



**FOREIGN EXCHANGE OUTLOOK**

**13 - 19 May 2019**



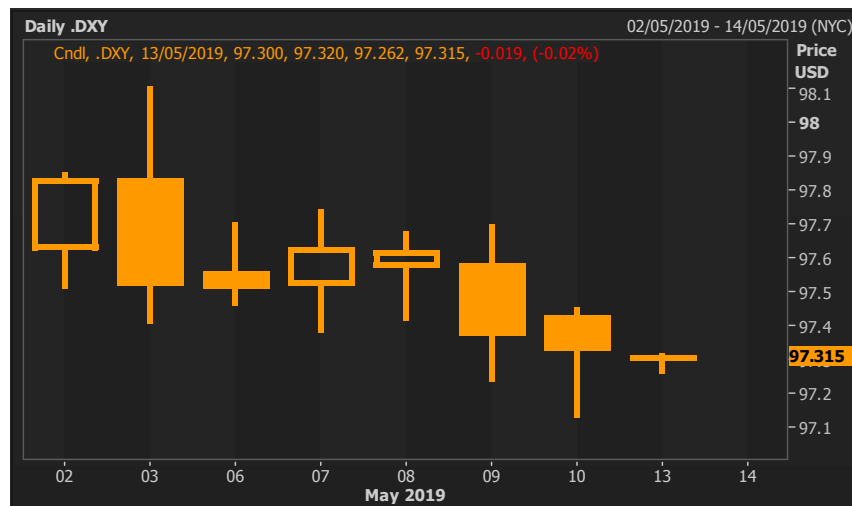
**USD**

**Highligh**

**The Dollar fell against the major peers on Trade war worried.**

The Dollar firmed against major peers on Monday (6/5) after U.S. President Donald Trump said he would sharply raise tariffs on Chinese goods from 10% to 25% on \$200 billion kicked in on Friday (10/5). During the week, the dollar was roughly flat as foreign exchange traders held off from making a big moves as they weighed news about progress in the trade talks between the United States and China. However, the dollar fell on Friday (10/5) as the market feared that any escalation in the trade conflict between the United States and China would force U.S. policymakers to cut interest rate. In additional, the U.S. consumer price was at 0.3% in April, lower than 0.4% expectation.

**Graph**



**Comment**

Market await for the U.S. retail sales data on Wednesday (15/5). Moreover, the Chinese retaliation is also in the focus.



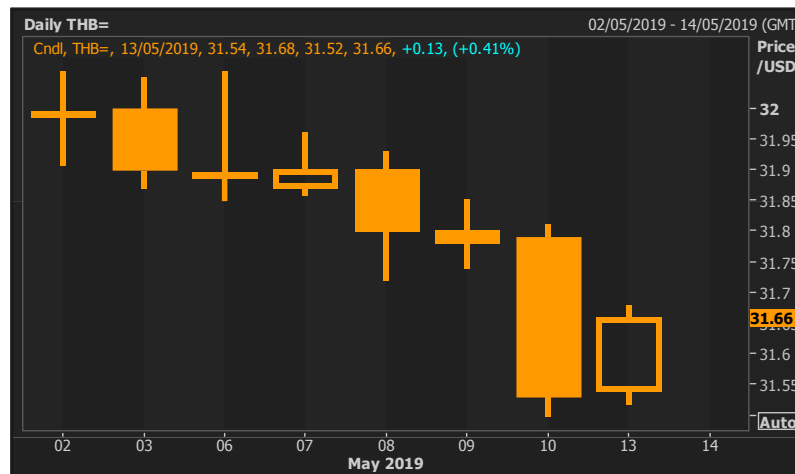
## THB

### Highlight

### The Baht gain from the political situation and hopes on trade talk.

The THB opened at 31.89/91 THB/USD, unchanged from closing level on Friday (6/5). The THB moved in a narrow range in the early of the week even President Donald Trump threatened to impose more tariffs on Chinese goods from 10% to 25%. On Tuesday (7/5), the central bank governor, Veerathai Santiprabhob said "Thailand's high household debt remains a major problem for its economy." The high debt has been a factor thwarting BOT's interest rate cuts. On Wednesday (8/5), Thailand's central bank held its bench mark interest rate at 1.75% unchanged, as widely expected, saying monetary policy remained accommodative while risks to financial stability remained. In additional, THB rose on Friday (10/5), helped by a range of factors and amid cautious support for regional markets on hopes Beijing and Washington might be able to strike a trade deal, despite U.S. tariff hikes taking effect. Moreover, the baht made gains from the clarity of the election since the 2014 military coup.

