

Economic and Financial Outlook

t**t**b analytics

January 2025





Global Economy

- In December 2024, U.S. exceptionalism stands out, as shown by recent data and the surprise index. Meanwhile, advanced economies, especially the Euro Area, appear more vulnerable. With risks from U.S. tariffs and uncertainty over Trump's policies, inflationary pressures are increasing in developed markets, while emerging markets remain stable around 2%.
- U.S. economic data in December was robust, bolstered by strong performance in the service sector. Non-farm payrolls exceeded expectations, indicating a strong labor market. At the same time, recent CPI data points to a continuation of the disinflation trend.
- China's economy exceeded expectations last year, driven by a late policy push and a surge in exports. GDP grew 5.4% in Q4, bringing full-year growth to 5%, in line with the government's target. Fiscal policy will be the primary focus of China's stimulus efforts in 2025.



Thai Economy

- In November 2024, Thai economic activities slowed down due to a temporal improvement of private consumption in the preceding period, in tandem with decreased activities in the trade sector. Moreover, manufacturing production decreased following lower production of food-related and automotive sectors. Private investment also declined in both machinery and equipment, as well as construction categories.
- Despite accelerated inflation in December regarding to rising both energy and food prices, Thailand's average inflation for 12 months of 2024 still below the central banks' target range and below the peers.
- According to new era of US trade war (Trump 2.0) studied from experience in 2017 (Trump 1.0), Thailand would to be the second most affected country among major ASEAN exporters, which mainly due to high level of trade surplus with the US and high level of trade barriers on US agricultural products. Given that the US may pressure Thailand to import more in specific products particularly in agricultural products as a bargaining tool for raising import tariff.



Financial Markets

- U.S. Treasuries experienced volatility due to U.S. economic data and Trump's policies, while Thai bond yields exhibited a slightly stronger correlation with the modest increase in yields.
- The Thai baht is primarily driven by external factors, such as U.S. policy expectations and risks associated with Trump's policies, mirroring trends in other regional currencies, particularly those in ASEAN.

PART 1

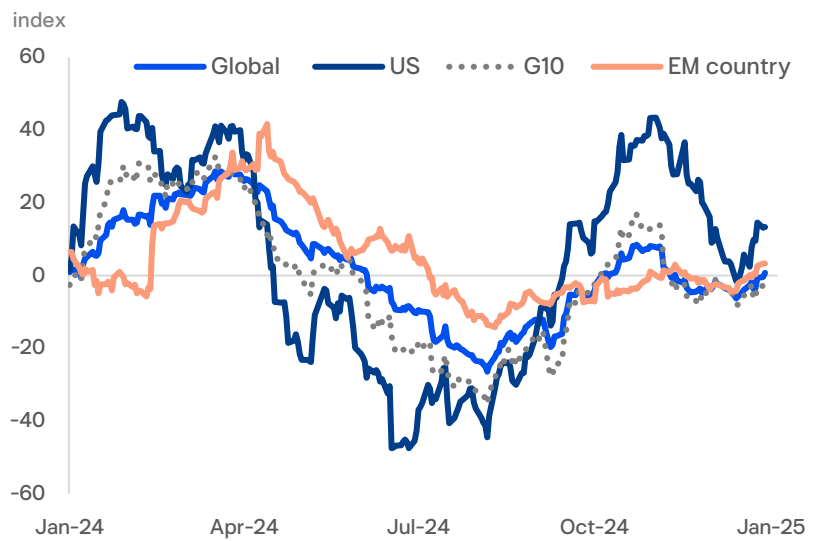
Global Economy



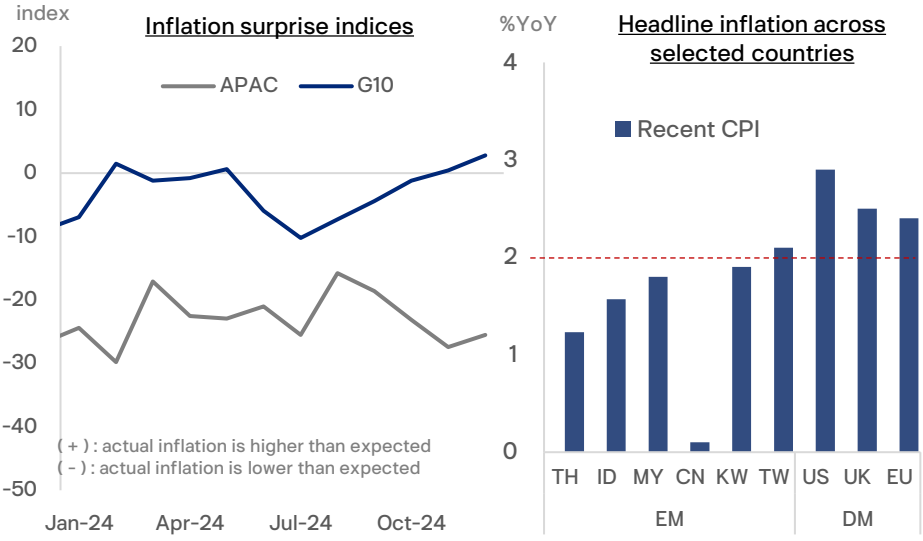
Despite high uncertainty in the future, the global economy continues to exhibit a trend of divergence in both sectors and geography



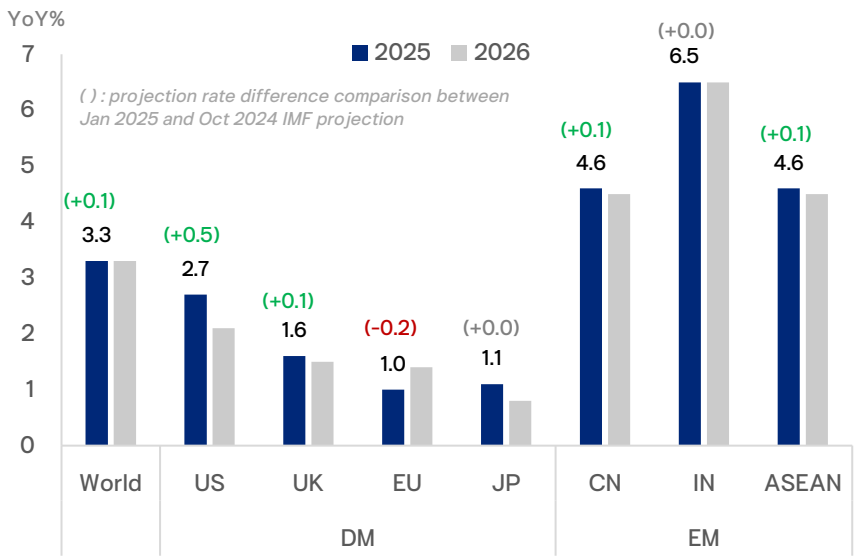
Economics surprise indices



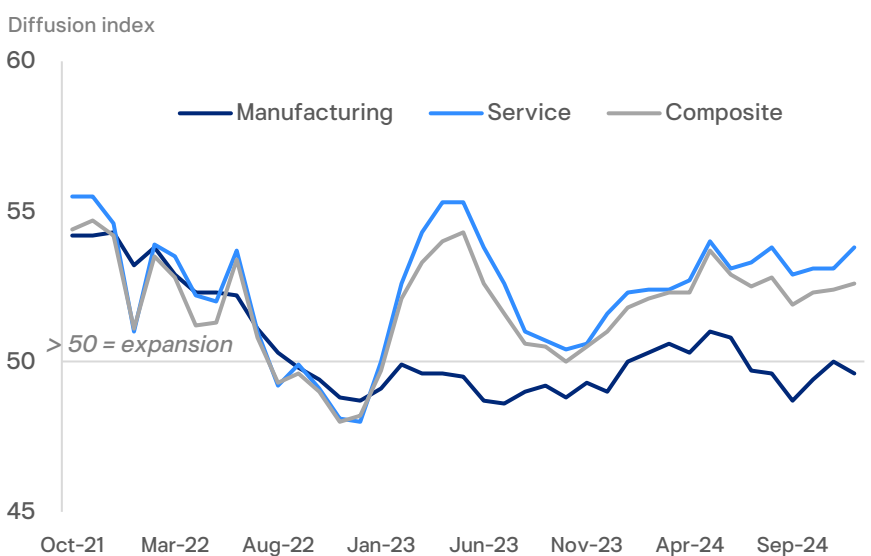
Inflationary pressure



IMF Economic Projections for Selected Countries



Global PMIs



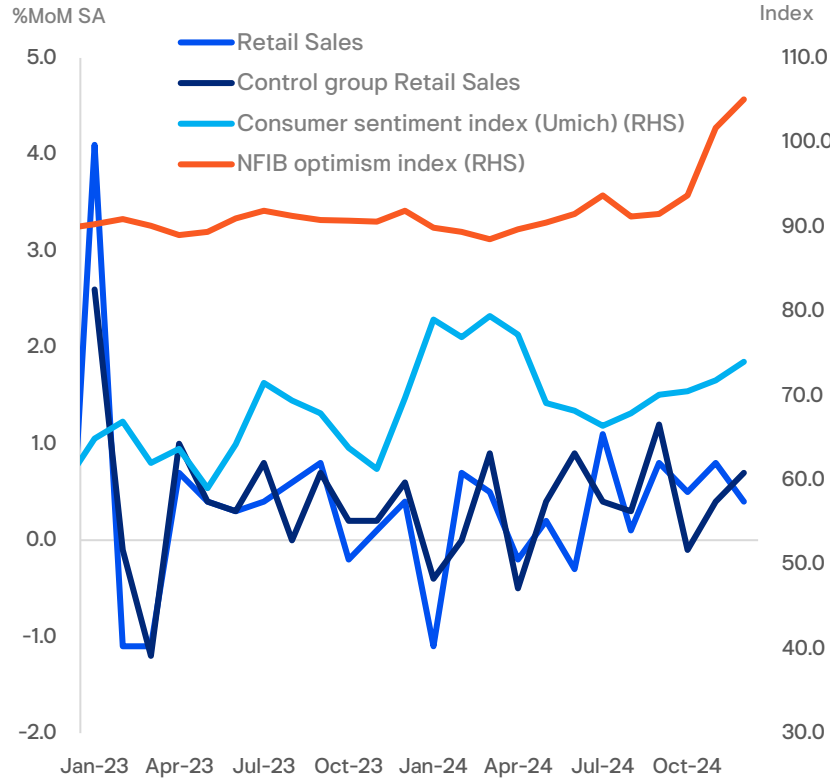
- Despite the trend of economic slowdown, recent data continues to highlight US exceptionalism, as indicated by the surprise index. In contrast, advanced economies, particularly the Euro Area, appear more fragile compared to others.
- Given the potential risks from upcoming US tariffs and uncertainty surrounding Trump's policies, there are heightened upside risks for inflationary pressures, especially in developed markets. However, the latest figures in emerging markets, hovering around 2%, remain manageable.
- The global PMI followed a consistent trend, driven mainly by the resilient service sector, while the manufacturing sector remained weak, slipping into contraction. Emerging markets outperformed developed markets, particularly in the Euro Area, due to weaker manufacturing conditions.

Source: IMF WEO Jan 24, Bloomberg, CEIC, ttb analytics
 Remark: *Economics surprise indices updated as of 17 Jan 25

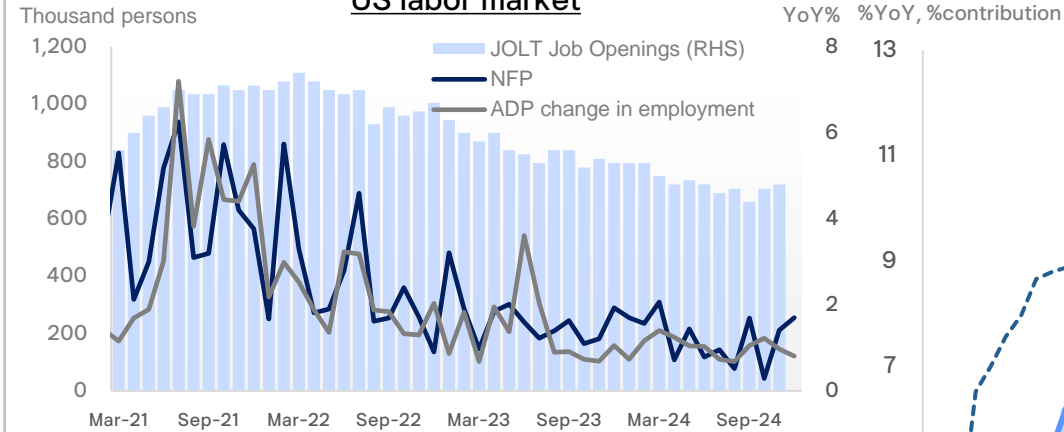
The U.S. economy has remained resilient, supported by a strong service sector, though inflationary pressures, despite recent easing, remain high and present potential upside risks



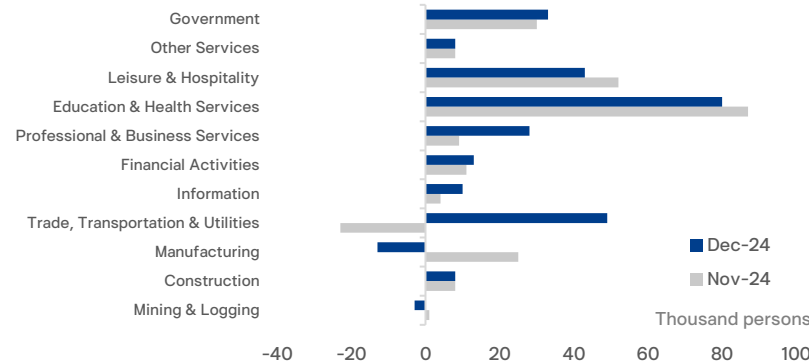
Retail Sales and other sentiment indices



