

Three-child policy: China lifts cap on births in major policy shift

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Married Chinese couples may have up to three children, China announced on Monday, in a major shift from the existing limit of two after recent data showed a dramatic decline in births in the world's most populous country. Beijing scrapped its decades-old one-child policy in 2016, replacing it with a two-child limit to try and stave off risks to its economy from a rapidly aging population. But that failed to result in a sustained surge in births given the high cost of raising children in Chinese cities. The policy change will come with "supportive measures, which will be conducive to improving our country's population structure, fulfilling the country's strategy of actively coping with an ageing population. Among those measures, China will lower educational costs for families, step up tax and housing support, guarantee the legal interests of working women and clamp down on "sky-high" dowries.

German inflation pushes further above ECB target in May

Germany's annual consumer price inflation accelerated in May, advancing further above the European Central Bank's target of close to but below 2%, the Federal Statistics Office said on Monday. Consumer prices rose by 2.4% in May, up from 2.1% in April. The ECB's chief economist, Philip Lane, said earlier this month the bank had a "lot of work to do" to raise inflation back to its 2% goal and market talk of rapidly rising prices is misplaced. Lane pushed back on this narrative, arguing that the labour market will take years to get back to its pre-crisis level, corporate balance sheets are depleted and the economic rebound is still predicated on copious central bank and government support.

Exclusive-G7 to back minimum global corporate tax and support economy

Finance ministers from the group of seven rich nations (G7) will vow this week to support their economies as they emerge from the pandemic and reach an "ambitious" deal on a minimum global corporate tax in July, a draft communique showed. G7 officials, set to meet in London on June 4-5, will also say that once the recovery is well established, they will need to "ensure long-term sustainability of public finances", which is understood to be code for a gradual withdrawal of stimulus. To help alleviate the strain on public finances, the draft said the G7 strongly supported the efforts of the Organisation for Economic Cooperation and Development (OECD) to set a global minimum corporate tax level that would ensure large multinationals paid their fair share of taxes. Such a tax would aim to solve the problem of large companies that generate huge revenues but pay very little tax because they set up offices for tax purposes in low-tax jurisdictions.

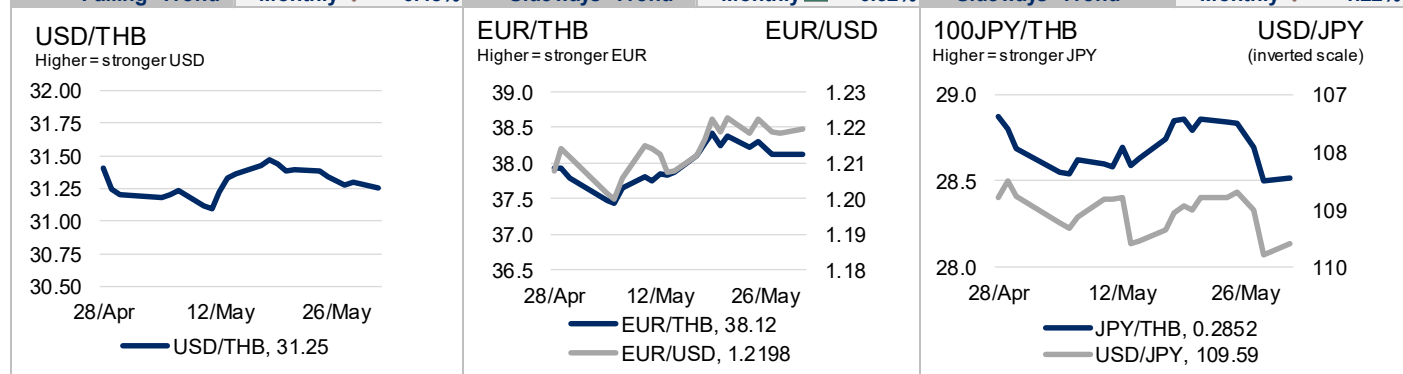
Dollar in doldrums as traders ponder Fed policy path; sterling soars

The 10-year government bond yield (interpolated) on the previous trading day was 1.85, +0.00 bps. The benchmark government bond yield (LB31DA, 10.5 years) was 1.84, +0.00 bps. LB31DA could be between 1.81-1.86. Meantime, the latest closed US 10-year bond yields was 1.58%, -3.00bps. USDTHB on the previous trading day closed around 31.23 Moving in a range from 31.15-31.20 this morning. USDTHB could be closed between 31.15-31.22 today. Meantime, The dollar languished near multi-month lows versus major peers on Tuesday as traders pondered the prospects for early policy normalization by the Federal Reserve ahead of a key jobs report at the end of the week.

