

KBank Daily Update

7 May 2018

- **Market highlight:** The market mainly driven by the US's release of change in non-farm payrolls. The dollar gained against a basket of currencies on Friday while US treasury yields barely changed.

- **FX market mover:** The dollar rose to reach the highest level this year. A strong US job market has supported the dollar sentiment, while weaker Eurozone data including PMI and retail sales caused the euro to weaken. EUR/USD dropped by 0.23% to 1.1960

- **USD/THB** rose by 0.37% to 31.76. The Thai baht depreciated against the dollar.

- **Factors to watch today:** Fed's speaks, China export (8/05), US and China inflation (10/05), UK trade data (10/05), Bank of England meeting (10/05) and University of Michigan consumer sentiment (11/05)

4-May						Change	US Market				4-May		Change	
SET Index		1,779.87				-10.93	Dow Jones		24,262.51		332.36			
Market Turnover (Bt mn)		55,852.89				-2,924.36	S&P 500		2,663.42		33.69			
Foreign Net Position (Bt mn)		-4,144.84				-1,101.57	Dollar Index		92.57		0.16%			
Thai Bond Market		4-May				Change	US 10yr T-note (%)		2.94		-0.2 bps			
Total Return Index		275.16				0.35	US 2yr T-note (%)		2.50		1.7 bps			
Total Market Turnover (Bt mn)		1,241,463				-2,799	NYMEX crude (\$/b)		69.72		1.29			
TGB Yield Curve		1m	3m	6m	1yr	2yr	3yr	5yr	7yr	10yr	12yr	14yr	18yr	
4-May		1.15	1.24	1.38	1.44	1.55	1.68	1.96	2.27	2.64	2.82	2.98	3.13	
Change (bps)		0.11	0.18	0.23	0.17	-0.53	-0.23	-1.64	-1.26	-0.19	-0.81	-0.93	-0.92	
Interbank Rates		7-May				4-May	BIBOR		1w	1m	2m	3m	6m	1yr
Overnight (%)		1.50				1.50	4-May		1.51325	1.52936	1.54181	1.57550	1.70523	1.96450
Repurchase Rates		1-day	7-day	14-day	1m	Spot Gold (\$ /oz)		%change						
4-May		1.30	1.38	1.38	1.40	7-May		1318.01		0.26				
THBFX (pm)		1m	3m	6m	1yr	LIBOR		1m	3m	6m				
4-May		1.02393	1.21783	1.31229	1.49292	4-May		1.92770	2.36906		2.52019			
SWAP (THB/THB, Rates)		1yr				2yr	3yr	4yr	5yr	7yr		10yr		
7-May		Bid/Ask	1.38/1.41	1.59/1.62	1.78/1.81	1.94/1.97		2.07/2.1		2.27/2.32		2.5/2.55		
KBank counter rate (against THB)		Sight Bill		Buying T/T		Selling T/T		Premium (1 month) Export/Import						
USD		31.48		31.58		31.88		-14.58 / 8.16						
EUR		37.50		37.59		38.33		-13.92 / 28.64						
GBP		42.41		42.56		43.42		-14.85 / 24.42						
JPY		0.2868		0.2878		0.2957		-8.4553 / 18.8356						
KBank Technical Analysis		7-May		4-May		Support		Resistance		Trend				
USD/THB (Onshore)		31.69		31.75		31.60		31.80		Sideway				
USD/JPY		108.77		109.11		108.40		109.20		Sideway				
EUR/USD		1.20		1.20		1.1932		1.20		Sideway				
JPY/THB		29.12		29.09		28.80		29.50		Sideway				
EUR/THB		37.94		37.93		37.700		38.30		Sideway				

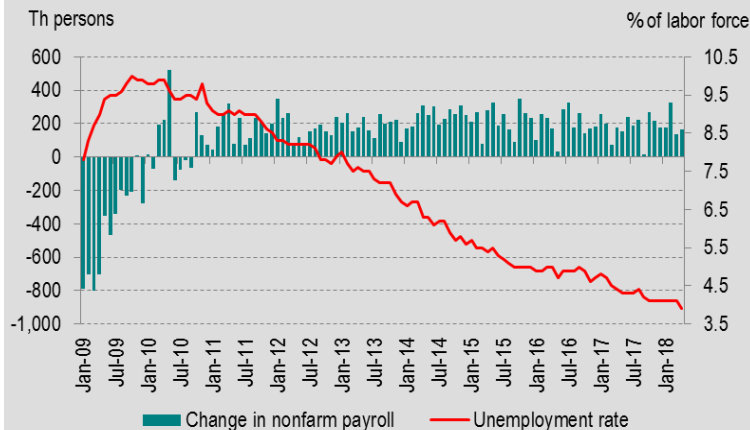
Source: Reuters (ex counter rates); For latest counter rates: www.kasikornbank.co/EN/RatesAndFees/ForeignExchange/Pages/ForeignExchange.aspx

