

Market Outlook

28 December 2015 – 3 January 2016

Highlight

Last Week:

Last week, the dollar slipped against a basket of currencies as more traders booked profits on bullish greenback bets following the Federal Reserve's interest rate increase last week. Commodity-linked currencies including the Australian and New Zealand dollars rose against the greenback as oil prices stabilized above 11-year lows and investors hoped for more official action to support growth in China.

This Week:

This week will be a quiet week before the bank holiday. Not much significant economic data will be released during the week. We expect major currencies will slightly move.

USD

At the early of the week, the dollar index held its level against the basket currencies at 98.68 before slightly edge down in the midst of the week from mixed economic data and profit taking from investors. On Tuesday (22/12), U.S. gross domestic product grew at a 2.0% annual pace in third quarter, slightly slower than the initial estimate reported last month, but still better than the 1.9% expected. U.S. consumer spending rose 0.3% in November, at expected. The core PCE, a measure of domestic core inflation which is also Fed's preferred inflation measure, rose 1.4%, slightly beating expectations for an unchanged. However, U.S. existing home sales unexpectedly plunged 10.5%, their steepest drop since July 2010. In the rest of the week, the dollar moved in a narrow range before getting to Christmas holiday.

Graph: Dollar Index (DXY)



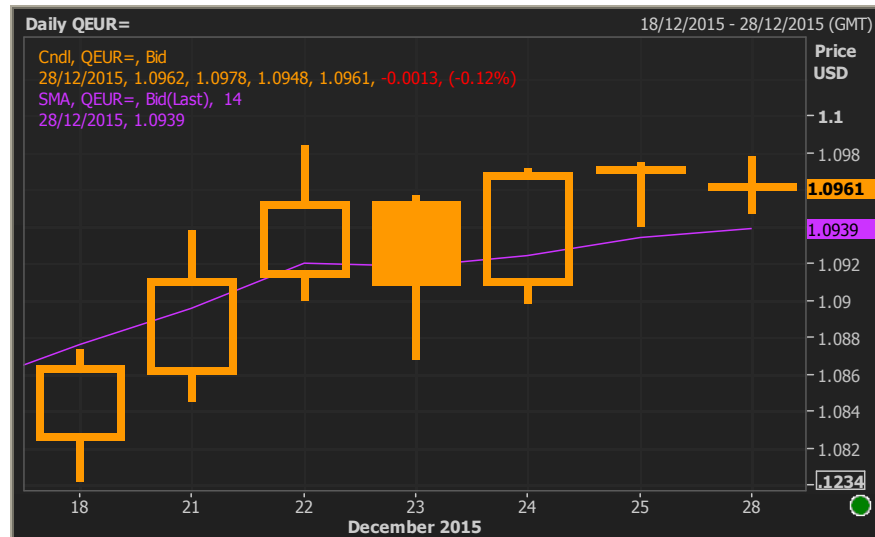
Source: Reuters

Comments: We expected that the dollar index will move within a narrow range as thin trading volume and there's no significant economic indicators released in this week.

EUR & GBP

The movement of euro and sterling during last week was capped in limited range due to market closed on Christmas holiday. The euro was traded in range between 1.0846 – 1.0984 EUR/USD, while the sterling moved in range between 1.4802 – 1.4945 GBP/USD. The euro was pressure during the week after Spain face the problem to form a government after an inconclusive election on last Sunday, which lead to an unsettled in financial market. It also was pressure by a disappointed in Euro Zone economic data such as Eurozone current account surplus and consumer confidence that released along the week. The sterling, at the same time, was drooped a bit after the data show that its economic growth (GDP) came out at 0.4% qoq and 2.1% yoy, while market expected to see it grow at 0.5% and 2.3%, respectively.

Graph: EUR & GBP



largely sideline till the end of the week and were track to post solid gains for the week to come. The AUD was closed on Friday (25/12) at 0.7241/45 USD/AUD and the NZD was closed at 0.6827/30 USD/NZD, and varied in a range of 0.7152-0.7310 USD/AUD and 0.6719-0.6884 USD/NZD.

