



FX BRIEFLY

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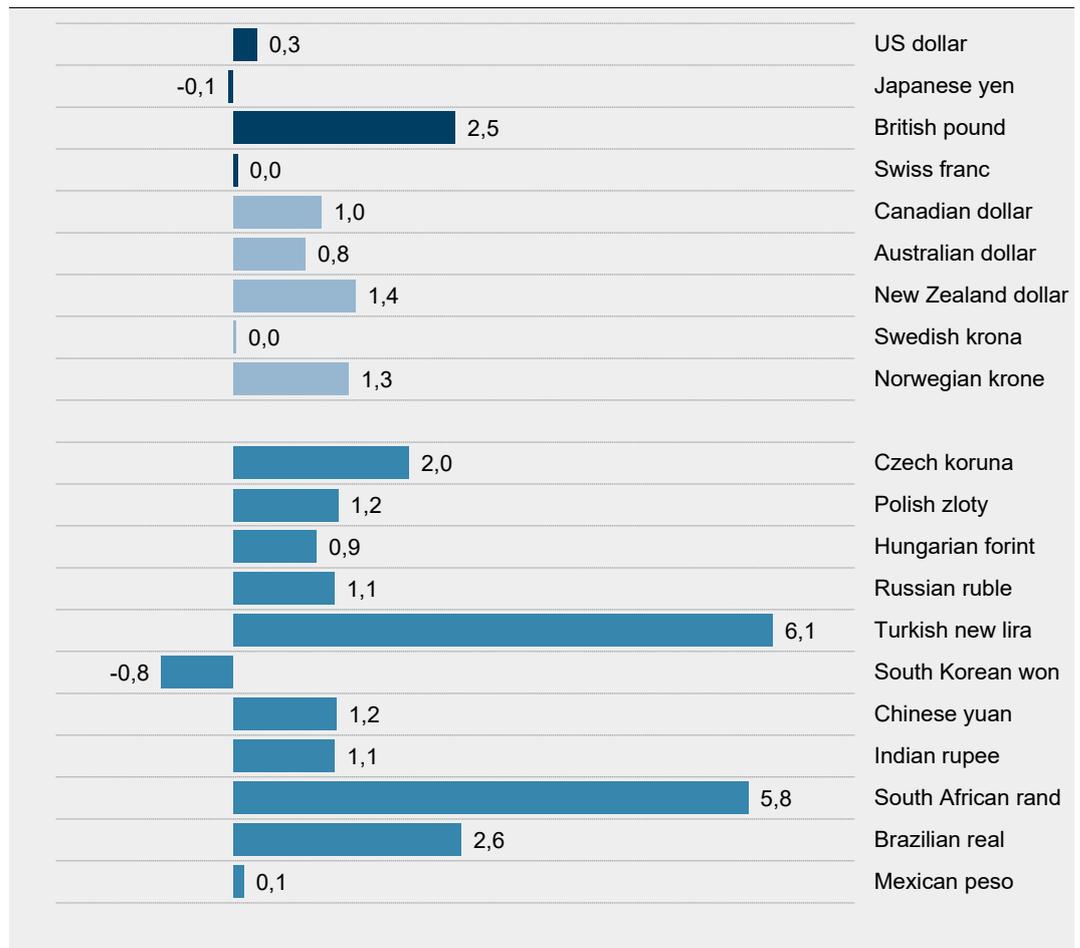
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- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- The euro trended generally weaker. The safe investment havens of the franc and the yen were also hardly in demand. The British pound moved up sharply. Most emerging market currencies appreciated, with the Turkish lira and the South African rand, in particular, posting robust gains.
- Helaba currency forecasts

Performance on a month-over-month basis

% vs. euro compared to the previous month (from 01/11 to 02/09/21)



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

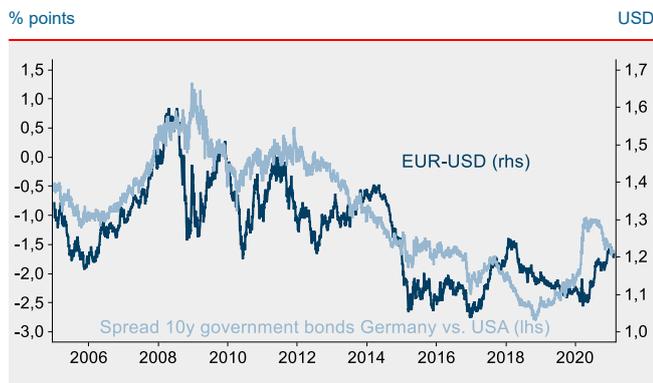
Sources: Bloomberg, Helaba Research

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 will hardly increase any further

