

WEEKLY FOREIGN EXCHANGE OUTLOOK
08 Mar 2021 - 12 Mar 2021

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- Democrats push Biden's \$1.9 trillion COVID bill through Senate on party-line vote.
- A rollout of COVID-19 vaccines and impending U.S. fiscal stimulus have boosted confidence in an economic recovery, adding fuel to expectations of higher
- U.S. Treasury Secretary Janet Yellen comment that higher long-term Treasury debt yields were a sign market participants were anticipating a stronger recovery, not of increased inflation concerns.
- The February US inflation (CPI) report will be released this coming Wednesday as market measures of inflation have jumped higher since the start of the year.

Dollar News

- This week is the volatile week, at the beginning, The safe-haven U.S. dollar remained broadly weaker as Treasury yields continued to retreat, restoring some calm to global markets and reigniting demand for riskier assets.
- After that the speech of Jerome Powell, Chairman of the Federal Reserve, said that the rapid rise in bond yields has "caught my attention" – but nothing else. Otherwise, he stuck to the script of dismissing prospects of rising inflation, saying that the Fed eyes various measures of financial conditions and stressing that ten million Americans remain out of work.
- The U.S. Dollar Index continues to rocket higher thanks to U.S. jobs growth beats expectations. The Nonfarm payrolls increased by 379,000 in February and the unemployment rate was 6.2%.

Dollar Index Performance

Last Week Close	90.88	Monthly High	92.50
Week Open	90.93	Monthly Low	89.68
Week Close	91.62	30 Days Average	90.83
Weekly High	92.50	90 Days Average	90.98
Weekly Low	90.63	YTD Change	#NAME?

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Wholesale Invt(y), R MM	Jan	8-Mar	1.3%	1.3%
Core CPI YY, NSA	Feb	10-Mar	1.4%	1.4%
Initial Jobless Clm	6 Mar, w/€	11-Mar	725k	745k
Cont Jobless Clm	27 Feb, w/	11-Mar		4.295M
JOLTS Job Openings	Jan	11-Mar		6.646M
PPI Final Demand YY	Feb	12-Mar	2.7%	1.7%
PPI Final Demand MM	Feb	12-Mar	0.4%	1.3%
U Mich Sentiment Prelim	Mar	12-Mar	78.0	76.8

Lower Bound	90.00	Upper Bound	93.00
Forecast	Appreciation		

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- It is predicted that the baht remained weak in the coming weeks after the rise in U.S. Treasury yields.
- Rising government bond yields are weighing on Asian equities to mirror their US counterparts as reflation hopes drive yields lower.
- The Tourism Authority of Thailand (TAT) would like to provide an update regarding the gradual return of events and festivals with strict COVID-19 safety and control measures, as the country rolls out its first inoculation programme.
- Annual Thailand's headline inflation in 2021 is projected to stay between 0.7% to 1.7%, (with an average of 1.2%), which is an appropriate range that would effectively support this year's economic growth.

Lower Bound	30.40	Upper Bound	31.10
Forecast	Depreciation		

Thai Baht News

- The baht markedly depreciated last week as it was driven by the stronger U.S. dollar among the rise in U.S. Treasury yields. The currency rocketed to almost 30.50.
- Regarding the economic data, Thailand's headline consumer price index (CPI) in February dropped a bigger than expected 1.17% from a year ago due to lower food prices and government measures to curb living costs, particularly utility bill.
- FX volatility has been heating up on the heels of recent bond market volatility.

Thai Baht Performance

Last Week Close	30.47 THB/USD	Monthly High	#NAME? THB/USD
Week Open	30.45 THB/USD	Monthly Low	#NAME? THB/USD
Week Close	30.53 THB/USD	30 Days Average	30.10 THB/USD
Weekly High	30.56 THB/USD	90 Days Average	30.14 THB/USD
Weekly Low	30.15 THB/USD	YTD Change	#NAME?

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence Idx	Feb	11-Mar		47.8
Forex Reserves	5 Mar, w/€	12-Mar		253.9B
Currency Swaps	5 Mar, w/€	12-Mar		30.6B

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Euro Graph


Source: Thomson Reuters

Euro News

- EUR/USD has dropped sharply after the Fed's Powell refused to commit to lowering yields.
- EUR/USD has been going sideways in the low 1.1900s. After coming under strong selling pressure in wake of remarks by the Chairman of the Federal Reserve Jerome Powell on Thursday and losing its grip on the 1.2000 handle.
 - A strong US NFP report then sent EUR/USD very briefly under the 1.1900 handle, though this level was well defended.
- The pandemic downtrend remains in place, and the fact that EUR/USD itself has lost its pandemic uptrend.
- European markets closed lower as rising U.S. bond yields continued to weigh on investor sentiment.