### Graph



### Comment

The main focus is the Thailand's government forming and Sino trade situation. We expect the bath to move in a range of 31.50 – 31.80 THB/USD.



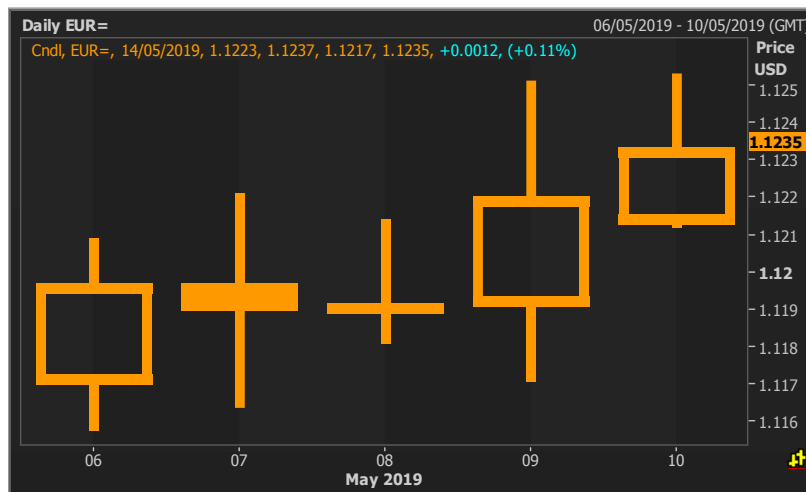
## EUR

### Highlight

**The EUR appreciated during the end of last week while the market focuses on the conclusions of Trade Talk between US and China.**

Last week, the EUR moved in a short range after the economic data showed mix results. The Service Purchasing Manager Index (PMI) of Eurozone is at 52.8 point, higher than the expectation of 52.5 point. In addition, the retail sales of Eurozone is at the same of last month, also better than the expectation that the retail sales will shrink 0.1%. The Germany factory order increased 0.6% in March, lower than the expectation that it will expand 1.60% after this index shrink for 2 consecutive months. This index make an impact to the investors' perspective that the Germany economy will move in a slow pace. During the middle of the week, the European Commission (EC), announced that the Eurozone economy will recover from the stagnant this year, while the unemployment rate will decrease. The European Central Bank (ECB), forecasts that the inflation will be around 1.2% this year and 1.5% next year, however, the inflation will be lower from the target of 2.0%. During the late week, the EUR move up after US announced to increase the import tax from China to 25%. Furthermore, Germany trade balance also increased 20.0 Billion Euro, more than the expectation of 19.40 Billion Euro and higher than last month at 18.7 Billion Euro. This is another factor that support Euro during the end of the week.

### Graph



### Comment

This week the market focuses on the release of major economic data such as; CPI, GDP and Trade Balance of Eurozone and the major countries in Eurozone. We expect the EUR to move in the range of 1.115 – 1.129 USD/EUR



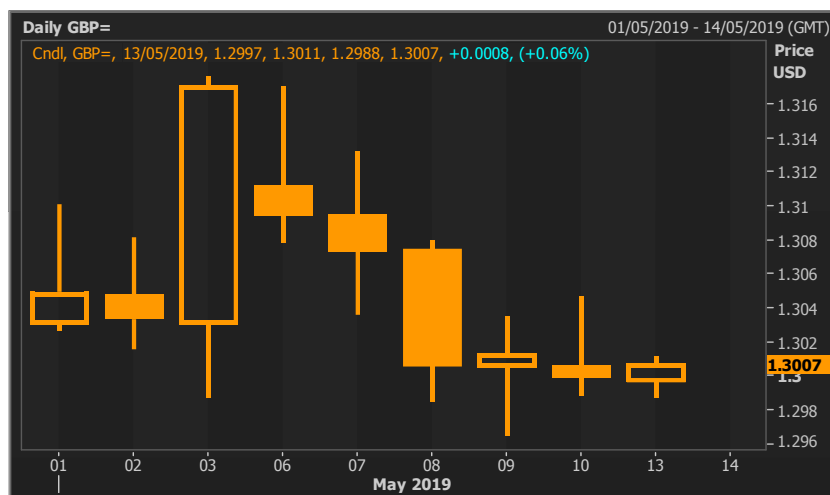
## GBP

### Highlight

**Last week, Financial markets have been rattled by renewed tensions in U.S.-China trade relations. This week, the market will focus on the release of U.K. Unemployment Rate on Tuesday (14/5)**

