

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**12 Apr 2021 - 16 Apr 2021**

 **Dollar Index**

**Dollar Index Graph**



Source: Thomson Reuters

**Dollar Index Outlook**

• Data on Friday showed the largest annual gain in 9-1/2 years for U.S. producer prices, backing expectations for higher inflation as the economy reopens amid an improved public health environment and massive government funding.

• Higher yields and a stronger US dollar are entirely reasonable assumptions, given the US economy is well on its way to digging itself out of the pandemic.

• On Tuesday, the US Bureau of Labor Statistics will release the Consumer Price Index (CPI) data. Investors expect the Core CPI to rise to 1.5% in March from 1.3% in February, a stronger-than-expected reading could have a positive impact on T-bond yields and support the USD. On Thursday, Retail Sales data will be featured in the US economic docket. The market consensus points to a 4.7% increase in March following February's 3% contraction.

<b>Lower Bound</b>	<b>91.41</b>	<b>Upper Bound</b>	<b>93.42</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

• The dollar index dropped as local government bond yields eased to a two-week low after the Federal Reserve March's meeting minutes said that the economy recovery remains far from complete despite showing signs of progress and also expressed caution about ongoing risks of the pandemic with reiterated the Fed's commitment to an accommodative stance until the rebound was more secure.

• While speaking at a conference organized by the International Monetary Fund (IMF) on Thursday, FOMC Chairman Jerome Powell acknowledged that the traditional tool to deal with inflation would be to raise rates but reiterated that a one-time increase in prices does not necessarily point to persistent inflation

• For US data, the number of Americans filing new claims for unemployment benefits unexpectedly rose to 744K last week from 728K prior week. Meanwhile, March PPI rising 1% MoM and 4.2% YoY, well ahead of the 0.5% and 3.8% forecasts.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>93.02</b>	<b>Monthly High</b>	<b>93.44</b>
<b>Week Open</b>	<b>93.01</b>	<b>Monthly Low</b>	<b>90.63</b>
<b>Week Close</b>	<b>92.03</b>	<b>30 Days Average</b>	<b>92.17</b>
<b>Weekly High</b>	<b>93.44</b>	<b>90 Days Average</b>	<b>91.00</b>
<b>Weekly Low</b>	<b>92.00</b>	<b>YTD Change</b>	<b>+2.58%</b>

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
CPI MM, SA	Mar	13-Apr	0.5	0.4
Initial Jobless Clm	10 Apr, w/	15-Apr	700000	744,000.0
Philly Fed Business Indx	Apr	15-Apr	43.0%	51.8%
Retail Sales MM	Mar	15-Apr	5.5	-3.0
Industrial Production MM	Mar	15-Apr	0.0B	0.0B
Housing Starts Number	Mar	16-Apr	1,600k	1,421k
U Mich Sentiment Prelim	Apr	16-Apr	88.9%	84.9%

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**Thai Baht**
**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- Minor hurdle at 31.50 but likely to see stretch twds 31.60, target for current run at 31.85, 20 July high
- With long holiday period approaching, we expect to see a outbound capital movement at early week and the THB could move in a substantial range due to thin market trade.
- Despite recent weakness, the baht will likely be volatile with a stronger USD trend.

<b>Lower Bound</b>	<b>31.40</b>	<b>Upper Bound</b>	<b>31.85</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Thai Baht News**

- The Thai baht depreciated against the dollar as concerns over report of rising COVID-19 cases in Thailand.
- The government reported record-high new covid cases for an accumulated total of 32,625 since the pandemic began. Moreover, the Centre for Covid-19 Situation Administration announced that all entertainment places in 41 provinces must close for a fortnight.
- The Tourism Authority of Thailand said the new Covid-19 outbreak is expected to cut tourism receipts by haft during the Songkran festival after many provinces have voluntarily imposed a 14-day quarantine, while dozens of events have been cancelled or postponed.
- The economy may expand less than forecast this year, a central bank official said on Friday, after a third wave of coronavirus infections and concerns about the presence of a highly contagious variant.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>31.29 THB/USD</b>	<b>Monthly High</b>	<b>31.57 THB/USD</b>
<b>Week Open</b>	<b>31.30 THB/USD</b>	<b>Monthly Low</b>	<b>31.20 THB/USD</b>
<b>Week Close</b>	<b>31.42 THB/USD</b>	<b>30 Days Average</b>	<b>30.90 THB/USD</b>
<b>Weekly High</b>	<b>31.50 THB/USD</b>	<b>90 Days Average</b>	<b>30.32 THB/USD</b>
<b>Weekly Low</b>	<b>31.22 THB/USD</b>	<b>YTD Change</b>	<b>+5.34%</b>

