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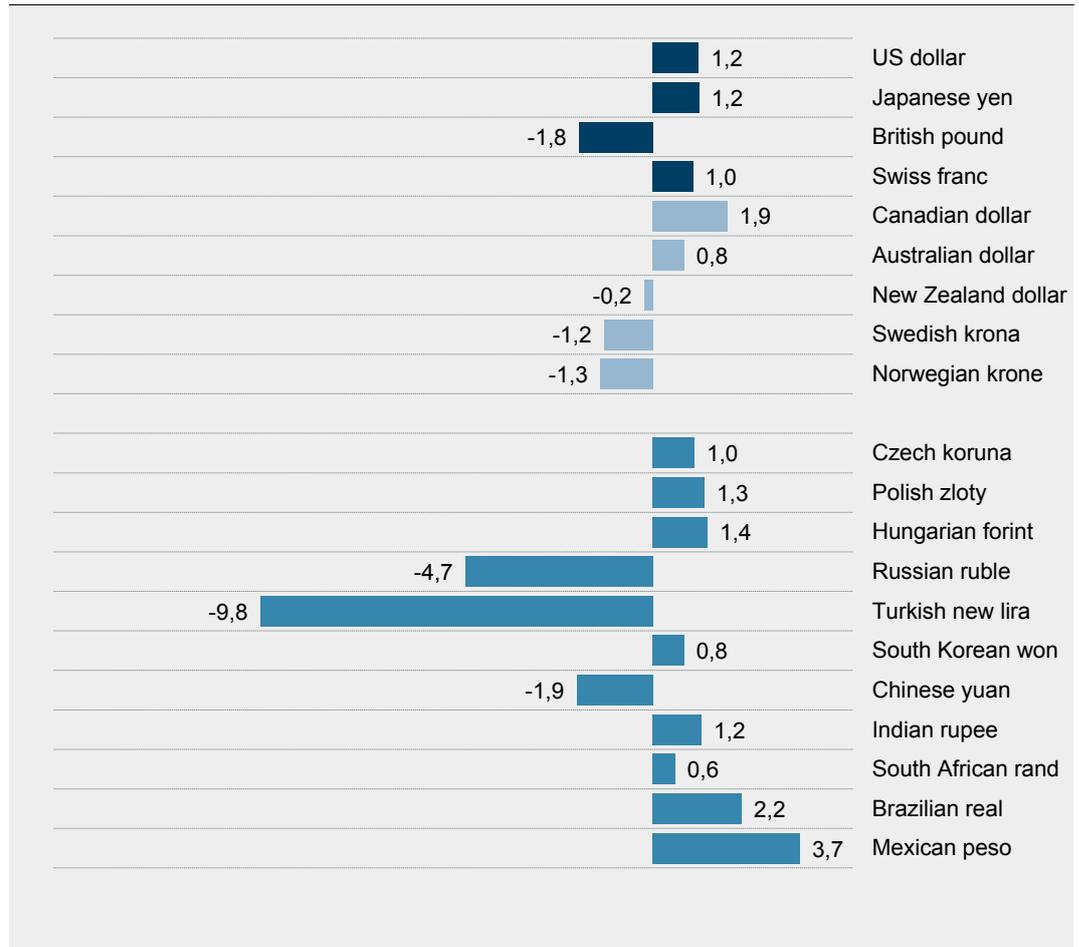
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- The US dollar appreciated against the euro. By contrast, the British pound weakened markedly. While most emerging market currencies advanced, the Turkish lira depreciated massively, with the Russian ruble and Chinese yuan also losing ground.
- In 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 07/10 to 08/08/18)



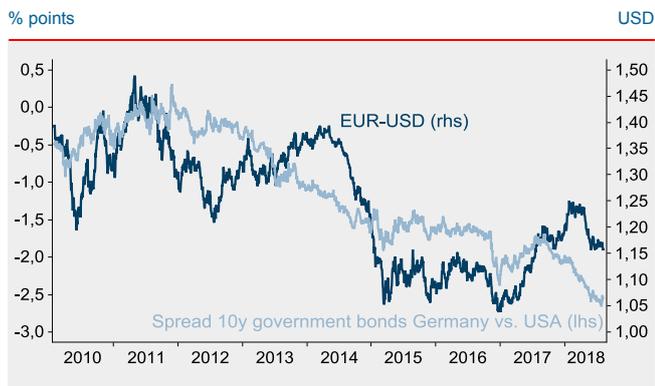
■ Core currencies ■ Rest of G10 ■ Currencies of emerging countries

