

Dollar Index

Currency Pulse



Outlook

- The U.S.–Iran conflict remained a key driver of dollar sentiment, with the greenback strengthening during periods of military escalation and easing when signs of de-escalation emerged, reflecting shifting risk-aversion dynamics.
- U.S. President Donald Trump warned that Iran’s power infrastructure could be targeted if Tehran does not reopen the Strait of Hormuz, keeping geopolitical risk premia elevated and supporting intermittent safe-haven demand for the dollar.
- On the data front, March survey indicators may begin to reflect the impact of the war. Attention will be on preliminary March PMIs, after the composite PMI fell to 51.9 in February, its lowest level since April last year. The sharp downward revision to Q4 2025 GDP (0.7% from 1.4%) suggests non-farm productivity is likely to be revised lower, while unit labor costs could move higher, adding to inflation concerns.

Lower Bound	99.00	Upper Bound	102.00
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Forecast	Appreciation
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Quick Take

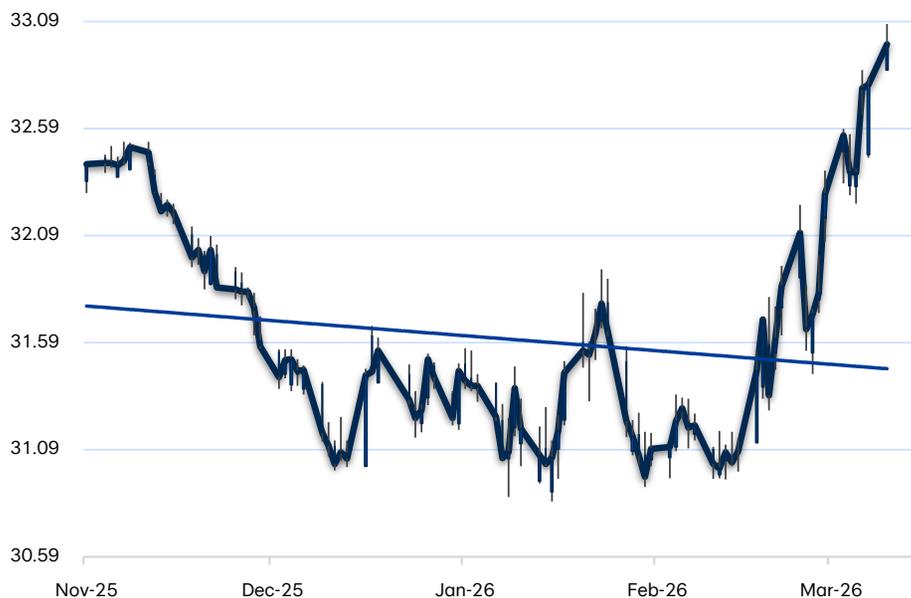
- The U.S. dollar held firm after industrial production rose 0.2% m/m in February, slightly above expectations of 0.1%. Manufacturing output increased 0.2% and mining climbed 0.8%, while utilities fell 0.6%. Overall industrial production rose 1.4% y/y, supporting the greenback.
- The dollar later edged lower despite stronger housing data, as pending home sales increased 1.8% m/m in February. Sentiment was weighed down after President Donald Trump said the U.S. is not ready to end the war and has no detailed post-conflict plan for Iran.
- The Federal Reserve held interest rates steady at 3.50%–3.75% and maintained its projection of one rate cut in 2026. Chair Jerome Powell said inflation progress has been slower than expected, while updated projections showed 2026 core inflation revised up to 2.7% from 2.5%.
- Geopolitical risks intensified after Trump issued a renewed threat to Iran on Saturday (21/3), less than a day after signaling a possible de-escalation. Iran pledged retaliatory strikes on regional infrastructure and confirmed that the Strait of Hormuz would remain closed to oil shipping, raising concerns over energy supply disruptions.

