

WEEKLY FOREIGN EXCHANGE OUTLOOK
25 Jan 2021 - 29 Jan 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- Last week, the dollar edged higher after President-elect Joe Biden outlined his plans for additional stimulus, but gains are likely to be limited after Federal Reserve Chairman Jerome Powell declined to join any discussion about reducing monetary stimulus.
- US Presidential Inauguration: US President Joe Biden signed 15 executive actions shortly after being sworn on overnight, undoing policies put in place by his Republican predecessor, Donald Trump, and making his first moves on the pandemic and climate change. He signed a document to begin the process of re-entering the Paris climate accord and issued a sweeping order tackling climate change, including revoking the presidential permit granted to the contentious Keystone XL oil pipeline.

Dollar Index Performance

Last Week Close	90.77	Monthly High	91.02
Week Open	90.78	Monthly Low	89.21
Week Close	90.05	30 Days Average	90.18
Weekly High	90.95	90 Days Average	91.94
Weekly Low	90.05	YTD Change	+0.31%

Dollar Outlook

- Next week, US Economic Calendar will provide some key insights into the US economy, which appears to have continued its deceleration at the end of Q4'20.
- Tuesday's and Friday's the January US Conference Board's consumer confidence index and the latter of which is the final January US U. of Michigan consumer sentiment report.
- Wednesday release of the December US durable goods orders report and the initial Q4'20 US GDP report on Thursday will give some signal.
- Moreover, the first Federal Reserve policy meeting of the year, which should culminate in the FOMC keeping its main interest rate on hold.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Jan	26-Jan	89.0	88.6
Durable Goods	Dec	27-Jan	0.9%	1.0%
Fed Funds Tgt Rate	27 Jan	28-Jan	0-0.25	0-0.25
Fed Int On Excess Reserves	27 Jan	28-Jan		0.10%
GDP Advance	Q4	28-Jan	4.0%	33.4%
Initial Jobless Clm	23 Jan, w/e	28-Jan	878k	900k
New Home Sales-Units	Dec	28-Jan	0.860M	0.841M
Consumption, Adjusted MM	Dec	29-Jan	-0.4%	-0.4%
U Mich Sentiment Final	Jan	29-Jan	79.2	79.2
Average Earnings YY	Dec	8-Jan	4.4%	4.4%

Lower Bound	89.20	Upper Bound	90.50
Forecast	Depreciation		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- THB will move in range of 29.80 – 30.15 THB/USD while eyes on Industrial Production on Wednesday, Retail sales on Friday.
- Investors still also focus on global pandemic situation and FOMC meeting. Fed funds futures are pricing in a 93% chance of no change in Fed rates in 2021.

Lower Bound	29.80	Upper Bound	30.15
Forecast	Appreciation		

Thai Baht News

- On Monday, the baht depreciated against USD as the BOT said it might cut its growth forecast for this year in response to a recent coronavirus outbreak, although the impact on economic activity has been less than the first wave of infections.
- Somdet Susomboon, director-general of the International Trade Promotion Department, said the trade policies of the new US president are expected to boost trade not only between the US and Thailand, but also the US and other Asian countries.
- THB was supported as Exports are expected to rise 4% in 2021 after declining 6% last year, while an unexpected increase in shipments was recorded in December as demand from major markets improved, the Commerce Ministry said on Friday

Thai Baht Performance

Last Week Close	30.02 THB/USD	Monthly High	30.19 THB/USD
Week Open	30.02 THB/USD	Monthly Low	29.82 THB/USD
Week Close	29.99 THB/USD	30 Days Average	30.02 THB/USD
Weekly High	30.12 THB/USD	90 Days Average	30.62 THB/USD
Weekly Low	29.91 THB/USD	YTD Change	+0.07%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Dec	27-Jan		0.35%
Exports YY	Dec	29-Jan		-3.10%
Imports YY	Dec	29-Jan		-3.30%
Trade Account	Dec	29-Jan		1.90B
Current Account	Dec	29-Jan		-1.50B

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- EUR will therefore likely continue to rise against the dollar as the broad risk-on move in the financial markets looks set to continue in the week ahead as optimism rises that US President Joe Biden will be able to push all or most of his stimulus program through Congress.
- This continues to be a worry for the European Central Bank, which has made clear that it does not want the Euro to strengthen.
- Next week is a big week for German statistics, beginning with the Ifo index Monday. Inflation figures Thursday will be the next focus of attention. Consumer confidence, unemployment and the “flash” measure of GDP in the fourth quarter are also on the economic calendar.

