

FOREIGN EXCHANGE OUTLOOK

30 December 2019 - 3 January 2020



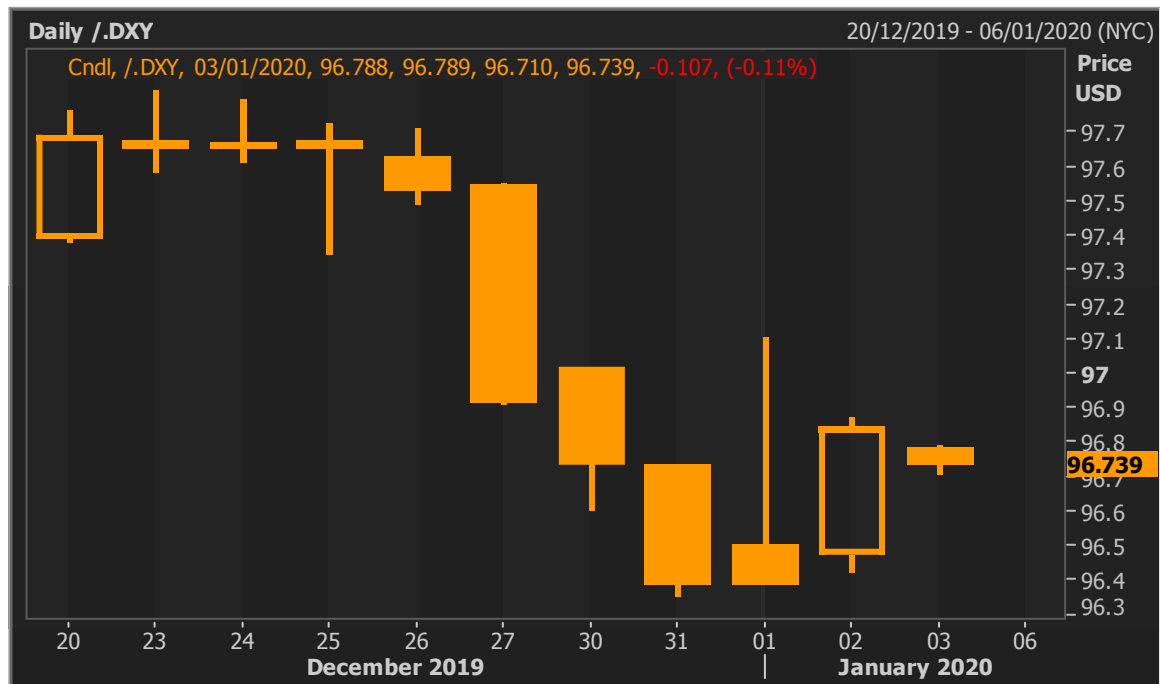
USD

Highlight

Last week, the U.S. dollar was under pressured as investors wagered U.S. economic outperformance could be coming to an end as optimism on trade brightens the outlook for growth globally. This week, the market will focus on the releases of U.S. ISM Non-Manufacturing PMI on Tuesday (7/1), U.S. ADP Non-Farm Employment Change and Crude Oil Inventories on Wednesday (8/1), U.S. jobless claims on Thursday (9/1) and U.S. nonfarm payrolls on Friday (10/1)

Last week, the U.S. dollar weakened across the board as optimism about the outlook for a U.S.-China trade deal lifted investors' appetite for risk, sapping safe-haven demand for the greenback. On Thursday (2/1), the Labor Department reported Initial claims for state unemployment benefits dropped 2,000 to a seasonally adjusted 222,000 for the week ended Dec 28. However, the U.S. dollar recovered from Friday (3/1) after weak Europe and the UK economic data.

Graph



Comment

This week, we expect that the U.S. dollar will depreciate further against several currencies as signs of strength in the global growth.