Performance

Last Week Close	100.36	Monthly High	100.54
Week Open	100.43	Monthly Low	96.49
Week Close	99.65	30 Days Average	98.44
Weekly High	100.54	90 Days Average	98.53
Weekly Low	98.98	YTD Change	+1.42%

Impact Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Flash	Mar	24-Mar	51.0	51.6
S&P Global Svcs PMI Flash	Mar	24-Mar	51.7	51.7
S&P Global Comp PMI Flash	Mar	24-Mar		51.9
Import Prices YY	Feb	25-Mar		-0.1%
Initial Jobless Clm	21 Mar, w/€	26-Mar	210k	205k
API Wkly dist. Stk	16 Mar, w/€	25-Mar		
API Wkly crude runs	16 Mar, w/€	25-Mar		

Thai Baht
Currency Pulse

Outlook

- Geopolitical tensions in the Middle East remain the primary driver of baht sentiment, with war-related uncertainty affecting the currency both directly through energy prices and indirectly via global risk appetite.
- A firmer U.S. dollar and elevated crude oil prices continue to pressure the baht, as Thailand's status as a net energy importer raises concerns over the trade balance and inflation.
- Risk-averse investor sentiment could lead to further foreign fund outflows from Thai assets, adding downside pressure to the currency during periods of heightened volatility.
- At the same time, persistent uncertainty surrounding war developments is expected to keep the baht volatile, with price action likely confined to a wide trading range rather than a clear directional trend.

Lower Bound	32.50	Upper Bound	33.50
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Forecast	Depreciation
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Quick Take

- The Thai baht weakened last week, pressured by surging oil prices, Middle East geopolitical tensions, continued foreign fund outflows, and a firmer U.S. dollar, while reduced yield support following the Bank of Thailand's recent rate cut added to downside pressure.
- The Commerce Ministry said it will urge retailers and manufacturers to maintain consumer goods prices through the current period, while the Energy Ministry reviews a possible extension of support measures amid elevated global oil price volatility. Officials stressed the measures are temporary to cushion households from higher import costs.
- Domestic fuel prices are set to rise on Wednesday (18/3) following the end of the diesel subsidy period, with diesel up 0.50 baht and Gasohol 95 up 1 baht per litre, as the government moves toward market-based pricing while capping diesel at no more than 33 baht per litre.
- Caretaker Finance Minister Ekniti Nitihanprapas warned that every US\$10 increase in oil prices per barrel could reduce Thailand's GDP growth by 0.2 percentage points, highlighting downside risks to energy costs and the broader economy.

Performance

Last Week Close	31.82	THB/USD	Monthly High	33.08	THB/USD
Week Open	32.48	THB/USD	Monthly Low	31.14	THB/USD
Week Close	32.79	THB/USD	30 Days Average	31.61	THB/USD
Weekly High	32.86	THB/USD	90 Days Average	31.61	THB/USD
Weekly Low	32.24	THB/USD	YTD Change	+4.86%	

Impact Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Feb	24-Mar	15.10%	0.0B
Custom-Based Import Data	Feb	24-Mar	24.50%	0.0B
Customs-Based Trade Data	Feb	24-Mar	0.96B	-3.30B

Euro
Currency Pulse

Outlook

- Focus turns to eurozone data, with the preliminary March PMI due Tuesday (24/3). The composite PMI stood at 51.9 in February, matching the U.S. reading but improving from prior months, as it snapped a two-month decline and reached a three-month high. Markets will watch whether momentum is sustained amid rising geopolitical stress.
- Other ECB-related data are expected to have limited impact, as February money supply and lending figures are seen as backward-looking, while the ECB's February CPI survey may not yet reflect inflation risks stemming from the Iran-related conflict and higher energy prices.
- Geopolitical risks and commodity volatility remain key drivers for the euro, with persistently high oil prices weighing on the energy-dependent eurozone through higher import costs and renewed inflation concerns.
- EUR direction will also be influenced by global risk sentiment and USD dynamics, particularly movements in

