


WEEKLY FOREIGN EXCHANGE OUTLOOK

18 May 2020 - 22 May 2020

 **Dollar Index**

Dollar Index Graph



Source: Thomson Reuters

Dollar News

- At the beginning of last week, the dollar rose against most of its major currencies by rising U.S. bond yields and increasing safe-haven demand amid growing fears about a second wave of coronavirus infections, which sent riskier currencies lower.
- Moreover, the dollar was supported after Federal Reserve Chair Jerome Powell rejected the idea of using negative interest rates as a stimulative tool, even as he sounded a gloomy note about economic growth.
- However, the dollar fell after data showed U.S. consumer prices dropped 0.8% in April, the largest decline since December 2008 when the economy was in the throes of a recession and marking the second straight monthly decrease in the CPI.

Dollar Index Performance

Last Week Close	99.73	Monthly High	100.87
Week Open	99.12	Monthly Low	98.57
Week Close	100.08	30 Days Average	99.85
Weekly High	100.56	90 Days Average	99.03
Weekly Low	99.12	YTD Change	+4.04%

Dollar Outlook

- While the dollar has benefited from safe-haven flows amid the market turmoil, the outlook remains divided, with hedge funds holding their short bets on the currency while institutional investors remain bullish.
- Investors had mixed risk expectations, with an eye on warnings of a second wave of COVID-19 infections as more countries eased lockdown restrictions.
- Market concerns of re-opening the economy too quickly resulting in another wave of the virus should continue to keep investors cautious.
- Trade Tension Between U.S. and China still in focus.

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
Housing Starts Number	Apr	19-May	0.950M	1.216M
Initial Jobless Claims	16 May, w,	21-May	2,425k	2,981k
Philly Fed Business Indx	May	21-May	-45.0	-56.6
Markit Comp Flash PMI	May	21-May		27.0
Markit Mfg PMI Flash	May	21-May	37.8	36.1
Markit Svcs PMI Flash	May	21-May	30.0	26.7
Existing Home Sales	Apr	21-May	4.30M	5.27M

Lower Bound	99.13	Upper Bound	100.82
Forecast	Neutral		

WEEKLY FOREIGN EXCHANGE OUTLOOK
18 May 2020 - 22 May 2020

Thai Baht Graph


Source: Thomson Reuters

Thai Baht Outlook

- This week, we expect the Baht will move fluctuatedly between 31.90 – 32.30 THB/USD. There are more economic data in focus such as Thailand GDP Q1/2020 on Monday (18/5) and Bank of Thailand Monetary Policy Meeting on Wednesday (20/5). To be released on Monday (18/5), more analysts forecast Thailand GDP Q1 will drop 5.5%.
- Moreover, about 50% chance the Bank of Thailand will hold its interest rate steady at 0.75% and another 50% forecast the BOT will cut its interest rate to 0.5%. The market still concerns over re-open some business.
- It is possible that the baht remains appreciated as investors relief over the lower number of infected cases and deaths from Covid-19.

Lower Bound	32.00	Upper Bound	32.60
Forecast	Appreciation		

Thai Baht News

- Last week, the Baht traded in an appreciating trend driven by the lockdown easing in Thailand. In fact, the number of deaths and new infected people were in control.
- Moreover, the Baht was supported by capital inflow as the investors more confident in Thailand Economic.
- Thailand allowed shopping malls to reopen from Sunday (17/5) in the latest leg of an economic restart after coronavirus cases dwindled.
- Shopping malls will have to close at 8 p.m., while cinemas and gyms must remain shut as part of ongoing efforts to restrain the pathogen

Thai Baht Performance

Last Week Close	32.24 THB/USD	Monthly High	32.57 THB/USD
Week Open	32.21 THB/USD	Monthly Low	32.02 THB/USD
Week Close	32.05 THB/USD	30 Days Average	32.49 THB/USD
Weekly High	32.24 THB/USD	90 Days Average	31.72 THB/USD
Weekly Low	32.00 THB/USD	YTD Change	+6.98%

Thai Baht Economic Events

Events	Period	Date	Forecast	Previous
1-Day Repo Rate	20 May	20-May		0.75%
Custom-Based Export Data	Apr	22-May		4.17%
Custom-Based Import Data	Apr	22-May		7.25%
Customs-Based Trade Data	Apr	22-May		1.59B
Forex Reserves	11-May	22-May		234.6B
Currency Swaps	11-May	22-May		29.3B

