held for monetary policy purposes by £70 billion over the next 12 months, bringing the total down to £488 billion.

Performance

Last Week Close	1.3556	USD/GBP	Monthly High	1.3726	USD/GBP
Week Open	1.3555	USD/GBP	Monthly Low	1.3334	USD/GBP
Week Close	1.3466	USD/GBP	30 Days Average	1.3511	USD/GBP
Weekly High	1.3726	USD/GBP	90 Days Average	1.3500	USD/GBP
Weekly Low	1.3460	USD/GBP	YTD Change	+7.59%	

Impact Events

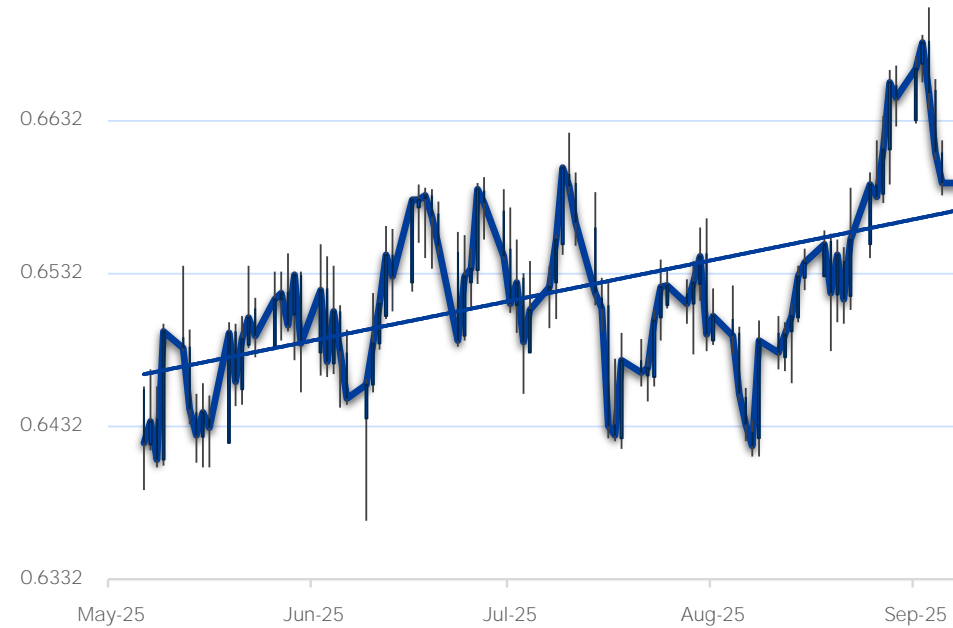
Events	Period	Date	Forecast	Previous
Flash Composite PMI	Sep	23-Sep		53.5
Flash Manufacturing PMI	Sep	23-Sep		47.0
Flash Services PMI	Sep	23-Sep		54.2





Australian Dollar

Currency Pulse



Outlook

- The Australian dollar is expected to trade within a narrow range against the U.S. dollar this week, as investors weigh mixed signals from both the Federal Reserve and the Reserve Bank of Australia.
- The Reserve Bank of Australia is widely expected to keep its Official Cash Rate (OCR) unchanged at 3.60% at its upcoming policy meeting later this month, with inflation seen stabilizing and no immediate rate changes anticipated.
- Directional influences on the AUD will continue to depend heavily on shifts in global risk sentiment, as well as upcoming economic data from both Australia and the U.S. Analysts emphasize that any hawkish signals from the Fed could sustain the U.S. dollar's momentum, further pressuring the Aussie. Potential shifts in market sentiment and key economic indicators will be critical in determining the AUD's trajectory in the near term.

Lower Bound 0.6500 Upper Bound 0.6750

Forecast Neutral

Quick Take

- The Australian dollar gain against the U.S. Dollar reached a new high of 0.6707, supported by broad U.S. dollar weakness ahead of the Fed's policy decision and optimism around China's stimulus measures.
- The Australian dollar lost some momentum after a weaker-than-expected Australian jobs report and a recovery in the greenback.
- Australia's labor market data was mixed. While full-time employment rose sharply, overall job creation fell short of expectations. Seasonally adjusted employment declined by 5.4K in August, compared to a revised 26.5K gain in July (previously 24.5K), and well below the consensus forecast of +22.0K. Meanwhile, the unemployment rate held steady at 4.2%, in line with expectations.

