Bangkok Bank

FX Compass

30 Mar 2026 - 03 Apr 2026

Dollar Index

Currency Pulse

Quick Take

• Early last week, the US Dollar Index edged modestly higher, hovering around the mid-99 area as escalating Middle East tensions boosted safe-haven demand. Rising oil prices added to inflation concerns, reinforcing expectations that US interest rates will remain higher for longer.

• By mid-week, the dollar softened slightly after a temporary pause in planned military escalation sparked a risk-on move. This shift weighed modestly on the DXY as oil prices and US Treasury yields retreated.

• Later in the week, weak demand at US Treasury auctions pushed yields back up, limiting downside pressure on the dollar and keeping FX markets sensitive to rate volatility. Additional pressure came from softer US data, with the preliminary March Composite PMI falling to 51.4 — an 11-month low — reflecting slower growth in new orders and employment.

• Despite intraday pullbacks, broader dollar support remained intact. USD sentiment was underpinned by cautious Federal Reserve rhetoric, as Governor Michael Barr signaled that rates may need to stay unchanged for some time, given inflation remains above the Fed's 2% target.

Performance

Last Week Close	99.65	**Monthly High**	100.54
Week Open	99.68	**Monthly Low**	97.07
Week Close	100.15	**30 Days Average**	98.91
Weekly High	100.34	**90 Days Average**	98.53
Weekly Low	98.88	**YTD Change**	+1.85%

Outlook

• Focus turns to US monetary policy as Fed Chair Jerome Powell speaks at Harvard (30/3). Markets will parse his tone for signals on the timing and pace of potential rate cuts, a key near-term driver of the dollar.

• Geopolitical risks remain high amid reports the Pentagon is preparing contingency plans for possible operations in Iran. Any escalation could boost safe-haven demand for the USD and lift oil prices, reinforcing inflation concerns and a "higher-for-longer" rate outlook via higher US yields.

• Domestic political tensions are a secondary risk, with protests over Iran policy, immigration, and living costs potentially weighing on sentiment and triggering intermittent risk-off flows into the dollar.

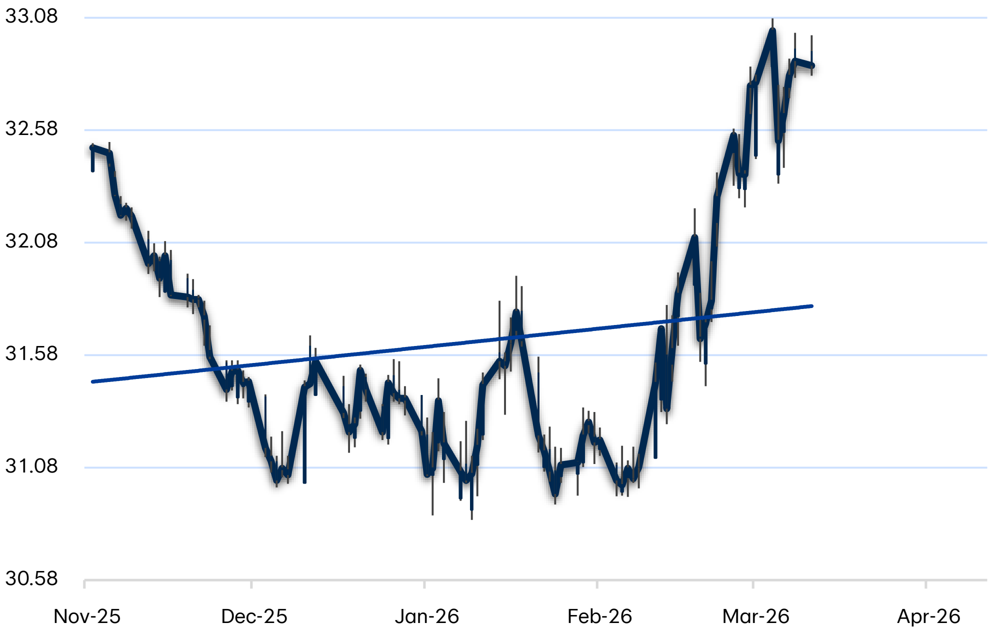
Lower Bound	**99.00**	**Upper Bound**	**102.00**
Forecast	Appreciation		

Impact Events

Events	Period	Date	Forecast	Previous
JOLTS Job Openings	Feb	31-Mar		6.946M
ADP National Employment	Mar	01-Apr		63k
Retail Sales MM	Feb	01-Apr		-0.2%
ISM Manufacturing PMI	Mar	01-Apr		52.4
Non-Farm Payrolls	Mar	03-Apr	48k	-92k
Unemployment Rate	Mar	03-Apr	4.5%	4.4%
S&P Global Comp PMI Final	Mar	03-Apr		51.4
Initial Jobless Clm	23 Mar, w/e	02-Apr		210k

Thai Baht

Currency Pulse



Quick Take

• The Thai Baht weakened early in the week, hitting its weakest level in nearly 9 months, pressured by a stronger US Dollar, a sharp drop in gold prices, and concerns over tensions in the Middle East.

