

WEEKLY FOREIGN EXCHANGE OUTLOOK

03 Jan 2022 - 07 Jan 2022

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar seesawed between gains and losses as traders prepare to close their yearly books
- The greenback is ending the year on a strong note, compliments to the US Federal Reserve's decision to kick-start tapering.
- On Wednesday (29/12), the US Pending Home Sales for November dropped below the forecast of +0.5% to -2.2% MoM whereas Good Trade Balance hit a record deficit of \$-97.8B versus \$-83.2B prior.
- The US Weekly Jobless Claims and Chicago Purchasing Managers' Index for December, expected 205K and 62 versus 205K and 61.8 respectively.

Dollar Index Performance

Last Week Close	96.14	Monthly High	96.94
Week Open	96.10	Monthly Low	95.54
Week Close	95.66	30 Days Average	96.23
Weekly High	96.40	90 Days Average	94.65
Weekly Low	95.57	YTD Change	+0.19%

Dollar Outlook

- The greenback gauge is an inch closer to the negative monthly print but stays positive on the yearly basis amid the hawkish Fed.
- The greenback gauge portrays the market's cautious sentiment amid thin end-of-year liquidity conditions. That said, the major catalysts are mixed concerns over the South African COVID-19 variant, namely Omicron, as well as geopolitical headlines relating to Iran, China and Ukraine.
- The DXY traders are likely to witness a lackluster end of 2021 but the bulls may keep the reins considering the Fed's hawkish mood and hopes of further stimulus from the Biden administration.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ISM Manufacturing PMI	Dec	4-Jan	60.2	61.1
Markit Comp Final PMI	Dec	5-Jan		56.9
International Trade \$	Nov	6-Jan	-69.6B	-67.1B
Initial Jobless Clm		27 Dec, w/ 6-Jan		
Factory Orders MM	Nov	6-Jan	1.5%	1.0%
ISM N-Mfg PMI	Dec	6-Jan	67.0	69.1
Non-Farm Payrolls	Dec	7-Jan	400k	210k
Unemployment Rate	Dec	7-Jan	4.1%	4.2%
Average Earnings YY	Dec	7-Jan	4.1%	4.8%

Lower Bound **95.50** **Upper Bound** **97.50**

Forecast **Appreciation**

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Jan 2022 - 07 Jan 2022

Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- For this 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.

-Number of Omicron infections have been rising in Thailand and it would affect tourism sector which is Thailand's one of the most important industries. If the situation is worsening, Thai baht would possibly sharply depreciate as well as an upcoming of the Delta variant in the first half of 2021.

Lower Bound	33.30	Upper Bound	33.80
Forecast	Neutral		

Thai Baht News

- Thai baht traded sideways as no important economic indicator released during the past week.
- The currency moved against the greenback in the same direction as other currencies.

Thai Baht Performance

Last Week Close	33.43 THB/USD	Monthly High	33.36 THB/USD
Week Open	33.43 THB/USD	Monthly Low	33.15 THB/USD
Week Close	33.23 THB/USD	30 Days Average	33.52 THB/USD
Weekly High	33.61 THB/USD	90 Days Average	33.28 THB/USD
Weekly Low	33.14 THB/USD	YTD Change	-0.21%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Dec	4-Jan		50.6
CPI Headline Inflation	Dec	5-Jan		2.71%
CPI Core Inflation YY	Dec	5-Jan		0.29%

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Jan 2022 - 07 Jan 2022

Euro Graph


Source: Thomson Reuters

Euro News

- The number of coronavirus contagions in Europe keeps reaching record highs on the daily basis, posing a risk to economic progress.
- The pair rebounded from a test of the 1.1300 level for a second session running and has, despite the recent closure of the few European markets that had actually been open on New Year's Eve, is rebounding towards 1.1350.

Euro Index Performance

Last Week Close	1.1317 USD/EUR	Monthly High	1.1379 USD/EUR
Week Open	1.1316 USD/EUR	Monthly Low	1.1281 USD/EUR
Week Close	1.1368 USD/EUR	30 Days Average	1.1306 USD/EUR
Weekly High	1.1386 USD/EUR	90 Days Average	1.1513 USD/EUR
Weekly Low	1.1272 USD/EUR	YTD Change	-0.53%

