

WEEKLY FOREIGN EXCHANGE OUTLOOK
17 May 2021 - 21 May 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- The week's main release is the Federal Reserve's meeting minutes from the latest rate decision from late April.
- Any worries about inflation could push the dollar higher, while worries about employment would cause the greenback to fall.
- The US housing market in building permits and starts on Tuesday and Existing Home Sales on Friday should continue red-hot. The scarcity of new homes, especially of lower-cost inventory is a major component of asset price inflation.
- Weekly jobless claims, Markit's preliminary Purchasing Managers' Indexes and Vaccine progress in the US are also in focus.

Lower Bound	90.03	Upper Bound	91.57
Forecast	Appreciation		

Dollar News

- The dollar index pushed higher and approached the 91.00 level.
- Higher-than-expected US inflation figures in April fuelled the upside in US yields and propped up the noticeable advance in the greenback on Wednesday, motivating investors to leave behind the post-Payrolls adjustment. In fact, headline consumer prices rose 0.8% MoM and 4.2% from a year earlier, while Core prices gained 0.9% inter-month and 3.0% over the last twelve months.
- Yields of the US 10-year trade closer to 1.70%.
- US retail sales missed estimates by remaining flat in April, but that came on top of an upward revision. The University of Michigan's Consumer Sentiment Index unexpectedly dropped.

Dollar Index Performance

Last Week Close	90.23	Monthly High	92.79
Week Open	90.23	Monthly Low	89.98
Week Close	90.28	30 Days Average	91.22
Weekly High	91.44	90 Days Average	91.22
Weekly Low	89.98	YTD Change	+0.52%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Housing Starts Number	Apr	18-May	1.710M	1.739M
Initial Jobless Clm	15 May, w,	20-May	450k	473k
Philly Fed Business Indx	May	20-May	43.0	50.2
Markit Comp Flash PMI	May	21-May		63.5
Markit Mfg PMI Flash	May	21-May	60.4	60.5
Markit Svcs PMI Flash	May	21-May	64.6	64.7
Existing Home Sales	Apr	21-May	6.09M	6.01M

WEEKLY FOREIGN EXCHANGE OUTLOOK
17 May 2021 - 21 May 2021

Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The baht would tend to weaken if the dollar continues to strengthen in line with the US Ten-Year Treasury yield growth and the overall market situation.
- The baht faces fluctuation caused by negative factors in Thailand, as seen in the sales of Thai stocks by foreign investors.
- However, the baht would not weaken much as exporters aimed to sell the dollar when the baht moves near 31.30 to 31.40 per US dollar. The important resistance mark for the Thai currency is 31.50.
- The Covid-19 situation in Thailand is still in focus.

Lower Bound	31.04	Upper Bound	31.48
Forecast	Neutral		

Thai Baht News

- At the beginning of last week, the baht opened stronger, but Covid-19 situation could determine direction.
- After that, the baht weakened due to a rising US inflation data after the US Consumer Price Index in April was higher than expected, which has triggered worries that the Federal Reserve would hike the interest rate and reduce its quantitative easing programme.
- Foreign investors have continually sold Thai stocks, in volumes higher than bonds sold by other investors.
- Moreover, several companies are purchasing foreign currencies for paying dividend.

Thai Baht Performance

Last Week Close	31.16 THB/USD	Monthly High	31.44 THB/USD
Week Open	31.38 THB/USD	Monthly Low	31.04 THB/USD
Week Close	31.35 THB/USD	30 Days Average	31.29 THB/USD
Weekly High	31.38 THB/USD	90 Days Average	30.58 THB/USD
Weekly Low	31.05 THB/USD	YTD Change	+4.98%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q1	17-May	-3.3%	-4.2%
GDP Growth QQ SA	Q1	17-May	-0.8%	1.3%
Custom-Based Export Data	Apr	21-May		8.47%
Custom-Based Import Data	Apr	21-May		14.12%
Customs-Based Trade Data	Apr	21-May		0.71B
Manufacturing Prod YY	Apr	24-May		4.12%

