

Economic and Financial Outlook

t**t**b analytics

Nov 2023





Global Economy

- In September 2023, global economic momentum had been continuously softened with weak productions and services activities. This is in accordance with muted global trade and demands. Meanwhile, global headline inflation pressure steadily dropped and there had been more signals of nearly approaching the end of global hiking cycle.
- US economic activity had been expanding at a modest pace, while European economic growth faced downturn and likely to be in recession. Nevertheless, economies gained supports from resilient labor markets. Japanese economy steadily rebounded from domestic demands and tourists. China's economy started to show signs of stabilizing.



Thai Economy

- In September 2023, the Thai economy continued to recover at slower pace. Private consumption and investment slightly softened after a good expansion in the preceding period. The number of foreign tourist arrivals dropped sharply compared to previous month in several nationalities.
- The value of merchandise exports expanded slightly, which was two-consecutive month expansion, that increased from the previous month in major categories
- Headline inflation in October 2023 was contracted for the first-time in 25 months, which was due mainly to energy prices including electricity and retail oil price, on the back of government measures. Moreover, food prices also dropped further regarding to high-base effect and less supply of fresh food. Meanwhile, core inflation increased slightly decreased due to higher prepared food prices.



Financial Markets

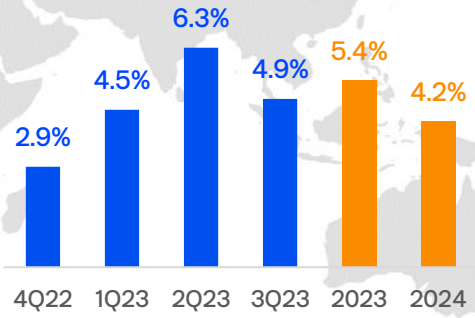
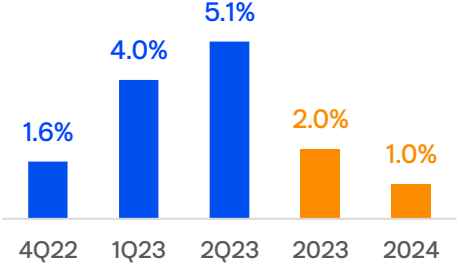
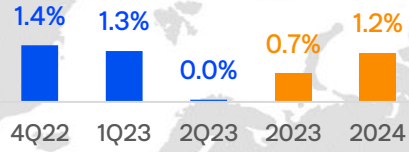
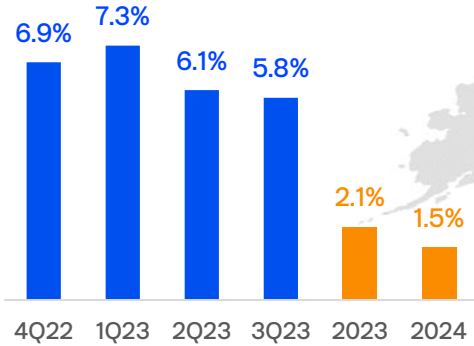
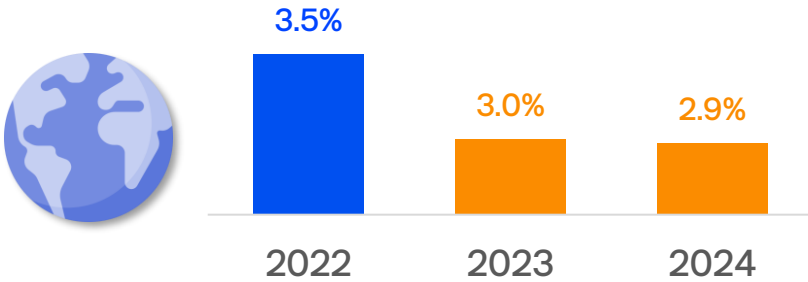
- Major central banks are near the end of their hiking cycle. Market participants and futures market have pointed out possibilities that the Fed would maintain its policy rate in December 2023 meeting.
- Investors went into long term bond tenor, for both US and Thai bond, due to anticipation that policy rates move toward their peaks. Meanwhile, 10y-2y yield spread for Thai government bond was still in positive territory.
- USDTHB slightly depreciated in October, ending 36.02 level. It could be around 35.00-35.50 in November. US Dollar dropped from its high levels following economic data suggesting the end of policy hike.

PART 1

Global Economy

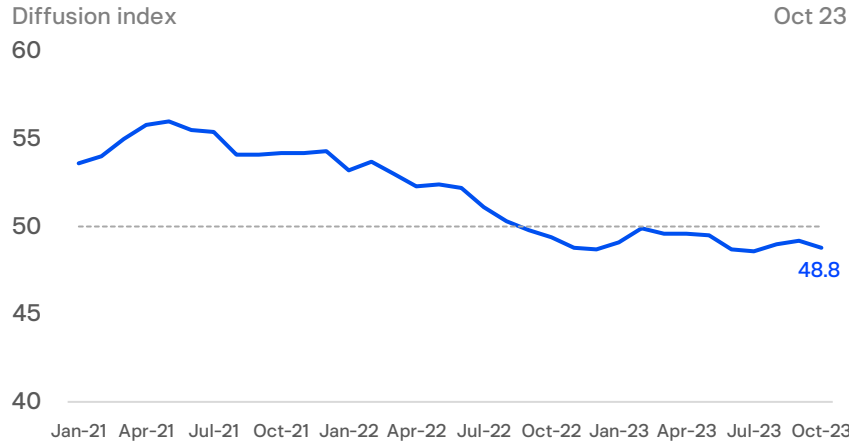


The global economy is projected to expand at a slower pace in the future periods

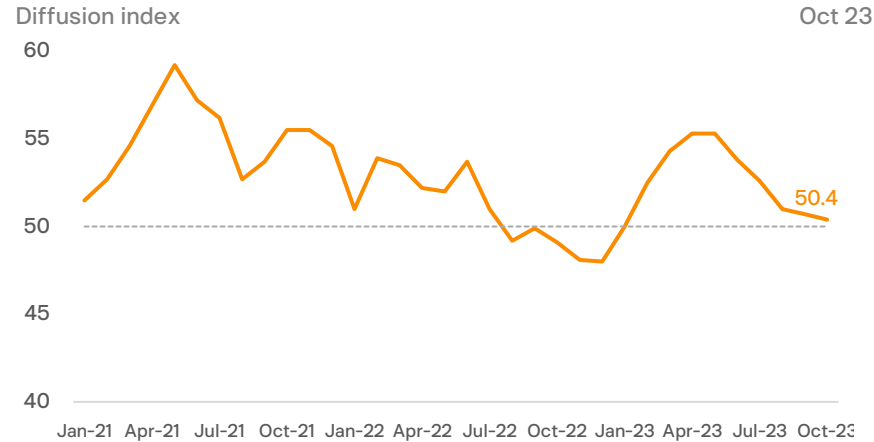


Source: IMF WEO October 2023, CEIC

Global Manufacturing PMI



Global Service PMI



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

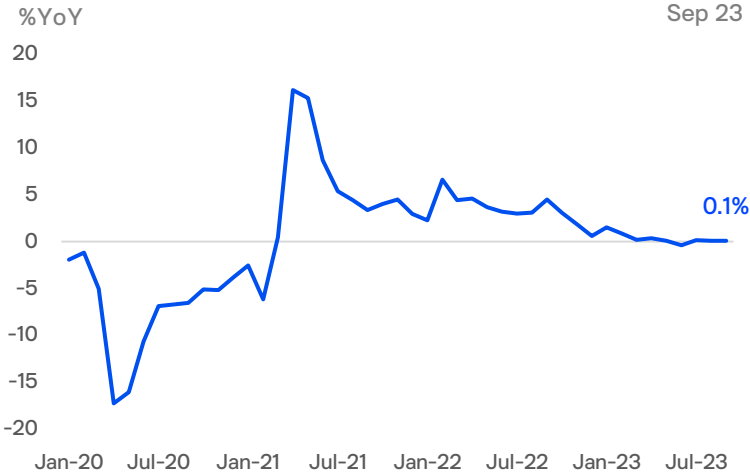
Manufacturing PMI by countries

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Jul-23	Aug-23	Sep-23	Oct-23
World	53.0	52.2	49.8	48.7	49.6	48.7	48.6	49.0	49.2	48.8
US	58.8	52.7	52.0	46.2	49.2	46.3	49.0	47.9	49.8	50.0
UK	55.2	52.8	48.4	45.3	47.9	46.5	45.3	43.0	44.3	44.8
EU	56.3	51.6	48.1	47.5	47.3	43.4	42.7	43.4	43.4	43.2
Germany	56.9	52.0	47.8	47.1	44.7	40.6	38.8	39.1	39.6	40.8
France	54.7	51.4	47.7	49.2	47.3	46.0	45.1	46.0	44.2	42.8
Italy	55.8	50.9	48.3	48.5	51.1	43.8	44.5	45.4	46.8	44.9
Spain	54.2	52.6	49.0	46.4	51.3	48.0	47.8	46.5	47.7	45.1
Asia	53.0	52.3	50.9	50.2	50.5	50.7	50.8	50.9	50.3	50.1
China	48.1	51.7	48.1	49.0	50.0	50.5	49.2	51.0	50.6	49.5
Australia	57.7	56.2	53.5	50.2	49.1	48.2	49.6	49.6	48.7	48.2
India	54.0	53.9	55.1	57.8	56.4	57.8	57.7	58.6	57.5	55.5
Japan	54.1	52.7	50.8	48.9	49.2	49.8	49.6	49.6	48.5	48.7

