

WEEKLY FOREIGN EXCHANGE OUTLOOK
19 Oct 2020 - 23 Oct 2020

Dollar Index
Dollar Index Graph


Source: Thomson Reuters

Dollar Outlook

- Risk-off sentiment boosts demand for the U.S. dollar.
- U.S. fiscal stimulus remains in doubt ahead of the elections.
- Extra inflows in the dollar come as a result of rising uncertainty in the US political scenario and rising fears that the second wave of the coronavirus pandemic could hurt the ongoing recovery in the global economy.
- The election campaign is entering high gear with the second and last presidential debate between Trump and Biden. The debate is held on Thursday (21/10)

Lower Bound	92.98	Upper Bound	94.58
Forecast	Appreciation		

Dollar News

- The U.S. dollar strengthened as investors turned cautious after a Johnson & Johnson COVID-19 study was paused and as hopes dimmed that a fiscal stimulus package could be reached before the presidential election.
- Weekly jobless claims rose to 898,000, up 53,000 from the prior week and above the 825,000 estimate, increasing concerns the COVID-19 pandemic was causing lasting damage to the labor market.
- U.S. consumer prices rose 0.2% in September, matching expectations, for a fourth straight monthly climb, though the pace has slowed amid considerable slack in the economy as it slowly recovers from a nadir caused by coronavirus shutdowns.

Dollar Index Performance

Last Week Close	93.06	Monthly High	94.74
Week Open	93.06	Monthly Low	92.70
Week Close	93.53	30 Days Average	93.57
Weekly High	93.90	90 Days Average	94.38
Weekly Low	93.01	YTD Change	-2.79%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Housing Starts Number	Sep	20-Oct	1.477M	1.416M
Initial Jobless Clm	12 Oct, w/i	22-Oct		898k
Existing Home Sales	Sep	22-Oct	6.25M	6.00M
Markit Comp Flash PMI	Oct	23-Oct		54.3
Markit Mfg PMI Flash	Oct	23-Oct		53.2
Markit Svcs PMI Flash	Oct	23-Oct		54.6

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Thailand's economic outlook remains highly uncertain with risks tilted to the downside and the central bank stands ready to use necessary tools to support an economy hammered by the coronavirus pandemic.
- An economic recovery will take least two years to return to pre-pandemic levels and will be uneven.
- The Bank of Thailand (BOT) has forecasted the economy to contract a record 7.8% this year before growing 3.6% next year.
- The BOT expects 6.7 million foreign tourists this year and 9 million in 2021. Last year's 39.8 million visitors accounted for 11.4% of GDP.

Lower Bound	30.94	Upper Bound	31.79
Forecast	Depreciation		

Thai Baht News

- Most Asian currencies struggled for traction on Monday as China's yuan pulled back from a 17-month high after a policy tweak by the central bank.
- Thailand will focus on spurring domestic consumption and reopening an economy badly hit by the impact of the coronavirus crisis, the country's new finance ministry said on Monday (12/10).
- The most urgent task is to boost liquidity for businesses affected by COVID-19 as the business sector accounts for 70% of GDP.
- Longer-term measures will include reopening particularly to foreign tourists to help the economy to continue to expand next year.

Thai Baht Performance

Last Week Close	31.05 THB/USD	Monthly High	31.65 THB/USD
Week Open	31.11 THB/USD	Monthly Low	30.99 THB/USD
Week Close	31.17 THB/USD	30 Days Average	31.33 THB/USD
Weekly High	31.27 THB/USD	90 Days Average	31.27 THB/USD
Weekly Low	31.04 THB/USD	YTD Change	+4.11%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Sep	22-Oct		0.000M
Custom-Based Import Data	Sep	22-Oct		0k
Customs-Based Trade Data	Sep	22-Oct		4,350.00M

