Economic and Financial Outlook

ttb analytics

Feb 2025

Executive Summary

Global Economy

- In January 2025, global economic data remained resilient, but momentum slowed due to Q4 GDP growth, despite being boosted by front-loaded exports in Asia. The Global PMI slowed, mainly due to weaker service sector growth, while manufacturing saw a slight recovery. Concerns over US tariff policies keep the 2025 outlook uncertain.
- Inflationary pressures in January were more pronounced in developed markets, as inflation significantly diverged from the target, partly due to higher commodity prices.
- Recent economic surprise indices show the U.S. economy is slowing more than expected compared to the global economy, though its fundamental strength still outpaces other countries. Key factors for the Fed's decision, including non-farm payrolls and price indicators, continue to support its pause.

Thai Economy

- In December 2024, Thai economic activities slowed down due to a temporal improvement from government stimulus in the preceding period despite tourism revenue increased due to a higher proportion of long-haul tourists. Manufacturing production continued to decline, while private investment remained stable. Overall headline inflation in January 2025 moved within the central bank's lower-bound target.
- Thai economic growth in Q4/24 weaker than market expected. Government consumption expenditure decelerated while private final consumption expenditure remained stable. Meanwhile, gross fixed capital formation and exports of goods and services accelerated. Overall GDP in 2024 grew by 2.5%, accelerated from 2.0% in 2023.
- The impact of the Trump 2.0 administration could be transmitted across various channels. The most significant concern arises from the indirect effects of the US imposing tariffs on Chinese products, which could result in an influx of Chinese goods into ASEAN countries, including Thailand.

Financial Markets

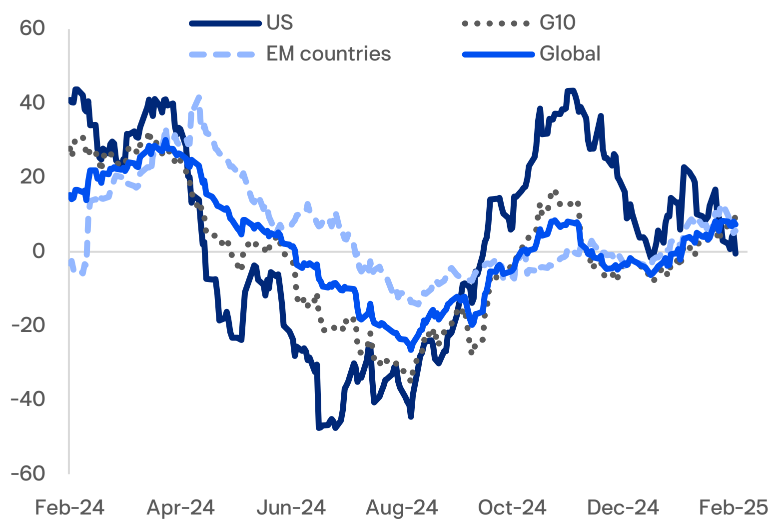
- US Treasury yields showed a fading steepening due to lower long-term yields, while Thai bond yields dropped, partly driven by expectations of policy easing after weak economic data and a challenging outlook.
- Since Inauguration Day, most regional currencies have strengthened due to optimism surrounding tariffs, weaker-than-expected U.S. economic data, and the yen's appreciation. Nonetheless, regional currency movements remain vulnerable to the risk of tariff escalation, but there is potential for an appreciation trend if Trump's policies from 2017 are repeated.

PART 1

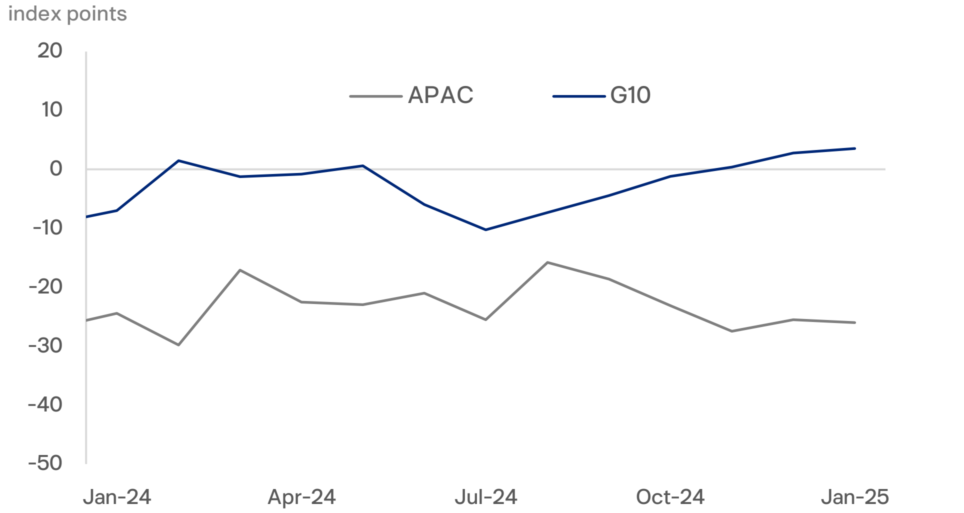
Global Economy

Global economic data remains resilient, but momentum slowed due to Q4 GDP growth and a drop in service sector indicators. Meanwhile, inflationary pressures are becoming more evident in developed markets.

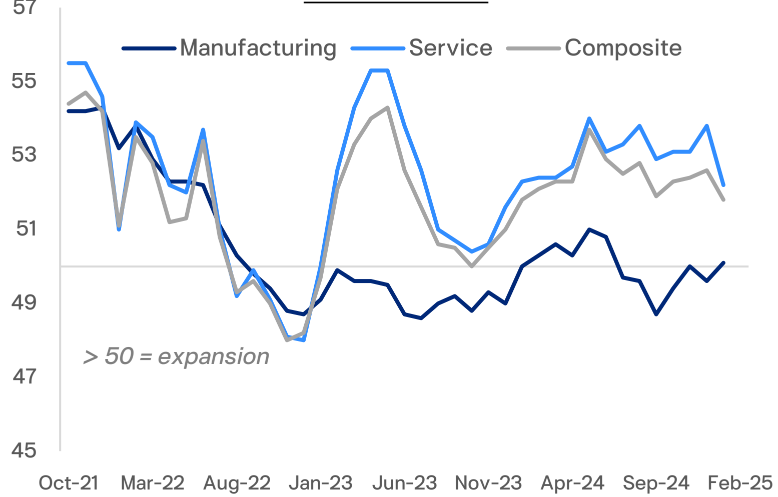
Economics surprise indices



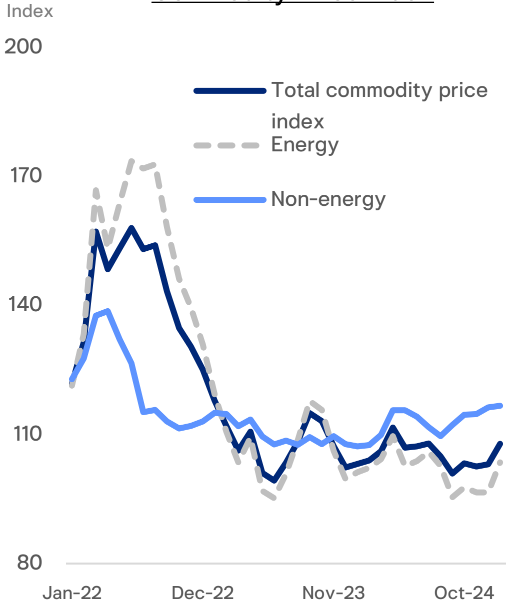
Inflation surprise indices



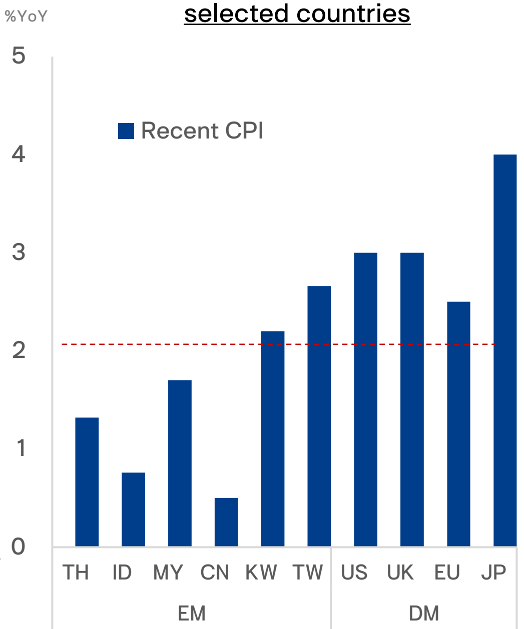
Global PMIs



Commodity Price index



Headline inflation across selected countries



- Recent economic surprise indices suggest that the U.S. economy is slowing down more than expected relative to the global economy. However, the fundamental economic strength in the U.S. still outpaces that of other countries.
- The global PMI slowed down, mainly due to slower growth in the service sector. However, the manufacturing sector experienced a slight recovery, though the outlook remains uncertain due to the potential risk of U.S. tariffs. Regionally, Asia continues to outperform developed markets, especially the Eurozone.
- Inflationary pressures in January are more significant in developed markets, as current inflation is deviating significantly from the target. This is partly due to the increase in commodity prices.

Source: World Bank, Bloomberg, CEIC, ttb analytics
Remark: *Economics surprise indices updated as of 17 Feb 25

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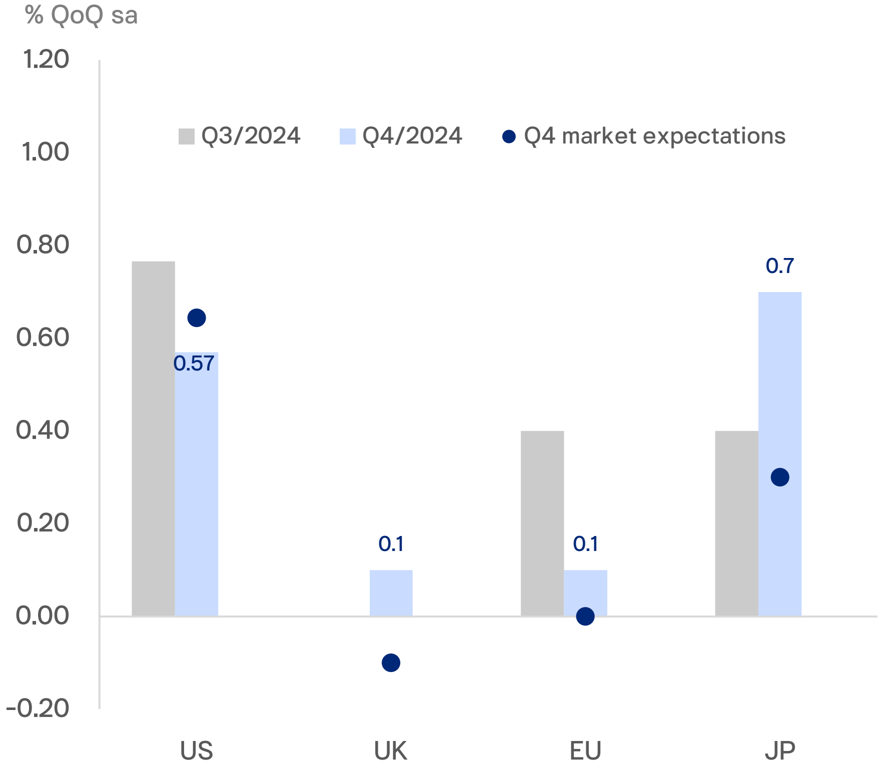
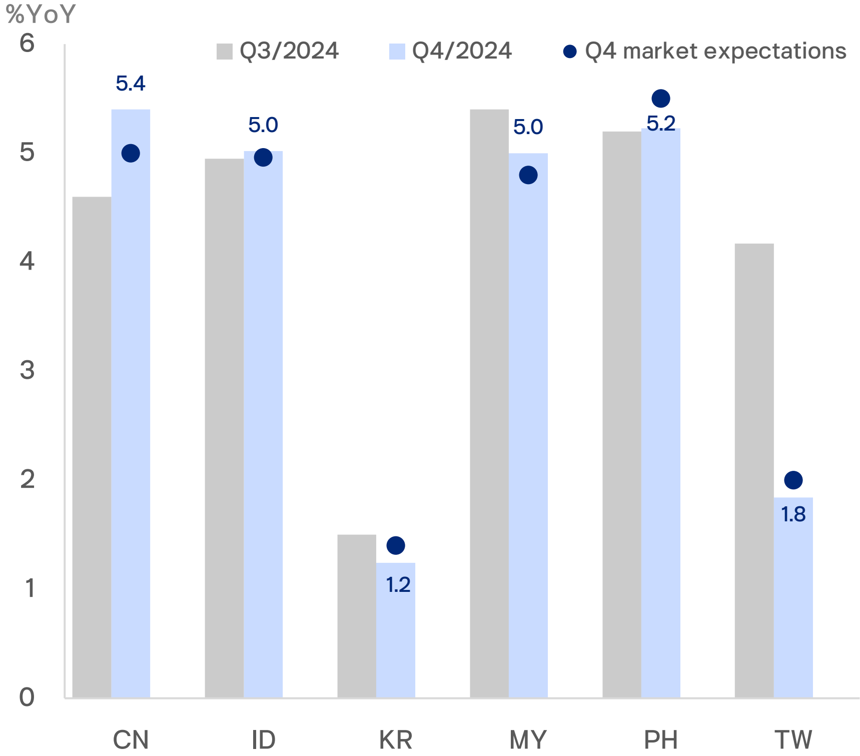
Economic growth slowed in Q4 2024, despite some boost from front-loaded exports, particularly in Asia. Given the concerns over US tariff policies, the outlook for 2025 remains highly uncertain

