

Economic and Financial Outlook

Dec 2021

ttb analytics

Global Economy

- **2022 Outlook** downgraded as Omicron spreaded in Europe, PMI data in November showed continuing impacts of supply shock that pressured manufacturing outlook in Western hemisphere. Service sector in Europe subjected to rising cases of Covid-19 which prompted stricter government measures.
- **Inflation pressure spiked in November in many countries** like the United States, European Union, and China. Supply chain disruption and rising energy price caused broad-based increases. However, due to Omicron variant, inflation pressure should drop next year.
- **Tightening U.S. labor market** as the unemployment rate decreased slightly to 4.2% as more people quit their jobs and leave the labor force in November. Retail sales remained elevated at 20% growth in November despite rising prices.
- **Chinese industrial production increase slightly in November** while retail sales dropped due to government measures in response to growing Covid-19 cases. Chinese central bank cut lending rate to provide more liquidity.

Domestic Economy

- **As of Oct 2021**, Thai economy continued to recover after the third wave outbreak has been resolved, yet exports and investment gained softer momentum.
- **Supple side** : Manufacturing and services slightly improved, whereas agriculture turned worse due to agricultural prices in some categories.
- **Demand side** : Merchandise exports were in a recovery trend but experienced soft momentum. Meantime, imports contracted mainly in agricultural products. Foreign tourists steadily improved but still at low level.
- Consumption rebounded particularly in durables but retail sales remained fragile in line with persisting weak supportive factors. Thai visitors continuously rebounded with improved outbreak situation.
- Private investment marginally slowed down from previous month but with better sentiment. This is in line with a slight drop in construction sector. Real estate sector also remained weak especially in condominium projects with greater tailwind from the easing of LTV measures and improving economy.
- Government continued to accelerate budget disbursement and the stimulus package in order to support economic recovery.
- **Inflation in Oct 2021** jumped due to energy prices.

Financial Market

- After bullish month of USDTHB in Nov, the currency pair has dropped from 33.90 to 33.40. The volatility of the pair might be retreated. Foreign inflow and outflow into Thailand is withdrawn to normal level. As omicron variance has elevated risks especially in Thailand which tourism sector is important part, we see Bank of Thailand to continue support the economy by maintaining MPC rate throughout 2022. Widespread of new covid-19 variance is needed to be closely watch as this will impact numbers of tourist, trade balance and current account. For now, THB is likely to continue depreciate against USD.
- We saw major central banks tuning their monetary policy to cope with high inflation. Firstly, The Fed's just announced it would end its pandemic-era bond purchases in March and pave the way for three quarter-percentage-point interest rate hikes by the end of 2022 as the economy nears full employment and the U.S. central bank copes with uncomfortably high inflation. Then, Britain followed by raising its policy rate to deal with excess inflation which is projected to reach 6% next year. More hawkish stance of central banks will become main event from now, though there're risks from omicron variance.

PART 1

Global Economy



Manufacturing in U.S. and Europe suffered from supply shocks, Japan's service improved



Manufacturing PMI

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Australia	59.7	60.4	58.6	56.9	52.0	56.8	58.2	59.2
China	51.9	52.0	51.3	50.3	49.2	50.0	50.6	49.9
India	55.5	50.8	48.1	55.3	52.3	53.7	55.9	57.6
Indonesia	54.6	55.3	53.5	40.1	43.7	52.2	57.2	53.9
Japan	53.6	53.0	52.4	53.0	52.7	51.5	53.2	54.5
South Korea	54.6	53.7	53.9	53.0	51.2	52.4	50.2	50.9
Thailand	50.7	47.8	49.5	48.7	48.3	48.9	50.9	50.6
United States	60.5	62.1	62.1	63.4	61.1	60.7	58.4	58.3
Germany	66.2	64.4	65.1	65.9	62.6	58.4	57.8	57.4
France	58.9	59.4	59.0	58.0	57.5	55.0	53.6	55.9
Italy	60.7	62.3	62.2	60.3	60.9	59.7	61.1	62.8
United Kingdom	60.9	65.6	63.9	60.4	60.3	57.1	57.8	58.1
Spain	57.7	59.4	60.4	59.0	59.5	58.1	57.4	57.1

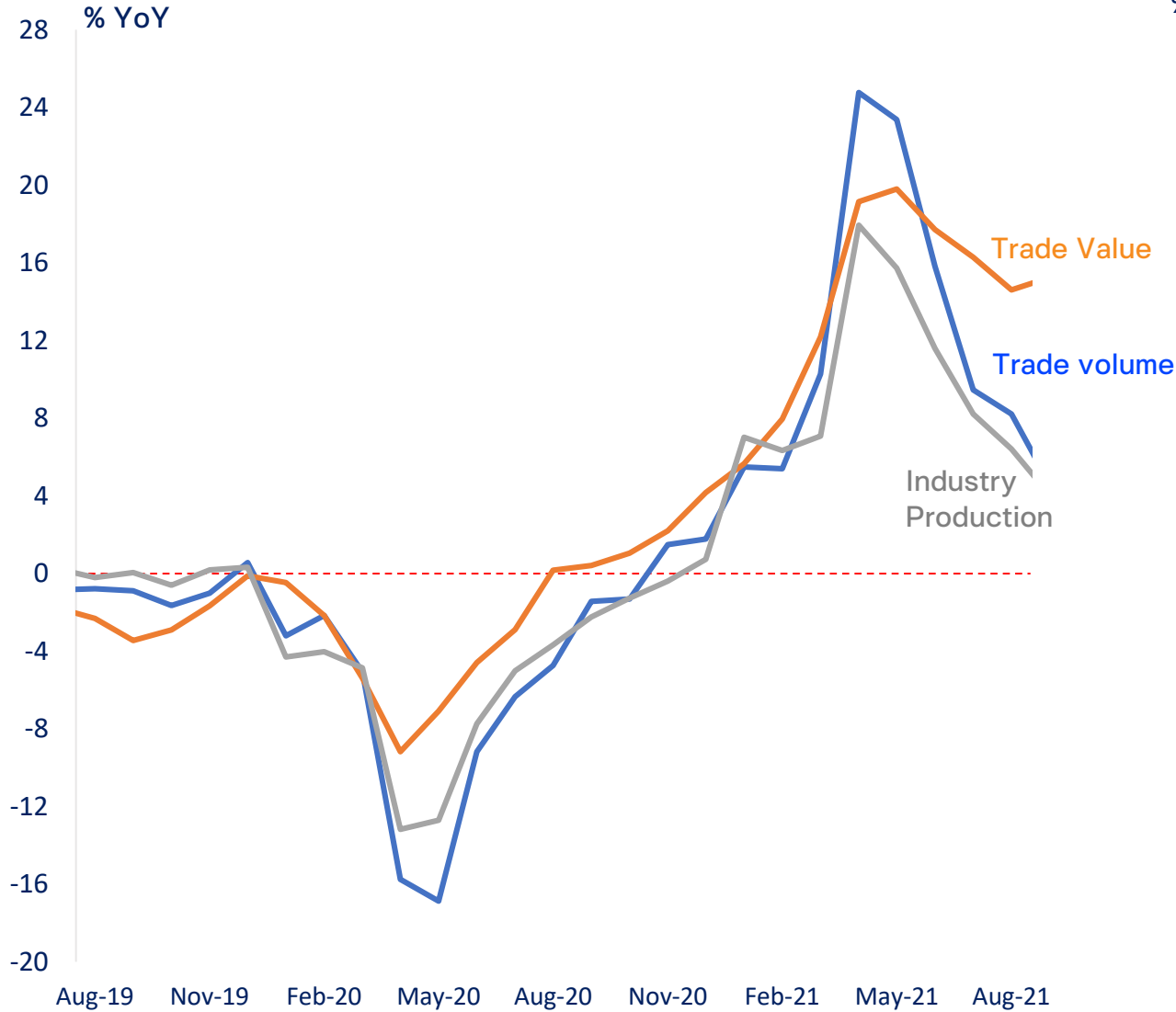
Service PMI

	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21
Australia	58.8	58.0	56.8	44.2	42.9	45.5	51.8	55.7
China	56.3	55.1	50.3	54.9	46.7	53.4	53.8	52.1
Japan	49.5	46.5	48.0	47.4	42.9	47.8	50.7	53.0
India	54.0	46.4	41.2	45.4	56.7	55.2	58.4	58.1
United States	64.7	70.4	64.6	59.9	55.1	54.9	58.7	58.0
Germany	49.9	52.8	57.5	61.8	60.8	56.2	52.4	52.7
France	50.3	56.6	57.8	56.8	56.3	56.2	56.6	57.4
Italy	47.3	53.1	56.7	58.0	58.0	55.5	52.4	55.9
United Kingdom	61.0	62.9	62.4	59.6	55.0	55.4	59.1	58.5
Spain	54.6	59.4	62.5	61.9	60.1	56.9	56.6	59.8

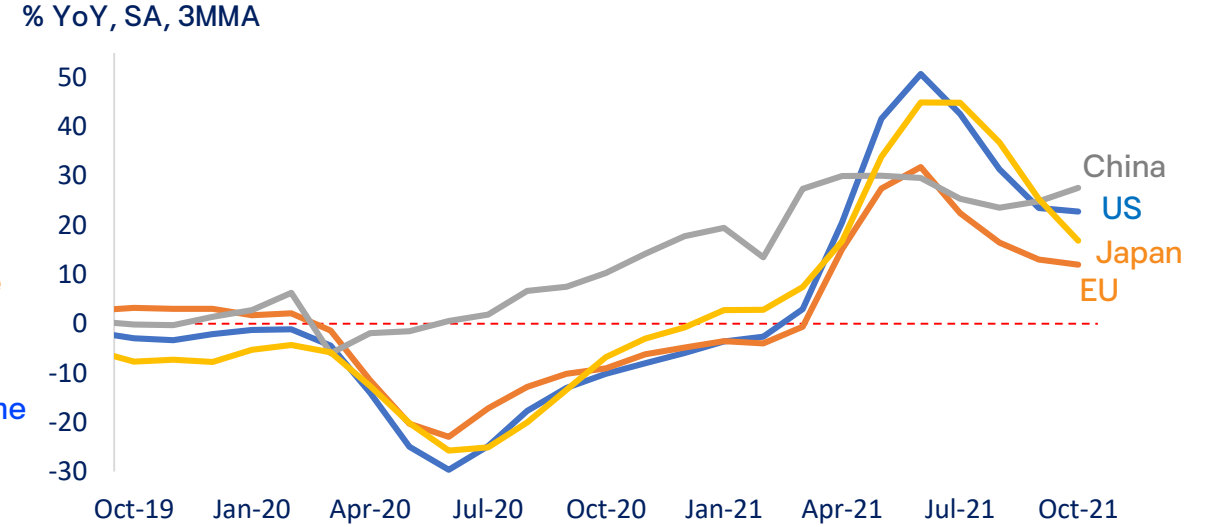
- PMIs which are early indicators for economic activities suggested that most countries have positive outlooks toward manufacturing and service sector in the expansion zone (above 50).
- November PMIs data showed recovery in Asian manufacturing. However, the impact of supply crunches still existed in developed countries which caused manufacturing PMIs to drop further. Service sector in India and Japan improved significantly due to lifting of government measures. Further outlook may drop from Omicron virus in European countries.

Global trade volume and production returned to normal, Asian exports growth continued

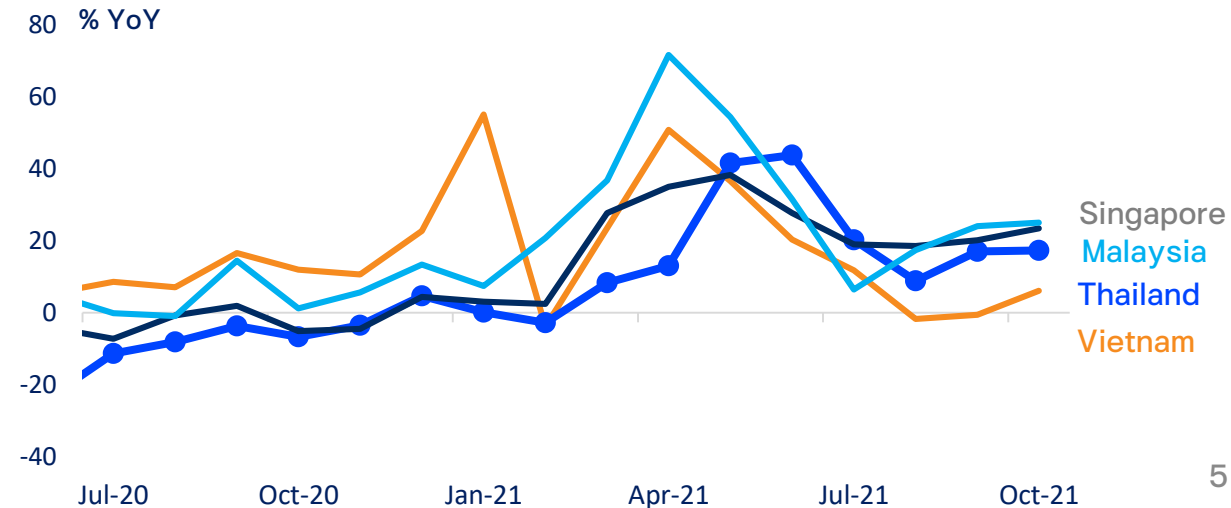
Global trade and industrial production dropped



Exports posted the return to normal trends



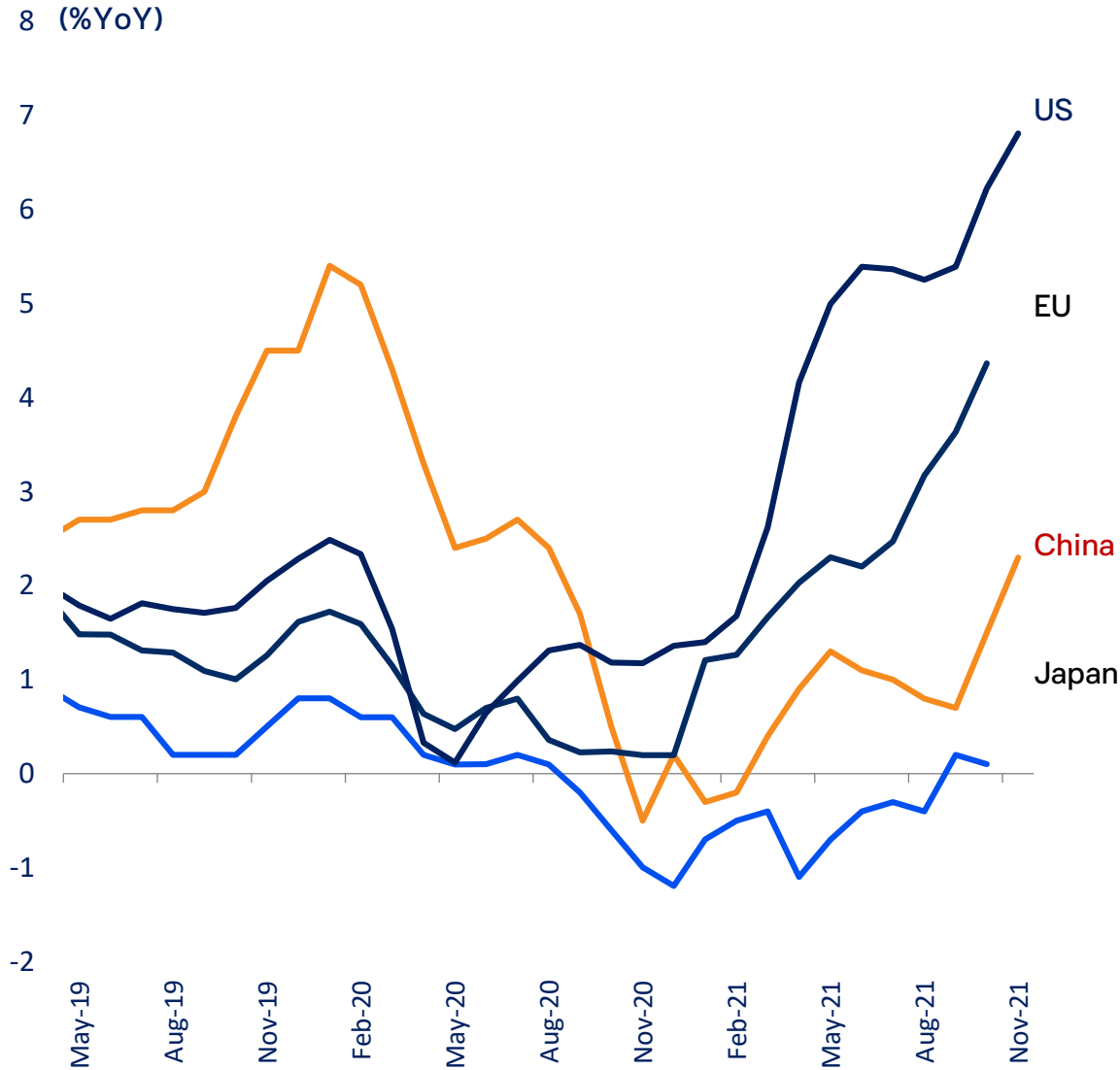
ASEAN exports affected by Covid-19 outbreak



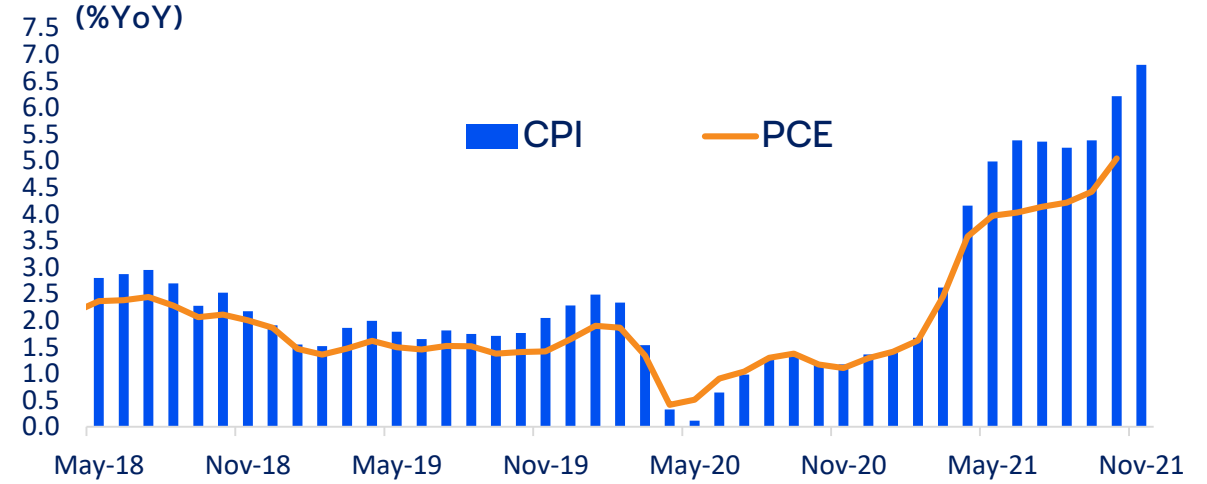
Global inflations skyrocketed due to rising energy price in November