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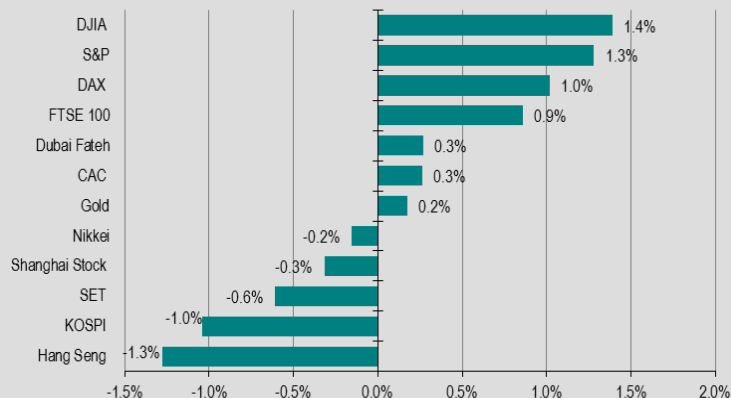
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Macro & Fixed Income Market

US labor market data



Daily performance



Macro update:

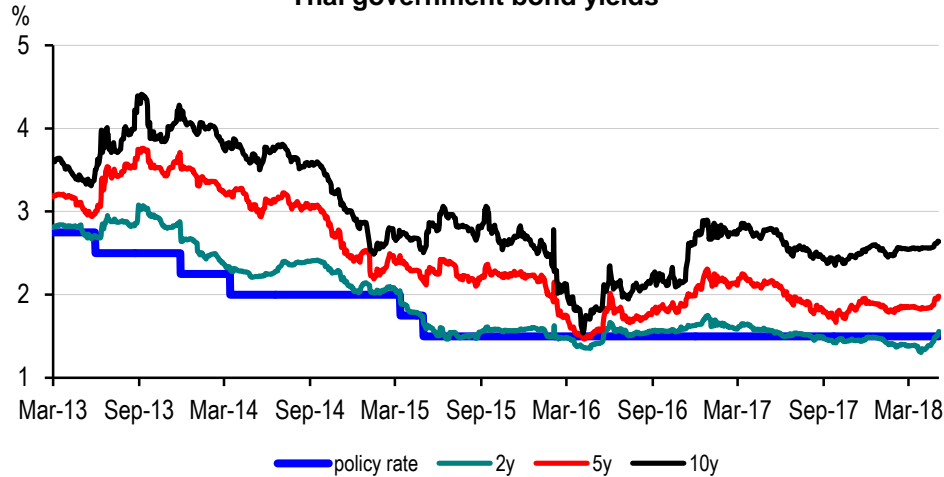
- US nonfarm payrolls increased by 164K in April.** According to the Bureau of Labor statistics, the labor market added more jobs in April as the nonfarm payrolls rose by 164K, higher than the previous reading of 135K but weaker than the market expectation of 193K. The increase in non-farm payrolls mainly attributed to increase in employment in construction, and professional and business services. Moreover, unemployment rate dropped to the lowest level since 2000 at 3.9%. Despite of a tight labor market, average hourly earning saw an increase of only 0.1%MoM (2.6%YoY), lower than the previous rate in February of 0.3%MoM (2.7%YoY).
- Eurozone retail sales grew at a slower pace in March.** Based on the Eurostat, the growth of retail sales came in at 0.8%YoY (0.1%MoM), lower than the previous reading of 1.8%YoY (0.3%MoM) and the market estimate of 1.9%YoY (0.5%MoM). Breaking into details, the slowdown was mainly due to the decline in the spending on textiles, clothing and footwear which saw a contraction of 2.9%YoY. On the country level, retail sales fell the most in Germany (-1.3%YoY).
- US-China trade talks ended with inconclusive agreement.** The mostly-watched meeting in Beijing led by the US treasury secretary, Steven Mnuchin, and Chinese vice premier, Liu he, resulted in the two countries agreeing to have more discussions but with no other significant agreements.

