

Key Theme – US employment going strong, higher UST yield spark equities sell off.

This week Economic calendar

Highlight:

- US NFP came out stronger than market expected at 200k vs expectation of 180k. Previous month number revised up from 148k to 160k.
- Average hourly earnings YoY came out 2.9% (Est 2.6%) which is the strongest level since recession.
- UST 10 year yield traded higher to 2.84%. USD sentiment improved and US equities got sold off. DJIA closed lower 666 points, and S&P dropped 213 points.
- **This week we have policy decision by RBA tomorrow and RBNZ and BoE on Thursday.**
- Key economic indicator this week: US ISM Non Manufacturing on Monday, Australia Retail Sales, Germany Factory Orders on Tuesday, Germany Industrial Production on Wednesday, China Trade figures on Thursday, China CPI and PPI, UK Industrial Production on Friday.

Our take:

- **We are now neutral USDJPY as it close above our stop loss last week.**
- **We expect 3.00% to be strong resistance for UST 10y yield.**

Day	Country/Region	Event	Period	Surv(M)	Actual	Prior
Mon	Australia	Melbourne Institute Inflation MoM	Jan	--	0.30%	0.10%
Mon	United States	ISM Non-Manf. Composite	Jan	56.7	--	55.9
Tue	Australia	Trade Balance	Dec	A\$200m	--	-A\$628m
Tue	Australia	Retail Sales MoM	Dec	-0.20%	--	1.20%
Tue	Australia	RBA Cash Rate Target	Feb-06	1.50%	--	1.50%
Tue	Germany	Factory Orders MoM	Dec	0.80%	--	-0.40%
Tue	United States	Trade Balance	Dec	-\$52.0b	--	-\$50.5b
Wed	Germany	Industrial Production SA MoM	Dec	-0.60%	--	3.40%
Wed	United Kingdom	Halifax House Prices MoM	Jan	0.20%	--	-0.60%
Wed	United States	MBA Mortgage Applications	Feb-02	--	--	-2.60%
Thu	Japan	BoP Current Account Balance	Dec	¥1056.9b	--	¥1347.3b
Thu	United Kingdom	Bank of England Bank Rate	Feb-08	0.50%	--	0.50%
Thu	United States	Initial Jobless Claims	Feb-03	233k	--	230k
Thu	China	Trade Balance	Jan	\$54.85b	--	\$54.69b
Fri	Japan	Money Stock M2 YoY	Jan	3.60%	--	3.60%
Fri	Japan	Money Stock M3 YoY	Jan	3.10%	--	3.10%
Fri	Australia	Home Loans MoM	Dec	-1.00%	--	2.10%
Fri	China	PPI YoY	Jan	4.30%	--	4.90%
Fri	China	CPI YoY	Jan	1.50%	--	1.80%
Fri	Japan	Tertiary Industry Index MoM	Dec	0.20%	--	1.10%
Fri	Thailand	Foreign Reserves	Feb-02	--	--	\$213.8b
Fri	United Kingdom	Industrial Production MoM	Dec	-0.90%	--	0.40%
Fri	United Kingdom	Manufacturing Production MoM	Dec	0.30%	--	0.40%
Fri	United States	Wholesale Inventories MoM	Dec F	0.20%	--	0.20%

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

Daily Market Review At-A-Glance: 5 February 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: USDTHB still traded heavy on topside. Supply near 31.50 continue to put the pressure on the market. We keep recommendation to sell on rallies. Support 31.30 then 31.15 resistance at 31.50 then 31.71.

USDJPY: USDJPY stays heavy despite sold off in UST yield. Support at 109.70 then 109, resistance at 110.4 then 110.00.

EURUSD: EURUSD traded lower on improved USD sentiment however support near 1.2370-1.2400 still hold. Resistance at 1.2490 then 1.2540. We still recommend to buy on dips.

Bond:

US Treasury: Upside surprise on average hourly earnings first sent yields higher across the curves. However, the US stocks market sell off boosted demand for short term rates. So, UST closed the week with mostly bear steepening curve ; 10Y UST 2.85% and 2Y at 2.15%

Exchange Rate

	26-Jan-18	2-Feb-18	5-Feb-18
USD/THB	31.34	31.44	31.48
JPY/THB	28.82	28.55	28.63
EUR/THB	38.92	39.17	39.22
GBP/THB	44.40	44.39	44.46
AUD/THB	25.41	24.90	24.97
USD/JPY	108.70	110.09	109.93
EUR/USD	1.242	1.246	1.246
GBP/USD	1.417	1.412	1.412
AUD/USD	0.811	0.792	0.793

Stock market

	1-Feb-18	2-Feb-18	%Change
SET Index	1,833.60	1,827.35	(0.34)
DJIA	26,186.71	25,520.96	(2.54)

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	65.8	65.45	(0.53)
Gold	1,348.79	1,330.87	(1.33)

Government Bond Yields

Tenor	26-Jan-18	1-Feb-18	2-Feb-18
UST 3-mth	1.422	1.488	1.486
UST 6-mth	1.638	1.648	1.643
UST 1-yr	1.786	1.895	1.881
UST 5-yr	2.47	2.559	2.598
UST 10-yr	2.662	2.773	2.852
TGB 6-mth	1.34	1.34	1.34
TGB 2-yr	1.40	1.37	1.37
TGB 5-yr	1.79	1.82	1.82
TGB 10-yr	2.47	2.52	2.52

THBFIX (%)

	1-mth	3-mth	6-mth	1-yr
	0.852	0.934	1.134	1.392

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.250	1.280
2-yr	1.480	1.510
3-yr	1.680	1.710
5-yr	2.030	2.060
10-yr	2.47	2.52

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