Bangkok Bank

FX Compass

16 Feb 2026 - 20 Feb 2026

Dollar Index

Currency Pulse

Quick Take

- The dollar index held near 97 on Friday, flat for a fourth session as softer U.S. inflation data boosted expectations of Fed rate cuts later this year. Headline inflation slowed to 2.4% annually, below forecasts, while monthly inflation eased to 0.2%. Markets see the Fed holding rates in March before two cuts later in 2026.
- Strong payroll gains and a lower unemployment rate signaled labor market stability.
- The dollar is set to drop over 2% against the yen after Prime Minister Sanae Takaichi's election win and renewed Tokyo intervention, while the Australian dollar climbed on hawkish RBA signals.

Performance

Last Week Close	97.63	**Monthly High**	99.49
Week Open	97.70	**Monthly Low**	95.55
Week Close	96.92	**30 Days Average**	97.87
Weekly High	97.99	**90 Days Average**	98.66
Weekly Low	96.49	**YTD Change**	-1.37%

Outlook

- The U.S. dollar enters this week under pressure after sliding against the yen, with markets focused on upcoming data and Fed signals. Softer inflation and resilient labor figures have reinforced expectations for mid-year rate cuts, while traders remain cautious but less aggressively bearish on the greenback.
- Key events ahead include Durable Goods Orders, Q4 GDP, and the Fed's preferred inflation gauge, the Core PCE Price Index, alongside minutes from the latest Fed meeting.
- Technically, the dollar index faces resistance near 98.00 and support around 96.50, suggesting a slightly bearish bias unless stronger U.S. data or hawkish Fed commentary shifts sentiment.

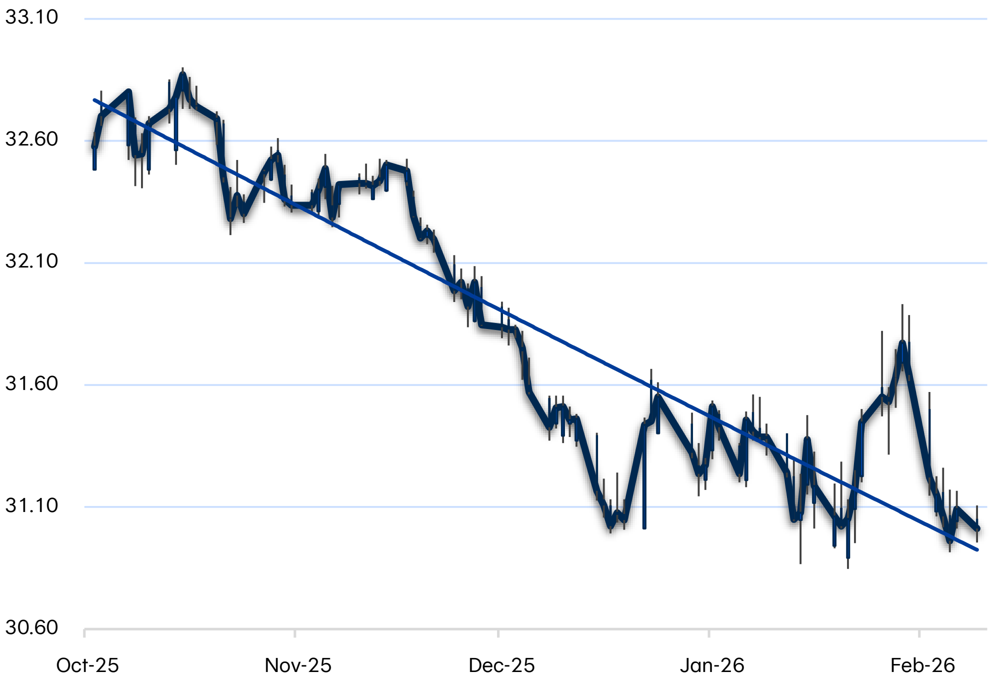
Lower Bound	**96.50**	**Upper Bound**	**97.80**
Forecast	Neutral		

