

# Economic and Financial Outlook

ttb analytics

Oct 2023

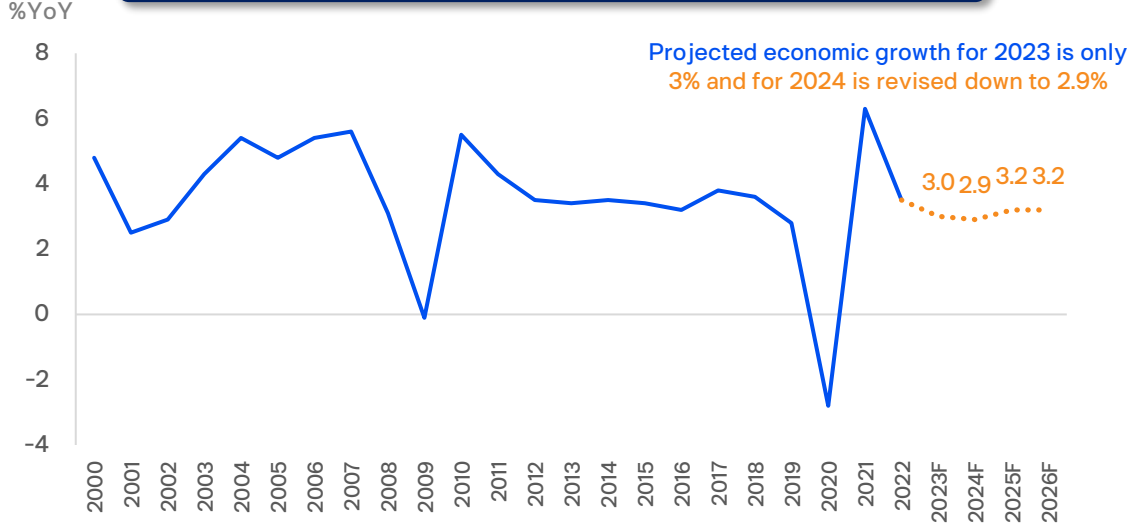


PART 1

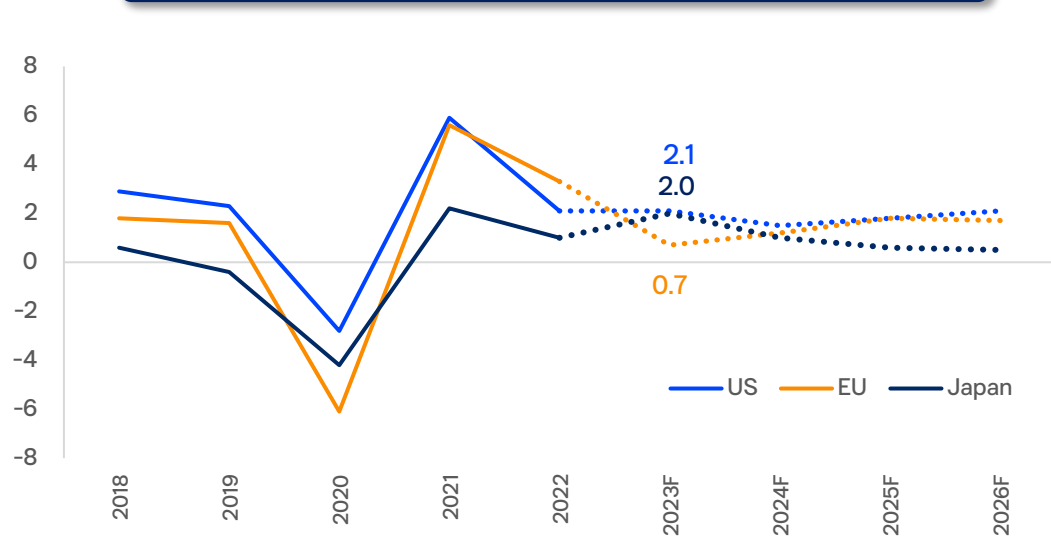
# Global Economy



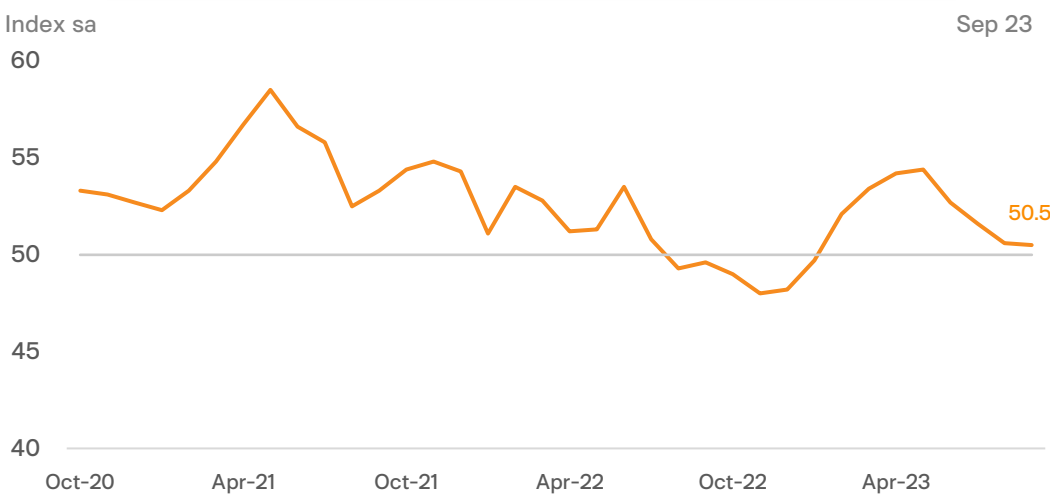
**IMF World Economic Projection (Oct 2023)**



**Growth Projections for Major Economies**

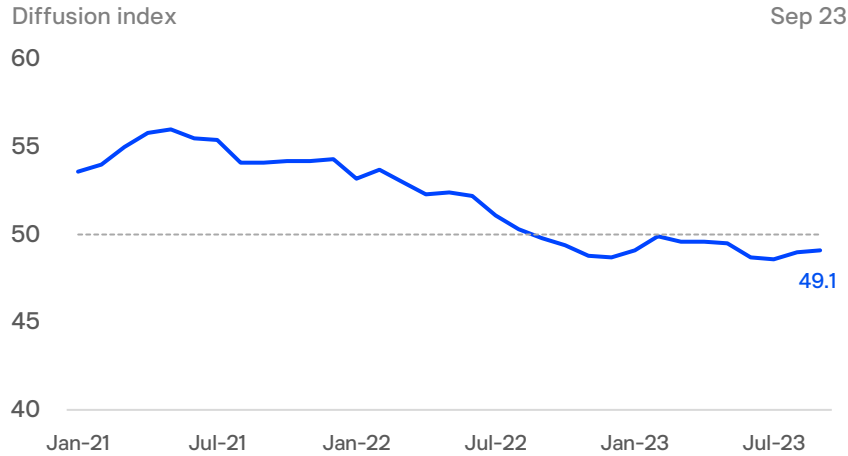


**Global Composite PMI**

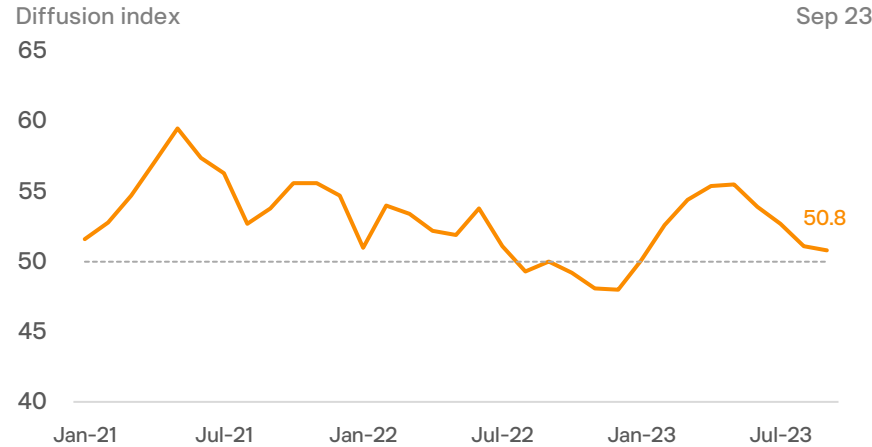


- Global economic momentum had been continuously softened in H1/2023. China reopening had missed the expectation of sustaining feeble global demand. This reflected the impacts of high interest rate environment and elevated living costs.
- According to the WEO Economic outlook for October 2023, IMF maintained its projection for global economic growth in 2023 at 3%, and revised growth for 2024 at 2.9%. This is on the back of the rise in central bank policy rates to fight inflation continues to weigh on economic activity.

## Global Manufacturing PMI



## Global Service PMI



- The global economic expansion further decelerated in the third quarter 2023.
- The expansion of output remained exclusive to the service sector as manufacturing output continuously contracted.
- The service sector remained in expansion, but the rate of growth continued to trend lower to the weakest since January 2023.

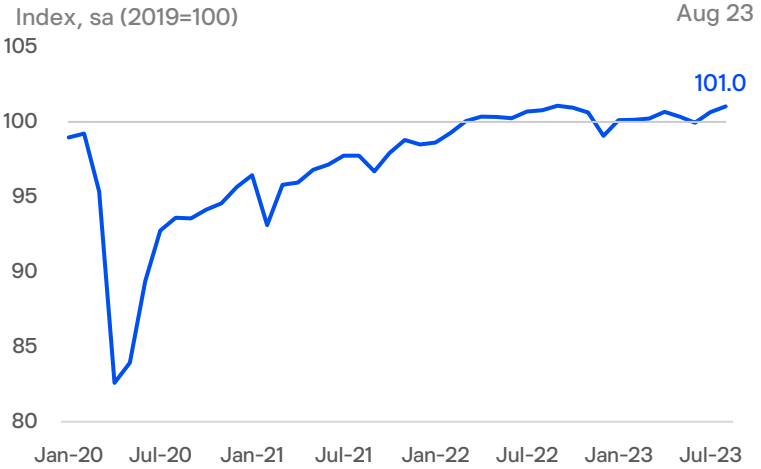
## Manufacturing PMI by countries

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Jul-23	Aug-23	Sep-23
Global	53.0	52.2	49.8	48.7	49.6	48.7	48.7	49.0	49.1
US	58.8	52.7	52.0	46.2	49.2	46.3	49.0	47.9	49.8
UK	55.2	52.8	48.4	45.3	47.9	46.5	45.3	43.0	44.3
EU	56.3	51.6	48.1	47.5	47.3	43.4	42.7	43.4	43.4
Euro Zone	56.5	52.1	48.4	47.8	47.3	43.4	42.7	43.5	43.4
Germany	56.9	52.0	47.8	47.1	44.7	40.6	38.8	39.1	39.6
France	54.7	51.4	47.7	49.2	47.3	46.0	45.1	46.0	44.2
Italy	55.8	50.9	48.3	48.5	51.1	43.8	44.5	45.4	46.8
Asia exc. China	53.0	52.3	50.9	50.2	50.5	50.7	50.8	50.9	50.3
China	48.1	51.7	48.1	49.0	50.0	50.5	49.2	51.0	50.6
Australia	57.7	56.2	53.5	50.2	49.1	48.2	49.6	49.6	48.7
India	54.0	53.9	55.1	57.8	56.4	57.8	57.7	58.6	57.5
Japan	54.1	52.7	50.8	48.9	49.2	49.8	49.6	49.6	48.5
Korea	51.2	51.3	47.3	48.2	47.6	47.8	49.4	48.9	49.9
Thailand	51.8	50.7	55.7	52.5	53.1	53.2	50.7	48.9	47.8