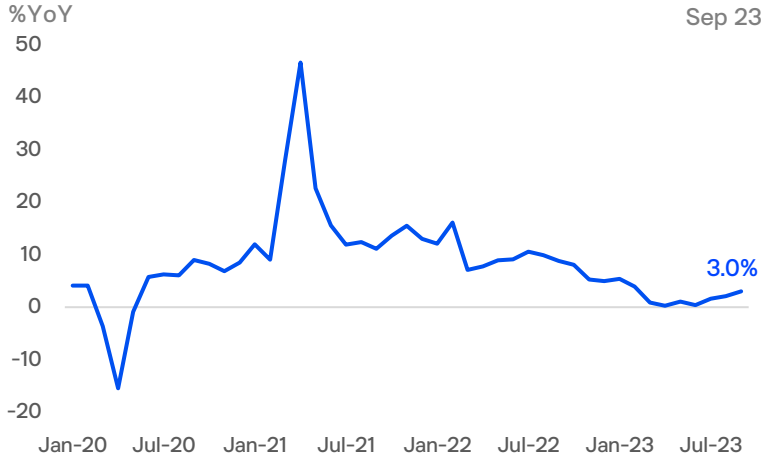
Service PMI by countries

	Q1-22	Q2-22	Q3-22	Q4-22	Q1-23	Q2-23	Jul-23	Aug-23	Sep-23	Oct-23
World	53.4	53.8	50	48.1	54.3	53.8	52.6	51.0	50.7	50.4
US	58.0	52.7	49.3	44.7	52.6	54.4	52.3	50.5	50.1	50.6
UK	62.6	54.3	50.0	49.9	52.9	53.7	51.5	49.5	49.3	49.5
EU	55.6	53.0	48.8	49.8	55.0	52.0	50.9	47.9	48.7	47.8
Germany	56.1	52.4	45.0	49.2	53.7	54.1	52.3	47.3	50.3	48.2
France	57.4	53.9	52.9	49.5	53.9	48.0	47.1	46.0	44.4	45.2
Italy	52.1	51.6	48.8	49.9	55.7	52.2	51.5	49.8	49.9	47.7
Spain	53.4	54.0	48.5	51.6	59.4	53.4	52.8	49.3	50.5	51.1
Asia exc. China	49.8	55.6	52.6	53.0	55.9	55.2	55.6	55.6	55.6	53.3
China	42.0	54.5	49.3	48.0	57.8	53.9	54.1	51.8	50.2	50.4
Australia	55.6	52.6	50.6	47.3	48.6	50.3	47.9	47.8	51.8	47.9
India	53.6	59.2	54.3	58.5	57.8	58.5	62.3	60.1	61.0	58.4
Japan	49.4	54	52.2	51.1	55.0	54.0	53.8	54.3	53.8	51.6

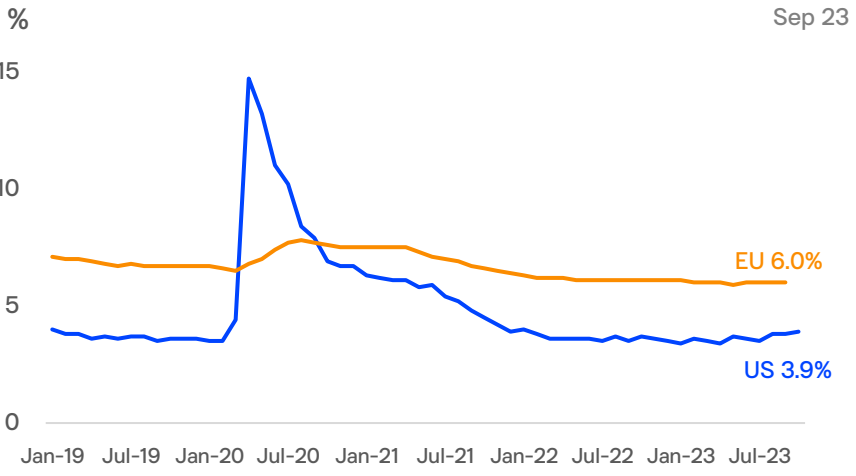
US Industrial Production



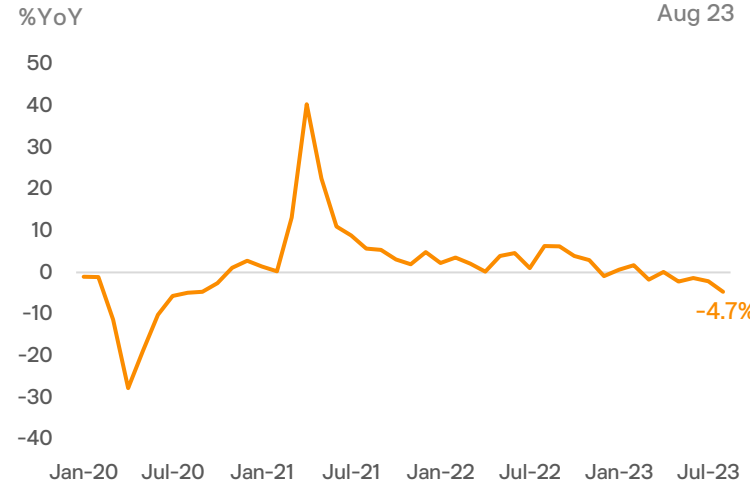
US Retail sales



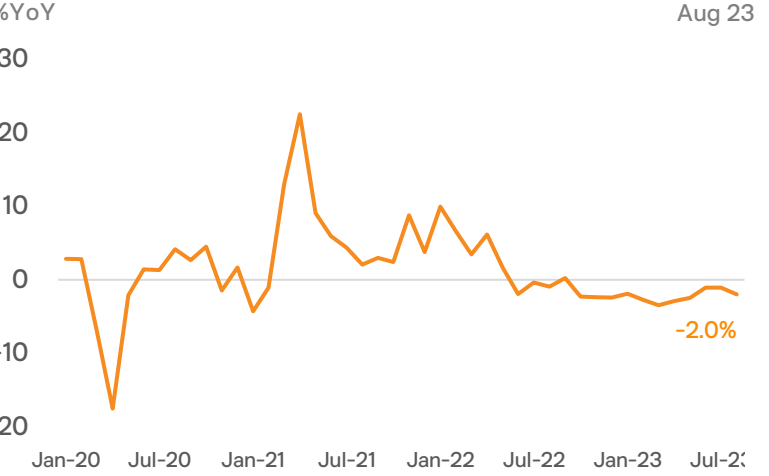
US and EU Unemployment Rate



EU Industrial Production



EU Retail sales



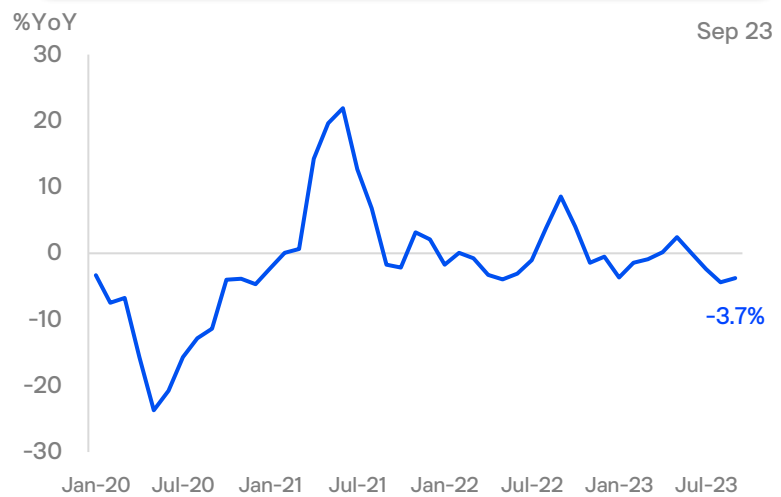
- **US economic activity** had been expanding at a modest pace. Retail sales, which reflect strength in domestic demand, are growing faster than expected. Meanwhile, hiring slowed down albeit being in the still-tight labor market.
- **EU economy** softened further with negative growth in industrial production and retail sales. 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

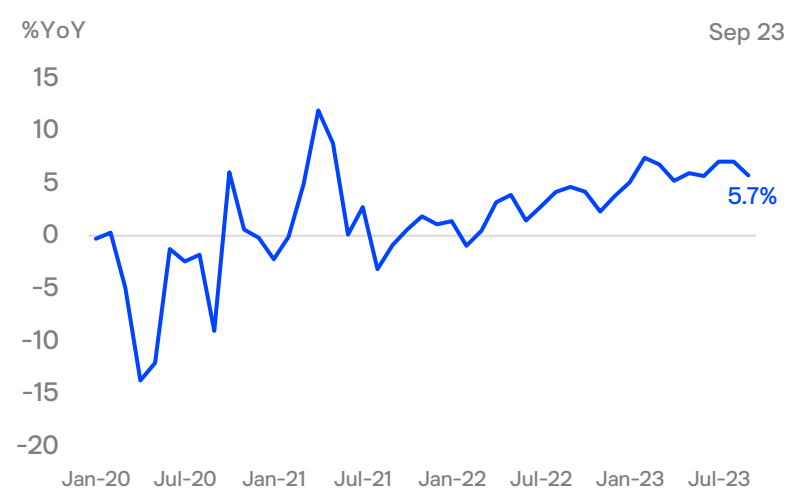


- **Japan's economy** grew less than initially estimated in April-June with both capital spending and private consumption falling, underscoring the fragile state of its recovery after the pandemic.
- **China's economy** grew at a faster-than-expected clip in the third quarter from a year earlier – growing 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.

