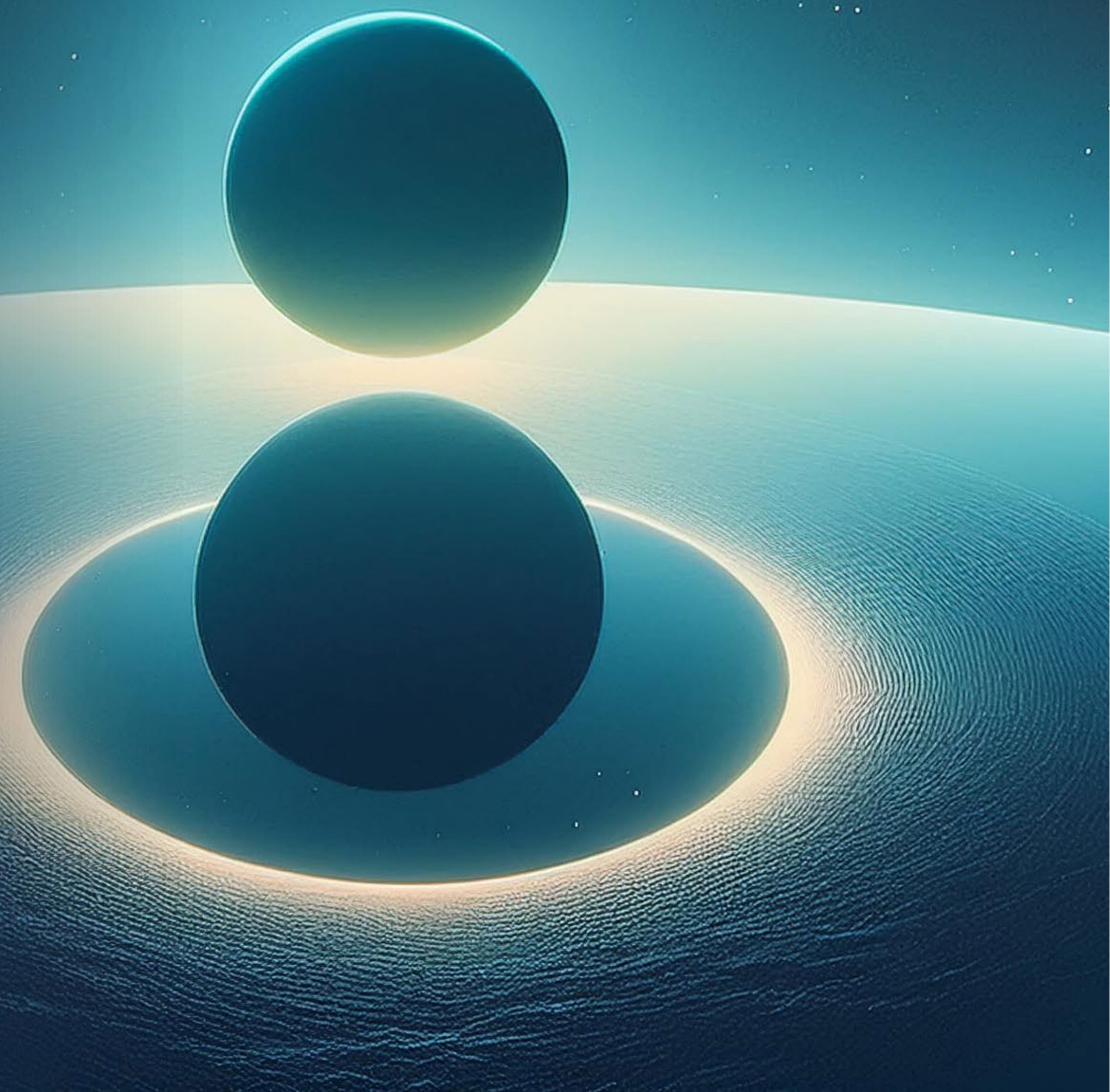
Q4/2024

SCB EIC

Outlook

Economic outlook 2024-2025 as of Q4/2024



Thailand’s economy is likely to exhibit robust growth in Q4 2024, but in 2025, it will face pressures from "Trump 2.0," especially in the latter half of the year.

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Outlook Q4/2024

Executive summary

SCB EIC has revised its global economic growth forecast for 2025 downward to 2.5% (from the previous 2.8%) due to the impact of Trump 2.0 policies, which are expected to exacerbate geopolitical tensions and trade protectionism. These policies will primarily affect the global economy through trade, investment, and labor. Several major countries have already prepared measures to mitigate the negative effects of Trump 2.0, but political issues in some countries, such as Germany, France, and South Korea, may pose significant risks to the effectiveness of these government responses. SCB EIC also estimates that the net impact of Trump 2.0 policies on the U.S. economy is likely to be negative, though not severe. This is because certain policies, such as income tax cuts and deregulation to facilitate business operations, are expected to stimulate domestic investment in the U.S.

The trajectory of global monetary policy easing is expected to diverge, with high uncertainty. The Federal Reserve (Fed) is anticipated to reduce interest rates less than previously projected to address inflation risks in the U.S. arising from Trump 2.0 policies, particularly higher import tariffs and domestic investment stimulation. However, global inflationary pressures may not accelerate significantly, partly because of a weakening global economy and a decline in global energy prices due to reduced demand and increased production in the U.S. supported by Trump's policies. In response, the European Central Bank (ECB) and the People's Bank of China (PBOC) are likely to lower interest rates more than earlier anticipated to support their economies, which are slowing due to structural challenges and additional pressures from Trump 2.0. Conversely, the Bank of Japan (BOJ) is expected to raise interest rates sooner than previously forecast, partly to prevent excessive yen depreciation triggered by Trump 2.0 policies.

Thailand's economy is expected to perform well in the final quarter of 2024, but pressures from Trump 2.0 will emerge, particularly in the second half of 2025. SCB EIC estimates that the Thai economy could grow by as much as 4% in Q4 2024, driven by continued growth in exports and government spending from Q3, alongside a strong boost from tourism. This would support overall economic growth of 2.7% for 2024. In 2025, however, Thailand's economy will begin to feel the impact of trade protectionist measures under Trump 2.0, starting in the latter half of the year. These measures will put pressure on exports and investments. Additionally, China's overcapacity issues will further challenge the competitiveness of Thai goods both domestically and internationally, causing a slowdown in Thai exports. This will exacerbate the struggles of the manufacturing sector, which has yet to recover, despite fiscal stimulus measures expected to be introduced in 2025.

Private investment is expected to recover next year, but the rebound is likely to be modest due to vulnerabilities in the industrial sector. These challenges stem from competition from Chinese products flooding the market and subdued domestic demand. This aligns with findings from the SCB EIC Consumer Survey 2024, which reveals that over 60% of consumers anticipate a worsening Thai economy next year, particularly among low-income groups. This reflects weak consumer confidence and suggests a likelihood of reduced spending as uncertainty over economic conditions and future income persists.

SCB EIC assesses that the overall quality of retail loans is likely to deteriorate further, amid continued stringent lending standards by financial institutions for retail loans. Data from NCB indicates a persistent decline in the quality of retail loans across the system. As a result, the household debt issue is expected to take time to resolve, putting pressure on consumption in the near term. The latest household debt relief measures focus on providing more targeted assistance to vulnerable retail borrowers who still have the potential to repay their debts. However, the success of these measures will largely depend on the recovery of borrowers' income levels.

SCB EIC projects that the Bank of Thailand's Monetary Policy Committee (MPC) will cut the policy interest rate by 0.25% in February 2025, bringing it down to 2%, and maintain this level for the rest of the year. While current conditions do not present clear immediate pressures for the MPC to accelerate rate cuts, the Thai economy is expected to face increasing risks ahead, driven by both internal vulnerabilities and external challenges. Additionally, further rate cuts would help alleviate debt burdens and mitigate the impact of tight financial conditions on economic activities.

The Thai baht is expected to weaken slightly, remaining in the range of 34.00–35.00 THB per USD for the rest of 2024. However, attention should be paid to the volatility of other currencies that may impact the baht. For 2025, capital outflows are likely to continue, exerting downward pressure on the baht in the first half of the year. Nonetheless, the baht could appreciate in the second half of the year, supported by factors such as the Fed's expected rate cuts, declining global oil prices, potentially rising gold prices, and returning capital inflows. By the end of the year, the baht is projected to range between 33.50–34.50 THB per USD.

The outlook for Thai businesses remains fraught with risks, including global economic volatility, Trump 2.0 policies, intense foreign competition, pressures from Mega Trends, and structural issues in Thailand's manufacturing sector. The extent of the impact will depend on each business's ability to adapt. For example, the automotive industry faces challenges from global economic volatility and household vulnerabilities, compounded by the transition pressure toward EVs. These factors limit the adaptability of businesses in the sector.

Thai Economy in 2025

The Thai economy is expected to perform well in the final quarter of 2024, but in 2025 it will face pressures from Trump 2.0 policies, particularly in the second half of the year.

Key forecasts

(Previous forecast)

			(Previous forecast)
GDP (%YOY)	2024F	2.7	(2.5)
GDP (%YOY)	2025F	2.4	(2.6)
Policy rate (year-end) (%)	2024	2.25	(2.25)
Policy rate (year-end) (%)	2025F	2.0	(2.0)
Exchange rate (year-end) (THB/USD)	2024F	35-36	
Exchange rate (year-end) (THB/USD)	2025F	33-34	

GDP

SCB EIC projects that the Thai economy will grow by 2.7% in 2024 and 2.4% in 2025. Economic growth in 2024 will be supported by the 10,000 THB cash handout for vulnerable groups in late Q3, robust government spending driven by accelerated budget disbursements, and a strong recovery in exports. However, in 2025, the Thai economy is expected to face pressures from Trump 2.0 policies, which are likely to exacerbate geopolitical tensions and intensify trade protectionism. These developments are anticipated to slow down trade, production, and investment. Nonetheless, fiscal policies aimed at stimulating the economy are expected to be gradually introduced, providing partial relief from the impact of Trump 2.0.

Policy rate (year-end)

SCB EIC expects that the Monetary Policy Committee (MPC) will reduce the policy interest rate by another 0.25% in February 2025 to alleviate the debt burden on borrowers, ease domestic financial conditions, and address the continued slowdown in domestic demand. This move also aims to manage the increasing downside risks to the Thai economy stemming from U.S. trade policies. Furthermore, expected policy rate cuts by major economies will contribute to a more accommodative global financial environment, supporting the MPC's decision to lower Thailand's policy rate. SCB EIC forecasts that, following the February adjustment, the policy rate will be maintained at 2.0% for the remainder of 2025.

Exchange rate (year-end)

The Thai baht is expected to weaken to around 34.80–35.30 THB per USD for the remainder of 2024, as markets anticipate that Trump will raise import tariffs, prompting potential retaliatory measures from other countries. This could strengthen the U.S. Dollar Index by approximately 3–4%, exerting further pressure on the baht. In 2025, however, the baht may appreciate due to a "risk-on" environment that could attract capital inflows back to Asian and Thai markets. Additionally, the anticipated policy rate cuts by the U.S. Federal Reserve will support this trend. The baht is projected to range between 33–34 THB per USD by the end of 2025.

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

Thai Economy in 2025

Positive factors

- Government economic stimulus measures and normalized public disbursements.
- Tourism and service sectors continue to expand steadily.

Risk factors

- Global economy experiencing a hard landing due to the impact of Trump 2.0 policies.
- Political instability in Thailand leading to inconsistent fiscal stimulus.

Negative factors

- Increased household vulnerability putting pressure on consumption.
- Trade protectionist policies weighing on exports and investments.
- Tight financial conditions and limited access to credit, severely impacting the real economy.

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

Global Economy in 2025

The global economy is expected to slow down in 2025 due to the impact of Trump 2.0 policies. However, it will still be supported by declining inflation and interest rates, as well as economic stimulus measures implemented by various countries.

Economic growth

SCB EIC maintains its global economic growth forecast for 2024 at 2.7%. The U.S. and ASEAN economies are expected to grow better than previously anticipated, while China, Japan, and India are likely to underperform earlier projections.

The global economy is projected to slow significantly to 2.5% in 2025 (down from the previous forecast of 2.8%) due to the impact of Trump 2.0 policies.

Inflation rate

Inflation rates in major economies are expected to slow, approaching the 2% target range of most central banks by the second half of 2024.

SCB EIC estimates that global inflation will continue to decelerate in 2025. Trump 2.0 policies, such as import tariff hikes, are not expected to significantly drive-up global inflation (excluding the U.S.), as it will be offset by weakening demand.

Monetary policy direction

Major central banks have begun gradually lowering policy interest rates in Q2 2024 and are expected to continue reducing rates throughout the remainder of 2024 and into 2025.

Although monetary policy is beginning to ease, real interest rates remain high. **Additionally, Trump 2.0 policies could limit the Fed's ability to reduce interest rates significantly in 2025.**

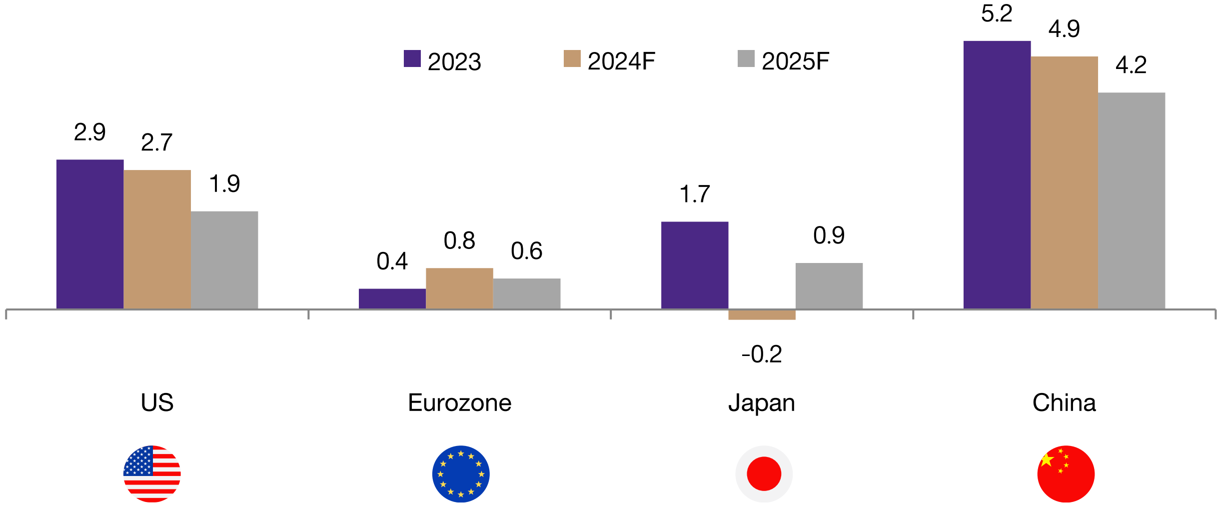
In contrast, the Bank of Japan (BOJ) is likely to continue raising its policy interest rate in 2025 to prevent the yen from depreciating due to Trump 2.0 policies. This move is also supported by inflation aligning with BOJ's projections, driven by strong wage growth and businesses' ability to pass on costs to product prices.

Source: SCB EIC analysis.

Meter 1-5 in colors from left to right: red-worse/ yellow-moderate/ green-good

Economic growth in 2023-2025

Unit: %YOY



Positive factors

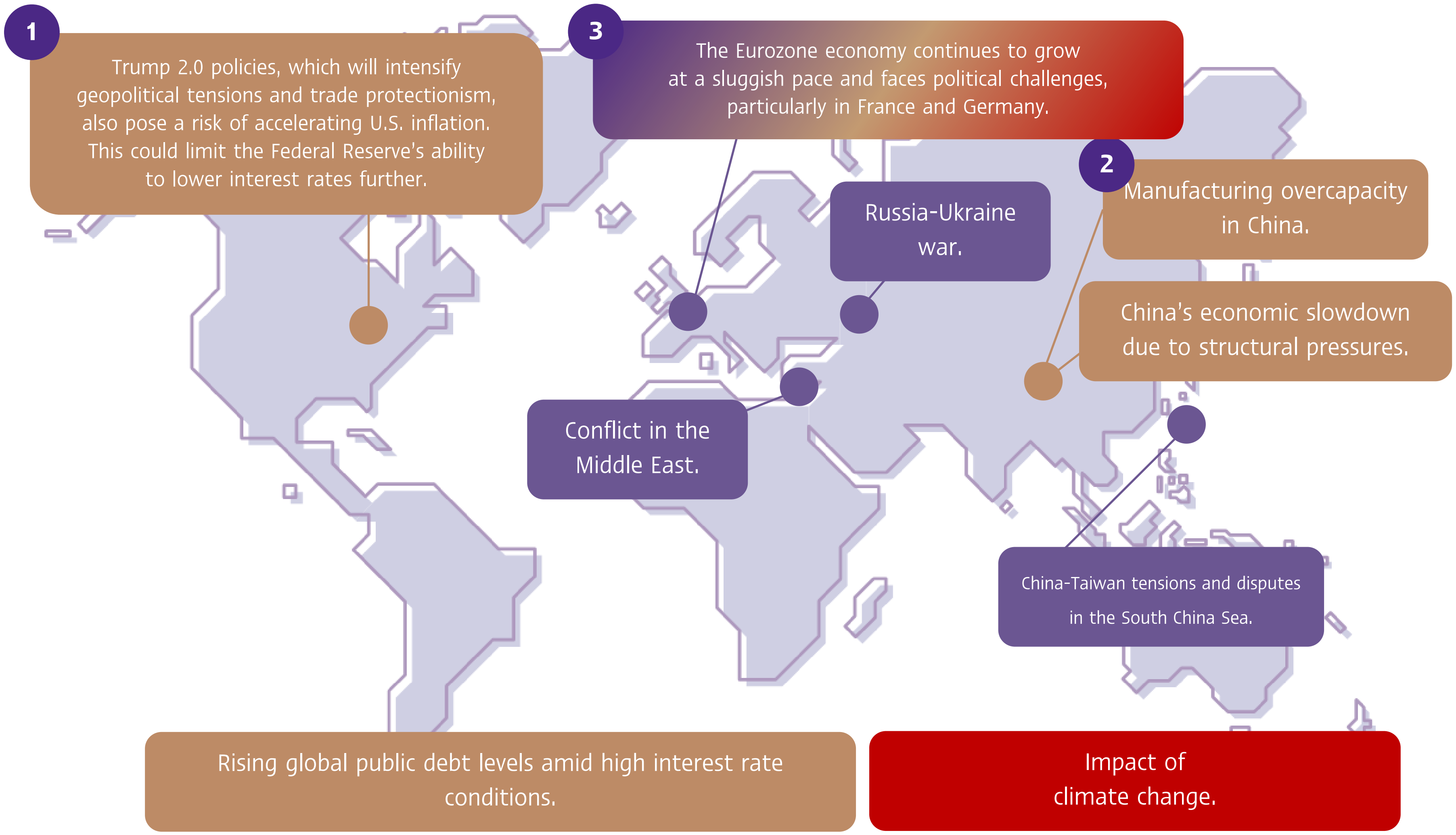
- Global inflation continues to decelerate.
- Policy interest rates are gradually declining, though they remain relatively high.
- Governments in many countries are likely to implement fiscal measures to stimulate short-term economic growth or enhance economic potential.
- Trends in digital technology investment and AI adoption are accelerating.

Risk factors

- Trump 2.0 policies, which exacerbate geopolitical tensions and intensify trade protectionism.
- China's manufacturing overcapacity issue.
- Volatility in global financial markets.

Source: SCB EIC analysis.

Global economic headwind & risk map in 2025



Global economic headwind & risk categories in 2024 and 2025

- Politics & Geopolitics & Wars
- Economy & Finance
- Societal

Note

1 2 3

Are 3 major risks to the world's economy with high probability and significant impact in 2025

Source: SCB EIC analysis.

Global Economy

The global economy in 2025 is projected to grow at a slower pace due to Trump 2.0 policies, which are expected to intensify geopolitical tensions and trade protectionism. These policies will primarily affect the global economy through impacts on trade, investment, and labor markets.

SCB EIC

SCB EIC revised down global economic outlook 2025 to 2.5% (previously 2.8%) due to Trump 2.0 policies. These policies potentially accelerate geopolitical tensions and protectionism, mainly affecting the global economy through trade, investment, and labor.

Global Economic Forecast by SCB EIC

(%YOY)	2023	2024F		2025F	
		As of Sep 24	As of Dec 24	As of Sep 24	As of Dec 24
Global	2.8%	**2.7%**	**2.7%**	**2.8%**	**2.5%**
US	2.9%	2.5%	**2.7%**	1.9%	**1.9%***
Eurozone	0.4%	0.8%	**0.8%**	1.3%	**0.6%***
Japan	1.7%	0.1%	**-0.2%**	1.1%	**0.9%**
China	5.2%	5.0%	**4.9%**	4.5%	**4.2%**
India	7.7%	7.2%	**6.6%**	6.8%	**6.3%***
ASEAN-5**	4.3%	4.9%	**5.1%**	5.0%	**4.9%**

Assumptions on Tariff Hikes under Trump 2.0

U.S. Import Tariff Increases:

- **Trump will first impose tariffs on Chinese imports,** averaging 20%. Tariff rates will vary by product lists, similar to Trump 1.0, utilizing Section 301 of the Trade Act of 1974 to expedite investigation procedures.
- **Industrial goods and production materials will face the highest tariff rates, while consumer goods will be subject to lower rates.** The severity of tariff rates will decrease according to product groups categorized under Lists 1–4 of Section 301.
- **In H2/25,** imports from other countries will face an average tariff increase of 10%.

China's Retaliatory Measures:

- **China will impose tariffs on U.S. imports at the same rate,** but its retaliation will be limited as China imports less from the U.S. than the U.S. imports from China. The focus may be on deficit-sensitive agricultural products, such as soybeans.
- **China may employ additional measures** such as banning imports of certain U.S. goods, restricting exports of strategic products, and utilizing a weaker yuan policy to mitigate impacts.
- **China will diversify its exports to other countries.** *The EU is expected to retaliate by imposing a 10% tariff on Chinese imports,* to which China will respond with an equivalent tariff on EU goods.

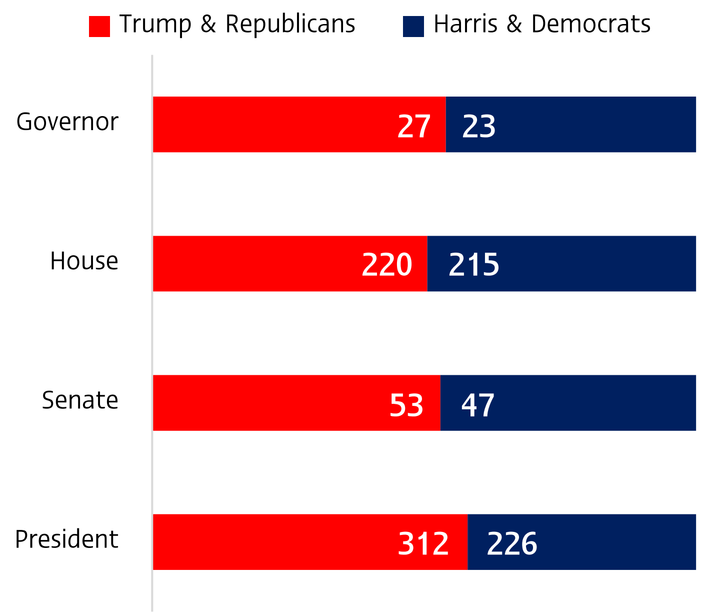
Retaliatory Measures by Other Countries:

- **Impose tariffs on U.S. imports at comparable rates but refrain from imposing tariffs on Chinese goods.**
- **Countries worldwide are expected to implement economic stimulus measures** to mitigate the impacts, with *China likely to introduce larger-scale stimulus measures than others* due to being more significantly affected.

Note: *Without Trump 2.0, the U.S. economy in 2025 is expected to perform better than previously forecast (but this improvement is offset by the net negative impact of Trump 2.0 policies on the U.S.). Meanwhile, the Eurozone and Indian economies are likely to perform worse than earlier projections (with additional negative effects from Trump 2.0). **ASEAN-5 includes Indonesia, Malaysia, Philippines, Singapore, and Vietnam.
Source: SCB EIC analysis based on data from IMF WEO (Oct 2024), Goldman Sachs, Capital Economics, Bloomberg, Reuters, and The Economist.

Trump is likely pursuing the policies outlined during his campaign but may avoid extreme measures, as the economic context in the U.S. and globally is "more challenging" compared to when Trump first took office in 2017.

Trump will have greater flexibility to implement policies than during his first term.



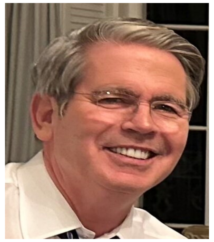
- **Trump 2.0 will benefit from increased maneuverability** due to stronger executive, legislative, and political power.
- **The system of checks and balances weakens,** with 3 out of 9 U.S. Supreme Court justices appointed by Trump during his first term and another 3 of 9 likely holding views supportive of Trump.

Key appointments in the Trump administration:

- Chris Wright: Promoting the "Drill, baby, drill" policy at the Department of Energy.
- **Wright founded Liberty Energy** and opposes green policies.

- Howard Lutnick: Supporting trade and import tariff policies at the Department of Commerce.
- **Lutnick is the CEO of a major U.S. financial institution** and has publicly advocated for import tariff increases and domestic tax cuts on several occasions.

- Thomas Homan: will serve as Border Tsar to drive immigration expulsion policies.
- Homan has extensive experience in border operations and **strongly supports the detention and deportation of illegal immigrants.**



- Scott Bessent: will serve as Secretary of the Treasury with highly conservative views.
- Bessent is a financier who **advocates for "America First" policies, domestic tax cuts, deregulation, and affordable energy prices.**

The global economic context is "more challenging" compared to Trump's first term.

Key variables	2017	2024F
U.S. Inflation Rate (%)	2.1	2.9
U.S. Policy Interest Rate (%)	1.4	4.4
China's Economic Growth Rate (%)	6.9	4.9
Ratio of China's Exports to the U.S. Relative to China's GDP (%)	3.5	2.8
Geopolitical Risk Index	82.7	130.5

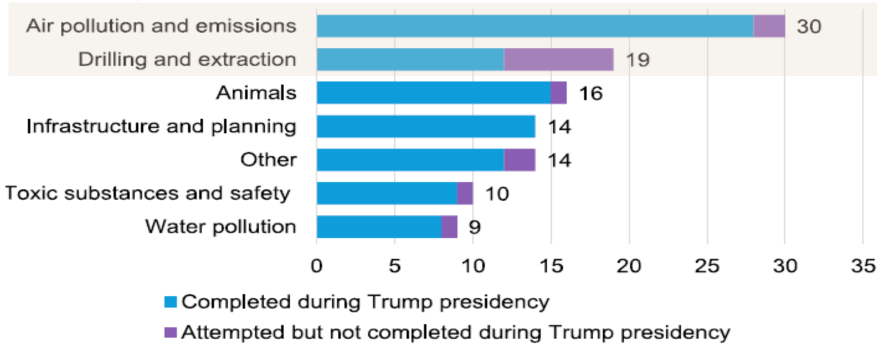
- **The U.S. faces high inflation and interest rates;** tariff hikes and economic stimulus measures may further accelerate inflation.
- **China is less reliant on the U.S.;** tariff policies may have less direct impact on China but greater indirect effects on other countries.
- **The world is grappling with major conflicts,** including the Russia-Ukraine war and the Israel-Hamas (Iran) conflict.

Source: SCB EIC analysis based on data from CEIC, Bloomberg, 270towin.com, BBC, The New York Times, and Wikipedia Commons.

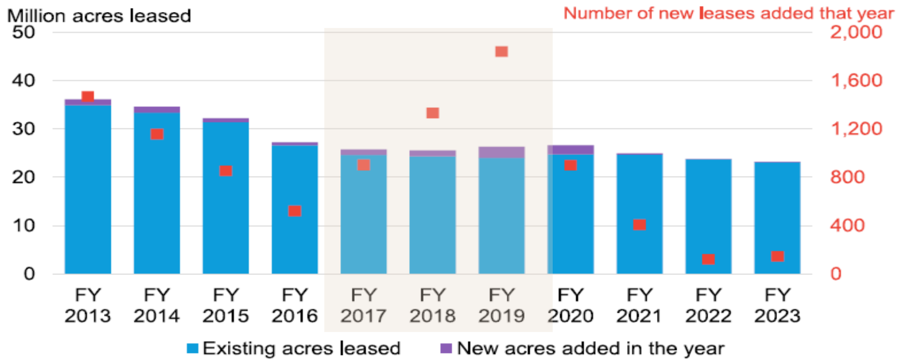
Trump is unlikely to continue key Biden administration policies. He is expected to expand oil and gas drilling auctions and repeal tax incentives for clean energy investments under the Inflation Reduction Act (IRA).

1 Supporting oil and gas industry by loosening environmental restrictions and expanding drilling auctions

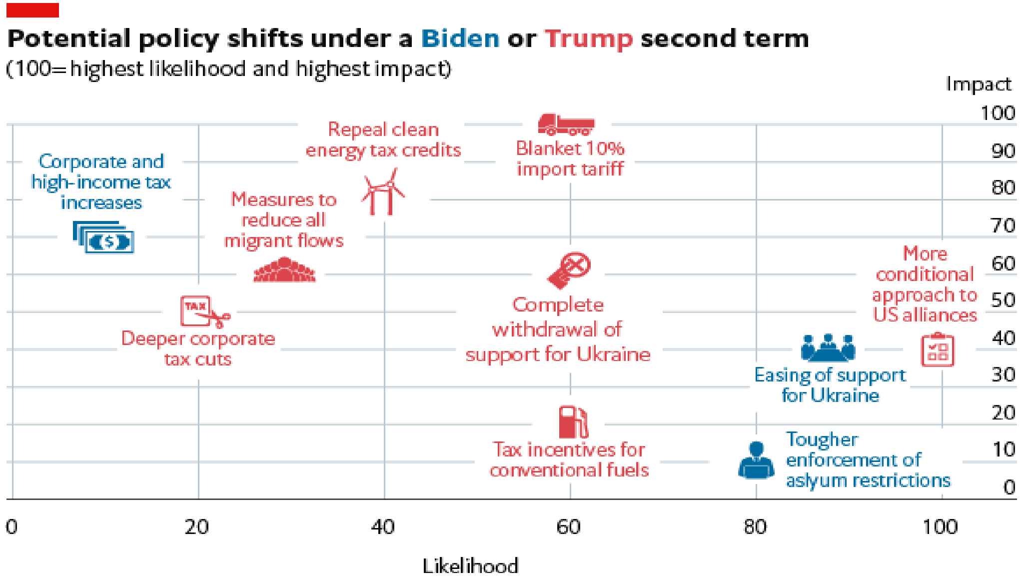
No. of US environmental regulations rolled back by 2017-21 Trump's presidency



Oil and gas leases on federal lands



2 Rolling back incentives for clean energy provided by Inflation Reduction Act



Note. Policies in red indicate those likely under Donald Trump; policies in blue are likely under Joe Biden.
Sources: EIU.

