

Economic and Financial Outlook

t**tt**b analytics

Mar 2024





Global Economy

- In January 2024, global economic growth is stabilized with disinflation momentum being observed in most economies albeit still restrictive monetary policy. Central banks in major economies is managing the final descent of inflation to target while price pressures are clearly dissipating requiring for a less restrictive stance. Market participants have put more weights on interest rate cuts from major central banks over this year.
- US economic activity had been expanding at a modest pace with supports from labor market resilience and private consumption.
- China's economic recovery at a slower pace than market expectations though its performance in 2023 being slightly higher than the official target.



Thai Economy

- In January 2024, overall economic recovery remained slow. Domestic demand and private investment gradually improved, while private consumption and activities in the service sector continued to expand thanks to an improvement in tourism revenue. The number of foreign tourist arrivals slightly declined from the previous month in several nationalities, while tourists from China improved consecutively.
- The growth of merchandise exports in January stayed robust which was the sixth-consecutive month expansion, mainly from the low-base effect and trade rebound. On the other hand, imports value also expanded.
- Headline inflation in February 2024 was contracted in fifth-consecutive month, which was due mainly to energy prices including electricity and retail oil price, on the back of government measures, and fresh food prices also dropped while core inflation slightly dropped in this month.



Financial Markets

- Major central banks end their hiking cycle. Market participants and futures market have pointed out possibilities that the Fed would start cutting interest rates as early as in 1H2024 though anticipation for early cut in March 2024 declined since US economic momentum remained robust.
- USDTHB largely depreciated in January 2024, ending 35.44 level. It could be around 35.50-36.00 in February 2024, as market participants the probabilities for Fed's early interest cut in March 2024.

PART 1

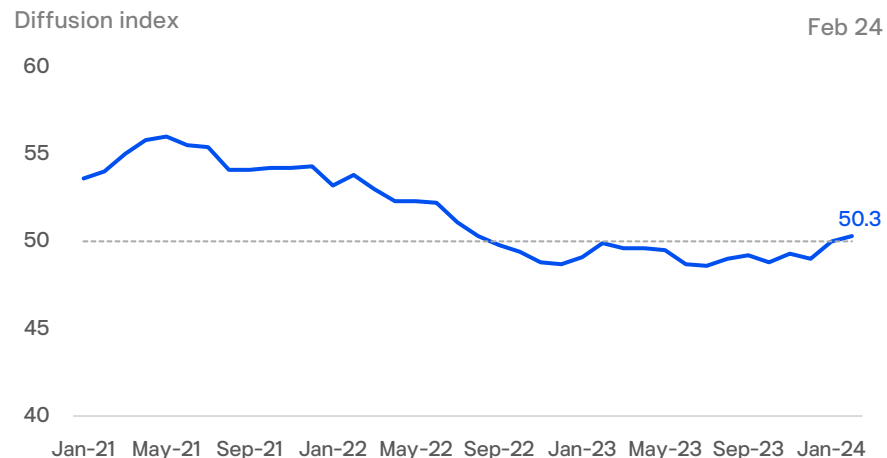
Global Economy



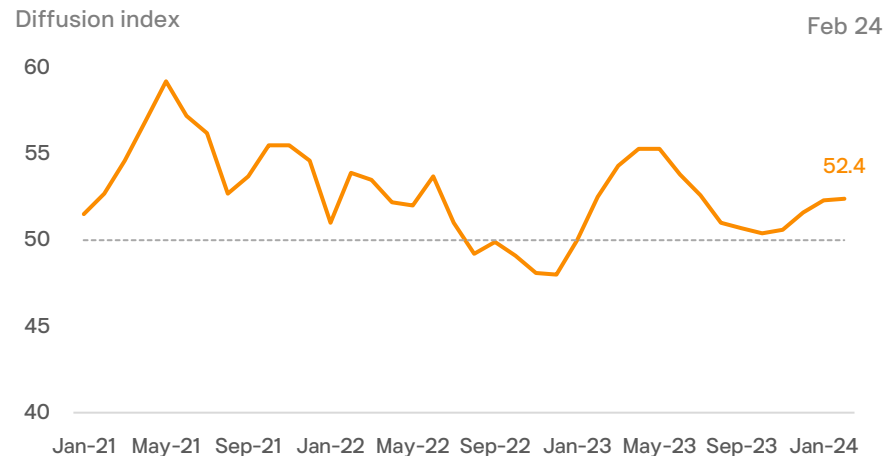
Global growth accelerates as manufacturing near-stabilized while services continued expanding



Global Manufacturing PMI



Global Service PMI



- Global manufacturing output notably expanded for the first time in eight months with better growth prospects of looser financial conditions and with global destocking.
- Service sector growth also accelerated accompanied by falling price pressure, leading to lower selling price inflation.

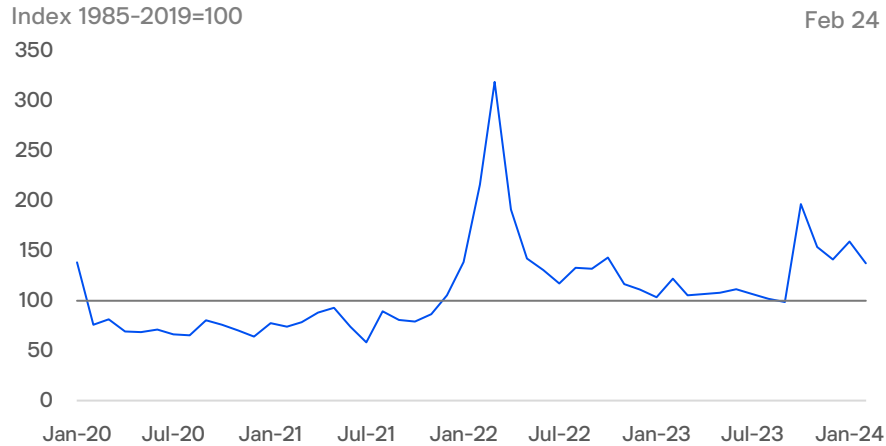
Manufacturing PMI by countries

	Q4/22	Q1/23	Q2/23	Q3/23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Global	48.7	49.6	48.7	49.2	48.8	49.3	49.0	50.0	50.3
US	46.2	49.2	46.3	49.8	50.0	49.4	47.9	50.7	52.2
UK	45.3	47.9	46.5	44.3	44.8	47.2	46.2	47.0	47.5
EU	47.8	47.3	43.4	43.4	43.1	44.2	44.4	46.6	46.5
Germany	47.1	44.7	40.6	39.6	40.8	42.6	43.3	45.5	42.5
France	49.2	47.3	46.0	44.2	42.8	42.9	42.1	43.1	47.1
Italy	48.5	51.1	43.8	46.8	44.9	44.4	45.3	48.5	48.7
Asia exc. China	49.5	50.2	50.6	50.5	49.8	50.5	50.4	50.7	50.6
China	49.0	50.0	50.5	50.6	49.5	50.7	50.8	50.8	50.9
Australia	50.2	49.1	48.2	48.7	48.2	47.7	47.6	50.1	47.8
India	57.8	56.4	57.8	57.5	55.5	56.0	54.9	56.5	56.9
Japan	48.9	49.2	49.8	48.5	48.7	48.3	47.9	48.0	47.2
Korea	48.2	47.6	47.8	49.9	49.8	50.0	49.9	51.2	50.7
Indonesia	50.9	51.9	52.5	52.3	51.5	51.7	52.2	52.9	52.7
Thailand	52.5	53.1	53.2	47.8	47.5	47.6	45.1	46.7	45.3

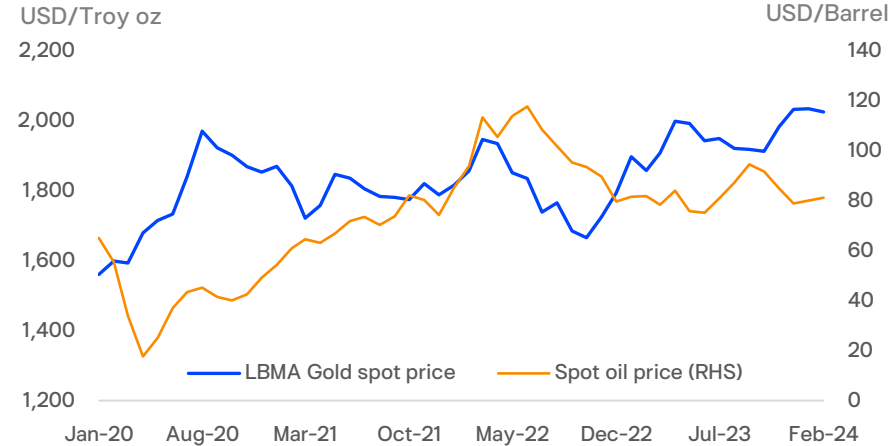
Service PMI by countries

	Q4/2022	Q1/2023	Q2/2023	Q3/2023	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
World	48.0	54.3	53.8	50.7	50.4	50.6	51.6	52.3	52.4
US	43.0	54.7	54.5	49.2	49.8	51.5	50.4	52.2	54.2
UK	49.5	54.3	54.4	51.3	50.8	52.3	53.3	49.8	54.1
EU	49.8	55.0	52.0	48.7	47.8	48.7	48.8	48.4	50.2
Germany	49.2	53.7	54.1	50.3	48.2	49.6	49.3	47.7	48.3
France	49.5	53.9	48.0	44.4	45.2	45.4	45.7	45.4	48.4
Italy	49.9	55.7	52.2	49.9	47.7	49.5	49.8	51.2	52.2
Spain	51.6	59.4	53.4	50.5	51.1	51.0	51.5	52.1	54.7
Asia exc. China	52.9	55.9	55.2	55.6	53.3	52.6	53.5	55.2	55.1
China	48.0	57.8	53.9	50.2	50.4	51.5	52.9	52.7	52.5
Australia	47.3	48.6	50.3	51.8	47.9	46.0	47.1	49.1	53.1
India	58.5	57.8	58.5	61.0	58.4	56.9	59.0	61.8	60.6
Japan	51.1	55.0	54.0	53.8	51.6	50.8	51.5	53.1	52.9

Geopolitical risk index

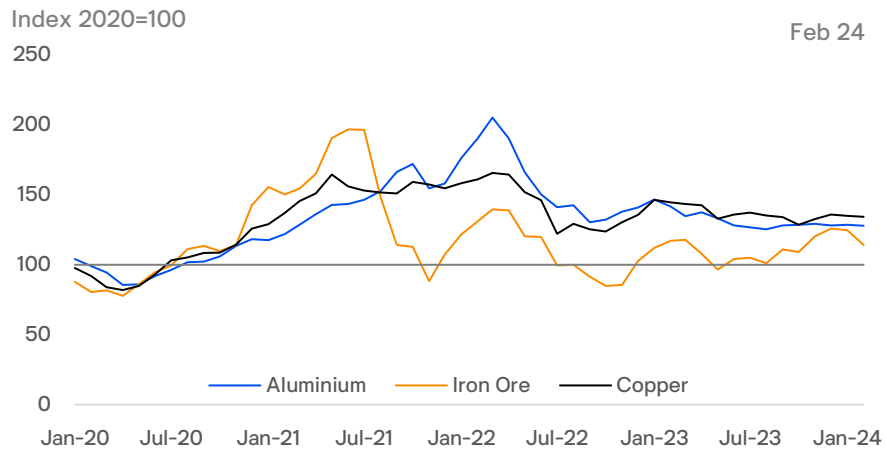


LBMA gold spot price and spot oil price

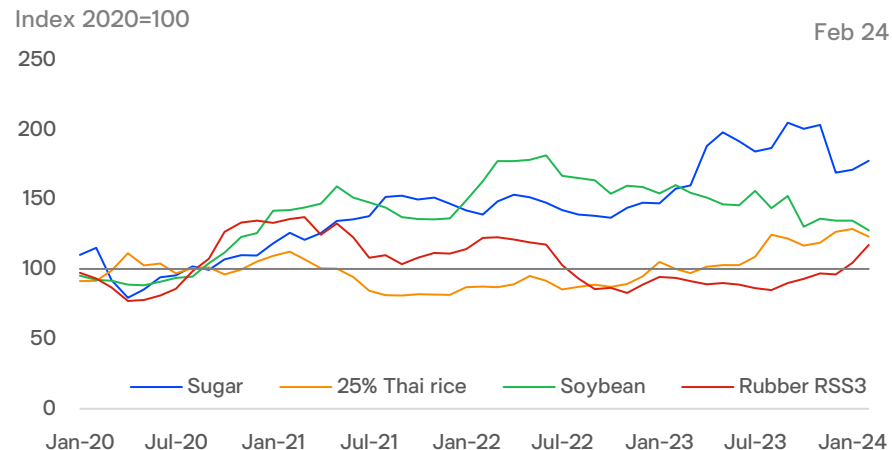


- Commodity market outlook remains highly uncertain. As the demands are affected by lingering cost pressures and high interest rates, subdued global economic activity. Meanwhile, mounting geopolitical tensions and the Red Sea security crisis could disrupt commodity supply chains, and intensify commodity price volatility

