

Economic and Financial Outlook

t**ttb** analytics

Sep 2024



Executive Summary



Global Economy

- In August 2024, the global economy shows signs of slowing, with recent data disappointing across all regions, despite some improvement from last month. PMI data indicates a growing divide between manufacturing and services, with manufacturing contracting for the second month in a row. While price pressures have eased due to falling energy prices, global core inflation remains persistent, though pressures on goods prices may soon decrease.
- Overall, U.S. economic data continue to indicate a slowdown. However, this quarter has seen a notable shift in the risk landscape, with inflationary pressures easing and job growth slowing significantly in both demand and supply.
- The Chinese economy shows no signs of recovery, with key economic indicators remaining weak. As a result, there is a risk of falling short of this year's 5% GDP target.



Thai Economy

- In July 2024, Thai economy improved slightly after a slowdown from preceding periods. The major attribute was driven by rising external demand, in both of merchandise export and foreign tourist arrivals. The number of foreign tourist arrivals slightly increased from previous month which has shown broader based recovery in most regions. On the domestic activities, private investment increased from the previous month, aligning with the Manufacturing Production Index, while private consumption remained stable.
- New government announced policy frameworks to the parliament on 12-13 September 2024. It covered urgent policies and medium to long term prospects including adjusting Digital Wallet scheme (Phase I) which will be delivered to vulnerable individuals of THB 10K cash-handout through state welfare card and disable persons (14.55 mn persons), expected to start in late September 24.
- Headline inflation decelerated to 4-month-low in August 2024. The decrease was primarily due to increasing in food prices as well as energy prices, while core inflation continued to rise. Overall Thailand's inflation remained below the target range and its peers.



Financial Markets

- U.S. government bond yields, including the 2-year and 10-year Treasuries, have sharply declined following the Fed's 50 basis point rate cut, with indications of more reductions this year. Short-term yields are more sensitive to interest rate changes. Additionally, the 2-10 spread is back in positive territory, which often signals a recession ahead. Similarly, Thai government bond yields have followed U.S. trends but to a lesser extent.
- The dollar has notably weakened as the Fed begins its easing cycle, while the Thai baht has also fallen sharply below 33.50 baht per dollar, aligning with regional trends.

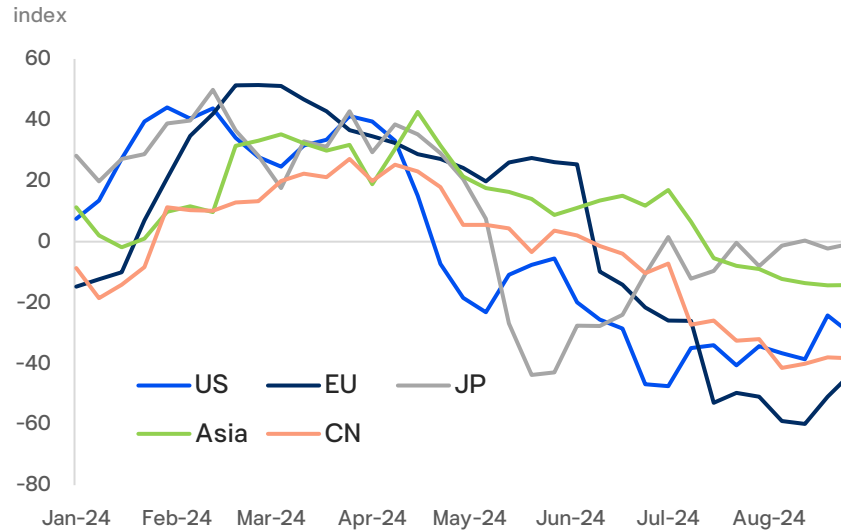
PART 1

Global Economy

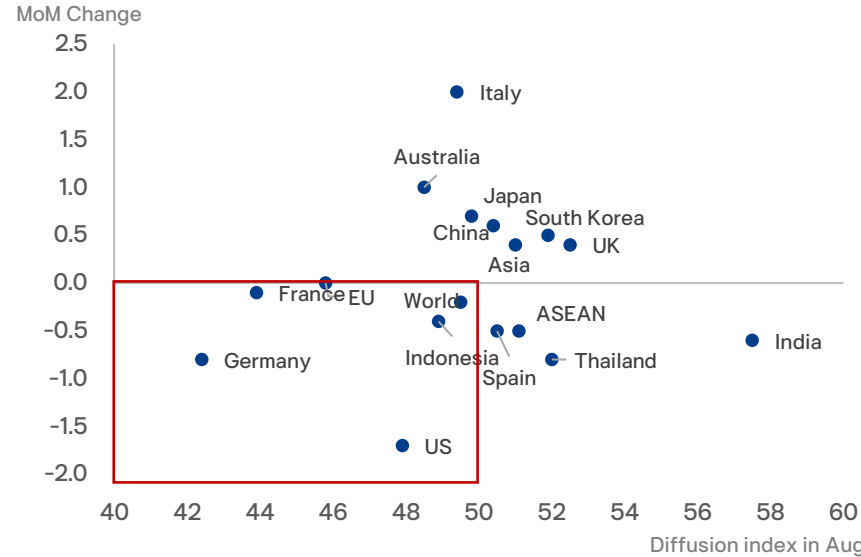


The global economy showed further signs of slowing, with a further decline in global manufacturing activity

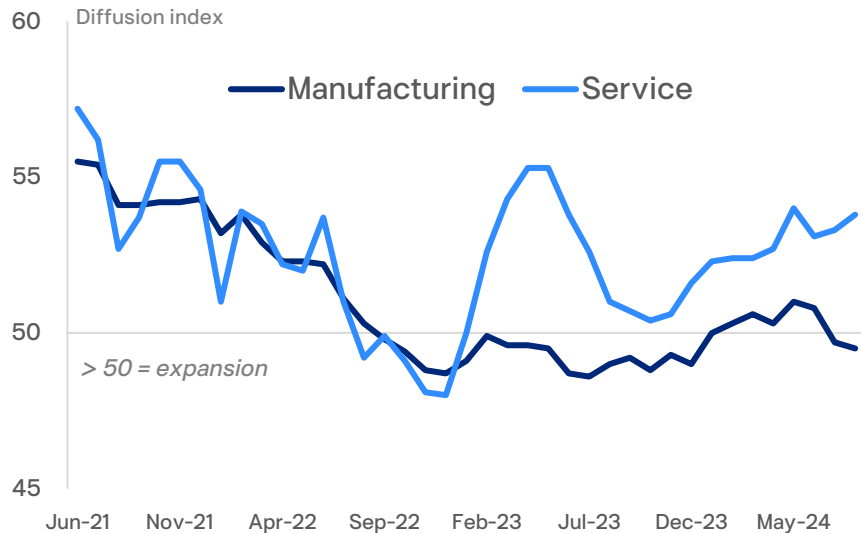
Economics surprise indices



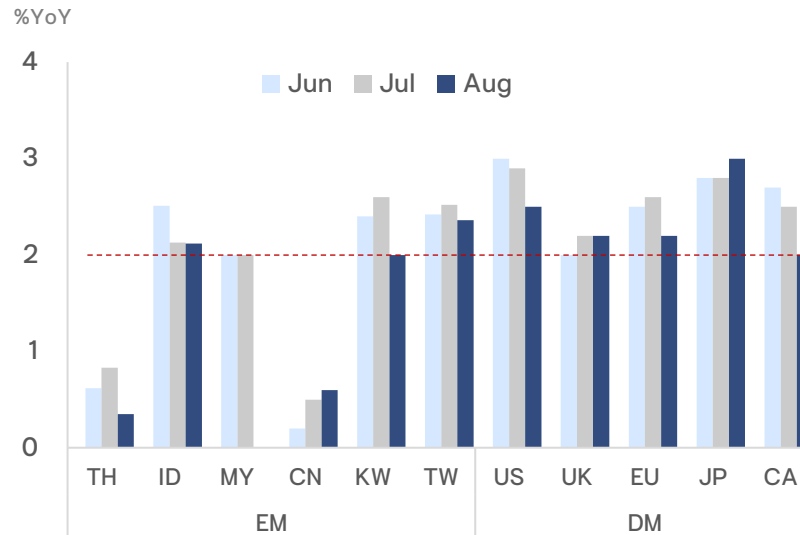
Countries' Manufacturing PMI



Global PMI



Headline Inflation

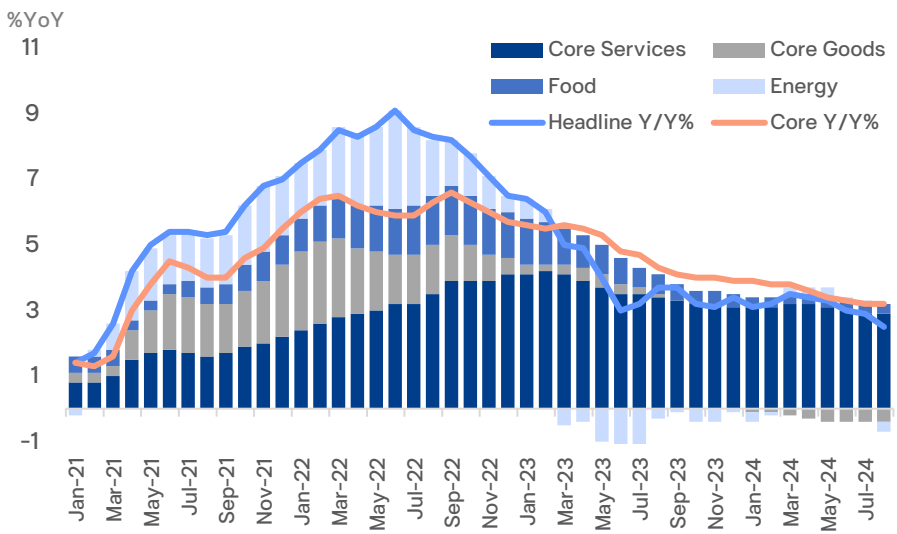


- The global economy has shown continued signs of slowing down, with recent data falling short of expectations in all regions, even as there was some gradual improvement from the previous month.
- According to the PMIs, the data highlights an increasing disparity between the manufacturing and service sectors, with manufacturing entering a contraction phase for the second month in a row. The challenges facing manufacturing could be partly due to political uncertainties, especially in the US, while Germany's industrial sector remains notably weak.
- Price pressures have continued to decrease, largely due to falling energy prices. However, global core inflation remains persistent, although the pressure on goods prices might be diminishing soon.