WEEKLY FOREIGN EXCHANGE OUTLOOK

17 May 2021 - 21 May 2021



Euro Graph



Source: Thomson Reuters

Euro News

- EUR/USD has been extending its gains amid dovish Fed policy and the eurozone's vaccination drive.
- EUR/USD traded lower but remained above 1.20 level
- Europe catching with the US on the vaccination front is supporting the euro.
- After long weeks of frustration, it seems that vaccinations have a positive effect, bringing down cases, hospitalizations and deaths.
- The debate about the European Central Bank's next steps is raging as well. Some members want to continue printing euros and complete the Pandemic Emergency Purchase Program (PEPP), while others want to cut it back already in June. That has shaken the euro.
- The German ZEW Economic Sentiment has hit a new high with 84.4, reflecting optimism in Europe. Other figures were upbeat as well.

Euro Index Performance

Last Week Close	1.2163 USD/EUR	Monthly High	1.2180 USD/EUR
Week Open	1.2159 USD/EUR	Monthly Low	1.1987 USD/EUR
Week Close	1.2140 USD/EUR	30 Days Average	1.2036 USD/EUR
Weekly High	1.2180 USD/EUR	90 Days Average	1.2018 USD/EUR
Weekly Low	1.2049 USD/EUR	YTD Change	-0.69%

Euro Outlook

- Eurozone PMIs and Fed meeting minutes are set to move the EUR/USD with its newfound volatility.
- The most significant publications come on Friday, with Markit's preliminary Purchasing Managers' Indexes for May. While investors are concerned about bumps in the road of America's recovery, cautious optimism is likely to continue in Europe. The services sector is the key as Germany, the largest country, is set to see its Services PMI top that level.
- Speakers from the central bank may rock the euro with new comments about the bond-buying plan.

Lower Bound	1.1984	Upper Bound	1.2177
Forecast	Neutral		

Dollar Index Economic Events

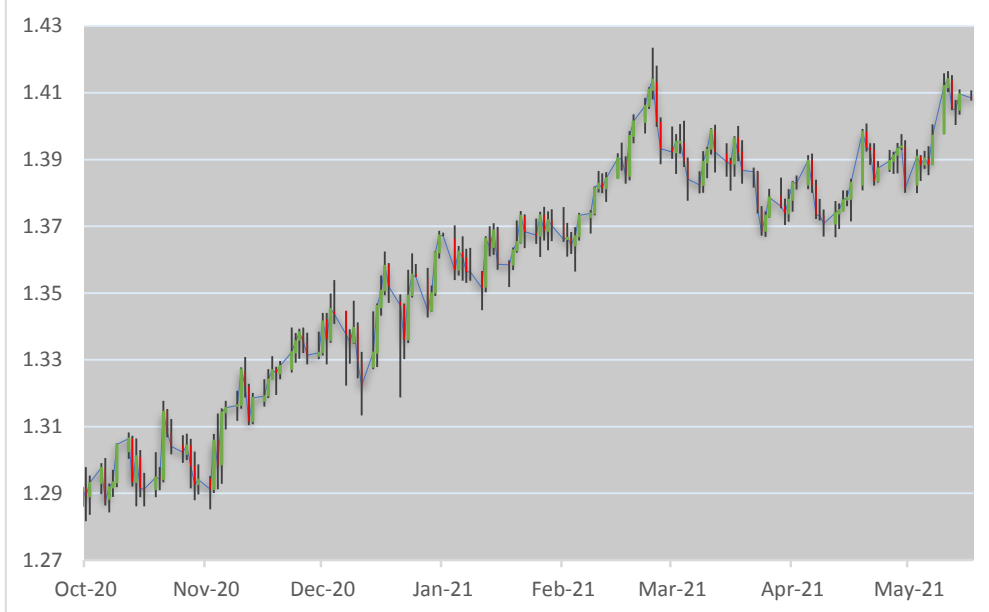
Events	Period	Date	Forecast	Previous
Reserve Assets Total	Apr	17-May		849.37B
GDP Flash Estimate QQ	Q1	18-May	-0.6%	-0.6%
GDP Flash Estimate YY	Q1	18-May	-1.8%	-1.8%
HICP Final MM	Apr	19-May	0.6%	0.9%
HICP Final YY	Apr	19-May	1.6%	1.6%
Markit Mfg Flash PMI	May	21-May	62.4	62.9
Markit Serv Flash PMI	May	21-May	52.0	50.5
Markit Comp Flash PMI	May	21-May	54.9	53.8
Consumer Confid. Flash	May	21-May	-6.8	-8.1

