

Market Outlook

25 -29 May 2015

Highlight

Last Week:

The dollar made a comeback at the end of the week after Federal Reserve chair Janet Yellen said that an interest rate hike will be appropriate at some point in 2015, if there are continual improvements in the U.S. economy. The euro was under pressure as concerns over the prospects of a Greek default weighed, and as ECB senior member outlined an effort by the central bank to frontload asset purchasing of government bonds at the start of the summer. The yen also fell against the dollar on the dollar's strength although preliminary GDP beat the estimate, but this wasn't enough to stop the yen's slide. The aussie had a bad week after the RBA minutes indicated that policymakers were open for further easing.

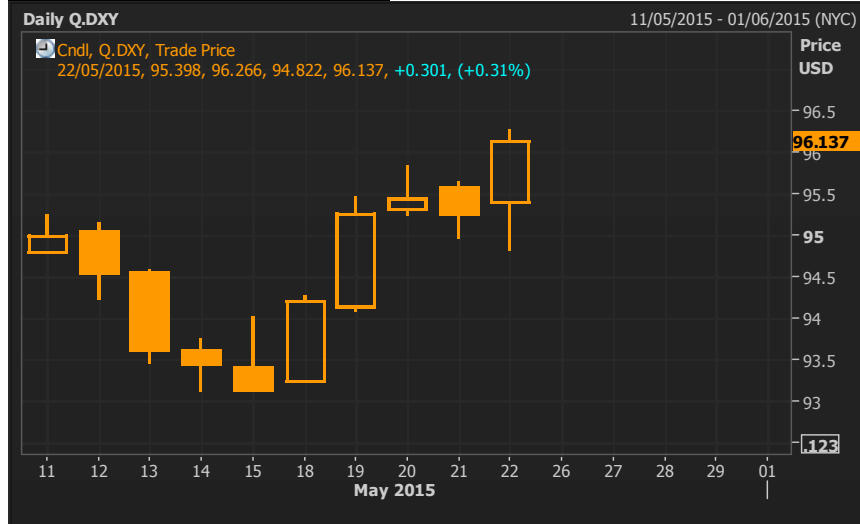
This Week:

The different directions between Federal Reserve and other central banks finally will support the dollar. The euro will depreciate against other major currencies as concerns over the prospects of a Greek default weighed ahead of a critical June 5 deadline for Athens to reach a deal with its creditors. Meanwhile, this week, investors will focus on U.S. durable goods orders and CB consumer confidence (26/5), New Zealand's trade balance (26/5), G7 meetings (27/5), U.K. second estimate GDP (28/5) and U.S. GDP (29/5).

USD

At the early of last week, the dollar fell against its major peers after downbeat U.S. economic data as Industrial output fell 0.3% in April and U.S. Michigan's Consumer Confidence fell to 88.6 in May. However, the dollar firms against major counterparts on Tuesday (19/5), as ongoing anxiety over Greece's debt crisis. The dollar stayed firm as impressed housing start which rose 20.2% in April. The dollar stepped back on Thursday (21/5) as Minutes from the Federal Reserve's April meeting contained no major surprises, doing a little to change expectations that the Fed will probably wait until late this year before raising rates. The dollar marched at the end of the week as core U.S. CPI increased 0.3% in April and Federal Reserve Chair Janet Yellen said that she expected the central bank to raise rates this year as the U.S. economy was on course to bounce back from a sluggish during first quarter.

Graph: Dollar Index (DXY)



Source: Reuters

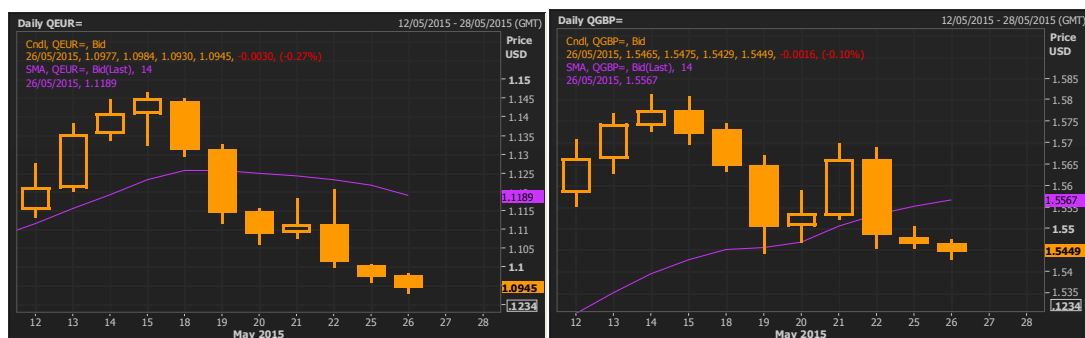
Comment:

This week, the market will keep an eye on economic data ; Durable goods, Markit Composite Flash PMI, Markit Service PMI, New Home Sales (26/5) and Building permit (27/5). Also, Greece Debt crisis is in focus.