Impact Events

Events	Period	Date	Forecast	Previous
Durable Goods	Dec	18-Feb		5.3%
Initial Jobless Clm	9 Feb, w/e	19-Feb		227k
Core PCE Price Index YY	Dec	20-Feb		2.8%
PCE Price Index YY	Dec	20-Feb		2.8%
GDP Advance	Q4	20-Feb	3.0%	4.4%
S&P Global Svcs PMI Flash	Feb	20-Feb		52.7
U Mich Sentiment Final	Feb	20-Feb		57.3
New Home Sales-Units	Dec	20-Feb		0.737M

Thai Baht

Currency Pulse



Quick Take

- Last week the Thai baht strengthened overall, supported by easing political risk after the Bhumjaithai Party's election victory and steady foreign inflows.
- Early in the week, USD/THB hovered in the low 31.00 THB/USD, but optimism over policy continuity and reform momentum lifted the currency further, aided by weaker U.S. dollar sentiment and higher gold prices.
- Midweek, expectations of debt relief measures and tighter oversight of speculative flows reinforced confidence, while regional risk on tone and stronger equities extended gains. By Friday, the baht steadied near the low 31s, tracking a firmer dollar index ahead of U.S. CPI, but remained underpinned by reduced political uncertainty and supportive inflows. Overall, the baht ended the week firmer, with gains driven by political clarity, external tailwinds, and resilient investor sentiment.

Performance

Last Week Close	31.77	THB/USD	**Monthly High**	31.92	THB/USD
Week Open	31.50	THB/USD	**Monthly Low**	30.93	THB/USD
Week Close	31.09	THB/USD	**30 Days Average**	31.30	THB/USD
Weekly High	31.57	THB/USD	**90 Days Average**	31.84	THB/USD
Weekly Low	30.91	THB/USD	**YTD Change**	-1.27%	

Outlook

- This week Thai baht slightly strength, driven by diverging policy signals and capital flows.
- On the US side, upcoming inflation and retail sales data will be critical in shaping expectations for the Federal Reserve's rate path. Softer data could reinforce market bets on rate cuts later this year, weighing on the dollar.
- Meanwhile, Thailand continues to benefit from resilient tourism inflows and steady foreign investment, which support the baht's demand. The Bank of Thailand remains broadly neutral, but policymakers are mindful of export competitiveness if the baht strengthens too quickly.
- Overall, unless US data surprises to the upside, the macro backdrop favors a slightly firmer baht against the dollar in the near term.

Lower Bound	**30.80**	**Upper Bound**	**31.30**
Forecast	Appreciation		

Impact Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q4	16-Feb	1.0%	1.2%
GDP Growth QQ SA	Q4	16-Feb	0.3%	-0.6%
Annual GDP Growth	2025	16-Feb		2.5%
Forex Reserves	9 Feb, w/e	20-Feb		289.7B
Currency Swaps	9 Feb, w/e	20-Feb		22.2B

Euro

Currency Pulse

Quick Take

- The euro traded near $1.19 on Friday, heading for a 0.4% weekly gain and staying close to January's four year high above $1.20. Support came from the ECB's calm stance on the currency's strength, with President Christine Lagarde saying the inflation outlook is in a "good place." Reports that dovish Bank of France Governor François Villeroy de Galhau will step down in June also added momentum.

In the U.S., inflation slowed to 2.4% in January while payrolls rose by 130,000, beating forecasts. Softer price pressures alongside resilient job growth suggest the Fed may have scope to ease rates later this year.

Performance

Last Week Close	1.1816	USD/EUR	**Monthly High**	1.1928	USD/EUR
Week Open	1.1816	USD/EUR	**Monthly Low**	1.1766	USD/EUR
Week Close	1.1867	USD/EUR	**30 Days Average**	1.1788	USD/EUR
Weekly High	1.1928	USD/EUR	**90 Days Average**	1.1687	USD/EUR
Weekly Low	1.1807	USD/EUR	**YTD Change**	+0.99%	

Outlook

- EUR is mildly supported this week by a macro environment dominated by broad USD weakness, as cooling U.S. inflation (2.7% ⟶ 2.4%) and expectations for Fed rate cuts around June–July keep the dollar on the defensive despite resilient U.S. data.
- Meanwhile, the Eurozone offers stability rather than strength—ECB policy remains steady with little surprise risk—yet this neutrality becomes an advantage when global capital diversifies away from U.S. assets, further weighing on the dollar and indirectly supporting the euro. Overall, macro forces point to a soft USD + stable ECB backdrop, keeping EUR/USD biased toward the 1.19 area in the near term.

