

FOREIGN EXCHANGE OUTLOOK

13 - 17 January 2020



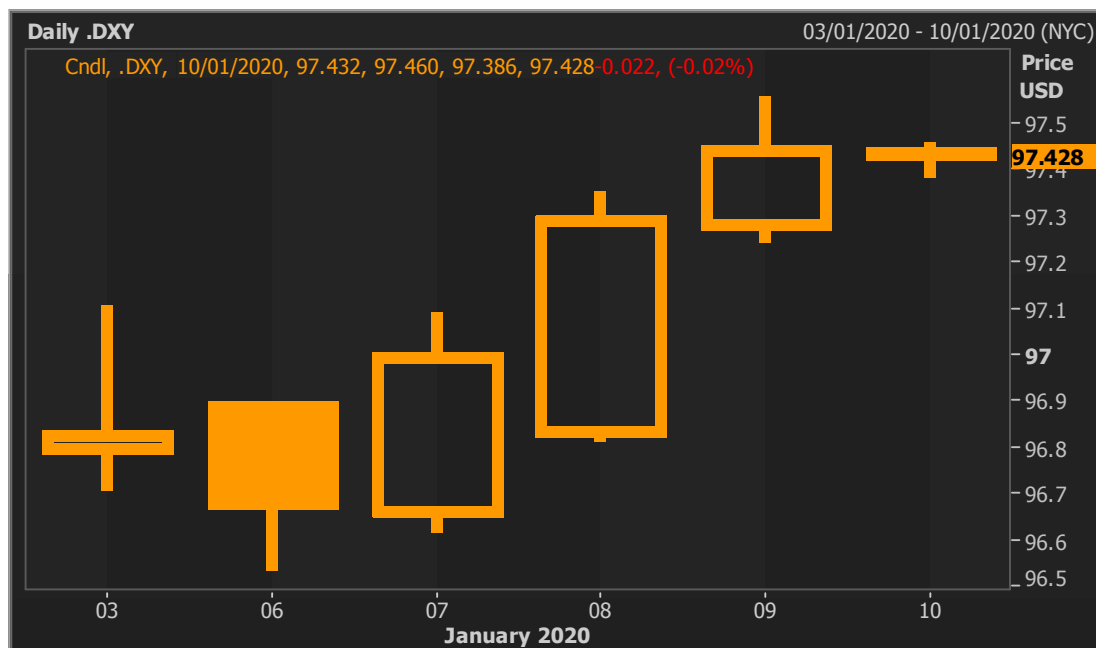
USD

Highlight

The greenback was volatile since market concerned over the political conflict between U.S.A. and Iran while the non-farm payroll released below the consensus.

Last week, the U.S. dollar was volatile against the safe haven asset since the markets were concerned about the U.S. and Iran political conflict after drone strike on previous Friday (3/1) near the Baghdad International Airport led to the death of Iranian major general Qasem Soleimani of the Islamic Revolutionary Guard Corps who was commander of the Quds Force. After the attack, Iran instantly announced on the next day that the country would fight back the U.S. As the result, financial market feared that the situation became more worried as relations between the United States and Iran had the opportunity to head into a state of war. The U.S. dollar then got weaker against the safe haven asset as severe situation occurred again after Iran had carried out a ballistic missile attack on air bases housing US forces in Iraq, in retaliation for the US killing of General Qasem Soleimani. However, the situations relieved and the greenback recovered at the midweek when U.S President Donald Trump said that there will be no war with Iran, but will retaliate with other ways. Moreover, the House passed a resolution to limit President Donald Trump’s war powers against Iran. The measure, which does not carry the force of law, said Trump should withdraw U.S. forces from conflict with Iran within 30 days if he does not get congressional approval. On the data front, the economic data were still mixed. The Institute for Supply Management showed its manufacturing PMI fell in December to 47.2 which was its lowest level since June 2009 whereas its Markit Services PMI rose to its 5-month highest to 52.8. On Friday (10/1), the US dollars slightly dropped after US non-farm payrolls released lower than expected at 145k for December, while annual wage growth also missed forecasts at 2.9%.

Graph



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.

Comment

We think the dollar will remain strong as the signing of a phase one trade deal between the U.S. and China scheduled this week. However, the sensitive of the political conflict between U.S.A. and Iran will be other main factor. Moreover, the economic data such as CPI (14/1), PPI (15/1), retail sales (16/1) and industrial production (17/1) will be also in focus.



