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The U.S. Federal Reserve held interest rates steady but stiffened a hawkish monetary policy stance that its officials increasingly believe can succeed in lowering inflation without wrecking the economy or leading to large job losses. The Fed's benchmark overnight interest rate may still be lifted one more time this year to a peak 5.50%-5.75% range, according to updated quarterly projections released by the U.S. central bank, and rates kept significantly tighter through 2024 than previously expected. Indeed, monetary policy is expected to remain slightly restrictive into 2026 while the economy continues to largely grow at its estimated trend level of around 1.8%. Even as inflation declines for the rest of 2023 and in coming years, the Fed anticipates only modest initial reductions to its policy rate. That means the expected half percentage point of rate cuts in 2024 would have the net effect of raising the inflation-adjusted "real" rate.

German producer prices post biggest decline on record

German producer prices posted their biggest year-on-year decline in August since data collection began in 1949, spurring hopes for further easing of inflation in Europe's largest economy. Producer prices decreased by 12.6% on the year, the federal statistics office reported. Analysts polled by Reuters had expected a 12.6% decline. As a result of the war in Ukraine, the increase in producer prices in August 2022 was 45.8% on the year, the highest ever registered since records began. Therefore, the comparison between August 2022 and August 2023 showed a strong decline. Germany's producer prices index, considered a key inflation indicator, has been easing steadily since September of last year.

Japan's exports extend declines as China slowdown bites

Japan's exports fell in August for a second straight month, weighed by declines in China's demand for steel and heavy oil and stoking fears of a downturn in the face of elevated global interest rates. Ministry of Finance (MOF) data showed exports fell 0.8% year-on-year in August, slower than economists' median estimates of 1.7% decline and following a 0.3% drop in Japan's overseas shipments. It was the second straight month of annual declines. By destination, Japan's shipments to China, its largest trading partner, fell 11% year-on-year in August, marking a third straight month of double-digit drops. Exports to the United States rose 5.1% year-on-year in August, driven by shipments of cars, mining and construction machinery.

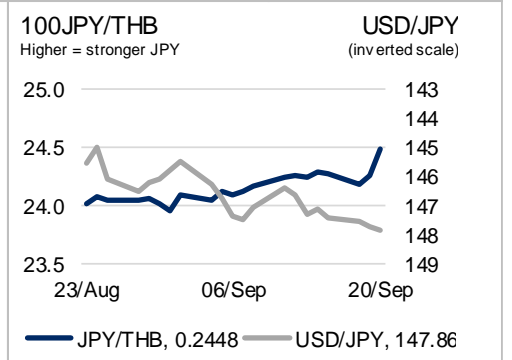
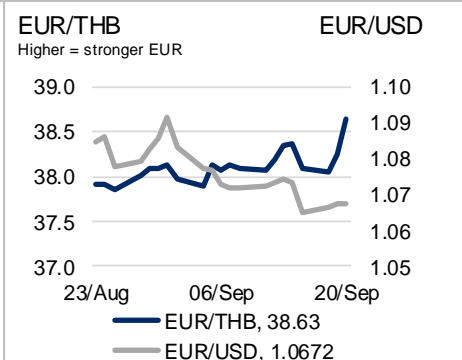
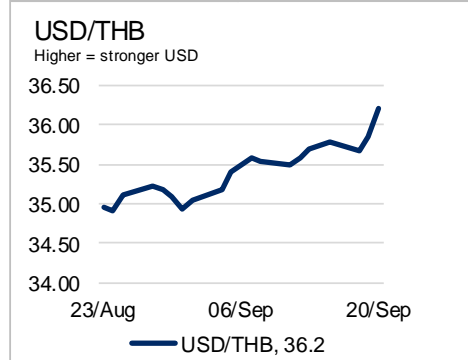
Dollar higher as Fed skips rate hike but stiffens hawkish stance

