

FOREIGN EXCHANGE OUTLOOK

21-27 January 2019



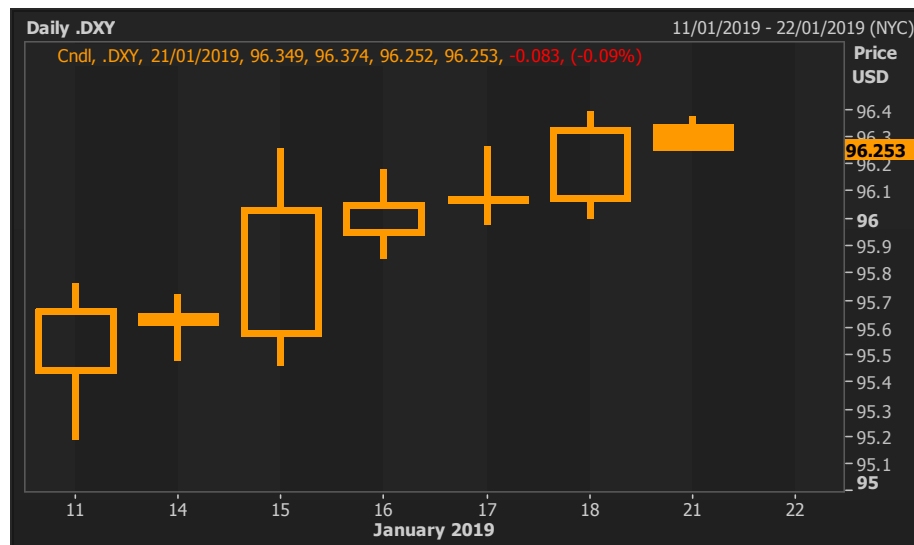
USD

Highligh

The dollar rose from better perspective on Sino-trade, slow-down in China and euro zone outlook.

The dollar index opened at 95.653, close to closing level on Friday (11/1). The dollar was firmer against its peer on Tuesday (15/1) even though markets are increasing confident the U.S. Federal Reserve will not raise interest rates this year. But a shock contraction in Chinese exports has worries a sharp slowdown in the world's second-largest economy is imminent, sparking selling of riskier assets. On Wednesday (16/1), the dollar rose against the euro as the single currency was pushed lower by worries about the euro zone economy after European Central Bank Chief Mario Draghi warned on the euro zone economy was weaker than anticipated. The dollar edged up on Friday as growing optimism of progress in Sino-U.S. trade talks. The Chinese Vice Premier Liu He will visit the United States on Jan.30 and 31 for the latest round of trade talks aimed at resolving the trade standoff between the world's two largest economies.

Graph



Comment

Market will keep an eye on the Sino-trade negotiation tone, Government shut-down situation and flash manufacturing PMI and flash services PMI on Thursday (24/1).



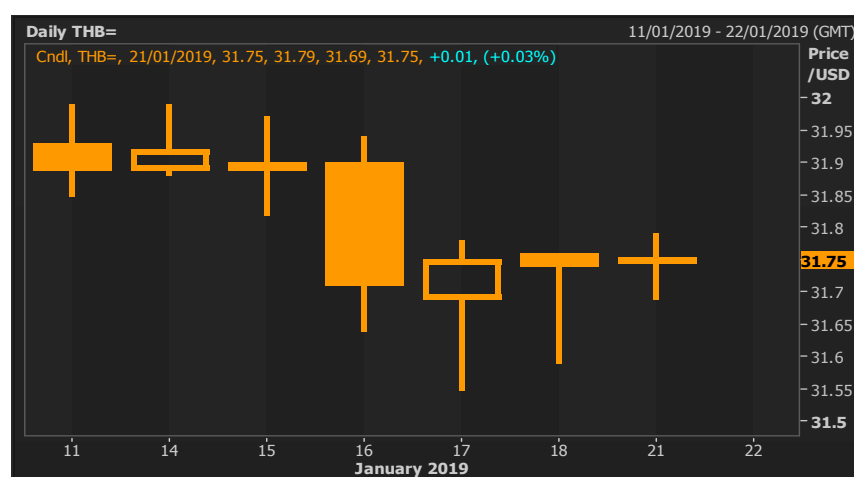
THB

Highligh

The Bath strengthened from capital flow, but lately depreciated after World Bank trimmed the outlook and custom-based show weaker export data.

