

Fed signals 'patience' on rate cuts as data disappoints

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A week of disappointing US economic data, including stronger-than-expected inflation and weakening spending, has Federal Reserve policymakers doubling down on their wait-and-see approach to interest rate cuts this year, but not discouraged. The latest bit of bad news came early on Friday in the form of a 0.5% month-on-month surge in January's producer price index excluding food and energy, potentially undoing some of what policymakers have called "remarkable" progress on inflation. That followed on reports earlier this week showing that consumer prices rose more than expected last month, even as a big drop in retail sales and a slide in factory production amid severe cold in some parts of the country raised questions about economic momentum.

China cuts mortgage reference rate more than expected to revive property market

China cut the benchmark reference rate for mortgages at a monthly fixing by more than expected, as authorities ramped up efforts to stimulate credit demand and revive the property market. Commercial banks' improving net interest margins following recent deposit rate cuts and the reduction to bank reserves earlier this month has paved the way for lenders to reduce borrowing costs to support the economy. The five-year loan prime rate (LPR) was lowered by 25 basis points to 3.90% from 4.20% previously, while the one-year LPR was left unchanged at 3.45%. In a Reuters poll of 27 market watchers conducted this week, 25 expected a reduction to the five-year LPR. They projected a cut of five to 15 basis points.

Thai economy shrinks, adds to rate cut case amid central bank and PM feud

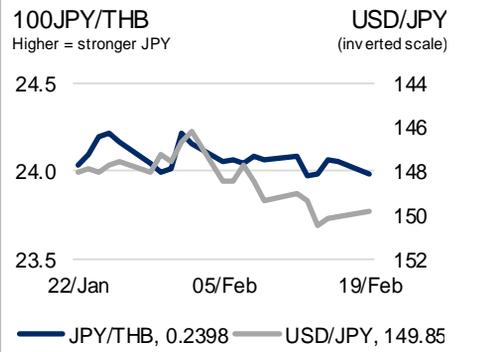
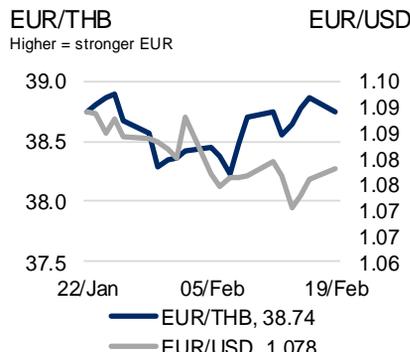
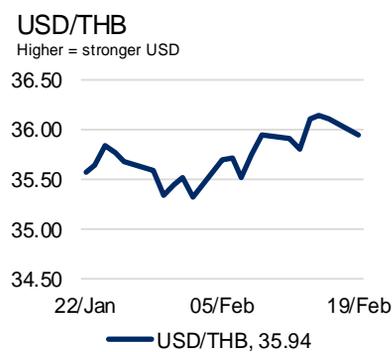
Thailand's economy unexpectedly contracted in the fourth quarter of 2023 and policymakers downgraded the outlook for this year, adding to pressure on the central bank to give in to the prime minister's demands for a rate cut. Prime Minister Srettha Thavisin, who is also the finance minister, has been at loggerheads with the Bank of Thailand (BOT) over the direction of monetary policy, repeatedly saying rate cuts will help the economy he describes as being in crisis as it confronts high household debt and China's slowdown. Gross domestic product fell a seasonally adjusted 0.6% in the fourth quarter, National Economic and Social Development Council data showed on Monday, down from a revised 0.6% rise in the third quarter. The first quarterly contraction in a year compares with a 0.1% rise forecast in a Reuters poll. From a year earlier, GDP grew 1.7%, faster than revised 1.4% growth in the third quarter but slower than a forecast 2.5% expansion.

Dollar ticks up as investors gauge rates outlook

The 10-year government bond yield (interpolated) on the previous trading day was 2.57, -0.69 bps. The benchmark government bond yield (LB31DA) was 2.58, -1.00 bps. Meantime, the latest closed US 10-year bond yields was 4.30, +6.00 bps. USDTHB on the previous trading day closed around 35.94 Moving in a range of 36.095-36.185 this morning. USDTHB could be closed between 36.05-36.35 today. The dollar inched higher after rising for the fifth week straight on the back of strong inflation data, while the yen traded near the psychologically important 150 level. US markets are closed for the Presidents' Day holiday, with trading volumes likely to be low throughout the day. The dollar index, which tracks the currency against six peers, was last up 0.13% at 104.35, after rising 0.18% the previous week. It rose to its highest since mid-November last Tuesday to 104.97 after figures showed US inflation came in stronger than expected in January, causing investors to dial down the number of interest rate cuts they expect from the Federal Reserve this year. But it slipped on Thursday after data showed retail sales fell last month.