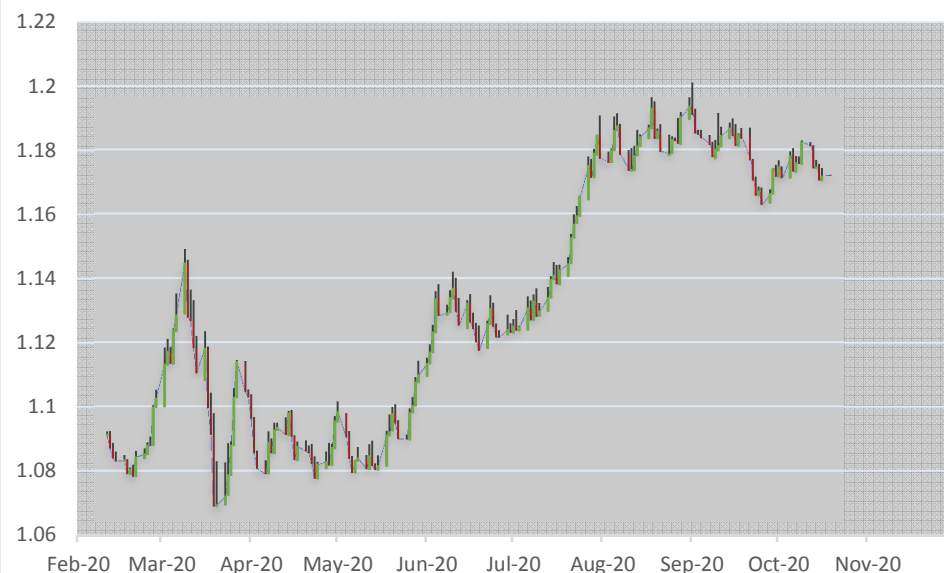
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Euro

Euro Graph



Source: Thomson Reuters

Euro Outlook

- Investors may begin paying attention to rising US COVID-19 cases, which have been under the radar due to the focus on politics and the quicker spike in Europe.
- The uncertainty about the outcome of the Brexit talks with the EU has been the euro's main driver this week.
- The investors are also considering the global economic outlook after the IMF revised its forecasts for economic growth this year. The global economy is now projected to contract by 4.4% in 2020, with the euro area expected to contract by 8.3% this year.
- Support levels: 1.1600 USD/EUR
- Resistance levels: 1.1860 USD/EUR

Lower Bound	1.16	Upper Bound	1.18
Forecast	Depreciation		

Euro News

- The euro fell as risk-off mode, there are no progress on the Brexit front and no new developments from the EU Summit in Brussels, where the EU-UK negotiations remain the centre of the debate.
- Coronavirus restrictions are returning across Europe as cases in France climbed rapidly, President Emmanuel Macron announced night curfews for four weeks from Saturday (17/10) in Paris and other major cities, affecting almost one-third of the country's 67 million people.
- This week has been quiet in terms of data releases.

Euro Index Performance

Last Week Close	1.18 USD/EUR	Monthly High	1.18 USD/EUR
Week Open	1.18 USD/EUR	Monthly Low	1.17 USD/EUR
Week Close	1.17 USD/EUR	30 Days Average	1.18 USD/EUR
Weekly High	1.18 USD/EUR	90 Days Average	1.16 USD/EUR
Weekly Low	1.17 USD/EUR	YTD Change	+4.49%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Oct	22-Oct	0.000M	0.000M
Markit Mfg Flash PMI	Oct	23-Oct	55.4	0k
Markit Service Flash PMI	Oct	23-Oct	0.00M	0.00M
Markit Comp Flash PMI	Oct	23-Oct	53.3	54.7
Markit Mfg Flash PMI	Oct	23-Oct	53.1	53.7
Markit Serv Flash PMI	Oct	23-Oct	46.8	48.0
Markit Comp Flash PMI	Oct	23-Oct	0k	0k

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- GBP/USD is rising on hopes that PM Johnson allows for more Brexit talks.
- Rising coronavirus cases and Manchester's rejection of new measures may limit sterling's rise.
- Coronavirus statistics and decisions about lockdowns may take center stage. If Johnson announces a "circuit-breaking" move, it could break down the pound. Keeping lockdowns local – and especially keeping London out of Tier Three – would allow some breathing space for pound sterling.
- Markets are currently dismissing the probability of a negative interest rate, but if lockdowns are coming, the BOE may accelerate preparations for such a move, weighing on the pound.

Lower Bound	1.27	Upper Bound	1.31
Forecast	Neutral		

Pound Sterling News

- The British pound, lifted by signs of progress in Brexit talks on Wednesday, surrendered some of those gains on Thursday as concerns about trade talks with Europe resurfaced and London faced tighter coronavirus restrictions.
- The Financial Times reported late on Thursday that Johnson would emphasise talk of leaving the bloc without a deal but it also cited allies as saying he was in "no hurry" and would take time to assess the EU position.
- London, the world's international financial capital, will enter a tighter COVID-19 lockdown from midnight on Friday (16/10) as Prime Minister Boris Johnson seeks to tackle a swiftly accelerating second coronavirus wave.

