

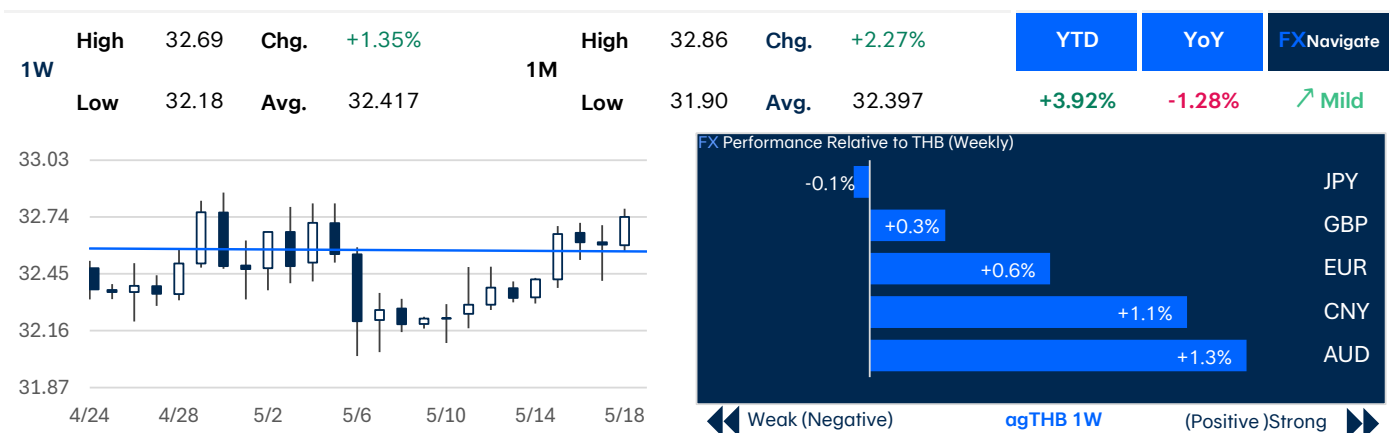
18 May 26 - 22 May 26

USDTHB

Open 32.60 18-May Prev. Close 32.65 15-May

US data drove the first leg in USDTHB last week. The pair firmed as April CPI came in hot, producer prices posted their biggest monthly rise since 2022, and retail sales still held up in line with expectations, all of which kept the Fed on a restrictive footing in market pricing. The sequence mattered: Tuesday's inflation print gave the dollar a bid, Wednesday's PPI kept rates pressure alive, and Thursday's retail sales stopped the market from fading the move. By Friday, the greenback had closed its strongest week in months as Treasury yields stayed elevated. Thai factors came later. Domestic headlines pointed to fragile demand, with retail confidence weakening and the central bank warning that a proposed loan package could push public debt close to the ceiling. That left the baht with less local support once the dollar caught a higher-yield bid.

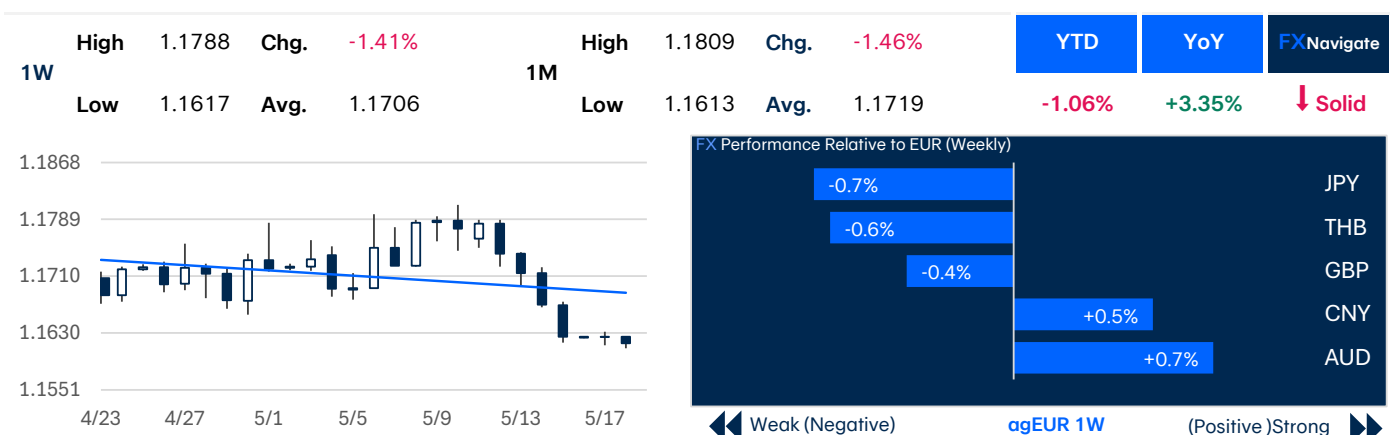
US yields are still the starting point for USDTHB this week, and Monday's early tone did not offer a clean break from Friday. The near-term ladder runs through US housing data, jobless claims, and the flash PMI set, plus any official remarks that either validate the higher-for-longer read or lean against it. Follow-through in the pair needs another run of US resilience or at least no sign that price pressure is easing fast. A softer US activity tone can still unsettle that view, especially if yields stop climbing and the market decides last week already did enough. Thailand matters, but second. Monday's Thai GDP release and any read-through into fiscal delivery, growth quality, and external demand can shape how much domestic accounts resist further baht weakness. The cleaner continuation path is dollar strength holding through the data run.


