

Key Theme – BoJ stealth tapering?

This week Economic calendar

Highlight:

- Germany Industrial Production posted at 3.4% vs. 1.8% forecast, Trade balance posted at 23.7b vs. 21.3b forecast.
- China CPI YoY posted at 1.8% vs. 1.9% forecast, PPI YoY posted at 4.9% vs. 4.8% forecast.
- Key economic indicator this week: UK Industrial Production and US Import Price Index on Wednesday, Australia Retail Sales, US PPI on Thursday, China Trade figures, US CPI and Retail Sales on Friday.

Our take:

- Remain neutral EURUSD but still looking for opportunity to buy.
- Report yesterday that BoJ reduced purchases of JGB with maturity over 10 years cause JPY to strengthen. However we see BoJ remaining committed to its Yield curve control scheme (and not total purchases) until inflation reached target, which seem very unlikely to happen this year in our view.

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	Germany	Factory Orders MoM	Nov	0.00%	-0.40%	0.50%
Mon	United Kingdom	Halifax House Prices MoM	Dec	0.20%	-0.60%	0.50%
Mon	Eurozone	Consumer Confidence	Dec F	0.5	0.5	0.5
Tue	Australia	Building Approvals MoM	Nov	-1.30%	11.7%	0.90%
Tue	Germany	Industrial Production SA MoM	Nov	1.80%	3.40%	-1.40%
Wed	China	PPI YoY	Dec	4.80%	4.90%	5.80%
Wed	China	CPI YoY	Dec	1.90%	1.80%	1.70%
Wed	United Kingdom	Industrial Production MoM	Nov	0.40%	--	0.00%
Wed	United Kingdom	Manufacturing Production MoM	Nov	0.30%	--	0.10%
Wed	United States	MBA Mortgage Applications	Jan-05	--	--	0.70%
Wed	United States	Import Price Index MoM	Dec	0.40%	--	0.70%
Wed	United States	Wholesale Inventories MoM	Nov F	0.70%	--	0.70%
	China	Money Supply M2 YoY	Dec	9.20%	--	9.10%
Thu	Australia	Retail Sales MoM	Nov	0.40%	--	0.50%
Thu	United States	PPI Final Demand MoM	Dec	0.20%	--	0.40%
Thu	United States	Initial Jobless Claims	Jan-06	245k	--	250k
Fri	United States	Monthly Budget Statement	Dec	-\$46.0b	--	-\$138.5b
Fri	Japan	BoP Current Account Balance	Nov	¥1836.1b	--	¥2176.4b
Fri	Singapore	Retail Sales YoY	Nov	1.90%	--	-0.10%
Fri	Thailand	Foreign Reserves	Jan-05	--	--	\$202.6b
Fri	United States	CPI MoM	Dec	0.10%	--	0.40%
Fri	United States	CPI Ex Food and Energy MoM	Dec	0.20%	--	0.10%
Fri	United States	Retail Sales Advance MoM	Dec	0.50%	--	0.80%
Fri	China	Trade Balance	Dec	\$37.00b	--	\$40.21b

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

Daily Market Review At-A-Glance: 10 January 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: Support at 32.10 while key support remain at 31.90. Resistance at 32.30.

USDJPY: Remain in range with key support at 111.80-112.00 and key resistance at 113.50.

EURUSD: Remain Neutral and looking for opportunity to buy. Support at 1.1880. Key resistance at 1.1290.

Bond:

US Treasury: U.S. government bond yield curve steepen. 10Y UST yield higher 7bps with concerns that inflation could be on the rebound.

Exchange Rate

	2-Jan-18	9-Jan-18	10-Jan-18
USD/THB	32.42	32.27	32.19
JPY/THB	28.87	28.64	28.67
EUR/THB	39.09	38.51	38.45
GBP/THB	44.05	43.69	43.56
AUD/THB	25.38	25.24	25.19
USD/JPY	112.28	112.64	112.25
EUR/USD	1.206	1.194	1.195
GBP/USD	1.359	1.354	1.354
AUD/USD	0.783	0.782	0.783

Stock market

	8-Jan-18	9-Jan-18	%Change
SET Index	1,792.81	1,795.21	0.13
DJIA	25,283.00	25,385.80	0.41

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	61.73	62.96	1.99
Gold	1,320.40	1,311.58	(0.67)

Government Bond Yields

Tenor	2-Jan-18	8-Jan-18	9-Jan-18
UST 3-mth	1.411	1.414	1.450
UST 6-mth	1.566	1.578	1.602
UST 1-yr	1.796	1.787	1.785
UST 5-yr	2.25	2.287	2.324
UST 10-yr	2.465	2.482	2.546
TGB 6-mth	#N/A	1.32	1.32
TGB 2-yr	#N/A	1.43	1.43
TGB 5-yr	#N/A	1.85	1.85
TGB 10-yr	#N/A	2.52	2.51

THBFX (%)

	1-mth	3-mth	6-mth	1-yr
	1.090	1.034	1.071	1.321

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.200	1.230
2-yr	1.440	1.470
3-yr	1.630	1.660
5-yr	1.895	1.925
10-yr	2.28	2.33

The information contained in this document has been obtained from sources believed to be reliable. However, neither we nor any of our respective affiliates, employees or representatives makes any representation or warranty, express or implied, as to the accuracy or completeness of any of the information contained in this document, and we and each of such persons expressly disclaims any and all liability relating to or resulting from the use of this document or such information by the recipient and any persons in whatever manner.

Any opinions presented herein represent the subject views of ours and our current estimates and judgments which are based on various assumptions that may be subject to changes without notice, and may or may not prove to be correct.

This document is for the recipient's information only. It does not represent or constitutes an advice, offer, recommendation, or solicitation by us and should not be relied as such. We or any of our associates may also have an interest in the companies mentioned herein.