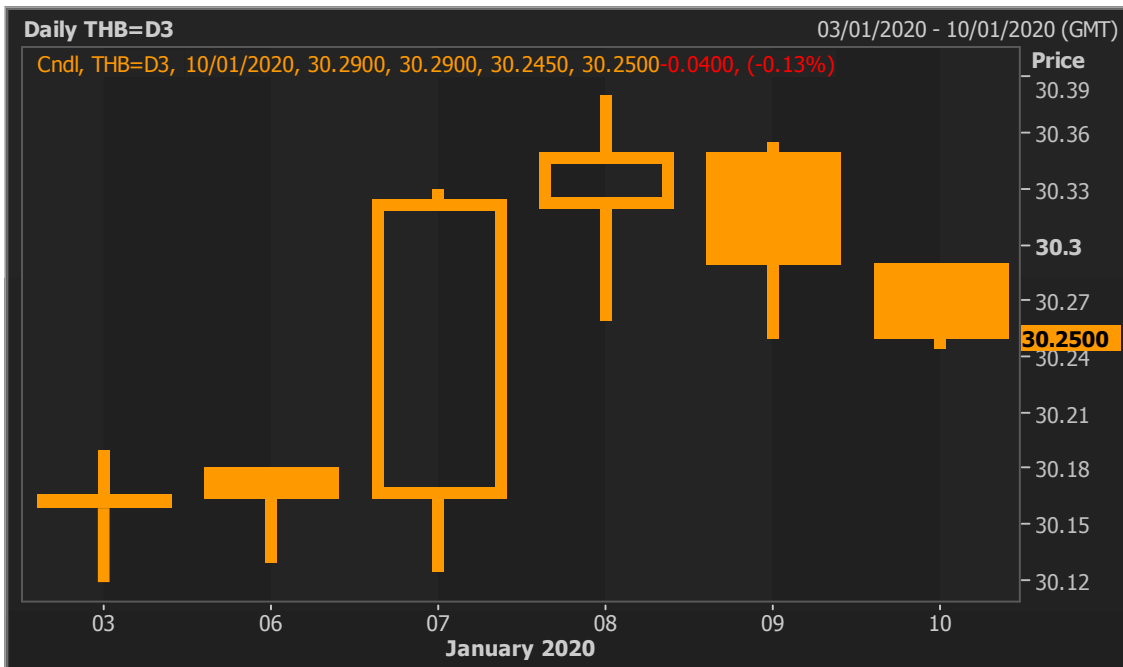
THB

Highlight

Thai baht moved over 30.30 THB/USD level since the demand of US dollar increase. BOT tried to convince that the currency is not safe haven asset.

Thai baht opened on last Monday (6/1) at THB/USD, almost the same level compared to previous week but since late Tuesday (7/1) the currency started depreciating and made the week high at 30.35 THB/USD on Wednesday(8/1) as it was expected that the domestic market needs to buy more US dollars according to the policy of the government which once stated that they will find the ways with BOT to look after the value of the baht, such as investment by state-owned enterprises , returning partial foreign debt earlier than scheduled or even driving various infrastructure projects. On Tuesday (7/1), the BOT by Assistant Governor Titanun Mallikamas, reiterated that the monetary policy committee had been concerned about the strength of the baht and suggests close monitoring and further relaxation of rules to spur fund outflows. He added that he expected capital flows to be "better balanced" this year because of plans by Thai companies to invest abroad, and a narrowing in the current-account surplus. Moreover, the BOT governor, Mr. Veerathai tried to convince the market by mentioned that the baht was no safe haven for foreign fund parking now because of Thailand's economic slowdown and that analysts expected the currency to weaken. The governor addressed that we should not focused on the sharp strength of Thai baht during New Year since the financial market was very light and quiet. To sum up, Thai baht moved in the week between THB/USD before it closed on Friday (10/1) at THB/USD.

Graph



Comment

Although the Baht will depreciate last week while many officials from both BOT and finance sector tried to repeat that there are ways to deal with the appreciated Baht. However, we suggest to carefully monitor the flow of the currency for a few weeks whether the baht would stand technically above the trend line or even how much the demand of U.S. dollar increase.

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.