Fixed income market:

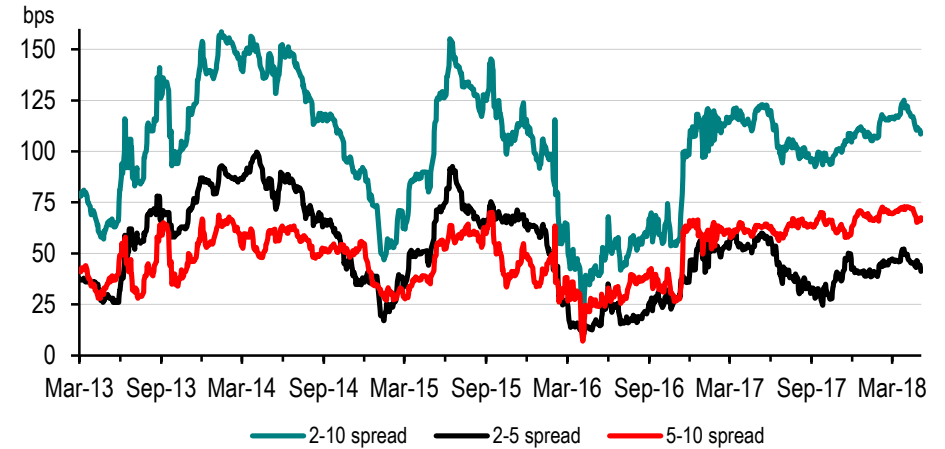
- Thai government bond yield curve was relatively stable.** The 2-yr Thai government bond yield dropped for the first time in almost a month by 1 bp to 1.55%, whereas the 10-yr yield has stayed at 2.64% for 3 working days. This was in line foreign net buy in Thai bond market on Friday at THB 1.64 billion.
- US treasury yields kept.** The 2-yr treasury yield rose by 1 bp to 2.50% while the 10-yr yield stayed at 2.95%. Even though the released non-farm payroll was weaker than market expectation, it was weak enough to change the Fed path of rate hike.

