

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**21 Dec 2020 - 25 Dec 2020**

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


Source: Thomson Reuters

**Dollar Outlook**

- This week, the finalized of third quarter GDP and November existing home sales figures are due on Tuesday.
- On Wednesday, November inflation, personal spending, and new home sales figures are due to release, while November core durable goods and durable goods orders are due to release along with the weekly jobless claims figures on Thursday.
- However, investors are still focusing on the U.S. stimulus measures news after the U.S. Congress appeared poised to vote on Sunday on a \$900 billion coronavirus aid package after senators struck a late-night compromise to clear one of the final hurdles, a dispute over Federal Reserve pandemic lending authorities.

**Dollar News**

- The dollar slightly dropped on Monday after Covid-19 grew over positive vaccine news and hopes for the latest U.S. stimulus measures increased investors' risk appetite.
- Republicans and Democrats in Congress were reportedly "closing in on" approving a \$900 billion stimulus bill on Wednesday. They are also working to pass a \$1.4 trillion spending bill for the fiscal year beginning on 1 October.
- The dollar slumped to multi-year lows in Thursday after The Federal Reserve meeting vowed to keep supporting cash into financial markets until the U.S. economic recovery is secure while economy is expected to contract by 2.4% in 2020, up from an estimate for 3.7% contraction previously and for 2021 Fed expects the economy to grow by 4.2% and 3.2% in 2022.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>90.98</b>	<b>Monthly High</b>	<b>93.21</b>
<b>Week Open</b>	<b>90.98</b>	<b>Monthly Low</b>	<b>89.73</b>
<b>Week Close</b>	<b>89.83</b>	<b>30 Days Average</b>	<b>91.49</b>
<b>Weekly High</b>	<b>91.15</b>	<b>90 Days Average</b>	<b>92.68</b>
<b>Weekly Low</b>	<b>89.73</b>	<b>YTD Change</b>	<b>-6.35%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
GDP Final	Q3	22-Dec	33.1%	33.1%
Existing Home Sales	Nov	22-Dec	6.62M	6.85M
Consumption, Adjusted MM	Nov	23-Dec	0.3%	0.5%
Durable Goods	Nov	23-Dec	0.7%	1.3%
Initial Jobless Clm		14 Dec, w/ 23-Dec		885k
U Mich Sentiment Final	Dec	23-Dec	79.0	81.4
New Home Sales-Units	Nov	23-Dec	0.988M	0.999M

<b>Lower Bound</b>	<b>89.00</b>	<b>Upper Bound</b>	<b>92.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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


Source: Thomson Reuters

**Thai Baht Outlook**

- Investors are focusing on BOT policy meeting on Wednesday and is expected to keep the interest rate unchanged.
- Moreover, investor concerned over the covid-19 case in Thailand after a surge of more than 500 Covid-19 cases on Saturday following the testing of 1,192 people in the in Samut Sakhon.

**Thai Baht News**

- The baht strengthened to below 30.00 THB/USD on Thursday supported by strong economic fundamentals and the emergence of COVID-19 vaccines had also given Thailand hope for an earlier-than-expected recovery in foreign tourist arrivals.
- The U.S. Treasury Department put Thailand, along with Taiwan and India, on its list of major trading partners whose currency practices warrant scrutiny to ensure fair and free trade while Thai central bank clarified its position that "The Bank of Thailand has been in close dialogue with the U.S. administration to foster an understanding of Thailand's macroeconomic and financial conditions and ensured that Thailand has no intention to use the exchange rate as a tool to gain an unfair trade advantage or competitiveness over trading partners."

**Thai Baht Performance**

<b>Last Week Close</b>	#N/A THB/USD	<b>Monthly High</b>	<b>30.30</b> THB/USD
<b>Week Open</b>	<b>30.10</b> THB/USD	<b>Monthly Low</b>	<b>29.76</b> THB/USD
<b>Week Close</b>	<b>29.79</b> THB/USD	<b>30 Days Average</b>	<b>30.21</b> THB/USD
<b>Weekly High</b>	<b>30.10</b> THB/USD	<b>90 Days Average</b>	<b>30.92</b> THB/USD
<b>Weekly Low</b>	<b>29.75</b> THB/USD	<b>YTD Change</b>	<b>+0.84%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
1-Day Repo Rate	23 Dec	23-Dec		0.50%
Custom-Based Export Data	Nov	24-Dec		-6.71%
Custom-Based Import Data	Nov	24-Dec		-14.32%
Customs-Based Trade Data	Nov	24-Dec		2.05B

