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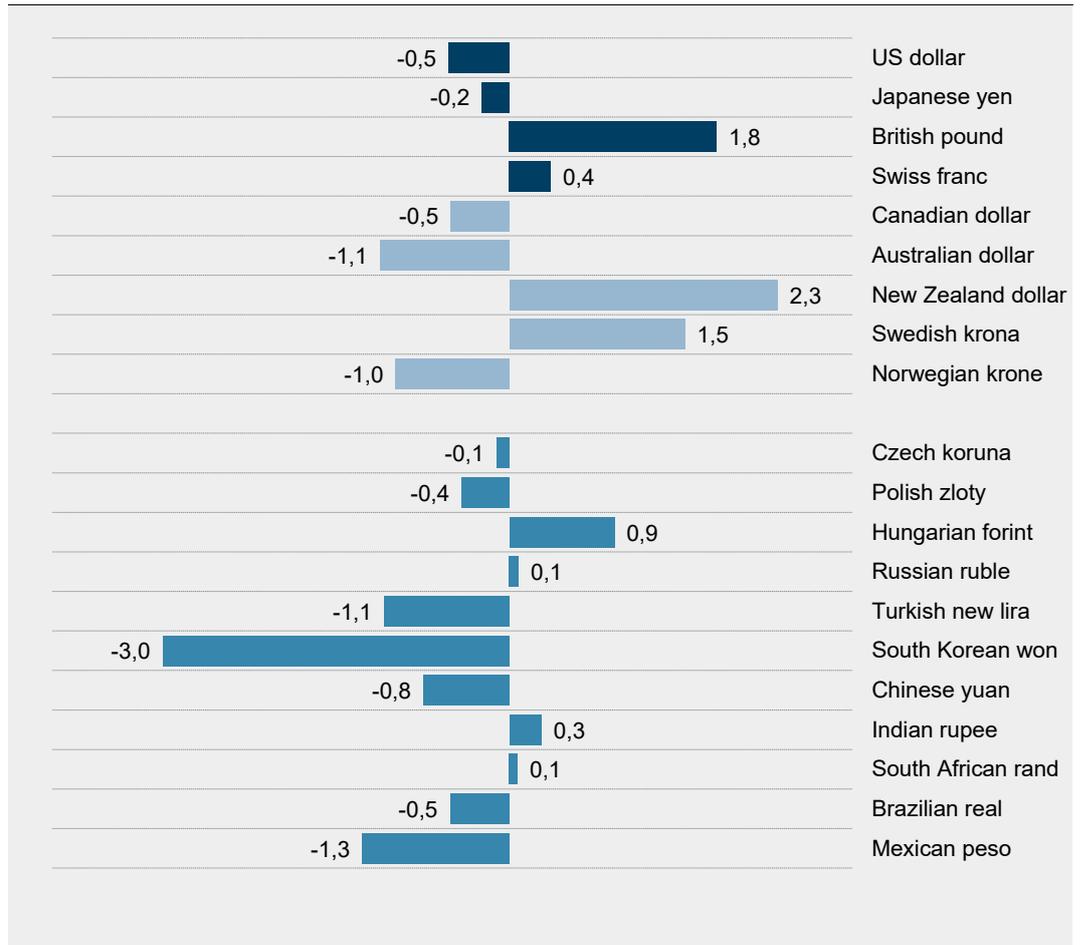
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- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- The British pound appreciated noticeably. Only the New Zealand dollar gained even more ground. The Swedish krona also moved up, while Norway's currency depreciated. Among the emerging market currencies, the Korean won weakened substantially.
- Helaba currency forecasts

