



krungsri
กรุงศรี

A member of  **MUFG**
a global financial group

Krungsri Business Online Seminar

Now and Next after COVID-19 Series

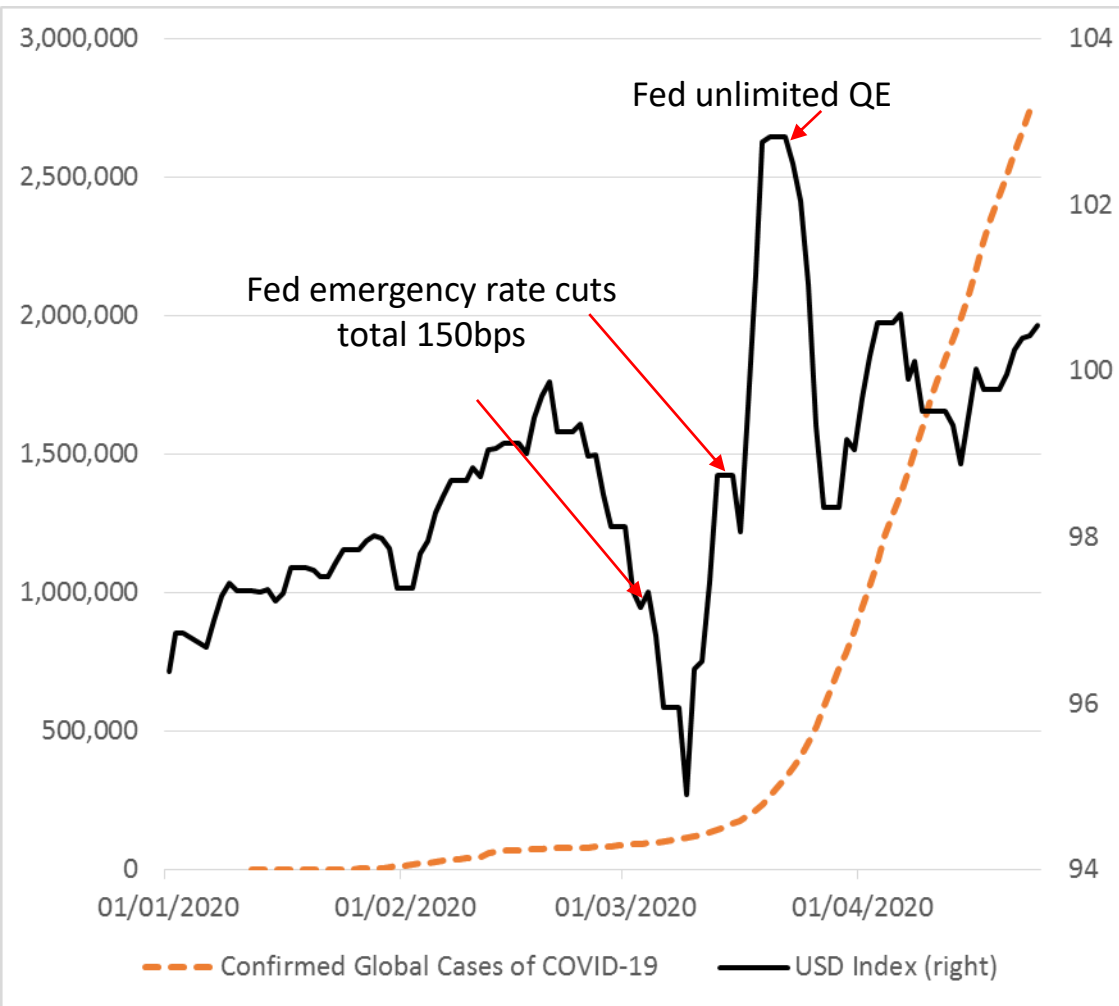
