

China grows slowest since 1992 but economic activities improve

China grows slowest since 1992 but economic activities improve

Against the dollar, Thai baht on the previous trading day closed weaker at 30.82, compared to 30.70 last week.

Adversely affected by US-China retaliatory tariffs imposed, China's grew only 6.2% year-on-year in Q2, 2019, down from 6.4% in Q1, 2019. This pace is the slowest since Q1, 1992, China's earliest quarterly data on record. Nonetheless, China's June economic activities, inclusive of industrial production, fixed asset investment, and retail sales, all improved and topped expectations. Moreover, China's exports and imports over the first half of 2019 grew by 0.1% and -4.3%, respectively. Compared to the first half of 2018, they grew 12.8% and 19.9%, respectively. Against the US in particular, China's exports worsened by 8.1%, while imports deteriorated by 29.9% over January-June 2019.

After Fed Chair Powell's testimony, Chicago Fed President Evans, one of the dovish FOMC voting members, saw two needed 25bp rate cuts by the end of 2019 where he was markedly concerned about persistently subdued inflation.

Amid more dovishness of ECB and BoJ, industrial production, recently reported as of May, of both the euro area and Japan remained sluggish compared to the previous year, but improved compared to the previous month.

As the UK is getting closer to know who will be the new Conservative leader and likely new PM, despite increases of no-deal Brexit likelihood, UK Chancellor of the Exchequer Philip Hammond warned Johnson of uncontrollable no-deal Brexit and also reminded him of MPs to capably block such UK's disorganized withdrawal from the EU.

Owing to baht under pressures of strengthening and speculations amid rising global uncertainties during early May - early July, the BoT launched additional measures, including 1) reduction of daily outstanding balance of Non-Resident Baht Account (NRBA) and NRBA for Securities (NRBS) from, THB 300 to 200 million, to take effect on 22 July, and 2) non-resident holding debt securities required to report names of beneficiaries. Beforehand, the BoT started to reduce short-dated bond issuances since the beginning of July. At least in a short run, these could possibly limit flows weighing on baht appreciation and speculations.

Interesting economic data to be released this week after China's data include the follows. US: retail sales, industrial production, building permits, consumer sentiment, and Fed officials' speeches. Euro area (and Germany): ZEW economic sentiment index, inflation. Japan: exports, inflation.

Moving around 30.89-30.93 this morning, USDTHB could be between this week 30.65-31.15 and 30.86-30.96 today.

US 10-year treasury yield: largest weekly rise in three months

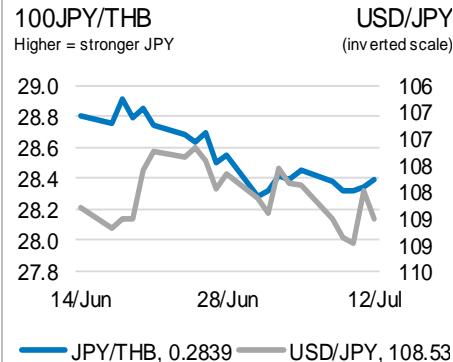
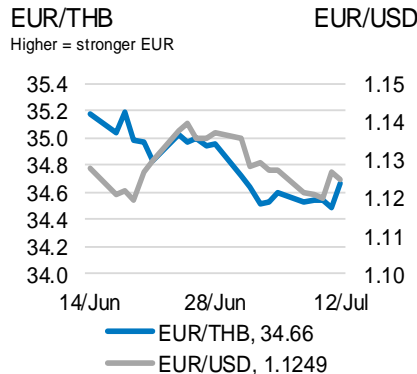
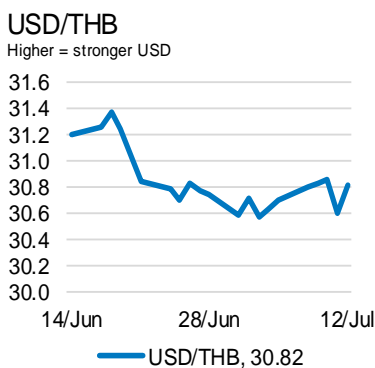
Thai benchmark government bond yield (LB28DA, 9.4 years) on the previous trading day was 1.99%, +4.13 bps. Meantime, the latest closed Thai and US 10-year bond yields were 2.03%, +3 bps, and 2.12%, -1 bps, respectively.

As markets perceived Fed Chair Powell's testimony and the recent FOMC meeting minutes as higher likelihood of rate cuts, US treasury 10-year yield over the week rose by 8 bps, largest in three months. The previous huge weekly climb was 9 bps, during the last week of March, following a briefly negative 10-year-3-month spread. This could reflect that investors were less concerned about a probable upcoming recession since they expected that the Fed likely to cut rates soon would help retain US economic expansion.

