

# Economic and Financial Outlook

t**tt**b analytics

April 2024





## Global Economy

- In March 2024, global economic growth is stabilized with disinflation momentum being observed in most. Central banks in major economies is expected to ease the financial conditions. 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 albeit inflationary pressure persisted.
- China's economic recovery was faster-than-expected amid deflationary risks and investors' concern upon the policy action from the authorities.



## Thai Economy

- In February 2024, overall Thai economy expanded at a slow pace, which was attributed to steadily improve in private consumption, while private investment and manufacturing production improved slightly in some sectors. The number of foreign tourist arrivals increased considerably from the previous month in East Asia thanks to long public holidays and high season effects.
- The growth of merchandise exports in February stayed robust which was the seventh-consecutive month expansion, mainly from the low-base effect and trade rebound. On the other hand, imports value also expanded.
- Headline inflation in March 2024 was contracted in sixth-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 dropped further in this month.



## Financial Markets

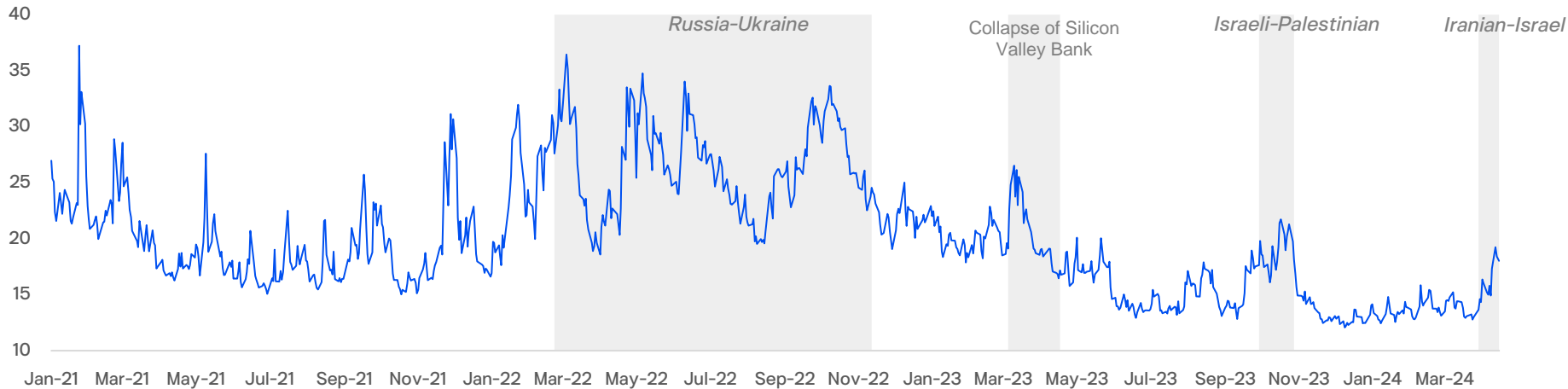
- Major central banks end their hiking cycle, except Bank of Japan with the end of monetary policy easing. Market participants and futures market have pointed out possibilities that the Fed would start cutting interest rates in September 2024 since US economic momentum remained robust.
- USDTHB largely depreciated in March 2024, ending 36.45 level. It could be around 36.50-37.00 in April 2024, as market participants reassess the probabilities for Fed's interest cut to be in 2H2024.

PART 1

# Global Economy

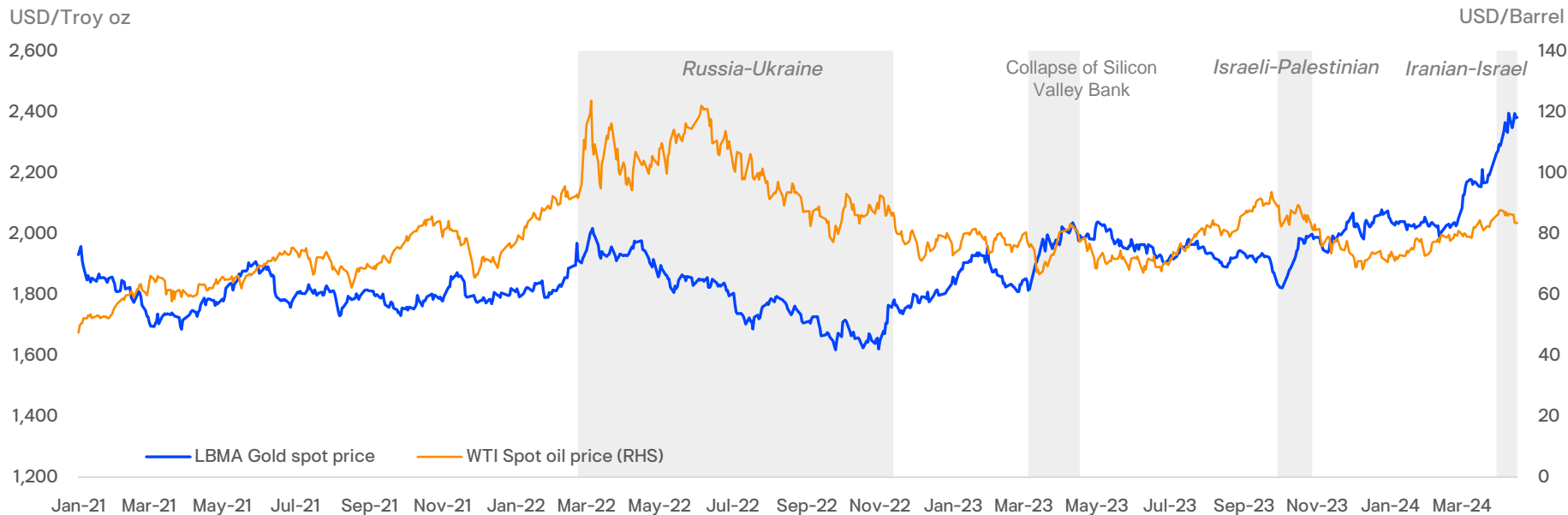


## CBOE Volatility Index (VIX)



- Global geopolitical risks rose significantly after the Israeli military carried out an airstrike inside central Iran in retaliation for a barrage of missiles and drones launched against Israel on 14 April 2024.

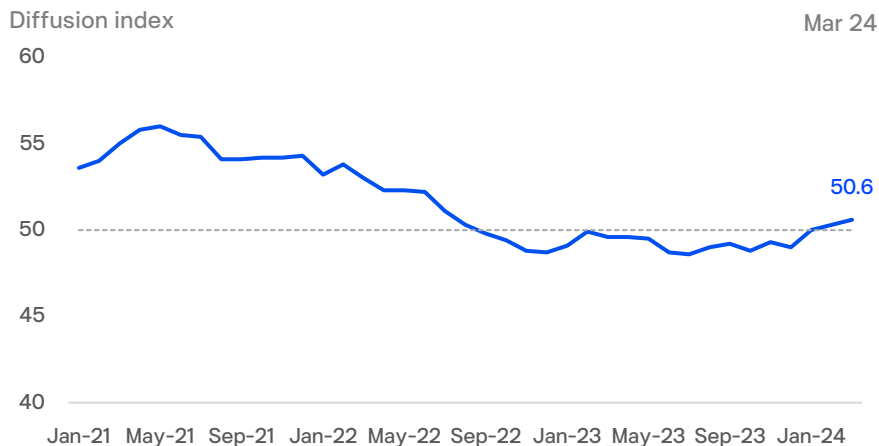
## LBMA gold spot price and spot oil price



- Concern over escalation of Middle East conflicts is rising, safe assets like gold rallied to an all-time high underpinned by worsening geopolitical conditions in the Middle East while tensions cause energy prices to rise as well.



## Global Manufacturing PMI



## Global Service PMI



- Manufacturing output notably rose with a renewed rise in goods new orders driving the latest expansion in production.
- Services activity expanded at an even more pronounced rate in supported by looser financial conditions, reduced recession fears and robust labor markets.

## Manufacturing PMI by countries

	Q1/23	Q2/23	Q3/23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Global	49.6	48.7	49.2	48.8	49.3	49.0	50.0	50.3	50.6
US	49.2	46.3	49.8	50.0	49.4	47.9	50.7	52.2	51.9
UK	47.9	46.5	44.3	44.8	47.2	46.2	47.0	47.5	50.3
EU	47.3	43.4	43.4	43.1	44.2	44.4	46.6	46.5	46.3
Germany	44.7	40.6	39.6	40.8	42.6	43.3	45.5	42.5	41.9
France	47.3	46.0	44.2	42.8	42.9	42.1	43.1	47.1	46.2
Italy	51.1	43.8	46.8	44.9	44.4	45.3	48.5	48.7	50.4
Asia exc. China	50.2	50.6	50.5	49.8	50.5	50.4	50.7	50.6	51.1
China	50.0	50.5	50.6	49.5	50.7	50.8	50.8	50.9	51.1
Australia	49.1	48.2	48.7	48.2	47.7	47.6	50.1	47.8	47.3
India	56.4	57.8	57.5	55.5	56.0	54.9	56.5	56.9	59.1
Japan	49.2	49.8	48.5	48.7	48.3	47.9	48.0	47.2	48.2
Korea	47.6	47.8	49.9	49.8	50.0	49.9	51.2	50.7	49.8
Indonesia	51.9	52.5	52.3	51.5	51.7	52.2	52.9	52.7	54.2
Thailand	53.1	53.2	47.8	47.5	47.6	45.1	46.7	45.3	49.1

