

KBank

Daily Update

25 July 2025

ECB held rate steady while in wait-and-see mode

Market summary: Dollar index closed gain and Treasury yields rose after initial jobless claims lower than expected. Trump stated that there was no need to remove Powell and confidence the Fed would "do the right thing" on rates. ECB held rates steady as Lagarde said the bank is currently in "wait-and-see" mode. Tokyo core CPI slowed to 2.9%YoY in July slightly below expectations. Thai exports in June continued to grow strongly at 15.5% YoY, though below expectations.

Factors to watch: UK Retail Sales, US Durable Goods Orders (Fri)

USD/THB: Open 32.25, Support 32.10, Resistance 32.35

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Macro update

- **The US dollar index closed gain about 0.2%,** and Treasury yields rose, especially the 2-year yield, which increased by 3.6 bps, after initial jobless claims fell to 217k last week — the lowest since mid-April — defying market expectations of an increase to 226k. This led markets to reduce expectations for Fed rate cuts this year to 42 bps and to shift the expected cut from September to October.
- Meanwhile, President Trump visited the Fed yesterday and met with Chair Jerome Powell. Trump later stated that there was no need to remove Powell and expressed confidence that the Fed would "do the right thing" on interest rates. On the other hand, U.S. Commerce Secretary Howard Lutnick said Powell should resign or be replaced.
- U.S. preliminary July PMI rose to 54.6, defying expectations of a drop to 52.8 from 52.9 in June, driven by stronger-than-expected services PMI at 55.2. However, the manufacturing PMI fell more than expected into contraction at 49.5. New home sales rose 0.6% MoM in June, lower than the 4.3% MoM forecast.
- **The euro fell -0.2% against the US dollar** after the ECB held rates steady as expected, amid ongoing U.S. tariff uncertainty. Negotiations are underway to reduce tariffs from 30% to 15%. ECB President Christine Lagarde said the bank is currently in "wait-and-see" mode, as inflation remains on target at 2%, and economic conditions are in line with or better than expectations. This gives the ECB time to assess risks — particularly the impact of US tariffs, euro appreciation, and increased government spending. As a result, market expectations for ECB rate cuts this year have declined, now pricing in a 17bps cut (down from 22 bps previously).
- The Eurozone July PMI rose to 51.0 — the highest since August 2024 — beating expectations of 50.7 (up from 50.6 in June). Manufacturing PMI increased to 49.8, in line with expectations and the highest since July 2022, while services PMI rose to 51.2, better than the expected 50.6 (up from 50.5 last month).
- **The Australian dollar fell -0.2% against the US dollar** after strengthening in the morning. RBA Governor Michele Bullock said a gradual easing of monetary policy

- **is appropriate** as labor demand remains strong and core inflation is gradually slowing. She noted that despite the rise in unemployment in June, other indicators remain solid. **Bullock also said it might not be necessary to cut rates aggressively since the rate hikes earlier were also modest.**
- **New Zealand's central bank Chief Economist Paul Conway said they are ready to cut interest rates further** if inflation continues to fall within the 1–3% target range. However, they will also consider broader economic conditions, which remain highly uncertain.
- **The Japanese yen weakened by -0.3% against the US dollar to 147.01**, as markets assessed the US-Japan trade deal. US Treasury Secretary Scott Bessent stated that the deal will be reviewed quarterly, and if Trump is dissatisfied, tariffs on Japan could rise back to 25%. Meanwhile, Tokyo core inflation (excluding fresh food) slowed to 2.9% YoY in July, slightly below expectations of 3.0% (down from 3.1% in June). Markets now see an increased chance that the BoJ will hike rates again by year-end if the trade deal holds.
- **The Chinese yuan strengthened to its strongest level since November 2024 at 7.1517 per US dollar**, supported by optimism over trade talks, a weaker U.S. dollar, and the PBOC setting the daily midpoint rate below 7.14 for the first time since November 2024.
- **The Thai baht weakened -0.3% against US dollar**, amid border tensions between Thailand and Cambodia. Meanwhile, **Thai exports in June continued to grow strongly at 15.5% YoY, though below expectations** of 18.3% (down from 18.4% in May). Exports to the U.S. surged by 41.9% ahead of the implementation of new US tariffs. Imports rose 13.1% YoY, lower than the expected 17.7% (down from 18.0% previously). This led to a June trade surplus of USD 1,062 million, higher than the forecast of USD 604 million. However, Thai exports in the second half of the year still face high uncertainty due to the lack of a finalized trade agreement between Thailand and the US.

