

WEEKLY FOREIGN EXCHANGE OUTLOOK

28 Sep 2020 - 02 Oct 2020



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- The dollar is expected to extend its gain in the coming week. The currency seems to be the markets' preferred after the second wave of Covid-19 hit Europe. However, the greenback might pull back if the vaccine for the virus reached promising progress.
- This week, investors focus on speeches by various Fed members relating to their sentiments toward the economy. Also, the US final GDP is set to be announced on Wednesday (30/9).

Lower Bound	91.50	Upper Bound	95.00
Forecast	Appreciation		

Dollar News

- The dollar rallied last week as markets switched to risk-off mode. The currency appreciated after fears of a second lockdown in UK surged.
- On Wednesday (23/9), Powell reiterated that additional direct fiscal support might be needed for the U.S. economy to successfully overcome the coronavirus crisis.
- The US. presidential election uncertainties also reduced appetite for risk. Regarding the coronavirus stimulus bills, it is expected to be voted soon, while the House Speaker Nancy Pelosi has high hopes on this.

Dollar Index Performance

Last Week Close	92.93	Monthly High	94.74
Week Open	93.01	Monthly Low	91.75
Week Close	94.19	30 Days Average	93.20
Weekly High	94.74	90 Days Average	94.96
Weekly Low	92.75	YTD Change	-2.23%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confidence	Sep	29-Sep	89.2	84.8
GDP Final	Q2	30-Sep	-31.7%	-31.7%
Initial Jobless Clm	26 Sep, w/	1-Oct	850k	870k
Markit Mfg PMI Final	Sep	1-Oct		53.5
ISM Manufacturing PMI	Sep	1-Oct	56.2	56.0
Non-Farm Payrolls	Sep	2-Oct	850k	1,371k
Unemployment Rate	Sep	2-Oct	8.2%	8.4%
U Mich Sentiment Final	Sep	2-Oct	78.9	78.9

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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- The baht is expected to be volatile as domestic political unrest remained.
- After Finance Minister Predee Daochai's resignation, there has been no one to fill up the position. However, PM Prayut Chan-o-cha has promised to name a new finance minister in October.

Lower Bound	31.40	Upper Bound	31.85
Forecast	Depreciation		

Thai Baht News

- Similar to other currencies, the baht dropped against the greenback after concerns over the Covid-19 clouded the global markets.
- Regarding the BOT meeting, the central bank kept the policy rate unchanged at 0.5%. The GDP forecasts for 2020 was revised up from -8.1 to -7.8%. However, it was reiterated that it would take two years for the economy to return to its pre-pandemic level.


Thai Baht Performance

Last Week Close	31.11 THB/USD	Monthly High	31.74 THB/USD
Week Open	31.02 THB/USD	Monthly Low	30.95 THB/USD
Week Close	31.58 THB/USD	30 Days Average	31.32 THB/USD
Weekly High	31.65 THB/USD	90 Days Average	31.34 THB/USD
Weekly Low	30.94 THB/USD	YTD Change	+5.91%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing Prod YY	Aug	30-Sep		-14.69%
Exports YY	Aug	30-Sep		-11.90%
Imports YY	Aug	30-Sep		-25.40%
Trade Account	Aug	30-Sep		4.11B
Current Account	Aug	30-Sep		1.79B
Private Investment Index	Aug	30-Sep		-0.40%
Pvt Consumption Index	Aug	30-Sep		2.70%
Manufacturing PMI SA	Sep	1-Oct		49.7

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Euro

Euro Graph



Source: Thomson Reuters

Euro Outlook

• Despite weak economic recovery, it is possible that the euro picked up this week due to good news on vaccine trials. It was reported that a single dose of Johnson & Johnson's JNJ.N experimental COVID-19 vaccine produced a strong immune response in an early-to-mid stage clinical trial. Investors are suggested to keep eyes on economic reports as there were many important data to be released.

Lower Bound	1.1600	Upper Bound	1.1850
Forecast	Depreciation		

Euro News

- The euro continued to edge lower as investors left risk assets amid fears over the spread of Covid-19. As new cases increased in many countries, it was reported that some of them prepared for lockdown such as Greece.
- The euro was vulnerable as the pandemic threatened the continent's economic recovery.

Euro Index Performance

Last Week Close	1.1837 USD/EUR	Monthly High	1.2011 USD/EUR
Week Open	1.1846 USD/EUR	Monthly Low	1.1613 USD/EUR
Week Close	1.1630 USD/EUR	30 Days Average	1.1817 USD/EUR
Weekly High	1.1871 USD/EUR	90 Days Average	1.1560 USD/EUR
Weekly Low	1.1611 USD/EUR	YTD Change	+4.09%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Final	Sep	29-Sep	-13.9	-13.9
CPI Prelim YY	Sep	29-Sep	-0.1%	0.0%
CPI (EU Norm) Prelim YY	Sep	30-Sep	0.3%	0.2%
Unemployment Chg SA	Sep	30-Sep	-9k	-9k
Unemployment Rate SA	Sep	30-Sep	6.4%	6.4%
CPI (EU Norm) Prelim MM	Sep	30-Sep	1.4%	-1.3%
CPI (EU Norm) Prelim YY	Sep	30-Sep	-0.4%	-0.5%
Markit Mfg PMI	Sep	1-Oct	50.9	50.9
Markit/BME Mfg PMI	Sep	1-Oct	56.6	56.6

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling News

- The pound sterling plummeted as after fears surrounding the Covid-19 outbreak increased. Investors concerned over the possibility of a second lockdown in the UK as new Covid-19 cases kept rising.
- Last week, tighter restrictions were announced across the UK to cope with the second wave of the virus including mandating the wearing of face masks, a curfew on pub operating hours and reduction in guests permitted at wedding ceremony etc.
 - Apart from the pandemic, fears of a no-deal Brexit and the economic shrinkage raised expectations on the Bank of England rate cut to negative territory in the coming months.