Graph: AUD & NZD



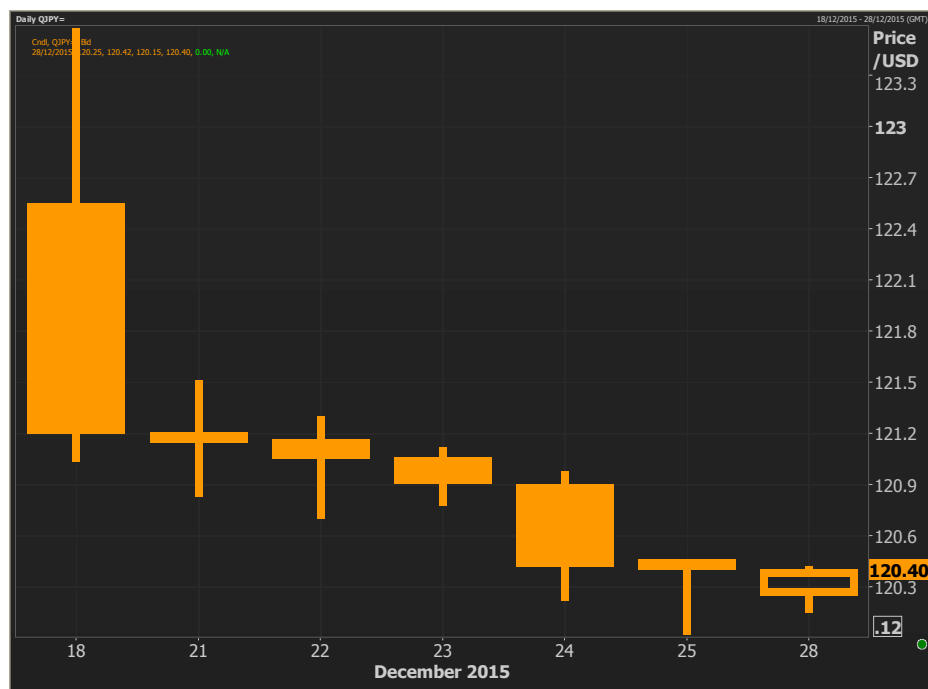
Source: Reuters

Comments: Both currencies performed well in past week from slight sell-off USD trend in a very thin trade week. We also see the AUD and NZD moved in a duplicate range as last week since there will be less influence factors in a thin trade week. We expect to see AUD in a range 0.7175 -0.7310 AUD/USD and the NZD to move between 0.6775-0.6900 NZD/AUD.

JPY

The yen opened on last Monday (21/12) at 121.12/17 JPY/USD, slightly appreciated from Friday's close (18/12) at 121.44/45 JPY/USD after Bank of Japan (BOJ) decided to maintain the amount of monetary base on last Friday's meeting (18/12). Japanese Minister of state for economic and fiscal policy, Akira Amari said on Tuesday (22/12) that consumer prices do not have to rise exactly by 2 percent. Amari said the government needed to look at the GDP deflator and how close to its potential the economy was performing, and not just at consumer prices. If consumer prices are rising more than 1.5 percent then that could be considered close enough to 2 percent. On the same day (22/12), the Japanese government estimated that the economy would grow about 1.7 percent in real terms in fiscal 2016. Affected by the declining crude oil prices, the government said that inflation rate would rise to 1.2 percent in fiscal 2016, a read short of the 2-percent target and that the Japanese economy is expected to grow 1.2 percent in the current fiscal year, downgraded from a previous estimate of 1.5 percent. The government also warned that capital outflows from emerging markets would be downside risks after the U.S. Federal Reserve has decided to raise interest rates. Moreover, on Thursday (24/12), Japanese Prime Minister Shinzo Abe, urged companies to raise wages next year at a faster pace than this year. He said that a positive economic cycle depend on whether companies would raise wages for the third straight year and boost capital expenditure. In addition, Japan released CPI data on Friday (25/12), stating that core CPI increased 0.1% in November (yoy), and higher than forecast at 0%. During last week, the yen moved between 120.02 – 121.51 JPY/USD before closing at 120.30/33 JPY/USD on Friday (25/12).