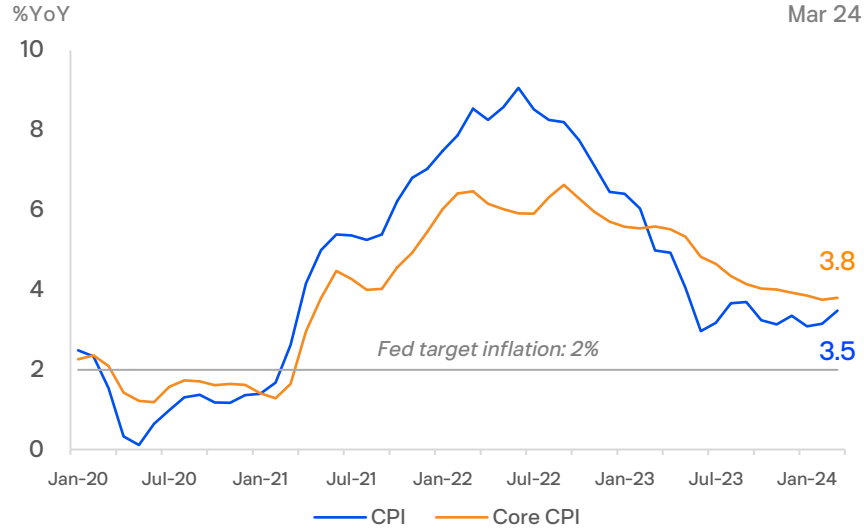
## Service PMI by countries

	Q1/23	Q2/23	Q3/23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
World	54.3	53.8	50.7	50.4	50.6	51.6	52.3	52.4	52.5
US	54.7	54.5	49.2	49.8	51.5	50.4	52.2	54.2	54
UK	54.3	54.4	51.3	50.8	52.3	53.3	49.8	54.1	55.5
EU	55.0	52.0	48.7	47.8	48.7	48.8	48.4	50.2	51.5
Germany	53.7	54.1	50.3	48.2	49.6	49.3	47.7	48.3	50.1
France	53.9	48.0	44.4	45.2	45.4	45.7	45.4	48.4	48.3
Italy	55.7	52.2	49.9	47.7	49.5	49.8	51.2	52.2	54.6
Spain	59.4	53.4	50.5	51.1	51.0	51.5	52.1	54.7	56.1
Asia exc. China	55.9	55.2	55.6	53.3	52.6	53.5	55.2	55.1	55.7
China	57.8	53.9	50.2	50.4	51.5	52.9	52.7	52.5	52.7
Australia	48.6	50.3	51.8	47.9	46.0	47.1	49.1	53.1	54.4
India	57.8	58.5	61.0	58.4	56.9	59.0	61.8	60.6	61.2
Japan	55.0	54.0	53.8	51.6	50.8	51.5	53.1	52.9	54.1

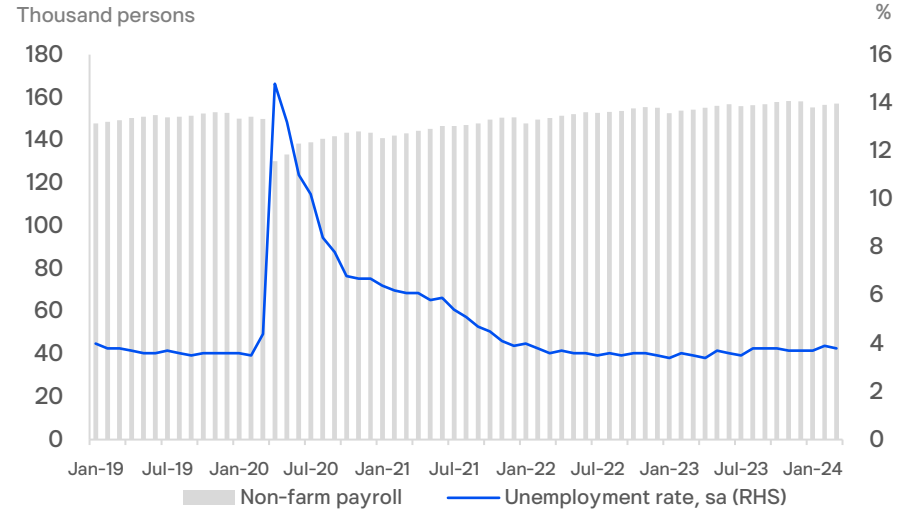
# Persistently high inflation and resilient labor market likely postpone Fed policy rate cut



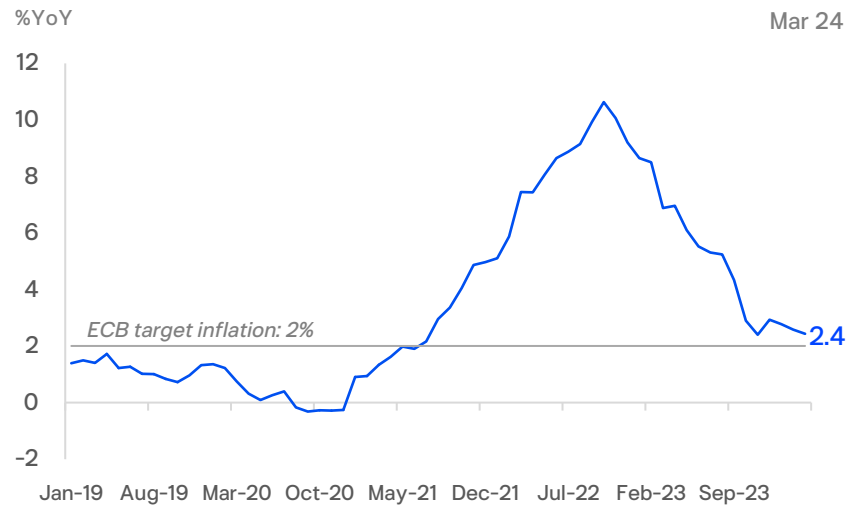
## US CPI and core CPI



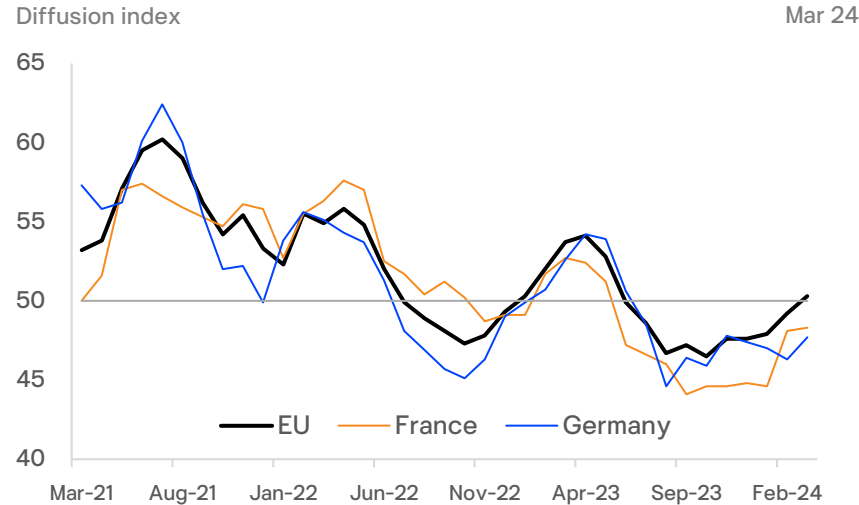
## US labor market



## EU CPI inflation rate



## Composite PMI

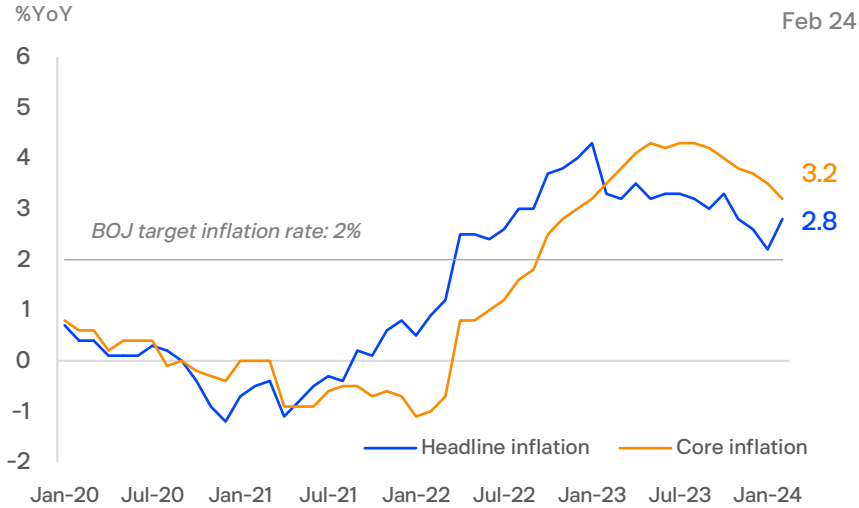


- Persistent inflation and strong labor market conditions in the US have prompted investors to drastically rethink the chances of the Fed cutting rates any time soon.
- Traders see September as the most likely starting point for the cut, versus June just a couple of weeks ago, based on the CME FedWatch.

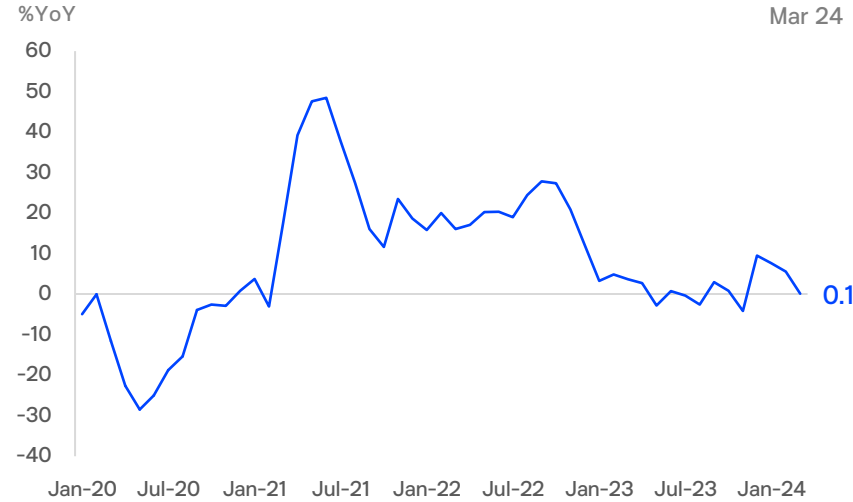
- The European Central Bank is now expected to cut interest rates in June 2024 before the Federal Reserve to give the region's struggling economies a boost where inflation is heading towards the ECB's medium-term target.
- Nevertheless, a cut in June would rely on no further setbacks in the geopolitical situation that affect energy prices and inflation.

