

WEEKLY FOREIGN EXCHANGE OUTLOOK

01 Mar 2021 - 05 Mar 2021

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar dropped against its peer currencies as investors took profit from the strong US dollar. Moreover, the greenback was pressured by progress in curbing coronavirus infections and the comment from Yellen which strongly supported for US fiscal and monetary stimulus, driving demand for riskier asset.
- The greenback turned negative after the first comments from Jerome Powell in his semi-annual presentation at the Congress. Federal Reserve Chair mentioned that the economy is a long way from employment and inflation goals. Powell reiterated that the Fed plans to move cautiously, patiently and will provide the markets with plenty of advance notice of any future monetary policy moves.

Dollar Index Performance

Last Week Close	90.36	Monthly High	91.60
Week Open	90.34	Monthly Low	89.68
Week Close	90.13	30 Days Average	90.57
Weekly High	91.06	90 Days Average	91.11
Weekly Low	89.68	YTD Change	+1.02%

Dollar Outlook

- The week will see a whole host of Fed speakers, including Fed Chair Powell on Thursday, providing the Fed with an opportunity to slow the Treasury decline by at least starting to express some concern
- Pouring fuel on the bond bonfire next week might be US February ISM data and the jobs report, where an above consensus 200k increase in the latter looks to be the risk.
- The week will also see the release of the Fed's Beige Book in preparation for what's turning into a crucial March 17th FOMC meeting.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg PMI Final	Feb	1-Mar		58.5
ISM Manufacturing PMI	Feb	1-Mar	58.8	58.7
Markit Comp Final PMI	Feb	3-Mar		58.8
Markit Svcs PMI Final	Feb	3-Mar		58.9
ISM N-Mfg PMI	Feb	3-Mar	58.7	58.7
Initial Jobless Clm	27 Feb, w/e	4-Mar	775k	730k
Factory Orders MM	Jan	4-Mar	2.1%	1.1%
Non-Farm Payrolls	Feb	5-Mar	165k	49k
Unemployment Rate	Feb	5-Mar	6.3%	6.3%

Lower Bound	90.10	Upper Bound	91.80
Forecast	Appreciation		

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Thai Baht Graph
Thai Baht News


Source: Thomson Reuters

- The Thai baht slightly appreciated against the dollar following other major currencies after investors favored currencies associated with risk-on sentiment over the safe-haven dollar.
- Lastly, the baht fell after the rising of the US treasury and the profit taking on gold.

Thai Baht Performance

Last Week Close	29.97 THB/USD	Monthly High	30.52 THB/USD
Week Open	29.96 THB/USD	Monthly Low	30.35 THB/USD
Week Close	#N/A THB/USD	30 Days Average	29.99 THB/USD
Weekly High	30.13 THB/USD	90 Days Average	30.27 THB/USD
Weekly Low	29.95 THB/USD	YTD Change	+1.30%

Thai Baht Outlook
Thai Baht Economic Events

- Markets eye on Thailand's Covid-19 vaccination program as first doses of Covid-19 vaccines will deliver from China to Thailand.

Events	Period	Date	Forecast	Previous
Manufacturing PMI SA	Feb	1-Mar		49.0
Consumer Confidence Idx	Feb	4-Mar		47.8
Forex Reserves	22 Feb, w/	5-Mar		255.7B
Currency Swaps	22 Feb, w/	5-Mar		31.1B
CPI Headline Inflation	Feb	5-Mar		-0.34%
CPI Core Inflation YY	Feb	5-Mar		0.21%

Lower Bound	30.20	Upper Bound	30.50
Forecast	Depreciation		

WEEKLY FOREIGN EXCHANGE OUTLOOK

Euro Graph


Source: Thomson Reuters

Euro Outlook

- The week ahead will also see the Eurozone flash CPI for February, expected to rise slightly at the headline level, but ease slightly to +1.2% YoY at the core level.
- Any upside surprises won't help European debt, nor the ECB's threats that rate cuts are still an option. This all comes at a time when Europe will debate reopening economies (Germany's Merkel discusses this with state leaders on Wednesday) and we should get a broader perspective on the February PMI readings.

Lower Bound	1.1950	Upper Bound	1.2150
Forecast	Depreciation		

 TREASURY MARKETING UNIT
 TMU01 0-2021-1111
 TMU02 0-2021-1222
 TMU03 0-2021-1333

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Euro News

- The euro strengthened against the dollar as the mostly PMI data released beat the expectations. Furthermore, the higher US treasury yield lent support to the euro.
- The euro gain from better than expected German business climate report. However, extended lockdown restrictions in the Eurozone may limit the currency's short term strength.

