

**WEEKLY FOREIGN EXCHANGE OUTLOOK**

**11 May 2020 - 15 May 2020**



**Dollar Index Graph**



Source: Thomson Reuters

**Dollar News**

- The dollar was volatile last week. In the beginning, the currency was in high demand thanks to the reports on US business reopening. Several states such as Georgia, South Carolina, Tennessee and Texas have prepared for reopening plans which include nonessential retailers.
- In addition, Pfizer and the German pharmaceutical company BioNTech were working on human trials of vaccine for Covid-19 in the United States. The vaccine could be ready by September 2020 if the tests are successful.
- However, the dollar index edged lower as it was pressured by disappointing labor reports. The effects of Covid-19 sent the US. unemployment to as high as 14.7% in April, while the Nonfarm payrolls shrink by 20.5 million. Yet, it was better than market's expectations.

**Dollar Index Performance**

<b>Last Week Close</b>	<b>99.08</b>	<b>Monthly High</b>	<b>100.93</b>
<b>Week Open</b>	<b>98.57</b>	<b>Monthly Low</b>	<b>98.57</b>
<b>Week Close</b>	<b>99.10</b>	<b>30 Days Average</b>	<b>99.82</b>
<b>Weekly High</b>	<b>100.40</b>	<b>90 Days Average</b>	<b>98.86</b>
<b>Weekly Low</b>	<b>98.57</b>	<b>YTD Change</b>	<b>#NAME?</b>

**Dollar Outlook**

- Despite hopes for potential vaccines for Covid-19, the US is still under several uncertainties. the number of infected people continuously rises and the latest job reports are worst. Therefore, the further depreciation of the dollar is foreseeable.
- This week, investors focus on US inflation. CPI and PPI will be reported on Tuesday (12/5) and Wednesday (13/5) respectively. On Friday (15/5), retail sales and consumer sentiment are on the calendar.

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
CPI MM, SA	Apr	12-May	-0.7%	-0.4%
Initial Jobless Claims	9 May, w/€	14-May	2,500k	3,169k
Retail Sales MM	Apr	15-May	-11.6%	-8.7%
Industrial Production MM	Apr	15-May	-11.5%	-5.4%
U Mich Sentiment Prelim	May	15-May	68.5	71.8

<b>Lower Bound</b>	<b>98.92</b>	<b>Upper Bound</b>	<b>100.66</b>
<b>Forecast</b>	<b>Neutral</b>		

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**Thai Baht Graph**


Source: Thomson Reuters

**Thai Baht Outlook**

- Thai financial calendar is not busy this week. Although, investors should keep close eyes on the movement of the dollar. It is possible that the baht remains appreciated as investors relief over the lower number of infected cases and deaths from Covid-19 and the weakness of the dollar may send the baht to even lower.

<b>Lower Bound</b>	<b>32.00</b>	<b>Upper Bound</b>	<b>32.60</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Thai Baht News**

- Last week, the Baht fluctuated in an appreciating trend. The dollar gave up its gains from disappointing job data. The baht was also driven by the lockdown easing in Thailand. In fact, the number of death and new infected people were in control.
- However, on Tuesday (5/5), Thailand's consumer price index (CPI) fell 2.99% in April(YoY) which was the largest decline in more than 10 years
- Later on Thursday (7/5), a group of leading business associations revised down Thailand's GDP to -3% to -5% from 1.5% to 2.0% projected in March due to deadly decrease in global demand and domestic activities.

**Thai Baht Performance**

<b>Last Week Close</b>	<b>#N/A</b> THB/USD	<b>Monthly High</b>	<b>#NAME?</b> THB/USD
<b>Week Open</b>	<b>#N/A</b> THB/USD	<b>Monthly Low</b>	<b>#NAME?</b> THB/USD
<b>Week Close</b>	<b>32.24</b> THB/USD	<b>30 Days Average</b>	<b>32.59</b> THB/USD
<b>Weekly High</b>	<b>32.47</b> THB/USD	<b>90 Days Average</b>	<b>31.61</b> THB/USD
<b>Weekly Low</b>	<b>32.20</b> THB/USD	<b>YTD Change</b>	<b>#NAME?</b>

**Thai Baht Economic Events**

Events	Period	Date	Forecast	Previous
GDP Growth YY	Q1	18-May		1.6%
GDP Growth QQ SA	Q1	18-May		0.2%

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**Euro**
**Euro Graph**


Source: Thomson Reuters

**Euro Outlook**

- We expect the euro to keep depreciating this week because of the uncertainty of the ECB's bond buying program.
- Still, investors are focusing on important economic data including eurozone's industrial production and German's final CPI on Wednesday (13/5) and eurozone's flash GDP on Friday (15/5)

