Q4/2022

Outlook

Economic outlook 2022-2023
Q4/2022

Thai economy continues to recover, but growth is uneven and fragile amid higher uncertainties Household income growth in some classes could not catch up with rising costs of living and some businesses were able to recover.

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for 2022-2023
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Outlook Q4/2022

Thai economic outlook 2022-2023

- **Global economy is decelerating in 2022 and the momentum will worsen significantly in 2023 amid rising uncertainties.** A delayed inflation slowdown, highly tightened global monetary policy, and the effects of energy crisis have driven some major economies into recession.
- **EIC revised Thai economic growth forecast in 2022 up to 3.2% with tourism and private consumption as main economic drivers, and in 2023 down to 3.4% from a slowdown in exports and investment amid global economic slowdown going forward.** Although Thai economy continues to recovery, the growth is uneven and fragile amid higher uncertainties. Household income growth in some classes could not catch up with rising costs of living and business could not recover equally. While monetary policy started tightening, post-COVID fiscal policy still has enough space to support the economy potentially with higher uncertainties and focuses on promoting more fiscal sustainability.
- **Tourism and service sectors recovered notably from an accelerating number of foreign tourists as international travel restrictions has been eased around the world.** EIC estimated inbound foreign tourists to reach 10.3 million this year and rise to 28.3 million in 2023 due to high demand of foreign tourists and China's ongoing travel restrictions easing. Thus, the recovery in tourism activities close to pre-COVID-19 level will continue to support a surge in income from tourism and service sectors, as well as a rise in private consumption.
- **EIC expects headline inflation in 2022 to accelerate to 6.1% and gradually slow down to 3.2% in 2023.** The range is still above the inflation target, especially in the first half of the year, as domestic energy and food prices remain high, and suppliers will pass on cost burdens to the consumer prices more. **Core inflation is also estimated to maintain its high level at 2.5% in 2022 and increase further to 2.7% in 2023.**
- **Risks to Thai economy** include **(1) Global economic slowdown,** pressuring exports and investment, **(2) China's Zero-Covid Policy, (3) High inflation, high interest rates, and high debt,** causing an uneven recovery in some households and businesses, and **(4) Political uncertainties,** affecting investor confidence.

Key themes for Thai economy

- **Thai economy should witness a modest yet uneven rebound as some households and businesses remain fragile.** Tourism and consumption will be the main drivers for growth in the periods ahead, while support from exports and investments should significantly fade as the global economy weakens. Furthermore, as living costs and business costs remain high, various households will still encounter higher expenses compared to income, in addition to various firms recovering on uneven ground. Such conditions can be seen from an increase in the number of fragile households during the COVID-19 pandemic, which grew to 2.1 million households or up 24% in the past two years. Meanwhile, businesses also saw uneven recovery. Businesses that were the first to recover were the ones that catered to the demand from consumption recovery and ones that aligned with global trends. Meanwhile, some firms remained exposed to uncertainties and thus slowly recovered, given risks from the global downturn and emerging megatrends.
- **Thai economy is still subjected to high uncertainties from both domestic and external sources,** which will continue to cloud Thai economic growth outlook in 2023. In the base case, EIC evaluates that Thailand has low economic recession risk, with performance gradually returning to its growth potential by the end of 2024. Nevertheless, EIC views that the MPC will continue to raise the policy rate by 25 BPS per meeting, prompting the rate to stand at 1.25% by the end of 2022. Also, the MPC should raise the policy rate 3 times during H1/2023 to 2% to normalize the monetary policy stance and support long-term economic growth. Meanwhile, the Thai baht should continue to strengthen against the US dollar until next year. The reason behind is that the US dollar tends to weaken as the Fed slows rate hikes. Furthermore, the Thai baht should see boosts from strong domestic conditions, including improving Thai economic performance, current account surplus, and capital inflows to the Thai financial market.
- **Thailand's fiscal position remains stable in the middle term; fiscal reforms are required for long-term sustainability.** Even though Thailand's debt-to-GDP ratio surged during COVID-19, the ratio was relatively low compared to other countries. As such, the government still has room for an additional borrowing of THB 1 trillion to cushion volatilities from economic uncertainties. Moreover, Thai public debt is exposed to limited exchange rate and rollover risks as the majority of the debt is long-term and derived from domestic funds. Despite such solid foundations, structural challenges loom over Thailand's fiscal stance due to a prolonged period of insufficient income with growing fiscal burden risks from interest rate hikes, high global energy prices, new waves of outbreaks, populist policies from the upcoming election, transition to an aging society, and climate change. With such regards, fiscal reforms are required to add fiscal sustainability in the long run.

Thai economic outlook for 2023

EIC revises up Thai economic growth forecast in 2022 to 3.2%. Notable key drivers include tourism and service sector recovery, in addition to continually improving private consumption. However, the growth forecast in 2023 is revised down to 3.4% as global economic conditions should worsen from rising uncertainties.

Key forecasts

( ) Previous forecast — No change ▲ Revised upward from previous forecast ▼ Revised downward from previous

GDP

(%YOY)

2022F	2023F
3.2 ▲	3.4 ▼
(3.0)	(3.7)

Thai economy during Q4/2022, continuing to 2023, should witness a modest yet uneven rebound. Going forward, tourism, services, and private consumption will be the main drivers for growth, while support from exports and investments should significantly fade. As living costs and business costs remain high, various households will suffer from higher expenses, compared to income, while firms will recover on uneven ground. Fragile groups will be the most affected. Furthermore, boosts from government stimulus should decline due to a more limited budget. However, the government still has room for an additional borrowing of THB 1 trillion to cushion volatilities from economic uncertainties. Thailand's fiscal position remains stable in the middle term, though fiscal reforms are required for long-term sustainability.

Policy rate (year-end)

(%)

2022F	2023F
1.25 —	2.00 —
(1.25)	(2.00)

Bank of Thailand may raise the policy rate again by 0.25% in November, pushing the rate to 1.25% at 2022 year-end, followed by 3 additional rate hikes (0.25% per meeting) in H1/2023, thus, raising the rate to 2% at 2023 year-end.

Exchange rate (year-end)

(THB/USD)

2022F	2023F
36-37 ▲	34.5-35.5 ▲
(35-36)	(33.5-34.5)

At the year-end, the baht should trade in the 36-37 baht/USD range and should continue to appreciate to 34.5 – 35.5 baht/USD by the end of 2023 following Thai economic recovery, current account surplus, capital inflows in the Thai financial market, and Thai inflation dropping faster than the US.

Source: EIC analysis based on data from the Office of the National Economic and Social Development Council, Office of Agricultural Economics, Fiscal Policy Office, Bank of Thailand, Ministry of Commerce, Tourism Authority of Thailand, CEIC, and Bloomberg.

Thai economic outlook for 2022-2023

Positive factors

- **Tourism and service will become the key economic drivers for Thailand**
- **Private consumption will benefit from better tourism and labor market conditions**

Negative factors

- **Global economic and trade slowdowns may impair tourism,** exports, industrial manufacturing, as well as investment in Thailand
- **High inflation, interest rates, and debt may prompt uneven recovery,** especially among vulnerable households and businesses
- **Government economic stimulus should soften as the THB 0.5 trillion Emergency Decree fades**

Risk factors

- **Elevated geopolitical tensions,** including the Russia-Ukraine war, the China-Taiwan dispute, and the economic decoupling between China and the US
- **Uncertainties surrounding China's Zero-Covid policies may reduce Chinese tourist arrival numbers and impair Thai exports**
- **Political uncertainties may weaken manufacturing and investment sentiment**

Source: EIC analysis based on data from the Office of the National Economic and Social Development Council, Office of Agricultural Economics, Fiscal Policy Office, Bank of Thailand, Ministry of Commerce, Tourism Authority of Thailand, CEIC, and Bloomberg.

Global economic outlook 2023

- **The global economy should significantly slow in 2022, with weaker performance anticipated in 2023,** given rising uncertainties from slow declining inflation, prolonged energy crisis, and synchronized monetary tightening worldwide. With such regards, Some advanced economies, such as the UK and the Eurozone, will head for a recession by late 2022, whereas the US might also witness a recession in H2/2023. EIC, thus, downgrades the global growth forecast from 3.0% to 2.9% in 2022 and from 2.7% to 1.8% in 2023, respectively. In the base case, EIC views that the global economy has yet to enter a recession since many economies should continue to recover. For instance, China's economy should make a steady rebound in line with the relaxation of Zero-Covid policy. Nevertheless, unexpected circumstances, such as the escalation of international conflicts or inflation surges that prompt tighter monetary policy responses, might also push the global economy into a recession.
- **Global inflation may have peaked, though such policy rates should remain high.** EIC views that inflation in advanced economies will continue to exceed the central bank's target for the next 1-2 years as inflationary pressures become more entrenched and service demand strengthens after the demand for durable goods eventually rebalances to normal. As such, major central banks would carry on a tight monetary policy into 2023, albeit with slower rate hikes, and keep policy rates high until inflation settles back within the target. Meanwhile, fiscal policy, on the global level, will shift focus from fiscal stimulus towards fiscal sustainability since the COVID-19 crisis left many countries with massive public debt piles. Furthermore, given high uncertainties surrounding the global economy and monetary policy stance, the global financial market might face higher volatility and risks of market liquidity crunch alongside a tightening global financial condition. So far this year, risk-off sentiment took place, resulting in a significant drop in risky asset prices worldwide. This would, in turn, hamper wealth effects and consumption ahead.
- **Meanwhile, concerns regarding EMs debt crisis heighten** as public debt remain high amid aggressive monetary tightenings worldwide. Given that some economies may default whilst many others will be pressured with growing default risk, the cascade of potential defaults could rattle the global financial market. In the base case, EIC evaluates that risks of such global defaults are limited as various EMs continued to accommodate strong financial and fiscal stability, both private and public. However, risks may heighten in the medium term as prolonged global economic slowdowns and tight financial conditions could significantly worsen the financial and fiscal stability of EMs.

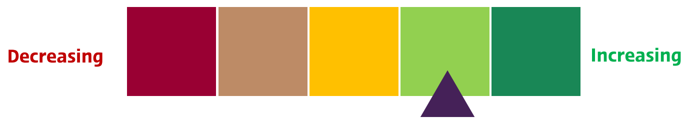
Global economic outlook for 2023

The global economy will drastically slow in 2023, given raising uncertainties. Inflation should continue to exceed central bank's target during the next 1-2 years.

Economic growth

- Global economy will drastically slow in 2023, given elevated inflation, prolonged synchronized monetary tightening worldwide, deepening energy crisis, and slowly recovering supply bottlenecks.
- Some advanced economies will head for a recession by late 2022 or 2023, including the UK, the Eurozone, and the US.
- EIC views that the global economy will not yet enter a recession in 2023, but risks are increasing as uncertainties remain high.

Inflation rate



- Global inflation should remain high in 2023. Even though inflation will slow in advanced economies, the rate should continue to exceed the central bank's target for the next 1-2 years from broader sources of inflationary pressures.
- Recent worldwide synchronized monetary tightenings were imposed to bring inflation back to target. However, such tightenings should ease in the periods ahead. Meanwhile, fiscal policy will shift focus from fiscal stimulus towards fiscal sustainability, since the COVID-19 crisis left many countries with massive public debt piles.

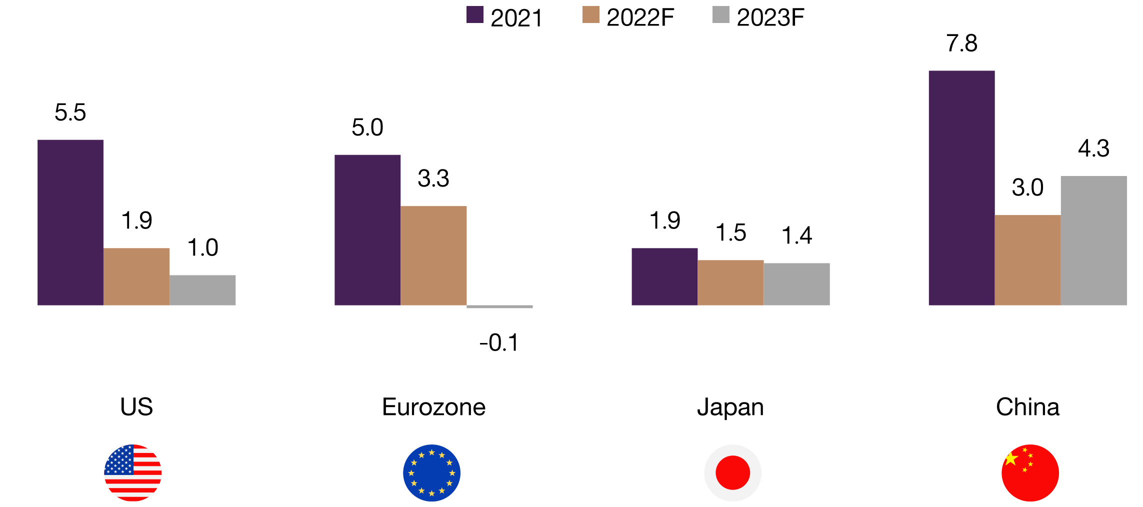
Monetary policy direction

- Fed - will likely raise Fed fund rate by 0.50% in Dec, with additional hikes of 0.25% in Feb and Mar 2023. Thus, the terminal rate should stand at 4.75-5%.
- ECB – will likely make 2 rate hikes of 0.50% in Dec 2022 and Feb 2023, with an additional hike of 0.25% in Mar. Thus, the terminal rate should stand at 2.75%. QT should be concluded by Q2/23 at the fastest.
- PBoC – likely to continue its accommodative stance in 2023 to stimulate the economy and the sluggish real estate sector.
- BOJ – may begin to slow its monetary easing in 2023 and should not hike interest rates during the next 2-3 years.

Source: EIC analysis.

Global economic growth in 2021 2022 and 2023

Unit: %YOY



Supporting factors

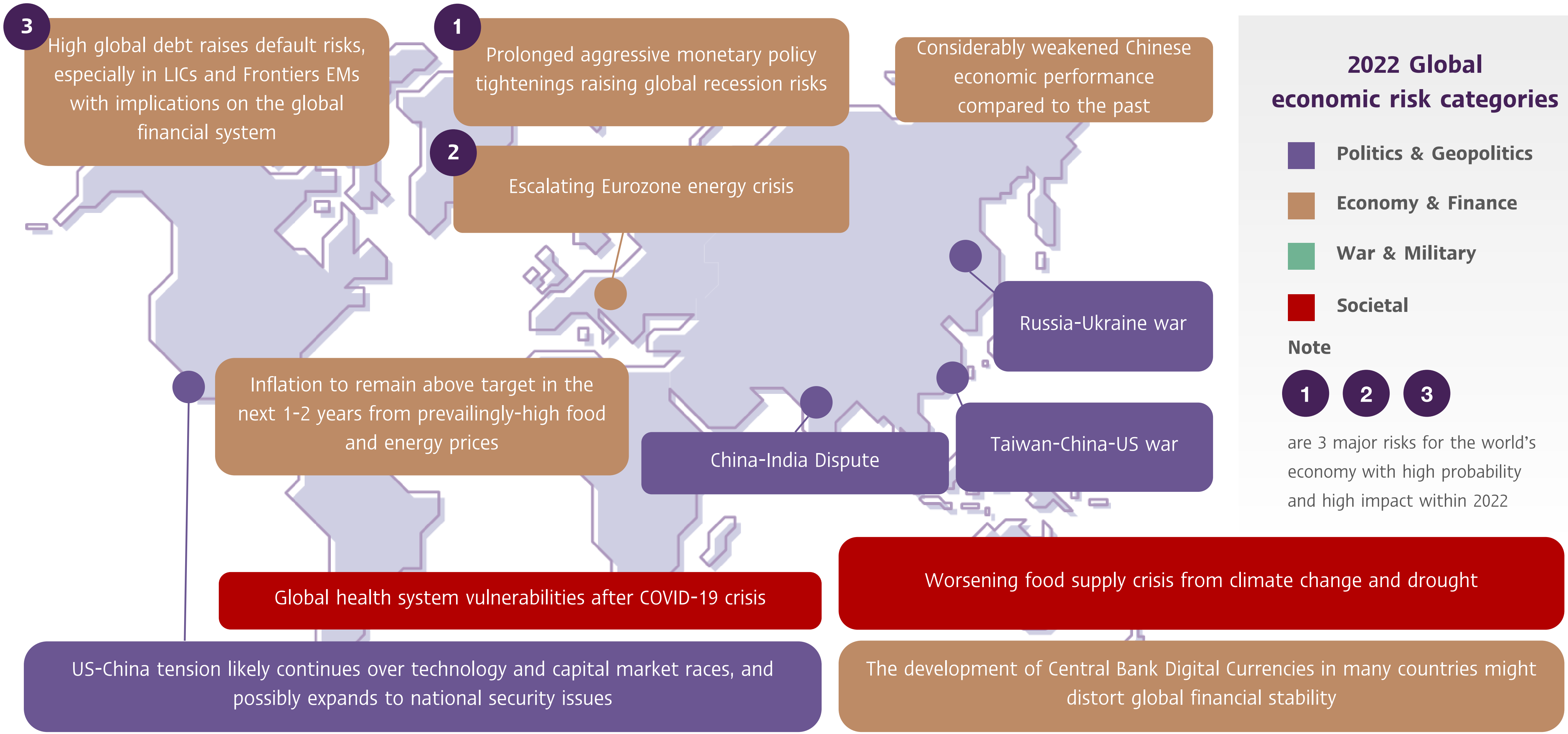
- Inflation should soften
- Service and tourism recovery
- Improving labor market conditions, despite stalling growth. Conditions still tight compared to Pre-covid period.
- Asian economies should continue to improve and approach full recovery

Risk factors

- Financial conditions may continue to tighten
- Exacerbating energy and food uncertainties
- High global debt may increase default risks, especially in EMs, with implications on the global financial system
- US-China Tech War triggering worldwide effect on production and investments in certain industries

Source: EIC analysis.

Global economic risk map for 2022



2022 Global economic risk categories

- Politics & Geopolitics
- Economy & Finance
- War & Military
- Societal

Note

1 2 3 are 3 major risks for the world's economy with high probability and high impact within 2022

Source: EIC analysis.

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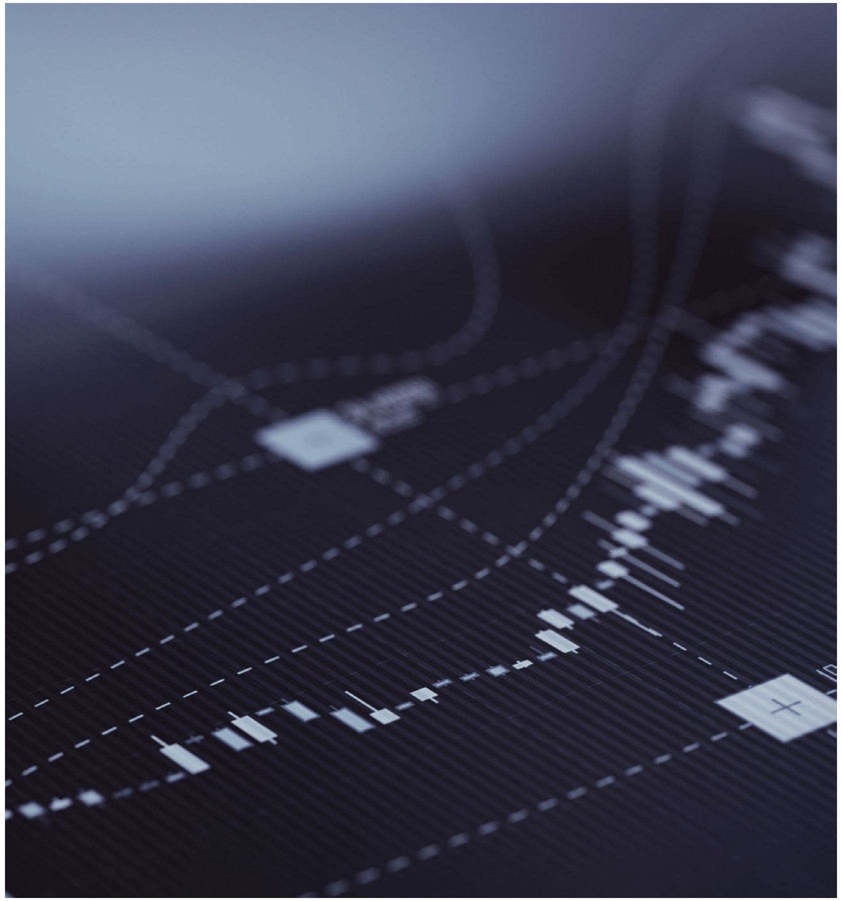
Major events for the Global economy in 2023

Watch list

Jan 17-18	BOJ meeting with Outlook Report	Bank of Japan (BOJ) holds a monetary policy meeting and releases Japanese economic growth forecast
Feb 2	ECB meeting with Macroeconomic projections	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast
	BOE meeting with Monetary Policy Report	Bank of England (BOE) holds a monetary policy meeting with the release of England's monetary policy report
Mar	BIS Quarterly Review	The Bank of International Settlements (BIS) issues performance reviews of the global banking system and financial markets
Mar 16	ECB meeting with Macroeconomic projections	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast
Mar 21-22	FOMC meeting with Macroeconomic projections	US Federal Reserve (Fed) holds a monetary policy meeting and releases US economic growth forecast



Source: Data from Federal Reserve Bank (Fed), European Central Bank (ECB), Bank of Japan (BOJ), and Bank for International Settlements (BIS).

Major events for the Global economy in 2023

Watch list

Date	Event	Description
Mar 23	The 14th National People's Congress of the People's Republic of China	China holds a National Congress, which is a major economic event, to set key policy directions in China
Apr 27-18	BOJ meeting with Outlook Report	Bank of Japan (BOJ) holds a monetary policy meeting and releases Japanese economic growth forecast
May 4	ECB meeting with Macroeconomic projections	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast
May 11	BOE meeting with Monetary Policy Report	Bank of England (BOE) holds a monetary policy meeting with the release of England's monetary policy report
Jun	BIS Quarterly Review	The Bank of International Settlements (BIS) issues performance reviews of the global banking system and financial markets

Source: Data from Federal Reserve Bank (Fed), European Central Bank (ECB), Bank of Japan (BOJ), and Bank for International Settlements (BIS).

Major events for the Global economy in 2023

Watch list

Month	Date	Event	Description
Jun	13-14	FOMC meeting with Macroeconomic projections	US Federal Reserve (Fed) holds a monetary policy meeting and releases US economic growth forecast
Jul	27	ECB meeting with Macroeconomic projections	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast
	27-28	BOJ meeting with Outlook Report	Bank of Japan (BOJ) holds a monetary policy meeting and releases Japanese economic growth forecast
Aug	3	BOE meeting with Monetary Policy Report	Bank of England (BOE) holds a monetary policy meeting with the release of England's monetary policy report
Sep		BIS Quarterly Review	The Bank of International Settlements (BIS) issues performance reviews of the global banking system and financial markets

Source: Data from Federal Reserve Bank (Fed), European Central Bank (ECB), Bank of Japan (BOJ), and Bank for International Settlements (BIS).

Major events for the Global economy in 2023

Watch list

Sep 14	**ECB meeting with Macroeconomic projections**	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast
Oct 26	**ECB meeting with Macroeconomic projections**	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast
Oct 30-31	**BOJ meeting with Outlook Report**	Bank of Japan (BOJ) holds a monetary policy meeting and releases Japanese economic growth forecast
Nov 2	**BOE meeting with Monetary Policy Report**	Bank of England (BOE) holds a monetary policy meeting with the release of England's monetary policy report
Dec	**BIS Quarterly Review**	The Bank of International Settlements (BIS) issues performance reviews of the global banking system and financial markets

Source: Data from Federal Reserve Bank (Fed), European Central Bank (ECB), Bank of Japan (BOJ), and Bank for International Settlements (BIS).

Major events for the Global economy in 2023

Watch list

Dec 12-13	FOMC meeting with Macroeconomic projections	US Federal Reserve (Fed) holds a monetary policy meeting and releases US economic growth forecast
Dec 14	ECB meeting with Macroeconomic projections	European Central Bank (ECB) holds a monetary policy meeting and releases Eurozone economic growth forecast

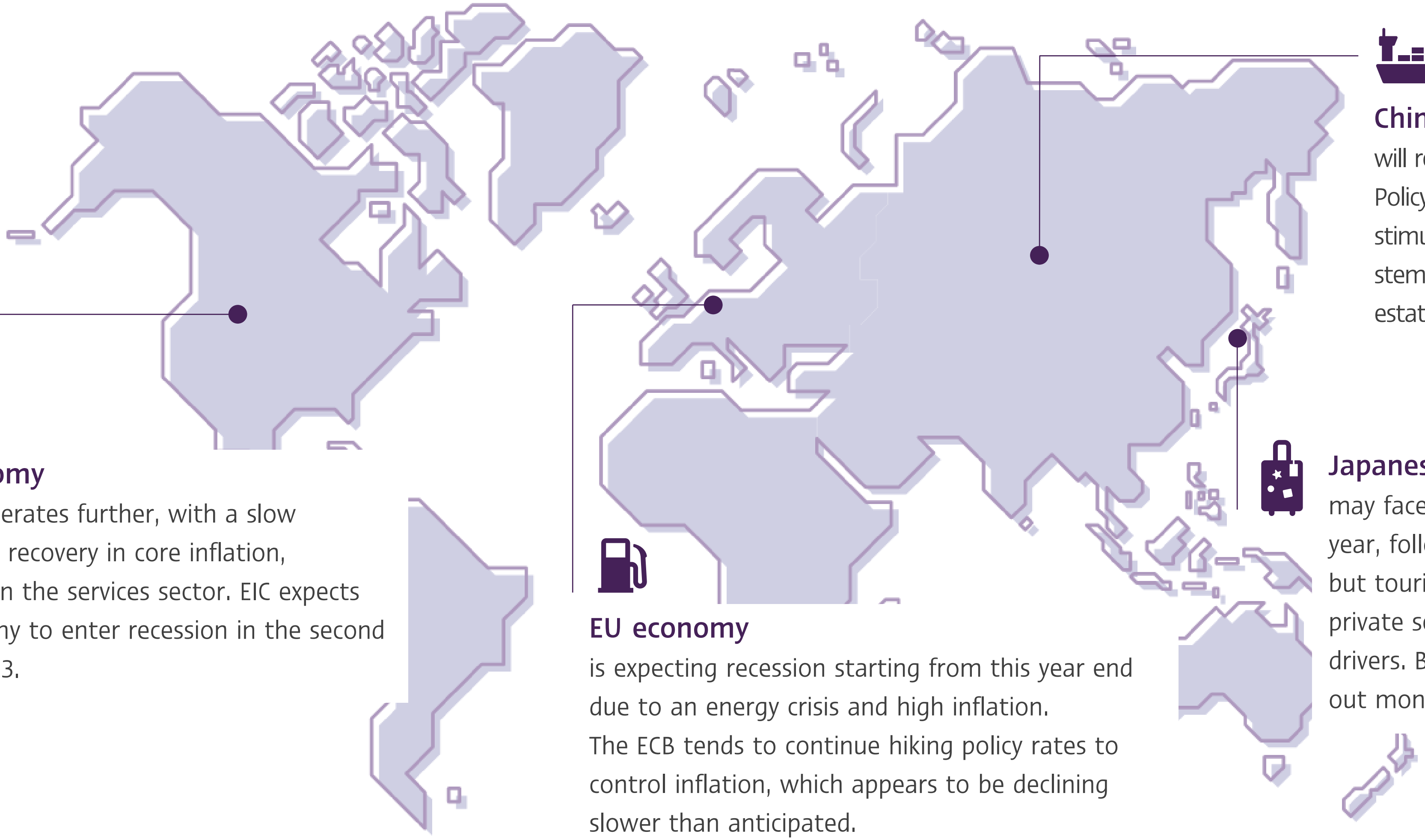
Key theme for Global economy in 2022

- Higher recession risk
- Tight monetary policy to remain until inflation quelled
- Further intensification of European energy crisis
- Financial vulnerability in LICs and EMs
- US-China Tech War

Source: Data from Federal Reserve Bank (Fed), European Central Bank (ECB), Bank of Japan (BOJ), and Bank for International Settlements (BIS).

Global economic outlook 2022-2023

Global economic slowdown continues with higher risks of recession. Inflation to stay above Central Banks' targets at least until 2023.



Chinese economy

will recover gradually in 2023 from Zero-Covid Policy easing and fiscal and monetary stimulus. However, economic threats have stemmed from a slowdown in exports, real estate crisis, and limited policy effectiveness.

US economy

likely decelerates further, with a slow downward recovery in core inflation, especially in the services sector. EIC expects US economy to enter recession in the second half of 2023.

Japanese economy

may face a marginal slowdown next year, following moderate global demand, but tourism and new investment in private sectors remain key economic drivers. BOJ is expected to start phasing out monetary policy easing next year.

EU economy

is expecting recession starting from this year end due to an energy crisis and high inflation. The ECB tends to continue hiking policy rates to control inflation, which appears to be declining slower than anticipated.

EIC expects a sharp slowdown in global economy in 2023 amid rising uncertainties from the effects of monetary policy tightening and a delayed inflation slowdown that will eventually drive some economies into recession.

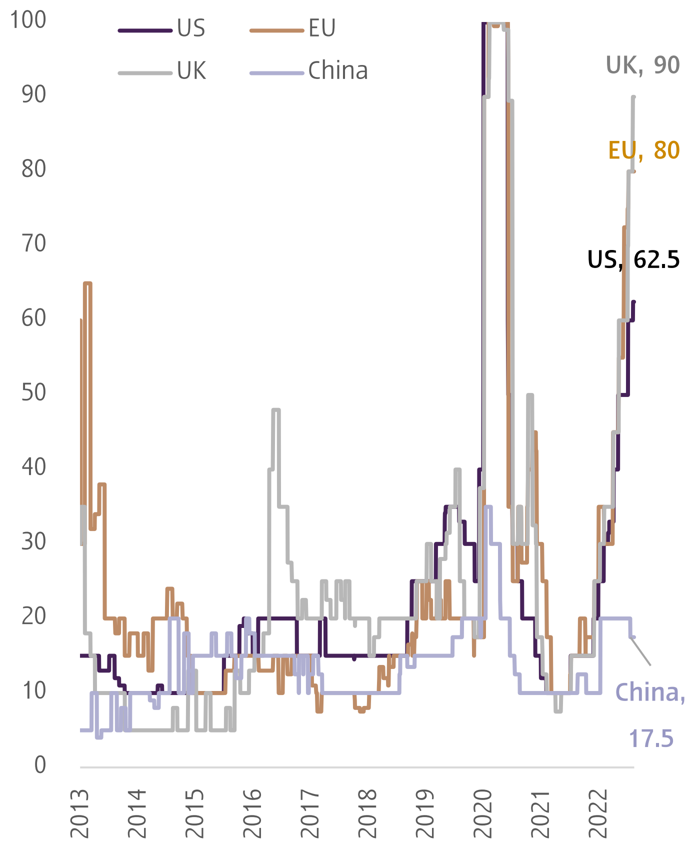
Global economic growth forecast by EIC

Unit: %YOY

GDP growth (%YOY)	2021	2022		2023
		Prev	Current	
World	5.8%	3.0%	2.9%	1.8% ↓
US	5.5%	1.7%	1.9%	1.0% ↓
Euro	5.0%	2.6%	3.3%	-0.1% ↓
UK	7.5%	4.6%	4.4%	-1.0% ↓
Japan	1.9%	1.4%	1.5%	1.4% ↓
China	7.8%	3.0%	3.0%	4.3% ↑
India	8.8%	7.3%	7.1%	5.6% ↓
Brazil	4.7%	1.3%	1.9%	1.0% ↓
South Korea	4.0%	2.5%	2.5%	2.0% ↓
Malaysia	3.0%	6.5%	8.7%	4.0% ↓
Global Inflation	3.7%	7.5%	7.0%	4.7% ↓

The probability of a recession over the next 12 months

Unit: %, data as of November 1, 2022



Major risks to global economic recovery

- **Inflation is expected to stay above targets for 1-2 years** from persistently high food and energy prices.
- **Monetary policy tightening continuing,** although policy rate hikes are slowing, with terminal rates remaining higher than anticipated.
- **High debt globally amid tight financial conditions,** increasing risks of default on debt repayment that could affect the global financial system.
- **The unresolved Russia-Ukraine War** prolonging energy and food crises.
- **US-China Tech war** affecting production and investment plans in some specific industries in the global market.

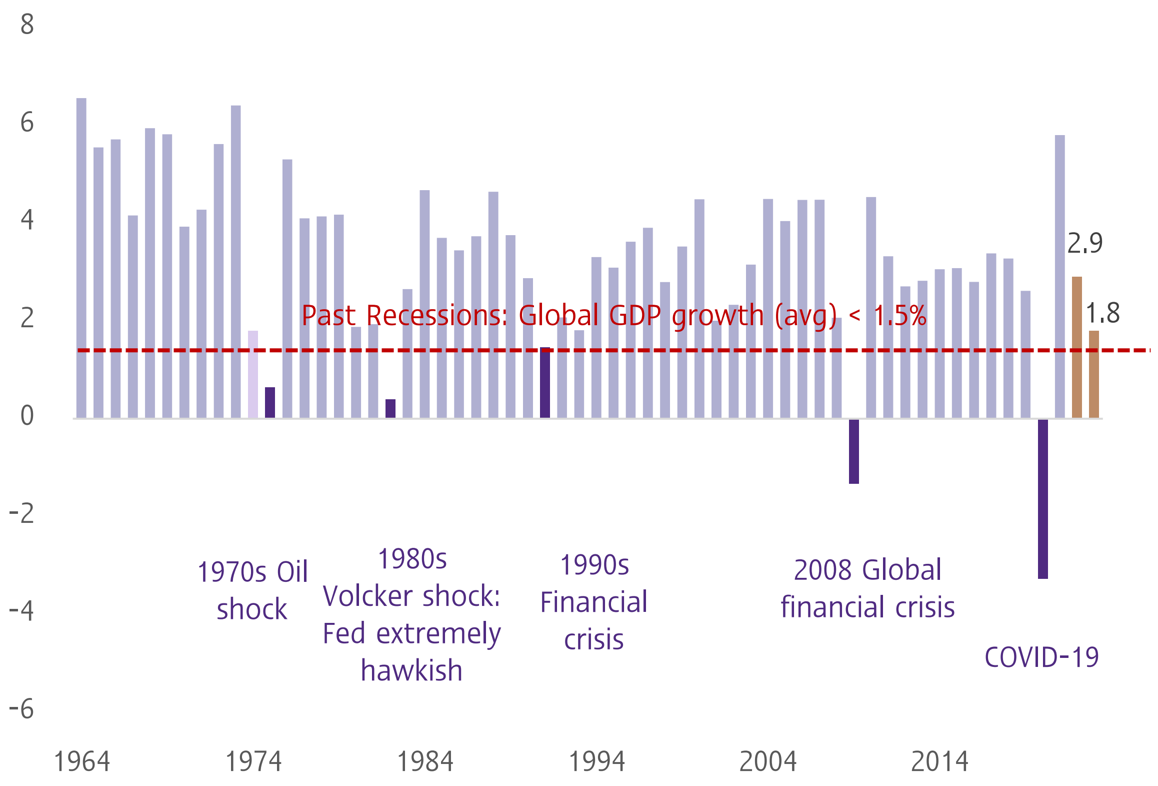
Source: EIC analysis based on data from CEIC and Bloomberg.

Global economic growth forecast at below 2% in 2023 is getting closer to past recession average levels.

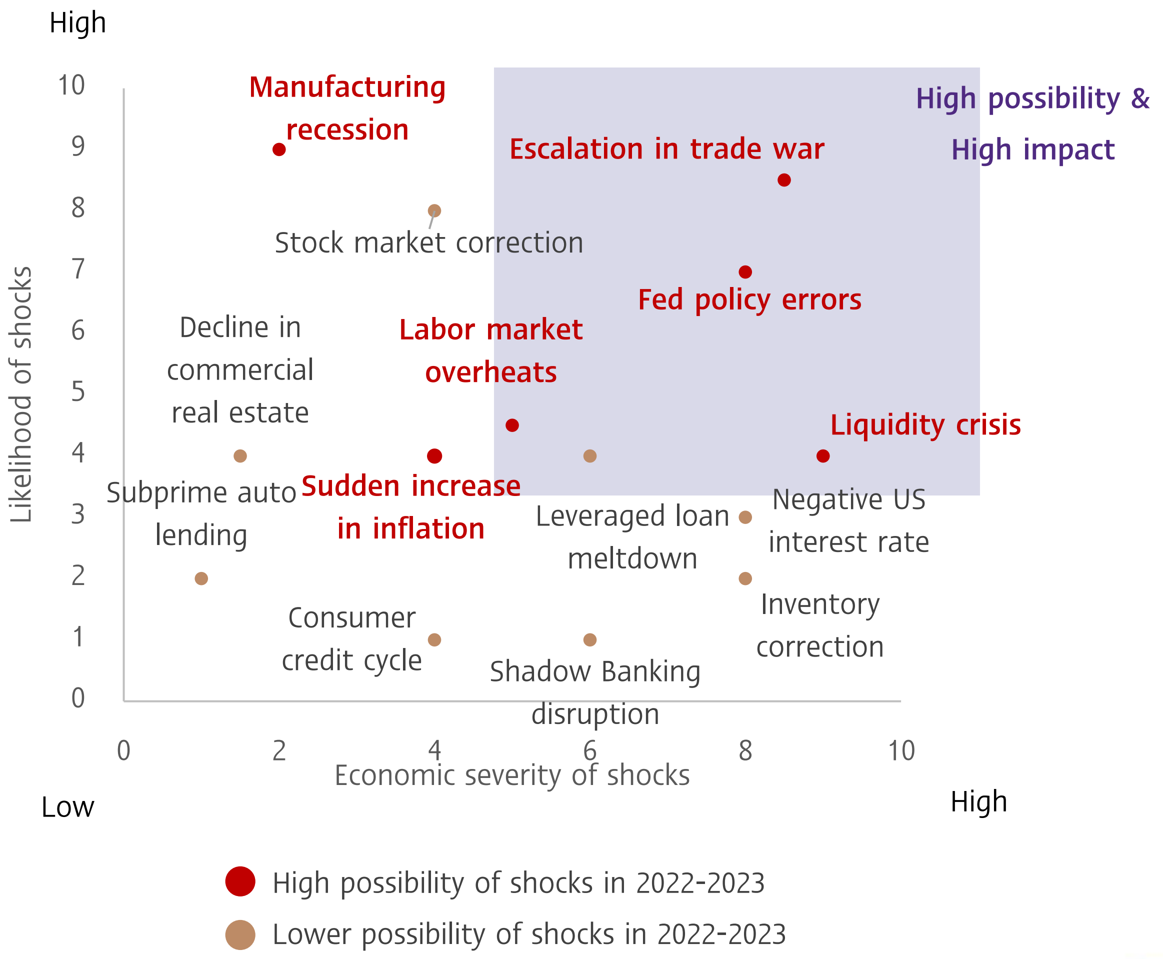
Any unexpected and severe events, adding more pressure, could potentially lead to global economic recession.

World GDP Growth

Unit: %YOY



Moody's likelihood of shocks and economic severity of shocks

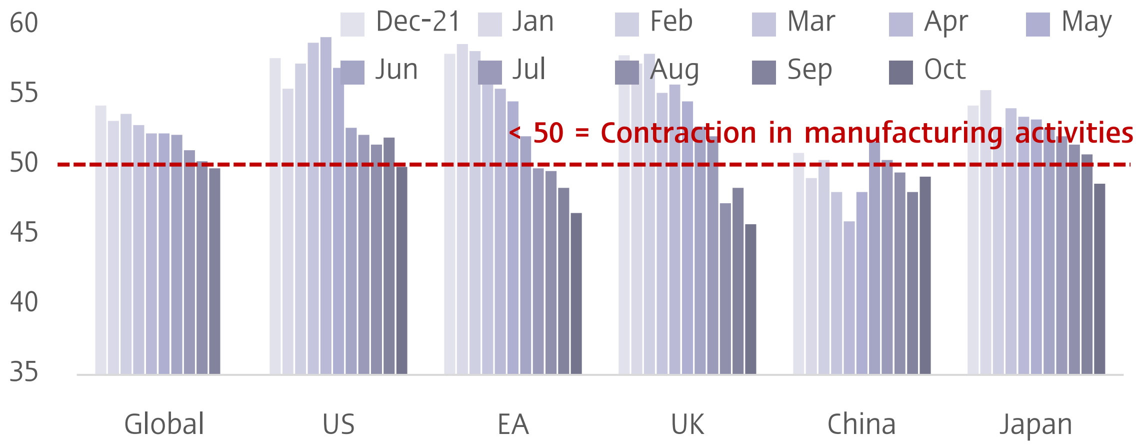


Source: EIC analysis based on data from World Bank, Moody's article : A Global Recession: Key Indicators and Implications.

Global economic activity is showing more signs of widespread slowdown in the future by a decelerating manufacturing sector, falling consumer and business confidence, and a slowdown in labor demand.

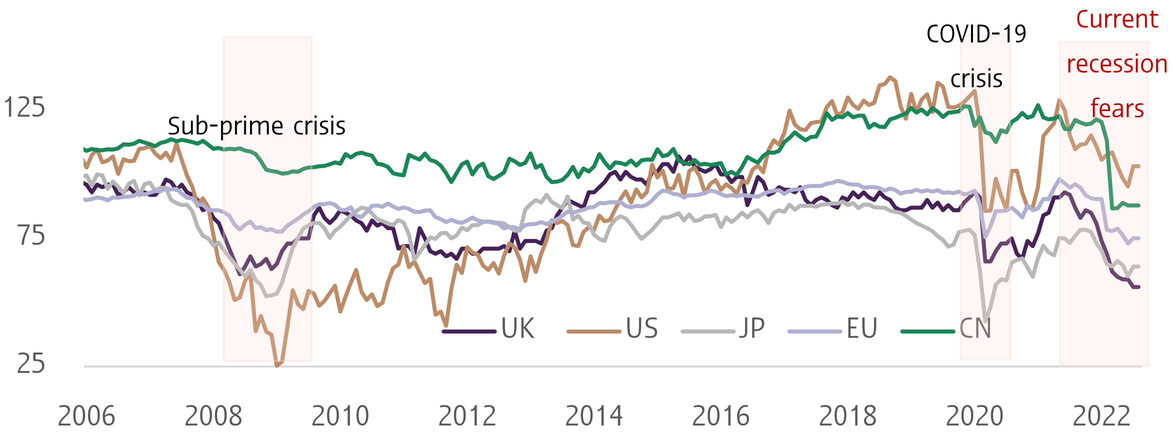
Composite Purchasing Manufacturing Index

Unit: Index, >50 = expansion, seasonally adjusted



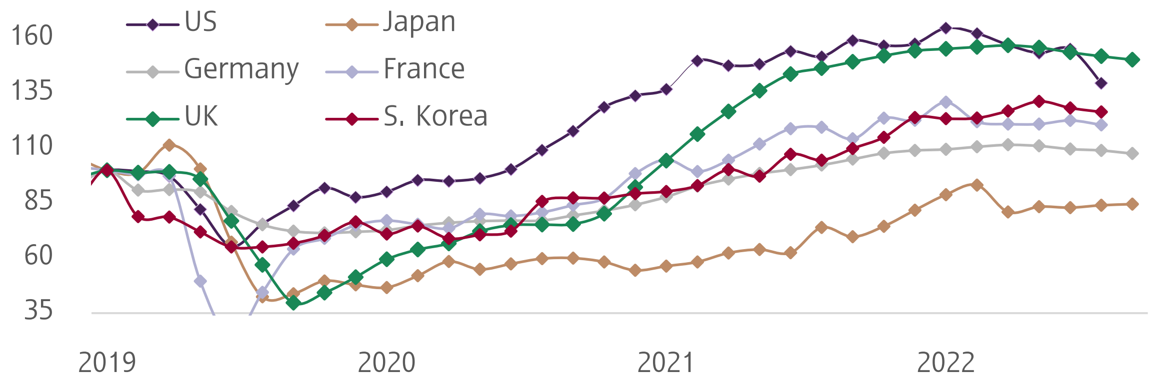
Consumer Confidence Indices in many countries falling close to previous crisis levels

Unit: Index, Normalized (Normal = 100), seasonally adjusted



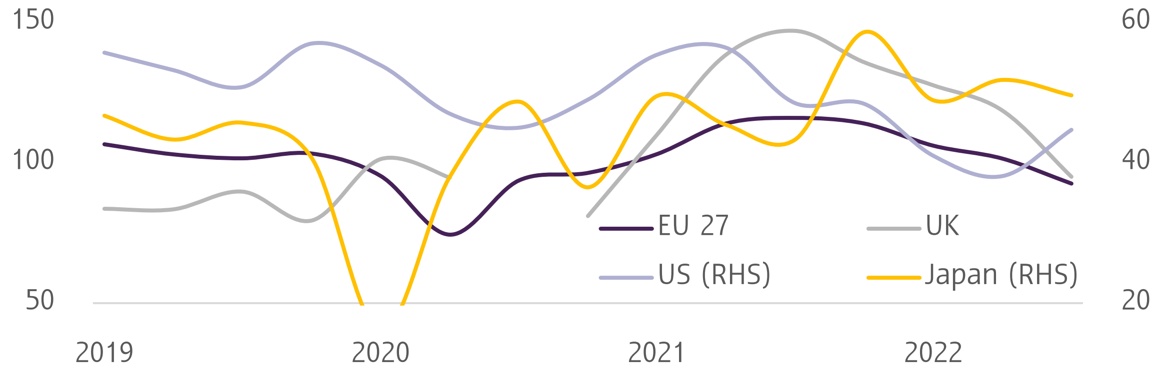
Job vacancy decelerating from a slowdown in employment demand

Unit: Index, 2019 Average = 100, seasonally adjusted



Business Sentiment Index dropping further

Unit: Index, Normalized (Normal = 100), seasonally adjusted

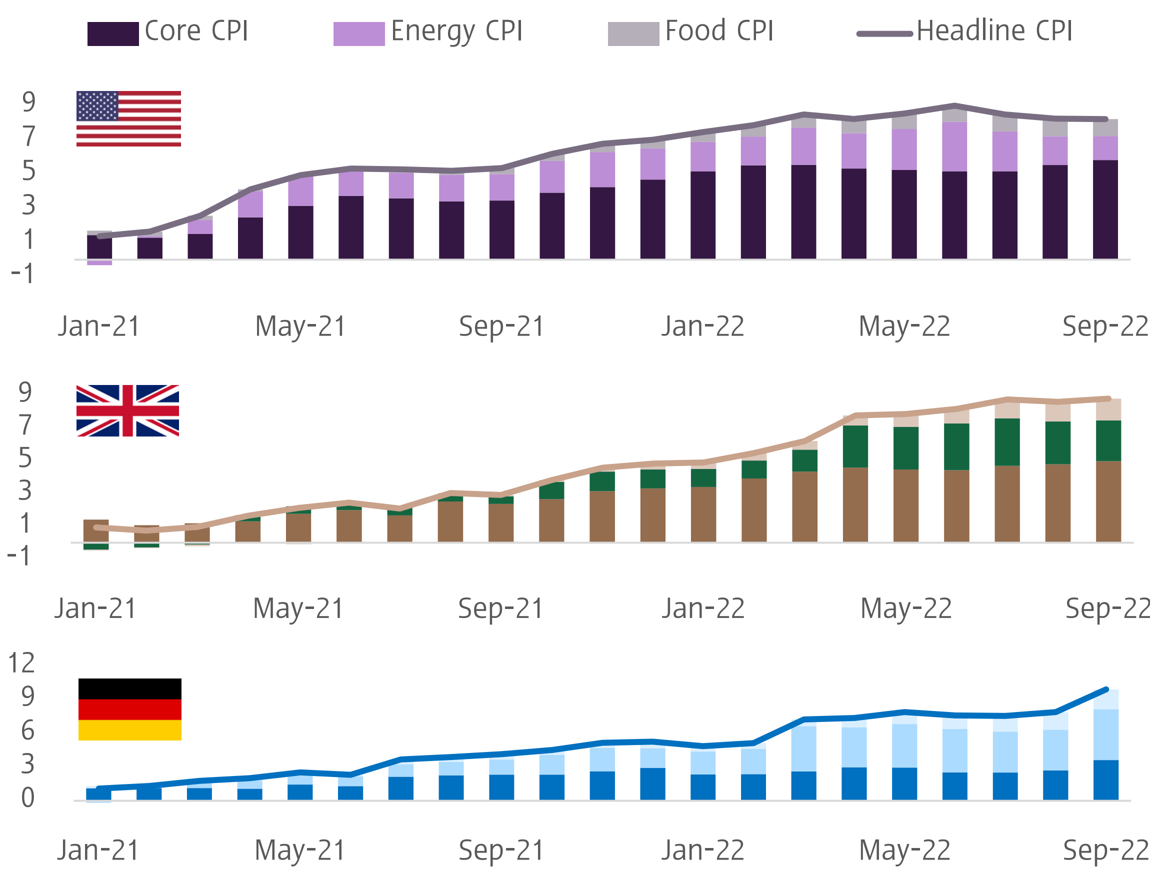


Source: EIC analysis based on data from CEIC, UK Office for National Statistics and Japan Cabinet Office.