GDP growth in Q4 2024 for selected DM and EM countries





Note: Market expectation based on Bloomberg survey

GDP growth in 2024 (YoY%)

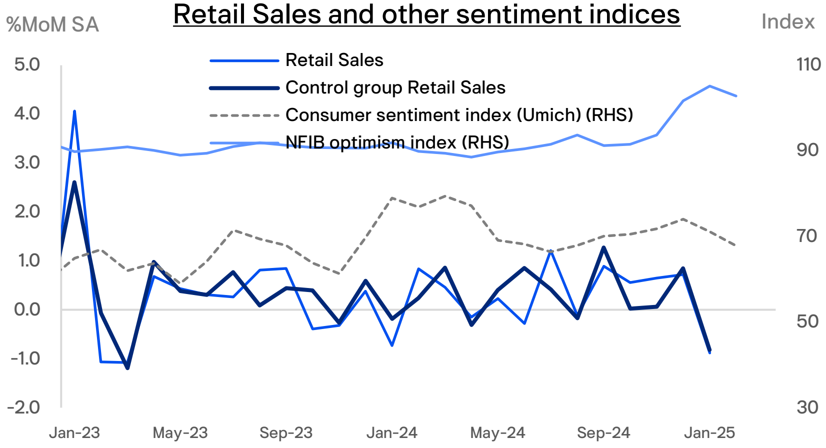
	Actual 2024	2025*
	2.8%	2.2%
	0.9%	1.1%
	0.7%	0.9%
	0.1%	1.2%
	5.0%	4.4%
	5.0%	5.0%
	2.1%	1.6%
	5.1%	4.6%
	5.6%	5.9%
	4.3%	2.8%

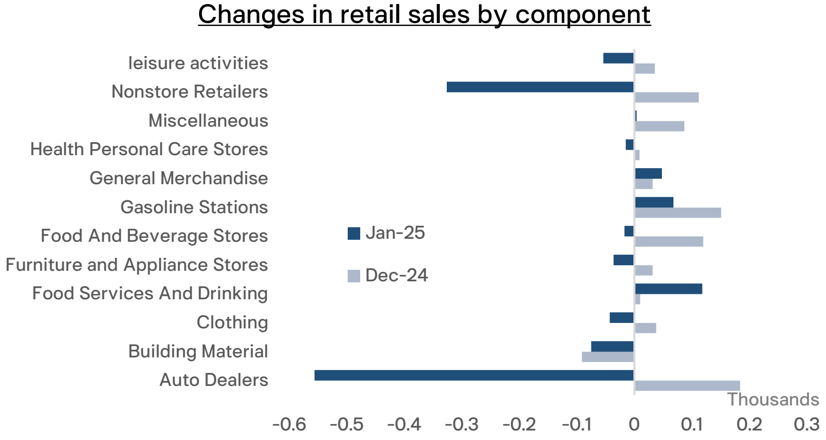
Note: Growth in 2025 calculated based on Bloomberg weighted Average

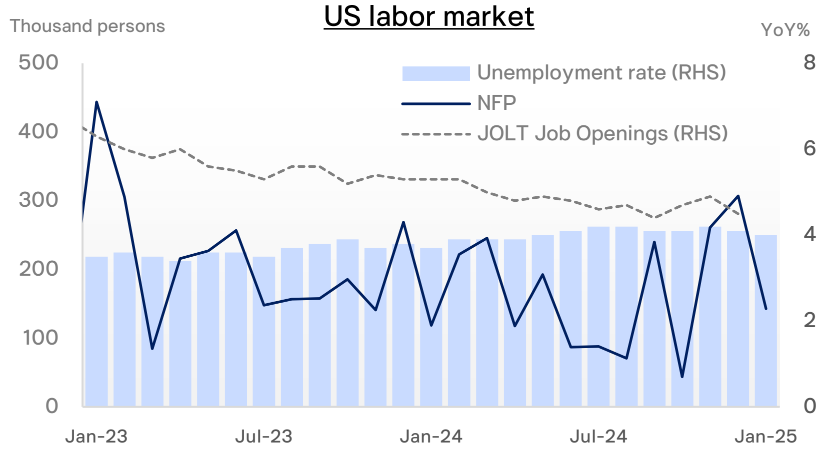
- Most countries' GDP growth in Q4 2024 showed signs of slowing, though some, particularly in Europe, exceeded expectations. Meanwhile, export-driven Asian countries benefited from a front-loading effect ahead of Trump's tariff policy, despite weakness in other components.
- Looking ahead to 2025 GDP growth, the outlook remains cautious, particularly for the Euro area, due to concerns over US tariff policies. Furthermore, the recent performance of major economies has been mixed, with both Germany and France seeing contractions. In Asia, the region faces similar risks, given the challenges posed by tariff threats and their economic links to China. Additionally, some countries have significantly downgraded their growth forecasts for this year

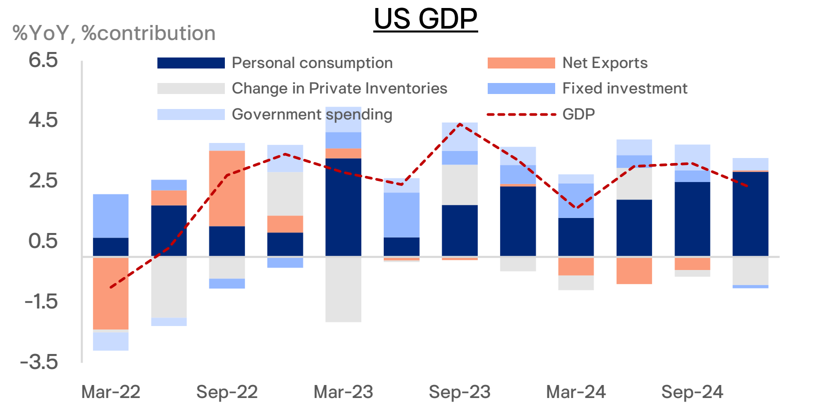
Source: Bloomberg, ttb analytics

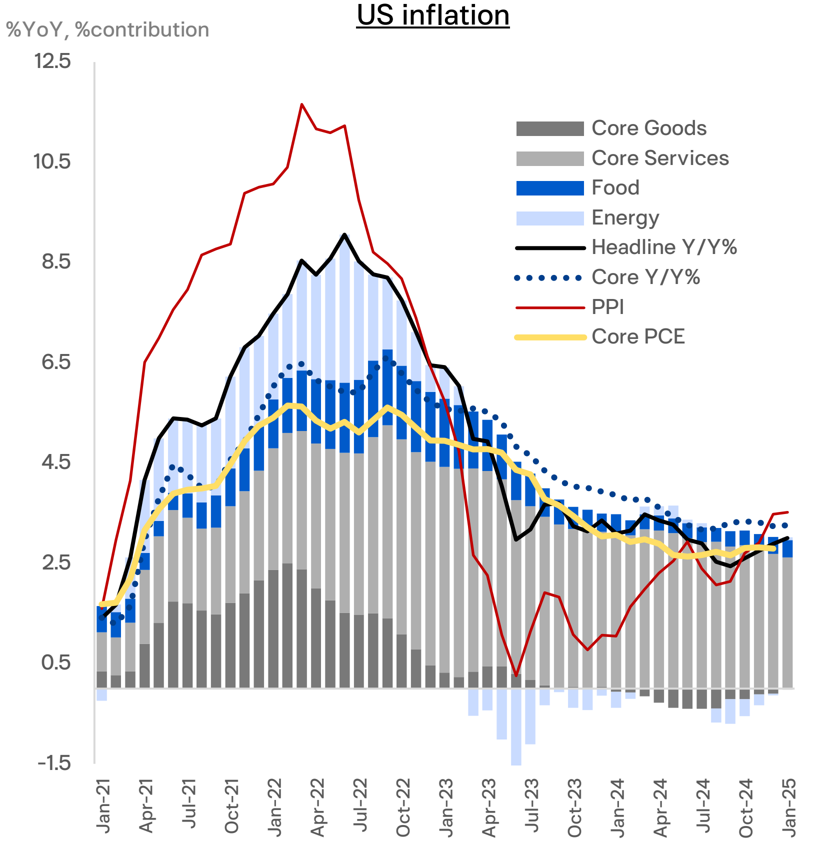
Although the key economic indicators that influence the Fed's policy adjustments still support a pause, early economic signs are beginning to challenge US exceptionalism









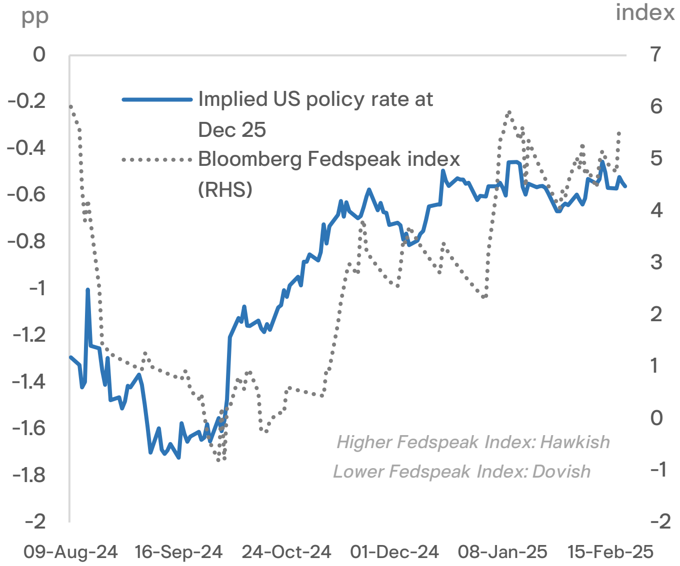


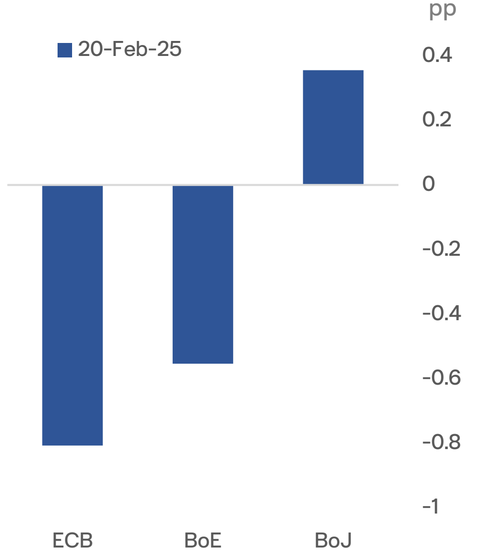
- Considering the key factors for the Fed's decision, non-farm payroll changes came in below expectations, with the service sector driving the increase; nonetheless, the numbers continue to reflect strength. Meanwhile, both CPI and PPI continued to accelerate, indicating a stall in the disinflation process. However, the components shared with PCE remain subdued.
- Consumption remains robust and continues to be the main driver of U.S. economic growth, despite the overall slowdown in Q4 GDP. However, recent retail sales data and other sentiment indicators point to a slowdown in consumer spending at the beginning of 2025. This may be partly due to a correction following the surge at the end of the year, likely driven by tariff concerns. Additionally, cold weather and fires in Los Angeles probably contributed to the weak start for consumer spending in 2025.