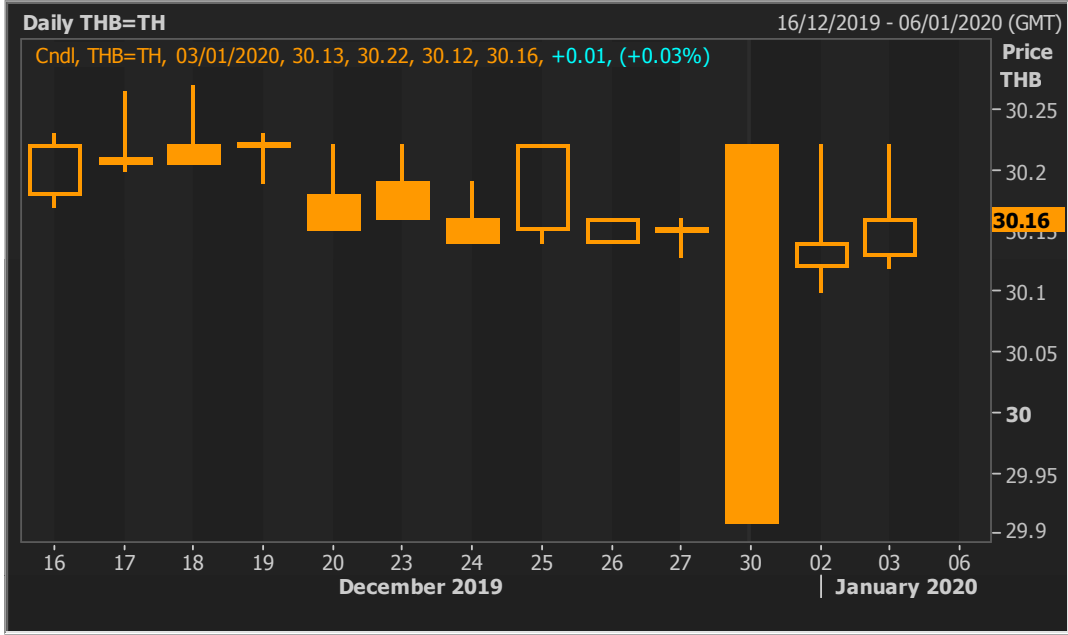
THB

Highlight

A strong Thai Baht, which has gained 8.3% against the dollar in 2019 and is Asia's top-performing currency. This week, there is no new factor that affect the direction of the baht.

Last week, the baht opened on Monday (30/12) at 30.22/24 THB/USD, depreciated from the previous week's closing (27/12) level at 30.15/17 THB/USD. On Monday (30/12), the bank of Thailand announced that Thailand's current account surplus was \$3.38 billion in November, up from \$2.91 billion in October. Exports declined 7.7% and Imports slumped 13.9% in November from a year earlier. November trade surplus was \$1.97 billion. On Thursday (2/1), the commerce ministry announced that Thailand's consumer price index (CPI) rose 0.87% in December from a year earlier from forecast that the CPI would rise 0.9%. That will still be lower than the central bank's official target range of 1%-4% for 2019 and 1%-3% for 2020. The target is reviewed each year. During the week, the baht moved in the range of 29.91-30.22 THB/USD and closed on Friday (3/1) at 30.15/17 THB/USD.

Graph



Comment

This week, we expect that the Thai Baht will trade in a range of 30.05-30.25 THB/USD. Moreover, the investors focus on the U.S.-China trade negotiations.