Pound Sterling Performance

Last Week Close	1.30 USD/GBP	Monthly High	1.31 USD/GBP
Week Open	1.30 USD/GBP	Monthly Low	1.28 USD/GBP
Week Close	1.29 USD/GBP	30 Days Average	1.29 USD/GBP
Weekly High	1.31 USD/GBP	90 Days Average	1.29 USD/GBP
Weekly Low	1.29 USD/GBP	YTD Change	-2.46%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
CPI YY	Sep	21-Oct		0.000M
Retail Sales MM	Sep	23-Oct		0k
Retail Sales Ex-Fuel MM	Sep	23-Oct		0.00M
Retail Sales YY	Sep	23-Oct		2.8
Flash Composite PMI	Oct	23-Oct		56.5
Flash Manufacturing PMI	Oct	23-Oct		54.1
Flash Services PMI	Oct	23-Oct		0k

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- Westpac sees the possibility of the Aussie dipping below 0.70 USD/AUD through end-October or early November, with key chart resistance seen at 0.7260 USD/AUD and support around 0.7124 USD/AUD
- A number of risk factors, including the Australia/China trade, U.S. fiscal support package, uncertainty around U.S. election, coronavirus lockdown in the United Kingdom and Europe should cap gains.
- In the other hand, Australia is doing much better than its overseas rivals, as the country has reported 20 new cases a day on average in the last couple of weeks.

Lower Bound	0.70	Upper Bound	0.72
Forecast	Depreciation		

Australian Dollar News

- The Australian and New Zealand dollars were lower on Monday (12/10), reversing some of the previous week's gains as China moved to facilitate shorts on the yuan and as negotiation on a U.S. stimulus package ran into resistance.
- The Australian dollar hobbled near one-week lows on Wednesday on worries top trading partner China was imposing new restrictions on coal imports.
- The Australian dollar slipped and bonds rallied on Thursday after the country's central bank stoked speculation of a near-term cut in interest rates while hinting it may buy more longer-dated government debt.
- Australia's unemployment rate rose slightly to 6.9 percent in September, as the coronavirus kept the brakes on hopes of a speedy economic recovery.

Australian Dollar Performance

Last Week Close	0.72 USD/AUD	Monthly High	0.72 USD/AUD
Week Open	0.72 USD/AUD	Monthly Low	0.71 USD/AUD
Week Close	0.71 USD/AUD	30 Days Average	0.71 USD/AUD
Weekly High	0.72 USD/AUD	90 Days Average	0.69 USD/AUD
Weekly Low	0.71 USD/AUD	YTD Change	+1.08%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI	Oct	23-Oct		0.000M
Services PMI	Oct	23-Oct		0k
Composite PMI	Oct	23-Oct		0.00M


Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The USD/JPY will continue to be buffeted by the ups and downs of the stimulus negotiations in Washington until the denouement. The primary currency logic being risk-on if a deal is agreed and a lower dollar and the reverse in the event of failure.
- Markets fear a new wave of lockdowns could stall the global recovery just as hopes for U.S. stimulus before the Nov. 3 election are fading, ditching riskier assets such as equities in favour of safe-haven such as the dollar and the yen.
- While growing doubts about US fiscal stimulus may further boost the safe-haven.
- Support levels: 104.20 JPY/USD
- Resistance levels: 106.60 JPY/USD

Lower Bound	105.00	Upper Bound	105.97
Forecast	Appreciation		

Japanese Yen News

- The yen rose and the dollar was headed for its best week of the month on Friday, as surging coronavirus cases and stalled progress toward U.S. stimulus had investors seeking safe assets.
- There is strong evidence that monetary policy works best when it is credible in terms of influence on inflation expectations, Bank of Japan (BoJ) Deputy Governor Masazumi Wakatabe said on Friday.
- Japanese statistics had no market impact this week as the two releases covered August.
- Industrial Production sank 13.8% in August, worse than the 13.3% forecast though an improvement on July's 15.5% drop.
- The Tertiary Index, which tracks the domestic service sector, rose 0.8% in August following July's 0.5% decline.

Japanese Yen Performance

Last Week Close	105.59 JPY/USD	Monthly High	106.10 JPY/USD
Week Open	105.69 JPY/USD	Monthly Low	104.95 JPY/USD
Week Close	105.40 JPY/USD	30 Days Average	107.58 JPY/USD
Weekly High	105.86 JPY/USD	90 Days Average	107.53 JPY/USD
Weekly Low	105.02 JPY/USD	YTD Change	-3.21%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Exports YY	Sep	19-Oct		0.000M
Imports YY	Sep	19-Oct		0k
Trade Balance Total Yen	Sep	19-Oct		248300M
CPI, Core Nationwide YY	Sep	23-Oct		-0.4
CPI, Overall Nationwide	Sep	23-Oct		0.2
Jibun Bank Mfg PMI Flash	Oct	23-Oct		47.7

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