

Rising treasury futures amid inflation warnings and Middle East conflict

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Federal Reserve Vice Chair Philip Jefferson warned of persistent inflation upside risks and a potential sharper-than-expected economic deceleration. Despite these cautionary statements, Treasury futures and cross assets, including WTI crude prices (up 3.75 at 86.54) and SPX Eminis (up 18.0 at 4359.5), saw an upward trajectory. The rise in oil, gas, and defense stocks can be attributed to the surprise attack by Hamas on Israel. This unexpected geopolitical event has driven up oil prices, favoring companies like Marathon Oil and Halliburton as well as Brent crude and US oil, which rose to \$86.38 per barrel. Barclays analyst Amarpreet Singh suggests that the conflict might slow down Iranian oil exports, further impacting global oil markets.

Central banks anticipate rate cuts in 2024 amid controlled inflation

The Federal Reserve (Fed), European Central Bank (ECB), Bank of England (BoE), Bank of Japan (BoJ), National Bank of Hungary (NBH), Czech National Bank (CNB), National Bank of Poland (NBP), and National Bank of Romania (NBR) are expected to halt further rate hikes and initiate rate cuts in 2024. This move is in response to controlled inflation, as indicated by the core personal consumer expenditure deflator, and stable labor markets that are awaiting Spring Wage settlement outcomes. The ECB's decisions could be swayed by a surge in oil prices and its credibility in fighting inflation. Concurrently, the BoE is considering the projected rise in the average rate on outstanding mortgage debt from 3% to over 4%. Meanwhile, the BoJ is contemplating adjustments to its Yield Curve Control (YCC) policy.

German industrial output falls in August, spurring recession fears

German industrial output shrank in August for the fourth consecutive month, an indication that the sector remains under serious pressure, stoking recession fears. Industrial production fell slightly more than expected in August by 0.2% compared to the previous month. Analysts polled by Reuters had predicted a 0.1% decline. The further drop in German industrial production in August was better than it looked as it was driven by volatile components, said Franziska Palmas, senior Europe economist at Capital Economics. However, she continued to expect high interest rates and falling demand to lead to a further contraction in German industrial output in the coming months. The statistics office revised July production data to a 0.6% decline month-on-month, compared with a provisional figure of a 0.8% drop.

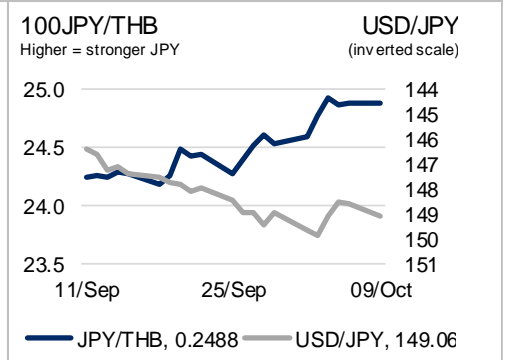
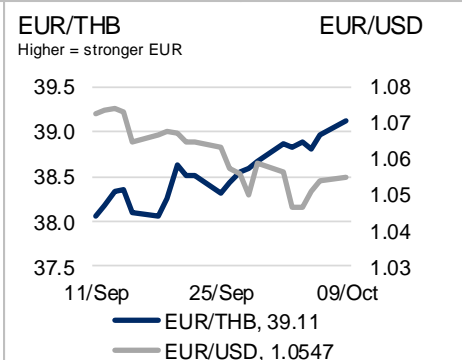
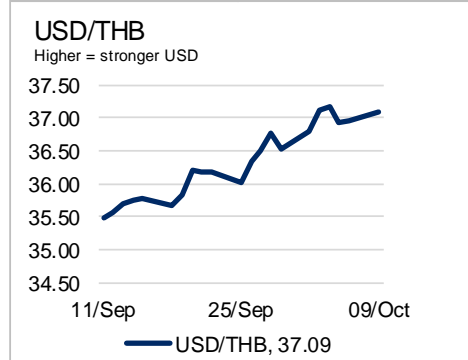
Dollar gains versus euro as Israel-Palestinian conflict spurs safety bid