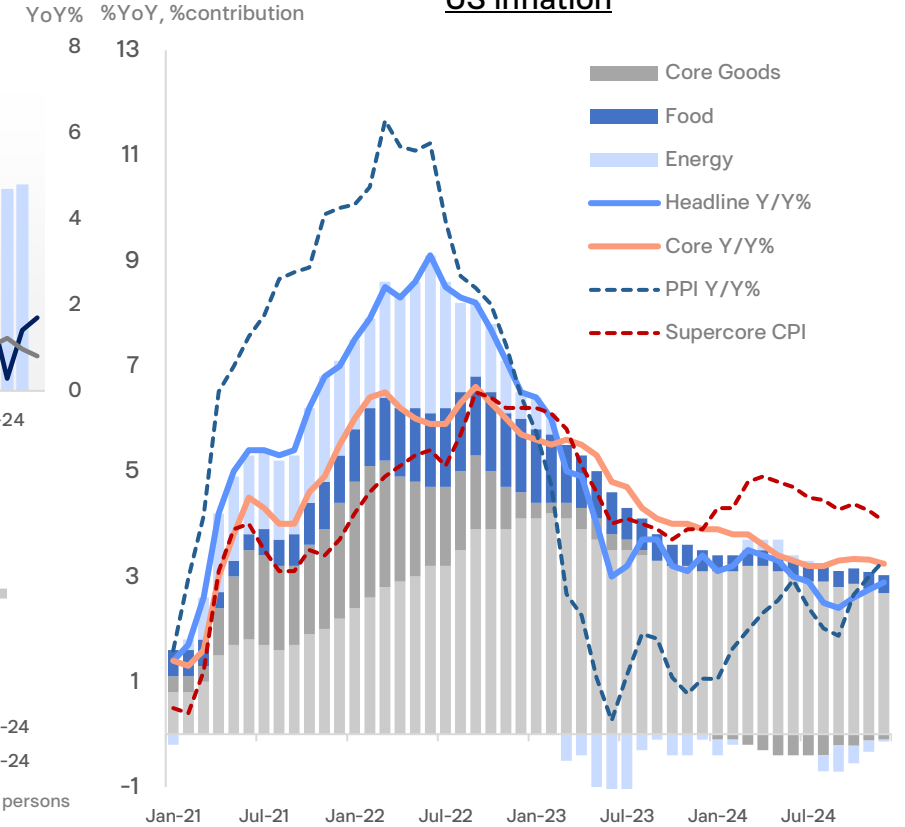
US labor market



US change in employment by sector

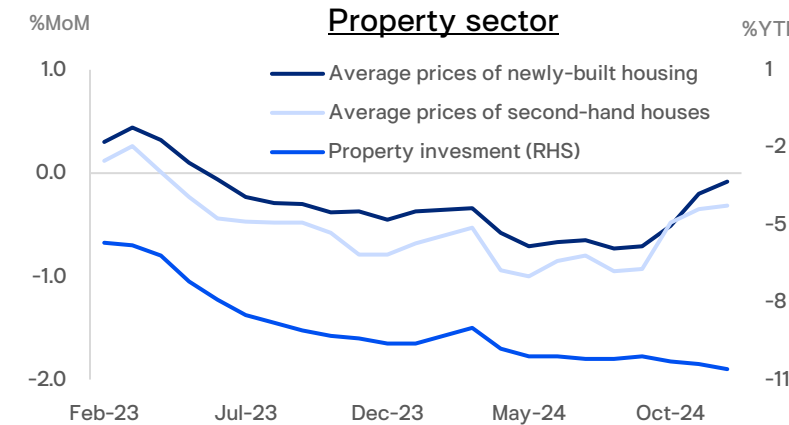
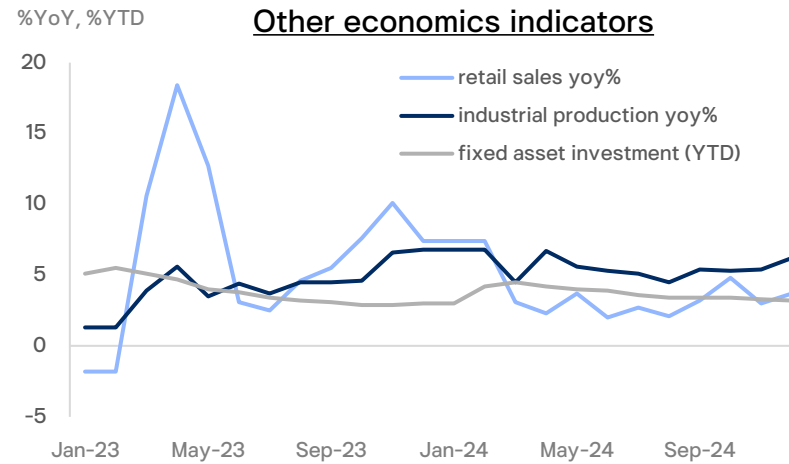
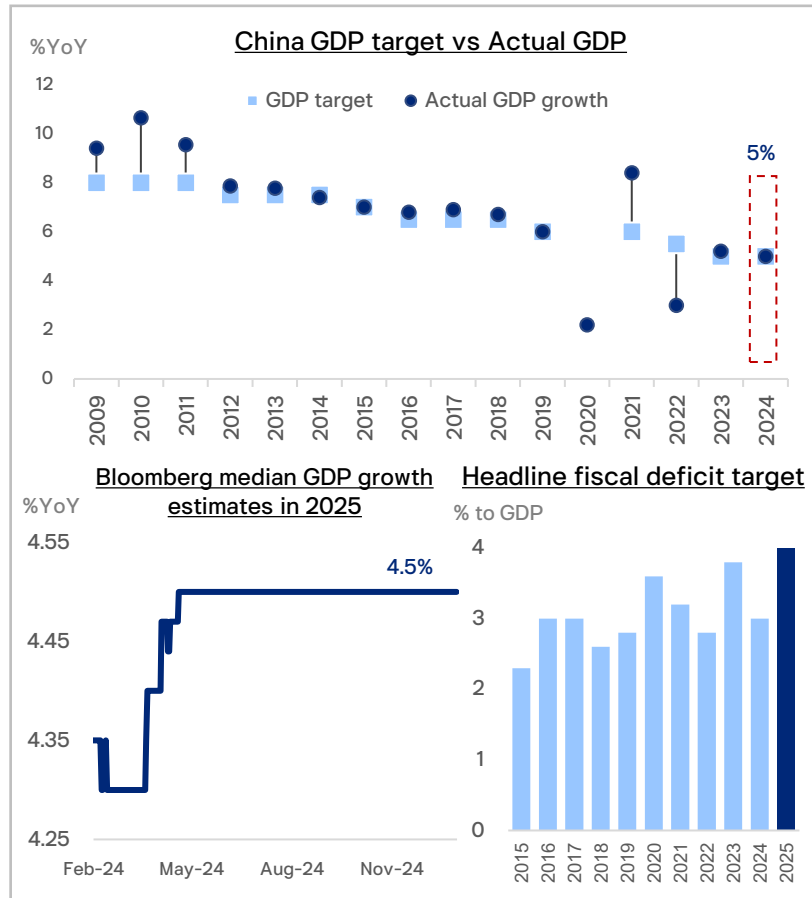


US inflation



- The US economic data in December was generally strong, supported by a solid performance in the service sector. Non-farm payrolls surpassed expectations, signaling a healthy labor market. Additionally, retail sales saw broad gains in December, reflecting strong consumer demand as the holiday season came to a close, with control-group sales up 0.7%, marking the biggest gain in three months.
- The recent CPI data suggests a resumption of the disinflation trend, with reduced hotel costs, smaller increases in medical care services, and modest rent rises helping to limit the December figure. Meanwhile, the December PPI report was mixed, showing softness in both the headline and core measures. Looking ahead, disinflation could encounter challenges from rising energy and food prices, the wildfire in Los Angeles, and potential risks from Trump-era tariffs.

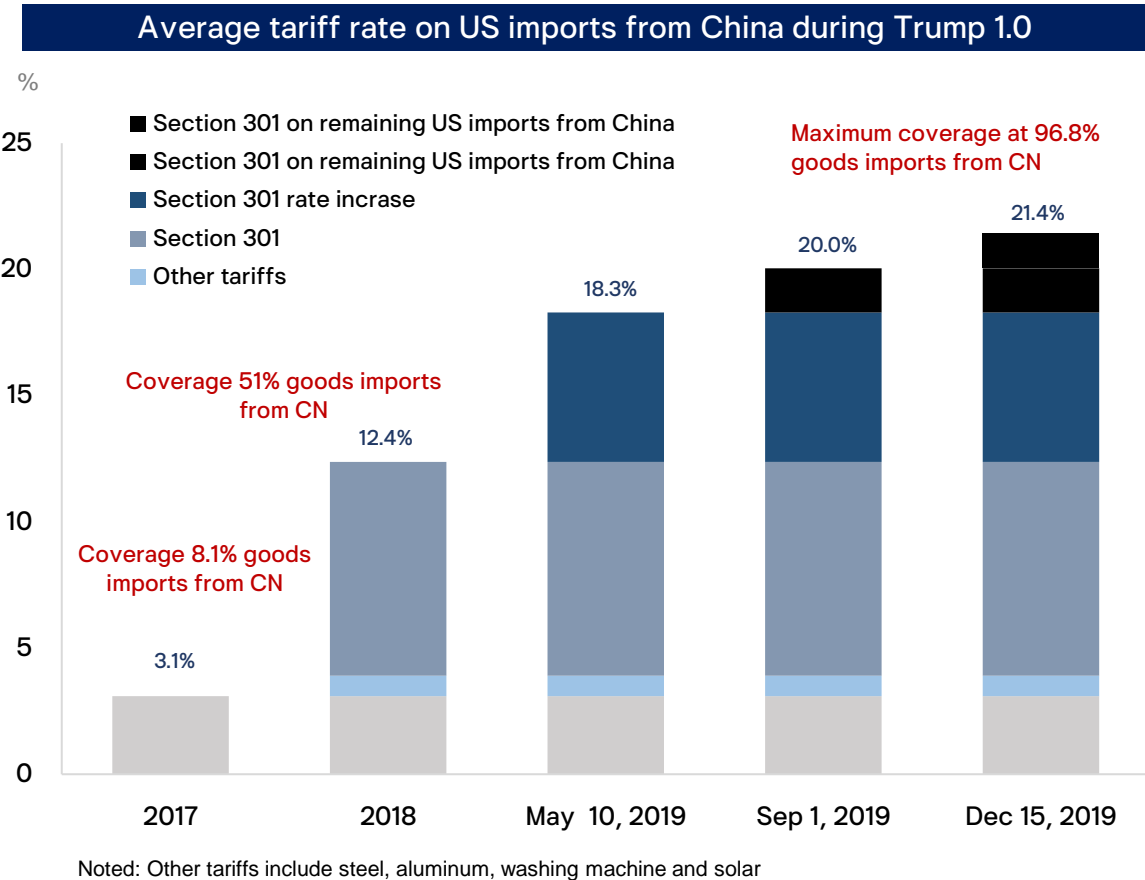
China's GDP growth met the 5% target, but fragile fundamentals and Trump's tariffs pose risks to future growth



- China's economy surpassed expectations last year, driven by a late policy boost and export front-loading. GDP grew 5.4% in Q4, bringing full-year growth to 5%. Despite some improvements in fourth-quarter data, the overall recovery faced challenges, with consumption still below pre-pandemic levels, a sharp decline in property investment, and persistent deflation.
- Given that Trump's tariffs pose a risk to China's GDP growth, fiscal policy will be central to China's stimulus efforts this year, with the government expected to announce its budget deficit and bond issuance plans in March.

