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Against the dollar, Thai baht on the previous trading day closed around 30.78.

Although the US has relaxed the latest additional 10% tariffs imposed on China's USD 300 billion of goods, China warned the US of its inevitable retaliatory measures if the US announced any new tariff imposition.

Fed Chair Powell is expected to provide some monetary policy clues during his speech today at the Jackson Hole symposium, under the theme 'Challenges for Monetary Policy'. However, this would be rather an academic point of view and quite difficult for him to calm markets from encountering stronger recession risk signal, that is the inversion of US 10-year-2-year treasury spread, caused by certain downbeat economic data across economies and ongoing trade policy uncertainties. Besides, Kansas City Fed President George, the most hawkish FOMC voting member, reaffirmed that the previous rate trim was not required due to low unemployment, growing wages, and inflation not far from the target. In addition, Philadelphia Fed President Harker, a neutral non-voting FOMC member, said that the interest rates at present are relatively neutral, further accommodation not needed, and the Fed should adopt 'wait and see' approach.

Due to depressing economic outlook, stimulus measures may be required to bolster euro area's economy, ECB July-meeting minutes said.

The sterling jumped by 0.75% following German Chancellor Merkel's optimism towards a Brexit conclusion, whereas President Macron said the Irish backstop is needed in a deal and there would be enough time for renegotiations between the UK and the EU.

Manufacturing PMIs as of August improved or topped expectations in many large economies, namely Japan, the euro area, Germany, and France. The PMIs of the former three however still contracted. Nonetheless, that of the US (Markit) deteriorated and became shrinking for the first time ever since 2012 (data available back to 2012), falling beyond 50 to 49.9. And, that of Australia also worsened but still expanded and above expectations.

Despite improving manufacturing PMI, the consumer confidence of the euro area kept on weakening, -7.1 in August, while -6.6 in July (where negativity means lack of confidence), as consumers were increasingly pessimistic about the current and upcoming economic outlook.

South Korea's central bank warned of a possibly larger adverse effect as Japan decided to restrict its exports of strategic products to South Korea. Besides, South Korea would also terminate an intelligence-sharing pact, exchanging sensitive military data, such as North Korea's missile launches, with Japan.

Amid markets expecting to hold rates steady, Indonesia's central bank (BI) surprisingly reduced its policy interest rate to 5.5% from 5.75% on slowing global demands and prolonging disputes of global trade. So, the BI delivered two consecutive cuts of 25 bps in two months.

Moving around 30.79-30.83 this morning, USDTHB could be between 30.76-30.86 today.

US treasury yields rise but 10y2y brief inversion continues ahead of Powell's speech

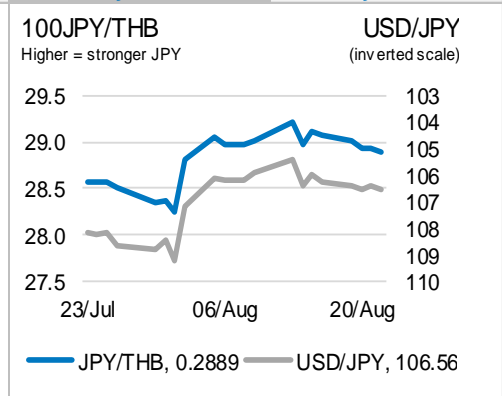
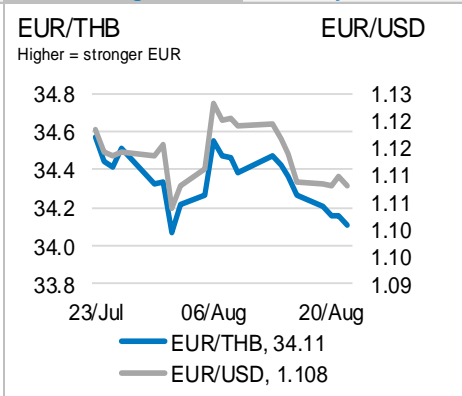
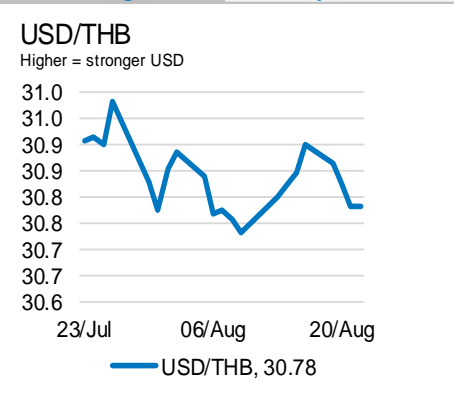
Thai benchmark government bond yield (LB28DA, 9.3 years) on the previous trading day was 1.53%, +1.53 bps. Meantime, the latest closed Thai and US 10-year bond yields were 1.54%, +1.93 bps, and 1.62%, +3 bps, respectively.