Although inflation in major economies started to slow down, rates will remain above Central Banks' targets for 1-2 years, as a result of expanding inflationary pressure and rising demand for services after demand for durable goods drops to the normal level.

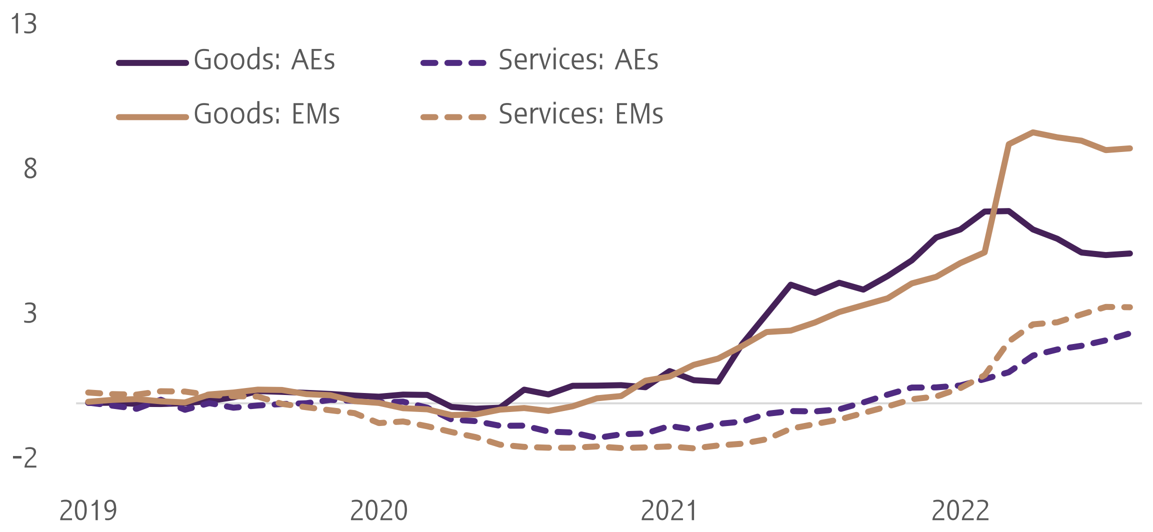
Inflation by sector

Unit: % Change compared to pre-COVID-19 average



Inflation: durable goods and services

Unit: % Change compared to pre-COVID-19 average



Factors pushing inflation above Central Banks' targets at least until 1-2 years

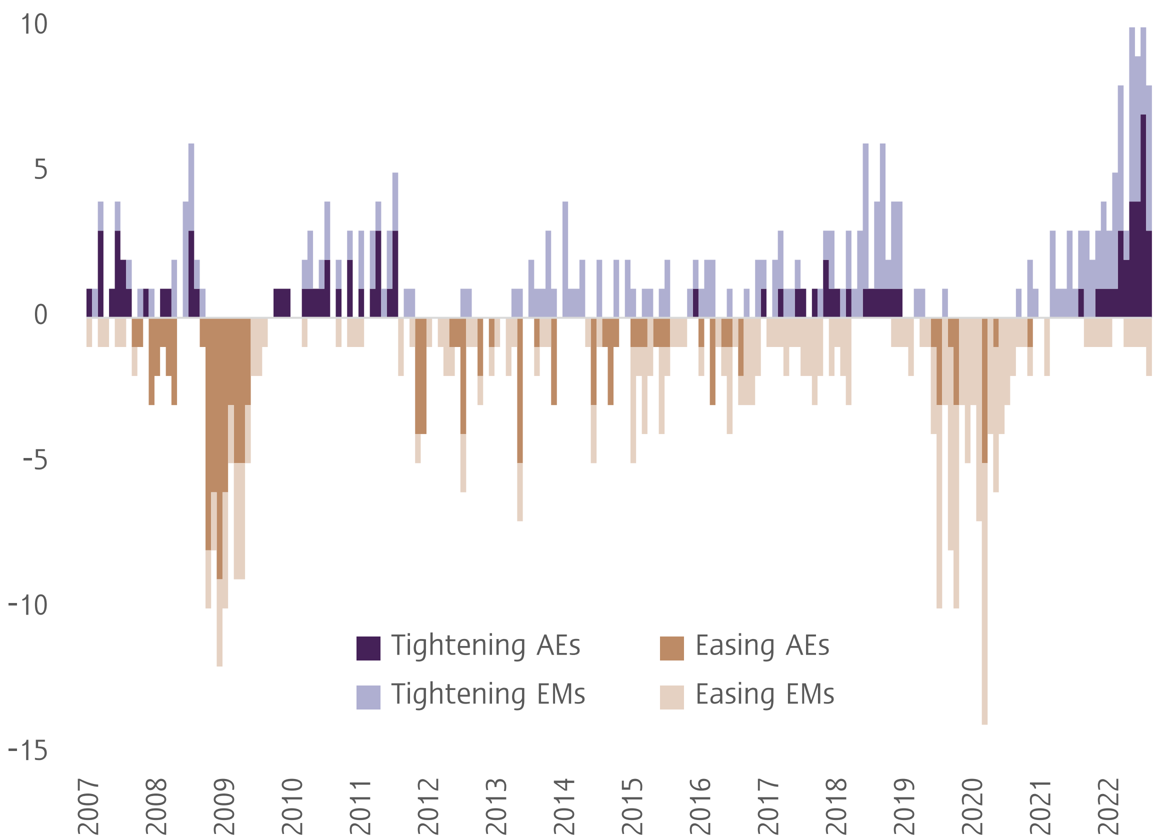
- A prolonged Russia-Ukraine War
- High global oil prices
- The effects of extreme weather on global food production
- China's Zero-Covid Policy
- High wages from a tightened labor market
- continued rising in service price from pend-up demand

Source: EIC analysis based on data from OECD, CEIC, and IMF WEO October 2022.

Thus, the global monetary policy tightening period will be extended to ensure that inflation returns to the target range, while fiscal stimuli will be reduced going forward and focus more on fiscal sustainability as public debts accumulate significantly during COVID-19.

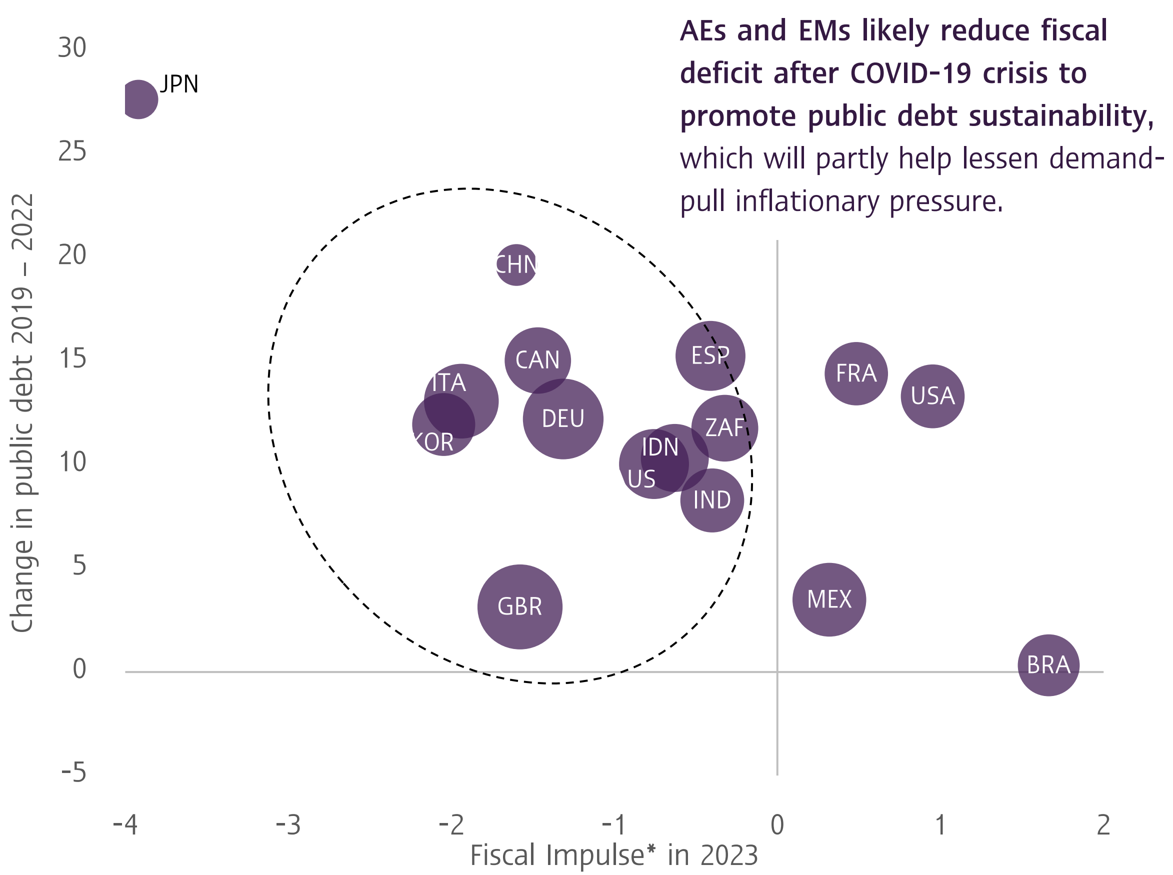
Number of policy rate hikes and cuts

Unit: Times



G20's fiscal impulse, inflation, and public debt

Unit: % of country GDP, bubble size = inflation size (Sep 2022)



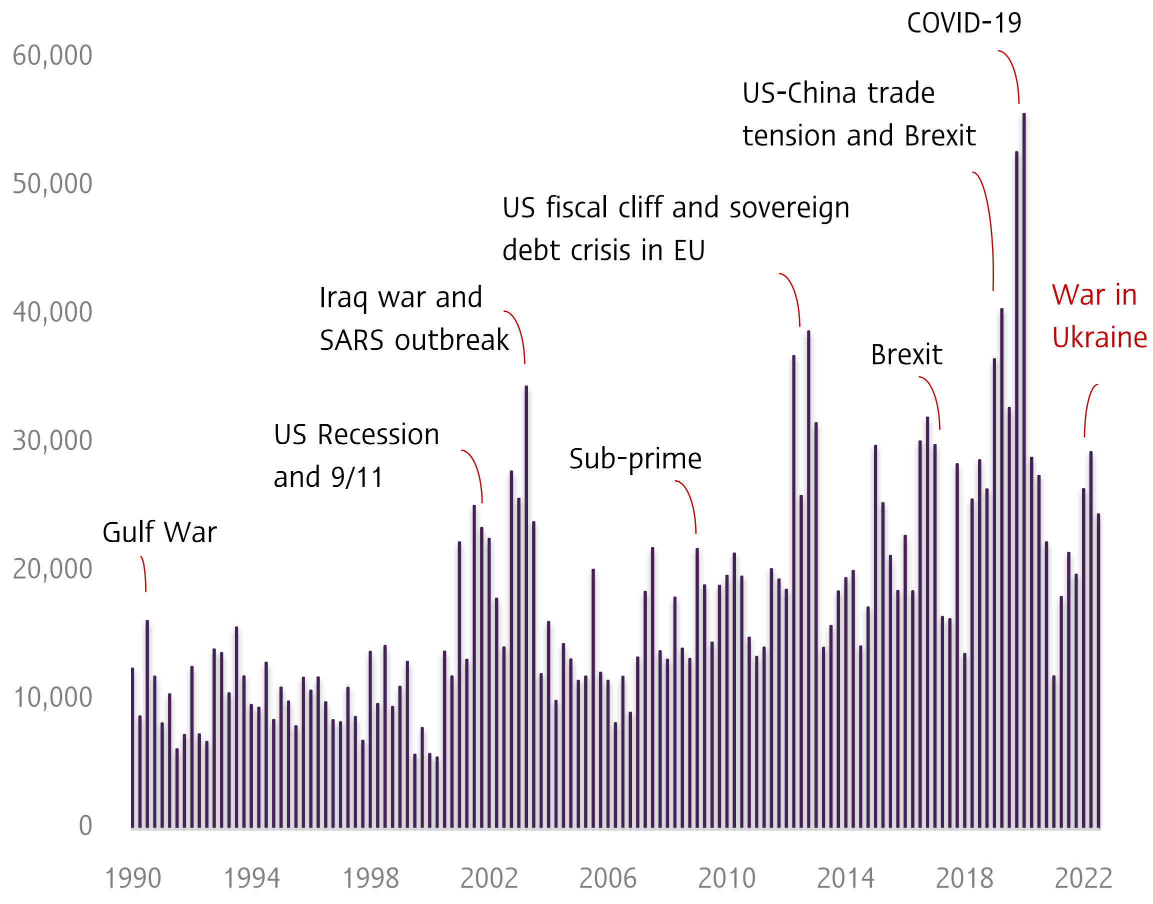
Note: *Fiscal impulse = Change in fiscal balance in 2023 compared to 2022 (Negative number refers to smaller fiscal deficit in 2023 than in 2022).

Source: EIC analysis based on data from IMF WEO October 2022 and CEIC.

Moreover, global economy is facing more uncertainties from economic, policy, and geopolitical factors.

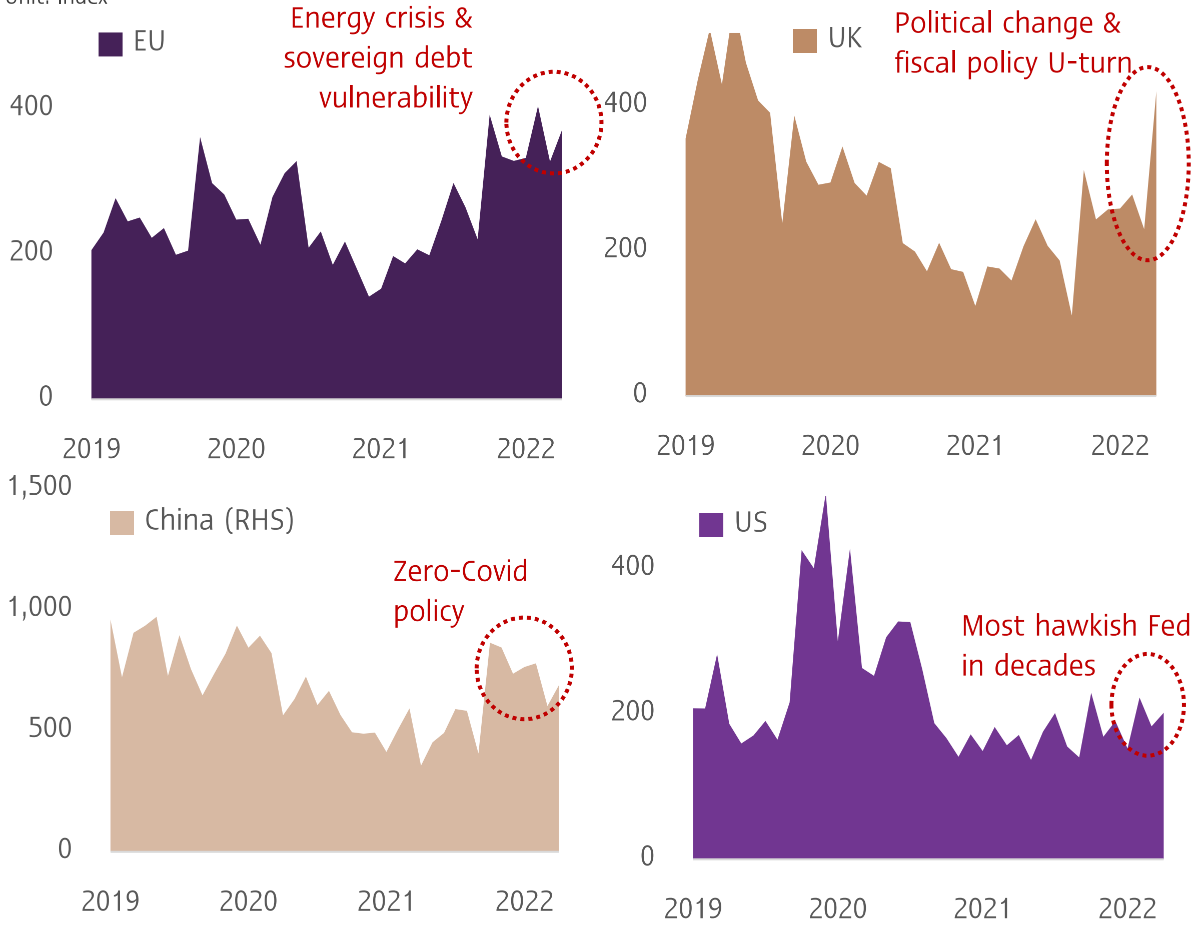
World Uncertainty Index

Unit: Index, GDP weighted average, 1Q1993 – 3Q2022



Global Economic Policy Uncertainty Index

Unit: Index



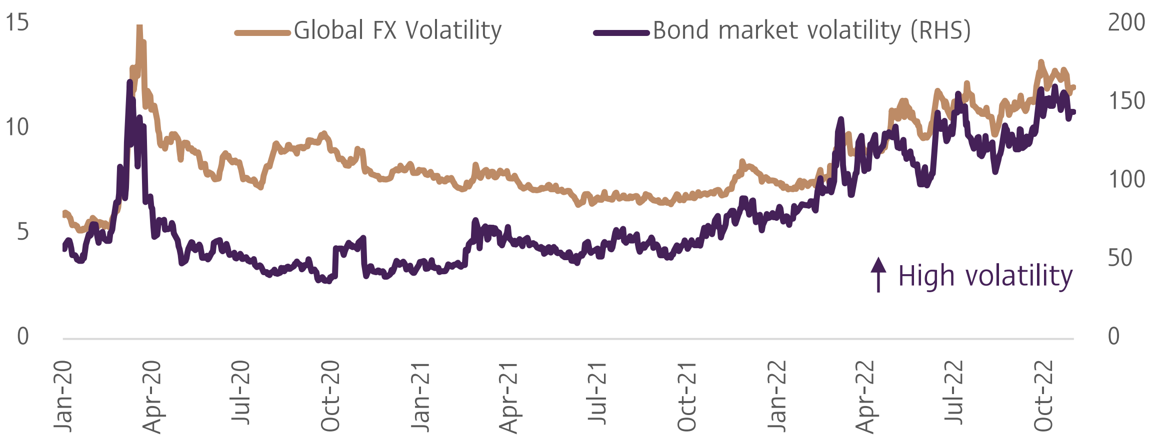
Source: EIC analysis based on data from World Uncertainty Index (Ahir et al. 2018) and Economic Policy Uncertainty Index (Baker et al. 2012).

Global economic and monetary policy uncertainties have resulted in higher volatility in global financial markets.

Global financial market liquidity and financial conditions tightened and global risky asset prices dropped significantly this year as investors were risk-off.

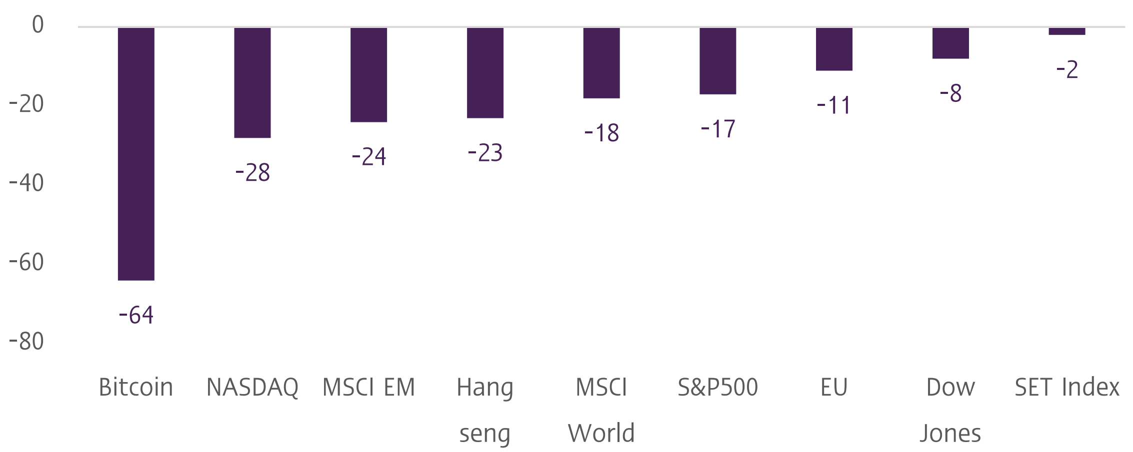
Volatility in Global FX and US bond market

Unit: Index



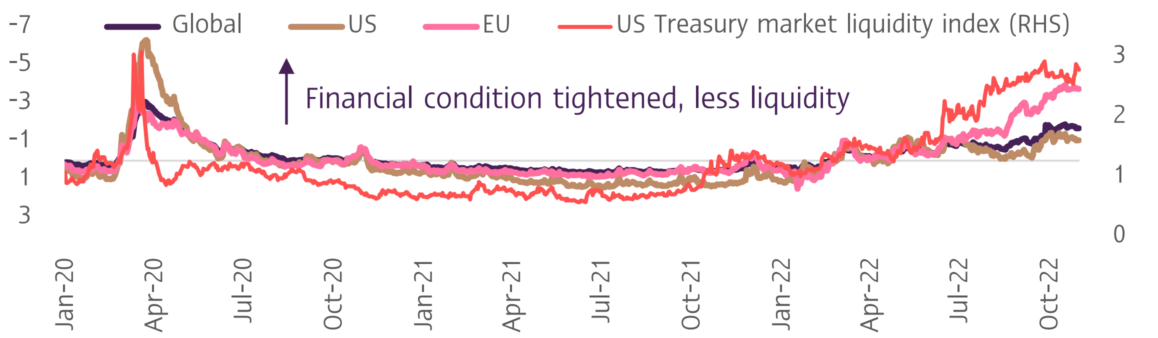
Global risky asset prices dropped significantly this year.

Unit: %Change YTD



Lowering liquidity in US Treasury bond market, tightening global financial conditions

Unit: Index



- **Rising global uncertainty** has lowered investors' confidence and risk appetite and caused higher volatility in both bond and FX markets.
- **Global financial conditions have tightened** from reduced liquidity in financial markets, a sharp drop in asset prices (in bond, stock, and other risk asset markets) and higher volatility in money markets.

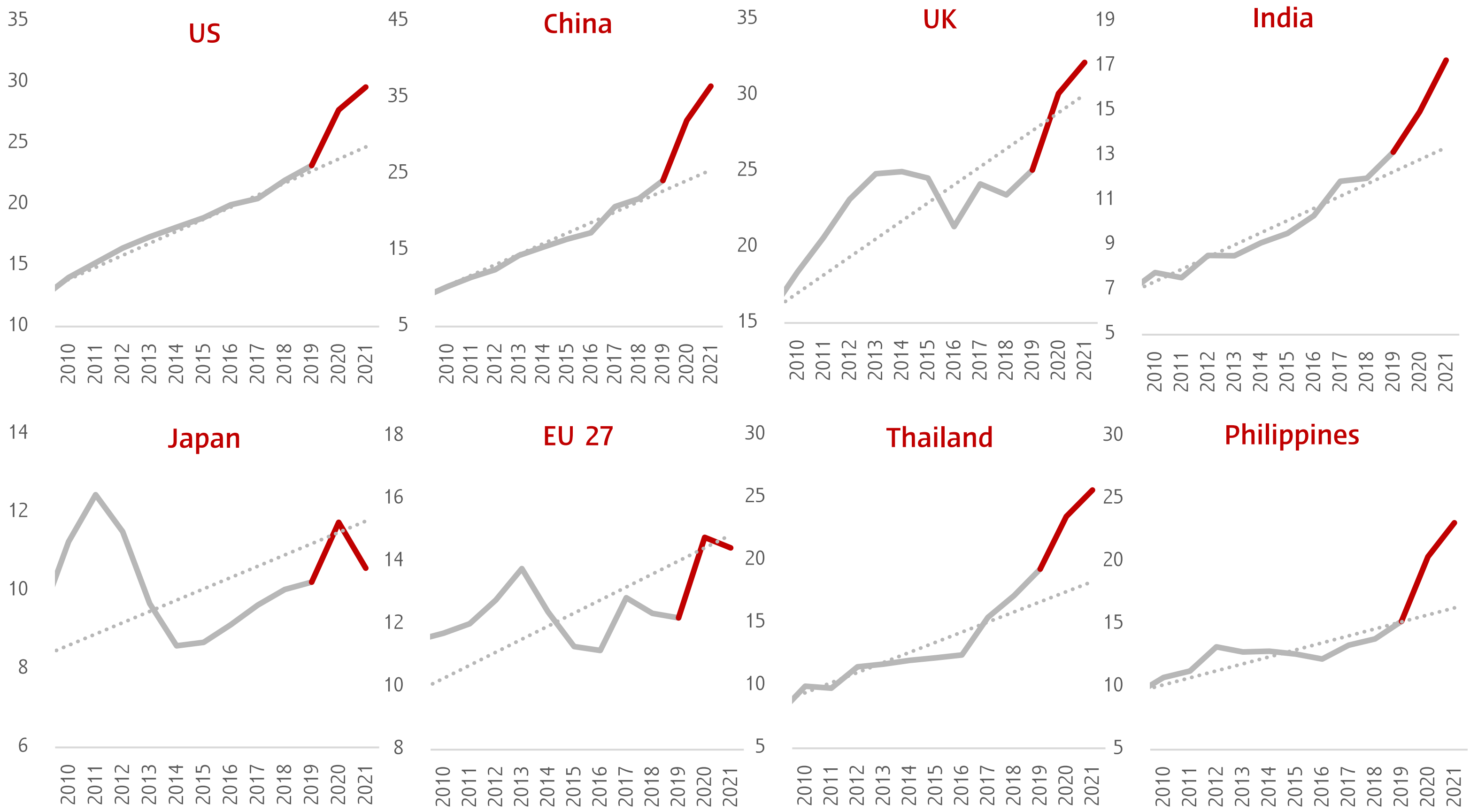
Source: EIC analysis based on data from Bloomberg.

SCB Economic Intelligence Center

Global public debts and the proportion of zombie firms are on the rise amid rapid tightening of financial conditions, increasing risks of debt crisis in EMs and financial instability in some countries.

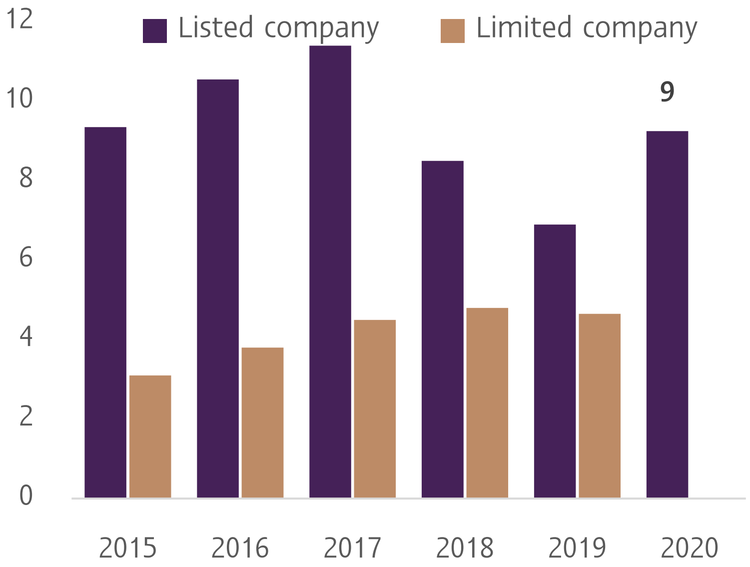
Public debts have sharply accelerated during COVID-19 crisis (compared to 10-Years trendlines)

Unit: USD million



% of US Zombie Firms by Fed

Unit: % total companies



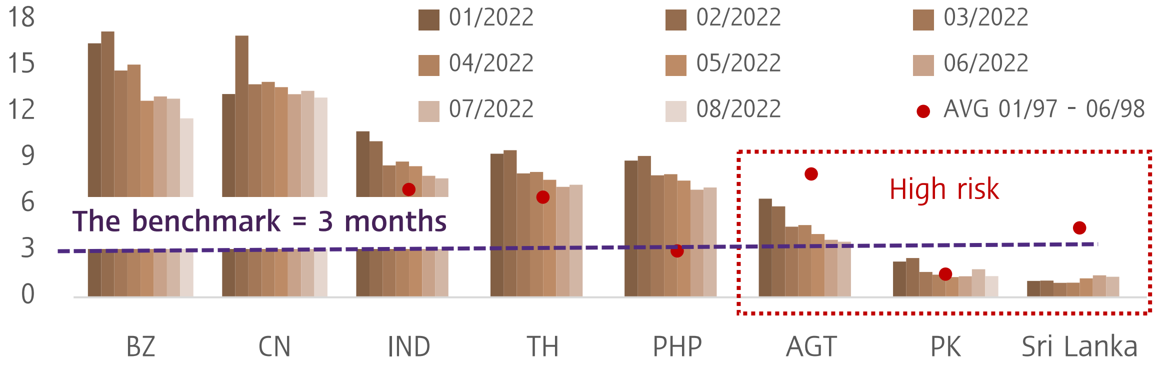
- Amid tightening financial conditions, **global public debt reached its historical high level, adding more risks to debt crisis.**
- **The proportion of zombie firm, with low profitability and high debt, increased** because revenue growth is slower than debt burden. **This could lead to liquidity crisis and debt default, potentially affecting the stability in financial system in some countries.**

Source: EIC analysis based on data from CEIC and Federal Reserve Bank of St. Louis.

In short-term, the risk of debt crisis escalating in EMs is still moderate as international stability and fiscal positions remain strong.

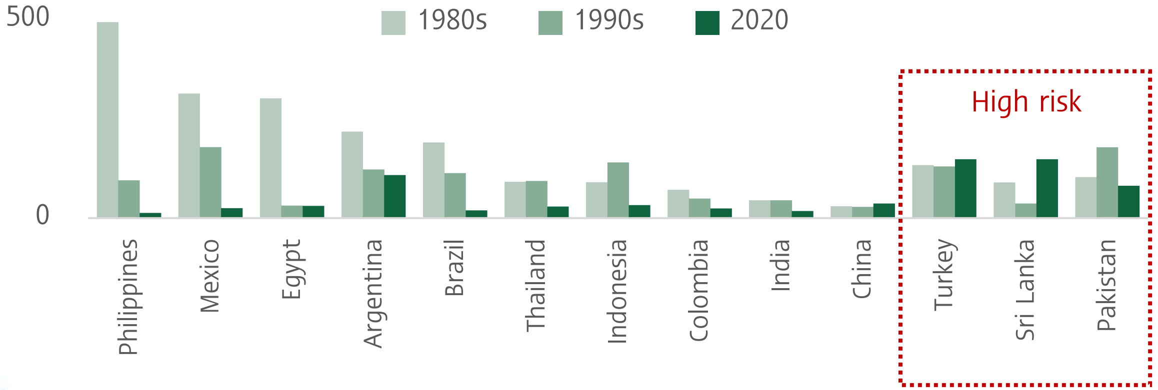
Most international reserves stays above the benchmark. Some countries with low reserves will have higher risks of sovereign default.

Unit: Months of import



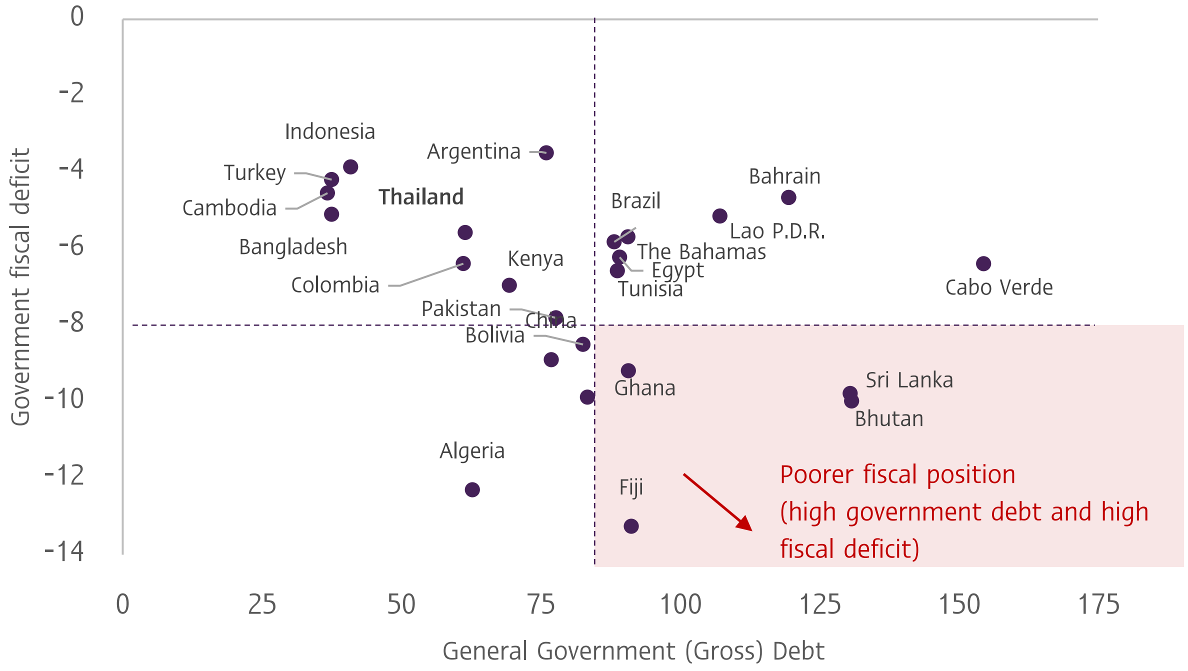
Short-term external debt to total reserves has continued to decline.

Unit: % of total reserves



EM Governments' fiscal positions

Unit: % of GDP by country



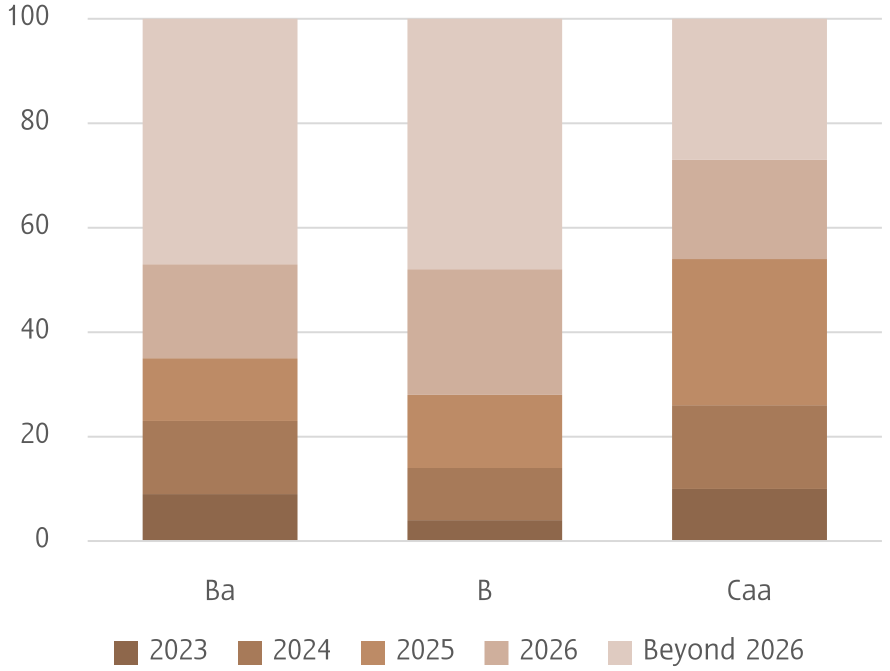
The risk of sovereign defaults from weak fiscal position is concentrated in small EM countries, such as, Fiji, Bhutan, Ghana, Tunisia, and Egypt, whose debt proportion is small comparing to the size of the global financial system and the impacted to global financial system and economy will be limited.

Source: EIC analysis based on data from CEIC.

Debt default risks in EMs private sector remain limited due to the sector's strong financial position and good liquidity.

Debt maturity by credit rating in 2022

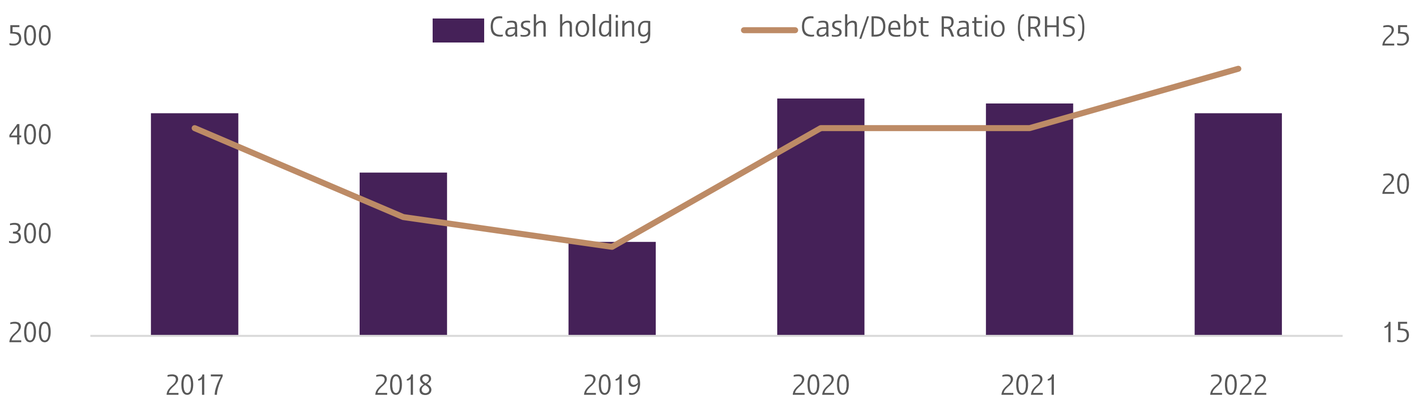
Unit: % of total debt (Commercial bank loan and bond)



Debts of companies, with speculative grade and high default risk, have limited vulnerability to interest rate hikes as debts that will be due in short-term of 1-2 years is only 20% of total debt.

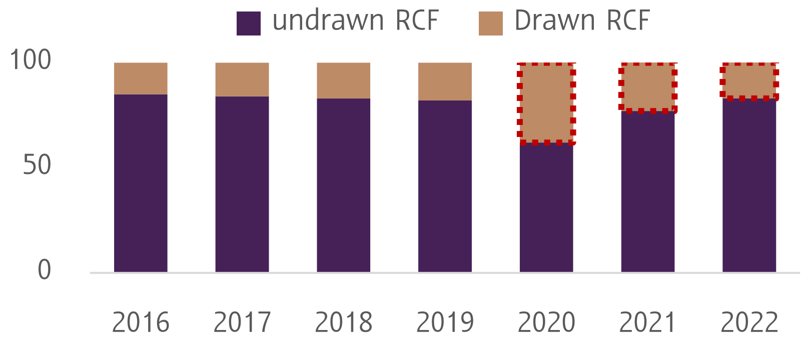
The average cash holding of companies with speculative grade and cash flow to debt ratio were higher during pre-pandemic period.

Unit: $ billion
Unit: Ratio



RCF withdrawal of companies with Speculative grade

Unit: % committee credit facilities



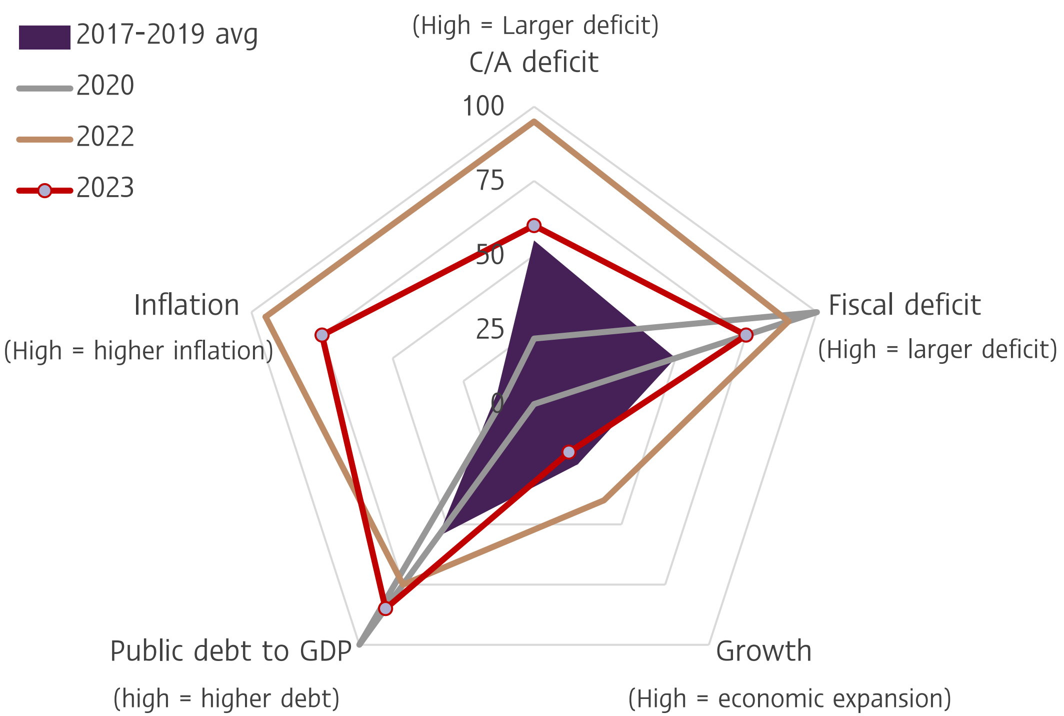
Revolving Credit Facility (RCF) withdrawal has returned to pre-pandemic level, reflecting that companies' financial positions are strong enough to lessen reliance on liquidity from commercial banks.

Note: Revolving Credit Facility (RCF) is a short-term credit line that the borrower will have to pay interest only when using this credit line.
Source: EIC analysis based on data from Bloomberg, CEIC, and Moody's.

In medium-term, EMs debt crisis risks will be higher following a continued slowdown of global economy and a prolonged financial condition tightening that could affect liquidity in the financial system in some countries.

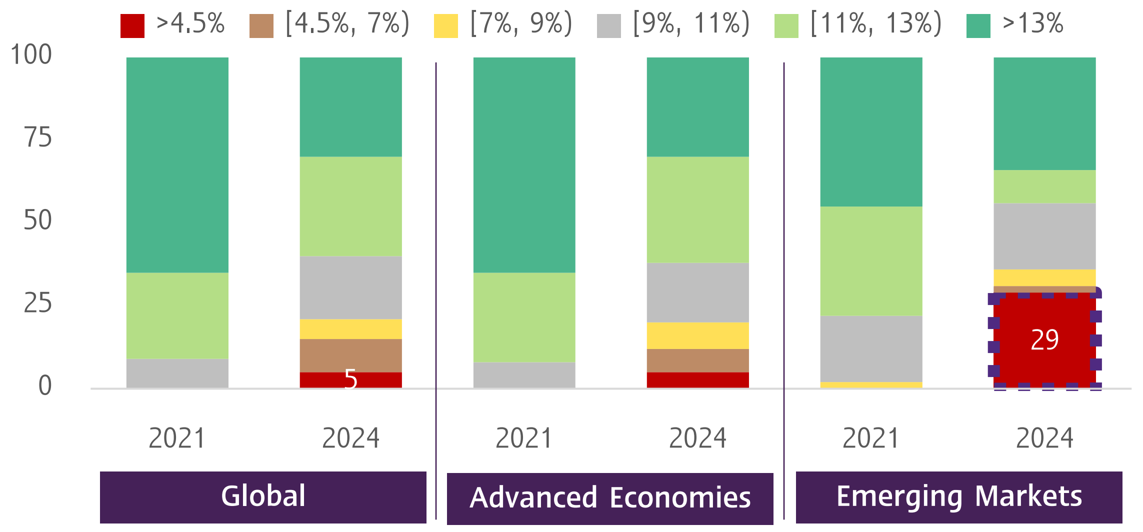
Macroeconomic indicators, public debt, and economic growth are expected to worsen and current account deficit will be larger than pre-crisis level.

Unit: Percentile rank from 2000 to 2023



The proportion of banks by CET1* Ratio which IMF estimates that 1/3 of financial institutions in EMs are likely experience liquidity shortage in the medium term.

Unit: % of total assets of each group



In medium-term,

- The number of financial institutions globally exposing to liquidity risk (CET1 ratio not meeting the minimum 4.5% threshold), is expected to reach 5% in 2024, increasing from 0% in 2021.
- In this group, the proportion financial institutions increases 1/3 of all EMs comparing to 2021, when no financial institution was below the threshold. (adverse case)

Note: *CET-1 is Capital/Asset ratio that reflects a bank's liquidity and ability to absorb various risks. A low CET1 indicates low liquidity. By international threshold, CET1 must maintain a minimum ratio of 4.5%.

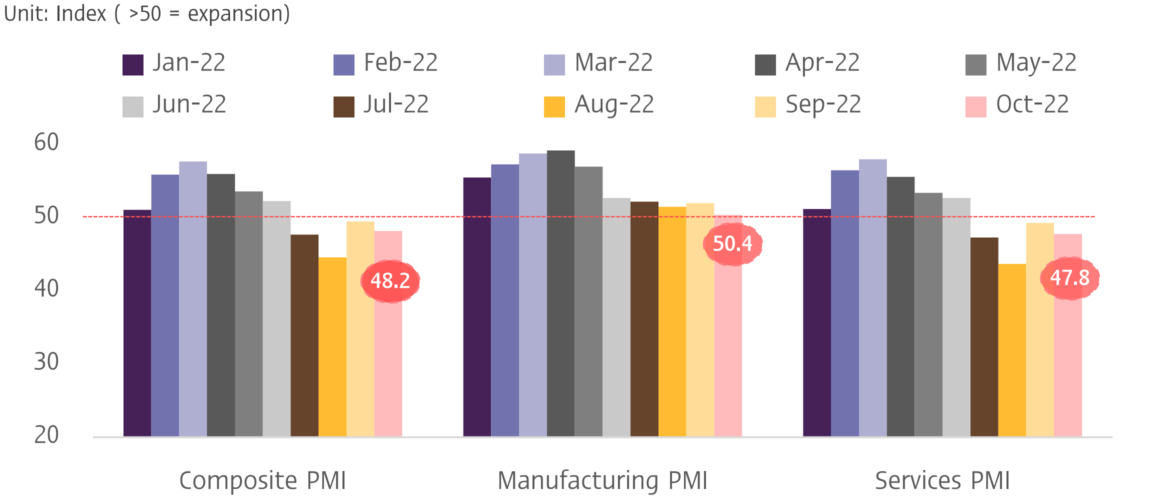
Source: EIC analysis based on data from IMF Global Financial Stability Report, Oct 2022.

US Economy

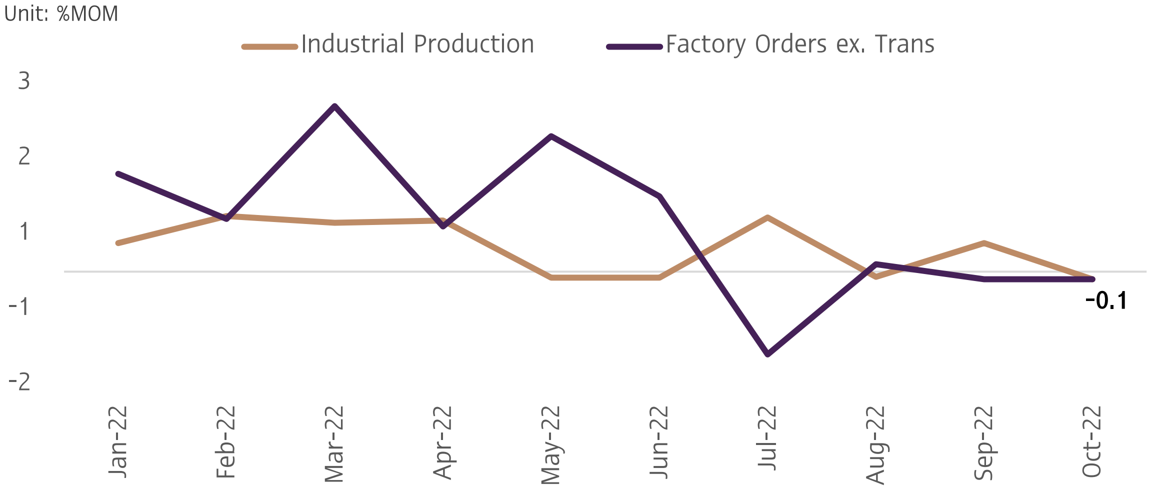
US economy is expected to decelerate further with a slow downward recovery in core inflation, especially in service sector. EIC expects US economy to enter recession in the second half of 2023.