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

## Japan headline and core inflation rates

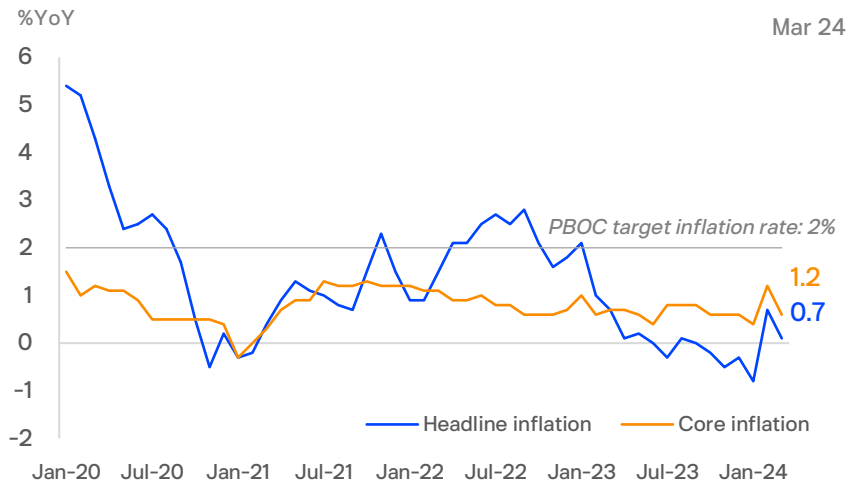


## Japan export growth

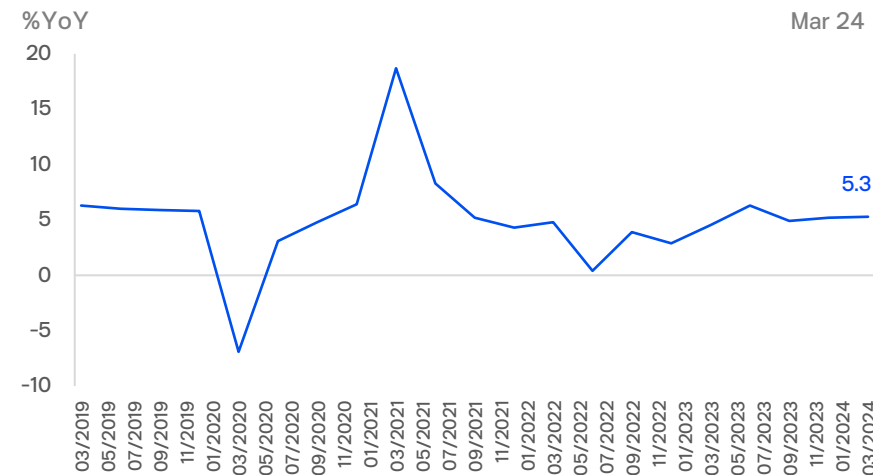


- Japan's core inflation slowed in March and fell below 3% for the first time in over a year while weak yen lifts Japan's exports.
- Bank of Japan Governor Kazuo Ueda said that the central bank may raise interest rates again if the yen's declines significantly push up domestic inflation.

## China headline and core inflation rates



## China YoY GDP



- Chinese GDP in 1Q2024 grew at a faster-than-expected pace despite weak consumer and business confidence and prolonged downturn in the real estate sector.
- Uncertainty over the Chinese economy kept traders biased against the yuan, as the People's Bank moved to stem further losses in the currency.

PART 2

# Thai Economy

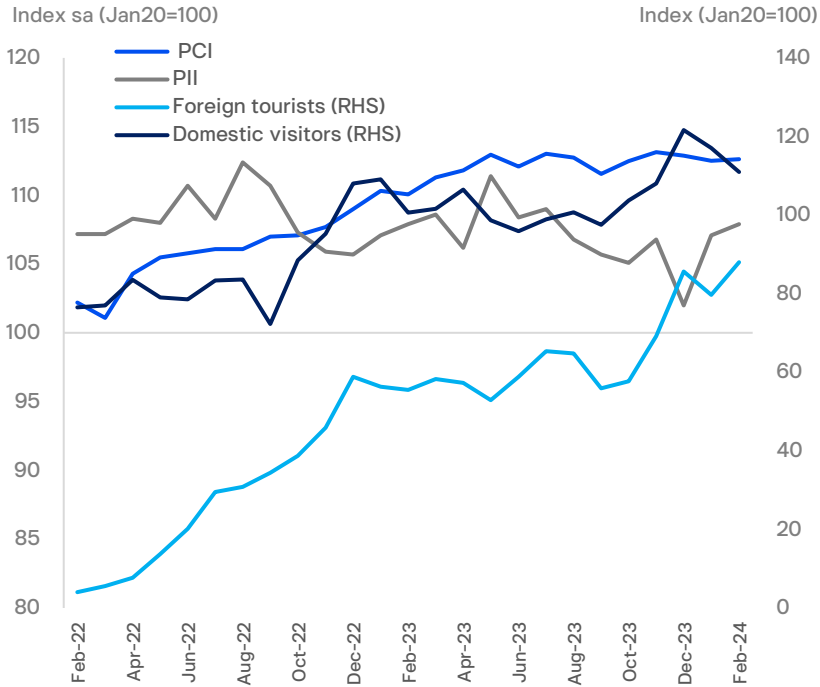




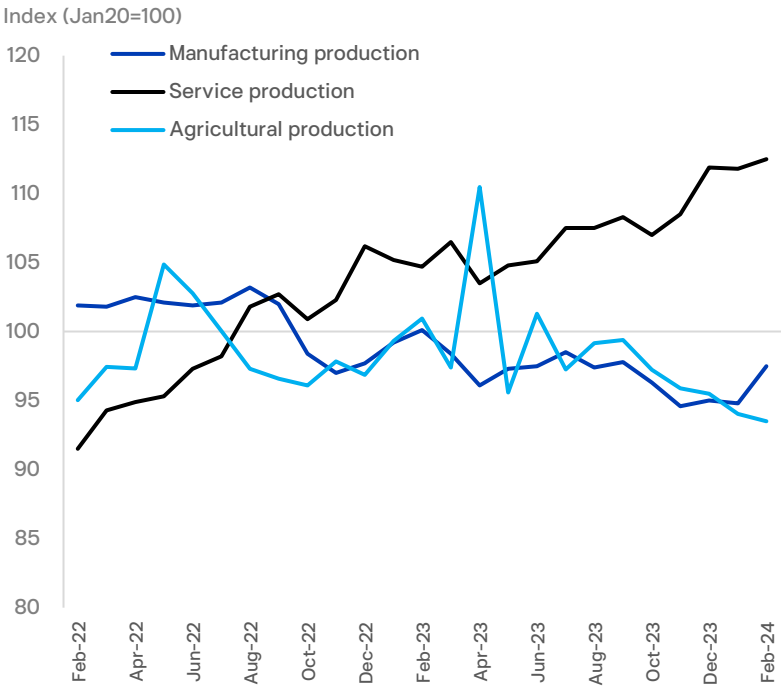
# In Feb24, overall economic recovery remained slow



## Demand-side indicators



## Supply-side indicators



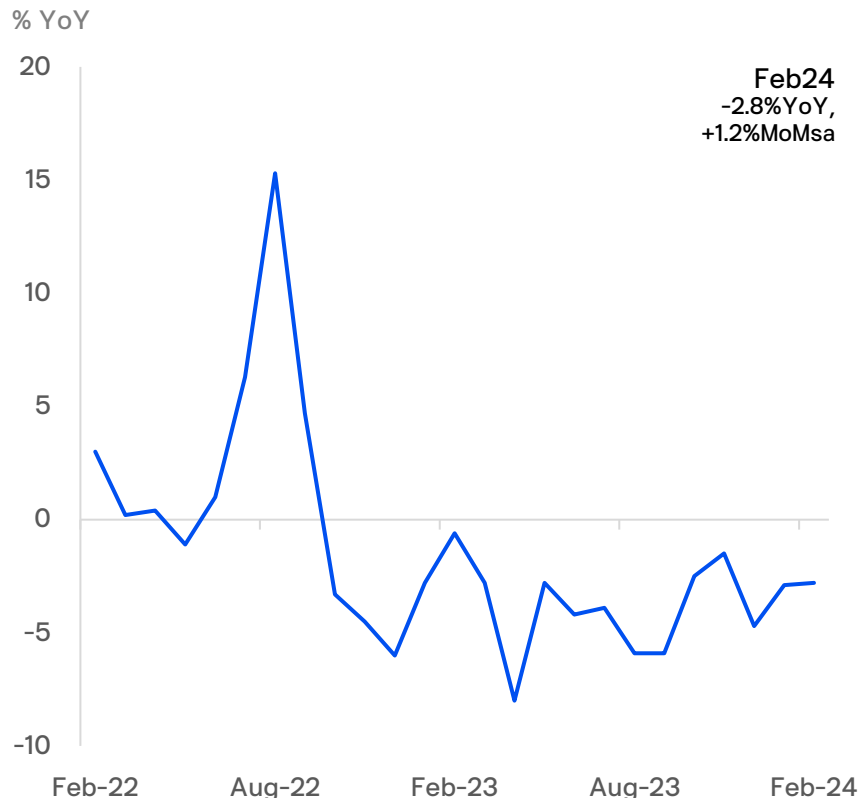
- In Feb24, Thai economy expanded at a slow pace, as mainly from steadily private consumption indicators, while the service sector which saw a large improvement in both the number of tourists and tourism revenue. Private investment and manufacturing production rose in some sectors.
- In terms of supply 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)	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24
Authorized Capital of Newly Registered Companies (Million Baht)	109.0	1,708.3	119.2	163.2	227.6	95.2	141.8	138.2	156.1	144.9	89.6	146.1	116.8
Construction Areas Permitted (1000 sq. m)	96.9	103.9	94.7	98.2	102.5	115.2	96.4	125.4	98.7	102.3	104.8	128.3	111.4
Export Volume index (exclude Gold)	111.9	110.9	108.2	110.6	113.9	110.0	107.4	112.3	110.6	109.8	109.7	109.7	106.4
Business Sentiment Index (3 months)	107.3	109.2	109.0	108.5	108.3	106.4	105.4	106.0	104.5	101.9	102.3	102.3	101.9
SET index	107.1	106.3	101.0	101.3	99.3	102.8	103.4	97.2	91.3	91.2	93.5	90.1	90.5
Oil Price Inverse Index (Dubai)	1.2	1.3	1.2	1.3	1.3	1.3	1.2	1.1	1.1	1.2	1.3	1.3	1.2

Source: Bank of Thailand and ttb analytics.

## Manufacturing Production Index (MPI)



## MPI by sector (base year 2021)

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

- As of Feb24, Manufacturing Production Index (MPI) was contracted at 2.8%YoY, compared to the month earlier at 2.9% contraction, partly due to an accelerated production of petroleum after a temporary shutdown of a refinery for maintenance last month. The production of chemicals also increased from rubber and plastics in line with higher exports to China, while the production of food and beverages continued to increase, as well as the output of pet food and alcoholic beverages. Nevertheless, automotive production contracted particular in commercial cars.