The 10-year government bond yield (interpolated) on the previous trading day was 3.17, +3.86 bps. The benchmark government bond yield (LB31DA) was 3.14, -2.00 bps. Meantime, the latest closed US 10-year bond yields was 4.35, -2.00 bps. USDTHB on the previous trading day closed around 36.20. Moving in a range of 36.28-36.31 this morning. USDTHB could be closed between 36.15-36.45 today. The U.S. dollar edged higher against a basket of currencies, after the Federal Reserve held interest rates steady but stiffened its hawkish stance with a further rate increase projected by the end of the year. As they did in June, Fed policymakers at the median still see the central bank's benchmark overnight interest rate peaking this year in the 5.50%-5.75% range, just a quarter of a percentage point above the current range. But from there, the Fed's updated quarterly projections show rates falling only half a percentage point in 2024 compared with the full percentage point of cuts anticipated at the meeting in June.

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

DAX Index	1,507.9	S&P500	4,402.2	10Y UST	4.35%	Brent	94.4	Gold	1,930.7
20-Sep	▼ -0.99%	20-Sep	▼ -1.16%	20-Sep	▼ -2.0 bps	19-Sep	▼ -0.04%	20-Sep	▼ -0.25%

USD/THB 36.20	Daily ▲ 1.01%	EUR/THB 38.63	Daily ▲ 0.99%	JPY/THB 0.2448	Daily ▲ 0.94%
Weekly ▲ 1.27%	Weekly ▲ 0.71%	Weekly ▲ 0.78%	Weekly ▲ 1.88%	Weekly ▲ 0.78%	Weekly ▲ 0.78%
Monthly ▲ 3.51%	Monthly ▲ 1.88%	Monthly ▲ 1.93%	Monthly ▲ 1.93%	Monthly ▲ 1.93%	Monthly ▲ 1.93%



Sources : ttbank analytics, TMB Treasury, CEIC, ThaiBMA, Bloomberg, CNBC, BBC, Reuters, Bangkokbiznews, FX data: BoI'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		105.21	0.0%	0.5%	2.1%	103.09	105.30
EUR/USD		1.0674	0.1%	-0.6%	-2.2%	1.0647	1.0917
USD/JPY		147.75	0.1%	0.3%	1.3%	145.00	147.75
USD/CHF		0.8977	0.1%	0.6%	2.3%	0.8773	0.8977
GBP/USD		1.2376	-0.2%	-0.9%	-3.2%	1.2376	1.2781
USD/CAD		1.3479	-0.3%	-0.7%	-0.4%	1.3479	1.3672
AUD/USD		0.6432	-0.1%	0.4%	0.1%	0.6376	0.6486
NZD/USD		0.5920	0.1%	0.4%	-0.4%	0.5872	0.5962
ASEAN Dollar		109.73	0.0%	0.3%	0.6%	108.43	109.75
USD/THB		35.84	0.4%	0.4%	2.2%	34.91	36.20
USD/SGD		1.3647	0.1%	0.2%	0.7%	1.3493	1.3647
USD/MYR		4.6932	0.2%	0.3%	1.0%	4.6383	4.6932
USD/IDR		15,324	0.0%	0.1%	0.3%	15,173	15,324
USD/PHP		56.79	-0.1%	0.0%	0.9%	56.24	57.03
USD/CNY		7.2952	0.0%	0.1%	0.2%	7.2580	7.3429
USD/HKD		7.8190	0.0%	-0.2%	-0.1%	7.8190	7.8507

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		0.40	0.00
3-month		1.13	-0.18
6-month		2.13	-0.23

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		214,993	-2065
Gold		15,064	-165
SDR		5,414	-26
IMF Reserves		1,235	-6
Foreign Ccy		193,280	-1868
Net Fwd Position		30,380	-105

Last update: 8/9/2023

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
20/9/2023	-2,253	1,903	-351
19/9/2023	-1,117	-1,740	-2,857
18/9/2023	-2,568	-2,032	-4,599
15/9/2023	-1,935	-404	-2,340
14/9/2023	1,246	193	1,440
Last 5 days	-6,628	-2,080	-8,708

