

Economic and Financial Outlook

ttb analytics

Jun 2023



Global Economy

- **Global demands have been slowing down** in line with softening production activities. Production sentiments were negative in US and EU.
- **Pressure on global inflation steadily subsided** in May 2023 due to continuously declines in energy. OPEC cut had posed slight pressure on crude oil price recently.
- **US economy continuously softened**, as shown in merchandise exports and domestic demands. A recent increase in initial jobless claims shown a cooling labor market, yet overall remained strong.
- **EU economy was stagnant** as shown by negative GDP momentum in the last two consecutive quarters. Only Germany have been in technical recession. High living and funding costs took a toll on continental demands with strong labor market.
- Eurozone's Inflation has remained too high for too long, tightening policy is further required in the view of ECB.
- **UK economy barely had growth in Q1/2023.** Domestic demands were fragile. Merchandise exports contracted with weakness in key trading partners.

Domestic Economy

- In Apr 23, the Thai economy slowed compared to the previous month. Private consumption improved on the back of spending in the service sectors, while non-durable good purchase remained at a similar level.
- **Private investment indicators declined** decreased from the previous month as investment in machinery and equipment softened in all categories
- **The value of merchandise exports excluding gold declined from the previous month**, on both major products and key partners (except China) which was in line with weaker manufacturing production.
- **The number of foreign tourist arrivals declined slightly from the previous month.** This was due to Europe, Russian and middle east tourists dropped in this month. Meanwhile, neighboring tourists rebounded.
- **Headline inflation in May 23 eased to 21-month low** due to the high base effect in fresh food and core inflation. Meanwhile, energy inflation increased in line with the global crude oil prices.

Financial Market

- **Major central banks around the world hiked policy rate to curb rising inflation but with slower pace.** Market participants have pointed to possibilities of the Federal Reserve holding the policy interest rate as inflation pressures are lowered.
- **Investors went into long term bond tenor, for both US and Thai bond, due to recession concerns.** Moreover, 10y-2y yield spread for US government bond dropped below zero, signaling higher possibility of coming US economy recession. Meanwhile, 10y-2y yield spread for Thai government bond was still in positive territory.
- **USDTHB largely depreciated in May, ending 34.74 level.** It could be around 34.50-35.00 in June. US Dollar rebounded as investors consider probabilities of further rate hikes from the Federal Reserve (Fed) though it is deemed that the Fed would likely pause its hike in June meeting.

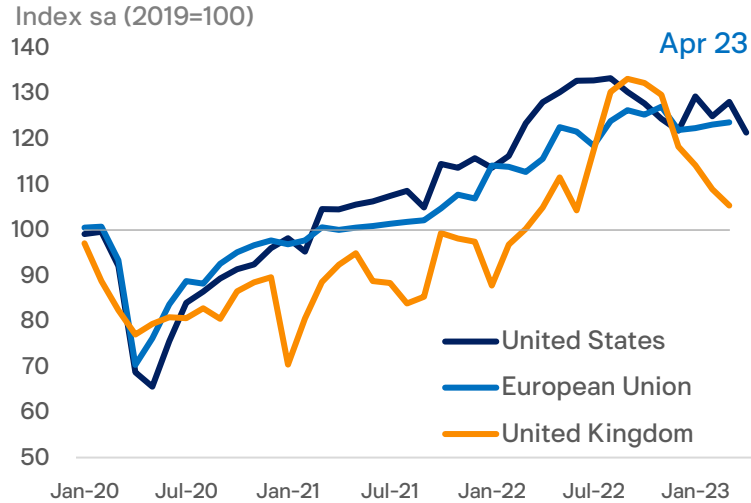
PART 1

Global Economy

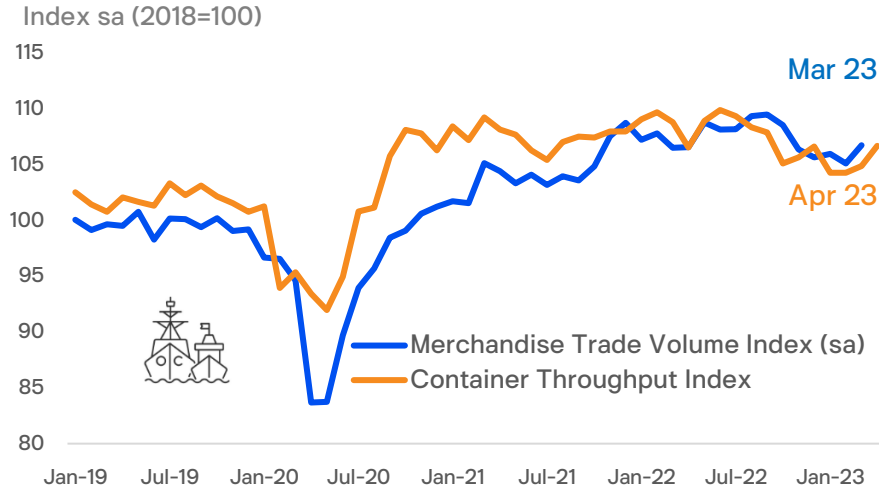


May23: Global trade declined with negative production sentiment in US and Europe

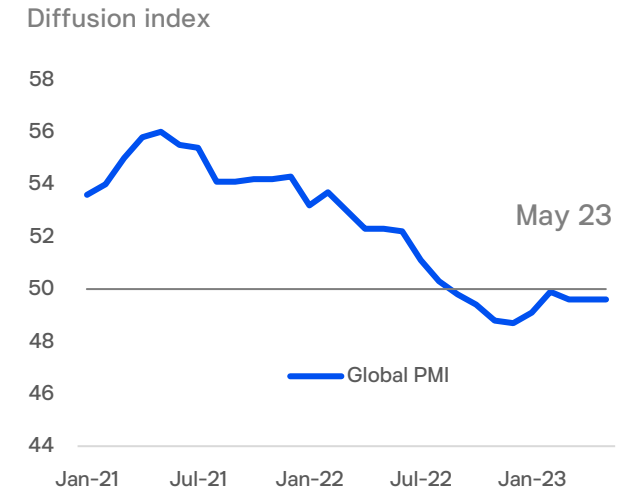
G3 Exports of Goods



Merchandise Trade Volume Index

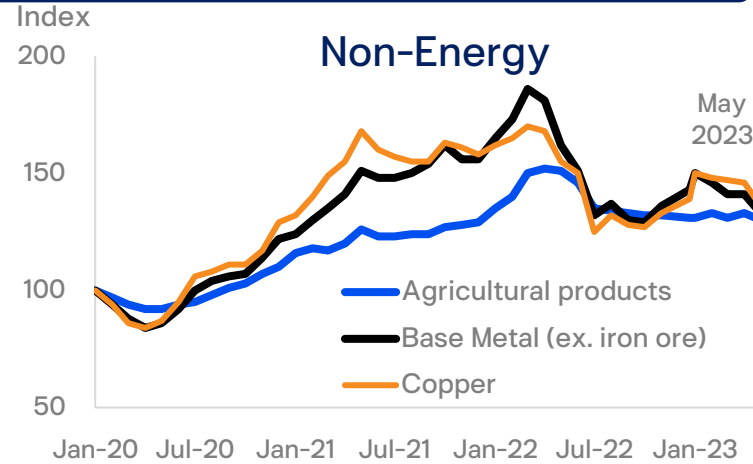
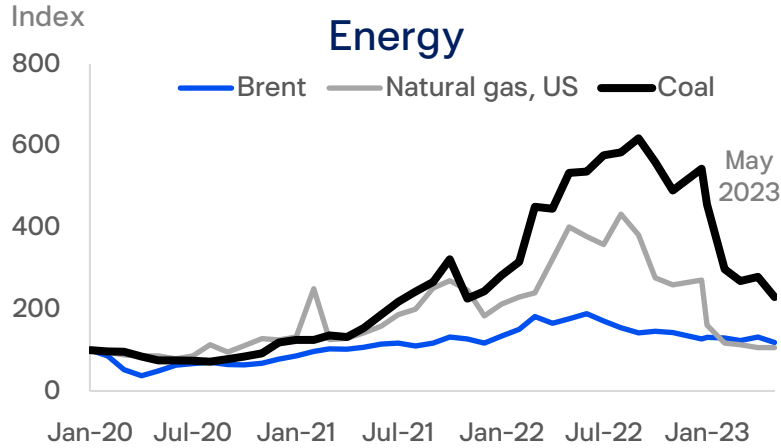


Global PMI

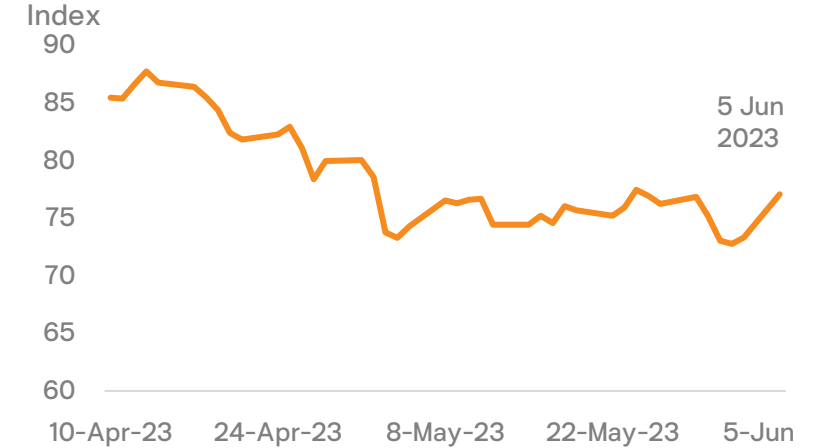


Manufacturing PMI	Date																							
	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	
Australia	56.9	52.0	56.8	58.2	59.2	57.7	55.1	57.0	57.7	58.8	55.7	56.2	55.7	53.8	53.5	52.7	51.3	50.2	50.0	50.5	49.1	48.0	48.4	
China	50.3	49.2	50.0	50.6	49.9	50.9	49.1	50.4	48.1	46.0	48.1	51.7	50.4	49.5	48.1	49.2	49.4	49.0	49.2	51.6	50.0	49.5	50.9	
India	55.3	52.3	53.7	55.9	57.6	55.5	54.0	54.9	54.0	54.7	54.6	53.9	56.4	56.2	55.1	55.3	55.7	57.8	55.4	55.3	56.4	57.2	58.7	
Japan	53.0	52.7	51.5	53.2	54.5	54.3	55.4	52.7	54.1	53.5	53.3	52.7	52.1	51.5	50.8	50.7	49.0	48.9	48.9	47.7	49.2	49.5	50.6	
South Korea	53.0	51.2	52.4	50.2	50.9	51.9	52.8	53.8	51.2	52.1	51.8	51.3	49.8	47.6	47.3	48.2	49.0	48.2	48.5	48.5	47.6	48.1	48.4	
Indonesia	40.1	43.7	52.2	57.2	53.9	53.5	53.7	51.2	51.3	51.9	50.8	50.2	51.3	51.7	53.7	51.8	50.3	50.9	51.3	51.2	51.9	52.7	50.3	
Thailand	48.7	48.3	48.9	50.9	50.6	49.5	51.7	52.5	51.8	51.9	51.9	50.7	52.4	53.7	55.7	51.6	51.1	52.5	54.5	54.8	53.1	60.4	58.2	
United States	63.4	61.1	60.7	58.4	58.3	57.7	55.5	57.3	58.8	59.2	57.0	52.7	52.2	51.5	52.0	50.4	47.7	46.2	46.9	47.3	49.2	50.2	48.4	
Canada	56.2	57.2	57.0	57.7	57.2	56.5	56.2	56.6	58.9	56.2	56.8	54.6	52.5	48.7	49.8	48.8	49.6	49.2	51.0	52.4	48.6	50.2	49.0	
United Kingdom	60.4	60.3	57.1	57.8	58.1	57.9	57.3	58.0	55.2	55.8	54.6	52.8	52.1	47.3	48.4	46.2	46.5	45.3	47.0	49.3	47.9	47.8	47.1	
Germany	65.9	62.6	58.4	57.8	57.4	57.4	59.8	58.4	56.9	54.6	54.8	52.0	49.3	49.1	47.8	45.1	46.2	47.1	47.3	46.3	44.7	44.5	43.2	
France	58.0	57.5	55.0	53.6	55.9	55.6	55.5	57.2	54.7	55.7	54.6	51.4	49.5	50.6	47.7	47.2	48.3	49.2	50.5	47.4	47.3	45.6	45.7	
Italy	60.3	60.9	59.7	61.1	62.8	62.0	58.3	58.3	55.8	54.5	51.9	50.9	48.5	48.0	48.3	46.5	48.4	48.5	50.4	52.0	51.1	46.8	45.9	
Spain	59.0	59.5	58.1	57.4	57.1	56.2	56.2	56.9	54.2	53.3	53.8	52.6	48.7	49.9	49.0	44.7	45.7	46.4	48.4	50.7	51.3	49.0	48.4	
Euro Area	62.5	61	58.3	58	58.2	57.9	58.5	57.9	56.3	55.3	54.2	51.6	49.3	49.1	48.1	46.1	46.7	47.5	48.6	48.3	47.3	45.8	44.9	