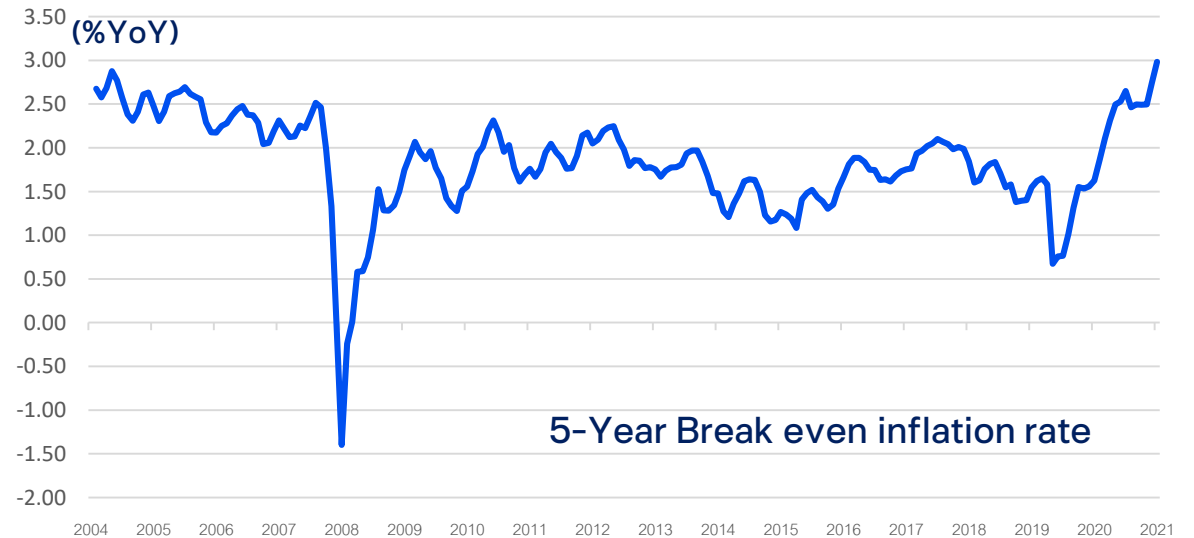
Global Inflation (%)



US Inflation (%)

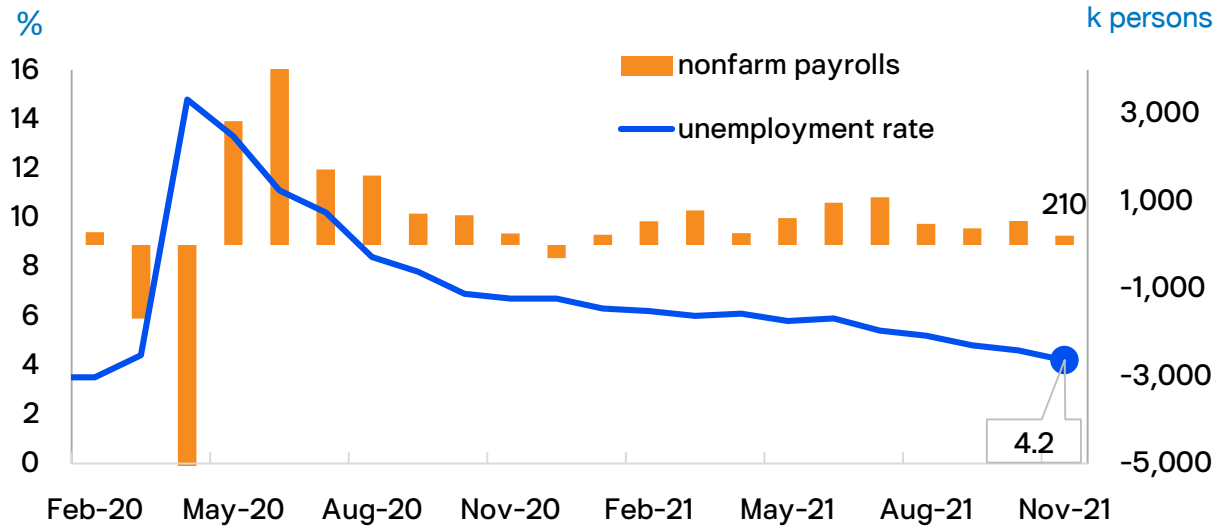


US Inflation expectation reached 17-year high

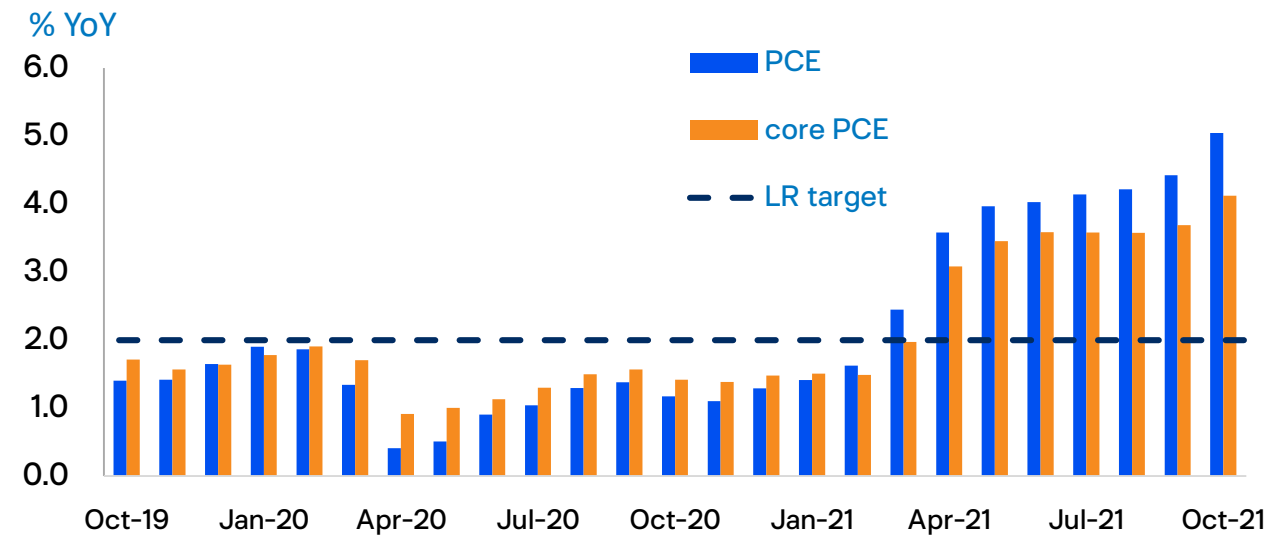


5-Year Break even inflation rate

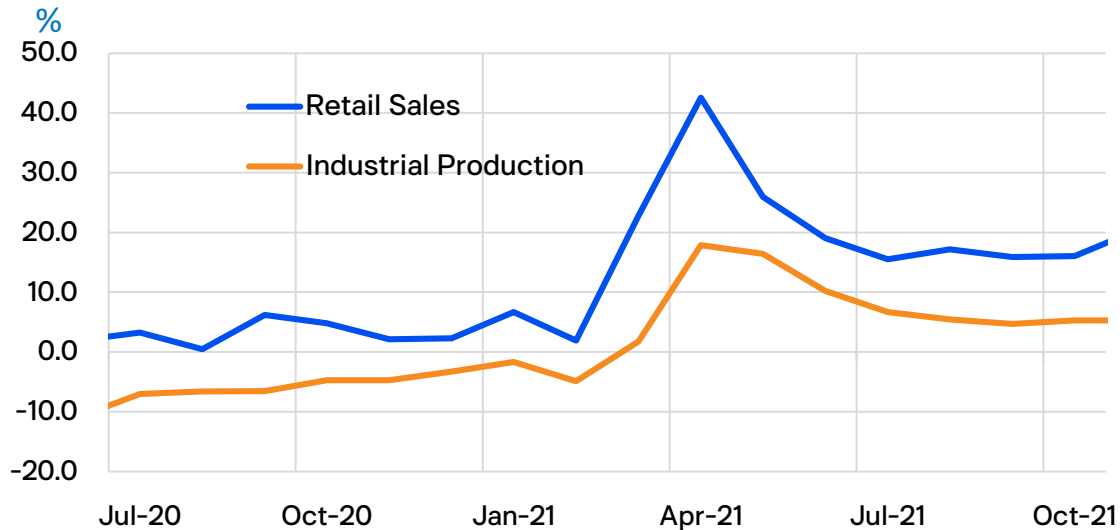
Unemployment rate continued to drop



Inflation climbed due to rising oil price



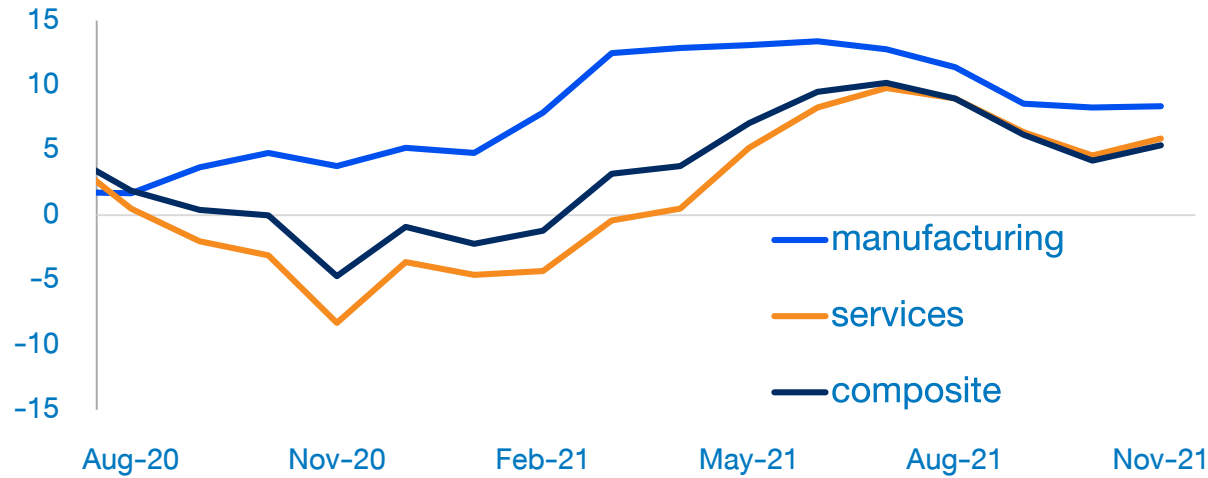
Retail sales growth remained solid despite higher costs



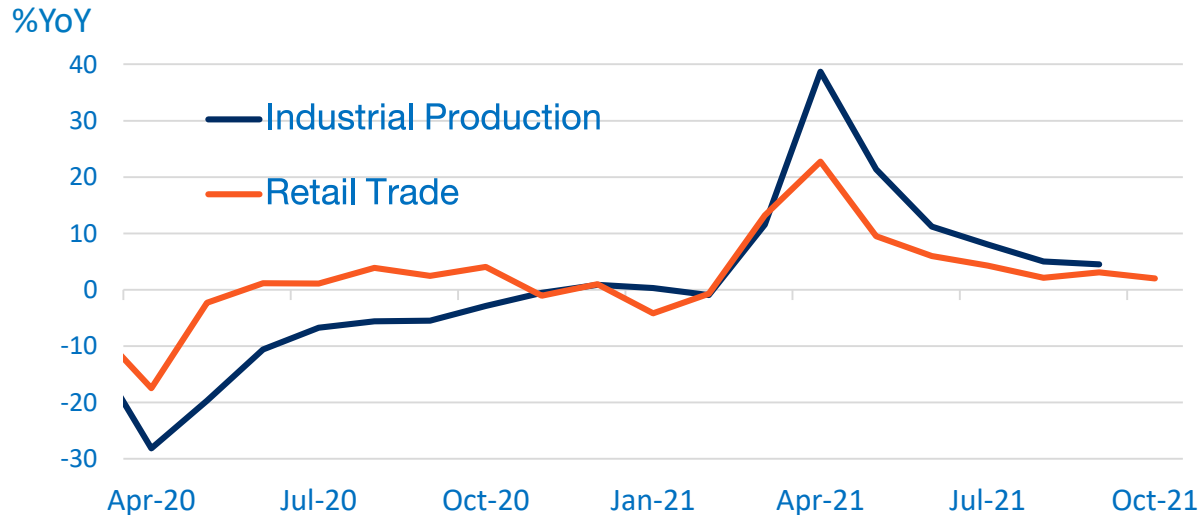
- In November, nonfarm payroll increased by 210,000 new jobs. Despite having a small payroll number, the unemployment rate decreased to 4.2%, supported by large number of people leaving a labor force. It was already below the unemployment rate in March 2020 at the start of the pandemic. It suggested tightened labor markets in 2022.
- Retail sales growth surprisingly remained high despite rising base of 2020. In November, retail sales grew 20% (seasonally adjusted) in comparison to 2% growth last year. Industrial production slightly contracted from last month to 5%.
- In October, price continued to rise from both goods and service sector as energy price spiked from limited supply. PCE rose 5.0% yoy while core PCE rose 4.1%.

Service outlook improved slightly from October

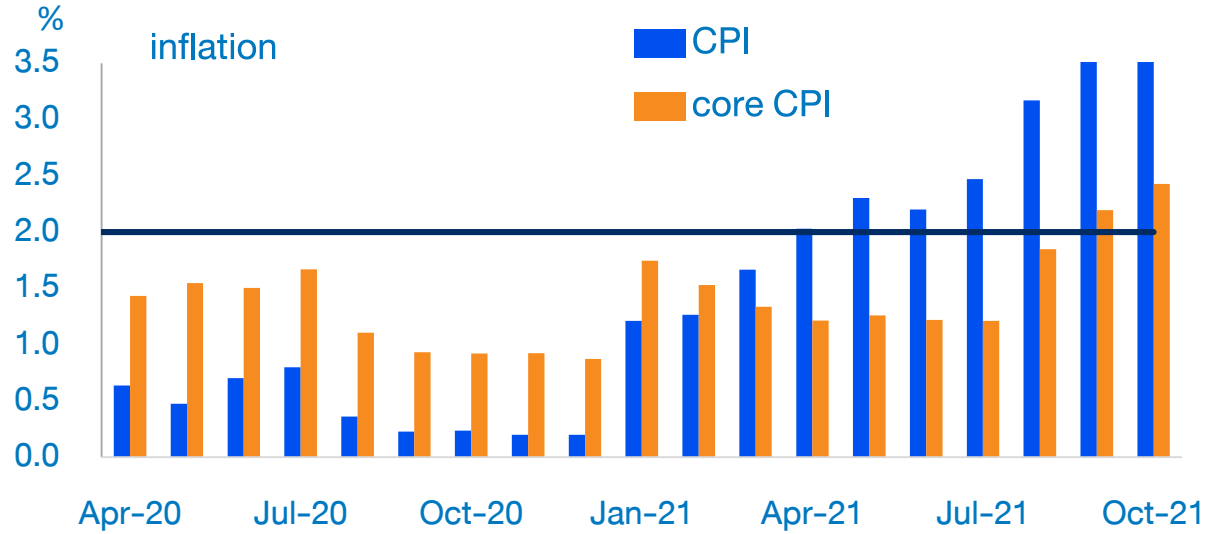
%MoM, deviations from 50, + expansion - contraction



Retail and Industrial production returned to normal

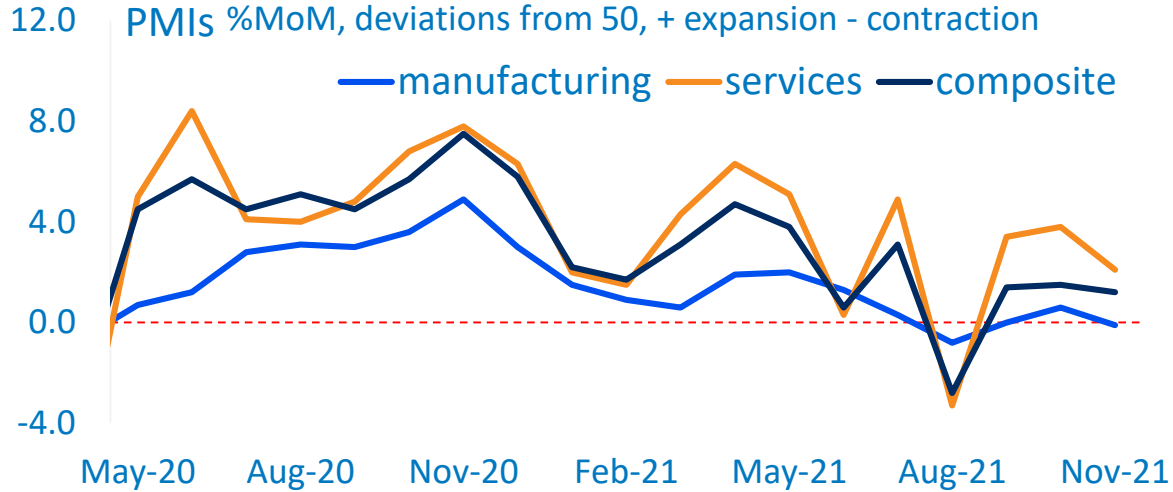


Inflation spiked above ECB's target

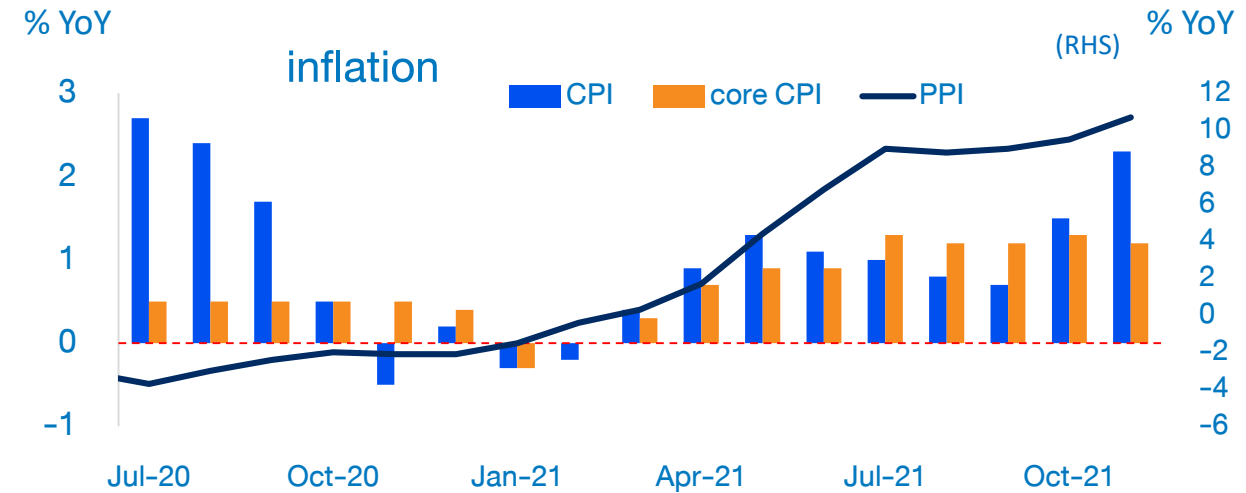


- In November, service outlook surprisingly advanced due to weak government response towards Covid-19 in Europe. Manufacturing sector outlook dropped from supply chain issues and rising production costs.
- European Union inflation continued to grow significantly 4.4% in October with support from food and energy price. Core inflation increased from last month to 2.4%, the highest level in the year.
- Retail trade and industrial production in October remained stable from last month. Retail trade grew 2% in October while industrial production rose 5% in September

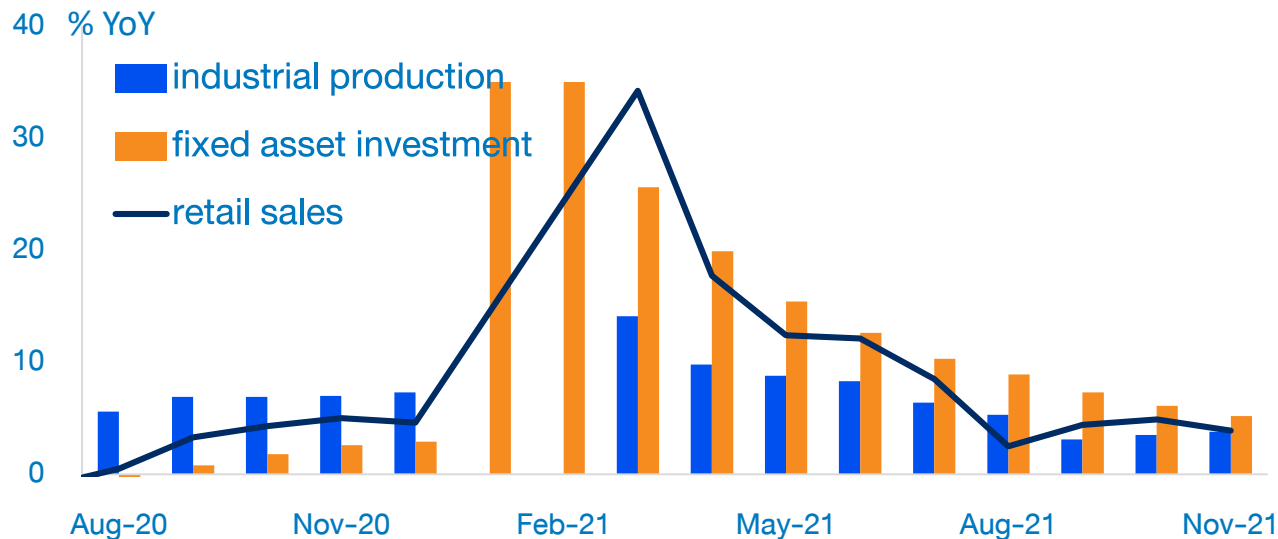
Government Covid-19 measures affected service