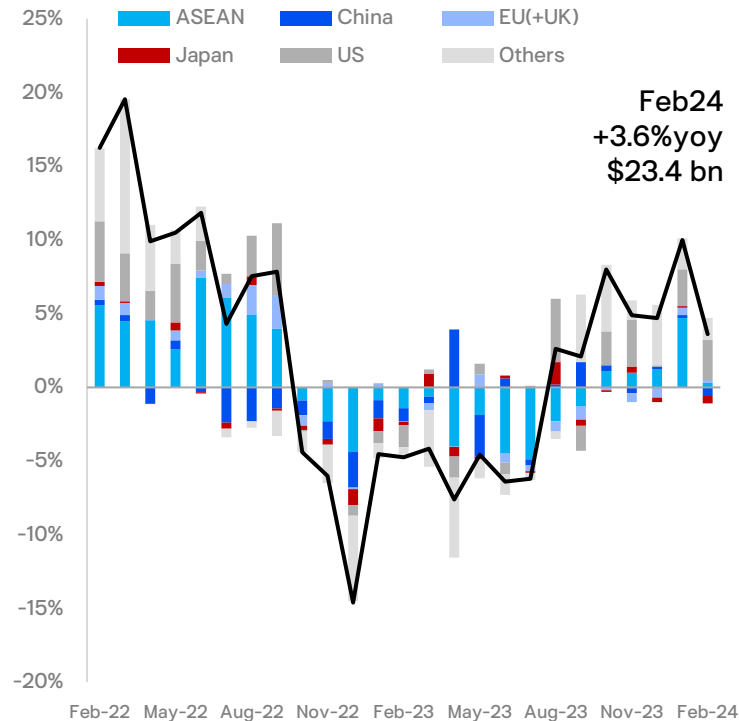
# Thailand export growth stayed robust in February



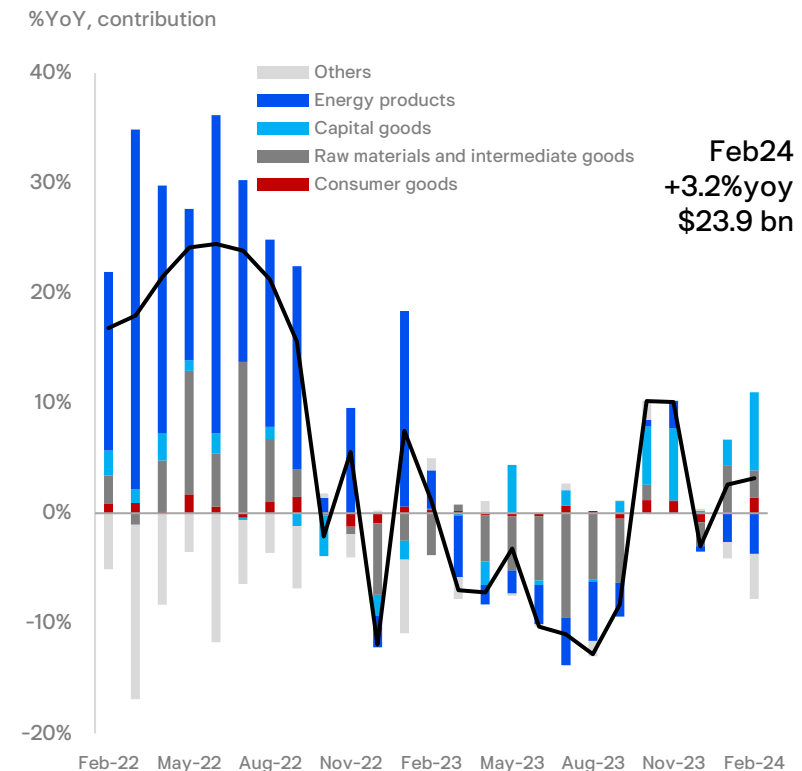
## Exports value by product and destination\*

	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	Feb-24
<b>Agri-agro products</b>														
Rice	70.8%	7.7%	7.1%	5.8%	84.7%	-15.0%	18.8%	10.8%	51.4%	37.7%	67.9%	27.4%	45.9%	53.6%
Rubber	-37.6%	-34.0%	-41.1%	-40.2%	-37.2%	-43.0%	-37.8%	-32.9%	-30.3%	-5.4%	14.5%	13.2%	5.5%	31.7%
Tapioca products	-7.6%	5.2%	5.6%	-40.3%	-41.7%	-16.7%	-7.7%	-12.8%	3.7%	4.8%	-12.8%	-51.2%	-27.0%	-20.4%
Fresh, Frozen & Dried vegetable and Fruit	-6.9%	23.2%	32.6%	102.8%	-46.0%	7.4%	3.0%	58.9%	86.8%	27.6%	-12.4%	-13.5%	27.2%	-10.0%
Poultry	10.4%	10.3%	5.2%	2.7%	14.0%	-4.8%	-9.6%	-8.0%	-8.9%	1.5%	-2.6%	0.3%	5.0%	-0.5%
Sugar	-2.1%	22.5%	67.0%	-0.7%	43.7%	31.3%	-30.5%	-23.3%	16.0%	-25.4%	-9.9%	43.0%	-16.6%	-35.2%
Animal feeding	-11.0%	-23.4%	-26.2%	-33.6%	-23.8%	-16.1%	-12.3%	-10.6%	-7.9%	0.8%	3.3%	8.5%	9.1%	21.5%
<b>Industrial products</b>														
Motor Cars, Parts, Accessories	19.3%	12.3%	7.7%	1.1%	10.5%	11.4%	18.8%	24.2%	-0.8%	3.6%	-5.1%	2.1%	-4.7%	-8.2%
Computer and parts	-21.2%	-22.9%	-6.1%	-19.0%	-4.8%	-20.1%	-24.2%	-26.9%	-24.3%	-4.1%	10.3%	2.5%	32.2%	24.9%
HDD	-42.0%	-45.1%	-13.8%	-49.7%	-28.8%	-36.5%	-46.3%	-48.4%	-33.7%	-29.0%	-0.9%	1.9%	39.7%	21.4%
Integrated Circuits	-3.3%	4.1%	-1.3%	-1.6%	4.5%	5.3%	3.2%	39.8%	5.0%	-4.6%	-6.6%	3.1%	-1.9%	-13.2%
Air Conditioning	13.7%	8.3%	16.6%	-2.6%	10.1%	-4.9%	-24.7%	-23.4%	-27.6%	-34.2%	-26.1%	-12.2%	-10.5%	-14.3%
Refrigerating	-17.9%	17.2%	23.6%	4.2%	17.7%	-5.3%	-27.6%	-8.0%	-12.1%	34.7%	48.1%	71.0%	30.4%	-0.2%
Electronic Machines	-3.1%	-4.7%	4.9%	5.7%	5.5%	0.2%	2.5%	9.3%	-4.7%	5.5%	10.9%	0.5%	18.0%	12.5%
Plastic pallet	-30.7%	-29.2%	-20.7%	-24.3%	-21.4%	-22.3%	-15.8%	-9.9%	-5.3%	3.1%	-10.7%	0.0%	-0.3%	-2.7%
Chemical Products	-17.8%	-19.9%	-19.6%	-30.4%	-4.9%	-14.3%	-30.5%	-11.1%	-18.1%	-10.6%	-0.6%	-6.5%	-1.6%	-14.2%
Machinery & Parts	-2.1%	-1.0%	-13.1%	-11.6%	-7.6%	0.2%	6.0%	6.4%	4.1%	7.8%	15.3%	2.9%	7.6%	-2.5%
Rubber Products	-8.2%	-3.7%	-2.4%	-12.6%	-6.4%	-7.0%	-6.2%	-4.7%	-5.5%	0.1%	0.7%	3.9%	3.7%	-4.1%
Refined oil	15.1%	-3.8%	1.2%	-18.3%	-41.8%	-26.1%	-38.0%	21.2%	27.3%	65.1%	55.4%	42.6%	5.3%	-9.6%
Jewelry ex gold	-3.7%	81.8%	-3.6%	-27.0%	5.0%	31.2%	-2.8%	-10.4%	27.2%	8.7%	2.9%	6.8%	21.5%	6.5%
<b>Total export</b>	<b>-3.0%</b>	<b>-4.0%</b>	<b>-3.0%</b>	<b>-7.4%</b>	<b>-4.2%</b>	<b>-4.2%</b>	<b>-6.2%</b>	<b>2.6%</b>	<b>2.1%</b>	<b>8.0%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>10.0%</b>	<b>3.6%</b>

%YoY, contribution



## Imports value by groups\*

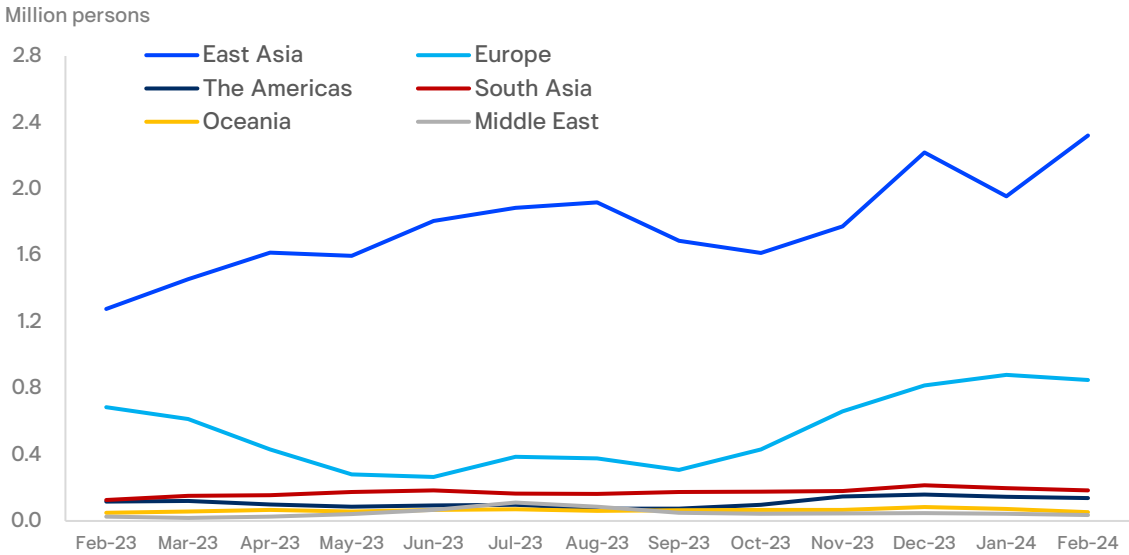
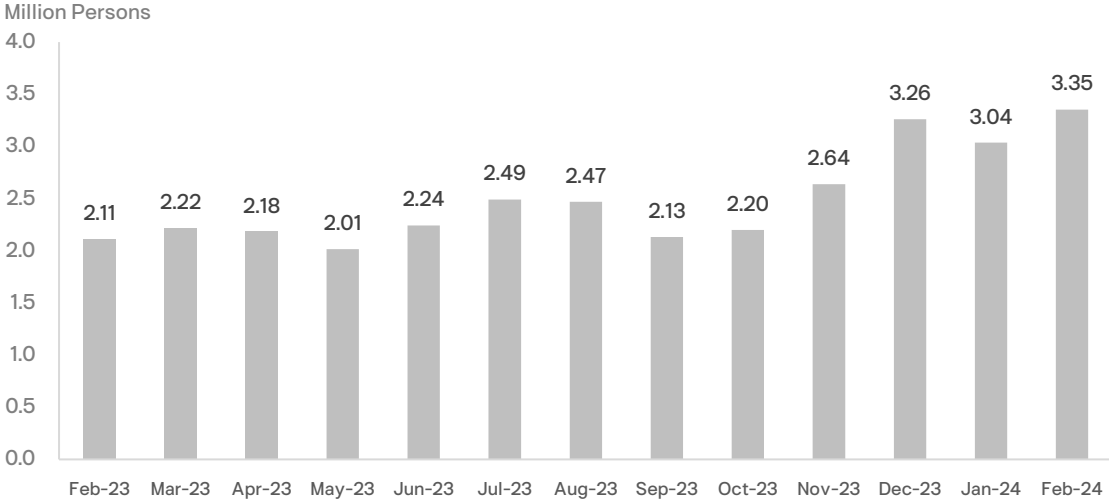


