

WEEKLY FOREIGN EXCHANGE OUTLOOK
15 Mar 2021 - 19 Mar 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- A critical event this week will be the FOMC meeting. Analysts consider that Jerome Powell will focus on the labour market rather than economic growth. They consider the US dollar could continue with support with “anything less” than a strong commitment to keep financial market conditions accommodative.
- With the US outspending its peers on measures to boost economic growth, the path of the US dollar would appear to be upside trend.

Lower Bound	90.00	Upper Bound	93.00
Forecast	Appreciation		

Dollar News

- The recovery in US yields comes after discouraging US inflation figures for the month of February cool down expectations of higher inflation in the next months.
- Nonetheless, US 10-year yield rebounded to the key 1.60% area on Friday (12/3) as the \$1.9 trillion stimulus package became law after President Biden signed it on the day before.
- The Consumer Sentiment Index in the US improved sharply to 83 (preliminary) in March from 76.8 in February, the University of Michigan's latest Surveys of Consumers showed on Friday (12/3). This reading came in much better than the market expectation of 78.5.

Dollar Index Performance

Last Week Close	91.98	Monthly High	92.50
Week Open	91.99	Monthly Low	89.68
Week Close	91.40	30 Days Average	90.97
Weekly High	92.50	90 Days Average	90.92
Weekly Low	91.37	YTD Change	#NAME?

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM	Feb	16-Mar	-0.6%	5.3%
Industrial Production MM	Feb	16-Mar	0.4%	0.9%
Housing Starts Number	Feb	17-Mar	1.565M	1.580M
Fed Funds Tgt Rate	17 Mar	18-Mar	0-0.25	0-0.25
Fed Int On Excess Reserves	17 Mar	18-Mar		0.10%
Initial Jobless Clm	13-Mar	18-Mar	705k	712k
Philly Fed Business Indx	Mar	18-Mar	23.1	23.1
Existing Home Sales	Feb	22-Mar	6.53M	6.69M

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Rising in US Treasury yields and strong greenback dominate the market and let other rivals depreciate in this period of time.
- Political uncertainties in the country are still in focused.
- Siam Commercial Bank's Economic Intelligence Centre (IEC) has revised upwards its 2021 Thai GDP growth forecast from 2.2 per cent to 2.6 per cent from expectation on recovery of Thai exports, which returned to pre-Covid levels in January and February. However, recovery of the Thai tourism industry would only gain momentum in the fourth quarter of 2021 as vaccines brought herd immunity in key Asian markets.

Thai Baht News

- Thai Consumer Confidence Index rose to the level of 49.4 in February from 47.8 in the previous month. The Consumer Confidence dropped in January as a consequence of the latest wave of pandemic in the country since the end of last year.
- The Baht traded in the opposite way with the US Treasury yields since there are few Thai economic indicators released during the week.

Thai Baht Performance

Last Week Close	30.53 THB/USD	Monthly High	#NAME? THB/USD
Week Open	30.51 THB/USD	Monthly Low	#NAME? THB/USD
Week Close	30.67 THB/USD	30 Days Average	30.20 THB/USD
Weekly High	30.95 THB/USD	90 Days Average	30.13 THB/USD
Weekly Low	30.47 THB/USD	YTD Change	#NAME?

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	12-Mar	19-Mar		250.6B
Currency Swaps	12-Mar	19-Mar		31.9B
Custom-Based Export Data	Feb	22-Mar		0.35%
Custom-Based Import Data	Feb	22-Mar		-5.24%
Customs-Based Trade Data	Feb	22-Mar		-0.20B

Lower Bound	30.40	Upper Bound	31.10
Forecast	Depreciation		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- The distribution of COVID vaccines in the area remains sluggish, and more delays are expected, all of which will undermine the region's economic comeback
- Some EU countries suspended vaccinations with the AstraZeneca shot after some serious cases of blood-clots were reported.

Euro News

- The Gross Domestic Product (GDP) in the euro area contracted by 4.9% on a yearly basis in the fourth quarter, the data published by Eurostat showed on Tuesday (9/3). This reading came in slightly better than the flash estimate and the market expectation of -5%. On a quarterly basis, the GDP declined by 0.7%.
- The European Central Bank had a monetary policy meeting, and as widely anticipated, it maintained rates unchanged, alongside the size of PEPP. Policymakers announced that bond purchases over the next quarter to be conducted at a significantly higher pace than during the first months of this year.

