The dollar index dropped against its peers as it was pressured by the result of the FOMC meeting. The Fed kept its interest rate unchanged at 0-0.25% as well as the bond buyings at 120 billion dollars as widely expected. Fed Chair Jerome Powell said that QE tapering will likely happen before the rate hike; however, the Fed signaled that it was not in a hurry to hike the rate as the US economy was pressured by the spread of the Covid-19 delta variant around the world.

The preliminary readings of the US GDP for the second quarter grew from the first quarter at 6.4% to 6.5% which was lower than the expectations to grow by 8.5%

The dollar index remains pressured by the FOMC meeting results; however, with the situation of Covid-19 being worsened, it is possible that there might be demand for the dollar as a safe haven asset.

The market eyes on the report of ISM manufacturing and services PMI and US non-farm payrolls which will be released on Monday, Wednesday and Friday, respectively.
The baht was being pressured by the Covid-19 situation in Thailand and the slow distribution of vaccines. The Thai government confirmed that the Phuket Sandbox project is continue running. The report shown that there are 12,395 tourism joined this project and it made 749.95 million baht of income to the Thai economy.

The Thai baht tends to depreciate against the dollar as the Covid-19 situation in Thailand is still concerned; however, in the short term, we expect that the Thai baht could move below 33.00 THB/USD. In the longer term, the Thai baht could weaken against the dollar to above 33.00 THB/USD due to higher demand for the dollar in the situation of the Covid-19.

Another point that we have to focus is how fast the Thai government could distribute the vaccines.

The main focus for next week is the Bank of Thailand monetary policy meeting on Wed 4th August. The market is widely expecting that the BoT could announce no policy changed.
**Euro Outlook**

- The market eyes on the report of the eurozone manufacturing and services PMI.
- In the short term, the euro could appreciate against the weaker dollar; however, in the longer term, the euro might depreciate as the greenback tends to gain its momentum.

**Euro News**

- The German IFO business climate index unexpectedly dropped to 100.8 in July which was below the expectations to rise to 101.2.
- The euro held gains against the greenback due to the drop of the dollar after the result of the FOMC meeting did not bring clarification to when the Fed will taper its stimulus.
- The preliminary GDP for the second quarter of 2021 in the countries of the eurozone are mostly above the expectations and they are better than the first quarter growth except German which grew 1.5% compared with the expected to grow 2%.

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**Euro Index Performance**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Period</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Last Week Close</td>
<td>USD/EUR</td>
<td>1.1771</td>
<td>USD/EUR</td>
<td>1.1771</td>
</tr>
<tr>
<td>Week Open</td>
<td>USD/EUR</td>
<td>1.1776</td>
<td>USD/EUR</td>
<td>1.1776</td>
</tr>
<tr>
<td>Week Close</td>
<td>USD/EUR</td>
<td>1.1870</td>
<td>30 Days Average</td>
<td>1.1853</td>
</tr>
<tr>
<td>Weekly High</td>
<td>USD/EUR</td>
<td>1.1909</td>
<td>90 Days Average</td>
<td>1.1984</td>
</tr>
<tr>
<td>Weekly Low</td>
<td>USD/EUR</td>
<td>1.1762</td>
<td>YTD Change</td>
<td>-2.70%</td>
</tr>
</tbody>
</table>

**Dollar Index Economic Events**

<table>
<thead>
<tr>
<th>Events</th>
<th>Period</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Markit Mfg Final PMI</td>
<td>Jul</td>
<td>2-Aug</td>
<td>62.6</td>
<td>62.6</td>
</tr>
<tr>
<td>Producer Prices MM</td>
<td>Jun</td>
<td>3-Aug</td>
<td>1.3%</td>
<td></td>
</tr>
<tr>
<td>Producer Prices YY</td>
<td>Jun</td>
<td>3-Aug</td>
<td>9.6%</td>
<td></td>
</tr>
<tr>
<td>Markit Serv Final PMI</td>
<td>Jul</td>
<td>4-Aug</td>
<td>60.4</td>
<td>60.4</td>
</tr>
<tr>
<td>Markit Comp Final PMI</td>
<td>Jul</td>
<td>4-Aug</td>
<td>60.6</td>
<td>60.6</td>
</tr>
<tr>
<td>Retail Sales MM</td>
<td>Jun</td>
<td>4-Aug</td>
<td>1.9%</td>
<td>4.6%</td>
</tr>
<tr>
<td>Retail Sales YY</td>
<td>Jun</td>
<td>4-Aug</td>
<td>9.0%</td>
<td></td>
</tr>
</tbody>
</table>

- Source: Thomson Reuters
WEEKLY FOREIGN EXCHANGE OUTLOOK
02 Aug 2021 - 06 Aug 2021

FOREX

Pound Sterling

Last Week Close 1.3745 USD/GBP
Weekly High 1.3983 USD/GBP
Monthly High 1.3918 USD/GBP

