

Economic and Financial Outlook

t**tt**b analytics

April 2025





Global Economy

- From March to mid-April 2025, ongoing tariff uncertainty, along with higher-than-expected announcements of reciprocal tariffs, continues to impact global economic indicators, especially sentiment-based data. Recent inflation pressures have been easing in both developed and emerging markets. Despite the current slowdown, a tariff hike could reignite inflation, particularly in goods prices.
- The US economy remained resilient given the recent hard economic data, despite rising fears of a sharp economic slowdown following the Liberation Day tariffs. Meanwhile, labor data was solid, and inflation data continued to ease; these figures support the Fed's decision to pause at the upcoming meeting.
- Despite strong recovery momentum from better-than-expected Q1 2024 GDP and solid economic activity in March, the ongoing US-China tariff retaliation could soon slow Chinese economic growth. However, the expected stimulus package should help partially mitigate this impact.



Thai Economy

- In February 2025, Thai economic activities softened from previous month due to lower number and revenue of foreign tourists and manufacturing production. Moreover, private investment indicators also declined in line with lower investment in construction and machinery. However, private consumption indicators improved. Merchandise trade marked an eighth consecutive month growth with strong momentum to avoid ongoing US trade policy uncertainty.
- On the economic stability front, headline inflation in March 2025 moved slightly below the official target. Notably, trade balance (Custom basis) marked a surplus following a great expansion in exports leading to the current account balance also increased remarkably from previous month.
- Despite announcing a 90-day pause on most of previously announced tariffs, though policy uncertainty leading to a sharp economic slowdown. According to preliminary analysis, Thailand economic growth could decline compared to baseline projection up to 1.1 percentage point regarding to increase in US reciprocal tariff rate of 36%.



Financial Markets

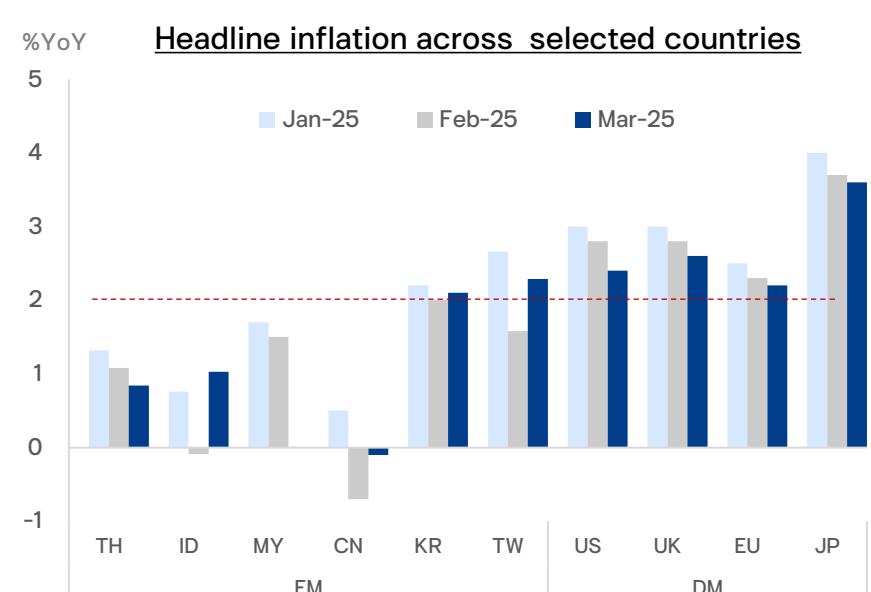
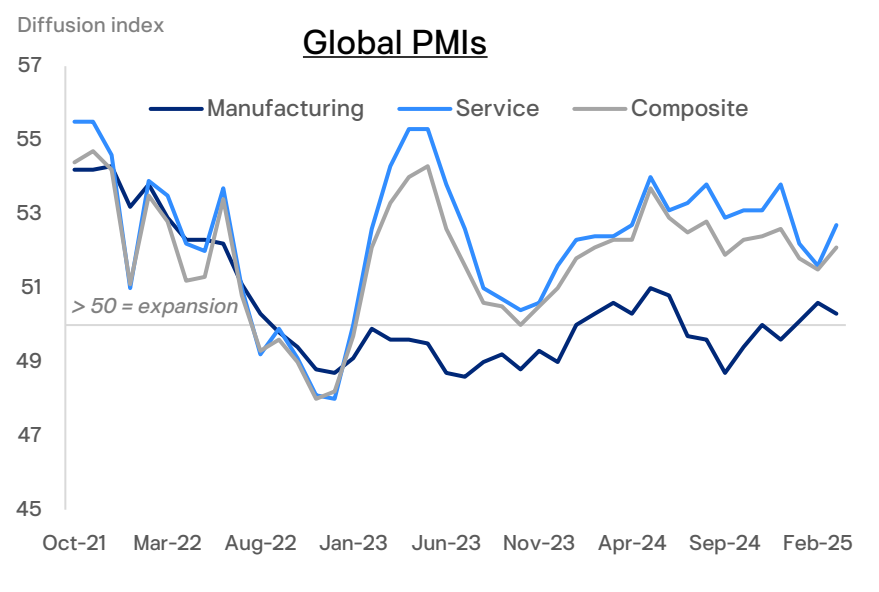
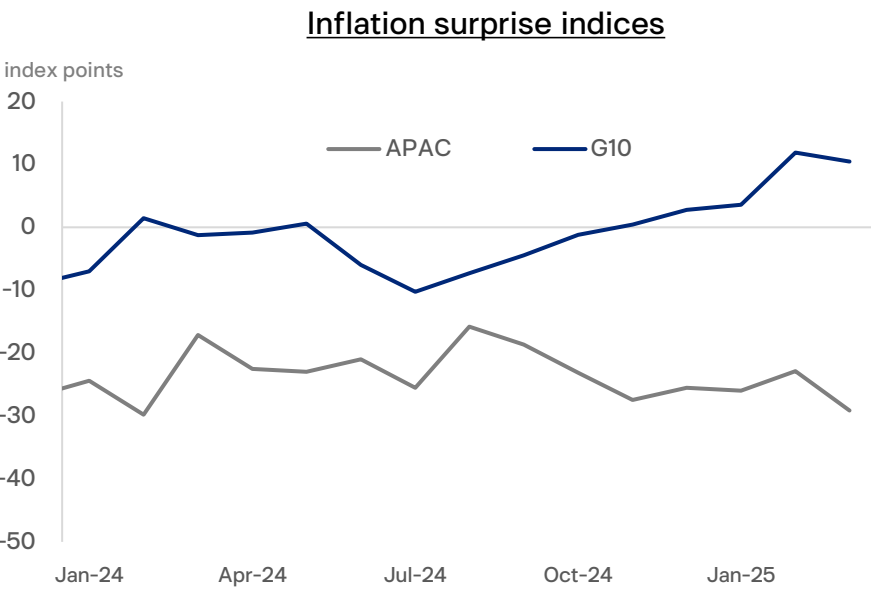
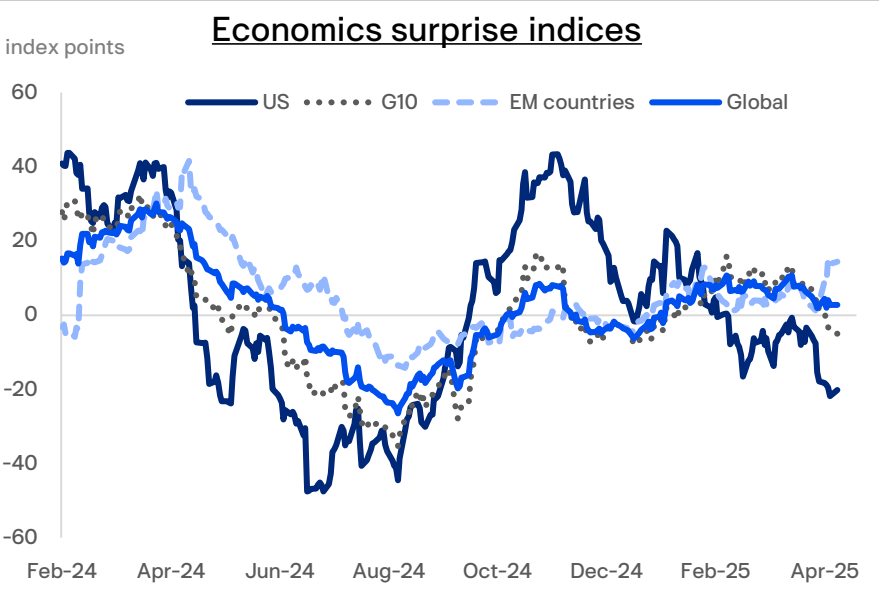
- Tariff fears triggered bond market volatility, with US assets losing appeal amid rising long-term yields. In contrast, EM Asia bonds gained favor on expectations of rate cuts and limited inflation risks.
- The dollar index fell to a new year-to-date low, dropping below the 100 level as investors grew worried about risks to economic growth and rising inflation due to higher-than-expected tariffs. Despite the potential impact of tariffs, both major and regional currencies strengthened due to the dollar's movement. However, major currencies saw greater appreciation against the dollar compared to regional currencies.

PART 1

Global Economy



Uncertainty on tariffs continues to affect global economic data, particularly the soft data. Meanwhile, recent inflation have kept easing, although the effects of tariffs are expected to become apparent soon

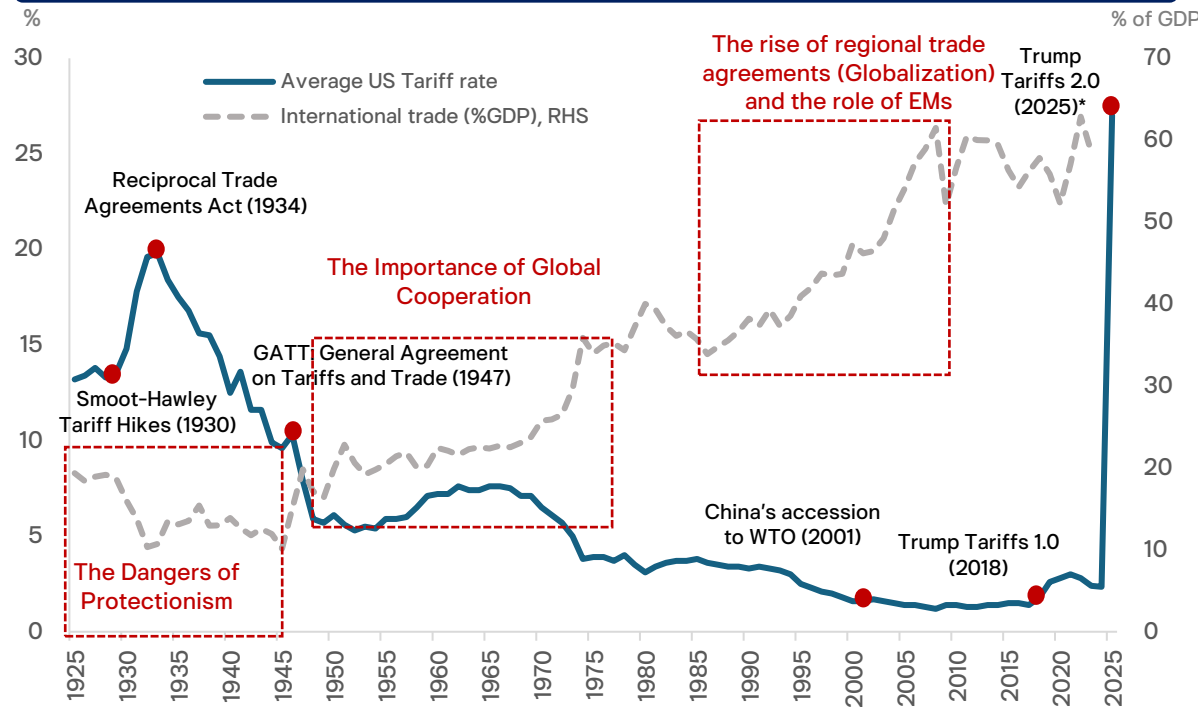


- Global economic indicators started to reflect a more negative outlook, with the US leading the decline, as soft indicators were influenced by concerns over tariffs.
- The overall PMI saw a modest increase in March, highlighting uneven performance across sectors amid ongoing tariff uncertainty. Manufacturing momentum slowed as early stockpiling waned, while the services sector showed robustness, with limited direct impact from tariffs.
- Recent inflationary pressures are showing further signs of easing across both developed and emerging markets. However, despite the current slowdown, potential tariffs could cause inflation, particularly in goods inflation, to rise again. Based on soft data, input costs have begun to increase once again.