Inflation rose from energy price

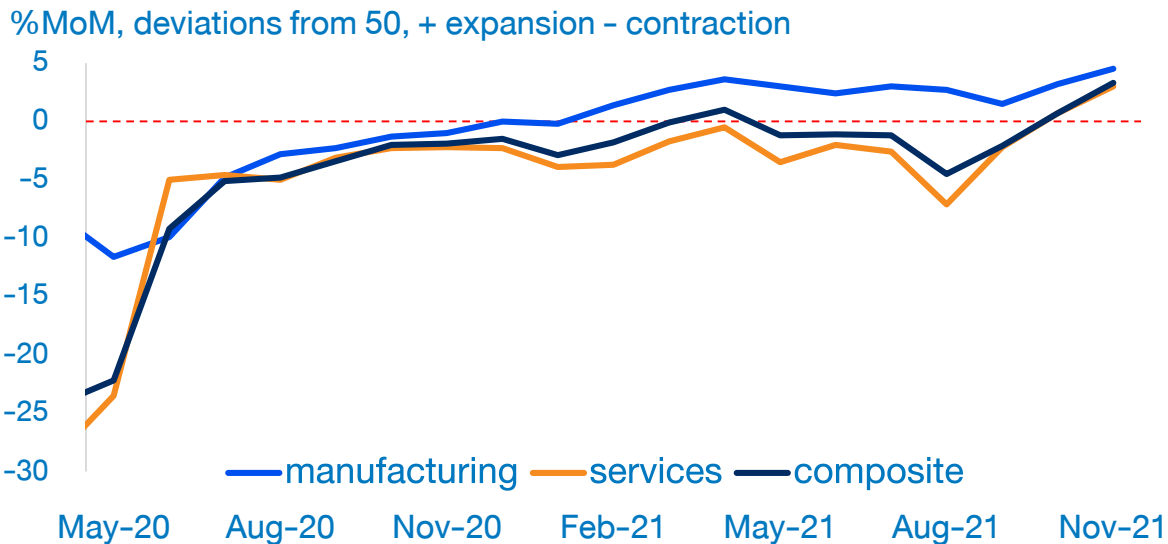


Retail sales dropped slightly

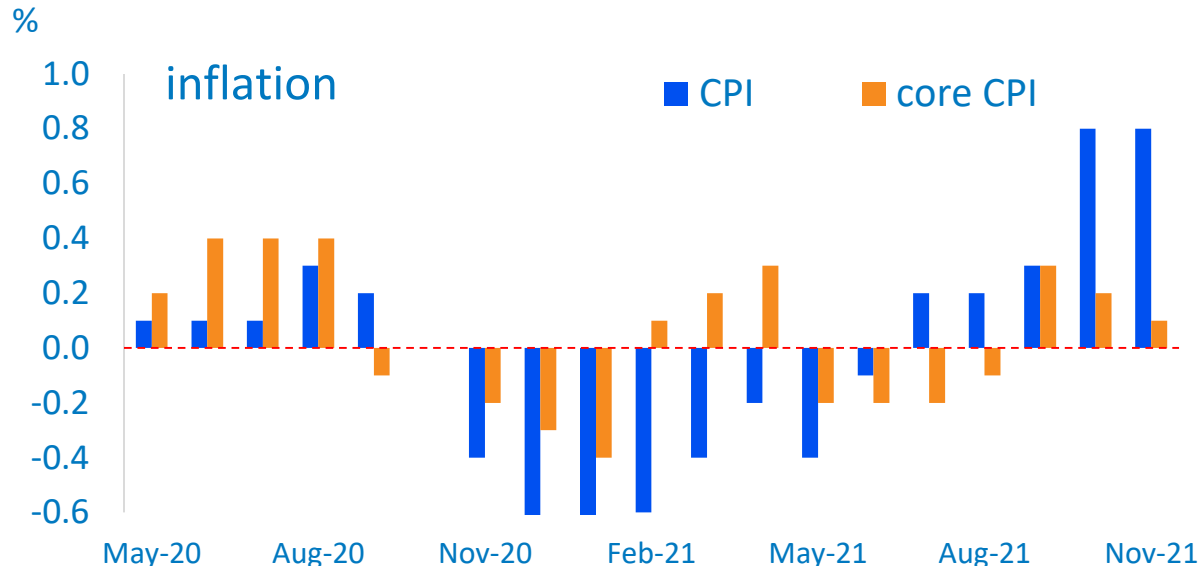


- In November, overall economic activities expanded. However, service outlook decreased due to rising government measures against Covid-19. The measures are likely to last throughout the winter Olympics.
- In November, industrial output rose 3.8% slightly above September growth at 3.5%. Retail sales dropped to 3.9% growth. Fixed-asset investment remained weak at 5.2%
- Inflation jumped in October due to rising prices of energy and energy-related goods. CPI grew 1.5% YoY. PPI growth remained high at 10.7% from rising commodities prices.

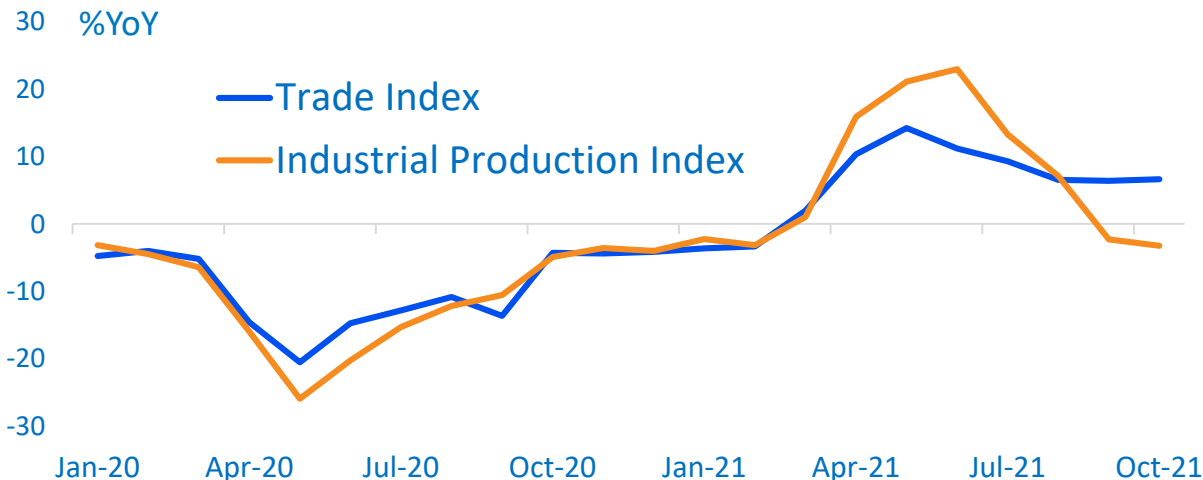
Service outlook improved from government policy



Japan's inflation rose from energy price



Trade and Production dropped near normal level



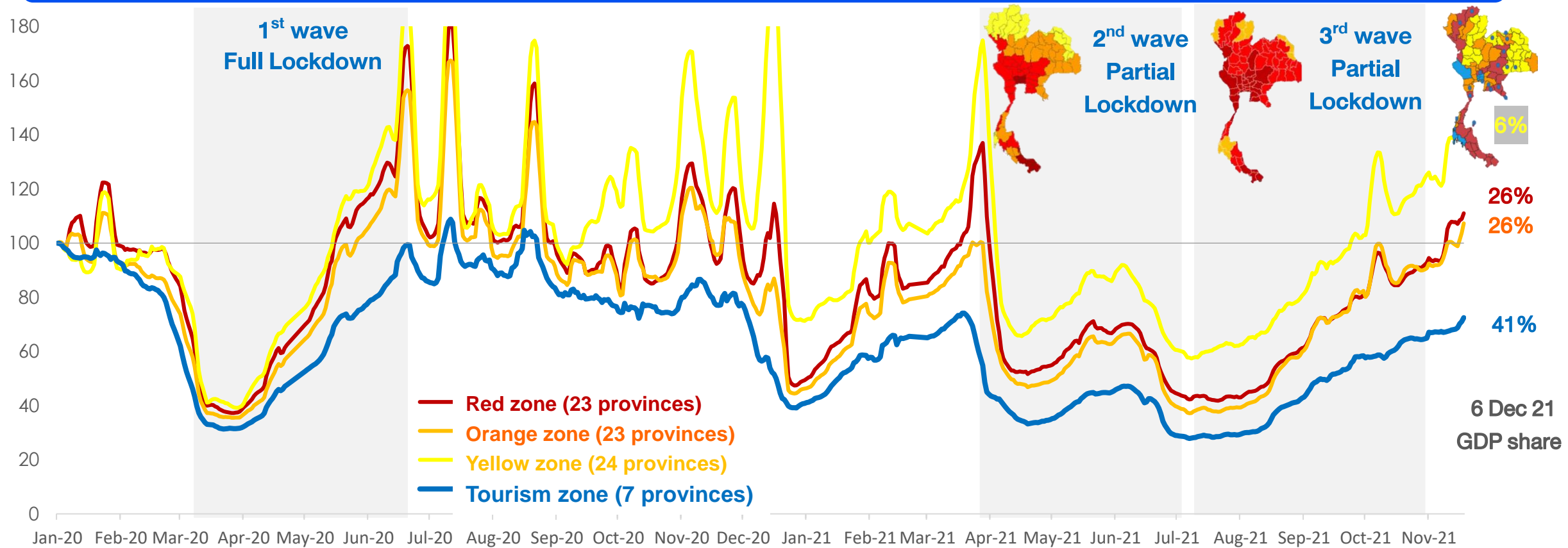
- Manufacturing and service outlooks continued to advance in November. The composite PMI advanced to expansion zone for the highest point since the Covid-19 pandemic began.
- Trade began to taper as the effect from low bases last year disappeared. Shortage in semi-conductors caused industrial production to drop significantly to contract at 3.2% in October.
- Inflation remained high in November due to high energy price. CPI expanded highest in a year at 0.8% while core CPI dropped slightly to 0.1% growth.

PART 2

Domestic Economy

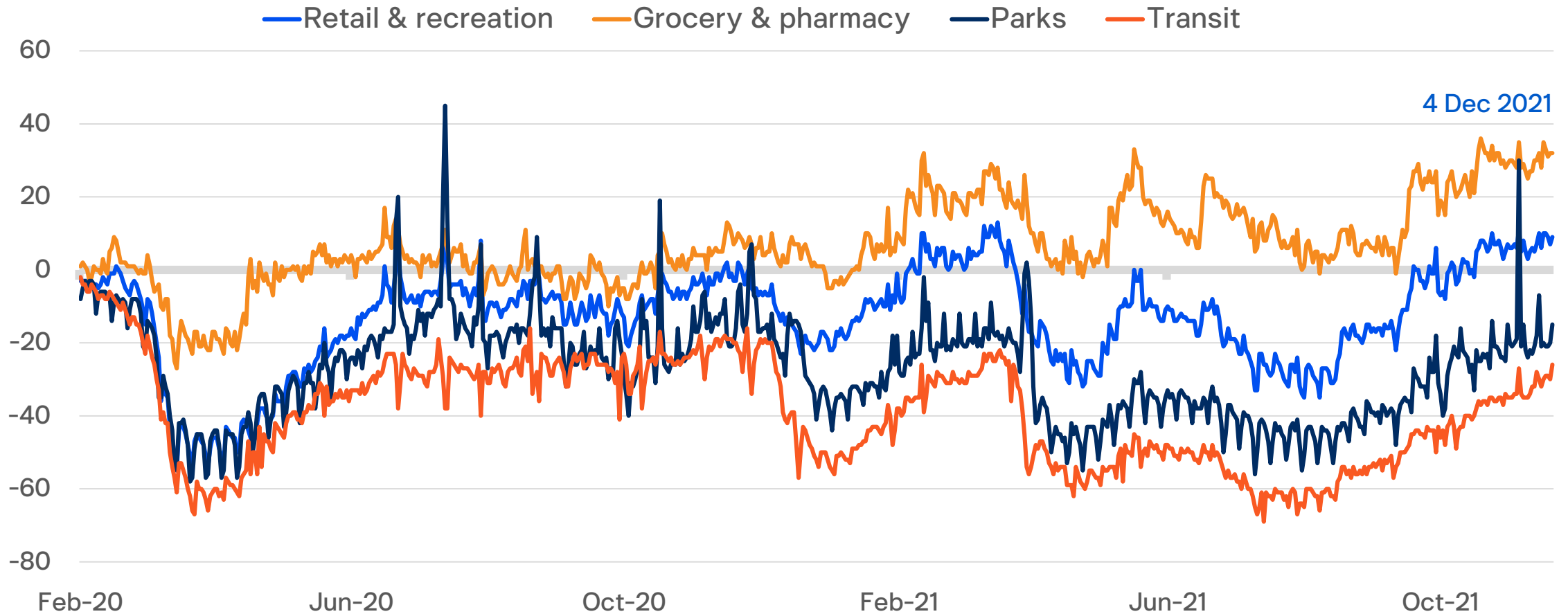


Apple Mobility index



Google Mobility Report

% deviate from Baseline



In Oct 21, Thai economy mainly improved in those export-related activities; domestic demands were weak

Coincident Economic Index (sa)

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	
Production	Coincident Economic Index (sa)	97.2	98.1	98.4	98.7	98.9	98.9	98.3	99.7	100.0	99.2	99.7	99.7	98.7	97.9	98.7	99.3
	Import Volume index (exclude Gold)	78.3	82.3	87.7	87.4	90.6	95.3	96.8	100.3	100.5	102.4	108.1	103.3	103.5	109.5	101.0	103.9
	Manufacturing Production Index	89.1	92.8	95.6	97.1	96.3	97.2	98.1	97.7	99.6	99.1	99.1	99.0	93.2	89.1	96.4	99.0
	Gross Value Added Tax at 2000 price (Million ba)	48,148.2	48,810.9	47,046.6	48,011.0	49,182.9	48,529.4	43,574.3	57,897.0	59,214.8	51,210.2	53,977.5	54,982.7	53,541.0	54,174.6	52,320.4	52,128.3
C	Domestic Automobiles Sales (Unit)	64,541.9	72,136.2	77,482.2	73,144.1	72,252.7	75,022.4	64,399.8	64,399.3	66,497.0	65,847.0	62,894.6	64,379.2	57,957.0	43,514.2	56,890.8	63,978.0
	Sales Benzene, Gasohol & Diesel Index	105.9	103.0	107.8	99.8	100.7	100.0	82.1	97.2	104.6	87.6	80.9	86.4	70.5	68.0	78.3	83.5
	VAT Hotel & Restaurant Index	38.6	34.0	44.7	45.3	49.8	25.0	20.0	34.7	38.3	20.2	18.8	28.2	21.5	21.1	27.7	30.5
I	Imports of Capital Goods at 2010 price (Million US\$)	3,337.1	3,391.6	3,568.0	3,418.2	3,737.5	3,968.4	3,877.7	4,183.1	4,144.7	4,075.7	3,995.6	4,159.1	4,158.7	4,197.0	4,165.2	4,071.7
	Domestic Machinery Sales at 2010 price (Million ba)	64,607.0	70,084.7	73,207.7	73,953.0	75,336.7	76,161.9	78,170.4	78,907.6	79,256.6	82,152.0	82,889.4	84,402.3	81,358.9	75,521.3	82,871.6	82,794.7

	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	
Services	Service Production Index	84.5	85.4	86.8	82.9	85.2	87.6	82.3	81.4	87.0	82.2	82.2	82.4	82.7	82.8	84.0	85.0
	Wholesale and retail trade; repair of motor vehicles	92.7	93.9	93.9	93.4	94.0	94.4	91.1	90.6	91.6	91.1	92.2	92.7	91.2	89.4	90.8	95.6
	Transportation and storage	60.8	62.9	63.8	64.4	63.9	64.7	62.0	64.9	73.0	66.0	66.2	66.4	63.0	61.4	64.3	66.1
	Accommodation and food service activities	16.5	18.4	18.8	22.7	27.0	25.3	11.4	14.8	17.9	11.7	2.4	2.2	1.8	1.7	3.8	8.0
	Information and communication	94.6	93.8	96.7	90.0	98.1	112.5	99.7	88.7	115.2	99.7	108.5	102.9	92.9	109.8	112.1	105.6
	Financial and insurance activities	114.9	115.1	95.0	93.3	98.0	99.8	96.7	97.2	99.6	93.7	96.3	98.7	96.8	97.0	99.1	96.4
	Real estate activities	95.2	97.4	120.9	94.5	96.9	106.0	105.0	101.3	102.0	93.5	97.4	99.3	116.7	116.4	84.9	84.4
	Professional, scientific and technical activities	93.7	88.5	97.0	97.7	93.3	109.7	97.5	94.5	113.6	102.1	101.6	107.1	102.9	97.5	110.8	124.1
	Administrative and support service activities	66.4	72.6	74.6	72.4	74.6	80.1	72.6	72.3	83.8	76.3	75.8	79.3	86.6	70.4	82.7	85.5
	Public administration and defence; compulsory social security	102.9	102.9	112.3	100.3	103.7	103.8	101.5	98.2	107.4	103.6	102.2	99.4	103.5	108.7	114.6	106.6
	Service Production Index	84.5	85.4	86.8	82.9	85.2	87.6	82.3	81.4	87.0	82.2	82.2	82.4	82.7	82.8	84.0	85.0