Last week, the pound sterling opened at 1.3112/14 USD/GBP on Monday (6/5), depreciated from the previous week closing level of 1.3171/73 USD/GBP. Financial markets have been rattled last week by renewed tensions in U.S.-China trade relations. During last week, the pound sterling traded in highly volatile after President Donald Trump threatened to impose additional tariffs on Chinese goods. He would raise tariffs on \$200 billion worth of Chinese goods to 25 percent from 10 percent by the end of the week and would soon target the remaining Chinese imports with tariffs. On Friday (10/5), the Office for National Statistics (ONS) announced that the U.K. Gross Domestic Product grew at a quarterly rate of 0.5 percent in the first quarter of 2019, in line with the reading expected by the Bank of England. During last week, the pound sterling moved between 1.2966 - 1.3170 USD/GBP and closed on Friday (10/5) at 1.3017/19 USD/GBP.

### Graph



### Comment

The bigger focus remained on Brexit with doubtful Prime Minister Theresa May can reach a deal with the opposition on how to leave the European Union. The government delayed the Brexit date until end of October. The pound sterling is expected to be traded within a range of 1.2850-1.3200 USD/GBP.



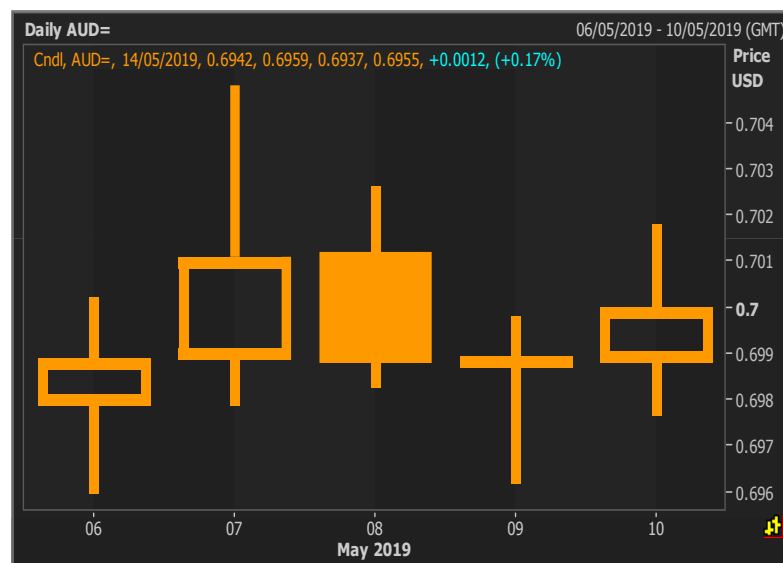
## AUD

### Highligh

Last week, the AUD struggled around 0.6980 USD/AUD as US tariffs on China took place. The Reserve Bank of Australia (RBA) meeting on Monday (6/5) was the main focus. This week, investors will focus on domestic data; the wage price index, employment change and unemployment rate.

The Aussie opened on Monday (6/5) at 0.6979/81 USD/AUD, having struggled as the President Trump's threatened to increase tariffs on Chinese goods worth of \$200 billion from 10% to 25% due on Friday (10/5) if there is no agreement. In Australia, the RBA left its benchmark rate unchanged at 1.5% as expected, while downside risk to the economy. On data front; the retail sales and trade balance flashed overall positive figures; the retail sales grew more than 0.3% versus 0.2% forecast, while trade balance grew 4,949 million compared to 4,300 million forecast. However, the Aussie barely moved despite above-forecast data on pessimism concerning the tariffs on China, the AUD was trading in range of 0.6960 – 0.7048 USD/AUD and closed on Friday at 0.6977/79 USD/AUD.

### Graph



### Comment

The Aussie this week could trade lower in choppy range as it is weighed down by souring sentiment in US and China trade talks. For economic data; wage price index is expected to release on Tuesday (14/5), employment change and unemployment rate on Wednesday (15/5), and parliamentary elections on Friday (17/5). This week we expect the support will be at 0.6900 USD/AUD and resistant at 0.7050 USD/AUD.



