



FOREIGN EXCHANGE OUTLOOK

19 August – 23 August 2019



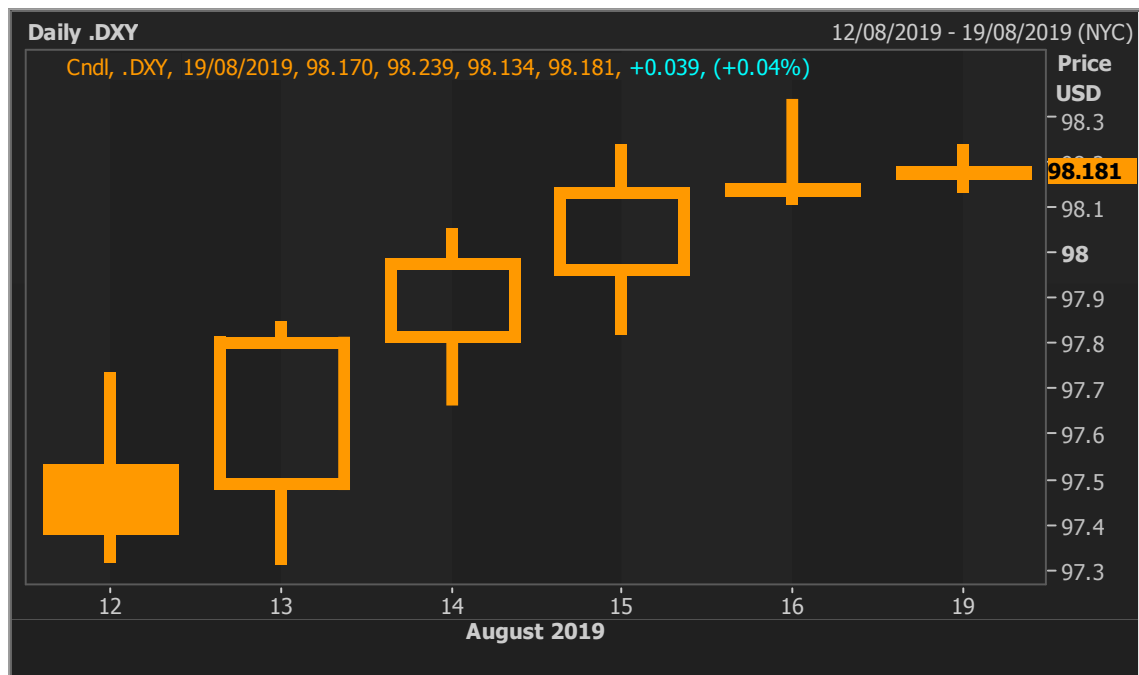
USD

Highlight

The dollar index was lifted by upbeat data amid economic and political chaos.

Last week, the sentiment was fragile from the trade tensions between China and the US, the regional politics in Europe (Brexit and Italy), the unrest situation in Hong Kong, and the slowing global economy. The treasury yields touched the multiyear lows at the beginning of the week, causing concerns over the economic recession. However, the positive performance of Retail Sales and better-than-expected results from the Philly Fed index and the NY Empire State index lifted yields from recent lows and removed some tailwinds from safe haven demand. Meanwhile, the US July housing starts and permits were mixed, while the consumer sentiment from University of Michigan in August was softer than expected. During last week, the DXY moved in a range of 97.317 – 98.399 and closed at 98.412 on Friday (16/8).

Graph



Comment

The focus will be on the Federal Reserve Chair Jerome Powell's address at the Kansas Fed's annual Jackson Hole gathering on Friday (23/8). While the updates between the US and China's trade talks, the situation in Hong Kong, the purchasing manager data from the US and euro-area will be watching this week.



