


WEEKLY FOREIGN EXCHANGE OUTLOOK

11 Jan 2021 - 15 Jan 2021

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- Fed minutes suggest dollar won't get bullish risk-off shock anytime soon.
- Biden's victory has raised expectations for more fiscal stimulus measures to bolster the economic outlook and lifted longer-dated bond yields.
- Many analysts maintain a weaker long-term outlook for the dollar as the fed is very much likely to maintain the pace of its asset purchases through the rest of 2021 and see the recent advance as the unwinding of bearish bets against the greenback, after it fell nearly 7% in 2020 and as much as 0.9% in the new year.

Lower Bound	89.43	Upper Bound	90.73
Forecast	Appreciation		

Dollar News

- The U.S. dollar briefly strengthened in a risk-off move on Monday as U.S. stocks dropped, but resumed its downward path after China's decision to lift its official yuan exchange rate by its highest margin since it abandoned a dollar peg in 2005.
- Democrats on Wednesday completed a sweep of the two U.S. Senate seats up for grabs in runoff elections in Georgia, giving the party control of the chamber and boosting the prospects for President-elect Joe Biden's legislative agenda.
- Weekly jobless claims benefits unexpectedly edged down by 3,000 last week to 787,000
- U.S. Nonfarm payrolls decrease 140,000 in December and unemployment rate unchanged at 6.7%.

Dollar Index Performance

Last Week Close	89.94	Monthly High	91.95
Week Open	89.93	Monthly Low	89.21
Week Close	89.66	30 Days Average	90.36
Weekly High	90.41	90 Days Average	92.24
Weekly Low	89.21	YTD Change	+0.50%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
CPI MM, SA	Dec	13-Jan	0.4%	0.2%
Initial Jobless Clm	28 Dec, w/	14-Jan	800k	790k
Industrial Production MM	Dec	15-Jan	0.3%	0.4%
U Mich Sentiment Prelim	Jan	15-Jan	81.0	80.7

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The Federation of Thai Industries cut its export growth outlook to 3-5% from 4-6% due to a slow global economic recovery.
- A new round of restrictions in Thailand aimed at containing a fresh wave of coronavirus infections will likely derail the economy's nascent recovery from its 2020 slump.
- The central bank also warned of risks from the outbreak impact while analysts say new virus restrictions could derail the country's nascent recovery.

Lower Bound	29.79	Upper Bound	30.24
Forecast	Depreciation		

Thai Baht News

- Asian currencies have received an added boost from China's rising yuan, which increases China's purchasing power for commodities and other imports.
- Thailand's central bank said on Tuesday it will allow greater flexibility for non-resident companies to conduct foreign exchange transactions against the baht with domestic financial institutions under the non-resident qualified company scheme.
- Thailand's headline consumer price index (CPI) in December dropped a less than expected 0.27% from a year earlier.
- Thailand's rice exports are down because the strong baht, which has gained 11% against the U.S. dollar since April, has made shipments uncompetitive versus rivals Vietnam and India.

Thai Baht Performance

Last Week Close	#N/A	THB/USD	Monthly High	30.18	THB/USD
Week Open	29.95	THB/USD	Monthly Low	29.82	THB/USD
Week Close	30.06	THB/USD	30 Days Average	30.09	THB/USD
Weekly High	30.14	THB/USD	90 Days Average	30.76	THB/USD
Weekly Low	29.84	THB/USD	YTD Change	+0.67%	

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	28 Dec, w/	15-Jan		255.6B
Currency Swaps	28 Dec, w/	15-Jan		29.3B

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Euro

Euro Graph



Source: Thomson Reuters

Euro Outlook

- Away from the economic calendar, COVID-19 vaccine updates and new cases will also influence. On the geopolitical front, expect the Senate race to also provide direction.
- Low U.S. interest rates, massive U.S. budget and trade deficits and a belief that rebounding world trade will drive non-dollar currencies higher have set the dollar on a downward course that has gathered pace as more investors piled in.

