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Daily Markets Commentary

February 7, 2023

Trading Snapshot

- USDTHB skyrocketed to close at a four-week high of 33.64 on portfolio outflows and broad dollar strength. The pair was seen heading further north this morning as UST yields continued to surge amid Fed rate re-pricing.
- USD extended broad gains on Monday while Treasury yields climbed further in the aftermath of robust labor-market data and as markets grew anxious ahead of today's speech by Federal Reserve Chair Powell. Wall Street extended losses as investors ramped up their Fed tightening expectations. Traders now see the Fed funds rate peaking above 5% and only falling to 4.79% by the end of this year, according to the FedWatch tool. Atlanta Fed's President Bostic said the central bank may need to raise rates higher than previously expected given the strong jobs gains last month. Later in the global day today, Fed Chair Powell could reiterate his view of two more 25bp hikes. Meanwhile, Eurozone sovereign yields advanced again on the Fed rate outlook. UK ten-year yields jumped after hawkish Bank of England MPC member Mann warned against pausing interest rate increases.
- SET fell 0.37%. Foreign investors sold Thai shares at THB2,269 million. Net bond outflows totaled THB7,055 million, with THB5,000 million worth of expired securities.

Bangkok Headline

- Consumer price index in January rose by 5.02%, the lowest in nine months. The core CPI also increased by a slowing 3.04% y-o-y rate last month. The Ministry of Commerce expects headline inflation rate below 5% in February after oil prices stabilized and as the global economy slows.

FX Range

| 7-Feb | USD/THB | JPY/THB | USD/JPY | EUR/USD |
|----------------|-------------|-------------|---------------|---------------|
| Range Forecast | 33.60-33.90 | 25.25-25.65 | 131.50-133.50 | 1.0680-1.0780 |

JPY/THB is per 100 yen

Interest Rates

| 6-Feb | Last | Change |
|--------------|---------|----------|
| BIBOR | | |
| 1M | 1.5550% | +0.0000% |
| 3M | 1.7086% | +0.0086% |
| 6M | 1.8368% | +0.0133% |
| THOR | | |
| ON | 1.4916% | -0.0010% |
| 1M | 1.3402% | +0.0243% |
| 3M | 1.2069% | +0.0118% |
| 6M | 1.0226% | +0.0135% |

Government Bond Yields

| 6-Feb | Last | Change |
|-----------------|---------|----------|
| US | | |
| 6M | 4.8650% | +0.0130% |
| 1Y | 4.8570% | +0.0830% |
| 2Y | 4.4560% | +0.1550% |
| 3Y | 4.1250% | +0.1600% |
| 5Y | 3.8140% | +0.1480% |
| 7Y | 3.7360% | +0.1310% |
| 10Y | 3.6320% | +0.1000% |
| Thailand | | |
| 6M | 1.5608% | +0.0144% |
| 1Y | 1.6056% | +0.0140% |
| 2Y | 1.7997% | +0.0209% |
| 3Y | 1.8324% | +0.0326% |
| 5Y | 2.0532% | +0.0106% |
| 7Y | 2.2304% | +0.0315% |
| 10Y | 2.5128% | +0.0602% |

Equity & Commodity

| 6-Feb | Last | Change |
|--------|-----------|---------|
| DOW | 33,891.02 | -34.99 |
| NASDAQ | 11,887.45 | -119.50 |
| NIKKEI | 27,693.65 | +184.19 |
| SET | 1,682.11 | -6.25 |
| GOLD | 1,866.20 | +3.30 |
| NYMEX | 74.11 | +0.72 |

Today's Event

US Fed Chair Powell's Discussion



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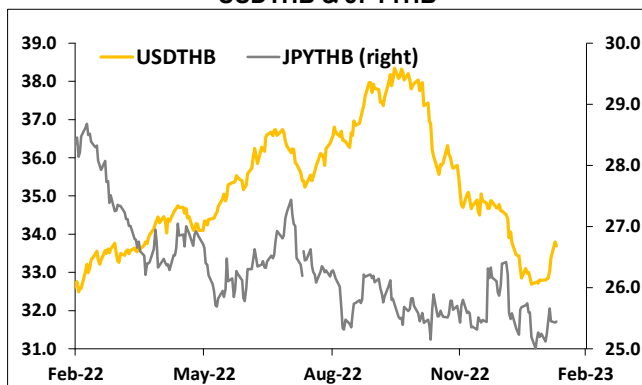
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Currency Movement

USDTHB & JPYTHB



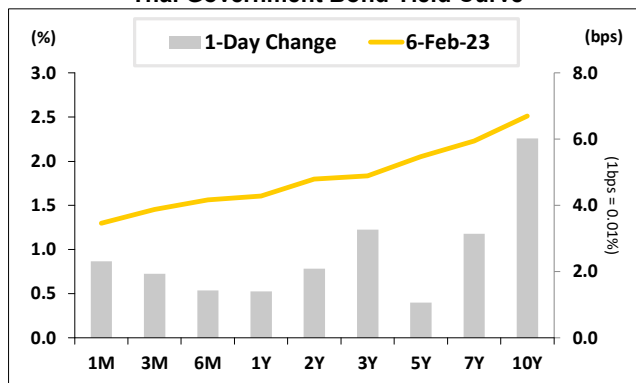
Equities

Thai SET

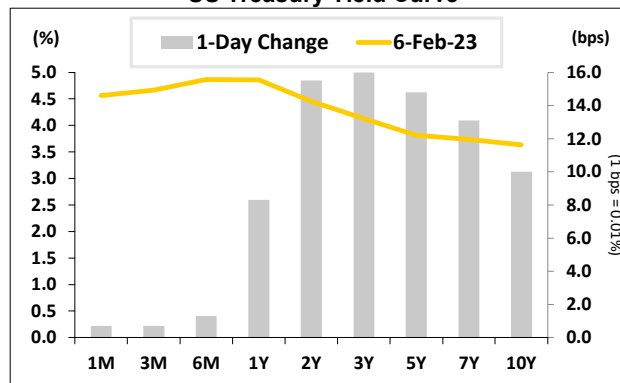


Government Bonds

Thai Government Bond Yield Curve



US Treasury Yield Curve



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