

KBank

Daily Update

16 July 2025

Stronger tariff pass-through in US CPI lifts the dollar

Market summary: US headline inflation in June accelerated to 2.7% YoY (0.3% MoM), higher than the expected. Trump intensified pressure on Fed Chair Jerome Powell, criticizing the central bank's renovation budget as nearly a fireable offense. Trump also announced a new trade agreement imposing a 19% tariff on Indonesian goods, down from 32%. Meanwhile, Thailand's appointment of a new central bank governor was postponed due to incomplete documentation.

Factors to watch: UK CPI, US PPI, BI meeting (Wed) Japan Exports, UK Unemployment rate, US Retail Sales and Industrial Production (Thu) Japan CPI, US UoM Consumer Sentiment (Fri)

USD/THB: Open 32.59, Support 32.40, Resistance 32.70

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Macro update

- **The US Dollar Index closed stronger**, and bond yields rose after **US headline inflation in June accelerated to 2.7% YoY (0.3% MoM), higher than expected** for 2.6% YoY and 2.4% in the previous month. The increase was driven by higher prices of tariff-affected goods such as furniture, toys, and clothing, though new and used car prices declined, helping to contain overall inflation pressures. Core inflation grew 2.9% YoY, in line with expectations, but slightly below forecast on a monthly basis, due to easing housing costs.
- **President Trump increased pressure on Fed Chair Jerome Powell, criticizing the cost of Fed building renovations as a near "fireable offense,"** and mentioned that Treasury Secretary Scott Bessent could be considered to replace Powell. **This created financial market uncertainty, reinforcing Bessent's earlier view that Powell should not remain on the Fed board after his chairmanship ends in 2026,** despite his eligibility to serve until 2028.
- **Trade negotiations with China progressed, as the US prepares to issue licenses allowing Nvidia to sell chips to China as part of the deal.** Trump also said import tariffs on pharmaceuticals may begin later this month. Additionally, **Trump announced a trade agreement with Indonesia: US imports from Indonesia will face a reduced 19% tariff (down from 32%),** while US exports will be exempt from tariffs. Indonesia has agreed to purchase US energy, agricultural products, and Boeing aircraft.
- **The euro weakened by -0.54% to 1.16 US dollar/euro** despite Germany's ZEW investor sentiment index rising to 52.7 in July from 47.5 in June, beating expectations of 50.4. This was supported by Germany's economic stimulus measures, anticipated ECB rate cuts, and optimism over trade talks. **The British pound fell -0.32% to 1.338 US dollar/pound**, after BoE Governor Andrew Bailey warned that Trump's trade war could drag down the global economy, posing risks to the UK's recovery. This is a factor the BoE must consider when setting interest rate policy. Markets still anticipate two more BoE rate cuts this year.
- **The Chinese yuan weakened past 7.18 per USD**, despite Q2 GDP expanding 5.2% YoY, slightly above the forecast of 5.1%, though down from 5.4% in Q1. June manufacturing grew by 6.8% YoY and retail sales expanded by 4.8% YoY, but retail

- figures fell short of expectations and declined from May, signaling weak domestic demand. China’s GDP could slow to below 4.5% in the second half of the year as the boost from front-loaded exports fades and trade tensions with the US re-emerge after August.
- The Japanese yen weakened close to 150 per USD**, pressured by both domestic and international factors. Domestically, election concerns are rising as surging rice prices threaten the ruling coalition. Externally, the USD is supported by higher-than-expected US inflation, while markets believe Japan won’t intervene in the yen until it approaches 152 per USD.
- The Thai baht closed flat around 32.41 per USD**, amid capital outflows from both the stock and bond markets. **The appointment of a new Bank of Thailand governor has been delayed** after it was reported that the nomination could not be added to the Cabinet agenda due to incomplete documentation. Missing documents include certificates from key agencies such as the National Anti-Corruption Commission, Anti-Money Laundering Office, the Royal Thai Police, and the Court of Justice, requiring a full qualification review before resubmission.

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Thank you very much for your participations in The Asset’s survey regarding “The Asian Local Currency Bond Benchmark Review 2024”.