US economic activities have continued declining. A contraction of Industrial production and new orders indicates weaker manufacturing activities and demand amid high inflation and tightening financial conditions.

S&P Global Purchasing Managers Index : PMI

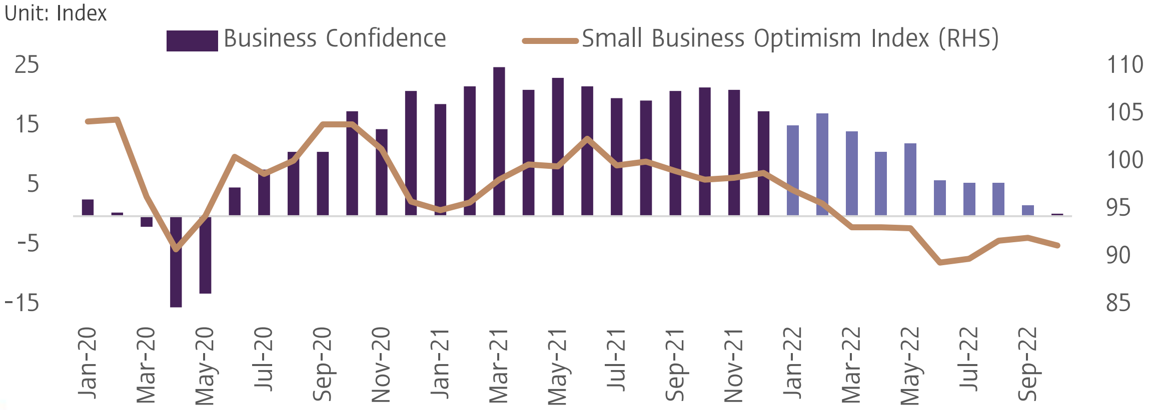


US Industrial production index and factory order



Note: Surveyed by The Institute of Supply Management (ISM)

US Business Confidence Index has continued declining this year.

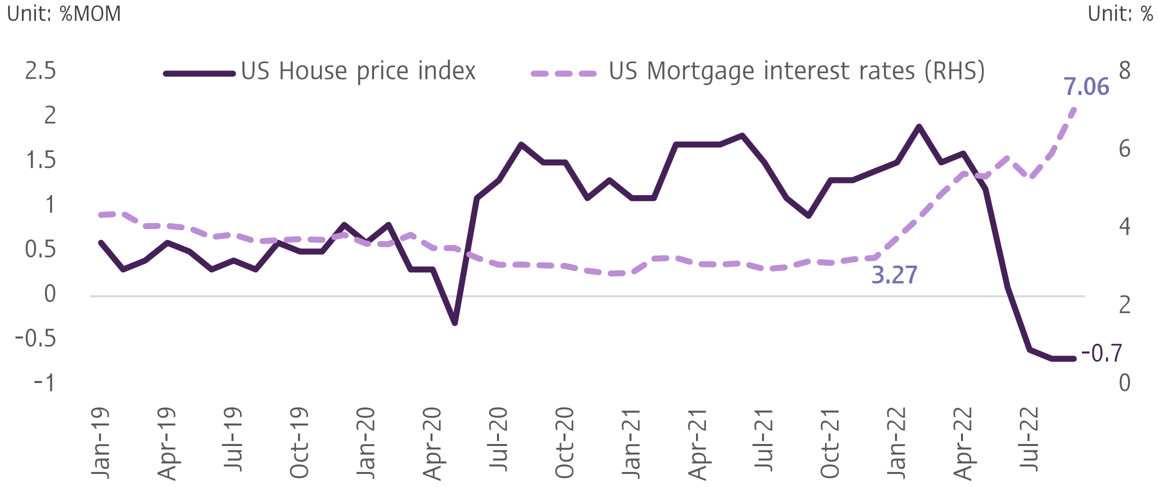


- **US GDP grew 2.6%QOQ in quarter 3, mainly driven by exports,** while strong consumption began to slow down to 1.4% (from 2% in the quarter 2)
- **A decline in Purchasing Managers Index (PMI) reflected that manufacturing and service activities will be further deteriorated.** Manufacturing activities in October dropped to its lowest level in 2 years from a sharp decline in new orders and service activities continued falling from lower consumer demand, partly due to rising inflation and interest rates.

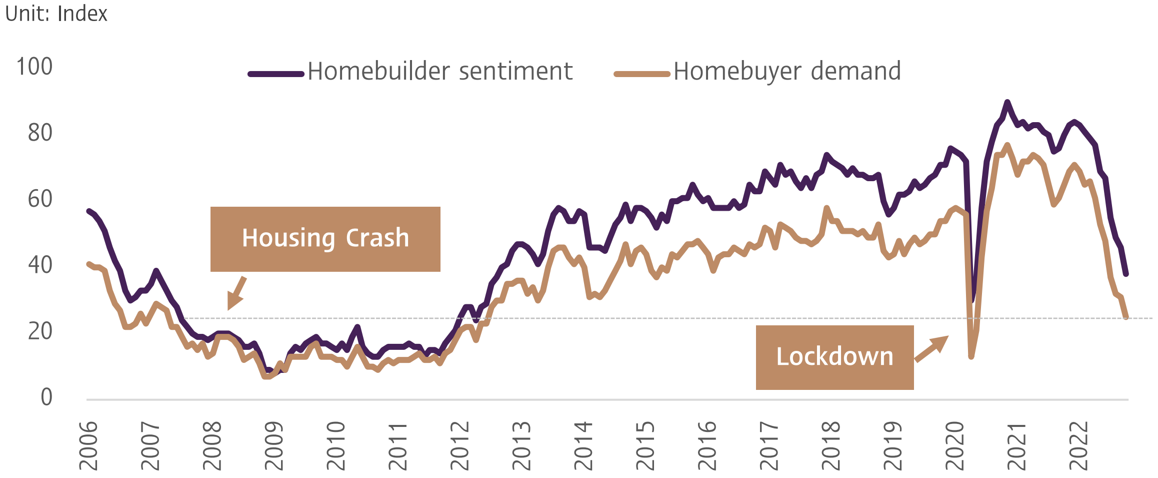
Source: EIC analysis based on data from Bloomberg and The Institute of Supply Management (ISM).

The real estate market is showing signs of a significant slowdown. House prices notably dropped in line with a decelerating demand amid a high surge in mortgage rates, affecting consumer wealth in the future.

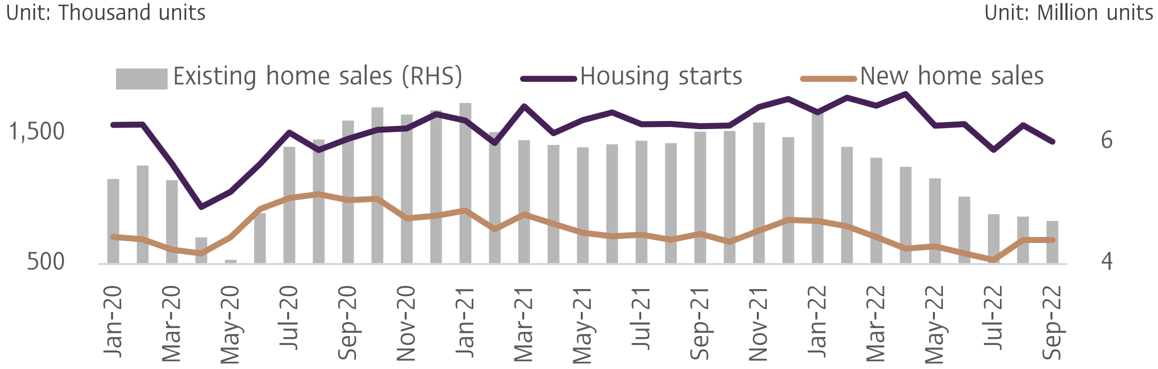
US House Price Index and US 30-year mortgage interest rates



Homebuilder sentiment and homebuyer demand



Housing starts, new home sales, and existing home sales



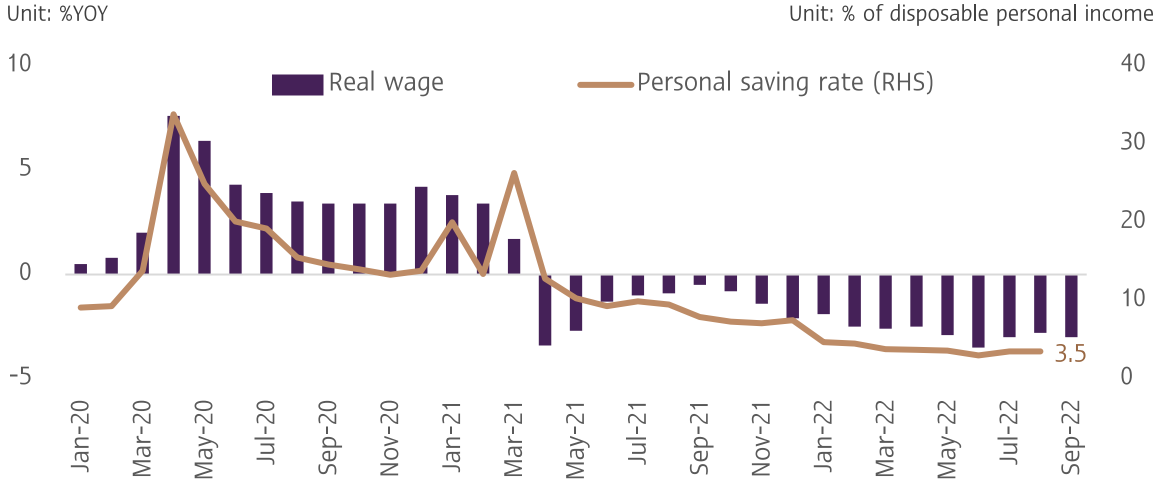
- **New House prices in US have continued to decline following a sharp drop in homebuyer demand** closer to 2008 level as mortgage interest rate accelerated to 7% in line tightening monetary policy stance.
- **Homebuilder sentiment (supply side) dropped further to the lowest level since 2020.** Homebuilder sales forecast also hit the record low since 2012.
- **US real estate market is expected to decelerate further** as lower demand has caused house prices to drop sharply, which will affect consumer wealth.

Source: EIC analysis based on data from Bloomberg and Federal Housing Finance Agency.

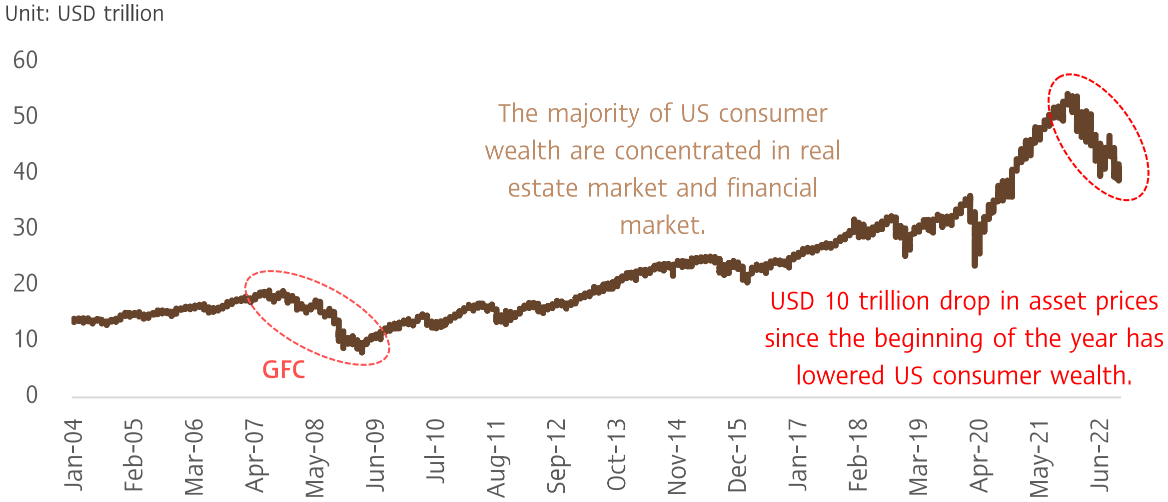
High inflation, high interest rate, and a sharp drop in financial asset prices also worsen consumer wealth.

EIC expects that consumer spending, the key economic driver, will be more affected in 2023.

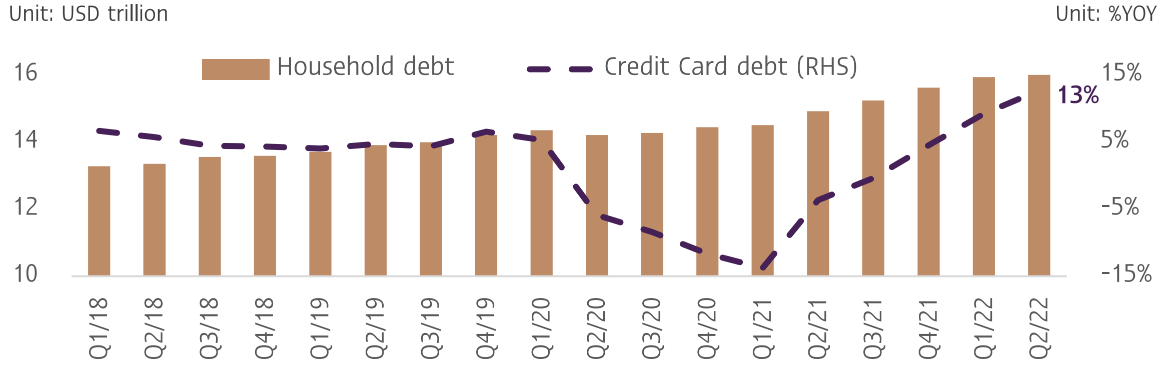
US real wage and personal saving rate



US Market capitalization



US household debt and credit card debt



- **Inflation has caused an ongoing negative real income.** Rising price levels also pushed consumer debt to an all-time high while personal saving dropped to 3.5%, the lowest level in 10 years.
- **Consumer spending, although currently expanding, is expected to weaken** as economic uncertainties increase, borrowing costs accelerate and food and energy prices continuously surged, adding negative wealth effects on consumer wealth and spending.
- **Weakening consumption will become another pressure to further global economic slowdown in 2023**

Source: EIC analysis based on data from Bloomberg.

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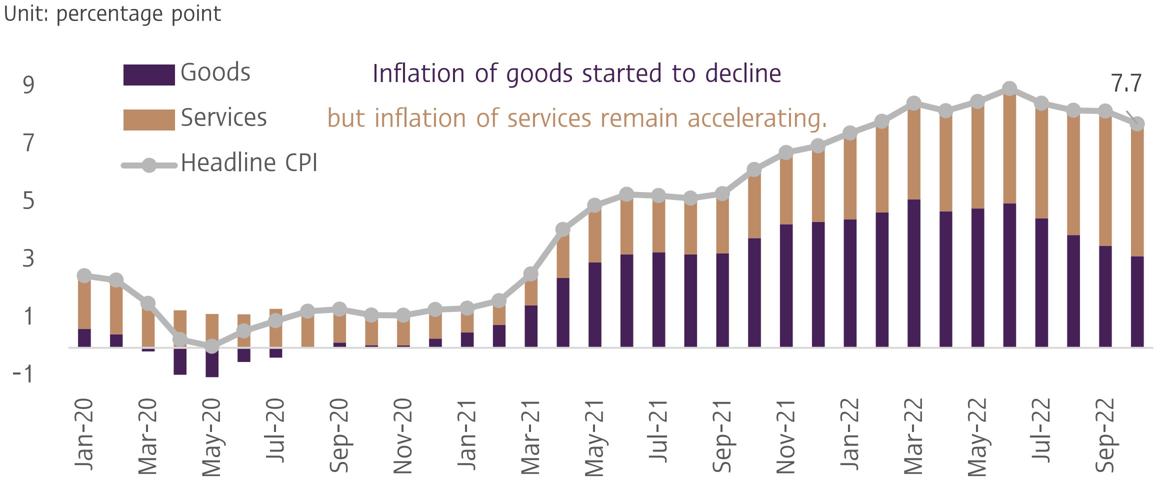
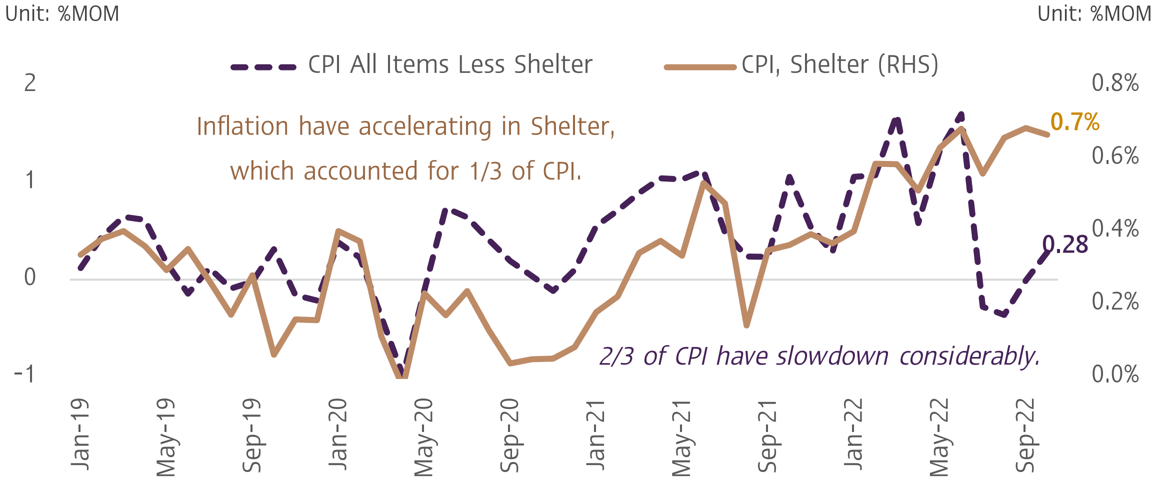
US inflation has already passed its peak. A continued accelerating inflation in service sector, particularly shelter, and a significantly wage raise will add more pressure to inflation. These factors will be lessened next year but inflation remains high.

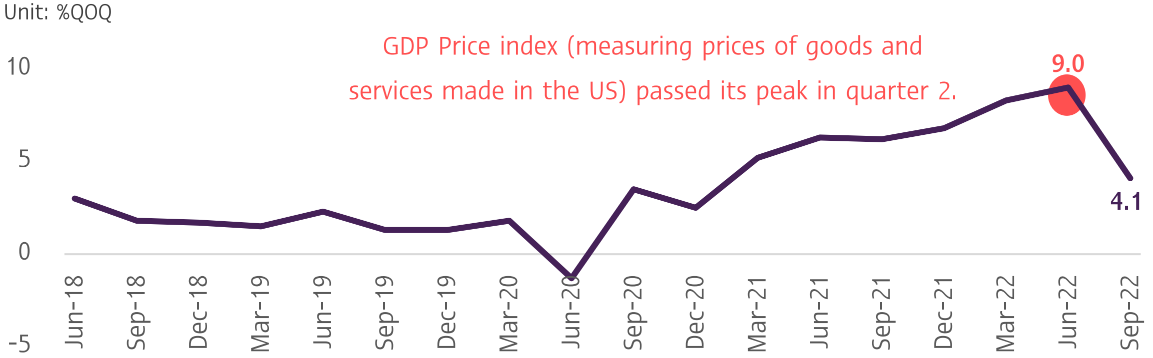
US CPI contribution to annual inflation



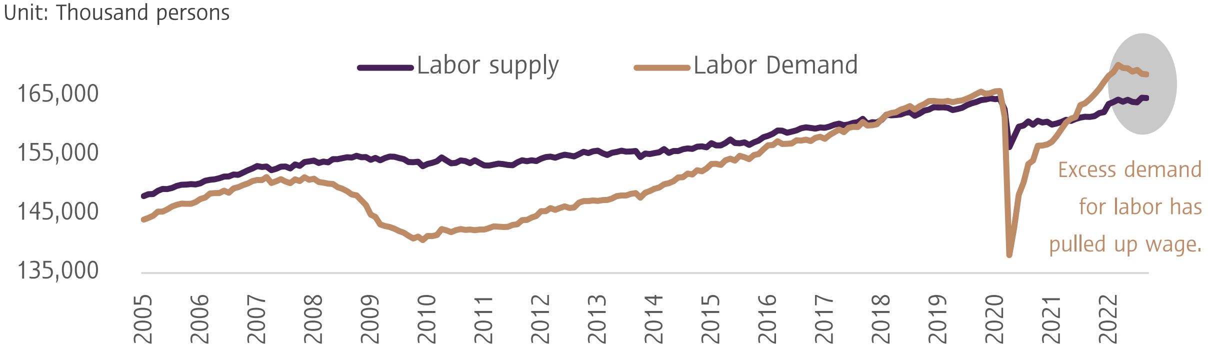
US CPI: All Items Less Shelter and CPI: Shelter



GDP Price Index



US Labor supply and labor demand

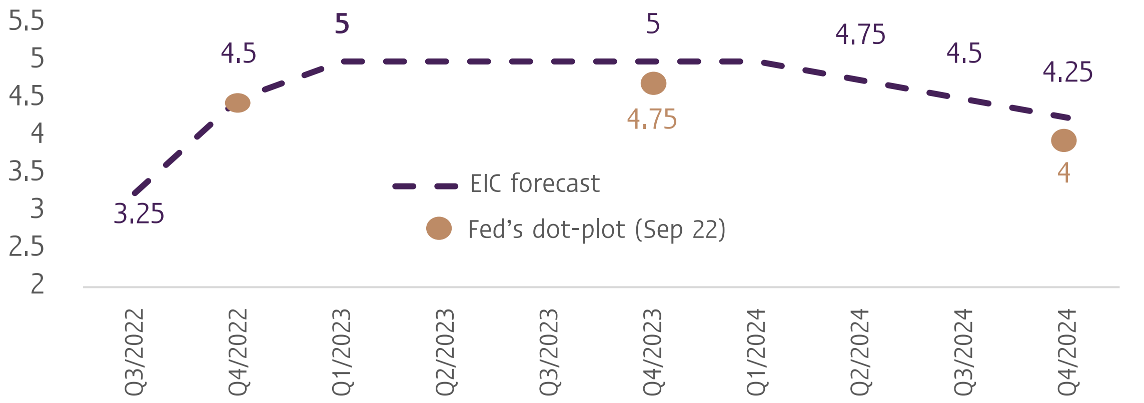


Source: EIC analysis based on data from CEIC and Bloomberg.

Fed rate hikes will be slow and reach its peak in Q1/2023. The rate will remain high throughout 2023 to ensure that inflation is under control. This could force US economy into recession in the second half of 2023.

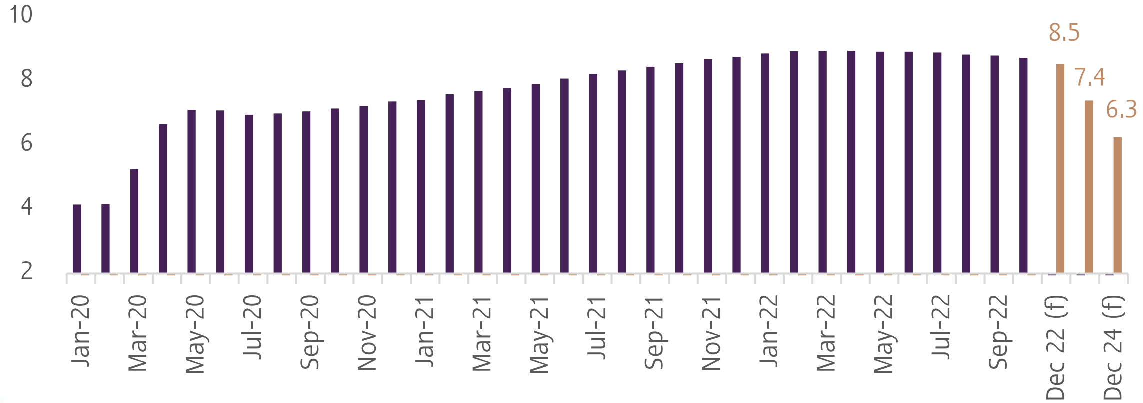
Fed funds rate forecast

Unit: %MOM



Fed balance sheet tend to decline further.

Unit: USD trillion



Fed funds rate Outlook

- **Fed to slow interest rate hikes in December to only 50 BPS** after implementing a fast and aggressive monetary policy tightening. The effects of interest rate to the economy may have some time lags.
- **In 2023, Fed tends to hike rates slower at 25 BPS for another 2 rounds in quarter 1,** reaching the terminal rate at 4.75-5% and maintain this level throughout the year because
  - **US inflation remains largely above the target at 2%.**
  - **US labor market** still be able to handle tight financial conditions.
- **In 2024, Fed will gradually cut rates to support the economy, while inflation is falling close to target rate following weaker demand and labor market.**

Quantitative Tightening (QT) Outlook

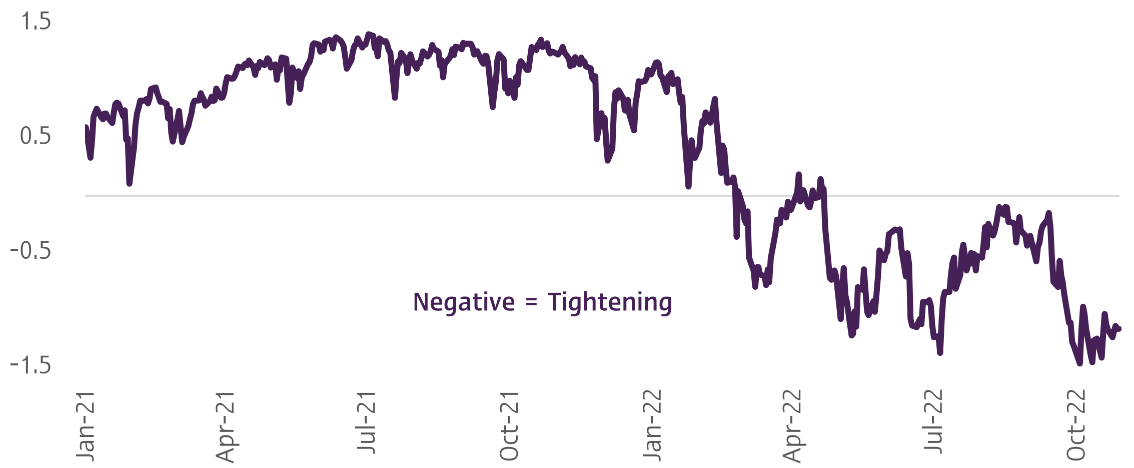
- **Fed plans to shrink its balance sheet worth USD 95 billion per month** or USD 1.1 trillion per year to USD 7.4 and 6.3 trillion as of 2023 and 2024, respectively.
- **There may be risks Fed quantitative tightening will not be implemented as planed in the latter half of 2023** as financial conditions continue tightening, which could potentially affect reserves and liquidity of commercial banks.

Source: EIC analysis based on data from FOMC Economic Projections, Sep 2022.

EIC expects US economy to enter recession in the second half of 2023 from a prolonged aggressive monetary policy tightening to mitigate inflationary pressure, suppressing economic activities going forward.

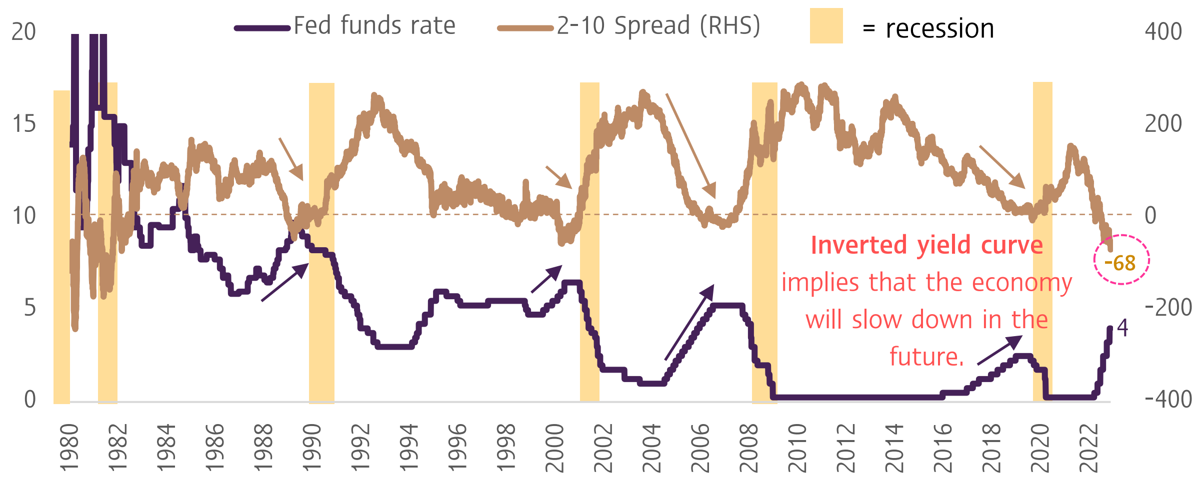
Bloomberg U.S. Financial condition indicates tightening to continue

Unit: Z-score index



Fed fund rate and 2-10 spread

Unit: % Unit: BPS



- **Fed's fastest rate hike cycle has caused US financial conditions to continue tightening and the economy likely slow down in the future.**
- **Inverted yield curve, commonly used as recession indicator,** suggests that previous US recessions usually occurred after 1 year of negative 2-10 spread. This year, 2-10 spread has been negative since July.
- EIC expects US economic activities will fall into recession in the second half of 2023 from a prolonged and aggressive monetary policy tightening that affects financial costs for both household and business sectors. Meanwhile, inflation remains high and declines slowly, which affects consumers' purchasing power and wealth. As a result, consumers' confidence and spending likely deteriorate further.

Source: EIC analysis based on data from Bloomberg.

SCB Economic Intelligence Center

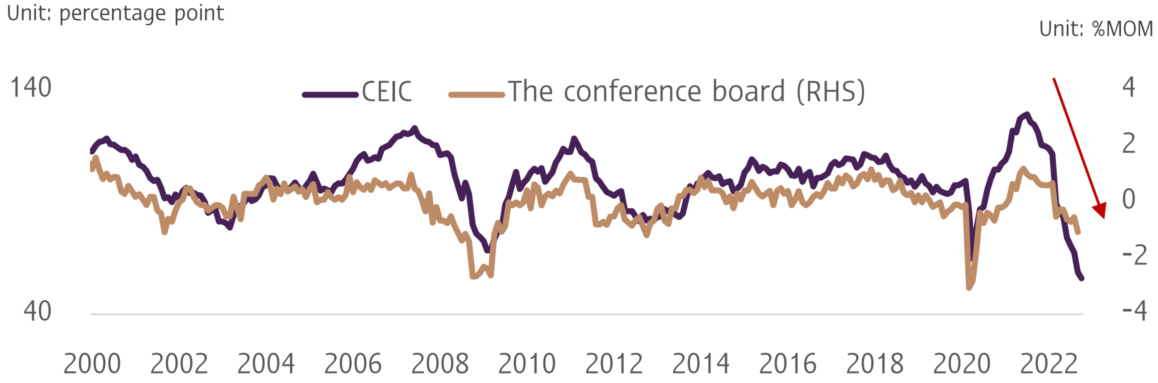
European economy

From the end of this year, Eurozone economy will experience a decline due to the energy crisis and high inflation rates.

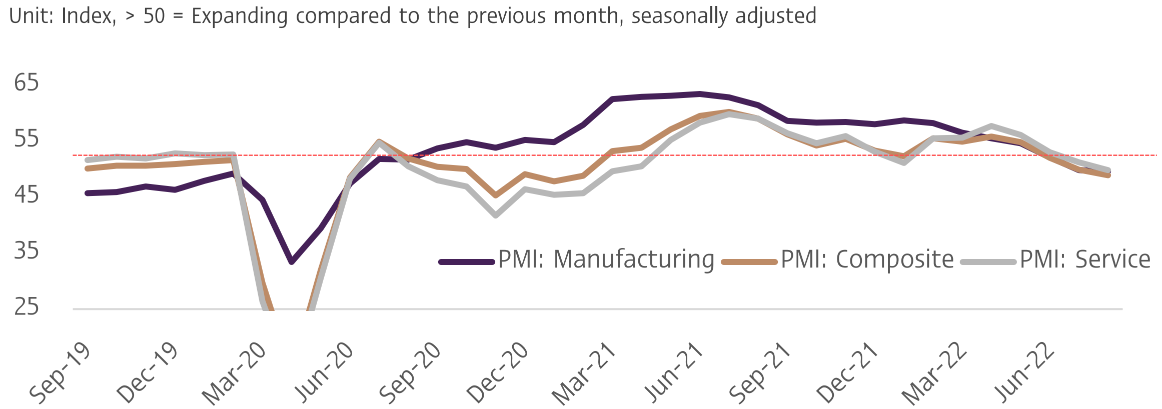
European Central Bank (ECB) is indicating that it will continue to increase interest rates to control inflation, which is reducing slower than expected.

Eurozone economy is showing signs of a rapidly widening economic downturn, particularly in the production and consumption sectors. Meanwhile, new investments will decline more apparently next year. EIC's analysis reveals that Eurozone economy will face a downturn from Q4 onwards until at least the end of 2023.

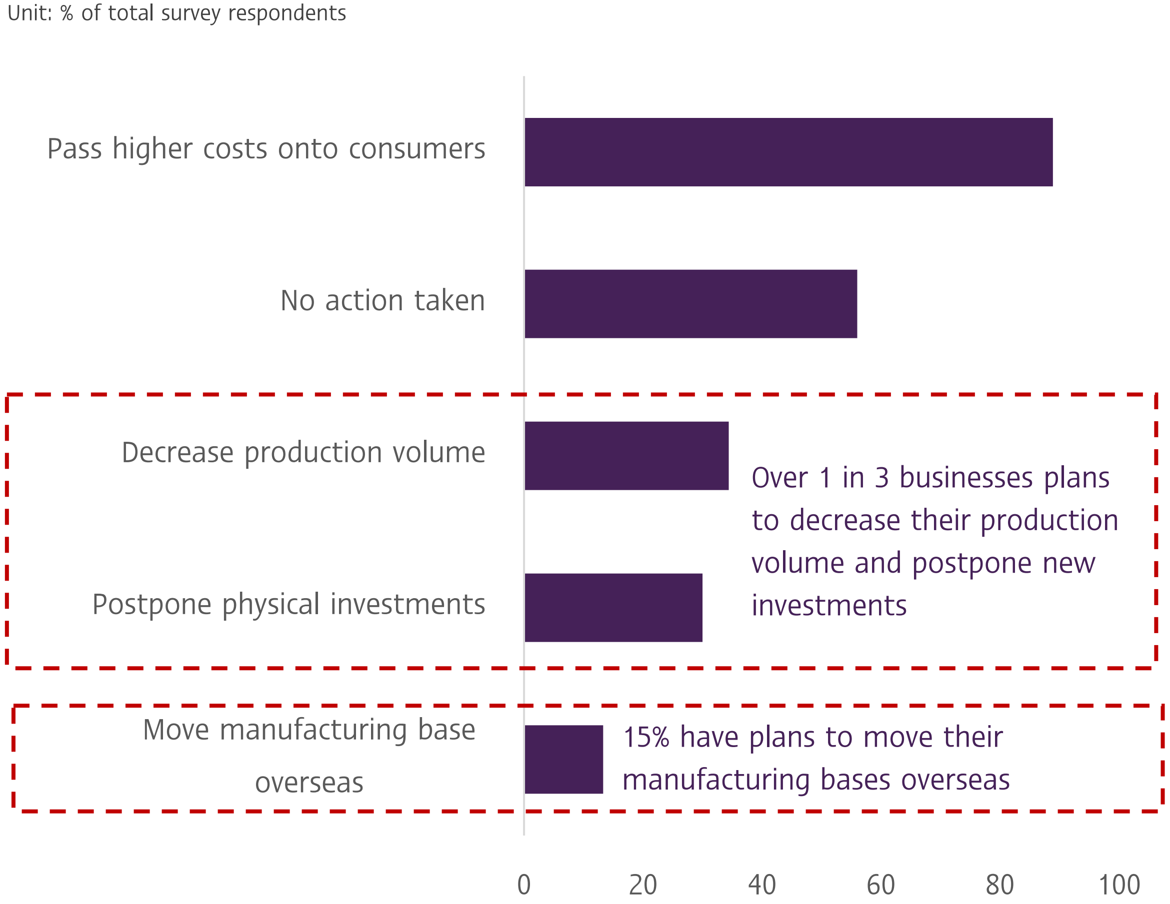
Economic leading indicators of the CEIC and The Conference Board reveal that Eurozone economy will face a sharp decline over the next period.



The Purchasing Manager's Index reveals a decline in manufacturing and service activities



Results from a survey of how German chemical businesses are responding to higher labour costs, conducted by VCI NRW (a German chemical association of around 500 companies)



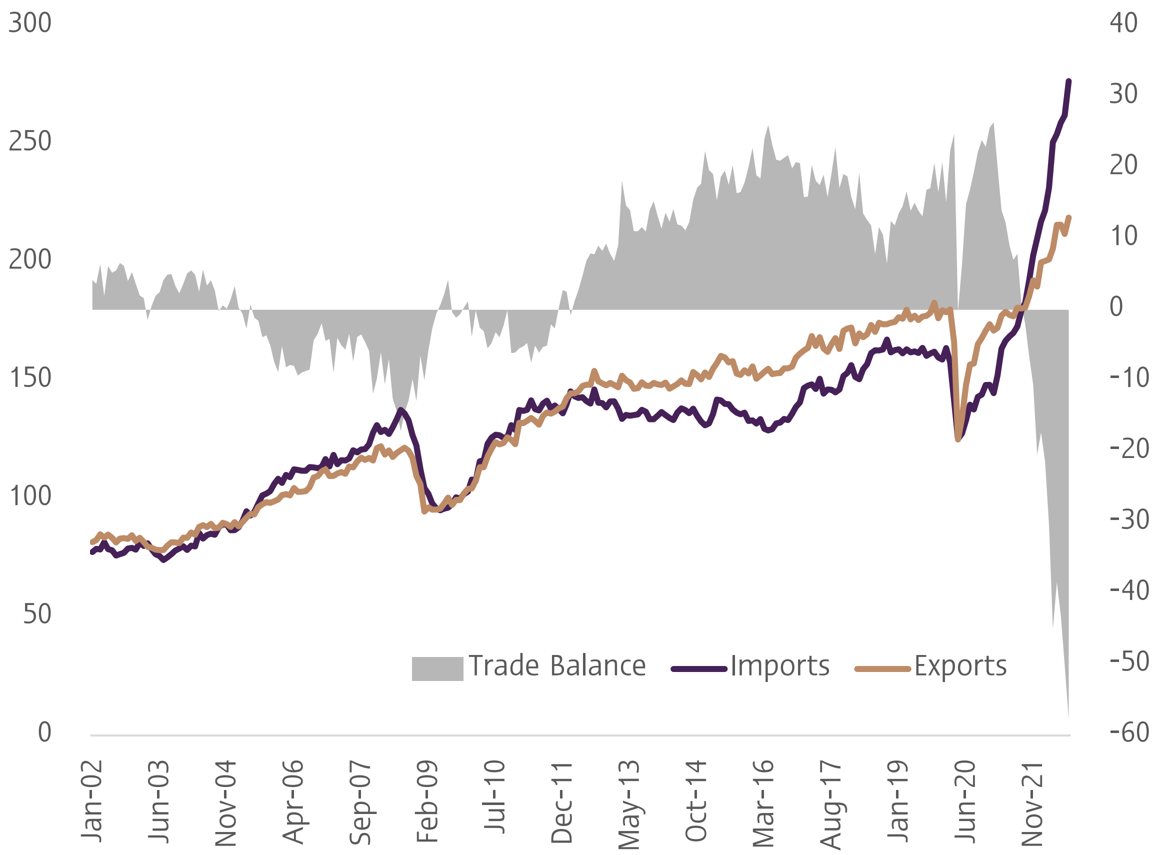
Source: EIC analysis based on data from CEIC, The Conference Board, and VCI NRW (a German chemical association).

Over the long term, a protracted energy crisis may permanently decrease energy supply in the Eurozone.

This will lead to an ongoing trade imbalance and a permanent decrease in potential output growth.

A historically high trade imbalance, which will continue on this trajectory if the energy crisis does not improve.

Unit: billion euros, seasonally adjusted



Economic scars* of the energy crisis on Eurozone economy

Unit: percentage points

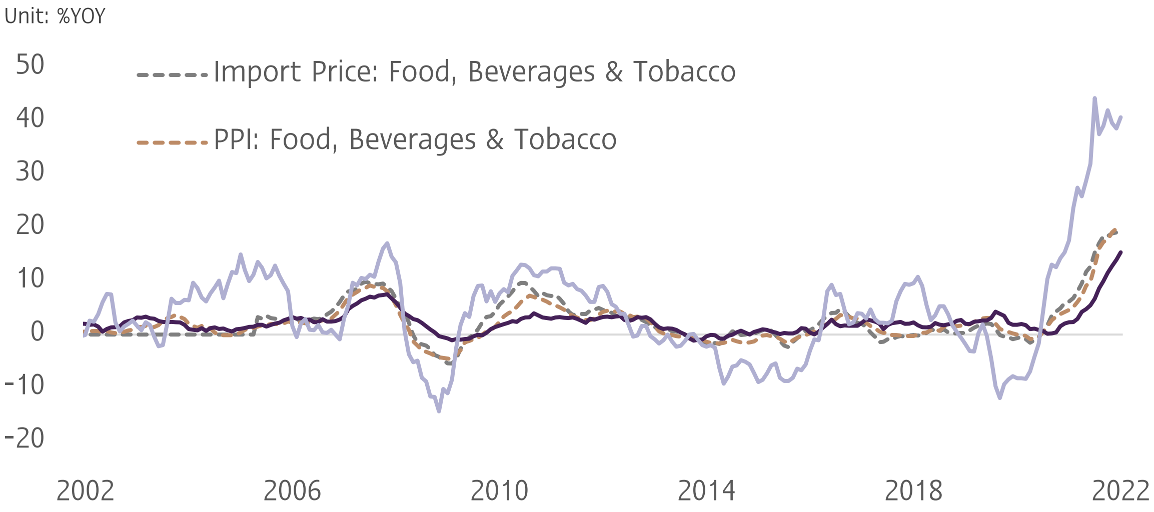
- **The Eurozone is likely to continue facing trade imbalances next year.** Exports will slow in line with the global economy, while the value of imports will remain high due to energy costs, which will create **an imbalance in current accounts until next year.**
- **The ECB, OECD and IMF's analysis suggests that the energy crisis will permanently reduce the growth in potential output* by 2-3 ppt** compared to before the energy crisis.
- **Over the medium term, European economy will remain significantly weaker compared to before the energy crisis.**

* Determined by the change in GDP estimates to Q4/2026 by the IMF and OECD, and to Q4/2024 by the ECB, compared to before the Russia-Ukraine war.

Source: EIC analysis based on data from CEIC and ECB.

Inflation in the Eurozone will decrease gradually from its highest levels in 2023, but will not return to the target range until 2024. This is because energy prices will remain high from the energy crisis, and pressures from inflation will affect more categories of products and services.

Consumer price indices in the food and energy categories will continue to increase for a time given that the Russia-Ukraine war is not showing signs of an immediate resolution.

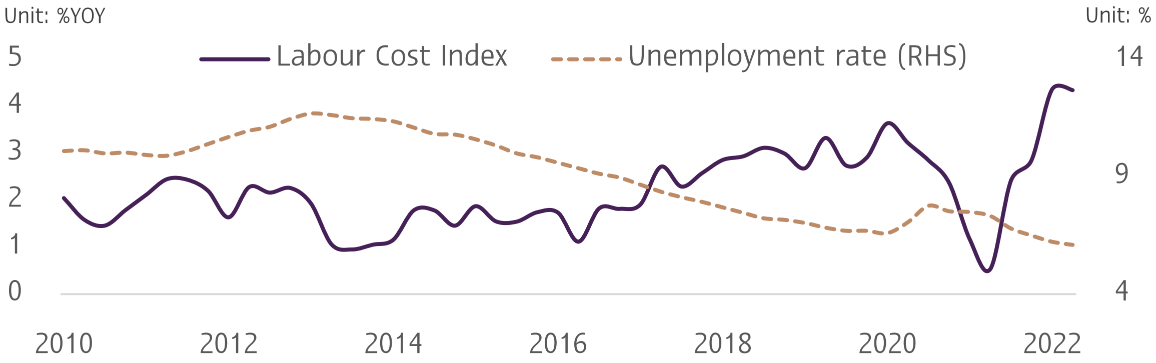


Inflation in the Eurozone could lower, but this will depend on the results of financial measures, particularly the energy price cap, which will help to slow the inflation in energy prices. However, the basic inflation rate may increase based on the purchases of other products. In addition, if **the war in Ukraine improves, this may also lower the prices of consumer products.**

There is a limited risk of a wage-price spiral despite the high level of services inflation. However, the ability to pass costs onto consumers will be limited, as consumer demand will also decrease alongside the economy.

Consumer price indices for the services sector is increasing as a result of economic recovery, particularly in the tourism industry, as well as rising labour costs.

A historically low labour cost index and unemployment rate indicates that there will continue to be pressures from inflation due to high labour costs and a tough labour market.

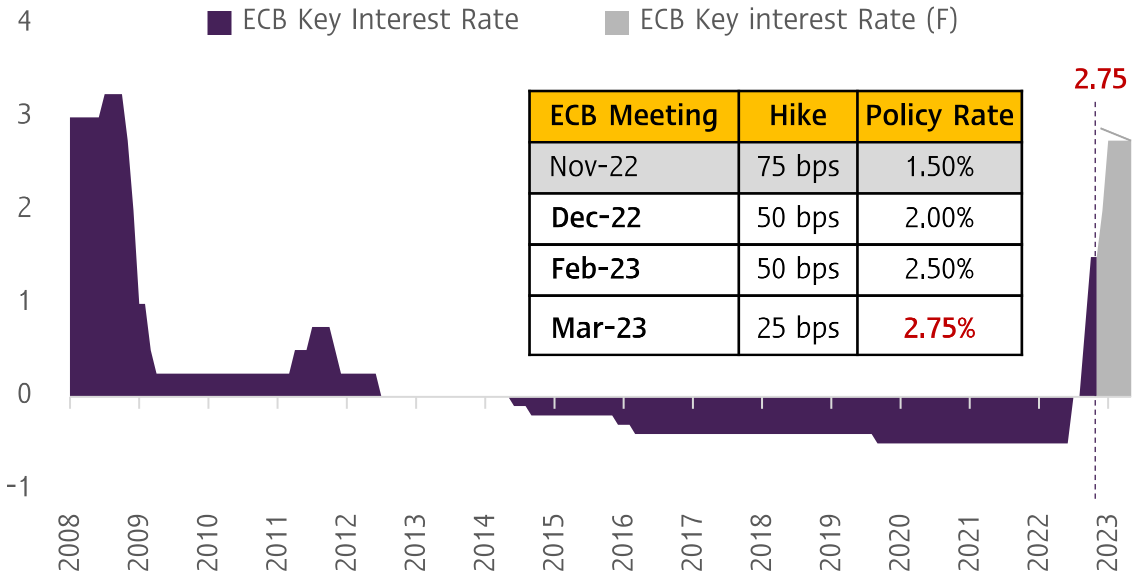


Source: EIC analysis based on data from CEIC.

The ECB's tightening monetary policy will remain until inflation rates return to targeted levels. It is expected that the ECB will increase the interest rate to 2.75% in Q1/2023, following which it will gradually conduct quantitative tightening (QT) measures to prevent financial liquidity from declining too quickly.