As the Fed officials, Kansas City and Philadelphia Fed presidents, discouraged further monetary easing, while markets were awaiting Fed Chair Powell's speech on monetary policy at the Jackson Hole symposium, US treasury yields ticked higher but the inversion of US 10-year-2-year treasury spread occurred again during the trading day.

Spread between long- and short-dated yields: negativity implies a possible upcoming recession. US 10y3m: -38 bps, US 10y2y: +1 bps, Japan 10y2y: +6.4 bps, German 10y2y: +21.2 bps, UK 10y2y: +7.6, Thai 10y2y: +8.9 bps.

Thai benchmark government bond yield (LB28DA, 9.3 years) could be between 1.52-1.54% today.

SET Index	1,633.6	S&P500	2,923.0	10Y UST	1.62%	Brent	59.9	Gold	1,498.7
22-Aug	▼ -0.29%	22-Aug	▼ -0.05%	22-Aug	▲ 3.0 bps	22-Aug	▼ -0.57%	22-Aug	▼ -0.06%
USD/THB 30.78	Daily ▼ 0.00%	EUR/THB 34.11	Daily ▼ -0.15%	JPY/THB 0.2889	Daily ▼ -0.14%				
	Weekly ▼ -0.38%		Weekly ▼ -0.45%		Weekly ▼ -0.66%				
	Monthly ▼ -0.40%		Monthly ▼ -1.34%		Monthly ▲ 1.09%				
Falling Trend		Falling Trend		Sideways Trend					



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

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Currency Market

Currency	1M History	Last	% Chg (1D)	% Chg (1W)	% Chg (1M)	1M Range	
						Min	Max
Dollar Index		98.32	0.1%	0.3%	1.1%	96.82	98.87
EUR/USD		1.1080	-0.1%	-0.5%	-1.2%	1.1041	1.1260
USD/JPY		106.56	0.1%	0.6%	-1.3%	105.43	109.20
USD/CHF		0.9834	0.5%	0.9%	0.0%	0.9712	0.9966
GBP/USD		1.2134	-0.3%	0.6%	-3.0%	1.2053	1.2551
USD/CAD		1.3305	0.0%	-0.1%	1.8%	1.3028	1.3331
AUD/USD		0.6768	-0.2%	0.1%	-3.8%	0.6724	0.7066
NZD/USD		0.6391	-0.3%	-0.7%	-5.5%	0.6391	0.6778
ASEAN Dollar		106.62	0.0%	-0.3%	1.2%	105.06	107.00
USD/THB		30.78	0.0%	-0.2%	-0.2%	30.73	30.98
USD/SGD		1.3841	0.0%	-0.3%	1.7%	1.3567	1.3888
USD/MYR		4.1775	0.2%	-0.3%	1.6%	4.1072	4.1927
USD/IDR		14,116	-0.1%	-0.4%	1.6%	13,868	14,228
USD/PHP		52.11	-0.2%	-0.5%	2.1%	50.78	52.47
USD/CNY		7.0718	0.2%	0.5%	2.8%	6.8744	7.0769
USD/HKD		7.8384	0.0%	0.0%	0.5%	7.8022	7.8471

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		-2.25	0.00
3-month		-6.35	0.40
6-month		-12.00	0.63

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		221,265	2175
Gold		7,406	280
SDR		1,356	3
IMF Reserves		837	2
Foreign Ccy		211,668	1891
Net Fwd Position		31,921	142

Last update: 9/8/2019

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
22/8/2019	-3,227	-5,355	-8,582
21/8/2019	753	-7,473	-6,720
20/8/2019	-2,991	-8,138	-11,129
19/8/2019	-4,113	-2,548	-6,661
16/8/2019	-5,069	-1,668	-6,737
Last 5 days	-14,646	-25,183	-39,829
Period-to-date	Equity	Bond	Total
Month	↓ -50,067	↓ -25,803	↓ -75,870
Quarter	↓ -30,013	↓ -50,909	↓ -80,922
Year	↑ 10,636	↑ 7,441	↑ 18,078

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		1.50	1.50	1.75	ON		1.35	1.28	1.88	ON		2.10	2.09	2.36
1W		1.52	1.52	1.77	1W		1.30	1.18	1.53	1W		2.13	2.13	2.38
1M		1.55	1.55	1.80	1M		1.29	1.20	2.22	1M		2.18	2.18	2.31
2M		1.58	1.58	1.83	2M		1.27	1.20	1.44	2M		2.15	2.15	2.31
3M		1.63	1.63	1.87	3M		1.26	1.19	1.43	3M		2.12	2.12	2.30
6M		1.72	1.72	1.96	6M		1.16	1.10	1.36	6M		2.01	2.01	2.23
12M		1.95	1.95	2.20	12M		1.24	1.15	1.48	12M		1.93	1.93	2.24