EURUSD

Open 1.1625 18-May Prev. Close 1.1625 15-May

EURUSD lost ground through the week as the dollar took back control. The move was not driven by a single euro-area shock. It was a sequence problem. The pair started softer once the US inflation release came in hot, slipped further after producer prices reinforced the message, and never recovered when US retail sales matched expectations and kept the growth side intact. That combination lifted Treasury yields and narrowed the room for the market to lean against the dollar. The European side offered more caution than pushback. Energy-shock analysis from policy circles kept the focus on inflation spillovers and weak growth trade-offs rather than on near-term relief. By the close, the euro had traded as the funding side of a stronger-dollar week, with domestic fundamentals too mixed to arrest the rates-driven slide.

On the euro side, final April inflation arrives early in the week and should tell the market whether the flash jump still looks energy-led rather than broadening into stickier price pressure. After that, the flash PMI set becomes the cleanest test of whether weak growth in the bloc is deepening or merely grinding. ECB appearances add tone but likely not a new doctrine unless officials sound materially more worried about second-round inflation effects. A resilient PMI read, stable inflation composition and any moderation in the US side would make last week's one-way move look overextended. For now the euro does not need a bullish story; it needs enough proof that the growth picture is not worsening as fast as the market feared into Friday. Energy prices matter here too.



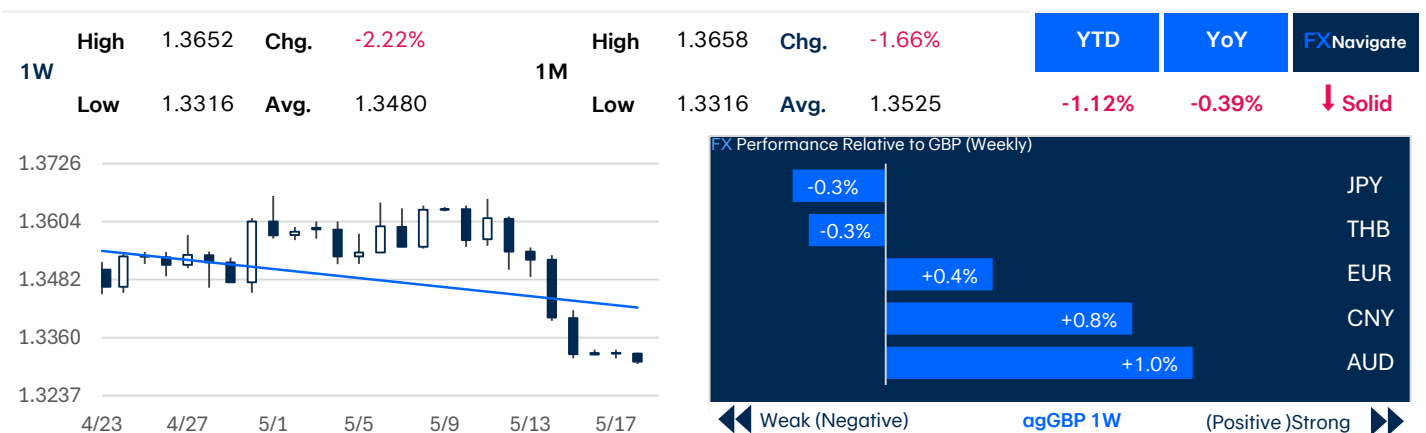
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GBPUSD