Lower Bound	1.2050	Upper Bound	1.2350
Forecast	Appreciation		

Euro News

- The euro fell slightly despite the political turmoil in Italy, with the ruling administration under pressure after a small party within the coalition withdrawing its support.
- At the end of week EUR rose as the European Central Bank (ECB) held policy rates and bond purchase limits at its meeting, while the ECB kept an eye on regional economies hit by the coronavirus outbreak. In addition, the ECB has a resolution to maintain the bond purchase limit under the Pandemic Emergency Purchase Program (PEPP) at 1.85 trillion euros, which will buy the bonds under the program until March 2022. Or until the ECB considers the crisis of the COVID-19 epidemic has passed

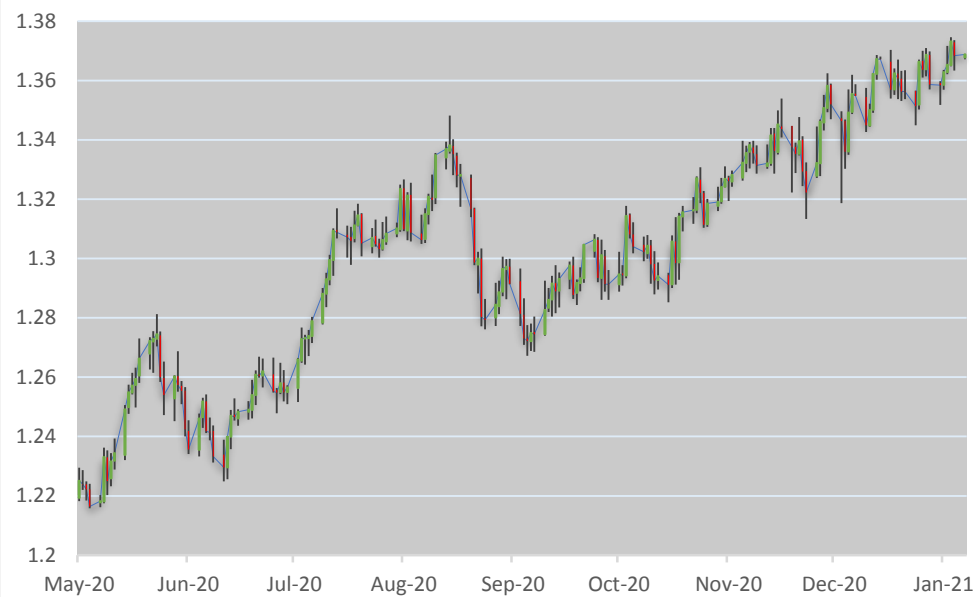
Euro Index Performance

Last Week Close	1.2078 USD/EUR	Monthly High	1.2349 USD/EUR
Week Open	1.2083 USD/EUR	Monthly Low	1.2055 USD/EUR
Week Close	1.2167 USD/EUR	30 Days Average	1.2205 USD/EUR
Weekly High	1.2189 USD/EUR	90 Days Average	1.1956 USD/EUR
Weekly Low	1.2052 USD/EUR	YTD Change	-0.38%

Euro Index Economic Events

Events	Period	Date	Forecast	Previous
Economic Sentiment	Jan	25-Jan	89.5	90.4
Industrial Sentiment	Jan	25-Jan	-7.2	-7.2
Services Sentiment	Jan	25-Jan	-18.4	-17.4
Consumer Confid. Final	Jan	25-Jan	-15.5	-15.5
Business Climate	Jan	28-Jan		-0.41
Money-M3 Annual Grwth	Dec	29-Jan	11.2%	11.0%

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The GBP has continued to strengthen against USD after relatively fast UK vaccine roll out could result in quicker exit from COVID crisis and stronger GBP.
- Nevertheless, optimistic outcome remains highly uncertain. Government's strategy to delay second doses could backfire.
- GBP/USD may continue to trend higher alongside resistance, the 1.3800 psychological level will move into focus.

Lower Bound	1.3550	Upper Bound	1.3800
Forecast	Appreciation		

Pound Sterling News

- The sterling dropped after data showed Britain's economy shrank by 2.6% in November, the first monthly fall in output since April and the country's initial COVID lockdown. Meanwhile, the UK shut all UK travel corridors to protect against the spread of coronavirus variants. Also, travelers are required to show proof of a negative COVID-19 test.
- The pound sterling retreated from fresh two-year high and still has chance of advancing further, while the UK inflation was upbeat in December. However, rising number of COVID-19-related deaths in UK kept investors cautious.
- Finally, GBP continues to move higher as vaccination hopes continue to fuel positive sentiment despite ongoing lockdown fears and downbeat UK data. The UK government has had a rare success with their vaccine rollout program, whereby 4.6mln people have received their first dose of the COVID vaccine.