The bath opened at 31.89/91 THB/USD, held steady at the early of the week even most Asian currencies fell on bleak China trade data result to the announcement that they would introduce further measures to support the economy and global economic slowdown worried. Besides, the bath strengthened at the mid of the week compared to USD from the capital inflow. However, the World Bank has trimmed its projection for Thailand's economic growth this year to 3.8% from 3.9% estimated earlier, due to global slowdown. The bath slightly depreciated on Monday (21/1) Thailand's customs-cleared exports dropped for a second straight month in December, down 1.72% from a year earlier. The export decline in December was due to falling shipments of electronics amid the Sino-U.S. trade war and lower gold exports.

Graph



Comment

We expect the bath to move in a range of 31.65 – 31.90 THB/USD as market wait for external event from Sino-trade and U.S. government shutdown situation.



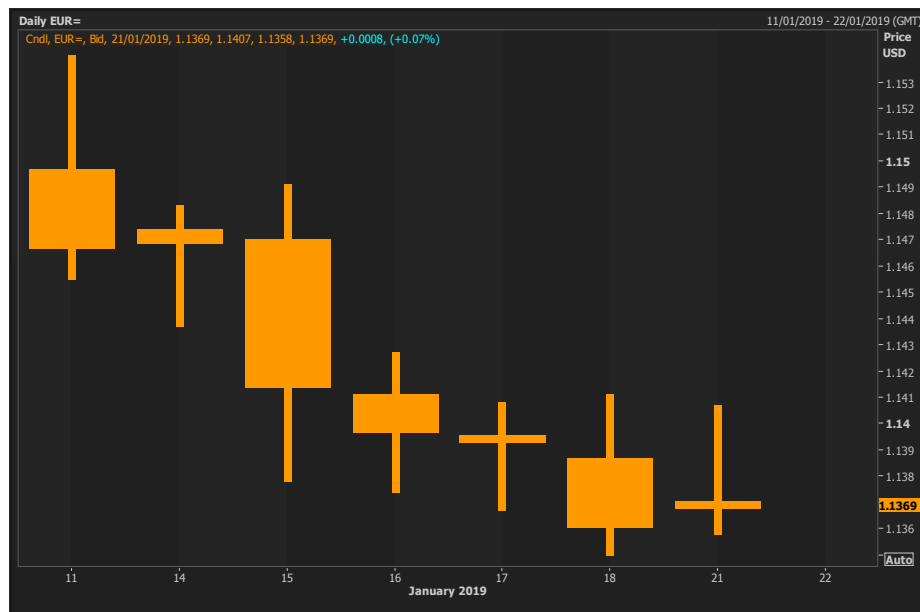
EUR

Highlight

The EUR dramatically depreciated as the market concerned on BREXIT progress, together with, the weakened of Euro economic data

Last week, the EUR moved in a downward trend, started from the Eurostat released the Eurozone November Industrial Production shrink 1.7% mom which is the biggest decrease since February 2016. In addition, it was also decreased from October which expanded 0.1%. While the Destatis of Germany revealed the Gross Domestic Product (GDP) of 2018 expanded 1.5%. The Growth in the Germany has slowed to its lowest level in over five years. It was also lower from 2017 which increased 2.2%. During the week, Mario Draghi, ECB President, stated that the Euro-area economy is not headed for a recession, even though softening momentum underscores the need for ECB stimulus. On Friday (18/01), Eurostat announced the Euro Consumer Price Index (CPI) shrink to 1.6% in December, lower from the expansion of 1.9% in November. The market also closely monitor the BREXIT status after Theresa May, British Prime Minister, lost the crucial BREXIT deal vote on January 15. While she still managed to win on the confidence vote on January 16. Therefore, it is still unable to predict the BREXIT results which stir the risks in the market.

Graph



Comment

This week the market focuses on the release of major economic data such as; Germany and EUR ZEW Economic Sentiment (22/01), EUR manufacturing and Service PMI and the European Central Bank Monetary Policy meeting (24/01). We expect that the ECB will remain the monetary policy while the EUR to move in a range of 1.132-1.145 USD/EUR.



