

**Uncertain US-China trade deescalates**

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Against the dollar, Thai baht on the previous trading day closed remarkably stronger around 30.6. Potentially viewed as a regional safe haven, the baht was increasingly demanded on mounting trade war.

US-China tensions momentarily deescalated after Chinese Vice Premier Liu He said that China was willing to resolve the trade disputes with the US via peaceful talks. Subsequently, President Trump claimed that China phoned and asked to revive negotiations although reportedly possibly not recognized by China. Risky asset prices and USD index then rebounded, while the yuan seemed stabilized around 7.15 per dollar after earlier hitting its 11-year lowest against the dollar.

UBS Wealth Management, overseeing USD 2.5 trillion for wealthy clients, has been turning bearish as underweighting stocks in its portfolios. This was owing to US-China reintroduced intensifications and prolonging trade uncertainties, which have amplified risks to the global economic expansion.

On international trade at the G7 summit in France, open and fair global trade and global economy stability were committed. For regulatory barrier simplification and international taxation modernization, the G7 leaders pledged to conclude with an agreement in 2020.

US durable goods orders, +2.1% mom in July, improved and toppled both the previous month and market expectations after being on a downward trend for several months.

PM Johnson said that Brexit renegotiations with the EU could be concluded until last minutes. The messier the Brexit is, the more adverse effects in the short run, such as business plan stalling, border disruption, food shortages, etc., will possibly be.

German business sentiment remained worsening. Its Ifo Business Climate Index has been declining to reach 94.3 in August, lowest since 2012. Beforehand, Germany's preliminary economic growth in Q2 showed negativity qoq, while lowest since 2013 yoy. Its finalized figures will be released today.

Thailand's manufacturing sector kept contracting. Its industrial production, revealed as -3.23% yoy in July, grew negatively for three months consecutively. This affirms the country's slackening economy.

Moving around 30.57-30.61 his morning, USDTHB could be between 30.54-30.64 today.

▪ **US treasury yields bounce on US-China tension de-escalations**

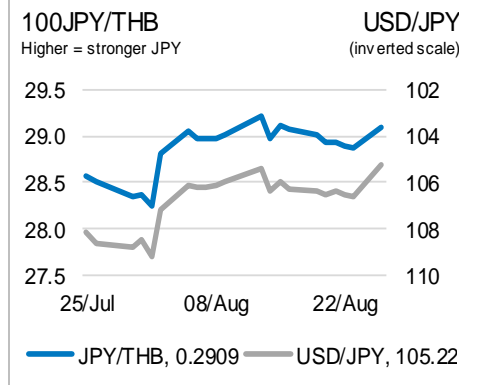
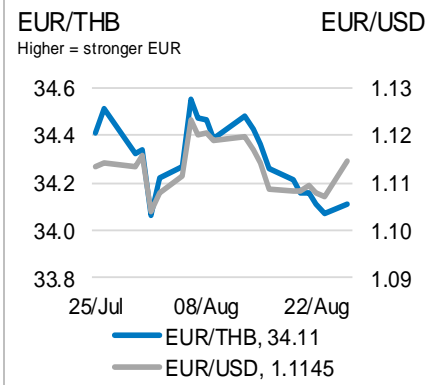
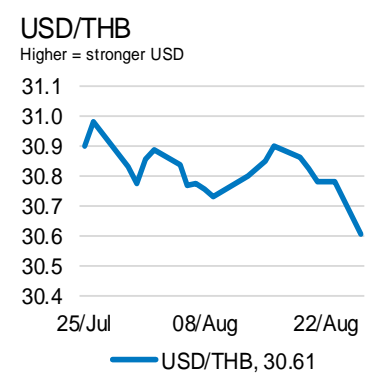
Thai benchmark government bond yield (LB28DA, 9.3 years) on the previous trading day was 1.46%, -7.53 bps. Meantime, the latest closed Thai and US 10-year bond yields were 1.47%, -7.7 bps, and 1.54%, +2 bps, respectively.

On US-China tension de-escalations, US treasury yields bounced. Yesterday, Thai government bond yields tumbled on earlier renewed US-China deterioration, but expected to tick higher today on better trade situations.

Spread between long- and short-dated yields: negativity implies a possible upcoming recession. US 10y3m: -47 bps, US 10y2y: +0 bps, Japan 10y2y: +5 bps, German 10y2y: +22.3. bps, UK 10y2y: +16.5, Thai 10y2y: +3.8 bps.

