

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**22 Nov 2021 - 26 Nov 2021**

**Dollar Index**
**Dollar Index Graph**


Source: Thomson Reuters

**Dollar News**

- The greenback continues to gather strength against its major rivals mid-week with the US Dollar Index climbing above 96.00 for the first time in 16 months. The upbeat Retail Sales data from the US and rising US Treasury bond yields on inflation fears helped the dollar outperform its rivals.
- Following the mixed US data and indecisive comments from the Fed policymakers, the US inflation expectations dropped from the 11-year high. However, the recently hawkish rhetoric from NY Fed President and FOMC Vice-Chair John Williams underpins the quote's recovery moves, favoring the uptick in the US 10-year Treasury yields and DXY.
- Initial jobless claims falling to a new post-pandemic low at 269K and a much larger than expected jump in the November.

**Dollar Index Performance**

<b>Last Week Close</b>	#N/A	<b>Monthly High</b>	<b>94.56</b>
<b>Week Open</b>	#N/A	<b>Monthly Low</b>	<b>92.98</b>
<b>Week Close</b>	#N/A	<b>30 Days Average</b>	<b>93.87</b>
<b>Weekly High</b>	<b>0.00</b>	<b>90 Days Average</b>	<b>93.05</b>
<b>Weekly Low</b>	<b>0.00</b>	<b>YTD Change</b>	<b>+6.89%</b>

**Dollar Outlook**

- President Joe Biden is set to announce his nominee to lead the Federal Reserve. Incumbent Chair Jerome Powell is leading, but Governor Lael Brainard is also high on the list.
- Money markets are now pricing in a high probability of a Fed rate increase in June, followed by another in November. CME data suggest a 50% probability of a 25 bps rate hike by July 2022.
- Economists expect the updated Gross Domestic Product (GDP) for the third quarter to show an upgrade from the meager 2% annualized initially reported.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Markit Mfg PMI Flash	Nov	23-Nov		58.4
Markit Svcs PMI Flash	Nov	23-Nov		58.7
Markit Comp Flash PMI	Nov	23-Nov		57.6
Durable Goods	Oct	24-Nov	0.2%	-0.3%
GDP 2nd Estimate	Q3	24-Nov	2.2%	2.0%
Initial Jobless Clm		15 Nov, w/ 24-Nov		268k
U Mich Sentiment Final	Nov	24-Nov	66.9	66.8

<b>Lower Bound</b>	<b>93.68</b>	<b>Upper Bound</b>	<b>94.21</b>
<b>Forecast</b>	<b>Neutral</b>		

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


Source: Thomson Reuters

**Thai Baht Outlook**

- Investors will invest in the baht if the Thai economy recovers continuously such as the GDP is better than expected or the Bank of Thailand Regional Activity Tracker signals a better recovery. Foreign investors will invest in Thai stocks and short term bonds.
- The NESDC forecast Thailand's gross domestic product (GDP) in 2022 could expand to 3.5 to 4.5 per cent thanks to the improving Covid-19 situation and gradual recovery of tourism and exports.
- The baht will fluctuate due to uncertainty over the US Federal Reserve would raise interest rate sooner than expected to deal with rising inflation.

**Thai Baht News**

- The baht is likely to fluctuate because the gold price is increasing and foreign investors might invest in the baht.
- The baht will be pressured by a strengthening dollar and gold sell-offs. Investors are waiting for the gold price to back to the resistance level of 1,870 dollars per ounce. However, the baht might be supported by foreign investors' interest in short-term bonds.
- The National Economic and Social Development Council (NESDC) reported on Monday that the GDP in third quarter of this year has contracted 0.3 per cent, comparing to the 7.6 per cent expansion in same period of the previous year.

