

Key Theme – Expect low volatility for US 4th of July holiday

This week Economic calendar

Highlight:

- UK GDP posted at 2.0% YoY in line with expectation.
- Eurozone CPI Core YoY posted at 1.1% vs. 1.0% forecast.
- US Personal spending posted at 0.1% in line, personal income posted at 0.4% vs. 0.3% forecast. PCE core YoY posted in line at 1.4%, down slightly from 1.5% in April.
- China Caixin PMI Mfg posted at 50.4 vs. 49.8 forecast.
- Abe party's loss in Tokyo regional election brought slight concern about his ability to win next year general election but market reaction was short-lived.
- This week we have RBA tomorrow and BoT MPC on Wednesday.**
- Key economic indicators this week: Thailand CPI, Eurozone, Germany and US Manufacturing PMI, US ISM Manufacturing on Monday, Australia Retail Sales on Tuesday, US Factory Orders and Durable Goods Orders on Wednesday, Australia Trade Balance, US ADP Employment Change and ISM Non-Manf Composite on Thursday, Germany and UK Industrial Production, US Non Farm Payrolls and Unemployment rate on Friday.

Our take:

- We maintain downside biased USDTHB and recommend sell on rally around 34.10-15 area.
- Maintain next EURUSD target is at 1.1490-1.1500. Stop loss level at 1.1385.

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	Japan	Tankan Large Mfg Outlook	2Q	14	15	11
Mon	Japan	Tankan Large Non-Mfg Outlook	2Q	21	18	16
Mon	Japan	Tankan Large All Industry Capex	2Q	7.20%	8.00%	0.60%
Mon	Japan	Nikkei Japan PMI Mfg	Jun F	--	52.4	52
Mon	Australia	Melbourne Institute Inflation MoM	Jun	--	0.10%	0.00%
Mon	Australia	Building Approvals MoM	May	-1.30%	-5.60%	4.40%
Mon	China	Caixin China PMI Mfg	Jun	49.8	50.4	49.6
Mon	Thailand	CPI YoY	Jun	0.00%	--	-0.04%
Mon	Australia	Commodity Index SDR YoY	Jun	--	--	32.60%
Mon	Germany	Markit/BME Germany Manufacturing PMI	Jun F	59.3	--	59.3
Mon	Eurozone	Markit Eurozone Manufacturing PMI	Jun F	57.3	--	57.3
Mon	United Kingdom	Markit UK PMI Manufacturing SA	Jun	56.3	--	56.7
Mon	United States	Markit US Manufacturing PMI	Jun F	52.1	--	52.1
Mon	United States	ISM Manufacturing	Jun	55.2	--	54.9
Mon	United States	ISM Prices Paid	Jun	58.5	--	60.5
Mon	United States	Construction Spending MoM	May	0.30%	--	-1.40%
Tue	Japan	Monetary Base YoY	Jun	19.20%	--	19.40%
Tue	Australia	Retail Sales MoM	May	0.20%	--	1.00%
Tue	Australia	RBA Cash Rate Target	Jul-04	1.50%	--	1.50%
Tue	Canada	Markit Canada Manufacturing PMI	Jun	--	--	55.1
Wed	Thailand	BoT Benchmark Interest Rate	Jul-05	1.50%	--	1.50%
Wed	United States	Factory Orders	May	-0.50%	--	-0.20%
Wed	United States	Durable Goods Orders	May F	--	--	-1.10%
Thu	Australia	Trade Balance	May	A\$1100m	--	A\$555m
Thu	Germany	Factory Orders MoM	May	1.80%	--	-2.10%
Thu	United States	MBA Mortgage Applications	Jun-30	--	--	-6.20%
Thu	United States	ADP Employment Change	Jun	190k	--	253k
Thu	United States	Initial Jobless Claims	Jul-01	243k	--	244k
Thu	United States	Trade Balance	May	-\$46.3b	--	-\$47.6b
Thu	United States	ISM Non-Manf. Composite	Jun	56.5	--	56.9
Fri	Germany	Industrial Production SA MoM	May	0.20%	--	0.80%
Fri	United Kingdom	Halifax House Prices MoM	Jun	0.20%	--	0.40%
Fri	Thailand	Foreign Reserves	Jun-30	--	--	\$184.4b
Fri	United Kingdom	Industrial Production MoM	May	0.40%	--	0.20%
Fri	United Kingdom	Manufacturing Production MoM	May	0.40%	--	0.20%
Fri	United States	Change in Nonfarm Payrolls	Jun	177k	--	138k
Fri	Canada	Net Change in Employment	Jun	11.3k	--	54.5k
Fri	Canada	Unemployment Rate	Jun	6.60%	--	6.60%
Fri	United States	Unemployment Rate	Jun	4.30%	--	4.30%

Source: Thomson Reuters, Bloomberg, TBMA, and The Nation

Daily Market Review At-A-Glance: 3 July 2017

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: We remain downside biased USDTHB. Support at 33.95 then 33.85. Maintain sell on rally recommendation at 34.10-15 range.

USDJPY: Maintain close above support at 111.60 last week. USDJPY could make another move higher but don't expect it to trade above 113.00-10.

EURUSD: Maintain target at 1.1490-1.1500. Support at 1.1390.

Bond:

US Treasury: U.S. government bond yield continued to move higher as economic data came out in line with expectation. Government bonds across the developed world have been under selling pressure from the signal from central bank.

Exchange Rate

	23-Jun-17	30-Jun-17	3-Jul-17
USD/THB	33.92	33.92	33.95
JPY/THB	30.47	30.18	30.21
EUR/THB	37.96	38.75	38.76
GBP/THB	43.13	44.18	44.16
AUD/THB	25.66	26.07	26.07
USD/JPY	111.26	112.35	112.34
EUR/USD	1.119	1.142	1.142
GBP/USD	1.272	1.303	1.301
AUD/USD	0.757	0.769	0.768

Stock market

	29-Jun-17	30-Jun-17	%Change
SET Index	1,578.12	1,574.74	(0.21)
DJIA	21,287.03	21,349.63	0.29

Repurchase rate

	1-day	7-day	14-day	1-mth
	1.50%	1.50%	1.50%	1.50%

Commodities

	Previous Day	Last	%Change
WTI Crude oil	44.93	46.04	2.47
Gold	1,245.51	1,238.15	(0.59)

Government Bond Yields

Tenor	23-Jun-17	29-Jun-17	30-Jun-17
UST 3-mth	0.958	1.029	1.021
UST 6-mth	1.101	1.137	1.147
UST 1-yr	1.207	1.225	1.238
UST 5-yr	1.757	1.850	1.887
UST 10-yr	2.144	2.267	2.302
TGB 6-mth	1.46	1.46	1.46
TGB 2-yr	1.51	1.54	1.54
TGB 5-yr	1.90	1.97	1.97
TGB 10-yr	2.49	2.55	2.56

THBFIX (%)

	1-mth	3-mth	6-mth	1-yr
	1.273	1.344	1.471	1.718

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.485	1.515
2-yr	1.600	1.630
3-yr	1.730	1.760
5-yr	2.020	2.050
10-yr	2.41	2.46

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