

WEEKLY FOREIGN EXCHANGE OUTLOOK

26 Oct 2020 - 30 Oct 2020

 **Dollar Index**

Dollar Index Graph

Dollar News



Source: Thomson Reuters

- The dollar gained on Monday as investor worries about the looming U.S. election and the fading prospects of any fiscal stimulus program.
- House of Representatives Speaker Nancy Pelosi setting a Tuesday deadline for Congress to reach consensus on a deal before the election, most investors remained doubtful that the deadline will be reached as a Joe Biden victory looks imminent.
- While U.S. Initial Jobless Claims dropped 55,000 to a seasonally adjusted 787,000 for the week ended October 17 that lower than expected at 860,000 and U.S. existing home sales jumped 9.4% to a seasonally adjusted annual rate of 6.54 million units in September, the highest level since May 2006.
- The final presidential debate of the election on Friday did little to change the big picture or force many people into rethinking how they want to trade the elections on November 3.

Dollar Index Performance

Last Week Close	93.68	Monthly High	94.74
Week Open	93.72	Monthly Low	92.47
Week Close	92.66	30 Days Average	93.51
Weekly High	93.90	90 Days Average	94.14
Weekly Low	92.47	YTD Change	-3.61%

Dollar Outlook

Dollar Index Economic Events

- The dollar is expected to remain weak due to the continued lack of agreement on a stimulus package after White House advisor Lawrence Kudlow said earlier Friday that he doubted a deal could be struck in time for it to be passed before the election and by the continued spread of the Covid-19 virus, whose progress through the U.S. is making fresh Europe-style restrictions on activity increasingly likely.
- While Durable Goods Orders for September will be released on Tuesday, Goods Trade quarter will be released on Thursday, Personal Income and Personal Spending for September will be released on Friday.

Events	Period	Date	Forecast	Previous
New Home Sales-Units	Sep	26-Oct	1.000M	1.011M
Durable Goods	Sep	27-Oct	0.3%	0.5%
Consumer Confidence	Oct	27-Oct	102.8	101.8
GDP Advance	Q3	29-Oct	32.5%	-31.4%
Initial Jobless Clm	19 Oct, w/ 29-Oct			
Consumption, Adjusted MM	Sep	30-Oct	1.0%	1.0%
U Mich Sentiment Final	Oct	30-Oct		81.2

Lower Bound	92.00	Upper Bound	94.00
Forecast	Depreciation		

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Thai Baht Graph
Thai Baht News


Source: Thomson Reuters

- Thai baht appreciated against dollars on Monday as a consequence of the Chinese economy's relatively strong rebound from the pandemic after China reported that its gross domestic product grew 4.9% in July-September from a year earlier, slower than the median forecast of 5.2%, but considerably better than the growth seen in Europe or the U.S.
- Thai baht fell and stocks plummet near six-month lows on Thursday amid few signs that political protests in the country would let up, while uncertainty around a new U.S. coronavirus relief deal weighed on most emerging Asian markets.
- Meanwhile on Wednesday, Thai protesters, who have so far defied a ban on demonstrations, gave Prime Minister Prayuth Chan-ocha a three-day deadline to step down or face more protests.

Thai Baht Performance

Last Week Close	31.17 THB/USD	Monthly High	31.65 THB/USD
Week Open	31.19 THB/USD	Monthly Low	30.99 THB/USD
Week Close	#N/A THB/USD	30 Days Average	31.31 THB/USD
Weekly High	31.31 THB/USD	90 Days Average	31.26 THB/USD
Weekly Low	31.16 THB/USD	YTD Change	+4.58%

Thai Baht Outlook

- The baht is expected to volatile as domestic political unrest remained after Thailand's government and the country's pro-democracy movement appeared no closer to resolving their differences on Saturday (Oct 24), as the protesters' evening deadline for Prime Minister Prayut Chan-o-cha to step down.
- While Thai parliament will open a special session called on Monday after protests swelling since August moved Prime Minister Prayuth Chan-ocha to declare a weeklong state of emergency in the Bangkok area.

