

# Economic and Financial Outlook

t**tt**b analytics

December 2024





## Global Economy

- In November 2024, the global economy showed signs of slowing and underperformed expectations. The composite PMI showed modest growth, bolstered by progress in Asia. However, the service sector continued to prove more resilient than manufacturing. Price pressures remained moderate in emerging Asian countries, reflected by levels near central bank targets, while concerns about inflationary risks began to loom in developed markets.
- The U.S. economy remained strong in Q4, especially in consumption, with stronger-than-expected retail sales. While employment grew, the rising unemployment rate suggests a labor market slowdown. Meanwhile, the recent CPI signals some persistence in the disinflation process.
- China's economic momentum is slowing due to weak consumption, while industrial production, driven by strong exports, outpaces consumption. This trend may reflect pre-Trump presidency front-loading. In the property sector, housing prices eased in November, but recovery remains fragile and uneven.



## Thai Economy

- In October 2024, Thai economic activities improved from the previous month thanks to a temporal improvement in private consumption, which partly benefited from the government's stimulus program. Merchandise trade rose dramatically as mainly from industrial products including agri and agro-industrial products. Manufacturing production also increased due to improved exports as higher domestic demand, excluding automobiles.
- Headline inflation continued to accelerate in November 2024. The major increase in price pressures was primarily due to energy price as well as raw food price. Besides that, core inflation also relatively rose. Overall, Thailand's inflation still below the central banks' target range and below the peers.
- The MPC voted 7 : 0 to maintain the policy rate in the last meeting of 2024, deeming the current rate is consistent with the economic trajectory close to potential, inflation moving towards the target range, and safeguarding long-term macro-financial stability, together with preserving policy space amid increasing uncertainties going forward.



## Financial Markets

- U.S. Treasury yields rose as a result of adjustments to the Federal Reserve's interest rates and uncertainty surrounding Trump's policy, whereas Thai bond yields saw a slight decline due to expectations of a lower Thai policy rate.
- Despite the typical year-end appreciation trends, the Thai baht depreciated, in line with regional currencies. Looking ahead, the baht, with its low yields and export-driven economy, is expected to face challenges under a Trump presidency.

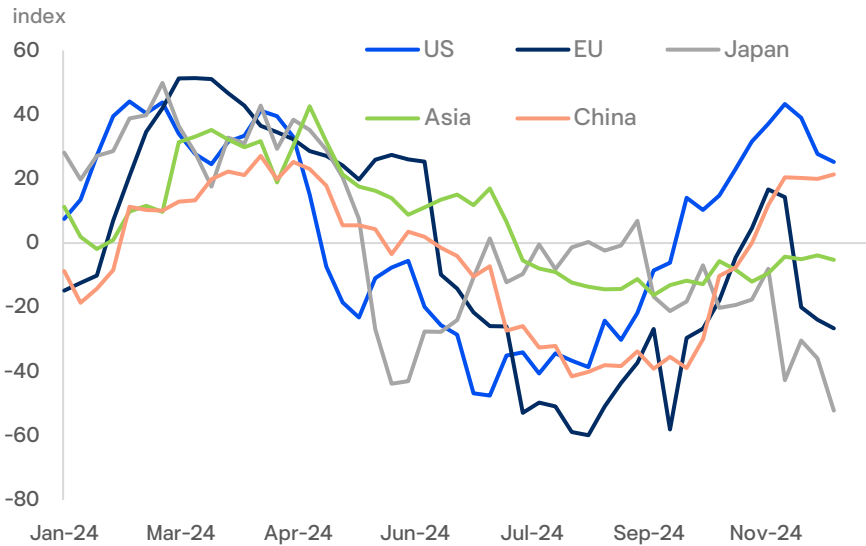
PART 1

# Global Economy

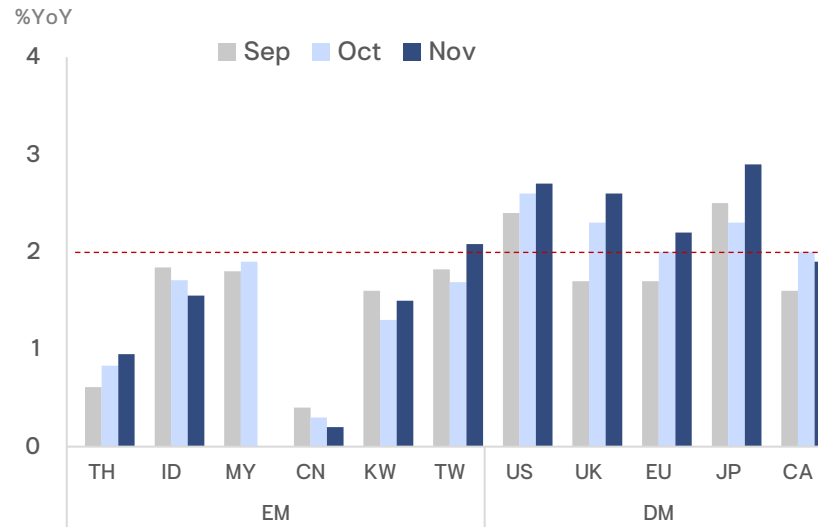


# Recent economic data continued to signal a slowdown, while inflationary pressures may re-emerge next year

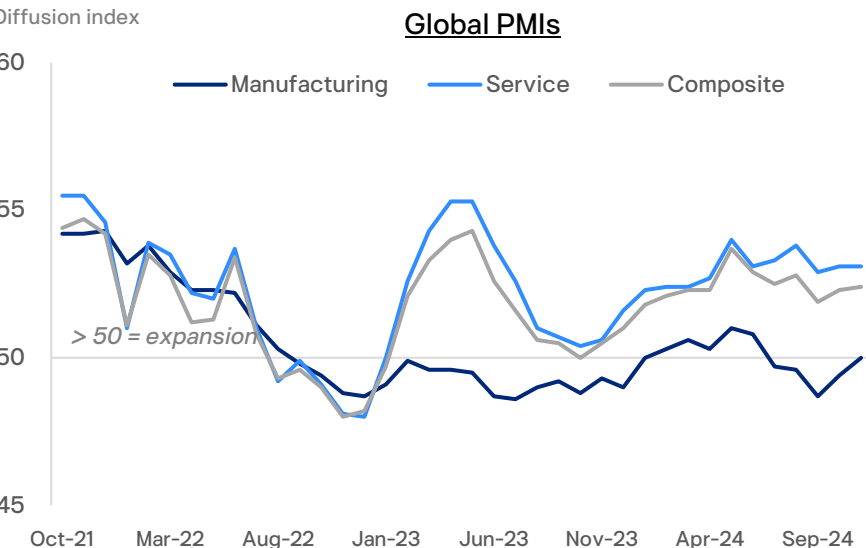
## Economics surprise indices



## Headline Inflation



## Global PMI by selected countries



## Composite PMIs

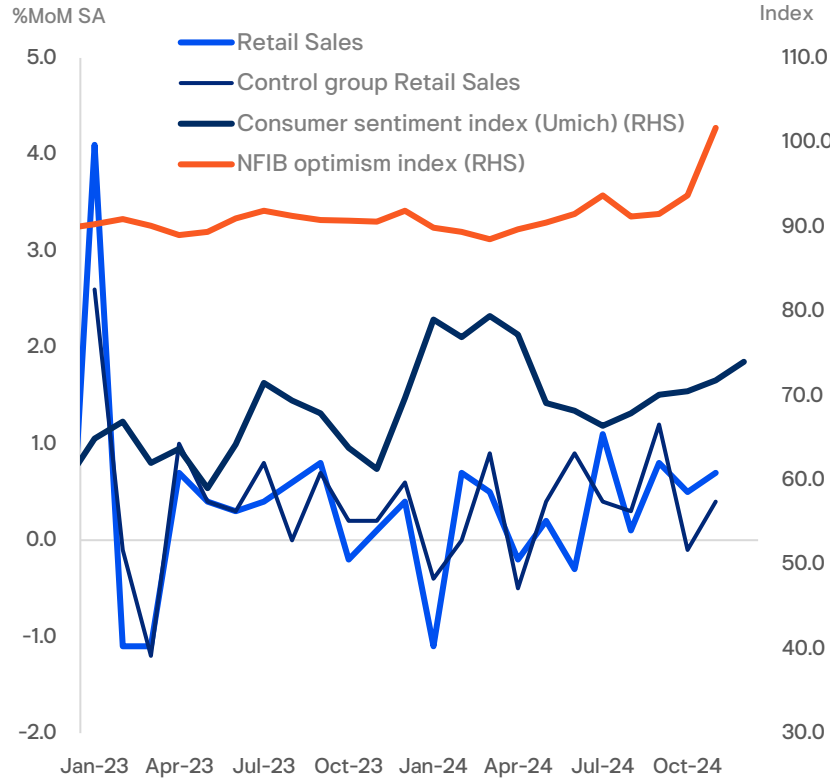
	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Euro Area	50.9	50.2	51.0	49.6	50.0	48.3
Asia	52.8	52.4	52.5	51.3	52.0	52.2
Australia	50.7	49.9	51.7	49.6	50.2	50.2
China	52.8	51.2	51.2	50.3	51.9	52.3
France	48.8	49.1	53.1	48.6	48.1	45.9
Germany	50.4	49.1	48.4	47.5	48.6	47.2
India	60.9	60.7	60.7	58.3	59.1	58.6
Italy	51.3	50.3	50.8	49.7	51.0	47.7
Japan	49.7	52.5	52.9	52.0	49.6	50.1
UK	52.3	52.8	53.8	52.6	51.8	50.5
US	54.8	54.3	54.6	54.0	54.1	54.9

- Recent surprise indices suggest a greater slowdown in economic data than the market had anticipated. In terms of regions, economic data in Europe continued to deteriorate.
- Price pressures remained moderate in emerging Asian countries, reflected by levels near central bank targets, while concerns about inflationary risks began to loom in developed markets, especially the U.S. and UK.
- The composite PMI rose slightly, reflecting business optimism for 2025, with growth seen in both sectors. However, the service sector proved more resilient than manufacturing, which may be impacted by tariff uncertainty. In terms of regions, emerging markets continued to surpass developed markets, particularly in the Euro Area.

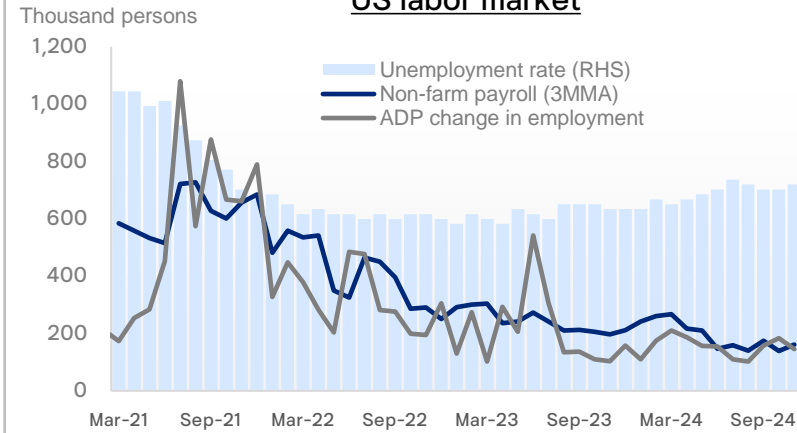
# The U.S. economy remains resilient in Q4, particularly in consumption, while the labor market slows and disinflation stalls



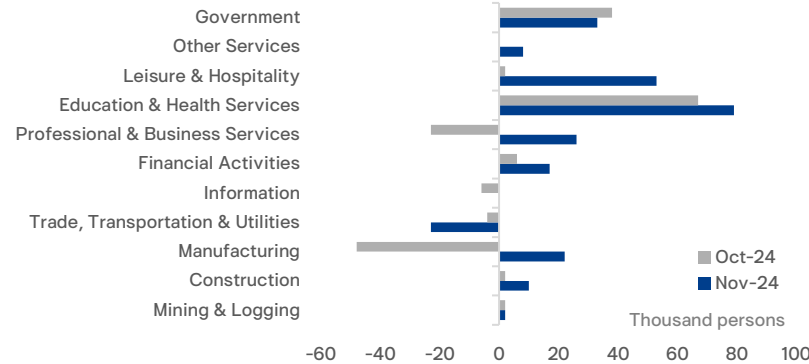
## Retail Sales and Other sentiment indices