Global metal prices index

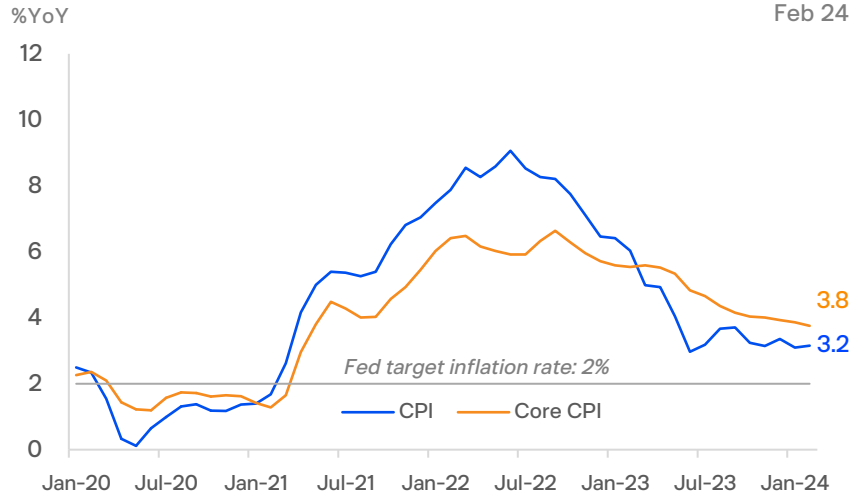


Global agricultural prices index

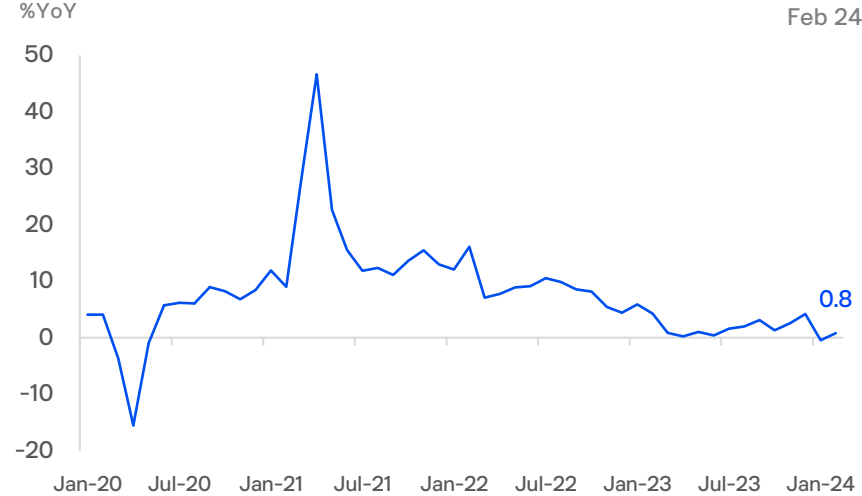


- Weaker global demand is set to cap energy price growth, the uncertainties surrounding global output, supply stability and geopolitical tensions are tilting risks to the upside.
- However, with a backdrop of financial and geopolitical uncertainties, the outlook for gold prices appeals as a so-called safe-haven asset.

US CPI and Core CPI

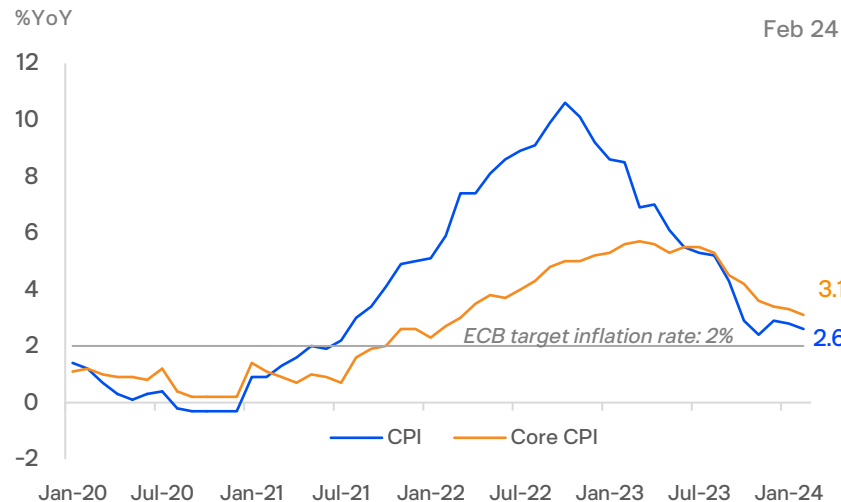


US retail sales

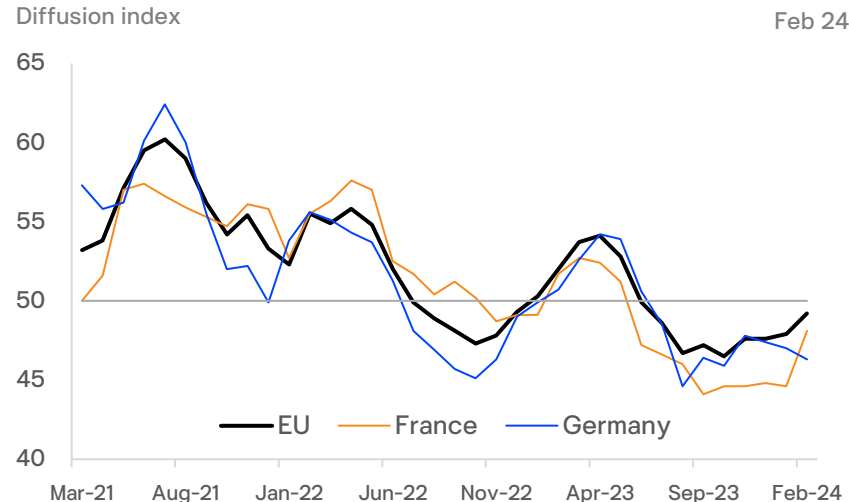


- US consumer prices increased solidly in February amid higher costs for gasoline and shelter, suggesting some stickiness in inflation that could delay an anticipated June interest rate cut from Federal Reserve.
- Fed officials have suggested that cuts may be coming later this year but have stressed that they first need to see more evidence that price growth is sustainably easing back down to their 2% annualized target.

EU headline and core inflation rates



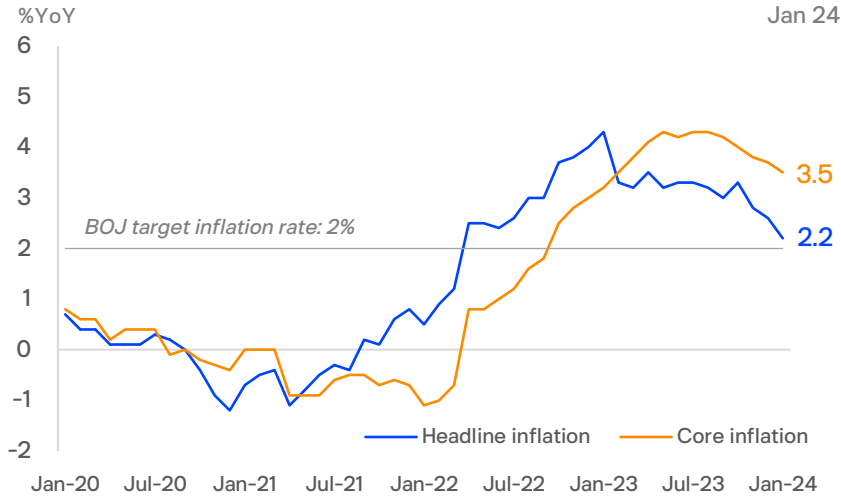
Composite PMI



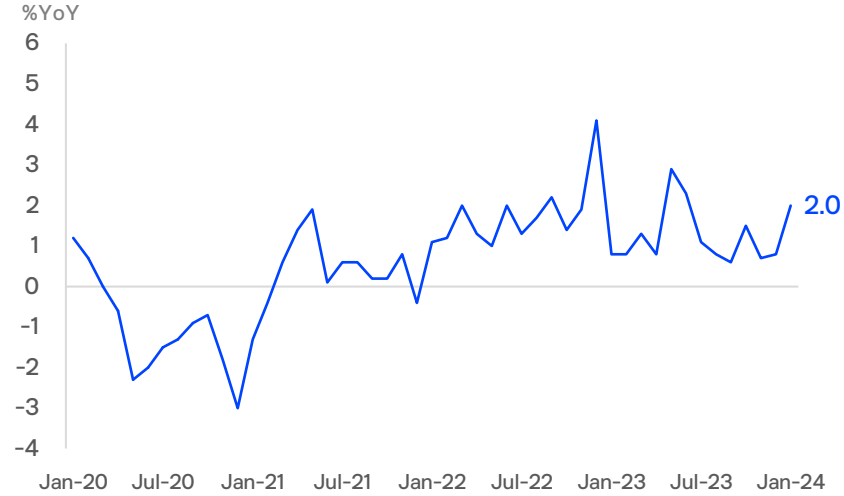
- Euro zone inflation eased as expected last month but underlying price pressures fell less than forecast, likely boosting the ECB's argument that rate cuts should not be rushed, even if the next move is still going to be policy easing.
- There is growing expectation that the European Central Bank will cut interest rates in early summer, putting the June 6 meeting on the table for a potential start of policy easing.

Japan and China are in critical policy junction in stimulating economy while stabilizing price increases

Japan headline and core inflation rates

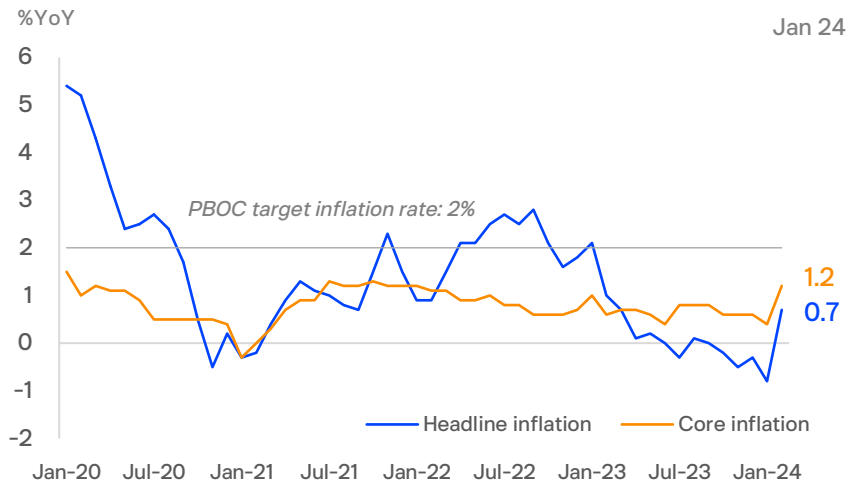


Workers' average monthly cash earnings

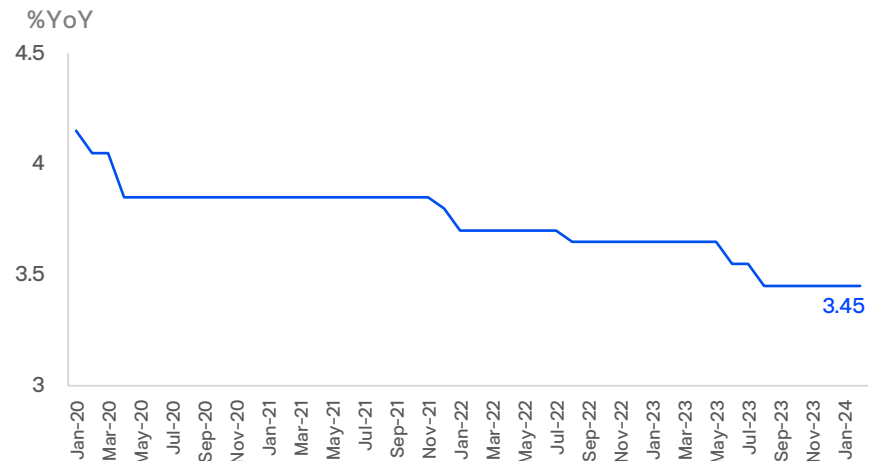


- Japan's largest trade union group is expected to raise wages more than 4%, which would be the biggest boost since the early 1990s and strengthen the case for a central bank shift away from years of ultra-loose monetary policy.
- The BOJ hiked rates by 0.1% on 19 March 2024, its first such move in 17 years, while also ending its negative interest rate policy (NIRP) and yield curve control (YCC) mechanism.

