

Dollar Index

Currency Pulse



Outlook

- The US Dollar Index (DXY) broke above its 200-day SMA near 98.85 on Friday, signaling potential short-term upside momentum. Despite recent strength, the currency faces challenges from divided Federal Reserve (Fed) views on the pace and extent of rate cuts.
- US Nonfarm Payrolls for December came in below expectations, pointing to a cooling labor market. Market attention now shifts to the US Consumer Price Index (CPI) release on January 13, a critical gauge for inflation trends.
- Fed officials remain split on monetary policy, creating uncertainty around future rate cuts. Investors are cautious ahead of Fedspeak and upcoming inflation data, which could influence expectations for the Fed's next moves.

Lower Bound	97.58	Upper Bound	99.26
Forecast	Neutral		

Quick Take

- The U.S. dollar began the first full trading week firmly, with the DXY climbing to 98.58–98.67 and ending near 98.73, its strongest level in four weeks amid geopolitical risks and safe-haven flows.
- On Monday, the dollar held steady around 98.58, as modest moves were overshadowed by tensions following the U.S. raid in Venezuela and the capture of President Nicolás Maduro.
- By Wednesday, the dollar bounced to 98.67–98.73 after ISM Services PMI beat forecasts at 54.4, signaling stronger service-sector activity.
- However, ADP data the same day showed private payrolls rose only 41,000, well below expectations, pointing to subdued job growth.
- Focus then shifted to key U.S. indicators, including ISM Services on Jan 5 and Friday's Nonfarm Payrolls on Jan 9, both seen as pivotal for Fed policy outlook.
- December's final employment report was subdued, with nonfarm payrolls rising just 50K, below forecasts, and prior months revised down by 76K. However, the unemployment rate improved to 4.4%, offsetting some of the weakness.

Performance

Last Week Close	98.42	Monthly High	99.82
Week Open	98.48	Monthly Low	97.75
Week Close	99.13	30 Days Average	98.62
Weekly High	99.26	90 Days Average	98.68
Weekly Low	98.16	YTD Change	+0.64%

Impact Events

Events	Period	Date	Forecast	Previous
Core CPI MM, SA	Dec	13-Jan	0.3%	0.2%
Core CPI YY, NSA	Dec	13-Jan	2.7%	2.6%
CPI MM, SA	Dec	13-Jan	0.3%	0.3%
CPI YY, NSA	Dec	13-Jan	2.7%	2.7%
CPI Wage Earner	Dec	13-Jan		317.414
PPI Machine Manuf'ing	Oct	14-Jan		192.2
Retail Sales MM	Nov	14-Jan	0.4%	0.0%
Import Prices YY	Nov	15-Jan		0.3%
Initial Jobless Clm	10 Jan, w/€	15-Jan	219k	208k

Thai Baht

Currency Pulse



Outlook

- A persistently strong U.S. dollar—supported by robust U.S. economic data or safe-haven flows—could weigh on the baht. Conversely, weaker U.S. data may ease dollar strength and allow the baht to firm.
- Continued depreciation of the Chinese yuan typically adds pressure on regional currencies, including the baht.
- The Bank of Thailand has tightened scrutiny on inflows, particularly gold-linked FX transactions, requiring stricter documentation for trades above US\$200,000. While no immediate rate changes are planned, these measures remain in effect.
- In addition, A rebound in tourism and stable inflation could provide near-term support for the baht, whereas weak export performance or lower visitor numbers would likely lead to depreciation.

Quick Take

- The baht strengthened early in the week as gold prices surged on geopolitical tensions and Fed rate-cut bets, following reports of U.S. action against Venezuela.
- On Wednesday, the baht remained firm as gold continued to climb. The Bank of Thailand reiterated it does not target specific levels, focusing instead on curbing volatility. Officials noted expectations for a Q4 GDP rebound but highlighted limited policy space.
- By Thursday, the baht weakened amid broad U.S. dollar strength and a softer yuan. December inflation printed at -0.28%, slightly better than forecasts, driven by lower energy prices while food costs rose.

Performance

Last Week Close	31.48	THB/USD	Monthly High	31.65	THB/USD
Week Open	31.47	THB/USD	Monthly Low	31.16	THB/USD
Week Close	31.34	THB/USD	30 Days Average	31.49	THB/USD
Weekly High	31.56	THB/USD	90 Days Average	32.04	THB/USD
Weekly Low	31.12	THB/USD	YTD Change	-0.51%	

Impact Events

Events	Period	Date	Forecast	Previous
Forex Reserves	5 Jan, w/e	16-Jan		281.8B
Currency Swaps	5 Jan, w/e	16-Jan		23.7B

Lower Bound	31.89	Upper Bound	32.40
Forecast	Appreciation		

Euro

Currency Pulse



Outlook

- If U.S. data remains strong and Fed rate-cut expectations fade, EUR/USD is likely to test 1.1600 or even lower, with key support levels at 1.1650 followed by 1.1600. Conversely, weaker U.S. data or dovish Fed signals could trigger a rebound toward the 1.1745–1.1800 range, although upside may stay capped unless dollar momentum weakens.
- For now, EUR/USD remains driven more by U.S. factors than eurozone developments. Until the Fed provides clearer guidance on the extent of policy easing—or the eurozone delivers a convincing cyclical rebound—any recovery in the pair is likely to be gradual rather than sharp. In short, the euro benefits during periods of dollar softness but still lacks a strong, independent bullish narrative.

