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The Federal Reserve cut rates by 25 basis points to 4.25-4.5%, with an 11-1 vote, and Hammack dissenting. The statement remained mostly unchanged, but now mentions considering the "extent and timing" of future rate hikes, signaling slower easing ahead. The updated Summary of Economic Projections (SEPs) showed higher 2025 and 2026 Federal Funds Rate projections, with the 2025 median rising to 3.9% (from 3.4%) and the 2026 median to 3.4% (from 2.9%). Core PCE inflation is now expected at 2.5% in 2025 and 2.2% in 2026. Powell also noted that some policymakers had started considering the potential impact of higher tariffs from President-elect Trump, but emphasized that the effects of such policies were highly uncertain.

Powell signals the Fed's renewed focus on inflation

Chair Jerome Powell made it clear that the central bank's year-end inflation projection has "kind of fallen apart." Officials now anticipate it will take much longer for inflation to reach their 2% target, which has been missed for nearly four years. As a result, Powell emphasized that any adjustments will depend on further progress in reducing inflation. This shift toward prioritizing inflation is a departure from September, when officials viewed labor market softening as the greater risk.

UK inflation jumps to eight-month high ahead of BOE decision

UK inflation rose for the second consecutive month, with November CPI increasing 2.6% year-on-year, up from 2.3% in October, fueled by higher motor fuel and clothing prices. This puts further distance from the Bank of England's 2% target and supports expectations for the BOE to keep rates unchanged. Services inflation remained high at 5%, while goods inflation rose to 0.4%, driven by motor fuel, clothing, and processed food.

Thailand keeps key rate unchanged, citing increasing uncertainties

Thailand's central bank decided to keep its key interest rate unchanged following an unexpected rate cut in October, citing concerns over increasing future uncertainties while resisting government pressure for further easing. The MPC unanimously agreed to maintain the one-day repurchase rate at 2.25%, as anticipated. The central bank believes this rate aligns with the economic outlook and inflation, which is moving toward the target range, while also supporting economic and financial stability amid growing uncertainties ahead.

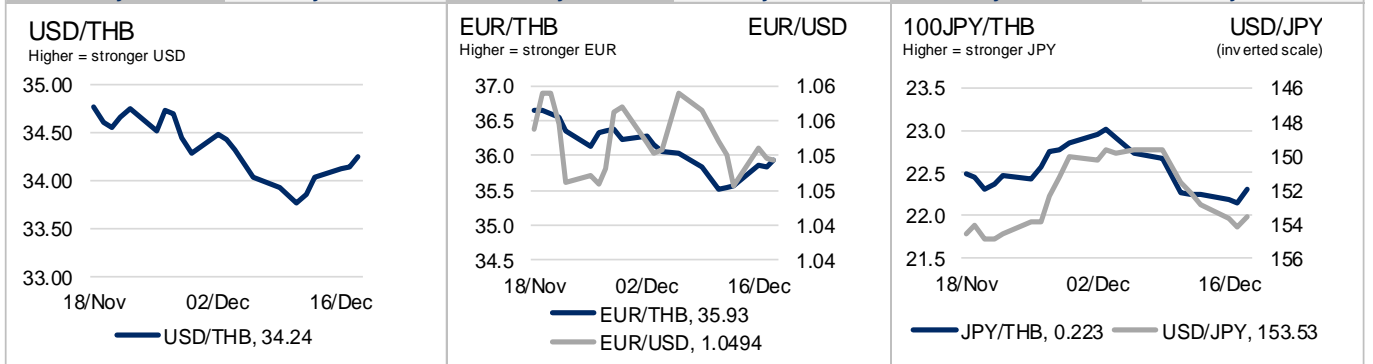
Dollar index reaches two-year peak following Fed's rate cut

The 10-year government bond yield (interpolated) on the previous trading day was 2.272, -3.16 bps. The benchmark government bond yield (LB346A) was 2.23, -3.0 bps. Meantime, the latest closed US 10-year bond yields was 4.50, +10.00 bps. USDTHB on the previous trading day closed around 34.24, moving in a range of 34.53 – 34.57 this morning. USDTHB could be closed between 34.40 – 34.70 today. The US dollar surged against major currencies after the Fed delivered a hawkish rate cut, lowering rates by 25bps as expected but raising its FFR projections, particularly for 2025. The euro fell below 1.05 due to dollar strength, with little new from ECB's Lane and Wunsch, while the EZ HICP Final Y/Y was unexpectedly revised down to 2.2%. The Japanese yen was the top performer among G10 currencies, though it still weakened, with USD/JPY rising above 154 post-Fed as rising US yields contributed to the yen's decline.

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

SET Index	1,399.0	S&P500	5,872.2	10Y UST	4.50%	Brent	73.19	Gold	2,648.4
18-Dec	▲ 0.24%	18-Dec	▼ -2.99%	18-Dec	▲ 10.0 bps	17-Dec	▼ -1.0%	18-Dec	▲ 0.3%

USD/THB 34.24	Daily ▲ 0.27%	EUR/THB 35.93	Daily ▲ 0.25%	JPY/THB 0.2230	Daily ▲ 0.68%
Sideways Trend	Weekly ▲ 1.16%	Sideways Trend	Weekly ▲ 1.08%	Sideways Trend	Weekly ▲ 0.27%
	Monthly ▼ -1.53%		Monthly ▼ -1.96%		Monthly ▼ -0.82%



