

US producer prices unexpectedly fall; goods deflation seen persisting

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US producer prices unexpectedly fell in December amid declining costs for goods such as diesel fuel and food, suggesting inflation would continue to subside and allow the Federal Reserve to start cutting interest rates this year. The producer price index for final demand dipped 0.1% last month, the Labor Department's Bureau of Labor Statistics said. Data for November was revised to show the PPI falling 0.1% instead of being unchanged as previously reported. The PPI has now declined for three consecutive months. Economists polled by Reuters had forecast the PPI rebounding 0.1%. Goods prices dropped 0.4%, with a 12.4% decline in the cost of diesel fuel accounting for half of the decrease. Goods prices fell 0.3% in November. They have dropped for three straight months. Excluding food and energy, goods prices were unchanged after edging up 0.1% in November.

ECB rethinks rate cuts amid positive economic indicators

The European Central Bank (ECB) is reassessing its approach to interest rate policy, signaling a potential shift away from the previously planned aggressive rate cuts for 2024. This reconsideration comes in light of recent economic trends that have been more optimistic than expected. ECB officials, including President Christine Lagarde and Chief Economist Philip Lane, have highlighted the necessity of waiting for more comprehensive economic data before making any decisions on rate normalization. The bank is closely monitoring upcoming wage statistics from Eurostat, focusing on the service sector's inflation and the growth of wages, which are currently surpassing equilibrium levels.

China's 2023 bank lending at record high, but economy still struggling

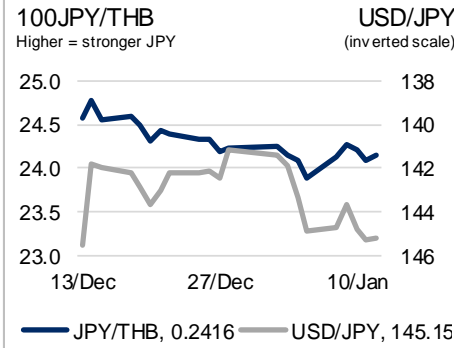
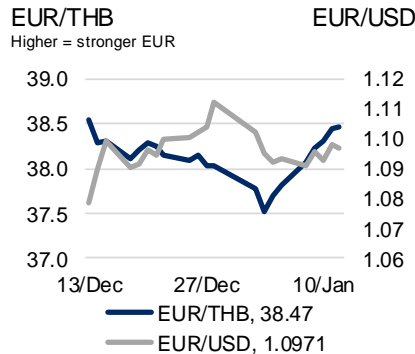
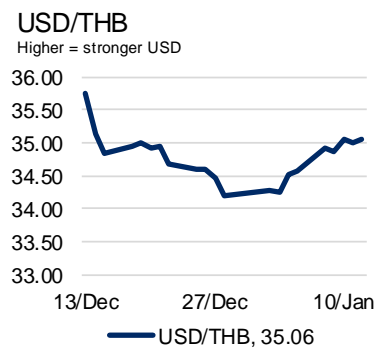
New bank lending in China rose less than expected in December, but 2023 lending hit a new record as the central bank kept policy accommodative to support an unexpectedly shaky economic recovery. Chinese banks extended 1.17 trillion yuan (\$163.31 billion) in new yuan loans in December, up from November but falling short of analysts' expectations, according to data released by the People's Bank of China on Friday. Analysts polled by Reuters had predicted new yuan loans would rise to 1.40 trillion yuan in December from 1.09 trillion yuan the previous month, and comparable with 1.4 trillion yuan a year earlier.

