

Key Theme – Is BoC officially kicking start hawkish central bank cycle?

This week Economic calendar

Highlight:

- **Bank of Canada hike policy rate by 25 basis points to 0.75% as market expected.**
- Yellen testimony was more or less in line with her previous statement but she does point out Fed concern about low inflation. Market reversed some central bank hawkish expectation.
- UK Unemployment posted at 4.5% vs. 4.6% forecast.
- Eurozone Industrial Production posted at 1.3% vs. 1.0% forecast.
- Key economic indicators this week: Germany CPI, US PPI, China Export and Import on Thursday and Japan Industrial Production, US CPI, Retail Sales and Industrial Production on Friday.

Our take:

- **With BoC increased policy rate last night, we expect ECB to follow suit with tapering decision within this quarter. We are still upside biased EURUSD in medium term but don't expect resistance at 1.1490-1.1500 to be broken through this week.**

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	Japan	Machine Orders MoM	May	1.70%	-3.60%	-3.10%
Mon	Japan	BoP Current Account Balance	May	¥1792.8b	¥1653.9b	¥1951.9b
Mon	China	CPI YoY	Jun	1.60%	1.50%	1.50%
Mon	China	PPI YoY	Jun	5.50%	5.50%	5.50%
Tue	Japan	Money Stock M2 YoY	Jun	3.90%	3.90%	3.90%
Tue	Japan	Money Stock M3 YoY	Jun	3.40%	3.30%	3.40%
Tue	Australia	NAB Business Confidence	Jun	--	9	7
Tue	Australia	Home Loans MoM	May	1.50%	1.00%	-1.90%
Tue	Canada	Housing Starts	Jun	200.0k	212.7k	194.7k
Tue	United States	Wholesale Inventories MoM	May F	0.30%	0.40%	0.30%
Wed	Japan	PPI YoY	Jun	2.00%	2.10%	2.10%
Wed	Australia	Westpac Consumer Conf SA MoM	Jul	--	0.40%	-1.80%
Wed	Japan	Tertiary Industry Index MoM	May	-0.50%	-0.10%	1.20%
Wed	Singapore	Retail Sales YoY	May	2.20%	0.90%	2.60%
Wed	United Kingdom	Claimant Count Rate	Jun	--	2.30%	2.30%
Wed	United Kingdom	Jobless Claims Change	Jun	--	5.9k	7.3k
Wed	United Kingdom	ILO Unemployment Rate 3Mths	May	4.60%	4.50%	4.60%
Wed	United States	MBA Mortgage Applications	Jul-07--	--	-7.40%	1.40%
Wed	Canada	Bank of Canada Rate Decision	Jul-12	0.75%	0.75%	0.50%
Thu	Germany	CPI MoM	Jun F	0.20%	--	0.20%
Thu	Germany	CPI YoY	Jun F	1.60%	--	1.60%
Thu	Germany	CPI EU Harmonized YoY	Jun F	1.50%	--	1.50%
Thu	United States	PPI Final Demand MoM	Jun	0.00%	--	0.00%
Thu	United States	Initial Jobless Claims	Jul-08	245k	--	248k
Thu	China	Trade Balance	Jun	\$42.60b	--	\$40.81b
Fri	United States	Monthly Budget Statement	Jun	-\$30.0b	--	--
Fri	Singapore	GDP YoY	2Q A	2.70%	--	2.70%
Fri	Singapore	GDP SAAR QoQ	2Q A	1.10%	--	-1.30%
Fri	Japan	Industrial Production MoM	May F	--	--	-3.30%
Fri	Japan	Industrial Production YoY	May F	--	--	6.80%
Fri	Thailand	Foreign Reserves	Jul-07--	--	--	\$185.6b
Fri	United States	CPI MoM	Jun	0.10%	--	-0.10%
Fri	United States	CPI Ex Food and Energy MoM	Jun	0.20%	--	0.10%
Fri	United States	Retail Sales Advance MoM	Jun	0.10%	--	-0.30%
Fri	United States	Industrial Production MoM	Jun	0.30%	--	0.00%
Fri	United States	U. of Mich. Sentiment	Jul P	95	--	95.1

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

Daily Market Review At-A-Glance: 13 Jul 2017

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: Still in wait and see mode, support at 33.94-95 then 33.85. Resistance at 34.05.

USDJPY: Support at 113.00, Resistance at 113.40 then 114.00

EURUSD: Resistance at 1.1490-1.1500 still hold. Market are awaiting US CPI release tomorrow.

Bond:

US Treasury: UST yield went down 3-4 bps after the Fed chairwoman's testimony came out dovish than expected. It cited some uncertain still remained in inflation and also relatively low neutral rates than in the past. From the yield's development in the past couple days, we expect UST to move sideway with key resistance and support for yield at 2.40 and 2.25% respectively

Exchange Rate

	5-Jul-17	12-Jul-17	13-Jul-17
USD/THB	34.00	33.95	33.93
JPY/THB	30.01	30.00	29.99
EUR/THB	38.59	38.74	38.80
GBP/THB	43.98	43.73	43.75
AUD/THB	25.84	26.06	26.07
USD/JPY	113.25	113.13	113.17
EUR/USD	1.135	1.141	1.143
GBP/USD	1.293	1.288	1.290
AUD/USD	0.760	0.768	0.768

Stock market

	11-Jul-17	12-Jul-17	%Change
SET Index	1,569.24	1,574.93	0.36
DJIA	21,409.07	21,532.14	0.57

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	45.04	45.49	1.00
Gold	1,217.72	1,222.21	0.37

Government Bond Yields

Tenor	5-Jul-17	11-Jul-17	12-Jul-17
UST 3-mth	1.050	1.060	1.050
UST 6-mth	1.150	1.145	1.132
UST 1-yr	1.233	1.204	1.204
UST 5-yr	1.925	1.919	1.879
UST 10-yr	2.334	2.362	2.327
TGB 6-mth	1.46	1.44	1.44
TGB 2-yr	1.53	1.53	1.53
TGB 5-yr	1.93	1.95	1.92
TGB 10-yr	2.55	2.59	2.56

THBFX (%)

	1-mth	3-mth	6-mth	1-yr
	1.241	1.276	1.420	1.666

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.450	1.480
2-yr	1.585	1.615
3-yr	1.705	1.735
5-yr	1.965	1.995
10-yr	2.345	2.395

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