

**Economists see recession in 2020-21, trade-war uncertainty amplifies global slowdown**

**Economists see recession in 2020 or 2021, trade-war uncertainty amplifies global slowdown, EU objects PM Johnson's letter**

Against the dollar, Thai baht on the previous trading day, on a sideways trend, closed at 30.82.

72% of economists saw a recession in 2020 or 2021, referring to US National Association for Business Economics (NABE)'s survey released on 19 August. This was slightly up from 67% in February 2019. However, the February and August surveys overall do not provide dissimilar results as affirming that most economists projected an economic meltdown by 2021.

Trade-war uncertainty could reduce the global economy by 0.6% in 2021, or USD 585 billion out of IMF's estimated world GDP of USD 97 trillion, according to Bloomberg. And, that is double the tariff-baseline impact on the global economic expansion of 0.3%. However, US secretary of state Pompeo believed that the US-China trade dispute could conclude by the 2020 presidential election.

Although reportedly that President Trump was considering payroll tax cuts despite claiming that the economy was far from a recession, the White House then stated to dismiss the idea.

President Trump was back to threaten the EU on auto tariffs again. He insisted that the US needed to impose taxes on cars imported from the EU, subsequent to the US-EU agreement to expand beef exports from the US to the EU. Beforehand, the US decided to postpone auto tariff imposition on the EU and Japan for six months, from mid-May to November.

The European Council (EU Council) refused PM Johnson's letter proposing to abandon the Irish backstop but to establish alternative arrangements to ascertain no hard Irish border. The EU Council stated that the letter does not offer a lawful functional resolution and a guarantee of such arrangements to be put in place during Brexit's transitional period.

PBoC's first quotation of China's loan prime rate (LPR), after reformed to be more market mechanized, was 4.25%, lower from 4.35% previously, as to help boost the sluggish economy.

Thailand's cabinet endorsed the fiscal stimulus package worth THB 316 billion (about USD 10.2 billion), aimed at enhancing the country's economic growth by 0.5-0.6 % this year. In spite of its non-sustainability, it could possibly augment the economy and public confidence at least in the short run.

Moving around 30.78-30.84 this morning, USDTHB could be between 30.76-30.86 today.

**Germany offers 30-year zero-coupon bonds**

Thai benchmark government bond yield (LB28DA, 9.3 years) on the previous trading day was 1.52%, +3.54 bps. Meantime, the latest closed Thai and US 10-year bond yields were 1.54%, +3.17 bps, and 1.55%, -5 bps, respectively.

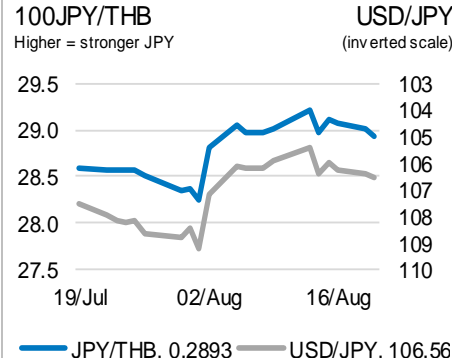
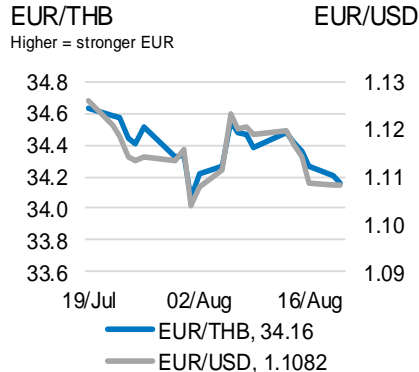
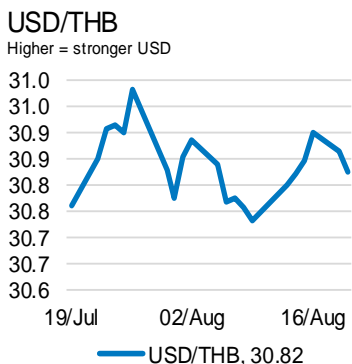
After rebounding on recession fears eased thanks to German and Chinese potential economic stimulation, US treasury yields ticked lower.

Germany, for the first time, would be offering 30-year zero-coupon bonds today. Two weeks ago, German government bond yield curve entirely fell into negative territory, and 30-year market and auctioned yields kept declining over time. The market yield at the moment is about -0.17%, while the latest auctioned yield was 0.3% at the July auction.

On yield spreads between long- and short-dated bonds, US 10-year-3-month spread inversion has been existing for 68 days in 2019. 10-year: 1.55% v 3-month: 1.94%, spread: -39 bps; while, US 10-year-2-year treasury spread: +5 bps. Thai 10-year-2-year government yield spread was 10 bps.

Thai benchmark government bond yield (LB28DA, 9.3 years) could be between 1.51-1.53% today.