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

SET Index	1,387.3	S&P500	5,005.6	10Y UST	4.30%	Brent	83.5	Gold	2,020.4		
19-Feb ▲	0.08%	16-Feb ▼	-0.48%	16-Feb ▲	6.0 bps	16-Feb ▲	0.73%	19-Feb ▲	0.74%		
USD/THB	35.94	Daily ▼	-0.47%	EUR/THB	38.74	Daily ▼	-0.29%	JPY/THB	0.2398	Daily ▼	-0.31%
		Weekly ▲	0.39%			Weekly ▲	0.51%			Weekly ▲	0.04%
Sideways	Trend	Monthly ▲	1.03%	Sideways	Trend	Monthly ▼	-0.01%	Sideways	Trend	Monthly ▼	-0.20%



Sources: ttbank 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		104.39	0.0%	0.4%	1.0%	102.90	104.86
EUR/USD		1.0760	0.3%	-0.3%	-1.1%	1.0706	1.0914
USD/JPY		150.09	-0.1%	0.7%	1.3%	146.03	150.50
USD/CHF		0.8808	-0.5%	0.7%	1.4%	0.8567	0.8868
GBP/USD		1.2587	0.2%	-0.4%	-0.9%	1.2549	1.2757
USD/CAD		1.3484	-0.4%	0.2%	-0.1%	1.3371	1.3570
AUD/USD		0.6512	0.4%	-0.2%	-1.0%	0.6453	0.6619
NZD/USD		0.6095	0.2%	-0.7%	-0.2%	0.6062	0.6169
ASEAN Dollar		108.54	0.0%	0.5%	0.5%	106.26	108.54
USD/THB		36.11	-0.1%	0.6%	1.6%	35.14	36.15
USD/SGD		1.3461	-0.1%	0.1%	0.3%	1.3350	1.3507
USD/MYR		4.7783	0.0%	0.3%	1.3%	4.6827	4.7816
USD/IDR		15,585	0.1%	0.2%	0.1%	15,509	15,769
USD/PHP		56.19	-0.1%	0.0%	0.2%	56.04	56.59
USD/CNY		7.2045	0.0%	-0.1%	0.1%	7.1595	7.2154
USD/HKD		7.8213	0.0%	0.0%	0.0%	7.8085	7.8298

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		220,705	-127
Gold		15,892	-112
SDR		5,454	-3
IMF Reserves		1,164	-1
Foreign Ccy		198,195	-11
Net Fwd Position		30,205	-400

Last update: 09/02/2024

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
19/02/2024	1,223	-196	1,027
16/02/2024	834	2,653	3,486
15/02/2024	-1,342	-1,978	-3,319
14/02/2024	-2,701	-5,079	-7,780
13/02/2024	-201	-1,217	-1,418
Last 5 days	-2,186	-5,818	-8,004

	Period-to-date	Equity	Bond	Total
MTD	Month	↑ 1,030	↓ -19,266	↓ -18,235
QTD	Quarter	↓ -29,844	↓ -23,499	↓ -53,343
YTD	Year	↓ -29,844	↓ -23,499	↓ -53,343

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	1.14	1.72	ON		0.07	0.07	0.08
1W		2.53	0.00	2.53	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		2.73	0.00	2.73	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: 29/06/2023

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	1M History	YTM (%)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		3.8400	-39.00	-71.00	-9.00	3.35	4.83
Gilt 10y		3.5144	-51.39	-78.25	-17.59	3.34	4.54
Bund 10y		2.1000	-13.00	-82.00	-22.00	2.10	2.94
JGB 10y		0.6570	-13.40	-10.10	13.00	0.34	0.95
TGB 1y		2.2574	-0.01	-1.57	-9.99	2.26	2.36
TGB 2y		2.1723	0.07	-0.89	-17.24	2.17	2.34
TGB 5y		2.2874	0.85	1.94	-16.33	2.25	2.45
TGB 7y		2.4186	0.32	0.94	-17.13	2.40	2.59
TGB 10y		2.5779	0.63	0.69	-19.87	2.55	2.78
AAA Spread		62.86	-4.51	-3.72	-10.14	62.86	73.93
AA Spread		73.56	0.00	5.07	-21.02	67.08	94.58
A Spread		109.09	0.13	-10.58	-14.45	108.96	128.05
BBB Spread		235.60	0.07	1.25	10.02	225.58	242.26

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		83.47	0.7%	2.3%	6.6%	77.33	83.55
London Gold		2074.9	4.4%	10.7%	13.1%	1,809.1	2,074.9

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)		4,906.2	-0.4%	2.6%	12.9%	4,193.8	4,942.8
STOXX (EU)		462.3	1.5%	-1.2%	4.5%	422.0	475.3
FTSE All-Share(UK)		4,088.1	0.8%	2.6%	2.4%	3,954.4	4,172.4
DAX (DE)		16,769.4	-0.1%	9.4%	13.8%	14,735.3	16,791.7
CAC All-Tradable(FR)		5,609.7	0.3%	6.6%	4.7%	5,169.9	5,640.4
TOPIX (JP)		2,338.9	0.6%	-1.9%	17.3%	1,960.1	2,383.4
Shanghai (CH)		3,056.0	-1.8%	-6.8%	-10.8%	3,056.0	3,519.8
Hang Seng (HK)		17,043.5	4.3%	-5.6%	-17.3%	16,334.4	21,842.3
ASX 200 (AU)		7,590.8	5.5%	7.9%	6.2%	6,899.7	7,590.8
SET (TH)		1,433.4	3.9%	-4.3%	-10.8%	1,378.9	1,682.6
SET50 (TH)		884.8	3.5%	-3.8%	-7.9%	854.8	999.1
Straits Times (SG)		3,240.3	4.4%	1.3%	0.8%	3,096.3	3,388.5
FTSE Malay (MY)		1,454.2	0.8%	0.3%	-0.1%	1,385.4	1,499.4
JSX Index (ID)		7,245.9	1.6%	3.3%	5.1%	6,628.1	7,245.9
PSE Index (PH)		6,450.0	3.6%	6.8%	-2.3%	5,962.0	7,042.7
Vn Index (VN)		1,117.7	-0.3%	-3.1%	6.5%	1,032.4	1,243.1

Sources: ttb analytics, CEIC

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

Important Disclosures

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