Source: Bloomberg, CEIC, ttb analytics

Considering the U.S. economic backdrop, the Fed can afford to be patient, while other policymakers must carefully balance domestic factors with global uncertainties in their policy decisions

Expected policy rate changes by selected major central banks by the end of 2025



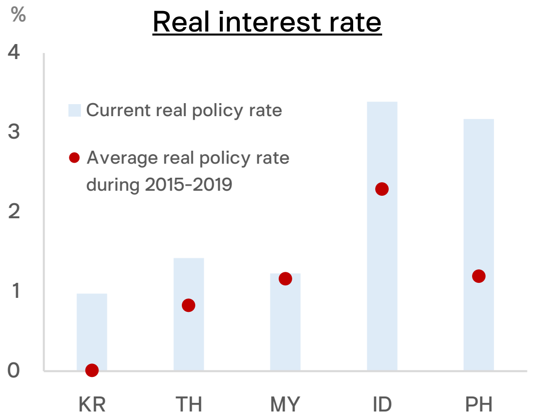


Notes: The change in bps is the difference between the implied policy rate for 2025 (based on OIS) and the current policy rate

Asian countries' expectations

Country	Current Policy Rate	Changes in policy rate in 2025 (bps)	Forecast policy rate at the end of 2025 (%)
MY	3	0	3.1
KR	3	0	2.3
ID	5.75	-25	5.3
IN	6.25	-25	5.8
PH	5.75	0	5.1
TW	2	0	2.0
CN	2	0	
VN	4.5	0	4.6

Notes: Forecast policy based on Bloomberg weighted average



Note: The real interest rate is calculated by subtracting core CPI from the policy rate

Latest Monetary Policy development

DM

- **The Fed kept rates between 4.25% and 4.50%, as expected.** It adopted a more hawkish economic outlook. In addition, Powell told Congress that the Fed is in no rush to lower rates, in line with Fed minutes suggesting officials will stay on hold until inflation improves
- **The ECB reduced borrowing costs for the fifth time since June, as the region's economy stalled, and the 2% inflation target remained attainable.** Officials lowered the deposit rate by 0.25 percentage points to 2.75%, as anticipated, while maintaining a "restrictive" monetary policy stance, indicating potential future easing.
- **Positive Japanese economic data, BOJ guidance, and potential wage increases support the BOJ's tightening,** despite external uncertainties, especially from the US The market anticipates another rate hike by summer as wage negotiations advance.
- **BOE officials unanimously agreed to reduce interest rates by a quarter point to 4.5%,** a 19-month low, with two members advocating for a larger 50-basis-point cut. While the MPC signaled a few more cuts to reach the 2% inflation target, they warned that inflation could rise to 3.7% later this year

EM

- **Despite keeping the LPR steady, the PBOC is expected to maintain a downward policy direction** to support potential stimulus measures in 2025, which will focus on boosting domestic consumption.
- **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.

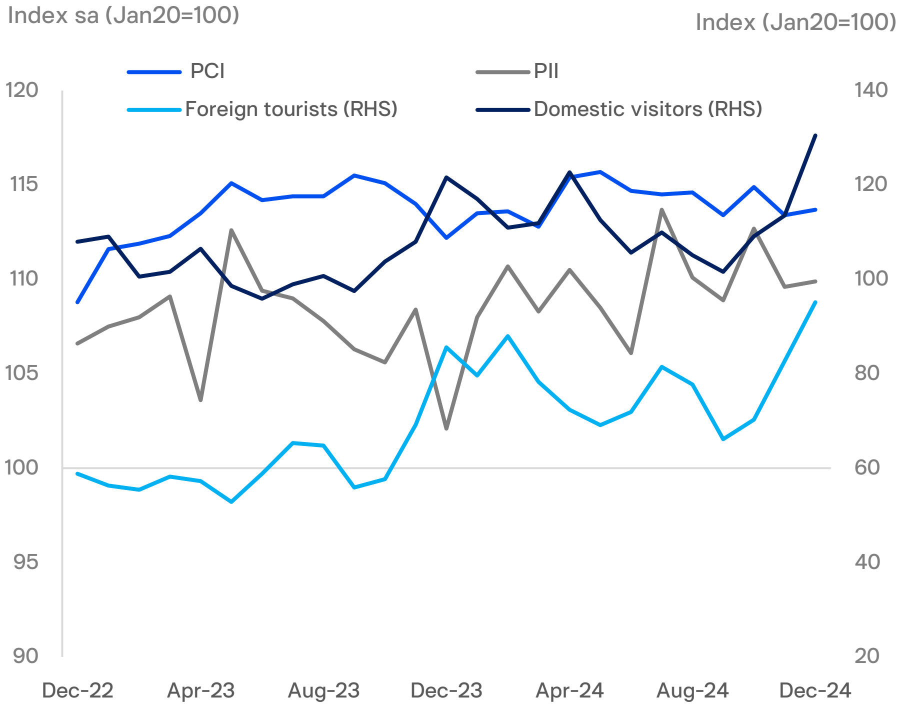
Source: Bloomberg, CEIC, ttb analytics (Data as of 20 Feb 25)

PART 2

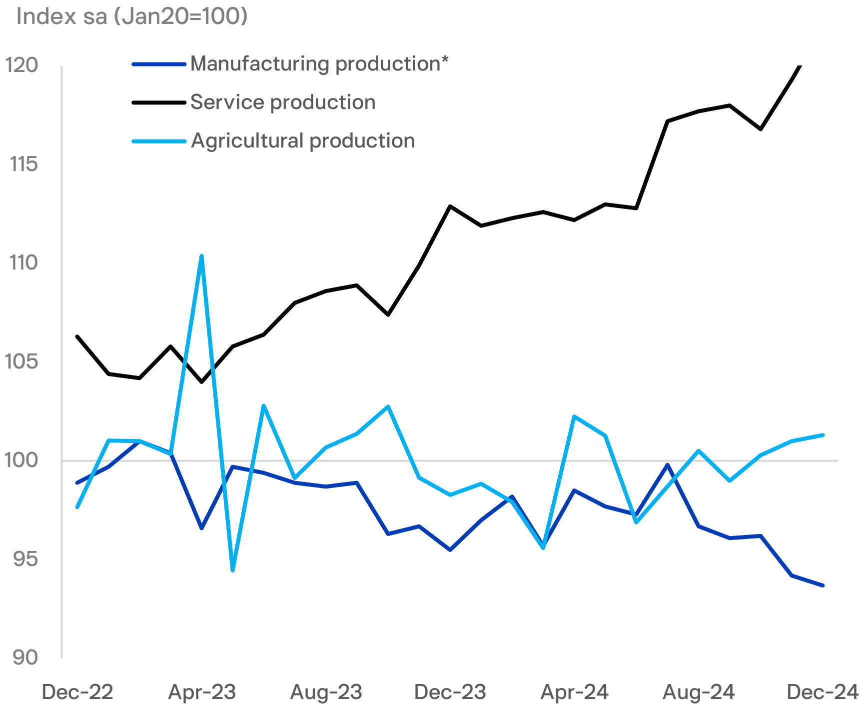
Thai Economy

In December 2024, Thailand economic activities marked a slowdown

Demand-side indicators



Supply-side indicators



- In Dec24, Thai economic activities slowed down due to a temporal improvement from government stimulus in the preceding period despite tourism revenue increased due to a higher proportion of long-haul tourists. Manufacturing production continued to decline, while private investment remained stable.
- On the economic stability front, overall headline inflation in Jan 2025 moved within the central bank's lower-bound target.

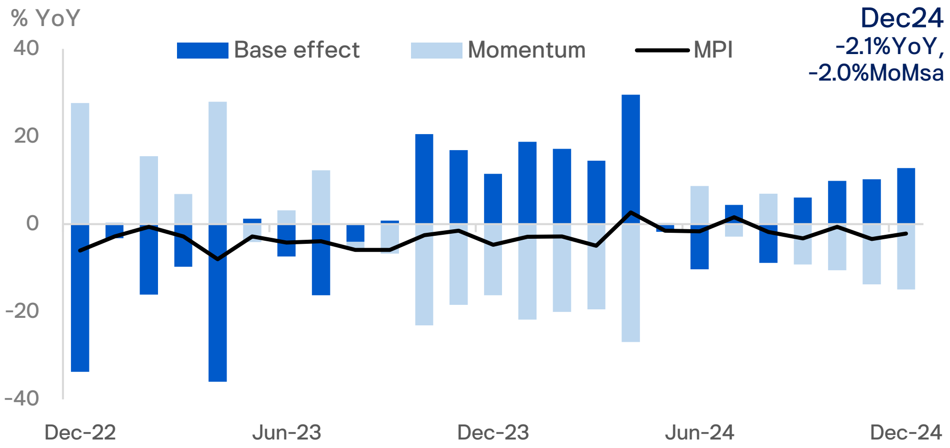
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	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
Authorized Capital of Newly Registered Companies (Million Baht)	89.5	146.0	116.7	126.8	155.4	123.9	159.3	134.6	100.3	125.3	171.3	137.4	129.7
Construction Areas Permitted (1000 sq. m)	118.2	118.9	117.2	117.5	117.3	111.8	107.8	106.7	105.6	101.3	103.5	102.0	100.0
Export Volume index (exclude Gold)	109.7	110.7	107.6	109.2	113.8	113.2	112.5	114.7	119.4	115.3	114.9	119.1	118.4
Business Sentiment Index (3 months)	102.4	102.4	101.9	103.6	101.8	104.0	101.8	100.3	98.1	100.1	103.2	100.2	98.1
SET index	93.5	90.1	90.5	91.0	90.3	88.9	85.9	87.2	89.8	95.7	96.8	94.3	92.5
Oil Price Inverse Index (Dubai)	1.3	1.3	1.2	1.2	1.1	1.2	1.2	1.2	1.3	1.4	1.3	1.4	1.4

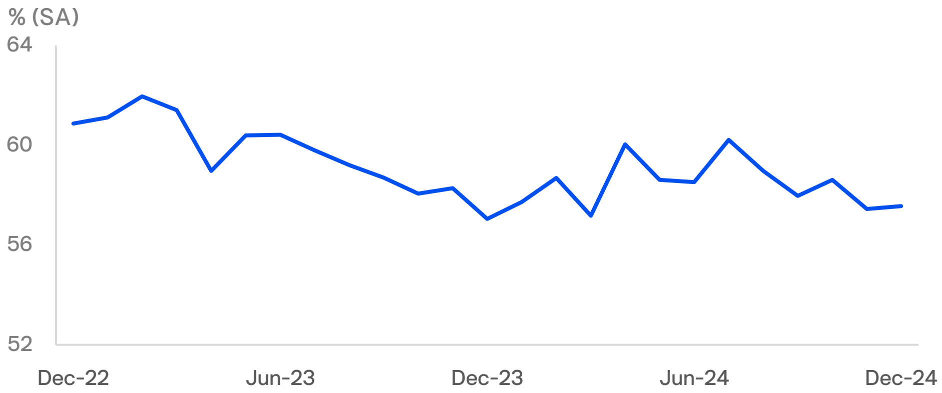
Source: Bank of Thailand and ttb analytics
Remark: *rebase Jan21 due to OIE new rebase data

Manufacturing production continued to decline in fifth consecutive month

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Contribution	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
Food products (16.8%)													
Beverages (3.8%)													
Tobacco products (0.7%)													
Textiles (1.9%)													
Wearing apparel (1.6%)													
Leather products (0.8%)													
Paper products (2.1%)													
Coke and refined petroleum products (10.8%)													
Chemicals (8.8%)													
Pharmaceutical products (1.2%)													
Rubber and plastics products (8.9%)													
Other non-metallic mineral products (5.4%)													
Basic metals (3.5%)													
Fabricated metal products (2.3%)													
Computer and electronic products (8.8%)													
Electrical equipment (3.5%)													
Machinery and equipment (2.9%)													
Motor vehicles (11.3%)													
Other transport equipment (1.1%)													
Furniture (0.9%)													
Others (2.3%)													
MPI (%YoY)	-4.7	-2.9	-2.8	-4.9	2.7	-1.5	-1.6	1.6	-1.8	-3.2	-0.6	-3.4	-2.1

- As of Dec24, Manufacturing Production Index (MPI) declined slightly from previous month. The major decrease was due to lower production in fabricated metal, machinery and steel. Moreover, production of petroleum decreased from both lower domestic and external demand. However, production in chemicals, as well as food and beverages increased. In 2024, MPI remained contracted for the second consecutive year.