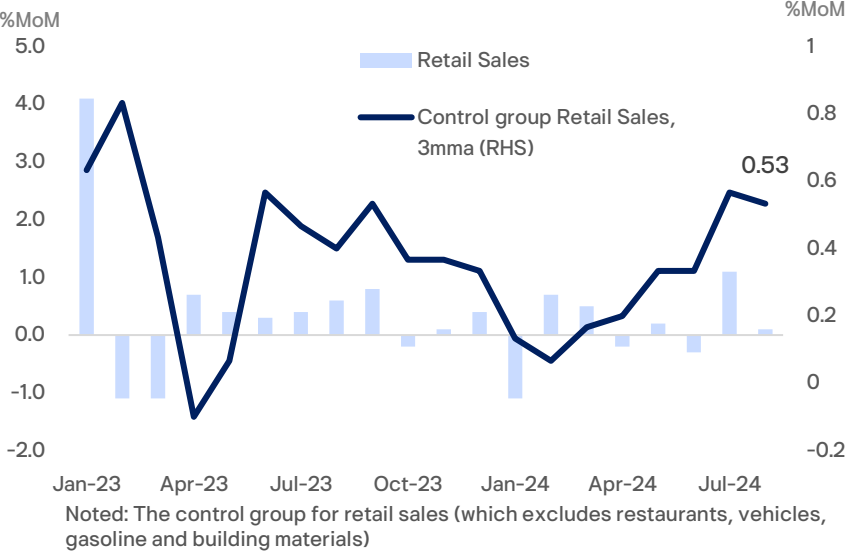
Although labor market data has slowed, the US economy is still expected to achieve a soft landing



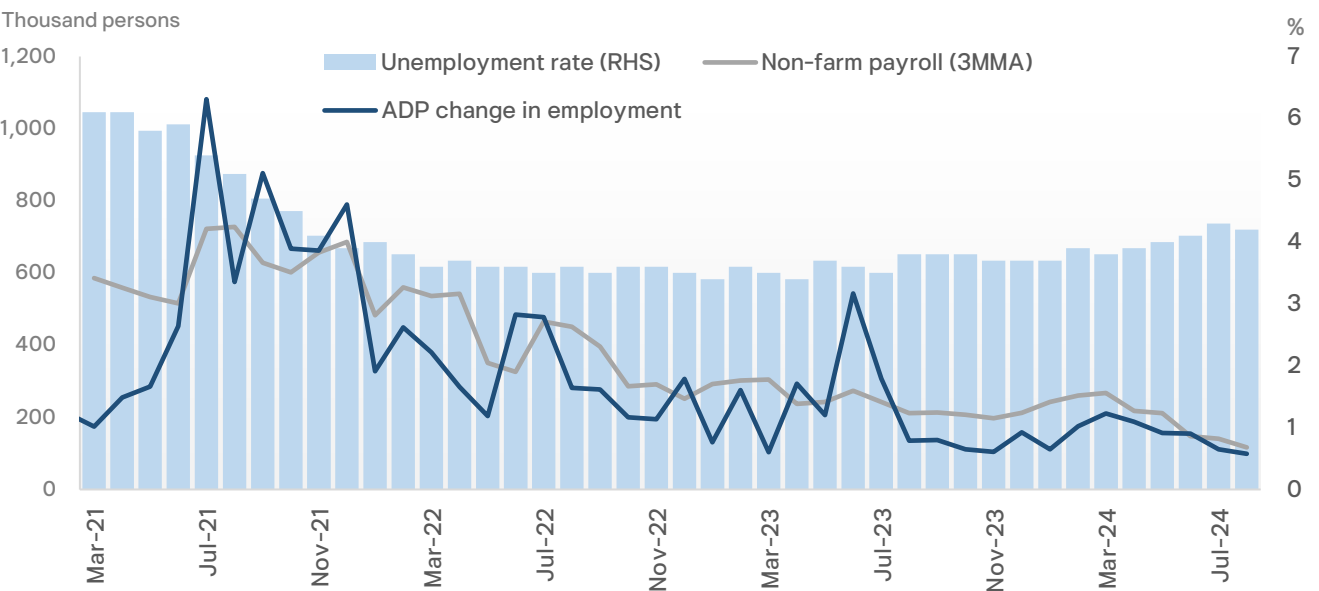
US CPI



Retail Sales

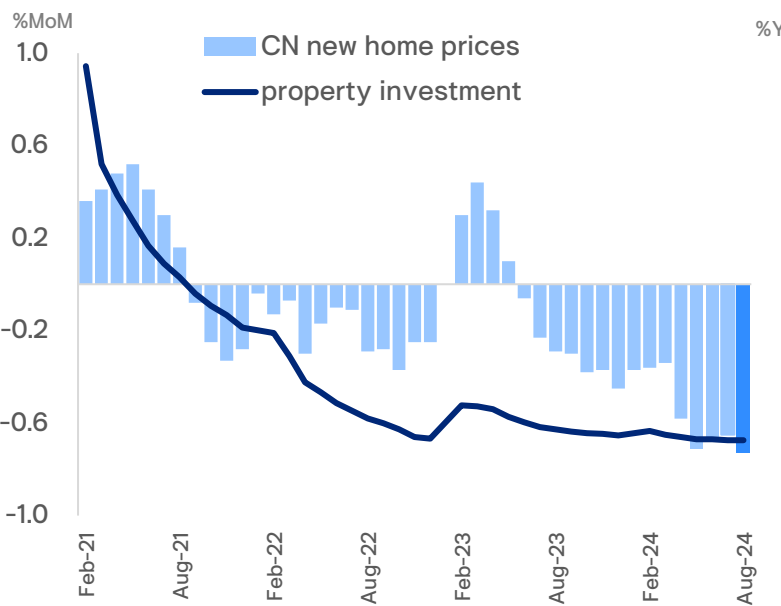


US labor market



- This quarter, the risk dynamics in the US have changed significantly, with inflationary pressures easing and job growth noticeably slowing down in both demand and supply.
- Inflation continued to decline, mainly due to lower energy prices. However, core inflation showed slight resilience. Although prices for goods fell last month, service costs remained relatively persistent. In particular, shelter costs were the primary factor behind the increase in core inflation.
- Nonfarm payrolls grew by 142,000, rose from the previous month with noticeable revisions. Nonetheless, the unemployment rate edged down to 4.2% from 4.3%
- Retail sales in August surpassed expectations for a drop, showing mixed results across various categories but overall reflecting strong household spending in the middle of the third quarter.

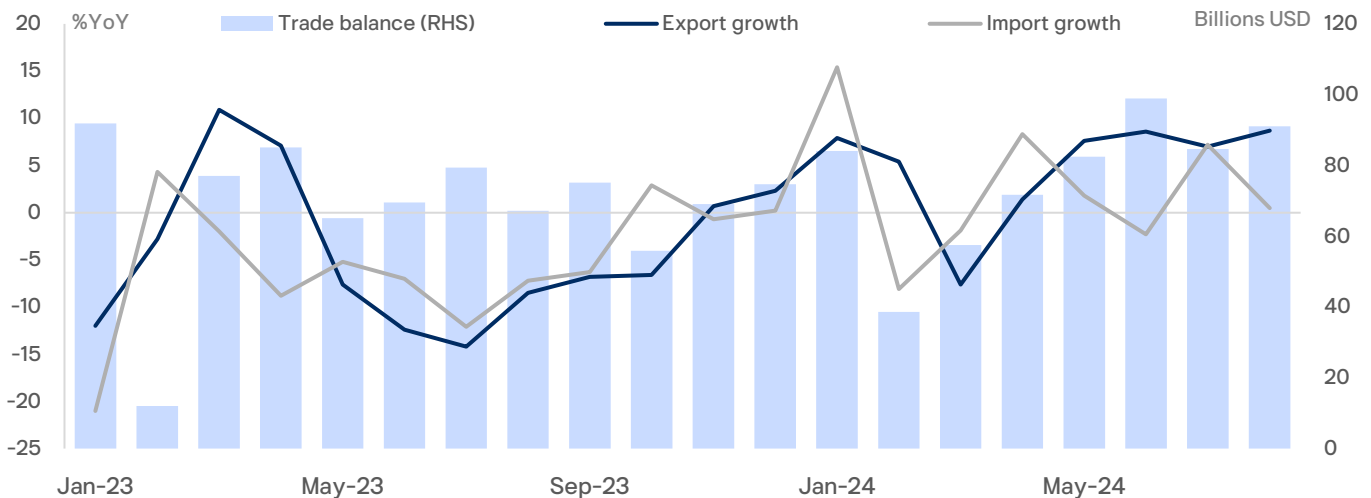
Real estate sector



Retail sales and industrial production



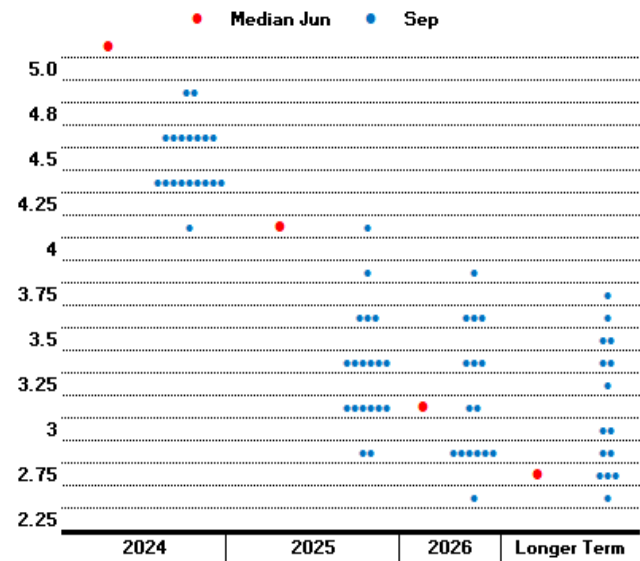
China's Export and import, trade balance



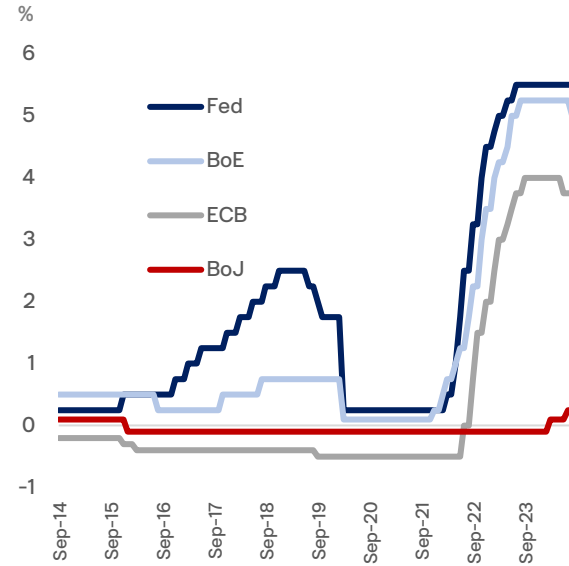
- Industrial output increased more slowly than expected, continuing its decline for the fourth straight month, the longest stretch of weakening since September 2021. Similarly, retail sales experienced a slowdown in August, despite the high travel season of summer.
- The property sector continued to drag down China's economy, even with heightened efforts from Chinese policymakers. This was evident as new home prices dropped at their quickest pace in over nine years in August, while property investment remained sluggish.
- In August, China's exports grew more rapidly than anticipated, hitting their highest level in almost two years. At the same time, the decline in imports reflects sluggish domestic demand, consistent with other indicators. Shipments have been increasing in volume more quickly than in value recently, indicating that Chinese businesses are likely lowering prices to boost sales. Export growth was widespread across different markets, even though some countries have already implemented tariffs.

The Fed's large rate cut offers a supportive backdrop for both DM and EM central banks to lower rates

Fed Dot Plots



Selected DMs policy rate



Latest Monetary Policy development

DM



- The Fed cut the policy rate by 50 basis points to 4.75% to 5%, marking a strong shift to support the US labor market. Chair Powell emphasized a flexible approach, stating future decisions will be made individually and cautioned against viewing this move as a new trend.



- The ECB cut the rate by 25 basis points to 3.50% at its September meeting, marking its second reduction this year due to slowing inflation and economic growth, but offered little guidance on future policy.



- The BoJ kept interest rates steady at 0.25% and maintained its view the economy remained on track for a moderate recovery. Nonetheless, Ueda dampened speculation about further hikes.



- The BoE maintained the policy rate at 5.0% due to concerns about high wage growth and differing opinions on long-term inflation. Future changes will be assessed on a meeting-by-meeting basis, and the bank will continue its planned pace of quantitative tightening.