Open 1.3326 18-May Prev. Close 1.3325 15-May

Sterling could not hold the benefit of a strong UK growth print last week. Cable still fell as the market treated Thursday's GDP release as a backward-looking positive and gave far more weight to the US inflation sequence. Once US CPI surprised hot and producer prices followed through, the dollar leg dominated. UK data showed the economy grew 0.6% in the first quarter and 0.3% in March, with all major sectors contributing, but that support faded quickly because the same session also carried firmer US retail sales and a stronger broad-dollar tone. The result was a classic relative-rates move: the pound had a decent domestic fact base, yet lost ground because the US side offered the cleaner yield story. By Friday, sterling was trading heavy against the dollar even though the local data pulse had not collapsed.

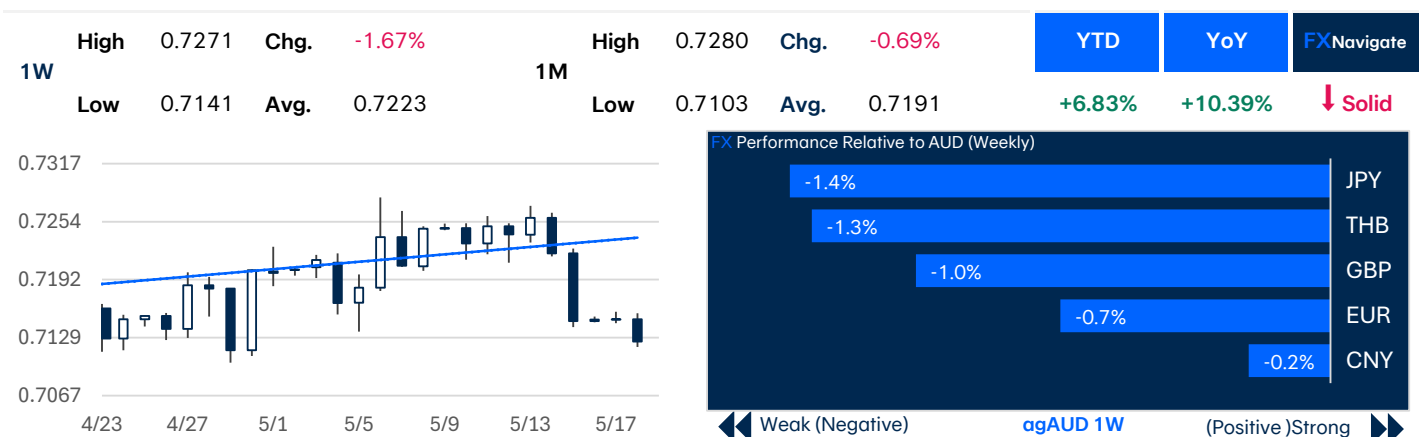
The pound gets a much tougher evidence test this week. Tuesday brings labor-market numbers, Wednesday brings April inflation, and both land after a growth report that was good enough to prevent panic but not strong enough to change the external driver. The baseline is that sterling needs domestic proof, not just less bad headlines. Wage growth, unemployment and payroll trends will tell the market whether the labor side is finally loosening in a way that matters for policy. Inflation then decides whether that softer labor picture, should it appear, actually helps or simply deepens the squeeze on real income. The clean continuation signal for GBPUSD downside is a labor market that cools while inflation stays awkward and the US side remains firm. That would leave cable caught between a less convincing UK macro pulse and a still-supported dollar.


