

Dollar Index

Currency Pulse



Quick Take

• The U.S. Dollar Index (DXY) traded in a narrow and volatile range around 97.7 throughout the week, driven by rising expectations of a Federal Reserve rate cut at the upcoming September 16–17 meeting. Political tensions escalated early in the week as President Trump attempted to dismiss Fed Governor Lisa Cook over mortgage fraud allegations, raising concerns about the Fed's independence. Trump's push to confirm Stephen Miran, a dovish nominee favoring dollar devaluation, further unsettled markets. Economic data sent mixed signals: core PCE inflation rose 0.3% in July to 2.9% annually, while consumer confidence dropped to 58.2 in August. Manufacturing remained weak, with the ISM index at 48.7 and factory orders down 1.3%. Labor market data added pressure, with job openings falling, jobless claims rising to 237,000, and ADP private payrolls increasing by just 54,000. The week concluded with the August Nonfarm Payrolls report, which showed a disappointing gain of only 22,000 jobs, well below the 75,000 forecast, and a rise in the unemployment rate to 4.3%. Revisions to prior months also revealed a net loss of 13,000 jobs. Despite a brief uptick ahead of the NFP release, the dollar weakened as markets fully priced in a 91–100% probability of a 25-basis-point Fed rate cut, with some even speculating a 50-basis-point move.

Performance

Last Week Close	97.77	Monthly High	100.26
Week Open	97.83	Monthly Low	97.43
Week Close	97.77	30 Days Average	98.35
Weekly High	98.73	90 Days Average	98.58
Weekly Low	97.43	YTD Change	-9.82%



Outlook

- A key highlight for the U.S. economy will be the release of August CPI and PPI data, along with short- and long-term inflation expectations from the University of Michigan's Consumer Sentiment Index for September. These indicators will provide insight into the inflation outlook and help shape market expectations regarding future monetary policy.
- Following the weaker-than-expected Nonfarm Payrolls report for August, market sentiment has shifted toward expecting a more aggressive rate cut. There is growing speculation that the Fed may cut rates by 50 basis points at the September FOMC meeting, with a 75% probability of three rate cuts in 2025, and potentially three to four more cuts in 2026.

Impact Events

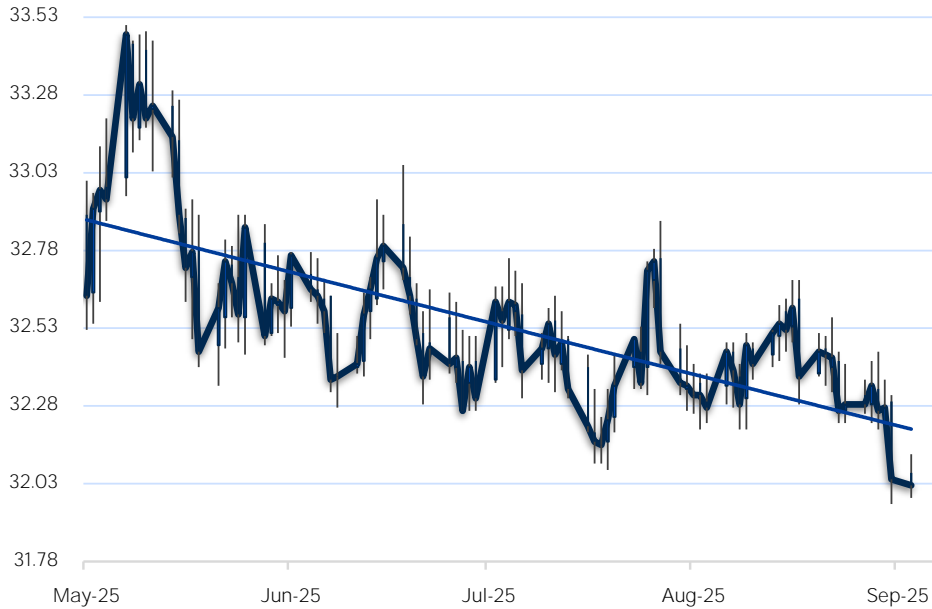
Events	Period	Date	Forecast	Previous
PPI Machine Manuf'ing	Aug	10-Sep		191.4
Core CPI MM, SA	Aug	11-Sep	0.3%	0.3%
Core CPI YY, NSA	Aug	11-Sep	3.1%	3.1%
CPI MM, SA	Aug	11-Sep	0.3%	0.2%
CPI YY, NSA	Aug	11-Sep	2.9%	2.7%
CPI Wage Earner	Aug	11-Sep		316.349
Initial Jobless Clm	6 Sep, w/e 11-Sep		235k	237k
Nat Gas-EIA Implied Flow	5 Sep, w/e 11-Sep			55B
U Mich Sentiment Prelim	Sep	12-Sep	58.0	58.2