The 10-year government bond yield (interpolated) on the previous trading day was 3.38, +1.67 bps. The benchmark government bond yield (LB31DA) was 3.33, +4.00 bps. Meantime, the latest closed US 10-year bond yields was 4.78, +6.00 bps. USDTHB on the previous trading day closed around 37.09. Moving in a range of 36.84-36.95 this morning. USDTHB could be closed between 36.70-37.00 today. The safe-haven dollar rose against the euro as military clashes between Israel and the Palestinian Islamist group Hamas raised concerns that the conflict might widen beyond Gaza, but the dollar eased against other major currencies. Israel's response to the multi-pronged attack by Palestinian gunmen from the Gaza Strip will "change the Middle East," Prime Minister Benjamin Netanyahu said. Risk sentiment was fragile as Israel said it had called up 300,000 reservists and was imposing a total blockade of the Gaza Strip in a sign of a potential ground assault in response to the weekend attack by Hamas. The Israeli shekel weakened about 3.1% to 3.9550 per dollar after the Bank of Israel announced it would sell up to \$30 billion of foreign currency in the open market to maintain stability. Earlier, the shekel tumbled to an almost eight-year low of 3.9880 per dollar.

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

DAX Index	1,431.7	S&P500	4,335.7	10Y UST	4.78%	Brent	84.6	Gold	1,852.3
9-Oct	▼ -0.47%	9-Oct	▲ 1.80%	6-Oct	▲ 6.0 bps	6-Oct	▲ 0.60%	9-Oct	▲ 1.65%

USD/THB 37.09	Daily ▲ 0.31%	EUR/THB 39.11	Daily ▲ 0.39%	JPY/THB 0.2488	Daily ▼ -0.01%	
Weekly ▼ -0.07%	Weekly ▲ 0.74%	Weekly ▲ 0.45%	Monthly ▲ 2.72%	Weekly ▲ 0.45%	Monthly ▲ 2.58%	
Monthly ▲ 4.38%	Rising Trend		Sideways Trend		Sideways Trend	



Sources: ttb analytics, TMB Treasury, CEIC, ThaiBMA, Bloomberg, CNBC, BBC, Reuters, Bangkokbiznews, FX data: BoJ'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		106.43	0.0%	0.1%	1.5%	104.36	107.22
EUR/USD		1.0539	0.3%	-0.2%	-1.7%	1.0462	1.0768
USD/JPY		148.59	0.0%	-0.7%	1.0%	146.41	149.85
USD/CHF		0.9135	-0.2%	-0.1%	2.6%	0.8870	0.9213
GBP/USD		1.2181	0.3%	-0.1%	-2.5%	1.2068	1.2598
USD/CAD		1.3717	-0.1%	1.0%	0.3%	1.3471	1.3736
AUD/USD		0.6368	0.3%	-0.7%	-0.3%	0.6303	0.6457
NZD/USD		0.5962	0.4%	-0.5%	1.1%	0.5872	0.6006
ASEAN Dollar		110.75	0.0%	0.2%	2.0%	108.18	111.10
USD/THB		36.97	0.1%	0.5%	4.0%	35.41	37.16
USD/SGD		1.3675	-0.2%	-0.1%	0.3%	1.3582	1.3743
USD/MYR		4.7193	-0.1%	0.4%	1.0%	4.6617	4.7311
USD/IDR		15,567	0.1%	0.6%	2.0%	15,212	15,584
USD/PHP		56.70	-0.1%	0.0%	-0.2%	56.60	57.06
USD/CNY		7.3023	0.0%	0.0%	-0.6%	7.2679	7.3429
USD/HKD		7.8310	0.0%	0.0%	-0.1%	7.8186	7.8486

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		211,750	-1837
Gold		14,511	-602
SDR		5,385	-17
IMF Reserves		1,225	-4
Foreign Ccy		190,629	-1214
Net Fwd Position		29,755	-150

Last update: 29/09/2023

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
09/10/2023	2,963	-1,984	980
06/10/2023	-1,638	1,676	38
05/10/2023	-2,140	-1,483	-3,624
04/10/2023	34	-3,049	-3,015
03/10/2023	-4,440	-2,549	-6,989
Last 5 days	-5,222	-7,389	-12,611