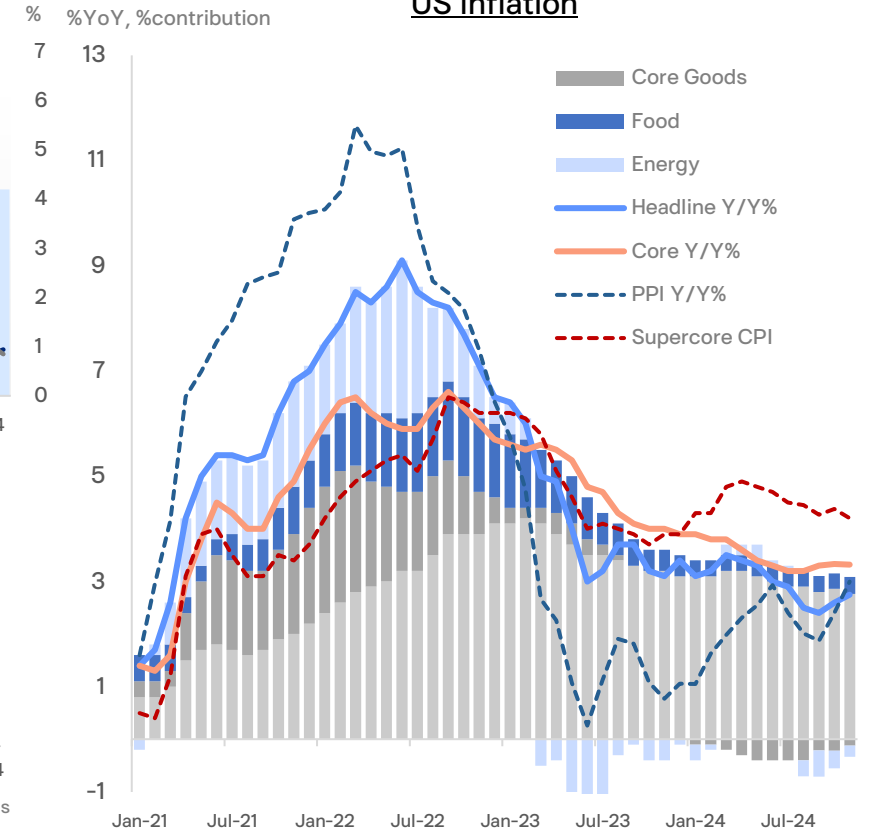
## US labor market



## US change in employment by sector

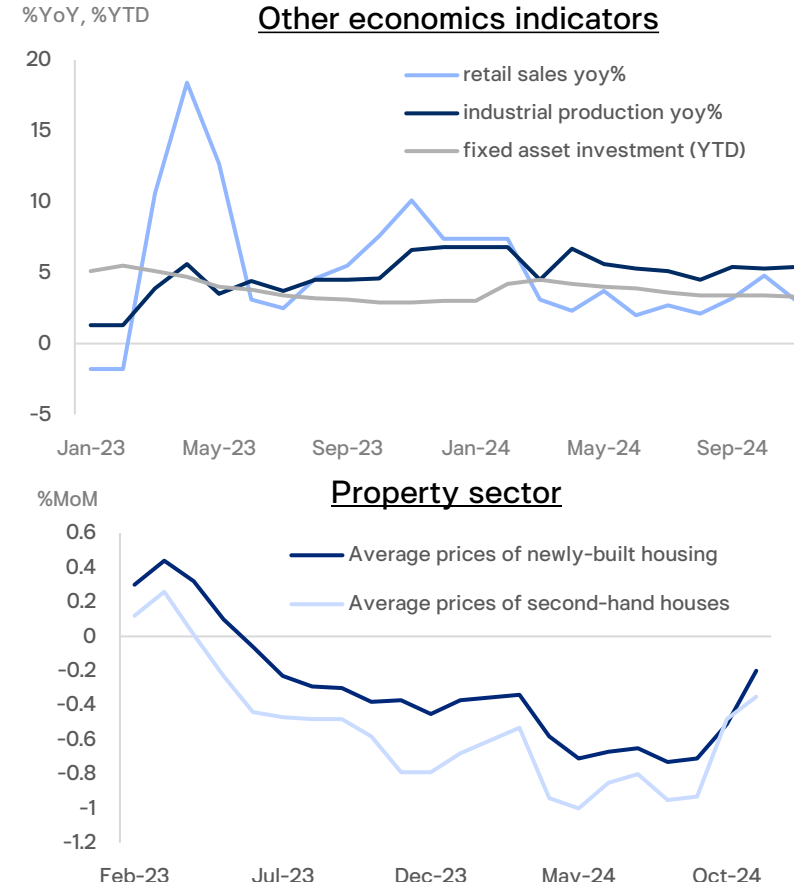
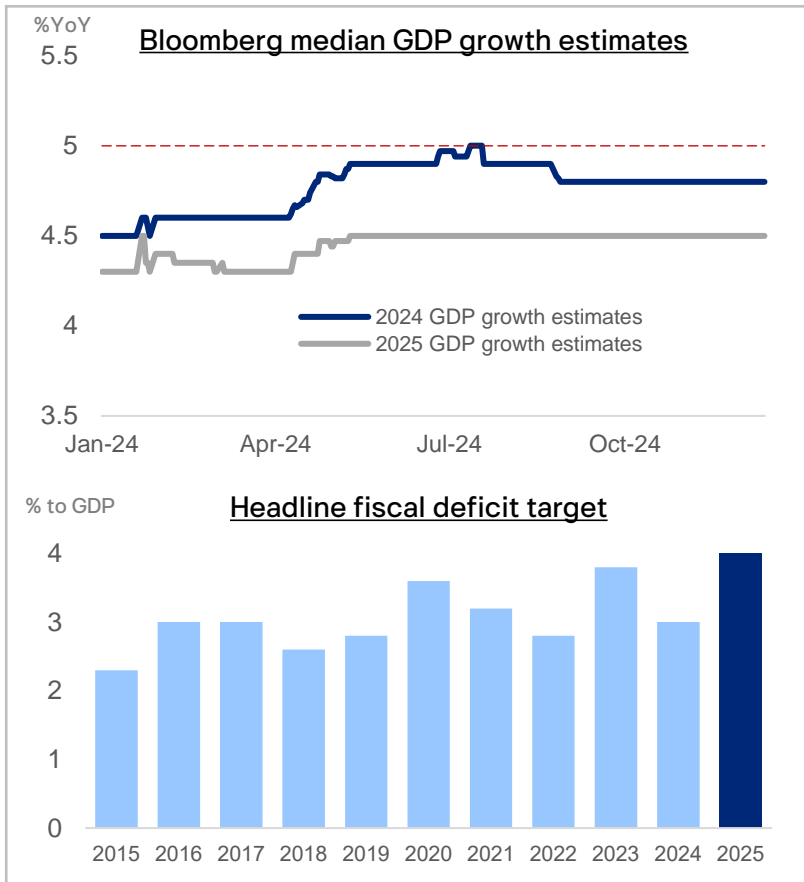


## US inflation



- The US economy in Q4 has remained strong, particularly in consumption, as indicated by stronger-than-expected retail sales. Additionally, softer data, especially sentiment indices, showed positive trends with most of them reflecting an upward pattern. However, industrial production remains slow, despite the strike and hurricane's effects fading.
- In November, US employment grew, but the unemployment rate also went up, indicating a slowdown in the labor market rather than a sharp drop. Manufacturing jobs saw a notable recovery following the end of the Boeing strike. Meanwhile, the recent CPI remained steady with no surprises, the PPI increased more than anticipated, driven primarily by food prices. However, the categories that feed into the PCE showed only a modest increase.

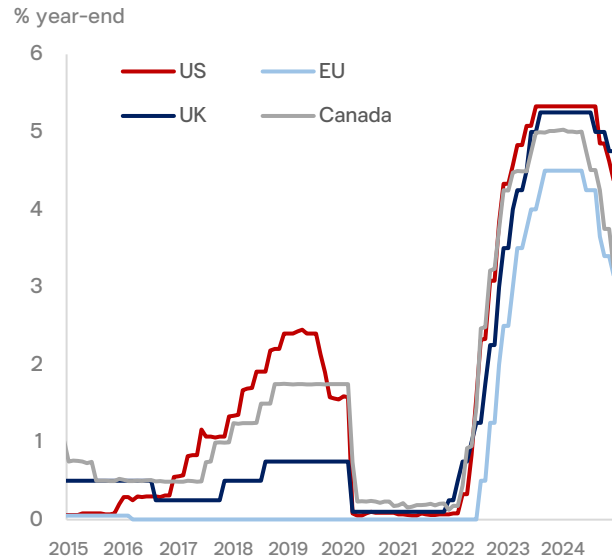
# China's economic data began to lose steam in November, while the CEWC lacked surprise



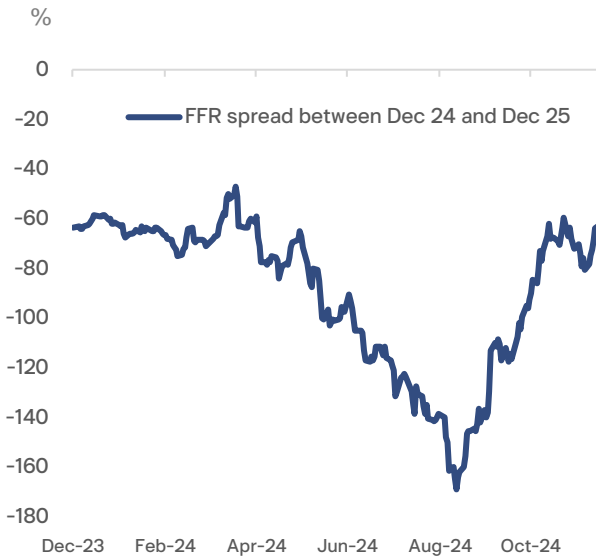
- Despite industrial production, supported by strong exports, continues to outpace consumption aligning with pre-Trump presidency front-loading, Chinese economic momentum is slowing due to weaker-than-expected consumption. In the property sector, housing prices began easing in November, but the recovery remains fragile and uneven.
- After the Central Economic Work Conference, officials, including President Xi Jinping, announced plans to increase the fiscal deficit target, lower interest rates, and adjust bank reserve requirements when needed. The focus for 2025 will be boosting consumption and domestic demand. Chinese leaders are highly likely to set a 5% growth target for 2025 and a 4% budget deficit. However, markets continue to expect GDP growth to fall short of these targets.

# Global policy easing cycle persists, but inflationary risks and economic resilience will dictate the final rate

## Central bank policy rate



## 2025 Fed Pricing



## Latest Monetary Policy development

DM



- The Federal Reserve reduced interest rates by 25 basis points (bps) to 4.25–4.50%, as anticipated, but signaled the number of rate cuts projected for 2025 to two. The focus shifts back to inflation progress.



- The ECB cut interest rates by 25bps to 3%, as expected, and signaled potential further cuts in 2025 by removing the "sufficiently restrictive" policy from the statement. Its updated projections also lowered growth and inflation forecasts for next year due to a weak economic outlook.



- The BoJ kept the short-term interest rate target at 0.25%, as expected. However, hawkish board member Naoki Tamura dissented, proposing a rise to 0.5% due to inflation concerns.



- The BOE held the base rate at 4.75%, with three members dissenting over weak demand and a softening labor market. The majority cited rising inflation and wage growth as risks for persistent inflation. The BOE stressed a "gradual approach" to rate cuts but could not commit to timing or size in 2025.

EM



- The Politburo has pledged to adopt a "moderately loose" monetary policy in 2025, indicating further interest rate cuts and moving away from the "prudent" approach that has been in place for nearly 14 years.



- The expected rise in the US terminal rate will affect monetary policies in emerging markets, as policymakers must weigh financial stability concerns against potential growth risks arising from global economic uncertainty.

