

WEEKLY FOREIGN EXCHANGE OUTLOOK

20 - 24 January 2020



Dollar Index

Dollar Index Graph



Dollar news

- The Treasury Department has removed China as a currency manipulator over the weekend. However, the DXY traded mixed as US Treasury Secretary, Mnuchin, said that tariffs will stay in place until there's a phase 2 of China trade agreement.
- US and China sign Phase 1 trade deal in Washington on Wednesday (Jan 15th).
- Fed beige book shows modest growth in last 6 weeks of year 2019 while labor market remains tight throughout the nation.

Dollar Outlook

- The consumer sentiment will remain in focus which is expected to remain upbeat.
- The USD could be bearish if the data came out dissatisfy which the recent job data disappointed as well as consumer prices.
- As market expected, the FOMC meeting on Jan 29th might not generate surprise factors on monetary policy.
- We could see a narrow side way on Dollar index with a closer look on political side (US president impeachment and Phase II US-China trade talk progress).

Upper Bound	97.96	Lower Bound	96.36
Forecast	Neutral		

Dollar Index Performance

Week Open	97.36	Monthly High	97.82
Last Week Close	97.35	Monthly Low	96.36
Weekly High	97.66	30 Days Average	97.23
Weekly Low	97.09	90 Days Average	97.87

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Housing Starts Number	Dec	17-Jan	1.375M	1.365M
Industrial Production MM	Dec	17-Jan	-0.2%	1.1%
U Mich Sentiment Prelim	Jan	17-Jan	99.3	99.3
Existing Home Sales	Dec	22-Jan	5.43M	5.35M
Initial Jobless Claims	13 Jan, w/€	23-Jan	212k	204k


Thai Baht Graph

Thai Baht news

- Thailand's central bank (BOT) concerns over the strength in the baht and ready to take further action if necessary.
- The baht's gains mainly from a large current account surplus, which the BOT has closely managed the baht by buying USD to reserve. However, the BOT is also aware of side-effects and limitations of currency intervention as it may face trade protagonist measures.
- The World Bank cut its estimate for Thailand's economic growth to 2.7% this year.
- THB weakened to as high as 30.50 THB/USD on Friday (Jan 17th) on sell-off in Thai bonds and equities. ☒

Thai Baht Outlook

- The baht could be traded volatily on Thailand's politics uncertainty, the hearing for future forward party being dissolved by the Constitutional Court is set for Tuesday.
- The capital movement supported by expecting government measurement package could move the Baht a wider range.
- Tesco's planned exit from Thai markets add the outflow anxiety.
- Thai central bank's ready to curb resilient bath if needed could limit the appreciation trend of the Asia's best performing currency in 2019, THB.

Upper Bound	30.52	Lower Bound	30.17
Forecast	Depreciation		

Thai Baht Performance

Week Open	30.22 THB/USD	Monthly High	30.52 THB/USD
Last Week Close	30.22 THB/USD	Monthly Low	30.07 THB/USD
Weekly High	30.43 THB/USD	30 Days Average	30.22 THB/USD
Weekly Low	30.38 THB/USD	90 Days Average	30.32 THB/USD

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Dec	22-Jan		-7.39%
Custom-Based Import Data	Dec	22-Jan		-13.78%
Customs-Based Trade Data	Dec	22-Jan		0.55B
Forex Reserves	13 Jan, w/€	24-Jan		228.5B
Currency Swaps	13 Jan, w/€	24-Jan		34.6B


Euro
Euro Graph

Euro news

- EU trade chief, Phil Hogan, visited US Trade Representative Robert and other officials during Jan 14-16 regarding old disputes that have been revived recently and the fundamental disagreement over trade policy.
- European Central Bank's meeting minutes were optimistic on Thursday (Jan 16th) that the bank sees indications of rising core inflation and were slightly positive on growth.
- Euro was unable to benefit despite the optimistic comment from the ECB as investors still concern over trade disagreement.

Euro Outlook

- The uncertainty from trade talk between US and EU could weigh over the single currency.
- We do not projected a major movement from EUR effected from ECB meeting on Thursday (Jan 23rd) since the minutes of the September meeting showed significant opposition on the Governing Council to the easing package. Meantime, a new ECB President has taken the helm and a major review of its monetary policy framework is now underway. Hence, markets believe that further easing is now unlikely.

