

KBank

Daily Update

16 June 2025

Israel-Iran war enters day 4 with no sign of easing

Market summary: The ongoing Israel-Iran conflict has driven markets back toward safe-haven assets. US Treasury yields rose as surging oil prices raised inflation risks. US consumer sentiment jumped in June to the highest this year. The US and Vietnam are nearing a trade agreement. The Japanese yen continued to weaken as geopolitical tensions could worsen stagflation risks. China aggregate financing growth continues, while private sector loan demand remains weak.

Factors to watch: China retail sales, Germany ZEW confident index (Mon) US retail sales, BOJ meeting (Tue) UK & Eurozone CPI (Wed) Fed Meeting, BoE meeting (Thu) Japan inflation, China loan prime rates, UK retail sales (Fri)

USD/THB: Open 32.39, Support 32.30, Resistance 32.60

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Macro update

- **The US Dollar Index closed slightly above 98, regaining its status as a safe-haven asset amid the prolonged conflict between Israel and Iran**, now entering its fourth day with no sign of de-escalation. As both sides continue to launch missile strikes and target military and nuclear facilities following increasingly complex nuclear deal negotiations, markets have shifted back toward safe assets. The US has not directly intervened but is playing a defensive role in supporting Israel and urging Iran to return to negotiations.
- **US Treasury yields rose 4bps, contrary to expectations during crises.** This may be partly due to oil prices surging 7.3%, surpassing USD 73 per barrel, which raises inflation risks ahead. Although oil prices jumped at market open, they remain below Friday's peak, indicating that markets are not yet in panic mode. Both sides have so far avoided directly targeting key oil export infrastructure. However, the risk to supply could rise if the Strait of Hormuz is closed. Meanwhile, gold prices rose above USD 3,400 per ounce, reflecting continued safe-haven demand.
- **US consumer sentiment, as reported by the University of Michigan, jumped to 60.5 in June**, the highest level this year, reflecting easing concerns over the economy and inflation. Short-term inflation expectations dropped to 5.1% from 6.6% the previous month—the largest monthly decline since 2001—supported by progress in US-China trade talks.
- **The Japanese yen weakened by -0.4% on Friday and continued to fall today, despite the Middle East crisis.** Investors believe the Bank of Japan is unlikely to raise interest rates amid global economic uncertainty. Rising oil prices and geopolitical tensions could worsen stagflation risks, forcing the BOJ to delay tapering its ultra-loose monetary policy. The BOJ is expected to hold rates steady at this week's meeting but may not yet reduce bond purchases in order to maintain market stability.
- **The Chinese yuan closed -0.15% weaker against the US dollar.** While overall credit growth in China continues, private sector loan demand remains weak. Total new loans in May were higher than the previous month but similar to last year, driven mainly by government borrowing, which grew 20.9% YoY, while private sector credit grew just 7.0% YoY—the slowest pace on record.

- **The US and Vietnam are nearing a trade agreement**, despite concerns about Chinese goods being rerouted through Vietnam to avoid tariffs. The agreement is expected to include stricter enforcement against cross-border transshipment and the removal of non-tariff barriers. Vietnam is pushing for tariff rates of 20–25% (down from 46%), though negotiations still face unresolved details. Talks are expected to continue soon.
- **The Thai baht closed slightly stronger, up 0.54%, at 32.46 per dollar**. Despite rising gold prices, the dollar’s strength as a safe-haven asset weighed on Asian currencies, including the baht. There were outflows from the bond market but inflows into equities.
- **This week, key events to watch include major central bank meetings**. The Federal Reserve is expected to hold interest rates steady and maintain a relatively hawkish tone. The BOJ may focus on reducing bond purchases (QE) but is likely to hold rates. The Bank of England is also expected to keep rates steady, although markets are pricing in a 75bps rate cut within the next 12 months.

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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,
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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-Jun-25 Round 1	Sight Bill	Buying T/T	Selling T/T
USD/THB	32.23	32.33	32.63
EUR/THB	37.02	37.07	37.82
GBP/THB	43.47	43.54	44.45
JPY/THB	0.221	0.222	0.229

KBank SWAP Point Rates:

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

Market Summary:

US Markets	13-Jun-25	12-Jun-25	Change
Dow Jones	42,197.79	42,967.62	-1.8% ↓
S&P 500	5,976.97	6,045.26	-1.1% ↓
Treasury Yield 2yr note (%)	3.95	3.91	4 bps ↑
Treasury Yield 10yr note (%)	4.40	4.36	4 bps ↑

European Markets	13-Jun-25	12-Jun-25	Change
Germany (DAX)	23,516	23,771	-1.1% ↓
France (CAC 40)	7,685	7,765	-1% ↓
UK (FTSE 100)	8,851	8,885	-0.4% ↓
Bund Yield 2yr note (%)	1.86	1.82	4 bps ↑
Bund Yield 10yr note (%)	2.54	2.48	6 bps ↑

Thai Markets	13-Jun-25	12-Jun-25	Change
SET	1,122.70	1,128.62	-0.5% ↓
TGB Yield 2yr note (%)	1.49	1.50	-1 bps ↓
TGB Yield 5yr note (%)	1.52	1.52	-1 bps ↓
TGB Yield 10yr note (%)	1.68	1.69	-1 bps ↓

Money Markets

THOR	13-Jun-25	12-Jun-25
O/N	1.74557	1.74449 →
1M	1.74546	1.74520 →
3M	1.87833	1.88107 →
6M	2.04677	2.04953 →
BIBOR	13-Jun-25	12-Jun-25
1M	1.79477	1.79593 →
3M	1.89209	1.89327 →
6M	1.93441	1.93487 →

Foreign capital flows	13-Jun-25	12-Jun-25
Thai Bonds (M THB)	-275	-1,636 ↑
Thai Stocks (M THB)	330	-731 ↑

Commodities	13-Jun-25	change
WTI Crude (USD/bbl)	73.0	7.26% ↑
Dubai Fateh (USD/bbl)	74.5	9.17% ↑
Gold (USD/ounce)	3,432.3	1.37% ↑

FX Markets	Morning Spot	Closing rates		Daily % Change	Consensus End-2025
		13-Jun-25	12-Jun-25		
USD/THB**	32.39	32.44	32.46	-0.09% ↓	33.70
EUR/USD	1.155	1.155	1.158	-0.3% ↓	1.15
USD/JPY	144.42	144.07	143.48	0.41% ↑	140.0
GBP/USD	1.355	1.357	1.361	-0.31% ↓	1.36
USD/CNY	7.183	7.183	7.173	0.15% ↑	7.20
USD/SGD	1.282	1.282	1.279	0.27% ↑	1.29
USD/IDR	16,295	16,295	16,235	0.37% ↑	16,400
USD/MYR	4.250	4.246	4.222	0.56% ↑	4.22
USD/PHP	56.17	56.17	55.88	0.51% ↑	55.50
USD/KRW	1,365	1,363	1,356	0.51% ↑	1,380
USD/NTD	29.65	29.65	29.64	0% →	30.10
AUD/USD	0.6495	0.6487	0.6533	-0.7% ↓	0.6600
USD/CHF	0.8115	0.8114	0.8102	0.15% ↑	0.82
USD/VND	26049	26074	26031	0.17% ↑	25850
JPY/THB	22.43	22.51	22.63	-0.5% ↓	24.07
EUR/THB	37.39	37.46	37.61	-0.39% ↓	38.76
GBP/THB	43.90	44.02	44.19	-0.39% ↓	45.83
CNY/THB	4.51	4.52	4.53	-0.23% ↓	4.68

***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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