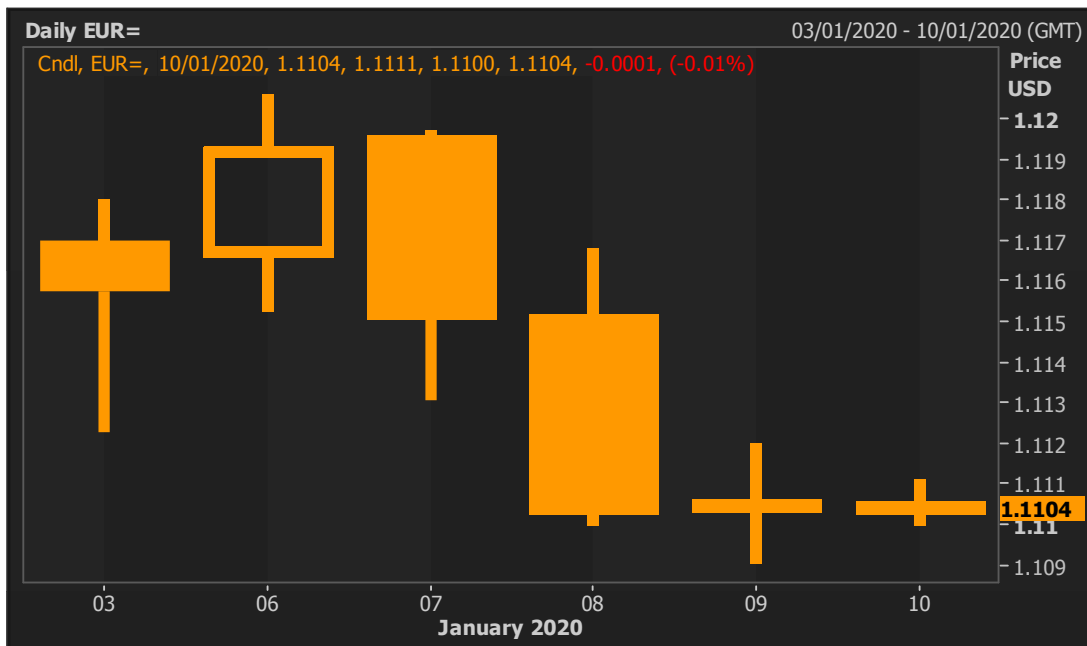
EUR

Highlight

Last week, the euro trade in a range of 1.1091 - 1.1206 USD/EUR. While the Middle East tensions and the mixed economic data were that main factors affecting the currencies sentiment.

Last week, the Euro opened on Monday (6/1) at 1.1166/68 EUR/USD, appreciated from the previous week closing level on Friday (3/1) at 1.1158/59 EUR/USD. The Euro gained on Monday after the releases of economic data from Germany and the euro area were better than expectations. Starting with Germany Retail Sales rose to 2.1% in November, higher than expected at 1% and the final Markit's Services PMI in December improved to 52.9 for Germany and 52.8 for the Eurozone that higher than expected at 52.0 and 52.4. The Euro slightly dropped on Tuesday (7/1) after Euro Core Consumer Price Index in December was unchanged at 1.3% as expected while Consumer Price Index increased to 1.3% from 1% expectation and the Euro Retail Sales rose to 1% in November, higher than expected at 0.6%. However, the Euro moved in a narrow range on Wednesday (8/1) due to German Factory Orders in November unexpectedly dropped to -1.3%, worse than expected at 0.3%, suggesting that the manufacturing sector in Europe's largest economy has not yet bottomed out and the recession still be concerned. Nevertheless, the Euro depreciated against dollar on the end of this week as tensions between the U.S and Iran have eased after President Donald Trump signaled de-escalation in conflict with Iran despite the Islamic Republic launching several attacks on U.S. forces in Iraq. This week the Euro was moved in a range of 1.1091 – 1.1206 EUR/USD and was closed on Friday at 1.1093/95 EUR/USD

Graph



Comment

Investors will be looking ahead to Italian Retail Sales on Monday (13/1), French Final CPI and Industrial Production on Wednesday (15/1), German Final CPI on Thursday (16/1), Final CPI and Final core CPI on Friday (17/1) while the development of phase-one signing ceremony is still in focus. We expect that the Euro could move in a range of 1.1085 – 1.1200 EUR/USD.

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.



