



FX BRIEFLY

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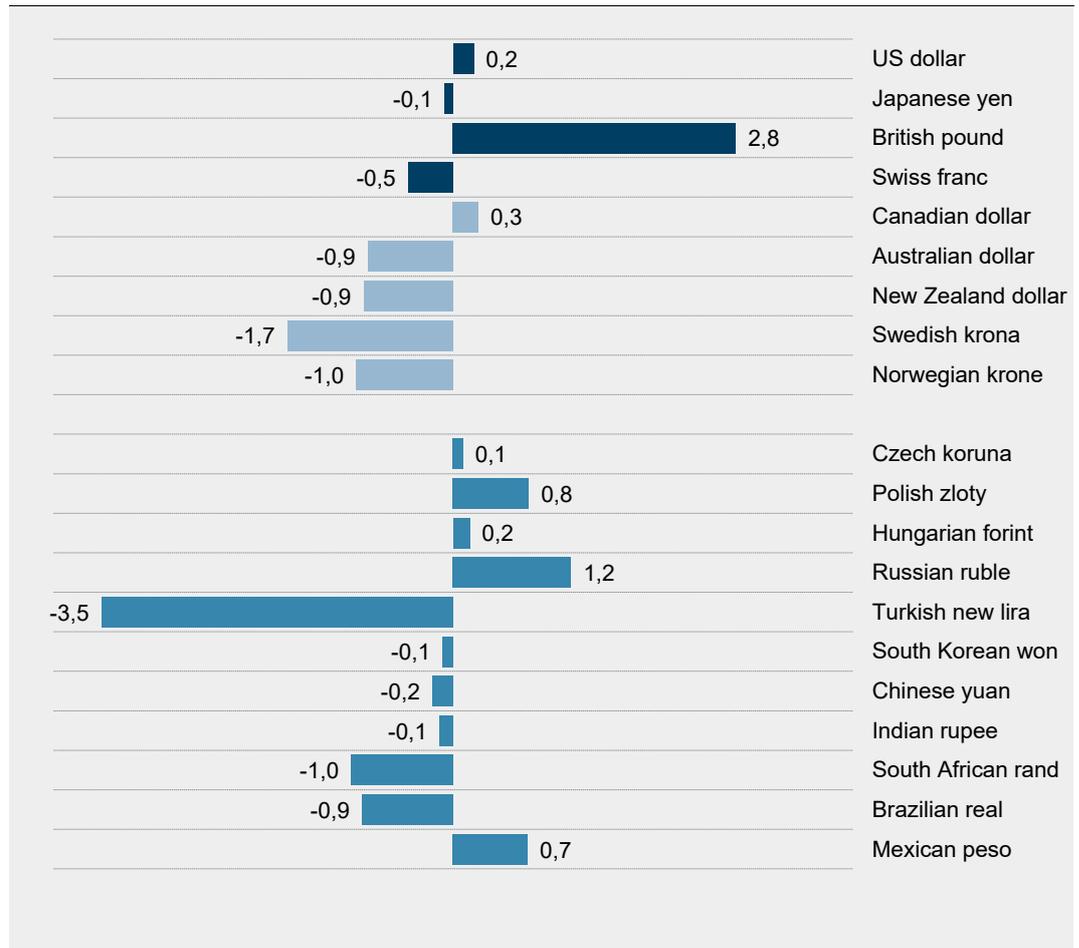
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- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- The British pound benefitted noticeably from Brexit hopes, however fragile they might be. The euro and the US dollar appreciated against many other currencies. In the industrialized countries the Swedish krona, in particular, weakened, in the emerging countries it was the Turkish lira.
- Helaba currency forecasts

Performance on a month-over-month basis

% vs. euro compared to the previous month (from 09/12 to 10/11/19)



