

WEEKLY FOREIGN EXCHANGE OUTLOOK

27 Dec 2021 - 31 Dec 2021



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar edged lower during the end of the week amid a positive market's mood with all global indexes posting gains.
- US Treasury yields advanced on Friday, with the 10-year note currently hovering near its daily high of 1.501%
- Other US macroeconomic figures were also encouraging; November Durable Goods Orders rose 2.5%, beating expectations. Initial Jobless Claims for the week ended December 17 printed at 205K as expected. And the December Michigan Consumer Sentiment Index was upwardly revised to 70.6 from 70.4.

Dollar Index Performance

Last Week Close	96.64	Monthly High	96.94
Week Open	96.64	Monthly Low	95.40
Week Close	96.14	30 Days Average	96.22
Weekly High	96.91	90 Days Average	94.44
Weekly Low	95.96	YTD Change	+6.87%

Dollar Outlook

- During the year-end, with risk sentiment on the rise, we are seeing a movement away from the safe-haven US dollar.
- However, investors expect that the dollar will regain some poise and push higher in the new year amid an increasingly hawkish Fed and underlying strength in the US economy.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Initial Jobless Clm	25 Dec, w/	30-Dec	205k	205k
Markit Mfg PMI Final	Dec	3-Jan		57.8
ISM Manufacturing PMI	Dec	3-Jan	60.5	61.1

Lower Bound	95.50	Upper Bound	97.50
Forecast	Neutral		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The decline in foreign tourists and now the reimposition of measures to curtail arrivals is likely to have a major impact on the tourism-related small and medium-sized enterprises and might pressure the Thai baht.
- The baht looks like to move in volatile range of 33.30 – 33.85 THB/USD.
- For the next year, the BoT is expected to maintain a dovish monetary policy stance to support the economic recovery and provide accommodative credit conditions for small and medium-sized businesses. This contrasts with the hawkish approach to monetary policy by most emerging market (EM) central banks, more of which are expected to begin monetary tightening over the coming quarters which could weigh on THB.

Thai Baht News

- THB depreciated during mid-week to the end of the week as markets thrive on the optimism that the wave of Omicron appears to be milder.
- Early evidence suggests fewer people are needing hospital treatment than with other variants - with estimates ranging from a 30% to a 70% reduction, the BBC reported.
- The Thai economy will likely perform better in 2022, the Finance Minister said on Thursday, unfazed by the spread of the Omicron variant.
- However, the BoT viewed the Omicron variant as a greater threat. It lowered the GDP growth forecast in 2022 from 3.9% to 3.4%, citing certain travel restrictions that will keep tourists away.
- The BoT cut its foreign tourist arrival outlook for 2022 from 6 million to 5.6 million, which is still far behind the pre-Covid level of 40 million.

Thai Baht Performance

Last Week Close	33.32 THB/USD	Monthly High	33.99 THB/USD
Week Open	33.33 THB/USD	Monthly Low	33.29 THB/USD
Week Close	33.43 THB/USD	30 Days Average	33.40 THB/USD
Weekly High	33.84 THB/USD	90 Days Average	33.23 THB/USD
Weekly Low	33.31 THB/USD	YTD Change	+11.72%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Nov	29-Dec		2.91%
Exports YY	Nov	30-Dec		17.00%
Imports YY	Nov	30-Dec		20.10%
Trade Account	Nov	30-Dec		3.80B
Current Account	Nov	30-Dec		-1.10B

Lower Bound	33.30	Upper Bound	33.80
Forecast	Depreciation		

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The Euro remain around familiar level of 1.1300 as several regions in Europe are presently under restrictions due to a surge in the number of COVID-19 cases.
- Rising covid cases in Europe and resulted activity restrictions, also challenge the risk-on mood and test the EUR/USD buyers.
- Due to thin market liquidity and a light calendar, it should play their role to restrict EUR/USD movement.

