

**FOREIGN EXCHANGE OUTLOOK**

**15 - 20 October 2019**



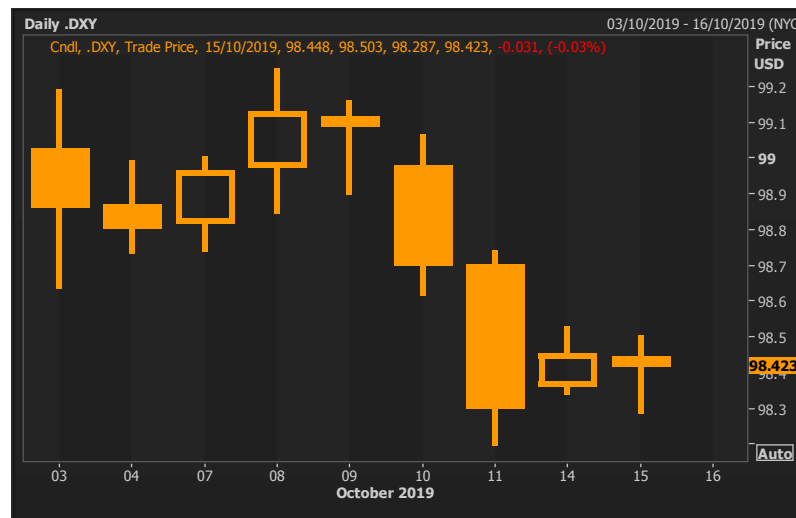
**USD**

**Highlight**

**The dollar index traded fluctuate while markets still keep their eyes on further trade negotiation between the two largest economies even though optimistic progress in the top-level meeting last week.**

The dollar index slumped at the beginning of the week as contraction in Nonfarm Payrolls data that increased only 136,000 positions in September, dropped from the previous month of 168,000 increasing. Nevertheless, Unemployment Rate fell to 50-year low at the level of 3.5%. The greenback rebounded back in the middle of the week as demands on safe-haven assets rising from concerns over Brexit issue after British Prime Minister Boris Johnson blamed German Chancellor Angela Merkel on Irish border deal that has not been concluded while the deadline is running up, even though markets still worried on Sino-US trade war when the US official listed name of Chinese tech-companies as blacklist entities from supporting violence on Uyghur tribe. However, markets started easing some concerns over trade war and Brexit situation after President Donald Trump tweeted on Thursday (10/10) about optimistic progress in the first day of negotiation and The Republic of Ireland's president told the reporters that he appreciates in PM Johnson's plan about the Irish border deal.

**Graph**



**Comment**

This week, investors focus on the releases of US September Retail Sales data on Wednesday (16/10), October Philadelphia Fed Manufacturing Index, September Building Permits, New Home Sales and Industrial Production data on Thursday (17/10). Regarding to Sino-US trade talk, the Chinese officials agreed to import more US agricultural goods especially soybeans, support foreign firms investment in onshore market and also prepared a policy to prevent intellectual property right. On the other side, the US officials announced to delay import tariffs on USD 250 billion of Chinese goods from 25% to 30% on 15th October, but has not considered about those on other USD 160 billion of Chinese goods on 15th December yet.



