


WEEKLY FOREIGN EXCHANGE OUTLOOK

15 Nov 2021 - 19 Nov 2021

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- Prices of all products and services jumped in October, pushing not only the headline CPI to 31-year highs but also Core CPI to 4.6%, smashing all economists' expectations.
- After a hesitant initial reaction, markets moved more aggressively to price quicker rate hikes from the Federal Reserve. The dollar jumped across the board as DXY extended the rally and clinched fresh YTD tops in the 95.25/30 band at the end of the week.
- Other economic figures were upbeat. PPI stayed at its own all-time heights of 8.6% and 6.8% core in October, promising more consumer price increases in the months ahead while Initial Jobless Claims dropped to 267,000 in the first week of November, a level not far from the success of the second half of 2019 before the pandemic.

Dollar Index Performance

Last Week Close	94.32	Monthly High	95.60
Week Open	94.25	Monthly Low	93.28
Week Close	95.00	30 Days Average	94.17
Weekly High	95.60	90 Days Average	93.30
Weekly Low	93.88	YTD Change	+6.12%

Dollar Outlook

- The FedWatch Tool, based on fed funds futures, predicts three increases by year end 2022. However, both San Francisco Fed President Mary Daly and Saint Louis Fed President James Bullard insisted that FED would not move faster as only two hikes are on the cards for 2022.
- Fed officials will be speaking throughout the week. The most important ones to watch are Christopher Waller, a governor at the center of the dove-hawk spectrum, and Vice Chair Clarida.
- Markets will focus on US Retail Sales for October on Tuesday. The consensus estimate is 0.7% as in September.
- DXY records a new 2021 high last Friday while next on the upside is seen the 97.80 level.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM	Oct	16-Nov	1.1%	0.7%
Industrial Production MM	Oct	16-Nov	0.7%	-1.3%
Housing Starts Number	Oct	17-Nov	1.580M	1.555M
Initial Jobless Clm	13 Nov, w/	18-Nov	260k	267k
Philly Fed Business Indx	Nov	18-Nov	24.0	23.8

Lower Bound	93.80	Upper Bound	95.80
Forecast	Appreciation		

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Thai Baht Graph



Source: Thomson Reuters

Thai Baht News

- Last week, the baht traded in a range below 33.00 THB/USD as the currency was supported by the story that Thai economy had bottomed out in the third quarter of 2021 and entered the recovery phase following the relaxation of containment measures and the re-opening of the country.
- BOT left its key interest rate unchanged at a record low again on Wednesday, as widely expected while said that Thai economy would expand at a pace close to the previous projection for 2021(0.7%) and 2022(3.9%)
- On Wednesday(10/11), the baht depreciated as well as other major ccy after US CPI released.
- Foreign fund flows started return to Thai capital market as over 45k MTHB net buy was recorded at the bond market last week.

Thai Baht Performance

Last Week Close	33.31 THB/USD	Monthly High	33.48 THB/USD
Week Open	33.15 THB/USD	Monthly Low	32.66 THB/USD
Week Close	32.80 THB/USD	30 Days Average	33.29 THB/USD
Weekly High	33.16 THB/USD	90 Days Average	33.08 THB/USD
Weekly Low	32.73 THB/USD	YTD Change	+9.25%

Thai Baht Outlook

- After the re-opening of the country and better daily infected number, THB seems to strengthen as the demand for Thai baht increase.
- We believe that the baht will move in range between 32.50-33.00 THB/USD next week as the 32.50 is the strong support.
- Custom-based trade data and industrial production were scheduled to released this week.

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q3	15-Nov	-0.8%	7.5%
GDP Growth QQ SA	Q3	15-Nov	-2.5%	0.4%

Lower Bound	32.50	Upper Bound	33.00
Forecast	Neutral		

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- For the upcoming week, the macroeconomic calendar includes the second release of the EU Gross Domestic Product for the third quarter, foreseen unchanged at 2.2%, scheduled on Tuesday (16/11) and its final October inflation figures on Thursday (18/11).
- The euro trades at levels last seen in July 2020, and technically it is on track to extend its slump. The immediate support is the 1.1400 threshold, with a break below it, probably resulting in a test of the 1.1330 price zone.

