

Fed delivers fourth 75 bps hike, signals scale-back coming

Fed delivers fourth 75 bps hike, signals scale-back coming

The Federal Reserve on Wednesday raised interest rates by three-quarters of a percentage point as it continued to battle the worst outbreak of inflation in 40 years but signaled future increases in borrowing costs could be made in smaller steps to account for the "cumulative tightening of monetary policy" it has enacted so far. The policy decision set the target federal funds rate in a range between 3.75% and 4.00%, the highest since early 2008. In a press conference after the meeting Fed Chair Jerome Powell cautioned against any sense the central bank will soon move to the sidelines. "It is very premature to be thinking about pausing" on the effort to lift the federal funds target rate, he said.

Euro zone factory downturn deepened in October as demand slumped

The decline in euro zone manufacturing activity was sharper than initially estimated last month, indicating that the sector is in recession, as the cost-of-living crisis put a big dent in demand, a survey showed on Wednesday. S&P Global's final manufacturing Purchasing Managers' Index (PMI) fell to a 29-month low of 46.4 in October from September's 48.4, below a preliminary reading of 46.6 and further below the 50-mark separating growth from contraction. An index measuring output, which feeds into a composite PMI due on Friday and seen as a good guide to economic health, dropped to 43.8 from 46.3, marking its fifth month of sub-50 readings.

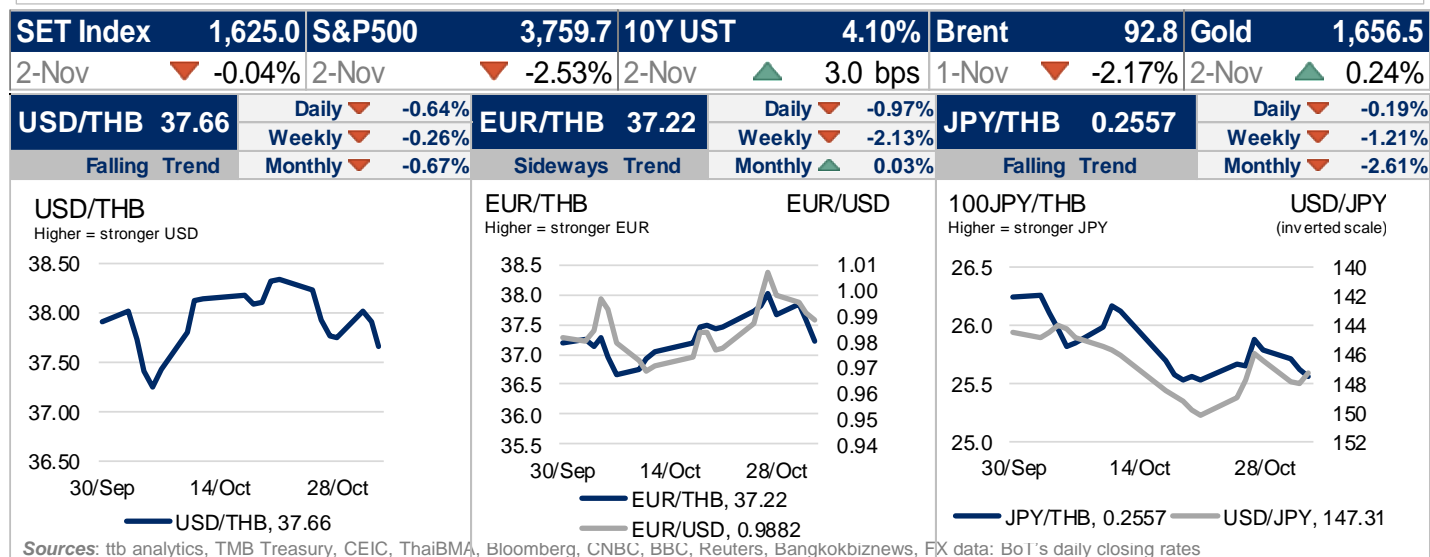
German manufacturing slumps in October as new orders drop

The downturn in Germany's manufacturing sector gathered pace in October as output and new orders slumped, marking a weak start to the fourth quarter that shows no sign of letting up, a surveyed showed on Wednesday. S&P Global's final Purchasing Managers' Index (PMI) for manufacturing, which accounts for about a fifth of Germany's economy, fell to 45.1, its lowest since May 2020 and down from 47.8 in September. A Reuters poll of analysts had pointed to an October reading of 45.7. An index on new orders dropped to 34.5 from 39.1 amid growing concerns about the economic outlook and high energy costs.

