

WEEKLY FOREIGN EXCHANGE OUTLOOK
28 Jun 2021 - 02 Jul 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar News

- Fed Chairman Jerome Powell reiterated on Tuesday Testimony before Congress (22/6) about transitory in inflation growth due to supply shortages and severed recession during pandemic period.
- On Friday (25/6), US May's inflation figures measured by the PCE failed to lend extra support to the high inflation narrative. In fact, the Core PCE rose 0.5% MoM and 3.4% from a year earlier, pouring cold water over expectations of a higher reading.
- U-Mich index showed the June's final Consumer Sentiment at 85.5 (from 82.9 preliminary), while the 5 Year Inflation Expectations at 2.8% (from 3% previous).

Dollar Index Performance

Last Week Close	92.23	Monthly High	92.41
Week Open	92.32	Monthly Low	89.54
Week Close	91.53	30 Days Average	90.57
Weekly High	92.41	90 Days Average	91.21
Weekly Low	91.51	YTD Change	+2.13%

Dollar Outlook

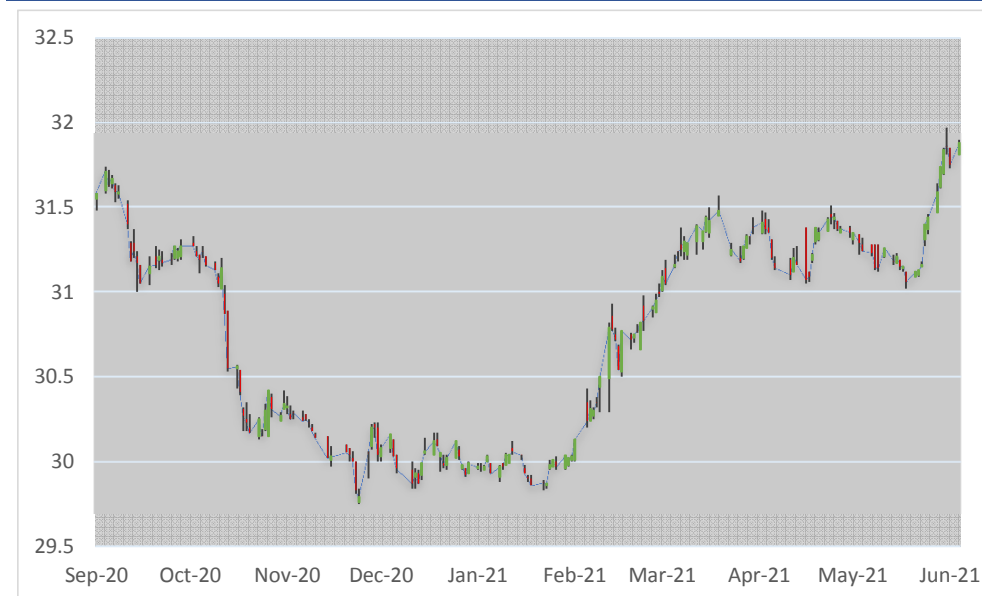
- Throughout the past week, there are more Fed members who stated hawkish stance and investors expect 2 interest rate hikes in 2023. However, the greenback would face some mild downside pressure so far this week on the back of the improved mood in the risk-associated universe and flat US yields.
- With inflation pressures looking set to remain elevated for longer than policymakers initially thought and the economy continuing to boom, the main disappointment is the slower than hoped for recovery in jobs. This will make the June US labour report on Friday (2/7) as the key focus for markets.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Jun	29-Jun	0.00M	0.00M
Initial Jobless Clm	26 Jun, w/	1-Jul	386k	411k
Markit Mfg PMI Final	Jun	1-Jul		62.6
ISM Manufacturing PMI	Jun	1-Jul	61.0	61.2
Non-Farm Payrolls	Jun	2-Jul	675k	559k
Unemployment Rate	Jun	2-Jul	0.1%	0.1%
Average Earnings YY	Jun	2-Jul	0.0%	0.0%
International Trade \$	May	2-Jul	-71.3B	-68.9B
Factory Orders MM	May	2-Jul	0.0%	0.0%

Lower Bound	89.24	Upper Bound	92.60
Forecast	Neutral		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Thai economy would still be in contraction period as the government could not cope with the third wave of coronavirus pandemic. Lockdown restriction in Red Zone area (Bangkok and suburban, and 4 Southern border provinces) was announced on 1AM Sunday (27/6).
- We expected the THB to test 32.00 barrier but it could be a challenge to surpass this strong resistance.