Lower Bound	1.1200	Upper Bound	1.1400
Forecast	Neutral		

Euro News

- The EUR is among the dollar's weakest rivals, confined to familiar levels. The pair currently trades around 1.1330 level.
- Germany's Health Minister Karl Lauterbach added to the market's risk-on mood during early Thursday morning in Asia as he said that "Lockdown isn't ruled out, but it's not needed right now.", the Euro chopped around the weekly top near 1.1340.

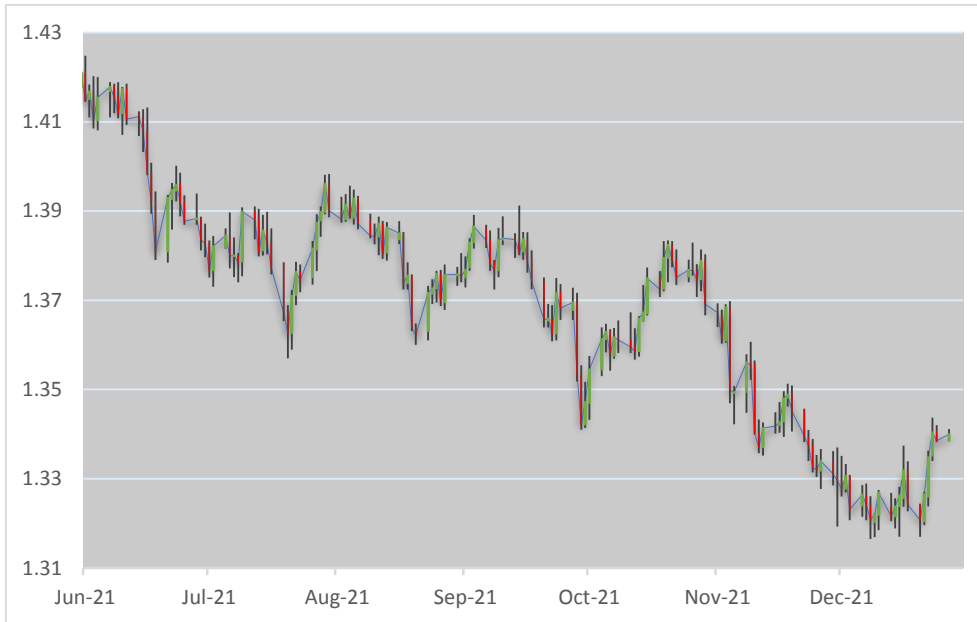
Euro Index Performance

Last Week Close	1.1239 USD/EUR	Monthly High	1.1360 USD/EUR
Week Open	1.1240 USD/EUR	Monthly Low	1.1223 USD/EUR
Week Close	1.1317 USD/EUR	30 Days Average	1.1301 USD/EUR
Weekly High	1.1343 USD/EUR	90 Days Average	1.1543 USD/EUR
Weekly Low	1.1233 USD/EUR	YTD Change	-7.35%

Euro Index Economic Events

Events	Period	Date	Forecast	Previous
Money-M3 Annual Grwth	Nov	29-Dec	7.6%	7.7%
Markit Mfg Final PMI	Dec	3-Jan	58.0	58.0

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- We see the Pound Sterling gain some ground with risk on sentiment move away the need for safe-haven US dollar as investors remain optimistic that although Omicron is much more contagious than Delta, the symptoms are milder, according to some medical reports.
- GBP/USD has support at 1.3349 and 1.3261.
- There is resistance at 1.3462 and 1.3550.

Pound Sterling News

- Sterling rose 0.46% against the dollar, benefiting from a move higher in Britain's short-dated government bond yields as well as the reassuring reports on the Omicron variant.
- The Pound kept rallying on the back of upbeat UK growth figures released on Wednesday.
- In the UK, there was some light in the pre-Christmas gloom after PM Boris Johnson announced that it would not introduce new restrictions before Christmas. However, PM Johnson warned that there could be further measures after the holiday.
- Look like It has been a very good week for the British pound, which is up 1.29%. On Thursday, Pound Sterling punched above the 1.34 level for the first time in a month.