AUDUSD

Open 0.7149 18-May Prev. Close 0.7147 15-May

AUDUSD weakened last week as the global rates story overran the local one. The Australian wage price index rose 0.8% in the March quarter and 3.3% on the year, but that did not shift the pair because the market traded the US side first. Hot US CPI, a sharp producer-price reading and still-firm retail sales kept the dollar bid and left high-beta currencies on the back foot. The Aussie also lacked help from China-linked sentiment because traders were already looking ahead to fresh mainland activity numbers. By Friday, the currency had traded more as a proxy for dollar strength and cross-asset caution than as a pure domestic rates view. Local wage data mattered, but not enough to beat the broader repricing in US yields.

The Aussie has more local event risk this week, but the sequence still starts abroad. Monday delivered softer China activity numbers for April, a poor opening impulse for AUD, and Tuesday's minutes will show how policymakers framed the balance between sticky inflation and slower demand after the latest policy debate. Later in the week the labor-force report becomes the domestic proof point. Follow-through on the downside needs the same combination that hurt the pair last week: a supported dollar, uninspiring China news and no labor-market surprise strong enough to shift local rate thinking. Pressure eases once either of those links breaks. A better jobs print would matter because it restores the domestic rate story; steadier China sentiment would matter because it improves the external demand lens.



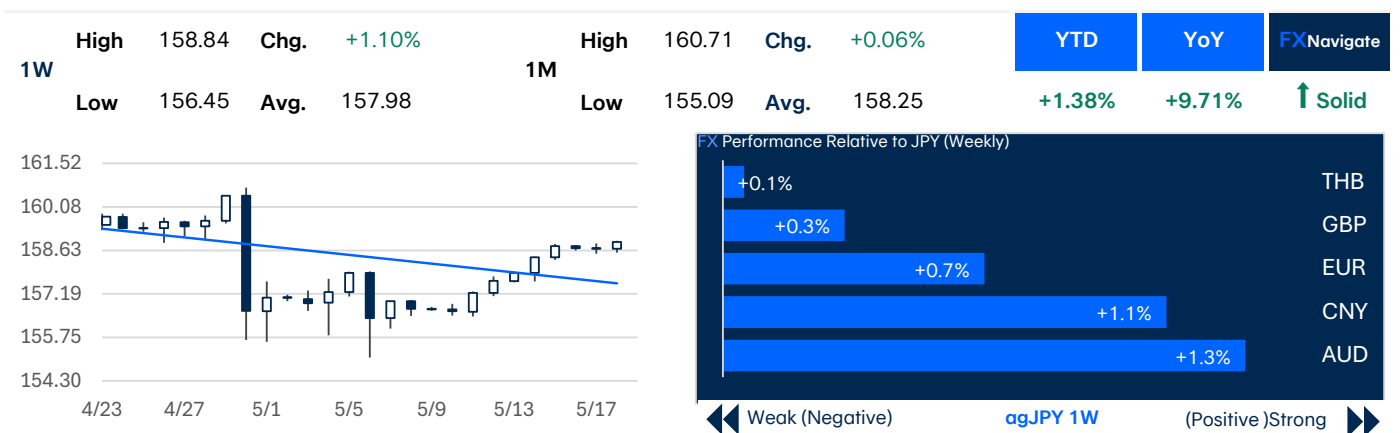
18 May 26 - 22 May 26

USDJPY

 Open **158.69** 18-May Prev. Close **158.78** 15-May

USDJPY stayed bid last week because the market had stronger reasons to buy dollars than yen. The pair rose as US inflation data hardened the rates gap story and Japan's own bond market, despite a sharp jump in long-end yields, did not generate enough support to reverse the flow. Japanese government bond yields climbed across the curve, with very long maturities hitting multi-decade highs, yet the FX market still focused more on the absolute US yield backdrop and on the durability of dollar demand. By late week, a poll of economists had shifted decisively toward a June Bank of Japan hike, but that only limited yen weakness rather than changing the trend. The message was clear: domestic normalisation in Japan is advancing, but not quickly enough to offset a week in which the US side re-priced higher again.

Japan starts the week with its own data risk at the front. First-quarter GDP lands Monday, and national CPI follows on Friday. Between those releases, the pair still trades around the old problem: the market needs proof that Japanese domestic data are strong enough to keep Bank of Japan tightening expectations alive even while the US yield side remains firm. A soft GDP print would leave the yen exposed because it undercuts the case for an early policy move just as the dollar keeps its carry support. Later in the week, inflation data can either repair that damage or deepen it.