Dollar regains strength as Powell dashes hope of a Fed pause

The 10-year government bond yield (interpolated) on the previous trading day was 3.20, -4.67 bps. The benchmark government bond yield (LB31DA) was 3.07, -3.0 bps. LB31DA could be between 3.05-3.15. Meantime, the latest closed US 10-year bond yields was 4.10, +3.0 bps. USDTHB on the previous trading day closed around 37.66 Moving in a range of 37.77-37.88 this morning. USDTHB could be closed between 37.50-37.90 today. The dollar regained some strength on Wednesday after Federal Reserve Chair Jerome Powell said it was premature to discuss a pause in its hiking of interest rates to battle rising consumer prices, as there is "no sense that inflation is coming down." The Fed, as markets had expected, raised its key lending rate by 75 basis points for the fourth straight time after a two-day meeting of policy-makers. Markets initially read the Fed's statement at the end of the meeting as dovish and a signal that future rate increases to tame high inflation could be made in smaller increments.

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



Main Contributor

Arisa Chantarabontha
arisa.cha@ttbank.com

Pimchatr Ekkachan
pimchatr.ekk@ttbank.com

Tarathip Tanganjanapas
tarathip.tan@ttbank.com

ttb analytics ttbanalytics@ttbank.com

Naris Sathapholdeja naris.sat@ttbank.com

Kasem Hanchanpanich kasem.har@ttbank.com

Currency Market

Currency	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Dollar Index		111.37	0.2%	0.5%	-1.8%	109.76	114.64
EUR/USD		0.9882	-0.3%	-0.9%	2.2%	0.9549	1.0068
USD/JPY		147.31	-0.4%	-0.3%	2.0%	144.00	150.14
USD/CHF		0.9986	0.0%	0.6%	1.9%	0.9758	1.0057
GBP/USD		1.1506	-0.1%	0.2%	6.7%	1.0660	1.1617
USD/CAD		1.3613	0.2%	0.1%	-0.5%	1.3530	1.3841
AUD/USD		0.6403	-0.4%	-0.2%	-1.0%	0.6226	0.6527
NZD/USD		0.5856	0.0%	1.7%	3.1%	0.5554	0.5856
ASEAN Dollar		111.49	0.0%	0.0%	0.1%	110.09	112.17
USD/THB		37.66	-0.6%	-0.7%	-1.2%	37.25	38.34
USD/SGD		1.4126	0.1%	0.0%	-1.9%	1.4052	1.4457
USD/MYR		4.7405	0.3%	0.4%	2.1%	4.6091	4.7429
USD/IDR		15,623	0.1%	0.4%	2.5%	15,115	15,623
USD/PHP		58.23	0.2%	-0.5%	-1.3%	57.96	59.06
USD/CNY		7.2788	-0.2%	0.0%	1.3%	7.0381	7.3182
USD/HKD		7.8514	0.2%	0.2%	-0.1%	7.8352	7.8581

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		200,700	2876
Gold		13,012	122
SDR		5,220	25
IMF Reserves		1,193	5
Foreign Ccy		181,276	2724
Net Fwd Position		26,950	-1670

Last update: 21/10/2022

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
02/11/2022	26	3,804	3,831
01/11/2022	6,138	466	6,604
31/10/2022	4,165	-2,441	1,724
28/10/2022	2,881	860	3,741
27/10/2022	2,462	-879	1,583
Last 5 days	15,672	1,811	17,483

	Period-to-date	Equity	Bond	Total
MTD	Month	↑ 6,165	↑ 4,270	↑ 10,435
QTD	Quarter	↑ 14,814	↓ -12,092	↑ 2,721
YTD	Year	↑ 165,049	↑ 94,958	↑ 260,008