Performance

Last Week Close	0.6647	USD/AUD	Monthly High	0.6706	USD/AUD
Week Open	0.6632	USD/AUD	Monthly Low	0.6484	USD/AUD
Week Close	0.6591	USD/AUD	30 Days Average	0.6530	USD/AUD
Weekly High	0.6706	USD/AUD	90 Days Average	0.6507	USD/AUD
Weekly Low	0.6583	USD/AUD	YTD Change	0.0653	

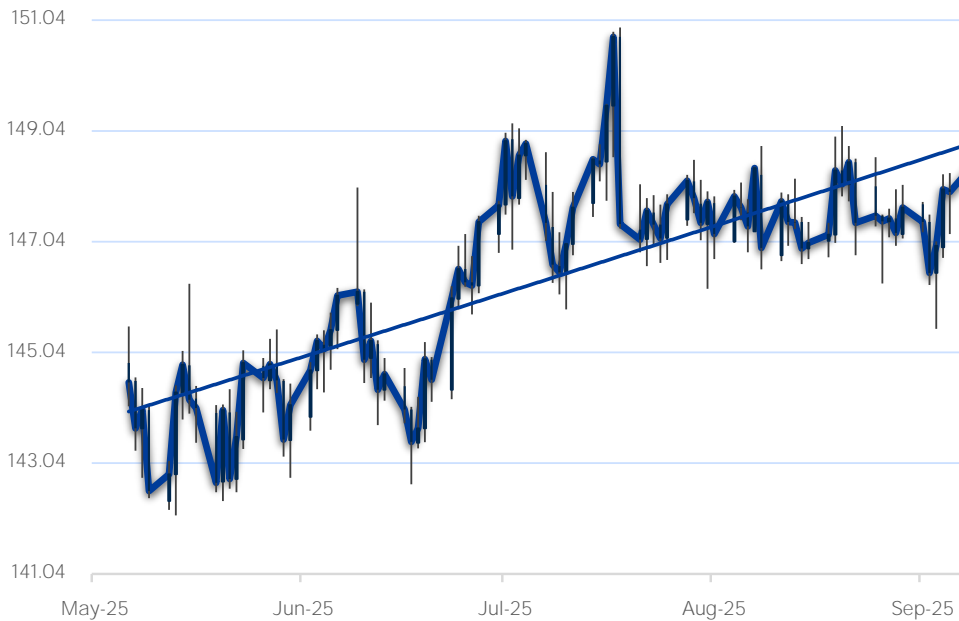
Impact Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Flash	Sep	23-Sep		53.0
S&P Global Svs PMI Flash	Sep	23-Sep		55.8
S&P Global Comp PMI Flash	Sep	23-Sep		55.5
Weighted CPI YY	Aug	24-Sep		2.8%
CPI SA MM	Aug	24-Sep		0.90%
CPI SA YY	Aug	24-Sep		2.80%



Japanese Yen

Currency Pulse



Outlook

- The Federal Reserve's less dovish tone and the Bank of Japan's decision to keep rates unchanged have kept the yield differential wide, supporting the dollar. However, two BoJ officials recently voted for a rate hike, signaling a potential shift in Japanese monetary policy later this year.
- Markets are closely monitoring Japan's upcoming inflation data and any further hawkish signals from the BoJ, which could provide support for the yen.
- Meanwhile, political uncertainty in Japan has added complexity to the yen's outlook. Prime Minister Shigeru Ishiba's resignation has raised questions about the timing of future Bank of Japan rate hikes.

Quick Take

- The Japanese yen gained to a one-week high and remains on track to appreciate further against a broadly weaker U.S. Dollar amid the divergent Bank of Japan (BoJ)-Federal Reserve (Fed) policy expectations. Investors seem convinced that the BoJ will stick to its policy normalization path, while the US central bank will resume its rate-cutting cycle. However, Japanese PM's resignation added uncertainty to the sentiment and help limit the gain.
- The Japanese Yen edged lower on Thursday, following a weaker-than-expected reading on Japan's core machinery orders.
- Japan's Core Machinery Orders fell 4.6% month-on-month in July, while annual growth slowed to 4.9%, down from 7.6% in June—both figures coming in well below market expectations.
- The Bank of Japan kept interest rates steady at 0.5% on Friday but decided to start selling its holdings of risky assets, taking another step forward in phasing out remnants of its massive stimulus programme.

Performance

Last Week Close	147.66	JPY/USD	Monthly High	149.13	JPY/USD
Week Open	147.72	JPY/USD	Monthly Low	145.49	JPY/USD
Week Close	147.94	JPY/USD	30 Days Average	143.74	JPY/USD
Weekly High	148.28	JPY/USD	90 Days Average	143.74	JPY/USD
Weekly Low	145.47	JPY/USD	YTD Change	-5.40%	

Impact Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Flash SA	Sep	24-Sep		49.7
S&P Global Comp Op Flash SA	Sep	24-Sep		52.0
S&P Global SVC PMI Flash SA	Sep	24-Sep		53.1
Service PPI	Aug	25-Sep		2.90%
Chain Store Sales YY	Aug	25-Sep		3.1%
CPI Tokyo Ex fresh food YY	Sep	26-Sep		2.5%

Lower Bound	147.00	Upper Bound	149.00
Forecast	Depreciation		

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