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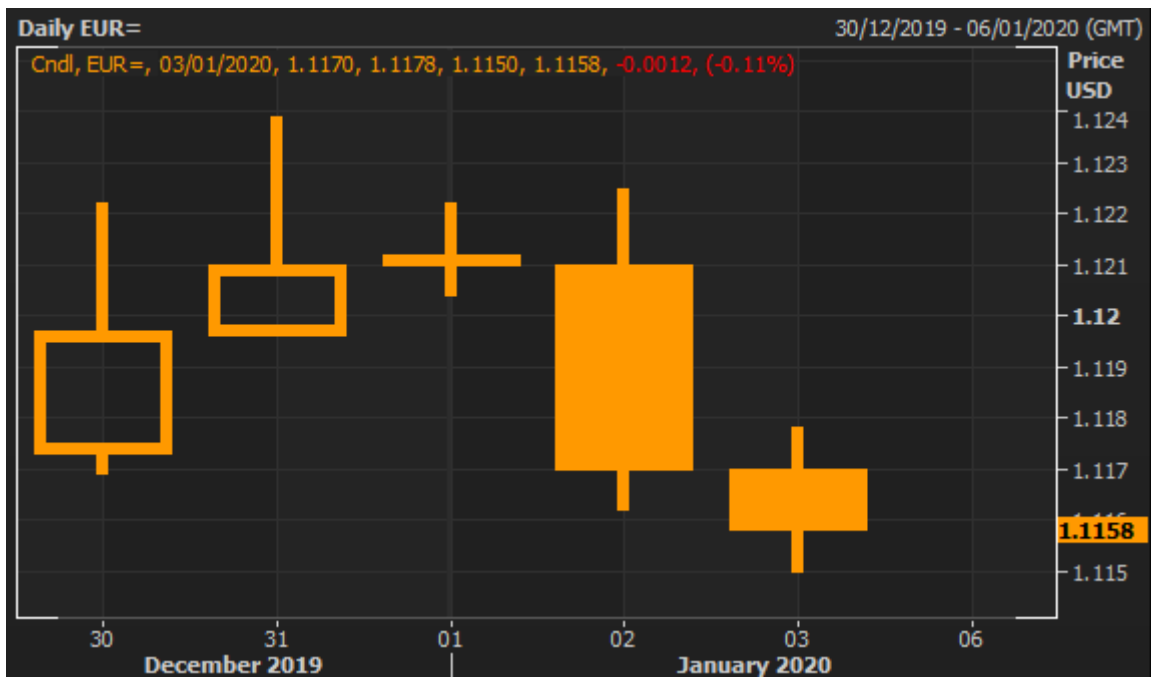
EUR

Highlight

Last week, the euro moved in a range of 1.1162 - 1.1196 USD/EUR. Trade was thin this week as the New Year holiday.

The euro opened at 1.1173/75 USD/EUR, the same level as it closed on Friday. Nevertheless, the euro strengthened against the US dollar as the optimism of the Brexit. There is the economic data released last week, namely, Manufacturing PMI and preliminary CPI. The manufacturing PMI for Eurozone, Germany, France, Italy and Spain were at 46.3, 43.7, 50.4, 46.2 and 47.4 points, respectively. The data below 50 points is indicated that the economic is in downward trend. Another report was the French's CPI which added 0.4% in January, above the expectations at 0.3%. At the end of week, the euro closed at 1.1158/61 USD/EUR.

Graph



Comment

This week, the focus is on the services PMI which were scheduled on 9th January and 6th January, respectively. The offset between the relief of Brexit situation and the downward trend of the Eurozone economy could lead to the same level as it moved last week. We expect that the euro could move in a range of 1.1100 – 1.1250 USD/EUR.