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		106.96	0.0%	0.37%	0.3%	105.64	107.24
EUR/USD		1.0494	0.0%	-0.1%	-0.4%	1.0456	1.0629
USD/JPY		153.53	-0.4%	0.9%	-0.7%	149.64	156.13
USD/CHF		0.8926	-0.3%	1.0%	0.6%	0.8775	0.8954
GBP/USD		1.2702	0.25%	-0.5%	0.5%	1.2536	1.2832
USD/CAD		1.4324	0.35%	1.2%	1.7%	1.3948	1.4273
AUD/USD		0.6318	-0.55%	-1.4%	-2.3%	0.6353	0.6550
NZD/USD		0.5746	-0.4%	-1.0%	-1.9%	0.5762	0.5953
ASEAN Dollar		106.33	0.2%	0.9%	-0.2%	0.00	106.64
USD/THB		34.24	0.3%	1.2%	-1.5%	33.77	35.01
USD/SGD		1.3502	-0.1%	0.6%	0.6%	1.3364	1.3511
USD/MYR		4.4657	0.4%	0.8%	0.0%	4.4138	4.4782
USD/IDR		16,031	0.3%	1.0%	1.7%	15,672	15,980
USD/PHP		59.25	0.4%	1.1%	0.7%	57.97	59.25
USD/CNY		7.2832	-0.14%	0.3%	0.7%	7.2242	7.2933
USD/HKD		7.7693	-0.14%	-0.1%	-0.2%	7.7625	7.7896

FX Swap Market and BoT's Reserves

Foreign Fund Flows (THB.mn)

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

Date	Equity	Bond	Total
18/12/2024	-388	-101	-489
17/12/2024	-558	-374	-932
16/12/2024	-1,271	-1,463	-2,734
13/12/2024	-484	-2,595	-3,079
12/12/2024	-1,528	-5,407	-6,935
Last 5 days	-4,229	-9,940	-14,168

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		239,338	1838
Gold		19,856	-157
SDR		5,465	-4
IMF Reserves		1,105	-1
Foreign Ccy		212,912	1999
Net Fwd Position		26,455	-535

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -9,480	↓ -601	↓ -10,081
QTD	Quarter	↓ -51,382	↓ -62,861	↓ -114,243
YTD	Year	↓ -146,952	↓ -39,488	↓ -186,441

Money Market

Last update: 06/12/2024

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		2.25	0.00	2.50	ON		1.72	1.14	1.72	ON		0.08	0.07	0.08
1W		2.27	0.00	2.53	1W		1.61	0.22	1.61	1W		0.00	0.00	0.00
1M		2.30	0.00	2.55	1M		1.59	0.88	1.72	1M		0.35	0.12	0.35
2M		2.35	0.00	2.60	2M					2M		0.00	0.00	0.00
3M		2.40	0.00	2.65	3M		1.81	1.09	1.82	3M		0.75	0.34	0.75
6M		2.46	0.00	2.71	6M		1.95	1.31	1.99	6M		1.04	0.56	1.04
12M		2.56	0.00	2.81	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		4.5000	10.00	30.00	19.00	4.17	4.50
Gilt 10y		4.4999	7.67	23.65	9.46	4.21	4.54
Bund 10y		2.2500	2.00	14.00	-7.00	2.07	2.48
JGB 10y		1.0790	-1.50	2.50	7.00	0.99	1.11
TGB 1y		2.0308	-1.12	-4.29	-10.79	2.04	2.14
TGB 2y		1.9884	0.18	-0.61	-8.40	1.98	2.08
TGB 5y		2.0633	-0.72	-2.93	-15.11	2.06	2.22
TGB 7y		2.1388	-2.78	-4.48	-13.17	2.14	2.27
TGB 10y		2.2720	-3.16	-5.05	-17.64	2.29	2.45
AAA Spread		71.58	2.96	10.73	6.05	55.04	71.58
AA Spread		71.12	1.79	-4.39	3.98	67.14	82.44
A Spread		104.83	-1.77	5.06	-7.65	98.59	120.95
BBB Spread		0.00	0.00	0.00	-234.22	0.00	260.10

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		73.19	-1.0%	-0.4%	-0.2%	71.04	75.17
London Gold		2648.4	0.3%	-2.4%	0.9%	2,566.7	2,713.6

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)		5,872.2	-2.9%	-3.0%	-2.2%	5,870.6	6,084.2
STOXX (EU)		509.58	0.2%	-0.9%	1.1%	491.4	514.0
FTSE All-Share(UK)		4,076.1	0.2%	0.5%	-1.5%	3,933.2	4,137.3
DAX (DE)		20,242.6	0.0%	-0.5%	4.1%	19,003.1	20,405.9
CAC All-Tradable(FR)		5,468.4	0.3%	-1.3%	-0.8%	5,302.0	5,539.8
TOPIX (JP)		2,719.9	-0.3%	-0.5%	-0.7%	2,665.3	2,753.6
Shanghai (CH)		3,545.3	0.6%	-0.6%	-2.5%	3,416.8	3,638.0
Hang Seng (HK)		19,864.6	0.8%	-2.7%	-2.8%	19,151.0	20,953.3
ASX 200 (AU)		8,309.4	-0.1%	-1.3%	0.5%	8,193.4	8,495.2
SET (TH)		1,399.0	0.2%	-3.7%	-4.5%	1,395.6	1,481.7
SET50 (TH)		905.7	0.3%	-3.3%	-3.8%	903.0	952.3
Straits Times (SG)		3,779.6	-0.5%	-0.4%	1.1%	3,603.0	3,822.7
FTSE Malay (MY)		1,599.6	0.1%	-0.7%	-0.6%	1,588.7	1,634.2
JSX Index (ID)		7,107.9	-0.7%	-4.4%	-2.5%	7,107.9	7,491.9
PSE Index (PH)		6,469.1	-0.5%	-3.2%	-6.8%	6,469.1	7,165.4
Vn Index (VN)		1,266.0	0.3%	-0.6%	1.3%	1,205.2	1,273.8

Sources: ttb analytics, CEIC

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

Important Disclosures

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