Thai benchmark government bond yield (LB28DA, 9.3 years) could be between 1.45-1.48% today.

<b>SET Index</b> 1,622.7	<b>S&amp;P500</b> 2,878.4	<b>10Y UST</b> 1.54%	<b>Brent</b> 58.8	<b>Gold</b> 1,495.5
26-Aug ▼ -1.47%	26-Aug ▲ 1.09%	26-Aug ▲ 2.0 bps	23-Aug ▼ -1.86%	23-Aug ▼ -0.21%
<b>USD/THB</b> 30.61	<b>EUR/THB</b> 34.11	<b>JPY/THB</b> 0.2909		
Daily ▼ -0.56%	Daily ▲ 0.12%	Daily ▲ 0.74%		
Weekly ▼ -0.70%	Weekly ▼ -0.13%	Weekly ▲ 0.56%		
Monthly ▼ -0.95%	Monthly ▼ -0.87%	Monthly ▲ 1.80%		
Falling Trend	Sideways Trend	Rising 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		97.65	-0.7%	-0.6%	-0.1%	97.23	98.87
EUR/USD		1.1145	0.7%	0.5%	0.0%	1.1041	1.1231
USD/JPY		105.22	-1.3%	-1.1%	-2.8%	105.22	109.20
USD/CHF		0.9749	-1.0%	-0.5%	-1.2%	0.9712	0.9966
GBP/USD		1.2281	0.4%	1.1%	-1.3%	1.2053	1.2505
USD/CAD		1.3301	-0.1%	0.1%	1.2%	1.3067	1.3331
AUD/USD		0.6735	-0.2%	-0.6%	-3.5%	0.6724	0.7038
NZD/USD		0.6386	0.1%	-0.4%	-4.6%	0.6381	0.6763
ASEAN Dollar		106.42	0.0%	0.1%	1.2%	104.96	106.63
USD/THB		30.61	-0.6%	-0.8%	-1.0%	30.61	30.98
USD/SGD		1.3875	0.1%	0.2%	1.6%	1.3612	1.3888
USD/MYR		4.2020	0.3%	0.7%	2.0%	4.1130	4.2020
USD/IDR		14,161	0.3%	0.4%	1.7%	13,897	14,228
USD/PHP		52.39	0.3%	0.3%	2.4%	50.78	52.47
USD/CNY		7.1357	0.6%	1.3%	3.6%	6.8744	7.1357
USD/HKD		7.8331	-0.1%	-0.1%	0.3%	7.8022	7.8471

## FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		-2.35	-0.05
3-month		-6.35	0.15
6-month		-11.75	0.38

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		220,160	-1106
Gold		7,489	84
SDR		1,354	-2
IMF Reserves		834	-3
Foreign Ccy		210,483	-1185
Net Fwd Position		31,226	-695

Last update: 16/8/2019

## Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
26/8/2019	-1,393	1,838	446
23/8/2019	1,527	-3,170	-1,643
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
<b>Last 5 days</b>	<b>-5,330</b>	<b>-22,298</b>	<b>-27,628</b>
<b>Period-to-date</b>	<b>Equity</b>	<b>Bond</b>	<b>Total</b>
<b>Month</b>	↓ -49,932	↓ -27,135	↓ -77,067
<b>Quarter</b>	↓ -29,878	↓ -52,241	↓ -82,120
<b>Year</b>	↑ 10,771	↑ 6,109	↑ 16,880

## 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		1.20	1.20	1.88	ON		2.10	2.09	2.36
1W		1.52	1.52	1.77	1W		1.20	1.18	1.50	1W		2.12	2.12	2.38
1M		1.55	1.55	1.80	1M		1.23	1.20	2.22	1M		2.17	2.17	2.30
2M		1.58	1.58	1.83	2M		1.26	1.20	1.44	2M		2.17	2.15	2.30
3M		1.63	1.62	1.87	3M		1.25	1.19	1.43	3M		2.15	2.12	2.30
6M		1.72	1.72	1.96	6M		1.21	1.10	1.36	6M		2.03	2.01	2.23
12M		1.95	1.95	2.20	12M		1.26	1.15	1.48	12M		1.95	1.93	2.24