Eurozone Key Interest Rates

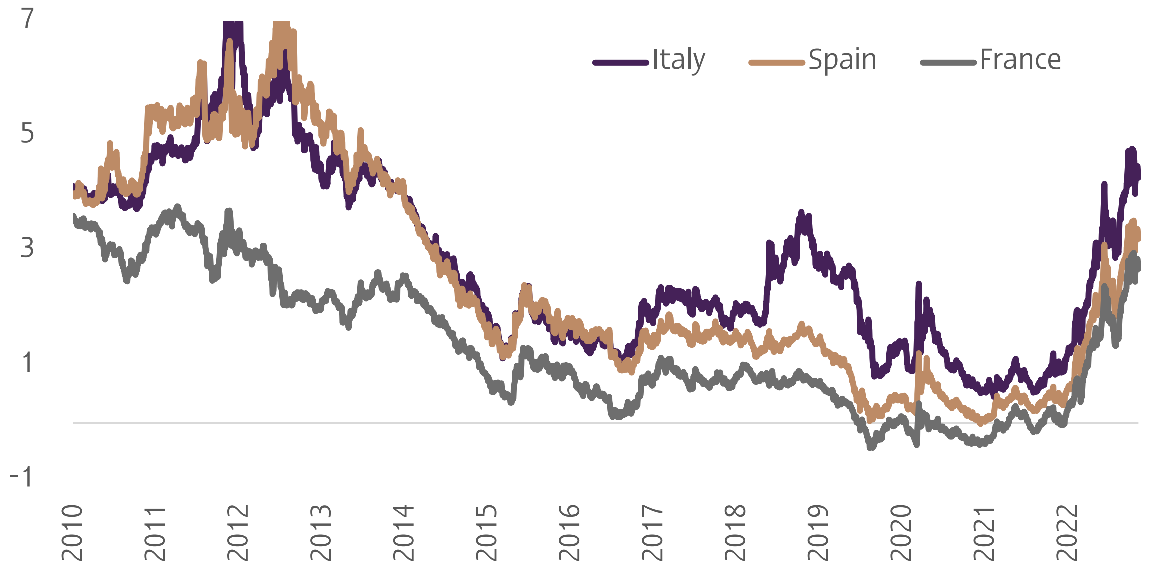
Unit: %



ECB Meeting	Hike	Policy Rate
Nov-22	75 bps	1.50%
Dec-22	50 bps	2.00%
Feb-23	50 bps	2.50%
Mar-23	25 bps	2.75%

Yields for 10-Year Government Bonds

Unit: %



- **ECB indicates that it will increase the key interest rate** by 50 BPS each time during its meetings in December 2022 and February 2023, and will increase the interest rate again by 25 BPS in March, leading to a terminal rate of 2.75%.
- **ECB will announce its QT plans at its meeting this December.** It is expected to reduce its balance sheet by 5 trillion euros, which had increased during the COVID-19 crisis. The earliest that the QT measures can begin is during Q2/2023, once the terminal rate has been reached.
- **The balance sheet reduction will happen gradually to prevent the financial system from rapidly contracting** due to a sharp decline in liquidity, given the fragile economic conditions and high levels of debt in some countries.
- **The risk of fragmentation in the Eurozone has once again increased.** The yields of 10-year government bonds for countries with sovereign default risks (namely Italy, Spain and France), are once again increasing, which is an important consideration in the ECB implementing its QT plan after Q2/2023.

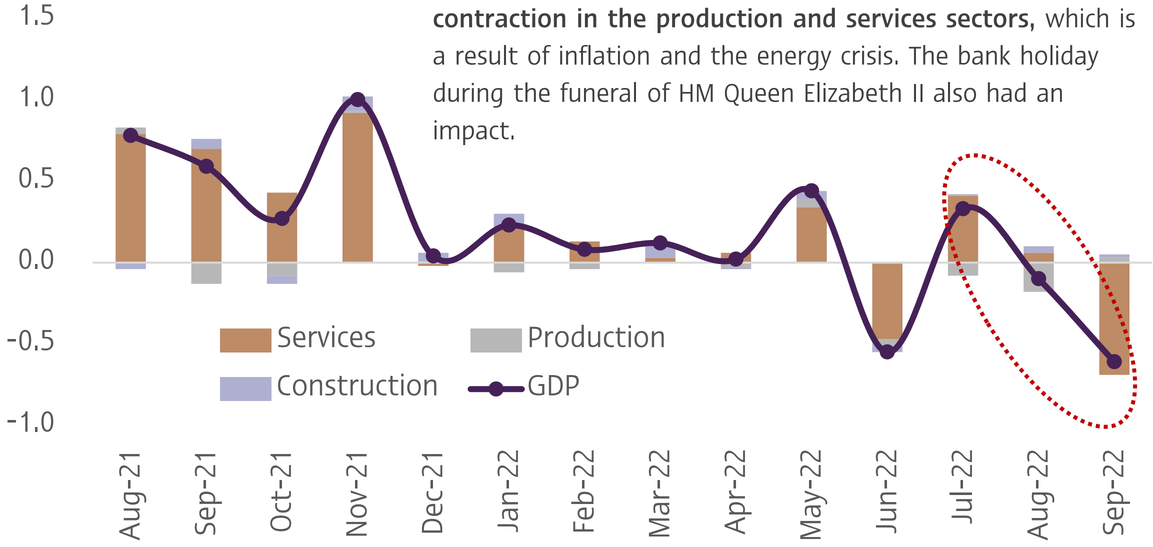
Source: EIC analysis based on data from Bloomberg, Yahoo Finance and ECB.

The UK economy is in recession and shows signs of weakening. EIC expects that the UK economy will enter a recession from the fourth quarter onwards.

Monthly GDP estimates for the UK, by economic sector

Unit: %YOY

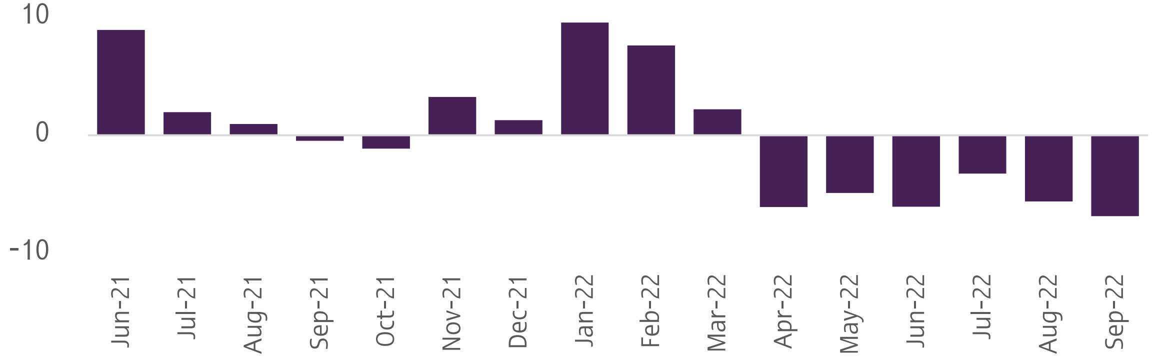
The economic recession in Q3 is due primarily to a contraction in the production and services sectors, which is a result of inflation and the energy crisis. The bank holiday during the funeral of HM Queen Elizabeth II also had an impact.



- **During Q3, GDP decreased by -0.2% QOQ, while GDP during Q2 increased by 0.2% QOQ.** The economy contracted less than expected, as initially it was expected to enter a technical recession in Q3.
- **EIC expects that in Q4, the UK economy will visibly contract again and enter a period of recession.**

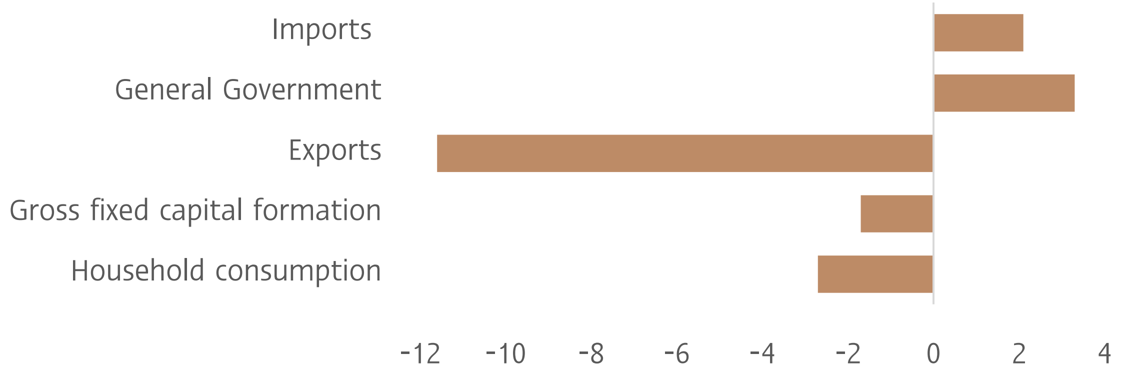
The UK Retail Price Index will continue to decrease in response to a weaker economy

Unit: %YOY



Elements of demand-side GDP in the UK are generally lower than pre-pandemic levels

Unit: % change from 4Q2019

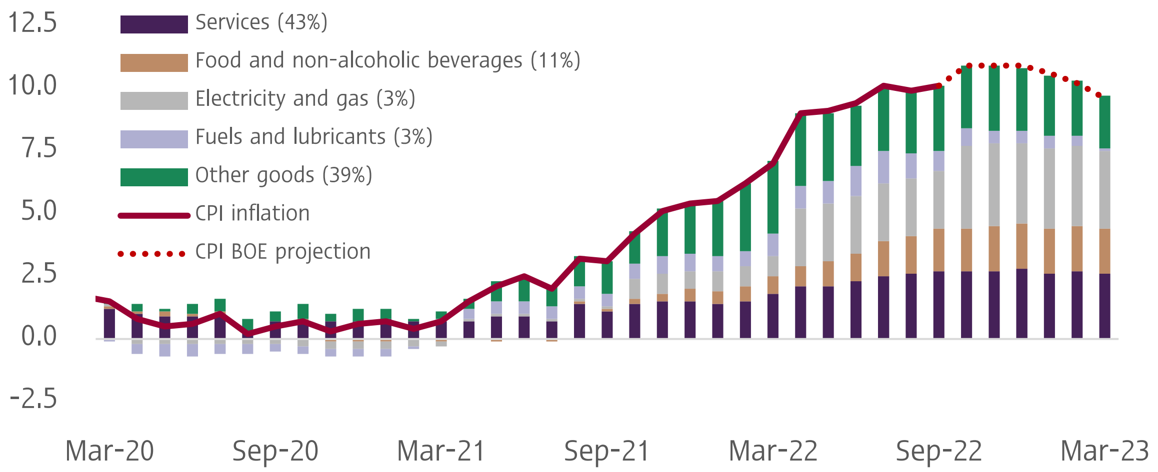


Source: EIC analysis based on data from CEIC, UK Office of National Statistics and The Bank of England.

The UK economy will be in a recession for around 1-2 years due to a protracted energy crisis and the stricter fiscal policies outlined in the new government's medium-term fiscal plan.

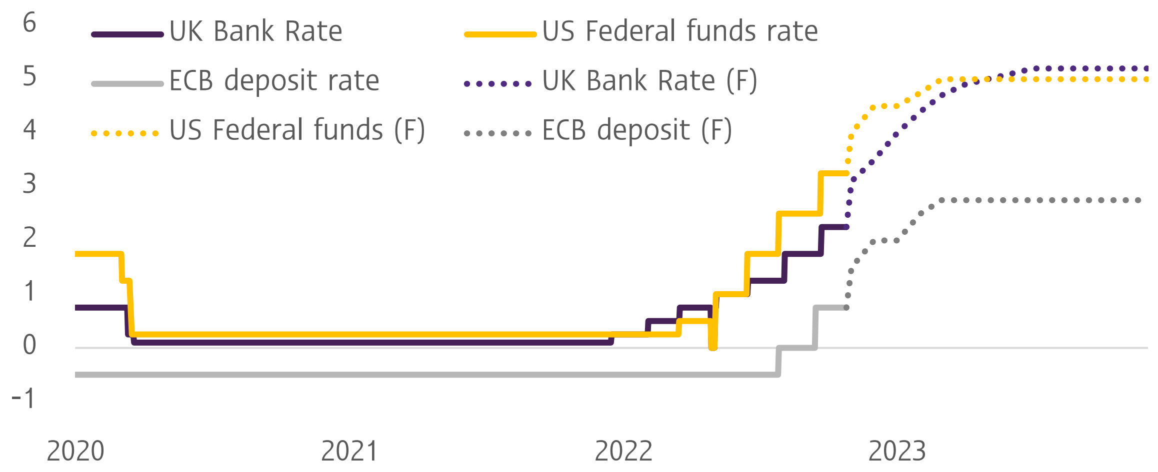
General inflation rates in the UK

Unit: % point



Policy and expected terminal interest rates of the BOE, Fed, and ECB

Unit: % point

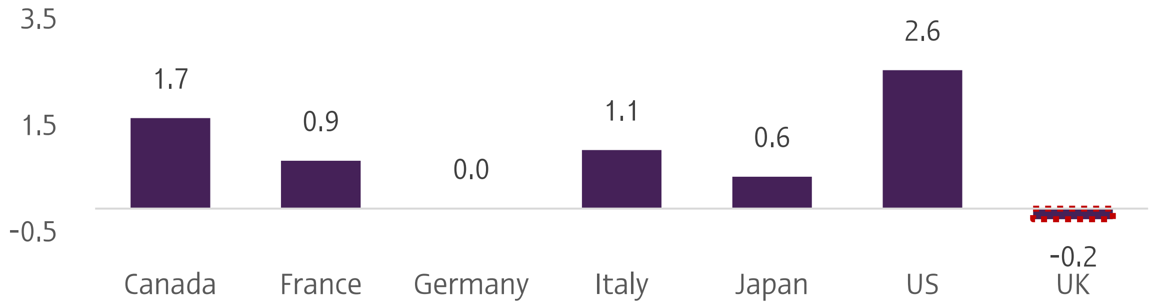


The UK economic recession is expected to be severe and long-lasting. This will result from:

- **The ongoing energy crisis, given the slow resolution to the Russia-Ukraine war.** This is causing higher energy prices and putting pressures on consumer purchasing power and production costs.
- **The UK having the highest interest rate among the group of G3**, resulting in very tough fiscal conditions.
- **A tighter fiscal policy direction**, according to the medium-term plans of the new UK government.
- **The UK economy being in a very fragile state compared to other advanced economies (AEs)**, as it is the only G7 country that has not recovered to pre-pandemic levels.

Change in GDP for Q2/2022 compared to Q4/2019

Unit: % change from Q4/2019, data as of 29 September 2022



Source: EIC analysis based on data from CEIC, UK Office of National Statistics and The Bank of England.

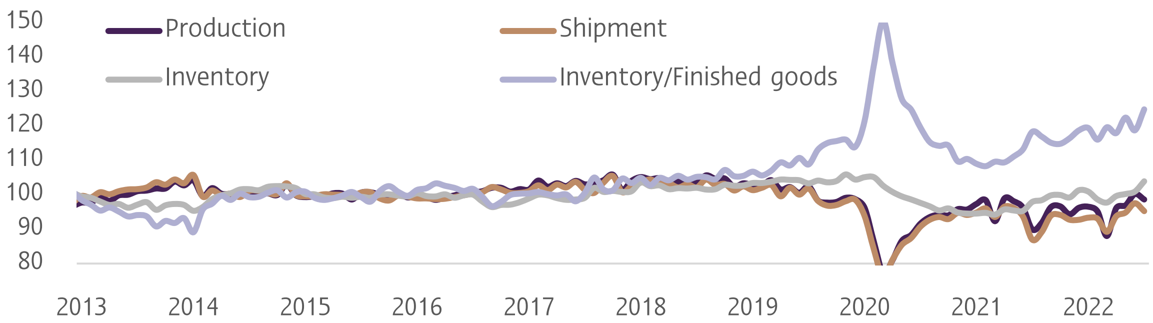
Japanese economy

Japanese economy may face a marginal slowdown next year, following moderate global demand, but tourism and new investment in private sector remain key economic drivers. BOJ is expected to start phasing out monetary policy easing next year.

Japan economic recovery will be slower following weaker global demand that affects Japanese exports. Trade balance deficit tends to widen due to large energy imports. However, a recovery in tourism and CAPEX investment remains the key economic driver.

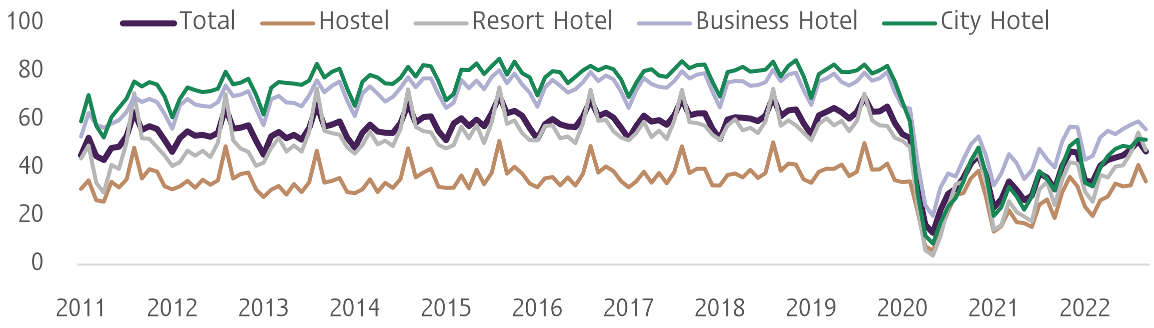
A deceleration in industrial production and a decrease in inventory-to- finished goods index reflects a weaker demand.

Unit: Index, 2015 = 100



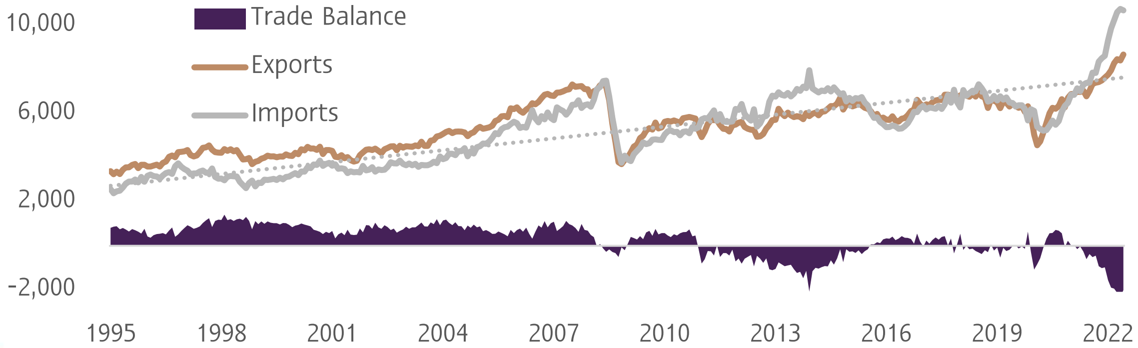
Hotel occupancy rate notably picked up.

Unit: % Total rooms available



Japan's exports, imports, and trade balance indicated that trade deficit will continue as JPY tend to depreciate to the lowest level in 40 years and prices for imported energy remain high.

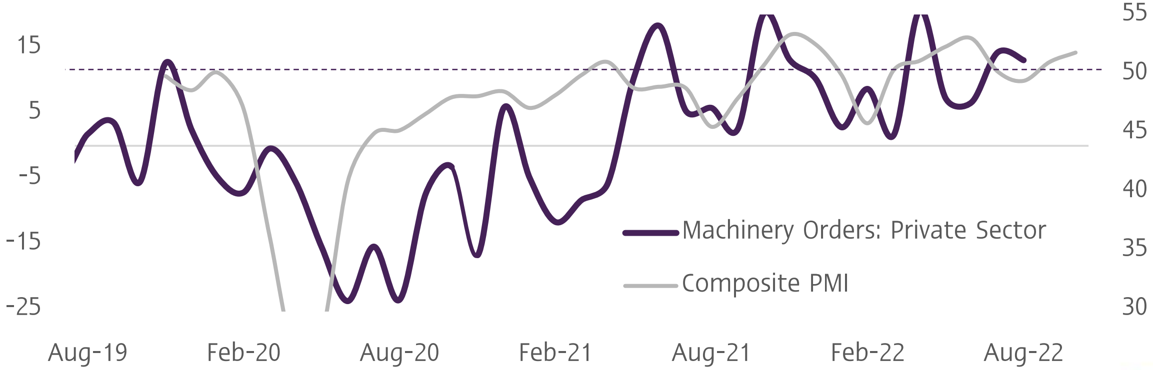
Unit: JYP billion, seasonally adjusted



Private sector's machinery orders is on the rise, reflecting a potential growth of CAPEX.

Unit: %YOY

Unit: Index, > 50 = expansion (MOM), seasonally adjusted

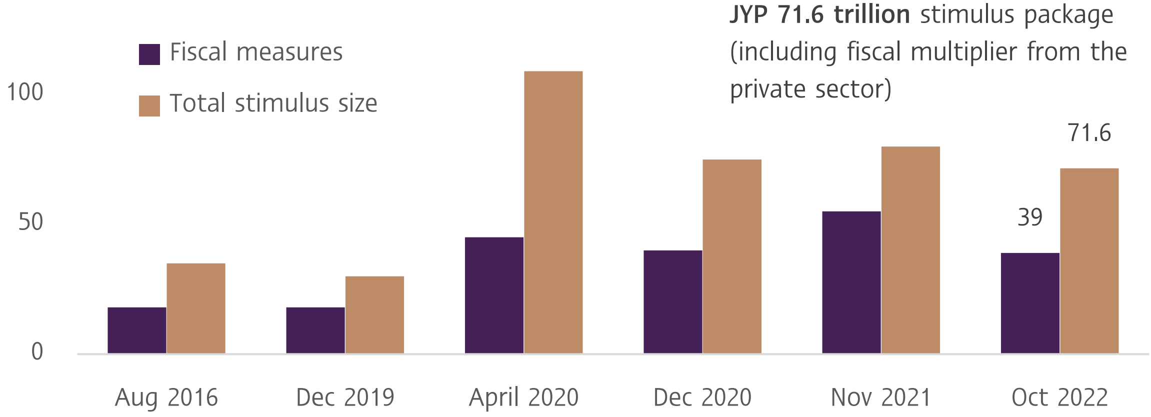


Source: EIC analysis based on data from The Japanese cabinet office and CEIC.

Japan government approved new stimulus package to support an economic recovery, including energy price control to slow down inflation next year. EIC expects BOJ to start phasing out monetary policy easing next year.

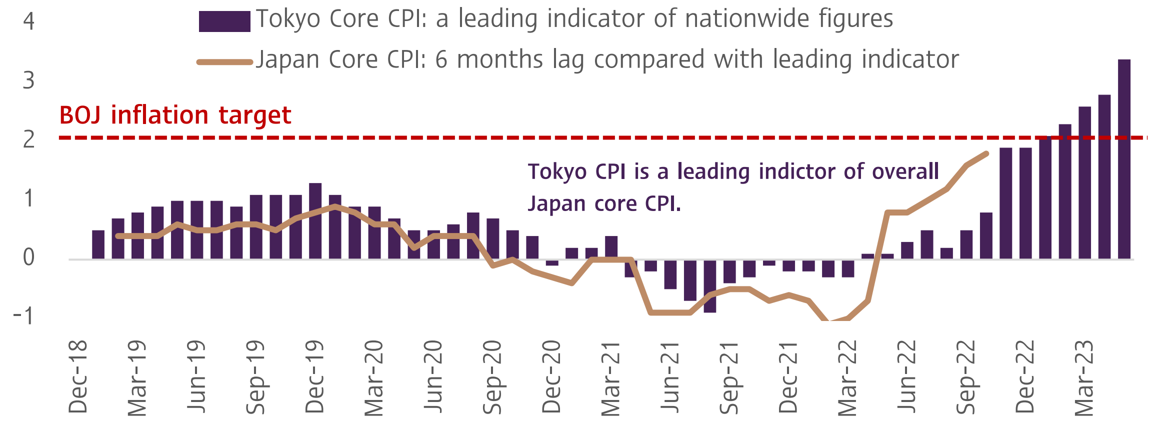
The size of Japan's stimulus package in each crisis

Unit: JYP trillion



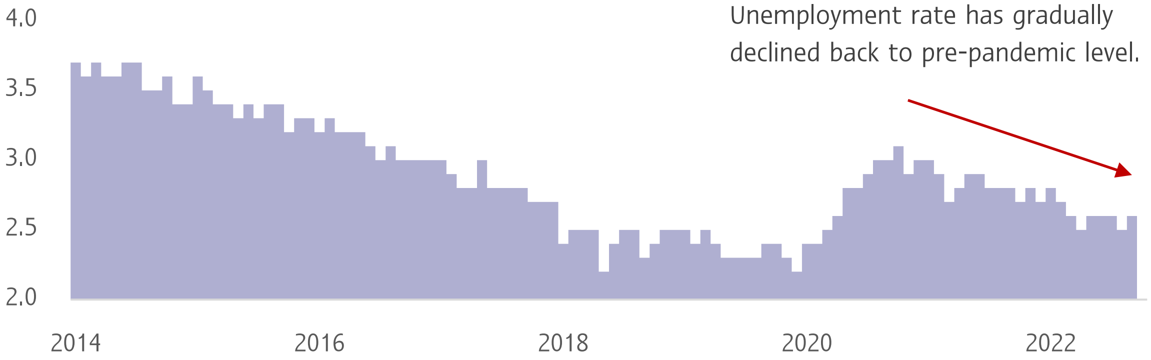
Japan and Tokyo Core CPI

Unit-: %YOY, Unit: %YOY, x axis (month-year) represents Japan Core Inflation



Unemployment rate

Unit: %



- **Japan government approve new stimulus package worth JPY 39 trillion (7% of GDP) to promote GDP growth 4.6ppt.** For more than 1 year (> 1 year) of implementation, most measures will remain similar to the previous package, namely, strengthening supply chain and investing in green technology. **However, the benefits to economic in each year may not be very large** since most projects take more than 1 year to see the effects.
- **Household energy price subsidy with JYP 4-5 trillion (≈1% of GDP) is expected to cut household energy bills and reduce inflationary pressure by 1.2 ppt.** Nevertheless, Tokyo core CPI accelerated above BOJ inflation target, reflecting demand in big cities have started recovering. Going forward, Japan core CPI is expected to accelerate as well.

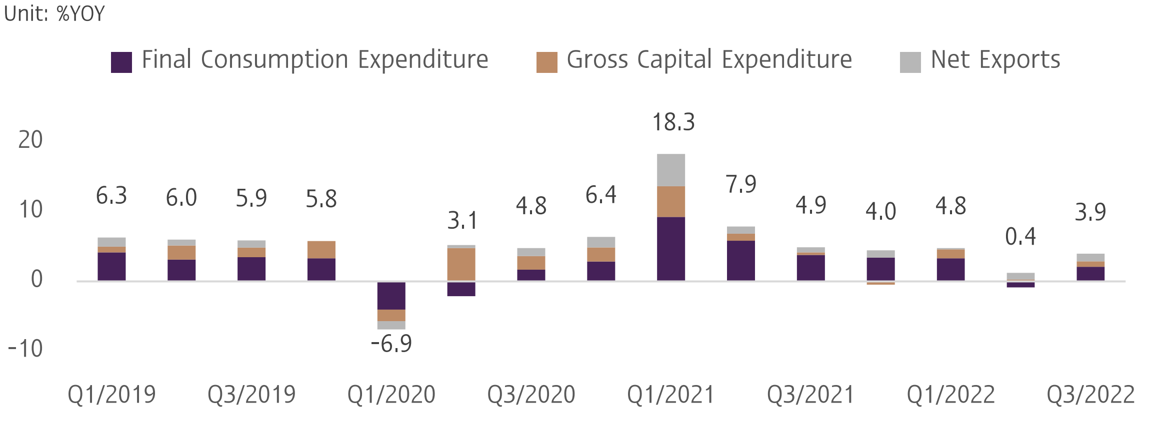
Source: EIC analysis based on data from Bloomberg.

Chinese economy

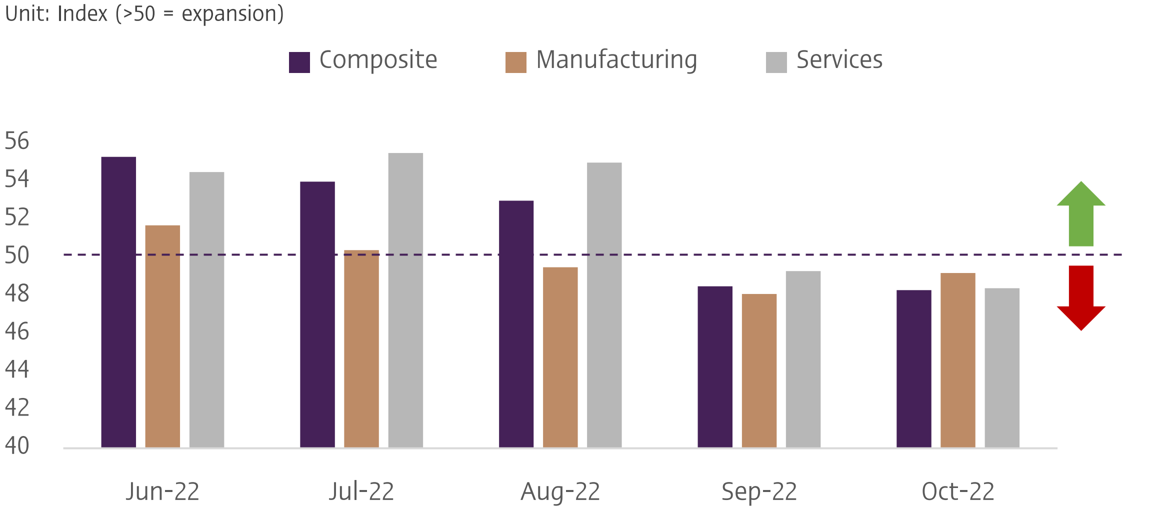
Chinese economy will recovery gradually in 2023 from Zero-Covid Policy easing and fiscal and monetary stimulus. However, economic threats have stemmed from a slowdown in exports, real estate crisis and limited policy effectiveness.

China's economy will remain subdued, especially as global economic slowdown depress exports. EIC expects China economy to recover gradually in 2023 from Zero-Covid policy easing.

China economic growth



Purchasing Managers Index (seasonally adjusted)



China economic indicators

Unit: %YOY

	2021	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22
Retail Sales	12.5	-3.5	-11.1	-6.7	3.1	2.7	5.4	2.5	-0.5
Exports (USD)	29.9	14.7	3.9	16.9	17.9	18.0	7.1	5.7	-0.3
Imports (USD)	30.1	-0.1	0.0	4.1	1.0	2.3	0.3	0.3	-0.7
Fixed Investment	4.9	6.6	1.8	4.6	5.6	3.8	6.6	6.7	4.3

+ **In 2023, China economy is expected to recover,** supported by a gradually easing of Zero-Covid policy and fiscal stimulus measures through infrastructure construction and liquidity injection into the financial system.

− **Economic growth remains below historical average level** due to a slowdown in export sector, a downturn in real estate market, and a delayed recovery of consumer confidence if the number of COVID-19 cases accelerates.

Source: EIC analysis based on data from CEIC.

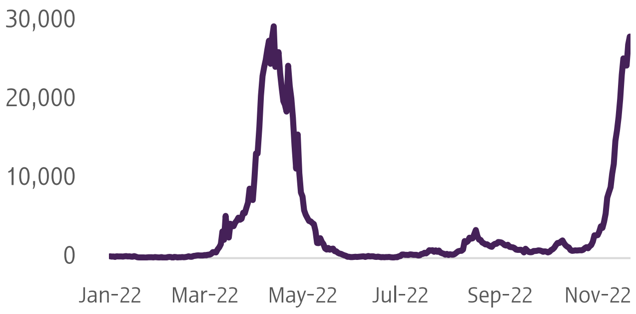
EIC expects China to end Zero-Covid in Q2/2023, which will support a recovery in service sector. However, economic reopening will still be gradual as it take time for preparation.

China's Zero-Covid policy to gradually end

1 New Covid cases increase.

Daily confirmed COVID-19 cases

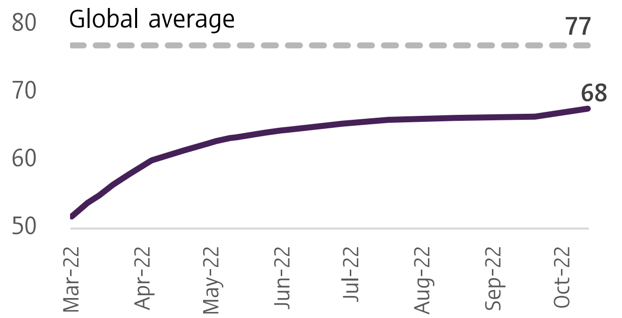
Unit: person



2 The vaccination rate in high-risk group is not high enough to reopen the country.

Proportion of population age 60+ receiving COVID vaccine booster

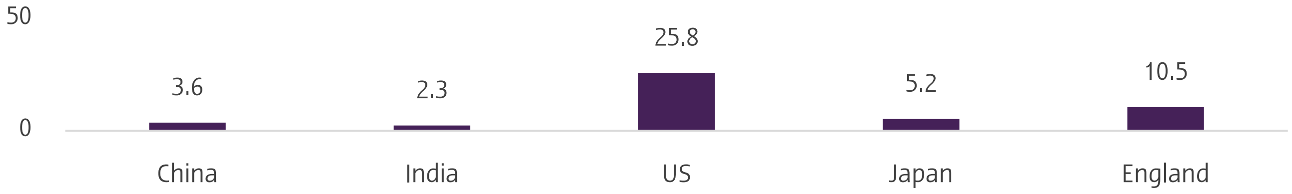
Unit: %



3 The number of ICU beds in China is relatively low.

Proportion of ICU beds per 100,000 people

Unit: ratio



Economic reopening progress

Vaccine and medicine procurement

- China started using inhaled COVID-19 vaccine as boosters since late October.
- China likely approved BioNTech's MRNA COVID vaccine for foreigners living in the country.
- Pfizer signed agreement with Chinese pharmaceutical company to supply Paxlovid in August. (Paxlovid reduces the risk of hospitalization by 85%)

Quarantinen measure easing (November 2022)

- Shorten the quarantine period for close contacts and inbound travelers in the state quarantine to 5 days instead of 7 days (additional 3 days of home quarantine remains).
- Cancel penalty for airlines that carry passengers with COVID-19 positive.
- Stop tracking secondary contacts.

Important day

March 2023:

13th National People's Congress (NPC) and Chinese People's Political Consultative Conference (CPPCC)

NPC has the power to amend the constitution, enact laws on civil affairs and decide upon major state issues.

CPPCC (Chinese People's Political Consultative Conference) may set the direction on COVID-19 policy in the future

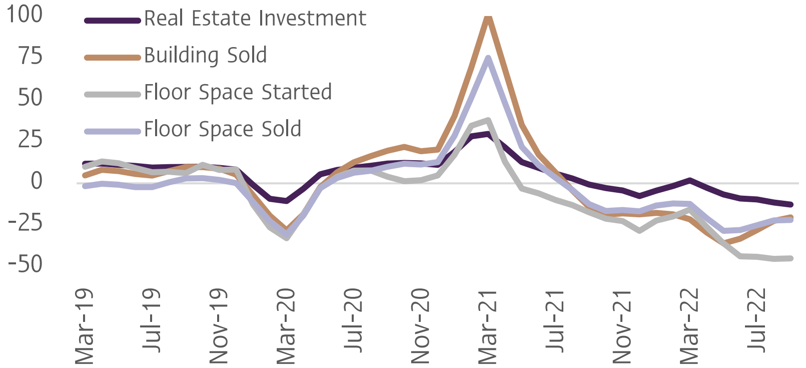
Note: *The number of ICU beds and population data in 2020 or the latest published

Source: EIC analysis based on data from CEIC Bloomberg OECD China Briefing Goldman Sachs WHO and international news agencies.

China's real estate slump persisted and recovered slowly, worsening wealth effects that suppress consumer confidence and private spending. Meanwhile, fiscal stimulus is facing constraints of less fiscal space.

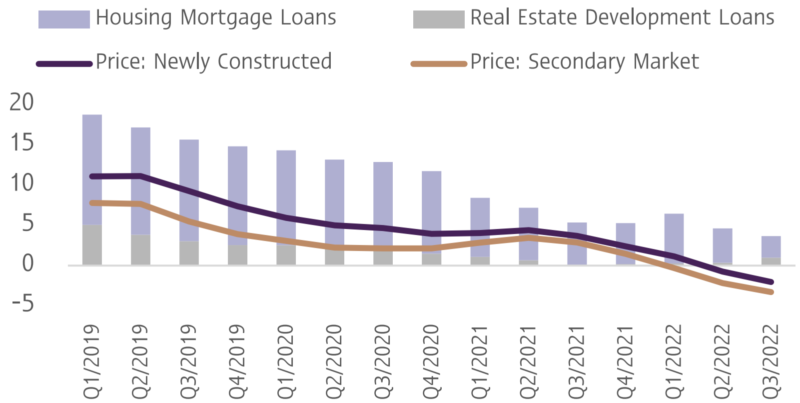
Indicators in China's real estate market slowdown significantly.

Unit: %YOY (3-month moving average)



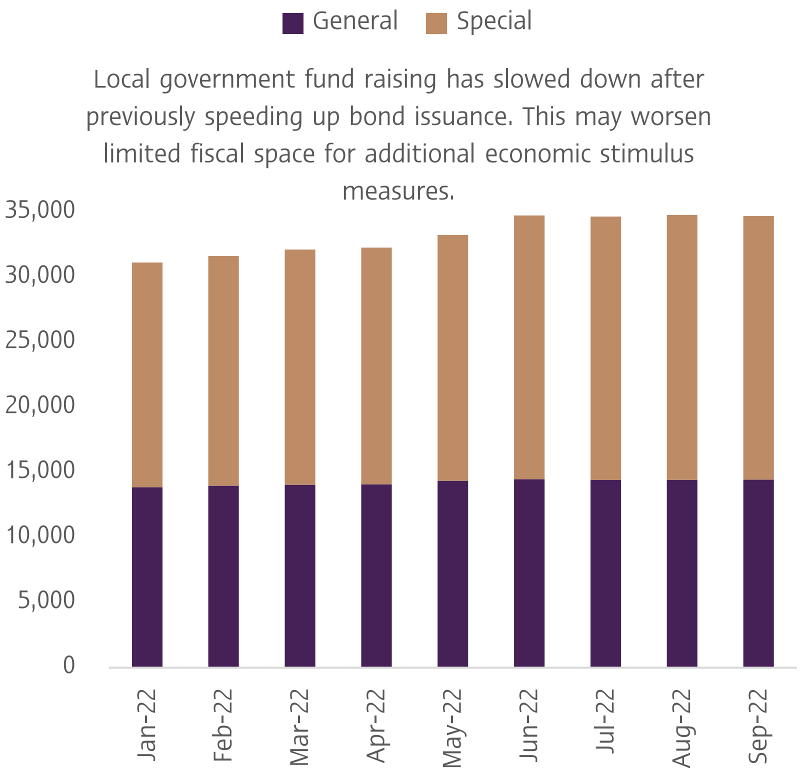
China's housing prices and real estate loans outstanding have decreased considerably.

Unit: %YOY



Local government bond outstanding started to slow down

Unit: CNY billion



With more than 70% of Chinese people's wealth in **real estate sector,** falling housing prices partly affects household spending.

Government's economic stimulus measures direction

Real estate sector support measures

(Announced on November 11)

1. **Waiver of debt repayment for real estate companies** due in the next 6 months to another 1 year.
2. **Relax commercial banks' lending cap** for real estate companies.
3. **Increase demand for homes** by allowing the local governments to determine appropriate down payment and interest rates.
4. **Maintain homebuyers' credit score.**
5. **Support real estate companies with financial stability** to buy assets of weaker real estate companies.

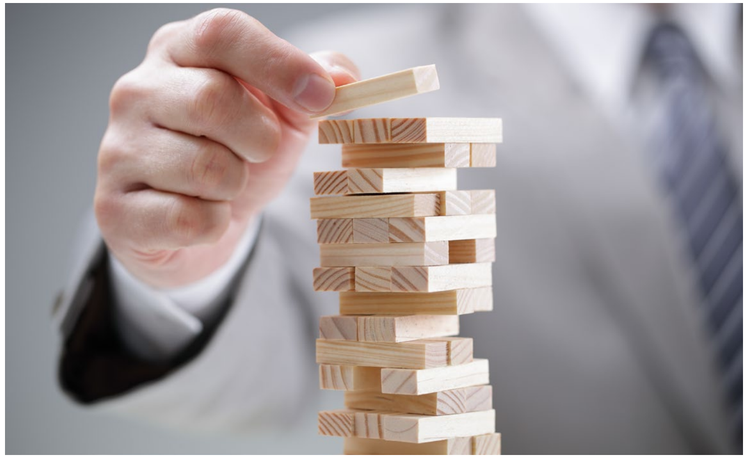
Government budget allocation direction The local governments lack funding to support the economy after revenue from land sales has declined, resulting in limited fiscal space. Meanwhile, the central government budget allocation may decrease in line with China economic direction.

Source: EIC analysis based on data from CEIC and China Family Panel Studies.

Thai economic outlook in 2022 and 2023

Thai economy over 2022-2023

Thailand's economic recovery was steady, yet uneven and fragile. Some households saw expenses outweighing income, while businesses recovered on uneven ground.



Looking ahead, Thai economy will rebound on the back of rising uncertainties.

Sufficient fiscal space remains for the government to respond to future uncertainty, though policy will also shift to a more sustainable fiscal footing in the post-Covid environment.

EIC has revised Thailand's growth forecast upward to 3.2% in 2022, thanks to tourism and consumption. However, the GDP forecast for 2023 was downgraded to 3.4% given the risks of a global economic slowdown, while soaring energy and food prices will likely keep core and headline inflation above targets in 2023.

Gross Domestic Product (GDP) forecast

Economic Forecast (Base case)	Unit	2021	2022F		2023F	
			As of Sep 2022	As of Nov 2022	As of Sep 2022	As of Nov 2022
GDP	%YOY	**1.5**	**3.0**	**3.2**	**3.7**	**3.4**
Household consumption	%YOY	0.3	4.4	5.8	3.2	3.0
Government consumption	%YOY	3.2	-1.0	-0.2	-0.7	-1.0
Private investment	%YOY	3.3	2.9	4.1	2.7	2.5
Public investment	%YOY	3.8	2.1	-1.0	2.5	2.9
Goods export value (USD BOP basis)	%YOY	19.2	6.3	8.2	2.5	1.2
Goods import value (USD BOP basis)	%YOY	23.9	13.2	18.1	4.6	3.2
Foreign tourist arrivals	Million persons	0.4	10.3	10.3	28.3	28.3
Headline inflation	%YOY	1.2	6.1	6.1	3.2	3.2
Core inflation	%YOY	0.2	2.5	2.5	2.7	2.7
Crude oil price (Brent)	USD/Brl.	70.4	102.4	100.5	89.9	84.7
Policy rate (Year-end)	%	0.50	1.25	1.25	2.0	2.0

\+ **Thai economy in 2022 has secured momentum from the tourism and service sectors, while robust private consumption helped cement growth.**

\+ **Positive factors for Thai economy in 2023**

- **Tourism and service sectors** to remain key drivers.
- **Private consumption** will continue to regain ground, thanks to the tourism and the labor market rebound.

− **Risk factors threatening growth in 2023**

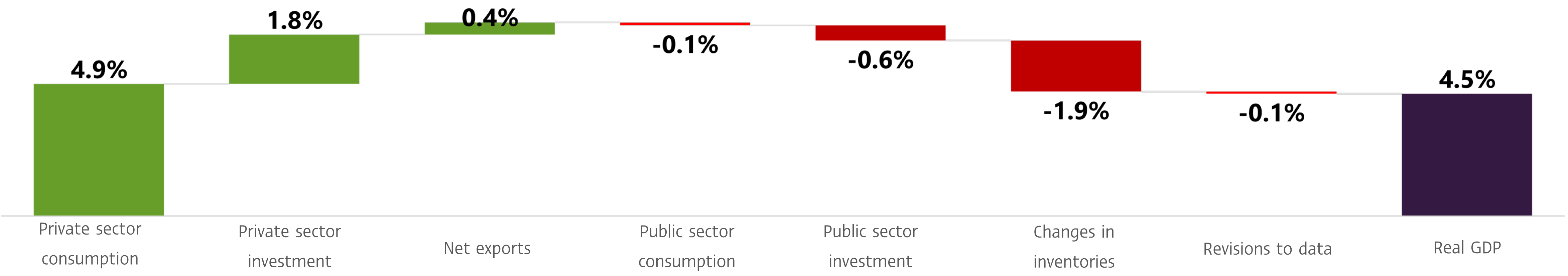
- **Global economic slowdown** might weigh down on exports and investment.
- Uncertainties over **China's Zero-Covid policy** will impair Chinese tourist arrivals and exports to China.
- **High inflation, interest rates, and debt** would further weaken fragile households and businesses, thus entailing an uneven recovery.
- **Political uncertainties** could hamper investor sentiment.

Source: EIC analysis based on data from the Office of the National Economic and Social Development Council and CEIC.

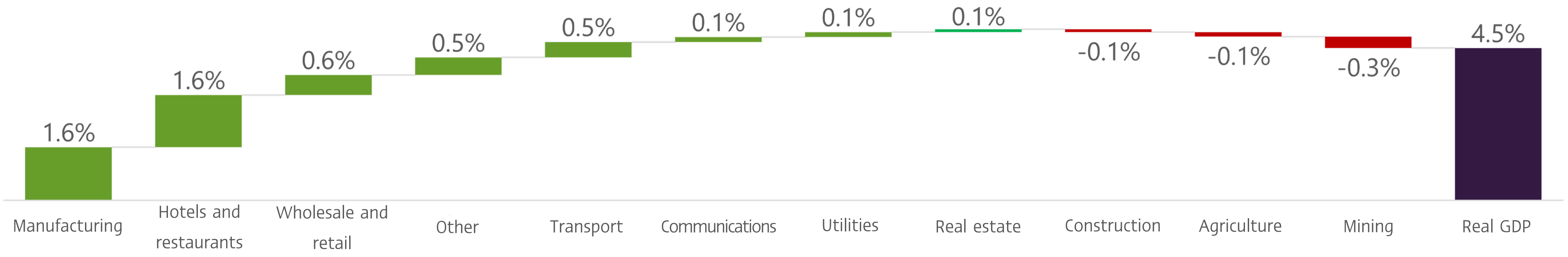
Thailand's economic recovery was steady, yet uneven and fragile. Some households saw expenses outweighing income, while businesses recovered on uneven ground.

Growth in tourism and in private sector consumption and investment lifted the economy through Q3, but exports slowed, and the impetus given by agriculture and the public sector slackened.

Contributions to growth from consumption



Contributions to growth from output



Source: EIC analysis based on data from the Office of the National Economic and Social Development Council.

Economic indicators point to ongoing broad-based growth, driven especially by tourism and private sector consumption and investment. However, exports and manufacturing for export have both weakened.

Thai economy	Unit	2021	Q1/22	Q2/22	Q3/22	Apr-22	May	Jun	Jul	Aug	Sep	Oct	YTD
Gross domestic product (GDP)	%YOY	**1.5**	**2.3**	2.5	4.5								**3.1**
Demand-side													
Private sector consumption	%YOY	-0.8	4.1	10.3	14.1	8.8	12.1	10.2	14.4	16.8	11.3		9.4
Domestic vehicle sales	%YOY	-6.8	22.7	11.5	36.2	9.1	15.7	10.0	22.1	61.7	30.4		22.9
Private sector investment	%YOY	9.3	3.8	3.4	8.2	0.2	3.8	5.9	5.1	12.0	7.6		5.1
Exports ex. gold (Customs data)	%YOY	22.8	10.0	11.0	6.3	8.9	12.5	11.5	4.7	7.4	6.7		9.1
Google Mobility (retail & recreation)	% Compared to 3 Jan-6 Feb 20	-9.0	1.0	-2.5	-0.3	-4.2	-1.9	-1.3	-1.6	-2.5	3.2		-0.6
Consumer Confidence Index	Index (100 = previous month)	44.7	43.4	40.8	43.6	40.7	40.2	41.6	42.4	43.7	44.6	46.1	42.9
Business Sentiment Index	Index (50 = previous month)	45.3	48.6	49.3	49.5	48.2	49.3	50.5	49.4	49.6	49.6	47.8	49.0
Supply-side													
Farm incomes	%YOY	2.6	9.4	17.2	17.7	11.8	20.5	19.4	18.2	16.9	18.1		14.4
Manufacturing Production Index	%YOY	5.8	1.6	-0.8	8.1	0.0	-2.0	-0.2	6.4	14.9	3.4		2.8
Capacity utilization sa	%	63.0	63.2	63.8	63.7	64.1	62.6	64.6	63.7	64.0	63.4		63.6
Foreign tourist arrivals	Thousands	427.9	498	1582	3608	293	521	767	1124.2	1175	1309		5688
Domestic trips	%YOY	-41.7	74.4	399.9	1167.8	138.9	1053.2	1115.6	1818.6	1770.5	665.5		261.0
Hotel occupancy rate	%	14.0	36.2	42.1	47.8	41.9	41.8	42.6	47.0	48.0	48.4		42.0
Labor market													
Unemployment rate	%	1.9	1.5	1.4	1.2								1.4
Youth unemployment rate	%	8.2	6.6	7.1	6.5								6.7
Unemployment rate under SSO	%	2.8	2.3	2.1	2.0	2.0	2.2	2.2	2.0	2.1	2.0		2.1
Private sector hours worked	Hours/Week	44.3	43.7	45.9	46.7								45.5

Demand-side: This softened slightly in September, though growth continued in private sector consumption and investment. Consumer confidence also strengthened, while business sentiment slipped.

