

BoT to Stay on Hold Wednesday

- The BoT is expected to hold its policy rate steady at a record low of 0.50% on Wednesday afternoon
- In the months ahead, Thailand's export-oriented economy will further benefit from the stimulus-boosted imports of the US and improving external demand, while a third wave of Covid-19 infections will be finally contained with the mass inoculations set to begin in June
- The world's Covid-19 vaccine rollout could fuel market optimism of a faster global economic recovery, helping revive Thailand's stricken tourist industry
- We would like to sell TWD/THB cross now

Asia Overview - EM Asian currencies were mixed versus the dollar on Monday. The SGD and JPY gained 0.1% and 0.2% respectively amid a 3 bp drop in the 10Y UST yield.

The CNH edged up, while China's onshore markets are closed on May 1-5 for the Labor Day holiday. USD/CNH will likely head for 6.40 going forward. China's central bank is devising structural monetary policy tools that can provide direct support to the real economy in the pursuit of cutting carbon emissions. The KRW tumbled 1.0%. However, USD/KRW will likely resume its bearish momentum after the corrections. The TWD declined 0.1%. USD/TWD will likely consolidate around the 28.0 level with downside potential. The CBC sold TWD 170bn of 364-day NCDs at an average rate of 0.184% on Monday, up from 0.178% at the last auction on April 1.

The INR gained 0.2%. USD/INR will likely head for 73.5 after consolidating around the 74.0 level. The EU and India plan to revive long-stalled talks on a comprehensive trade deal. India will sell INR 320bn of government bonds in the May 7 auction. India's trade deficit widened to USD 15.2bn in April as the value of imports far exceeded that of exports. The IDR edged down. USD/IDR will likely trade around the 14,500 level. Indonesia's inflation rose to 1.42% yoy in April from 1.37% the month before, compared to market estimate of 1.50%. Total outstanding loans restructured due to Covid-19 impact continued to decline in the first three months of the year, according to the Indonesian Financial Services Authority. The MYR dropped 0.4%. USD/MYR will likely trade towards 4.05 after fluctuating around the 4.10 level. Malaysia and Singapore announced that travel on compassionate grounds between the two nations will be allowed from May 17. The PHP rose around 0.2%. USD/PHP is likely to fluctuate around the 48.0 level at this stage. Philippine government outstanding debt rose to PHP 10.77tn in March from PHP 10.41tn a month earlier. The Philippine government is considering a PHP 24bn wage subsidy plan that could help pandemic-hit companies retain as many as one million workers. Thailand's onshore markets will reopen Wednesday after a public holiday.

Most regional equity indices resided in the red on Monday. India's NIFTY50 index edged up, while South Korea's KOSPI index dropped 0.66% with foreign investors offloading a net USD 557.9mn of Korean shares. In the meantime, Taiwan's TWSE index fell 1.96% as global funds reduced their holdings in local main board shares by USD 292.2mn on Monday. Malaysia's KLCI index and Indonesia's JCI index closed down 0.68% and 0.72% respectively.

Thailand • The BoT is expected to hold its policy rate steady at a record low of 0.50% on Wednesday afternoon. Thailand's CPI inflation will jump in the month of April and May on the base effect before easing again from June onwards.

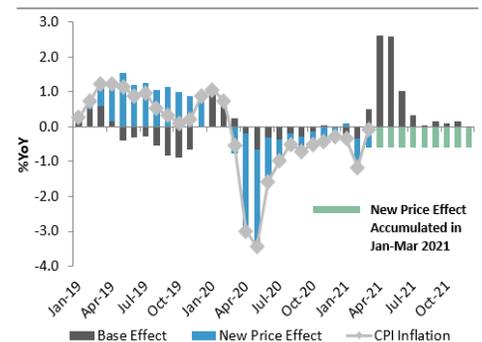
At this stage, fiscal stimulus and containing the coronavirus pandemic may be more effective than monetary policy to boost and sustain Thailand's economic recovery.

The Thai government is considering new relief packages for both individuals and businesses as a part of a new economic stimulus package. Last Thursday, the finance ministry lowered its 2021 GDP growth forecast to 2.3% from 2.8% estimated in January.

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Thailand CPI Inflation



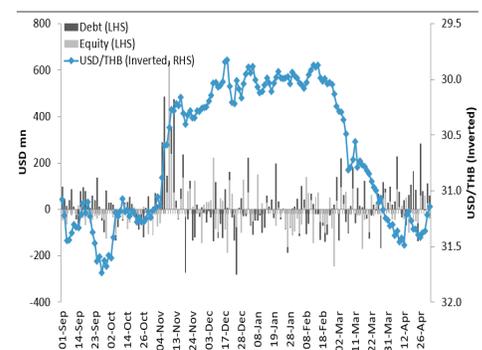
Source: Bloomberg & Scotiabank FICC Strategy

USD/THB vs. SET Share Index (Inverted) and DXY Index



Source: Bloomberg & Scotiabank FICC Strategy

USD/THB vs. Thailand's Cross-border Flows



Source: Bloomberg & Scotiabank FICC Strategy

Thailand has increased a mandatory quarantine period for all arrivals to two weeks starting May 1, with a mask mandate, a ban on large gatherings and a shutdown of bars enforced nationwide. Effective April 1, the nation had reduced the timeframe to seven days for vaccinated tourists and ten days for most others in a bid to boost its tourism sector. However, the government's plan to reopen Phuket to vaccinated visitors in July is still on track.