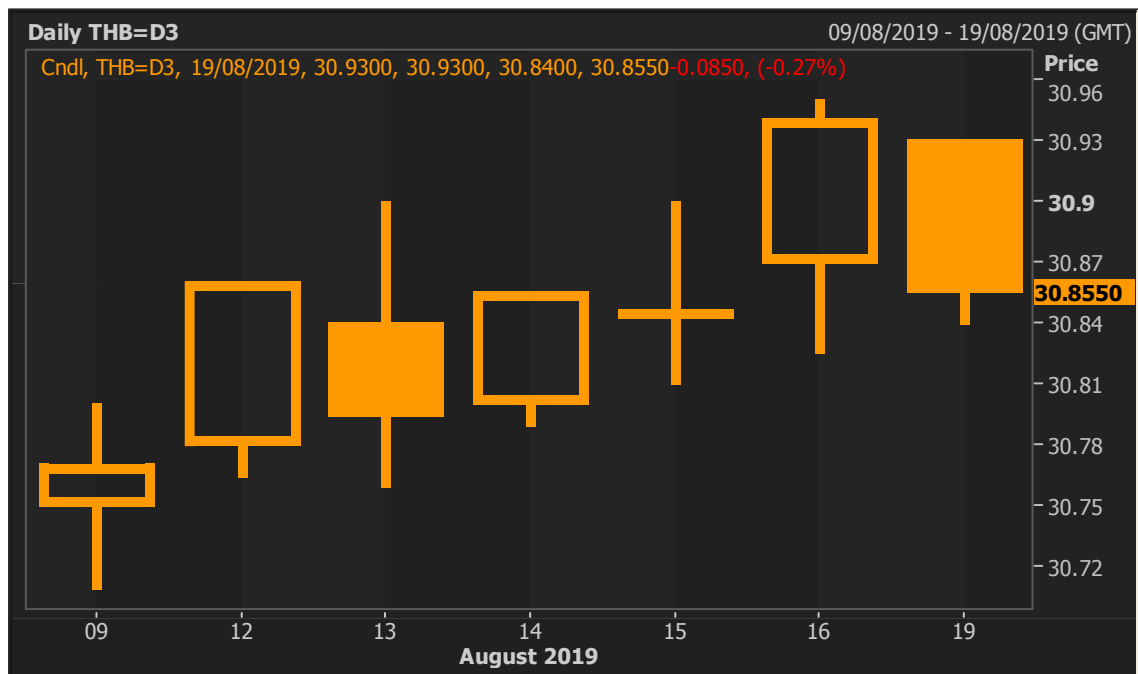
THB

Highlight

The Thai baht was traded in a range of 30.72 - 30.92 THB/USD. Markets wait for Thailand's GDP report.

Last week, the movement in emerging market was mixed on concern over the trade tensions and the outlook of the global economy which damped demand for risk assets. In Thailand, the Finance Minister Uttama Savanayana said on Friday (16/8) that the government plans to stimulus economic including steps to help farmers and people with low incomes, as well as initiatives to bolster consumer spending and tourism. The government is confident that these measure will help cushion the impact of global economic risks, and encourage the "additional circulation in the economy of no less than 200b baht in the second half of the year. During the week, the THB was moving in a range of 30.75 - 30.94 THB/USD, and reached its weakest since late July at 30.93 THB/USD on Friday before it at 30.88/90 THB/USD

Graph



Comment

Asian currencies, including THB, are likely to remain to subject to downside risk as there are many uncertainties in the market which force investors to refrain from taking risk position. While the high volatility of Treasury yields is also spreading into Asia and it might limit fund flows into the region. Meanwhile, the crisis in Argentina doesn't have a direct impact on Asian currencies, but it might weigh on the sentiment and the market could be vulnerable. For domestics event; Thailand's Q2 GDP will be released this week, which may put pressure on the THB as it may show slow growth in Q2 GDP. The THB is expected to move between 30.75 – 31.00 THB/USD.