Euro Index Performance

Last Week Close	1.2074 USD/EUR	Monthly High	#NAME? USD/EUR
Week Open	1.2077 USD/EUR	Monthly Low	#NAME? USD/EUR
Week Close	1.1917 USD/EUR	30 Days Average	1.2079 USD/EUR
Weekly High	1.2112 USD/EUR	90 Days Average	1.2070 USD/EUR
Weekly Low	1.1892 USD/EUR	YTD Change	#NAME?

Euro Outlook

- European officials are worried about the spread of Covid-19.
- Elsewhere, in contrast with the US, UK and many other countries, the pandemic situation in Europe is not improving. In fact, according to the WHO, Covid-19 infections actually accelerated in the EU last week. Italy is tightening restrictions, France is still under curfew (which looks likely to be extended) and the threat of a return to full lockdown in Germany looms large, with current restrictions having recently been extended again.
- In recent weeks, the markets will focus on the European Central Bank Rate Decision. There will be no major easing of monetary policy, such as a cut in interest rates, but a decision to step-up bond purchases is possible and such a move would be negative for EUR/USD.

Euro Index Economic Events

Events	Period	Date	Forecast	Previous
Sentix Index	Mar	8-Mar	1.9	-0.2
GDP Revised QQ	Q4	9-Mar	-0.6%	-0.6%
GDP Revised YY	Q4	9-Mar	-5.0%	-5.0%
ECB Refinancing Rate	Mar	11-Mar	0.00%	0.00%
ECB Deposit Rate	Mar	11-Mar	-0.50%	-0.50%
Industrial Production MM	Jan	12-Mar	0.2%	-1.6%
Industrial Production YY	Jan	12-Mar	-2.4%	-0.8%

Lower Bound	1.1700	Upper Bound	1.2050
Forecast	Depreciation		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- While Britain's new budget consists of a sharp corporate tax hike in 2023 – from 19% to 25% – upbeat economic forecasts, extending the furlough scheme and other goodies seem to set the economy on a positive footing.
- However, while sterling has room to rise against many other currencies, it seems powerless against the U.S. dollar.
- This week has four releases, including monthly GDP. The monthly GDP report showed a gain of 1.2% in December, rebounding from -2.6% beforehand. We will wait to receive the January data on Friday.

Lower Bound	1.3650	Upper Bound	1.3950
Forecast	Depreciation		

Pound Sterling News

- The Pound Sterling has been falling sharply against the U.S. dollar after the Fed's Powell shrugged off rising bond yields.
- Britain's new budget has been well received by investors and the country's vaccination campaign is hailed as a success – but nothing can match the Federal Reserve's firepower.
- The pound sterling take benefiting from the UK's rapid rollout of vaccines, which are hovering near one-third of the population – the world leader among large countries.
- GBP/USD sustained a second straight losing week, as the pair fell below the 1.39 line.

Pound Sterling Performance

Last Week Close	1.3932 USD/GBP	Monthly High	#NAME? USD/GBP
Week Open	1.3937 USD/GBP	Monthly Low	#NAME? USD/GBP
Week Close	1.3841 USD/GBP	30 Days Average	1.3852 USD/GBP
Weekly High	1.4016 USD/GBP	90 Days Average	1.3570 USD/GBP
Weekly Low	1.3777 USD/GBP	YTD Change	#NAME?

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
RICS Housing Survey	Feb	11-Mar	45	50
GDP Est 3M/3M	Jan	12-Mar	-2.5%	1.0%
GDP Estimate MM	Jan	12-Mar	-4.9%	1.2%
GDP Estimate YY	Jan	12-Mar	-10.9%	-6.5%
Industrial Output MM	Jan	12-Mar	-0.6%	0.2%
Industrial Output YY	Jan	12-Mar	-4.0%	-3.3%
Manufacturing Output MM	Jan	12-Mar	-0.8%	0.3%
Manufacturing Output YY	Jan	12-Mar	-3.6%	-2.5%
Goods Trade Balance GBP	Jan	12-Mar	-12.500B	-14.315B

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar Outlook

- The Australian Dollar is among the underperformers against the greenback following a deterioration in risk sentiment, stemming from the persistent rise in US yields.
- Global bond yields are soaring and global equity markets are tanking. The US Dollar is in vogue as the world's reserve currency, backed by higher US Treasury yields. Such conditions speak to a risk-off mood gripping global markets.
- The analyst expects the Australia's economy to rebound 4.2% in 2021, led by stimulus and support measures.

Australian Dollar News

- The Reserve Bank of Australia (RBA) on Tuesday announced its decision to maintain its current policy settings, including leaving its cash rate at 0.1%.
- The Aussie gained after Australia's economy grew a brisk 3.1% last quarter, marking the first time gross domestic product has expanded more than 3.0% for two consecutive terms in the 60-year history of the national accounts.
- Australia's January retail sales increased 0.5% month on month on a seasonally adjusted basis, according to data published Thursday by the Bureau of Statistics. The country also recorded a trade surplus of 10.142 billion Australian dollars (about \$7.88 billion), higher than expectations.