<b>SET Index</b> 1,625.6	<b>S&amp;P500</b> 2,900.5	<b>10Y UST</b> 1.55%	<b>Brent</b> 59.9	<b>Gold</b> 1,502.7
20-Aug ▼ -0.72%	20-Aug ▼ -0.79%	20-Aug ▼ -5.0 bps	20-Aug ▲ 0.15%	20-Aug ▲ 0.22%
<b>USD/THB</b> 30.82	<b>EUR/THB</b> 34.16	<b>JPY/THB</b> 0.2893		
Daily ▼ -0.13%	Daily ▼ -0.15%	Daily ▼ -0.32%		
Weekly ▼ 0.00%	Weekly ▼ -0.77%	Weekly ▼ -0.17%		
Monthly ▲ 0.20%	Monthly ▼ -1.39%	Monthly ▲ 1.14%		
Sideways Trend	Falling Trend	Sideways Trend		



Sources: TMB 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		98.34	0.1%	0.8%	1.2%	96.82	98.87
EUR/USD		1.1082	0.0%	-1.0%	-1.3%	1.1041	1.1266
USD/JPY		106.56	0.2%	1.1%	-1.1%	105.43	109.20
USD/CHF		0.9815	0.2%	1.1%	-0.4%	0.9712	0.9966
GBP/USD		1.2134	-0.1%	0.5%	-2.4%	1.2053	1.2571
USD/CAD		1.3324	0.3%	0.6%	2.0%	1.3028	1.3331
AUD/USD		0.6762	-0.2%	0.1%	-3.5%	0.6724	0.7066
NZD/USD		0.6411	0.0%	-0.6%	-4.8%	0.6411	0.6778
ASEAN Dollar		107.04	0.1%	-0.1%	1.4%	105.33	107.29
USD/THB		30.82	-0.1%	0.1%	-0.1%	30.73	30.98
USD/SGD		1.3858	0.0%	-0.1%	1.9%	1.3567	1.3888
USD/MYR		4.1798	0.2%	-0.2%	1.7%	4.1070	4.1927
USD/IDR		14,129	0.2%	-0.3%	1.6%	13,868	14,228
USD/PHP		52.31	0.1%	0.5%	2.6%	50.78	52.47
USD/CNY		7.0608	0.2%	-0.2%	2.7%	6.8744	7.0769
USD/HKD		7.8414	0.0%	0.0%	0.4%	7.8022	7.8471

## FX Swap Market and BoT's Reserves

USTH FX Sp	1M History	Last	%Chg(1D)
1-month		-2.45	-0.05
3-month		-7.00	-0.38
6-month		-13.00	-0.25

Reserves (\$mn)	3M History	Last	\$mn Chg(1W)
Total		221,265	2175
Gold		7,406	280
SDR		1,356	3
IMF Reserves		837	2
Foreign Ccy		211,668	1891
Net Fwd Position		31,921	142

Last update: 9/8/2019

## Foreign Fund Flows (THB.mn)

Date	Equity	Bond	Total
20/8/2019	-2,991	-8,138	-11,129
19/8/2019	-4,113	-2,548	-6,661
16/8/2019	-5,069	-1,668	-6,737
15/8/2019	-11,946	-4,442	-16,388
14/8/2019	-3,966	-1,011	-4,977
<b>Last 5 days</b>	<b>-28,085</b>	<b>-17,808</b>	<b>-45,892</b>
<b>Period-to-date</b>	<b>Equity</b>	<b>Bond</b>	<b>Total</b>
<b>Month</b>	↓ -47,593	↓ -12,975	↓ -60,568
<b>Quarter</b>	↓ -27,539	↓ -38,081	↓ -65,620
<b>Year</b>	↑ 13,110	↑ 20,269	↑ 33,379

## Money Market

THB BIBOR	1M Hist	Last	1M Range		THB Implied	1M Hist	Last	1M Range		USD LIBOR	1M Hist	Last	1M Range	
			Min	Max				Min	Max				Min	Max
ON		1.50	1.50	1.75	ON		1.35	0.79	1.88	ON		2.10	2.10	2.36
1W		1.52	1.52	1.77	1W		1.32	1.18	1.53	1W		2.14	2.14	2.38
1M		1.55	1.55	1.80	1M		1.26	1.20	2.22	1M		2.20	2.19	2.33
2M		1.58	1.58	1.83	2M		1.26	1.20	1.44	2M		2.18	2.18	2.33
3M		1.63	1.63	1.87	3M		1.24	1.19	1.43	3M		2.16	2.16	2.32
6M		1.72	1.72	1.96	6M		1.15	1.10	1.36	6M		2.03	2.03	2.23
12M		1.95	1.95	2.20	12M		1.22	1.15	1.48	12M		1.97	1.97	2.24

