

**Asia stocks hit 2-week high as Fed talk turns dovish**

**Asia stocks hit 2-week high as Fed talk turns dovish**

Asia's stock markets rose, and the dollar beat a retreat as a dovish shift in tone from Federal Reserve officials had traders paring U.S. interest rate expectations, though with a wary eye on U.S. inflation data due on Thursday. The S&P 500 gained overnight and MSCI's broadest index of Asia-Pacific shares outside Japan rose 1.3% to a two-week high in morning trade. Japan's Nikkei rose 0.5%. The remark follows several Fed officials noting that recent rises in longer-term yields may help do the work of tightening financial conditions and crimping inflation, leaving the central bank with less to do in terms of short-term rate levels. Wagers on whether the Fed might hike again this year have pulled back a bit this week and Treasury yields have come sharply down from 16-year highs, yanking the dollar with them.

**Rising Borrowing Costs Strain Households in the UK and US**

Financial Policy Summary from the Bank of England has warned of impending financial hardships as households grapple with increased borrowing costs. The warning comes amidst 14 consecutive interest rate hikes that have pushed the current rate to 5.25%. Households are allocating more of their income towards clearing debts such as credit card bills, a trend that is expected to continue. Despite consumer debt still being below its 2007 peak, high-interest rates have led to a significant increase in long-term mortgages (30 years or more) from 4% to 12% within just two years. Consequently, there has been a modest rise in arrears, although still low historically. The report also reveals that the poorest individuals, predominantly renters who represent the majority of the UK population as per Sky News analysis, are increasingly depending on credit cards for daily expenses.

**Drop in euro zone investor mood slows in October**

Investor morale in the euro zone fell less than expected at the start of October, with Germany's economic weakness continuing to drag on the region but expectations rising slightly. Sentix's index for the euro zone declined to -21.9 points in October from -21.5 in September, better than the -22.8 estimated in a Reuters poll of analysts. The subindex for future expectations in the euro zone rose to -16.8 points, from -21.0 in the previous month, recording its highest level since April. The current situation index declined to -27.0 points, its lowest level since November 2022, from -22.0.

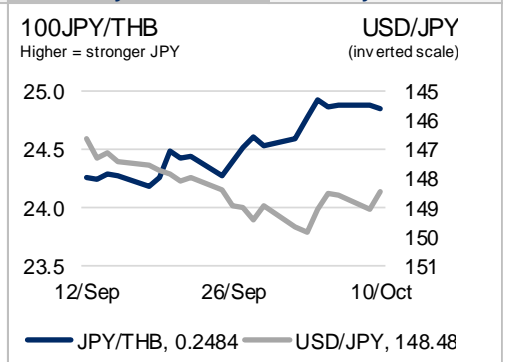
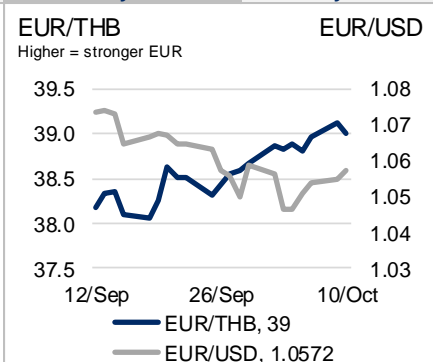
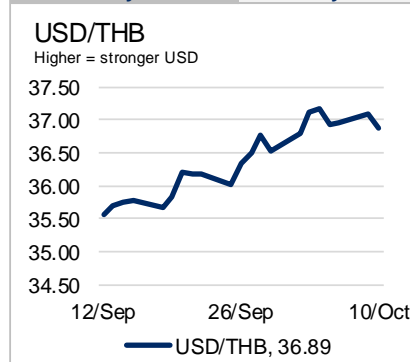
**Dollar index weakens amid stock market rally and dovish Fed stance**