Graph: JPY



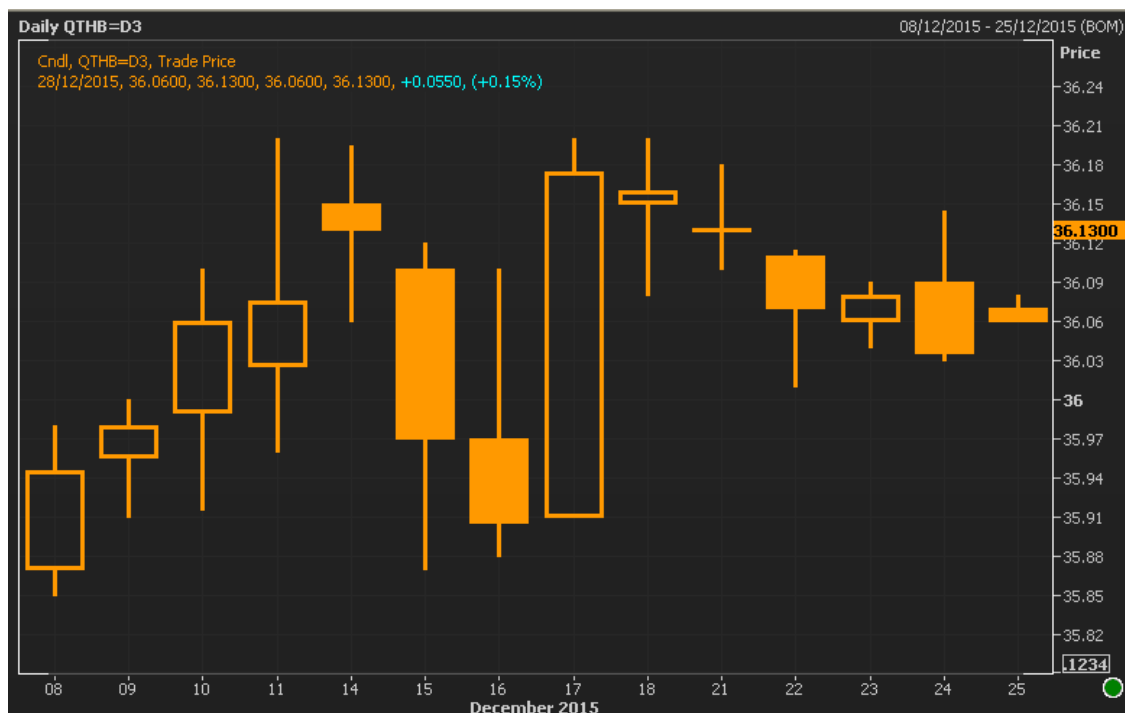
Source: Reuters

Comments: The Yen tends to move in narrow range before New Year's long market close. This week, we expect the yen to move between 120.00-121.00 JPY/USD.

THB

The baht opened on last Monday (21/12) at 36.15/17 THB/USD, slightly appreciated from previous' Friday closing level at 36.19/21 after the release of downbeat U.S. PMI data. Last week, Thai baht moved in a narrow range between 36.01-36.18 THB/USD as the market had less volatility due to the coming of the Christmas festival at the end of the week. BOT Deputy Governor Mathee Supapongse said about the current movement of the Baht and country economy that at this moment the monetary policy remains accommodative to support recovery, which is still gradual and not across the board. However, the Baht are still pressured as BOT cuts 2016 growth forecast to 3.5% from 3.7% previously; sees 4Q GDP growth at 2.7% YoY and full-year growth at 2.8% while commerce ministry said that this year the export will have the contraction of 3% and still target the export of next year will expand 5% which is higher than global average rate of 2.4%. THB closed on Friday(25/12) at 36.04/07 THB/USD

Graph: THB



Source: Reuters

Comments: This week, the baht is still expected to move in the same range of last week due to the lack of volatility of the market during the Christmas and new year festival. However, trade balance data released this week may slightly affect the movement of the baht. We expected the currency will move between 36.00-36.20 THB/USD

FX Forecast

Currency	Support	Resistance
THB/USD	36.00	36.20
JPY/USD	120.00	121.00
USD/EUR	1.0900	1.1000
USD/GBP	1.4900	1.4990
USD/AUD	0.7175	0.7310
USD/NZD	0.6775	0.6900