<b>Lower Bound</b>	<b>29.90</b>	<b>Upper Bound</b>	<b>30.20</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Euro Graph**



Source: Thomson Reuters

**Euro News**

- The Euro has jumped above 1.22 on Wednesday, hitting the highest since 2018 as a mix of optimism about U.S. fiscal stimulus and the upcoming vaccine and hopes of a Brexit deal is boosting the common currency and still weighing on the safe-haven dollar.
- The Eurozone manufacturing purchasing managers index (PMI) jumped to a 31-month high level of 55.5 in December, up from 53.8 in November and the Services PMI climbed to a three-month high level of 47.3 in December.
- The Euro slightly dropped on Friday with doubts again growing that a post-Brexit trade deal can be agreed after European Commission President Ursula von der Leyen said late Thursday that “big differences” remain between the two sides, particularly on fishing, and that “bridging them will be very challenging.”
- While a spokesman for U.K. Prime Minister Boris Johnson also warned it was “very likely” there would be no agreement unless the bloc changed its position “substantially”.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.2111</b> USD/EUR	<b>Monthly High</b>	<b>1.2273</b> USD/EUR
<b>Week Open</b>	<b>1.2129</b> USD/EUR	<b>Monthly Low</b>	<b>1.1937</b> USD/EUR
<b>Week Close</b>	<b>1.2255</b> USD/EUR	<b>30 Days Average</b>	<b>1.2024</b> USD/EUR
<b>Weekly High</b>	<b>1.2273</b> USD/EUR	<b>90 Days Average</b>	<b>1.1862</b> USD/EUR
<b>Weekly Low</b>	<b>1.2114</b> USD/EUR	<b>YTD Change</b>	<b>+9.02%</b>

**Euro Outlook**

- It's a particularly quiet week ahead on the economic data release, with most European markets is closed on Thursday and Friday while only France and Spain have a shortened session on Thursday, with Germany and Italy closed on both days.
- Flash Eurozone consumer confidence figures will draw interest on Monday and GfK Consumer Climate figures for January are due on Tuesday, which will likely provide further EUR support.
- Moreover, the increasing of covid-19 cases and Brexit news will also influence the euro movement.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Dec	21-Dec	-18.3	-17.6
GfK Consumer Sentiment	Jan	22-Dec	-9.5	-6.7

<b>Lower Bound</b>	<b>1.1950</b>	<b>Upper Bound</b>	<b>1.2300</b>
<b>Forecast</b>	<b>Depreciation</b>		

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


Source: Thomson Reuters

**Pound Sterling Outlook**

- This week, investors are focusing on Brexit negotiations development that has the power to propel the pound higher or pummel it.
- While U.K coronavirus cases continued rising in many places especially in London entered severe Tier 3 restrictions, that can weigh on sterling. On the other hand, the government has recommitted to its plan to allow looser restrictions around Christmas – a policy that has been criticized by the medical society and the opposition.

**Pound Sterling News**

- The pound gave up some gains on Monday after European Union chief Brexit negotiator Michel Barnier was optimistic about reaching a “good, balanced” deal with the U.K., raising hopes that a deal can be reached before the end of the year.
- While European Commission President Ursula von der Leyen said there is a "narrow" path to an agreement on a post-Brexit deal following talks with the UK. The UK acknowledged that "some progress" had been made, but continued to suggest a no-deal was the most likely outcome as significant differences remain.
- On Thursday, bank of England kept its monetary policy unchanged as much of the country enters the festive period under the highest tier of coronavirus restriction by kept its main lending rate at 0.1%, having cut twice from 0.75% since the onset of the pandemic in March, and retained its target stock of asset purchases at £895 billion (\$1.2 trillion).

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3223</b> USD/GBP	<b>Monthly High</b>	<b>1.3624</b> USD/GBP
<b>Week Open</b>	<b>1.3279</b> USD/GBP	<b>Monthly Low</b>	<b>1.3136</b> USD/GBP
<b>Week Close</b>	<b>1.3520</b> USD/GBP	<b>30 Days Average</b>	<b>1.3340</b> USD/GBP
<b>Weekly High</b>	<b>1.3624</b> USD/GBP	<b>90 Days Average</b>	<b>1.3122</b> USD/GBP
<b>Weekly Low</b>	<b>1.3272</b> USD/GBP	<b>YTD Change</b>	<b>+1.02%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
GDP QQ	Q3	22-Dec	15.5%	
GDP YY	Q3	22-Dec	-9.6%	
GDP QQ	Q3	22-Dec	15.5%	
GDP YY	Q3	22-Dec	-9.6%	

<b>Lower Bound</b>	<b>1.3100</b>	<b>Upper Bound</b>	<b>1.3500</b>
<b>Forecast</b>	<b>Depreciation</b>		

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


Source: Thomson Reuters

**Australian Dollar Outlook**

- On Tuesday, Australia will be released the preliminary estimate of November Retail Sales, the expects at -0.6% from 1.4% previously. Later this week, the country will be released the November Trade Balance figures.
- However, investor still concern over the increasing of covid-19 case after Sydney, Australia's largest city, was recently told to expect more covid-19 cases from the New South Wales Premier as the NSW health authorities caution residents to stay home for the next few days.

