

WEEKLY FOREIGN EXCHANGE OUTLOOK
08 Feb 2021 - 12 Feb 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- The economic activity in the US' service sector expanded at its strongest pace since February 2019 with the ISM Services PMI rising to 58.7 from 57.7 in January. This reading beat the market expectation of 56.8.
- The greenback retaining most of its weekly gains. The dollar eased just modestly, still backed by hopes of a new US stimulus package. Democrats senators pushed forward with a coronavirus-aid package, aiming to pass legislation without Republicans support.
- The January's Nonfarm Payrolls showed the US economy created just 49K jobs, a tad below expectations of 85K. The Unemployment rate surprised to the upside and dropped to 6.3% during the same period from 6.7% prior.

Dollar Index Performance

Last Week Close	90.58	Monthly High	91.60
Week Open	90.53	Monthly Low	89.21
Week Close	90.98	30 Days Average	90.37
Weekly High	91.60	90 Days Average	91.59
Weekly Low	90.50	YTD Change	+1.26%

Dollar Outlook

•Analysts at Capital Economics think that the Fed will maintain its accommodative stance for longer than investors appear to anticipate and that, as a result, US yields will not rise nearly as much as they did in previous recoveries.

• In addition, a looser fiscal stance would boost US growth, thereby supporting the recovery of the global economy and the exports of other economies. That would probably further increase appetite for risk and weaken the dollar, especially against riskier currencies.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
JOLTS Job Openings	Dec	9-Feb		6.527M
Core CPI YY, NSA	Jan	10-Feb	1.5%	1.6%
CPI MM, SA	Jan	10-Feb	0.3%	0.4%
CPI YY, NSA	Jan	10-Feb	1.5%	1.4%
Wholesale Invt(y), R MM	Dec	10-Feb	0.1%	0.1%
Initial Jobless Clm	6 Feb, w/e	11-Feb	750k	779k
Cont Jobless Clm	30 Jan, w/ε	11-Feb		4.592M
U Mich Sentiment Prelim	Feb	12-Feb	80.7	79.0

Lower Bound	91.44	Upper Bound	89.84
Forecast	Neutral		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The central bank indicates that the second-wave pandemic would be less severe than the first round due to looser restriction and in-time implementation of stimulus packages from the government.
- Markets still concern over weak domestic labour market as rising in unemployment rate during the new wave of the pandemic. Nonetheless, the BOT expects that inflation would meet the lower-bound of target range in mid-2021 while economic recovery has still faced uncertainty and relied on effectiveness of the pandemic restriction.
- We expected the THB to move in a narrow range this week as Asian Markets are heading to Chinese New year holiday.

Lower Bound	29.91	Upper Bound	30.11
Forecast	Neutral		

Thai Baht News

- The Bank of Thailand (BOT) kept its monetary policy unchanged by maintaining interest rate at the record low of 0.50% on Wednesday meeting (3/2).
- The Bank of Thailand estimates the Thai economy to expand by 3.2% this year, rising to 4.8% in 2022. The central bank anticipates foreign tourist arrivals of 5.5 million in 2021.
- The central bank added that Thailand's economic recovery will depend on four key drivers: (1) foreign tourist figures, (2) efficacy and coverage of COVID-19 vaccination, (3) continued and sufficient fiscal support, and (4) condition of the labour market."

Thai Baht Performance

Last Week Close	29.93 THB/USD	Monthly High	30.13 THB/USD
Week Open	29.91 THB/USD	Monthly Low	29.89 THB/USD
Week Close	30.06 THB/USD	30 Days Average	30.00 THB/USD
Weekly High	30.12 THB/USD	90 Days Average	30.47 THB/USD
Weekly Low	29.88 THB/USD	YTD Change	+0.30%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q4	15-Feb	-6.4%	
GDP Growth QQ SA	Q4	15-Feb	6.5%	
Annual GDP Growth	2020	15-Feb	2.40%	

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- Investors look to be cheering the idea that the pro-European Union (EU) former ECB Governor Mario Draghi will be able to form a government to navigate the coronavirus crisis and manage funds coming from the EU.
- The unemployment rate in the euro area declined further in November 2020, helped by an increase in the number of workers covered by job retention schemes.
- The second wave of the pandemic suggests downside risks to investment in the first quarter of 2021

Euro News

- Former ECB Chief Mario Draghi has been summoned by Italian President Sergio Mattarella, to try to form a new coalition government in the country after Giuseppe Conte resigned as prime minister last week.
- The EU is set to receive immunization doses from AstraZeneca over the weekend, allowing it to reignite its vaccination campaign. [\[2\]](#)

Euro Index Performance

Last Week Close	1.2136 USD/EUR	Monthly High	1.2136 USD/EUR
Week Open	1.2138 USD/EUR	Monthly Low	1.1953 USD/EUR
Week Close	1.2042 USD/EUR	30 Days Average	1.2162 USD/EUR
Weekly High	1.2144 USD/EUR	90 Days Average	1.1997 USD/EUR
Weekly Low	1.1950 USD/EUR	YTD Change	-1.45%

Euro Index Economic Events

Events	Period	Date	Forecast	Previous
Sentix Index	Feb	8-Feb	1.9	1.3
Industrial Production MM	Dec	15-Feb	-0.3%	2.5%
Industrial Production YY	Dec	15-Feb	1.0%	-0.6%

Lower Bound	1.1985	Upper Bound	1.2222
Forecast	Depreciation		

Please carefully examine the Important Disclosure on the last section of this material.