Lower Bound	1.1400	Upper Bound	1.1600
Forecast	Depreciation		

Euro News

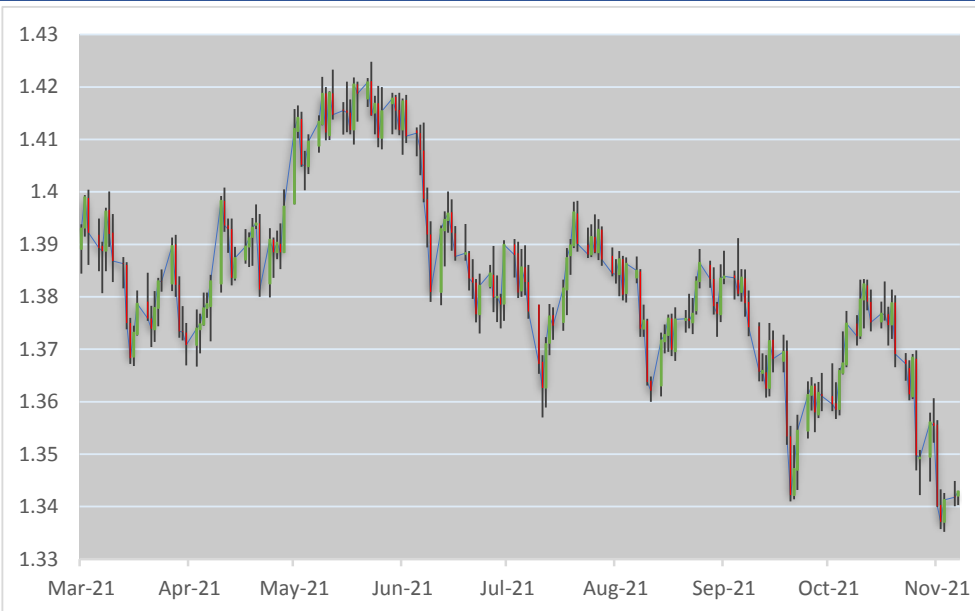
- Last week, the euro traded at fresh 2021 lows, with currently trading in the 1.1440 price zone, without signs of an interim bottom coming.
- The greenback benefited from a sour market mood amid mounting speculation that the US Federal Reserve will have to hike rates at least twice in 2022. On the opposite side of the ring, the European Central Bank retains its conservative stance, pledging to maintain stimulus for as long as needed.
- Meanwhile, macroeconomic data reflected global uncertainty. The German ZEW survey showed that the Economic Sentiment improved in November, although the assessment of the Current Situation plummeted.

Euro Index Performance

Last Week Close	1.1566 USD/EUR	Monthly High	1.1616 USD/EUR
Week Open	1.1554 USD/EUR	Monthly Low	1.1357 USD/EUR
Week Close	1.1450 USD/EUR	30 Days Average	1.1575 USD/EUR
Weekly High	1.1608 USD/EUR	90 Days Average	1.1702 USD/EUR
Weekly Low	1.1431 USD/EUR	YTD Change	-6.81%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
GDP Flash Estimate QQ	Q3	16-Nov	2.2%	2.2%
GDP Flash Estimate YY	Q3	16-Nov	3.7%	3.7%
HICP Final MM	Oct	17-Nov	0.8%	0.5%
HICP Final YY	Oct	17-Nov	4.1%	4.1%


Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling News

- At the beginning of last week, the pound rebounded after U.S. dollars' profit taking after upbeat non-farm payroll data. The currency reached the highest level in a week on Tuesday(9/11) at 1.3605 USD/GBP.
- After high US inflation data released on Wednesday, GBP has been reversing to its decline and made fresh 11-month low level.
- Brexit tensions worsened after David Frost, the UK point man for the topic, signaled he is ready to use Article 16 of the Withdrawal Treaty to suspend the deal, raising fresh fears of an outright trade war.
- UK Gross Domestic Product data for the third quarter came out at 1.3%, worse than 1.5%, and also added some pressure to the pound.

Pound Sterling Performance

Last Week Close	1.3494 USD/GBP	Monthly High	1.3698 USD/GBP
Week Open	1.3495 USD/GBP	Monthly Low	1.3354 USD/GBP
Week Close	1.3413 USD/GBP	30 Days Average	1.3631 USD/GBP
Weekly High	1.3607 USD/GBP	90 Days Average	1.3720 USD/GBP
Weekly Low	1.3352 USD/GBP	YTD Change	-1.79%

Pound Sterling Outlook

- This week's top-tier figures set to rock the pound. Tuesday's employment data, Wednesday's CPI figures for October and Friday's retail sales statistics are more crucial for the currency.
- Apart from the busy economic calendar, Brexit will likely remain a market-mover for sterling. British and EU negotiators continue haggling over the rewriting of the Northern Ireland protocol.
- Technically, there is probably room for another test of the downside before the pound recovers. However, upbeat UK data can convince markets that the BOE will raise rates, triggering a more meaningful recovery.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Oct	16-Nov		-51,100.0%
ILO Unemployment Rate	Sep	16-Nov	4.4%	4.5%
CPI YY	Oct	17-Nov	3.9%	3.1%
Retail Sales MM	Oct	19-Nov	0.5%	-0.2%
Retail Sales Ex-Fuel MM	Oct	19-Nov	0.6%	-0.6%
Retail Sales YY	Oct	19-Nov	-2.0%	-1.3%

