

Daily Market Review At-A-Glance

Monday, March 16, 2020

Market Highlight



- FED once again acted before their scheduled meeting (this week meeting will therefore be cancelled) with following measures;
 - (1) Will increase its holdings of Treasury securities by at least \$500 billion and its holdings of agency mortgage-backed securities by at least \$200 billion.
 - (2) FED cut rates by 100 bps to 0-0.25%.
 - (3) Coordinated action to make cross currency liquidity more available and dropping the spread on the borrowed US to 25bps over overnight OIS.
 - (4) Encourages depository institutions to turn to the discount window to help meet demands for credit from households and businesses.
- RBNZ also cut rate by 75 bps from 1% to 0.25% meanwhile Hong Kong also cut their base rate to 0.86%. Bank of Canada also cuts rates by another 50bps to 0.75% in an emergency meeting as it seeks to deal with the double hit from falling oil prices and from the virus situation.
- Fed Chairman Powell said that the disruption to lives and businesses meant second quarter U.S. growth would probably be weak and it was hard to know how long the effects would last. That left a clear role for fiscal policy to help cushion the blow.
- U.S. stocks on Friday booked their biggest daily gains since 2008 after President Trump declared a national emergency which unleashes \$50 billion of funds to help contain the COVID-19. DJIA rocketed 9.4% while S&P 500 rose 9.2%. However, DJIA future plummeted this morning after FED emergency cut stroked fear of full blown recession.

Views on Exchange Rates



USDTHB: Spot liquidity is extremely poor as we saw a sharp move in either direction. A selling flow from London name continue to cap the move higher during Friday session. However, USDTHB traded higher this morning despite lower USD across the board post FED meeting as Bloomberg article showed Thailand is preparing to restrict some aspects of daily life after the biggest daily spike in coronavirus cases. The steps to be considered Monday include placing more curbs on foreign arrivals, canceling events with big crowds and closing entertainment venues deemed risky for spreading the virus. Local SET sold off on full blown risk off sentiment will pressure USDTHB movement.

Support/Resistance: 31.90/32.10

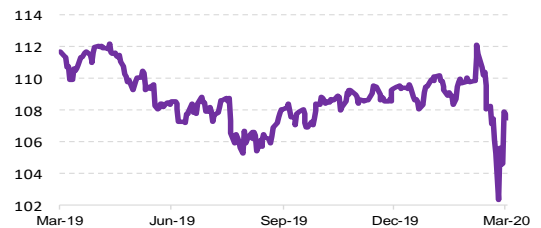
USDTHB Exchange Rates



USDJPY: USDJPY traded higher this morning on speculation that BOJ will ease their monetary policy today. BOJ has confirmed to move their scheduled meeting later this week to today so the market sense their urgency feeling to ease.

Support/Resistance: 105.4/108.5

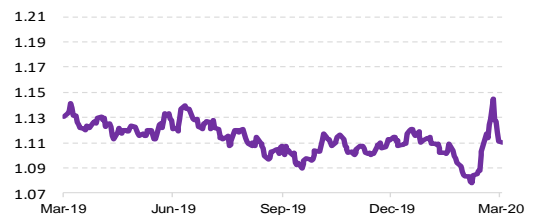
USDJPY Exchange Rates



EURUSD: EURUSD traded in relatively wide range but ended up unchanged from Friday close. Tanked lower on ECB decision after the decision to adjust QE amount without mentioning the boost to fiscal stimulus.

Support/Resistance: 1.0993/1.121

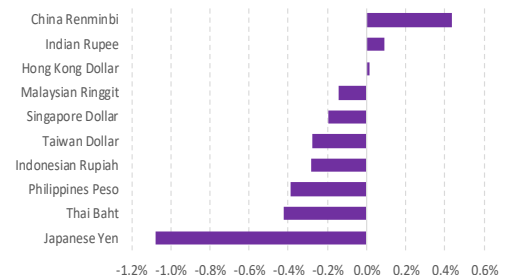
EURUSD Exchange Rates



Exchange Rate

	9/3/20	13/3/20	16/3/20		9/3/20	13/3/20	16/3/20
USD/THB	31.46	31.81	31.92	USD/JPY	102.34	107.91	107.47
JPY/THB	30.73	29.47	29.69	EUR/USD	1.145	1.111	1.110
EUR/THB	36.01	35.33	35.45	GBP/USD	1.313	1.228	1.232
GBP/THB	41.31	39.05	39.34	AUD/USD	0.659	0.618	0.613
AUD/THB	20.72	19.66	19.58				

Regional foreign exchange rate spot return (7D)