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 approaching its peak



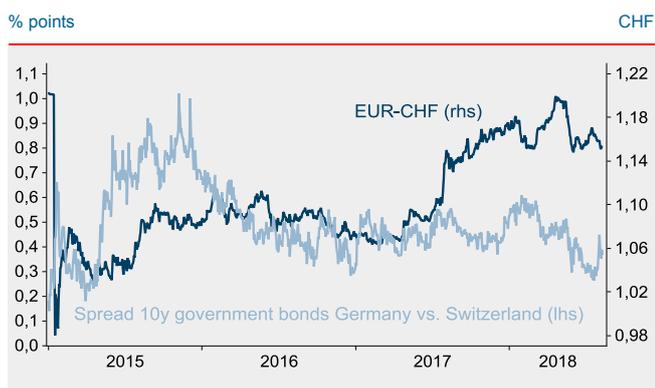
Sources: Macrobond, Helaba Research

USD

Trend: sideways

The euro-dollar exchange rate fell slightly. While the euro suffered from renewed concerns about the Italian government, Trump's criticism of the strong U.S. currency and the Fed's policy weighed on the U.S. dollar. However, the US Fed will continue to raise its key interest rate. As the ECB delays its interest rate turnaround, the high US yield advantage supports the Greenback, even if it will hardly increase further. But since Trump's policy ultimately limits the appreciation potential, the euro-dollar rate should at most weaken slightly in the further course of the year.

Swiss interest rate disadvantage widened, but still low



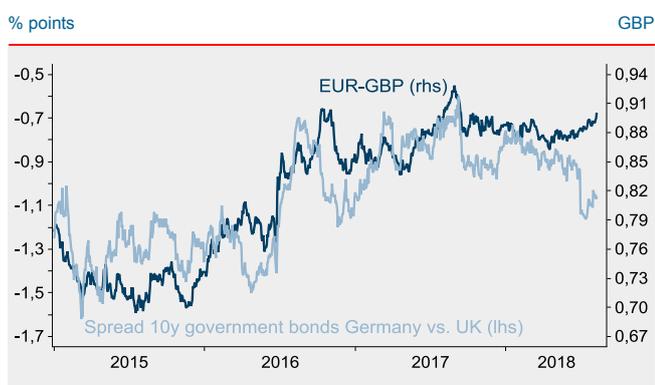
Sources: Macrobond, Helaba Research

CHF

Trend: sideways

The Swiss franc appreciated slightly against the euro. The Euro-Franc exchange rate is below 1.16. Concerns about Italy supported the Swiss currency. The Swiss economy is proving quite robust, with inflation rising again. An interest rate turnaround is probably even further away for the SNB than for the ECB. Switzerland's yield disadvantage against the euro widened slightly. Political uncertainties in the EU, on the other hand, could support the Swiss currency. The Euro-Franc exchange rate should fluctuate in the range of 1.15 to 1.17.

Brexit worries trump yield advantage... still



Sources: Macrobond, Helaba Research

GBP

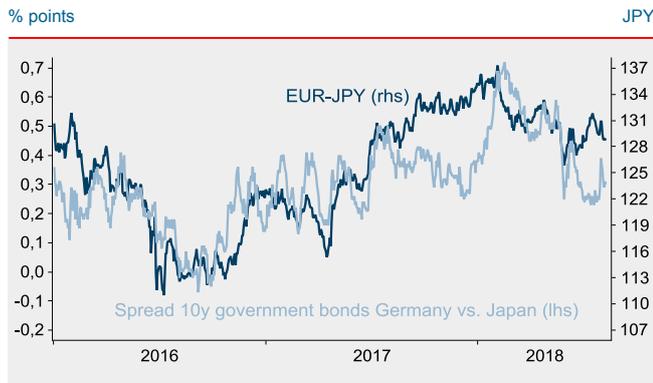
Trend: appreciation

The British Pound suffered increasingly from concerns about a "no deal" Brexit. Prime Minister May's proposal did set out a possible compromise, but the EU reacted hesitantly. Negotiations over the Brexit will remain difficult for the time being. The Bank of England's interest rate hike helped the pound only to a limited extent, as no additional steps will be taken for now. Further short-term losses are possible for the pound. Nevertheless, a Brexit deal is still likely to emerge in 2018. Then the euro-pound exchange rate should be more like 0.85 rather than its current 0.90.