Source: World Bank, Bloomberg, CEIC, ttb analytics
 Remark: *Economics surprise indices updated as of 18 Apr 25

The announcement of reciprocal tariffs could echo the events of the 1930s, with the tariff changes having the greatest impact on Asian countries as 'small-opened economy'

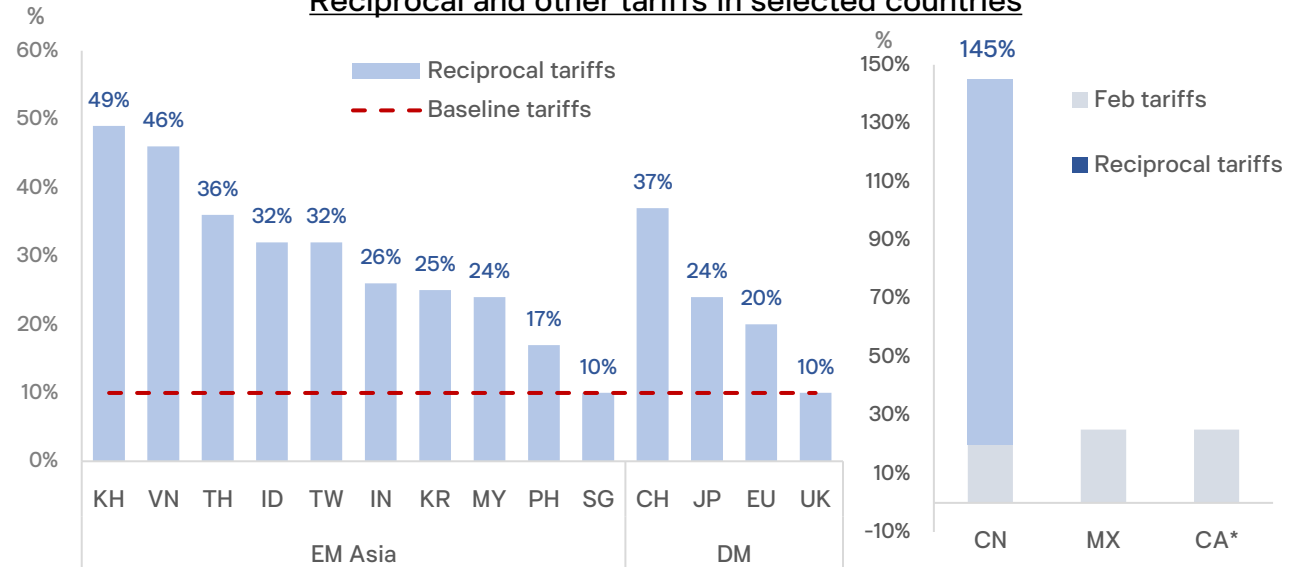
History of international Trade



Notes: International trade (%GDP) based on Klasing and Milionis (2014) and World Bank (As of 12 Apr)

- The recent announcement of unexpectedly reciprocal tariff hikes, along with additional tariffs on key sectors and retaliatory measures between the US and China, resulting in import tariffs of 125% on U.S. goods and 145% on Chinese goods, could potentially repeat the history of the 1930s and lead to a global recession.
- Asian countries are more vulnerable relative to others, given their high trade dependence on the US and the steep reciprocal tariffs.

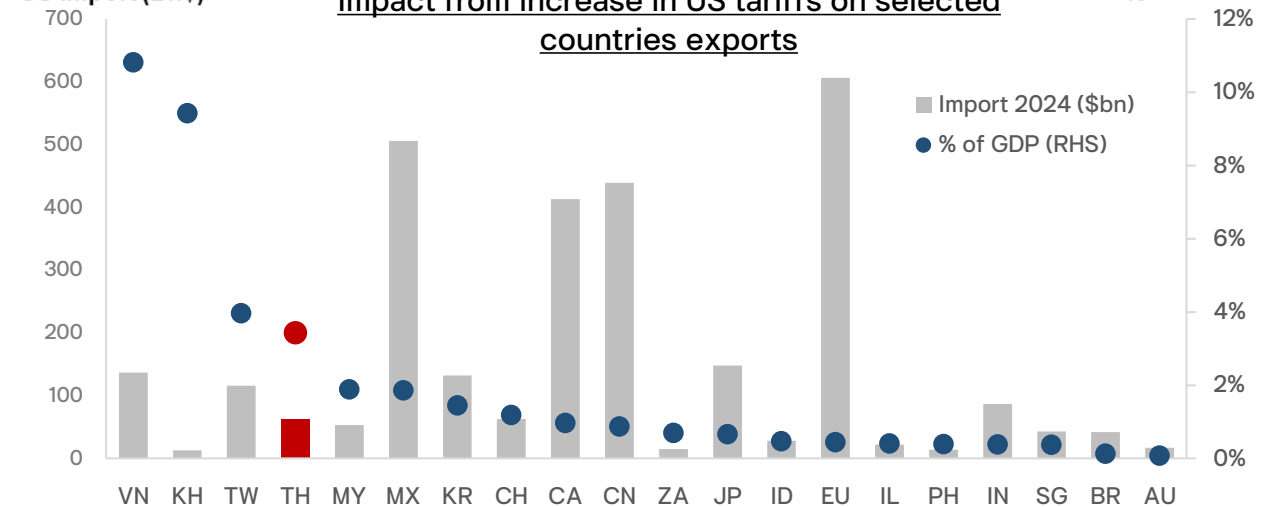
Reciprocal and other tariffs in selected countries



Notes: Most countries face a 10% tariff as Trump paused reciprocal tariffs for 90 days, except China, where tit-for-tat actions continue (As of 11 April). Canadian oil-related products face only a 10% tariff, The tariffs do not include steel & aluminum, auto & parts

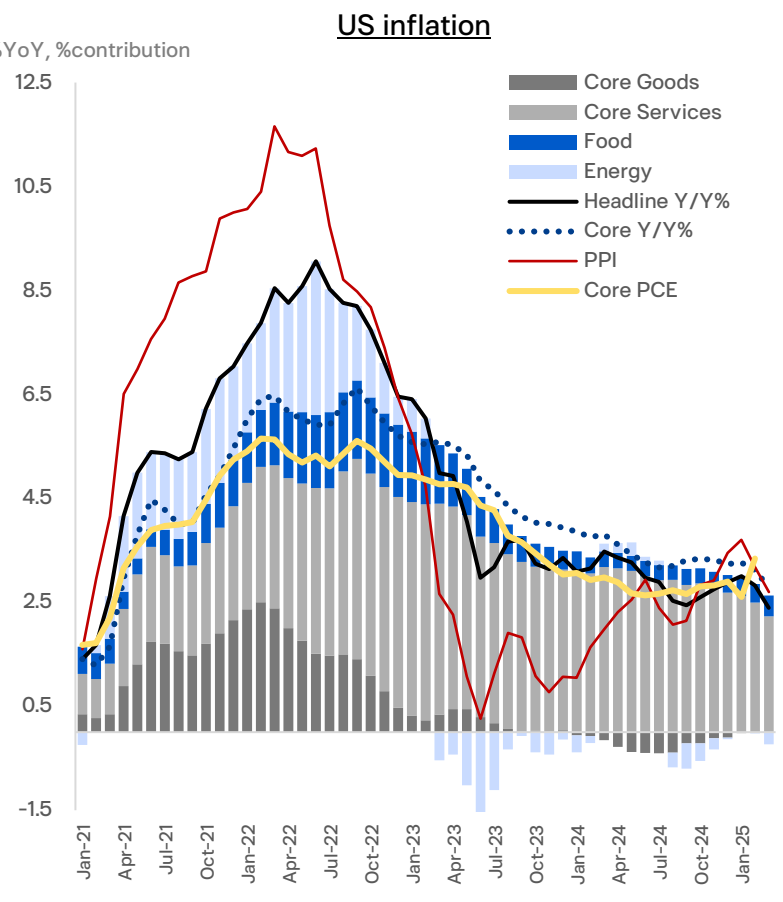
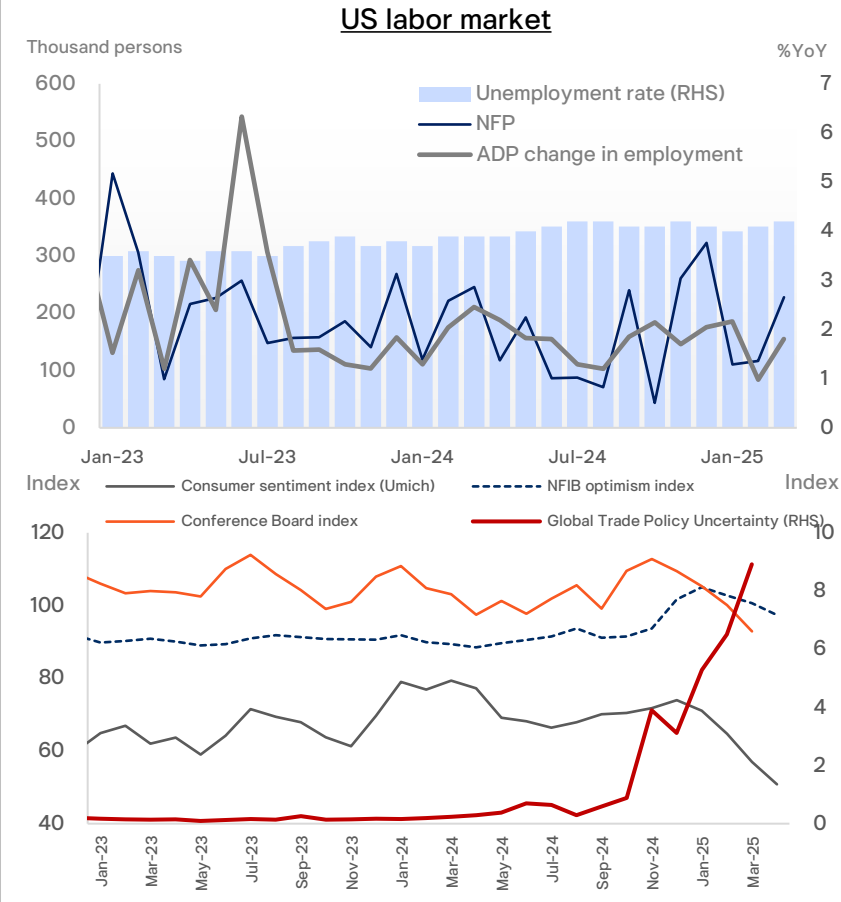
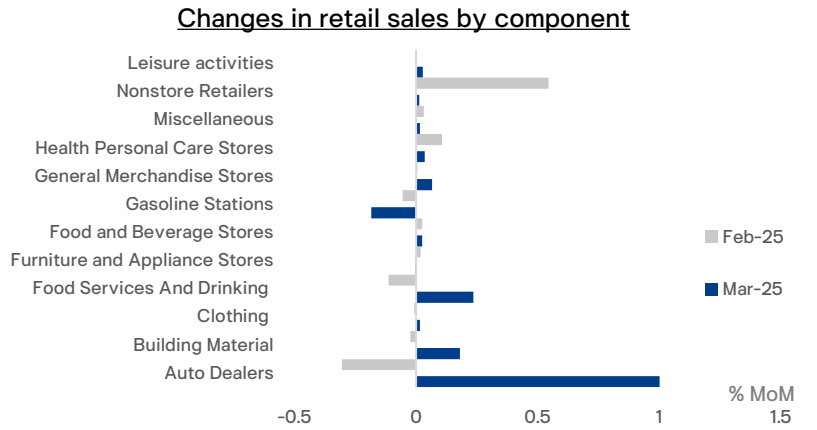
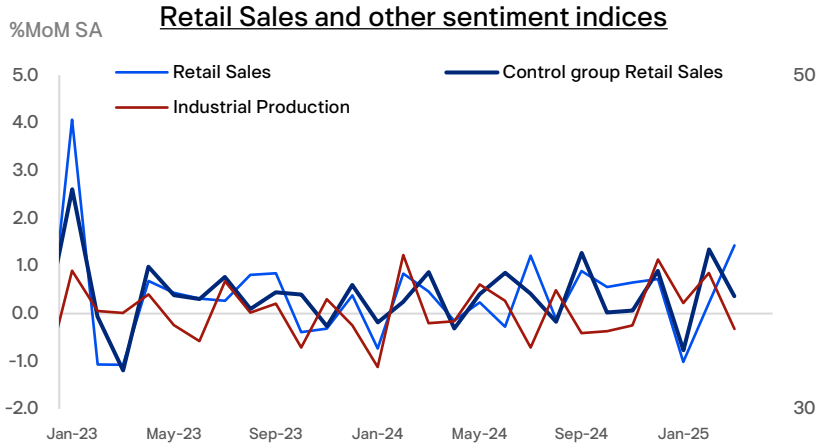
US import (Bn\$)

Impact from increase in US tariffs on selected countries exports



Notes: The impact is evaluated based on how changes in tariff rates affect the size of a country's exports in relation to its 2024 nominal GDP.

Despite concerns over sharp tariff hikes, real economic data show that the US economy remains resilient, while labor and inflation figures support the Fed's decision to pause in the upcoming meeting

