

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**29 Nov 2021 - 03 Dec 2021**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar News**

- The greenback continues to gather strength as the US Dollar Index climbed above 96.80 for the first time in 16 months as inflation and consumer spending which are the two pillars of Federal Reserve monetary policy proved to be much stronger than forecast in October.
- The core PCE climbed to 4.1% YoY in October from 3.7% in September. The initial jobless claims dropped to 199K from 270K while personal spending and personal income increased by 1.3% and 0.5%, respectively, on a monthly basis in October. All of these are better than expectation.
- San Francisco Fed President Mary Daly, said on Wednesday that it could be appropriate to speed up the pace of reductions in asset purchases.
- On Friday, the dollar dropped after escalating fears over the new coronavirus variant slowing down the global economic recovery. The 10-year US T-bond yield fell nearly 8% and forced the dollar to weaken.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>96.03</b>	<b>Monthly High</b>	<b>96.94</b>
<b>Week Open</b>	<b>96.07</b>	<b>Monthly Low</b>	<b>93.28</b>
<b>Week Close</b>	<b>95.75</b>	<b>30 Days Average</b>	<b>94.81</b>
<b>Weekly High</b>	<b>96.94</b>	<b>90 Days Average</b>	<b>93.65</b>
<b>Weekly Low</b>	<b>95.75</b>	<b>YTD Change</b>	<b>+7.08%</b>

**Dollar Outlook**

- Uncertainty related to central banks' inaction and how the pandemic will continue affecting economies are likely to keep markets in risk-off mode next week.
- The gain of the dollar may be paused as escalating fears over the new coronavirus variant named Omicron will pressure the outlook of economic growth and reduce the probability of the Fed hiking its policy rates.
- The probability of the Fed leaving its policy rate unchanged by June 2022 rose to 34% from 18% in mid-week, according to the CME Group.
- The US will release the official November ISM PMIs and employment figures, as the country will publish the November Nonfarm Payroll report on Friday.

<b>Lower Bound</b>	<b>95.00</b>	<b>Upper Bound</b>	<b>97.00</b>
<b>Forecast</b>	<b>Neutral</b>		

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confidence	Nov	30-Nov	110.9	113.8
Markit Mfg PMI Final	Nov	1-Dec		59.1
ISM Manufacturing PMI	Nov	1-Dec	61.0	60.8
Initial Jobless Clm	27 Nov, w/	2-Dec	250k	199k
Non-Farm Payrolls	Nov	3-Dec	550k	531k
Unemployment Rate	Nov	3-Dec	4.5%	4.6%
Average Earnings YY	Nov	3-Dec	5.0%	4.9%
Markit Comp Final PMI	Nov	3-Dec		56.5
Markit Svcs PMI Final	Nov	3-Dec		57.0
Factory Orders MM	Oct	3-Dec	0.5%	0.2%

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**29 Nov 2021 - 03 Dec 2021**

**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The baht will be pressured due to uncertainty over the US Federal Reserve would raise interest rate sooner than expected to deal with rising inflation.
- The development of "Omicron" may force investor selling risky asset including THB. The strong resistance of 34.00 THB/USD is now not far to go.
- If the new Covid variant is clear, we believe market volatility will return to normal and then THB will appreciate back.
- Trade data, inflation data and industrial production are all expected to be released this week.

<b>Lower Bound</b>	<b>33.00</b>	<b>Upper Bound</b>	<b>34.00</b>
<b>Forecast</b>	<b>Neutral</b>		

**Thai Baht News**

- THB gradually depreciated during last week due to strong dollar as traders betting that the Fed will hike interest rates sooner than expected.
- The state planning agency said on Monday (22/11) Thailand's unemployment rate hit a more than 16-year high in the third quarter at 2.25%, as tougher coronavirus restrictions hit economic activity and jobs,
- The fluctuation in gold price and capital inflow are affecting the movement of THB recently. Gold price dipped below 1,800 level while on Friday there were foreign capital outflow from both local bond and equity market after new Covid variant called Omicron turn markets to risk-off mode.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>32.75 THB/USD</b>	<b>Monthly High</b>	<b>33.76 THB/USD</b>
<b>Week Open</b>	<b>32.81 THB/USD</b>	<b>Monthly Low</b>	<b>32.57 THB/USD</b>
<b>Week Close</b>	<b>33.60 THB/USD</b>	<b>30 Days Average</b>	<b>33.12 THB/USD</b>
<b>Weekly High</b>	<b>33.61 THB/USD</b>	<b>90 Days Average</b>	<b>33.13 THB/USD</b>
<b>Weekly Low</b>	<b>32.81 THB/USD</b>	<b>YTD Change</b>	<b>+12.76%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Oct	30-Nov	1.60%	-1.28%
Exports YY	Oct	30-Nov		17.80%
Imports YY	Oct	30-Nov		20.40%
Trade Account	Oct	30-Nov		4.00B
Current Account	Oct	30-Nov		-1.30B
Manufacturing PMI SA	Nov	1-Dec		50.9
CPI Headline Inflation	Nov	3-Dec		2.38%
CPI Core Inflation YY	Nov	3-Dec		0.21%


