

Dollar rebounds amid concerns over Eurozone slowdown (or Recession?)

▪ **Dollar rebounds amid concerns over Eurozone slowdown (or Recession?)**

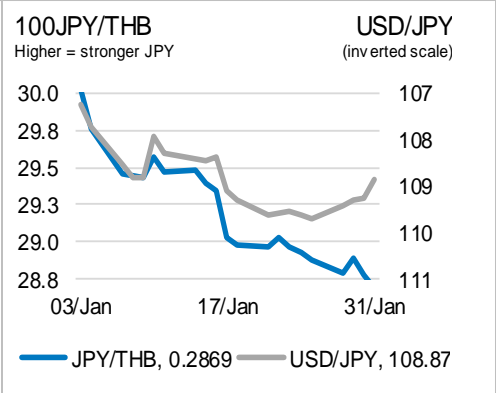
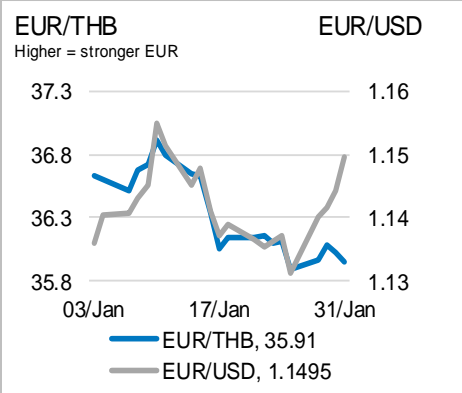
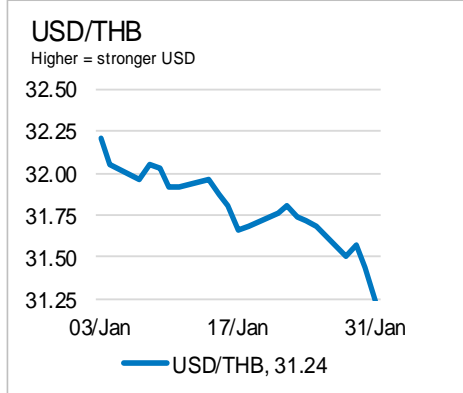
Thai baht traded against US dollar within the range of 31.185-31.28 THB/USD yesterday. US dollar index (DXY) finally got a lift from a drop in Euro (EUR) amid concerns over Eurozone economy which slews of economic data start to signal further slowdown or even recession. Stronger greenback (now DXY is around 95.6 level) could limit further gains for Top performers Asian FX which is Thai Baht (THB). For today, the market will pay attention to Caixin manufacturing PMI as well as Eurozone PMI which could indicate deteriorating manufacturing activities in China (esp. small-medium firms) and Eurozone. On the same day, US labor market data could be in focus, however, recent government shutdown may impact labor market figures. Hence, downbeat data might not affect the market significantly (possibly muted DXY movement). Today, Thai Baht could move between 31.20-31.40 THB/USD. Numbers of exporters as well as FX traders may wait to sell USD near 31.50 THB/USD. Thus, levels near 31.50 THB/USD could be resistance zone which limits depreciation in THB.

▪ **Foreign investors start taking profits from local bonds and FX gains?**

Ten-year Thai government bond yields (LB28DA) traded at 2.39%, -3bps. According to dealers, foreign investors sold local bonds for about 12.7 billion baht over 5 previous trading sessions (Total bond holding about 976 billion baht, -11.2 billion baht from last month). Foreign investors turned out to be net seller for local bonds year-to-date. It is possible that foreign investors may want to take some profits off the table after Thai Baht recently surged to the highest level in almost 9 months. Moreover, local investors seem to be reluctant to increase bond positions. Therefore, without more inflows from local investors and foreign investors local yields curve could remain near current level. There could be some opportunities for front-end tenors as front-end yields are near BoT's policy rate. If comments from the BoT (MPC meeting next week) start to be more dovish, it would drive more inflows to front-end bonds due to compelling roll-down gains and possible FX gains. For today, the 10-year Thai government bonds are expected to trade between 2.38%-2.40%.

SET Index	1,641.7	S&P500	2,704.1	10Y UST	2.63%	Brent	61.9	Gold	1,322.5
31-Jan	▲ 0.56%	31-Jan	▲ 0.86%	31-Jan	▼ -7.0 bps	31-Jan	▲ 0.30%	31-Jan	▲ 0.72%

USD/THB 31.24	Daily ▼ -0.65%	EUR/THB 35.91	Daily ▼ -0.18%	JPY/THB 0.2869	Daily ▼ -0.28%
Weekly ▼ -1.41%	Weekly ▲ 0.19%	Weekly ▼ -0.64%	Monthly ▼ -1.86%	Monthly ▼ -4.55%	
Falling Trend	Sideways Trend	Falling Trend			



Source: CEIC and TMB Analytics; FX data are BOT's daily closing rates (spot) yesterday while the changes are on a daily basis.