Lower Bound	1.3300	Upper Bound	1.3600
Forecast	Neutral		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The Australian dollar started last week with a positive tone. It was all downhill from there as the market’s sentiment took a turn for the worse while Australian employment and inflation data fueled investors’ concerns.
- The aussie ends the week around the 0.7300 level, shedding in the last ten trading days what it gained in over a month.
- Australia reported that it lost 46.3K job positions in October, vs expectations of a 50K gain while Consumer Inflation Expectations soared to 4.6% in November from 3.6% in the previous month.
- Speculation of a tighter monetary policy in the US dragged the AUD further lower while the slump was partially offset by soaring gold prices, as the bright metal hit \$1,865 a troy ounce, its highest since last July.

Australian Dollar Performance

Last Week Close	0.7401 USD/AUD	Monthly High	0.7536 USD/AUD
Week Open	0.7386 USD/AUD	Monthly Low	0.7277 USD/AUD
Week Close	0.7332 USD/AUD	30 Days Average	0.7304 USD/AUD
Weekly High	0.7431 USD/AUD	90 Days Average	0.7456 USD/AUD
Weekly Low	0.7274 USD/AUD	YTD Change	-4.34%

Australian Dollar Outlook

- The upcoming week will start with China posting Industrial Production and Retail Sales updates, expected to have shrunk in October while the RBA will publish the Minutes of its latest meeting on Tuesday, while Governor Philip Lowe will offer a speech.
- The pair seems to have set an interim top, and it is ready to resume its slide. A bearish extension could be confirmed with a break below 0.7270, the immediate support level, while the pressure could ease if the pair recovers beyond 0.7360.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Wage Price Index QQ	Q3	17-Nov	0.5%	0.4%
Wage Price Index YY	Q3	17-Nov	2.2%	1.7%

Lower Bound	0.7250	Upper Bound	0.7450
Forecast	Neutral		

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- The yen has been stuck at the 114.00 level although it tried to make gain at the beginning of last week as US inflation data drove US treasury yields and dollar higher.
- Tokyo’s policy response will be very different from FED. The Bank of Japan has spent a decade and more trying to fend off the deflationary impulses in an export oriented economy beset with weak domestic consumption from an aging and declining population.
- Japanese economic information improved though consumer weakness continued. Labor Cash Earnings were but 0.2% higher in September down from 0.6% in August while the PPI rocketed 1.2% in October, four times its September pace, and the annual rate at 8% was up from 6.3% and the highest in over a decade.

Japanese Yen Performance

Last Week Close	113.40 JPY/USD	Monthly High	114.44 JPY/USD
Week Open	113.43 JPY/USD	Monthly Low	112.73 JPY/USD
Week Close	113.85 JPY/USD	30 Days Average	110.32 JPY/USD
Weekly High	114.30 JPY/USD	90 Days Average	109.65 JPY/USD
Weekly Low	112.70 JPY/USD	YTD Change	+10.69%

Japanese Yen Outlook

- The interplay between US inflation rates and Treasury yields has been the determining factor for USD/JPY since the September Federal Reserve meeting. That relationship was strengthened this week by the dramatic increase in October’s CPI.
- Japanese statistics next week will feature the Q3 GDP (15/11) and the National CPI for October (19/11).
- Technically, despite the strong boost from US Treasury rates on Wednesday, the USD/JPY was unable to penetrate above the recent highs and did not approach the three-year top of 114.70 of October 20. If the USD/JPY again fails to achieve a new high, a retracement becomes more likely.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP QQ	Q3	15-Nov	-0.2%	0.5%
GDP QQ Annualised	Q3	15-Nov	-0.8%	1.9%
Machinery Orders MM	Sep	17-Nov	1.8%	-2.4%
Machinery Orders YY	Sep	17-Nov	17.4%	17.0%
Exports YY	Oct	17-Nov	9.9%	13.0%
Imports YY	Oct	17-Nov	31.9%	38.6%
CPI, Core Nationwide YY	Oct	19-Nov	0.1%	0.1%
CPI, Overall Nationwide	Oct	19-Nov		0.2%

Lower Bound	112.50	Upper Bound	114.70
Forecast	Appreciation		

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