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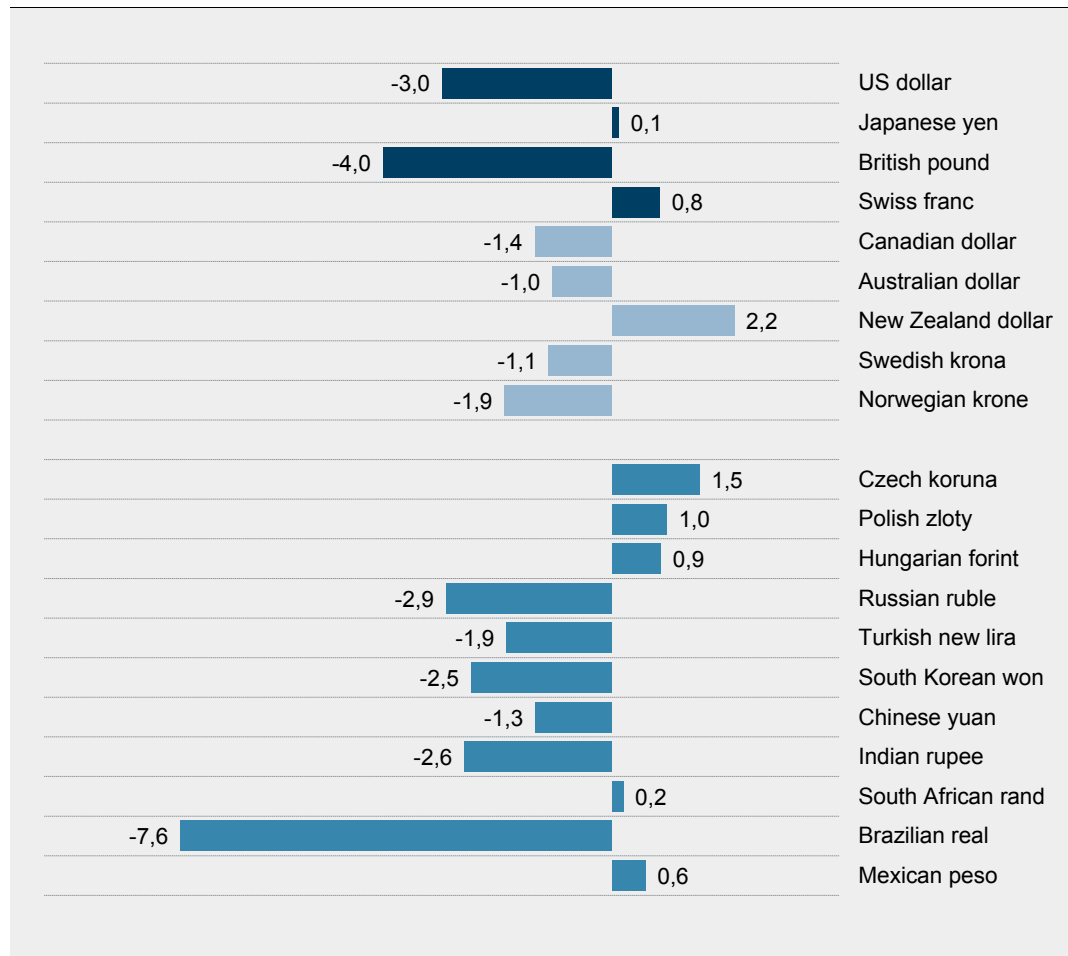
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- Most recently the US dollar depreciated noticeably, not only but especially against the euro. The British pound was even weaker. The biggest loser was the Brazilian real.
- In this edition you will find brief analyses of the US dollar, Swiss franc, British pound, Japanese yen, Norwegian krone, and the Swedish krona, as well as the Australian dollar, the Canadian dollar, and the Chinese yuan.
- Helaba currency forecasts

Performance on a month-over-month basis

% vs. euro compared to the previous month (from 05/11 to 06/09/17)



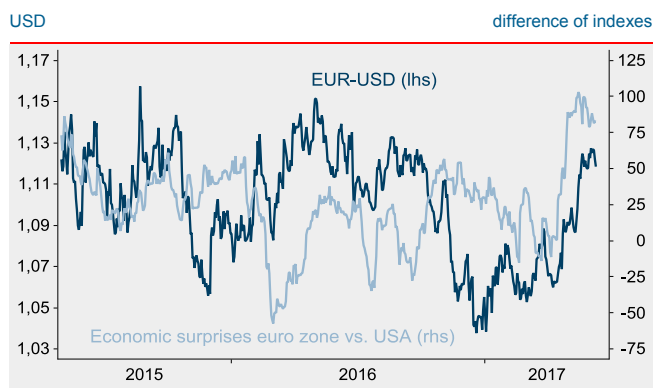
■ Core currencies ■ Rest of G10 ■ Currencies of emerging countries
 Sources: Bloomberg, Helaba Research