- Export value in Feb24 grew 3.6%YoY, marking the seventh-consecutive month expansion but slower pace, partially from the low-base effect and trade rebound. That increased from the previous month in major goods such as agricultural products (e.g., rice, rubber, and canned products) as well as industrial products (e.g., computer and parts, semiconductors, transistors and diodes), meanwhile, exports of some products declined, such as automobiles, equipment and parts, circuit boards, air conditioners and components and chemicals
- Import value in Feb24 grew 3.2%YoY, which was mainly attributed to the growth of capital goods, resulting in a trade deficit of USD 0.55 billion.

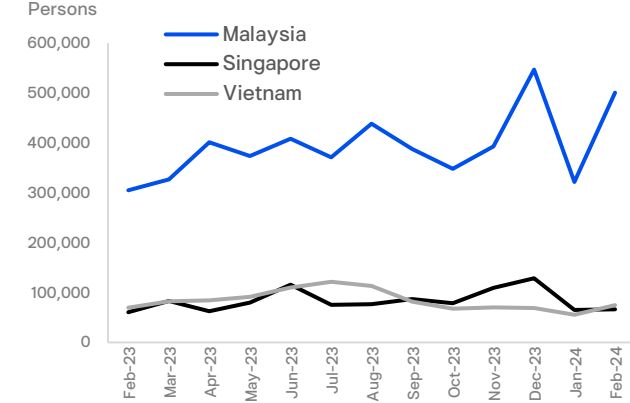
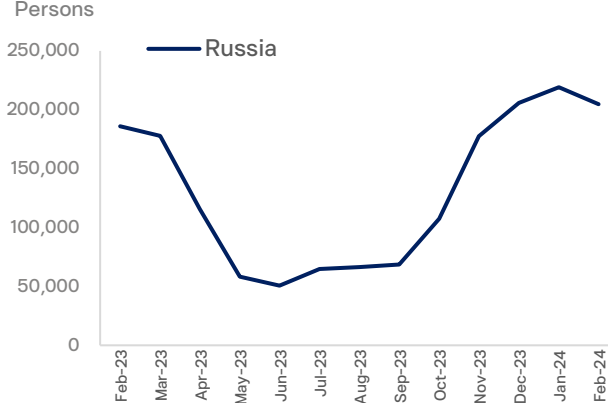
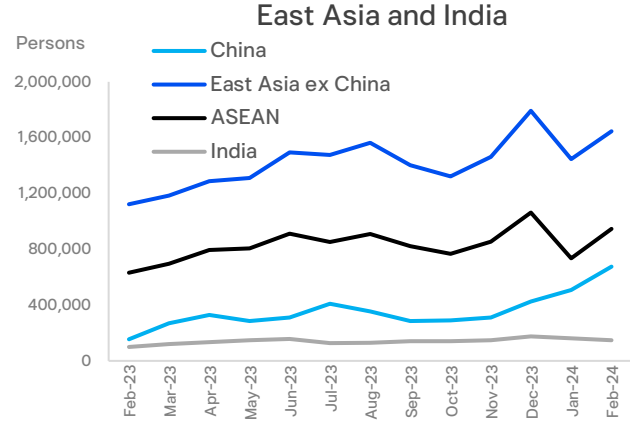
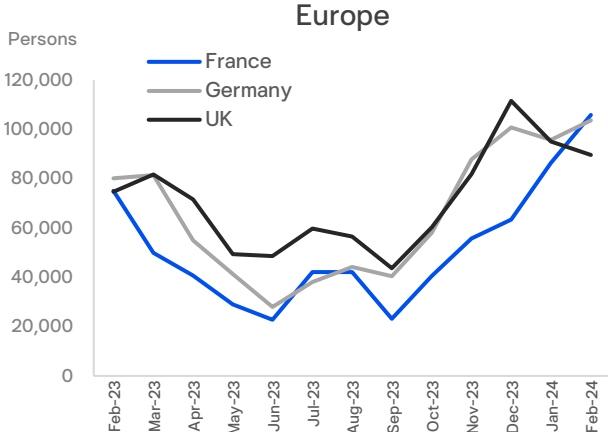
# Foreign arrivals rose dramatically; Chinese tourists reached over 60% recovery



## Total Foreign Tourist Inbounds



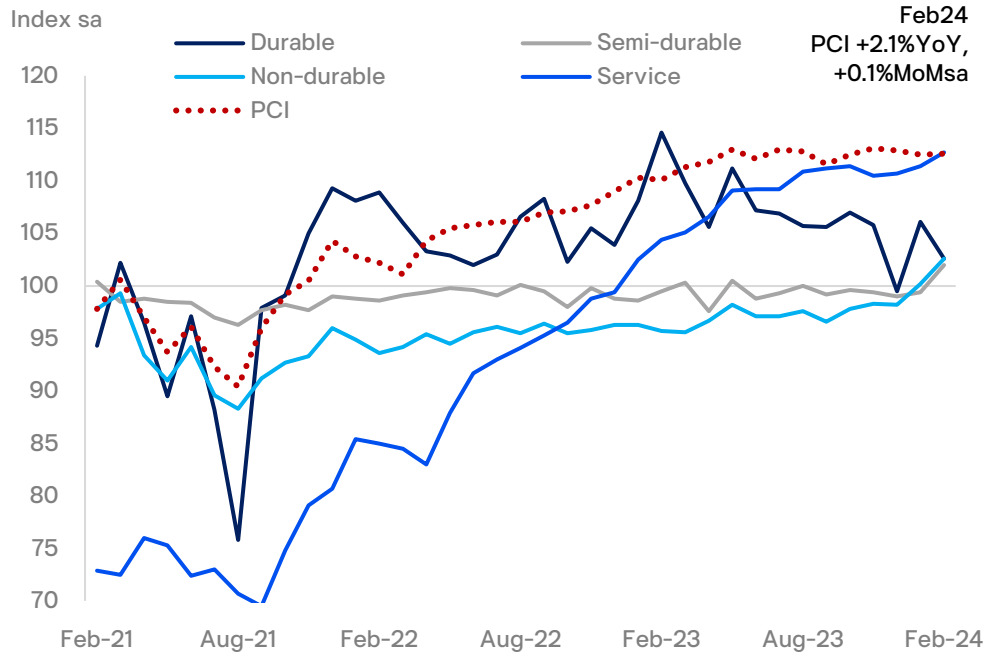
## Foreign Tourist Inbounds by key regions



As of Feb24, foreign tourist arrivals was at 3.35 million, improved considerably from the previous month in several nationalities, especially the tourists from East Asia such as China and Malaysia.

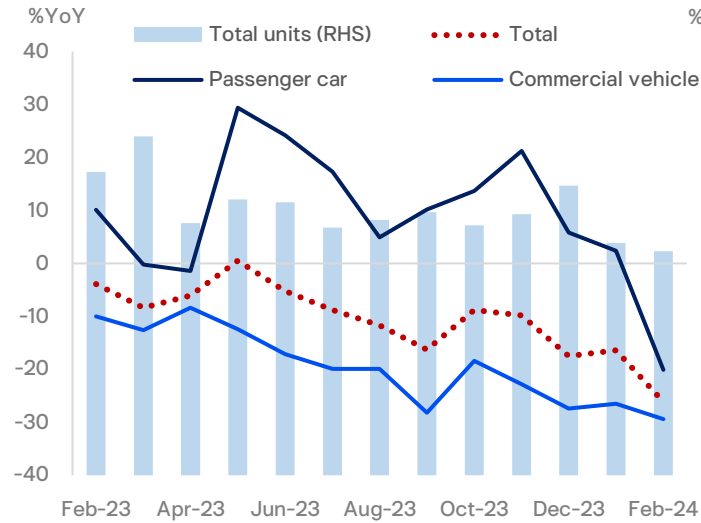
# Private consumption indicators were stable, while spending on services and non-durable goods was partially supported by government measures

## Private Consumption Indicators (SA)

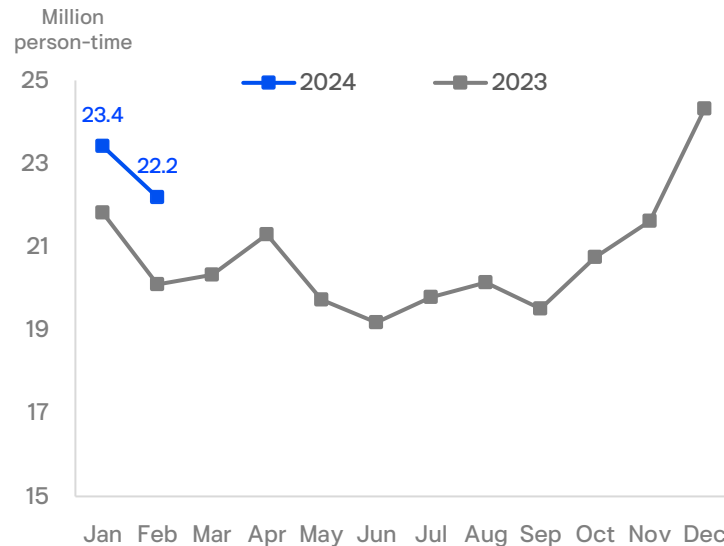


- Private consumption indicators were stable from the previous month. Spending on services and non-durable goods was partially supported by government measures, including subsidies on energy prices and a tax rebate program.
- Meanwhile, spending on durable goods decreased especially in passenger cars category. Overall, consumer confidence continued to increase, thanks partly to the government measures.