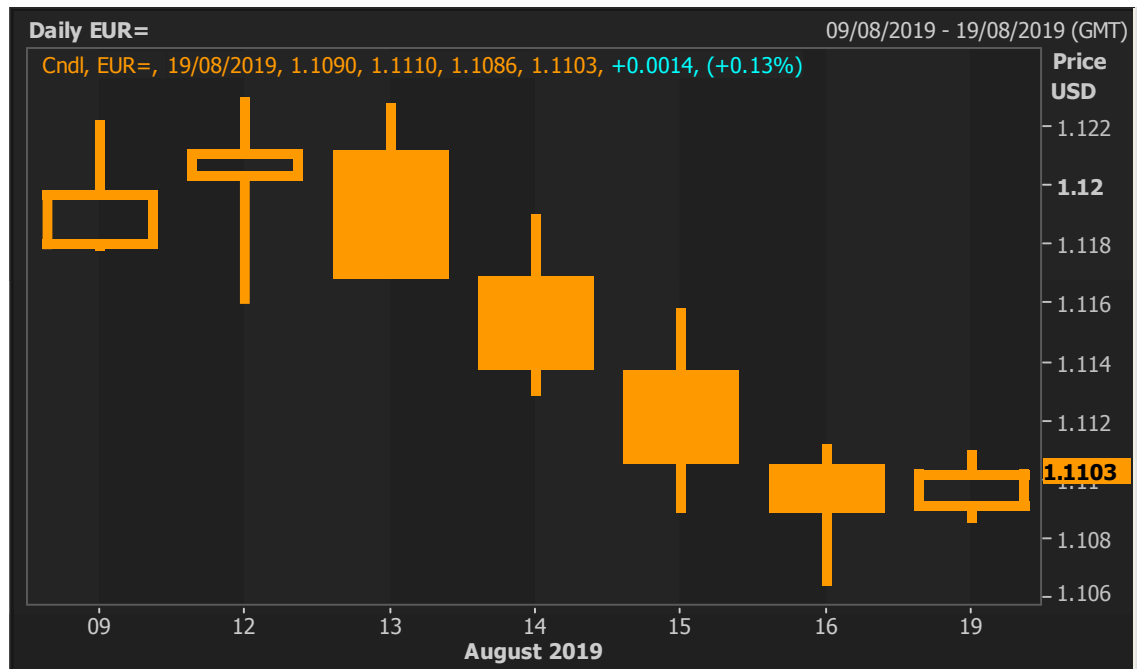
EUR

Highlight

Last week, the euro moved in a range of 1.1065 - 1.1228 USD/EUR. The main factor which drove the euro was the concern over the European economy.

The euro had depreciated throughout the week. The main factor which pressured the euro included the downward economic data, namely, German ZEW economic sentiment, German preliminary GDP and the GDP of the Eurozone. To begin with the economic data from Germany the ZEW economic sentiment dropped to -44.1 points in August from -24.5 points in a month earlier which was the lowest level since December 2011. Furthermore, the German preliminary GDP decreased by 0.1% in the second quarter as the expectations due to the global slowdown amplified by US-China trade tensions and the Brexit situation. Both disappointing German data were heightened concerns that Europe's biggest economy is heading to a recession. Moreover, the Eurozone GDP barely grew at 0.2% in the second quarter as the bloc economy lost its momentum.

Graph



Comment

This week, the euro tends to depreciate against the US dollar as the market is still concerned about the Eurozone economy and the Brexit situation remaining in focus. This week, the focus is on the report of services and manufacturing PMI of France, Germany and the Eurozone.



