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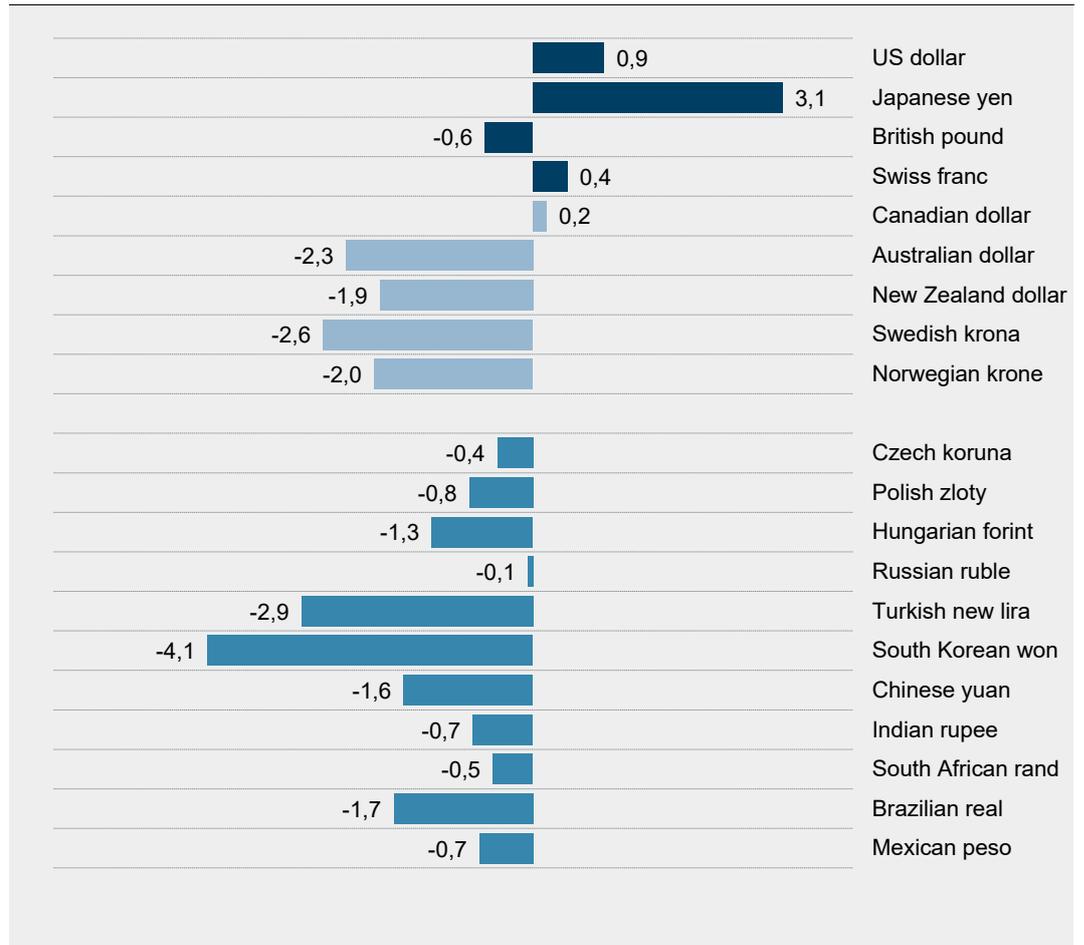
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- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- The Japanese yen was recently the big winner as a safe-haven for investors. The US dollar and Swiss franc rose only slightly against the euro. Currencies from Scandinavia, commodity exporters, and emerging markets recorded some significant losses.
- Helaba currency forecasts

Performance on a month-over-month basis

% vs. euro compared to the previous month (from 04/15 to 05/14/19)



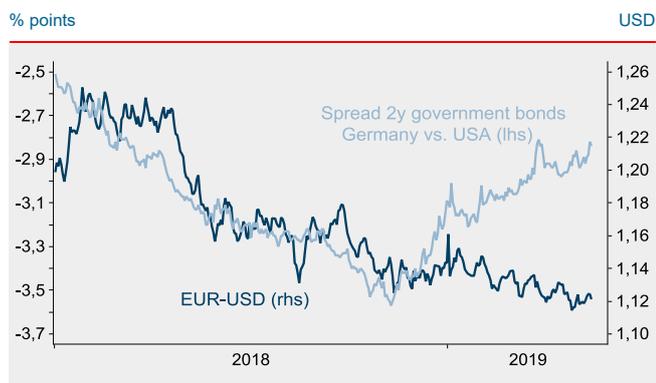
■ Core currencies ■ Rest of G10 ■ Currencies of emerging countries

Sources: Bloomberg, Helaba Research

This publication was very carefully researched and prepared. However, it contains analyses and forecasts regarding current and future market conditions that are for informational purposes only. The data is based on sources that we consider reliable, though we cannot assume any responsibility for the sources being accurate, complete, and up-to-date. All statements in this publication are for informational purposes. They must not be taken as an offer or recommendation for investment decisions.