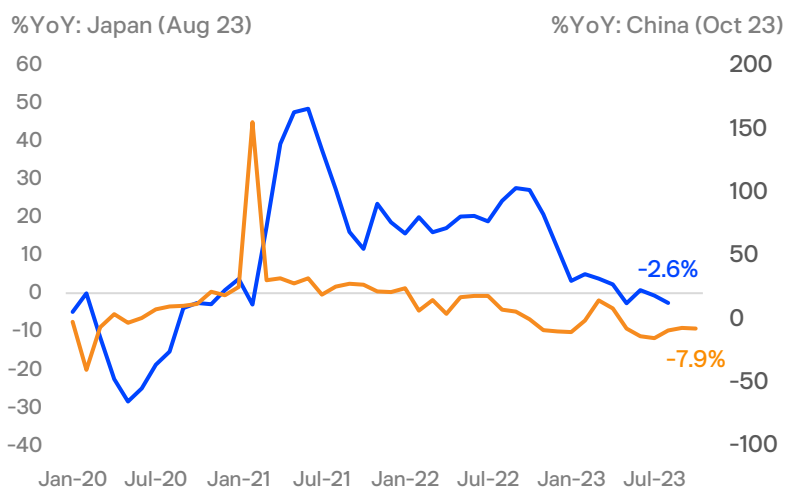
Japan Industrial Production



Japan Retail sales



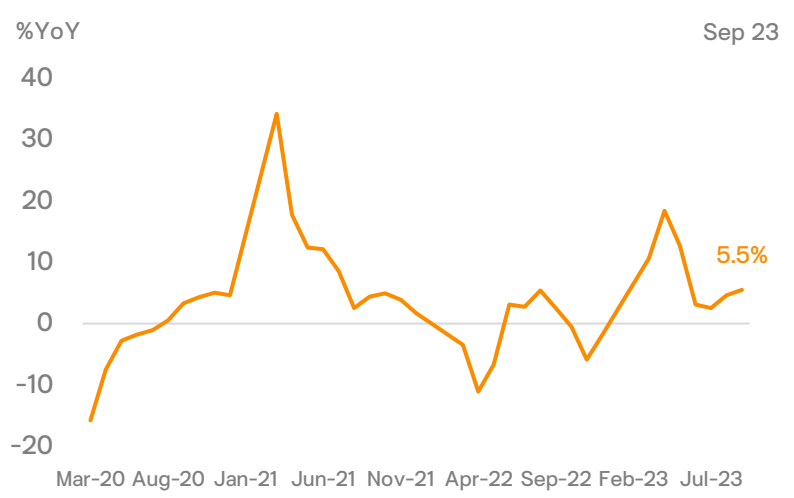
Japan and China Merchandise exports



China Industrial Production



China Retail sales



Source: CEIC, and ttb analytics

PART 2

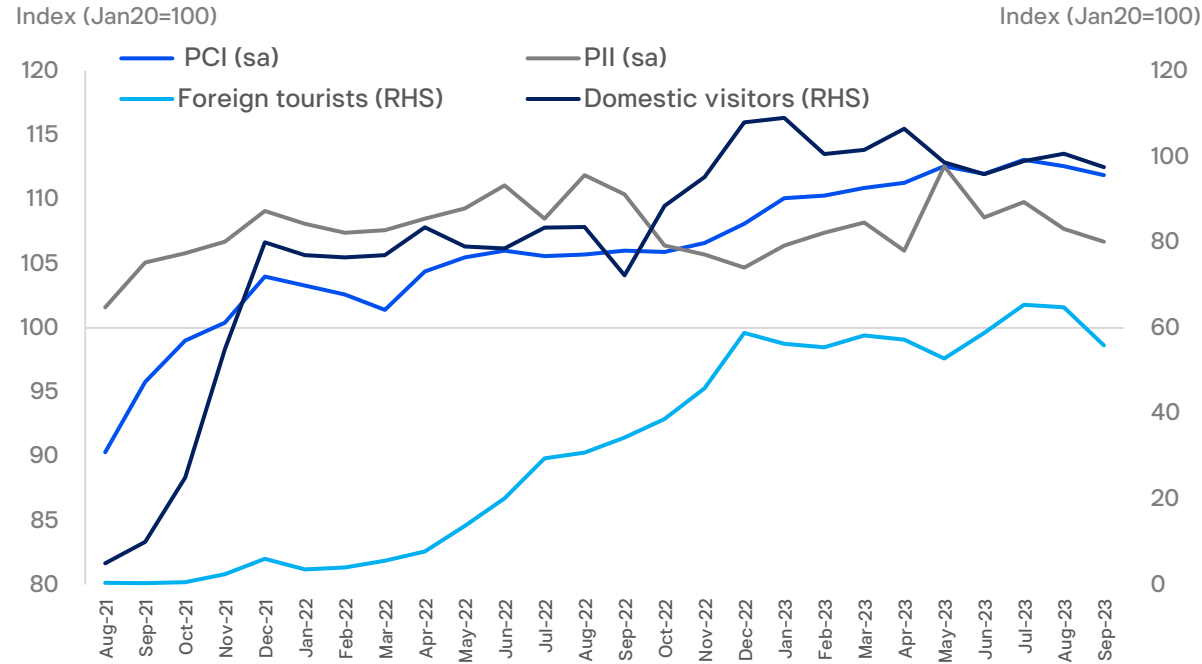
Thai Economy



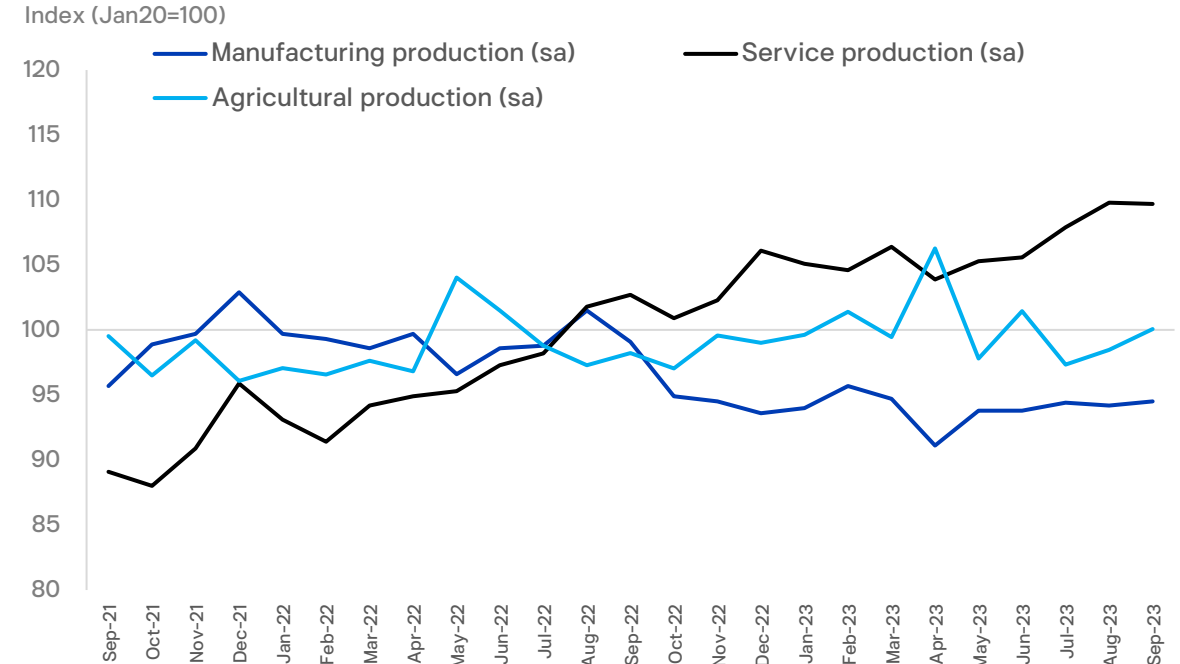
In September, domestic demand likely to be subdued amid fragile external demand



Demand-side indicators



Supply-side indicators



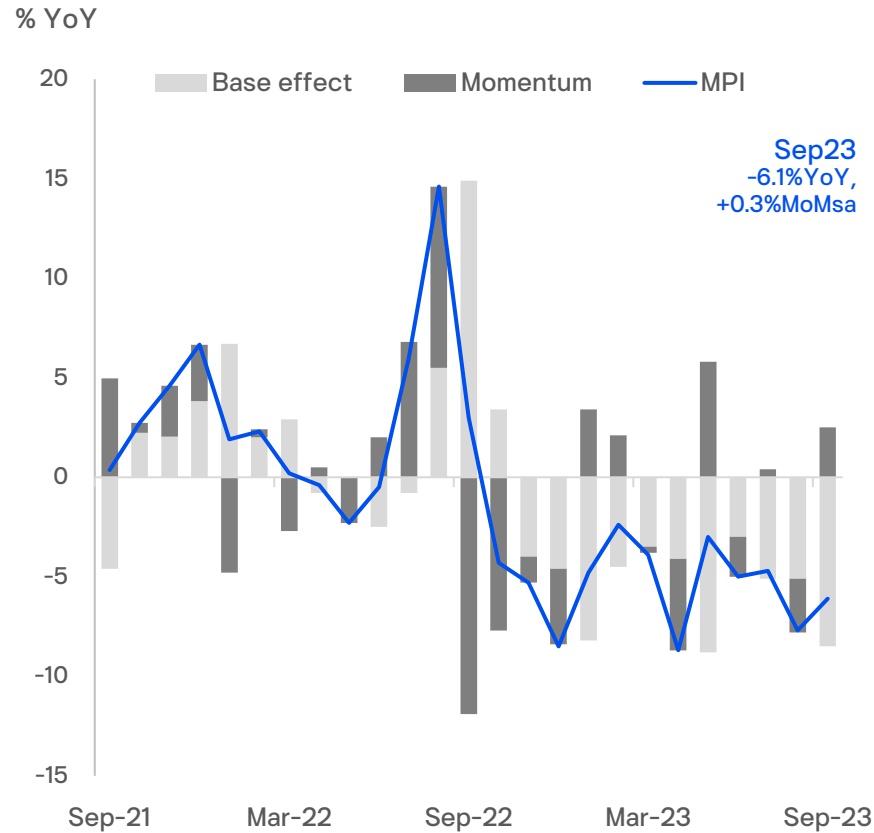
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
Authorized Capital of Newly Registered Companies (Million Ba)	113.7	197.9	114.6	120.7	118.5	109.0	1,708.0	119.2	163.1	227.5	95.2	141.8	138.2
Construction Areas Permitted (1000 sq. m)	112.0	78.3	99.7	103.0	86.4	96.9	103.9	94.7	98.2	102.5	115.2	98.3	112.5
Export Volume index (exclude Gold)	111.6	106.3	106.1	105.2	106.7	110.5	109.3	108.1	110.3	111.6	109.3	107.2	111.8
Business Sentiment Index (3 months)	104.7	101.4	102.6	104.0	107.2	107.2	109.2	109.1	108.6	108.6	106.8	105.9	106.7
SET index	105.0	106.2	108.0	110.2	110.4	107.1	106.3	101.0	101.3	99.3	102.8	103.4	97.2
Oil Price Inverse Index (Dubai)	1.1	1.1	1.2	1.3	1.2	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1

Manufacturing production activities improved slightly from previous month



Manufacturing Production Index (MPI)



MPI by sector (Base Jan 2020=100)

