

KBank

Daily Update

14 August 2025

BoT unanimously cut rate by 25bps as widely expected

Market summary: US dollar fell to the lowest level since late-July, and Treasury yields declined amid growing market expectations that the Fed will likely cut interest rates in the September. Bessent stated that the Fed should begin cutting rates in September and should go for a 50bps cut. China's yuan loans declined for the first time since July 2005. BoT unanimously voted to cut rate by 25bps to 1.50%, as widely expected.

Factors to watch: UK and eurozone GDP, US PPI (Thu) Japan GDP, China and US retail sales, U of Michigan expectations (Fri)

USD/THB: Open 32.27, Support 32.10, Resistance 32.40

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Macro update

- **The US dollar fell -0.3% to 97.84 the lowest level since late-July**, and Treasury yields declined, with the 2-year and 10-year yields falling more than 5bps. This came amid growing market expectations that the Fed will likely cut interest rates in the September meeting, with increasing chances of a larger 50bps cut. This is due to import tariffs not yet having a clear impact on inflation and the labor market showing significant weakness. Meanwhile, **U.S. Treasury Secretary Bessent stated that the Fed should begin cutting interest rates in September and should go for a 50bps cut.** He also believes interest rates should be 150-175bps lower than current levels. Regarding the selection of a new Fed Chair to replace Powell when his term ends in May 2026, Bessent said there are currently 10-11 candidates, including current Fed members. Trump has indicated he may announce the new Fed Chair slightly earlier than usual.
- Fed officials remain divided on rate cuts. **Bostic still expects only one cut this year if the labor market remains strong**, though he may change his view if it weakens significantly. **Goosbee noted that the September meeting is "live"** as he and his colleagues try to interpret mixed economic data and how best to adjust interest rates in response—though he didn't specify whether he supports a cut. **Schmid still wants rates to remain restrictive**, and Barkin is still unsure whether the Fed should prioritize inflation control or labor market support.
- **The yuan gained against US dollar for a second day, closing below 7.18, amid dollar weakness and the PBoC setting a stronger fixing for the yuan.** China's total net financing in July rose by CNY 1.2 trillion, below the forecast of CNY 1.6 trillion and well below the same period last year, which saw a 7.7 trillion increase. **Yuan loans declined by CNY 49.9 billion, marking the first drop since July 2005, contrary to expectations for an increase of CNY 300 billion.** The drop reflects weak loan demand, with repayments exceeding new borrowing amid a very fragile Chinese economy.
- **The yen closed 0.3% against the U.S. dollar at 147.38 amid dollar weakness.** Japanese bond yields rose, moving in the opposite direction of other major

- **economies after a 5-year government bond auction received a weak response.** The bid-to-cover ratio hit its lowest level since 2020, reflecting low demand, as
- **Japan’s monetary policy trends toward further tightening.** Markets expect the BoJ to raise interest rates one more time this year, and the BoJ has been gradually reducing its holdings of government bonds. Additionally, the market is concerned about liquidity conditions, as well as political and fiscal policy uncertainties.
- **Thai baht closed 0.2% stronger at 32.263 baht per US dollar amid dollar weakness,** even though the **BoT unanimously voted (6-0) to cut interest rate by 25bps to 1.50%, as widely expected.** The BoT sees US tariffs as potentially worsening Thailand’s structural problems and competitiveness and believes monetary policy should remain accommodative to support an economic recovery that is expected to slow in the second half of the year. **However, it continued to emphasize that the room for monetary policy action is limited and must be used carefully.** The current situation is not as severe as during the COVID period when rates were cut to a record low of 0.5%. Meanwhile, **Thai bond yields declined:** the 2-year yield dropped 1bps to below 1.2%, the lowest since April 2022, and the 10-year yield fell 3.5bps to 1.42%, the lowest since February 2021.

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As always, we thank you for your continued support of our research products and services.

