

WEEKLY FOREIGN EXCHANGE OUTLOOK

16 Mar 2020 - 20 Mar 2020

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar Outlook

- Financial markets expect the U.S. Federal Reserve to cut interest rates by at least 0.5 percentage point at its policy review this week (17/3 - 18/3), in addition to its emergency rate reduction earlier this month.

Lower Bound	95.00	Upper Bound	99.50
Forecast	Depreciation		

Dollar News

- The dollar fell across the board as a sharp drop in U.S. government bond yields hurt the greenback's appeal, but found little support from the data that showed U.S. employers maintained a robust pace of hiring in February, giving the economy a strong boost as it confronts the outbreak that has stoked fears of a recession.
- U.S. President Donald Trump said on Tuesday (10/3) that he will ask Congress for a payroll tax cut and other "very major" stimulus moves, although the details remain unclear.

Dollar Index Performance

Last Week Close	95.95	Monthly High	99.91
Week Open	96.11	Monthly Low	94.65
Week Close	97.34	30 Days Average	98.18
Weekly High	98.81	90 Days Average	97.78
Weekly Low	94.65	YTD Change	+1.46%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Fed Funds Target Rate	16 Mar	16-Mar		1-1.25
Fed Int On Excess Reserves	16 Mar	16-Mar		1.10%
Retail Sales MM	Feb	17-Mar	0.2%	0.3%
Industrial Production MM	Feb	17-Mar	0.4%	-0.3%
Housing Starts Number	Feb	18-Mar	1.500M	1.567M
Fed Funds Target Rate	18 Mar	19-Mar	0.875%	
Fed Int On Excess Reserves	18 Mar	19-Mar		
Initial Jobless Claims	14 Mar, w/	19-Mar	218k	211k
Philly Fed Business Indx	Mar	19-Mar	10.0	36.7
Existing Home Sales	Feb	20-Mar	5.50M	5.46M

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Thai Baht
Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- Thailand cancelled the grant of visa on arrival for 18 countries and visa exemption for three others to contain the spread of the coronavirus. The 18 places include Bulgaria, Bhutan, China (including Taiwan), Cyprus, Ethiopia, Fiji, Georgia, India, Kazakhstan, Malta, Mexico, Nauru, Papua New Guinea, Romania, Russia, Saudi Arabia, Uzbekistan, and Vanuatu. Meanwhile, Visa exemption will be cancelled for South Korea, Italy and Hong Kong.
- Some analysts comment that the Covid-19 crisis will cost Thai tourism THB 278 billion in lost revenue this year and the number of foreign visitors to Bangkok would likely drop by three million in the first half of 2020, and to Phuket and Chiang Mai by one million each.

Lower Bound	31.50	Upper Bound	32.20
Forecast	Depreciation		

Thai Baht News

- The baht was under pressure similar to other regional currencies, as investors were worried about the impact of Covid-19 on the economy.
- The Tourism Authority of Thailand (TAT) reported that the number of tourist arrivals in Thailand fell 44.3% in February from a year earlier, due to the coronavirus epidemic. As the visitors from China, Thailand's biggest source of tourists, tumbled 85.3%
- Thailand's stock index (SET) extremely tumbled as deepen concerns over COVID-19 cases in the country that led THB depreciated through the level of 32.00 THB/USD on Friday (13/3) before rebounded back.

Thai Baht Performance

Last Week Close	31.41 THB/USD	Monthly High	32.09 THB/USD
Week Open	31.40 THB/USD	Monthly Low	31.27 THB/USD
Week Close	31.75 THB/USD	30 Days Average	31.41 THB/USD
Weekly High	32.10 THB/USD	90 Days Average	30.67 THB/USD
Weekly Low	31.35 THB/USD	YTD Change	+7.15%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
Forex Reserves	9 Mar, w/€	20-Mar		236.3B
Currency Swaps	9 Mar, w/€	20-Mar		31.8B
Custom-Based Export Data	Feb	23-Mar		3.35%
Custom-Based Import Data	Feb	23-Mar		-7.86%
Customs-Based Trade Data	Feb	23-Mar		-1.56B

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Euro
Euro Graph


Source: Thomson Reuters

Euro Outlook

- Investors still expect contraction in Eurozone's economy by forecasting German ZEW Economic Sentiment Index would drop to -23.4 in March from 8.7 in the previous month.
- Markets also expect no growth in Eurozone GDP at the level of 1.2% YoY in February.
- The COVID-19 pandemic still hurts Eurozone as well as in other regions.

