

WEEKLY FOREIGN EXCHANGE OUTLOOK

02 Aug 2021 - 06 Aug 2021



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- The dollar index remains pressured by the FOMC meeting results; however, with the situation of Covid-19 being worsened, it is possible that there might be demand for the dollar as ia safe haven asset.
- The market eyes on the report of ISM manufacturing and services PMI and US non-farm payrolls which will be released on Monday, Wednesday and Friday, respectively.

Dollar News

- The dollar index dropped against it peers as it was pressured by the result of FOMC meeting.
- The Fed kept its interest rate unchanged at 0-0.25% as well as the bond buyings at 120 billion dollars as widely expected. Fed Chair Jerome Powell said that QE tapering will likely happen before the rate hike; however, the Fed signaled that it was not in a hurry to hike the rate as the US economy was pressured by the spread of the Covid-19 delta varient around the world.
- The perlimentary readings of the US GDP for the second quarter grew from the first quarter at 6.4% to 6.5% which was lower than the expectations to grow by 8.5%

Dollar Index Performance

Last Week Close	92.91	Monthly High	93.19
Week Open	92.91	Monthly Low	91.51
Week Close	91.78	30 Days Average	92.37
Weekly High	93.19	90 Days Average	91.45
Weekly Low	91.78	YTD Change	

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg PMI Final	Jul	2-Aug		63.1
ISM Manufacturing PMI	Jul	2-Aug	60.9	60.6
Factory Orders MM	Jun	3-Aug	1.0%	1.7%
Markit Svcs PMI Final	Jul	4-Aug		59.8
ISM N-Mfg PMI	Jul	4-Aug	60.4	60.1
Initial Jobless Clm		31 Jul, w/e 5-Aug	380k	400k
Non-Farm Payrolls	Jul	6-Aug	900k	850k
Unemployment Rate	Jul	6-Aug	5.7%	5.9%
Average Earnings YY	Jul	6-Aug	3.9%	3.6%

Lower Bound	92.22	Upper Bound	92.82
Forecast	Depreciation		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The Thai baht tends to depreciate against the dollar as the Covid-19 situation in Thailand is still concerned; however, in the short term, we expect that the Thai baht could move below 33.00 THB/USD. In the longer term, the Thai baht could weaken against the dollar to above 33.00 THB/USD due to higher demand for the dollar in the situation of the Covid-19.
- Another point that we have to focus is how fast the Thai government could distribute the vaccines.
- The main focus for next week is the Bank of Thailand monetary policy meeting on Wed 4th August. The market is widely expecting that the BoT could announce no policy changed.

Lower Bound	32.44	Upper Bound	32.94
Forecast	Neutral		

Thai Baht News

- The baht was being pressured by the Covid-19 situation in Thailand and the slow distribution of vaccines.
- The Thai government confirmed that the Phuket Sandbox project is continue running. The report shown that there are 12,395 tourism joined this project and it made 749.95 million baht of income to the Thai economy.