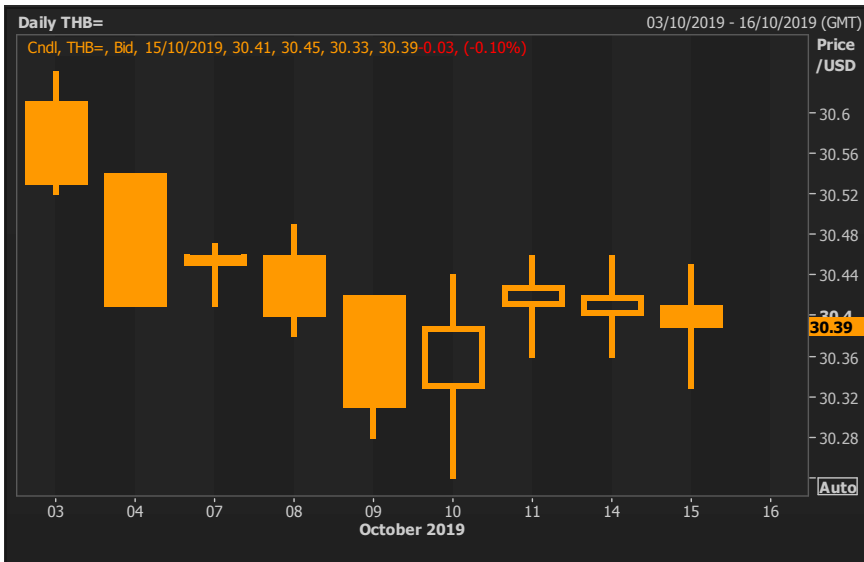
# THB

## Highligh

**The Bank of Thailand has prepared a measure to cope with Thai Baht strengthening and allowed using policy space to cut its benchmark rate through the record low level at 1.25%.**

The Baht appreciated against the greenback at the beginning of the week as the released of disappointing US Nonfarm Payrolls data. Otherwise, the US Unemployment Rate has fallen to the 50-year low level that led the Baht strengthened in a limited range and stuck at the support level of 30.40 THB/USD. However, the currency sharply rose in the middle of the week from concerns over trade negotiation between US and Chinese top-level officers on Thursday and Friday (10/10 – 11/10) after the US officials listed name of Chinese tech-companies as blacklist entities. However, the Baht depreciated back from six-year high at the level of 30.25 THB/USD on Thursday (10/10) since the Bank of Thailand prepared a measure to prevent THB strengthening and allowed the benchmark rate to drop below the record-low level at 1.25% by using policy space if necessary.

## Graph



## Comment

Investors still follow Sino-US trade negotiation in the next phase even though there was an optimistic progress in the latest meeting last weekend. Moreover, Brexit deadline on 31st October and any progress on the situation would still be important factors to the financial market. We expect the Baht will move in the range of 30.25 – 30.60 THB/USD.



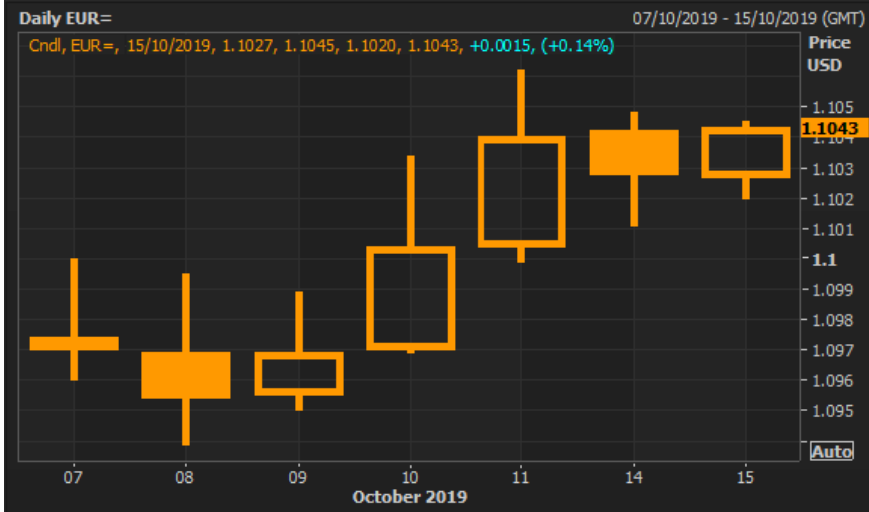
# EUR

## Highlight

### Euro constantly gained after the optimism about Brexit rose.

Last week, the euro continuously strengthened as the markets were looking forward to a meeting between UK and Brussels over the weekend. It was widely expected progress on the Brexit deal since the deadline was approaching. Also, the currency was backed up after the British and Irish prime ministers talked up about the Brexit prospects which revived hopes of a possible Brexit deal. On Saturday (12/10), the euro slightly edged lower when the report shown that such a meeting yielded no new result on the key problem of how to avoid a physical border in Ireland, intensifying the concern over no deal Brexit. However, was possible that the EU would allow a new round of Brexit extension if the UK requested. Regarding economic data, the German Industrial Production was at 0.3%, beating the forecast of -0.2%. An Italian Industrial Production was at 0.3%, higher than 0.2% expectations. Lastly, a French Industrial Production was -0.9%, worse than the forecast of 0.2%.