Supply-side: Growth was solid in September, especially in tourism and agriculture. The risk of flooding dropped in October, but industrial output slowed, especially in exported manufactured goods.

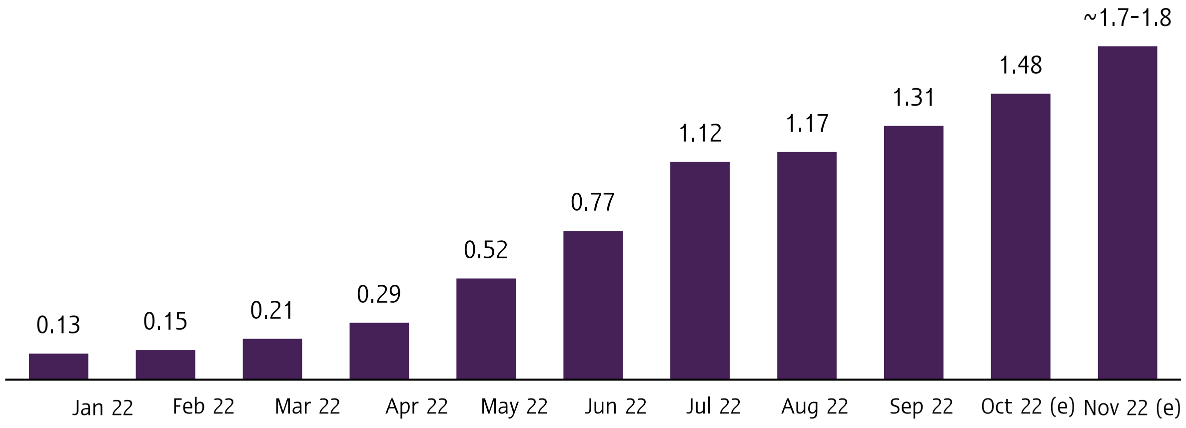
Recovery in labor markets accelerated, though these have not yet returned to their pre-Covid state.

Source: EIC analysis based on data from CEIC, the Bank of Thailand, the Office of Agricultural Economics, the Office of Industrial Economics, the National Statistical Office of Thailand, the Tourism Authority of Thailand, and Google.

Inbound tourism will help provide thrust. Foreign tourist arrivals will likely pick up in Q4 and surpass 10.3 million in 2022 as anticipated, driven by tourists from ASEAN and European countries.

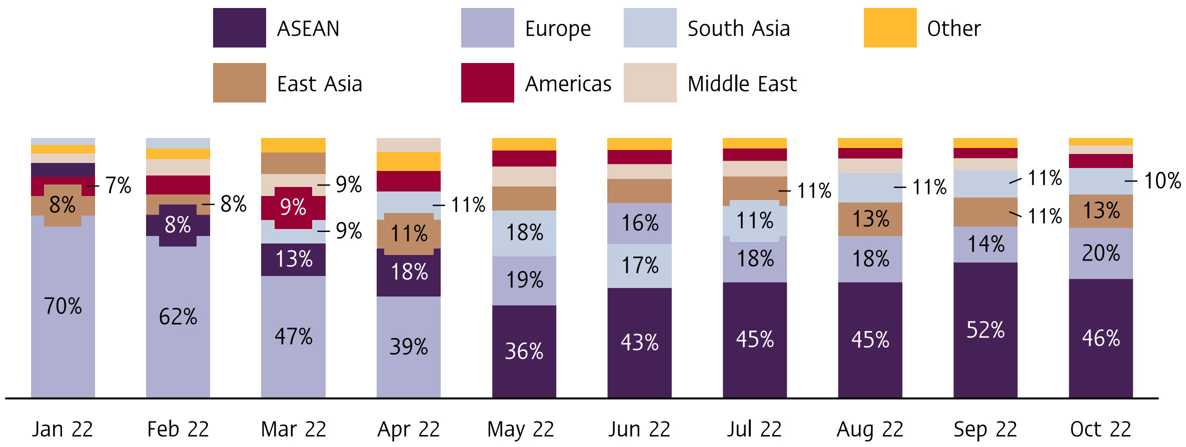
Number of international tourist arrivals

Unit: Million persons



Share of international tourist arrivals by region of origin

Unit: %

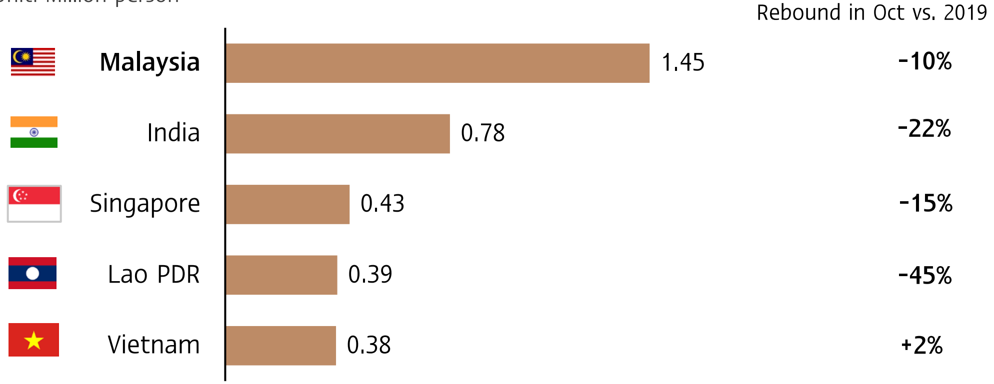


The number of international tourist arrivals during Jan-Nov 2022 = ~8.8 million

- **Foreign tourist arrivals should secure a strong rebound in Q4, thanks to the easing of travel restrictions among Asian nations,** particularly East Asia (Hong Kong, Taiwan, and Japan). **Q4 is also the high season when tourists usually flock to Thailand to escape the cold winter.**
- **In addition, Russian tourists have gathered steam after Russian airlines resumed routes** to Bangkok and Phuket in late October, such as Aeroflot, Ikar, and Siberia Airlines. (As of Oct 31, Phuket welcomed around 500 Russian tourists despite the Russia-Ukraine tensions.)

Number of international tourist arrivals during 1 Jan-19 Nov 2022 (major regions)

Unit: Million person

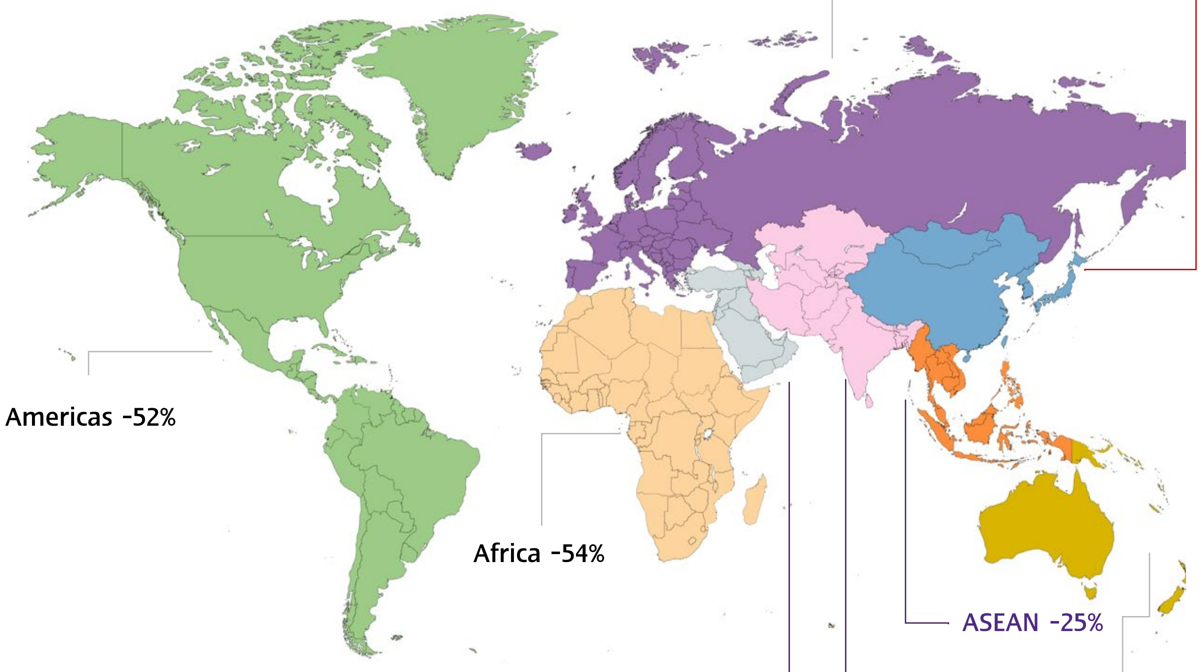


Source: EIC analysis based on data from the Ministry of Tourism and Sports.

Recovery in arrivals from South Asia, the ASEAN zone, and the Middle East, especially from new markets (e.g., Saudi Arabia) has been rapid, but for East Asian markets where Covid-19 restrictions remain in place (i.e., China), any rebound will be much slower.

Recovery in arrivals, Sep-Oct 2022

Unit: % change in monthly tourist arrivals relative to 2019 average



10 fastest recovering markets	
Country	% recovery
Saudi Arabia	+235%
Israel	+31%
Malaysia	-9%
Bangladesh	-10%
Pakistan	-14%
Singapore	-22%
Vietnam	-22%
India	-27%
Spain	-31%
Kuwait	-34%

10 slowest recovering markets	
Country	% recovery
China	-96%
Taiwan	-83%
Hong Kong	-79%
Japan	-76%
Russia	-76%
Sweden	-74%
Finland	-74%
Sri Lanka	-69%
Italy	-65%
Norway	-64%

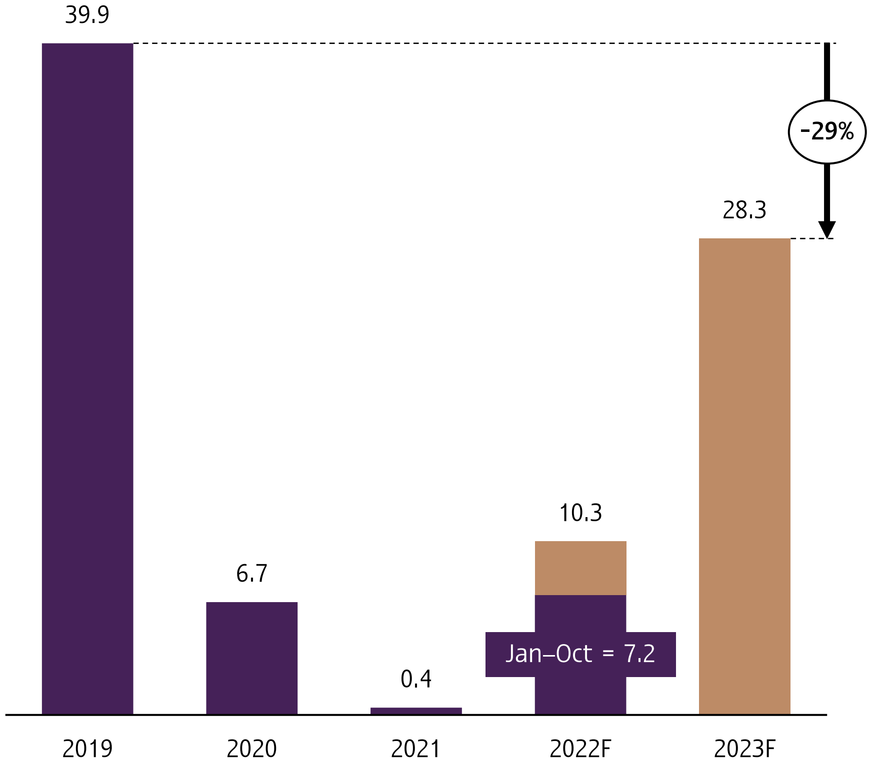
Source: EIC analysis based on data from the Ministry of Tourism and Sports.

SCB Economic Intelligence Center

Foreign tourists will likely hit 28.3 million in 2023, buoyed by high travel demand despite headwinds from China's uncertain reopening and possible recession in some major economies.

Estimated number of international tourist arrivals

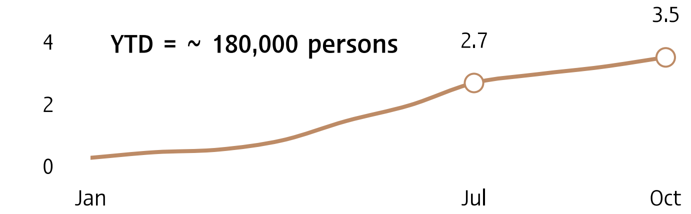
Unit: Million persons



Key headwinds to the rebound of international tourist arrivals in 2023

China's reopening remains largely uncertain. We expect China to gradually ease Zero-Covid restrictions, given positive economic signs.

Number of inbound Chinese tourists in 2022 (unit: 10,000 persons)



- **China's increase in international flights** to 840 a week starting from Oct 30, 2022 (-95% compared to 2019).
- **On Nov 11, China decided to shorten the quarantine period** from 10 to 8 days for international visitors (5 at hotel + 3 at home).
- **The launch of an inhalable vaccine in Shanghai** should help improve the booster vaccination rate.

Potential recession in European and US economies could undermine tourism spending.

Elevated inflation has constrained travel budgets among European visitors.**

- Around 70% of European tourists will drop their travel plans if financial distress arises.
- But the travel budget of European tourists in 2022-2023 would remain higher than in 2021.

US visitors tend to cut their travel spending due to persistently high inflation***

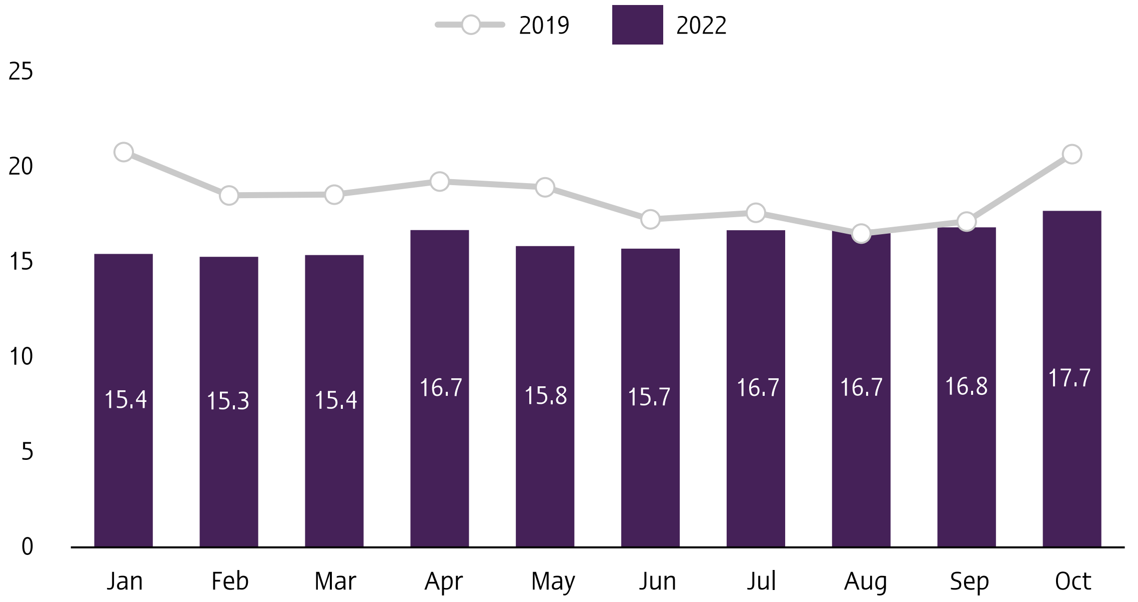
- 62% of US tourists will drop their travel plans if inflation escalates further.

Note: *Most Chinese tourists traveling across the border during the lockdown did not hold tourist visas. **Based on a tourist survey compiled by Europ Assistance (from Apr 16-May 16, 2022).
*** Based on a survey of Americans compiled by Morning Consult (from Jul 22-24, 2022).
Source: EIC analysis based on data from the Ministry of Tourism and Sports.

Domestic tourism has also now returned to close to its pre-pandemic level in many provinces, though especially in the North, a perennial favorite for Thai tourists.

Domestic tourism is close to its pre-Covid level

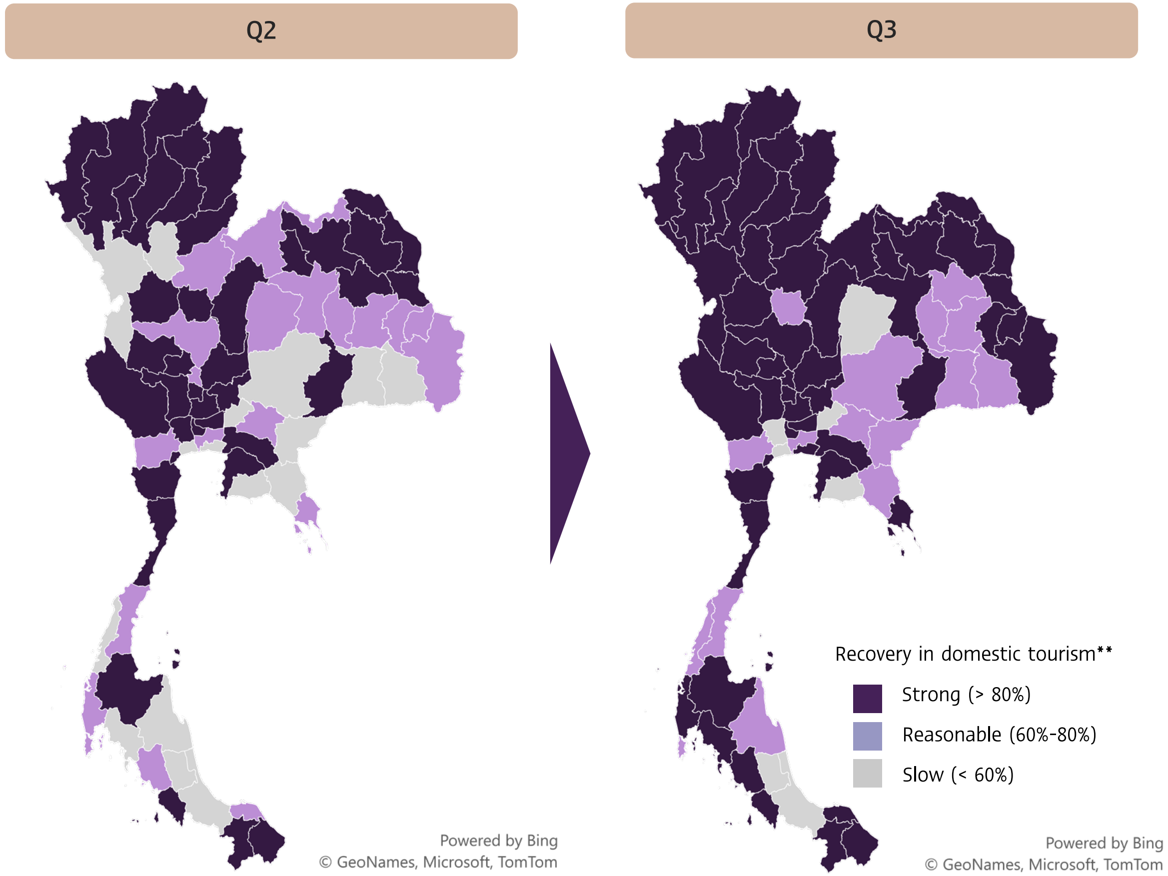
Unit: Million persons - times



Q4 coincides with the tourism high season and so **the domestic market will continue to recover,** with the North and Northeast in particular attracting a large number of visitors through the year-end. **Domestic tourism will be further boosted by phase 5 of the 'We Travel Together' scheme,** which will be considered by the cabinet in Dec. If approved, this will likely run over Jan-Mar 2023, and 2m registrations will be available.

Recovery in domestic tourism, by province*

Unit: % relative to 2019



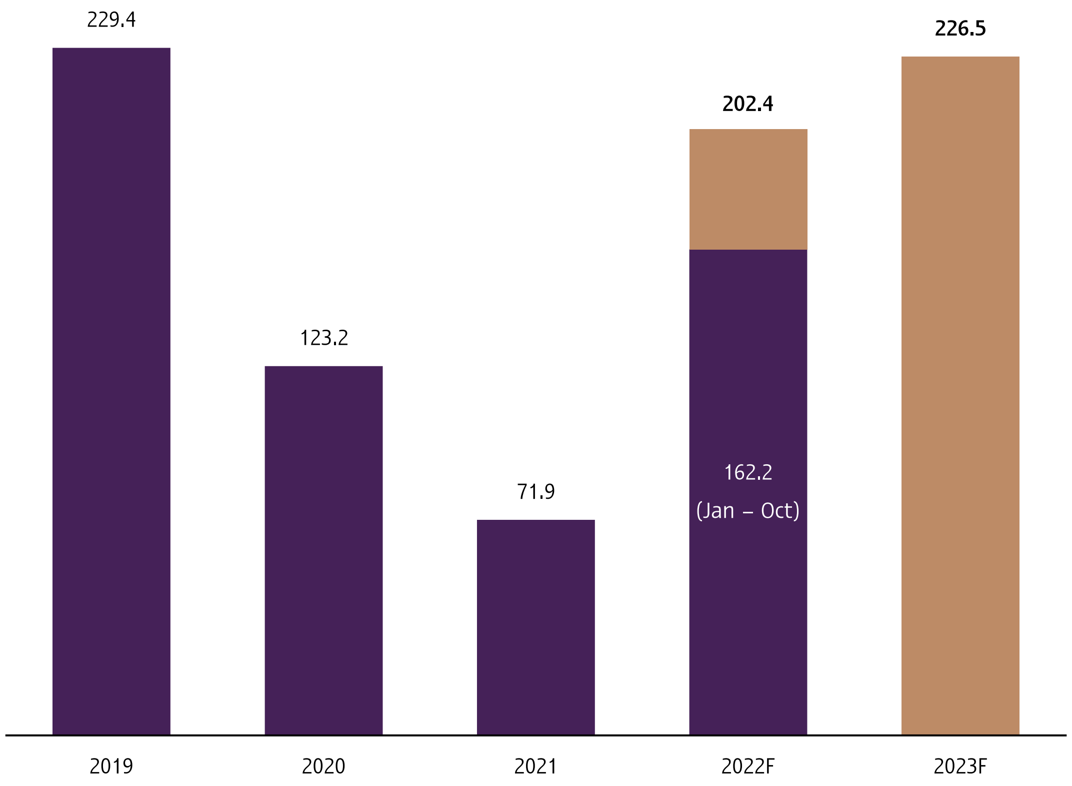
Note: **Recovery is relative to the 2019 baseline.

Source: EIC analysis based on data from the Ministry of Tourism and Sports.

Despite pressures from outbound travel and limited travel budgets amid high inflation, overall domestic visitors in 2023 could rebound close to pre-pandemic levels.

Estimated number of Thai visitors

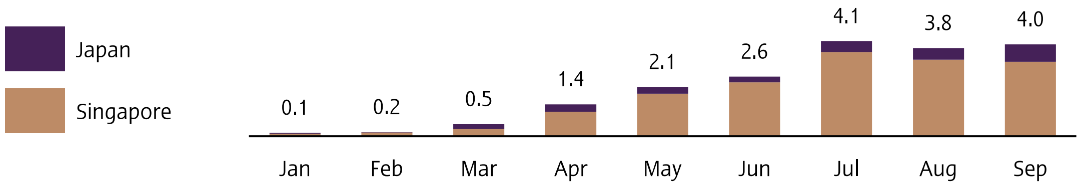
Unit: Million persons-trips



The effects on domestic visitors recovery in 2023

Increase in Thai outbound tourists, particularly to Japan, South Korea, and Singapore, despite soaring airfares following global oil prices; many airlines also planned to increase international flights in 2023.

Number of Thai outbound tourists (unit: 10,000 persons)



Persistently high inflation could depress travel budgets. On average, the expenditure of Thai visitors would remain lower than its pre-pandemic level, as recent domestic travel were mostly short or one-day trip.

Year	2019	2020	2021	Jan-Oct 2022
Average spending per person/ trip* (THB)	4,752	3,871	2,906	3,150

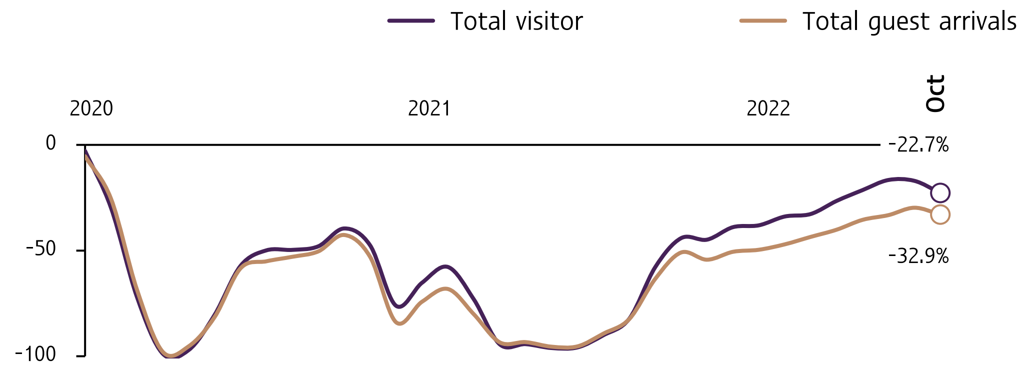
*Estimate based on the total domestic tourism receipts/ number of Thai visitors.

Source: EIC analysis based on data from the Ministry of Tourism and Sports, Department of Statistics – Singapore, and Tourism Japan.

Recovery in domestic tourism and hotel occupancy rates coupled with an accelerating rebound in foreign arrivals in 2023 are making tourism related business ready to serve influx of visitors.

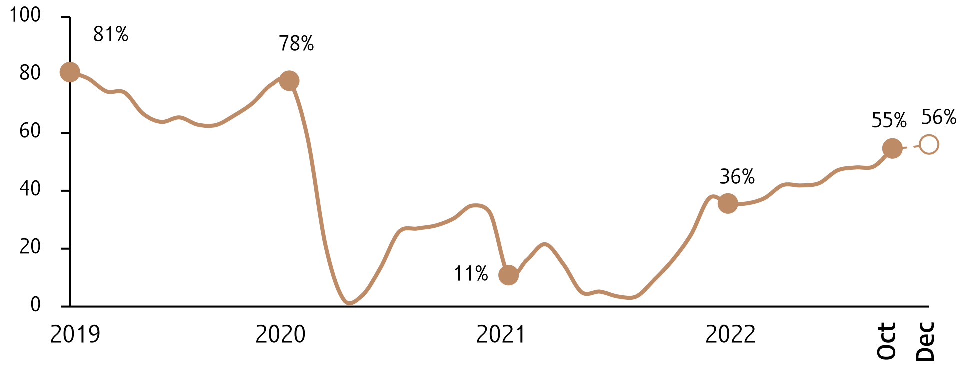
Recovery in total visitors and guest arrivals

Unit: % relative to 2019



National occupancy rate

Unit: % of all rooms available



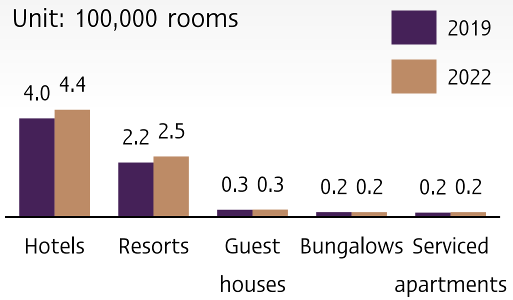
The tourism sector is preparing for an uptick in activity in 2023

Hotel are preparing resume full operations from partly services and new openings postponement.

- **Total available rooms have increased from the 2019 level,** especially in resort and hotel type.
- **Planning to hire more part-time workers and to train staff** in order to enhance productivity in which will avoid the staff shortages, especially in frontline services.

Total no. hotel rooms

Unit: 100,000 rooms



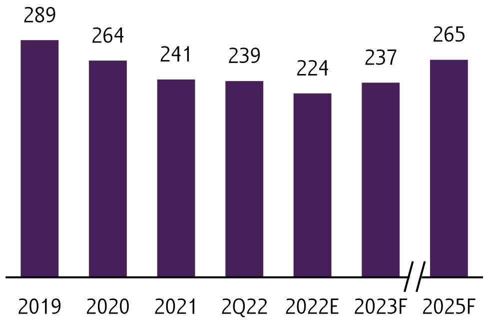
The airline industry has retained sufficient capacity to meet rising demand for international travel.

- **The number of aircraft used by local airlines is expected to rise** to 71% of the total air fleet and possibly increase the frequency of flights to maximize fleet performance. Moreover, the airlines also plan to expand their fleet by 2025.
- **Air transport workers remain sufficient for operational needs** as pay cuts and leave without pay are the main strategies amid uncertainty. Also, airlines plan to hire new cabin crew members to meet the higher demand for flights.

In addition, foreign carriers are also resuming flights to meet stronger demand for international travel to and from Thailand.

Combined fleet size of Thai carriers

Unit: Aircraft

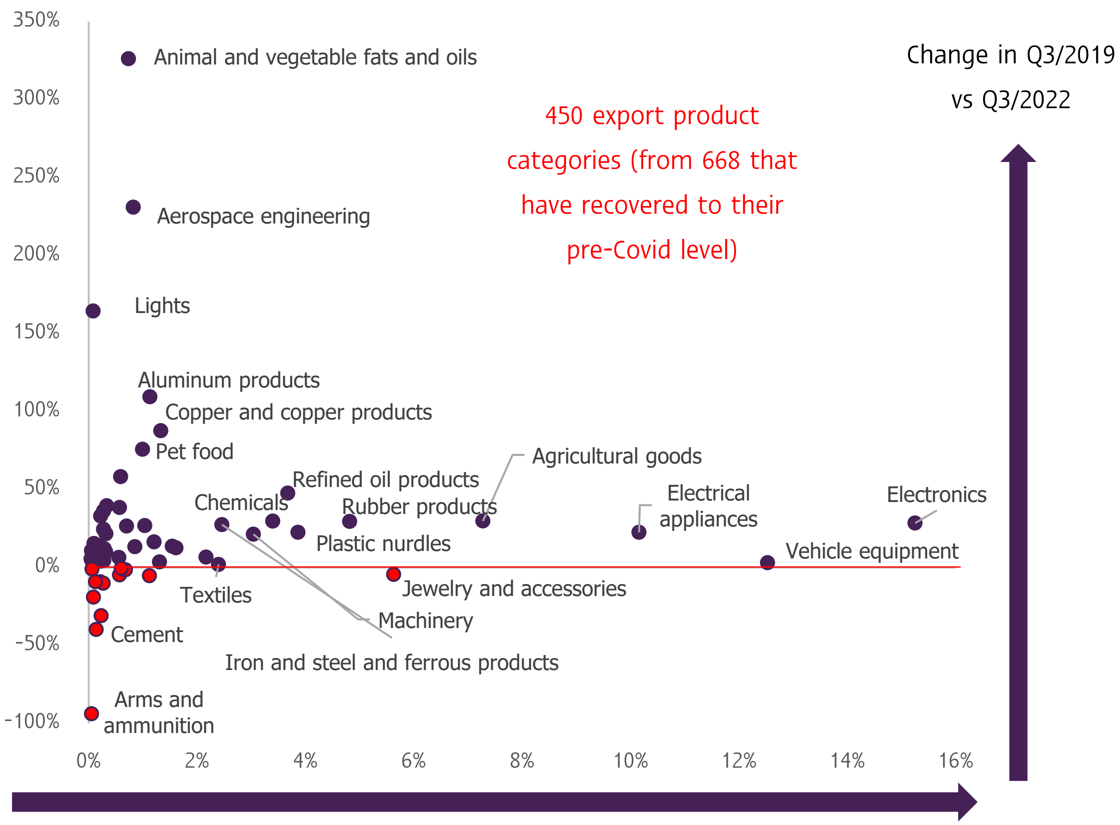


Note: Visitor numbers includes both domestic and international tourists.

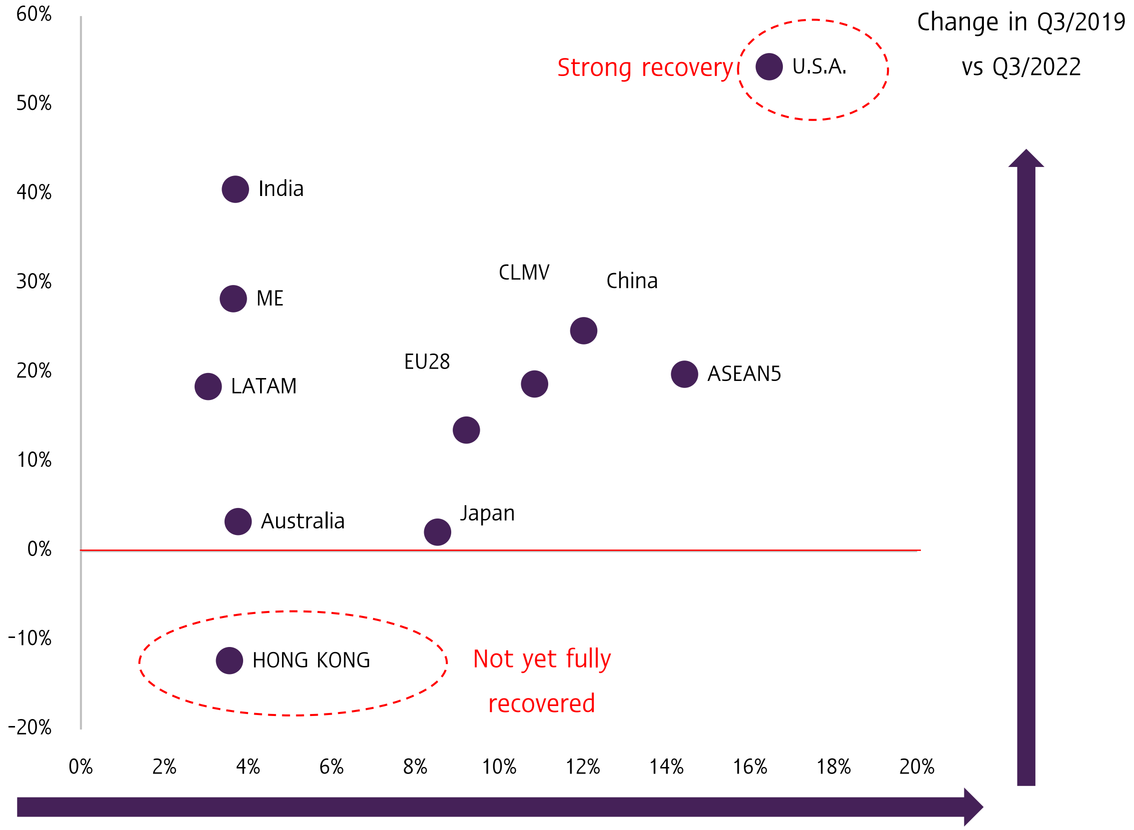
Source: EIC analysis based on data from the Ministry of Tourism and Sports, CAAT, Thai Airways, Bangkok Airways, Thai AirAsia, Thai AirAsia X, NokAir, Thai Lion Air, and Thai VietJet Air.

The post-Covid recovery in global trade has lifted exports, and with semi-conductor shortages clearing, exports of electronics and electrical appliances are rapidly strengthening.

Post-Covid recovery in export value for major products



Post-Covid recovery in the main export markets



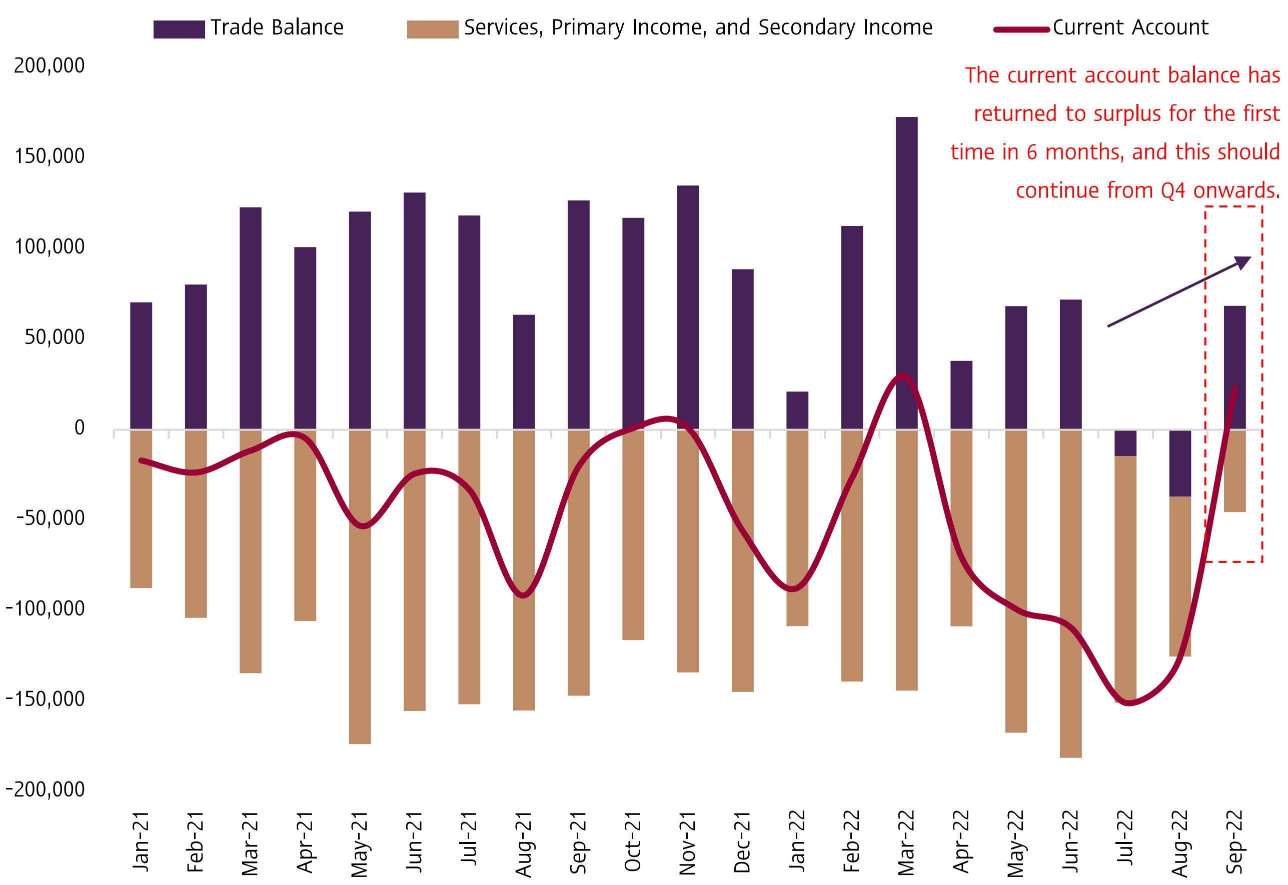
Note: *Does not include tin, natural gas, or lead since these have a share of exports below 0.05% but have seen these grow by more than 1,000%.

Source: EIC analysis based on data from the Ministry of Commerce.

The current account balance is improving on recovery in income from tourism and the sharp drop in freight charges.

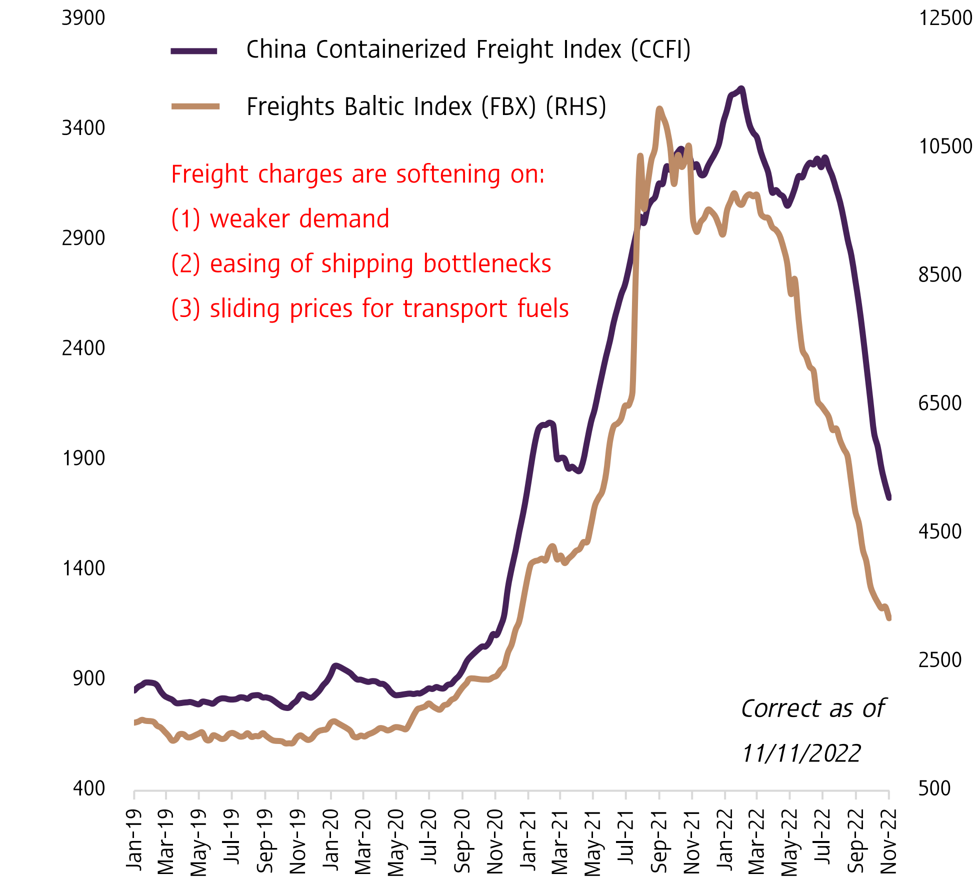
Thai current account balance

Unit: THB million



Container freight charges

Unit: Index (1 Jan, 1998 = 1,000) Unit: Index (weighted avg. of 12 regional routes, USD/FEU)



Source: EIC analysis based on data from the Bank of Thailand, Freightos, JP Morgan, Shanghai Shipping Exchange, and CEIC.

However, exports will continue to lose momentum alongside global economic downtrend. Exports in Q3/2022 already showed a sign of a slowdown—notably shipments to China, Hong Kong, and Japan.

Export value by product

Unit: %YOY, (2021 share)	Q4/2021	Q1/2022	Q2/2022	Jul-22	Aug-22	Sep-22
Total exports (100%)	23.1%	14.8%	10.8%	4.3%	7.5%	7.8%
Excluding gold (98.6%)	22.7%	10.0%	11.0%	4.7%	7.4%	6.7%
Electrical appliances (10.4%)	11.7%	8.8%	2.8%	5.0%	18.4%	7.1%
Automotive and parts (10.8%)	24.3%	-11.3%	-6.0%	-2.9%	22.5%	8.4%
Agriculture (9.6%)	20.9%	1.6%	15.4%	-0.3%	-10.3%	2.7%
Chemicals and plastics (9.4%)	35.5%	18.6%	5.2%	-5.6%	-7.2%	-12.6%
Agro-industrial (7.1%)	20.5%	27.9%	28.0%	38.1%	27.6%	0.8%
Computers (8.1%)	16.9%	8.6%	-6.7%	-19.8%	0.0%	13.9%
Rubber products (5.3%)	-1.7%	-8.2%	-0.3%	-4.4%	-0.2%	-1.4%
Integrated circuits (3.1%)	18.7%	17.7%	9.4%	4.2%	25.1%	6.4%
Machinery (3%)	17.1%	17.3%	13.8%	5.4%	15.6%	-4.5%
Refined fuel (3.3%)	104.7%	21.9%	64.2%	53.7%	-13.5%	-1.8%
Garments (2.4%)	17.8%	13.7%	11.1%	6.5%	12.9%	7.3%
Gems and jewelries excl. gold (2.3%)	25.2%	41.4%	40.6%	19.1%	31.2%	89.6%

Export value by destination

Unit: %YOY, (2021 share)	Q4/2021	Q1/2022	Q2/2022	Jul-22	Aug-22	Sep-22
Total exports	23.1%	14.8%	10.8%	4.3%	7.5%	7.8%
US (15.4%)	25.2%	23.3%	17.8%	4.7%	16.3%	26.1%
China (13.7%)	17.8%	4.2%	-1.9%	-20.6%	-20.1%	-13.2%
ASEAN-5 (13.7%)	44.1%	26.9%	23.1%	21.3%	5.8%	9.0%
CLMV (10.3%)	13.6%	5.5%	14.1%	24.2%	41.1%	26.3%
Japan (9.2%)	-0.2%	1.2%	1.6%	-4.7%	6.6%	-1.7%
EU-28 (9.3%)	20.3%	7.5%	4.5%	9.3%	20.7%	22.2%
Hong Kong (4.3%)	9.1%	5.0%	-7.3%	-31.3%	-18.1%	-17.9%
Australia (4%)	16.9%	-2.4%	-3.3%	19.9%	21.3%	12.7%
Middle East (3.3%)	37.2%	14.9%	28.9%	26.8%	38.5%	47.4%
India (3.2%)	50.6%	33.1%	60.4%	33.3%	18.0%	-3.4%
Russia (0.4%)	72.8%	-6.8%	-63.9%	-42.6%	-25.1%	-34.8%
Ukraine (0%)	27.1%	-49.2%	-89.7%	-87.5%	-82.6%	-87.1%

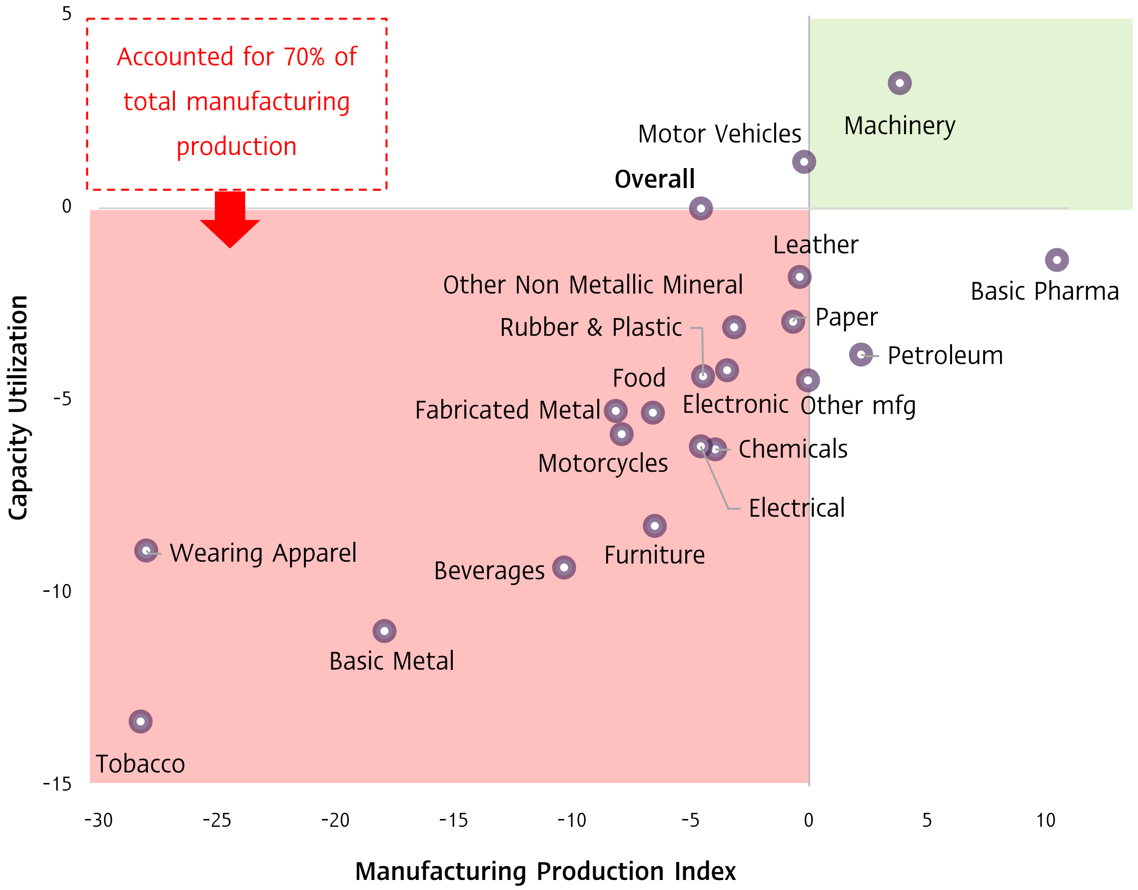
Note: *Excluding tin, natural gas, and lead since the share in export value was lower than 0.05%, but growth was higher than 1.000%.