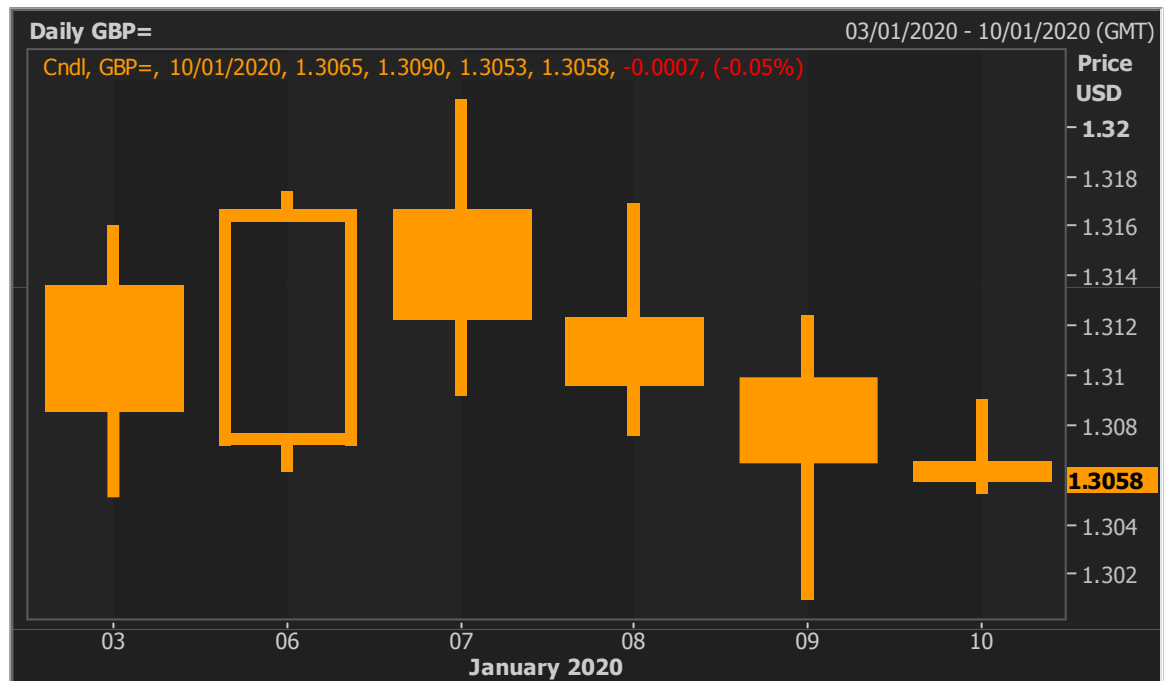
GBP

Highlight

The pound sterling traded lower throughout the week as it is moving in a range of 1.3011 – 1.3211 USD/GBP. The factors that supported the GBP movement were the comment from BoE Governor Mark Carney and the conflict between the US and Iran.

The Pound Sterling opened at 1.3073/74 USD/GBP slightly depreciated from last week's closing level at 1.3086/87 USD/GBP. The pound weakened throughout the week after the report of conflict between US and Iran which led to the higher demand for the safe haven assets such as gold and Japanese Yen. However, the tension was eased after the US signaled that there would be no further military actions. Moreover, the pound dropped against the US dollar after the comment from the Bank of England Governor Mark Carney as he signaled that the rate cut is possible if the economy is still weak. Investors now see the chance for BoE to cut its interest rate at the BoE meeting on 30th January meeting at 14% whereby there is another 50% chance that the BoE will cut rates by the middle of the year. In addition, the release of the British house price showed 1.74% increase in December, the highest level in 13 years, while the house price added 4%. The pound closed at 1.3081/83 USD/GBP last Friday.

Graph



Comment

This week, the pound could depreciate further as the US and China firmed to reach the Phase-one agreement. The market eyes on the release of UK's GDP for the last quarter of 2019, CPI and retail sales. We expect that the pound could move in the range of 1.3000 – 1.3150 USD/GBP.