Lower Bound	1.1000	Upper Bound	1.1300
Forecast	Neutral		

Euro News

- The Euro gained as the greenback sharply fell at the beginning of last week before gradually slumped as severity of COVID-19 cases have been increasing across the region.
- Italy ordered a lockdown of large parts of the north of the country, including the financial capital Milan.
- President Donald Trump announced to ban the journey between the States and Europe except the UK.
- The European Central Bank (ECB) maintained its benchmark rate at the record low while signaling downward growth over the virus crisis.
- Eurozone Gross Domestic Product (GDP) rose by just 0.1 percent in Q4/2019, in line with its flash estimate published last month.

Euro Index Performance

Last Week Close	1.1285 USD/EUR	Monthly High	1.1492 USD/EUR
Week Open	1.1291 USD/EUR	Monthly Low	1.1003 USD/EUR
Week Close	1.1105 USD/EUR	30 Days Average	1.1026 USD/EUR
Weekly High	1.1492 USD/EUR	90 Days Average	1.1064 USD/EUR
Weekly Low	1.1053 USD/EUR	YTD Change	-0.16%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
CPI (EU Norm) Final MM	Feb	16-Mar	-0.4%	-0.4%
CPI (EU Norm) Final YY	Feb	16-Mar	0.3%	0.3%
Reserve Assets Total	Feb	16-Mar		846.82B
ZEW Economic Sentiment	Mar	17-Mar	-29.0	8.7
ZEW Current Conditions	Mar	17-Mar	-30.0	-15.7
HICP Final MM	Feb	18-Mar	0.2%	-1.0%
HICP Final YY	Feb	18-Mar	1.2%	1.2%
Consumer Confid. Flash	Mar	23-Mar		-6.6

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Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- Investors focus on UK job data about employments and wages on Tuesday (17/3).
- Markets still concern over COVID-19 situation as the number of infected cases and death tolls rise rapidly across the nation.

Lower Bound	1.2100	Upper Bound	1.2700
Forecast	Neutral		

Pound Sterling News

- The Pound Sterling fell against the euro on Wednesday (11/3) but stayed steady against the dollar after the Bank of England (BOE) cut interest rates by 50 basis points to 0.25% and announced a raft of other measures to bolster Britain's economy against disruption caused by the coronavirus outbreak.
- UK Q4 GDP expanded only 0.6% YoY, dropped from earlier estimate at 1.2%.
- Number of COVID-19 cases in the UK have still been arising as other parts of Europe. It reached to almost 800 as of Friday 13 March.

Pound Sterling Performance

Last Week Close	1.3047 USD/GBP	Monthly High	1.3199 USD/GBP
Week Open	1.3045 USD/GBP	Monthly Low	1.2255 USD/GBP
Week Close	1.2276 USD/GBP	30 Days Average	1.2896 USD/GBP
Weekly High	1.3199 USD/GBP	90 Days Average	1.2993 USD/GBP
Weekly Low	1.2265 USD/GBP	YTD Change	-7.48%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Feb	17-Mar		5.5k
ILO Unemployment Rate	Jan	17-Mar	3.8%	3.8%
Employment Change	Jan	17-Mar	148k	180k
Avg Wk Earnings 3M YY	Jan	17-Mar	3.0%	2.9%
Avg Earnings (Ex-Bonus)	Jan	17-Mar	3.2%	3.2%
PSNB Ex Banks GBP	Feb	20-Mar	0.900B	-9.813B
PSNB, GBP	Feb	20-Mar		-10.538B
PSNCR, GBP	Feb	20-Mar		-18.754B

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 **Australian Dollar**

Australian Dollar Graph



Source: Thomson Reuters

Australian Dollar Outlook

- The Australian dollar has been under pressure since mid-January as more coronavirus cases emerged in China, Australia's No.1 trading partner.
- In addition, economists are widely expecting another rate cut 0.25% from the Reserve Bank of Australia (RBA) in April followed by unconventional monetary policy.
- The country's government will soon announce fiscal stimulus measures to boost economic growth.

Lower Bound	0.6050	Upper Bound	0.6350
Forecast	Depreciation		

Australian Dollar News

- The Australian dollar which is commodity-linked currency touched 11-year lows as a slump in oil prices, coupled with coronavirus fears. It drove investors to the safer assets like bonds, and hammered the yields to unseen levels.
- The oil prices collapsed 30% after Saudi Arabia stunned markets with a pledge to slash prices and boost production due to failure on an OPEC supply agreement in the meeting week before.
- Australia consumer confidence fell 4.2% last week.