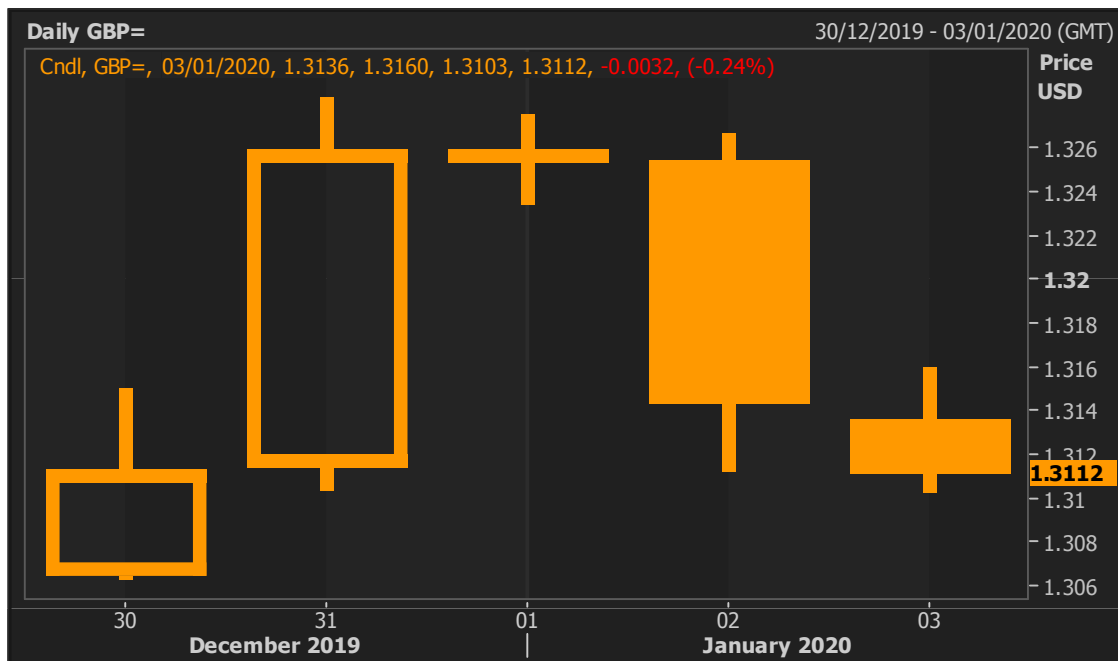
GBP

Highlight

The Pound fluctuated on Brexit optimism and fell in factory sector.

The Sterling opened at 1.3070/72 USD/GBP, higher than closing level on previous Friday (27/12) at 1.3050/52 USD/GBP. GBP appreciated after The U.K. is set to leave the European Union on January 31, but this will not be the end of the Brexit process. European lawmakers will meet for the first time in January 2020 and are expected to accept the Withdrawal Agreement which is the document that outlines how the U.K. should leave the European Union. However, senior EU officials have sounded alarm bells, arguing that 11 months is a challenging timeline. In this context, European Commission President Ursula Von der Leyen said earlier this month that the EU will be looking to focus on the most pressing issues first, where there would be no unilateral nor contingency measures to replace current arrangements. Nevertheless, the pound slumped on Thursday as slowing down of factory output in the UK in December at its fastest rate in eight years, Markit UK Purchasing Managers' Index (PMI) was reported at 45.6 from 49.1 in November. The pound gradually dipped and made the lowest point of the week at 1.2980 USD/GBP before closed on Friday (20/12) at 1.3000/02 USD/GBP.

Graph



Comment

This week, we expect the Pound to move in a narrow range around 1.3000 – 1.3200 USD/GBP.



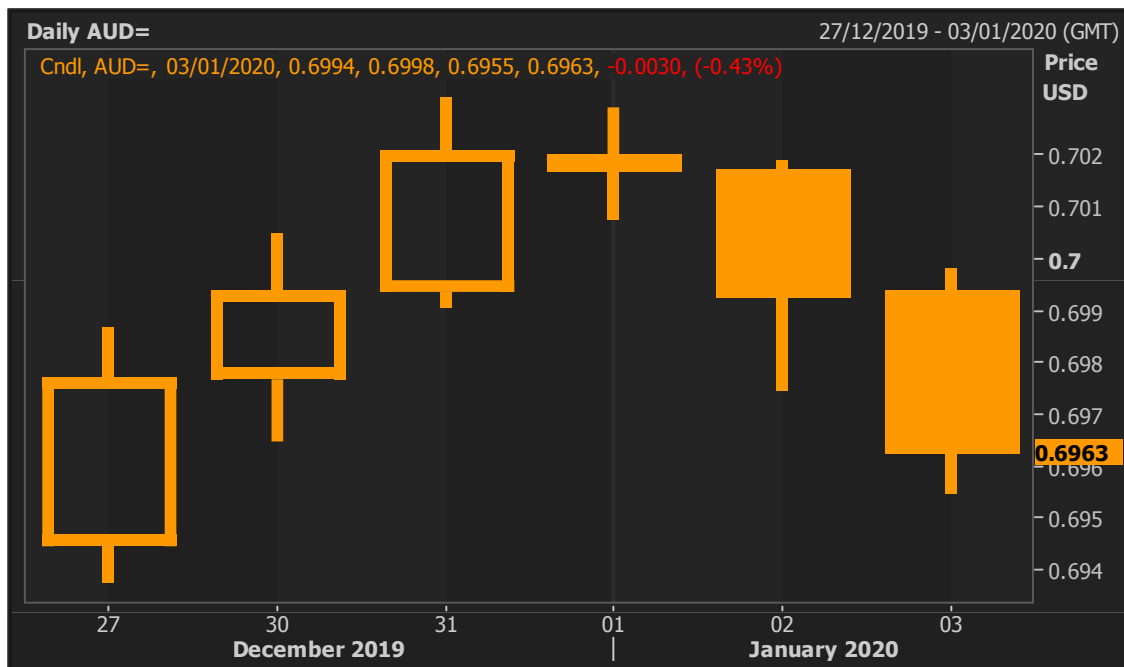
AUD

Highlight

Easing US.-China trade tension supported demand for Aussie. Yet, investors should keep close eyes on its economic conditions.