Source: EIC analysis based on data from the Ministry of Commerce.

The outlook has become increasingly downbeat for manufacturing sectors relying on foreign markets, and this could imply a private investment slowdown. In recent months, manufacturing production in many sectors continued to hover below pre-COVID-19 figures.

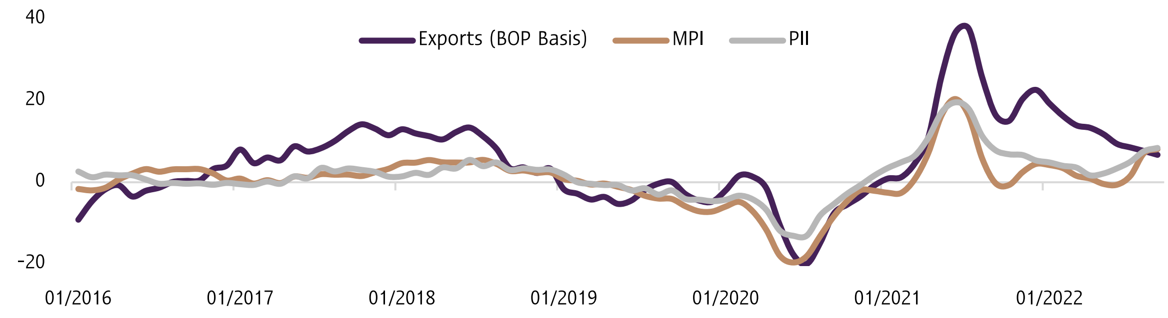
Capacity Utilization and Manufacturing Production Index

Unit: Change of index (average Q3/22 vs. average 2016-2019)



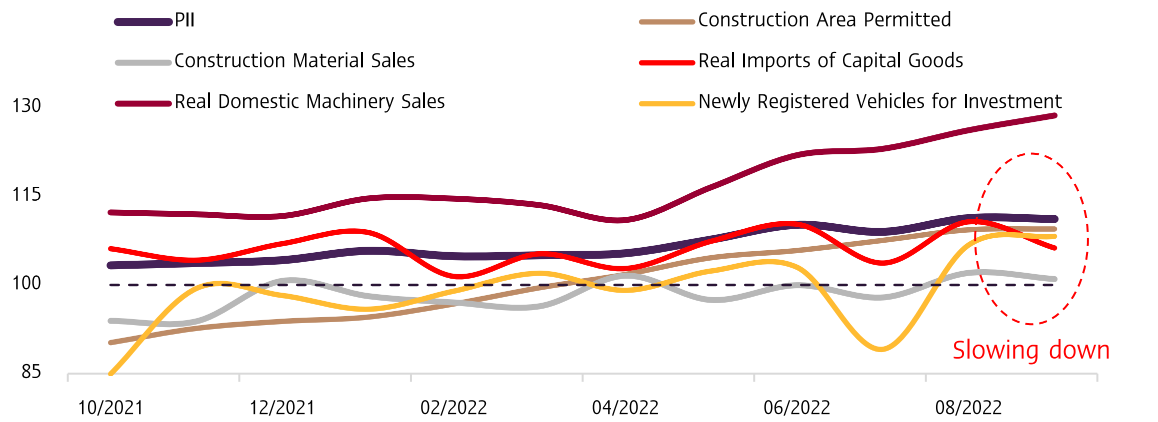
Relationship between merchandise exports and private investment

Unit: %YOY, 3MMA, SA



Private investment indicators

Unit: Index (2018Q1=100), seasonally adjusted

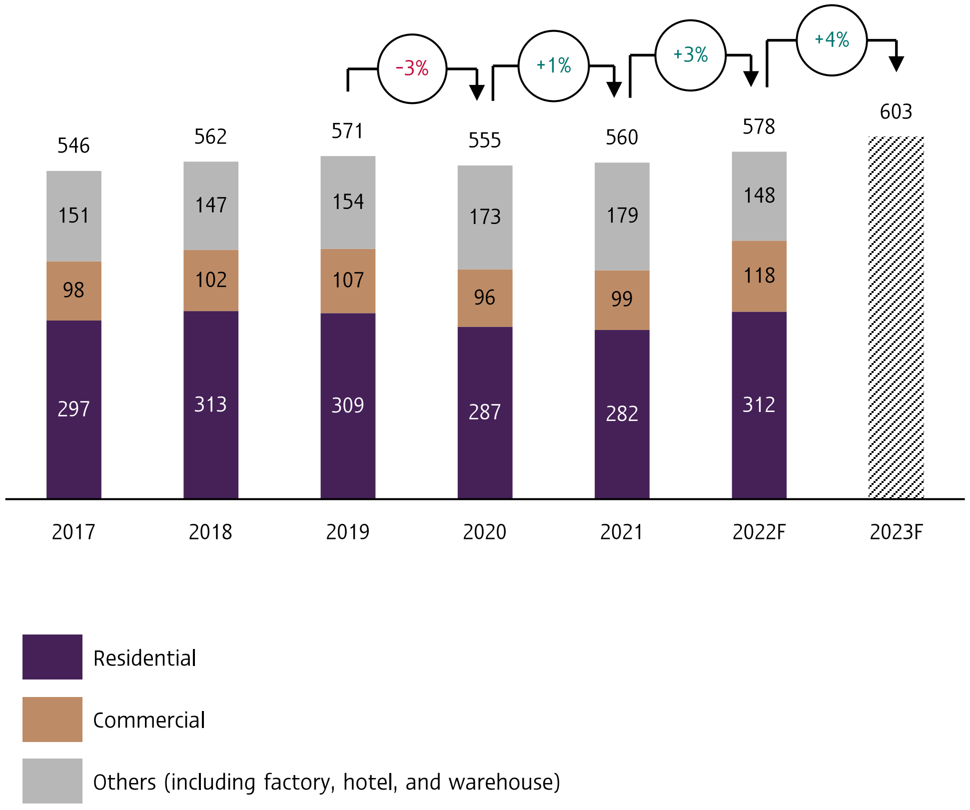


Source: EIC analysis based on data from the Ministry of Industry, the Federation of Thai Industries, and CEIC.

Private investment in construction will likely expand in 2023—buoyed by the construction of new residential and large commercial real estate projects, but higher costs would undermine growth.

Value of private-sector construction

Unit: THB billion



Outlook 2023

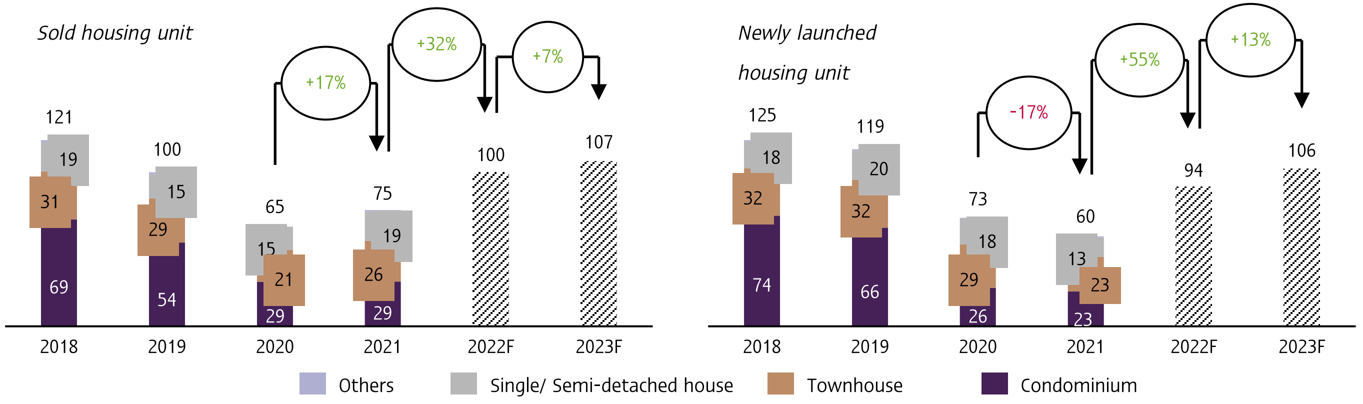
The value of private-sector construction should rebound steadily with positive push from:

- **The total footprint of construction permits** that rebounded in 2022 with a large number of new housing projects being launched.
- **Ongoing construction of large commercial real estate projects.**
- **The value of hotel construction remained dismal.** The total footprint of hotel construction permits has been shrinking since the emergence of the COVID-19 pandemic. Most of the construction projects were hotel renovations targeted at foreign tourists.

Challenge: Construction contractors still suffer from higher costs—particularly labor wages, which rose in line with the nationwide minimum wage hike and lower number of migrant workforce. Volatile construction material prices are also another drawback.

Number of sold and new housing units in the Bangkok Metropolitan Region

Unit: thousand units



Source: EIC analysis based on data from the Office of the National Economic and Social Development Council.

Nonetheless, the easing of LTV measures will soon end in 2022. This would significantly affect housing demand among investors—particularly for condominiums under THB 5 million—and real-demand buyers (in Stage 2 and above).

The Bank of Thailand will not extend the relaxation of loan-to-value (LTV) rules for mortgages that is set to expire on Dec 31, 2022.

Mortgage	Housing <10 THB million		Housing ≥10 million	
	Current (2022)	New (2023)*	Current (2022)	New (2023)*
1st contract	≤100% + Top-up ≤10%**	≤100% + Top-up ≤10%** *(unchanged)*	≤100%	≤90%
2nd contract	≤100%	≤80-90%	≤100%	≤80%
3rd contract & above	≤100%	≤70%	≤100%	≤70%

Remainder of 2022

- Accelerate decision-making of investors and real-demand buyers in Stage 2-3 and above.
- Offer opportunities for developers with completed housing projects to launch marketing campaigns to clear up backlogs.

From 2023 onward

Investors and real-demand buyers (in Stage 2-3 and above) might postpone their purchase decisions as it would require a down payment of 10-30% of total housing prices.

Impact on the housing market

- **Less impact on horizontal properties than condominiums—particularly medium-priced to low-priced condominium projects (under THB 5 million)** that are mostly purchased as an investment for rental or re-selling.
- **Possible adverse impacts on housing among tourism cities—such as Chiang Mai, Chonburi, and Phuket** —especially properties that mainly target the investment market (rental homes for tourists) or buyers seeking family vacation homes.
- **Low impacts on high-priced housing (over THB 10 million)** as the segment targets high-income cohorts who can finance a down payment at any level.

Outlook 2023

Real estate developers

- **Condominium projects will favor targeting the real-demand group,** particularly first-home buyers who primarily seek medium-priced to low-priced housing.
- **Decisions on new project launching will become more heedful.** Developers might postpone new projects in locations that (1) rely heavily on investor demand, (2) experience a rising number of newly-launched projects, and (3) have an abundance of unsold housing stocks.

Mortgages from financial institutions

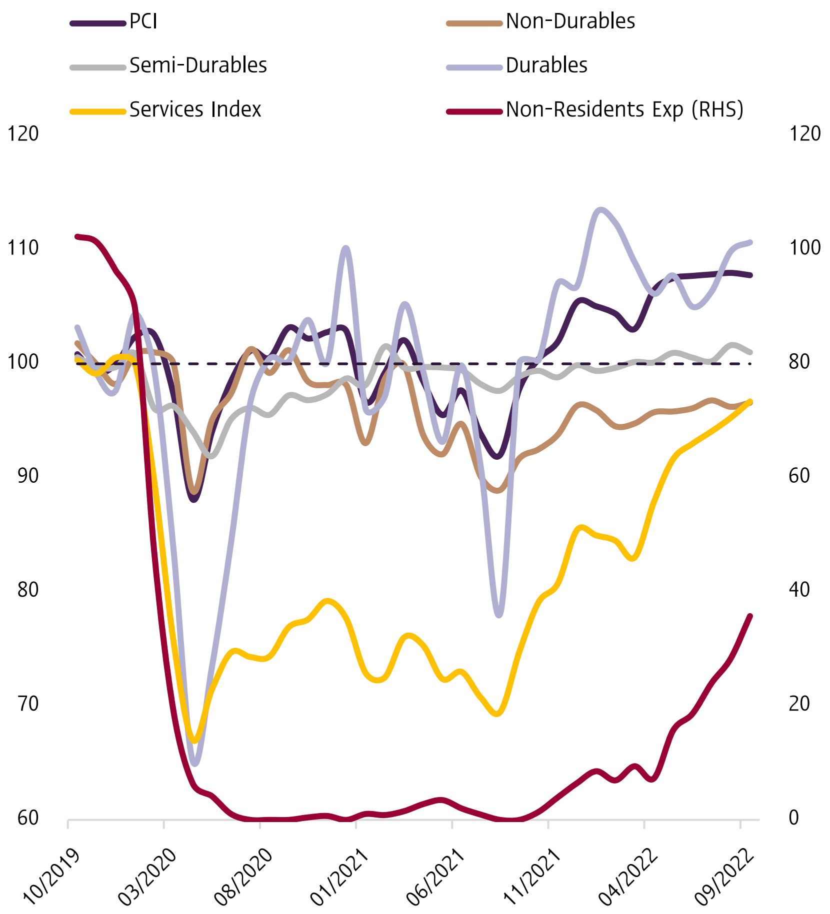
- **Mortgage demand might increase slightly in the remainder of 2022.**
- **Mortgage demand in 2023 might be somewhat affected by LTV changes**—given a slowdown in housing purchases among investors and real-demand buyers (Stage 2 and above)—**but still record growth** with impetus from first-home buyers and qualified borrowers.

Note: *took effect on Jan 1, 2023. **Mortgage for other purposes (aside from housing) but with housing as collateral, such as loans to purchase furniture, decoration, or house expansion.
Source: EIC analysis based on data from the Bank of Thailand.

Private consumption saw steady and broad-based growth following the resumption of economic activities.

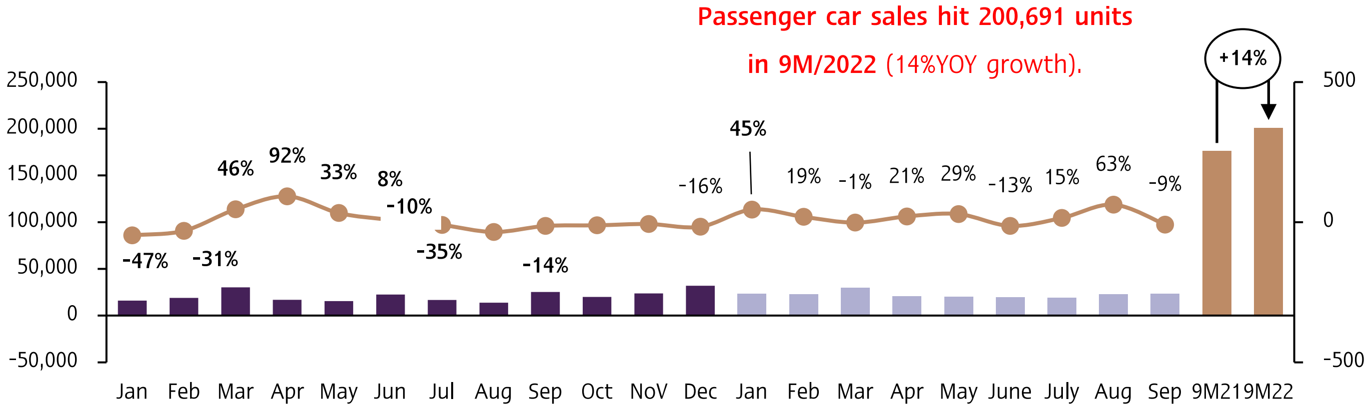
Private Consumption Index

Unit: Index (2019Q4 = 100), seasonally adjusted



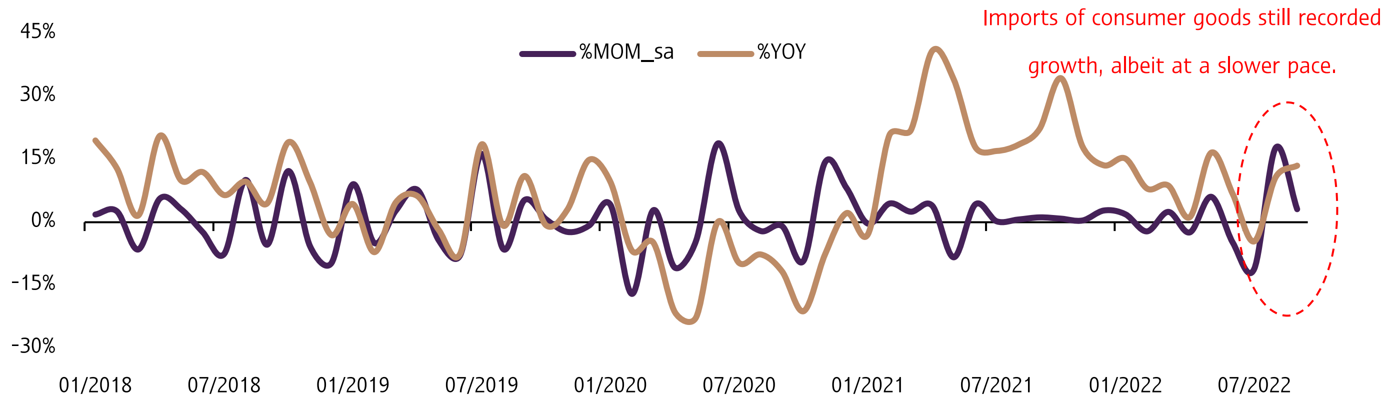
Passenger car sales

Unit: Volume (LHS) , %YOY (RHS)



Imports of consumer goods to Thailand

Unit: %



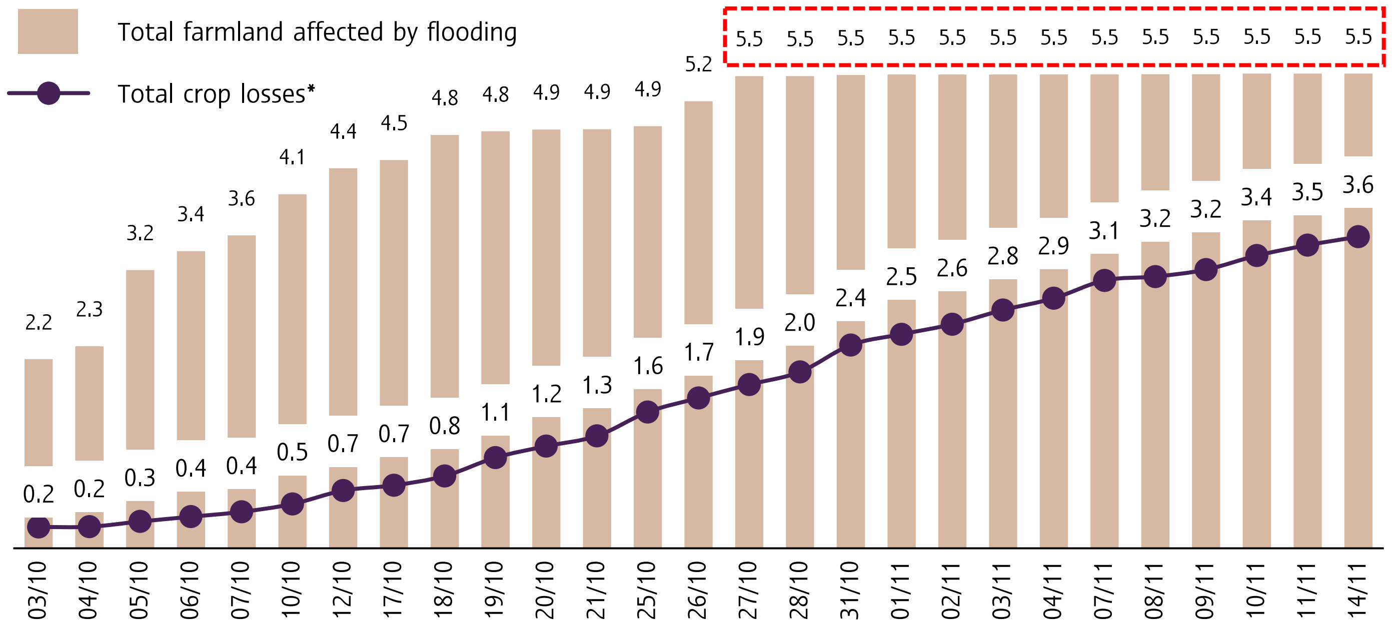
Source: EIC analysis based on data from the Bank of Thailand, the Ministry of Commerce, the Federal of Thai Industries, and CEIC.

The impact of flooding on agriculture is easing and will not disrupt Thai economy; with losses of THB 18.70bn (0.1% of GDP) and 3.6m rai of land affected, the 2022 floods have been relatively minor.

Total agricultural area affected, and total area of crop losses (daily data up to 14 Nov.)

Unit: Million Rai

The floods can now be regarded as over since: (i) the total area of farmland impacted by floods has been unchanged for more than 19 days; and (ii) forecast November rainfall is in the normal range for the North and Northeast.



Flooding destroyed 3.6m rai of crops in 2022, greater than in 2021 (3.4m rai) but less than in 2017 and 2011, when losses totaled 4.8m rai and 12.2m rai, respectively.

Notes: *Crops may escape damage if floodwaters dissipate rapidly. For rice, damage will only be sustained if floods persist for longer than 3-4 days.

Estimates of crop damage from flooding, 2022

List	Vegetation		
	Rice**	Cane***	Cassava****
Total area affected (millions of rai)	2.40	0.39	0.32
Proportion of total area planted (%)	3.81	3.38	2.90
Value of losses (millions of baht)	11,799	4,046	2,880
Total value of losses (millions of baht)	18,725		
Share of GDP (%)*****	0.11		

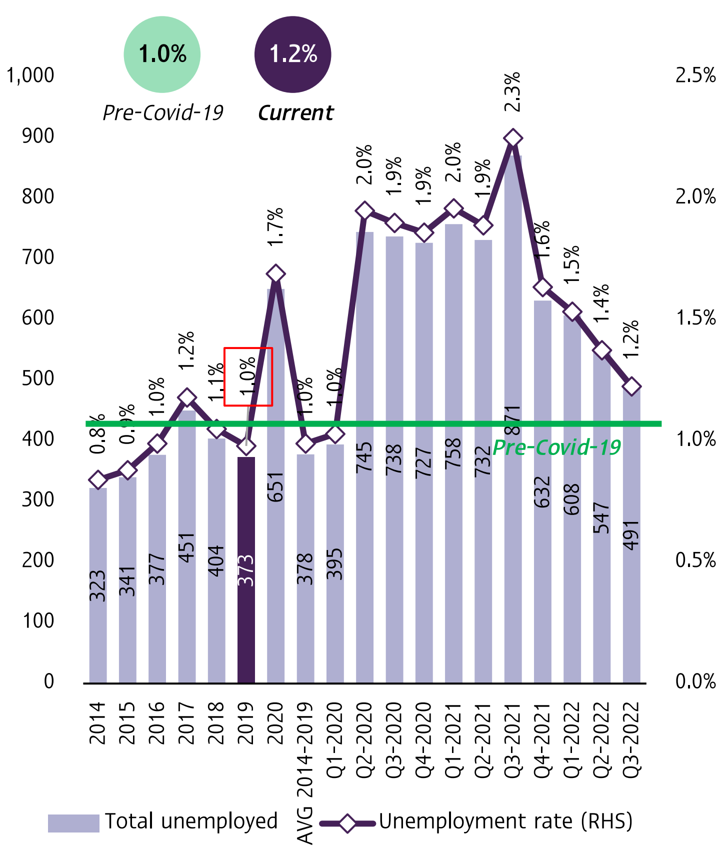
Notes: **Calculated from average yields of 0.45 tonnes/rai and average Oct. 2022 paddy prices of THB 11,095/tonne. ***Calculated from average yields of 9.66 tonnes/rai and average 2021/2022 sugarcane prices of THB 1,070/tonne. ****Calculated from average yields of 3.45 tonnes/rai and average Oct. 2022 fresh cassava prices of THB 2,600/tonne. *****Calculated from a 2022 GDP value of THB 17.5tn.

Source: EIC analysis based on data from the Office of Agricultural Economics, and the Department of Agriculture and Cooperatives.

Although the unemployment rate is down and average hours worked is back to its pre-Covid level, Thai labor markets have not yet fully recovered.

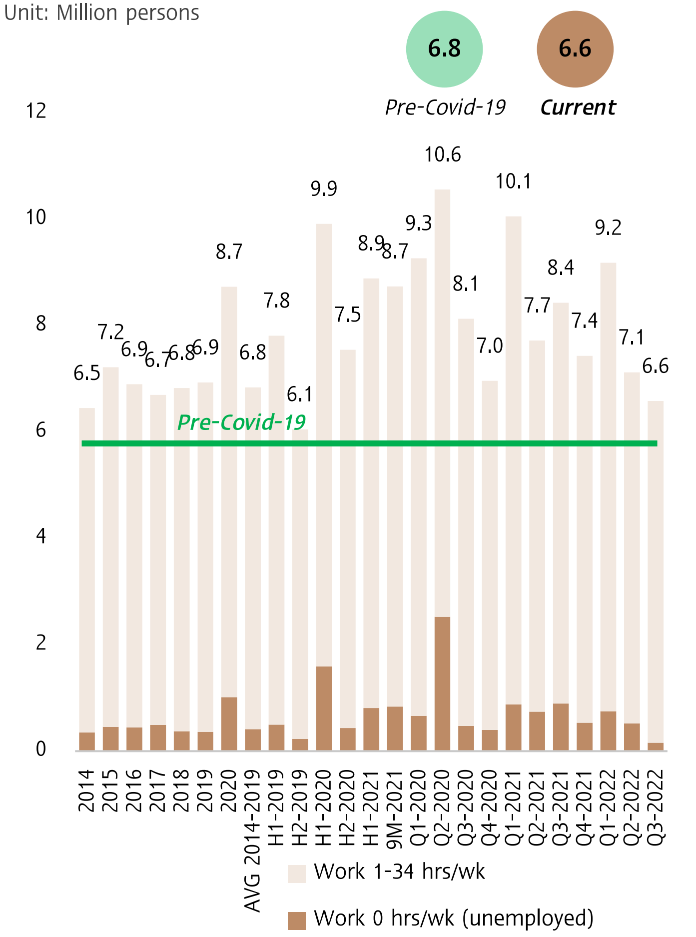
Number of unemployed, and unemployment rate

Unit: 1,000 persons
Unit: % of workforce



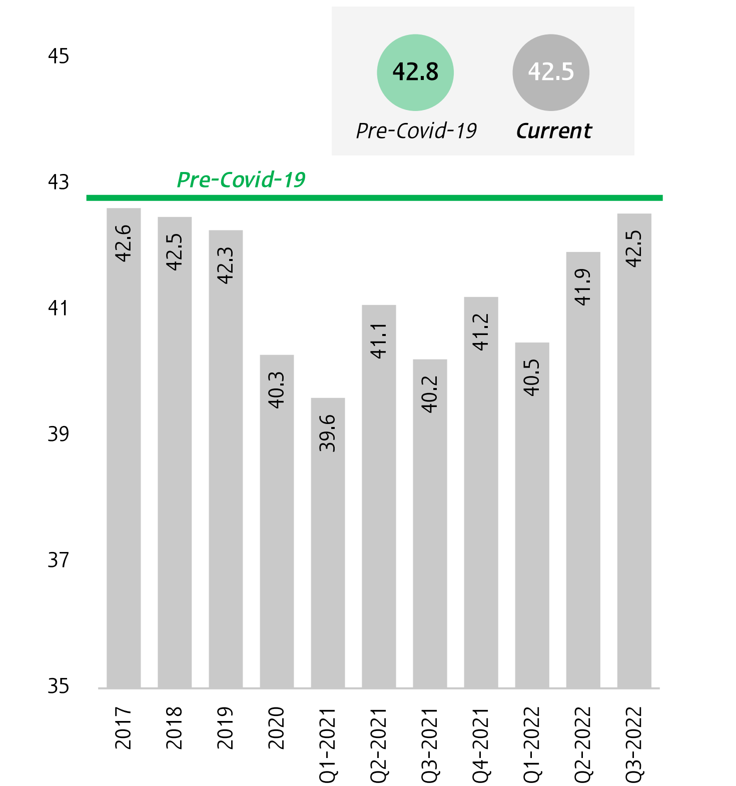
Number of people working < 35 hours/week

Unit: Million persons



Average hours worked

Unit: Hours/week

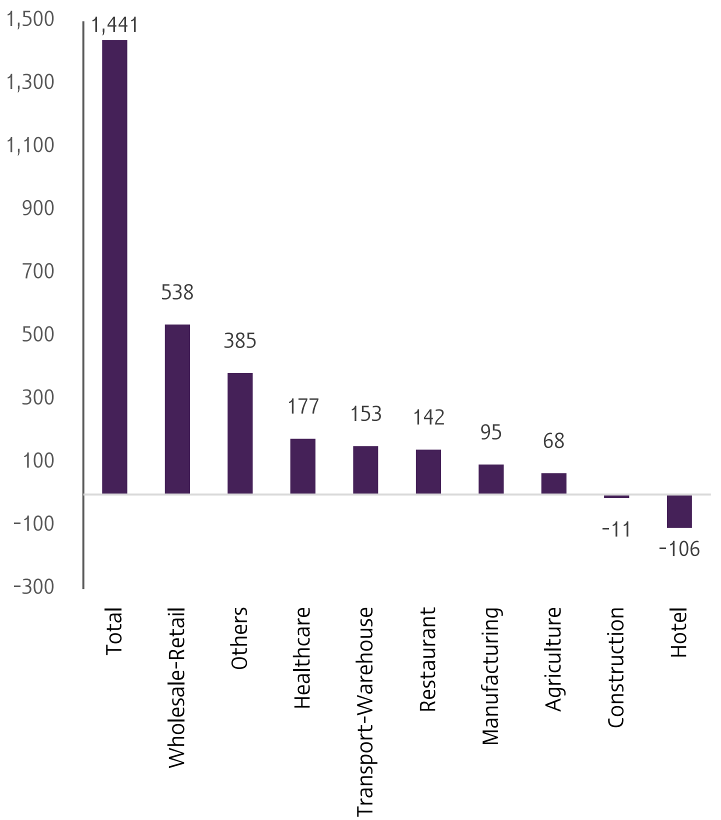


Source: EIC analysis based on data from the National Statistical Office of Thailand, and the Department of Public Welfare.

Employment in wholesale-retail, healthcare, and other service sectors stood above pre-pandemic readings. Meanwhile, employment in the agriculture, construction, and hotel industries has yet to fully recover. Many workers left the social security system, thus losing their job security.

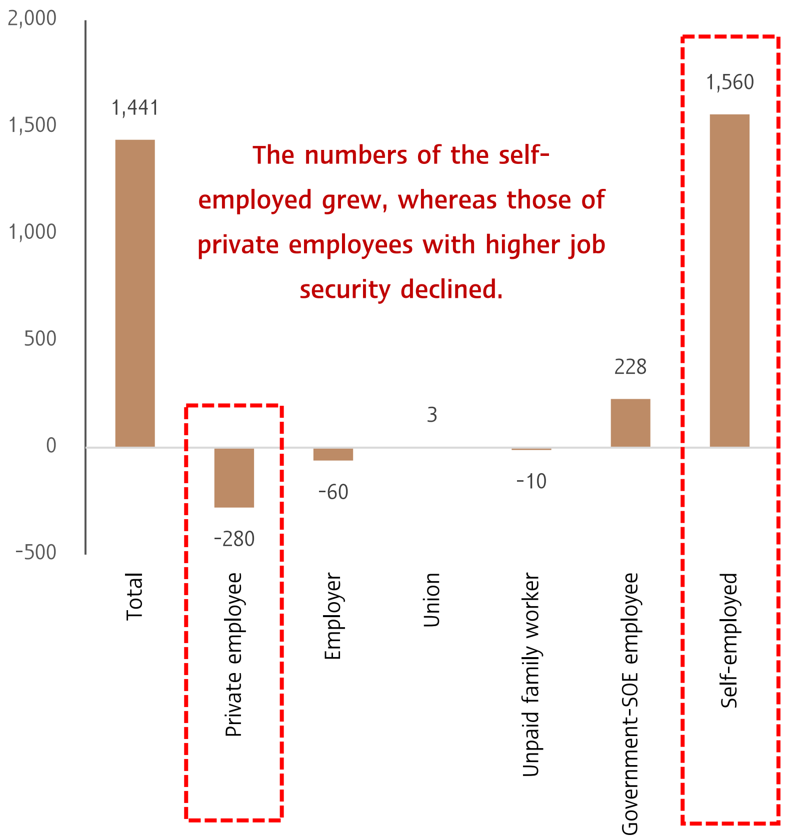
Average employment in 2021 vs. Pre-COVID-19

Unit: Thousand persons, change (3Q/2022 vs. 3Q/2019)



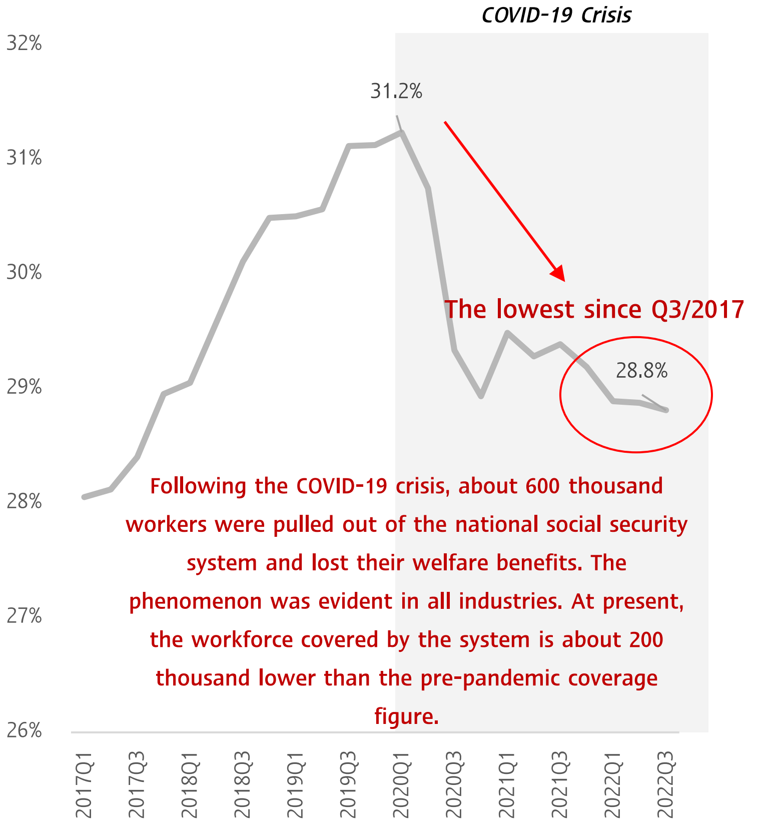
Average employment in Q1-Q3 of 2022 vs. Pre-COVID-19

Unit: Thousand persons, change (3Q/2022 vs. 3Q/2019)



Share of workers covered by Social Security Act Section 33

Unit: % of total employed workers



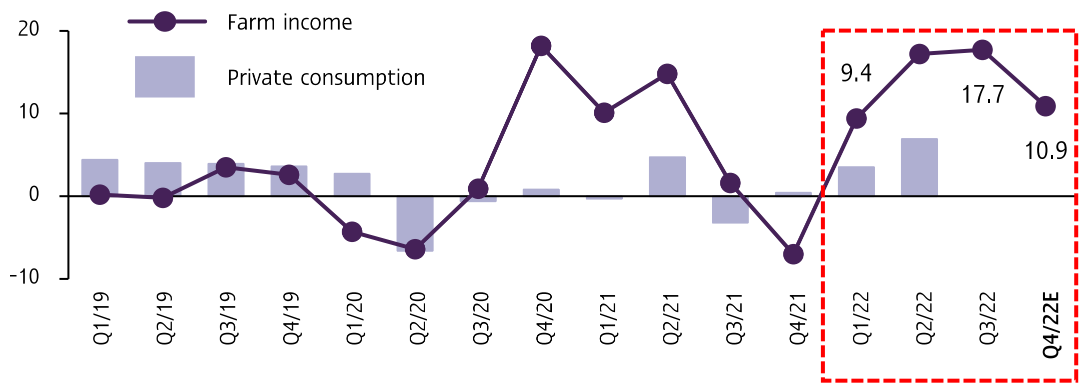
Source: EIC analysis based on data from the National Statistical Office of Thailand and Social Security Office.

Farm incomes will significantly weaken in line with major crop prices, which will tend to tumble in 2023. Thus, farm incomes will provide less impetus to private consumption next year as compared to 2022.

Private consumption and Farm income, quarterly

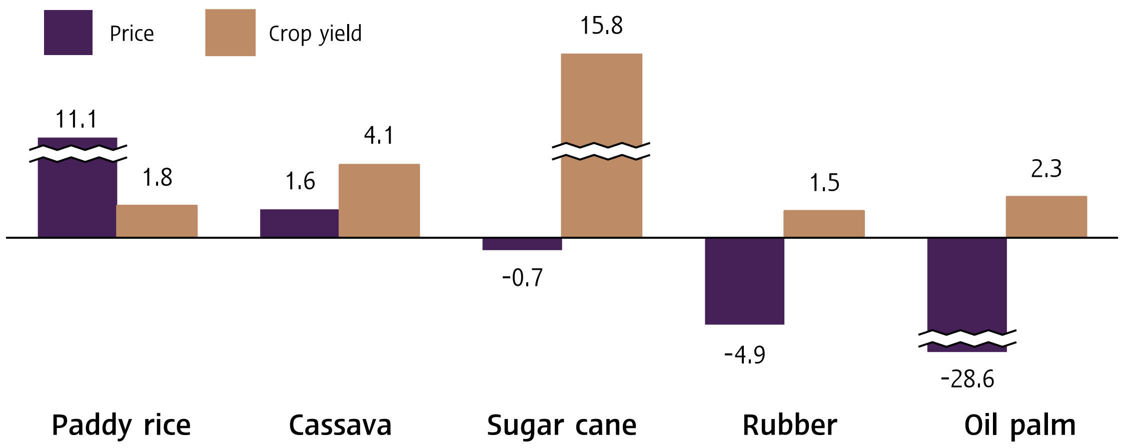
Unit: %YOY

Farm income recorded a buoyant growth in 2022, thus providing thrust to consumption



Growth forecasts of crop yield and price in 2023

Unit: %YOY



Growth forecast of farm income in 2023

Unit: %YOY

Year	2021	2022E	2023F
Income index	2.6	13.2	1.8
Price index	3.0	11.1	0.1
Crop Yield index	0.8	1.9	1.5

Farm incomes in 2023 will witness a significant slowdown.

- Crop yields will grow at the same level as in 2022.
- Crop prices will likely stay modest due to high-base effects.

Positive factors to crop yields

- **Ample rainfall would benefit crop growth,** thus fostering crop yields—namely sugarcane, rubber, and oil palm.
- **Stored water in dam reservoirs will be higher than the previous year,** thus helping improve dry-season crop yields—such as off-season rice.

Positive factors to crop prices

Global rice stocks tend to plummet, and India's rice export restriction would fuel global prices of rice.

Negative factors to crop prices

- **Global economic slowdown** will drag crop prices that are based on global demand, such as rubber and sugarcane.
- **Oil prices that retreat from a 2022-high** would become a downward pressure on rubber and sugarcane prices.

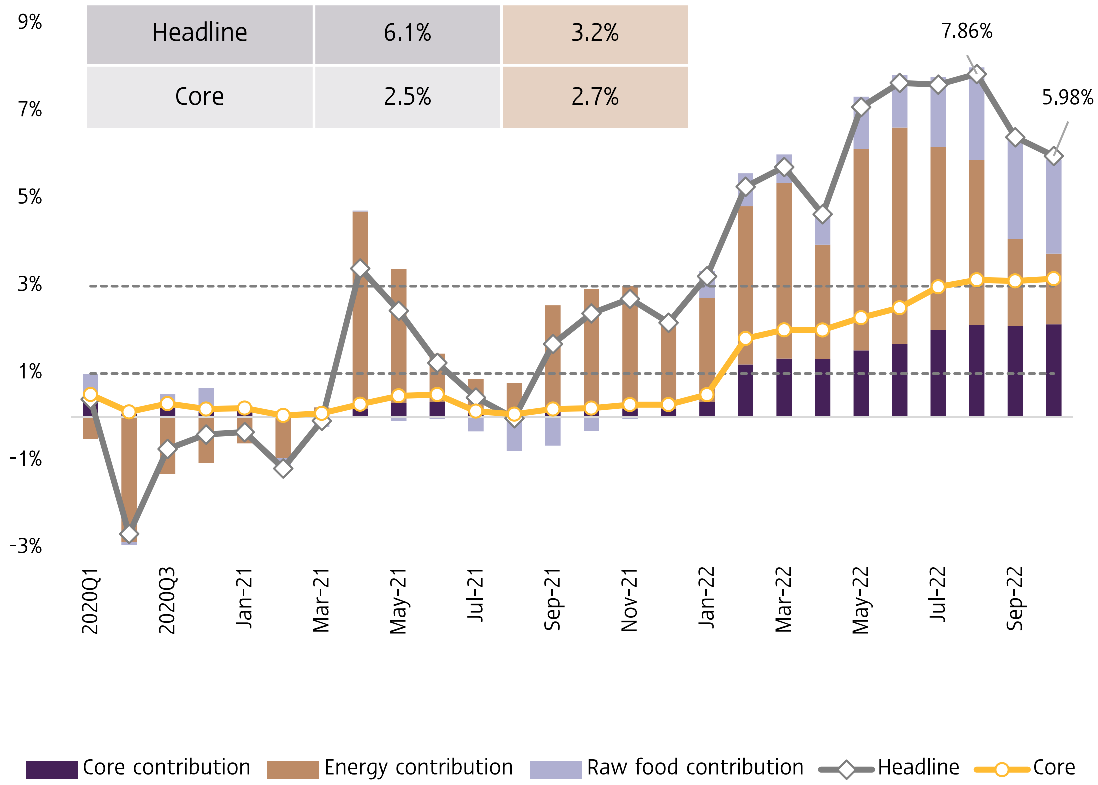
Source: EIC analysis based on data from the Office of Agricultural Economics (Estimation as of Oct 2022).

Some consumers will likely see their expenses outpacing income rebound amid high inflation, debt, and interest rates.

Thailand's inflation will gradually subside in 2023, yet remain above the target range.

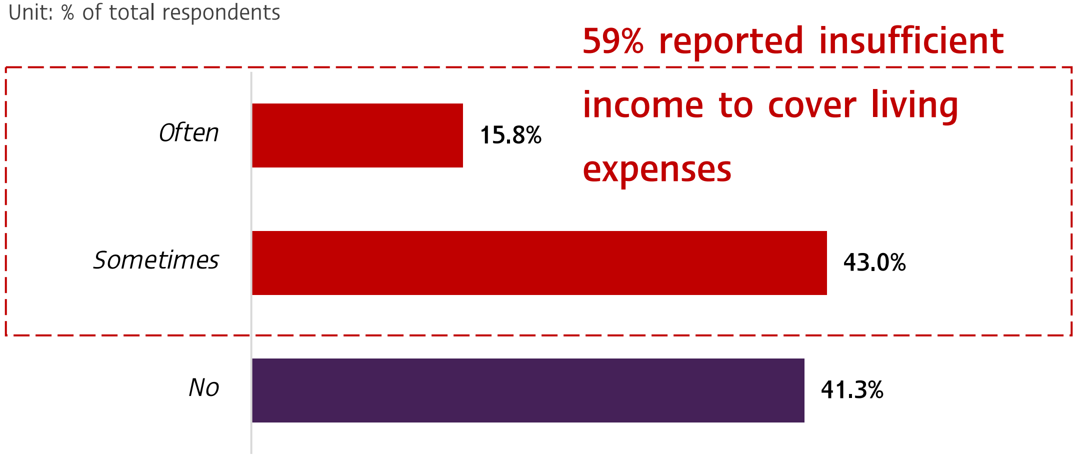
Unit: %YOY

	2022F	2023F
Headline	6.1%	3.2%
Core	2.5%	2.7%



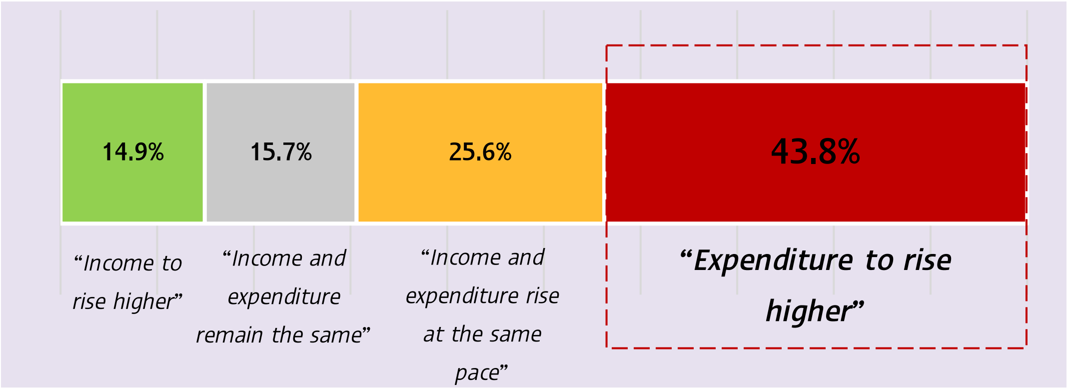
Q: Did you face hardship covering living expenses in the last six months?

Unit: % of total respondents



Q: How would you expect your income and expenditure growth in the next six months?

Unit: % of total respondents

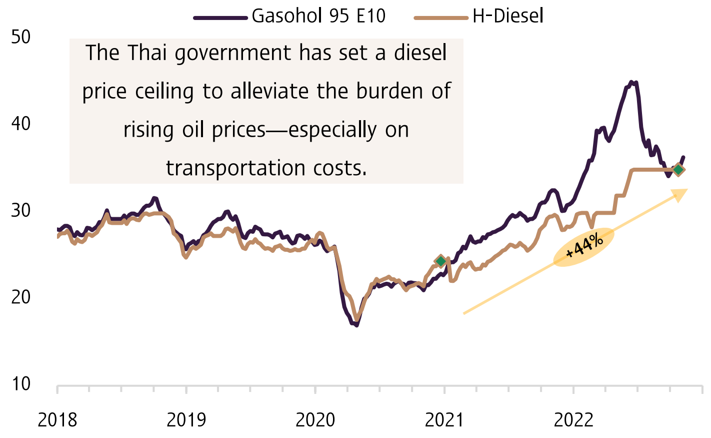


Source: EIC analysis based on data from EIC Consumer Survey 2022, Ministry of Commerce, the Office of the National Economic and Social Development Council, and Bank of Thailand.

Thai households and businesses will still suffer high fuel prices in 2023 as the government faces hardship in subsidizing energy prices.

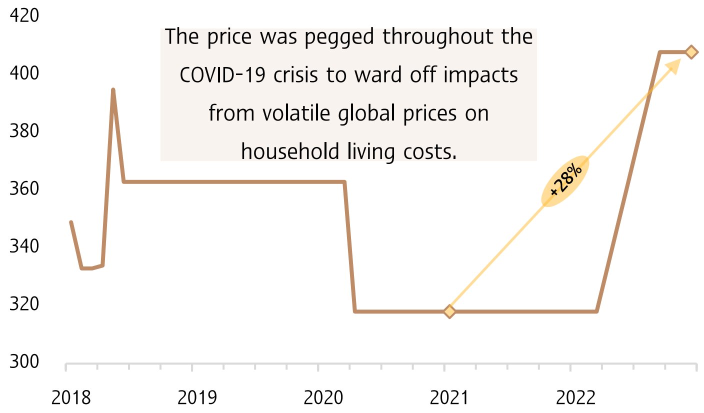
Retail price of diesel and gasoline

Unit: THB/liter



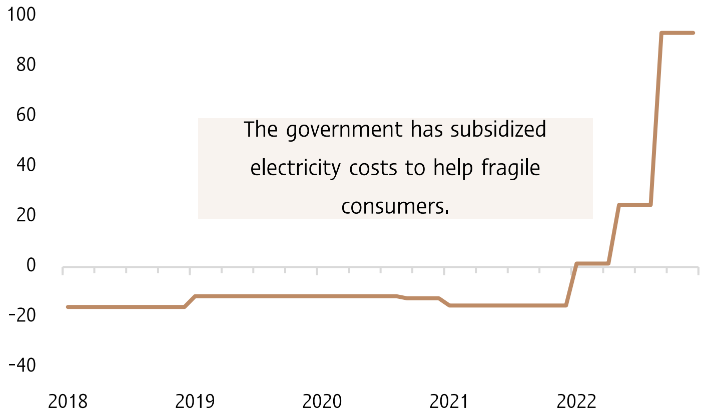
Cooking gas (LPG) price for 15-kg tank

Unit: THB/15-kg tank



Retail Ft

Unit: Satang/unit



- As global oil prices spiked in 2022, keeping the diesel price cap at THB 30/liter (since 2009) thus overburdened the Oil Fuel Fund. The government then raised the ceiling price to THB 35/liter to lessen the load for the depleting fund.
- **The Oil Fuel Fund was currently under THB 130 billion deficit, implying constraints for the government in subsidizing fuel prices.** Hence, it is likely that the diesel price ceiling would be raised further.