## Asian countries' expectations

Country/Region	Current Policy Rate (%)	Changes in policy rate in 2024 (bps)	Forecast policy rate at the end of 2025 (%)	Interest rate differential (pp)
Malaysia	3.00	0	2.95	-0.05
South Korea	3.00	-50	2.30	-0.70
Indonesia	6.00	-25	5.20	-0.80
India	6.50	0	5.80	-0.70
Philippines	6.00	-50	4.90	-1.10
Thailand	2.25	-25	1.95	-0.30
Taiwan	2.00	0	1.91	-0.09
China	2.00	-50	4.35	-0.15
Vietnam	4.50	0	4.35	-0.15

Notes: Indonesia increased the policy rate by 25 basis points in April 2024, Forecast policy based on Bloomberg weighted average

Source: BOT, Bloomberg, CEIC, ttb analytics (Data as of 19 Dec 24)

PART 2

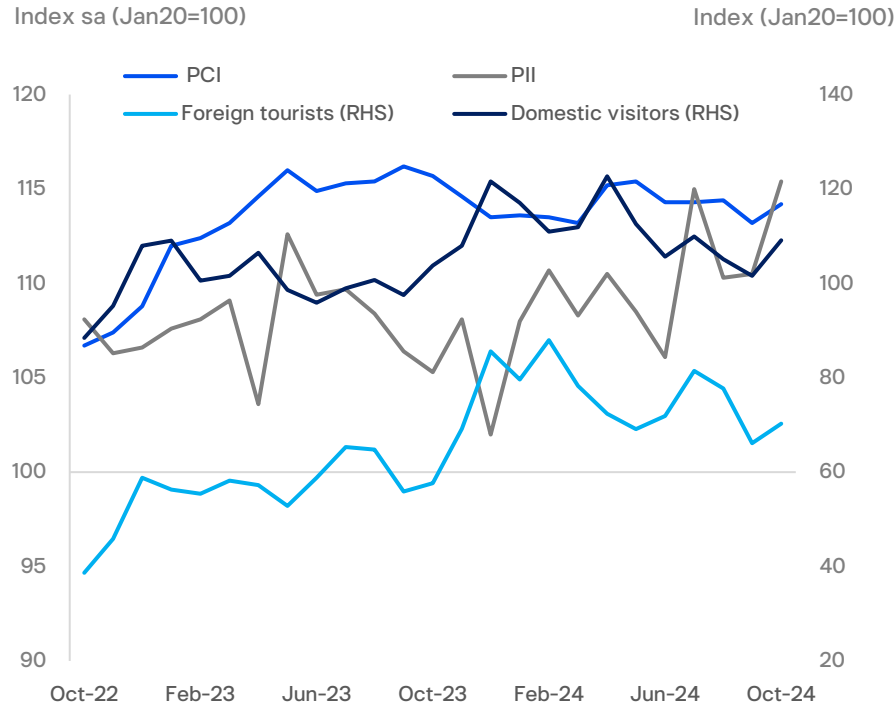
# Thai Economy



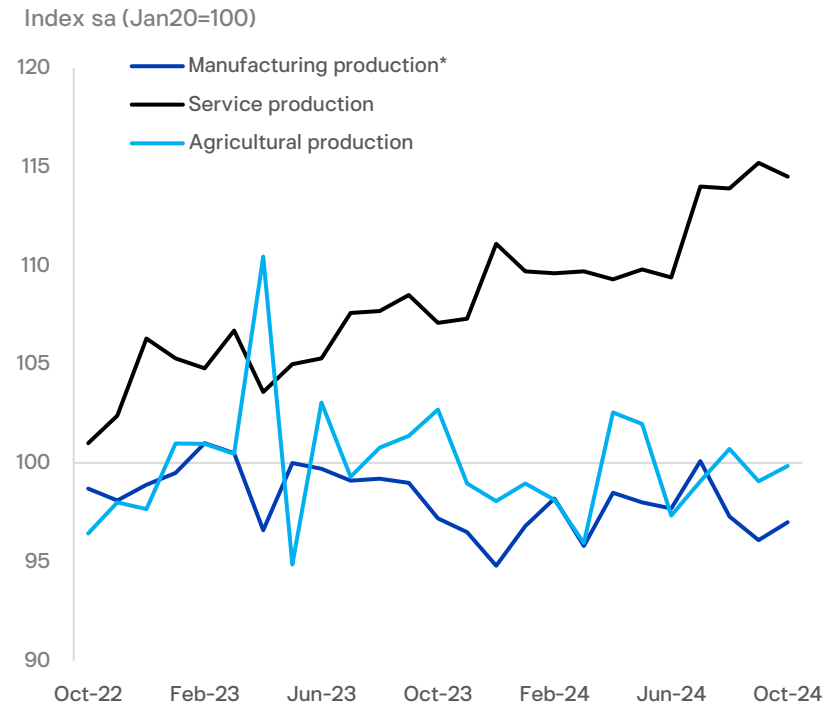


# In October 24, economic activities marked an improvement driven by both domestic and foreign demand

## Demand-side indicators



## Supply-side indicators



- In Oct24, Thai economic activities improved from the previous month thanks to a temporal improvement in private consumption, which partly benefited from the government's stimulus program. Manufacturing production also increased due to improved exports as higher domestic demand, excluding automobiles.
- On the economic stability front, the November's headline inflation continued to rise as mainly from impact of energy price due to low-base effect and raw food prices; in terms of trade balance, it turned deficit.

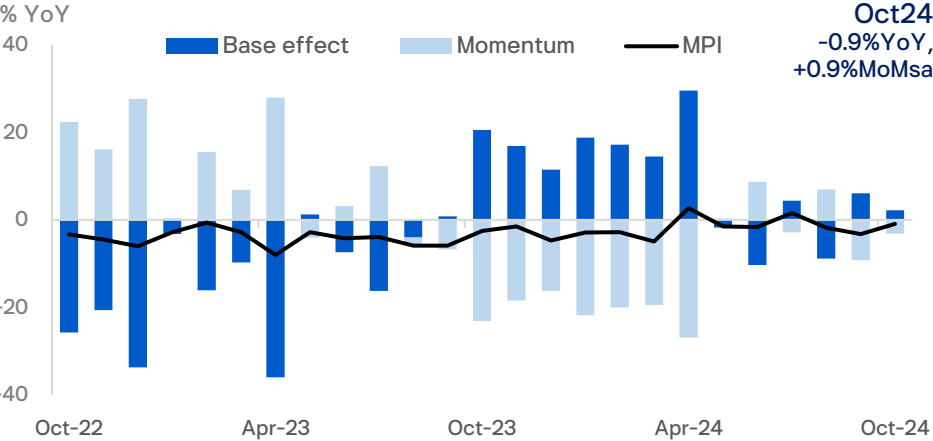
## Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
Authorized Capital of Newly Registered Companies (Million Baht)	156.1	144.9	89.5	146.0	116.7	126.8	155.4	123.9	159.3	134.6	100.3	125.4	171.5
Construction Areas Permitted (1000 sq. m)	125.0	116.8	118.3	118.2	116.7	117.5	116.8	111.3	107.4	108.1	105.5	101.9	106.8
Export Volume index (exclude Gold)	110.5	110.1	109.4	109.8	106.8	109.0	113.8	113.4	113.1	115.0	119.4	115.3	115.0
Business Sentiment Index (3 months)	104.3	101.7	102.2	102.2	101.8	103.5	101.7	104.0	101.8	100.4	98.4	100.4	102.5
SET index	91.3	91.2	93.5	90.1	90.5	91.0	90.3	88.9	85.9	87.2	89.8	95.7	96.8
Oil Price Inverse Index (Dubai)	1.1	1.2	1.3	1.3	1.2	1.2	1.1	1.2	1.2	1.2	1.3	1.4	1.3

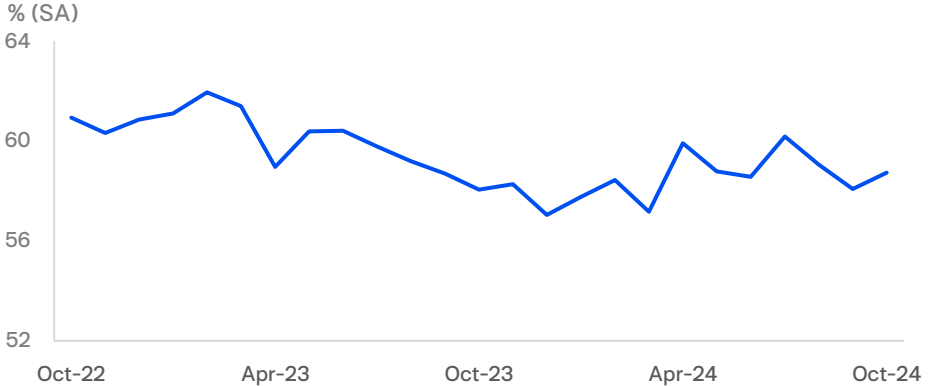
# Manufacturing production improved slightly from previous month



## Manufacturing Production Index (MPI)



## Capacity Utilization (CapU)



## MPI by sector (base year 2021)

Contribution	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-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%)													
<b>MPI (%YoY)</b>	<b>-2.5</b>	<b>-1.5</b>	<b>-4.7</b>	<b>-2.9</b>	<b>-2.8</b>	<b>-4.9</b>	<b>2.7</b>	<b>-1.5</b>	<b>-1.6</b>	<b>1.6</b>	<b>-1.8</b>	<b>-3.2</b>	<b>-0.9</b>

- As of Oct24, Manufacturing Production Index (MPI) contracted 0.9YoY, compared to the month earlier of 3.2%YoY contraction, which increased slightly from previous month from production in 1) chemicals and rubber including plastic products 2) electrical appliances and 3) food and beverages. However, production declined in some categories, including petroleum due to high inventory, as well as electronic circuits and components, from lower exports.

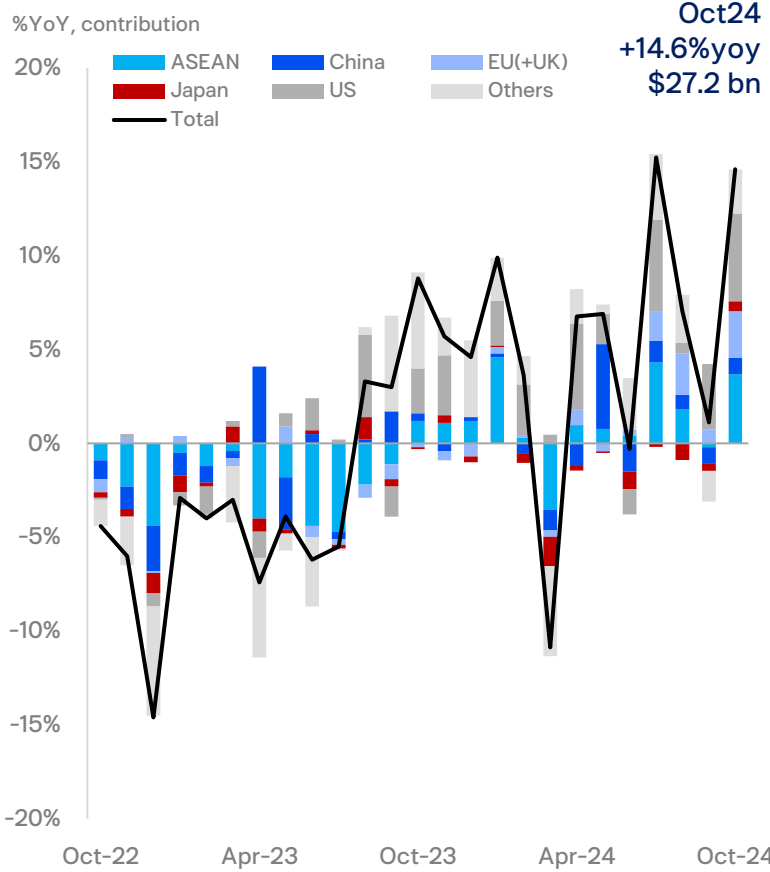
# Thailand's export marked an accelerated growth in October



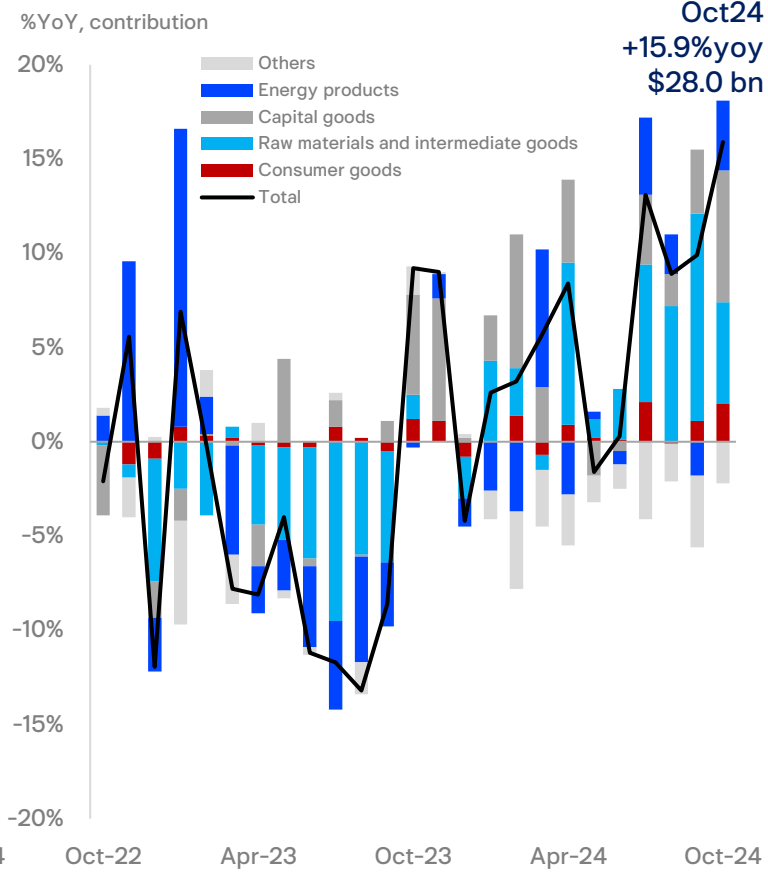
## Exports value by product and destination

