

Flip-flop US-China turns optimistic

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Against the dollar, Thai baht on the previous trading day closed slightly stronger around 30.63.

Flip-flop US-China turned optimistic again. Chinese Commerce Ministry said that, although having various ways to strike back against the US, China preferred to resume trade talks with the US, aiming at eliminating the new tariffs imposed between the two powers in order to de-escalate tensions. President Trump also said that the two countries would be restarting trade negotiations. The next meeting is anticipated to be held in September. As a result, such trade optimism boosted risky assets and stocks.

US Q2 GDP's second estimate, revealed to be 2%, was slightly downgraded from its first estimate of 2.1%. US GDP growth deteriorated from 3.1% in Q1, under threats from trade policy uncertainty and US-China retaliatory tariffs.

Christine Lagarde, who will succeed Mario Draghi in November as the next ECB president, believed that the ECB has a wide-ranging tools and is ready to act if necessary. However, financial stability risks also need to be considered.

The sterling on the dollar could be growingly volatile at least until the Brexit deadline, 31 October. After Boris Johnson took office as the new UK PM in July and since a no-deal scenario has been more probable over time, GBPUSD volatility implied from currency options has been persistently soaring, from 6.5-7% in July to around 13.5 recently (3-month implied volatility). This is owing to an increasingly chaotic Brexit as certain MPs, including Labour Party, other opposition parties, and even some of Conservative MPs would like to avoid a hard or no-deal Brexit, whereas PM Johnson processed to block his opposition, announcing Brexit was to happen on 31 October, either with or without an agreement with the EU.

Despite Germany's economic sluggishness with decreasing and below-expectation inflation of 1.4% yoy in August, the euro area's economic and business sentiments slightly picked up in August, however still staying at a relatively low level.

Japan's unemployment rate improved to 2.2%, 14-month low, while its industrial production also recovered, up to +0.7% yoy, after growing negatively for five month consecutively. However, retail sales and consumer confidence kept on worsening, down to -2% yoy and 37.1, respectively.

After cutting rates by 25 bps last month, to 1.5% from 1.75%, Bank of Korea (BoK) today held rates steady at 1.5%. The monetary authority possibly desired to avoid back-to-back rate cuts and to preserve its policy space. Nonetheless, as its exports remained contracting along with weakening demands, economists projected another 25-bps cut at the next BoK's meeting in October.

Moving around 30.64-30.67 this morning, USDTHB could be between 30.61-30.71 today.

US treasury yields climb on trade optimism

Thai benchmark government bond yield (LB28DA, 9.3 years) on the previous trading day was 1.43, -0.8 bps. Meantime, the latest closed Thai and US 10-year bond yields were 1.43%, -0.9 bps, and 1.50%, +3 bps, respectively.

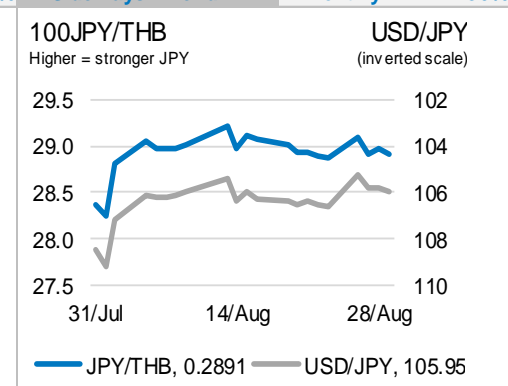
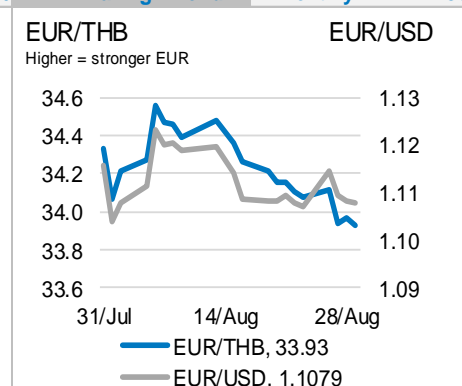
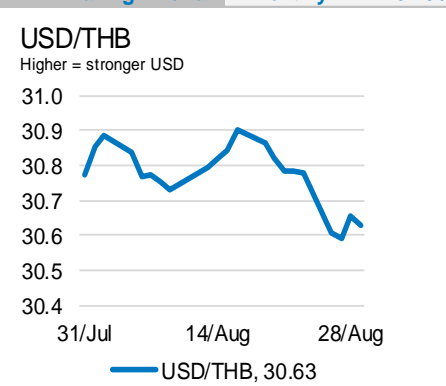
On US-China trade optimism, US treasury yields climbed higher.