Facebook Mobility Range

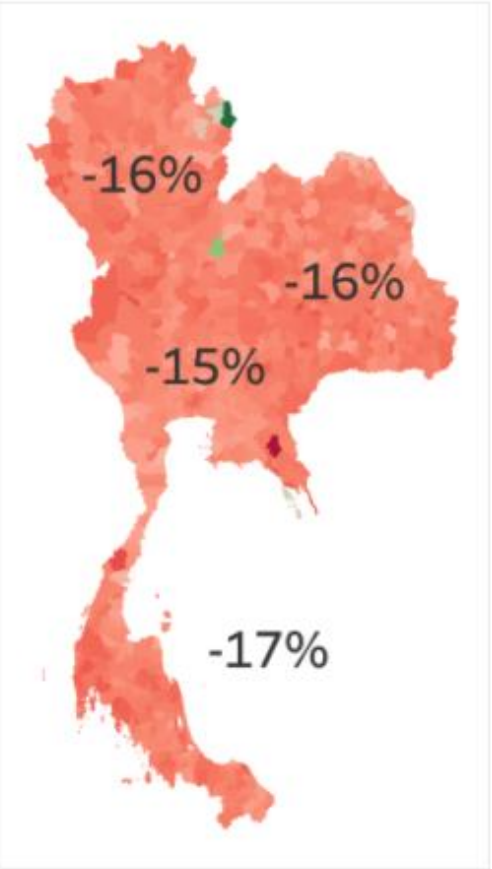
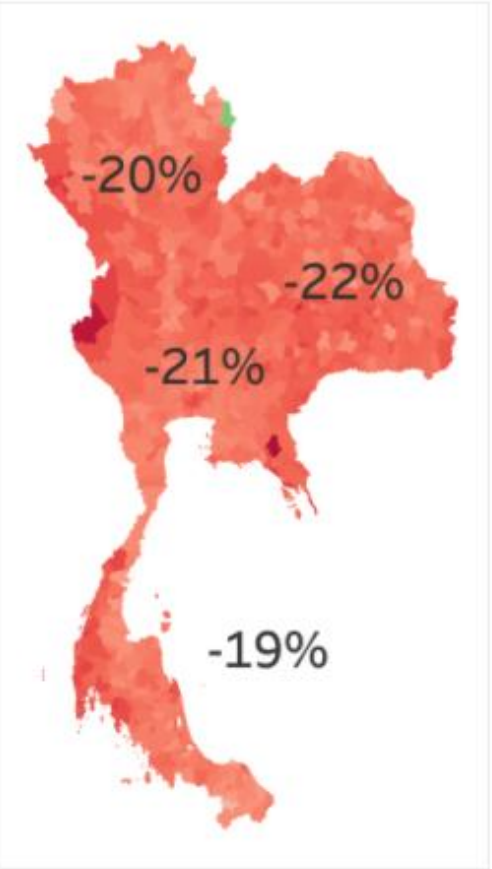
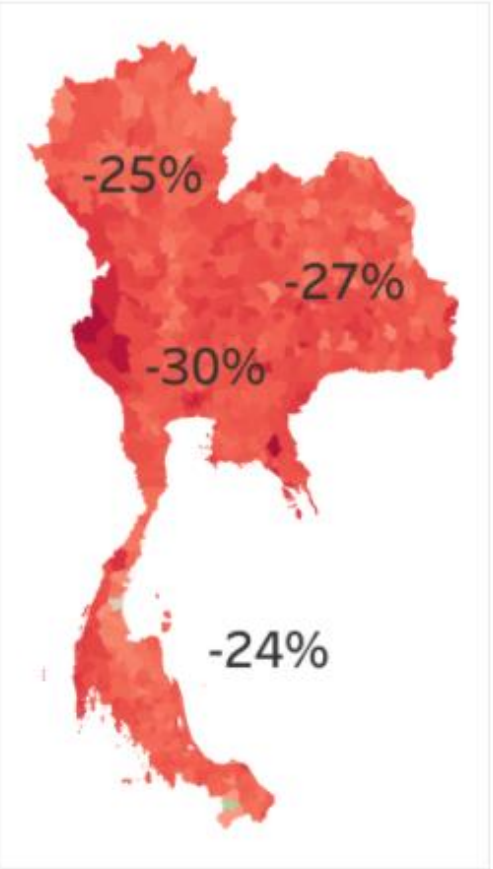
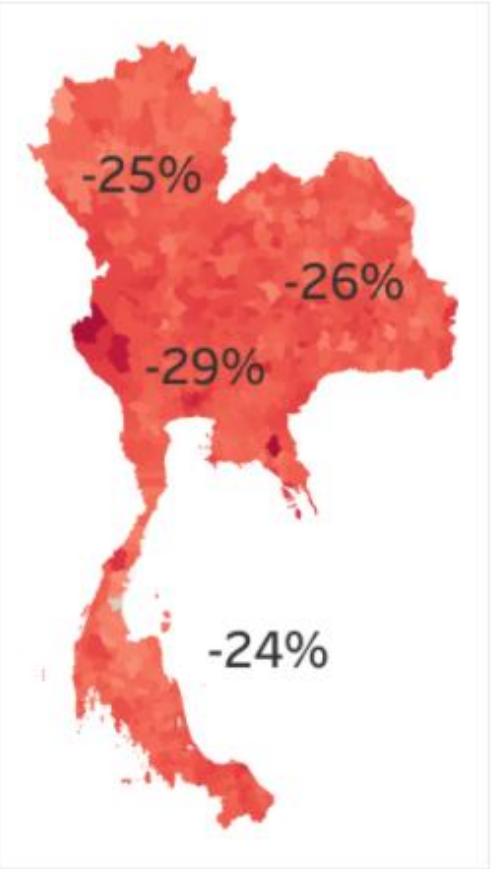
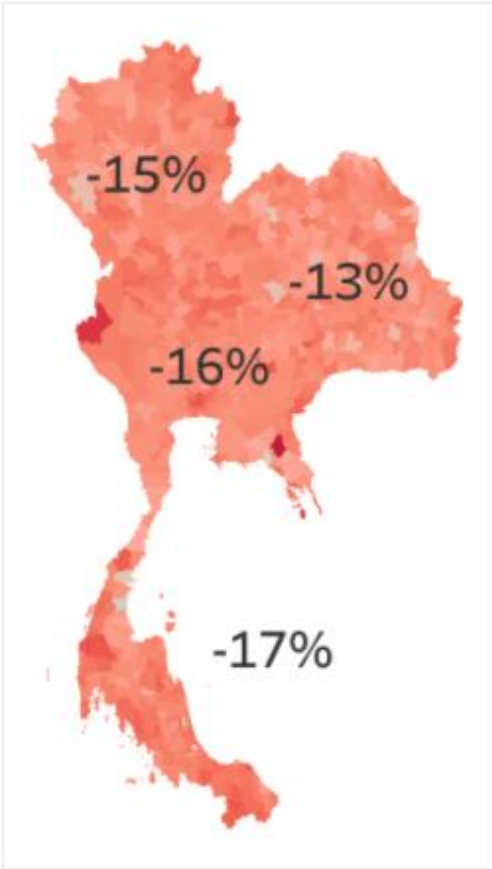
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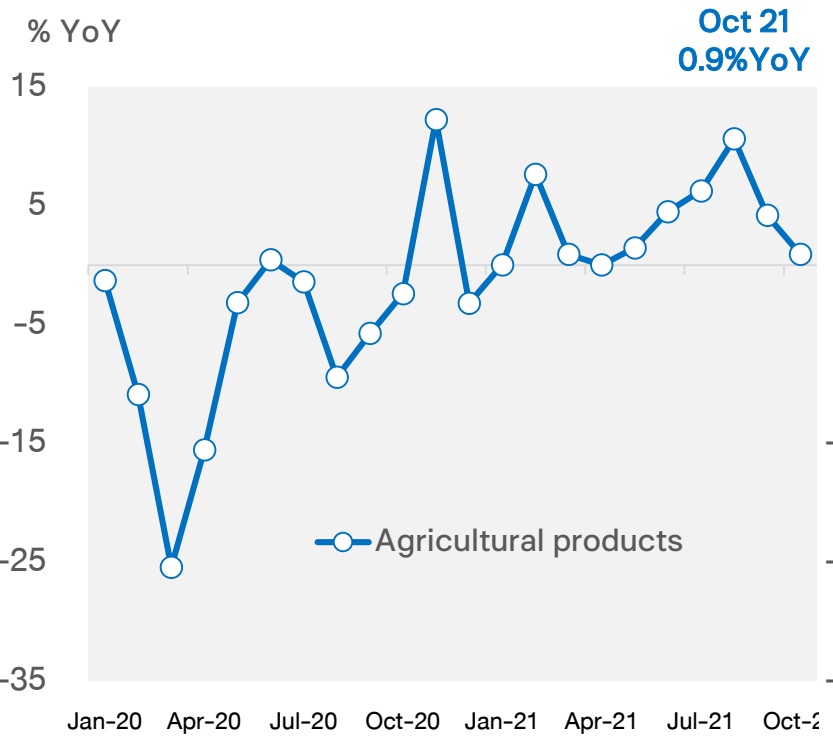
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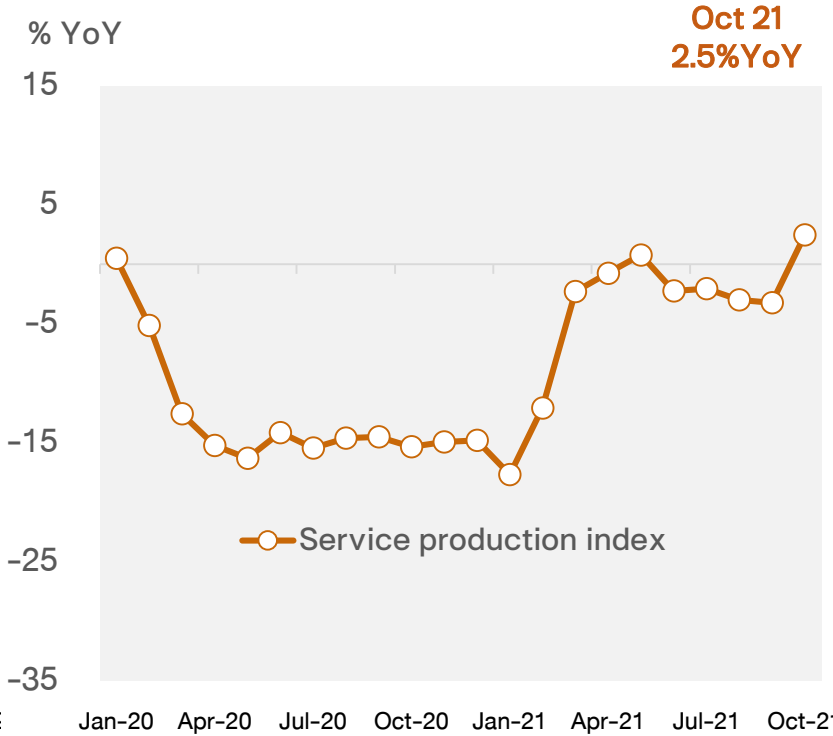
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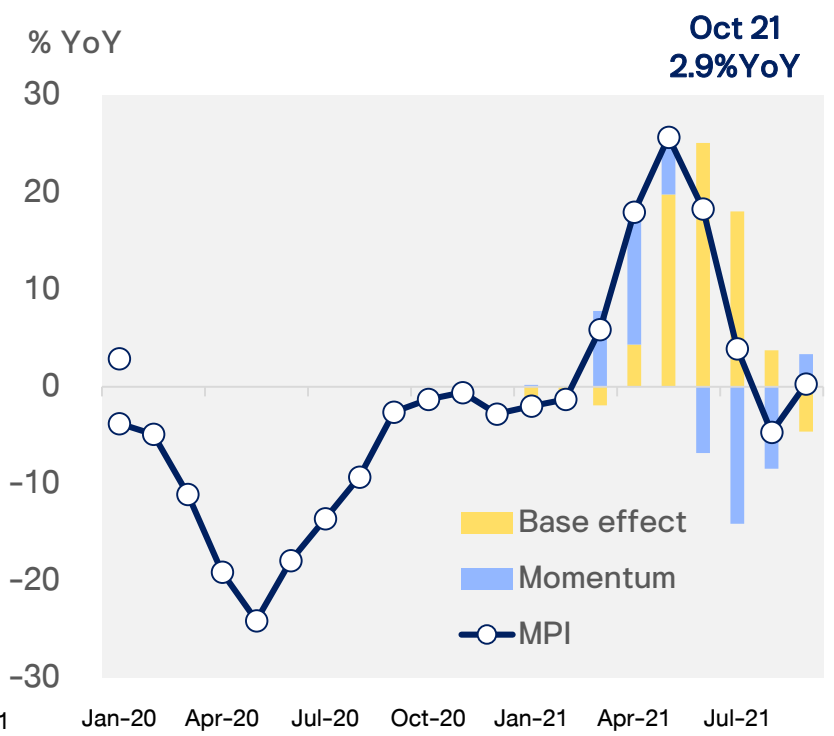
Agricultural Production



Services Providing



Manufacturing Production



Source: Band of Thailand, ttb analytics

Improvement appeared in Automobiles, Machinery , Petroleum and plastic products

Contribution	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
Food products (16.2%)	-0.6	-0.8	-0.2	0.0	-0.2	-1.7	-0.5	0.5	1.7	0.1	1.1	0.4	-0.6	-0.5	0.8	0.2
Beverages (3.8%)	0.3	0.2	0.2	-0.1	-0.6	0.0	-0.4	-0.5	0.2	2.3	0.5	0.3	-0.5	-0.8	-0.5	-0.3
Tobacco products (0.5%)	0.0	0.1	0.0	0.0	0.0	0.1	0.0	-0.1	0.2	0.1	0.0	-0.1	-0.1	0.0	0.4	-0.3
Textiles (1.6%)	-0.5	-0.5	-0.4	-0.3	-0.2	-0.1	-0.2	-0.4	-0.3	0.3	0.5	0.2	0.0	-0.1	0.0	-0.1
Wearing apparel (1.9%)	-0.7	-0.6	-0.4	-0.8	-0.6	-0.5	-0.3	-0.7	-0.2	-0.1	-0.5	0.0	0.0	-0.1	-0.1	0.1
Leather products (0.9%)	-0.3	-0.3	-0.2	-0.3	-0.2	-0.2	-0.2	-0.2	-0.1	0.2	0.4	0.4	0.1	-0.1	0.1	0.2
Paper products (2.9%)	-0.2	-0.1	0.0	0.1	0.1	0.2	0.0	-0.1	0.0	0.0	0.5	0.4	0.2	0.1	0.1	0.0
Coke and refined petroleum products (9.6%)	-0.5	-0.8	-0.9	0.8	0.5	-0.9	-1.1	-1.8	-1.2	0.6	0.3	-0.2	-0.5	-0.7	-0.3	0.6
Chemicals (8%)	-0.4	0.2	0.0	-0.5	-0.9	0.0	0.5	0.6	0.3	-0.1	0.4	0.4	0.7	-0.5	0.0	0.3
Pharmaceutical products (1.2%)	-0.1	-0.1	0.1	-0.1	0.1	-0.1	0.0	-0.2	0.0	-0.3	0.0	0.0	0.0	0.0	0.0	0.3
Rubber and plastics products (8.9%)	-1.4	-0.4	0.1	0.0	0.1	-0.4	-0.2	-0.3	0.4	0.3	2.1	2.3	0.9	0.1	0.4	0.5
Other non-metallic mineral products (5.5%)	-0.5	-0.3	-0.4	-0.6	-0.3	-0.1	-0.1	-0.5	0.2	-0.1	0.6	0.5	-0.5	-0.5	-0.1	0.0
Basic metals (3.6%)	-0.3	-0.5	0.2	0.3	0.0	0.3	0.3	0.6	0.8	1.0	1.5	1.1	0.1	0.3	0.5	0.3
Fabricated metal products (1.9%)	-0.2	0.0	0.3	0.2	0.1	0.2	0.0	0.0	0.2	0.3	0.7	0.5	0.3	-0.2	-0.3	-0.1
Computer and electronic products (8.9%)	-0.4	-1.1	0.2	0.4	0.0	0.2	0.3	1.0	0.7	1.4	2.0	2.0	0.5	0.5	0.5	-0.1
Electrical equipment (3%)	0.4	0.5	0.7	0.5	0.6	0.4	0.2	0.2	0.7	0.9	1.5	0.4	-0.2	-0.4	-0.3	-0.2
Machinery and equipment (2.7%)	-0.2	-0.3	0.0	-0.1	-0.1	-0.1	-0.1	-0.1	0.1	1.4	2.4	0.4	0.2	-0.1	0.7	0.5
Motor vehicles (13.9%)	-6.6	-4.0	-1.7	-0.3	1.4	0.7	-0.4	0.7	1.1	37.4	21.4	12.7	4.5	-1.2	-1.0	0.6
Other transport equipment (1.1%)	-0.3	-0.2	0.0	-0.1	0.0	-0.1	0.0	0.0	0.5	1.2	1.6	1.4	-0.3	-0.5	-0.4	-0.3
Furniture (1.5%)	0.0	0.2	0.2	0.1	0.2	0.3	0.3	0.4	0.6	0.3	0.5	0.3	0.3	-0.1	0.3	0.5
Others (2.4%)	-0.4	-0.3	-0.2	-0.2	-0.3	-0.4	-0.1	0.0	0.2	0.6	1.6	2.3	0.4	-0.1	-0.1	0.1
MPI (%YoY)	-13.6	-9.3	-2.6	-1.3	-0.6	-2.8	-2.0	-1.3	5.9	18.0	25.7	18.3	3.9	-4.7	0.3	2.9

Thai exports were in a recovery trend, yet being stable in some products and faced a decline to China