Euro Outlook

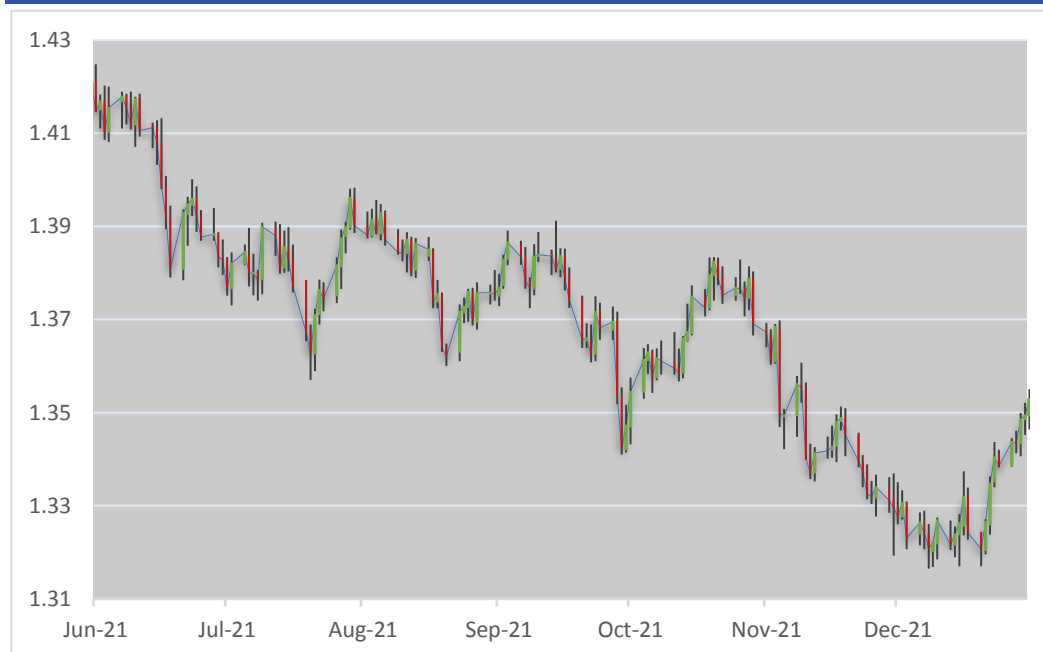
- The European Central Bank (ECB) will not end tapering before 2023, regarding to a comment of the Governing Council member Ignazio Visco in an interview on Thursday (29/12). He expects gradually slowing inflation rate after touching 3% in 2022 and would go below 2% again in the next 1 – 2 years
- The short-term bulls won't be getting too excited just yet given that the pair continues to trade within recent ranges and below the 1.1360-80ish monthly highs that have acted as a ceiling over the past few weeks.
- While the Eurozone recovery has also been strong and inflationary pressures there are also elevated, the ECB's hawkish pivot has been much less aggressive (they will taper the pace of QE purchases in 2022, but have not yet set an end date). This has been a key factor weighing on the pair this year.

Euro Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg Final PMI	Dec	3-Jan	58.0	58.0
Markit Serv Final PMI	Dec	5-Jan	53.3	53.3
Markit Comp Final PMI	Dec	5-Jan	53.4	53.4
HICP Flash YY	Dec	7-Jan	4.7%	4.9%
HICP-X F&E Flash YY	Dec	7-Jan		2.6%
Consumer Confid. Final	Dec	7-Jan	-8.3	-8.3

Lower Bound	1.1200	Upper Bound	1.1400
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK
03 Jan 2022 - 07 Jan 2022

Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- Although the UK continues to suffer from the South African's COVID variant "Omicron", the government's active response and medical studies taming fears of the virus strain keep GBP/USD buyers hopeful.
- Good news in the Brexit front provided support to the Pound Sterling, as the EU and the UK reached a deal to increase the UK workers' quota from 50% to 70% in fishing vessels, starting April 2022.
- GBP outperformance may continue if the UK Omicron hospitalisation data remains favourable and further restrictions unlikely.

Lower Bound	1.3200	Upper Bound	1.3500
Forecast	Neutral		

Pound Sterling News

- The pair traded more than 2.0% higher versus last Monday's lows, a rally that has been driven by pricing out of some of the more bearish scenarios for the UK economy over the coming months. Robust evidence emerged last week from multiple scientific courses that the Omicron Covid-19 variant currently rampant in the UK is much less likely to result in severe disease versus the Delta variant.
- There is no important data out of the UK in the past week, so the scope for a further GBP/USD rebound is more limited.

Pound Sterling Performance

Last Week Close	1.3385 USD/GBP	Monthly High	1.3533 USD/GBP
Week Open	1.3385 USD/GBP	Monthly Low	1.3432 USD/GBP
Week Close	1.3529 USD/GBP	30 Days Average	1.3322 USD/GBP
Weekly High	1.3550 USD/GBP	90 Days Average	1.3541 USD/GBP
Weekly Low	1.3385 USD/GBP	YTD Change	-0.35%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Markit/CIPS Mfg PMI Final	Dec	4-Jan	57.6	57.6
Reserve Assets Total	Dec	6-Jan		202,221.35M
Halifax House Prices MM	Dec	7-Jan		1.0%

WEEKLY FOREIGN EXCHANGE OUTLOOK

03 Jan 2022 - 07 Jan 2022

 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

-The recent optimism over signs that the Omicron variant might be less severe than feared and is unlikely to derail the economic recovery continued underpinning the risk sentiment.

-The market focus now shifts to important US macro data, including the closely-watched US monthly jobs report (NFP), scheduled at the beginning of a new month. Apart from this, developments surrounding the coronavirus would assist traders to determine the next leg of a directional move for the AUD/USD pair.