Contribution	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	Sep-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%)	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Wearing apparel (1.9%)	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Leather products (0.9%)	Green	Green	Green	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	Yellow	Yellow
Coke and refined petroleum products (9.6%)	Green	Green	Green	Yellow	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%)	Green	Green	Green	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	Yellow	Yellow
Other non-metallic mineral products (5.5%)	Green	Green	Green	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	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%)	Green	Green	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Other transport equipment (1.1%)	Green	Green	Green	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	Yellow	Yellow
Others (2.4%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
MPI (%YoY)	6.0	14.6	3.0	-4.3	-5.3	-8.5	-4.8	-2.4	-3.9	-8.7	-3.0	-5.0	-4.7	-7.7	-6.1

- As of Sep23, Manufacturing Production Index (MPI) was contracted at 6.1%YoY. Food and beverages improved in line with sugar production from higher sugar prices. Hard disk drives increased in line with the delivery cycle. Rubber and plastic increased following a higher production in rubber blocks and rubber bands. However, production of automobiles and petroleum decreased compared to previous month

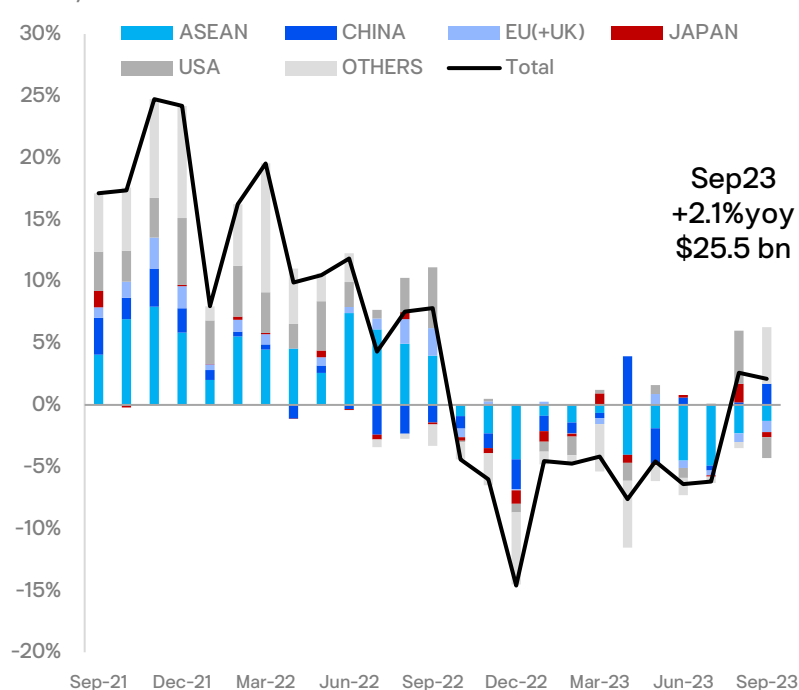
Export value expanded for second-consecutive month in September

Exports value by product and destination*

Unit: %YoY

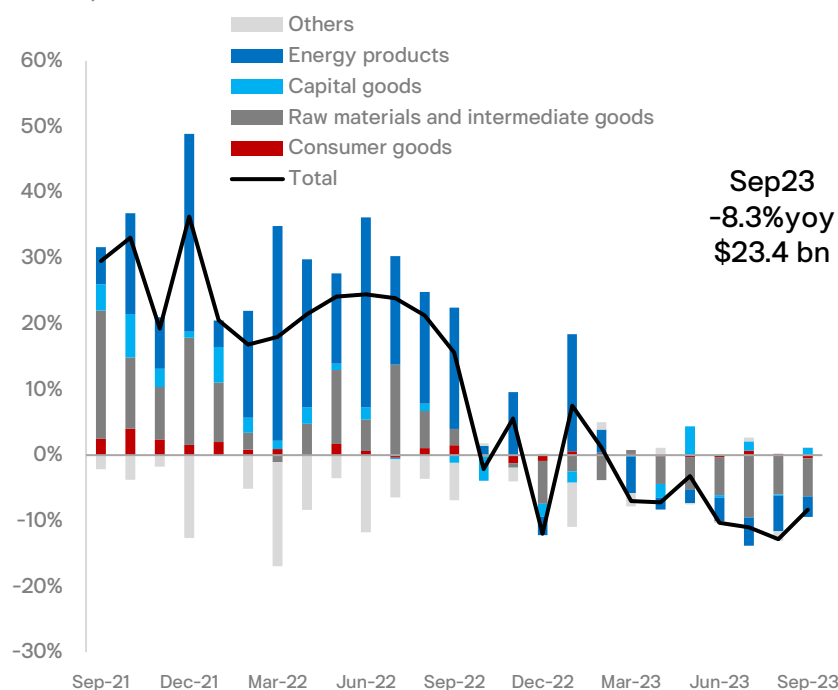
	1Q/23	2Q/23	3Q/23	Jun-23	Jul-23	Aug-23	Sep-23
Auto and parts	4.4%	6.5%	10.5%	7.2%	24.6%	5.2%	3.3%
Computer and parts	-15.0%	-15.3%	-25.1%	-20.1%	-24.2%	-26.9%	-24.3%
HDD	-28.8%	-37.0%	-40.4%	-36.5%	-46.3%	-48.4%	-33.7%
Rubber	-4.6%	-8.3%	-5.4%	-6.9%	-6.2%	-4.7%	-5.5%
Integrated circuit	-0.3%	2.9%	16.4%	5.3%	3.2%	39.8%	5.1%
Refinery oil	4.0%	-29.1%	-1.5%	-26.1%	-38.0%	21.2%	27.3%
Electronic machinery	-6.2%	-5.9%	5.4%	0.1%	6.0%	6.4%	4.1%
Plastic pallet	-26.5%	-22.6%	-10.4%	-22.2%	-15.8%	-9.9%	-5.3%
Chemical products	-18.9%	-17.0%	-20.2%	-14.3%	-30.6%	-11.1%	-18.1%
Jewelry (ex gold)	22.3%	2.0%	8.5%	31.2%	-2.8%	-10.4%	27.3%
Total	-4.5%	-6.1%	-0.5%	-6.4%	-6.2%	2.6%	2.1%

%YoY, contribution



Imports value by groups*

%YoY, contribution



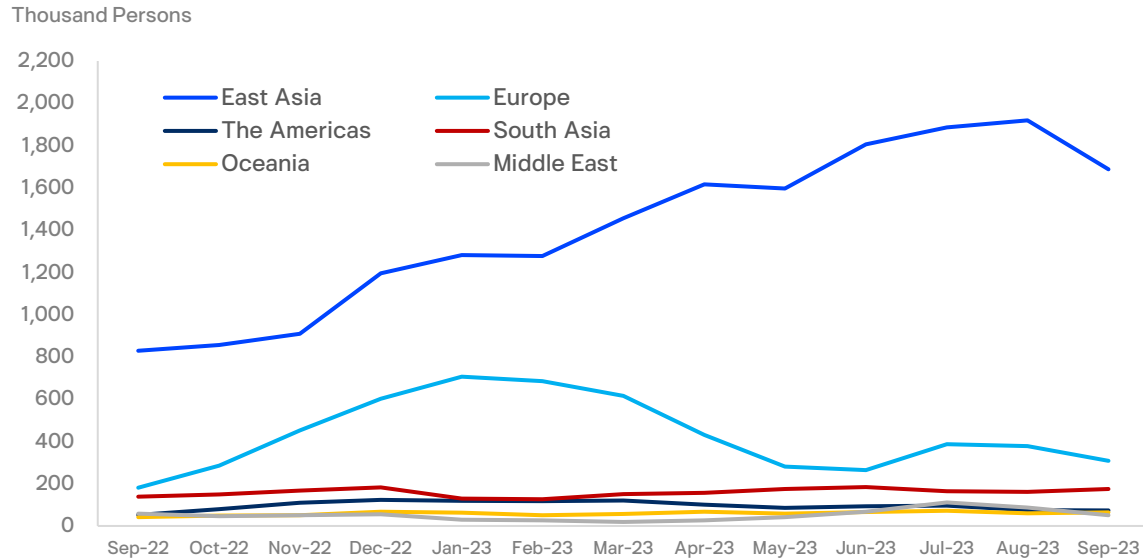
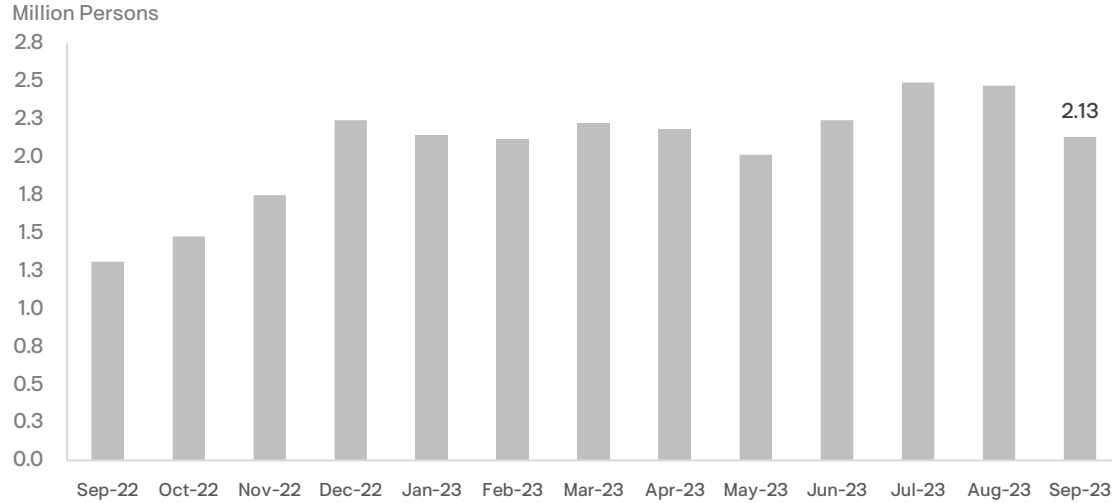
%yoy,value	2019	2020	2021	2022	2023YTD
Total export	-2.6% \$246 bn	-5.9% \$232 bn	17.1% \$272 bn	5.5% \$287 bn	-3.8% \$213.1 bn
Total import	-4.8% \$236 bn	-12.7% \$206 bn	29.8% \$267 bn	13.6% \$303 bn	-6.0% \$218.9 bn

- Export value in Sep23 grew 2.1%YoY, which was the two-consecutive month expansion, that increased from the previous month in major categories, especially 1) raw materials and intermediate goods from fuels, electronic parts, and metals, 2) capital goods from computer imports to support demand in the digital industry and 3) consumer goods from imports of cell phones and electric vehicles, after the launch of new products.
- On the other hand, imports value contracted 8.3%YoY from most import categories such as energy products, raw material and semi-final products except capital goods.

