

WEEKLY FOREIGN EXCHANGE OUTLOOK

31 Aug 2020 - 04 Sep 2020



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- USD slightly gained on Monday after the U.S. Food and Drugs Administrations has issued 'emergency use approval' for the use of blood plasma from recovered patients as a treatment option for certain patients suffering from the effects of the Covid-19 virus.
- USD was flat on Wednesday due to Conference Board (CB) consumer confidence index fell to 84.8 in August, its lowest level since May 2014, with COVID-19-induced high unemployment contributing to the fall.
- USD weakened on Friday after the speaking at the Jackson Hole symposium, Fed's Powel has agreed to a policy of "average inflation targeting," meaning it will allow inflation to run "moderately" above its 2% goal "for some time" following periods when it has run below that target to support the labor market and broader economy.
- While the United States' Real Gross Domestic Product (GDP) contracted at an annual rate of 31.7% in the second quarter of 2020, that better than the advance estimate of 32.9% and the expectation of 32.5%.

Dollar Index Performance

Last Week Close	93.25	Monthly High	95.92
Week Open	93.20	Monthly Low	92.13
Week Close	92.20	30 Days Average	93.39
Weekly High	93.47	90 Days Average	96.44
Weekly Low	92.20	YTD Change	-4.24%

Dollar Outlook

- This week, investors are focusing on the US national employment data including weekly initial jobless claims on Thursday, Non-Farm Employment Change and Unemployment Rate on Friday that will paint a dismal picture of the American economy.
- Moreover, Markets will also be keeping an eye on appearances by top Federal Reserve officials (Richard Clarida and Lael Brainard) after Chair Jerome Powell last week announced a sweeping policy rewrite that puts more emphasis on bolstering the labor market than controlling inflation.

Lower Bound	91.50	Upper Bound	94.00
Forecast	Depreciation		

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg PMI Final	Aug	1-Sep		
ISM Manufacturing PMI	Aug	1-Sep		54.2
Factory Orders MM	Jul	2-Sep		6.2%
Initial Jobless Clm	24-Aug	3-Sep		
Markit Comp Final PMI	Aug	3-Sep		
Markit Svcs PMI Final	Aug	3-Sep		
ISM N-Mfg PMI	Aug	3-Sep		58.1
Non-Farm Payrolls	Aug	4-Sep		1,763k
Unemployment Rate	Aug	4-Sep		10.2%
Average Earnings YY	Aug	4-Sep		4.8%

WEEKLY FOREIGN EXCHANGE OUTLOOK
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Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week, Investors are focusing on Thai Consumer Price index will be released on Tuesday and also focusing on China's August PMI that will report on Monday and Tuesday should provide a health check on the world's second-largest economy.
- We expect the Baht to move in a range of 31.00 - 31.40 THB/USD

Lower Bound	31.00	Upper Bound	31.40
Forecast	Appreciation		

Thai Baht News

- The baht appreciated against dollar after Speaking at the Jackson Hole symposium on Thursday, U.S Fed's Powel said that the Fed would target an average inflation rate of 2%, countering years of super-low inflation.
- Thai Fiscal Policy Office reported that Thailand's third-quarter economic outlook has better prospects than in the previous quarter with economic indicators in July suggesting the third-quarter outlook will improve because of government stimulus measures. Exports showed signs of recovery, with July's figures registering a smaller drop of 11.4% year-on-year after a 23.2% fall in June.
- The manufacturing production index declined by a bigger-than-expected 14.7% in July from a year earlier, led by lower production of cars and petroleum amid the coronavirus outbreak.