China headline and core inflation rates



China's Loan Prime Rate (1-year)

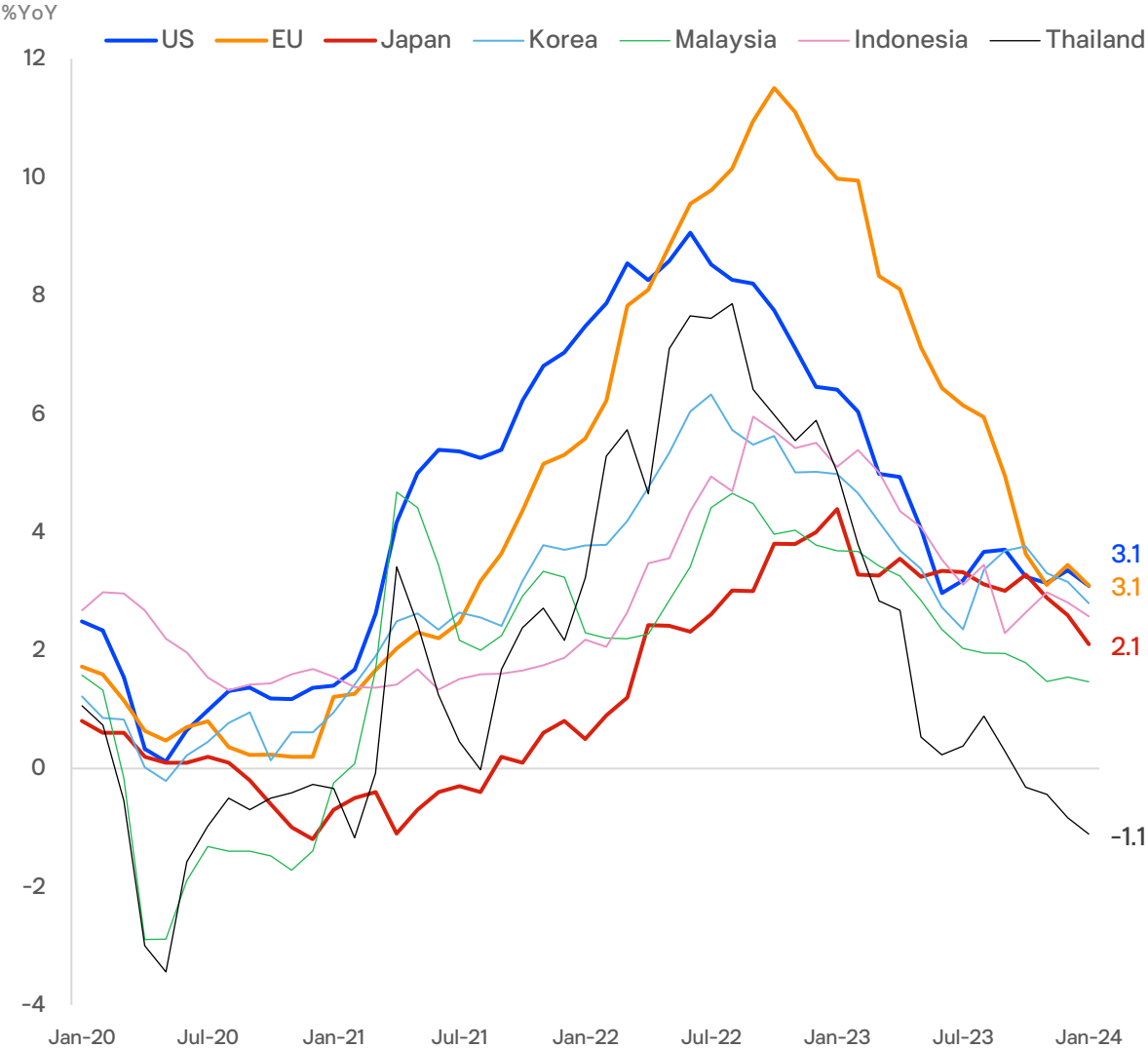


- China's consumer prices rose for the first time in six months due to spending linked to the Lunar New Year, offering some reprieve for the world's second-biggest economy grappling with weak consumer sentiment.
- While other recent indicators, such as much stronger-than-expected trade figures this week, have suggested improvement in some parts of the economy, a full-throttled recovery is not yet in the cards.

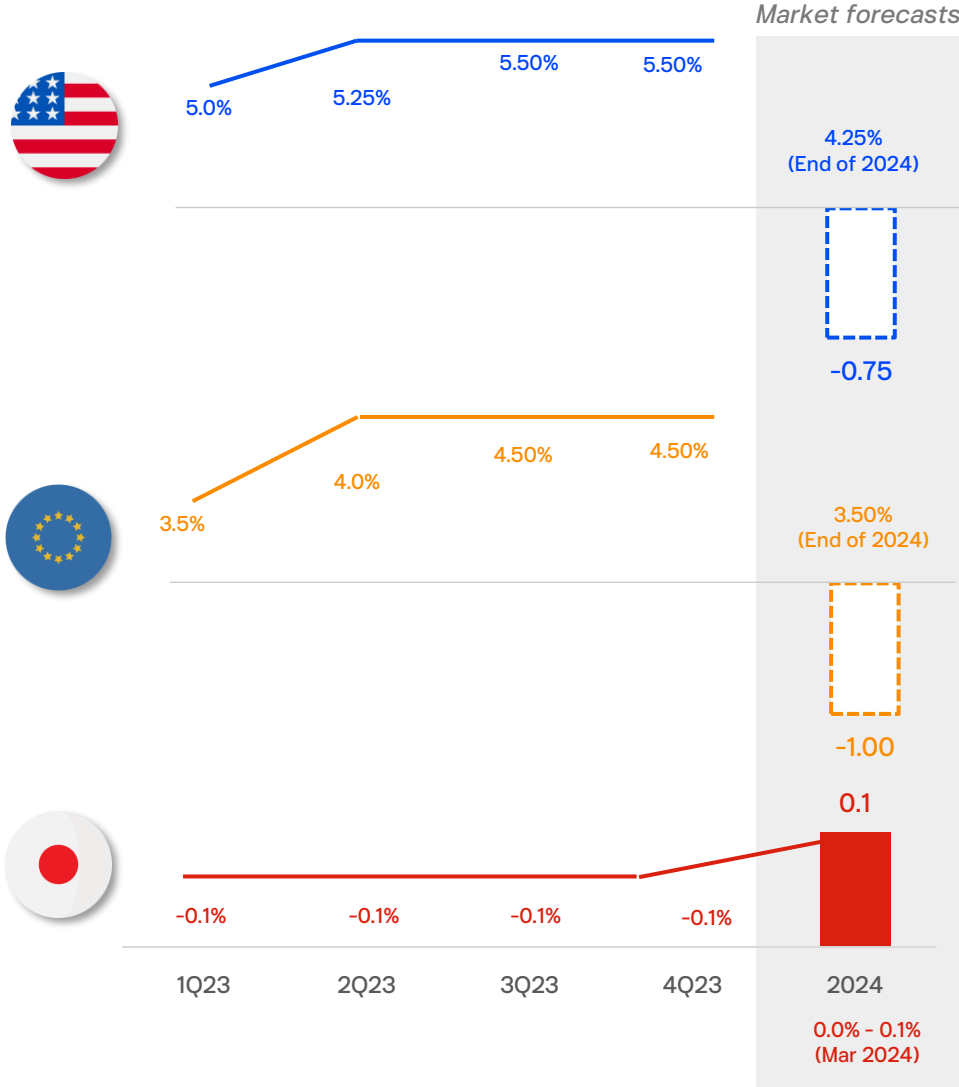
Monetary policy shifts in major economies are anticipated in 2H2024 with falling price pressures



Consumer Price Index



Policy rate forecasts of major economies



PART 2

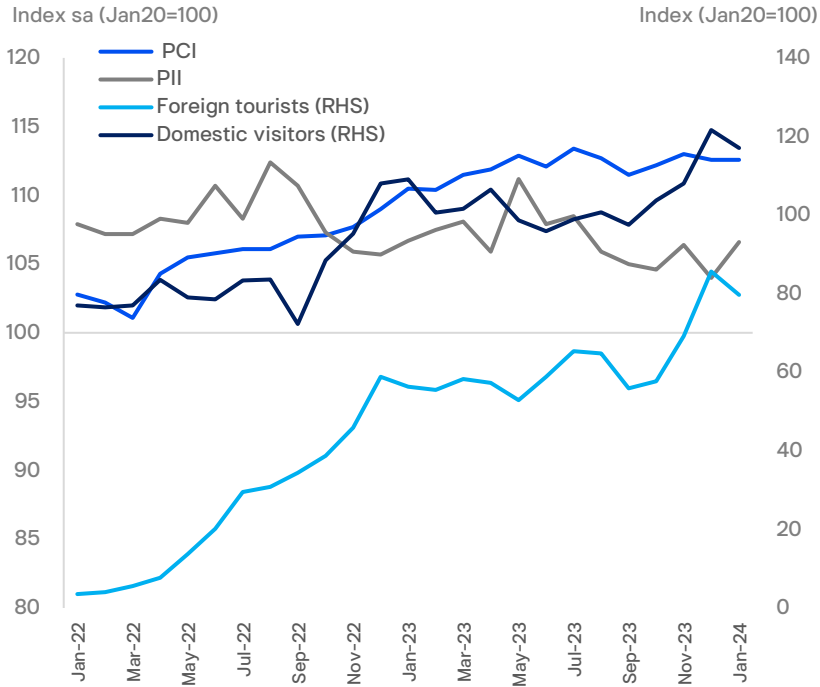
Thai Economy



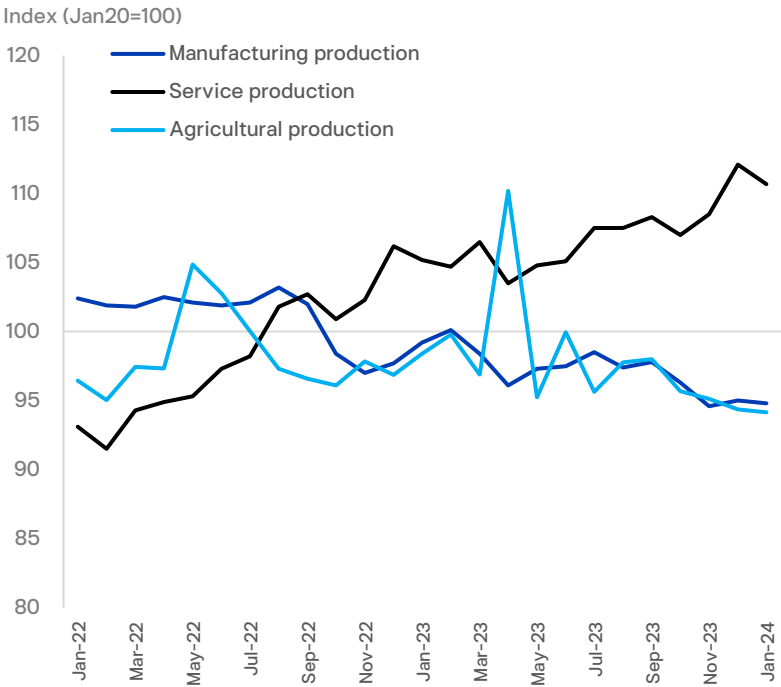
In Jan24, overall economic recovery remained slow



Demand-side indicators



Supply-side indicators



- In Jan24, Thai economy soften from previous month and remained slow. Domestic demand and private investment gradually improved, while private consumption and activities in the service sector continued to expand thanks to an improvement in tourism revenue.
- The number of foreign tourist arrivals slightly decreased, while number of domestic visitors also dropped compared to previous month.
- In terms of supply side, manufacturing production contracted at a lower rate but production in several industries remained sluggish.

