

**WEEKLY FOREIGN EXCHANGE OUTLOOK**
**27 Jan 2020-31 Jan 2020**

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


Source: Thomson Reuters

**Dollar Outlook**

- Concerns over China's coronavirus outbreak turn out to be one of the key factors that benefitted the greenback's perceived safe-haven status
- Thus, the US dollar index (DXY) is challenging the 100-day simple moving average (SMA) while trading within a bullish channel.
- As market expected, the FOMC meeting on Jan 29th might not generate surprise factors on monetary policy.
- Not only the FOMC meeting but next week is also busy in the US with information on housing, durable goods, GDP.
- US president impeachment and Phase II US-China trade talk progress will be also in focus.

<b>Lower Bound</b>	<b>96.25</b>	<b>Upper Bound</b>	<b>99.50</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Dollar News**

- The dollar rose to its strongest level of 2020 after last week's run of data confirmed that the U.S. economy was holding up well.
- The dollar gained against currencies linked to Chinese trade and tourism while dropped compare with the safe-haven currencies as the spread of a pneumonia-like virus in China dampened risk appetite.
- Last week's economic data was mixed; existing home sales up 3.6% mom vs 1.5% consensus while Markit US Manufacturing was disappointed at 51.7 vs 52.5 forecast.

**Dollar Index Performance**

<b>Week Open</b>	<b>97.64</b>	<b>Monthly High</b>	<b>97.95</b>
<b>Last Week Close</b>	<b>97.64</b>	<b>Monthly Low</b>	<b>96.43</b>
<b>Weekly High</b>	<b>97.95</b>	<b>30 Days Average</b>	<b>97.31</b>
<b>Weekly Low</b>	<b>97.39</b>	<b>90 Days Average</b>	<b>97.82</b>

**Dollar Index Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
New Home Sales-Units	Dec	27-Jan	0.725M	0.719M
Durable Goods	Dec	28-Jan	0.4%	-2.1%
Consumer Confidence	Jan	28-Jan	127.2	126.5
Fed Funds Target Rate	29 Jan	30-Jan	1.5-1.75	1.5-1.75
Fed Int On Excess Reserves	29 Jan	30-Jan		1.55%
GDP Advance	Q4	30-Jan	2.1%	2.1%
Initial Jobless Claims	20 Jan, w/€	30-Jan		211k
Consumption, Adjusted MM	Dec	31-Jan	0.3%	0.4%
U Mich Sentiment Final	Jan	31-Jan	99.3	99.1


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


Source: Thomson Reuters

**Thai Baht Outlook**

- The baht might still in depreciated trend after concern over the corona virus has been impacted on tourism and also economy of the country.
- The capital movement gradually supported by expecting government measurement package and also the Tesco story could increase demand for USD and continuously pressure the THB.
- After moving side-way above the 100-day moving average level for few days and then surging to 30.60. it is likely that the pair could test the 30.70 level which is the sma-200 day soon.

<b>Lower Bound</b>	<b>30.35</b>	<b>Upper Bound</b>	<b>30.75</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Thai Baht News**

- Thai Baht was steady after trade data released showed a surplus of \$595.7m in December; the export dropped 1.28% YoY while import rose 2.54% YoY. Full-year export and import for 2019 were at -2.65% and -4.66% respectively.
- Thailand's annual budget faces a further delay after a potential irregularity emerged in the parliamentary vote that finally approved it, signaling yet another obstacle for a struggling economy and may prompt the BOT to cut rate by 25bps.
- Other reason to the heavily decline of THB (high almost 30.60 THB/USD) this week was probably triggered by the concerns linger over the impact of the coronavirus on tourism in Thailand which also impact overall economy.