Money Market

THB BIBOR	1M Hist	Last	1M Range		THB FIX	1M Hist	Last	1M Range		USD LIBOR	1M Hist	Last	1M Range	
			Min	Max				Min	Max				Min	Max
ON		1.00	0.75	1.00	ON		0.91	0.78	3.11	ON		0.08	0.07	0.08
1W		1.04	0.89	1.04	1W		0.64	0.64	1.95	1W		0.00	0.00	0.00
1M		1.08	0.98	1.08	1M		1.24	0.90	1.76	1M		0.35	0.12	0.35
2M		1.19	1.03	1.19	2M					2M		0.00	0.00	0.00
3M		1.26	1.12	1.26	3M		1.01	0.73	1.54	3M		0.75	0.34	0.75
6M		1.43	1.28	1.43	6M		1.41	0.87	1.67	6M		1.04	0.56	1.04
12M		1.78	1.62	1.78	12M		2.14	1.46	2.23	12M		1.49	1.00	1.49

Last Updated: 01/11/2022

Last Updated: 09/03/2022

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		4.1000	3.00	6.00	43.00	3.62	4.25
Gilt 10y		3.6167	8.05	-20.40	-48.54	3.54	4.54
Bund 10y		2.0600	-9.00	-20.00	-6.00	1.81	2.48
JGB 10y		0.2640	1.10	0.10	-1.30	0.25	0.28
TGB 1y		1.4057	1.27	4.56	17.36	1.18	1.41
TGB 2y		1.8509	-1.32	-6.31	-7.34	1.83	1.95
TGB 5y		2.6829	-2.78	-4.99	-4.62	2.54	2.80
TGB 7y		2.9172	-3.60	-7.13	-9.43	2.83	3.08
TGB 10y		3.1993	-4.67	-4.97	-7.12	3.09	3.32
AAA Spread		73.05	0.09	-0.11	-3.94	72.86	78.02
AA Spread		89.70	0.94	-3.44	-8.62	88.70	100.11
A Spread		116.80	0.04	-5.17	-5.65	116.63	122.96
BBB Spread		222.71	0.09	-18.29	-18.36	215.69	241.81

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		92.79	-2.2%	1.1%	4.4%	87.96	97.92
London Gold		1656.5	0.2%	-0.9%	-3.1%	1,624.6	1,716.0

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)		3,759.7	-2.5%	-1.9%	-0.8%	2,467.4	3,901.1
STOXX (EU)		392.8	-0.9%	-0.1%	2.8%	328.0	396.3
FTSE All-Share(UK)		3,694.0	-1.0%	-0.7%	2.0%	3,571.2	3,746.8
DAX (DE)		13,338.7	0.6%	2.2%	9.2%	11,975.6	13,338.7
CAC All-Tradable(FR)		4,727.3	-0.8%	0.0%	3.8%	4,347.9	4,766.9
TOPIX (JP)		1,940.5	0.1%	1.2%	5.0%	1,835.9	1,940.5
Shanghai (CH)		3,147.8	1.2%	0.1%	-2.9%	3,032.5	3,242.5
Hang Seng (HK)		15,827.2	2.4%	3.3%	-7.3%	14,687.0	18,088.0
ASX 200 (AU)		6,986.7	0.1%	2.6%	4.3%	6,456.9	6,986.7
SET (TH)		1,625.0	0.0%	1.8%	2.1%	1,558.1	1,625.7
SET50 (TH)		991.5	0.2%	2.5%	3.6%	937.2	991.5
Straits Times (SG)		3,141.1	0.3%	4.4%	0.1%	2,970.0	3,153.2
FTSE Malay (MY)		1,451.6	0.4%	-0.2%	4.1%	1,373.4	1,460.4
JSX Index (ID)		7,015.7	-0.5%	-0.4%	-0.8%	6,814.5	7,098.9
PSE Index (PH)		6,206.2	0.9%	2.9%	8.1%	5,741.1	6,230.6
Vn Index (VN)		1,023.2	-1.0%	3.0%	-5.1%	986.2	1,132.1

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.