29/04/20

Roong Sanguanruang
Global Markets Group

Krungsri's
75th
Anniversary

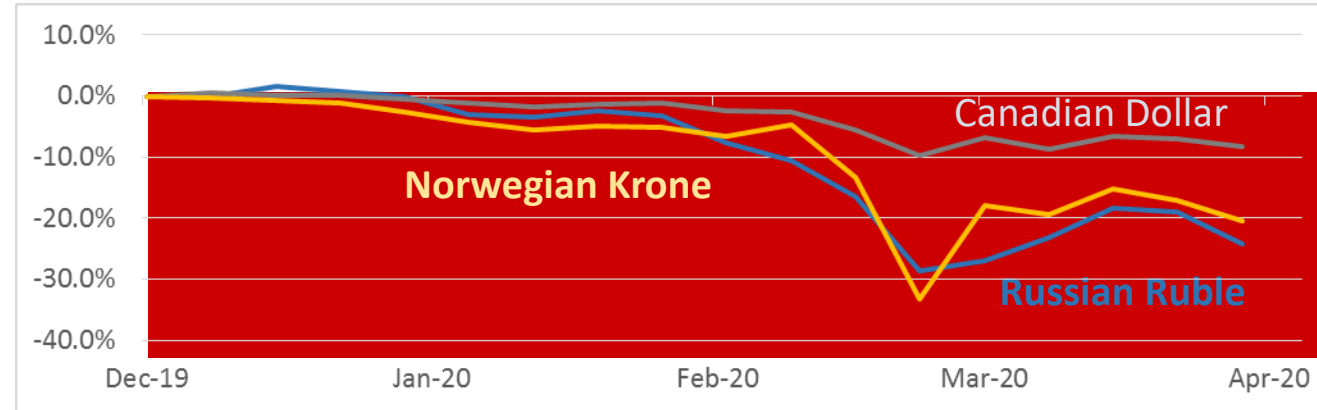
USD Supported by Lingering Uncertainty

COVID-19 Cases, USD Index