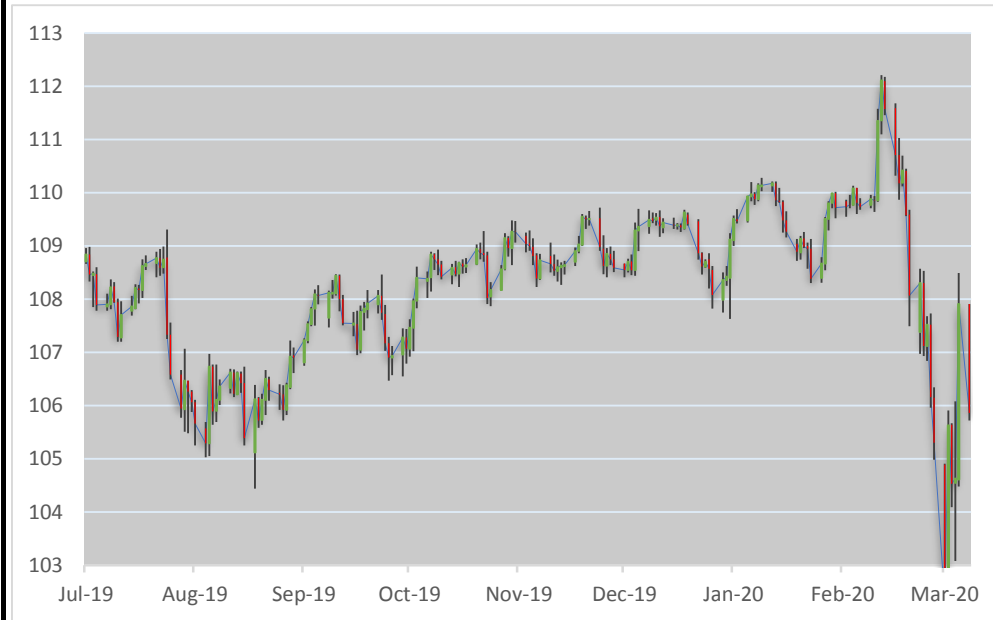
Australian Dollar Performance

Last Week Close	0.6651 USD/AUD	Monthly High	0.6685 USD/AUD
Week Open	0.6613 USD/AUD	Monthly Low	0.6097 USD/AUD
Week Close	0.6182 USD/AUD	30 Days Average	0.6909 USD/AUD
Weekly High	0.6685 USD/AUD	90 Days Average	0.6841 USD/AUD
Weekly Low	0.6120 USD/AUD	YTD Change	-12.14%

Australian Dollar Economic Events

Events	Period	Date	Forecast	Previous
Home Price Index	Q4	17-Mar	3.9%	2.4%
Employment	Feb	19-Mar	10.0k	13.5k
Full Time Employment	Feb	19-Mar		46.2k
Participation Rate	Feb	19-Mar	66.1%	66.1%
Unemployment Rate	Feb	19-Mar	5.3%	5.3%

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Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- Bank of Japan Governor Haruhiko Kuroda said the central bank was ready to act "without hesitation" if market volatility blamed on the coronavirus outbreak undermines the economy, signaling his readiness to expand stimulus as early as next week.
- The remarks suggest market developments and their impact on corporate sentiment will be key to what steps the BOJ will take at its policy-setting meeting on March 18-19.
- Japan's economy contracted at a dismal 7.1% annual rate in Q4/2019, worse than the initial estimate of a 6.3% decline, raising fears that the world's third largest economy could be headed to a recession doubled by COVID-19 issue that began on Q1/2020. ☒

Lower Bound 104.00 Upper Bound 109.00
Forecast Appreciation
Japanese Yen News

- The safe-haven yen jumped more than 3% as the widening reach of the coronavirus sent investors scrambling for safety, while oil-exposed currencies plunged after Saudi Arabia slashed its selling price.
- The number of people infected with the coronavirus exceeds 140,000 across the world and approximately 5,400 people have died, as the outbreak caused more economic disruption.
- The virus outbreak treated Japan's economy by dumped exports and imports in January as much as 4.8% and 3.9% YoY.

Japanese Yen Performance

Last Week Close	105.30 JPY/USD	Monthly High	108.57 JPY/USD
Week Open	104.89 JPY/USD	Monthly Low	101.20 JPY/USD
Week Close	107.91 JPY/USD	30 Days Average	108.80 JPY/USD
Weekly High	108.49 JPY/USD	90 Days Average	107.69 JPY/USD
Weekly Low	101.17 JPY/USD	YTD Change	-2.73%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
Machinery Orders MM	Jan	16-Mar	-1.6%	-12.5%
Machinery Orders YY	Jan	16-Mar	-0.5%	-3.5%
Exports YY	Feb	18-Mar	-4.3%	-2.6%
Imports YY	Feb	18-Mar	-14.4%	-3.6%
Trade Balance Total Yen	Feb	18-Mar	917.2B	-1,312.6B
CPI, Core Nationwide YY	Feb	19-Mar	0.6%	0.8%
CPI, Overall Nationwide	Feb	19-Mar		0.7%
JP BOJ Rate Decision	19 Mar	19-Mar	-0.10%	-0.10%

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