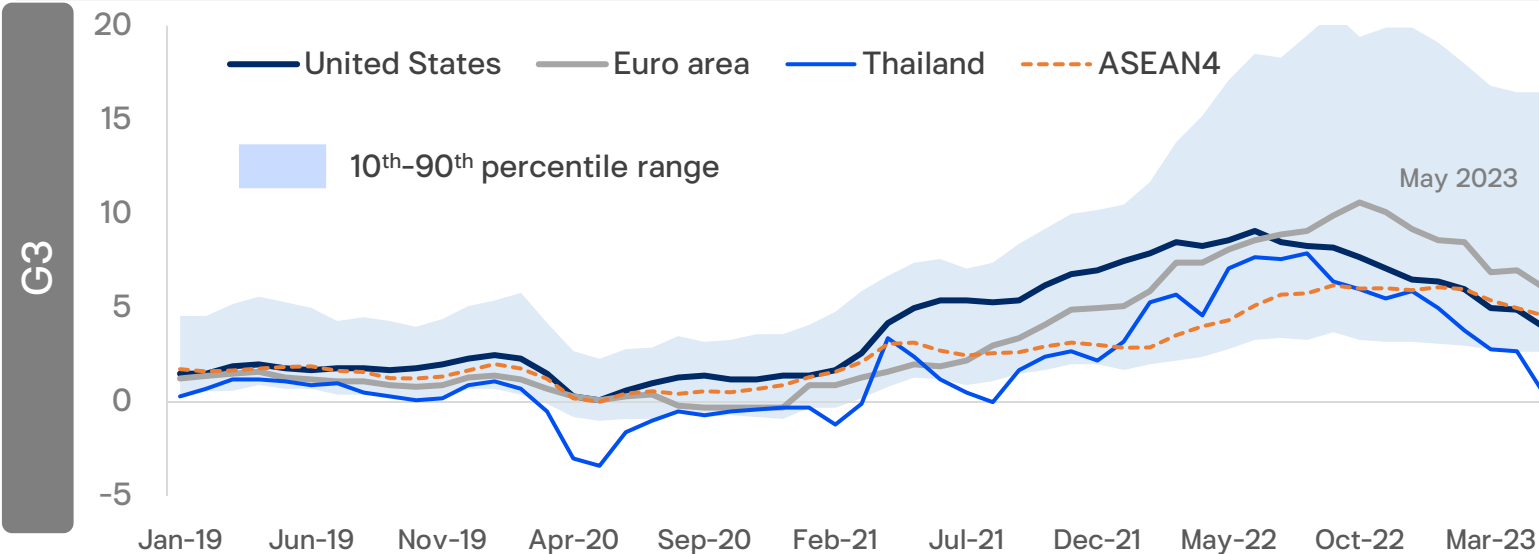
Commodity Price Index



OPEC Daily Oil price

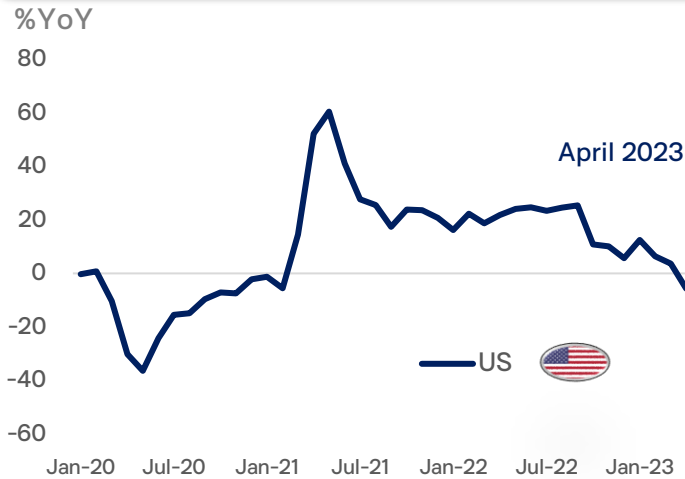


Global inflation

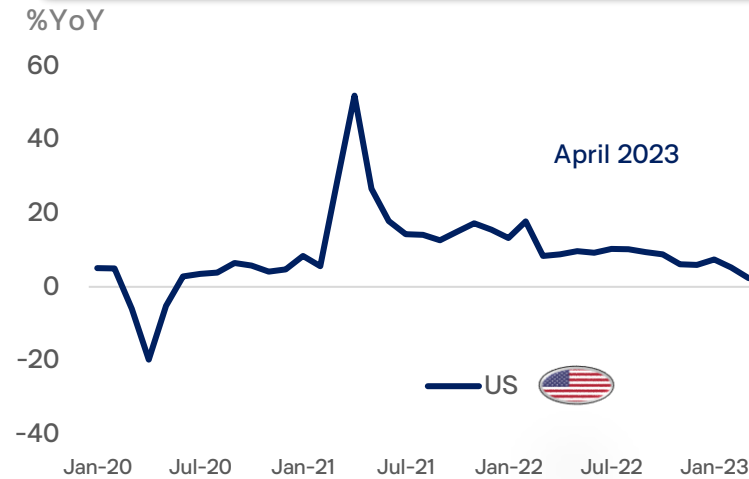


- **Pressure on global inflation steadily subsided in May 2023** due to continuously declines in energy prices. Meantime, supply chain pressure elevated.
- However, greater pressure would slightly arise from OPEC production cut.
- Therefore, global headline inflation would decline more slowly, with stubborn core inflation onwards as cost passing through from producers persist.

Merchandise exports

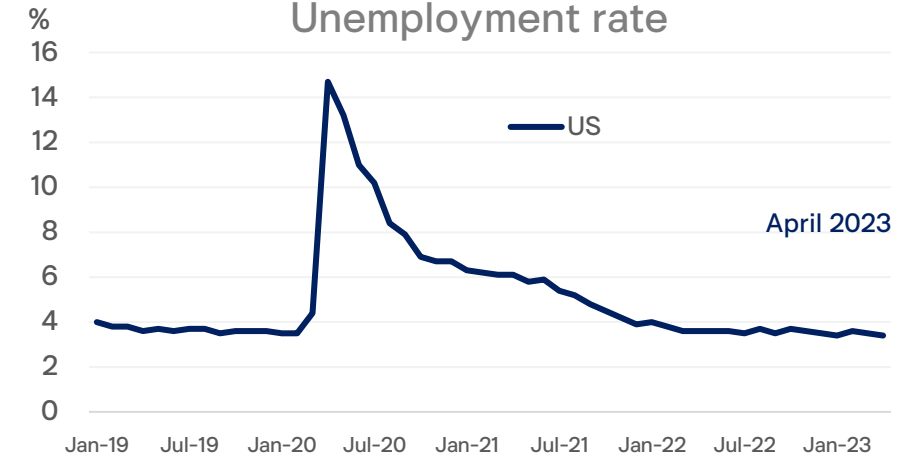


Retail sales



Labor market conditions

Unemployment rate

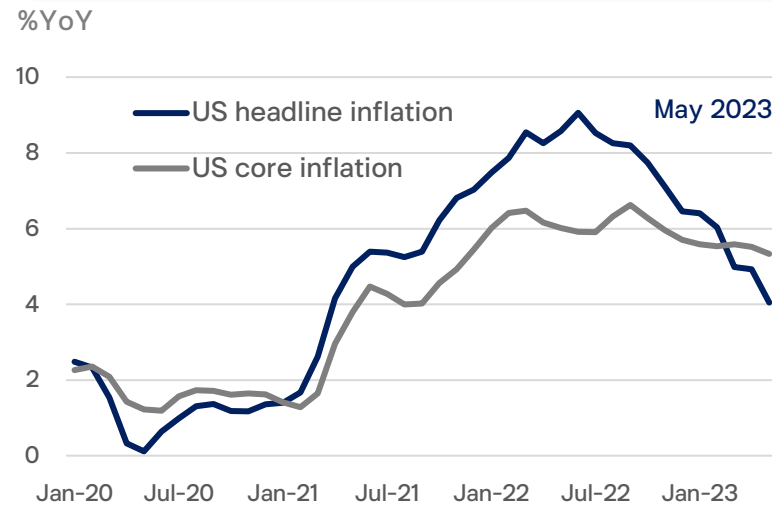


Real GDP Growth

	%YOY	Q1/23	Q4/22	%QoQ sa	Q1/23	Q4/22
US		1.6	0.9		1.3	2.6

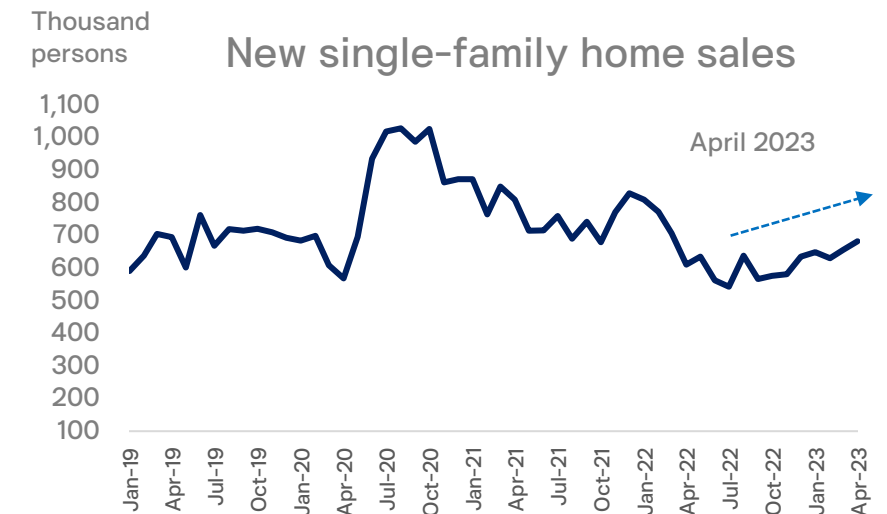
- **US economy continuously softened.** A recent increase in initial jobless claims shown a cooling labor market, yet overall remained strong.
- Domestic demands and export activities softened in line with softened global demands and price pressure. However; housing demands were still strong.
- Inflation steadily eased but elevated at high level.