WEEKLY FOREIGN EXCHANGE OUTLOOK

17 May 2021 - 21 May 2021



Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling News

- GBP/USD has benefited from the UK reopening and favorable data.
- The pound is outperforming, depreciating less than other G10 currencies after better than expected Gross Domestic Product figures for the first quarter in the UK. The economy shrank by only 1.5% during the first months of the year, which were dominated by the nationwide lockdown.
- The Office for National Statistics (ONS) published the UK industrial and manufacturing production data on Wednesday, suggesting that Britain's industrial sector is well on the recovery path after a covid lockdown-induced hit.
- Brexit news came in mixed, UK PM Johnson sounds cautious over unlock, pushes for more job creation.

Pound Sterling Performance

Last Week Close	1.3972 USD/GBP	Monthly High	1.4165 USD/GBP
Week Open	1.3978 USD/GBP	Monthly Low	1.3801 USD/GBP
Week Close	1.4096 USD/GBP	30 Days Average	1.3898 USD/GBP
Weekly High	1.4165 USD/GBP	90 Days Average	1.3839 USD/GBP
Weekly Low	1.3976 USD/GBP	YTD Change	+3.01%

Pound Sterling Outlook

- Brexit remains a pain for the UK, as well as the European Union (EU), as the ex-neighbors recently fight over the Northern Ireland (NI) protocol wherein the UK warns the bloc to ease its demands or face the consequences.
- In the UK, Prime Minister Boris Johnson announced a new phase of easing coming on May 17, yet concerns about the reopening have emerged as the Indian strain of the virus is spreading rapidly.
- Top-tier UK data, including, UK unemployment rate, Inflation and vaccine progress are in focus.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Apr	18-May		10.1k
ILO Unemployment Rate	Mar	18-May	4.9%	4.9%
CPI YY	Apr	19-May	1.4%	0.7%
Retail Sales MM	Apr	21-May	4.0%	5.4%
Retail Sales Ex-Fuel MM	Apr	21-May	4.0%	4.9%
Retail Sales YY	Apr	21-May	36.5%	7.2%
Flash Composite PMI	May	21-May	61.8	60.7
Flash Manufacturing PMI	May	21-May	60.0	60.9
Flash Services PMI	May	21-May	62.0	61.0

Lower Bound	1.3769	Upper Bound	1.4148
Forecast	Neutral		

WEEKLY FOREIGN EXCHANGE OUTLOOK

17 May 2021 - 21 May 2021

 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The AUD/USD has not react after the released of China's headlines inflation for April. China Consumer Price Index 0.9% YoY (vs the expected 1.0%) & PPI 6.8% YoY (vs the expected 6.5%).
- Risk appetite worsens amid uncertainty over future monetary policy.
- AUD/USD fails to cheer the upbeat news as it contrasts with the S&P's rating outlook.
- AUD/USD dropped the most since late February after the US Consumer Price Index (CPI) jumped above the feared forecast.
- The Australian dollar has fared much better against the greenback than other currencies because commodity prices have been on a tear in anticipation of a global economic recovery.

Australian Dollar Performance

Last Week Close	0.7842 USD/AUD	Monthly High	0.7890 USD/AUD
Week Open	0.7847 USD/AUD	Monthly Low	0.7676 USD/AUD
Week Close	0.7772 USD/AUD	30 Days Average	0.7764 USD/AUD
Weekly High	0.7890 USD/AUD	90 Days Average	0.7645 USD/AUD
Weekly Low	0.7686 USD/AUD	YTD Change	+0.79%