Based on past experiences, Trade War 2.0 could escalate more rapidly than the first round, but tariff increases should begin gradually, starting with a selected group of countries and products

Trump 1.0 "Nationalism"	Trump 2.0 (potential policies) "More assertive stance for domestic prosperity"
<ul style="list-style-type: none"> US tariffs on China's import goods to 21% on average Brought significant gain in trade from the US into 'Watch List' 	<ul style="list-style-type: none"> Tougher stance on China's import products of 60-100% tariff and raise US tariffs for the rest of the world Penalize countries which run a wide bilateral trade surplus with the US
<ul style="list-style-type: none"> Decoupling; engaged in significant trade conflicts, most notably with China, and renegotiated USMCA 	<ul style="list-style-type: none"> Withdrawal from International Agreements / more isolationist stance e.g., Paris Agreement
<ul style="list-style-type: none"> Emphasized fossil fuel production and reduce restrictions on drilling and mining 	<ul style="list-style-type: none"> Emphasize fossil fuel production and reduce restrictions on drilling and mining Attract domestic investment and convince foreign investment to invest in the US
<ul style="list-style-type: none"> Border security and immigration restrictions 	<ul style="list-style-type: none"> Stronger border security; aim to reduce illegal immigration
<ul style="list-style-type: none"> Pursued a relatively warm relationship with Russia 	<ul style="list-style-type: none"> Pursue a relatively warm relationship with Russia, and jump out from the proxy war
<ul style="list-style-type: none"> Reduced corporate tax rates from 35% to 21% and reduced individual income tax rates (TCJA) 	<ul style="list-style-type: none"> Reduce corporate tax rates and individual income tax rates



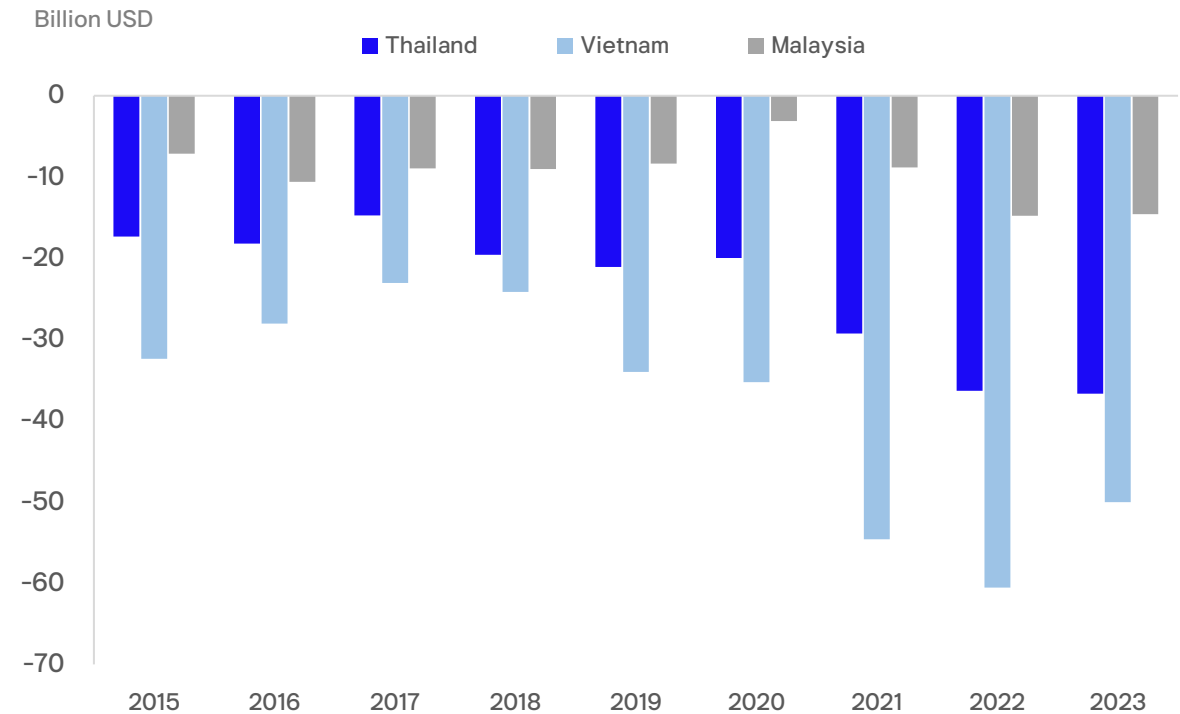
Trade War 2.0 could unfold more quickly than the previous one, as it may skip certain investigative steps and align with Biden's policies. In addition, the tariff policy is under a presidential executive order, so it doesn't require Congressional approval. China and its neighboring countries are expected to be the primary targets due to national security concerns, with other nations facing gradual tariff increases based on product investigations. Tariffs should initially focus on specific items like semiconductors, steel, and solar panels that are already under review for national security reasons. Ongoing negotiations with other countries will lead to a gradual rise in tariffs rather than an immediate increase.

Apart from China and its neighboring countries, Asia may face tariff risks due to its trade surplus with the US and the significant Chinese content in its exports

Key criteria to assess US trading partners

	US import share (2023) (%)	Bilateral trade surplus with the US, 2023 (Bn USD)	Exchange rate adjusted Cost Advantage (Change 2019/2023) (%)	AD/CVD count	Import tariff excess over the US on agri products (pp)	Import tariff excess over the US on non-agri products (pp)
Mexico	15.1	152.5	4.9	16	3.3	1.6
China	14.1	279.1	-7.4	225	9.1	0.1
Germany	5.1	82.6	-4.3	10	4.4	0.2
Japan	4.8	71.6	-27.3	21	8.6	-1.1
S.Korea	3.8	51.1	-11.4	40	90	1.3
Vietnam	3.7	104.6	-2.6	23	6.3	2.4
Thailand	1.8	40.7	-5.2	13	33.6	2.3
Malaysia	1.5	26.8	-6.5	10	3.2	0.8
Indonesia	0.9	17	-2.6	20	1.8	3.1
Philippines	0.4	4	-3.5	1	8.4	2.2

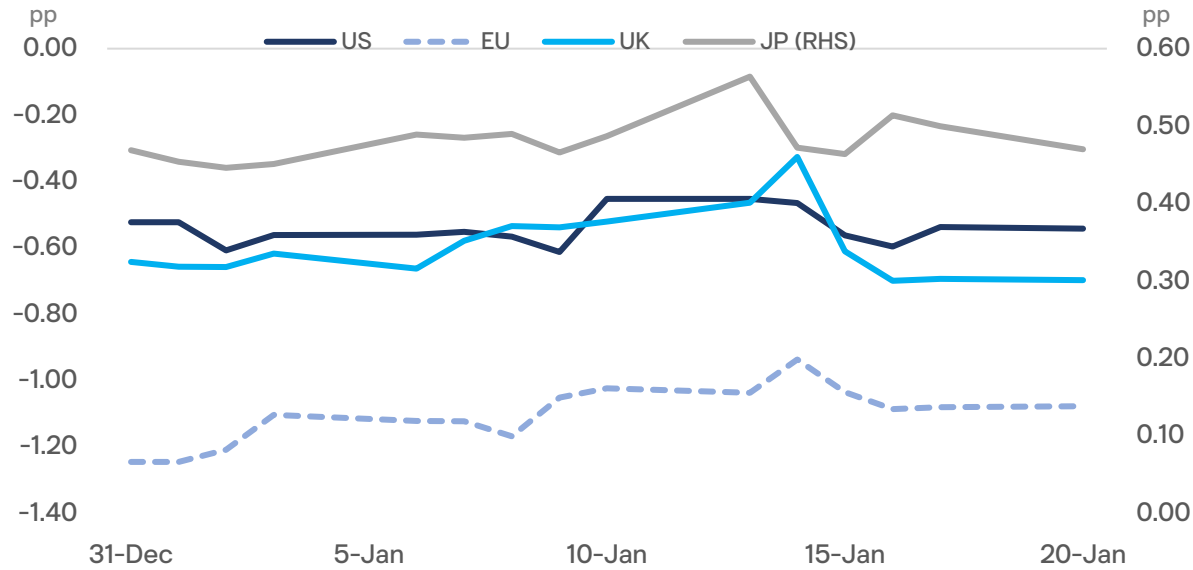
China's trade balance in selected ASEAN countries



- The universal tariff policy could also affect other Asian countries, alongside China and its neighbors, due to the surplus created by the relocation of manufacturing and the substitution of Chinese goods during the first round of the trade war, especially in ASEAN nations. Moreover, a significant portion of their exports, such as electrical machinery, heavily depends on Chinese materials, making them vulnerable to tariff risks. In addition to the direct impact of US tariff risks, Asian countries may face an increased influx of Chinese goods due to China's overcapacity, as reflected in the growing negative trade deficit with China.

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

Expected 2025 policy rate changes by selected major central banks



Notes: The change in bps is the difference between the implied policy rate for 2025 (based on OIS) and the current policy rate

Asian countries' expectations

Country/Region	Current Policy Rate	Changes in policy rate during Fed hiked (bps)	Forecast policy rate at the end of 2025 (%)
Malaysia	3	0	3.05
South Korea	3	0	2.25
Indonesia	5.75	-25	5.25
India	6.5	0	5.75
Philippines	5.75	0	5.00
Taiwan	2	0	1.90
China	2	0	4.50
Vietnam	4.5	0	4.50

Notes: Forecast policy based on Bloomberg weighted average

Latest Monetary Policy development

DM

- **The Federal Reserve is likely to enter a pause phase in their next meeting**, considering the current US economic conditions. The rate and scale of any cuts this year will be mainly determined by inflation trends.
- **The ECB has a strong possibility of reducing interest rates by 25bps in upcoming meetings** and is expected to maintain its easing cycle due to the weak economic momentum and comments from ECB members. Given the outlook, it's more likely to cut rates than other major central banks.
- **The BOJ may raise its policy rate in upcoming meetings**, based on comments from officials and the inflation outlook. However, there is significant uncertainty, particularly if Trump causes market disruptions or changes expectations about the global economy at the beginning of his presidency.
- **BOE is likely to cut rates in the upcoming meeting**, given the recent CPI and weak retail sales. However, inflation risks from the UK fiscal plan will influence the terminal policy rate this year.

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 path of policy easing by Asian central banks remains highly uncertain**, as policymakers need to balance domestic economic growth with the risks associated with Trump's policies and concerns over financial stability, especially in foreign exchange markets.

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

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PART 2

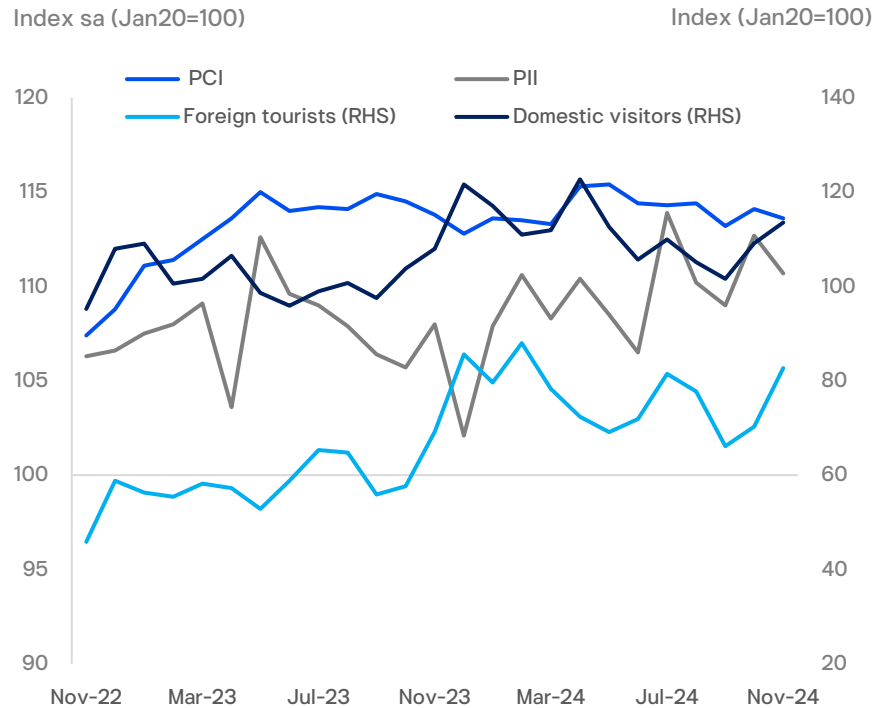
Thai Economy



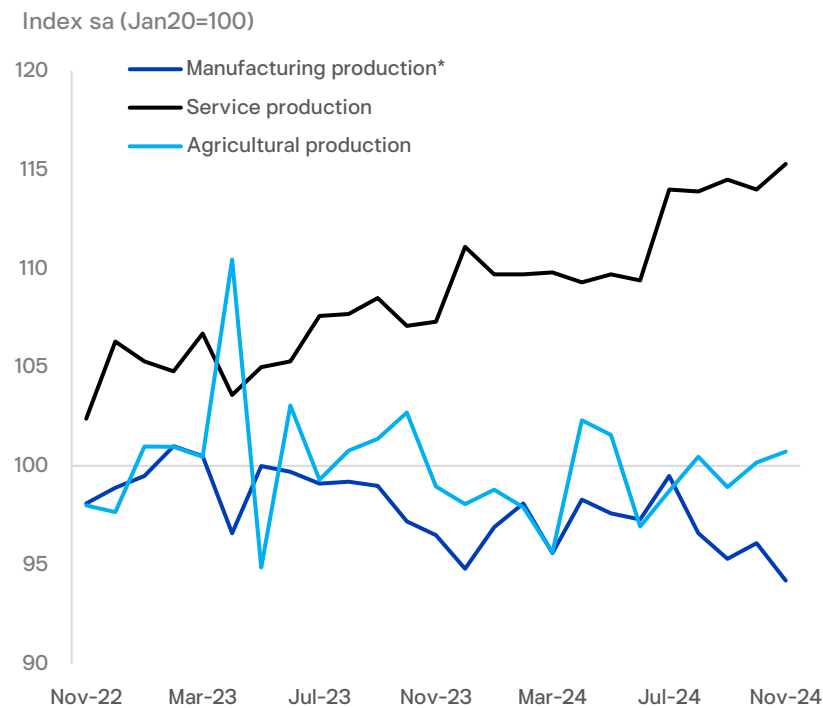
In November 24, Thailand economic activities marked a slowdown



Demand-side indicators



Supply-side indicators



- In Nov24, Thai economic activities slowed down due to a temporal improvement from government stimulus in the preceding period, in tandem with decreased activities in the trade sector. Manufacturing production decreased following lower production of food-related and automotive sectors. Private investment also declined in both machinery and equipment, as well as construction categories.
- On the economic stability front, the overall headline inflation in 2024 reached below the central bank's lower-bound target.