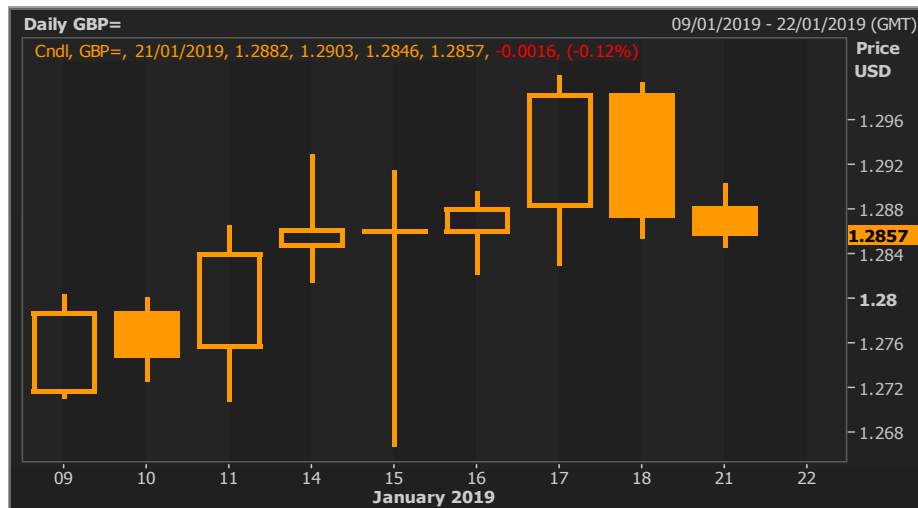
GBP

Highlight

Last week, the pound sterling traded in highly volatile after British lawmakers defeated Prime Minister Theresa May's Brexit divorce deal by a crushing margin on Tuesday (15/1). This week, the market will focus on the releases of U.K. Unemployment Rate on Tuesday (22/1)

Last week, the pound sterling opened at 1.2847/49 USD/GBP on Monday (14/1), slightly appreciated from the previous week closing level of 1.2841/43 USD/GBP. During last week, the pound sterling traded in highly volatile after British lawmakers voted 432-202 against Prime Minister Theresa May's deal to leave the European Union by a crushing margin. While the outcome may trigger political upheaval that could lead to a disorderly exit from the EU, the pound sterling rallied on expectations that the scale of the defeat might force lawmakers to pursue other options. After that, on Wednesday (16/1), British Prime Minister Theresa May's government won a no-confidence vote in parliament supporting by her own party's rebels and Northern Irish allies. But she must now trying to find a consensus with other lawmakers over how to proceed with Brexit after the deal she presented was voted down on Tuesday (15/1). She proposed immediate talks with other party leaders. During last week, the pound sterling moved between 1.2668 - 1.3000 USD/GBP and closed on Friday (18/1) at 1.2873/75 USD/GBP.

Graph



Comment

The bigger focus remained Brexit, especially after a tumultuous week in which British Prime Minister Theresa May's deal suffered a heavy defeat in parliament but won a subsequent vote of confidence. Those developments boosted a perception in markets that Britain will be able to avoid leaving the EU without a deal. The pound sterling is expected to be traded within a range of 1.2700-1.2950 USD/GBP.



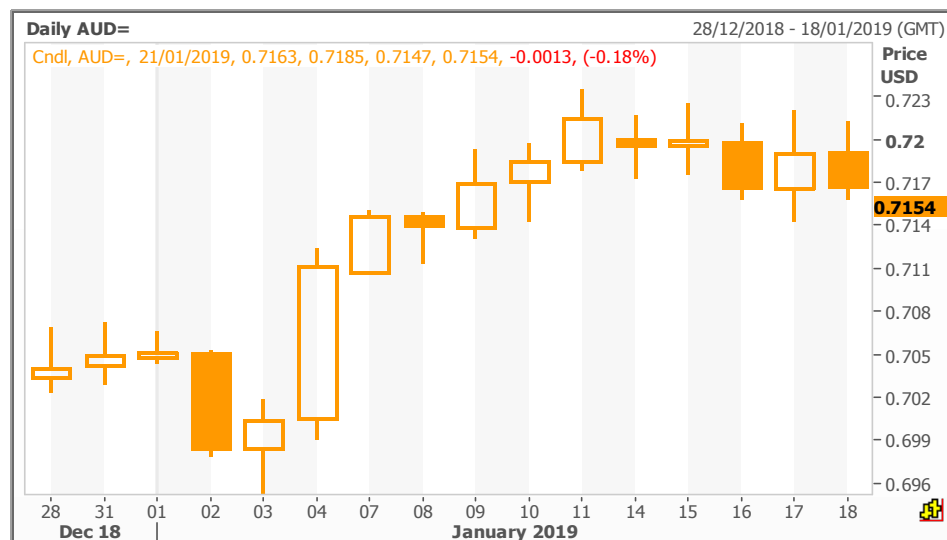
AUD

Highligh

The Australian dollar fluctuated followed by the Chinese yuan as China economic figures were downbeat and the PBOC bank made the largest ever net injection of cash into the financial system.

