

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**10 May 2021 - 14 May 2021**

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


Source: Thomson Reuters

**Dollar Outlook**

- Data-wise, the April inflation report will be the highlight of the week, with our US economist expecting headline CPI to come in at 3.7% year-on-year. The jump in inflation is largely expected by markets and may fail to drive a big change in the Fed's rate expectations
- Another key event in the US will be an auction on Wednesday for \$41bn 10-year Treasury. As long as the bond market proves resilient, there will likely be additional room for any dollar to be in bear trend.

<b>Lower Bound</b>	<b>90.00</b>	<b>Upper Bound</b>	<b>91.52</b>
<b>Forecast</b>	<b>Neutral</b>		

**Dollar News**

- The dollar gained on optimistic about the prospects for a relatively faster US economic recovery from the pandemic after US Treasury Secretary Janet Yellen talked up the prospect of rate hikes to prevent the economy from overheating.
- After that, Yellen said that she was neither predicting nor recommending a rate rise after she commented on Tuesday, curbing a gains in the greenback.
- At the middle of the week, the dollar traded in a narrow range as the ADP National Employment Report showed US private payrolls increased in April as companies rushed to boost production amid a surge in demand. Meanwhile, US ISM Manufacturing PMI was at 60.7, missing economists' forecast at 65 from 64.7 previously.
- However, the dollar fell across the board after a sharply below-consensus read in April's non-farm payrolls prompted a sell-off in the dollar across the board. The data show increase 266K vs expectation at 990K.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>91.28</b>	<b>Monthly High</b>	<b>93.44</b>
<b>Week Open</b>	<b>91.30</b>	<b>Monthly Low</b>	<b>90.11</b>
<b>Week Close</b>	<b>90.19</b>	<b>30 Days Average</b>	<b>91.65</b>
<b>Weekly High</b>	<b>91.44</b>	<b>90 Days Average</b>	<b>91.18</b>
<b>Weekly Low</b>	<b>90.19</b>	<b>YTD Change</b>	<b>+0.43%</b>

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
CPI MM, SA	Apr	12-May	0.2%	0.6%
Initial Jobless Clm	8 May, w/€	13-May	500k	498k
Retail Sales MM	Apr	14-May	0.2%	9.8%
Industrial Production MM	Apr	14-May	1.1%	1.4%
U Mich Sentiment Prelim	May	14-May	90.3	88.3

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

• Investors still focus on the inbound Covid-19 cases and Government measures to deal with it after the number of infections keep rising. Thailand's third wave of Covid-19 that started in April has now reported 52,411 infections, 23,993 of whom have already recovered.

<b>Lower Bound</b>	<b>31.00</b>	<b>Upper Bound</b>	<b>31.35</b>
<b>Forecast</b>	<b>Neutral</b>		

**Thai Baht News**

- The baht traded volatile following other major currencies as domestic factors in Thailand still weighed on the baht's movement.
- The Bank of Thailand (BoT) left the policy rate unchanged at a record low of 0.5% as expected on Wednesday.
- The fresh wave of Covid-19 infections impacted the BoT likely to slash its economic growth forecast for this year from a previous prediction of 3%.
- Whilst, concerns over the spread of the coronavirus that still has an outbreak affecting people's lives, business and the country's economy in the future, especially in the tourism and service sectors remained investors cautious.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>31.14</b> THB/USD	<b>Monthly High</b>	<b>31.29</b> THB/USD
<b>Week Open</b>	<b>31.19</b> THB/USD	<b>Monthly Low</b>	<b>31.04</b> THB/USD
<b>Week Close</b>	<b>31.16</b> THB/USD	<b>30 Days Average</b>	<b>31.24</b> THB/USD
<b>Weekly High</b>	<b>31.27</b> THB/USD	<b>90 Days Average</b>	<b>30.51</b> THB/USD
<b>Weekly Low</b>	<b>31.07</b> THB/USD	<b>YTD Change</b>	<b>+4.01%</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Forex Reserves	3 May, w/€	14-May		250.4B
Currency Swaps	3 May, w/€	14-May		30.7B
GDP Growth YY	Q1	17-May		0.00B
GDP Growth QQ SA	Q1	17-May		0.0B

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**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- As the soft USD environment is to spill over into the next week, the upside pressure on EUR/USD should remain in place. It is a very quiet week on the eurozone data front (both the May German ZEW on Tuesday and March industrial production on Wednesday should have a limited impact on EUR).
- The outlook for the EUR/USD is clearly improving. The eurozone data should rebound as we get into the summer while the speculation about the ECB QE tapering is growing. Coupled with the general soft USD environment, this points should further EUR/USD upside in coming months.