Lower Bound	96.37	Upper Bound	98.31
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Forecast	Depreciation
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Thai Baht

Currency Pulse



Outlook

- Markets are watching the formation of a new Cabinet under PM Anutin Charnvirakul from the Bhumjaitai Party, while August's Consumer Confidence Index will offer insight into domestic sentiment.
- The baht is unlikely to weaken significantly, as expectations for Fed rate cuts have pressured the dollar and supported gold prices. Thai political uncertainty has also eased, reducing foreign investor risk. Still, the baht faces two-way risk. If U.S. inflation (CPI, PPI) continues rising, markets may scale back rate cut expectations, leading to a rebound in the U.S. dollar and bond yields, which could weigh on the baht.

Quick Take

• The Thai baht continued to strengthen throughout the week, supported by a weaker U.S. dollar and rising gold prices. However, it slightly depreciated on Friday, August 29, following the Constitutional Court's decision to remove Prime Minister Paetongtarn Shinawatra from office over an ethics violation, triggering fresh political uncertainty. Despite trading within a limited range, investor sentiment remains cautious amid ongoing domestic political developments, including the formation of a new government and the parliamentary vote for the next prime minister. The baht also gained support from Thailand's Senate passing the THB 3.78 trillion budget bill for fiscal year 2026, pending royal endorsement. Additionally, weaker-than-expected U.S. labor market data intensified expectations for a Federal Reserve rate cut at the upcoming September 16–17 FOMC meeting, further boosting the baht. Meanwhile, Thailand's August CPI showed headline inflation at -0.7% y/y and core inflation at +0.8% y/y, indicating subdued price pressures and reinforcing a stable monetary outlook.

Performance

Last Week Close	32.26	THB/USD	Monthly High	32.45	THB/USD
Week Open	32.31	THB/USD	Monthly Low	32.00	THB/USD
Week Close	32.04	THB/USD	30 Days Average	32.39	THB/USD
Weekly High	32.45	THB/USD	90 Days Average	32.55	THB/USD
Weekly Low	31.96	THB/USD	YTD Change	-6.26%	

Impact Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Aug	08-Sep		51.7
Forex Reserves	1 Sep, w/e	12-Sep		267.4B
Currency Swaps	1 Sep, w/e	12-Sep		23.0B

Lower Bound	31.80	Upper Bound	32.30
Forecast	Neutral		

Euro



Currency Pulse



Outlook

- The European Central Bank (ECB) is expected to have concluded its interest rate cutting cycle, likely maintaining the Deposit Facility Rate at 2.00%. However, ECB officials, including the President, may continue to signal flexibility, indicating that further monetary easing remains an option if necessary.
- On the political front, attention is focused on France, where Prime Minister François Bayrou faces a confidence vote. Analysts widely expect him to lose due to the government's minority status in Parliament. If the vote fails, Bayrou is likely to resign. President Emmanuel Macron then has two options: appoint a new prime minister or dissolve Parliament and call for new elections. Recent reports suggest Macron may opt to appoint a left-leaning prime minister to ease political tensions, rather than triggering a snap election.

