

# Forex News

US dollar, Japanese yen, Swiss franc

Analysts:

**Rainer Singer**

[rainer.singer@erstegroup.com](mailto:rainer.singer@erstegroup.com)

**Gerald Walek, CFA**

[gerald.walek@erstegroup.com](mailto:gerald.walek@erstegroup.com)

---

## USD: Euro should gain

---

Over the past few weeks, the EURUSD has been hovering in a relatively narrow range around 1.11. With a stable economy in the US and so far only modest indications of a recovery in the Eurozone, the market is not receiving any clear guidance. However, the global environment is benefiting from the easing of the trade conflict between the US and China and the hard Brexit that has been averted for the time being. The signs of a recovery in the global economy are becoming stronger and stronger and this should ultimately spill over into the Eurozone. The euro should benefit from this and appreciate. However, it should not be much, as neither the ECB nor the US Fed should set clear monetary policy guidelines.

---

## JPY: Yen weakness should continue

---

The yen has depreciated slightly against the euro since the beginning of the year. At its meeting at the end of December, the Japanese central bank (BoJ) left its communication unchanged: if necessary, further interest rate cuts and, in addition, the outlook was confirmed (interest rates at current levels or lower for as long as necessary). The signs of a positive turnaround in the global economy have further improved with the signing of the Phase 1 agreement between the US and China. In this environment, we believe that the yen should continue to weaken against the euro in the coming months. However, the consensus on Bloomberg expects the yen a bit firmer at 121 in 2Q20.

---

## CHF: several factors support the franc

---

Political turmoil within the Eurozone (concern about the end of the Italian government after the regional elections on January 26) and a widening of the inflation differential in favor of the franc supported, among other things, the strengthening of the franc. In addition, the US recently placed Switzerland on the currency manipulator watch list, which supported the strength of the franc even more. In view of the development of the SNB's currency reserves, we assume that the SNB has been intervening in the market since August 2019 to counteract the strengthening of the franc. However, the extent of current interventions is much smaller compared with the phase between 2015 and 2017 (after the SNB lifted the minimum barrier of the exchange rate at the beginning of 2015). Due to these developments, we are lowering our short- and medium-term forecasts for the EURCHF exchange rate. However, since based on our assessment the franc is overvalued at its current level, we continue to expect a gradual weakening of the franc against the euro. At the end of the first quarter of 2020, we now expect the EURCHF to be at 1.08 (previously 1.12). However, should geopolitical crises come to a head (Iran, Italy), the CHF could continue to strengthen strongly against the euro, as has recently happened.

### Major Markets & Credit Research

Gudrun Egger, CEFA (Head)

Rainer Singer (Senior Economist EZ, USA)

Gerald Walek, CFA (Economist EZ)

Margarita Grushanina (Economist AT)

Note: Past performance is not necessarily indicative of future results.

## Currency overview

**EUR/USD – last two years**



Source: Market data provider, Erste Group Research

**EUR/USD – since 2000**



Source: Market data provider, Erste Group Research

**EUR/JPY – last two years**



Source: Market data provider, Erste Group Research

**EUR/JPY – since 2000**



Source: Market data provider, Erste Group Research

**EUR/CHF – last two years**



Source: Market data provider, Erste Group Research

**EUR/CHF – since 2000**



Source: Market data provider, Erste Group Research

## Exchange rate forecasts<sup>1</sup>

Currency	current	Mar.20	Jun.20	Sep.20	Dec.20
EURUSD	1.11	1.15	1.15	1.15	1.15
EURCHF	1.07	1.08	↓ 1.09	↓ 1.10	↓ 1.11

  

EURJPY	current	Mar.20	Jun.20	Sep.20	Dec.20
Bloomberg Survey		119.0	121.0	122.0	121.5
Spot/Forward	122.0	1.0	121.9	121.9	121.9

Source: Market data provider, Erste Group Research

## Interest rate forecasts

	current	Mar.20	Jun.20	Sep.20	Dec.20
3M Euribor	-0.39	-0.40	-0.40	-0.40	-0.40
3M Libor US	1.82	1.90	1.90	1.90	2.10
3M Libor CH	-0.68	-0.75	-0.75	-0.75	-0.75

Source: Market data provider, Erste Group Research

In case of changes to our forecasts compared to the previous issue, arrows show the direction of the change.