**Thai Baht Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Forex Reserves		5 Apr, w/e	16-Apr	
Currency Swaps		5 Apr, w/e	16-Apr	

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- A negative news related to the coronavirus pandemic has had a limited impact on prices, although they are still relevant in terms of economic progress, but are a major concern for Europe, where the application of the vaccine is widely spread which could hurt EUR is short.
- The EU will publish February Retail Sales on Monday, while Germany will release the April ZEW Survey on Tuesday when the US unveils March inflation data. Later in the week, the EU will publish February Industrial Production, while Germany is set to release March inflation figures. ☒

**Euro News**

- The euro extended to above 1.1900 against the dollar, rebounding from its lowest in almost five months.
- Economy Minister Bruno Le Maire said French economy will expand by 5% in 2021 as a third lockdown to tackle the coronavirus pandemic has prompted a downward revision in the previous government forecast for 6% growth.
- European Central Bank President Christine Lagarde said the coronavirus pandemic will weigh on eurozone growth over the coming months but longer term risks are receding and growth will pick up once lockdown measures can be lifted.
- Data released was mixed. Eurozone unemployment was unchanged at 8.3% in February and final services PMI came at 49.6 from 48.8 prior month.

**Euro Index Performance**

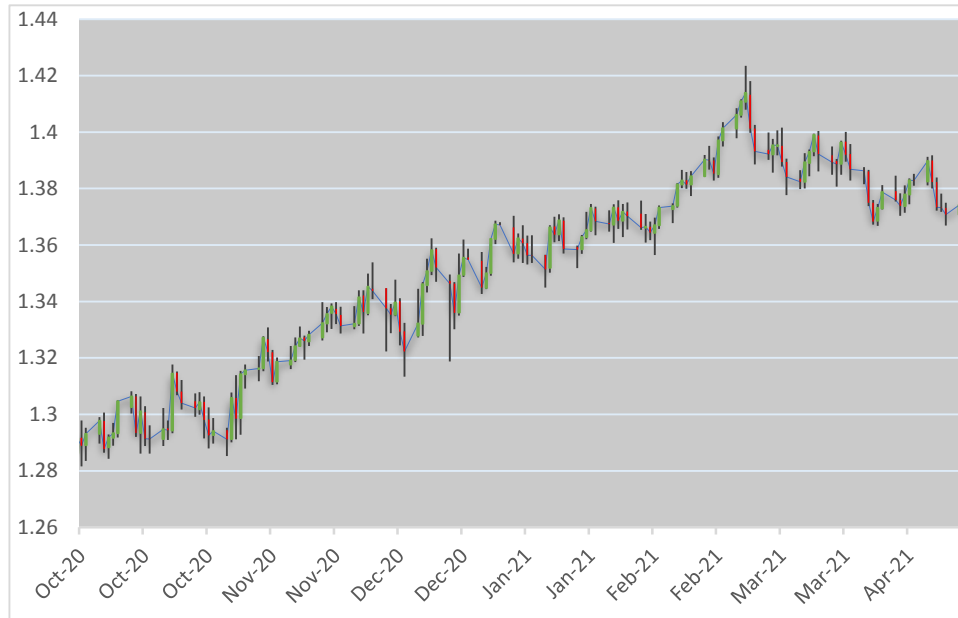
<b>Last Week Close</b>	<b>1.1762 USD/EUR</b>	<b>Monthly High</b>	<b>1.1927 USD/EUR</b>
<b>Week Open</b>	<b>1.1759 USD/EUR</b>	<b>Monthly Low</b>	<b>1.1714 USD/EUR</b>
<b>Week Close</b>	<b>1.1896 USD/EUR</b>	<b>30 Days Average</b>	<b>1.1889 USD/EUR</b>
<b>Weekly High</b>	<b>1.1927 USD/EUR</b>	<b>90 Days Average</b>	<b>1.2059 USD/EUR</b>
<b>Weekly Low</b>	<b>1.1736 USD/EUR</b>	<b>YTD Change</b>	<b>-2.74%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Retail Sales MM	Feb	12-Apr	1.5%	-5.9%
Retail Sales YY	Feb	12-Apr	-5.4%	-6.4%
Industrial Production MM	Feb	14-Apr	-0.9%	0.8%
Industrial Production YY	Feb	14-Apr	-0.9%	0.1%
Reserve Assets Total	Mar	15-Apr		848.59B
HICP Final MM	Mar	16-Apr	0.9%	0.2%
HICP Final YY	Mar	16-Apr	1.3%	1.3%