Lower Bound	1.21	Upper Bound	1.23
Forecast	Depreciation		

Euro News

- German jobless numbers better than expected in December readings, with the seasonally adjusted unemployment total unexpectedly falling -37,000 over the month, despite the tightening of lockdown restrictions last month that saw restaurants, hotels and non-essential shops closing once again.
- The euro bulls seemed rather unaffected by the downward revision of the Eurozone Services PMIs.
- A second COVID-19 vaccine won regulatory approval in Europe on Wednesday and the Netherlands belatedly launched its vaccination campaign as European countries accelerated a patchy drive to defeat the coronavirus pandemic.

Euro Index Performance

Last Week Close	1.22 USD/EUR	Monthly High	1.23 USD/EUR
Week Open	1.22 USD/EUR	Monthly Low	1.22 USD/EUR
Week Close	1.22 USD/EUR	30 Days Average	1.22 USD/EUR
Weekly High	1.23 USD/EUR	90 Days Average	1.19 USD/EUR
Weekly Low	1.22 USD/EUR	YTD Change	-0.34%

Dollar Index Economic Events

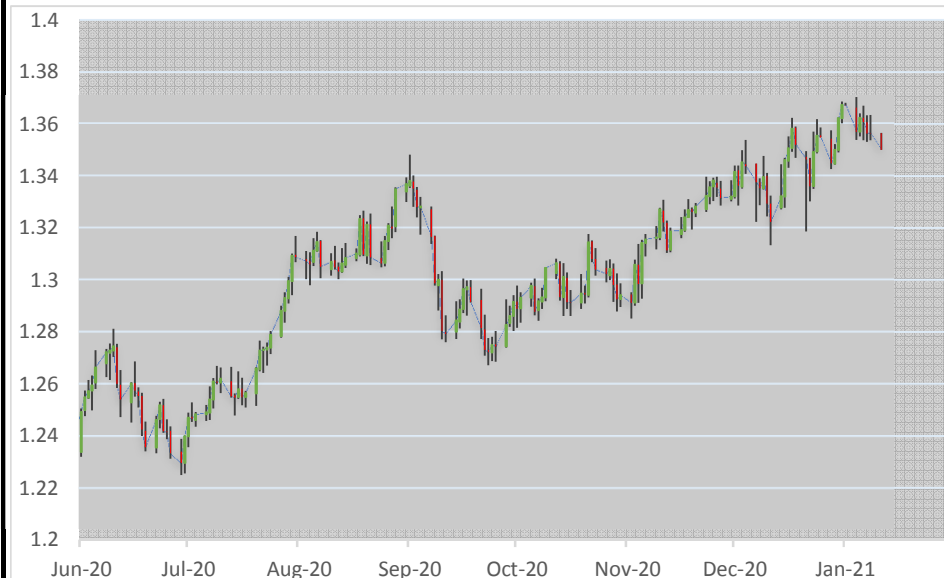
Events	Period	Date	Forecast	Previous
Sentix Index	Jan	11-Jan	0.0	-2.7
Industrial Output MM SA	Nov	13-Jan		1.3%
Industrial Output YY WDA	Nov	13-Jan		-2.1%
Industrial Production MM	Nov	13-Jan	0.3%	2.1%
Industrial Production YY	Nov	13-Jan	-3.5%	-3.8%
Full Year GDP	2020	14-Jan	-5.1%	0.6%
CPI (EU Norm) Final MM	Dec	15-Jan		0.2%
CPI (EU Norm) Final YY	Dec	15-Jan		0.0%

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 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- For now, though, markets remain cautious on its outlook, with the expected damage to the British economy from a new lockdown announced this week raising expectations that the Bank of England will announce more policy easing.
- Money markets now expect the central bank to take benchmark interest rates into negative territory as early as May, compared with an August estimate just after the post-Brexit trade deal was struck last month.

Lower Bound	1.34	Upper Bound	1.37
Forecast	Neutral		

Pound Sterling News

- The British pound was under pressure as Prime Minister Boris Johnson ordered England into another national lockdown to contain a surge in COVID-19 cases that threatens to overwhelm parts of the health system before a vaccine programme reaches a critical mass.
- Johnson's government earlier touted a scientific "triumph" as Britain became the first country in the world to start inoculating people with shots of the Oxford/AstraZeneca vaccine.
- The GBP fell on Wednesday as the U.S. dollar bounced off earlier lows after the Democrats took the lead in runoff votes that will determine control of the U.S. Senate.