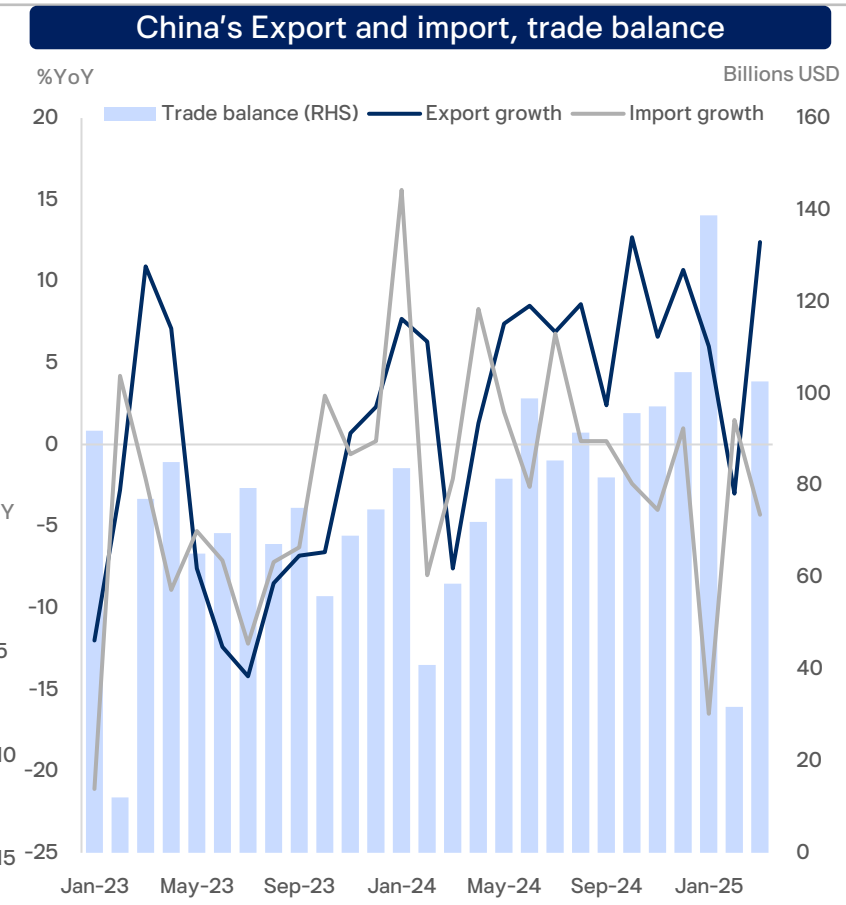
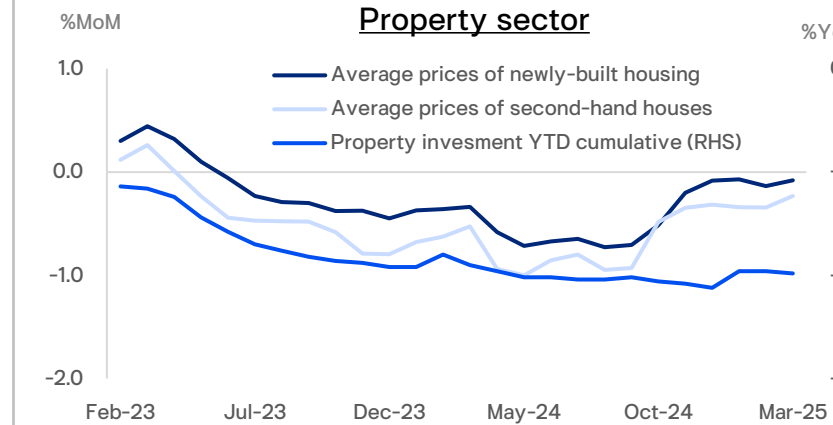
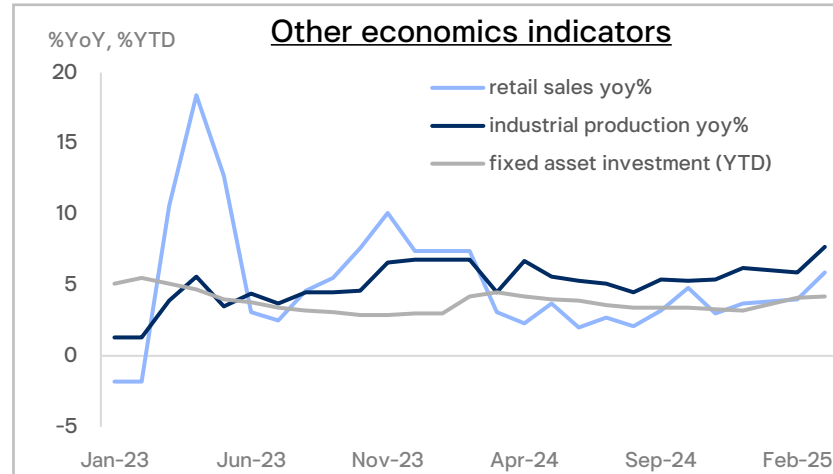
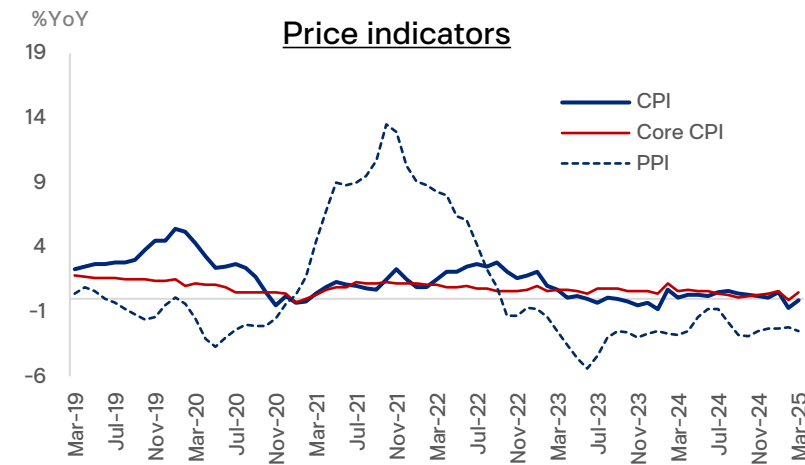


- With the 90-day pause on reciprocal tariffs, the fear and likelihood of a US recession have eased. At the same time, recent economic data remained resilient, with retail sales jumping significantly from the previous month, partly driven by front-loaded purchases of durable goods, particularly autos. However, sentiment indicators remain subdued due to ongoing uncertainty and the potential effects of tariffs, which could eventually weigh on real economic activity in the months ahead.
- Regarding the Fed's key indicators, the labor market remains strong, as shown by better-than-expected nonfarm payrolls, with no noticeable impact yet from federal layoffs. Meanwhile, both CPI and PPI unexpectedly continued to ease, which is likely to feed into a weaker core PCE as their component contributions decline.

Despite recovery momentum, U.S.-China tariff retaliation may soon hurt Chinese GDP growth, though the stimulus package is expected and should partly offset it



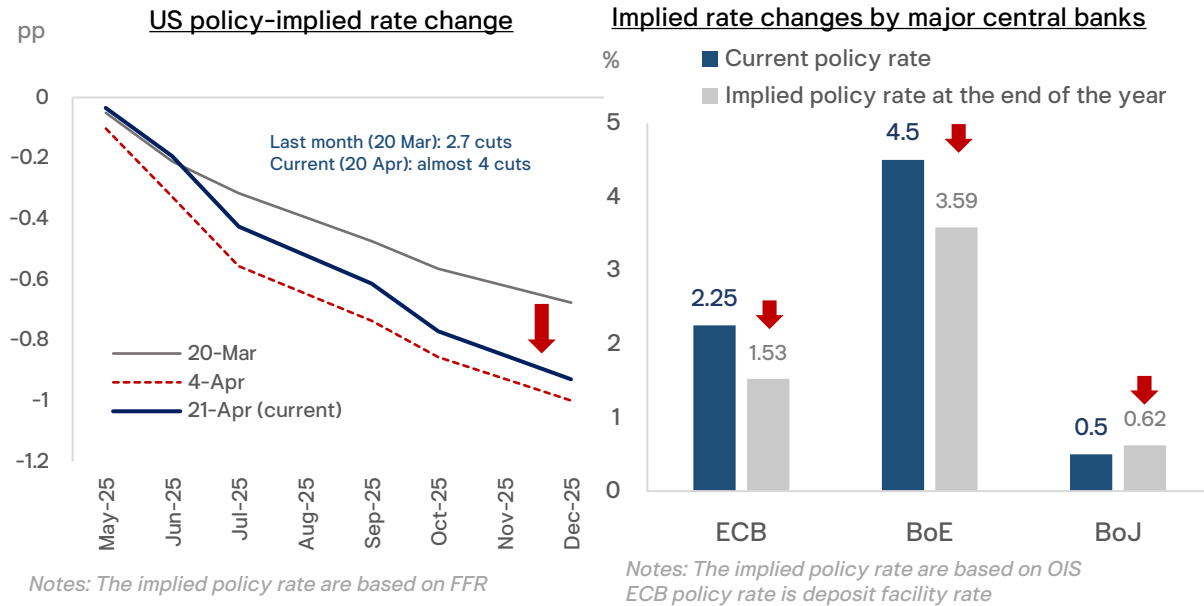
Notes: Real GDP growth in 2025 based on Bloomberg weighted average



- China's economy outperformed expectations in early 2025, boosted by consumer subsidies and a surge in exports ahead of new tariffs. GDP grew 5.4% in the first quarter, surpassing the 5.2% forecast, with strong March data for both production and consumption added to the momentum. Meanwhile, China's trade surplus in Q1 topped \$270 billion, nearly 50% higher than the same period last year and just below last year's Q4 data record.
- The property sector continued to struggle, with property investment staying in sharp decline. At the same time, home prices fell for the 22nd straight month.
- China's CPI declined for the second consecutive month in March, and PPI deflation continued for the 30th straight month, as growing concerns over the U.S. trade war and unsold exports raised the risk of further downward pressure on prices.

Given the negative-sum game of tariff hikes, central banks are likely to further lower policy rates this year due to concerns over economic growth

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



Asian countries' expectations

Country	Current Policy Rate	Changes in policy rate in 2025 (bps)	Forecast policy rate at the end of 2025 (%)
MY	3.00	0	2.75
KR	2.75	-25	2.20
ID	5.75	-25	5.25
IN	6.0	-50	5.70
PH	5.50	-25	5.10
TW	2.00	0	1.95
VN	4.5	0	4.35

Notes: Forecast policy based on Bloomberg weighted average

Latest Monetary Policy development

DM

- **Strong labor data and easing prices should keep the Fed on pause in May.** However, the potential impact of tariffs could unexpectedly slow the U.S. economy sharply, leading to deeper rate cuts later in the year.
- **The ECB cut interest rates by 25bps as expected, with trade tensions posing a risk to the region's economic recovery.** Notably, the ECB removed the term "restrictive" from its policy statement. Additionally, the statement highlighted concerns about growth rather than inflation risks.
- **The BoJ is likely to keep its short-term interest rate at 0.5% in the upcoming meeting,** as members signaled a pause amid uncertainties driven by U.S. tariff measures. Additionally, a stronger Japanese yen could pose risks to Japan's economic outlook.
- **The BoE may follow the ECB by cutting rates by 25bps in the upcoming meeting.** Recent UK data has been softer, with weaker employment figures and CPI easing for the second straight month, falling below the BoE's projections. In addition, The BoE holds the highest policy rate among G10 central banks.

EM

- **As the trade war between the US and China intensifies, the PBOC is expected to provide additional monetary support,** potentially through cuts to the reserve requirement ratio and interest rates, despite a recent hold in loan prime rates.
- **Asian central banks are expected to lower policy rates further this year, given the region's heightened sensitivity to unexpected tariff hikes.** At the same time, inflation risks remain relatively low compared to G10 economies, and recent currency appreciation provides some relief from concerns over FX stability.

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Source: Bloomberg, CEIC, ttb analytics (Data as of 21 Apr 25)

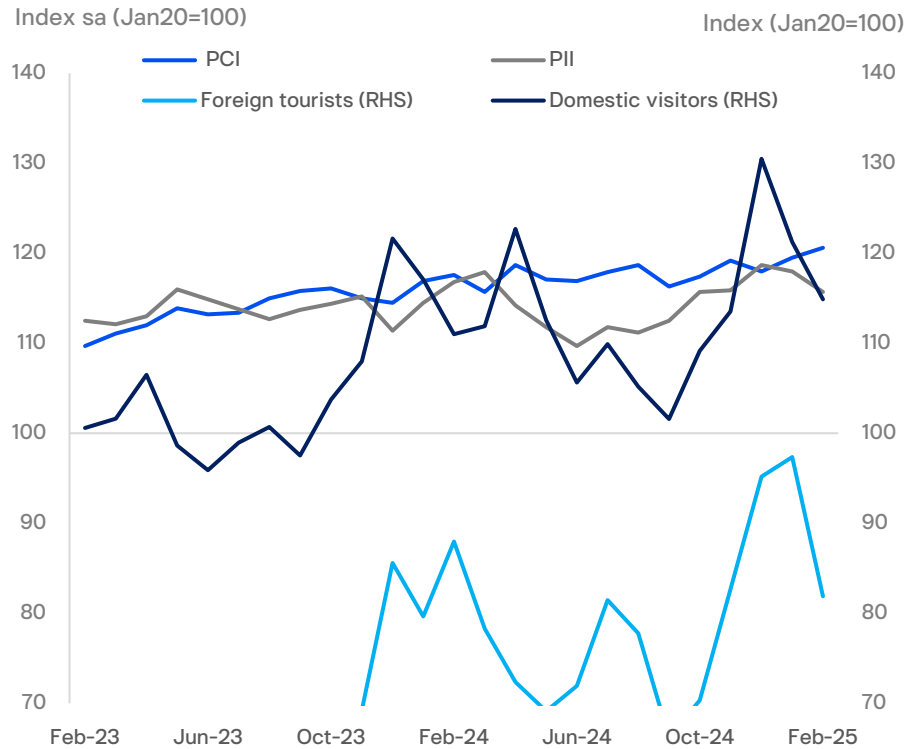
PART 2

Thai Economy

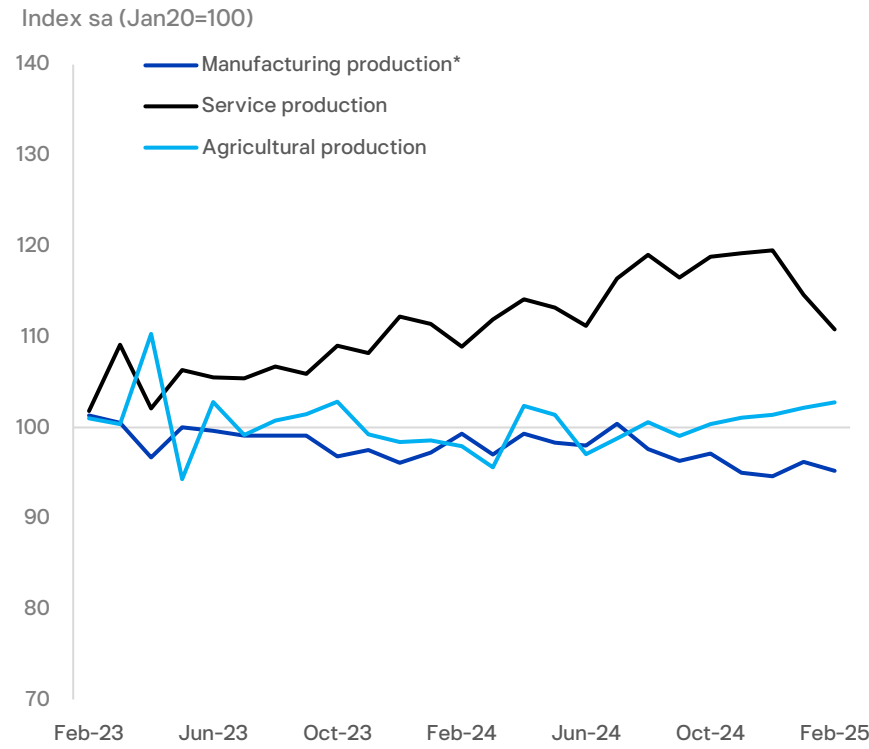


In February 2025, Thailand economic activities softened from previous month while exports lead the overall momentum

Demand-side indicators



Supply-side indicators



- In Feb25, Thai economic activities softened from previous month due to lower number and revenue of foreign tourists and manufacturing production. However, private consumption indicators improved.
- On the economic stability front, headline inflation in Mar25 moved slightly below the official target. Notably, trade balance (Custom basis) marked a surplus following a great expansion in exports leading to current account balance also increased remarkably from previous month.