However, repealing significant portions of the IRA will face challenges:

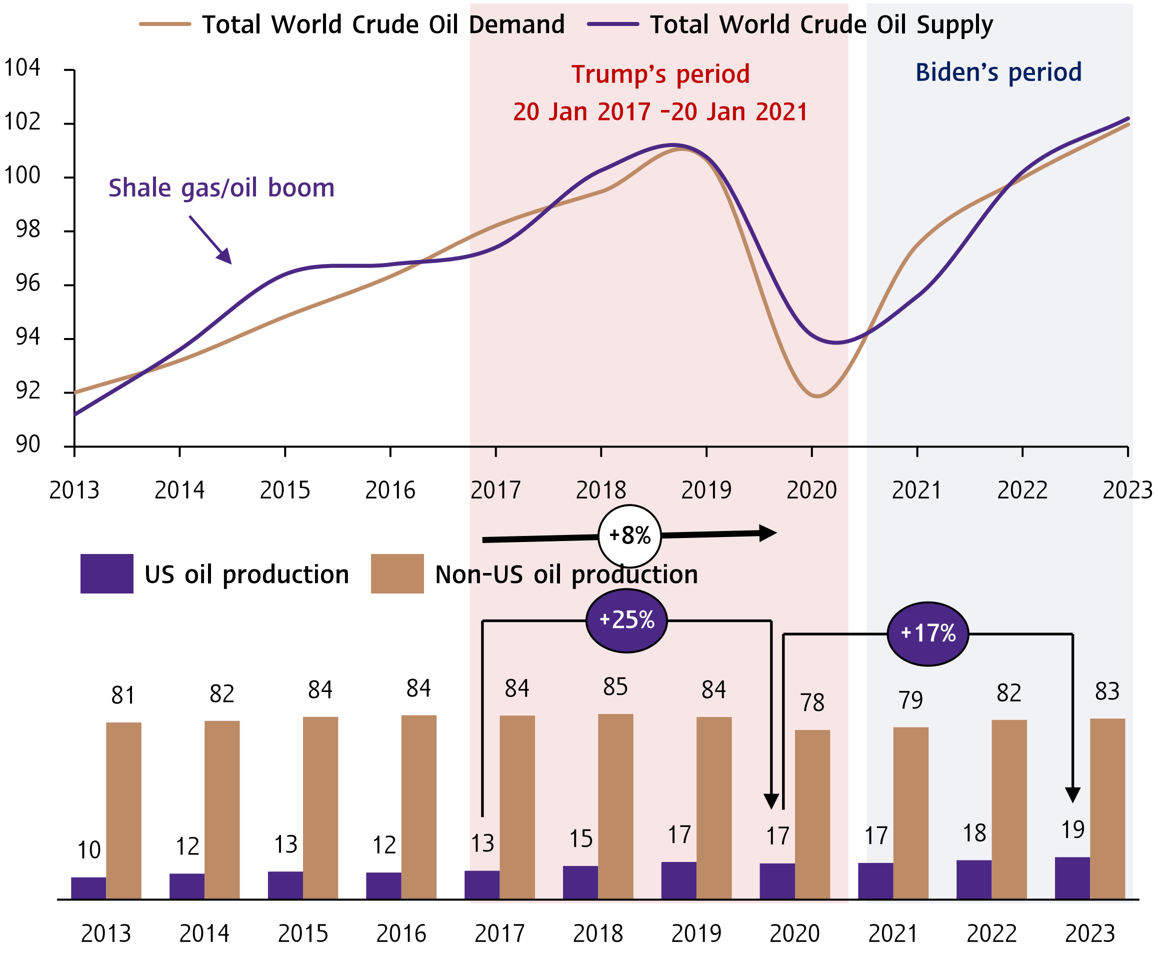
- Major changes require approval from Congress.
  ⟶ *requires Republican majority in the House and the Senate*
- Some Republican-leaning states benefit from tax incentives under the IRA.
  ⟶ *a challenge to get sufficient Republican votes for a repeal*

Source: SCB EIC analysis based on data from Bloomberg, The Economist, and MIT Technology Review.

Trump 2.0 emphasizes the "Drill, baby, drill" policy. Compared to the Trump 1.0 era, oil drilling in the U.S. expanded significantly, leading to production levels exceeding demand. This resulted in lower global oil prices and heightened volatility.

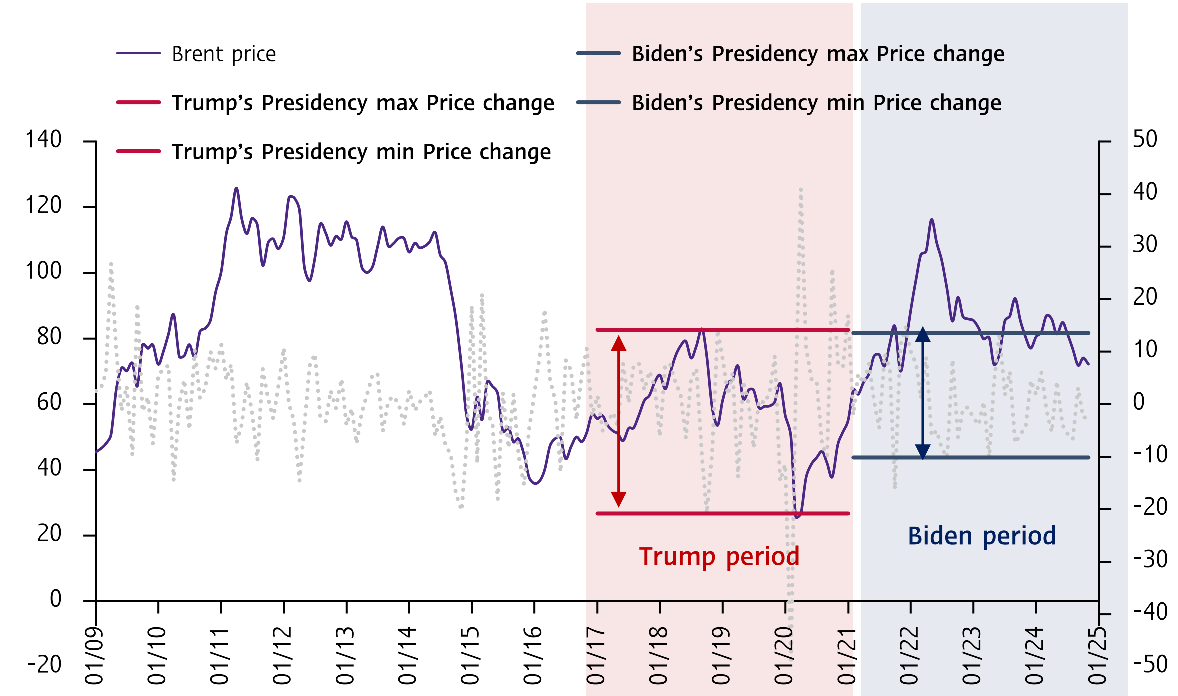
Global Oil Demand & Supply: Oversupply during the Trump 1.0 era

Unit: MMB/D



Brent oil price change in Biden VS Trump presidency*

Unit: USD per Barrel (LHS), % change YoY (RHS)



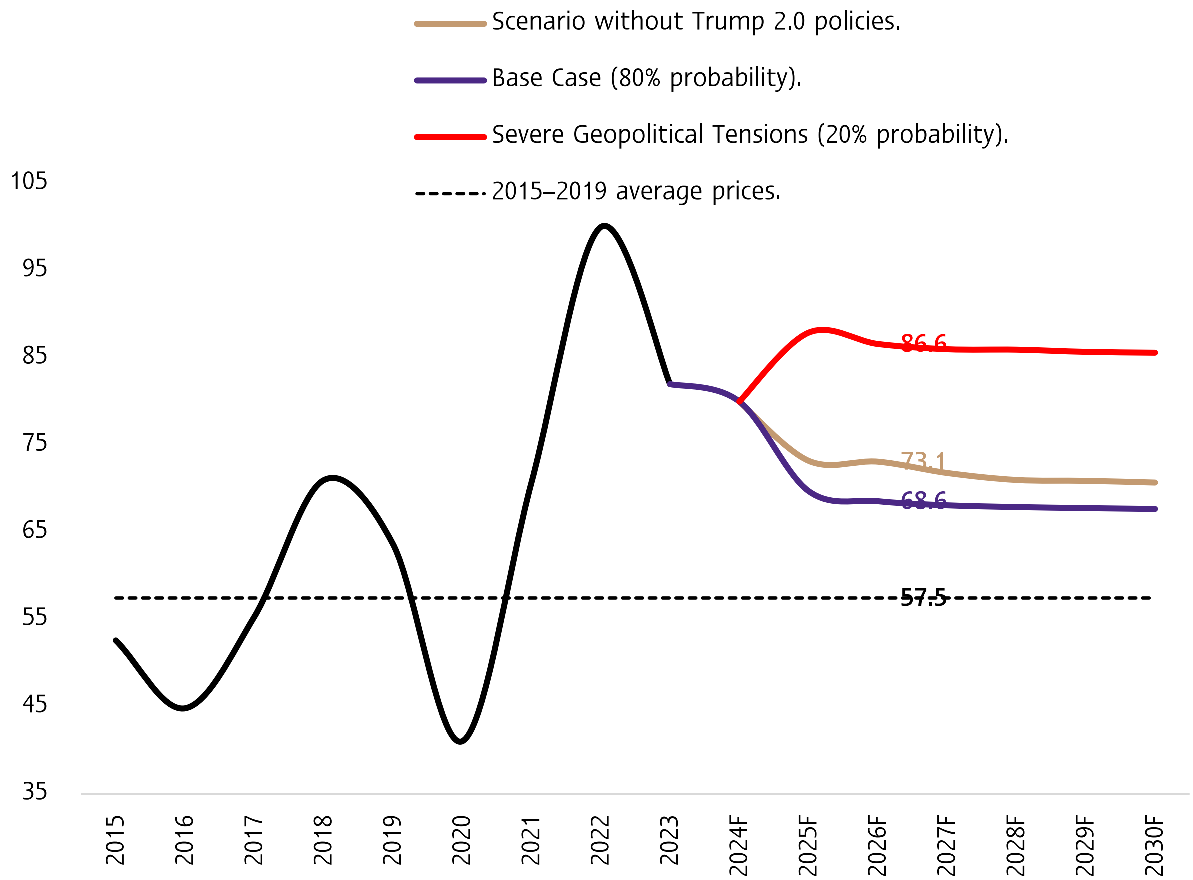
- **During the Trump 1.0 era, no new wars were initiated. However, military actions heightened tensions in the Middle East,** such as missile strikes in Syria (2017) and the assassination of Qassem Soleimani, the Iranian commander (2020). **Trump also pressured Saudi leaders to reduce oil production by threatening to withdraw military support.**
- **The significant increase in U.S. production, pressure on Saudi Arabia, and heightened tensions in the Middle East led to greater volatility in global oil prices during the Trump 1.0 era compared to the Biden administration.**

Note: *Price change YoY analysis excludes the 2020–2021 period due to the impact of COVID-19.
Source: SCB EIC analysis based on data from EIA and Bloomberg.

Global inflationary pressures (excluding the U.S.) are expected to remain subdued, partly due to a weakening global economy. Additionally, global energy prices are likely to decline, driven by reduced demand and increased production in the U.S. supported by Trump policies.

Forecast for Global Oil Prices in the Medium Term by SCB EIC

Unit: USD/bbl



Scenarios	Factors Affecting Oil Demand and Supply
Base Case: Trade wars and increased U.S. oil production (80% probability).	**Demand: Slowing,** primarily due to normalization following the pandemic, trade wars driving up product prices, and a global economic slowdown. **Supply: Increasing,** but if supply significantly exceeds demand, producers may opt to reduce production levels to maintain price stability and overall revenue.
Scenario without Trump 2.0 policies.	**Demand:** Slowing, primarily due to normalization following the pandemic. **Supply: Increasing.** In 2025, oil production is expected to rise by 2.2 million barrels per day, with approximately 0.7 million barrels per day from OPEC+ as voluntary production cuts end, and 1.4 million barrels per day from non-OPEC countries.
Severe Geopolitical Tensions: Trade wars, increased U.S. oil production, but with additional pressure on the Middle East (20% probability).	**Demand and Supply:** Based on the base case of heightened pressure on the Middle East. • **Stricter policies on Iran** may provoke retaliatory measures, such as threats to disrupt oil transportation through the Strait of Hormuz. • **Negotiations on oil production cuts** with Saudi Arabia and Russia. Historically, Trump employed a strategy of negotiation coupled with threats to withdraw military support for Saudi Arabia if it refused to cut oil production, aiming to maintain stable oil prices.

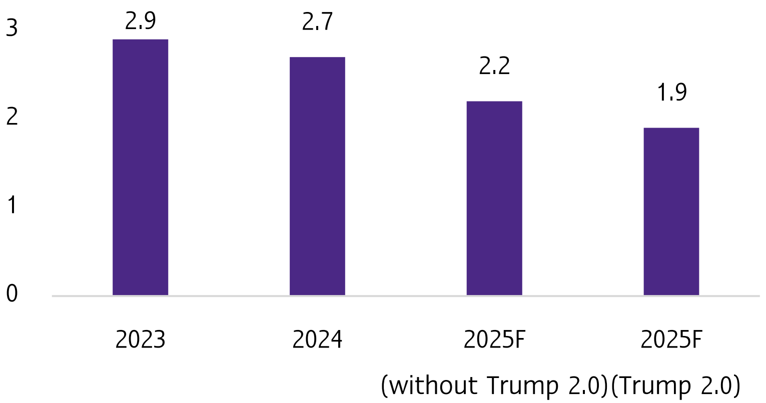
- **China's overcapacity** is another factor contributing to subdued global inflationary pressures. This is because China is likely to adopt a weaker yuan policy to mitigate the impact of U.S. import tariffs, making Chinese exports more competitively priced in global markets.

Source: SCB EIC analysis based on data from Bloomberg and various news agencies.

The U.S. economy is expected to remain robust in 2025, although growth will slow due to the impact of Trump 2.0 policies and a high base effect. Regarding monetary policy, the Federal Reserve may cut interest rates less than previously anticipated to address heightened inflation risks.

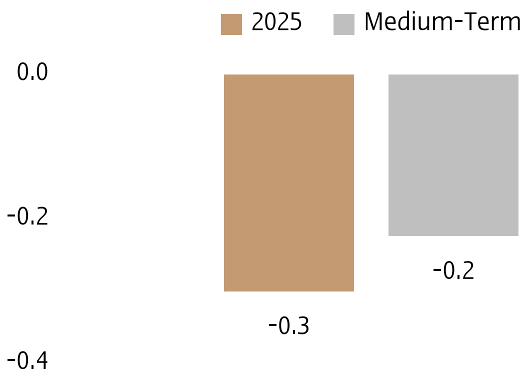
Forecasted U.S. Economic Growth Rate in 2025.

Unit: %



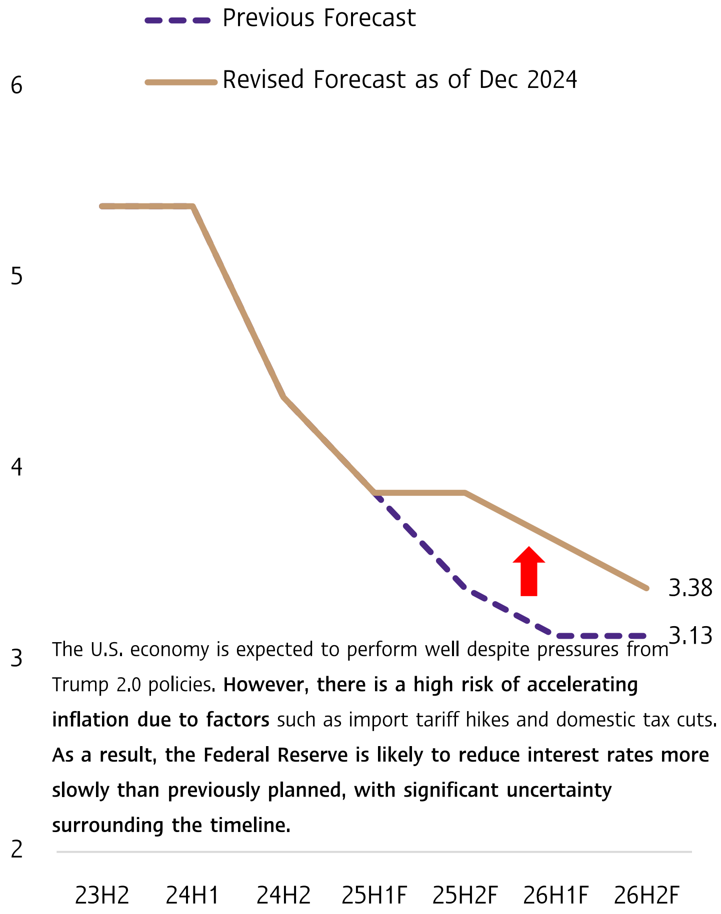
Impact of Trump 2.0 Policies on the U.S. Economy in the Medium Term.

Unit: % deviation from the scenario without Trump 2.0 policies.



Forecasted U.S. Policy Interest Rate

Unit: % per annum



The U.S. economy is expected to perform well despite pressures from Trump 2.0 policies. **However, there is a high risk of accelerating inflation due to factors** such as import tariff hikes and domestic tax cuts. **As a result, the Federal Reserve is likely to reduce interest rates more slowly than previously planned, with significant uncertainty surrounding the timeline.**

Trump 2.0 Policies That May Positively Impact the U.S. Economy:

- **Extend the Tax Cuts and Jobs Act (TCJA)** to stimulate investment through income tax reductions.
- **Positive impact on the U.S. economy (IMF): +0.4% throughout 2025–2029.**

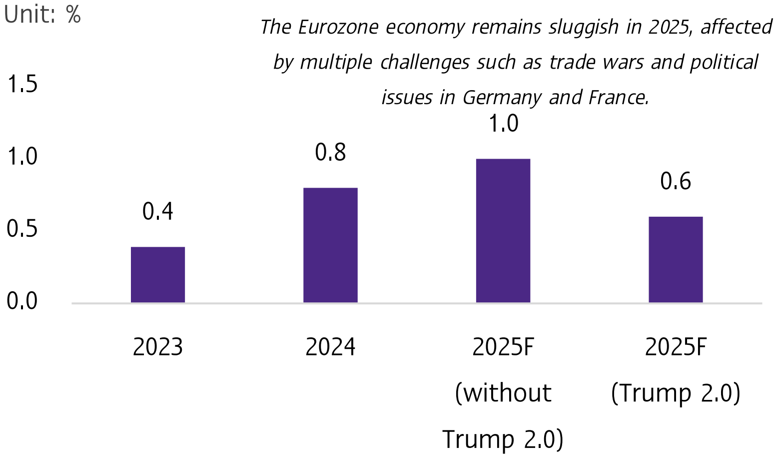
- **Deregulation to facilitate business operations.**
- Implement **fast-track approval and licensing processes** for businesses relocating to the U.S. with investments exceeding USD 1 billion.

- **Trump plans to establish a Ministry of Government Efficiency**, led by Elon Musk and Vivek Ramaswamy, to reduce unnecessary expenditures and reform the U.S. bureaucracy.

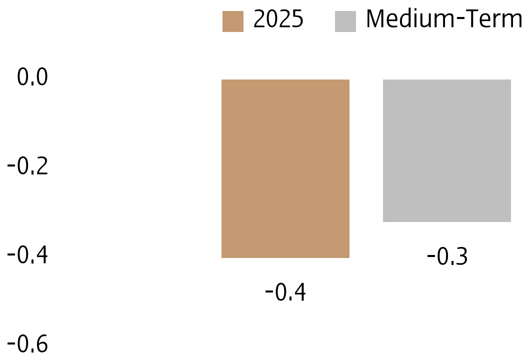
Source: SCB EIC analysis based on data from IMF, CEIC, Bloomberg, and Wikipedia Commons.

The Eurozone economy is expected to remain weak in 2025, influenced by geopolitical factors such as high dependence on China and trade wars, as well as political issues in certain countries. The ECB is projected to continue cutting interest rates to support the economy.

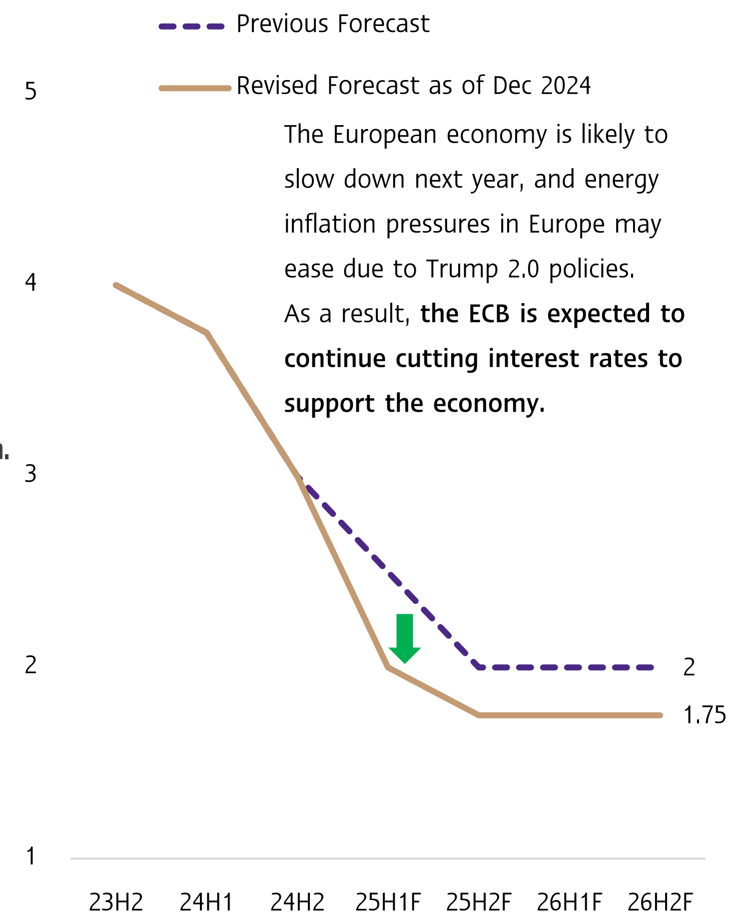
Forecasted Eurozone Economic Growth Rate in 2025.



Impact of Trump 2.0 Policies on the Eurozone in the Medium Term.



Forecasted Eurozone Policy Interest Rate



Mitigation Strategies for the Impact of Trump 2.0 Policies:

- **The EU is likely to initiate negotiations with Trump immediately,** potentially offering to increase purchases of fuel or weapons from the U.S. as an alternative to tariff hikes.

- **The EU will impose retaliatory tariffs at equivalent rates** and has announced that it has already prepared a list of U.S. products to target with tariffs.
- **The EU is likely to increase tariffs on Chinese imports** to prevent an excessive influx of Chinese goods into the EU market following Trump's tariff hikes on Chinese imports.

- **Economic reform and enhancing competitiveness** are key to developing Europe's economy.
- **Integrating innovation into business practices,** as Europe has strong innovation capabilities but lacks effective commercialization of innovations.
- **Green policies** to create affordable energy for Europe in the long term.
- **Building resilience and reducing reliance on critical raw materials from foreign sources.**

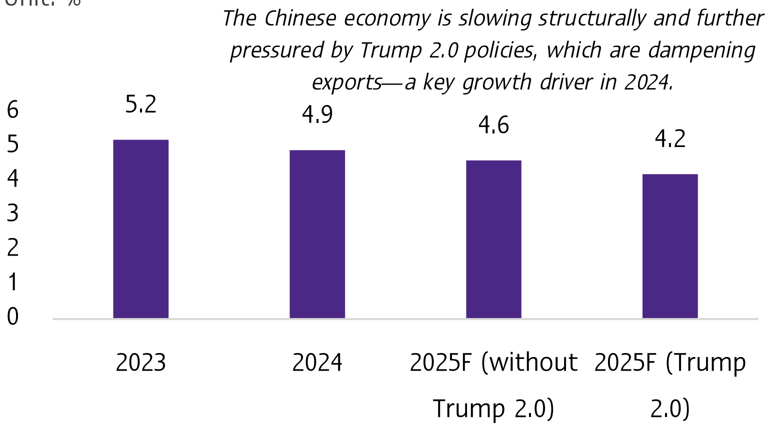
Source: SCB EIC analysis based on data from IMF, CEIC, Bloomberg, and the European Commission.

SCB EIC

The Chinese economy is expected to slow its growth in 2025 due to the impact of U.S. import tariffs on exports and investments. However, China plans to introduce economic stimulus measures focused on boosting domestic consumption to help mitigate these effects.

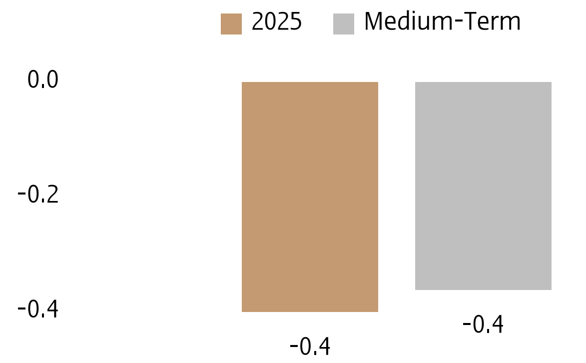
Forecasted Economic Growth Rate for China in 2025

Unit: %



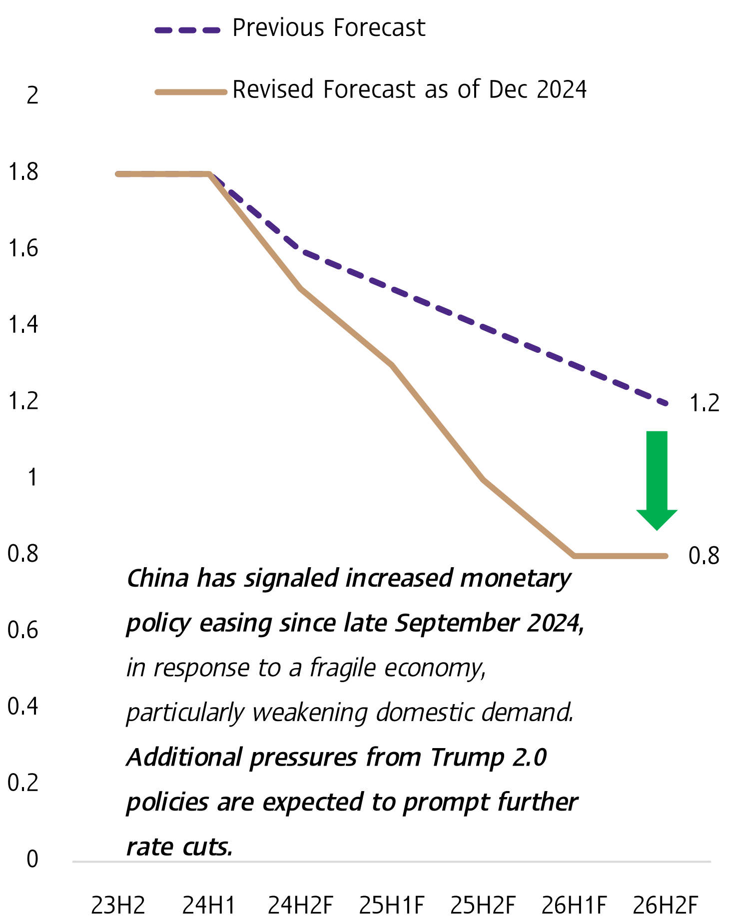
Impact of Trump 2.0 Policies on China in the Medium Term

Unit: % deviation from the scenario without Trump 2.0 policies.



Forecasted Policy Interest Rate for China (7-day Reverse Repo)

Unit: % per annum



Mitigation Strategies for the Impact of Trump 2.0

1. Implement increased economic stimulus measures in 2025, focusing on boosting consumption, as communicated by the government:

- Adopt a proactive fiscal policy.
- Shift monetary policy stance from prudent to moderately loose.
- Utilize "unconventional counter-cyclical policy adjustments," which may prioritize stimulating consumption (previously focused on investment).
- Prioritize consumption stimulation as the top objective for 2025 (previously ranked second in 2024).

2. Increase quotas for issuing central and local government bonds and set higher fiscal deficit targets to support initiatives such as goods trade-in programs, local government debt deleveraging, real estate destocking, and strengthening the social safety net.

3. Further reduce policy interest rates and the required reserve ratio.

The scale of these measures will be larger than in 2024 but not as significant as during 2008–2009, 2015–2016, or 2020. Details are expected to become clearer in Q1 2025 during the Two Sessions meeting.

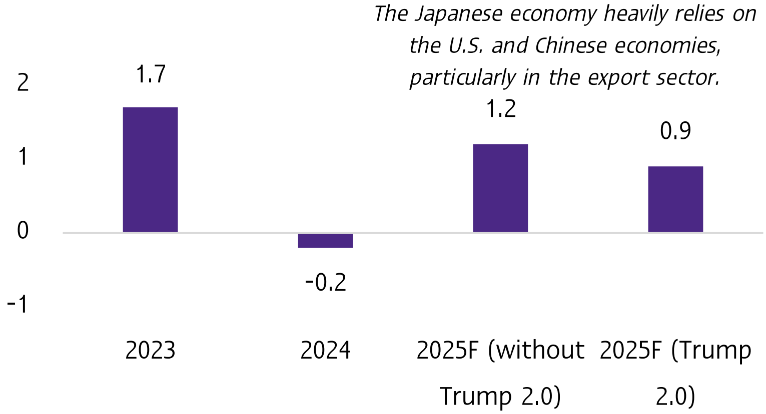
The effectiveness of the measures will depend on the economic stimulus approach. Stimulating demand is expected to yield greater positive results compared to supply-side measures.

Source: SCB EIC analysis based on data from IMF, CEIC, Bloomberg, Goldman Sachs, and various international news agencies.

The Japanese economy is expected to grow slightly higher in 2025, driven by economic stimulus measures and rising wages, which support continued recovery in consumption. However, Trump 2.0 policies are likely to impact external demand, putting pressure on the export sector.