EUR opened on last Monday (18/5) at 1.1422/24 USD/EUR, appreciated from Friday (15/5) closing level at 1.1353/55 USD/EUR mainly from the depreciation of the dollar against major currencies after the US reported a lower than expected economic data. The EUR stated depreciated on Tuesday (19/5) as the market still worry about Greece's ability to repay its debt and it still insist to make a payment on government officials salary and pension funds even though Greece has not make a debt payment yet. The EU reported May CPI, which increased 0.2% comparing to prior month. The German reported a ZEW economic sentiment at 41.9, comparing to the forecast at 49.0, putting more pressure on the EUR to continuously depreciated. On Thursday (21/5), the market reported a purchasing manager index increasing to 51.8, mitigating the depreciation. Last week, the Euro move in the range 1.0998-1.1449 USD/EUR and then closed on Friday (22/5) at 1.1197/99 USD/EUR.

The GBP began the week at 1.5717/19 USD/GBP, slightly depreciated from Friday (15/5) closing level at 1.5730/32 USD/GBP. The GBP depreciated most on Tuesday (19/5) at 1.5441 USD/GBP after the reveal of the UK consumer price index (CPI) in April at -0.1% comparing to prior year. It was the first time since 1960 that the CPI is in negative figure. The GBP was slightly appreciated on Thursday (21/5) after the report of April retail sales at 1.2%, which is the highest level since November 2014. Last week, the Pound move in the range 1.5441-1.5743 USD/GBP and then closed on Friday (22/5) at 1.5730/32 USD/GBP.

Graph: EUR & GBP



Source: Reuters

Comments:

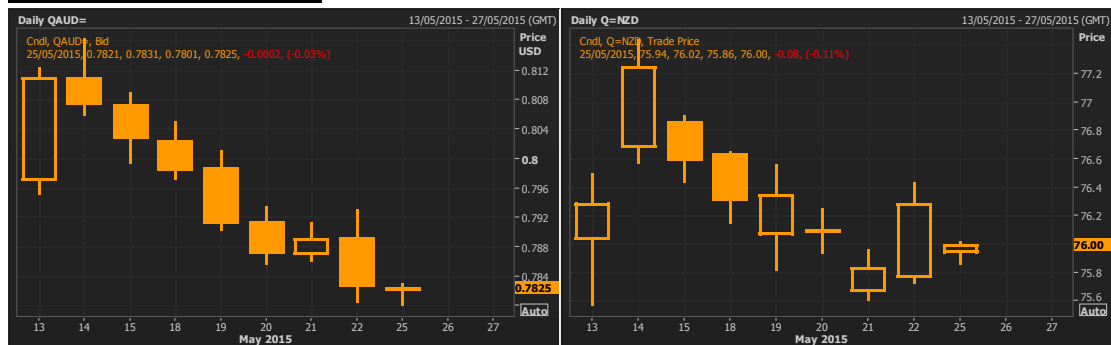
This week, the market will report the German consumer climate (27/5) and German retail sales (29/5). The market eyes on the UK first quarter GDP report (28/5). This week euro and pound expect to move in the range 1.0850-1.1050 USD/EUR and 1.5350-1.5550 USD/GBP.

AUD & NZD

AUD opened on Monday (18/5) at 0.8025/27 USD/AUD, stable from Friday (15/5) closing level at 0.8029/31 USD/AUD. Last week, the Aussie weakened against USD after the Reserve Bank of Australia released a minutes of May policy meeting, which showed the RBA Board believed it still had scope for action following a rate cut to record low of 2.0%. The Aussie was also under pressure by disappointed China, Australia's top export market, data. HSBC China manufacturing PMI at 49.1, which contracted for a third month in May, indicating persistent weakness in its economy. Last week, the Aussie moved in the range 0.7804 – 0.8051 USD/AUD and closed at 0.7827/29 USD/AUD.