Performance on a month-over-month basis

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



■ 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 not recovering

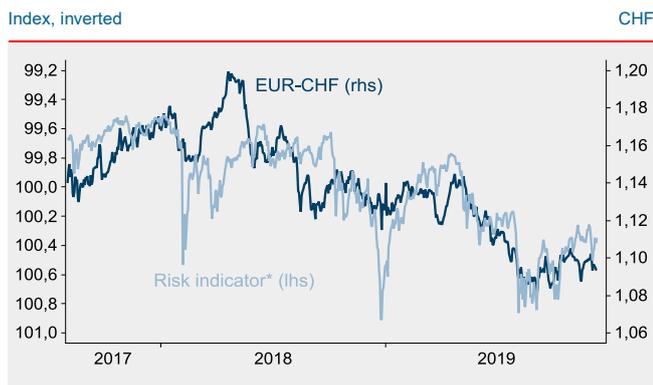


USD

Trend: depreciation

The euro-dollar exchange rate has barely changed at around 1.11. At this time an easing in the trade conflict seems to help the US dollar, an intensification helps the euro. The US yield advantage remained reduced. While friendlier European economic indicators have not supported the euro so far, it should benefit from them in the medium term. The political uncertainties are more in Washington (impeachment, pressure on the central bank, debt) and should burden the overvalued US currency sooner or later. The euro-dollar exchange rate should rise to 1.15.

Franc a little too strong measured by risk aversion

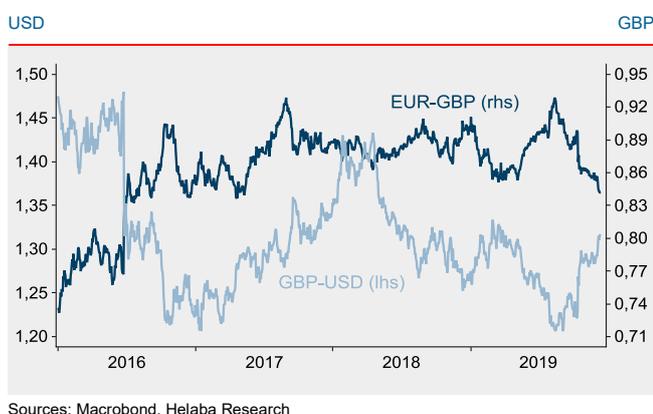


CHF

Trend: sideways

The Swiss franc gained marginally, the euro-franc exchange rate stands at around 1.09. On balance, risk aversion did not increase, which means that the franc did not receive a boost in demand from that. The yield advantage of the euro against the franc also rose slightly. Swiss growth improved and inflation remained negative. The SNB will maintain its monetary policy. From a long term perspective, the franc is clearly overvalued. The euro-franc exchange rate will probably initially fluctuate around 1.10 until the situation in the euro zone brightens substantially.

Pound has anticipated a Johnson victory



GBP

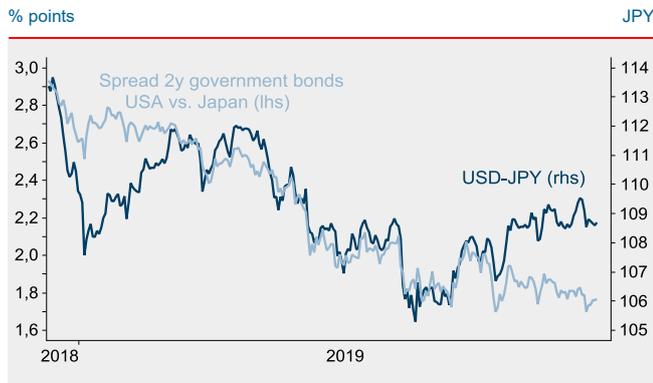
Trend: sideways

The pound sterling appreciated noticeably, with the euro-pound exchange rate falling to 0.84. Prime Minister Johnson is well ahead in the election polls. If he wins, he could get the new Brexit deal through parliament. Moreover, an "anti-business" government under Labour boss Corbyn would be prevented. But a Johnson victory has now been priced in. The undervalued pound is unlikely to appreciate noticeably against the euro until EU negotiations on the future relationship progress or the British economy gains momentum.