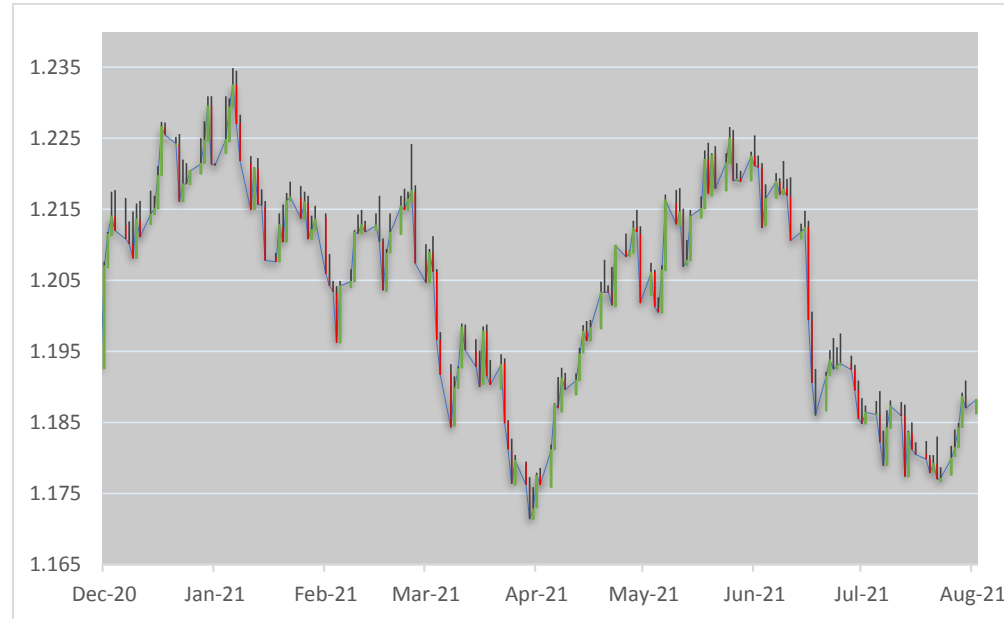
Thai Baht Performance

Last Week Close	32.91 THB/USD	Monthly High	32.96 THB/USD
Week Open	32.96 THB/USD	Monthly Low	32.86 THB/USD
Week Close	32.85 THB/USD	30 Days Average	32.41 THB/USD
Weekly High	32.98 THB/USD	90 Days Average	31.62 THB/USD
Weekly Low	32.83 THB/USD	YTD Change	+10.05%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Jul	2-Aug		49.5
1-Day Repo Rate	4 Aug	4-Aug		0.50%
CPI Headline Inflation	Jul	5-Aug		1.25%
CPI Core Inflation YY	Jul	5-Aug		0.52%

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The market eyes on the report of the eurozone manufacturing and services PMI.
- In the short term, the euro could appreciate against the weaker dollar; however, in the longer term, the euro might depreciate as the greenback tends to gain its momentum.

Lower Bound	1.1783	Upper Bound	1.1858
Forecast	Appreciation		

Euro News

- The German IFO business climate index unexpectedly dropped to 100.8 in July which was below the expectations to rise to 101.2.
- The euro held gains against the greenback due to the drop of the dollar after the result of the FOMC meeting did not bring clarification to when the Fed will taper its stimulus.
- The preliminary GDP for the second quarter of 2021 in the countries of the eurozone are mostly above the expectations and they are better than the first quarter growth except German which grew 1.5% compared with the expected to grow 2%.