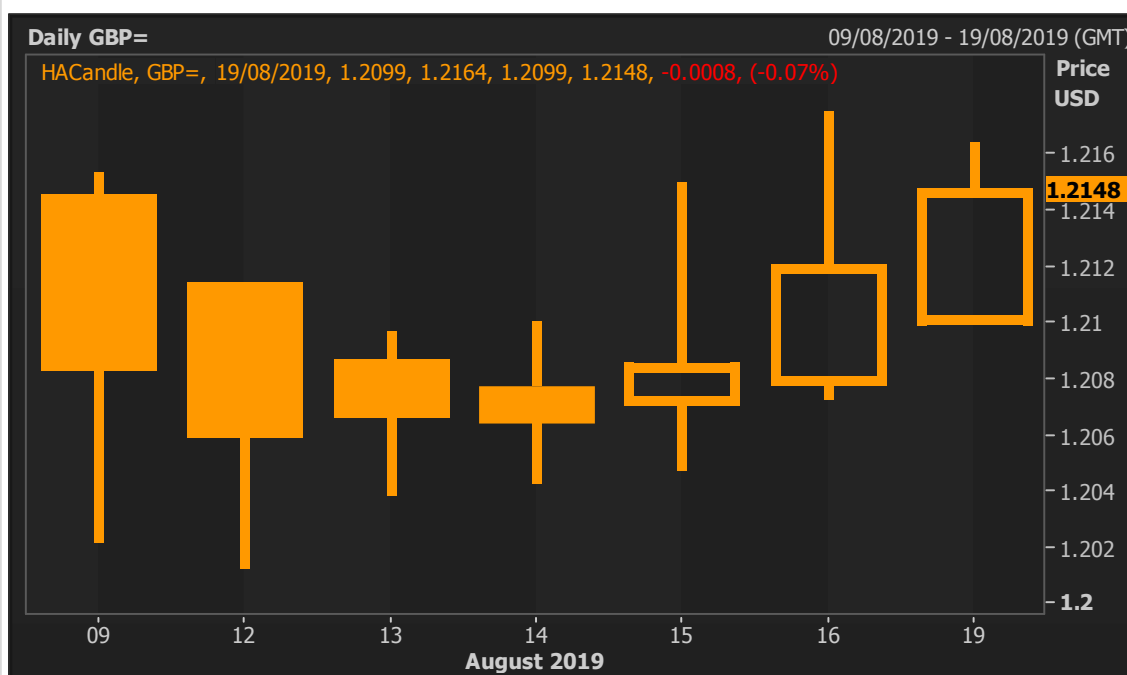
GBP

Highlight

The British Pound Sterling has still been pressured by the Brexit situation.

Last week, the Sterling opened at 1.2073/75 USD/GBP on Tuesday (13/8), appreciated from the previous week closing level on Friday (9/8) at 1.2036/38. The U.S. national security adviser John Bolton told the British Prime Minister, Boris Johnson, on Monday (12/8) during a visit to London that the President Donald Trump wanted to see a successful British exit from the European Union (EU) on October 31. Moreover, the U.S. would be ready to work fast on a U.S.-UK Free Trade Agreement. The UK and the United States have discussed a partial trade accord that could take effect on the day after the UK is due to leave the European Union. On Thursday (15/8), the pound edged up after the UK opposition leader Jeremy Corbyn stepped up efforts aimed at preempting a no-deal Brexit, seeking supports in a vote of no-confidence in the government. He said that if that was successful, they should make him caretaker prime minister so he could delay Brexit and call a general election. However, the Energy Minister Kwasi Kwarteng said on Friday (16/8) that Boris Johnson's government would win a vote of no confidence put forward by the opposition Labour Party. Regarding the economic reports (14/8), the UK consumer price index (CPI) unexpectedly accelerated to 2.1% YoY, beating the expectation of 1.9%. Growth in the UK inflation was boosted by the prices of computer games and hotel accommodation.

Graph



Comment

While the Brexit renegotiation is in focus, this week, the UK Prime Minister Boris Johnson heads to Europe for his first official trip as a Prime Minister to meet with President Emmanuel Macron of France and Chancellor Angela Merkel of Germany. We expected the sterling to move in a range of 1.2050 – 1.2350 USD/GBP.



