

WEEKLY FOREIGN EXCHANGE OUTLOOK
24 May 2021 - 28 May 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- This week, investors are focusing on FOMC Member, Brainard Speaks on Monday (24/5), the US consumer confidence survey from conference board on Tuesday (25/6), a run of data and President Biden's budget proposal on Thursday (27/5), and the Fed's favorite inflation figure (PCE deflator) on Friday (28/5).
- However, US Treasury bond yields movement is still on focus, if ten-year Treasury bond yields stay relatively subdued, it is possible that the US Dollar continues to weaken broadly.

Dollar News

- USD dropped after Fed member, Robert Kaplan, reiterated his view on Monday that he did not expect interest rates to rise until next year, and also with Fed Vice Chairman, Richard Clarida, pointed to the recent disappointing jobs report as evidence that the economy still needs help.
- However, USD slightly gained on Thursday after the release of Fed minutes of April meeting showed that several of policymakers thought that if the economy continued rapid progress, it would become appropriate "at some point" in upcoming meetings to begin discussing a tightening of the purchases of government bonds.
- USD slightly gained on Friday after U.S. manufacturing PMI increased to 61.5 in May, the highest reading since October 2009 and higher than expected at 60.0

Dollar Index Performance

Last Week Close	90.32	Monthly High	92.33
Week Open	90.30	Monthly Low	89.65
Week Close	89.65	30 Days Average	90.83
Weekly High	90.91	90 Days Average	91.19
Weekly Low	89.65	YTD Change	+0.03%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	May	25-May	119.0	121.7
New Home Sales-Units	Apr	25-May	0.975M	1.021M
Durable Goods	Apr	27-May	0.7%	0.8%
GDP 2nd Estimate	Q1	27-May	6.5%	6.4%
Initial Jobless Clm	22 May, w/e	27-May	425k	444k
Consumption, Adjusted MM	Apr	28-May	0.5%	4.2%
U Mich Sentiment Final	May	28-May	82.8	82.8

Lower Bound	89.50	Upper Bound	90.75
Forecast	Appreciation		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week, Ministry of Commerce will release the Thailand trade data of April on Monday (24/5) and has expected export value to increase 8.80% and import value to increase 24.30% from previous month.
- Moreover, Thai baht might tend to weaken as the Covid -19 situation in Thailand after the increasing of Covid-19 cases and the spread out of the India variant.

Lower Bound	31.30	Upper Bound	31.50
Forecast	Depreciation		

Thai Baht News

- At the beginning of the week, Thai baht depreciated against dollar due to the increasing of Covid – 19 new case in Thailand.
- Office of national economic and social development council (NESDC) had reported GDP of first quarter that shrank by 2.6%, an improvement from a 4.2% contraction in the previous quarter. On a quarterly basis, GDP rose by 0.2% in the first quarter, compared to 1.1% in the fourth quarter of 2020.
- NESDC reported that second wave of Covid-19 infections was a key part in contraction in the first quarter while the third wave of infections, which began in April has led the agency to revise down Thai economic growth this year to 1.5-2.5% or an average of 2%, a sharp decline from the 6.1% predicted in 2020.
- Moreover, the repatriation of dividend payments by SET-listed companies in this week was continue to pressure Thai baht depreciation.

Thai Baht Performance

Last Week Close	31.35 THB/USD	Monthly High	31.51 THB/USD
Week Open	31.36 THB/USD	Monthly Low	31.04 THB/USD
Week Close	31.37 THB/USD	30 Days Average	31.31 THB/USD
Weekly High	31.51 THB/USD	90 Days Average	30.66 THB/USD
Weekly Low	31.35 THB/USD	YTD Change	+4.78%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Apr	25-May	8.80%	8.47%
Custom-Based Import Data	Apr	25-May	24.30%	14.12%
Customs-Based Trade Data	Apr	25-May	0.03B	0.71B
Manufacturing Prod YY	Apr	31-May		4.12%
Exports YY	Apr	31-May		15.80%
Imports YY	Apr	31-May		15.10%
Trade Account	Apr	31-May		3.40B
Current Account	Apr	31-May		-0.80B

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- This week, investors are focusing on Q1/2021 German Final GDP and German Ifo Business Climate on Tuesday (25/5) and German GfK Consumer Climate on Thursday (27/5).
- However, if Macroeconomic figures of US are indicating steady growth and improvement in the main sectors of the economy that may add pressure on the euro.