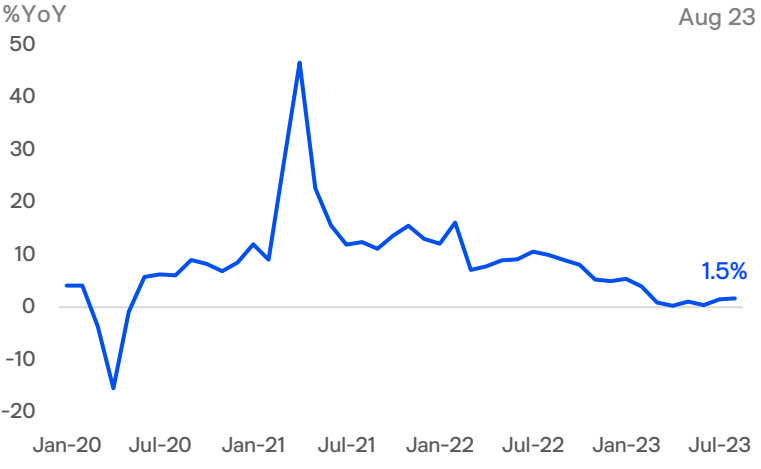
## Service PMI by countries

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Jul-23	Aug-23	Sep-23
Global	53.4	53.8	50.0	48.1	54.4	53.9	52.7	51.1	50.8
US	58.0	52.7	49.3	44.7	52.6	54.4	52.3	50.5	50.1
UK	62.6	54.3	50.0	49.9	52.9	53.7	51.5	49.5	49.3
EU	55.6	53.0	48.8	49.8	55.0	52.0	50.9	47.9	48.7
Germany	56.1	52.4	45.0	49.2	53.7	54.1	52.3	47.3	50.3
France	57.4	53.9	52.9	49.5	53.9	48.0	47.1	46.0	44.4
Italy	52.1	51.6	48.8	49.9	55.7	52.2	51.5	49.8	49.9
Spain	53.4	54.0	48.5	51.6	59.4	53.4	52.8	49.3	50.5
Asia exc. China	49.8	55.6	52.6	53.0	55.9	55.2	55.6	55.6	55.6
China	42.0	54.5	49.3	48.0	57.8	53.9	54.1	51.8	50.2
Australia	55.6	52.6	50.6	47.3	48.6	50.3	47.9	47.8	51.8
India	53.6	59.2	54.3	58.5	57.8	58.5	62.3	60.1	61.0
Japan	49.4	54.0	52.2	51.1	55.0	54.0	53.8	54.3	53.8

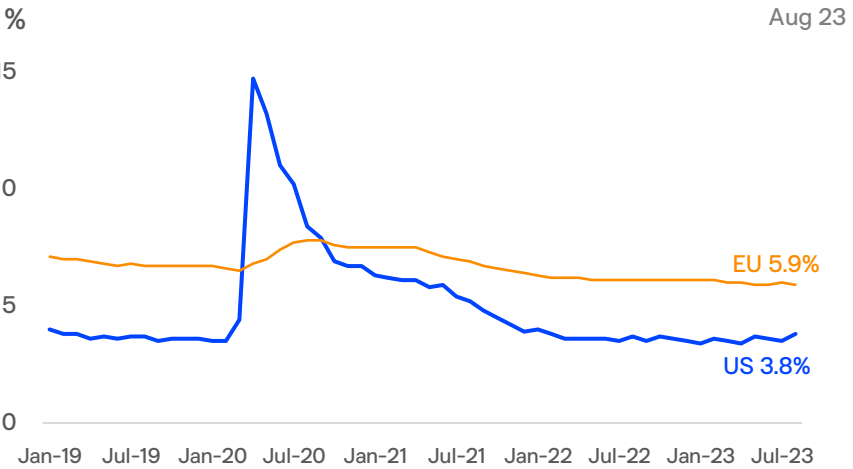
### US Industrial Production



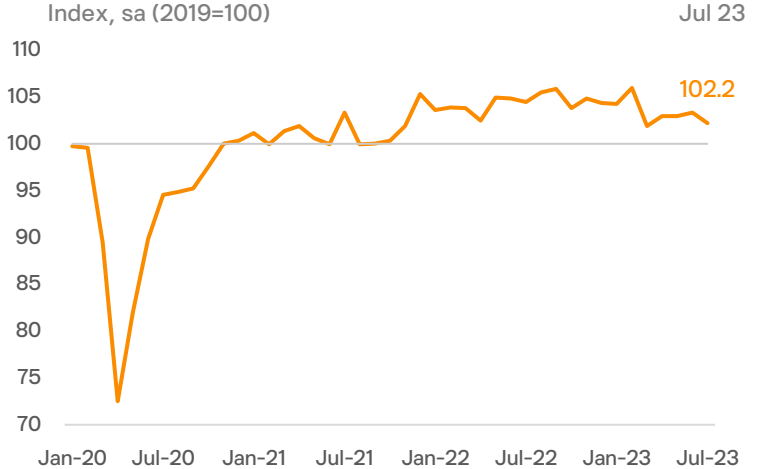
### US Retail sales



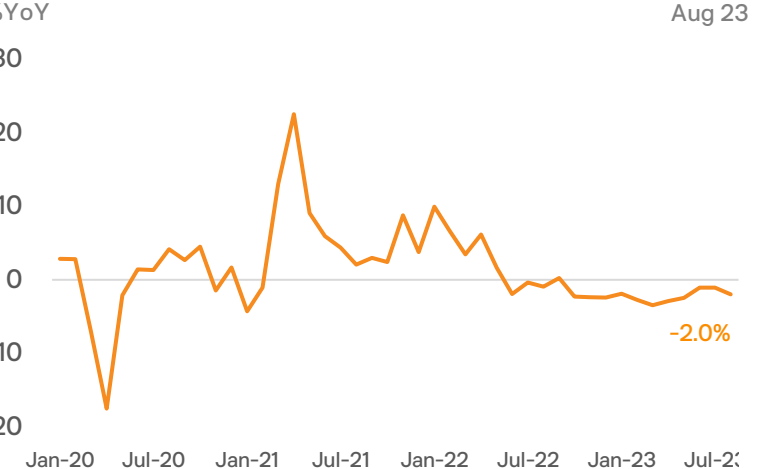
### US and EU Unemployment Rate



### EU Industrial Production



### EU Retail sales



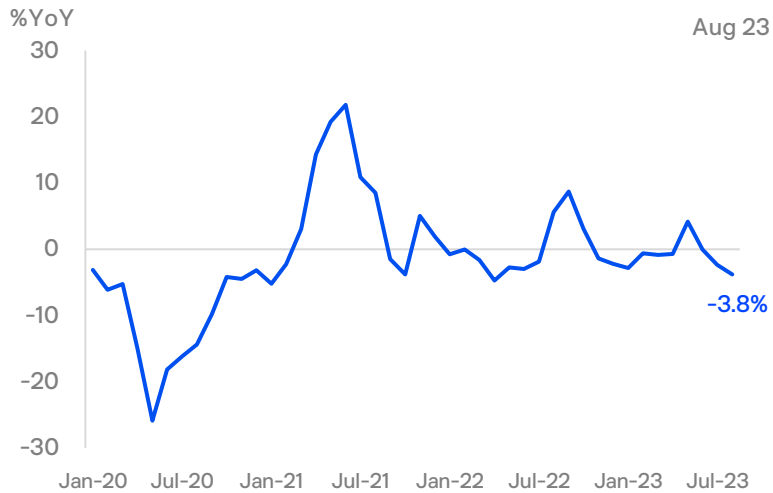
- **US economic activity** had been expanding at a modest pace. Retail sales and manufacturing are growing faster than expected, employers have accelerated hiring, and underlying consumer prices rose last month at a 4.1% pace from a year earlier, more than twice the Fed's 2% target.
- **EU economy** softened further despite stronger-than-expected growth in industrial production in August 2023. The ECB has grown increasingly concerned about growth, with recent events such as oil price surges and conflicts in the Middle East complicating their position and potentially dampening eurozone growth prospects.

# Both Japanese and Chinese economy slowly recovered with moderate domestic demands

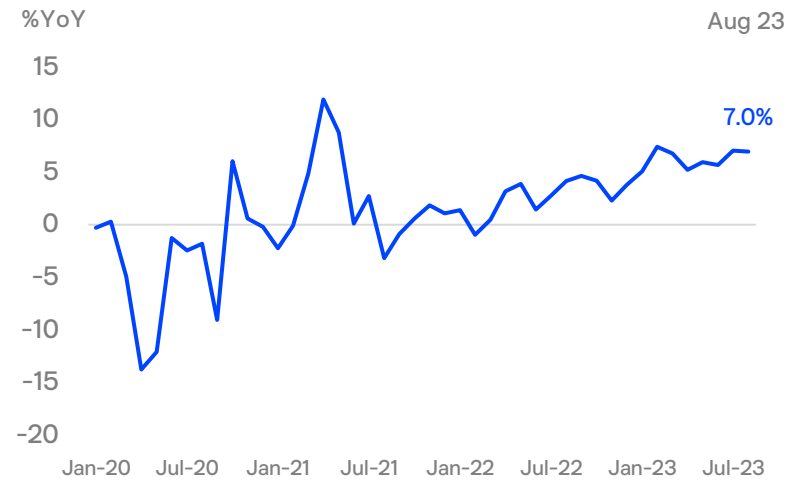


- **Japan's economy** grew less than initially estimated in April-June with both capital spending and private consumption falling, underscoring the fragile state of its recovery after the pandemic.
- **China's economy** grew at a faster-than-expected clip in the third quarter from a year earlier – growing 4.9% in July – September 2023. Thanks to a slew of policy measures in recent months, China has started to show signs of stabilizing, but a protracted property crisis, uncertainties over employment and household income and weak confidence among private firms pose risks to a durable revival.

