

Powell warns US recession is 'certainly a possibility'

Powell warns US recession is 'certainly a possibility'

In testimony to the Senate banking committee on Wednesday, Jay Powell said a US recession is "certainly a possibility" and warned that avoiding a downturn largely depends on factors outside the Federal Reserve's control. He argued the US was sufficiently resilient to withstand tougher monetary policy without sliding into a downturn but acknowledged that outside factors, such as the war in Ukraine and China's Covid-19 policy, could further complicate the outlook. The question of whether the Fed would be able to accomplish 2 per cent inflation is going to depend on the factors that the Fed can't control. "There's nothing inevitable about a recession," said President Joe Biden. Meantime, Fed officials have also begun to prepare market participants for at least one more 0.75 percentage point rate rise at their next meeting in July.

US Mortgage Applications Rise for 2nd Week

Mortgage applications in the US increased 4.2% in the week ended June 17th, following a 6.6% rise in the previous period driven by a 7.9% surge in conventional applications. Meanwhile, the refinancing index fell 3.1% as the average rate on a 30-year fixed-rate mortgage rose by 33bps to 5.98%, the highest since November 2008. Compared to a year earlier, applications declined 10%. Meanwhile, the average loan size, at just over \$420,000, is well below its \$460,000 peak earlier this year and is potentially a sign that home price growth is moderating.

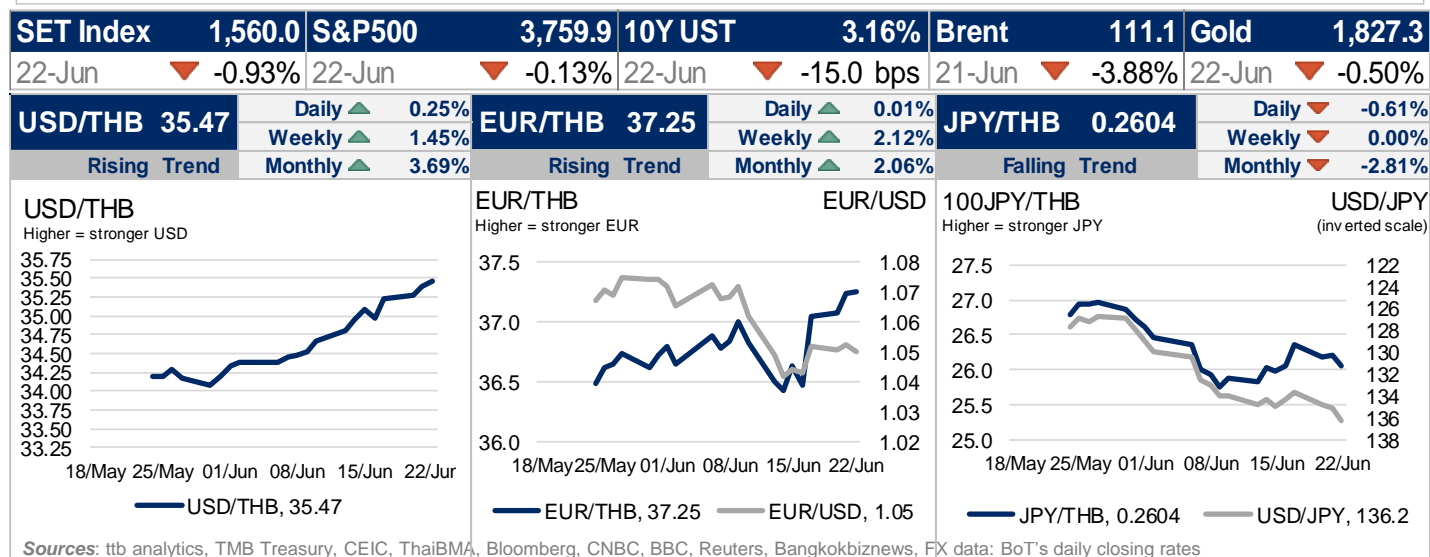
ECB is expected to raise deposit rate to 0.75% by year-end

A strong majority of 91% or 50 of 55 economists expected the European Central Bank to hike its policy rate by 50 basis points in September. About 60% or 33 of 55 economists saw another 25 basis point hike in October and about 85% or 47 of 55 expected the same rise in December, bringing the deposit rate to 0.75% by end-year. While economists say euro zone inflation is yet to peak the ECB has given itself some room to catch up with its global peers, who are rapidly hiking rates to neutral, by planning a new instrument to limit the divergence in the bloc's bond yields.