Inflation

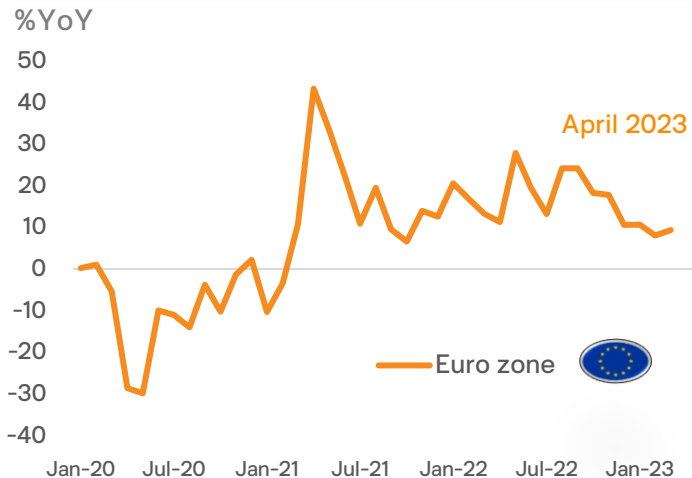


Housing sector

New single-family home sales



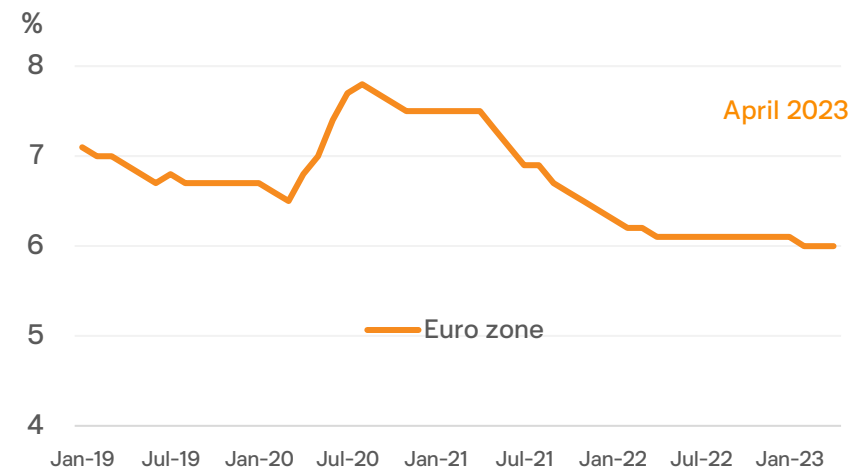
Merchandise exports



Retail sales



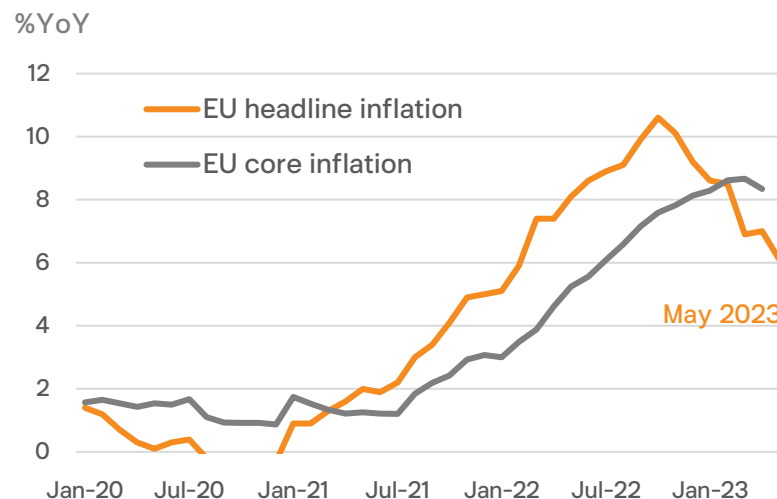
Unemployment



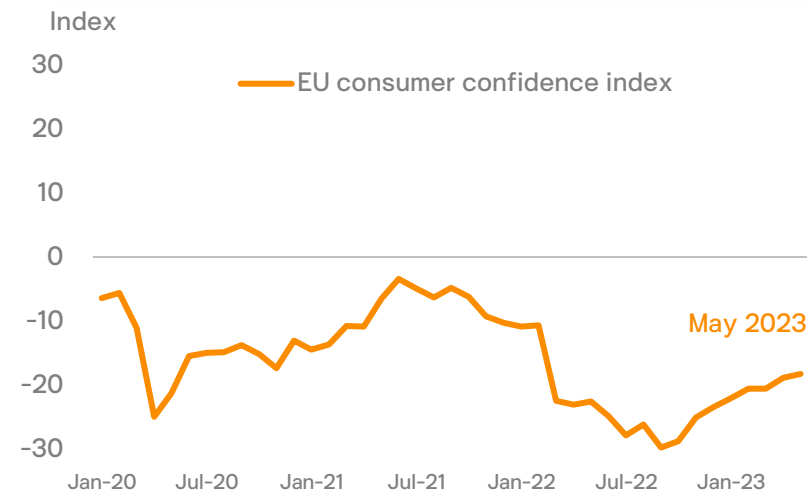
Real GDP Growth

	%YOY	Q1/23	Q4/22	%QoQ sa	Q1/23	Q4/22
Euro zone		1.0	1.8	Euro zone	-0.1	-0.1
France		0.9	0.6	France	0.2	0
Germany		-0.5	0.8	Germany	-0.3	-0.5

EU inflation



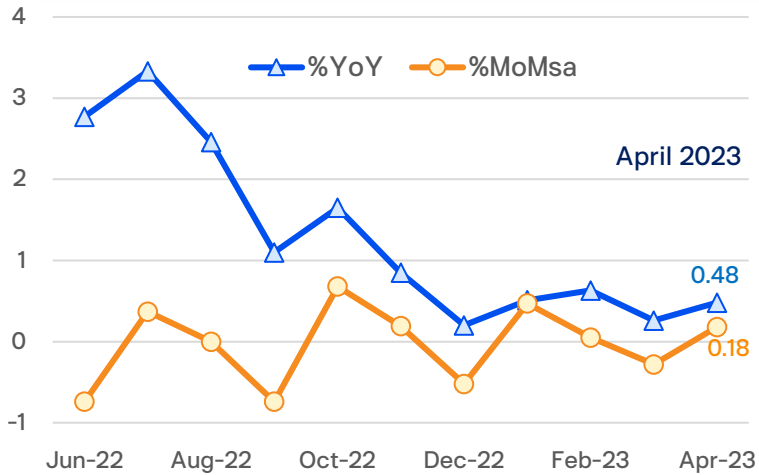
EU Consumer confidence



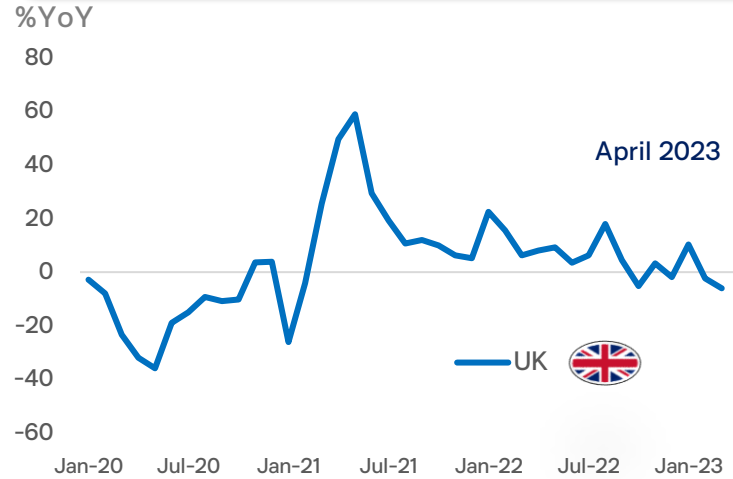
- **EU economy was muted** as shown by losing GDP momentum in Q1/2023 due to contraction in continental retail sales. With strong labor market and slow improvement in confidence, growth is expected to pick up later. Merchandise exports softened. Only Germany was in technical recession
- Inflation would remain too high for too long, tightening policy is still necessary.

UK economy barely had growth with improving labor market.

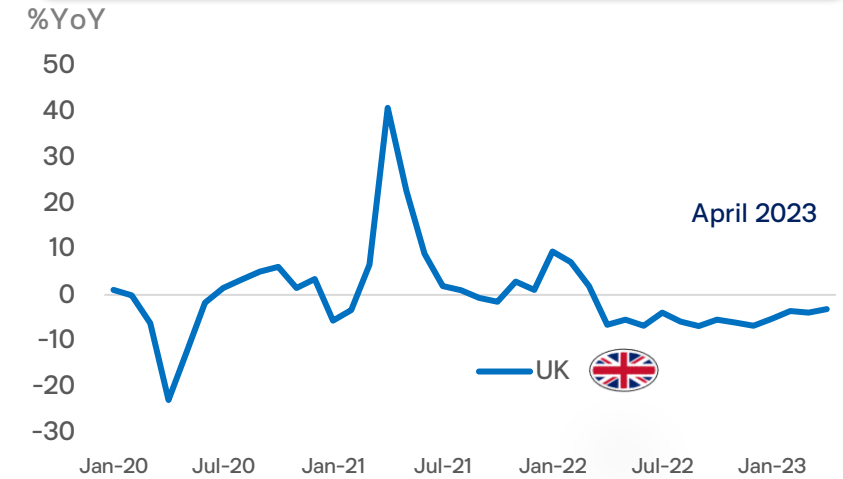
UK Monthly GDP



Merchandise exports



Retail sales

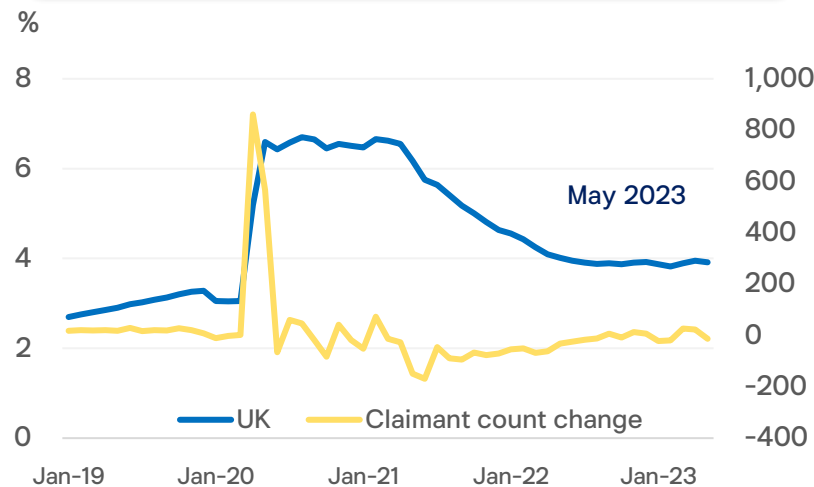


Real GDP Growth

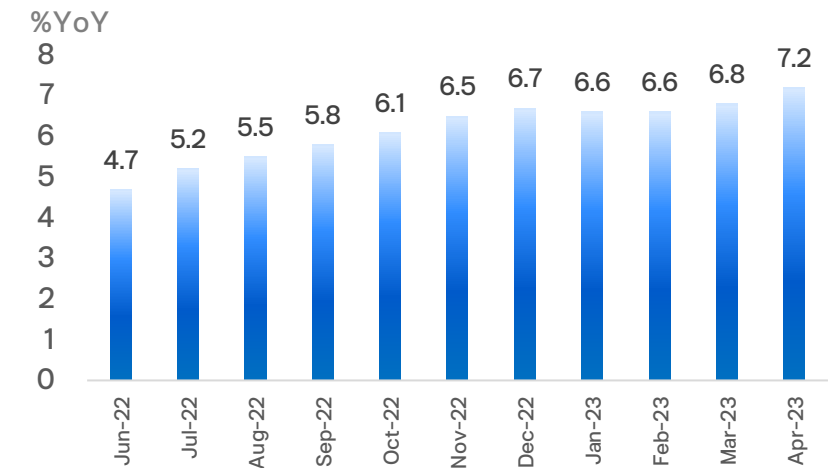
	%YOY	Q1/23	Q4/22	%QoQ sa	Q1/23	Q4/22
UK		0.2	0.6		0.1	0.1

- UK economy barely had growth in Q1/2023. Domestic demands were fragile due to high living costs and rising interest rate.
- Even though labor market remained weaker than pre-covid19 era, but recent signal showed an improving sign both in lower unemployment rate and higher earnings.
- Merchandise exports contracted with weakness in key trading partners. (EU 42% share of total UK exports)

