

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**05 Oct 2020 - 09 Oct 2020**



**Dollar Index**

**Dollar Index Graph**



Source: Thomson Reuters

**Dollar News**

- Tuesday's highly contentious debate between U.S. President Donald Trump and Democratic challenger Joe Biden boosted the dollar earlier, as it reinforced concerns that the outcome of the Nov. 3 presidential election could be contested.
- The dollar jumped after Trump said he and first lady Melania Trump had both tested positive for COVID-19 and would begin a quarantine process immediately.
- Data showing U.S. nonfarm payrolls rose by 661,000 and missed the market expectation of 850,000. Further details of the report showed that the Unemployment Rate fell to 7.9% from 8.4% in August.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>94.64</b>	<b>Monthly High</b>	<b>94.74</b>
<b>Week Open</b>	<b>94.58</b>	<b>Monthly Low</b>	<b>91.75</b>
<b>Week Close</b>	<b>93.69</b>	<b>30 Days Average</b>	<b>93.31</b>
<b>Weekly High</b>	<b>94.74</b>	<b>90 Days Average</b>	<b>94.75</b>
<b>Weekly Low</b>	<b>93.53</b>	<b>YTD Change</b>	<b>-2.78%</b>

**Dollar Outlook**

- Investors had already been on edge on signs that a hoped-for U.S. fiscal stimulus package was stalled in Washington.
- The Market still concern about U.S. election after Trump tested positive for COVID-19, the news could cause a new wave of market volatility as investors brace for the hotly-contested presidential election in November.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Markit Comp Final PMI	Sep	5-Oct		54.4
Markit Svcs PMI Final	Sep	5-Oct		54.6
ISM N-Mfg PMI	Sep	5-Oct	56.0	56.9
International Trade \$	Aug	6-Oct	-64.4B	-63.6B
Initial Jobless Clm	28 Sep, w/	8-Oct		837k

<b>Lower Bound</b>	<b>92.65</b>	<b>Upper Bound</b>	<b>94.64</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Thai Baht**
**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- The Bank of Thailand (BOT) has forecasted the economy to contract a record 7.8% this year before growing 3.6% next year.
- Thai Baht may weaken against the U.S. dollar, but limited room for volatility.
- In Thailand, the baht moved differently from other Asian currencies, due to speculation by investors and their trade of Thai stocks and bonds overseas.
- The uncertainty about U.S. President, the elections, and the fate of fiscal boots all weighed on the markets.

<b>Lower Bound</b>	<b>31.20</b>	<b>Upper Bound</b>	<b>31.80</b>
<b>Forecast</b>	<b>Neutral</b>		

**Thai Baht News**

- At the beginning of last week, the baht had weakened due to the strengthening of the U.S. dollar. However, the recovery in Thai exports and foreign exchange reserves increasing to US\$255.3 billion were enough to ensure the baht does not fluctuate and become a problem in the future.
- On Wednesday (30/9) Thailand recorded a current account surplus of \$3.0 billion in August, a six-month high, after a revised surplus of \$1.79 billion in the previous month.
- Exports, a key driver of growth, declined 8.2% in August from a year earlier after July's 11.9% drop.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>31.58</b> THB/USD	<b>Monthly High</b>	<b>31.65</b> THB/USD
<b>Week Open</b>	<b>31.60</b> THB/USD	<b>Monthly Low</b>	<b>31.48</b> THB/USD
<b>Week Close</b>	<b>31.59</b> THB/USD	<b>30 Days Average</b>	<b>31.37</b> THB/USD
<b>Weekly High</b>	<b>31.74</b> THB/USD	<b>90 Days Average</b>	<b>31.33</b> THB/USD
<b>Weekly Low</b>	<b>31.53</b> THB/USD	<b>YTD Change</b>	<b>+5.24%</b>

**Thai Baht Economic Events**

<b>Events</b>	<b>Period</b>	<b>Date</b>	<b>Forecast</b>	<b>Previous</b>
CPI Headline Inflation	Sep	5-Oct		-0.50%
CPI Core Inflation YY	Sep	5-Oct		0.30%