Upper Bound	1.1222	Lower Bound	1.1058
Forecast	Neutral		

Euro Index Performance

Week Open	1.1133 USD/EUR	Monthly High	1.1225 USD/EUR
Last Week Close	1.1133 USD/EUR	Monthly Low	1.1086 USD/EUR
Weekly High	1.1099 USD/EUR	30 Days Average	1.1139 USD/EUR
Weekly Low	1.1089 USD/EUR	90 Days Average	1.1073 USD/EUR

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
HICP Final MM	Dec	17-Jan	0.3%	-0.3%
HICP Final YY	Dec	17-Jan	1.3%	1.3%
ECB Refinancing Rate	Jan	23-Jan	0.00%	0.00%
ECB Deposit Rate	Jan	23-Jan	-0.50%	-0.50%
Consumer Confid. Flash	Jan	23-Jan	-7.6	-8.1

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Pound Sterling
Pound Sterling Graph

Pound Sterling News

- Sterling dropped as GDP data showed UK economy grew at slowest pace in 7 years in Nov.
- BOE policymaker, Gertjan, suggested that he will vote for a cut in interest rates later this month. Silvana, a member of bank's monetary policy committee also persuaded towards an interest rate cut in coming months
- Brexit; PM Johnson said he considers the kingdom will get a comprehensive trade deal with the EU by the year end
- Sterling dropped below 1.3100 after UK Retails Sales drop 0.6% MoM in Dec versus +0.7% expected on Friday (Jan 17th).

Pound Sterling Outlook

- Comments of some BOE policy makers added a chance of rate cut in coming months and suggested that the central bank is edging towards pumping more stimulus.
- BOE's monetary policy meeting will be on Jan 30th with a higher probability that MPC to cut their policy rate by at least 25 bps regarding if the survey data for January remain weak.
- We expected the limit upside of the sterling due to recent comments of BOE policy makers and the uncertainty of trade talk between EU and UK scenario.

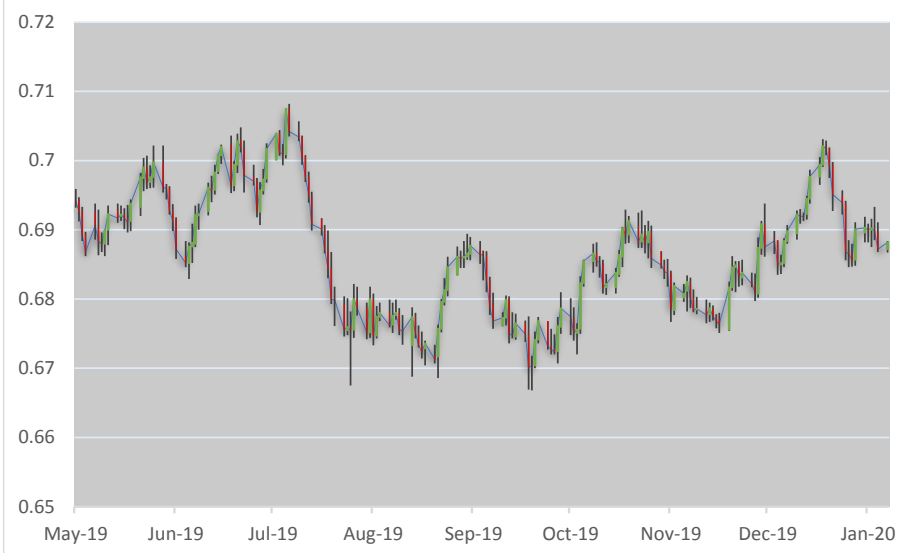
Upper Bound	1.3243	Lower Bound	1.2904
Forecast	Depreciation		

Pound Sterling Performance

Week Open	1.2986 USD/GBP	Monthly High	1.3275 USD/GBP
Last Week Close	1.2988 USD/GBP	Monthly Low	1.2955 USD/GBP
Weekly High	1.3019 USD/GBP	30 Days Average	1.3099 USD/GBP
Weekly Low	1.2984 USD/GBP	90 Days Average	1.2853 USD/GBP

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Retail Sales MM	Dec	17-Jan	0.5%	-0.6%
Retail Sales Ex-Fuel MM	Dec	17-Jan	0.7%	-0.6%
Retail Sales YY	Dec	17-Jan	2.6%	1.0%
Claimant Count Unem Chng	Dec	21-Jan		28.8k
ILO Unemployment Rate	Nov	21-Jan	3.8%	3.8%


Australian Dollar
Australian Dollar Graph

Australian Dollar News

- The Aussies last week was trading around 0.69 level on the absent of an event.
- News that the US did not plan to cut China tariffs until after the November election also weighed on the currency.
- The AUD was firmer after China released a positive trade number in December.