Pound Sterling Performance

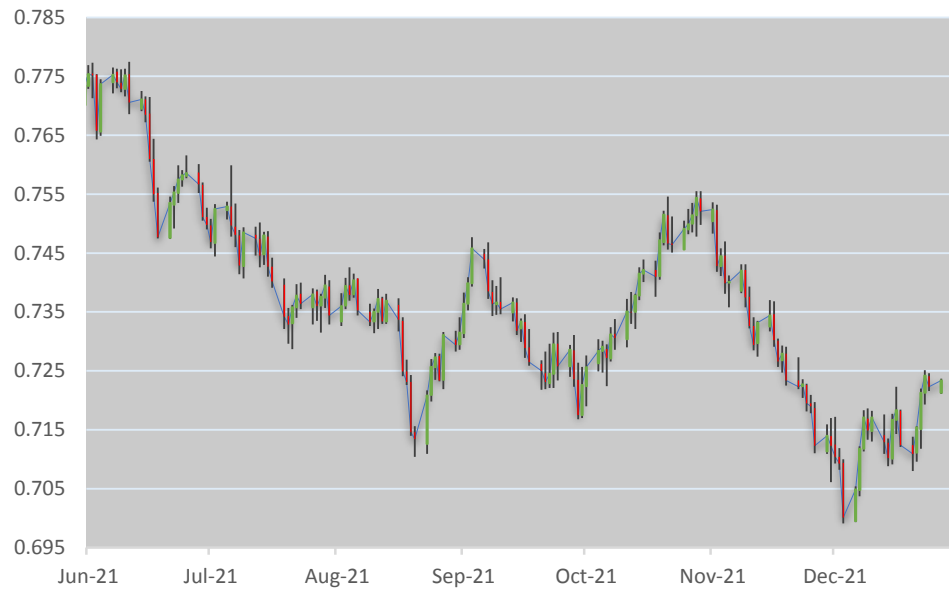
Last Week Close	1.3242 USD/GBP	Monthly High	1.3437 USD/GBP
Week Open	1.3244 USD/GBP	Monthly Low	1.3168 USD/GBP
Week Close	1.3385 USD/GBP	30 Days Average	1.3314 USD/GBP
Weekly High	1.3437 USD/GBP	90 Days Average	1.3559 USD/GBP
Weekly Low	1.3170 USD/GBP	YTD Change	-2.01%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Dec	30-Dec	0.5%	0.9%
Nationwide house price yy	Dec	30-Dec		10.0%

Lower Bound	1.3200	Upper Bound	1.3500
Forecast	Appreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Sentiment for riskier assets, Aussie, should be improved after data from a new laboratory study showed that AstraZeneca's Vaxzevria vaccine significantly boosted levels of antibodies against the Omicron variant following a third booster dose.
- The AUD/USD is likely to join recent gains but holiday mood in the market will join strong supports to restrict the downside.
- The upside filters are the 0.7300 threshold, a break of which will escalate the run-up towards the mid-November swing high near 0.7370. While the pullback moves may initially aim for the 0.7200 round figure before challenging September's low near 0.7170.

