

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**23 Aug 2021 - 27 Aug 2021**

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


Source: Thomson Reuters

**Dollar News**

- The dollar dipped, pressured by a sharp decline in US Treasury yields as the University of Michigan announced that the Consumer Sentiment Index declined to its lowest level since December 2011 at 70.2 in August, the weakest reading since December 2011.
- The dollar gained against major peers as worries about resurging coronavirus infections and Federal Reserve meeting minutes showing policymakers weighing reducing pandemic-era stimulus this year.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>92.52</b>	<b>Monthly High</b>	<b>93.73</b>
<b>Week Open</b>	<b>92.52</b>	<b>Monthly Low</b>	<b>91.78</b>
<b>Week Close</b>	<b>93.43</b>	<b>30 Days Average</b>	<b>92.69</b>
<b>Weekly High</b>	<b>93.73</b>	<b>90 Days Average</b>	<b>91.53</b>
<b>Weekly Low</b>	<b>92.48</b>	<b>YTD Change</b>	<b>+3.66%</b>

**Dollar Outlook**

- The former will be very much be in focus this week as the Kansas City Fed holds its Jackson Hole symposium over Thursday and Friday. Most expect the Fed to shed light on its tapering decision, which could be announced as early as September and started in October. The length of the tapering cycle will be in focus too, with a few FOMC members recommending a quicker Fed tapering cycle than was seen most recently in 2014.
- The local data calendar sees the August PMI reading, July home sales data, 2Q GDP revisions and 2Q personal consumption data, all of which should be over-shadowed by the Jackson Hole event.

<b>Lower Bound</b>	<b>92.70</b>	<b>Upper Bound</b>	<b>94.30</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Markit Comp Flash PMI	Aug	23-Aug	58.3	59.9
Markit Mfg PMI Flash	Aug	23-Aug	62.8	63.4
Markit Svcs PMI Flash	Aug	23-Aug	59.4	59.9
Existing Home Sales	Jul	23-Aug	5.81M	5.86M
New Home Sales-Units	Jul	24-Aug	0.690M	0.676M
Durable Goods	Jul	25-Aug	-0.2%	0.9%
GDP 2nd Estimate	Q2	26-Aug	6.7%	6.5%
Initial Jobless Clm		21 Aug, w/ 26-Aug	350k	348k
Consumption, Adjusted MM	Jul	27-Aug	0.3%	1.0%
U Mich Sentiment Final	Aug	27-Aug	70.9	70.2

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**Thai Baht**

**Thai Baht Graph**



Source: Thomson Reuters

**Thai Baht News**

- The baht slightly depreciated VS the dollar even Thailand's economy unexpectedly grew in the second quarter helped by exports and government spending, but spiking Covid-19 cases continue to batter domestic activity and tourism, restraining its fragile recovery. Meanwhile, the lockdown of 29 provinces hardest-hit by the latest wave of Covid-19 has been extended until the end of this month.
- The baht traded in a narrow range against the dollar while a member of the Monetary Policy Committee (MPC) said that interest rates have become less effective managing the flagging economy with financial measures and fiscal policy currently better tools, playing down the prospect of rate cuts.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>33.34 THB/USD</b>	<b>Monthly High</b>	<b>33.49 THB/USD</b>
<b>Week Open</b>	<b>33.32 THB/USD</b>	<b>Monthly Low</b>	<b>32.86 THB/USD</b>
<b>Week Close</b>	<b>33.37 THB/USD</b>	<b>30 Days Average</b>	<b>33.02 THB/USD</b>
<b>Weekly High</b>	<b>33.45 THB/USD</b>	<b>90 Days Average</b>	<b>31.97 THB/USD</b>
<b>Weekly Low</b>	<b>33.13 THB/USD</b>	<b>YTD Change</b>	<b>+11.46%</b>

**Thai Baht Outlook**

- The concerns over the spread of the delta variant in the country as well as anti-government protests remain cloud out the baht sentiment.