Lower Bound	1.1350	Upper Bound	1.1700
Forecast	Depreciation		

Quick Take

- The euro found modest support late last week following the ECB's decision to hold policy rates unchanged (deposit rate at 2.00%, main refinancing at 2.15%, marginal lending at 2.40%). The ECB raised its 2026 inflation forecast to 2.6%, citing persistently high energy prices linked to the Iran war. President Lagarde reiterated a data-dependent stance, stressing vigilance over upside inflation risks from geopolitical energy shocks while avoiding pre-commitment on future rate moves.
- Geopolitical developments drove volatility, with fresh escalations in the Iran conflict initially lending the euro some support amid safe-haven repositioning. However, gains were capped as markets noted no major new disruptions to energy flows despite continued U.S.–Israeli military operations, keeping oil prices elevated and weighing on the eurozone's energy-dependent economy.
- Sentiment toward the euro deteriorated after sharp weakness in survey data, as Germany's ZEW economic sentiment index plunged to -0.5 from 58.3, while the eurozone reading fell sharply to -8.5, reinforcing concerns about growth prospects amid rising import costs and inflation pressures. Overall, the euro ended the week choppy and range-bound, supported by ECB policy expectations but constrained by high energy prices, geopolitical uncertainty, and weakening economic confidence

Performance

Last Week Close	1.1416	USD/EUR	Monthly High	1.1795	USD/EUR
Week Open	1.1412	USD/EUR	Monthly Low	1.1412	USD/EUR
Week Close	1.1570	USD/EUR	30 Days Average	1.1697	USD/EUR
Weekly High	1.1616	USD/EUR	90 Days Average	1.1702	USD/EUR
Weekly Low	1.1410	USD/EUR	YTD Change		

Impact Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Mar	23-Mar	-14.4	-12.2
HCOB Mfg Flash PMI	Mar	24-Mar	49.4	50.9
HCOB Services Flash PMI	Mar	24-Mar	52.0	53.5
HCOB Composite Flash PMI	Mar	24-Mar	51.8	53.2
HCOB Mfg Flash PMI	Mar	24-Mar	49.4	50.8
HCOB Services Flash PMI	Mar	24-Mar	51.0	51.9
HCOB Composite Flash PMI	Mar	24-Mar	51.0	51.9
Ifo Business Climate New	Mar	25-Mar	85.5	88.6

Pound Sterling

Currency Pulse



Outlook

- UK data will be in focus, with flash PMI, February CPI, and retail sales due in the coming days. The composite PMI held at 53.7 in February, its highest since August 2024, while January CPI fell 0.5% m/m, slowing to 3.0% y/y, the lowest since March 2025. Markets will assess whether inflation continues to cool amid rising external risks.
- Retail momentum may soften, after a strong 1.8% rise in January sales (2% excluding fuel). The British Retail Consortium has cautioned against another robust reading, with non-food sales potentially contracting, which could weigh on domestic growth expectations.
- Geopolitical developments in the Middle East remain a key risk, as any escalation could lift energy prices, increase market volatility, and complicate the UK inflation outlook, limiting downside for UK yields but potentially capping GBP gains.

Lower Bound	1.3050	Upper Bound	1.3500
Forecast	Depreciation		

Quick Take

- The pound traded steadier last week, tracking an improvement in global risk sentiment after some Iran-related headlines suggested that the impact on Strait of Hormuz energy flows remained contained, despite ongoing strikes and missile exchanges in the region.
- Sterling found support after the Bank of England's unanimous 9–0 decision to hold rates at 3.75%, with Governor Andrew Bailey stressing the MPC's readiness to act should inflation pressures persist, particularly those stemming from higher energy costs linked to the Iran conflict. The MPC also raised its Q3 inflation forecast to around 3.5%.
- UK labour market data offered mixed signals, with unemployment holding at 5.2%, providing some stability for the pound, while easing wage pressures limited upside momentum.
- Overall, GBP gains were supported by yield repricing and improved risk tone, but upside remained capped by geopolitical uncertainty and concerns over energy-driven inflation risks.