Asia shares struggle, oil falls as recession fears linger

The 10-year government bond yield (interpolated) on the previous trading day was 2.94, -0.94 bps. The benchmark government bond yield (LB31DA) was 2.87, -1.00 bps. LB31DA could be between 2.82-2.92. Meantime, the latest closed US 10-year bond yields was 3.16, -15.00 bps. USDTHB on the previous trading day closed around 35.47 Moving in a range of 35.35-35.45 this morning. USDTHB could be closed between 35.35-35.48 today. Asian shares wobbled while commodity prices fell on Thursday as mounting worries about the risks of a global recession amid aggressive rate hikes by the Fed. WTI crude futures fell below \$104 per barrel on Thursday, extending a sharp decline from the previous session.

Sources : ttb analytics , Bloomberg, CNBC, Investing, CEIC



Main Contributor

Kantaphon Amornrat
(66) 2 2991111 ext. 5191,
kantaphon.amo@ttbbank.com

Arisa Chantaraboontha
(66) 2 2998985 ext. 5191,
arisa.cha@ttbbank.com

ttb analytics ttbanalytics@ttbbank.com

Naris Sathapholdeja (66) 2 299 2494, naris.sat@ttbbank.com
Kasem Harnchanpanich (66) 2 242 3265; kasem.har@ttbbank.com
Supaporn Channarong (66) 2 242 3271, supaporn.cha@ttbbank.com

Currency Market

Currency	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Dollar Index		104.68	0.3%	-0.5%	1.9%	101.54	105.21
EUR/USD		1.0500	-0.2%	0.5%	-0.9%	1.0420	1.0751
USD/JPY		136.20	0.9%	0.9%	6.9%	126.76	136.20
USD/CHF		0.9676	0.1%	-3.2%	-0.5%	0.9567	0.9996
GBP/USD		1.2238	-0.2%	1.8%	-2.5%	1.2025	1.2646
USD/CAD		1.2967	0.1%	0.1%	1.3%	1.2548	1.3005
AUD/USD		0.6926	-0.6%	0.3%	-2.3%	0.6903	0.7211
NZD/USD		0.6282	-0.8%	0.8%	-2.7%	0.6229	0.6546
ASEAN Dollar		112.53	0.2%	0.4%	1.8%	109.98	112.53
USD/THB		35.47	0.3%	1.1%	3.5%	34.08	35.47
USD/SGD		1.3882	0.2%	-0.3%	0.9%	1.3669	1.3922
USD/MYR		4.4020	0.1%	-0.4%	0.3%	4.3680	4.4229
USD/IDR		14,822	0.1%	0.6%	1.5%	14,439	14,822
USD/PHP		54.47	0.5%	2.1%	4.4%	52.19	54.47
USD/CNY		6.7087	0.4%	-0.2%	0.5%	6.6479	6.7627
USD/HKD		7.8508	0.0%	0.0%	0.1%	7.8407	7.8550

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		226,345	-3286
Gold		14,690	161
SDR		5,437	-52
IMF Reserves		1,214	-12
Foreign Ccy		205,004	-3383
Net Fwd Position		29,790	160

Last update: 6/10/2022

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
6/22/2022	-3,586	3,031	-554
6/21/2022	-1,546	-5,643	-7,189
6/20/2022	-2,494	3,011	517
6/17/2022	-1,611	-5,457	-7,068
6/16/2022	-5,800	35	-5,765
Last 5 days	-15,037	-5,022	-20,059

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -29,244	↓ -11,510	↓ -40,755
QTD	Quarter	↑ 1,908	↑ 26,119	↑ 28,027
YTD	Year	↑ 112,772	↑ 111,678	↑ 224,450