- **Despite volatile LPG prices in global market, the Thai government has introduced a price ceiling for the 15-kg cooking gas tank used among households** and, in turn, depleted the Oil Fuel Fund. As a result, the government raised the ceiling price in 2022 to THB 408 per 15-kg tank.
- **In 2023, the cost of cooking gas in Thailand will rise in line with the global LPG price.** The government is currently considering raising the price ceiling further to soften the subsidization burden on the Oil Fuel Fund.

- In 2022, **the retail Ft increased through the adjustment mechanism to reflect real fuel costs.** The ERC has raised the Ft rate gradually to soften the impacts on electricity users. The Thai government also allocated its central budget to subsidize the electricity costs of some fragile groups.
- **In 2023, we expect the Ft rate will be raised in a move to pass on actual costs** that were previously covered by EGAT to consumers (around THB 80-100 billion). Aside from that, there remain risks that the cost of electricity generation in Thailand would be higher than anticipated, given volatile LNG prices in the spot market, despite the efforts to reduce LNG imports and replace them with other fuel alternatives.

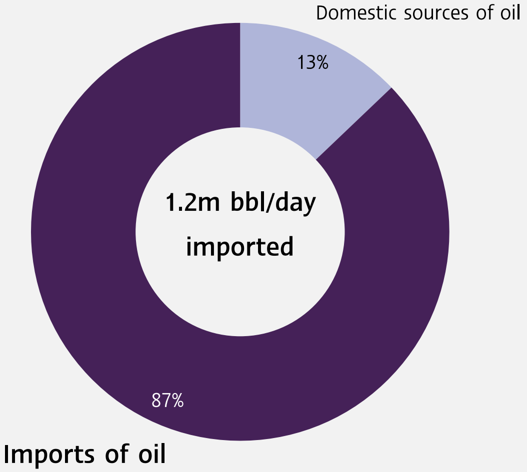
Note: Analysis based on the situation as of the 2nd week of Nov 2022.
Source: EIC analysis based on data from EPPO, ERC, CEIC, and news agencies.

With domestic production of natural gas declining, Thailand will have no choice but to increase energy imports, though the effect of this will be to keep the cost of energy elevated.

80-90% of crude oil consumed in Thailand is imported

Crude oil sources (Jan-Sep, 2022)

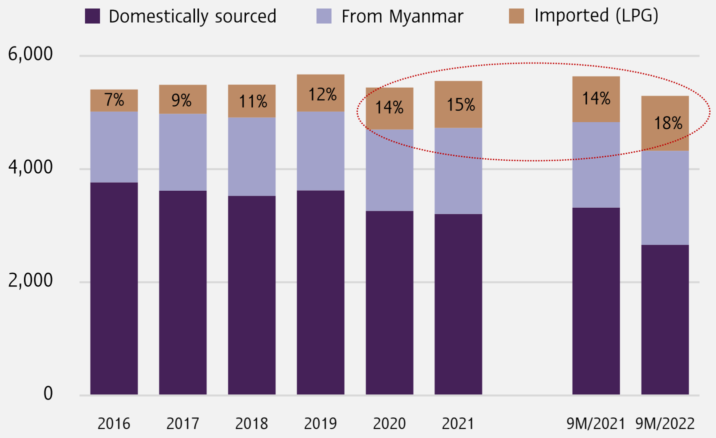
Unit: Millions of barrels/day



Production of natural gas in the Gulf of Thailand is declining as fields age, and finding replacements is a slow process

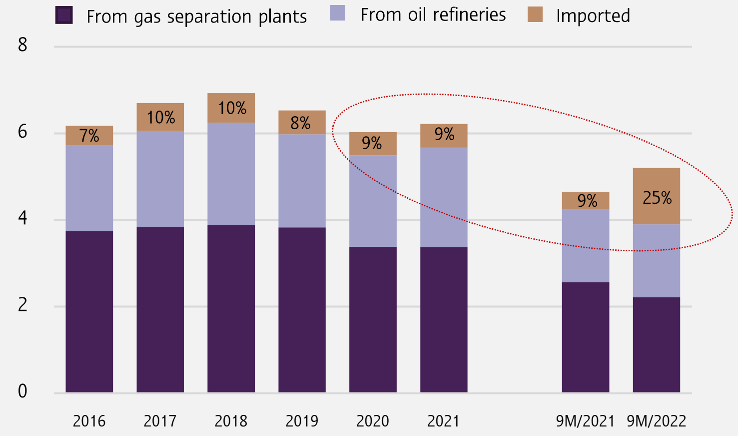
Sources of natural gas

Unit: Millions of cubic feet per day



Sources of liquefied petroleum gas

Unit: 1,000 tonnes



Gas extracted from the Gulf of Thailand is suitable for use in power generation, for cooking, and as an input into the petrochemicals industry, but production is faltering and so to match domestic demand, **imports of LNG and LPG* sourced on global markets are rising.**

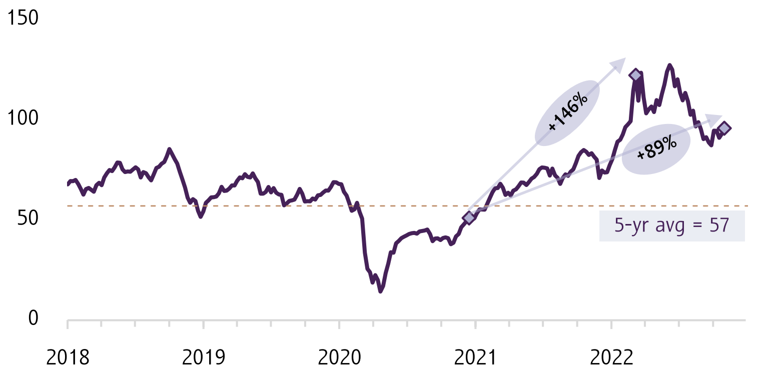
A greater reliance on energy imports will significantly raise the country's exposure to fluctuations in global energy costs and add to the impacts of currency rate variations.

Note: *LNG (liquefied natural gas) is mainly composed of methane, whereas LPG (liquefied petroleum gas) is principally propane and butane.
Source: EIC analysis based on data from EPPO and news sources.

Despite mounting fears of a recession, tight supply has placed a floor under the cost of crude and this is keeping energy prices elevated.

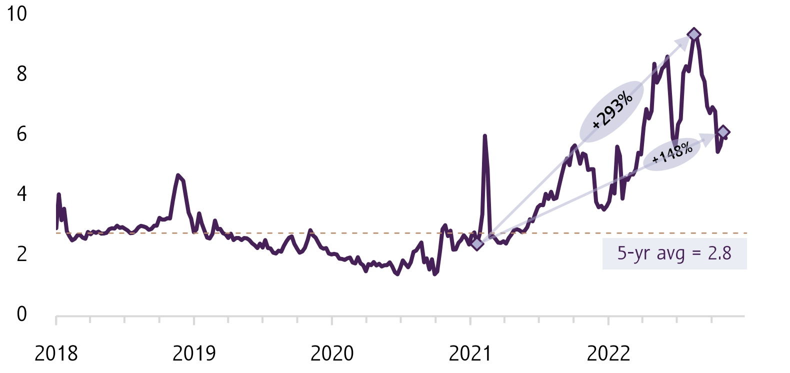
Brent prices

Unit: USD/bbl



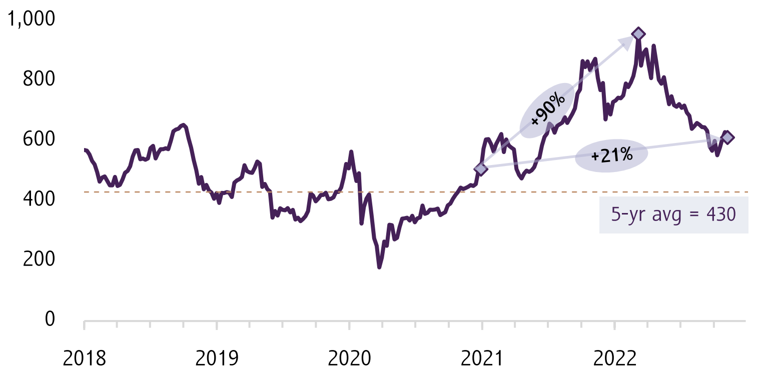
Henry Hub natural gas prices

Unit: USD/MMBtu



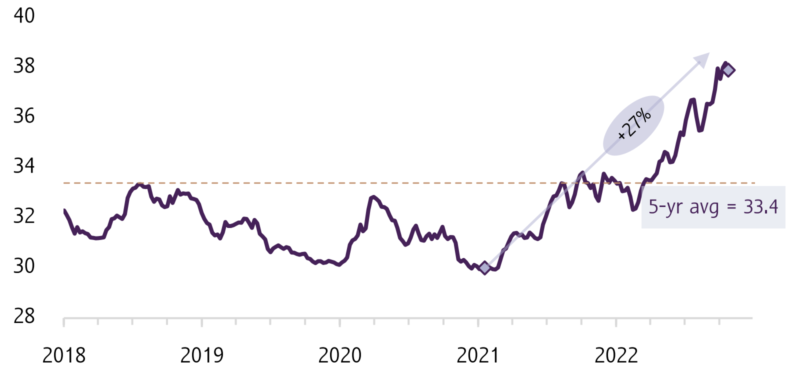
Aramco LPG prices

Unit: USD/tonne



USD-THB exchange rate

Unit: THB



Global energy markets will remain tight through 2023, and this will keep prices elevated.

Crude Oil:

- **Demand will tend to weaken** on fears of a global slowdown, but this will be countered by the reopening of China, which will pull demand in the opposite direction. **Supply will also tighten** with the shrinking of the US strategic reserve and likely moves by OPEC to cut output following earlier increases.

Natural Gas:

- **Demand for LNG will rise** on greater consumption in China relative to 2022, but **supply will remain tight** and this will push up LNG spot prices.

LPG:

- **Demand will strengthen** on an expansion in China's petrochemical production capacity, specifically for that using LPG as a feedstock. However, any **growth in supply will be sluggish** given the time taken to locate and exploit new reserves.

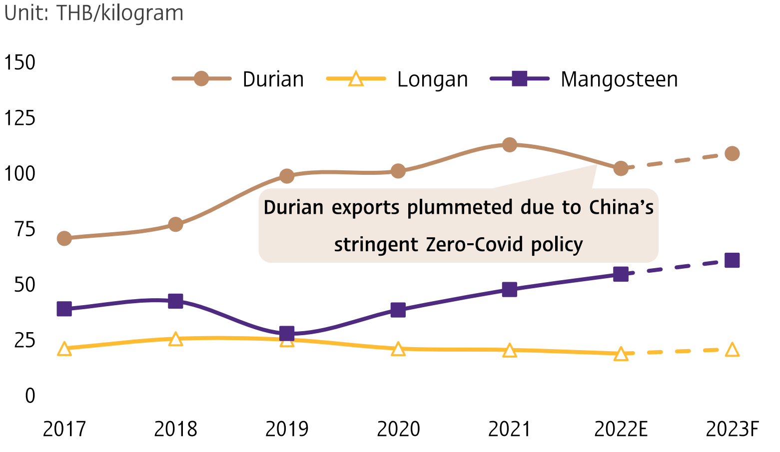
In addition, the weakening of the baht relative to its 5-year average is **keeping domestic energy costs high,** and these yet may climb further. Both **households and businesses will therefore have to contend with high prices in the coming period.**

Note: 5-year range = 2015-2019

Source: EIC analysis based on data from Bloomberg, WoodMac, TradingView, EPPO, the Bank of Thailand, and CEIC.

Furthermore, food prices will likely stay elevated, driven by soaring production costs of fresh and packaged food. Businesses also passed on more rising costs to consumers as the economy is poised for a rebound.

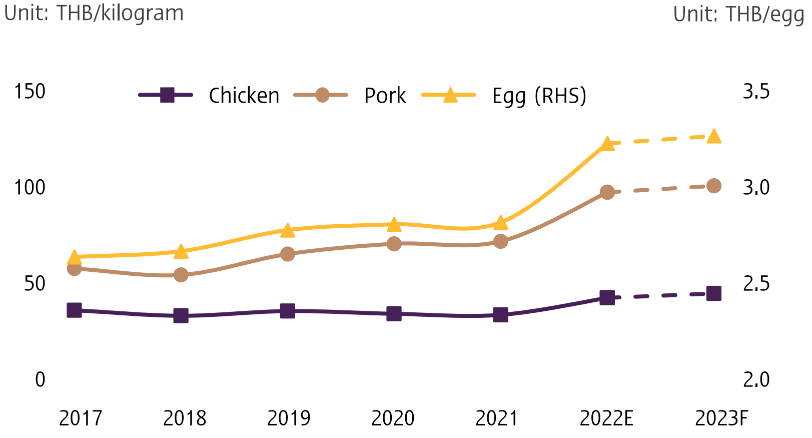
Farmgate prices of fresh fruits (price sold directly from producer)



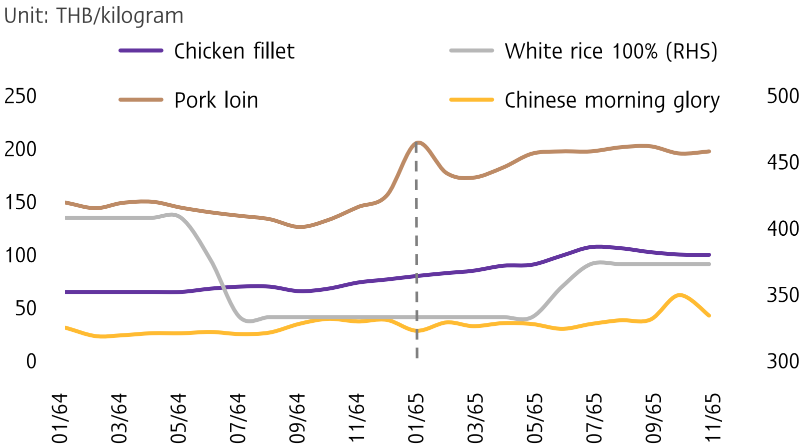
Fruit prices should improve in 2023 on the back of robust domestic demand, exports, and higher farm input costs.

- Fruit exports to major markets—such as China—tend to pick up in line with China's economic rebound following the easing of the Zero-Covid policy.
- Domestic consumption of fresh food will continue a firm growth streak thanks to an economic and tourism recovery. The growing trend of health-conscious consumers would be another impetus to consumption.

Farmgate prices of fresh food and 2023 outlook



Domestic retail prices of fresh food (domestic, monthly)



Food Price Outlook 2023

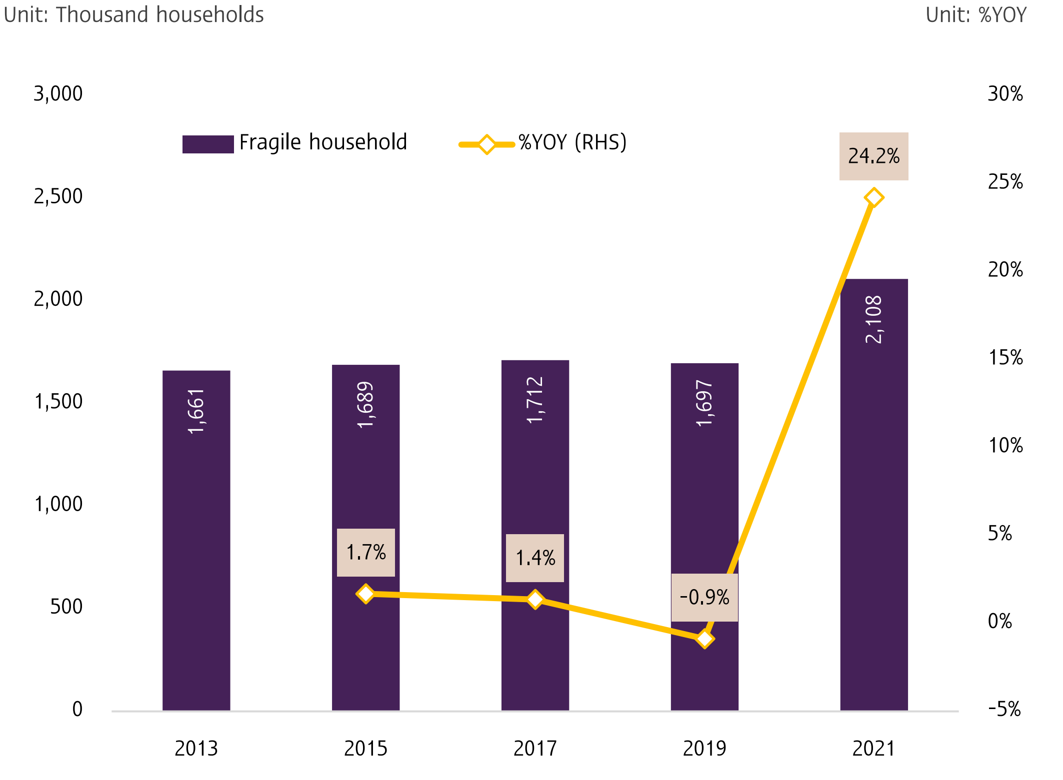
- Upward pressure from both demand and supply sides will keep fresh food prices high.
  - **Production costs for fresh food—such as vegetables, fruits, and meat—should stay elevated** due to high input costs. These include fertilizers, chemical products for livestock farming (particularly animal feed and biosecurity), electricity, packaging, and transportation costs.
  - **Production costs for packaged food, a downstream segment in the production chain, will also remain high.** Businesses tend to pass on more rising costs to consumers.
  - **Consumer food demand will improve** alongside an economic rebound.

Inflation forecast	2022F	2023F
Headline inflation	6.1%	3.2%
Core inflation	2.5%	2.7%

Source: EIC analysis based on data from Department of Internal Trade (Ministry of Commerce) and the Office of Agricultural Economics.

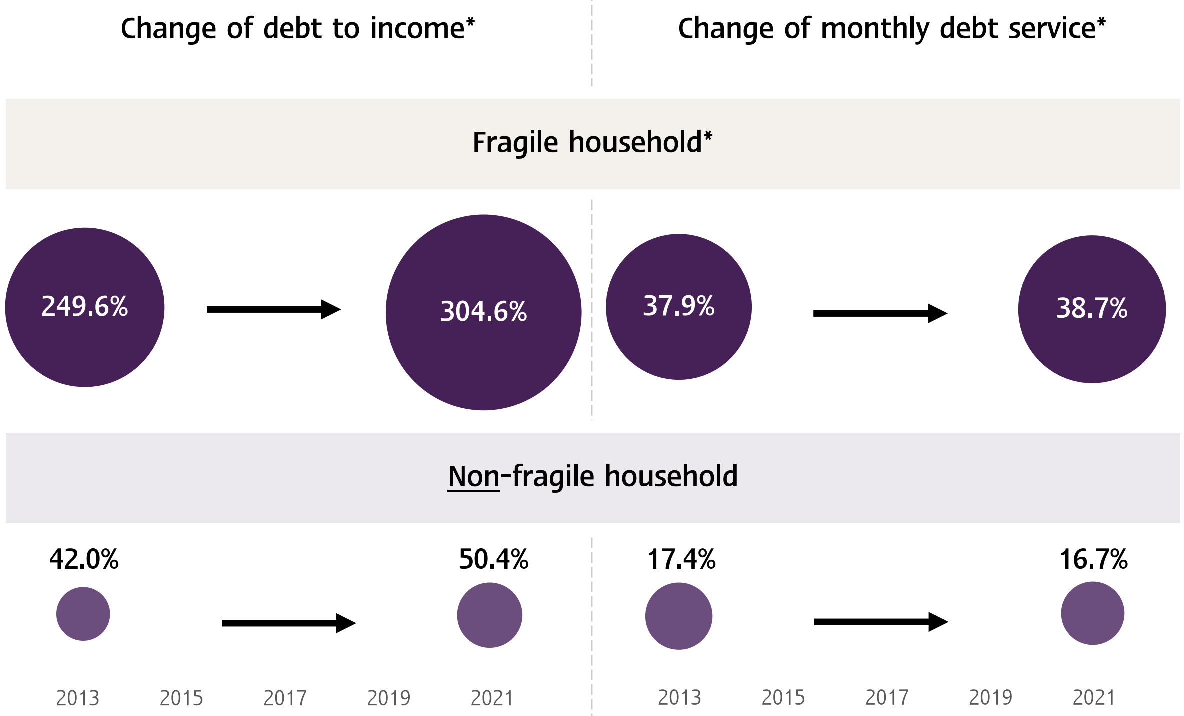
The number of fragile households increased during the COVID-19 crisis, due to sluggish income rebound and piling household debt from an already-high level. In our view, it will take over ten years for Thai households to solve their financial fragility.

Number of fragile households



2013	2015	2017	2019	2021
8.3%	8.0%	8.1%	7.8%	9.4%

% share of fragile households to total households



	2013	2015	2017	2019	2021
Fragile household*	249.6%	239.6%	300.2%	290.1%	304.6%
Non-fragile household	42.0%	42.3%	50.5%	47.9%	50.4%

Debt to annual income (%)

	2013	2015	2017	2019	2021
Fragile household*	37.9%	40.6%	45.6%	43.8%	38.7%
Non-fragile household	17.4%	19.1%	19.4%	18.1%	16.7%

Debt service to monthly income (%)

Note: *Fragile household refers to a household whose debt is two times higher than income and average debt equals half of asset values.

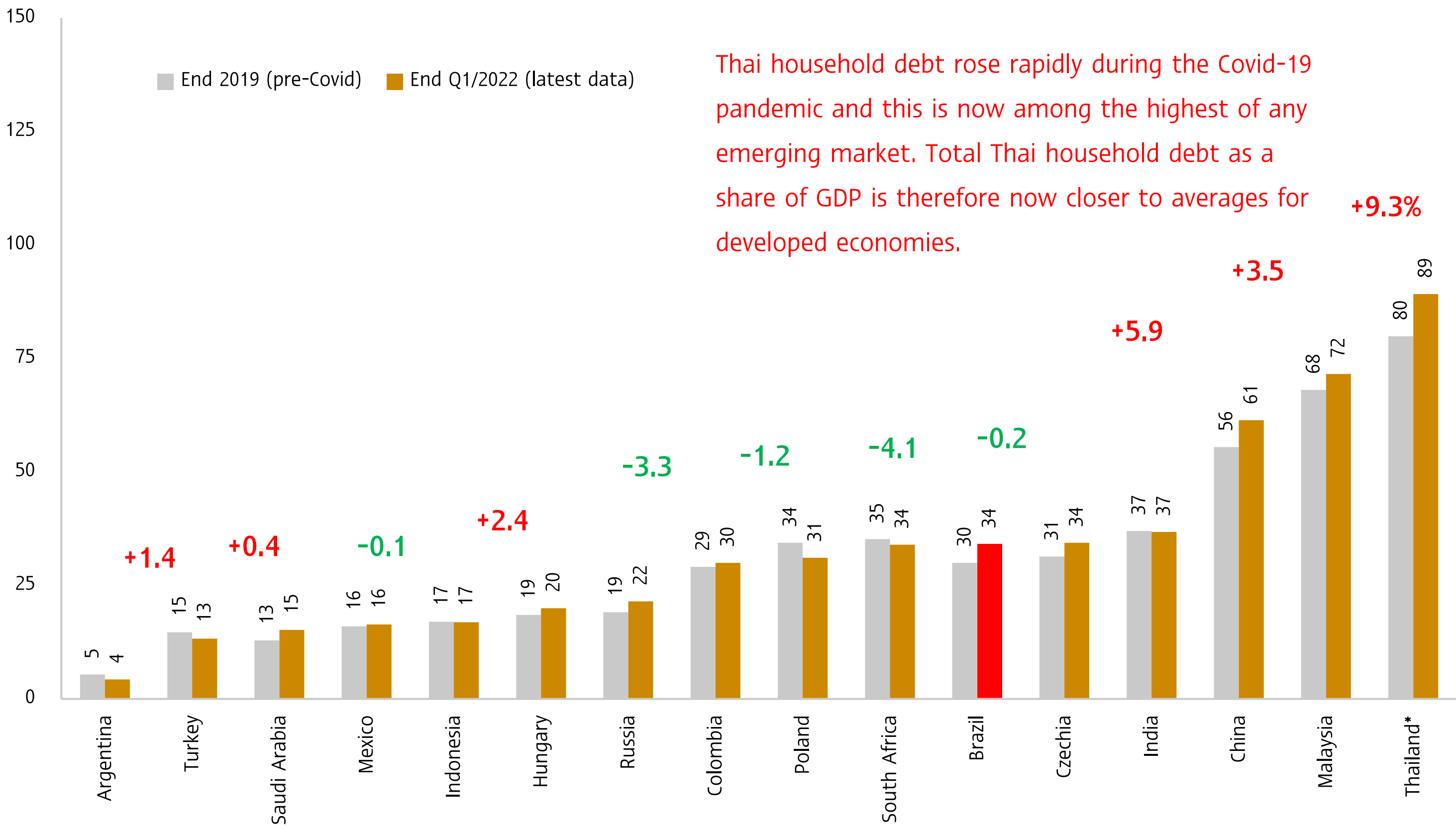
Source: EIC analysis based on data from the National Statistical Office of Thailand.

The Thai household debt-to-GDP ratio is very high compared to other emerging markets.

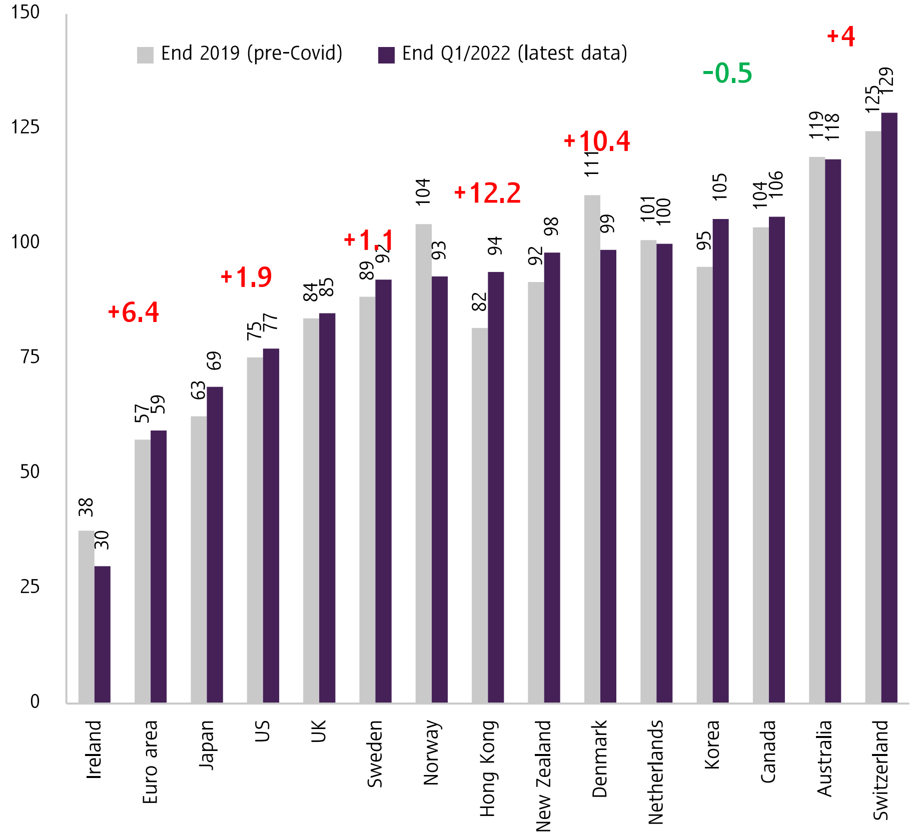
Ratio of household debt to GDP

Unit: %

Emerging markets



Developed economies



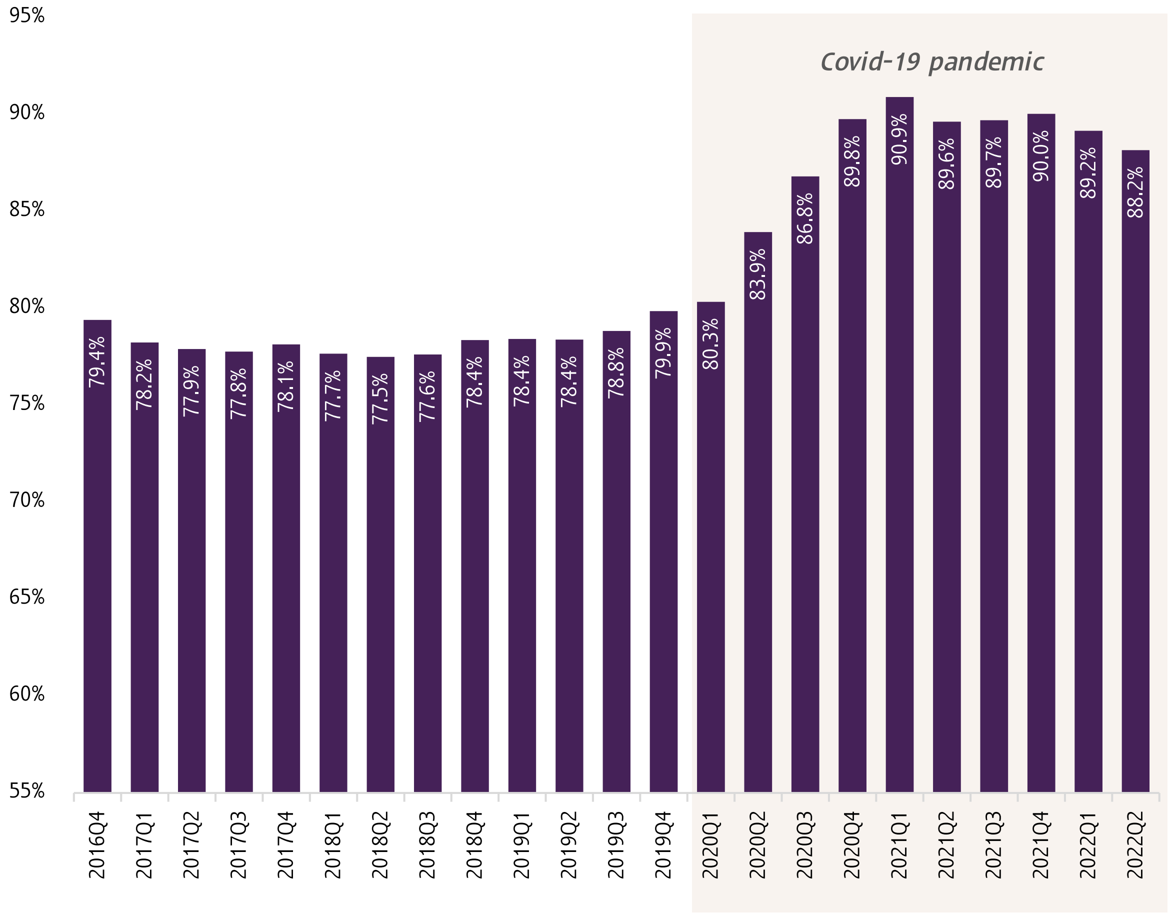
Note: **Data on Thai household debt is from the Bank of Thailand, which recorded a fall in debt-to-GDP to 88.2% in Q2/2022.

Data for other countries comes from the Bank of International Settlement (BIS) (data correct as of Q1/2022).

Source: EIC analysis based on data from the Bank of Thailand and the BIS.

Despite the ending of the pandemic, the household debt-to-GDP ratio remains high due to accelerating growth in credit card spending and strong demand for personal loans.

Thai household debt-to-GDP ratio



Growth in household lending

Unit: %YOY

Source: EIC analysis based on data from the Bank of Thailand.

The business outlook in 2023 and the medium term will primarily rely upon volatile economic factors and emerging megatrends that could leave long-term impacts on firms.

Business climate in 2023 & the medium term

	Risks	Opportunities
Economic factors	**Rising interest rates** : implying higher financial costs **Global economic instability and slowdown :** weighing down on export-reliant businesses **Geopolitical fragmentation :** resulting in elevated and more volatile energy and material prices, and also derailing the resolve of **supply chain disruption**	**Country reopening :** benefiting the tourism sector and relevant businesses **Consumption recover and pent-up demand :** bolstering a rebound in demand for goods and services, especially among households with high purchasing power **Government stimulus packages :** Many public-invested mega projects are underway, particularly transportation projects.
Trade policy	**Trade barriers :** offering both risks and opportunities to trade and investment	**New trade agreement** **Easing of some trade barriers** in some industries
Mega trends	Climate change Technopolar world Aging society	

Implications to businesses

Demand for goods and services	Manufacturing Transformation	Material Sourcing Transformation	Business Model Revamping
Digital, Healthy, Personalized, Convenience, Sustainability	AI, Automation, Cloud computing, Blockchain, 5G	Sourcing diversification, Green supply chain, Traceability, Omni channel	As-a-services, Sharing economy, Subscription, Business diversification

Risk level* High Moderate Low

Note: *Risk level is the magnitude of risk emergence and impacts on the business sector in 2023 and the medium term.

Source: EIC analysis.

The business sector will witness an uneven rebound in 2023. Sectors with a positive outlook are those that cater to consumption recovery or align with global trends. In contrast, some sectors are subject to risks from global economic slowdown and emerging megatrends.

Sectors with a rosy growth outlook

- Catering to consumption rebound, notably necessary goods
- Aligning with emerging global trends (Digital, Health, Eco)
- Complementing public investment in megatrend projects

F&B, Restaurant
Agri & fruits
Grocery retail
Domestic travel
E-commerce & related businesses
Public construction
Electronic Component
Healthcare & healthcare product

Sectors with signs of a modest rebound, yet remain subject to risks

- Relating to the tourism industry that would rebound on the country's reopening, albeit with risks from global economic slowdown
- Associated with the consumption of non-necessary goods and durable goods

Foreign travel & Medical tourism
Residential real estate
Non-grocery retail
Building material (Cement, Paint, Tile)

Sectors under high risks/ negative factors

- Tying in with energy prices which have been highly volatile and elevated
- Associating with exports which face headwinds from global economic slowdown
- Still subject to risks from supply chain disruption
- Disruption by emerging megatrends

Oil
Petrochemical
Power
Industrial estate
Transport & Logistics
Auto
Computer, HDD
Commercial real estate
Steel

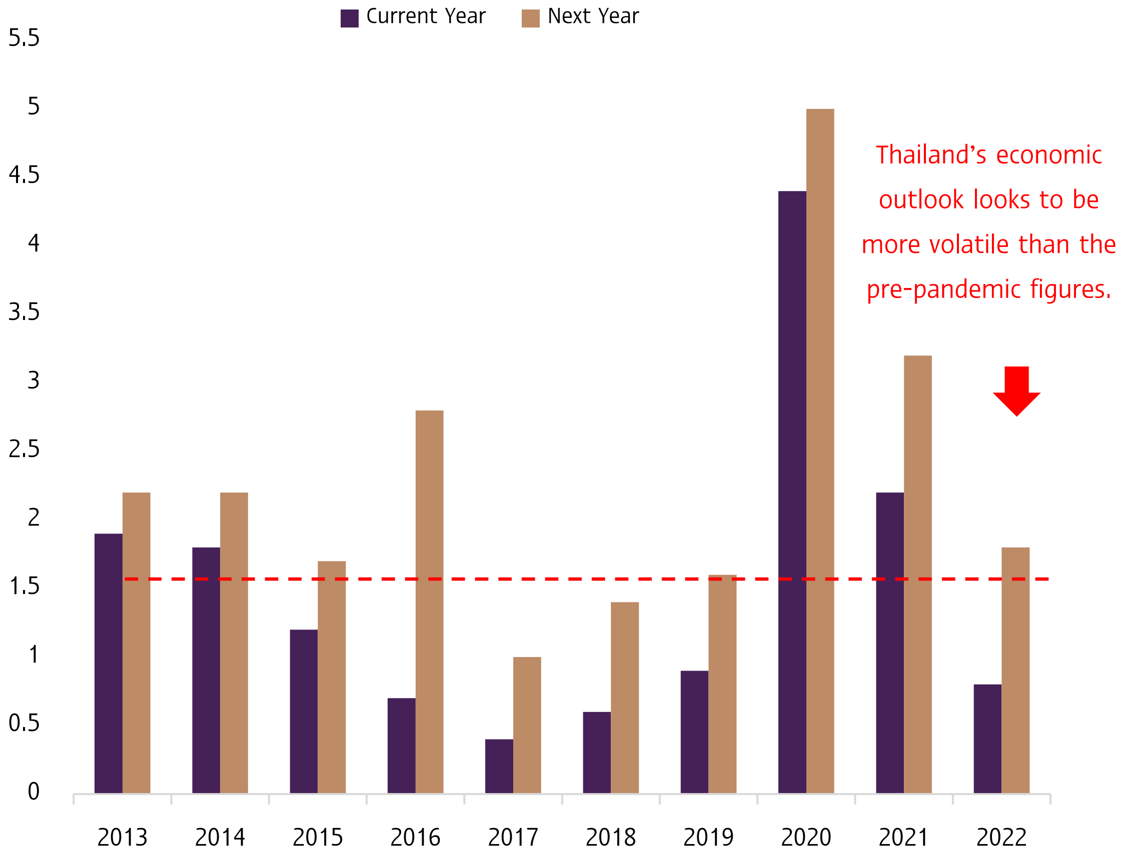
Source: EIC analysis.

Looking ahead, Thai economy
will rebound on the back of rising uncertainties.

Thai economy will rebound alongside looming uncertainties. EIC expects the Economic Uncertainty Index to soar 80% above its past average in 2023…

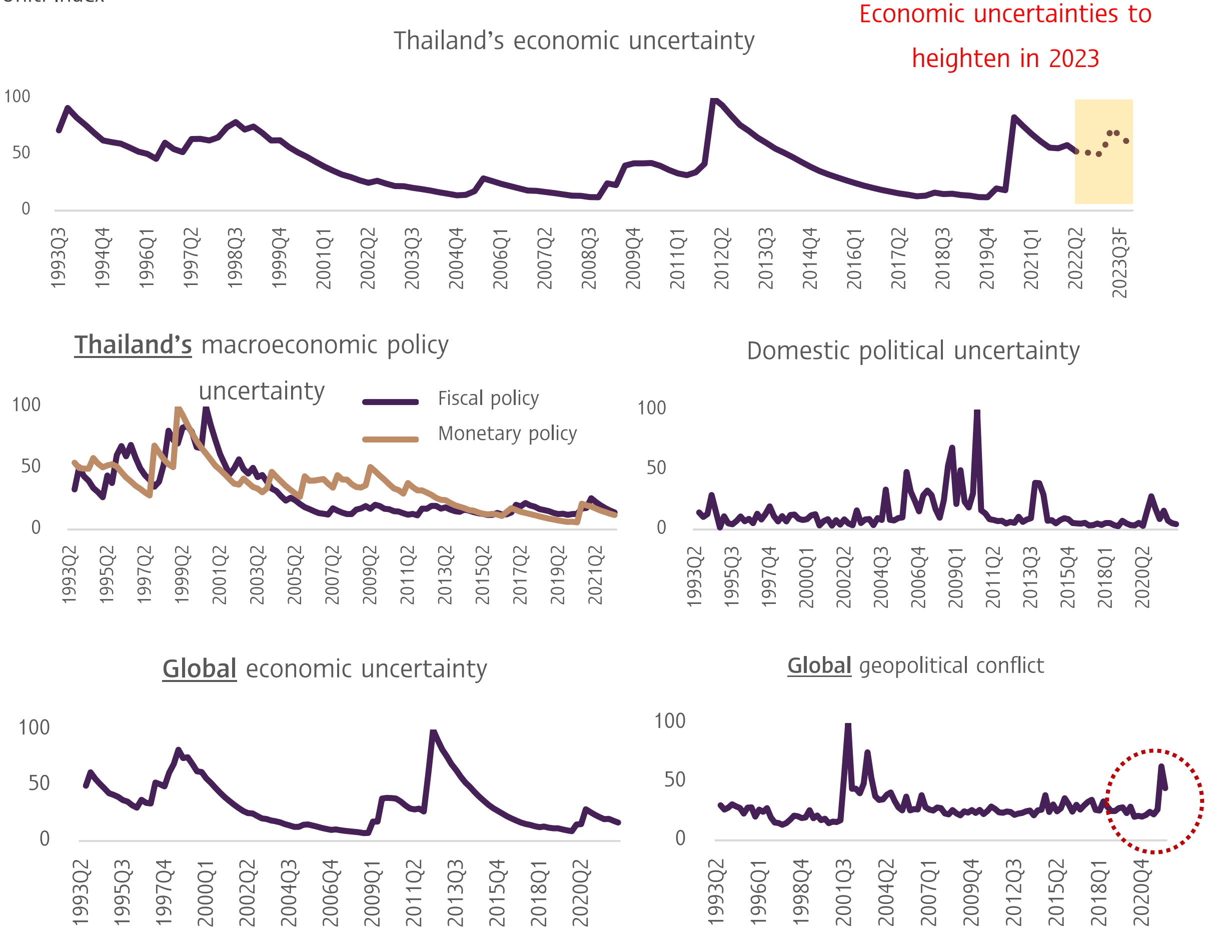
Gap between the highest and the lowest forecasts of Thailand's GDP (range)

Data as of Oct in each year



Thailand's Economic Uncertainty Index and sources of uncertainty

Unit: Index

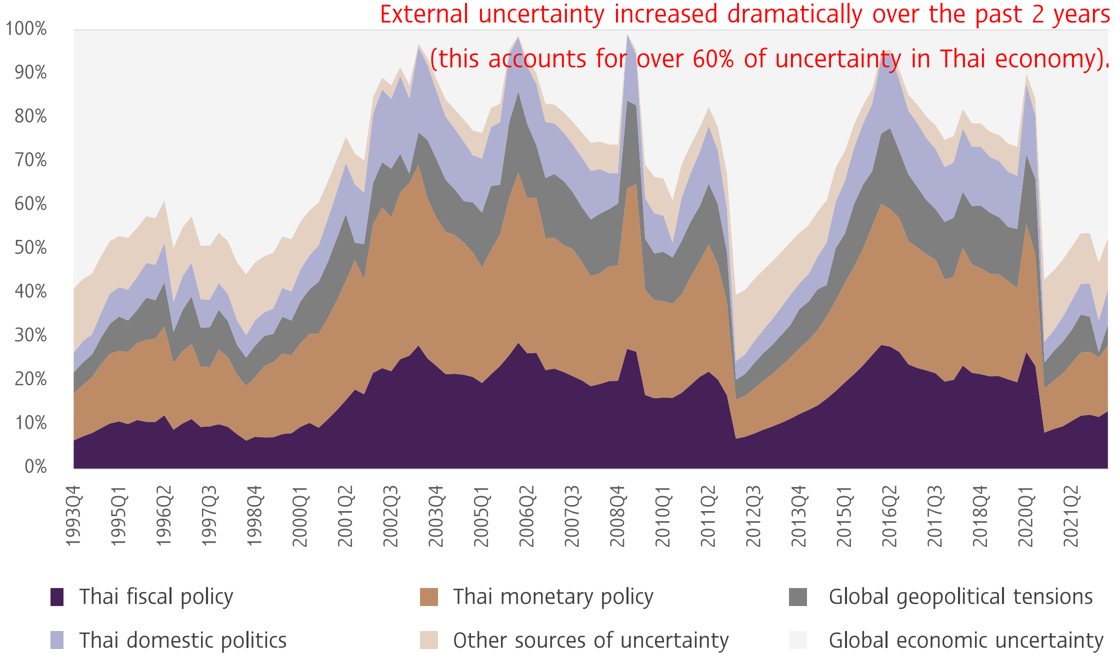


Source: EIC analysis based on data from APAC, the Bank of Thailand, the Office of the National Economic and Social Development Council, Conflict and Mediation Event Observations, and matteoiacoviello.com.

High levels of uncertainty will drag on Thailand's recovery, and every 1% increase in uncertainty translates into a -0.3% QOQ contraction in the economy spread over the following 3 quarters.

Transmission of uncertainty to Thai economy*

Unit: %

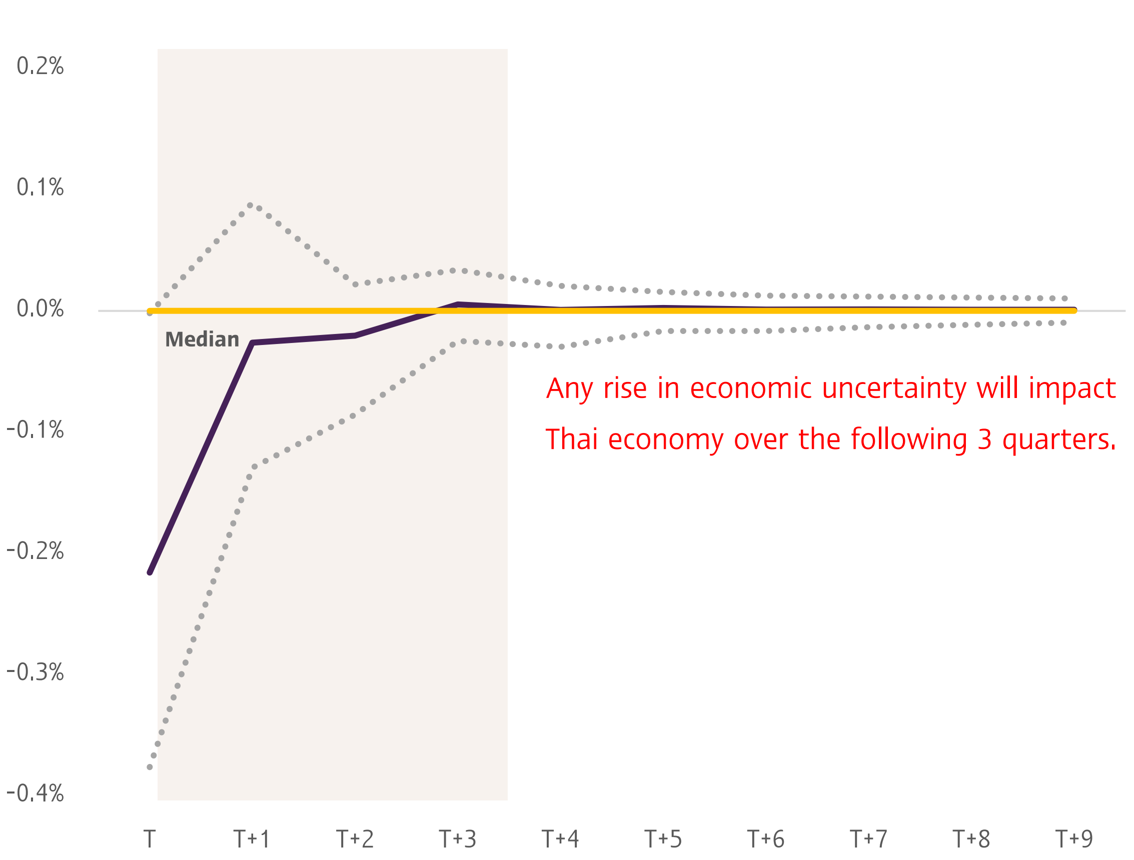


The transmission of non-economic into economic uncertainty in Thailand (Q4/1993-Q2/2022):

- **Domestic uncertainty: 50%** (23% from monetary policy, 17% from fiscal policy, and 10% from domestic politics)
- **Global uncertainty: 42%** (31% from global economic uncertainty, and 11% from global geopolitical tensions)
- **Unexplained factors: 8%**

Impacts of economic uncertainty on Thai GDP

Unit: % QOQ



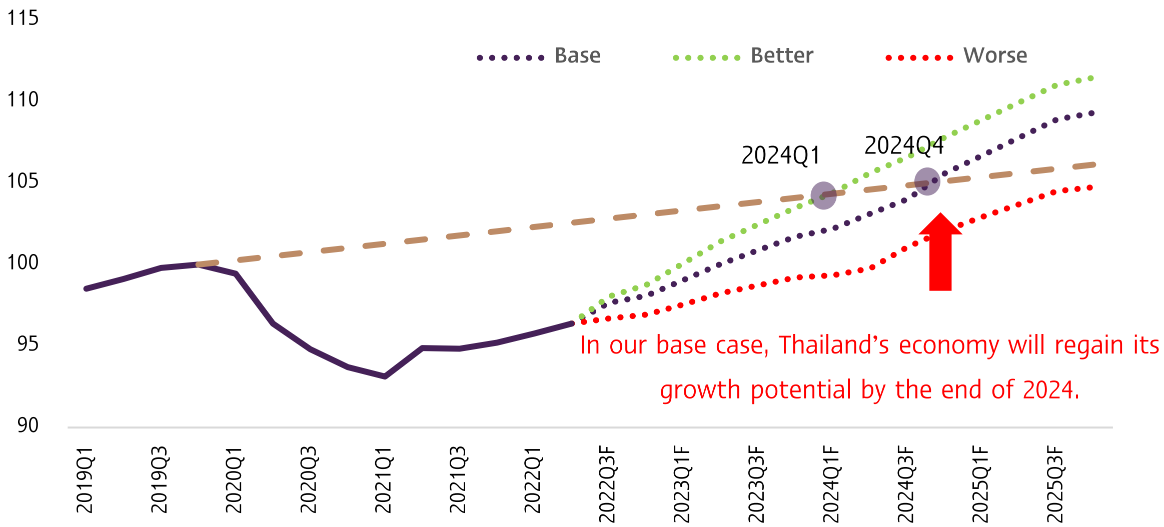
Note: *This research is based on semi-parametric autoregressive and GARCH models.