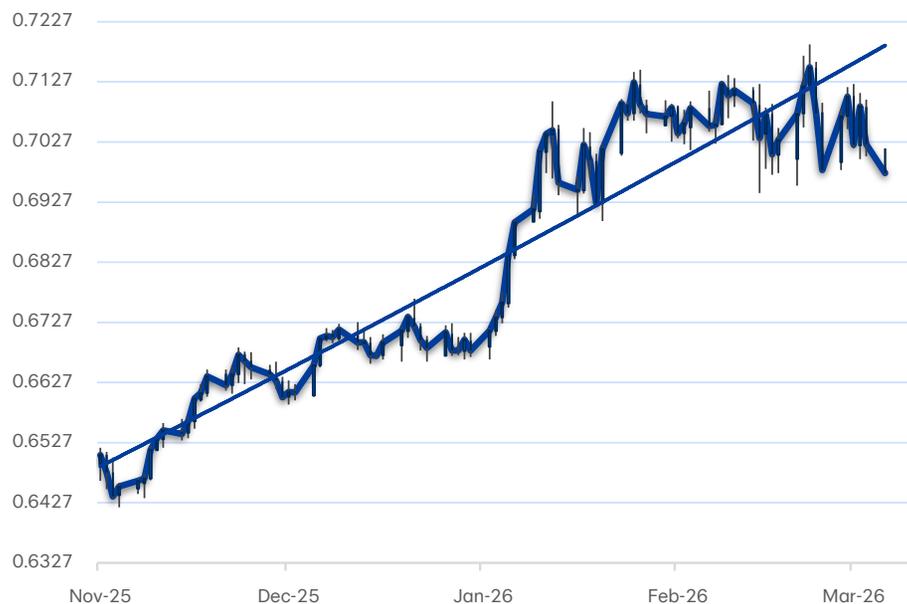
Performance

Last Week Close	1.3222	USD/GBP	Monthly High	1.3483	USD/GBP
Week Open	1.3228	USD/GBP	Monthly Low	1.3219	USD/GBP
Week Close	1.3339	USD/GBP	30 Days Average	1.3447	USD/GBP
Weekly High	1.3466	USD/GBP	90 Days Average	1.3432	USD/GBP
Weekly Low	1.3217	USD/GBP	YTD Change		

Impact Events

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Mar	24-Mar	52.8	53.7
Flash Manufacturing PMI	Mar	24-Mar	50.5	51.7
Flash Services PMI	Mar	24-Mar	53.0	53.9
Core CPI YY	Feb	25-Mar	3.1%	3.1%
CPI YY	Feb	25-Mar	3.0%	3.0%
CPI Services MM	Feb	25-Mar		-0.3%
CPI Services YY	Feb	25-Mar	4.3%	4.4%
Retail Sales MM	Feb	27-Mar	-0.8%	1.8%
Retail Sales Ex-Fuel MM	Feb	27-Mar		2.0%



Australian Dollar
Currency Pulse

Outlook

- Key Australian data will be in focus, with flash Manufacturing and Services PMIs due Monday (23/3) and CPI released Wednesday (25/3). The inflation print will be closely watched after the RBA's recent hike, as it could influence expectations on whether further tightening is needed.
- AUD upside remains capped by safe-haven demand for the U.S. dollar, as escalating U.S.–Iran tensions continue to drive risk-off positioning and support the greenback.
- The closure of the Strait of Hormuz has mixed implications for Australia, improving the country's energy-export outlook but simultaneously weighing on global growth sentiment, which limits gains in risk-sensitive currencies like the Aussie.
- Geopolitical volatility is keeping markets cautious, with fears of a broader Middle East conflict prompting investors to reduce exposure to higher-beta assets, causing the AUD to lose traction during periods of

Quick Take

- The Australian dollar rebounded last week, rising about 0.25% from Monday (16/3) after an initial pullback following the Reserve Bank of Australia's policy decision.
- The RBA raised the Official Cash Rate by 25 bps to 4.10%, in line with market expectations. However, the narrow 5–4 split vote initially weighed on the Aussie, as investors interpreted it as a sign of growing uncertainty within the policy board.
- Despite the close decision, the RBA maintained a cautious, hawkish tone, warning that inflation risks remain elevated, partly driven by higher energy prices linked to ongoing geopolitical tensions.
- AUD gains were later capped as a broader risk-off environment took hold toward the end of the week, with escalating Middle East tensions raising concerns about prolonged disruptions to key energy infrastructure and dampening demand for risk-sensitive currencies.