USD



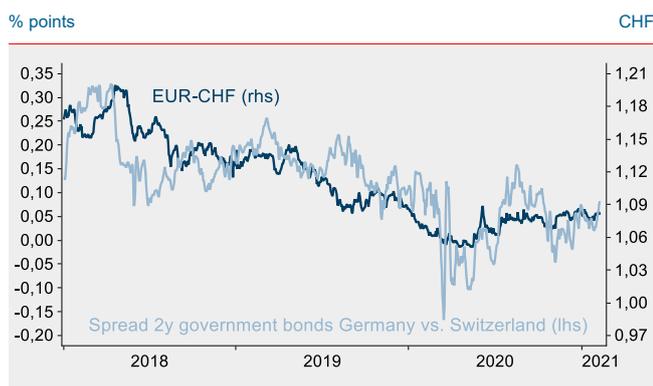
Sources: Macrobond, Helaba Research

Trend: slight depreciation

The recovery of the US dollar stalled again, with the euro-dollar rate trading around 1.21. Higher vaccination rates in the US are helping the greenback against the euro. US growth is currently robust, especially since new stimulus packages are imminent. However, the US yield advantage did not increase further as Fed policy remains very expansionary. The high money growth coupled with rising government spending calls for caution. In addition, the euro economy will become more dynamic in the course of the year, so that after a breather the euro-dollar rate should rise to 1.25.

### Interest rate differentials still without clear direction

CHF



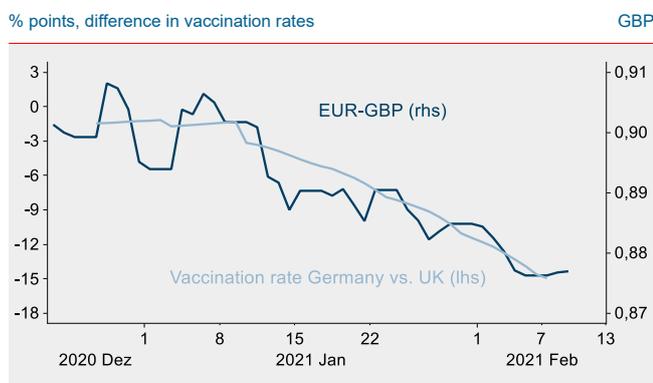
Sources: Macrobond, Helaba Research

Trend: slight depreciation

The Swiss franc remained stable, the euro-franc exchange rate hovered around 1.08. The generally somewhat weaker euro did not help the franc. Conversely, the higher risk appetite hardly weighed on this safe haven. The hitherto robust Swiss economy is becoming gloomier because of the lockdown. Due to negative inflation, monetary policy remains very expansionary. The SNB confirmed its willingness to intervene. The interest rate differential is likely to move against the Swiss currency in the medium term, and the euro-franc exchange rate will therefore probably rise at least to 1.10.

### British head start on vaccination supports the pound

GBP



Sources: Macrobond, Helaba Research

Trend: slight appreciation

The British pound gained significantly, as the euro-pound rate fell below 0.88. To be sure, the Corona situation in the UK intensified dramatically. A new, tighter lockdown reduces the infection figures, but it is putting a damper on growth. However, the speedy vaccinations are offering hope, which is why the British will be able to ease restrictions more quickly than other countries this year. Accordingly, the economic outlook is brightening. The Bank of England postponed the issue of negative interest rates. The British yield advantage increased. The euro-pound rate should fall to 0.85.

## Japanese yen, Norwegian krone and Swedish krona

### Lower risk aversion supports euro-yen rate

**JPY**



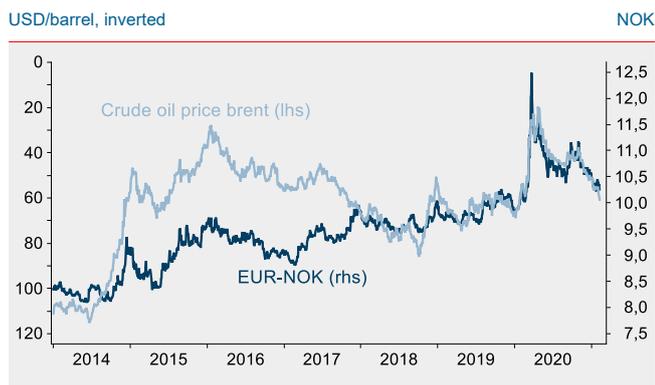
\* calculated from VIX, High-Yield Spreads, Gold-Copper Ratio  
Sources: Macrobond, Helaba Research