NZD began the week at 0.7443/45 USD/NZD, dropped from Friday (15/5) closing level at 0.7472/75 USD/NZD. Last week, the kiwi weakened against the dollar after news of a capital gains tax on New Zealand property investments added to speculation that interest rates will be cut in coming months. Although, the New Zealand survey of inflation expectations showed an unexpected rise. Last week, the kiwi moved in the range 0.7277 – 0.7458 USD/NZD and closed at 0.7311/13 USD/NZD.

Graph: AUD and NZD



Source: Reuters

Comment:

During Next week, New Zealand will release trade balance data on Tuesday (26/5), which expected that will surplus 98 million NZD, decrease from March at 631 million NZD. We expect the AUD range would be 0.7750 – 0.7900 USD/AUD and the NZD would move between 0.7250 – 0.74000 USD/NZD.

The yen was opened on last Monday (18/5) at 119.64/65 JPY/USD, a bit weakened from its closing level on Friday (15/5) at 119.40/42 JPY/USD, while the range that it was traded during last week was 119.22 – 121.47 JPY/USD. The yen was pressured by a 0.2 dropped in April consumer confidence index to 41.5, the lowest level in 5 months, as well a 5% dropped in household spending of the fiscal year 2014/15, the fastest pace in the record. However, Mr. Haruhiko Hiroda, Bank of Japan (BOJ) governor affirmed the market after the monthly policy meeting ended on Friday (22/5) that he remains confident of hitting its 2 percent inflation target by the first half of 2016 even it might has unexpected event.

Graph: JPY



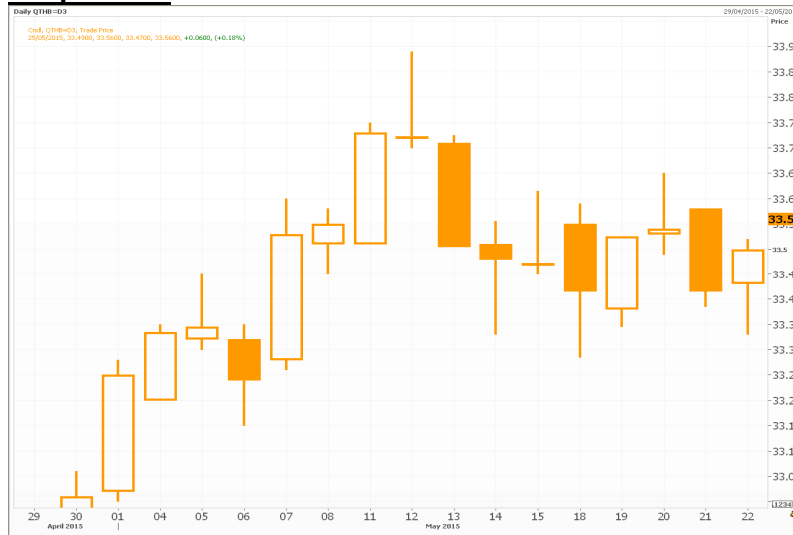
Source: Reuters

Comment:

With the month-ended flow, we expected that the yen will continue to be weakened against the US dollar during this week. The expected range is between 121.00 – 122.50 JPY/USD.

The baht opened last Monday(18/5) at 33.45/47 THB/USD, appreciated from previous Friday(15/5) closing level at 33.55/57 THB/USD after U.S. data released on Friday (15/5) including industrial production and U. of Michigan sentiment were both disappointed. On Monday (18/5), The National Economic and Social Development Board (NESDB) said the economy expanded a seasonally-adjusted 0.3 percent in the first quarter of 2015 compared with last quarter which better than analyst forecast of 0.5 percent shrinkage. However, on an annual basis, the agency reported 3.0% growths, below the poll's 3.4 percent. The agency also cut its 2015 economic growth forecast to 3.0-4.0 percent from 3.5-4.5 percent predicted in February and reducing its projection for export expansion to just 0.2 percent from 3.5 percent. During the week, the baht still traded with high fluctuating movement following the U.S. economic data and was within the range of 33.29-33.65 THB/USD.

Graph: THB



Source: Reuters

Comment:

This week, we expected that the Baht will continue hovering either side of the 33.50 THB/USD, with a slight bias on the upside due to month-end flow of importers. The range is expected between 33.35 – 33.65 THB/USD. The market still keeps an eye on the global economic situation and economic data and also Thailand's trade balance released on Friday (29/5).