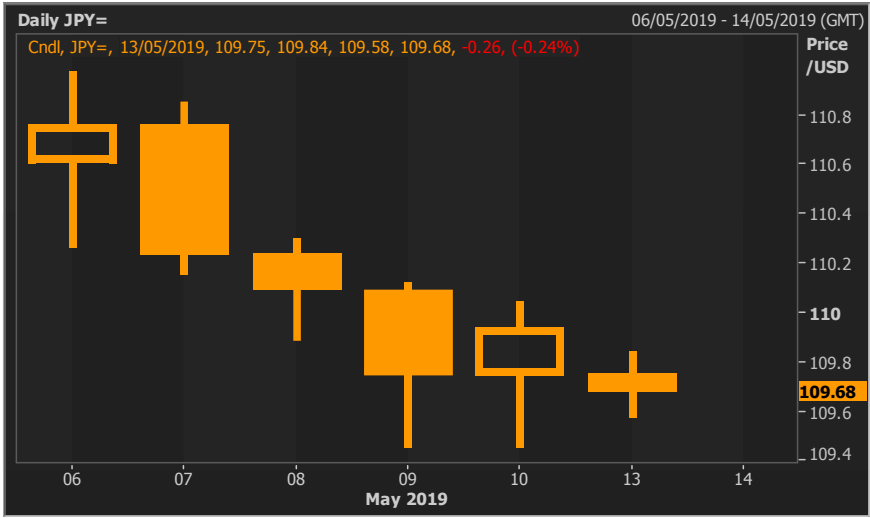
# JPY

## Highlight

**The Japanese Yen advanced as safe-haven demand rose while trade tension haunted. The US government announced to raise import tariffs for China from 10% to 25% after unsuccessful negotiation on Friday (10/5).**

The Japanese Yen has appreciated against the greenback after the nation’s long weekend as safe-haven demands surged from US-China trade tension after President Donald Trump assaulted Chinese official about low progress on bilateral negotiation and called for hiking tariffs on 200 billion USD Chinese goods from 10% to 25% within Friday (10/5) unless the deal meets an agreement. Referring to economic indicators, Manufacturing PMI released on Tuesday (7/5) that increased to the level of 50.2 in April which was above the level 50.0 again after extremely dropping in February. On Friday (10/5), Household Spending expanded 2.1% in March, better-than-expected that it would remained at 1.7% as in February. The currency moved into the three-month high at the end of the week after the world’s two biggest economies failed to reach the deal and the US government announced to increase import taxes from 200 billion USD worth of Chinese goods to 25%. The two sides agree to extend the negotiation period to next month, otherwise the US official will raise the tariffs on all of Chinese imports value 325 billion USD.

## Graph



## Comment

This week, investors will focus on Japan’s March Current Account on Tuesday (14/5) and April Purchaser Price Index on Thursday (16/5). Furthermore, progress on Sino-US trade talk would be a major factor for safe-haven demand and have to be closely watched. We expect that the Yen would move in the range of 109.00 – 112.00 JPY/USD.

