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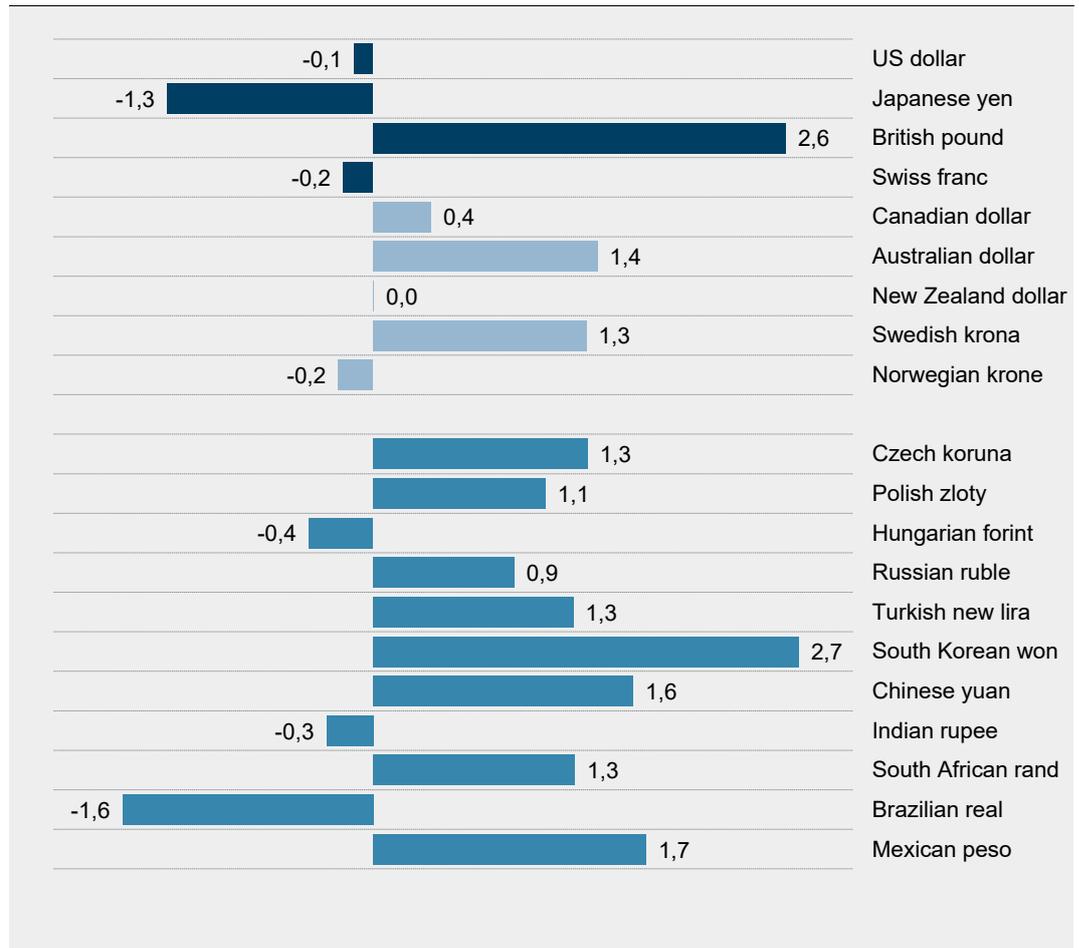
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- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- The British pound benefited from the easing of Brexit tensions. While the Japanese yen lost ground as a safe haven, risk currencies such as the Australian dollar gained ground. The plus signs also dominated in the emerging markets, with the Korean won appreciating in particular.
- Helaba currency forecasts

Performance on a month-over-month basis

% vs. euro compared to the previous month (from 10/10 to 11/08/19)



