

WEEKLY FOREIGN EXCHANGE OUTLOOK

21 Sep 2020 - 25 Sep 2020



Dollar Index

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- The dollar dropped on Tuesday as hopes for a COVID-19 vaccine development after AstraZeneca resumed British clinical trials of its COVID-19 vaccine, one of the most advanced in development while Pfizer Inc and BioNTech SE proposed expanding their Phase 3 COVID-19 vaccine trial.
- The dollar rebounded from lows Wednesday after the Fed meeting left its rate unchanged in the range of 0% to 0.25% and tied its policy guidance to inflation rising above 2% for some time.
- The Fed forecasted rates to remain on hold until at least 2023, but also upgraded its economic outlook by expects the economy to contract by 3.7% in 2020, compared with an estimate for a 6.5% decline previously and growth in 2021 and 2022 was revised lower to 4% and 3% from 5% and 3.5%, respectively.
- The dollar was down on Friday after initial jobless claims fell slower than expected.

Dollar Index Performance

Last Week Close	93.33	Monthly High	93.91
Week Open	93.29	Monthly Low	91.75
Week Close	92.77	30 Days Average	92.97
Weekly High	93.66	90 Days Average	95.31
Weekly Low	92.77	YTD Change	-3.68%

Dollar Outlook

- This week, market will focus on several housing figures data for August on Tuesday and Thursday, unemployment Claims on Thursday and durable goods orders for August on Friday.
- Chairman Powell will testify in the House on Wednesday at the Select Subcommittee on the Coronavirus Crisis on the Fed's pandemic response.
- Mr. Powell and Treasury Secretary Mnuchin will testify before the Senate Banking Committee on the topic of coronavirus relief on Thursday with the same market stipulation.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Existing Home Sales	Aug	22-Sep	5.95M	5.86M
Markit Comp Flash PMI	Sep	23-Sep		54.6
Markit Mfg PMI Flash	Sep	23-Sep		53.1
Markit Svcs PMI Flash	Sep	23-Sep		55.0
Initial Jobless Clm	14 Sep, w/	24-Sep		860k
New Home Sales-Units	Aug	24-Sep	0.875M	0.901M
Durable Goods	Aug	25-Sep	1.5%	11.4%

Lower Bound	92.50	Upper Bound	94.00
Forecast	Neutral		

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Thai Baht

Thai Baht Graph



Source: Thomson Reuters

Thai Baht Outlook

- This Week, market will focus on export and import value data for August from Custom-Based on Tuesday and also focus on bank of Thailand meeting on Wednesday and we expect that the central bank will keep interest rates unchanged at 0.50%
- Moreover, market will concern over the Thailand political situation after the Tens of thousands of people gathered in Bangkok for a major rally on last Saturday

Lower Bound **30.80** **Upper Bound** **31.20**
Forecast **Appreciation**

Thai Baht News

- Thai baht appreciated against dollars on Monday as investor was waiting for FOMC meeting and expected that the Fed will leave the interest rate unchanged and promise to keep rates low through 2023 even if inflation starts to pick up.
- Thai baht still appreciated on Tuesday after China Retail sales increasing 0.5% year-on-year and industrial production increasing 45.6% year-on-year in August while the unemployment rate for August was 5.6% , that can suggest the second-largest economy in the world was recovering from the Covid-19.
- Meanwhile investor still concerned over thai political situation after thousands of people have protested in Bangkok calling for reform of the political system, including the role of the monarchy.