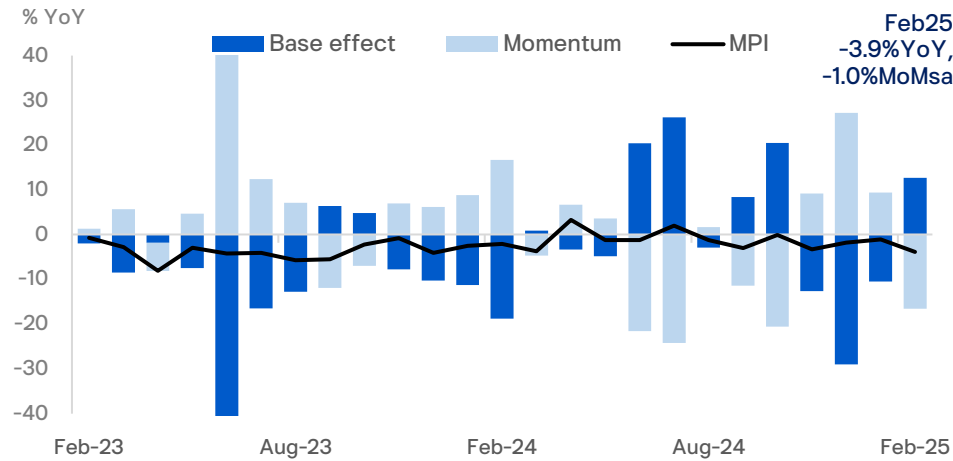
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Authorized Capital of Newly Registered Companies (Million Baht)	116.7	126.8	155.4	123.9	159.3	134.6	100.2	125.3	171.4	137.5	129.6	141.3	141.3
Construction Areas Permitted (1000 sq. m)	117.4	117.7	117.7	112.0	108.0	106.7	105.5	101.4	103.3	101.5	98.9	102.7	102.7
Export Volume index (exclude Gold)	107.6	109.4	113.8	113.3	112.5	114.8	119.5	115.3	115.0	119.0	118.0	119.7	119.7
Business Sentiment Index (3 months)	101.9	103.7	101.8	104.7	101.7	100.2	97.4	99.9	102.4	99.5	97.6	97.6	97.6
SET index	90.5	91.0	90.3	88.9	85.9	87.2	89.8	95.7	96.8	94.3	92.5	86.8	86.8
Oil Price Inverse Index (Dubai)	1.2	1.2	1.1	1.2	1.2	1.2	1.3	1.4	1.3	1.4	1.4	1.2	1.2

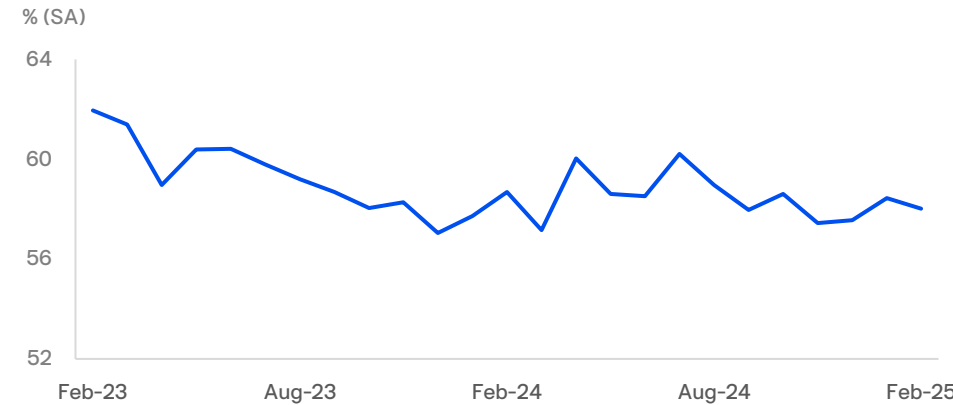
Source: Bank of Thailand and ttb analytics
 Remark: *rebase Jan21 due to OIE new rebase data

Manufacturing production momentum marked a slowdown in major categories

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Contribution	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Food products (16.7%)													
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 (10.7%)													
Chemicals (8.8%)													
Pharmaceutical products (1.2%)													
Rubber and plastics products (8.8%)													
Other non-metallic mineral products (5.4%)													
Basic metals (3.4%)													
Fabricated metal products (2.3%)													
Computer and electronic products (9.4%)													
Electrical equipment (3.5%)													
Machinery and equipment (2.8%)													
Motor vehicles (11.2%)													
Other transport equipment (1.1%)													
Furniture (0.9%)													
Others (2.3%)													
MPI (%YoY)	-2.1	-3.7	3.3	-1.2	-1.2	2.0	-1.2	-3.0	-0.1	-3.3	-1.8	-1.1	-3.9

- As of Feb25, Manufacturing Production Index (MPI) decreased from the previous month. This included the chemicals, petroleum and hard disk drive. However, production in some categories improved in line with exports, including electronic circuits and components, due to recovery in the electronics cycle. Automotive production also increased mainly from passenger cars but remained at a low level.

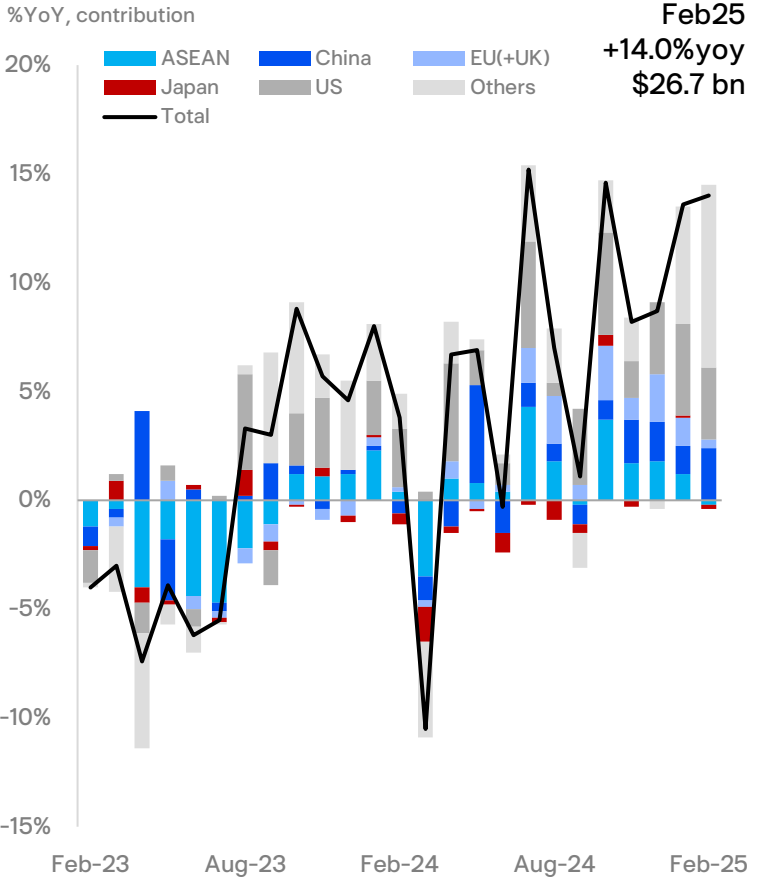
Merchandise export in February remained its growth due to the front-loading effect led by electronic exports



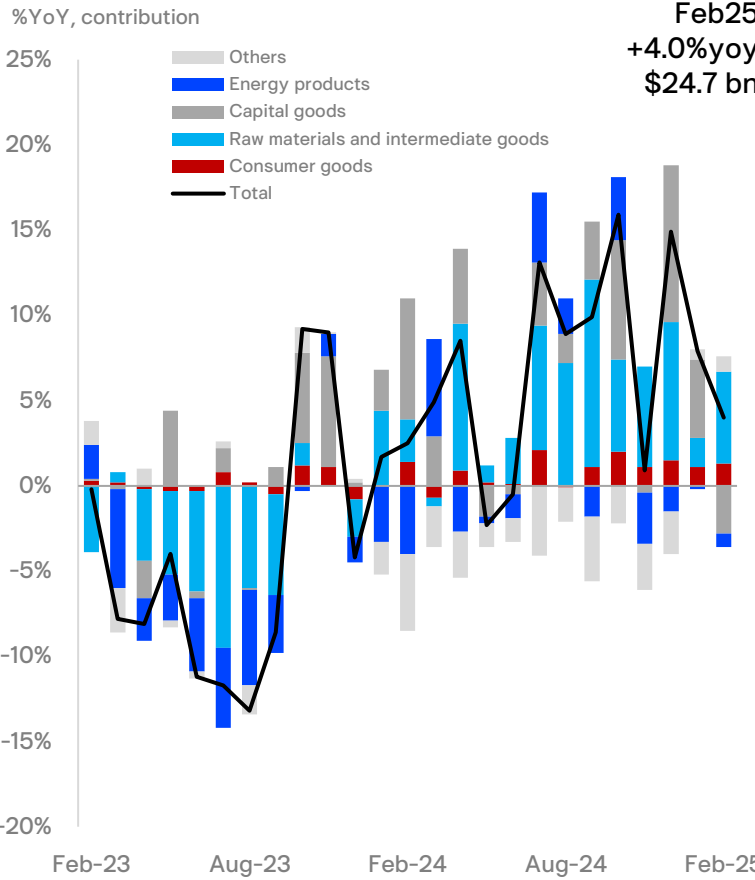
Exports value by product and destination

Unit: %YoY

	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
Agri-agro products													
Rice	53.6%	30.6%	91.5%	-4.5%	96.6%	15.2%	46.6%	15.2%	10.1%	-20.6%	-8.5%	-32.4%	-34.2%
Rubber	31.7%	36.9%	36.2%	46.6%	28.8%	15.6%	64.8%	47.4%	32.6%	14.1%	48.5%	45.5%	35.7%
Tapioca products	-20.4%	-16.7%	-9.6%	-17.0%	-3.8%	55.4%	-11.5%	-29.2%	-30.5%	-6.3%	7.8%	-7.9%	-15.8%
Fresh, Frozen & Dried vegetable and Fruit	-10.0%	-20.0%	-25.1%	91.9%	-31.0%	-15.7%	2.9%	-14.0%	7.3%	33.8%	10.7%	-2.8%	8.3%
Poultry	-0.5%	1.2%	12.1%	3.5%	-1.9%	13.6%	5.1%	-0.4%	12.4%	12.0%	7.1%	12.3%	9.3%
Sugar	-35.2%	-45.4%	-10.4%	-44.3%	-52.1%	-38.9%	-13.6%	-8.9%	-11.8%	-21.3%	-29.9%	0.0%	27.3%
Animal feeding	21.5%	29.6%	52.9%	39.2%	13.1%	26.6%	25.0%	21.5%	18.2%	18.1%	9.7%	12.9%	14.4%
Industrial products													
Motor Cars, Parts, Accessories	-8.2%	-6.7%	13.5%	-8.0%	-0.6%	-12.5%	17.9%	-10.6%	-13.0%	-0.3%	-6.2%	-13.1%	2.7%
Computer and parts	24.9%	-11.8%	62.0%	44.5%	22.0%	82.6%	74.7%	25.5%	77.5%	40.7%	43.5%	45.0%	51.3%
HDD	21.4%	-36.2%	85.2%	30.9%	4.4%	84.6%	112.2%	3.8%	124.9%	47.8%	18.0%	36.7%	45.1%
Integrated Circuits	-13.2%	-18.2%	-9.2%	-11.9%	-21.4%	-8.7%	-33.2%	1.2%	1.9%	3.9%	-2.6%	9.0%	24.8%
Air Conditioning Machine	-14.3%	-12.7%	12.9%	-7.7%	-8.5%	27.9%	15.2%	22.5%	44.9%	35.8%	28.7%	33.2%	32.8%
Refrigerating	-0.2%	-13.4%	2.2%	-14.1%	-1.9%	34.0%	11.6%	-17.8%	-6.6%	16.0%	-15.5%	-20.9%	4.4%
Electronic Machines	12.5%	-8.4%	25.5%	22.9%	8.3%	31.8%	13.9%	8.2%	29.6%	9.6%	12.8%	17.3%	21.6%
Plastic pallet	-2.7%	-13.7%	0.5%	-0.4%	-6.3%	6.9%	-3.3%	-5.2%	4.8%	2.2%	10.3%	4.1%	1.3%
Chemical Products	-14.2%	-10.9%	16.4%	-3.2%	-5.5%	38.2%	12.5%	4.4%	18.7%	10.7%	20.1%	6.6%	19.5%
Machinery & Parts	-2.5%	1.3%	58.8%	12.4%	7.2%	10.0%	23.0%	8.7%	43.0%	16.7%	35.6%	28.1%	21.5%
Rubber Products	-4.1%	-6.9%	1.5%	-8.7%	-2.2%	13.8%	14.9%	15.7%	27.2%	24.8%	22.5%	19.9%	16.9%
Refined oil	-9.6%	-6.1%	-21.2%	-0.5%	2.8%	35.5%	1.0%	-29.8%	-21.4%	-16.3%	-33.7%	-4.3%	-3.6%
Jewelry ex gold	6.5%	-3.1%	8.2%	3.9%	-4.3%	-6.5%	17.6%	-0.8%	-1.8%	24.3%	79.5%	148.8%	106.3%
Total export	3.6%	-10.9%	6.8%	6.9%	-0.3%	15.2%	7.0%	1.1%	14.6%	8.2%	8.7%	13.6%	14.0%



