

Dollar declines as Fed hints at potential rate cut in September

Fed holds rates steady while noting progress on inflation

The Federal Reserve decided to keep interest rates steady, recognizing recent improvements in inflation and a slowing labor market. The Federal Open Market Committee (FOMC) maintained its benchmark rate at 5.25% to 5.5%. Federal Reserve Chair Jerome Powell indicated that rates might be lowered as early as September if the U.S. economy progresses as anticipated, suggesting the central bank is nearing the end of its two-year fight against inflation, though it remains amid the presidential election cycle.

BOJ raises rates, signals gradual end to bond buying

The Bank of Japan raised interest rates to their highest level in 15 years and introduced a detailed plan to reduce its extensive bond purchases, marking a move towards ending a decade of substantial economic stimulus. The BOJ's board increased the overnight call rate target to 0.25% from 0-0.1% in a 7-2 vote, the highest short-term rate since 2008. Under Governor Ueda, the BOJ has raised rates by a total of 35 basis points in just four months. Additionally, the BOJ announced a quantitative tightening plan, aiming to cut monthly bond purchases in half to 3 trillion yen (\$19.6 billion) starting from January-March 2026.

Eurozone inflation rises, posing challenge for ECB

Eurozone inflation unexpectedly rose to 2.6% in July from 2.5% in June, despite a drop-in service sector price growth. This data did not alter expectations for a September interest rate cut by the European Central Bank but may raise concerns about the ECB's ongoing inflation control efforts. The core CPI remained unchanged at 2.9%, contrary to expectations of a decline.

China's sluggish factory PMI reveals problems in its export powerhouse

In July, China's manufacturing activity dropped to a five-month low as factories faced falling orders and prices. The National Bureau of Statistics (NBS) reported that the purchasing managers' index (PMI) fell for the third month in a row to 49.4, just below the growth-contraction threshold of 50 and slightly above the forecast of 49.3.

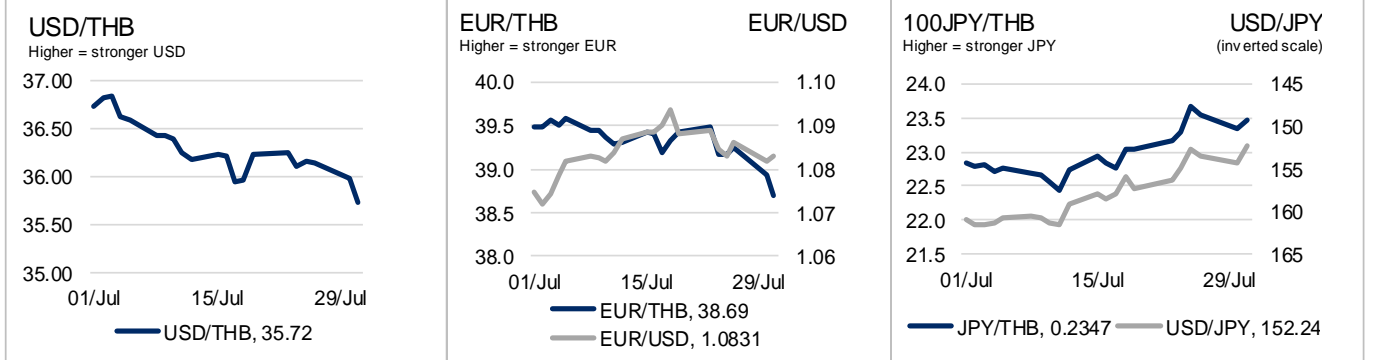
Dollar declines as Fed hints at potential rate cut in September

The 10-year government bond yield (interpolated) on the previous trading day was 2.59, -0.60 bps. The benchmark government bond yield (LB346A) was 2.58, +0.00 bps. Meantime, the latest closed US 10-year bond yields was 4.09, -6.0 bps. USDTHB on the previous trading day closed around 35.72 moving in a range of 35.44 – 35.50 this morning. USDTHB could be closed between 35.35 - 35.55 today. The dollar weakened, retesting the 104.00 level after the FOMC meeting and dovish comments from Fed Chair Powell, who hinted at a possible September rate cut if data supports it. The Euro gained slightly due to higher-than-expected Eurozone inflation data. The Japanese yen strengthened, causing USD/JPY to fall below 150.00 after the BoJ rate hike and Powell's remarks.

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

SET Index	1,320.9	S&P500	5,522.3	10Y UST	4.09%	Brent	81.5	Gold	2,419.6
31-Jul ▲	0.97%	31-Jul ▲	1.57%	31-Jul ▼	-6.0 bps	31-Jul ▲	3.6%	31-Jul ▲	1.27%

USD/THB 35.72	Daily ▼ -0.72%	EUR/THB 38.69	Daily ▼ -0.61%	JPY/THB 0.2347	Daily ▲ 0.56%
Falling Trend	Weekly ▼ -1.08%	Falling Trend	Weekly ▼ -1.22%	Rising Trend	Weekly ▲ 0.72%
	Monthly ▼ -2.79%		Monthly ▼ -2.03%		Monthly ▲ 2.75%



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

Main Contributor

Wajarawij Ramindra
wajarawij.ram@ttbbank.com

Pimchatr Ekkachan
pimchatr.ekk@ttbbank.com

ttb analytics ttbanalytics@ttbbank.com
Naris Sathapholdeja naris.sat@ttbbank.com
Kasem Harnchanpanich kasem.har@ttbbank.com