Euro Index Performance

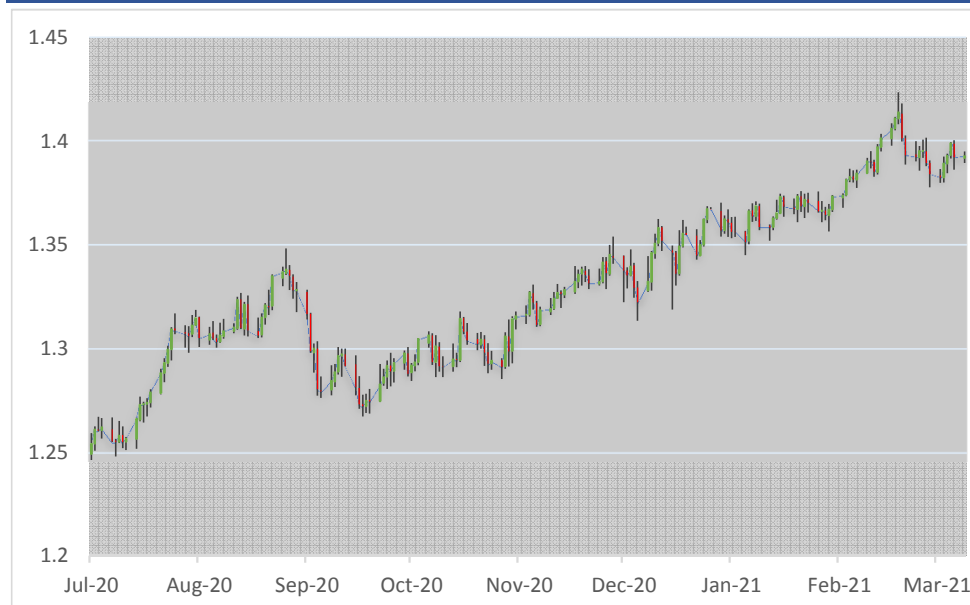
Last Week Close	1.1917 USD/EUR	Monthly High	#NAME? USD/EUR
Week Open	1.1920 USD/EUR	Monthly Low	#NAME? USD/EUR
Week Close	1.1952 USD/EUR	30 Days Average	1.2057 USD/EUR
Weekly High	1.1989 USD/EUR	90 Days Average	1.2077 USD/EUR
Weekly Low	1.1834 USD/EUR	YTD Change	#NAME?

Euro Index Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Feb	15-Mar		880.23B
HICP Final MM	Feb	17-Mar	0.2%	0.2%
HICP Final YY	Feb	17-Mar	0.9%	0.9%
HICP-X F, E, A, T Final MM	Feb	17-Mar	0.1%	0.1%
HICP-X F,E,A&T Final YY	Feb	17-Mar	1.1%	1.1%

Lower Bound	1.1700	Upper Bound	1.2050
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- GBP/USD has been retreating from the highs as US yields resume their gains. However, Britain's upbeat data and vaccine situation may help supporting the currency.
- The US has reached nearly 20% of its population while the UK is already roughly at 35% – but Britain has barely inoculated people with the second dose.
- BOE's meeting on Thursday (18/3) – Analysts are expecting unchanged in policy rate.

Pound Sterling News

- The UK GDP monthly release showed that the economy contracted less-than-expected in January, arriving at -2.9% vs. -4.9% expectations and 1.2% previous.
- Manufacturing output arrived at 2.3% MoM in January versus -0.8% expectations and 0.3% booked in December while total industrial output came in at -1.5% vs. -0.6% expected and 0.2% last.

Pound Sterling Performance

Last Week Close	1.3841 USD/GBP	Monthly High	#NAME? USD/GBP
Week Open	1.3835 USD/GBP	Monthly Low	#NAME? USD/GBP
Week Close	1.3922 USD/GBP	30 Days Average	1.3883 USD/GBP
Weekly High	1.4004 USD/GBP	90 Days Average	1.3608 USD/GBP
Weekly Low	1.3798 USD/GBP	YTD Change	#NAME?

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
BOE Bank Rate	Mar	18-Mar	0.10%	0.10%
GB BOE QE Corp	Mar	18-Mar	20B	20B
BOE MPC Vote Hike	Mar	18-Mar	0	0
BOE MPC Vote Unchanged	Mar	18-Mar	9	9
BOE MPC Vote Cut	Mar	18-Mar	0	0
GfK Consumer Confidence	Mar	19-Mar	-20	-23

Lower Bound	1.3650	Upper Bound	1.3950
Forecast	Depreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- So this week, the market will focus on the FOMC meeting, if the Fed continues to look past fears about rising longer-term rates, which also tends to reflect an improving medium-term economic outlook as inflation bets gain, then the Australian Dollar could weaken ahead.
- On the other hand, if the Federal Reserve appears to be watching bond markets more closely than currently expected, then the Aussie could accelerate its dominant upward trajectory since March 2020

Australian Dollar News

- Reserve Bank of Australia (RBA) Governor Philip Lowe struck downbeat comments while raising doubts on the future rate hikes and bond purchases. Even so, the policymaker said, "the economy was now within a striking distance of its pre-pandemic output."
- Australia's Westpac Consumer Confidence grew past -1.8% forecast and 1.9% prior readings to flash 2.6% but failed to entertain AUD/USD traders waiting for the key US COVID stimulus.