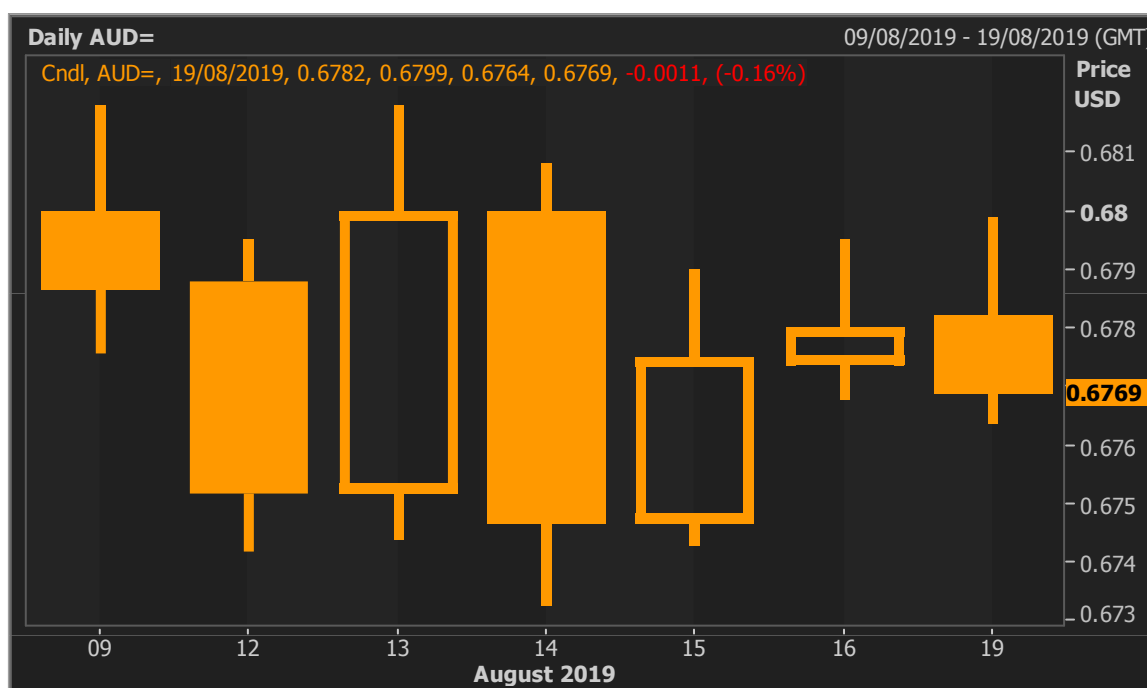
AUD

Highlight

The Aussie rebounded from strong data before slumped as markets expect the Reserve Bank of Australia to continue with further rate cuts.

The AUD moved lower on Monday (12/8) after china's central bank lowered its official Yuan midpoint for the ninth straight day to a fresh 11-year low, the Aussie is sensitive to CNY movements and economy in China, Australia's largest trading partner. However, National Australia Bank's NAB reported measure of Australian business confidence improved in July but business sector remained weak showed a sign for slowing economy. Index of business conditions fell 2 points to +2 in July, reversing a rise in June. The decline in business conditions since early 2018 has been broad-based and has continued to track at below average levels in recent months," said NAB group chief economist Alan Oster. Nevertheless, the Aussie slumped again after Westpac chief economist Bill Evans said that "The media and economic forecasters now expect a further lowering in the official cash rate in coming months." Despite Australian consumer confidence rebounded from a two-year low in August as people became more upbeat on the economy and the housing market and data showed 41,100 net new jobs were added in July, well above the 14,000 expected while the unemployment rate stayed at 5.2% as expectation.

Graph



Comment

This week the market is focusing on Monetary Policy Meeting Minutes on Tuesday (20/8) the Flash Manufacturing PMI and Flash Service PMI on Thursday (22/8). We expect the AUD to move in a range of 0.6720 - 0.6820 USD/AUD.