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

Economic momentum currently supporting the euro

USD



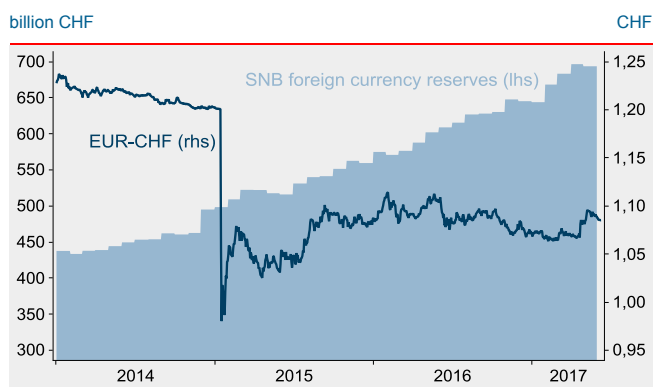
Sources: Macrobond, Helaba Research

Trend: sideways

The euro-dollar rate rose again and peaked at nearly 1.13. The turbulences surrounding President Trump are weighing on the US dollar. The Fed will presumably raise its key rate, but it is acting cautiously overall. The US long-term yield advantage narrowed. The economic indicators were disappointing, even relative to the euro zone. The euro-dollar rate should climb at times to as high as 1.15, especially since the political risks have eased in the euro zone. However, the expansionary ECB policy limits the euro's potential, so that the euro will not appreciate in a sustained way.

SNB no longer had to intervene most recently

CHF



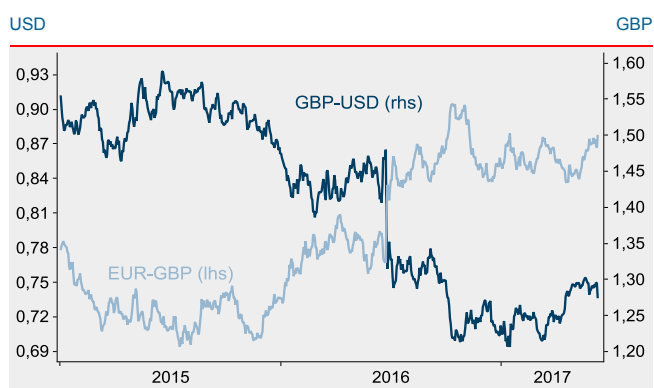
Sources: Macrobond, Helaba Research

Trend: sideways

The Swiss franc appreciated marginally, and the euro-franc exchange rate is below 1.09. Growth in Switzerland was a bit disappointing in the first quarter. Even if the sentiment indicators suffered a setback most recently, the situation overall is solid. Inflation rose slightly. The central bank is likely to maintain its expansionary policy for the time being. The SNB hardly intervened in the currency market in May. Finally, the political situation in the euro zone eased. For now the euro-franc exchange rate should hover in a range between 1.08 to 1.10.

Even more uncertainty for the pound sterling

GBP



Sources: Macrobond, Helaba Research

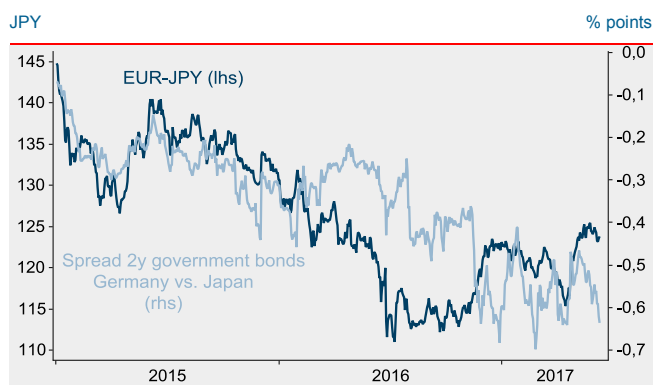
Trend: sideways

The British pound continues to tend toward weakness. After the parliamentary elections, the euro-pound rate rose to 0.88. For lack of a clear majority the political uncertainty persists for the time being, which is weighing on the pound. Moreover, the Brexit negotiations are pending. Growth has lost impetus and will hardly change for the better. In spite of a higher inflation, the Bank of England is maintaining its expansionary policy. However, the favourable valuation limits the potential for loss over the medium term. The euro-pound rate should hover in the range of 0.85 to 0.90.