WEEKLY FOREIGN EXCHANGE OUTLOOK

18 May 2020 - 22 May 2020



Euro

Euro Graph



Source: Thomson Reuters

Euro Outlook

- The investors growing fears about a second wave of coronavirus infections, which sent riskier currencies lower.
- 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 French Flash Services PMI and Germany Flash Manufacturing and Services on Friday (22/5)

Lower Bound	1.0742	Upper Bound	1.0943
Forecast	Neutral		

Euro News

- The Euro traded lower in the previous week after Germany reported that new coronavirus infections were accelerating exponentially after early steps to ease its lockdown.
- The Euro was pressured due to the U.S. dollar gained after Federal Reserve Chair Jerome Powell rejected the idea of using negative interest rates as a stimulative tool.
- The economic reports on Eurozone were worse than expectations. Germany GDP Q1/2020 dropped by 2.2% caused by the coronavirus crisis. Moreover, the Eurozone GDP down by 3.8% and employment down by 0.2%.

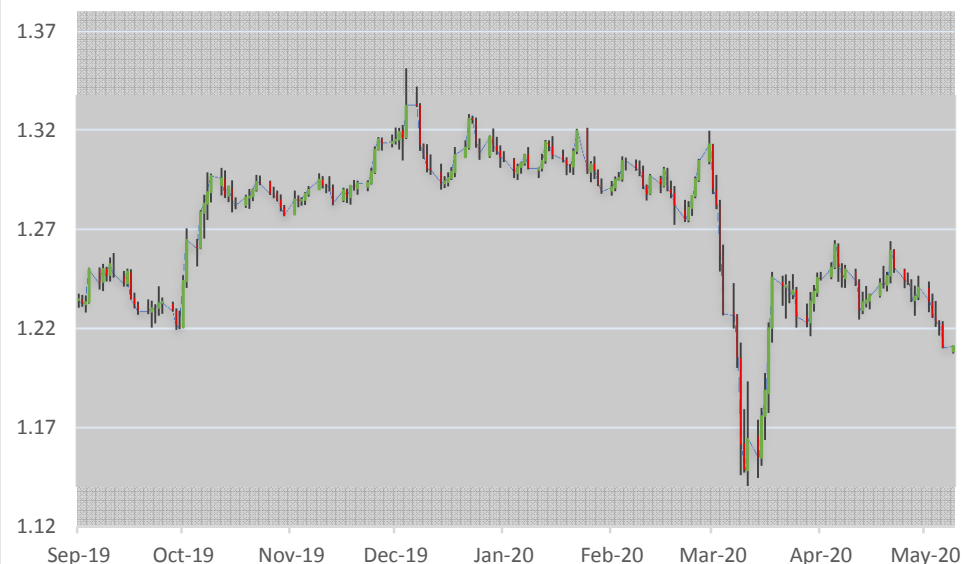
Euro Index Performance

Last Week Close	1.0840 USD/EUR	Monthly High	1.1017 USD/EUR
Week Open	1.0836 USD/EUR	Monthly Low	1.0767 USD/EUR
Week Close	1.0815 USD/EUR	30 Days Average	1.0871 USD/EUR
Weekly High	1.0895 USD/EUR	90 Days Average	1.0953 USD/EUR
Weekly Low	1.0773 USD/EUR	YTD Change	-3.43%

Dollar Index Economic Events

Events	Period	Date	Forecast	Previous
ZEW Economic Sentiment	May	19-May	33.5	28.2
Consumer Confid. Flash	May	20-May	-23.4	-22.7
Markit Mfg Flash PMI	May	22-May	36.0	31.5
Markit Serv Flash PMI	May	22-May	30.0	10.2
Markit Mfg Flash PMI	May	22-May	40.0	34.5
Markit Service Flash PMI	May	22-May	26.0	16.2
Markit Comp Flash PMI	May	22-May	36.0	17.4
Markit Mfg Flash PMI	May	22-May	38.0	33.4
Markit Serv Flash PMI	May	22-May	25.0	12.0

WEEKLY FOREIGN EXCHANGE OUTLOOK
18 May 2020 - 22 May 2020

Pound Sterling
Pound Sterling Graph


Source: Thomson Reuters

Pound Sterling Outlook

- UK GDP for April is likely to show an even bigger fall because the entire month was spent under lockdown by British companies and consumers.
- The Bank of England forecast Britain's economy could be heading for its sharpest annual slump in GDP in more than 300 years, saying a 14 percent fall was possible, followed potentially be 15 percent rise in 2021
- The Pound sterling will under pressure after the British government reiterated its refusal to extend the Brexit transition deadline beyond December.