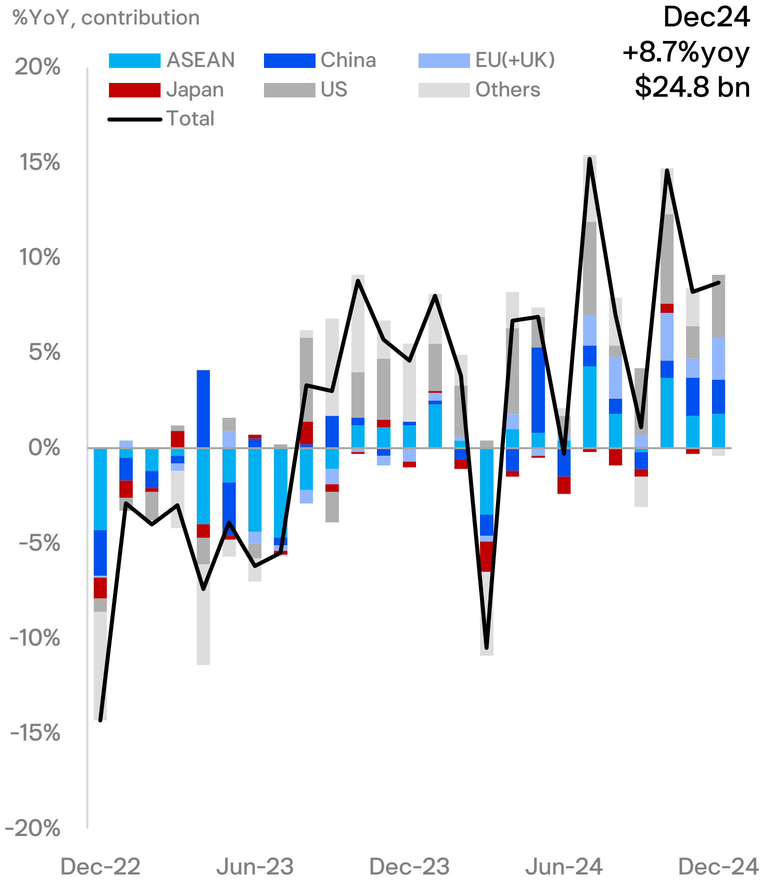
Source: BOT, The Office of Industrial Economics and ttb analytics.

Merchandise export in December continued to rise thanks to front-load effect, a full year of 2024 figures outperformed

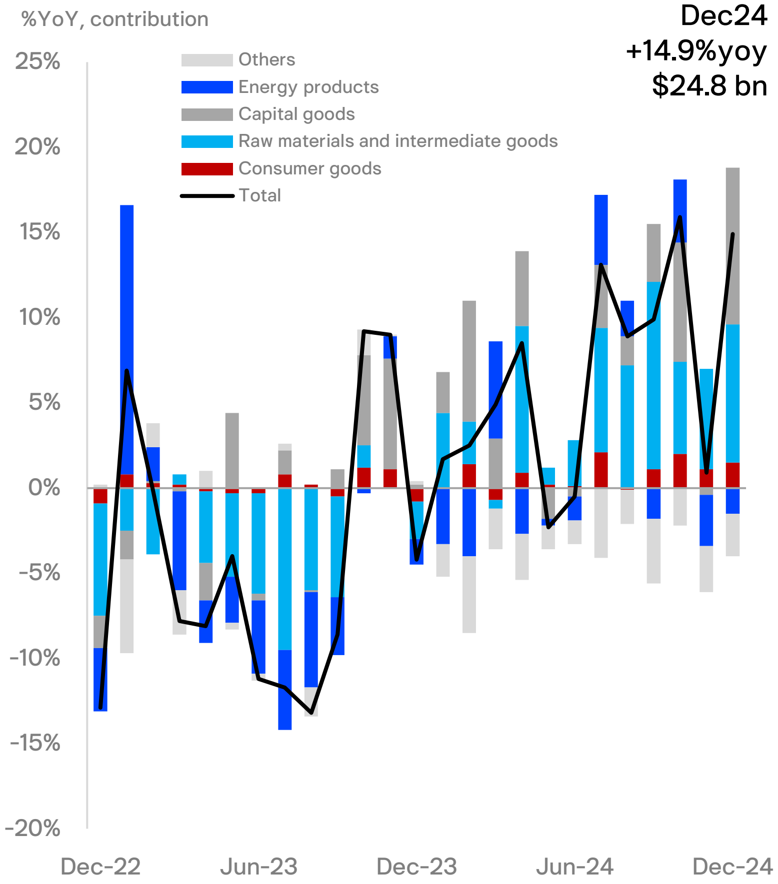
Exports value by product and destination

Unit: %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
Agri-agro products													
Rice	27.4%	45.9%	53.6%	30.6%	91.5%	-4.5%	96.6%	15.2%	46.6%	15.2%	10.1%	-20.6%	-8.5%
Rubber	13.2%	5.5%	31.7%	36.9%	36.2%	46.6%	28.8%	15.6%	64.8%	47.4%	32.6%	14.1%	48.5%
Tapioca products	-51.2%	-27.0%	-20.4%	-16.7%	-9.6%	-17.0%	-3.8%	55.4%	-11.5%	-29.2%	-30.5%	-6.3%	7.8%
Fresh, Frozen & Dried vegetable and Fruit	-13.5%	27.2%	-10.0%	-20.0%	-25.1%	91.9%	-31.0%	-15.7%	2.9%	-14.0%	7.3%	33.8%	10.7%
Poultry	0.3%	5.0%	-0.5%	1.2%	12.1%	3.5%	-1.9%	13.6%	5.1%	-0.4%	12.4%	12.0%	7.1%
Sugar	43.0%	-16.6%	-35.2%	-45.4%	-10.4%	-44.3%	-52.1%	-38.9%	-13.6%	-8.9%	-11.8%	-21.3%	-29.9%
Animal feeding	8.5%	9.1%	21.5%	29.6%	52.9%	39.2%	13.1%	26.6%	25.0%	21.5%	18.2%	18.1%	9.7%
Industrial products													
Motor Cars, Parts, Accessories	2.1%	-4.7%	-8.2%	-6.7%	13.5%	-8.0%	-0.6%	-12.5%	-17.9%	-10.6%	-13.0%	-0.3%	-6.2%
Computer and parts	2.5%	32.2%	24.9%	-11.8%	62.0%	44.5%	22.0%	82.6%	74.7%	25.5%	77.5%	40.7%	43.5%
HDD	1.9%	39.7%	21.4%	-36.2%	85.2%	30.9%	4.4%	84.6%	112.2%	3.8%	124.9%	47.8%	18.0%
Integrated Circuits	3.1%	-1.9%	-13.2%	-18.2%	-9.2%	-11.9%	-21.4%	-8.7%	-33.2%	1.2%	1.9%	3.9%	-2.6%
Air Conditioning Machine	-12.2%	-10.5%	-14.3%	-12.7%	12.9%	-7.7%	-8.5%	27.8%	15.2%	22.5%	44.9%	35.8%	28.7%
Refrigerating	71.0%	30.4%	-0.2%	-13.4%	2.2%	-14.1%	-1.9%	34.0%	11.6%	-17.8%	-6.6%	16.0%	-15.5%
Electronic Machines	0.5%	18.0%	12.5%	-8.4%	25.5%	22.9%	8.3%	31.8%	13.9%	8.2%	29.6%	9.6%	12.8%
Plastic pallet	0.0%	-0.3%	-2.7%	-13.7%	0.5%	-0.4%	-6.3%	6.9%	-3.3%	-5.2%	4.8%	2.2%	10.3%
Chemical Products	-6.5%	-1.6%	-14.2%	-10.9%	16.4%	-3.2%	-5.5%	38.2%	12.5%	4.4%	18.7%	10.7%	20.1%
Machinery & Parts	2.9%	7.6%	-2.5%	1.3%	58.8%	12.4%	7.2%	10.0%	23.0%	8.7%	43.0%	16.7%	35.6%
Rubber Products	3.9%	3.7%	-4.1%	-6.9%	1.5%	-8.7%	-2.2%	13.8%	14.9%	15.7%	27.2%	24.8%	22.5%
Refined oil	42.6%	5.3%	-9.6%	-6.1%	-21.2%	-0.5%	2.8%	35.5%	1.0%	-29.8%	-21.4%	-16.3%	-33.7%
Jewelry ex gold	6.8%	21.5%	6.5%	-3.1%	8.2%	3.9%	-4.3%	-6.5%	17.6%	-0.8%	-1.8%	24.3%	79.5%
Total export	4.7%	10.0%	3.6%	-10.9%	6.8%	6.9%	-0.3%	15.2%	7.0%	1.1%	14.6%	8.2%	8.7%



Imports value by groups

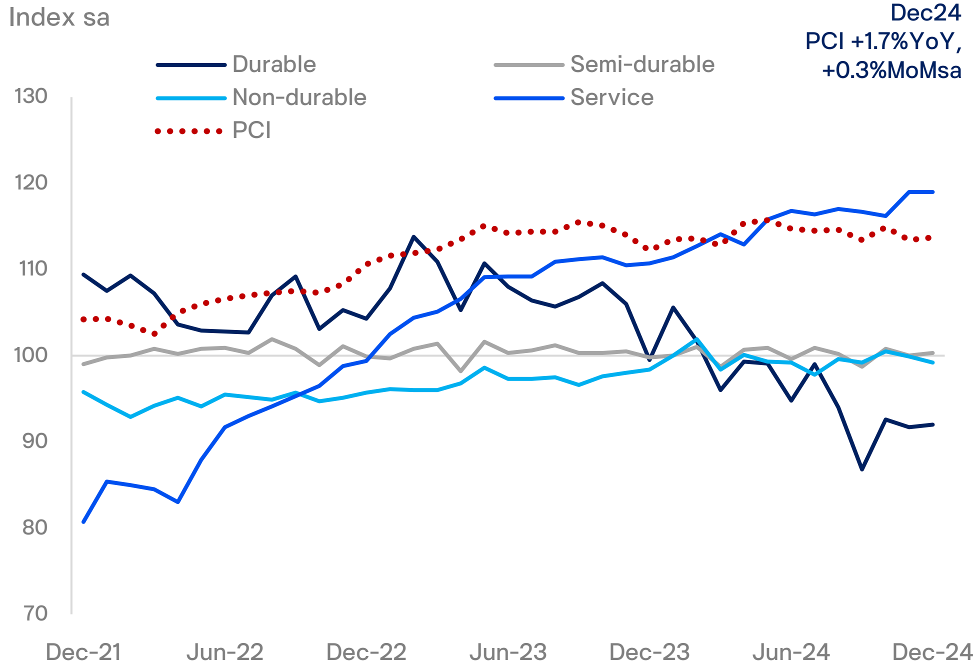


- Thailand's exports in Dec24 grew by 8.7%YoY, marking the sixth consecutive month of growth. Key export products that contributed to this expansion included computer and parts, air conditioning machine, machinery products. Major export markets that experienced growth included US, ASEAN, EU and China. Import value slightly increased by 14.9%YoY, continuing its growth from the previous month. The key contributing factors were the imports of capital goods, raw materials and intermediate goods. For the full year of 2024, Thailand's export value amounted to USD 301 billion, representing a 5.4%YoY. Meanwhile, imports were valued at USD 307 billion, expanding by 6.3% YoY. As a result, Thailand recorded a trade deficit of USD 6.3 billion.

