

WEEKLY FOREIGN EXCHANGE OUTLOOK

05 Jul 2021 - 09 Jul 2021



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar ended unchanged on Friday (25/6), erasing an early drop after tamer-than-expected producer price inflation (0.5% YoY vs 0.6% YoY forecast),
- The dollar gained against its peer currencies after the robust US data, US private payrolls reported that there are 692K workers added to the US private labor market in June; however, the US Chicago PMI released to decrease to 66.1 in June from 75.2 a month earlier.
- The index now trades in a volatile fashion and receded from earlier tops after the US economy added 850K jobs during last month, surpassing estimates for a 700K gain. The unemployment rate, however, edged higher to 5.9% vs. expectations for a drop to 5.7%.

Dollar Index Performance

Last Week Close	91.85	Monthly High	92.74
Week Open	91.81	Monthly Low	89.54
Week Close	92.18	30 Days Average	90.96
Weekly High	92.74	90 Days Average	91.32
Weekly Low	91.70	YTD Change	+2.64%

Dollar Outlook

- US trading will likely be quiet in a shortened holiday week. The calendar is quite light, with the highlight probably being the release of the FOMC minutes on Wednesday evening.
- Internationally, the focus will be on whether the G20 on Friday formally signs off on new global minimum tax standards.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Comp Final PMI	Jun	6-Jul		63.9
Markit Svcs PMI Final	Jun	6-Jul		64.8
ISM N-Mfg PMI	Jun	6-Jul	63.5	64.0
Initial Jobless Clm	3 Jul, w/e	8-Jul	355k	364k

Lower Bound	91.85	Upper Bound	93.00
Forecast	Appreciation		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The mainly concerned will be internal Covid-19 situation afte the study of the Centre of Excellence in Clinical Virology at Chulalongkorn University said that the Delta variant is responsible for 70% of people in Bangkok falling sick with Covid-19.
- Moreover, The government has come under fire over its failure to procure sufficient Covid-19 vaccines as the number of new cases continued to soar, with more than 6,000 cases confirmed on Saturday which expected to rise continueingly.

Lower Bound	32.00	Upper Bound	32.30
Forecast	Depreciation		

Thai Baht News

- The baht has been pressured again after new restrictions centered on Bangkok have been announced in a bid to tackle the country's worst coronavirus outbreak. Construction sites in the six areas has to be shut down and workers' camps is sealed off as well as shopping malls in Bangkok and the five provinces must be closed by 9pm while restaurant dine-ins is prohibited.
- The situation of Covid-19 in Thailand still pressured the Thai baht sentiment.

Thai Baht Performance

Last Week Close	31.75 THB/USD	Monthly High	32.28 THB/USD
Week Open	31.81 THB/USD	Monthly Low	31.98 THB/USD
Week Close	32.20 THB/USD	30 Days Average	31.48 THB/USD
Weekly High	32.26 THB/USD	90 Days Average	31.12 THB/USD
Weekly Low	31.81 THB/USD	YTD Change	+7.38%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
CPI Headline Inflation	Jun	5-Jul	1.14%	2.44%
CPI Core Inflation YY	Jun	5-Jul	0.50%	0.49%

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Euro Graph


Source: Thomson Reuters

Euro Outlook

- For the week ahead, the European data calendar is very light, with focus on more investor confidence surveys (Sentix Monday, ZEW Tuesday) and on Wednesday the release of the European Commission's summer forecast round.
- Germany will on Wednesday see May industrial production – expected to rebound in line with the better sentiment indicators.

Euro News

- The euro pulled back sharply during the last session after hitting weekly highs at 1.1975 USD/EUR level as Christine Lagarde, President of the European Central Bank (ECB), told EU leaders on Friday that the Eurozone economy is recovering and it's expected to return to pre-pandemic levels in the second quarter of 2022.
- The euro dropped against the US dollar after the report of CPI declined by 1.9% in June from 2.0% in May. Meanwhile, a rising number of coronavirus infections in Europe remained investors cautious.
- The euro bounced off the lows after upbeat Eurozone Manufacturing PMI (63.4 vs 63.1 forecast).