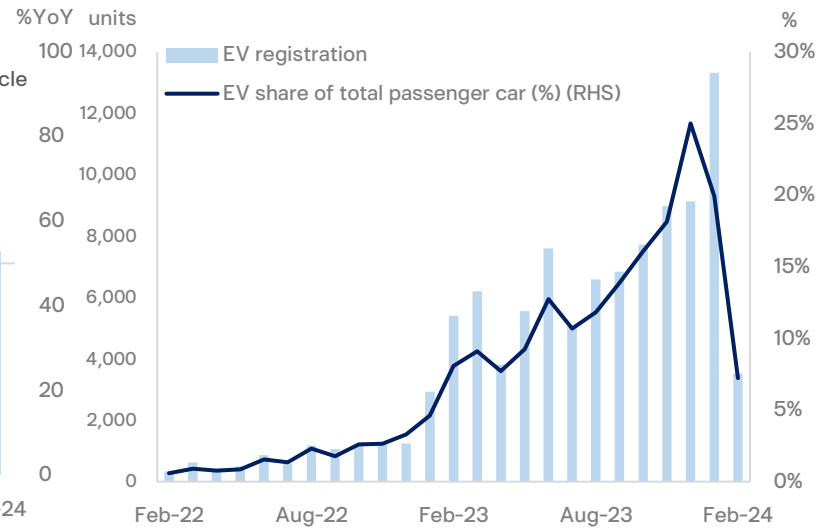
## Domestic car sales\*\*



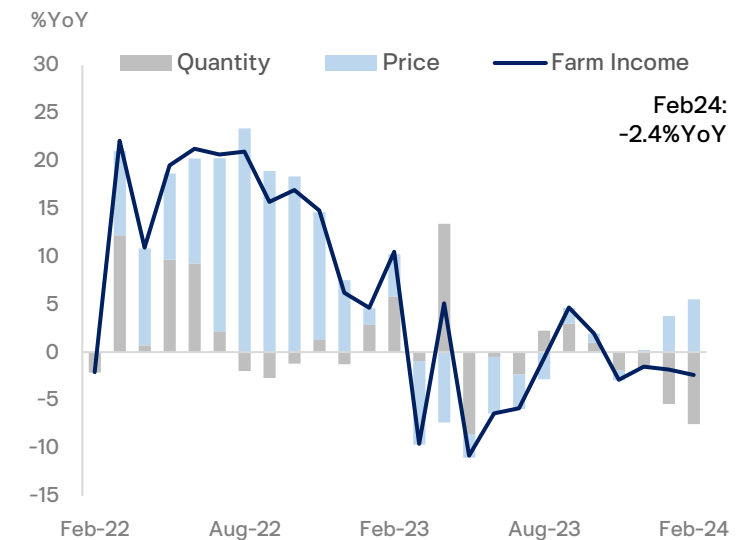
## Thai domestic visitors\*



## EV new registration



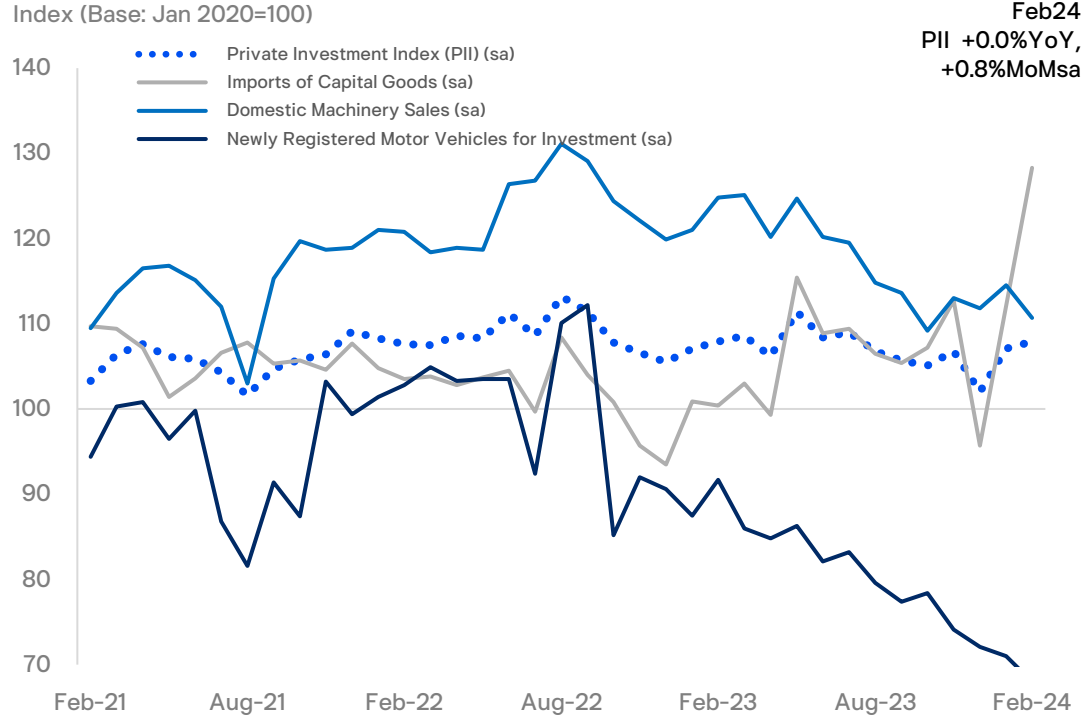
## Farm Incomes





# Private investment increased due to high import of computer and machinery, while BSI remained below its benchmark

## Private Investment Indicators (SA)

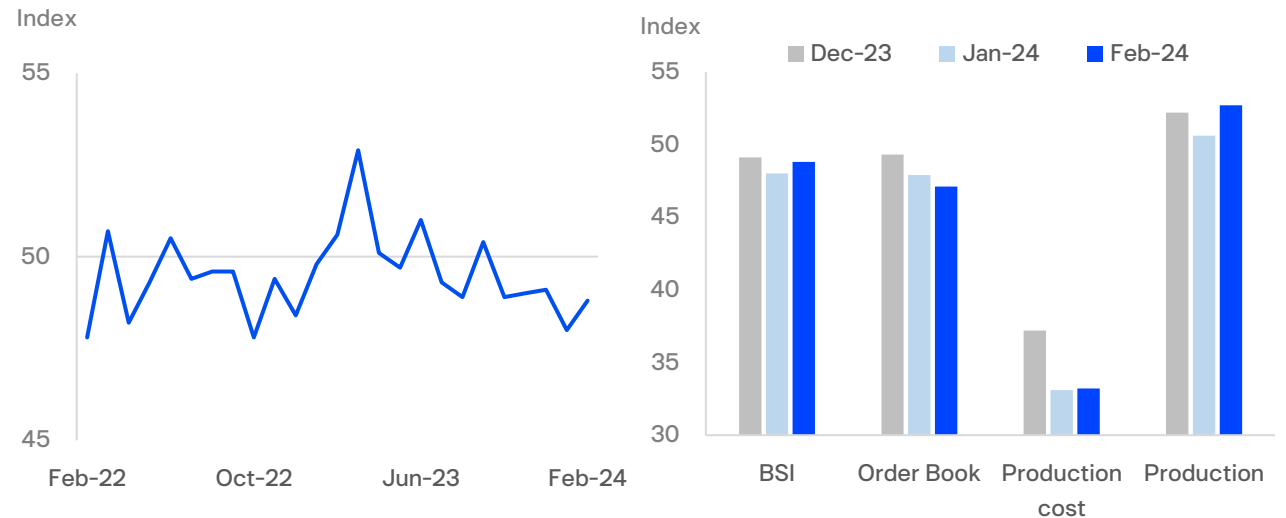


- Private investment indicators increased from the previous month. Investment in machinery and equipment expands from higher imports of capital, especially in computers and related machinery.
- Investment in construction decreased from sales of construction materials. Permitted areas for construction remained stable despite increases in areas for industries and factories, following a higher investment in the industrial estate areas.