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Sep	28-Oct		-9.34%
Exports YY	Sep	30-Oct		-8.20%
Imports YY	Sep	30-Oct		-19.10%
Trade Account	Sep	30-Oct		5.38B
Current Account	Sep	30-Oct		3.00B

Lower Bound	31.10	Upper Bound	31.50
Forecast	Depreciation		

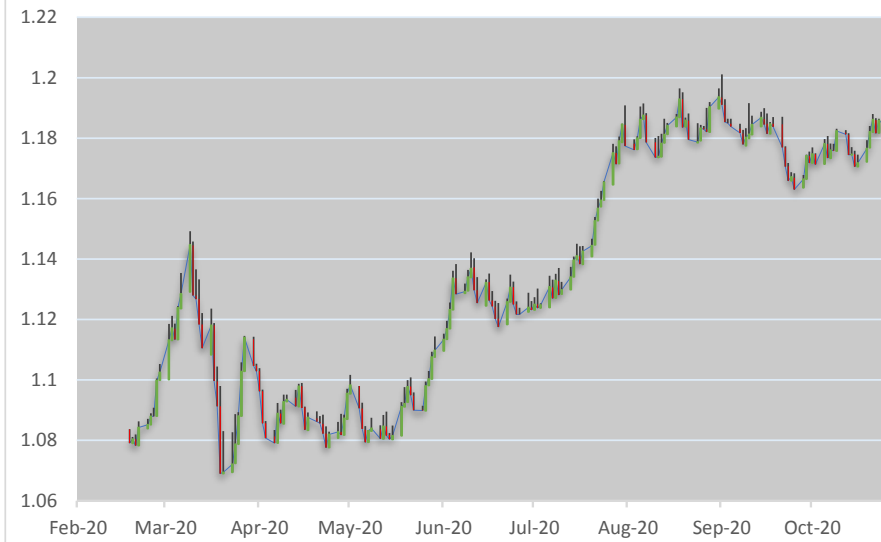
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Euro

Euro Graph



Source: Thomson Reuters

Euro News

- The Euro gained on Monday amid a broad-based U.S. dollar weakness as hopes for additional U.S. fiscal stimulus and expectations of a COVID-19 vaccine by the end of this year boosted investors' confidence.
- European Central Bank's President, Christine Lagarde, warned that the second wave of the epidemic in Europe, particularly in France, and the new restrictive measures that accompany it add to uncertainty and weigh on the Europe recovery.
- Eurozone flash Consumer Confidence figure in October plummet to -15.5, below forecasts from -15.0 and Germany Gfk Consumer Climate for November dropped to -3.1, down from -1.7, and missed expected of -2.5.
- While German Manufacturing Purchasing Managers' Index jumped to 58.0, higher than expected at 55.0 that contrasts with the German Flash Services PMI dropped to 48.9, lower than expected at 49.6

Euro Index Performance

Last Week Close	1.1718 USD/EUR	Monthly High	1.1880 USD/EUR
Week Open	1.1721 USD/EUR	Monthly Low	1.1690 USD/EUR
Week Close	1.1859 USD/EUR	30 Days Average	1.1772 USD/EUR
Weekly High	1.1880 USD/EUR	90 Days Average	1.1676 USD/EUR
Weekly Low	1.1701 USD/EUR	YTD Change	+5.60%

Euro Outlook

- This week investors are focusing on German IFO Business Climate on Monday, German inflation and unemployment figures due Thursday, followed by Eurozone inflation and GDP numbers on Friday. Both the German and the Eurozone price data could show steeper falls – emphasizing the ECB's concerns about deflation – while the GDP data for the third quarter will likely show a strong rebound.
- European Central Bank (ECB) is having a monetary policy meeting on Thursday, Investors expect that ECB will leave all interest rates or Eurozone monetary policy unchanged but President Christine Lagarde could well start preparing the markets for a further easing of monetary policy in December that could weaken the euro.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Oct	29-Oct		
ECB Refinancing Rate	Oct	29-Oct		0.00%
ECB Deposit Rate	Oct	29-Oct		-0.50%
HICP Flash YY	Oct	30-Oct		-0.3%
HICP-X F&E Flash YY	Oct	30-Oct		0.4%
GDP Flash Prelim YY	Q3	30-Oct		-14.7%
GDP Flash Prelim QQ	Q3	30-Oct		-11.8%
Unemployment Rate	Sep	30-Oct		8.1%