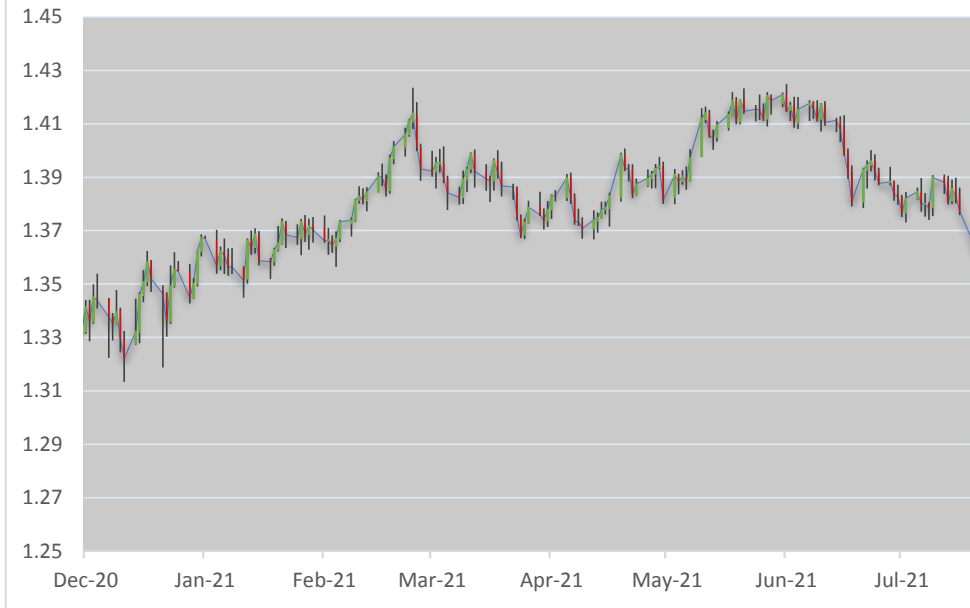
Euro Index Performance

Last Week Close	1.1771 USD/EUR	Monthly High	1.1884 USD/EUR
Week Open	1.1776 USD/EUR	Monthly Low	1.1859 USD/EUR
Week Close	1.1870 USD/EUR	30 Days Average	1.1853 USD/EUR
Weekly High	1.1909 USD/EUR	90 Days Average	1.1984 USD/EUR
Weekly Low	1.1762 USD/EUR	YTD Change	-2.70%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg Final PMI	Jul	2-Aug	62.6	62.6
Producer Prices MM	Jun	3-Aug		1.3%
Producer Prices YY	Jun	3-Aug		9.6%
Markit Serv Final PMI	Jul	4-Aug	60.4	60.4
Markit Comp Final PMI	Jul	4-Aug	60.6	60.6
Retail Sales MM	Jun	4-Aug	1.9%	4.6%
Retail Sales YY	Jun	4-Aug		9.0%

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- Investors focus on the Bank of England monetary policy meeting with no expectation for the policy changed.
- The British pound could continue weakened against the dollar as the Covid-19 situation in the UK are now concerned.

Lower Bound	1.3732	Upper Bound	1.3899
Forecast	Appreciation		

Pound Sterling News

- The British pound strengthened against the dollar on Fed's dovish statement.
- The pound traded mixed as a run of falling UK COVID-19 infections raised investor hopes that the BOE could be less dovish than expected at the next meeting.
- The UK Government said that it is likely that the UK could open the country for the visitors who fully vaccinated.

