

# Economic and Financial Outlook

July 2021

ttb analytics

## Global Economy

- **New Delta variant Covid-19 weighed down on economic outlook** especially in Asian countries which has seen rising number of Covid-19 cases. Many countries rolled out stricter measures to curb the spread of Delta variant.
- **Global export growth continued.** Developed economies such as US and EU displayed strong returns from low bases last year.
- **Rising inflation is a global issue.** More than 60 countries around the world has seen inflation risen this year, mainly due to energy price. Inflation peaked in May in many countries.
- U.S. labor market displayed improvement in June, adding 850,000 jobs, mainly in hospitality business. Meanwhile, European retail trade and industrial production increased strongly in May from low-base impact.
- Chinese economy grew 7.9% in the second quarter, falling down from strong first quarter. Overall growth is projected to be above targeted 6% Japan might struggle from weak domestic consumption as Covid-19 cases rose.

## Domestic Economy

- Overall, Thai economy as of May 2021 consecutively declined for the second straight month due to the 3<sup>rd</sup> wave outbreak. Vaccination and outbreak control would be key determinant for future economic trend.
- **Supply shortage** could be a triggering event in the upcoming month after severe cluster outbreak.
- **Only merchandise exports excluded gold continuously recovered to all destinations;** however, foreign tourists were still at very low level, but with more positive outlook from Phuket sandbox.
- **Domestic activities considerably dropped :**
  - Private consumption declined together with worsened confidence and labor market condition. Number of Thai tourists also faded away.
  - The level of private investment reduced in all categories together with weaker business sentiment. Moreover, there was weak condition in construction and real estate sector.
  - Public spending were greater than last year.
- **Inflation jumped from low base effect and increase in energy prices**

## Financial Markets

- Even unexpected long period of high US inflation put pressure to the market as Federal Reserve to tighten monetary policy sooner than expected, which could in turn dampen a consumer-led recovery, **the rise in new delta variance seems to have more impact on Financial markets.** LT US 10Y inflation has been dampen for few months from its peak on mid of May, in contrast, US 10Y real yield slightly moved up from 0.9% in May-21 to 1.0%.
- **Compared to USD, THB still continues to be weakening through 2021** as weaker economic recovery than global peers, negative current account, and covid-19 situation. Moreover, USD Index continued to rise from last month as the rise in new delta variance has positive impact on safe haven currencies.
- Short term TGB will stick to policy rate at 0.50% at least through Q3/2022. **Long term TGB yield should be raised in the medium term** as 10Y UST yield on the way to recover soon.

# **PART 1**

## **Global Economy**





# Government actions to curb Delta variant pressured manufacturing sector outlook



## Manufacturing PMI

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Australia	55.8	55.7	57.2	56.9	56.8	59.7	60.4	58.6
China	54.9	53.0	51.5	50.9	50.6	51.9	52.0	51.3
India	56.3	56.4	57.7	57.5	55.4	55.5	50.8	48.1
Indonesia	50.6	51.3	52.2	50.9	53.2	54.6	55.3	53.5
Japan	49.0	50.0	49.8	51.4	52.7	53.6	53.0	52.4
South Korea	52.9	52.9	53.2	55.3	55.3	54.6	53.7	53.9
Thailand	50.4	50.8	49.0	47.2	48.8	50.7	47.8	49.5
Canada	55.8	57.9	54.4	54.8	58.5	57.2	57.0	56.0
United States	56.7	57.1	59.2	58.6	59.1	60.5	62.1	62.1
Germany	57.8	58.3	57.1	60.7	66.6	66.2	64.4	65.1
France	49.6	51.1	51.6	56.1	59.3	58.9	59.4	59.0
Italy	51.5	52.8	55.1	56.9	59.8	60.7	62.3	62.2
United Kingdom	55.6	57.5	54.1	55.1	58.9	60.9	65.6	63.9
Spain	49.8	51.0	49.3	52.9	56.9	57.7	59.4	60.4

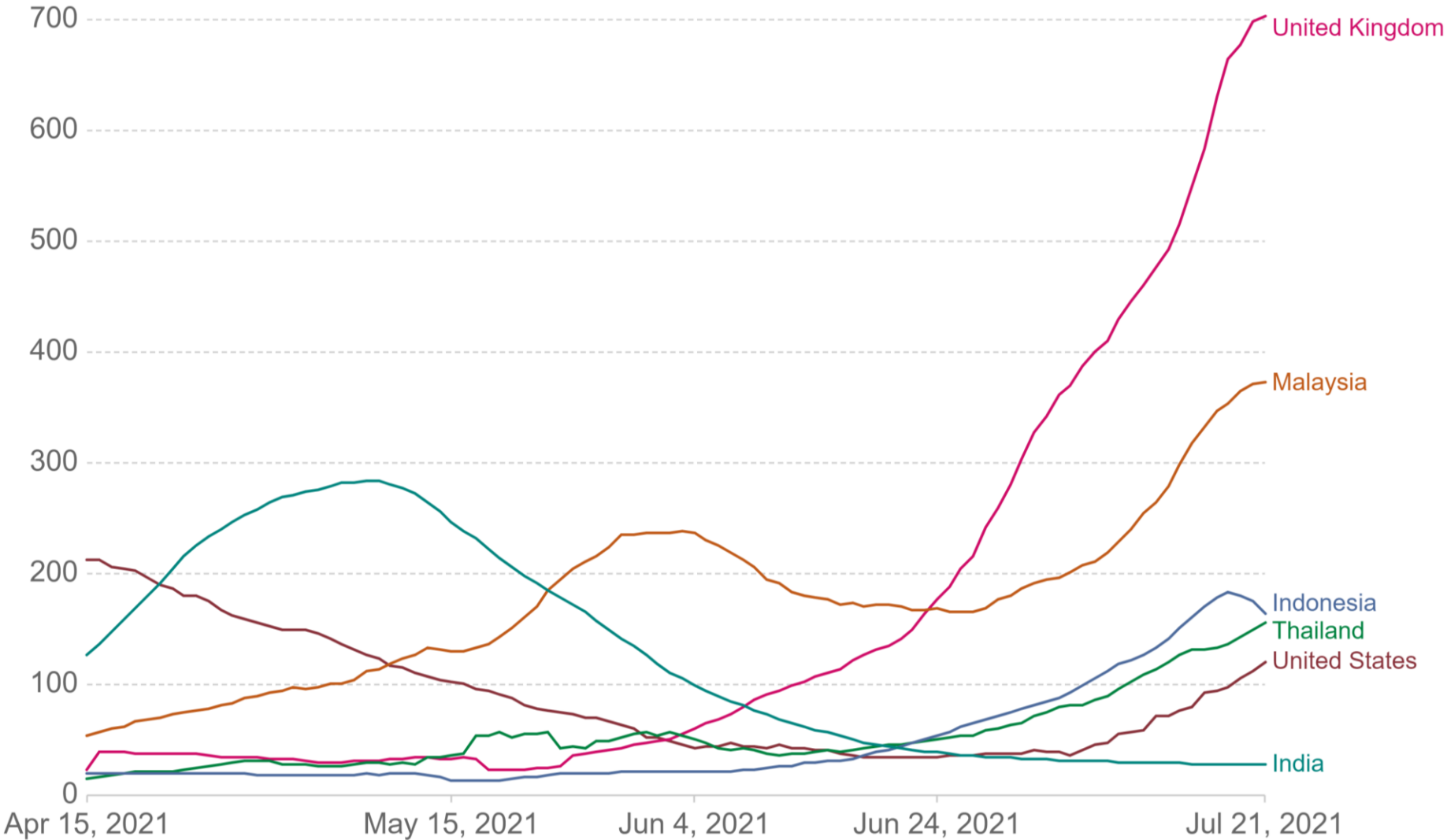
## Service PMI

	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21
Australia	55.1	57.0	55.6	53.4	55.5	58.8	58.0	56.8
China	57.8	56.3	52.0	51.5	54.3	56.3	55.1	50.3
Japan	47.8	47.7	46.1	46.3	48.3	49.5	46.5	48.0
India	53.7	52.3	52.8	55.3	54.6	54.0	46.4	41.2
United States	58.4	54.8	58.3	59.8	60.4	64.7	70.4	64.6
Germany	46.0	47.0	46.7	45.7	51.5	49.9	52.8	57.5
France	38.8	49.1	47.3	45.6	48.2	50.3	56.6	57.8
Italy	39.4	39.7	44.7	48.8	48.6	47.3	53.1	56.7
United Kingdom	47.6	49.4	39.5	49.5	56.3	61.0	62.9	62.4
Spain	39.5	48.0	41.7	43.1	48.1	54.6	59.4	62.5

- PMIs which are early indicators for economic activities suggested that most countries have strong positive outlooks toward manufacturing sector.

- June PMIs data displayed stark differences between growth outlook in developed countries, which had Covid-19 under control, and developing countries. Manufacturing PMIs in Asia dropped due to strict government measures in response to new Delta variants.

Daily new cases per million people (7-days rolling average)