Apart from plummeting to finish at its historic low, 1.94%, on Wednesday, US 30-treasury yield is likely having a largest monthly drop, about 60 bps, since 2011.

Spread between long- and short-dated yields: negativity implies a possible upcoming recession. US 10y3m: -49 bps, US 10y2y: -3 bps, Japan 10y2y: +2.8 bps, German 10y2y: +19.9. bps, UK 10y2y: +8.1, Thai 10y2y: +7.5 bps.

Thai benchmark government bond yield (LB28DA, 9.3 years) could be between 1.42-1.44%, while Thai 10-year yield possibly 1.42-1.44 today.

SET Index 1,639.1	S&P500 2,924.6	10Y UST 1.50%	Brent 60.5	Gold 1,541.8
29-Aug ▲ 1.36%	29-Aug ▲ 1.26%	29-Aug ▲ 3.0 bps	28-Aug ▲ 1.66%	28-Aug ▲ 0.64%
USD/THB 30.63	EUR/THB 33.93	JPY/THB 0.2891		
Daily ▼ -0.09%	Daily ▼ -0.11%	Daily ▼ -0.20%		
Weekly ▼ -0.50%	Weekly ▼ -0.41%	Weekly ▲ 0.11%		
Monthly ▼ -0.49%	Monthly ▼ -1.18%	Monthly ▲ 1.86%		
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

Currency Market

Currency	1M History	Last	% Chg (1D)	% Chg (1W)	% Chg (1M)	1M Range	
						Min	Max
Dollar Index		98.21	0.1%	-0.1%	0.1%	97.34	98.87
EUR/USD		1.1079	0.0%	0.0%	-0.5%	1.1041	1.1231
USD/JPY		105.95	0.1%	-0.6%	-2.6%	105.22	109.20
USD/CHF		0.9811	-0.1%	-0.2%	-1.1%	0.9712	0.9966
GBP/USD		1.2214	-0.5%	0.7%	0.2%	1.2053	1.2485
USD/CAD		1.3321	0.1%	0.1%	1.1%	1.3133	1.3331
AUD/USD		0.6724	-0.3%	-0.6%	-2.5%	0.6724	0.6975
NZD/USD		0.6314	-0.5%	-1.2%	-4.7%	0.6314	0.6699
ASEAN Dollar		106.55	0.0%	0.2%	1.2%	105.17	106.71
USD/THB		30.63	-0.1%	-0.5%	-0.7%	30.59	30.98
USD/SGD		1.3884	-0.1%	0.3%	1.4%	1.3642	1.3892
USD/MYR		4.2182	0.3%	1.0%	2.3%	4.1156	4.2182
USD/IDR		14,129	-0.2%	0.1%	1.3%	13,906	14,228
USD/PHP		52.31	0.2%	0.4%	2.7%	50.78	52.47
USD/CNY		7.1709	0.1%	1.4%	4.1%	6.8744	7.1709
USD/HKD		7.8410	-0.1%	0.0%	0.3%	7.8114	7.8471

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		-2.50	0.10
3-month		-7.13	0.13
6-month		-12.50	-0.13

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
29/8/2019	-1,416	1,704	289
28/8/2019	-1,166	-77	-1,244
27/8/2019	-1,727	-613	-2,340
26/8/2019	-1,393	1,838	446
23/8/2019	1,527	-3,170	-1,643
Last 5 days	-4,175	-318	-4,492
Period-to-date	Equity	Bond	Total
Month	↓ -54,241	↓ -26,121	↓ -80,362
Quarter	↓ -34,188	↓ -51,227	↓ -85,415
Year	↑ 6,462	↑ 7,123	↑ 13,585