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

Yours Sincerely,
Dr.Kobsidthi Silpachai, CFA
Head – Capital Markets Research
Kasikornbank



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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 16-Jul-25 Round 1	Sight Bill	Buying T/T	Selling T/T
USD/THB	32.29	32.39	32.69
EUR/THB	37.32	37.37	38.13
GBP/THB	43.04	43.12	44.02
JPY/THB	0.214	0.215	0.223

KBank SWAP Point Rates:

Premium/Discount (1M) as of 16-Jul-25
Export/Import
-8.45 / -5.5
-12.05 / 10.47
-20.27 / 10.54
0.0249 / 19.6943

Market Summary:

US Markets	15-Jul-25	14-Jul-25	Change
Dow Jones	44,023.29	44,459.65	-1% ↓
S&P 500	6,243.76	6,268.56	-0.4% ↓
Treasury Yield 2yr note (%)	3.94	3.90	4 bps ↑
Treasury Yield 10yr note (%)	4.48	4.43	5 bps ↑

European Markets	15-Jul-25	14-Jul-25	Change
Germany (DAX)	24,060	24,161	-0.4% ↓
France (CAC 40)	7,766	7,808	-0.5% ↓
UK (FTSE 100)	8,938	8,998	-0.7% ↓
Bund Yield 2yr note (%)	1.89	1.88	1 bps ↑
Bund Yield 10yr note (%)	2.71	2.73	-2 bps ↓

Thai Markets	15-Jul-25	14-Jul-25	Change
SET	1,161.01	1,143.31	1.5% ↑
TGB Yield 2yr note (%)	1.37	1.38	-1 bps ↓
TGB Yield 5yr note (%)	1.40	1.42	-2 bps ↓
TGB Yield 10yr note (%)	1.53	1.56	-2 bps ↓

Money Markets

THOR	15-Jul-25	14-Jul-25
O/N	1.74505	1.74645 →
1M	1.74532	1.74520 →
3M	1.79801	1.79847 →
6M	1.95628	1.95907 →
BIBOR	15-Jul-25	14-Jul-25
1M	1.79228	1.79227 →
3M	1.88712	1.88704 →
6M	1.91852	1.91851 →

Foreign capital flows	15-Jul-25	14-Jul-25
Thai Bonds (M THB)	-2,563	822 ↓
Thai Stocks (M THB)	-593	1,374 ↓

Commodities	15-Jul-25	change
WTI Crude (USD/bbl)	66.5	-0.69% ↓
Dubai Fateh (USD/bbl)	68.6	-3.88% ↓
Gold (USD/ounce)	3,324.6	-0.57% ↓

FX Markets	Morning Spot	Closing rates		Daily % Change	Consensus End-2025
		15-Jul-25	14-Jul-25		
USD/THB**	32.59	32.41	32.39	0.06% ↑	33.70
EUR/USD	1.161	1.160	1.166	-0.54% ↓	1.17
USD/JPY	148.86	148.88	147.72	0.79% ↑	140.0
GBP/USD	1.339	1.338	1.343	-0.32% ↓	1.37
USD/CNY	7.183	7.183	7.172	0.15% ↑	7.15
USD/SGD	1.285	1.285	1.282	0.25% ↑	1.28
USD/IDR	16,260	16,260	16,245	0.09% ↑	16,190
USD/MYR	4.258	4.242	4.254	-0.28% ↓	4.20
USD/PHP	56.72	56.72	56.66	0.11% ↑	56.00
USD/KRW	1,388	1,388	1,383	0.33% ↑	1,350
USD/NTD	29.28	29.28	29.29	-0.02% ↓	29.30
AUD/USD	0.6521	0.6514	0.6545	-0.47% ↓	0.6700
USD/CHF	0.8016	0.8017	0.7979	0.48% ↑	0.81
USD/VND	26134	26135	26121	0.05% ↑	26200
JPY/THB	21.89	21.77	21.93	-0.72% ↓	24.07
EUR/THB	37.82	37.60	37.78	-0.48% ↓	39.43
GBP/THB	43.64	43.37	43.49	-0.26% ↓	46.17
CNY/THB	4.54	4.51	4.52	-0.09% ↓	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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