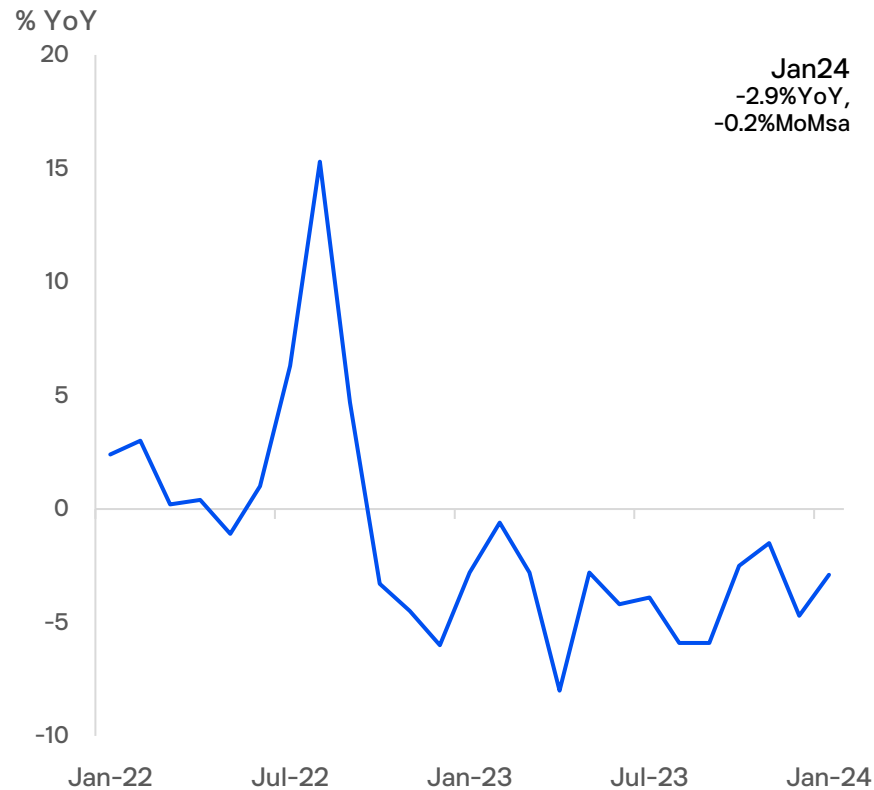
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Authorized Capital of Newly Registered Companies (Million Baht)	118.5	108.9	1,708.0	119.2	163.2	227.6	95.2	141.8	138.2	156.1	145.0	89.6	146.1
Construction Areas Permitted (1000 sq. m)	86.4	96.9	103.9	94.7	98.2	102.5	115.2	96.4	125.4	98.7	102.3	104.8	128.3
Export Volume index (exclude Gold)	107.6	111.8	110.8	108.0	110.5	113.7	109.9	107.5	112.5	110.8	110.0	109.7	110.5
Business Sentiment Index (3 months)	107.3	107.2	109.2	109.0	108.5	108.3	106.4	105.4	106.0	104.5	101.9	102.4	102.4
SET index	110.4	107.1	106.3	101.0	101.3	99.3	102.8	103.4	97.2	91.3	91.2	93.5	90.1
Oil Price Inverse Index (Dubai)	1.2	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.2	1.3	1.3

Source: Bank of Thailand and ttb analytics.

Manufacturing production displayed some improvement

Manufacturing Production Index (MPI)



MPI by sector (base year 2021)

Contribution	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Food products (16.8%)														
Beverages (3.8%)														
Tobacco products (0.7%)														
Textiles (1.9%)														
Wearing apparel (1.6%)														
Leather products (0.8%)														
Paper products (2.1%)														
Coke and refined petroleum products (10.8%)														
Chemicals (8.8%)														
Pharmaceutical products (1.2%)														
Rubber and plastics products (8.9%)														
Other non-metallic mineral products (5.4%)														
Basic metals (3.5%)														
Fabricated metal products (2.3%)														
Computer and electronic products (8.8%)														
Electrical equipment (3.5%)														
Machinery and equipment (2.9%)														
Motor vehicles (11.3%)														
Other transport equipment (1.1%)														
Furniture (0.9%)														
Others (2.3%)														
MPI (% YoY)	-6.0	-2.8	-0.6	-2.8	-8.0	-2.8	-4.2	-3.9	-5.9	-5.9	-2.5	-1.5	-4.7	-2.9

- As of Jan24, Manufacturing Production Index (MPI) was contracted at 2.9%YoY, compared to the month earlier at 4.7% contraction. Production in automotive contracted but saw some improvement in delivery of passenger car, while production in petroleum was affected by a temporary shutdown of a refinery for maintenance. However, production in some categories expanded on the year-on-year basis, including food and beverages with higher sales of non-alcohol beverages, as well as rubber and plastics, which saw inventories of trading's partner ran down

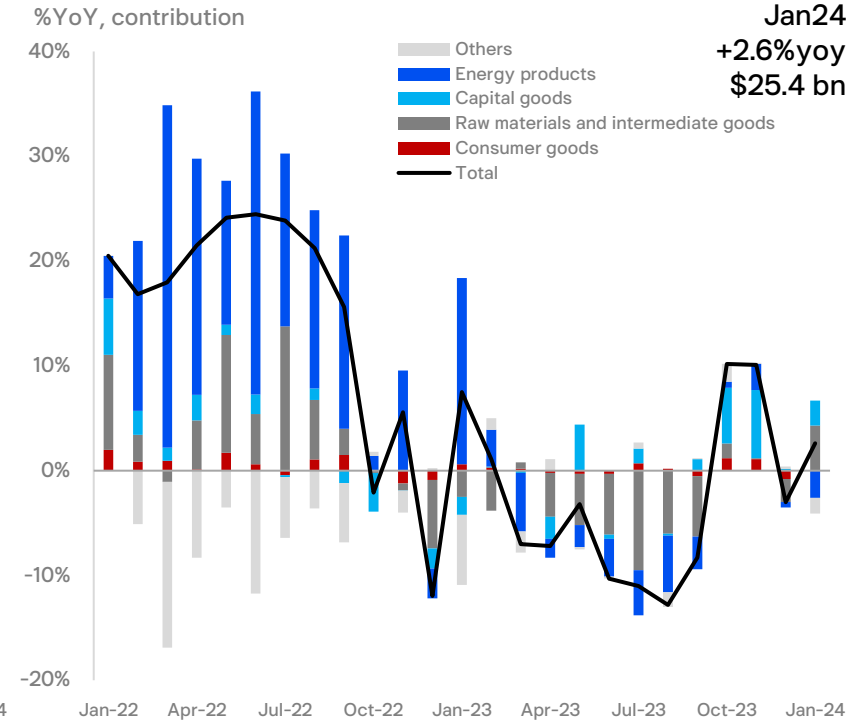
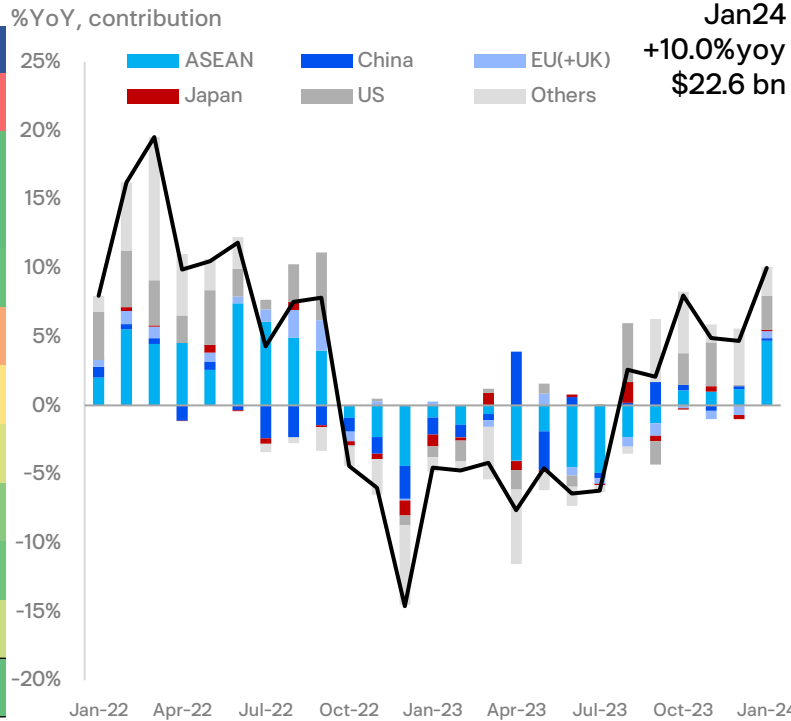
Thailand export growth stayed robust, while import also grew in January

Exports value by product and destination*

Imports value by groups*

Unit: %YoY

	3Q/23	4Q/23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24
Auto and parts	10.5%	0.8%	5.2%	3.3%	9.0%	-9.7%	1.6%	-11.9%
Computer and parts	-25.1%	3.1%	-26.9%	-24.3%	-4.2%	10.3%	2.5%	32.2%
HDD	-40.4%	-6.7%	-48.4%	-33.7%	-29.0%	-0.9%	1.9%	39.7%
Rubber	-5.4%	1.6%	-4.7%	-5.5%	0.1%	0.7%	3.9%	3.7%
Integrated circuit	16.4%	-2.8%	39.8%	5.1%	-4.6%	-6.6%	3.1%	-1.9%
Refinery oil	-1.5%	54.2%	21.2%	27.3%	65.1%	55.4%	42.6%	5.3%
Electronic machinery	5.4%	6.8%	6.4%	4.1%	7.8%	15.3%	3.0%	7.6%
Plastic pallet	-10.4%	-2.8%	-9.9%	-5.3%	3.1%	-10.7%	0.0%	-0.3%
Chemical products	-20.2%	-6.0%	-11.1%	-18.1%	-10.7%	-0.6%	-6.5%	-1.6%
Jewelry (ex gold)	8.5%	6.1%	-10.4%	27.3%	8.7%	2.9%	6.8%	21.5%
Total	-0.5%	5.8%	2.6%	2.1%	8.0%	4.9%	4.7%	10.0%