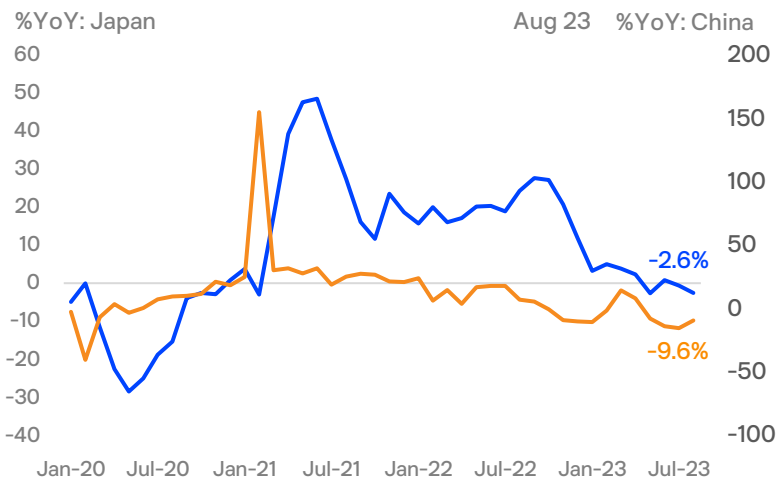
## Japan Industrial Production



## Japan Retail sales



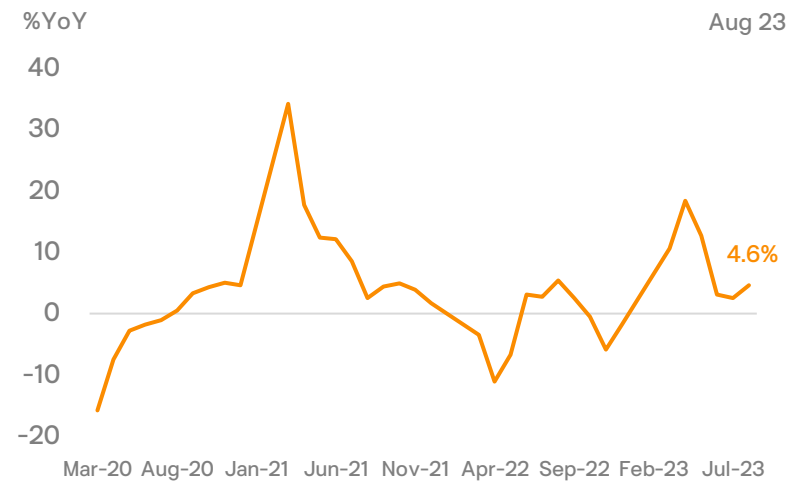
## Japan and China Merchandise exports



## China Industrial Production



## China Retail sales



Source: CEIC, and ttb analytics

PART 2

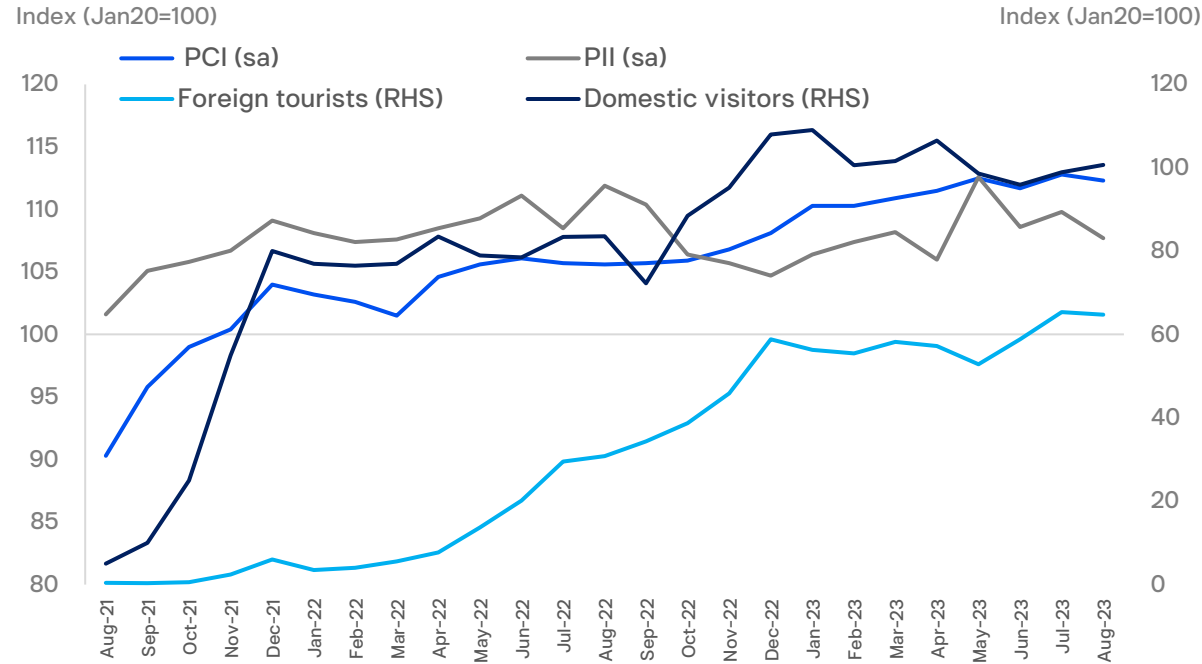
# Thai Economy



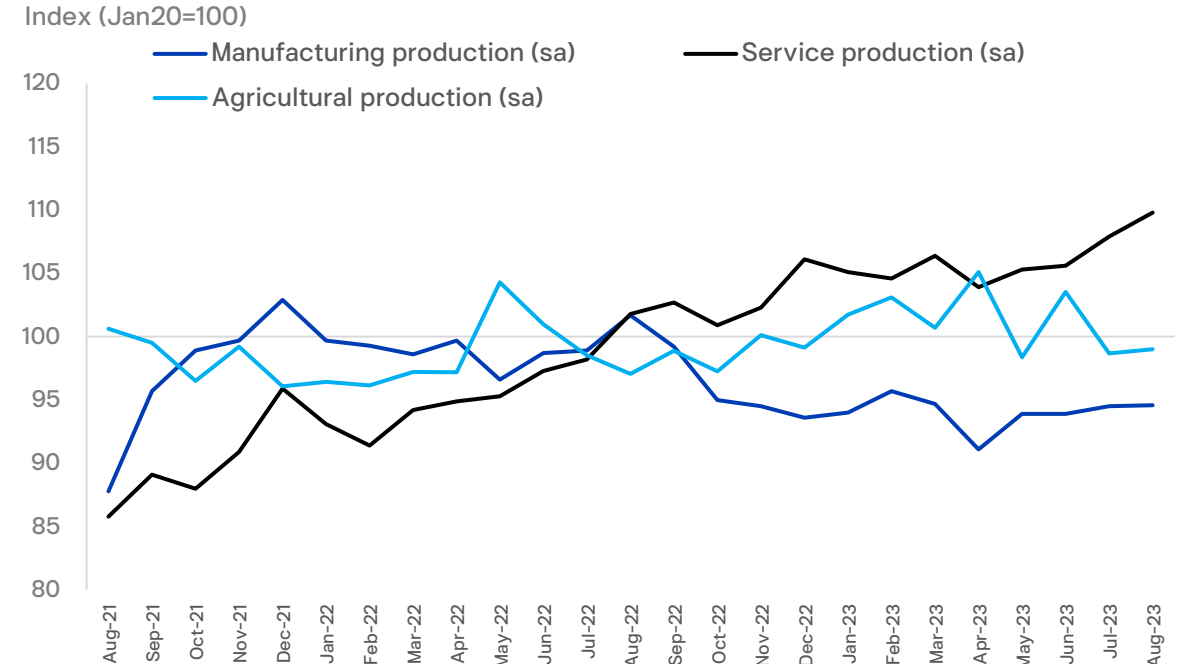
# In August, domestic demand dwindled, while export sector likely to rebound temporarily



## Demand-side indicators



## Supply-side indicators



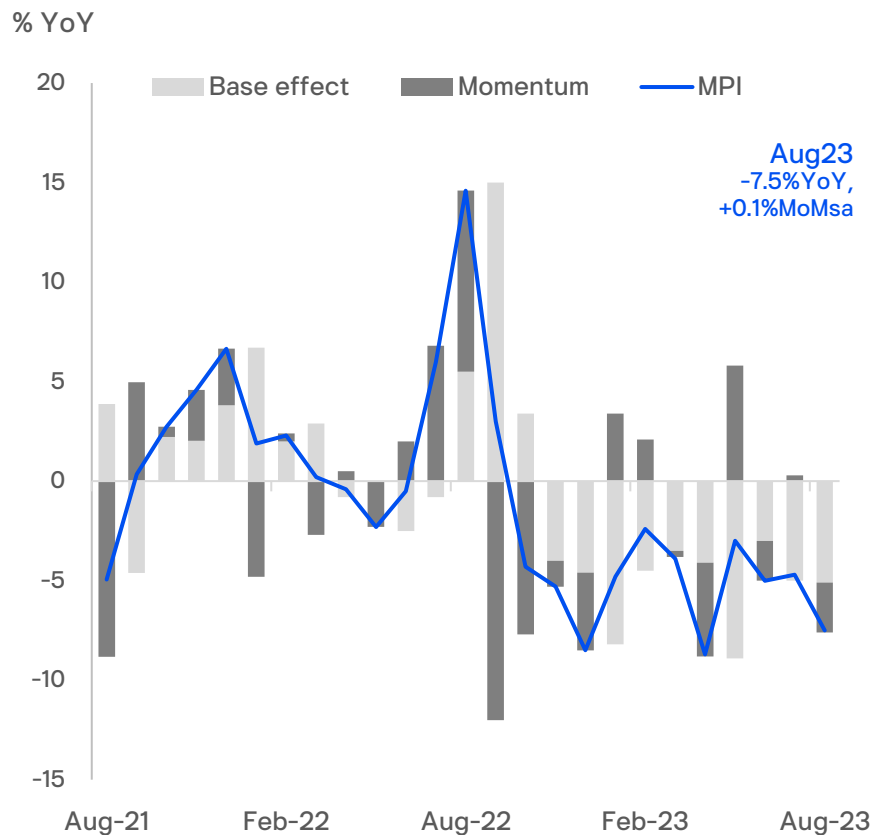
## Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Authorized Capital of Newly Registered Companies (Million Baht)	140.0	113.7	197.9	114.7	120.8	118.6	109.0	1,708.6	119.2	163.2	227.5	95.2	95.2
Construction Areas Permitted (1000 sq. m)	111.4	112.0	78.3	99.7	103.0	86.4	96.9	103.9	94.7	98.2	102.5	103.1	103.1
Export Volume index (exclude Gold)	109.6	112.2	106.4	106.3	105.5	106.8	110.2	109.4	108.0	110.3	111.3	109.2	109.2
Business Sentiment Index (3 months)	105.5	104.8	101.5	102.7	104.0	107.2	107.1	109.1	109.0	108.6	108.5	106.7	106.7
SET index	108.2	105.0	106.2	108.0	110.2	110.4	107.1	106.3	101.0	101.3	99.3	102.8	102.8
Oil Price Inverse Index (Dubai)	1.0	1.1	1.1	1.2	1.3	1.2	1.2	1.3	1.2	1.3	1.3	1.3	1.3