Japanese yen, Norwegian krone and Swedish krona

Euro-yen exchange rate does follow yield differences

JPY



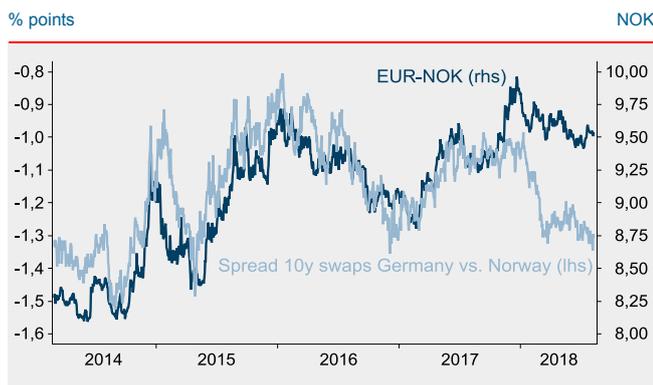
Sources: Macrobond, Helaba Research

Trend: appreciation

The Japanese yen changed little against the US dollar, but appreciated against the euro. Expectations of a change of course by the Bank of Japan were disappointed, although it appears to be more flexible. Yields in Japan rose slightly, the difference against the euro and the US dollar hardly changed. In view of relatively low inflation and an overall sound economy, the Bank of Japan will maintain its course. Valuation aspects against the euro and the Trump uncertainties regarding the US dollar should support the yen.

Norways yield advantage expands further

NOK



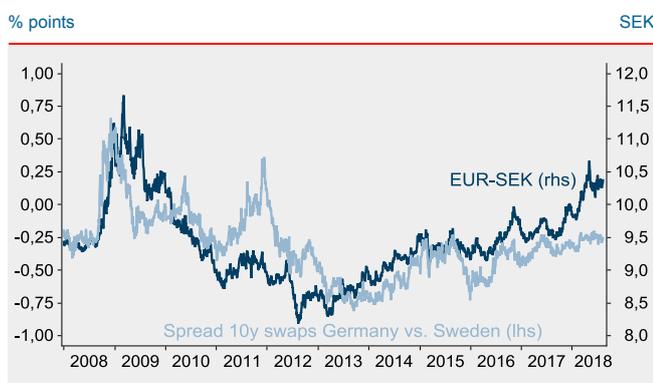
Sources: Macrobond, Helaba Research

Trend: appreciation

The Norwegian krone depreciated against the euro, the euro-krone exchange rate is above 9.5. The price of crude oil fell, which weighed on the krone. By contrast, the Norwegian yield advantage continued to expand. Growth is strong, inflation is picking up. The central bank clearly indicated a rate hike in September, while the ECB had postponed its interest rate turnaround. Against this background, the krone has considerable potential for appreciation. Even if this has not yet been achieved, the euro-krone exchange rate should ultimately fall significantly.

Swedish krona ignores monetary policy for now

SEK



Sources: Macrobond, Helaba Research

Trend: appreciation

The Swedish krona was again prone to weakness. The euro-krona rate is close to 10.4 – even though the Swedish economy grew very strongly in the second quarter at 1.0% over the previous period, and the economic sentiment brightened. Inflation is trending upwards. Sweden's central bank is therefore likely to turn interest rates around at the end of the year and take further steps in 2019. The Swedish yield advantage has hardly changed recently, but is at a high level and is likely to increase further. The euro-krona exchange rate should ultimately fall significantly.