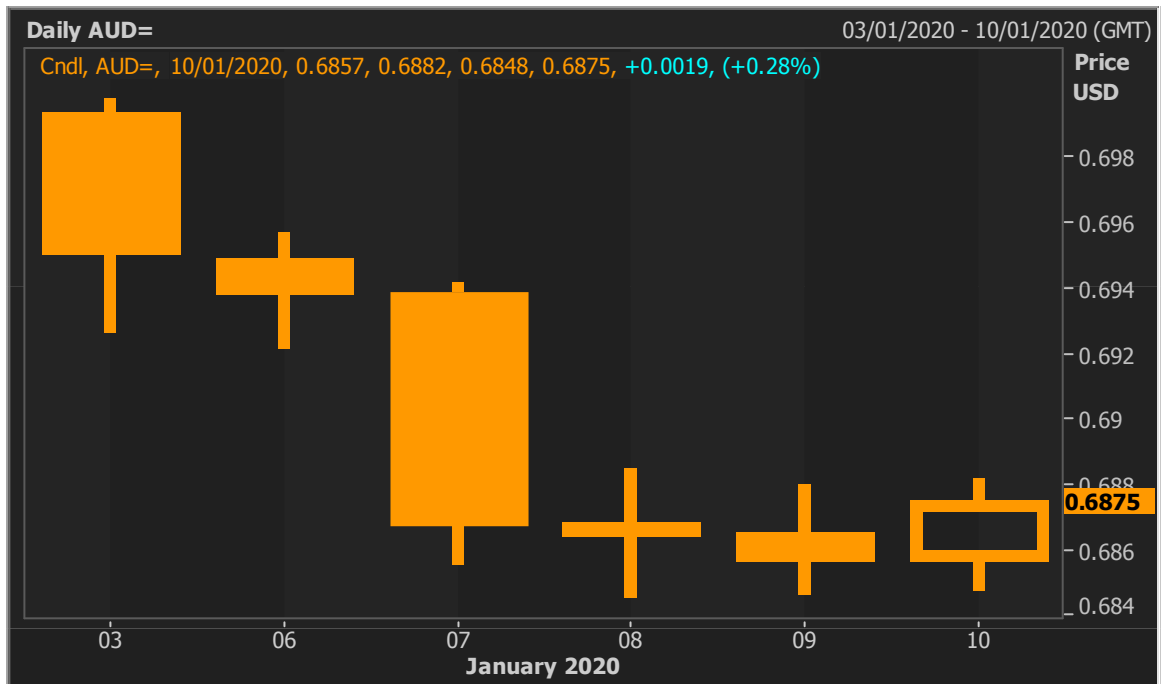
AUD

Highlight

The Aussie slumped after China's services data fell in last month of 2019.

In the previous week, the Aussie moved between 0.6840 – 0.6990 USD/AUD. The Aussie depreciated after China's services sector expanded at a slower pace in December following a strong rebound in the previous month, a private survey showed on Monday (6/1) The Caixin/Markit services purchasing managers' index (PMI) slowed to 52.5 last month from 53.5 in November. Nevertheless, AUD rebounded in the end of week as upbeat data Australia trade balance boosted 42% to \$5,800M in November due to resources exports but the weak AUD has also helped services exports. The surplus was above expectation at \$4,100M and goods exports rose 2%. Moreover, the currency strengthened following the release of a better-than-expected Australian retail sales data. Consumer spending, as represented by retail sales, grew 0.9% in November, beating the forecast for a 0.4% rise by a big margin and up from October's 0% reading. NAB's Online Retail Sales Index for November showed 'Black Friday' online retail sales rose 62% over the month, compared to the same sales event in 2019.

Graph



Comment

Important economic data includes China Trade Balance on Tuesday (14/1) and Australia New Home Sales on Friday (17/1). The Aussie is expected to edge higher. We expect the currency to range between 0.6800 – 0.7000 USD/AUD



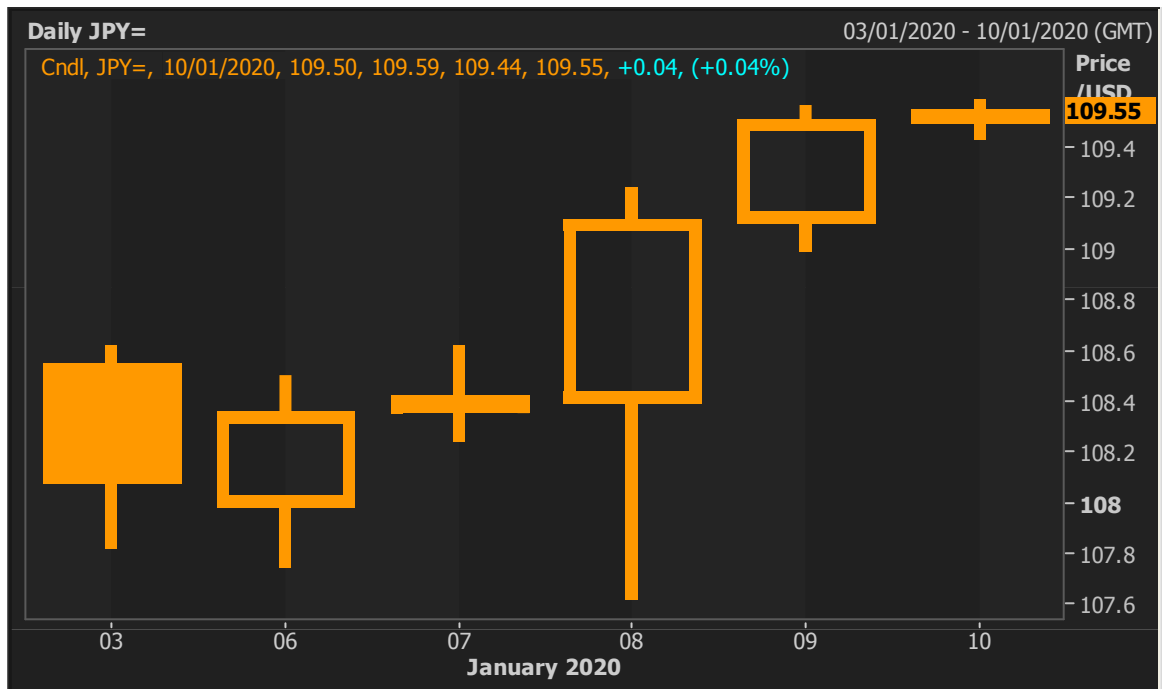
JPY

Highlight

The Yen volatiled due to the US-Iran tensions.

