

Key Theme – Trump Scraps the Iran Nuclear Deal

This week Economic calendar

Highlight:

- Trump officially announced to withdraw from Iran nuclear accord and plan to implement further sanction against Iran.
- Iran in return planned to negotiate further with their European counterparts including Russia and China who keep pledge to remain in the pact.
- Oil volatile last night as it dipped 4% prior to the announcement and later paired its losses post announcement.
- China trade balance came out +28.78 bio while trade balance surplus against USA came out 22.2 bio lower than this year average of 23.2bio.
- Jerome Powell says investor expectation now well aligned with policy maker expectation in regards of inflation expectation and rate path.
- Key economic indicator this week: US PPI on Today, 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 31.95-32.15.**

Day	Country	Event	Period	Surv(M)	Actual	Prior
Mon	Germany	Factory Orders MoM	Mar	0.50%	-0.90%	0.30%
Tue	Australia	Retail Sales MoM	Mar	0.20%	0.00%	0.60%
Tue	Germany	Industrial Production SA MoM	Mar	0.80%	1.00%	-1.60%
Tue	UK	Halifax House Prices MoM	Apr	-0.20%	-3.10%	1.50%
Tue	China	Trade Balance	Apr	\$27.75b	\$28.78b	-\$4.98b
Tue	China	Exports YoY	Apr	8.00%	12.90%	-2.70%
Wed	United States	MBA Mortgage Applications	38108	--	--	-2.50%
Wed	United States	PPI Final Demand MoM	Apr	0.20%	--	0.30%
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	3.40%	--	3.10%
Thu	China	CPI YoY	Apr	1.90%	--	2.10%
Thu	UK	Industrial Production MoM	Mar	0.20%	--	0.10%
Thu	UK	Manufacturing Production MoM	Mar	-0.20%	--	-0.20%
Thu	UK	Bank of England Bank Rate	40299	0.50%	--	0.50%
Thu	United States	CPI MoM	Apr	0.30%	--	-0.10%
Thu	United States	CPI Ex Food and Energy MoM	Apr	0.20%	--	0.20%
Thu	United States	Initial Jobless Claims	38473	218k	--	211k
	China	Money Supply M2 YoY	Apr	8.50%	--	8.20%
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: 9 May 2018

Views on Interest Rate and Exchange Rates

Currency:

USDTHB: USDTHB rallied further on lower SET and higher Baht bond yield. Short term momentum will remain in biddish tone. Support 31.90/31.75 resistance at 32.10/32.30.

USDJPY: USDJPY traded higher on higher UST yield but topside near 110 remained critical level. Support at 108.9/108.4 resistance at 109.6/110.

EURUSD: EUR grinded lower on USD rallies across the board. Still bias to buy EUR here as fundamental of Euro area is unchanged. Support 1.184/1.18 resistance at 1.1870/1.194.

Bond:

USD : U.S government bond yield higher 3bps after the auction for 3y notes drew soft demand among investors.

Exchange Rate

	1-May-18	8-May-18	9-May-18
USD/THB	31.68	31.92	32.04
JPY/THB	28.83	29.25	29.24
EUR/THB	37.99	37.87	37.97
GBP/THB	43.12	43.23	43.36
AUD/THB	23.73	23.80	23.82
USD/JPY	109.85	109.11	109.56
EUR/USD	1.199	1.186	1.185
GBP/USD	1.361	1.354	1.353
AUD/USD	0.749	0.745	0.743

Stock market

	7-May-18	8-May-18	%Change
SET Index	1,779.80	1,760.25	(1.10)
DJIA	24,357.32	24,360.21	0.01

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	70.73	69.06	(2.36)
Gold	1,314.14	1,310.60	(0.27)

Government Bond Yields

Tenor	1-May-18	7-May-18	8-May-18
UST 3-mth	1.854	1.835	1.874
UST 6-mth	2.036	2.032	2.043
UST 1-yr	2.252	2.241	2.244
UST 5-yr	2.821	2.784	2.807
UST 10-yr	2.976	2.95	2.968
TGB 6-mth	#N/A	1.38	1.40
TGB 2-yr	#N/A	1.57	1.60
TGB 5-yr	#N/A	1.97	2.00
TGB 10-yr	#N/A	2.65	2.67

THBFIX (%)

	1-mth	3-mth	6-mth	1-yr
	0.952	1.196	1.332	1.479

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	1.420	1.450
2-yr	1.645	1.675
3-yr	1.855	1.885
5-yr	2.180	2.210
10-yr	2.62	2.67

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