



**FX BRIEFLY**

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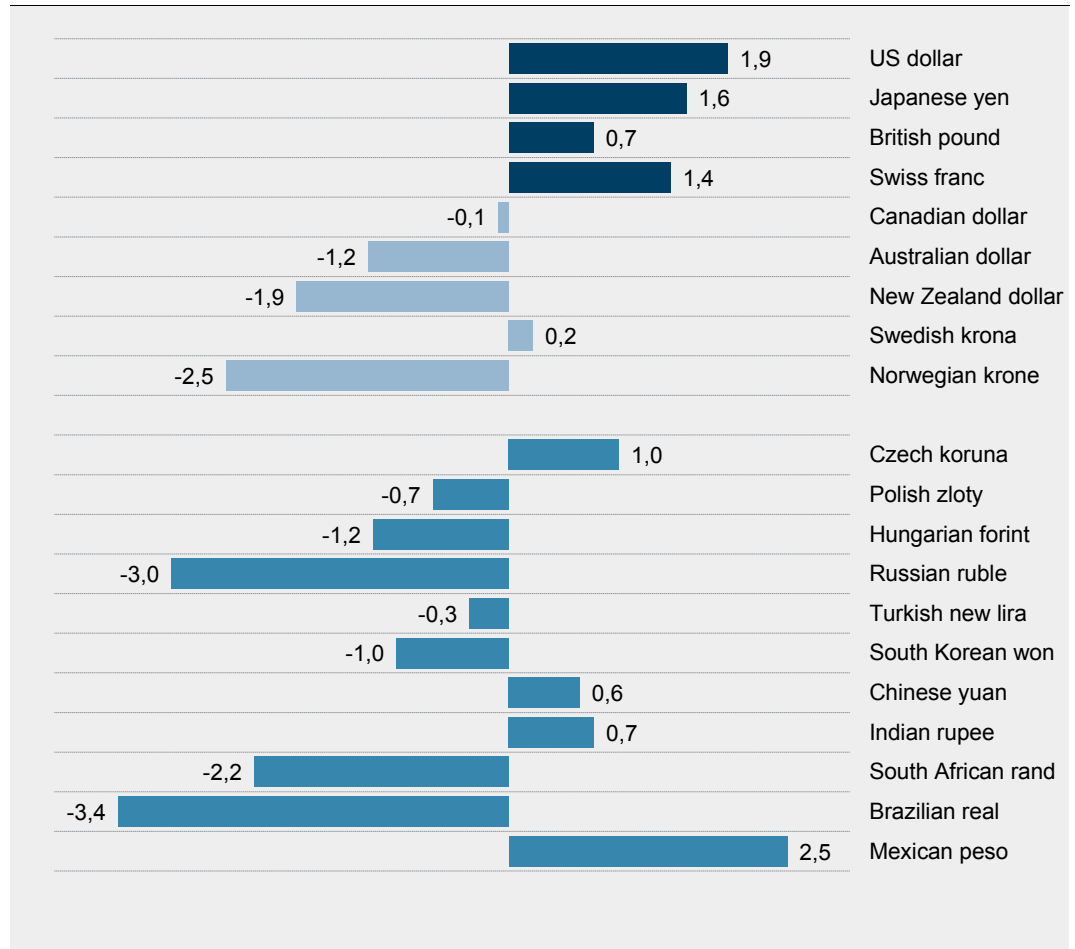
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- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- The US dollar gained substantial ground. The safe investment havens of the Japanese yen and the Swiss franc also appreciated. Losers were above all commodity currencies like the Norwegian krone, the Russian ruble, and the Brazilian real.
- Helaba currency forecasts

**Performance on a month-over-month basis**

% vs. euro compared to the previous month (from 01/10 to 02/10/20)



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

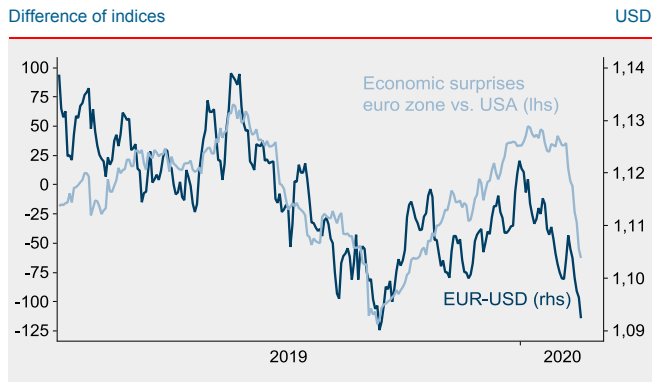
Sources: Bloomberg, Helaba Research

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 dollar with short-term economic tailwind