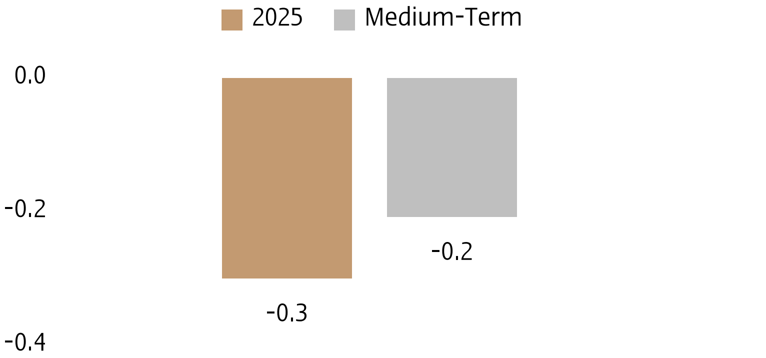
Forecasted Economic Growth Rate for Japan in 2025

Unit: %



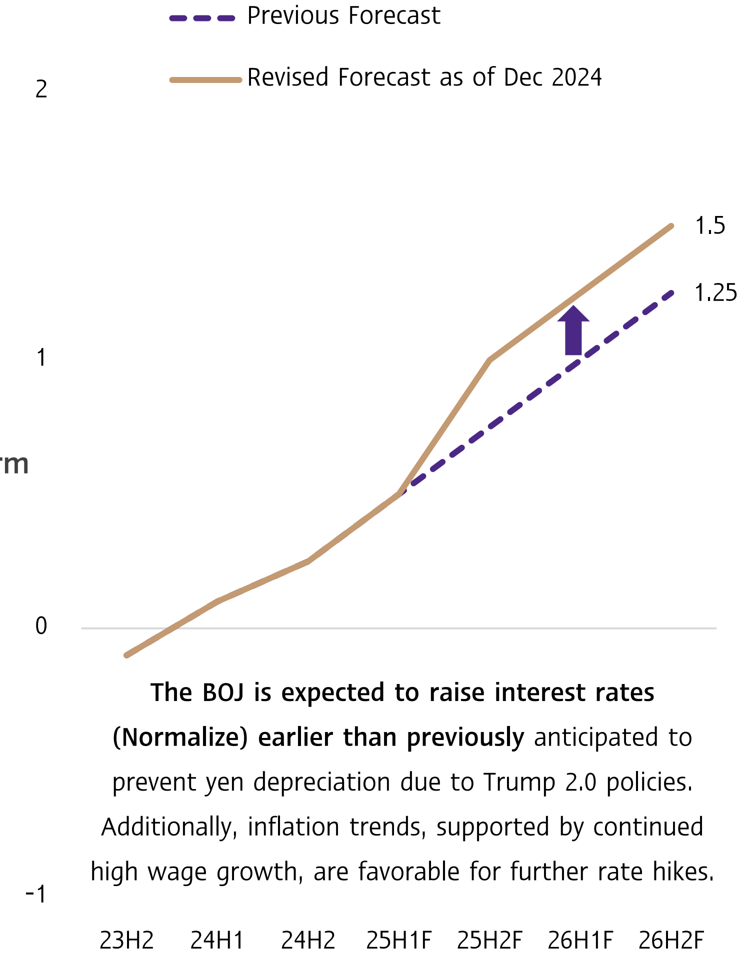
Impact of Trump 2.0 Policies on Japan in the Medium Term

Unit: % deviation from the scenario without Trump 2.0 policies.



Forecasted Policy Interest Rate for Japan

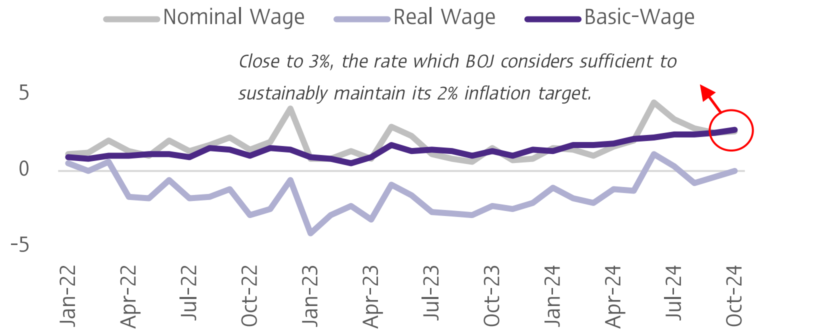
Unit: % per annum



The BOJ is expected to raise interest rates (Normalize) earlier than previously anticipated to prevent yen depreciation due to Trump 2.0 policies. Additionally, inflation trends, supported by continued high wage growth, are favorable for further rate hikes.

Japanese wages continue to grow steadily, reaching their highest level in 32 years.

Unit: % YOY



Mitigation Strategies for the Impact of Trump 2.0

SCB EIC assesses that the negative impact of Trump 2.0 policies on Japan's economy will be limited, due to the following factors:

- **The Japanese government has approved a large-scale economic stimulus package worth over 39 trillion yen,** including measures such as wage hikes, extended energy subsidies, cash handouts for low-income households, and an increase in the minimum income threshold for income tax.
- **Wages continue to rise,** supporting consumption, driven by a tight labor market and businesses' improved ability to pass on costs to consumer prices.
- **Private sector capital expenditures (CAPEX)** are expected to grow, particularly in investments aimed at addressing labor shortages.

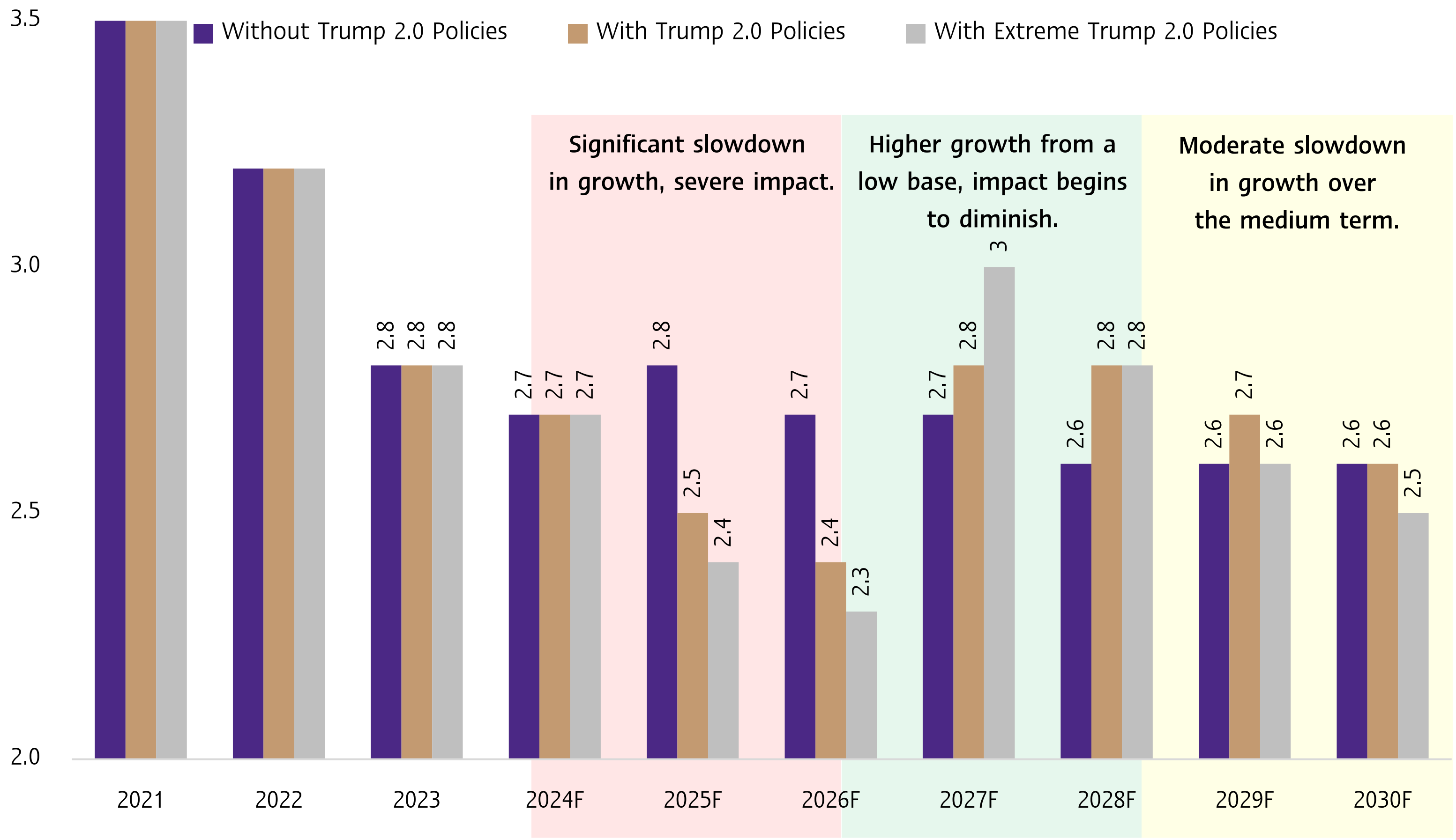
These factors will help bolster domestic demand and partially offset the impact of a global demand slowdown.

Source: SCB EIC analysis based on data from IMF, CEIC, Bloomberg, the Ministry of Health, Labour and Welfare of Japan, and various international news agencies.

Nonetheless, the global economic outlook in the medium term is expected to grow at a slower pace than previously forecast, with the extent of the impact depending on the uncertainties surrounding the Trump 2.0 policy package.

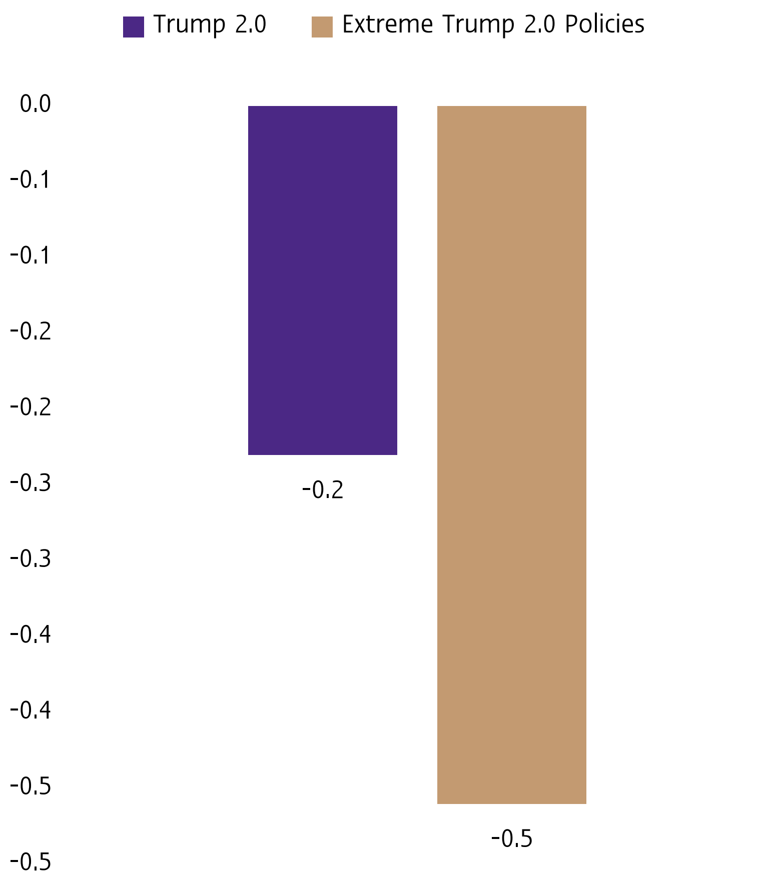
Forecasted Global Economic Growth in the Medium Term

Unit: %



Impact of Trump 2.0 Policies on the Global Economy in the Medium Term

Unit: % deviation from the scenario without Trump 2.0 policies.



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

Governments worldwide must prepare to address the impacts of Trump 2.0 policies, but domestic and international political issues pose risks to the effectiveness of these responses, particularly in Germany, France, and South Korea.

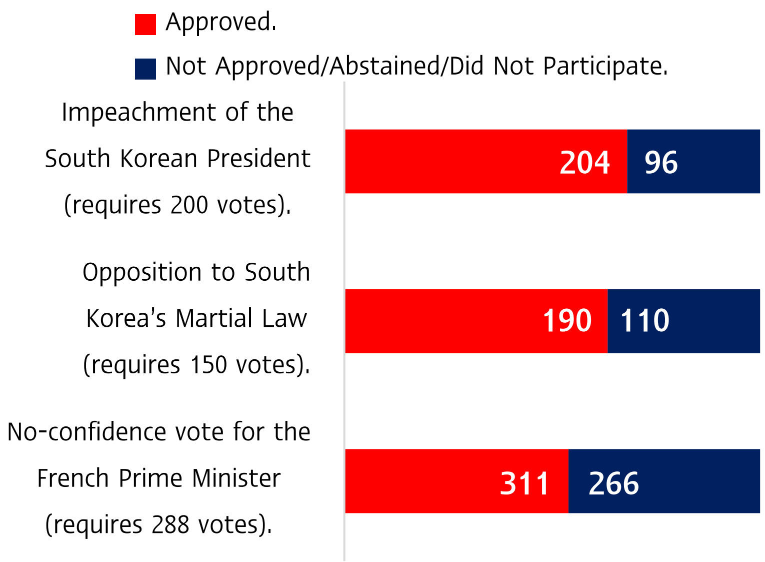
The Israel-Hamas conflict has intensified and risks further escalation.

- The Middle East war has lasted over a year.
- **The situation in Q4 has worsened significantly,** with Israel launching attacks on Palestine, Lebanon, and Syria, alongside retaliatory missile strikes from Iran.
- **A leadership change in Syria** has added further uncertainty.
- **Trump has shown increased support for Israel,** particularly through budget approvals in Congress, raising the likelihood of a prolonged Middle East conflict.

The Russia-Ukraine war has lasted nearly two years.

- **Trump previously announced plans to end the war quickly after taking office** but did not specify how. His approach might include reducing financial support to Ukraine and negotiating territorial concessions by Ukraine.
- **Recently, the U.S. has allowed Ukraine to use U.S.-supplied weapons** for strikes deep into Russian territory (previously restricted to self-defense). This development increases the likelihood of the war continuing further.

Domestic politics in several countries have weakened.



- **Internal political issues** may hinder many countries from effectively addressing Trump 2.0 policies.
- **The French Prime Minister was ousted** after lawmakers passed a no-confidence vote against the government, reflecting strong opposition political power.
- **German politics have reached a crisis level** following a major rift within the ruling coalition.
- **The South Korean President resigned** after the South Korean parliament voted for impeachment following the declaration of martial law on December 3 (despite the parliament opposing the law).

Source: SCB EIC analysis based on data from Thai PBS, BBC, Reuters, The Guardian, and Wikipedia Creative Commons License (Images of Iran's missile strike on Israel in 2024 and ATACMS in 2006).

Thai Economy

Trump 2.0 will be a significant pressure on the Thai economy in 2025, particularly in the second half of the year.

Thai economy in 2025 is projected to soften by 2.4%, impacted by Trump 2.0, particularly in the second half of the year. Meanwhile, fiscal stimulus measures would be gradually introduced throughout the year.

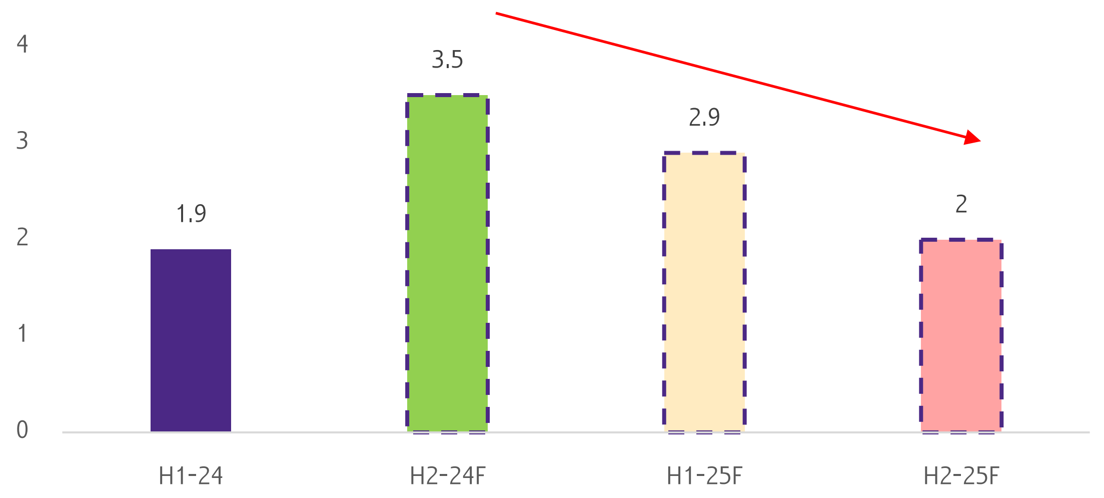
Thai Economic Outlook by SCB EIC

Base Case Thai Economic Projections	Unit	2024F		2025F	
		As of Sep 2024	As of Dec 2024	As of Sep 2024	As of Dec 2024
GDP	%YOY	2.5	2.7	2.6	2.4
Private Consumption	%YOY	3.7	5.0	2.4	2.1
Government Consumption	%YOY	1.4	1.8	3.7	3.7
Private Investment	%YOY	-0.4	-1.2	3.8	3.4
Government Investment	%YOY	-0.5	1.5	4.2	5.0
Export Value of Goods (USD, BOP)	%YOY	2.6	3.9	2.8	2.0
Import Value of Goods (USD, BOP)	%YOY	3.1	5.4	3.6	3.4
Number of International Tourists	Million people	36.2	36.2	39.4	38.8
Headline Inflation Rate	%YOY	0.6	0.4	1.0	1.0
Core Inflation Rate	%YOY	0.5	0.6	0.9	0.9
Brent Crude Oil Price	USD/Bbl.	83.1	80.6	79.2	73.4
Policy Interest Rate (End of Year)	%	2.25	2.25	2.0	2.0
Current Account Balance	% of GDP	1.8	2.0	2.0	2.0
Average Exchange Rate (THB/USD)	THB/USD	35.2	35.5	33.4	34.8

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

Thai economic outlook (half year) by SCB EIC

Unit: %YOY



Q4/24 : The Thai economy is expected to grow robustly at around 4%, driven by continued momentum in exports and government spending from Q3, as well as strong year-end tourism. This should result in solid growth in H2, bringing full-year growth to approximately 2.7%.

H1/25 : The Thai economy will maintain momentum from the export sector (growing nearly 3%) as many countries may accelerate imports ahead of new trade protection measures taking effect. Continued budget disbursement and a recovery in private investment will also support growth.

H2/25 : The Thai economy will face pressure from a new wave of trade wars (expanding by only 2%) as Trump 2.0 trade protection measures come into effect. This will lead to a slowdown in Thai exports, exacerbating the struggles of the manufacturing sector, which has yet to recover.

Thailand's monthly economic indicators reflect momentum from the service sector, driven by the recovery of tourism and the continuous improvement in exports in recent months. These factors have contributed to slight improvements in export-linked manufacturing and domestic demand.

Lagging indicator		Unit	2022	2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Coincident economic index (CEI)		2019=100, SA	97.8	99.6	98.9	99.5	99.8	100.3	100.6	99.7	101.0	101.6	100.5	101.8	102.1	101.0	103.0	102.2	101.8	103.1	
Consumption	Private consumption index	2010=100, SA	142.1	151.7	152.6	152.6	153.6	153.1	152.2	150.9	151.9	151.8	151.4	154.1	154.3	152.9	152.8	153.0	151.4	152.7	
	Unemployment compensation	% insured person	2.1%	1.9%	2.1%	2.1%	1.9%	1.9%	1.9%	1.7%	1.8%	1.7%	1.8%	1.9%	1.9%	1.9%	1.9%	1.9%			
	Unemployment rate	% labor force	1.3%	1.0%		0.99%			0.81%			1.00%			1.07%						
Investment	Private investment index	2010=100, SA	142.1	140.1	143.0	141.3	138.6	137.2	140.8	132.9	140.7	144.3	141.1	144.0	141.4	138.3	149.9	143.7	144.0	150.4	
Export (Custom basis)	Exports ex. Gold	%YoY	4.6%	-0.4%	-4.5%	4.4%	1.6%	7.6%	5.5%	2.9%	8.5%	1.2%	-7.1%	9.5%	5.6%	-1.7%	11.0%	6.2%	1.7%	9.0%	
		%MoM, SA	4.6%	-0.4%	-1.6%	2.6%	1.0%	-1.0%	-0.2%	0.2%	-0.7%	-0.9%	0.5%	3.7%	-1.1%	-0.2%	2.4%	3.2%	-2.6%	1.2%	
Agriculture	Agriculture production index	2005=100, SA	144.1	147.3	144.8	147.1	148.2	150.4	145.4	142.8	144.3	143.2	140.0	148.0	146.3	142.1	144.4	147.1	144.9	146.3	
Manufacturing	PMI : Manufacturing	50 = Stable	52.3	51.8	50.7	48.9	47.8	47.5	47.6	45.1	46.7	45.3	49.1	48.6	50.3	51.7	52.8	52.0	50.4	50.0	50.2
	Manufacturing production index	2016=100, SA	101.4	97.7	98.2	98.3	98.1	96.3	95.6	94.0	95.9	97.3	94.9	97.6	97.1	96.8	99.2	96.4	95.2	96.1	
	Capacity utilization rate	%, SA	63.6	59.6	59.8	59.2	58.7	58.1	58.3	57.0	57.8	58.4	57.2	59.9	58.8	58.6	60.2	59.1	58.1	58.7	
Service	Service production index	2016=100, SA	111.2	120.6	122.2	121.3	121.1	121.8	121.0	121.6	123.0	124.7	123.6	125.5	126.0	125.5	129.3	128.2	128.8	130.2	
	Foreign tourist arrivals	thousands	11093.3	28099.3	2490.6	2468.0	2130.6	2197.0	2637.1	3261.3	3035.3	3352.3	2982.7	2757.1	2633.5	2740.4	3103.4	2963.1	2521.0	2679.2	
	Hotel occupancy rate	%	47.2	69.2	66.7	67.5	64.3	66.1	71.7	82.8	77.4	76.7	71.7	73.5	68.8	67.5	69.8	69.2	66.8	69.1	

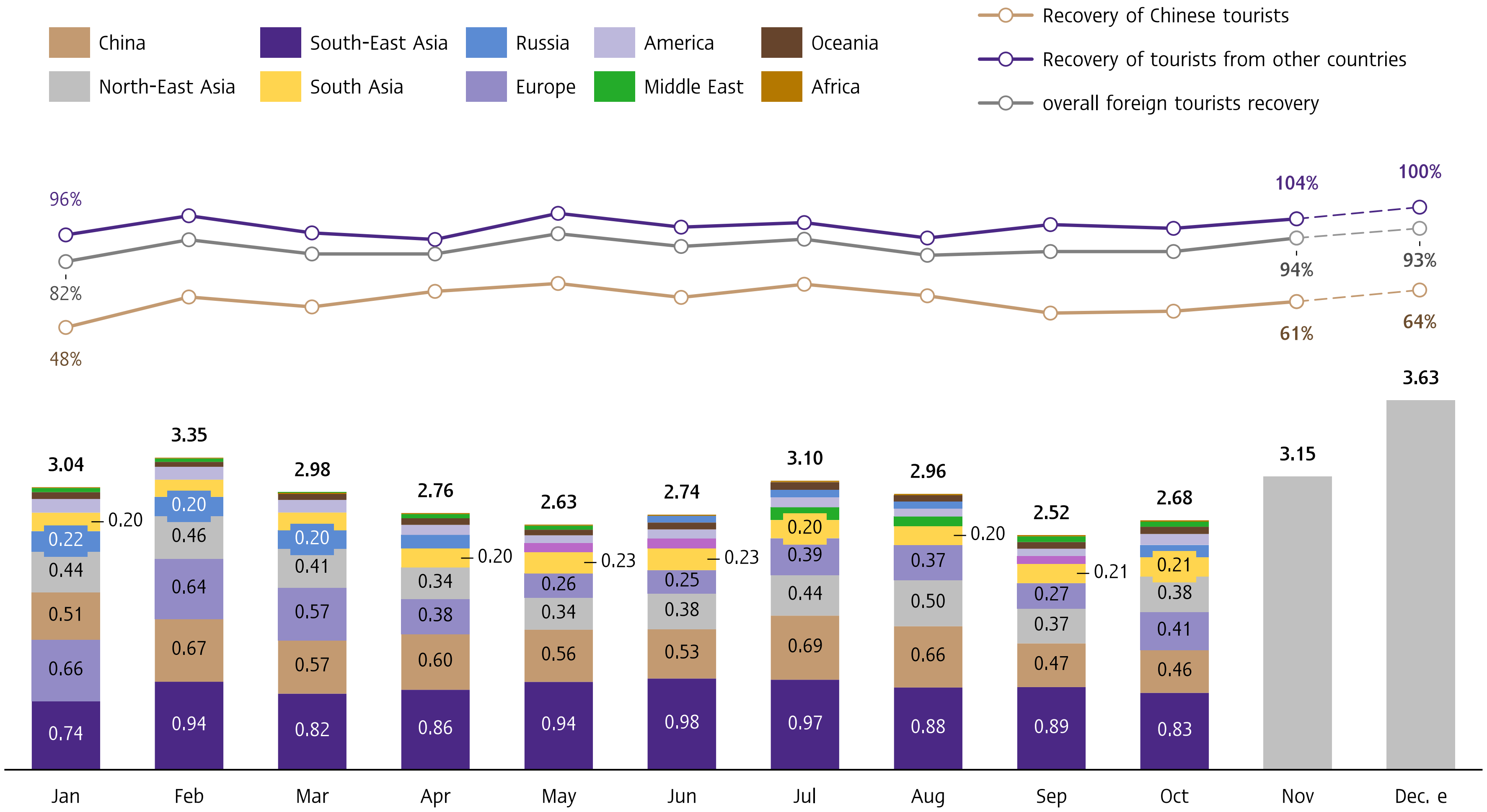
Source: SCB EIC analysis based on data from the Bank of Thailand, Ministry of Commerce, Federation of Thai Industries, Customs Departments of China and South Korea, Board of Investment of Thailand, S&P Global, and CEIC.

In 2024 Thailand welcomed over 35.5 million foreign tourists, generating 1.67 trillion baht in revenue.

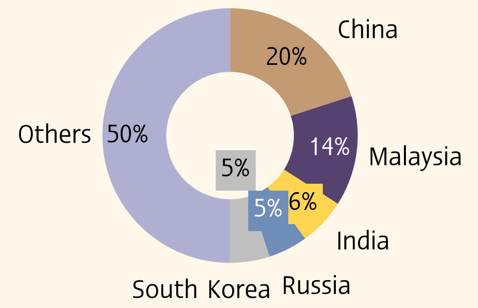
Chinese and Malaysian are the two top sources of visitors.

Number of international tourists visiting Thailand in 2024

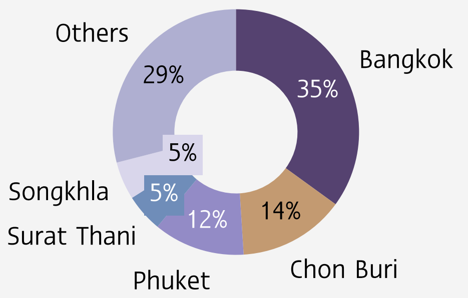
Unit: Million persons, % compared to 2019



The top five nationalities of foreign tourists account for approximately 50% of total foreign tourists visiting Thailand.



The 5 most-visited provinces by foreign tourists.



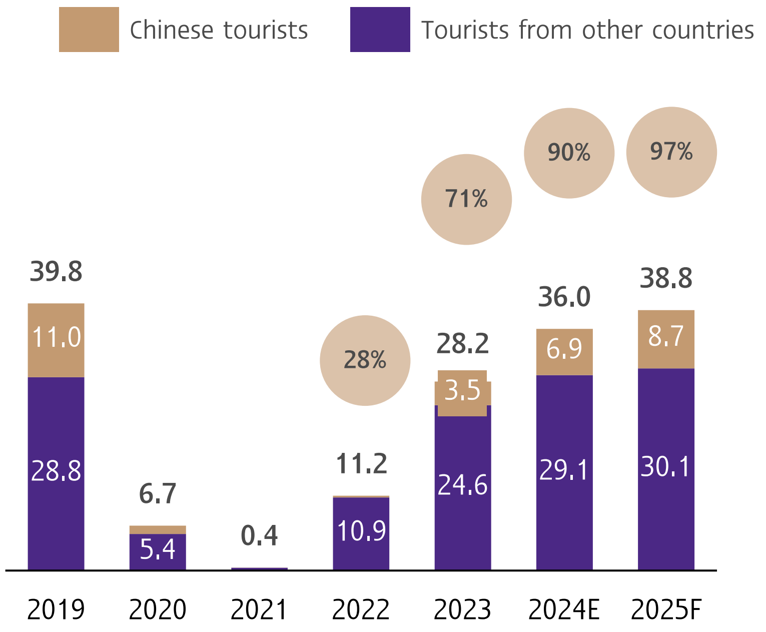
Note: The number of international tourists in December is estimated based on preliminary data from the Economics Tourism and Sports Division.

Source: SCB EIC analysis based on data from the Ministry of Tourism and Sports. (Updated as of January 9, 2025)

In 2025 the total number of foreign arrivals is projected to reach 38.8 million. Primary target will be Chinese tourists with a shift in travel patterns and high-potential group such as Middle East.

Forecast for foreign tourists traveling to Thailand in 2025

Unit: Million persons, % compared to 2019



SCB EIC has slightly revised the forecast for international tourists in 2025 to 38.8 million, reflecting signs of a global economic slowdown in late 2024.

- The Chinese economy is expected to grow at a slower pace over the next 1-2 years.
- The European economy shows continued signs of stagnation.