Source: Johns Hopkins University CSSE COVID-19 Data

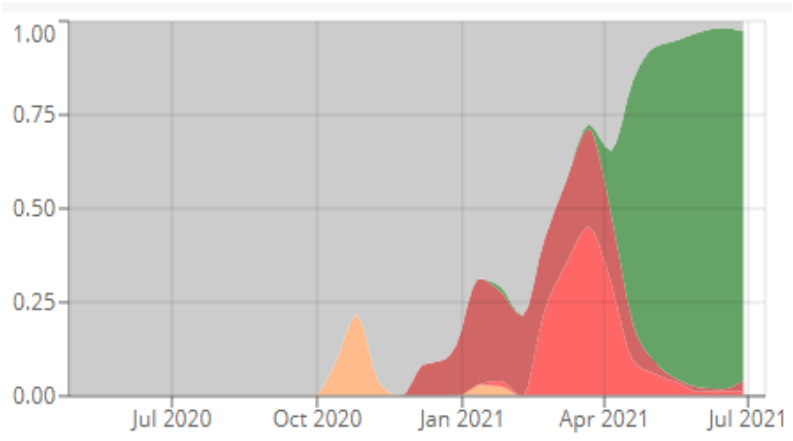
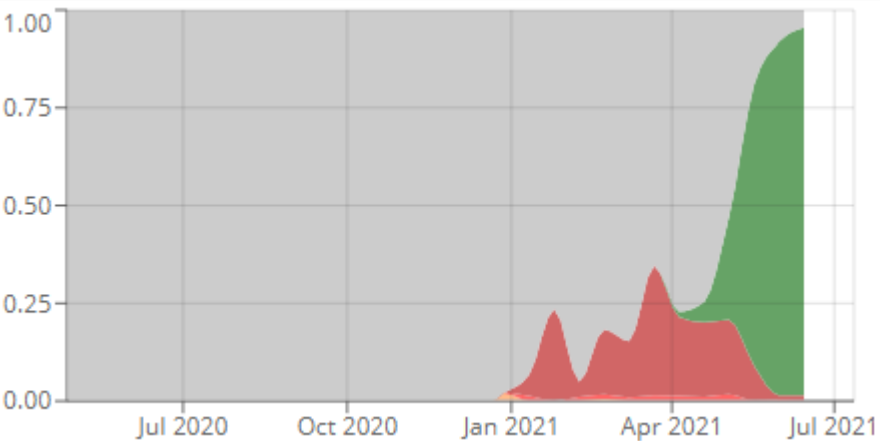
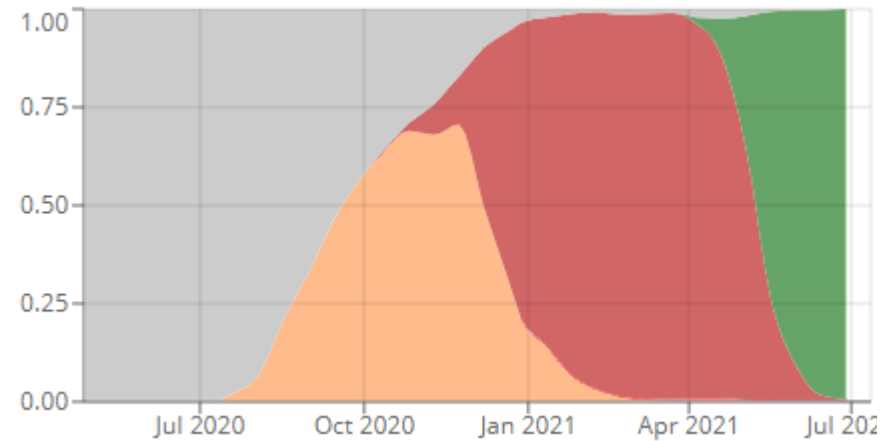
# Delta variant widespread became new concern for global economic recoveries



**United Kingdom**

**Russia**

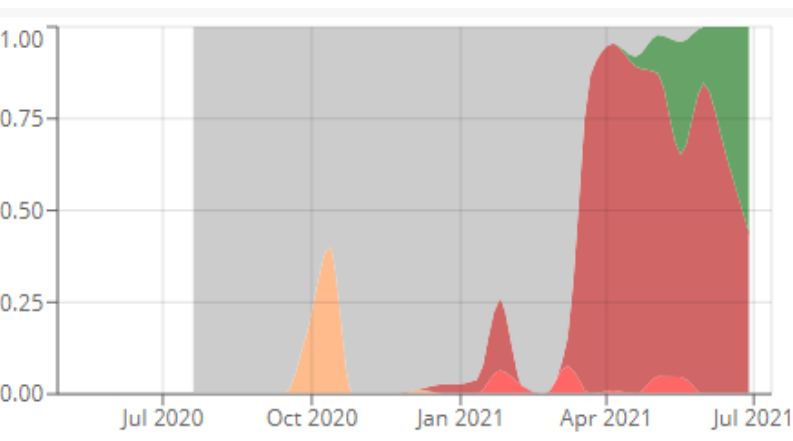
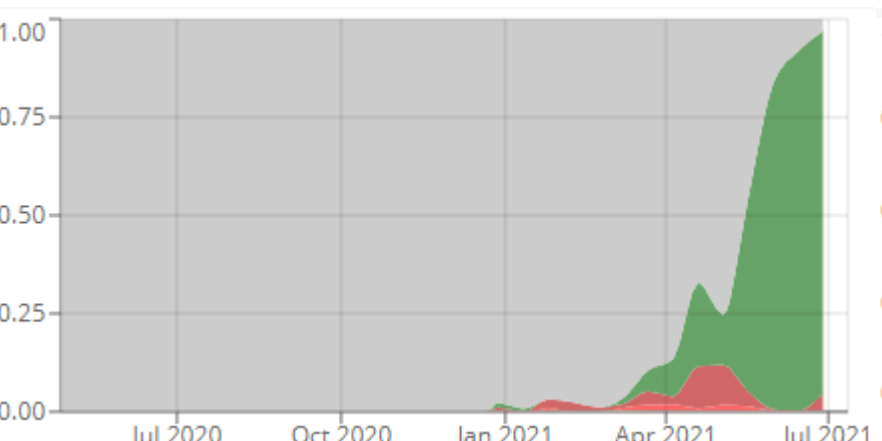
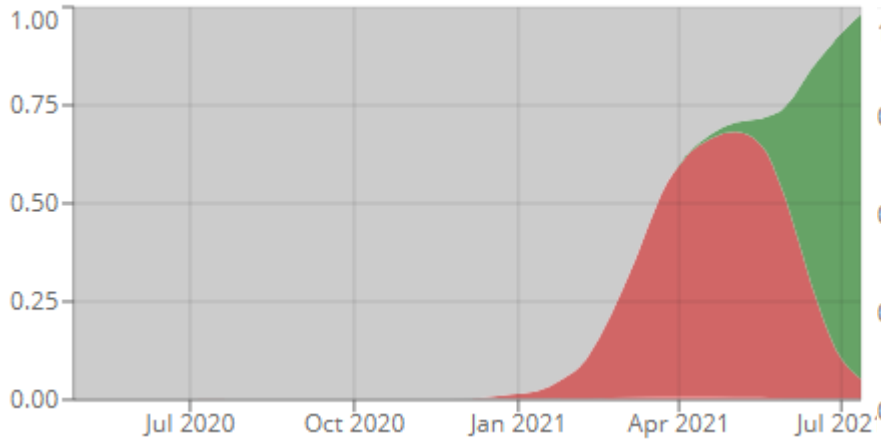
**Singapore**



**United States**

**Indonesia**

**Thailand**



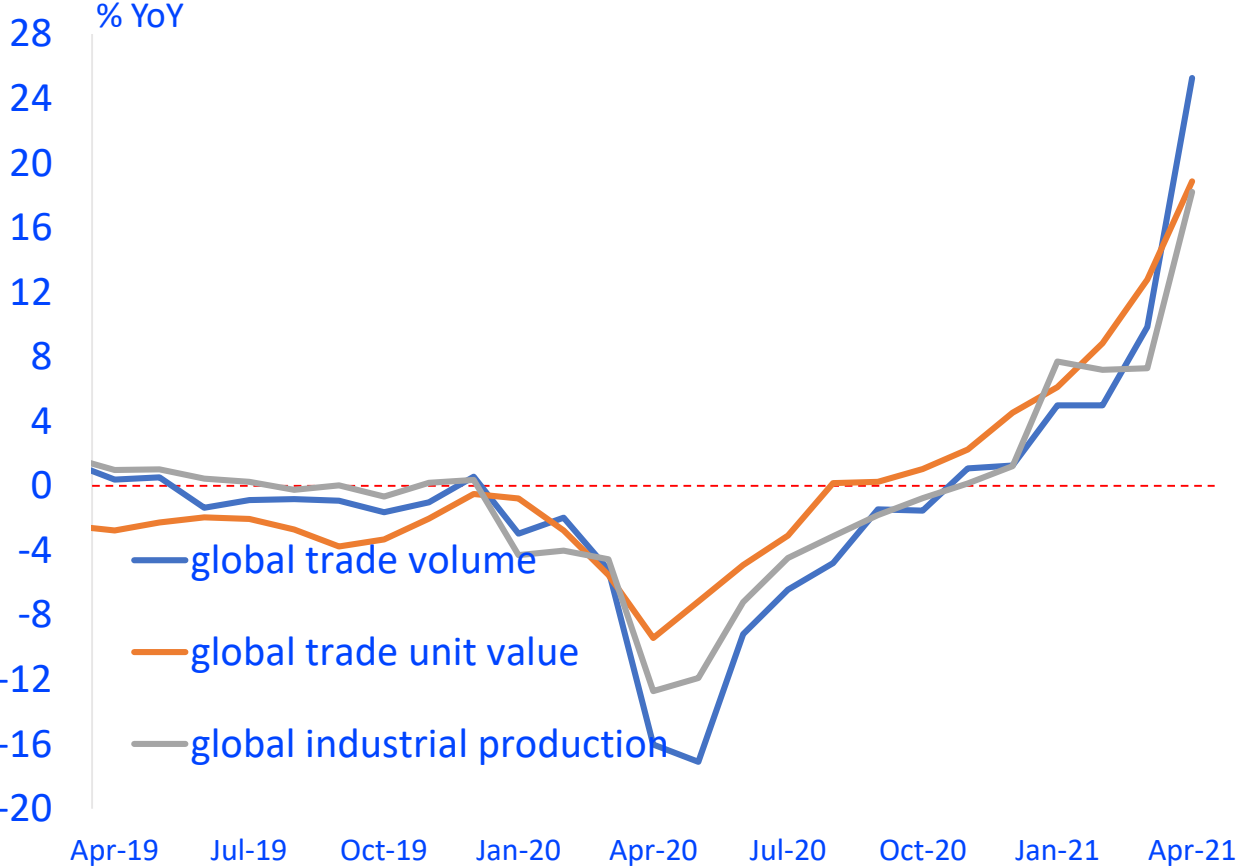
● Alpha (United Kingdom)
 ● 20E (Europe)
 ● Beta (South Africa)
 ● Delta (India)

Source: GISAID, and ttb analytics (as of the July 12<sup>th</sup> 2021)