Lower Bound	0.7100	Upper Bound	0.7300
Forecast	Appreciation		

Australian Dollar News

- On Tuesday, a study in South Africa reported that people infected with the Omicron variant were 80% less vulnerable to needing hospitalization. This ultimately benefitted risk-sensitive currencies in the FX market, like the AUD.
- Higher stocks backed underpinned commodity-linked currencies; the Aussie hit 0.7250 level.
- However, the AUD/USD edged lower on Friday as the downtick could be attributed to some profit-taking

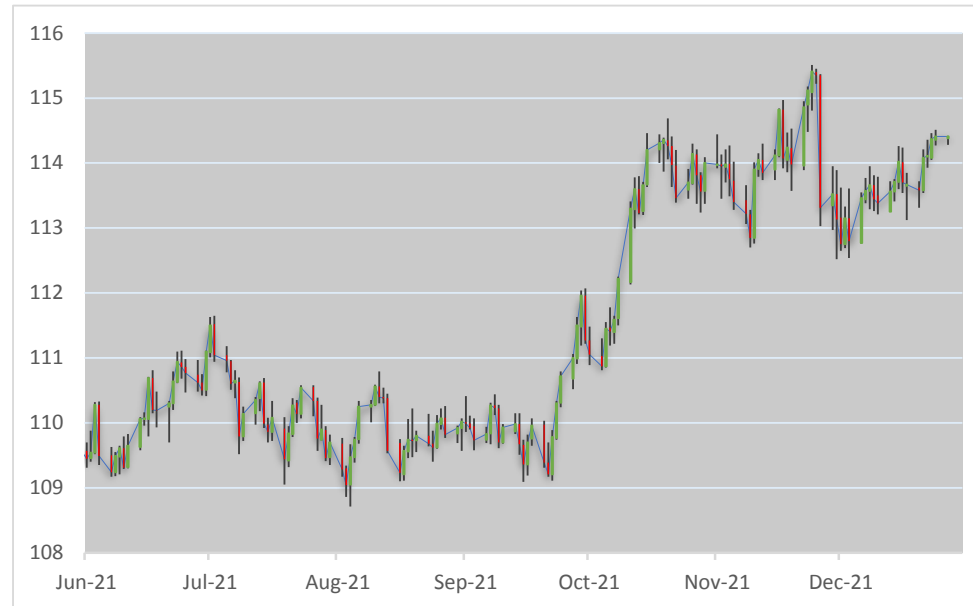
Australian Dollar Performance

Last Week Close	0.7124 USD/AUD	Monthly High	0.7251 USD/AUD
Week Open	0.7124 USD/AUD	Monthly Low	0.6994 USD/AUD
Week Close	0.7223 USD/AUD	30 Days Average	0.7377 USD/AUD
Weekly High	0.7251 USD/AUD	90 Days Average	0.7364 USD/AUD
Weekly Low	0.7080 USD/AUD	YTD Change	-5.99%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- The Yen edged lower Thursday, as easing fears of fallout from the Omicron coronavirus variant supported higher-risk currencies such as the Australian dollar and British pound.
- Studies suggested that the Omicron infections are less likely to lead to hospitalization.
- Japan's November consumer inflation marked the biggest YoY rise in nearly two years on surging fuel costs, a sign that the fallout from global commodity price gains is broadening.

Japanese Yen Performance

Last Week Close	113.67 JPY/USD	Monthly High	114.51 JPY/USD
Week Open	113.62 JPY/USD	Monthly Low	112.57 JPY/USD
Week Close	114.41 JPY/USD	30 Days Average	109.87 JPY/USD
Weekly High	114.51 JPY/USD	90 Days Average	109.88 JPY/USD
Weekly Low	113.31 JPY/USD	YTD Change	+10.89%

Japanese Yen Outlook

- Markets are focusing on the next step by OPEC+ and the impact of the Omicron variant.
- The recent risk-on mood should undermine the safe-haven JPY and act as a tailwind for USD/JPY.
- The JPY probably remain confined in a range seen trading just below mid-114.00s.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales YY	Nov	27-Dec	1.7%	0.9%
Jobs/Applicants Ratio	Nov	28-Dec	1.16	1.15
Unemployment Rate	Nov	28-Dec	2.7%	2.7%
Industrial O/P Prelim MM SA	Nov	28-Dec	4.8%	1.8%

Lower Bound	113.50	Upper Bound	115.00
Forecast	Depreciation		

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