## Graph



## Comment

It is highly recommended that investors keep eyes on further talks on Brexit deal and the deadline is close. Many economic figures will also be announced, including EU's industrial production on Monday (14/10), ZEW economic sentiment on Tuesday (15/10), EU's CPI and trade balance on Thursday (17/10). We expect the euro to move between 1.0900-1.1100 USD/EUR

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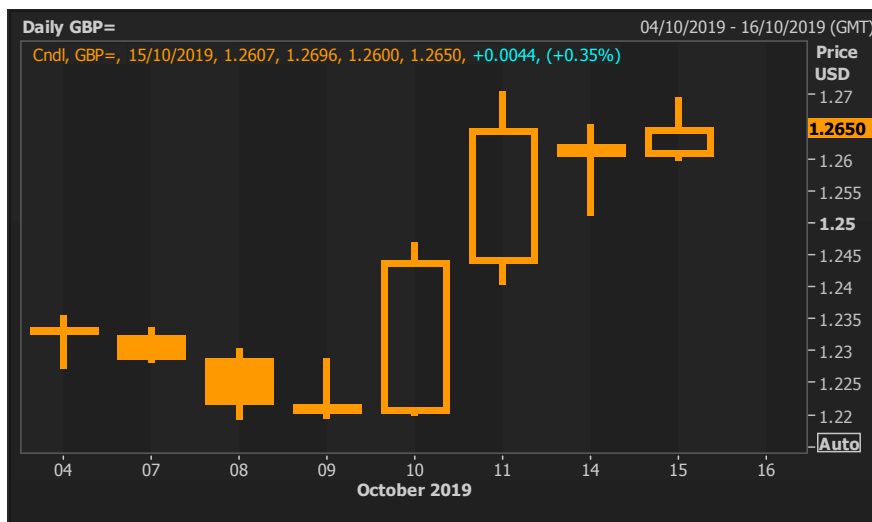
## GBP

### Highlight

### The Pound Sterling bounced on Brexit deal hope. However, economic data still weak.

The Pound opened at 1.2325/27 USD/GBP lower than closing level on Friday at 1.2335/37 USD/GBP. The Sterling fell hard in the early of the week the talk between UK PM Boris Johnson and German Chancellor Merkel hit a dead end. A deal based on the UK's latest proposals is highly unlikely and "nearly impossible". However, the Sterling was boosted up as, UK PM Johnson and Irish Premier Varadkar met issued a joint statement saying "they agreed that they could see a pathway to a possible deal". Varadkar later told reporters that while obstacles remain he hopes the progress will be enough for formal negotiations to restart in Brussels. The Irish Times reported that there was "very significant movement" from Johnson on the customs issue. However, GBP remained more sensitive to Brexit news than UK economic data, which weren't market moving. UK GDP was at -0.1% in Q3 and industrial production was much weaker than expected, -0.6% in August, highlighting the struggles for the manufacturing sector.

### Graph



### Comment

The UK is closer than ever to a Brexit deal. There are many pieces of market moving UK data including retail sales, CPI and the jobs report but nothing will impact sterling more than Brexit headlines. We expect the Sterling to move in a range of 1.2500 – 1.2700 USD/GBP.



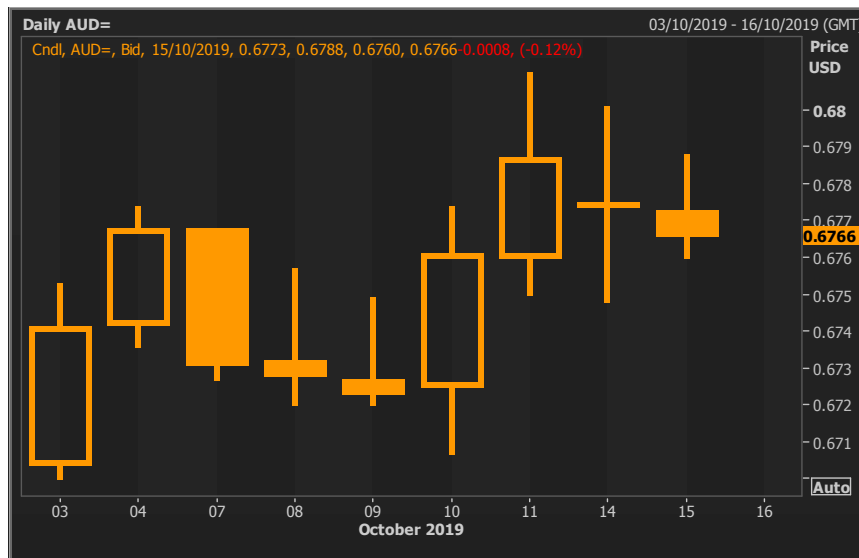
## AUD

### Highligh

**The Aussie moved in same direction with the Chinese Yuan during the past week as markets concerned over Sino-US trade talk.**