**Thai Baht Performance**

<b>Last Week Close</b>	#N/A THB/USD	<b>Monthly High</b>	<b>33.48 THB/USD</b>
<b>Week Open</b>	#N/A THB/USD	<b>Monthly Low</b>	<b>32.57 THB/USD</b>
<b>Week Close</b>	#N/A THB/USD	<b>30 Days Average</b>	<b>33.48 THB/USD</b>
<b>Weekly High</b>	<b>0.00 THB/USD</b>	<b>90 Days Average</b>	<b>32.97 THB/USD</b>
<b>Weekly Low</b>	<b>0.00 THB/USD</b>	<b>YTD Change</b>	<b>+9.75%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Forex Reserves	15 Nov, w/	26-Nov		247.1B
Currency Swaps	15 Nov, w/	26-Nov		33.9B

<b>Lower Bound</b>	<b>33.19</b>	<b>Upper Bound</b>	<b>33.71</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Euro Graph**



Source: Thomson Reuters

**Euro News**

- ECB's President said on Monday (15/11) that Eurozone's inflationary pressures would ease, while reiterating that tightening policies were not desirable and conditions for rate hike were unlikely to be met in 2022.
- EUR/USD fell below 1.1300 for the first time since July 2020 on Wednesday as the greenback continued to gather strength on inflation fears. Meanwhile, Germany suspended the approval of the Nord Stream 2 project and natural gas prices shot up in Europe, further weighing on the shared currency.
- Eurozone inflation arrives at 4.1% YoY in October.
- Eurozone GDP came in as expected, rose by 2.2% in Q3 after an 2.1% growth in Q2, while the employment in Eurozone beatestimates, rose 0.9% in Q3 following a 0.7% increase in Q2.

**Euro Index Performance**

<b>Last Week Close</b>	#N/A	USD/EUR	<b>Monthly High</b>	<b>1.16</b>	USD/EUR
<b>Week Open</b>	#N/A	USD/EUR	<b>Monthly Low</b>	<b>1.13</b>	USD/EUR
<b>Week Close</b>	#N/A	USD/EUR	<b>30 Days Average</b>	<b>1.16</b>	USD/EUR
<b>Weekly High</b>	<b>0.00</b>	USD/EUR	<b>90 Days Average</b>	<b>1.17</b>	USD/EUR
<b>Weekly Low</b>	<b>0.00</b>	USD/EUR	<b>YTD Change</b>	<b>-7.67%</b>	

**Euro Outlook**

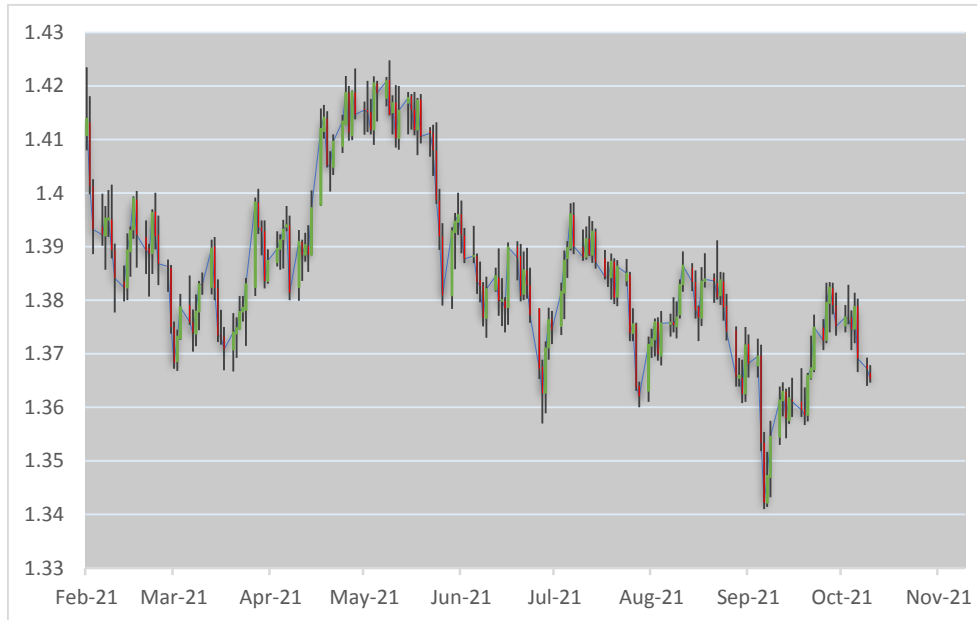
- EUR/USD is unlikely to stage a decisive recovery in the near term with the policy divergence between the ECB and the Fed favouring the dollar over the common currency. Even if the pair were to show some signs of life on upbeat European data, it wouldn't be surprising to see sellers defending key technical levels.
- Money markets, who were pricing a 20 basis points ECB rate hike by the end of 2022, are now not sure whether the ECB can afford to tighten its policy.
- Renewed concerns over nationwide lockdowns in Europe hurt the common currency.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Nov	22-Nov	-5.5	-4.8
Markit Mfg Flash PMI	Nov	23-Nov	57.4	58.3
Markit Serv Flash PMI	Nov	23-Nov	54	54.6
Markit Comp Flash PMI	Nov	23-Nov	53.3%	54.2%

