

WEEKLY FOREIGN EXCHANGE OUTLOOK

07 Sep 2020 - 11 Sep 2020

 **Dollar Index**

Dollar Index Graph

Dollar News



Source: Thomson Reuters

- Last week, the greenback was traded in an upward trend. However, the currency was under pressure after the release of Powell's statement. The Fed announced a major change in the inflation targeting which allowed the bank to keep such a low rate for a longer period.
- The dollar picked up against other currencies later on Tuesday (1/9) after economic reports from eurozone were disappointing., while the US manufacturing report was shown at 56.0, stronger than expectaions of 54.6

Dollar Index Performance

Last Week Close	92.37	Monthly High	93.99
Week Open	92.30	Monthly Low	91.75
Week Close	92.66	30 Days Average	93.01
Weekly High	93.32	90 Days Average	96.00
Weekly Low	91.75	YTD Change	-3.37%

Dollar Outlook

Dollar Index Economic Events

- Despite its recently good performance, there are various elements which might adversely affect the dollar.
- The second round of stimulus check payments is still on hold as many issues are under negotiation such as funding for states and schools and unemployment benefits.
- Also, the lawmakers need to pass the spending legislation before the end of September to avoid the government shutdown. So far, the Republicans and the Democrats have not been able to agree on the amount yet.

Events	Period	Date	Forecast	Previous
JOLTS Job Openings	Jul	9-Sep	6.000M	5.889M
Initial Jobless Clm	5 Sep, w/e	10-Sep	846k	881k
Cont Jobless Clm	29 Aug, w/	10-Sep	12.900M	13.254M
PPI exFood/Energy YY	Aug	10-Sep	0.3%	0.3%
PPI exFood/Energy MM	Aug	10-Sep	0.2%	0.5%
Wholesale Invt(y), R MM	Jul	10-Sep	-0.1%	-0.1%
Core CPI YY, NSA	Aug	11-Sep	1.6%	1.6%
CPI MM, SA	Aug	11-Sep	0.3%	0.6%
CPI YY, NSA	Aug	11-Sep	1.2%	1.0%

Lower Bound	92.15	Upper Bound	93.58
Forecast	Neutral		

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Thai Baht
Thai Baht Graph
Thai Baht News


- The baht weakened as Thailand economy remained weak. The Bank of Thailand (BOT) reported the shrinkage in Thailand's exports by 11.9% (YoY) in July, while the imports dropped by 25.4%.
- The currency was also deteriorated by a surprise resignation of Thailand's Finance Minister, Pridi Daochai amid the economy uncertainties. He cited the poor health conditions, but such a decision could be driven by conflicts related to personnel reshuffle.
- The Centre for Economic Situation Administration approved new stimulus measures worth 45 billion baht to boost up the economy.

Source: Thomson Reuters

Thai Baht Outlook

- The baht could be wobbling, but remain in depreciating trend. The currency was expected to move that way as the domestic protests heat up and the political movements need to be closely monitored.
- In addition, the currency might be less appealing among investors after a recent report from the BOT indicates the economic contraction.

Thai Baht Performance

Last Week Close	31.15 THB/USD	Monthly High	31.45 THB/USD
Week Open	31.08 THB/USD	Monthly Low	30.95 THB/USD
Week Close	31.42 THB/USD	30 Days Average	31.28 THB/USD
Weekly High	31.53 THB/USD	90 Days Average	31.50 THB/USD
Weekly Low	30.94 THB/USD	YTD Change	+4.91%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	28 Aug, w/ 8-Sep			251.1B
Currency Swaps	28 Aug, w/ 8-Sep			23.3B
Consumer Confidence Idx	Aug	10-Sep		50.1
Forex Reserves	31 Aug, w/ 11-Sep			
Currency Swaps	31 Aug, w/ 11-Sep			

Lower Bound	31.00	Upper Bound	31.55
Forecast	Depreciation		

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- This week, markets concentrates on the coming ECB meeting on Thursday (10/9). Generally, we do not expect a change in policy rate as it is now very low. However, we look forward to the message and sentiment toward the future economy.
- Regarding the weak economic figures earlier, It is possible that the EBC might bring in more stimulus measures, again a policy rate cut might not be an option.

Euro News

- The euro edged lower and traded in a lower territory through the week after the economic reports. Those figures indicated the economic weakness in the eurozone.
- In addition, the currency was fragile ahead of the European Central Bank (ECB) meeting on September 10. It was widely expected that the EBC could implement more stimulus measures to boost the frigid economy.

Euro Index Performance

Last Week Close	1.1903 USD/EUR	Monthly High	1.2011 USD/EUR
Week Open	1.1897 USD/EUR	Monthly Low	1.1782 USD/EUR
Week Close	1.1838 USD/EUR	30 Days Average	1.1839 USD/EUR
Weekly High	1.2011 USD/EUR	90 Days Average	1.1410 USD/EUR
Weekly Low	1.1779 USD/EUR	YTD Change	+5.33%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Industrial Output MM	Jul	7-Sep	4.7%	8.9%
GDP Revised QQ	Q2	8-Sep	-12.1%	-12.1%
GDP Revised YY	Q2	8-Sep	-15.0%	-15.0%
ECB Refinancing Rate	Sep	10-Sep	0.00%	0.00%
ECB Deposit Rate	Sep	10-Sep	-0.50%	-0.50%
HICP Final YY	Aug	11-Sep	-0.1%	-0.1%

Lower Bound	1.1758	Upper Bound	1.1933
Forecast	Neutral		

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Pound Sterling

Pound Sterling Graph



Source: Thomson Reuters

Pound Sterling News

- Similar to other currencies, the pound sterling weakened against the greenback along the week.
- Last week, main focus for the currency was the dovish comment from the Bank of England (BOE) Deputy Governor, Dave Ramsden. He concerned that the contraction of the UK economy could get worse than it was previously predicted and the BOE would step up more "Quantitative Easing" (QE) if needed.