Claimant count (sa)



Average Earnings Excluding Bonuses



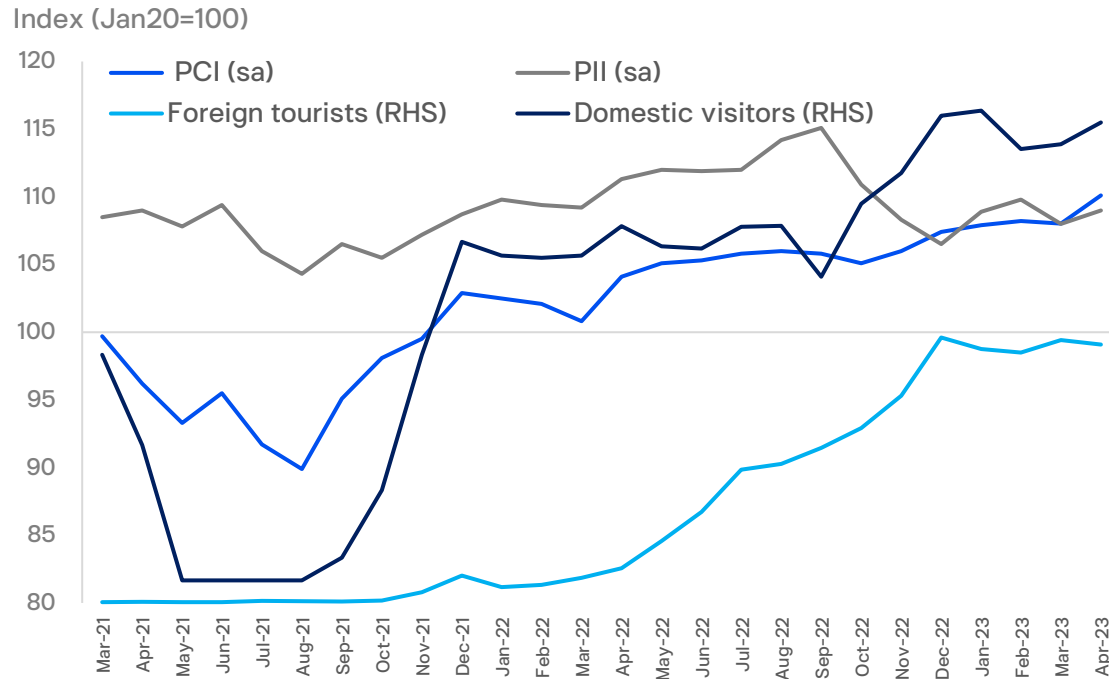
PART 2

Thai Economy

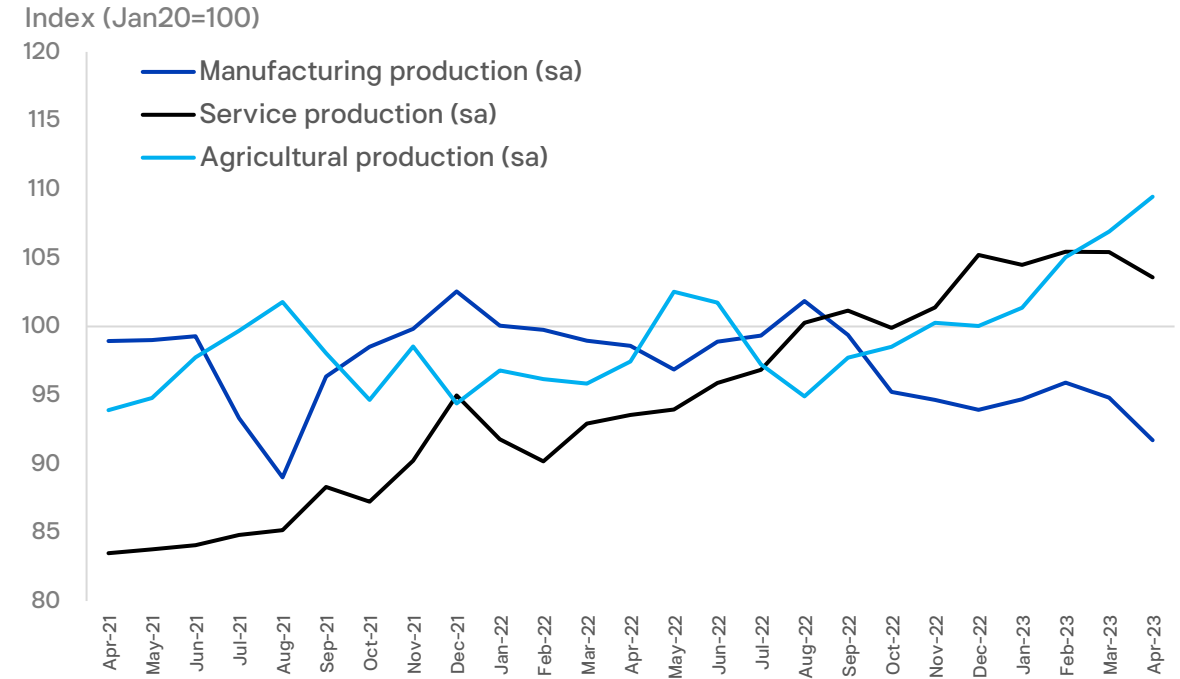


Thai economy slowed down from the global downturn, while domestic consumption improved from service-related activities

Demand-side indicators



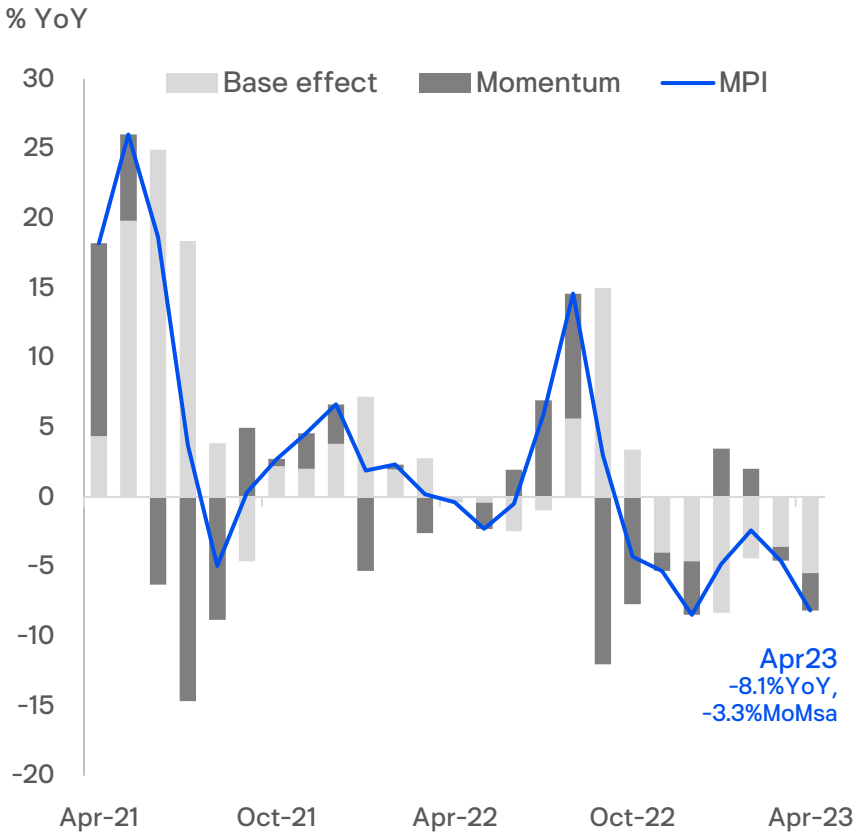
Supply-side indicators



Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Authorized Capital of Newly Registered Companies (Million Baht)	1,000.5	83.0	119.1	167.2	140.0	113.7	198.0	114.7	120.8	118.6	109.0	1,708.0	119.1
Construction Areas Permitted (1000 sq. m)	88.6	98.2	100.8	78.6	112.0	112.6	78.8	100.3	103.6	86.9	97.5	104.5	102.8
Export Volume index (exclude Gold)	115.3	119.0	117.1	114.6	110.3	114.2	107.6	106.7	107.3	107.7	110.9	110.6	108.6
Business Sentiment Index (3 months)	105.5	104.2	105.9	104.1	105.0	104.4	101.2	102.4	103.8	107.0	107.1	109.2	109.2
SET index	110.1	109.9	103.6	104.1	108.2	105.0	106.2	108.0	110.2	110.4	107.1	106.3	101.0
Oil Price Inverse Index (Dubai)	1.0	0.9	0.9	1.0	1.0	1.1	1.1	1.2	1.3	1.2	1.2	1.3	1.2

Manufacturing Production Index (MPI)



MPI by sector (Base Jan 2020=100)

Contribution	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23
Food products (16.2%)	Red	Orange	Yellow	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Beverages (3.8%)	Orange	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Tobacco products (0.5%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Textiles (1.6%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Wearing apparel (1.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Leather products (0.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Paper products (2.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Coke and refined petroleum products (9.6%)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Chemicals (8%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Pharmaceutical products (1.2%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Rubber and plastics products (8.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Other non-metallic mineral products (5.5%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Basic metals (3.6%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Fabricated metal products (1.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Computer and electronic products (8.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Electrical equipment (3%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Machinery and equipment (2.7%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Motor vehicles (13.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Other transport equipment (1.1%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Furniture (1.5%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Others (2.4%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
MPI (%YoY)	-0.4	-2.3	-0.5	6.0	14.6	3.0	-4.3	-5.3	-8.5	-4.8	-2.4	-3.9	-8.1

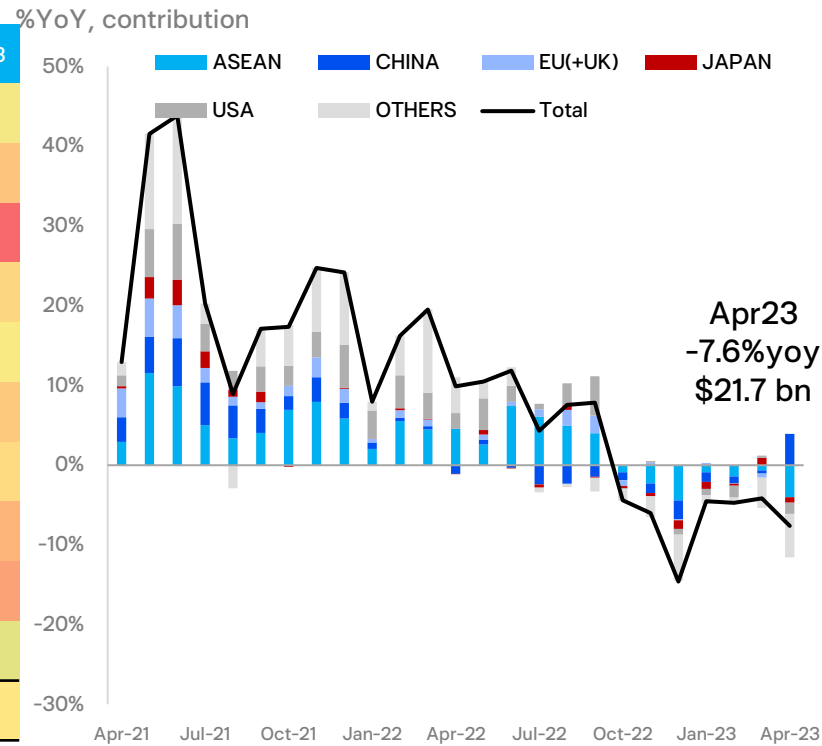
- As of Apr23, Manufacturing Production Index (MPI) was contracted at 8.1%YoY, lowest in 4 months. which dropped further from the previous month in several categories, especially in auto, food products and HDD whereas the electronics production improved following the demand for electronics appliances