Unit: %YoY

	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24
<b>Agri-agro products</b>													
Rice	37.7%	67.9%	27.4%	45.9%	53.6%	30.6%	91.5%	-4.5%	96.6%	15.2%	46.6%	15.2%	10.1%
Rubber	-5.4%	14.5%	13.2%	5.5%	31.7%	36.9%	36.2%	46.6%	28.8%	15.6%	64.8%	47.4%	32.6%
Tapioca products	4.8%	-12.8%	-51.2%	-27.0%	-20.4%	-16.7%	-9.6%	-17.0%	-3.8%	55.4%	-11.5%	-29.2%	-30.5%
Fresh, Frozen & Dried vegetable and Fruit	27.6%	-12.4%	-13.5%	27.2%	-10.0%	-20.0%	-25.1%	91.9%	-31.0%	-15.7%	2.9%	-14.0%	7.2%
Poultry	1.5%	-2.6%	0.3%	5.0%	-0.5%	1.2%	12.1%	3.5%	-1.9%	13.6%	5.1%	-0.4%	12.4%
Sugar	-25.4%	-9.9%	43.0%	-16.6%	-35.2%	-45.4%	-10.4%	-44.3%	-52.1%	-38.9%	-13.6%	-8.9%	-11.8%
Animal feeding	0.8%	3.3%	8.5%	9.1%	21.5%	29.6%	52.9%	39.2%	13.1%	26.6%	25.0%	21.5%	18.2%
<b>Industrial products</b>													
Motor Cars, Parts, Accessories	3.6%	-5.1%	2.1%	-4.7%	-8.2%	-6.7%	13.5%	-8.0%	-0.6%	-12.5%	-17.9%	-10.6%	-13.0%
Computer and parts	-4.1%	10.3%	2.5%	32.2%	24.9%	-11.8%	62.0%	44.5%	22.0%	82.6%	74.7%	25.5%	77.5%
HDD	-29.0%	-0.9%	1.9%	39.7%	21.4%	-35.2%	85.2%	30.9%	4.4%	84.6%	112.2%	3.8%	124.9%
Integrated Circuits	-4.6%	-6.6%	3.1%	-1.9%	-13.2%	-18.2%	-9.2%	-11.9%	-21.4%	-8.7%	-33.2%	1.2%	1.9%
Air Conditioning Machine	-34.2%	-26.1%	-12.2%	-10.5%	-14.3%	-12.7%	12.9%	-7.7%	-8.5%	27.8%	15.2%	22.5%	44.9%
Refrigerating	34.7%	48.1%	71.0%	30.4%	-0.2%	-13.4%	2.2%	-14.1%	-1.9%	34.0%	11.6%	-17.8%	-6.6%
Electronic Machines	5.5%	10.9%	0.5%	18.0%	12.5%	-8.4%	25.5%	22.9%	8.3%	31.8%	13.9%	8.2%	29.6%
Plastic pallet	3.1%	-10.7%	0.0%	-0.3%	-2.7%	-13.7%	0.5%	-0.4%	-6.3%	6.9%	-3.3%	-5.2%	4.8%
Chemical Products	-10.6%	-0.6%	-6.5%	-1.6%	-14.2%	-10.9%	16.4%	-3.2%	-5.5%	38.2%	12.5%	4.4%	18.7%
Machinery & Parts	7.8%	15.3%	2.9%	7.6%	-2.5%	1.3%	58.8%	12.4%	7.2%	10.0%	23.0%	8.7%	43.0%
Rubber Products	0.1%	0.7%	3.9%	3.7%	-4.1%	-6.9%	1.5%	-8.7%	-2.2%	13.8%	14.9%	15.7%	27.2%
Refined oil	65.1%	55.4%	42.6%	5.3%	-9.6%	-6.1%	-21.2%	-0.5%	2.8%	35.5%	1.0%	-29.8%	-21.4%
Jewelry ex gold	8.7%	2.9%	6.8%	21.5%	6.5%	-3.1%	8.2%	3.9%	-4.3%	-6.5%	17.6%	-0.8%	-1.8%
<b>Total export</b>	<b>8.0%</b>	<b>4.9%</b>	<b>4.7%</b>	<b>10.0%</b>	<b>3.6%</b>	<b>-10.9%</b>	<b>6.8%</b>	<b>6.9%</b>	<b>-0.9%</b>	<b>15.2%</b>	<b>7.0%</b>	<b>1.1%</b>	<b>14.6%</b>



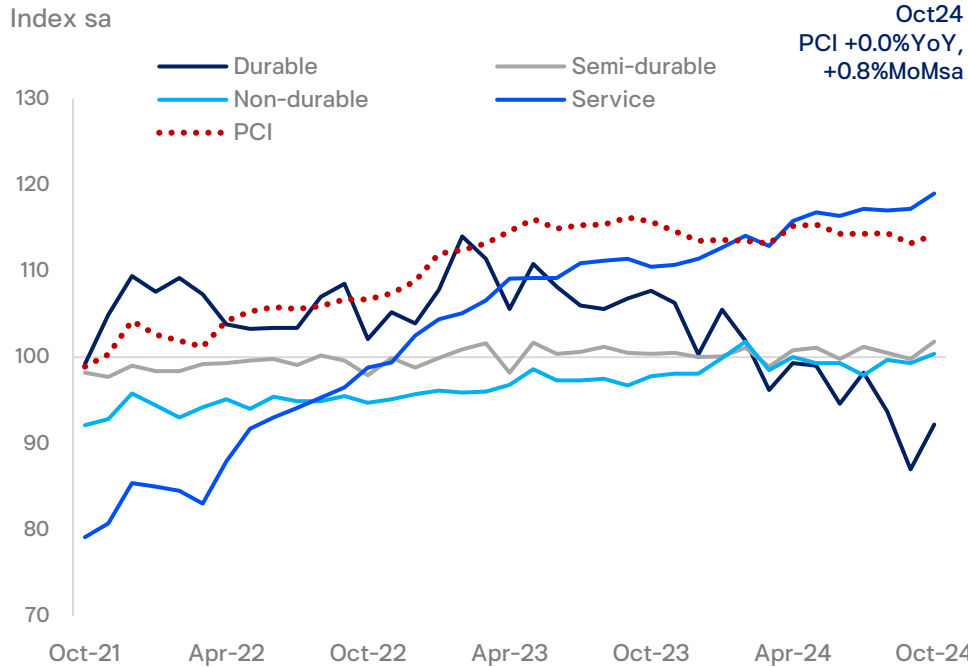
## Imports value by groups



- Export value in Oct24 expanded 14.6%YoY, accelerated from previous month of 1.1%YoY. Key drivers included the export of industrial products, particularly computers equipment and component, HDD, and machinery and parts experienced significant growth. While export of agricultural and agro-industry products also marked continuing growth led by rice, rubber and animal feeding. Import value continued to rise of 15.9% increase, continuing its growth from the previous month, which was mainly attributed to the growth of almost import categories. As a result, the trade balance returned to a deficit of USD 794.4 million. (During first 10 months of 2024, trade deficit stood at USD 6.75 billion)

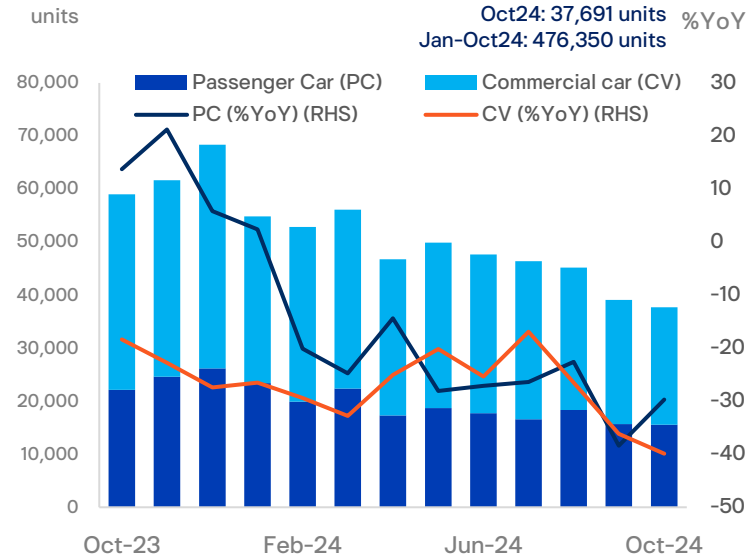
# Private consumption indicators had gradually improved across several categories due to the benefit of stimulus scheme

## Private Consumption Indicators (SA)

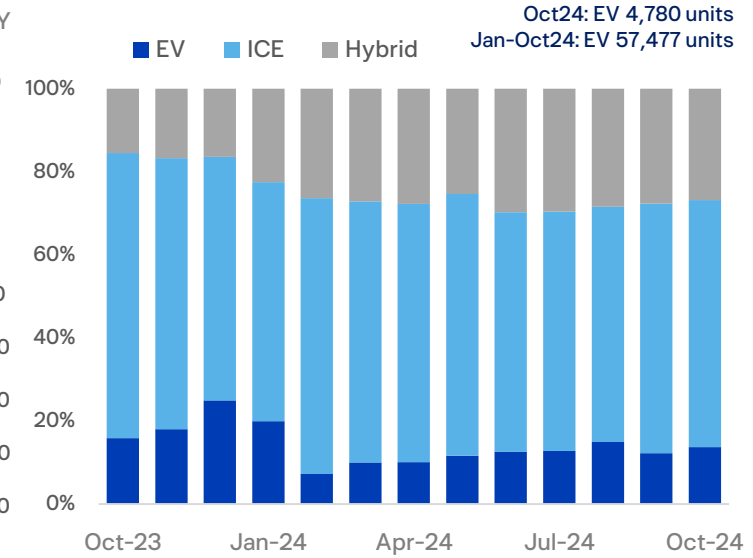


- Private consumption indicators increased from the previous month across all major categories, partly due to the government's stimulus program (THB 10K cash handout). Service-related index also increased, which was in line with a greater number of Thai tourists and higher foreign tourist spending.
- Meanwhile, spending in durable products also improved as reflected by the growth of higher motorcycle registrations and passenger car sales.

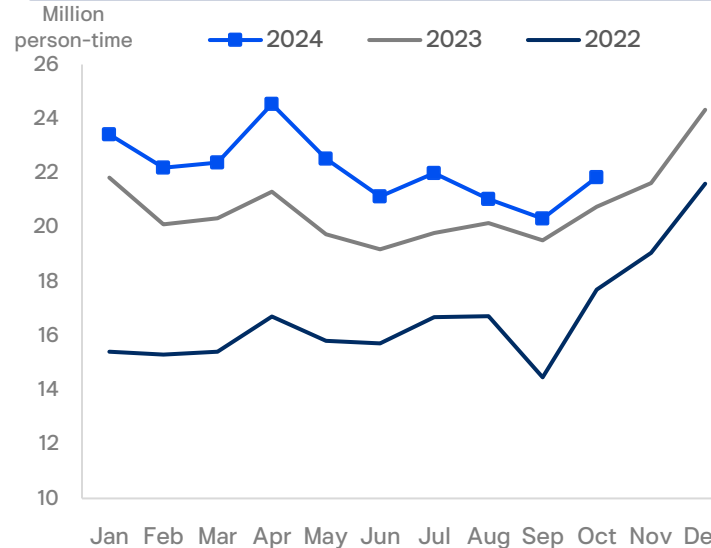
## Domestic car sales\*\*



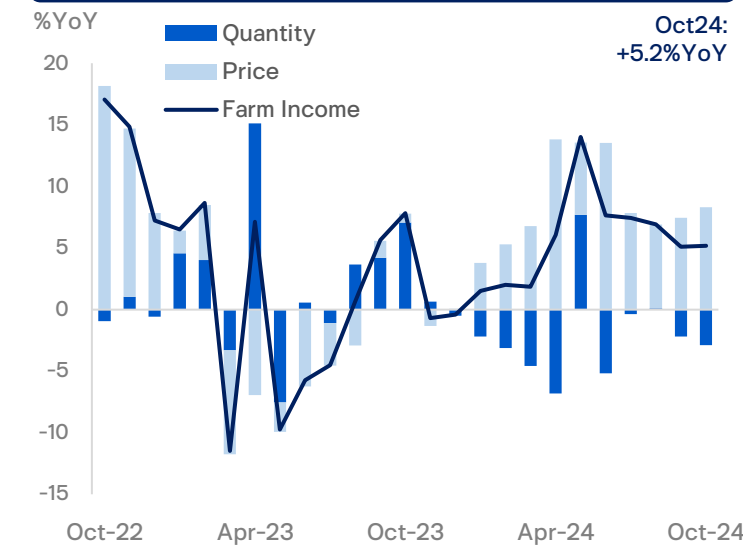
## EV penetration of type 1 registration