■ 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 shrinks further



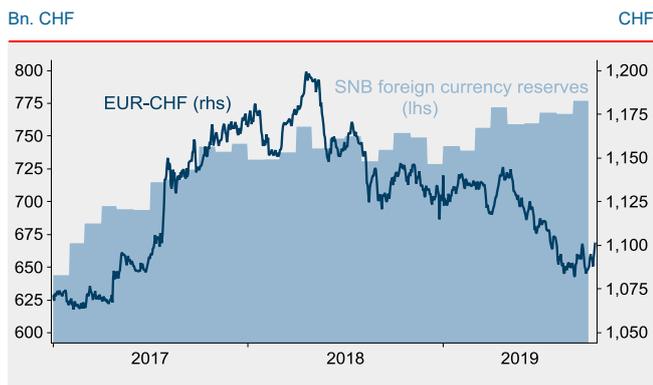
Sources: Macrobond, Helaba Research

USD

Trend: depreciation

The euro-dollar exchange rate first hit a new low for the year below 1.09 and then rose above 1.10. The ECB has provided its expansionary impetus, now it is the turn of the Fed, which has more potential overall. The US yield advantage therefore shrank again. The political turmoil in Washington (trade conflict, impeachment, pressure on the central bank) should sooner or later weigh on the US currency – as should Trump's debt policy. The euro-dollar exchange rate should therefore rise in the direction of 1.15, especially if political concerns in Europe (Brexit) diminish.

SNB stabilizes euro-franc exchange rate



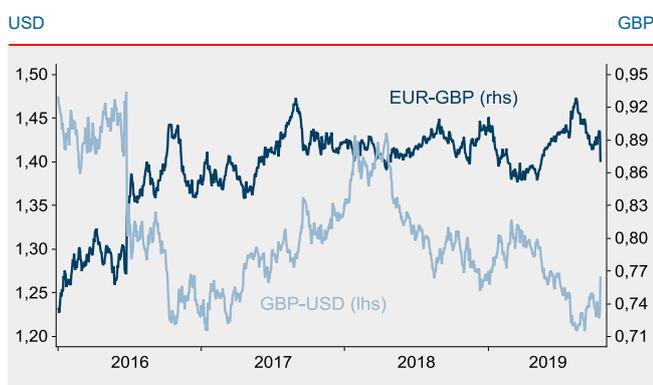
Sources: Macrobond, Helaba Research

CHF

Trend: sideways

The Swiss franc weakened and the euro-franc exchange rate climbed just above 1.10. Nascent hopes that the political conflicts might ease lowered the demand for this safe investment haven. In addition, rising foreign exchange reserves point to central bank intervention. However, the SNB is unlikely to lower interest rates for the time being, despite lower growth and inflation forecasts. While the franc is clearly overvalued long-term, in the short term the interest rate differentials are in line with the euro-franc exchange rate, which is likely to continue to hover around 1.10.

A glimmer of hope for the pound?



Sources: Macrobond, Helaba Research

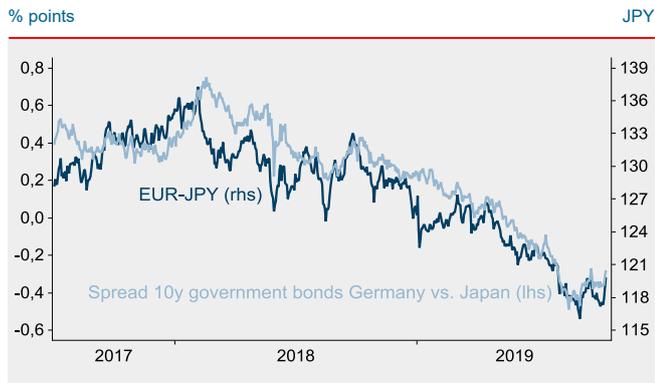
GBP

Trend: slight appreciation

The pound sterling rose markedly as hopes of a Brexit deal are emerging at the eleventh hour. Speculators are unwinding bets against the pound. Still, doubts about a quick solution are justified. At least a disorderly withdrawal from the EU at the end of October will be avoided, as Prime Minister Johnson will have to apply for an extension of the deadline. New elections that loom afterwards will not necessarily help the situation. The pound is undervalued, the British economy is not collapsing. The euro-pound rate is likely to fall to 0.85 as political uncertainties ease.

Japanese yen, Norwegian krone and Swedish krona

Has Japan's yield advantage peaked?