Pound Sterling Performance

Last Week Close	1.2915 USD/GBP	Monthly High	1.3482 USD/GBP
Week Open	1.2923 USD/GBP	Monthly Low	1.2677 USD/GBP
Week Close	1.2745 USD/GBP	30 Days Average	1.3035 USD/GBP
Weekly High	1.2966 USD/GBP	90 Days Average	1.2798 USD/GBP
Weekly Low	1.2672 USD/GBP	YTD Change	-3.18%

Pound Sterling Outlook

- The pound sterling could remain wobbling this week. The currency has been pressured by the possibility of second lockdown and expectation on negative interest rate, while the mutual agreement on the Brexit is faded.
- Regarding the lockdown, it was reported that Boris Johnson's second lockdown was blocked as the Prime Minister feared that Rishi Sunak may resign as chancellor. This made the currency at ease.
- However, upbeat news on Johnson & Johnson COVID-19 vaccine could encourage investors to seek for riskier assets. 📄

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
GDP QQ	Q2	30-Sep	-20.4%	-20.4%
GDP YY	Q2	30-Sep	-21.7%	-21.7%
Nationwide house price mm	Sep	30-Sep	0.5%	2.0%
Nationwide house price yy	Sep	30-Sep	4.5%	3.7%
Markit/CIPS Mfg PMI Final	Sep	1-Oct	54.3	54.3

Lower Bound	1.2700	Upper Bound	1.3100
Forecast	Appreciation		

Please carefully examine the Important Disclosure on the last section of this material.

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Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar News

- The aussie extended its slide as investors turned to safe-haven asset amid a second lockdown fears in the UK.
- The currency also deteriorated by a dovish comment from RBA Deputy Governor Debelle on Tuesday (22/9). He mentioned that the economic recovery would be slow and hint foreign exchange intervention. The policymaker also cited bond purchases and foreign exchange intervention as available options.
- On Friday (25/9), Australia said that it would ease lending laws to free up credit and stimulate economy..

Australian Dollar Performance

Last Week Close	0.7289 USD/AUD	Monthly High	0.7413 USD/AUD
Week Open	0.7306 USD/AUD	Monthly Low	0.7007 USD/AUD
Week Close	0.7027 USD/AUD	30 Days Average	0.7030 USD/AUD
Weekly High	0.7324 USD/AUD	90 Days Average	0.6723 USD/AUD
Weekly Low	0.7004 USD/AUD	YTD Change	+0.84%

Australian Dollar Outlook

- The aussie iss expected to be trade in an depreciating trend as investors remained in risk-off mode. However, a recovery could be seen if the markets responded to an upbeat news on a vaccine trial by Johnson and Johnson and Novavax.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	Aug	30-Sep	0.0%	12.0%
Private Sector Credit	Aug	30-Sep		-0.1%
Housing Credit	Aug	30-Sep		0.2%
Retail Sales MM	Aug	2-Oct	-4.2%	3.2%

Lower Bound	0.7000	Upper Bound	0.7200
Forecast	Appreciation		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The yen is expected to remain weak as slowing economic recovery, rising coronavirus infections in Europe, uncertainty about U.S. stimulus, and the upcoming U.S. presidential elections made the greenback appealing.

Lower Bound	105.00	Upper Bound	106.50
Forecast	Neutral		

Japanese Yen News

- The yen weakened against the greenback as Japan's economy remains stuck in slow growth.
- Regarding the minute of meeting, BOJ Governor Haruhiko Kuroda stated the central bank was ready to extend its programs aimed at easing corporate funding strains that expire early next year amid economic uncertainties.


Japanese Yen Performance

Last Week Close	104.55 JPY/USD	Monthly High	106.55 JPY/USD
Week Open	104.42 JPY/USD	Monthly Low	104.01 JPY/USD
Week Close	105.60 JPY/USD	30 Days Average	107.53 JPY/USD
Weekly High	105.69 JPY/USD	90 Days Average	108.01 JPY/USD
Weekly Low	103.99 JPY/USD	YTD Change	-3.06%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
CPI Tokyo Ex fresh food YY	Sep	29-Sep	-0.3%	-0.3%
CPI, Overall Tokyo	Sep	29-Sep		0.3%
Industrial O/P Prelim MM SA	Aug	30-Sep	1.5%	8.7%
Tankan Big Mf Idx	Q3	1-Oct	-23	-34
Tankan Big Mf Outlook DI	Q3	1-Oct	-17	-27
Tankan Big Non-Mf Idx	Q3	1-Oct	-9	-17
Tankan All Big Capex Est	Q3	1-Oct	1.3%	3.2%
Unemployment Rate	Aug	2-Oct	3.0%	2.9%

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