Currency Market

Currency	1M History	Last	% Chg (1D)	% Chg (1W)	% Chg (1M)	1M Range	
						Min	Max
Dollar Index		95.31	-0.4%	-0.9%	-0.8%	95.17	96.96
EUR/USD		1.1495	0.5%	1.1%	0.3%	1.1312	1.1548
USD/JPY		108.87	-0.4%	-0.7%	-0.5%	107.26	111.08
USD/CHF		0.9929	-0.1%	-0.3%	1.1%	0.9731	0.9981
GBP/USD		1.3126	0.2%	0.5%	3.0%	1.2556	1.3189
USD/CAD		1.3141	-0.9%	-1.6%	-3.5%	1.3141	1.3632
AUD/USD		0.7253	0.9%	1.8%	3.2%	0.6934	0.7253
NZD/USD		0.6905	0.9%	1.8%	3.0%	0.6630	0.6905
ASEAN Dollar		103.08	-0.4%	-1.1%	-2.0%	103.08	105.96
USD/THB		31.24	-0.6%	-1.5%	-3.4%	31.24	32.59
USD/SGD		1.3462	-0.3%	-0.9%	-1.3%	1.3462	1.3725
USD/MYR		4.0888	-0.4%	-1.2%	-1.1%	4.0888	4.1778
USD/IDR		13,966	-0.2%	-0.6%	-2.7%	13,925	14,446
USD/PHP		52.11	-0.4%	-1.2%	-0.4%	51.96	52.75
USD/CNY		6.7093	-0.2%	-1.3%	-2.3%	6.7093	6.8949
USD/HKD		7.8432	0.1%	-0.1%	0.1%	7.8272	7.8546

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		-2.05	-0.07
3-month		-7.90	0.02
6-month		-16.90	0.60

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		207,342	17
Gold		6,338	-32
SDR		1,368	-6
IMF Reserves		902	-4
Foreign Ccy		198,734	59
Net Fwd Position		31,950	-730

Last update: 1/18/2019

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
1/31/2019	-1,305	-3,379	-4,684
1/30/2019	22	-5,289	-5,267
1/29/2019	1,289	-361	928
1/28/2019	2,089	-670	1,419
1/25/2019	414	-3,004	-2,590
Last 5 days	2,509	-12,703	-10,194
Period-to-date	Equity	Bond	Total
Month	↑ 6,722	↓ -7,436	↓ -714
Quarter	↑ 6,722	↓ -7,436	↓ -714
Year	↑ 6,722	↓ -7,436	↓ -714

Money Market

THB BIBOR	1M Hist	Last	1M Range		THB Implied	1M Hist	Last	1M Range		USD LIBOR	1M Hist	Last	1M Range	
			Min	Max				Min	Max				Min	Max
ON		1.75	1.75	1.75	ON		1.71	0.00	2.81	ON		2.38	0.00	2.39
1W		1.77	1.77	1.77	1W		1.64	1.63	2.39	1W		2.41	2.37	2.42
1M		1.80	1.80	1.80	1M		1.62	1.59	1.90	1M		2.50	2.48	2.52
2M		1.83	1.83	1.83	2M		1.68	1.66	1.83	2M		2.63	2.59	2.65
3M		1.87	1.86	1.87	3M		1.69	1.63	1.82	3M		2.76	2.76	2.82
6M		1.97	1.95	1.97	6M		1.66	1.63	1.72	6M		2.85	2.85	2.91
12M		2.20	2.19	2.20	12M		1.78	1.68	1.82	12M		3.03	2.96	3.07

Last Updated: 1/30/2019

Last Updated: 1/24/2019

Note: D=d=day; M=mth=month; Y=year; %chg = percentage change; chg = change; USTH FX Sp = USD/THB FX Swap point; \$mn=million US dollar; THB.mn= Thai baht million; Hist=history; THB implied = Thai baht rate that are calculated by FX forward rate; ASEAN Index = value average ASEAN FX Jan2008=100

Fixed Income Market

Fixed Income	1M History	YTM (%)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		2.6300	-7.00	-9.00	-6.00	2.56	2.79
Gilt 10y		1.2940	-0.35	-5.51	0.42	1.21	1.38
Bund 10y		0.2000	-1.00	-3.00	-3.00	0.17	0.29
JGB 10y		0.0070	0.10	0.30	-2.20	-0.02	0.05
TGB 1y		1.7692	-0.08	1.24	2.20	1.74	1.77
TGB 2y		1.8001	-0.45	1.45	1.86	1.75	1.81
TGB 5y		2.1062	-1.45	1.70	2.13	2.08	2.20
TGB 7y		2.2765	-1.39	0.93	-0.61	2.26	2.39
TGB 10y		2.4393	-2.28	0.56	0.67	2.40	2.56
AAA Spread		69.25	-0.04	-1.42	-2.28	67.26	71.53
AA Spread		92.45	0.95	0.46	9.59	82.45	92.45
A Spread		92.82	0.41	1.19	5.95	86.08	92.82
BBB Spread		218.02	0.09	12.77	6.00	201.92	218.02