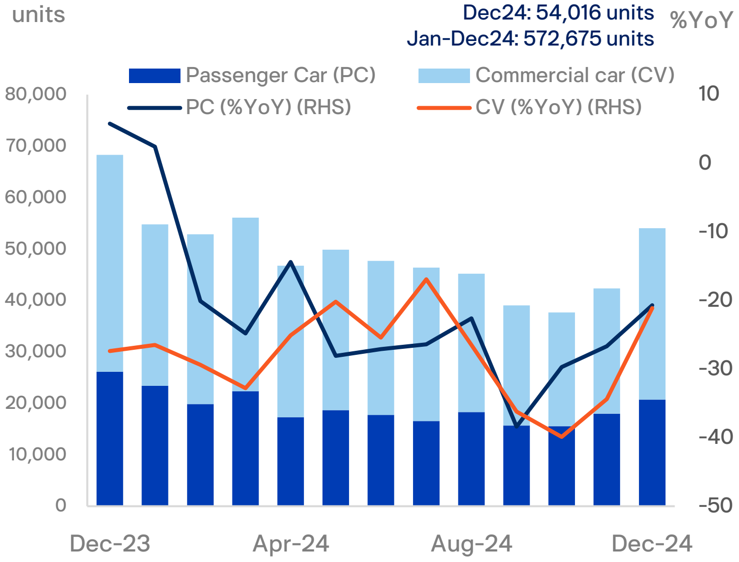
Source: Ministry of Commerce and ttb analytics Remark: Custom basis

Private consumption indicators increased slightly aligning with tourism sector

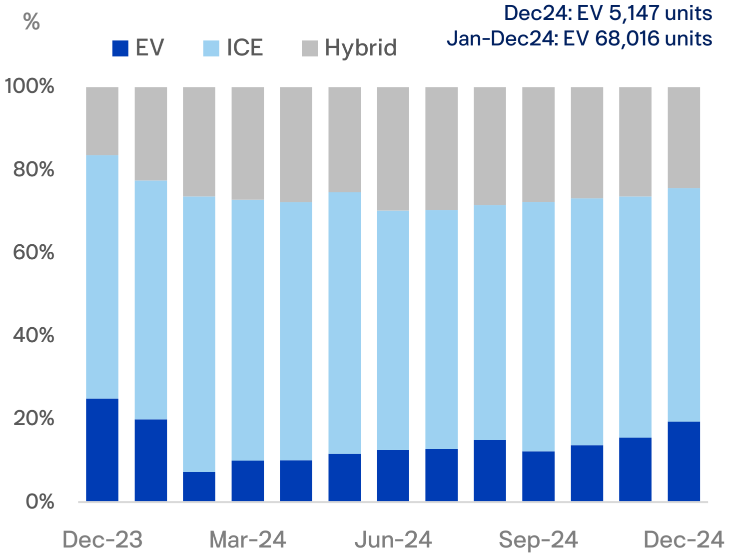
Private Consumption Indicators (SA)



Domestic car sales**

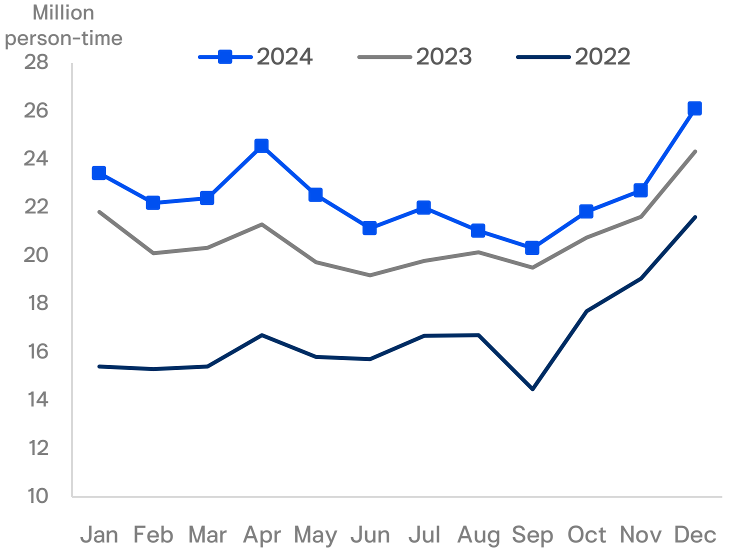


EV penetration of type 1 registration

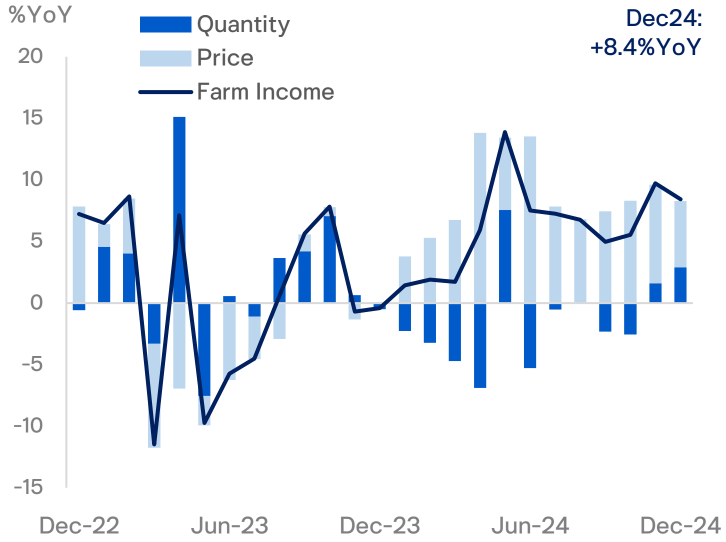


- Private consumption indicators slightly increased from the previous month across most categories. Service index continued to rise aligning with number of foreign tourists and domestic visitors during high season.
- However, consumption in non-durable goods decreased due to lower sales of food and beverages and lower electricity consumption, following previous expansion due to government cash transfer measures.

Thai domestic visitors*



Farm Incomes

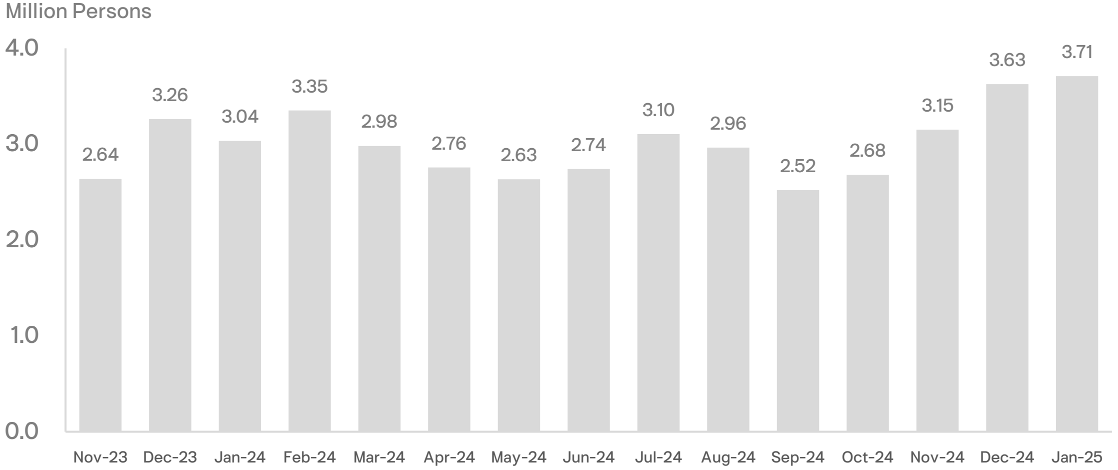


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

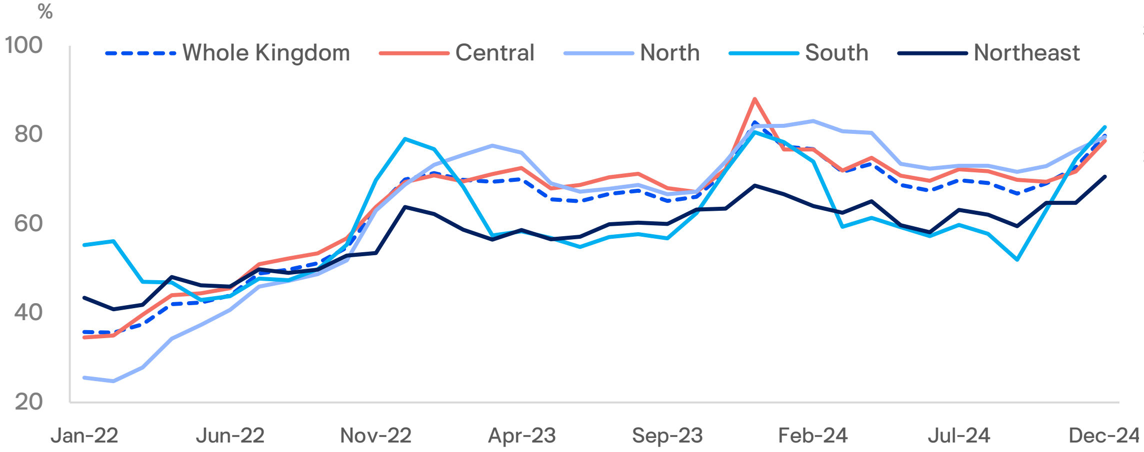
Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,