Dollar pares gains on soft US inflation data

The 10-year government bond yield (interpolated) on the previous trading day was 2.73, +0.72 bps. The benchmark government bond yield (LB31DA) was 2.71, +0.00 bps. Meantime, the latest closed US 10-year bond yields was 3.96, -2.00 bps. USDTHB on the previous trading day closed around 35.06 Moving in a range of 34.83-34.99 this morning. USDTHB could be closed between 34.75-35.00 today. The dollar index pared gains on Friday after US producer prices unexpectedly fell in December, raising expectations of an early US rate cut. It was higher on the day, boosted by safety pricing after US and British warplanes, ships and submarines launched dozens of air strikes across Yemen overnight. The producer price index for final demand dipped 0.1% last month, after a decline in the cost of goods, while prices for services were unchanged, increasing the chances of lower inflation in the months ahead. That led traders to add to bets for a rate cut in the coming months. Fed funds futures now imply a 79% chance of a March rate cut, up from 73% on Thursday, according to the CME Group's FedWatch Tool. Traders maintained their view that a March rate cut is likely even after consumer price inflation data came in above economists' expectations.

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

SET Index	1,413.5	S&P500	4,783.8	10Y UST	3.96%	Brent	78.5	Gold	2,039.6
12-Jan	▲ 0.37%	12-Jan	▲ 0.08%	12-Jan	▼ -2.0 bps	11-Jan	▲ 2.19%	12-Jan	▲ 0.38%
USD/THB	35.06	Daily ▲ 0.15%	EUR/THB	38.47	Daily ▲ 0.05%	JPY/THB	0.2416	Daily ▲ 0.25%	
		Weekly ▲ 0.43%			Weekly ▲ 1.01%			Weekly ▲ 0.14%	
Sideways	Trend	Monthly ▼ -1.95%	Sideways	Trend	Monthly ▼ -0.22%	Sideways	Trend	Monthly ▼ -1.71%	



Sources: ttb 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		102.22	0.0%	-0.3%	-1.8%	100.74	104.16
EUR/USD		1.0981	0.5%	0.5%	2.1%	1.0758	1.1121
USD/JPY		145.30	0.4%	0.3%	-0.2%	141.15	147.07
USD/CHF		0.8496	-0.3%	-0.1%	-3.3%	0.8402	0.8783
GBP/USD		1.2766	0.5%	0.7%	1.6%	1.2549	1.2820
USD/CAD		1.3364	-0.2%	0.0%	-1.7%	1.3189	1.3622
AUD/USD		0.6716	0.3%	0.2%	2.1%	0.6539	0.6860
NZD/USD		0.6246	0.1%	0.3%	1.7%	0.6111	0.6362
ASEAN Dollar		103.59	0.0%	0.9%	-0.7%	102.21	104.57
USD/THB		35.01	-0.1%	1.2%	-1.7%	34.20	35.75
USD/SGD		1.3291	-0.2%	-0.1%	-1.0%	1.3167	1.3430
USD/MYR		4.6375	-0.3%	-0.2%	-1.0%	4.6016	4.6986
USD/IDR		15,520	0.2%	0.5%	-0.4%	15,359	15,582
USD/PHP		56.31	-0.2%	0.9%	0.9%	55.45	56.42
USD/CNY		7.1593	0.0%	-0.1%	-0.2%	7.1108	7.1871
USD/HKD		7.8099	-0.1%	0.0%	0.1%	7.7962	7.8266

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		0.35	-0.20
3-month		1.10	-0.30
6-month		2.00	-0.40

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		222,473	-2011
Gold		16,059	-133
SDR		5,499	-28
IMF Reserves		1,202	-6
Foreign Ccy		199,713	-1843
Net Fwd Position		30,010	-95

Last update: 5/1/2024

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
12/1/2024	-67	-5,792	-5,859
11/1/2024	-1,066	-8,781	-9,847
10/1/2024	-1,828	14,361	12,533
9/1/2024	-1,006	1,785	779
8/1/2024	-271	-4,791	-5,061
Last 5 days	-4,238	-3,217	-7,455

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -6,326	↑ 9,636	↑ 3,310
QTD	Quarter	↓ -6,326	↑ 9,636	↑ 3,310
YTD	Year	↓ -6,326	↑ 9,636	↑ 3,310