Last Updated: 21/8/2019

Last Updated: 15/8/2019

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 (%) spread (bps)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		1.620	3.00	10.00	-43.00	1.52	2.08
Gilt 10y		0.491	-3.07	-54.56	-26.74	0.49	1.04
Bund 10y		-0.660	1.00	-3.00	-32.00	-0.71	-0.32
JGB 10y		-0.241	-0.50	-2.00	-10.30	-0.24	-0.13
TGB 1y		1.489	-0.12	2.64	-26.85	1.44	1.76
TGB 2y		1.450	0.32	4.27	-27.28	1.41	1.73
TGB 5y		1.473	2.25	7.71	-28.90	1.40	1.79
TGB 7y		1.512	2.79	9.45	-32.36	1.41	1.86
TGB 10y		1.539	1.93	5.08	-43.00	1.48	2.00
AAA Spread		48.94	-1.38	-1.84	0.21	48.41	51.33
AA Spread		88.03	-0.15	-1.01	3.12	83.13	89.30
A Spread		92.95	-0.10	0.57	2.95	89.71	93.05
BBB Spread		226.39	-0.05	-0.38	0.13	223.67	229.40

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		59.91	-0.6%	3.2%	-6.6%	56.88	65.18
London Gold		1498.7	-0.1%	-1.2%	5.1%	1,406.4	1,527.2

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)		2,923.0	-0.1%	2.6%	-3.2%	2,840.6	3,025.9
STOXX (EU)		364.8	-0.6%	2.8%	-4.9%	354.8	383.7
FTSE All-Share(UK)		3,912.9	-0.9%	1.2%	-4.6%	3,865.5	4,186.2
DAX (DE)		11,747.0	-0.5%	2.9%	-6.2%	11,412.7	12,522.9
CAC All-Tradable(FR)		4,174.3	-0.9%	3.1%	-3.8%	4,050.4	4,346.7
TOPIX (JP)		1,498.1	0.0%	1.0%	-4.5%	1,483.9	1,577.9
Shanghai (CH)		3,020.7	0.1%	2.4%	-1.3%	2,900.3	3,092.4
Hang Seng (HK)		26,048.7	-0.8%	2.2%	-8.7%	25,281.3	28,594.3
ASX 200 (AU)		6,501.8	0.3%	1.5%	-4.1%	6,405.5	6,845.1
SET (TH)		1,633.6	-0.3%	1.8%	-5.4%	1,604.0	1,735.1
SET50 (TH)		1,077.9	-0.2%	2.0%	-5.5%	1,056.3	1,147.9
Straits Times (SG)		3,127.7	0.2%	0.1%	-6.8%	3,115.0	3,381.3
FTSE Malay (MY)		1,602.5	0.5%	0.1%	-3.2%	1,592.9	1,658.2
JSX Index (ID)		6,239.2	-0.2%	-0.3%	-2.3%	6,119.5	6,433.5
PSE Index (PH)		7,848.8	-0.5%	-0.1%	-4.8%	7,766.8	8,272.2
Vn Index (VN)		997.3	0.3%	1.8%	0.9%	964.6	997.9

19 August 2019	20 August 2019	14 January 1900	22 August 2019	23 August 2019
(JP) Exports YoY JUL A-1.6% P-6.6% C-2.2%, Balance of Trade JUL A¥-249.6B P¥589.5B C¥-200B; (EA) Core Inflation Rate YoY Final JUL A0.9% P1.1% C0.9%; Inflation Rate YoY Final JUL A1% P1.3% C1.1%; (DE) Bundesbank Monthly	(AU) RBA Meeting Minutes	(CA) Inflation Rate YoY JUL A2% P2% C1.7%; (US) Existing Home Sales MoM JUL A2.5% P-1.3% C2.5%; Existing Home Sales JUL A5.42M P5.27M C5.4M	(US) FOMC Minutes, Jackson Hole Symposium; (DE) Markit Manufacturing PMI Flash AUG A43.6 P43.2 C43.1; (EA) Markit Manufacturing PMI Flash AUG A47 P46.5 C46.2, Consumer Confidence Flash AUG A-7.1 P-6.6 C-7	(JP) Inflation Rate YoY JUL P0.7% C0.5%; (MX) GDP Growth Rate YoY Final Q2 P1.2% C-0.7%; (US) New Home Sales MoM JUL P7% C-0.2%; Fed Chair Powell Speech

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

Sources: TMB Analytics, CEIC

Important Disclosures

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