In the previous week, the Aussie moved between 0.6955 – 0.7031 USD/AUD. It was a quite week for the currency as there is no major economic data release. Despite its recent poor economic data and concerns over the Reserve Bank of Australia (RBA) policy, the currency was traded higher during the week. It is likely that the relief of trade tension between the two countries, China and the US, has increased the appetite for risk asset. Last week, Donald Trump announced the signing date for the “phase one deal”. As far as we know, the deal was set to be signed on 15th January 2020 at the White House. Regarding a report from the Reserve Bank of Australia, Australia declared wage growth of 2 and 3% the “new normal”, despite the relatively healthy employment and participation rates. The economic forecast, released last week shown that projected wage growth was slashed from 2.75% in the April budget, to 2.5% over the next two years. The Australian government has blamed circumstances outside its control, using the phrase “global headwinds”

Graph



Comment

Important economic data includes AIG Manufacturing Index on Monday (6/1), Trade Balance on Thursday (9/1) and AIG Services Index on Friday (10/1). Apart from this, investors are recommended to keep eyes on the progress of the “phase one deal” between China and the US. Providing that there is any new mutual agreement, the Aussie is expected to edge higher. We expect the currency to range between 0.6850 – 0.7050 USD/AUD



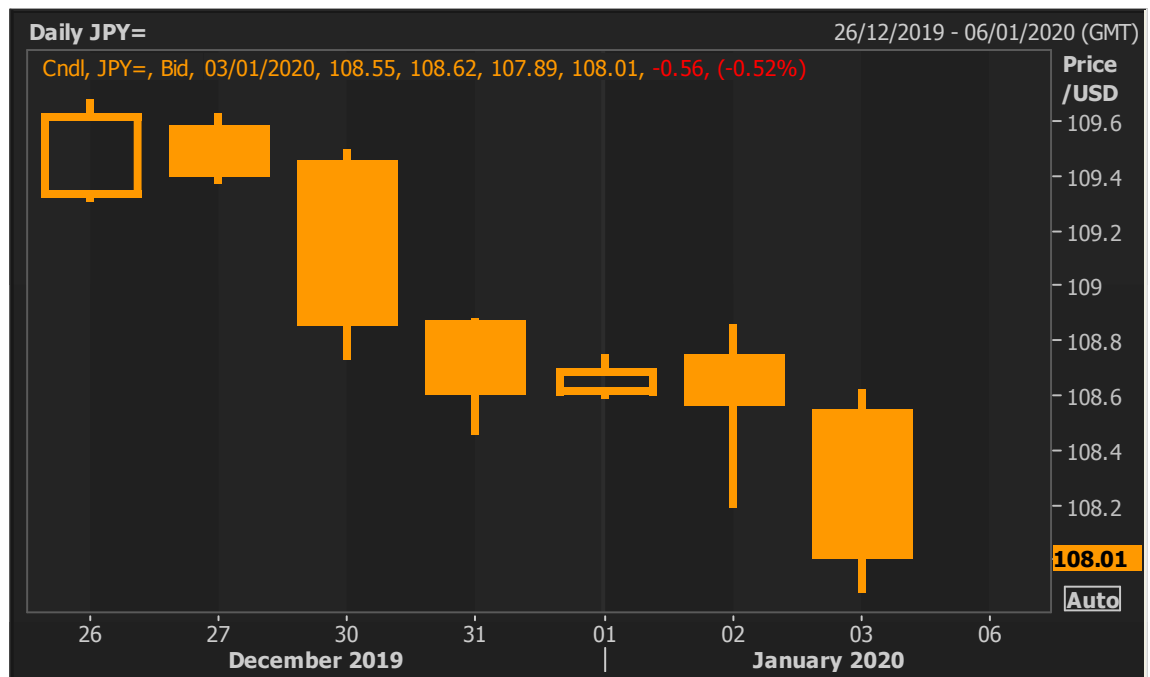
JPY

Highlight

The Yen remained appreciate against USD despite the optimism of the trade dispute between the United States and China.