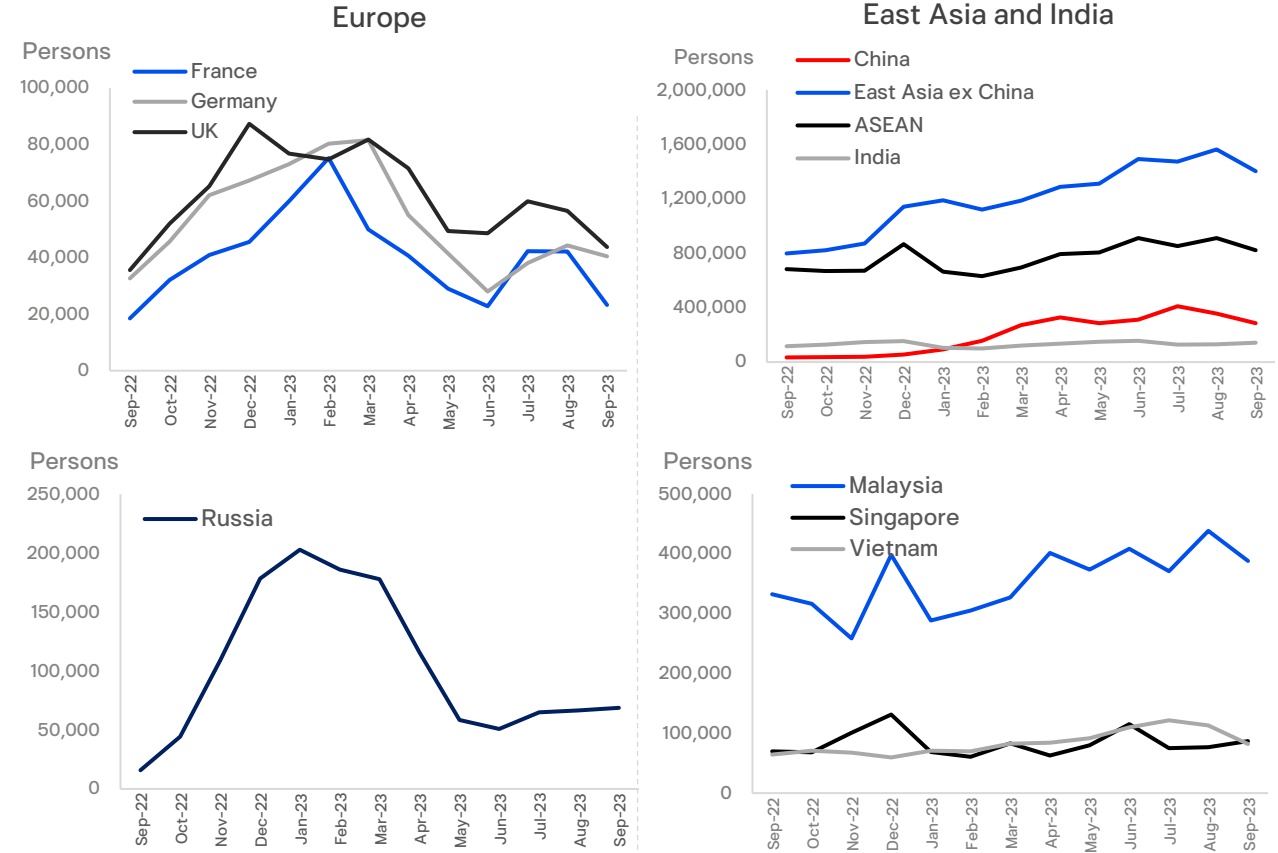
Foreign arrivals dropped sharply in several nationalities



Total Foreign Tourist Inbounds



Foreign Tourist Inbounds by key regions

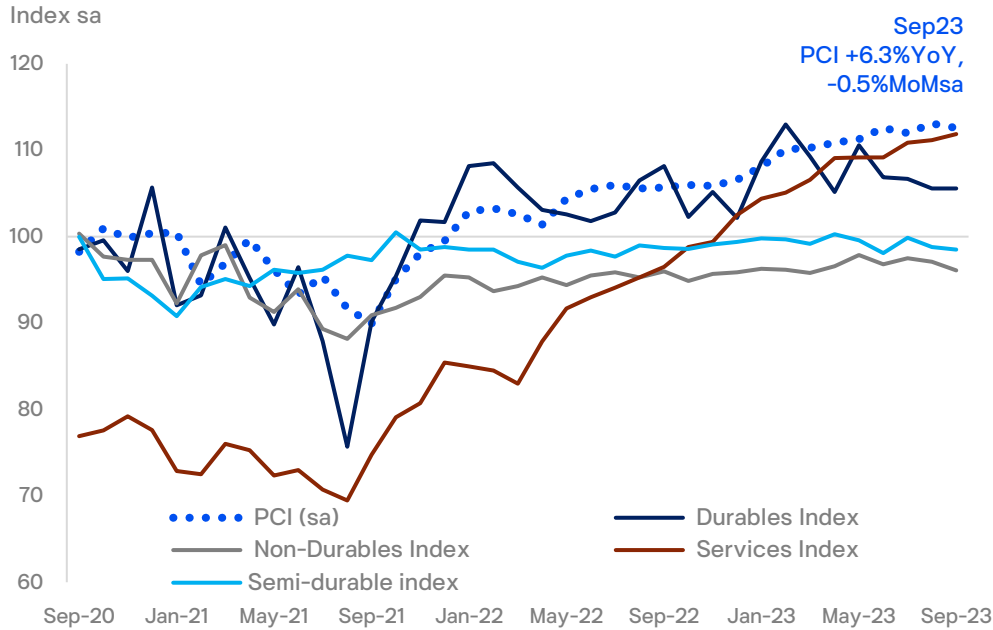


- As of Sep23, foreign tourist arrivals reached 2.13 million, sharply dropped from the previous month in several nationalities, on both from short- and long-haul destination.

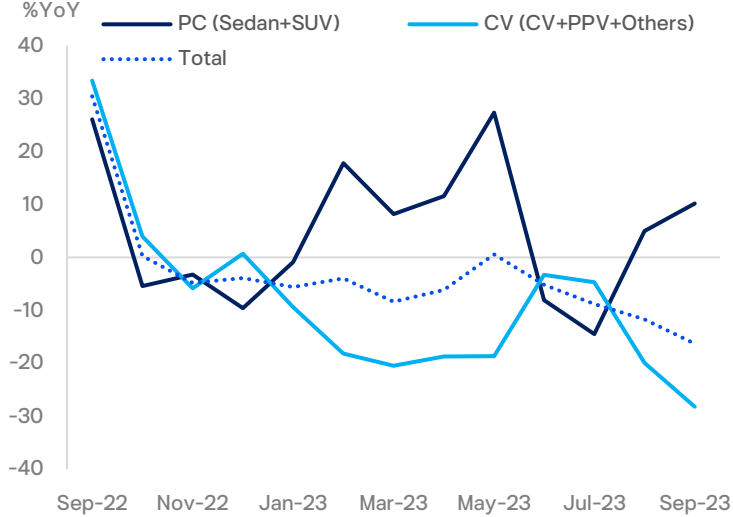
Private consumption declined slightly thanks mainly to non-durable purchase, while consumption goods spending subdued



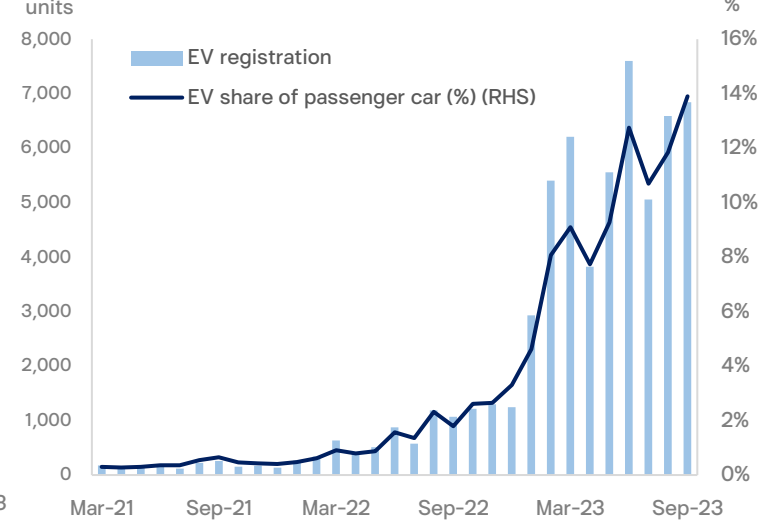
Private Consumption Indicators (SA)