Bond Market Indicators

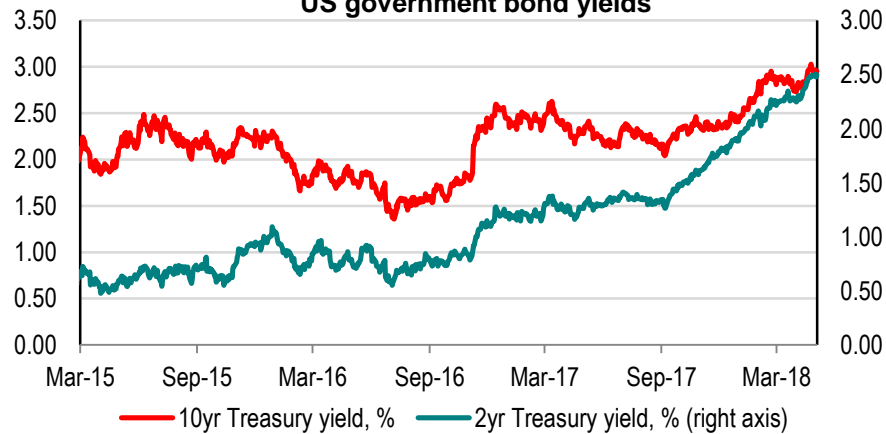
Thai government bond yields



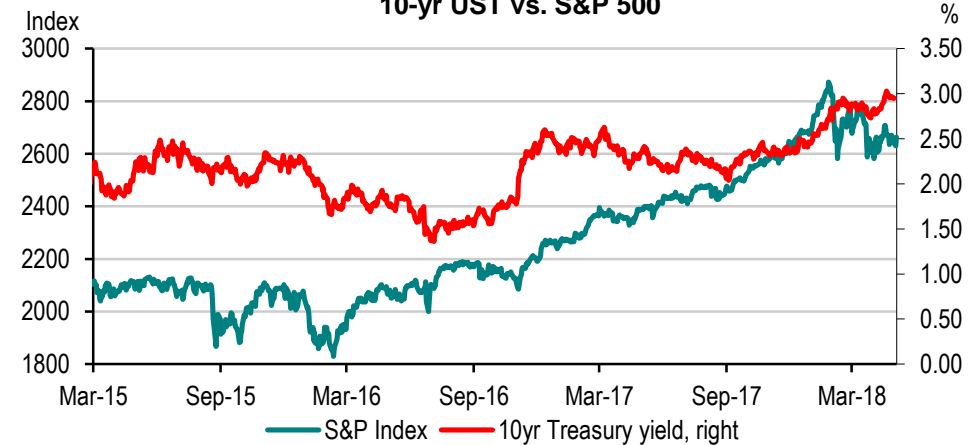
Thai government bond yields spreads



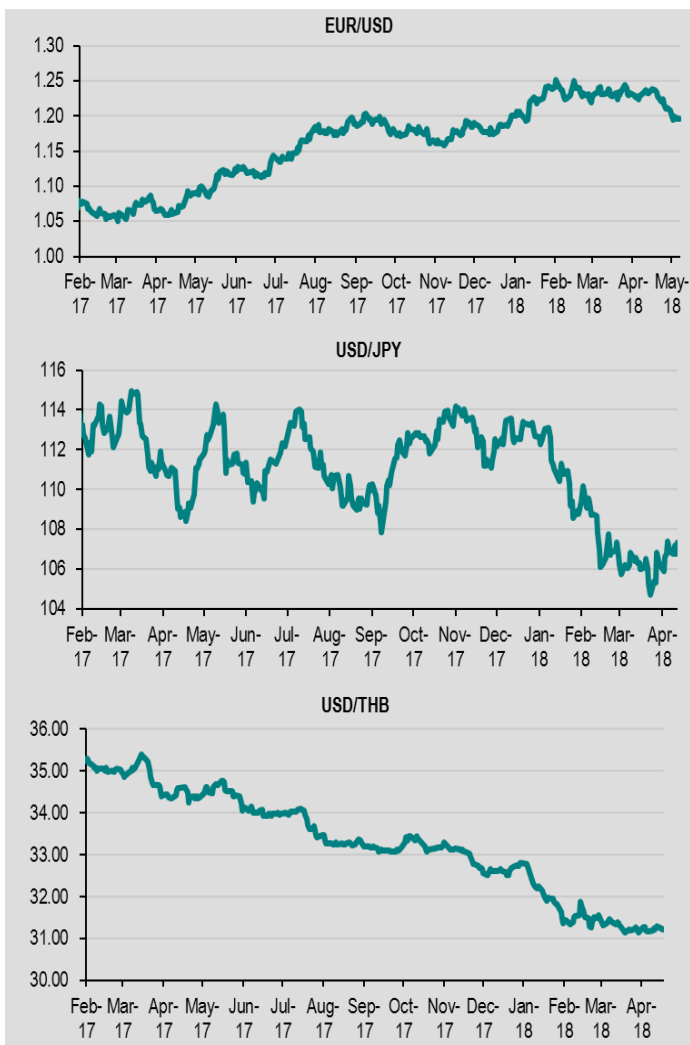
US government bond yields



10-yr UST vs. S&P 500



FX Market



Current trend: The sentiment on US dollar has been more positive on the outlook US economy and the rising interest rate as the 10yr US treasury surpassed 3.0% for the first time in the current interest cycle. However, investors remained cautious on the escalation Trump trade tariff on China in which could weaken the US dollar. Geopolitical risk may have impact on the foreign exchange market volatility throughout the year. On macro fundamental factors, the strong US economic indicators remains support the dollar sentiment. Meanwhile, on the Thai monetary policy front, the BOT stays on pat as domestic demand remains weak, while the high current account surplus will likely slow the rise in the USD/THB.

- **EUR/USD** dropped by 0.23% to 1.1960. The euro slid at a back of weak economic data. The final PMI was revised lower than the flash estimate, and the growth of Eurozone retail sales also missed a market expectation. The strong US labor market data reflected by a lower unemployment wage also supported the dollar sentiment.
- **USD/JPY** moved down slightly by 0.06% to 109.12. The yen barely changed from the day before.
- **GBP/USD** dropped by 0.32% to 1.3531. The pound continued to depreciate and ended the worst performers amongst the major currencies. Investors continued to factor in that the BOE might keep the policy rate on hold in the meeting this Thursday.
- **Most Asian currencies** weakened against the dollar. The Philippines peso edged slightly stronger on an opposite direction to other regional currencies on the expectation about the possibility that the BSP could increase policy rate in the meeting on Thursday.
- **USD/CNY** rose by 0.14% to 6.363. The trade talk between the China and US economic team in Beijing ended without conclusion and decision from the talk required more time.
- **USD/THB** rose by 0.37% to 31.76. The Thai baht depreciated against the dollar, underperforming regional currencies.

