

Key Theme – Weak US CPI put USD under pressure, China stabilized.

This week Economic calendar

Highlight:

- **US CPI MoM posted flat vs. 0.1% forecast, while CPI YOY posted at 1.6% vs. 1.7% forecast. CPI Ex Food and Energy YoY was in line at 1.7% forecast.**
- US Retail Sales Advance MoM posted at -0.2% vs. 0.1% forecast, Industrial Production MoM posted at 0.4% vs. 0.3% forecast.
- Market was left disappointed with soft US CPI number. USD was under selling pressure as UST yield traded lower.
- China GDP YoY posted at 6.9% vs. 6.8% forecast. Retail sales YoY posted at 11.0% vs. 10.6% forecast. Industrial Production posted at 7.6% vs. 6.5% forecast.
- **This week we have policy announcement from BoJ and ECB on Thursday.**
- Key economic indicators this week: Eurozone CPI, US Empire Manufacturing on Monday, UK CPI and PPI, US Import Price Index on Tuesday, Australia Unemployment, UK Retail Sales, Eurozone Consumer Confidence on Thursday.

Our take:

- **We remain downside biased USDTHB. We see key support at 33.65-67 which could be a good opportunity to buy in short term.**

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	China	GDP YoY	2Q	6.80%	6.90%	6.90%
Mon	China	Industrial Production YoY	Jun	6.50%	7.60%	6.50%
Mon	Eurozone	CPI MoM	Jun	0.00%	--	-0.10%
Mon	Eurozone	CPI YoY	Jun F	1.30%	--	1.40%
Mon	United States	Empire Manufacturing	Jul	15	--	19.8
Tue	United Kingdom	CPI MoM	Jun	0.20%	--	0.30%
Tue	United Kingdom	CPI YoY	Jun	2.90%	--	2.90%
Tue	United Kingdom	CPI Core YoY	Jun	2.60%	--	2.60%
Tue	United Kingdom	PPI Output NSA MoM	Jun	0.10%	--	0.10%
Tue	United Kingdom	PPI Output NSA YoY	Jun	3.40%	--	3.60%
Tue	Germany	ZEW Survey Current Situation	Jul	88	--	88
Tue	Germany	ZEW Survey Expectations	Jul	18	--	18.6
Tue	United States	Import Price Index MoM	Jun	-0.20%	--	-0.30%
Wed	United States	Net Long-term TIC Flows	May	--	--	\$1.8b
Wed	Australia	Westpac Leading Index MoM	Jun	--	--	-0.02%
Wed	United States	MBA Mortgage Applications	Jul-14	--	--	-7.40%
Wed	United States	Housing Starts	Jun	1160k	--	1092k
Thu	Australia	Employment Change	Jun	15.0k	--	42.0k
Thu	Australia	Unemployment Rate	Jun	5.60%	--	5.50%
Thu	Australia	Participation Rate	Jun	64.90%	--	64.90%
Thu	Japan	All Industry Activity Index MoM	May	-0.80%	--	2.10%
Thu	United Kingdom	Retail Sales Ex Auto Fuel MoM	Jun	0.50%	--	-1.60%
Thu	United Kingdom	Retail Sales Ex Auto Fuel YoY	Jun	2.50%	--	0.60%
Thu	United Kingdom	Retail Sales Inc Auto Fuel MoM	Jun	0.40%	--	-1.20%
Thu	United Kingdom	Retail Sales Inc Auto Fuel YoY	Jun	2.60%	--	0.90%
Thu	Eurozone	ECB Main Refinancing Rate	Jul-20	0.00%	--	0.00%
Thu	Eurozone	ECB Marginal Lending Facility	Jul-20	0.25%	--	0.25%
Thu	Eurozone	ECB Deposit Facility Rate	Jul-20	-0.40%	--	-0.40%
Thu	United States	Initial Jobless Claims	Jul-15	245k	--	247k
Thu	United States	Philadelphia Fed Business Outlook	Jul	22.9	--	27.6
Thu	Eurozone	Consumer Confidence	Jul A	-1.1	--	-1.3
Thu	United States	Leading Index	Jun	0.40%	--	0.30%
Thu	Japan	BOJ Policy Balance Rate	Jul-20	-0.10%	--	-0.10%
Thu	Japan	BOJ 10-Yr Yield Target	Jul-20	0.00%	--	0.00%
Fri	Thailand	Foreign Reserves	Jul-14	--	--	\$184.3b

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

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Views on Interest Rate and Exchange Rates

Currency:

USDTHB: We see key support at 33.65 which could be an attractive level to buy for short term. Resistance at 33.85.

USDJPY: Disappointing US CPI put pressure on USDJPY. With BoJ this week, we see USDJPY maintaining above support at 111.60. Resistance at 113.00.

EURUSD: Resistance at 1.1490-1.1500. Support at 1.1380.

Bond:

US Treasury: U.S. government bond yield lower 2bps after the government released weak data on retail sales and inflation boosted expectations that the Federal Reserve will be cautious in raising interest rates. We still see support for 10y UST at 2.30%

Exchange Rate

	7-Jul-17	14-Jul-17	17-Jul-17
USD/THB	34.10	33.76	33.71
JPY/THB	29.94	30.00	29.91
EUR/THB	38.87	38.71	38.62
GBP/THB	43.95	44.21	44.13
AUD/THB	25.93	26.44	26.32
USD/JPY	113.88	112.50	112.65
EUR/USD	1.140	1.147	1.146
GBP/USD	1.289	1.310	1.310
AUD/USD	0.761	0.783	0.781

Stock market

	13-Jul-17	14-Jul-17	%Change
SET Index	1,579.41	1,577.79	(0.10)
DJIA	21,553.09	21,637.74	0.39

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	46.08	46.54	1.00
Gold	1,217.58	1,231.34	1.13

Government Bond Yields

Tenor	7-Jul-17	13-Jul-17	14-Jul-17
UST 3-mth	1.034	1.039	1.034
UST 6-mth	1.139	1.137	1.127
UST 1-yr	1.217	1.209	1.204
UST 5-yr	1.957	1.891	1.861
UST 10-yr	2.393	2.348	2.319
TGB 6-mth	1.45	1.44	1.43
TGB 2-yr	1.53	1.53	1.53
TGB 5-yr	1.95	1.91	1.91
TGB 10-yr	2.57	2.55	2.55

THBFIX (%)

	1-mth	3-mth	6-mth	1-yr
	1.243	1.271	1.421	1.666

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.450	1.480
2-yr	1.585	1.615
3-yr	1.700	1.730
5-yr	1.970	2.000
10-yr	2.345	2.395

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