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**Euro Graph**



Source: Thomson Reuters

**Euro News**

- The euro fell against the U.S dollar after EU data was generally weak, as the unemployment rate resulted at 8.1% in August as expected, rising for a fifth consecutive month. Also, the final versions of Markit PMIs for the Union suffered revisions, with the German index down to 56.4 from 56.6 previously estimated. The index for the EU remained unchanged at 53.7.
- Madrid will become the first European capital to go back into lockdown in coming days after the region's leader reluctantly agreed on Thursday to obey a central government order to ban non-essential travel to and from the Spanish capital.
- EUR/USD falls below 1.17 as Trump tests positive for coronavirus.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.1630</b> USD/EUR	<b>Monthly High</b>	<b>1.1769</b> USD/EUR
<b>Week Open</b>	<b>1.1636</b> USD/EUR	<b>Monthly Low</b>	<b>1.1697</b> USD/EUR
<b>Week Close</b>	<b>1.1713</b> USD/EUR	<b>30 Days Average</b>	<b>1.1803</b> USD/EUR
<b>Weekly High</b>	<b>1.1769</b> USD/EUR	<b>90 Days Average</b>	<b>1.1590</b> USD/EUR
<b>Weekly Low</b>	<b>1.1613</b> USD/EUR	<b>YTD Change</b>	<b>+4.65%</b>

**Euro Outlook**

- Investors are watching with concern as coronavirus infection rates climb in Europe.
- ECB officials continue to highlight that the appreciation in the Euro is a source of concern for the inflation outlook thus putting a lid on gains in the Euro in the short-term.
- Support levels: 1.1625 USD/EUR
- Resistance levels: 1.1850 USD/EUR

<b>Lower Bound</b>	<b>1.1620</b>	<b>Upper Bound</b>	<b>1.1850</b>
<b>Forecast</b>	<b>Depreciation</b>		

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
Markit Serv PMI	Sep	5-Oct		47.5
Markit Comp PMI	Sep	5-Oct		48.5
Markit Services PMI	Sep	5-Oct	49.1	49.1
Markit Comp Final PMI	Sep	5-Oct		53.7
Markit Serv Final PMI	Sep	5-Oct	47.6	47.6
Markit Comp Final PMI	Sep	5-Oct		50.1
Industrial Orders MM	Aug	6-Oct	2.5%	2.8%
Industrial Output MM	Aug	7-Oct	1.5%	1.2%
Reserve Assets Total	Sep	7-Oct		198,158M

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**Pound Sterling**
**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- Investors also await more news on Britain's negotiations with the European Union after EU and UK are struggling on key issues in trade negotiations.
- The return of limited economic closures in the UK from rising COVID-19 cases is the major domestic weights on the pound sterling.

**Pound Sterling News**

- The Pound Sterling gained against the U.S. dollar after comment from the Bank of England Deputy Governor Dave Ramsden that he thought the floor for the central bank's key interest rate was 0.1% but the BoE was "duty-bound" to consider going below zero as part of its efforts to help the economy through its coronavirus crisis.
- However, the pound sterling fell against the U.S. dollar on Thursday after a report that Britain and the EU were still far apart on the key issue of state aid in Brexit trade talks, with the launch of an EU legal case against the UK dealing another blow.
- The European Union launched a legal case against the United Kingdom on Thursday for undercutting their earlier divorce deal and a senior UK minister said differences remained in talks on a post-Brexit trade agreement.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2745</b> USD/GBP	<b>Monthly High</b>	<b>1.2978</b> USD/GBP
<b>Week Open</b>	<b>1.2745</b> USD/GBP	<b>Monthly Low</b>	<b>1.2821</b> USD/GBP
<b>Week Close</b>	<b>1.2931</b> USD/GBP	<b>30 Days Average</b>	<b>1.3002</b> USD/GBP
<b>Weekly High</b>	<b>1.2978</b> USD/GBP	<b>90 Days Average</b>	<b>1.2823</b> USD/GBP
<b>Weekly Low</b>	<b>1.2740</b> USD/GBP	<b>YTD Change</b>	<b>-2.37%</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
Reserve Assets Total	Sep	5-Oct		182,692.86M
Halifax House Prices MM	Sep	7-Oct		1.6%
GDP Est 3M/3M	Aug	9-Oct		-7.6%
GDP Estimate MM	Aug	9-Oct		6.6%
GDP Estimate YY	Aug	9-Oct		-11.7%
Manufacturing Output MM	Aug	9-Oct		6.3%