The Yen opened on Monday (30/12) at 109.47/49 JPY/USD, moved in a narrow range from closing level on previous Friday (27/12) at 109.43/45 JPY/USD. The Yen was trade strength against the USD as the optimism for Phase 1 trade deal between China and U.S. after US President Donald Trump confirmed that the phase-one signing in a ceremony will happen on January 15. Additionally, Trump also said that he will later head to Beijing to discuss the next phase of the arrangement and White House Advisor, Peter Navarro, also crossed wires and said that more "great deals" with China will coming this year. Moreover, the yen gained after the People's Bank of China (PBOC) announced on Wednesday (1/1) that PBOC will cut banks' reserve requirement ratio (RRR) by 50 basis points and will effective on January 6. The cut aims to help banks reduce their lending rate to businesses and will leasing about 800 billion yuan (\$115 billion) of liquidity into the financial system in January to ease a possible liquidity crunch caused by increasing cash demand during the Spring Festival holidays. However, last week the yen was move in a range of 107.89 – 109.50 JPY/USD during the thin trade as the New Year Holiday and was closed on Friday (3/1) at 107.94/96 JPY/USD.

Graph



Comment

This week, investors are focusing on the release of Final Manufacturing PMI on Monday (6/1), Average Cash Earnings, Consumer Confidence on Wednesday (8/1) and Household Spending on Friday (10/1). While, the market still waiting for the development of phase-one signing ceremony that will happen on January 15. We expect that the yen could move in a range of 107.85 – 108.85 JPY/USD.

Economic Calendar

Lastweek

Date Time		Event		Survey	Actual	Prior
23-Dec	JN	All Industry Activity Index MoM	Oct	-4.30%	4.30%	1.50%
23-Dec	JN	Leading Index CI	Oct F	--	91.6	91.8
23-Dec	JN	Coincident Index	Oct F	--	95.3	94.8
23-Dec	GE	Import Price Index MoM	Nov	0.40%	0.50%	-0.10%
23-Dec	GE	Import Price Index YoY	Nov	-2.30%	2.10%	-3.50%
23-Dec	US	Durable Goods Orders	Nov P	1.50%	2.00%	0.50%
23-Dec	US	Durables Ex Transportation	Nov P	0.20%	0.00%	0.50%
23-Dec	CA	GDP MoM	Oct	0.00%	0.10%	0.10%
23-Dec	US	Cap Goods Orders Nondef Ex Air	Nov P	0.10%	0.10%	1.10%
23-Dec	CA	GDP YoY	Oct	1.40%	1.20%	1.60%
23-Dec	US	Cap Goods Ship Nondef Ex Air	Nov P	0.00%	0.30%	0.80%
23-Dec	US	Chicago Fed Nat Activity Index	Nov	-0.33	0.56	-0.71
23-Dec	CA	Bloomberg Nanos Confidence	Dec-20	--	56.7	55.3
23-Dec	US	New Home Sales	Nov	732k	719k	733k
23-Dec	US	New Home Sales MoM	Nov	-0.10%	1.30%	-0.70%
24-Dec	JN	Supermarket Sales YoY	Nov	--	1.40%	-4.10%
24-Dec	EC	CPB World Trade Monitor				
24-Dec	US	Richmond Fed Manufact. Index	Dec	1	-5	-1
25-Dec	JN	PPI Services YoY	Nov	2.10%	2.10%	2.10%
26-Dec	JN	Japan Buying Foreign Bonds	Dec-20	--	¥927.6b	¥511.9b
26-Dec	JN	Japan Buying Foreign Stocks	Dec-20	--	¥29.0b	¥220.1b
26-Dec	JN	Foreign Buying Japan Bonds	Dec-20	--	¥1339.8b	¥227.4b
26-Dec	JN	Foreign Buying Japan Stocks	Dec-20	--	¥148.4b	¥52.1b
26-Dec	JN	Housing Starts YoY	Nov	-7.80%	12.70%	-7.40%
26-Dec	JN	Annualized Housing Starts	Nov	0.881m	0.834m	0.879m
26-Dec	JN	Construction Orders YoY	Nov	--	1.20%	6.40%