Trend: sideways

The Japanese yen was little changed against the euro and fell slightly against the US dollar. Yield differentials moved to the detriment of the Japanese currency. The risk appetite increased slightly. Japan's economy clouded over at the beginning of 2021, but will improve again. The Bank of Japan is therefore maintaining its policy. In the longer term, valuation and structural factors such as current account balances help the yen, especially against the US dollar. In the near term, the yen should continue to trend sideways against the euro and the dollar.

### Higher oil prices boost the Norwegian krone

**NOK**



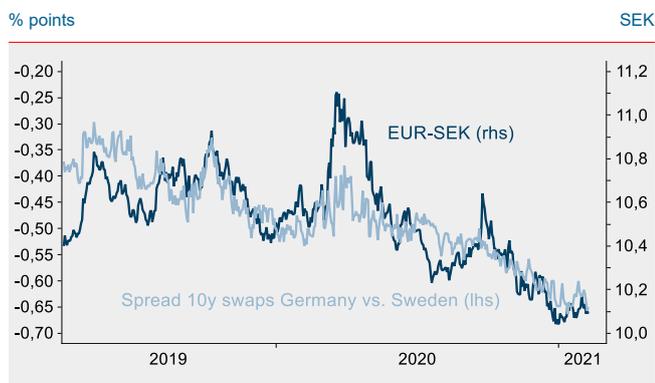
Sources: Macrobond, Helaba Research

Trend: slight appreciation

The Norwegian krone appreciated further, as the euro-krone rate fell below 10.3. Rising crude oil prices again gave the krone a strong tailwind. Recent economic data were only partially convincing, but overall the Norwegian economy is doing better than that of the euro area. Core inflation is elevated. Although the Norwegian central bank will keep the key interest rate unchanged for the time being, it is holding out the prospect of increases in early 2022. The Norwegian yield advantage over the euro widened. Initially, the krone could take a breather. Then the euro-krone rate should fall further.

### Swedish yield advantage slightly higher

**SEK**



Sources: Macrobond, Helaba Research

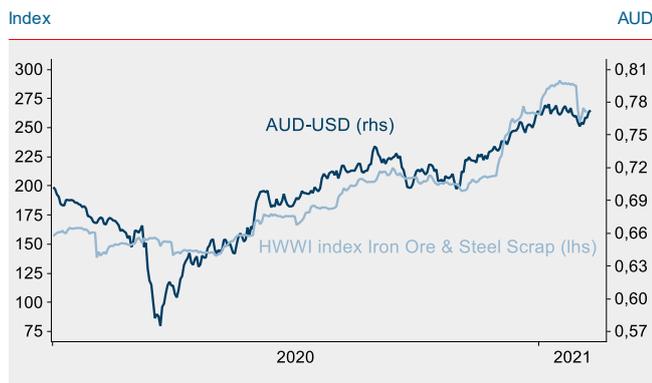
Trend: sideways

The Swedish krona has hardly changed, with the euro-krona exchange rate fluctuating around 10.1. The Swedish economy will continue to recover, even if its dynamism will slow down. In 2020/21, Sweden will probably outperform the euro area. The central bank has maintained its expansionary policy and is not hinting at an interest rate turnaround. Nevertheless, the Swedish yield advantage over the euro increased slightly. For the time being, this will not provide a tailwind, so that the krona could suffer a setback. Overall, the euro-krona exchange rate should trend sideways.