## Construction sector (SA)



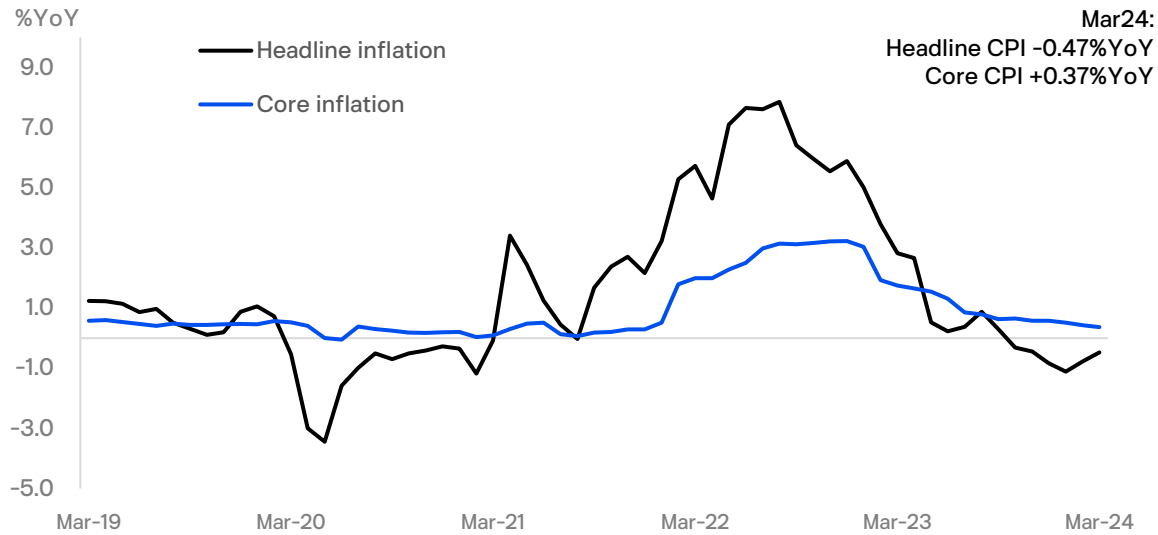
## Business Sentiment Index



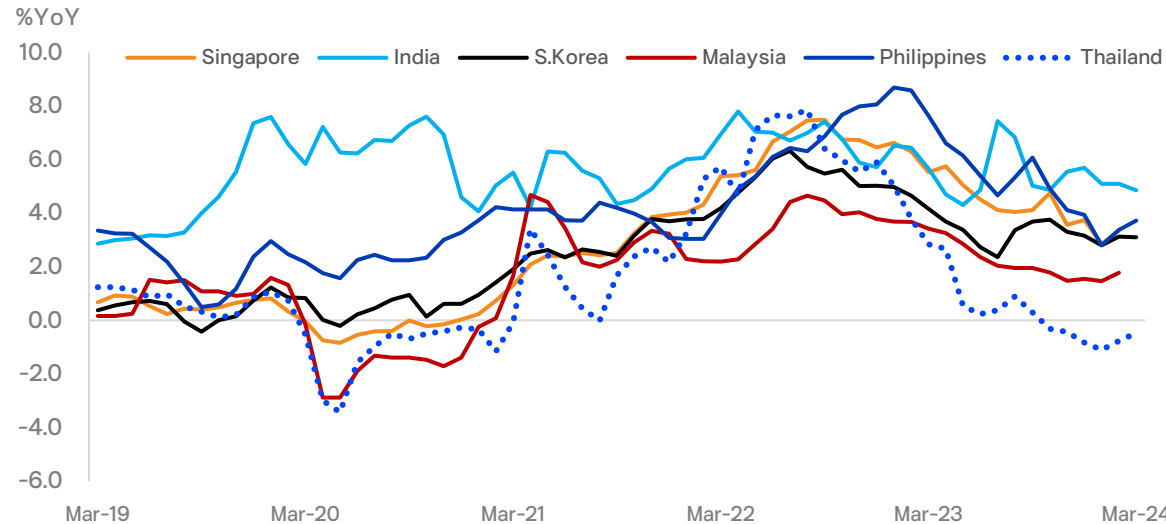
# Headline inflation stayed in negative territory for the sixth straight month in March



## Thailand's headline and core inflation



## Headline inflation in Asia countries

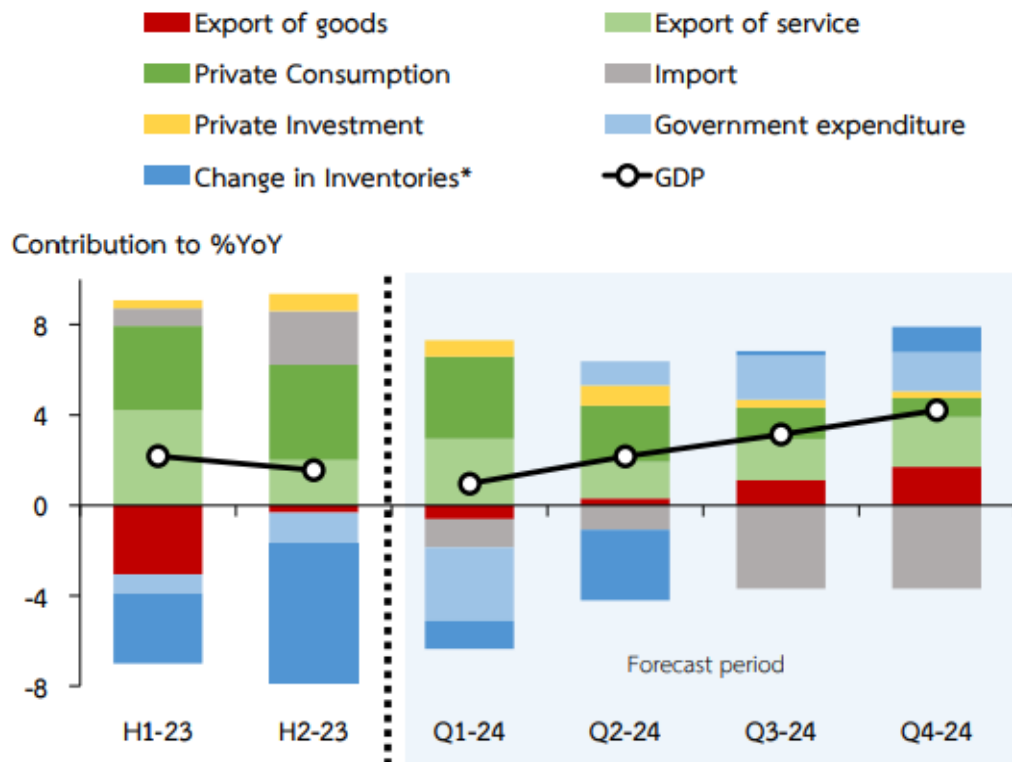


## Price change in top categories

%YoY	Feb23	Mar23	Apr23	May23	Jun23	Jul23	Aug23	Sep23	Oct23	Nov23	Dec23	Jan24	Feb24	Mar24
<b>Headline inflation</b>	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	-0.5
Raw food	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	-1.9
Prepared food	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	0.7
Poultry	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	1.2
Eggs and dairy products	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	3.8
Meats	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	-12.3
Utilities	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	-3.4
Energy	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	-2.3
<b>Core inflation</b>	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	0.4

- The headline inflation (CPI) fell further to -0.47%YoY in Mar24, the sixth consecutive month decline, but slightly improved from previous month. The negative territory 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 0.37%YoY.
- During first quarter of 2024, headline and core inflation stood at -0.79%YoY and 0.44%YoY respectively.

## Contribution to GDP growth (BOT)



## GDP component forecast (BOT)

Unit: %YoY	2023 (actual)	2024F		2025F	
		Nov-23	Apr-24	Nov-23	Apr-24
GDP	1.9	3.2	2.6 ▼	3.1	3.0 ▼
Private consumption	7.1	3.2	3.5 ▲	3.0	2.9 ▼
Private investment	3.2	3.6	3.3 ▼	4.5	3.2 ▼
Government consumption	-4.6	1.1	1.8 ▲	2.8	3.3 ▲
Government investment	-4.6	2.7	1.0 ▼	1.4	5.0 ▲
Export*	-1.7	4.3	2.0 ▼	3.3	2.8 ▼
Import*	-3.1	5.3	2.5 ▼	2.9	3.0 ▲
Foreign arrivals (m.person)	28.2	34.5	35.5 ▲	39.0	39.5 ▲
Headline inflation	1.2	2.0	0.6 ▼	1.9	1.3 ▼
Core inflation	1.3	1.2	0.6 ▼	1.3	0.9 ▼

▲▼ Compared to previous forecast

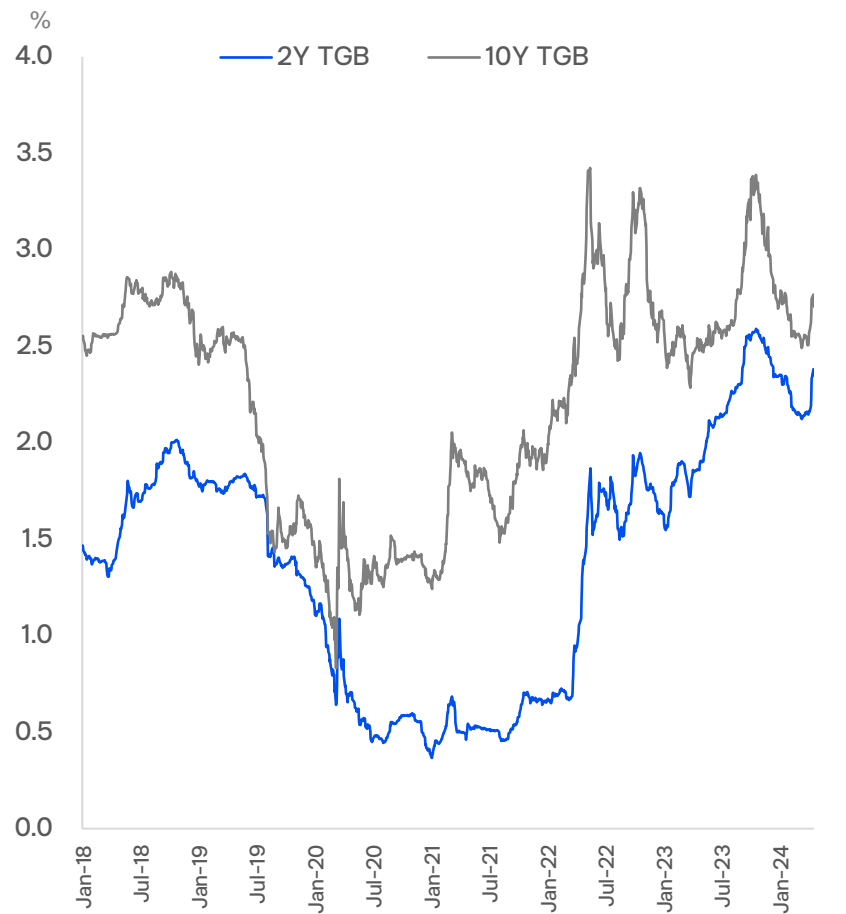
- Monetary Policy Committee (MPC) voted 5 : 2 to maintain policy rate at 2.50% in the second meeting of 2024. The Thai economy is projected to grow in 2024 with continued support from private consumption and tourism, along with public expenditure which is anticipated to accelerate for the remaining of the year. Moreover, headline inflation is projected at 0.6% in 2024, which was attributed to the decline in prices of certain raw food items and the decrease in energy prices, while the recent negative inflation readings excluding subsidies remained positive.
- ttb analytics projected Thai economy to grow 2.6% in 2024, while headline and core inflation expected to reach 0.8% and 0.5% respectively. However, external risks to economic growth path and inflation may arise, which put more weight on monetary policy stance.

