

Rate traders see risk of more than four U.S. Fed hikes this year after hawkish Powell

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Hawkish comments from Federal Reserve Chair Jerome Powell on Wednesday have led short-term interest rate traders to begin pricing for the possibility that the U.S. central bank could raise rates more than four times this year. The Fed signaled it is likely to raise U.S. interest rates in March and reaffirmed plans to end its bond purchases that month as well. Powell also repeatedly emphasized the economy's underlying strength and inflation's persistence, and refused to rule out more aggressive tightening as needed. Fed funds futures traders are now pricing for 4.4 hikes by December, after previously fully pricing for 4 increases. Powell's hawkish bent also sent yields on short-and intermediate-dated Treasuries to two-year highs. Two-year yields rose to 1.16% while five-year yields increased to 1.70%.

Fed says bond maturity runoff will be main tool for shrinking balance sheet

The Federal Reserve said on Wednesday it will rely primarily on letting bond holdings run off the balance sheet as they mature as it grapples with persistent inflation, rather than selling bonds outright, which analysts say reduces the chances of near-term asset sales. Fed officials also said they expect they will begin reducing the central bank's balance sheet after they start raising interest rates. The comments may reduce some market concerns that asset sales by the U.S. central bank could saturate the market and send bond yields sharply higher, at least in the short term. The Fed also said it intends to hold mainly Treasury securities in the longer run, that could mean that the Fed lets its holdings of MBS run off at a faster pace than Treasuries.

China's Dec industrial profits grow at slowest pace since April 2020

Profits at China's industrial firms grew at a slower pace in December, as factory-gate inflation continued to ease, pointing to cooling demand amid mounting economic challenges. Profits rose 4.2% year-on-year, the slowest rate since April 2020, compared with a 9% gain in November. For 2021, industrial firms' profits rose by a whopping 34.3% year-on-year to 8.7 trillion yuan, the National Bureau of Statistics said. "In 2021, the profits of industrial enterprises achieved relatively fast growth, with corporate efficiency steadily improving," Zhu Hong, a senior NBS statistician said. "However, we must acknowledge that growth rates dropped significantly in November and December and that downstream firms, especially small firms," Zhu said.

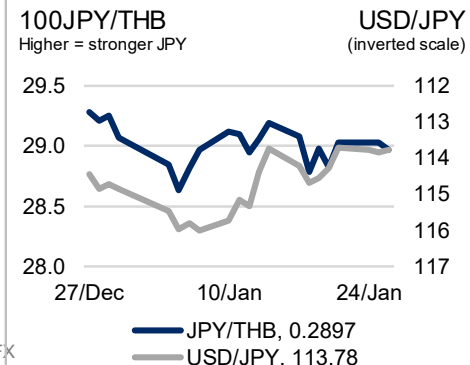
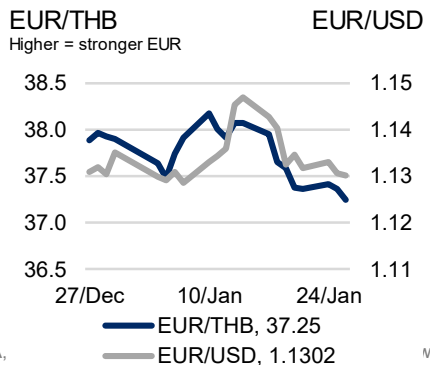
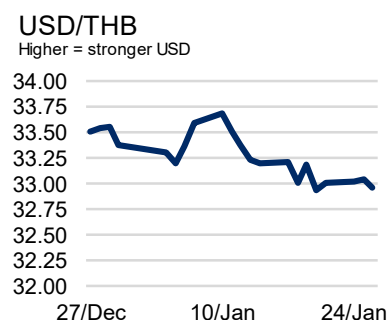
Dollar climbs as Fed flags hikes

The 10-year government bond yield (interpolated) on the previous trading day was 2.14, +0.00 bps. The benchmark government bond yield (LB31DA) was 2.12, -1.00 bps. LB31DA could be between 2.10-2.16. Meantime, the latest closed US 10-year bond yields was 1.85%, +7.00bps. USDTHB on the previous trading day closed around 32.95 Moving in a range from 33.07-33.22 this morning. USDTHB could be closed between 33.12-33.22 today. Meantime, The dollar hit multi-week highs against other major currencies on Thursday, bolstered after Federal Reserve chair Jerome Powell primed investors for U.S. rate hikes beginning in March.

Sources : Bloomberg, CNBC, Investing, CEIC

SET Index 1,643.4	S&P500 4,349.9	10Y UST 1.85%	Brent 88.2	Gold 1,845.2
26-Jan ▲ 0.27%	26-Jan ▼ -0.15%	26-Jan ▲ 7.0 bps	25-Jan ▲ 2.21%	26-Jan ▲ 0.52%

USD/THB 32.96	Daily ▼ -0.25%	EUR/THB 37.25	Daily ▼ -0.28%	JPY/THB 0.2897	Daily ▼ -0.19%
Sideways Trend	Weekly ▲ 0.06%	Falling Trend	Weekly ▼ -0.34%	Sideways Trend	Weekly ▲ 0.50%
	Monthly ▼ -1.65%		Monthly ▼ -1.71%		Monthly ▼ -1.08%