On US yield curve inversion, US 10-year-3-month treasury spread has been negative for 42 days consecutively, but decreasingly lately, 10-year: 2.12% v 3-month: 2.14%, thus spread: -2 bps on the previous trading day, progressing from -4 bps. Meanwhile, 10-year-2-year treasury spread was still well positive, +28 bps.

Thai benchmark government bond yield (LB28DA, 9.4 years) could be between 1.95-2.03 this week and 1.98-2.00% today.

SET Index	1,731.6	S&P500	3,013.8	10Y UST	2.12%	Brent	66.8	Gold	1,405.6
12-Jul	▼ -0.51%	12-Jul	▲ 0.46%	12-Jul	▼ -1.0 bps	12-Jul	▲ 1.06%	12-Jul	▼ -1.24%
USD/THB	30.82	EUR/THB	34.66	JPY/THB	0.2839				
Daily ▲	0.69%	Daily ▲	0.53%	Daily ▲	0.19%				
Weekly ▲	0.05%	Weekly ▲	0.38%	Weekly ▲	0.04%				
Monthly ▼	-1.24%	Monthly ▼	-1.47%	Monthly ▼	-1.44%				
Sideways Trend		Sideways Trend		Sideways Trend					



Sources: TMB Analytics, TMB Treasury, CEIC, ThaiBMA, Bloomberg, CNBC, BBC, Reuters, Bangkokbiznews, FX data: BoT's daily closing rates

Main Contributors
Siwat Nakmai
(66) 2 299 1111 ext. 5009, siwat.nak@tmbbank.com

TMB Analytics tmbanalytics@tmbbank.com
Naris Sathapholdeja (66) 2 299 2494, naris.sat@tmbbank.com
Kasem Harnchanpanich (66) 2 242 3265; kasem.har@tmbbank.com
Supaporn Channarong (66) 2 242 3271, supaporn.cha@tmbbank.com

Duangrat Prajaksilphai (66) 2 242 3549; Duangrat.Pra@tmbbank.com
Kantaphon Amornrat (66) 2 991111 ext. 5191, kantaphon.amo@tmbbank.com

Currency Market

Currency	1M History	Last	% Chg (1D)	% Chg (1W)	% Chg (1M)	1M Range	
						Min	Max
Dollar Index		97.09	0.2%	0.3%	0.2%	96.01	97.64
EUR/USD		1.1249	-0.2%	-0.2%	-0.4%	1.1195	1.1393
USD/JPY		108.53	0.5%	0.6%	0.2%	107.18	108.96
USD/CHF		0.9907	0.4%	0.5%	-0.4%	0.9725	1.0009
GBP/USD		1.2530	0.0%	-0.4%	-1.4%	1.2457	1.2750
USD/CAD		1.3057	0.0%	-0.1%	-2.0%	1.3057	1.3423
AUD/USD		0.6974	0.2%	-0.7%	0.8%	0.6836	0.7027
NZD/USD		0.6667	0.2%	-0.2%	1.4%	0.6487	0.6708
ASEAN Dollar		105.57	0.2%	0.0%	-1.0%	105.30	107.16
USD/THB		30.82	0.7%	0.4%	-1.3%	30.57	31.37
USD/SGD		1.3593	0.3%	0.2%	-0.4%	1.3519	1.3712
USD/MYR		4.1131	-0.2%	-0.5%	-1.1%	4.1131	4.1819
USD/IDR		14,026	0.1%	-0.3%	-1.3%	14,013	14,288
USD/PHP		51.16	0.1%	0.2%	-1.4%	51.02	52.10
USD/CNY		6.8830	0.2%	0.0%	-0.6%	6.8430	6.9370
USD/HKD		7.8268	0.2%	0.5%	0.2%	7.7872	7.8340

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		-2.65	-0.40
3-month		-7.03	-0.53
6-month		-13.38	-1.00

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		214,868	-940
Gold		6,924	-47
SDR		1,364	-6
IMF Reserves		842	-4
Foreign Ccy		205,739	-883
Net Fwd Position		34,465	-25

Last update: 5/7/2019

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
12/7/2019	457	-912	-455
11/7/2019	1,243	-3,436	-2,192
10/7/2019	3,250	365	3,615
9/7/2019	1,865	-4,625	-2,760
8/7/2019	-650	-8,748	-9,399
Last 5 days	6,165	-17,356	-11,191
Period-to-date	Equity	Bond	Total
Month	↑ 16,369	↓ -4,363	↑ 12,006
Quarter	↑ 16,369	↓ -4,363	↑ 12,006
Year	↑ 57,018	↑ 53,988	↑ 111,006

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		1.53	0.63	2.26	ON		2.35	2.34	2.37
1W		1.77	1.77	1.77	1W		1.59	1.17	1.72	1W		2.38	2.36	2.40
1M		1.80	1.80	1.80	1M		1.45	1.37	1.65	1M		2.37	2.36	2.42
2M		1.83	1.83	1.83	2M		1.52	1.39	1.65	2M		2.34	2.33	2.46
3M		1.87	1.87	1.88	3M		1.46	1.39	2.27	3M		2.31	2.29	2.47
6M		1.96	1.96	1.96	6M		1.41	1.35	1.63	6M		2.21	2.18	2.42
12M		2.20	2.20	2.20	12M		1.51	1.41	1.69	12M		2.19	2.15	2.41