The Aussie-dollar was traded in the range of 0.6700 – 0.6800 USD/AUD in the same direction with the Chinese Yuan which depreciated in the beginning of the week from concerns over trade negotiation between US and Chinese top-level officers on Thursday and Friday (10/10 – 11/10) after the US officials listed name of Chinese tech-companies as blacklist entities. Nevertheless, the currency rebounded back to test the level of 0.6800 USD/AUD on Friday (11/10) as a consequence of optimistic progress on the trade disputes since the Chinese officials agreed to import more US agricultural goods especially soybeans, support foreign firms investment in onshore market and also prepared a policy to prevent intellectual property right. On the other side, the US officials also announced to delay import tariffs on USD 250 billion of Chinese goods from 25% to 30% on 15th October.

### Graph



### Comment

This week, investors focus on the Reserve Bank of Australia's Meeting Minutes on Tuesday (15/10) and September Employment Change data on Thursday (17/10). However, markets still keep their eyes on the two largest economies' further trade talks as the US officials has not considered about delaying import tariffs on USD 160 billion of Chinese goods on 15th December yet. We expect that the Aussie-dollar will move in the range between 0.6700 – 0.6900 USD/AUD.



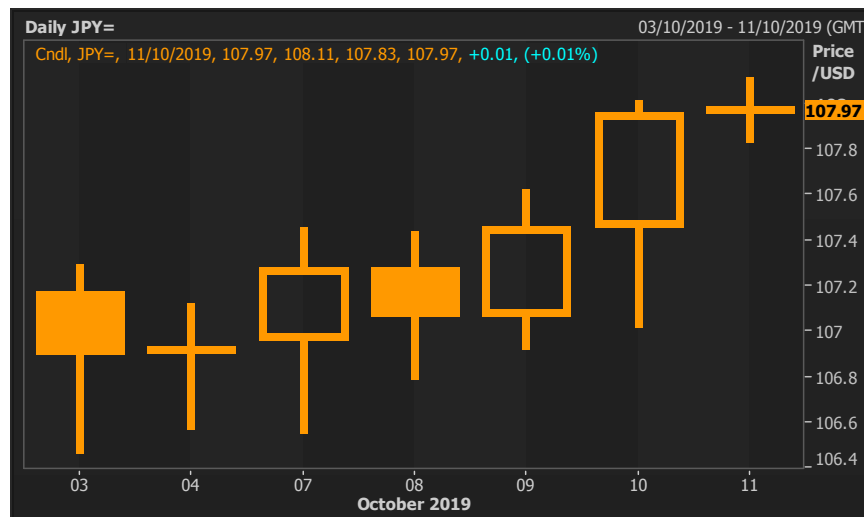
## JPY

### Highlight

**The Yen depreciated after optimism over trade negotiations between the world largest economies.**

Last week, the Yen opened around 107 JPY/USD as mixed U.S. economic data; the U.S. nonfarm payrolls was below expectation while the U.S. unemployment rate dropped to near a 50-year low of 3.5% in September. In the meantime, investors still worried about political risk in the United States and ongoing trade talks with China which the top-level U.S.-China trade talks are scheduled to resume Thursday and Friday in Washington. During the week, Ministry of Finance reported that current account came out at 1.72T from 1.65T in previous period, core machinery order decreased 2.4% in September, better than decreased of 6.6% in August. However, the Bank of Japan still concerned over country's expend after PPI still in low level at -1.1%. On Friday, the yen was pressured after US President Trump said in tweet that good things are happening at China trade talk meeting and he will be meeting with the Vice Premier, all would like to see something significant happen. After that, he announced that U.S. have a partial agreement with china.