Thailand's export contracted 7.6%, mainly due to the global economic slowdown

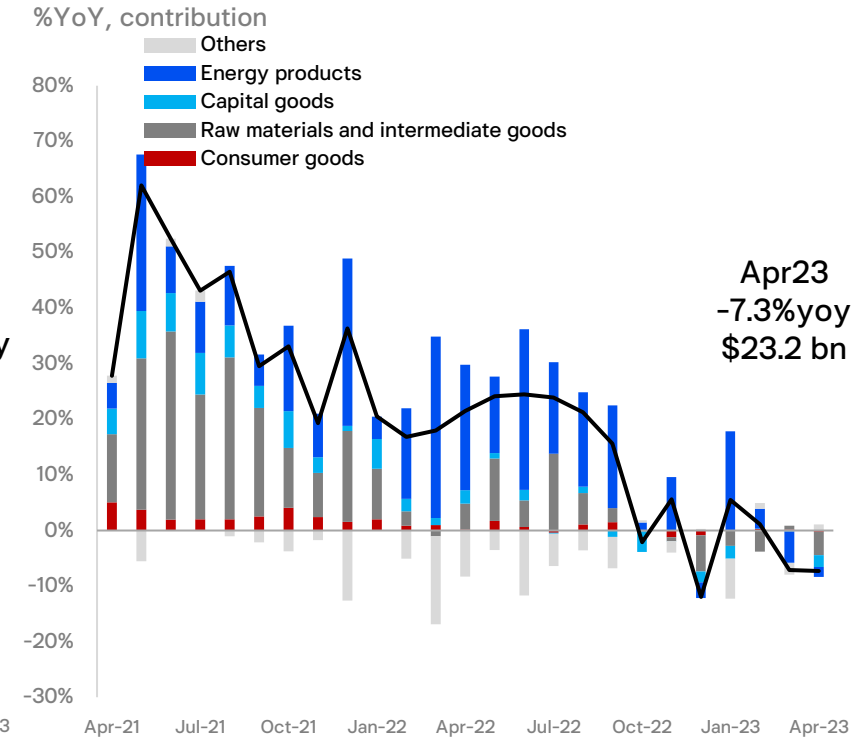


Exports value by product and destination*

(%yoy)	2Q22	3Q22	4Q22	1Q23	Feb-23	Mar-23	Apr-23
Auto and parts	-6.0%	8.8%	-3.3%	4.4%	3.6%	1.4%	3.4%
Comp. and parts	-6.7%	-0.9%	-23.6%	-15.0%	-22.9%	-6.0%	-19.0%
HDD	-11.4%	-12.0%	-33.5%	-28.8%	-45.1%	-13.8%	-49.7%
Rubber	-0.4%	-2.0%	-5.9%	-4.6%	-3.6%	-2.4%	-12.4%
Integrated circuit	9.4%	11.4%	0.6%	-0.3%	4.1%	-1.3%	-1.6%
Refinery oil	63.7%	10.4%	-25.7%	4.0%	-3.7%	1.1%	-17.2%
Electronic machinery	14.0%	4.5%	-5.8%	-6.2%	-1.0%	-13.7%	-11.5%
Plastic pallet	4.7%	-13.9%	-26.7%	-26.5%	-29.2%	-20.7%	-24.3%
Chemical products	3.6%	-8.0%	-25.1%	-18.9%	-19.7%	-19.3%	-30.4%
Jewelry	20.4%	37.5%	-7.3%	-22.8%	-5.8%	-33.1%	16.8%
Total	10.7%	6.6%	-8.5%	-4.5%	-4.7%	-4.2%	-7.6%



Imports value by groups*



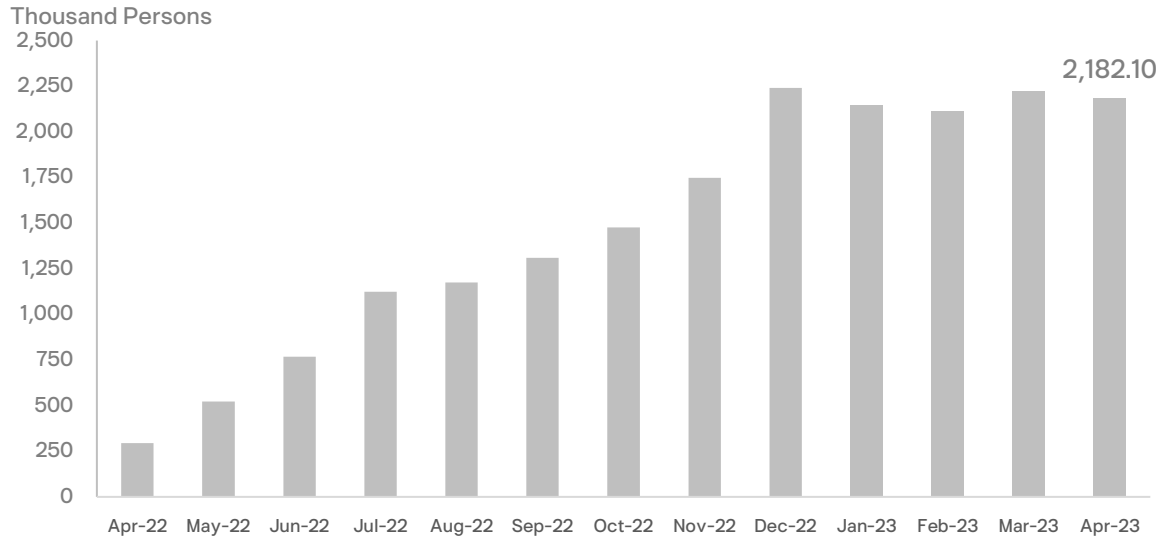
%yoy, value	2019	2020	2021	2022	2023YTD
Total export	-2.6% \$246 bn	-5.9% \$232 bn	17.1% \$272 bn	5.5% \$287 bn	-5.2% \$92.0 bn
Total import	-4.8% \$236 bn	-12.7% \$206 bn	29.8% \$267 bn	13.6% \$303 bn	-2.2% \$96.5 bn

- Export value in Apr23 contracted 7.6%YoY. Exports of industrial products, such as computers and parts, machinery, gems and ornaments and steel, while exports of cars and accessories, semiconductors, transformers and transistors were up.
- Moreover, exports to key markets mostly contracted, except China
- On the other hand, imports dropped by 7.3%YoY, slower growth for third consecutive month resulting from the energy products declined remarkably.

Source: Ministry of Commerce, Bank of Thailand and ttb analytics
Remark: Custom basis

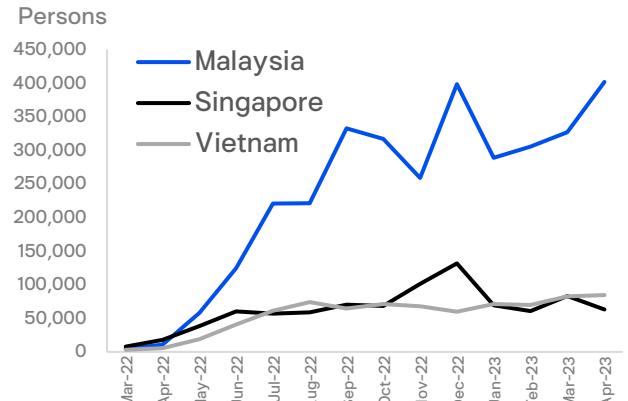
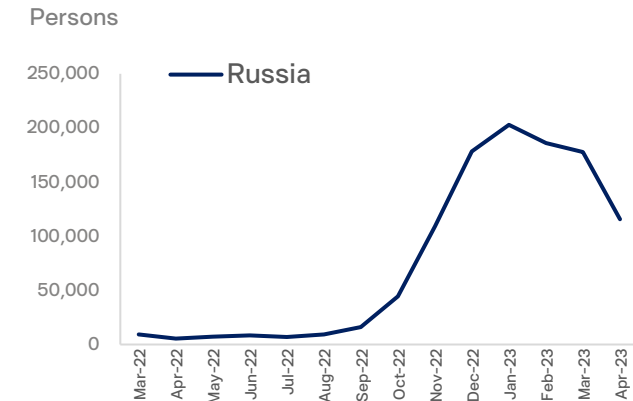
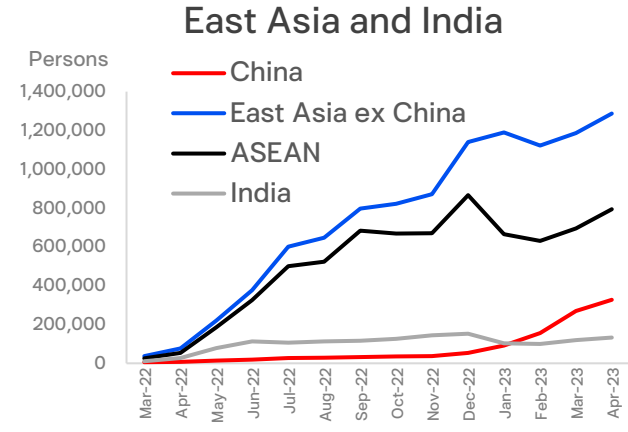
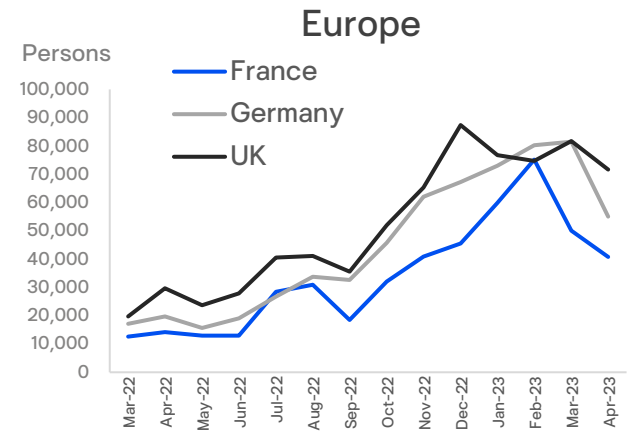
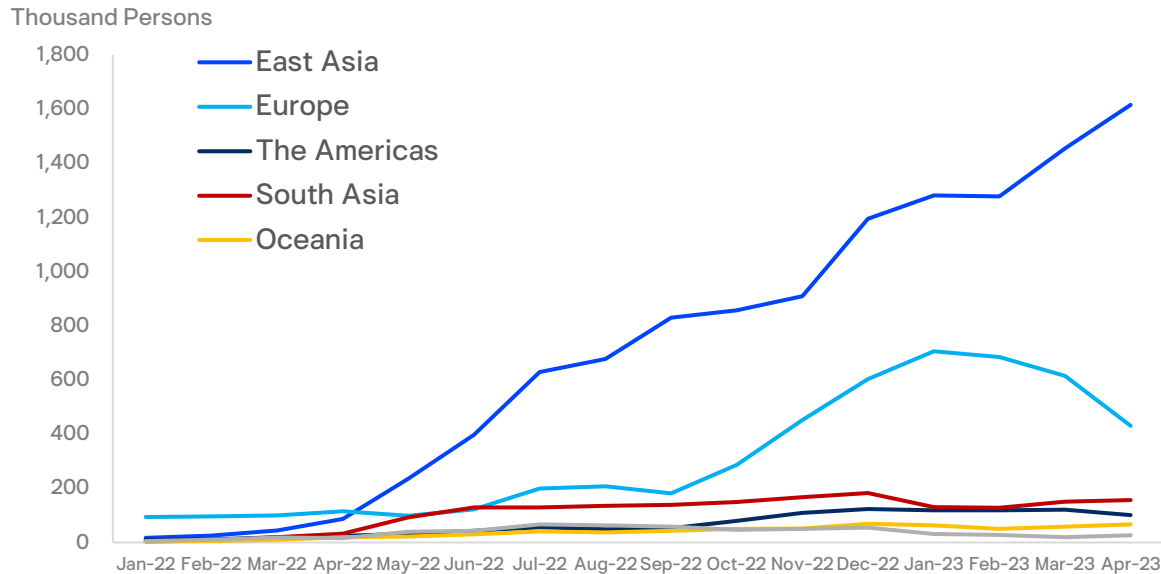
Foreign arrivals in April dropped slightly, thanks to the long-haul tourists subdued

Total Foreign Tourist Inbounds



- As of Apr23, foreign tourists dropped slightly to 2.18 million. This was due to Europe, Russian and middle east tourists dropped in this month. Meanwhile, East Asia including China and neighboring tourists rebounded.