## Manufacturing Production Index (MPI)

## MPI by sector (Base Jan 2020=100)



Contribution	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23
Food products (16.2%)	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Beverages (3.8%)	Yellow	Yellow	Yellow	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	Yellow	Yellow
Textiles (1.6%)	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Wearing apparel (1.9%)	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Leather products (0.9%)	Yellow	Green	Green	Green	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	Yellow	Yellow
Coke and refined petroleum products (9.6%)	Green	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Chemicals (8%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Pharmaceutical products (1.2%)	Yellow	Green	Green	Green	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	Yellow	Yellow
Other non-metallic mineral products (5.5%)	Yellow	Green	Green	Green	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	Yellow	Yellow
Fabricated metal products (1.9%)	Yellow	Yellow	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	Yellow	Yellow
Electrical equipment (3%)	Yellow	Yellow	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	Yellow	Yellow
Motor vehicles (13.9%)	Yellow	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Other transport equipment (1.1%)	Yellow	Green	Green	Green	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	Yellow	Yellow
Others (2.4%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
<b>MPI (%YoY)</b>	<b>-0.5</b>	<b>6.0</b>	<b>14.6</b>	<b>3.0</b>	<b>-4.3</b>	<b>-5.3</b>	<b>-8.5</b>	<b>-4.8</b>	<b>-2.4</b>	<b>-3.9</b>	<b>-8.7</b>	<b>-3.0</b>	<b>-5.0</b>	<b>-4.7</b>	<b>-7.5</b>

- As of Aug23, Manufacturing Production Index (MPI) was contracted at 7.5%YoY. Food and beverage, automobile and chemical products were mainly improved, while the production in several categories decreased, including automotive, rubber and plastic as well as semiconductor following the slower momentum in foreign demand.

# Export value expanded slightly for the first-time in 11 months; while import value dropped dramatically

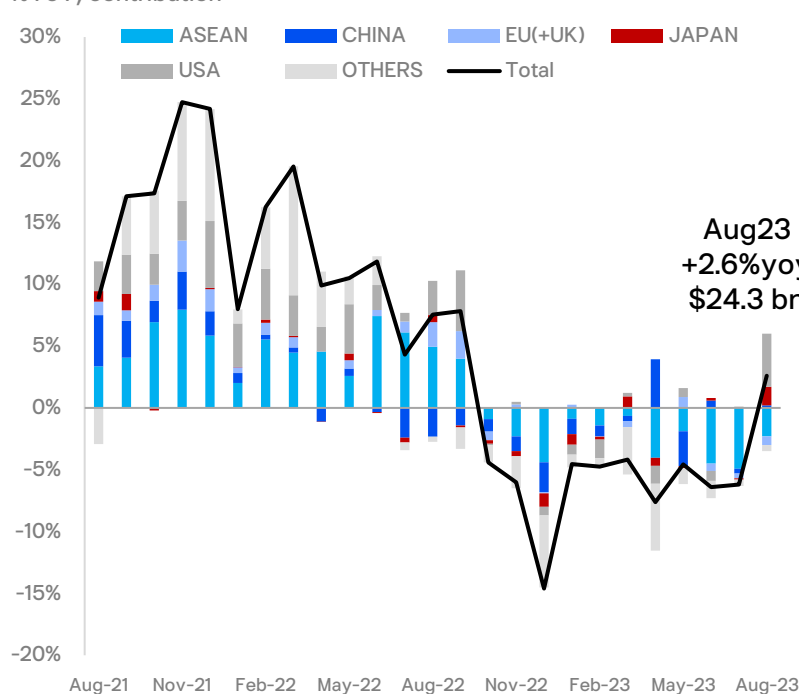
## Exports value by product and destination\*

## Imports value by groups\*

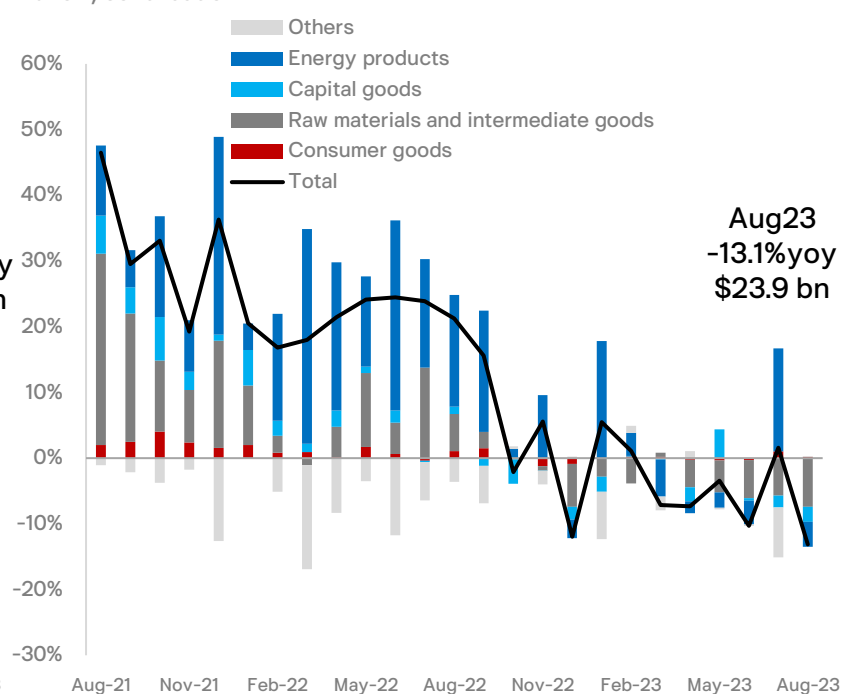
Unit: %YoY

	3Q/22	4Q/22	1Q/23	2Q/23	Jun-23	Jul-23	Aug-23
Auto and parts	8.8%	-3.3%	4.4%	6.5%	7.2%	24.6%	5.2%
Computer and parts	-0.9%	-23.6%	-15.0%	-15.3%	-20.1%	-24.2%	-26.9%
HDD	-12.0%	-33.5%	-28.8%	-37.0%	-36.5%	-46.3%	-48.4%
Rubber	-2.0%	-5.9%	-4.6%	-8.3%	-6.9%	-6.2%	-4.7%
Integrated circuit	11.4%	0.6%	-0.3%	2.9%	5.3%	3.2%	39.8%
Refinery oil	10.4%	-25.7%	4.0%	-29.1%	-26.1%	-38.0%	21.2%
Electronic machinery	4.5%	-5.8%	-6.2%	-5.9%	0.1%	6.0%	6.4%
Plastic pallet	-13.9%	-26.7%	-26.5%	-22.6%	-22.2%	-15.8%	-9.9%
Chemical products	-8.0%	-25.1%	-18.9%	-17.0%	-14.3%	-30.6%	-11.1%
Jewelry (ex gold)	47.6%	0.7%	22.3%	2.0%	31.2%	-2.8%	-10.4%
<b>Total</b>	<b>6.6%</b>	<b>-8.5%</b>	<b>-4.5%</b>	<b>-6.1%</b>	<b>-6.4%</b>	<b>-6.2%</b>	<b>2.6%</b>

%YoY, contribution



%YoY, contribution

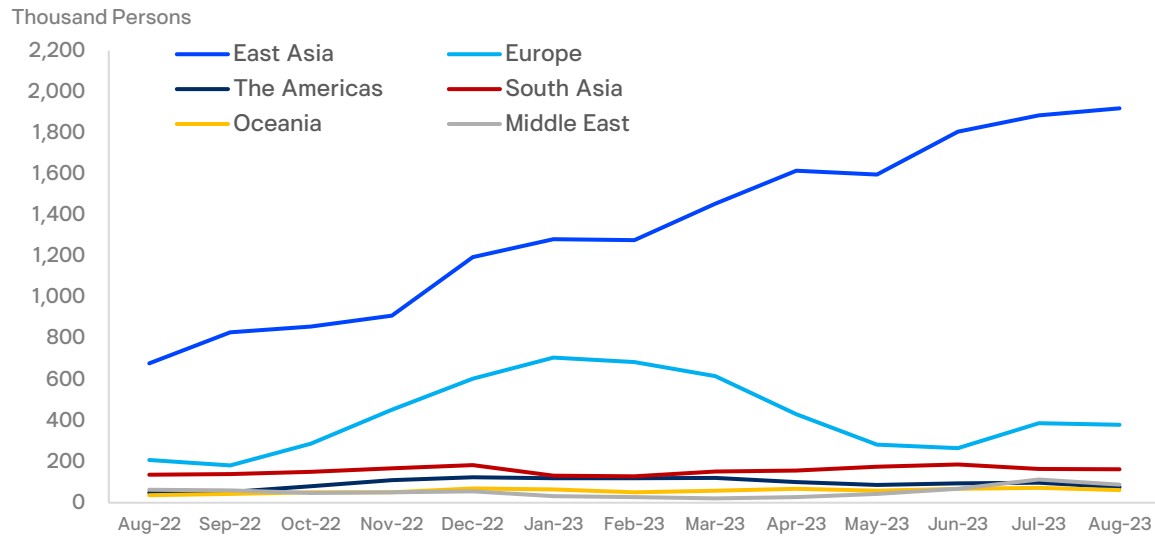
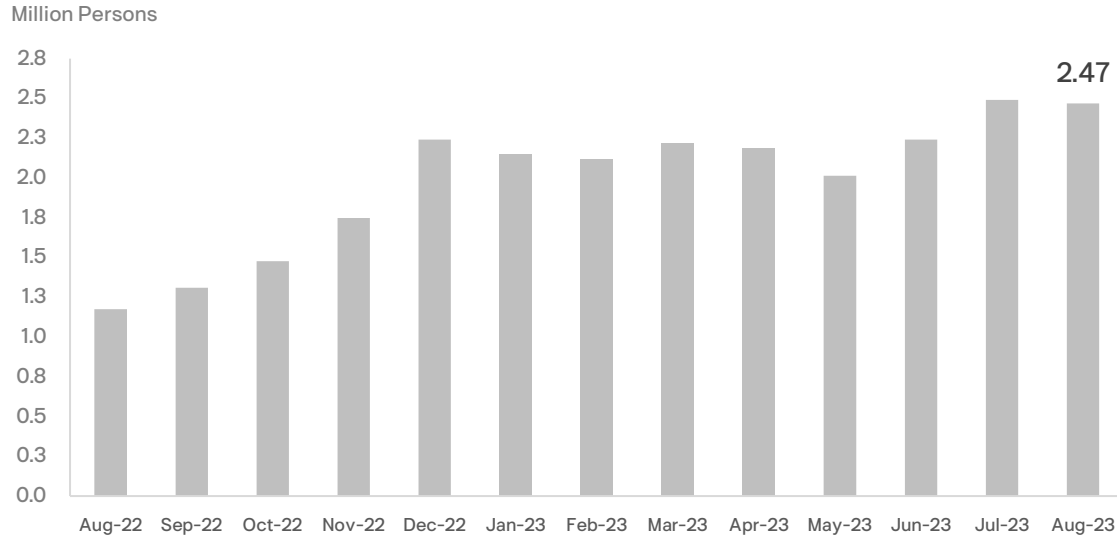