In the months ahead, Thailand's export-oriented economy will further benefit from the stimulus-boosted imports of the US and improving external demand, while the third wave of Covid-19 infections will be finally contained with the mass inoculations set to begin in June. According to Bloomberg, Prime Minister Prayut Chan-o-cha held a meeting with private-sector representatives on April 28 to discuss accelerating vaccinations, with a target of reaching 100mn doses (covering 70% of the population) by the end of this year. The country has confirmed orders of 63 million doses and will need 37 million more.

The Biden administration said on Monday that it will support Pfizer Inc.'s move to begin exporting US-made doses of its coronavirus vaccine. The world's Covid-19 vaccine rollout is expected to fuel market optimism of a faster global economic recovery, helping revive Thailand's stricken tourist industry.

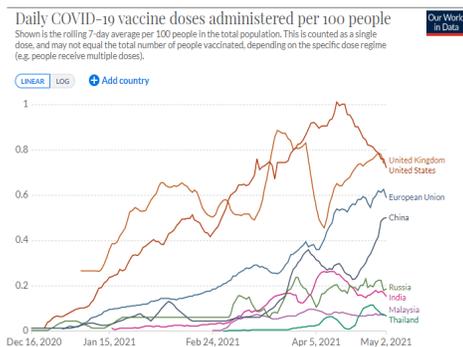
In the meanwhile, the Fed will maintain its accommodative stance ahead of the June 15-16 FOMC meeting, although Dallas Fed President Robert Kaplan on Friday called for beginning discussions on tapering the Fed's USD 120bn of monthly bond purchases, while warning of excesses and imbalances in financial markets.

- Fed Chairman Jerome Powell said on Monday that the economic outlook for the US economy is making real progress, but it is too early to suggest that the recovery is complete. He added "we are not out of the woods yet."
- New York Fed President John Williams said on Monday that "the data and conditions we are seeing now are not nearly enough for the FOMC to shift its monetary policy stance."
- Richmond Fed President Thomas Barkin said on Monday that he believes the US economy is still short of meeting the bar the central bank has set for considering any reduction in its bond-buying program.

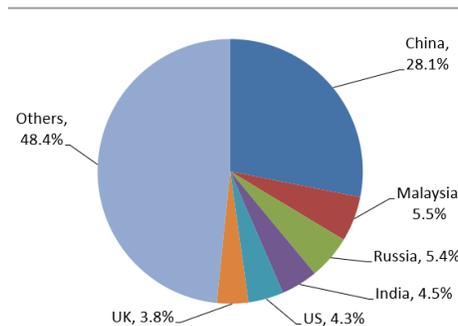
The Institute for Supply Management (ISM) said its index of national factory activity fell to a reading of 60.7 in April after surging to 64.7 in March that was the highest level since December 1983. For now, slightly weak US data are good news for risk-taking in our view.

USD/THB will likely trade lower towards the 31.0 level in the near term. We would like to sell TWD/THB cross at 1.12 now with a target of 1.10 and a stop of 1.13, expecting the THB to advance with the government's efforts to speed up the vaccination rollout.

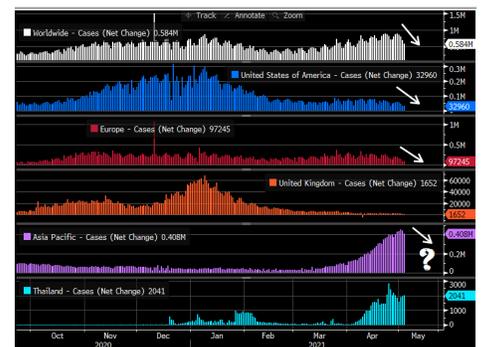
Daily Covid-19 Vaccine Doses Administered Per 100 People



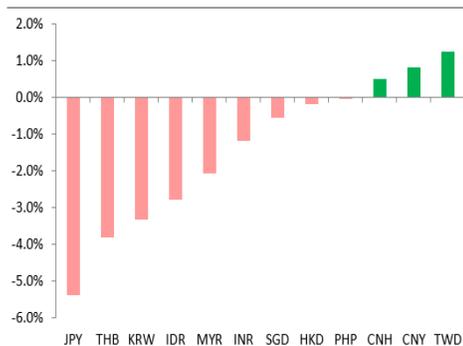
Thailand Tourism Receipts by Nationality in 2019



Global Covid-19 Situation (Daily New Infections)



EM Asian Currency Performance vs. USD (% YTD)



USD/THB Spot



TWD/THB Cross



TODAY'S CALENDAR

Time (HKT)	Economy	Type	Release	Period	Consensus	Actual	Last	Significance
07:00	KR	INFL	CPI MoM	Apr	0.0%	0.2%	0.1%	med-high
07:00	KR	INFL	CPI YoY	Apr	2.1%	2.3%	1.5%	med-high
07:00	KR	INFL	CPI Core YoY	Apr	1.2%	1.4%	1.0%	med-high
09:30	AU	TRADE	Trade Balance, AUD	Mar	8,200mn		7,529mn	med-high
09:30	AU	TRADE	Exports MoM	Mar	4%		-1%	med-high
09:30	AU	TRADE	Imports MoM	Mar	8%		5%	med-high
09:30	AU	CREDIT	Home Loans Value MoM	Mar			-0.4%	med-high
12:30	AU	RBA	RBA Cash Rate Target	May 4	0.10%		0.10%	high
12:30	AU	RBA	RBA 3-Year ACGB Yield Target	May 4	0.10%		0.10%	high
16:30	HK	DATA	Retail Sales Value YoY	Mar	34.0%		30.0%	med
16:30	HK	DATA	Retail Sales Volume YoY	Mar	33.3%		31.7%	med

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