Pound Sterling Performance

Last Week Close	1.3586 USD/GBP	Monthly High	1.3746 USD/GBP
Week Open	1.3592 USD/GBP	Monthly Low	1.3453 USD/GBP
Week Close	1.3684 USD/GBP	30 Days Average	1.3568 USD/GBP
Weekly High	1.3746 USD/GBP	90 Days Average	1.3255 USD/GBP
Weekly Low	1.3518 USD/GBP	YTD Change	+0.12%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Dec	26-Jan		64.3k
ILO Unemployment Rate	Nov	26-Jan	5.1%	4.9%
Employment Change	Nov	26-Jan	-100k	-144k
Avg Wk Earnings 3M YY	Nov	26-Jan	2.9%	2.7%
Avg Earnings (Ex-Bonus)	Nov	26-Jan	3.1%	2.8%
CBI Distributive Trades	Jan	26-Jan		-3
Nationwide house price mm	Jan	29-Jan	0.2%	0.8%
Nationwide house price yy	Jan	29-Jan	6.9%	7.3%

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Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Aussie still appreciate as it has the extraordinary advantage of being an island, which has helped it control the pandemic. It reported on Thursday a week without new coronavirus contagions, although a foreign visitor tested positive on Friday.
- Meanwhile, tensions between China and Australia keep growing. The latter has insisted on inquiring about the origins of COVID-19, which resulted in Beijing banning imports of multiple Australian commodities.

Lower Bound	0.7550	Upper Bound	0.7850
Forecast	Appreciation		

Australian Dollar News

- The Aussie were slightly optimistic at the beginning of the week, helped by upbeat Chinese data, as the country reported a Q4 annualized Gross Domestic Product of 6.5%. Also, Industrial Production in the country rose 7.3% YoY in December, while Retail Sales were up 4.6%, this last, missing expectations of 5.5%.
- Australia's jobless rate ticked lower to 6.6% in December to hit the lowest level since April versus expectations for a decline to 6.7% from November's 6.8%. The economy added 50K jobs as expected following a solid job gain of 90K in November. Full-time jobs grew by 35.7K following December's 84.2K.
- AUD was up against it from the start of Friday's Asia Pacific session. Preliminary Retail Sales numbers for December printed a larger than expected decline of 4.1% (versus consensus for a 2.5% drop in spending).

Australian Dollar Performance

Last Week Close	0.7702 USD/AUD	Monthly High	0.7820 USD/AUD
Week Open	0.7697 USD/AUD	Monthly Low	0.7643 USD/AUD
Week Close	0.7716 USD/AUD	30 Days Average	0.7235 USD/AUD
Weekly High	0.7782 USD/AUD	90 Days Average	0.7207 USD/AUD
Weekly Low	0.7657 USD/AUD	YTD Change	+0.42%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
CPI QQ	Q4	27-Jan	0.7%	1.6%
CPI YY	Q4	27-Jan	0.7%	0.7%
RBA Weightd Medn CPI QQ	Q4	27-Jan	0.4%	0.3%
RBA Weightd Medn CPI YY	Q4	27-Jan	1.2%	1.3%
RBA Trimmed Mean CPI QQ	Q4	27-Jan	0.4%	0.4%
RBA Trimmed Mean CPI YY	Q4	27-Jan	1.2%	1.2%
Export Prices	Q4	28-Jan		-5.1%
Import Prices	Q4	28-Jan		-3.5%
PPI QQ	Q4	29-Jan		0.4%


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The weakening dollar will remain the default market mode.
- Last week, the Bank of Japan (BoJ) warned that the new COVID-19 measures could impact the recovery, saying that services spending will come under strong downward pressure and also raised the 2021 GDP estimate to 3.9% from 3.6%.

Lower Bound	102.50	Upper Bound	104.50
Forecast	Appreciation		

Japanese Yen News

- JPY continues to move higher vs USD until the American economy generates positive. The yen traded in a limited range as data released were anodyne with business sentiment declining for the December economy while the view ahead is stable.
- The Bank of Japan (BoJ) announced that monetary policy rate were to remain constant at -0.1%. This kept in line with the consensus view by economists and analysts alike. In addition, their stance remained extremely accommodative while persisting with its yield curve control program by keeping the 10-year government bond yield target at around 0%. With regard to imports and exports, there was a substantial trade surplus as imports declined significantly by 11.6%. The BOJ decided to maintain its monetary policy at a time when Japan was struggling to curb its control. COVID-19 outbreak under the announcement of a second state of emergency.

Japanese Yen Performance

Last Week Close	103.87 JPY/USD	Monthly High	104.39 JPY/USD
Week Open	103.75 JPY/USD	Monthly Low	102.60 JPY/USD
Week Close	103.77 JPY/USD	30 Days Average	105.60 JPY/USD
Weekly High	#VALUE! JPY/USD	90 Days Average	106.31 JPY/USD
Weekly Low	103.31 JPY/USD	YTD Change	+0.59%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales YY	Dec	28-Jan	-0.4%	0.7%
CPI Tokyo Ex fresh food YY	Jan	29-Jan	-0.6%	-0.9%
CPI, Overall Tokyo	Jan	29-Jan		-1.3%
Jobs/Applicants Ratio	Dec	29-Jan	1.06	1.06
Unemployment Rate	Dec	29-Jan	3.0%	2.9%
Industrial O/P Prelim MM SA	Dec	29-Jan	-1.5%	-0.5%
Housing Starts YY	Dec	29-Jan	-3.8%	-3.7%

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