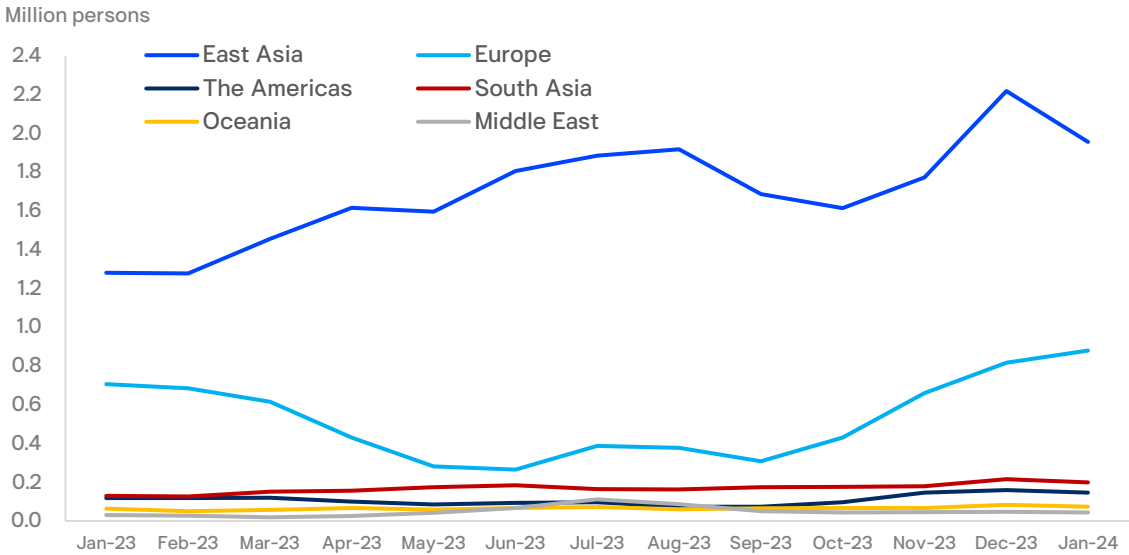
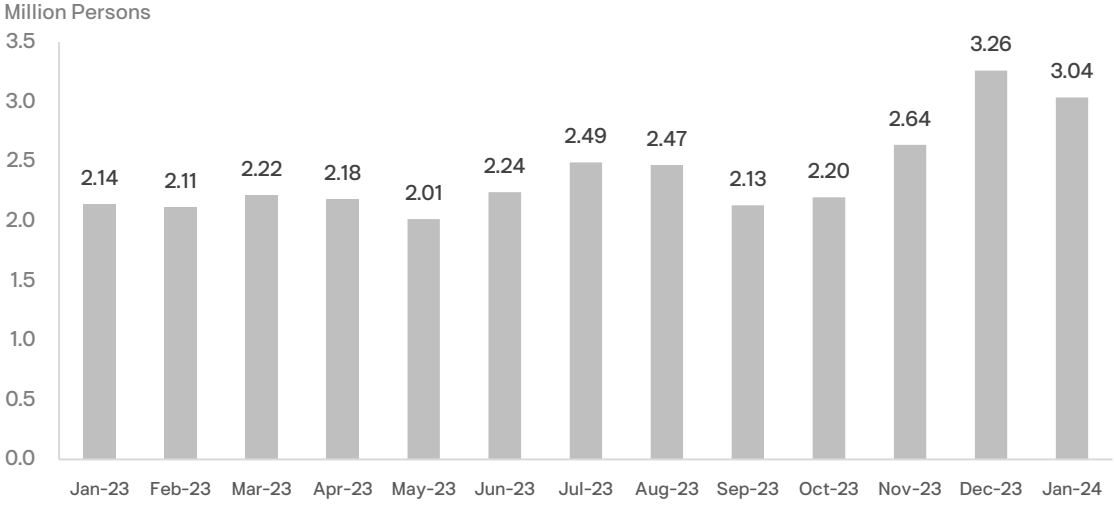
%yoy,value	2019	2020	2021	2022	2023	2024
Total export	-2.6% \$246 bn	-5.9% \$232 bn	17.1% \$272 bn	5.5% \$287 bn	-1.0% \$285 bn	10.0% \$23 bn
Total import	-4.8% \$236 bn	-12.7% \$206 bn	29.8% \$267 bn	13.6% \$303 bn	-3.8% \$290 bn	2.6% \$25 bn

- Export value in Jan24 grew 10.0%YoY, which was the sixth-consecutive month expansion, partially from the low-base effect and trade rebound. That increased from the previous month in major goods such as agricultural products (e.g., white rice), electronic products, and chemical products and chemicals.
- Import value in Jan24 grew 2.6%YoY, which was attributed to the growth of raw material and intermediate goods as well as capital goods, resulting in a trade deficit of USD 2.8 billion.

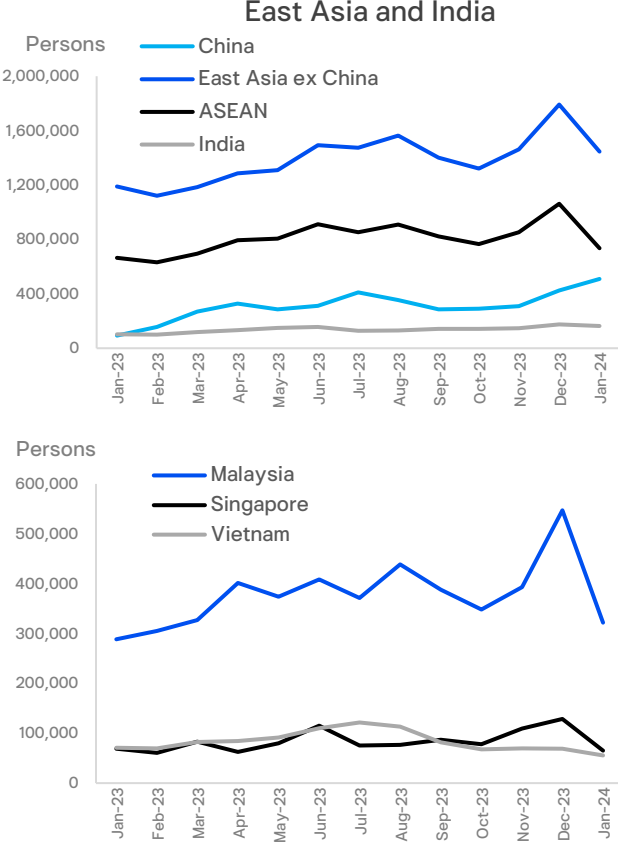
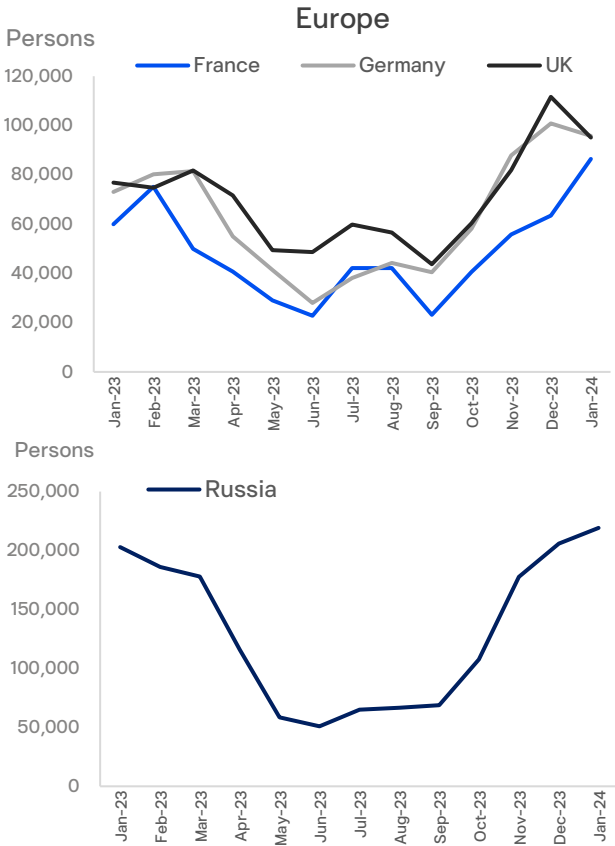
Foreign arrivals slightly dropped in January



Total Foreign Tourist Inbounds



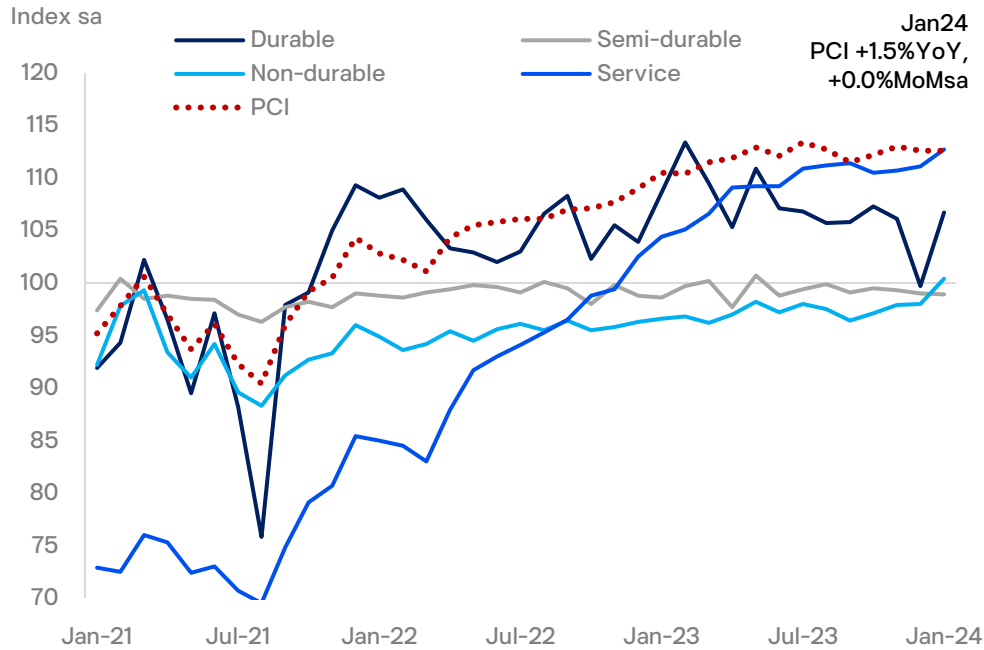
Foreign Tourist Inbounds by key regions



As of Jan24, foreign tourist arrivals was at 3.04 million, slightly declined from the previous month in several nationalities, especially in Europe as well as tourists from Malaysia, Singapore and India while tourists from China improved slightly.

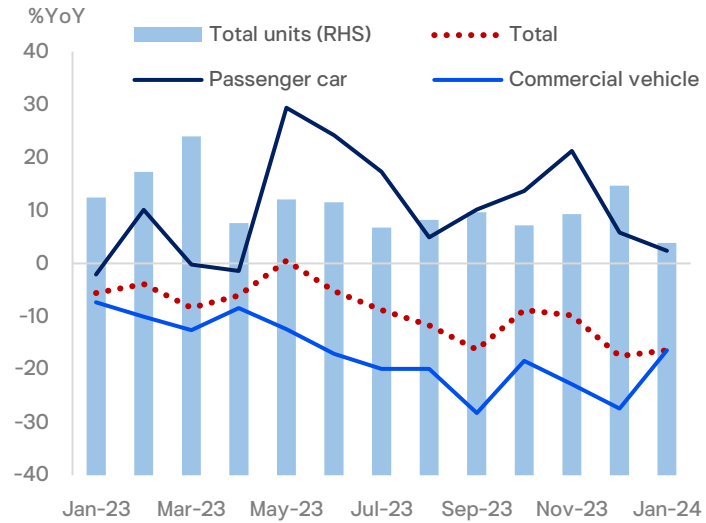
Private consumption were stable; semi-durable and durable purchases improved temporarily

Private Consumption Indicators (SA)

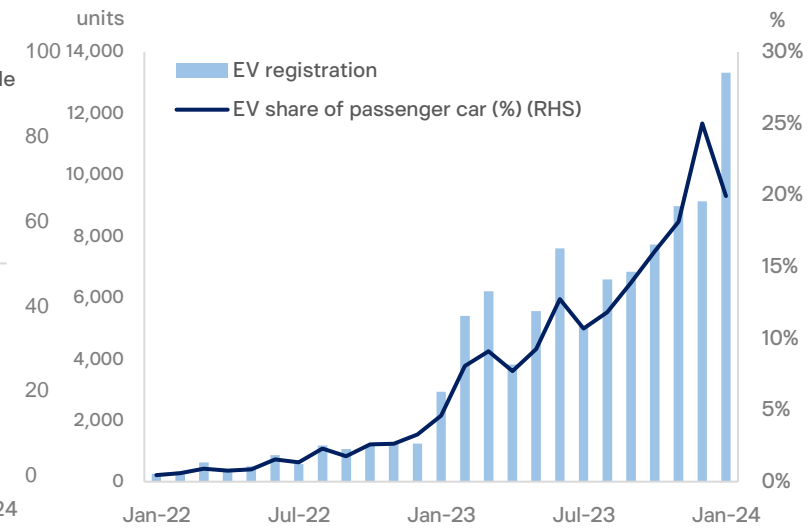


- Private consumption indicators, after seasonal adjusted, were stable from the previous month. Spending in non-durable goods and services increased, thanks to the increase in foreign tourist expenditure while semi-durable purchase also increased from Easy E-receipt scheme. Moreover, spending in durable goods also improved regarding to December's motor show backlog.