Pound Sterling Performance

Last Week Close	1.3349 USD/GBP	Monthly High	1.3482 USD/GBP
Week Open	1.3340 USD/GBP	Monthly Low	1.3139 USD/GBP
Week Close	1.3282 USD/GBP	30 Days Average	1.3150 USD/GBP
Weekly High	1.3482 USD/GBP	90 Days Average	1.2701 USD/GBP
Weekly Low	1.3174 USD/GBP	YTD Change	-0.86%

Pound Sterling Outlook

• Investors are suggested to focus on the Brexit negotiation as UK Prime Minister Boris Johnson set a deadline of October 15 to a free-trade deal with the bloc, saying the two parties must agree on a post-Brexit trade deal by that day or the UK will leave. This means the pound is under threat as the risk of no-deal Brexit recurs.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Halifax House Prices MM	Aug	7-Sep	1.5%	1.6%
GDP Est 3M/3M	Jul	11-Sep	-7.5%	-20.4%
GDP Estimate MM	Jul	11-Sep	6.7%	8.7%
GDP Estimate YY	Jul	11-Sep	-11.3%	-16.8%
Manufacturing Output MM	Jul	11-Sep	5.0%	11.0%

Lower Bound	1.2974	Upper Bound	1.3411
Forecast	Neutral		

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- Apart from Australia economic figures to be released, investors should keep close eyes on the ECB meeting and US major data as these are expected to play important roles in financial market this week.

Australian Dollar News

- The aussie continued to depreciate after the Reserve Bank of Australia (RBA) meeting on Tuesday (1/9). The bank kept the rate unchanged at its record low 0.25%. While keeping rates steady, Dr Lowe announced that the bank would continue to offer cheap finance to banks under its term funding facility.
- The decision came before the National Accounts unveiled the GDP report on Wednesday (2/9). The GDP in the three months to the end of June dipped by 7.0% which was the biggest decline. After the GDP contracted for two consecutive quarters, it was confirmed that the country was entered into the recession.

Australian Dollar Performance

Last Week Close	0.7366 USD/AUD	Monthly High	0.7413 USD/AUD
Week Open	0.7349 USD/AUD	Monthly Low	0.7223 USD/AUD
Week Close	0.7279 USD/AUD	30 Days Average	0.6923 USD/AUD
Weekly High	0.7413 USD/AUD	90 Days Average	0.6537 USD/AUD
Weekly Low	0.7220 USD/AUD	YTD Change	+3.66%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
AIG Services Index	Aug	7-Sep		44.0
NAB Business Conditions	Aug	8-Sep		0
NAB Business Confidence	Aug	8-Sep		-14
Consumer Sentiment	Sep	9-Sep		-9.5%
TR IPSOS PCSI	Sep	11-Sep		42.78

Lower Bound	0.7097	Upper Bound	0.7389
Forecast	Appreciation		

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Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The yen is expected to remain weak after Typhoon Haishen hit Kyushu region. This is the second typhoon slamming the country in less than a week and both of them inevitably disrupted economic activities.
- Regarding the political respect, the Liberal Democratic Party (LDP) will elect its new leader on September 14 and the winner is likely be the next prime minister of Japan. The candidates are Kishida Fumio (former foreign minister), Ishiba Shigeru (former defense minister and party secretary-general) and Suga Yoshihide (chief cabinet secretary).

Lower Bound	105.33	Upper Bound	106.93
Forecast	Appreciation		

Japanese Yen News

- in the previous week, the yen traded in depreciated trend in response to a stronger dollar.
- Despite the better-than expected economic data in the beginning of the week, its gain was capped by an uncertainty toward Japan's new leader and the future policy settings. It was possible that the stimulus policy, so-called Abenomics, would still remain and the sentiment on the easing policy was another factor sent the yen even higher.

Japanese Yen Performance

Last Week Close	105.34 JPY/USD	Monthly High	106.55 JPY/USD
Week Open	105.34 JPY/USD	Monthly Low	105.60 JPY/USD
Week Close	106.23 JPY/USD	30 Days Average	107.23 JPY/USD
Weekly High	106.55 JPY/USD	90 Days Average	108.24 JPY/USD
Weekly Low	105.28 JPY/USD	YTD Change	-2.38%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Jul	8-Sep	1,868.6B	167.5B
GDP Rev QQ Annualised	Q2	8-Sep	-28.6%	-27.8%
GDP Revised QQ	Q2	8-Sep	-8.1%	-7.8%
GDP Cap Ex Rev QQ	Q2	8-Sep	-3.1%	-1.5%
Machinery Orders MM	Jul	10-Sep	1.9%	-7.6%
Machinery Orders YY	Jul	10-Sep	-18.3%	-22.5%
Corp Goods Price MM	Aug	11-Sep	0.2%	0.6%
Corp Goods Price YY	Aug	11-Sep	-0.5%	-0.9%

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