

KBank

Daily Update

29 July 2025

Dollar surge strongly as US reach tariff deal with EU

Market summary: US dollar strengthened after the US and EU reached a trade tariff agreement, while the US and China may delay their planned tariff hikes. The euro weakened significantly, as markets viewed the EU–US agreement for 15% tariff as unfavorable. Thailand and Cambodia agreed to a ceasefire and will proceed with trade negotiations with the US.

Factors to watch: US JOLTS job openings and Consumer confidence (Tue) EZ and US 2Q GDP, BoC meeting (Wed) Fed and BoJ meeting, China Official PMIs, Thai Current Account, US PCE inflation (Thur) EZ Inflation, US Nonfarm Payrolls and PMI (Fri)

USD/THB: Open 32.51, Support 32.35, Resistance 32.65

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Macro update

- **The US dollar index closed stronger by nearly 0.3% on Friday and continued to appreciate by another 1% yesterday, marking the highest gain since May.** This followed a **US–EU agreement on import tariffs reached on Sunday.** Meanwhile, the **US and China may delay their planned tariff hikes from the previously scheduled August 12 date.** According to the South China Morning Post, the delay could be up to 90 days. With more clarity on import tariffs, **markets have shifted focus back to US economic indicators to assess the economic outlook and future monetary policy path.** This week, several key data points are expected, including job openings, non-farm payrolls, Q2 GDP, PCE inflation, and the Fed meeting, where the central bank is expected to keep interest rates unchanged. Currently, **markets anticipate a rate cut in October and possibly another in December.**
- As for **US capital goods orders (excluding defense and aircraft),** June saw a **surprise contraction of -0.7% MoM, contrary to expectations of a 0.1% MoM increase,** down from 2.0% MoM the previous month. This reflects business investment hesitation amid policy uncertainty under the Trump administration. **Durable goods orders also contracted by -9.3% MoM, though better than the expected -10.7% MoM,** following a sharp 16.5% MoM increase in the prior month due to a significant drop in aircraft orders.
- **The euro slightly weakened against the U.S. dollar on Friday and fell sharply on Monday by -1.3% to 1.1589 US dollar per euro — the lowest level since late June** — despite the **EU reaching a tariff deal with the US that reduces duties on most goods, including cars and pharmaceuticals, from 30% to 15% effective August 1.** However, **markets viewed the deal as unfavorable to the EU, with average tariffs on US goods would drop below 1%.** Additionally, the EU agreed to increase US energy imports by USD750 billion and invest another USD600 billion in the US. **Germany's economic sentiment index by the Ifo Institute rose to 88.6 in July, slightly below the expected 89.0, up from 88.4 in the previous month.**
- **The British pound has weakened by more than -1% against the US dollar since Friday.** UK retail sales in June rose by 0.9% MoM, lower than the expected 1.2% MoM, after declining -2.8% MoM in the previous month. Meanwhile, **consumer confidence fell to -19 in July, and the index for savings intentions reached its**

- **highest level since November 2007, indicating that consumer spending remains weak** amid government tax hikes, persistent inflation, and a rising unemployment rate. **Markets expect the BoE to cut interest rates further at the August 7 meeting**, with another cut likely in December.
- **The Japanese yen continued to depreciate against the US dollar, closing at 148.53 yesterday, partly due to the strengthening US dollar.** The BoJ working group assessed that there is a possibility of another rate hike this year after Japan reached a trade agreement with the US, which reduced economic uncertainty and led the BoJ to refocus on the economic impacts of import tariffs. **Markets now estimate there is about an 80% chance the BoJ will raise rates again by year-end.** Investors are watching for signs or signals during this week's policy meeting. However, **Japan's political uncertainty — such as whether Prime Minister Ishiba will remain in office despite losing a parliamentary majority — continues to pressure the yen.**
- **The Thai baht weakened by -0.3%, closing at 32.38 baht per US dollar on Friday amid rising tensions between Thailand and Cambodia.** However, **the situation has since eased after pressure from President Trump, who threatened to avoid trade talks**, highlighting a major economic risk from mutual tariffs that could reach 36% if no agreement is made with the US before August 1. Most recently, **Thailand and Cambodia agreed to a ceasefire without conditions.** The **baht opened weaker this morning at around 32.5 baht per U.S. dollar as the dollar strengthened further.** Meanwhile, **gold prices fell close to USD3,300 per ounce** after Trump's import tariff policy became clearer.