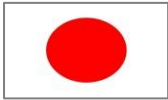
The Australian dollar opened on last Monday (14/1) at 0.7201/03 USD/AUD depreciated from previous Friday (11/1) closing level at 0.7215/17 USD/AUD as investor sentiment was hurt by trade data increasing concerns China could have a sharp economic slowdown after data showed that China's December exports unexpectedly fell 4.4 percent from a year earlier, the biggest monthly drop in two years. China is Australia's largest trade partner and negative sentiment about its economy does not bode well for the Aussie dollar. At the middle of the week, the currency was also pressured after the Melbourne Institute and Westpac Bank index of consumer sentiment slid 4.7 percent in January. Moreover, the Australian dollar slid followed by the Chinese Yuan as China's central bank made the largest ever net injection of cash into the financial system. The Australian dollars got a fillip on Friday (18/1) but still nursed losses for the week as a report of progress in the Sino-U.S. trade dispute buoyed risk sentiment. The Wall Street Journal reported U.S. Treasury Secretary Steven Mnuchin had discussed lifting some or all tariffs imposed on Chinese imports to help push negotiations forward. However, a Treasury spokesman later denied the report, saying no recommendations had been made and a deal was "nowhere near". To sum up, last week the currency moved downwardly in a range between 0.7144-0.7225 USD/AUD and closed on Friday (18/1) at 0.7186/88 USD/AUD.

Graph



Comment

This week, the currency will be volatile amid news over a U.S.-China trade deal. However, the employment data which will be released on Wednesday (23/1) are also in focus. We believe that the Australian dollar will move between 0.7100-0.7300 USD/AUD.



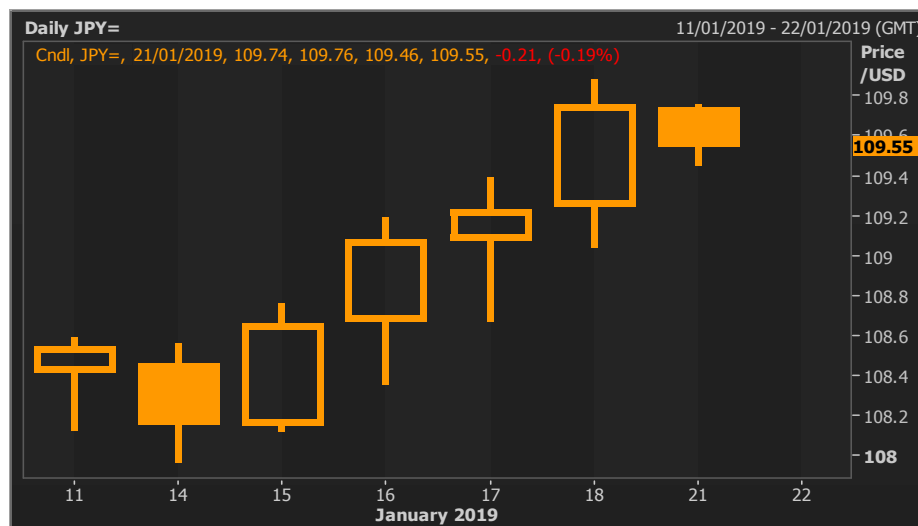
JPY

Highligh

The Japanese Yen dropped as concerns on no-deal Brexit declined as well as the market will focus on BOJ Monetary Policy Meeting on Wednesday (23/1).

The Yen had appreciated at the beginning of the week as concerns on Brexit deal that voted in British Parliament on Tuesday (15/1). The investors expected that the plan by Prime Minister Theresa May would be rejected and the nation may leave the bloc without any deals (No-deal Brexit). However, the currency retreated its gains during the first half of the month even the British parliament voted against the deal, but the country possibly could extend the negotiation period before leaving the single market after the PM survived in parliamentary "no-confidence" voting. In either way, the leader of the opposite party Jeremy Corbyn prepared to set the second Brexit referendum if there was enough support. The British Pound regained and reduced demand for safe-haven assets from investors. Furthermore, the markets expect the Bank of Japan to cut the forecasting inflation rate as a consequence of global economic slowdown. The Yen has still been pressured after US listed company earnings season shown better-than-expected growth which encouraged inflows to riskier assets.

