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The Federal Reserve reduced its benchmark interest rate by half a percentage point, marking an assertive beginning to a policy shift intended to support the US labor market. The Federal Open Market Committee voted 11 to 1 to adjust the federal funds rate to a range of 4.75% to 5%, after maintaining it at its highest level in two decades for over a year. Projections released after their two-day meeting indicated that a slim majority of 10 out of 19 officials preferred additional cuts of at least half a percentage point during their remaining meetings in 2024. Seven officials supported a smaller quarter-point reduction this year, while two opposed any further adjustments. Chair Powell emphasized a flexible approach, noting that future decisions would be made on a meeting-by-meeting basis and cautioned against interpreting today's move as setting a new pace. He downplayed concerns about the economy, spending much of the press conference highlighting its strengths, and stated that the 50 basis point reduction reflects the Fed's commitment to stay proactive. He also remarked that he believes the neutral rate is higher than previously thought.

UK inflation holds at 2.2%, paving the way for potential rate cuts

In August, UK inflation stayed just above the Bank of England's 2% target, bolstering expectations for another interest rate cut later this year. Consumer prices rose 2.2% year-on-year, matching July's rate but falling short of BOE predictions. While prices for motor fuel, restaurants, and hotels decreased, airfares rose. Services inflation, a key concern, increased to 5.6% from 5.2%, though this rise is expected to be temporary. Both figures remain below the BOE's August forecasts. These trends suggest the BOE may continue to loosen its policy after cutting rates for the first time since the pandemic on August 1.

Japan's exports slow sharply, machinery orders shrink in blow to economic recovery

Japan's export growth experienced a significant slowdown in August, with shipments to the U.S. falling for the first time in three years. Additionally, machinery orders unexpectedly declined in July, raising concerns about the economy's ability to recover. Data released Wednesday showed total exports rose 5.6% year-on-year in August, the ninth consecutive month of growth but below the 10% forecast after a 10.3% increase in July. Exports to the U.S. fell 0.7%, the first decline in nearly three years, mainly due to a 14.2% drop in auto sales. Imports increased by 2.3%, missing expectations of 13.4%. As a result, the trade balance showed a deficit of 695.3 billion yen (\$4.90 billion), better than the projected 1.38 trillion-yen deficit.

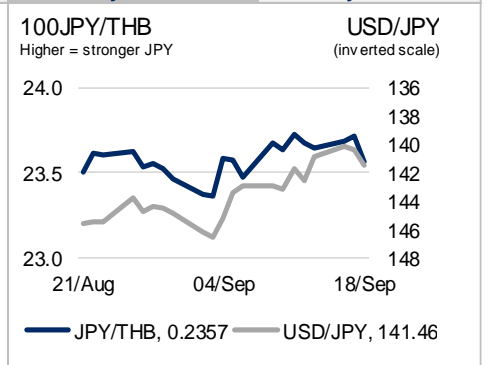
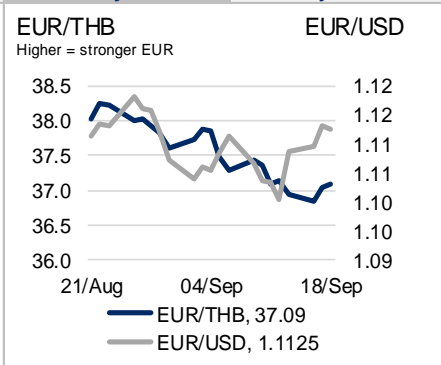
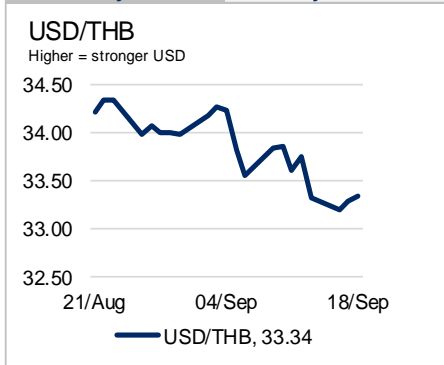
Dollar rises after Fed's 50 basis point rate cut