Total Export Growth

All Goods

-6.0%
2020

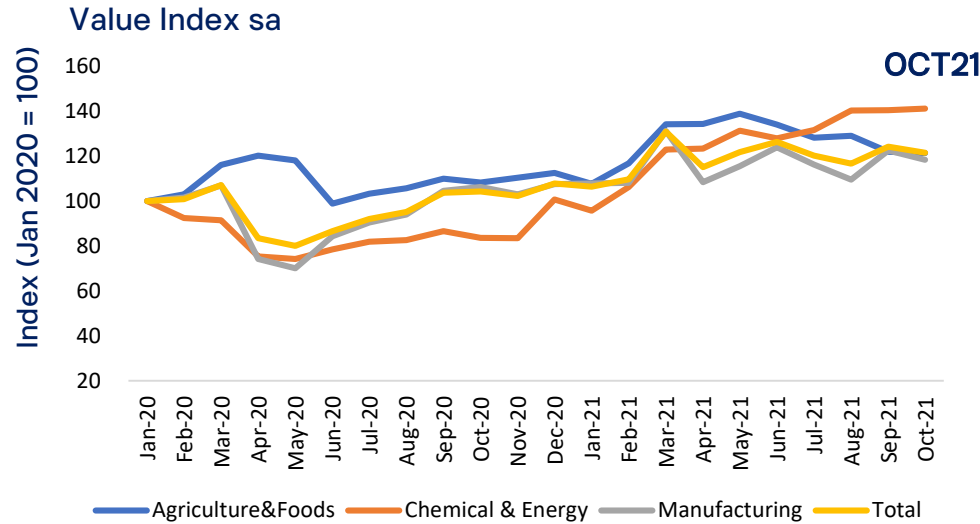
15.8%
Jan – Oct 2021

Exclude Defense,
Other Vehicle & Gold

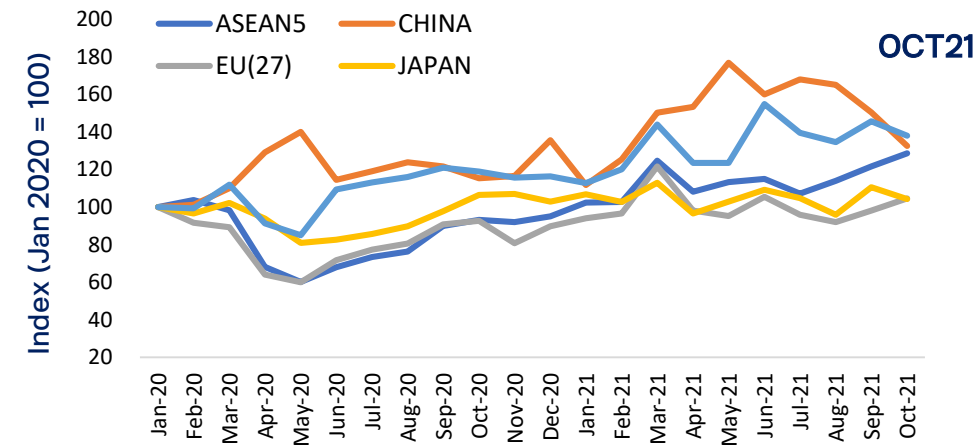
-8.8%
2020

24.6%
Jan – Oct 2021

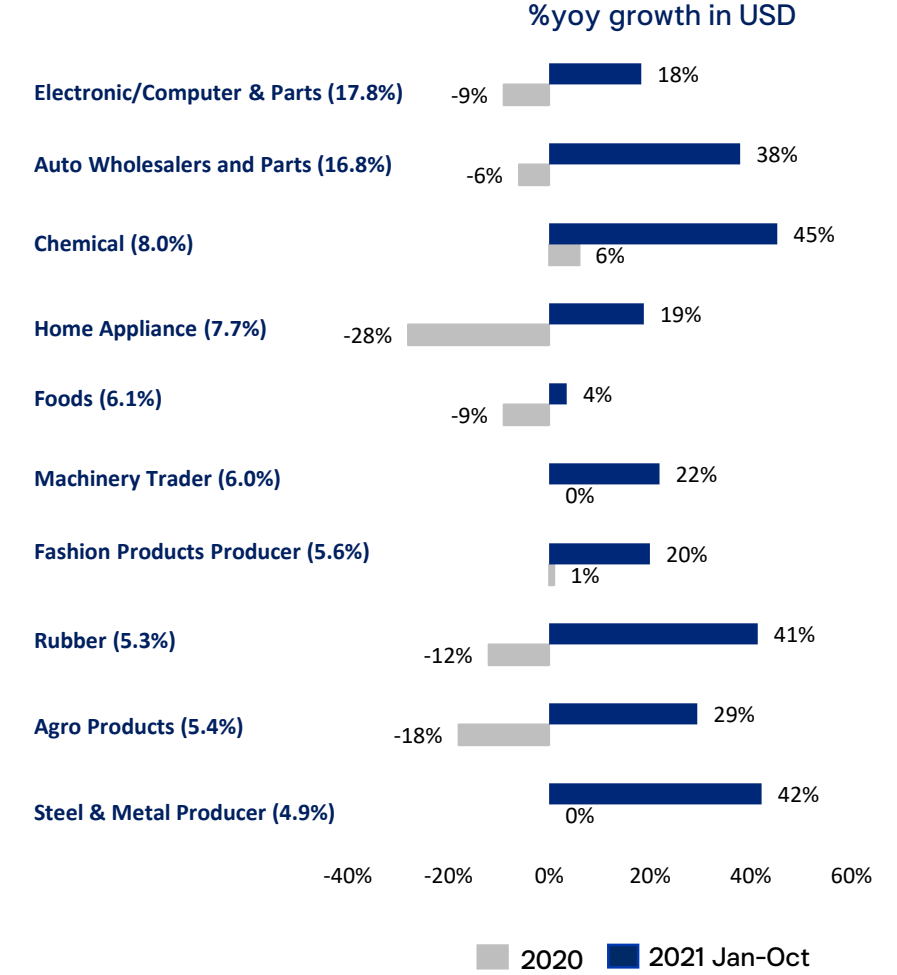
Exports value by groups*



Exports value by destination*



Top 10 Export by Sector*



Risk to exports

1. Supply Shortage : Container , Semi-conductor
2. Operation halt due to cluster outbreak

Note: *Exclude Defense, Other Vehicle & Gold

Source: MOC and ttb analytics

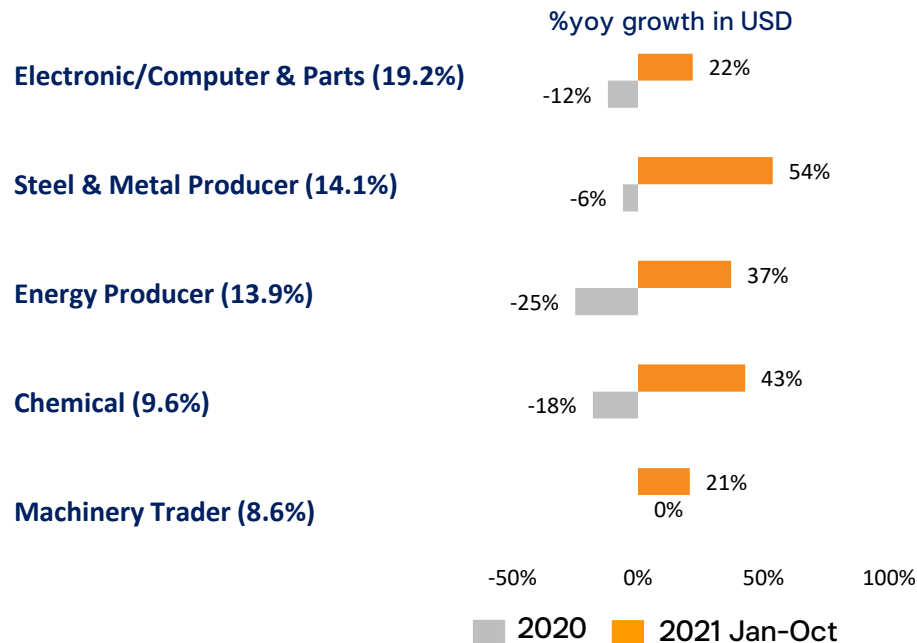
Thai imports declined only in Agriculture and Food, while others remained relatively stable



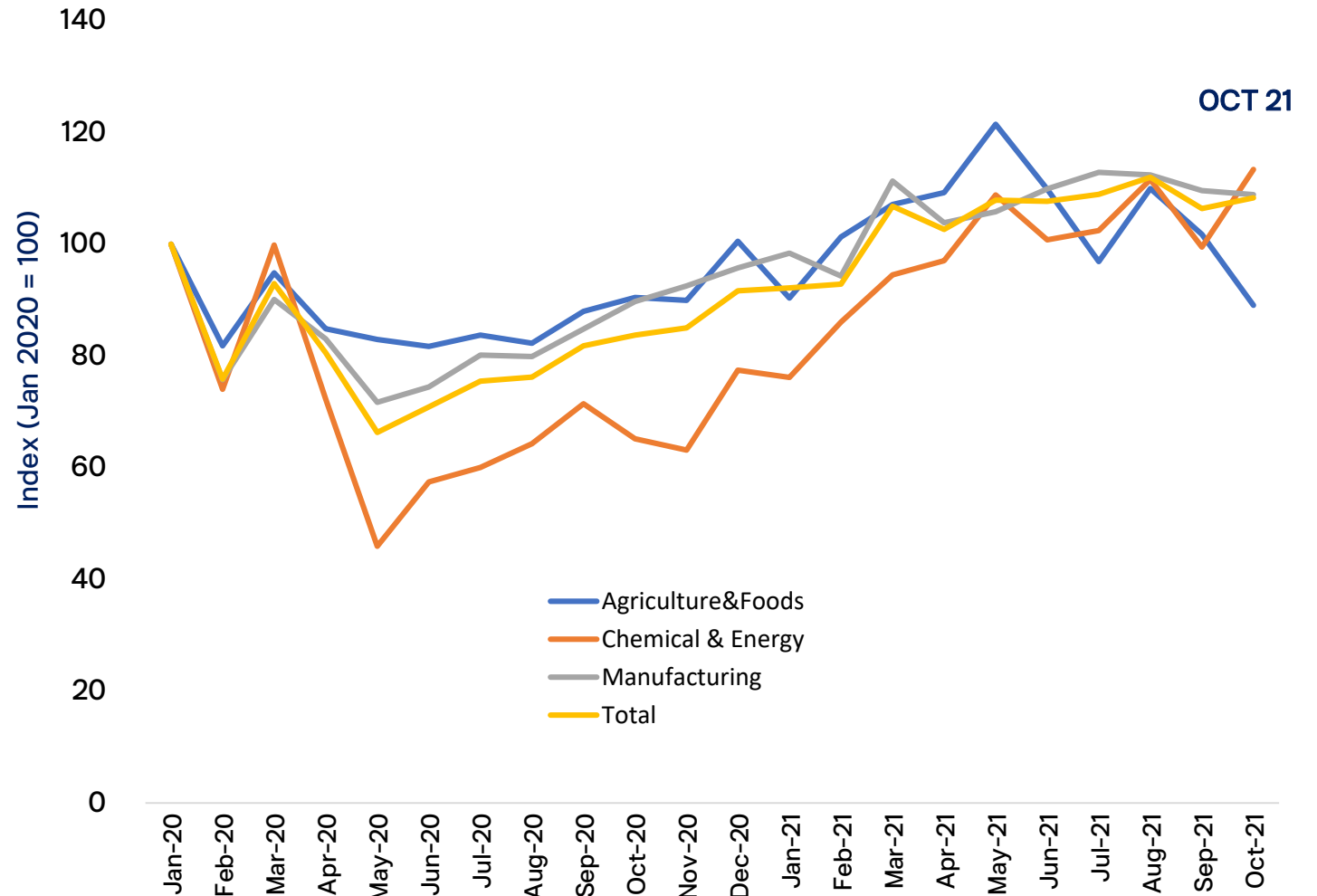
Total Import Growth

All Goods	Exclude Defense, Other Vehicle & Gold
-12.4% 2020	-11.5% 2020
30.3% Jan - Oct 2021	29.6% Jan - Oct 2021

Top 5 Import by Sector



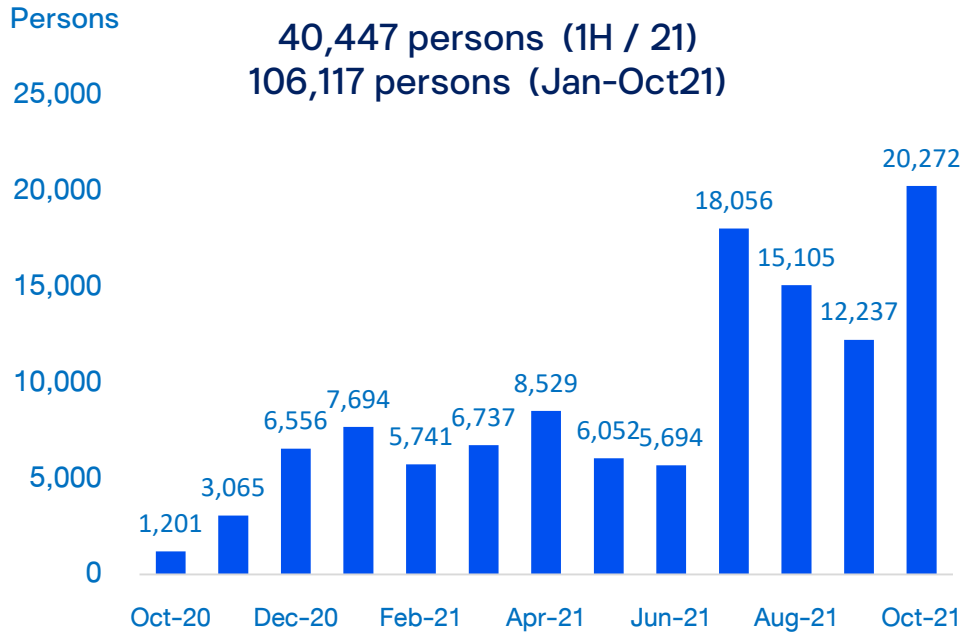
Imports value by groups*



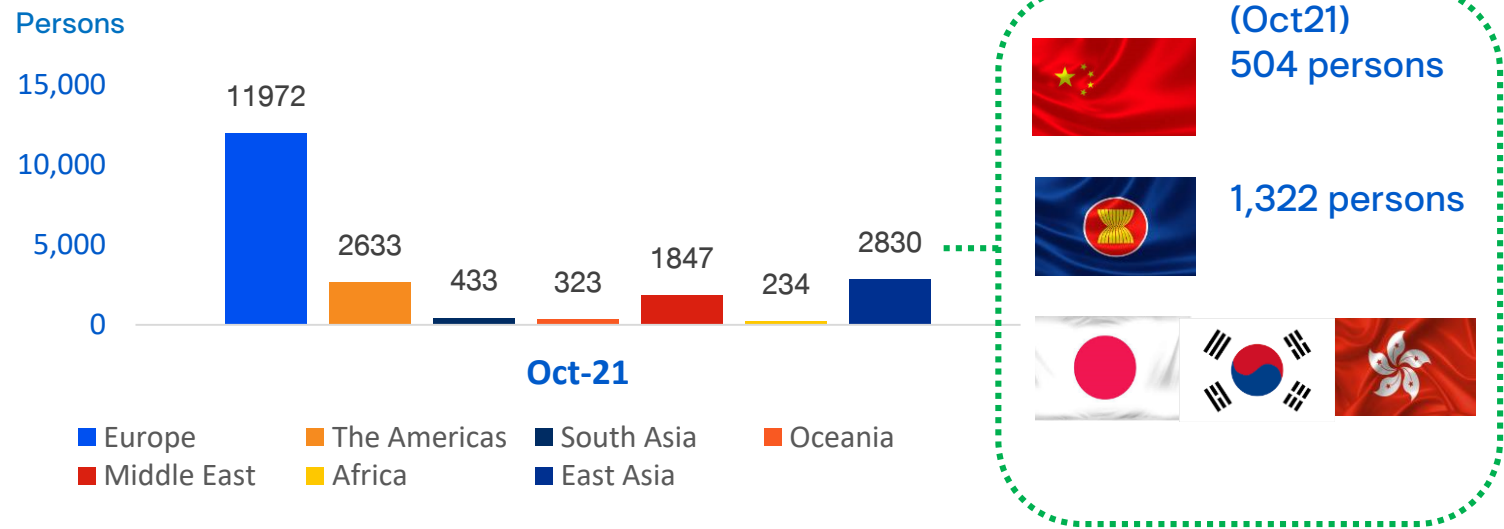
Source: MOC and ttb analytics

Tourists steadily improved but at low level; European group was the majority

Total foreign tourist inbound



Number of Foreign Tourist



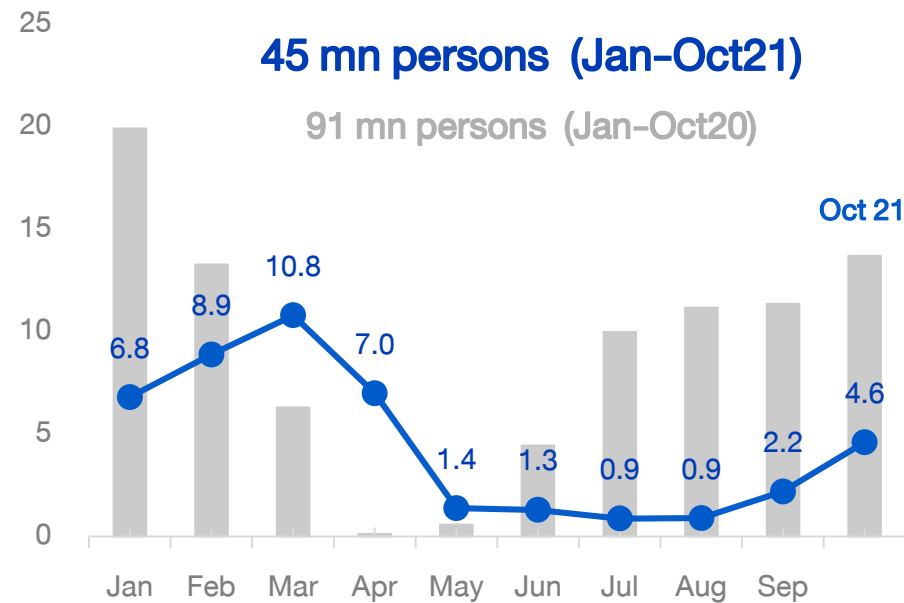
- As of Oct2021, foreign tourist inbounds recorded a increased from last month (Spending per trip is around 60,000-70,000 baht per a tourist).
- European tourists were the main group, whereas East Asian and Americans were relatively the second.
- The newest variant, omicron, can pose some impacts on inbounds at the end of Q4 but it doesn't change the border openness plan of the government.

- ✓ Pilot phase (1 Oct 2021) : continue with 4 beaches and reopening of new designated areas in Krabi – Khlong Muang and Thap Khaek
- ✓ First phase (1 Nov 2021) : extend to Bangkok, Krabi, Phang-Nga as well as other 10 designated areas
- ✓ Second phase (1 Dec 2021) : reopen another 20 provinces
- ↑ Third phase (1-15 Jan 2022) : reopen another 13 provinces

Note: Phuket Sandbox started on 1 July 2021 and its Extension started on 6 Aug 2021 for 7 days on Phuket and then travel on a sealed route to Surat Thani, Phang nga and Krabi.