<b>Lower Bound</b>	<b>1.16</b>	<b>Upper Bound</b>	<b>1.16</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- The Pound is expected to appreciate against the US. dollar on expectations of a rate hike by the Bank of England as early as next month.
- Assuming Brexit talks remain on track, GBP/USD has room to edge higher on prospects better global growth and hopes that Britain would avoid lockdowns.
- COVID-19 cases remain elevated on both sides of the pound. Still, contrary to several European countries, British and American leaders are reluctant to announce new restrictions, leaving the topic mainly on the sidelines for markets.

<b>Lower Bound</b>	<b>1.36</b>	<b>Upper Bound</b>	<b>1.38</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Pound Sterling News**

- UK GDP rose 1.3% q-o-q in September while it was a marked slowdown from 5.5% in Q2 2021.
- BOE Governor said he was very uneasy on the inflation situation but BOE would want to see the effect on the ceasing of furlough program before hiking rates.
- The UK published employment figures, which showed that those claiming unemployment benefits decreased by 14.9K MoM, while the ILO Unemployment fell to 4.3% in September from 4.5% in August.
- On Wednesday (17/11), the GBP gained beyond 1.3450 after the data from the UK showed that inflation rose at a stronger pace than expected in October. The CPI and the Core CPI jumped to 4.2% and 3.4%, respectively, on a yearly basis and surpassed market expectations.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>#N/A</b>	<b>USD/GBP</b>	<b>Monthly High</b>	<b>1.37</b>	<b>USD/GBP</b>
<b>Week Open</b>	<b>#N/A</b>	<b>USD/GBP</b>	<b>Monthly Low</b>	<b>1.34</b>	<b>USD/GBP</b>
<b>Week Close</b>	<b>#N/A</b>	<b>USD/GBP</b>	<b>30 Days Average</b>	<b>1.37</b>	<b>USD/GBP</b>
<b>Weekly High</b>	<b>0.00</b>	<b>USD/GBP</b>	<b>90 Days Average</b>	<b>1.38</b>	<b>USD/GBP</b>
<b>Weekly Low</b>	<b>0.00</b>	<b>USD/GBP</b>	<b>YTD Change</b>	<b>-1.70%</b>	

**Pound Sterling Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Flash Composite PMI	Nov	23-Nov		57.8
Flash Manufacturing PMI	Nov	23-Nov	57.3	57.8
Flash Services PMI	Nov	23-Nov	58.5	59.1

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**Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar Outlook**

- Subdued Q3 Australian wage growth data supported the RBA's dovish stance and undermined the case for rate hikes next year, weighing on the Aussie.
- The key to watch is China's Evergrande update.
- A potential rate divergence surfaced with the US Federal Reserve moving towards rate hikes in 2022 and the Reserve Bank of Australia (RBA) expecting none.
- Austria announced that it will impose a nationwide lockdown that will last at least ten days starting Monday.