Bloomberg

Oil FX

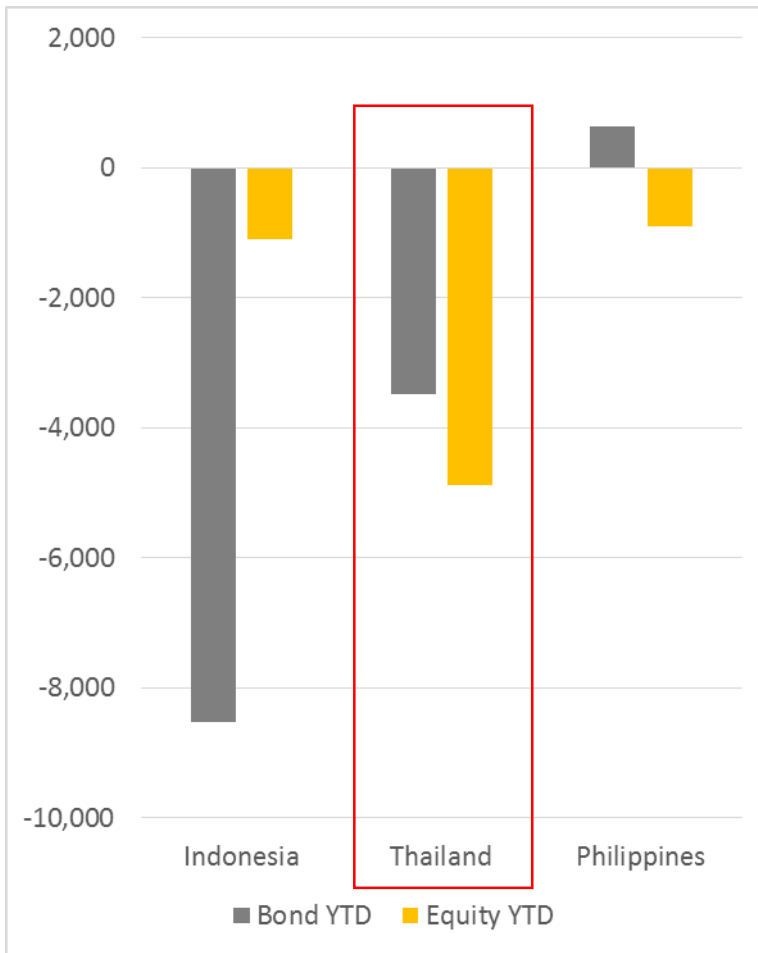


Asia FX

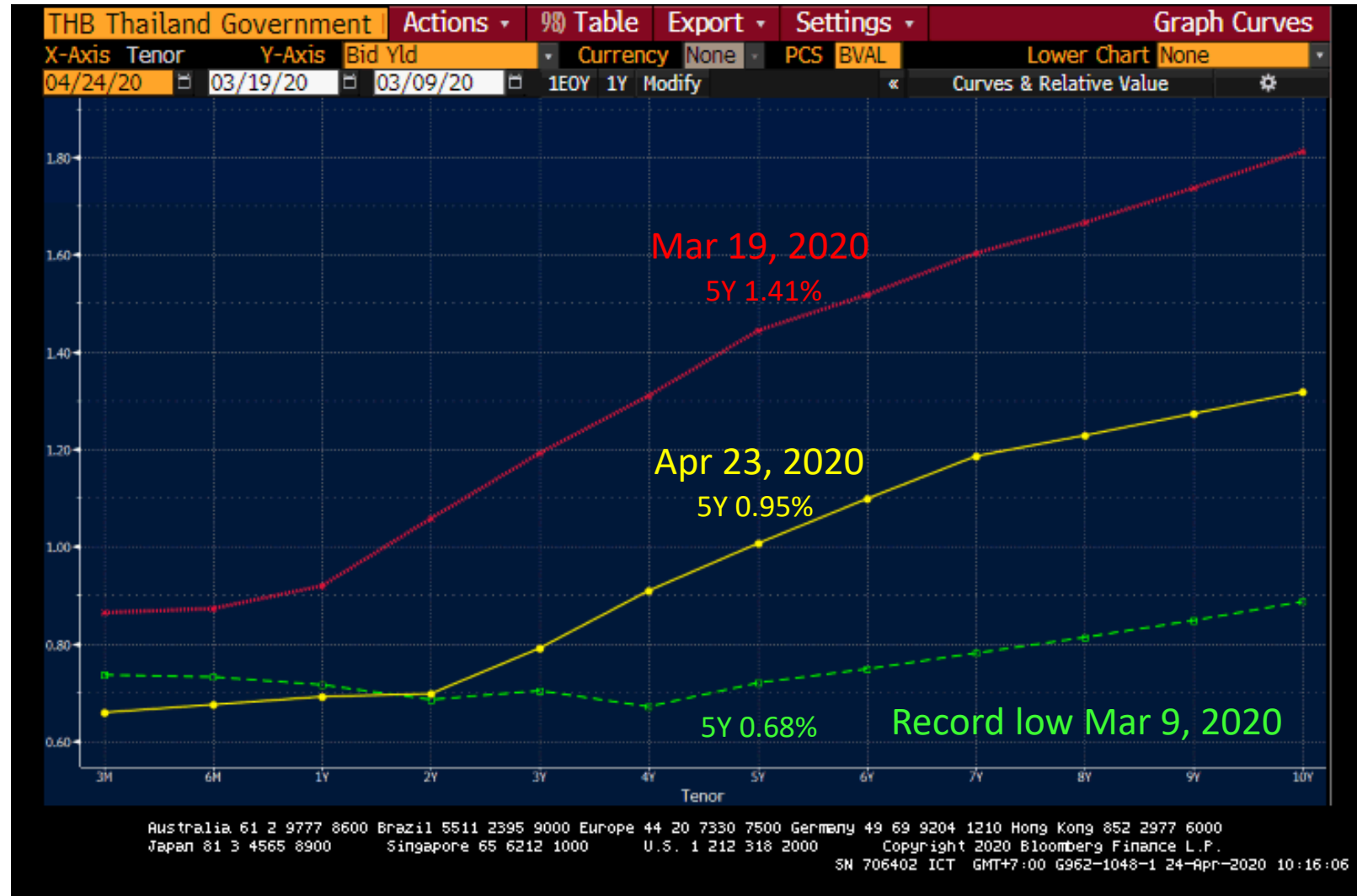


Eyes on Upcoming Bond Supply Profile

Foreign Portfolio Flows (USD mn)