### Graph



### Comment

We believe that the Yen will move in a narrow range between 107.00 – 109.00 JPY/USD. The focus is on the Sino U.S. trade talk and economic data; Core CPI (18/10)

## Economic Calendar

### Last week

10/07/2019	GE	Factory Orders MoM	Aug	-0.30%	-0.60%	-2.70%
10/07/2019	GE	Factory Orders WDA YoY	Aug	-6.40%	-6.70%	-5.60%
10/08/2019	JN	Household Spending YoY	Aug	1.00%	1.00%	0.80%
10/08/2019	JN	BoP Current Account Balance	Aug	¥2069.5b	¥2157.7b	¥1999.9b
10/08/2019	JN	BoP Current Account Adjusted	Aug	¥1682.1b	¥1720.3b	¥1647.1b
10/08/2019	JN	Trade Balance BoP Basis	Aug	¥36.4b	¥50.9b	-¥74.5b
10/08/2019	GE	Industrial Production SA MoM	Aug	0.00%	0.30%	-0.60%
10/08/2019	GE	Industrial Production WDA YoY	Aug	-4.30%	-4.00%	-4.20%
10/08/2019	FR	Trade Balance	Aug	-5000m	-5019m	-4607m
10/08/2019	FR	Current Account Balance	Aug	--	-2.5b	0.2b
10/08/2019	IT	Retail Sales MoM	Aug	0.10%	-0.60%	-0.50%
10/08/2019	IT	Retail Sales YoY	Aug	2.30%	0.70%	2.60%
10/08/2019	US	PPI Final Demand MoM	Sep	0.10%	-0.30%	0.10%
10/08/2019	US	PPI Ex Food and Energy MoM	Sep	0.20%	-0.30%	0.30%
10/08/2019	US	PPI Ex Food, Energy, Trade MoM	Sep	0.20%	0.00%	0.40%
10/08/2019	US	PPI Final Demand YoY	Sep	1.80%	1.40%	1.80%
10/08/2019	US	PPI Ex Food and Energy YoY	Sep	2.30%	2.00%	2.30%
10/08/2019	US	PPI Ex Food, Energy, Trade YoY	Sep	--	1.70%	1.90%
10/09/2019	JN	Machine Tool Orders YoY	Sep P	--	-35.50%	-37.00%
10/09/2019	FR	Bank of France Ind. Sentiment	Sep	99	96	99
10/09/2019	US	MBA Mortgage Applications	Oct-04	--	5.20%	8.10%
10/09/2019	US	JOLTS Job Openings	Aug	7250	7051	7217
10/10/2019	US	FOMC Meeting Minutes	Sep-18	--	--	--
10/10/2019	UK	RICS House Price Balance	Sep	-7%	-2%	-4%
10/10/2019	JN	PPI MoM	Sep	0.00%	0.00%	-0.30%
10/10/2019	JN	PPI YoY	Sep	-1.10%	-1.10%	-0.90%
10/10/2019	JN	Core Machine Orders MoM	Aug	-1.00%	-2.40%	-6.60%
10/10/2019	JN	Core Machine Orders YoY	Aug	-8.40%	-14.50%	0.30%
10/10/2019	GE	Trade Balance	Aug	18.8b	16.2b	21.4b
10/10/2019	GE	Current Account Balance	Aug	17.9b	16.9b	22.1b
10/10/2019	GE	Exports SA MoM	Aug	-1.00%	-1.80%	0.70%
10/10/2019	GE	Imports SA MoM	Aug	0.50%	0.50%	-1.50%
10/10/2019	FR	Industrial Production MoM	Aug	0.30%	-0.90%	0.30%
10/10/2019	FR	Industrial Production YoY	Aug	0.10%	-1.40%	-0.20%
10/10/2019	FR	Manufacturing Production MoM	Aug	0.30%	-0.80%	0.30%
10/10/2019	FR	Manufacturing Production YoY	Aug	-0.20%	-1.60%	-0.30%
10/10/2019	IT	Industrial Production MoM	Aug	0.10%	0.30%	-0.70%
10/10/2019	IT	Industrial Production WDA YoY	Aug	-1.80%	-1.80%	-0.70%
10/10/2019	IT	Industrial Production NSA YoY	Aug	--	-4.80%	2.40%
10/10/2019	UK	Monthly GDP (MoM)	Aug	0.00%	-0.10%	0.30%
10/10/2019	UK	Monthly GDP (3M/3M)	Aug	0.10%	0.30%	0.00%
10/10/2019	UK	Industrial Production MoM	Aug	0.10%	-0.60%	0.10%
10/10/2019	UK	Industrial Production YoY	Aug	-0.80%	-1.80%	-0.90%