## Thai domestic visitors\*



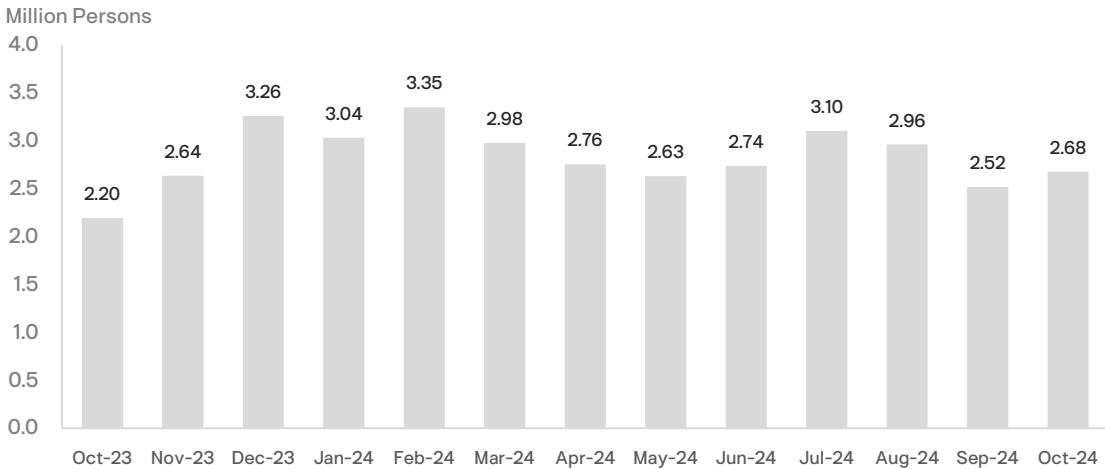
## Farm Incomes



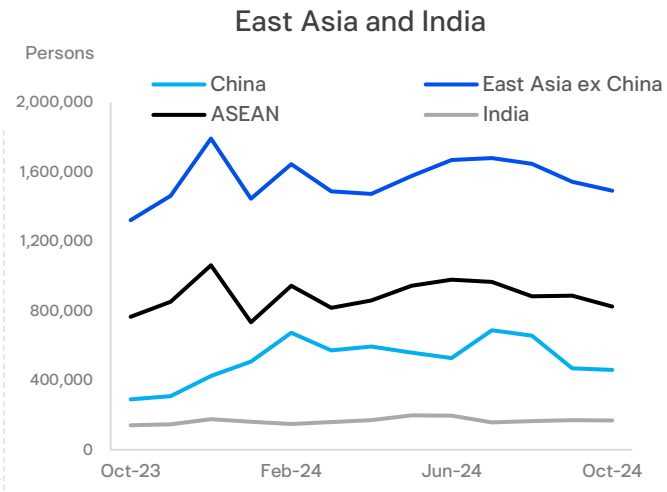
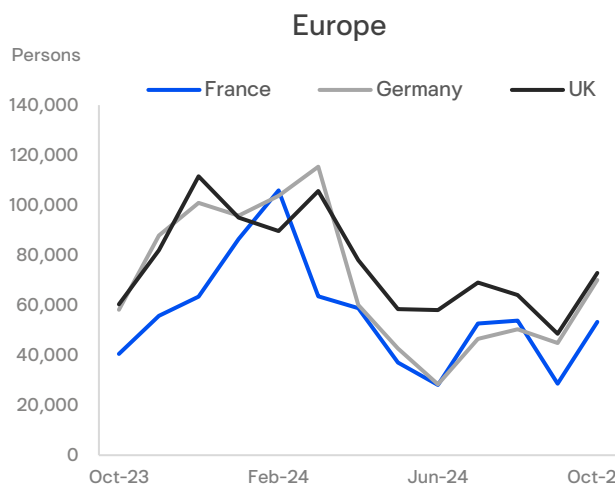
# Overall foreign tourist arrivals improved from previous month in October



## Total Foreign Tourist Inbounds

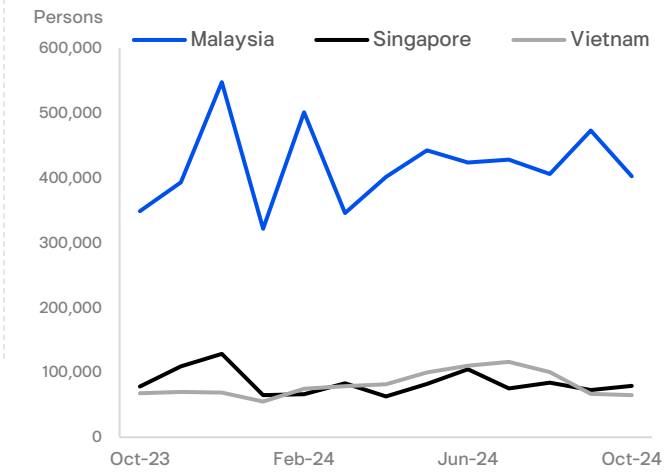


## Foreign Tourist Inbounds by key regions



## Foreign tourist inbounds recovery from pre-covid level

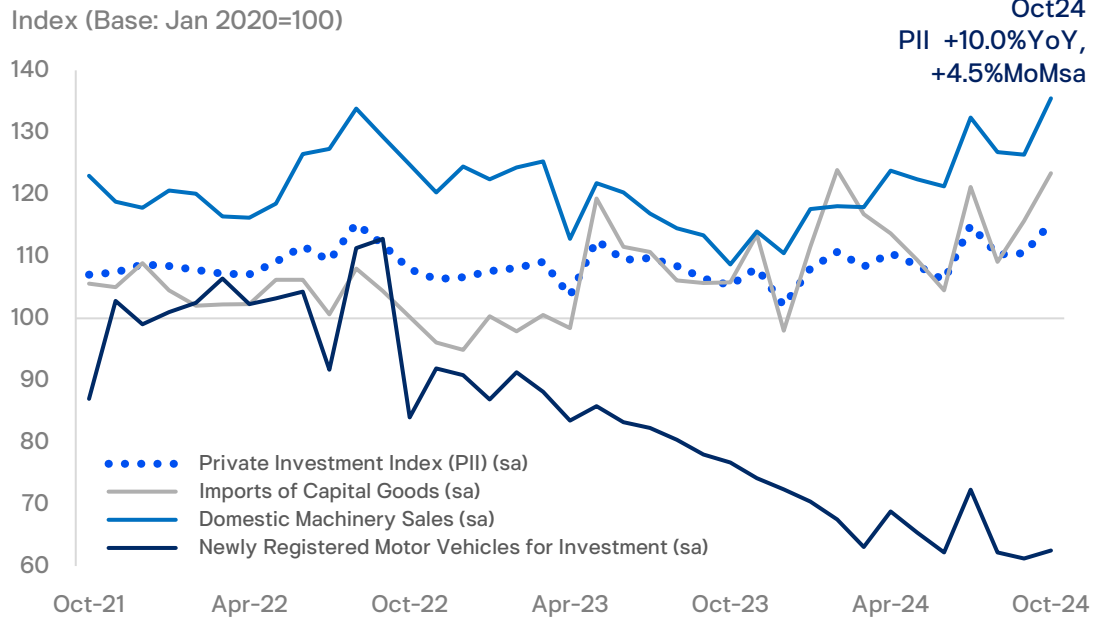
Unit: k persons	Jan-Oct			%YoY (24/23)	Recovery rate (2019=100)
	2019	2023	2024		
Total	32,540	22,201	28,768	30%	88
China	9,344	2,785	5,715	105%	61
ASEAN	8,638	7,855	8,847	13%	102
Europe	5,162	4,485	5,508	23%	107
India	1,633	1,304	1,705	31%	104
Americas	1,280	980	1,124	15%	88
Russia	1,077	1,099	1,290	17%	120
Middle East	599	507	632	25%	105



As of Oct24, foreign tourist arrivals was at 2.68 million, improved slightly from previous month. Tourists from Europe and US countries marked an improvement after decline during preceding periods, while short-haul tourists dropped slightly. During first 10 months, number of foreign arrivals reached 28.8 million persons or 88% recovery from pre-covid level.

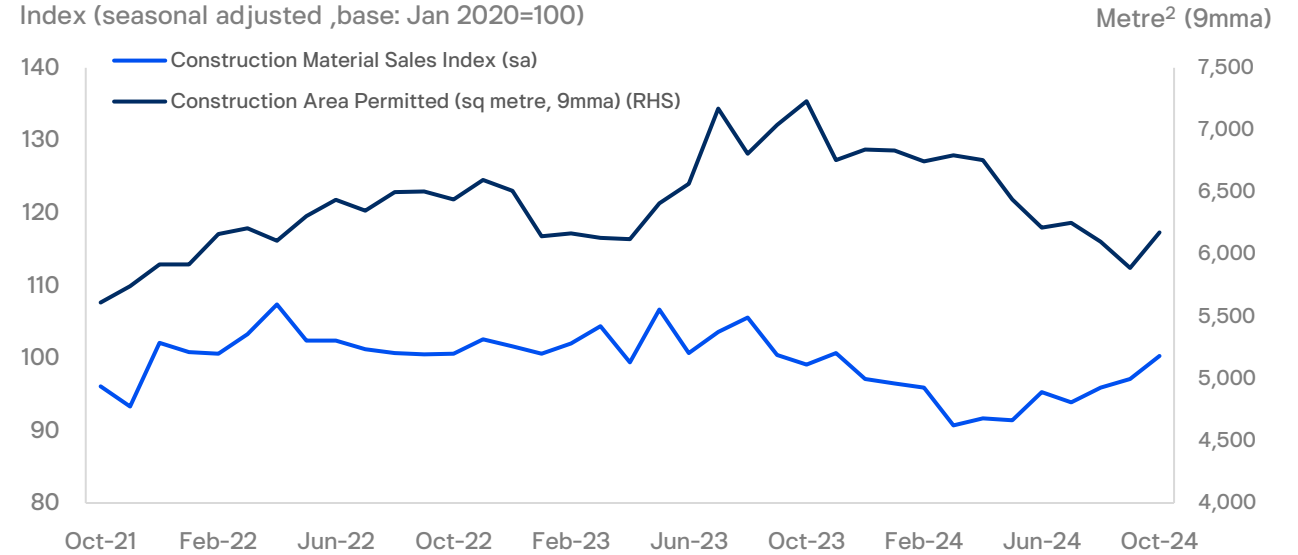
# Private investment increased remarkably in October

## Private Investment Indicators (SA)

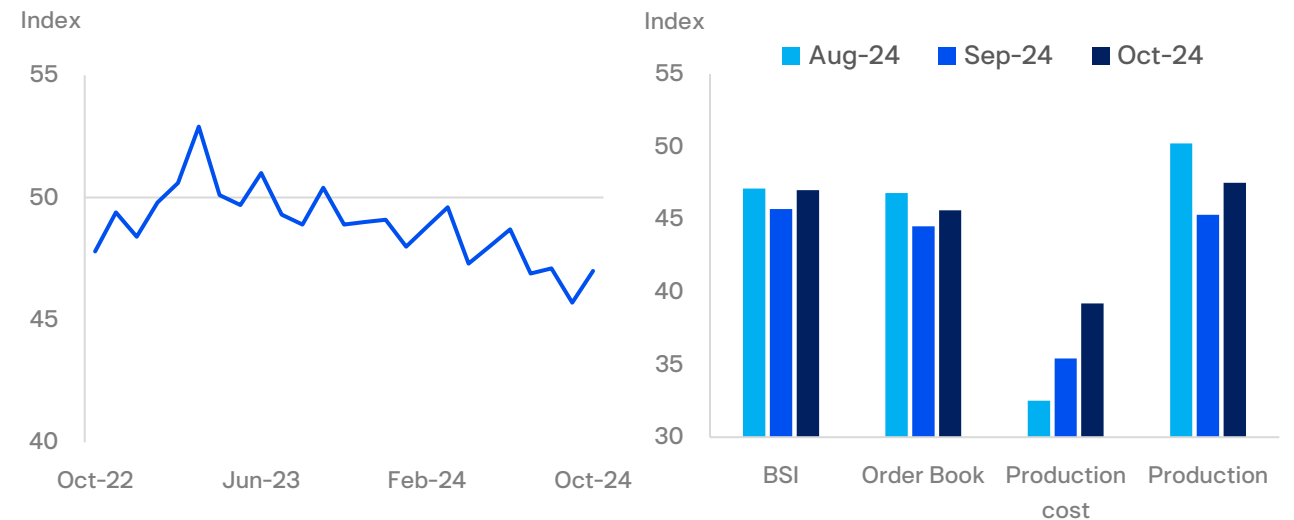


- Private investment indicators increased from the previous month across all major categories. Investment in machinery and equipment increased as reflected in higher imports of capital goods, increased domestic sales of machinery and equipment and higher commercial vehicle registrations from tractors.
- Investment in construction also increased, due to higher sales of construction materials, including concrete blocks, cement, and precast concrete slabs, as well as improved permitted construction areas for residential, industrial, and factory buildings.