# Global trade posted strong signs in Q1, US exports rebounded strongly

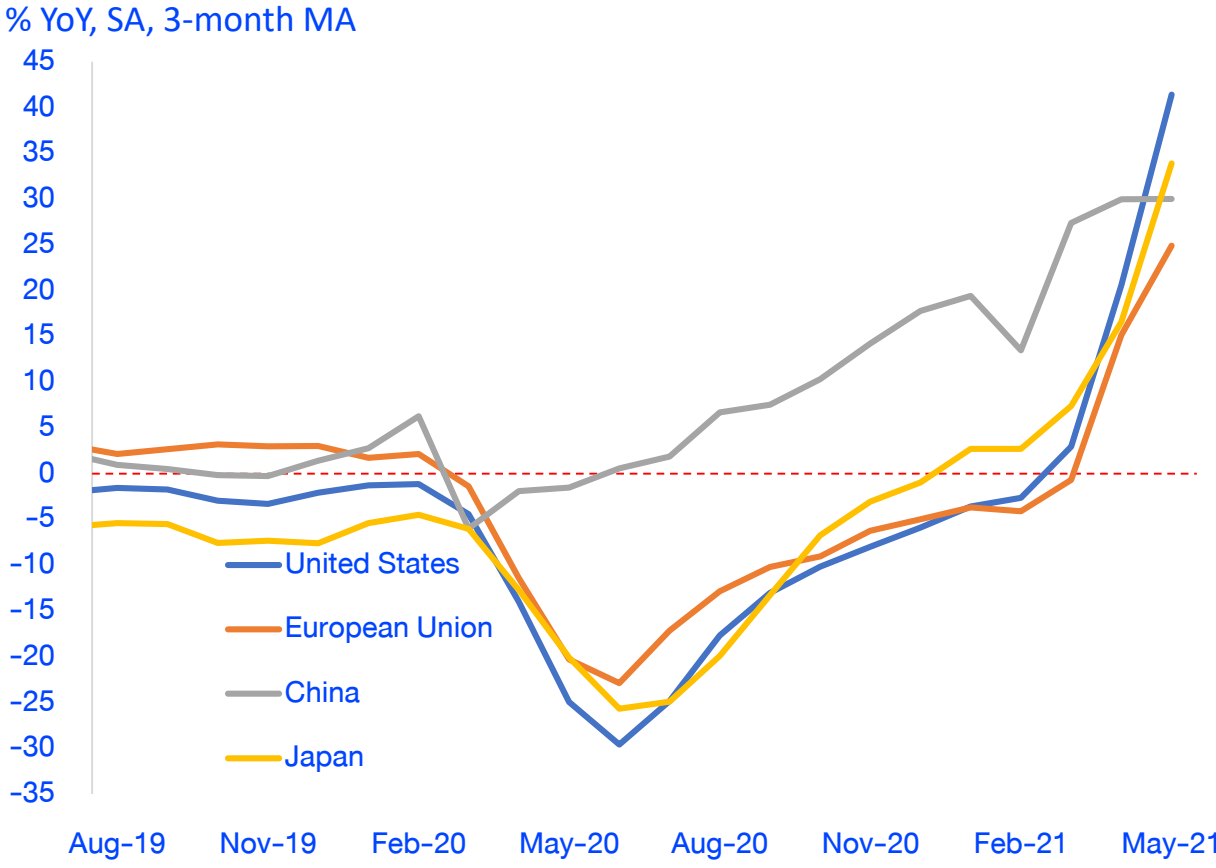


## Global trade and industrial production rose



- Global trade and industrial continued to rise due to the effect of last year low bases. Global industrial production rose significantly due to improvements in US and Europe.

## Exports from Asia posted stronger recovery trends



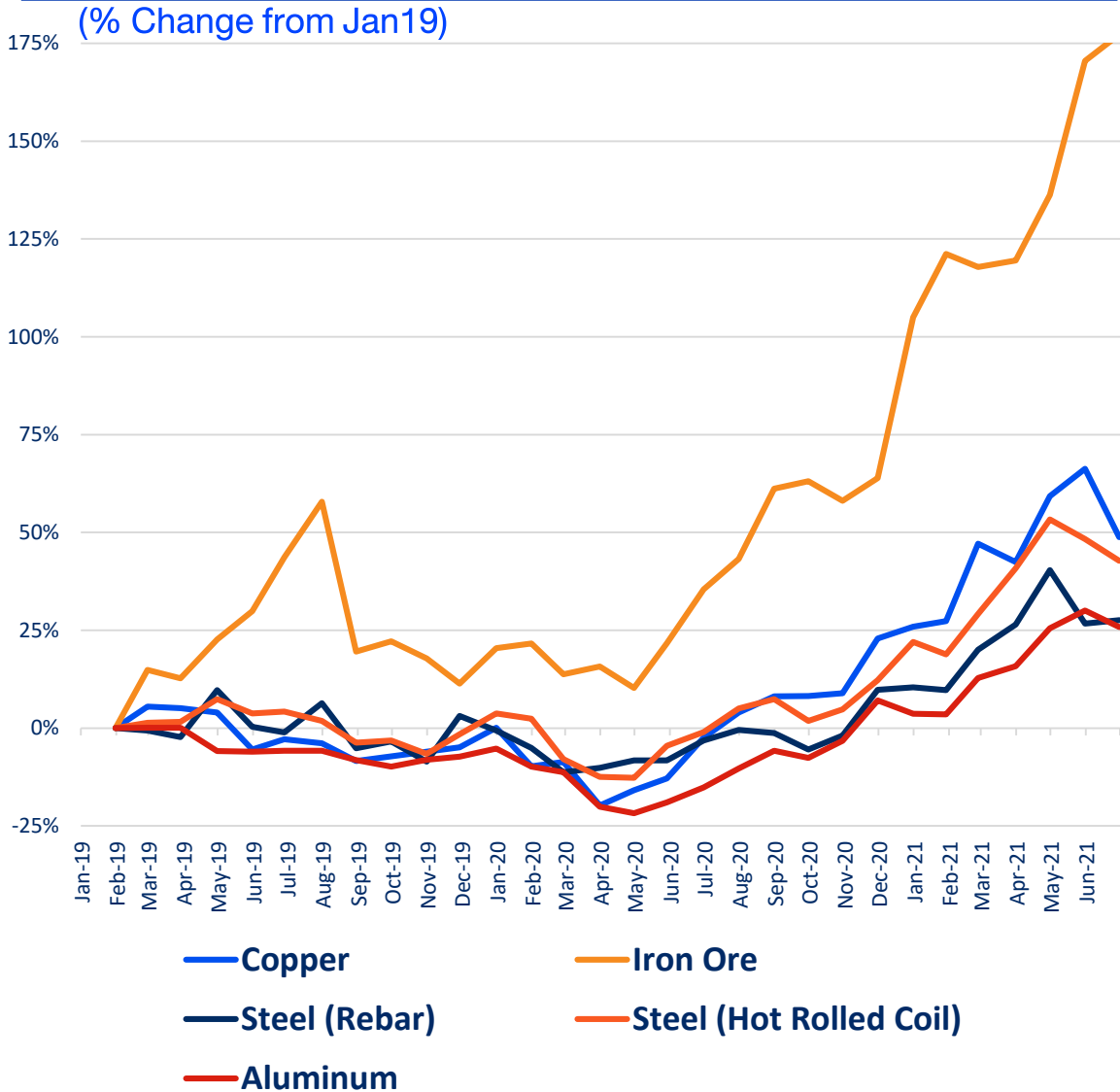
- Exports recovered in most countries as demands for goods returned. US exports benefited from low bases last year in Q2. Exports from China flattened slightly.

Source: CEIC and ttb analytics

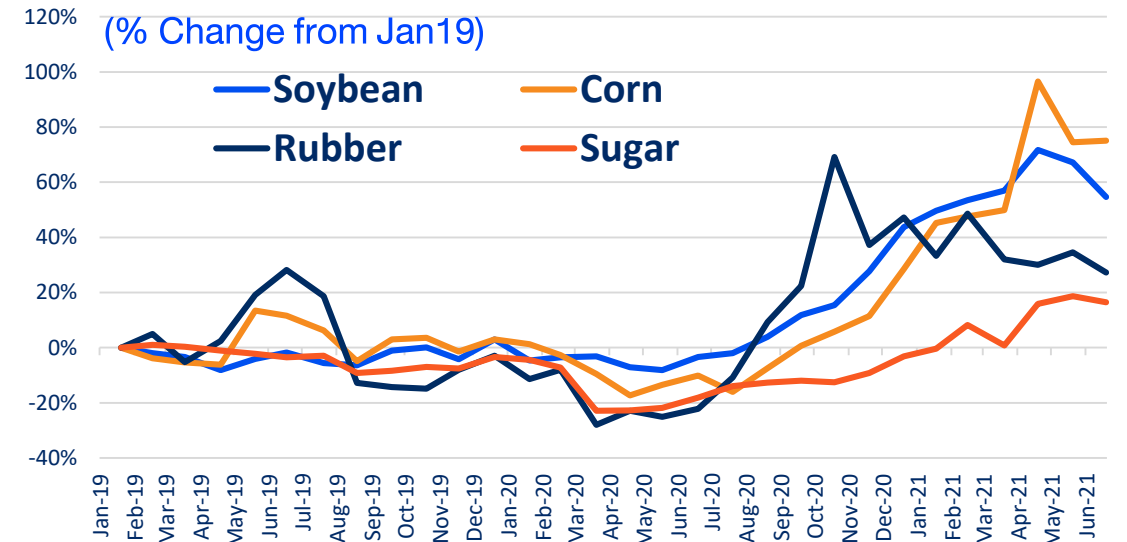
# Massive demand and supply chain disruption caused global commodity price to rise



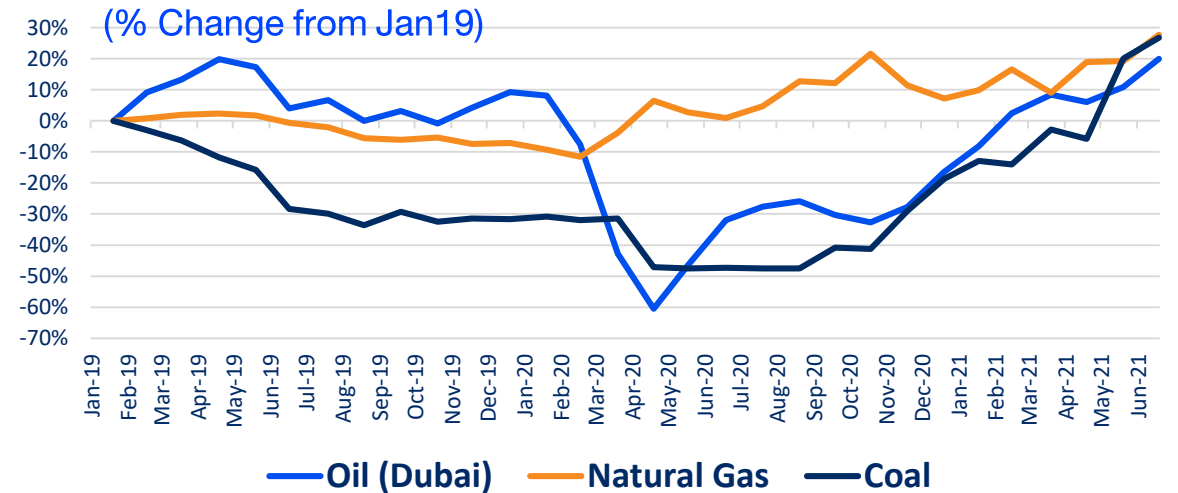
## Manufacturing and construction materials