Currency Market

Currency	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Dollar Index		104.29	-0.3%	-0.1%	-1.3%	103.75	105.99
EUR/USD		1.0831	0.1%	-0.1%	0.8%	1.0690	1.0934
USD/JPY		152.24	-1.3%	-1.8%	-5.4%	152.75	161.63
USD/CHF		0.8809	-0.6%	-1.1%	-2.1%	0.8801	0.9043
GBP/USD		1.2856	0.0%	-0.3%	1.6%	1.2629	1.3005
USD/CAD		1.3834	-0.1%	0.4%	1.1%	1.3608	1.3850
AUD/USD		0.6508	-0.6%	-1.4%	-2.4%	0.6546	0.6766
NZD/USD		0.5917	0.5%	-0.4%	-3.0%	0.5885	0.6144
ASEAN Dollar		105.92	-0.1%	0.0%	-0.9%	105.22	106.91
USD/THB		35.72	-0.7%	-1.1%	-2.8%	35.94	36.93
USD/SGD		1.3399	-0.2%	-0.3%	-1.1%	1.3396	1.3586
USD/MYR		4.6024	-0.6%	-1.5%	-2.4%	4.6301	4.7210
USD/IDR		16,195	-0.2%	0.3%	-0.4%	16,074	16,334
USD/PHP		58.71	-0.3%	0.1%	-0.1%	58.44	59.05
USD/CNY		7.2246	-0.47%	-0.7%	-0.8%	7.2322	7.2894
USD/HKD		7.8047	-0.03%	0.0%	-0.1%	7.7970	7.8156

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		227,723	-104
Gold		18,108	-79
SDR		5,478	-8
IMF Reserves		1,125	-2
Foreign Ccy		203,012	-16
Net Fwd Position		27,735	-525

Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
31/07/2024	301	1,887	2,189
30/07/2024	101	5,909	6,011
26/07/2024	-148	7,697	7,549
25/07/2024	-225	4,834	4,609
24/07/2024	388	8,488	8,876
Last 5 days	417	28,816	29,233

	Period-to-date	Equity	Bond	Total
MTD	Month	↓ -1,752	↑ 27,817	↑ 26,065
QTD	Quarter	↓ -1,752	↑ 27,817	↑ 26,065
YTD	Year	↓ -118,784	↓ -18,169	↓ -136,952

Money Market

Last update: 19/07/2024

THB BIBOR	1M Hist	Last	1M Range		THBFIX	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		2.53	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	2.61	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	2.73	6M		1.95	1.31	1.99	6M		1.04	0.56	1.04
12M		2.81	0.00	2.84	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		4.0900	-6.00	-18.00	-34.00	4.09	4.48
Gilt 10y		4.0317	-5.32	-8.45	-21.93	4.02	4.25
Bund 10y		2.3300	-4.00	-9.00	-30.00	2.33	2.63
JGB 10y		1.0700	5.80	-0.80	-3.40	1.01	1.10
TGB 1y		2.3749	-0.16	-1.12	1.78	2.35	2.39
TGB 2y		2.3233	-0.36	-1.98	-2.60	2.33	2.36
TGB 5y		2.3427	-1.28	-4.50	-13.15	2.36	2.50
TGB 7y		2.4469	-1.09	-5.97	-12.42	2.46	2.60
TGB 10y		2.5876	-0.60	-4.85	-9.04	2.59	2.71
AAA Spread		60.72	1.62	1.82	-10.51	57.80	73.93
AA Spread		75.51	-1.25	-3.93	-6.04	67.08	85.03
A Spread		100.33	-3.65	-13.20	-21.58	100.33	124.61
BBB Spread		0.00	0.00	-236.22	-239.68	0.00	263.02

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		81.53	3.69%	-1.0%	-6.7%	78.63	87.43
London Gold		2419.6	1.27%	2.0%	3.3%	2,327.6	2,470.4

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)		5,522.3	1.6%	2.3%	-0.3%	5,399.2	5,667.2
STOXX (EU)		503.9	0.6%	1.4%	-1.0%	497.0	517.7
FTSE All-Share(UK)		4,076.1	0.2%	-0.3%	2.9%	3,933.2	4,088.1
DAX (DE)		18,508.7	0.5%	1.1%	0.7%	18,164.1	18,748.2
CAC All-Tradable(FR)		5,591.3	0.7%	1.5%	-1.0%	5,509.2	5,718.5
TOPIX (JP)		2,794.3	1.4%	3.1%	-2.2%	2,699.5	2,929.2
Shanghai (CH)		3,080.4	2.1%	1.8%	-1.5%	3,018.2	3,142.0
Hang Seng (HK)		17,344.6	2.0%	2.0%	-3.5%	17,002.9	18,293.4
ASX 200 (AU)		8,092.3	1.7%	2.9%	4.6%	7,718.2	8,092.3
SET (TH)		1,320.9	1.0%	1.8%	1.7%	1,288.6	1,332.0
SET50 (TH)		831.9	1.1%	2.3%	3.2%	800.1	831.9
Straits Times (SG)		3,455.9	0.4%	0.7%	1.2%	3,332.8	3,499.9
FTSE Malay (MY)		1,625.6	0.8%	0.6%	1.7%	1,584.9	1,636.6
JSX Index (ID)		7,255.8	0.2%	0.2%	0.8%	7,063.6	7,327.6
PSE Index (PH)		6,619.1	0.2%	-0.8%	4.1%	6,359.0	6,791.7
Vn Index (VN)		1,251.5	0.5%	1.5%	-2.0%	1,231.8	1,293.7

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.