<b>Lower Bound</b>	<b>1.2690</b>	<b>Upper Bound</b>	<b>1.3030</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar News**

- The Australian dollar, a liquid proxy for risk, rose against the U.S. dollar led by a rebound in U.S. stocks.
- However, the Australian and New Zealand dollars fell for their first monthly loss since March on Wednesday, as expectations of further monetary policy easing in the two countries and fears of a slower global economic recovery hurt risk appetite.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.7027</b> USD/AUD	<b>Monthly High</b>	<b>0.7209</b> USD/AUD
<b>Week Open</b>	<b>0.7027</b> USD/AUD	<b>Monthly Low</b>	<b>0.7132</b> USD/AUD
<b>Week Close</b>	<b>0.7162</b> USD/AUD	<b>30 Days Average</b>	<b>0.7068</b> USD/AUD
<b>Weekly High</b>	<b>0.7209</b> USD/AUD	<b>90 Days Average</b>	<b>0.6771</b> USD/AUD
<b>Weekly Low</b>	<b>0.7008</b> USD/AUD	<b>YTD Change</b>	<b>+2.34%</b>

**Australian Dollar Outlook**

- The Reserve bank of Australia (RBA) is having a monetary policy meeting on Tuesday (6/10) but will probably be a non-event.
- The Federal budget is due, only hours after the RBA's monthly board meeting, where the government is widely expected to announce massive stimulus measures.
- This week, we expect Risk off mood after the market concern about Trump's health.

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Trade Balance G&S (A\$)	Aug	6-Oct		4,607M
RBA Cash Rate	Oct	6-Oct	0.25%	0.25%

<b>Lower Bound</b>	<b>0.7017</b>	<b>Upper Bound</b>	<b>0.7379</b>
<b>Forecast</b>	<b>Depreciation</b>		

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**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The Japanese Yen may rise on diminishing US fiscal stimulus expectations.
- The investors awaited clarity on the health of U.S. President Donald Trump after he tested positive for the coronavirus, sending markets into safe-haven assets.
- The focus in markets this week shifts to central bank events and any clues they offer about the health of the global economy.

<b>Lower Bound</b>	<b>104.50</b>	<b>Upper Bound</b>	<b>106.35</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- Elsewhere, the U.S. dollar edged lower against the yen at 105.43 yen. Data on Tuesday showed Tokyo's core consumer prices fell 0.2% in September, the latest evidence of the lingering impact of the coronavirus on business activity.
- The Japanese yen on the other hand, a safe-haven currency that tends to gain during periods of uncertainty.
- The yen made even larger gains against other currencies, amid a broad shift out of riskier assets and commodities. Volumes in Asia were lightened by holidays in China.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>105.60</b> JPY/USD	<b>Monthly High</b>	<b>105.74</b> JPY/USD
<b>Week Open</b>	<b>105.50</b> JPY/USD	<b>Monthly Low</b>	<b>104.95</b> JPY/USD
<b>Week Close</b>	<b>105.33</b> JPY/USD	<b>30 Days Average</b>	<b>107.62</b> JPY/USD
<b>Weekly High</b>	<b>105.80</b> JPY/USD	<b>90 Days Average</b>	<b>107.89</b> JPY/USD
<b>Weekly Low</b>	<b>104.92</b> JPY/USD	<b>YTD Change</b>	<b>-3.05%</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Services PMI	Sep	5-Oct		45.0%
Current Account NSA JPY	Aug	8-Oct	1,983.7B	1,468.3B
All Household Spending YY	Aug	9-Oct	0.0B	0.0B
All Household Spending MM	Aug	9-Oct	0.0%	-0.1%

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