%yoy,value	2019	2020	2021	2022	2023YTD
<b>Total export</b>	<b>-2.6%</b> \$246 bn	<b>-5.9%</b> \$232 bn	<b>17.1%</b> \$272 bn	<b>5.5%</b> \$287 bn	<b>-4.5%</b> \$187.6 bn
<b>Total import</b>	<b>-4.8%</b> \$236 bn	<b>-12.7%</b> \$206 bn	<b>29.8%</b> \$267 bn	<b>13.6%</b> \$303 bn	<b>-5.7%</b> \$195.5 bn

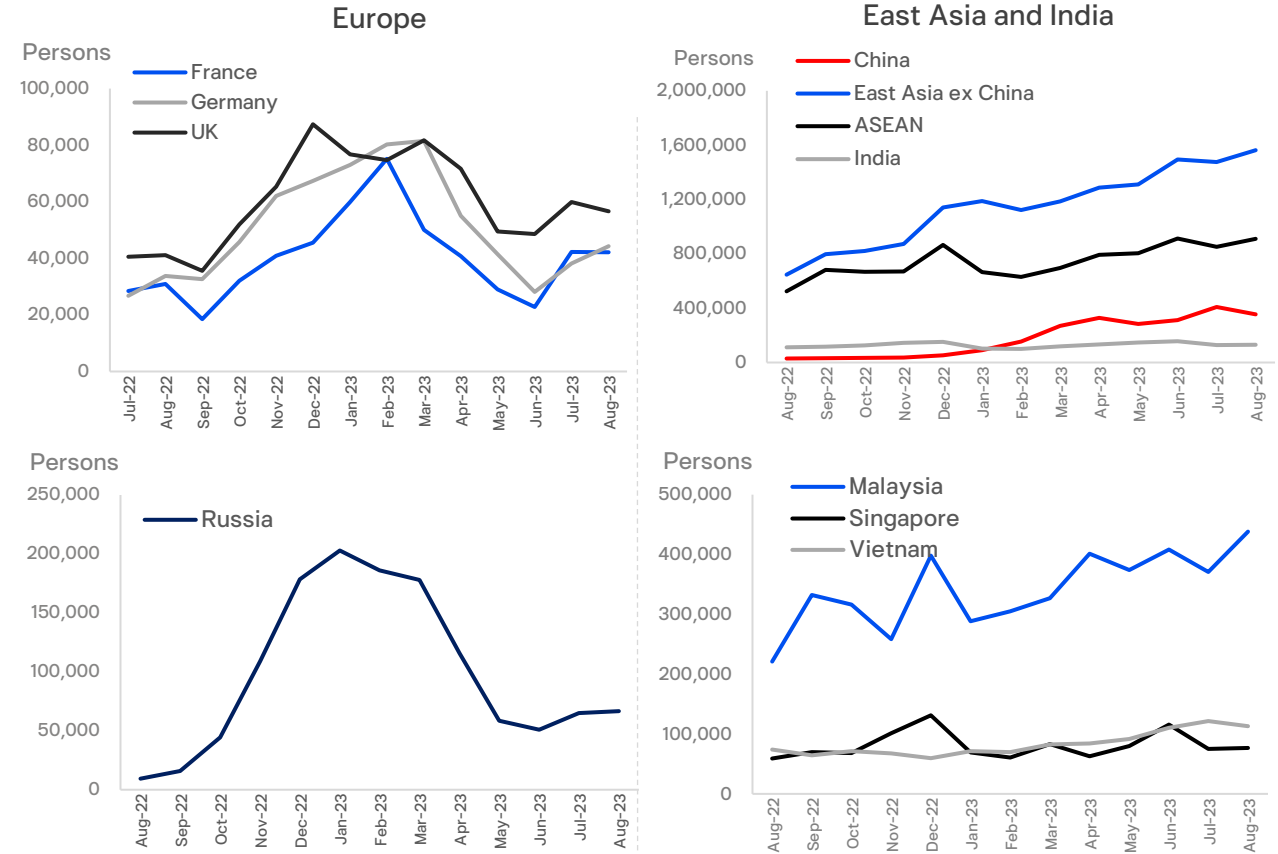
- Export value in Aug23 grew 2.6%YoY, which was the first-time expansion in 11 months. Export of industrial products e.g., automotive, integrated circuit and machinery grew significantly in the annual basis, while export of agricultural and agro-manufacturing products declined fourth-consecutive month from rubber, tapioca, seafood products and sugar.
- On the other hand, imports value turned back to contraction again by 13.1%YoY from most import categories such as energy products, raw material and semi-final products while the others improved slightly.

# Foreign arrivals dropped slightly in August

## Total Foreign Tourist Inbounds



## Foreign Tourist Inbounds by key regions

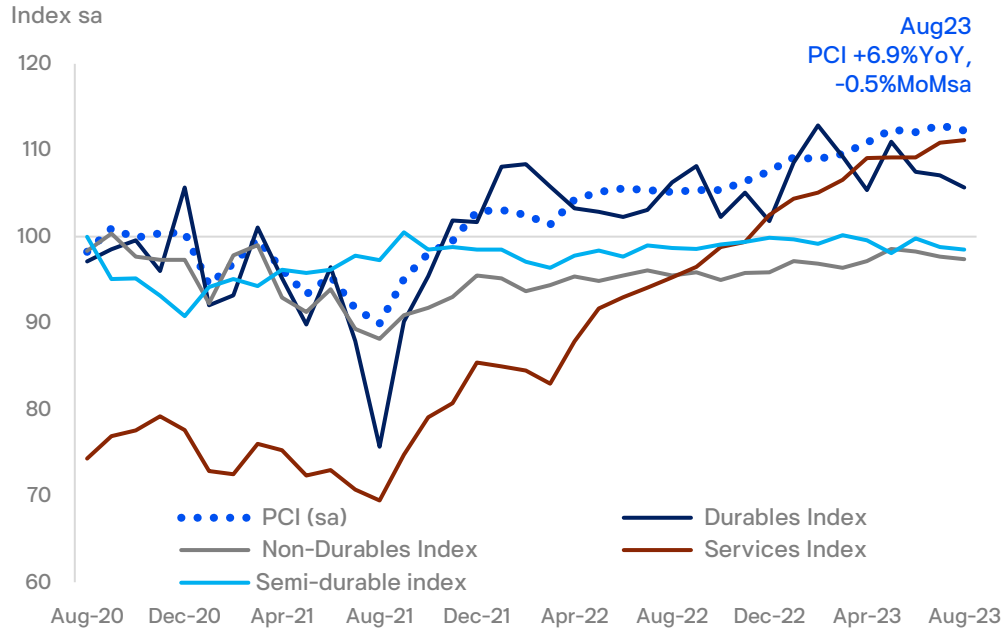


- As of Aug23, foreign tourist arrivals reached 2.47 million, slightly dropped from the previous month in several nationalities, especially tourists from long-haul destination e.g., The Americas, Europe and Middle East as well as China, while tourists from ASEAN gradually recovered.

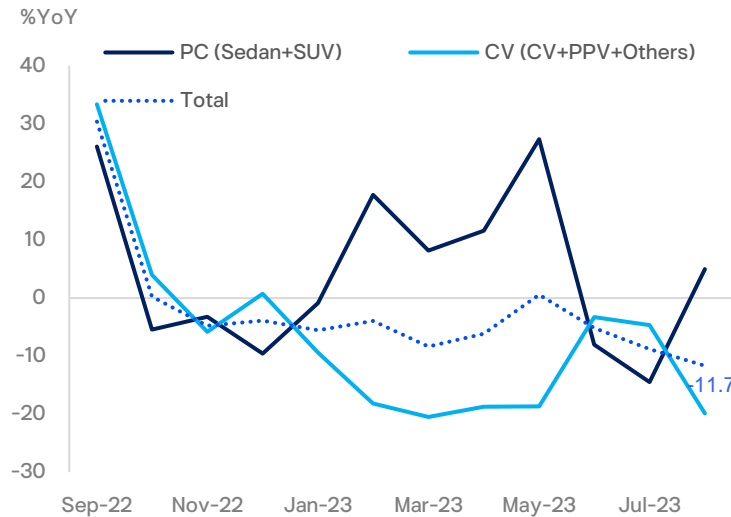
# Private consumption declined slightly thanks mainly to non-durable purchase



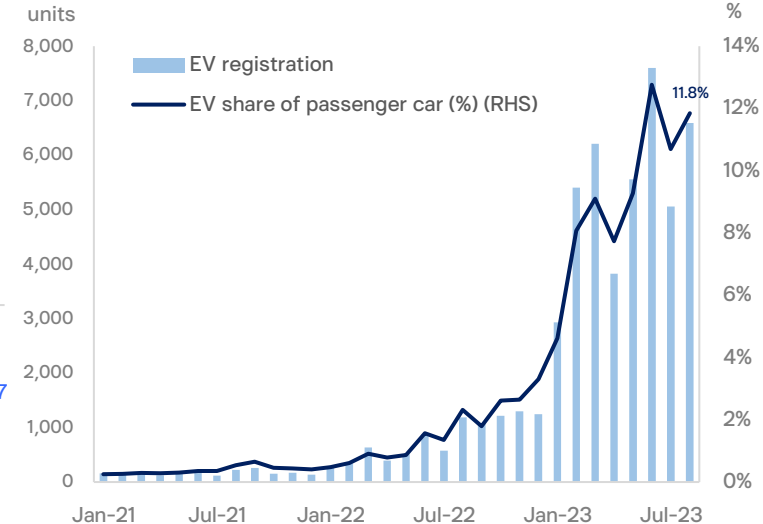
## Private Consumption Indicators (SA)