Lower Bound	1.2100	Upper Bound	1.2275
Forecast	Appreciation		

Euro News

- The Euro gained on Monday as the depreciation of dollar after comment of Federal Reserve officials pointed to the central bank holding onto its ultra-easy monetary policies in the near future.
- The euro zone GDP declined by 0.6% in the first quarter of 2021 as expected. While euro zone employment fell 0.3% in the first quarter of 2021 after a 0.4% quarterly rise in the previous quarter.
- The Euro traded higher at 1.2200 EUR/USD on Wednesday after euro zone customer price index (CPI) rose as expected by 0.6% in April for a 1.6% year-on-year increase while Core customer price index rose by 0.7% in April, lower than expected at 0.8%.
- German Flash Services PMI jumped to 52.8 from 49.9 in April, higher than expected of 52.0 and was the highest reading since last July 2019 while the flash PMI for manufacturing eased to 64.0 from 66.2 in the previous month.
- While European Central Bank, President Christine Lagarde, was on the wires on Friday and remarked that the accommodative policies would remain necessary for months to come.

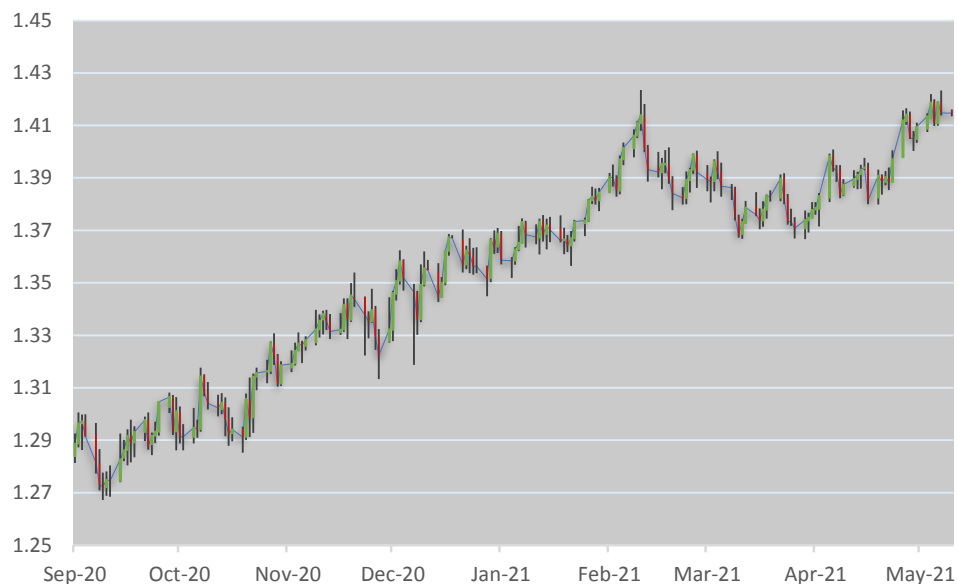
Euro Index Performance

Last Week Close	1.2140 USD/EUR	Monthly High	1.2244 USD/EUR
Week Open	1.2138 USD/EUR	Monthly Low	1.1987 USD/EUR
Week Close	1.2179 USD/EUR	30 Days Average	1.2088 USD/EUR
Weekly High	1.2244 USD/EUR	90 Days Average	1.2021 USD/EUR
Weekly Low	1.2124 USD/EUR	YTD Change	-0.22%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
GDP Detailed QQ SA	Q1	25-May	-1.7%	-1.7%
GDP Detailed YY NSA	Q1	25-May	-3.3%	-3.3%
Ifo Business Climate New	May	25-May	98.1	96.8
Business Climate Mfg	May	26-May	106	104
GDP QQ Final	Q1	28-May	0.4%	0.4%
GDP QQ Final	Q1	28-May	0.4%	0.4%
CPI (EU Norm) Prelim YY	May	28-May	1.8%	1.6%
Consumer Confid. Final	May	28-May	-6.0	-5.1
CPI Prelim YY	May	31-May		2.0%
HICP Prelim YY	May	31-May		2.1%

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling News

- The pound appreciated against dollar on Monday as the United Kingdom started to exit its strict COVID-19 lockdown.
- The Office for National Statistics (ONS) showed on Tuesday, the UK's official jobless rate dropped to 4.8% in March, lower than expected at 4.9% while the claimant count change showed a surprise dropped by 15.5k, less than expected at 25.6 increasing.
- The pound remains traded in a range on Wednesday after the UK Consumer Prices Index (CPI) rose 1.5% in April when compared to 0.7% in March and beating expected of a 1.4% increasing.
- The pound was supported after the UK retail sales came in at 9.2% in April, higher than 4.5% expected and 5.4% previous month. On an annualized basis, the UK retail sales rebounded firmly by 42.4% in April, higher than 36.8% expected.