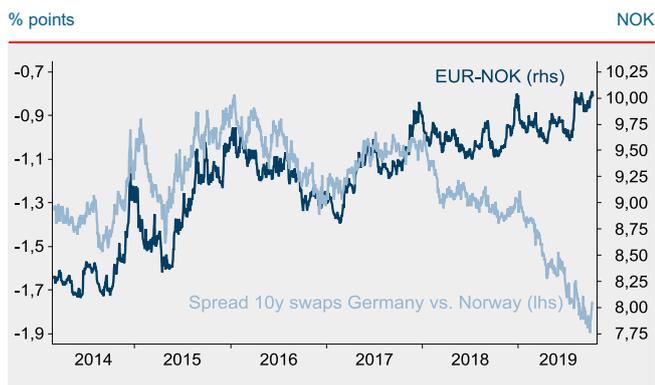
Sources: Macrobond, Helaba Research

JPY

Trend: slight depreciation against the euro

The Japanese yen benefitted only temporarily from a higher risk aversion and is, on balance, marginally weaker against the euro and US dollar. The interest rate differential against the euro moved to the detriment of the Japanese currency. Japan's monetary policy is hesitant, especially since economic indicators have recently surprised positively. Since the Fed has more leeway for expansionary measures than the BoJ and the ECB, the dollar-yen exchange rate is likely to fall somewhat. By contrast, the euro-yen exchange rate could rise slightly if risk aversion were to ease.

Krone ignored high yield advantage



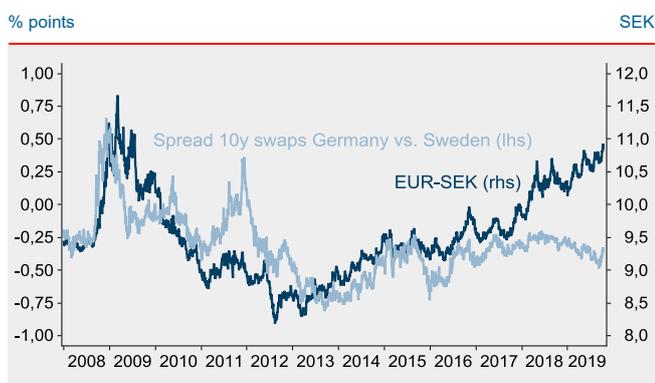
Sources: Macrobond, Helaba Research

NOK

Trend: appreciation

The Norwegian krone depreciated noticeably. The euro-krone exchange rate again rose above 10.0. Headwind for the krone came from a falling crude oil price. However, the somewhat surprising interest rate hike by the Norwegian central bank – against the international trend – should have more than compensated for this. Growth and inflation are in line with the central bank's targets. Further interest rate cuts are therefore not to be expected for the time being. Still, Norway's yield advantage over the euro is very large. The appreciation potential for the krone is therefore substantial.

Swedish yield advantage enormous despite setback



Sources: Macrobond, Helaba Research

SEK

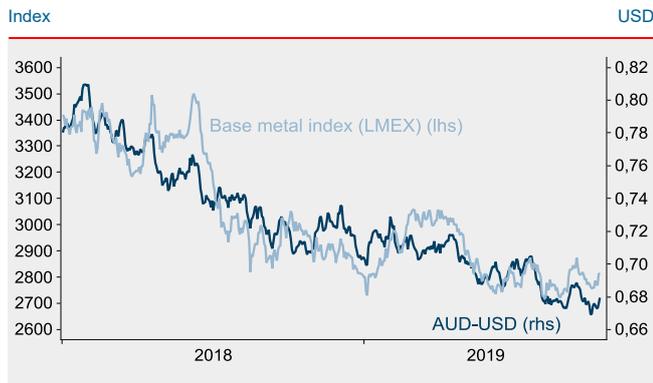
Trend: appreciation

The Swedish krona lost ground again, and euro-krona exchange rate hit a ten-year high above 10.9. Global economic uncertainties as well as a few weaker national data weighed on the krona. Even though growth is solid on balance, the Swedish central bank is likely to delay announced interest rate hikes for the time being. With inflation remaining stable, interest rate cuts are unlikely to be on the agenda. Sweden's big yield advantage over the euro nevertheless argues clearly for the krona. With a lower risk aversion, the euro-krona rate should fall noticeably.

Australian dollar, Canadian dollar and Chinese yuan

Commodity prices help the “Aussie”