<sup>1</sup> By regulations we are obliged to issue the following statement: Forecasts are no reliable indicator of future performance.

## Erste Group Research

Forex News | Major Markets | US-Dollar, Yen, Swiss Franc

21. January 2020

## Contacts

### Contacts

#### Group Research

**Head of Group Research**  
Friedrich Mostböck, CEFA +43 (0)5 0100 11902

**CEE Macro/Fixed Income Research**  
Head: Juraj Kotian (Macro/FI) +43 (0)5 0100 17357  
Zoltan Arokszállasi, CFA (Fixed income) +361 373 2830  
Katarzyna Rzentarzewska (Fixed income) +43 (0)5 0100 17356  
Małgorzata Krzywicka (Fixed income, Poland) +43 (0)5 0100 17338

**Croatia/Serbia**  
Alen Kovac (Head) +385 72 37 1383  
Mate Jelić +385 72 37 1443  
Ivana Rogic +385 72 37 2419

**Czech Republic**  
David Navratil (Head) +420 956 765 439  
Jiri Polansky +420 956 765 192  
Michal Skorepa +420 956 765 172  
Nicole Gawlasova +420 956 765 456

**Hungary**  
Orsolya Nyeste +361 268 4428

**Romania**  
Ciprian Dascalu (Head) +40 3735 10108  
Eugen Sinca +40 3735 10435  
Dorina Ilasco +40 3735 10436

**Slovakia**  
Maria Valachyova (Head) +421 2 4862 4185  
Katarina Muchova +421 2 4862 4762

**Major Markets & Credit Research**  
Head: Gudrun Egger, CEFA +43 (0)5 0100 11909  
Ralf Burchert, CEFA (Sub-Sovereigns & Agencies) +43 (0)5 0100 16314  
Hans Engel (Global Equities) +43 (0)5 0100 19835  
Margarita Grushanina (Austria, Quant Analyst) +43 (0)5 0100 11957  
Peter Kaufmann, CFA (Corporate Bonds) +43 (0)5 0100 11183  
Heiko Langer (Financials & Covered Bonds) +43 (0)5 0100 85509  
Stephan Lingnau (Global Equities) +43 (0)5 0100 16574  
Carmen Riefler-Kowarsch (Financials & Covered Bonds) +43 (0)5 0100 19632  
Rainer Singer (Euro, US) +43 (0)5 0100 17331  
Benedett P ovazsai-Römhild, CEFA (Corporate Bonds) +43 (0)5 0100 17203  
Elena Statelov, CIAA (Corporate Bonds) +43 (0)5 0100 19641  
Gerald Walek, CFA (Euro, CHF) +43 (0)5 0100 16360

**CEE Equity Research**  
Head: Henning Eßkuchen +43 (0)5 0100 19634  
Daniel Lion, CIAA (Technology, Ind. Goods&Services) +43 (0)5 0100 17420  
Michael Marschallinger, CFA +43 (0)5 0100 17906  
Nora Nagy (Telecom) +43 (0)5 0100 17416  
Christoph Schultes, MBA, CIAA (Real Estate) +43 (0)5 0100 11523  
Thomas Unger, CFA (Banks, Insurance) +43 (0)5 0100 17344  
Vladimira Urbankova, MBA (Pharma) +43 (0)5 0100 17343  
Martina Valenta, MBA +43 (0)5 0100 11913