Japanese yen, Norwegian krone and Swedish krona

Dollar-yen exchange rate with downside risks

JPY



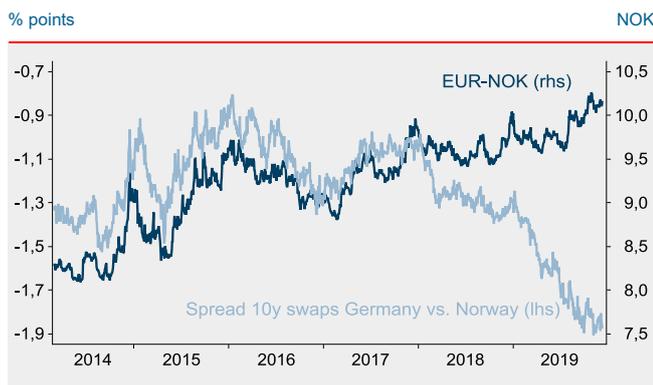
Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Japanese yen was virtually unchanged against the euro and the US dollar. On balance, risk aversion remained constant. Japanese yields rose markedly, with interest rate differentials moving in favour of the yen. Japan's growth was robust, but after the VAT increase there is a risk of a setback. Fiscal policy is becoming more expansionary, while monetary policy is holding back. The dollar-yen exchange rate is therefore likely to fall. The euro-yen exchange rate, on the other hand, could rise slightly if the sentiment about the euro improves.

Norway's high yield advantage stable

NOK



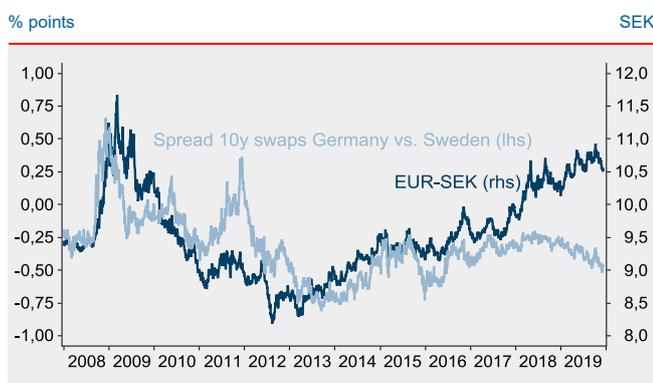
Sources: Macrobond, Helaba Research

Trend: slight appreciation

The Norwegian krone gave way. The euro-krone exchange rate is above 10.1. The economic data were rather disappointing. As expected, inflation declined slightly. The Norwegian central bank will pause for the time being following its interest rate hikes to date. The high yield advantage of the krone against the euro hardly changed. The price of crude oil even rose slightly. On the basis of many indicators, the krone is clearly undervalued, even if growth should slow down a little. In 2020, the euro-krone rate should fall visibly below the 10.0 mark again.

Swedish yield advantage remains very high

SEK



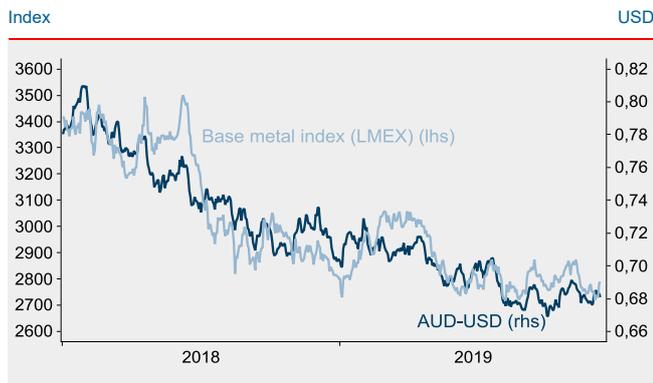
Sources: Macrobond, Helaba Research

Trend: slight appreciation

The Swedish krona gained and the euro-krona exchange rate fell to 10.5. Following the previous downward trend, the Swedish economy showed some signs of improvement. Inflation increased slightly. The central bank held out the prospect of an interest rate hike for December. However, it is possible that it will delay this step. Sweden's clear yield advantage over the euro will nevertheless remain and speaks clearly for the krona. In the long term, the Swedish krona is undervalued. The euro-krona exchange rate should continue to fall in the direction of 10.0.