EM



- China has kept its loan prime rates for both 1-year and 5-year loans at record lows but is expected to reduce them further soon in light of continuing economic difficulties.



- Falling energy prices and Fed easing support many Asian central banks, though the effects on interest rates differ. Bank Indonesia (BI) is participating in this cycle as concerns about foreign exchange and financial stability lessen..

Asian countries' expectations

Country/Region	Current Policy Rate	Changes in policy rate during Fed hiked (bps)	Forecast policy rate at the end of 2024 (%)
Malaysia	3.00	125	3.00
South Korea	3.50	300	3.20
Indonesia	6.0	250	6.00
India	6.50	250	6.30
Philippines	6.25	425	6.00
Taiwan	2.00	87.5	2.00
China	2.30	-65	
Vietnam	4.50	50	4.50

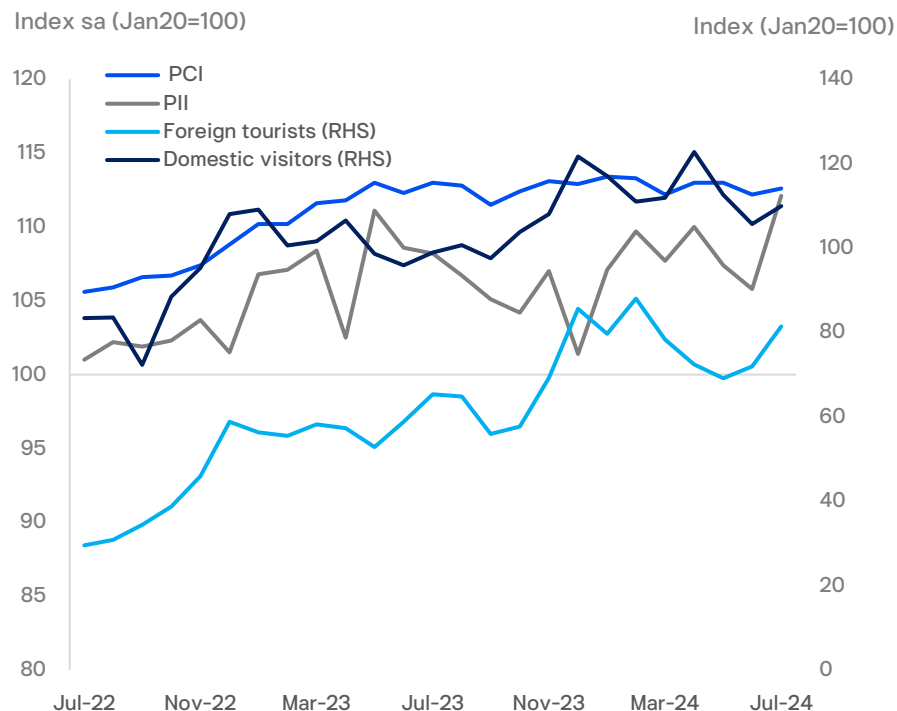
PART 2

Thai Economy

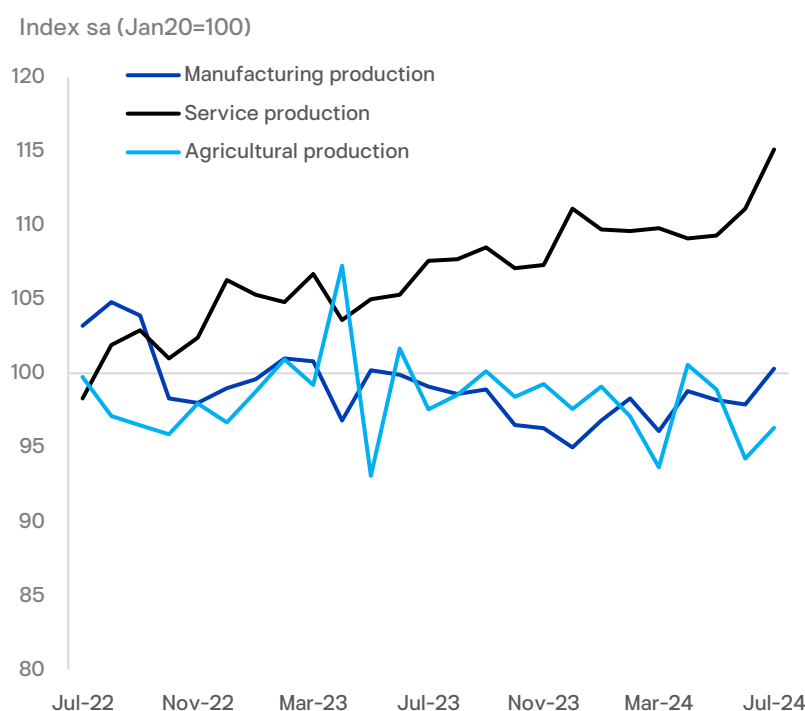


In July24, overall economic activities improved slightly from previous month

Demand-side indicators



Supply-side indicators



- In Jul24, Thai economy improved slightly after a slowdown from preceding periods. The major attribute was driven by rising external demand, particularly in both of merchandise export and foreign tourist arrivals. Private investment increased from the previous month, while private consumption remained stable.
- On the economic stability front, the August's headline inflation decelerated due to impact of global oil and food price, while trade balance turned deficit as rising in import value.

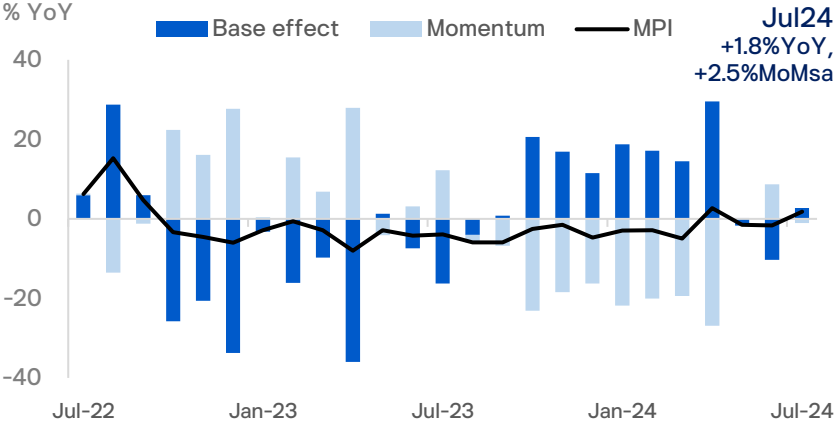
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Authorized Capital of Newly Registered Companies (Million Baht)	95.3	141.9	138.3	156.1	144.9	89.5	146.0	116.7	126.8	155.4	123.9	159.2	134.6
Construction Areas Permitted (1000 sq. m)	115.2	96.4	125.4	98.7	102.3	104.6	122.4	113.1	121.7	96.5	95.7	100.1	105.7
Export Volume index (exclude Gold)	109.9	108.0	113.4	111.3	110.6	110.1	110.2	106.5	109.1	114.0	112.5	111.4	114.4
Business Sentiment Index (3 months)	106.6	105.6	106.2	104.6	102.0	102.3	102.2	101.8	103.2	101.5	103.9	101.6	100.0
SET index	102.8	103.4	97.2	91.3	91.2	93.5	90.1	90.5	91.0	90.3	88.9	85.9	87.2
Oil Price Inverse Index (Dubai)	1.3	1.2	1.1	1.1	1.2	1.3	1.3	1.2	1.2	1.1	1.2	1.2	1.2

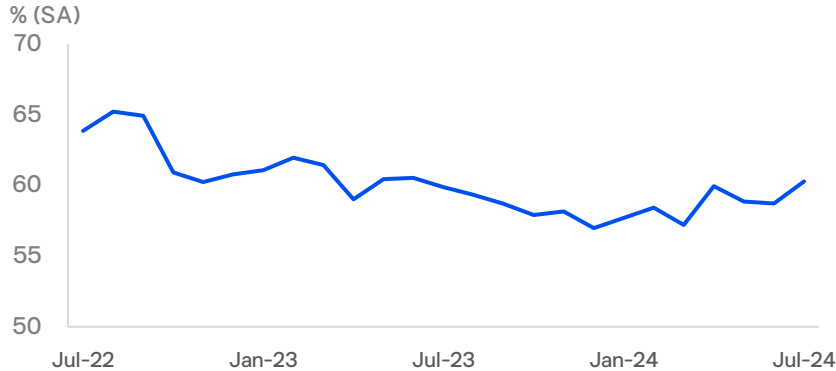
Manufacturing production growth improved slightly in July



Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Contribution	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Food products (16.8%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Beverages (3.8%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tobacco products (0.7%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Textiles (1.9%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Wearing apparel (1.6%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Leather products (0.8%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Paper products (2.1%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Coke and refined petroleum products (10.8%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chemicals (8.8%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pharmaceutical products (1.2%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Rubber and plastics products (8.9%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other non-metallic mineral products (5.4%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Basic metals (3.5%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Fabricated metal products (2.3%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Computer and electronic products (8.8%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Electrical equipment (3.5%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Machinery and equipment (2.9%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Motor vehicles (11.3%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other transport equipment (1.1%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Furniture (0.9%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others (2.3%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
MPI (%YoY)	-3.9	-5.9	-5.9	-2.5	-1.5	-4.7	-2.9	-2.8	-4.9	2.7	-1.5	-1.6	1.8

- As of Jul24, Manufacturing Production Index (MPI) expanded 1.8%YoY, compared to the month earlier of 1.6%YoY contraction. The major attribution was in several categories, particularly in production of 1) Automotive increased to support near-term exports 2) Rubber and plastic, which following a higher export of rubber products, 3) Machinery, such as electric motors and transformers. Nevertheless, petroleum production declined after a good expansion in the previous month

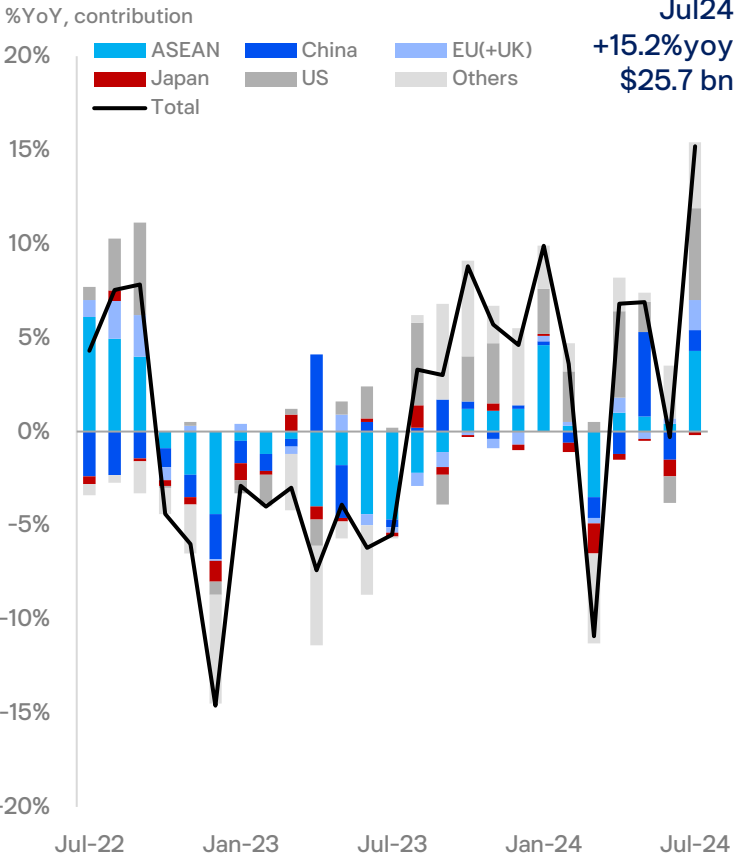
Export growth picked up to 28-month high, partly due to rising in gold export