Lower Bound	1.1600	Upper Bound	1.1800
Forecast	Neutral		

Quick Take

• The euro extended its gains early in the week, reaching around 1.1700, supported by a weaker U.S. dollar amid rising expectations of a Federal Reserve rate cut. Comments from ECB Governing Council member Olli Rehn, calling for policy flexibility due to inflation uncertainty, added to the euro's strength. However, trading later turned cautious as U.S. markets closed for Labor Day and investors awaited the French no-confidence vote, where Prime Minister Bayrou was expected to lose. Economic data showed mixed signals: Eurozone manufacturing PMI rose to 50.7, indicating growth, while Germany's PMI improved to 49.8, still below the expansion threshold. Inflation edged up slightly in August, with headline CPI at 2.1%, near the ECB's target, reinforcing expectations for steady rates. The euro gained further momentum midweek, driven by weak U.S. labor data and a rise in Eurozone PPI, mainly due to higher energy prices. However, the rally lost steam after softer-than-expected Eurozone retail sales, which fell 0.5% month-on-month in July. ECB's Isabel Schnabel maintained a hawkish tone, keeping rate hike expectations alive. On Friday, the euro traded moderately higher, with EUR/USD reaching 1.1677, supported by a softer dollar ahead of the U.S. Nonfarm Payrolls (NFP) report. Market sentiment turned cautiously optimistic, driven by dovish Fed commentary and expectations of weak U.S. jobs data.

Performance

Last Week Close	1.1684	USD/EUR	Monthly High	1.1759	USD/EUR
Week Open	1.1684	USD/EUR	Monthly Low	1.1609	USD/EUR
Week Close	1.1717	USD/EUR	30 Days Average	1.1643	USD/EUR
Weekly High	1.1759	USD/EUR	90 Days Average	1.1547	USD/EUR
Weekly Low	1.1606	USD/EUR	YTD Change	+13.14%	

Impact Events

Events	Period	Date	Forecast	Previous
Industrial Output MM	Jul	08-Sep	1.0%	-1.9%
Industrial Production YY SA	Jul	08-Sep		-3.53%
ECB Refinancing Rate	Sep	11-Sep	2.15%	2.15%
ECB Deposit Rate	Sep	11-Sep	2.00%	2.00%
HICP Final YY	Aug	12-Sep	2.1%	2.1%
CPI (EU Norm) Final MM	Aug	12-Sep	0.5%	0.5%
CPI (EU Norm) Final YY	Aug	12-Sep	0.8%	0.8%
CPI YY NSA	Aug	12-Sep	0.9%	0.9%
CPI MM NSA	Aug	12-Sep	0.4%	0.4%

Pound Sterling

Currency Pulse

Outlook

- The British pound (GBP) is expected to face a mixed outlook this week as markets weigh domestic fiscal concerns against global monetary policy shifts. While the pound started the month on relatively firm footing, investor sentiment remains cautious amid ongoing scrutiny of the UK's fiscal position. Finance Minister Rachel Reeves is reportedly preparing to unveil a tax-heavy autumn budget aimed at meeting fiscal targets, which could dampen growth prospects and weigh on the pound's appeal.
- On the monetary policy front, the Bank of England (BoE) is widely expected to keep interest rates unchanged at its upcoming September 18 meeting. However, markets are increasingly pricing in a potential rate cut by March 2026, reflecting expectations of slowing inflation and economic momentum. In contrast, the U.S. Federal Reserve is facing growing pressure to cut rates sooner, especially after recent weak labor market data, which could provide some relative support for the pound against the dollar.

Lower Bound	1.3400	Upper Bound	1.3600
Forecast	Neutral		

Quick Take

• The British pound started the week on a positive note, holding above the 1.3500 psychological level during Asian trading hours, supported by expectations of further rate cuts from the U.S. Federal Reserve. Despite a quiet data backdrop, GBP gained around 0.3% on Monday as investors priced in dovish Fed policy. In contrast, the Bank of England is widely expected to keep rates steady at its upcoming September 18 meeting, with markets anticipating a possible 25-basis-point cut by March 2026. However, concerns over the U.K.'s fiscal outlook weighed on sentiment midweek, as Finance Minister Rachel Reeves is expected to raise taxes in the autumn budget to meet fiscal targets, potentially challenging growth. The pound regained some strength after BoE Governor Andrew Bailey signaled that interest rate cuts may come at a slower pace than previously expected, suggesting a more cautious approach to easing. Supporting the currency further, the UK's S&P Global Services PMI rose to 54.2 in August from 51.8 in July, marking its highest level since April 2024 and indicating solid expansion in the services sector.