## Australian dollar, Canadian dollar and Chinese yuan

### Iron ore prices providing less support to the “Aussie”

AUD



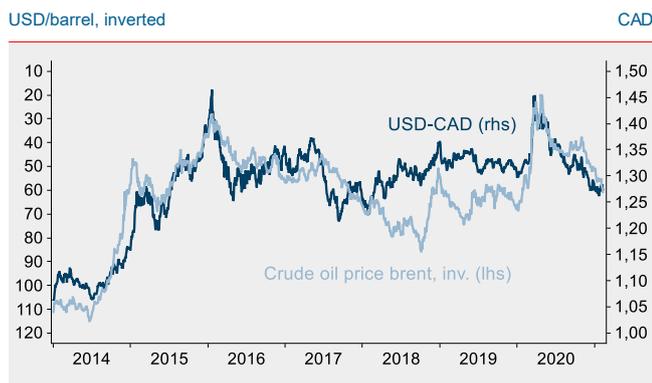
Sources: Macrobond, Helaba Research

Trend: slight depreciation

The Australian dollar gained slightly against the euro and marginally against the US dollar. The rapid rise in some commodity prices came to a halt, iron ore even became cheaper. Thus, support for the "Aussie" is weakening. The Australian economy is picking up speed – regardless of the trade conflict with China. However, the central bank sees interest rate hikes in the distant future. Therefore, yield differentials will hardly give the "Aussie" a boost. The Australian currency should depreciate somewhat against the US dollar and the euro.

### Crude oil price catching up to “Loonie” again

CAD



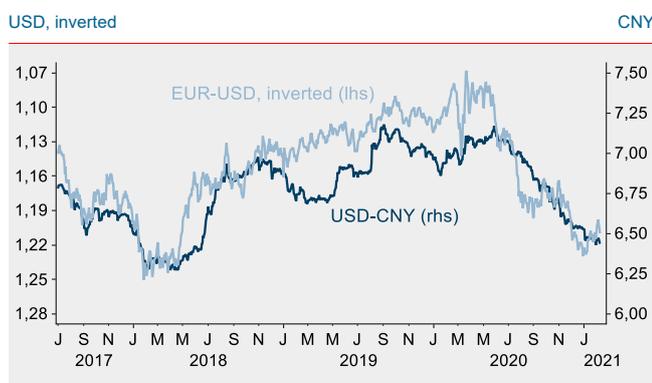
Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Canadian dollar appreciated slightly against the euro and marginally against the US dollar. The rising price of crude oil gave the "Loonie" a tailwind. The Canadian economy recovered strongly, but there is a short-term setback. The Bank of Canada remained calm, but could reduce its bond purchases in the course of the year. Yield differentials against the US dollar remained constant. The "Loonie" should trend sideways against the US dollar on balance. Canada's currency could weaken slightly against the euro in the second half of the year.

### Dollar recovery also against the yuan?

CNY



Sources: Macrobond, Helaba Research

Trend: slight depreciation against the euro

The Chinese yuan strengthened against the US dollar and even more against the euro. Chinese growth is very robust overall, but is likely to lose momentum. China's yield advantage against the dollar and euro picked up somewhat after a previous decline. The political conflict with the US will continue under President Biden. The short-term general dollar recovery is likely to show up against the yuan. The dollar-yuan exchange rate should therefore rise somewhat. The euro-yuan rate will probably also rise.

## Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q1/2021	Q2/2021	Q3/2021	Q4/2021
<b>vs. Euro</b>	%						
US dollar	0,8	0,3	1,21	1,20	1,20	1,25	1,25
Japanese yen	-0,5	-0,1	127	125	125	128	128
British pound	1,9	2,5	0,88	0,88	0,85	0,85	0,85
Swiss franc	0,0	0,0	1,08	1,10	1,10	1,12	1,12
Canadian dollar	1,1	1,0	1,54	1,56	1,56	1,60	1,60
Australian dollar	1,4	0,8	1,57	1,60	1,62	1,69	1,69
Swedish krona	-0,4	0,0	10,09	10,30	10,20	10,10	10,00
Norwegian krone	2,4	1,3	10,24	10,40	10,30	10,20	10,00
Chinese yuan	2,8	1,2	7,79	7,92	7,92	8,13	8,13
<b>vs. US-Dollar</b>	vs. USD, %						
Japanese yen	-1,3	-0,3	105	104	104	102	102
Swiss franc	-0,8	-0,2	0,89	0,92	0,92	0,90	0,90
Canadian dollar	0,3	0,7	1,27	1,30	1,30	1,28	1,28
Swedish krona	-1,1	-0,2	8,32	8,58	8,50	8,08	8,00
Norwegian krone	1,5	1,0	8,45	8,67	8,58	8,16	8,00
Chinese yuan	1,4	0,7	6,44	6,60	6,60	6,50	6,50
<b>US-Dollar vs. ...</b>	vs. USD, %						
British pound	1,1	2,2	1,38	1,36	1,41	1,47	1,47
Australian dollar	0,6	0,5	0,77	0,75	0,74	0,74	0,74

\*09.02.2021

Sources: Bloomberg, Helaba Research ■