Euro Index Performance

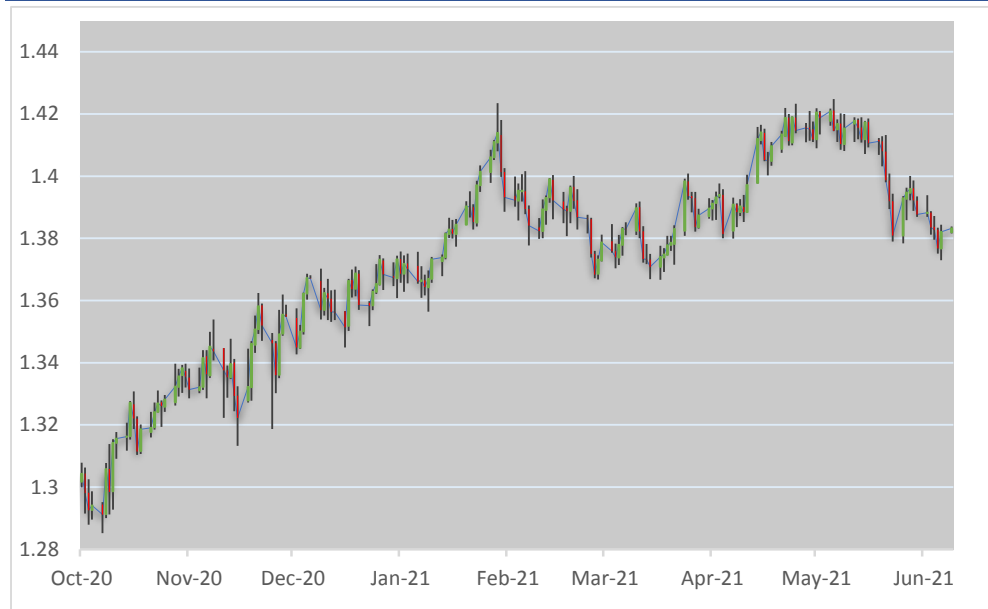
Last Week Close	1.1933 USD/EUR	Monthly High	1.1884 USD/EUR
Week Open	1.1933 USD/EUR	Monthly Low	1.1808 USD/EUR
Week Close	1.1864 USD/EUR	30 Days Average	1.2061 USD/EUR
Weekly High	1.1944 USD/EUR	90 Days Average	1.2005 USD/EUR
Weekly Low	1.1805 USD/EUR	YTD Change	-2.94%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Serv Final PMI	Jun	5-Jul	58.0	58.0
Markit Comp Final PMI	Jun	5-Jul	59.2	59.2
Sentix Index	Jul	5-Jul	30.0	28.1
Retail Sales MM	May	6-Jul	4.1%	-3.1%
Retail Sales YY	May	6-Jul	7.9%	23.9%

Lower Bound	1.1740	Upper Bound	1.1900
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

- The pound sterling dropped below 1.3900 against the dollar, however, it still was supported by the optimism that the UK remains on track to end COVID-19 measures in July. The UK Prime Minister has said the remaining restrictions will be lifted on 19 July but has also promised a data review to see if this can happen two weeks earlier on 5 July.
- The pound sterling was trading lower as concern rose ahead of the London open after the UK reported over 22k Covid-19 cases on Monday, the highest since January.
- The pound sterling weakened against the greenback as it was pressured by the report of the GDP's first quarter in the UK which was dropped by 1.6% against 1.5% expected to decline.

Pound Sterling Performance

Last Week Close	1.3877 USD/GBP	Monthly High	1.3845 USD/GBP
Week Open	1.3882 USD/GBP	Monthly Low	1.3734 USD/GBP
Week Close	1.3821 USD/GBP	30 Days Average	1.4026 USD/GBP
Weekly High	1.3939 USD/GBP	90 Days Average	1.3942 USD/GBP
Weekly Low	1.3730 USD/GBP	YTD Change	+1.16%