The Yen rocketed against dollar as the markets concerned over an escalating tensions between the U.S and Iran. On Friday (3/1), Iranian Major-General Qassem Soleimani was killed in a U.S. drone attack at Baghdad airport. President Trump warned of a "major retaliation" if Iran hit back. The growing conflict between the two countries encouraged the flight to safe asset. The Yen gave up its gain on Wednesday (8/1) when US-Iran tensions appeared to ease. President Trump said that Iran "standing down". However, President Trump also signaled other measures on the country, threatening economic sanction. Regarding economic figures, Japan Final Manufacturing PMI was reported at 48.4 which was higher than expectations. Yet, Japan Consumer Confidence was at 39.1, lower than predictions. The currency ranged between 107.63 – 109.59 USD/JPY and closed on Friday (10/1) at 109.57/59 USD/JPY

Graph



Comment

This week, Comment: This week, investors focus on a machinery order on Wednesday (15/1) and PPI on Thursday (16/1). In addition, financial institutions in Japan will be closed on Monday (13/1). We expect the Yen to move between 108.50 -110.50 USD/JPY

Lastweek

Date		Event	Survey	Actual	Prior	
06-Jan	JN	Jibun Bank Japan PMI Mfg	Dec F	--	48.4	48.8
06-Jan	GE	Retail Sales MoM	Nov	1.00%	2.10%	-1.90%
06-Jan	IT	Markit Italy Services PMI	Dec	50.9	51.1	50.4
06-Jan	IT	Markit Italy Composite PMI	Dec	49.7	49.3	49.6
06-Jan	FR	Markit France Services PMI	Dec F	52.4	52.4	52.4
06-Jan	FR	Markit France Composite PMI	Dec F	52	52	52
06-Jan	GE	Markit Germany Services PMI	Dec F	52	52.9	52
06-Jan	GE	Markit/BME Germany Composite PMI	Dec F	49.5	50.2	49.4
06-Jan	EC	Markit Eurozone Services PMI	Dec F	52.4	52.8	52.4
06-Jan	EC	Markit Eurozone Composite PMI	Dec F	50.6	50.9	50.6
06-Jan	EC	Sentix Investor Confidence	Jan	2.6	7.6	0.7
06-Jan	UK	Markit/CIPS UK Services PMI	Dec F	49.1	50	49
06-Jan	UK	Markit/CIPS UK Composite PMI	Dec F	48.5	49.3	48.5
06-Jan	EC	PPI MoM	Nov	0.10%	0.20%	0.10%
06-Jan	EC	PPI YoY	Nov	-1.50%	-1.40%	-1.90%
06-Jan	US	Markit US Services PMI	Dec F	52.2	52.8	52.2
06-Jan	US	Markit US Composite PMI	Dec F	--	52.7	52.2
07-Jan	JN	Monetary Base YoY	Dec	--	3.20%	3.30%
07-Jan	JN	Monetary Base End of period	Dec	--	¥518.2t	¥517.3t
07-Jan	JN	Jibun Bank Japan PMI Composite	Dec F	--	48.6	49.8
07-Jan	JN	Jibun Bank Japan PMI Services	Dec F	--	49.4	50.6
07-Jan	GE	Markit Germany Construction PMI	Dec	--	53.8	52.5
07-Jan	EC	Retail Sales MoM	Nov	0.70%	1.00%	-0.60%
07-Jan	EC	Retail Sales YoY	Nov	1.50%	2.20%	1.40%
07-Jan	EC	CPI MoM	Dec P	0.30%	0.30%	-0.30%
07-Jan	EC	CPI Estimate YoY	Dec	1.30%	1.30%	1.00%
07-Jan	EC	CPI Core YoY	Dec P	1.30%	1.30%	1.30%
07-Jan	US	Trade Balance	Nov	-\$43.6b	-\$43.1b	-\$47.2b
07-Jan	US	ISM Non-Manufacturing Index	Dec	54.5	55	53.9
07-Jan	US	Factory Orders	Nov	-0.80%	-0.70%	0.30%
08-Jan	JN	Consumer Confidence Index	Dec	39.5	39.1	38.7
08-Jan	FR	Consumer Confidence	Dec	104	102	106
08-Jan	FR	Trade Balance	Nov	-5071m	-5584m	-4730m
08-Jan	FR	Current Account Balance	Nov	--	0.5b	-2.4b
08-Jan	EC	Economic Confidence	Dec	101.4	101.5	101.3
08-Jan	EC	Business Climate Indicator	Dec	-0.18	-0.25	-0.23
08-Jan	EC	Industrial Confidence	Dec	-9	-9.3	-9.2
08-Jan	EC	Services Confidence	Dec	9.5	11.4	9.3
08-Jan	EC	Consumer Confidence	Dec F	--	-8.1	-8.1
08-Jan	US	ADP Employment Change	Dec	160k	202k	67k
09-Jan	US	Consumer Credit	Nov	\$16.000b	\$12.513b	\$18.908b
09-Jan	GE	Trade Balance	Nov	21.3b	18.3b	21.5b
09-Jan	GE	Current Account Balance	Nov	23.8b	24.9b	22.7b
09-Jan	GE	Exports SA MoM	Nov	-0.90%	-2.30%	1.20%
09-Jan	GE	Imports SA MoM	Nov	0.10%	-0.50%	0.00%