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	0.00	2.50	ON		1.72	1.04	1.72	ON		0.07	0.07	0.08
1W		2.52	0.00	2.52	1W		1.61	0.22	1.61	1W		0.00	0.00	0.09
1M		2.55	0.00	2.55	1M		1.59	0.88	1.72	1M		0.11	0.08	0.11
2M		2.60	0.00	2.60	2M					2M		0.00	0.00	0.15
3M		2.65	0.00	2.65	3M		1.81	1.09	1.82	3M		0.26	0.11	0.26
6M		2.72	0.00	2.72	6M		1.95	1.31	1.99	6M		0.44	0.15	0.44
12M		2.84	0.00	2.84	12M		2.26	1.59	2.26	12M		0.80	0.22	0.80

Last Updated: 29/6/2023

Last Updated: 9/3/2023

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		4.4200	-25.00	8.00	107.00	3.35	4.71
Gilt 10y		4.1265	-25.65	-48.19	65.46	3.23	4.61
Bund 10y		2.5700	-13.00	3.00	44.00	2.03	2.86
JGB 10y		0.7650	-18.70	13.30	43.50	0.33	0.95
TGB 1y		2.3671	-0.01	-1.70	-0.47	2.36	2.38
TGB 2y		2.3033	0.08	-4.89	-9.26	2.30	2.41
TGB 5y		2.3963	-0.05	-9.69	-12.33	2.40	2.52
TGB 7y		2.5411	0.92	-8.12	-16.62	2.53	2.73
TGB 10y		2.7189	0.04	-6.96	-13.20	2.70	2.88
AAA Spread		67.37	-1.83	-3.87	-5.78	65.53	73.90
AA Spread		74.87	6.95	-2.78	-9.81	67.14	85.52
A Spread		110.20	0.08	-12.13	-17.98	110.11	128.18
BBB Spread		235.32	0.95	-4.41	9.00	225.82	239.73

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		78.50	2.2%	0.3%	3.5%	73.24	81.07
London Gold		1999.9	0.6%	5.2%	1.9%	1,871.6	2,027.1

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)		4,774.8	1.6%	5.0%	12.4%	4,117.4	4,783.4
STOXX (EU)		472.5	0.0%	3.8%	5.3%	422.0	472.5
FTSE All-Share(UK)		4,088.1	0.8%	2.6%	0.8%	3,954.4	4,175.9
DAX (DE)		15,957.8	5.4%	1.5%	2.3%	14,957.2	16,163.4
CAC All-Tradable(FR)		5,390.9	3.5%	-0.2%	-1.4%	5,207.1	5,642.7
TOPIX (JP)		2,372.6	2.7%	4.9%	20.6%	1,947.5	2,392.5
Shanghai (CH)		3,188.2	-0.4%	-3.9%	-6.3%	3,188.2	3,532.8
Hang Seng (HK)		17,734.6	-1.3%	-3.2%	-9.4%	17,611.9	20,397.0
ASX 200 (AU)		7,078.2	1.4%	-0.6%	-2.2%	6,978.2	7,365.5
SET (TH)		1,406.6	-0.1%	-9.0%	-12.5%	1,406.6	1,606.9
SET50 (TH)		867.6	-0.4%	-9.1%	-10.3%	867.6	967.8
Straits Times (SG)		3,111.8	-2.2%	-1.5%	-5.2%	3,111.8	3,319.3
FTSE Malay (MY)		1,453.3	-0.8%	0.2%	2.3%	1,383.2	1,464.7
JSX Index (ID)		6,907.0	0.4%	-0.1%	5.2%	6,565.7	6,939.9
PSE Index (PH)		6,183.6	3.5%	-2.3%	-5.5%	5,973.8	6,685.7
Vn Index (VN)		1,095.6	-1.6%	-6.6%	2.3%	1,039.6	1,241.4

Sources: ttb analytics, CEIC

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

Important Disclosures

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