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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

THE Asset 財資

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 25-Jul-25 Round 1	Sight Bill	Buying T/T	Selling T/T
USD/THB	31.93	32.03	32.33
EUR/THB	37.32	37.36	38.12
GBP/THB	42.97	43.05	43.95
JPY/THB	0.215	0.216	0.224

KBank SWAP Point Rates:

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

Market Summary:

US Markets	24-Jul-25	23-Jul-25	Change
Dow Jones	44,693.91	45,010.29	-0.7% ↓
S&P 500	6,363.35	6,358.91	0.1% ↑
Treasury Yield 2yr note (%)	3.92	3.88	4 bps ↑
Treasury Yield 10yr note (%)	4.40	4.38	2 bps ↑

European Markets	24-Jul-25	23-Jul-25	Change
Germany (DAX)	24,296	24,241	0.2% ↑
France (CAC 40)	7,818	7,850	-0.4% ↓
UK (FTSE 100)	9,138	9,061	0.8% ↑
Bund Yield 2yr note (%)	1.93	1.84	9 bps ↑
Bund Yield 10yr note (%)	2.70	2.64	6 bps ↑

Thai Markets	24-Jul-25	23-Jul-25	Change
SET	1,212.49	1,219.62	-0.6% ↓
TGB Yield 2yr note (%)	1.29	1.30	-1 bps ↓
TGB Yield 5yr note (%)	1.31	1.32	0 bps →
TGB Yield 10yr note (%)	1.49	1.50	-1 bps ↓

Money Markets

THOR	24-Jul-25	23-Jul-25
O/N	1.74603	1.74053 ↑
1M	1.74538	1.74551 →
3M	1.76434	1.76709 →
6M	1.93118	1.93398 →
BIBOR	24-Jul-25	23-Jul-25
1M	1.79087	1.79100 →
3M	1.88575	1.88580 →
6M	1.91547	1.91561 →

Foreign capital flows	24-Jul-25	23-Jul-25
Thai Bonds (M THB)	-2,563	617 ↓
Thai Stocks (M THB)	1,606	4,492 ↓

Commodities	24-Jul-25	change
WTI Crude (USD/bbl)	66.0	1.2% ↑
Dubai Fateh (USD/bbl)	68.7	1.82% ↑
Gold (USD/ounce)	3,368.7	-0.55% ↓

FX Markets	Morning Spot	Closing rates		Daily % Change	Consensus End-2025
		24-Jul-25	23-Jul-25		
USD/THB**	32.25	32.26	32.16	0.31% ↑	33.70
EUR/USD	1.174	1.175	1.177	-0.19% ↓	1.18
USD/JPY	147.38	147.01	146.51	0.34% ↑	140.0
GBP/USD	1.350	1.351	1.358	-0.53% ↓	1.36
USD/CNY	7.160	7.155	7.154	0.01% ↑	7.15
USD/SGD	1.279	1.278	1.277	0.06% ↑	1.27
USD/IDR	16,325	16,287	16,293	-0.04% ↓	16,190
USD/MYR	4.221	4.216	4.228	-0.27% ↓	4.20
USD/PHP	56.85	56.67	56.89	-0.39% ↓	56.05
USD/KRW	1,376	1,372	1,376	-0.3% ↓	1,350
USD/NTD	29.44	29.39	29.35	0.15% ↑	29.00
AUD/USD	0.6585	0.6590	0.6602	-0.18% ↓	0.6700
USD/CHF	0.7965	0.7953	0.7924	0.37% ↑	0.81
USD/VND	26127	26136	26144	-0.03% ↓	26200
JPY/THB	21.88	21.95	21.95	-0.03% ↓	24.07
EUR/THB	37.87	37.91	37.86	0.13% ↑	39.77
GBP/THB	43.54	43.59	43.68	-0.22% ↓	45.83
CNY/THB	4.50	4.51	4.50	0.31% ↑	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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