Foreign tourist arrivals reached its peak again in January

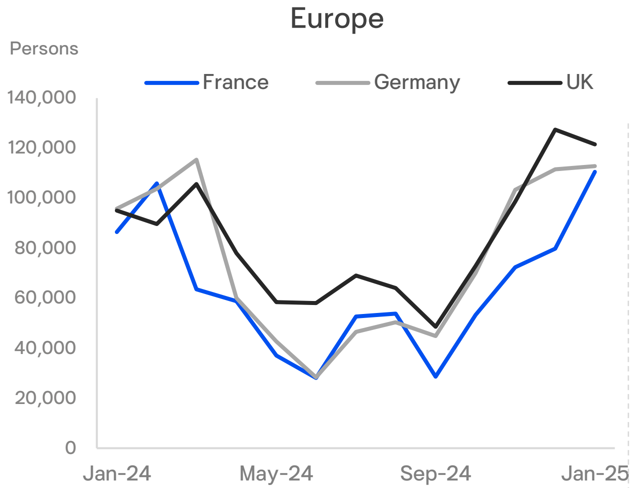
Total Foreign Tourist Inbounds

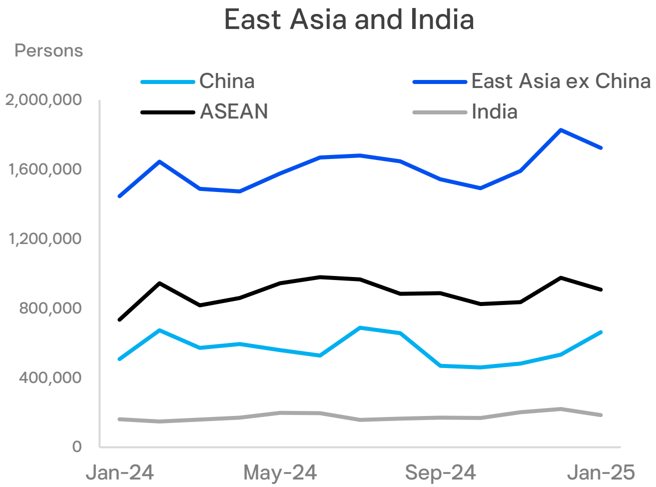


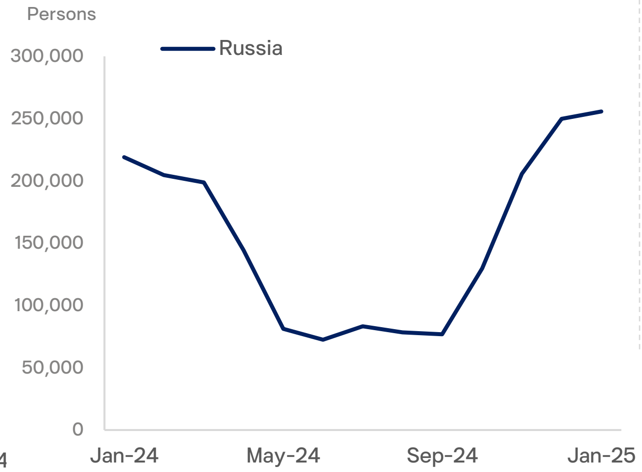
Accommodation Occupancy Rate by region

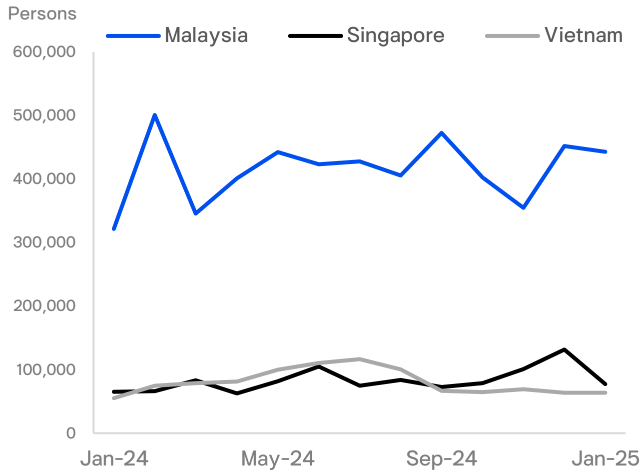


Foreign Tourist Inbounds by key regions







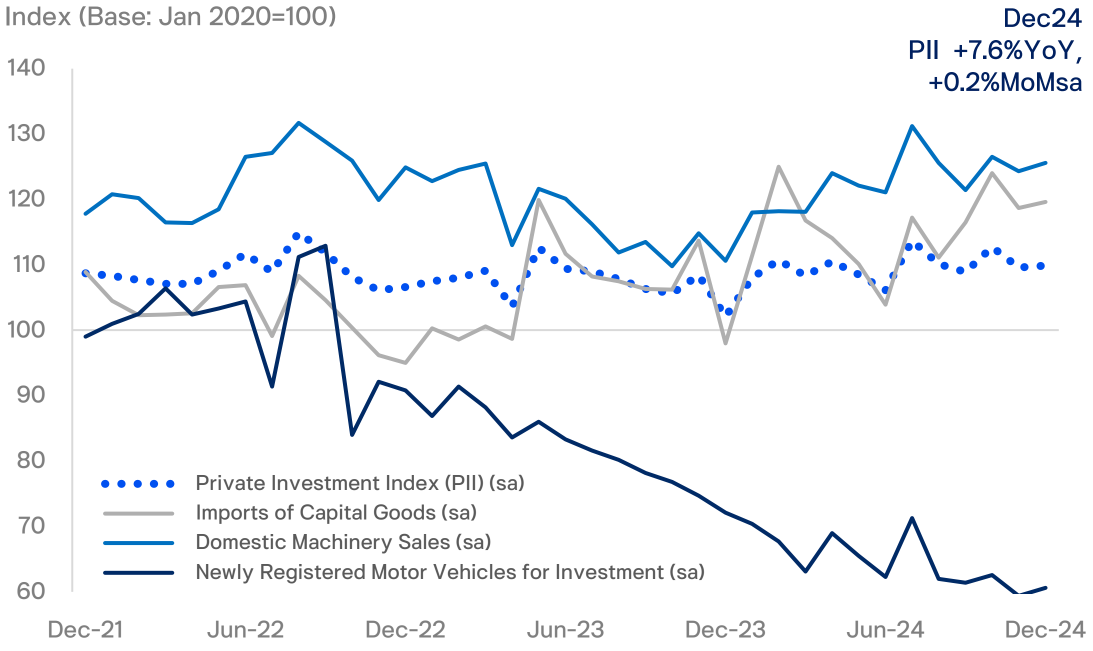


- In Jan25, foreign tourist arrivals was at 3.71 million, reaching its peak again since 2020. This figure showed a remarkable increase compared to previous month in several nationalities, notably tourists from Europe, US, ASEAN and China.

Source: CEIC, TAT Intelligence Center and ttb analytics

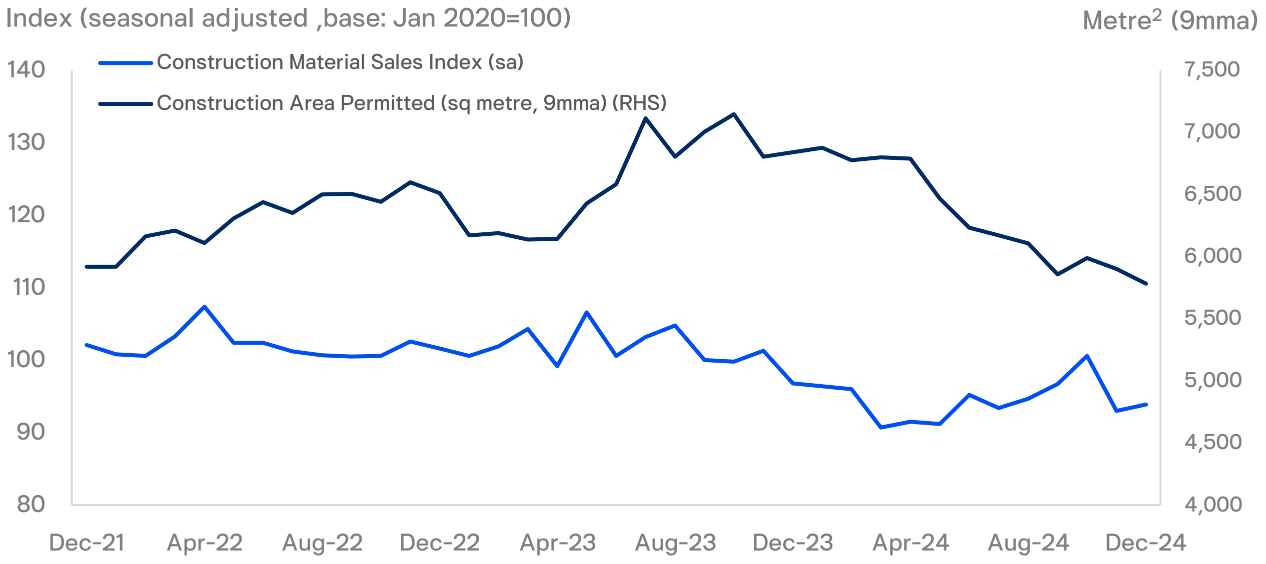
Private investment indicators remained stable

Private Investment Indicators (SA)

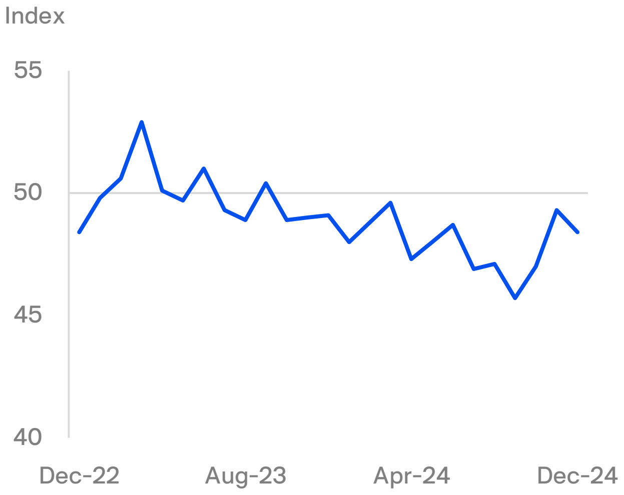


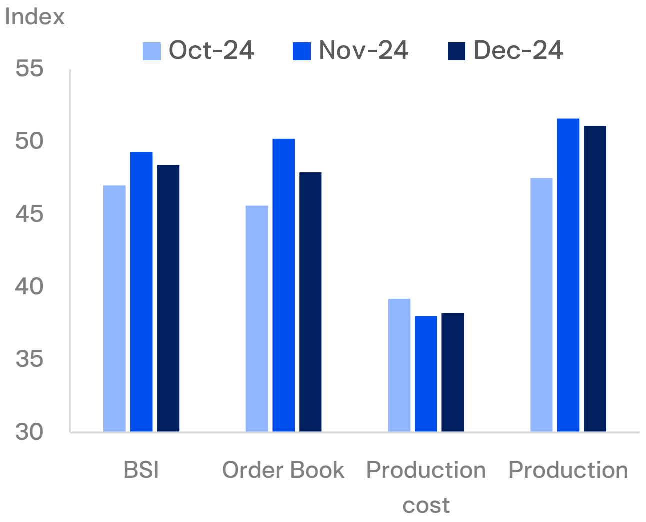
- Private investment indicators in Dec24 remained stable compared to the previous month. Investment in machinery and equipment slightly increased, driven by higher domestic machinery sales of general-purpose machinery, computers and peripherals, as well as higher imports of capital goods.
- Investment in vehicles also increased, in line with higher registrations of commercial vehicle, particularly trucks and taxis. However, investment in construction declined due to a decrease in permitted construction areas.

Construction sector (SA)



Business Sentiment Index (BSI)

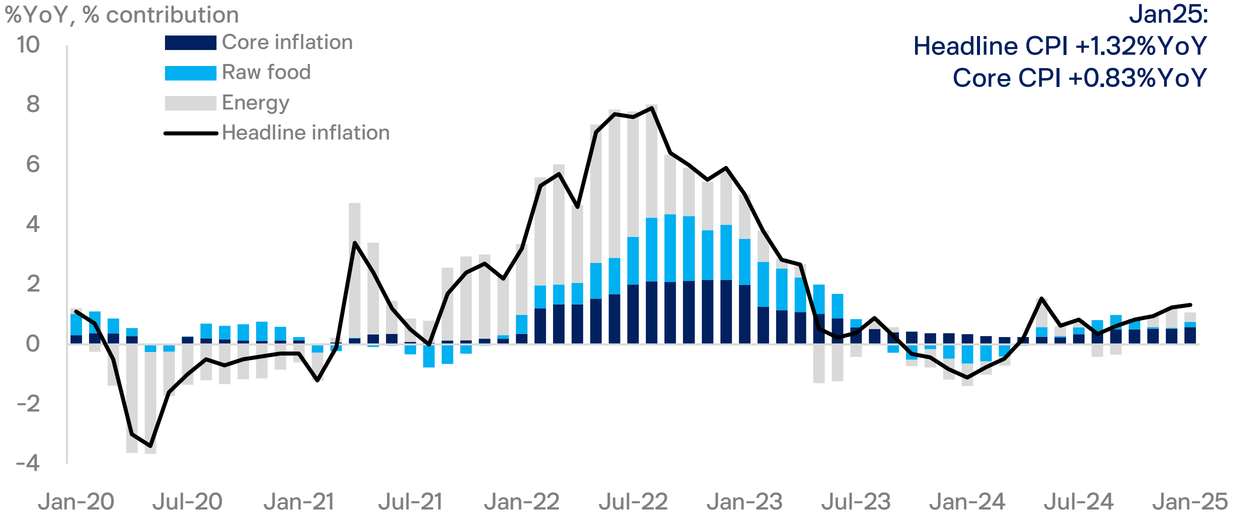




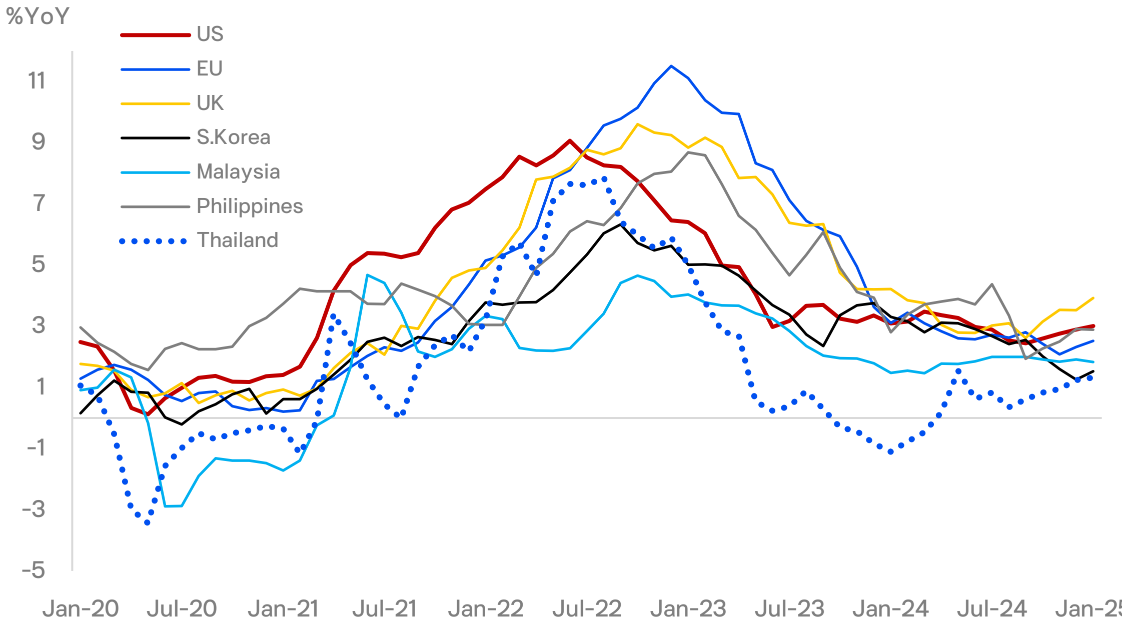
Source: Bank of Thailand and ttb analytics.