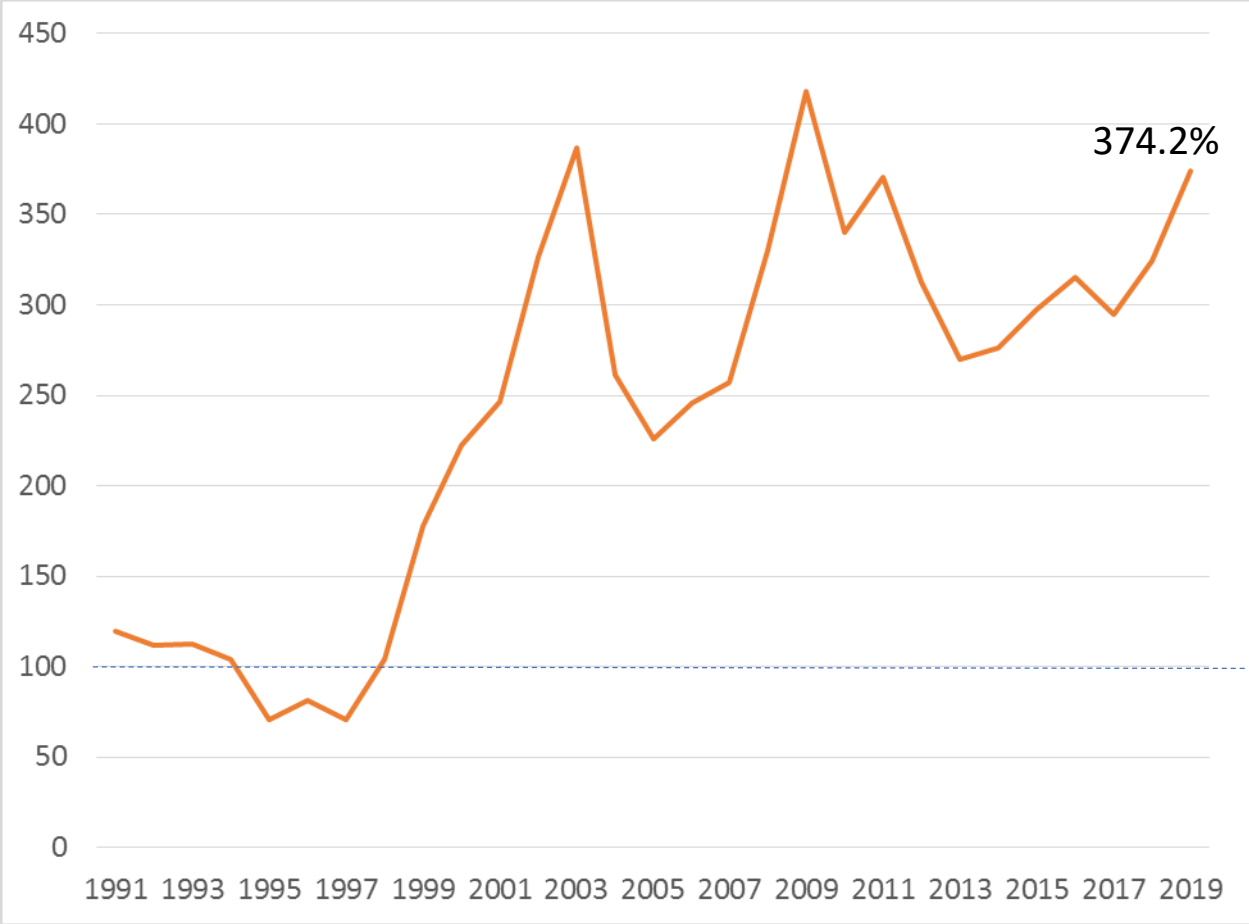


Bloomberg, year-to- April 23



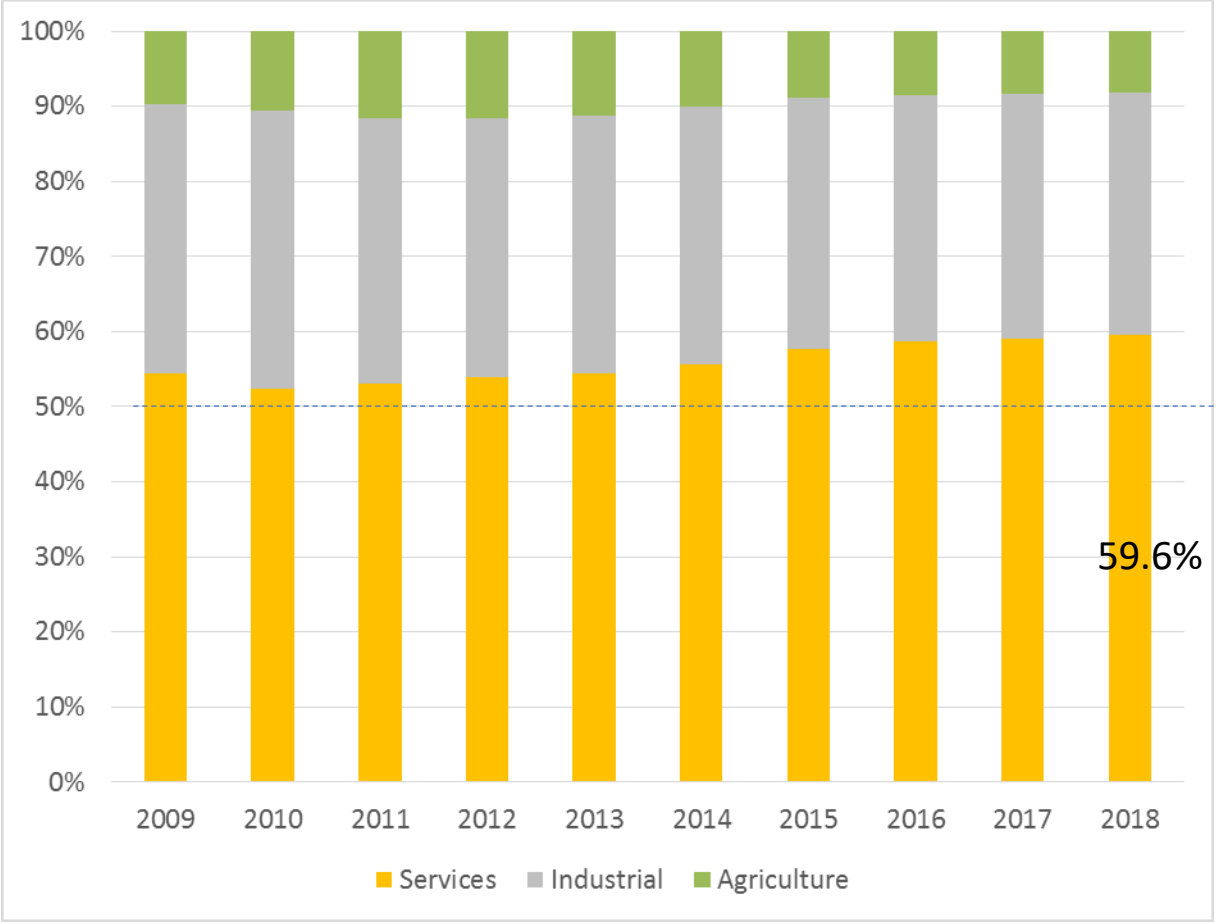
COVID-19 is a Different Kind of Crisis

International Reserves (% of Short-term External Debt)