Thai Baht Performance

Last Week Close	31.33 THB/USD	Monthly High	31.46 THB/USD
Week Open	31.30 THB/USD	Monthly Low	30.95 THB/USD
Week Close	31.11 THB/USD	30 Days Average	31.23 THB/USD
Weekly High	31.33 THB/USD	90 Days Average	31.39 THB/USD
Weekly Low	31.04 THB/USD	YTD Change	+3.47%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Custom-Based Export Data	Aug	22-Sep		-11.37%
Custom-Based Import Data	Aug	22-Sep		-26.38%
Customs-Based Trade Data	Aug	22-Sep		3.34B
1-Day Repo Rate	23 Sep	23-Sep		0.50%

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Euro

Euro Graph



Source: Thomson Reuters

Euro Outlook

- As this week is a busy one for Eurozone economic data, one possibility is that disappointing numbers will act as a catalyst for a further euro decline.
- We expect that from, several other releases will also give an idea of how confident consumers and businesses are in the recovery. The 'flash' Eurozone consumer confidence figure for September is due Tuesday, followed by GfK's measure of German consumer confidence on Wednesday and French business confidence on Thursday.

Lower Bound **1.1750** **Upper Bound** **1.1950**
Forecast **Neutral**

Euro News

- The Euro gained on Tuesday after Eurozone ZEW economic sentiment for September was at 73.9, higher than expected at 62.8 and German ZEW economic sentiment for September was at 77.4, higher than expected at 69.7
- The Euro slightly dropped after the Fed left its policy unchanged and signaled no changes to borrowing while Fed Chairman Powell said that the current level of bond-buying is appropriate and more fiscal support is likely to be needed.
- According to the Eurozone CPI report for August, the consumer prices came in at -0.2% on a yearly basis, meeting the -0.2% expectations. While the core figures rose by 0.4% as expected.

Euro Index Performance

Last Week Close	1.1845 USD/EUR	Monthly High	1.2011 USD/EUR
Week Open	1.1838 USD/EUR	Monthly Low	1.1738 USD/EUR
Week Close	1.1837 USD/EUR	30 Days Average	1.1849 USD/EUR
Weekly High	1.1899 USD/EUR	90 Days Average	1.1511 USD/EUR
Weekly Low	1.1735 USD/EUR	YTD Change	+5.76%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Consumer Confid. Flash	Sep	22-Sep	-14.6	-14.7
Markit Mfg Flash PMI	Sep	23-Sep	51.9	51.7
Markit Serv Flash PMI	Sep	23-Sep	51.0	50.5
Markit Comp Flash PMI	Sep	23-Sep	51.7	51.9
Money-M3 Annual Grwth	Aug	25-Sep	10.5%	10.2%

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Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- This week, market will focus on the September PMIs on Wednesday. Moreover, market also focus on Brexit developments and speeches from FOMC members.
- We expected that the pound is becoming more sensitive to what happens after the Brexit transition period expires at year-end while parliament is set to approve the Internal Markets Bill during the week, and markets will focus on the EU's response. If talks collapse, the pound would tumble, while attempts to reach a compromise would boost it.

Lower Bound	1.2850	Upper Bound	1.3050
Forecast	Neutral		

Pound Sterling News

- The pound rallied on Monday from its fall during the previous session over increasing fears of a hard Brexit.
- The UK government won an initial Parliamentary vote on its controversial bill to violate the Brexit deal with the European Union on Tuesday despite EU warns British Prime Minister Boris Johnson's bill would lead to a collapse in negotiations, increasing the possibility of a no-deal Brexit.
- The pound rose after The Bank of England kept interest rate unchanged at 0.1% on Thursday meeting and the asset purchase target at £745bn and hinted that reiterated that it stands ready to "adjust" monetary policy to meet to support the recovery.
- The central bank pointed to U.K. economic data as justification that its policies were supporting the recovery and acknowledged that GDP and inflation had recently been running above the estimates.