**Australian Dollar News**

- AUD was bolstered as the China industrial production and retail sales data both beat forecasts and indicated that the China economy was rebounding, while the improved risk sentiment further supported AUD.
- China's activity data published yesterday suggested a moderate rebound in domestic demand and industrial production. Industrial production rose 3.5% in October while retail sales rose by 4.9%.
- RBA minutes reiterated that the central bank would remain committed to maintain highly accommodative policies while stressing the need for higher wage and job growth.
- At the end of last week, AUD/USD fell as the Australian Wage Price Index released failed to beat expectations as some in the market had been betting on higher outcome.

**Australian Dollar Performance**

<b>Last Week Close</b>	#N/A	<b>USD/AUD Monthly High</b>	<b>0.75</b>	USD/AUD
<b>Week Open</b>	#N/A	<b>USD/AUD Monthly Low</b>	<b>0.72</b>	USD/AUD
<b>Week Close</b>	#N/A	<b>USD/AUD 30 Days Average</b>	<b>0.73</b>	USD/AUD
<b>Weekly High</b>	<b>0.00</b>	<b>USD/AUD 90 Days Average</b>	<b>0.75</b>	USD/AUD
<b>Weekly Low</b>	<b>0.00</b>	<b>USD/AUD YTD Change</b>	<b>-5.76%</b>	

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Mfg PMI Flash	Nov	23-Nov		58.2
Services PMI Flash	Nov	23-Nov		51.8
Comp PMI Flash	Nov	23-Nov		52.1
Capital Expenditure	Q3	25-Nov	-2.0%	4.4%
Retail Sales MM Final	Oct	26-Nov	2.5%	1.3%

<b>Lower Bound</b>	<b>0.74</b>	<b>Upper Bound</b>	<b>0.75</b>
<b>Forecast</b>	<b>Depreciation</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The near term bias in the USD/JPY is neutral to mildly higher until the directions of US rate policy and inflation are determined.
- Widening spreads between Japanese Government Bonds (JGB) and US Treasuries should be the result of the opposed central bank rate policies.
- Japan is all set to compile a record 56 trillion yen fiscal stimulus package. The stimulus is aimed to cushion Japan's pandemic-hit economy, resisting globally followed tapering measures.
- The USD/JPY pair extended its sideways price and remained confined in a range below the key 115.00 psychological mark.

<b>Lower Bound</b>	<b>112.71</b>	<b>Upper Bound</b>	<b>114.37</b>
<b>Forecast</b>	<b>Neutral</b>		

**Japanese Yen News**

- USD/JPY fluctuates in a relatively tight range around 114.00. Bank of Japan (BOJ) Governor Haruhiko Kuroda said that they won't wind down or abandon the easy monetary policy even if consumer inflation in Japan climbs to 1%.
- Japan GDP declined by 0.8% q-o-q in Q3 2021 after an 0.4% growth in Q2, coming in much weaker than consensus, the weak data was ascribed to the COVID-19 restrictions and the supply chain issues.
- USD/JPY hit over 4 year high 114.96 on Wednesday, as the U.S. Treasury yield rose while the stronger than expected U.S. October retail sales data further bolstered U.S. dollar.
- Exports in Japan rose 9.4% in October after a 13% expansion in the previous month.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>#N/A</b> JPY/USD	<b>Monthly High</b>	<b>114.97</b> JPY/USD
<b>Week Open</b>	<b>#N/A</b> JPY/USD	<b>Monthly Low</b>	<b>112.73</b> JPY/USD
<b>Week Close</b>	<b>#N/A</b> JPY/USD	<b>30 Days Average</b>	<b>110.31</b> JPY/USD
<b>Weekly High</b>	<b>0.00</b> JPY/USD	<b>90 Days Average</b>	<b>109.55</b> JPY/USD
<b>Weekly Low</b>	<b>0.00</b> JPY/USD	<b>YTD Change</b>	<b>+10.63%</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
Jibun Bank Mfg PMI Flash	Nov	24-Nov		53.2
CPI Tokyo Ex fresh food YY	Nov	26-Nov	0.4	0.1
CPI, Overall Tokyo	Nov	26-Nov		0.1

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