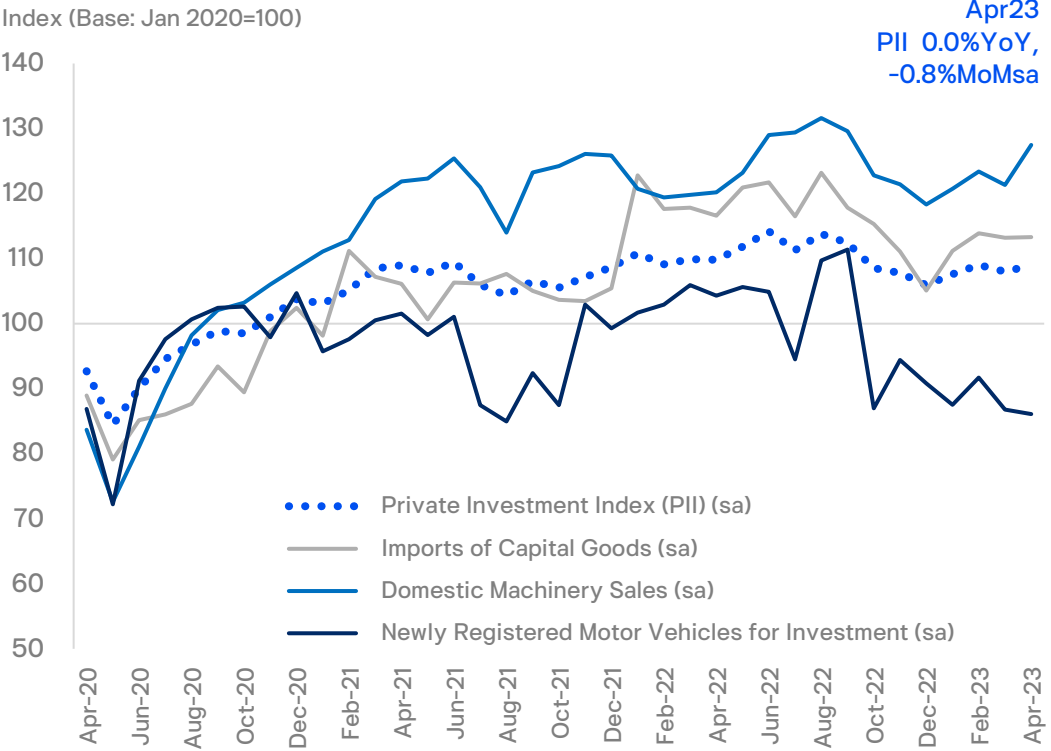
Foreign Tourist Inbounds by key regions



Private investment momentum decreased from the previous month

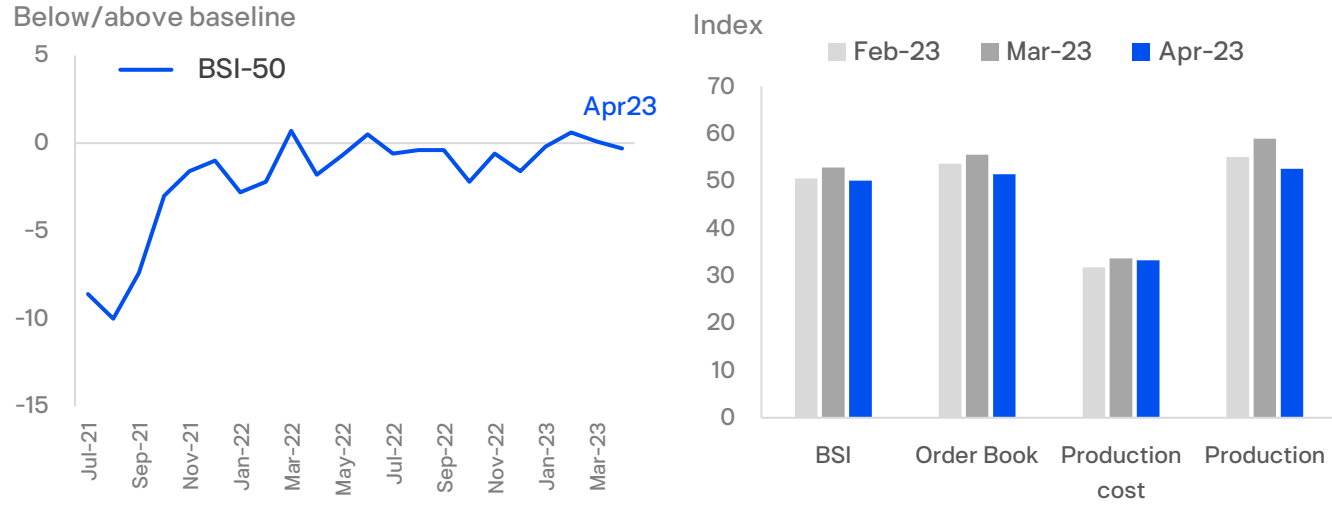


Private Investment Indicators (SA)

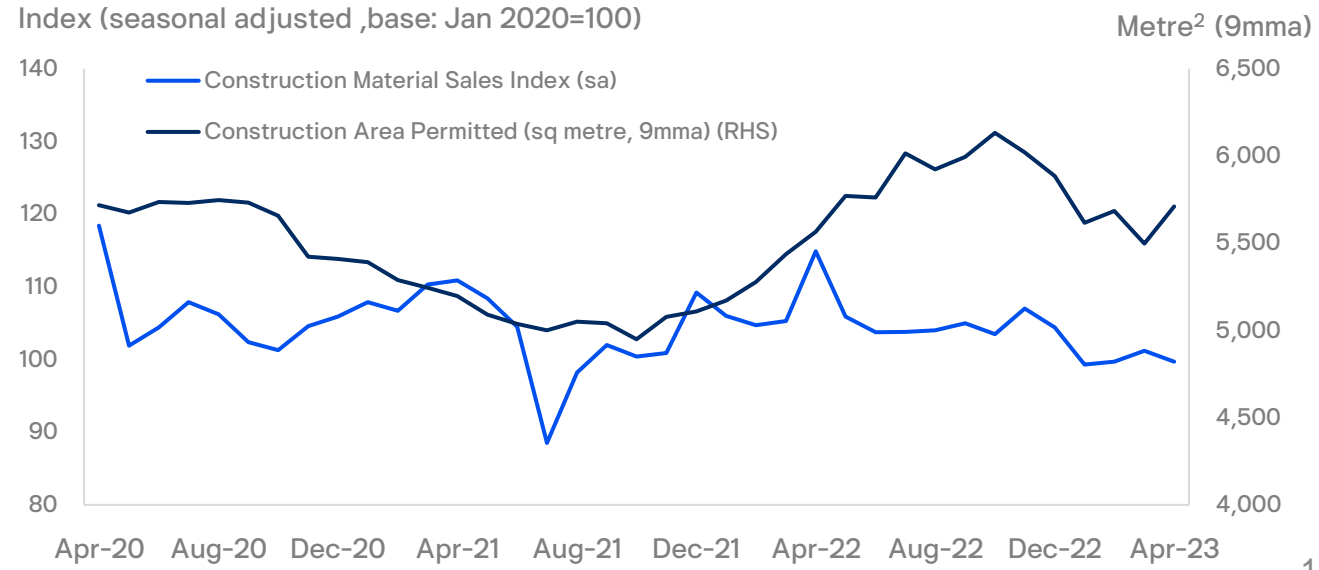


- Private investment indicators decreased from the previous month as investment in machinery and equipment softened in all categories.
- However, investment in construction increased following a higher outturn of permitted area for construction especially for dwelling and manufacturing purposes.

Business Sentiment Index



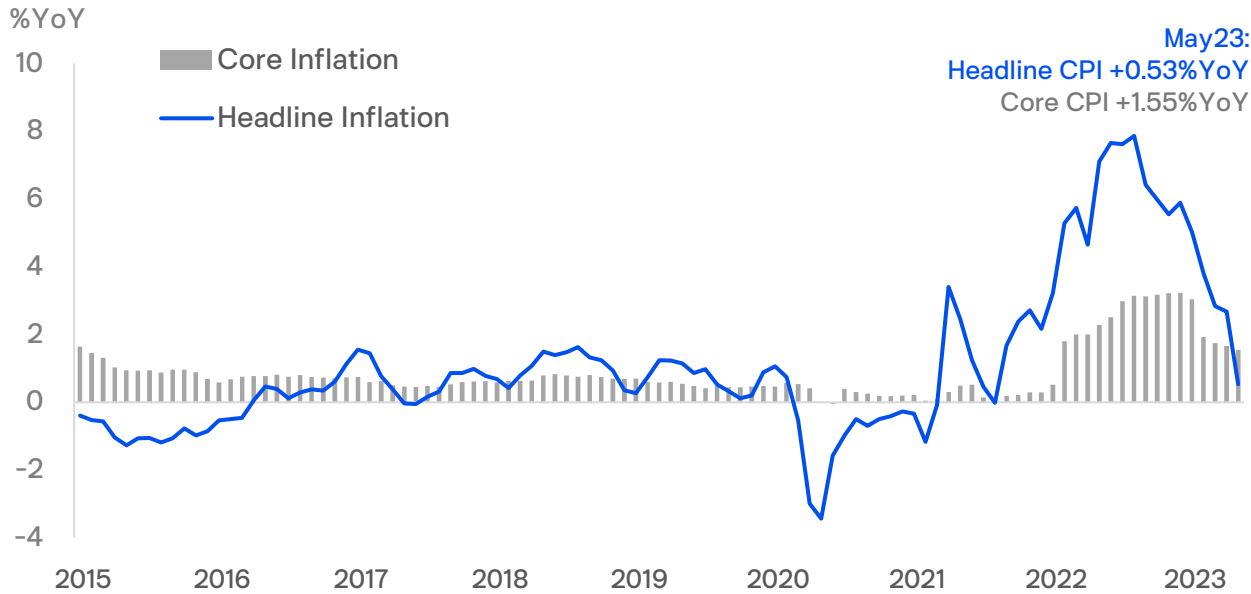
Construction sector (SA)



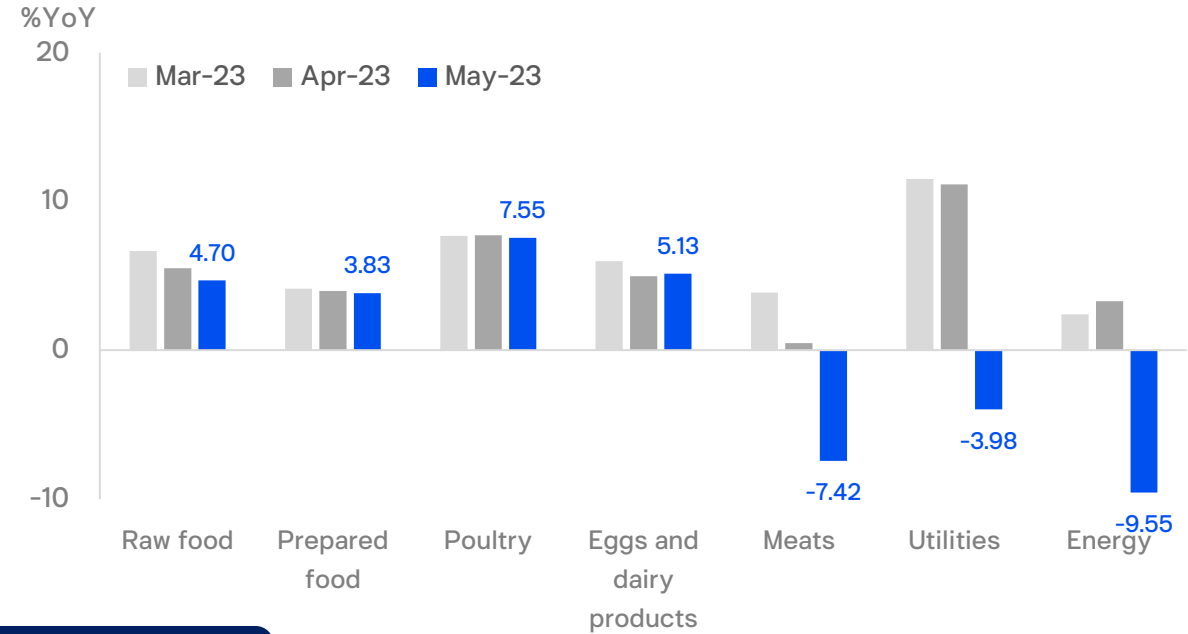
Source: BOT, MOI and ttb analytics.