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## Economic Calendar

### Last week

Date Time		Event	Survey	Actual	Prior
05/06/2019	FR	Markit France Services PMI	50.5	50.5	50.5
05/06/2019	FR	Markit France Composite PMI	50	50.1	50
05/06/2019	GE	Markit Germany Services PMI	55.6	55.7	55.6
05/06/2019	GE	Markit/BME Germany Composite PMI	52.1	52.2	52.1
05/06/2019	EC	Markit Eurozone Services PMI	52.5	52.8	52.5
05/06/2019	EC	Markit Eurozone Composite PMI	51.3	51.5	51.3
05/06/2019	EC	Retail Sales MoM	-0.10%	0.00%	0.40%
05/06/2019	EC	Retail Sales YoY	1.80%	1.90%	2.80%
05/07/2019	JN	Nikkei Japan PMI Mfg	--	50.2	49.5
05/07/2019	JN	Vehicle Sales YoY	--	2.50%	-4.70%
05/07/2019	GE	Factory Orders MoM	1.40%	0.60%	-4.20%
05/07/2019	GE	Factory Orders WDA YoY	-5.40%	-6.00%	-8.40%
05/07/2019	FR	Trade Balance	-4500m	-5324m	-4002m
05/07/2019	GE	Markit Germany Construction PMI	--	53	55.6
05/08/2019	JN	Nikkei Japan PMI Composite	--	50.8	50.4
05/08/2019	JN	Nikkei Japan PMI Services	--	51.8	52
05/08/2019	GE	Industrial Production SA MoM	-0.50%	0.50%	0.70%
05/08/2019	GE	Industrial Production WDA YoY	-2.60%	-0.90%	-0.40%
05/08/2019	UK	Halifax House Prices MoM	0.10%	1.10%	-1.60%
05/08/2019	UK	Halifax House Price 3Mths/Year	4.50%	5.00%	2.60%
05/09/2019	JN	Consumer Confidence Index	40.3	40.4	40.5
05/09/2019	US	Trade Balance	-\$50.1b	-\$50.0b	-\$49.4b
05/09/2019	US	Initial Jobless Claims	220k	228k	230k
05/10/2019	JN	Household Spending YoY	1.60%	2.10%	1.70%
05/10/2019	GE	Trade Balance	20.0b	22.7b	17.9b
05/10/2019	GE	Current Account Balance	26.0b	30.2b	16.3b
05/10/2019	GE	Exports SA MoM	-0.40%	1.50%	-1.30%
05/10/2019	GE	Imports SA MoM	0.50%	0.40%	-1.60%
05/10/2019	FR	Wages QoQ	0.30%	0.70%	0.20%
05/10/2019	FR	Industrial Production MoM	-0.50%	-0.90%	0.40%
05/10/2019	FR	Industrial Production YoY	-0.10%	-0.90%	0.60%
05/10/2019	FR	Manufacturing Production MoM	--	-1.00%	1.10%
05/10/2019	FR	Manufacturing Production YoY	--	0.50%	2.80%
05/10/2019	IT	Industrial Production MoM	-0.80%	-0.90%	0.80%
05/10/2019	IT	Industrial Production WDA YoY	-0.80%	-1.40%	0.90%
05/10/2019	IT	Industrial Production NSA YoY	--	-3.10%	0.90%
05/10/2019	UK	GDP (MoM)	0.00%	-0.10%	0.20%
05/10/2019	UK	GDP QoQ	0.50%	0.50%	0.20%
05/10/2019	UK	GDP YoY	1.80%	1.80%	1.40%
05/10/2019	UK	Private Consumption QoQ	0.50%	0.70%	0.30%
05/10/2019	UK	Government Spending QoQ	0.40%	1.40%	1.30%
05/10/2019	UK	Gross Fixed Capital Formation QoQ	-0.30%	2.10%	-0.60%

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05/10/2019	UK	Exports QoQ	1.70%	0.00%	1.60%
05/10/2019	UK	Imports QoQ	4.50%	6.80%	2.10%
05/10/2019	UK	Industrial Production MoM	0.10%	0.70%	0.60%
05/10/2019	UK	Industrial Production YoY	0.50%	1.30%	0.10%
05/10/2019	UK	Manufacturing Production MoM	0.00%	0.90%	0.90%
05/10/2019	UK	Manufacturing Production YoY	1.10%	2.60%	0.60%
05/10/2019	UK	Construction Output SA MoM	-0.90%	-1.90%	0.40%
05/10/2019	UK	Construction Output SA YoY	4.50%	3.20%	3.30%
05/10/2019	UK	Trade Balance	-	-	-
05/10/2019	US	CPI MoM	0.40%	0.30%	0.40%
05/10/2019	US	CPI YoY	2.10%	2.00%	1.90%
05/10/2019	US	CPI Ex Food and Energy YoY	2.10%	2.10%	2.00%
05/10/2019	US	CPI Core Index SA	261.884	261.735	261.374
05/10/2019	US	CPI Index NSA	255.8	255.548	254.202
05/10/2019	US	Real Avg Hourly Earning YoY	--	1.20%	1.30%
05/10/2019	US	Real Avg Weekly Earnings YoY	--	0.90%	1.30%
05/10/2019	IT	Retail Sales MoM	0.10%	-0.30%	0.10%
05/10/2019	IT	Retail Sales YoY	1.00%	-3.30%	0.90%



