

Key Theme – US Treasury less attractive to China?

This week Economic calendar

Highlight:

- **Bloomberg report, that China are looking to buy less US treasury, drove up volatility. USD fall and UST yield spike as China is the US largest creditor.**
- UK Industrial Production posted in line at 0.4% MoM.
- US Import Price index MoM posted at 0.1% vs. 0.4% forecast.
- Australia Retail Sales posted at 1.2% vs. 0.4% forecast.
- Key economic indicator this week: 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.**

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%	0.40%	0.00%
Wed	United Kingdom	Manufacturing Production MoM	Nov	0.30%	0.40%	0.10%
Wed	United States	MBA Mortgage Applications	Jan-05 --		8.30%	0.70%
Wed	United States	Import Price Index MoM	Dec	0.40%	0.10%	0.70%
Wed	United States	Wholesale Inventories MoM	Nov F	0.70%	0.80%	0.70%
	China	Money Supply M2 YoY	Dec	9.20%	--	9.10%
Thu	Australia	Retail Sales MoM	Nov	0.40%	1.20%	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: 11 January 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: Support at 32.05-10 while key support remain at 31.90. Resistance at 32.25.

USDJPY: Break below range support as USD fall. Resistance at 111.80-112.00. Support at 111.00.

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

Bond:

US Treasury: 10Y UST yield initially spiked higher 4-5 bps after the headline reporting China considered Treasury as less attractive. However, the yield dipped lower overnight and closed at 2.55%. The key resistance is at 2.60%.

Exchange Rate

	3-Jan-18	10-Jan-18	11-Jan-18
USD/THB	32.31	32.11	32.04
JPY/THB	28.72	28.81	28.72
EUR/THB	38.81	38.36	38.34
GBP/THB	43.66	43.37	43.31
AUD/THB	25.31	25.18	25.22
USD/JPY	112.49	111.42	111.57
EUR/USD	1.201	1.195	1.197
GBP/USD	1.351	1.351	1.351
AUD/USD	0.784	0.784	0.787

Stock market

	9-Jan-18	10-Jan-18	%Change
SET Index	1,795.21	1,794.92	(0.02)
DJIA	25,385.80	25,369.13	(0.07)

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	62.96	63.57	0.97
Gold	1,312.85	1,318.47	0.43

Government Bond Yields

Tenor	3-Jan-18	9-Jan-18	10-Jan-18
UST 3-mth	1.404	1.450	1.424
UST 6-mth	1.592	1.602	1.584
UST 1-yr	1.814	1.785	1.780
UST 5-yr	2.246	2.324	2.327
UST 10-yr	2.445	2.546	2.549
TGB 6-mth	1.37	1.32	1.32
TGB 2-yr	1.47	1.43	1.43
TGB 5-yr	1.87	1.85	1.82
TGB 10-yr	2.55	2.51	2.50

THBFIX (%)

	1-mth	3-mth	6-mth	1-yr
	1.129	1.164	1.107	1.365

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.200	1.230
2-yr	1.420	1.450
3-yr	1.620	1.650
5-yr	1.880	1.910
10-yr	2.265	2.315

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