Lower Bound	1.1750	Upper Bound	1.1900
Forecast	Depreciation		

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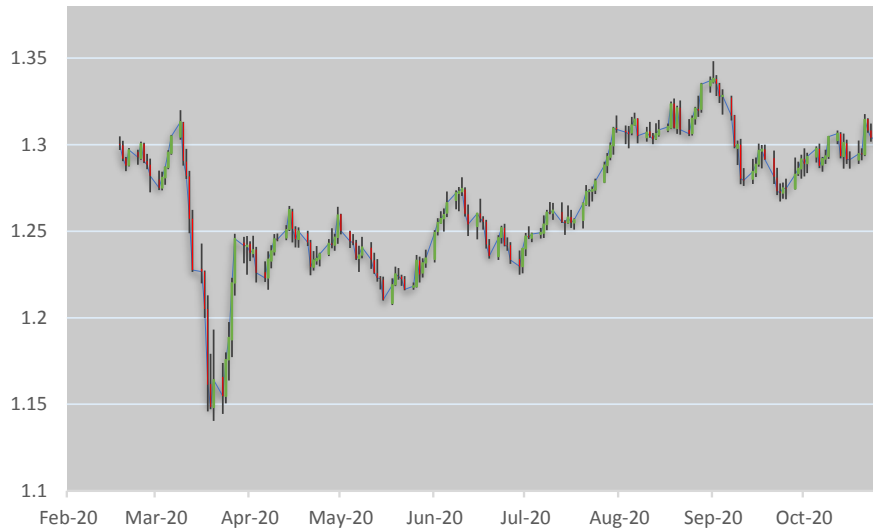
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Pound Sterling

Pound Sterling Graph

Pound Sterling News



Source: Thomson Reuters

- The pound gained on Monday as hopes that the U.K. and EU will still find a way to break the deadlock on their talks over future trading arrangements before the post-Brexit transition period ends on December 31 after EU Brexit negotiator Michel Barnier confirmed the EU remained "available to intensify (Brexit) negotiations in London,"
- The pound dropped in Tuesday after Britain's negotiator David Frost signaled that the country would not continue talks until EU offers concessions, similarly with UK PM Boris Johnson claimed that there will be no more trade and security talks with the European Union (EU) unless there's a fundamental change of approach.
- The pound jumped on Wednesday to trade above 1.3000 GBP/USD as the U.K. and EU are set to resume Brexit talks after Britain welcomed the economic bloc's desire to break the impasse in negotiations and they will meet on Friday for intensive negotiations.
- While Markit's UK preliminary Purchasing Managers Indexes for October were mixed with manufacturing was at 53.3, above expected at 53.2 while services slipped to 52.3, lower than expected at 53.4 .

Pound Sterling Performance

Last Week Close	1.2913 USD/GBP	Monthly High	1.3177 USD/GBP
Week Open	1.2913 USD/GBP	Monthly Low	1.2821 USD/GBP
Week Close	1.3040 USD/GBP	30 Days Average	1.2921 USD/GBP
Weekly High	1.3177 USD/GBP	90 Days Average	1.2891 USD/GBP
Weekly Low	1.2888 USD/GBP	YTD Change	-1.70%

Pound Sterling Outlook

Pound Sterling Economic Events

- This week, EU and the UK have continued negotiations on the phone instead of face to face and at various intensity levels while the end of October was one of the deadlines for reaching a deal, but the data will likely come and go without a deal.
- The increasing of COVID-19 cases and the ensuing lockdowns are moving rapidly. If Liverpool's Tier Three restrictions succeed in flattening the curve, that could strength pound. On the other hand, if additional regions enter the highest lockdown level, especially London, that could weaken the pound.

Events	Period	Date	Forecast	Previous
CBI Distributive Trades	Oct	27-Oct		11
Nationwide house price mm	Oct	29-Oct		0.9%
Nationwide house price yy	Oct	29-Oct		5.0%
BOE Consumer Credit	Sep	29-Oct		0.300B
Mortgage Lending	Sep	29-Oct		3.147B
Mortgage Approvals	Sep	29-Oct		84.715k

Lower Bound	1.2900	Upper Bound	1.3200
Forecast	Neutral		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- This week, investors are focusing on RBA Assistant Governor Michele Bullock Speech on Tuesday, Consumer Price Index for third quarter on Wednesday and Producer Price Index for third quarter on Friday.
- The aussie is expected to appreciate against dollars amid the uncertainty about the outcome of the U.S. elections and the lack of progress on the U.S. coronavirus stimulus negotiations.

