

ECB to hike rates in June and July to break sticky inflation

ECB to hike rates in June and July to break sticky inflation

The European Central Bank will hike its key interest rates by 25 basis points on June 15 and again in July before pausing for the rest of the year as inflation remains sticky, according to a clear majority of economists polled by Reuters. After a combined 375 basis points of hikes over the past year, economic activity in the 20-member bloc has slowed, with Europe's biggest economic engine - Germany - and the euro zone as a whole falling into a winter recession. Still, both economies are expected to rebound this quarter and the euro zone to grow 0.2% in each quarter for the rest of the year, the poll showed. Price pressures and inflation expectations have moderated, but not by enough to deter the ECB from continuing its most aggressive tightening cycle on record.

Japan's wholesale inflation eases, goods close to consumers continue to rise

Japan's wholesale inflation slowed for a fifth consecutive month in May because of sliding fuel and commodity prices, a sign cost-push pressure that has driven up consumer inflation may be subsiding. The data underscores the central bank's view that consumer inflation will slow in coming months as global commodity prices slide from last year's peak levels. The Bank of Japan (BOJ) is expected to maintain ultra-loose policy this week and stick with its forecast for a moderate economic recovery, as robust corporate and household spending cushion the blow from slowing overseas demand, sources have told Reuters. The corporate goods price index (CGPI), which measures the price companies charge each other for goods and services, rose 5.1% in May compared with a year earlier, BOJ data showed, slower than the median market forecast for a 5.5% gain.

Argentina inflation seen hitting 149% this year, up from previous poll

Analysts polled by Argentina's central bank forecast annual inflation this year at 149%, above the 126% expected in the previous poll, according to the monthly survey released on Friday. For May, the analysts polled expect prices to have risen 9% in the month. Inflation in April was 8.4%, according to Argentina's national statistics agency. Argentina's economy, strained by a historic drought that has worsened an ongoing currency crisis, is expected to shrink 3% in 2023 from 2022, the survey found. Analysts see the weakened Argentine peso, currently officially valued at 245 pesos per dollar, ending this year at 408.68 pesos per dollar and 2024 at 917.54 pesos per dollar.

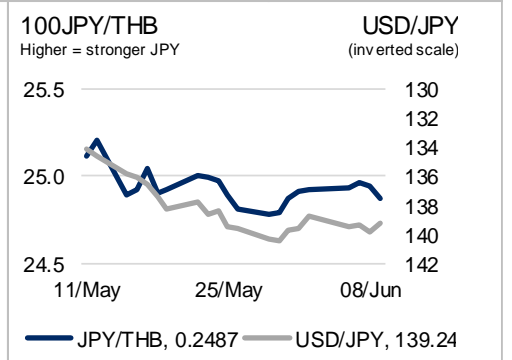
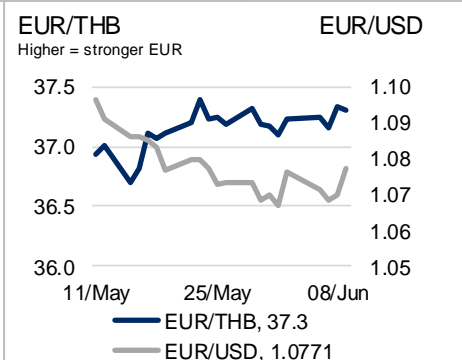
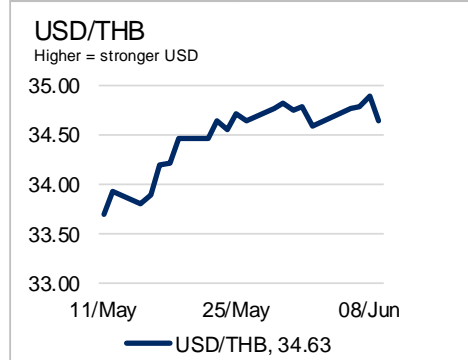
Dollar gains before Fed meeting, inflation data