Australian dollar, Canadian dollar and Chinese yuan

Metal prices in bottom formation



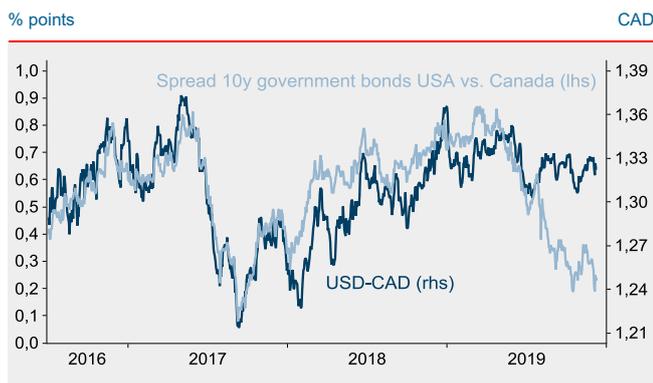
Sources: Macrobond, Helaba Research

AUD

Trend: slight depreciation against the euro

The Australian dollar depreciated against the euro and the US dollar. An end to the US-Chinese trade conflict is not yet certain, metal prices suffered a temporary setback. The Australian economic indicators tended to disappoint. The central bank is keeping the door open to further interest rate cuts. However, as long as there are no setbacks in world trade, it will not react. Australia's interest rate disadvantage vis-à-vis the US is forming a bottom, so that the "Aussie" should gain some ground against the US dollar and weaken slightly against the euro.

Yield difference points to "Loonie" appreciation



Sources: Macrobond, Helaba Research

CAD

Trend: slight depreciation against the euro

The Canadian dollar declined marginally against the euro and the US dollar. Economically, negative surprises predominated, even though the overall picture is solid. Slightly positive impulses came from a higher crude oil price. Inflation has risen. The Bank of Canada is likely to remain on hold. The yield differential vis-à-vis the US clearly argues in favour of the "Loonie", so that it will presumably appreciate somewhat against the US dollar. The picture is less clear against the euro; Canada's currency will probably lose some ground here.

Interest rate advantage supports the yuan



Sources: Macrobond, Helaba Research

CNY

Trend: slight depreciation against the euro

The Chinese yuan has surrendered part of its gains against the euro and US dollar. The dollar-yuan exchange rate climbed above 7.00 again. The partial agreement between the US and China has not yet been secured. However, such a "cease-fire" would support the yuan. The economic data was mixed. The interest rate differentials point to a stronger yuan. Without 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	3,4	-0,5	1,11	1,15	1,15	1,20	1,20
Japanese yen	4,3	-0,2	121	122	122	125	125
British pound	6,6	1,8	0,84	0,85	0,85	0,85	0,80
Swiss franc	3,1	0,4	1,09	1,10	1,10	1,10	1,15
Canadian dollar	6,5	-0,5	1,47	1,51	1,50	1,54	1,54
Australian dollar	-0,1	-1,1	1,63	1,64	1,64	1,67	1,67
Swedish krona	-3,6	1,5	10,54	10,50	10,40	10,30	10,20
Norwegian krone	-2,7	-1,0	10,18	10,00	9,90	9,70	9,60
Chinese yuan	1,0	-0,8	7,79	8,05	8,05	8,28	8,28
vs. US-Dollar (vs. USD, %)							
Japanese yen	0,9	0,3	109	106	106	104	104
Swiss franc	-0,2	0,9	0,98	0,96	0,96	0,92	0,96
Canadian dollar	3,1	0,0	1,32	1,31	1,30	1,28	1,28
Swedish krona	-6,8	2,1	9,50	9,13	9,04	8,58	8,50
Norwegian krone	-5,8	-0,5	9,18	8,70	8,61	8,08	8,00
Chinese yuan	-2,2	-0,3	7,03	7,00	7,00	6,90	6,90
US-Dollar vs. ... (vs. USD, %)							
British pound	3,2	2,3	1,32	1,35	1,35	1,41	1,50
Australian dollar	-3,4	-0,6	0,68	0,70	0,70	0,72	0,72

*10.12.2019

Sources: Bloomberg, Helaba Research ■