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Jul	23-Aug	19.70%	43.82%
Custom-Based Import Data	Jul	23-Aug	43.00%	53.75%
Customs-Based Trade Data	Jul	23-Aug	0.94B	0.95B
Manufacturing Prod YY	Jul	30-Aug		17.58%

<b>Lower Bound</b>	<b>33.00</b>	<b>Upper Bound</b>	<b>33.50</b>
<b>Forecast</b>	<b>Depreciation</b>		

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Euro

**Euro Graph**



Source: Thomson Reuters

**Euro Outlook**

- Locally, the highlight will be Monday's run of flash PMI releases and then the German Ifo on Wednesday.
- Thursday (26/8) also sees the ECB release minutes of its 21-22 July meeting. Here investors will look out for any clues as to what the ECB will do with PEPP at its 9 September meeting. With only 5bp of ECB tightening priced in over the next three years, it is hard to see these minutes driving EUR money market rates any lower.

<b>Lower Bound</b>	<b>1.1600</b>	<b>Upper Bound</b>	<b>1.1800</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Euro News**

- The euro rose further and printed a fresh weekly high at 1.1800 on Friday (13/8) as the dollar remains under pressure across the board. On the other hand, the data published by Eurostat showed earlier in the day that the Eurozone posted a trade surplus of €12.4 billion (seasonally adjusted), coming in better than the market expectation of €9.3 billion.
- The euro traded in a narrow range as the European Central Bank (ECB) is likely to announce long-awaited plans to reduce its pandemic-related asset purchases in the next quarter, according to a Reuter's poll of economists, most of whom expected the program to be wrapped up by the end of March.
- The ECB's chief economist Philip Lane also said that the European Central Bank's new policy guidance can boost inflation expectations, paving the ground to higher interest rates down the line.

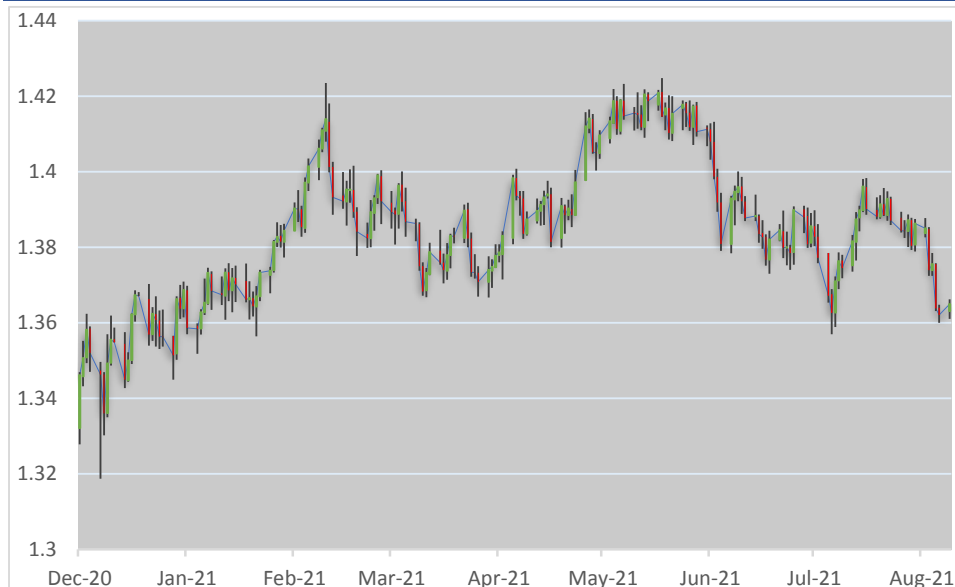
**Euro Index Performance**

<b>Last Week Close</b>	<b>1.1791</b> USD/EUR	<b>Monthly High</b>	<b>1.1899</b> USD/EUR
<b>Week Open</b>	<b>1.1792</b> USD/EUR	<b>Monthly Low</b>	<b>1.1665</b> USD/EUR
<b>Week Close</b>	<b>1.1696</b> USD/EUR	<b>30 Days Average</b>	<b>1.1793</b> USD/EUR
<b>Weekly High</b>	<b>1.1800</b> USD/EUR	<b>90 Days Average</b>	<b>1.1966</b> USD/EUR
<b>Weekly Low</b>	<b>1.1662</b> USD/EUR	<b>YTD Change</b>	<b>-3.95%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Markit Mfg Flash PMI	Aug	23-Aug	62.0	62.8
Markit Serv Flash PMI	Aug	23-Aug	59.8	59.8
Markit Comp Flash PMI	Aug	23-Aug	59.7	60.2
Consumer Confid. Flash	Aug	23-Aug	-5.0	-4.4
Money-M3 Annual Grwth	Jul	26-Aug	7.6%	8.3%
Business Climate	Aug	30-Aug		1.90
Economic Sentiment	Aug	30-Aug		119.0
Industrial Sentiment	Aug	30-Aug		14.6
Services Sentiment	Aug	30-Aug		19.3
Consumer Confid. Final	Aug	30-Aug		