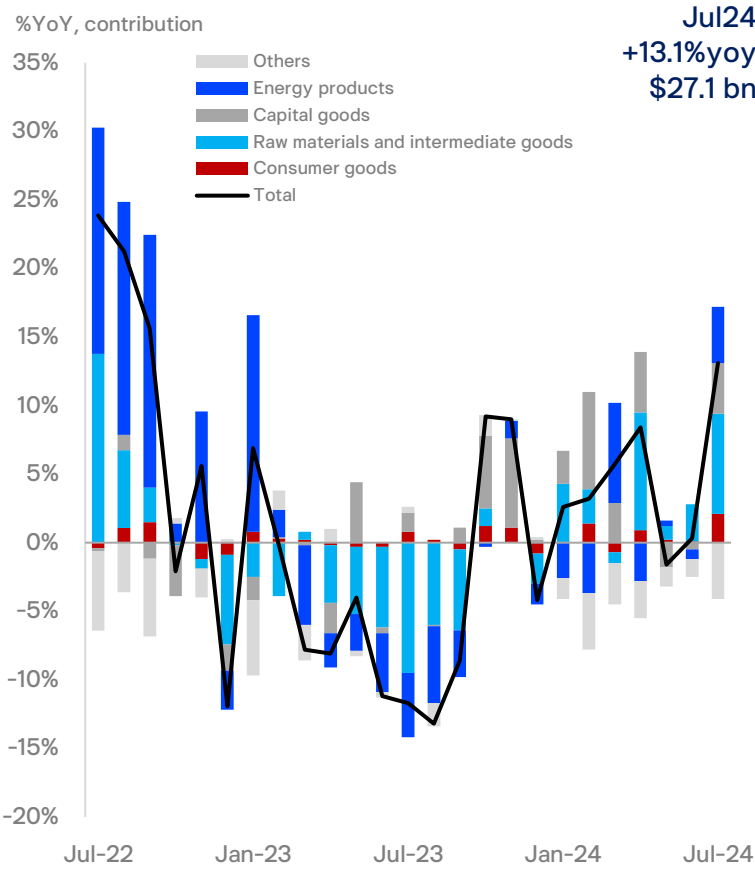
Exports value by product and destination

Unit: %YoY

	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24
Agri-agro products													
Rice	18.8%	10.8%	51.4%	37.7%	67.9%	27.4%	45.9%	53.6%	30.6%	91.5%	-4.5%	96.6%	15.2%
Rubber	-37.8%	-32.9%	-30.3%	-5.4%	14.5%	13.2%	5.5%	31.7%	36.9%	36.2%	46.6%	28.8%	15.6%
Tapioca products	-7.7%	-12.8%	3.7%	4.8%	-12.8%	-51.2%	-27.0%	-20.4%	-16.7%	-9.6%	-17.0%	-3.8%	55.4%
Fresh, Frozen & Dried vegetable and Fruit	3.0%	58.9%	86.8%	27.6%	-12.4%	-13.5%	27.2%	-10.0%	-20.0%	-25.1%	91.9%	-31.0%	-15.7%
Poultry	-9.6%	-8.0%	-8.9%	1.5%	-2.6%	0.3%	5.0%	-0.5%	1.2%	12.1%	3.5%	-1.9%	13.6%
Sugar	-30.5%	-23.3%	16.0%	-25.4%	-9.9%	43.0%	-16.6%	-35.2%	-45.4%	-10.4%	-44.3%	-52.1%	-38.9%
Animal feeding	-12.3%	-10.6%	-7.9%	0.8%	3.3%	8.5%	9.1%	21.5%	29.6%	52.9%	39.2%	13.1%	26.6%
Industrial products													
Motor Cars, Parts, Accessories	18.8%	24.2%	-0.8%	3.6%	-5.1%	2.1%	-4.7%	-8.2%	-6.7%	13.5%	-8.0%	-0.6%	-12.5%
Computer and parts	-24.2%	-26.9%	-24.3%	-4.1%	10.3%	2.5%	32.2%	24.9%	-11.8%	62.0%	44.5%	22.0%	82.6%
HDD	-46.3%	-48.4%	-33.7%	-29.0%	-0.9%	1.9%	39.7%	21.4%	-36.2%	85.2%	30.9%	4.4%	84.6%
Integrated Circuits	3.2%	39.8%	5.0%	-4.6%	-6.6%	3.1%	-1.9%	-13.2%	-18.2%	-9.2%	-11.9%	-21.4%	-8.7%
Air Conditioning Machine	-24.7%	-23.4%	-27.6%	-34.2%	-26.1%	-12.2%	-10.5%	-14.3%	-12.7%	12.9%	-7.7%	-8.5%	27.8%
Refrigerating	-27.6%	-8.0%	-12.1%	34.7%	48.1%	71.0%	30.4%	-0.2%	-13.4%	2.2%	-14.1%	-1.9%	34.0%
Electronic Machines	2.5%	9.3%	-4.7%	5.5%	10.9%	0.5%	18.0%	12.5%	-8.4%	25.5%	22.9%	8.3%	9.7%
Plastic pallet	-15.8%	-9.9%	-5.3%	3.1%	-10.7%	0.0%	-0.3%	-2.7%	-13.7%	0.5%	-0.4%	-6.3%	6.9%
Chemical Products	-30.5%	-11.1%	-18.1%	-10.6%	-0.6%	-6.5%	-1.6%	-14.2%	-10.9%	16.4%	-3.2%	-5.5%	38.2%
Machinery & Parts	6.0%	6.4%	4.1%	7.8%	15.3%	2.9%	7.6%	-2.5%	1.3%	58.8%	12.4%	7.2%	10.0%
Rubber Products	-6.2%	-4.7%	-5.5%	0.1%	0.7%	3.9%	3.7%	-4.1%	-6.9%	1.5%	-8.7%	-2.2%	13.8%
Refined oil	-38.0%	21.2%	27.3%	65.1%	55.4%	42.6%	5.3%	-9.6%	-6.1%	-21.2%	-0.5%	2.8%	35.5%
Jewelry ex gold	-2.8%	-10.4%	27.2%	8.7%	2.9%	6.8%	21.5%	6.5%	-3.1%	8.2%	3.9%	-4.3%	-6.5%
Total export	-6.2%	2.6%	2.1%	8.0%	4.9%	4.7%	10.0%	3.6%	-10.9%	6.8%	6.9%	-0.3%	15.2%



Imports value by groups

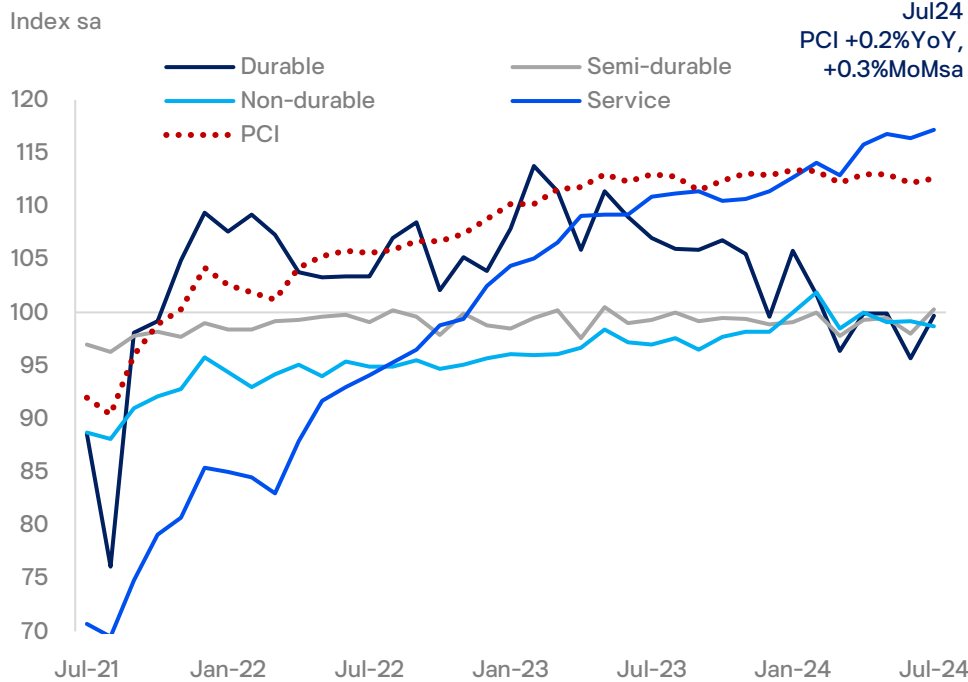


Export value in Jul24 expanded 15.2%YoY, increased from previous month of 0.3%YoY contraction. A major increases were in 1) electronic products 2) agro-industry products (e.g, vegetable oil and rubber) 3) chemical and petro-chemical products and 4) gold. Besides, import value also increased 13.1%YoY, compared to previous month of 0.3%YoY expansion, which was mainly attributed to the growth of raw materials and intermediate goods following increased imports of fuel, as well as imports of electronic parts and electrical appliances, import of capital goods and consumer goods, which resulting in a trade deficit of USD 1.37 billion. (During first 7 months of 2024, trade deficit stood at USD 6.6 billion)

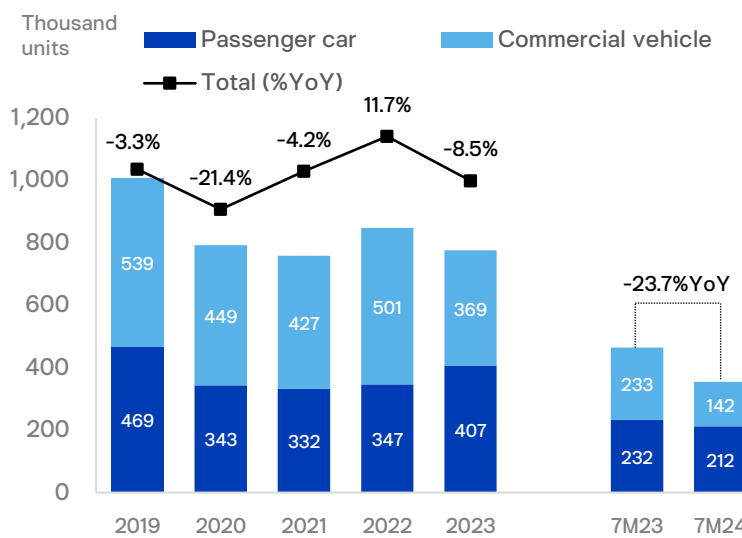
Private consumption indicators remained steady from previous month



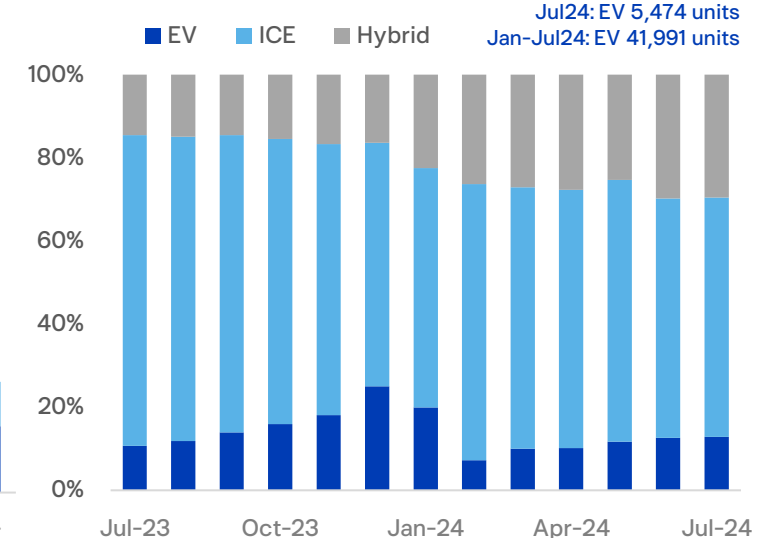
Private Consumption Indicators (SA)