<b>Lower Bound</b>	<b>1.1696</b>	<b>Upper Bound</b>	<b>1.1987</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Pound Sterling**
**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- Prime Minister Boris Johnson announced that pubs, gyms and other places would reopen on April 12, initially giving sterling a temporarily boost.
- The highlights of the economic calendar are Gross Domestic Product figures for February. The 2.9% squeeze in January was the result of the nationwide lockdown, which extended into February. However, the economy held up better than expected, and upbeat figures for February may support the pound again.
- The UK government continues to lift health restrictions, which is boosting economic growth

**Pound Sterling News**

- The pound sterling traded lower as concerns related to the AstraZeneca vaccine issues and the effects of Brexit in Northern Ireland.
- Regulators in both the UK and the EU concluded that the jab is linked to rare cases of blood clots, which caused a public scare despite a one-in-a-million chance of dying from the inoculation.
- Another issue that surfaced is Brexit. Frustration around arrangements related to Northern Ireland was one of the issues that triggered unrest in Belfast
- UK data also wise, with March Halifax house prices were up 6.5% while UK data remains light.

**Pound Sterling Performance**

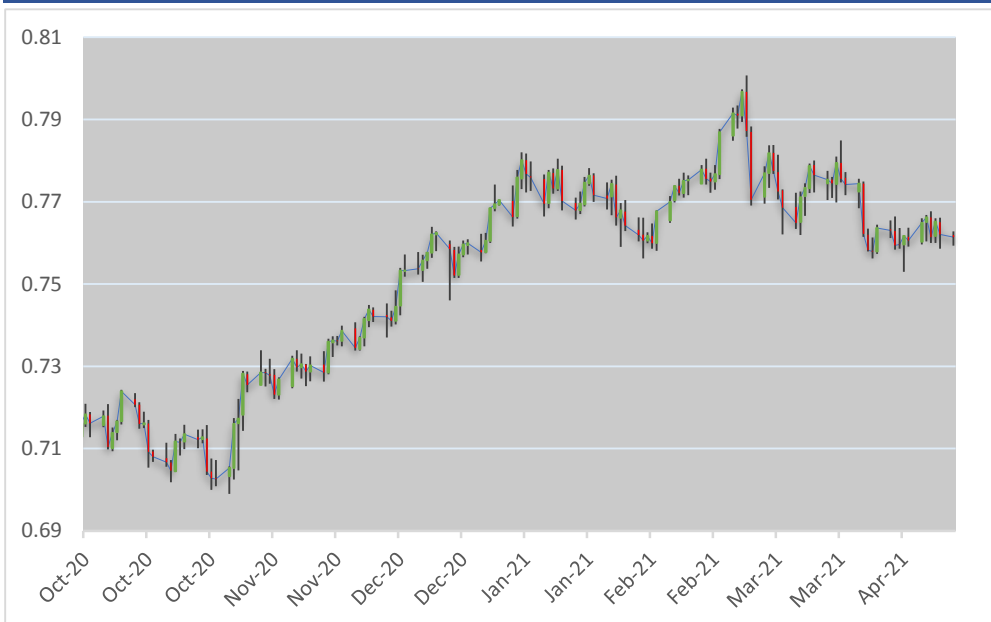
<b>Last Week Close</b>	<b>1.3829</b> USD/GBP	<b>Monthly High</b>	<b>1.3918</b> USD/GBP
<b>Week Open</b>	<b>1.3825</b> USD/GBP	<b>Monthly Low</b>	<b>1.3670</b> USD/GBP
<b>Week Close</b>	<b>1.3708</b> USD/GBP	<b>30 Days Average</b>	<b>1.3836</b> USD/GBP
<b>Weekly High</b>	<b>1.3918</b> USD/GBP	<b>90 Days Average</b>	<b>1.3719</b> USD/GBP
<b>Weekly Low</b>	<b>1.3669</b> USD/GBP	<b>YTD Change</b>	<b>0.0051</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Feb	13-Apr	-1.9	-1.7
GDP Estimate MM	Feb	13-Apr	0.6	-2.9
GDP Estimate YY	Feb	13-Apr	-8.3%	-9.2%
Manufacturing Output MM	Feb	13-Apr	0.5	-2.3

<b>Lower Bound</b>	<b>1.3649</b>	<b>Upper Bound</b>	<b>1.3954</b>
<b>Forecast</b>	<b>Appreciation</b>		

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- The risk-sensitive Australian Dollar may continue to lose ground against its haven-associated counterparts in the week ahead as the Reserve Bank of Australia's semi-annual Financial Stability Review reveals growing risks to the local economy.
- Market eyes on NAB's business confidence on Tuesday, April Westpac consumer confidence on Wednesday.
- On Thursday, Australian Bureau of Statistics will release the number of employment change, unemployment rate and April Consumer inflation expectations.