Leading Economic Index (sa) (Jan2020=100)

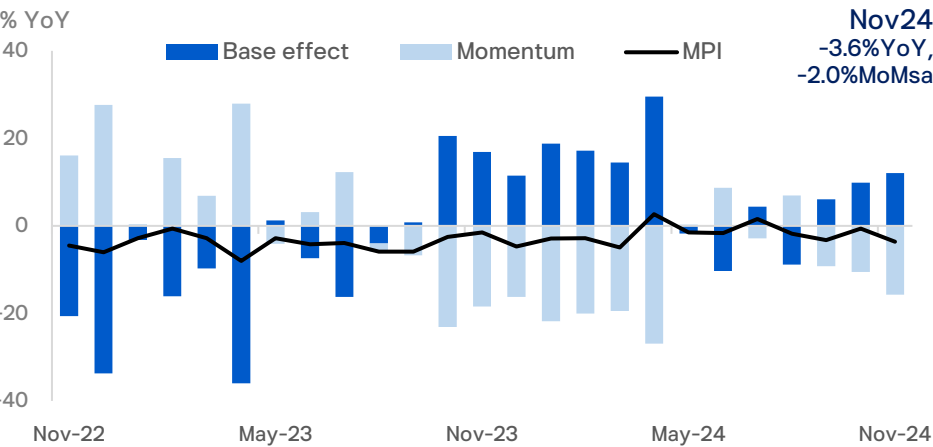
Leading Economic Index and Components (SA)	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Authorized Capital of Newly Registered Companies (Million Baht)	144.9	89.5	146.0	116.7	126.8	155.4	123.9	159.3	134.6	100.3	125.3	171.4	143.5
Construction Areas Permitted (1000 sq. m)	116.8	118.2	118.7	117.0	117.8	117.4	111.9	108.1	107.4	105.2	101.2	103.4	101.8
Export Volume index (exclude Gold)	110.3	109.4	108.3	107.1	109.5	113.6	113.3	113.0	114.8	119.4	115.0	115.2	119.1
Business Sentiment Index (3 months)	101.9	102.4	102.4	101.9	103.6	101.8	104.0	101.8	100.3	98.1	100.1	102.0	99.7
SET index	91.2	93.5	90.1	90.5	91.0	90.3	88.9	85.9	87.2	89.8	95.7	96.8	94.3
Oil Price Inverse Index (Dubai)	1.2	1.3	1.3	1.2	1.2	1.1	1.2	1.2	1.2	1.3	1.4	1.3	1.4

Source: Bank of Thailand and ttb analytics
 Remark: *rebase Jan21 due to OIE new rebase data

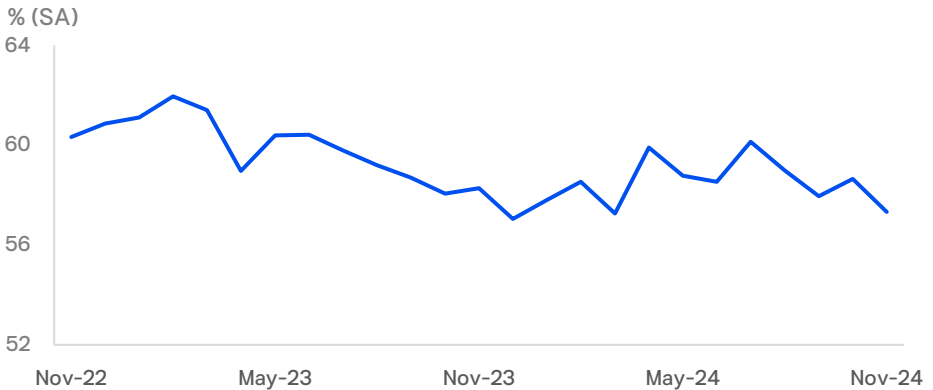
Manufacturing production continued to decline in fourth consecutive month



Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Contribution	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
Food products (16.8%)	Red	Red	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green
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	Orange	Green	Green	Green	Orange	Green	Green	Green	Green	Green	Green
Chemicals (8.8%)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
Pharmaceutical products (1.2%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Rubber and plastics products (8.9%)	Green	Green	Green	Orange	Red	Yellow	Yellow	Orange	Green	Green	Green	Green	Green
Other non-metallic mineral products (5.4%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Basic metals (3.5%)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
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	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Electrical equipment (3.5%)	Yellow	Yellow	Yellow	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Green
Machinery and equipment (2.9%)	Red	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Motor vehicles (11.3%)	Red	Red	Red	Red	Red	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Other transport equipment (1.1%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Furniture (0.9%)	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Others (2.3%)	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green
MPI (%YoY)	-1.5	-4.7	-2.9	-2.8	-4.9	2.7	-1.5	-1.6	1.6	-1.8	-3.2	-0.6	-3.6

As of Nov24, Manufacturing Production Index (MPI) continued to decline by 3.6%YoY, which was the fourth consecutive month of contraction. This was attributed from the production of food and beverages and automotive, from both passenger cars and pickups. Nevertheless, production increased in some categories, such as petroleum and integrated circuits.

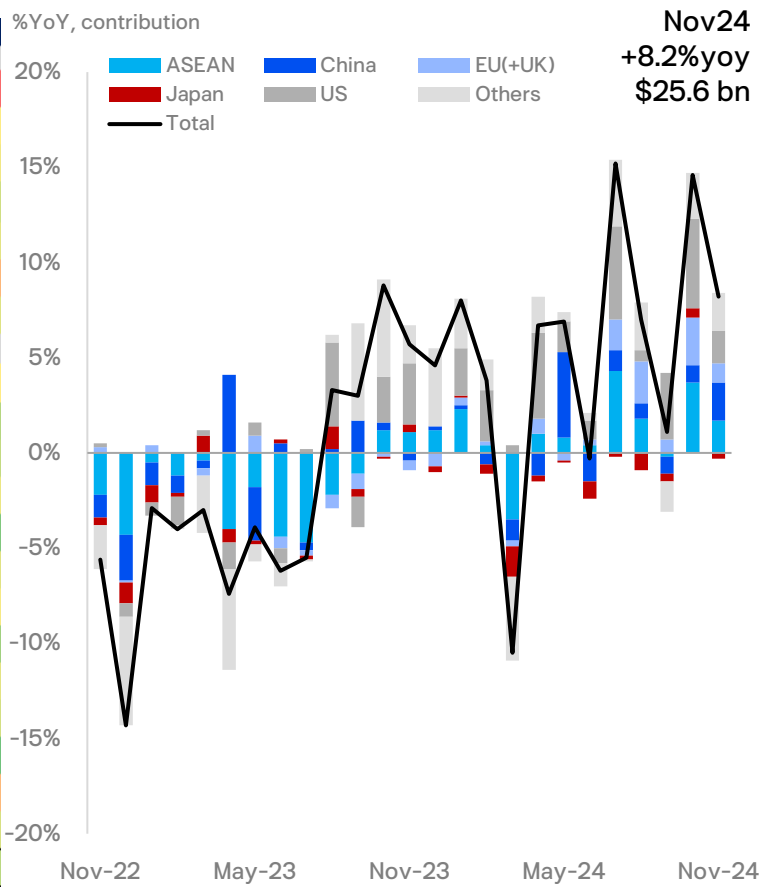
November's merchandise export figures marking the fifth consecutive month of expansion



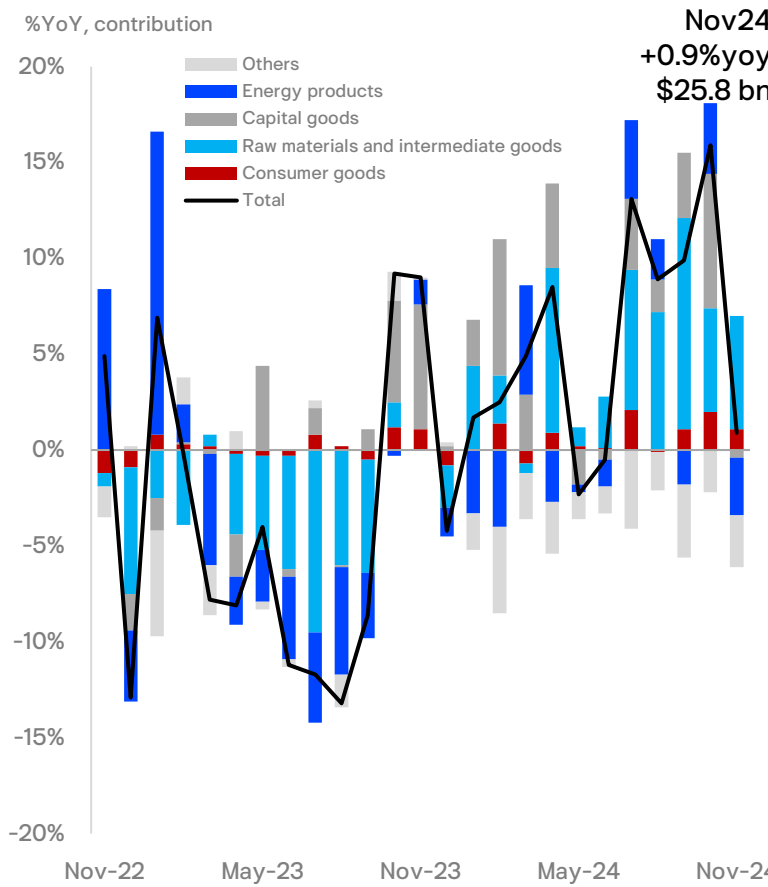
Exports value by product and destination

Unit: %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
Agri-agro products													
Rice	67.9%	27.4%	45.9%	53.6%	30.6%	91.5%	-4.5%	96.6%	15.2%	46.6%	15.2%	10.1%	-20.6%
Rubber	14.5%	13.2%	5.5%	31.7%	36.9%	36.2%	46.6%	28.8%	15.6%	64.8%	47.4%	32.6%	14.1%
Tapioca products	-12.8%	-51.2%	-27.0%	-20.4%	-16.7%	-9.6%	-17.0%	-3.8%	55.4%	-11.5%	-29.2%	-30.5%	-6.3%
Fresh, Frozen & Dried vegetable and Fruit	-12.4%	-13.5%	27.2%	-10.0%	-20.0%	-25.1%	91.9%	-31.0%	-15.7%	2.9%	-14.0%	7.3%	33.8%
Poultry	-2.6%	0.3%	5.0%	-0.5%	1.2%	12.1%	3.5%	-1.9%	13.6%	5.1%	-0.4%	12.4%	12.0%
Sugar	-9.9%	43.0%	-16.6%	-35.2%	-45.4%	-10.4%	-44.3%	-52.1%	-38.9%	-13.6%	-8.9%	-11.8%	-21.3%
Animal feeding	3.3%	8.5%	9.1%	21.5%	29.6%	52.9%	39.2%	13.1%	26.6%	25.0%	21.5%	18.2%	18.1%
Industrial products													
Motor Cars, Parts, Accessories	-5.1%	2.1%	-4.7%	-8.2%	-6.7%	13.5%	-8.0%	-0.6%	-12.5%	-17.9%	-10.6%	-13.0%	-0.3%
Computer and parts	10.3%	2.5%	32.2%	24.9%	-11.8%	62.0%	44.5%	22.0%	82.6%	74.7%	25.5%	77.5%	40.7%
HDD	-0.9%	1.9%	39.7%	21.4%	-36.2%	85.2%	30.9%	4.4%	84.6%	112.2%	3.8%	124.9%	47.8%
Integrated Circuits	-6.6%	3.1%	-1.9%	-13.2%	-18.2%	-9.2%	-11.9%	-21.4%	-8.7%	-33.2%	1.2%	1.9%	3.9%
Air Conditioning Machine	-26.1%	-12.2%	-10.5%	-14.3%	-12.7%	12.9%	-7.7%	-8.5%	27.8%	15.2%	22.5%	44.9%	35.8%
Refrigerating	48.1%	71.0%	30.4%	-0.2%	-13.4%	2.2%	-14.1%	-1.9%	34.0%	11.6%	-17.8%	-6.6%	16.0%
Electronic Machines	10.9%	0.5%	18.0%	12.5%	8.4%	25.5%	22.9%	8.3%	31.8%	13.9%	8.2%	29.6%	9.6%
Plastic pallet	-10.7%	0.0%	-0.3%	-2.7%	-13.7%	0.5%	-0.4%	-6.3%	6.9%	-3.3%	-5.2%	4.8%	2.2%
Chemical Products	-0.6%	-6.5%	-1.6%	-14.2%	-10.9%	16.4%	-3.2%	-5.5%	38.2%	12.5%	4.4%	18.7%	10.7%
Machinery & Parts	15.3%	2.9%	7.6%	-2.5%	1.3%	58.8%	12.4%	7.2%	10.0%	23.0%	8.7%	43.0%	16.7%
Rubber Products	0.7%	3.9%	3.7%	-4.1%	-6.9%	1.5%	-8.7%	-2.2%	13.8%	14.9%	15.7%	27.2%	24.8%
Refined oil	55.4%	42.6%	5.3%	-9.6%	-6.1%	-21.2%	-0.5%	2.8%	35.5%	1.0%	-29.8%	-21.4%	-16.3%
Jewelry ex gold	2.9%	6.8%	21.5%	6.5%	-3.1%	8.2%	3.9%	-4.3%	-6.5%	17.6%	-0.8%	-1.8%	24.3%
Total export	4.9%	4.7%	10.0%	3.6%	-10.9%	6.8%	6.9%	-0.3%	15.2%	7.0%	1.1%	14.6%	8.2%