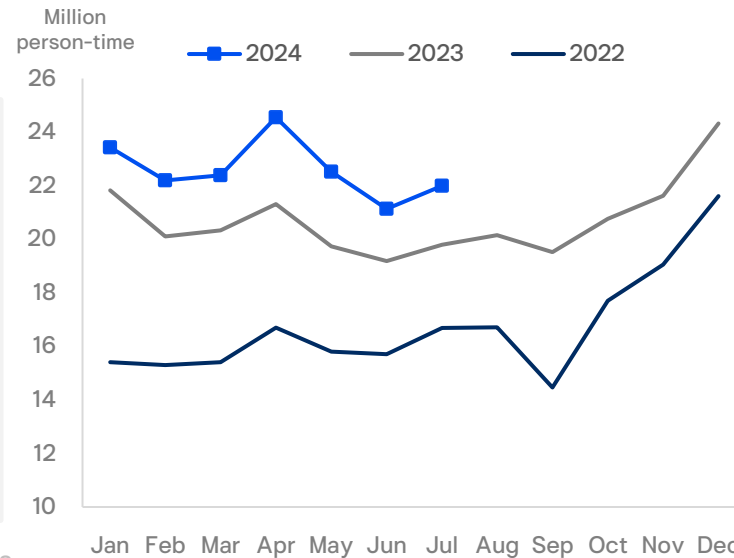
Domestic car sales**



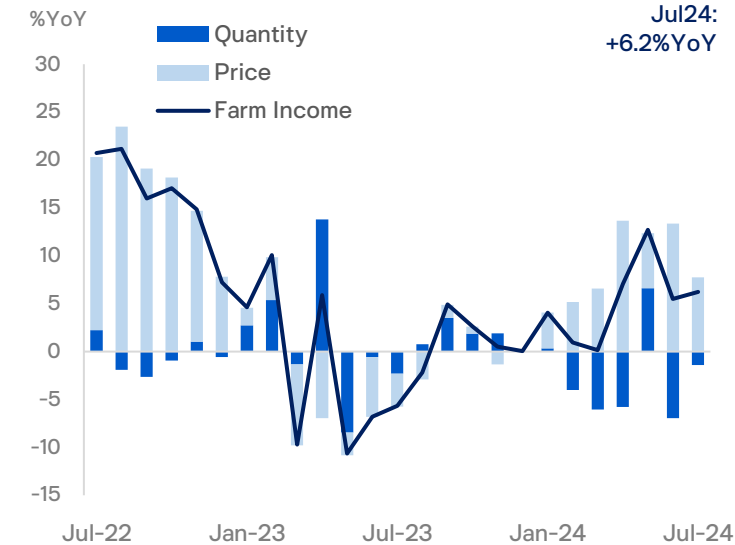
EV penetration of type 1 registration



Thai domestic visitors*



Farm Incomes



- Private consumption indicators remained steady compared to the previous month. Spending on services rose aligning with increased passenger transportation activities. Nonetheless, domestic car sale continued to decrease, especially in commercial vehicle.
- Meanwhile, nominal farm income increased further compared to the previous month with regarding to price effects from rice, rubber and durian.

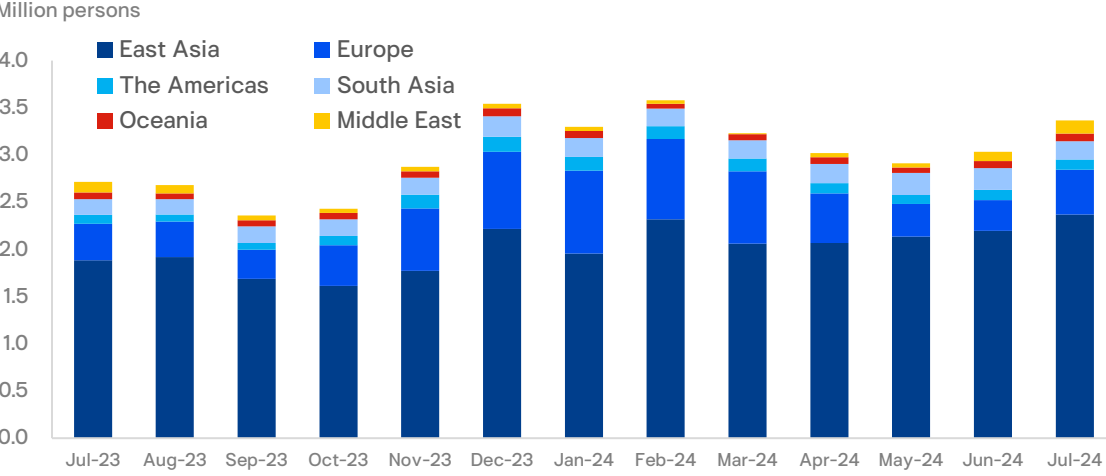
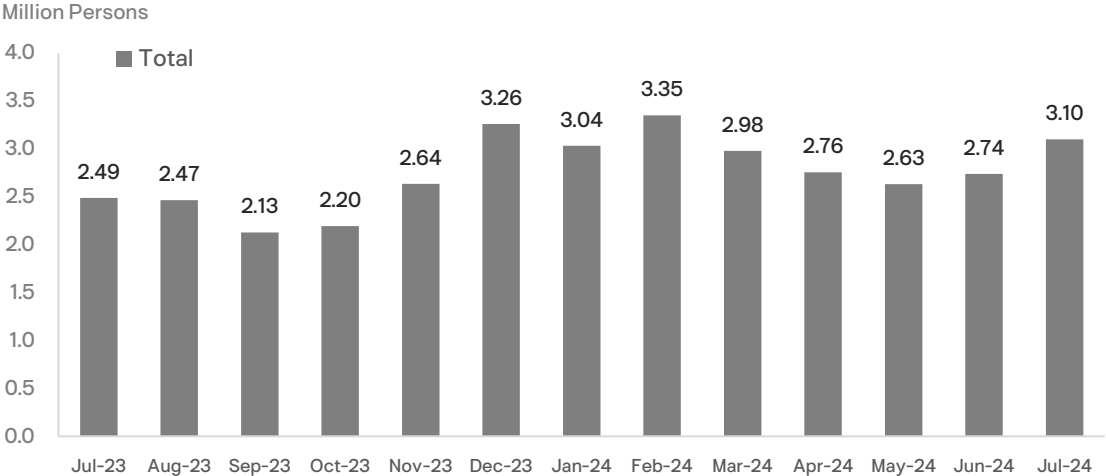
Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,

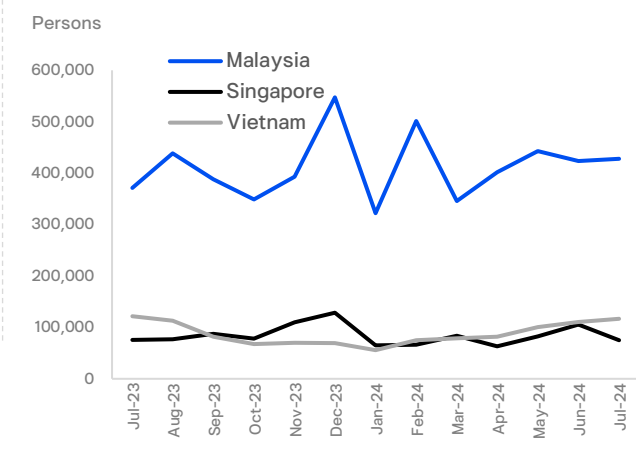
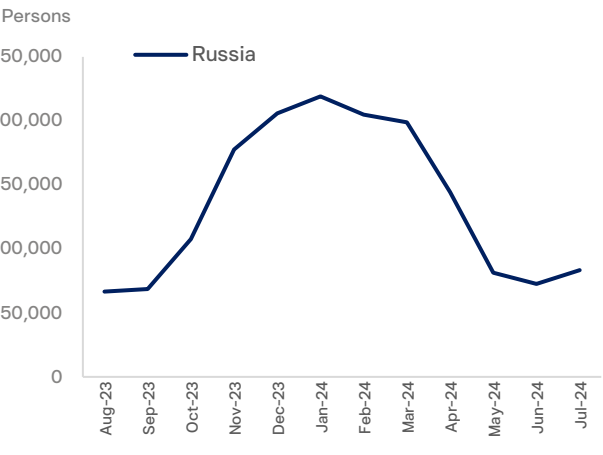
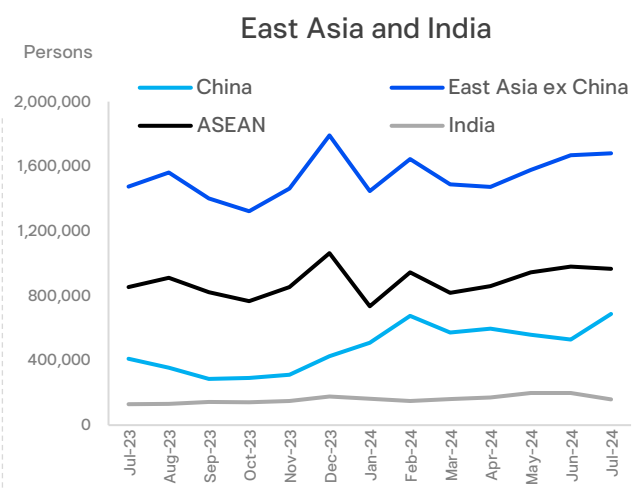
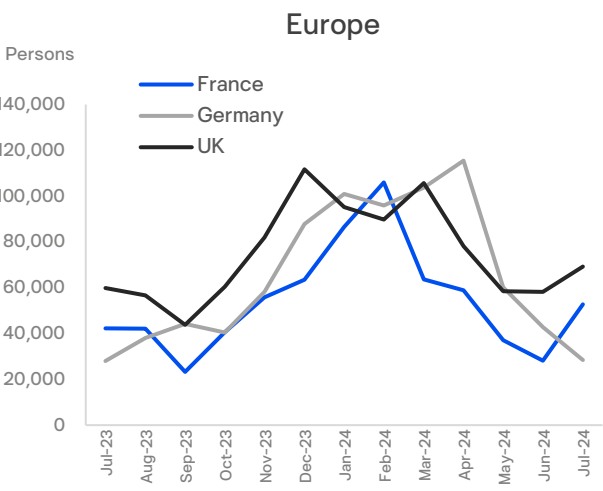
Foreign tourist arrivals maintaining its positive momentum



Total Foreign Tourist Inbounds



Foreign Tourist Inbounds by key regions



As of Jul24, foreign tourist arrivals was at 3.1 million, increase from previous month, which has shown broader based recovery in most regions. Specifically, number of tourists from North-east Asia (e.g, China, Japan and S.Korea), Middle East, and Europe increased considerably. During first 7 months, number of foreign arrivals reached 20.6 million persons.