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -18,281	↓ -12,385	↓ -30,666
QTD	Quarter	↓ -46,339	↓ -16,381	↓ -62,721
YTD	Year	↓ -153,478	↓ -953	↓ -154,431

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		2.25	1.75	2.25	ON		0.00	0.43	2.02	ON		0.08	0.07	0.08
1W		2.28	1.78	2.28	1W		1.47	0.89	1.65	1W		0.00	0.00	0.08
1M		2.31	1.86	2.31	1M		1.20	0.87	1.72	1M		0.23	0.09	0.23
2M		2.37	1.93	2.37	2M					2M		0.00	0.00	0.16
3M		2.43	1.99	2.43	3M		1.91	1.09	2.02	3M		0.52	0.14	0.52
6M		2.52	2.10	2.52	6M		2.27	1.31	2.27	6M		0.83	0.22	0.83
12M		2.62	2.25	2.62	12M		2.68	1.59	2.71	12M		1.33	0.35	1.34

Last Updated: 29/6/2023

Last Updated: 9/3/2022

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 Market

Fixed Income	1M History	YTM (%)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		4.2600	-4.00	-8.00	43.00	3.50	4.34
Gilt 10y		4.4751	7.31	-16.94	17.26	3.78	4.64
Bund 10y		2.6000	-1.00	-7.00	33.00	2.27	2.67
JGB 10y		0.6620	1.00	3.00	22.10	0.38	0.66
TGB 1y		2.4080	1.16	8.44	21.73	2.19	2.41
TGB 2y		2.5526	1.18	5.76	26.44	2.28	2.55
TGB 5y		2.7955	1.32	3.54	30.42	2.48	2.80
TGB 7y		2.9683	1.69	5.64	35.17	2.60	2.97
TGB 10y		3.1747	3.86	13.90	40.35	2.74	3.17
AAA Spread		67.92	-1.17	-3.35	-1.27	67.92	73.91
AA Spread		80.21	0.18	-1.37	0.68	77.60	85.27
A Spread		121.19	0.54	-0.77	-2.72	120.65	127.52
BBB Spread		234.64	-0.07	-5.08	-3.17	234.64	239.76

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		94.39	0.0%	4.1%	11.3%	83.21	94.43
London Gold		1925.6	0.1%	1.9%	-1.2%	1,890.1	1,985.8

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)		4,467.4	0.8%	1.2%	2.3%	4,369.7	4,515.8
STOXX (EU)		451.9	-0.3%	-1.2%	-1.3%	445.3	461.7
FTSE All-Share(UK)		4,197.8	1.0%	2.4%	6.0%	3,953.4	4,197.8
DAX (DE)		15,740.3	0.0%	0.2%	0.5%	15,528.5	16,469.8
CAC All-Tradable(FR)		5,401.6	0.5%	0.1%	1.9%	5,287.7	5,586.7
TOPIX (JP)		2,383.4	0.2%	6.3%	11.1%	2,127.2	2,383.4
Shanghai (CH)		3,267.8	-1.3%	-0.1%	-3.2%	3,248.6	3,442.6
Hang Seng (HK)		18,202.1	-1.4%	1.4%	-4.8%	17,950.9	20,011.1
ASX 200 (AU)		7,156.7	-1.4%	0.5%	-0.7%	7,118.2	7,403.6
SET (TH)		1,547.2	-0.1%	0.1%	0.8%	1,478.1	1,565.9
SET50 (TH)		946.0	-0.3%	-0.9%	1.8%	902.7	963.0
Straits Times (SG)		3,207.8	-0.5%	1.7%	0.0%	3,149.3	3,373.8
FTSE Malay (MY)		1,455.0	-0.4%	0.3%	3.7%	1,378.7	1,462.7
JSX Index (ID)		6,924.8	-1.0%	0.1%	2.9%	6,626.1	6,996.8
PSE Index (PH)		6,222.9	-0.3%	-1.1%	-5.1%	6,160.6	6,679.1
Vn Index (VN)		1,241.5	-0.3%	5.4%	15.5%	1,060.4	1,245.5

Sources: ttb analytics, CEIC

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

Important Disclosures

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