## Construction sector (SA)



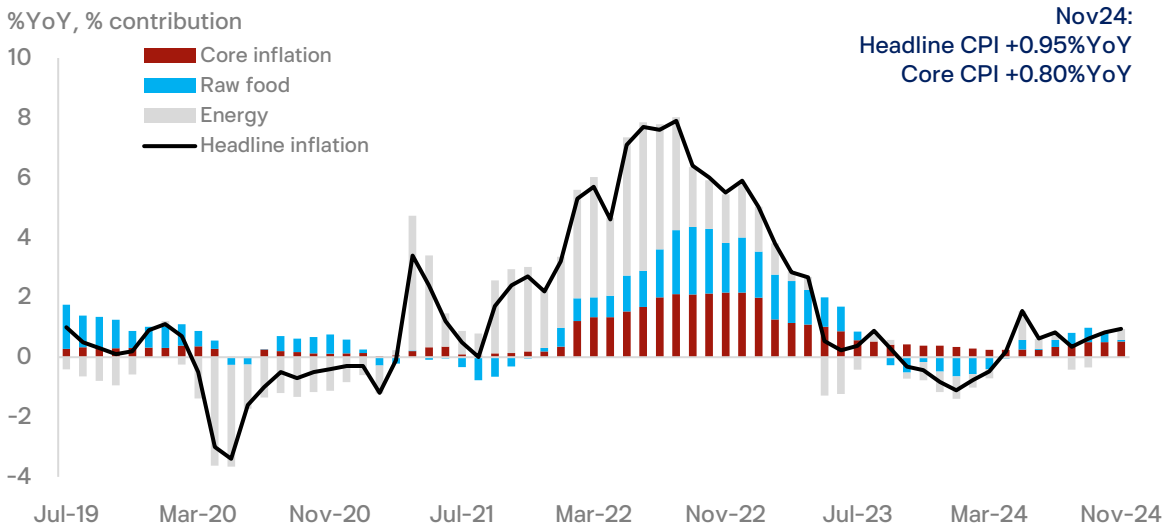
## Business Sentiment Index (BSI)



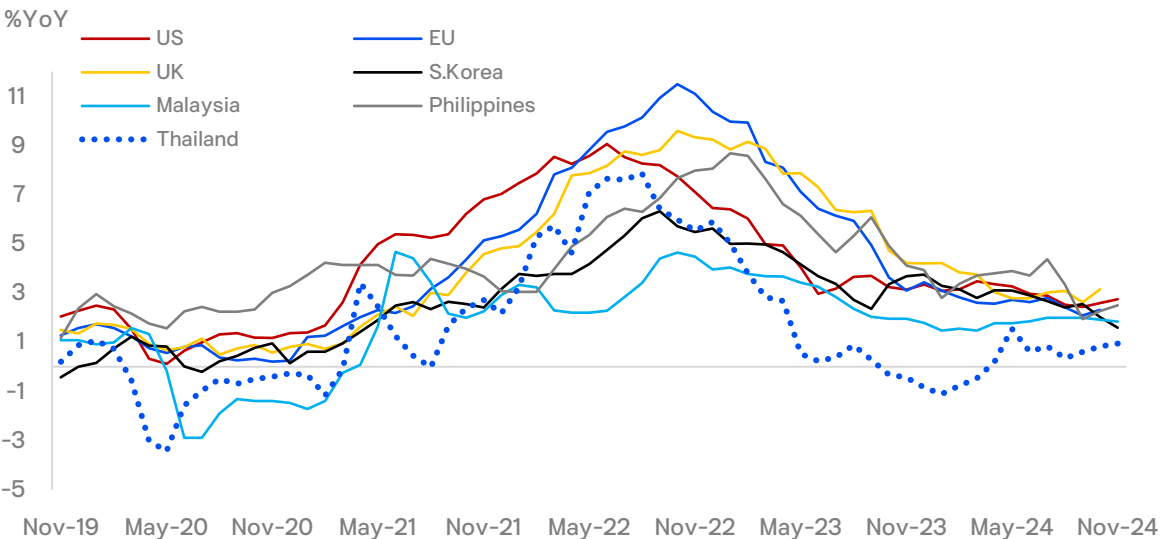
# Headline inflation edged up in November, while core inflation rose slightly



## Thailand's inflation contribution to growth



## Headline inflation in selected countries



## Price change in top categories

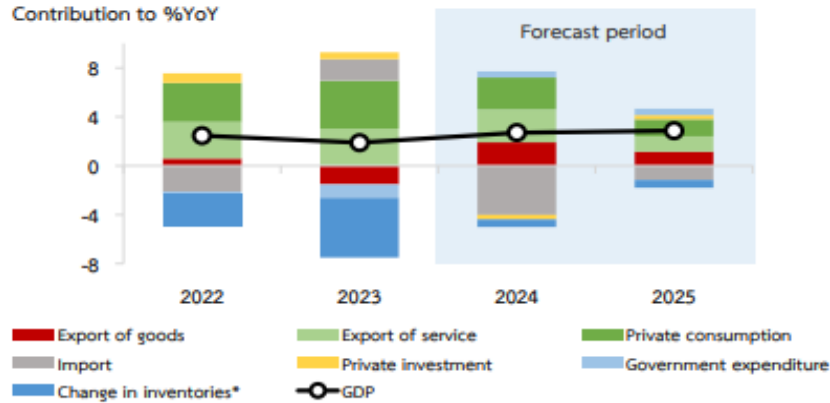
%YoY	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
<b>Headline inflation</b>	-0.44	-0.83	-1.11	-0.77	-0.47	0.19	1.54	0.62	0.83	0.35	0.61	0.83	0.95
Raw food	-0.76	-2.30	-3.07	-2.71	-1.91	-0.20	1.51	0.19	1.10	1.93	2.31	1.63	0.24
Prepared food	1.30	1.18	1.02	0.75	0.69	0.64	0.61	0.67	1.54	1.81	2.38	2.33	2.27
Poultry	1.00	2.83	1.74	0.98	1.16	1.27	0.18	-0.52	-0.04	0.62	0.31	-0.66	-0.41
Eggs and dairy products	6.65	6.97	4.85	2.88	3.81	2.64	3.48	4.07	2.89	1.67	1.43	1.44	-0.49
Meats	-17.69	-16.32	-15.39	-14.55	-12.32	-11.29	-8.09	-7.18	-5.16	-2.91	-2.07	0.11	0.26
Utilities	-3.15	-3.14	-3.13	-3.11	-3.43	-3.44	8.42	-3.29	-3.29	-3.31	1.45	1.46	1.46
Energy	-4.52	-5.12	-5.53	-3.33	-2.25	-0.09	7.15	2.43	1.78	-3.10	-2.55	-0.08	2.72
<b>Core inflation</b>	0.58	0.58	0.52	0.43	0.37	0.37	0.39	0.36	0.52	0.62	0.77	0.77	0.80

- The headline inflation (CPI) rose 0.95%YoY in Nov24, edged up from previous month of 0.83%YoY. This uptick was primarily driven by higher energy prices, including electricity and retail diesel, coupled with rising prices of some fresh vegetables and fruits. During first 11 months of this year, headline and core inflation stood at 0.32%YoY and 0.55%YoY respectively.
- Overall, Thailand's inflation still below the central banks' target range of 1-3%, and below the peers and major economies. (Ministry of Commerce projected headline inflation range of 2024 between 0.3 and 1.3%)

# MPC voted unanimously to maintain at 2.25% amid staying ahead on downside risks

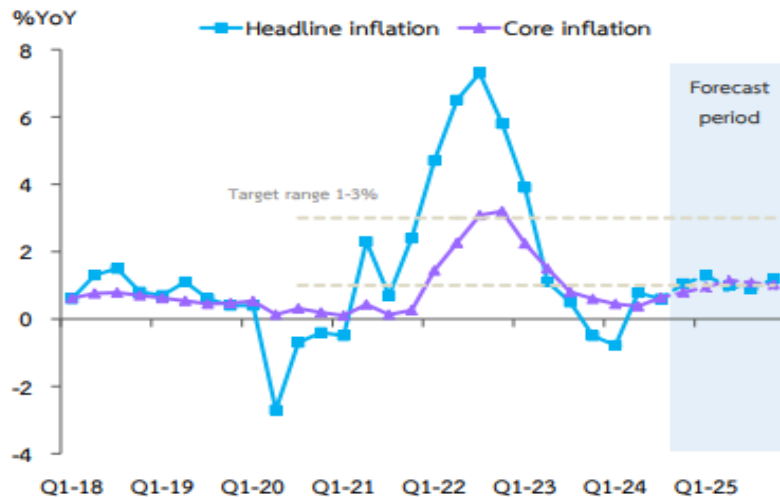


## Contribution to GDP growth



GDP growth	Avg. 15-19	2023	2024F		2025F	
			H1	H2	H1	H2
%YoY	3.4	1.9	1.9	3.5	2.9	2.8
%QoQ sa*	0.8	0.4	1.3	0.7	0.7	0.6

## Inflation forecast



## Macroeconomic projection as of December 2024

Annual percentage change	2023*	2024	2025
GDP growth	1.9	2.7	2.9
Domestic demand	3.5	2.8	2.4
Private consumption	7.1	4.5	2.4
Private investment	3.2	-2.2	2.2
Government consumption	-4.6	2.1	1.5
Public investment	-4.6	2.9	5.1
Exports of goods and services	2.1	7.1	3.5
Imports of goods and services	-2.3	6.3	1.8
Current account (billion, U.S. dollar)	7.4	9.0	15.0
Value of merchandise exports (%YoY)	-1.5	4.9	2.7
Value of merchandise imports (%YoY)	-3.8	6.4	1.7
Number of foreign tourists (million persons)	28.2	36.0	39.5
Dubai crude oil price (U.S. dollars per barrel)	82.0	80.0	77.0
Headline inflation	1.2	0.4	1.1
Core inflation	1.3	0.6	1.0

Note: \* Outturns

- The MPC voted 7 : 0 to maintain the policy rate at 2.25% in the 6/2024 meeting, deeming the current rate is consistent with the economic trajectory close to potential, inflation moving towards the target range, and safeguarding long-term macro-financial stability, together with preserving policy space amid increasing uncertainties going forward.
- Thai economy in 2024 and 2025 is projected to expand 2.7% and 2.9% respectively. Tourism and domestic demand continue to be the main drivers, as well as exports of electronics and machinery in line with the expected recovery in the global technology cycle. However, the economic recovery remained uneven across sectors. While headline inflation is projected to be at 0.4% and 1.1% in 2024 and 2025, respectively.