Last Updated: 11/7/2019

Last Updated: 5/7/2019

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		2.1200	-1.00	8.00	-1.00	1.96	2.15
Gilt 10y		0.8006	3.44	6.34	-8.47	0.72	1.04
Bund 10y		-0.2700	-1.00	12.00	-3.00	-0.39	-0.22
JGB 10y		-0.1430	-1.50	1.70	-3.60	-0.17	-0.11
TGB 1y		1.7581	0.23	-0.07	-3.65	1.76	1.80
TGB 2y		1.7263	0.63	0.59	-4.58	1.72	1.79
TGB 5y		1.7971	2.76	1.56	-9.15	1.76	1.96
TGB 7y		1.8762	4.03	1.54	-11.28	1.84	2.06
TGB 10y		2.0297	3.13	-0.79	-13.49	2.00	2.30
AAA Spread		48.62	-0.02	-1.08	-4.97	48.61	53.62
AA Spread		84.39	0.01	-0.31	-3.10	84.37	87.77
A Spread		90.27	-0.08	-0.86	-0.61	89.65	91.13
BBB Spread		226.91	1.52	1.27	12.05	214.86	228.40

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		66.83	1.1%	3.7%	8.9%	60.87	66.83
London Gold		1405.6	-1.2%	-0.6%	5.2%	1,322.7	1,429.6

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)		3,013.8	0.5%	0.8%	4.2%	2,879.8	3,013.8
STOXX (EU)		378.7	0.2%	-0.8%	2.5%	367.5	383.9
FTSE All-Share(UK)		4,094.9	0.0%	-0.6%	1.8%	4,010.8	4,150.1
DAX (DE)		12,323.3	-0.1%	-2.0%	1.3%	12,085.8	12,629.9
CAC All-Tradable(FR)		4,302.6	0.4%	-0.4%	3.3%	4,154.9	4,344.0
TOPIX (JP)		1,576.3	-0.1%	-1.0%	2.3%	1,528.7	1,592.6
Shanghai (CH)		3,069.4	0.4%	-2.7%	0.7%	3,018.5	3,189.2
Hang Seng (HK)		28,471.6	0.1%	-1.1%	4.3%	27,118.4	28,875.6
ASX 200 (AU)		6,696.5	-0.3%	-0.8%	2.4%	6,530.9	6,751.3
SET (TH)		1,731.6	-0.5%	0.0%	3.4%	1,667.2	1,740.9
SET50 (TH)		1,143.1	-0.6%	-0.5%	3.1%	1,103.6	1,159.8
Straits Times (SG)		3,350.5	0.3%	-0.6%	4.4%	3,188.1	3,372.3
FTSE Malay (MY)		1,669.5	-0.6%	-0.8%	1.6%	1,638.4	1,691.0
JSX Index (ID)		6,373.3	-0.7%	0.0%	1.6%	6,190.5	6,417.1
PSE Index (PH)		8,141.8	-0.2%	0.3%	1.1%	7,909.0	8,154.5
Vn Index (VN)		975.4	-0.3%	0.0%	2.7%	943.1	978.6

15 July 2019	16 July 2019	17 July 2019	18 July 2019	19 July 2019
(CN) GDP Growth Rate YoY Q2 A6.2% P6.4% C6.2% Industrial Production YoY JUN A6.3% P5% C5.2%, Retail Sales YoY JUN A9.8% P8.6% C8.5%, Fixed Asset Investment (YTD) YoY JUN A5.8% P5.6% C5.6%; (US) Fed Williams Speech	(AU) RBA Meeting Minutes; (GB) Claimant Count Change JUN P23.2K C18.9K; (EA) ZEW Economic Sentiment Index JUL P-20.2 C-20.9; (DE) ZEW Economic Sentiment Index JUL P-21.1 C-20; (US) Retail Sales MoM JUN P0.5%	(US) Fed Chair Powell Speech; (GB) Inflation Rate YoY JUN P2% C2%; (EA) Inflation Rate YoY Final JUN P1.2% C1.2%, Core P0.8% C1.1%; (CA) Inflation Rate YoY JUN P2.4% C2.1%	(JP) Balance of Trade JUN PY-967.1B C¥420B; (AU) Unemployment Rate JUN P5.2% C5.2%; (TH) New Car Sales YoY JUN P3.7%	(JP) Inflation Rate YoY JUN P0.7% C0.8%, Core P0.8% C0.6%; (US) Michigan Consumer Sentiment Pref JUL P98.2 C98.5

Note: A = actual, P = previous; C = consensus

Sources: TMB Analytics, CEIC

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.