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10/10/2019	UK	Manufacturing Production MoM	Aug	0.20%	-0.70%	0.30%
10/10/2019	UK	Manufacturing Production YoY	Aug	-0.40%	-1.70%	-0.60%
10/10/2019	UK	Construction Output MoM	Aug	-0.40%	0.20%	0.50%
10/10/2019	UK	Construction Output YoY	Aug	-0.20%	2.40%	0.30%
10/10/2019	UK	Trade Balance Non EU GBP/Mn	Aug	-£2800m	-£2206m	-£1932m
10/10/2019	UK	Trade Balance GBP/Mn	Aug	-£1050m	-£1546m	-£219m
10/10/2019	US	CPI MoM	Sep	0.10%	0.00%	0.10%
10/10/2019	US	CPI YoY	Sep	1.80%	1.70%	1.70%
10/10/2019	US	CPI Core Index SA	Sep	264.742	264.595	264.245
10/10/2019	US	Initial Jobless Claims	Oct-05	220k	210k	219k
10/10/2019	US	Continuing Claims	Sep-28	1651k	1684k	1651k
10/11/2019	GE	CPI MoM	Sep F	0.00%	0.00%	0.00%
10/11/2019	GE	CPI YoY	Sep F	1.20%	1.20%	1.20%
10/11/2019	GE	CPI EU Harmonized MoM	Sep F	-0.10%	-0.10%	-0.10%
10/11/2019	GE	CPI EU Harmonized YoY	Sep F	0.90%	0.90%	0.90%
10/11/2019	US	U. of Mich. Sentiment	Oct P	92	96	93.2
10/11/2019	US	U. of Mich. Current Conditions	Oct P	109	113.4	108.5
10/11/2019	US	U. of Mich. Expectations	Oct P	82.5	84.8	83.4



## **This week**

<b>Date Time</b>		<b>Event</b>		<b>Survey</b>	<b>Actual</b>	<b>Prior</b>
10/14/2019	EC	Industrial Production SA MoM	Aug	0.30%	0.40%	-0.40%
10/14/2019	EC	Industrial Production WDA YoY	Aug	-2.50%	-2.80%	-2.00%
10/14/2019	US	Empire Manufacturing	Oct	1	4	2
10/15/2019	JN	Tertiary Industry Index MoM	Aug	0.60%	0.40%	0.10%
10/15/2019	JN	Industrial Production MoM	Aug F	--	-1.20%	-1.20%
10/15/2019	JN	Industrial Production YoY	Aug F	--	-4.70%	-4.70%
10/15/2019	FR	CPI EU Harmonized MoM	Sep F	-0.40%	-0.40%	-0.40%
10/15/2019	FR	CPI EU Harmonized YoY	Sep F	1.10%	1.10%	1.10%
10/15/2019	FR	CPI MoM	Sep F	-0.30%	-0.30%	-0.30%
10/15/2019	FR	CPI YoY	Sep F	0.90%	0.90%	0.90%
10/15/2019	UK	Jobless Claims Change	Sep	--	21.1k	28.2k
10/15/2019	UK	Average Weekly Earnings 3M/YoY	Aug	4.00%	3.80%	4.00%
10/15/2019	UK	Weekly Earnings ex Bonus 3M/YoY	Aug	3.70%	3.80%	3.80%
10/15/2019	UK	ILO Unemployment Rate 3Mths	Aug	3.80%	3.90%	3.80%
10/15/2019	UK	Employment Change 3M/3M	Aug	26k	-56k	31k
10/15/2019	IT	General Government Debt	Aug	--	2462.6b	2409.9b
10/15/2019	GE	ZEW Survey Current Situation	Oct	-23.6	-25.3	-19.9
10/15/2019	GE	ZEW Survey Expectations	Oct	-26.4	-22.8	-22.5
10/15/2019	EC	ZEW Survey Expectations	Oct	--	-23.5	-22.4
10/16/2019	IT	Industrial Sales WDA YoY	Aug	--	--	-0.60%
10/16/2019	IT	Industrial Sales MoM	Aug	--	--	-0.50%
10/16/2019	IT	Industrial Orders NSA YoY	Aug	--	--	-1.00%
10/16/2019	IT	Industrial Orders MoM	Aug	--	--	-2.90%
10/16/2019	UK	CPI MoM	Sep	0.20%	--	0.40%
10/16/2019	UK	CPI YoY	Sep	1.80%	--	1.70%
10/16/2019	UK	CPI Core YoY	Sep	1.70%	--	1.50%
10/16/2019	UK	Retail Price Index	Sep	291.5	--	291.7
10/16/2019	UK	RPI MoM	Sep	0.00%	--	0.80%
10/16/2019	UK	RPI YoY	Sep	2.70%	--	2.60%
10/16/2019	UK	RPI Ex Mort Int.Payments (YoY)	Sep	2.70%	--	2.60%
10/16/2019	UK	PPI Input NSA MoM	Sep	0.20%	--	-0.10%
10/16/2019	UK	PPI Input NSA YoY	Sep	-1.70%	--	-0.80%
10/16/2019	UK	PPI Output NSA MoM	Sep	0.10%	--	-0.10%
10/16/2019	UK	PPI Output NSA YoY	Sep	1.30%	--	1.60%
10/16/2019	UK	PPI Output Core NSA MoM	Sep	0.10%	--	0.20%
10/16/2019	UK	PPI Output Core NSA YoY	Sep	1.90%	--	2.00%
10/16/2019	UK	House Price Index YoY	Aug	0.60%	--	0.70%
10/16/2019	EC	Trade Balance SA	Aug	18.0b	--	19.0b
10/16/2019	EC	Trade Balance NSA	Aug	--	--	24.8b
10/16/2019	EC	CPI Core YoY	Sep F	1.00%	--	1.00%
10/16/2019	EC	CPI MoM	Sep	0.20%	--	0.10%
10/16/2019	EC	CPI YoY	Sep F	0.90%	--	1.00%
10/16/2019	US	Retail Sales Advance MoM	Sep	0.30%	--	0.40%
10/16/2019	US	Retail Sales Ex Auto MoM	Sep	0.20%	--	0.00%
10/16/2019	US	Retail Sales Ex Auto and Gas	Sep	0.30%	--	0.10%