The 10-year government bond yield (interpolated) on the previous trading day was 2.522, +2.15 bps. The benchmark government bond yield (LB346A) was 2.515, +2.5 bps. Meantime, the latest closed US 10-year bond yields was 3.70, +5.00 bps. USDTHB on the previous trading day closed around 33.34 moving in a range of 33.39 – 33.49 this morning. USDTHB could be closed between 33.35– 33.65 today. The dollar experienced significant volatility following the Fed's actions, initially dropping to a new year-to-date low after the Fed cut rates by 50 basis points. However, it later rebounded as Fed Chair Powell indicated that decisions would be made on a meeting-by-meeting basis, suggesting that this move shouldn't set a new standard. The euro also saw fluctuations, returning to flat territory just above the 1.1100 level, primarily influenced by the Fed's announcements. Meanwhile, the Japanese yen gained support after the Fed's rate decision, bringing USD/JPY below 141.00, although this gain eventually reversed.

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

<b>SET Index</b>	<b>1,435.8</b>	<b>S&amp;P500</b>	<b>5,618.3</b>	<b>10Y UST</b>	<b>3.70%</b>	<b>Brent</b>	<b>73.7</b>	<b>Gold</b>	<b>2,568.4</b>
18-Sep	▼ -0.06%	18-Sep	▼ -0.3%	18-Sep	▲ 5.0 bps	17-Sep	▲ 1.3%	18-Sep	▼ -0.3%

<b>USD/THB 33.34</b>	Daily ▲ 0.18%	<b>EUR/THB 37.09</b>	Daily ▲ 0.13%	<b>JPY/THB 0.2357</b>	Daily ▼ -0.63%
Weekly ▼ -1.22%	<b>EUR/USD 1.1125</b>	Weekly ▼ -0.12%	Weekly ▼ -0.48%	Monthly ▲ 0.26%	
Monthly ▼ -2.58%	Monthly ▼ -2.47%				



Sources: ttb analytics, TMB Treasury, CEIC, ThaiBMA, Bloomberg, CNBC, BBC, Reuters, Bangkokbiznews, FX data: BoT'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		100.83	0.2%	-0.96%	-0.7%	100.64	103.00
EUR/USD		1.1125	0.0%	1.1%	0.1%	1.0970	1.1181
USD/JPY		141.46	0.8%	-0.7%	-2.8%	140.15	148.96
USD/CHF		0.8451	0.2%	-0.9%	-1.1%	0.8415	0.8718
GBP/USD		1.3174	-0.3%	1.0%	1.2%	1.2840	1.3239
USD/CAD		1.3588	0.0%	0.0%	-0.3%	1.3459	1.3742
AUD/USD		0.6763	0.2%	1.3%	0.4%	0.6608	0.6796
NZD/USD		0.6204	0.2%	1.1%	0.9%	0.5996	0.6280
ASEAN Dollar		102.66	-0.2%	-1.1%	-1.4%	102.88	105.70
USD/THB		33.34	0.2%	-1.2%	-2.5%	33.20	35.09
USD/SGD		1.2940	0.0%	-0.8%	-0.9%	1.2940	1.3210
USD/MYR		4.2440	-0.9%	-2.0%	-2.9%	4.2819	4.4487
USD/IDR		15,295	-0.1%	-0.4%	-0.6%	15,308	15,628
USD/PHP		55.96	0.1%	-0.6%	-1.4%	55.91	57.42
USD/CNY		7.0867	0.02%	-0.4%	-0.5%	7.0761	7.1726
USD/HKD		7.7887	0.08%	-0.1%	0.0%	7.7811	7.8010

FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		0.15	0.15
3-month		0.70	-0.05
6-month		1.50	-0.20

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		236,897	1212
Gold		18,978	100
SDR		5,583	16
IMF Reserves		1,144	3
Foreign Ccy		211,192	1092
Net Fwd Position		26,680	195

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
18/09/2024	3,494	9,749	13,242
17/09/2024	-416	-186	-601
16/09/2024	350	-66	285
13/09/2024	1,761	1,718	3,479
12/09/2024	827	246	1,074
Last 5 days	6,016	11,462	17,478