Sources : Bloomberg, CNBC, Investing, CEIC

SET Index	1,593.6	S&P500	4,204.1	10Y UST	1.58%	Brent	69.6	Gold	1,892.5
31-May	▲ 0.73%	28-May	▲ 0.08%	28-May	▼ -3.0 bps	28-May	▲ 0.24%	28-May	▼ -0.14%

USD/THB	31.25	EUR/THB	38.12	JPY/THB	0.2852
Daily ▼ -0.12%	Weekly ▼ -0.40%	Daily ▼ -0.02%	Weekly ▼ -0.27%	Daily ▲ 0.06%	Weekly ▼ -1.13%
Monthly ▼ -0.48%	Monthly ▲ 0.52%	Monthly ▼ -1.22%			



Sources: ttb analytics, TMB Treasury, CEIC, ThaiBMA, Bloomberg, CNBC, BBC, Reuters, Bangkokbiznews, FX data: BoT's daily closing rates

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Currency Market

Currency	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Dollar Index		90.00	-0.1%	0.2%	-1.0%	89.79	91.33
EUR/USD		1.2198	0.1%	-0.2%	1.0%	1.1999	1.2226
USD/JPY		109.59	-0.2%	0.7%	1.3%	107.71	109.79
USD/CHF		0.8989	0.2%	0.1%	-1.8%	0.8963	0.9167
GBP/USD		1.4197	0.0%	0.2%	2.2%	1.3861	1.4197
USD/CAD		1.2075	-0.1%	0.0%	-2.7%	1.2045	1.2488
AUD/USD		0.7725	-0.2%	-0.4%	-0.8%	0.7718	0.7845
NZD/USD		0.7251	-0.3%	1.0%	0.4%	0.7166	0.7281
ASEAN Dollar		108.47	0.0%	-0.5%	-0.3%	108.10	109.04
USD/THB		31.25	-0.1%	-0.4%	-0.5%	31.10	31.47
USD/SGD		1.3218	-0.1%	-0.7%	-0.3%	1.3218	1.3361
USD/MYR		4.1382	0.0%	-0.1%	1.0%	4.0974	4.1420
USD/IDR		14,288	0.2%	-0.6%	-1.0%	14,154	14,496
USD/PHP		47.72	-0.4%	-0.3%	-1.3%	47.72	48.42
USD/CNY		6.3524	-0.1%	-1.1%	-1.9%	6.3524	6.4823
USD/HKD		7.7557	0.1%	-0.1%	0.0%	7.7503	7.7693

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		0.30	0.00
3-month		1.00	0.00
6-month		2.00	0.00

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		250,677	-976
Gold		14,460	1307
SDR		1,429	2
IMF Reserves		1,279	2
Foreign Ccy		233,510	-2287
Net Fwd Position		31,841	1100

Last update: 21/05/2021

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total	
31/05/2021	1,314	2,534	3,848	
28/05/2021	-1,309	1,211	-98	
27/05/2021	-2,542	-203	-2,745	
25/05/2021	-1,213	1,081	-133	
24/05/2021	-2,013	483	-1,530	
Last 5 days	-5,764	5,106	-658	
	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -33,186	↑ 126	↓ -33,060
QTD	Quarter	↓ -36,545	↑ 33,040	↓ -3,505
YTD	Year	↓ -66,214	↑ 37,053	↓ -29,161

Money Market

THB BIBOR	1M Hist	Last	1M Range		THBFI X	1M Hist	Last	1M Range		USD LIBOR	1M Hist	Last	1M Range	
			Min	Max				Min	Max				Min	Max
ON		0.50	0.50	0.50	ON		0.39	0.33	0.54	ON		0.06	0.06	0.07
1W		0.52	0.52	0.52	1W		0.29	0.16	0.47	1W		0.06	0.06	0.09
1M		0.55	0.55	0.55	1M		0.28	0.15	0.40	1M		0.09	0.09	0.11
2M		0.58	0.58	0.58	2M		0.32	0.22	0.41	2M		0.12	0.12	0.15
3M		0.62	0.62	0.63	3M		0.36	0.28	0.42	3M		0.14	0.14	0.19
6M		0.73	0.73	0.73	6M		0.37	0.30	0.41	6M		0.18	0.18	0.22
12M		0.95	0.95	0.95	12M		0.45	0.38	0.50	12M		0.26	0.26	0.29