Last Updated: 19/8/2019

Last Updated: 13/8/2019

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

**Fixed Income Market**

Fixed Income	1M History	YTM (%) spread (bps)	Bps Chg (1D)	Bps Chg (1W)	Bps Chg (1M)	1M Range	
						Min	Max
UST10y		1.550	-5.00	-13.00	-50.00	1.52	2.08
Gilt 10y		1.036	0.00	0.00	0.00	0.52	1.04
Bund 10y		-0.650	6.00	-6.00	-33.00	-0.71	-0.28
JGB 10y		-0.231	0.50	-1.10	-9.30	-0.24	-0.12
TGB 1y		1.489	1.55	4.57	-26.50	1.44	1.76
TGB 2y		1.443	1.15	3.28	-28.16	1.41	1.73
TGB 5y		1.445	2.25	2.36	-32.79	1.40	1.79
TGB 7y		1.475	2.65	2.69	-38.43	1.41	1.87
TGB 10y		1.543	3.17	0.90	-45.93	1.48	2.02
AAA Spread		50.33	-0.35	-0.44	1.84	48.41	51.33
AA Spread		88.22	-0.17	-0.97	5.09	83.13	89.30
A Spread		92.68	-0.17	0.57	2.96	89.67	92.85
BBB Spread		226.48	-0.23	2.05	1.85	223.67	229.40

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 between 3yrs to 5yrs;

**Commodity Market**

Commodity	1M History	Last	%Chg (1D)	%Chg (1W)	%Chg (1M)	1M Range	
						Min	Max
Brent Crude		59.88	0.2%	-2.3%	-5.6%	56.88	65.18
London Gold		1502.7	0.2%	-1.6%	5.5%	1,406.4	1,527.2

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)		2,900.5	-0.8%	-0.9%	-2.8%	2,840.6	3,025.9
STOXX (EU)		361.7	-0.8%	-0.6%	-4.4%	354.8	383.7
FTSE All-Share(UK)		3,904.6	-0.8%	-1.4%	-4.8%	3,865.5	4,186.2
DAX (DE)		11,651.2	-0.5%	-0.8%	-5.2%	11,412.7	12,522.9
CAC All-Tradable(FR)		4,137.9	-0.6%	-0.4%	-3.8%	4,050.4	4,346.7
TOPIX (JP)		1,506.8	0.8%	1.4%	-3.7%	1,483.9	1,577.9
Shanghai (CH)		3,017.1	-0.1%	3.0%	-0.2%	2,900.3	3,092.4
Hang Seng (HK)		26,231.5	-0.2%	3.8%	-7.5%	25,281.3	28,765.4
ASX 200 (AU)		6,545.0	1.2%	-0.4%	-2.2%	6,405.5	6,845.1
SET (TH)		1,625.6	-0.7%	0.3%	-5.7%	1,604.0	1,735.1
SET50 (TH)		1,070.2	-0.9%	0.4%	-6.2%	1,056.3	1,147.9
Straits Times (SG)		3,136.0	0.2%	-0.3%	-6.7%	3,115.0	3,381.3
FTSE Malay (MY)		1,602.8	0.4%	0.6%	-2.8%	1,592.9	1,668.9
JSX Index (ID)		6,295.7	0.0%	1.4%	-2.1%	6,119.5	6,456.5
PSE Index (PH)		7,886.9	-0.6%	1.3%	-4.6%	7,766.8	8,272.2
Vn Index (VN)		984.7	0.4%	1.8%	0.3%	964.6	997.9

19 August 2019	20 August 2019	14 January 1900	22 August 2019	23 August 2019
(JP) Exports YoY JUL A-1.6% P-6.6% C-2.2%, Balance of Trade JUL A¥-249.6B P¥589.5B C¥-200B; (EA) Core Inflation Rate YoY Final JUL A0.9% P1.1% C0.9%; Inflation Rate YoY Final JUL A1% P1.3% C1.1%; (DE) Bundesbank Monthly	(AU) RBA Meeting Minutes	(CA) Inflation Rate YoY JUL P2% C1.7%; (US) Existing Home Sales MoM JUL P-1.7% C2.5%; Existing Home Sales JUL P5.27M C5.4M	(US) FOMC Minutes, Jackson Hole Economic Policy Symposium; (DE) Markit Manufacturing PMI Flash AUG P43.2 C43.1; (EA) Markit Manufacturing PMI Flash AUG P46.5 C46.2, Consumer Confidence Flash AUG P-6.6 C-7	(JP) Inflation Rate YoY JUL P0.7% C0.5%; (MX) GDP Growth Rate YoY Final Q2 P1.2% C-0.7%; (US) New Home Sales MoM JUL P7% C-0.2%; Fed Chair Powell Speech

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

Sources: TMB Analytics, CEIC

**Important Disclosures**

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