Performance

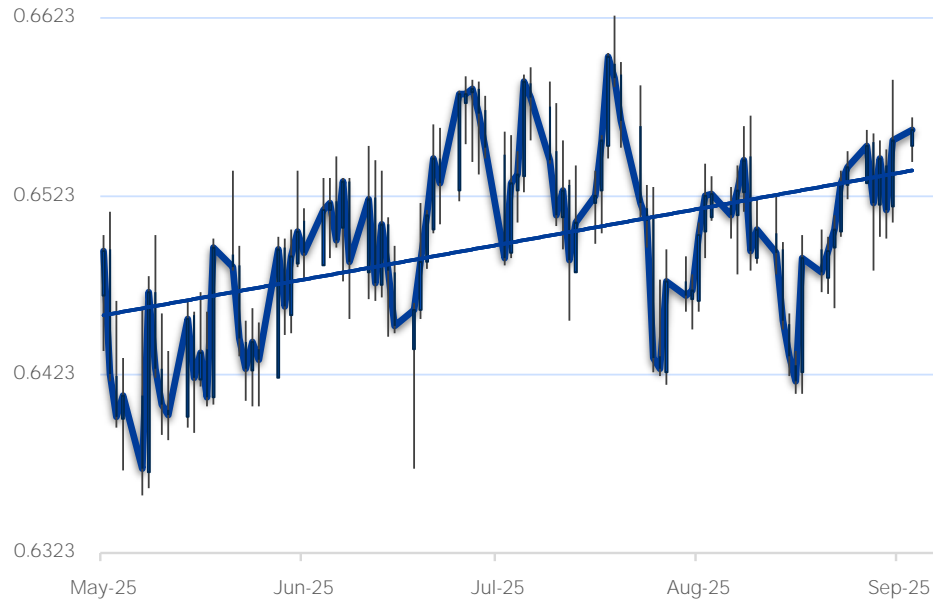
Last Week Close	1.3503	USD/GBP	Monthly High	1.3554	USD/GBP
Week Open	1.3503	USD/GBP	Monthly Low	1.3334	USD/GBP
Week Close	1.3506	USD/GBP	30 Days Average	1.3432	USD/GBP
Weekly High	1.3554	USD/GBP	90 Days Average	1.3469	USD/GBP
Weekly Low	1.3330	USD/GBP	YTD Change	+7.85%	

Impact Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Jul	12-Sep	0.2%	0.3%
GDP Estimate MM	Jul	12-Sep	0.1%	0.4%
GDP Estimate YY	Jul	12-Sep		1.4%
Services MM	Jul	12-Sep	0.0%	0.3%
Services YY	Jul	12-Sep		1.5%
Manufacturing Output MM	Jul	12-Sep	-0.1%	0.5%

Australian Dollar

Currency Pulse



Outlook

- The Australian dollar (AUD) is expected to show modest outperformance this week, supported by improving domestic economic data and a broadly weaker U.S. dollar. As global recession fears continue to fade, risk-sensitive currencies like the AUD, NZD, and CAD are benefiting from renewed investor confidence. The AUD/USD pair, which started the month around 0.6543, is projected to rise toward 0.6650 over the next three months, and potentially reach 0.6700 within six months, assuming continued softness in the U.S. dollar and stable macro conditions.
- The outlook is further supported by expectations of a Federal Reserve rate cut at the September 17 FOMC meeting, which would likely weaken the dollar and provide additional upside for the AUD. While the Reserve Bank of Australia (RBA) is not expected to change rates at its September 30 meeting, the currency remains well-positioned amid a global shift toward easing and improving sentiment around commodity-linked economies.