<b>Lower Bound</b>	<b>1.0750</b>	<b>Upper Bound</b>	<b>1.0974</b>
<b>Forecast</b>	<b>Neutral</b>		

**Euro News**

- The euro traded lower in the previous week after the economic reports on Eurozone were worse than expectations. The manufacturing PMI (Apr) was lower to 33.4 and the PPI (YoY) was -2.8%. Moreover, the retail sales (MoM) dropped by 11.4%, which was more than the forecasts.
- Apart from those disappointing data, the currency was pressured by the verdicts of Germany's Constitutional Court on Tuesday (5/5). The German highest court gave the ECB 3 months to fix flaws on its bond buying program or Germany's Bundesbank will be barred from participating.

**Euro Index Performance**

<b>Last Week Close</b>	<b>1.0983</b> USD/EUR	<b>Monthly High</b>	<b>#NAME?</b> USD/EUR
<b>Week Open</b>	<b>1.0980</b> USD/EUR	<b>Monthly Low</b>	<b>#NAME?</b> USD/EUR
<b>Week Close</b>	<b>1.0840</b> USD/EUR	<b>30 Days Average</b>	<b>1.0884</b> USD/EUR
<b>Weekly High</b>	<b>1.0980</b> USD/EUR	<b>90 Days Average</b>	<b>1.0970</b> USD/EUR
<b>Weekly Low</b>	<b>1.0765</b> USD/EUR	<b>YTD Change</b>	<b>#NAME?</b>

**Dollar Index Economic Events**

Events	Period	Date	Forecast	Previous
HICP Final YY	Apr	14-May	0.8%	0.8%
GDP Flash QQ SA	Q1	15-May	-2.1%	0.0%
GDP Flash YY NSA	Q1	15-May	-1.6%	0.3%
CPI (EU Norm) Final MM	Apr	15-May	0.1%	0.1%
CPI (EU Norm) Final YY	Apr	15-May	0.5%	0.5%
CPI (EU Norm) Final MM	Apr	15-May	0.5%	0.5%
CPI (EU Norm) Final YY	Apr	15-May	0.1%	0.1%
GDP Flash Estimate QQ	Q1	15-May	-3.8%	-3.8%
GDP Flash Estimate YY	Q1	15-May	-3.3%	-3.3%

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**Pound Sterling**
**Pound Sterling Graph**


Source: Thomson Reuters

**Pound Sterling Outlook**

- As Mr. Boris Johnson announced easing of Covid-19 restrictions this morning (11/5), the pound would continue its appreciation. This week, investors put spotlights on preliminary GDP, manufacturing production and industrial production on Wednesday (13/3).

<b>Lower Bound</b>	<b>1.2269</b>	<b>Upper Bound</b>	<b>1.2598</b>
<b>Forecast</b>	<b>Neutral</b>		

**Pound Sterling News**

- Last week, the pound was quite volatile. In the beginning, the currency advanced as it was supported by the better-than-expected services PMI, shown at 13.4.
- However, on Thursday (7/5), the pound lost its ground after the comments from the Bank of England. The bank warned the sharpest recession of the British economy, shrink by 14% this year. This could be the biggest annual contraction since 1706. Yet, a swift change in 2021 was in high hopes.
- The currency reversed on Friday (8/5) as the dollar turned depreciated.

**Pound Sterling Performance**

<b>Last Week Close</b>	<b>1.2502</b> USD/GBP	<b>Monthly High</b>	<b>#NAME?</b> USD/GBP
<b>Week Open</b>	<b>1.2497</b> USD/GBP	<b>Monthly Low</b>	<b>#NAME?</b> USD/GBP
<b>Week Close</b>	<b>1.2407</b> USD/GBP	<b>30 Days Average</b>	<b>1.2414</b> USD/GBP
<b>Weekly High</b>	<b>1.2502</b> USD/GBP	<b>90 Days Average</b>	<b>1.2661</b> USD/GBP
<b>Weekly Low</b>	<b>1.2264</b> USD/GBP	<b>YTD Change</b>	<b>#NAME?</b>

**Pound Sterling Economic Events**

Events	Period	Date	Forecast	Previous
GDP Est 3M/3M	Mar	13-May	-2.3%	0.1%
GDP Estimate MM	Mar	13-May	-7.5%	-0.1%
GDP Estimate YY	Mar	13-May	-6.6%	0.3%
Manufacturing Output MM	Mar	13-May	-5.7%	0.5%
GDP Prelim QQ	Q1	13-May	-2.5%	0.0%
GDP Prelim YY	Q1	13-May	-2.1%	1.1%

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 **Australian Dollar**

**Australian Dollar Graph**



Source: Thomson Reuters

**Australian Dollar Outlook**

- Investors are looking forward to important economic reports, including Westpac economic sentiment on Wednesday (13/5), unemployment rate and employment change on Thursday (14/5).
- The aussie is likely to rise further if the markets are still risk-on. Apart from Australia's economic data, investors should also keep eyes on the those from US markets.