AUD



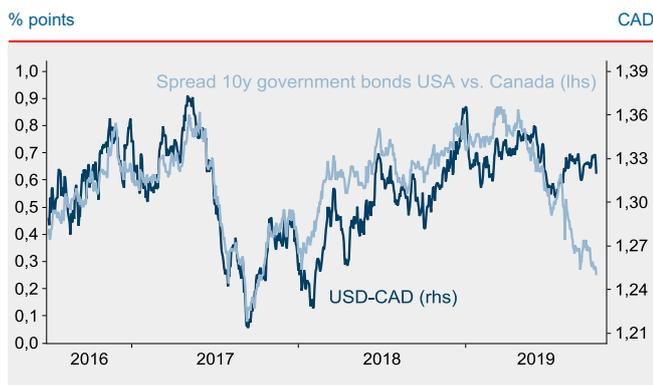
Sources: Macrobond, Helaba Research

Trend: sideways against the euro

The Australian dollar depreciated slightly against the euro and the US dollar. Australia's central bank again lowered its key interest rate, even though the economy is proving to be solid. The Reserve Bank is likely to take a wait-and-see position, at least in the short term. Australia's interest rate disadvantage vis-à-vis the US is stabilising. Metal prices are also bottoming out. An easing in the US-Chinese trade conflict would help the "Aussie". Australia's currency should gain some ground against the US dollar and move sideways against the euro.

Yield differences argue in favour of the “Loonie”

CAD



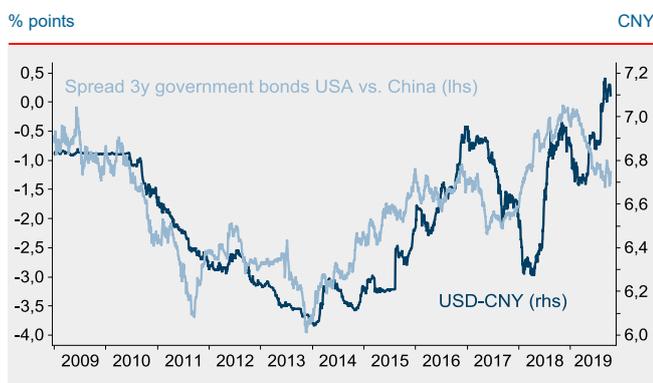
Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Canadian dollar was little changed against the euro and US dollar. A lower crude oil price weighed on the "Loonie". However, the Canadian economic data was convincing. Since inflation has also risen, the Bank of Canada can resist the international trend and refuse to lower interest rates. The yield differences moved in favour of the "Loonie". Nevertheless, Canada's growth could slow down again somewhat. As a result, the currency is likely to gain only marginally against the US dollar and depreciate slightly against the euro.

Interest rate advantage supports the yuan

CNY



Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

China's currency is proving quite stable against the euro and the US dollar; the dollar-yuan rate stands around 7.10. Hopes of an agreement in the trade conflict are helping the yuan, especially as speculations are rife about an exchange rate adjustment in the course of the negotiations. While the economic picture has recently been mixed, yield spreads point to a stronger yuan. Currency reserves have fallen recently. Without an agreement on foreign trade, the dollar-yuan rate is likely to tread water for the time being. The yuan will probably depreciate slightly against the euro.

Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q4/2019	Q1/2020	Q2/2020	Q3/2020
vs. Euro (vs. Euro, %)							
US dollar	3,8	0,2	1,10	1,15	1,15	1,20	1,20
Japanese yen	5,1	-0,1	120	122	122	125	125
British pound	3,0	2,8	0,87	0,85	0,85	0,85	0,80
Swiss franc	2,3	-0,5	1,10	1,10	1,10	1,10	1,15
Canadian dollar	7,3	0,3	1,46	1,51	1,50	1,54	1,54
Australian dollar	0,1	-0,9	1,63	1,64	1,64	1,67	1,67
Swedish krona	-6,2	-1,7	10,83	10,30	10,20	10,00	9,90
Norwegian krone	-1,2	-1,0	10,02	9,60	9,50	9,40	9,30
Chinese yuan	0,4	-0,2	7,83	8,17	8,05	8,28	8,28
vs. US-Dollar (vs. USD, %)							
Japanese yen	1,3	-0,2	108	106	106	104	104
Swiss franc	-1,5	-0,7	1,00	0,96	0,96	0,92	0,96
Canadian dollar	3,3	0,1	1,32	1,31	1,30	1,28	1,28
Swedish krona	-9,7	-1,8	9,80	8,96	8,87	8,33	8,25
Norwegian krone	-4,8	-1,1	9,08	8,35	8,26	7,83	7,75
Chinese yuan	-3,0	-0,1	7,09	7,10	7,00	6,90	6,90
US-Dollar vs. ... (vs. USD, %)							
British pound	-0,7	2,7	1,27	1,35	1,35	1,41	1,50
Australian dollar	-3,6	-1,0	0,68	0,70	0,70	0,72	0,72

*11.10.2019

Sources: Bloomberg, Helaba Research ■