

WEEKLY FOREIGN EXCHANGE OUTLOOK

15 Sep 2020 - 18 Sep 2020



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar held its gains against other major currencies as the latest US jobs data on Friday continued to support demand for the greenback. However, the trade was thin on Monday as US markets closed for the Labor Day holiday.
- The dollar traded sideways against other major currencies despite the number of Americans applying for initial unemployment benefits came in at 884,000 last week, larger than forecasts of a decline to 846,000, indicating that labor market recovery is stalling amid the ongoing coronavirus pandemic. While US lawmakers failed to find a way to break the deadlock on stimulus talks at a time when job growth appears to be slowing. The Republican coronavirus stimulus plan failed to get the votes needed to advance in the Senate.

Dollar Index Performance

Last Week Close	92.97	Monthly High	93.91
Week Open	93.05	Monthly Low	91.75
Week Close	93.10	30 Days Average	93.00
Weekly High	93.66	90 Days Average	95.71
Weekly Low	92.70	YTD Change	

Dollar Outlook

- The highlight of the week ahead will be Wednesday's FOMC policy meeting, where it may seek to operationalise its new average inflation targeting approach with some additional forward guidance.
- This week, markets will also focus on the release of August retail sales on Wednesday and September consumer confidence on Friday. Consumer sentiment is expected to stay near the lows, although it may be too early to expect retail sales to fall short. ☒

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Industrial Production MM	Aug	15-Sep	1.0%	3.0%
Retail Sales MM	Aug	16-Sep	1.0%	1.2%
Fed Funds Tgt Rate	16 Sep	17-Sep	0-0.25	0-0.25
Fed Int On Excess Reserves	16 Sep	17-Sep		0.10%
Housing Starts Number	Aug	17-Sep	1.470M	1.496M
Initial Jobless Clm	12 Sep, w/	17-Sep	850k	884k
Philly Fed Business Indx	Sep	17-Sep	15.5	17.2
U Mich Sentiment Prelim	Sep	18-Sep	75.0	74.1

Lower Bound	92.50	Upper Bound	93.80
Forecast	Neutral		

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht News

- The baht moved in a range against the dollar as Bank of Thailand (BoT) Governor Veerathai Santiprabhob mentioned on Tuesday that the revision of gold trading rules was expected to be done by this year as it would help tackle the currency strength.
- On Thursday, the Baht gained against the dollar on bond inflows as the BOT chief's played down the possibility of more rate cuts.
- The baht slightly depreciated on Friday from the announcement of new Covid-19 case found in Thailand.

Thai Baht Performance

Last Week Close	31.37 THB/USD	Monthly High	31.46 THB/USD
Week Open	31.40 THB/USD	Monthly Low	30.95 THB/USD
Week Close	31.33 THB/USD	30 Days Average	31.24 THB/USD
Weekly High	31.44 THB/USD	90 Days Average	31.46 THB/USD
Weekly Low	31.22 THB/USD	YTD Change	+4.48%

Thai Baht Outlook

- There's no economic data released, market focus on the Covid-19 situation and anti-government protest on 19 - 20 September.

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	7 Sep, w/e	18-Sep		
Currency Swaps	7 Sep, w/e	18-Sep		

Lower Bound	31.00	Upper Bound	31.50
Forecast	Neutral		

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Euro

Euro Graph



Source: Thomson Reuters

Euro News

- The euro traded lower against the dollar after German industrial production came in below expectations in July, weighing on the currency sentiment.
- The ECB's Governing Council decided to keep the deposit rate unchanged at -0.5% and also the pandemic bond-buying program at 1.35 trillion euros (\$1.6 trillion). While European Central Bank Chair Christine Lagarde said the euro exchange rate must be monitored for its impact on prices, but she didn't signal any pressing need to adjust policy.

Euro Index Performance

Last Week Close	1.1837 USD/EUR	Monthly High	1.2011 USD/EUR
Week Open	1.1815 USD/EUR	Monthly Low	1.1754 USD/EUR
Week Close	1.1845 USD/EUR	30 Days Average	1.1845 USD/EUR
Weekly High	1.1916 USD/EUR	90 Days Average	1.1455 USD/EUR
Weekly Low	1.1751 USD/EUR	YTD Change	+5.68%

Euro Outlook

- This week we'll see Eurozone July industrial production and the latest German ZEW figures.
- The difficult Brexit discussions will also play out further this week, which could hold European currencies in check. 📄

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Aug	15-Sep		922.98B
HICP Final MM	Aug	17-Sep	-0.4%	-0.4%
HICP Final YY	Aug	17-Sep	-0.2%	-0.2%
ZEW Economic Sentiment	Sep	15-Sep	69.8	71.5
ZEW Current Conditions	Sep	15-Sep	-72.0	-81.3

Lower Bound	1.1750	Upper Bound	1.1950
Forecast	Neutral		

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling News

- The pound sterling fell against the dollar as a chance of no-deal Brexit recurred. The divorce bill, once again, undermined the currency after UK Prime Minister Boris Johnson set October 15 deadline for the post-Brexit deal or the UK quit the talks.
- The pound continuingly fell against the dollar as the EU threatened to pursue legal action against the UK if it doesn't drop a bill that aims to undermine the Brexit divorce agreement.