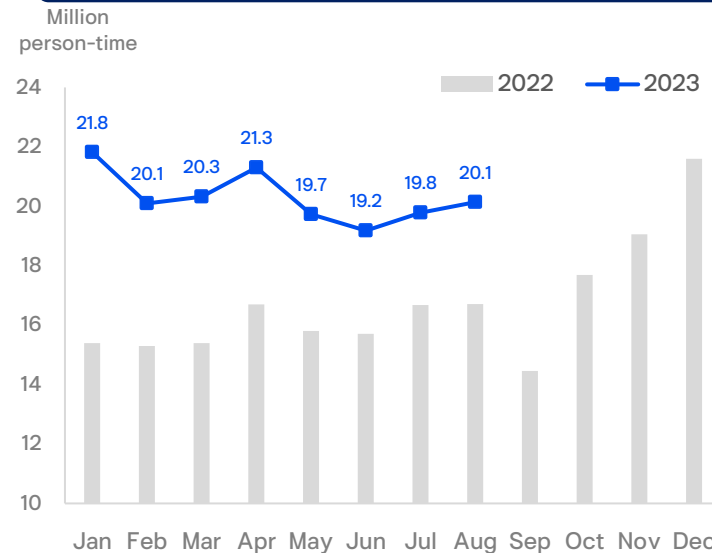
## Domestic car sales



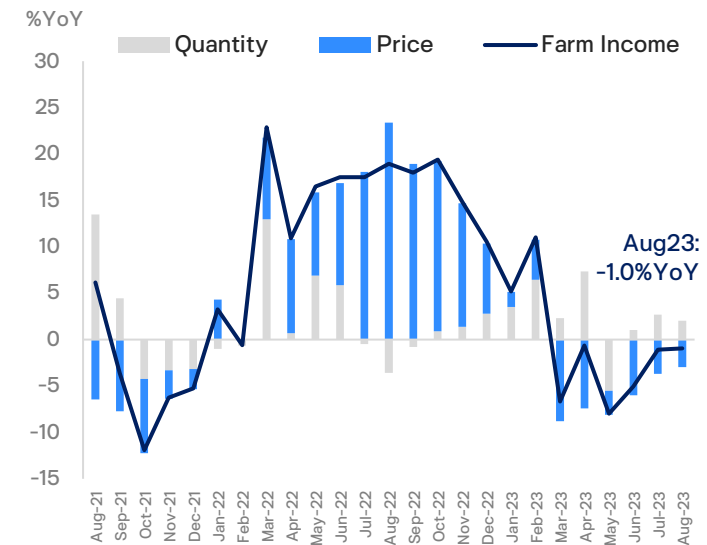
## EV registration



## Thai domestic visitors\*



## Farm Incomes



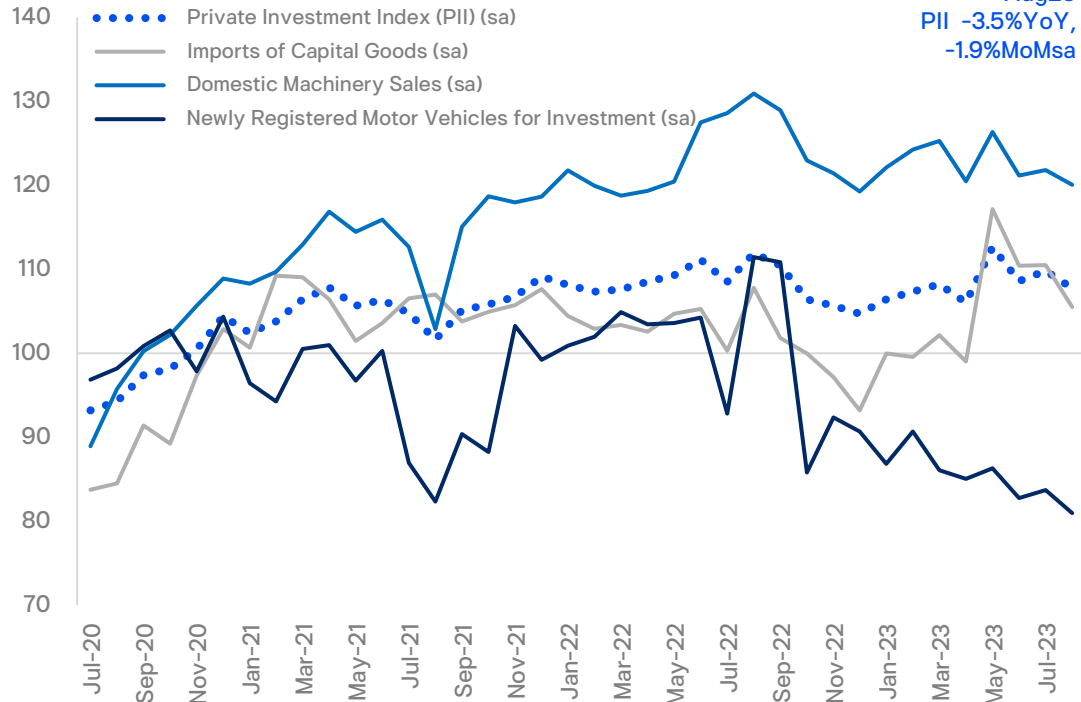
- Private consumption indicators slightly declined from the previous month which mainly from non-durable goods in fuel consumption, after expanding well in the preceding period.
- However, service consumption, continued to increase, notably in the hotel and restaurant categories, following an increase in tourist spending from both Thai and foreign tourists.

# Private investment shrank in all categories, except construction material sales



## Private Investment Indicators (SA)

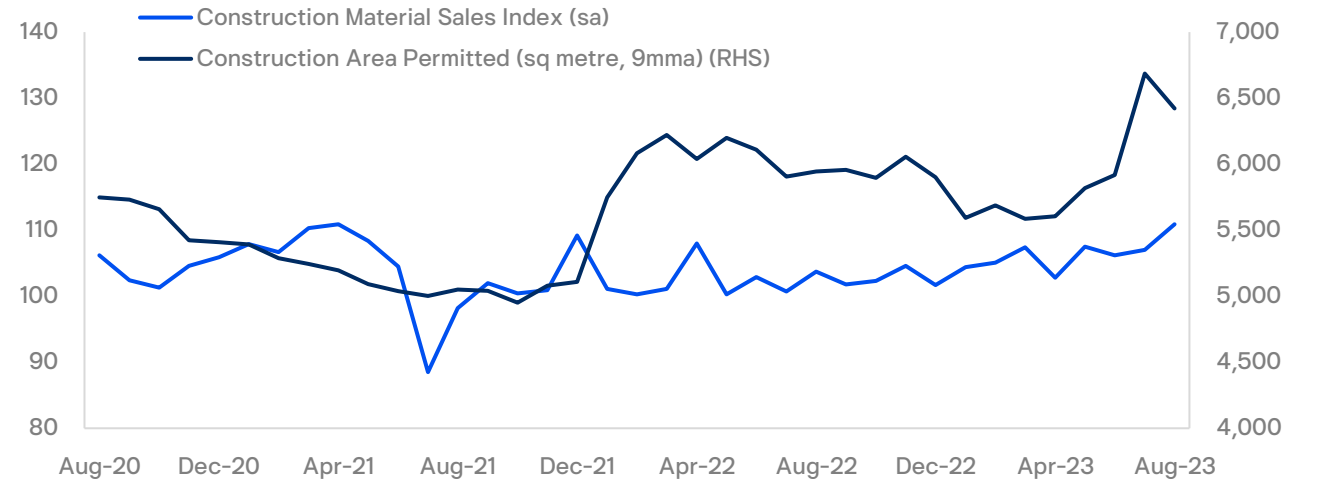
Index (Base: Jan 2020=100)



- Private investment indicators decreased from the previous month due to lower investment in machinery and equipment on the back of lower import of capital goods.
- Nevertheless, investment in construction increased from higher sales of construction materials, while the permitted area for construction declined after expanding well in the previous month.

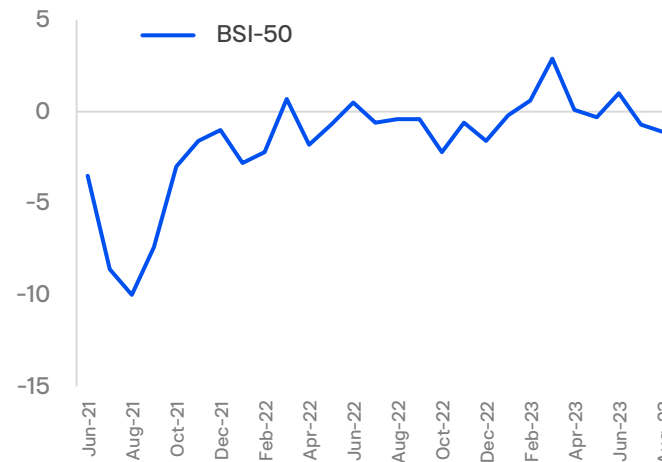
## Construction sector (SA)

Index (seasonal adjusted ,base: Jan 2020=100)