Main target groups visiting Thailand in 2025

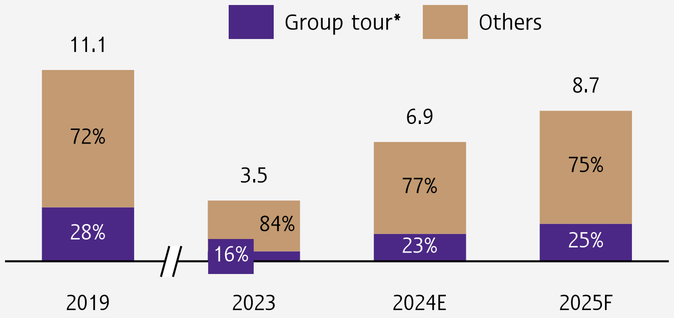
Unit: million persons

Existing target groups with changing behaviors

VS

New target groups with high growth potential

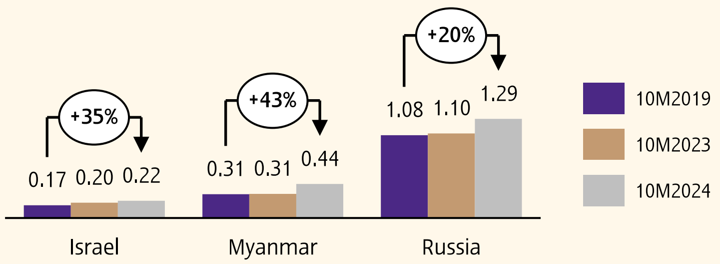
Chinese tourists: FIT and small tour groups



A survey of Chinese tour operators by Dragon Trail reveals the following changes in Chinese outbound travel behavior:

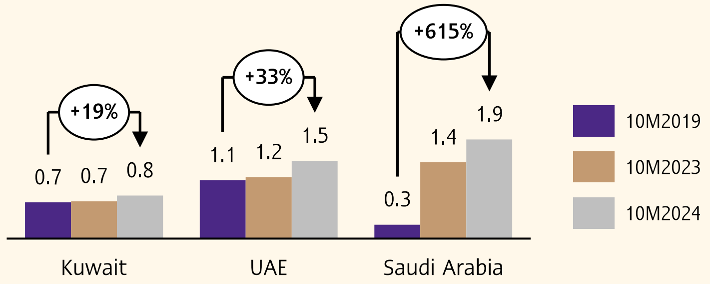
- Preference for tour groups with fewer than 20 members
- Interest in tailor-made tour programs
- Traveling with family
- Focus on nature, beaches, and islands
- High price sensitivity

Groups affected by war (Unit: Million persons)



Middle Eastern groups

(Unit: Hundred thousand persons)

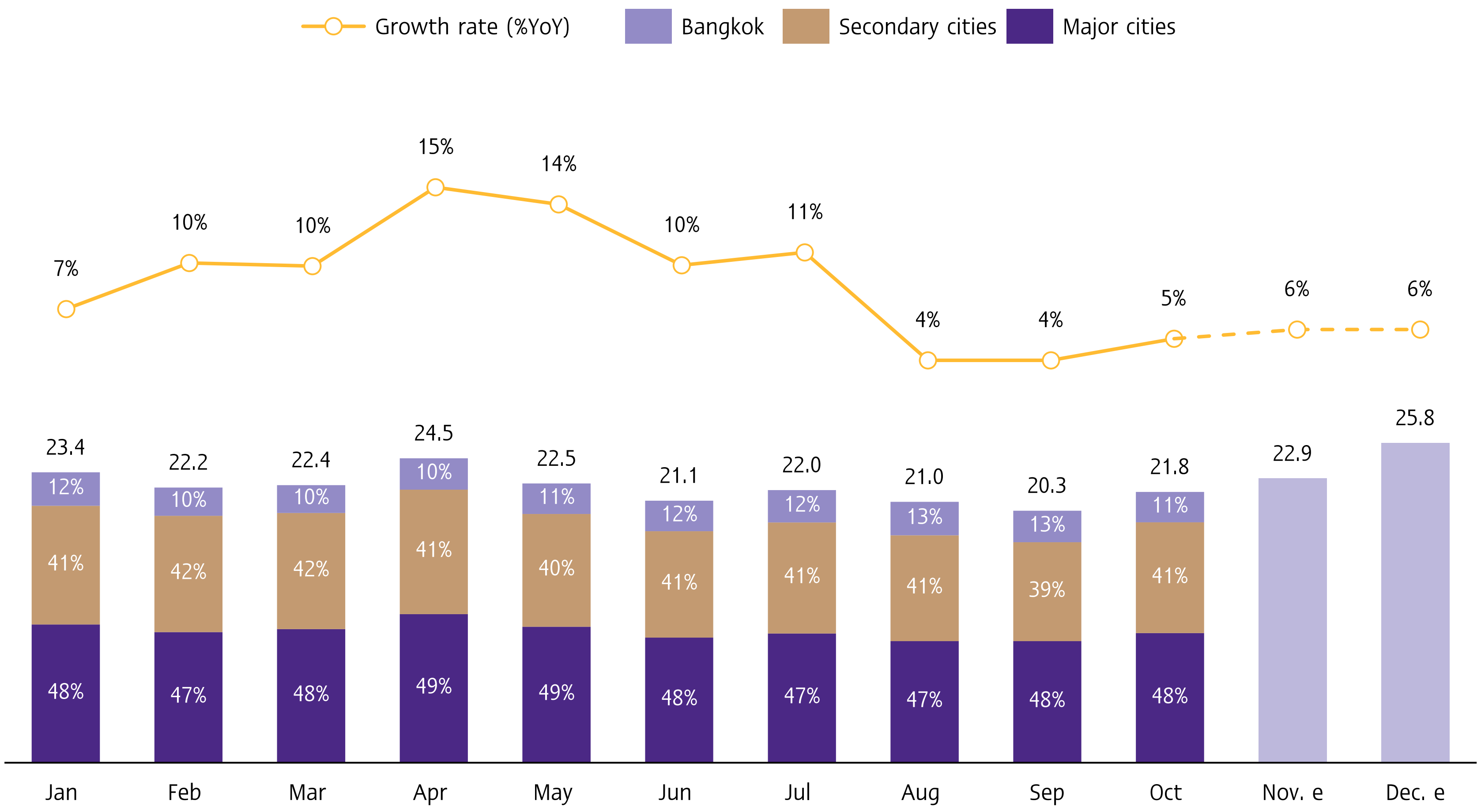


Note: *The proportion of Chinese tour groups is based on data from the Thai Travel Agents Association (ATTA).
Source: SCB EIC analysis based on data from the Ministry of Tourism and Sports, Dragon Trail Research, Goldman Sachs, and various news agencies.

Domestic tourism continues to growth in 2024 particularly in secondary cities, **supported by the government's measures.**

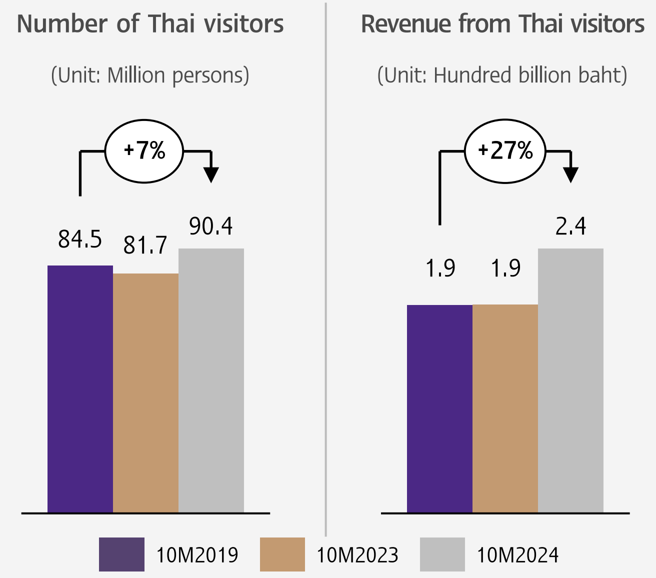
Number of Thai visitors in 2024

Unit: Million persons, %YoY



Secondary cities see a rise in travel interest among Thai travelers in 2024 driven by government stimulus measures introduced throughout the year, with a strong emphasis on promoting travel to secondary cities.

- Tax Deductions for Secondary City Travel 2024 (May - November)
- Co-payment scheme in northern provinces (November-December)



Note: Visitor numbers to Thailand in November and December are estimated based on preliminary data from the Economics Tourism and Sports Division.

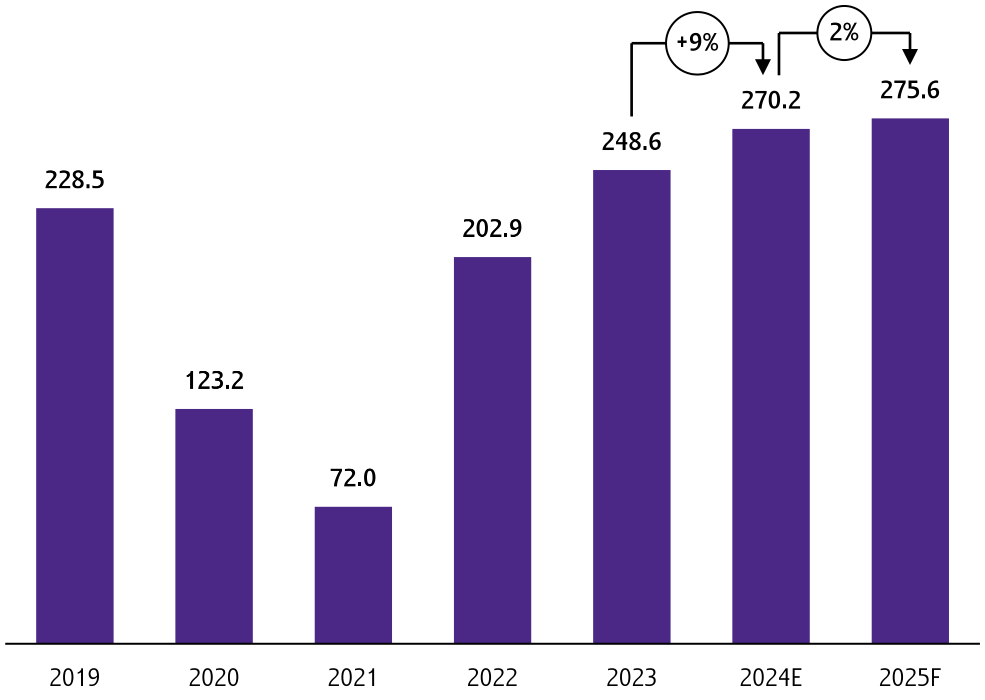
Source: SCB EIC analysis based on data from the Ministry of Tourism and Sports.

SCB EIC

In 2025, domestic travel is expected to grow modestly by 2%YoY, but the economic pressure may impact future travel plan.

Thai visitors in 2025 are projected to continue growing.

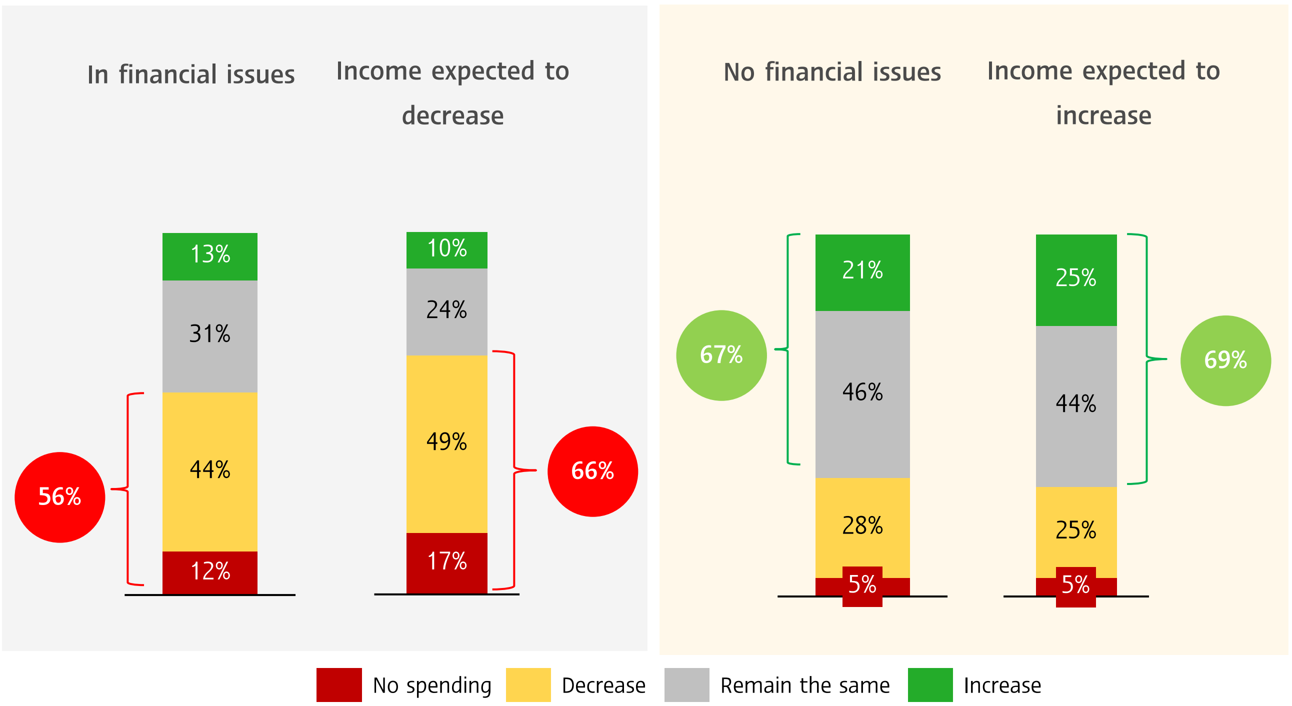
Unit: Million persons



People in financial difficulty VS People in healthy financial situation

How do you think your domestic travel expenditure will change in next year?

(Unit: % of respondents in each group)



Note: Data from consumer survey collected from August 14-22, 2024.

Source: SCB EIC analysis based on data from the Ministry of Tourism and Sports. (Updated as of January 9, 2025)

Although Thai exports have continued to grow well this year, in 2025, export growth is expected to slow to 2% due to negative risk factors, particularly the global economic slowdown driven by Trump 2.0 policies.

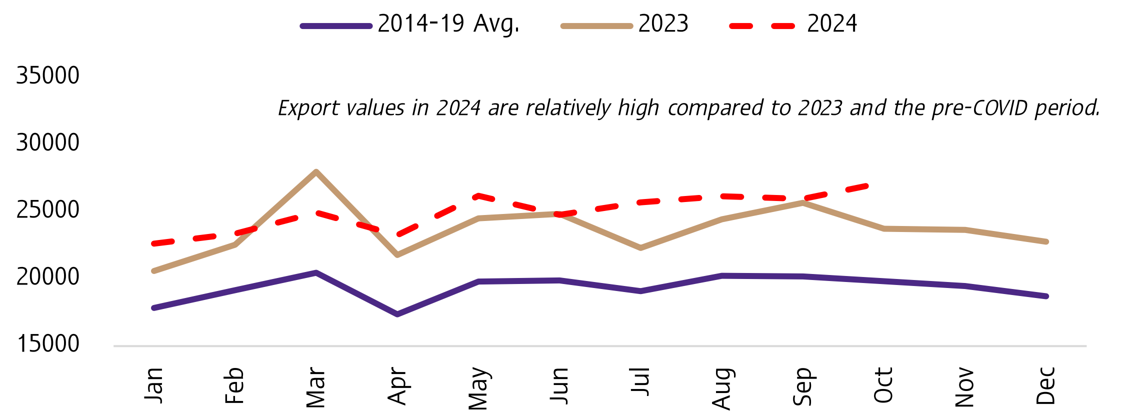
Export Value of Thai Goods by Product Group

Unit: % YOY (Proportion in 2023)

Categories	2024Q2	2024Q3	Sep-24	Oct-24	YTD
Total Exports (100%)	4.3%	7.5%	1.1%	14.6%	4.9%
Excluding Gold (97.9%)	4.2%	6.1%	1.7%	9.0%	4.1%
1. Agriculture (9.4%)	8.3%	7.0%	0.2%	6.8%	7.4%
2. Agro-Industrial Products (7.9%)	2.4%	13.2%	7.8%	7.6%	3.4%
3. Industrial Products (78.6%)	4.3%	7.3%	2.0%	18.6%	5.2%
Electrical Appliances (10.1%)	-3.4%	7.2%	7.3%	15.5%	0.9%
Automobiles and Parts (11.3%)	8.4%	-7.4%	-9.8%	-16.8%	-4.3%
Computers and Components (6.3%)	38.7%	54.8%	25.5%	77.5%	37.1%
Rubber Products (4.6%)	-5.3%	14.8%	15.7%	27.2%	4.4%
Electronic Circuits (3.4%)	-14.5%	-15.8%	1.2%	1.9%	-12.5%
Machinery (3.1%)	23.0%	13.9%	8.7%	43.0%	15.9%
Chemicals and Plastics (7.4%)	-1.3%	8.3%	0.4%	12.0%	1.7%
Textiles (2.1%)	-1.2%	4.7%	-3.0%	4.7%	1.8%
4. Mineral and Fuel Products (4.1%)	-1.9%	1.8%	-24.6%	-22.2%	-3.5%
Refined Oil (3.6%)	-6.4%	-1.9%	-29.8%	-21.4%	-6.2%

Thai Monthly Export Value by Year and Pre-COVID Average

Unit: Million USD



SCB EIC forecasts Thai export value growth in 2025 to slow to 2.0% (from the previous forecast of 2.8%) due to heightened uncertainties and negative risk factors, particularly:

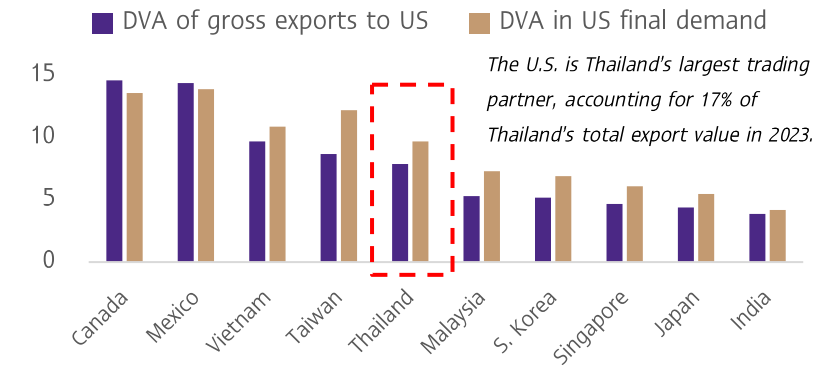
1. **The global economy in 2025 will face challenges from Trump 2.0 policies,** leading to slower growth and a likely decline in global trade.
2. **Thailand faces a high risk from Trump 2.0 trade policies because:** (1) Thailand ranks 12th globally in trade surplus with the U.S. (2) Thailand meets 3 out of 5 criteria for "Unfair Trade" based on a study by Global Trade Alert (Nov 2024). (3) Thailand ranks 2nd globally and 1st in Asia in the Trump Risk Index, as a study by ITIF (Dec 2024).
3. **The high base effect in 2024,** as export growth may exceed the 3.9% initially estimated.

Source: SCB EIC analysis based on data from the Bank of Thailand, Ministry of Commerce, Federation of Thai Industries, Customs Departments of China and South Korea, Board of Investment of Thailand, S&P Global, and CEIC.

Thailand faces a high risk of U.S. import tariff hikes under Trump 2.0, which could significantly impact Thai exports due to the country's heavy reliance on the U.S. market. Additionally, the issue of China's overcapacity puts further pressure on Thailand's competitiveness both domestically and internationally.

Value Addition from Thai Exports to the U.S. (Q4/23–Q3/24)

Unit: % of GDP (Domestic Value Added* of Economy to GDP)



Note: *DVA = gross output at basic prices minus intermediate consumption at purchasers' prices

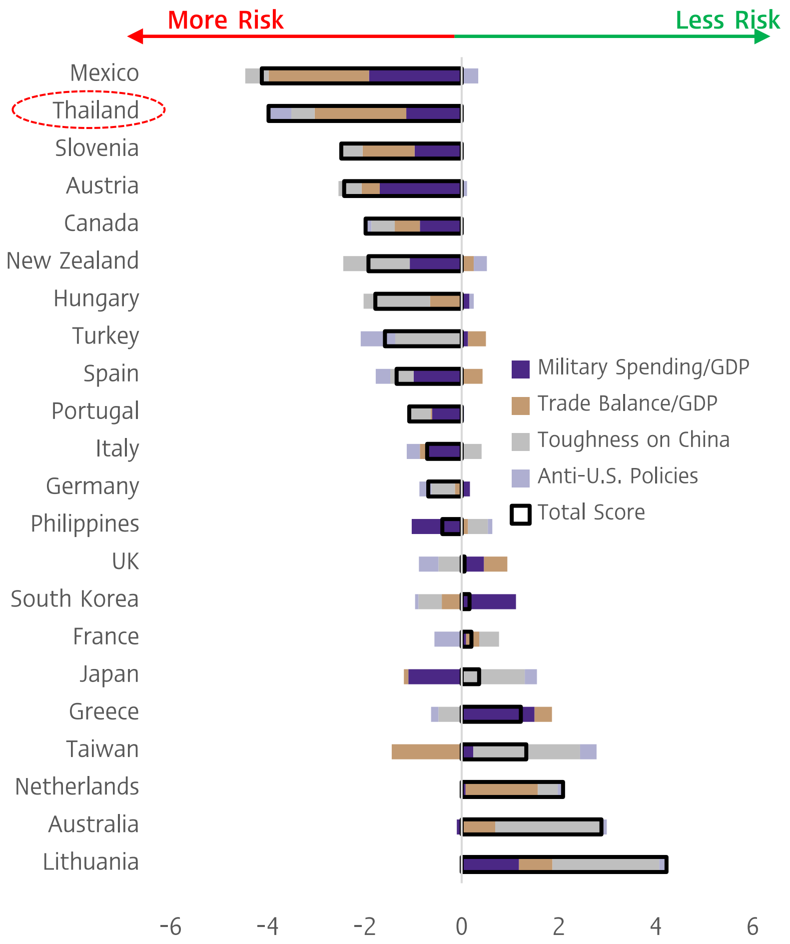
Value of Imports from China as a Share of Total Imports by Country

Unit: Index (2018=100)

Economies	2019	2020	2021	2022	2023
Cambodia	105.9	104.2	95.6	98.8	125.2
Vietnam	107.8	116.5	120.1	118.6	122.9
Thailand	106.0	120.1	123.7	116.4	121.6
Philippines	116.3	117.7	115.6	104.1	117.9
Indonesia	108.7	116.0	119.0	118.2	117.5
Lao PDR	132.1	117.7	117.0	117.0	117.0
Malaysia	103.8	107.9	116.4	107.0	107.1
Myanmar	107.7	113.0	91.3	99.8	96.3

Trump Risk Index for U.S. Ally Countries

Unit: Index (by ITIF, Dec 2024)



Countries Meeting Criteria for Unfair Trade with the U.S.: Thailand may meet 3 out of 5 criteria.

By Global Trade Alert (Nov 2024)

Five Criteria for Assessing Unfair Trade Practices with the U.S. Under Trump 1.0 Administration

Bilateral Trade Surplus: Surplus with the U.S. exceeding USD 10 billion.

Significant Gain in Competitiveness from Exchange Rate: Advantage of more than 5% in exchange rate costs relative to USD since 2019.

Threat to U.S. Bilateral Exports in Home Market: Policies supporting domestic companies to compete with imports, affecting U.S. export value by over USD 10 billion.

Subject to Significant Scrutiny During First Trump Administration: Identified in trade barrier assessment reports with over 6 pages detailing trade barriers.

Import Tariff Far in Excess of Comparable U.S. Level: Average MFN tariffs applied to all goods exceed U.S. rates by more than 5%.

This research indicates that **Thailand is one of 14 countries classified as engaging in unfair trade with the U.S.**, as it meets 3 out of the 5 assessment criteria previously used during the Trump 1.0 administration.

Source: SCB EIC analysis based on data from Tratemaps, Haver Analytics, Goldman Sachs, Global Trade Alert (Nov 2024) "Attracting the Ire of the Next US Administration: A Red Flag Analysis based on Recent Policy & Market Outcomes" and Information Technology and Innovation Foundation (Dec 2024) "Which US Allies Are Most Likely to Face Trump Tariffs—and How Can They Avoid the Wrath of an 'America First' Doctrine?"

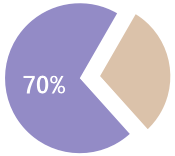
Major Thai export products at risk of facing tariffs under Trump 2.0 include electronics, automobiles and parts, machinery, and computers.

Assessment of Risk Levels from Trump 2.0 Trade Policies on Key Thai Export Products by SCB EIC

Top Thai export products to US		% TH export to US in 2023	Risk assessment: "Losing competitiveness" %∆ in TH market share (2023 vs 2018)	Risk assessment: "US internalization" % diff of US import vs domestic production growth* (Avg 2018 - 23)	Risk assessment: "US global tariffs" Rank of US trade deficit to global in 2023**
Total		79%	0.5	5.8	
EE	Electronic equipment	17%	2.3	2.8	1
EE	Communication equipment	10%	2.3	-8.0	1
EE	Semiconductor	7%	12.5	21.0	1
Machinery	Machinery & Computer	18%	0.8	4.6	3
Machinery	HH appliance	1%	4.1	24.1	3
Machinery	Air condition	2%	7.2	56.5	3
Tires		7%	2.7	10.0	13***
Auto	Car	3%	0.2	5.0	2
Auto	Auto parts	2%	0.6	5.0	2
Iron & Steel		3%	0.8	5.3	10
Food	Preparations of meat	2%	-2.2	2.6	36
Food	Veg & Fruit	1%	-0.7	8.9	29
Furniture		2%	1.1	3.2	5
Clothing		1%	-0.3	2.0	7

Risks from Trump 2.0 Policies on Export Businesses to Watch

Direct impacts from US

1) 

Thailand faces significant risks from tariff impositions, **ranking 12th among 99 countries with the largest U.S. trade deficits in 2023.**

Over 70% of Thailand's key export products fall into categories targeted by the U.S. for reducing trade deficits and promoting local supply chains, such as electronics, automobiles and parts, machinery, and computers.

2) The risk from U.S. self-reliance policies will have a limited impact on demand for Thai products, as U.S. industries are unlikely to grow quickly enough to meet domestic demand, necessitating continued reliance on imports.

Indirect impacts from China

3) Demand for intermediate goods exported from Thailand to China may slow down, particularly for final products that China exports to the U.S. market, such as computers and parts, ICs, PCBs, and rubberwood.

4) In the scenario where China relocates production to Thailand to avoid tariffs, the U.S. may implement various trade barriers, such as scrutinizing product origins, increasing requirements for local content in components/raw materials, and considering the nationality of companies. For example, the U.S. imposed anti-dumping tariffs on solar panels imported from four ASEAN countries that were produced by Chinese companies.

Notes: (*) A positive difference indicates that imports have grown faster than domestic production or contracted less than domestic production. A negative difference indicates that imports have grown slower than domestic production or contracted more than domestic production. (**) Risk levels are assessed based on the rank of U.S. trade deficits across 97 product categories. The U.S. had trade deficits in 75 product categories, with electronics accounting for the largest deficit. High-risk products (red or dark orange) are the top 8 product categories where the U.S. had the largest deficits in 2023 (10th percentile). (***) Products requiring special attention include those accused of dumping by the U.S. in 2023, particularly truck and bus tires.

Source: SCB EIC analysis based on data from Trade Map and CEIC.

The return of Trump is expected to negatively impact Thai businesses due to a slowdown in global trade, an influx of Chinese goods, and the effects of U.S. energy policies that do not support energy transition. However, potential positive impacts from the relocation of production bases from China to Thailand should also be monitored.

Impacts by channel

Negative
- High
- Moderate
- Low

Positive

Negative ↕ Positive

	Overall impacts from Trump's win	Impacted industries
China supply chain	➢ Demand for intermediate goods exported from Thailand to China for manufacturing into final products may slow down, particularly for final products exported to the U.S. market.	PCB, Computer parts, HDD, IC, Semiconductor, Rubber wood
China's economic slowdown/ Chinese product influx	➢ The slowdown in the Chinese economy will affect demand for Thai imports, including other service sectors. ➢ Overcapacity issues in China will intensify, leading to an increased flow of Chinese goods into Thailand. ✓ Certain industries may benefit from cheaper raw materials imported from China, positively impacting production costs.	Steel producer, Petrochemical & plastic products, Automotive, Home appliances, Food & beverages, Hotel & tourism, Logistics, Wholesale & retail trade, Residential RE & Construction
US demand/ investment slowdown	➢ The "America First" policy is likely to reduce U.S. reliance on imports, particularly through measures like a universal tariff. ➢ Increased U.S. import tariffs on other countries will impact demand for Thai goods. ✓ Higher U.S. import tariffs on China compared to other countries could lead to an increase in U.S. imports from Thailand.	Auto parts, Solar PV, Seafood, E&E, Rubber glove, Animal feed
Energy policy & collapse of commodity prices	➢ Risks in the Middle East may escalate, leading to greater volatility in oil prices. ❑ Oil supply is expected to increase due to the issuance of additional drilling licenses to enhance energy security. ❑ Energy transition could be delayed due to potential rollback of clean energy support policies and the possibility of the U.S. withdrawing from the Paris Agreement.	Oil and gas/ Refining, Petrochemical, Power RE, Rubber, Logistics, Power Conventional
Relocation of investment	➢ The "America First" policy will encourage the relocation of key industry production bases back to the U.S., which could impact investment inflows into Thailand. ✓ Thailand may benefit from the diversification of production bases out of China, as companies seek to avoid tariff measures.	E&E, Auto parts, Warehouse, Industrial estate, Real estate (Residential & Office), Construction

Note: Some industries will experience mixed impacts, both positive and negative, which could diminish the overall positive effects and result in neutral impacts overall.

Source: SCB EIC analysis.

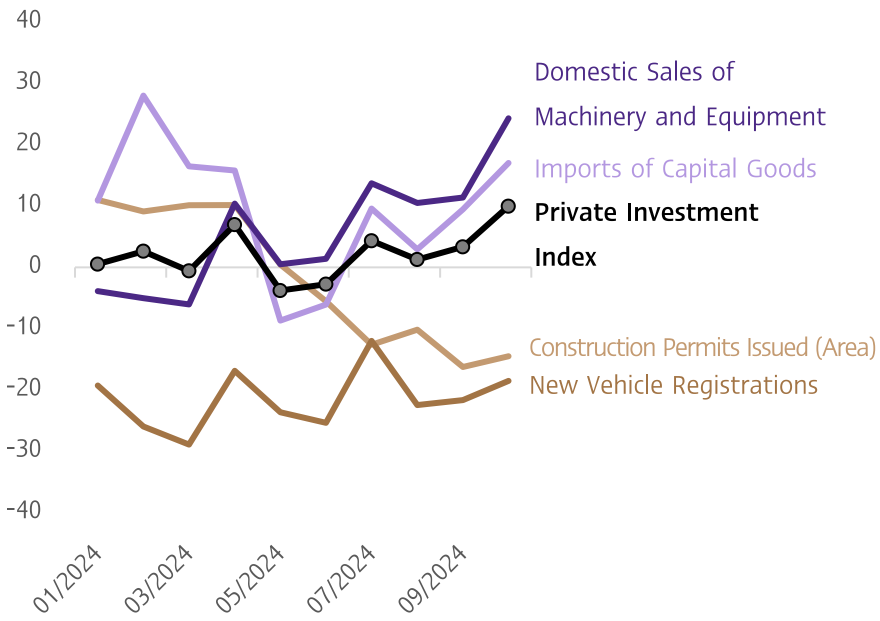
Looking ahead, consumer confidence is beginning to improve due to government stimulus measures, alongside signs of long-term business confidence and foreign investment. However, short-term investment activity remains subdued.

Leading indicator		Unit	2022	2023	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24
Leading economic index (LEI)		2000=100, SA	171.5	173.0	173.6	172.7	173.3	173.1	172.4	172.8	173.4	172.8	173.2	172.9	172.7	172.6	172.5	172.5	173.6	175.3	
Consumption	CCI : Future	100 = Stable	51.1	64.2	62.8	64.2	66.3	68.0	68.7	69.9	70.9	71.9	71.2	70.2	68.4	66.7	65.4	64.3	63.1	64.0	64.9
Export	Global PMI : Manu export orders	50 = Stable	47.8	47.6	46.4	47.0	47.6	47.5	48.1	48.1	48.8	49.3	49.5	50.4	50.4	49.3	49.3	48.4	47.5	48.3	48.6
	Korea exports : First 25 days	2021=100, SA	106.8	92.9	91.8	96.4	109.4	100.6	104.6	107.9	95.7	87.8	95.7	103.9	94.7	99.1	102.8	91.0	100.7	98.9	101.5
	Korea exports	2021=100, SA	106.2	92.4	92.9	98.3	99.9	103.0	103.5	102.6	100.6	99.3	95.3	101.4	98.4	98.2	98.1	99.8	100.7	99.5	101.1
	China exports	2021=100, SA	105.7	95.5	96.5	97.9	100.5	97.2	100.1	100.0	102.1	104.4	102.8	101.5	99.3	100.2	96.4	99.3	97.4	101.7	103.2
	China imports from Thailand	2021=100, SA	92.1	90.3	81.3	78.2	79.7	86.3	77.6	84.0	74.5	73.4	73.3	76.8	92.4	75.6	81.0	81.2	83.7	83.9	86.7
Investment - Near term	BSI : Expectation	50 = Stable	53.4	54.6	53.3	54.1	54.7	53.3	52.6	53.9	53.9	53.5	51.9	52.4	52.9	51.9	50.1	49.8	51.6	52.4	51.3
	Construction area permitted	2000=0.1, SA	6.3	6.6	7.2	6.8	7.0	7.2	6.8	6.8	6.9	6.8	6.8	6.8	6.5	6.2	6.3	6.1	5.9	6.1	
	Net business open Value	THB billions	302.8	402.4	9.1	17.9	6.9	18.3	7.9	-36.7	22.2	17.2	16.6	22.2	-32.9	23.1	14.9	3.8	5.4	20.2	14.0
Investment - Longer term	BOI : Cert. issued Value	%YoY	15.4%	5.5%		-13.7%			18.4%			107.2%			64.1%			132.9%			
	BOI : Approved Value	%YoY	19.6%	22.5%		23.8%			98.8%			5.9%			64.7%			71.4%			
	BOI : Application Value	%YoY	25.3%	43.2%		-18.8%			100.8%			30.9%			39.2%			55.6%			
Manufacturing	TISI : Expectation	100 = Stable	98.2	100.6	100.2	99.5	97.3	94.5	97.3	96.2	98.4	100.0	100.8	98.3	95.7	93.4	95.2	93.9	96.7	98.4	

Source: SCB EIC analysis based on data from GISTDA, Ministry of Agriculture and Cooperatives, Thai Meteorological Department, IRI, and ONWR.