Thai Baht Performance

Last Week Close	31.53 THB/USD	Monthly High	31.63 THB/USD
Week Open	31.55 THB/USD	Monthly Low	30.98 THB/USD
Week Close	31.15 THB/USD	30 Days Average	31.34 THB/USD
Weekly High	31.62 THB/USD	90 Days Average	31.56 THB/USD
Weekly Low	31.15 THB/USD	YTD Change	+3.94%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Exports YY	Jul	31-Aug		-24.60%
Imports YY	Jul	31-Aug		-18.20%
Trade Account	Jul	31-Aug		2.32B
Current Account	Jul	31-Aug		-0.25B
Manufacturing PMI SA	Aug	1-Sep		45.9

WEEKLY FOREIGN EXCHANGE OUTLOOK

31 Aug 2020 - 04 Sep 2020



Euro Graph



Source: Thomson Reuters

Euro News

- Euro gained after German IFO Business Climate Index was at 92.6 in August, better than July at 90.5 while beating the consensus estimates pointing to a reading of 92.2.
- While German GDP plunged 10.1% in the second quarter of 2020, that confirmed this double-digit dropped. The eurozone's number one economy has been hit hard by the Covid-19, as German consumer spending and exports were down sharply in the second quarter.
- Euro still gained on Friday due to the U.S. Federal Reserve's new monetary policy framework which will likely see interest rates in the world's dominant economy remaining low for longer although the German GfK consumer climate index disappointed, with the September figure dropping to -1.8 from -0.2 in August.

Euro Index Performance

Last Week Close	1.1795 USD/EUR	Monthly High	1.1965 USD/EUR
Week Open	1.1785 USD/EUR	Monthly Low	1.1698 USD/EUR
Week Close	1.1903 USD/EUR	30 Days Average	1.1793 USD/EUR
Weekly High	1.1919 USD/EUR	90 Days Average	1.1347 USD/EUR
Weekly Low	1.1761 USD/EUR	YTD Change	+6.26%

Euro Outlook

- Investor will focus on Fed speakers out in full force (Clarida & Brainard) who are likely to shed further light on the Federal Reserve's policy shift.
- Euro could appreciate if U.S Non-Farm Payrolls fall short of estimates and weaken the dollar. On the other hand, if European countries impose restrictions to depress the resurgence of the virus, the euro could struggle.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Markit Mfg Final PMI	Aug	1-Sep		
HICP Flash YY	Aug	1-Sep		0.4%
HICP-X F&E Flash YY	Aug	1-Sep		1.3%
Unemployment Rate	Jul	1-Sep		7.8%
Markit Serv Final PMI	Aug	3-Sep		
Markit Comp Final PMI	Aug	3-Sep		

Lower Bound	1.1700	Upper Bound	1.1950
Forecast	Appreciation		

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31 Aug 2020 - 04 Sep 2020

Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- The Brexit talk will be focused, there are no official rounds of Brexit talks scheduled for early September, but the end of Europe's holiday season implies a significant chance that officials will provide statements or talk to the press.
- While investor will concern about the increasing in coronavirus cases in the UK as the school year begins.

Pound Sterling News

- The pond fell on Monday as the fears of the no-deal Brexit gains momentum, also backed by Friday's failure to reach any agreements by the European Union (EU) and the UK's policymakers.
- Moreover, Irish leader Michael Martin shared his Brexit-positive "gut instinct" after meeting the UK PM Boris Johnson for the first time after elected in June. However, the European Union (EU) diplomat Michel Barnier has told the EU states to be 'cold-blooded' with Britain as the Brexit trade deal deadline looms.
- While BoE Governor Bailey's Jackson Hole speech. BoE still has ample firepower to fight the coronavirus crisis and was arguing that the £200bn bond-buying operation the central bank unleashed in March had shown the value of "going big and fast" with quantitative easing.

Pound Sterling Performance

Last Week Close	1.3087 USD/GBP	Monthly High	1.3367 USD/GBP
Week Open	1.3084 USD/GBP	Monthly Low	1.2982 USD/GBP
Week Close	1.3349 USD/GBP	30 Days Average	1.3048 USD/GBP
Weekly High	1.3356 USD/GBP	90 Days Average	1.2648 USD/GBP
Weekly Low	1.3049 USD/GBP	YTD Change	+0.37%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Nationwide house price mm	Aug	28-Aug		1.7%
Nationwide house price yy	Aug	28-Aug		1.5%
Markit/CIPS Mfg PMI Final	Aug	1-Sep		
Reserve Assets Total	Aug	3-Sep		