**Thai Baht Performance**

<b>Week Open</b>	<b>30.40 THB/USD</b>	<b>Monthly High</b>	<b>30.59 THB/USD</b>
<b>Last Week Close</b>	<b>30.38 THB/USD</b>	<b>Monthly Low</b>	<b>30.07 THB/USD</b>
<b>Weekly High</b>	<b>30.59 THB/USD</b>	<b>30 Days Average</b>	<b>30.26 THB/USD</b>
<b>Weekly Low</b>	<b>30.31 THB/USD</b>	<b>90 Days Average</b>	<b>30.31 THB/USD</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Dec	29-Jan		-8.27%
Exports YY	Dec	31-Jan		-7.70%
Imports YY	Dec	31-Jan		-13.90%
Trade Account	Dec	31-Jan		1.97B
Current Account	Dec	31-Jan		3.38B



Euro

### Euro Graph



Source: Thomson Reuters

### Euro Outlook

- After the euro hit the 7-week lows and failed to capitalize on its early move beyond the 1.1100 barrier, the pair possibly towards testing 1.1000-1.1015 region.
- However, we believe the key 1.10 psychological mark are strong and not easy to break through.
- This week, the Ifo figures and employment data of Germany as well as the GDP of Eurozone are in focus.

<b>Lower Bound</b>	<b>1.1000</b>	<b>Upper Bound</b>	<b>1.1150</b>
<b>Forecast</b>	<b>Neutral</b>		

### Euro News

- The common currency dropped earlier following political turmoil in Italy after reports that the leader of the anti-establishment Five Star Movement, Luigi Di Maio, is about to resign.
- ECB did not make any policy change on Thursday simply standing by their pledge to keep buying bonds and, if needed, cut interest rates until price growth in the euro zone heads back to their goal.
- ECB announce the start of the ECB's first strategic review since 2003 to redefine the main goal and tools under new President Christine Lagarde
- Christine Lagarde told that risks to euro zone growth remained tilted to the downside. Markets took her tone as dovish.
- EUR hit 7-week low on Friday (24/1) as PMI data failed to impress.

### Euro Index Performance

<b>Week Open</b>	<b>1.1090</b> USD/EUR	<b>Monthly High</b>	<b>1.1225</b> USD/EUR
<b>Last Week Close</b>	<b>1.1088</b> USD/EUR	<b>Monthly Low</b>	<b>1.1021</b> USD/EUR
<b>Weekly High</b>	<b>1.1118</b> USD/EUR	<b>30 Days Average</b>	<b>1.1129</b> USD/EUR
<b>Weekly Low</b>	<b>1.1018</b> USD/EUR	<b>90 Days Average</b>	<b>1.1075</b> USD/EUR

### Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Ifo Business Climate New(Germany)	Jan	27-Jan	97.1	96.3
Ifo Curr Conditions New(Germany)	Jan	27-Jan	99.2	98.8
Ifo Expectations New(Germany)	Jan	27-Jan	95.0	93.8
Unemployment Chg SA(Germany)	Jan	30-Jan		8k
Unemployment Rate SA(Germany)	Jan	30-Jan		5.0%
Consumer Confid. Final(EU)	Jan	30-Jan	-8.1	-8.1
Unemployment Rate(EU)	Dec	30-Jan	7.5%	7.5%
CPI Prelim YY(Germany)	Jan	30-Jan	1.7%	1.5%
GDP Flash Prelim YY(EU)	Q4	31-Jan	1.1%	1.2%
GDP Flash Prelim QQ(EU)	Q4	31-Jan	0.2%	0.2%

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


Source: Thomson Reuters

**Pound Sterling Outlook**

- The pound failed to capitalize on upbeat UK PMI-led positive move.
- The fact that the market continue to fret about the chance of rate cut on Thursday(30/1) which now still stands around 50% might have prompted some fresh selling.
- This coupled with some renewed US dollar buying interest added to the selling bias of GBP.
- If BOE cut the rate the pound would dipped to at least testing the up-trend line at the level around 1.3020 USD/GBP but if not the GBP may jump pass the weekly high at 1.3170 USD/GBP.

<b>Lower Bound</b>	<b>1.2950</b>	<b>Upper Bound</b>	<b>1.3200</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- The pound supported after the U.K. labor market held up in the face of political turmoil in the three months through November, breaking a run of disappointing data that had boosted bets on a Bank of England interest rate cut this month.
- The report showed the employment rate hit a record high after the number of people in work surged by 208,000, the most in almost a year and double the market forecast. The jobless rate held at a four-decade low of 3.8%, although basic wage growth slowed modestly to 3.4% from 3.5%, the Office for National Statistics said.
- The Markit PMI both service and manufacturing released on Friday (24/1) were all upbeat but the pound still weakened as financial markets bet the BOE would cut interest rate next week.