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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

Kasikornbank

THE Asset 財資

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	Kasikornbank	Top sellside firm in the secondary market- Government bonds	Thai Baht	

KBank Counter rates:

as of 29-Jul-25 Round 1	Sight Bill	Buying T/T	Selling T/T
USD/THB	32.26	32.36	32.66
EUR/THB	37.23	37.27	38.03
GBP/THB	42.86	42.93	43.85
JPY/THB	0.214	0.215	0.223

KBank SWAP Point Rates:

Premium/Discount (1M) as of 29-Jul-25
Export/Import
-8.4 / -6.55
-9.98 / -12.15
-18.89 / 11.53
-3.14 / 16.23

Market Summary:

US Markets	28-Jul-25	25-Jul-25	Change
Dow Jones	44,837.56	44,901.92	-0.1% ↓
S&P 500	6,389.77	6,388.64	0% ↑
Treasury Yield 2yr note (%)	3.93	3.92	0 bps →
Treasury Yield 10yr note (%)	4.41	4.39	2 bps ↑

European Markets	28-Jul-25	25-Jul-25	Change
Germany (DAX)	23,970	24,218	-1% ↓
France (CAC 40)	7,801	7,835	-0.4% ↓
UK (FTSE 100)	9,081	9,120	-0.4% ↓
Bund Yield 2yr note (%)	1.92	1.95	-3 bps ↓
Bund Yield 10yr note (%)	2.69	2.72	-3 bps ↓

Thai Markets	25-Jul-25	24-Jul-25	Change
SET	1,217.15	1,212.49	0.4% ↑
TGB Yield 2yr note (%)	1.29	1.29	-1 bps ↓
TGB Yield 5yr note (%)	1.32	1.31	0 bps →
TGB Yield 10yr note (%)	1.49	1.49	0 bps →

Money Markets	25-Jul-25	24-Jul-25
THOR	1.74543	1.74603 →
O/N	1.74537	1.74538 →
1M	1.76160	1.76434 →
3M	1.93025	1.93118 →
6M	1.79082	1.79087 →
BIBOR	1.88571	1.88575 →
3M	1.91520	1.91547 →
6M		

Foreign capital flows	25-Jul-25	24-Jul-25
Thai Bonds (M THB)	169	3,576 ↓
Thai Stocks (M THB)	-267	1,606 ↓

Commodities	28-Jul-25	change
WTI Crude (USD/bbl)	66.7	2.38% ↑
Dubai Fateh (USD/bbl)	68.6	-0.15% ↓
Gold (USD/ounce)	3,314.6	-0.68% ↓

rets	Morning Spot	Closing rates		Daily %Change	Consensus End-2025
		28-Jul-25	25-Jul-25		
USD/THB**	32.51	32.38	32.38	0% →	33.70
EUR/USD	1.159	1.159	1.174	-1.3% ↓	1.18
USD/JPY	148.54	148.53	147.69	0.57% ↑	140.0
GBP/USD	1.335	1.336	1.344	-0.61% ↓	1.36
USD/CNY	7.179	7.179	7.170	0.13% ↑	7.15
USD/SGD	1.287	1.287	1.282	0.39% ↑	1.27
USD/IDR	16,342	16,342	16,315	0.17% ↑	16,190
USD/MYR	4.236	4.231	4.223	0.2% ↑	4.20
USD/PHP	57.29	57.17	57.13	0.08% ↑	56.05
USD/KRW	1,390	1,389	1,383	0.47% ↑	1,350
USD/NTD	29.60	29.52	29.44	0.26% ↑	29.00
AUD/USD	0.6517	0.6521	0.6566	-0.69% ↓	0.6700
USD/CHF	0.8035	0.8036	0.7954	1.03% ↑	0.81
USD/VND	26161	26200	26140	0.23% ↑	26200
JPY/THB	21.89	21.80	21.92	-0.57% ↓	24.07
EUR/THB	37.68	37.53	38.02	-1.3% ↓	39.77
GBP/THB	43.40	43.25	43.51	-0.61% ↓	45.83
CNY/THB	4.53	4.51	4.52	-0.13% ↓	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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