Lower Bound	1.3100	Upper Bound	1.3500
Forecast	Appreciation		

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

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31 Aug 2020 - 04 Sep 2020

Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar News

- The Aussie slightly gained due to the US Trade Representative's Office said in a statement after meeting on Monday that both sides see progress on trade issues and are committed to making the Phase 1 agreement reached in January a success.
- While business spending, as represented by private capital expenditure (CAPEX), fell 5.9% in the second quarter of 2020, was better than the forecasted drop of 8.4%.
- Moreover, the Aussie traded to the 0.7300 AUD/USD or the highest level since December 2018 in reaction to the Fed Chair Jerome Powell's dovish comments and signaled that Fed will seek to ensure that employment does not fall short of its maximum level and will seeks to achieve inflation that averages 2% over time.

Australian Dollar Performance

Last Week Close	0.7161 USD/AUD	Monthly High	0.7381 USD/AUD
Week Open	0.7154 USD/AUD	Monthly Low	0.7077 USD/AUD
Week Close	0.7366 USD/AUD	30 Days Average	0.6885 USD/AUD
Weekly High	0.7368 USD/AUD	90 Days Average	0.6507 USD/AUD
Weekly Low	0.7148 USD/AUD	YTD Change	+4.74%

Australian Dollar Outlook

- Australian Dollar may rise on RBA rate decision and economic stabilization.
- The RBA is widely expected to leave its monetary policy unchanged after the resumption of bond-buying last month and the policymakers are likely to remain in a wait-and-see mode amid a slowdown in the virus cases and the recent appreciation in the exchange rate value.
- Private sector Credit will be released on Monday and GDP Q2/2020 will be released on Wednesday.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Building Approvals	Jul	1-Sep		-4.9%
Current Account Balance SA	Q2	1-Sep		8.4B
Net Exports Contribution	Q2	1-Sep		0.5%
RBA Cash Rate	Sep	1-Sep		0.25%
Real GDP QQ SA	Q2	2-Sep		-0.3%
Real GDP YY SA	Q2	2-Sep		1.4%
Trade Balance G&S (A\$)	Jul	3-Sep		8,202M
Retail Sales MM	Jul	4-Sep		2.7%

Lower Bound	0.7100	Upper Bound	0.7500
Forecast	Appreciation		

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31 Aug 2020 - 04 Sep 2020

Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The Yen would be appreciated as USD remains under heavy selling pressure on Fed's new policy strategy.
- Japan Prelim Industrial Production, Retail Sales, Consumer Confidence will be released on Monday, Unemployment Rate and Final Manufacturing PMI will be released on Tuesday

Lower Bound	104.50	Upper Bound	107.00
Forecast	Neutral		

Japanese Yen News

- The Yen slightly gained on Monday as the US-China trade optimism after USTR and China's Liu saw progress on the phase one deal and are committed to taking steps necessary to ensure the success of the agreement.
- The Yen almost unchanged in Wednesday after BOJ Core CPI was at 0.0% in June, fell from 0.1% in May while Services Producer Price Index climbed to 1.2% in July, up from 0.8% in June, that was the strongest gain since March. The Yen surged on Friday after Prime Minister Shinzo Abe resigned for health reasons.
- There has been speculation about Abe's health all week but the resignation of Japan's longest-serving premier rattled investors given he has spearheaded efforts to revive growth through his reflationary "Abenomics" policies

Japanese Yen Performance

Last Week Close	105.78 JPY/USD	Monthly High	107.04 JPY/USD
Week Open	105.85 JPY/USD	Monthly Low	105.11 JPY/USD
Week Close	105.34 JPY/USD	30 Days Average	107.43 JPY/USD
Weekly High	106.94 JPY/USD	90 Days Average	108.40 JPY/USD
Weekly Low	105.18 JPY/USD	YTD Change	-2.74%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Industrial O/P Prelim MM SA	Jul	31-Aug		1.9%
Jobs/Applicants Ratio	Jul	1-Sep		1.11
Unemployment Rate	Jul	1-Sep		2.8%
Jibun Bank Mfg PMI	Aug	1-Sep		46.6
Services PMI	Aug	3-Sep		45.4

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