Last Updated: 23/02/2021

Last Updated: 24/05/2021

Note: D=d=day; M=month; Y=year; %chg = percentage change; chg = change; USTH FX Sp = USD/THB FX Swap point; \$mn=million US dollar; THB.mn= Thai baht million; Hist=history; THB implied = Thai baht rate that are calculated by FX forward rate; ASEAN Index = value average ASEAN FX Jan2008=100

Fixed Income	1M History	YTM (%)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		1.5800	-3.00	-5.00	-7.00	1.56	1.69
Gilt 10y		0.8509	-3.84	-9.09	0.59	0.82	1.00
Bund 10y		-0.1700	3.00	-7.00	5.00	-0.26	-0.09
JGB 10y		0.0840	-0.50	0.10	0.90	0.07	0.10
TGB 1y		0.4609	-0.10	0.32	1.19	0.44	0.46
TGB 2y		0.5295	-0.06	-0.30	-0.74	0.48	0.54
TGB 5y		1.0726	0.90	0.71	-0.60	1.00	1.10
TGB 7y		1.4523	0.32	0.44	1.27	1.37	1.50
TGB 10y		1.8467	-0.22	-1.00	0.39	1.75	1.88
AAA Spread		70.11	0.36	-4.21	-8.35	69.75	81.68
AA Spread		71.70	0.04	0.27	-3.47	71.37	75.90
A Spread		183.88	0.02	3.68	12.80	171.05	187.74
BBB Spread		0.00	0.00	0.00	0.00	0.00	0.00

Note: UST = US Treasury; Gilt = UK Government Bond; JGB = Japanese Government bond; Bund = German Government Bond; TGB = Thai government Bond; tenors of the bonds are put after their name; bps=basis point; Corporate spreads are Thai and reported in basis points over government bond for the tenors 3-5 years.

Commodity Market

Commodity	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Brent Crude		60.75	-1.2%	-5.6%	-0.3%	58.31	67.93
London Gold		1892.5	-0.1%	0.8%	7.3%	1,764.2	1,904.3

Note: Unit of Brent crude oil price is \$/barrel; unit of gold price is \$/ounce

Equity Market

Equity Index	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
S&P500 (US)		4,204.1	0.1%	1.2%	-0.2%	2,467.4	4,232.6
STOXX (EU)		447.4	-0.1%	0.3%	1.2%	328.0	448.0
FTSE All-Share(UK)		3,694.0	-1.0%	-0.7%	2.0%	3,571.2	3,746.8
DAX (DE)		15,520.0	0.7%	1.0%	1.5%	14,856.5	15,520.0
CAC All-Tradable(FR)		4,956.7	-0.5%	0.6%	2.4%	4,823.7	4,982.0
TOPIX (JP)		1,923.0	-1.3%	0.5%	0.3%	1,849.0	1,952.3
Shanghai (CH)		3,789.8	0.4%	3.4%	5.0%	3,583.5	3,789.8
Hang Seng (HK)		29,151.8	0.1%	2.6%	-0.5%	27,718.7	29,303.3
ASX 200 (AU)		7,161.6	-0.2%	1.6%	1.9%	6,931.7	7,179.5
SET (TH)		1,593.6	0.7%	2.7%	2.2%	1,548.1	1,593.6
SET50 (TH)		962.6	0.7%	2.7%	2.0%	929.6	964.6
Straits Times (SG)		3,164.3	-0.4%	1.5%	-1.7%	3,055.0	3,221.6
FTSE Malay (MY)		1,583.6	-0.7%	1.4%	-2.5%	1,562.2	1,623.5
JSX Index (ID)		5,947.5	1.7%	3.0%	-0.3%	5,760.6	6,016.9
PSE Index (PH)		6,628.5	-0.7%	7.5%	2.2%	6,164.9	6,674.5
Vn Index (VN)		1,328.1	0.6%	2.3%	8.0%	1,215.8	1,328.1

Sources: ttb analytics, CEIC

Note: A = actual, P = previous; C = consensus

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