Impact Events

Events	Period	Date	Forecast	Previous
Industrial Production MM	Dec	16-Feb	-1.4%	0.7%
Industrial Production YY	Dec	16-Feb	1.3%	2.5%
Consumer Confid. Flash	Feb	19-Feb	-11.9	-12.4
HCOB Mfg Flash PMI	Feb	20-Feb	50.0	49.5
HCOB Services Flash PMI	Feb	20-Feb	52.0	51.6
HCOB Composite Flash PMI	Feb	20-Feb	51.9	51.3

Lower Bound	**1.1770**	**Upper Bound**	**1.1920**
Forecast	Neutral		

Pound Sterling

Currency Pulse

Quick Take

- Sterling hovered near $1.36 as investors digested weaker UK growth data. GDP rose just 0.1% in Q4 2025, matching the prior quarter but missing forecasts, while annual growth slowed to 1.0% — the weakest since mid-2024. Monthly figures showed unexpected declines in industrial output and construction, highlighting a fragile recovery.

The disappointing numbers capped a tough year for the UK economy and added political pressure on Prime Minister Keir Starmer. Meanwhile, the Bank of England held rates at 3.75% in a split decision but struck a dovish tone, signaling inflation could return toward the 2% target from April.

Outlook

- GBP/USD remains steady, supported by U.S. rate-cut expectations but capped by UK growth concerns, political uncertainty, and BoE easing bets. The balance of risks suggests the pair may continue to trade cautiously, with limited upside until clearer signals emerge from both the Fed and BoE.
- In the UK, traders will focus on fresh job market figures, inflation data, and Retail Sales, all of which could shape expectations for Bank of England policy.

Lower Bound	**1.3500**	**Upper Bound**	**1.3710**
Forecast	Neutral		

Performance

Last Week Close	1.3609	USD/GBP	**Monthly High**	1.3733	USD/GBP
Week Open	1.3609	USD/GBP	**Monthly Low**	1.3509	USD/GBP
Week Close	1.3648	USD/GBP	**30 Days Average**	1.3569	USD/GBP
Weekly High	1.3712	USD/GBP	**90 Days Average**	1.3384	USD/GBP
Weekly Low	1.3583	USD/GBP	**YTD Change**	+1.22%	

Impact Events

Events	Period	Date	Forecast	Previous
House Price Rightmove MM	Feb	16-Feb		2.8%
ILO Unemployment Rate	Dec	17-Feb		5.1%
Core CPI YY	Jan	18-Feb		3.2%
CPI YY	Jan	18-Feb		3.4%
Retail Sales MM	Jan	20-Feb		0.4%
Retail Sales YY	Jan	20-Feb		2.5%
Flash Composite PMI	Feb	20-Feb		53.7
Flash Manufacturing PMI	Feb	20-Feb		51.8
Flash Services PMI	Feb	20-Feb		54.0

Australian Dollar

Currency Pulse

Quick Take

- The Australian dollar hovered near $0.71, close to three-year highs, after the RBA signaled a hawkish stance. Governor Michele Bullock warned that inflation "with a three in front of it" is unacceptable, reinforcing Deputy Governor Hauser's remarks that price pressures remain too high. A consumer survey showed inflation expectations jumped to 5% in February, the highest since mid-2025, adding to the hawkish tone.
- Assistant Governor Hunter noted the labor market is likely to stay tight and inflation above target for some time. Economists now expect a possible rate hike in May as the RBA weighs Q1 inflation data alongside employment and GDP figures.