USD

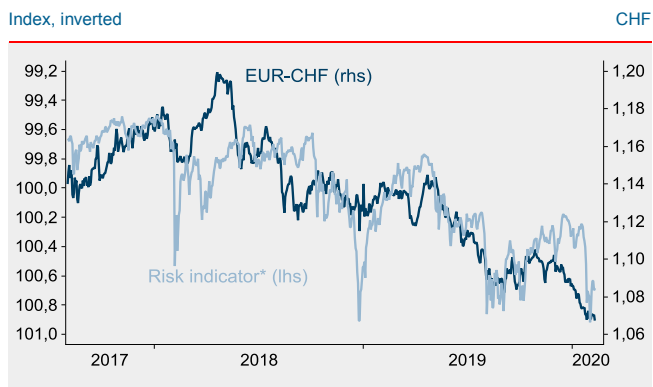


Trend: depreciation

The euro-dollar rate fell below 1.10. The risk aversion associated with the coronavirus helped the US currency. The economic momentum also recently turned in favour of the USA. Donald Trump made gains in surveys. In contrast, the US yield advantage fell again. The Fed is a long way from raising interest rates. The economy in the euro zone should recover in the course of the year. Valuation, "twin deficits" in the US, and the protectionist policy of the US government generally argue against the dollar. The euro-dollar rate should climb in the direction of 1.20.

### Franc profited from higher risk aversion

CHF

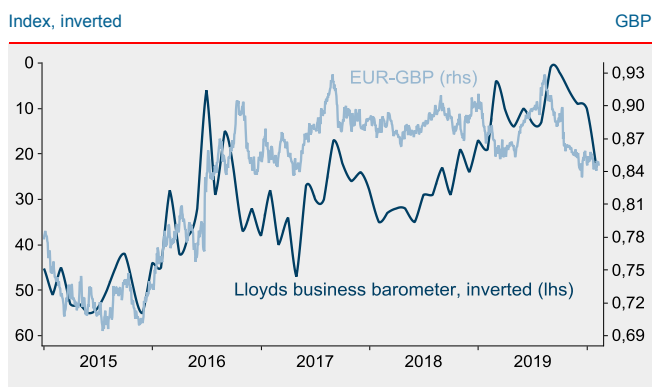


Trend: slight depreciation

The Swiss franc was in demand, and the euro-franc exchange rate fell to 1.07. The higher risk aversion due to the coronavirus helped the safe investment haven. The economy in Switzerland brightened somewhat. On balance, the Swiss yield disadvantage against the euro did not shrink. Inflation is just above the zero mark and the SNB will not make any interest rate changes. However, it could intervene in the currency market; the currency is clearly overvalued. As risk aversion subsides, the euro-franc exchange rate should rise to at least 1.10.

### Waning Brexit concerns a support for the pound

GBP



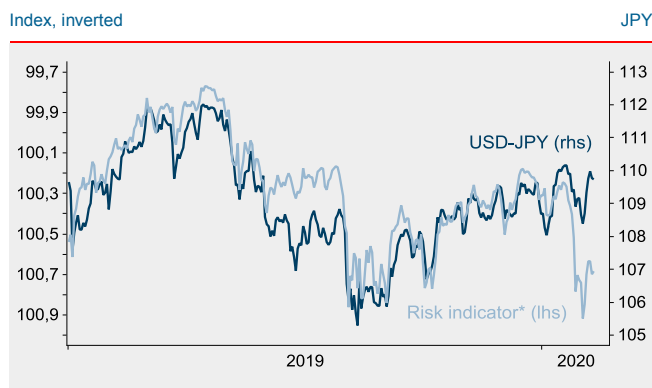
Trend: sideways

On balance, the euro-pound exchange rate was little changed at around 0.85. The withdrawal from the EU has been completed. The upcoming negotiations on the future relationship, however, contain uncertainties. Some "hard" economic data disappointed, but some sentiment indicators improved. The Bank of England is therefore likely to maintain its key rate. For now, the euro-pound exchange rate will presumably tread water. Only progress in the EU negotiations or a more dynamic British economy should allow the pound to appreciate against the euro.