Private investment is expected to experience modest recovery in 2025, supported by a significant increase in the value of investment promotion certificates issued by the Board of Investment (BOI). However, the recovery remains constrained by vulnerabilities in the industrial manufacturing sector.

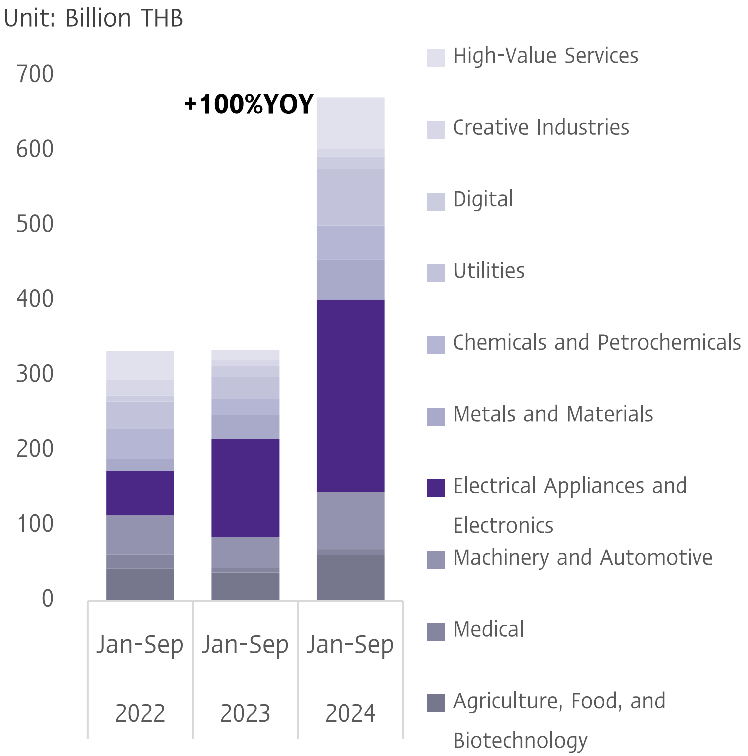
Private Investment Index and Components by BOT



Private investment shows significant variation across components.

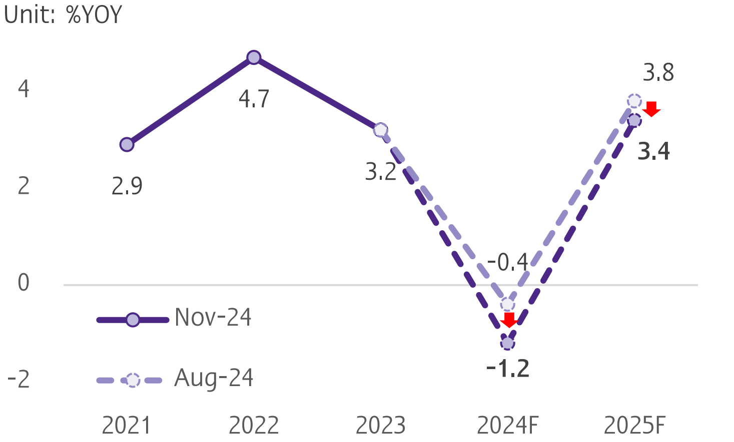
- Investment and imports of machinery and equipment (excluding vehicles) have grown robustly, partly due to BOI-promoted investments.
- Construction and vehicle investment have contracted sharply, reflecting the continued slowdown in domestic demand.

Value of Investment Promotion Certificates Issued by BOI



The value of investment promotion certificates issued by BOI doubled in the first nine months of this year, with the electrical appliances and electronics sector playing a significant role in driving future investment.

Forecast for Private Investment Growth by SCB EIC



<u>In 2024</u>, private investment is expected to contract due to subdued activity in construction and commercial vehicle investment.

<u>In 2025,</u> private investment is expected to return to growth, primarily driven by a significant improvement in the value of BOI investment promotion certificates.

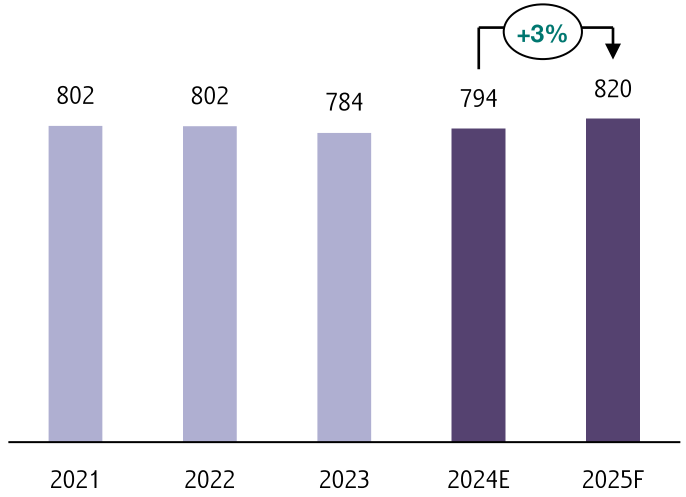
However, construction and vehicle investment are anticipated to see limited recovery. Additional pressures from U.S. trade policy uncertainties and dumping of Chinese goods are expected to constrain Thai export growth, while capacity utilization remains low.

Source: SCB EIC analysis based on data from the Bank of Thailand, Office of the National Economic and Social Development Council, and the Board of Investment (BOI).

The government accelerated disbursement of investment budgets in Q3/2024 and is expected to continue disbursements under the 2025 budget. This will likely result in improved growth in public construction value in 2025.

Public Construction Value

Unit: Billion THB

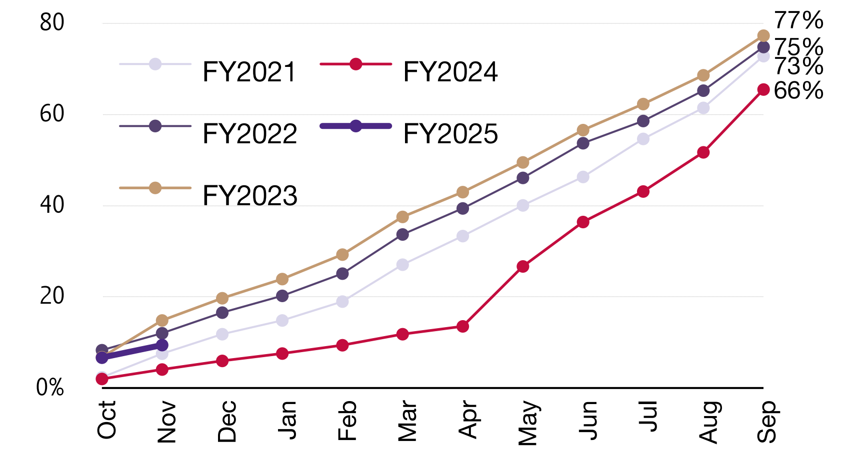


Public construction value in 2025 is expected to grow by +3% YOY.

- Budget disbursement for 2025 is proceeding as planned.
- Value of Mega Project Construction
  - Primarily derived from ongoing projects from previous years.
  - Progress of new Mega Project constructions, such as the second phase of the Khon Kaen–Nong Khai double-track railway and the western section of the Orange Line metro (Bang Khun Non–Thailand Cultural Centre).

Cumulative Investment Budget Disbursement Rate of Central Agencies Overall

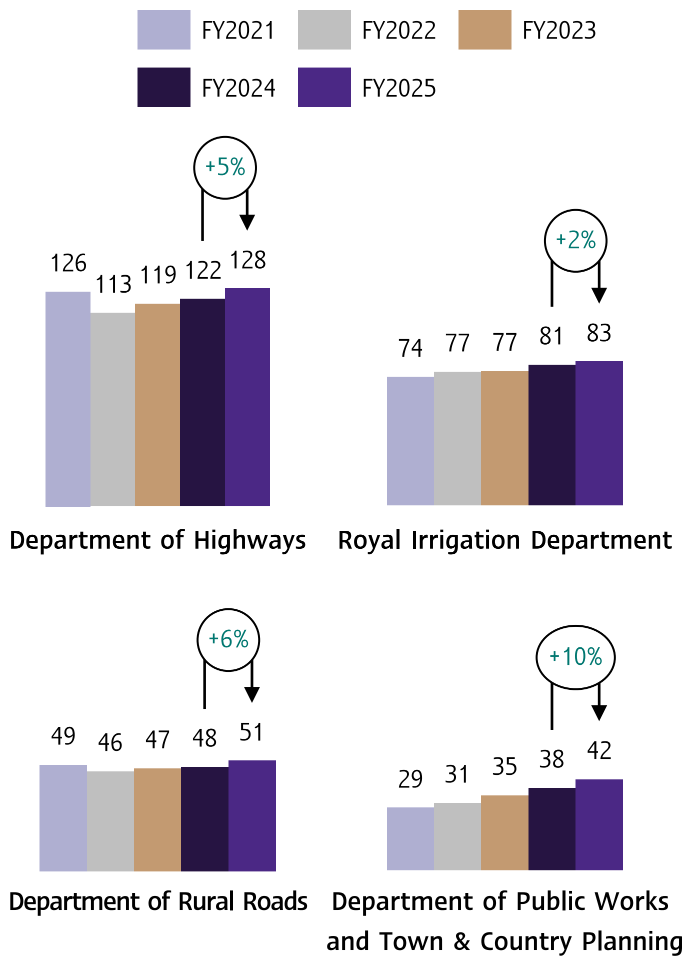
Unit: %



Agencies with High Levels of Investment Budget Utilization	End of Sep.				End of Nov.	
	2021	2022	2023	2024	2023	2024
Department of Highways	86%	90%	96%	80%	6.3%	3.5%
Department of Rural Roads	89%	91%	90%	67%	1.3%	3.3%
Royal Irrigation Department	82%	83%	89%	74%	2.6%	7.0%
Department of Public Works and Town & Country Planning	62%	47%	42%	44%	6.4%	4.7%

Budget of Four Key Agencies for Construction Investment

Unit: Billion THB

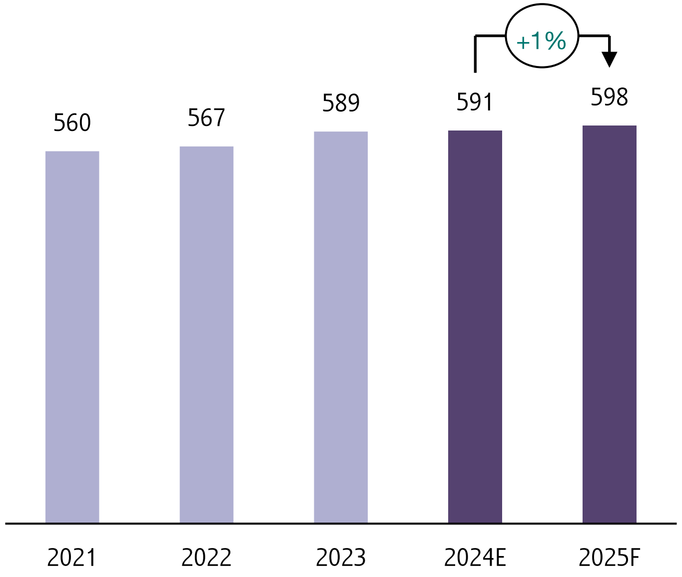


Source: SCB EIC analysis based on data from the Office of the National Economic and Social Development Council, Comptroller General's Department, and Budget Bureau.

Private construction in 2025 is expected to see low growth, pressured by weak recovery in housing purchasing power, particularly among middle- to lower-income groups.

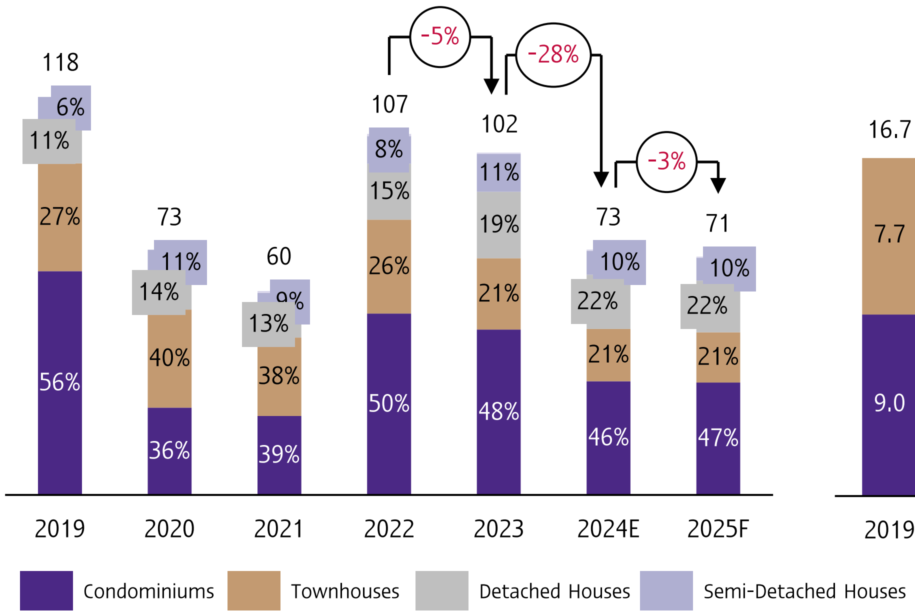
Private Construction Value

Unit: Billion THB



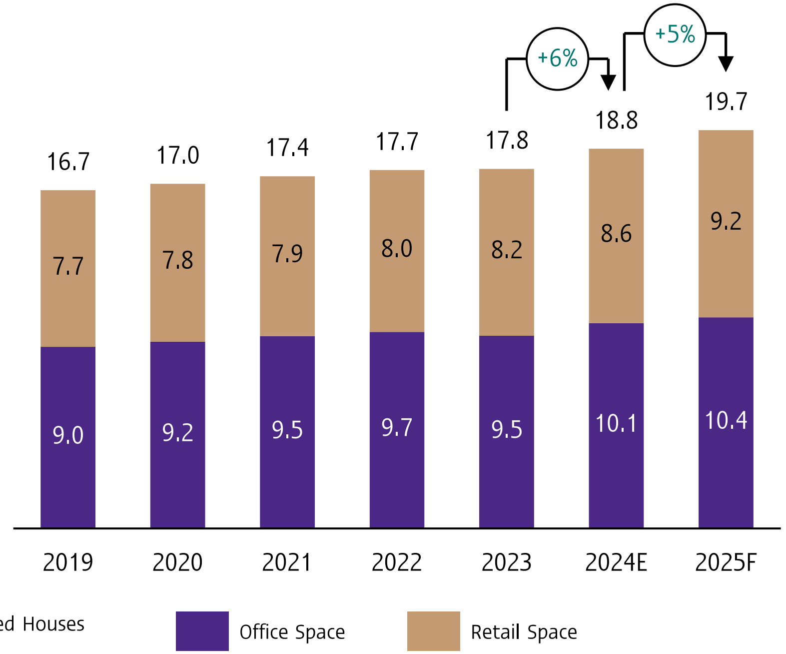
New Residential Units Launched in Bangkok and Metropolitan Areas

Unit: Thousand Units



Supply of Office Space and Retail Space for Rent in Bangkok

Unit: Million Square Meters



Private construction value in 2025 is projected to grow by +1% YOY.

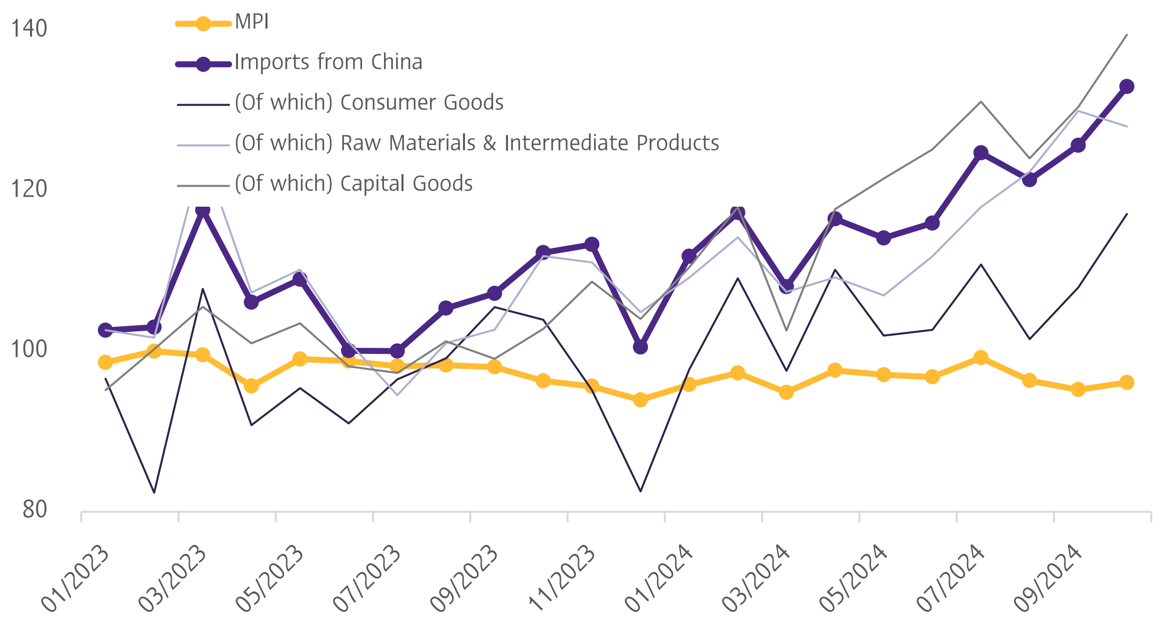
- **New residential unit launches are expected to continue declining, though at a slower pace than the previous year.** This is due to purchasing power, particularly among middle- to lower-income groups, which is anticipated to remain weak. Developers are likely to proceed cautiously with new project launches, focusing on clearing existing inventory. Most new projects will target the mid- to high-end price segments.
- **Commercial real estate construction is expected to continue,** with developers expanding large-scale retail and mixed-use projects, as well as Grade A and A+ office spaces. Retail and office space supply is expected to grow, despite some developers delaying new project launches. Oversupply issues are expected to ease in the short term, **but risks of further project launch delays warrant close monitoring.**

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

Overall industrial production has yet to recover, pressured by subdued domestic demand and increased market penetration by Chinese goods. The recovery remains concentrated in product categories benefiting from export demand.

Thai Industrial Production Index and Import Value Index for Goods from China

Unit: Index, sa, 2021 = 100



- **Despite the recovery in Thai exports, overall industrial production has not yet rebounded.** This is partly due to domestic production facing pressure from declining demand and increased competition from Chinese goods.
- **Imports of consumer goods from China have accelerated recently, aligning with imports of capital goods and raw materials from China.** This reflects intensifying competition from Chinese goods in the Thai market, contrasting with the past when imports from China were primarily capital goods for factory upgrades/expansion or raw/intermediate goods for further production of final products.

%YoY	2021 Weight	Q1-24	Q2-24	Q3-24	Oct-24	YTD
MPI	100	**-3.6**	**-0.2**	**-1.1**	**-0.9**	**-1.6**
Machinery & Equipment	2.9	0.6	9.8	16.5	30.7	9.6
Beverages	3.8	6.8	7.6	-0.4	8.4	5.1
Paper & Paper Products	2.1	6.5	7.9	0.0	-2.9	4.0
Food Products	16.8	-0.1	7.4	4.6	2.6	3.6
Chemicals & Chemical Products	8.9	3.5	4.8	1.9	3.9	3.5
Electrical Equipment	3.5	-0.8	9.3	1.1	-3.6	2.4
Coke & Refined Petroleum	10.8	2.1	1.9	2.9	-1.3	1.9
Rubber & Plastic	8.9	-0.5	-0.2	3.1	5.3	1.3
Fabricated Metal	2.3	-0.4	-4.2	5.0	6.7	0.7
Basic Metal	3.5	-5.4	4.1	-3.9	2.2	-1.6
Pharmaceutical Products	1.2	-13.0	-4.0	-4.0	0.8	-6.6
Cement, Glass, & Ceramic	5.4	-7.0	-7.9	-8.8	-3.4	-7.5
Computer & Electronic	8.9	-17.1	-13.4	-3.2	-0.9	-10.6
Motor Vehicles	11.3	-16.3	-13.4	-17.7	-21.6	-16.5

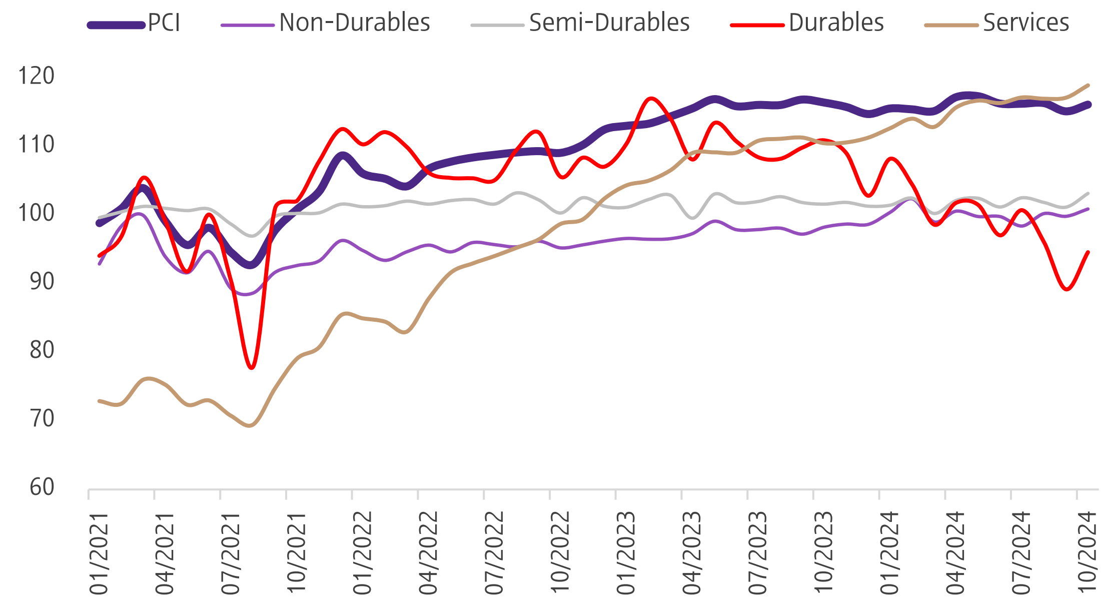
- **The recovery of Thailand's industrial sector varies significantly by category.** Machinery and equipment production has seen continuous growth in line with export performance.
- **In contrast, the automotive sector has experienced a sharp contraction throughout the year**, severely impacting overall industrial production due to its significant share of 11.3% in Thailand's production structure.

Source: SCB EIC analysis based on data from the Office of Industrial Economics (OIE), Ministry of Commerce, and CEIC.

Cash transfer measures have moderately improved private consumption growth, but their impact on stimulating consumption remains limited as they primarily focus on supporting vulnerable households.

Private Consumption Index (PCI) by the Bank of Thailand (BOT)

Unit: Index (2019Q4 = 100), Seasonally Adjusted



The current cash transfer measure is unlikely to significantly boost consumption as most recipients plan to use the funds for savings, debt repayment, or reducing personal expenses.

86%* of households eligible for the first phase of cash transfers

plan to use the funds to offset existing expenses, either partially or entirely.

Households in this group

40%

use the excess funds for savings/investments.

30%

use the excess funds for debt repayment.

**Survey conducted among 205 households holding state welfare cards.*

- **Private consumption in October** improved from the previous month, partly due to the THB 10,000 cash transfer measure for vulnerable groups and individuals with disabilities at the end of September. This is reflected in the improvement in non-durable goods consumption and certain durable goods categories. Consumption in the services sector also rose in line with increased spending by international tourists.
- **Durable goods consumption remains significantly contracted** compared to the same period last year, pressured by household financial vulnerabilities, tighter financing conditions for auto loans by financial institutions, and consumers delaying purchases to observe pricing trends in the automobile market.

Source: SCB EIC analysis based on data from the Bank of Thailand and the SCB EIC Consumer Survey conducted in November–December 2023 with 205 respondents holding state welfare cards.

Consumers perceive Thailand's economy in 2025 as worsening, with low-income groups expecting to be more adversely affected than other segments. This reflects the continued weakness in consumer confidence.

How do you perceive the economy next year?

Positive factors for next year

1. International tourists 49%
2. No positive factors 29%
3. Government policies 26%

Negative factors for next year

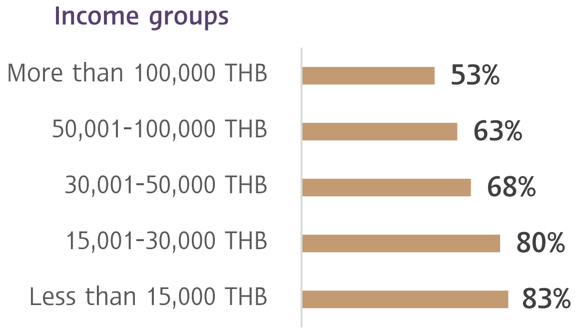
1. Household debt 69%
2. Domestic politics 69%
3. Consumer purchasing power 54%

- **More than half of consumers believe the economy in 2025 will be worse than this year,** with most in this group already perceiving the Thai economy as sluggish. This reflects a lack of confidence in the economic outlook.
- **Consumers view international tourists as a positive factor for next year,** while nearly 3 out of 10 see no positive factors at all.
- **Consumers identify household vulnerabilities and domestic political uncertainty** as negative factors for Thailand's economy in the coming year.

How does the economic conditions affect you?

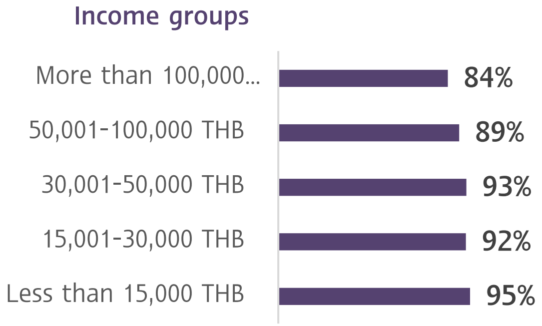
Income

Proportion of respondents reporting impact



Cost of living

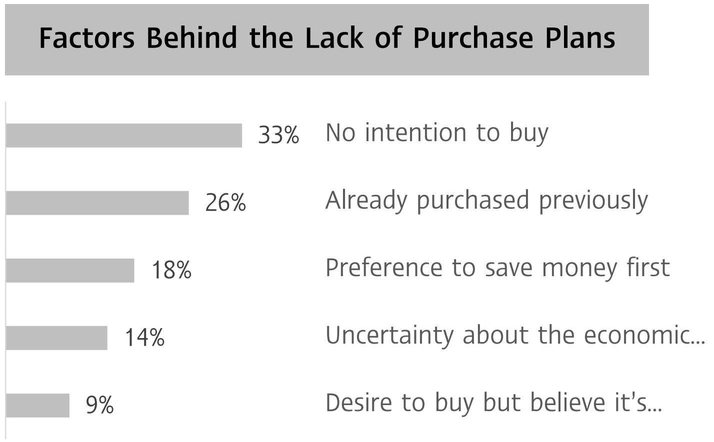
Proportion of respondents reporting impact

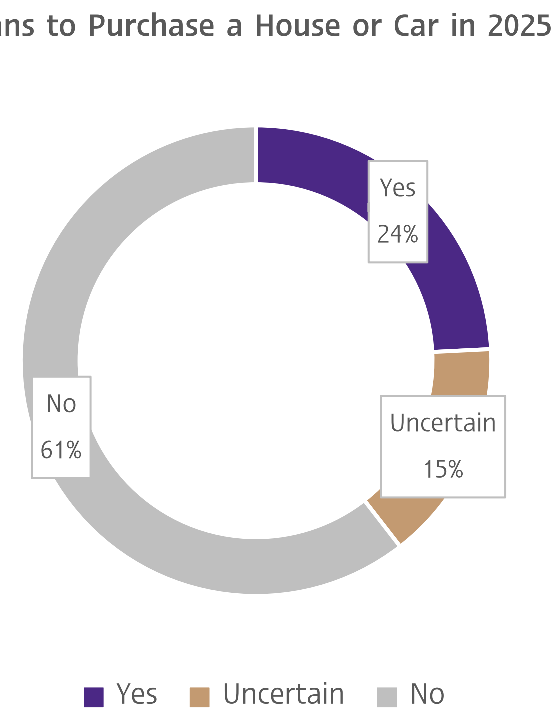


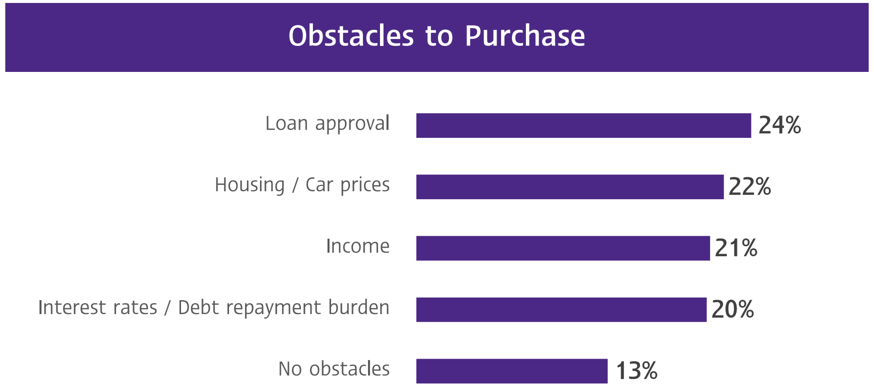
- **The survey reveals that the overall economy will impact lower-income groups more significantly than higher-income groups.** Over 4 out of 5 respondents earning less than 30,000 THB per month believe their income will be affected by economic conditions, compared to about half of respondents earning more than 100,000 THB per month who share the same concern.
- **Consumers across all income groups view the economy as primarily affecting them through the cost of living.** Even among those earning more than 100,000 THB per month, as many as 4 out of 5 anticipate being impacted.

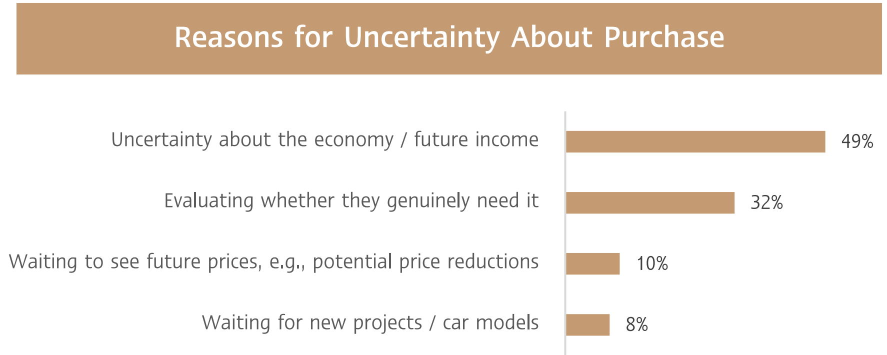
Source: SCB EIC analysis based on data from the SCB EIC Consumer Survey 2024, conducted from October 14–22, 2024, with a sample size of 1,869 respondents.