## US dollar, Swiss franc and British pound

### US yield advantage continues to shrink



Sources: Macrobond, Helaba Research

### USD

#### Trend: depreciation

The euro-dollar exchange rate was slightly lower at around 1.12. Despite some positive economic data, the US yield advantage declined. President Trump fuelled new uncertainties with the escalation of the trade conflict with China. However, Italian politics weighed on the euro. The two major central banks remain in a waiting position. While growth in the US will lose momentum in 2019, it is likely to strengthen in the euro zone. The US yield advantage will probably continue to decline. If current political risks decline, the euro-dollar exchange rate should rise significantly.

### Franc profits from new concerns



\* calculated from VIX, High-Yield Spreads, Gold-Copper Ratio

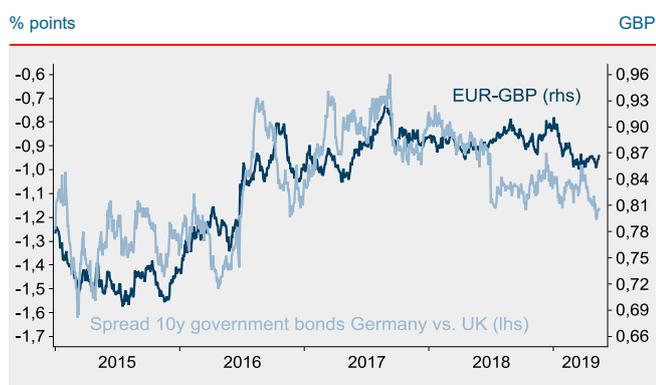
Sources: Macrobond, Helaba Research

### CHF

#### Trend: depreciation

The Swiss franc was able to make up for temporary losses. The euro-franc exchange rate was around 1.13. The risk appetite on the financial markets recently declined significantly, and the safe haven was in demand again. In the coming months, risk appetite will rise again. For the time being, the SNB will not raise its key interest rates and will only intervene against its own currency. A stronger euro against the US dollar would also show up against the Swiss franc in the long term. The euro-franc exchange rate could then rise in the direction of 1.20.

### British yield advantage growing



Sources: Macrobond, Helaba Research

### GBP

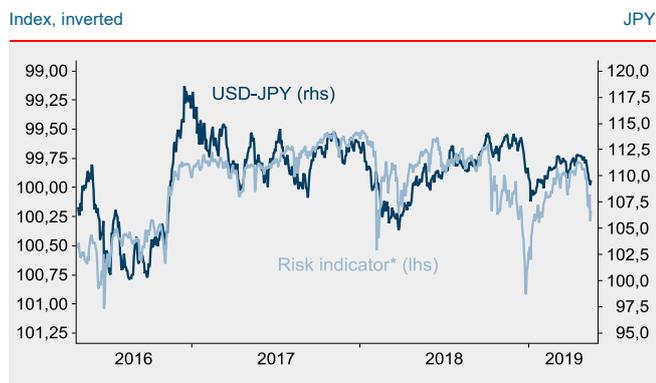
#### Trend: appreciation

The Brexit issue has calmed down with the extension of the deadline. The euro-pound exchange rate is little changed at above 0.86. A Brexit solution is still not in sight. An overthrow of May or new elections could bring movement, and a further term extension is also possible. The pound would benefit from an orderly EU withdrawal. Meanwhile, the British economy grew surprisingly strongly. The British yield advantage over the euro increased. Overall, the pound is undervalued. With a Brexit solution, the euro-pound exchange rate should fall clearly below 0.85.