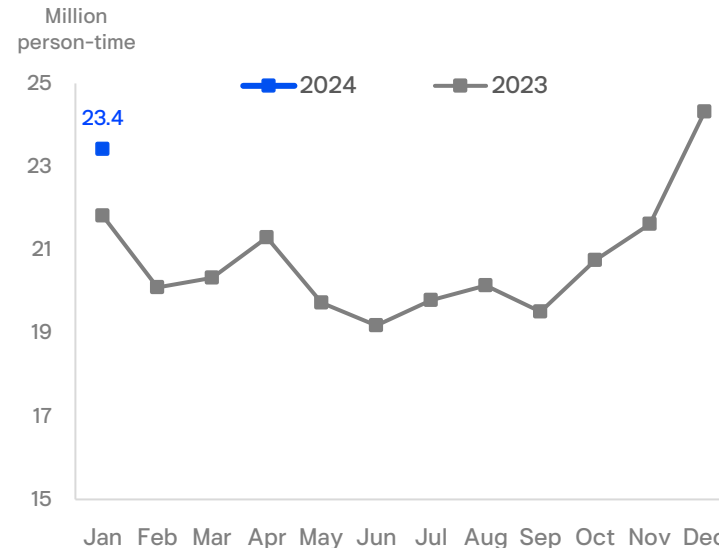
Domestic car sales**



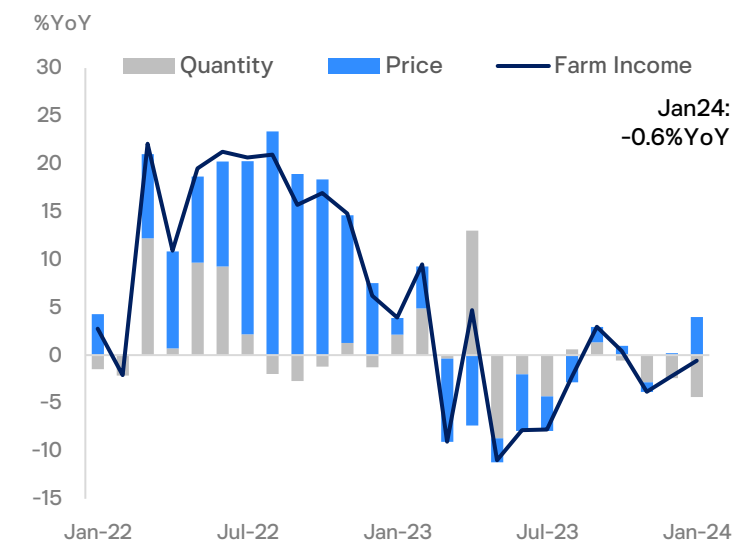
EV new registration



Thai domestic visitors*



Farm Incomes



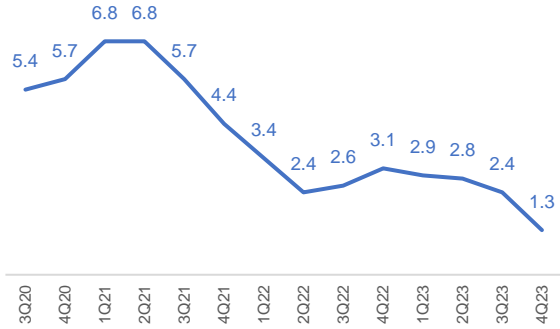
Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

Remark: *Data not include replication in number of visitors **Vehicle type as report following FTI data

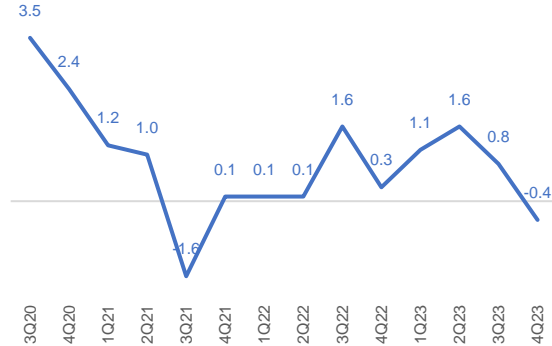
Consumer loans continued to grow as mainly from personal consumption; Hire purchase credit quality continued to decline



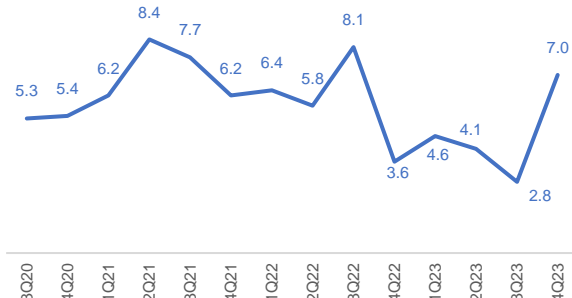
Mortgage (2.72 TB)



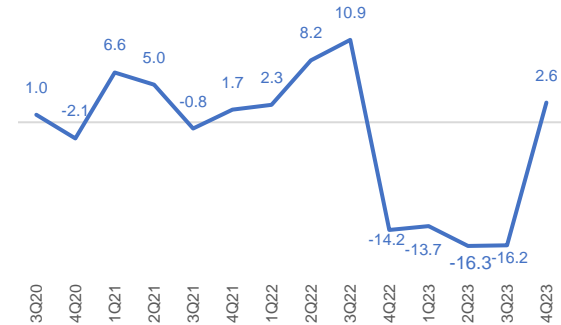
Hire Purchase (1.18 TB)



Personal Loan* (1.58 TB)

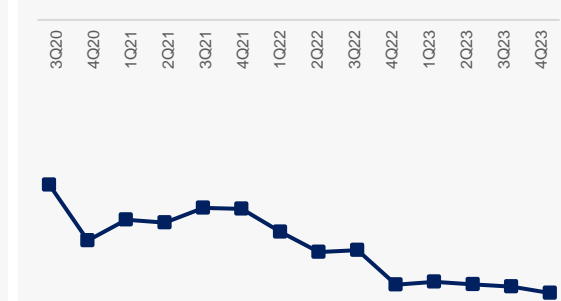
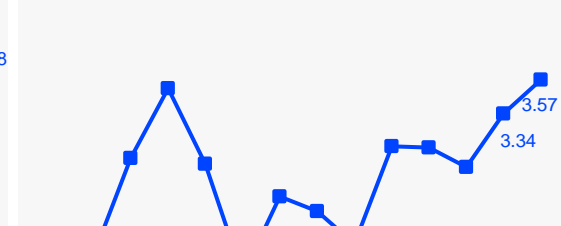
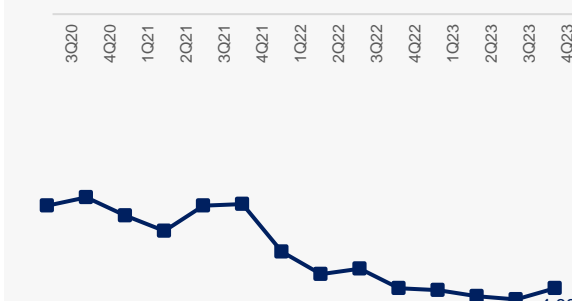
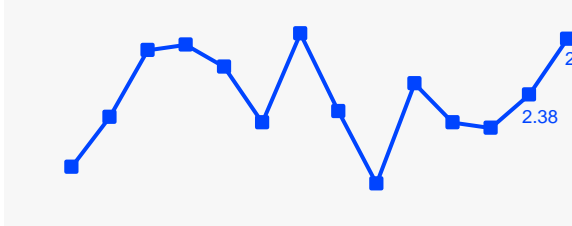
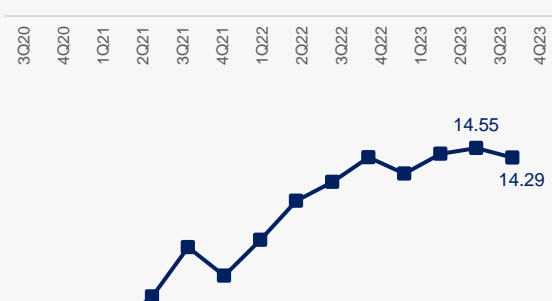
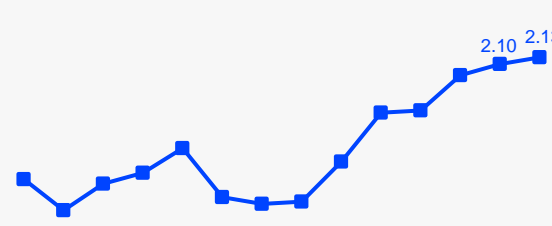
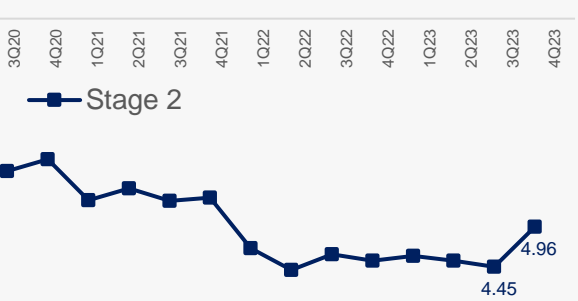
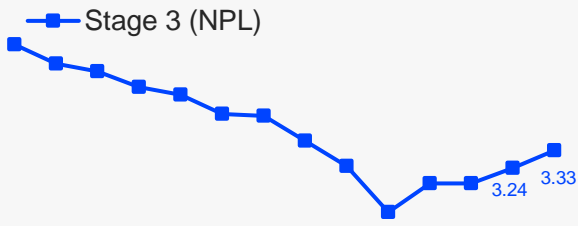


Credit Card* (0.24 TB)



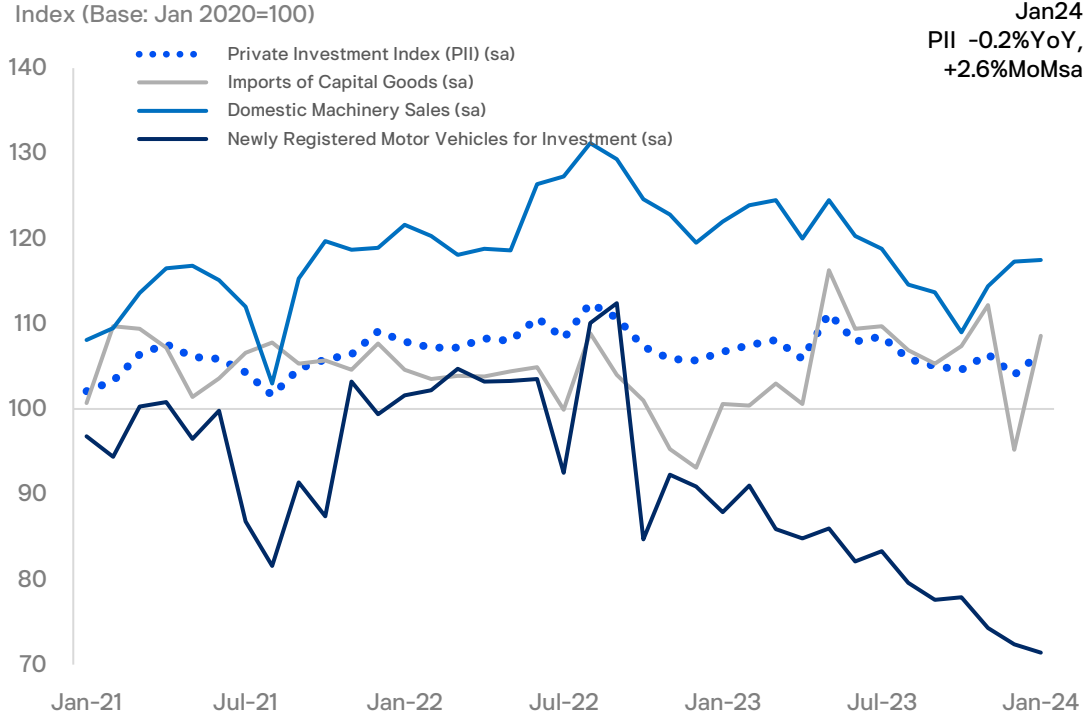
Loan Growth (%)