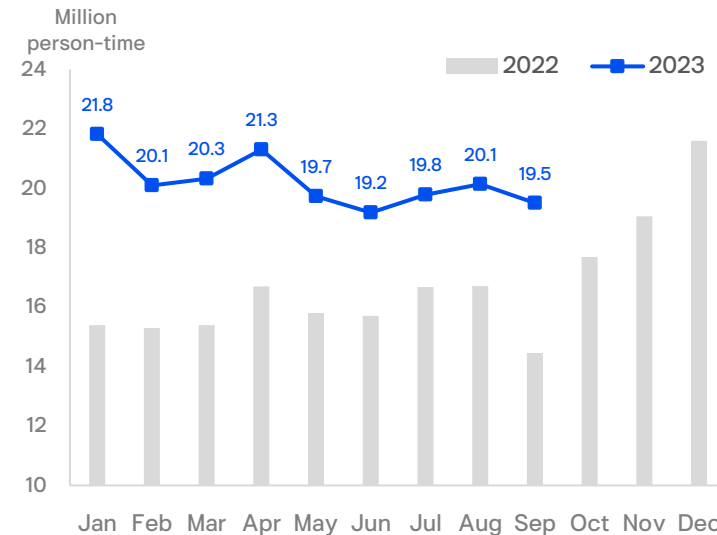
Domestic car sales



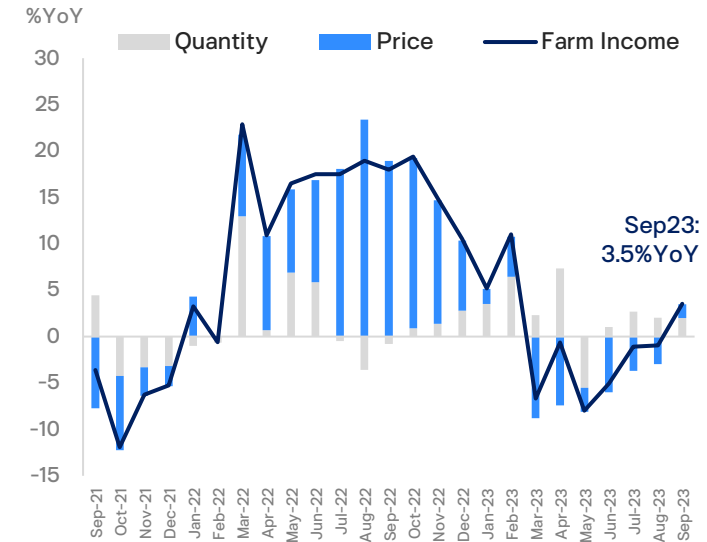
EV registration



Thai domestic visitors*



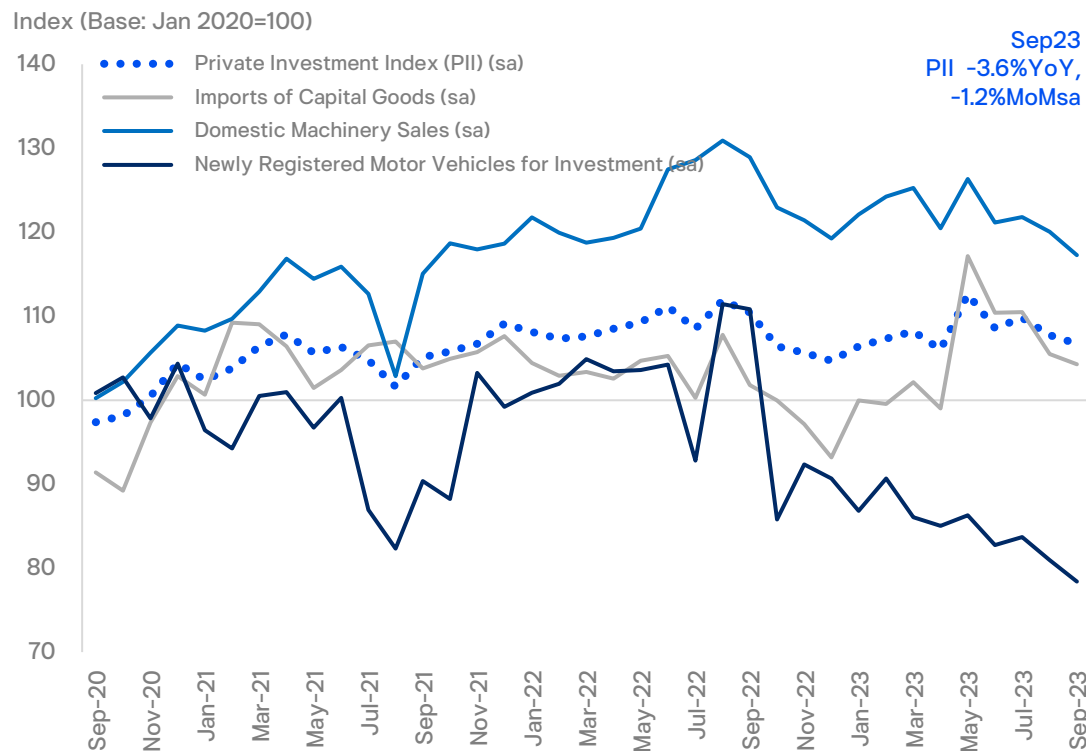
Farm Incomes



- Private consumption indicators declined from the previous month from lower spending in non-durable goods after expanding well in the previous period.
- However, service consumption continued to increase, notably in the hotel and restaurant categories, which was in line with increases in number of foreign tourists
- Household spending continued to improve as reflected by improvement in employment and consumer confidence.

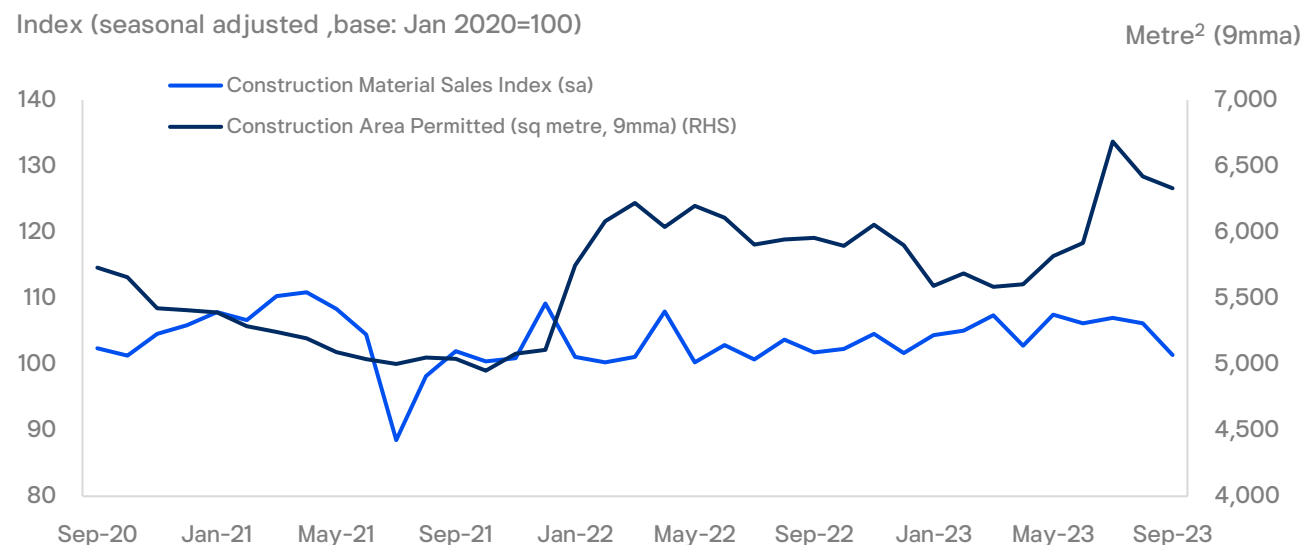
Private investment continued to shrink in all categories

Private Investment Indicators (SA)

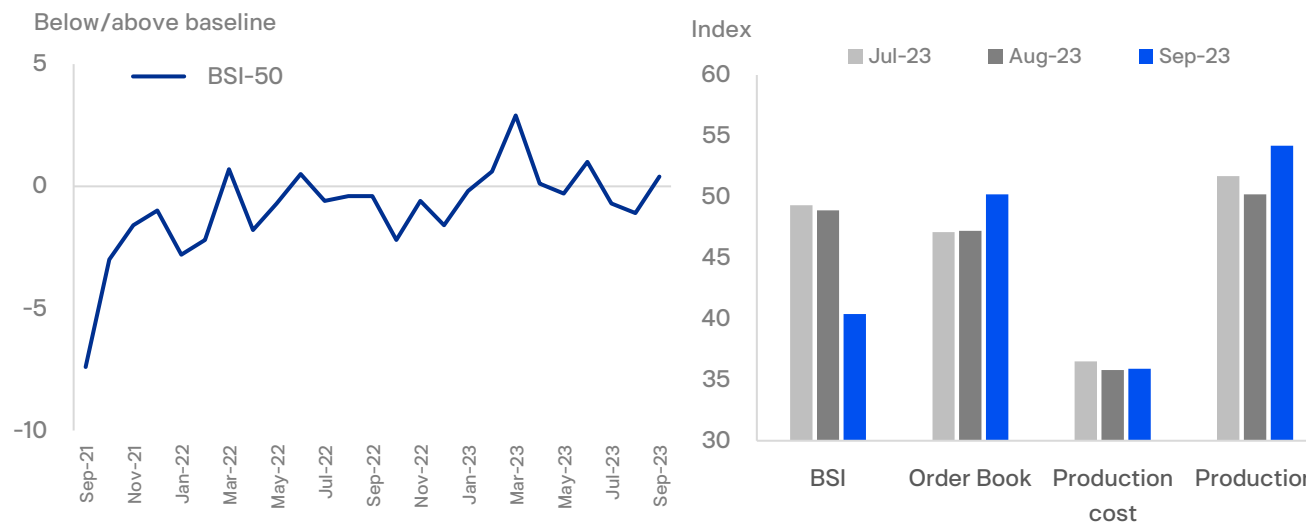


- Private investment indicators decreased from the previous month. Investment in machinery and equipment decreased from lower pickup truck registrations and lower sales of domestic machinery.
- Nevertheless, investment in construction increased from higher sales of construction materials, while the permitted area for construction declined after expanding well in the previous month.