Outlook

- The Australian dollar is set to remain supported this week, trading near three-year highs around 0.71. Hawkish signals from the Reserve Bank of Australia, with officials stressing that inflation above 3% is unacceptable, continue to underpin the currency. Strong domestic fundamentals, including resilient employment and retail sales, add to the bullish tone, while inflation expectations rising to 5% reinforce the case for restrictive policy. Globally, softer U.S. inflation and Fed rate-cut expectations weigh on the dollar side of the pair. Key events to watch include Australia's jobs report and RBA minutes, alongside U.S. GDP and Core PCE inflation data, which could shape AUD/USD direction. Overall, the pair retains a bullish bias, though gains may be tempered if U.S. data surprises to the upside.

Lower Bound	0.6970	Upper Bound	0.7150
Forecast	Appreciation		

Performance

Last Week Close	0.7015	USD/AUD	**Monthly High**	0.7147	USD/AUD
Week Open	0.7008	USD/AUD	**Monthly Low**	0.6898	USD/AUD
Week Close	0.7073	USD/AUD	**30 Days Average**	0.6573	USD/AUD
Weekly High	0.7147	USD/AUD	**90 Days Average**	0.6548	USD/AUD
Weekly Low	0.7004	USD/AUD	**YTD Change**	0.0618	

Impact Events

Events	Period	Date	Forecast	Previous
Composite Leading Idx MM	Jan	18-Feb		0.08%
Wage Price Index QQ	Q4	18-Feb	0.8%	0.8%
Wage Price Index YY	Q4	18-Feb	3.4%	3.4%
Employment	Jan	19-Feb	20.0k	65.2k
Unemployment Rate	Jan	19-Feb	4.2%	4.1%
S&P Global Mfg PMI Flash	Feb	20-Feb		52.3
S&P Global Svs PMI Flash	Feb	20-Feb		56.3
S&P Global Comp PMI Flash	Feb	20-Feb		55.7

Japanese Yen

Currency Pulse

Quick Take

- The yen slipped past 153 per dollar on Friday but remained on track for its biggest weekly gain since November 2024. Support came from expectations that Prime Minister Sanae Takaichi's fiscal expansion plans will boost growth without straining public finances. Her decisive election win eased political uncertainty and gave a clear mandate for increased spending and targeted tax cuts, with assurances that a two year food sales tax cut will be funded sustainably without new bond issuance.
- Verbal interventions also lent support, as top currency diplomat Atsushi Mimura said authorities remain on high alert over FX movements despite the yen's recent rally.

Performance

Last Week Close	157.20	JPY/USD	**Monthly High**	157.72	JPY/USD
Week Open	157.20	JPY/USD	**Monthly Low**	152.28	JPY/USD
Week Close	152.68	JPY/USD	**30 Days Average**	151.99	JPY/USD
Weekly High	157.72	JPY/USD	**90 Days Average**	151.99	JPY/USD
Weekly Low	152.25	JPY/USD	**YTD Change**	-2.02%	

Outlook

- The Japanese yen is likely to stay firm this week, with USD/JPY trading under pressure from both domestic and U.S. factors. Political stability after Prime Minister Sanae Takaichi's election win and hawkish signals from the Bank of Japan, including hints of further tightening, continue to support the yen. Meanwhile, softer U.S. inflation has reinforced expectations of Fed rate cuts by mid year, weighing on the dollar.
- Technically, USD/JPY faces resistance near 156.97 and support around 152.30, suggesting the pair may remain biased lower unless U.S. data surprises to the upside.

Lower Bound	**152.00**	**Upper Bound**	**155.90**
Forecast	Appreciation		

Impact Events

Events	Period	Date	Forecast	Previous
GDP QQ Annualised	Q4	16-Feb	1.6%	-2.3%
Exports YY	Jan	18-Feb	12.0%	5.1%
Imports YY	Jan	18-Feb	3.0%	5.3%
Trade Balance Total Yen	Jan	18-Feb	-2,142.1B	105.7B
Machinery Orders MM	Dec	19-Feb	4.5%	-11.0%
Machinery Orders YY	Dec	19-Feb	3.9%	-6.4%
CPI, Core Nationwide YY	Jan	20-Feb	2.0%	2.4%
CPI, Overall Nationwide	Jan	20-Feb		2.1%
S&P Global Mfg PMI Flash SA	Feb	20-Feb		51.5

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