Headline inflation in May continued easing to 21-month low

Headline vs core inflation



Price change in top categories



Historical Thai Inflation (%yoy)

%YoY	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
HCPI	2.17	5.19	-0.83	3.3	3.81	3.01	2.19	1.9	-0.9	0.19	0.67	1.07	0.71	-0.84	1.24	6.08	2.96
Food	4.08	11.56	4.54	5.43	7.94	4.89	3.41	3.94	1.14	1.6	0.01	0.41	2.32	1.23	-0.12	6.91	5.42
Housing	0.13	-3.19	-1.55	2.03	1.31	2.73	1.9	1.41	0.59	-0.99	0.17	1.03	0.42	-1.02	-1.69	4.81	2.33
Transport	2.72	6.38	-9.41	3.81	1.73	1.58	1.34	0.09	-6.52	-1.75	2.37	2.31	-1.14	-4.53	7.81	9.10	0.19
Core CPI	1.08	2.29	0.27	0.95	2.36	2.10	1.01	1.59	1.05	0.74	0.55	0.71	0.52	0.29	0.24	2.50	1.98

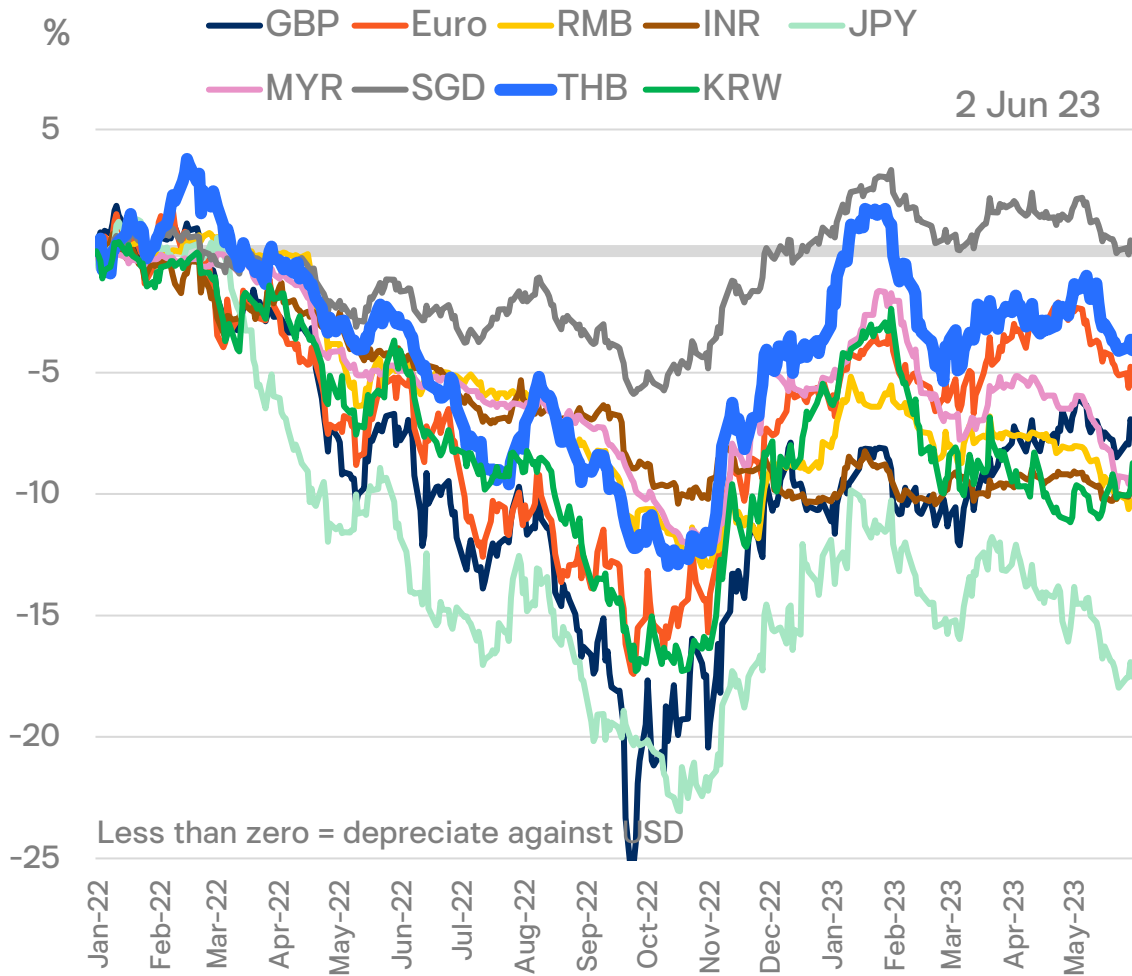
- The headline consumer price index (CPI) dropped further to 0.53%YoY in May23, easing to 21-month low. This was mainly due to the dramatically decline in energy prices (oil and gas), as well as the high-base effect.
- The core inflation was also below the 2% territory to 1.55%YoY.
- The commerce ministry remained headline inflation forecast to 2.2% this year but expecting to revise its forecast next month.