Euro Index Performance

Last Week Close	1.2117 USD/EUR	Monthly High	1.2101 USD/EUR
Week Open	1.2115 USD/EUR	Monthly Low	1.2075 USD/EUR
Week Close	1.2074 USD/EUR	30 Days Average	1.2114 USD/EUR
Weekly High	1.2242 USD/EUR	90 Days Average	1.2053 USD/EUR
Weekly Low	1.2060 USD/EUR	YTD Change	-1.10%

Dollar Index Economic Events

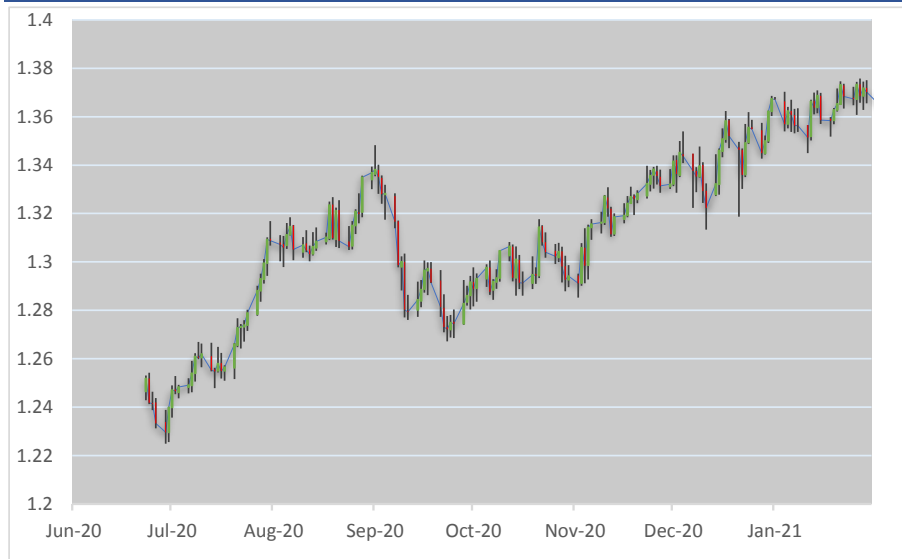
Events	Period	Date	Forecast	Previous
Markit Mfg Final PMI	Feb	1-Mar	57.7	57.7
HICP Flash YY	Feb	2-Mar	1.0%	0.9%
HICP-X F&E Flash YY	Feb	2-Mar	1.1%	1.4%
Markit Serv Final PMI	Feb	3-Mar	44.7	44.7
Markit Comp Final PMI	Feb	3-Mar	48.1	48.1
Unemployment Rate	Jan	4-Mar	8.3%	8.3%

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 **Pound Sterling**

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling Outlook

- On the data front, the big focus will be on the UK budget (Wednesday). We expect the furlough scheme and all the other associated cashflow policies to get extended until June, to mirror the re-opening plan. We don't expect major tax announcement next week, though the Chancellor may signal an intention to raise them next year.
- GBP is to benefit from the idiosyncratic vaccine dividend and the less dovish BoE, while the cautious Fed presiding over the deeply negative front-end US real rates should also contribute to higher GBP/USD.

Lower Bound	1.3800	Upper Bound	1.42
Forecast	Neutral		

Pound Sterling News

- The pound soared above 1.4000 USD/GBP on upbeat flash manufacturing and services PMI as the fast delivery of COVID-19 vaccination and UK PM Boris Johnson announced the lockdown exit plan on the back of rapid vaccinations.
- The pound sterling rallied to a nearly three-year high on positive labor market news and ongoing hopes for a vaccine-fueled recovery as the UK sets its sights on reopening over the next few months.
- The pound sterling slightly weakened against the dollar despite Prime Minister Boris Johnson expressed optimism over lockdown restrictions coming to an effective end by later June that leads the investors are becoming more confident that the UK economy can begin to recover.

Pound Sterling Performance

Last Week Close	1.4014 USD/GBP	Monthly High	1.3999 USD/GBP
Week Open	1.4013 USD/GBP	Monthly Low	1.3964 USD/GBP
Week Close	1.3932 USD/GBP	30 Days Average	1.3809 USD/GBP
Weekly High	1.4235 USD/GBP	90 Days Average	1.3509 USD/GBP
Weekly Low	1.3886 USD/GBP	YTD Change	+2.17%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Markit/CIPS Mfg PMI Final	Feb	1-Mar	54.9	54.9
Nationwide house price mm	Feb	2-Mar		-0.3%
Nationwide house price yy	Feb	2-Mar		6.4%
Reserve Assets Total	Feb	3-Mar		#####
Halifax House Prices MM	Feb	5-Mar		-0.3%

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The RBA meeting should be a fairly quiet one after the Bank deployed a fresh round of stimulus, and may therefore have limited FX implications.
- The global bond sell-off should remain the primary driver of AUD/USD next week: more negative spill-over into risk assets may see the pair extending its correction below 0.78.