**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- EUR is unlikely to stage a decisive recovery in the near term with the policy divergence between the ECB and the Fed favouring the dollar over the common currency. Even if the pair were to show some signs of life on upbeat European data, it wouldn't be surprising to see sellers defending key technical levels.
- Renewed concerns over nationwide lockdowns in Europe and new Covid variant will continuously hurt the common currency.
- The first week of December will bring updates on European inflation, as the core CPI foreseen at 1.9% YoY from 2% in the previous month. Germany will report October Retail Sales, while Markit will release the final readings of its November PMIs for the Union.

<b>Lower Bound</b>	<b>1.1200</b>	<b>Upper Bound</b>	<b>1.1400</b>
<b>Forecast</b>	<b>Neutral</b>		

**Euro News**

- Earlier last week, the American dollar reached fresh 2021 highs vs the shared currency, with EUR/USD bottoming on Wednesday(24/11) at 1.1185 USD/EUR.
- Macroeconomic reports, as the preliminary estimates of November Markit PMIs indicated that, in the EU, the upturn was accompanied by a marked increase in inflationary pressures during the month, with costs and selling prices rising at record rates.
- However, the ECB is in no rush to change its monetary policy.
- EUR/USD corrected oversold conditions on Friday(26/11) as the currency surged beyond 1.1300 USD/EUR as the news came as Europe struggled to contain a new wave of infection, and while several countries announced restrictive measures to contain the spread.

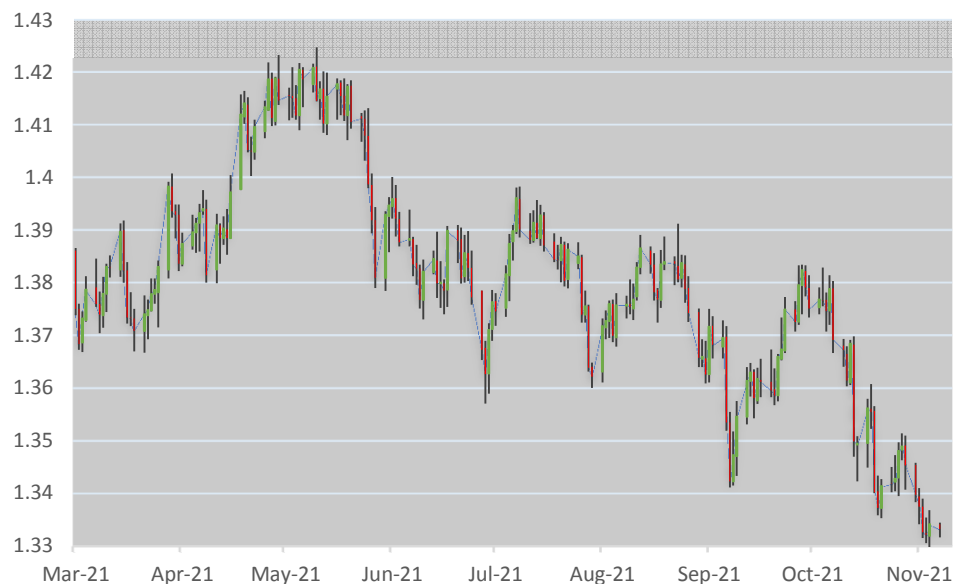
**Euro Index Performance**

<b>Last Week Close</b>	<b>1.1288</b> USD/EUR	<b>Monthly High</b>	<b>1.1616</b> USD/EUR
<b>Week Open</b>	<b>1.1291</b> USD/EUR	<b>Monthly Low</b>	<b>1.1187</b> USD/EUR
<b>Week Close</b>	<b>1.1317</b> USD/EUR	<b>30 Days Average</b>	<b>1.1485</b> USD/EUR
<b>Weekly High</b>	<b>1.1330</b> USD/EUR	<b>90 Days Average</b>	<b>1.1650</b> USD/EUR
<b>Weekly Low</b>	<b>1.1184</b> USD/EUR	<b>YTD Change</b>	<b>-7.71%</b>