Number of Thai visitors

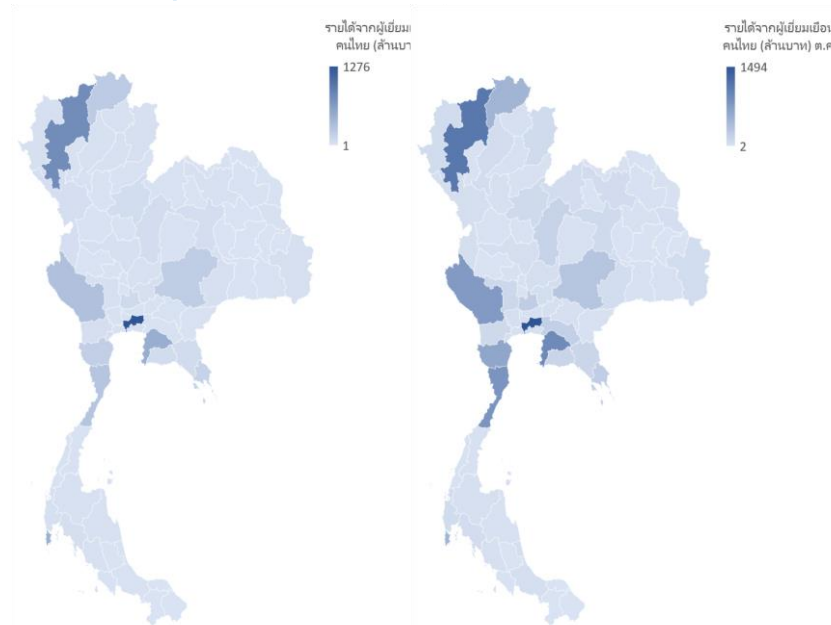
Million persons



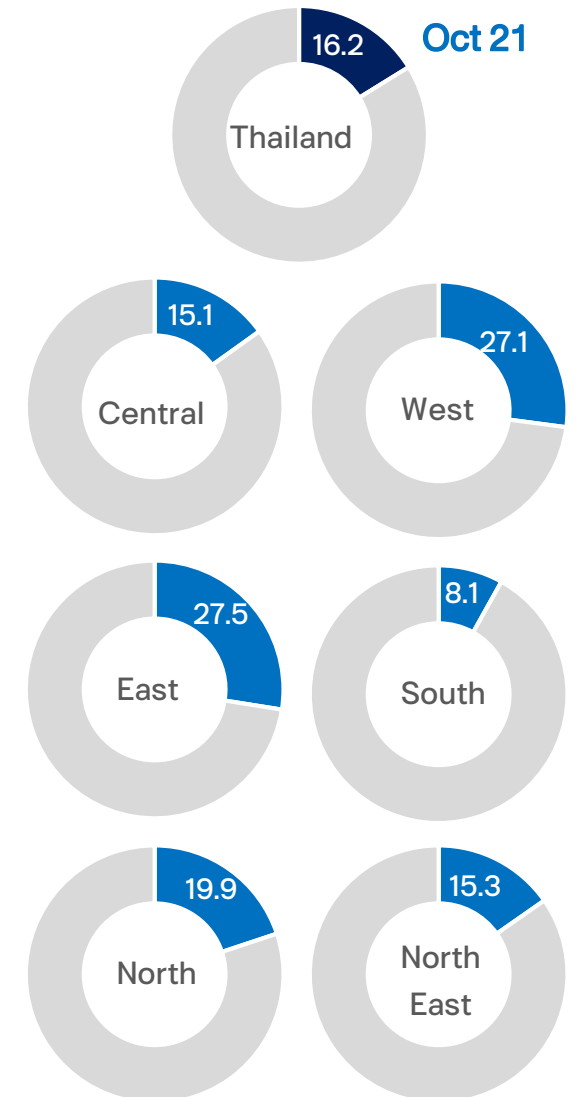
Incomes from Thai visitors

Sep 21

Oct 21

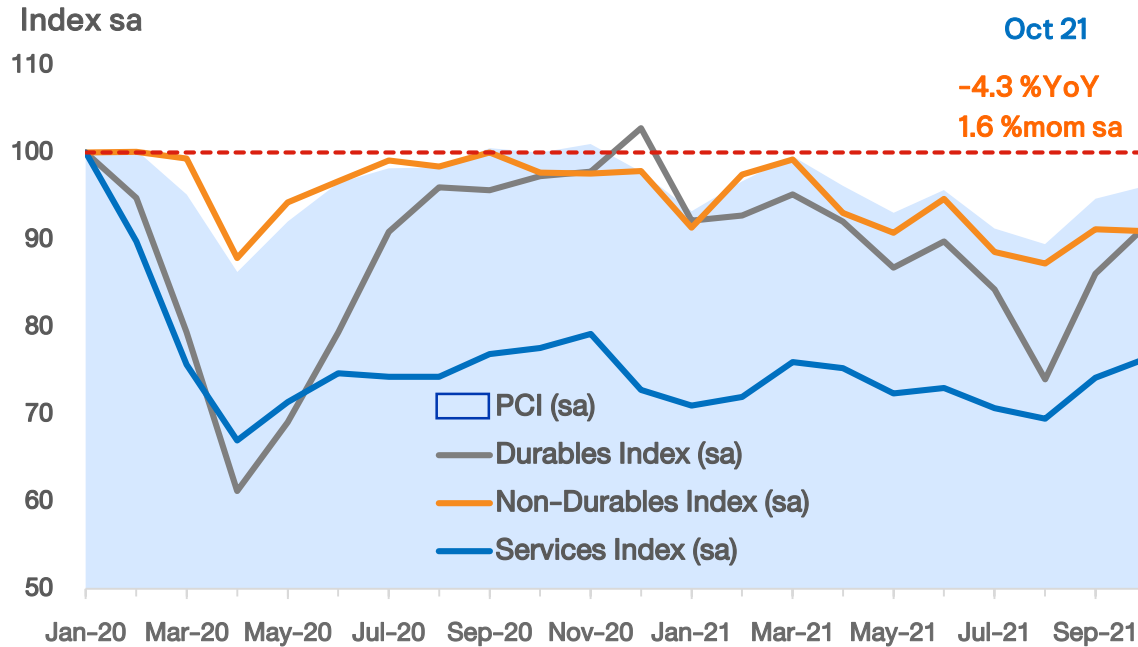


OR by region



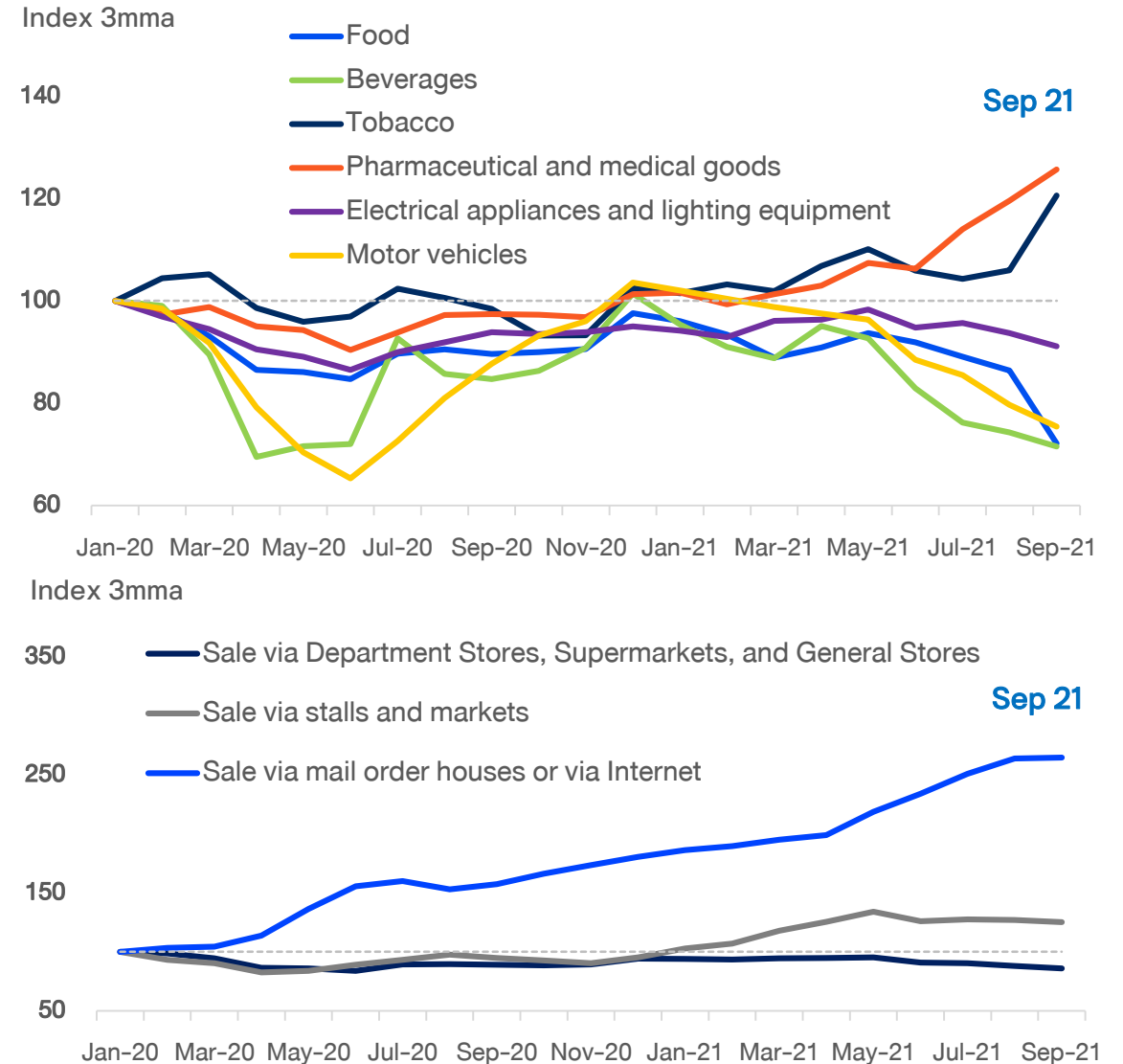
- The number of Thai tourists continuously rose in October 21 in line with the improvement in domestic outbreak situation. The highest revenues were in Chiang Mai, some Western provinces and Chonburi.
- Regarding occupancy rate, it was at 16.2% in October, led by eastern region of 27.5% and Western region of 27% and Southern region of 8.1%.
- Looking ahead, domestic tourism will continue to recover in Q4/21 partly due to government's domestic travelling stimulus measure and high season impact. However, the impact of Omicron, the new variant, would play an important role in domestic travelling activity.

Private Consumption (sa)

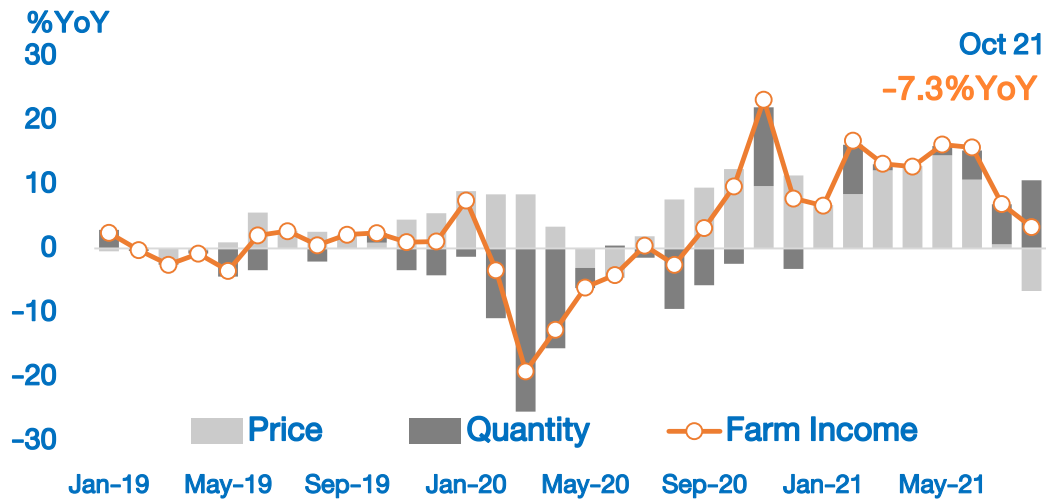


- Private consumption improved from last month, especially durables, due to better domestic outbreak condition which has led to the nationwide easing of containment measures.
- However, Non-durables were weak in line with vulnerable retail sales whose only pharmaceutical & medical goods as well as tobacco being above pre-pandemic.
- Online sales registered strong growth; however, the sales at department stores, supermarket and general stores remained below the pre-crisis level.

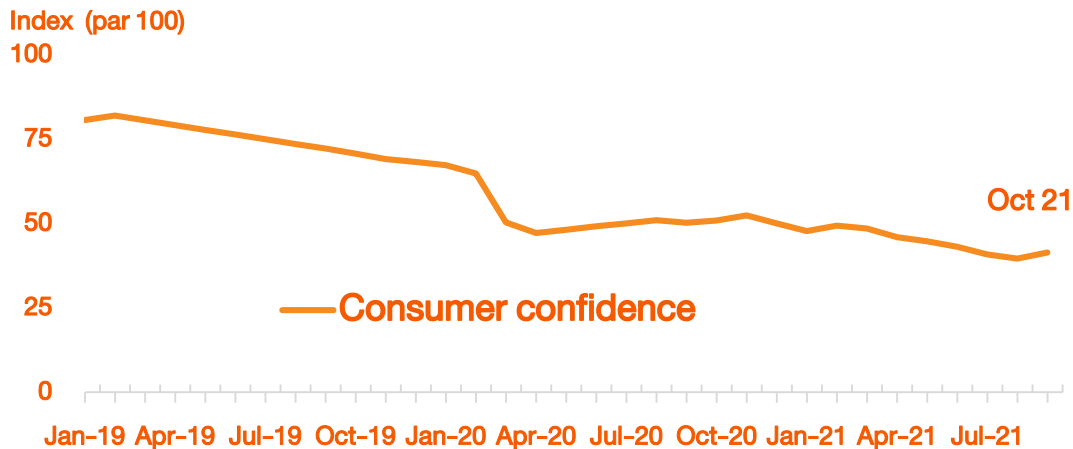
Retail Sales



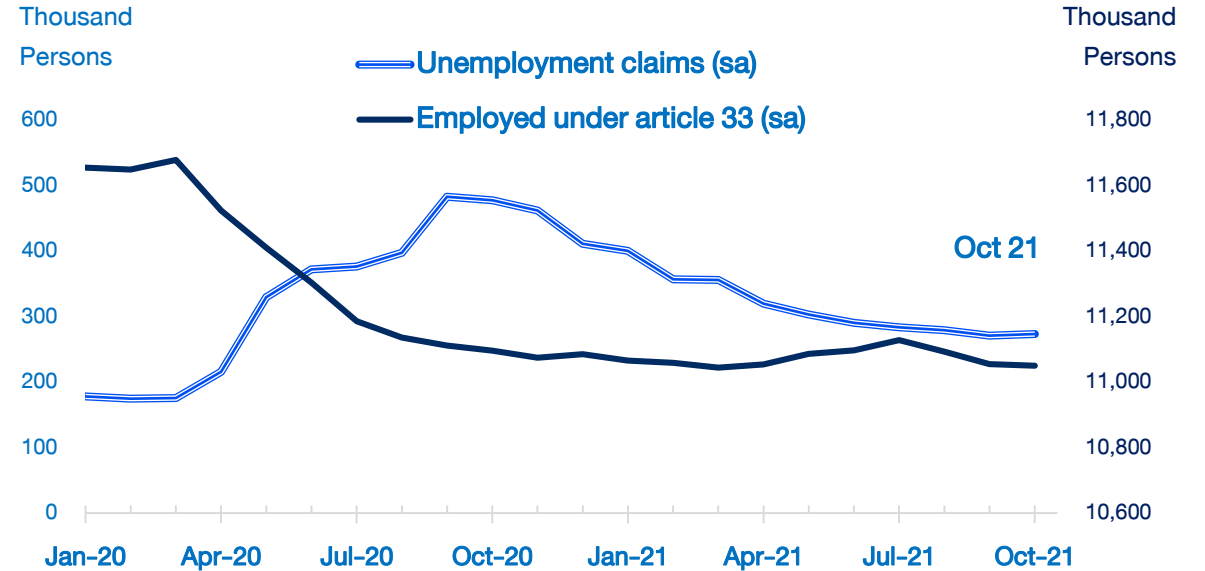
Farm income



Confidence

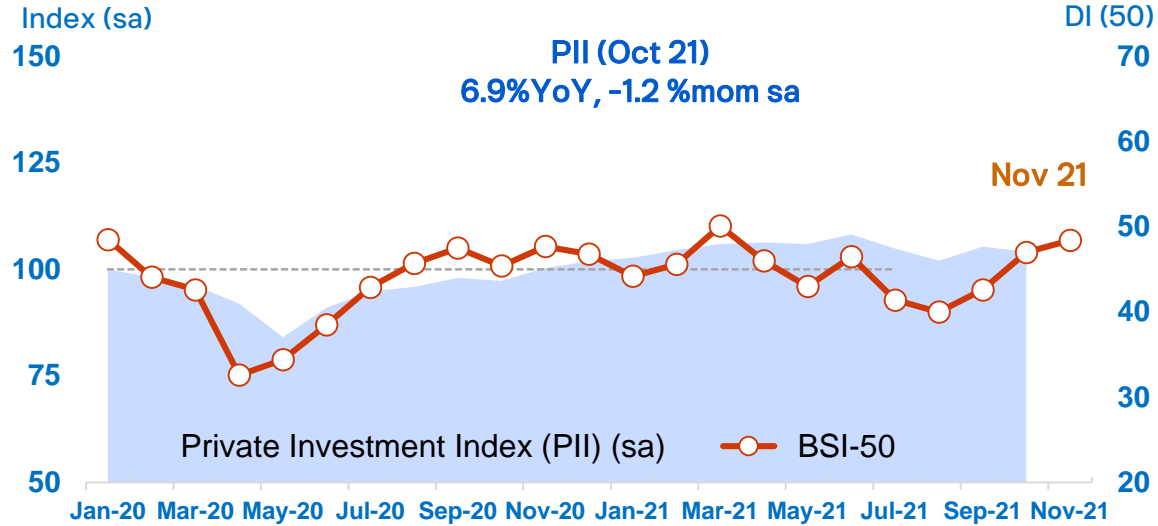


Employment condition



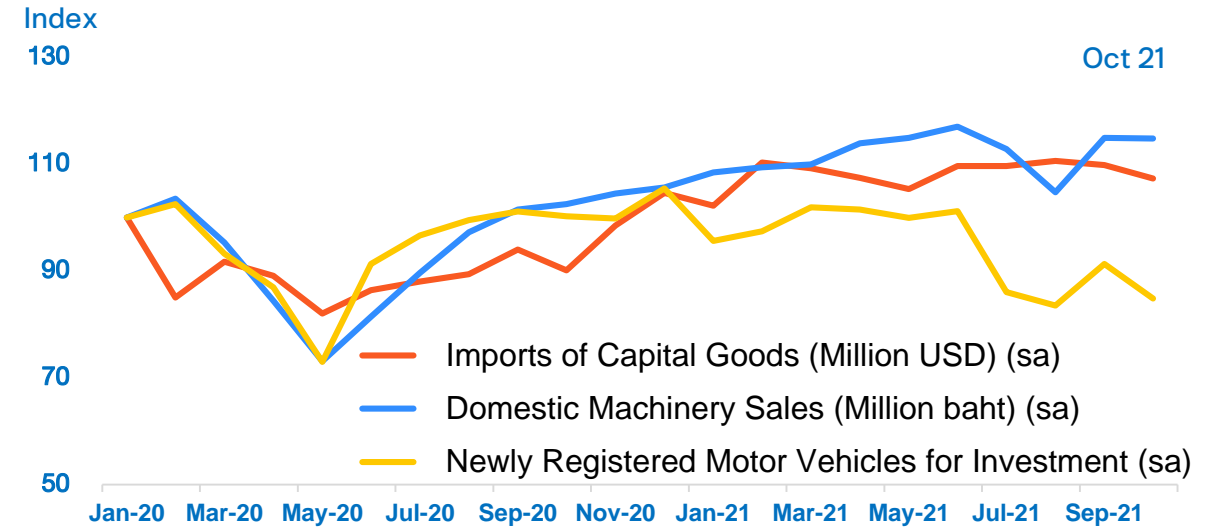
- **Most of consumption supportive factors remained weak**
- Employment situation was fragile, represented by lower numbers of employment under article 33 and a slow decline in unemployed. Meantime, farm incomes growth dropped further significantly due to a drag in agricultural prices, but better productions in fruits do partly help sustaining incomes of some farmer groups. Consumer confidence slightly improved but still at low level, resulting in precautionary spending.
- Government's stimulus measures such as half-half payment scheme have been continuously playing its roles in sustaining consumption.

Private Investment (sa) and BSI

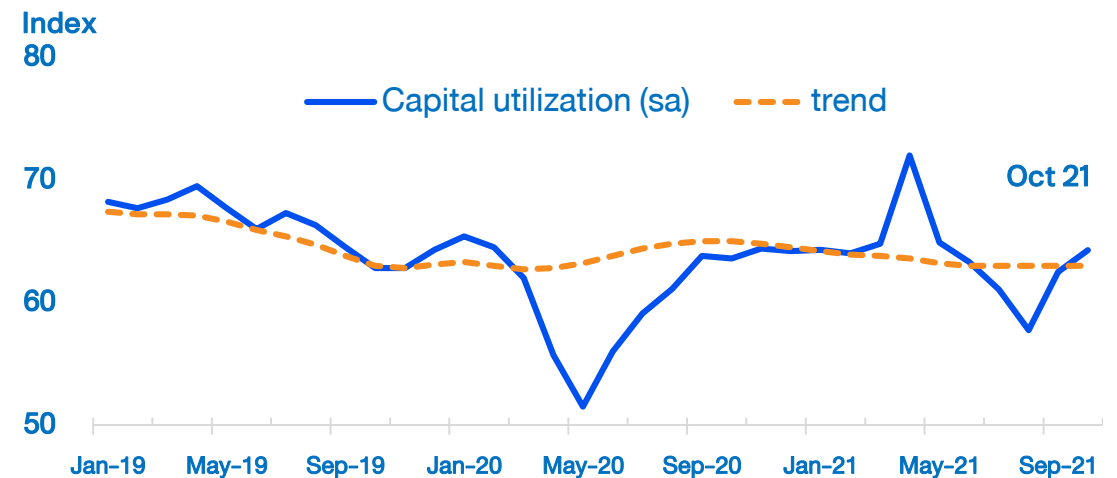


- Private investment though slightly slowed down in all categories from last month but was overall in a recovering path after a drop in 3rd wave outbreak. This slow improvement has come with better business sentiment and improved outbreak situation domestically.
- Capacity utilization marginally edged up and slightly above long-term utilization trend, signaling the investment was in a recovering phase in accordance with better merchandise exports and domestic activities.