PART 3

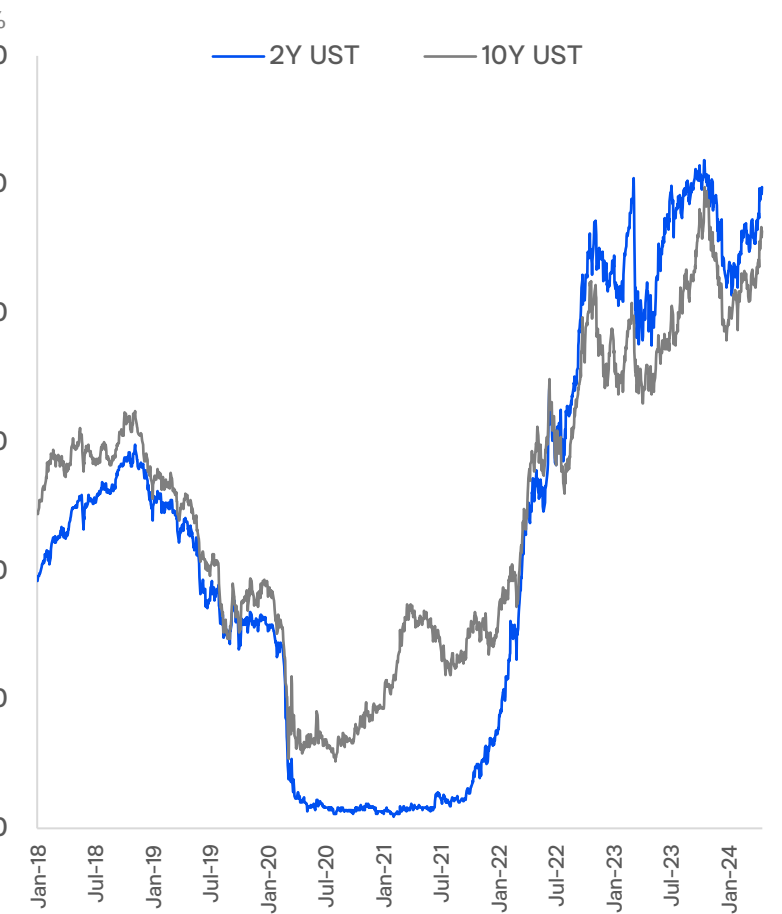
# Financial Market



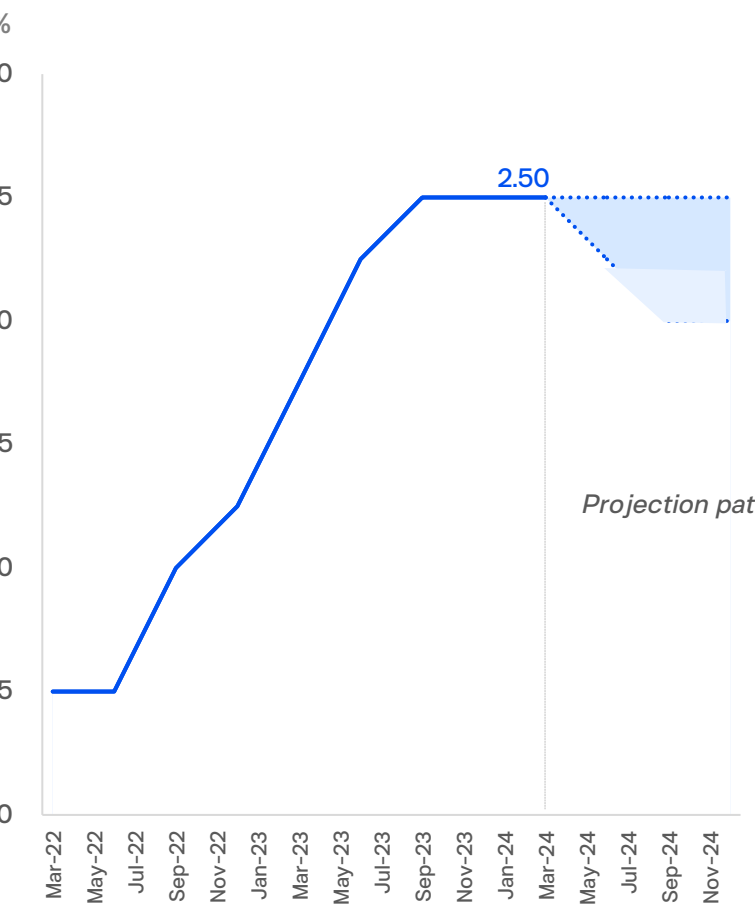
Thailand 2-yr and 10-yr government bond yield



US 2-yr and 10-yr government bond yield



Thailand policy rate projection, 2024



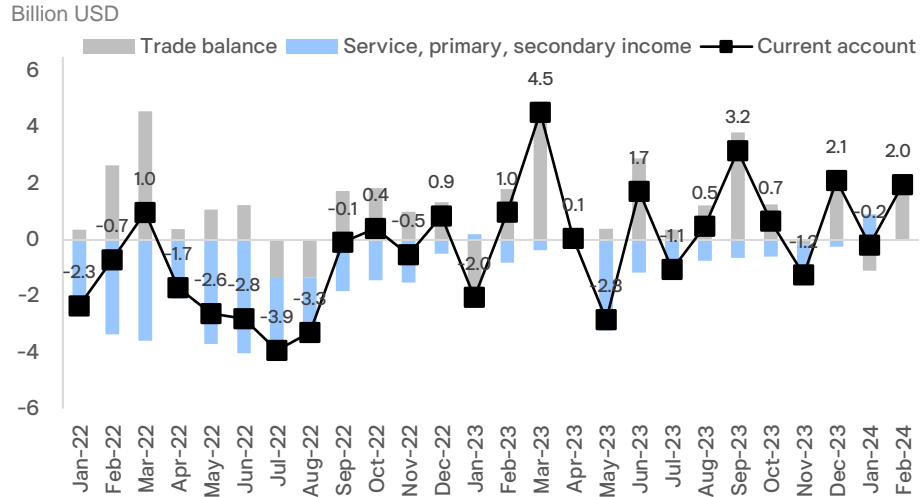
Thailand 2-year and 10-year government bond yields declined as market participants anticipate policy rate cuts in 2024. Under ttb's projection, Thai policy rate could decrease by two 25-bps rate cuts with the first cut initiated in 1H2024, and the latter expected in 2H2024. With this projection, the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



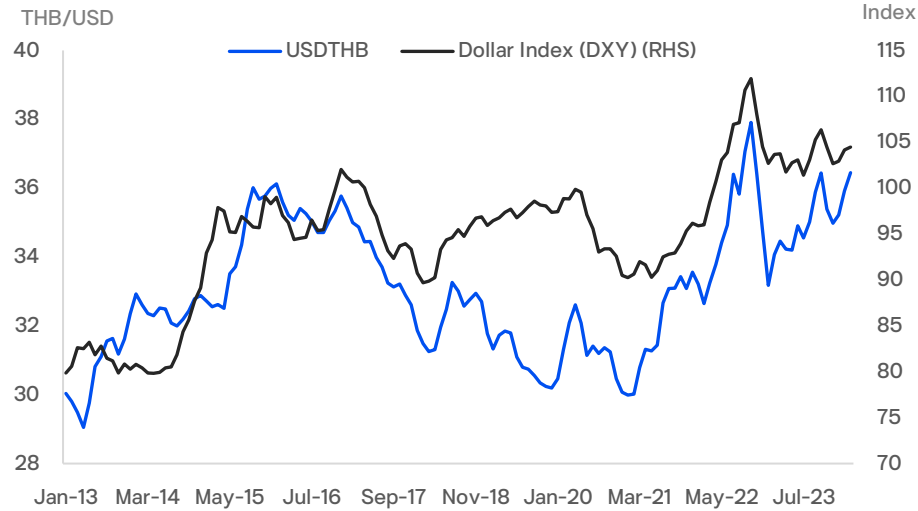
# USD gains after strong data and safe-haven demand shored up following Israeli strike



## Thailand's current account, 2019-2024M2

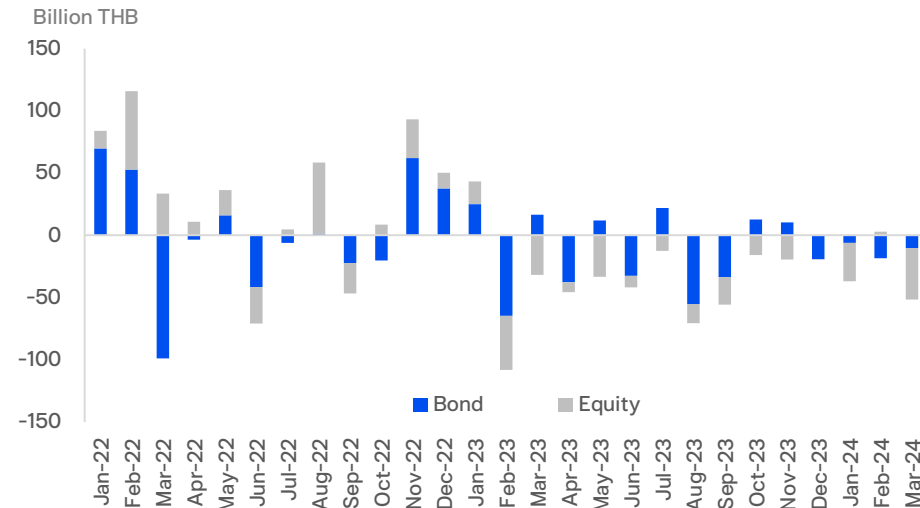


## Thai Baht and Dollar Index movement

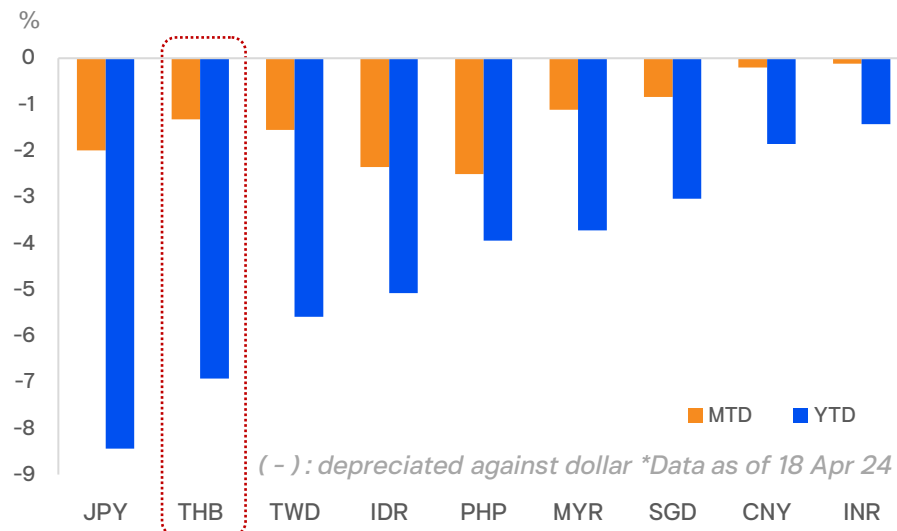


- Thai baht has recently depreciated against the US dollar due to the shoring up of US dollar strengths following economic data that pointed to robustness in the US economic outlook and rise in safe-haven demands following worsened geopolitical tensions.

## 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.

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 'ttb' is a vertical line, followed by the word 'a.n.a.l.y.t.i.c.s' in a dark blue, lowercase, sans-serif font with dots between each letter.