## Japanese yen, Norwegian krone and Swedish krona

### Yen profiting as a safe-haven currency

**JPY**



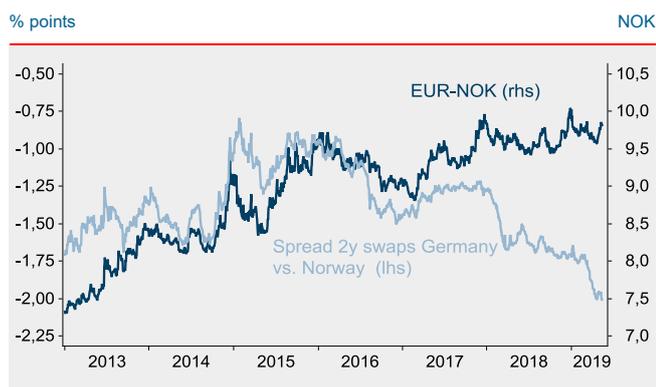
\* calculated from VIX, High-Yield Spreads, Gold-Copper Ratio  
Sources: Macrobond, Helaba Research

### Trend: depreciation against the euro

The Japanese yen appreciated significantly against the euro and the US dollar. Trump's recent escalation in the trade conflict increased risk aversion in the financial markets, and the yen was in demand. Growth in Japan was probably moderate recently, and the economic outlook is subdued. Monetary policy will remain expansionary also because of the low inflation. Japan's lower yield disadvantage against the US dollar could still help the yen a little. However, Japan's currency will probably weaken against the euro, especially if the risk appetite rises again.

### Enormous yield advantage no help for the krone?

**NOK**



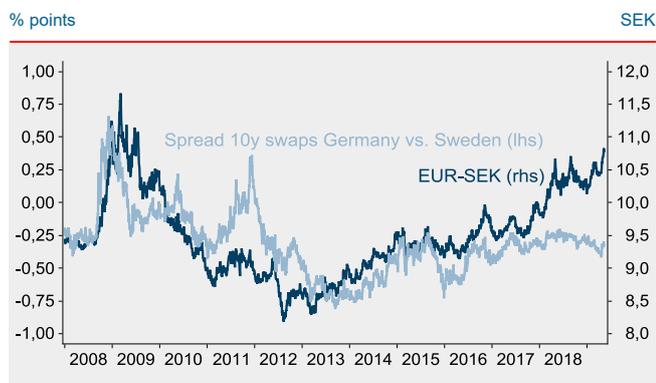
Sources: Macrobond, Helaba Research

### Trend: appreciation

The Norwegian krone depreciated, the euro-krone exchange rate was around 9.8. The price of crude oil fell slightly. The Norwegian economy shrank slightly in the first quarter, but growth is robust apart from the volatile offshore sector. Inflation has risen, so that Norges Bank is holding out the prospect of further rate hikes against the trend. The Norwegian yield advantage over the euro continued to rise. Everything speaks for the krone, but the exchange rate is not reacting. Ultimately, the euro-krone rate should fall significantly, even if the course has to be corrected.

### Sweden's yield advantage slightly smaller

**SEK**



Sources: Macrobond, Helaba Research

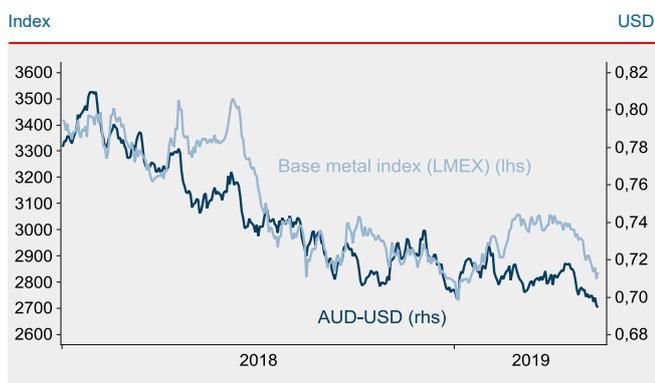
### Trend: appreciation

The Swedish krona fell, and the euro-krona exchange rate climbed to its highest level since 2009 (over 10.8). Back then Swedish banks were shaky, today the economy is far from that. Although the economy is losing momentum, it is on a solid path. Inflation is just under 2 %. The Riksbank postponed an interest rate hike and continues to buy bonds. Despite a counter-movement, the interest rate differentials continue to argue for a clear appreciation of the krona. The euro-krona exchange rate should fall noticeably, albeit later than previously expected.