FX Forecast

Currency	Support	Resistance
THB/USD	32.35	32.65
JPY/USD	121.00	122.50
USD/EUR	1.0850	1.1050
USD/GBP	1.5350	1.5550
USD/AUD	0.7750	0.7900
USD/NZD	0.7250	0.7400

Economic Calendar

Last Week

Date Time		Event		Survey	Actual	Prior
18-May-15	JN	Machine Orders MoM	Mar	1.50%	2.90%	-0.40%
18-May-15	JN	Machine Orders YoY	Mar	-6.00%	2.60%	5.90%
18-May-15	JN	Tertiary Industry Index MoM	Mar	-0.50%	-1.00%	0.30%
18-May-15	IT	Trade Balance Total	Mar	--	4060M	3538M
18-May-15	IT	Trade Balance EU	Mar	--	487M	691M
18-May-15	US	NAHB Housing Market Index	May	57	54	56
19-May-15	UK	CPI MoM	Apr	0.40%	0.20%	0.20%
19-May-15	UK	CPI YoY	Apr	0.00%	-0.10%	0.00%
19-May-15	UK	CPI Core YoY	Apr	1.00%	0.80%	1.00%
19-May-15	UK	Retail Price Index	Apr	258.2	258	257.1
19-May-15	UK	PPI Input NSA MoM	Apr	0.80%	0.40%	0.30%
19-May-15	UK	PPI Input NSA YoY	Apr	-11.50%	-11.70%	-13.00%
19-May-15	UK	PPI Output NSA MoM	Apr	0.20%	0.10%	0.20%
19-May-15	UK	PPI Output NSA YoY	Apr	-1.60%	-1.70%	-1.70%
19-May-15	EC	Trade Balance SA	Mar	21.9B	19.7B	22.0B
19-May-15	EC	Trade Balance NSA	Mar	22.0B	23.4B	20.3B
19-May-15	GE	ZEW Survey Current Situation	May	68	65.7	70.2
19-May-15	GE	ZEW Survey Expectations	May	49	41.9	53.3
19-May-15	EC	ZEW Survey Expectations	May	--	61.2	64.8
19-May-15	EC	CPI MoM	Apr	0.20%	0.20%	1.10%
19-May-15	EC	CPI YoY	Apr F	0.00%	0.00%	0.00%
19-May-15	EC	CPI Core YoY	Apr F	0.60%	0.60%	0.60%
19-May-15	US	Housing Starts	Apr	1015K	1135K	926K
19-May-15	US	Housing Starts MoM	Apr	9.60%	20.20%	2.00%
19-May-15	US	Building Permits	Apr	1064K	1143K	1039K
19-May-15	US	Building Permits MoM	Apr	2.10%	10.10%	-5.70%
20-May-15	JN	GDP SA QoQ	1Q P	0.40%	0.60%	0.40%
20-May-15	JN	GDP Annualized SA QoQ	1Q P	1.60%	2.40%	1.50%
20-May-15	GE	PPI MoM	Apr	0.20%	0.10%	0.10%
20-May-15	GE	PPI YoY	Apr	-1.40%	-1.50%	-1.70%