Pound Sterling Performance

Last Week Close	1.4096 USD/GBP	Monthly High	1.4233 USD/GBP
Week Open	1.4088 USD/GBP	Monthly Low	1.3801 USD/GBP
Week Close	1.4147 USD/GBP	30 Days Average	1.3964 USD/GBP
Weekly High	1.4233 USD/GBP	90 Days Average	1.3870 USD/GBP
Weekly Low	1.4075 USD/GBP	YTD Change	+3.50%

Pound Sterling Outlook

- This week, the pound might be supported after the reopened in several restrictions area and the UK Covid-19 cases have remained flat at lower levels.
- Moreover, UK has only attempted to accelerate its vaccination campaign without stopping the reopening. That might support the pound.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
CBI Distributive Trades	May	25-May	30	20
Nationwide house price mm	May	31-May		2.1%
Nationwide house price yy	May	31-May		7.1%

Lower Bound	1.4100	Upper Bound	1.4200
Forecast	Neutral		

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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The Aussie slightly dropped on Monday morning after the data from China showed that Retail Sales in April rose by 17.7% on a yearly basis, compared to expected of 24.9%.
- The Aussie gained on Tuesday after the release of Reserve Bank of Australia's (RBA) latest monetary policy meeting minutes.
- The minute statement reiterated the RBA's rejection to increase interest rate before 2024 and RBA willing to extend bond buying if needed, no need to change yield target.
- The Aussie slightly dropped on Thursday after Australian unemployment rate rose to 5.5% in April, lower than 5.6% expected while, the number of employed people unexpectedly dropped by 30.6K, though the disappointment was offset by an upward revision of the previous month's rose by 77K from 70.7K.

Australian Dollar Performance

Last Week Close	0.7772 USD/AUD	Monthly High	0.7890 USD/AUD
Week Open	0.7773 USD/AUD	Monthly Low	0.7676 USD/AUD
Week Close	0.7731 USD/AUD	30 Days Average	0.7740 USD/AUD
Weekly High	0.7813 USD/AUD	90 Days Average	0.7662 USD/AUD
Weekly Low	0.7710 USD/AUD	YTD Change	+0.55%

Australian Dollar Outlook

- This week, the Aussie might continue appreciated as the reopening of global economy and we expect the Aussie will be traded in range around in the 0.77- 0.78 AUD/USD

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Construction Work Done	Q1	26-May	2.2%	-0.9%
Capital Expenditure	Q1	27-May	2.0%	3.0%
Building Capex	Q1	27-May		0.7%
Plant/Machinery Capex	Q1	27-May		5.7%
Private Sector Credit	Apr	31-May		0.4%
Housing Credit	Apr	31-May		0.5%

Lower Bound	0.7700	Upper Bound	0.7800
Forecast	Appreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- The Yen appreciated against dollar on Monday as investors concerned over the increasing of new COVID-19 case in some Asian countries.
- Japan's GDP of first quarter contracted -1.3% QoQ, slightly worse than expected of -1.2% while in an annualized term, GDP contracted -5.1% in the first quarter, worse more than the expected 4.6% contraction.
- Japan's GDP of first quarter dropped more than expected as a slow vaccine rollout and new COVID-19 infections hit spending on items and the raising concerns the country will lag others emerging from the pandemic.
- Moreover, the Yen still appreciated against dollar on Friday after Japan's core consumer prices dropped 0.1% in April, smaller than expected for a 0.2% drop.

Japanese Yen Performance

Last Week Close	109.34 JPY/USD	Monthly High	109.78 JPY/USD
Week Open	109.27 JPY/USD	Monthly Low	108.35 JPY/USD
Week Close	108.94 JPY/USD	30 Days Average	103.89 JPY/USD
Weekly High	109.49 JPY/USD	90 Days Average	104.29 JPY/USD
Weekly Low	108.56 JPY/USD	YTD Change	+5.42%

Japanese Yen Outlook

- This week, Tokyo CPI will give the first look at May's price numbers and Japan Unemployment Rate on Friday (28/5).
- However, US economics events continue to be the deciding factor for the USD/JPY and any appreciable move higher or lower in Treasury yields will be reflected in the pair.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
CPI Tokyo Ex fresh food YY	May	28-May	-0.2%	-0.2%
CPI, Overall Tokyo	May	28-May		-0.6%
Jobs/Applicants Ratio	Apr	28-May	1.10	1.10
Unemployment Rate	Apr	28-May	2.7%	2.6%
Industrial O/P Prelim MM SA	Apr	31-May		1.7%
Retail Sales YY	Apr	31-May		5.2%

Lower Bound	108.50	Upper Bound	109.50
Forecast	Neutral		

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