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Currency Movement

	Morning Spot	Closing rates		Daily % Change	Consensus forecast	
		4-May-18	3-May-18		2Q2018	3Q2018
USD/THB**	31.76	31.76	31.65	0.37	31.20	31.60
USD/JPY	108.98	109.12	109.19	-0.06	108.00	108.00
EUR/USD	1.1964	1.1960	1.1988	-0.23	1.22	1.24
GBP/USD	1.3540	1.3531	1.3575	-0.32	1.40	1.41
USD/CNY	6.363	6.363	6.354	0.14	6.350	6.360
USD/SGD	1.3327	1.3341	1.3308	0.25	1.3000	1.3000
USD/IDR	13,940	13,940	13,938	0.01	13,700	13,638
USD/MYR	3.94	3.94	3.93	0.17	3.89	3.85
USD/PHP	51.67	51.67	51.70	-0.06	52.25	52.25
USD/KRW	1,077	1,077	1,076	0.08	1,068	1,058
USD/NTD	29.71	29.71	29.74	-0.08	29.25	29.20
AUD/USD	0.753	0.75	0.753	0.09	0.77	0.77
USD/CHF	1.00	1.00	1.00	0.25	0.97	0.96
JPY/THB	29.15	29.11	28.98	0.43	29.26	29.26
EUR/THB	38.00	37.99	37.94	0.13	39.18	39.18
GBP/THB	43.01	42.98	42.96	0.04	44.56	44.56
CNY/THB	4.99	4.99	4.98	0.22	4.97	4.97
Source: Bloomberg and KBank**						

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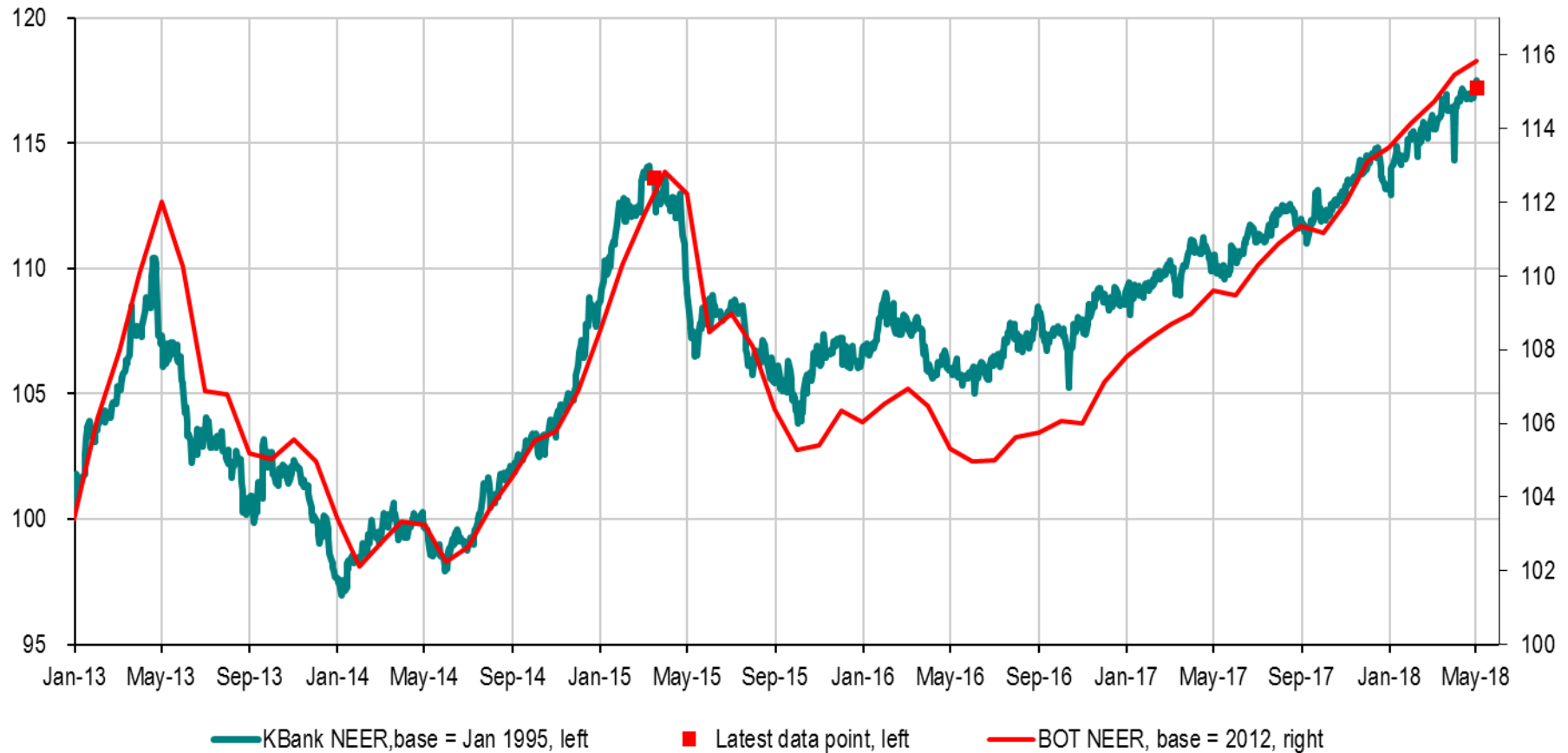
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KBank THB NEER index