## Japanese yen, Norwegian krone and Swedish krona

### Dollar-yen rate immune to the coronavirus?

**JPY**



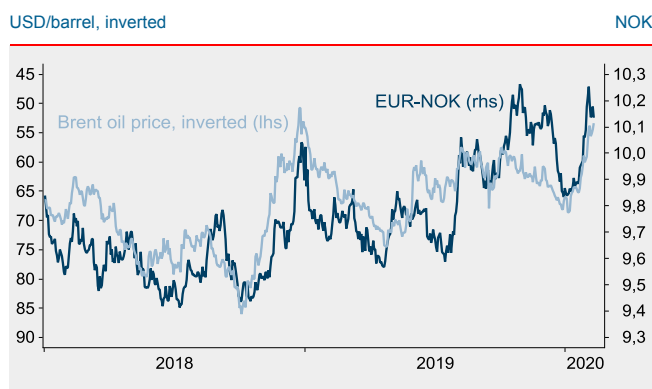
\* calculated from VIX, High-Yield Spreads, Gold-Copper Ratio  
Sources: Macrobond, Helaba Research

### Trend: slight depreciation against the euro

The Japanese yen appreciated against the euro and was little changed against the US dollar. The increased risk aversion was reflected in the euro-yen exchange rate, but not in the dollar-yen exchange rate. In the process, Japan's yield disadvantage against the US dollar declined again. As a reaction to the VAT hike, Japan is threatened with weaker growth. But it is fiscal policy, not monetary policy, that is reacting to that. The yen has appreciation potential against the US dollar. By contrast, the euro-yen exchange rate could rise in a more euro-friendly environment.

### Krone in the undertow of the oil price

**NOK**



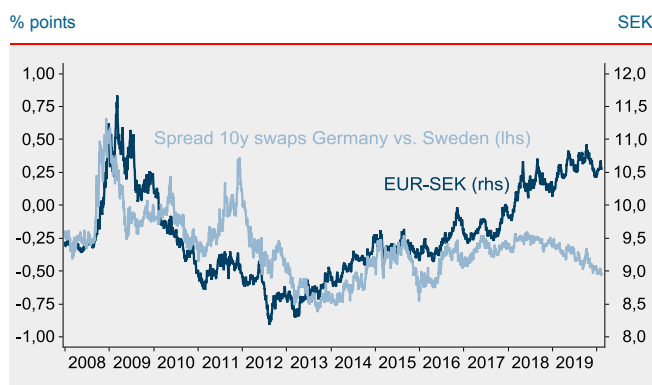
Sources: Macrobond, Helaba Research

### Trend: slight appreciation

The Norwegian krone weakened significantly. The euro-krone exchange rate rose again above the 10.0 mark. Due to the coronavirus epidemic, the price of crude oil fell sharply, which put Norway's currency under pressure. The economic data disappointed most recently. However, inflation jumped to the upside. The Norwegian central bank will pause for now, but in principle rate hikes are possible in 2020. The high yield advantage of the krone against the euro declined somewhat. Still, the krone is noticeably undervalued. The euro-krone rate should decline in 2020.

### Swedish yield advantage has expanded once again

**SEK**



Sources: Macrobond, Helaba Research

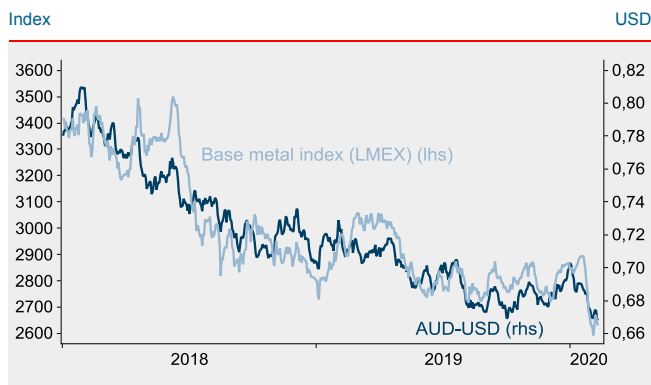
### Trend: slight appreciation

The Swedish krona barely moved at all, the euro-krona exchange rate is above 10.5. The Swedish economy appears to be recovering from a dip, with sentiment indicators in particular improving. After its interest rate hike, the central bank will remain calm for now, especially since inflation is just below the target level. The already high Swedish yield advantage against the euro has widened even more and speaks clearly in favour of the krona. The euro-krona exchange rate should gradually drop in the direction of 10.0.

