

WEEKLY FOREIGN EXCHANGE OUTLOOK
09 Aug 2021 - 13 Aug 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- FED officials including Richard Clarida and Mary Daly took a more hawkish turn and signaled a move to taper bond buying later this year or early 2022 depending on how the labor market fared in the next few months.
- The US Nonfarm Payroll report showed that the country added 943K new jobs in July, while the Unemployment rate contracted to 5.4%, both largely beating the market's expectations.
- As a result, the US Dollar Index (DXY), which measures the greenback's performance against a basket of currencies, shot to one-and-half-week tops, near 93.00s in reaction to blockbuster NFP report.

Dollar Index Performance

Last Week Close	92.17	Monthly High	93.19
Week Open	92.09	Monthly Low	91.78
Week Close	92.26	30 Days Average	92.46
Weekly High	92.92	90 Days Average	91.41
Weekly Low	91.82	YTD Change	+3.18%

Dollar Outlook

- Digesting the employment data and speculation about a tighter US monetary policy will send support to the dollar for a while.
- Moreover, worries about the fast-spreading Delta variant of the coronavirus further acted as a tailwind, though the risk-on impulse in the markets might cap gains for the safe-haven USD.
- The US will release updates on the Consumer Price Index on Wednesday (11/8) and the preliminary estimate of the August Michigan Consumer Sentiment Index on Friday (13/8).

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
CPI MM, SA	Jul	11-Aug	0.5%	0.9%
CPI YY, NSA	Jul	11-Aug	5.3%	5.4%
Initial Jobless Clm	7 Aug, w/e	12-Aug	373k	385k
Cont Jobless Clm	31 Jul, w/e	12-Aug		2.930M
Import Prices MM	Jul	13-Aug	0.6%	1.0%
U Mich Sentiment Prelim	Aug	13-Aug	81.2	81.2

Lower Bound	92.20	Upper Bound	92.85
Forecast	Appreciation		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- After the baht depreciated pass the last year's peak at around 33.15 THB/USD last week and moved to hover around 33.40 THB/USD. We expect that from the local covid situation and higher demand for US dollar after non-farm payrolls result last Friday, the baht could weaken further and would test the resistance level of 33.40 and 33.65 respectively.
- However, technically the USD/THB has been overbought for a while and investor's take profit could happen in some point.

Lower Bound	32.69	Upper Bound	33.50
Forecast	Neutral		

Thai Baht News

- The baht was being pressured by the Covid-19 situation in Thailand and the slow distribution of vaccines.
- The baht was also pressured after committee vote 4:2 to maintain the policy rate at 0.5 percent. However, an unanimous decision signals a rate cut if the economy is exposed to major risks.
- The forecast GDP was revised down to expand 0.7 and 3.7 percent in 2021 and 2022 respectively.
- The economic recovery would remain fragile and highly uncertain as the local economic figures are downbeat. July CPI was released at 0.45%YoY compared to 0.97% expected while Consumer Confidence decreased to 40.9 in July from 43.1 in June.

Thai Baht Performance

Last Week Close	32.85 THB/USD	Monthly High	33.45 THB/USD
Week Open	32.93 THB/USD	Monthly Low	32.86 THB/USD
Week Close	33.36 THB/USD	30 Days Average	32.66 THB/USD
Weekly High	33.38 THB/USD	90 Days Average	31.75 THB/USD
Weekly Low	32.91 THB/USD	YTD Change	+11.66%

Thai Baht Economic Events

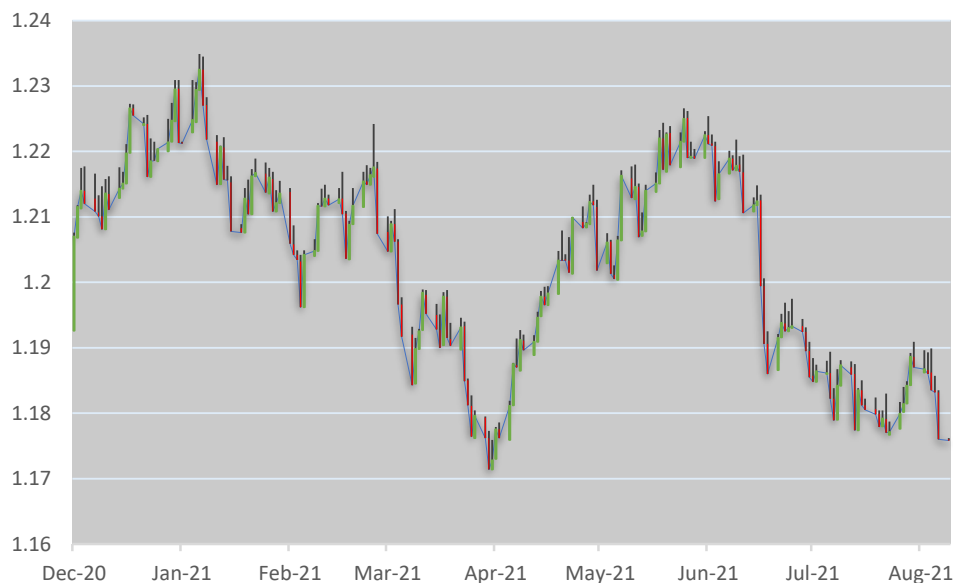
Events	Period	Date	Forecast	Previous
Forex Reserves	2 Aug, w/e 13-Aug			248.0B
Currency Swaps	2 Aug, w/e 13-Aug			31.7B