Lower Bound	0.7100	Upper Bound	0.7300
Forecast	Neutral		

Australian Dollar News

-The purchasing managers' index (PMI) for China's manufacturing sector expanded more than expected to 50.3 in December from 50.1 booked in November, the latest data published by the National Bureau of Statistics (NBS) showed Friday (31/12). Meanwhile, the Non-Manufacturing PMI rose to 52.7 in the reported month from November's reading of 52.3 and against the expectations of 53.1.

-Mixed Chinese NBS PMIs served have limited impact on the Aussie-dollar, as AUD/USD keeps its range around 0.7250 amid thin year-end liquidity conditions.

Australian Dollar Performance

Last Week Close	0.7223 USD/AUD	Monthly High	0.7277 USD/AUD
Week Open	0.7213 USD/AUD	Monthly Low	0.7185 USD/AUD
Week Close	0.7260 USD/AUD	30 Days Average	0.7402 USD/AUD
Weekly High	0.7277 USD/AUD	90 Days Average	0.7356 USD/AUD
Weekly Low	0.7204 USD/AUD	YTD Change	-0.74%

Australian Dollar Economic Events

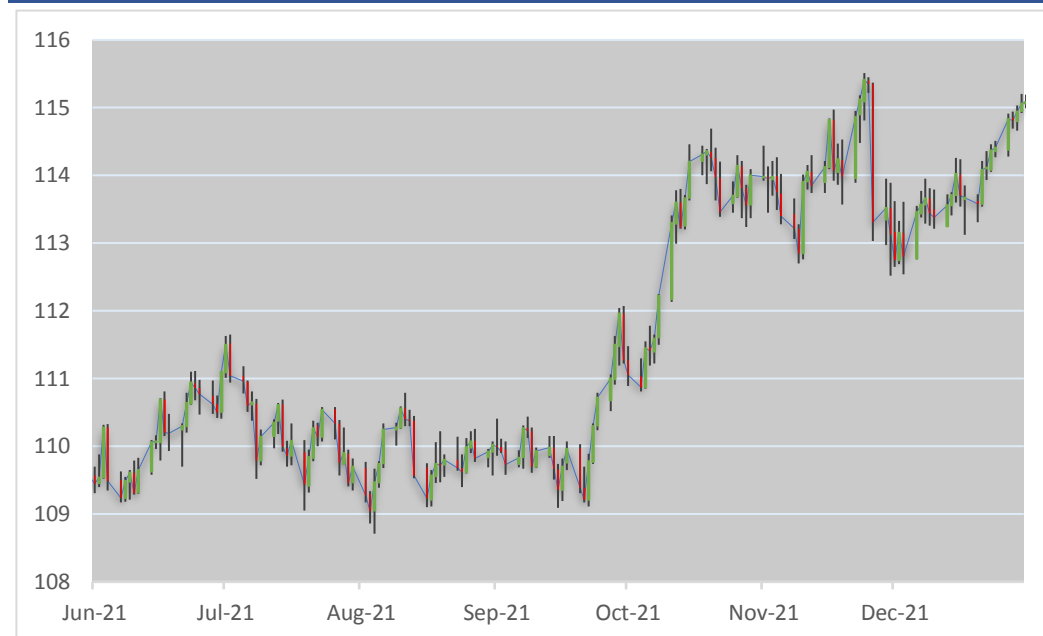
Events	Period	Date	Forecast	Previous
AIG Services Index	Dec	4-Jan		49.6

WEEKLY FOREIGN EXCHANGE OUTLOOK

03 Jan 2022 - 07 Jan 2022



Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen Outlook

-Uncertainty over the economic impact of the continuous surge in new COVID-19 cases offset the recent optimism led by reports that the Omicron variant might be less severe than previously feared.

Japanese Yen News

-Japan reports a two-month high COVID-19 figure around 500 for the second consecutive day whereas Reuters' tally for the US seven-day average of new coronavirus cases refreshes record top for the second consecutive day with 290,000 cases at the latest.
 -The risk-on mood continued undermining the safe-haven JPY and provided a goodish lift.

Japanese Yen Performance

Last Week Close	114.41 JPY/USD	Monthly High	115.43 JPY/USD
Week Open	114.38 JPY/USD	Monthly Low	114.97 JPY/USD
Week Close	115.08 JPY/USD	30 Days Average	109.89 JPY/USD
Weekly High	115.20 JPY/USD	90 Days Average	109.92 JPY/USD
Weekly Low	114.28 JPY/USD	YTD Change	+0.28%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Jibun Bank Mfg PMI	Dec	4-Jan		54.2
Services PMI	Dec	6-Jan		53.0
CPI Tokyo Ex fresh food YY	Dec	7-Jan		0.3%
CPI, Overall Tokyo	Dec	7-Jan		0.5%

Lower Bound	113.50	Upper Bound	115.00
Forecast	Depreciation		

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.