Pound Sterling Performance

Last Week Close	1.37 USD/GBP	Monthly High	1.37 USD/GBP
Week Open	1.37 USD/GBP	Monthly Low	1.35 USD/GBP
Week Close	1.36 USD/GBP	30 Days Average	1.35 USD/GBP
Weekly High	1.37 USD/GBP	90 Days Average	1.32 USD/GBP
Weekly Low	1.35 USD/GBP	YTD Change	-1.25%

Pound Sterling Economic Events

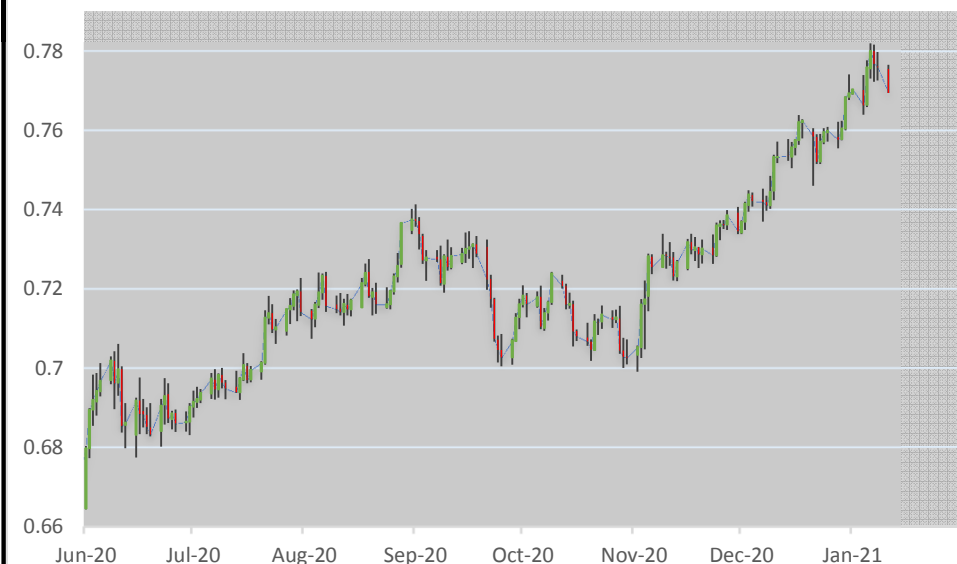
Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Nov	15-Jan		10.2%
GDP Estimate MM	Nov	15-Jan	0k	0k
GDP Estimate YY	Nov	15-Jan		-8.2%
Manufacturing Output MM	Nov	15-Jan		1.7

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The Australian dollar is expected to rise as markets bet on a quick economic recovery in 2021 once coronavirus vaccinations are widely distributed.
- Risk sentiment was temporarily dampened by images of President Trump's supporters storming Capitol Hill, only to give way to relief as order was restored.
- In the other hand, Australia and New Zealand have had success in containing the coronavirus, though an outbreak in Sydney threatens growth into the new year.