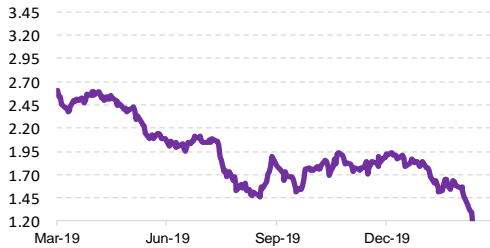


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Views on Interest Rates

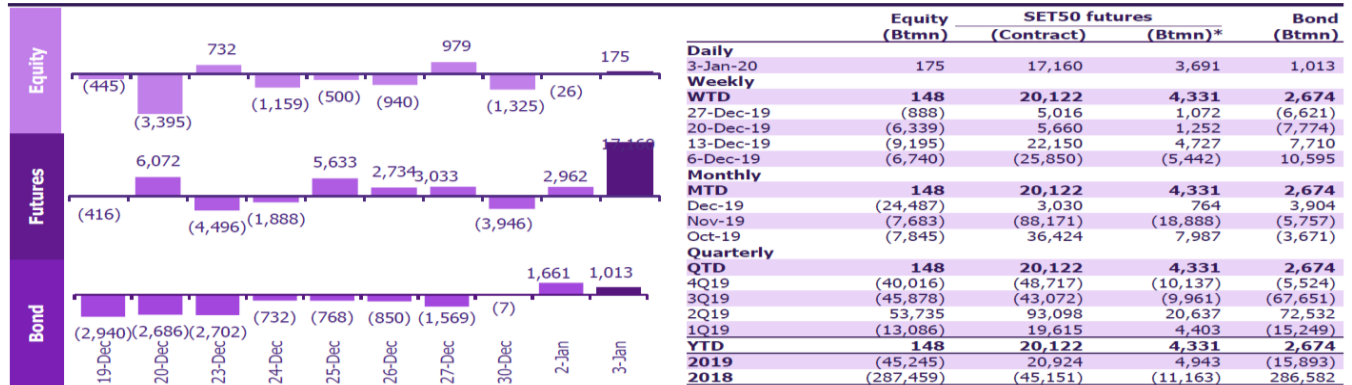
U.S. 10 Year Treasury



US : 10Y UST dropped 30 bps to current 0.64% after FOMC somewhat surprised cutting Fed funds rates by 1% to 0.00% to 0.25% range and also starts QE. The curve has bull flattened as front end IRS had largely priced in ZLB.

THB : THBIRS opened lower around 10 bps after US federal reserve and other central banks aggressively cut policy rates. On bond sides, after selling off by around 30-40 bps last week, short end to belly part of the curve traded yields down around 10 bps this morning as the market would expect more aggressive potential ease by BOT.

Thailand daily foreign net flows



Key Indicator Update

Tenor	6/3/20	12/3/20	13/3/20
UST 3-mth	0.48	0.33	0.28
UST 6-mth	0.40	0.36	0.36
UST 1-yr	0.39	0.36	0.37
UST 5-yr	0.55	0.65	0.72
UST 10-yr	0.71	0.85	0.95

Tenor	6/3/20	12/3/20	13/3/20
TGB 6-mth	0.87	0.81	0.86
TGB 2-yr	0.70	0.75	0.89
TGB 5-yr	0.78	0.88	1.05
TGB 10-yr	0.97	1.18	1.35

Stock market

	12/3/20	13/3/20	%Change
SET Index	1,114.91	1,128.91	1.26
DJIA	21,200.62	23,185.62	9.36

Repurchase rate

1-day	7-day	14-day	1-mth
1.25%	1.25%	1.25%	1.25%

Commodities

	Previous Day	Last	%Change
WTI Crude	31.5	31.73	0.73
Gold	1,561.68	1,530.85	(1.97)

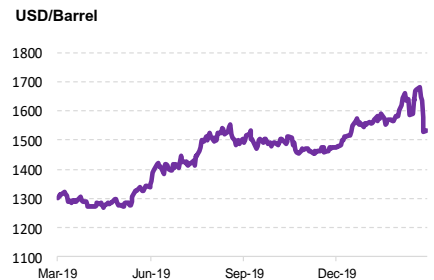
THBFX (%)

1-mth	3-mth	6-mth	1-yr
0.956	0.912	0.860	0.842

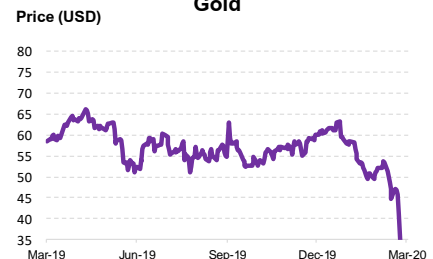
THB Swap rate (IRS)

Tenor	bid	ask
1-yr	0.715	0.755
2-yr	0.810	0.850
3-yr	0.870	0.910
5-yr	1.000	1.040
10-yr	1.050	1.110

WTI Crude Oil



Gold



Economic Calendar

Date	Event
16 Mar	Economic release: Fixed asset investment and industrial production for Feb, retail sales for Feb
17 Mar	Economic release: US - Retail sales and core retail sales for Feb Event : FOMC meeting
18 Mar	Economic release: JP - Trade balance for Feb, US - Building permits for Feb, crude oil inventories Event : FOMC meeting, BOJ meeting
19 Mar	Economic release: US - Unemployment claims Event : BOJ meeting