Lower Bound	0.6400	Upper Bound	0.6600
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Forecast	Appreciation
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Quick Take

• The Australian dollar (AUD) ended the week trading near the 0.6531 level against the U.S. dollar, reflecting a mixed performance shaped by technical and market sentiment factors. Early in the week, the AUD/USD pair showed signs of a bullish correction within a broader descending channel, supported by upward movement through key moving averages. This indicated buying pressure and potential for further gains, with resistance seen near the 0.6575 level. However, the rally faced headwinds later in the week, and forecasts suggested a possible downward rebound, with targets below 0.6175 if bearish momentum resumed. Analysts noted that a breakout above 0.6725 would invalidate the bearish outlook and signal continued strength in the Australian dollar, potentially pushing the pair toward 0.6965. Overall, the week was marked by cautious optimism, with traders watching for confirmation of either a sustained recovery or renewed downside pressure.

Performance

Last Week Close	0.6539	USD/AUD	Monthly High	0.6588	USD/AUD
Week Open	0.6530	USD/AUD	Monthly Low	0.6484	USD/AUD
Week Close	0.6554	USD/AUD	30 Days Average	0.6520	USD/AUD
Weekly High	0.6588	USD/AUD	90 Days Average	0.6487	USD/AUD
Weekly Low	0.6481	USD/AUD	YTD Change	0.0603	

Impact Events

Events	Period	Date	Forecast	Previous
Consumer Sentiment	Sep	09-Sep		5.7%
NAB Business Conditions	Aug	09-Sep		5
NAB Business Confidence	Aug	09-Sep		7
LSEG IPSOS PCSI	Sep	12-Sep		52.09



Japanese Yen

Currency Pulse



Outlook

• The Japanese yen (JPY) is expected to remain sensitive to both domestic political developments and global economic signals this week. The resignation of Prime Minister Shigeru Ishiba, following significant election losses by the ruling coalition, has introduced a new layer of political uncertainty in Japan. Ishiba's departure comes just after finalizing a major trade deal with the United States, and markets are now watching closely to see whether his successor will maintain the same economic direction. Potential successors, such as Sanae Takaichi and Shinjiro Koizumi, could influence fiscal and monetary policy sentiment depending on their stance toward the Bank of Japan's tightening path.

Lower Bound	147.00	Upper Bound	149.00
Forecast	Depreciation		

Quick Take

• The Japanese yen began the week with slight depreciation against the U.S. dollar, pressured by cooling inflation in Japan, which dampened expectations for another rate hike by the Bank of Japan (BoJ) this year. However, sentiment shifted midweek after a Reuters poll revealed that nearly two-thirds of economists now expect the BoJ to raise rates by 25 basis points later this year, lending some support to the yen. Despite this, dovish remarks from BoJ Deputy Governor Ryozi Himino, who emphasized caution amid global economic uncertainty, weighed on the currency. The yen regained strength later in the week following disappointing U.S. employment data and reaffirmed commitment from BoJ Governor Kazuo Ueda to pursue rate hikes, guided by improvements in growth and inflation. Further support came from Japan's wage data, which showed real wages rising 0.5% year-on-year in July—the first increase in seven months—while nominal wages surged 4.1%, the fastest pace since December. The broadening of wage growth beyond large firms boosted expectations that the BoJ may consider tightening policy later this year.

Performance

Last Week Close	147.02	JPY/USD	Monthly High	149.13	JPY/USD
Week Open	147.06	JPY/USD	Monthly Low	146.79	JPY/USD
Week Close	147.38	JPY/USD	30 Days Average	145.05	JPY/USD
Weekly High	149.13	JPY/USD	90 Days Average	145.05	JPY/USD
Weekly Low	146.76	JPY/USD	YTD Change	-5.54%	

Impact Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Jul	08-Sep	3,366.0B	1,348.2B
Current Account Bal SA	Jul	08-Sep		2,397,900M
Trade Bal Cust Basis SA	Jul	08-Sep		120,905.00M
GDP Rev QQ Annualised	Q2	08-Sep	1.0%	1.0%
GDP Revised QQ	Q2	08-Sep	0.3%	0.3%
GDP Cap Ex Rev QQ	Q2	08-Sep	1.2%	1.3%
Reuters Tankan N-Man Idx	Sep	10-Sep		24
Corp Goods Price MM	Aug	11-Sep	-0.1%	0.2%
Corp Goods Price YY	Aug	11-Sep	2.7%	2.6%

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