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10/16/2019	US	Retail Sales Control Group	Sep	0.30%	--	0.30%
10/17/2019	IT	Trade Balance Total	Aug	--	--	7631m
10/17/2019	IT	Trade Balance EU	Aug	--	--	3575m
10/17/2019	UK	Retail Sales Ex Auto Fuel YoY	Sep	2.90%	--	2.20%
10/17/2019	UK	Retail Sales Ex Auto Fuel MoM	Sep	-0.10%	--	-0.30%
10/17/2019	UK	Retail Sales Inc Auto Fuel MoM	Sep	-0.20%	--	-0.20%
10/17/2019	UK	Retail Sales Inc Auto Fuel YoY	Sep	3.10%	--	2.70%
10/17/2019	EC	Construction Output MoM	Aug	--	--	-0.70%
10/17/2019	EC	Construction Output YoY	Aug	--	--	1.10%
10/17/2019	US	Building Permits MoM	Sep	-5.30%	--	7.70%
10/17/2019	US	Building Permits	Sep	1350k	--	1419k
10/17/2019	US	Housing Starts	Sep	1320k	--	1364k
10/17/2019	US	Housing Starts MoM	Sep	-3.20%	--	12.30%
10/17/2019	US	Philadelphia Fed Business Outlook	Oct	7.6	--	12
10/17/2019	US	Initial Jobless Claims	Oct-12	215k	--	210k
10/17/2019	US	Continuing Claims	Oct-05	1675k	--	1684k
10/17/2019	US	Industrial Production MoM	Sep	-0.20%	--	0.60%
10/17/2019	US	Manufacturing (SIC) Production	Sep	-0.30%	--	0.50%
10/18/2019	JN	Natl CPI YoY	Sep	0.20%	--	0.30%
10/18/2019	JN	Natl CPI Ex Fresh Food YoY	Sep	0.30%	--	0.50%
10/18/2019	JN	Natl CPI Ex Fresh Food, Energy YoY	Sep	0.50%	--	0.60%
10/18/2019	IT	Current Account Balance	Aug	--	--	8421m
10/18/2019	EC	ECB Current Account SA	Aug	--	--	20.5b