Source: EIC analysis based on data from the Bank of Thailand, the Office of the National Economic and Social Development Council, Conflict and Mediation Event Observations and matteoiacoviello.com.

Despite a volatile economic backdrop and risks of global economic slowdown, Thailand is yet to enter a recession next year and will resume its growth potential by late 2024—according to EIC's base case.

Thai Economic Recovery Index (to potential GDP level)

Unit: %



TEIC's forecast of Thai GDP in each scenario (as of Oct 2022)

กรณี	GDP 2022 (%YOY)	GDP 2023 (%YOY)
Base	3.2	3.4
Better	3.6	4.5
Worse	2.3	1.8

Thailand's Recession Probability in 2023

Unit: %

Based on EIC assessment, the chance of a Thai economic recession remains low, thanks to an upbeat rebound in the tourism and service sectors.*

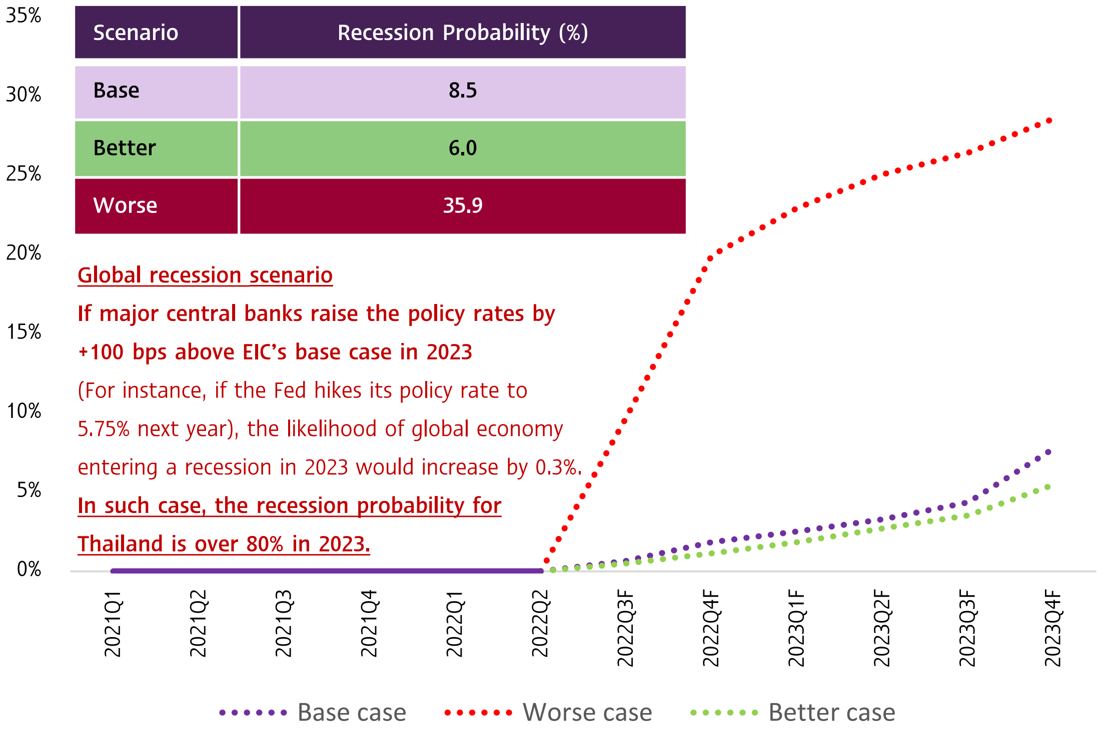
Scenario	Recession Probability (%)
Base	8.5
Better	6.0
Worse	35.9

Global recession scenario

If major central banks raise the policy rates by +100 bps above EIC's base case in 2023

(For instance, if the Fed hikes its policy rate to 5.75% next year), the likelihood of global economy entering a recession in 2023 would increase by 0.3%.

In such case, the recession probability for Thailand is over 80% in 2023.



Note: *Analysis using Markov-switching Autoregressive model.

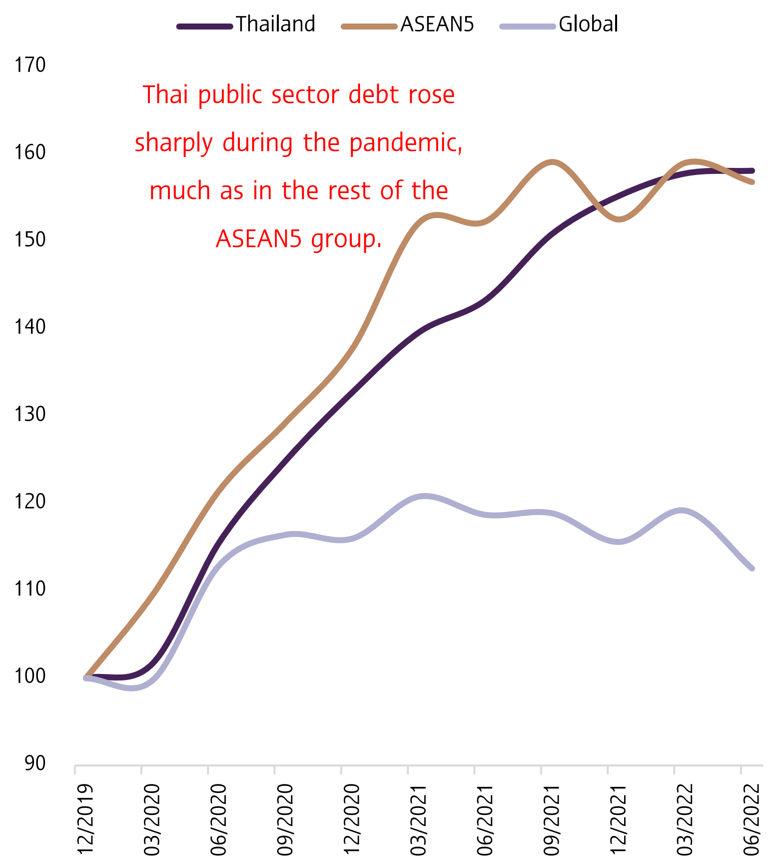
Source: EIC analysis based on data from the Bank of Thailand and the Office of the National Economic and Social Development Council.

Sufficient fiscal space remains for the government to respond to future uncertainty, though policy will also shift to a more sustainable fiscal footing in the post-Covid environment.

Following the outbreak of Covid-19, the fiscal burden rose substantially, and so to provide the fiscal space to respond to this, the government raised the debt ceiling to 70% of GDP. Nevertheless, Thai public debt remains low relative to global and ASEAN averages.

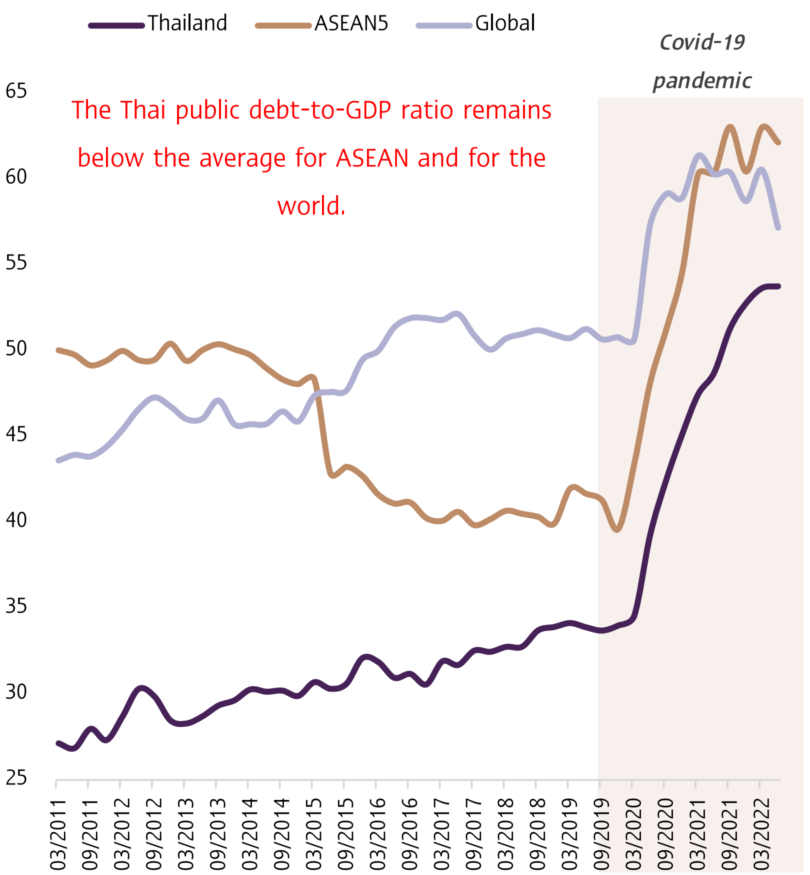
Increase in public sector debt during the Covid-19 pandemic*

Unit: Index (% GDP normalized to 100 at 4Q2019)

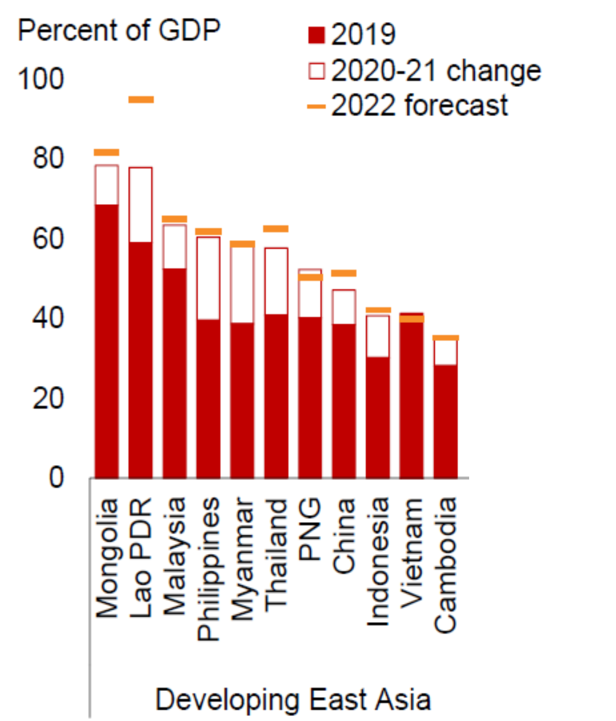


Thai and international levels of public debt*

Unit: %GDP



Increases in public debt in Asia during the Covid-19 pandemic (source: World Bank)



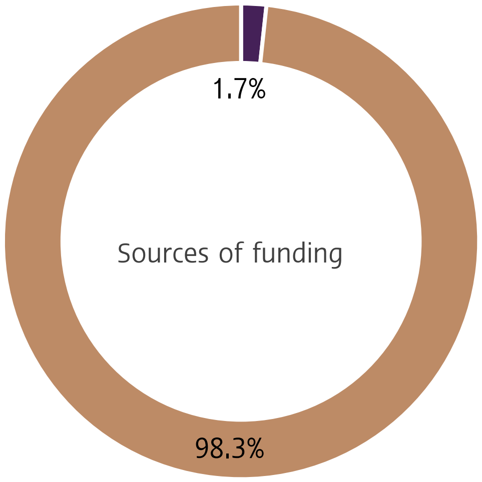
Note: Public sector (only central government) debt is defined as per the IMF and includes data from 78 countries. The ASEAN5 countries are Thailand, Indonesia, Singapore, Malaysia, and the Philippines. The figures cited represent median values.

Source: EIC analysis based on data from the IMF, the World Bank, and CEIC.

Public finances face only limited exposure to exchange rate or rollover risk since financing is largely long-term and baht-denominated. Nevertheless, structural problems exist on the fiscal side due to a long-running gap between income and expenditure.

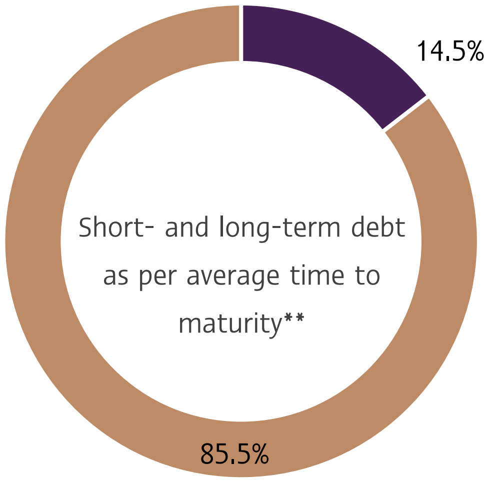
Thai public debt is largely long-term and domestically funded (data as of 30 Sep, 2022)

Public debt stands at THB 10.37tn (60.67% of GDP)



■ Foreign debt ■ Domestic debt

	Total (millions of baht)	Proportion
Foreign	177,069.16	1.7%
Domestic	10,196,868.43	98.3%



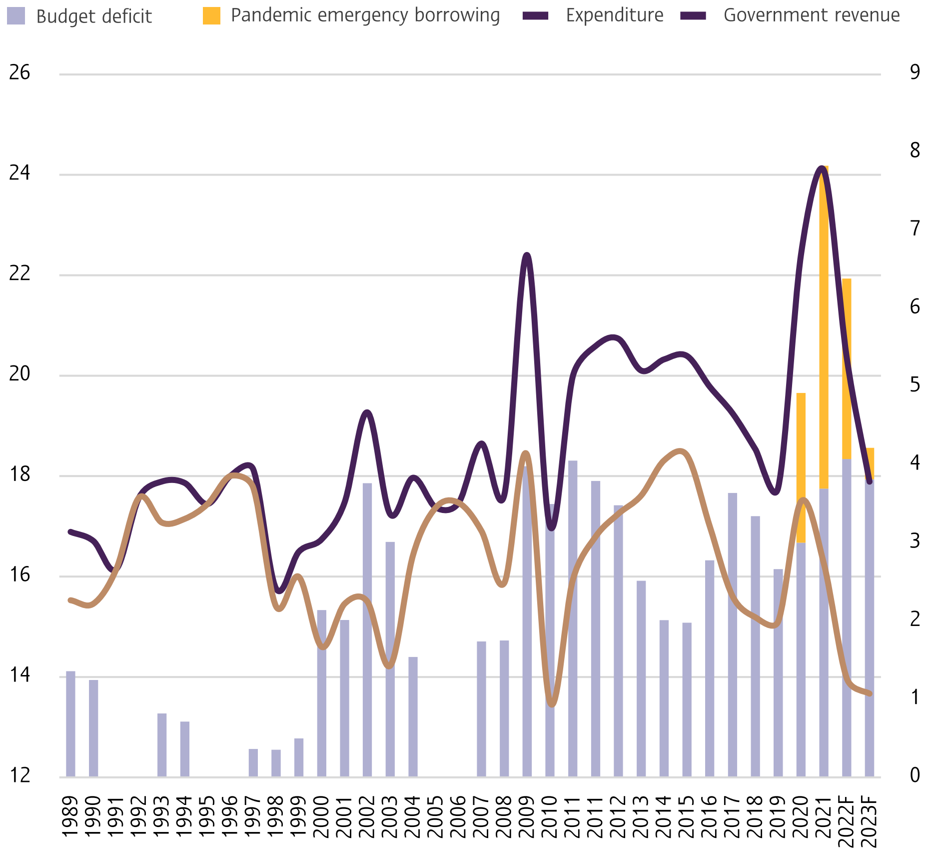
■ Short-term debt

■ Long-term debt

	Total (millions of baht)	Proportion
Short-term	1,505,675.47	14.5%
Long-term	8,868,262.12	85.5%

Public sector income and expenditure as a share of GDP

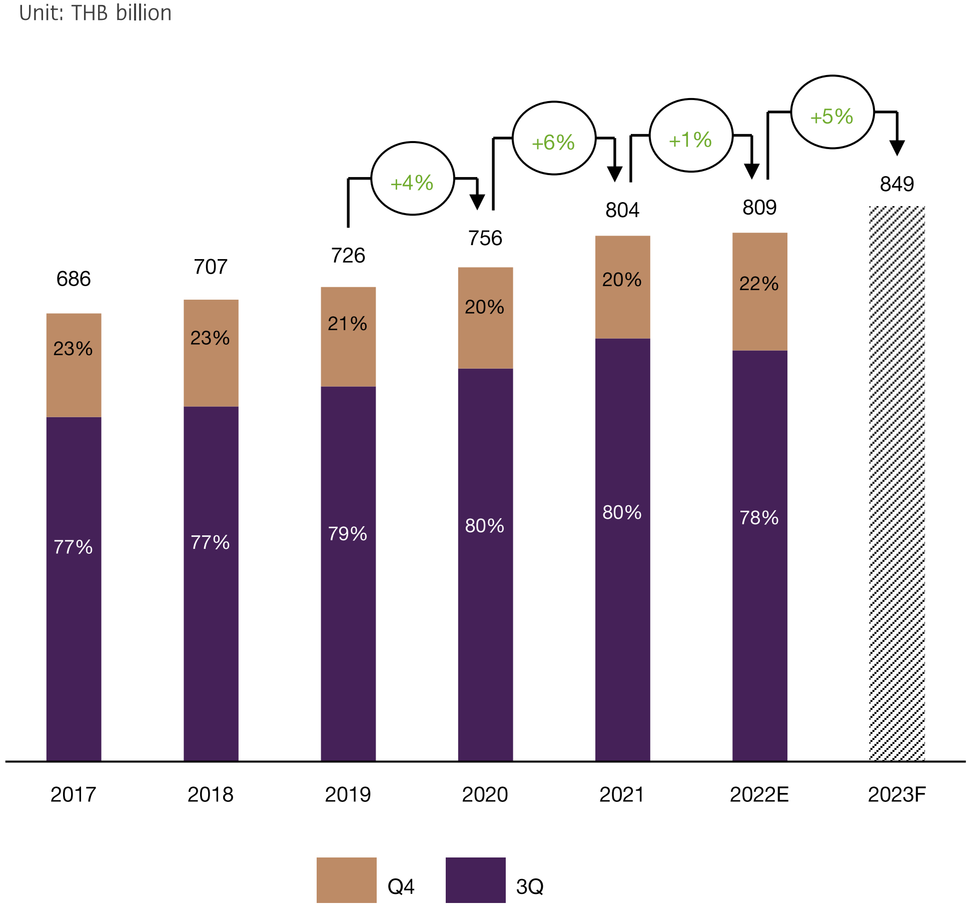
Unit: %GDP



Note: *Budget disbursements increased in 2009, 2011, 2016, 2017, 2018, 2020, 2021, 2022, and 2023. **As of the end of the 2022 fiscal year, the average time to maturity of Thai government debt stood at 8 years and 9 months.
Source: EIC analysis based on data from the Ministry of Finance, the Secretariat of the Cabinet, the World Bank, CEIC, and news sources.

The government will continue fostering mega-project investment in 2023—both ongoing and new projects. The budget allocated to public investment in FY2023 also increased after the COVID-19 crisis, which would help shore up Thailand's economic growth potential.

Value of public-sector construction*



	General projects	Mega projects
Outlook 2023	Public investment budget rose by THB 27 billion in FY2023 (+6%YOY), signaling the expansion of public-sector construction investment.	• Ongoing projects from past years showed significant progress. • Bidding and construction of new projects are underway.

New mega projects in 2023 (High-speed railway/ SRT/ Motorway/ Express way/ Seaport/ Airport)	Investment budget (THB billion)
Bangkok-Nong Khai High-speed Railway (Nakhon Ratchasima-Nong Khai section, 365 km)	300
Nakhon Pathom-Cha Am Motorway	76
Motorway M9 Outer Ring Road Western Bangkok (Bang Khun Tian-Bang Bua Thong section)	56
Map Ta Phut Phase 3 (Stage 2)	48
SRT Light Red Line (Bang Sue-Phayathai-Makkasan-Hua Mak section) & SRT Dark Red Line (Bang Sue-Hua Lamphong section)	47
Srinakarin-Suvarnabhumi Expressway	43
Suvarnabhumi Airport Northern Extension	41
Kathu-Patong Expressway (Phuket)	15

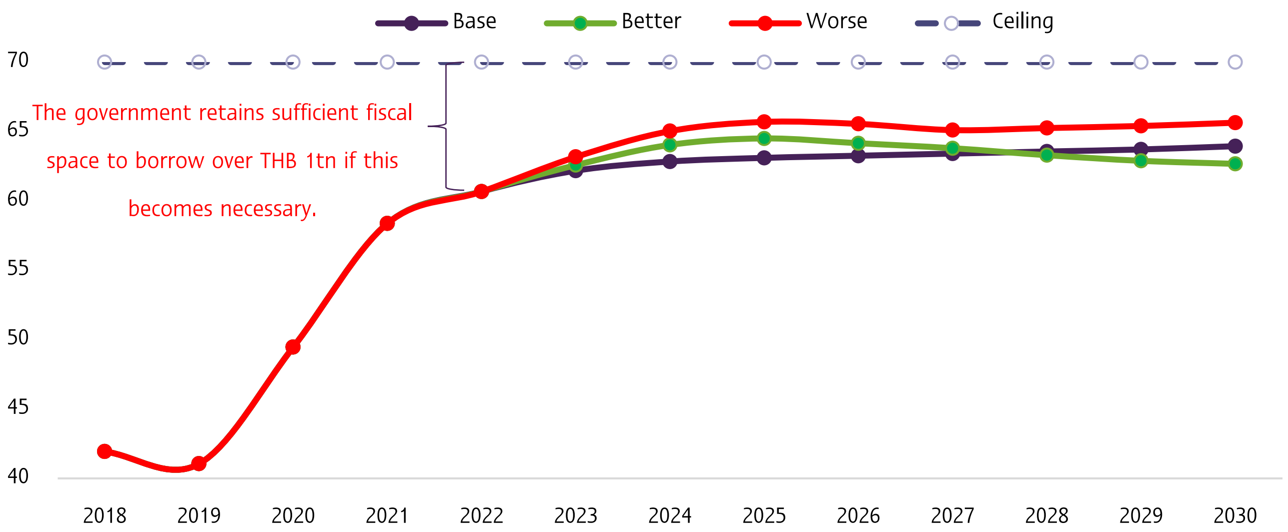
Note: *Projects operated by the government, SOEs, PPP, and local government (including investment budget under the THB 1 trillion and THB 500 billion emergency decree).

Source: EIC analysis based on data from the Office of the National Economic and Social Development Council.

The EIC sees public debt staying below the debt ceiling over the medium term, though if necessary, the government can still borrow up to THB 1tn. However, post-Covid fiscal reform will be necessary to put the public finances on a more sustainable basis.

Mid-term forecast for public debt*

Unit: % GDP, fiscal years



Case	Assumptions
Base	The government is unable to significantly reduce the budget deficit and does not reform the tax base.
Better	The government increases capital investment and is able to raise additional income through tax reform.
Worse	Government expenditure continues to rise but there is no reform of the tax system.

Domestic exposure to fiscal risk

The current global cycle of central bank rate hikes will increase the cost of borrowing.

The rise in the cost of energy and other goods may be prolonged, and this would add to the government's obligations to support certain sections of society.

A fresh wave of infections might force the government to reintroduce pandemic controls.

Populist measures implemented in the run up to the 2023 election may affect the country's financial stability.

Climate change and the transition to the aging society will add to government expenditure.

Potential future problems include

The level of debts incurred by the central government to state financial institutions or other state bodies as a result of their having implemented government policies (including additional debts incurred by the Oil Fund).

Subsidies for electricity payments targeted at vulnerable groups, for which THB 9bn has been reserved for Sep-Dec, 2022.

Note: *Includes THB 150bn to be borrowed over 2023 by the Oil Fund and then repaid over the next 7 years.

Source: EIC analysis based on data from the Ministry of Finance, Bureau of the Budget, the Bank of Thailand, Government House, the IMF, and CEIC.

Financial market outlook for 2022-2023

EIC expects the MPC to gradually raise its policy rate
To stand at 2% by the end of next year

EIC expects the MPC to hike policy rate 25 bps in November to stand at 1.25% at the end of 2022.

Inflation has peaked and is slowly declining. **Thai economic recovery has continued to gain traction, while BOT will continue to press ahead with measures for vulnerable households and businesses** including long-term debt restructuring and transformation loans.

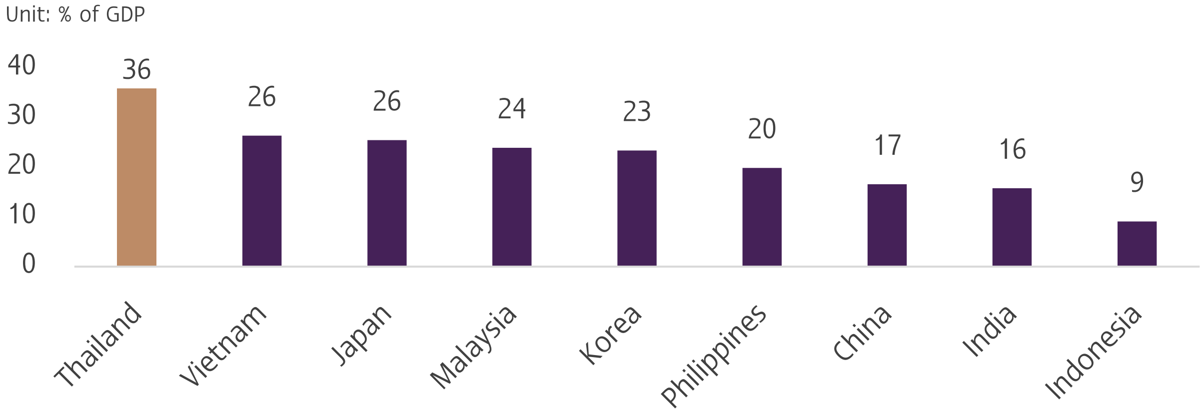
EIC expects the MPC to continue hiking policy rates 3 times (25 bps at each meeting) to 2% by the end of 2023.

The policy rate should be normalized to the level consistent with long-term sustainable growth. EIC expects Thai economy to return to pre-Covid level in Q2/2023 but will still be below potential level until 2024 given deep economic scars and elevated debt.

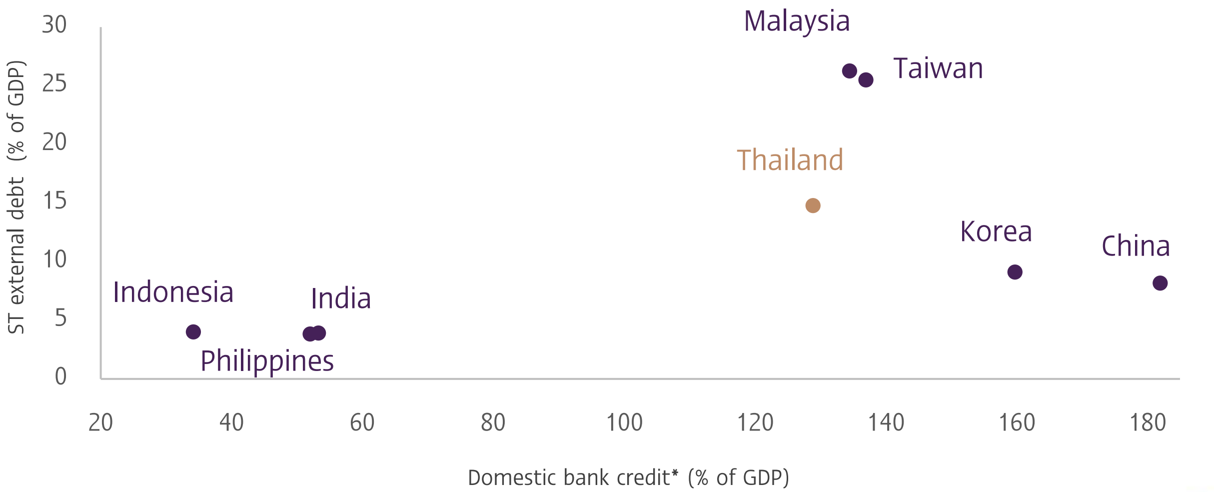
There is no need for Thailand to hike policy rate aggressively like other countries

- **Rising inflation in Thailand was driven mainly by supply-side factors, while the economy is recovering.**
- **External stability remains sound** given sufficiently high international reserves to cushion volatilities of the baht and low external debt.
- The BOT will assess the pace and timing of the policy rate hike to ensure that policy normalization, both monetary policy and financial measures that are soon to expire, will not cause financial conditions to tighten rapidly and derail the economic recovery amid the highly uncertain global economic slowdown.

Thailand's international reserves remain high



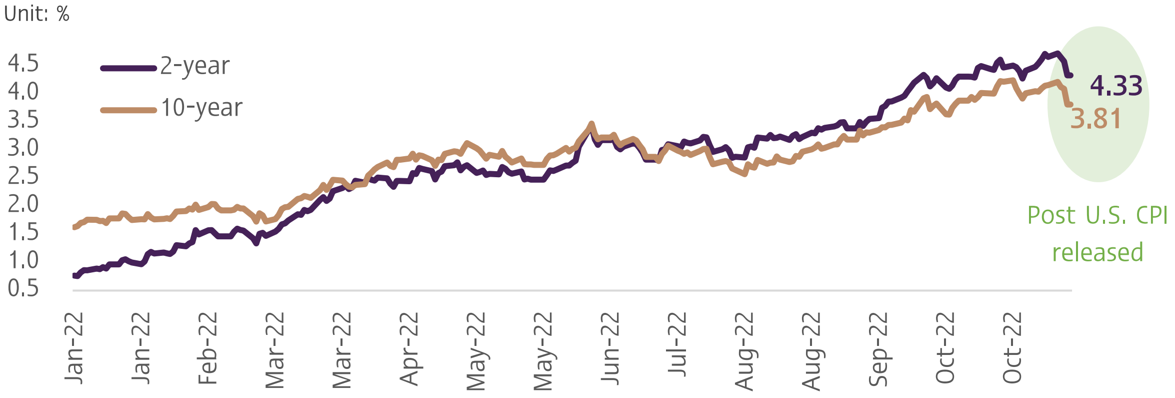
External debt and domestic bank credit



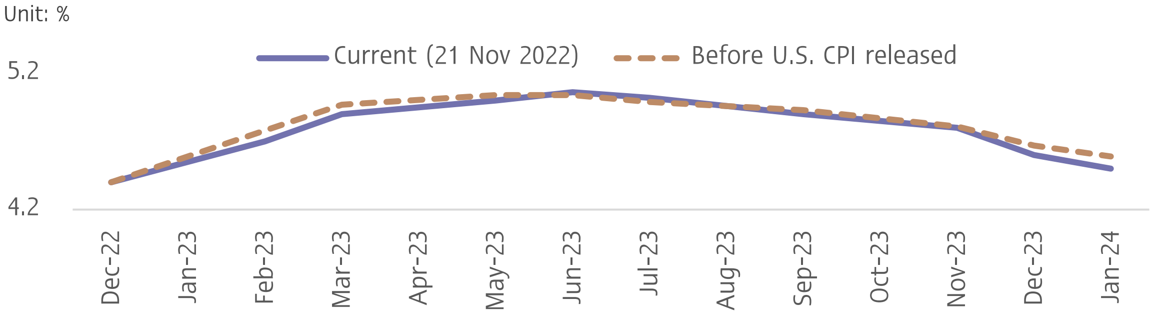
Note: Domestic bank credit comprises corporate loans and bonds issued by commercial banks.
Source: EIC analysis based on data from the Bank of Thailand and Bloomberg.

Long-term US treasury yields are expected to increase slightly in 2023 in line with the Fed's normalization although the breakeven inflation has gradually declined somewhat

2-year and 10-year US treasury yields



Investors' Fed Funds Rate forecasts before and after the US CPI release



In November, short-term and long-term US treasury yields declined rapidly as the US CPI slowed more than expected.

Outlook of long-term US treasury yields in 2023

Factors supporting the rise of long-term US treasury yields

- The Fed's signalling of a more hawkish stance including higher terminal rate or maintaining high level of policy rate to ensure the return of inflation to target
- A less severe recession than investors' concern
- Lower volatilities in the financial markets

Nevertheless, long-term yields will not increase much due to the followings

- A less tightening Fed's monetary policy stance
- Lower breakeven inflation
- Recession fears resulting higher demand for safe assets

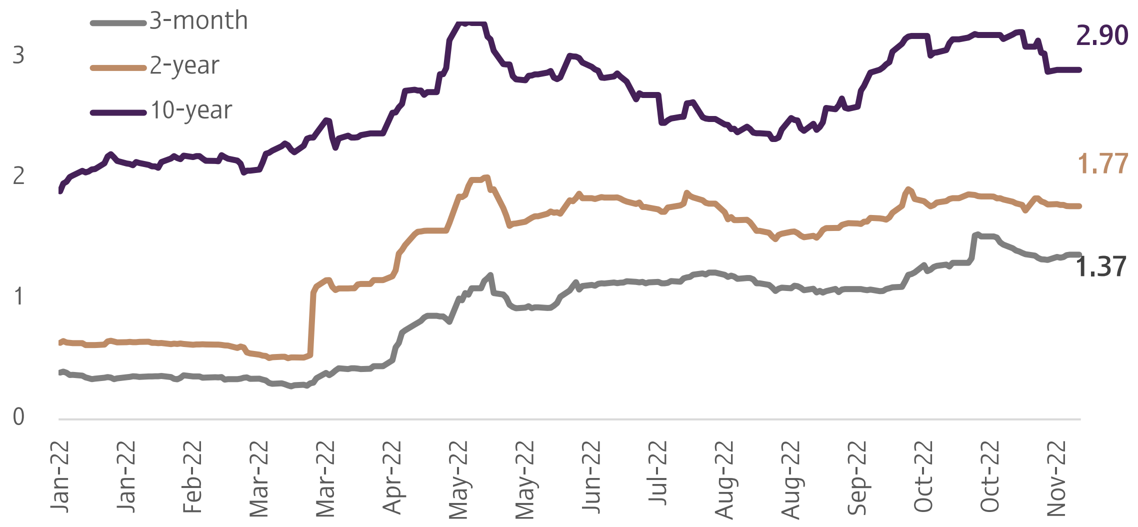
Given these reasons, EIC thus expects 10-year US treasury yields to increase slightly to the range of 4.0-4.1% at the end of 2023.

Source: EIC analysis based on data from Bloomberg.

Long-term Thai government bond yields will not increase much in line with policy normalization in the US and Thailand, and improving confidence on Thai economic outlook in the long-term Thai bond market

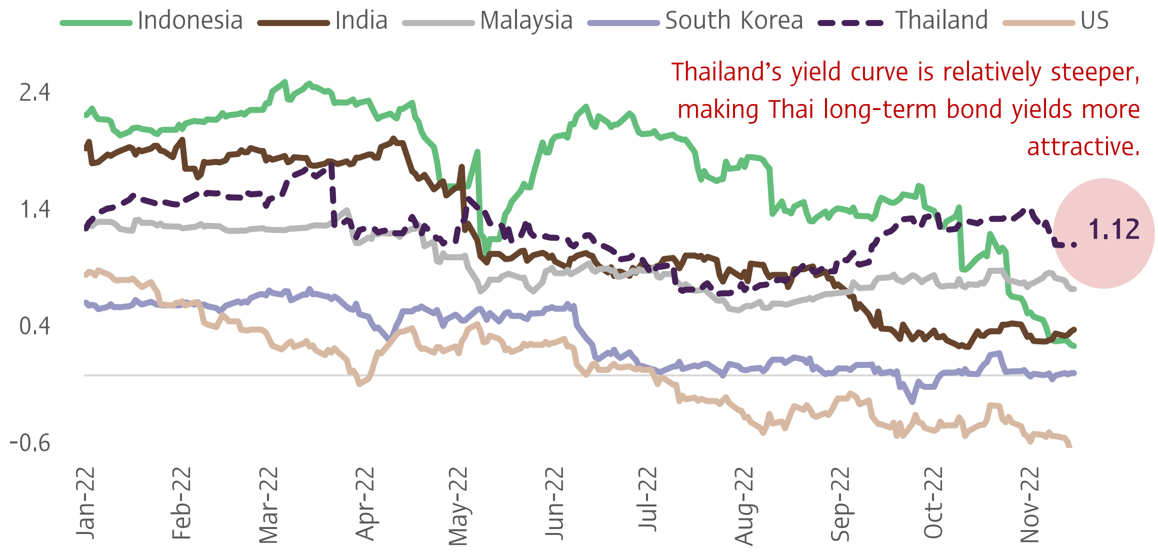
Thai government bond yields

Unit: %



10-2 year government bond spread

Unit: %



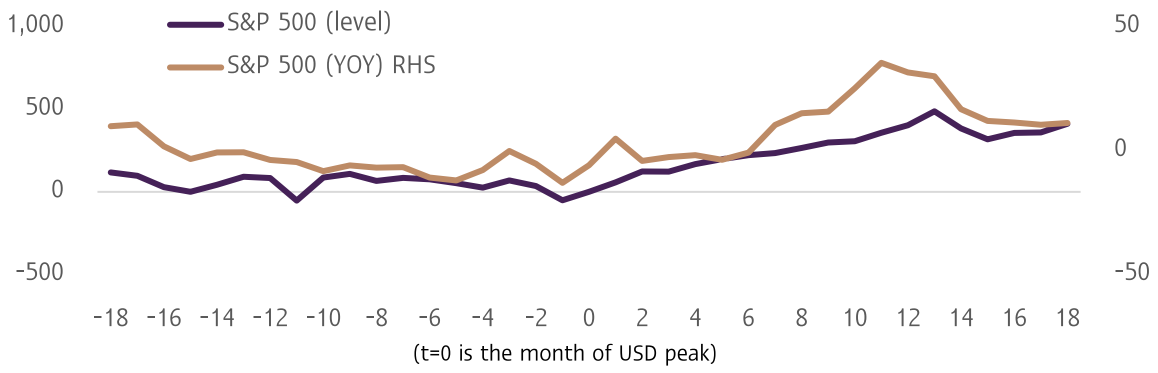
- **In recent periods, 10-year Thai government bond yields fell in line with the US counterpart and due to capital flows to the Thai government bond market given that Thailand's bond yields were higher than regional peers. 10-2 year government bond spread also declined** driven by speculative flows to gain from the baht strengthening
- **EIC expects 10-year Thai government bond yields to increase slightly to 2.9-3.0% at the end of this year and 3.1-3.2% at end-2023** as the US and Thailand will continue to hike policy rates, and Thai economy has been gradually recovering. Moreover, US treasury yields are expected to increase slightly and thus cause Thai yields to rise. However, capital inflows propelled by improved investor confidence over Thai economic outlook and gradually falling inflation will limit the increase in long-term Thai bond yields. **Thailand's yield curve will likely flatten** as short-term yields will increase faster than long-term yields in line with policy normalization in Thailand

Source: EIC analysis based on data from Bloomberg.

In 2023, USD will likely depreciate reducing weakening pressure on the baht. In addition, investor confidence has improved, causing continuous capital inflows to the Thai financial markets.

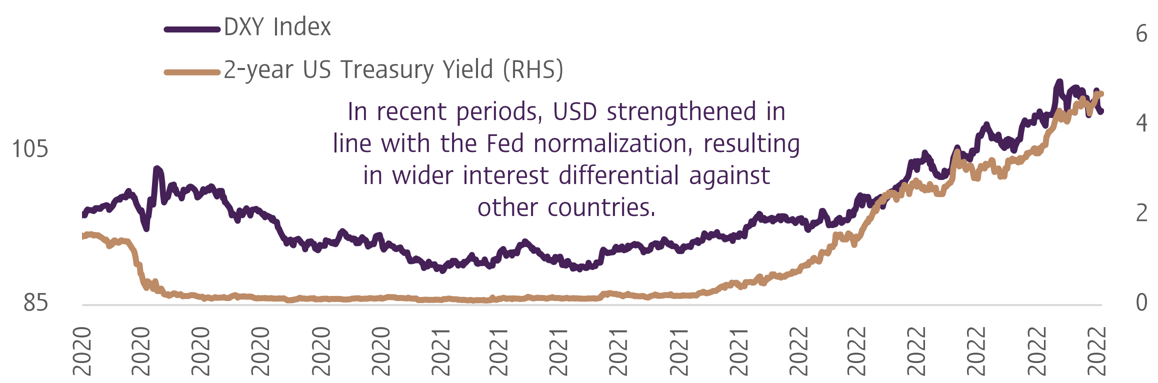
Median S&P500 Index at Dollar peak

Unit: level relative to month 0 Unit: Percentage point relative to month 0



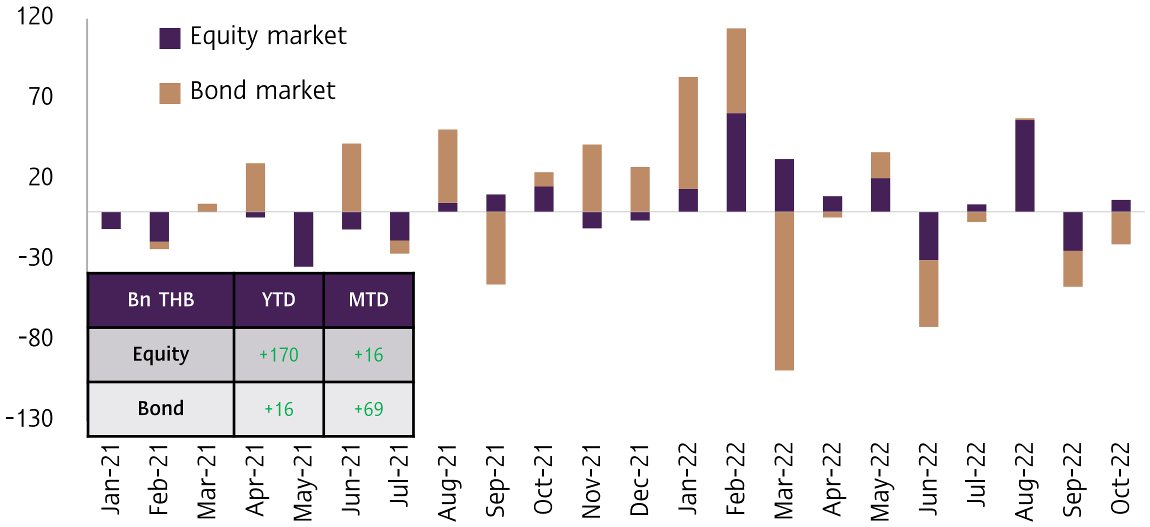
DXY Index and 2-Year US Treasury Yield

Unit: Index



Capital flows in the Thai financial markets

Unit: billion THB (data as of 21 November 2022)



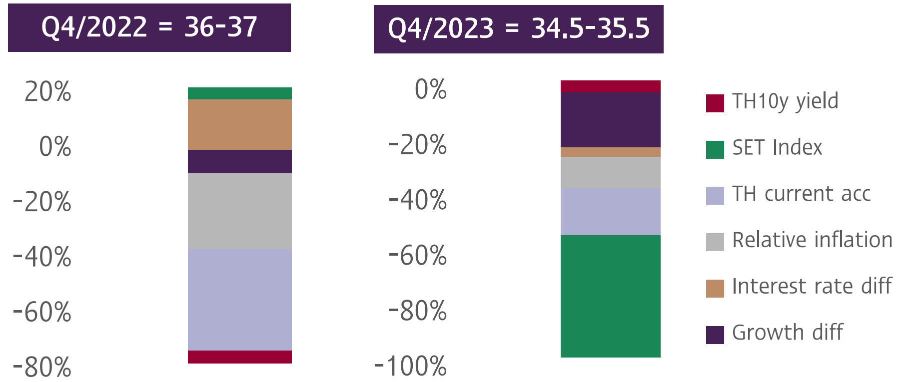
Bn THB	YTD	MTD
Equity	+170	+16
Bond	+16	+69

- Looking ahead, USD will likely weaken
  - **Fed will slow the pace of normalization.** US financial conditions will not tighten as much as concerned, reducing downside risks to the global economic growth.
  - **Investor confidence has improved** as reflected in higher returns on risky assets including US and global equities
- **The baht will likely strengthen driven by external factors.** Capital flows will likely return to the financial markets in EMs as well as Thailand given subsiding risk-off sentiment.

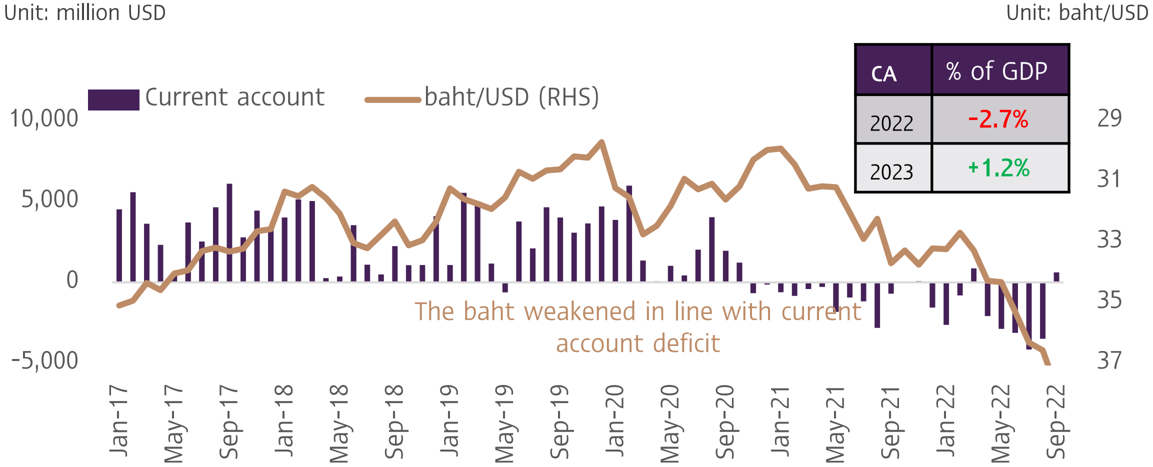
Source: EIC analysis based on data from Bloomberg.

The baht is expected to strengthen in 2023 due to weakening USD and domestic factors given improving Thai economic fundamentals, current account surplus, and capital inflows to Thai financial markets

Factors affecting the baht in the period ahead



Current account and the baht



CA	% of GDP
2022	-2.7%
2023	+1.2%

Factors supporting the baht strengthening

1. **Thai economy will continue to recover against the backdrop of global economic slowdown** driven by tourism and domestic demand.
2. **Current account will likely register a surplus** following recovery in foreign tourist arrivals, and lower commodity prices and freight costs.
3. **Capital inflows to the Thai financial markets are expected** given that Thai stock market is more attractive than that of other EMs who are facing external vulnerability. In addition, returns on Thai government bonds are relatively higher.
4. **Thai inflation is expected to decline faster than US inflation.**

EIC assesses that the baht will move in the range of 36-37 baht/USD at the end of this year and gradually strengthen to the range of 34.5-35.5 baht/USD at the end of 2023, averaging 35-36 baht/USD in 2023.

Source: EIC analysis based on data from Bloomberg.

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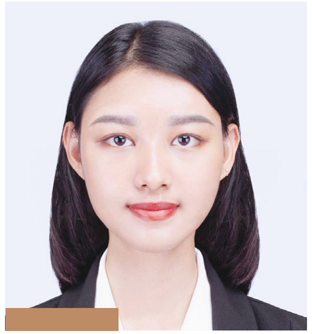

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