<b>Lower Bound</b>	<b>0.7525</b>	<b>Upper Bound</b>	<b>0.7781</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Australian Dollar News**

- The AUD/USD pair traded sideways at around 0.7600 after the RBA held the cash rate at 0.1% and repeated that policymakers don't expect to change interest rates at least until 2024 while noting that the economy is operating with considerable spare capacity and unemployment is still too high.
- Australian data had little to offer. The country published AIG performance of services index for March at 58.7 while the services sector remained in expansion in March as the Commonwealth Bank services PMI improved to 55.5 from 53.4 in February.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7606</b> USD/AUD	<b>Monthly High</b>	<b>0.7677</b> USD/AUD
<b>Week Open</b>	<b>0.7603</b> USD/AUD	<b>Monthly Low</b>	<b>0.7533</b> USD/AUD
<b>Week Close</b>	<b>0.7621</b> USD/AUD	<b>30 Days Average</b>	<b>0.7709</b> USD/AUD
<b>Weekly High</b>	<b>0.7677</b> USD/AUD	<b>90 Days Average</b>	<b>0.7477</b> USD/AUD
<b>Weekly Low</b>	<b>0.7586</b> USD/AUD	<b>YTD Change</b>	<b>-0.0103</b>

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Employment	Mar	15-Apr	35.0k	88.7k
Participation Rate	Mar	15-Apr	66.1%	66.1%
Unemployment Rate	Mar	15-Apr	5.7%	5.8%

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- On the data front, focus will be on PPI on Monday, foreseen up 0.4% MoM and 0.5% YoY, and Core machinery orders on Wednesday which previously at 36.7% MoM.

- A softer risk tone benefitted the safe-haven JPY. The global risk sentiment took a hit from an Israeli study released on Saturday, indicating that South African COVID-19 mutant may beat the Pfizer vaccine. Adding to this, news that one of Iran's nuclear facilities was hit by a terrorist act further dented investor's appetite for riskier assets and drove flows towards traditional safe-haven currencies.

<b>Lower Bound</b>	<b>108.18</b>	<b>Upper Bound</b>	<b>110.89</b>
<b>Forecast</b>	<b>Neutral</b>		

**Japanese Yen News**

- The Yen appreciated against the dollar as the retreat in US treasury yield with record highs in Wall Street after dovish comments from US Federal Reserve chair Jerome Powell cooled expectations of higher inflation in the US.
- Data release remains fragile and in no condition to power an economic recovery. Consumer confidence index in March came at 36.1 from 33.8 prior month while household spending in February was more than three times weaker than expected at -6.6%.
- Japanese bank lending rose 6.3% in March from a year earlier as restaurants and hotels sought more loans to weather the hit from the COVID-19 pandemic.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>110.71 JPY/USD</b>	<b>Monthly High</b>	<b>110.84 JPY/USD</b>
<b>Week Open</b>	<b>110.62 JPY/USD</b>	<b>Monthly Low</b>	<b>109.01 JPY/USD</b>
<b>Week Close</b>	<b>109.65 JPY/USD</b>	<b>30 Days Average</b>	<b>103.98 JPY/USD</b>
<b>Weekly High</b>	<b>110.74 JPY/USD</b>	<b>90 Days Average</b>	<b>104.88 JPY/USD</b>
<b>Weekly Low</b>	<b>108.98 JPY/USD</b>	<b>YTD Change</b>	<b>+6.02%</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Corp Goods Price MM	Mar	12-Apr	0.4%	0.4%
Corp Goods Price YY	Mar	12-Apr	0.5%	-0.7%
Machinery Orders MM	Feb	14-Apr	2.8%	-4.5%
Machinery Orders YY	Feb	14-Apr	2.3%	1.5%
Exports YY	Mar	19-Apr		-4.5%
Imports YY	Mar	19-Apr		11.8%
Trade Balance Total Yen	Mar	19-Apr		217.4B

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