## Agricultural products



## Energy

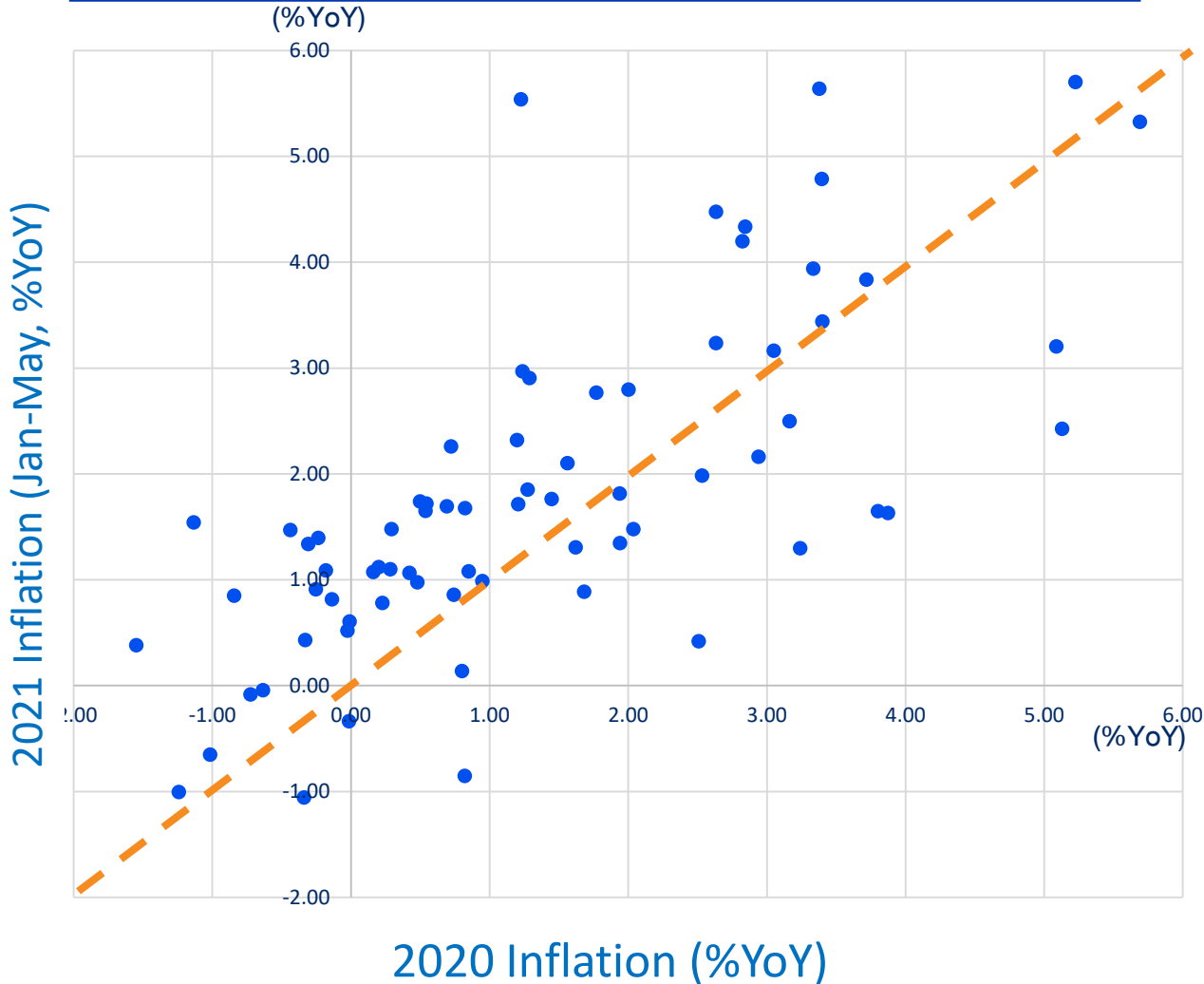




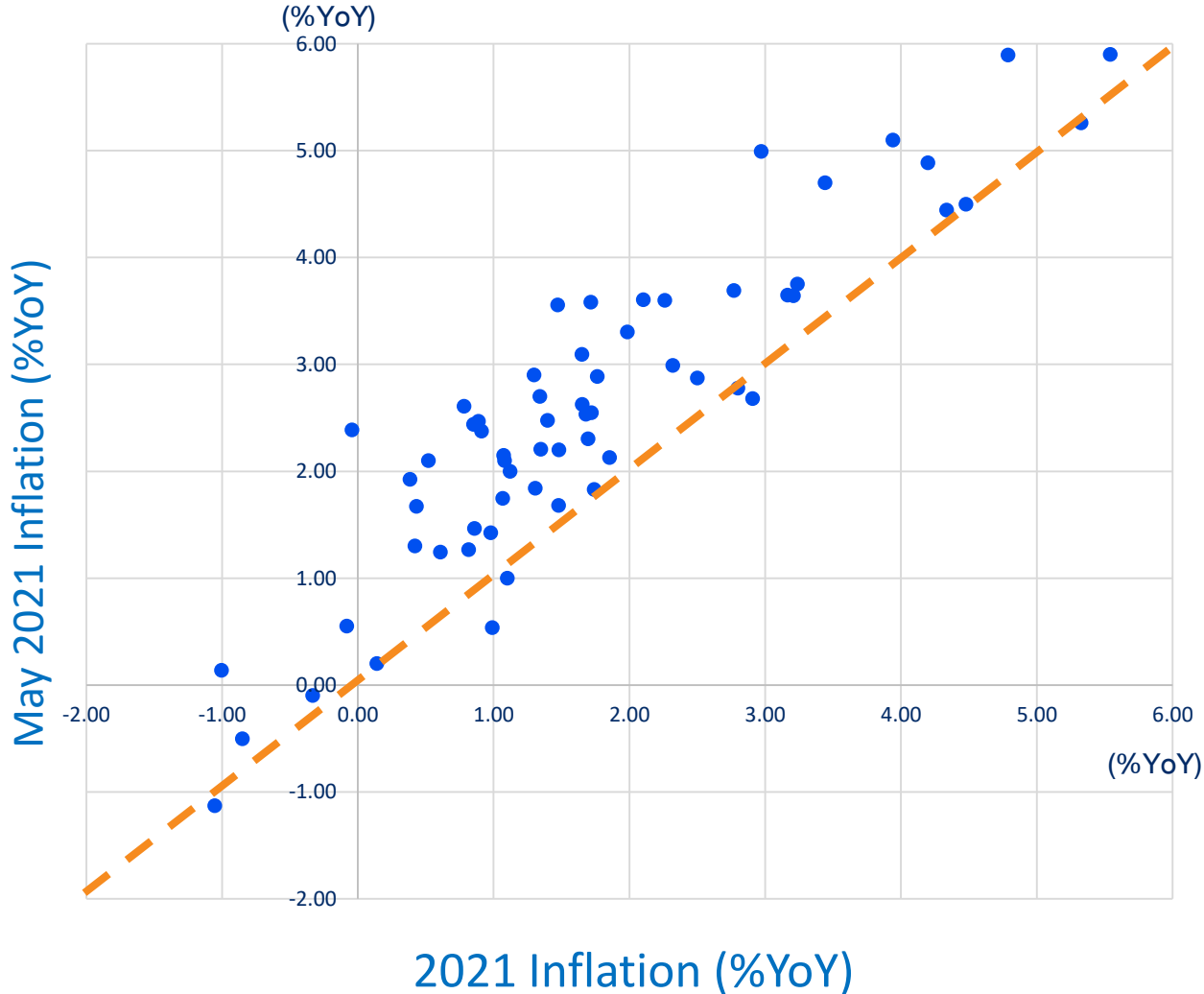
# Globally, countries faced higher inflation in 2021 due to recent spike of energy prices



### Higher inflation in 2021



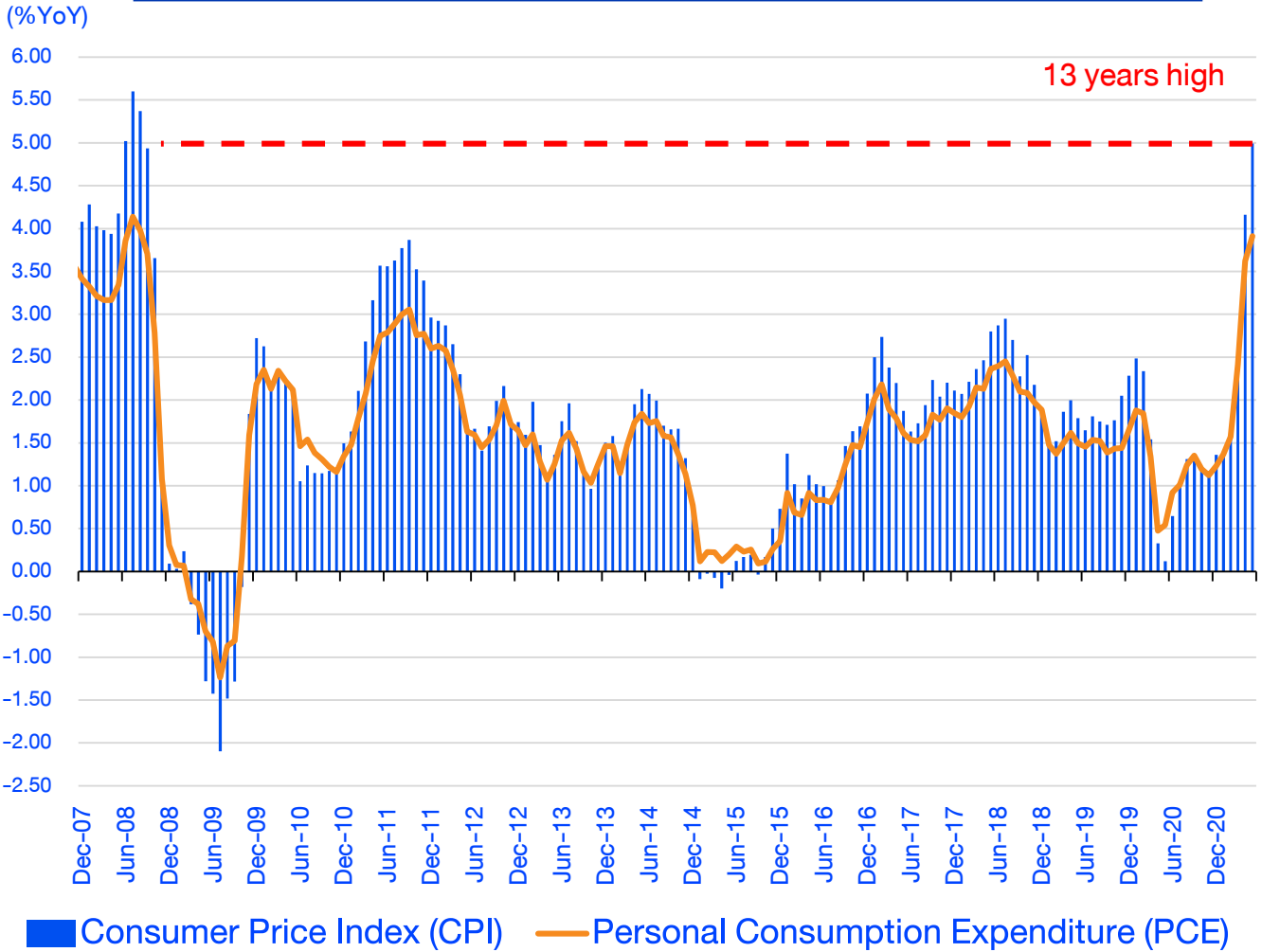
### Higher inflation due to recent month data (May 2021)