## Australian dollar, Canadian dollar and Chinese yuan

### Coronavirus hits commodity prices and the "Aussie"

AUD



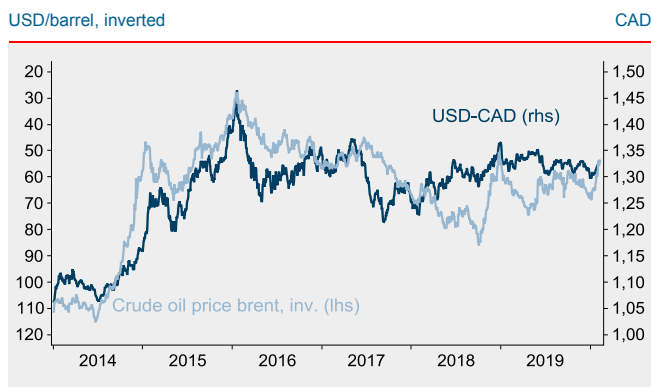
Sources: Macrobond, Helaba Research

#### Trend: slight depreciation against the euro

The Australian dollar depreciated against the euro and especially the US dollar. The spread of the coronavirus in China is hitting the Australian economy as commodity prices come under pressure. The bushfires in Australia are being replaced by floods. Growth will probably suffer. As a result, the central bank could lower its key rate again. The stable yield differentials against the US point to a recovery of the "Aussie" against the US dollar. Australia's currency should weaken slightly against the euro.

### "Loonie" suffering from the decline of oil prices

CAD



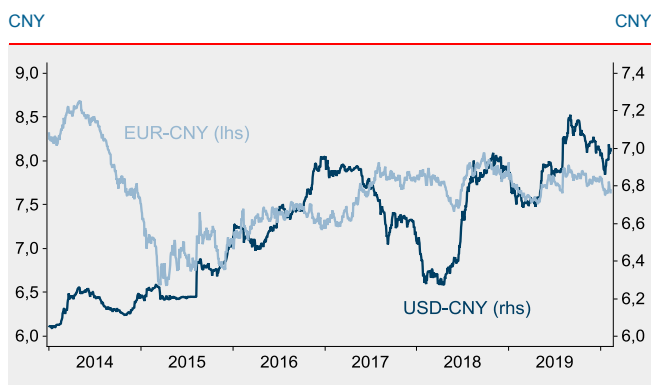
Sources: Macrobond, Helaba Research

#### Trend: depreciation against the euro

The Canadian dollar lost noticeably against the US dollar and marginally against the euro. The sharp drop in the price of crude oil put a strain on the "Loonie". The economic indicators have brightened only slightly. Although inflation is higher, the Bank of Canada opened the door for a rate cut. However, the yield differentials vis-à-vis the US hardly reacted at all and point to a stronger "Loonie" – especially if oil prices recover. The interest rate differentials vis-à-vis the euro moved against Canada's currency, which is why the "Loonie" will probably lose ground here.

### Yuan declined only slightly because of the coronavirus

CNY



Sources: Macrobond, Helaba Research

#### Trend: depreciation against the euro

The Chinese yuan weakened against the US dollar, but gained slightly against the euro. The dollar-yuan exchange rate is around 7.0. The spread of the coronavirus will weaken China's growth. However, China's government will react with a stimulus. Since there is at least a "truce" in the US-China trade conflict, growth will probably recover. The dollar-yuan exchange rate should therefore decline in the course of 2020. The yuan will presumably depreciate against the euro.

## Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q1/2020	Q2/2020	Q3/2020	Q4/2020
<b>vs. Euro</b>	(vs. Euro, %)						
US dollar	2,8	1,9	1,09	1,15	1,20	1,20	1,25
Japanese yen	1,7	1,6	120	122	125	125	127
British pound	0,1	0,7	0,84	0,85	0,85	0,80	0,80
Swiss franc	1,8	1,4	1,07	1,10	1,10	1,15	1,15
Canadian dollar	0,3	-0,1	1,45	1,50	1,54	1,54	1,58
Australian dollar	-2,1	-1,2	1,63	1,64	1,67	1,67	1,69
Swedish krona	-0,4	0,2	10,54	10,40	10,30	10,20	10,10
Norwegian krone	-2,9	-2,5	10,13	9,90	9,70	9,60	9,50
Chinese yuan	2,3	0,6	7,64	8,05	8,28	8,28	8,50
<b>vs. US-Dollar</b>	(vs. USD, %)						
Japanese yen	-1,1	-0,3	110	106	104	104	102
Swiss franc	-1,1	-0,5	0,98	0,96	0,92	0,96	0,92
Canadian dollar	-2,5	-2,0	1,33	1,30	1,28	1,28	1,26
Swedish krona	-3,1	-1,7	9,66	9,04	8,58	8,50	8,08
Norwegian krone	-5,4	-4,3	9,29	8,61	8,08	8,00	7,60
Chinese yuan	-0,3	-0,9	6,98	7,00	6,90	6,90	6,80
<b>US-Dollar vs. ...</b>	(vs. USD, %)						
British pound	-2,6	-1,1	1,29	1,35	1,41	1,50	1,56
Australian dollar	-4,8	-3,1	0,67	0,70	0,72	0,72	0,74

\*10.02.2020

Sources: Bloomberg, Helaba Research ■