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


Source: Thomson Reuters

- The pound sterling slightly dropped as the safe-haven dollar rise. Moreover, a Reuters poll found that the Bank of England (BoE) will wait until 2023 before raising Bank Rate from a record low of 0.10%, but economists said there was a chance an increase may come sooner than that on elevated inflation and a strong economic recovery.
- The pound sterling slightly dropped to near one-month lows against the safe-haven dollar as fears of slowing global growth into year-end were compounded by the prospect of the Federal Reserve cutting back its supportive bond purchase program.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3863</b> USD/GBP	<b>Monthly High</b>	<b>1.3957</b> USD/GBP
<b>Week Open</b>	<b>1.3837</b> USD/GBP	<b>Monthly Low</b>	<b>1.3603</b> USD/GBP
<b>Week Close</b>	<b>1.3621</b> USD/GBP	<b>30 Days Average</b>	<b>1.3811</b> USD/GBP
<b>Weekly High</b>	<b>1.3877</b> USD/GBP	<b>90 Days Average</b>	<b>1.3935</b> USD/GBP
<b>Weekly Low</b>	<b>1.3600</b> USD/GBP	<b>YTD Change</b>	<b>-0.12%</b>

**Pound Sterling Outlook**

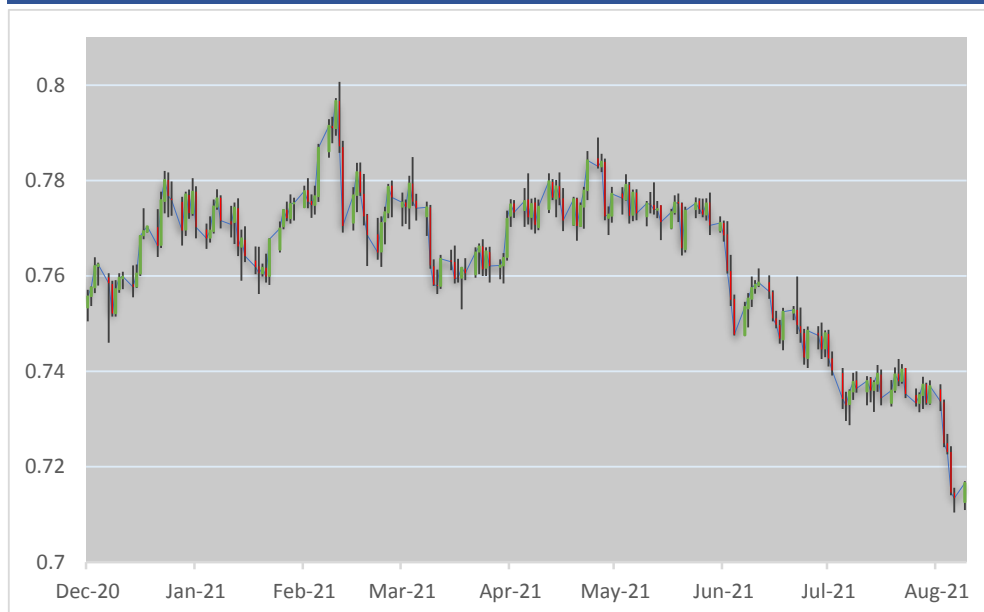
- After Monday's PMIs, there won't be other market-moving releases in the UK until the growth/industrial production figures on 10 September.
- Any stabilisation in the pound will likely rely on some tentative improvements in the global risk environment. In the week ahead, the Jackson Hole symposium will likely be the key driver, and with the risks skewed towards another leg lower in risk and leg higher in the dollar, the pound may struggle to recover just yet.