Yours Sincerely,
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Head – Capital Markets Research
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Awardee (Individual)	Awardee Company	Award	Markets	Function
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	Kasikornbank	Top arranger - Investors' Choice for primary issues - Corporate bonds	Thai Baht	
	Kasikornbank	Top sellside firm in the secondary market- Corporate bonds	Thai Baht	
	Kasikornbank	Top sellside firm in the secondary market- Government bonds	Thai Baht	

KBank Counter rates:

as of 14-Aug-25 Round 1	Sight Bill	Buying T/T	Selling T/T
USD/THB	31.99	32.09	32.39
EUR/THB	37.31	37.36	38.12
GBP/THB	43.26	43.34	44.25
JPY/THB	0.216	0.217	0.224

KBank SWAP Point Rates:

Premium/Discount (1M) as of 14-Aug-25
Export/Import
-9.5 / -7.25
-10.54 / 12.07
-19.99 / 10.99
-3.1865 / 16.497

Market Summary:

US Markets	13-Aug-25	12-Aug-25	Change
Dow Jones	44,922.27	44,458.61	1%
S&P 500	6,466.58	6,445.76	0.3%
Treasury Yield 2yr note (%)	3.67	3.73	-6 bps
Treasury Yield 10yr note (%)	4.23	4.29	-6 bps
European Markets	13-Aug-25	12-Aug-25	Change
Germany (DAX)	24,186	24,025	0.7%
France (CAC 40)	7,805	7,753	0.7%
UK (FTSE 100)	9,165	9,148	0.2%
Bund Yield 2yr note (%)	1.93	1.97	-3 bps
Bund Yield 10yr note (%)	2.68	2.74	-6 bps
Thai Markets	13-Aug-25	8-Aug-25	Change
SET	1,277.43	1,259.07	1.5%
TGB Yield 2yr note (%)	1.20	1.23	-3 bps
TGB Yield 5yr note (%)	1.22	1.26	-4 bps
TGB Yield 10yr note (%)	1.42	1.46	-4 bps

Money Markets

THOR	13-Aug-25	8-Aug-25
O/N	1.49605	1.74679
1M	1.74618	1.74584
3M	1.74811	1.74787
6M	1.87555	1.89149
BIBOR	13-Aug-25	8-Aug-25
1M	1.79234	1.79221
3M	1.88715	1.88707
6M	1.91571	1.91557

Foreign capital flows

	13-Aug-25	8-Aug-25
Thai Bonds (M THB)	91	440
Thai Stocks (M THB)	-6,656	106

Commodities

	13-Aug-25	change
WTI Crude (USD/bbl)	62.7	-0.82%
Dubai Fateh (USD/bbl)	66.6	-1.49%
Gold (USD/ounce)	3,358.0	0.25%

FX Markets	Morning Spot	Closing rates		Daily % Change	Consensus End-2025
		13-Aug-25	12-Aug-25		
USD/THB**	32.27	32.26	32.33	-0.22%	33.70
EUR/USD	1.171	1.171	1.168	0.23%	1.18
USD/JPY	146.57	147.35	147.71	-0.24%	142.5
GBP/USD	1.359	1.357	1.352	0.42%	1.36
USD/CNY	7.177	7.177	7.181	-0.07%	7.15
USD/SGD	1.279	1.280	1.283	-0.17%	1.28
USD/IDR	16,195	16,195	16,289	-0.58%	16,250
USD/MYR	4.197	4.207	4.231	-0.56%	4.21
USD/PHP	56.71	56.76	57.08	-0.57%	56.30
USD/KRW	1,379	1,380	1,384	-0.31%	1,365
USD/NTD	29.95	29.95	30.02	-0.22%	29.30
AUD/USD	0.6555	0.6544	0.6531	0.2%	0.6600
USD/CHF	0.8048	0.8050	0.8074	-0.3%	0.81
USD/VND	26282	26284	26259	0.1%	26200
JPY/THB	22.02	21.90	21.89	0.03%	23.65
EUR/THB	37.80	37.77	37.76	0.01%	39.77
GBP/THB	43.85	43.79	43.70	0.2%	45.83
CNY/THB	4.50	4.50	4.50	-0.15%	4.71

***FOR MOST RECENT KBANK COUNTER RATE PLEASE FOLLOW THE LINKS:

Foreign Exchange Rate: <https://www.kasikornbank.com/en/rate/Pages/Foreign-Exchange.aspx>

1-Month Forward Rate: <https://www.kasikornbank.com/en/rate/Pages/forward.aspx>

Source: Bloomberg and ** denotes KBank's projection

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