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26-Dec	US	MBA Mortgage Applications	Dec-20	--	5.30%	-5.00%
26-Dec	US	Initial Jobless Claims	Dec-21	220k	222k	234k
26-Dec	US	Continuing Claims	Dec-14	1688k	1719k	1722k
26-Dec	US	Bloomberg Consumer Comfort	Dec-22	--	62.3	61.1
27-Dec	JN	Tokyo CPI YoY	Dec	0.90%	0.90%	0.80%
27-Dec	JN	Tokyo CPI Ex-Fresh Food YoY	Dec	0.60%	0.80%	0.60%
27-Dec	JN	Tokyo CPI Ex-Fresh Food, Energy YoY	Dec	0.70%	0.90%	0.70%
27-Dec	JN	Jobless Rate	Nov	2.40%	2.20%	2.40%
27-Dec	JN	Job-To-Applicant Ratio	Nov	1.57	1.57	1.57
27-Dec	JN	Retail Sales MoM	Nov	5.00%	4.50%	14.40%
27-Dec	JN	Retail Sales YoY	Nov	-1.70%	2.10%	-7.10%
27-Dec	JN	Dept. Store, Supermarket Sales YoY	Nov	-1.90%	1.80%	-8.20%
27-Dec	JN	Industrial Production MoM	Nov P	-1.00%	0.90%	-4.50%
27-Dec	JN	Industrial Production YoY	Nov P	-8.10%	8.10%	-7.70%
27-Dec	JN	Vehicle Production YoY	Oct	--	11.90%	2.30%
27-Dec	EC	ECB Publishes Economic Bulletin				
27-Dec	CA	CFIB Business Barometer	Dec	--	55.5	56.1

This week

Date	Time	Event	Survey	Actual	Prior	
30-Dec	UK	UK Finance Loans for Housing	Nov	41200	43715	41219
30-Dec	US	Advance Goods Trade Balance	Nov	-\$68.7b	\$63.2b	-\$66.5b
30-Dec	US	Retail Inventories MoM	Nov	0.10%	-0.70%	0.30%
30-Dec	US	Wholesale Inventories MoM	Nov P	0.20%	0.00%	0.10%
30-Dec	US	MNI Chicago PMI	Dec	47.9	48.9	46.3
30-Dec	CA	Bloomberg Nanos Confidence	Dec-27	--	56.8	56.7
30-Dec	US	Pending Home Sales MoM	Nov	1.40%	1.20%	-1.70%
30-Dec	US	Pending Home Sales NSA YoY	Nov	7.40%	5.60%	3.90%
30-Dec	US	Dallas Fed Manf. Activity	Dec	0	-3.2	-1.3
31-Dec	US	FHFA House Price Index MoM	Oct	0.40%	0.20%	0.60%
31-Dec	US	S&P CoreLogic CS 20-City MoM SA	Oct	0.30%	0.43%	0.36%
31-Dec	US	S&P CoreLogic CS 20-City YoY NSA	Oct	2.10%	2.23%	2.10%
31-Dec	US	S&P CoreLogic CS 20-City NSA Index	Oct	218.29	218.43	218.27
31-Dec	US	S&P CoreLogic CS US HPI YoY NSA	Oct	--	3.34%	3.22%
31-Dec	US	S&P CoreLogic CS US HPI NSA Index	Oct	--	212.43	212.2
31-Dec	US	Conf. Board Consumer Confidence	Dec	128.5	126.5	125.5
31-Dec	US	Conf. Board Present Situation	Dec	--	170	166.9
31-Dec	US	Conf. Board Expectations	Dec	--	97.4	97.9
31-Dec	IT	Bank of Italy to Release 3Q Credit Conditions and Risk				
02-Jan	IT	Markit Italy Manufacturing PMI	Dec	47.2	46.2	47.6
02-Jan	FR	Markit France Manufacturing PMI	Dec F	50.3	50.4	50.3
02-Jan	GE	Markit/BME Germany Manufacturing PMI	Dec F	43.4	43.7	43.4
02-Jan	EC	Markit Eurozone Manufacturing PMI	Dec F	45.9	46.3	45.9
02-Jan	UK	Markit UK PMI Manufacturing SA	Dec F	47.6	47.5	47.4
02-Jan	US	Challenger Job Cuts YoY	Dec	--	25.20%	-16.00%
02-Jan	CA	MLI Leading Indicator MoM	Nov	--	0.30%	0.40%
02-Jan	US	Initial Jobless Claims	Dec-28	220k	222k	222k
02-Jan	US	Continuing Claims	Dec-21	1680k	1728k	1719k
02-Jan	CA	Markit Canada Manufacturing PMI	Dec	--	50.4	51.4
02-Jan	US	Bloomberg Consumer Comfort	Dec-29	--	63.9	62.3
02-Jan	US	Markit US Manufacturing PMI	Dec F	52.5	52.4	52.5
02-Jan	IT	Budget Balance	Dec	--	9.7b	1.3b
03-Jan	IT	New Car Registrations YoY	Dec	--	12.48%	2.17%
03-Jan	UK	BRC Shop Price Index YoY	Dec	-0.50%	-0.40%	-0.50%
03-Jan	UK	Nationwide House Px NSA YoY	Dec	1.40%	--	0.80%
03-Jan	UK	Nationwide House PX MoM	Dec	0.00%	--	0.50%
03-Jan	FR	CPI EU Harmonized MoM	Dec P	0.30%	--	0.10%