## Australian dollar, Canadian dollar and Chinese yuan

### Commodity prices, too, no support for the Aussie

AUD



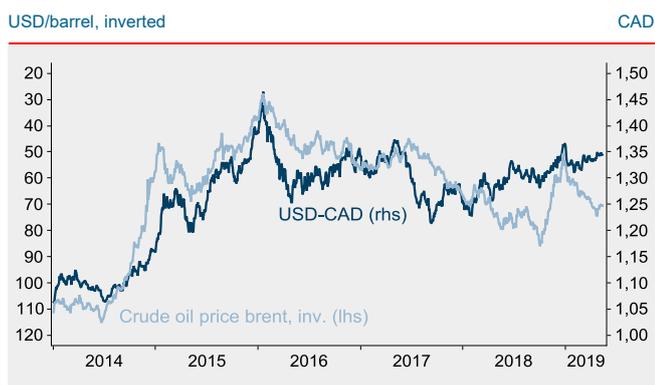
Sources: Macrobond, Helaba Research

### Trend: depreciation against the euro

The Australian dollar depreciated appreciably against the US dollar and the euro. The escalation in the US-Chinese trade conflict weighed on the "Aussie". Base metal prices fell, but iron ore became more expensive. Inflation declined and growth slowed. Although the central bank maintained its key interest rate, a reduction is nevertheless likely. A relaxation of the trade conflict would however help the Aussie, but it will probably appreciate less against the US dollar than expected. The Aussie should weaken somewhat against the euro.

### Crude oil prices still in favor of Canadian dollar

CAD



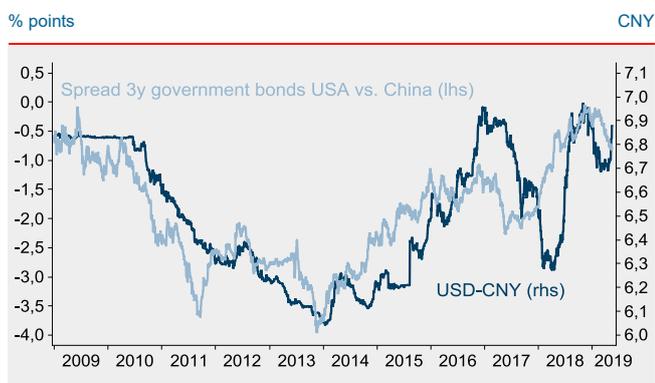
Sources: Macrobond, Helaba Research

### Trend: sideways against the euro

The Canadian dollar has hardly changed against the euro and the US dollar. The setback in the crude oil price hardly hurt the "Loonie", especially as the price level speaks more in favour of a stronger Canadian currency. The economic indicators tended to surprise positively, growth is solid. The Canadian central bank is in a waiting position. With more global tailwind, the BOC would resume interest rate hikes. With the help of the crude oil price, the "Loonie" should appreciate against the US dollar and remain stable against the euro.

### Yield spreads argues against further yuan weakness

CNY



Sources: Macrobond, Helaba Research

### Trend: depreciation against the euro

The failure of trade talks for now with the USA brought movement to the yuan. The dollar-yuan exchange rate jumped almost to 6.9. China's currency also fell against the euro. However, there is likely to be a solution in the coming months. As the interest rate differentials speak against a further weakness of the yuan, the dollar-yuan exchange rate should stabilize at 6.9 and then even fall slightly, especially since economic data showed first signs of improvement. The yuan will probably depreciate against the euro.

## Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q2/2019	Q3/2019	Q4/2019	Q1/2020
<b>vs. Euro</b> (vs. Euro, %)							
US dollar	2,3	0,9	1,12	1,20	1,20	1,25	1,25
Japanese yen	2,5	3,1	123	128	128	132	132
British pound	3,5	-0,6	0,87	0,85	0,80	0,80	0,80
Swiss franc	-0,4	0,4	1,13	1,15	1,15	1,20	1,20
Canadian dollar	3,7	0,2	1,51	1,52	1,52	1,58	1,58
Australian dollar	0,8	-2,3	1,61	1,71	1,67	1,69	1,67
Swedish krona	-5,6	-2,6	10,76	10,50	10,30	10,00	9,80
Norwegian krone	1,1	-2,0	9,80	9,60	9,40	9,10	9,00
Chinese yuan	2,1	-1,6	7,71	8,28	8,28	8,50	8,50
<b>vs. US-Dollar</b> (vs. USD, %)							
Japanese yen	0,1	2,2	110	107	107	106	106
Swiss franc	-2,6	-0,5	1,01	0,96	0,96	0,96	0,96
Canadian dollar	1,3	-0,7	1,35	1,27	1,27	1,26	1,26
Swedish krona	-7,8	-3,5	9,60	8,75	8,58	8,00	7,84
Norwegian krone	-1,2	-2,9	8,75	8,00	7,83	7,28	7,20
Chinese yuan	0,0	-2,4	6,88	6,90	6,90	6,80	6,80
<b>US-Dollar vs. ...</b> (vs. USD, %)							
British pound	1,2	-1,5	1,29	1,41	1,50	1,56	1,56
Australian dollar	-1,5	-3,2	0,69	0,70	0,72	0,74	0,75

\*14.05.2019

Sources: Bloomberg, Helaba Research ■