Most Consumers do not plan to purchase a house or car in 2025 due to uncertainty about the economy and future income. The main obstacle to making such purchases is obtaining loan approval, followed by concerns about prices, income, and debt repayment obligations.









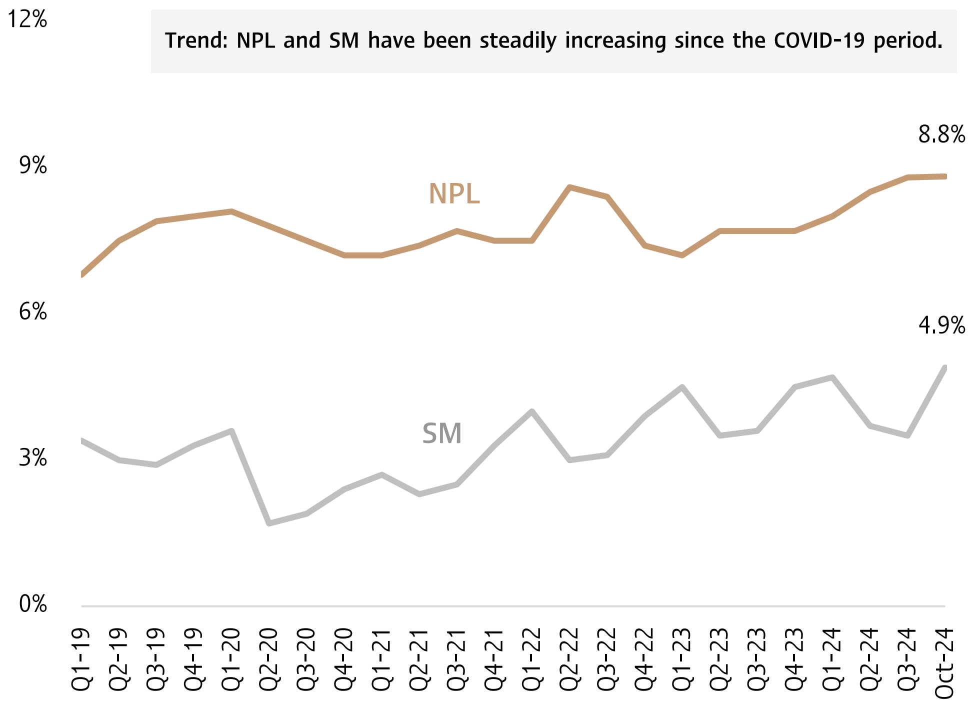
- **Over 85% of those planning to purchase a house or car in 2025 foresee potential obstacles,** primarily through: (1) Loan approval and debt burden: Nearly 1 in 4 expect loan approval to be a significant challenge, while 1 in 5 are concerned about interest rates and future repayment obligations. (2) Affordability: High housing and car prices relative to income levels are seen as barriers.
- **Those without plans or uncertain about purchasing a house or car in 2025** cite uncertainty about the economic outlook and their future income as reasons, with some preferring to save money instead.

Source: SCB EIC analysis based on data from the SCB EIC Consumer Survey 2024, conducted from October 14–22, 2024, with a sample size of 1,869 respondents.

In the near future, data from the credit bureau indicates that the overall quality of personal loans in the system is likely to continue deteriorating. This reflects that household debt issues will take time to resolve, as over 70% of personal NPL borrowers still cannot consistently meet their debt obligations.

Proportion of Non-Performing Loans (NPL) and Special Mention Loans (SM)

Unit: % of delinquent loans to total personal borrowers

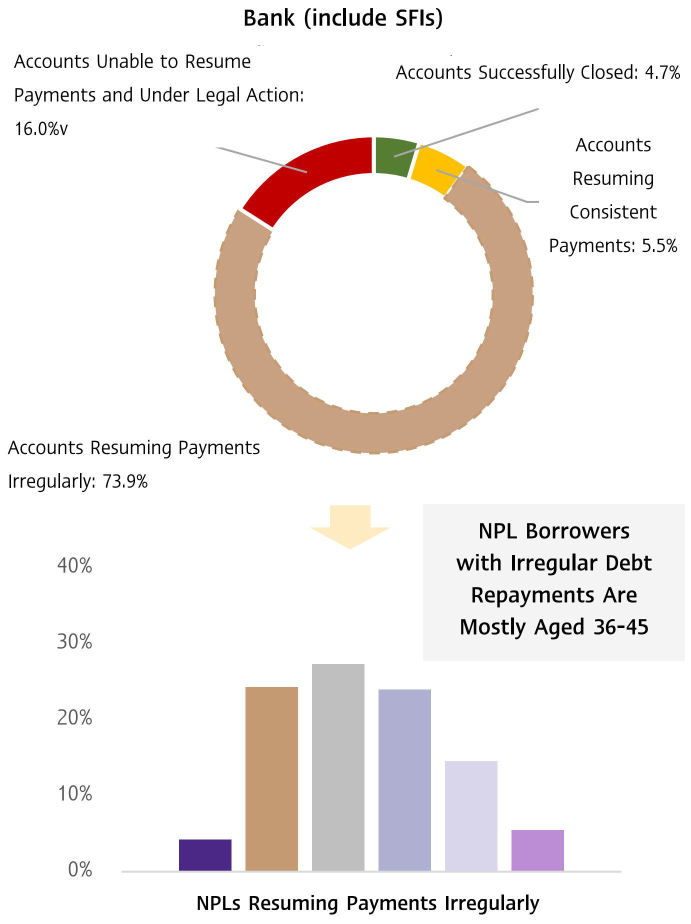


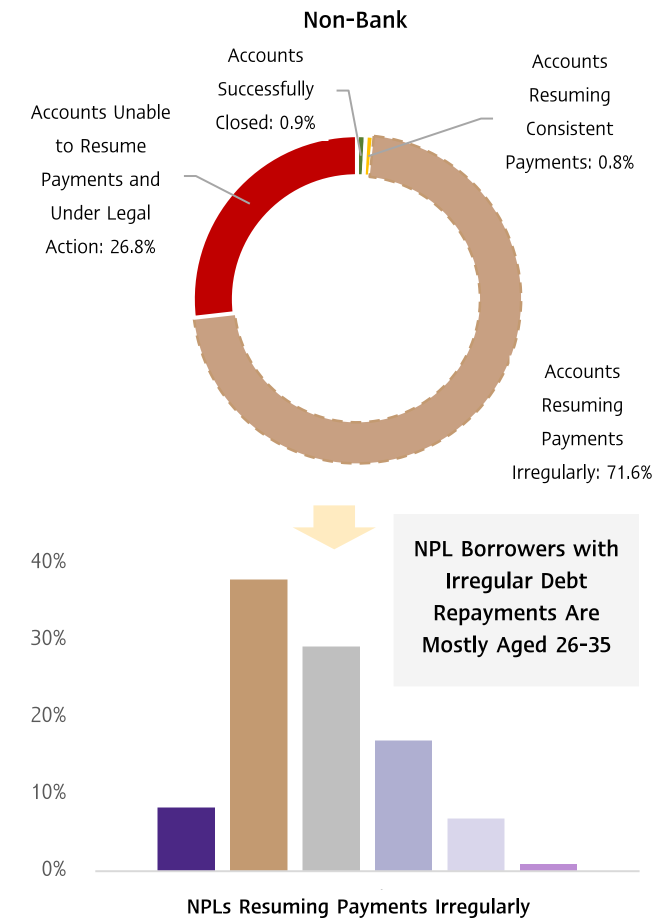
Note: 1) Data on individual NPL borrowers over 16 quarters, from Q1/2020 to Q4/2023. 2) Individual NPL borrowers are classified by account status and Days Past Due (DPD) into four categories:(1) Borrowers who are able to resume payments and close their accounts. (2) Borrowers who can consistently resume payments, meaning NPL accounts that return to normal status with DPD < 30 days throughout 2024.(3) Borrowers who cannot consistently resume payments.(4) Borrowers who are unable to resume payments and face legal action.

Source: SCB EIC analysis based on data from the credit bureau.

Account Status of Personal Borrowers Remaining as NPLs from the Onset of COVID-19 to Q4/2023, Categorized by Creditor Type

Unit: % of NPL borrower accounts



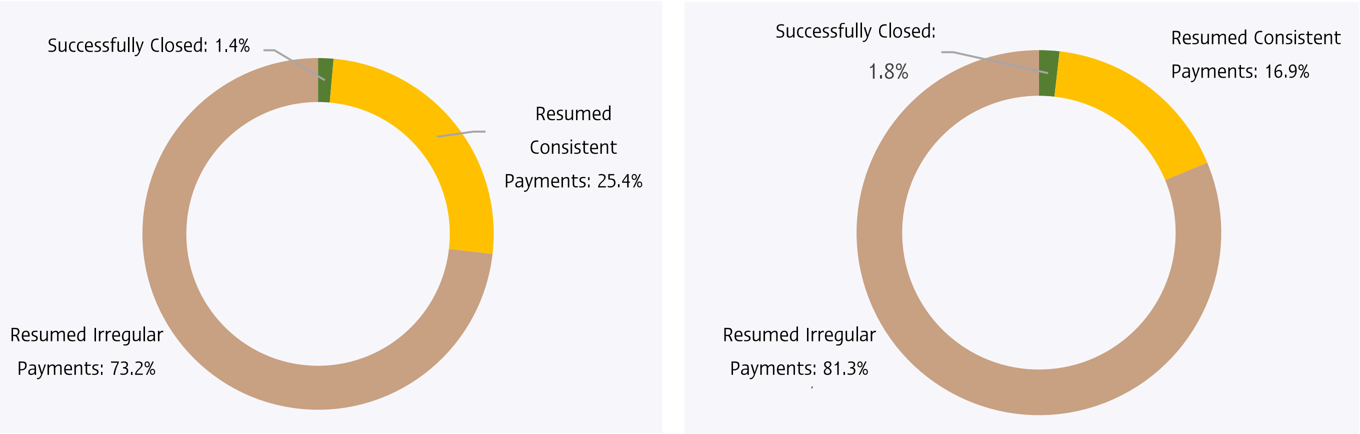


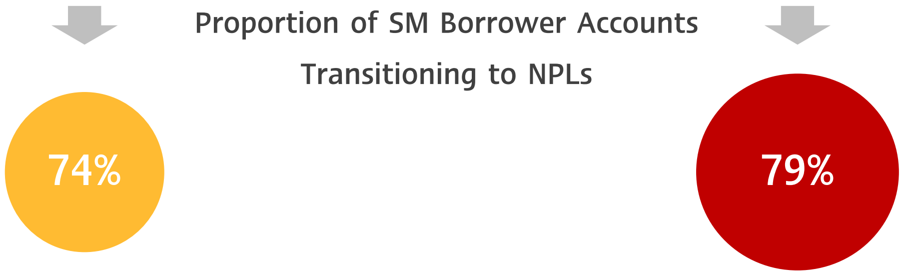
Age <=25 | Age 26-35 | Age 36-45 | Age 46-55 | Age 56-65 | Age 66+

Approximately 70-80% of individual SM borrowers are likely to become NPLs, especially agricultural loans, personal loans, credit card debt, and other loans.

Account Status of Personal Borrowers Remaining as SMs from the Onset of COVID-19 to Q4/2023, Categorized by Creditor Type

Unit: % of total SM borrower accounts

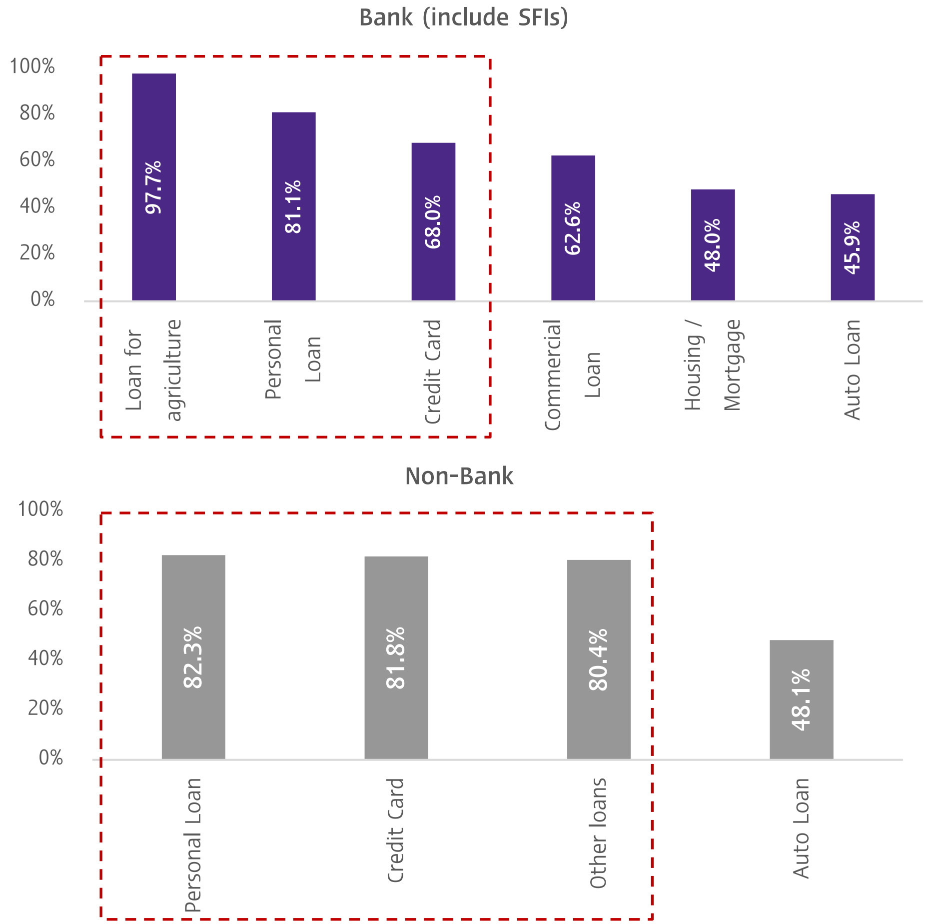




Average Time for SM Accounts to Transition to NPL Status: 1.6 quarters, approximately 5-6 months

Proportion of SM Borrower Accounts Transitioning to NPLs, Categorized by Loan Type and Creditor

Unit: %, from the onset of COVID-19 to Q4/2023, categorized by creditor type



Source: SCB EIC analysis based on data from the credit bureau

Household Debt Relief Measure: "You Fight, We Help" focuses on assisting less vulnerable individual borrowers, with the success of the measure primarily depending on the income recovery of the supported debtors.

Key Measures for Addressing Household Debt Issues at Present					
← Main Types of Debt for Highly Vulnerable Households					Main Types of Debt for Less Vulnerable Households →
Cash Cards and Revolving Personal Loans	Installment Personal Loans	Credit Cards	Car Loans	Home Loans	Business Loans
Debt Restructuring Before and After Becoming Non-Performing					
Debt Clinic					
Resolving Chronic Debt Issues					
Participation in the "Pay On Time, Preserve Assets" Measure Through Debt Consolidation Programs			★ "Pay On Time, Preserve Assets" Measure		
★ "Pay, Close, Finish" Measure					
Waiver of Fees for Debt Restructuring / Early Repayment Penalties / Interest on Interest					

★ Measures Under the "You Fight, We Help" Program (December 11, 2024)

"Pay On Time, Preserve Assets" Measure

- **For: Home loans, car loans, motorcycle loans, business loans, and SME loans with the status of:** (1) Delinquent for more than 30 days but less than 365 days, or (2) Previously restructured since January 1, 2023, and currently delinquent for no more than 30 days.
- Debt relief: Reduced repayment burden per installment for 3 years; all installments go toward reducing the principal, and interest payments are deferred for 3 years.
- Interest waiver: Borrowers meeting conditions for the full 3-year period will have all deferred interest during the program waived.
- Restrictions: No new loans allowed during the first 12 months of the program.

"Pay, Close, Finish" Measure

- **For: Individual borrowers with non-performing loans (NPLs) of any type, with outstanding balances not exceeding 5,000 THB.**
- Support: Financial institutions offer flexible debt restructuring options, allowing borrowers to partially repay their debts and settle the remainder quickly, helping to clear their NPL records.

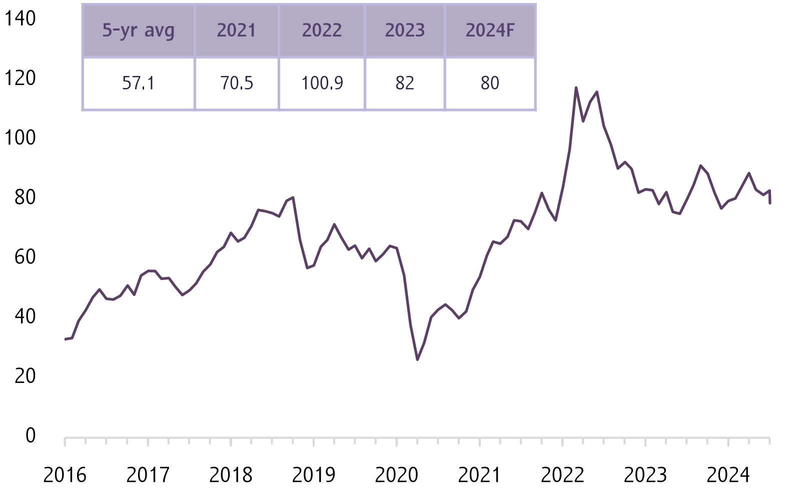
Source: SCB EIC analysis based on data from the Bank of Thailand.

Global oil markets declined in Q4 due to concerns over a slowdown in China's demand, while the market awaits the energy policy stance of Trump 2.0. Meanwhile, global natural gas prices slightly increased, driven by concerns over the Russia-Ukraine war.

Brent Crude Oil Price

Unit: USD/Barrel

5-yr avg	2021	2022	2023	2024F
57.1	70.5	100.9	82	80

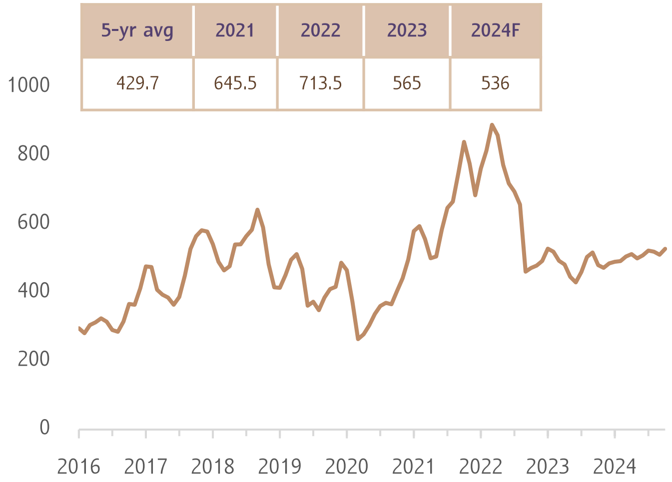


- **Supply: OPEC+** will proceed with **increasing production by 180,000 barrels per day as Saudi Arabia abandons its target of $100 USD/barrel** and aims to expand its market share.
- **Demand: Global oil demand is expected to grow by 920 kb/d this year and 1 mb/d in 2025, reaching 102.8 mb/d and 103.8 mb/d, respectively.** The slowdown in demand growth over the past few years reflects the end of post-pandemic recovery, slower global economic growth, and increased adoption of clean energy technologies.
- **Risk: Concerns over Israeli and Iranian attacks have eased, as both sides continue to avoid targeting oil and gas infrastructure.**

Aramco Liquefied Petroleum Gas (LPG) Price

Unit: USD/Ton

5-yr avg	2021	2022	2023	2024F
429.7	645.5	713.5	565	536

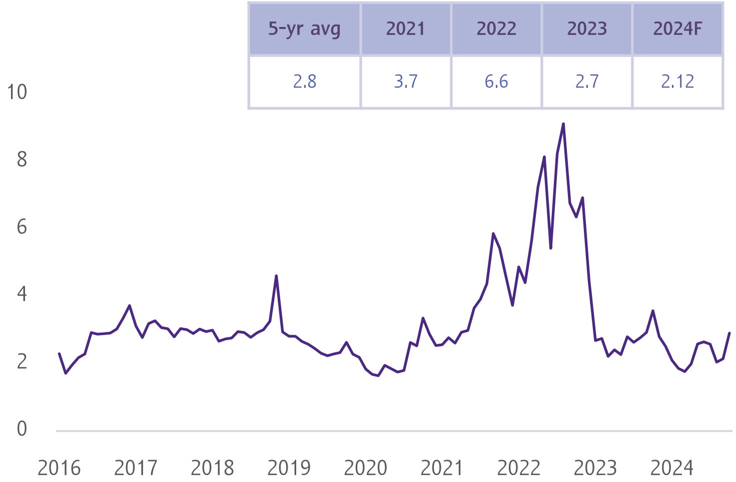


- **LPG demand is expected to improve,** driven by stockpiling needs in preparation for festive seasons and winter, from September through the end of the year.
- Additionally, the start-up of PDH plants in China has increased propane demand, leading to higher LPG prices.
- However, significant pressure persists from the Chinese economy. As of September 2024, **the latest data shows China's Manufacturing PMI dropped below 50 again, standing at 49.8.**

Henry Hub Natural Gas Price

Unit: USD/MMBtu

5-yr avg	2021	2022	2023	2024F
2.8	3.7	6.6	2.7	2.12



- **Seasonal Demand:** Gas prices are expected to remain high, despite the European Union having nearly 90% of storage filled, driven by seasonal demand ahead of winter. Additionally, Norway's wind power plants remain offline for maintenance.
- **Risks:** President Biden authorized Ukraine to directly use U.S.-manufactured weapons against Russia, marking a significant shift in U.S. policy following North Korea's provision of military and weaponry support to Russia.
- **Outlook: However, the conflict between Ukraine and Russia may come to an end under Trump's policy,** which aims to reduce aid to Ukraine and warns Russia against escalating the war.

Note: 5-year period = 2015-2019; data and analysis based on the situation as of April 2024.

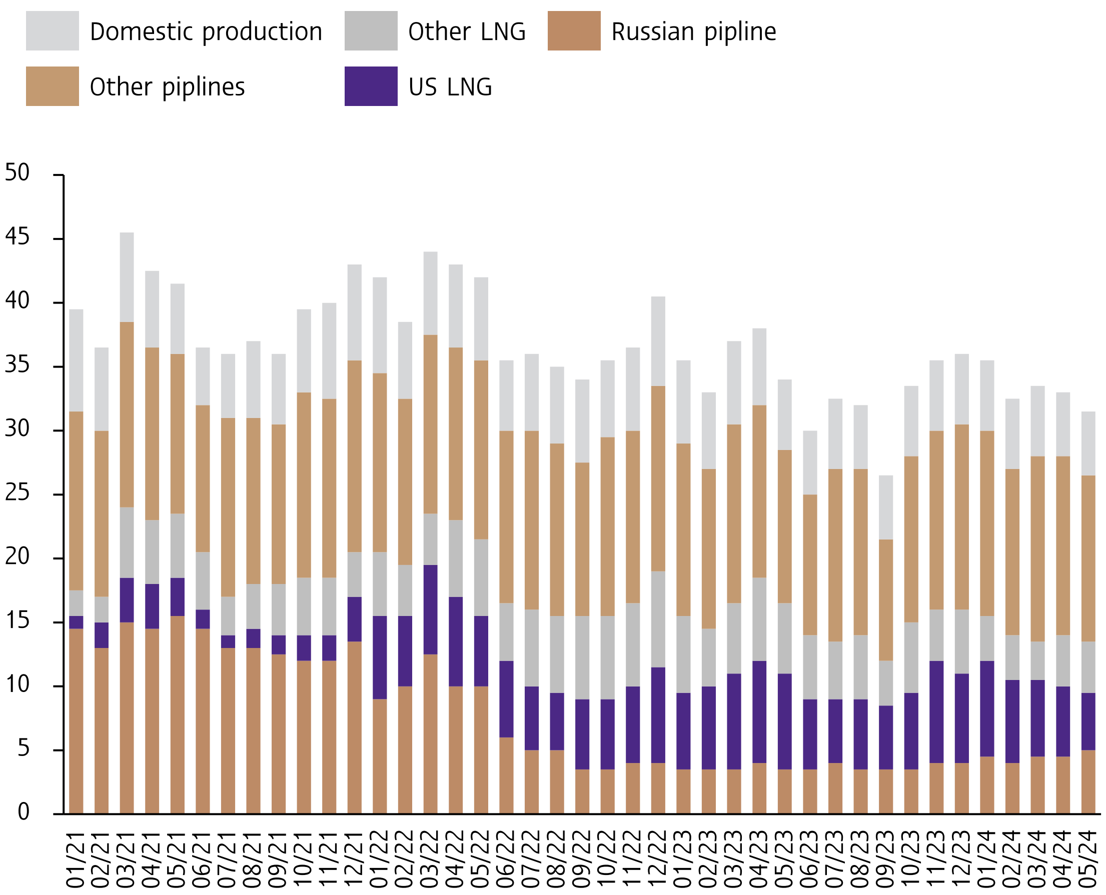
Source: SCB EIC analysis based on data from Bloomberg, TradingView, Goldman Sachs, US EIA, JP Morgan, and various news agencies.

SCB EIC

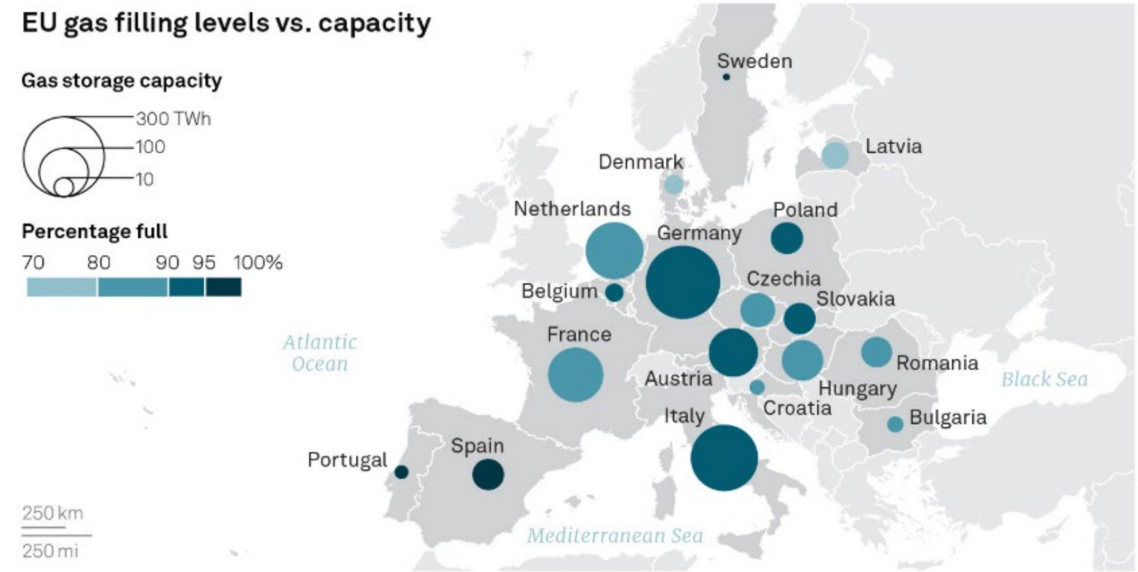
LNG Supply Tensions: Some supply tensions remain as Europe continues to import approximately 20% of its LNG from Russia. However, Europe has filled over 90% of its storage capacity and is preparing to source replacements from the United States.

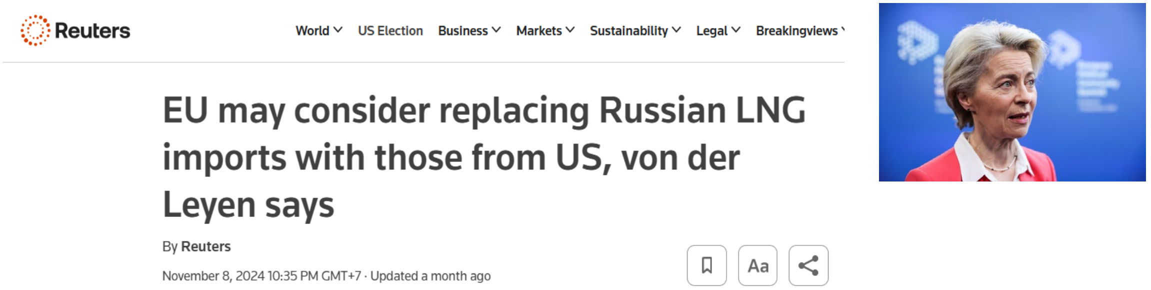
Europe's gas supply by source

Unit: Billion cubic metres



Europe's gas storage status as of Q4/2024




Reuters

World US Election Business Markets Sustainability Legal Breakingviews

EU may consider replacing Russian LNG imports with those from US, von der Leyen says

By Reuters

November 8, 2024 10:35 PM GMT+7 · Updated a month ago

Aa

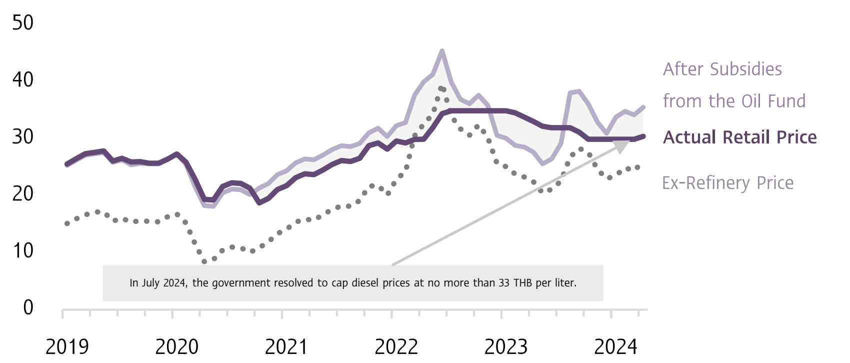
Note: EU (except for Malta and Cyprus), the UK, Switzerland, Serbia, Bosnia and Herzegovina, and North Macedonia.

Source: SCB EIC analysis based on data from Financial Times, S&P Platts, and Reuters.

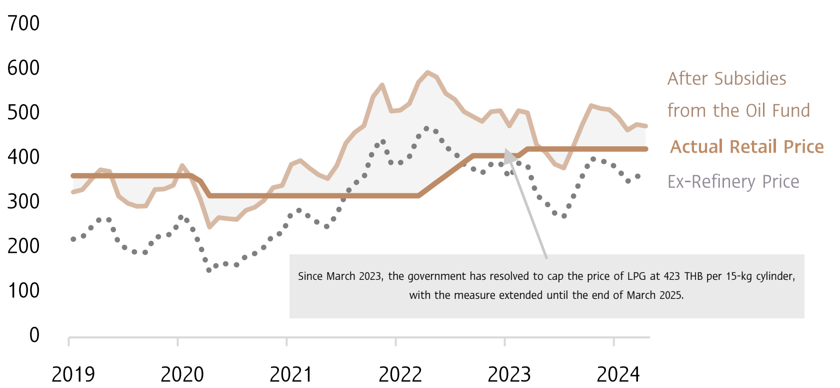
The government continues to cap diesel prices at no more than 33 THB per liter. Retail LPG prices are also extended at the fixed rate of 423 THB per 15 kg cylinder until the end of Q1 2025, alongside plans to review the 2025-2029 fuel crisis management strategy.