Economic Calendar

Last Week

Date Time		Event		Survey	Actual	Prior
21-Dec-15	JN	All Industry Activity Index MoM	Oct	0.90%	1.00%	-0.20%
21-Dec-15	JN	Supermarket Sales YoY	Nov	--	-1.00%	2.80%
21-Dec-15	JN	Bank of Japan's Monthly Economic Report for December (Table)				
21-Dec-15	GE	PPI MoM	Nov	-0.20%	-0.20%	-0.40%
21-Dec-15	GE	PPI YoY	Nov	-2.40%	-2.50%	-2.30%
21-Dec-15	JN	Convenience Store Sales YoY	Nov	--	0.90%	2.50%
21-Dec-15	UK	CBI Reported Sales	Dec	21	19	7
21-Dec-15	US	Chicago Fed Nat Activity Index	Nov	0.1	-0.3	-0.04
21-Dec-15	CA	Bloomberg Nanos Confidence	Dec-18	--	55	55.3
21-Dec-15	EC	Consumer Confidence	Dec A	-5.9	-5.7	-5.9
22-Dec-15	UK	GfK Consumer Confidence	Dec	1	2	1
22-Dec-15	JN	Small Business Confidence	Dec	49	48.3	49.9
22-Dec-15	GE	Import Price Index MoM	Nov	-0.20%	-0.20%	-0.30%
22-Dec-15	GE	Import Price Index YoY	Nov	-3.70%	-3.50%	-4.10%
22-Dec-15	GE	GfK Consumer Confidence	Jan	9.3	9.4	9.3
22-Dec-15	UK	Public Finances (PSNCR)	Nov	--	5.4b	-4.0b
22-Dec-15	UK	Central Government NCR	Nov	--	7.7b	-0.1b
22-Dec-15	UK	Public Sector Net Borrowing	Nov	11.1b	13.6b	7.5b
22-Dec-15	UK	PSNB ex Banking Groups	Nov	11.8b	14.2b	8.2b
22-Dec-15	US	GDP Annualized QoQ	3Q T	1.90%	2.00%	2.10%
22-Dec-15	US	Personal Consumption	3Q T	2.90%	3.00%	3.00%
22-Dec-15	US	GDP Price Index	3Q T	1.30%	1.30%	1.30%
22-Dec-15	US	Core PCE QoQ	3Q T	1.30%	1.40%	1.30%
22-Dec-15	US	FHFA House Price Index MoM	Oct	0.50%	0.50%	0.80%
22-Dec-15	US	Existing Home Sales	Nov	5.35m	4.76m	5.36m
22-Dec-15	US	Existing Home Sales MoM	Nov	-0.20%	-10.50%	-3.40%
22-Dec-15	US	Richmond Fed Manufact. Index	Dec	-1	6	-3
23-Dec-15	US	Personal Spending	Nov	0.30%	0.30%	0.10%
23-Dec-15	FR	GDP QoQ	3Q F	0.30%	0.30%	0.30%
23-Dec-15	FR	GDP YoY	3Q F	1.20%	1.10%	1.20%