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Consumer Confid. Final	Nov	29-Nov	-6.8	-6.8
HICP Flash YY	Nov	30-Nov	4.4%	4.1%
HICP-X F&E Flash YY	Nov	30-Nov	2.2%	2.1%
Markit Mfg Final PMI	Nov	1-Dec	58.6	58.6
Unemployment Rate	Oct	2-Dec	7.3%	7.4%
Markit Serv Final PMI	Nov	3-Dec	56.6	56.6
Markit Comp Final PMI	Nov	3-Dec	55.8	55.8

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**29 Nov 2021 - 03 Dec 2021**

**Pound Sterling**
**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The Pound is supported on expectations of a rate hike by the Bank of England as early as next month although the chance BoE rate hike in December implied from the UK interest rate futures reduced from 75% to 55% due to new Covid impact.
- In the week ahead, there won't be any high-tier macroeconomic data releases from the UK.
- In short, GBP/USD could find it difficult to stage a convincing recovery next week. Investors might want to stay away from the British pound after new measures in England was announced by Boris Johnson at the weekend in response to the Omicron coronavirus variant.

<b>Lower Bound</b>	<b>1.3250</b>	<b>Upper Bound</b>	<b>1.3450</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- The GBP/USD pair started the week under bearish pressure, with the greenback continuing to gather strength against its major rivals on the back of rising US Treasury bond yields, the pair extended its slide below 1.3300 and touched its lowest level since December 2020.
- Ahead of the weekend, the intense flight to safety triggered a sharp drop in yields and allowed GBP/USD to erase a small portion of its weekly losses.
- The data published by IHS Markit revealed on Tuesday(23/11) that the economic activity in the UK's manufacturing and service sectors continued to expand at a robust pace in early November.
- In fact, BoE Monetary Policy Committee (MPC) member Silvana Tenreyro said on Wednesday that she would not want to say specifically if the BoE would make its first rate hike in either December or February.

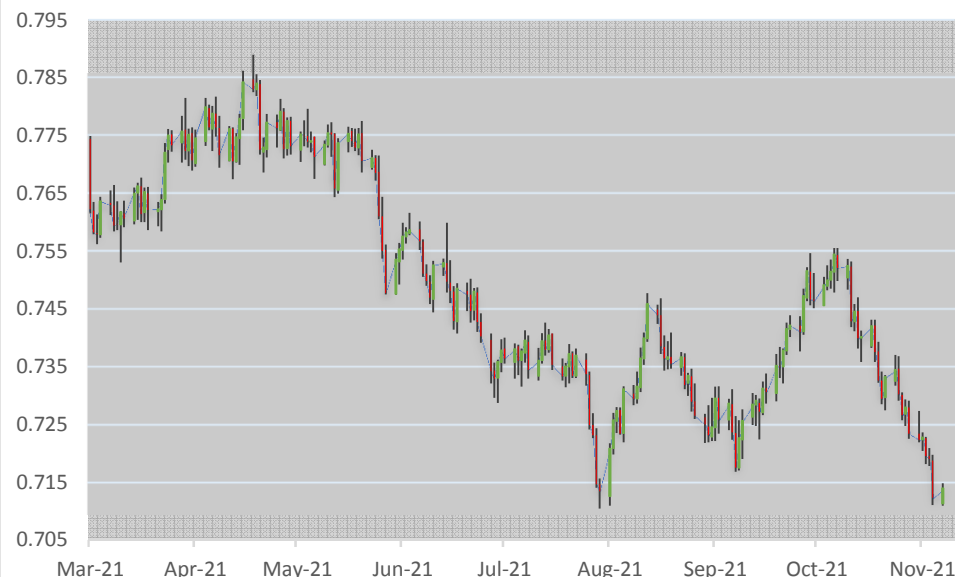
**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3452 USD/GBP</b>	<b>Monthly High</b>	<b>1.3698 USD/GBP</b>
<b>Week Open</b>	<b>1.3453 USD/GBP</b>	<b>Monthly Low</b>	<b>1.3279 USD/GBP</b>
<b>Week Close</b>	<b>1.3340 USD/GBP</b>	<b>30 Days Average</b>	<b>1.3556 USD/GBP</b>
<b>Weekly High</b>	<b>1.3457 USD/GBP</b>	<b>90 Days Average</b>	<b>1.3684 USD/GBP</b>
<b>Weekly Low</b>	<b>1.3277 USD/GBP</b>	<b>YTD Change</b>	<b>-2.52%</b>