Australian Dollar Performance

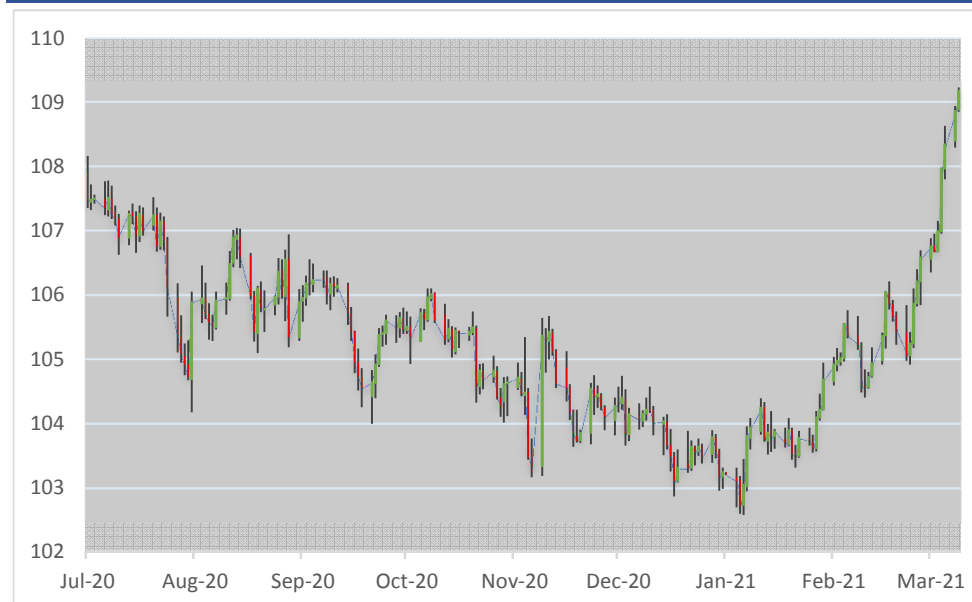
Last Week Close	0.7705 USD/AUD	Monthly High	#NAME? USD/AUD
Week Open	0.7712 USD/AUD	Monthly Low	#NAME? USD/AUD
Week Close	0.7686 USD/AUD	30 Days Average	0.7738 USD/AUD
Weekly High	0.7838 USD/AUD	90 Days Average	0.7588 USD/AUD
Weekly Low	0.7621 USD/AUD	YTD Change	#NAME?

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Feb	9-Mar		7
NAB Business Confidence	Feb	9-Mar		10
Consumer Sentiment	Mar	10-Mar		1.9%
Refinitiv IPSOS PCSI	Mar	12-Mar		54.72

Lower Bound	0.7550	Upper Bound	0.7850
Forecast	Depreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The anti-risk Japanese Yen may continue weakening if market sentiment remains generally upbeat. Gains in the Dow Jones and S&P 500 would likely be key culprits.
- But, if the Federal Reserve continues to standby and focus on short-term government bonds, then Yen declines may slow.
- Fed Chair Powell will make an address outlining the risks associated with the recent spike in long-term borrowing costs. Higher U.S. borrowing costs are greatly amplified (negatively) by safe-haven assets such as the Yen.

Lower Bound	107.00	Upper Bound	110.00
Forecast	Depreciation		

Japanese Yen News

- The Japanese government will extend the state of emergency until March 21 in Tokyo and surrounding prefectures, having determined that new COVID-19 infections have not fallen sufficiently to lift the advisory.
- Japan's jobless rate stood at 2.9% in January, compared with 3.0% in December, the Statistics Bureau said Tuesday, as strong government spending underpinned the economy amid a coronavirus state of emergency imposed since early in the year.
- USD/JPY is off highs but remains comfortably above the 108.00 level.
- Japanese Prime Minister Yoshihide Suga said on Friday that they are not planning to lower the sales tax.

Japanese Yen Performance

Last Week Close	106.58 JPY/USD	Monthly High	#NAME? JPY/USD
Week Open	106.56 JPY/USD	Monthly Low	#NAME? JPY/USD
Week Close	108.34 JPY/USD	30 Days Average	105.21 JPY/USD
Weekly High	108.63 JPY/USD	90 Days Average	104.54 JPY/USD
Weekly Low	106.35 JPY/USD	YTD Change	#NAME?

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Jan	8-Mar	1,229.6B	1,165.6B
All Household Spending YY	Jan	9-Mar	-2.1%	-0.6%
All Household Spending MM	Jan	9-Mar	-3.1%	0.9%
GDP Rev QQ Annualised	Q4	9-Mar	12.8%	12.7%
GDP Revised QQ	Q4	9-Mar	3.0%	3.0%
GDP Cap Ex Rev QQ	Q4	9-Mar	4.1%	4.5%
Corp Goods Price MM	Feb	11-Mar	0.5%	0.4%
Corp Goods Price YY	Feb	11-Mar	-0.7%	-1.6%

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