Asset Quality



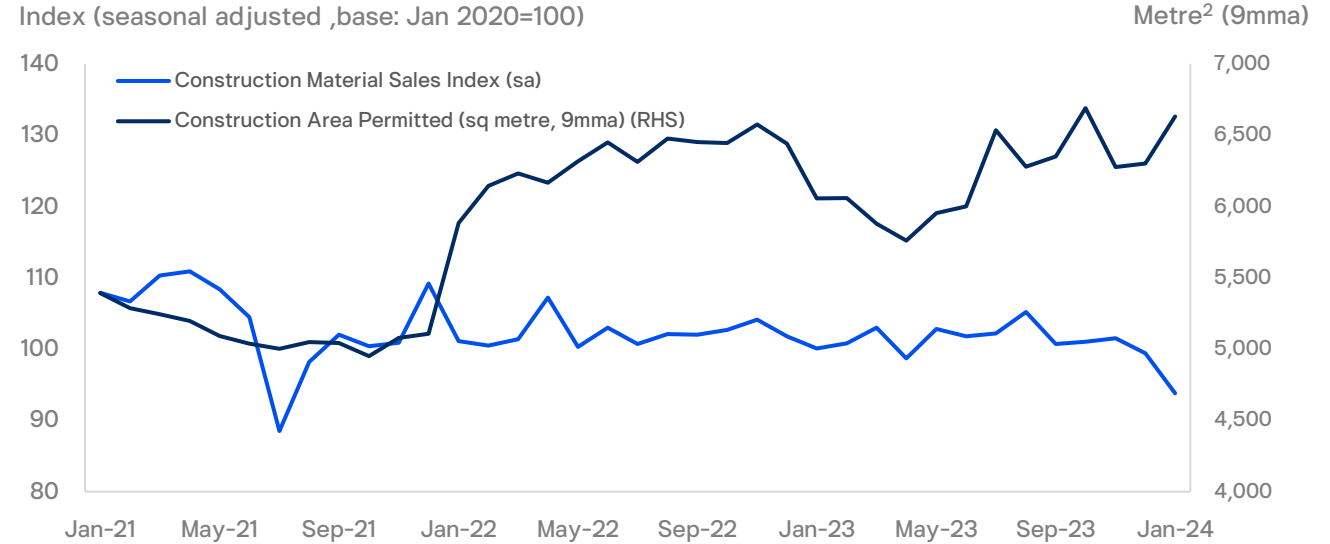
Source: Bank of Thailand Remark: *the impact of bank's subsidiary transfer

Private Investment Indicators (SA)

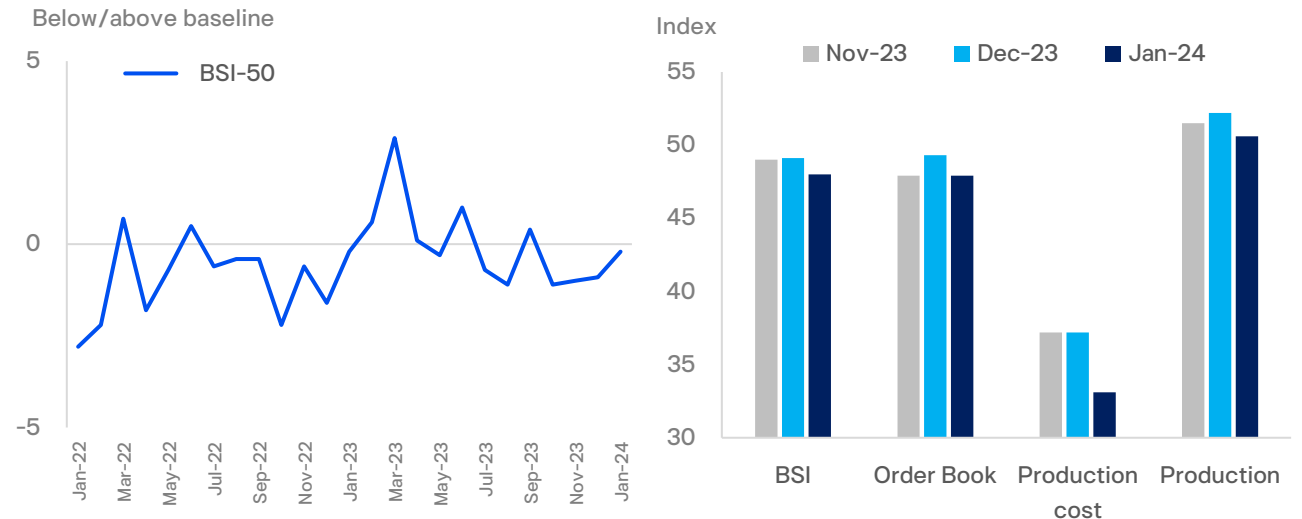


- Private investment indicators increased after contracting in the previous month. Investment in machinery and equipment expands from higher imports of capital, while investment in construction increased from both permitted areas for construction and sales of construction materials. In particular, the increases were driven by areas for industries and factories, which reflected a continuous demand for investment.

Construction sector (SA)



Business Sentiment Index

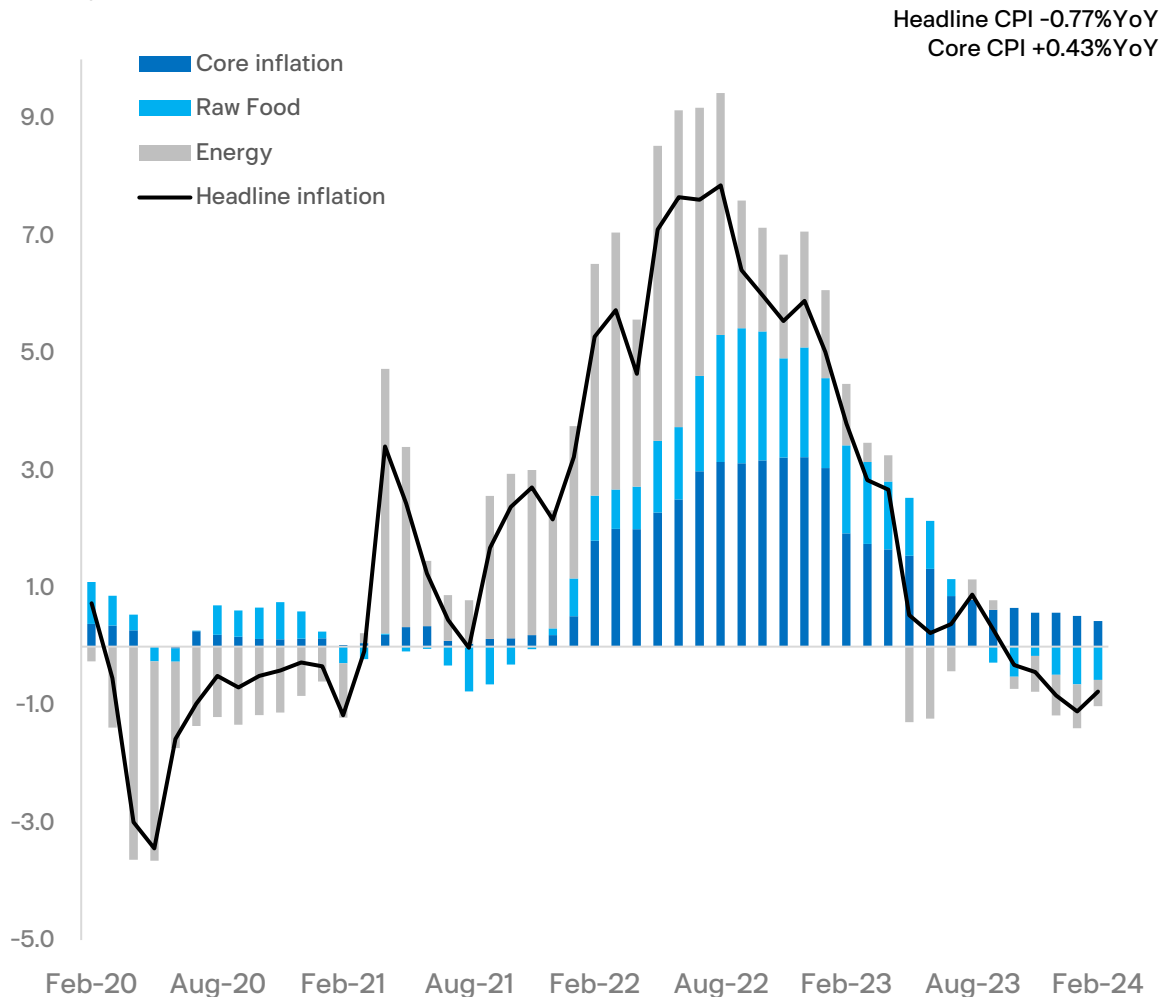


Headline inflation stayed in negative territory for the fifth straight month in February



Headline vs core inflation

%YoY,% contribution



Price change in top categories

%YoY

	2023												2024	
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Headline inflation	5.0	3.8	2.8	2.7	0.5	0.2	0.4	0.9	0.3	-0.3	-0.4	-0.8	-1.1	-0.8
Raw food	7.3	7.1	6.7	5.5	4.7	3.9	1.4	0.0	-1.3	-2.5	-0.8	-2.3	-3.1	-2.7
Prepared food	8.9	4.7	4.1	4.0	3.8	3.4	1.9	1.8	1.3	1.4	1.3	1.2	1.0	0.8
Poultry	11.1	9.6	7.7	7.7	7.6	7.3	4.6	1.2	0.9	0.1	1.0	2.8	1.7	1.0
Eggs and dairy products	9.7	9.4	6.0	5.0	5.1	8.9	10.4	8.5	6.9	6.7	6.7	7.0	4.9	2.9
Meats	-1.1	2.1	3.9	0.5	-7.4	-11.3	-13.7	-16.0	-16.5	-17.9	-17.7	-16.3	-15.4	-14.6
Utilities	11.2	11.2	11.5	11.1	-4.0	7.3	6.9	6.6	-3.1	-3.2	-3.2	-3.1	-3.1	-3.1
Energy	11.1	7.8	2.4	3.3	-9.6	-9.1	-3.1	2.6	1.2	-1.6	-4.5	-5.1	-5.5	-3.3
Core inflation	3.0	1.9	1.7	1.7	1.5	1.3	0.9	0.8	0.6	0.7	0.6	0.6	0.5	0.4