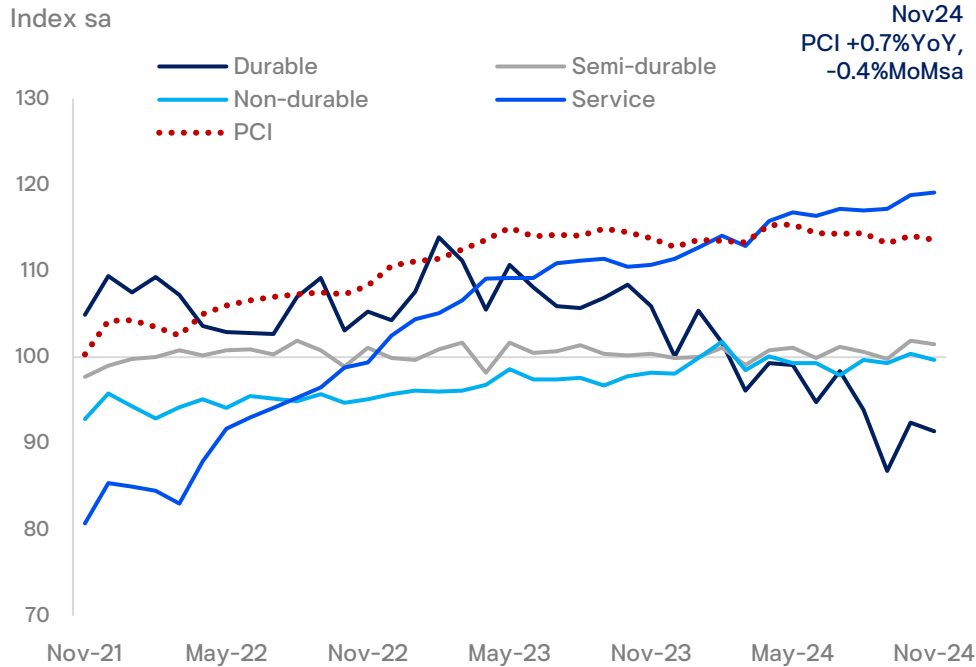
Imports value by groups



- Export value in Nov24 expanded 8.2%YoY, marking the fifth consecutive month of expansion. Key drivers included the export of industrial products, particularly computers equipment and component, HDD, and machinery and parts continued to grow. Import value continued to rise of 0.9%YoY but shown a sign of slower pace, which was mainly attributed to the decrease of energy products as well as vehicles and transportation products. Meanwhile, gold import have seen a remarkable growth in this month. As a result, the trade balance returned to a deficit of USD 224.4 million. (During first 11 months of 2024, trade deficit stood at USD 6.27 billion)

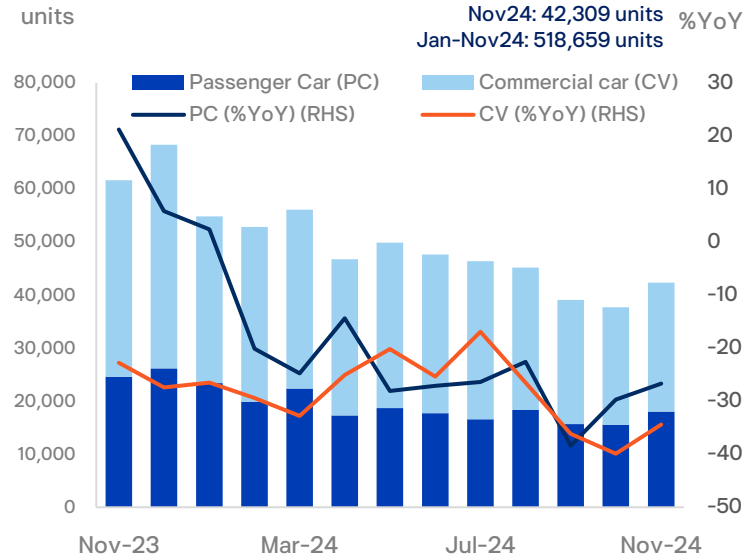
Private consumption indicators declined due to a temporarily increase in government cash transfer measures in the preceding period

Private Consumption Indicators (SA)

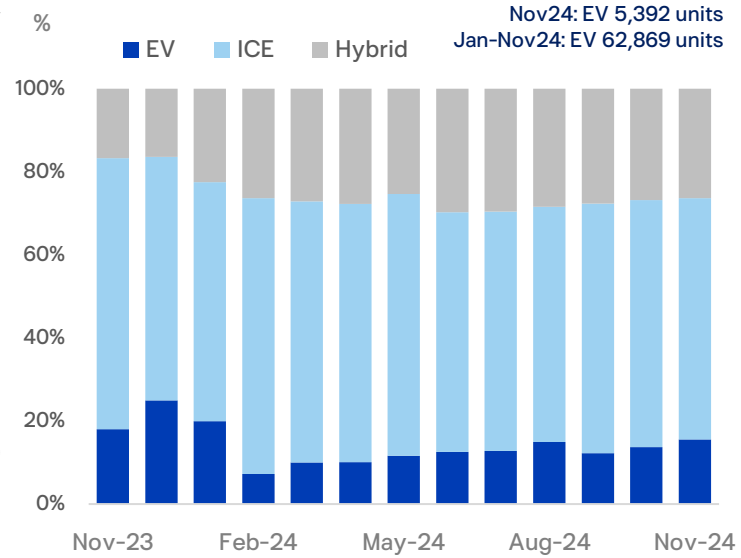


- Private consumption indicators decreased in most major categories due to the government cash transfer measures in the previous month. Particularly, spending in non-durable goods declined from fuel sales, while durable goods consumption decreased primarily from a lower number of motorcycle registration. Nevertheless, sales of passenger cars and pickups slightly increased, despite remaining low. Moreover, spending on services remained stable in line with number of Thai visitors and foreign arrivals.

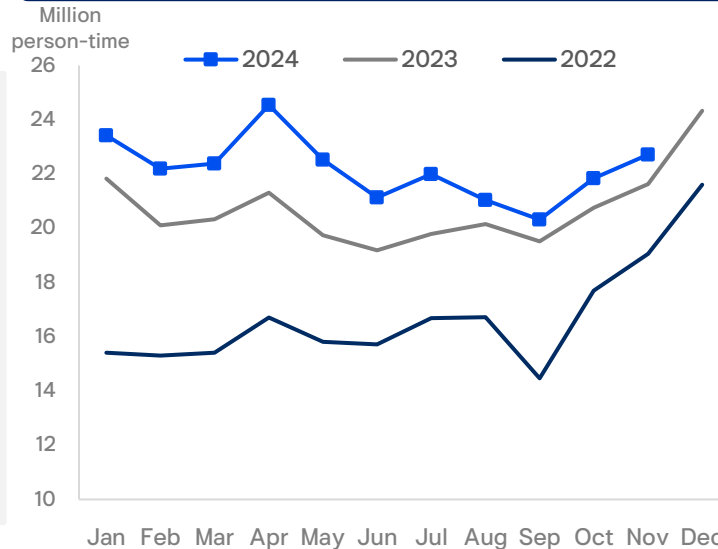
Domestic car sales**



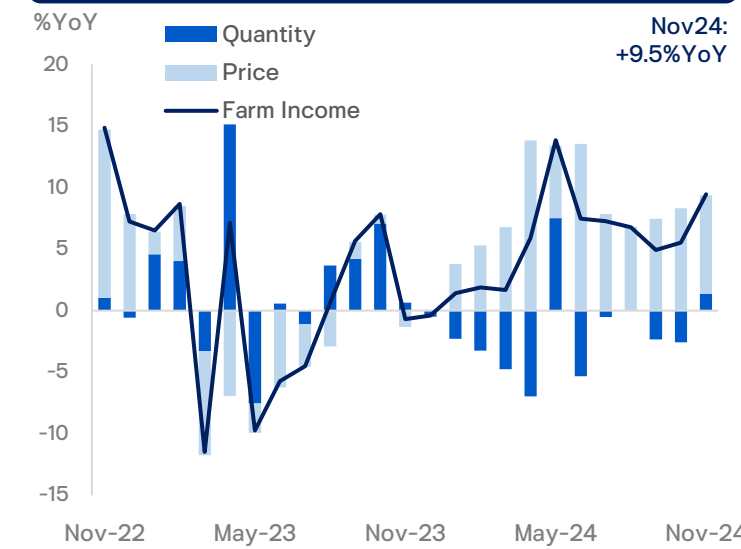
EV penetration of type 1 registration



Thai domestic visitors*



Farm Incomes

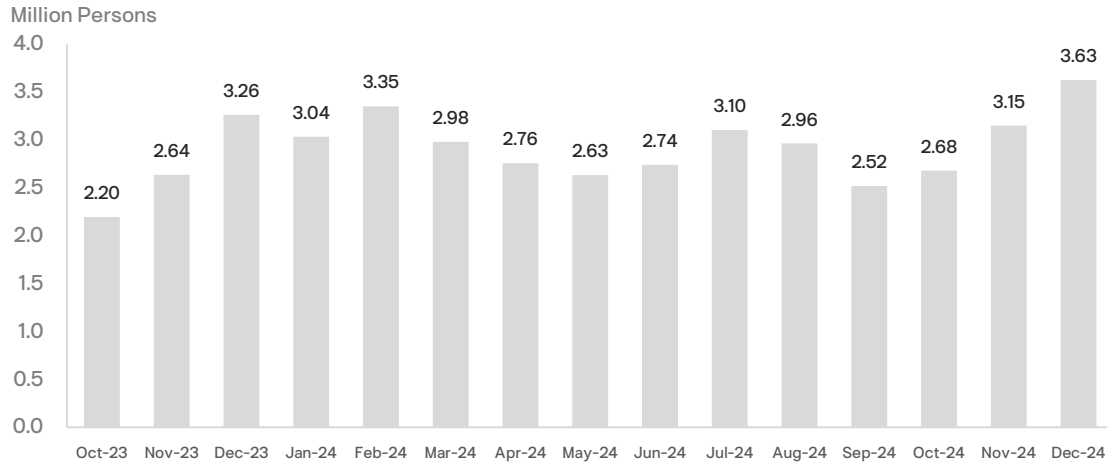


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

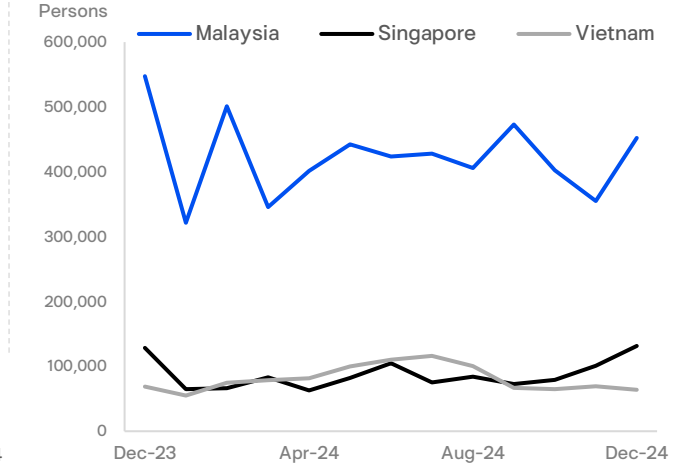
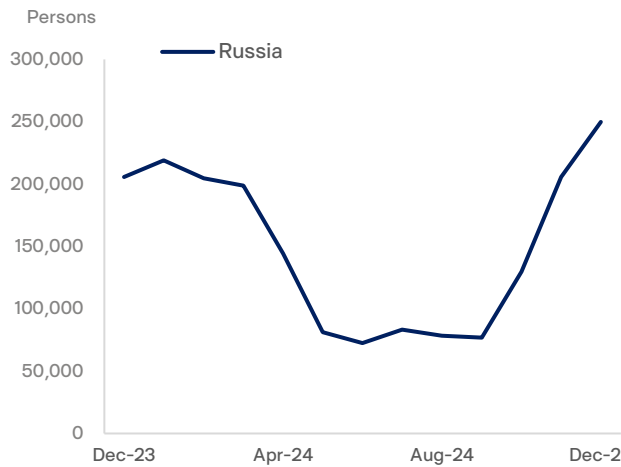
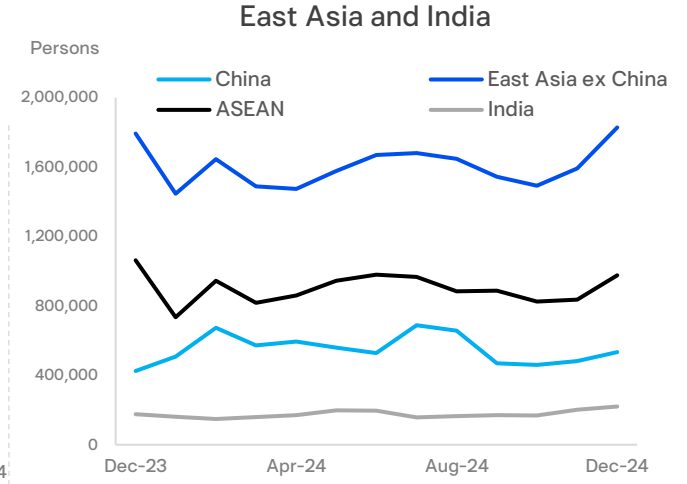
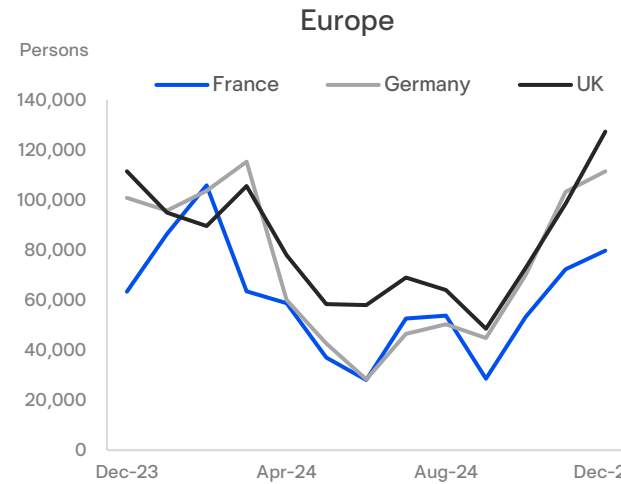
Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,