MOF projected new cash handout scheme (Phase I) to boost 0.35% of GDP in 2024



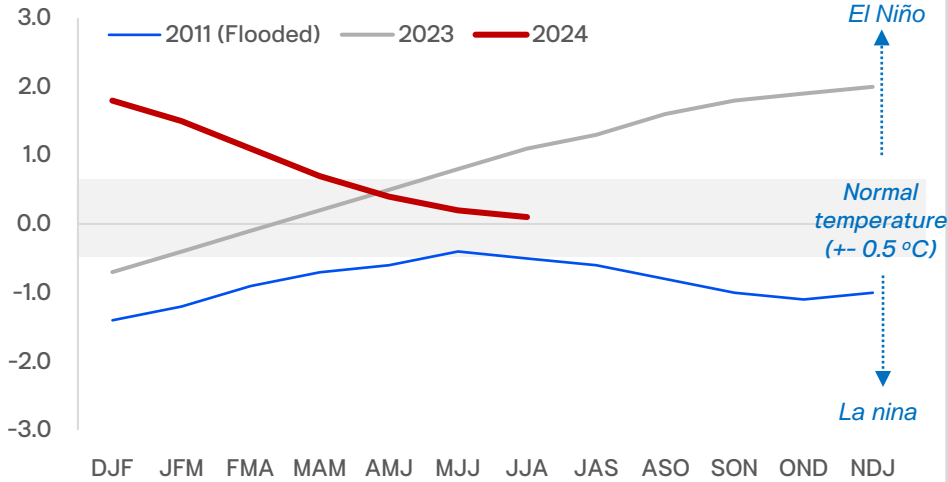
10 Short-term policies	3 medium- to long- term prospects
1) Comprehensive debt restructuring , especially home and auto loan including formal and informal debtors	Expanding key existing industries <ul style="list-style-type: none"> - Promoting the transition from ICE-based automotive industry to future vehicles (e.g, HEVs, PHEVs, BEVs and FCEVs) through promoting local content and technology transfer measures - Upgrading Creative Culture to promote National Soft Power
2) Protecting SME against unfair foreign competition e.g, debt repayment scheme, Matching fund among private and public sectors	
3) Measures to reduce energy and utility prices e.g., Direct PPA, Strategic Petroleum Reserve, OCA and Mass-transit development	
4) Creating new revenue streams by bringing informal and underground economies into tax system	Creating new potential industries <ul style="list-style-type: none"> - Promoting Green or Eco-friendly economies - Developing Digital Economy - Focusing on Care and Wellness Economy including Medical Hub - Aiming to become one of the Global Financial Hub
5) Boosting economic stimulus measures to build up consumption confidence prioritizing to vulnerable groups including Digital Wallet scheme	
6) Upgrading and modernizing to smart farming using Agri-tech, Precision Agriculture and Food-tech	Developing infrastructure <ul style="list-style-type: none"> - Building up R&D infrastructure - Developing large-scale transportation infrastructure (Mega-projects) including marine hub and new aviation gateway - Accelerating the development of well-public utilities - Developing digital technology infrastructure - Transforming tax structure to prioritize income distribution - Increasing the efficiency of state-land management
7) Promoting tourism by improving and facilitating visa application and approval process e.g., MICE, Digital-nomad including creating new tourist attractions	
8) Drug eradication since upstream production and distribution channels through' collaboration among neighboring countries	
9) Combating offline and online crimes including domestic and transnational crimes	
10) Enhancing and developing social welfare programs to promote equality	

▪ New government announced policy frameworks to the parliament on 12-13 Sep 24. It covered 10 urgent policies including adjusting Digital Wallet scheme (Phase I) which will be delivered to vulnerable individuals of THB 10K cash-handout through state welfare card (12.4 mn persons) and disable persons (2.15 mn persons), expected to start in late Sep24, while detail of phase II to be announced. Ministry of Finance projected the fiscal multiplier from new digital wallet scheme in phase I of 0.35% to GDP in this year.

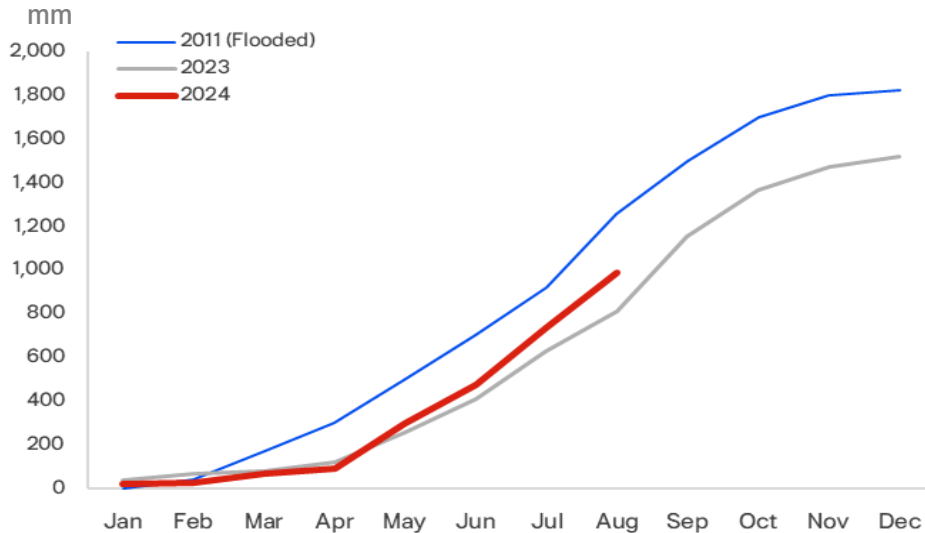
Current flood-related situation would not be as severe as the great floods 2011; rice crop production in Northeast in cautious

Oceanic Niño Index

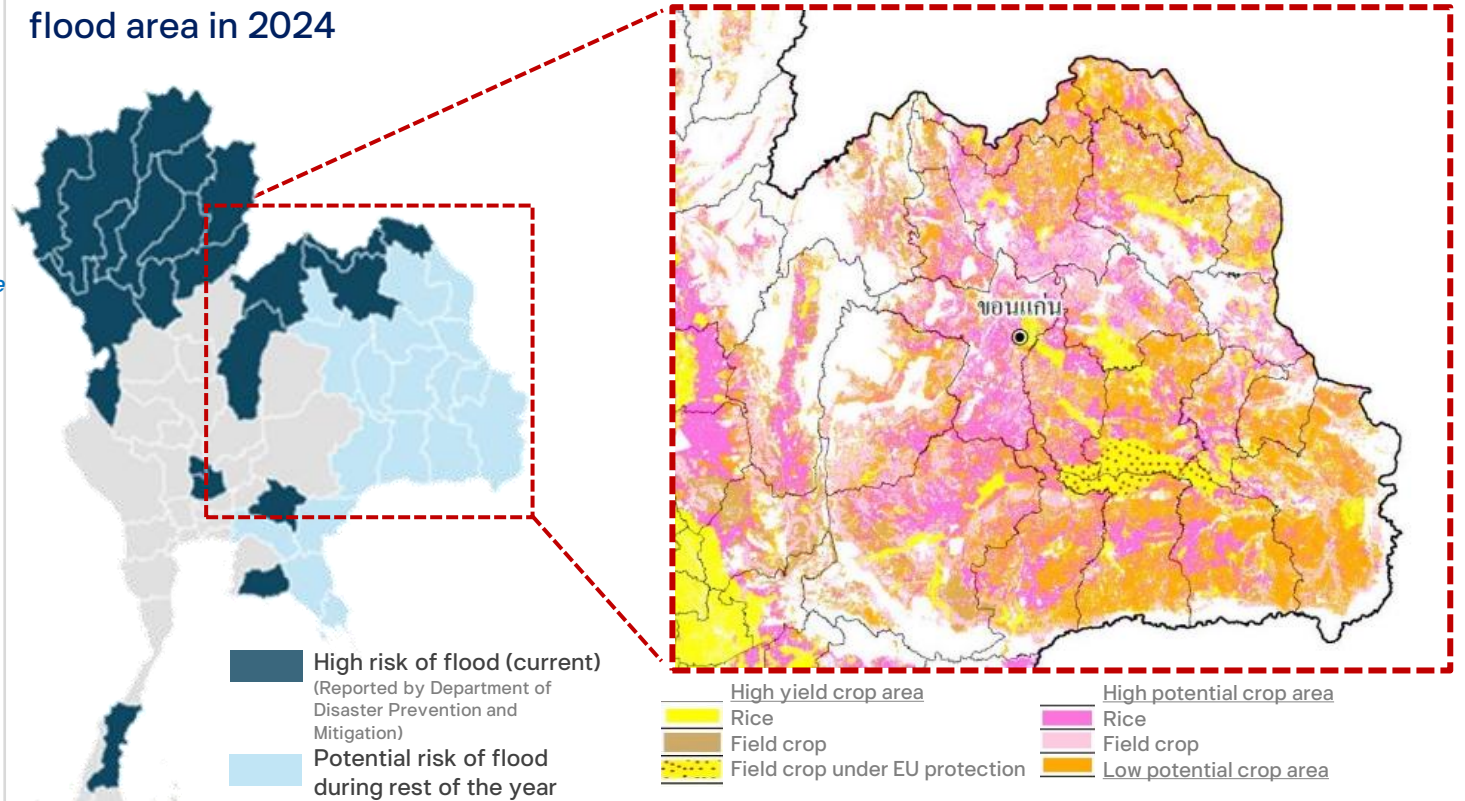
Change in sea temperature (°C)



Accumulated rainfall in Thailand (nationwide)



Potential risk of flood area in 2024

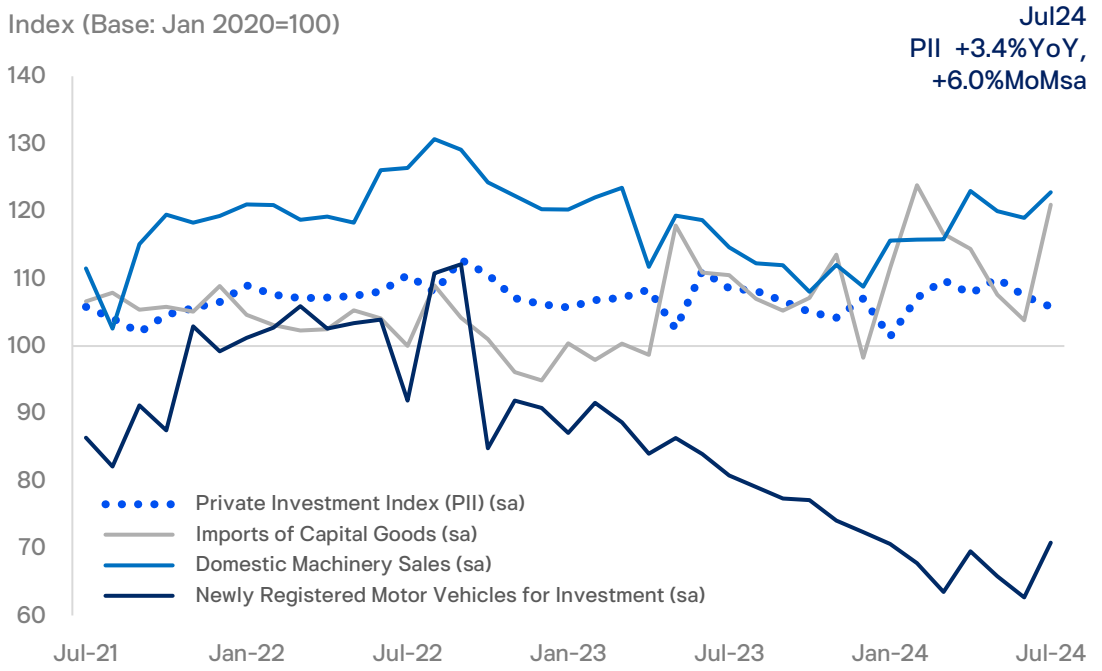


- According to preliminary study, incoming storms coupled with bursting of Khong river flooded downtown, would increase flood risk in Northeast and Central regions, which may affect rice production during crop season.
- However, projected amount of rainfall during monsoon season and current flood-related situation would not be as severe as the great floods 2011 due to a smaller number of storms crossing Thailand and rainfall, including more water storage capacity.