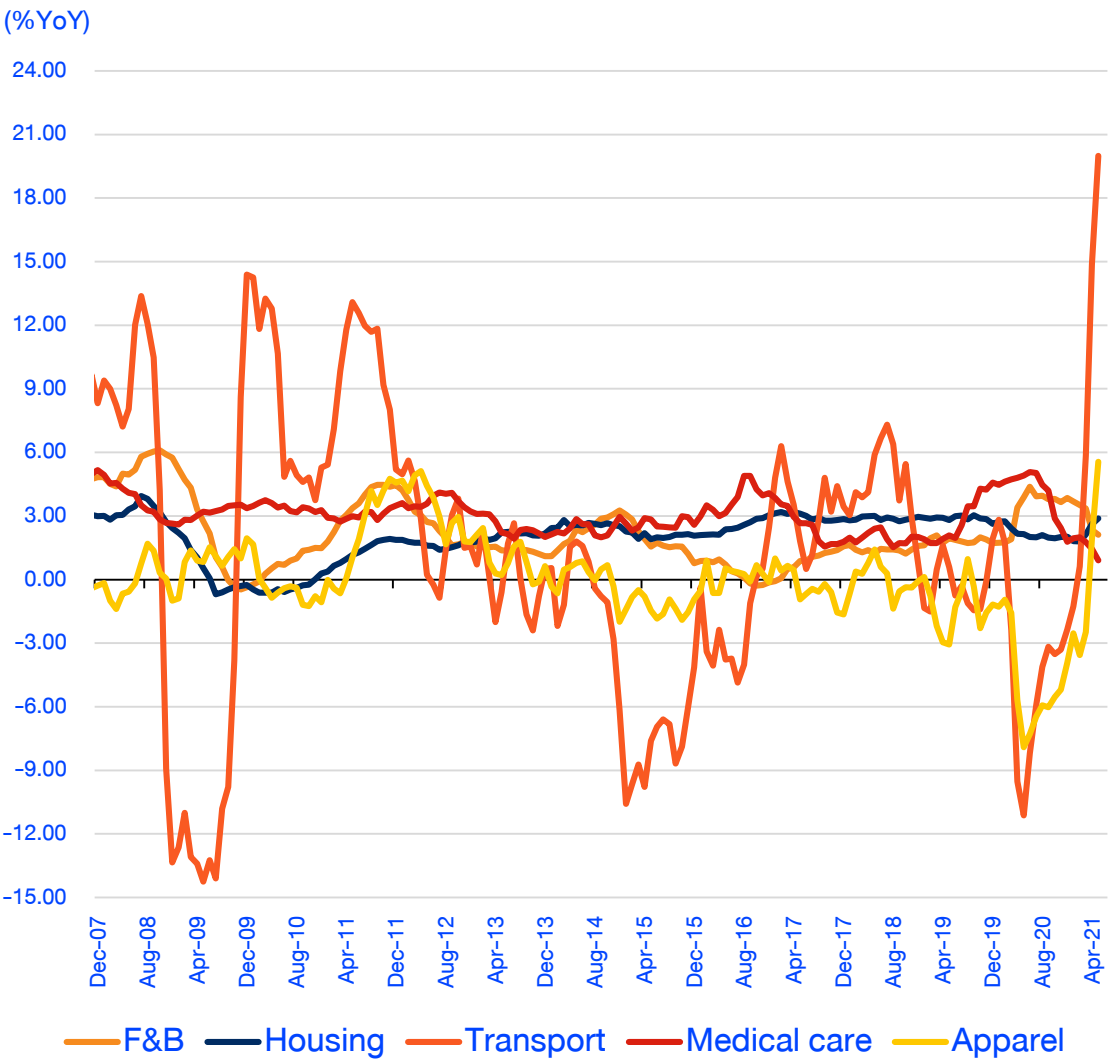
# U.S. inflation continue to grew in May, due to energy and transport prices



## U.S. Inflation (%YoY)

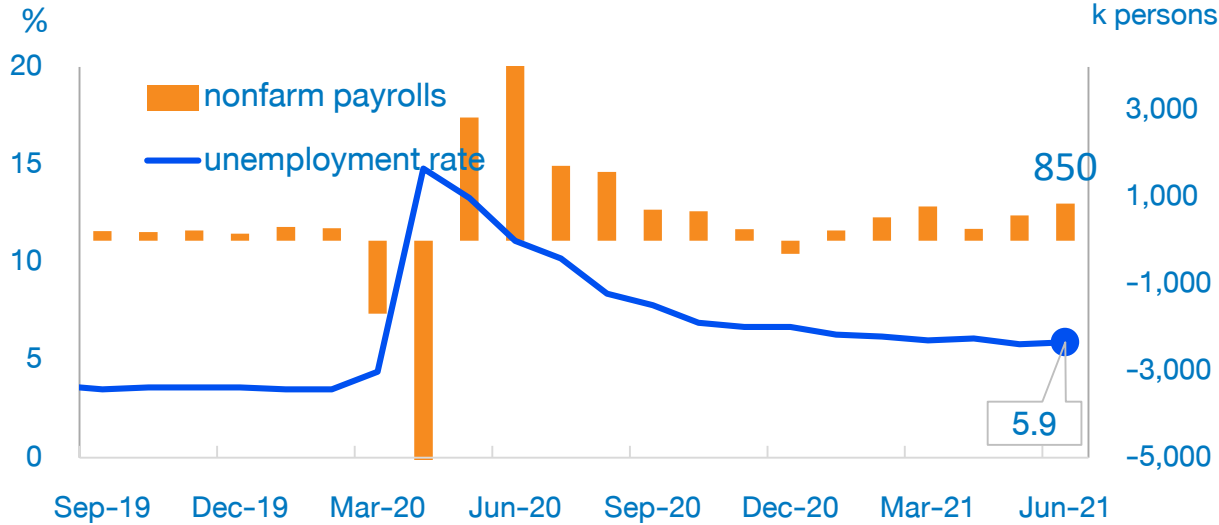


## Breakdown of Inflation (CPI) by categories

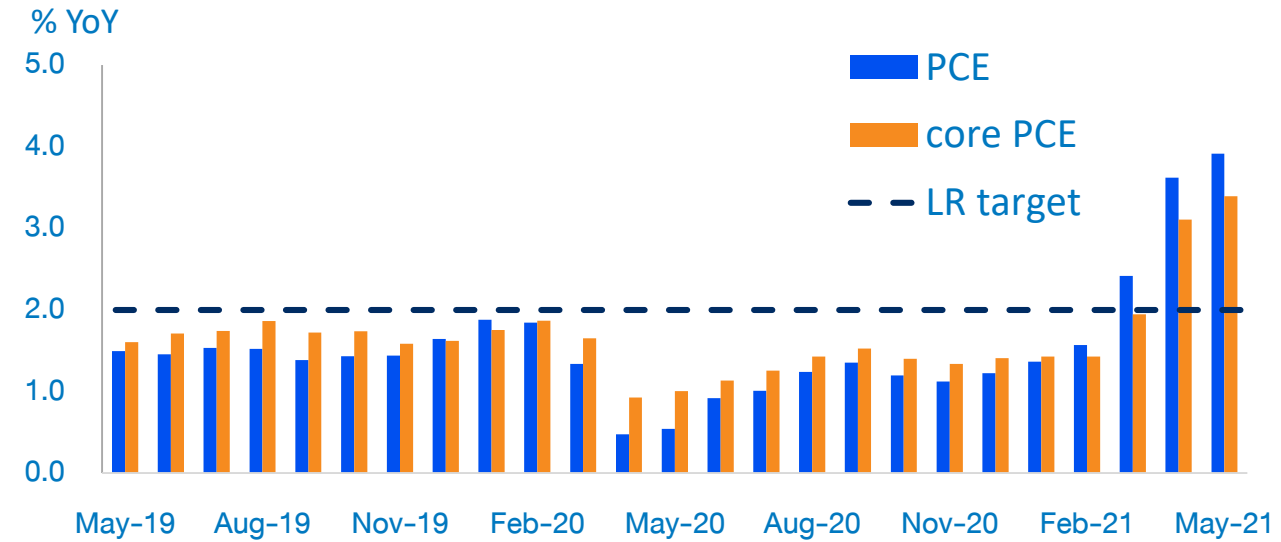


Source: CEIC and ttb analytics

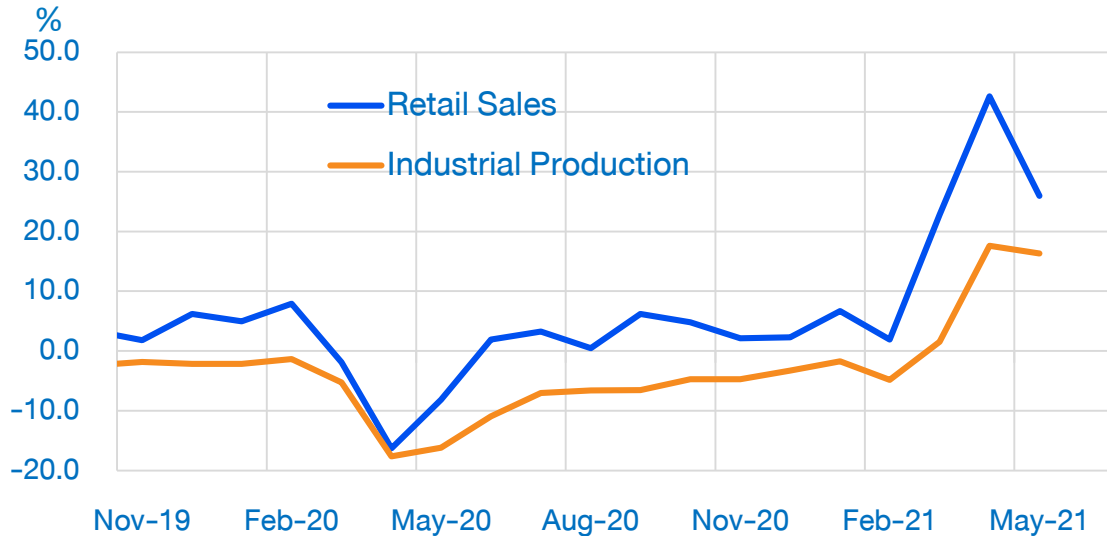
## Nonfarm payroll increased 559,000 jobs in April