Pound Sterling Performance

Last Week Close	1.2793 USD/GBP	Monthly High	1.3482 USD/GBP
Week Open	1.2801 USD/GBP	Monthly Low	1.2765 USD/GBP
Week Close	1.2915 USD/GBP	30 Days Average	1.3099 USD/GBP
Weekly High	1.3006 USD/GBP	90 Days Average	1.2762 USD/GBP
Weekly Low	1.2773 USD/GBP	YTD Change	-2.32%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
CBI Trends - Orders	Sep	22-Sep		-44
Flash Composite PMI	Sep	23-Sep	56.5	59.1
Flash Manufacturing PMI	Sep	23-Sep	54.0	55.2
Flash Services PMI	Sep	23-Sep	56.0	58.8
CBI Distributive Trades	Sep	24-Sep		-6
GfK Consumer Confidence	Sep	25-Sep		-27

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The week will be quite light in terms of economic data, as Australia will only publish the preliminary estimates of the September Commonwealth Bank PMIs. Manufacturing activity is seen falling again into contraction territory, while services output is expected to have shrunk further.

Lower Bound **0.7250** **Upper Bound** **0.7400**
Forecast **Appreciation**

Australian Dollar News

- The aussie traded positive around 0.7290 amid the early Tuesday as the market sentiment stays positive amid vaccine hopes and confidence in global central banks.
- The aussie gained after the Reserve Bank of Australia's (RBA) September meeting minutes said the virus-induced downturn has not been as severe as expected and recovery is underway in most of Australia.
- However, the minutes added that the recovery has been uneven, wage and price pressures remain subdued and left the doors open for additional stimulus.

Australian Dollar Performance

Last Week Close	0.7283 USD/AUD	Monthly High	0.7413 USD/AUD
Week Open	0.7268 USD/AUD	Monthly Low	0.7193 USD/AUD
Week Close	0.7289 USD/AUD	30 Days Average	0.6973 USD/AUD
Weekly High	0.7345 USD/AUD	90 Days Average	0.6652 USD/AUD
Weekly Low	0.7252 USD/AUD	YTD Change	+4.07%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Manufacturing PMI	Sep	23-Sep		53.9
Services PMI	Sep	23-Sep		48.1
Composite PMI	Sep	23-Sep		48.8

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 **Japaneseese Yen**

Japanese Yen Graph



Source: Thomson Reuters

Japanese Yen Outlook

- This week Japan's market will be closed on Monday and Tuesday as Respect for the Aged Day and Autumnal Equinox Day
- Market will also focus on The Jibun Bank Manufacturing PMI for September will give the first look at the factory sector on Wednesday and BOJ Monetary Policy Meeting Minutes on Thursday.
- We expect that from the combination of lackluster US statistics, a visibly cautious Fed and a quiet BOJ, and a mild retreat of risk sentiment due to rising COVID-19 caseloads in Europe and only slowly withdrawing rates in the US has reinforced the overall downtrend in the USD/JPY.

Lower Bound **104.00** **Upper Bound** **106.00**
Forecast **Appreciation**

Japanese Yen News

- The yen traded below 105.00 and fell to its lowest level since late July on Wednesday as the expected the Fed will leave the interest rate unchanged and promise to keep rates low through 2023 even if inflation starts to pick up.
- The yen remain appreciated after The Bank of Japan (BOJ) keeping its monetary policy steady at -0.1% and retained the 10-year Japanese government bond yield target of around 0% as well as upgrading its economic outlook slightly and putting paid to further stimulus measures to combat COVID-19.
- Moreover, Yoshihide Suga was chosen by parliament as the country's new prime minister on Wednesday, at which it is expected to continue the former prime minister's "Abenomics" economic package of aggressive monetary easing and fiscal stimulus, as well as structural reform.

Japanese Yen Performance

Last Week Close	106.14 JPY/USD	Monthly High	106.55 JPY/USD
Week Open	106.15 JPY/USD	Monthly Low	104.28 JPY/USD
Week Close	104.55 JPY/USD	30 Days Average	107.39 JPY/USD
Weekly High	106.19 JPY/USD	90 Days Average	108.13 JPY/USD
Weekly Low	104.25 JPY/USD	YTD Change	-4.09%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Chain Store Sales YY	Aug	21-Sep		2.6%
Jibun Bank Mfg PMI Flash	Sep	23-Sep		47.2
Total Ind'I Activity MM SA	Jul	23-Sep		11.8%
Service PPI	Aug	25-Sep		1.20%

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