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20-May-15	JN	Machine Tool Orders YoY	Apr F	--	10.50%	10.40%
20-May-15	EC	Construction Output MoM	Mar	--	0.80%	-1.80%
20-May-15	EC	Construction Output YoY	Mar	--	-2.70%	-3.70%
21-May-15	JN	Markit/JMMA Japan Manufacturing PMI	May P	50.3	50.9	49.9
21-May-15	JN	All Industry Activity Index MoM	Mar	-0.40%	-1.30%	0.10%
21-May-15	FR	Markit France Manufacturing PMI	May P	48.5	49.3	48
21-May-15	FR	Markit France Services PMI	May P	51.9	51.6	51.4
21-May-15	FR	Markit France Composite PMI	May P	51	51	50.6
21-May-15	GE	Markit Germany Services PMI	May P	53.9	52.9	54
21-May-15	GE	Markit/BME Germany Composite PMI	May P	53.8	52.8	54.1
21-May-15	EC	Markit Eurozone Manufacturing PMI	May P	51.8	52.3	52
21-May-15	EC	Markit Eurozone Services PMI	May P	53.9	53.3	54.1
21-May-15	EC	Markit Eurozone Composite PMI	May P	53.9	53.4	53.9
21-May-15	EC	ECB Current Account SA	Mar	26.0B	18.6B	26.4B
21-May-15	EC	Current Account NSA	Mar	--	24.9B	13.8B
21-May-15	UK	Retail Sales Ex Auto Fuel MoM	Apr	0.20%	1.20%	0.20%
21-May-15	UK	Retail Sales Ex Auto Fuel YoY	Apr	3.70%	4.70%	5.00%
21-May-15	UK	Retail Sales Inc Auto Fuel MoM	Apr	0.40%	1.20%	-0.50%
21-May-15	UK	Retail Sales Inc Auto Fuel YoY	Apr	3.70%	4.70%	4.20%
21-May-15	US	Initial Jobless Claims	May-16	270K	274K	264K
21-May-15	US	Continuing Claims	May-09	2231K	2211K	2229K
21-May-15	US	Markit US Manufacturing PMI	May P	54.5	53.8	54.1
21-May-15	US	Existing Home Sales	Apr	5.23M	5.04M	5.19M
21-May-15	US	Existing Home Sales MoM	Apr	0.80%	-3.30%	6.10%
21-May-15	US	Leading Index	Apr	0.30%	0.70%	0.20%
22-May-15	JN	BOJ Annual Rise in Monetary Base	May-22	¥80T	¥80T	¥80T
22-May-15	GE	GDP SA QoQ	1Q F	0.30%	0.30%	0.30%
22-May-15	GE	Exports QoQ	1Q	0.50%	0.80%	1.30%
22-May-15	GE	Imports QoQ	1Q	1.60%	1.50%	1.00%
22-May-15	FR	Business Confidence	May	97	97	96
22-May-15	FR	Manufacturing Confidence	May	101	103	101
22-May-15	GE	IFO Business Climate	May	108.3	108.5	108.6
22-May-15	GE	IFO Current Assessment	May	113.5	114.3	113.9
22-May-15	GE	IFO Expectations	May	103	103	103.5
22-May-15	IT	Industrial Orders MoM	Mar	0.70%	-0.30%	0.80%
22-May-15	UK	Public Sector Net Borrowing	Apr	7.9B	6.0B	6.7B
22-May-15	US	CPI MoM	Apr	0.10%	0.10%	0.20%
22-May-15	US	CPI Ex Food and Energy MoM	Apr	0.20%	0.30%	0.20%
22-May-15	US	CPI YoY	Apr	-0.20%	-0.20%	-0.10%
22-May-15	US	CPI Ex Food and Energy YoY	Apr	1.70%	1.80%	1.80%