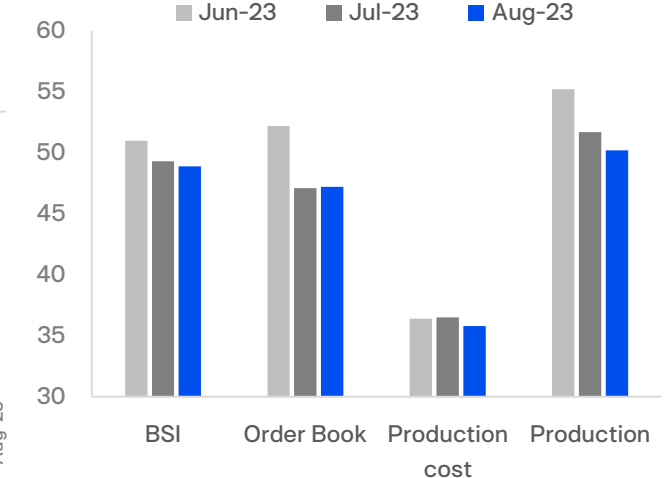


## Business Sentiment Index

Below/above baseline

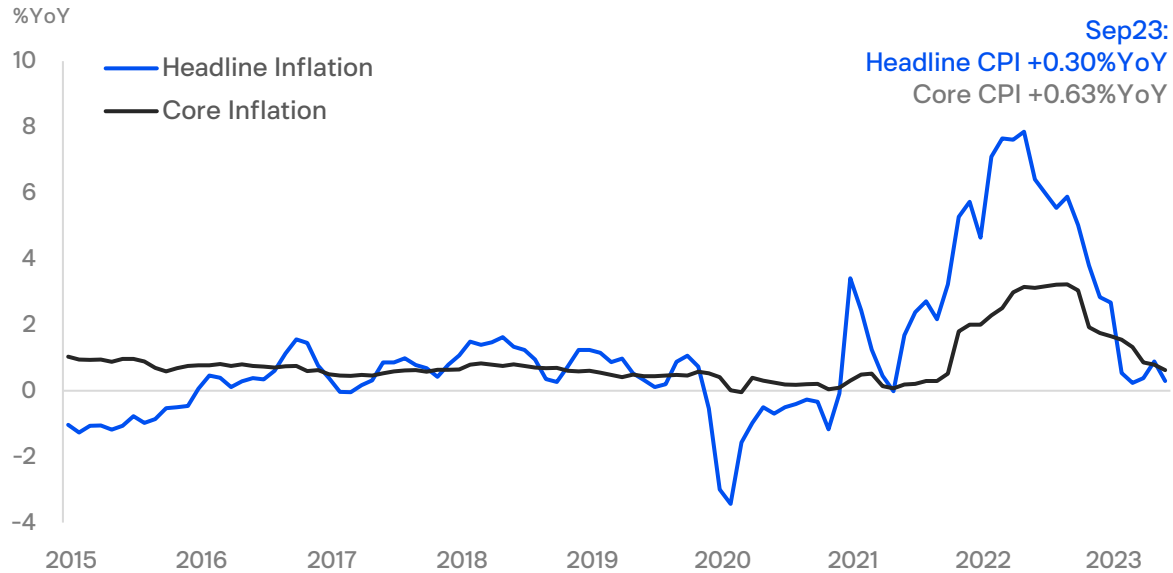


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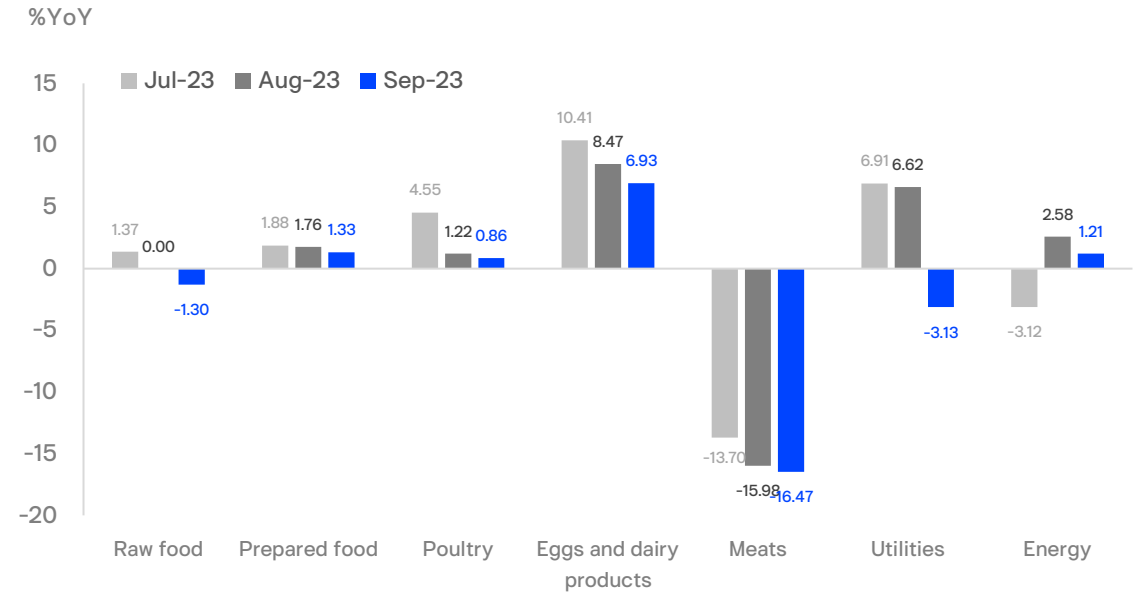


# Headline inflation in September dropped for 3-month low due to the government measures

### 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	1.82
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	3.58
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	1.85
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	-0.85
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	1.50

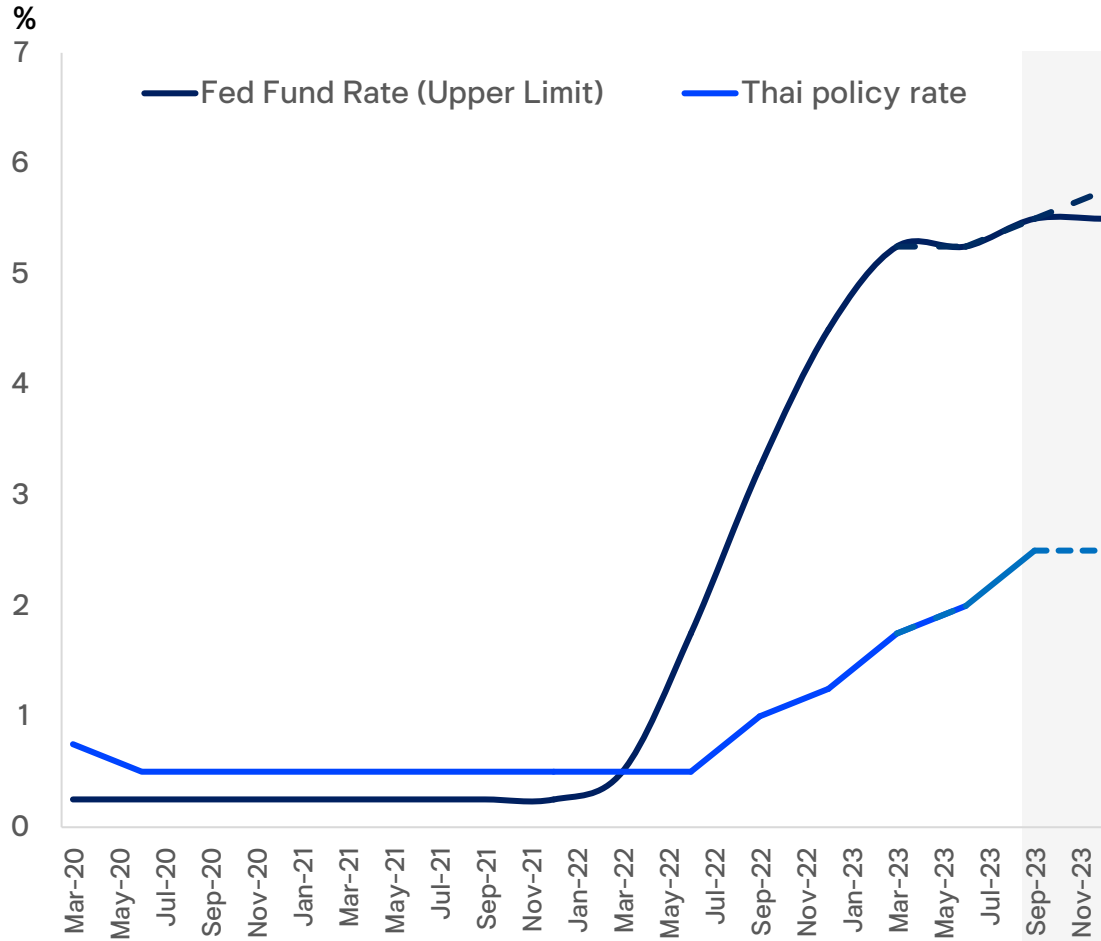
- The headline inflation (CPI) increase slightly to 0.88%YoY in Sep23. This was mainly due to the decrease of energy prices regarding to government measures, as well as major food prices also dropped. Likewise, the core inflation was down to 0.63%YoY, dropped further compared to preceding month.
- During Jan-Sep, headline and core inflation was 1.82% and 1.50% respectively in line with the target inflation.