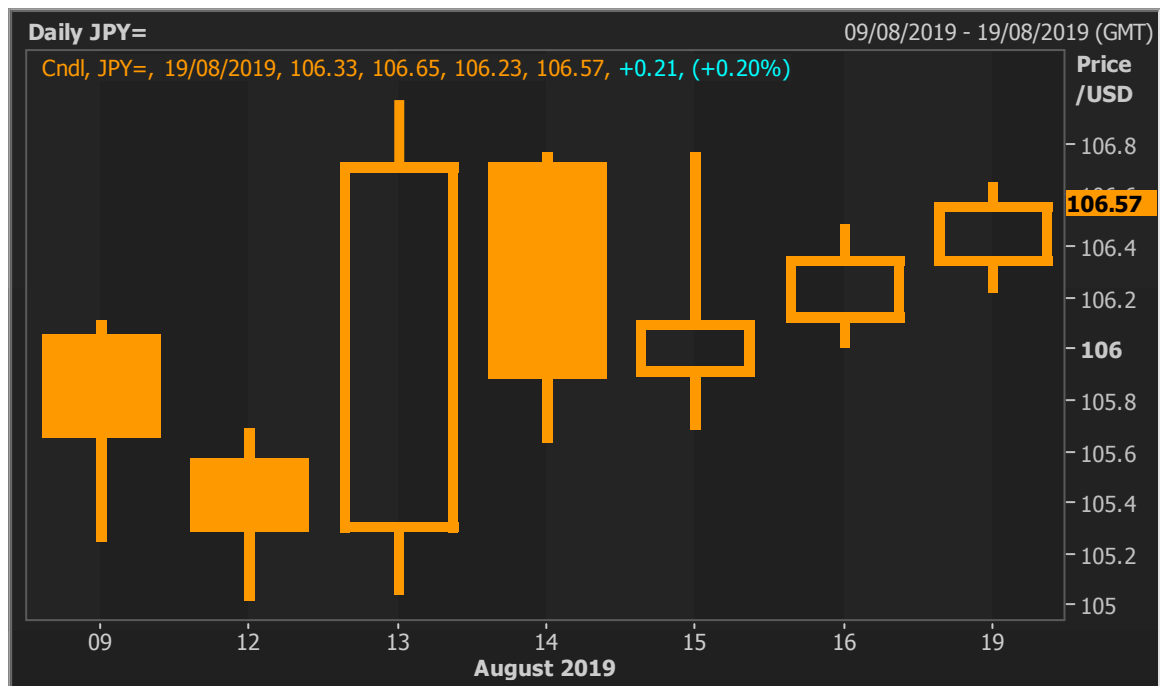
JPY

Highlight

The Yen appreciated against USD due to the trade tensions, the political unrest in Hong and the U.S. yield curve inversion which signaling a possibility of recession.

Last week, the yen opened on Monday (12/8) at 105.41/43 JPY/USD, appreciated from the previous week closing level on Friday (9/5) at 105.83/85 JPY/USD. The yen strengthened against the dollar after investors took flight into safe haven assets amid concern over the U.S.-China trade tensions, political unrests in Hong Kong and crisis in Argentina. However, the yen slightly dropped on Tuesday (13/5) after The U.S. President, Donald Trump, decided to delay additional tariffs on some Chinese goods from 1 September to 15 December while some products such as health products, safety products and national security products will be removed from the list. Moreover, the yen hold slightly dropped on Thursday (15/8) after the U.S. Treasury yield curve inverted for the first time in 12 years; the treasury U.S. 2-year yield traded higher than 10-year yield. This is considered a signal for the U.S. economy recession.

Graph



Comment

This week, investors will be looking ahead to the minutes from the FOMC on Wednesday (21/8) and Jerome Powell's speech at Jackson Hole Symposium on Friday (23/8) for fresh clues on the future path of U.S monetary policy. Moreover, the markets still focus on a progress in U.S. - China trade talks and a protests in Hong Kong that can boost the demand of the yen as safe-haven. We expect that the yen will move in a range of 105.50 -107.00 JPY/USD.