Lower Bound	31.72	Upper Bound	31.94
Forecast	Depreciation		

Thai Baht News

- Thai Baht rapidly depreciated against the greenback as markets still have optimistic viewpoint on more tighten Fed monetary policy in next 2 years period.
- Bank of Thailand maintained its policy rate at 0.5% on Wednesday meeting (23/6) and revised down Thai GDP for 2021 and 2022 from 3.0% to 1.8%, and 4.7% to 3.9% respectively.
- Thailand's exports jumped a bigger than expected 41.59% in May from a year earlier, the fastest pace in nearly 11 years.
- Imports in May jumped 63.54% from a year earlier, beating a forecast 53.7% rise, resulting in a trade surplus of \$796 million in the month.

Thai Baht Performance

Last Week Close	31.44 THB/USD	Monthly High	31.98 THB/USD
Week Open	31.47 THB/USD	Monthly Low	31.04 THB/USD
Week Close	31.75 THB/USD	30 Days Average	31.36 THB/USD
Weekly High	31.97 THB/USD	90 Days Average	31.00 THB/USD
Weekly Low	31.47 THB/USD	YTD Change	+6.48%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	May	28-Jun	19.55%	18.46%
Exports YY	May	30-Jun		19.10%
Imports YY	May	30-Jun		25.90%
Trade Account	May	30-Jun		2.40B
Current Account	May	30-Jun		-1.30B
Manufacturing PMI SA	Jun	1-Jul		47.8

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- The Eurozone economy is booming at a pace not seen for 15 years as businesses report surging demand, with the upturn becoming increasingly broad-based, spreading from manufacturing to encompass more service sectors, especially consumer-facing firms.
- Nonetheless, investors still focus on US labour market data that would affect Fed direction on its monetary policy. The Euro would move in contrast with the greenback since it is another busy week on the States' economic calendar.

Euro News

- The Eurozone Manufacturing purchasing managers index (PMI) remained steady at 63.1 in June and beat 62.1 expectations.
- The bloc's Services PMI jumped to 41-month highs of 58.0 in June vs. 57.5 expected and 55.2.
- The IHS Markit Eurozone PMI Composite expanded sharply to 59.2 in June vs. 58.8 expected and 57.1 previous. The gauge hit 180-month tops
- The headline German IFO Business Climate Index rose to 101.8 in June versus last month's 99.2, beating the consensus estimates of 100.6.

Euro Index Performance

Last Week Close	1.1860 USD/EUR	Monthly High	1.2254 USD/EUR
Week Open	1.1866 USD/EUR	Monthly Low	1.1848 USD/EUR
Week Close	1.1933 USD/EUR	30 Days Average	1.2117 USD/EUR
Weekly High	1.1975 USD/EUR	90 Days Average	1.2020 USD/EUR
Weekly Low	1.1846 USD/EUR	YTD Change	-2.38%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Jun	29-Jun	-3.3	-3.3
HICP Flash YY	Jun	30-Jun	1.9	2.0
HICP-X F&E Flash YY	Jun	30-Jun	0.9	0.9
Markit Mfg Final PMI	Jun	1-Jul	63.1	63.1
Unemployment Rate	May	1-Jul	8.0%	8.0%

Lower Bound	1.1911	Upper Bound	1.2198
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- Businesses are reporting an ongoing surge in demand in June as the economy reopens, led by the hospitality sector, meaning the second quarter looks to have seen economic growth rebound very sharply from the first quarter's decline.
- There are some signs that the rate of expansion appears to have peaked, as both output and new order growth cooled slightly from May's record performances, but full order books and a further loosening of virus-fighting restrictions should nevertheless help ensure growth remains strong as we head through the summer.

Pound Sterling News

- The seasonally adjusted IHS Markit/CIPS UK Manufacturing Purchasing Managers' Index (PMI) eased to 64.2 in June versus 64.0 expected and 65.6 – May's final reading.
- Meanwhile, the Flash UK Services Business Activity Index for June fell to 61.7 versus May's final readout of 62.9 and 62.8 expected. The index hit the lowest in two months.
- The Bank of England (BOE) policymakers' inability to provide hawkish statements weighed down the cable pair on Thursday (24/6) as The Committee does not intend to tighten monetary policy at least until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% inflation target sustainably.