Pound Sterling Performance

Last Week Close	1.3278 USD/GBP	Monthly High	1.3482 USD/GBP
Week Open	1.3168 USD/GBP	Monthly Low	1.2765 USD/GBP
Week Close	1.2793 USD/GBP	30 Days Average	1.3125 USD/GBP
Weekly High	1.3171 USD/GBP	90 Days Average	1.2722 USD/GBP
Weekly Low	1.2761 USD/GBP	YTD Change	-3.32%

Pound Sterling Outlook

- We expect the pressure on GBP to continue building next week as until-recently complacent investors adjust to the new reality of a heightened no-deal Brexit risk and start/continue building GBP shorts.
- On the data front, the focus will be on the Internal Market Bill debate in Parliament (where is it expected to be eventually passed). The accompanying negative headline news (and its impact on UK-EU trade negotiations prospects) suggests a clear downside for GBP. The UK data should play second fiddle to politics and Brexit uncertainty next week.

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Aug	15-Sep		94.4k
ILO Unemployment Rate	Jul	15-Sep	4.1%	3.9%
CPI YY	Aug	16-Sep	0.1%	1.0%
BOE Bank Rate	Sep	17-Sep	0.10%	0.10%
GB BOE QE Corp	Sep	17-Sep	20B	20B
Retail Sales MM	Aug	18-Sep	0.7%	3.6%
Retail Sales Ex-Fuel MM	Aug	18-Sep	0.4%	2.0%
Retail Sales YY	Aug	18-Sep	3.0%	1.4%

Lower Bound	1.2980	Upper Bound	1.3160
Forecast	Depreciation		

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

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Australian Dollar
Australian Dollar Graph


Source: Thomson Reuters

Australian Dollar News

- The Aud fell against the dollar from many concerns, Australian media companies pulled all of their journalists out of China. A five day diplomatic standoff between the two countries ended with Australia rushing to evacuate two journalists. China also accused Cheng Lei, a popular Chinese born Australian journalist of illegal activities. Escalating tensions with its largest trading partner is bad news for Australia, particularly at a time when the government extended the hard lockdown in Victoria until September 28th as the infection rate declines more slowly than they hoped.

Australian Dollar Performance

Last Week Close	0.7279 USD/AUD	Monthly High	0.7413 USD/AUD
Week Open	0.7274 USD/AUD	Monthly Low	0.7193 USD/AUD
Week Close	0.7283 USD/AUD	30 Days Average	0.6932 USD/AUD
Weekly High	0.7324 USD/AUD	90 Days Average	0.6580 USD/AUD
Weekly Low	0.7190 USD/AUD	YTD Change	+3.67%

Australian Dollar Outlook

- AUD has been the best performing cyclical currency this week, being insulated from EUR/USD volatility as well as the declining oil prices.
- For data front, the focus in the RBA September meeting Minutes (Tuesday) and the labour market report (Thursday), with both having a limited impact on AUD.

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Home Price Index	Q2	15-Sep	-1.0%	1.6%
Employment	Aug	17-Sep	-50.0k	114.7k
Participation Rate	Aug	17-Sep	64.7%	64.7%
Unemployment Rate	Aug	17-Sep	7.7%	7.5%

Lower Bound	0.7150	Upper Bound	0.7380
Forecast	Neutral		

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Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Monday Sep 14th sees LDP party members vote on a new leader and become Japan's next prime minister. Yoshihide Suga is widely expected to be elected and to deliver a continuation of PM Abe's policy.
- The week ahead in Japan also sees a BoJ policy meeting in early Asia next Friday. Business confidence has rebounded quite well and there is talk of the BoJ upgrading their activity outlook.

Japanese Yen News

- The yen gained slightly against the dollar as concern over increasing in the number of COVID-19 infections lent support to the safe-haven yen.
- Japan's GDP was reported -7.9% in the three months to June which was better than expectations of -8.1%. Also, an Economy Watchers Sentiment was shown at 43.9, higher than the forecast of 41.0.
- The yen traded in a narrow range as markets await any developments in news or events especially COVID-19 vaccine to indicate the currency's movement.

Japanese Yen Performance

Last Week Close	106.23 JPY/USD	Monthly High	106.55 JPY/USD
Week Open	106.28 JPY/USD	Monthly Low	105.60 JPY/USD
Week Close	106.14 JPY/USD	30 Days Average	107.24 JPY/USD
Weekly High	106.38 JPY/USD	90 Days Average	108.15 JPY/USD
Weekly Low	105.76 JPY/USD	YTD Change	-2.58%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Exports YY	Aug	16-Sep	-16.1%	-19.2%
Imports YY	Aug	16-Sep	-18.0%	-22.3%
Trade Balance Total Yen	Aug	16-Sep	-37.5B	11.6B
JP BOJ Rate Decision	17 Sep	17-Sep	-0.10%	-0.10%
CPI, Core Nationwide YY	Aug	18-Sep	-0.4%	0.0%

Lower Bound	105.30	Upper Bound	106.50
Forecast	Depreciation		

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