Construction sector (SA)

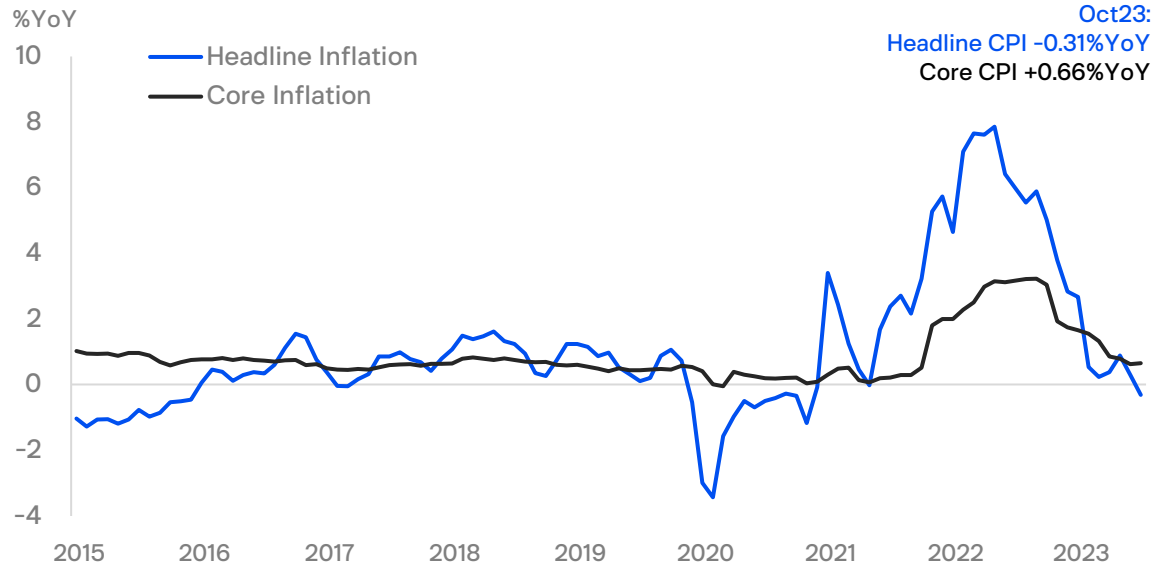


Business Sentiment Index

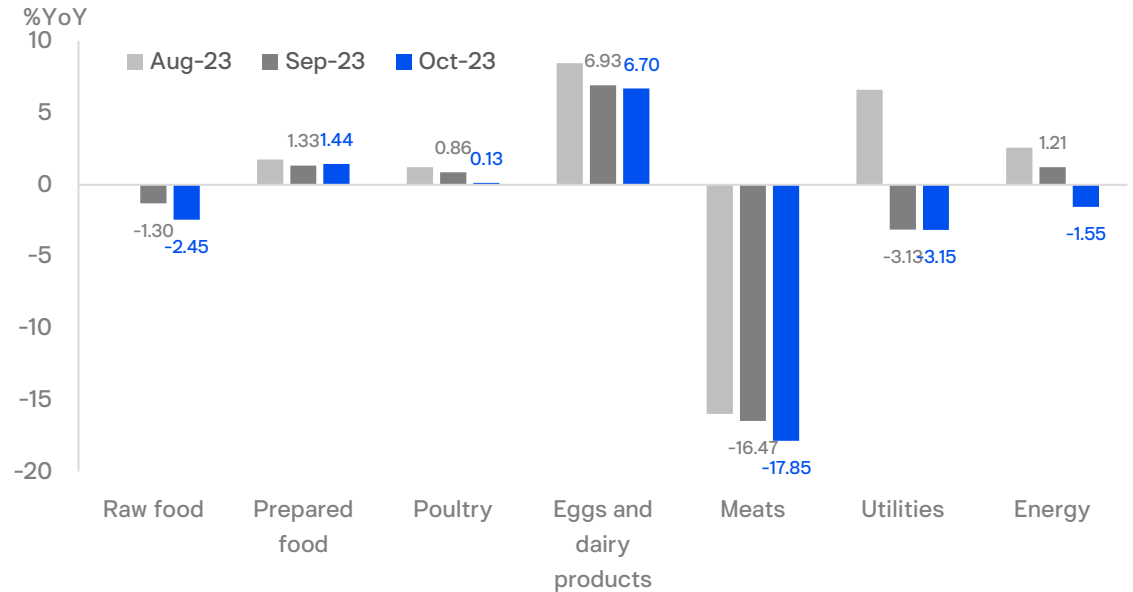


Headline inflation down negative, lowest in 25 months, while the core slightly rose in October

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	1.60
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	1.41

*Jan-Oct23

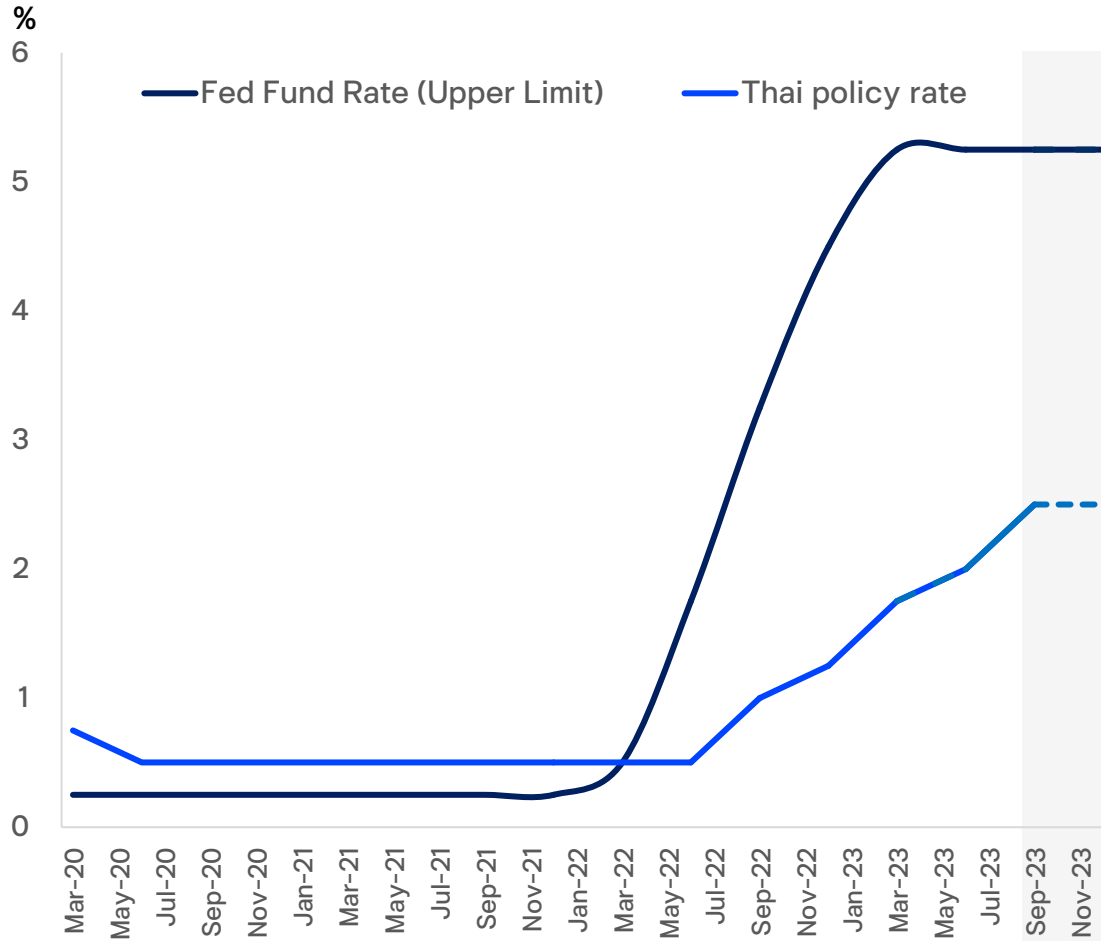
- The headline inflation (CPI) dropped to -0.31%YoY in Oct23. This was mainly due to the decrease of energy prices such as electricity and diesel regarding to government measures, as well as major food prices also dropped, including meat, poultry, seafood and seasoning. However, the core inflation was slightly increase to 0.66%YoY.
- During Jan-Oct23, headline and core inflation was 1.60% and 1.41% respectively in line with the target inflation.

