

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

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


Source: Thomson Reuters

**Dollar Outlook**

- The dollar index was undeterred by last week's Fed decision and the index remains poised just below lateral resistance at the 92.28.
- US Treasury yields have had a strong impact on the currency markets and remain in focus.
- This week, investors get some key US data releases with the Core Personal Consumption Expenditure (PCE – the Fed's preferred inflationary gauge) of particular interest into the close of the week, Durable Goods Orders and Markit Manufacturing PMI on Wednesday and GDP Q4/2020 Final on Thursday.

<b>Lower Bound</b>	<b>91.00</b>	<b>Upper Bound</b>	<b>93.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

- The dollar index tumbled as a decline in 10-year US Treasury yields after the Federal Open Market Committee (FOMC) left its benchmark rate unchanged in the range of 0% to 0.25% and said it would continue its \$120 billion monthly bond purchases. The Fed upped its growth targets for the years ahead, forecasting the economy to grow by 6.5% in 2021, and 3.3% in 2022, but it kept its interest-rate outlook unchanged for no hike through 2023.
- Meanwhile, the US Department of Labor said the number of first-time unemployment benefits rose to 770,000 in the last week. It was higher than analysts had predicted at 700,000.
- However, the dollar index rebounded once again after 10-year US Treasury yields hit a 14-month high at 1.754% as the Fed stuck to its outlook of maintaining near zero rates for a long time.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>91.68</b>	<b>Monthly High</b>	<b>92.50</b>
<b>Week Open</b>	<b>91.66</b>	<b>Monthly Low</b>	<b>89.68</b>
<b>Week Close</b>	<b>91.66</b>	<b>30 Days Average</b>	<b>91.08</b>
<b>Weekly High</b>	<b>92.24</b>	<b>90 Days Average</b>	<b>90.87</b>
<b>Weekly Low</b>	<b>91.30</b>	<b>YTD Change</b>	<b>+2.35%</b>

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
U Mich Sentiment Final	Mar	26-Mar	83.5	83.0
Consumption, Adjusted MM	Feb	26-Mar	-0.7%	2.4%
Initial Jobless Clm	20 Mar, w/	25-Mar		770k
GDP Final	Q4	25-Mar	4.1%	4.1%
Markit Svcs PMI Flash	Mar	24-Mar	60.2	59.8
Markit Mfg PMI Flash	Mar	24-Mar	59.4	58.6
Markit Comp Flash PMI	Mar	24-Mar		59.5
Durable Goods	Feb	24-Mar	0.8%	3.4%
New Home Sales-Units	Feb	23-Mar	0.876M	0.923M
Existing Home Sales	Feb	22-Mar	6.49M	6.69M

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


Source: Thomson Reuters

**Thai Baht Outlook**

- The movement of Thai baht depends on the number of Covid-19 cases and political concerns after police in the Thai capital used water cannons, tear gas and rubber bullets Saturday night to break up a rally by pro. Meanwhile, rising US Treasury yields remains investors cautious.
- Investors will also focus on Custom-based Import and export Data on Monday as Thailand's exports is expected to rose for a third straight month and should continue to grow this year as the global economy recovers.

<b>Lower Bound</b>	<b>30.65</b>	<b>Upper Bound</b>	<b>31.00</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Thai Baht News**