Australian Dollar Outlook

- The AUD/USD outlook remains positive but restricted. Support is substantial but until the global economy improves in fact and not just in prospect commodity prices are capped.
- Wednesday's labor statistics, even if much better than the forecast will not provide much support to the aussie. Australian dollar fortunes depend on developments in China and the United States.
- Chinese pressure in trade negotiations is a long-term concern.
- Technical support is strong at 0.7700 and 0.7600 and it would take a rise in US rates to near or above 2% in the 10-year Treasury yield to overcome the commodity advantage.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Wage Price Index QQ	Q1	19-May	0.5%	0.6%
Wage Price Index YY	Q1	19-May	1.4%	1.4%
Employment	Apr	20-May	15.0k	70.7k
Unemployment Rate	Apr	20-May	5.6%	5.6%
Mfg PMI Flash	May	21-May		59.7
Services PMI Flash	May	21-May		58.8
Comp PMI Flash	May	21-May		58.9

Lower Bound	0.7681	Upper Bound	0.7843
Forecast	Depreciation		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Japan's economy probably contracted in the first quarter with any rebound in the second expected to be modest given the new pandemic curbs on activity that will limit consumption. First-quarter GDP will be reported on May 17.
- The USD/JPY is likely to move sideways within a 108.60 -109.85 band until there is a disposition of the US inflation and growth picture, though weaker than expected Japan first quarter GDP could push the pair higher.
- National CPI is projected to be deflationary for the third month in a row
- The tie to US interest rates remains paramount for the USD/JPY. Any appreciable move higher or lower in Treasury yields will be reflected in the pair.

Lower Bound	107.72	Upper Bound	109.88
Forecast	Neutral		

Japanese Yen News

- Japan's economy picking up but risks from a resurgence in covid infections continue to warrant attention, the Bank of Japan's Summary of Opinions (April monetary policy meeting) has stated.
- The negative shift witnessed in risk sentiment seems to be providing a boost to the safe-haven JPY on Tuesday. On the other hand, the USD struggles to capitalize on risk-off flows and causes USD/JPY to stay on the back foot.
- USD/JPY rose a figure as US inflation far outstrips forecasts.
- Bank of Japan Governor Haruhiko Kuroda did the yen no favors when he warned of the continuing impact of the pandemic in Japan, pledging to maintain the bank's accommodative monetary policy.

Japanese Yen Performance

Last Week Close	108.60 JPY/USD	Monthly High	109.78 JPY/USD
Week Open	108.65 JPY/USD	Monthly Low	108.35 JPY/USD
Week Close	109.34 JPY/USD	30 Days Average	103.63 JPY/USD
Weekly High	109.78 JPY/USD	90 Days Average	104.31 JPY/USD
Weekly Low	108.34 JPY/USD	YTD Change	+6.02%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Corp Goods Price MM	Apr	17-May	0.5%	0.8%
Corp Goods Price YY	Apr	17-May	3.1%	1.0%
GDP QQ	Q1	18-May	-1.2%	2.8%
GDP QQ Annualised	Q1	18-May	-4.6%	11.7%
Machinery Orders MM	Mar	20-May	6.4%	-8.5%
Machinery Orders YY	Mar	20-May	-2.6%	-7.1%
Exports YY	Apr	20-May	30.9%	16.1%
Imports YY	Apr	20-May	8.8%	5.8%
Trade Balance Total Yen	Apr	20-May	140.0B	662.2B
CPI, Core Nationwide YY	Apr	21-May	-0.2%	-0.1%

IMPORTANT DISCLAIMER

This material was prepared by a Treasury Marketing Unit, Bangkok Bank PCL, only. Any opinions expressed herein may differ from these by other departments. This material is prepared for informational purpose only, not to be an offer to the recipients to purchase or sale any financial instrument. The information herein has been obtained from other public sources and the rates informed are subject to change according to the market condition. The use of any information provided shall be on the recipients' discretion. Opinions and Assumptions in this document constitute the current judgment as of the date of the author only, do not reflect the opinions of Bangkok Bank, and are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person make no representations or warranties of any kind, about the completeness, accuracy, reliability or suitability, of the information contained in this presentation and will not be liable for any loss or damage whatsoever arising from the use of any such information. Each recipient should carefully consider the risks associated and make a determination based upon the recipient's own particular circumstances entering into such transaction.