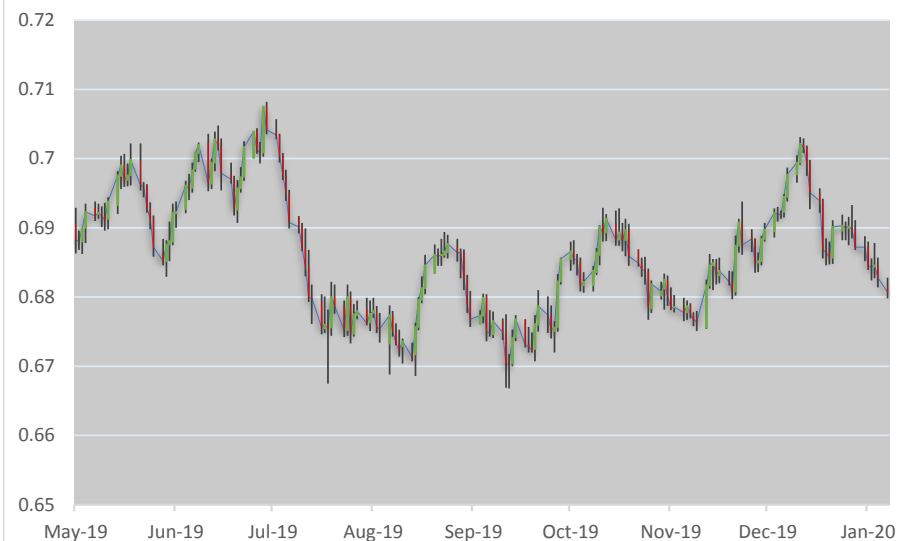
**Pound Sterling Performance**

<b>Week Open</b>	<b>1.3001</b> USD/GBP	<b>Monthly High</b>	<b>1.3275</b> USD/GBP
<b>Last Week Close</b>	<b>1.3008</b> USD/GBP	<b>Monthly Low</b>	<b>1.2955</b> USD/GBP
<b>Weekly High</b>	<b>1.3171</b> USD/GBP	<b>30 Days Average</b>	<b>1.3074</b> USD/GBP
<b>Weekly Low</b>	<b>1.2960</b> USD/GBP	<b>90 Days Average</b>	<b>1.2887</b> USD/GBP

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Jan	29-Jan		0.1%
Nationwide house price yy	Jan	29-Jan		1.4%
BOE Bank Rate	Jan	30-Jan	0.75%	0.75%
GB BOE QE Corp	Jan	30-Jan	10B	10B

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**Australian Dollar**
**Australian Dollar Graph**


Source: Thomson Reuters

**Australian Dollar Outlook**

- All Chinese-linked currency will be continuously pressured this week after the widening spread of the Wuhan coronavirus.
- AUD/USD is under bearish pressure falling to new January lows while trading below the main daily simple moving averages (SMAs) suggesting an underlying bearish bias.
- If the currency broke the ascending trendline (0.6830) we expect to see further downside towards the 0.6790 and 0.6767 levels.
- Investor will focus on CPI (29/1) and PPI (31/1) released this week.

<b>Lower Bound</b>	<b>0.6750</b>	<b>Upper Bound</b>	<b>0.7000</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Australian Dollar News**

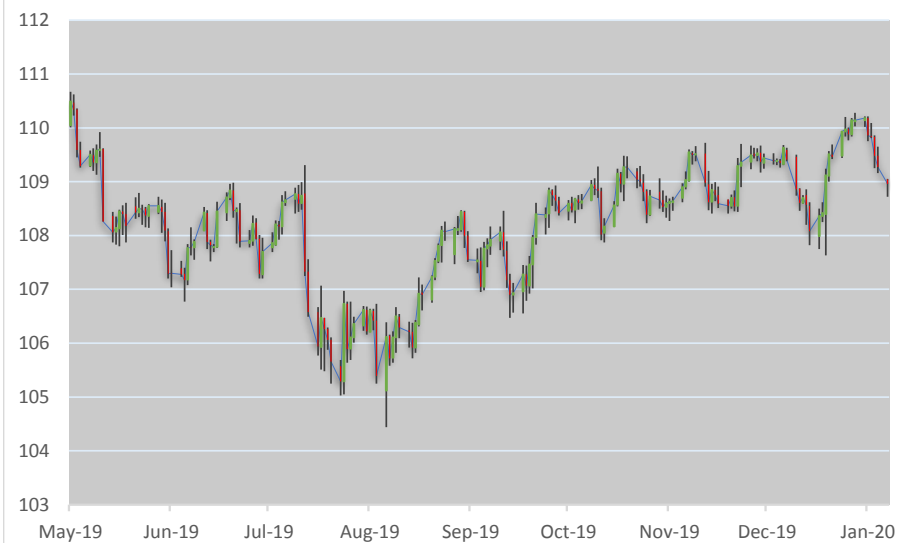
- The Australian dollars dropped to new lows for the year as concern over the spread of China's corona virus outbreak sapped risk appetite.
- However, on Thursday the currency rebounded around 0.5% after jobs data showed a surprising drop in unemployment to a nine-month low at 5.1% while 28,900 net new jobs were created in December, beating forecasts of 15,000.
- Before closing, the Aussie traded erasing gains from the day before and setting for a fourth consecutive week of losses.