Australian Dollar Performance

Last Week Close	0.7686 USD/AUD	Monthly High	#NAME? USD/AUD
Week Open	0.7687 USD/AUD	Monthly Low	#NAME? USD/AUD
Week Close	0.7765 USD/AUD	30 Days Average	0.7749 USD/AUD
Weekly High	0.7800 USD/AUD	90 Days Average	0.7611 USD/AUD
Weekly Low	0.7619 USD/AUD	YTD Change	#NAME?

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Home Price Index	Q4	16-Mar	2.0%	0.8%
Employment	Feb	18-Mar	30.0k	29.1k
Participation Rate	Feb	18-Mar	66.2%	66.1%
Unemployment Rate	Feb	18-Mar	6.3%	6.4%

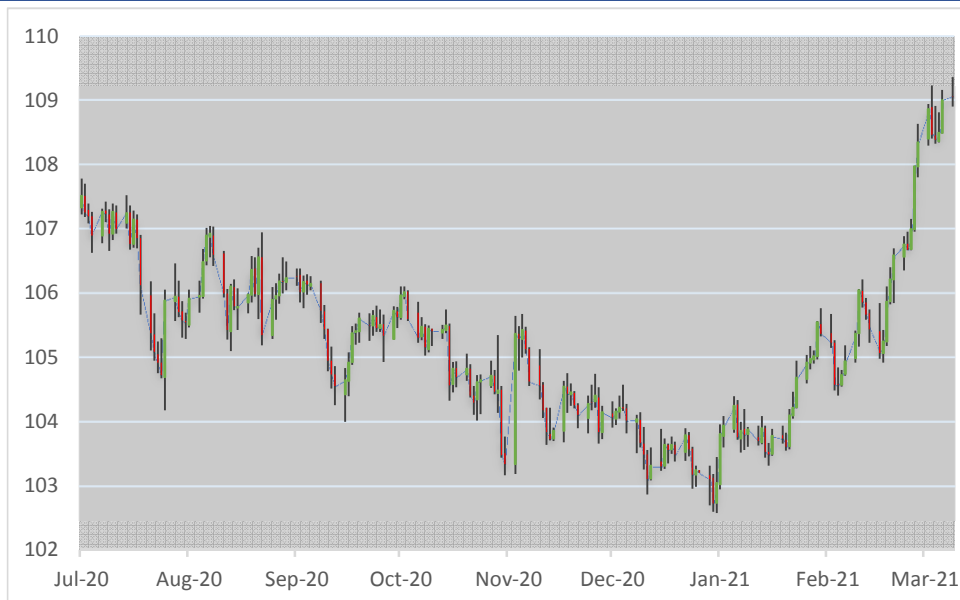
Lower Bound	0.7550	Upper Bound	0.7850
Forecast	Depreciation		

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen Outlook

- The conditions are such that Japan will probably not be able to avoid negative growth in the first quarter of 2021 either and consumption is not likely to recover at a strong enough pace considering Japan's slow to the mark vaccine rollout.
- BOJ's meeting on Friday (19/3) – Analysts are expecting unchanged in policy rate and some comments on JGB target band.

Japanese Yen News

- The data of Japan's Real GDP released on Monday (8/3) expanded 2.8% QoQ dropped from preliminary estimation of 3.0%.
- The Yen traded in the opposite way with the US Treasury yields since there are few Japanese economic indicators released during the week.

Japanese Yen Performance

Last Week Close	108.34 JPY/USD	Monthly High	#NAME? JPY/USD
Week Open	108.40 JPY/USD	Monthly Low	#NAME? JPY/USD
Week Close	109.00 JPY/USD	30 Days Average	105.43 JPY/USD
Weekly High	109.23 JPY/USD	90 Days Average	104.74 JPY/USD
Weekly Low	108.29 JPY/USD	YTD Change	#NAME?

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Machinery Orders MM	Jan	15-Mar	-5.5%	5.2%
Machinery Orders YY	Jan	15-Mar	-0.2%	11.8%
Exports YY	Feb	17-Mar	-0.8%	6.4%
Imports YY	Feb	17-Mar	11.9%	-9.5%
Trade Balance Total Yen	Feb	17-Mar	420.0B	-323.9B
CPI, Core Nationwide YY	Feb	19-Mar	-0.4%	-0.6%
CPI, Overall Nationwide	Feb	19-Mar		-0.6%
JP BOJ Rate Decision	19 Mar	19-Mar	-0.10%	-0.10%

Lower Bound	107.00	Upper Bound	110.00
Forecast	Depreciation		

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