Last Updated: 23/8/2019

Last Updated: 19/8/2019

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
UST 3m		2.010	4.00	7.00	-11.00	1.87	2.12
UST 2y		1.540	3.00	1.00	-32.00	1.48	1.89
UST 5y		1.430	3.00	-4.00	-42.00	1.40	1.85
UST 10y		1.540	2.00	-6.00	-54.00	1.52	2.08
TGB 3m		1.503	-0.02	1.18	-21.91	1.47	1.73
TGB 6m		1.498	-0.69	1.39	-25.19	1.46	1.75
TGB 1y		1.477	-1.21	0.34	-27.95	1.44	1.76
TGB 2y		1.427	-2.79	-0.41	-30.22	1.41	1.73
TGB 5y		1.419	-6.49	-0.38	-36.15	1.40	1.79
TGB 10y		1.466	-7.70	-4.57	-51.41	1.47	1.99
Bund 10y		-0.620	4.00	9.00	-23.00	-0.71	-0.34
JGB 10y		-0.235	0.60	0.10	-8.70	-0.24	-0.13
Gilt 10y		0.491	0.05	-54.51	-24.54	0.49	1.04
AAA Spread		47.51	-0.95	-3.16	-3.13	47.51	51.33
AA Spread		88.14	0.20	-0.25	3.40	84.47	89.30
A Spread		93.86	0.22	1.02	3.97	89.89	93.86
BBB Spread		230.79	4.08	4.08	4.61	223.67	230.79

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 3-5 years.

**Commodity Market**

Commodity	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Brent Crude		58.80	-1.8%	0.0%	-6.8%	56.88	65.18
London Gold		1495.5	-0.2%	-0.9%	4.8%	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)		2,878.4	1.1%	-1.5%	-4.9%	2,840.6	3,025.9
STOXX (EU)		360.9	0.0%	-1.0%	-5.7%	354.8	383.7
FTSE All-Share(UK)		3,898.6	-0.4%	0.1%	-4.8%	3,865.5	4,186.2
DAX (DE)		11,611.5	-1.2%	0.4%	-6.1%	11,412.7	12,522.9
CAC All-Tradable(FR)		4,143.4	0.4%	-0.4%	-4.7%	4,050.4	4,346.7
TOPIX (JP)		1,478.0	-1.6%	-1.1%	-6.3%	1,478.0	1,577.9
Shanghai (CH)		2,999.9	-1.2%	-0.7%	-2.7%	2,900.3	3,092.4
Hang Seng (HK)		25,680.3	-1.9%	-2.3%	-9.6%	25,281.3	28,594.3
ASX 200 (AU)		6,440.1	-1.3%	-0.4%	-5.2%	6,405.5	6,845.1
SET (TH)		1,622.7	-1.5%	-0.9%	-6.0%	1,604.0	1,730.9
SET50 (TH)		1,071.7	-1.6%	-0.7%	-5.8%	1,056.3	1,141.5
Straits Times (SG)		3,065.3	-1.4%	-2.0%	-9.0%	3,065.3	3,381.3
FTSE Malay (MY)		1,600.5	-0.5%	0.3%	-3.1%	1,592.9	1,656.6
JSX Index (ID)		6,214.5	-0.7%	-1.3%	-1.8%	6,119.5	6,401.4
PSE Index (PH)		7,889.4	0.5%	0.8%	-4.4%	7,766.8	8,272.2
Vn Index (VN)		982.9	-1.0%	0.2%	-1.1%	964.6	997.9

26 August 2019	27 August 2019	21 January 1900	29 August 2019	30 August 2019
(DE) Ifo Business Climate AUG A94.3 P95.7 C95.1; (US) Durable Goods Orders MoM JUL A2.1% P2% C1.1%	(DE) GDP Growth Rate QoQ Final Q2 P0.4% C-0.1%, YoY Final Q2 P0.7% C0.4%	(DE) GfK Consumer Confidence SEP P9.7 C9.6	(JP) Consumer Confidence AUG P37.8; (DE) Inflation YoY Prel AUG P1.7% C1.5%; (FR) GDP QoQ Final Q2 P0.3% C0.2%; (EA) Business Confidence AUG P-0.12 C0.08; (US) GDP QoQ 2nd Est Q2 P3.1% C2%	(GB) GfK Consumer Confidence AUG P-11 C-12; (EA) Core Inflation Rate YoY Flash AUG P0.9% C1%, Inflation Rate YoY Flash AUG P1% C1%, Unemployment Rate JUL P7.5% C7.5%; (US) Personal Spending MoM JUL P0.3% C0.5%

Sources: TMB Analytics, CEIC

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

**Important Disclosures**

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