## **This week**

Date Time		Event	Survey	Actual	Prior
05/14/2019	GE	CPI MoM	1.00%	--	1.00%
05/14/2019	GE	CPI YoY	2.00%	--	2.00%
05/14/2019	GE	CPI EU Harmonized MoM	1.00%	--	1.00%
05/14/2019	GE	CPI EU Harmonized YoY	2.10%	--	2.10%
05/14/2019	UK	Claimant Count Rate	--	--	3.00%
05/14/2019	UK	Jobless Claims Change	--	--	28.3k
05/14/2019	UK	Average Weekly Earnings 3M/YoY	3.40%	--	3.50%
05/14/2019	UK	Weekly Earnings ex Bonus 3M/YoY	3.30%	--	3.40%
05/14/2019	UK	ILO Unemployment Rate 3Mths	3.90%	--	3.90%
05/14/2019	UK	Employment Change 3M/3M	140k	--	179k
05/14/2019	EC	Industrial Production SA MoM	-0.30%	--	-0.20%
05/14/2019	EC	Industrial Production WDA YoY	-0.80%	--	-0.30%
05/14/2019	GE	ZEW Survey Current Situation	6.3	--	5.5
05/14/2019	GE	ZEW Survey Expectations	5	--	3.1
05/14/2019	EC	ZEW Survey Expectations	--	--	4.5
05/14/2019	US	Import Price Index MoM	0.70%	--	0.60%
05/14/2019	US	Import Price Index ex Petroleum MoM	0.10%	--	0.20%
05/14/2019	US	Import Price Index YoY	0.50%	--	0.00%
05/14/2019	US	Export Price Index MoM	0.60%	--	0.70%
05/14/2019	US	Export Price Index YoY	--	--	0.60%
05/15/2019	JN	Construction Orders YoY	--	--	-3.40%
05/15/2019	GE	GDP SA QoQ	0.40%	--	0.00%
05/15/2019	GE	GDP NSA YoY	0.70%	--	0.90%
05/15/2019	GE	GDP WDA YoY	0.70%	--	0.60%
05/15/2019	JN	Machine Tool Orders YoY	--	--	-28.50%
05/15/2019	FR	CPI EU Harmonized MoM	0.30%	--	0.30%
05/15/2019	FR	CPI EU Harmonized YoY	1.40%	--	1.40%
05/15/2019	FR	CPI MoM	0.20%	--	0.20%
05/15/2019	FR	CPI YoY	1.20%	--	1.20%
05/15/2019	FR	CPI Ex-Tobacco Index	103.68	--	103.43
05/15/2019	IT	Industrial Sales WDA YoY	--	--	1.30%
05/15/2019	IT	Industrial Sales MoM	--	--	0.30%
05/15/2019	IT	Industrial Orders NSA YoY	--	--	-2.90%
05/15/2019	IT	Industrial Orders MoM	--	--	-2.70%
05/15/2019	IT	General Government Debt	--	--	2363.7b
05/15/2019	EC	Employment QoQ	--	--	0.30%
05/15/2019	EC	Employment YoY	--	--	1.30%
05/15/2019	EC	GDP SA QoQ	0.40%	--	0.40%
05/15/2019	EC	GDP SA YoY	1.20%	--	1.20%
05/15/2019	US	MBA Mortgage Applications	--	--	2.70%
05/15/2019	US	Empire Manufacturing	8	--	10.1
05/15/2019	US	Retail Sales Advance MoM	0.20%	--	1.60%
05/15/2019	US	Industrial Production MoM	0.00%	--	-0.10%
05/16/2019	JN	PPI YoY	1.10%	--	1.30%

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05/16/2019	JN	PPI MoM	0.20%	--	0.30%
05/16/2019	EC	Trade Balance SA	19.4b	--	19.5b
05/16/2019	EC	Trade Balance NSA	--	--	17.9b
05/16/2019	IT	Trade Balance Total	--	--	3268m
05/16/2019	IT	Trade Balance EU	--	--	1112m
05/16/2019	US	Housing Starts	1209k	--	1139k
05/16/2019	US	Housing Starts MoM	6.20%	--	-0.30%
05/16/2019	US	Building Permits	1290k	--	1269k
05/16/2019	US	Building Permits MoM	1.70%	--	-1.70%
05/16/2019	US	Initial Jobless Claims	220k	--	228k
05/16/2019	US	Continuing Claims	1680k	--	1684k
05/17/2019	EC	Construction Output MoM	--	--	3.00%
05/17/2019	EC	Construction Output YoY	--	--	5.20%
05/17/2019	EC	CPI Core YoY	1.20%	--	1.20%
05/17/2019	EC	CPI MoM	0.70%	--	1.00%
05/17/2019	EC	CPI YoY	1.70%	--	1.40%
05/17/2019	US	U. of Mich. Sentiment	97.5	--	97.2
05/17/2019	US	U. of Mich. Current Conditions	--	--	112.3
05/17/2019	US	U. of Mich. Expectations	--	--	87.4
05/17/2019	US	U. of Mich. 1 Yr Inflation	--	--	2.50%
05/17/2019	US	U. of Mich. 5-10 Yr Inflation	--	--	2.30%