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Euro Graph



Source: Thomson Reuters

Euro News

- Attempts to advance beyond the 1.1900 level at the beginning of last week were quickly reverted with the pair reaching lower lows on a daily basis. Moreover, after upbeat US employment-related data released on Friday, the euro was pulled to trade below the 1.1800 level, ending the week in the red.
- European macroeconomic figures indicate tepid economic progress in the Union. The EU Markit Composite PMI was confirmed at 60.2 while German retail sales surprised to the upside in June, up 4.2% MoM. However, factory orders in the same month were up 26.2% YoY in the same month, well below the previous 54.9%.

Euro Index Performance

Last Week Close	1.1870 USD/EUR	Monthly High	1.1899 USD/EUR
Week Open	1.1862 USD/EUR	Monthly Low	1.1743 USD/EUR
Week Close	1.1760 USD/EUR	30 Days Average	1.1835 USD/EUR
Weekly High	1.1899 USD/EUR	90 Days Average	1.1988 USD/EUR
Weekly Low	1.1752 USD/EUR	YTD Change	-3.73%

Euro Outlook

- The upcoming week will be a lighter one in terms of first-tier data but will include some events that would further hint at economic progress. Germany will release updates on the CPI on Wednesday (11/8). In addition, the European country will also publish the August ZEW Survey.
- After hovering around 1.1750 USD/EUR, the EUR/USD pair is poised to retest the multi-month low set in March at 1.1703 as the greenback has the stronger momentum in the near term.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ZEW Economic Sentiment	Aug	10-Aug	57.0	63.3
ZEW Current Conditions	Aug	10-Aug	30.0	21.9
HICP Final YY	Jul	11-Aug	3.1%	3.1%
CPI (EU Norm) Final MM	Jul	13-Aug	0.1%	0.1%
CPI (EU Norm) Final YY	Jul	13-Aug	1.6%	1.6%

Lower Bound	1.1700	Upper Bound	1.1851
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling News

- The pound held gains last week after the BoE left its monetary policy settings unchanged, keeping interest rates and asset purchase facility unchanged at 0.1% and £895 billion, respectively.
- The fact that there was one member dissented on the QE vote was seen as a key factor that provided a modest lift to the currency.
- The pound benefited from an upgrade to Markit's Services Purchasing Managers' Index for July.
- Any further gains were capped not only the UK central bank showed readiness to implement negative rates if needed but also U.S. employment data sent the strength to the greenback.

Pound Sterling Performance

Last Week Close	1.3901 USD/GBP	Monthly High	1.3957 USD/GBP
Week Open	1.3899 USD/GBP	Monthly Low	1.3856 USD/GBP
Week Close	1.3871 USD/GBP	30 Days Average	1.3827 USD/GBP
Weekly High	1.3957 USD/GBP	90 Days Average	1.3936 USD/GBP
Weekly Low	1.3859 USD/GBP	YTD Change	+1.40%

Pound Sterling Outlook

- As cases in Britain maintain their downward trajectory while they are relentlessly rising in America. Moreover, the UK population is vaccinated at higher rates than those in the US. We believe Britain's vaccination advantage may provide additional support for the currency and weak US inflation could spark an upswing.
- The main event on the economic calendar for U.K. is the first release of second-quarter Gross Domestic Product figures.
- Fundamentally and technically, we believe the pound has upside momentum which has a room to rise.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Jun	12-Aug	4.8%	3.6%
GDP Estimate MM	Jun	12-Aug	0.7%	0.8%
GDP Estimate YY	Jun	12-Aug	15.0%	24.6%
Manufacturing Output MM	Jun	12-Aug	0.4%	-0.1%
GDP Prelim QQ	Q2	12-Aug	4.8%	-1.6%
GDP Prelim YY	Q2	12-Aug	22.1%	-6.1%