## Inflation expanded beyond FED target in April



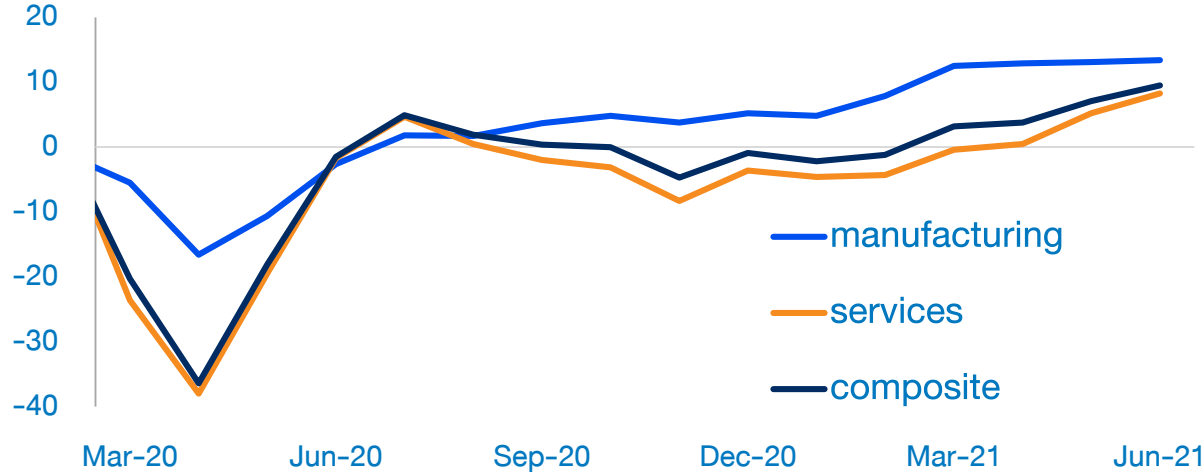
## Strong retail sales growth from low-base impact



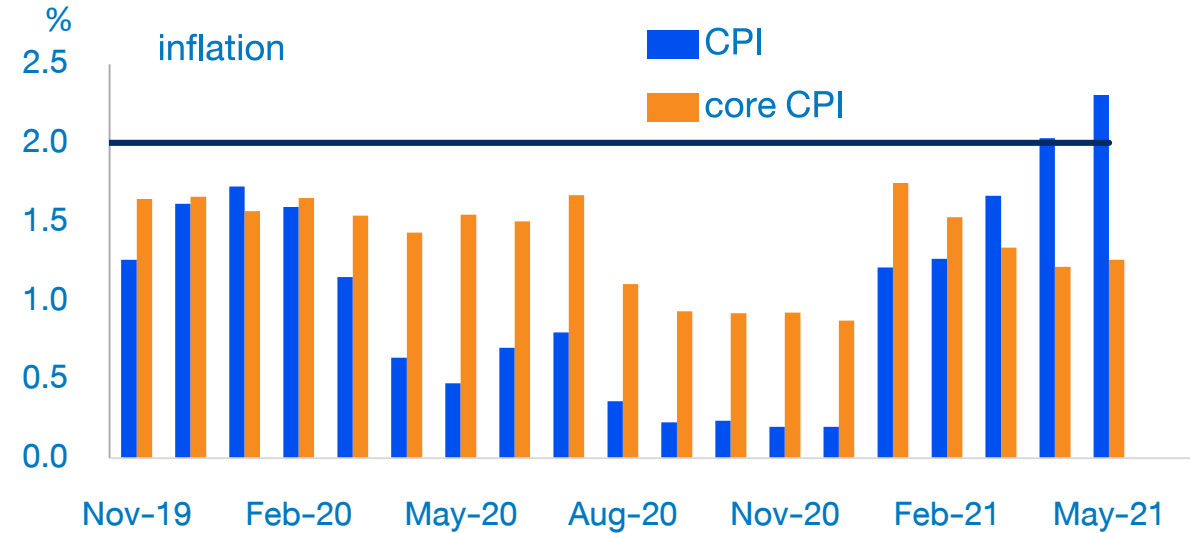
- In June, nonfarm payrolls recorded hiring of 850,000 people, beating market expectation with a record hiring since last year. However, unemployment rates increased to 5.9% due to more people are looking for new jobs
- Retail sales growth boasted mainly by low-base impact from last year. In May, retail sales grew 26% (seasonally adjusted) in comparison to -8% last year. Industrial production slightly contracted from last month.
- In May, PCE rose 3.9% while core PCE rose 3.4% due to rising transportation and energy prices.

## Positive outlook continued, mainly from service

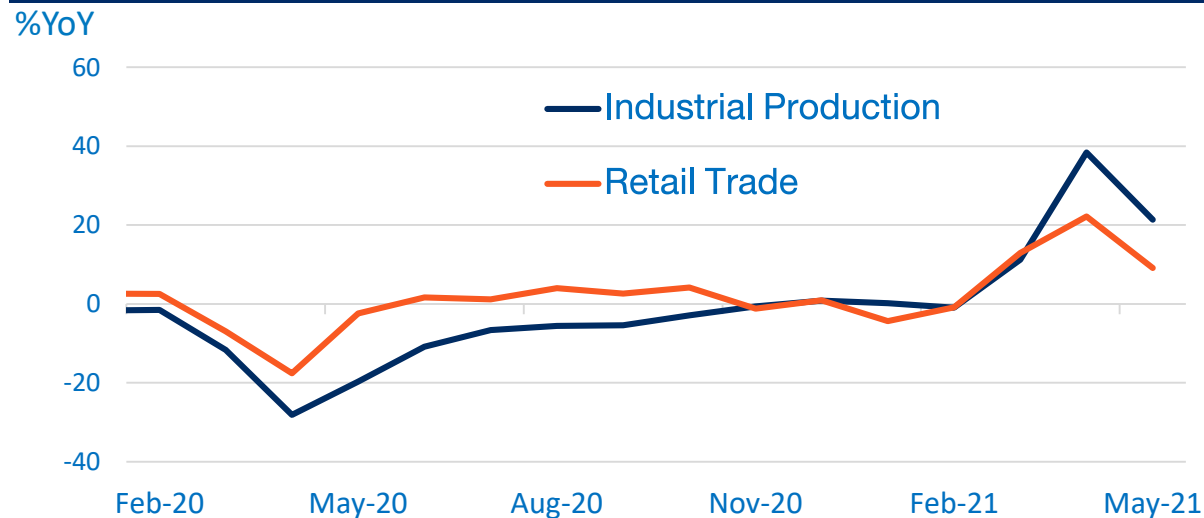
%MoM, deviations from 50, + expansion - contraction



## Inflation improved as consumption returned

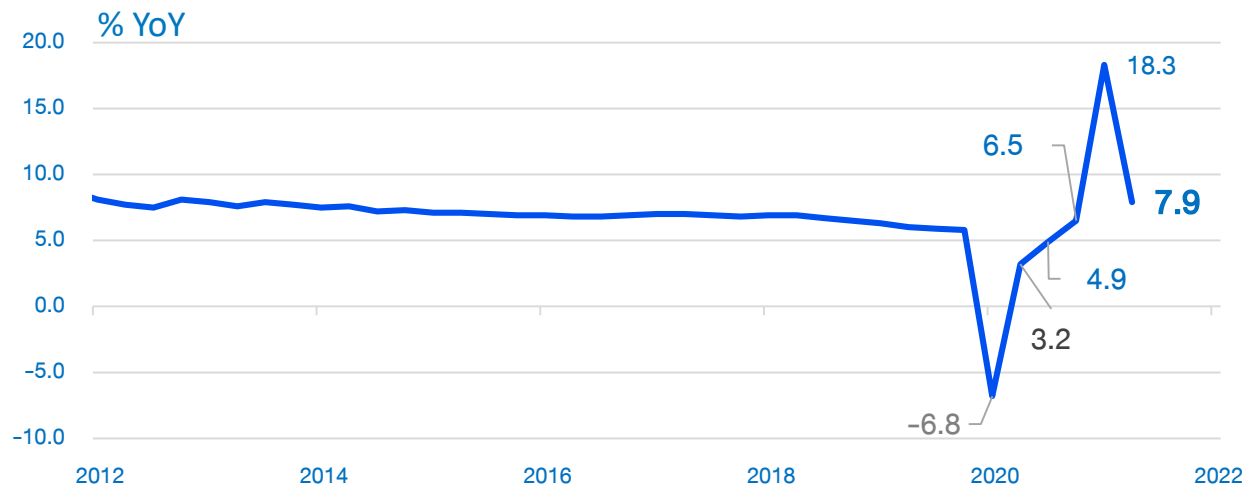


## Industrial production rose significantly in April

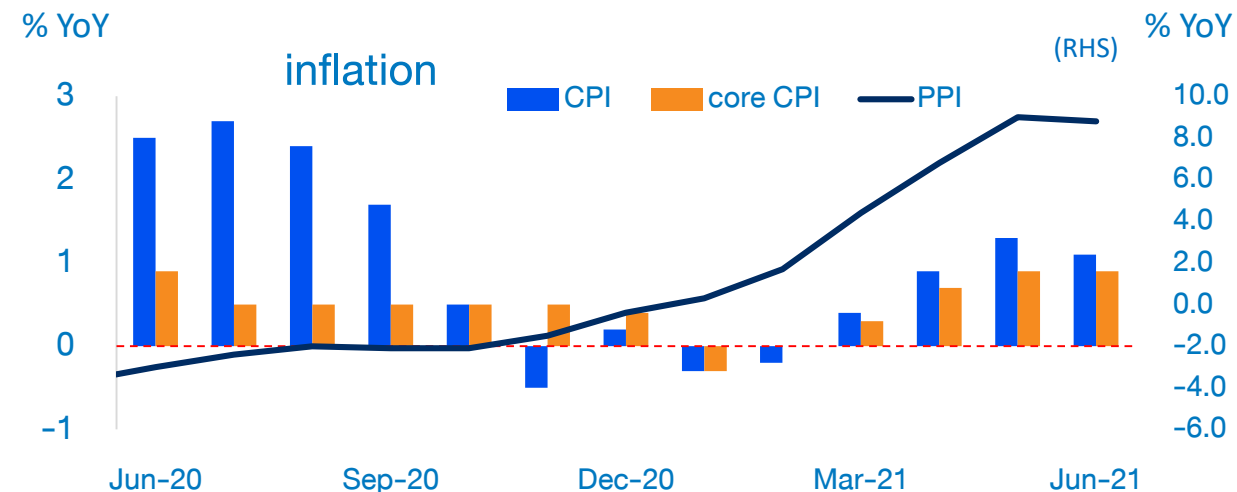


- In June, service outlook continued to support positive economic outlook as many European countries resumed operations. Manufacturing sector outlook maintained high level.
- European Union inflation continued to grow at 2.3% in May with support from food and energy price. Core inflation increased slightly from last month to 1.3%.
- Retail trade and industrial production in May adjusted downward from last month due to base impact. Retail trade rose 9% while industrial production rose 23%