	Period-to-date	Equity	Bond	Total
MTD	Month	↑ 28,398	↑ 23,276	↑ 51,674
QTD	Quarter	↑ 20,682	↑ 78,279	↑ 98,961
YTD	Year	↓ -96,350	↑ 32,293	↓ -64,056

Money Market

Last update: 06/09/2024

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		0.08	0.07	0.08
1W		2.52	0.00	2.53	1W		1.61	0.22	1.61	1W		0.00	0.00	0.00
1M		2.55	0.00	2.55	1M		1.59	0.88	1.72	1M		0.35	0.12	0.35
2M		2.60	0.00	2.60	2M					2M		0.00	0.00	0.00
3M		2.65	0.00	2.65	3M		1.81	1.09	1.82	3M		0.75	0.34	0.75
6M		2.71	0.00	2.71	6M		1.95	1.31	1.99	6M		1.04	0.56	1.04
12M		2.81	0.00	2.82	12M		2.26	1.59	2.26	12M		1.49	1.00	1.49

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

Sources: ttb analytics, CEIC

Fixed Income Market

Fixed Income	1M History	YTM (%)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		3.7000	5.00	2.00	-12.00	3.63	3.92
Gilt 10y		3.7245	-8.54	-16.71	-14.41	3.72	4.02
Bund 10y		2.1700	7.00	4.00	-5.00	2.10	2.33
JGB 10y		0.8600	-0.30	-2.60	-5.60	0.86	0.95
TGB 1y		2.2609	-0.44	-2.01	-2.46	2.27	2.29
TGB 2y		2.1402	-1.13	-3.78	-7.51	2.15	2.22
TGB 5y		2.2121	1.24	-6.60	-11.30	2.20	2.33
TGB 7y		2.3616	-0.15	-6.08	-8.84	2.36	2.45
TGB 10y		2.5221	2.15	-3.42	-4.79	2.50	2.58
AAA Spread		56.24	0.26	1.20	-9.28	55.04	70.50
AA Spread		80.52	-0.27	2.89	13.42	67.10	82.00
A Spread		99.41	-1.01	-6.25	-14.07	99.41	122.03
BBB Spread		0.00	0.00	0.00	-234.24	0.00	239.74

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		73.68	1.3%	4.3%	-4.6%	69.19	81.43
London Gold		2568.4	-0.28%	2.1%	1.9%	2,456.3	2,587.5

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)		5,618.3	-0.29%	0.4%	0.0%	5,408.4	5,648.4
STOXX (EU)		502.4	-0.4%	0.7%	0.0%	492.4	512.1
FTSE All-Share(UK)		4,076.1	0.2%	-0.3%	2.9%	3,933.2	4,088.1
DAX (DE)		18,711.5	-0.1%	1.0%	1.4%	18,265.9	18,930.9
CAC All-Tradable(FR)		5,527.7	-0.5%	0.3%	-0.8%	5,456.2	5,665.2
TOPIX (JP)		2,565.4	0.4%	1.4%	-3.9%	2,530.7	2,733.3
Shanghai (CH)		2,847.8	0.5%	-1.0%	-6.1%	2,834.0	3,032.9
Hang Seng (HK)		17,660.0	1.4%	3.2%	0.5%	17,108.7	17,989.1
ASX 200 (AU)		8,142.1	0.0%	0.8%	1.6%	7,950.5	8,142.1
SET (TH)		1,435.8	-0.1%	1.0%	7.3%	1,303.0	1,436.6
SET50 (TH)		904.9	-0.2%	0.8%	7.0%	825.4	906.5
Straits Times (SG)		3,592.4	0.0%	1.0%	6.5%	3,352.9	3,593.4
FTSE Malay (MY)		1,660.6	-0.2%	1.3%	1.1%	1,612.9	1,678.8
JSX Index (ID)		7,829.1	0.0%	0.9%	3.9%	7,409.5	7,831.8
PSE Index (PH)		7,155.9	-0.3%	1.9%	3.9%	6,692.9	7,175.4
Vn Index (VN)		1,264.9	0.5%	0.7%	0.3%	1,223.6	1,285.3

Sources: ttb analytics, CEIC

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

Important Disclosures

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