**Pound Sterling Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Nationwide house price mm	Nov	1-Dec	0.5%	0.7%
Nationwide house price yy	Nov	1-Dec	9.3%	9.9%
Markit/CIPS Mfg PMI Final	Nov	1-Dec	58.1	58.2
Reserve Assets Total	Nov	3-Dec		200923.3M

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**29 Nov 2021 - 03 Dec 2021**

**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- Technically, AUD/USD is at risk of falling further although Australian Minister for Health and Aged Care insisted that it is moving forward into its national reopening plan, as over 86% of the population aged 16 or more has been fully vaccinated despite newly discovered coronavirus variant.
- Australia is having quite a busy week ahead, as it will publish Q3 GDP, foreseen at 0.5% QoQ, down from 0.7% in Q2. The country will also provide updates on the Trade Balance, the official AIG PMIs, and housing figures throughout the week.
- Softening gold prices put additional pressure on the AUD/USD pair.

**Australian Dollar News**

- The Australian dollar has been on the back foot against the greenback ever since topping at 0.7555 on October 29, with boosted by speculation the US Federal Reserve could soon announce further tightening on its monetary policy.
- Moreover, on Friday (26/11), the Aussie plunged to the lowest level at 0.7112 USD/AUD on the back of risk-aversion due to newly discovered coronavirus variant.
- On the data front, the country released the preliminary estimates of the November Commonwealth Bank PMIs, with the Manufacturing index standing at 58.2 and the services one at 55. A positive surprise came from Retail Sales that jumped 4.9% in October, much better than anticipated.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7234</b> USD/AUD	<b>Monthly High</b>	<b>0.7536</b> USD/AUD
<b>Week Open</b>	<b>0.7234</b> USD/AUD	<b>Monthly Low</b>	<b>0.7113</b> USD/AUD
<b>Week Close</b>	<b>0.7123</b> USD/AUD	<b>30 Days Average</b>	<b>0.7307</b> USD/AUD
<b>Weekly High</b>	<b>0.7273</b> USD/AUD	<b>90 Days Average</b>	<b>0.7407</b> USD/AUD
<b>Weekly Low</b>	<b>0.7110</b> USD/AUD	<b>YTD Change</b>	<b>-7.23%</b>

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Building Approvals	Oct	30-Nov	-2.0%	-4.3%
Current Account Balance SA	Q3	30-Nov	27.8B	20.5B
Net Exports Contribution	Q3	30-Nov	1.0%	-1.0%
Real GDP QQ SA	Q3	1-Dec	-2.7%	0.7%
Real GDP YY SA	Q3	1-Dec	3.0%	9.6%
Trade Balance G&S (A\$)	Oct	2-Dec	11,000M	12,243M

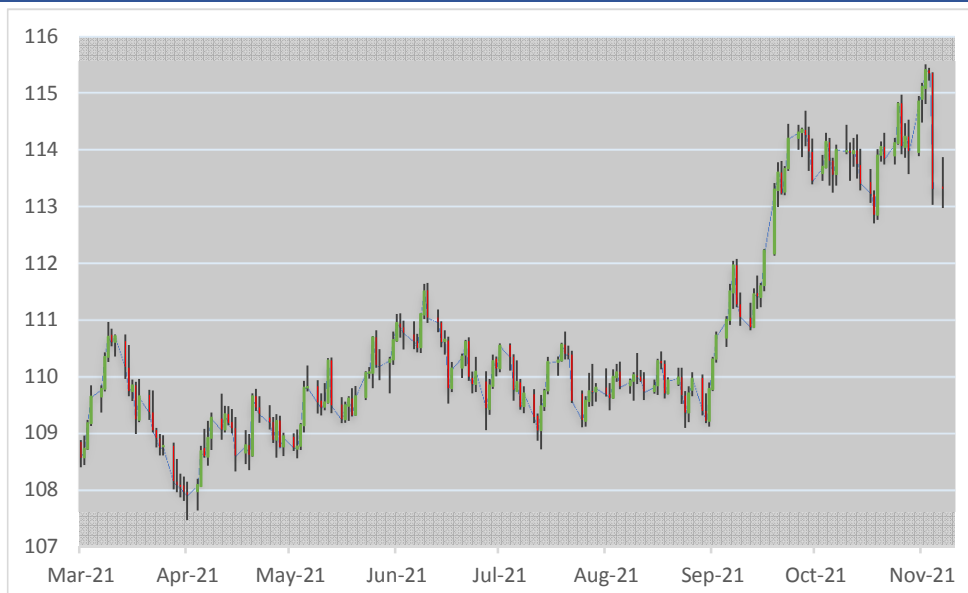
<b>Lower Bound</b>	<b>0.7050</b>	<b>Upper Bound</b>	<b>0.7350</b>
<b>Forecast</b>	<b>Neutral</b>		