Economic Calendar

Last week

| Date | Time | Event | Survey | Actual | Prior | |
|--------|------|-----------------------------------|--------|---------------|---------------|--------------|
| 13-Aug | US | Monthly Budget Statement | Jul | - \$120.0b | - \$119.7b | - \$76.9b |
| 13-Aug | JN | PPI MoM | Jul | 0.10% | 0.00% | -0.50% |
| 13-Aug | JN | PPI YoY | Jul | -0.50% | -0.60% | -0.10% |
| 13-Aug | GE | CPI MoM | Jul F | 0.50% | 0.50% | 0.50% |
| 13-Aug | GE | CPI YoY | Jul F | 1.70% | 1.70% | 1.70% |
| 13-Aug | JN | Machine Tool Orders YoY | Jul P | -- | -33.00% | - 37.90% |
| 13-Aug | UK | Jobless Claims Change | Jul | -- | 28.0k | 38.0k |
| 13-Aug | UK | Employment Change 3M/3M | Jun | 60k | 115k | 28k |
| 13-Aug | GE | ZEW Survey Expectations | Aug | -28 | -44.1 | -24.5 |
| 13-Aug | EC | ZEW Survey Expectations | Aug | -- | -43.6 | -20.3 |
| 13-Aug | US | CPI MoM | Jul | 0.30% | 0.30% | 0.10% |
| 13-Aug | US | CPI YoY | Jul | 1.70% | 1.80% | 1.60% |
| 13-Aug | US | Real Avg Hourly Earning YoY | Jul | -- | 1.30% | 1.50% |
| 14-Aug | JN | Core Machine Orders YoY | Jun | -1.10% | 12.50% | -3.70% |
| 14-Aug | FR | CPI MoM | Jul F | -0.20% | -0.20% | -0.20% |
| 14-Aug | FR | CPI YoY | Jul F | 1.10% | 1.10% | 1.10% |
| 14-Aug | UK | CPI MoM | Jul | -0.10% | 0.00% | 0.00% |
| 14-Aug | UK | CPI YoY | Jul | 1.90% | 2.10% | 2.00% |
| 14-Aug | UK | CPI Core YoY | Jul | 1.80% | 1.90% | 1.80% |
| 14-Aug | UK | Retail Price Index | Jul | 289.6 | 289.5 | 289.6 |
| 14-Aug | UK | House Price Index YoY | Jun | 1.00% | 0.90% | 1.20% |
| 14-Aug | EC | Industrial Production SA MoM | Jun | -1.50% | -1.60% | 0.90% |
| 14-Aug | EC | Industrial Production WDA YoY | Jun | -1.50% | -2.60% | -0.50% |
| 14-Aug | EC | Employment QoQ | 2Q P | -- | 0.20% | 0.30% |
| 14-Aug | EC | Employment YoY | 2Q P | -- | 1.10% | 1.30% |
| 14-Aug | EC | GDP SA QoQ | 2Q P | 0.20% | 0.20% | 0.20% |
| 14-Aug | EC | GDP SA YoY | 2Q P | 1.10% | 1.10% | 1.10% |
| 15-Aug | JN | Industrial Production MoM | Jun F | -- | -3.30% | -3.60% |
| 15-Aug | JN | Industrial Production YoY | Jun F | -- | -3.80% | -4.10% |
| 15-Aug | US | Empire Manufacturing | Aug | 2 | 4.8 | 4.3 |
| 15-Aug | US | Philadelphia Fed Business Outlook | Aug | 9.5 | 16.8 | 21.8 |
| 15-Aug | US | Retail Sales Advance MoM | Jul | 0.30% | 0.70% | 0.40% |
| 15-Aug | US | Initial Jobless Claims | Aug-10 | 212k | 220k | 209k |
| 15-Aug | US | Continuing Claims | Aug-03 | 1685k | 1726k | 1684k |
| 15-Aug | CA | Existing Home Sales MoM | Jul | 3.30% | 3.50% | -0.20% |
| 15-Aug | US | Industrial Production MoM | Jul | 0.10% | -0.20% | 0.00% |
| 15-Aug | US | Manufacturing (SIC) Production | Jul | -0.30% | -0.40% | 0.40% |
| 16-Aug | US | Housing Starts | Jul | 1256k | 1191k | 1253k |
| 16-Aug | US | Building Permits | Jul | 1270k | 1336k | 1220k |
| 16-Aug | US | U. of Mich. Sentiment | Aug P | 97 | 92.1 | 98.4 |

This material is prepared on the purpose of information reference only. The information based upon our most up-to-date and reliable sources. Please note that Bangkok Bank PCL and its officers do not solicit any action based upon this information. Investors should consider this report as only a single factor in making their investment decision.