Lower Bound	0.7000	Upper Bound	0.7200
Forecast	Appreciation		

Australian Dollar News

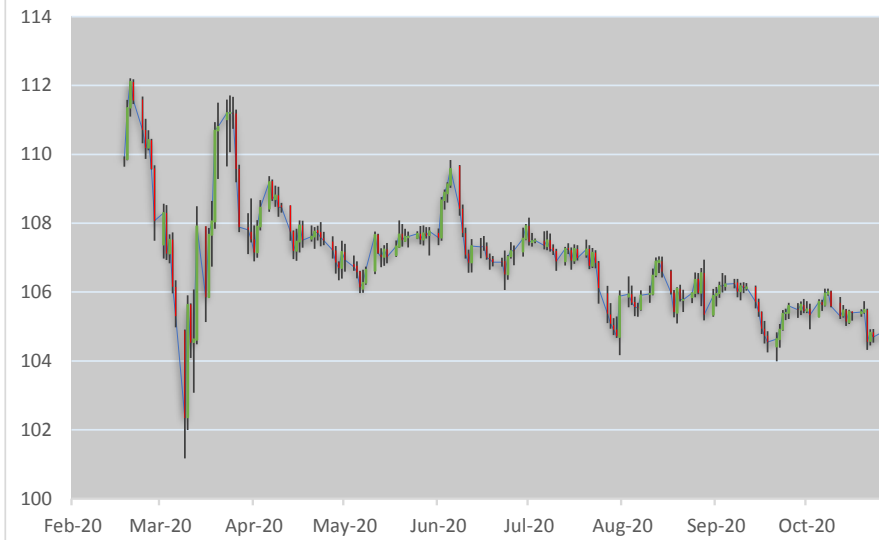
- The aussie continued a third consecutive day of losses on Monday due to the minutes of the Reserve Bank of Australia's October meeting showed that the RBA board is considering further monetary policy easing, including expanding its bond buying program to include longer-dated government debt.
 - Moreover, RBA Assistant Governor Kent noted on early Monday that rates could move into negative territory in the case of further RBA easing.
- The aussie gained on Wednesday amid U.S. dollar weakness as the latest optimism about additional U.S. fiscal stimulus measures remained supportive of the upbeat market mood while Australian Retail Sales fell 1.5% in September, higher than a 4% decline recorded in the previous month.
- Australia's Manufacturing PMI decreased from 55.4 in September to 54.2 in October, lower than expected at 55.6. Meanwhile, Services PMI increased from 50.8 to 53.8 compared to expected at 51.0

Australian Dollar Performance

Last Week Close	0.7080 USD/AUD	Monthly High	0.7248 USD/AUD
Week Open	0.7077 USD/AUD	Monthly Low	0.7022 USD/AUD
Week Close	0.7135 USD/AUD	30 Days Average	0.7194 USD/AUD
Weekly High	0.7158 USD/AUD	90 Days Average	0.6916 USD/AUD
Weekly Low	0.7018 USD/AUD	YTD Change	+1.41%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous


Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen News

- The yen dropped on Monday as the global risk sentiment remained well supported by reviving hopes for additional U.S. fiscal stimulus measures, expectations of a COVID-19 vaccine by the end of this year and nervousness on the U.S. political situation held the USD weakness, but also increases demand for the Japanese currency.
- The yen plummeted to below 105.00 USD/JPY on Wednesday due to the global risk sentiment remain forced investors to take refuge in traditional safe-haven currencies, including the Japanese yen.
- Meanwhile Japan National CPI ex-Fresh Food in September declined by 0.3% YoY, better than the expected at 0.4% decreasing. Also, the preliminary estimate of the Jibun Bank Manufacturing PMI for October came in at 48, improving from September at 47.7.

Japanese Yen Performance

Last Week Close	105.40 JPY/USD	Monthly High	106.10 JPY/USD
Week Open	105.38 JPY/USD	Monthly Low	104.35 JPY/USD
Week Close	104.69 JPY/USD	30 Days Average	107.53 JPY/USD
Weekly High	105.74 JPY/USD	90 Days Average	107.55 JPY/USD
Weekly Low	104.32 JPY/USD	YTD Change	-3.67%

Japanese Yen Outlook

- This week, the yen is expected remain appreciate due to markets have continued their risk-based buying and selling of the U.S. currency referencing the vagaries of the U.S. stimulus package and the increasing of increasing of COVID-19 cases Europe and the United States.
- While Bank of Japan (BOJ) is having a monetary policy meeting on Thursday and investors expect that BOJ will leave all interest rates or monetary policy unchanged.
- Moreover, Japanese Retail Sales for September and Consumer Confidence for October will be released on Thursday, Industrial Production for September and The Unemployment Rate for September will be released on Friday. ☒

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JP BOJ Rate Decision	29 Oct	29-Oct		-0.10%
CPI Tokyo Ex fresh food YY	Oct	30-Oct		-0.2%
CPI, Overall Tokyo	Oct	30-Oct		0.2%
Jobs/Applicants Ratio	Sep	30-Oct		1.04
Unemployment Rate	Sep	30-Oct		3.0%
Industrial O/P Prelim MM SA	Sep	30-Oct		1.0%

Lower Bound	104.00	Upper Bound	105.00
Forecast	Appreciation		

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