

Daily Market Review At-A-Glance

Monday, November 2, 2020

Market Highlight



- Over weekend, more lockdowns in Europe after UK, France and Germany then came Belgium to prevent a collapse in its health care system.
- Equities traded much heavier with S&P continuing its correction but once again the UST market did not react as a hedge medium. The correlation stock/yield has broken down and last week signaled that being long Treasuries does not necessarily mean being hedged against an equity sell-off.
- 10y UST sold off 2.5bp and the month end buying did not bring the usual support. Equities ended the session much lower with DJIA off 0.59% to 26,501.6 while S&P was off 1.21% to 3,269.96.
- The Fed lowered the minimal amount to \$100k to access its loan program and that should eventually have a positive spill-over in the economy. The lending program to date has made almost 400 loans totaling \$3.7bn, and this new action will definitively ease debt for many small businesses.

Views on Exchange Rates



USDTHB: USDTHB grinded lower despite relatively higher USD emerging pairs. Selling interest from offshore persists however we started to see emerged buying interest from the big name and local corps near 31.15 which help slow down the move lower for the time beings. Key level to watch is 31.15 where previous attempts to break this support failed.

Support/Resistance: 31.10/31.25

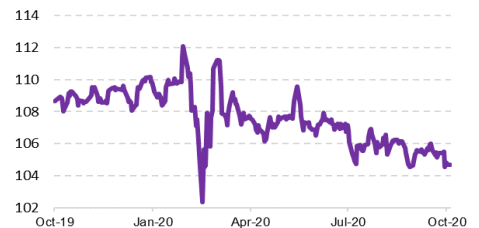
USDTHB Exchange Rates



USDJPY: USDJPY tested major support near 104 again but for the second day in a row we saw buying interest near that level which help capped the move. The move lower was reverted after a sell off in UST in the late NY session too. We continue to recommend to fade the move on USDJPY as a mean to hedge risk off unless we see a meaningful break above 107.

Support/Resistance: 104/106

USDJPY Exchange Rates



EURUSD: EUR stay heavy after main support 1.174 failed to hold last week. We saw unwind flow from the EUR Bullish camp went through below 1.17. We stayed neutral after squared our EUR short and looking for opportunity to fade rally.

Support/Resistance: 1.16/1.177

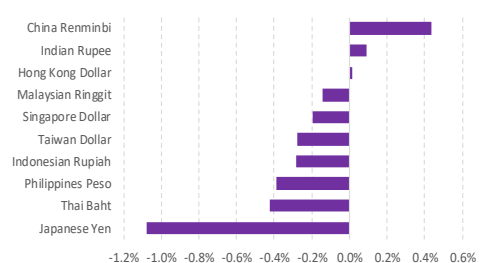
EURUSD Exchange Rates



Exchange Rate

	26/10/20	30/10/20	2/11/20		26/10/20	30/10/20	2/11/20
USD/THB	31.27	31.14	31.15	USD/JPY	104.82	104.64	104.67
JPY/THB	29.83	29.75	29.75	EUR/USD	1.181	1.165	1.164
EUR/THB	36.92	36.27	36.27	GBP/USD	1.302	1.294	1.293
GBP/THB	40.72	40.30	40.27	AUD/USD	0.712	0.703	0.702
AUD/THB	22.27	21.88	21.87				

Regional foreign exchange rate spot return (7D)



Daily Market Review At-A-Glance

Monday, November 2, 2020

Views on Interest Rates

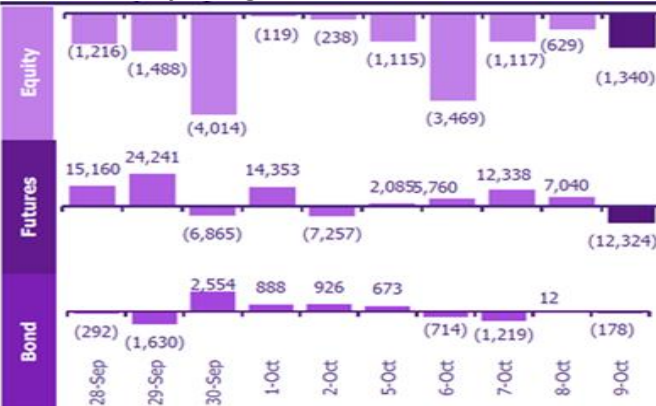
U.S. 10 Year Treasury



US : UST continued to edge higher on Friday night despite lower US equities. The yield has strongly risen from 0.75% to currently 0.86% since last Thursday. Absolutely, US Presidential election result on 4th November will play an important role in UST market. For the case of democratic sweep, initial reaction could be yield rising to test around 0.90 to 0.95% for 10y tenor.