Private investment increased thanks to investment in machinery, equipment and construction

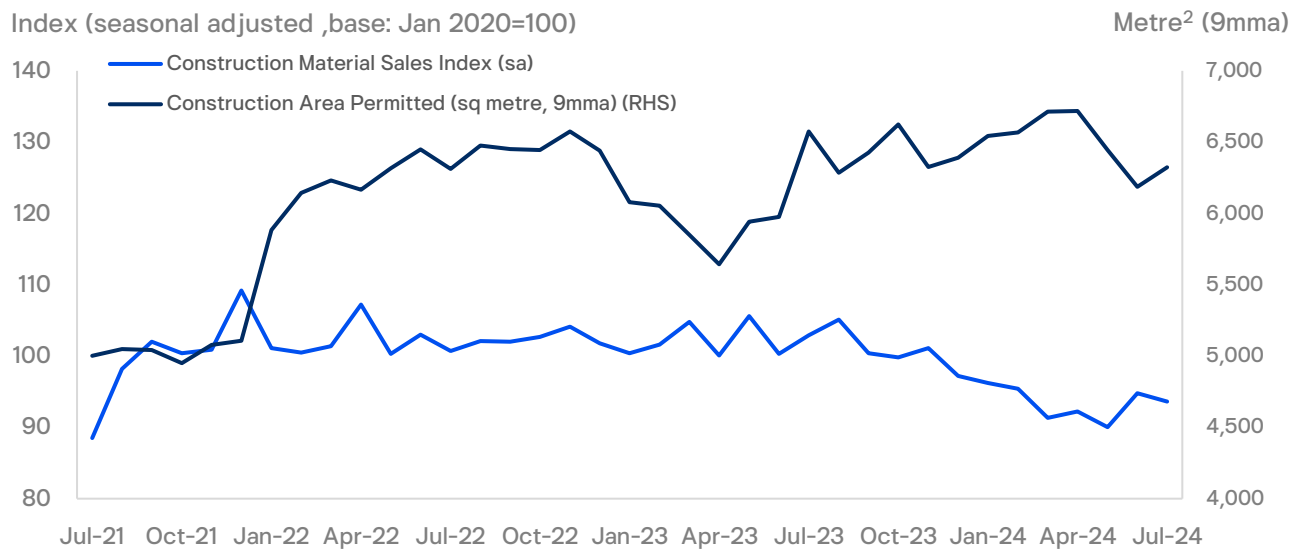


Private Investment Indicators (SA)

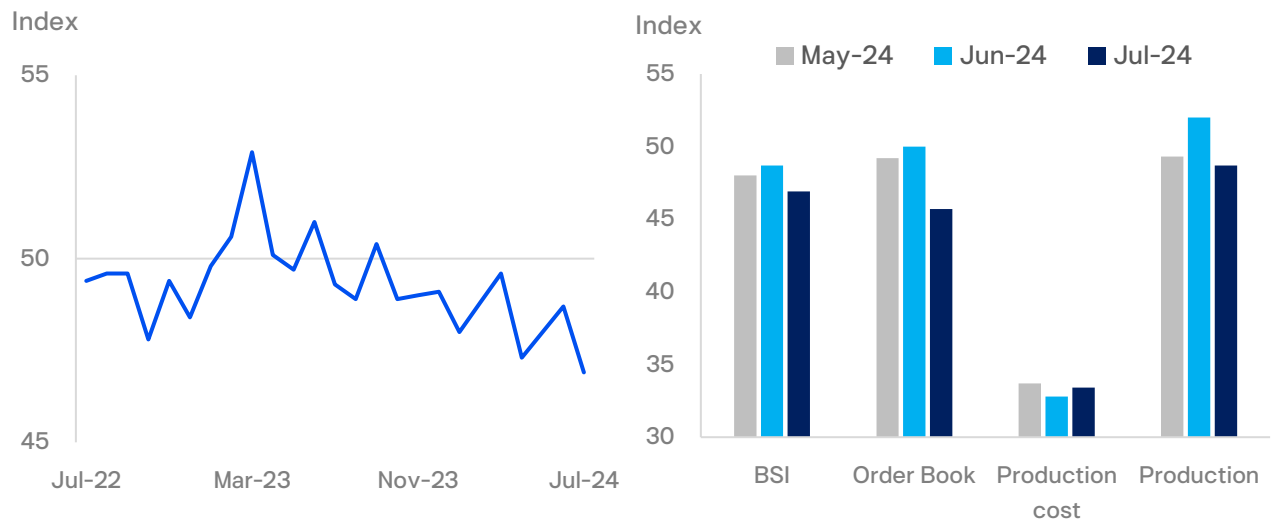


- Private investment indicators increased from both investment in machinery and equipment, as well as construction. Several indicators showed improvement, particularly imports of capital goods, registration of commercial vehicles, sales of domestic machinery and equipment, and permitted areas for housing purpose.
- However, sales of construction materials such as concrete piles and sanitary wares declined. Moreover, business sentiment in investment continued to decline, especially in the automotive, real estate, and retail sectors.

Construction sector (SA)

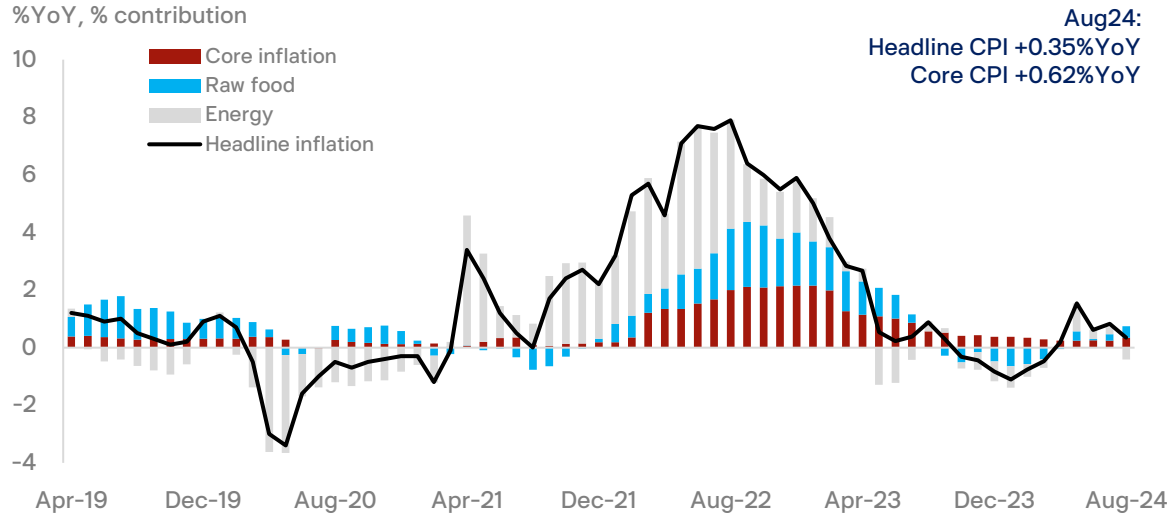


Business Sentiment Index (BSI)

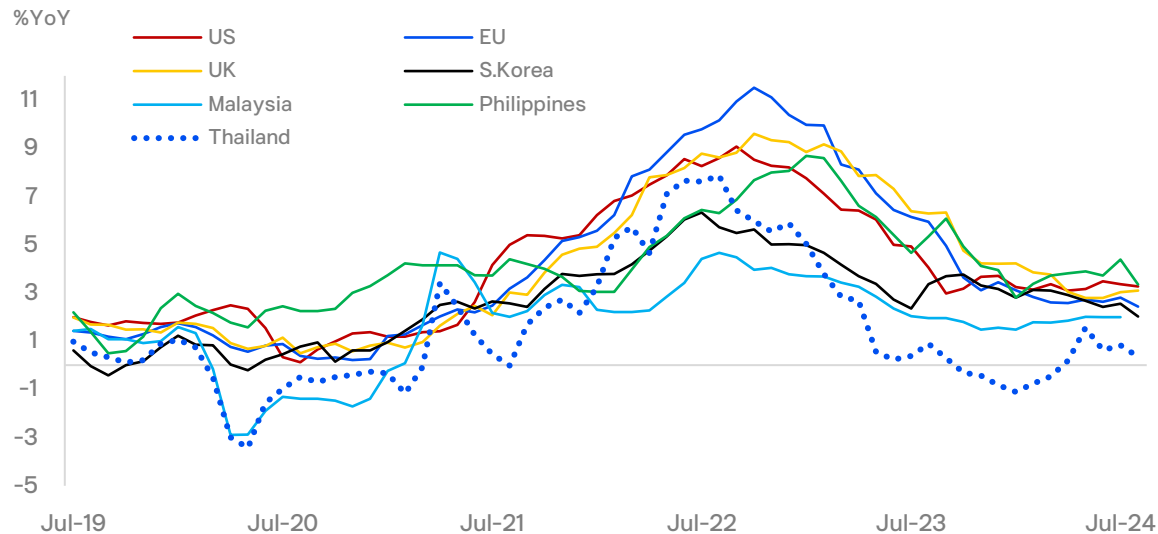


Headline inflation easing to 4-month low in August

Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

%YoY	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24
Headline inflation	0.88	0.30	-0.31	-0.44	-0.83	-1.11	-0.77	-0.47	0.19	1.54	0.62	0.83	0.35
Raw food	0.00	-1.30	-2.45	-0.76	-2.30	-3.07	-2.71	-1.91	-0.20	1.51	0.19	1.10	1.93
Prepared food	1.76	1.33	1.44	1.30	1.18	1.02	0.75	0.69	0.64	0.61	0.67	1.54	1.81
Poultry	1.22	0.86	0.13	1.00	2.83	1.74	0.98	1.16	1.27	0.18	-0.52	-0.04	0.62
Eggs and dairy products	8.47	6.93	6.70	6.65	6.97	4.85	2.88	3.81	2.64	3.48	4.07	2.89	1.67
Meats	-15.98	-16.47	-17.85	-17.69	-16.32	-15.39	-14.55	-12.32	-11.29	-8.09	-7.18	-5.16	-2.91
Utilities	6.62	-3.13	-3.15	-3.15	-3.14	-3.13	-3.11	-3.43	-3.44	8.42	-3.29	-3.29	-3.31
Energy	2.58	1.21	-1.55	-4.52	-5.12	-5.53	-3.33	-2.25	-0.09	7.15	2.43	1.78	-3.10
Core inflation	0.79	0.63	0.66	0.58	0.58	0.52	0.43	0.37	0.37	0.39	0.36	0.52	0.62

- The headline inflation (CPI) rose 0.35%YoY in Aug24, decelerated from previous month of 0.83%YoY. The decrease in price pressures was primarily due to food prices (e.g, fresh vegetables, fruits) as well as energy prices following global oil price and electricity dropped. Meanwhile, core inflation ticked up to 0.62%YoY in Aug24 from the previous month's 0.52%YoY. During first 8 months of this year, headline and core inflation stood at 0.15%YoY and 0.44%YoY respectively.
- Overall, Thailand's inflation still below the central banks' target range of 1-3%, and below the peers and major economies.