Performance

Last Week Close	0.6980	USD/AUD	Monthly High	0.7189	USD/AUD
Week Open	0.6993	USD/AUD	Monthly Low	0.6945	USD/AUD
Week Close	0.7023	USD/AUD	30 Days Average	0.6727	USD/AUD
Weekly High	0.7123	USD/AUD	90 Days Average	0.6657	USD/AUD
Weekly Low	0.6980	USD/AUD	YTD Change	0.0438	

Impact Events

Events	Period	Date	Forecast	Previous
S&P Global Mfg PMI Flash	Mar	24-Mar		51.0
S&P Global Svs PMI Flash	Mar	24-Mar		52.8
S&P Global Comp PMI Flash	Mar	24-Mar		52.4
CPI MM	Feb	25-Mar	0.00%	0.40%
CPI YY	Feb	25-Mar	3.80%	3.80%

Lower Bound	0.6800	Upper Bound	0.7050
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Forecast	Depreciation
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Japanese Yen

Currency Pulse



Outlook

- Japan's February CPI will be released on Tuesday and will be closely watched for signals on underlying inflation trends. Tokyo CPI data released last month showed headline inflation edging up to 1.6%, while core inflation eased to 1.8%, but inflation excluding fresh food and energy firmed to 2.5%, suggesting persistent price pressures beneath the surface.
- Preliminary March PMI data are also due Tuesday. While PMIs are typically not major market movers for the yen, February's composite PMI rose to 53.9, the highest since May 2023, indicating improving business momentum prior to the escalation in geopolitical tensions.
- Geopolitical risks and elevated oil prices remain a structural headwind for the yen, as higher energy import costs worsen Japan's trade balance and fuel USD demand as a safe haven during risk-off periods. At the same time, safe-haven flows could intermittently support the yen during sharp risk-aversion episodes, particularly if

Lower Bound	157.00	Upper Bound	161.00
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Forecast	Depreciation
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Quick Take

- The yen traded with volatility last week, initially dipping amid renewed intervention concerns after Finance Minister Satoshi Katayama warned that financial markets remain highly volatile and said authorities stand ready to act, including in the foreign-exchange market.
- JPY later found support following the Bank of Japan's decision to hold policy rates at 0.75%, with Governor Kazuo Ueda striking a more hawkish tone. Ueda cautioned that rising crude oil prices linked to Middle East tensions could lift underlying inflation through stronger cost pass-through, reinforcing expectations that policy normalization remains on the table.
- Geopolitical risk premia increased across FX markets, supporting traditional safe havens. Both the Japanese yen and Swiss franc strengthened against the U.S. dollar during periods of heightened risk aversion tied to escalating Middle East tensions.

Performance

Last Week Close	159.71	JPY/USD	Monthly High	159.90	JPY/USD
Week Open	159.57	JPY/USD	Monthly Low	156.17	JPY/USD
Week Close	159.22	JPY/USD	30 Days Average	155.99	JPY/USD
Weekly High	159.90	JPY/USD	90 Days Average	155.99	JPY/USD
Weekly Low	157.49	JPY/USD	YTD Change	+1.82%	

Impact Events

Events	Period	Date	Forecast	Previous
CPI, Core Nationwide YY	Feb	24-Mar		2.0%
CPI, Overall Nationwide	Feb	24-Mar		1.5%
S&P Global Mfg PMI Flash SA	Mar	24-Mar		53.0
S&P Global Comp Op Flash SA	Mar	24-Mar		53.9
S&P Global SVC PMI Flash SA	Mar	24-Mar		53.8
Leading Indicator Revised	Jan	25-Mar		2.1
Service PPI	Feb	26-Mar		2.60%

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