Machinery and Equipment (sa)



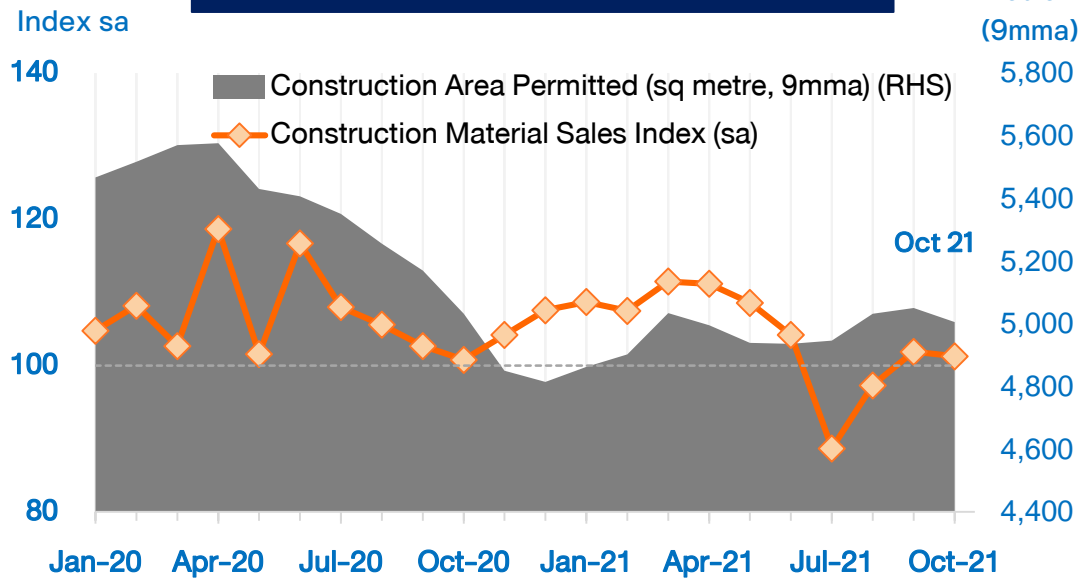
Capacity Utilization (sa)



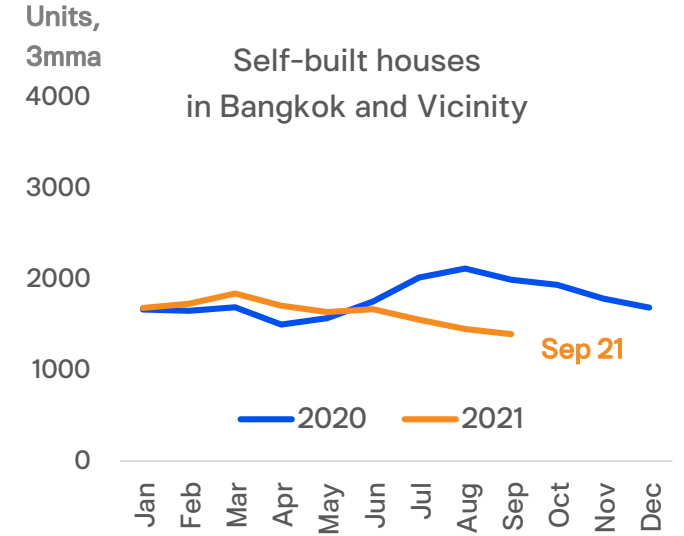
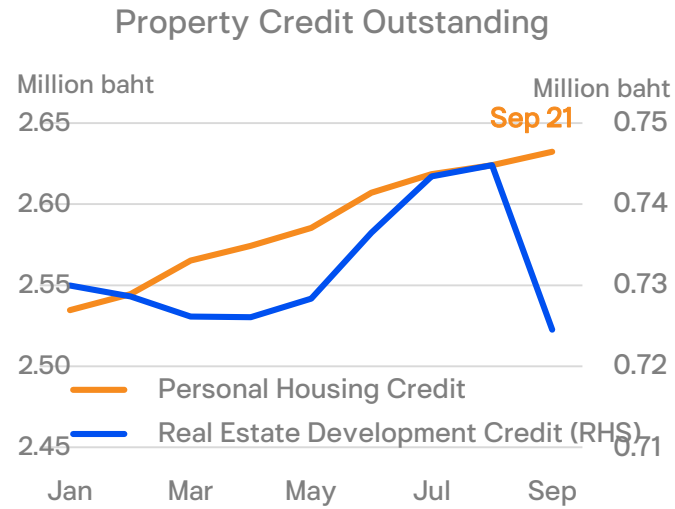
Construction slightly dropped; Real estate in weak condition with slowly rebound in period ahead



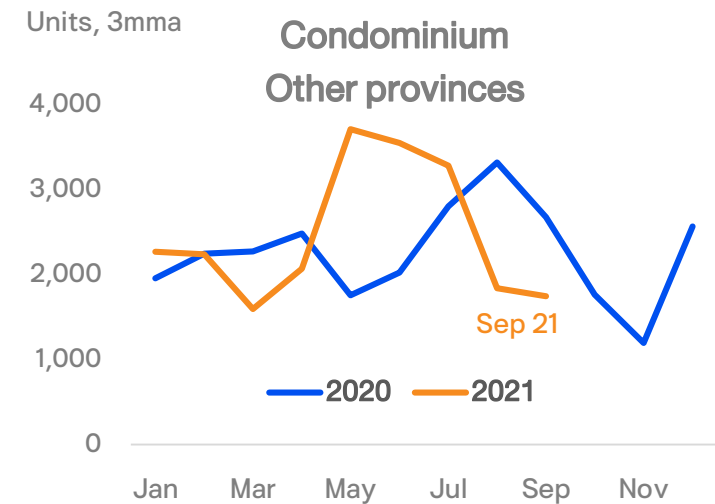
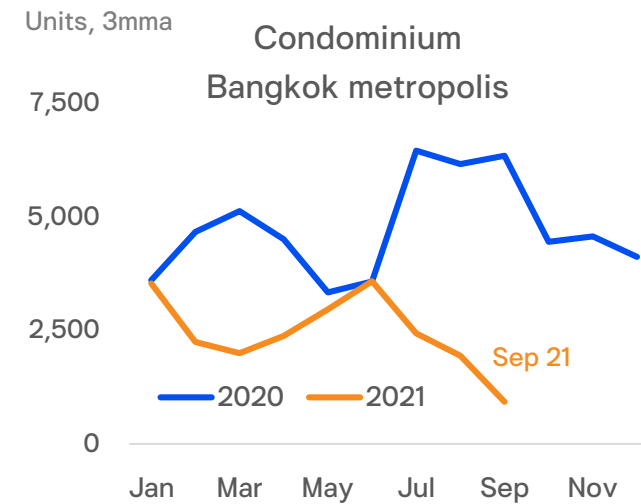
Constructions



Real estates activities and credits

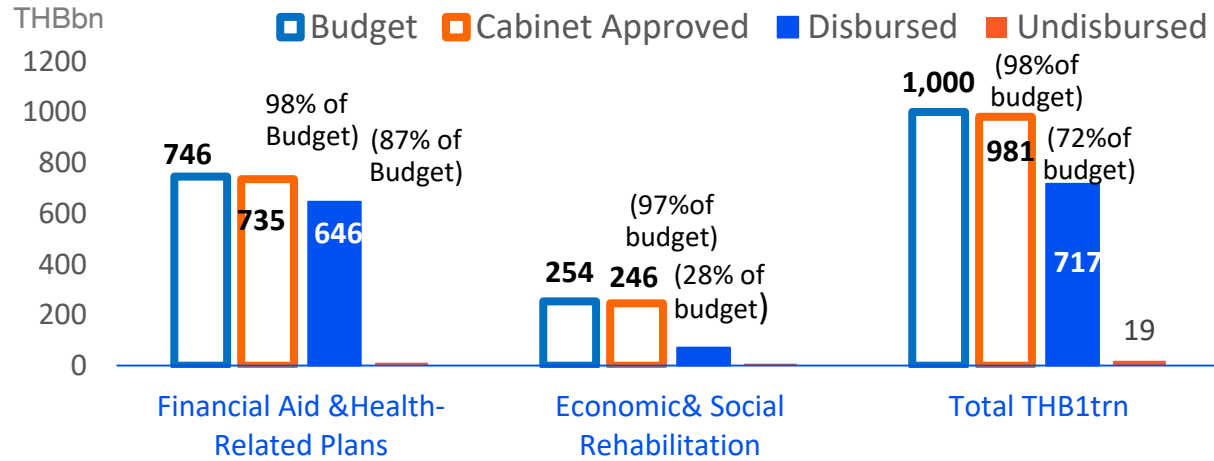


- Construction activities slightly dropped from last month but generally were in a slow recovering path after the relaxation of domestic outbreak containment measure.
- Real estate activities were weak in all categories, especially condominium projects around Bangkok which significantly dropped from last year's level. Meanwhile those in other provinces dropped greatly after acceleration during mid year.
- Real estates would slowly improve in further period in line with economic recovery and the easing LTV measures by the BOT. However, the housing credit indicated the improvement would be mainly in personal housing but might see a drop in real estate projects.

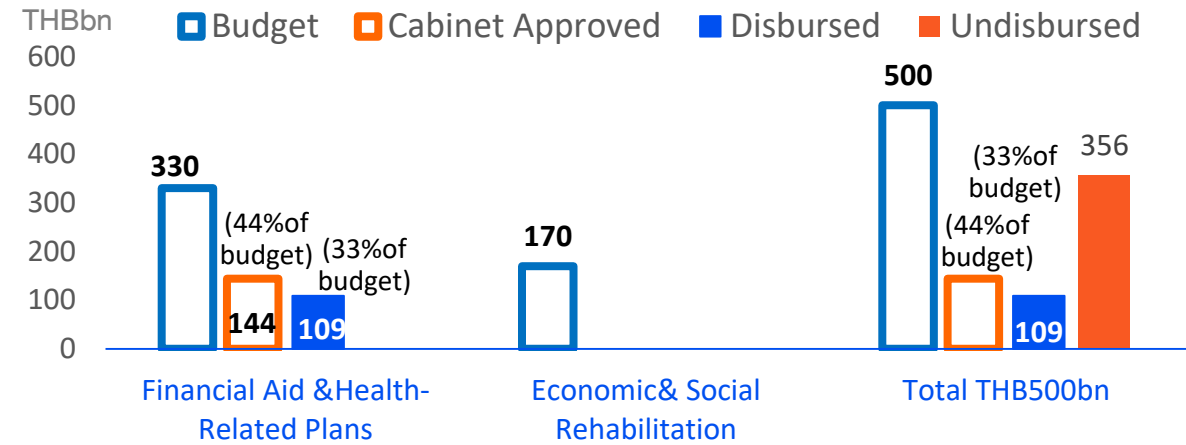


THB375bn is the leftover liquidity from the two emergency loan decree to support economy in 2022

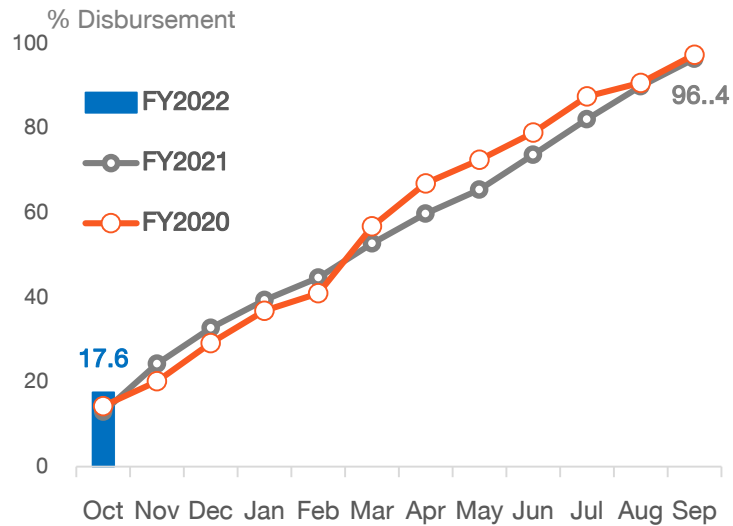
Progress on 1-trillion Stimulus Package (as of 3 Dec2021)



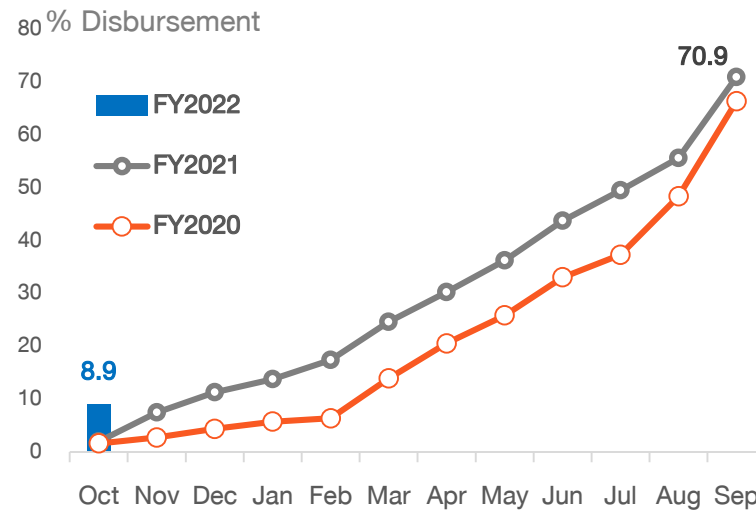
Progress on 500bn Stimulus Package (as of 3 Dec2021)



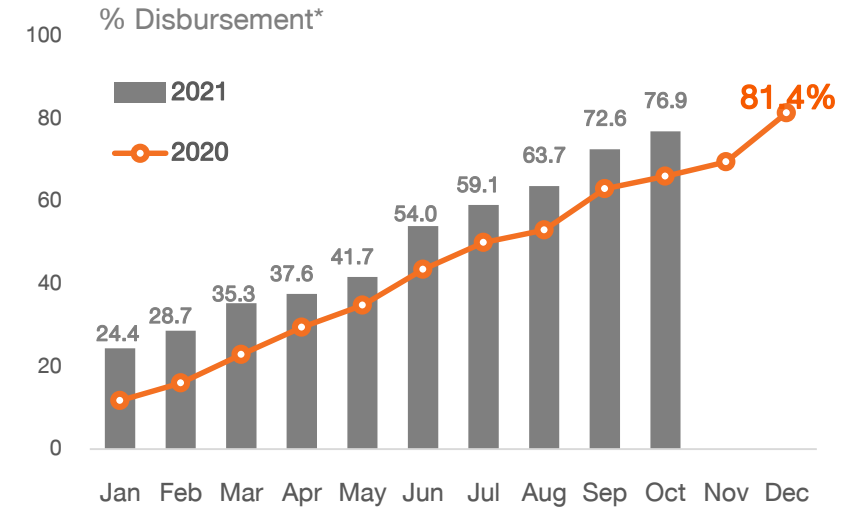
Current Expenditures (FY2022) :439bn



Public Investment Expenditures (FY2022) :54bn

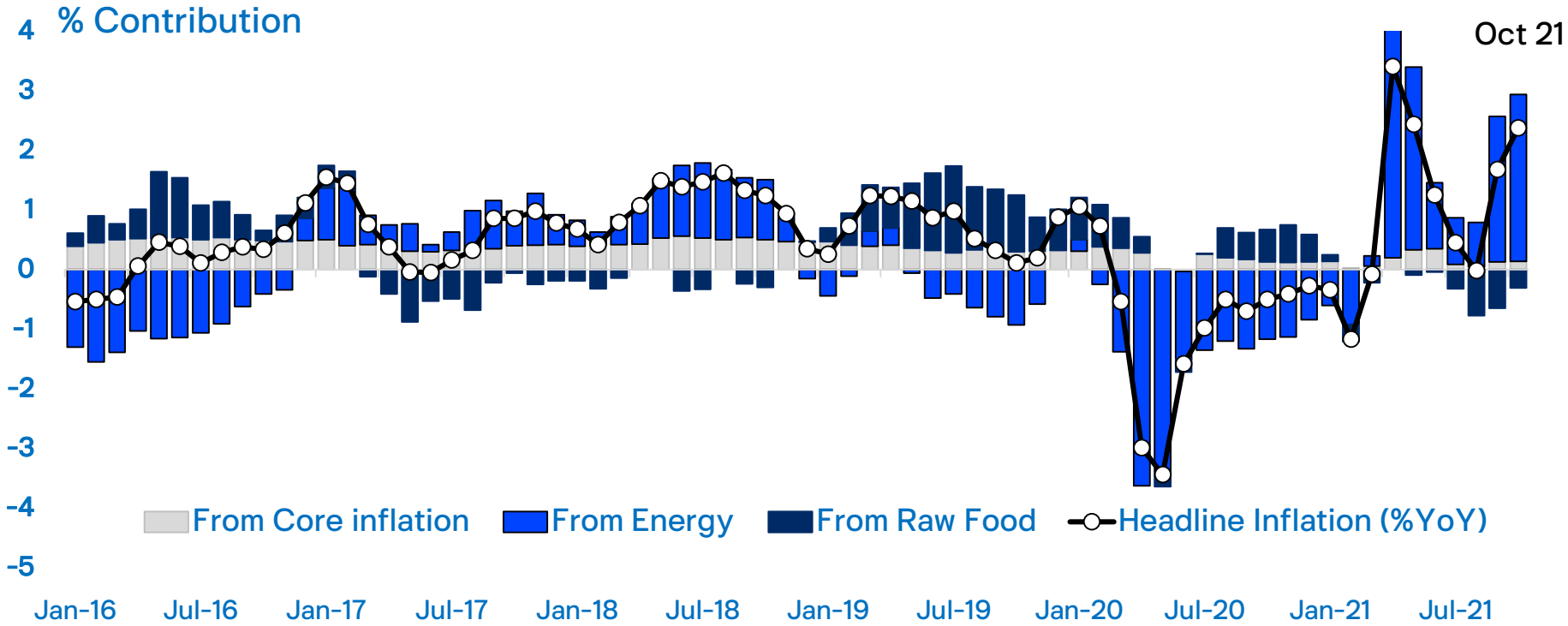


State Owned Enterprise Investment (as of Oct 21) : 270bn

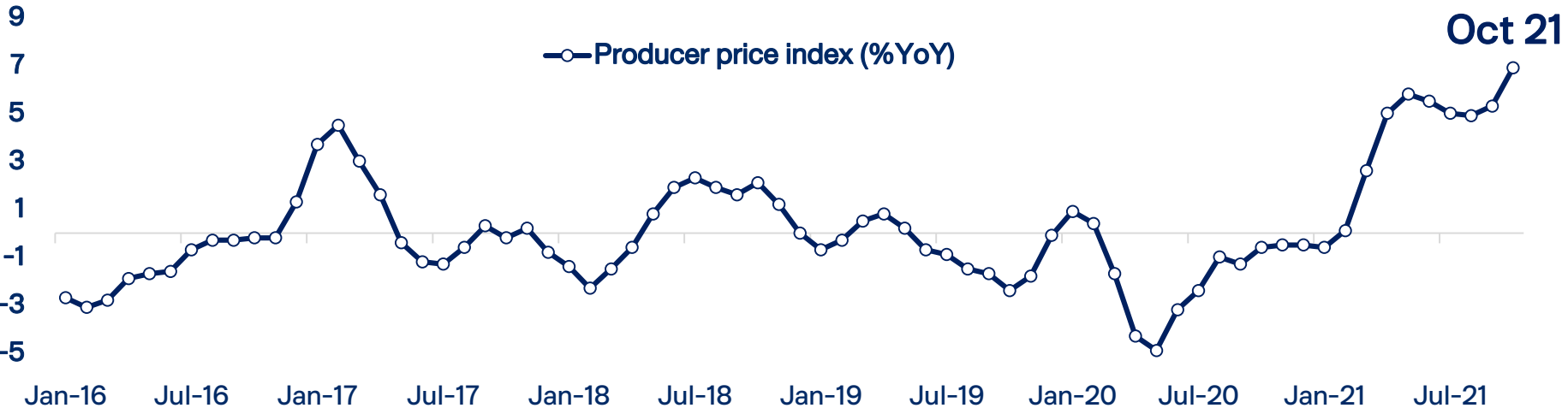


* Accumulated disbursement / Full year Plan

Headline inflation jumped mainly due to energy prices; core inflation remained muted

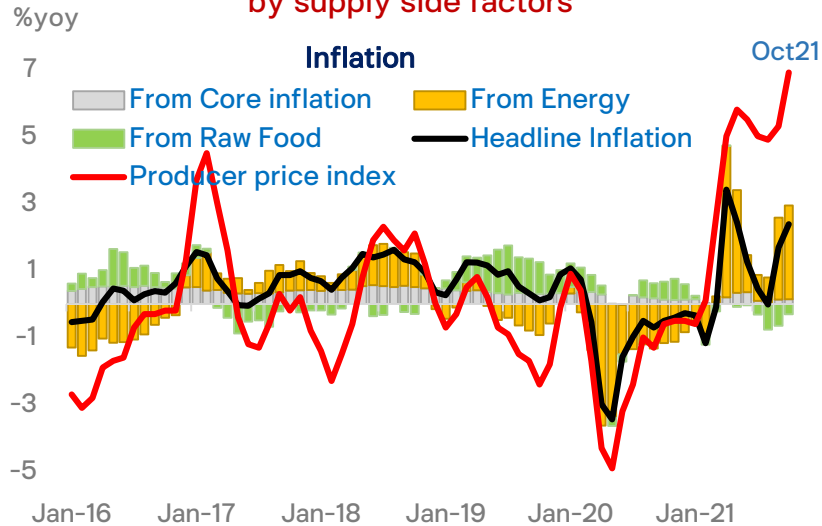


(%YoY)	Oct-21
Headline inflation	2.4
Core (67.1%)	0.2
Raw Food (20.6%)	-1.5
Energy (12.4%)	22.6



Thai economy factor

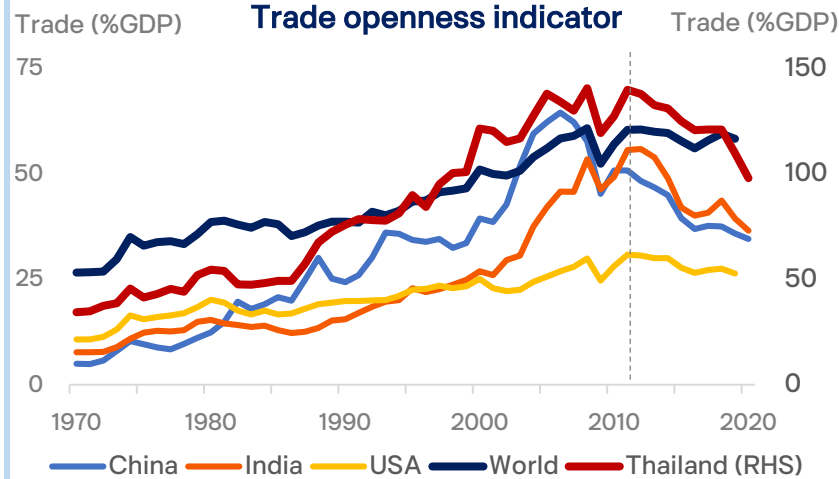
Inflation will be more impacted by supply side factors