Overall December's foreign tourist arrivals reached its peak

Total Foreign Tourist Inbounds



Foreign Tourist Inbounds by key regions



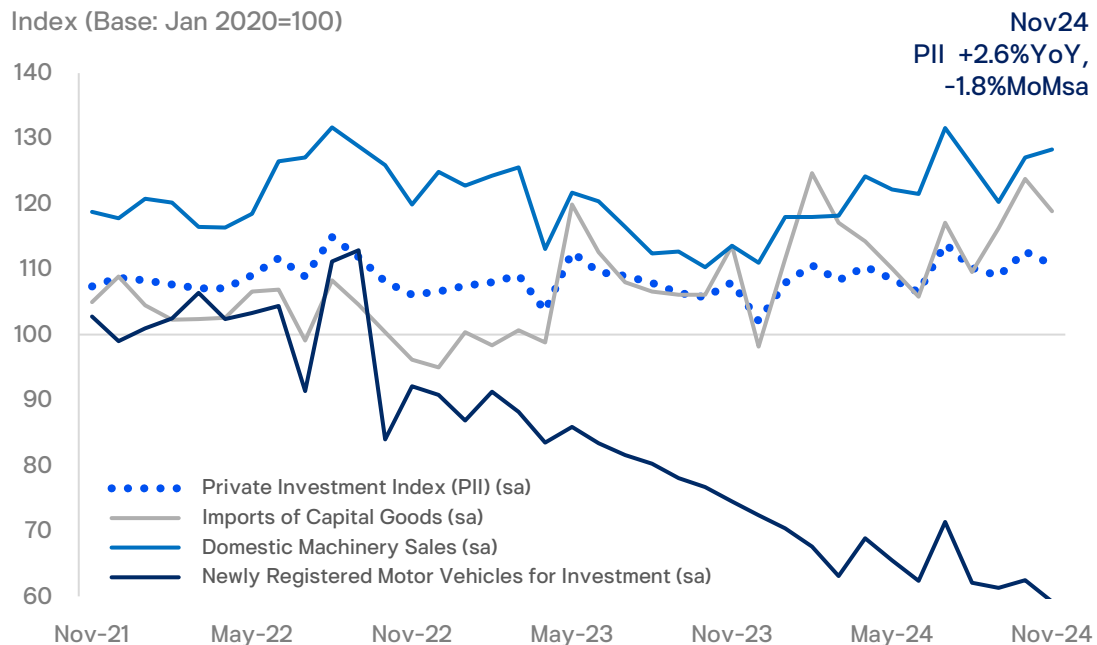
Foreign tourist inbounds recovery from pre-covid level

Unit: k persons	Jan-Dec			%YoY (24/23)	Recovery rate (2019=100)
	2019	2023	2024		
Total	39,873	28,099	35,546	27%	89
China	10,997	3,521	6,733	91%	61
ASEAN	10,694	9,772	10,661	9%	100
Europe	6,720	5,962	7,339	23%	109
India	1,996	1,629	2,129	31%	107
Americas	1,635	1,287	1,477	15%	90
Russia	1,483	1,483	1,745	18%	118
Middle East	703	600	742	24%	106

- During Dec24, foreign tourist arrivals was at 3.63 million, reaching its peak since 2020. This figure showed a remarkable increase in several nationalities, notably tourists from Europe, US, and ASEAN. In 2024, number of foreign arrivals reached 35.5 million persons, increased 26.5%YoY or 89.1% recovery from pre-Covid level of 39.9 million persons.

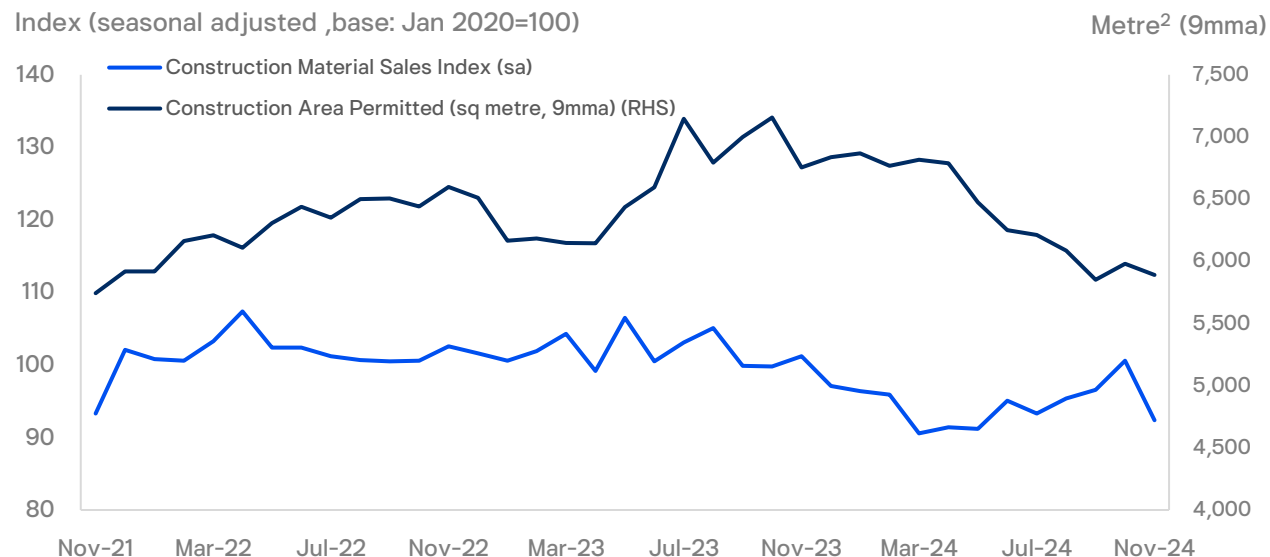
Private investment indicators declined in several categories

Private Investment Indicators (SA)

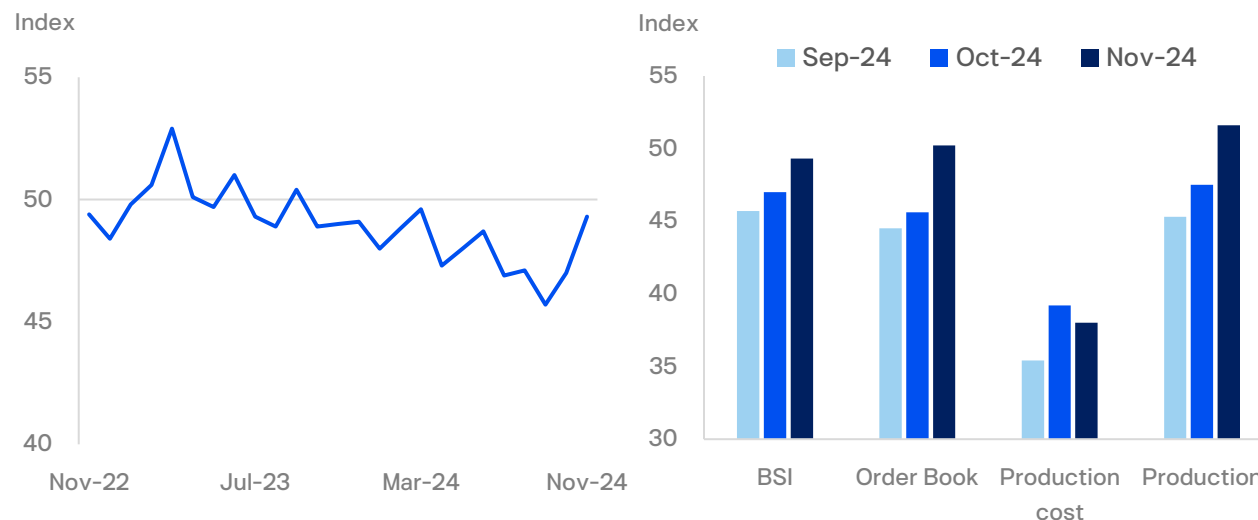


- Private investment indicators in Nov24 decreased from the preceding month. Investment in machinery and equipment declined, following a lower number of commercial vehicle registration, especially in pickups and tractors, while imports of capital goods also declined after a notable increase in the previous month.
- Investment in construction also decreased from both sales of construction materials and permitted construction areas, particularly for residential and industrial purposes.

Construction sector (SA)



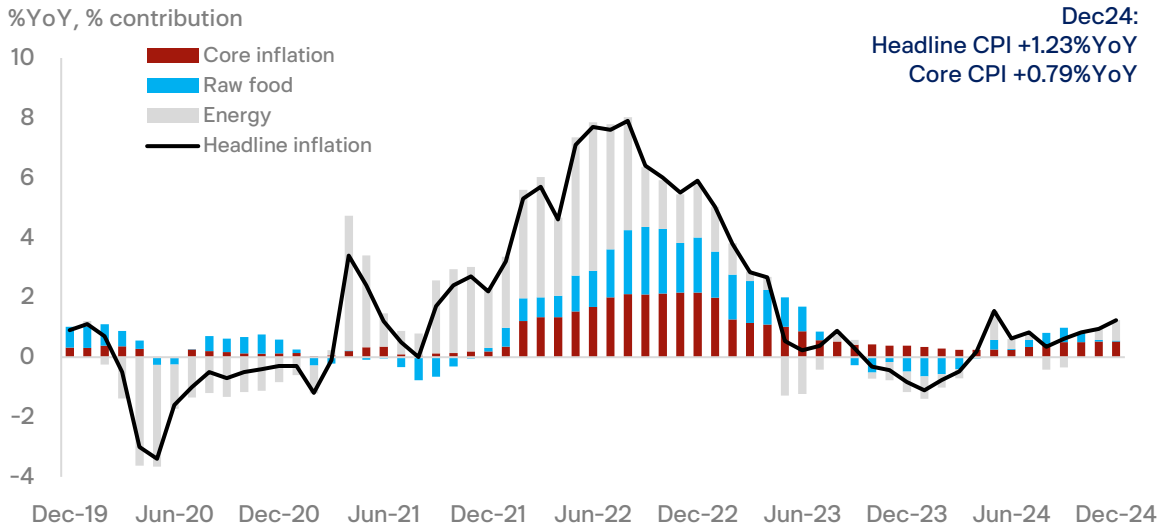
Business Sentiment Index (BSI)



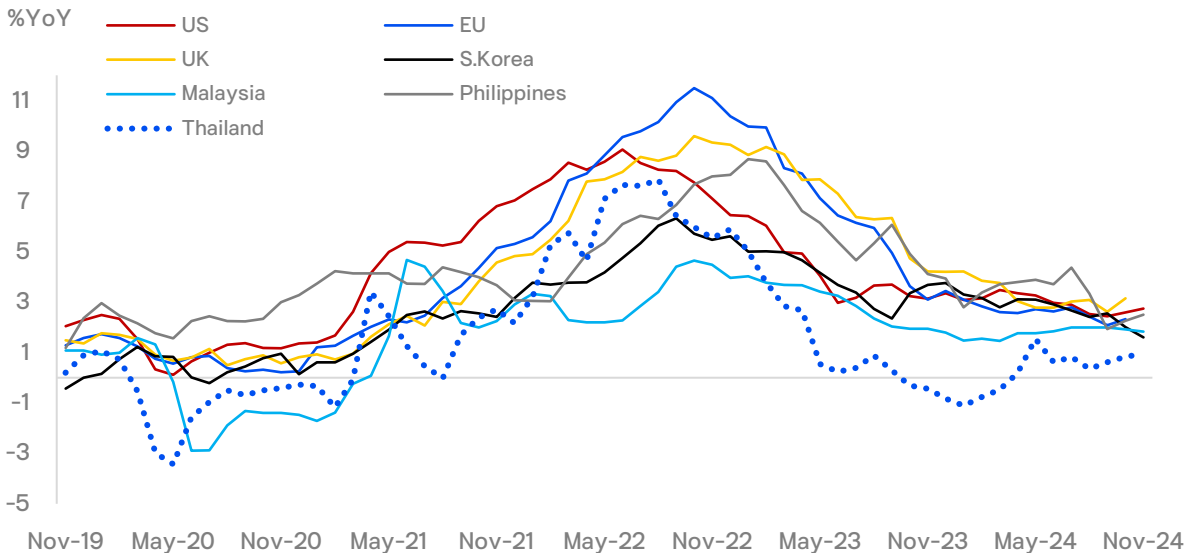
Headline CPI edged up in December, overall inflation remained below the target



Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

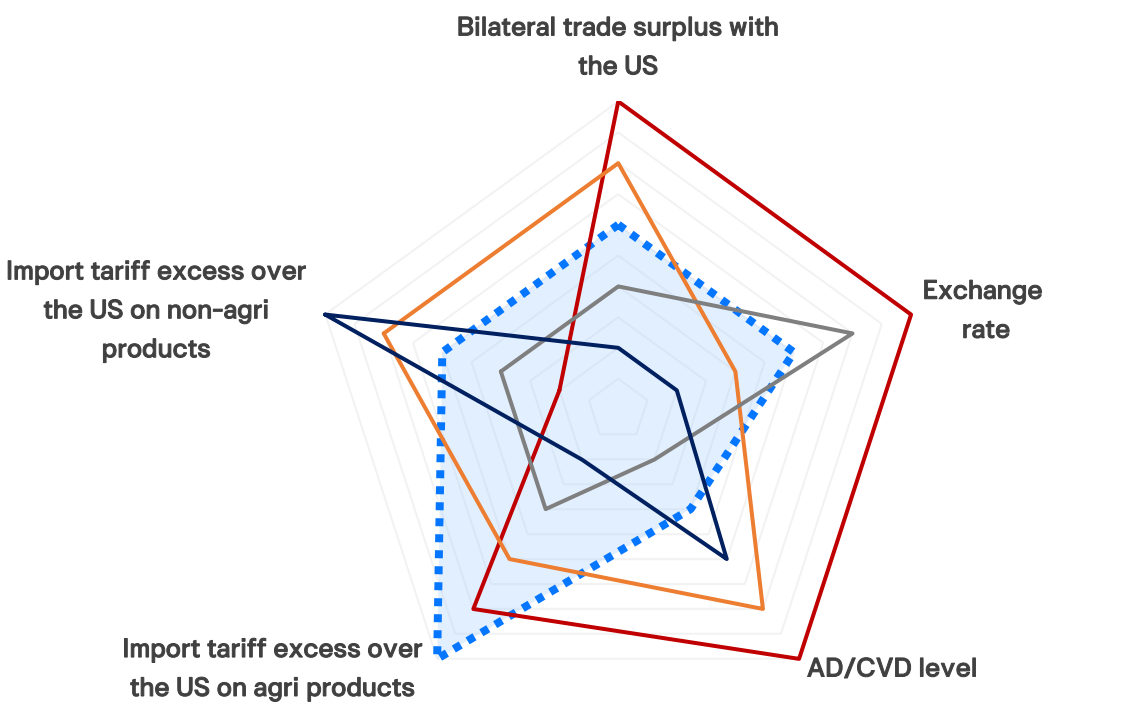
%YoY	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24
Headline inflation	-0.83	-1.11	-0.77	-0.47	0.19	1.54	0.62	0.83	0.35	0.61	0.83	0.95	1.23
Raw food	-2.30	-3.07	-2.71	-1.91	-0.20	1.51	0.19	1.10	1.93	2.31	1.63	0.24	0.17
Prepared food	1.18	1.02	0.75	0.69	0.64	0.61	0.67	1.54	1.81	2.38	2.33	2.27	2.33
Poultry	2.83	1.74	0.98	1.16	1.27	0.18	-0.52	-0.04	0.62	0.31	-0.66	-0.41	-1.41
Eggs and dairy products	6.97	4.85	2.88	3.81	2.64	3.48	4.07	2.89	1.67	1.43	1.44	-0.49	-0.96
Meats	-16.32	-15.39	-14.55	-12.32	-11.29	-8.09	-7.18	-5.16	-2.91	-2.07	0.11	0.26	-0.63
Utilities	-3.14	-3.13	-3.11	-3.43	-3.44	8.42	-3.29	-3.29	-3.31	1.45	1.46	1.46	1.44
Energy	-5.12	-5.53	-3.33	-2.25	-0.09	7.15	2.43	1.78	-3.10	-2.55	-0.08	2.72	5.01
Core inflation	0.58	0.52	0.43	0.37	0.37	0.39	0.36	0.52	0.62	0.77	0.77	0.80	0.79

- The headline inflation (CPI) rose 1.23%YoY in Dec24, edged up from previous month of 0.95%YoY. This uptick was primarily driven by higher energy prices, which resulting from low-base effect, coupled with rising in raw food prices. During 2024, headline and core inflation stood at 0.40%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. Meanwhile, Ministry of Commerce projected headline inflation range of 2025 between 0.3% and 1.3% (Mid-range of 0.8%)

Overall Thailand would be the second most targeted country among major ASEAN exporters hit by Trump 2.0 policies



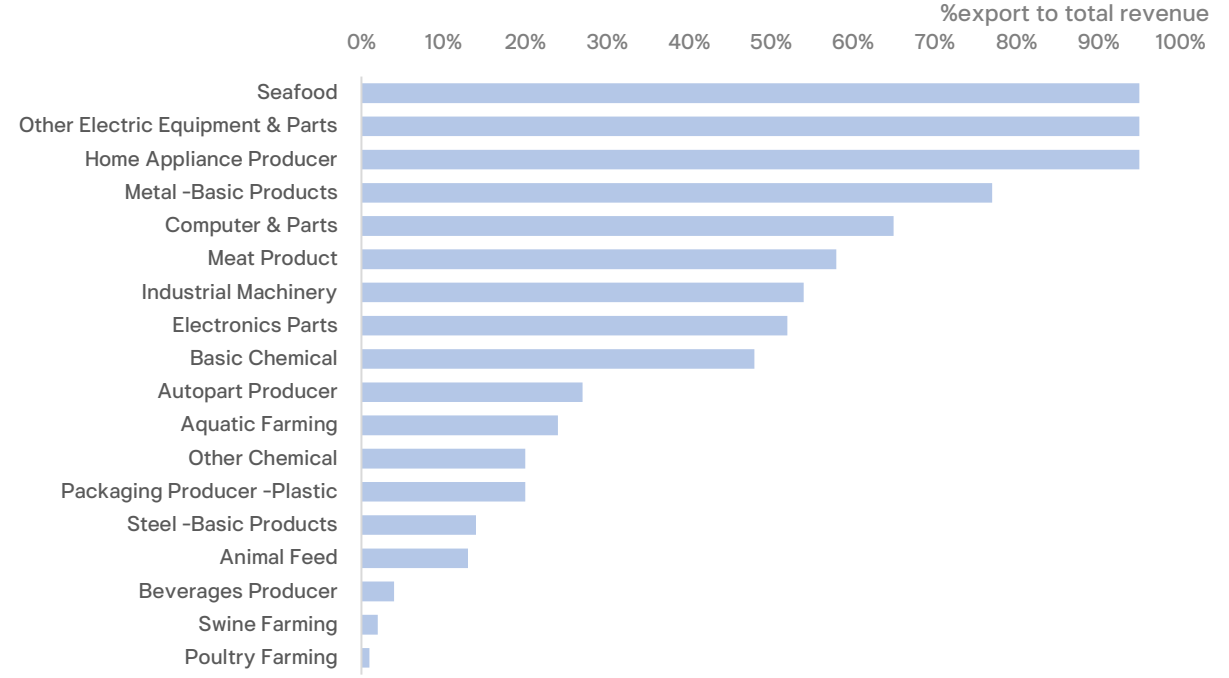
Degree of risk likelihood triggered US new trading policies of selected countries



- Thailand
- Vietnam
- Indonesia
- China
- Malaysia

Most potentially affected by Trump 2.0 trade policies	
1	China
2	Vietnam
3	Thailand
4	Indonesia
5	Malaysia

Export concentration to total revenue of selected sub-sector, 2023



- Thailand would be the second most affected country (after Vietnam) among major ASEAN exporters, which mainly due to Thailand's high level of trade surplus and high trade barriers on US agricultural products.
- Low- to mid- tech manufacturing products may face direct and indirect impacts from Chinese' goods in the US and global markets. Meanwhile, China's overcapacity being more flooded to Thailand in several products; while Thailand may face a potential decline in exports to China (such as chemical products).
- The US may pressure Thailand to import agricultural products (e.g., soya beans, maize, and frozen meats) as a bargaining tool for raising import tariff.

Source: US Census, US International Trade Commission, Trademap, Global Trade Alert, and ttb analytics

Steady growth expected in 2025; MPC may provide at least once amid increasing uncertainties going forward

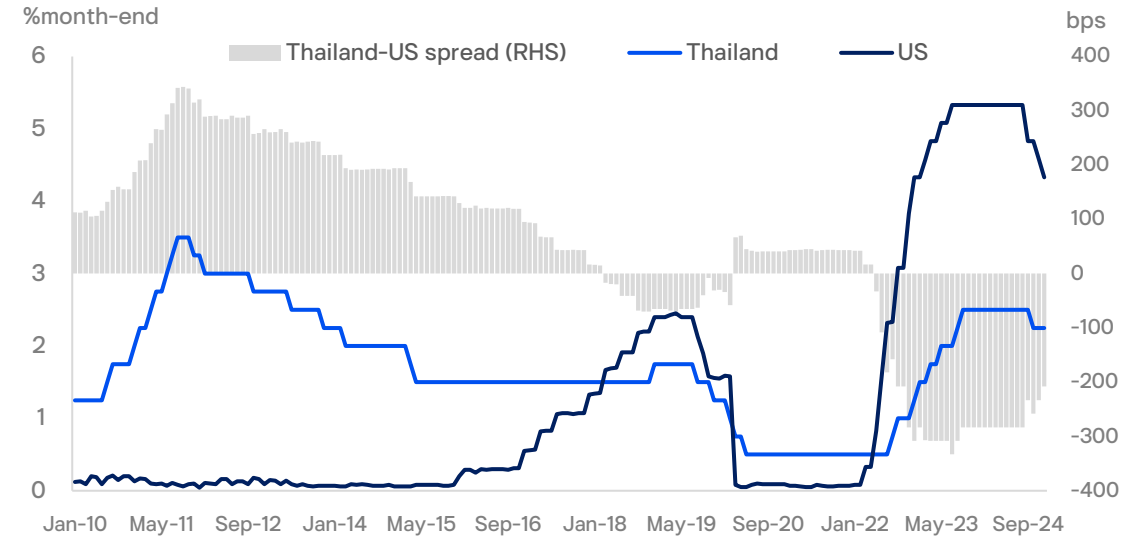


Thailand economic growth projection

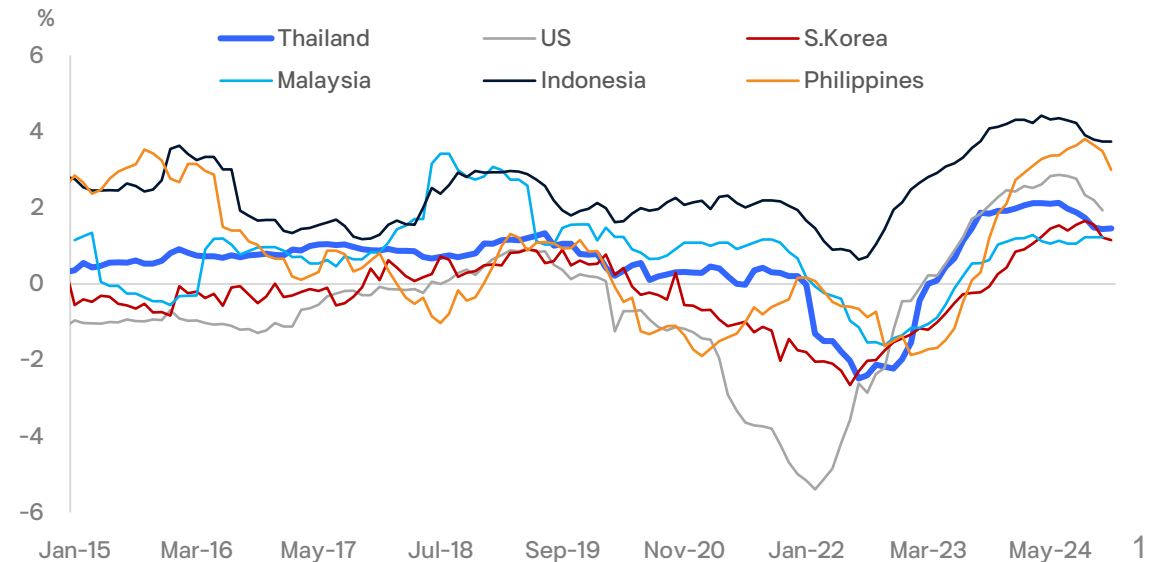
%YoY	2022	2023	2024E	2025F
GDP	2.5	1.9	2.7	2.6
Private consumption	6.2	7.1	4.4	2.4
Private investment	4.7	3.2	-0.9	2.1
Government consumption	0.1	-4.6	1.7	2.0
Public investment	-3.9	-4.6	2.6	3.9
Export value**	5.5	-1.1	3.7	2.2
Import value**	12.8	-3.9	4.2	3.4
Foreign arrivals (Million persons)	11.2	27.5	35.5*	37.8
Headline inflation	6.1	1.3	0.4*	0.8
Policy rate (% year-end)	1.25	2.5	2.25*	1.75-2.00

- ttb analytics projected Thai economy growth to expand close to previous assessment. Tourism and domestic demand continue to be the main drivers but slower pace, while public investment is projected to surge in 2025.
- In the context of the current global and Thai economic environment, the MPC may provide a single rate cut this year. However, given the elevated uncertainty in the global economy, additional cuts may be considered.