Pound Sterling Performance

Last Week Close	1.3809 USD/GBP	Monthly High	1.4248 USD/GBP
Week Open	1.3809 USD/GBP	Monthly Low	1.3787 USD/GBP
Week Close	1.3877 USD/GBP	30 Days Average	1.4082 USD/GBP
Weekly High	1.4001 USD/GBP	90 Days Average	1.3955 USD/GBP
Weekly Low	1.3784 USD/GBP	YTD Change	+1.59%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Indicator Name	Period	Local Start Date	Reuters Poll	Prior
Nationwide house price mm	Jun	29-Jun	0.0%	0.0%
Nationwide house price yy	Jun	29-Jun	0.1%	0.1%
GDP QQ	Q1	30-Jun	0.0%	0.0%
GDP YY	Q1	30-Jun	-0.1%	-0.1%
Markit/CIPS Mfg PMI Final	Jun	1-Jul	64.2%	64.2%

Lower Bound	1.3903	Upper Bound	1.4170
Forecast	Appreciation		

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- Analysts at Morgan Stanley have turned bearish on the Australian dollar, as they believe the US dollar rally is likely to extend in the coming months.
- Morgan Stanley expects dovish outcome for the July RBA meeting.

Australian Dollar News

- Lack of major data/events in Asia, coupled with the already witnessed outcome of US infrastructure spending and the key data of the week, AUD is traded sideways against the greenback. However, qualitative factors become crucial to watch for fresh impulse.

Australian Dollar Performance

Last Week Close	0.7477 USD/AUD	Monthly High	0.7775 USD/AUD
Week Open	0.7476 USD/AUD	Monthly Low	0.7477 USD/AUD
Week Close	0.7586 USD/AUD	30 Days Average	0.7684 USD/AUD
Weekly High	0.7616 USD/AUD	90 Days Average	0.7717 USD/AUD
Weekly Low	0.7474 USD/AUD	YTD Change	-1.35%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Private Sector Credit	May	30-Jun		0.2%
Housing Credit	May	30-Jun		0.5%
Trade Balance G&S (A\$)	May	1-Jul	10,000M	8,028M

Lower Bound	0.7556	Upper Bound	0.7728
Forecast	Neutral		


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

• DBS stated that a rise in global inflation should still be positive for Japan. The transmission mechanism is through higher external rates and widening spreads, hence weakening the yen and favouring Japan's exports competitiveness. Japan equities have historically performed well in a weak yen environment.

Lower Bound	108.97	Upper Bound	111.17
Forecast	Depreciation		

Japanese Yen News

- The BOJ Meeting Minutes still stated on dovish tone.
- A few members said the pickup in inflation likely to lack strength.
- Members shared view there was uncertainty over BoJ's projection that Japan's growth potential, financial intermediation will not be hurt from pandemic fallout.

Japanese Yen Performance

Last Week Close	110.19 JPY/USD	Monthly High	111.11 JPY/USD
Week Open	110.25 JPY/USD	Monthly Low	109.20 JPY/USD
Week Close	110.77 JPY/USD	30 Days Average	106.20 JPY/USD
Weekly High	111.11 JPY/USD	90 Days Average	104.69 JPY/USD
Weekly Low	109.70 JPY/USD	YTD Change	+7.22%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Jobs/Applicants Ratio	May	29-Jun	1.08	1.09
Unemployment Rate	May	29-Jun	2.9%	2.8%
Industrial O/P Prelim MM SA	May	30-Jun	-2.4%	2.9%
Tankan Big Mf Idx	Q2	1-Jul	15	5
Tankan Big Mf Outlook DI	Q2	1-Jul	18	4
Tankan Big Non-Mf Idx	Q2	1-Jul	3	-1
Tankan All Big Capex Est	Q2	1-Jul	7.2%	3.0%
Tankan Small Mf Idx	Q2	1-Jul	-5	-13
Tankan Sm Mf Outlook DI	Q2	1-Jul	-3	-12
Tankan Small Non-Mf Idx	Q2	1-Jul	-9	-11

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