- Last week, the Thai baht slightly gained against the dollar on Monday by profit-taking after US Treasury yields recovered and bolstered the dollar.
- During the week, the Thai PM Prayut Chan-o-cha got the first AstraZeneca vaccine in Thailand amid safety concerns about the AstraZeneca vaccine. Meanwhile, there is a rise in the number of infections linked to the markets.
- However, the Thai baht turned appreciated after the Fed policymakers are pledging to keep their benchmark overnight interest rate near zero despite an expected surge of inflation.
- At the end of the week, the Thai baht traded volatile after 10-year US Treasury yields hit a 14-month highs, driving demand for the dollar.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>30.77</b> THB/USD	<b>Monthly High</b>	<b>30.98</b> THB/USD
<b>Week Open</b>	<b>30.75</b> THB/USD	<b>Monthly Low</b>	<b>30.17</b> THB/USD
<b>Week Close</b>	<b>30.83</b> THB/USD	<b>30 Days Average</b>	<b>30.31</b> THB/USD
<b>Weekly High</b>	<b>30.98</b> THB/USD	<b>90 Days Average</b>	<b>30.18</b> THB/USD
<b>Weekly Low</b>	<b>30.66</b> THB/USD	<b>YTD Change</b>	<b>+3.27%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Feb	25-Mar		-2.80%
1-Day Repo Rate	24 Mar	24-Mar		0.50%
Customs-Based Trade Data	Feb	24-Mar		-0.20B
Custom-Based Import Data	Feb	24-Mar		-5.24%
Custom-Based Export Data	Feb	24-Mar		0.35%

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro News**

- Last week, the euro slightly rose on Monday after it dropped against the dollar as industrial Production data for January was much stronger than expected.
- On the virus front, more European countries suspended the use of AstraZeneca Plc's Covid-19 vaccine amid concerns about side effects, delaying the European Union's vaccination campaign.
- Meanwhile, the ZEW survey showed the Economic Sentiment in both Germany and the euro area improved further in March.
- However, the euro suddenly moved lower after testing in the 1.1950 level as the new epidemic of Covid-19 in Europe and rising in US Treasury yields weighed down the single currency.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.1952</b> USD/EUR	<b>Monthly High</b>	<b>1.2112</b> USD/EUR
<b>Week Open</b>	<b>1.1950</b> USD/EUR	<b>Monthly Low</b>	<b>1.1836</b> USD/EUR
<b>Week Close</b>	<b>1.1903</b> USD/EUR	<b>30 Days Average</b>	<b>1.2039</b> USD/EUR
<b>Weekly High</b>	<b>1.1988</b> USD/EUR	<b>90 Days Average</b>	<b>1.2083</b> USD/EUR
<b>Weekly Low</b>	<b>1.1872</b> USD/EUR	<b>YTD Change</b>	<b>-2.73%</b>

**Euro Outlook**

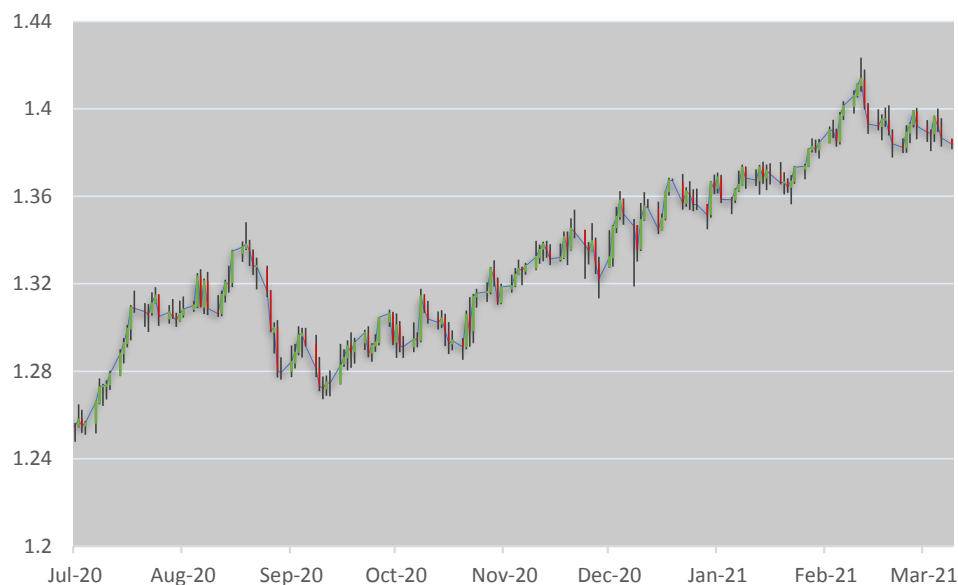
- The euro seems to be behind currencies like the dollar and pound due to fears of another lockdown that would damage the prospects of an economic recovery from the slump caused by the Covid-19 pandemic.
- This week focus several potentially market-moving data on the economic calendar. Among the most important are the PMI for the Eurozone on Wednesday and the German Ifo business climate index Friday. Consumer confidence figures for the Eurozone Wednesday and Germany Thursday.
- Meanwhile, a European Council meeting that takes place on Thursday and Friday. EU leaders will meet in Brussels to discuss the response to the pandemic and the region's economy, among other topics.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Business Climate	Mar	29-Mar		-0.14
Money-M3 Annual Grwth	Feb	25-Mar	12.5%	12.5%
Consumer Confid. Flash	Mar	24-Mar	-14.5	-14.8
Markit Comp Flash PMI	Mar	24-Mar	49.1	48.8
Markit Serv Flash PMI	Mar	24-Mar	46.0	45.7
Markit Mfg Flash PMI	Mar	24-Mar	58.1	57.9