Pound Sterling Outlook

- In the week ahead, data releases should not be the main drivers, and focus will likely be on another speech by Andrew Bailey as well as any headlines from Angela Merkel's visit to the UK today.
- As long as the UK government does not suggest that the rise in cases will postpone the reopening further, there are few reasons for the market to turn more bearish on the pound compared to other G10 peers.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Jun	5-Jul		#####
Halifax House Prices MM	Jun	7-Jul		1.3%
GDP Est 3M/3M	May	9-Jul	3.9%	1.5%
GDP Estimate MM	May	9-Jul	1.7%	2.3%
GDP Estimate YY	May	9-Jul		27.6%
Manufacturing Output MM	May	9-Jul	1.0%	-0.3%

Lower Bound	1.4010	Upper Bound	1.4380
Forecast	Neutral		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar News

- The Aussie fell against the dollar although the AIG Manufacturing Index was increased to 63.2, better than last month of 61.8.
- Australia has come under another round of lockdowns this week after a reemergence in Covid cases. While the country has successfully managed outbreaks up until now, the highly transmissible Delta variant – thought to be responsible for the current cases – appears to be outmaneuvering defensive measures that have been successful in the past.

Australian Dollar Performance

Last Week Close	0.7586 USD/AUD	Monthly High	0.7533 USD/AUD
Week Open	0.7587 USD/AUD	Monthly Low	0.7446 USD/AUD
Week Close	0.7525 USD/AUD	30 Days Average	0.7716 USD/AUD
Weekly High	0.7601 USD/AUD	90 Days Average	0.7722 USD/AUD
Weekly Low	0.7444 USD/AUD	YTD Change	-2.29%

Australian Dollar Outlook

- The focus shifts to the pivotal Reserve Bank of Australia meeting on Tuesday.
- Based on recent communications by the RBA governor. We expect the RBA to go for the repeating A\$100bn asset purchase scheme for six months and then reviewing, which would allow them to steer away from the tapering narrative while adopting a more data-dependent approach. The impact on the Australian dollar could be negative. Moreover, we think the RBA will not follow other developed central banks in signalling a rate hike in 2022, and markets may be forced to re-price some of their hawkish expectations, which could also put pressure on AUD.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	May	5-Jul	-5.0%	-8.6%
Retail Sales MM Final	May	5-Jul	0.1%	0.1%
RBA Cash Rate	Jul	6-Jul	0.10%	0.10%

Lower Bound	0.7380	Upper Bound	0.7520
Forecast	Depreciation		

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Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen News

- The yen continuously struggled against the dollar as Japan’s relatively low vaccination rate has still raised concerns that new variants of the pandemic, more communicable though no more dangerous, might force new economic restrictions. However, the yen, was slightly supported after annual Tokyo CPI for June at 0.0% was better than the -0.6% forecast and the highest in nine months.
- The yen, along with another currencies, weakened against the dollar even the positive final manufacturing PMI reported to 52.4 in June from 51.5 a month earlier.
- The yen continued depreciated although Japan’s Tankan indices for the second quarter showed improvement in the second quarter.

Japanese Yen Performance

Last Week Close	110.77 JPY/USD	Monthly High	111.65 JPY/USD
Week Open	110.74 JPY/USD	Monthly Low	110.94 JPY/USD
Week Close	111.04 JPY/USD	30 Days Average	106.85 JPY/USD
Weekly High	111.65 JPY/USD	90 Days Average	104.91 JPY/USD
Weekly Low	110.41 JPY/USD	YTD Change	+7.62%

Japanese Yen Outlook

• As no important data released, the yen looks to be taking a break ahead of multi-year resistance around the 112.20/40 area. It is hard to see US rates coming off too sharply from current levels and USD/JPY may well have built a new floor in the 110.40 area. There may not be enough in the calendar to drive USD/JPY through 112.20/40 in the week ahead – but it should stay reasonably well bid.

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Services PMI	Jun	5-Jul		46.5
Current Account NSA JPY	May	8-Jul	1,820.4B	1,321.8B
Corp Goods Price MM	Jun	12-Jul		0.7%
Corp Goods Price YY	Jun	12-Jul		4.9%
Machinery Orders MM	May	12-Jul		0.6%
Machinery Orders YY	May	12-Jul		6.5%

Lower Bound	110.80	Upper Bound	112.20
Forecast	Appreciation		

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