The 10-year government bond yield (interpolated) on the previous trading day was 3.36, -1.80 bps. The benchmark government bond yield (LB31DA) was 3.37, -3.00 bps. Meantime, the latest closed US 10-year bond yields was 4.66, -12.00 bps. USDTHB on the previous trading day closed around 36.89. Moving in a range of 36.42-36.54 this morning. USDTHB could be closed between 36.35-36.60 today. The dollar index fell by 0.23%, influenced by a stock market rally and Atlanta Fed President Bostic's dovish stance on further interest rate hikes. This drop comes despite some safe-haven demand spurred by Middle East turmoil. Bostic expressed that the current policy rate is adequate to bring inflation down to 2%. In contrast, the EUR/USD rose by 0.24% on Tuesday. This increase was triggered by the dollar's weakness, hawkish signals from ECB's Holzmann about potential interest rate hikes following supply shocks, and an unexpected increase in Italy's industrial production. The USD/JPY also saw an increase of 0.13% on Tuesday as the yen weakened due to reduced safe-haven demand after a substantial rally in the Nikkei Stock Index, coupled with a decline in Japanese government bond yields. Meanwhile, gold and silver prices rose for the third consecutive day, driven by factors such as a weaker dollar, dovish comments from Bostic, and a decrease in the 10-year T-note yield.

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

<b>SET Index</b>	1,434.5	<b>S&amp;P500</b>	4,358.2	<b>10Y UST</b>	4.66%	<b>Brent</b>	88.3	<b>Gold</b>	1,859.7
0-Oct	▲ 0.19%	10-Oct	▲ 1.15%	10-Oct	▼ -12.0 bps	9-Oct	▲ 4.26%	10-Oct	▲ 0.40%

<b>USD/THB 36.89</b>	Daily ▼ -0.54%	<b>EUR/THB 39.00</b>	Daily ▼ -0.30%	<b>JPY/THB 0.2484</b>	Daily ▼ -0.14%
Weekly ▼ -0.74%	Weekly ▲ 0.30%	Weekly ▼ -0.33%	Monthly ▲ 2.11%	Monthly ▲ 2.39%	
Sideways Trend	Monthly ▲ 3.63%	Sideways Trend		Sideways Trend	



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

**Main Contributor**

Tarathip Tanganjanapas  
tarathip.tan@ttbank.com

Pimchatr Ekkachan  
pimchatr.ekk@ttbank.com

ttbank analytics | ttbankanalytics@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		106.39	0.0%	-0.8%	1.6%	104.68	107.22
EUR/USD		1.0547	0.1%	0.8%	-1.7%	1.0462	1.0741
USD/JPY		149.06	0.3%	-0.5%	1.8%	146.41	149.85
USD/CHF		0.9101	-0.4%	-1.1%	2.1%	0.8891	0.9213
GBP/USD		1.2202	0.2%	1.1%	-2.4%	1.2068	1.2569
USD/CAD		1.3662	-0.4%	-0.3%	0.3%	1.3471	1.3736
AUD/USD		0.6356	-0.2%	0.3%	-0.9%	0.6303	0.6457
NZD/USD		0.5971	0.2%	0.9%	1.0%	0.5872	0.6006
ASEAN Dollar		110.91	0.0%	0.7%	1.8%	108.62	111.29
USD/THB		37.09	0.3%	-0.1%	4.5%	35.49	37.16
USD/SGD		1.3675	0.0%	-0.5%	0.5%	1.3601	1.3743
USD/MYR		4.7245	0.1%	0.0%	1.2%	4.6705	4.7311
USD/IDR		15,606	0.3%	0.5%	2.1%	15,254	15,606
USD/PHP		56.89	0.3%	0.0%	0.4%	56.60	57.06
USD/CNY		7.2951	0.0%	-0.2%	-0.3%	7.2679	7.3429
USD/HKD		7.8323	0.0%	0.0%	0.0%	7.8186	7.8413

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
10/10/2023	-1,266	280	-986
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
Last 5 days	-2,047	-4,561	-6,608