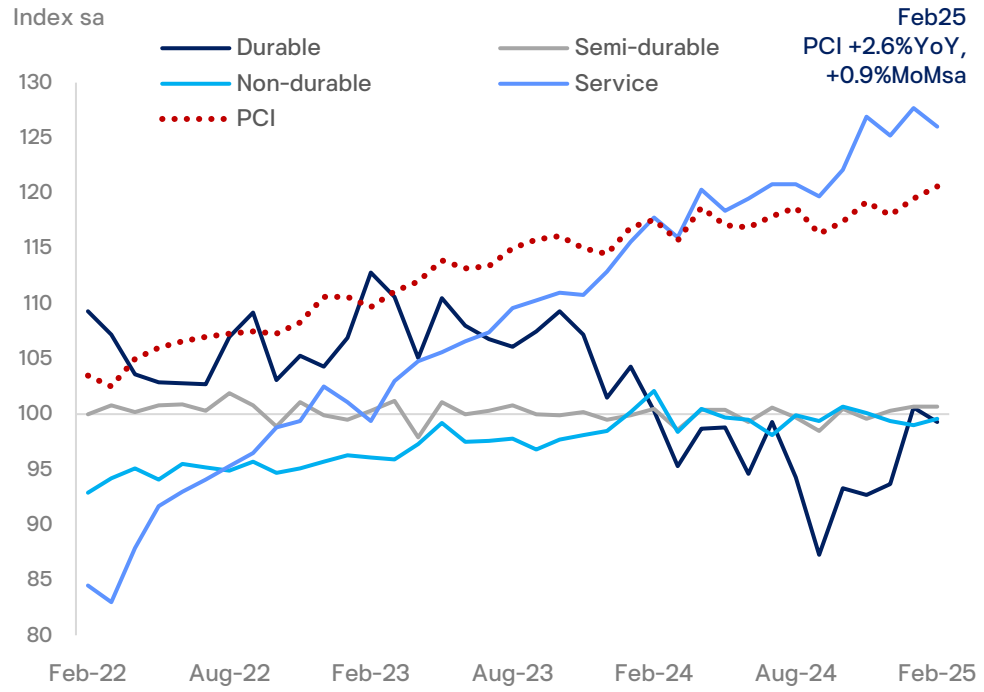
Imports value by groups



Thailand's exports in Feb25 grew considerably, marking the eighth consecutive month of growth. Key export products that contributed to this expansion remained computer and parts, air conditioning machine and machinery products, including jewelry and gold. Additionally, some products of agricultural and agro-industry sectors also expanded e.g., sugar and rubber. Major export markets that experienced growth included US and China thanks to the continuing front-loading effect. Nonetheless, import value had decelerated due to lower imports of energy and capital goods. As a result, Thailand recorded a trade surplus of USD 2 billion approx. (First 2 months trade surplus of USD 108 million)

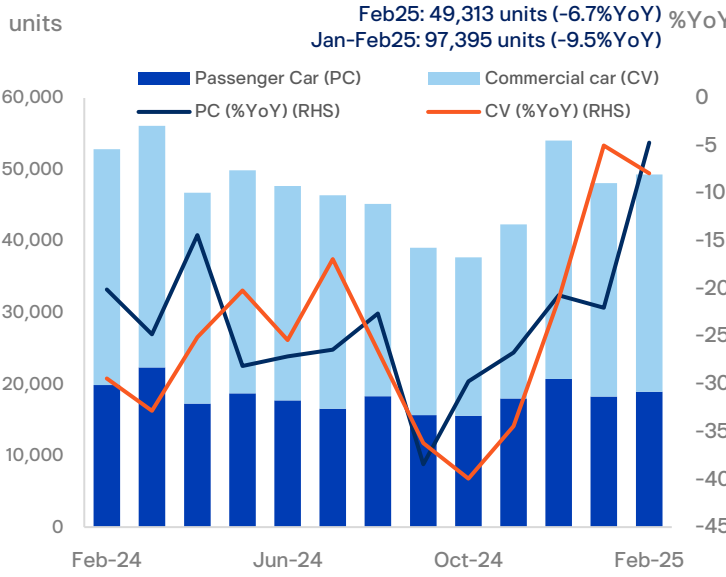
Private consumption indicators increased slightly, driven by non-durable purchase

Private Consumption Indicators (SA)

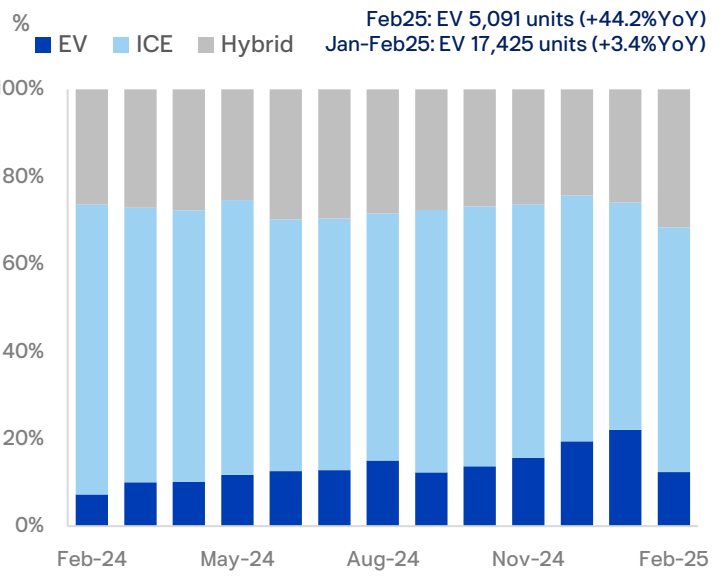


- Private consumption indicators increased from the previous month, which mainly in non-durable category. Consumption in semi-durables remained stable with a decrease in imports of textile and apparel. However, durable goods consumption declined due to lower sales of passenger cars and registrations of motorcycle, despite a slight improvement in sales of pickup truck. Consumption of services also decreased, particularly in hotels and restaurants, following lower number of foreign tourists.

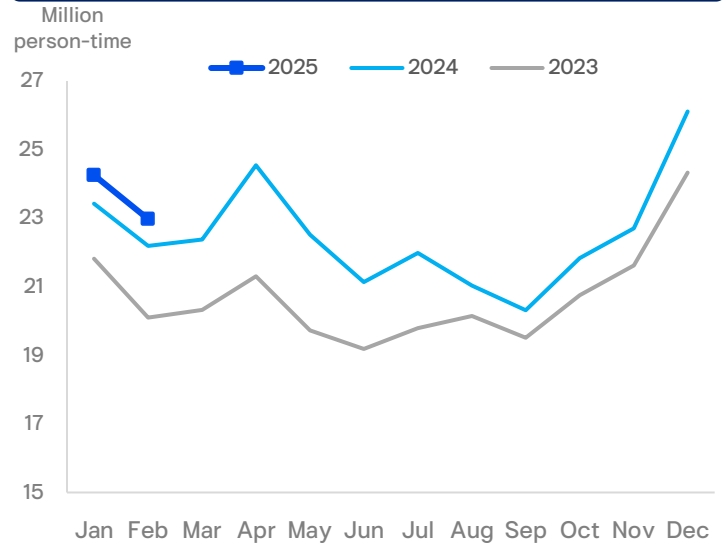
Domestic car sales**



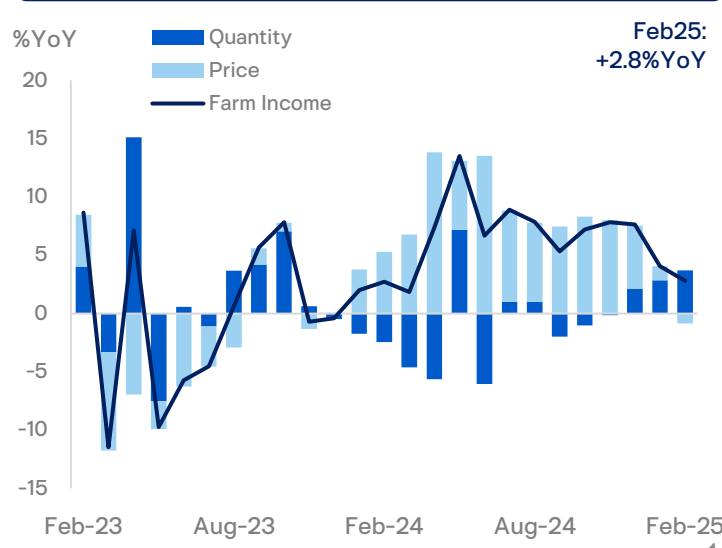
EV penetration of type 1 registration



Thai domestic visitors*



Farm Incomes

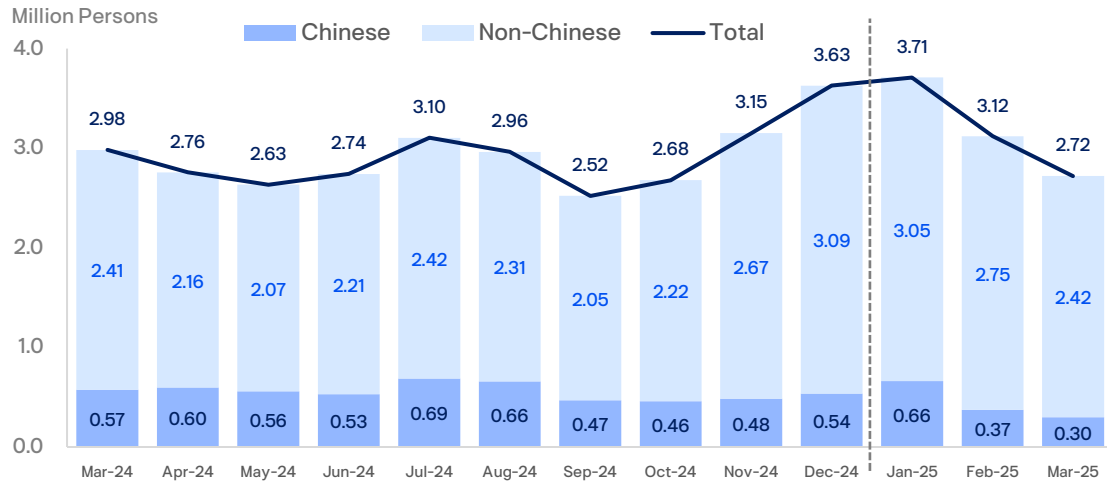


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

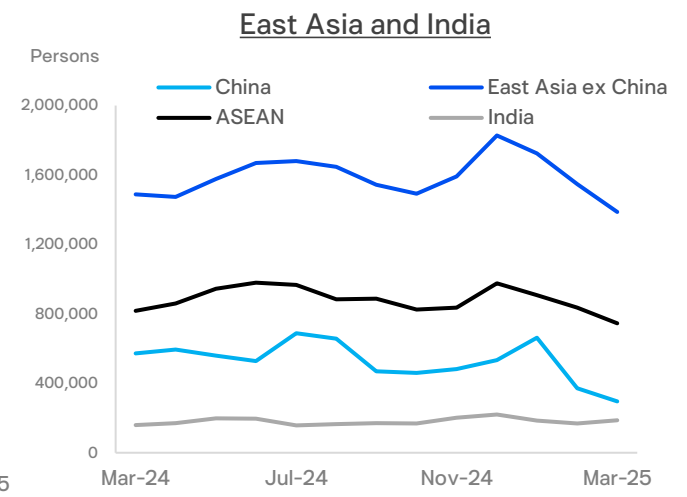
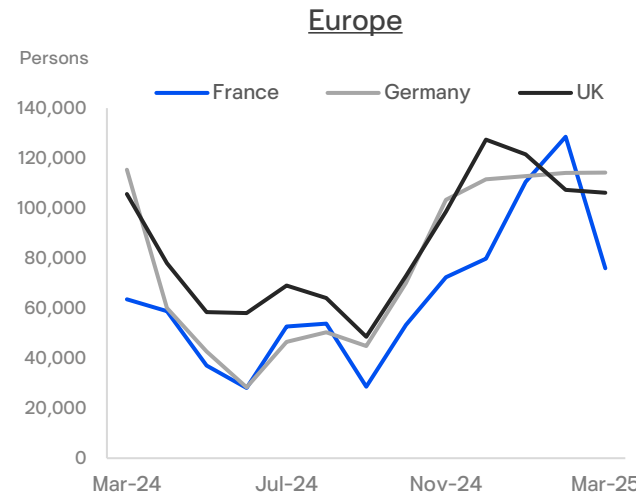
Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,

Foreign tourists declined further due to lower Chinese foreign arrivals

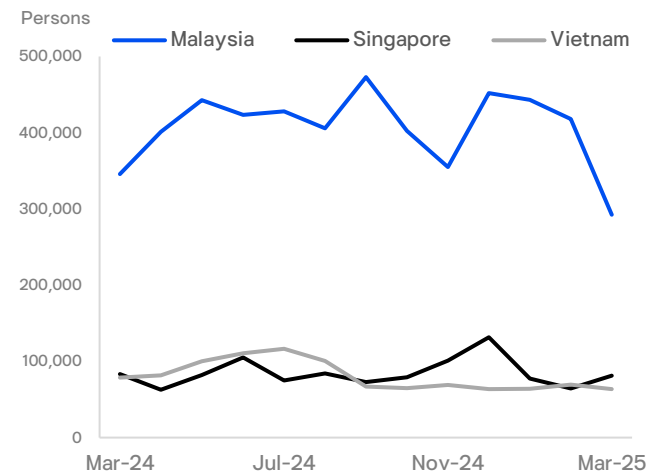
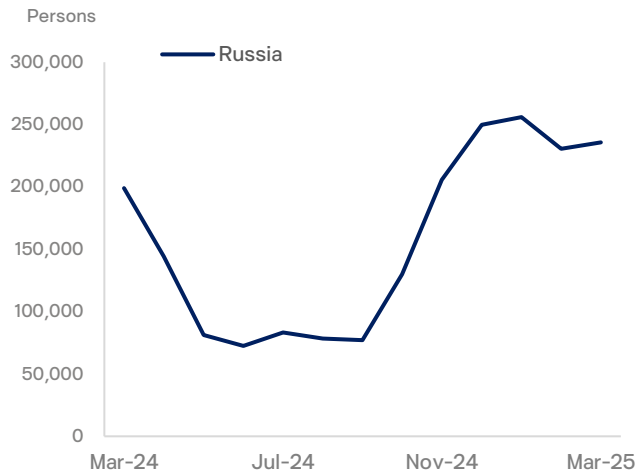
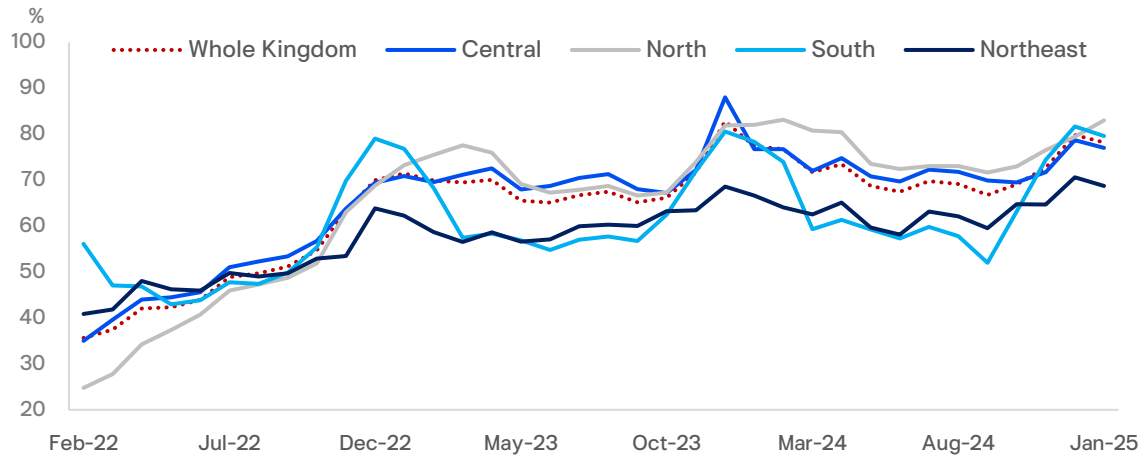
Total Foreign Tourist Inbounds