PART 3

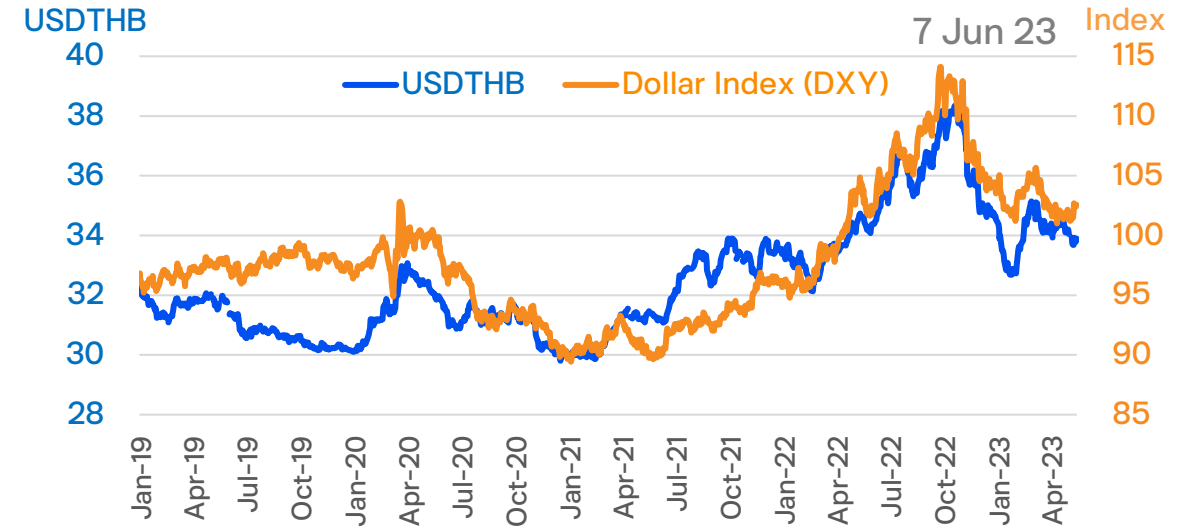
Financial Market



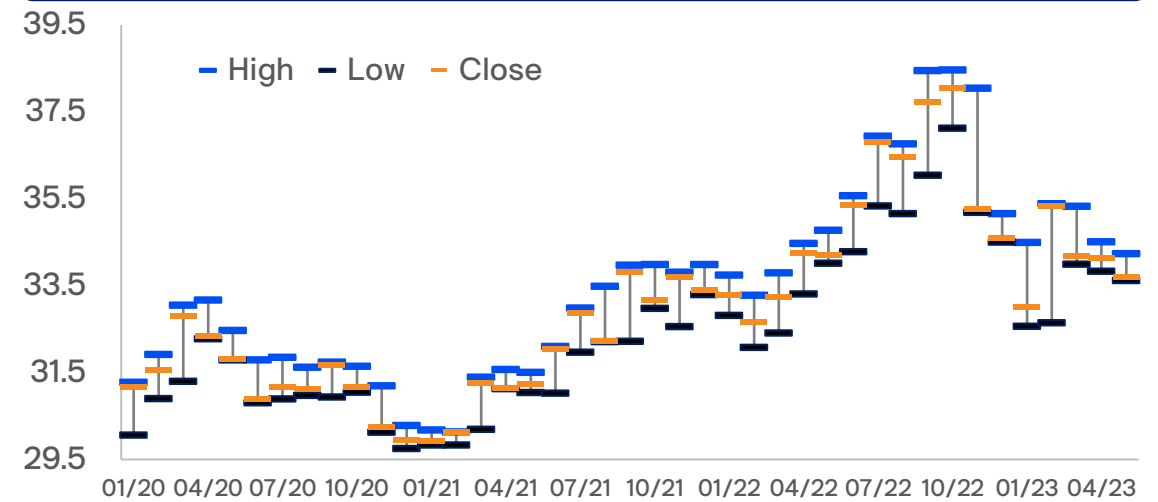
Major Asian currencies against USD



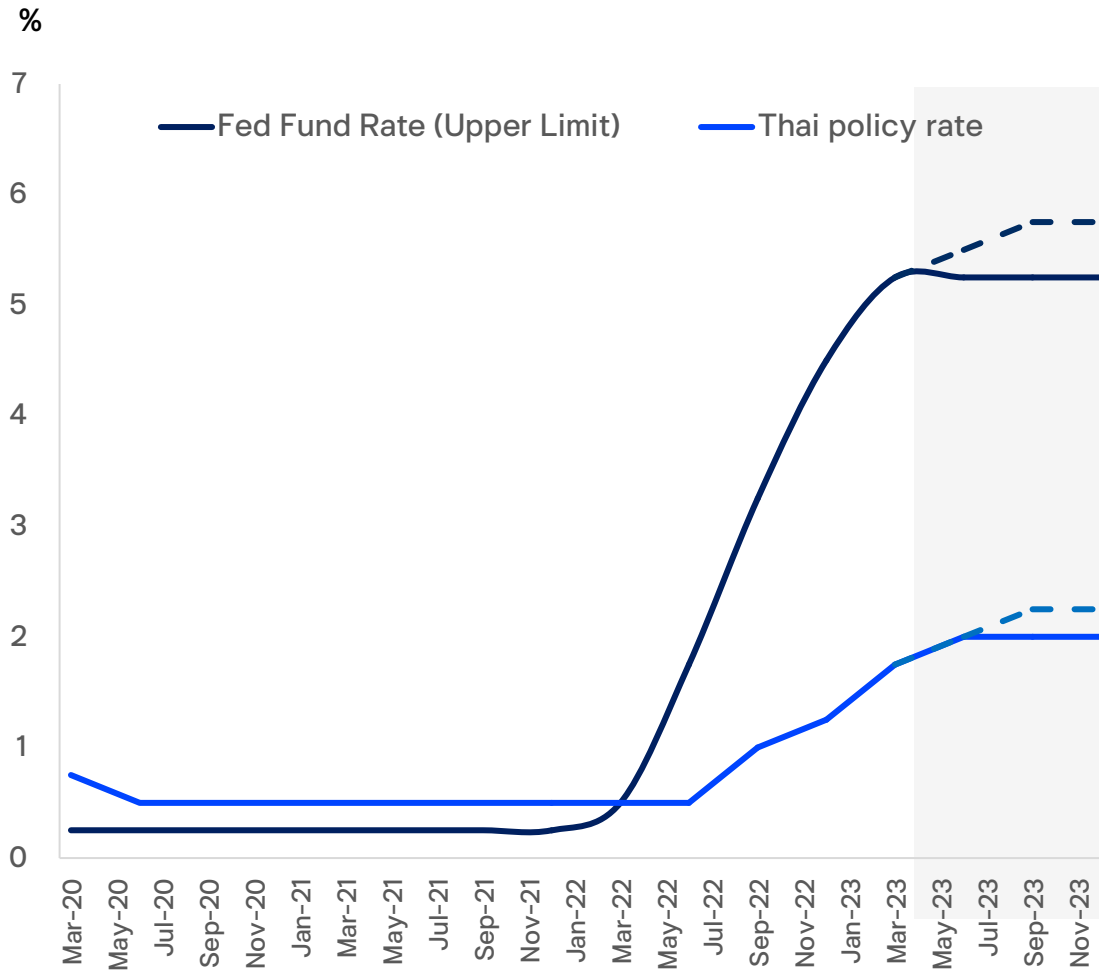
Dollar Index / USDTHB



Average daily range of USDTHB

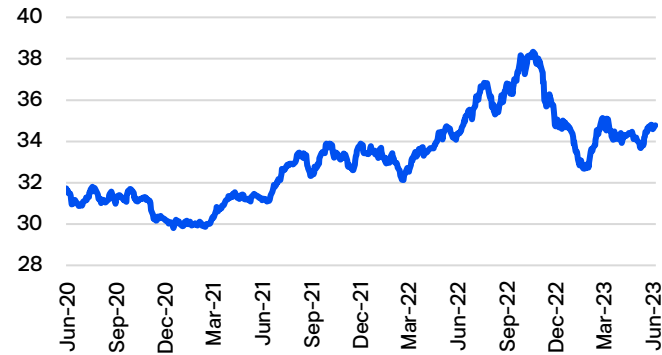


FED-BOT policy rate forecast



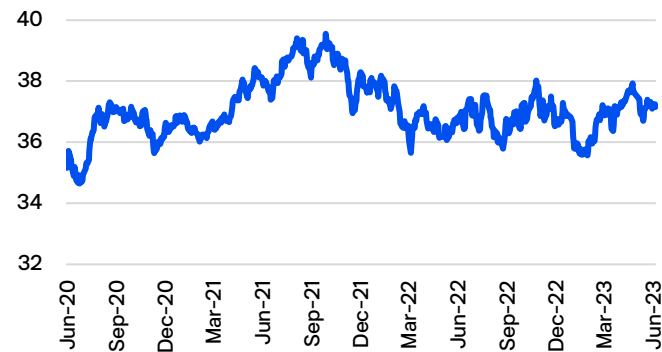
USDTHB Projection





USDTHB

- USDTHB ending 34.74 level in May and is hovered around 34.50 – 35.00 in June 2023.
- The US dollar gained as investors focused on the likelihood that the Federal Reserve (Fed) will continue hiking rates though it is seen as likely to pause in June meeting. Fed funds futures traders see the Fed as then resume rate increases with a 65% chance of an at least 25 basis points hike in July.
- The US dollar was buoyed by data on Friday showing that employers added 339,000 jobs in May, though a surge in unemployment to a seven-month high of 3.7% suggested an easing labor market.



EURTHB

- EURTHB ending 37.17 level in April and is hovered around 37.00 – 37.50 in June 2023.
- German factory orders falling unexpectedly in April by 0.4% on the previous month, indicating the difficulties Europe's largest economy is facing after it endured the first recession.
- However, unlike the Fed, the European Central Bank is almost certain to lift its interest rates next week, with President Christine Lagarde stating that it was too early to call a peak in core inflation despite "signs of moderation."



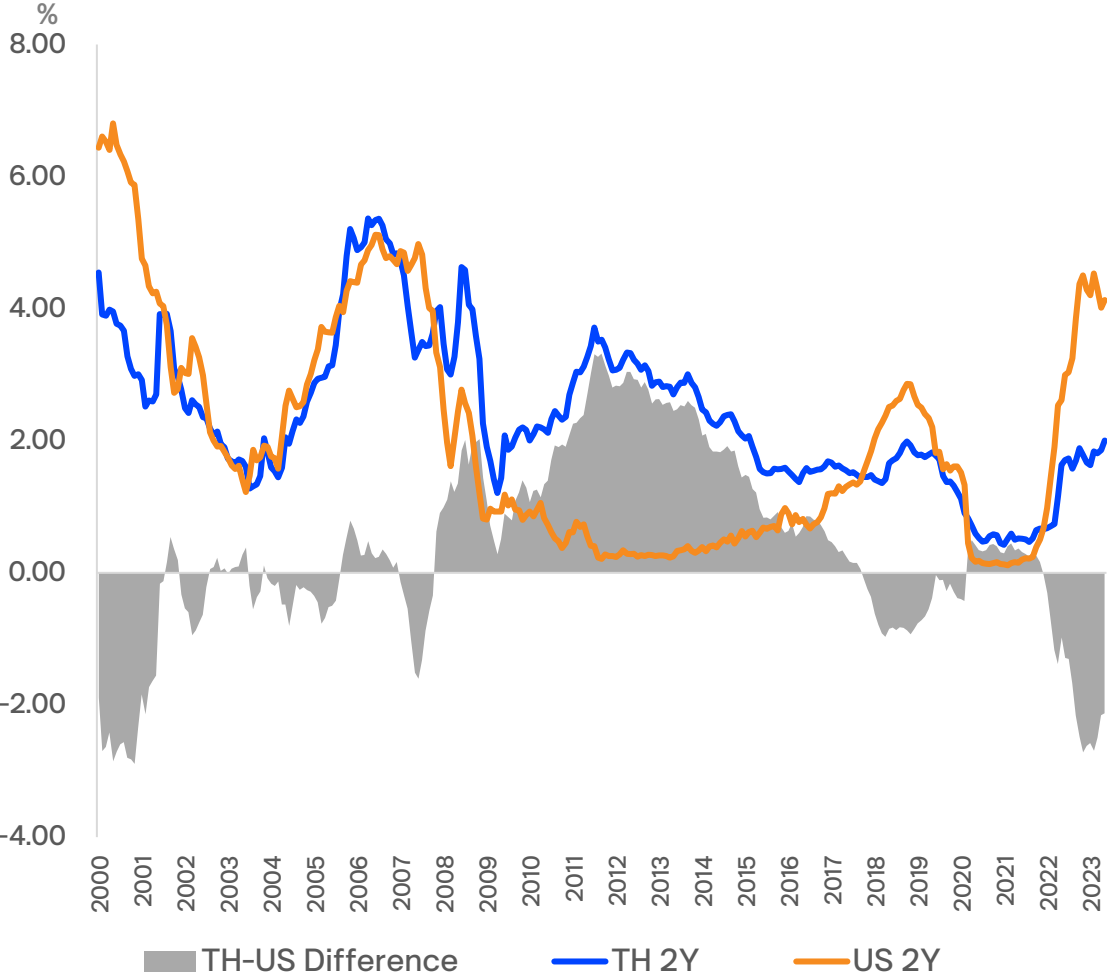
JPYTHB

- JPYTHB ending 0.249 level in March and is hovered around 0.249 – 0.252 in June 2023.
- Japan's first-quarter GDP increased to 2.7% YoY, improved from 0.4% in the previous quarter and 1.6% forecasted growth. The reading pushed up optimism over some resilience in the Japanese economy, as it grapples with high inflation and softening global demand for exports.
- Weak inflation and wage growth readings for recent months spurred more bets that the BOJ will maintain its ultra-loose policy in the near-term.

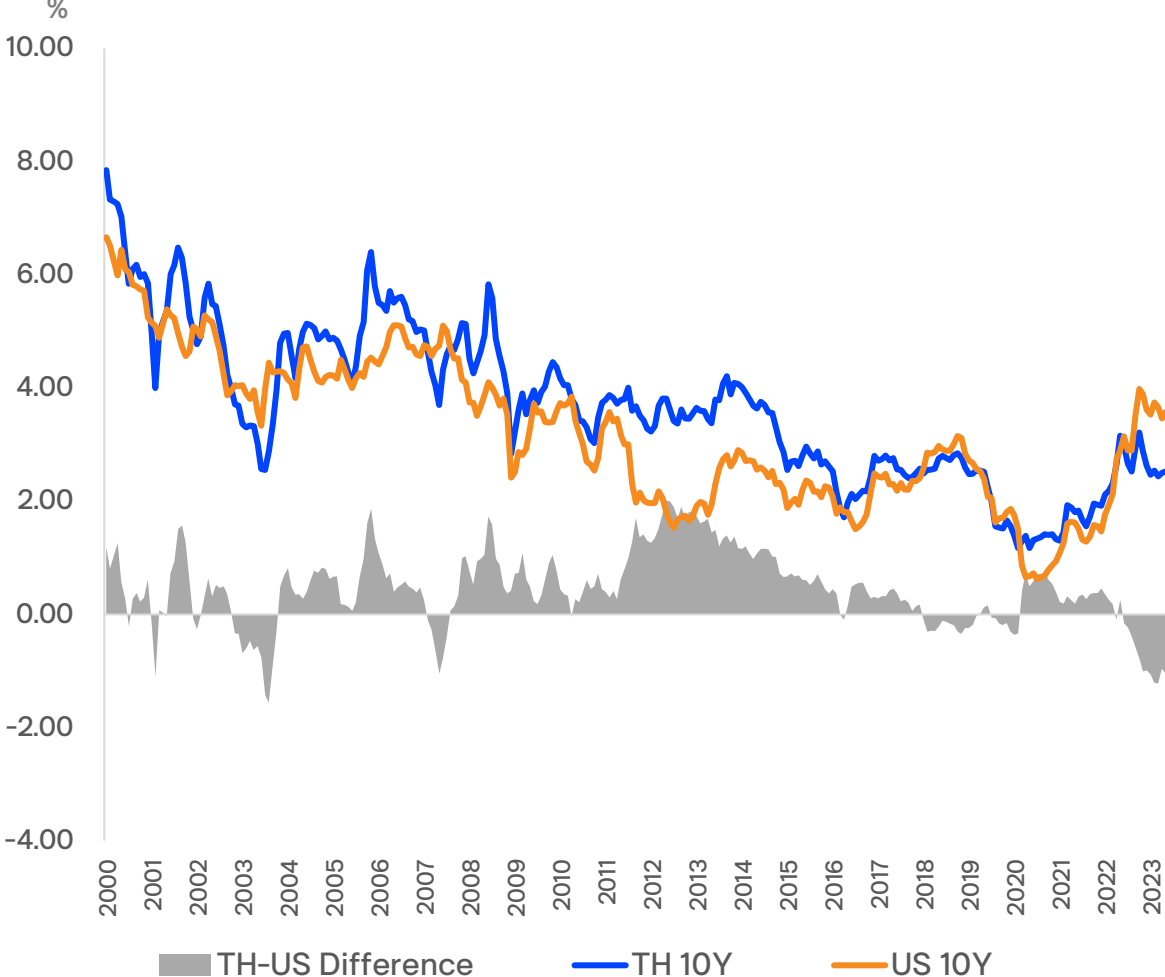
Moreover, greater divergence observed in the short tenure, while the long one aligned



2Y bond yield gap and comparison



10Y bond yield gap and comparison



Source : CEiC and ttb analytics

The logo features the lowercase letters 'ttb' in a bold, sans-serif font. The first 't' is blue, the second 't' is orange, and the 'b' is dark blue. To the right of the 'ttb' is a vertical line, followed by the word 'a.n.a.l.y.t.i.c.s' in a dark blue, sans-serif font with dots between each letter.