Source: MOC

Global policy direction

Global trade declines with more trade restrictions, China economy steers towards self-reliance

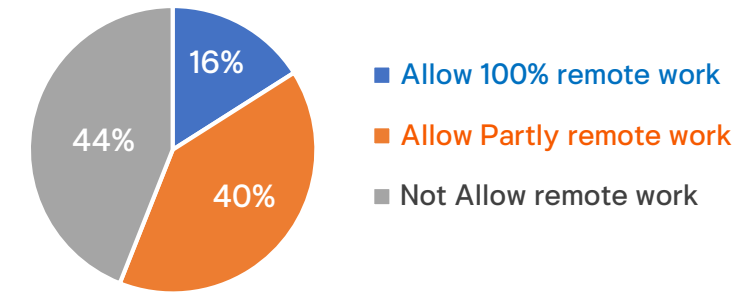


Source: World bank and OECD

People behavior

Online working from home is a new global trend among businesses and people

Global business survey 2021

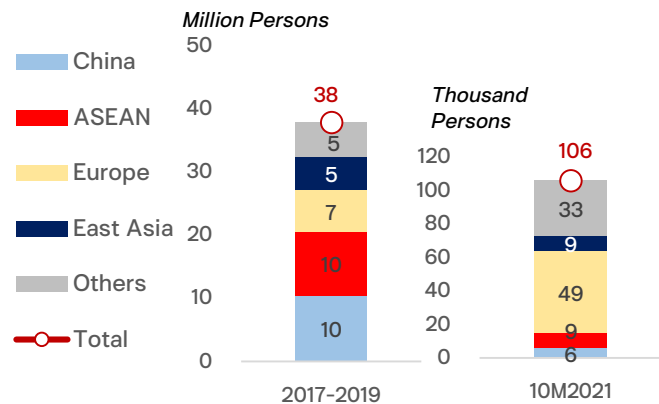


After COVID-19 80% of people surveyed expected to work at least 3 days from home per week

Source: Owl labs

Foreign tourist structure concentrates on some typical markets, causing tourism revenue volatility

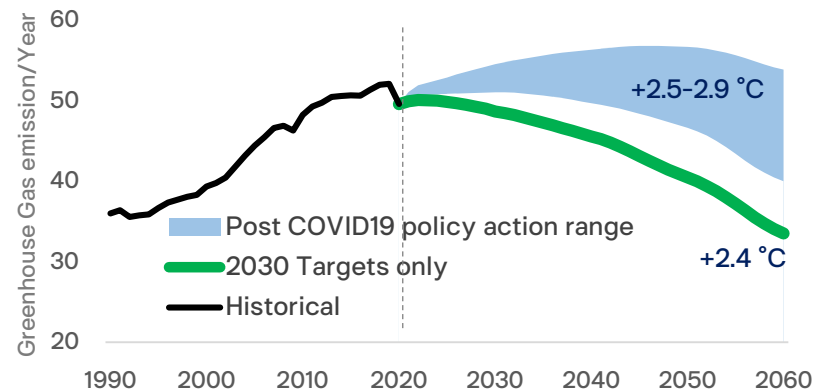
Thailand's foreign tourist structure



Source: MOTs

Majority of nations follows the agreement on targeted greenhouse gas reduction

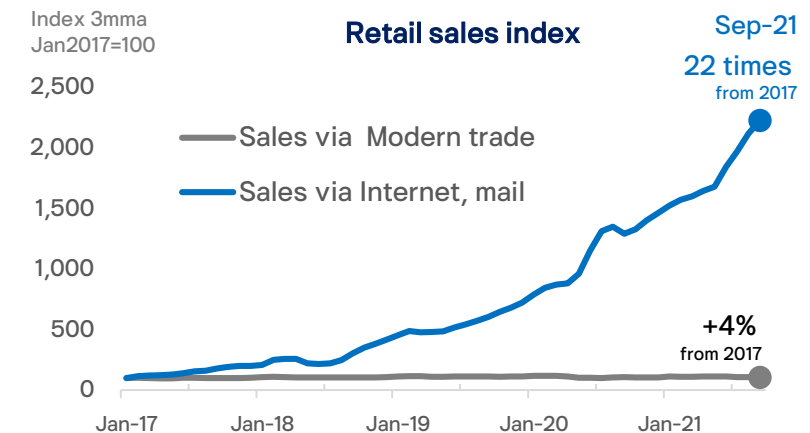
Carbon gas emission and world temperature



Source: Climate Analytics and New Climate Institute

Global consumers head towards online purchases and payments

Retail sales index



Source: BOT (Index base 2017=100)

PART 3

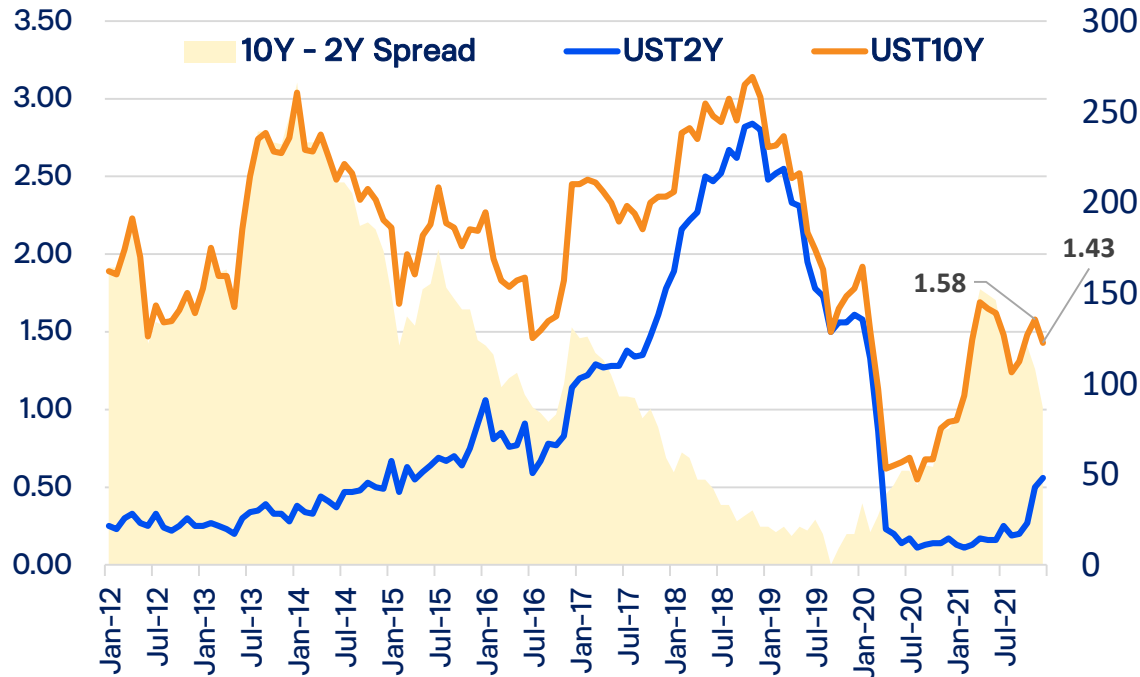
Financial Market



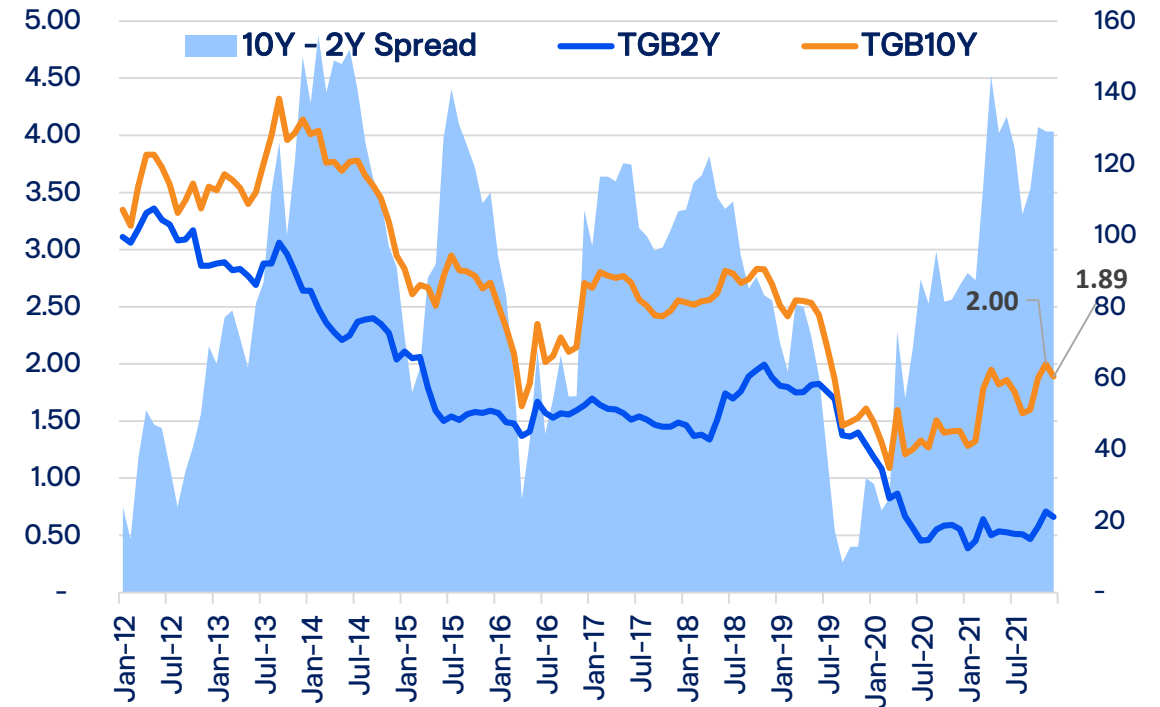
Fed's Powell turns more hawkish, called current inflation non transitory



UST10Y pulled back around 15 bps amongst Omicron risk



TGB10Y less sensitive to Omicron risk compared to UST

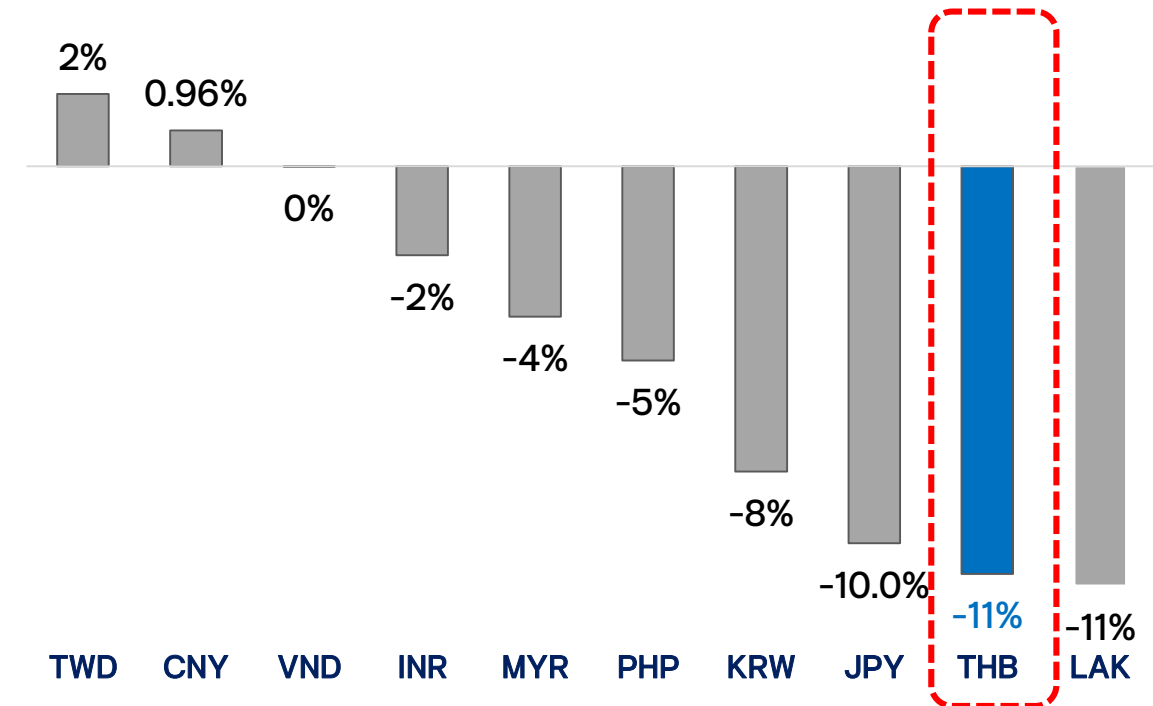


- Fed announced accelerating its wind down of bond purchases in latest meeting. Though there is risk of Omicron, Fed seems to concern about current inflation which might not going back to lower level soon. Amidst Omicron uncertainty, we expect Fed to start its rate hike in H1/2021, as new schedule of tapering may end around Mar-22. We've seen current drop of yield as a short term adjustment.
- For Thai MPC, though Omicron may even more put pressure to economy, there's little chance of MPC rate cut for current situation. We still expect no hike of MPC rate in the next year. TGB curve will continue to be steepen at slower path as a result of Omicron risk.

Thai Baht Trend



Asian FX



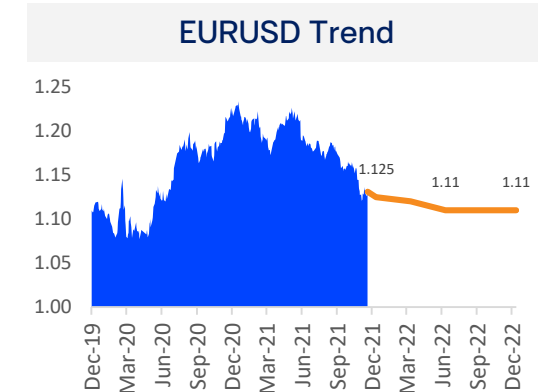
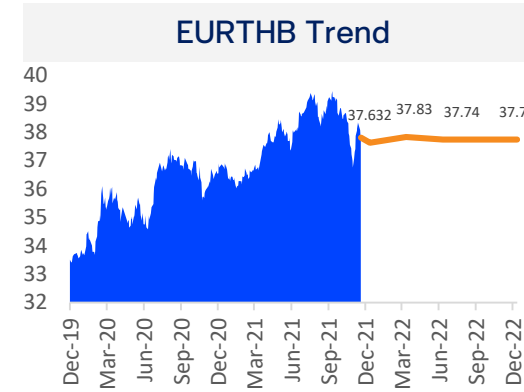
- Current spot : 33.35 USDTHB is less volatile now, pulled back from 33.90 to 33.40 level in Dec-21 as Foreign fund flow is back to normal level.
- The Fed's just announced new faster tapering plan which will be finished on Mar-21 and adjusted new dot plot to signal 3 hikes in 2022.
- Omicron variance is needed to be closely watched as it will eventually affect the recovery of tourism sector in Thailand which will be translated to current account situation in 2022. Risk factor of USDTHB is likely to be Thailand trade balance in 2022.

Other projections : despite economic recovery, strong dollar trend should still dominate THB



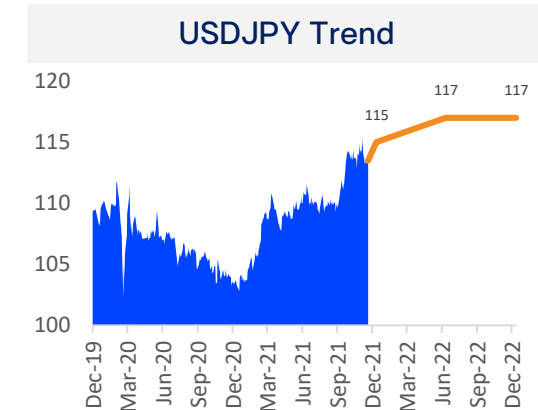
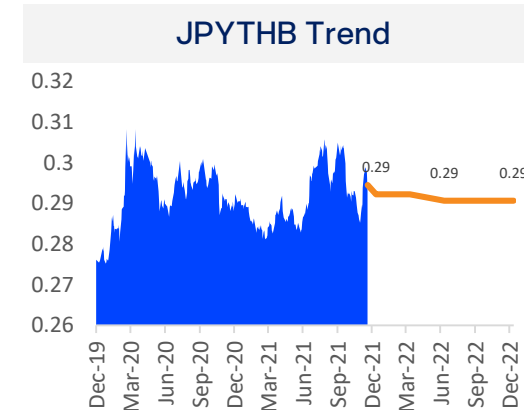
EURUSD : likely to drop as weaker fundamental than USD.

- As the asset purchase program (APP) will end in March, the European Central Bank set to reduce the amount of assets it buys each month from April which seen as a fairly steep tapering plan. (+)
- ECB is more concerned on the spread of new coronavirus variants but partly react to contain persistent inflation. (-)
- The ECB without plan to hike its rate in 2022 obviously differs in its stance from US and UK counterparts. Fed almost certain to raise interest rates from near-zero by H1/2022. (-)



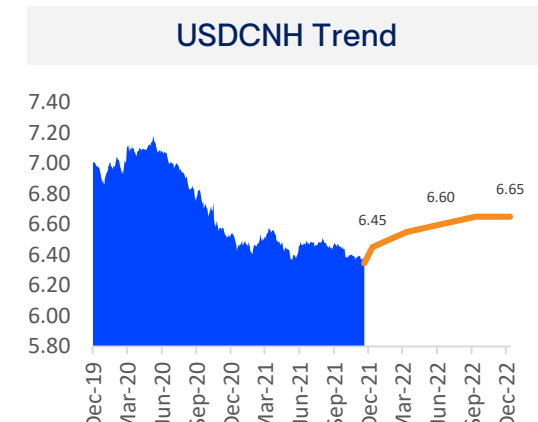
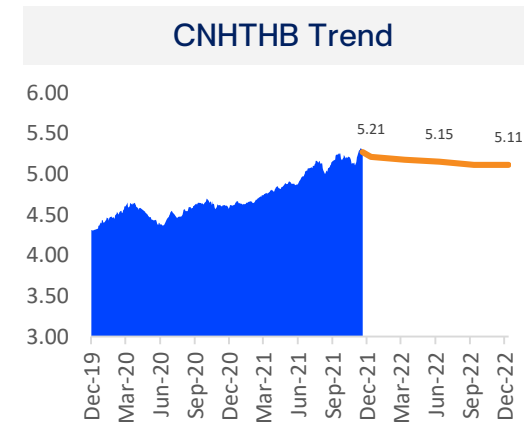
USDJPY : USDJPY continue to appreciate.

- Bank of Japan dialed back emergency pandemic-funding but maintained ultra-loose policy and extended financial relief for small firms. (-)
- Bank of Japan expects consumer inflation to accelerate to around 2% in Q1/2022, which will eventually reach its 2% target. (-)
- For economic perspective, the recovery of Japan has been slower than initially expected adding that growth is seen recovering to pre-pandemic levels in the first half of 2022. (-)



USDCNY : USDCNH expected to turn.

- China's economy still faces downward pressures and PBoC's just cut its benchmark interest rate so that China's central bank will likely move cautiously on loosening monetary policy to support the economy. (-)
- Economic growth is widely expected to slow further in the fourth quarter from a one-year low of 4.9% in the third quarter. Though factory activity unexpectedly grew as some bottlenecks such as raw material prices and power rationing ease in Nov, the problem still there such as slowing economic growth and soaring factory inflation fuel concerns over stagflation. Debt crisis in the real estate sector put its economy to be more fragile to risk. (-)
- Though some negative factors are in global scale, these factors has more impact to China than other major peers. (-)



Thank you

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