Quick Take

- The euro slipped toward 1.1700 early in the week as safe-haven demand rose on geopolitical tensions following reports of U.S. action in Venezuela. Later, EUR/USD fell below 1.1700, down 0.28%, after Eurozone Services PMIs signaled slowing momentum and German inflation dropped below 2%, reinforcing expectations that ECB easing is largely complete.
- By Friday, the pair steadied near 1.1650 after five days of losses as traders awaited the U.S. Nonfarm Payrolls report, forecast at 60K versus 64K in November. The dollar strengthened on weekly labor data, with jobless claims at 208K and continuing claims rising to 1.914M, hinting at gradually increasing unemployment benefits.

Performance

Last Week Close	1.1719	USD/EUR	Monthly High	1.1764	USD/EUR
Week Open	1.1720	USD/EUR	Monthly Low	1.1619	USD/EUR
Week Close	1.1637	USD/EUR	30 Days Average	1.1716	USD/EUR
Weekly High	1.1742	USD/EUR	90 Days Average	1.1665	USD/EUR
Weekly Low	1.1617	USD/EUR	YTD Change	-0.74%	

Impact Events

Events	Period	Date	Forecast	Previous
Sentix Index	Jan	12-Jan	-4.9	-6.2
Total Trade Balance SA	Nov	15-Jan		14.00B
Industrial Production MM	Nov	15-Jan	-0.1%	0.8%
Industrial Production YY	Nov	15-Jan	1.9%	2.0%

Lower Bound	1.1640	Upper Bound	1.1817
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Forecast	Neutral
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Pound Sterling

Currency Pulse



Outlook

- The pair remains sensitive to U.S. economic data and Bank of England (BoE) signals. If U.S. data strengthens the dollar and Fed rate-cut expectations fade, GBP/USD could retreat toward 1.3350–1.3300, with deeper pullbacks possibly extending to 1.3225–1.3200. A decisive break below 1.3200 would negate the bullish outlook and shift bias to bearish, targeting 1.3145–1.3100.
- Conversely, if U.S. data disappoints or the BoE maintains a hawkish stance, the pair may resume its climb toward 1.3500, with a break above 1.3570 opening the door to further gains.
- U.S. Nonfarm Payrolls and ISM data will shape Fed expectations, while any BoE commentary on inflation or rate outlook could reinforce sterling strength. Global risk sentiment and dollar momentum remain critical factors.

Lower Bound	1.3334	Upper Bound	1.3553
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Forecast	Neutral
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Quick Take

- The Pound started the week softer, trading below mid-1.3400s as geopolitical tensions boosted demand for the U.S. dollar. Divergent policy expectations between the Fed and BoE helped limit downside, keeping traders cautious ahead of key U.S. data.
- Midweek, GBP/USD consolidated near 1.3500 after Monday's pullback from multi-month highs, supported by limited dollar demand and ongoing Fed-BoE divergence.
- By Thursday, the pair traded sideways as a softer risk tone favored the dollar, but bullish potential remained intact.
- Heading into Friday, GBP/USD hovered near 1.3435, close to weekly lows, as traders awaited U.S. Nonfarm Payrolls for clues on the Fed's rate outlook. A break below 1.3400 would signal further weakness, though the bias stays cautiously bullish with dip-buying likely unless strong selling emerges.

Performance

Last Week Close	1.3456	USD/GBP	Monthly High	1.3567	USD/GBP
Week Open	1.3453	USD/GBP	Monthly Low	1.3392	USD/GBP
Week Close	1.3399	USD/GBP	30 Days Average	1.3413	USD/GBP
Weekly High	1.3567	USD/GBP	90 Days Average	1.3352	USD/GBP
Weekly Low	1.3389	USD/GBP	YTD Change	-0.36%	

Impact Events

Events	Period	Date	Forecast	Previous
RICS Housing Survey	Dec	15-Jan	-16	-16
Industrial Output MM	Nov	15-Jan	0.0%	1.1%
Industrial Output YY	Nov	15-Jan	-0.8%	-0.8%
Manufacturing Output MM	Nov	15-Jan	0.5%	0.5%
Manufacturing Output YY	Nov	15-Jan	-0.3%	-0.8%
Goods Trade Balance GBP	Nov	15-Jan	-20.050B	-22.542B
House Price Rightmove MM	Jan	15-Jan		-1.8%
House Price Rightmove YY	Jan	15-Jan		-0.6%



Australian Dollar

Currency Pulse



Outlook

- The pair remains highly sensitive to U.S. economic data and global risk sentiment. If U.S. data strengthens the dollar and Fed rate-cut expectations fade, AUD/USD could slip toward 0.6650–0.6600. Conversely, weaker U.S. data or dovish Fed signals may lift the pair back toward 0.6750–0.6800, though upside looks capped unless risk appetite improves.
- Risk-off sentiment continues to favor the U.S. dollar, weighing on the Aussie. However, expectations of a relatively hawkish Reserve Bank of Australia (RBA) compared to the Fed may help limit downside pressure. Domestic factors such as Australian retail sales and consumer confidence data, along with China's economic indicators, will also play a key role in shaping momentum.