Source: BOT and KBank calculation as of 3 May, 2018

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Non-Resident Inflows

FOREIGN ACTIVITY IN THAI FIXED INCOME MARKETS

Unit: THB mn

	27/04/2018	30/04/2018	02/05/2018	03/05/2018	04/05/2018	change D/D	change W/W
Trading Transaction: Evening (T-1): Buy (Thailand)	403.5	691.8	1,551.7	1,505.4	1,590.8		
Trading Transaction: Evening (T-1): Sell (Thailand)	2,360.0	1,141.5	1,926.9	2,435.3	1,017.2		
Trading Transaction: Evening (T-1): Net (Thailand)	-1,956.5	-449.7	-375.2	-930.0	573.6		
Trading Transaction: Morning (T): Buy (Thailand)	0.0	3,512.5	96.1	335.1	3,387.9		
Trading Transaction: Morning (T): Sell (Thailand)	540.5	1,019.2	1,274.3	5,171.3	1,543.8		
Trading Transaction: Morning (T): Net (Thailand)	-540.5	2,493.3	-1,178.2	-4,836.3	1,844.2		
Trading Transaction: Afternoon (T): Buy (Thailand)	844.4	637.8	95.6	31.1	2,540.6		
Trading Transaction: Afternoon (T): Sell (Thailand)	1,730.8	1,566.7	3,432.6	3,623.5	3,318.3		
Trading Transaction: Afternoon (T): Net (Thailand)	-886.4	-928.9	-3,337.0	-3,592.4	-777.7		
Total Net Trade: Short-Term (TTM <= 1Y) (Thailand)	-1,021.7	2,222.0	-1,262.5	-8,198.7	298.7		
Total Net Trade: Long-Term (TTM > 1Y) (Thailand)	-2,361.7	-1,107.3	-3,627.8	-1,159.9	1,341.3		
Total Net Trade: Total (Thailand)	-3,383.5	1,114.7	-4,890.4	-9,358.6	1,640.0		
Expired Bond (T) (Thailand)	0.0	0.0	0.0	1,357.0	0.0		
Net Flow (Thailand)	-3,383.5	1,114.7	-4,890.4	-10,715.6	1,640.0		
Short-Term Holding (T) (Thailand)	123,383.9	125,627.2	124,358.2	114,975.6	115,270.6	295.0	-8,113.2
Long-Term Holding (T) (Thailand)	718,760.4	717,680.6	714,179.0	713,004.2	714,413.0	1,408.8	-4,347.4
Total Holding (Thailand)	842,144.4	843,307.8	838,537.3	827,979.8	829,683.6	1,703.8	-12,460.8
Expired Bond on Next Day (T+1) (Thailand)	0.0	0.0	1,357.0	0.0	0.0		