Foreign Tourist Inbounds by key regions



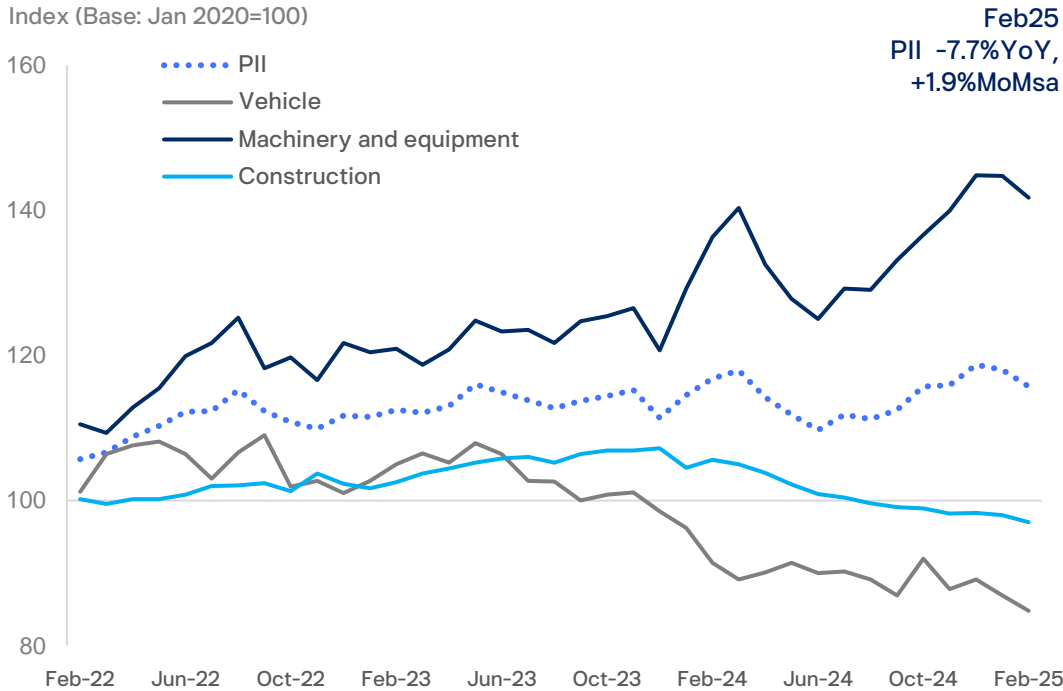
Accommodation Occupancy Rate by region



- In Mar25, foreign tourist arrivals was at 2.72 millions, dropped significantly from its peak or 8.8%YoY contraction. This figure showed a sharp decline in tourists from China as some Chinese travellers suspended or postponed their trips due to a kidnapped Chinese actor. Meanwhile, tourists from other nations also declined after a good expansion in the preceding periods.

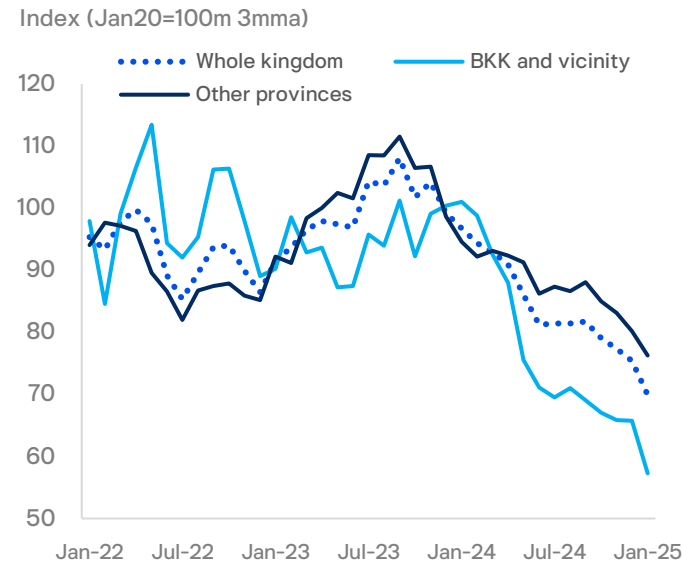
Private investment indicators declined in all categories

Private Investment Indicators (SA)

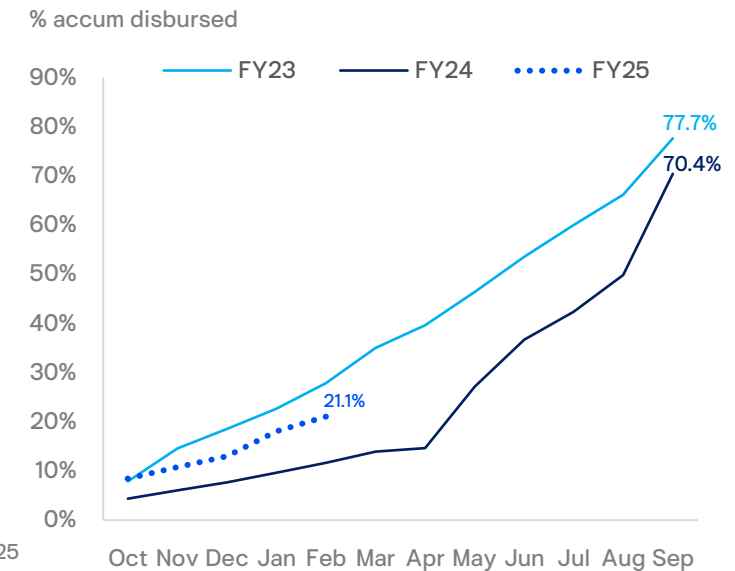


- Private investment indicators declined from the previous month. Investment in machinery and equipment declined after good expansion in the previous periods, following lower net imports of several capital goods.
- Investment in construction also decreased as indicated by lower permitted construction areas for both residential and non-residential buildings. Accumulated disbursement of government capital investment gradually rose.

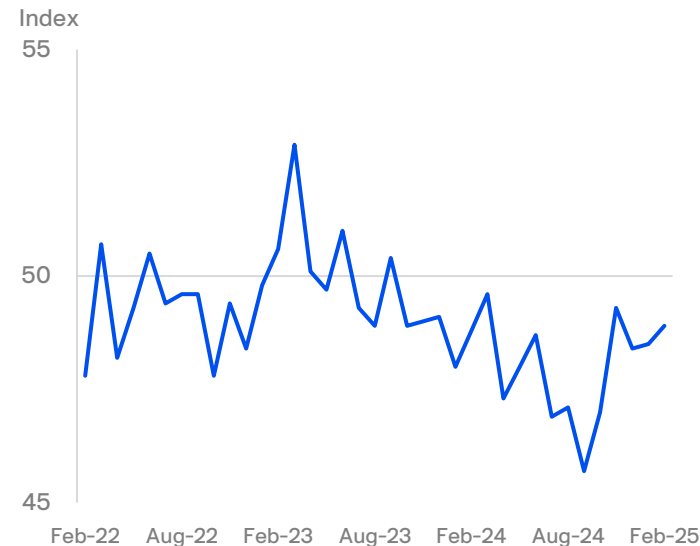
Permitted area for construction



Accumulated govt capital budget disbursement

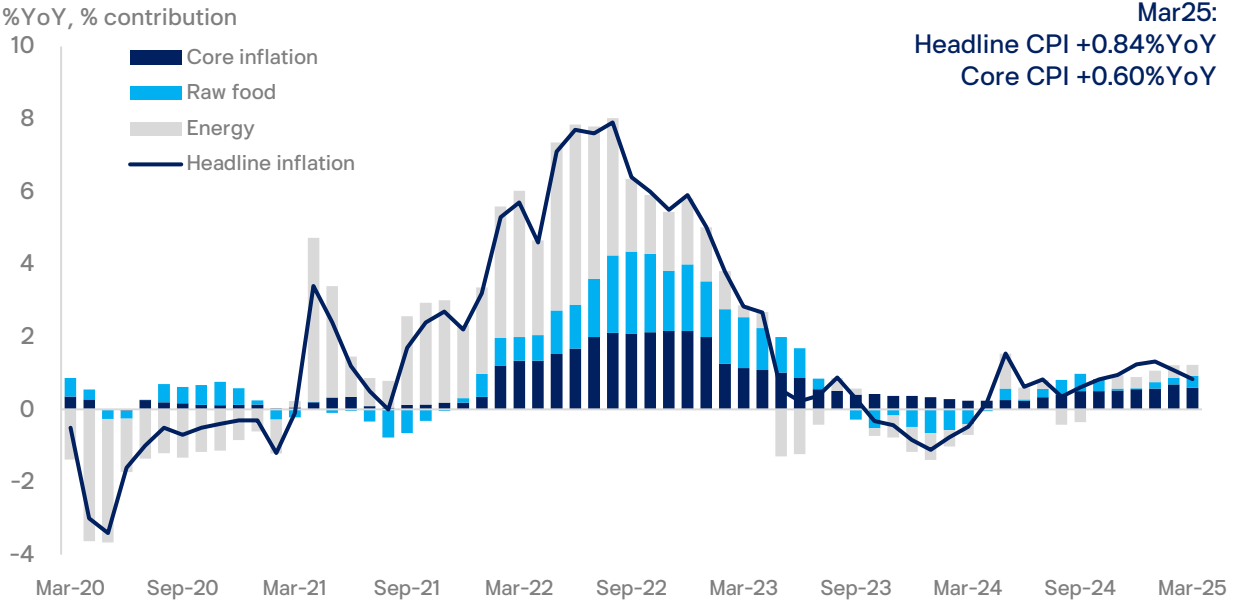


Business Sentiment Index (BSI)

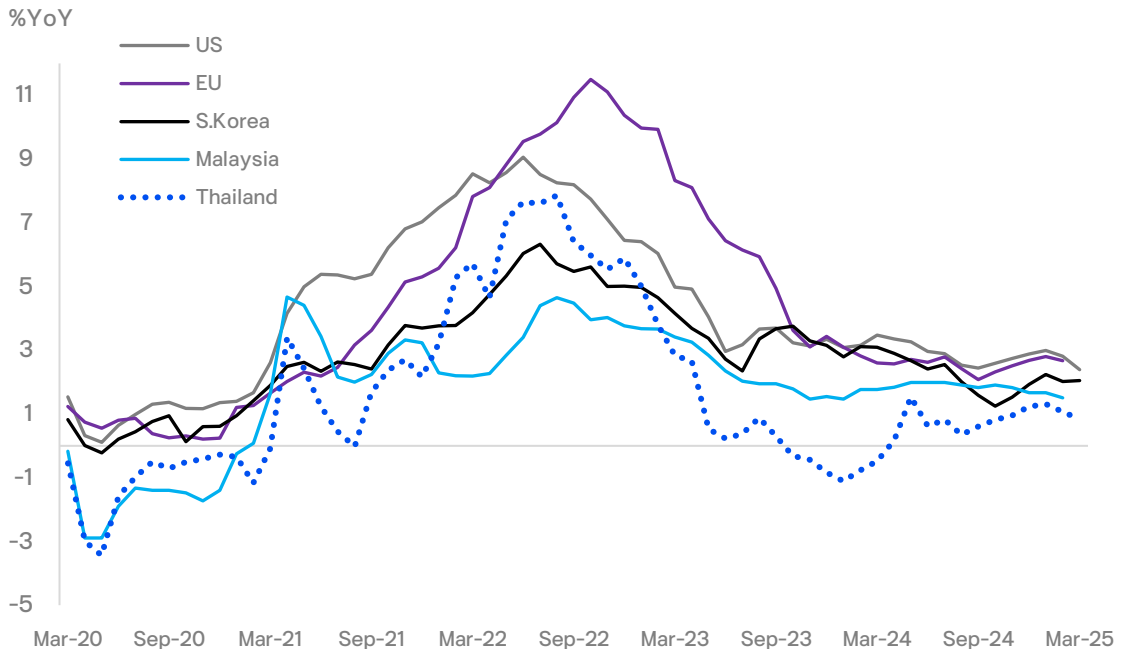


March's inflation slowed further reflecting lower energy prices and policy measures

Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

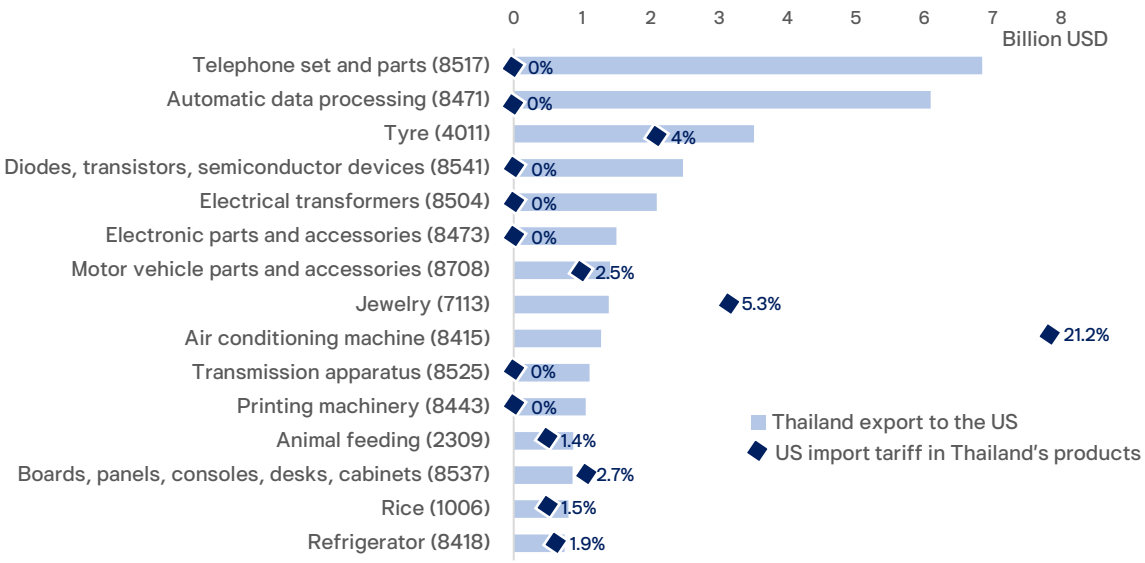
%YoY	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Headline inflation	-0.48	0.19	1.54	0.62	0.82	0.36	0.62	0.83	0.94	1.24	1.32	1.08	0.84
Raw food	-1.91	-0.20	1.51	0.19	1.10	1.92	2.32	1.64	0.24	0.17	0.97	1.13	1.90
Prepared food	0.69	0.63	0.60	0.68	1.54	1.81	2.38	2.33	2.27	2.33	2.53	2.68	2.37
Meat and Poultry	-5.27	-5.04	-3.61	-3.34	-2.20	-1.16	-0.68	0.33	0.59	0.25	0.41	1.39	3.04
Eggs and dairy products	3.81	2.63	3.47	4.06	2.88	1.66	1.43	1.44	-0.50	-0.95	-0.53	0.45	-0.46
Utilities	-3.43	-3.44	8.42	-3.29	-3.29	-3.31	1.44	1.45	1.45	1.44	1.47	1.45	0.06
Energy	-2.24	-0.09	7.14	2.43	1.77	-3.10	-2.56	-0.08	2.72	5.01	4.25	1.23	-0.93
Core inflation	0.38	0.37	0.39	0.37	0.52	0.63	0.76	0.77	0.80	0.80	0.83	0.99	0.86

- The headline inflation (CPI) rose 0.84%YoY in Mar25, continued to slow from previous month of 1.08%YoY increase, which was lower-than-expected due to lower energy prices and government policies to alleviate cost of living pressures. Particularly, non-food and beverage category also declined in line with falling prices of gasolines. On the other hand, core inflation slowed to 0.86%YoY compared to 0.99%YoY in the preceding period.
- Overall, Thailand's inflation for the first quarter of 2025 increased by 1.08%YoY or it decreased by 0.14%QoQ.

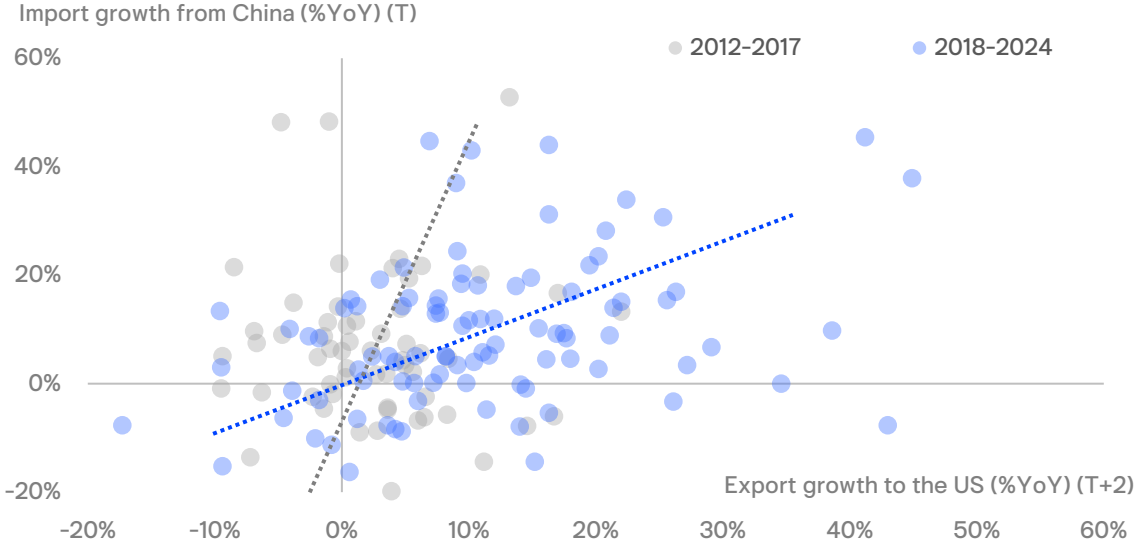
A planned reciprocal tariff leading to a sharp Thailand economic slowdown



Top 15 exporting products to the US and US import tariff rate, 2024



Thailand's US export growth and import growth from China, 2012-2024



Source: USITC, MOC, CEIC, and ttb analytics

Estimated change in Thailand's exports growth to the US and GDP (Direct impact, full year)

	US import tariff rate on Thailand's products (%)	Estimated change in Thailand's exports growth to the US compared to baseline (%)*	Estimated change in Thailand's GDP growth from baseline (%)**
Status-quo	10	-1.27	-0.18
Scenario 1	25	-9.31	-0.68
Scenario 2	36	-16.76	-1.05

Note: *OEC Tariffs Simulator (BETA) tools revised version of the bilateral relatedness model developed by Jun et al. (2020)
 **This sensitivity model using Econometric-based Computable General Equilibrium Model

5 Thailand's measures to negotiate with the US

- Import more products from the US**, focusing on products that Thailand has domestic demand for (e.g., agricultural products and pork offal, as well as natural gas)
- Reduce or exempt tariffs on over 100 US products** (that Thailand does not collect a high number of tariffs on)
- Eliminate non-tariff barriers to facilitate more US trade**
- Emphasis on selecting the 'Rule of Origin' of products using Thailand** to prevent the claim of origin of products from Thailand and export to the US
- Supporting potential Thai private sectors to invest more in the US** (e.g., agricultural and energy sectors)

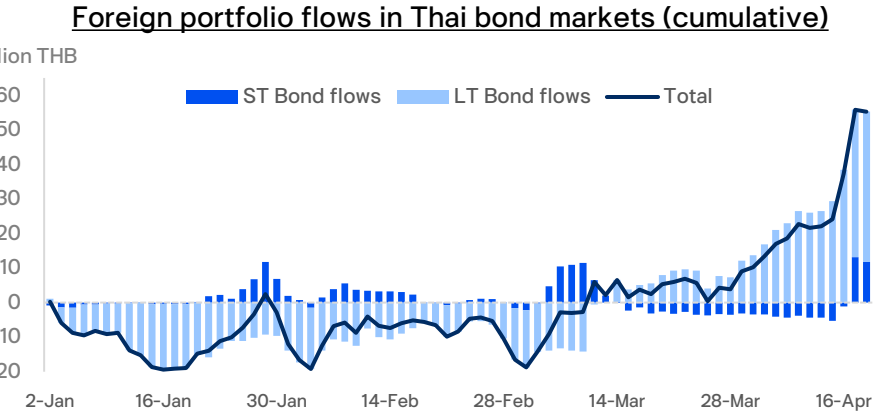
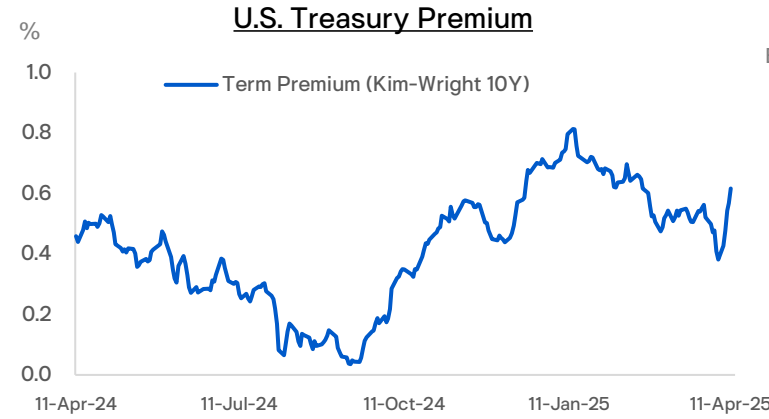
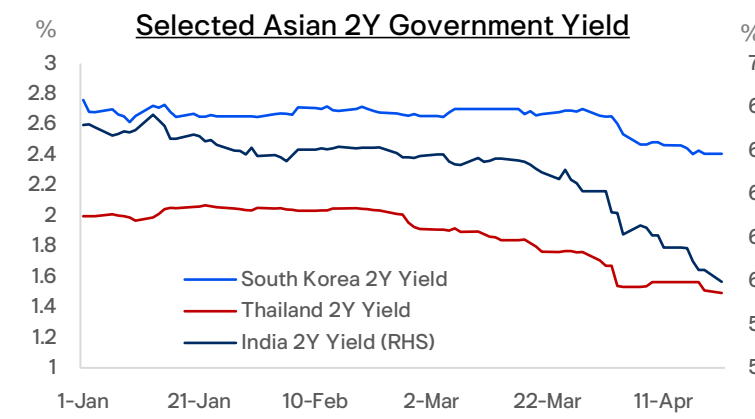
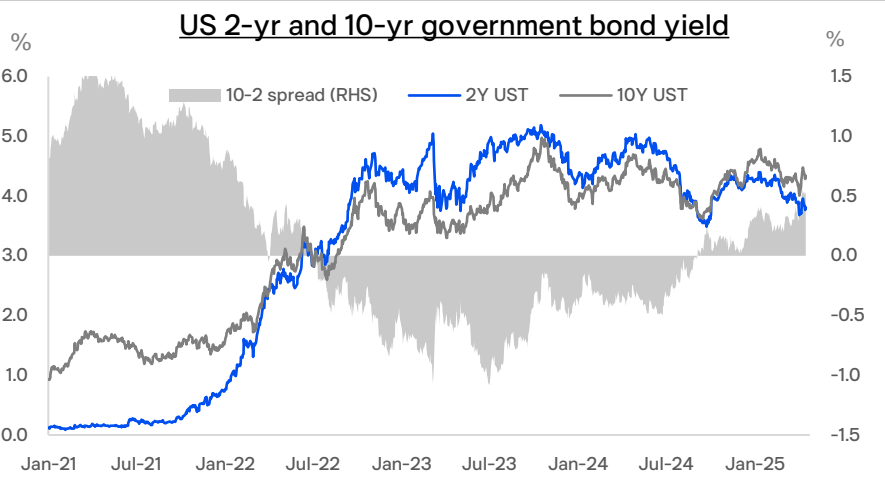
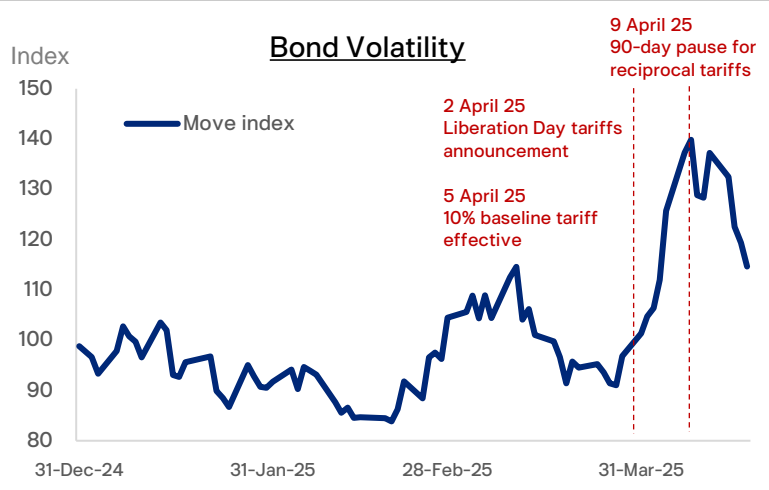
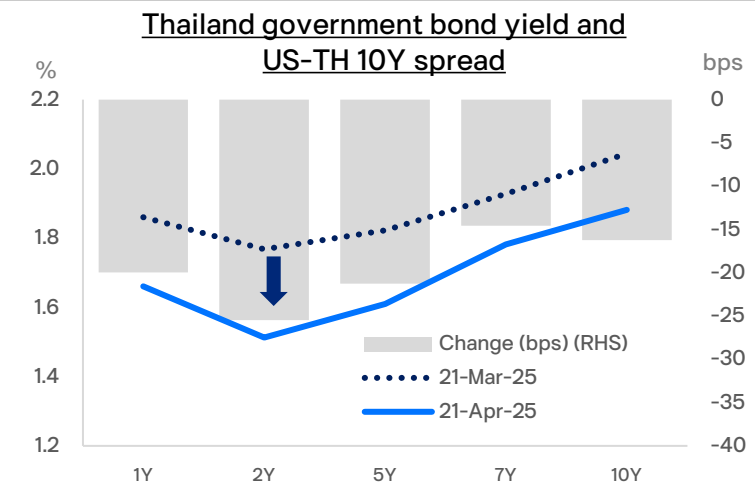
- Despite announcing a 90-day pause on most of previously announced tariffs, though policy uncertainty leading to a sharp economic slowdown. According to preliminary analysis, Thailand economic growth could decline compared to baseline projection of 0.2-1.1 percentage point regarding to increase in US tariff rate from 5% on average in 2024 to 10-36% based on only direct impact from the slowdown of US imports.
- However, Thailand aims to talk with Trump administration officials during end-April and finalizing a set of proposals including to minimize its trade surplus with the US in 5 measures e.g., more import products from the US, eliminate tariff and non-tariff barriers to secure relief from a planned 36% reciprocal tariff.