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**29 Nov 2021 - 03 Dec 2021**



**Japanese Yen Graph**



Source: Thomson Reuters

**Japanese Yen Outlook**

- The near term bias in the USD/JPY is neutral to mildly higher. Diverging central bank rate policy in the US and Japan is the prime motive for the currency markets. The contrast reflects the growth difference between the two economies and the striking directionals of inflation.
- Japanese data on Retail Trade (sales) for September and Industrial Production for October due next week will not move markets.
- We believe that Friday's plunge due to new Covid variant would be a temporary factor. When the COVID picture gains clarity and the markets resume normal liquidity, the USD/JPY will bounce back.

**Japanese Yen News**

- USD/JPY reached the highest level since January 2017 at 115.50 JPY/USD on Wednesday (24/11), largely in response to the release of US inflation and consumer spending data.
- Tokyo CPI, a leading indicator for national price changes, was stronger than forecast in November at 0.5% (YoY) with only the core rate deflationary at -0.3% (YoY).
- Even with the improvement in Japan CPI, the Bank of Japan (BOJ) and the new administration of Prime Minister Fumio Kishida is all set to compile a record 56 trillion yen fiscal stimulus package.
- The yen, one of the safe-haven currencies, significantly gained on Friday (26/11) touching the 113.00 level after renewed risk aversion from a new COVID variant in South Africa.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>113.98 JPY/USD</b>	<b>Monthly High</b>	<b>115.51 JPY/USD</b>
<b>Week Open</b>	<b>113.96 JPY/USD</b>	<b>Monthly Low</b>	<b>112.73 JPY/USD</b>
<b>Week Close</b>	<b>113.31 JPY/USD</b>	<b>30 Days Average</b>	<b>110.05 JPY/USD</b>
<b>Weekly High</b>	<b>115.51 JPY/USD</b>	<b>90 Days Average</b>	<b>109.64 JPY/USD</b>
<b>Weekly Low</b>	<b>113.03 JPY/USD</b>	<b>YTD Change</b>	<b>+9.84%</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Jobs/Applicants Ratio	Oct	30-Nov	1.17	1.16
Unemployment Rate	Oct	30-Nov	2.8%	2.8%
Industrial O/P Prelim MM SA	Oct	30-Nov	1.8%	-5.4%
Jibun Bank Mfg PMI	Nov	1-Dec		54.2
Services PMI	Nov	3-Dec		50.7

<b>Lower Bound</b>	<b>112.50</b>	<b>Upper Bound</b>	<b>115.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

**IMPORTANT DISCLAIMER**

This material was prepared by a Treasury Marketing Unit, Bangkok Bank PCL, only. Any opinions expressed herein may differ from these by other departments. This material is prepared for informational purpose only, not to be an offer to the recipients to purchase or sale any financial instrument. The information herein has been obtained from other public sources and the rates informed are subject to change according to the market condition. The use of any information provided shall be on the recipients' discretion. Opinions and Assumptions in this document constitute the current judgment as of the date of the author only, do not reflect the opinions of Bangkok Bank, and are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person make no representations or warranties of any kind, about the completeness, accuracy, reliability or suitability, of the information contained in this presentation and will not be liable for any loss or damage whatsoever arising from the use of any such information. Each recipient should carefully consider the risks associated and make a determination based upon the recipient's own particular circumstances entering into such transaction.