Source: CEIC and KBank

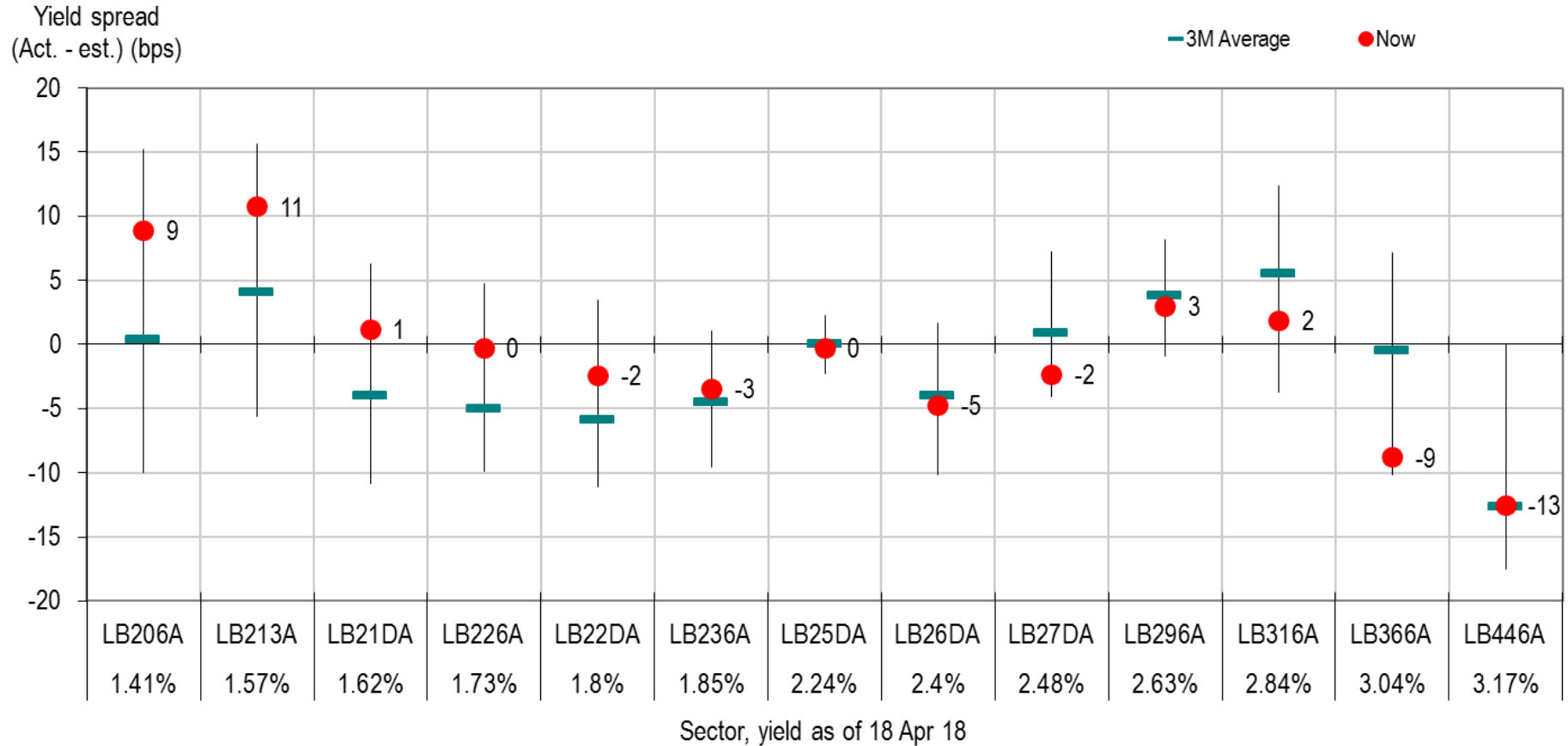
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Mid April to May is dividend season

company	amount, THB mn	payment date	company	amount, THB mn	payment date
1 ADVANCED INFO SERVICE PCL	7,856	26-Apr-18	26 BANGKOK DUSIT MED SERVICE	864	26-Apr-18
2 SIAM CEMENT PCL/THE	5,144	20-Apr-18	27 IRPC PCL	808	19-Apr-18
3 SIAM COMMERCIAL BANK PUB CO	5,120	03-May-18	28 BANK OF AYUDHYA PCL	736	21-May-18
4 KASIKORNBANK PCL	4,689	30-Apr-18	29 THANACHART CAPITAL PCL	734	17-May-18
5 INTOUCH HOLDINGS PCL	4,328	27-Apr-18	30 MINOR INTERNATIONAL PCL	662	27-Apr-18
6 INDORAMA VENTURES PCL	3,919	25-May-18	31 ELECTRICITY GENERATING PCL	636	27-Apr-18
7 CP ALL PCL	3,734	18-May-18	32 SANSIRI PUBLIC CO LTD	538	11-May-18
8 PTT PCL	3,643	27-Apr-18	33 TIPCO ASPHALT PUB CO LTD	492	25-Apr-18
9 BANGKOK BANK PUBLIC CO LTD	3,102	11-May-18	34 HOME PRODUCT CENTER PCL	475	08-May-18
10 GLOW ENERGY PCL	2,686	22-May-18	35 BANPU PUBLIC CO LTD	474	30-Apr-18
11 DELTA ELECTRONICS THAI PCL	2,366	11-Apr-18	36 BANGCHAK CORP PCL	471	07-May-18
12 LAND & HOUSES PUB CO LTD	2,309	22-May-18	37 MAJOR CINEPLEX GROUP PCL	460	03-May-18
13 THAI OIL PCL	2,236	27-Apr-18	38 TICON INDUSTRIAL CONNECTION	441	12-Apr-18
14 PTT EXPLOR & PROD PUBLIC CO	2,187	12-Apr-18	39 TRUE CORP PCL	440	25-May-18
15 CENTRAL PATTANA PUB CO LTD	1,703	16-May-18	40 BUMRUNGRAD HOSPITAL PCL	415	08-May-18
16 CHAROEN POKPHAND FOODS PUB	1,604	23-May-18	41 LH FINANCIAL GROUP PCL	402	18-May-18
17 PTT GLOBAL CHEMICAL PCL	1,501	24-Apr-18	42 CAL-COMP ELECTRONICS THAILAN	389	18-May-18
18 STAR PETROLEUM REFINING PCL	1,464	03-May-18	43 BERLI JUCKER PUBLIC CO LTD	369	25-May-18
19 TISCO FINANCIAL GROUP PCL	1,197	18-May-18	44 MAYBANK KIM ENG SECURITIES T	314	18-Apr-18
20 KIATNAKIN BANK PCL	1,187	21-May-18	45 RATCHABURI ELEC GEN HODG PUB	314	20-Apr-18
21 THAI UNION GROUP PCL	1,054	23-Apr-18	46 QUALITY HOUSES PUB CO LTD	303	15-May-18
22 SIAM CITY CEMENT PUB CO LTD	1,021	27-Apr-18	47 JASMINE INTL PUBLIC CO LTD	300	28-May-18
23 HANA MICROELECTRONICS PCL	986	11-May-18	48 BEAUTY COMMUNITY PCL	278	18-May-18
24 TMB BANK PCL	898	09-May-18	49 AP THAILAND PCL	273	24-May-18
25 THAI CENTRAL CHEMICAL PUB CO	865	26-Apr-18	50 OTHERS	8,611	
			EST. TOTAL	86,997	