• By mid-week, the Baht showed sharp intraday volatility, briefly strengthening to around 32.15 THB/USD before quickly reversing to weaken above 32.50 THB/USD, reflecting sensitivity to geopolitical news such as delays in attacks on Iranian infrastructure.

• Continued concerns arose after Iran denied direct negotiations with the US, increasing fears of a prolonged conflict, which added pressure on the Baht.

• The Energy Policy Administration Committee (EPAC) approved an increase in fuel prices of 6 baht per liter for all types of fuel, effective from 26 March 2026, amid rapidly rising energy costs driven by heightened tensions in the Middle East.

• On the domestic side, Thai authorities moved to tighten price controls on key goods, aiming to manage inflation and cost-of-living pressures.

Performance

Last Week Close	32.78	THB/USD	**Monthly High**	33.08	THB/USD
Week Open	32.86	THB/USD	**Monthly Low**	31.14	THB/USD
Week Close	32.89	THB/USD	**30 Days Average**	31.89	THB/USD
Weekly High	33.08	THB/USD	**90 Days Average**	31.63	THB/USD
Weekly Low	32.34	THB/USD	**YTD Change**	+4.29%	

Outlook

• The Thai Baht is expected to remain volatile with a slight weakening bias, mainly driven by Middle East tensions and US Dollar movements.

• A stronger US Dollar and elevated oil prices are likely to pressure the baht, particularly as Thailand is a net energy importer. In addition, gold price volatility will continue to influence the baht, contributing to sharp and short-term fluctuations.

• Prime Minister Anutin Charnvirakul stated at the “Meet the Press” event under the theme “One Month of Global Crisis: Thailand’s Response in a Changed World” that a new government is expected to be formed this week.

• Political developments and upcoming policy announcements in Thailand may affect investor sentiment and capital flows.

Impact Events

Events	Period	Date	Forecast	Previous
Exports YY	Feb	31-Mar		23.60%
Imports YY	Feb	31-Mar		30.10%
Trade Account	Feb	31-Mar		-0.70B
Manufacturing PMI SA	Mar	01-Apr		53.5

Lower Bound	32.50	**Upper Bound**	33.50
Forecast	Depreciation		

Euro

Currency Pulse

Quick Take

- The S&P Global Eurozone Manufacturing PMI rose to 51.4 in March 2026 from 50.8 in February, above forecasts of 49.4, marking the strongest manufacturing growth in 45 months.
- The euro rebounded after a softer US Dollar, supported by Trump's efforts to negotiate a 5-day ceasefire with Iran, which boosted risk appetite and reduced safe-haven demand for USD.
- Market attention shifted to Eurozone inflation data and US industrial production, as investors sought further economic signals.
- The OECD Economic Outlook (26 March 2026) projected economic growth is expected to slow to 0.8% in 2026 due to higher energy prices weighing on activity, before rebounding to 1.2% in 2027, supported by stronger defense-related spending.

Performance

Last Week Close	1.1570	USD/EUR	**Monthly High**	1.1795	USD/EUR
Week Open	1.1540	USD/EUR	**Monthly Low**	1.1412	USD/EUR
Week Close	1.1508	USD/EUR	**30 Days Average**	1.1645	USD/EUR
Weekly High	1.1639	USD/EUR	**90 Days Average**	1.1703	USD/EUR
Weekly Low	1.1483	USD/EUR	**YTD Change**	-1.97%	

Outlook

- ECB communication remains key, with remarks from President Lagarde and Chief Economist Lane indicating continued vigilance on upside inflation risks and some openness to further tightening later in Q2 if price pressures re-accelerate.
- Energy prices and geopolitics remain influential. Persistent Middle East tensions keep oil prices volatile, lifting inflation risks that tend to support the USD while weighing on the euro through growth and trade-balance concerns.
- Policy credibility offers some support to the EUR. As MUFG's Derek Halpenny notes, the ECB appears more willing than in past cycles to respond firmly to energy-driven inflation shocks, though near-term EUR moves will still be heavily shaped by USD dynamics such as US jobs data and yield movements.