Note: UST = US Treasury; Gilt = UK Government Bond; JGB = Japanese Government bond; Bund = German Government Bond; TGB = Thai government Bond; tenors of the bonds are put after their name; bps=basis point; Corporate spreads are Thai and reported in basis points over government bond for the tenors between 3yrs to 5yrs;

Commodity Market

Commodity	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Brent Crude		61.90	0.3%	1.3%	13.4%	52.23	62.83
London Gold		1322.5	0.7%	3.3%	2.7%	1,277.3	1,322.5

Note: Unit of Brent crude oil price is \$/barrel; unit of gold price is \$/ounce

Equity Market

Equity Index	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
S&P500 (US)		2,704.1	1.3%	2.3%	7.7%	0.0	2,704.1
STOXX (EU)		348.5	-0.2%	0.8%	6.3%	323.8	349.6
FTSE All-Share(UK)		3,756.2	0.2%	1.9%	3.9%	3,591.7	3,757.7
DAX (DE)		11,173.1	-0.1%	0.4%	5.6%	10,381.5	11,281.8
CAC All-Tradable(FR)		3,892.0	0.2%	2.1%	6.5%	3,594.4	3,892.0
TOPIX (JP)		1,567.5	1.1%	1.0%	9.5%	1,415.6	1,567.5
Shanghai (CH)		2,706.6	0.4%	-0.3%	4.9%	2,580.4	2,733.7
Hang Seng (HK)		27,942.5	1.1%	3.0%	11.2%	25,064.4	27,942.5
ASX 200 (AU)		5,864.7	-0.4%	0.4%	3.9%	5,557.8	5,905.6
SET (TH)		1,641.7	0.6%	1.3%	4.8%	1,548.4	1,641.7
SET50 (TH)		1,096.5	0.5%	1.2%	4.8%	1,033.8	1,096.5
Straits Times (SG)		3,190.2	0.5%	0.0%	5.0%	3,012.9	3,229.1
FTSE Malay (MY)		1,683.5	0.0%	-0.6%	-0.4%	1,667.8	1,702.1
JSX Index (ID)		6,533.0	1.1%	1.0%	5.7%	6,181.2	6,533.0
PSE Index (PH)		8,007.5	0.3%	-0.7%	6.9%	7,466.0	8,064.9
Vn Index (VN)		910.7	-0.6%	0.2%	2.1%	878.2	915.9

28 January 2019	29 January 2019	30 January 2019	31 January 2019	1 February 2019
(BOJ) Meeting minutes; (ECB) President Draghi speaks; (BOE) Governor Carney speaks	(TH) Industrial production YoY P0.98%; (US) CB consumer conf. C124 P128.1	(UK) Parliament vot on Brexit Deal; (JP) Retail sales YoY C0.8% P1.4%; (US) ADP nonfarm employment change C175k P271k; GDP Q4 QoQ SAAR C2.5% P3.4%	(FED) Fed Fund Uppet rate C2.5% P2.5%; Fed Press Conf.; (US) Core PCE YoY C1.9% P1.9%; Personal spending MoM C0.3% P0.4%; (CH) NBS Mfg. PMI C49.3 P49.4; NBS Serv. PMI C53.9 P53.8; (GER) Retail sales MoM P1.4% YoY P1.1%; (EU) GDP Q4 YoY C1.2%	(Global) Markit Mfg. PMI day; (CH) Caixin Mfg. PMI C49.5 P49.7; (TH) CPI YoY C0.8% P0.36%; (US) Avg. Hourly Earnings YoY P3.2% Nonfarm payrolls C160k P312k; Unemployment rate P3.9%; ISM Mfg. PMI C54 P54.3; U of Michigan Consumer sentiment C90.7 P90.7

Note: P=previous; C=consensus

Source: CEIC and TMB Analytics

Important Disclosures

This document is issued by TMB Analytics, a division of TMB Bank PCL. All analyses are based on information available to the public. Although the information contained herein is believed to be gathered from reliable sources, TMB makes no guarantee to its accuracy and completeness. TMB may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Opinions or predictions expressed herein reflect the authors' views, not that of TMB, as of date of the analysis and are subject to change without notice. TMB shall not be responsible for the use of contents and its implication.