PART 3

# Financial Market



## FED-BOT policy rate forecast

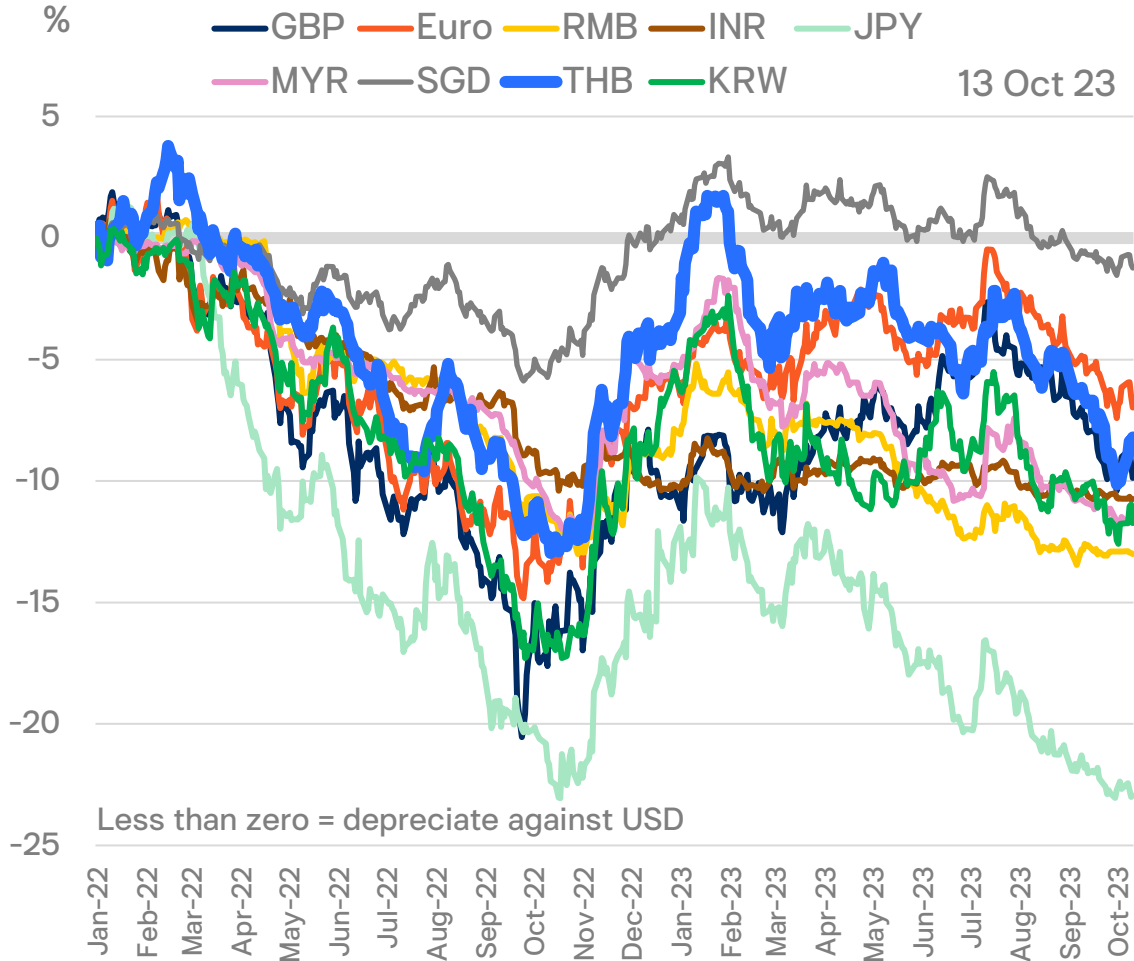


## USDTHB Projection

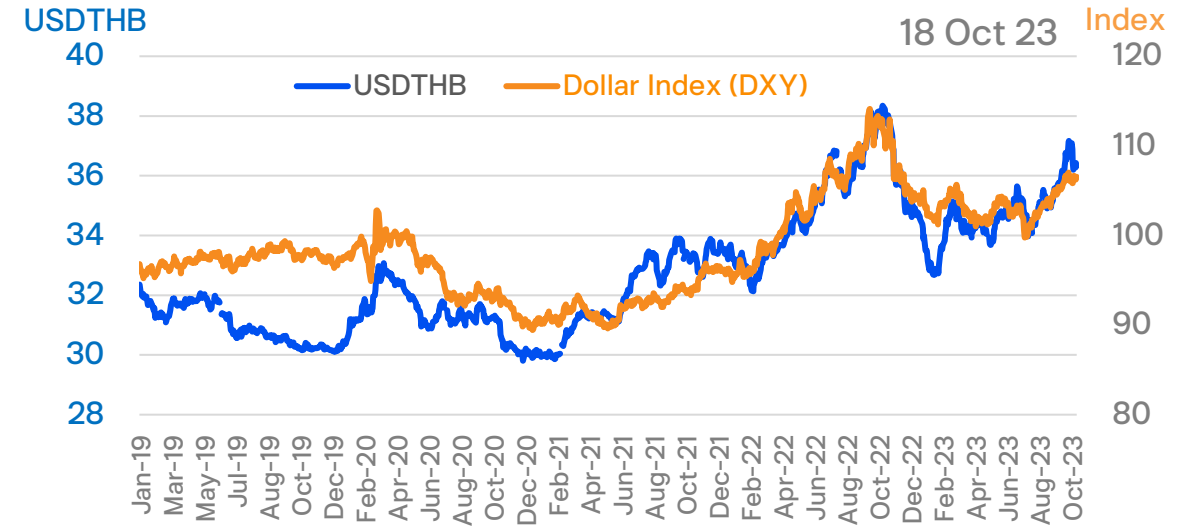




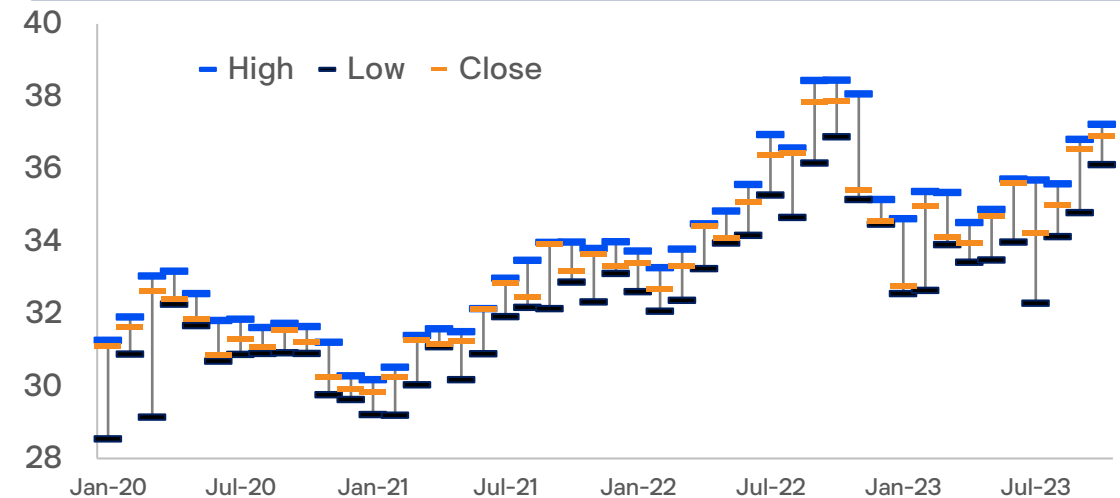
## Major Asian currencies against USD



## Dollar Index / USDTHB



## Average daily range of USDTHB





## USDTHB

- USDTHB ended at 36.54 in September and is hovered around 36.30–36.80 in October 2023.
- The safe-haven dollar rose as military clashes between Israel and the Hamas raised concerns that the conflict might widen beyond Gaza. Moreover, the US dollar drew support from data showing US employment increased by the most in eight months in September.
- However, investors are not expecting another hike from the Fed in November, as futures are pricing an 88.6% probability that Fed keep rates on hold at its November policy meeting.



## EURTHB

- EURTHB ended at 38.67 in September and is hovered around 38.70–39.20 in October 2023.
- The euro continues to experience a downturn, primarily driven by the risk-off sentiment due to escalating conflicts in the Middle East. This has led investors to favor the dollar over the European currency, contributing to its weakening.
- Contributing to the weakening bias was a significant contraction in German industrial production, which have raised concerns about regional growth and added pressure on the euro.



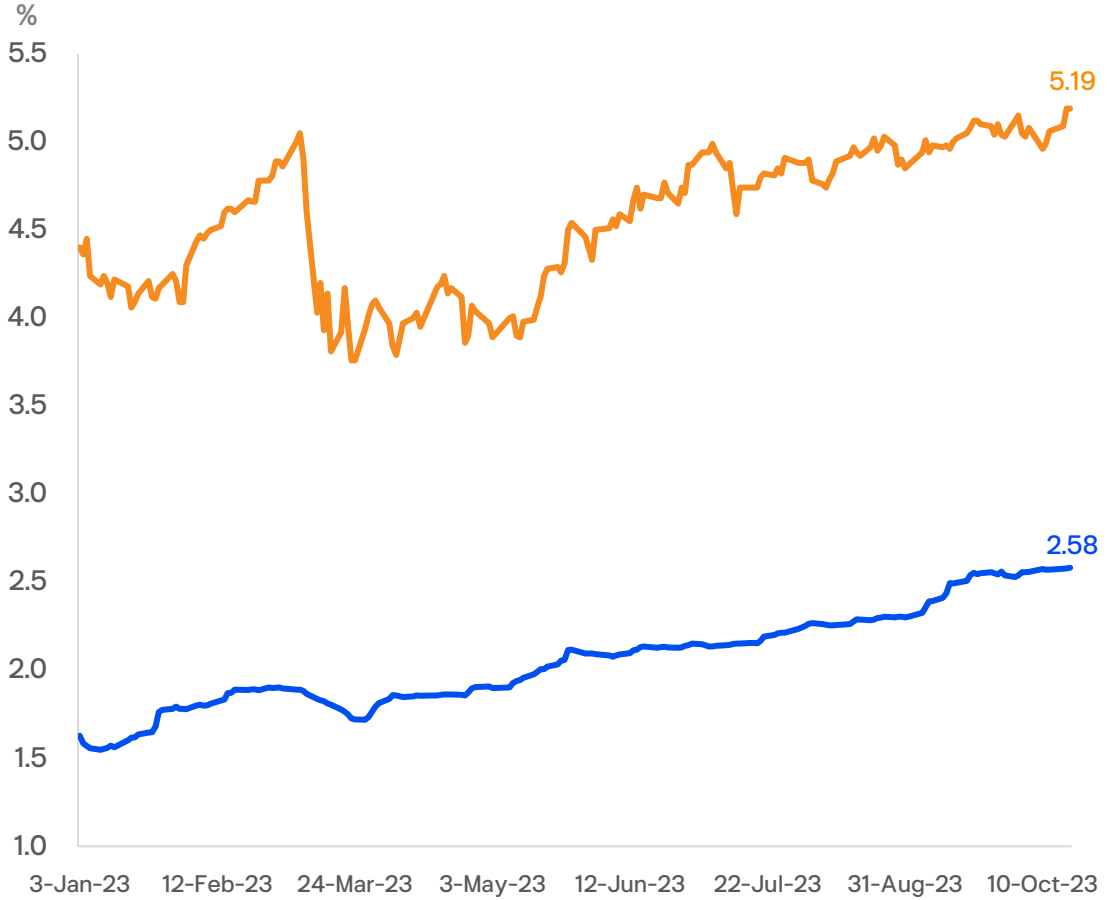
## 100JPYTHB

- JPYTHB ended at 24.53 in September and is hovered around 24.50–25.00 in October 2023.
- The Japanese yen, another traditional safe-haven currency, edged higher as concerns in the Middle East conflicts heightened but softened after with a decline in Japanese government bond yields.
- Japan's currency bounced after the Kyodo news agency reported that the Bank of Japan is considering raising its forecast for core consumer inflation this year.

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

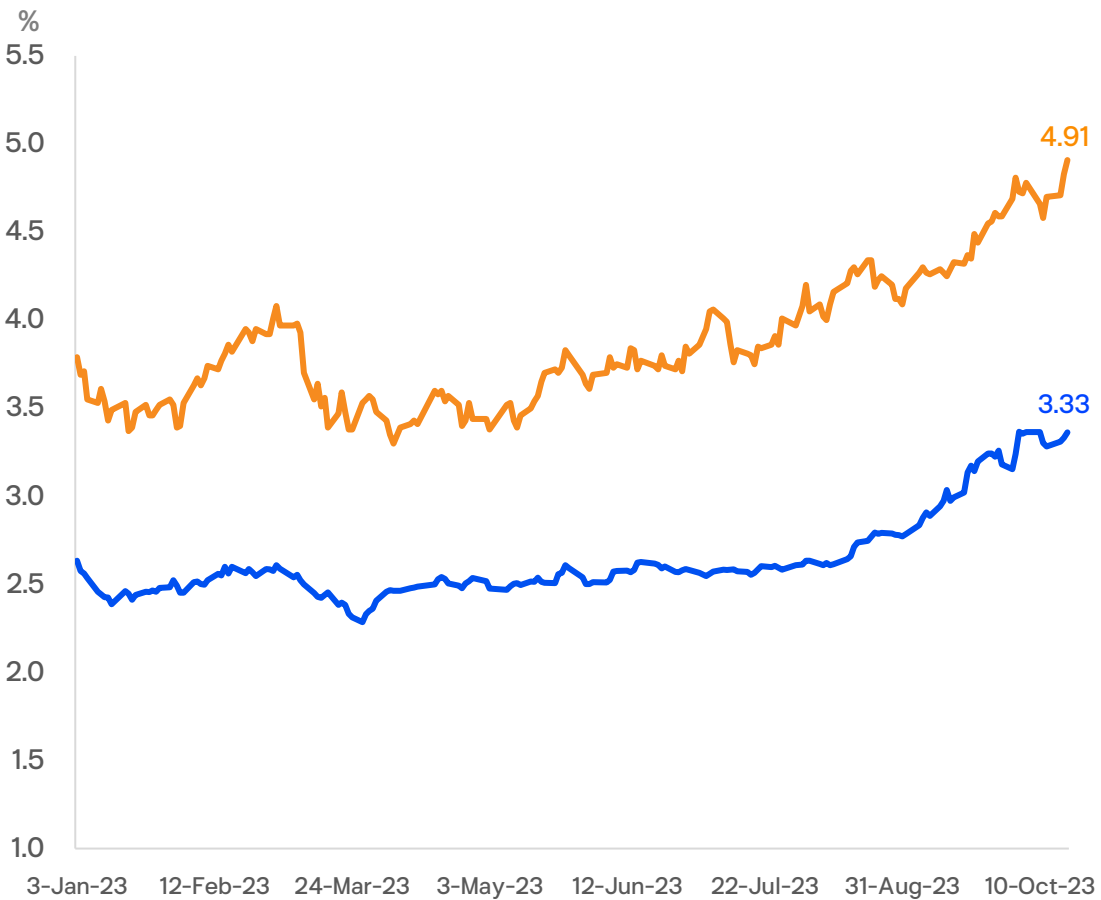


### 2Y bond yield gap and comparison



— TH 2Y                      — US 2Y

### 10Y bond yield gap and comparison



— TH 10Y                      — US 10Y

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.