<b>Lower Bound</b>	<b>1.1989</b>	<b>Upper Bound</b>	<b>1.2200</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Euro News**

- The euro traded near 1.2000 level after a survey showed Eurozone business activity accelerated in April as the bloc's dominant services industry shrugged off renewed lockdowns and returned to growth.
- Germany reported March Retail Sales unexpectedly rose by 11% YoY, much better than the -3.1% expected while Markit Manufacturing PMIs were downwardly revised in April. The German index printed at 66.2 while the EU reading resulted in 62.9, below the 63.3 previously estimated.
- At the end of the week, the euro was supported by the Retail Sales in the bloc expanded at a monthly 2.7% in March and 12% from a year earlier.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.2018</b> USD/EUR	<b>Monthly High</b>	<b>1.2176</b> USD/EUR
<b>Week Open</b>	<b>1.2029</b> USD/EUR	<b>Monthly Low</b>	<b>1.1987</b> USD/EUR
<b>Week Close</b>	<b>1.2163</b> USD/EUR	<b>30 Days Average</b>	<b>1.1976</b> USD/EUR
<b>Weekly High</b>	<b>1.2171</b> USD/EUR	<b>90 Days Average</b>	<b>1.2026</b> USD/EUR
<b>Weekly Low</b>	<b>1.1984</b> USD/EUR	<b>YTD Change</b>	<b>-0.54%</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Sentix Index	May	10-May	14.0	13.1
Industrial Production MM	Mar	12-May	0.6%	-1.0%
Industrial Production YY	Mar	12-May	11.6%	-1.6%
Reserve Assets Total	Apr	17-May		849.37B

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


Source: Thomson Reuters

**Pound Sterling News**

- The pound sterling traded higher against the greenback after the Bank of England (BOE) said that Britain's economy is heading for much stronger recovery this year than it previously expected and it might start to slow its pandemic emergency support.
- UK Manufacturing Purchasing Managers' Index (PMI) was revised higher to 60.9 in April versus 60.7 expected and 60.7 first estimate.
- The Bank of England's (BoE) Monetary Policy Committee (MPC) decided to leave the benchmark interest rate unchanged at 0.10% at its May policy meeting and kept the Asset Purchase Facility steady at £895 billion as widely expected.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.3814</b> USD/GBP	<b>Monthly High</b>	<b>1.4076</b> USD/GBP
<b>Week Open</b>	<b>1.3825</b> USD/GBP	<b>Monthly Low</b>	<b>1.3801</b> USD/GBP
<b>Week Close</b>	<b>1.3972</b> USD/GBP	<b>30 Days Average</b>	<b>1.3848</b> USD/GBP
<b>Weekly High</b>	<b>1.4005</b> USD/GBP	<b>90 Days Average</b>	<b>1.3811</b> USD/GBP
<b>Weekly Low</b>	<b>1.3799</b> USD/GBP	<b>YTD Change</b>	<b>+2.93%</b>

**Pound Sterling Outlook**

- On the latter, the main focus of the week is on the UK 1Q GDP (Wed). This should show a solid of 1.5% YoY, which is considerably 'less bad' than feared given the Brexit disruption and the strict lockdown as March activity was strong due to the combination of schools returning and healthy month for retail.
- This should further underscore the prospects for a very strong economic recovery in 2Q and be supportive of the pound. The current post April NFP weak USD environment is clearly beneficial for GBP/USD.