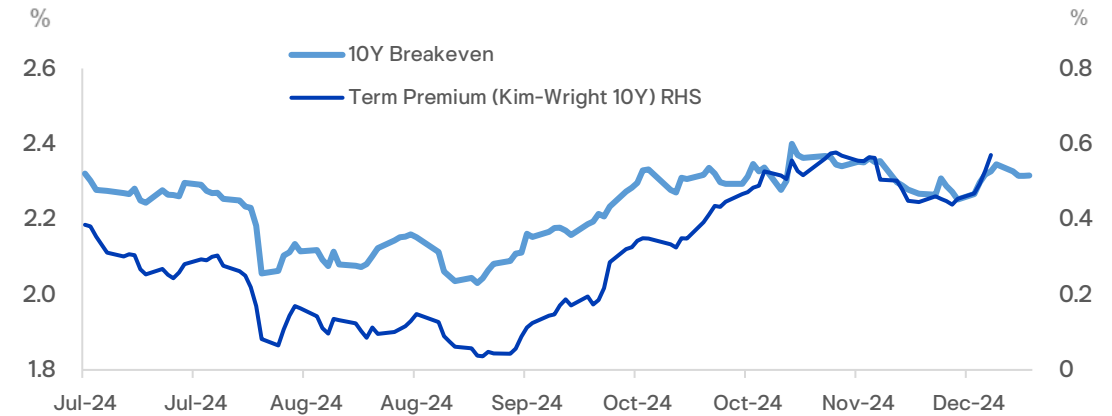
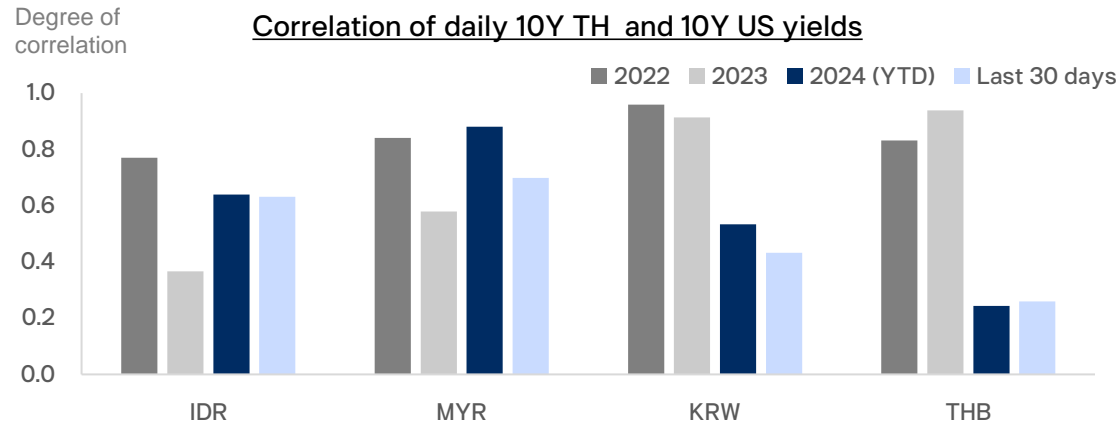
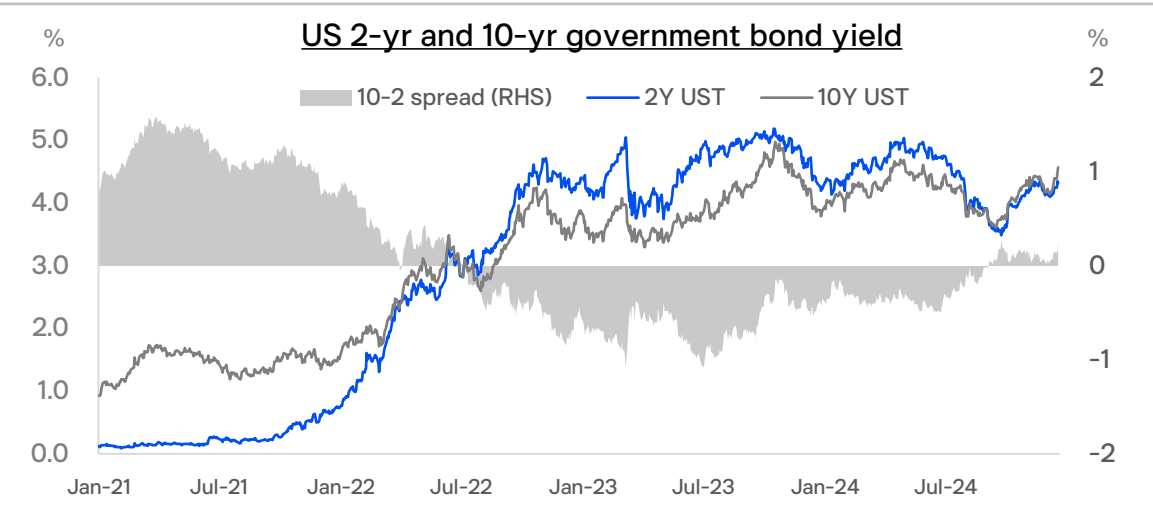
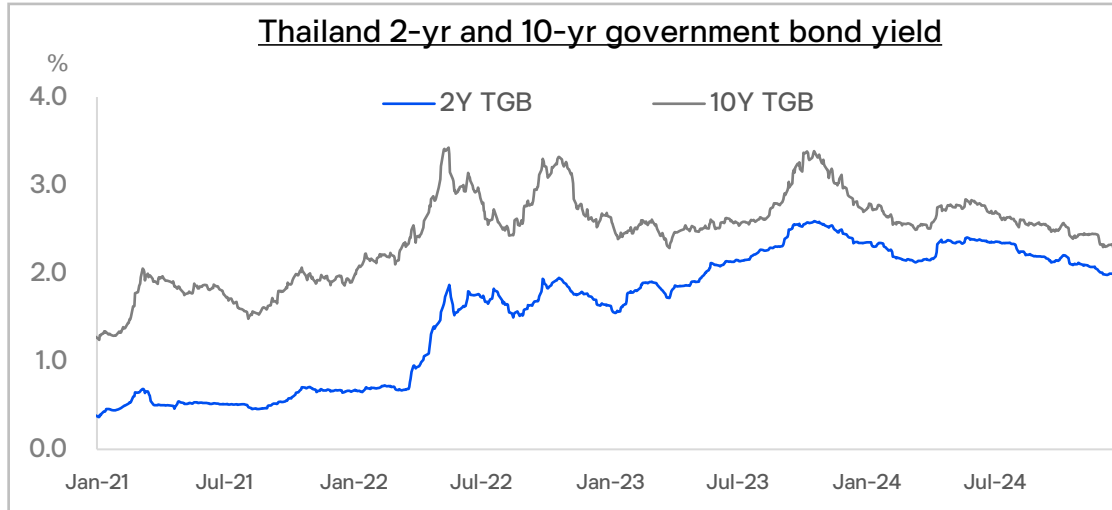
	Short-term measures	Medium to Long-term measures
Consumption	<ul style="list-style-type: none"> <li>▪ <b>10K-cash handout (phase2)</b> expected to deliver to Thai senior citizens (approx. 4 mln persons, not in the phase 1 lists) by end of Jan25, and the help for residual vulnerable groups (phase3) of 13.6 mln persons expected to deliver within 2Q/2025</li> <li>▪ <b>Extending the reduction of value-added tax (VAT)</b> of 7%, effective from Oct24 to Sep25</li> <li>▪ (Processing) <b>"Easy E-receipt"</b> Tax rebate scheme applies to the THB 50K purchase of goods and services from registered businesses</li> </ul>	<ul style="list-style-type: none"> <li>▪ (Proposed) Planning to increase the daily minimum wage to THB 400 in 2025</li> </ul>
Tourism	<ul style="list-style-type: none"> <li>▪ <b>Promoting 'Travelling North Half-Half'</b> co-payment scheme up to THB 400 to help flood-hit in the northern area, from 1 Nov - 31 Dec24</li> <li>▪ (Discussed) Planning to bring back <b>'Rao Tiew Duay Kan'</b> (We Travel together) co-payment scheme benefitted all levels of tourism entrepreneurs, from big hotels to small food stalls in 2025</li> </ul>	<ul style="list-style-type: none"> <li>▪ Boosting domestic tourism during low-season periods under 'Amazing Thailand 365 days' scheme</li> <li>▪ '5 Must Do' tourism theme activities in Thailand</li> <li>▪ Promoting 'Hidden Gem Cities' (targeted sub-provinces)</li> <li>▪ (Proposed) investment in <b>Entertainment Complex</b> under 'The Royal Siam Haven' value THB 200 bn, expected to be completed in 2033</li> </ul>
Household debt relief	<ul style="list-style-type: none"> <li>▪ Relaxation of the minimum payment amount of credit card loan of 8% from the original normal control of 10% until end of 2025</li> <li>▪ <b>"Khun Soo, Rao Chuay" program: Interest co-payment coupled with term extension for 3 years</b> including those with mortgages, auto loans and small business loans, which will target the most vulnerable borrowers (primarily focusing on financial institutions' loan)</li> <li>▪ <b>Forgive debt on credit card and personal loan with outstanding debt not exceeding THB 5K</b>, will have the option of paying 10% of what is due and closing the loans</li> </ul>	<ul style="list-style-type: none"> <li>▪ Helping persistent debtors under <b>'Responsible Lending'</b> principles (e.g., term loan extension, debt restructuring and LTV relaxation)</li> </ul>
Real estates and investment	<ul style="list-style-type: none"> <li>▪ <b>Fee reduction:</b> Reducing transfer fee of below 7-mln housing price (increased from 3 mln) from 2% to 0.01%, and mortgage fee of 1% to 0.01% of transaction value (until end-2024)</li> <li>▪ <b>Tax deduction:</b> Allowing tax deduction for individual taxpayers for construction expenses paid to contractors who are registered value-added tax operators for payments made from April 9 through to Dec 31, 2025</li> <li>▪ <b>Soft loan:</b> 'Happy Home' offering 3-mln loan amount with 3% interest rate and 'Happy Life' also offering 2.5-mln loan amount with 2.98% interest rate</li> </ul>	<ul style="list-style-type: none"> <li>▪ BOI measures to encourage investment in THB 1.5 mln houses under 'A Million Houses' projects (application must be submitted by 2025)</li> <li>▪ Extending BOI <b>'Retention and Expansion Program'</b> and <b>'Relocation Program'</b> to attract new investment until 2025</li> <li>▪ <b>Ongoing EEC investment projects</b> (e.g., high-speed train, U-tapao airport, aircraft maintenance facilities, and private-sectors facilities; Datacenter, EV plants)</li> <li>▪ (Discussed): Allowing foreigners to lease land in Thailand for up to 99 years (in the EEC area had already implemented of 50+49 years lease)</li> </ul>

PART 3

# Financial Market

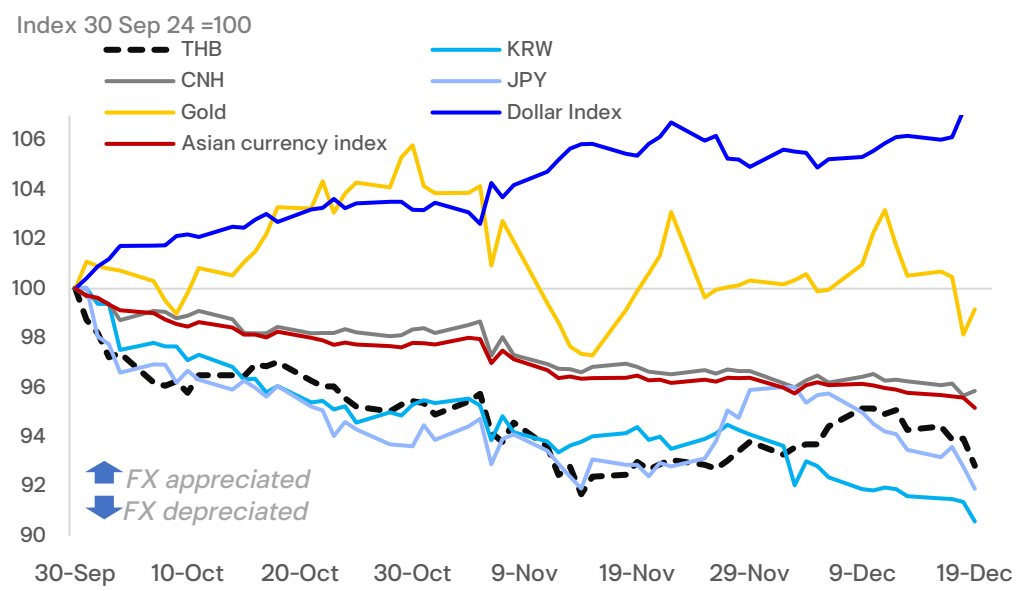


# U.S. Treasury yields increased due to Fed rate adjustments and uncertainty over Trump's policy, while Thai bond yields slightly decreased amid expectations of a lower Thai policy rate

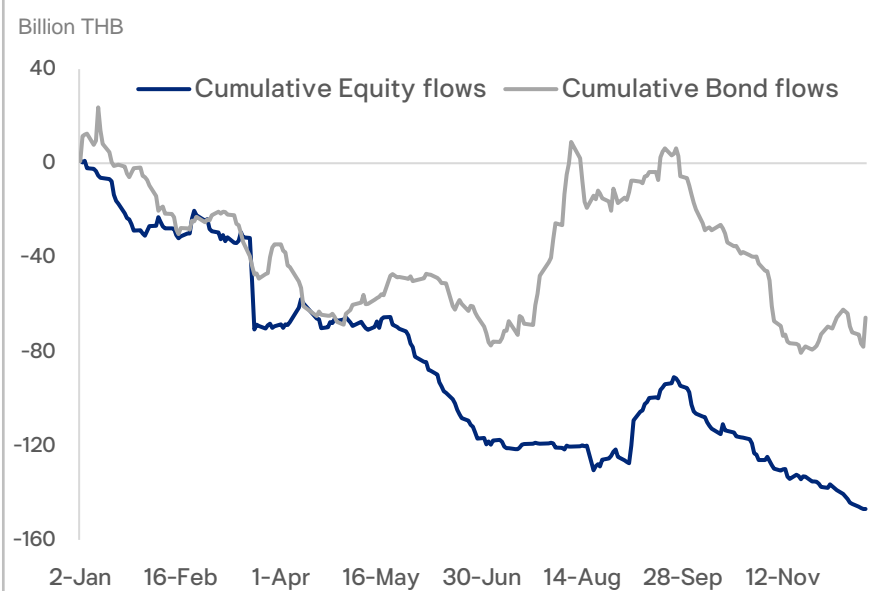


- U.S. government bond yields, including the 2-year and 10-year Treasuries, rose due to expectations of a higher policy terminal rate amid inflation concerns under the Trump administration and strong economic data. The long end increased more due to policy uncertainty, while the short end's rise was limited by ongoing easing. Yields briefly fell after Scott Bessent's appointment.
- Thai government bond yields showed little reaction to U.S. Treasury movements, as indicated by recent correlations. This was driven by both domestic and foreign demand for longer-duration bonds, fueled by expectations of a lower Thai policy rate next year. The latest MPC meeting raised the short end slightly, but it remained capped around 2 percent.