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Rich / cheap model



Source: KBank

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Fixed Income Auctions for MAY 2018

Unit: million baht					
Monday	Tuesday	Wednesday	Thursday	Friday	Total
	1	2	3	4 CB18522A : 20,000	20,000
7	8 CB18809B : 30,000 CB19314A : 50,000 CB18N08A : 30,000	9 LB326A : 15,000	10	11	125,000
14	15 CB18816B : 35,000 CB18N15A : 35,000	16 LB26DA : 14,000	17 BOT205A : 40,000	18	124,000
21	22 CB18823B : 35,000 CB18N22A : 35,000	23 LB26DA : 15,000	24 BOT213A : 50,000	25	135,000
28 CB18830B : 35,000 CB18N29A : 35,000	29	30	31		70,000
Total					474,000

Source: PDMO and BOT; Note: may be subject to changes.

TFRS 9 to become effective on 1 January 2019

Financial Instruments Accounting Roadmap in Thailand



ชื่อย่อ	ชื่อมาตรฐาน/การตีความ	วันที่เผยแพร่	มีผลบังคับใช้	สถานะ
ร่าง TFRS 9	เครื่องมือทางการเงิน	19 ธ.ค. 2559	1 ม.ค. 2562	รอวันประกาศใช้
ร่าง TFRS 7	การเปิดเผยข้อมูลสำหรับเครื่องมือทางการเงิน	20 ธ.ค. 2559	1 ม.ค. 2562	รอวันประกาศใช้
ร่าง TAS 32	การแสดงรายการสำหรับเครื่องมือทางการเงิน	9 .ค. 2559	1 ม.ค. 2562	รอวันประกาศใช้
ร่าง TFRS 16	การป้องกันความเสี่ยงของเงินลงทุนสุทธิในหน่วยงานต่างประเทศ	26 ธ.ค. 2560	1 ม.ค. 2562	รอวันประกาศใช้
ร่าง TFRIC 19	การชำระหนี้สินทางการเงินด้วยตราสารทุน	26 ธ.ค. 2560	1 ม.ค. 2562	รอวันประกาศใช้

Source: fap.or.th

TFRS 9 in 2019

- Thailand Federations of Accounting Professions plans to implement Thai Financial Reporting Standard 9: *Financial Instruments* (“TFRS 9”) on 1 January 2019 which will impact Public Accountable Entities (e.g. listed company, Bond issuers, insurance companies, cooperative, etc.)
- Among other requirements, TFRS 9 requires derivatives to be marked to market with changes in fair value recognized in profit and loss. This will result in volatilities in profit and loss and financial ratios of the Company.
- Hedge accounting can be adopted to minimize profit and loss volatilities. However, the process can be complicated and not all derivatives, such as short option, would qualify for hedge accounting under TFRS 9.
- In addition, TFRS 16 (leases) will be effective in 2020, which requires operating leases to be recorded on balance as liabilities.
- Companies should consult their external auditors on TFRS 9 and TFRS 16 impacts.**
- For further information, refer to www.fap.or.th



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