Lower Bound	1.2111	Upper Bound	1.2588
Forecast	Neutral		

Pound Sterling News

- At the beginning of last week, the pound sterling was little changed against the dollar after British Prime Minister Boris Johnson outlined plans to slowly ease coronavirus lockdown restrictions.
- However, on Wednesday (13/5), the pound sterling fell against the U.S. dollar after Britain's economy first quarter dropped by 2.0 percent from the last three months of 2019 as the coronavirus crisis escalated and the government ordered a shutdown of much of the country to stop the spread of the virus.
- The Pound sterling tumbled below the \$1.22 line for the first time in more than five weeks.
- The Bank of England isn't currently considering lowering interest rates below zero.

Pound Sterling Performance

Last Week Close	1.2407 USD/GBP	Monthly High	1.2580 USD/GBP
Week Open	1.2405 USD/GBP	Monthly Low	1.2077 USD/GBP
Week Close	1.2104 USD/GBP	30 Days Average	1.2390 USD/GBP
Weekly High	1.2437 USD/GBP	90 Days Average	1.2612 USD/GBP
Weekly Low	1.2099 USD/GBP	YTD Change	-8.67%

Pound Sterling Economic Events

Events	Period	Date	Forecast	Previous
Claimant Count Unem Chng	Apr	19-May	150.0k	12.1k
ILO Unemployment Rate	Mar	19-May	4.4%	4.0%
CPI YY	Apr	20-May	0.8%	1.5%
Flash Composite PMI	May	21-May	25.0	13.8
Flash Manufacturing PMI	May	21-May	35.0	32.6
Flash Services PMI	May	21-May	24.0	13.4
Retail Sales MM	Apr	22-May	-16.5%	-5.1%
Retail Sales YY	Apr	22-May	-22.2%	-5.8%

WEEKLY FOREIGN EXCHANGE OUTLOOK

18 May 2020 - 22 May 2020

 **Australian Dollar**

Australian Dollar Graph

Australian Dollar News



Source: Thomson Reuters

- Similar to other currencies, the Australian dollar fell due to the dollar's appreciation. Also, investors had mixed risk expectations, with an eye on warnings of a second wave of COVID-19 infections as more countries eased lockdown restrictions.
- While Chinese restrictions on Australian beef exports added a frisson of trade friction.
- Moreover, the Australian dollar slipped on Thursday (14/5) after data showed the largest-ever drop in jobs in April as much of the economy was locked down to tackle the coronavirus.
- Employment fell by a staggering 594,300 in April, above forecasts of a 575,000 drop and the jobless rate rise by the 6.2%

Australian Dollar Performance

Last Week Close	0.6529 USD/AUD	Monthly High	0.6561 USD/AUD
Week Open	0.6528 USD/AUD	Monthly Low	0.6373 USD/AUD
Week Close	0.6414 USD/AUD	30 Days Average	0.6401 USD/AUD
Weekly High	0.6561 USD/AUD	90 Days Average	0.6694 USD/AUD
Weekly Low	0.6399 USD/AUD	YTD Change	-8.19%