PART 3

Financial Market



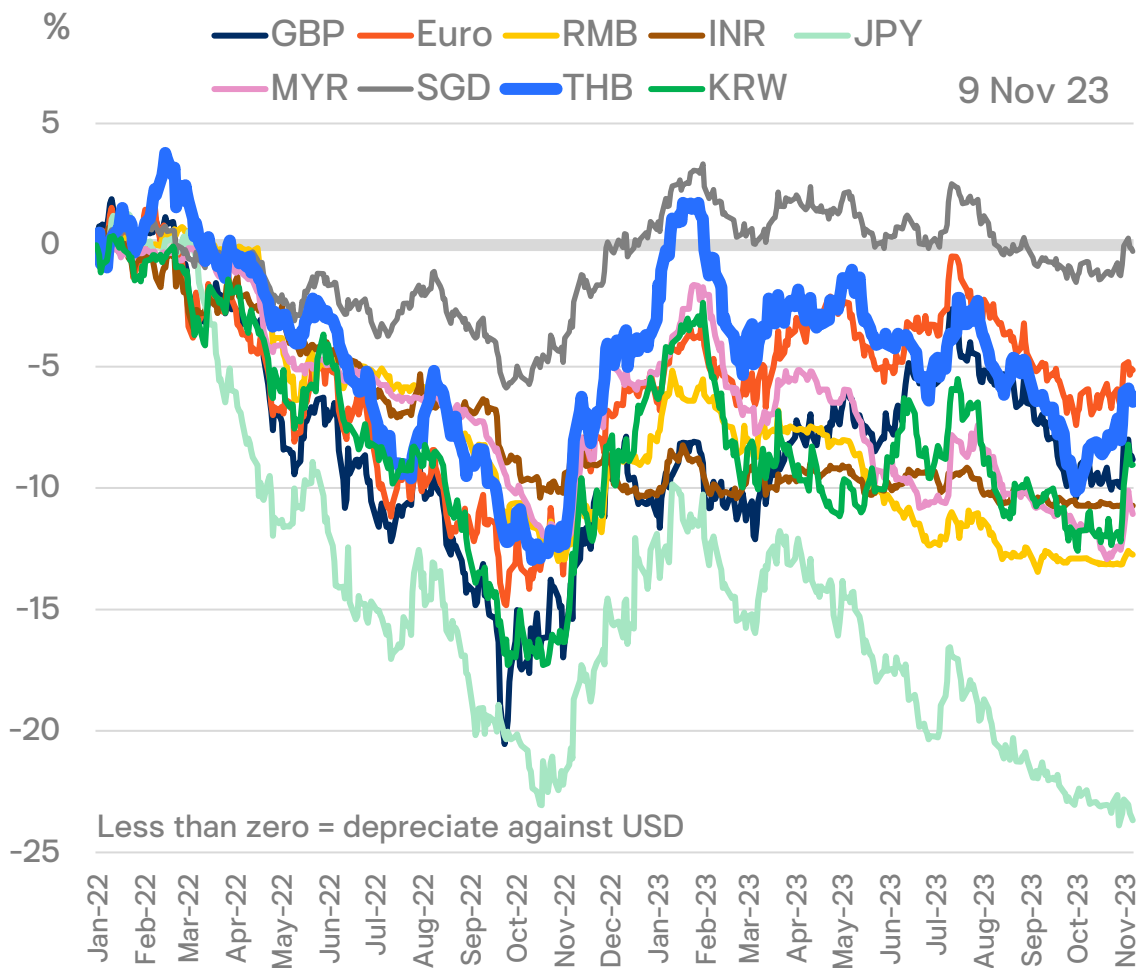
FED-BOT policy rate forecast



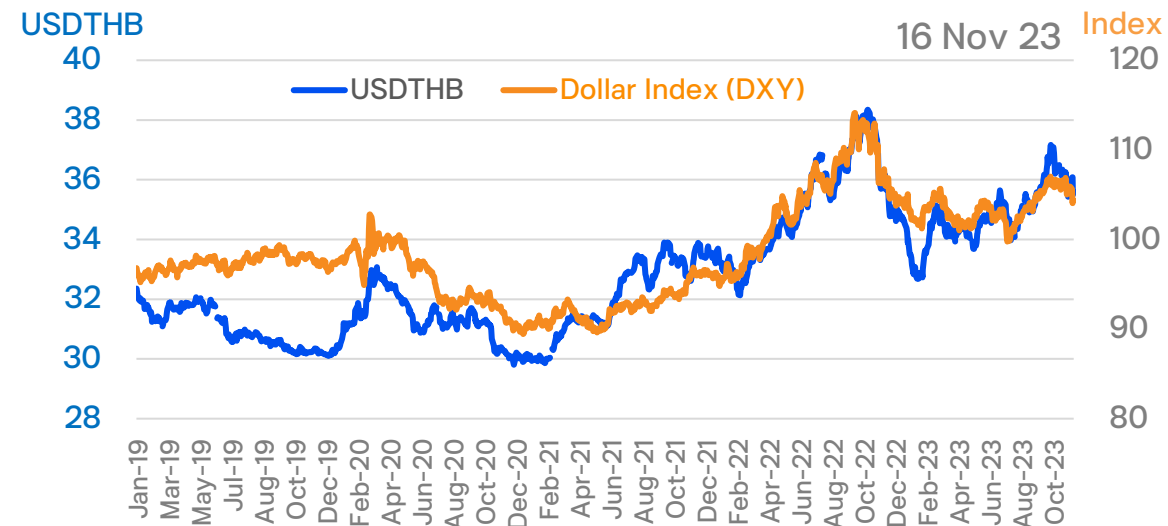
USDTHB Projection



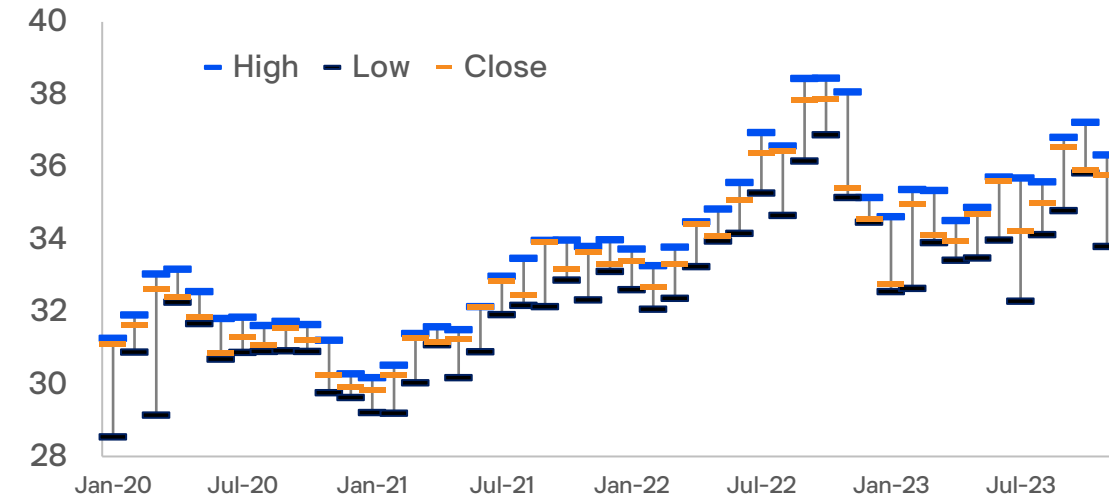
Major Asian currencies against USD



Dollar Index / USDTHB



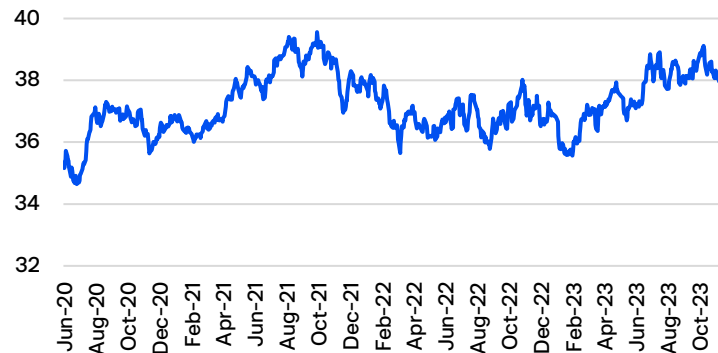
Average daily range of USDTHB





USDTHB

- USDTHB ended at 36.02 in October and is hovered around 35.00–35.50 in November 2023.
- The US dollar fell against major currencies after US consumer price data showed the pace of inflation moderating further in October 2023, increasing the odds that the Federal Reserve is done hiking interest rates. However, Fed Chair Jerome Powell and other policymakers in recent days have tried to push back against expectations that the US central bank was done with its aggressive rate-hike cycle.



EURTHB

- EURTHB ended at 38.17 in October and is hovered around 37.90–38.60 in November 2023.
- The euro zone economic decline is confirmed as GDP in the third quarter fell -0.1% QoQ or 0.1% on an annual basis. The euro rose ahead of the release of the latest quarterly eurozone growth data, which should illustrate the impact of the European Central Bank prolonged rate-hiking cycle. That said, ECB President Christine Lagarde said that rates will stay restrictive at least for several quarters as inflation remains elevated.



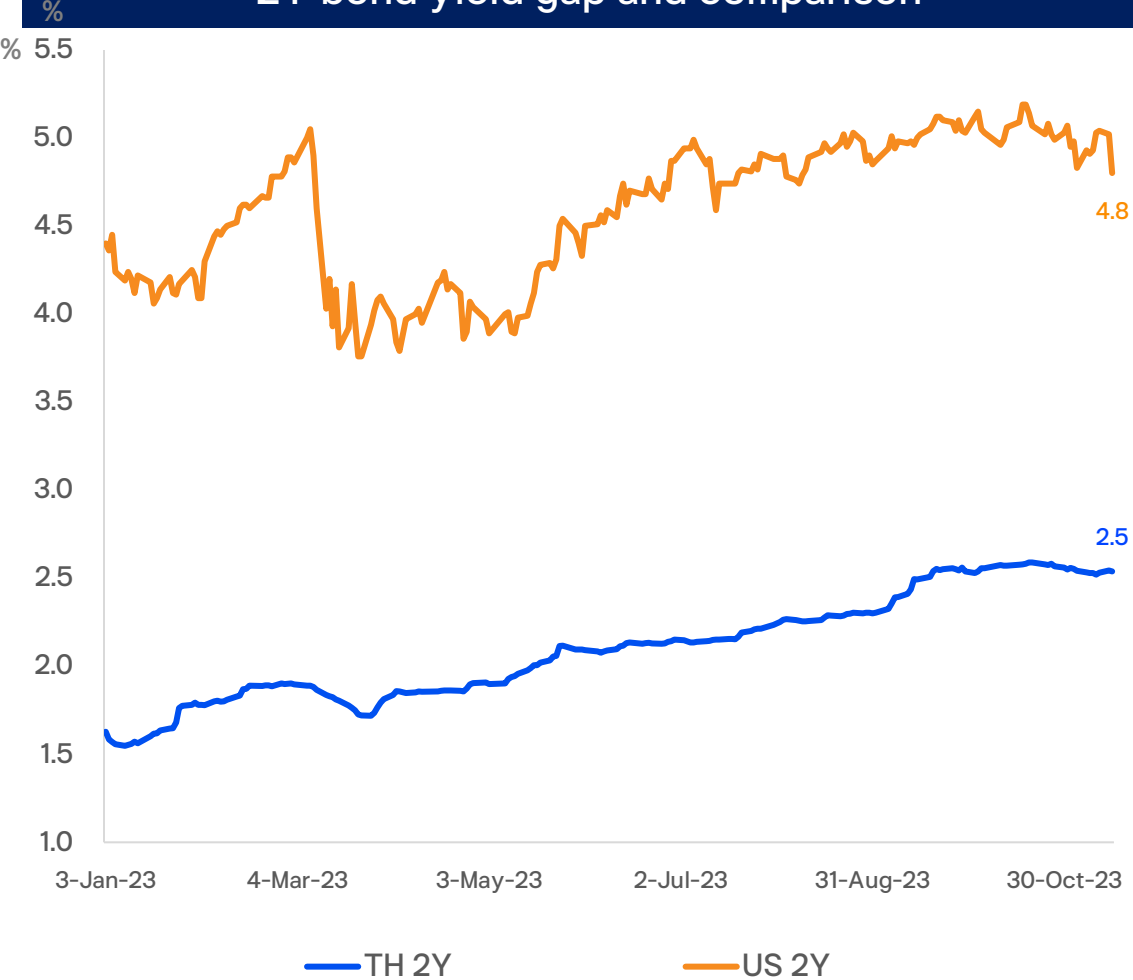
100JPYTHB

- JPYTHB ended at 24.06 in October and is hovered around 23.50–24.00 in November 2023.
- The Japanese yen edged lower to as high as 151 level and hovered around its weakest level in a year against the US dollar, although further losses in the currency were stifled by Japanese authorities once again warning that they will intervene in foreign exchange markets.
- Recent data showed that Japan's GDP shrank much more than expected in the third quarter, as sticky inflation and a weak yen dented private spending.

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.