Graph



Comment

This week, the investors will focus on Japan's December Trade Balance data and the Bank of Japan Monetary Policy Meeting on Wednesday (23/1). The Tokyo Consumer Price Index (CPI) will be published on Friday (25/1). Moreover, US political turmoil and global economy would still be the essential factors for safe-haven demand which have to be closely watched.

Economic Calendar

Last week

Date Time		Event	Actual	Prior	Revised
01/14/2019	EC	Industrial Production SA MoM	-1.70%	0.20%	0.10%
01/14/2019	EC	Industrial Production WDA YoY	-3.30%	1.20%	--
01/15/2019	JN	Machine Tool Orders YoY	-18.30%	-17.00%	--
01/15/2019	FR	CPI MoM	0.00%	0.00%	--
01/15/2019	FR	CPI YoY	1.60%	1.60%	--
01/15/2019	GE	GDP NSA YoY	1.50%	2.20%	--
01/15/2019	GE	Budget Maastricht % of GDP	1.70%	1.00%	--
01/15/2019	EC	Trade Balance SA	15.1b	12.5b	13.5b
01/15/2019	EC	Trade Balance NSA	19.0b	14.0b	--
01/16/2019	JN	Core Machine Orders MoM	0.00%	7.60%	--
01/16/2019	JN	Core Machine Orders YoY	0.80%	4.50%	--
01/16/2019	JN	PPI YoY	1.50%	2.30%	--
01/16/2019	JN	PPI MoM	-0.60%	-0.30%	--
01/16/2019	GE	CPI MoM	0.10%	0.10%	--
01/16/2019	GE	CPI YoY	1.70%	1.70%	--
01/16/2019	GE	CPI EU Harmonized MoM	0.30%	0.30%	--
01/16/2019	GE	CPI EU Harmonized YoY	1.70%	1.70%	--
01/16/2019	UK	CPI YoY	2.10%	2.30%	--
01/16/2019	UK	CPI Core YoY	1.90%	1.80%	--
01/16/2019	UK	Retail Price Index	285.6	284.6	--
01/16/2019	UK	House Price Index YoY	2.80%	2.70%	2.70%
01/16/2019	IT	CPI FOI Index Ex Tobacco	102.1	102.2	--
01/16/2019	IT	CPI EU Harmonized YoY	1.20%	1.20%	--
01/16/2019	US	Import Price Index MoM	-1.00%	-1.60%	-1.90%
01/16/2019	US	Import Price Index ex Petroleum MoM	0.30%	-0.30%	0.00%
01/16/2019	US	Import Price Index YoY	-0.60%	0.70%	0.50%
01/16/2019	US	Export Price Index MoM	-0.60%	-0.90%	-0.80%
01/16/2019	US	Export Price Index YoY	1.10%	1.80%	--
01/16/2019	US	NAHB Housing Market Index	58	56	--
01/17/2019	IT	Trade Balance Total	3843m	3784m	3818m
01/17/2019	IT	Trade Balance EU	513m	744m	778m
01/17/2019	EC	Construction Output YoY	0.90%	1.80%	0.60%
01/17/2019	EC	CPI Core YoY	1.00%	1.00%	--
01/17/2019	EC	CPI MoM	0.00%	-0.20%	-0.20%
01/17/2019	EC	CPI YoY	1.60%	1.60%	--
01/17/2019	US	Initial Jobless Claims	213k	216k	--
01/17/2019	US	Continuing Claims	1737k	1722k	1719k
01/17/2019	US	Bloomberg Consumer Comfort	58.1	58.5	--
01/17/2019	US	Bloomberg Economic Expectations	44.5	50	--
01/18/2019	JN	Industrial Production MoM	-1.00%	-1.10%	--
01/18/2019	JN	Industrial Production YoY	1.50%	1.40%	--
01/18/2019	EC	ECB Current Account SA	20.3b	23.0b	26.8b
01/18/2019	IT	Current Account Balance	4806m	6081m	6043m

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.