■ 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

Fed is pausing, US yield advantage not recovering

USD



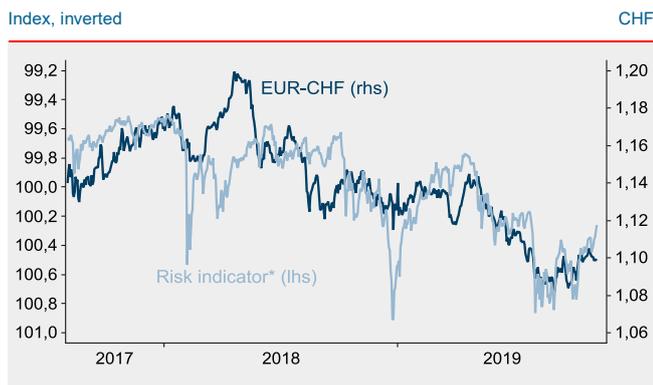
Sources: Macrobond, Helaba Research

Trend: depreciation

The euro-dollar exchange rate climbed up to 1.12 but then fell back again to 1.10. The easing in the trade conflict tended to help the US dollar. The Fed lowered its key interest rate and indicated a pause on rates. However, the US yield advantage did not recover. 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, especially since the Greenback is clearly overvalued. If the euro economy stabilizes, the euro-dollar exchange rate should rise to 1.15.

Franc hardly suffering from declining risk aversion

CHF



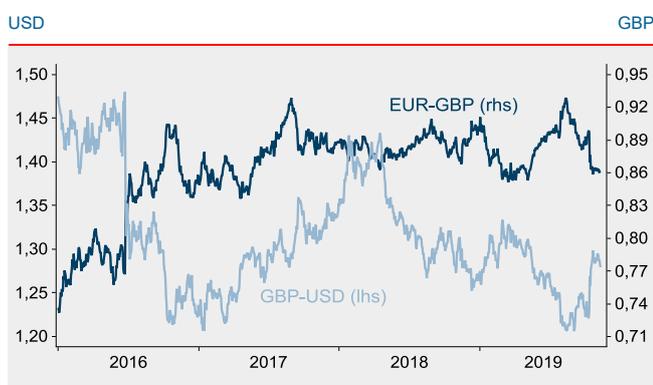
* calculated from VIX, High-Yield Spreads, Gold-Copper Ratio
Sources: Macrobond, Helaba Research

Trend: sideways

The Swiss franc was stable, the euro-franc exchange rate stands around 1.10. Growing hopes of an easing of the political conflicts put only a limited strain on this safe investment haven. The long-term yield advantage of the euro also declined somewhat. Despite negative inflation, the SNB will likely maintain its monetary policy, especially as leading indicators rose. From a long perspective, the franc is clearly overvalued, but in the short term the interest rate differentials are roughly in line with the euro-franc exchange rate, which is likely to fluctuate further around 1.10.

Pound now waiting for December elections

GBP



Sources: Macrobond, Helaba Research

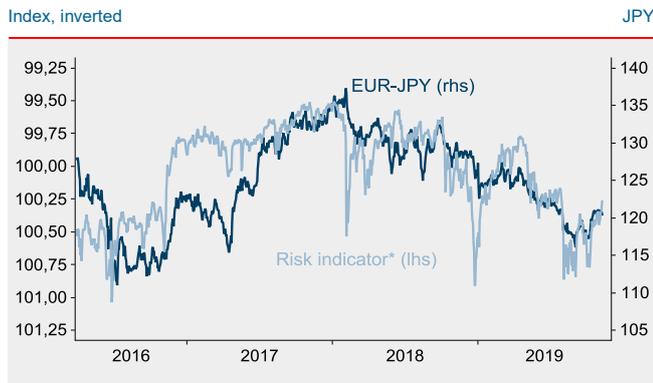
Trend: slight appreciation

The pound sterling increased markedly as fears of a "no deal" Brexit declined significantly. The withdrawal from the EU was postponed by three months. Prime Minister Johnson could get the new Brexit deal through parliament if he gets a majority in the December 12 elections. But an unclear election outcome could prolong the drama once again. Basically the pound is undervalued, the British economy is a positive surprise. The euro-pound exchange rate is likely to fall to 0.85 or below if political uncertainties continue to ease.