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23-Dec-15	FR	Consumer Spending MoM	Nov	0.10%	-1.10%	-0.70%
23-Dec-15	FR	Consumer Spending YoY	Nov	1.60%	1.00%	2.10%
23-Dec-15	IT	Industrial Orders MoM	Oct	--	4.60%	-2.00%
23-Dec-15	IT	Industrial Orders NSA YoY	Oct	--	2.20%	-0.80%
23-Dec-15	IT	Industrial Sales MoM	Oct	--	2.00%	-0.10%
23-Dec-15	IT	Industrial Sales WDA YoY	Oct	--	1.60%	-0.90%
23-Dec-15	UK	GDP QoQ	3Q F	0.50%	0.40%	0.50%
23-Dec-15	UK	GDP YoY	3Q F	2.30%	2.10%	2.30%
23-Dec-15	UK	Current Account Balance	3Q	-21.5b	-17.5b	-16.8b
23-Dec-15	UK	Unit Labor Costs YoY	3Q	2.20%	2.00%	2.20%
23-Dec-15	UK	Total Business Investment QoQ	3Q F	2.20%	2.20%	2.20%
23-Dec-15	UK	Total Business Investment YoY	3Q F	--	5.80%	6.60%
23-Dec-15	UK	Index of Services MoM	Oct	0.20%	0.10%	0.40%
23-Dec-15	UK	Index of Services 3M/3M	Oct	0.60%	0.50%	0.70%
23-Dec-15	UK	Lloyds Business Barometer	Dec	--	45	55
23-Dec-15	IT	Retail Sales MoM	Oct	0.30%	-0.30%	-0.10%
23-Dec-15	IT	Retail Sales YoY	Oct	1.70%	1.80%	1.50%
23-Dec-15	US	MBA Mortgage Applications	Dec-18	--	7.30%	-1.10%
23-Dec-15	CA	GDP MoM	Oct	0.20%	0.00%	-0.50%
23-Dec-15	US	Personal Income	Nov	0.20%	0.30%	0.40%
23-Dec-15	CA	GDP YoY	Oct	-0.10%	-0.20%	0.00%
23-Dec-15	CA	Retail Sales MoM	Oct	0.40%	0.10%	-0.50%
23-Dec-15	US	Real Personal Spending	Nov	0.30%	0.30%	0.10%
23-Dec-15	US	PCE Deflator MoM	Nov	0.10%	0.00%	0.10%
23-Dec-15	CA	Retail Sales Ex Auto MoM	Oct	0.40%	0.00%	-0.50%
23-Dec-15	US	PCE Deflator YoY	Nov	0.40%	0.40%	0.20%
23-Dec-15	US	PCE Core MoM	Nov	0.10%	0.10%	0.00%
23-Dec-15	US	PCE Core YoY	Nov	1.30%	1.30%	1.30%
23-Dec-15	US	Durable Goods Orders	Nov P	-0.60%	0.00%	2.90%
23-Dec-15	US	Durables Ex Transportation	Nov P	0.00%	-0.10%	0.50%
23-Dec-15	US	Cap Goods Orders Nondef Ex Air	Nov P	-0.20%	-0.40%	1.30%
23-Dec-15	US	Cap Goods Ship Nondef Ex Air	Nov P	0.50%	-0.50%	-0.50%
23-Dec-15	US	New Home Sales	Nov	505k	490k	495k
23-Dec-15	US	New Home Sales MoM	Nov	2.00%	4.30%	10.70%
23-Dec-15	US	U. of Mich. Sentiment	Dec F	92	92.6	91.8
23-Dec-15	US	U. of Mich. Current Conditions	Dec F	--	108.1	107
23-Dec-15	US	U. of Mich. Expectations	Dec F	--	82.7	82
23-Dec-15	US	U. of Mich. 1 Yr Inflation	Dec F	--	2.60%	2.60%
23-Dec-15	US	U. of Mich. 5-10 Yr Inflation	Dec F	--	2.60%	2.60%
24-Dec-15	UK	BBA Loans for House Purchase	Nov	46000	44960	45437
24-Dec-15	FR	Total Jobseekers	Nov	3590.0k	3574.8k	3589.8k
24-Dec-15	FR	Jobseekers Net Change	Nov	-10	-15	42
24-Dec-15	US	Initial Jobless Claims	Dec-19	270k	267k	271k
24-Dec-15	US	Continuing Claims	Dec-12	2200k	2195k	2238k
24-Dec-15	US	Bloomberg Consumer Comfort	Dec-20	--	42.2	40.9

