

Key Theme – Eyes on Trade Decision between US & China

This week Economic calendar

Highlight:

- Overnight Non-farm payroll came out lower than estimated. (Actual 164k vs 193k expected). Prior month number was revised up from 103k to 135k.
- Average hourly earnings came out softer than expected. MoM printed 0.1% (exp 0.2%) driven YoY lower to 2.6% from 2.7% a month earlier.
- Unemployment fell to 3.9% the lowest level since 2000 on lower labor force participation rate from 63% to 62.8%.
- Initial reaction is USD briefly pull back before recover its losses and close at the level pre-NFP.
- Market awaits the result of trade discussion between China and US.
- Key economic indicator this week: China Trade Balance and Exports on Tue, US PPI on Wed, Japan BoP Current Account Balance, China PPI and CPI, US CPI on Thu, Japan Money Stock and Thailand Foreign Reserves on Fri.

Our take:

- Range Expected: Intraday range 31.65-31.80.**

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	Germany	Factory Orders MoM	Mar	0.005	--	0.003
Tue	Australia	Retail Sales MoM	Mar	0.20%	--	0.60%
Tue	Germany	Industrial Production SA MoM	Mar	0.80%	--	-1.60%
Tue	UK	Halifax House Prices MoM	Apr	-0.20%	--	1.50%
Tue	China	Trade Balance	Apr	\$27.50b	--	-\$4.98b
Tue	China	Exports YoY	Apr	7.00%	--	-2.70%
Wed	United States	MBA Mortgage Applications	38108	--	--	-2.50%
Wed	United States	PPI Final Demand MoM	Apr	0.002	--	0.003
Wed	United States	Wholesale Inventories MoM	Mar F	0.60%	--	0.50%
Thu	Japan	BoP Current Account Balance	Mar	¥2899.0b	--	¥2076.0b
Thu	China	PPI YoY	Apr	0.034	--	0.031
Thu	China	CPI YoY	Apr	0.019	--	0.021
Thu	UK	Industrial Production MoM	Mar	0.002	--	0.001
Thu	UK	Manufacturing Production MoM	Mar	-0.20%	--	-0.20%
Thu	UK	Bank of England Bank Rate	40299	0.005	--	0.005
Thu	United States	CPI MoM	Apr	0.30%	--	-0.10%
Thu	United States	CPI Ex Food and Energy MoM	Apr	0.002	--	0.002
Thu	United States	Initial Jobless Claims	38473	218k	--	211k
	China	Money Supply M2 YoY	Apr	0.085	--	0.082
Fri	United States	Monthly Budget Statement	Apr	\$215.0b	--	-\$208.7b
Fri	Japan	Money Stock M2 YoY	Apr	3.20%	--	3.20%
Fri	Japan	Money Stock M3 YoY	Apr	2.80%	--	2.80%
Fri	Australia	Home Loans MoM	Mar	-1.80%	--	-0.20%
Fri	Thailand	Foreign Reserves	38108	--	--	\$215.4b
Fri	United States	Import Price Index MoM	Apr	0.50%	--	0.00%
Fri	United States	U. of Mich. Sentiment	May P	98.3	--	98.8

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

Daily Market Review At-A-Glance: 7 May 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: USDTHB rallied on Friday afternoon session as we saw demand from offshore. Post FOMC, spot tried to break its major resistance at 31.80 but was met with supply lining around that level. Medium term spot should stay heavy as long as spot trade below 31.85. We kept our recommendation to sell toward 31.80. Support 31.65/31.44 resistance at 31.85/32.00.

USDJPY: USDJPY last week was capped at resistance 110 and grinded lower. Upside remained heavy with major resistance at 110/110.5 support at 108.3/107.25.

EURUSD: EUR traded erratic on Friday night post NFP as it tried to test both support at 1.1910 and resistance at 1.20 but both was failed. Still bias to buy EUR here as fundamental of Euro area is unchanged. Support 1.196/1.1910 resistance at 1.202/1.214.

Bond:

USD : UST 10yr yields were little changed after non-farm payroll missed expectation.

Exchange Rate

	27-Apr-18	4-May-18	7-May-18
USD/THB	31.51	31.75	31.69
JPY/THB	28.89	29.09	29.11
EUR/THB	38.22	37.97	37.92
GBP/THB	43.41	42.96	42.93
AUD/THB	23.89	23.94	23.85
USD/JPY	109.03	109.11	108.84
EUR/USD	1.213	1.196	1.197
GBP/USD	1.378	1.353	1.355
AUD/USD	0.758	0.754	0.753

Stock market

	3-May-18	4-May-18	%Change
SET Index	1,790.80	1,779.87	(0.61)
DJIA	23,930.15	24,262.51	1.39

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	68.43	69.72	1.89
Gold	1,312.10	1,317.88	0.44

Government Bond Yields

Tenor	27-Apr-18	3-May-18	4-May-18
UST 3-mth	1.813	1.831	1.836
UST 6-mth	2.012	2.023	2.030
UST 1-yr	2.239	2.231	2.236
UST 5-yr	2.801	2.782	2.780
UST 10-yr	2.957	2.946	2.944
TGB 6-mth	1.35	1.38	1.38
TGB 2-yr	1.50	1.56	1.55
TGB 5-yr	1.95	1.98	1.96
TGB 10-yr	2.62	2.64	2.64

THBFIX (%)

	1-mth	3-mth	6-mth	1-yr
	1.024	1.218	1.312	1.493

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.375	1.405
2-yr	1.590	1.620
3-yr	1.780	1.810
5-yr	2.090	2.120
10-yr	2.52	2.57

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