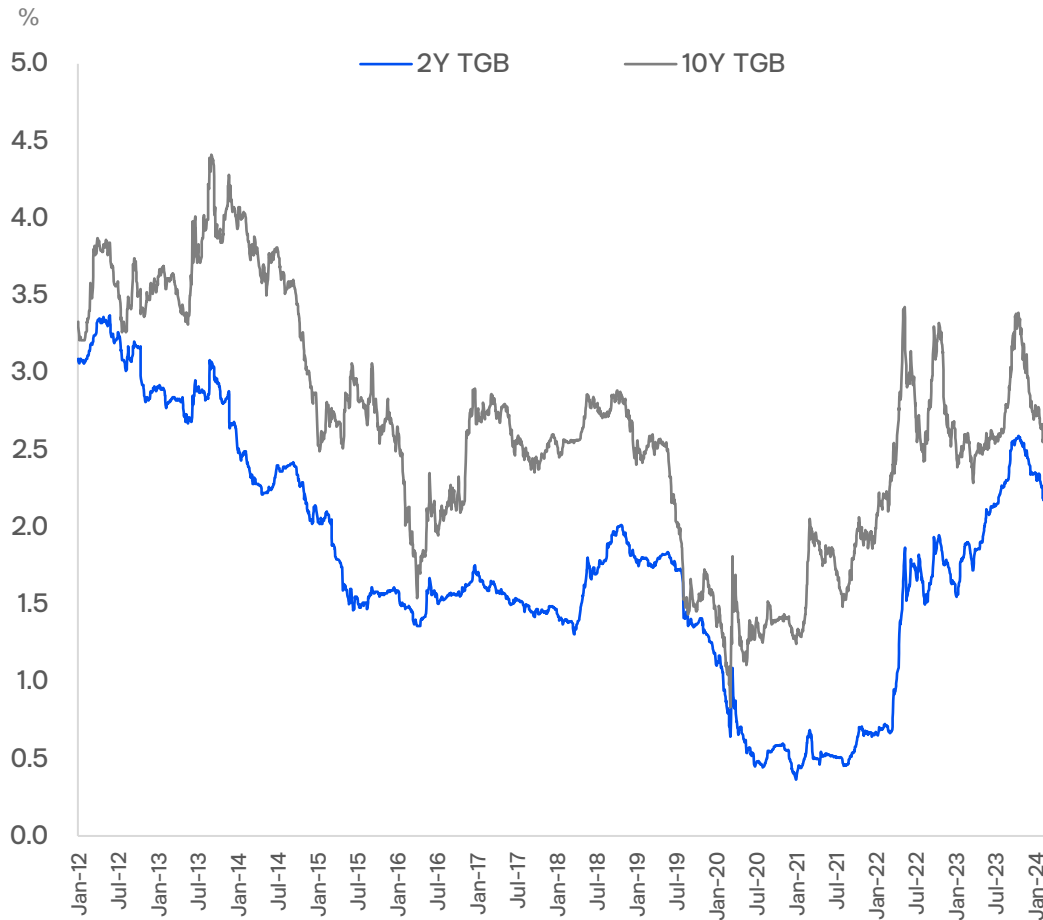
- The headline inflation (CPI) fell further to -0.77%YoY in Feb24, the fifth consecutive month decline. The continuous decline in inflation was attributed to the government's cost-of-living reduction measures, as well as major fresh food prices, as well as the core inflation slightly dropped of 0.43%YoY.

PART 3

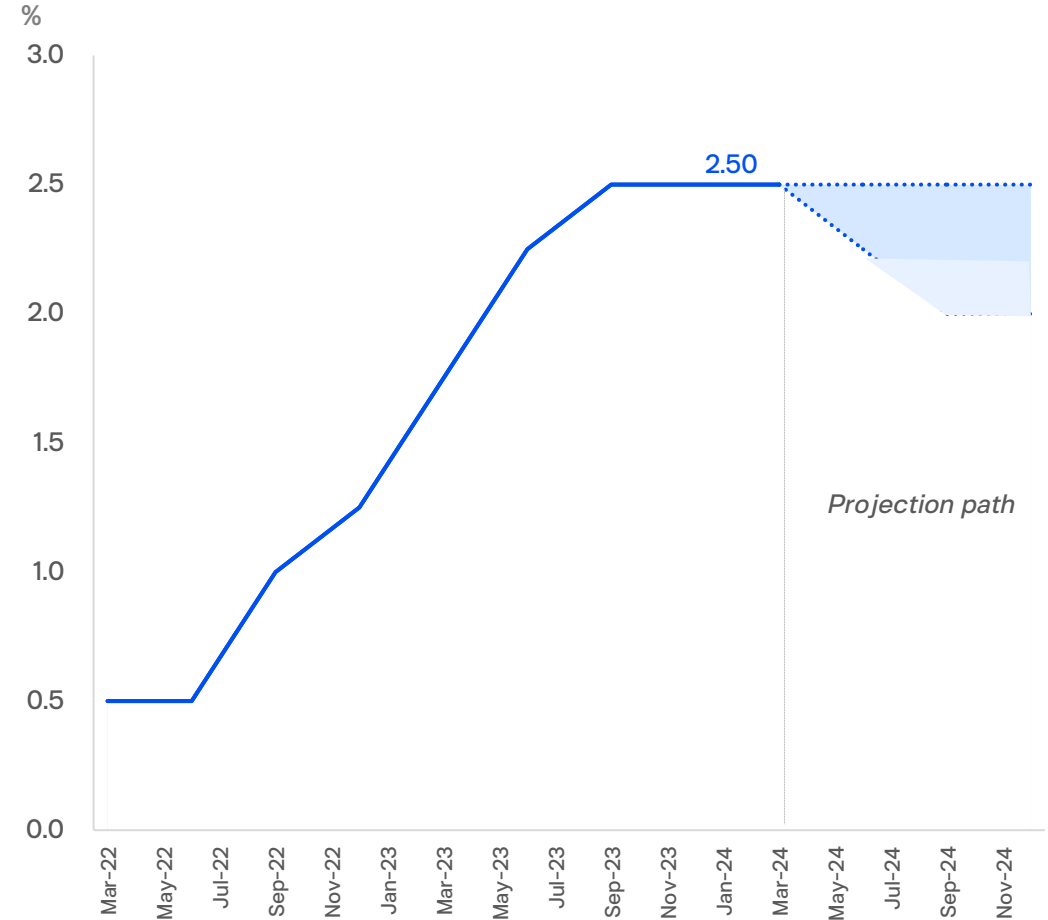
Financial Market



Thailand 2-year and 10-year government bond yield



Thailand policy rate projection, 2024

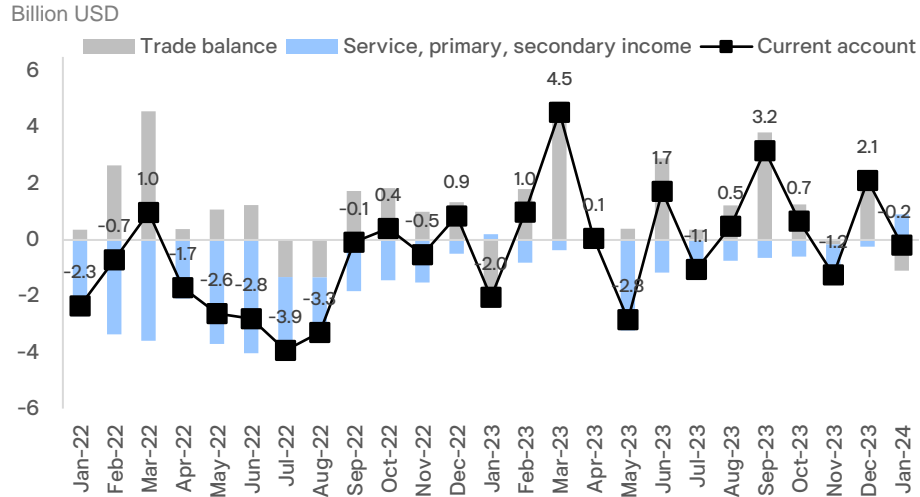


- Thailand 2-year and 10-year government bond yields declined as market participants anticipate policy rate cuts in 2024. Under ttb's projection, Thai policy rate could decrease by two 25-bps rate cuts with the first hike initiated in 1H2024, and the latter expected in 2H2024. With this projection, the policy rate would stand at 2.00% by the end of 2024.

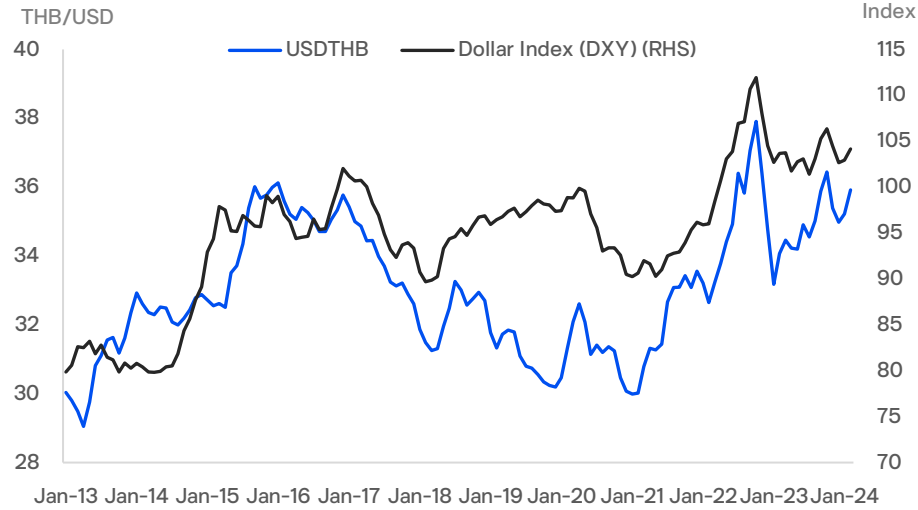
Weaker Thai Baht amid US Dollar shored up



Thailand's current account, 2019-2024M1

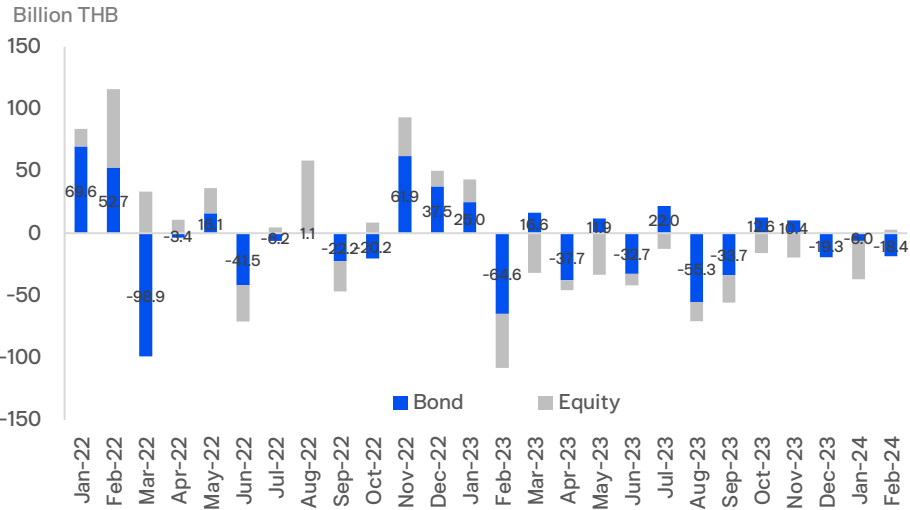


Thai Baht and Dollar Index movement

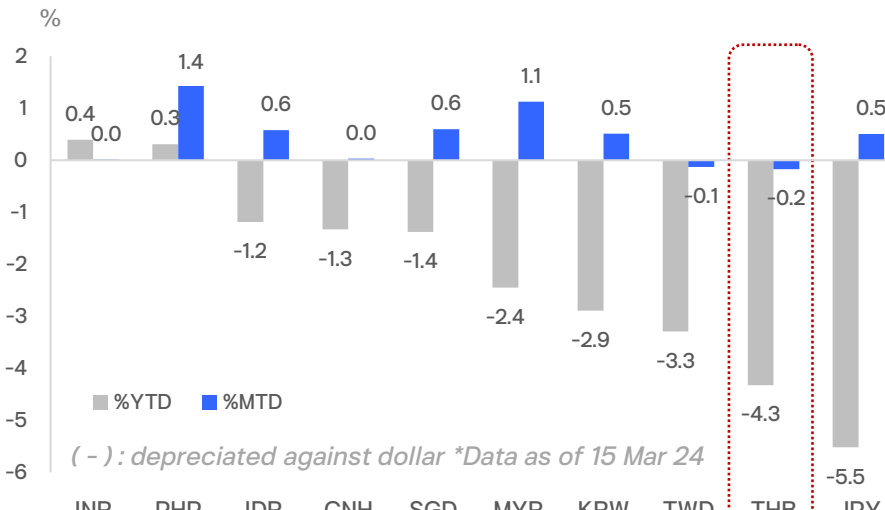


- Thai baht has recently depreciated against the US dollar due to the shoring up of US dollar strengths following economic data that pointed to robustness in the US economic outlook and the economic fundamental of Thai external balance as deficit current account is still seen in the beginning of 2024.

Monthly net foreign flow, 2024



Asian FX spot return against US dollar



- Net foreign outflows persisted in both bond and equity markets of Thailand despite being less evident in 2024. This also attributes to weaknesses in Thai baht against the US dollar. Nevertheless, depreciation of Thai baht is still in consistent with regional peers where Japanese yen is the most affected one.

(-) : depreciated against dollar *Data as of 15 Mar 24

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.