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Flash Composite PMI	Aug	23-Aug	58.4	59.2
Flash Manufacturing PMI	Aug	23-Aug	59.5	60.4
Flash Services PMI	Aug	23-Aug	59.0	59.6
CBI Trends - Orders	Aug	23-Aug	16	17
CBI Distributive Trades	Aug	25-Aug		23
Nationwide house price mm	Aug	30-Aug		-0.5%
Nationwide house price yy	Aug	30-Aug		10.5%

<b>Lower Bound</b>	<b>1.3450</b>	<b>Upper Bound</b>	<b>1.3730</b>
<b>Forecast</b>	<b>Depreciation</b>		

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


Source: Thomson Reuters

**Australian Dollar News**

- The Aussie dollar has been on a freefall this week, losing 3.3% of its value against the USD. AUD is the currency showing the largest risk premium (4.6%) in G10 according to our short-term fair value model, which is not surprising considering that Australia is the most dependent on China's exports and AUD is also discounting the risks of a further drop in iron ore prices as well as lockdowns in many parts of Australia.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7369</b> USD/AUD	<b>Monthly High</b>	<b>0.7426</b> USD/AUD
<b>Week Open</b>	<b>0.7362</b> USD/AUD	<b>Monthly Low</b>	<b>0.7107</b> USD/AUD
<b>Week Close</b>	<b>0.7134</b> USD/AUD	<b>30 Days Average</b>	<b>0.7669</b> USD/AUD
<b>Weekly High</b>	<b>0.7373</b> USD/AUD	<b>90 Days Average</b>	<b>0.7702</b> USD/AUD
<b>Weekly Low</b>	<b>0.7104</b> USD/AUD	<b>YTD Change</b>	<b>-6.75%</b>

**Australian Dollar Outlook**

- Next week's calendar in Australia includes retail sales data for the month of July, although it appears highly unlikely that data will be a real driver considering the dominance of the other factors mentioned above.
- There is a possibility that the large drop this week means that markets have already priced in a good deal of the spill-over of a potential Asia/China slowdown into AUD. Should this be the case, we should see at least some more contained losses for AUD in the week ahead, although the domestic narrative remains concerning due to the virus spread and iron ore has more downside room before reaching its 2020 levels.

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Mfg PMI Flash	Aug	23-Aug		56.9
Services PMI Flash	Aug	23-Aug		44.2
Comp PMI Flash	Aug	23-Aug		45.2
Capital Expenditure	Q2	26-Aug	2.5%	6.3%
Retail Sales MM Final	Jul	27-Aug	-2.9%	

<b>Lower Bound</b>	<b>0.7030</b>	<b>Upper Bound</b>	<b>0.7200</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Japanese Yen Graph**



Source: Thomson Reuters

**Japanese Yen News**

- The sharp decline witnessed in the US Treasury bond yields and the broad-based dollar weakness caused the yen stand on bullish support. Meanwhile, the Q2 GDP was released at 0.3% QoQ and 1.3% YoY which are better than expectation.
- The yen gained on its position as safe-haven currency on Covid-19 outbreak as well as the turmoil in Afghanistan where a new Taliban regime could foster instability in neighbouring Pakistan and elsewhere in Asia.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>109.57 JPY/USD</b>	<b>Monthly High</b>	<b>110.79 JPY/USD</b>
<b>Week Open</b>	<b>109.69 JPY/USD</b>	<b>Monthly Low</b>	<b>108.73 JPY/USD</b>
<b>Week Close</b>	<b>109.80 JPY/USD</b>	<b>30 Days Average</b>	<b>109.18 JPY/USD</b>
<b>Weekly High</b>	<b>110.22 JPY/USD</b>	<b>90 Days Average</b>	<b>106.95 JPY/USD</b>
<b>Weekly Low</b>	<b>109.10 JPY/USD</b>	<b>YTD Change</b>	<b>+6.64%</b>

**Japanese Yen Outlook**

- Downward revision to global growth expectations and fragile risk sentiment in general suggests the JPY should continue to enjoy support this week as carry trades remain under pressure. ☒

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Jibun Bank Mfg PMI Flash	Aug	23-Aug		53.0
CPI Tokyo Ex fresh food YY	Aug	27-Aug	-0.2%	0.1%
CPI, Overall Tokyo	Aug	27-Aug		-0.1%

<b>Lower Bound</b>	<b>108.50</b>	<b>Upper Bound</b>	<b>110.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

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