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.

09-Jan	GE	Industrial Production SA MoM	Nov	0.80%	1.10%	-1.70%
09-Jan	GE	Industrial Production WDA YoY	Nov	-3.70%	-2.60%	-5.30%
09-Jan	IT	Unemployment Rate	Nov P	9.70%	9.70%	9.70%
09-Jan	EC	Unemployment Rate	Nov	7.50%	7.50%	7.50%
09-Jan	US	Initial Jobless Claims	Jan- 04	220k	214k	222k
09-Jan	US	Continuing Claims	Dec- 28	1720k	1803k	1728k
10-Jan	JN	Household Spending YoY	Nov	-1.80%	-2.00%	-5.10%
10-Jan	JN	Leading Index CI	Nov P	90.9	--	91.6
10-Jan	FR	Bank of France Ind. Sentiment	Dec	97	--	97
10-Jan	FR	Industrial Production MoM	Nov	0.10%	--	0.40%
10-Jan	FR	Industrial Production YoY	Nov	0.40%	--	-0.20%
10-Jan	FR	Manufacturing Production MoM	Nov	--	--	0.50%
10-Jan	FR	Manufacturing Production YoY	Nov	0.40%	--	0.10%
10-Jan	IT	Industrial Production MoM	Nov	0.00%	--	-0.30%
10-Jan	US	Unemployment Rate	Dec	3.50%	--	3.50%
10-Jan	US	Average Hourly Earnings MoM	Dec	0.30%	--	0.20%
10-Jan	US	Average Hourly Earnings YoY	Dec	3.10%	--	3.10%
10-Jan	US	Underemployment Rate	Dec	--	--	6.90%