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25-Dec-15	JN	Jobless Rate	Nov	3.20%	3.30%	3.10%
25-Dec-15	JN	Job-To-Applicant Ratio	Nov	1.24	1.25	1.24
25-Dec-15	JN	Overall Household Spending YoY	Nov	-2.20%	-2.90%	-2.40%
25-Dec-15	JN	Natl CPI YoY	Nov	0.30%	0.30%	0.30%
25-Dec-15	JN	Natl CPI Ex Fresh Food YoY	Nov	0.00%	0.10%	-0.10%
25-Dec-15	JN	Natl CPI Ex Food, Energy YoY	Nov	0.80%	0.90%	0.70%
25-Dec-15	JN	Tokyo CPI YoY	Dec	0.10%	0.00%	0.20%
25-Dec-15	JN	Tokyo CPI Ex-Fresh Food YoY	Dec	0.10%	0.10%	0.00%
25-Dec-15	JN	Tokyo CPI Ex Food, Energy YoY	Dec	0.60%	0.60%	0.60%
25-Dec-15	JN	PPI Services YoY	Nov	0.40%	0.20%	0.50%
25-Dec-15	JN	Japan Buying Foreign Bonds	Dec-18	--	¥147.2b	¥319.4b
25-Dec-15	JN	Japan Buying Foreign Stocks	Dec-18	--	¥200.8b	¥21.8b
25-Dec-15	JN	Foreign Buying Japan Bonds	Dec-18	--	¥307.5b	¥384.5b
25-Dec-15	JN	Foreign Buying Japan Stocks	Dec-18	--	¥226.2b	¥488.0b
25-Dec-15	JN	Leading Index CI	Oct F	--	104.2	102.9
25-Dec-15	JN	Coincident Index	Oct F	--	113.3	114.3
25-Dec-15	JN	Natl CPI Ex Fresh Food, Energy YoY	Nov	1.20%	1.20%	1.20%
25-Dec-15	JN	Housing Starts YoY	Nov	0.60%	1.70%	-2.50%
25-Dec-15	JN	Annualized Housing Starts	Nov	0.890m	0.886m	0.862m
25-Dec-15	JN	Construction Orders YoY	Nov	--	5.70%	-25.20%
25-Dec-15	JN	Industrial Production MoM	Nov P	-0.50%	-1.00%	1.40%

This Week

Date Time		Event		Survey	Actual	Prior
28-Dec-15	JN	Industrial Production YoY	Nov P	1.60%	1.60%	-1.40%
28-Dec-15	JN	Retail Trade YoY	Nov	-0.10%	-1.00%	1.80%
28-Dec-15	JN	Retail Sales MoM	Nov	-1.40%	-2.50%	1.10%
28-Dec-15	JN	Dept. Store, Supermarket Sales	Nov	-0.20%	-1.50%	2.90%
28-Dec-15	JN	Vehicle Production YoY	Nov	--	--	-0.50%
28-Dec-15	US	Dallas Fed Manf. Activity	Dec	-7	--	-4.9
29-Dec-15	IT	Consumer Confidence Index	Dec	117	--	118.4
29-Dec-15	IT	Business Confidence	Dec	104.4	--	104.6
29-Dec-15	IT	Economic Sentiment	Dec	--	--	107.1
29-Dec-15	US	Advance Goods Trade Balance	Nov	\$60.870b	--	\$58.411b
29-Dec-15	US	S&P/CS 20 City MoM SA	Oct	0.55%	--	0.61%
29-Dec-15	US	S&P/CS Composite-20 YoY	Oct	5.60%	--	5.45%
29-Dec-15	US	S&P/CaseShiller 20-City Index NSA	Oct	183.28	--	182.91
29-Dec-15	US	S&P/Case-Shiller US HPI MoM	Oct	--	--	0.83%
29-Dec-15	US	S&P/Case-Shiller US HPI YoY	Oct	--	--	4.86%
29-Dec-15	US	S&P/Case-Shiller US HPI NSA	Oct	--	--	175.51
29-Dec-15	CA	Bloomberg Nanos Confidence	Dec-25	--	--	55
29-Dec-15	US	Consumer Confidence Index	Dec	93.8	--	90.4

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30-Dec-15	UK	Nationwide House PX MoM	Dec	0.40%	--	0.10%
30-Dec-15	UK	Nationwide House Px NSA YoY	Dec	3.80%	--	3.70%
30-Dec-15	EC	M3 Money Supply YoY	Nov	5.20%	--	5.30%
30-Dec-15	IT	PPI MoM	Nov	--	--	-0.10%
30-Dec-15	IT	PPI YoY	Nov	--	--	-3.50%
30-Dec-15	US	Pending Home Sales MoM	Nov	0.60%	--	0.20%
30-Dec-15	US	Pending Home Sales NSA YoY	Nov	3.60%	--	2.10%
31-Dec-15	US	Initial Jobless Claims	Dec-26	273k	--	267k
31-Dec-15	US	Continuing Claims	Dec-19	--	--	2195k
31-Dec-15	US	ISM Milwaukee	Dec	48.5	--	45.34
31-Dec-15	US	Chicago Purchasing Manager	Dec	50.3	--	48.7
31-Dec-15	US	Bloomberg Consumer Comfort	Dec-27	--	--	42.2
31-Dec-15	CA	CFIB Business Barometer	Dec	--	--	58.7

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