Lower Bound	0.7680	Upper Bound	0.7810
Forecast	Depreciation		

Australian Dollar News

- The RBA announced an unscheduled purchase of AUD3bn worth of 2023 and 2024 bonds, aimed at defending its 3-year 0.10% target. The operation has been successful as Aussie 3-year yields closed the week at 0.117% after having previously spiked to 0.147%.

Australian Dollar Performance

Last Week Close	0.7869 USD/AUD	Monthly High	0.7772 USD/AUD
Week Open	0.7861 USD/AUD	Monthly Low	0.7740 USD/AUD
Week Close	0.7705 USD/AUD	30 Days Average	0.7536 USD/AUD
Weekly High	0.8007 USD/AUD	90 Days Average	0.7308 USD/AUD
Weekly Low	0.7691 USD/AUD	YTD Change	+0.64%

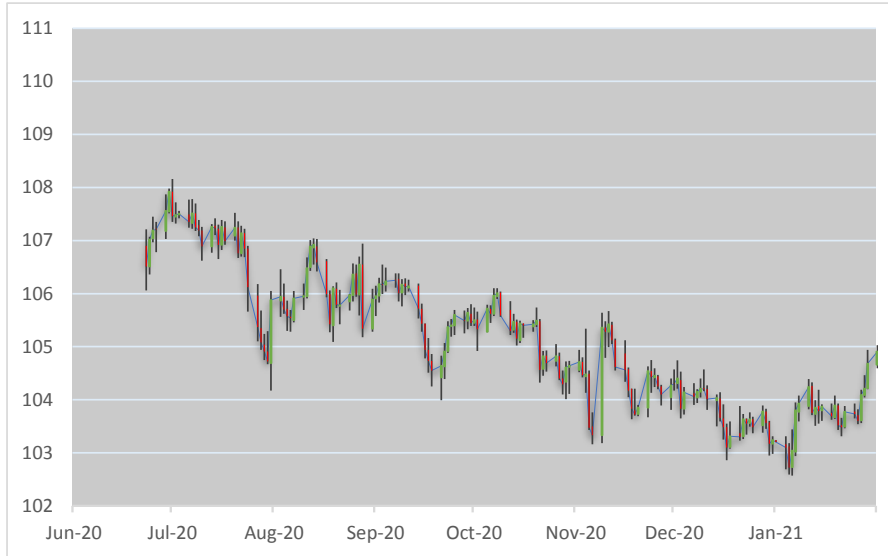
Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	Jan	2-Mar	-3.0%	10.9%
Current Account Balance SA	Q4	2-Mar	13.1B	10.0B
Net Exports Contribution	Q4	2-Mar	-0.3%	-1.9%
RBA Cash Rate	Mar	2-Mar	0.10%	0.10%
Real GDP QQ SA	Q4	3-Mar	2.5%	3.3%
Real GDP YY SA	Q4	3-Mar	-1.8%	-3.8%
Retail Sales MM Final	Jan	4-Mar	0.6%	0.6%
Trade Balance G&S (A\$)	Jan	4-Mar	6,500M	6,785M



Japanese Yen Graph

Japanese Yen News



Source: Thomson Reuters

- The Japanese yen weakened against the greenback as Covid-19 vaccine rollouts eased demand for safe-haven assets.

Japanese Yen Performance

Last Week Close	105.43 JPY/USD	Monthly High	106.69 JPY/USD
Week Open	105.40 JPY/USD	Monthly Low	106.37 JPY/USD
Week Close	106.58 JPY/USD	30 Days Average	105.00 JPY/USD
Weekly High	106.69 JPY/USD	90 Days Average	105.63 JPY/USD
Weekly Low	104.91 JPY/USD	YTD Change	+3.24%

Japanese Yen Outlook

Japanese Yen Economic Events

- The BoJ will not be too happy with 10-year JGB yields going well above 0.15% and a suggestion of a G7 statement to calm the bond market sell-off may not be completely out of the question.
- In terms of Japanese data, we do note that the Japanese have been scaling back their foreign bond purchases over recent weeks and as such the weekly data should be monitored. We'll also see January current account data – a big surplus – though this seems to be having no impact on the JPY right now.

Events	Period	Date	Forecast	Previous
Jibun Bank Mfg PMI	Feb	1-Mar		50.6
Jobs/Applicants Ratio	Jan	2-Mar	1.06	1.06
Unemployment Rate	Jan	2-Mar	3.0%	2.9%
Services PMI	Feb	3-Mar		46.1

Lower Bound	105.00	Upper Bound	107.00
Forecast	Neutral		

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