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03-Jan	FR	CPI EU Harmonized YoY	Dec P	1.40%	--	1.20%
03-Jan	FR	CPI MoM	Dec P	0.30%	--	0.10%
03-Jan	FR	CPI YoY	Dec P	1.30%	--	1.00%
03-Jan	GE	CPI Saxony MoM	Dec	--	--	-0.80%
03-Jan	GE	CPI Saxony YoY	Dec	--	--	1.10%
03-Jan	GE	Unemployment Change (000's)	Dec	4.0k	--	-16.0k
03-Jan	GE	Unemployment Claims Rate SA	Dec	5.00%	--	5.00%
03-Jan	EC	M3 Money Supply YoY	Nov	5.70%	--	5.60%
03-Jan	GE	CPI Brandenburg MoM	Dec	--	--	-0.80%
03-Jan	GE	CPI Brandenburg YoY	Dec	--	--	1.30%
03-Jan	GE	CPI Hesse MoM	Dec	--	--	-0.80%
03-Jan	GE	CPI Hesse YoY	Dec	--	--	0.90%
03-Jan	GE	CPI Bavaria MoM	Dec	--	--	-0.80%
03-Jan	GE	CPI Bavaria YoY	Dec	--	--	0.90%
03-Jan	GE	CPI North Rhine Westphalia MoM	Dec	--	--	-0.70%
03-Jan	GE	CPI North Rhine Westphalia YoY	Dec	--	--	1.20%
03-Jan	UK	Markit/CIPS UK Construction PMI	Dec	45.9	--	45.3
03-Jan	UK	Net Consumer Credit	Nov	1.0b	--	1.3b
03-Jan	UK	Consumer Credit YoY	Nov	--	--	6.10%
03-Jan	UK	Net Lending Sec. on Dwellings	Nov	4.0b	--	4.3b
03-Jan	UK	Mortgage Approvals	Nov	64.5k	--	64.6k
03-Jan	UK	Money Supply M4 MoM	Nov	--	--	0.00%
03-Jan	UK	M4 Money Supply YoY	Nov	--	--	3.60%
03-Jan	UK	M4 Ex IOFCs 3M Annualised	Nov	--	--	4.20%
03-Jan	GE	CPI EU Harmonized YoY	Dec P	1.40%	--	1.20%
03-Jan	GE	CPI EU Harmonized MoM	Dec P	0.50%	--	-0.80%
03-Jan	GE	CPI YoY	Dec P	1.40%	--	1.10%
03-Jan	GE	CPI MoM	Dec P	0.40%	--	-0.80%
03-Jan	US	Construction Spending MoM	Nov	0.40%	--	-0.80%
03-Jan	US	ISM Manufacturing	Dec	49	--	48.1
03-Jan	US	ISM New Orders	Dec	--	--	47.2
03-Jan	US	ISM Prices Paid	Dec	47.8	--	46.7
03-Jan	US	ISM Employment	Dec	--	--	46.6
03-Jan	GE	CPI Baden Wuerttemberg MoM	Dec	--	--	-0.80%
03-Jan	GE	CPI Baden Wuerttemberg YoY	Dec	--	--	0.90%
03-Jan	US	Wards Total Vehicle Sales	Dec	17.00m	--	17.09m
04-Jan	US	FOMC Meeting Minutes	Dec-11	--	--	--