Thailand and US policy rate



Real interest rate

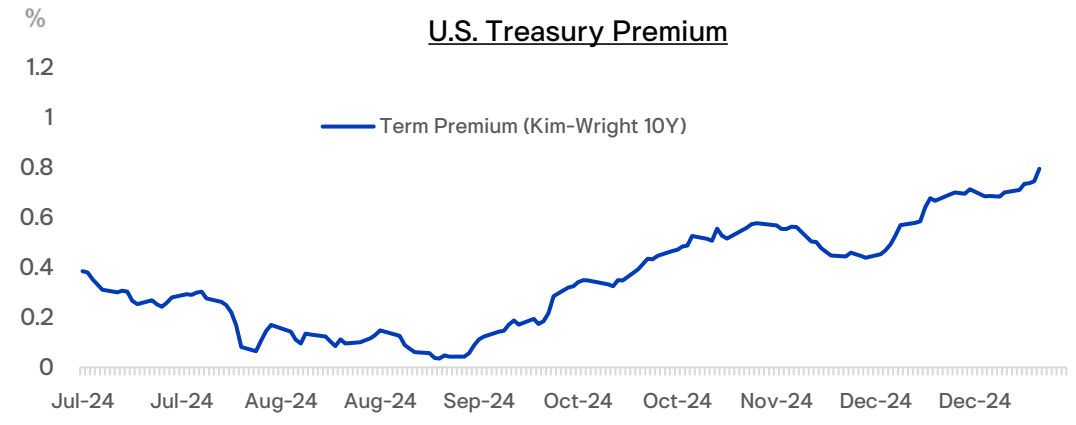
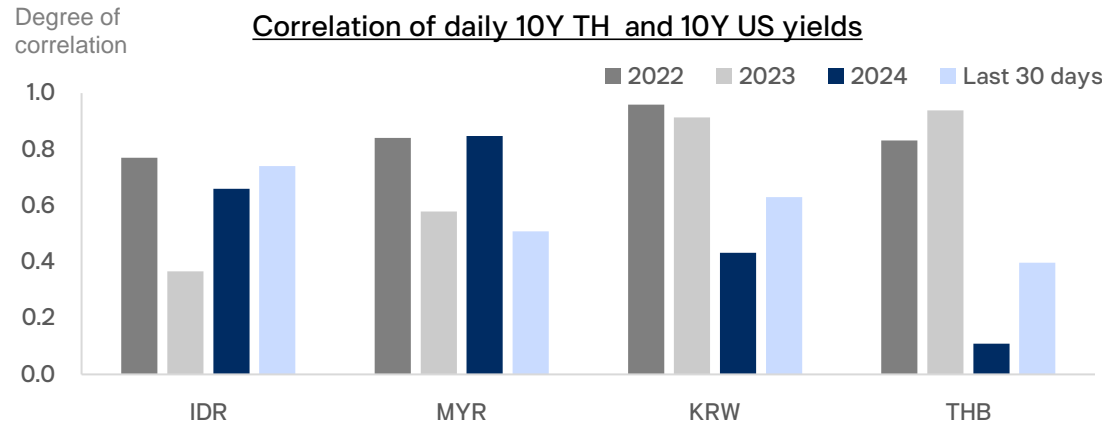
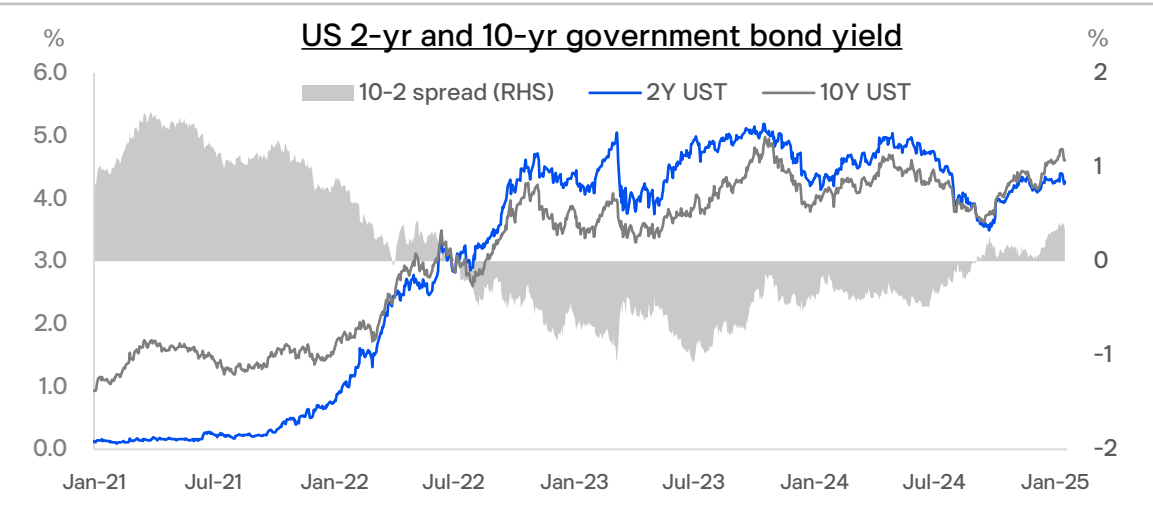
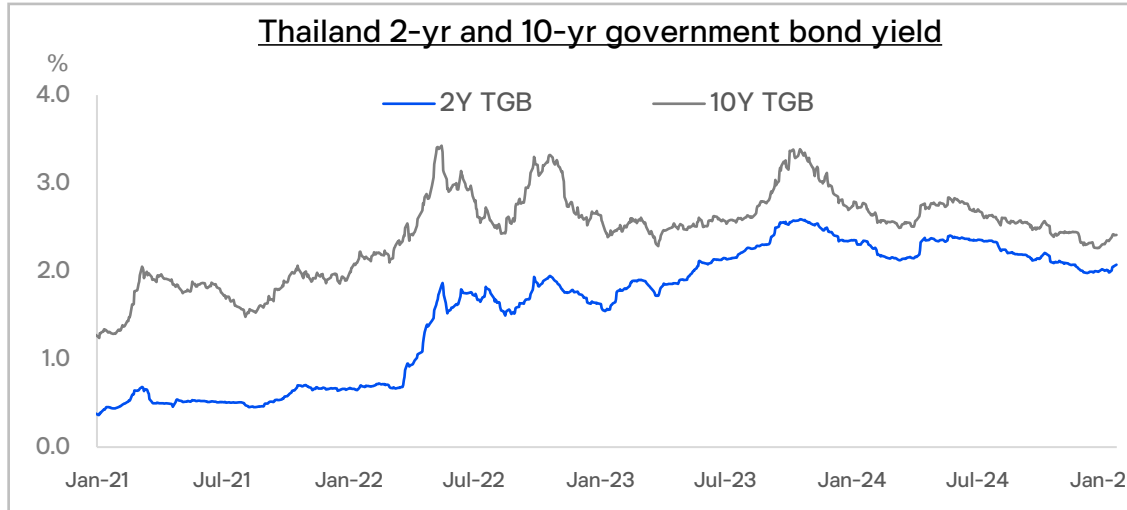


PART 3

Financial Market



The bond market experienced a roller-coaster, especially the 10-year, driven by U.S. economic data and Trump's policies, while Thai bond yields showed a slightly stronger correlation with the modest rise in yields

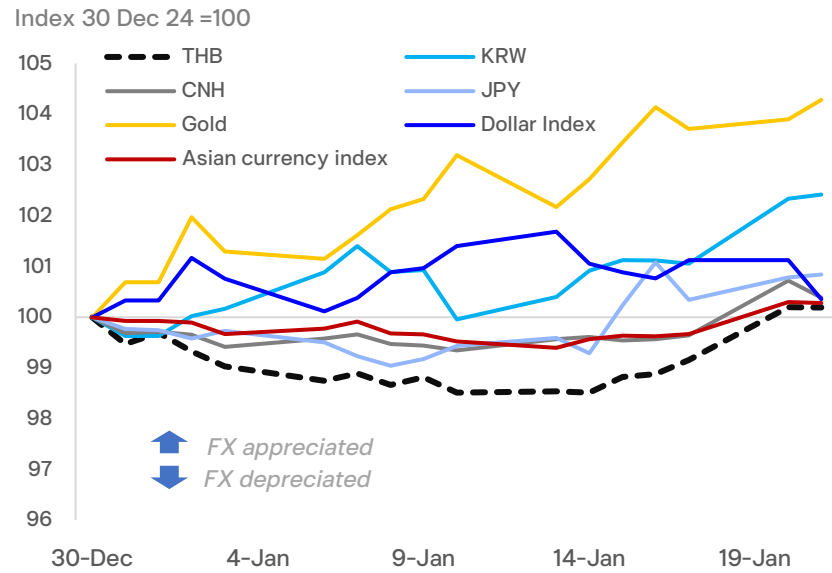


- The bond market saw significant volatility, with 2-year and 10-year Treasury yields rising due to delayed expectations of a Fed rate cut, spurred by strong US labor market data and risks tied to Trump's policies. However, yields adjusted lower after CPI data came in weaker than expected and the enforcement of Trump-era tariffs was delayed following the inauguration.
- Thai government bond yields, especially the 10-year, exhibited a stronger correlation with U.S. Treasuries, reflected by a slight increase in yields and aligning with recent bond outflows. However, the correlation remains relatively weak compared to other regions, likely due to the Thai MPC's expectations for lower interest rates and domestic demand, particularly from financial institutions.

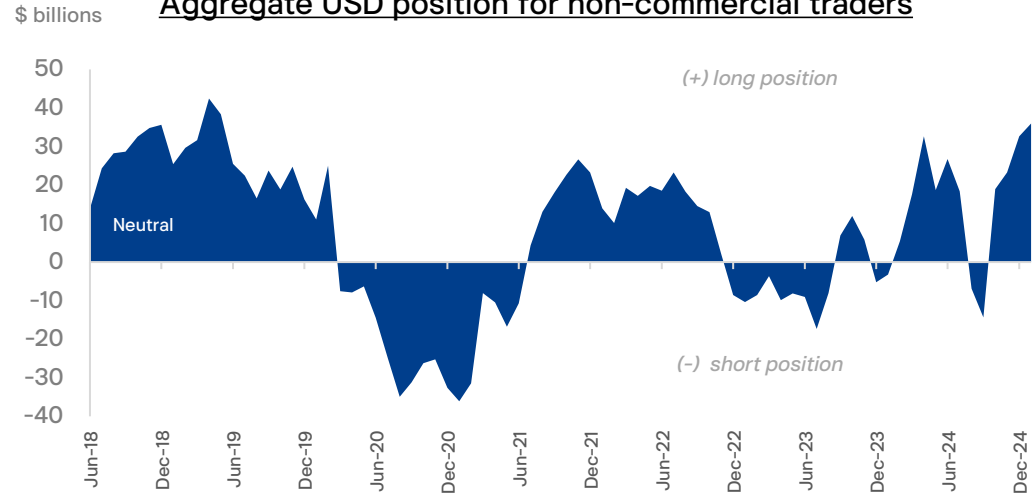
US economic and political dynamics continue to play a crucial role in driving FX market movements



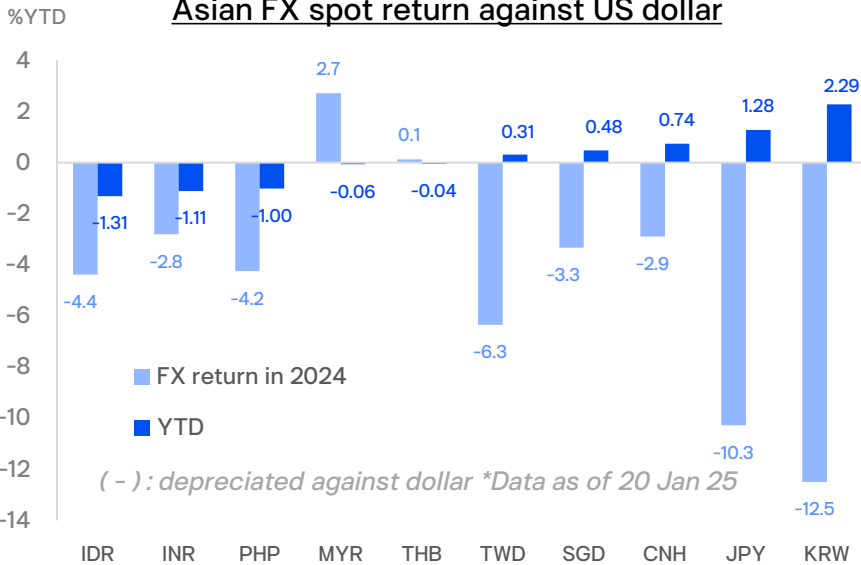
Movement in regional FX in Jan 2025



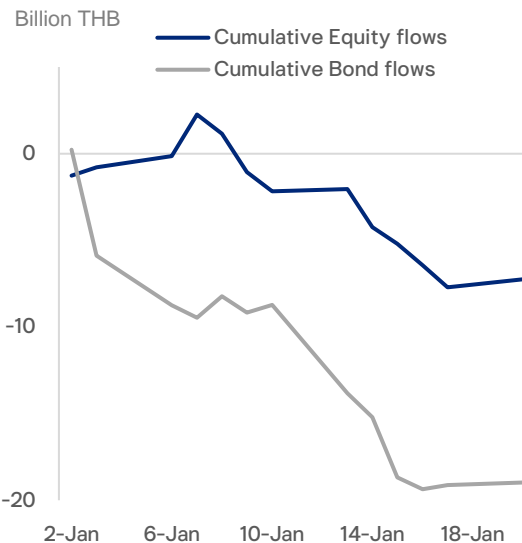
Aggregate USD position for non-commercial traders



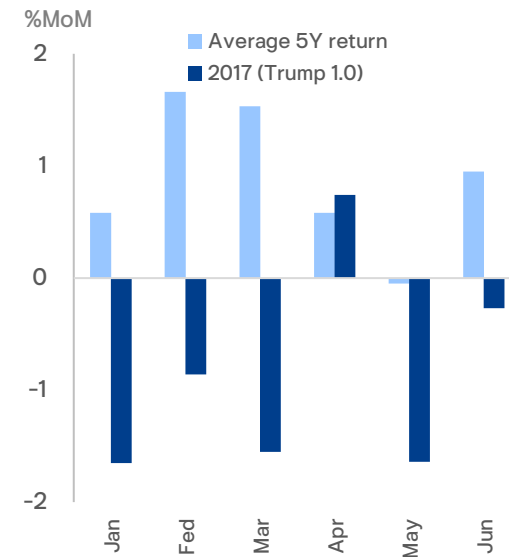
Asian FX spot return against US dollar



TH Cumulative foreign portfolio flows (YTD), 2025



USDTHB Seasonality



- The Thai baht is mainly influenced by external factors, including US policy expectations and risks from Trump's policies, aligning with trends in other regional currencies, especially ASEAN ones.
- Fund flows in equities and bonds followed last year's trend, putting downward pressure on the Thai baht and driving its depreciation.
- Looking ahead, the Thai baht is likely to depreciate due to seasonality. While it strengthened during Trump's first 100 days in 2017, this may not happen due to differences in Thailand's current economic backdrop. The enforcement of Trump's policies will be key in determining FX movement in the coming months.

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.