Australian Dollar Outlook

- We expect the AUD to trade within the limits this week.
- Signs of frozen growth may encourage the Reserve Bank of Australia (RBA) to endorse a dovish direction at the next meeting on Feb 4.
- The US-China trade deal probably drag on Australia exports as Chinese official pledge to boost purchases of US goods and may be in bearish trend over coming months.

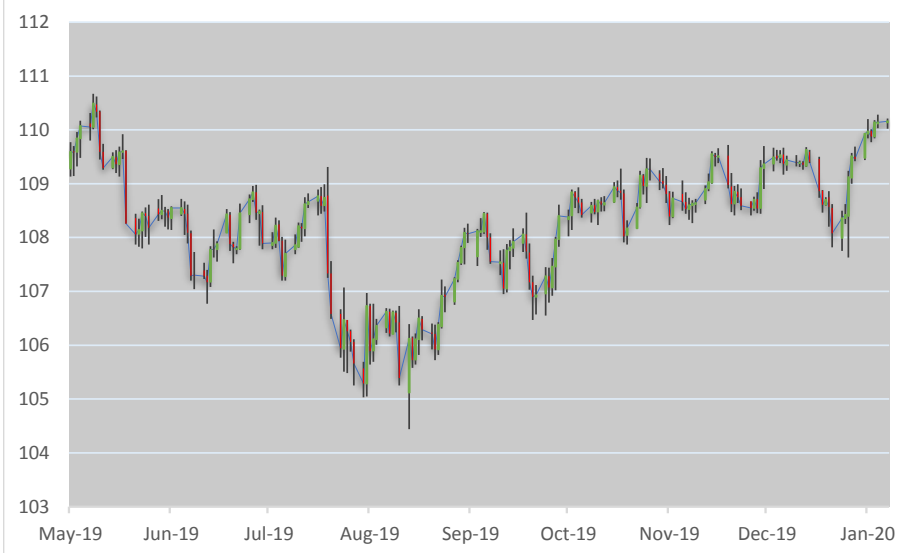
Upper Bound	0.7026	Lower Bound	0.6826
Forecast	Neutral		

Australian Dollar Performance

Week Open	0.6902 USD/AUD	Monthly High	0.7029 USD/AUD
Last Week Close	0.6903 USD/AUD	Monthly Low	0.6850 USD/AUD
Weekly High	0.6884 USD/AUD	30 Days Average	0.6839 USD/AUD
Weekly Low	0.6872 USD/AUD	90 Days Average	0.6805 USD/AUD

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Employment	Dec	23-Jan	15.0k	39.9k
Unemployment Rate	Dec	23-Jan	5.2%	5.2%


Japanese Yen
Japanese Yen Graph

Japanese Yen News

- Kuroda, Bank of Japan (BoJ) Governor, said on Tuesday (14/1) that Japan's economy likely to continue expanding moderately while consumer inflation is moving around 0.5%.
- BoJ will maintain QQE with yield curve control for as long as needed to achieve 2% inflation.
- Japan's PPI in Dec matched 0.9% forecast on YoY, while Machinery Orders grew beyond market expected to 18%.

Japanese Yen Outlook

- BoJ monetary policy will be on Jan 20-21, which is likely that it will keep monetary policy unchanged.
- JPY are now extend its weaker trend as better-than-expected Chinese data kept the market mood positive.
- We could see a depreciation movement on the JPY further as market mood is now on risk-on mode due to reduced geopolitical fear and unexpected treat to the market.

Upper Bound	110.57	Lower Bound	109.28
Forecast	Depreciation		

Japanese Yen Performance

Week Open	109.93 JPY/USD	Monthly High	110.28 JPY/USD
Last Week Close	109.93 JPY/USD	Monthly Low	107.66 JPY/USD
Weekly High	110.21 JPY/USD	30 Days Average	107.17 JPY/USD
Weekly Low	110.05 JPY/USD	90 Days Average	107.47 JPY/USD

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
JP BOJ Rate Decision	21 Jan	21-Jan	-0.10%	-0.10%
Exports YY	Dec	23-Jan	-4.2%	-7.9%
Imports YY	Dec	23-Jan	-3.4	-15.7%
Trade Balance Total Yen	Dec	23-Jan	-15.0B	-85.2B

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