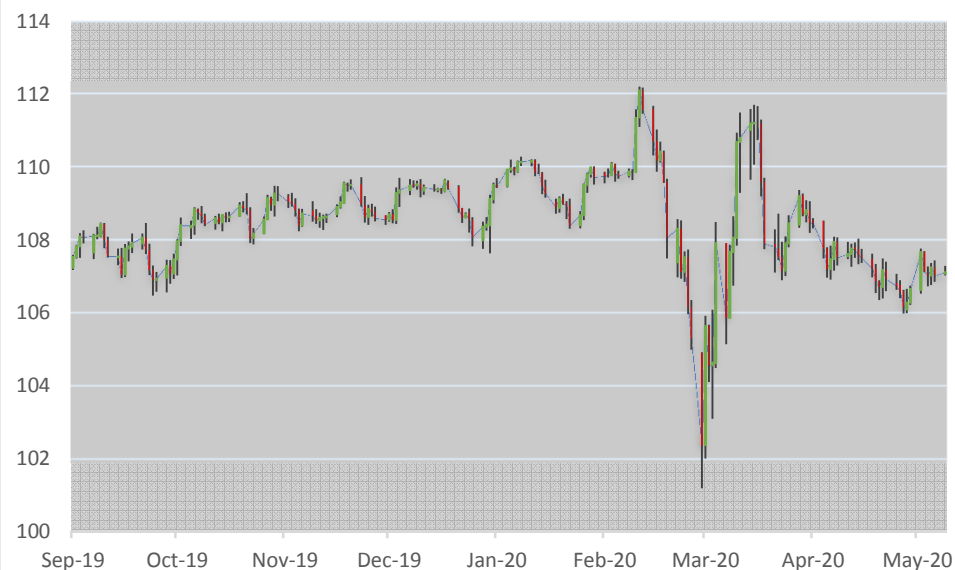
Australian Dollar Outlook

Australian Dollar Economic Events

- As the Australians have successfully managed to contain their cover-19 spread, this could mean the government might relax the lockdowns which will improve the economic data.
- The Australian dollar 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.
- The Market still keep an eye on warnings of a second wave of COVID-19 infections as more countries eased lockdown restrictions.

Events	Period	Date	Forecast	Previous
Manufacturing PMI	May	21-May		45.6
Services PMI	May	21-May		19.6
Composite PMI	May	21-May		22.4

Lower Bound	0.6309	Upper Bound	0.6572
Forecast	Appreciation		


Japanese Yen
Japanese Yen Graph


Source: Thomson Reuters

Japanese Yen Outlook

- The Yen will trade sideways but a breakout is looking increasingly possible as traders weigh up fears of a second wave of coronavirus infections against an easing of restrictions in many countries that could allow a return of normal economic activity.
- Japanese experts and officials have urged people to adopt "new lifestyles" and continue practising physical distancing measures such as remote working, even after the state of emergency is lifted.
- The investors will focus on Japan's Gross Domestic Product (GDP) q/q on Monday (18/5).
- The yen will trade with resistance level of 111.05 USD/JPY while support level is 105.15 USD/JPY

Lower Bound 106.16 Upper Bound 107.94
Forecast Appreciation
Japanese Yen News

- Last week, the yen moved in the narrow range due to no important economic data.
- Japan has lifted a state of emergency imposed to tackle the coronavirus in most of the country, but kept it in place for the capital, Tokyo, and Osaka

Japanese Yen Performance

Last Week Close	106.65 JPY/USD	Monthly High	107.76 JPY/USD
Week Open	106.62 JPY/USD	Monthly Low	105.99 JPY/USD
Week Close	107.02 JPY/USD	30 Days Average	109.25 JPY/USD
Weekly High	107.76 JPY/USD	90 Days Average	108.82 JPY/USD
Weekly Low	106.52 JPY/USD	YTD Change	-1.64%

Japanese Yen Economic Events

Events	Period	Date	Forecast	Previous
GDP Deflator YY Prelim	Q1	18-May		1.2%
GDP QQ	Q1	18-May	-1.2%	-1.8%
Machinery Orders MM	Mar	20-May	-7.1%	2.3%
Machinery Orders YY	Mar	20-May	-9.5%	-2.4%
Exports YY	Apr	21-May	-22.7%	-11.7%
Imports YY	Apr	21-May	-12.9%	-5.0%
Trade Balance Total Yen	Apr	21-May	-560.0B	5.4B
Jibun Bank Mfg PMI Flash	May	21-May		41.9
CPI, Core Nationwide YY	Apr	22-May	-0.1%	0.4%

IMPORTANT DISCLAIMER

This material was prepared by a Treasury Marketing Unit, Bangkok Bank PCL, only. Any opinions expressed herein may differ from these by other departments. This material is prepared for informational purpose only, not to be an offer to the recipients to purchase or sale any financial instrument. The information herein has been obtained from other public sources and the rates informed are subject to change according to the market condition. The use of any information provided shall be on the recipients' discretion. Opinions and Assumptions in this document constitute the current judgment as of the date of the author only, do not reflect the opinions of Bangkok Bank, and are subject to change without notice. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person make no representations or warranties of any kind, about the completeness, accuracy, reliability or suitability, of the information contained in this presentation and will not be liable for any loss or damage whatsoever arising from the use of any such information. Each recipient should carefully consider the risks associated and make a determination based upon the recipient's own particular circumstances entering into such transaction.