Japanese yen, Norwegian krone and Swedish krona

Yen with yield advantage over the euro

JPY



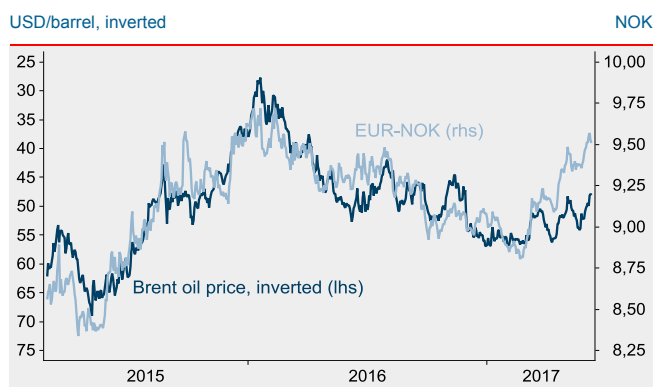
Sources: Macrobond, Helaba Research

Trend: slight appreciation

The Japanese yen gained against the US dollar and stands virtually unchanged against the euro. Political uncertainties in the US strengthened the yen against the Greenback, and Japan's yield disadvantage against the US narrowed. In spite of moderate Q1 growth, the Japanese economy overall proved friendly. Inflation remains too low. The Bank of Japan is maintaining its expansionary monetary policy. Still, the yen should appreciate against the US dollar and – because of the Japanese yield advantage – against the euro.

Euro-krone exchange rate still overshooting

NOK



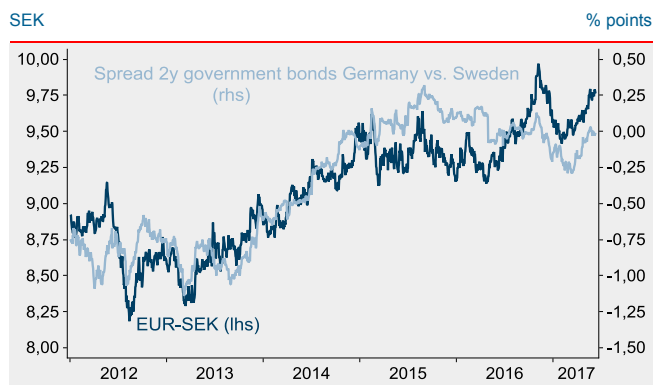
Sources: Macrobond, Helaba Research

Trend: appreciation

The Norwegian krone remains under pressure. The euro-krone rate stands around 9.5. The oil price recovered only temporarily and on balance lost ground, which is weighing on the krone. Growth in Norway (mainland) improved in the first quarter, the phase of weakness is over. Inflation declined again slightly, why the central bank can still take a wait-and-see approach. However, it could initiate a change of course in the coming year. Moreover, the krone is undervalued on the basis of the oil price and the yield spreads. The euro-krone rate should decline over the medium term.

Weakness of the Swedish krona exaggerated

SEK



Sources: Macrobond, Helaba Research

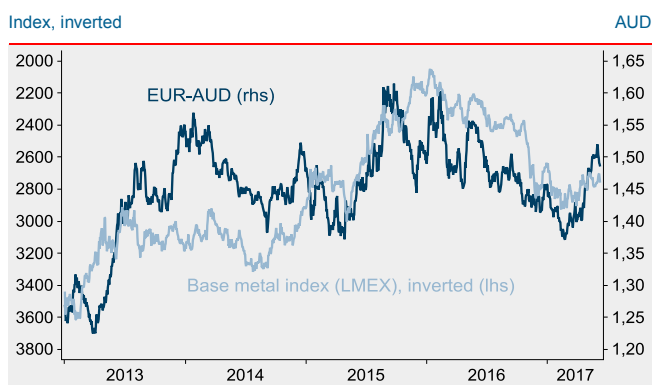
Trend: appreciation

The Swedish krona weakened again against the euro. The euro-krona exchange rate rose to as much as 9.8. Sweden's economy slowed in the first quarter, and most recently the indicators were also disappointing. Still, growth overall is still convincing. And yet, inflation picked up again most recently. A turnaround on monetary policy next year should not come as surprise. As a result, Swedish yields should thus tend to expand against the euro. The euro-krona exchange rate will presumably decline over the course of the year.

Australian dollar, Canadian dollar and Chinese yuan

Commodity prices soon a help again for the “Aussie”?