<b>Lower Bound</b>	<b>1.1800</b>	<b>Upper Bound</b>	<b>1.2000</b>
<b>Forecast</b>	<b>Depreciation</b>		

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


Source: Thomson Reuters

**Pound Sterling Outlook**

- The pound sterling still has pulled back due to strains resulting from "inbound" supplies. Sterling shrugged off any potential delays as a significant portion of the population received doses. Around 38% of Brits have received at least one vaccine dose and only 2.6% the second dose.
- Economists expect the Unemployment Rate to have remained stable in January. While, the Consumer Price Index statistics for February will decline in headline CPI.

<b>Lower Bound</b>	<b>1.3700</b>	<b>Upper Bound</b>	<b>1.4000</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Pound Sterling News**

- The pound sterling rebounded after BoE Governor Bailey committed to further bond buys. "Despite Britain's successful vaccination campaign, Bank of England Governor Andrew Bailey said that the bank is committed to buying bonds at an elevated pace and seemed somewhat cautious about the recovery. Sterling is suffering."
- At the end of week, the pound sterling dropped against the dollar as widely expected the Bank of England (BOE) maintained current monetary rate and APF left at 0.1% and GBP 895 billion respectively. Overall, there is not an awful lot that has changed from the BoE's point of view.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3922</b> USD/GBP	<b>Monthly High</b>	<b>1.4016</b> USD/GBP
<b>Week Open</b>	<b>1.3918</b> USD/GBP	<b>Monthly Low</b>	<b>1.3781</b> USD/GBP
<b>Week Close</b>	<b>1.3868</b> USD/GBP	<b>30 Days Average</b>	<b>1.3919</b> USD/GBP
<b>Weekly High</b>	<b>1.4001</b> USD/GBP	<b>90 Days Average</b>	<b>1.3646</b> USD/GBP
<b>Weekly Low</b>	<b>1.3807</b> USD/GBP	<b>YTD Change</b>	<b>+1.21%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Nationwide house price yy	Mar	29-Mar		6.9%
Nationwide house price mm	Mar	29-Mar		0.7%
Retail Sales YY	Feb	26-Mar	-2.9%	-5.9%
Retail Sales Ex-Fuel MM	Feb	26-Mar	2.0%	-8.8%
Retail Sales MM	Feb	26-Mar	2.2%	-8.2%
Flash Services PMI	Mar	24-Mar	51.0	49.5
Flash Manufacturing PMI	Mar	24-Mar	55.0	55.1
Flash Composite PMI	Mar	24-Mar	51.1	49.6
CPI YY	Feb	24-Mar	0.8%	0.7%

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**Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar News**