Japanese yen, Norwegian krone and Swedish krona

Yen not in demand as a safe investment haven

JPY



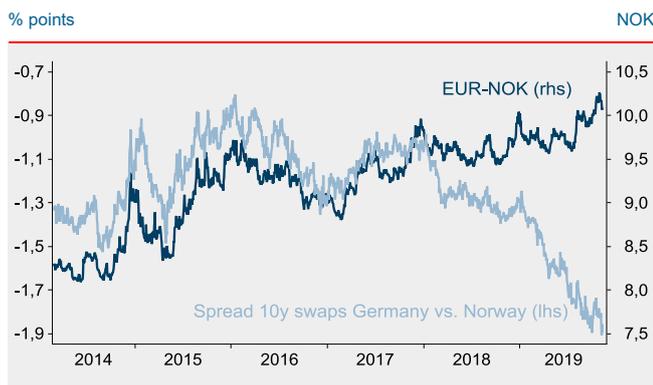
* calculated from VIX, High-Yield Spreads, Gold-Copper Ratio
Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Japanese yen is not in demand in times of a high appetite for risk. As a result, it lost significantly against the euro and the US dollar as investors celebrated an easing in the trade conflict. Nevertheless, the interest rate differential against the US dollar did not widen. The Bank of Japan is hesitant and will probably not follow the other central banks, especially as the economic indicators surprised positively. As a result, the dollar-yen exchange rate should fall again. The euro-yen exchange rate, on the other hand, could rise slightly if the euro sentiment improves.

Norway's yield advantage not big enough?

NOK



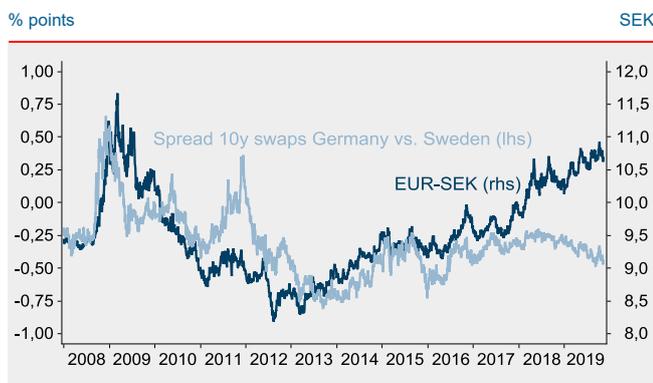
Sources: Macrobond, Helaba Research

Trend: slight appreciation

The Norwegian krone came under considerable pressure at times. The euro-krone exchange rate reached an all-time high of 10.3, but then fell back again. The explanation is difficult: the price of crude oil trended upward. Risk aversion, which at times burdened the krone, declined. Following its interest rates hikes so far, the Norwegian central bank will pause for the time being, and the yield advantage over the euro even increased. Growth and inflation are stable. Despite the enormous potential for appreciation, we now expect a smaller decline in the euro-krone exchange rate.

Swedish yield advantage speaks for itself

SEK



Sources: Macrobond, Helaba Research

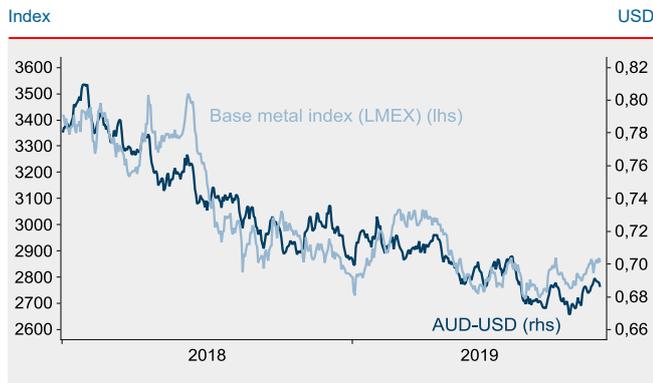
Trend: slight appreciation

The Swedish krona recovered, the euro-krona exchange rate stood at 10.7. Easing global uncertainties helped the currency. Despite a decline, Swedish growth is still high by European standards. The central bank continues to hold out the prospect of an interest rate hike, but hints at an interest rate pause thereafter. Sweden's clear yield advantage vis-à-vis the euro will therefore probably remain and speaks clearly for the krona, as do long-term valuation indicators. The euro-krona exchange rate should continue to fall, but less than previously assumed.