Retail Prices and Costs of Fuel, Diesel, and 15-kg LPG Cylinders

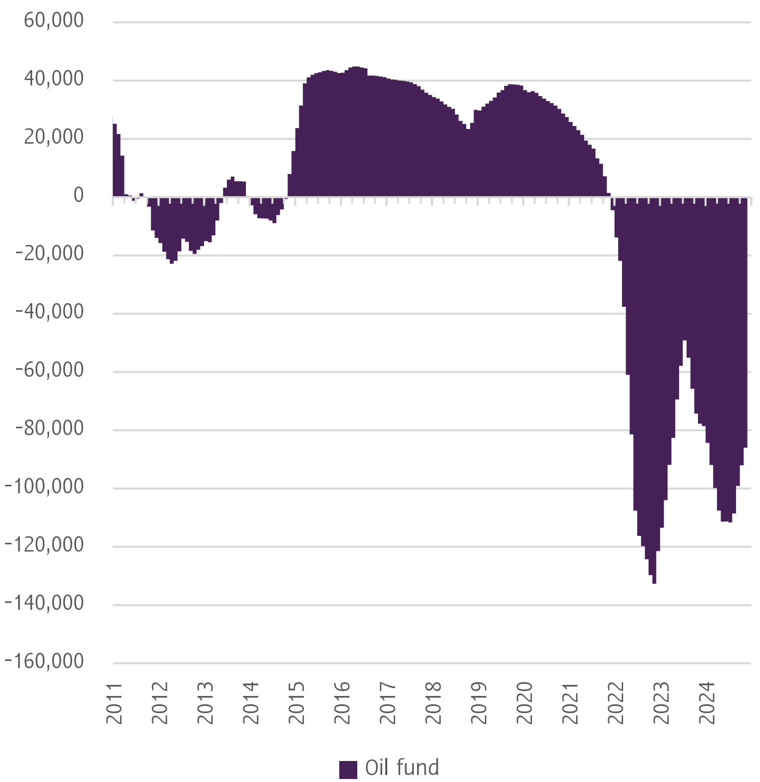
Diesel Price (THB/Liter)



Price of 15-kg LPG Cylinder (THB/15 kg)



Oil Fund Status at Month-End (Million THB)



- **The Oil Fund's condition has improved following a decline in global oil prices.** As of November 5, the deficit stood at -89,075 million THB, comprising -41,605 million THB in the oil account and -47,470 million THB in the LPG account.
  This marks a reduction in the deficit compared to the April–September period, where the deficit consistently exceeded 100 billion THB, with signs of improvement starting in October.

- **The government has decided to extend the diesel price cap of no more than 33 THB per liter until the end of December,** following the expiration of the previous measure on October 31.

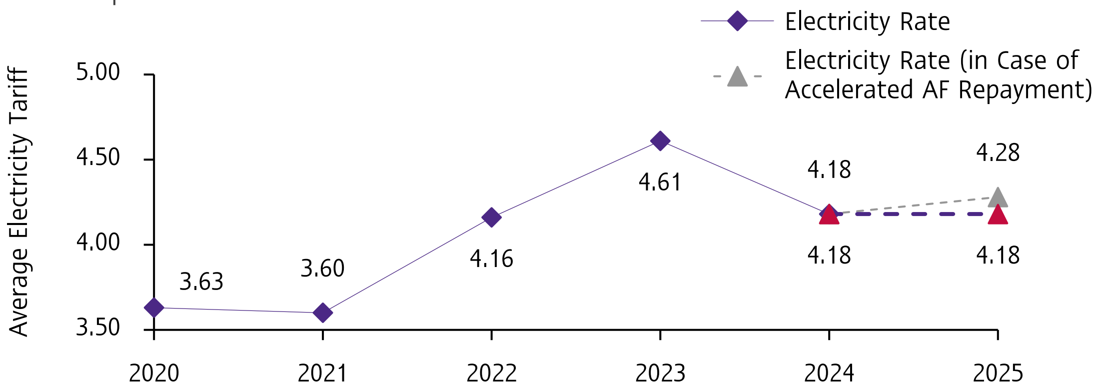
- **The government has also decided to extend the retail LPG price cap of 423 THB per 15-kg cylinder until the end of March 2025.**

Note: Data and analysis based on the situation as of April 2024; the Oil Fund subsidizes fuel and household LPG prices.
Source: SCB EIC analysis based on data from EPPO, DOEB, OFFO, CEIC, and various news agencies.

Electricity rates for January-April 2025 Reduced to 4.15 THB per Unit, aligning with SCB EIC's 2025 forecast of 4.1-4.2 THB per unit. This reflects the government's policy to cap electricity rates to lower living costs, alongside stable costs of imported natural gas.

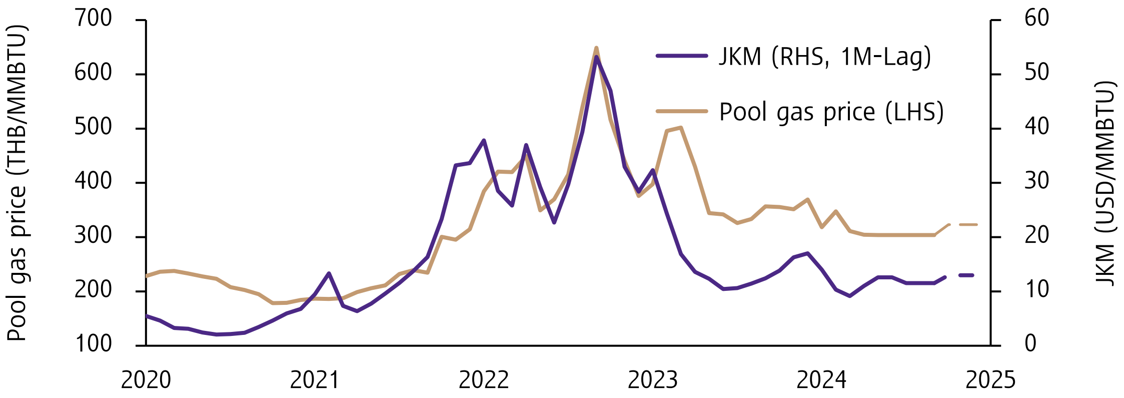
Electricity Rate for 2020-2024 and Forecast for 2025

Unit: THB per Unit



Global Natural Gas Prices (JKM) and Domestic Natural Gas Prices (Pool Gas)

Global natural gas price : JKM (USD/mmBTU, monthly average) and Pool gas price (THB/MBTU)



- **SCB EIC estimates the average electricity rate for 2024 at 4.18 THB per unit (-10%), with the retail Ft rate set at 0.393 THB per unit (-52%).** This Ft rate is derived from actual energy costs (FAC) of 0.343 THB per unit and the repayment of past electricity costs (AF) at 0.05 THB per unit. The reduction in Ft reflects the government's policy to cap electricity rates at 4.18 THB per unit, supported by stabilizing imported natural gas prices (JKM) and a stronger Thai Baht, which keeps natural gas import costs manageable without increasing EGAT's debt burden.
- **For 2025, the average electricity rate is estimated to remain similar to 2024, at 4.1-4.2 THB per unit,** due to: 1) The government's policy to reduce living costs and energy prices, which is expected to maintain electricity rates close to 2024 levels. The rate for January-April 2025 will be reduced to 4.15 THB per unit. 2) Estimated domestic natural gas (Pool gas) costs in the range of 310-320 THB per MMBTU. 3) The government's gradual repayment of accumulated costs (AF) to EGAT and PTT at 0.05-0.20 THB per unit.

Source: SCB EIC analysis based on data from ERC, EPPO, EGAT, and Bloomberg.

SCB EIC estimates that headline inflation will return to the target range in December and is expected to gradually increase, approaching the lower bound of the inflation target range of 1% in 2025.

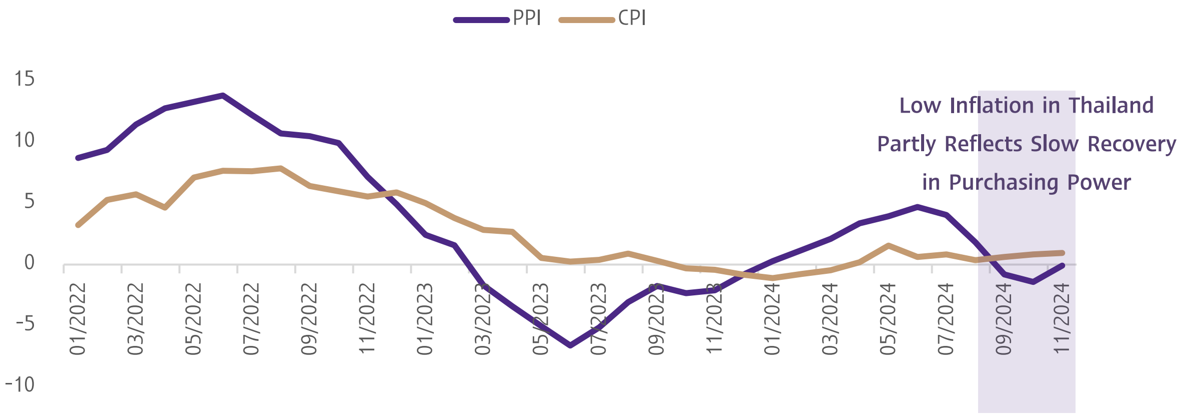
Headline Inflation by Product Category

Unit: %YOY

%YOY	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	YTD
Headline consumer price index	0.8%	0.4%	0.6%	0.8%	0.9%	0.3%
Food and non-alcoholic beverages	1.3%	1.8%	2.3%	1.9%	1.3%	0.7%
Fresh produce	1.1%	1.9%	2.3%	1.6%	0.2%	0.1%
Meat	-5.2%	-2.9%	-2.1%	0.1%	0.3%	-7.5%
Food – at home consumption	1.5%	1.9%	2.1%	1.8%	1.8%	1.3%
Food – away from home	1.6%	1.7%	2.8%	3.0%	2.8%	1.4%
Apparel and footwear	-0.5%	-0.6%	-0.7%	-0.5%	-0.5%	-0.4%
Residences	-0.8%	-0.9%	0.4%	0.4%	0.4%	-0.2%
Electricity, fuel, water, and lighting	-3.3%	-3.3%	1.4%	1.5%	1.5%	-1.1%
Medical and personal care	-0.4%	0.0%	-0.1%	-0.6%	-0.3%	0.2%
Transportation and communications	2.0%	-1.0%	-1.8%	-0.3%	1.4%	0.2%
Recreation, Reading, and Education	0.6%	0.6%	0.6%	0.6%	0.5%	0.6%
Tobacco and alcoholic beverages	1.5%	1.6%	1.3%	0.9%	0.8%	1.3%
Core consumer price index	0.5%	0.6%	0.8%	0.8%	0.8%	0.5%

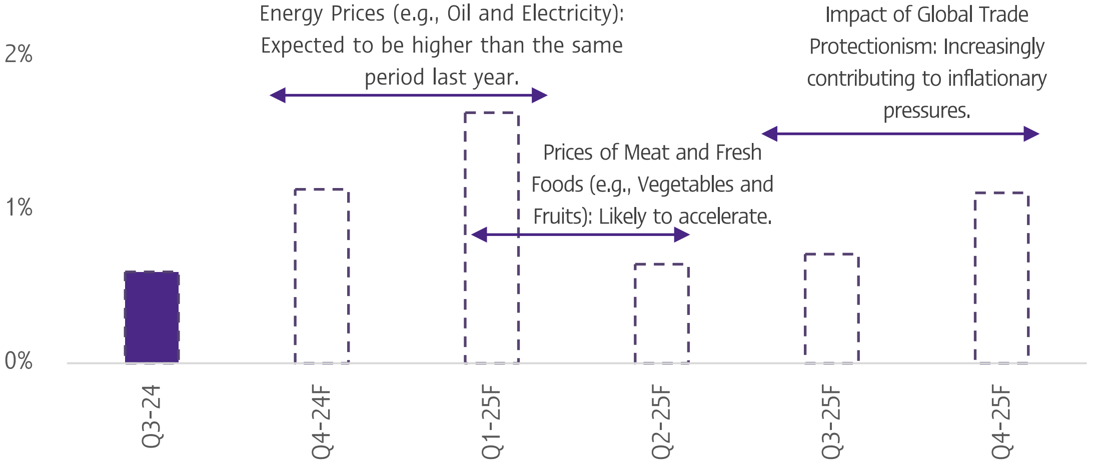
Headline Consumer Inflation and Producer Inflation Remain Low

Unit: %YOY



Quarterly Headline Inflation Forecast by SCB EIC

Unit: %YOY



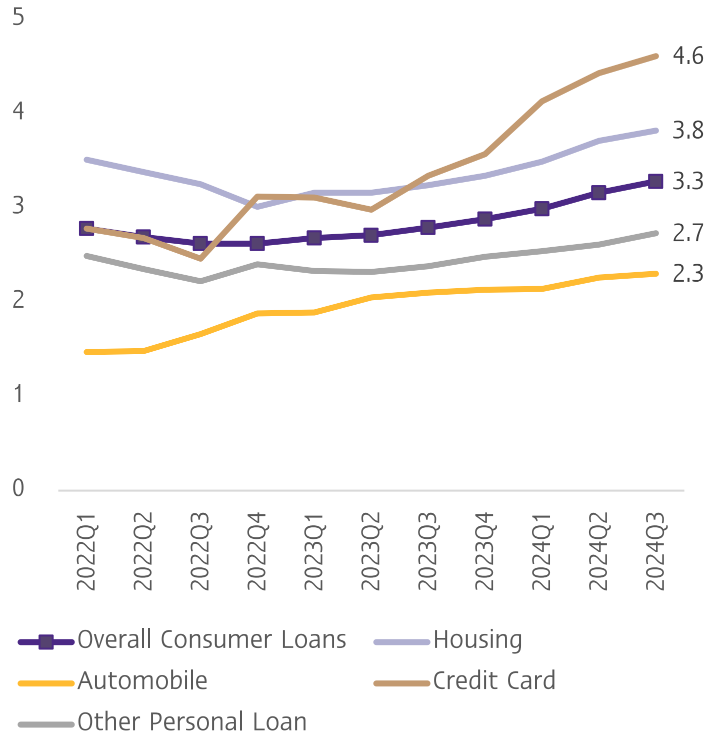
Source: SCB EIC analysis based on data from the Ministry of Commerce

Structural issues in Thailand's economy are beginning to spill over into the financial sector. The weakening financial position of households is affecting credit quality, prompting financial institutions to tighten lending conditions.

Thailand's economy is growing slowly, remaining fragile and highly uncertain, which has weakened household financial positions and reduced debt repayment capabilities. As a result, banks have become more cautious in extending credit, making it harder for households to access loans. This has led to worsening liquidity issues. Such tight financial conditions further strain household finances, creating a cyclical slowdown in the economy.

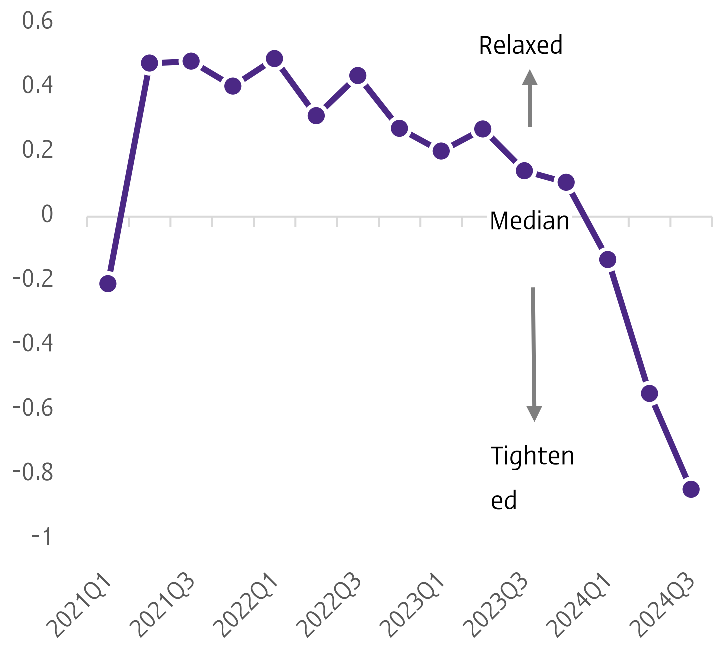
Proportion of NPLs in Household Loans by Commercial Banks

Unit: % of Outstanding Loans



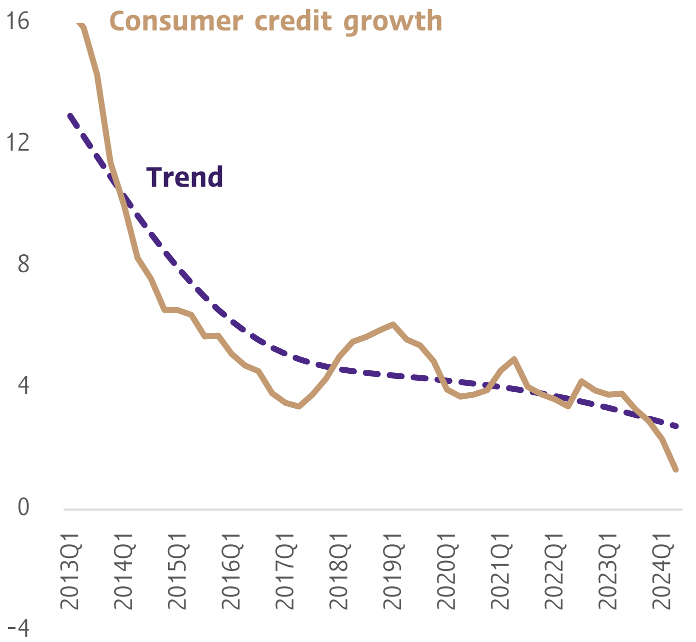
Household Credit Standards of Financial Institutions

Unit: Z-score, 4QMA weighted by outstanding loan balance by loan type, Senior Loan Officer Survey



Household Debt Growth and Trend**

Unit: %YOY, **HP-filter

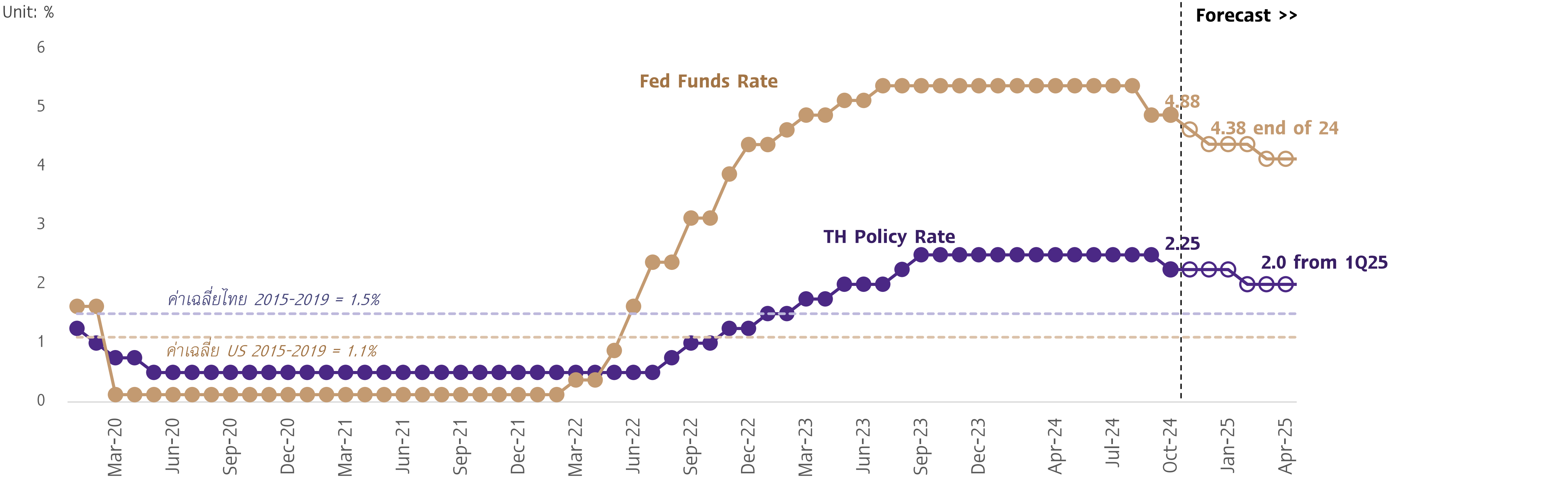


Source: SCB EIC analysis based on data from the Bank of Thailand and the Bank for International Settlements (BIS).

SCB EIC forecasts that the policy interest rate will be cut once more in February 2025, reducing it to 2%, and is expected to remain at this level in the medium term.

SCB EIC projects that the Monetary Policy Committee (MPC) will reduce the policy interest rate to 2% in Q1/2025 and maintain it throughout the year.	Thailand's policy interest rate is unlikely to return to historically low levels.
• **The necessity for further rate cuts has increased,** as tight financial conditions are impacting economic activities, while downside economic risks are rising due to geopolitical issues. • **The direction of monetary policy in major economies, which is trending toward rate reductions,** supports a similar adjustment in Thailand's policy rate.	• **This is partly because the MPC emphasizes the importance of deleveraging in the economy,** making it inappropriate to maintain excessively low interest rates. • Additionally, **policy interest rates in major economies are expected to remain higher than historical averages**, driven by the prospect of elevated inflation in the future.

Forecast of Thailand and U.S. Policy Interest Rates (by SCB EIC)

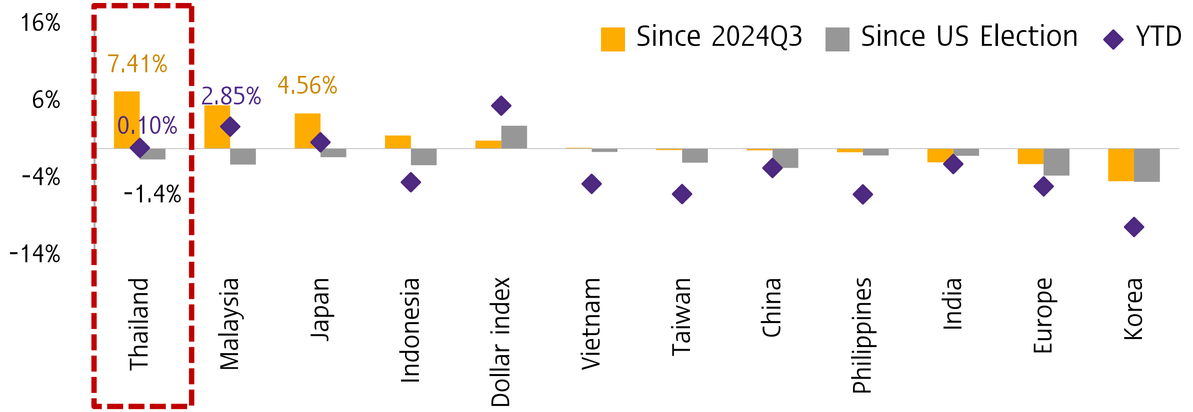


Source: SCB EIC analysis based on data from the Bank of Thailand.

SCB FM anticipates that further depreciation of the Thai Baht this year may be limited, with the currency likely to remain in the range of 34.00-35.00 for the rest of the year. However, the volatility of other currencies that may impact the Baht should be closely monitored. Capital outflows are expected to persist.

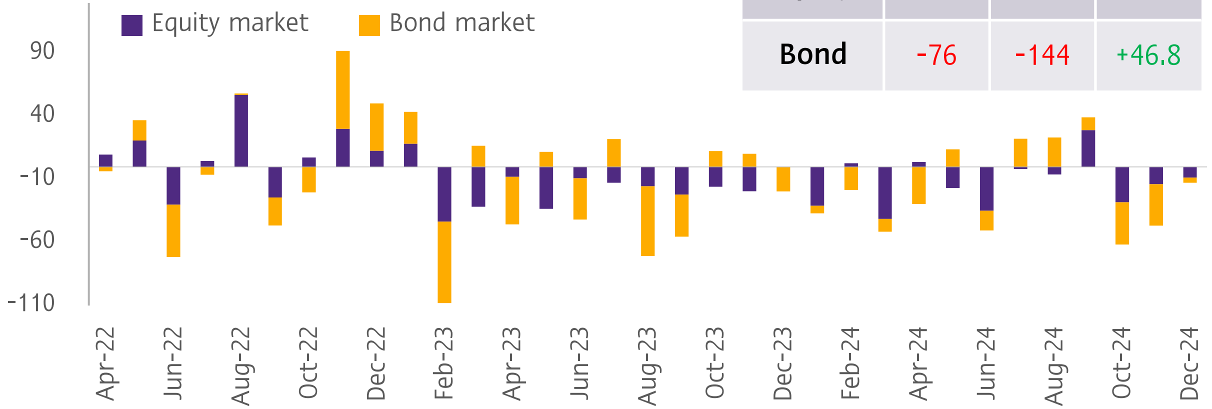
Currency Movements Against the U.S. Dollar

Unit: % (Data as of December 17, 2024)



Capital Flows into Thailand's Financial Market

Unit: Billion THB



Bn THB	YTD	2023	2022
Equity	-137	-193	+196.9
Bond	-76	-144	+46.8

- **SCB FM views that the impact of the Trump trade factor has already subsided, suggesting that the Thai Baht is unlikely to depreciate significantly for the remainder of the year. This is reflected in:**
  1. **The Baht's partial recovery, supported by better-than-expected Thai economic data,** such as Q3 GDP and export figures, along with the weakening U.S. Dollar Index.
  2. **The appointment of Scott Bessent as U.S. Treasury Secretary,** which has reassured investors that Trump's policies may not be overly aggressive. Consequently, Treasury yields have declined rapidly, and the U.S. Dollar has weakened.
  3. **Market adaptation to Trump's tariff announcements.** Following Trump's declarations of potential tariff increases on China, Canada, Mexico, and the BRICS nations, regional currencies, including the Baht, depreciated. However, the extent of depreciation was less severe compared to previous announcements and significantly less than during Trump 1.0 in 2017.
- **There remains uncertainty from movements in the Chinese Yuan, Japanese Yen, and Euro, which could impact the Thai Baht.**
  - ➢ **The Yuan** may continue to weaken as Chinese authorities could allow depreciation to act as a cushion against tariffs.
  - ➢ **The Yen** may weaken further in the short term as the BOJ is expected to raise interest rates in its January meeting.
  - ➢ **The Euro** is likely to remain under pressure from tariffs, which would further weigh on the European economy, alongside ongoing challenges in China.
- **Capital flows for the remainder of the year may continue to see outflows** due to persistent uncertainties and the robust performance of U.S. economic indicators. The latest data indicates that capital flows have reversed to outflows in Q4, despite inflows into Thailand's financial markets during Q3.

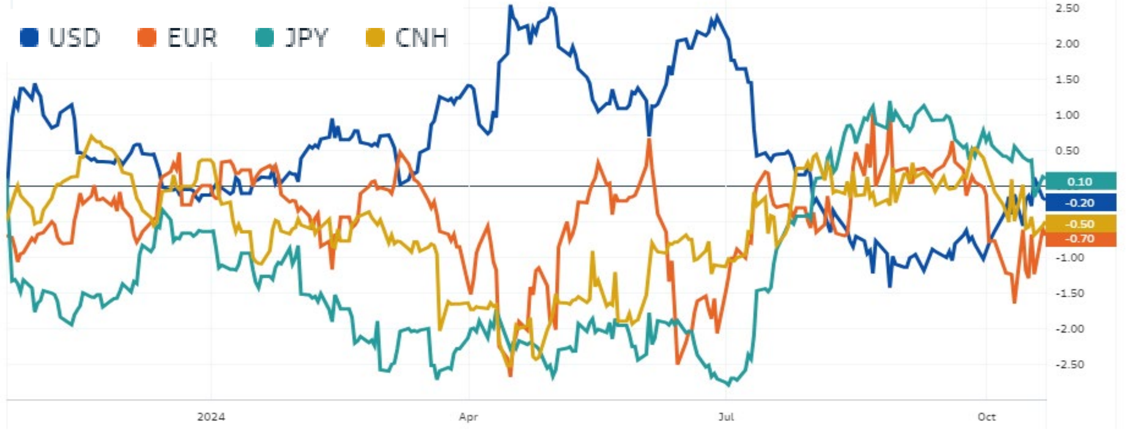
As a result, SCB FM expects the Thai Baht to remain highly volatile and likely trading within the range of 34.00-35.00 for the remainder of the year.

Source: SCB FM analysis based on data from Bloomberg.

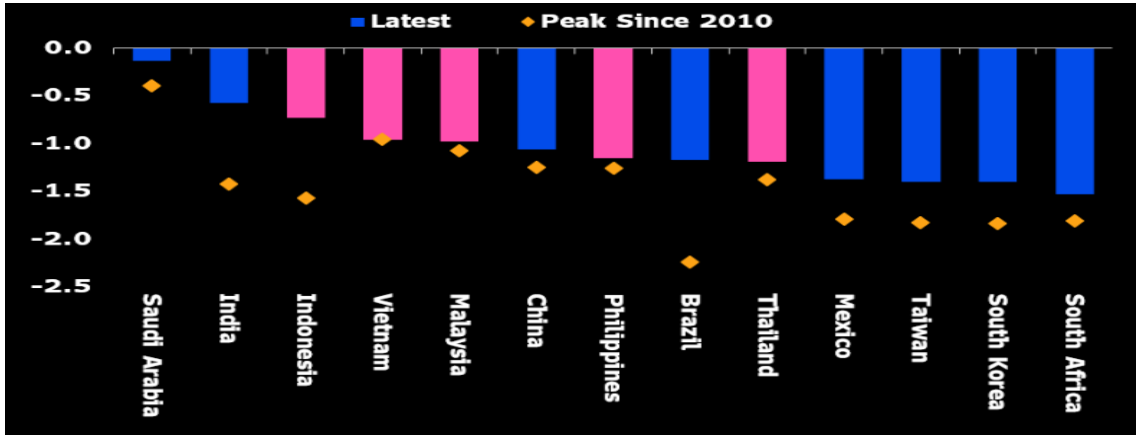
The Thai Baht may continue to depreciate in the first half of 2025 but is expected to strengthen in the second half, driven by several factors such as the Federal Reserve's interest rate cuts, returning capital inflows, a downward trend in global oil prices, and a potential increase in gold prices.

GS FX Positioning Scores

Unit: Index (std dev)



US Dollar Sensitivity



5-year weighted dollar beta of individual markets in MSCI EFM index

Source: SCB EIC analysis

SCB FM expects the Thai Baht to continue weakening in H1 2025, potentially reaching 35.50.

- **US Exceptionalism**: The U.S. economy is likely to outperform other major economies, particularly Europe, supporting a strong U.S. Dollar while keeping the Euro under pressure.
- **Trade protectionism**: The U.S. increase in import tariffs will continue to pressure regional currencies, especially the Yuan, as Trump could swiftly impose tariffs using executive orders.
- **Economic fundamental**: The Thai economy and key trading partners, such as China, may remain weak.

The Thai Baht is expected to appreciate in H2 2025, with the year-end range projected at 33.50-34.50.