Lower Bound	**1.1350**	**Upper Bound**	**1.1600**
Forecast	Depreciation		

Impact Events

Events	Period	Date	Forecast	Previous
Economic Sentiment	Mar	30-Mar		98.3
Industrial Sentiment	Mar	30-Mar		-7.1
Consumer Confid. Final	Mar	30-Mar		-16.3
HICP Flash YY	Mar	31-Mar	2.8%	1.9%
HICP-X F,E,A&T Flash YY	Mar	31-Mar		2.4%
HICP-X F, E, A, T Flash MM	Mar	31-Mar		0.80%
HCOB Mfg Final PMI	Mar	01-Apr		51.4
Unemployment Rate	Feb	01-Apr		6.1%

Pound Sterling

Currency Pulse

Quick Take

• The pound weakened against the US dollar last week, pressured by stronger safe-haven demand for the USD amid escalating Middle East tensions and higher oil prices.

• UK inflation data remained elevated, with headline CPI steady at 3.0% YoY in February and core inflation edging up to 3.2% YoY, keeping price pressures well above the BoE's 2% target.

• The data reinforced higher-for-longer rate expectations, with markets leaning toward prolonged BoE policy restraint while uncertainty over the timing of Fed rate cuts continued to shape global FX sentiment.

• Signs of slowing domestic demand emerged, as UK retail sales fell 0.4% MoM in February—the first decline in three months—largely reflecting weaker supermarket and household goods spending.

• Overall, GBP traded in a moderately volatile range, with inflation and monetary policy expectations remaining the dominant drivers, while geopolitical developments periodically amplified headline-driven swings.

Performance

Last Week Close	1.3339	USD/GBP	**Monthly High**	1.3483	USD/GBP
Week Open	1.3302	USD/GBP	**Monthly Low**	1.3219	USD/GBP
Week Close	1.3256	USD/GBP	**30 Days Average**	1.3398	USD/GBP
Weekly High	1.3479	USD/GBP	**90 Days Average**	1.3446	USD/GBP
Weekly Low	1.3254	USD/GBP	**YTD Change**	-1.55%	

Outlook

• Focus turns to UK data, with final Q1 GDP and Manufacturing PMI offering fresh insight into growth momentum and implications for BoE policy.

• BoE guidance remains supportive, as recent hawkish-hold signals point to a higher-for-longer rate outlook, potentially helping GBP if data surprise positively.

• Geopolitical risks remain a headwind, with US-Iran developments likely to drive safe-haven demand for the USD and weigh on sterling.

• Risk sentiment and energy prices will also matter, given the UK's sensitivity to imported energy costs and their effect on inflation expectations.

• USD dynamics remain a key cross-current, as US labour data and yield moves could either reinforce or offset sterling-specific drivers.

Lower Bound	**1.3050**	**Upper Bound**	**1.3400**
Forecast	Depreciation		

Impact Events

Events	Period	Date	Forecast	Previous
BOE Consumer Credit	Feb	30-Mar		1.812B
GDP YY	Q4	31-Mar		1.0%
Business invest YY	Q4	31-Mar		2.0%
Nationwide house price mm	Mar	31-Mar		0.3%
Nationwide house price yy	Mar	31-Mar		1.0%
GDP QQ	Q4	31-Mar		0.1%
S&P GLOBAL MANUFACTURING PMI	Mar	01-Apr		51.4

Australian Dollar

Currency Pulse

Quick Take

- The Australian dollar remained under pressure as heightened Middle East tensions continued to drive safe-haven flows into the US dollar, while volatility in energy and commodity prices added to overall market uncertainty.
- Domestic data softened, with the S&P Global Composite PMI falling to 47 in March, returning to contraction after 18 months of expansion, led by a sharp slowdown in the services sector.
- Inflation signals were mixed. February headline CPI eased slightly to 3.7% YoY, undershooting expectations, while the trimmed mean CPI held steady at 3.3% YoY, highlighting persistent underlying inflation pressures.
- The RBA remained focused on core inflation, acknowledging that price growth was likely to stay above target for an extended period, with upside risks from elevated inflation expectations limiting the scope for near-term policy easing.