PART 3

Financial Market



Tariff fears triggered bond market volatility, with US assets losing appeal amid rising long-term yields. In contrast, EM Asia bonds gained favor on expectations of rate cuts and limited inflation risks

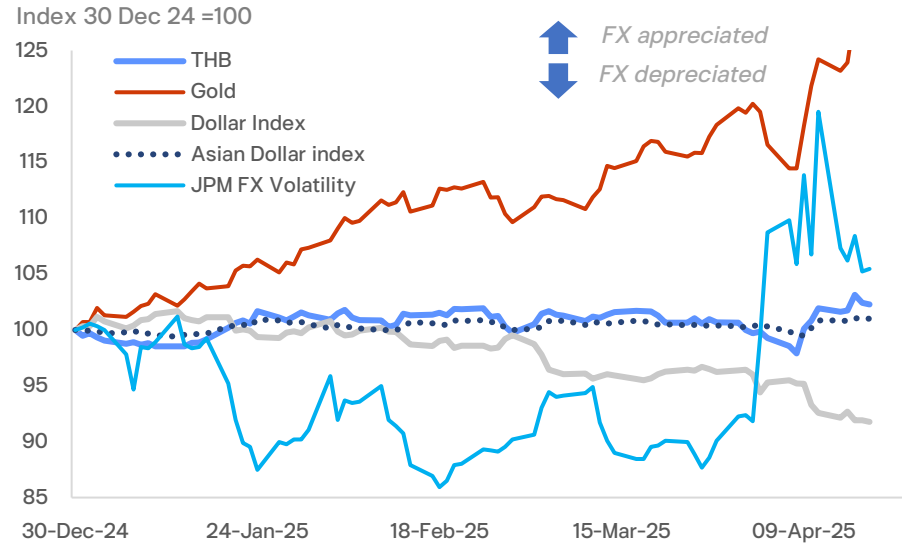


- Amid a series of dynamic tariff announcements ranging from auto tariffs to the sharp Liberation Day hike, bond market volatility surged before easing following the 90-day pause and certain electronic goods tax exemptions. Following these tariffs events, US bond yields, particularly long-term ones, rose sharply as markets weighed the risk of slower growth alongside rising inflation. In addition, hedge funds are suspected of adding to the pressure by closing leveraged positions and offloading their Treasury assets.
- Given the potential impact of tariffs on Asian economy, EM Asian bonds began to look more attractive as investors anticipated further policy rate cuts to support economic growth. Thai government bond yields have generally fallen across the entire yield curve, particularly the 2-year bond, which serves as a proxy for the policy rate. Additionally, there have been inflows into both short- and long-term Thai bonds from foreign investors.

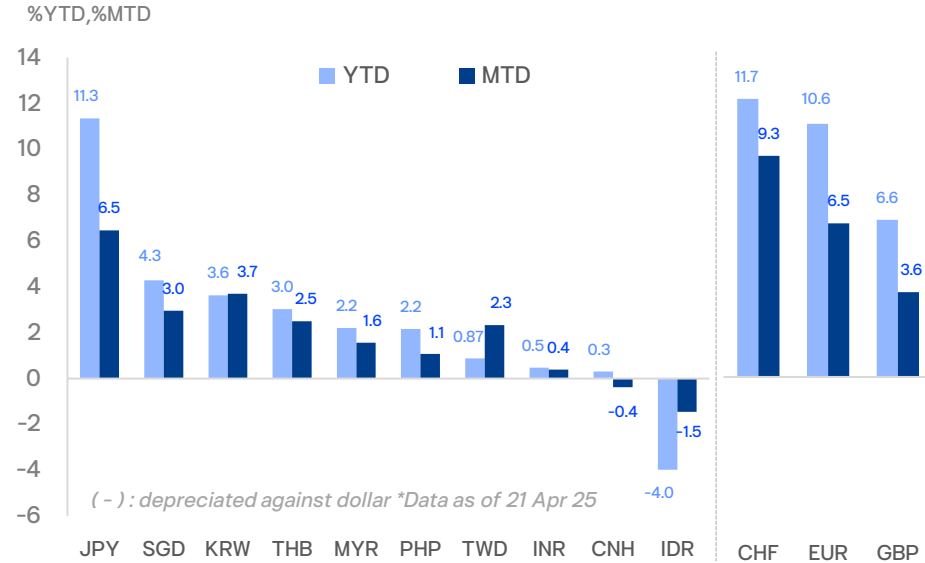
Source: Bloomberg CEIC and ttb analytics (Data as of 18 Apr 25)

The dollar hit a YTD low on fears of US growth and inflation from rising tariffs, while major and Asian currencies strengthened

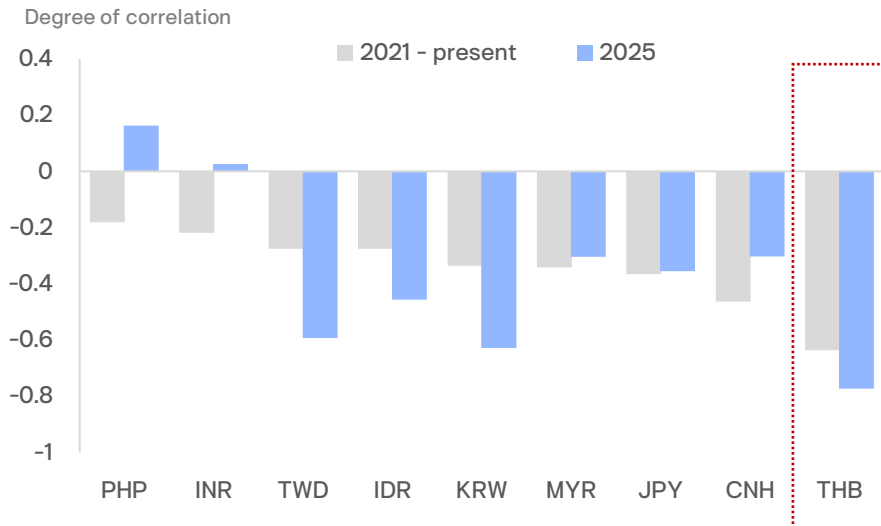
Movement in regional FX in 2025



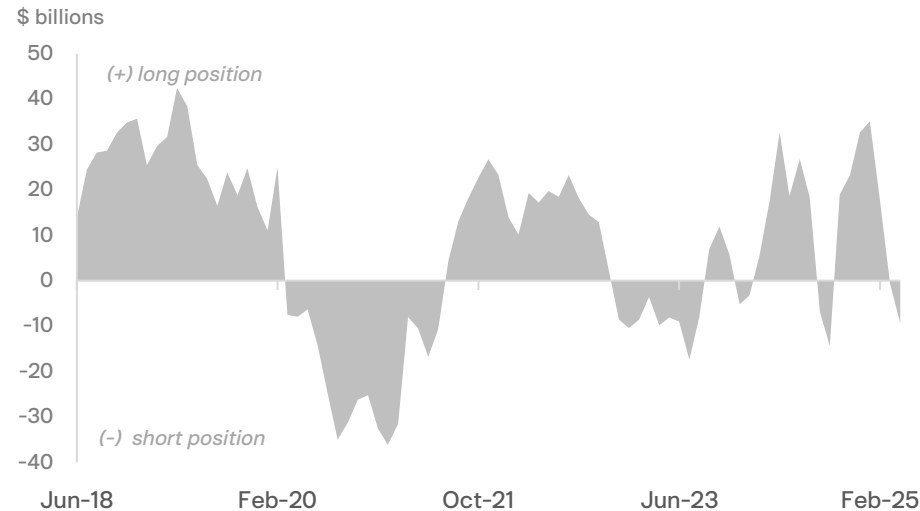
Selected FX spot return against US dollar



Correlation between weekly FX Asia and gold returns



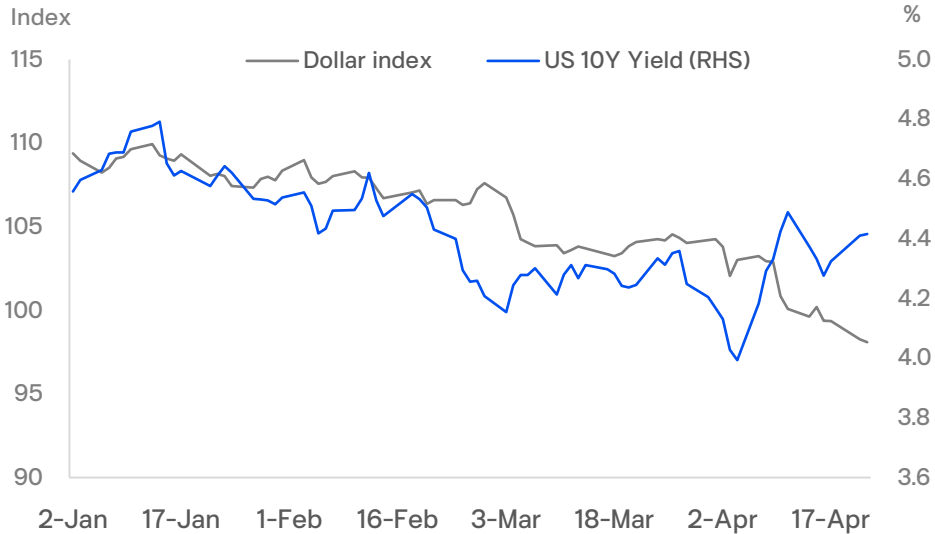
Aggregate USD position for non-commercial traders



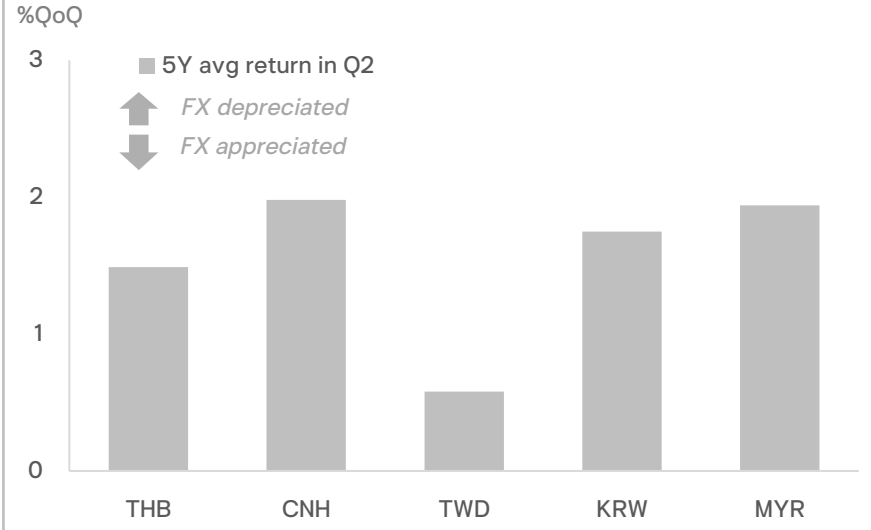
- FX market volatility surged following the announcement of the Liberation Day tariffs but eased slightly after a 90-day pause was introduced. The dollar index fell to a three-year low, dropping below the 100 level as investors grew worried about risks to economic growth and rising inflation due to higher-than-expected tariffs.
- Despite the potential impact of tariffs, both major and regional currencies strengthened due to the dollar's movement. However, major currencies saw greater appreciation against the dollar compared to regional currencies.
- The Thai baht appreciated in line with other regional currencies, mainly supported by its strong correlation with gold price movements. Although there are concerns over Thailand's economic fundamentals, these have had limited effect on the baht's movement.

The outlook for the US dollar remains negative. At the same time, the strong correlation between the Thai baht and gold may help limit the baht's depreciation in the second quarter.

Fading US exceptionalism



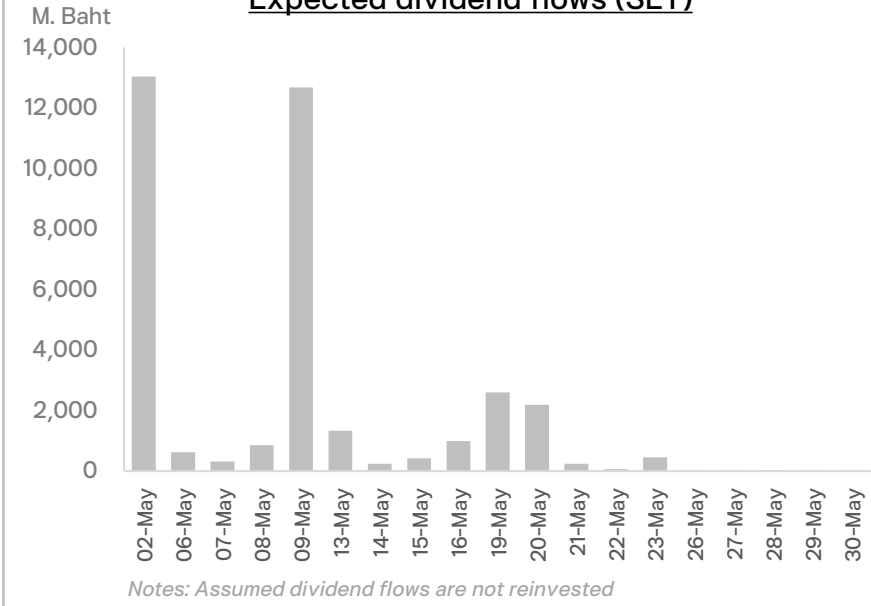
Asian FX seasonality in Q2



Dollar index movement



Expected dividend flows (SET)



- Amidst uncertainty during the 90-day tariff suspension, the US continues to face significant pressure. Worries about potential threats to the Federal Reserve's independence add to the risks. With the recent drop in the dollar index, there's still potential for further decline as faith in US exceptionalism diminishes.
- Asian currencies, including the Thai baht, typically experience depreciation in the second quarter, according to the past five years' average returns. This trend is influenced by dividend flows and the low season for tourism. However, the extent of depreciation pressure can vary.
- The Thai baht is expected to depreciate less than other regional currencies due to its strong correlation with gold prices, which are anticipated to remain bullish in this quarter amid ongoing trade war uncertainties.

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