This week

| Date Time | | Event | | Survey | Actual | Prior |
|-----------|----|-----------------------------------|--------|--------------|--------------|---------|
| 19-Aug | JN | Trade Balance | Jul | - ¥194.5b | - ¥249.6b | ¥589.5b |
| 19-Aug | JN | Trade Balance Adjusted | Jul | - ¥150.8b | - ¥126.8b | -¥14.4b |
| 19-Aug | JN | Exports YoY | Jul | -2.30% | -1.60% | -6.70% |
| 19-Aug | JN | Imports YoY | Jul | -2.30% | -1.20% | -5.20% |
| 19-Aug | EC | ECB Current Account SA | Jun | -- | 18.4b | 29.7b |
| 19-Aug | IT | Current Account Balance | Jun | -- | 5047m | 2599m |
| 19-Aug | EC | CPI Core YoY | Jul F | 0.90% | 0.90% | 0.90% |
| 19-Aug | EC | CPI MoM | Jul | -0.40% | -0.50% | 0.20% |
| 19-Aug | EC | CPI YoY | Jul F | 1.10% | 1.00% | 1.10% |
| 19-Aug | CA | Bloomberg Nanos Confidence | Aug-16 | -- | 57.3 | 57.8 |
| 20-Aug | GE | PPI MoM | Jul | 0.00% | -- | -0.40% |
| 20-Aug | GE | PPI YoY | Jul | 1.00% | -- | 1.20% |
| 21-Aug | CA | CPI YoY | Jul | 1.70% | -- | 2.00% |
| 21-Aug | CA | Consumer Price Index | Jul | 136.6 | -- | 136.3 |
| 21-Aug | US | Existing Home Sales | Jul | 5.40m | -- | 5.27m |
| 21-Aug | US | Existing Home Sales MoM | Jul | 2.50% | -- | -1.70% |
| 22-Aug | US | FOMC Meeting Minutes | Jul-31 | -- | -- | -- |
| 22-Aug | JN | Machine Tool Orders YoY | Jul F | -- | -- | -33.00% |
| 22-Aug | FR | Markit France Services PMI | Aug P | 52.5 | -- | 52.6 |
| 22-Aug | FR | Markit France Composite PMI | Aug P | 51.8 | -- | 51.9 |
| 22-Aug | GE | MarkitGermany Manufacturing PMI | Aug P | 43 | -- | 43.2 |
| 22-Aug | GE | Markit Germany Services PMI | Aug P | 54 | -- | 54.5 |
| 22-Aug | GE | Markit/BME Germany Composite PMI | Aug P | 50.6 | -- | 50.9 |
| 22-Aug | EC | Markit Eurozone Manufacturing PMI | Aug P | 46.2 | -- | 46.5 |
| 22-Aug | EC | Markit Eurozone Services PMI | Aug P | 53 | -- | 53.2 |
| 22-Aug | EC | Markit Eurozone Composite PMI | Aug P | 51.2 | -- | 51.5 |
| 22-Aug | US | Initial Jobless Claims | Aug-17 | 216k | -- | 220k |
| 22-Aug | US | Continuing Claims | Aug-10 | 1701k | -- | 1726k |
| 22-Aug | RU | Gold and Forex Reserve | Aug-16 | -- | -- | 527.1b |
| 22-Aug | US | Bloomberg Consumer Comfort | Aug-18 | -- | -- | 61.2 |
| 22-Aug | US | Bloomberg Economic Expectations | Aug | -- | -- | 55 |
| 22-Aug | US | Markit US Manufacturing PMI | Aug P | 50.5 | -- | 50.4 |
| 22-Aug | US | Markit US Services PMI | Aug P | 52.8 | -- | 53 |
| 22-Aug | US | Markit US Composite PMI | Aug P | -- | -- | 52.6 |
| 22-Aug | EC | Consumer Confidence | Aug A | -7 | -- | -6.6 |
| 23-Aug | CA | Retail Sales MoM | Jun | -0.30% | -- | -0.10% |
| 23-Aug | US | New Home Sales | Jul | 645k | -- | 646k |
| 23-Aug | US | New Home Sales MoM | Jul | -0.20% | -- | 7.00% |