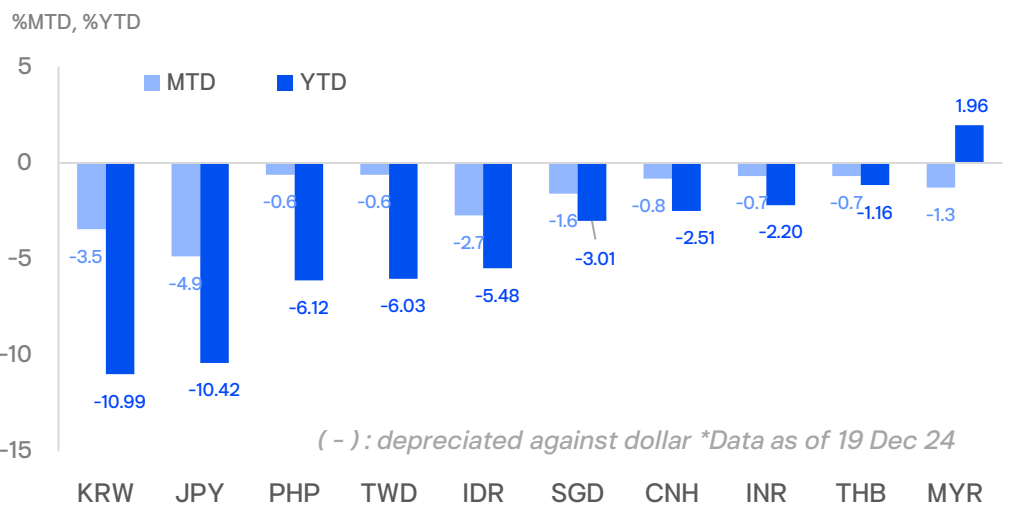
**Movement in regional FX in Q4 2024**



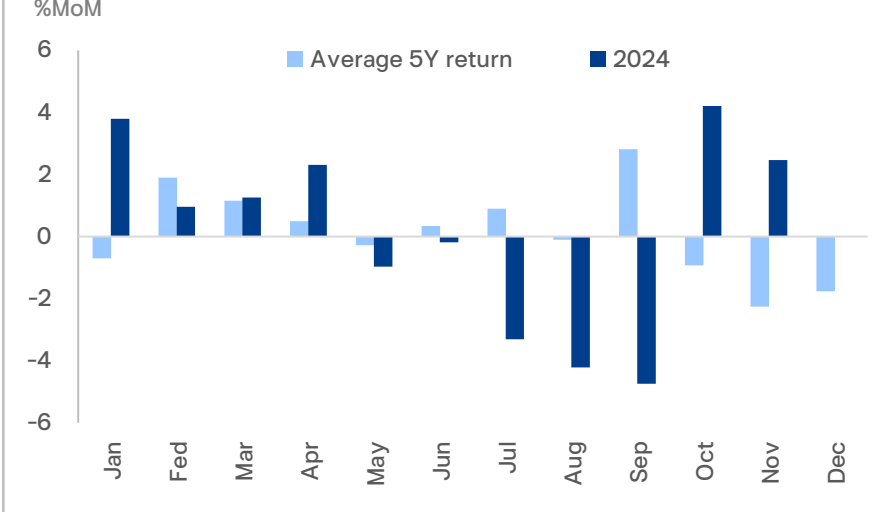
**TH Cumulative foreign portfolio flows (YTD), 2024**



**Asian FX spot return against US dollar**



**USDTHB Seasonality**

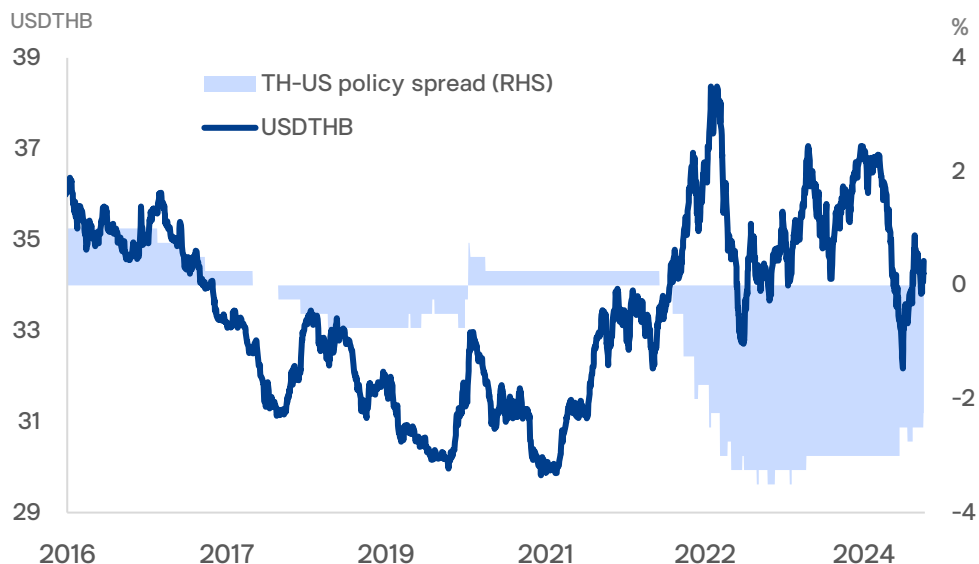


- The dollar has risen sharply, driven mainly by adjustments in Fed fund rate expectations and recent robust US economic data, causing the dollar index to reach the 108 level, a two-year high.
- Amid the current global environment, emerging markets in Asia are experiencing outflows, particularly in equities. In Thailand, long-term bonds are seeing some inflows, while short-term bonds continue to face challenges.
- The movement of the Thai baht is driven entirely by external factors, as it depreciated along with other regional currencies despite seasonal appreciation. However, there were moments when the exchange rate dropped below 34.00 baht, influenced by gold prices.

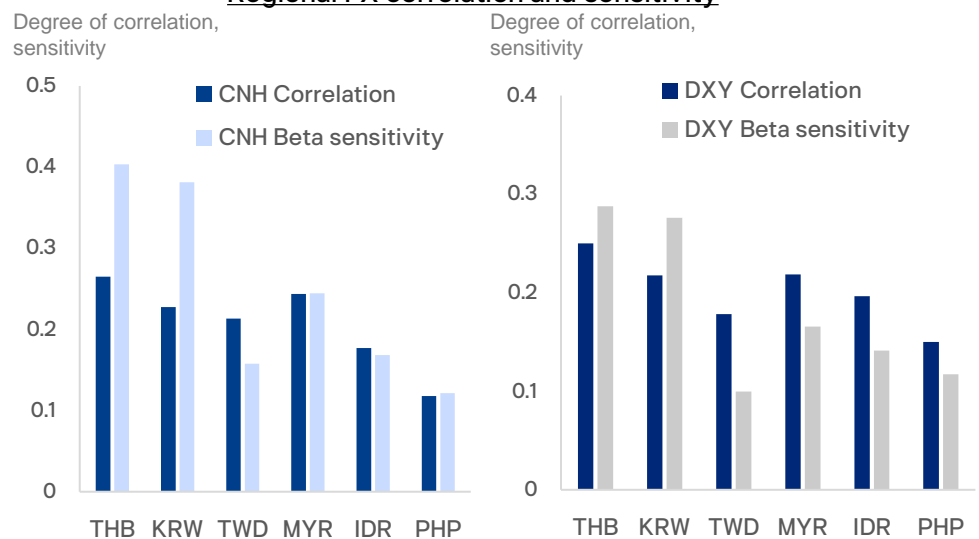
Source: Bloomberg, CEIC and ttb analytics (Data as of 19 Dec 24)

# The Thai baht, with its low yields and export-focused nature, is likely to face challenges under a Trump presidency

THB movement and the interest rate differential

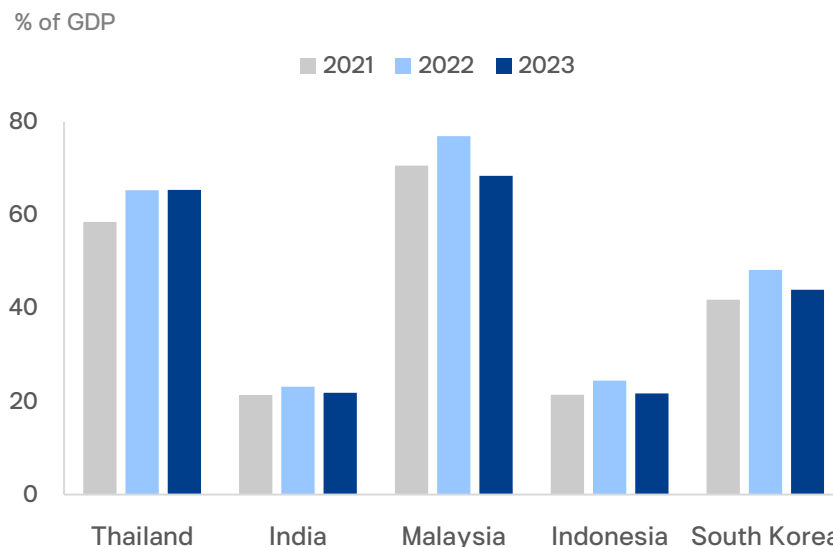


Regional FX correlation and sensitivity

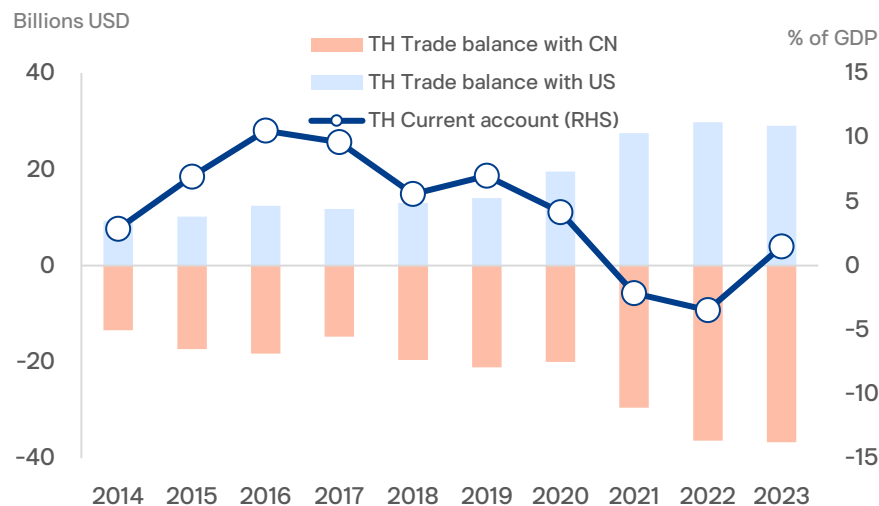


Notes: Calculated using daily FX returns from 4 Jan 21 – 19 Dec 24

World Bank Export good/service % of GDP



TH Current Account balance



- Due to the current policy rate, the Thai baht is highly sensitive to interest rate differentials, particularly in reaction to changes in Federal Reserve or Thai MPC expectations, while Thailand maintains one of the lowest policy rates in Asia.
- The Thai baht is likely to be affected by Trump's universal tariff policy due to its sensitivity to the Chinese yuan and Thailand's export-driven economy.
- In comparison to the first round of the trade war, the current Thai economic situation is weaker, as evidenced by the recent performance of the current account.

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.