Lower Bound	0.75	Upper Bound	0.78
Forecast	Appreciation		

Australian Dollar News

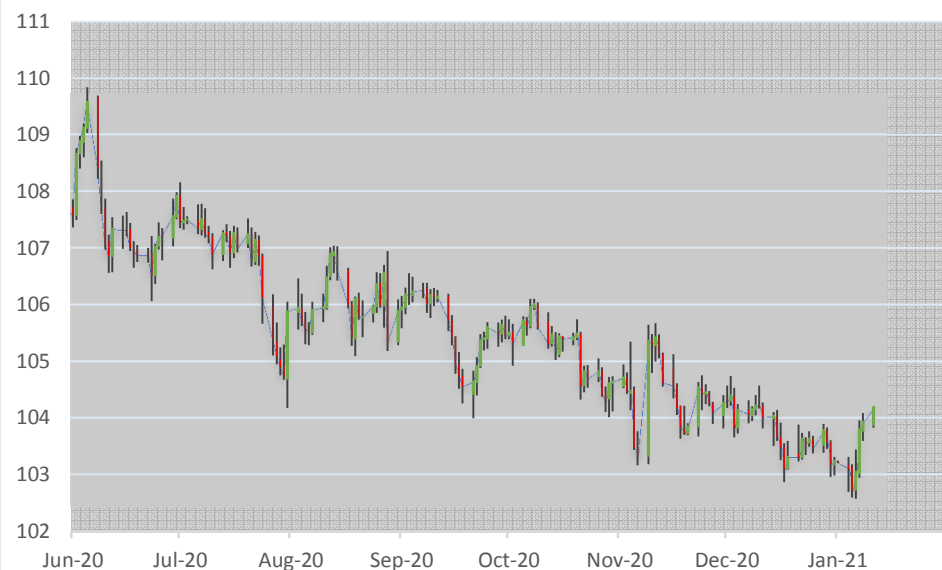
- The Australian dollar started the new year with gains, as investors bet on a vaccine-fuelled recovery of the country's economy, which is already supporting higher property prices, while the New Zealand dollar was also higher.
- Data on Monday showed Australian home prices climbed for a third straight month in December, with analysts expecting more gains this year as the turnaround from the COVID-19-led crunch has provided a much-needed windfall to consumer wealth and confidence.
- Australian data showed a narrowing in the country's trade surplus to A\$5 billion (\$3.90 billion) in November, but mainly because imports jumped 10% in a reflection of the relative resilience of domestic demand.

Australian Dollar Performance

Last Week Close	0.77 USD/AUD	Monthly High	0.78 USD/AUD
Week Open	0.77 USD/AUD	Monthly Low	0.76 USD/AUD
Week Close	0.78 USD/AUD	30 Days Average	0.72 USD/AUD
Weekly High	0.78 USD/AUD	90 Days Average	0.72 USD/AUD
Weekly Low	0.76 USD/AUD	YTD Change	+0.13%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Nov	15-Jan		10.2%
GDP Estimate MM	Nov	15-Jan	0k	0k
GDP Estimate YY	Nov	15-Jan		-8.2%
Manufacturing Output MM	Nov	15-Jan		1.7


Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Market participants generally assume a Democrat-controlled Senate would raise the chances of new stimulus and infrastructure spending, an outcome that - along with the rollouts of vaccines against COVID-19 - is seen as positive for companies whose businesses have been hit by months of coronavirus-fueled lockdowns and travel restrictions.
- Japan is considering extending a state of emergency from the Tokyo metropolitan area to other regions as novel coronavirus cases increase but that could raise the risk of a double-dip recession for the world's third-largest economy.
- The International Monetary Fund (IMF) predicts Japan economy set for recovery in second half of 2021

Lower Bound	102.76	Upper Bound	104.12
Forecast	Appreciation		

Japanese Yen News

- The safe-haven yen rose against their major currency counterparts as markets began 2021 in a defensive mood.
- Japan has declared a state of emergency for Tokyo and three nearby areas as coronavirus cases continue to surge. Prime Minister Yoshihide Suga issued the declaration at the government task force for the coronavirus. It kicks in Friday until Feb. 7
- Activity in Japan's services sector extended its run of declines to the 11th month in December, a private sector survey showed, as a new wave of coronavirus infections led to a contraction in business conditions.

Japanese Yen Performance

Last Week Close	103.20 JPY/USD	Monthly High	104.20 JPY/USD
Week Open	103.16 JPY/USD	Monthly Low	102.60 JPY/USD
Week Close	103.93 JPY/USD	30 Days Average	105.72 JPY/USD
Weekly High	104.08 JPY/USD	90 Days Average	106.59 JPY/USD
Weekly Low	102.57 JPY/USD	YTD Change	+0.98%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Corp Goods Price MM	Dec	14-Jan	0.2%	0.0%
Corp Goods Price YY	Dec	14-Jan	-2.2%	-2.2%
Machinery Orders MM	Nov	14-Jan	-6.2%	17.1%
Machinery Orders YY	Nov	14-Jan	-15.4%	2.8%

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