PART 3

Financial Market



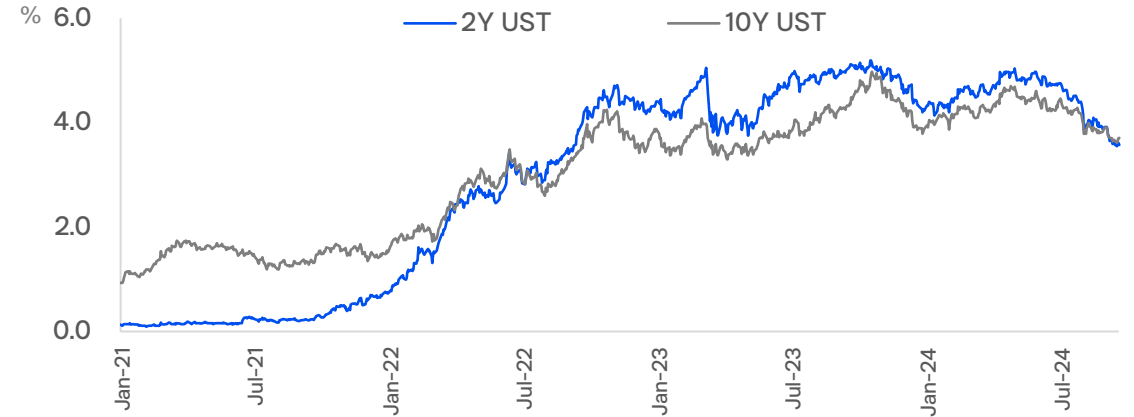
U.S. Treasury yields fell sharply as the Fed began its easing cycle with a significant cut. Meanwhile, Thai government bond (TGB) yields displayed a slight alignment with this trend.



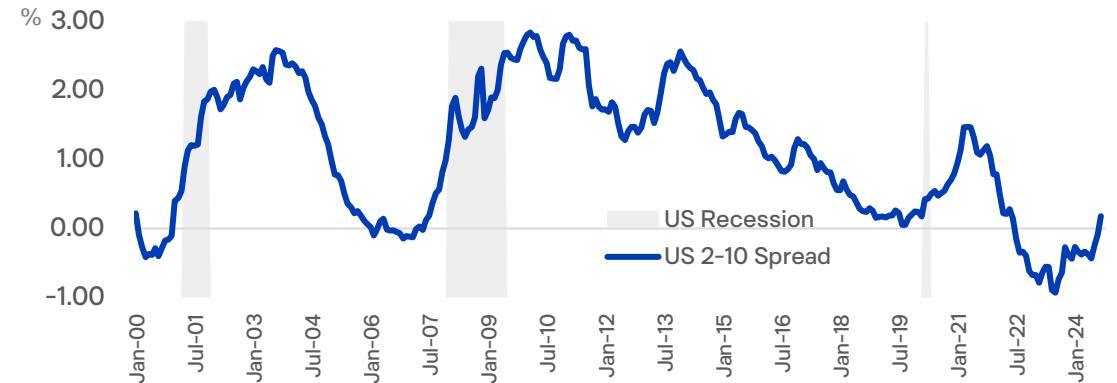
Thailand 2-yr and 10-yr government bond yield



US 2-yr and 10-yr government bond yield



US 2-10 spread

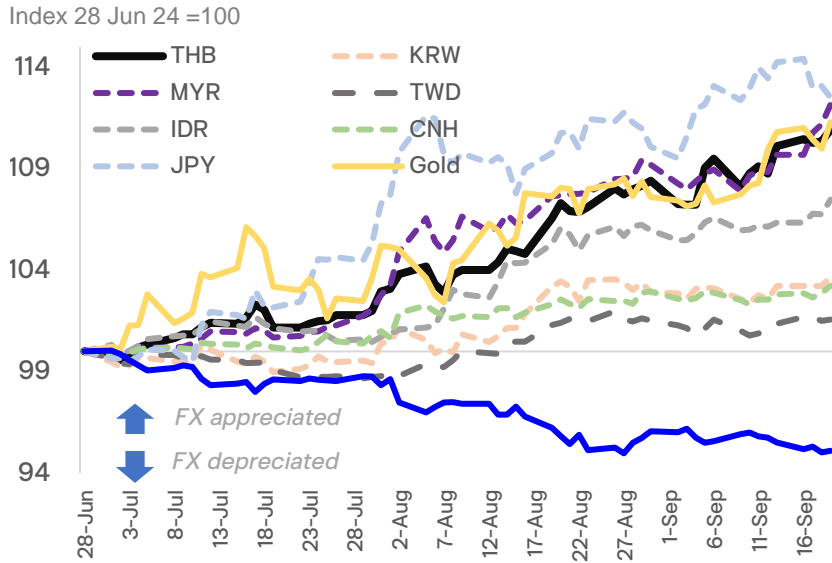


- U.S. government bond yields, including the 2-year and 10-year Treasury yields, have fallen sharply following the Fed's 50 basis point rate cut, with dot plots indicating further reductions ahead this year. Short-term yields are typically more responsive to interest rate changes. Additionally, the 2-10 spread has returned to positive territory, which often precedes a recession in the coming year. Likewise, Thai government bond yields followed the trend of U.S. bond yields, but to a lesser degree due partly to a lack of signals from the Bank of Thailand and uncertainty in government policies.

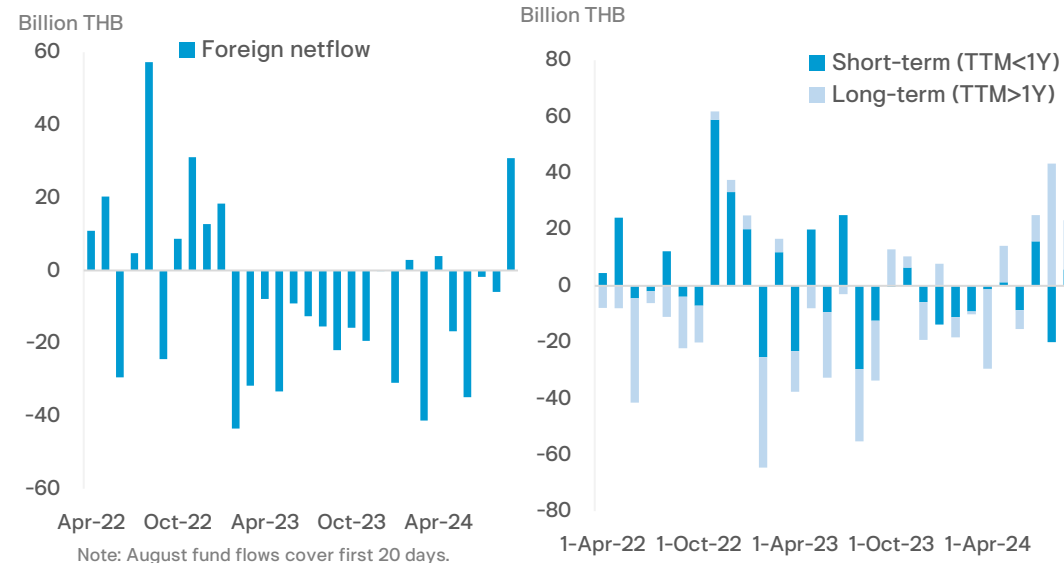
The Thai baht strengthened to below 33.50 baht per dollar, fueled by a risk-on sentiment resulting from the Fed's cuts and changes in gold prices



Movement in regional FX, 3Q24 (QTD)

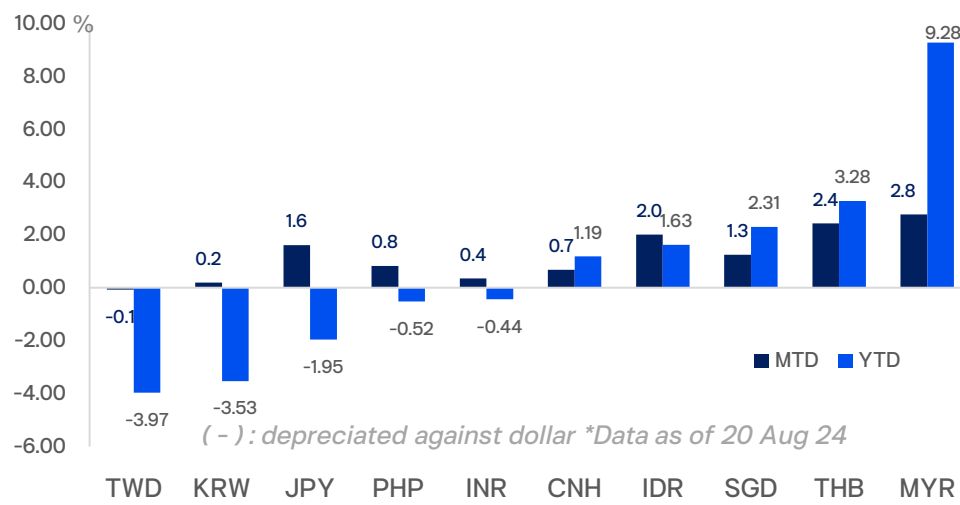


Foreign portfolio flow in equity and bond markets

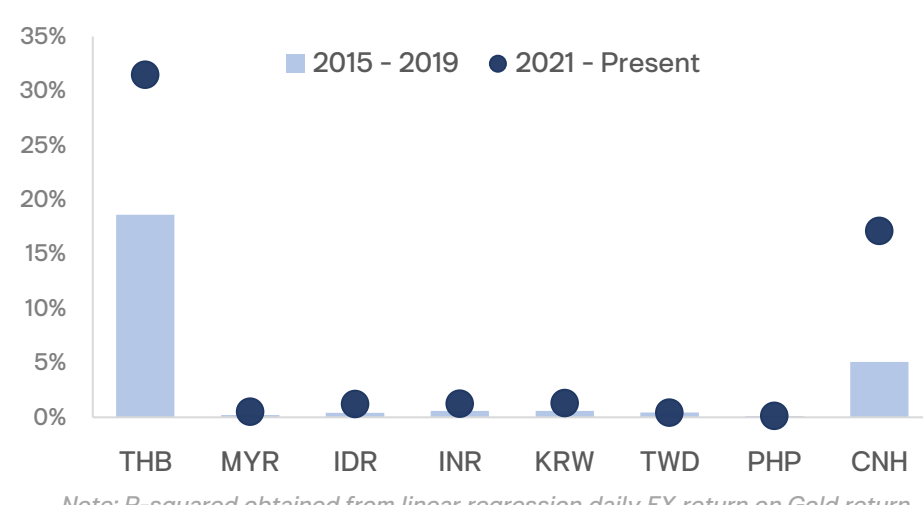


- The Thai baht rallied and fell below 33.30 baht per dollar, in line with other Asian currencies since the end of June, primarily driven by expectations of a significant rate cut as the Fed enters its easing cycle. Year-to-date, the baht has appreciated by about 3.28%.
- Portfolio flows have returned to Thailand in both bonds and equities as risk sentiment improves following the Fed's rate cut. Additionally, the clarity surrounding the Vayupak fund has attracted some foreign investors to Thai equities. However, compared to the region, Malaysia and Indonesia generally draw more fund flows.

Asian FX spot return against US dollar



Regional FX movement explained by gold



- Gold prices have shown an upward trend, reaching an all-time high, which has created volatility and added downward pressure on the Thai baht.

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.