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -7,157	↓ -4,674	↓ -11,831
QTD	Quarter	↓ -7,157	↓ -4,674	↓ -11,831
YTD	Year	↓ -164,328	↓ -15,355	↓ -179,683

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		2.50	2.00	2.50	ON		0.00	0.43	2.02	ON		0.08	0.07	0.08
1W		2.52	2.03	2.52	1W		1.47	0.89	1.65	1W		0.00	0.00	0.08
1M		2.55	2.05	2.55	1M		1.20	0.87	1.72	1M		0.23	0.09	0.23
2M		2.59	2.10	2.59	2M					2M		0.00	0.00	0.16
3M		2.62	2.15	2.62	3M		1.91	1.09	2.02	3M		0.52	0.14	0.52
6M		2.70	2.23	2.70	6M		2.27	1.31	2.27	6M		0.83	0.22	0.83
12M		2.80	2.36	2.80	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=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		4.6100	6.00	35.00	78.00	3.69	4.61
Gilt 10y		4.2969	7.49	-12.36	-1.95	4.15	4.61
Bund 10y		2.9200	12.00	32.00	43.00	2.32	2.92
JGB 10y		0.7470	0.90	8.00	30.00	0.38	0.76
TGB 1y		2.4488	-0.62	-1.41	17.14	2.25	2.48
TGB 2y		2.5744	0.03	3.56	16.25	2.39	2.57
TGB 5y		2.8689	-0.83	8.06	18.61	2.65	2.88
TGB 7y		3.0934	-0.73	10.33	26.44	2.81	3.10
TGB 10y		3.3641	-1.80	12.41	42.17	2.89	3.38
AAA Spread		65.28	-1.26	-2.64	-7.89	65.28	73.91
AA Spread		68.22	-0.22	-11.99	-12.08	68.22	84.99
A Spread		119.35	-0.04	-1.84	-3.84	119.35	124.61
BBB Spread		234.50	0.21	-0.14	-3.30	234.24	239.83

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		88.26	4.4%	-2.7%	-2.6%	84.07	96.55
London Gold		1874.1	-2.0%	-2.7%	-4.1%	1,874.1	1,978.2

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)		4,229.5	0.8%	-0.3%	-5.2%	4,229.5	4,515.8
STOXX (EU)		440.8	-0.9%	-1.8%	-1.6%	440.8	457.4
FTSE All-Share(UK)		4,124.7	1.9%	2.0%	1.3%	4,010.9	4,197.8
DAX (DE)		15,323.5	0.4%	-3.0%	-4.9%	15,255.9	16,310.8
CAC All-Tradable(FR)		5,293.7	0.6%	-2.5%	-2.7%	5,264.0	5,527.7
TOPIX (JP)		2,379.5	-0.3%	-0.2%	3.7%	2,182.7	2,430.3
Shanghai (CH)		3,259.2	-0.6%	-0.8%	-3.2%	3,227.2	3,439.0
Hang Seng (HK)		17,611.9	-0.7%	-3.2%	-9.8%	17,611.9	19,912.9
ASX 200 (AU)		7,024.8	-0.2%	-2.3%	-4.5%	7,024.8	7,450.7
SET (TH)		1,482.1	-0.8%	-3.8%	-4.9%	1,478.1	1,568.8
SET50 (TH)		909.9	-0.8%	-3.4%	-4.0%	902.7	963.5
Straits Times (SG)		3,207.0	-0.3%	-0.4%	-1.1%	3,139.5	3,371.2
FTSE Malay (MY)		1,440.1	-0.2%	-1.0%	3.9%	1,374.6	1,462.0
JSX Index (ID)		6,937.8	-0.9%	0.2%	3.2%	6,618.9	6,998.4
PSE Index (PH)		6,385.5	1.9%	2.4%	-1.2%	6,041.0	6,631.3
Vn Index (VN)		1,152.4	1.3%	-5.8%	3.3%	1,108.3	1,243.1

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.