**Australian Dollar News**

- The Aussie gained to the highest level since June 2018 on Monday on Coronavirus vaccine optimism and heightened hopes for a Brexit deal provide a boost to risk-sensitive assets and Aussie.
- The Aussie slightly gained on Tuesday even though The Reserve Bank of Australia's December meeting minutes showed the dovish tone that policymakers stood ready to boost stimulus if required.
- The Aussie continue its gains on Thursday after the unemployment rate fell to 6.8% in November from 7% in October and The Employment number gained to 90k in November, higher than expected at 50k.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7533</b> USD/AUD	<b>Monthly High</b>	<b>0.7639</b> USD/AUD
<b>Week Open</b>	<b>0.7538</b> USD/AUD	<b>Monthly Low</b>	<b>0.7343</b> USD/AUD
<b>Week Close</b>	<b>0.7624</b> USD/AUD	<b>30 Days Average</b>	<b>0.7133</b> USD/AUD
<b>Weekly High</b>	<b>0.7639</b> USD/AUD	<b>90 Days Average</b>	<b>0.7135</b> USD/AUD
<b>Weekly Low</b>	<b>0.7505</b> USD/AUD	<b>YTD Change</b>	<b>+7.66%</b>

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Private Sector Credit	Nov	23-Dec	0.0%	
Housing Credit	Nov	23-Dec	0.3%	

<b>Lower Bound</b>	<b>0.7400</b>	<b>Upper Bound</b>	<b>0.7700</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Investors are focusing on December inflation figures, November retail sales and employment figures that will be released on Friday.
- The next move in the Yen will be driven by headlines on risk sentiment as investors grew concerned about the stalemate in Congress over a new COVID-19 stimulus package and worries over Brexit also weighed on sentiment after the European Union warned there were just hours left to strike a deal.
- While other major markets will be closed on the Friday, lower volumes will likely make the Yen more sensitive to the numbers.

**Japanese Yen News**

- The Yen pair recently rose after Monday the market's risk-tone improved on news of BOJ's further stimulus as well as U.S. President-elect Joe Biden's victory in the Electoral College.
- The Yen slid below the 104.00 level on Tuesday as the dollar softened amid growing hopes for further U.S. Covid-19 fiscal aid as both the Republicans and Democrats agreed to stay in Washington until a deal was agreed.
- The Yen was trade higher on Friday after the Bank of Japan extended an emergency virus-related lending programme and kept its monetary easing policy unchanged by keeping the key interest rate at -0.1% and the 10-year government bond yield target at 0.0%
- Moreover, BOJ said it will look at ways to make its policy "more effective and sustainable," as the blow to growth from the pandemic pushes inflation further away from its target and forces it to maintain its massive stimulus longer.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>104.01</b> JPY/USD	<b>Monthly High</b>	<b>104.74</b> JPY/USD
<b>Week Open</b>	<b>103.99</b> JPY/USD	<b>Monthly Low</b>	<b>102.89</b> JPY/USD
<b>Week Close</b>	<b>103.31</b> JPY/USD	<b>30 Days Average</b>	<b>105.93</b> JPY/USD
<b>Weekly High</b>	<b>104.14</b> JPY/USD	<b>90 Days Average</b>	<b>106.85</b> JPY/USD
<b>Weekly Low</b>	<b>102.86</b> JPY/USD	<b>YTD Change</b>	<b>-5.01%</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
CPI Tokyo Ex fresh food YY	Dec	25-Dec	-0.8%	-0.7%
CPI, Overall Tokyo	Dec	25-Dec		-0.7%
Jobs/Applicants Ratio	Nov	25-Dec	1.04	1.04
Unemployment Rate	Nov	25-Dec	3.1%	3.1%
Retail Sales YY	Nov	25-Dec	1.7%	6.4%
Housing Starts YY	Nov	25-Dec	-4.9%	-8.3%

<b>Lower Bound</b>	<b>103.00</b>	<b>Upper Bound</b>	<b>104.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

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