

KBank

Daily Update

17 June 2025

The Middle East tension shows little sign of fading away

Market summary: Iran signaled its willingness to negotiate on its nuclear program, but Israeli Prime Minister later confirmed continued military operations, leading to a prolonged conflict. Meanwhile, Trump and Starmer signed a deal to reduce import tariffs, though no trade agreement has been reached with Japan. In China, May retail sales grew at the fastest pace since December 2023.

Factors to watch: Germany ZEW confident index, 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 32.43, Support 32.30, Resistance 32.60

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Macro update

- **The U.S. dollar index closed slightly weaker** as global stock markets began to **recover**. The S&P 500 surged 1%, while West Texas crude oil prices fell 1.7%, and gold prices dropped 1.4%, falling below USD 3,400 per ounce after **Iran signaled its willingness to negotiate on its nuclear program**. This came amid Israeli airstrikes that have yet to cause significant damage to Iran's nuclear facilities. **However, the Israeli Prime Minister later confirmed that military operations would continue**, prompting Iran to warn that it may accelerate its nuclear program and expand the conflict if negotiations do not proceed. World leaders have called for a return to the negotiating table to avoid a wider war.
- **Volatility indices for U.S. stocks and bonds (VIX and MOVE, respectively) remain surprisingly calm relative to the escalating conflict**, with MOVE still below its post-COVID average and VIX hovering around its average level. The market remains buoyed by Trump's policies, especially optimism around trade, despite the risks from the Israel-Iran tensions. **However, the situation in the Middle East, which forced Trump to leave the G-7 summit early, highlights that markets may be underestimating geopolitical risks.**
- **At the G-7 summit, Trump and UK Prime Minister Starmer agreed to reduce auto import tariffs** from the UK to 10% and expand quotas for U.S. agricultural exports. However, steel tariffs remain at 25% due to concerns over Chinese ownership. **Meanwhile, trade talks between Trump and Japanese Prime Minister Ishiba failed to reach an agreement**, raising concerns ahead of Japan's upper house election, as high U.S. tariffs could push Japan's economy into recession.
- **The U.S. Senate, led by Republicans, has proposed a new tax bill aimed at making previous tax cuts permanent and introducing new deductions**, such as exemptions for tips and expanded business tax relief. The plan would offset these with the elimination of clean energy tax credits and deeper cuts to Medicaid. The bill also proposes raising the debt ceiling by USD 5 trillion, with the goal of passing the legislation by July 4.
- **The euro closed around USD 1.156 per euro**, little changed from Friday. **The ECB showed no concern over the euro's strength**, with Vice President Luis de Guindos saying that the 1.15 level is not a major obstacle, emphasizing the pace of changes

- over the level itself. He also noted that the risk of inflation staying below the 2% target is low, keeping the chances of rate cuts minimal, which continues to support bond yields and the euro. ECB member Joachim Nagel added that the central bank should maintain flexibility in interest rate policy due to ongoing uncertainty in the economy and inflation.
- **The Chinese yuan closed relatively stable at around 7.18 per dollar. China’s May retail sales rose 6.4% YoY, the highest since December 2023**, driven by online shopping festivals and government subsidies such as appliance trade-in programs. This boosted sales of electronics and cell phones. However, industrial production grew only 5.8% YoY, down from 6.1% in April, and fixed asset investment rose 3.7% YoY in the first five months. Despite the retail rebound, consumer confidence remains weak due to falling home prices, declining wages, and a sluggish labor market.
- **The Thai baht weakened by -0.14% to close at around 32.48 per dollar**, amid capital outflows from both the stock and bond markets, and a drop in gold prices.

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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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Head – Capital Markets Research
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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 17-Jun-25 Round 1	Sight Bill	Buying T/T	Selling T/T
USD/THB	32.21	32.31	32.61
EUR/THB	37.05	37.11	37.86
GBP/THB	43.51	43.58	44.49
JPY/THB	0.220	0.220	0.228

KBANK SWAP Point Rates:

Premium/Discount (1M) as of 17-Jun-25
Export/Import
-8.45 / -5.5
-12.05 / 10.47
-20.27 / 10.54
0.0249 / 19.6943

Market Summary:

US Markets	16-Jun-25	13-Jun-25	Change
Dow Jones	42,515.09	42,197.79	0.8%
S&P 500	6,033.11	5,976.97	0.9%
Treasury Yield 2yr note (%)	3.97	3.95	2 bps
Treasury Yield 10yr note (%)	4.45	4.40	5 bps

European Markets	16-Jun-25	13-Jun-25	Change
Germany (DAX)	23,699	23,516	0.8%
France (CAC 40)	7,742	7,685	0.7%
UK (FTSE 100)	8,875	8,851	0.3%
Bund Yield 2yr note (%)	1.84	1.86	-2 bps
Bund Yield 10yr note (%)	2.53	2.54	-1 bps

Thai Markets	16-Jun-25	13-Jun-25	Change
SET	1,114.49	1,122.70	-0.7%
TGB Yield 2yr note (%)	1.51	1.49	2 bps
TGB Yield 5yr note (%)	1.55	1.52	3 bps
TGB Yield 10yr note (%)	1.71	1.68	3 bps

Money Markets

THOR	16-Jun-25	13-Jun-25
O/N	1.74191	1.74557
1M	1.74550	1.74546
3M	1.87303	1.87833
6M	2.03845	2.04677
BIBOR	16-Jun-25	13-Jun-25
1M	1.79476	1.79477
3M	1.89190	1.89209
6M	1.93418	1.93441

Foreign capital flows	16-Jun-25	13-Jun-25
Thai Bonds (M THB)	-679	-275
Thai Stocks (M THB)	-3,530	330

Commodities	16-Jun-25	change
WTI Crude (USD/bbl)	71.8	-1.66%
Dubai Fateh (USD/bbl)	72.7	-2.44%
Gold (USD/ounce)	3,385.2	-1.37%

FX Markets	Morning Spot	Closing rates		Daily % Change	Consensus End-2025
		16-Jun-25	13-Jun-25		
USD/THB**	32.43	32.48	32.44	0.14%	33.70
EUR/USD	1.155	1.156	1.155	0.1%	1.15
USD/JPY	144.94	144.75	144.07	0.47%	140.0
GBP/USD	1.357	1.358	1.357	0.05%	1.36
USD/CNY	7.180	7.180	7.183	-0.04%	7.20
USD/SGD	1.282	1.280	1.282	-0.17%	1.29
USD/IDR	16,265	16,265	16,295	-0.18%	16,350
USD/MYR	4.244	4.242	4.246	-0.08%	4.24
USD/PHP	56.42	56.42	56.17	0.45%	55.50
USD/KRW	1,361	1,359	1,363	-0.3%	1,380
USD/NTD	29.51	29.51	29.65	-0.47%	30.20
AUD/USD	0.6511	0.6524	0.6487	0.57%	0.6600
USD/CHF	0.8144	0.8139	0.8114	0.31%	0.82
USD/VND	26075	26075	26074	0%	25975
JPY/THB	22.37	22.44	22.51	-0.33%	24.07
EUR/THB	37.46	37.55	37.46	0.24%	38.76
GBP/THB	43.99	44.10	44.02	0.19%	45.83
CNY/THB	4.52	4.52	4.52	0.18%	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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