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -5,891	↓ -4,954	↓ -10,845
QTD	Quarter	↓ -5,891	↓ -4,954	↓ -10,845
YTD	Year	↓ -163,062	↓ -15,635	↓ -178,697

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		2.32	2.00	2.32	ON		0.00	0.43	2.02	ON		0.08	0.07	0.08
1W		2.36	2.03	2.36	1W		1.47	0.89	1.65	1W		0.00	0.00	0.08
1M		2.41	2.05	2.41	1M		1.20	0.87	1.72	1M		0.23	0.09	0.23
2M		2.47	2.09	2.47	2M					2M		0.00	0.00	0.16
3M		2.53	2.14	2.53	3M		1.91	1.09	2.02	3M		0.52	0.14	0.52
6M		2.60	2.22	2.60	6M		2.27	1.31	2.27	6M		0.83	0.22	0.83
12M		2.71	2.35	2.71	12M		2.68	1.59	2.71	12M		1.33	0.35	1.34

Last Updated: 29/06/2023

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		4.5600	12.00	29.00	72.00	3.61	4.56
Gilt 10y		4.2906	3.92	-18.45	-3.84	4.09	4.64
Bund 10y		2.7800	-1.00	18.00	30.00	2.34	2.79
JGB 10y		0.7520	-0.20	9.00	31.40	0.39	0.75
TGB 1y		2.4550	-0.96	-0.77	19.52	2.23	2.48
TGB 2y		2.5741	1.56	4.41	18.12	2.36	2.57
TGB 5y		2.8772	1.78	10.16	22.48	2.62	2.88
TGB 7y		3.1007	5.18	15.45	29.16	2.77	3.10
TGB 10y		3.3821	1.67	22.88	49.34	2.88	3.38
AAA Spread		65.36	-1.22	-2.56	-7.89	65.36	73.93
AA Spread		69.80	1.31	-10.42	-11.04	68.49	85.27
A Spread		119.37	-0.29	-1.60	-3.90	119.37	124.71
BBB Spread		234.33	-0.02	-0.31	-3.44	234.30	239.99

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		84.58	0.6%	-11.3%	-6.6%	84.07	96.55
London Gold		1895.6	-1.4%	-1.6%	-3.5%	1,890.1	1,964.8

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)		4,288.4	-1.4%	-1.0%	#DIV/0!	4,229.5	4,515.8
STOXX (EU)		445.0	-0.3%	-2.0%	-0.6%	445.0	457.4
FTSE All-Share(UK)		4,049.1	-0.2%	-0.6%	-0.6%	4,010.9	4,197.8
DAX (DE)		15,217.5	-1.2%	-3.3%	-6.1%	15,217.5	16,446.8
CAC All-Tradable(FR)		5,262.3	-0.8%	-2.6%	-3.6%	5,262.3	5,592.3
TOPIX (JP)		2,371.9	-0.2%	-0.9%	4.7%	2,149.3	2,428.4
Shanghai (CH)		3,276.4	0.2%	0.2%	-2.3%	3,268.8	3,419.2
Hang Seng (HK)		17,466.9	-3.3%	-5.3%	-10.0%	17,466.9	20,040.4
ASX 200 (AU)		7,030.3	-0.7%	-1.8%	-3.6%	7,004.0	7,410.4
SET (TH)		1,497.2	-0.7%	-3.2%	-4.1%	1,479.6	1,576.7
SET50 (TH)		919.8	-0.4%	-2.8%	-2.8%	902.7	966.7
Straits Times (SG)		3,200.0	-0.5%	-0.2%	-0.6%	3,150.4	3,337.4
FTSE Malay (MY)		1,445.6	-0.3%	-1.0%	4.7%	1,378.7	1,460.1
JSX Index (ID)		6,923.8	-1.3%	-0.4%	3.4%	6,633.4	7,016.8
PSE Index (PH)		6,374.7	3.3%	2.4%	-0.9%	6,048.0	6,677.9
Vn Index (VN)		1,153.9	0.1%	-7.1%	3.3%	1,097.8	1,245.5

Sources: ttb analytics, CEIC

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

Important Disclosures

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