The 10-year government bond yield (interpolated) on the previous trading day was 2.58, +0.36 bps. The benchmark government bond yield (LB31DA) was 2.58, +0.00 bps. LB31DA could be between 2.30-2.80. Meantime, the latest closed US 10-year bond yields was 3.75, +2.00 bps. USDTHB on the previous trading day closed around 34.63. Moving in a range of 34.61-34.74 this morning. USDTHB could be closed between 34.50-35.00 today. The dollar bounced off two-week lows on Friday as investors awaited inflation data and the Federal Reserve's interest rate decision next week for any new clues on how high the U.S. central bank is likely to hike rates. The Fed is expected to hold rates steady at its June 13-14 meeting but is likely to remain hawkish and indicate a probable hike in July as inflation stays above its 2% target. The Fed is expected to revise higher its "dot plot" of policymakers' rate expectations and inflation projections. Data due on Tuesday is expected to show headline inflation rose at an annual rate of 4.1% in May, while core prices gained 5.3%.

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

SET Index	1,555.1	S&P500	4,298.9	10Y UST	3.75%	Brent	75.0	Gold	1,963.6
9-Jun	▼ 0.00	9-Jun	▲ 0.11%	9-Jun	▲ 2.0 bps	9-Jun	▼ -1.31%	9-Jun	▲ 0.83%

USD/THB 34.63	Daily ▼ -0.73%	EUR/THB 37.30	Daily ▼ -0.07%	JPY/THB 0.2487	Daily ▼ -0.29%
Weekly ▲ 0.11%	Weekly ▲ 0.18%	Weekly ▲ -0.21%	Monthly ▲ 2.76%	Monthly ▲ 1.00%	Monthly ▼ -0.95%
Sideways Trend		Sideways Trend		Falling Trend	



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

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		104.08	-0.1%	-0.3%	2.4%	101.27	104.44
EUR/USD		1.0700	0.2%	0.3%	-2.4%	1.0668	1.1026
USD/JPY		139.85	0.4%	0.2%	3.5%	134.15	140.38
USD/CHF		0.9096	0.2%	-0.2%	2.2%	0.8894	0.9116
GBP/USD		1.2443	0.2%	0.2%	-1.4%	1.2336	1.2635
USD/CAD		1.3371	-0.3%	-1.6%	-0.1%	1.3362	1.3643
AUD/USD		0.6658	-0.2%	2.5%	-1.5%	0.6495	0.6780
NZD/USD		0.6046	-0.5%	0.8%	-4.6%	0.6000	0.6362
ASEAN Dollar		106.03	0.1%	-0.4%	2.1%	103.71	106.46
USD/THB		34.89	0.3%	0.3%	3.6%	33.68	34.89
USD/SGD		1.3484	0.0%	-0.4%	1.6%	1.3241	1.3554
USD/MYR		4.6139	0.2%	-0.1%	3.7%	4.4348	4.6247
USD/IDR		14,865	0.2%	-0.8%	0.8%	14,670	14,984
USD/PHP		56.22	-0.1%	-0.4%	0.6%	55.37	56.43
USD/CNY		7.1387	0.0%	0.3%	3.1%	6.9103	7.1387
USD/HKD		7.8411	-0.1%	0.0%	0.1%	7.8152	7.8483

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		0.00	-0.40
3-month		0.85	-0.28
6-month		1.75	-0.38

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		221,102	724
Gold		15,291	11
SDR		5,446	1
IMF Reserves		1,276	0
Foreign Ccy		199,089	712
Net Fwd Position		28,205	315

Last update: 02/06/2023

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
09/06/2023	-1,504	-282	-1,785
08/06/2023	1,823	-1,580	242
07/06/2023	1,611	2,813	4,424
06/06/2023	-1,087	-886	-1,972
02/06/2023	602	-579	23
Last 5 days	1,445	-513	932