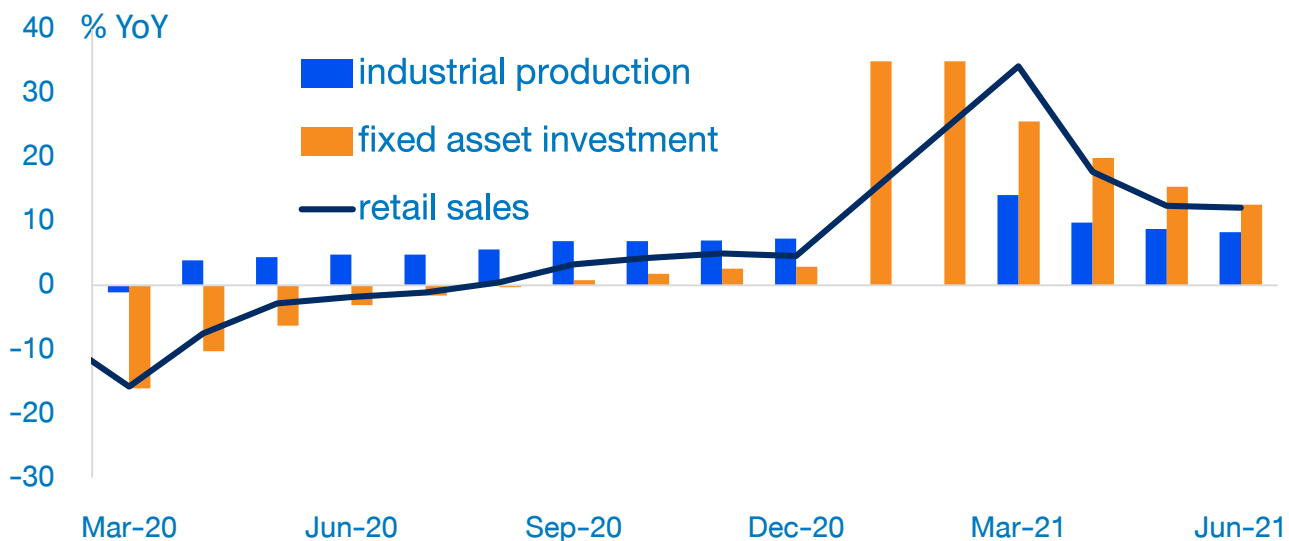
## 2Q21 GDP growth slowed down to 7.9%



## CPI eased from falling food price, PPI remained high



## Growth flattened from the first quarter

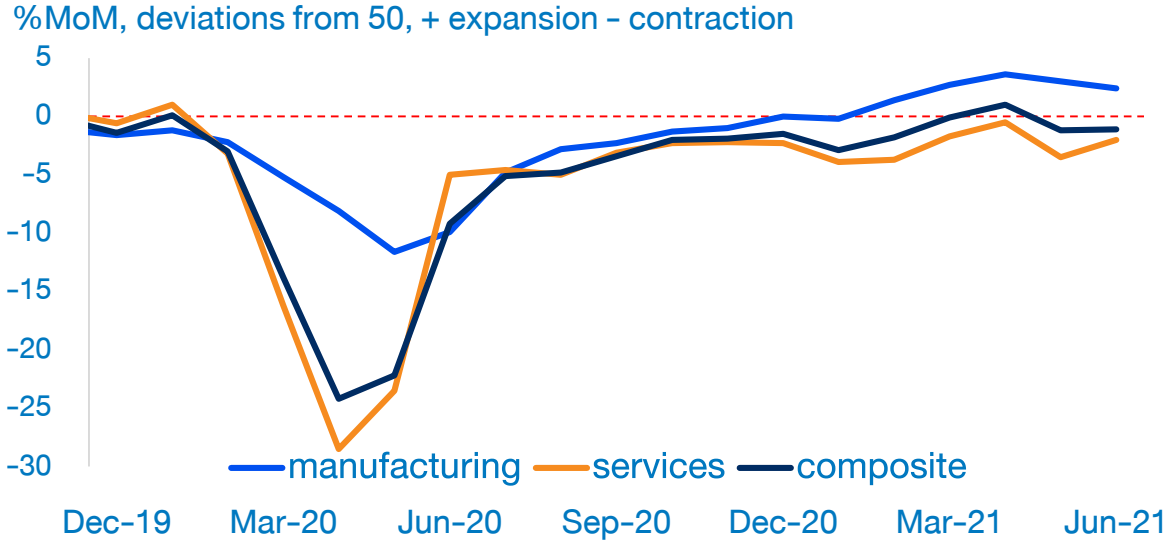


- Chinese economic growth in second quarter grew 7.9% ,slowing down from the previous quarter. Overall, Chinese economy should grow beyond its target at 6%.
- Industrial output rose 8.3% in June from a year earlier versus the median estimate for a 8.5% increase. Retail sales slowed down to 12.1% in the period, slower than last month. Fixed-asset investment grew 12.6%
- Inflation slowed down slightly in June due to falling pork price. CPI grew 1.1% YoY. PPI growth remained high at 8.8% but slowed down from 9.0% growth in previous month due to stable commodities prices.

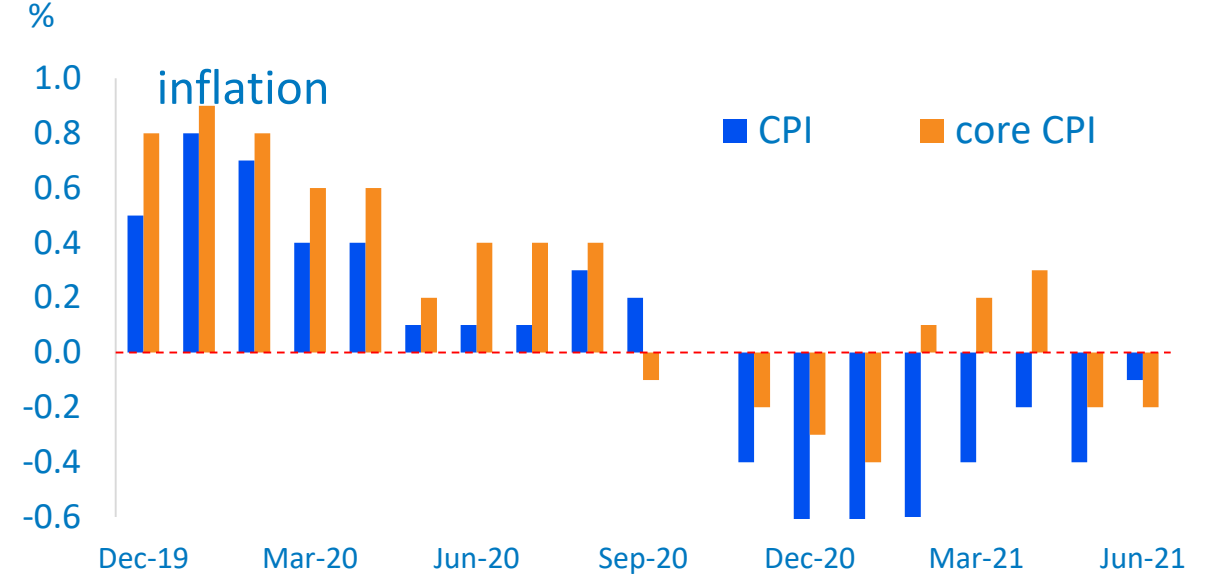


# Japan's economy lacks positive outlook despite strong growth from low-base from last year

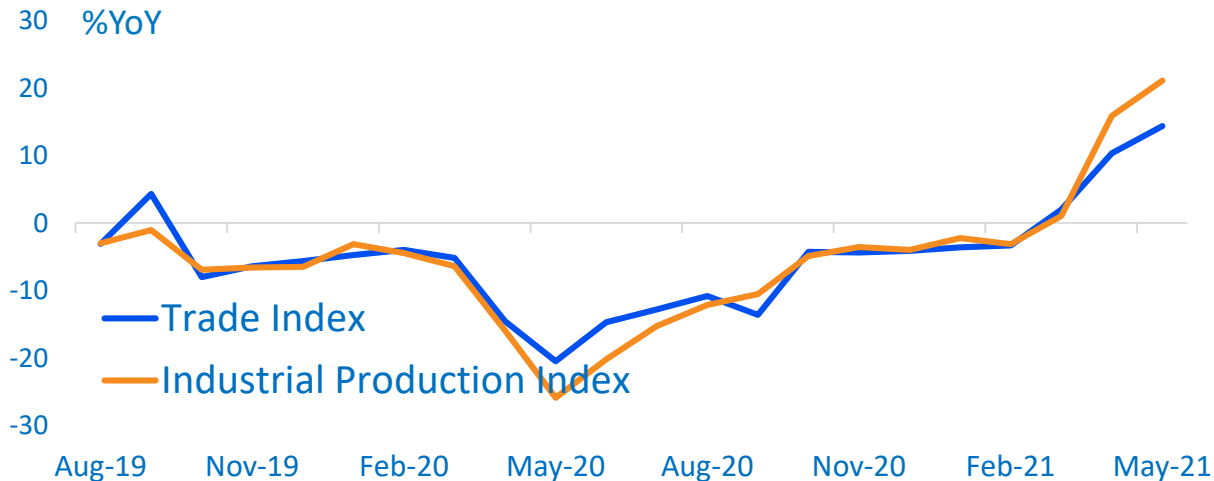
## Service outlook dropped to contraction zone



## Japan's core inflation contracted in May



## Trade and Production remained spiked in April from low bases



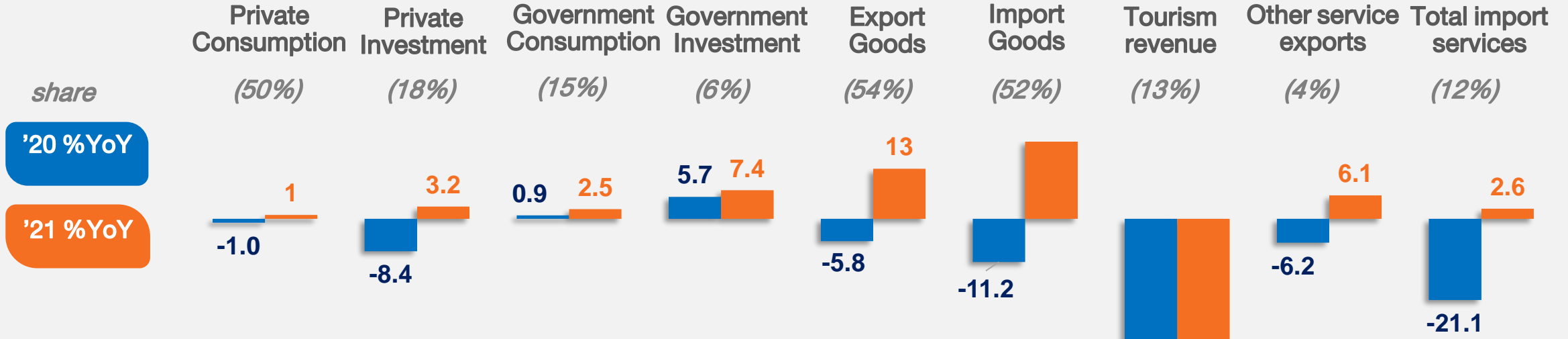
- Service outlook improved slightly in June but still remained in the contraction zone. Despite declaring emergency state, rising number of cases before Olympic raised concerns to the pandemic situation in Japan.
- Trade and industrial production benefited greatly from low bases last year. However, overall, they have not yet fully recovered
- CPI still contracted for the straight eighth month in June. CPI contracted 0.1%, improving from previous month due to food and service prices. Core CPI still remained at -0.2%