**Croatia/Serbia**  
Mladen Dodig (Head) +381 11 22 09178  
Anto Augustinovic +385 72 37 2833  
Magdalena Dolenc +385 72 37 1407  
Davor Spoljar, CFA +385 72 37 2825

**Czech Republic**  
Petr Bartek (Head) +420 956 765 227  
Marek Dongres +420 956 765 218  
Jan Safanek +420 956 765 218

**Hungary**  
József Miró (Head) +361 235 5131  
András Nagy +361 235 5132  
Tamás Pletser, CFA +361 235 5135

**Poland**  
Tomasz Duda (Head) +48 22 330 6253  
Cezary Bematek +48 22 538 6256  
Konrad Grygo +48 22 330 6254  
Michal Pilch +48 22 330 6255  
Emil Poplawski +48 22 330 6252  
Marcin Gornik +48 22 330 6251

**Romania**  
Caius Rapanu +40 3735 10441

**Turkey**  
Gizem Akkan +90 2129120445  
Berke Gümüş +90 2129120445

#### Treasury – Erste Bank Vienna

**Group Markets Retail and Agency Business**  
Head: Christian Reiss +43 (0)5 0100 84012

**Markets Retail Sales AT**  
Head: Markus Kaller +43 (0)5 0100 84239

**Group Markets Execution**  
Head: Kurt Gerhold +43 (0)5 0100 84232

**Retail & Sparkassen Sales**  
Head: Uwe Kolar +43 (0)5 0100 83214

**Corporate Treasury Product Distribution AT**  
Head: Christian Skopek +43 (0)5 0100 84146

#### Fixed Income Institutional Sales

**Institutional Distribution non CEE**  
Head: Margit Hraschek +43 (0)5 0100 84117  
Kanin Rattay +43 (0)5 0100 84118  
Christian Kienesberger +43 (0)5 0100 84323  
Bernad Bollhof +49 (0)30 8105800 5525  
Rene Klasen +49 (0)30 8105800 5521  
Christopher Lampe-Traupe +49 (0)30 8105800 5523  
Charles-Henry La Coste de Fontenilles +43 (0)5 0100 84115  
Bernad Thaler +43 (0)5 0100 84119

**Bank Distribution**  
Head: Marc Friedbertshäuser +49 (0)711 810400 5540  
Sven Kienzie +49 (0)711 810400 5541  
Michael Schmotz +43 (0)5 0100 85542  
Ulrich Inhofner +43 (0)5 0100 85544  
Klaus Vosseler +49 (0)711 810400 5560  
Andreas Goll +49 (0)711 810400 5561  
Mathias Gindele +49 (0)711 810400 5562

**Institutional Distribution CEE**  
Head: Jaromir Malak +43 (0)5 0100 84254

**Institutional Distribution PL and CIS**  
Pawel Kielek +48 22 538 6223  
Michal Jarmakowicz +43 50100 85611

**Institutional Distribution Slovakia**  
Head: Sarlota Sipulova +421 2 4862 5619  
Monika Smelikova +421 2 4862 5629

**Institutional Distribution Czech Republic**  
Head: Ondrej Cech +420 2 2499 5577  
Milan Bartos +420 2 2499 5562  
Barbara Suvadova +420 2 2499 5590

**Institutional Asset Management Czech Republic**  
Head: Petr Holecek +420 956 765 453  
Martin Perina +420 956 765 106  
Petr Valenta +420 956 765 140  
David Petracek +420 956 765 809  
Blanca Weinerova +420 956 765 317

**Institutional Distribution Croatia**  
Head: Antun Buric +385 (0)7237 2439  
Zvonimir Tukač +385 (0)7237 1787  
Natalija Zujic +385 (0)7237 1638

**Institutional Distribution Hungary**  
Head: Peter Csizmadia +36 1 237 8211  
Gabor Balint +36 1 237 8205

**Institutional Distribution Romania and Bulgaria**  
Head: Ciprian Mitu +43 (0)50100 85612  
Crisitan Adascalita +40 373 516 531