Headline CPI accelerated in January, remaining within the central bank target

Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

%YoY

	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25
Headline inflation	-1.11	-0.77	-0.48	0.19	1.54	0.62	0.82	0.36	0.62	0.83	0.94	1.24	1.32
Raw food	-3.08	-2.70	-1.91	-0.20	1.51	0.19	1.10	1.92	2.32	1.64	0.24	0.17	0.97
Prepared food	1.02	0.75	0.69	0.63	0.60	0.68	1.54	1.81	2.38	2.33	2.27	2.33	2.53
Meat and Poultry	-6.55	-6.43	-5.27	-5.04	-3.61	-3.34	-2.20	-1.16	-0.68	0.33	0.59	0.25	0.41
Eggs and dairy products	4.86	2.88	3.81	2.63	3.47	4.06	2.88	1.66	1.43	1.44	-0.50	-0.95	-0.53
Utilities	-3.12	-3.11	-3.43	-3.44	8.42	-3.29	-3.29	-3.31	1.44	1.45	1.45	1.44	1.47
Energy	-5.54	-3.33	-2.24	-0.09	7.14	2.43	1.77	-3.10	-2.56	-0.08	2.72	5.01	4.25
Core inflation	0.53	0.43	0.38	0.37	0.39	0.37	0.52	0.63	0.76	0.77	0.80	0.80	0.83

- The headline inflation (CPI) rose 1.32%YoY in Jan25, edged up from previous month of 1.24%YoY. This uptick was primarily driven by higher energy prices, which resulting from low-base effect, coupled with rising in raw food prices. On the other hand, core inflation slightly increased 0.83%YoY.
- Overall, Thailand's inflation still below the peers and major economies, ranking 24th from 134 countries worldwide. Meanwhile, Ministry of Commerce remained its projection of 2025 between 0.3% and 1.3% (Mid-range of 0.8%)

Source: Ministry of Commerce, CEIC and ttb analytics

In the US Trade War 2.0, Thailand facing challenges arising from the indirect effects of the influx of Chinese products, including increased competition from Chinese goods in ASEAN markets

Mechanism of new US trade measure on Thailand's products

Causes/Consequences | **Impact to Thailand** | **Products at risk**

Demand of products from China declined

1. US imposed tariff on Chinese import products → China re-routing to Thailand
2. China economic slowdown

Impact to Thailand:
- Benefit to foreign investment
- Oversupply / Dumping
- Subdued demand of consumer products and supply-chain products which Thailand exporting to China

China's oversupply

3. The influx of Chinese products into the ASEAN market
4. The influx of Chinese products into the Thailand

Impact to Thailand:
- Thailand competes with Chinese's cheap products in the ASEAN market
- Oversupply / Dumping

Products at risk:
- Animal feeds
- Silicon
- Chemical products
- Polymers
- Household articles
- Articles of plastics
- New Pneumatic tires
- Auto Tires
- Leathers
- Textile fabric
- Iron and steel
- Copper
- Aluminum
- Air conditions and parts

Products of Thailand impacted from US trade measure

- Exporting goods suspected to be exported/produced in Thailand by China for re-exporting to the US
- US pressure Thailand to open market on unfair products

Impact to Thailand:
- AD/CVD measures
- Technical barrier to trade/ sanitary and phytosanitary barriers

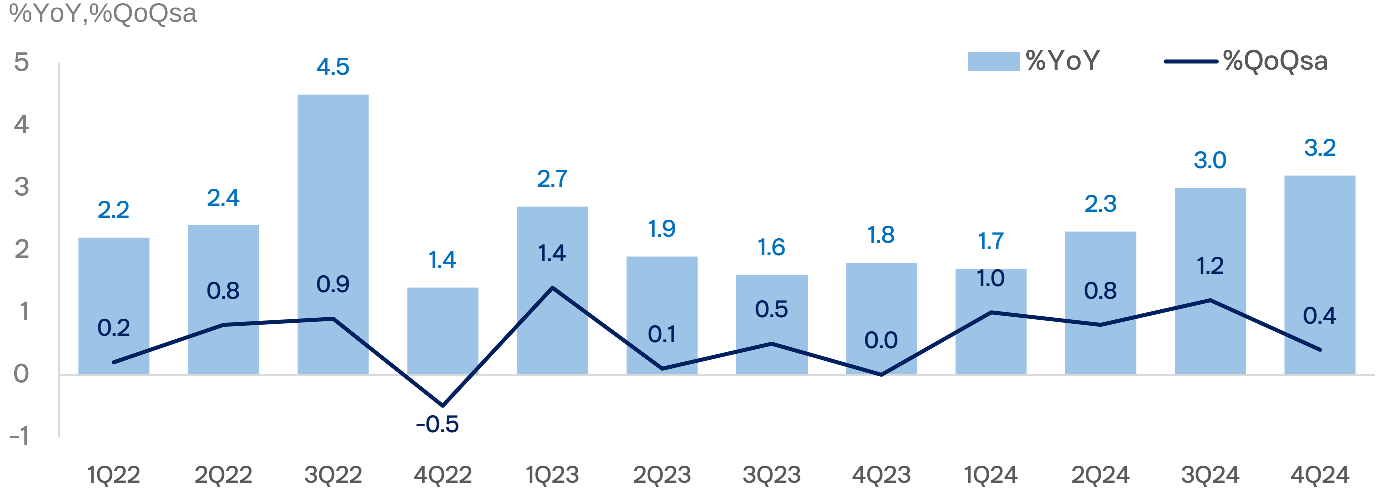
Products at risk:
- Animal-derived products
- Beef and beef products
- Pork
- Poultry
- New processed meat products

- ttb analytics assessed the impact of the Trump 2.0 administration across three key channels: (1) the decline in demand for products from China, (2) China's oversupply of goods, and (3) the impact of US tariffs on products from Thailand. The most significant concern arises from the indirect effects of the US imposing tariffs on Chinese products, which could result in an influx of Chinese goods into ASEAN countries, including Thailand. This would ultimately present challenges for Thailand, including issues of oversupply or dumping, as well as heightened competition from Chinese products.

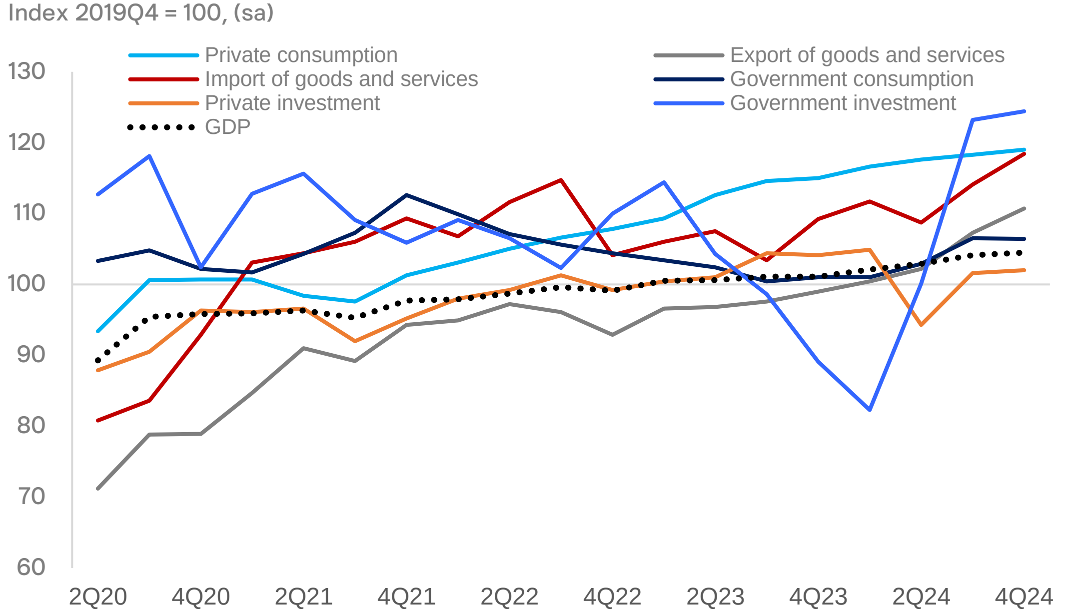
Source : NESDC and ttb analytics

GDP growth in Q4/2024 weaker than expected; Overall 2024 GDP growth disappointed

Real GDP growth



Growth path development from pre-covid level (Demand side)



GDP growth composition

% compared to previous year	2022	2023	2024	2023				2024			
				Q1r	Q2r	Q3r	Q4r	Q1r	Q2r	Q3r	Q4
GDP	**2.5**	**2.0**	**2.5**	**2.7**	**1.9**	**1.6**	**1.8**	**1.7**	**2.3**	**3.0**	**3.2**
Private consumption (59%)	6.2	6.9	4.4	6.0	7.3	7.4	6.7	6.6	4.5	3.3	3.4
Private investment (18%)	4.6	3.1	-1.6	2.6	1.2	3.6	4.8	4.6	-6.8	-2.5	-2.1
Government consumption (17%)	0.1	-4.7	2.5	-6.0	-4.5	-5.0	-3.1	-2.3	0.4	6.1	5.4
Public investment (8%)	-3.9	-4.2	4.8	4.7	-1.9	-3.0	-19.6	-28.0	-4.2	25.2	39.4
Export of goods (54%)	1.1	-2.6	4.3	-5.4	-5.6	-2.4	3.9	-1.5	2.4	7.5	8.9
Import of goods (50%)	1.0	-4.3	-5.3	-3.8	-5.3	-11.3	4.2	3.6	-1.3	9.6	9.4
Export of Service (5%)	60.1	38.2	25.5	66.2	47.9	29.6	19.9	32.0	24.7	22.3	22.9
Import of Service (9%)	13.4	5.5	10.3	13.6	4.9	-3.8	7.7	13.7	11.2	13.2	3.9

- Thai economic growth in Q4/24 rose by 3.2%yoy, compared to a rise of 3.0%yoy in Q3/24 or +0.4%QoQsa, weaker than market expectation of 3.9%yoy. General government final consumption expenditure decelerated while private final consumption expenditure remained stable. Meanwhile, gross fixed capital formation and exports of goods and services accelerated. Overall GDP in 2024 grew by 2.5%, accelerated from 2.0% in 2023.
- In addition, NESDC remained the GDP growth projection in 2025 to grow 2.3-3.3% (mid-range of 2.8%).

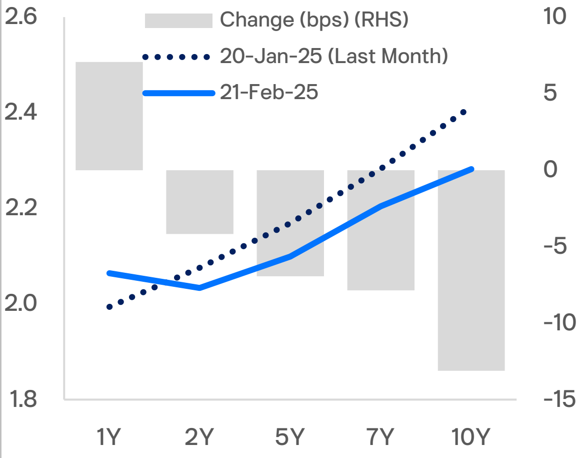
Source: NESDC, ttb analytics
Remark: (.) indicates share to GDP

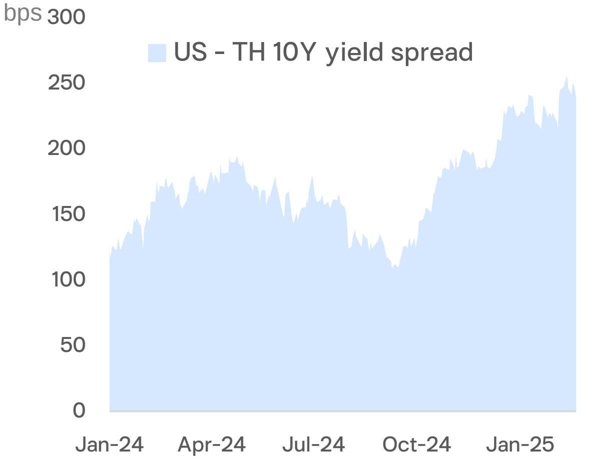
PART 3

Financial Market

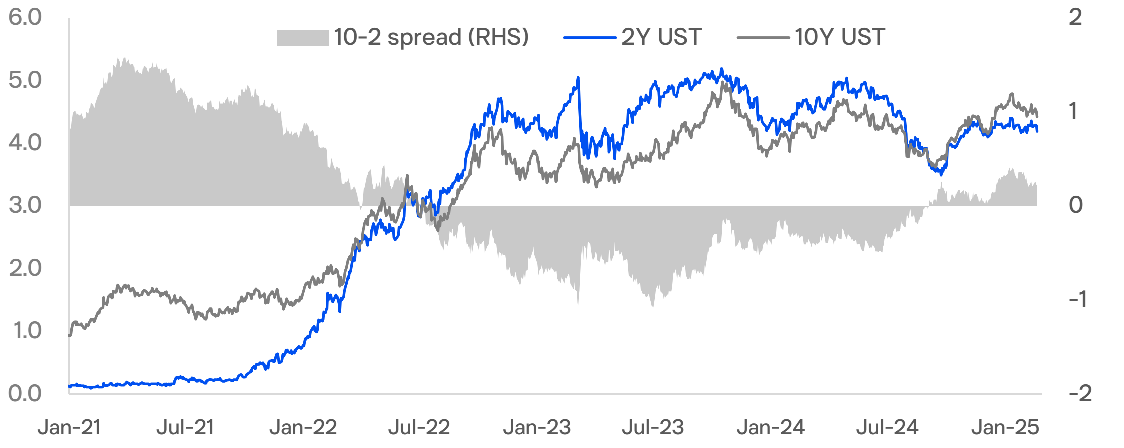
US Treasury yields showed a fading steepening due to lower long-term yields, while Thai bond yields dropped, partly driven by expectations of policy easing after weak economic data and a challenging outlook