This week

Date		Event		Survey	Actual	Prior
13-Jan	IT	Retail Sales MoM	Nov	--	--	-0.20%
13-Jan	IT	Retail Sales YoY	Nov	--	--	1.00%
13-Jan	UK	Visible Trade Balance GBP/Mn	Nov	£11700m	--	£14486m
13-Jan	UK	Trade Balance Non EU GBP/Mn	Nov	-£3500m	--	-£5729m
13-Jan	UK	Trade Balance GBP/Mn	Nov	-£2500m	--	-£5188m
13-Jan	UK	Industrial Production MoM	Nov	0.00%	--	0.10%
13-Jan	UK	Industrial Production YoY	Nov	-1.20%	--	-1.30%
13-Jan	UK	Manufacturing Production MoM	Nov	-0.20%	--	0.20%
13-Jan	UK	Manufacturing Production YoY	Nov	-1.60%	--	-1.20%
13-Jan	UK	Construction Output MoM	Nov	0.60%	--	-2.30%
13-Jan	UK	Construction Output YoY	Nov	-1.40%	--	-2.10%
13-Jan	UK	Monthly GDP (MoM)	Nov	0.00%	--	0.00%
13-Jan	UK	Monthly GDP (3M/3M)	Nov	-0.10%	--	0.00%
14-Jan	US	Monthly Budget Statement	Dec	\$5.0b	--	-\$208.8b
14-Jan	JN	Bank Lending Incl Trusts YoY	Dec	--	--	2.10%
14-Jan	US	CPI MoM	Dec	0.20%	--	0.30%
14-Jan	US	CPI YoY	Dec	2.30%	--	2.10%
15-Jan	JN	Machine Tool Orders YoY	Dec P	--	--	-37.90%
15-Jan	FR	CPI MoM	Dec F	--	--	0.40%
15-Jan	FR	CPI YoY	Dec F	--	--	1.40%
15-Jan	GE	GDP NSA YoY	2019	0.60%	--	1.50%
15-Jan	GE	Budget Maastricht % of GDP	2019	--	--	1.70%
15-Jan	UK	CPIH YoY	Dec	--	--	1.50%
15-Jan	UK	CPI MoM	Dec	0.10%	--	0.20%
15-Jan	UK	CPI YoY	Dec	1.50%	--	1.50%
15-Jan	UK	CPI Core YoY	Dec	1.70%	--	1.70%
15-Jan	UK	Retail Price Index	Dec	--	--	291
15-Jan	UK	House Price Index YoY	Nov	--	--	0.70%
15-Jan	IT	General Government Debt	Nov	--	--	2446.8b
15-Jan	EC	Industrial Production SA MoM	Nov	0.40%	--	-0.50%
15-Jan	EC	Industrial Production WDA YoY	Nov	-1.30%	--	-2.20%
15-Jan	EC	Trade Balance SA	Nov	--	--	24.5b
15-Jan	EC	Trade Balance NSA	Nov	--	--	28.0b
15-Jan	US	PPI Final Demand MoM	Dec	0.20%	--	0.00%
15-Jan	US	PPI Final Demand YoY	Dec	1.30%	--	1.10%
15-Jan	US	Empire Manufacturing	Jan	4	--	3.5
16-Jan	US	U.S. Federal Reserve Releases Beige Book				
16-Jan	JN	Core Machine Orders MoM	Nov	3.30%	--	-6.00%
16-Jan	JN	Core Machine Orders YoY	Nov	-5.40%	--	-6.10%
16-Jan	JN	PPI MoM	Dec	0.10%	--	0.20%
16-Jan	JN	PPI YoY	Dec	0.90%	--	0.10%
16-Jan	GE	CPI YoY	Dec F	1.50%	--	1.50%
16-Jan	GE	CPI MoM	Dec F	0.50%	--	0.50%

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.

16-Jan	US	Export Price Index MoM	Dec	0.30%	--	0.20%
16-Jan	US	Export Price Index YoY	Dec	--	--	-1.30%
16-Jan	US	Import Price Index MoM	Dec	0.40%	--	0.20%
16-Jan	US	Retail Sales Advance MoM	Dec	0.30%	--	0.20%
16-Jan	US	Retail Sales Ex Auto and Gas	Dec	0.40%	--	0.00%
16-Jan	US	Retail Sales Control Group	Dec	0.30%	--	0.10%
16-Jan	US	Retail Sales Ex Auto MoM	Dec	0.50%	--	0.10%
16-Jan	US	Import Price Index YoY	Dec	--	--	-1.30%
16-Jan	US	Philadelphia Fed Business Outlook	Jan	3.4	--	0.3
16-Jan	US	Initial Jobless Claims	Jan-11	--	--	214k
16-Jan	US	Continuing Claims	Jan-04	--	--	1803k
16-Jan	US	Business Inventories	Nov	-0.10%	--	0.20%
17-Jan	US	Net Long-term TIC Flows	Nov	--	--	\$32.5b
17-Jan	US	Total Net TIC Flows	Nov	--	--	-\$48.3b
17-Jan	FR	Budget Balance YTD	Nov	--	--	-107.7b
17-Jan	EC	ECB Current Account SA	Nov	--	--	32.4b
17-Jan	IT	Current Account Balance	Nov	--	--	8600m
17-Jan	IT	Trade Balance EU	Nov	--	--	2095m
17-Jan	IT	Trade Balance Total	Nov	--	--	8057m
17-Jan	UK	Retail Sales Ex Auto Fuel MoM	Dec	-0.50%	--	-0.60%
17-Jan	UK	Retail Sales Inc Auto Fuel MoM	Dec	0.00%	--	-0.60%
17-Jan	EC	CPI YoY	Dec	1.30%	--	1.00%
17-Jan	EC	CPI MoM	Dec F	0.30%	--	0.30%
17-Jan	EC	CPI Core YoY	Dec F	1.30%	--	1.30%
17-Jan	US	Building Permits	Dec	1469k	--	1482k
17-Jan	US	Housing Starts	Dec	1380k	--	1365k
17-Jan	US	U. of Mich. Sentiment	Jan P	99.2	--	99.3
17-Jan	US	JOLTS Job Openings	Nov	7270	--	7267