**Group Institutional Equity Sales**  
Head: Brigitte Zeitlberger-Schmid +43 (0)50100 83123  
Werner Fürst +43 (0)50100 83121  
Josef Kerekes +43 (0)50100 83125  
Cormac Lyden +43 (0)50100 83120

**Business Support**  
Bettina Mahoric +43 (0)50100 86441

## Disclaimer

This publication was prepared by Erste Group Bank AG or any of its consolidated subsidiaries (together with consolidated subsidiaries "Erste Group") independently and objectively as general information pursuant to Art. 36 (2) delegated Regulation (EU) 2017/565 as no direct buying incentives were included in this publication, which is of information character. This publication does not constitute investment research pursuant to Art. 36 (1) delegated Regulation (EU) 2017/565. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to the prohibition on dealing ahead of the dissemination of investment research. The information only serves as non-binding and additional information and is based on the level of knowledge of the person in charge of drawing up the information on the respective date of its preparation. The content of the publication can be changed at any time without notice. This publication does not constitute or form part of, and should not be construed as, an offer, recommendation or invitation to subscribe for or purchase any securities, and neither this publication nor anything contained herein shall form the basis of or be relied on in connection with or act as an inducement to enter into any contract or inclusion of a security or financial product in a trading strategy. Information provided in this publication are based on publicly available sources which Erste Group considers as reliable, however, without verifying any such information by independent third persons. While all reasonable care has been taken to ensure that the facts stated herein are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, Erste Group (including its representatives and employees) neither expressly nor tacitly makes any guarantee as to or assumes any liability for the up-to-dateness, completeness and correctness of the content of this publication. Erste Group may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Erste Group endorses, recommends or approves any material on the linked page or accessible from it. Neither a company of Erste Group nor any of its respective managing directors, supervisory board members, executive board members, directors, officers or other employees shall be in any way liable for any costs, losses or damages (including subsequent damages, indirect damages and loss of profit) howsoever arising from the use of or reliance on this publication. Any opinion, estimate or projection expressed in this publication reflects the current judgment of the author(s) on the date of publication of this document and do not necessarily reflect the opinions of Erste Group. They are subject to change without prior notice. Erste Group has no obligation to update, modify or amend this publication or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate. The past performance of securities or financial instruments is not indicative for future results. No assurance can be given that any financial instrument or issuer described herein would yield favorable investment results or that particular price levels may be reached. Forecasts in this publication are based on assumptions which are supported by objective data. However, the used forecasts are not indicative for future performance of securities or financial instrument. Erste Group, its affiliates, principals or employees may have a long or short position or may transact in the financial instrument(s) referred to herein or may trade in such financial instruments with other customers on a principal basis. Erste Group may act as a market maker in the financial instruments or companies discussed herein and may also perform or seek to perform investment services for those companies. Erste Group may act upon or use the information or conclusion contained in this publication before it is distributed to other persons. This publication is subject to the copyright of Erste Group and may not be copied, distributed or partially or in total provided or transmitted to unauthorized recipients. By accepting this publication, a recipient hereof agrees to be bound by the foregoing limitations. Erste Group is not registered or certified as a credit agency in accordance with Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the Credit Rating Agencies Regulation). Any assessment of the issuers creditworthiness does not represent a credit rating pursuant to the Credit Rating Agencies Regulation. Interpretations and analysis of the current or future development of credit ratings are based upon existing credit rating documents only and shall not be considered as a credit rating itself.

© Erste Group Bank AG 2020. All rights reserved.

**Published by:**

**Erste Group Bank AG**  
**Group Research**  
**1100 Vienna, Austria, Am Belvedere 1**  
**Head Office: Wien**  
**Commercial Register No: FN 33209m**  
**Commercial Court of Vienna**

**Erste Group Homepage: [www.erstegroup.com](http://www.erstegroup.com)**