Thailand government bond yield

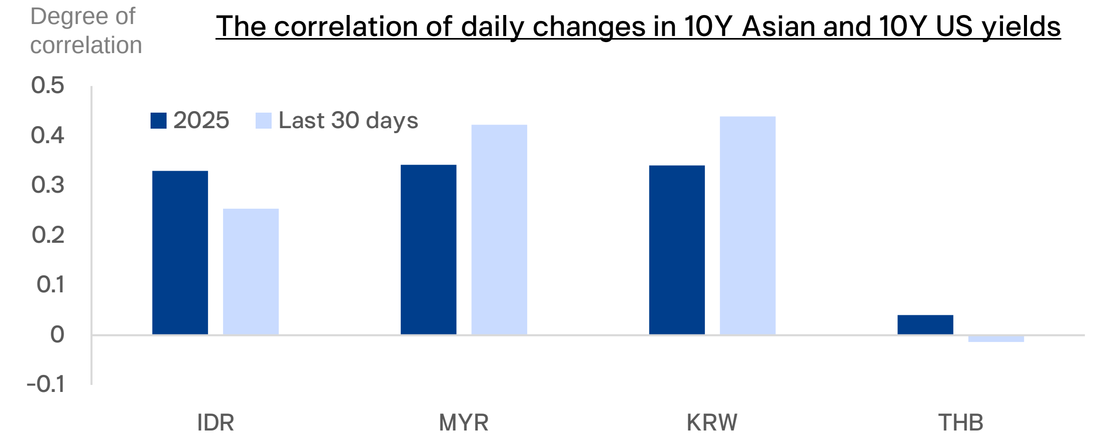




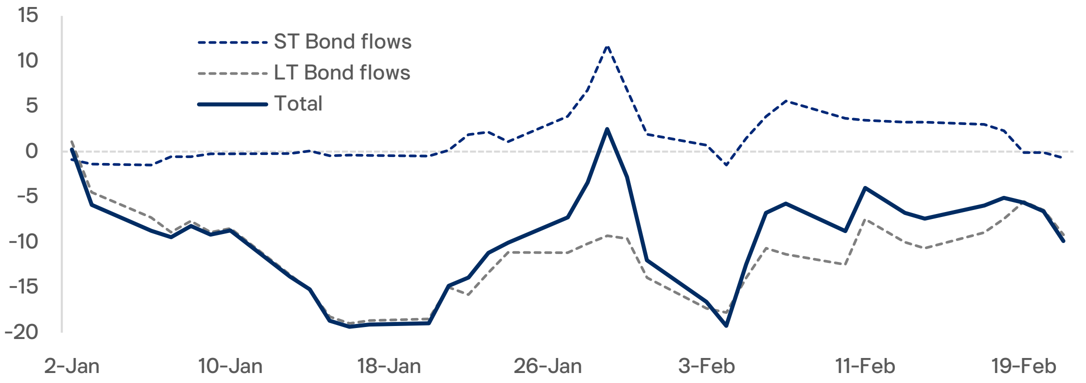
US 2-yr and 10-yr government bond yield



The correlation of daily changes in 10Y Asian and 10Y US yields



Foreign portfolio flows in Thai bond markets



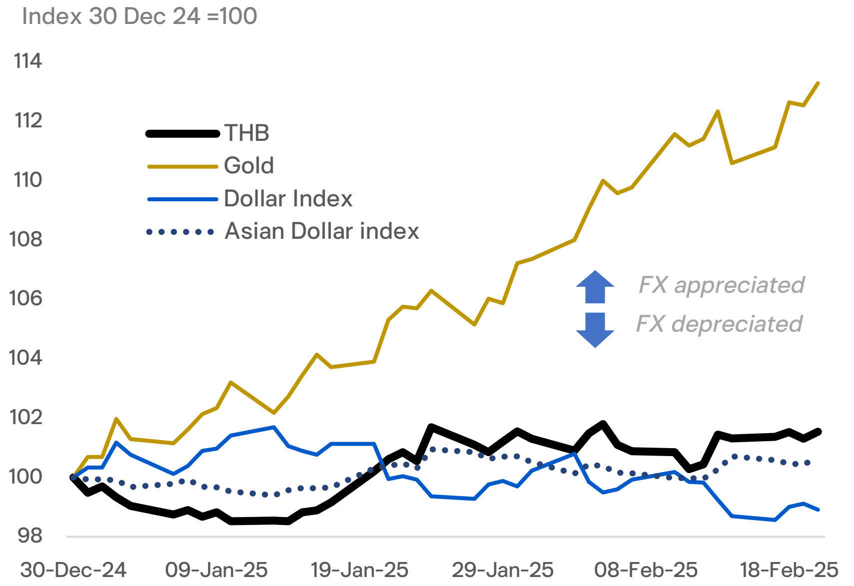
- The US Treasury yields showed a fading steepening trend compared to the previous month, primarily due to lower 10-year yields. This can be linked to reduced uncertainty around trade tariff policies, which appear more positive, along with the Trump administration's plan to maintain steady bond sales and a risk-off sentiment driven by rising geopolitical tensions and new COVID worries, all contributing to a decline in long-term yields.

- Thai government bond yields have generally decreased across the curve. The recent lower-than-expected GDP growth in Q4 2024 and ongoing global trade challenges have increased expectations for Thai monetary policy easing. Compared to long-term US Treasuries, the correlation between Thai and US bond yields has been relatively low, with the spread between Thai and US long-term yields widening.

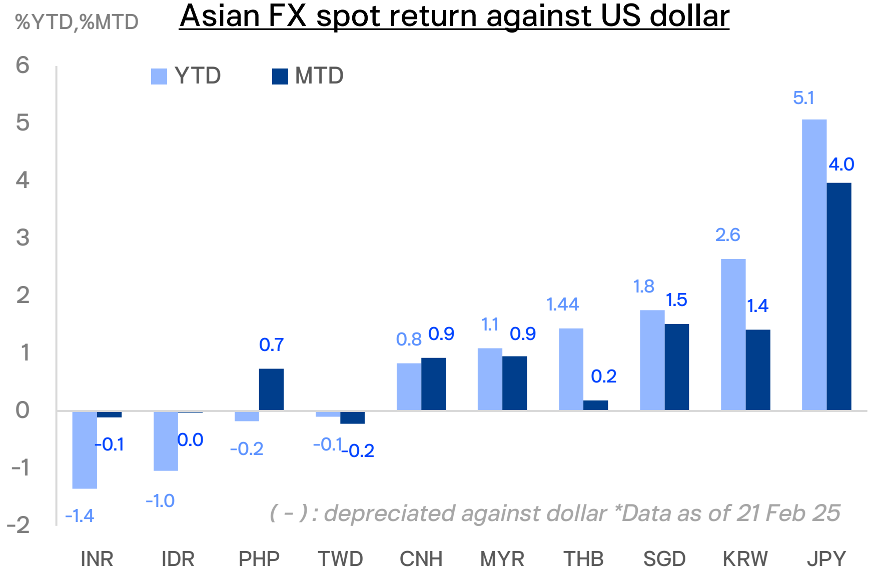
Source: Bloomberg CEIC and ttb analytics (Data as of 2 Jan 25)

Since Inauguration Day, most regional currencies have strengthened due to optimism surrounding tariffs, weaker-than-expected U.S. economic data, and the yen's appreciation

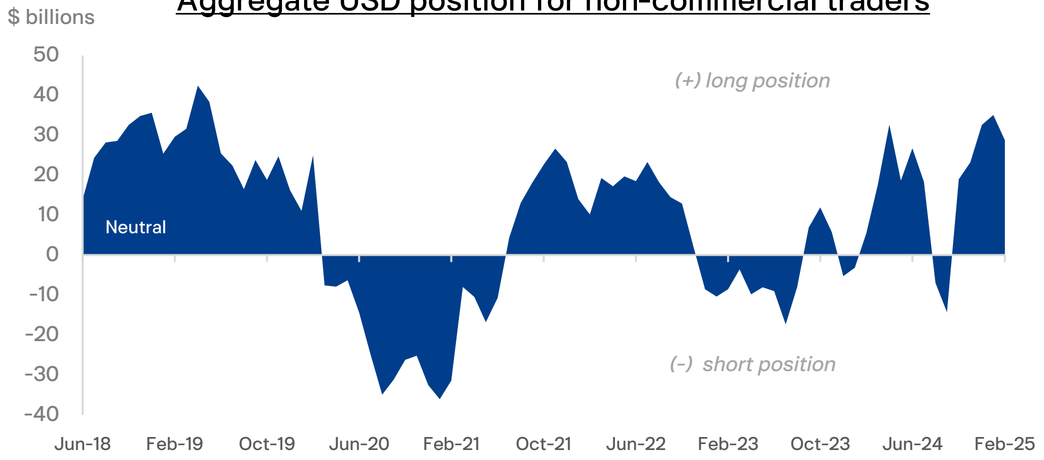
Movement in regional FX in Jan 2025



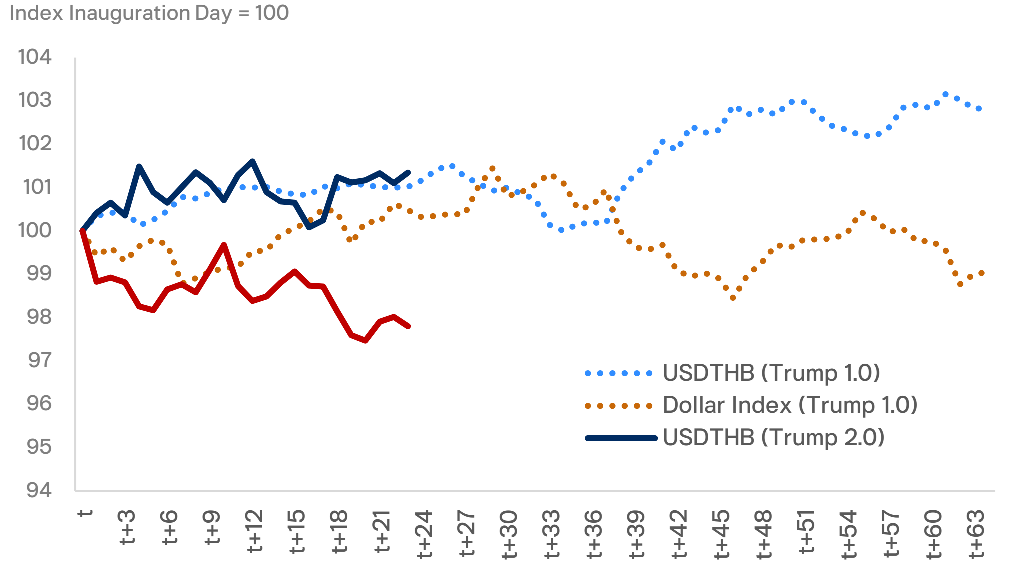
Asian FX spot return against US dollar



Aggregate USD position for non-commercial traders



THB and Dollar Index movement during the first 3 months under Trump



- The dollar index dropped below 107 level as investors adjusted dollar positions, influenced by a less severe tariff impact and weaker-than-expected U.S. data. Meanwhile, the yen strengthened on strong domestic data and a rising inflation outlook, boosting expectations of further BOJ rate hikes
- The Thai baht strengthened along with most regional currencies, with additional upward pressure from rising gold prices. Despite the release of lower-than-expected Q4 2024 GDP data, there was little impact on the baht.
- Looking ahead, regional currency movements remain exposed to the risk of tariff escalation. However, there is a possibility of an appreciation trend due to a potential repeat of 2017-style policies

Source: Bloomberg, CEIC and ttb analytics (Data as of 21 Jan 25) ttb | a·n·a·l·y·t·i·c·s