USDCNY

 Open **6.8133** 18-May Prev. Close **6.8148** 15-May

USDCNY spent most of last week trading the dollar, not China. The offshore yuan held up reasonably early on, but the pair turned firmer as the US data run forced a broad greenback repricing and headlines from the US-China summit kept traders focused on diplomacy rather than on fresh mainland macro. Hot US inflation, a strong producer-price print and firm retail sales gave the dollar a cleaner edge than anything available on the China side inside the review window. That mattered because the yuan was already trading in a managed environment where local conviction was limited.

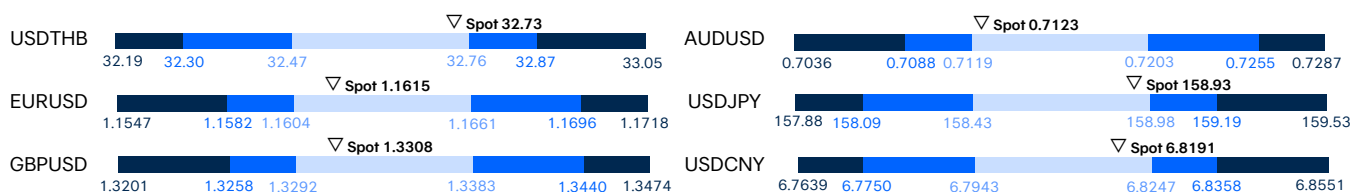
This week finally gives the yuan fresh domestic evidence. Monday's China activity release showed softer April industrial production and retail sales, while fixed-asset investment held close to expectations and unemployment eased. That matters because it sharpens the policy question ahead of the next loan prime rate decision. For USDCNY, the baseline is now a tug of war between softer local growth signals and a dollar that still carries support from the US inflation backdrop. The continuation route is easy to see: weak domestic demand, stable policy rates, and no meaningful cooling in US yields would leave the pair biased upward, even if the move stays managed rather than impulsive. The adjustment route rests on a different mix. Any sign that domestic policy settings are turning more supportive, or that the US side is losing momentum after last week's repricing, can take some pressure off the yuan.



18 May 26 - 22 May 26

Economic Calendar

Date	Currency	Event	Consensus	Previous
18-May 08:30	CNY	New Home Prices m/m		-0.21%
18-May 09:00	CNY	Fixed Asset Investment ytd/y	1.70%	1.70%
18-May 09:00	CNY	NBS Press Conference		
18-May 09:00	CNY	Retail Sales y/y	2.00%	1.70%
18-May 09:00	CNY	Unemployment Rate	5.30%	5.40%
19-May 13:00	GBP	Claimant Count Change	25.9K	26.8K
19-May 13:00	GBP	Average Earnings Index 3m/y	3.80%	3.80%
19-May 21:00	USD	Pending Home Sales m/m	1.20%	1.50%
20-May 13:00	GBP	CPI y/y	3.00%	3.30%
21-May 01:00	USD	FOMC Meeting Minutes		
21-May 08:30	AUD	Unemployment Rate	4.30%	4.30%
21-May 08:30	AUD	Employment Change	15.7K	17.9K
21-May 14:15	EUR	French Flash Manufacturing PMI	52.3	52.8
21-May 14:15	EUR	French Flash Services PMI	46.6	46.5
21-May 14:30	EUR	German Flash Manufacturing PMI	51	51.2
21-May 14:30	EUR	German Flash Services PMI	47.1	46.9
21-May 15:30	GBP	Flash Manufacturing PMI	53	53.6
21-May 15:30	GBP	Flash Services PMI	51.7	52
21-May 19:30	USD	Philly Fed Manufacturing Index	17.9	26.7
21-May 19:30	USD	Unemployment Claims	210K	211K
21-May 20:45	USD	Flash Manufacturing PMI	53.6	54
21-May 20:45	USD	Flash Services PMI	51.1	51.3
22-May 13:00	GBP	Retail Sales m/m	-0.60%	0.70%
22-May 21:00	USD	Revised UoM Consumer Sentiment	48.2	48.2

Key FX Level Snapshot support & resistance across sessions


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