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Currency Market

Currency	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Dollar Index		95.97	-0.1%	0.3%	-0.1%	94.73	96.62
EUR/USD		1.1302	0.0%	-0.2%	-0.2%	1.1265	1.1469
USD/JPY		113.78	-0.1%	-0.7%	-0.4%	113.73	115.99
USD/CHF		0.9183	0.2%	0.2%	0.0%	0.9103	0.9258
GBP/USD		1.3510	0.3%	-0.7%	0.8%	1.3248	1.3723
USD/CAD		1.2619	-0.3%	0.9%	-1.6%	1.2496	1.2932
AUD/USD		0.7157	0.3%	-0.4%	-1.1%	0.7132	0.7287
NZD/USD		0.6683	0.1%	-1.4%	-2.0%	0.6679	0.6861
ASEAN Dollar		105.74	-0.1%	-0.4%	-0.3%	105.74	106.82
USD/THB		32.96	-0.3%	-0.7%	-1.7%	32.94	33.77
USD/SGD		1.3433	-0.1%	-0.5%	-1.0%	1.3433	1.3657
USD/MYR		4.1881	0.0%	-0.1%	-0.2%	4.1654	4.2113
USD/IDR		14,306	-0.2%	-0.2%	0.8%	14,189	14,388
USD/PHP		51.23	-0.3%	-0.4%	2.5%	50.00	51.48
USD/CNY		6.3171	-0.2%	-0.4%	-0.7%	6.3171	6.3832
USD/HKD		7.7814	-0.1%	-0.1%	-0.1%	7.7696	7.8120

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		0.15	0.15
3-month		0.70	-0.05
6-month		1.50	-0.20

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		245,691	1360
Gold		14,265	168
SDR		5,721	19
IMF Reserves		1,244	4
Foreign Ccy		224,461	1169
Net Fwd Position		32,370	-610

Last update: 14/01/2022

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
26/01/2022	519	4,810	5,330
25/01/2022	3,421	6,496	9,917
24/01/2022	2,206	983	3,188
21/01/2022	1,294	2,687	3,981
20/01/2022	-2,564	3,796	1,232
Last 5 days	4,876	18,772	23,649
Period-to-date	Equity	Bond	Total
MTD	Month ↑ 15,464	↑ 89,644	↑ 105,108
QTD	Quarter ↑ 15,464	↑ 89,644	↑ 105,108
YTD	Year ↑ 15,464	↑ 89,644	↑ 105,108

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		0.08	0.06	0.08
1W		0.52	0.52	0.52	1W		0.29	0.16	0.47	1W		0.00	0.07	0.08
1M		0.55	0.55	0.55	1M		0.28	0.15	0.40	1M		0.11	0.10	0.11
2M		0.58	0.58	0.58	2M		0.32	0.22	0.41	2M		0.00	0.14	0.16
3M		0.62	0.62	0.62	3M		0.36	0.28	0.42	3M		0.26	0.21	0.26
6M		0.73	0.73	0.73	6M		0.37	0.30	0.41	6M		0.45	0.29	0.45
12M		0.95	0.95	0.95	12M		0.45	0.38	0.50	12M		0.80	0.50	0.80

Last Updated: 23/02/2021

Last Updated: 19/01/2022

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		1.8500	7.00		2.00		37.00		1.46	1.87
Gilt 10y		1.1369	-4.42		-5.83		25.22		0.78	1.28
Bund 10y		-0.0800	1.00		-7.00		19.00		-0.35	0.01
JGB 10y		0.1410	0.00		0.20		6.30		0.07	0.15
TGB 1y		0.5072	-0.01		-0.08		-0.95		0.51	0.52
TGB 2y		0.6860	0.11		-1.36		2.39		0.65	0.70
TGB 5y		1.4444	0.51		-6.70		19.13		1.25	1.51
TGB 7y		1.8282	0.10		-10.08		20.93		1.59	1.93
TGB 10y		2.1454	0.43		-7.72		20.59		1.89	2.22
AAA Spread		68.27	0.79		2.06		-3.68		65.90	72.42
AA Spread		81.19	0.27		-0.05		-0.85		80.92	83.77
A Spread		137.12	0.07		0.10		-3.69		135.46	140.88
BBB Spread		361.36	0.01		0.16		-0.51		361.20	361.99

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		1845.2	0.5%		1.5%		2.2%		1,786.1	1,845.2

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)		4,349.9	-0.1%		-4.0%		-9.1%		2,467.4	4,796.6
STOXX (EU)		466.8	3.7%		-1.2%		-2.8%		328.0	487.4
FTSE All-Share(UK)		3,694.0	-1.0%		-0.7%		2.0%		3,571.2	3,746.8
DAX (DE)		15,459.4	2.2%		-2.2%		-2.4%		15,011.1	16,271.8
CAC All-Tradable(FR)		5,292.8	2.0%		-2.9%		-3.0%		5,157.0	5,598.6
TOPIX (JP)		1,891.9	-0.3%		-1.5%		-4.9%		1,891.9	2,039.3
Shanghai (CH)		3,621.4	0.7%		-2.9%		-4.4%		3,597.7	3,818.4
Hang Seng (HK)		24,289.9	0.2%		0.7%		4.3%		22,907.3	24,965.6
ASX 200 (AU)		6,961.6	-2.5%		-6.0%		-5.5%		6,961.6	7,589.8
SET (TH)		1,643.4	0.3%		-0.9%		0.4%		1,626.8	1,680.0
SET50 (TH)		992.1	0.7%		0.3%		1.7%		965.4	1,002.6
Straits Times (SG)		3,271.6	0.7%		-0.4%		4.6%		3,104.2	3,294.9
FTSE Malay (MY)		1,515.8	0.5%		-1.0%		-1.2%		1,508.9	1,569.5
JSX Index (ID)		6,600.8	0.5%		0.1%		0.4%		6,555.6	6,726.4
PSE Index (PH)		7,253.6	-0.5%		-0.1%		1.0%		7,011.1	7,344.0
Vn Index (VN)		1,481.6	0.1%		2.7%		-0.5%		1,438.9	1,528.6

Sources: ttb analytics, CEIC

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

Important Disclosures

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