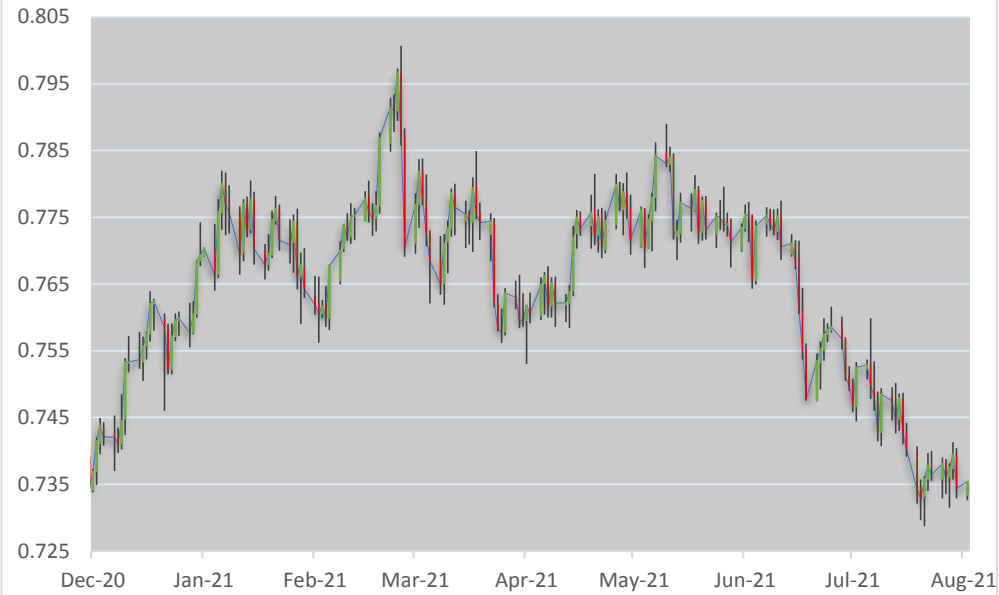
Pound Sterling Performance

Last Week Close	1.3745 USD/GBP	Monthly High	1.3918 USD/GBP
Week Open	1.3752 USD/GBP	Monthly Low	1.3887 USD/GBP
Week Close	1.3901 USD/GBP	30 Days Average	1.3831 USD/GBP
Weekly High	1.3983 USD/GBP	90 Days Average	1.3930 USD/GBP
Weekly Low	1.3735 USD/GBP	YTD Change	+1.79%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Markit/CIPS Mfg PMI Final	Jul	2-Aug	60.4	60.4
Reserve Assets Total	Jul	4-Aug		176,594M
BOE Bank Rate	Aug	5-Aug	0.10%	0.10%
GB BOE QE Corp	Aug	5-Aug	20B	20B
Halifax House Prices MM	Jul	6-Aug		-0.5%

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The market could keep an eye on the US-China trade talks for seeing how the aussie could move in the future.
- Another point that investors need to be concerned is the Covid-19 situation due to the delta variant spreading.
- The market eyes on the Reserve Bank of Australia monetary policy meeting which is scheduled on Tuesday 3rd August.

Lower Bound	0.7351	Upper Bound	0.7459
Forecast	Appreciation		

Australian Dollar News

- The Australian dollar was pressured by the US-China trade talks which made investors to the risk-off mood.
- Australia, as well as other countries, also faced with the worsen Covid-19 situation which led to the capital outflows from the aussie. Some analysts said that Sydney covid lockdown is likely to persist until September.
- In the middle of week after the Fed kept its interest rate unchanged and said that they are not in hurry to hike the rate, the aussie strengthened against the dollar.

Australian Dollar Performance

Last Week Close	0.7364 USD/AUD	Monthly High	0.7369 USD/AUD
Week Open	0.7358 USD/AUD	Monthly Low	0.7330 USD/AUD
Week Close	0.7344 USD/AUD	30 Days Average	0.7751 USD/AUD
Weekly High	0.7413 USD/AUD	90 Days Average	0.7729 USD/AUD
Weekly Low	0.7315 USD/AUD	YTD Change	-4.45%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	Jun	3-Aug	-4.5%	-7.1%
RBA Cash Rate	Aug	3-Aug	0.10%	0.10%
Retail Sales MM Final	Jun	4-Aug	-1.8%	-1.8%
Retail Trade	Q2	4-Aug	0.9%	-0.5%
Trade Balance G&S (A\$)	Jun	5-Aug	10,450M	9,681M


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- As we have seen that the spread of Covid-19 delta variant is now concerned, it is possible that there might be capital inflows to the Japanese yen as it is a safe haven asset.
- In the week ahead, there are Tokyo core CPI and household spending released on Tuesday and Friday, respectively.

Japanese Yen News

- A turnaround in the global risk sentiment, the fast-spreading of Covid-19 delta variant situation, supported the Japanese yen.
- The unemployment rate dropped by 2.9% in June from 3% in a month earlier while industrial production added by 6.2% which was better than an expectations of 5%.
- Japanese Prime Minister Yoshihide said that "We are worried that the virus will continue to spread further."

Japanese Yen Performance

Last Week Close	110.54 JPY/USD	Monthly High	109.77 JPY/USD
Week Open	110.55 JPY/USD	Monthly Low	109.61 JPY/USD
Week Close	109.70 JPY/USD	30 Days Average	109.30 JPY/USD
Weekly High	110.58 JPY/USD	90 Days Average	106.09 JPY/USD
Weekly Low	109.35 JPY/USD	YTD Change	+6.26%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Jibun Bank Mfg PMI	Jul	2-Aug		52.2
CPI Tokyo Ex fresh food YY	Jul	3-Aug	0.0%	0.0%
CPI, Overall Tokyo	Jul	3-Aug		0.0%
Services PMI	Jul	4-Aug		48.0

Lower Bound	109.68	Upper Bound	110.42
Forecast	Appreciation		

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