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This Week

Date Time		Event		Survey	Actual	Prior
25-May-15	JN	Trade Balance	Apr	-¥351.1B	-¥53.4B	¥229.3B
25-May-15	JN	Trade Balance Adjusted	Apr	-¥386.8B	-¥208.7B	¥3.3B
25-May-15	JN	Exports YoY	Apr	6	8	8.5
25-May-15	JN	Imports YoY	Apr	-1.1	-4.2	-14.5
26-May-15	JN	PPI Services YoY	Apr	0.60%	--	3.20%
26-May-15	UK	CBI Reported Sales	May	20	--	12
26-May-15	US	Durable Goods Orders	Apr	-0.50%	--	4.00%
26-May-15	US	Durables Ex Transportation	Apr	0.30%	--	-0.20%
26-May-15	US	House Price Purchase Index QoQ	1Q	1.10%	--	1.40%
26-May-15	US	S&P/CS 20 City MoM SA	Mar	0.90%	--	0.93%
26-May-15	US	S&P/CS Composite-20 YoY	Mar	4.60%	--	5.03%
26-May-15	US	S&P/CaseShiller 20-City Index NSA	Mar	175	--	173.67
26-May-15	US	S&P/Case-Shiller US HPI MoM	Mar	0.50%	--	0.42%
26-May-15	US	Markit US Services PMI	May P	56.5	--	57.4
26-May-15	US	New Home Sales	Apr	505K	--	481K
26-May-15	US	New Home Sales MoM	Apr	5.00%	--	-11.40%
26-May-15	US	Consumer Confidence Index	May	95	--	95.2
26-May-15	US	Richmond Fed Manufact. Index	May	0	--	-3
26-May-15	US	Dallas Fed Manf. Activity	May	-11.5	--	-16
27-May-15	JN	Small Business Confidence	May	48	--	47.4
27-May-15	GE	GfK Consumer Confidence	Jun	10	--	10.1
27-May-15	FR	Consumer Confidence	May	95	--	94
28-May-15	JN	Retail Trade YoY	Apr	5.50%	--	-9.70%
28-May-15	JN	Retail Sales MoM	Apr	1.10%	--	-1.90%
28-May-15	GE	Import Price Index MoM	Apr	0.50%	--	1.00%
28-May-15	GE	Import Price Index YoY	Apr	-0.70%	--	-1.40%
28-May-15	IT	Consumer Confidence Index	May	107.9	--	108.2
28-May-15	IT	Business Confidence	May	104.5	--	104.1
28-May-15	UK	BBA Loans for House Purchase	Apr	39300	--	38751
28-May-15	UK	GDP QoQ	1Q P	0.40%	--	0.30%
28-May-15	UK	GDP YoY	1Q P	2.50%	--	2.40%
28-May-15	UK	Exports QoQ	1Q P	-0.20%	--	4.60%
28-May-15	UK	Imports QoQ	1Q P	1.20%	--	1.60%
28-May-15	UK	Total Business Investment QoQ	1Q P	1.60%	--	-0.90%
28-May-15	UK	Index of Services MoM	Mar	0.30%	--	0.30%
28-May-15	UK	Index of Services 3M/3M	Mar	0.50%	--	0.70%
28-May-15	EC	Economic Confidence	May	103.5	--	103.7
28-May-15	EC	Business Climate Indicator	May	0.35	--	0.32
28-May-15	EC	Consumer Confidence	May F	-5.5	--	-5.5
28-May-15	US	Initial Jobless Claims	May-23	270K	--	274K
28-May-15	US	Continuing Claims	May-16	2200K	--	2211K
28-May-15	US	Pending Home Sales MoM	Apr	0.80%	--	1.10%
28-May-15	US	Pending Home Sales NSA YoY	Apr	10.20%	--	13.40%
28-May-15	UK	Nationwide House PX MoM	May	0.30%	--	1.00%

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28-May-15	UK	Nationwide House Px NSA YoY	May	4.80%	--	5.20%
29-May-15	UK	GfK Consumer Confidence	May	4	--	4
29-May-15	JN	Jobless Rate	Apr	3.40%	--	3.40%
29-May-15	JN	Overall Household Spending YoY	Apr	3.00%	--	-10.60%
29-May-15	JN	Natl CPI YoY	Apr	0.60%	--	2.30%
29-May-15	JN	Tokyo CPI YoY	May	0.50%	--	0.70%
29-May-15	JN	Tokyo CPI Ex-Fresh Food YoY	May	0.20%	--	0.40%
29-May-15	JN	Tokyo CPI Ex Food, Energy YoY	May	0.00%	--	0.00%
29-May-15	JN	Industrial Production MoM	Apr P	1.00%	--	-0.80%
29-May-15	JN	Industrial Production YoY	Apr P	-0.10%	--	-1.70%
29-May-15	JN	Housing Starts YoY	Apr	0.20%	--	0.70%
29-May-15	JN	Annualized Housing Starts	Apr	0.910M	--	0.920M
29-May-15	GE	Retail Sales MoM	Apr	1.00%	--	-2.30%
29-May-15	GE	Retail Sales YoY	Apr	2.50%	--	3.50%
29-May-15	IT	GDP WDA QoQ	1Q F	0.30%	--	0.30%
29-May-15	IT	GDP WDA YoY	1Q F	0.00%	--	0.00%
29-May-15	IT	CPI EU Harmonized MoM	May P	0.00%	--	0.50%
29-May-15	IT	CPI EU Harmonized YoY	May P	0.10%	--	-0.10%
29-May-15	US	GDP Annualized QoQ	1Q S	-0.90%	--	0.20%
29-May-15	US	Personal Consumption	1Q S	2.00%	--	1.90%
29-May-15	US	GDP Price Index	1Q S	-0.10%	--	-0.10%
29-May-15	US	Chicago Purchasing Manager	May	53	--	52.3
29-May-15	US	U. of Mich. Sentiment	May F	90	--	88.6
29-May-15	US	U. of Mich. Current Conditions	May F	--	--	99.8
29-May-15	US	U. of Mich. Expectations	May F	--	--	81.5

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