Bank of Thailand

Share of Thailand's GDP



National Statistical Office

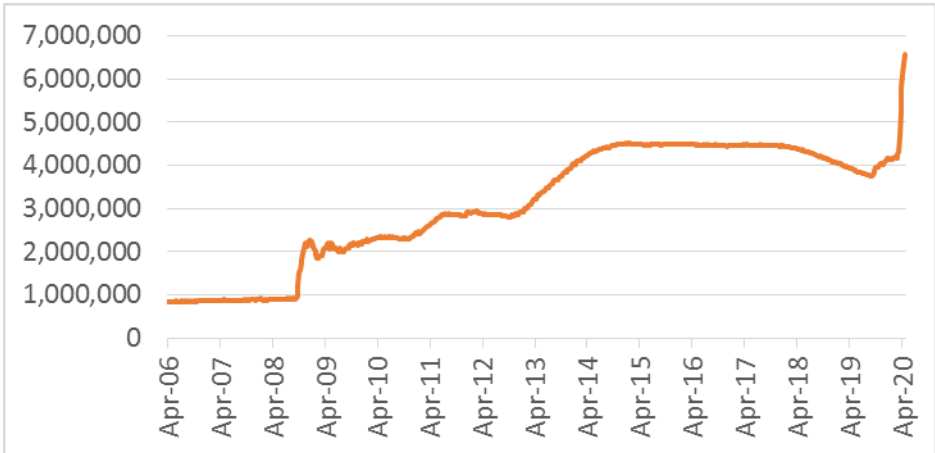
Policy Response Brings Relative Calm for Markets



- Volatility coming down but only from extreme levels as markets assess global policy response relative to pandemic development.
- Markets are ahead of the virus infection curve but being tested by depression-like economic data.
- Price actions do not fully reflect uncertainty over lockdown reversal, risk of 2nd wave. **Timely high frequency data** may help indicate a turning point.
- Policy design to cushion job losses will be key as to how the economy comes out of the crisis.

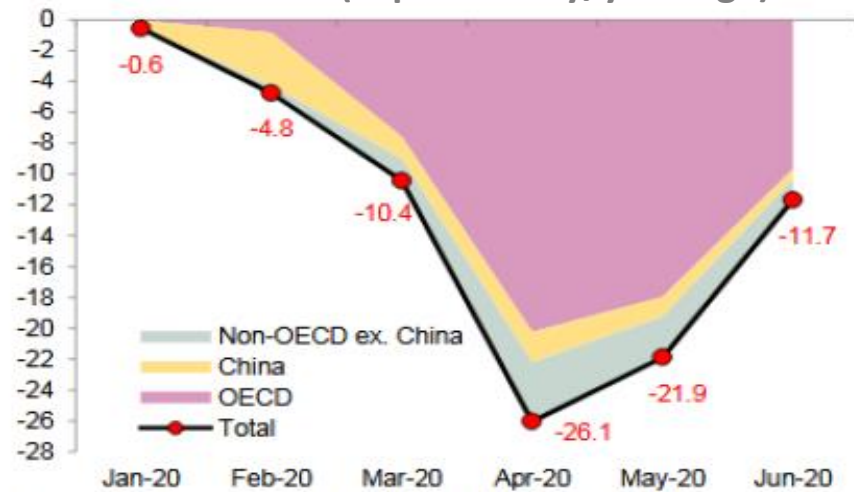
Markets are Functioning, Real Economy is Not

Fed Balance Sheet (USD mn)



- USD to remain supported until the dust settles. The lack of a unified response in the Eurozone to the COVID-19 crisis is capping near-term EUR gains.
- The Fed's massive stimulus will weigh on USD in the longer term, balance sheet is expected to reach USD11 trillion or 50% of GDP.
- Oil price collapse acts as deflationary factor. While monetary policy will loosen further, rising government debt may limit yield falls.

Oil Demand (expected % y/y change)



Source: Bloomberg, EIA, IEA, MUFG MENA Research

Forecast	Q2/20	Q3/20	Q4/20	Q1/21
USD/THB	32.75	32.5	32	31.75
EUR/USD	1.12	1.12	1.14	1.16
USD/JPY	107	105	104	102
Fed Funds	0.13%	0.13%	0.13%	0.13%
Thai RP	0.50%	0.50%	0.50%	0.50%