Australian dollar, Canadian dollar and Chinese yuan

Decline in metals prices already anticipated



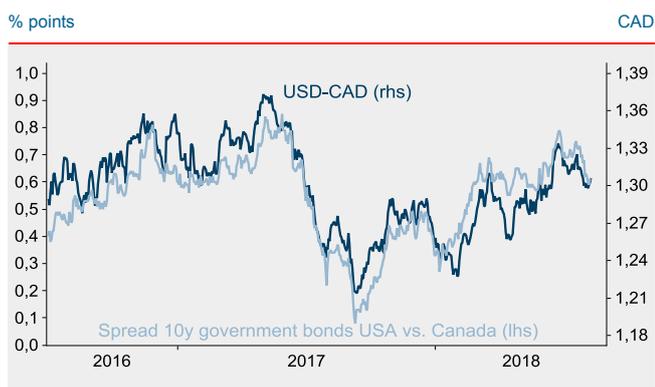
Sources: Macrobond, Helaba Research

AUD

Trend: appreciation

Australia's currency showed little change against the euro and the US dollar. Concerns about the trade dispute and the weakness of the Chinese yuan no longer put a strain on the "Aussie". Raw material prices developed inconsistently. The Australian economy is showing a robust picture in cyclical terms. Inflation picked up slightly. Nevertheless, the central bank remains calm. Interest rate differentials against the euro support the Australian currency. The Aussie is likely to appreciate against the US dollar as concerns of trade and China ease.

Canada's yield disadvantage vis-à-vis US shrinks



Sources: Macrobond, Helaba Research

CAD

Trend: appreciation

The Canadian dollar appreciated significantly against the euro and slightly against the US dollar. The trade dispute with the US has receded somewhat into the background. Canada's economy gained momentum again, inflation climbed to a new high. As a result, the Bank of Canada raised its key interest rate to 1.5 %, further interest rate hikes will follow. Canada's yield disadvantage compared to the US fell. The recent decline in the price of oil has been slightly negative. However, overall the "Loonie" is likely to appreciate somewhat against the euro and the US dollar.

Yuan weakness – but currency reserves stable



Sources: Macrobond, Helaba Research

CNY

Trend: sideways

The weakness of the Chinese yuan continued. The dollar-yuan rate rose above 6.8. China's currency was burdened by the escalating trade dispute with the USA. China's almost unchanged foreign exchange reserves argue against a targeted devaluation strategy. Despite the robust growth figures, however, there are still some concerns about China. The depreciation of the yuan should gradually come to an end and China's currency should stabilize against the US dollar and the euro near current levels – we are adjusting our forecasts.

Helaba Currency Forecasts

	Performance			Forecast horizon at end ...			
	year to date	1 month	current*	Q3/2018	Q4/2018	Q1/2019	Q2/2019
vs. Euro	(vs. Euro, %)						
US dollar	3,4	1,2	1,16	1,15	1,15	1,20	1,20
Japanese yen	5,0	1,2	129	125	123	125	125
British pound	-1,5	-1,8	0,90	0,90	0,85	0,85	0,85
Swiss franc	1,5	1,0	1,15	1,17	1,15	1,15	1,15
Canadian dollar	-0,2	1,9	1,51	1,47	1,47	1,51	1,51
Australian dollar	-1,6	0,8	1,56	1,47	1,47	1,50	1,50
Swedish krona	-5,4	-1,2	10,39	9,90	9,70	9,50	9,40
Norwegian krone	3,2	-1,3	9,54	8,90	8,80	8,80	8,80
Chinese yuan	-1,6	-1,9	7,93	7,88	7,94	8,22	8,16
vs. US-Dollar	(vs. USD, %)						
Japanese yen	1,5	0,0	111	109	107	104	104
Swiss franc	-1,9	-0,1	0,99	1,02	1,00	0,96	0,96
Canadian dollar	-3,5	0,7	1,30	1,28	1,28	1,26	1,26
Swedish krona	-8,6	-2,4	8,95	8,61	8,43	7,92	7,83
Norwegian krone	-0,2	-2,4	8,22	7,74	7,65	7,33	7,33
Chinese yuan	-4,8	-2,9	6,84	6,85	6,90	6,85	6,80
US-Dollar vs. ...	(vs. USD, %)						
British pound	-4,7	-3,0	1,29	1,28	1,35	1,41	1,41
Australian dollar	-4,8	-0,4	0,74	0,78	0,78	0,80	0,80

*08.08.2018

Sources: Bloomberg, Helaba Research ■