**Australian Dollar Performance**

<b>Week Open</b>	<b>0.6872</b> USD/AUD	<b>Monthly High</b>	<b>0.7029</b> USD/AUD
<b>Last Week Close</b>	<b>0.6872</b> USD/AUD	<b>Monthly Low</b>	<b>0.6802</b> USD/AUD
<b>Weekly High</b>	<b>0.6888</b> USD/AUD	<b>30 Days Average</b>	<b>0.6832</b> USD/AUD
<b>Weekly Low</b>	<b>0.6814</b> USD/AUD	<b>90 Days Average</b>	<b>0.6799</b> USD/AUD

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
CPI QQ	Q4	29-Jan	0.6%	0.5%
CPI YY	Q4	29-Jan	1.7%	1.7%
Export Prices	Q4	30-Jan		1.3%
Import Prices	Q4	30-Jan		0.4%
PPI QQ	Q4	31-Jan		0.4%
PPI YY	Q4	31-Jan		1.6%
Private Sector Credit	Dec	31-Jan		0.3%
Housing Credit	Dec	31-Jan		0.2%


**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The yen will benefit from the risk aversion as illness spreads.
- Initial support is at 108.80 then 108.50 both marked by price action in October and November.
- The CPI, industrial production and retail sales are scheduled on 30Jan
- Views of USD/JPY this week have been conditioned by the risk aversion spreading from China. It is at odds with the general bullish view for the USD/JPY but until the health crisis relents it will likely dominate trading.

<b>Lower Bound</b>	<b>108.00</b>	<b>Upper Bound</b>	<b>110.00</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- JPY moved in a tight range as BOJ keeps interest rate targets, guidance unchanged.
- BOJ nudged up its economic growth forecasts and was cautiously optimistic about the global outlook, though it said ongoing risks meant it was far too soon to consider scaling down its massive stimulus program.
- However, the safe-haven Japanese yen firmed as traders kept a wary eye on the spread of a virus in China. A major concern is that the virus could spread quickly as millions of people travel across China, and the world, to celebrate the Lunar New Year in their hometowns.

**Japanese Yen Performance**

<b>Week Open</b>	<b>110.14 JPY/USD</b>	<b>Monthly High</b>	<b>110.28 JPY/USD</b>
<b>Last Week Close</b>	<b>110.14 JPY/USD</b>	<b>Monthly Low</b>	<b>107.66 JPY/USD</b>
<b>Weekly High</b>	<b>110.21 JPY/USD</b>	<b>30 Days Average</b>	<b>107.41 JPY/USD</b>
<b>Weekly Low</b>	<b>109.16 JPY/USD</b>	<b>90 Days Average</b>	<b>107.43 JPY/USD</b>

**Japanese Yen Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
CPI Tokyo Ex fresh food YY	Jan	31-Jan	0.8%	0.8%
CPI, Overall Tokyo	Jan	31-Jan		0.9%
Jobs/Applicants Ratio	Dec	31-Jan	1.56	1.57
Unemployment Rate	Dec	31-Jan	2.3%	2.2%
Industrial O/P Prelim MM SA	Dec	31-Jan	0.7%	-1.0%
Retail Sales YY	Dec	31-Jan	-1.8%	-2.1%
Housing Starts YY	Dec	31-Jan	-11.5%	-12.7%

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