- The Aussie gained from Australia employment data, Australia's Employment Change grew past pre-pandemic peak while crossing 30K forecast and 29.1K prior with 88.7K whereas the Unemployment Rate dropped below 6.3% market consensus and 6.4% previous readouts to 5.8%.
- On Thursday, The Reserve Bank of Australia (RBA), in its latest bulletin, mentioned in detail about the Australian dollar FX rate, "The exchange rate is influenced by a number of domestic and international factors. Two key fundamental determinants of the exchange rate are the terms of trade and differences between interest rates in Australia and those in major advanced economies."
- Last day of week, Aussie Retail Sales was reported at -1.1% MoM vs +0.4% expected.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7765</b> USD/AUD	<b>Monthly High</b>	<b>0.7849</b> USD/AUD
<b>Week Open</b>	<b>0.7745</b> USD/AUD	<b>Monthly Low</b>	<b>0.7622</b> USD/AUD
<b>Week Close</b>	<b>0.7742</b> USD/AUD	<b>30 Days Average</b>	<b>0.7680</b> USD/AUD
<b>Weekly High</b>	<b>0.7849</b> USD/AUD	<b>90 Days Average</b>	<b>0.7386</b> USD/AUD
<b>Weekly Low</b>	<b>0.7698</b> USD/AUD	<b>YTD Change</b>	<b>+0.22%</b>

**Australian Dollar Outlook**

- The last week of March brings about a quieter economic calendar for the Australian Dollar. Australian PMI reports, set to be released on Tuesday, March 23. The context is of a weaker trend among recent releases.
- The Aussie will rebound from the lower border of the ascending channel, which was broken upward. The second signal will be a strong growth and a breakdown of the level of 0.7830.

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Comp PMI Flash	Mar	24-Mar		54.4
Services PMI Flash	Mar	24-Mar		54.1
Mfg PMI Flash	Mar	24-Mar		56.6

<b>Lower Bound</b>	<b>0.7630</b>	<b>Upper Bound</b>	<b>0.7830</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- Last week, the Bank of Japan (BoJ) widened the range of its target for the 10-year yields by an implicit 5 basis points and announced the results of its policy review. They see no clear signals that a further policy adjustment is imminent and economists see no clear dovish or hawkish signal from the strategy review.
- Monetary Policy Meeting Minutes on Wednesday is still on focus, while Tokyo Core CPI in March should fall 0.2% from -0.3% in February.

**Japanese Yen News**

- The Bank of Japan (BOJ) is watching forex moves carefully as they affect the economy and prices, the central bank Governor Haruhiko Kuroda said in a scheduled speech.
- On Friday, the BoJ said it would allow more fluctuation in 10-year bond yields and launched a scheme to subsidise bank profits so they did not suffer from negative interest rates. The BoJ will continue to buy equities up to a maximum of ¥12tn (\$110bn) a year. But under the new policy the central bank will intervene when the market falls rather than steadily increasing its holdings as a way to spur investment and stimulate economic activity. The central bank kept overnight interest rates on hold at -0.1 per cent. It will continue to peg 10-year bond yields at “around zero” but they will be allowed to fluctuate by plus or minus 0.25 per cent, instead of the previous 0.2%.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>109.00</b> JPY/USD	<b>Monthly High</b>	<b>109.36</b> JPY/USD
<b>Week Open</b>	<b>109.06</b> JPY/USD	<b>Monthly Low</b>	<b>106.37</b> JPY/USD
<b>Week Close</b>	<b>108.87</b> JPY/USD	<b>30 Days Average</b>	<b>104.41</b> JPY/USD
<b>Weekly High</b>	<b>109.36</b> JPY/USD	<b>90 Days Average</b>	<b>105.26</b> JPY/USD
<b>Weekly Low</b>	<b>108.59</b> JPY/USD	<b>YTD Change</b>	<b>+5.37%</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
CPI, Overall Tokyo	Mar	26-Mar		-0.3%
CPI Tokyo Ex fresh food YY	Mar	26-Mar	-0.2%	-0.3%
Foreign Invest JP Stock	20 Mar, w/	25-Mar		-60.1B
Foreign Bond Investment	20 Mar, w/	25-Mar		-417.0B
Jibun Bank Mfg PMI Flash	Mar	24-Mar		51.4

<b>Lower Bound</b>	<b>107.80</b>	<b>Upper Bound</b>	<b>109.80</b>
<b>Forecast</b>	<b>Neutral</b>		

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