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Apr	10-May		1.1%
GDP Est 3M/3M	Mar	12-May	-1.7%	-1.6%
GDP Estimate MM	Mar	12-May	1.3%	0.4%
GDP Estimate YY	Mar	12-May	-1.2%	-7.8%
Manufacturing Output MM	Mar	12-May	1.0%	1.3%
GDP Prelim QQ	Q1	12-May	-1.7%	1.3%
GDP Prelim YY	Q1	12-May	-6.0%	-7.3%

<b>Lower Bound</b>	<b>1.3825</b>	<b>Upper Bound</b>	<b>1.4100</b>
<b>Forecast</b>	<b>Appreciation</b>		

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**Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar News**

- The Reserve Bank of Australia held the rate at 0.1% unchanged, reiterated a firmly dovish tone at its May policy meeting, while postponing till July its decision on whether shifting its yield-curve-control target bond from April 2024 to November 2024.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7716</b> USD/AUD	<b>Monthly High</b>	<b>0.7864</b> USD/AUD
<b>Week Open</b>	<b>0.7707</b> USD/AUD	<b>Monthly Low</b>	<b>0.7676</b> USD/AUD
<b>Week Close</b>	<b>0.7842</b> USD/AUD	<b>30 Days Average</b>	<b>0.7758</b> USD/AUD
<b>Weekly High</b>	<b>0.7862</b> USD/AUD	<b>90 Days Average</b>	<b>0.7621</b> USD/AUD
<b>Weekly Low</b>	<b>0.7674</b> USD/AUD	<b>YTD Change</b>	<b>+2.05%</b>

**Australian Dollar Outlook**

- There's no key data releases are due before the jobs report on 20 May. Instead, some focus will likely remain on the Australia-China relationships as tensions still fail to abate.
- Barring any trade-related retaliation by China and the Australian government's budget announcement possibly offering some extra support.

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
NAB Business Conditions	Apr	10-May		25.0%
NAB Business Confidence	Apr	10-May		15.0%
Retail Sales MM Final	Mar	10-May	1.4	1.4
Retail Trade	Q1	10-May	-0.4%	2.5%
Refinitiv IPSOS PCSI	May	14-May		0.00B

<b>Lower Bound</b>	<b>0.7705</b>	<b>Upper Bound</b>	<b>0.7900</b>
<b>Forecast</b>	<b>Appreciation</b>		


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen News**

- The yen was steady against the dollar as markets await any news developments that would indicate future movement.
- However, the yen is still at risk of weakness. After the Japanese government is considering extending the state of emergency declaration in Tokyo and other major prefectures.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>109.27</b> JPY/USD	<b>Monthly High</b>	<b>109.69</b> JPY/USD
<b>Week Open</b>	<b>109.25</b> JPY/USD	<b>Monthly Low</b>	<b>108.35</b> JPY/USD
<b>Week Close</b>	<b>108.60</b> JPY/USD	<b>30 Days Average</b>	<b>103.55</b> JPY/USD
<b>Weekly High</b>	<b>109.69</b> JPY/USD	<b>90 Days Average</b>	<b>104.37</b> JPY/USD
<b>Weekly Low</b>	<b>108.32</b> JPY/USD	<b>YTD Change</b>	<b>+5.57%</b>

**Japanese Yen Outlook**

- In the week ahead, the US Treasury auction and US CPI will keep investors heavily focused on rates dynamics, with the yen's short-term outlook staying heavily tied to US bond yields.
- A continuation of the good momentum in global equities along with the risk of US yields starting to tick back up may see the yen still unable to enter a steady appreciation trend for now. Data-wise, it is going to be a pretty quiet week in Japan, with only trade data for March in focus.

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
All Household Spending YY	Mar	11-May	1.5%	-6.6%
All Household Spending MM	Mar	11-May	2.1%	2.4%
Current Account NSA JPY	Mar	13-May	2,796.2B	2,916.9B
Corp Goods Price MM	Apr	17-May		0.8%
Corp Goods Price YY	Apr	17-May		1.0%

<b>Lower Bound</b>	<b>108.20</b>	<b>Upper Bound</b>	<b>109.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

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