Week Open 1.3752 USD/GBP
Weekly Low 1.3735 USD/GBP
Monthly Low 1.3887 USD/GBP

Week Close 1.3901 USD/GBP
30 Days Average 1.3831 USD/GBP
YTD Change +1.79%

90 Days Average 1.3930 USD/GBP

Source: Thomson Reuters

Markit/CIPS Mfg PMI Final
Period: Jul
Date: 2-Aug
Forecast: 60.4
Previous: 60.4

Reserve Assets Total
Period: Jul
Date: 4-Aug
Forecast: 176,594M
Previous: 176,594M

BOE Bank Rate
Period: Aug
Date: 5-Aug
Forecast: 0.10%
Previous: 0.10%

GB BOE QE Corp
Period: Aug
Date: 5-Aug
Forecast: 20B
Previous: 20B

Halifax House Prices MM
Period: Jul
Date: 6-Aug
Forecast: -0.5%

• The British pound strengthened against the dollar on Fed’s dovish statement.
• The pound traded mixed as a run of falling UK COVID-19 infections raised investor hopes that the BOE could be less dovish than expected at the next meeting.
• The UK Government said that it is likely that the UK could open the country for the visitors who fully vaccinated.

Investors focus on the Bank of England monetary policy meeting with no expectation for the policy changed.
The British pound could continue weakened against the dollar as the Covid-19 situation in the UK are now concerned.

Pound Sterling Outlook

Pound Sterling Graph

Pound Sterling News

Pound Sterling Performance

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<td>5-Aug</td>
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<td>20B</td>
</tr>
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<td>Halifax House Prices MM</td>
<td>Jul</td>
<td>6-Aug</td>
<td>-0.5%</td>
<td></td>
</tr>
</tbody>
</table>

Forecast

| Lower Bound | 1.3732 |
| Upper Bound | 1.3899 |

Appreciation

Please carefully examine the Important Disclosure on the last section of this material.
The Australian dollar was pressured by the US-China trade talks which made investors to the risk-off mood. Australia, as well as other countries, also faced with the worsen Covid-19 situation which led to the capital outflows from the aussie. Some analysts said that Sydney covid lockdown is likely to persist until September. In the middle of week after the Fed kept its interest rate unchanged and said that they are not in hurry to hike the rate, the aussie strengthened against the dollar.
**Japanese Yen Outlook**

- A turnaround in the global risk sentiment, the fast-spreading of Covid-19 delta variant situation, supported the Japanese yen.
- The unemployment rate dropped by 2.9% in June from 3% in a month earlier while industrial production added by 6.2% which was better than an expectations of 5%.
- Japanese Prime Minister Yoshihide said that "We are worried that the virus will continue to spread further.".

- As we have seen that the spread of Covid-19 delta variant is now concerned, it is possible that there might be capital inflows to the Japanese yen as it is a safe haven asset.
- In the week ahead, there are Tokyo core CPI and household spending released on Tuesday and Friday, respectively.

**Japanese Yen News**

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**Japanese Yen Performance**

<table>
<thead>
<tr>
<th>Last Week Close</th>
<th>110.54 JPY/USD</th>
<th>Monthly High</th>
<th>109.77 JPY/USD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week Open</td>
<td>110.55 JPY/USD</td>
<td>Monthly Low</td>
<td>109.61 JPY/USD</td>
</tr>
<tr>
<td>Week Close</td>
<td>109.70 JPY/USD</td>
<td>30 Days Average</td>
<td>109.30 JPY/USD</td>
</tr>
<tr>
<td>Weekly High</td>
<td>110.58 JPY/USD</td>
<td>90 Days Average</td>
<td>106.09 JPY/USD</td>
</tr>
<tr>
<td>Weekly Low</td>
<td>109.35 JPY/USD</td>
<td>YTD Change</td>
<td>+6.26%</td>
</tr>
</tbody>
</table>

**Japanese Yen Economic Events**

<table>
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<tr>
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<th>Period</th>
<th>Date</th>
<th>Forecast</th>
<th>Previous</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jibun Bank Mfg PMI</td>
<td>Jul</td>
<td>2-Aug</td>
<td>52.2</td>
<td></td>
</tr>
<tr>
<td>CPI Tokyo Ex fresh food YY</td>
<td>Jul</td>
<td>3-Aug</td>
<td>0.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>CPI, Overall Tokyo</td>
<td>Jul</td>
<td>3-Aug</td>
<td>0.0%</td>
<td></td>
</tr>
<tr>
<td>Services PMI</td>
<td>Jul</td>
<td>4-Aug</td>
<td>48.0</td>
<td></td>
</tr>
</tbody>
</table>

**Lower Bound** 109.68  **Upper Bound** 110.42

**Forecast** Appreciation
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