Lower Bound	1.3742	Upper Bound	1.3916
Forecast	Appreciation		

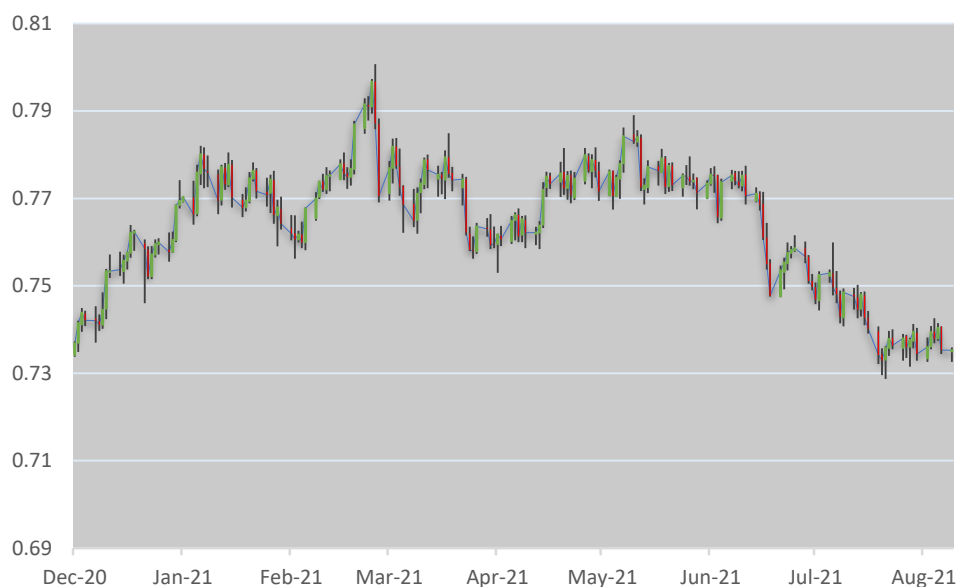
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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The AUD/USD pair is little changed for a second consecutive week, trading around the 0.7360 level. The pair peaked at 0.7426 mid-week and struggled to retain the 0.7400 threshold.
- The RBA surprised markets positively with its latest monetary policy as RBA highlighted that the economic recovery has been stronger than expected. The central bank left the cash rate at 0.1% as expected, as well as the 3-year bond yield target at the same level while decided to maintain its previous decision to reduce its weekly bond-buying in September to A\$ 4B per week.
- Australian data was mixed, as the AIG Performance of Construction Index contracted to 48.7 In July, while the Commonwealth Bank Services PMI was confirmed at 44.2 in the same month. Also, Retail Sales were confirmed at -1.8% in the same month

Australian Dollar Performance

Last Week Close	0.7344 USD/AUD	Monthly High	0.7426 USD/AUD
Week Open	0.7334 USD/AUD	Monthly Low	0.7329 USD/AUD
Week Close	0.7353 USD/AUD	30 Days Average	0.7745 USD/AUD
Weekly High	0.7426 USD/AUD	90 Days Average	0.7731 USD/AUD
Weekly Low	0.7326 USD/AUD	YTD Change	-4.42%

Australian Dollar Outlook

- In the days to come, Australia will publish the July NAB's Business Confidence, foreseen at 15 in July, and NAB's Business Conditions, expected at 10. The country will also release August Westpac Consumer Confidence, previously at 1.5%. Finally, the country will release August Consumer Inflation Expectations, foreseen at 3.8%.
- From a technical point of view, the risk is skewed to the downside, with a strong static support level is located at 0.7290 USD/AUD

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Jul	10-Aug		24
NAB Business Confidence	Jul	10-Aug		11
Consumer Sentiment	Aug	11-Aug		1.5%
Refinitiv IPSOS PCSI	Aug	13-Aug		55.17

Lower Bound	0.7345	Upper Bound	0.7418
Forecast	Depreciation		

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- A turnaround in the global risk sentiment, the fast-spreading of Covid-19 delta variant situation, supported the Japanese yen.
- However, the yen depreciated after the US dollar benefited from the risk-off mood, monetary policy tightening concerns and also upbeat nonfarm payrolls.
- Meanwhile, Japan has extended a state of emergency as it is scrambling to curb its latest Covid-19 outbreak after marks record infections with 90% Tokyo cases being of Delta Covid variant, signals quasi emergency for another eight prefectures.
- Japanese data this week was unimpressive. Consumer confidence remained at 37.5 in July, below its pre-pandemic range. Annual Tokyo CPI was slightly worse than expected, dipping back into deflation and the core rate was flat.

Japanese Yen Performance

Last Week Close	109.70 JPY/USD	Monthly High	110.34 JPY/USD
Week Open	109.68 JPY/USD	Monthly Low	108.73 JPY/USD
Week Close	110.25 JPY/USD	30 Days Average	109.20 JPY/USD
Weekly High	110.34 JPY/USD	90 Days Average	106.35 JPY/USD
Weekly Low	108.71 JPY/USD	YTD Change	+6.82%

Japanese Yen Outlook

- In the week ahead, the Japan economic data is light as the producer price index for July released on Wednesday(11/8) is most interesting.
- We believe that American payrolls for July and the change in FED rhetoric might support the USD and might send the USD/JPY up to 111.00 range.
- However, the gain of USD against JPY will be capped by its position as safe-haven asset on concerns over the most recent Covid-19 outbreaks globally.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Jun	10-Aug	779.8B	1,979.7B
Corp Goods Price MM	Jul	12-Aug	0.5%	0.6%
Corp Goods Price YY	Jul	12-Aug	5.0%	5.0%

Lower Bound	109.49	Upper Bound	110.31
Forecast	Neutral		

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