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

•Governor Bailey may warn about the implications of Brexit. Barriers to trade may undermine the recovery. That is probably the sole issue that could limit gains from the BoE's decision optimism.

•The pound is the best performing G10 currency versus the US dollar this year in part helped by the response to BoE announcements that were certainly on the more optimistic side of expectations.

•Britain's rapid vaccination scheme provides hopes for accelerated growth down the line. The UK has already immunized around 14% of its population, the highest is in the West. This could help the GBP to stand out for another week.

Lower Bound	1.3586	Upper Bound	1.3761
Forecast	Appreciation		

Pound Sterling News

•The Bank of England (BOE) gathered most of the market's attention on Thursday (4/2), as policymakers cooled hopes for soon-to-come negative rates in the UK. The central bank left its monetary policy unchanged, and even hint slower bond-purchasing. The GBP appreciated despite the persistent dollar's strength, with GBP/USD ending the day with gains in the 1.3660 price zone.

•Negative interest rates can have less desirable consequences, depending on the state of the economy and the financial system," Bank of England (BoE) Deputy Governor Dave Ramsden said on Friday (5/2).

Pound Sterling Performance

Last Week Close	1.3702 USD/GBP	Monthly High	1.3757 USD/GBP
Week Open	1.3711 USD/GBP	Monthly Low	1.3569 USD/GBP
Week Close	1.3733 USD/GBP	30 Days Average	1.3638 USD/GBP
Weekly High	1.3757 USD/GBP	90 Days Average	1.3350 USD/GBP
Weekly Low	1.3564 USD/GBP	YTD Change	+0.42%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Dec	12-Feb	0.6%	4.1%
GDP Estimate MM	Dec	12-Feb	1.0%	-2.6%
GDP Estimate YY	Dec	12-Feb	-7.5%	-8.9%
Manufacturing Output MM	Dec	12-Feb	0.7%	0.7%
GDP Prelim QQ	Q4	12-Feb	0.5%	16.0%
GDP Prelim YY	Q4	12-Feb	-8.1%	-8.6%

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Australian Dollar

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

•It is a quiet week for the AUD ahead with no major macroeconomic news release, however we are likely to see some movement when Federal Reserve Chair Powell is scheduled to speak early Thursday morning.

•The Reserve Bank of Australia (RBA) needs to keep dovish stance on its monetary policy until people get jobs and wages edge higher by maintaining the cash rate near zero as long for necessary in the wake of the COVID-19 pandemic, regarding to the comment of RBA Governor Phillip Lowe in a Q&A session following his speech titled "The Year Ahead", at the National Press Club of Australia Conference, Canberra.

Australian Dollar News

•AUD's muted reaction to RBA's upward revision of growth forecast. As represented by Retail Sales, Australia's consumer spending fell 4.1% month-on-month in December versus the preliminary projection of a 4.2% drop. The decline was expected following the strong Black Friday sales in November. Nevertheless, the negative print could be keeping buyers on the sideline.

Australian Dollar Performance

Last Week Close	0.7642 USD/AUD	Monthly High	0.7681 USD/AUD
Week Open	0.7632 USD/AUD	Monthly Low	0.7564 USD/AUD
Week Close	0.7677 USD/AUD	30 Days Average	0.7696 USD/AUD
Weekly High	0.7679 USD/AUD	90 Days Average	0.7432 USD/AUD
Weekly Low	0.7562 USD/AUD	YTD Change	-0.25%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Jan	9-Feb	14	
NAB Business Confidence	Jan	9-Feb	4	
Consumer Sentiment	Feb	10-Feb	-4.5%	
Refinitiv IPSOS PCSI	Feb	12-Feb	53.89	

Lower Bound	0.7583	Upper Bound	0.7798
Forecast	Appreciation		


Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- USD/JPY drops for the first time in eight days after hitting highest levels since October 2020
- With the deployment of effective vaccines and thanks to fiscal and monetary support, we expect the economic recovery to continue in 2021.
- In this environment, demand for safe-haven assets like the yen usually suffers. We therefore expect the yen to continue its longer-term downtrend

Lower Bound	102.89	Upper Bound	105.63
Forecast	Depreciation		

Japanese Yen News

- Japanese Prime Minister Yoshihide Suga announced on Tuesday that they have decided to extend the state of emergency for 10 prefectures until March 7, as reported by Reuters.
- Markets ignored upbeat Japanese current account and trade data, as the focus remains on the US stimulus developments and virus updates from Japan.
- Regarding to the speech of the central bank's Deputy Governor Masazumi Wakatabe on Wednesday (3/2), The Bank of Japan (BOJ) won't hesitate to add easing in its monetary policy if necessary.

Japanese Yen Performance

Last Week Close	104.68 JPY/USD	Monthly High	105.76 JPY/USD
Week Open	104.66 JPY/USD	Monthly Low	104.62 JPY/USD
Week Close	105.36 JPY/USD	30 Days Average	104.62 JPY/USD
Weekly High	105.76 JPY/USD	90 Days Average	104.29 JPY/USD
Weekly Low	104.59 JPY/USD	YTD Change	+2.26%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Dec	8-Feb	1,040.0B	1,878.4B
Corp Goods Price MM	Jan	10-Feb	0.4%	0.5%
Corp Goods Price YY	Jan	10-Feb	-1.6%	-2.0%
GDP QQ	Q4	15-Feb	2.3%	5.3%
GDP QQ Annualised	Q4	15-Feb	9.5%	22.9%

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