Performance

Last Week Close	0.7023	USD/AUD	**Monthly High**	0.7189	USD/AUD
Week Open	0.7016	USD/AUD	**Monthly Low**	0.6844	USD/AUD
Week Close	0.6870	USD/AUD	**30 Days Average**	0.6784	USD/AUD
Weekly High	0.7062	USD/AUD	**90 Days Average**	0.6708	USD/AUD
Weekly Low	0.6863	USD/AUD	**YTD Change**	2.86%	

Outlook

- Attention turns to domestic indicators, including labour-market data, consumer confidence, and business sentiment surveys, which will provide updated insight into demand conditions and potential RBA policy direction.
- AUD upside remains capped by USD strength, as ongoing U.S.–Iran tensions continue to trigger risk-off flows and sustain safe-haven demand for the greenback.
- Inflation risks persist in the agricultural and commodities space, with fertilizer shortages linked to geopolitical disruptions expected to lift food prices and reinforce underlying inflation pressures in Australia.
- China-related developments will also be key, as shifts in Chinese demand, industrial data, and steel output trends could influence iron ore prices and, by extension, the AUD.
- Short-term AUD moves may be amplified by global yield dynamics, particularly US labour data and Treasury yield volatility, which continue to shape broader FX risk appetite.

Lower Bound	**0.6800**	**Upper Bound**	**0.7050**
Forecast	Depreciation		

Impact Events

Events	Period	Date	Forecast	Previous
Private Sector Credit	Feb	31-Mar		0.5%
Housing Credit	Feb	31-Mar		0.6%
S&P Global Mfg PMI Final	Mar	01-Apr		50.1
Building Approvals	Feb	01-Apr		-7.2%
Building Approval Total YY	Feb	01-Apr		8.1%
Balance on Goods	Feb	02-Apr		2,631M
Goods/Services Imports	Feb	02-Apr		0.8%
Goods/Services Exports	Feb	02-Apr		-0.9%

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Japanese Yen

Currency Pulse

Quick Take

- The Japanese yen came under pressure last week, driven by risk-averse global sentiment and rising energy prices linked to heightened Middle East tensions.
- Japan's core CPI (excluding fresh food) slowed to 1.6% YoY in February, down from 2.0% previously and below expectations, signalling a further easing in inflation pressures.
- The softer inflation data reinforced expectations that the Bank of Japan would maintain an accommodative policy stance, limiting upside momentum in the yen.
- Japanese authorities voiced concern over sharp currency moves, warning they stood ready to respond to excessive FX speculation if volatility intensified.
- Weakness in the yen, combined with higher oil prices, increased pressure on Japan's economy, given its heavy reliance on energy imports.
- Concerns over a potential closure of the Strait of Hormuz added to market anxiety, as Japan sourced over 90% of its crude oil imports from the region.

Performance

Last Week Close	159.22	JPY/USD	**Monthly High**	160.46	JPY/USD
Week Open	159.22	JPY/USD	**Monthly Low**	156.17	JPY/USD
Week Close	160.31	JPY/USD	**30 Days Average**	155.78	JPY/USD
Weekly High	160.41	JPY/USD	**90 Days Average**	155.78	JPY/USD
Weekly Low	158.02	JPY/USD	**YTD Change**	+1.99%	

Outlook

- Focus remains on Japan's inflation and activity data, which continue to show moderate price pressures, with upcoming industrial production and labour figures offering more clues on growth and the BoJ's policy outlook. BoJ expectations still weigh on the yen, as markets remain cautious on the pace of policy normalisation, limiting JPY support without a clearer tightening signal.
- Authorities remain alert to FX moves, with the risk of renewed verbal warnings or intervention if yen weakness becomes disorderly.
- External drivers dominate, particularly US Treasury yields and broader risk sentiment, which remain key forces shaping USD/JPY.
- Geopolitical risks persist, as Middle East tensions and higher oil prices raise Japan's import costs, pressure growth, and could trigger safe-haven flows and volatility.

Lower Bound	**157.00**	**Upper Bound**	**161.00**
Forecast	Depreciation		

Impact Events

Events	Period	Date	Forecast	Previous
CPI Tokyo Ex fresh food YY	Mar	31-Mar	1.8%	1.8%
CPI, Overall Tokyo	Mar	31-Mar		1.6%
Jobs/Applicants Ratio	Feb	31-Mar	1.18	1.18
Unemployment Rate	Feb	31-Mar	2.7%	2.7%
Industrial O/P Prelim MM SA	Feb	31-Mar	-2.1%	4.3%
S&P Global Mfg PMI Final SA	Mar	01-Apr		51.4
S&P Global Comp Op Final SA	Mar	03-Apr		52.5
S&P Global SVC PMI Final SA	Mar	03-Apr		52.8

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