Quick Take

- The Australian dollar stayed under pressure as China's Caixin Services PMI slipped to 52.0 in December from 52.1, while expectations for potential RBA rate hikes offered limited support. On Wednesday, AUD/USD dropped sharply after softer Australian CPI data dampened hopes of an imminent hike, reversing much of its overnight gains from a 15-month high.
- On Thursday, the pair consolidated after pulling back, showing little reaction to November's trade surplus narrowing to A\$2.4B from A\$4.35B. Risk-off sentiment favored the U.S. dollar, though diverging Fed-RBA policy expectations helped cap losses ahead of the U.S. Nonfarm Payrolls report.
- By Friday's Asian session, AUD/USD slipped below 0.6700 following mixed Chinese inflation data. Focus shifted to the U.S. jobs report, expected to influence the Fed's rate-cut outlook and drive dollar moves impacting AUD/USD.

Performance

Last Week Close	0.6693	USD/AUD	Monthly High	0.6766	USD/AUD
Week Open	0.6688	USD/AUD	Monthly Low	0.6664	USD/AUD
Week Close	0.6684	USD/AUD	30 Days Average	0.6516	USD/AUD
Weekly High	0.6766	USD/AUD	90 Days Average	0.6554	USD/AUD
Weekly Low	0.6661	USD/AUD	YTD Change	0.0037	

Impact Events

Events	Period	Date	Forecast	Previous
Household Spending MM	Nov	12-Jan		1.3%
Consumer Sentiment	Jan	13-Jan		-9.0%

Lower Bound	0.6620	Upper Bound	0.6733
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Forecast	Appreciation
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Japanese Yen

Currency Pulse



Outlook

- Focus now shifts to key U.S. data, especially Friday's Nonfarm Payrolls, which will set the tone for next week. If U.S. data remains strong and Fed rate-cut expectations fade, USD/JPY could climb back above 157.00, with 158.00 as the next resistance. Conversely, if U.S. data disappoints and dovish Fed signals grow, the pair may slide toward 155.80–155.00.
- Additional factors to watch include:
 - BoJ policy signals: Japan's recent Household Spending surprise keeps hopes alive for gradual tightening, which could lend yen support.
 - Geopolitical risk sentiment: Any renewed tensions may revive safe-haven demand for the yen.

Lower Bound	155.18	Upper Bound	157.55
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Forecast	Neutral
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Quick Take

- Monday, the yen stayed capped below 157.00 in early Asian trade, moving in a tight range as geopolitical tensions fueled risk aversion. Intervention speculation persisted after Finance Minister Katayama said authorities are monitoring FX moves closely. The BoJ's gradual tightening stance also weighed on the currency.
- USD/JPY climbed above 156.50 on mid-week, trading near 156.65 as risk-on sentiment pressured the yen. Safe-haven demand faded after the impact of Maduro's capture eased. Traders focused on the ISM Services PMI and upcoming U.S. jobs data.
- By Thursday, the pair hovered near 156.70 after upbeat ISM Services PMI boosted the dollar. Geopolitical tensions eased further, reducing yen demand. Markets awaited Initial Jobless Claims and Friday's employment report for direction.
- The USD/JPY held near 157.00 on Friday, trading with a positive bias for the fourth straight day. Japan's Household Spending rose unexpectedly, supporting hopes for BoJ tightening. However, dovish Fed expectations may cap gains ahead of the U.S. Nonfarm Payrolls report.

Performance

Last Week Close	156.81	JPY/USD	Monthly High	158.19	JPY/USD
Week Open	156.70	JPY/USD	Monthly Low	156.12	JPY/USD
Week Close	157.88	JPY/USD	30 Days Average	147.72	JPY/USD
Weekly High	158.18	JPY/USD	90 Days Average	147.72	JPY/USD
Weekly Low	156.09	JPY/USD	YTD Change	+0.98%	

Impact Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Nov	13-Jan	3,593.6B	2,833.5B
Current Account Bal SA	Nov	13-Jan		2,476,374M
Trade Bal Cust Basis SA	Nov	13-Jan		85,612.00M
Reuters Tankan N-Man Idx	Jan	14-Jan		33
Broad Money	Dec	14-Jan		2,238.9T
Corp Goods Price MM	Dec	15-Jan	0.1%	0.3%
Corp Goods Price YY	Dec	15-Jan	2.4%	2.7%
Chain Store Sales YY	Dec	16-Jan		2.8%

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