Money Market

THB BIBOR	1M Hist	Last	1M Range		THBFX	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	0.07	0.08
1W		0.53	0.52	0.53	1W		0.29	0.16	0.47	1W		0.00	0.00	0.00
1M		0.56	0.55	0.56	1M		0.28	0.15	0.40	1M		0.35	0.12	0.35
2M		0.63	0.59	0.63	2M		0.32	0.22	0.41	2M		0.00	0.00	0.00
3M		0.71	0.63	0.71	3M		0.36	0.28	0.42	3M		0.75	0.34	0.75
6M		0.86	0.73	0.86	6M		0.37	0.30	0.41	6M		1.04	0.56	1.04
12M		1.18	0.95	1.18	12M		0.45	0.38	0.50	12M		1.49	1.00	1.49

Last Updated: 2/23/2021

Last Updated: 3/9/2022

Note: D=d=day; M=mth=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 Market

Fixed Income	1M History	YTM (%)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		3.1600	-15.00	-33.00	38.00	2.74	3.49
Gilt 10y		2.5934	10.12	10.07	72.43	1.75	2.59
Bund 10y		1.6700	-6.00	-8.00	71.00	0.91	1.78
JGB 10y		0.2550	0.30	-1.60	1.60	0.22	0.27
TGB 1y		1.1024	0.36	3.42	38.57	0.65	1.10
TGB 2y		1.7466	-0.39	-4.15	10.62	1.52	1.82
TGB 5y		2.4976	-1.34	-12.02	19.77	2.23	2.69
TGB 7y		2.7445	-0.76	-13.91	6.31	2.55	2.94
TGB 10y		2.9431	-0.94	-15.44	-12.66	2.90	3.15
AAA Spread		71.92	2.79	4.06	12.05	59.80	71.92
AA Spread		81.95	3.19	0.08	3.19	77.22	83.81
A Spread		121.38	0.05	0.32	0.96	118.33	125.88
BBB Spread		319.02	0.09	0.49	-0.09	294.19	319.29

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		111.10	-3.8%	-8.5%	-1.3%	111.10	123.75
London Gold		1827.3	-0.5%	0.2%	-1.0%	1,818.5	1,864.3

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)		3,759.9	-0.1%	-0.8%	-4.6%	2,467.4	4,176.8
STOXX (EU)		384.2	-1.4%	-2.5%	-6.2%	328.0	428.4
FTSE All-Share(UK)		3,694.0	-1.0%	-0.7%	2.0%	3,571.2	3,746.8
DAX (DE)		13,144.3	-1.1%	-2.5%	-5.6%	13,038.5	14,653.8
CAC All-Tradable(FR)		4,504.4	-0.8%	-1.8%	-5.6%	4,476.3	4,999.1
TOPIX (JP)		1,852.7	-0.2%	-0.2%	-1.4%	1,818.9	1,970.0
Shanghai (CH)		3,424.1	-1.2%	-1.1%	3.8%	3,218.1	3,475.8
Hang Seng (HK)		21,008.3	-2.6%	-1.4%	2.6%	20,112.1	22,014.6
ASX 200 (AU)		6,508.5	-0.2%	-1.4%	-9.0%	6,433.4	7,286.6
SET (TH)		1,560.0	-0.9%	-2.1%	-4.6%	1,559.2	1,663.4
SET50 (TH)		945.8	-0.9%	-2.1%	-4.2%	944.9	1,002.2
Straits Times (SG)		3,093.3	-0.8%	-0.4%	-3.2%	3,093.3	3,244.0
FTSE Malay (MY)		1,431.1	-1.8%	-1.9%	-7.2%	1,431.1	1,570.1
JSX Index (ID)		6,984.3	-0.8%	-0.3%	1.0%	6,793.4	7,193.3
PSE Index (PH)		6,168.0	-1.9%	-2.4%	-6.2%	6,168.0	6,822.3
Vn Index (VN)		1,169.3	-0.3%	-3.7%	-5.2%	1,169.3	1,307.9

Sources: ttb analytics, CEIC

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

Important Disclosures

This document is issued by ttb analytics, a division of ttb Bank PCL. All analyses are based on information available to the public. Although the information contained herein is believed to be gathered from reliable sources, ttb makes no guarantee to its accuracy and completeness. ttb may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Opinions or predictions expressed herein reflect the authors' views, not that of ttb, as of date of the analysis and are subject to change without notice. ttb shall not be responsible for the use of contents and its implication.