01/18/2019	US	Industrial Production MoM	0.30%	0.60%	0.40%
01/18/2019	US	U. of Mich. Sentiment	90.7	98.3	--

This week

Date Time		Event	Actual	Prior	Revised
01/21/2019	GE	PPI MoM	-0.40%	0.10%	--
01/21/2019	GE	PPI YoY	2.70%	3.30%	--
01/22/2019	UK	Jobless Claims Change	--	21.9k	--
01/22/2019	GE	ZEW Survey Current Situation	--	45.3	--
01/22/2019	GE	ZEW Survey Expectations	--	-17.5	--
01/22/2019	EC	ZEW Survey Expectations	--	-21	--
01/22/2019	US	Existing Home Sales	--	5.32m	--
01/22/2019	US	Existing Home Sales MoM	--	1.90%	--
01/23/2019	JN	Trade Balance	--	-¥737.3b	-¥737.7b
01/23/2019	JN	Trade Balance Adjusted	--	-¥492.2b	--
01/23/2019	JN	Exports YoY	--	0.10%	--
01/23/2019	JN	Imports YoY	--	12.50%	--
01/23/2019	JN	Machine Tool Orders YoY	--	-18.30%	--
01/23/2019	FR	Business Confidence	--	102	--
01/23/2019	FR	Manufacturing Confidence	--	104	--
01/23/2019	EC	Consumer Confidence	--	-6.2	--
01/23/2019	JN	BOJ Policy Balance Rate	--	-0.10%	--
01/23/2019	US	New Home Sales	--	544k	--
01/23/2019	US	New Home Sales MoM	--	-8.90%	--
01/23/2019	US	Construction Spending MoM	--	-0.10%	--
01/23/2019	US	Factory Orders	--	-2.10%	--
01/23/2019	US	Factory Orders Ex Trans	--	0.30%	--
01/23/2019	US	Durable Goods Orders	--	0.80%	--
01/23/2019	US	Retail Sales Advance MoM	--	0.20%	--
01/23/2019	US	Net Long-term TIC Flows	--	\$31.3b	--
01/23/2019	US	Business Inventories	--	0.60%	--
01/23/2019	US	Total Net TIC Flows	--	\$42.0b	--
01/23/2019	US	Housing Starts	--	1256k	--
01/23/2019	US	Building Permits	--	1328k	--
01/23/2019	US	Housing Starts MoM	--	3.20%	--
01/23/2019	US	Building Permits MoM	--	5.00%	--
01/24/2019	JN	Nikkei Japan PMI Mfg	--	52.6	--
01/24/2019	JN	Leading Index CI	--	99.3	--
01/24/2019	JN	Coincident Index	--	103	--
01/24/2019	FR	Markit France Manufacturing PMI	--	49.7	--
01/24/2019	FR	Markit France Services PMI	--	49	--
01/24/2019	FR	Markit France Composite PMI	--	48.7	--
01/24/2019	GE	Markit/BME Germany Manufacturing PMI	--	51.5	--
01/24/2019	GE	Markit Germany Services PMI	--	51.8	--
01/24/2019	GE	Markit/BME Germany Composite PMI	--	51.6	--
01/24/2019	EC	Markit Eurozone Manufacturing PMI	--	51.4	--
01/24/2019	EC	Markit Eurozone Services PMI	--	51.2	--
01/24/2019	EC	Markit Eurozone Composite PMI	--	51.1	--
01/24/2019	EC	ECB Main Refinancing Rate	--	0.00%	--

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01/24/2019	EC	ECB Marginal Lending Facility	--	0.25%	--
01/24/2019	EC	ECB Deposit Facility Rate	--	-0.40%	--
01/24/2019	US	Initial Jobless Claims	--	213k	--
01/24/2019	US	Continuing Claims	--	1737k	--
01/24/2019	US	Markit US Composite PMI	--	54.4	--
01/24/2019	US	Markit US Manufacturing PMI	--	53.8	--
01/24/2019	US	Markit US Services PMI	--	54.4	--
01/24/2019	US	Leading Index	--	0.20%	--
01/25/2019	GE	IFO Business Climate	--	101	--
01/25/2019	GE	IFO Expectations	--	97.3	--
01/25/2019	US	Durable Goods Orders	--	--	--
01/25/2019	US	New Home Sales	--	--	--
01/25/2019	US	New Home Sales MoM	--	--	--
01/27/2019	GE	Retail Sales MoM	--	1.40%	1.60%
01/27/2019	GE	Retail Sales YoY	--	1.10%	--