<b>Lower Bound</b>	<b>0.6259</b>	<b>Upper Bound</b>	<b>0.6582</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Australian Dollar News**

- Last week, the Reserve Bank of Australia's (RBA) meeting was in focus. On Tuesday (5/5), the RBA held interest rates at record lows of 0.25% and recommitted as much government debt as needed. The Australia's GDP was expected to be hit by 10%, while the unemployment rate into double-digits. However, the result barely moved the aussie.
- On Friday (8/5), markets were in a risk-on mood after the release of US nonfarm payrolls. The aussie surged to its new monthly high at 0.6531.

**Australian Dollar Performance**

<b>Last Week Close</b>	<b>0.6418</b> USD/AUD	<b>Monthly High</b>	<b>#NAME?</b> USD/AUD
<b>Week Open</b>	<b>0.6420</b> USD/AUD	<b>Monthly Low</b>	<b>#NAME?</b> USD/AUD
<b>Week Close</b>	<b>0.6529</b> USD/AUD	<b>30 Days Average</b>	<b>0.6545</b> USD/AUD
<b>Weekly High</b>	<b>0.6547</b> USD/AUD	<b>90 Days Average</b>	<b>0.6748</b> USD/AUD
<b>Weekly Low</b>	<b>0.6370</b> USD/AUD	<b>YTD Change</b>	<b>#NAME?</b>

**Australian Dollar Economic Events**

Events	Period	Date	Forecast	Previous
Wage Price Index QQ	Q1	13-May	0.5%	0.5%
Wage Price Index YY	Q1	13-May	2.1%	2.2%
Employment	Apr	14-May	-575.0k	5.9k
Unemployment Rate	Apr	14-May	8.3%	5.2%

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**Japanese Yen**
**Japanese Yen Graph**


Source: Thomson Reuters

**Japanese Yen Outlook**

- The currency is predicted to be traded higher as Japan's economy remains weak. However, it is important to keep eyes on the dollar's movement since there are several economic data to be released.
- Japan's economic calendar is not busy this week. Investors are focusing on Japan's current account on Wednesday (13/5), machine tools order on Thursday (14/5) and PPI on Friday (15/5).

<b>Lower Bound</b>	<b>106.11</b>	<b>Upper Bound</b>	<b>108.12</b>
<b>Forecast</b>	<b>Appreciation</b>		

**Japanese Yen News**

- The yen fluctuated in last week's trading session. The currency remained above 106.50 in the beginning of the week. However, the yen went lower on Wednesday (6/5) after the decline in ADP's nonfarm payrolls.
- The currency depreciated on Thursday (7/5) as the report indicated that the Bank of Japan's holdings of commercial paper bounced nearly 30% in April. This highlighted an attempt of the BOJ in the market intervention, aimed to ease funding strains for companies hit by the coronavirus pandemic.
- The yen advanced again on Friday (8/5) following the US nonfarm payrolls release which was better than the forecasts.

**Japanese Yen Performance**

<b>Last Week Close</b>	<b>106.93</b> JPY/USD	<b>Monthly High</b>	<b>#NAME?</b> JPY/USD
<b>Week Open</b>	<b>106.81</b> JPY/USD	<b>Monthly Low</b>	<b>#NAME?</b> JPY/USD
<b>Week Close</b>	<b>106.65</b> JPY/USD	<b>30 Days Average</b>	<b>109.34</b> JPY/USD
<b>Weekly High</b>	<b>107.06</b> JPY/USD	<b>90 Days Average</b>	<b>108.75</b> JPY/USD
<b>Weekly Low</b>	<b>105.97</b> JPY/USD	<b>YTD Change</b>	<b>#NAME?</b>

**Japanese Yen Economic Events**

Events	Period	Date	Forecast	Previous
Current Account NSA JPY	Mar	13-May	2,210.6B	3,168.8B
Corp Goods Price MM	Apr	15-May	-0.9%	-0.9%
Corp Goods Price YY	Apr	15-May	-1.6%	-0.4%
GDP QQ	Q1	18-May	-1.2%	-1.8%
GDP QQ Annualised	Q1	18-May	-4.6%	-7.1%
GDP QQ Pvt Consmp Prelim	Q1	18-May	-1.6%	-2.8%
GDP QQ Capital Expend.	Q1	18-May	-1.5%	-4.6%
GDP QQ External Demand	Q1	18-May	0.0%	0.5%

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