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		1.17	1.10	1.88	ON		2.09	2.09	2.36
1W		1.52	1.52	1.77	1W		1.17	1.16	1.49	1W		2.13	2.12	2.37
1M		1.55	1.55	1.80	1M		1.07	1.07	1.53	1M		2.15	2.15	2.27
2M		1.58	1.58	1.83	2M		1.14	1.14	1.44	2M		2.16	2.15	2.29
3M		1.62	1.62	1.87	3M		1.15	1.15	1.43	3M		2.13	2.12	2.29
6M		1.71	1.71	1.96	6M		1.18	1.10	1.36	6M		2.04	2.01	2.23
12M		1.95	1.95	2.20	12M		1.26	1.15	1.48	12M		1.97	1.93	2.24

Last Updated: 28/8/2019

Last Updated: 22/8/2019

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		1.99	0.0	-1.0	-9.0	1.87	2.12
UST 2y		1.53	3.0	-8.0	-36.0	1.48	1.89
UST 5y		1.40	3.0	-10.0	-44.0	1.37	1.84
UST 10y		1.50	3.0	-12.0	-52.0	1.47	2.06
TGB 3m		1.46	-0.8	-4.3	-26.9	1.46	1.73
TGB 6m		1.44	-1.1	-6.7	-31.2	1.44	1.75
TGB 1y		1.41	-1.7	-8.2	-34.5	1.41	1.76
TGB 2y		1.36	-1.9	-9.2	-35.4	1.36	1.72
TGB 5y		1.34	-1.3	-13.6	-40.3	1.34	1.76
TGB 10y		1.43	-0.9	-10.5	-45.8	1.43	1.93
Bund 10y		-0.71	-4.0	-5.0	-31.0	-0.71	-0.37
JGB 10y		-0.27	-0.6	-3.0	-12.3	-0.28	-0.13
Gilt 10y		0.54	0.0	2.2	-20.1	0.49	1.04
AAA Spread		49.72	0.1	0.8	-0.2	47.51	51.33
AA Spread		87.11	0.0	-0.9	1.7	84.47	89.30
A Spread		94.72	0.5	1.8	4.3	90.09	94.72
BBB Spread		232.33	0.0	5.9	6.3	223.67	232.33

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		60.45	1.7%	0.3%	-5.9%	56.88	65.18
London Gold		1541.8	0.6%	2.6%	8.7%	1,406.4	1,541.8

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)		2,924.6	1.3%	0.1%	-1.9%	2,840.6	3,021.0
STOXX (EU)		363.7	0.0%	-0.3%	-3.3%	354.8	382.0
FTSE All-Share(UK)		3,939.4	0.9%	-0.2%	-5.4%	3,865.5	4,186.2
DAX (DE)		11,701.0	-0.2%	-0.9%	-3.7%	11,412.7	12,419.9
CAC All-Tradable(FR)		4,213.9	1.4%	0.9%	-1.5%	4,050.4	4,338.5
TOPIX (JP)		1,490.2	0.0%	-0.5%	-5.4%	1,478.0	1,575.6
Shanghai (CH)		3,028.6	-0.1%	0.3%	-1.4%	2,900.3	3,092.4
Hang Seng (HK)		25,703.5	0.3%	-1.3%	-7.5%	25,281.3	28,146.5
ASX 200 (AU)		6,507.4	0.1%	0.1%	-4.5%	6,405.5	6,845.1
SET (TH)		1,639.1	1.4%	0.3%	-3.9%	1,604.0	1,730.9
SET50 (TH)		1,083.3	1.6%	0.5%	-3.8%	1,056.3	1,141.5
Straits Times (SG)		3,081.8	0.8%	-1.5%	-7.9%	3,056.5	3,381.3
FTSE Malay (MY)		1,595.2	0.3%	-0.5%	-2.9%	1,589.8	1,656.6
JSX Index (ID)		6,289.1	0.1%	0.8%	-1.6%	6,119.5	6,390.5
PSE Index (PH)		7,892.8	0.6%	0.1%	-3.6%	7,747.4	8,272.2
Vn Index (VN)		978.6	0.1%	-1.9%	-1.3%	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 A-0.1% P0.4% C-0.1%, YoY Final Q2 A0.4% P0.7% C0.4%	(DE) GfK Consumer Confidence SEP A9.7 P9.7 C9.6	(JP) Consumer Confidence AUG A37.1 P37.8; (DE) Inflation YoY Prel AUG A1.4% P1.7% C1.5%; (FR) GDP QoQ Final Q2 A0.3% P0.3% C0.2%; (EA) Business Confidence AUG A0.11 P-0.12 C0.08; (US) GDP QoQ 2nd Est Q2 A2%	(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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