AUD



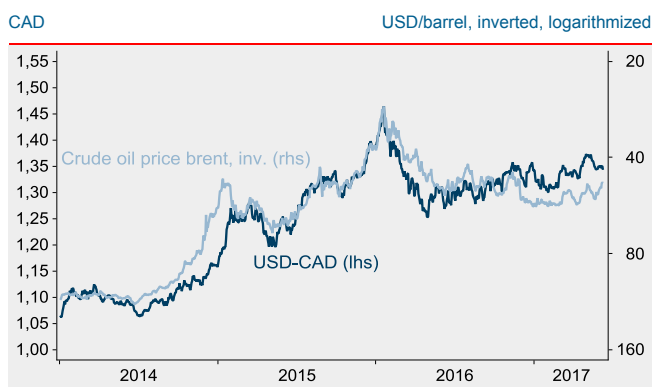
Sources: Macrobond, Helaba Research

Trend: slight appreciation

The Australian dollar appreciated against the US dollar, though it lost a little ground against the euro. Some commodity prices were still declining. Australia’s growth was moderate in the first quarter, though other economic indicators are showing a more positive picture. Inflation is moderate. The central bank will maintain its wait-and-see stance for some time yet. The Australian yield advantage against the US dollar and the euro will no longer decline. With slight tailwind from commodity prices, the “Aussie” could appreciate slightly against the euro and the US dollar.

Oil price decline recently no handicap for the “Loonie”

CAD



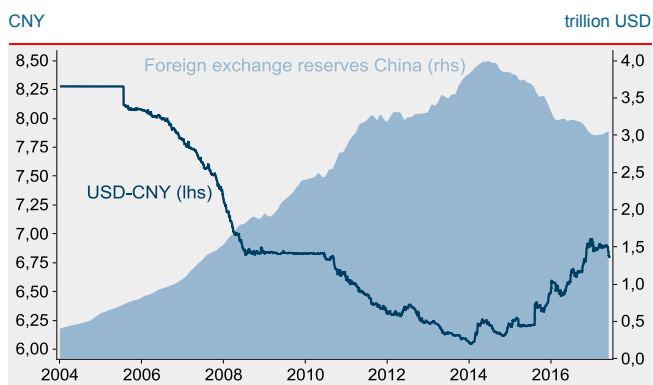
Sources: Macrobond, Helaba Research

Trend: sideways against the euro

The Canadian dollar gained ground against the US dollar, though it depreciated against the euro. The declining oil prices were not a major burden for the “Loonie”. Canada’s growth has picked up steam; the core inflation, meanwhile, is moderate. The central bank will take a wait-and-see approach for the time being, though rate hikes seem possible in 2018. The yield disadvantage against the US could then shrink. With a little tailwind from the oil price, the “Loonie” should hold fairly steady, thus it should trend sideways against the US dollar and the euro over the medium term.

China’s currency reserves recover slightly

CNY



Sources: Macrobond, Helaba Research

Trend: depreciation

The Chinese yuan appreciated noticeably against the US dollar and is trading around 6.80. A change in the fixing no doubt also contributed to this. But the yuan declined against the euro. China’s currency reserves rose again. The capital flight has thus eased, though that does not necessarily mean it will remain this way in the future. The economic indicators tended to disappoint most recently. Over the medium term, China’s currency should depreciate again against the US dollar and the euro.

Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q2/2017	Q3/2017	Q4/2017	Q1/2018
vs. Euro	(vs. Euro, %)						
US dollar	-6,1	-3,0	1,12	1,10	1,15	1,10	1,10
Japanese yen	-0,4	0,1	124	121	121	115	120
British pound	-2,8	-4,0	0,88	0,90	0,90	0,85	0,85
Swiss franc	-1,2	0,8	1,09	1,08	1,10	1,10	1,10
Canadian dollar	-6,3	-1,4	1,51	1,47	1,52	1,49	1,49
Australian dollar	-1,9	-1,0	1,49	1,47	1,47	1,45	1,47
Swedish krona	-1,9	-1,1	9,76	9,50	9,30	9,10	9,10
Norwegian krone	-4,5	-1,9	9,52	9,30	9,10	8,90	8,90
Chinese yuan	-3,5	-1,3	7,61	7,59	7,99	7,70	7,70
vs. US-Dollar	(vs. USD, %)						
Japanese yen	6,0	3,2	110	110	105	105	109
Swiss franc	5,1	4,0	0,97	0,98	0,96	1,00	1,00
Canadian dollar	-0,2	1,7	1,35	1,34	1,32	1,35	1,35
Swedish krona	4,5	1,9	8,72	8,64	8,09	8,27	8,27
Norwegian krone	1,7	1,2	8,50	8,45	7,91	8,09	8,09
Chinese yuan	2,2	1,6	6,80	6,90	6,95	7,00	7,00
US-Dollar vs. ...	(vs. USD, %)						
British pound	3,3	-1,1	1,27	1,22	1,28	1,29	1,29
Australian dollar	4,4	2,0	0,75	0,75	0,78	0,76	0,75

*09.06.2017

Sources: Bloomberg, Helaba Research ■