Australian dollar, Canadian dollar and Chinese yuan

Trend reversal in metals prices supports the "Aussie"

AUD



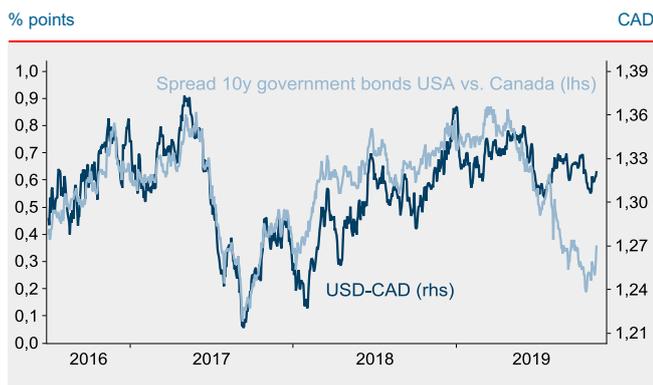
Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Australian dollar appreciated against the euro and the US dollar. The hope of an end to the US-Chinese trade conflict favoured the "Aussie", especially since metal prices rose as a result. Australia's central bank interrupted its cycle of interest rate cuts and is unlikely to take any further steps as long as there are no setbacks in world trade. Australia's interest rate disadvantage vis-à-vis the USA is forming a bottom. Australia's currency is likely to gain some ground against the US dollar and weaken slightly against the euro.

Yield differences argue in favour of the "Loonie"

CAD



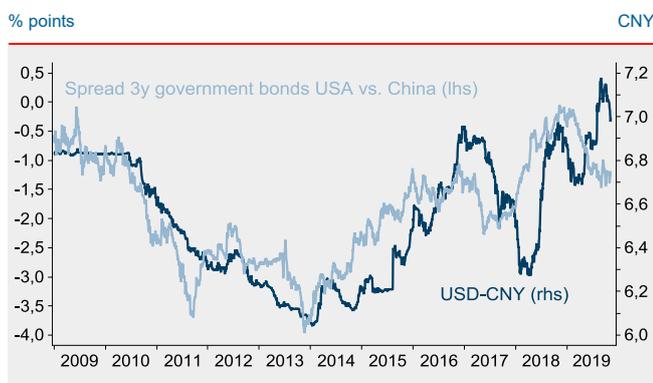
Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Canadian dollar was marginally stronger against the euro and the US dollar. Higher crude oil prices provided slightly positive impulses. The Canadian economy is proving quite solid. Inflation has increased. Although the Bank of Canada no longer ruled out a rate cut, it will probably remain in a wait-and-see position in a friendlier environment. The yield differential with the USA should continue to argue for the "Loonie". Canada's currency will probably gain some ground against the US dollar and depreciate slightly against the euro.

Interest rate advantage helps the yuan

CNY



Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Chinese yuan appreciated against the euro and the US dollar. The Dollar-Yuan exchange rate slipped to 7.00. A partial agreement is emerging in the US-Chinese trade conflict. Such a "ceasefire" would probably reduce the risk of the yuan depreciating. From an economic point of view, there are frail hopes for China. The interest rate differentials point to a stronger yuan. Without new setbacks in the trade conflict, the dollar-yuan exchange rate is likely to remain stable for the time being or fall slightly in 2020. 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	4,1	-0,1	1,10	1,15	1,15	1,20	1,20
Japanese yen	4,5	-1,3	120	122	122	125	125
British pound	4,2	2,6	0,86	0,85	0,85	0,85	0,80
Swiss franc	2,4	-0,2	1,10	1,10	1,10	1,10	1,15
Canadian dollar	7,3	0,4	1,46	1,51	1,50	1,54	1,54
Australian dollar	1,3	1,4	1,61	1,64	1,64	1,67	1,67
Swedish krona	-5,0	1,3	10,69	10,50	10,40	10,30	10,20
Norwegian krone	-1,6	-0,2	10,06	10,00	9,90	9,70	9,60
Chinese yuan	2,0	1,6	7,71	8,05	8,05	8,28	8,28
vs. US-Dollar (vs. USD, %)							
Japanese yen	0,4	-1,2	109	106	106	104	104
Swiss franc	-1,5	0,0	1,00	0,96	0,96	0,92	0,96
Canadian dollar	3,1	0,5	1,32	1,31	1,30	1,28	1,28
Swedish krona	-8,7	1,5	9,70	9,13	9,04	8,58	8,50
Norwegian krone	-5,4	-0,1	9,13	8,70	8,61	8,08	8,00
Chinese yuan	-1,6	1,8	6,99	7,00	7,00	6,90	6,90
US-Dollar vs. ... (vs. USD, %)							
British pound	0,2	2,7	1,28	1,35	1,35	1,41	1,50
Australian dollar	-2,6	1,5	0,69	0,70	0,70	0,72	0,72

*08.11.2019

Sources: Bloomberg, Helaba Research ■