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -2,446	↓ -2,582	↓ -5,028
QTD	Quarter	↓ -43,607	↓ -490	↓ -44,097
YTD	Year	↓ -100,483	↑ 22,302	↓ -78,181

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		1.94	1.50	1.94	ON		1.55	0.78	1.82	ON		0.08	0.07	0.08
1W		2.00	1.53	2.00	1W		1.43	0.22	1.69	1W		0.00	0.00	0.08
1M		2.02	1.55	2.02	1M		1.51	0.69	1.80	1M		0.23	0.09	0.23
2M		2.06	1.63	2.06	2M					2M		0.00	0.00	0.16
3M		2.11	1.69	2.11	3M		1.83	1.07	1.83	3M		0.51	0.15	0.52
6M		2.19	1.81	2.19	6M		2.06	1.44	2.06	6M		0.76	0.22	0.83
12M		2.32	1.98	2.32	12M		2.36	1.76	2.36	12M		1.18	0.35	1.34

Last Updated: 08/06/2023

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		3.6100	-8.00	7.00	-32.00	3.30	3.97
Gilt 10y		4.1883	-11.42	45.81	60.74	3.10	4.30
Bund 10y		2.4800	3.00	17.00	19.00	2.14	2.76
JGB 10y		0.4340	-1.40	5.90	-9.20	0.34	0.53
TGB 1y		2.0203	0.32	1.04	10.19	1.81	2.02
TGB 2y		2.0886	0.56	-0.57	14.96	1.90	2.12
TGB 5y		2.2601	3.13	5.58	10.92	2.14	2.27
TGB 7y		2.3775	2.13	4.89	4.63	2.31	2.44
TGB 10y		2.5767	0.36	7.53	7.33	2.47	2.61
AAA Spread		72.67	4.76	2.60	-1.02	67.91	75.13
AA Spread		79.36	0.66	-0.73	-13.16	78.69	94.47
A Spread		123.60	-0.06	-3.91	-0.70	123.57	128.18
BBB Spread		237.94	0.04	-0.04	12.24	225.58	244.50

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		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
London Gold		1958.8	0.5%	-2.5%	6.6%	1,809.1	2,038.9

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)		4,283.9	0.2%	1.9%	3.5%	4,061.2	4,283.9
STOXX (EU)		456.2	1.3%	-0.2%	0.1%	432.0	464.9
FTSE All-Share(UK)		#REF!	#REF!	#REF!	#REF!	#REF!	#REF!
DAX (DE)		15,853.7	-0.3%	-0.6%	2.4%	14,959.5	16,224.0
CAC All-Tradable(FR)		5,332.4	-0.9%	-3.4%	-3.1%	5,260.3	5,642.7
TOPIX (JP)		2,149.3	-0.5%	0.7%	7.4%	1,960.1	2,175.9
Shanghai (CH)		3,359.2	-0.6%	-2.4%	-0.6%	3,359.2	3,532.8
Hang Seng (HK)		18,216.9	-2.0%	-8.8%	-13.2%	18,216.9	21,222.2
ASX 200 (AU)		7,110.8	-1.4%	-1.2%	-3.3%	6,965.5	7,530.1
SET (TH)		1,533.5	-0.5%	-0.4%	-7.2%	1,514.9	1,682.6
SET50 (TH)		924.7	-0.8%	-1.0%	-6.2%	919.4	999.1
Straits Times (SG)		3,166.3	-0.7%	-0.2%	-4.3%	3,129.8	3,359.5
FTSE Malay (MY)		1,387.1	-1.3%	-2.6%	-6.5%	1,387.1	1,490.5
JSX Index (ID)		6,636.4	-0.8%	-1.1%	-4.3%	6,628.1	6,935.3
PSE Index (PH)		6,430.6	-1.2%	-3.1%	-5.7%	6,393.3	7,027.4
Vn Index (VN)		1,078.4	0.0%	1.7%	-0.8%	1,034.9	1,086.7

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.