- **Federal Reserve rate cuts** could lead to declines in Treasury yields and the U.S. Dollar Index.
- **The U.S. government's increasing fiscal deficit**, driven by tax cuts and higher spending, may weaken the U.S. Dollar.
- **Returning capital flows to emerging markets (EM)**, including Asian and Thai markets, would support the Baht.
- **Global oil prices are expected to decline** in 2025, potentially improving Thailand's current account surplus.
- **Gold prices may rise**, supported by declining global yields, further strengthening the Baht.

Thai businesses continue to face significant risks, including global economic volatility, Trump 2.0 policies, Thailand's structural challenges, intense competition, and pressures from mega trends. However, the extent of these impacts will depend on each business's ability to adapt.

Risks to Monitor

- Domestic Consumption Vulnerability
- Global Demand Volatility
- Geopolitical Issues
- The Return of Trump, Impacting Trade, Investment, and Energy Sectors
- Slow Adaptation of Production Structures
- Intense Competition Both Domestically and Internationally
- Pressures from Mega Trends such as Digital Disruption, Climate Change, and Transition Risks

Risk level/Level of impacts

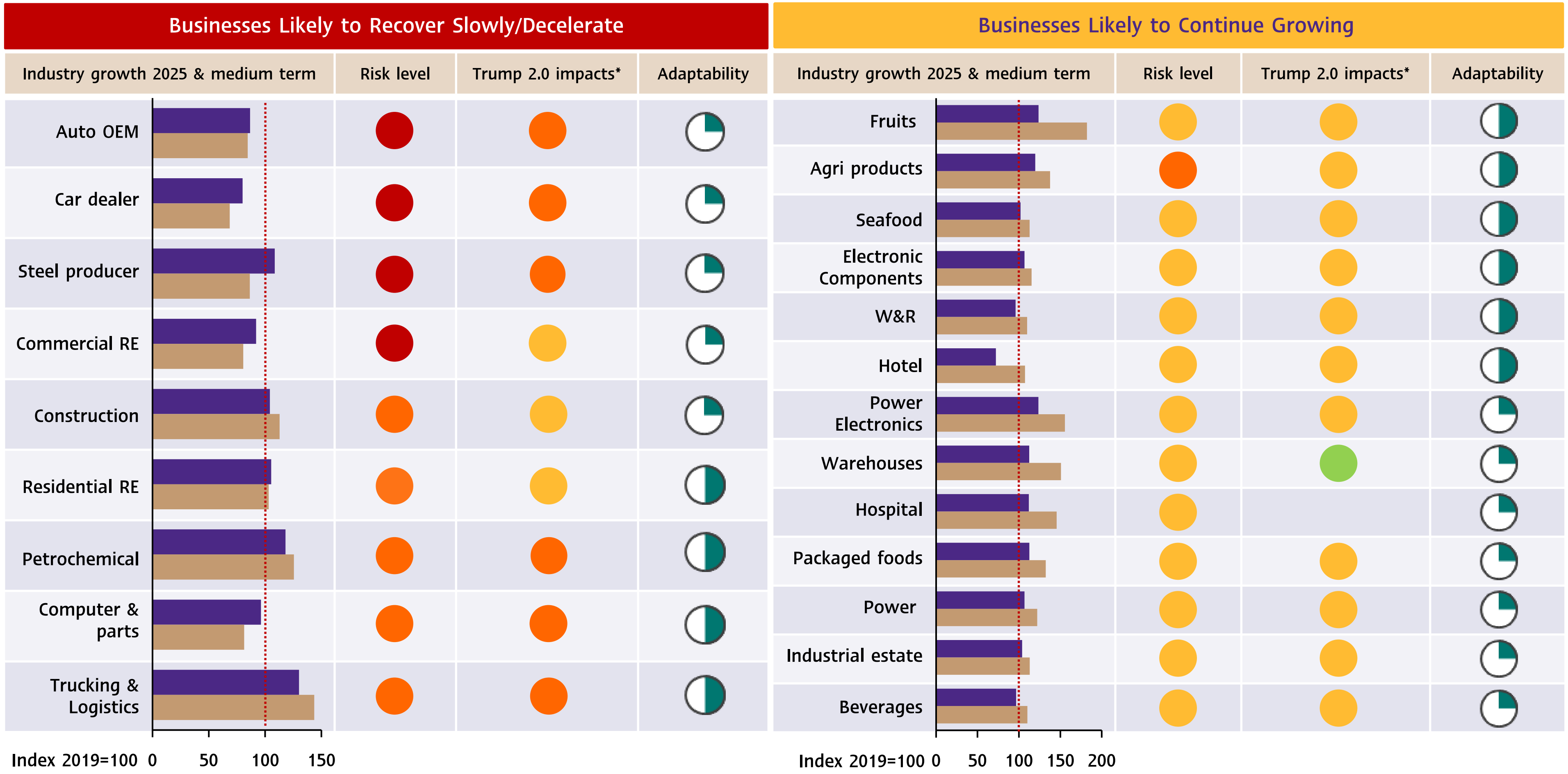
Negative
- High
- Moderate
- Low

Positive

Adaptability

- Highly Adaptable
- Facing Significant Obstacles/Challenges in Adaptation

Growth Outlook for Businesses in 2025 and Medium-Term



Average 2019-2024 Average 2025-2028F

*Overall impact of Trump 2.0 policies, including both negative and positive effects.

Source: SCB EIC analysis

The Next Step for Thailand’s Economy in a ‘Two-World Economy’

Thailand’s economy is growing at a slower pace, becoming more fragile and uncertain, driven by both external challenges and internal weaknesses. The interplay between short-term slowdowns and long-term structural issues has resulted in a ‘Two-World Economy’ with distinct disparities.

SCB EIC

The Next Step for Thailand's Economy in a 'Two-World Economy'

The external challenges and internal weaknesses observed in Thailand reflect its slowing economic growth in the short term and longstanding structural issues. Meanwhile, Thailand's past economic development approach has not sufficiently enabled upward and downward mobility within the social structure. **These limitations have placed the Thai economy in a 'dual world,' differentiated across three dimensions:**

1. **Dimension: Weak vs. Strong – The dual world of financially weak households versus financially strong households** reflects the severe wealth inequality among Thai households. Financially weak households face insufficient income to cover expenses and irregular income streams. When these vulnerable households encounter situations that disrupt their income, they are more severely impacted and recover more slowly compared to households with stronger financial standing.

2. **Dimension: Old vs. New – The dual world of the old and new production sectors highlights the divergence in growth dynamics.** The old production sector has struggled to adapt to changes in the economic, social, and technological landscape, leaving it vulnerable to various risks. In contrast, the new production sector has opportunities to grow alongside these transformations and is less affected by emerging risks.

3. **Dimension: Large vs. Small – The dual world of large businesses versus small businesses reveals significant disparities in performance.** Small businesses experience greater profit volatility compared to large enterprises. During the COVID-19 period, large businesses maintained steady revenues, even achieving nearly 10% growth post-crisis. Conversely, small businesses saw their revenues contract by approximately 2-3% during COVID-19 and have yet to recover.

The path forward for economic development should focus on narrowing the gap between the dual worlds through three quality growth objectives:

1. **Building resilience for Thai people against adverse situations** – This will provide a stable foundation for low-income earners to seize growth opportunities. Policymakers have a responsibility to establish mechanisms for social support and social insurance, along with designing financial regulations that foster the development of insurance markets tailored to low-income individuals and small businesses.

2. **Enabling Thais to grow by adapting to changes in the economic, social, and technological landscape** – Policymakers must create mechanisms to promote business opportunities through trade and investment negotiations while supporting domestic businesses.

3. **Providing equal opportunities for economic value creation and inclusive growth** – Policymakers should act as architects of resource allocation rules and competition frameworks to ensure that individuals from lower-income worlds can access resources, compete, and achieve growth equitably.

Thai economy is experiencing slow growth, with increased fragility and uncertainty due to external challenges and domestic weaknesses.

Structural Factors

External Challenges

Internal Weaknesses

Participation in Global Production Activities

A decline in global trade due to geopolitical conflicts is leading countries to reduce their reliance on international economic activities.

Thailand lacks competitiveness in exports, while domestic producers face challenges from lower-cost imports from China.

Intensifying global competition, trade barriers, and global supply chain reconfiguration force exporters to secure their positions in the new supply chain.

Thailand attracts less foreign investment compared to neighboring countries. Even Thai investors increasingly channel funds into overseas markets.

Domestic Demand

High private debt limits Thailand's ability to leverage debt for growth, reducing reliance on consumption and investment as economic drivers.

High public debt imposes constraints on further fiscal stimulus, as new borrowing could impact the country's credit rating.

Cyclical Factors

Structural issues create downward spiral into the financial sector. Household financial conditions affect credit quality, causing financial institutions to tighten lending standards.

The effectiveness of monetary and fiscal policies diminishes with lower multiplier effects, as economic agents spend less than they would do under normal conditions.

The interplay between cyclical factors and long-term structural issues has led

Thailand into a 'Two-World Economy'.

Source: SCB EIC analysis

(1) 'Weak vs. Strong' – Thai households, particularly low-income groups, remain fragile. Their income recovers more slowly than expenses with limited financial buffers and lack of social protection against unexpected expenditure shock.

Insufficient Income	The Majority Face Issues / The Minority Face Issues	Insufficient Savings	Monthly Income	Insufficient Risk Protection	Proportion of Households
80%		83%	Less than 30,000 THB	1 in 3	68.4%
65%		40%	30,000 – 50,000 THB	1 in 5	19.0%
37%		23%	More than 50,000 THB	< 1 in 10	12.6%

The majority of low-income consumers face issues with insufficient income to cover expenses, **especially those earning less than 15,000 THB per month, with over 80% of this group struggling to make ends meet.**

This results in nearly all households in this group lacking emergency savings in case of income loss. The majority are working-age individuals aged 31-40, employed in private companies or engaged in freelance work.

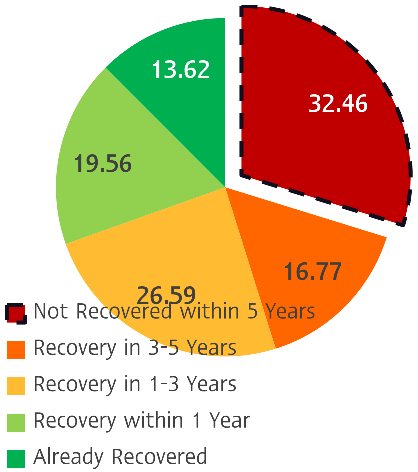
Moreover, over one-third of this group lacks any form of insurance, exposing them to financial risks from unforeseen events and reflecting the high vulnerability of this consumer segment.

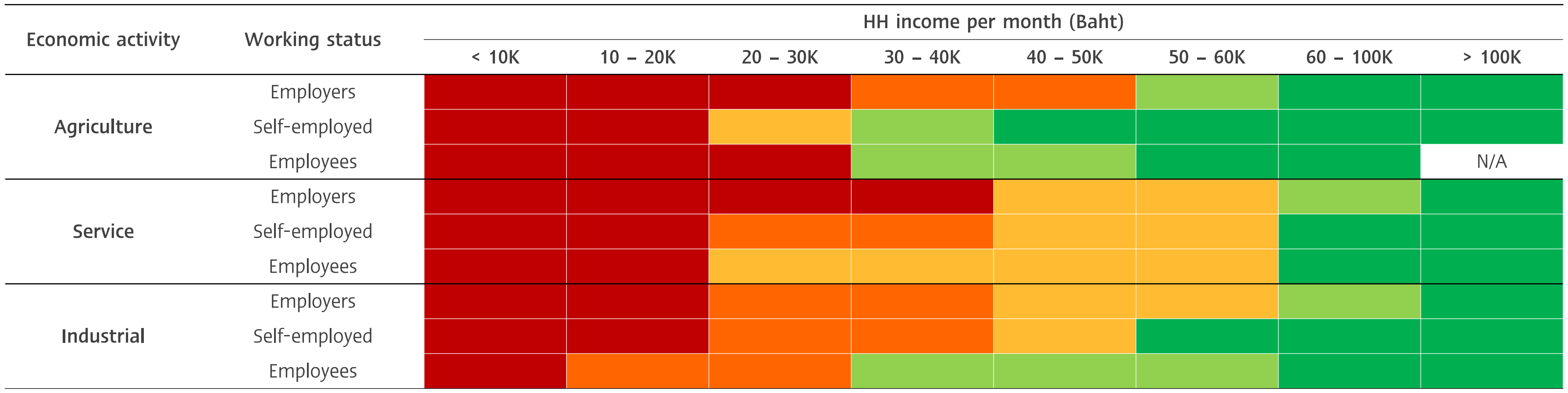
Note: Data includes only consumers with debt.

Source: SCB EIC analysis based on data from the National Statistical Office, SCB EIC Consumer Survey 2023 (conducted from October 20 to November 3, 2023, with a sample size of 2,090) and SCB EIC Consumer Survey 2024 (conducted from October 14 to October 22, 2024, with a sample size of 1,869).

One-third of indebted households face with the issue of insufficient income to cover expenses. Meanwhile, around 20% of borrowers in the 'potential' group, who are temporarily struggling with debt repayment, could recover if they have access to more liquidity.

Estimated Recovery Period for Indebted Thai Households Within 5 Years by SCB EIC





Debtor Profiles and Types of Assistance Needed, Categorized by Ability to Resume Debt Repayment After Receiving Support

	Facing Debt Repayment Issues			Able to Meet Debt Obligations (35.7%)
	No Assistance Received (37.2% of consumers with debt)	Assistance Received but No Recovery (6.8%)	Assistance Received with Potential for Recovery (20.3%)	
Persona by Monthly Income	15,000-30,000	<30,000	30,000-50,000	>50,000
Type of Loan	Credit cards, housing loans, and cash cards	Credit cards, housing loans, and cash cards	Credit cards, housing loans, and cash cards	Housing loans, credit cards, and auto loans
Debt Repayment Behavior	53% make minimum payments or occasionally default on repayments	39% make minimum payments or occasionally default on repayments	84% make regular repayments	97% make regular repayments
Debt Resolution Needs	Low-interest loans, debt restructuring, and debt consolidation	Debt restructuring	ow-interest loans, debt restructuring, and debt consolidation	-
	High risk for banks if debt resolution assistance is provided	Moderate risk for banks if debt resolution assistance is provided	ikely to successfully resolve debt	N.A.

Note: (1) Recovery period is estimated based on the time it takes for household income to exceed expenses (including debt repayment). (2) The majority of those receiving assistance from the government or financial institutions benefit from measures such as debt repayment holidays, debt restructuring, and special low-interest loans.

Source: SCB EIC analysis based on data from the National Statistical Office and SCB EIC Consumer Survey 2024 (conducted from October 14 to 22, 2024, with a sample size of 1,869).

(2) 'Old vs. New' – While many traditional businesses remain highly vulnerable, some have managed to continue operating by adapting, improving efficiency, and adopting technology. At the same time, new businesses are emerging with promising growth potential, aligning with global trends.

Traditional Businesses

High Risk – Struggling

- Businesses Operating Traditionally: Products/services fail to meet market demands.
- Businesses Lacking Production Efficiency Improvements.
- Businesses Without Technological Advancements.
- Businesses Neglecting Brand Development, Especially SMEs.
- Businesses Overly Reliant on Traditional Markets.
- Businesses Struggling to Reduce Greenhouse Gas (GHG) Emissions.

Strategic Responses

- Exit from businesses or segments lacking potential.
- Focus on improving production structures, including both products and processes.
- Explore new markets to diversify risks.
- Seek partnerships to strengthen capabilities.

Adapted – Thriving

- Businesses Developing Products/Services to meet market demands and align with global trends.
- Businesses Creating High-Value Products.
- Businesses Investing in Technology to enhance efficiency.
- Businesses Diversifying Markets and exploring new ones.
- Businesses Operating with Integrated Models.
- Businesses Reducing GHG Emissions in their operations.

Strategic Responses

- Increase Investment in Research and Development.
- Focus on Flexible Supply Chain Management to better handle risks.
- Continuously Enhance and Adapt Products and Services to keep pace with global trends.

New Businesses

Trend-Aligned – Growing

- Emerging Businesses Developing Products/Services aligned with global Mega Trends, particularly sustainability.
- Businesses Innovating with New Technologies.
- Businesses Creating New Business Models that are distinctive and meet the demands of the modern world.

Strategic Responses

- Expand into New Businesses that align with global trends.
- Leverage Digital Transformation to drive change and expand business opportunities.
- Build a Data-Driven Organization.
- Focus on Developing Products/Services targeting niche markets.

Source: SCB EIC analysis

Businesses that adapt and continue to thrive include those that leverage technology to develop products and enhance efficiency, prioritize sustainability, focus on health and wellness, and create high-value products and services targeting niche markets.

Types of Businesses	Traditional Businesses		New Businesses
	High Risk – Struggling	Adapted – Thriving	Trend-Aligned – Growing
Automotive	▪ ICE Vehicle Manufacturers that fail to adapt to trends in Future Mobility & ESG. ▪ Component Manufacturers related to powertrain and fuel systems.	▪ Manufacturers of ICE and hybrid vehicles that have adapted and set targets to increase EV sales. ▪ Component manufacturers that have successfully adapted, such as tire producers, electric motor makers, wiring manufacturers, and drivetrain system providers.	▪ BEV vehicle manufacturers and EV battery producers. ▪ Businesses adopting new models, such as shared mobility and pay-per-use.
Residential RE Commercial RE	▪ Small businesses without a strong brand. ▪ Old projects without renovation and lacking diverse tenant types.	▪ Major developers creating sustainable living housing to address demographic changes. ▪ Major developers with strong brands and projects certified with environmental standards.	▪ Entrepreneurs developing projects certified for environmental friendliness and sustainability.
Industrial Estate	▪ Traditional Ready-Built Factories for Rent.	▪ Ready-built factories and warehouses in a build-to-suit format that meet specific demands.	▪ Green industrial estates focusing on green utilities, such as green electricity and proper waste management.
Petrochemical	▪ Traditional petrochemical plants without specialty chemicals.	▪ Petrochemical plants investing in circular economy initiatives.	▪ Chemical Recycling
Refinery	▪ Refineries relying solely on conventional fuel production. ▪ Refineries unable to reduce emissions.	▪ Refineries investing in green technologies to reduce GHG emissions, such as CCS/CCU systems or producing high-value products.	▪ Refineries transitioning to renewable feedstocks and modifying production lines to meet market demands, such as SAF.
Construction	▪ SMEs struggling with delivery and liquidity management.	▪ Major players using technology to enhance efficiency and reduce emissions.	
Steel	▪ SMEs with very low-capacity utilization.	▪ Major players upgrading production technology for high-quality steel while reducing emissions.	
Food & beverages	▪ Entrepreneurs lacking diversified risk management in both upstream and downstream operations. ▪ Entrepreneurs failing to develop products that align with global megatrends.	▪ Entrepreneurs offering products aligned with trends in health and wellness (H&W), high-value markets, and adding value from by-products.	▪ Producers of innovative foods, such as novel foods, plant-based products, medical foods, and 3D-printed foods.
Agriculture	▪ Entrepreneurs using raw materials from deforestation areas or with High GHG Emissions, and heavily reliant on income from a single market/product.	▪ Major players operating integrated businesses across the value chain.	▪ Low-carbon agricultural products, such as low-carbon rice.
Hotel	▪ Hotels catering exclusively to Chinese tour groups.	▪ Upscale hotels catering to high-spending tourists.	▪ Green Hotel, Wellness Hotel
Transport & logistics	▪ Passenger transport providers serving exclusively Chinese tour groups.	▪ Entrepreneurs providing green logistics services.	▪ Advanced technology logistics, such as drones, automated warehouses, and autonomous vehicles.
E&E	▪ Manufacturers as part of the Chinese supply chain, such as electronic components, computers, and their parts. ▪ Old-Model HDD Manufacturers with low storage capacity.	▪ Electronic components: PCBs, integrated circuit boards, and electrical appliances such as air conditioners and refrigerators. ▪ HDD manufacturers with high capacity to support data centers and cloud technology. ▪ Power equipment manufacturers, such as transformers, wires, and cables, catering to clean energy needs.	▪ Home appliances evolving into smart home products. ▪ Advanced electronic components, such as wafers and semiconductors. ▪ Solid State Drive (SSD)
Wholesale & retail trade	▪ Traditional grocery	▪ Businesses leveraging omnichannel sales and adapting to changing consumer demands, while integrating technology to reduce costs.	▪ Retailers leveraging technology to enhance customer experiences. ▪ Retailers focusing on niche markets.
Power	▪ Coal-Fired power plants. ▪ Natural gas power plants without a carbon emission reduction plan.	▪ Renewable energy projects under both public PPA and private PPA models. ▪ Natural gas power plants utilizing low-carbon hydrogen and equipped with CCUS technology.	▪ Renewable energy + Energy storage system) / Direct PPA / Energy trading ▪ Small Modular Reactor (SMR) power plants.

Source: SCB EIC analysis

(3) 'Large vs. Small' – Small businesses are recovering slowly and struggle to adapt to global changes, whereas large businesses possess greater adaptability and resilience.

Historical data indicates that SMEs generally have lower average net profits and face greater profit volatility compared to larger businesses. This partly reflects the more severe impact of economic environmental factors on SMEs and their slower recovery, as evidenced by the delayed revenue rebound of small businesses from the COVID-19 pandemic. Additionally, it may also highlight the limitations of smaller businesses in adapting to external challenges.

Net Profit of Businesses by Size*

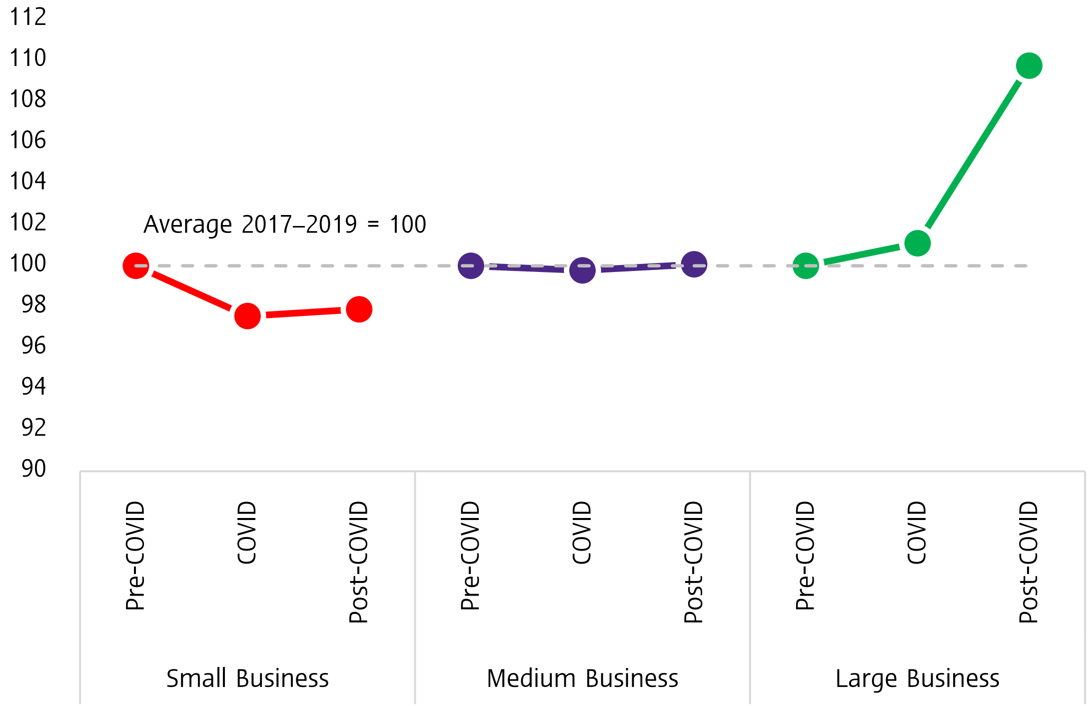
Unit: Median of average net profits (over time), data from 2013–2023, %

Profit Volatility by Business Size*

Unit: Median of 1 standard deviation (over time), data from 2013–2023, %

Recovery of Business Revenue Index by Size*

Unit: Index

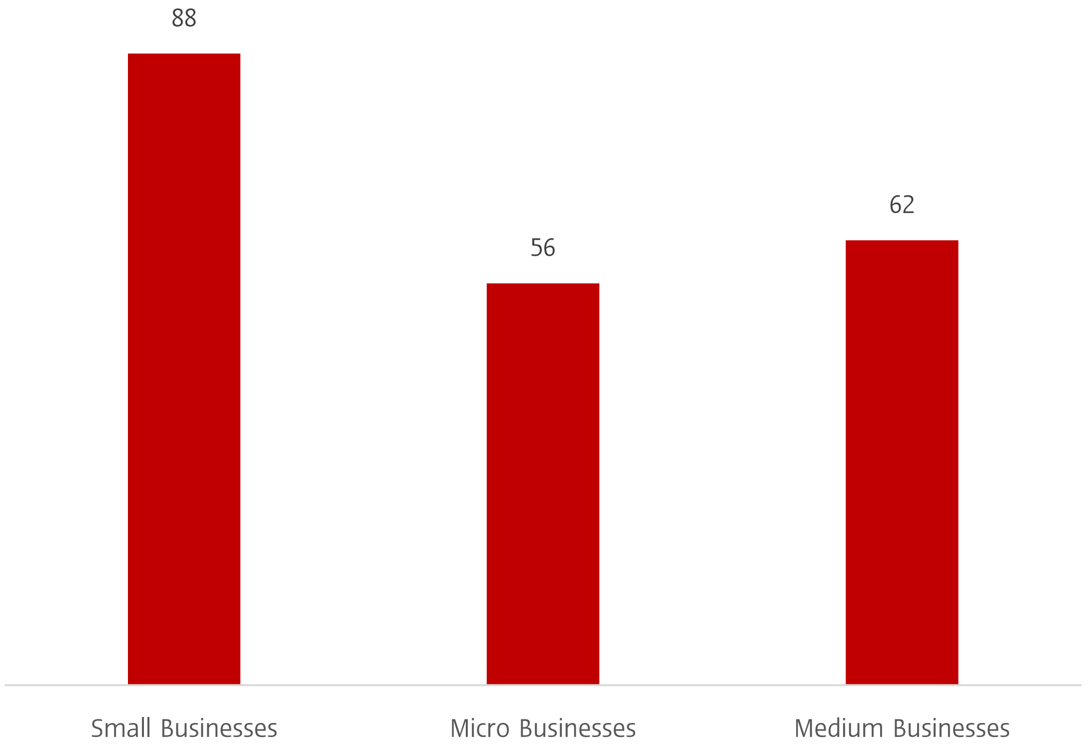


Note:*Large, medium, small, and micro businesses are classified as follows: Manufacturing sector: Annual revenue of more than 500 million THB (large), up to 300 million THB (medium), and up to 100 million THB (small).
Trade and service sector: Annual revenue of more than 300 million THB (large), up to 300 million THB (medium), and up to 50 million THB (small).
Source: SCB EIC analysis based on data from the Bank of Thailand and the Department of Business Development.

SMEs face challenges with liquidity and access to credit, particularly small businesses. These issues negatively impact their resilience and competitiveness, **creating barriers to turn into larger enterprises and increasing the likelihood of business closures.**

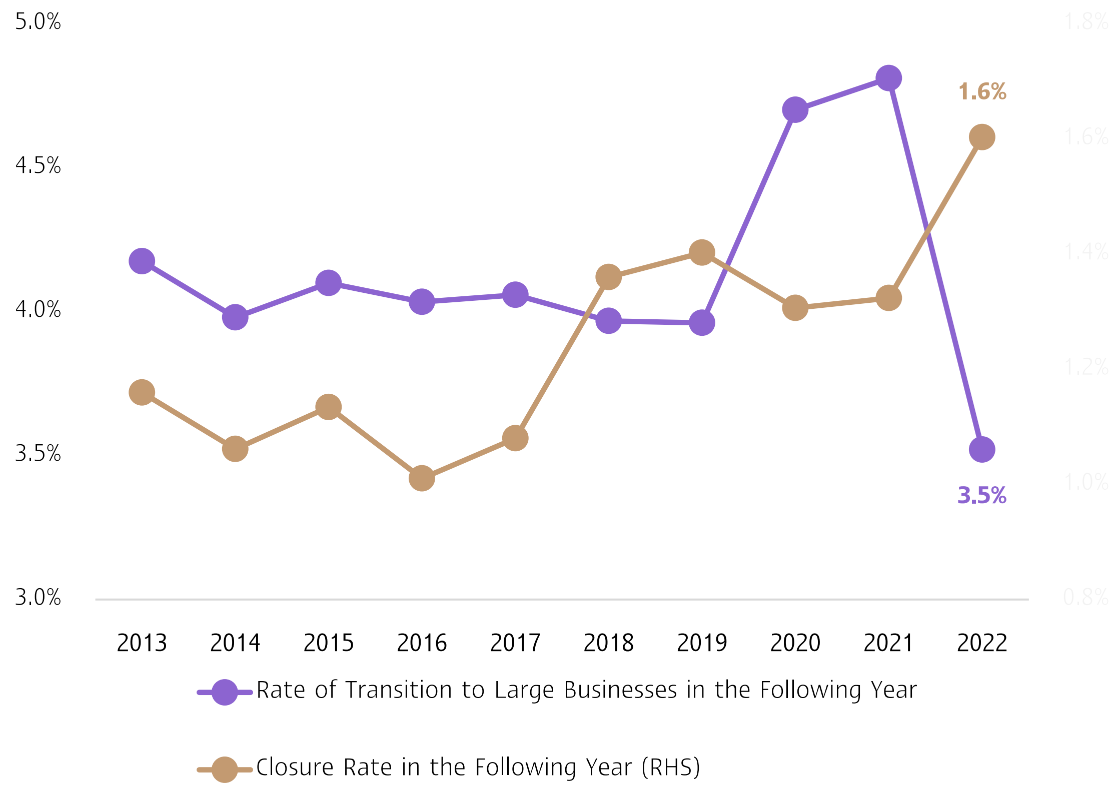
Proportion of Thai Businesses Facing Difficulty or Inability to Access Loans (Survey by SCB EIC)

Unit: % of respondents by business size



Rate of Transition to Large Businesses and Closure Rate of Small Businesses

Unit: % of small businesses with growth potential*



Note: *Small businesses in year t that transition to large businesses in year t+1 are defined as small businesses with revenue and revenue growth above the 75th percentile (P75) of small businesses in year t, and in year t+1, these businesses achieve revenue exceeding 500 million THB and an ROA above the 25th percentile (P25) of large businesses.

Source: SCB EIC analysis based on a survey of 102 SME entrepreneurs conducted from March to May 2024 and data from the Department of Business Development.

To enhance quality of economic development in Thailand, three key aspects must be strengthened.

Distribute Benefits More Equitably

Everyone should have the opportunity to grow together in creating economic value. The government should design new frameworks for fair resource allocation and competition, enhance transparency in legal processes, and improve bankruptcy laws to be more effective, allowing small players who fail to re-enter the market.

Increase Overall Economic Value

Participants in the economy should grow through development and adaptation to economic, social, and technological landscapes. The government should expand business opportunities through trade and investment negotiations, such as integrating into the evolving production chains.

Establish Solid Foundation

Citizens should be resilient to adverse economic situations, providing a solid base to seize growth opportunities.
The government should strengthen social security systems and enhance social support, such as developing insurance markets for low-income earners.

Source: SCB EIC analysis

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