THB : Despite significantly higher UST yield, THBIRS barely moved higher. 5Y IRS still opened around 0.78% mid , same as traded on last Friday. On Bond side, THB bond yields also opened the week quietly and yields have moved higher just a tad. Expect THB rates market to be quiet and trade in very tight range before US presidential election.

Thailand daily foreign net flows



	Equity (Btmn)	SET50 futures (Contract)	Bond (Btmn)*	Bond (Btmn)
Daily				
9-Oct-20	(1,340)	(12,324)	(1,969)	(178)
Weekly				
WTD	(7,671)	14,899	2,364	(1,426)
2-Oct-20	(7,075)	39,632	6,337	2,446
25-Sep-20	(6,363)	(44,345)	(7,236)	8,172
18-Sep-20	(3,646)	26,102	4,334	6,589
11-Sep-20	(1,686)	(1,609)	(267)	3,779
Monthly				
MTD	(8,028)	21,995	3,495	388
Sep-20	(23,189)	17,315	2,820	24,179
Aug-20	(27,661)	1,988	405	2,016
Jul-20	(10,178)	581	48	18,894
Quarterly				
QTD	(8,028)	21,995	3,495	388
3Q20	(61,028)	19,884	3,273	45,089
2Q20	(101,291)	(35,741)	(6,505)	4,628
1Q20	(115,355)	140,898	23,248	(101,771)
4Q19	(40,016)	(48,717)	(10,137)	(5,524)
YTD	(285,702)	147,036	23,513	(51,667)
2019	(45,245)	20,924	4,943	(15,893)
2018	(287,459)	(52,336)	(11,997)	286,582

Key Indicator Update

Tenor	26/10/20	29/10/20	30/10/20
UST 3-mth	0.09	0.09	0.09
UST 6-mth	0.11	0.11	0.10
UST 1-yr	0.12	0.13	0.13
UST 5-yr	0.35	0.37	0.38
UST 10-yr	0.80	0.84	0.86

Tenor	26/10/20	29/10/20	30/10/20
TGB 6-mth	0.52	0.53	0.53
TGB 2-yr	0.58	0.59	0.59
TGB 5-yr	0.86	0.87	0.87
TGB 10-yr	1.41	1.41	1.41

Stock market

	29/10/20	30/10/20	%Change
SET Index	1,201.64	1,194.95	(0.56)
DJIA	26,659.11	26,501.60	(0.59)

Repurchase rate

1-day	7-day	14-day	1-mth
1.25%	1.25%	1.25%	1.25%

Commodities

	Previous Day	Last	%Change
WTI Crud	36.17	35.79	(1.05)
Gold	1,873.31	1,881.41	0.43

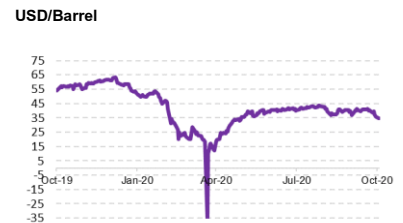
THBFX (%)

1-mth	3-mth	6-mth	1-yr
0.484	0.499	0.528	0.527

THB Swap rate (IRS)

Tenor	bid	ask
1-yr	0.425	0.465
2-yr	0.500	0.540
3-yr	0.605	0.645
5-yr	0.805	0.845
10-yr	1.190	1.250

WTI Crude Oil



Gold



Economic Calendar

Date	Economic Indicator
02-Nov-20	Economic release: CN – Caixin manufacturing PMI for Oct Economic release: US/EU/JP – Final manufacturing PMI for Oct Economic release: US – ISM manufacturing PMI for Oct
03-Nov-20	Event: The 2020 United State presidential election
04-Nov-20	Economic release: CN – Caixin service PMI for Oct Economic release: US/EU – Final service PMI for Oct Economic release: US – ISM non-manufacturing PMI for Oct, ADP non-farm employment change for Oct, crude oil inventories Economic release: EU – Economic forecast Economic release: TH – Consumer confidence for Oct Event: FOMC meeting
05-Nov-20	Economic release: TH – CPI and core CPI for Oct Economic release: EU – Retail sales for Sep Economic release: US – Unemployment claims Event: FOMC meeting, BOE meeting
06-Nov-20	Economic release: JP – Household spending for Sep Economic release: US – Average hourly earnings, non-farm employment change and unemployment rate for Oct