# **PART 2**

# **Thai Economy**



# GDP 2021: Forecast and Contribution (July 2021)



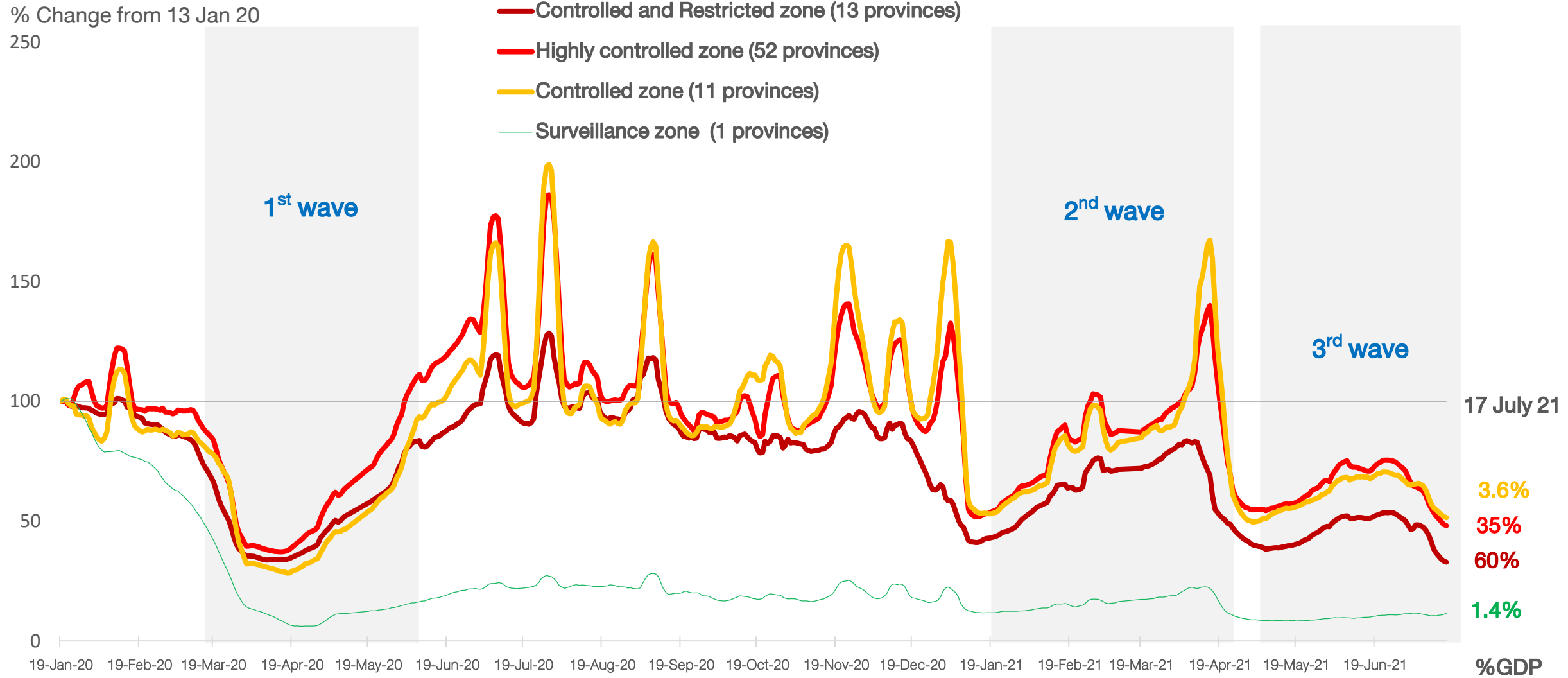
**GDP 2020 -6.1%**  
**GDP 2021F 0.9%**

-2.5%\* 5.9%\*  
 in USD in USD

-8.1%\* 12.7%\*  
 in USD in USD



## Apple Mobility Index



# The third outbreak did clearly impact domestic activities, except goods exports



## Coincident economic Index (sa)

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	
Production	<b>Coincident Economic Index (sa)</b>	100.0	98.5	96.4	95.3	95.5	95.9	97.0	98.0	98.1	98.6	98.9	98.9	98.3	99.8	100.1	99.3	99.7
	Import Volume index (exclude Gold)	100.0	84.7	100.5	89.5	75.5	76.8	78.3	83.0	87.3	87.1	90.7	95.1	96.9	100.4	100.8	102.8	108.4
	Manufacturing Production Index	100.0	99.9	94.5	83.1	79.1	83.6	88.1	91.2	94.9	97.4	96.3	97.3	98.2	98.0	100.1	99.6	99.6
	Gross Value Added Tax at 2000 price (Million baht)	54,417.5	47,681.9	35,248.9	46,462.3	52,136.6	45,345.0	48,374.5	48,911.3	46,758.0	47,786.0	49,082.8	48,436.1	43,560.1	57,952.4	59,348.9	51,386.9	55,220.8
C	Domestic Automobiles Sales (Unit)	80,790.4	73,131.6	53,653.8	34,119.4	45,622.0	59,602.0	63,489.0	71,797.2	73,552.6	73,279.6	72,945.8	75,586.4	64,996.0	65,124.6	67,170.1	67,008.0	64,083.9
	Sales Benzene, Gasohol & Diesel Index	100.0	99.5	90.1	70.5	89.5	95.9	106.4	102.2	108.7	100.9	100.8	99.9	82.1	96.8	104.3	86.1	79.0
	VAT Hotel & Restaurant Index	100.0	77.9	38.8	14.4	22.7	38.5	38.6	34.0	44.7	45.3	49.8	25.0	20.0	34.7	38.3	20.2	18.8
I	Imports of Capital Goods at 2010 price (Million US\$)	3,835.3	3,343.1	3,443.7	3,369.6	3,035.1	3,250.6	3,336.5	3,404.4	3,535.5	3,427.9	3,737.5	3,980.8	3,918.0	4,380.7	4,111.8	4,061.2	3,972.2
	Domestic Machinery Sales at 2010 price (Million T)	93,765.5	95,564.7	91,892.6	81,487.5	70,374.6	77,334.4	84,897.3	88,772.2	92,467.5	94,552.1	92,151.6	98,003.1	99,153.5	103,365.2	103,703.2	103,363.3	99,768.4
Services	<b>Service Production Index</b>	100.0	92.6	89.0	82.7	81.4	84.0	84.2	85.3	86.6	82.7	85.0	87.4	83.0	82.0	87.0	82.8	81.1
	Wholesale and retail trade; repair of motor vehicles and motorcycles	100.0	99.6	98.1	92.5	91.7	91.4	92.5	93.7	93.8	93.2	93.8	94.2	90.8	90.4	91.4	91.2	88.2
	Transportation and storage	100.0	96.8	79.4	56.4	57.5	59.6	60.8	62.9	63.8	64.3	63.8	64.6	61.6	64.5	72.4	65.7	65.6
	Accommodation and food service activities	100.0	59.7	24.8	0.2	0.9	7.3	16.5	18.4	18.8	22.7	27.0	25.3	11.4	14.8	17.9	11.7	2.4
	Information and communication	100.0	89.6	96.0	90.8	91.5	98.8	95.4	94.7	97.6	90.0	98.2	112.5	107.4	95.0	107.0	102.5	103.6
	Financial and insurance activities	100.0	100.4	106.8	127.3	128.9	131.3	113.7	114.7	94.1	92.3	97.1	99.0	100.9	101.1	104.5	96.9	102.3
	Real estate activities	100.0	96.7	115.0	82.4	87.4	94.0	95.3	97.5	121.0	94.7	97.0	106.3	105.0	101.6	102.0	92.0	90.8
	Professional, scientific and technical activities	100.0	87.3	89.4	80.9	75.9	83.7	93.7	88.4	97.0	97.7	93.3	109.6	97.4	94.4	113.4	105.3	107.5
	Administrative and support service activities	100.0	88.4	83.2	68.7	62.7	68.7	66.4	72.6	74.6	72.2	74.5	79.8	72.5	71.9	83.6	78.1	79.2
	Public administration and defence; compulsory social security	100.0	97.1	99.5	107.8	99.2	100.4	102.9	102.9	112.3	100.3	103.7	103.8	101.5	98.2	107.4	103.9	102.2
	<b>Service Production Index</b>	100.0	92.6	89.0	82.7	81.4	84.0	84.2	85.3	86.6	82.7	85.0	87.4	83.0	82.0	87.0	82.8	81.1



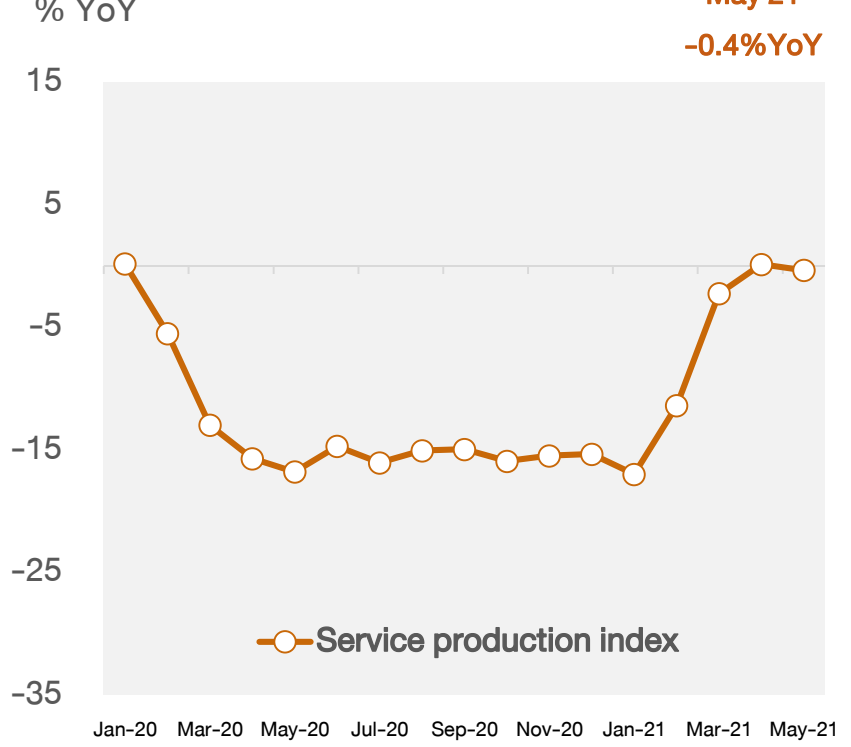
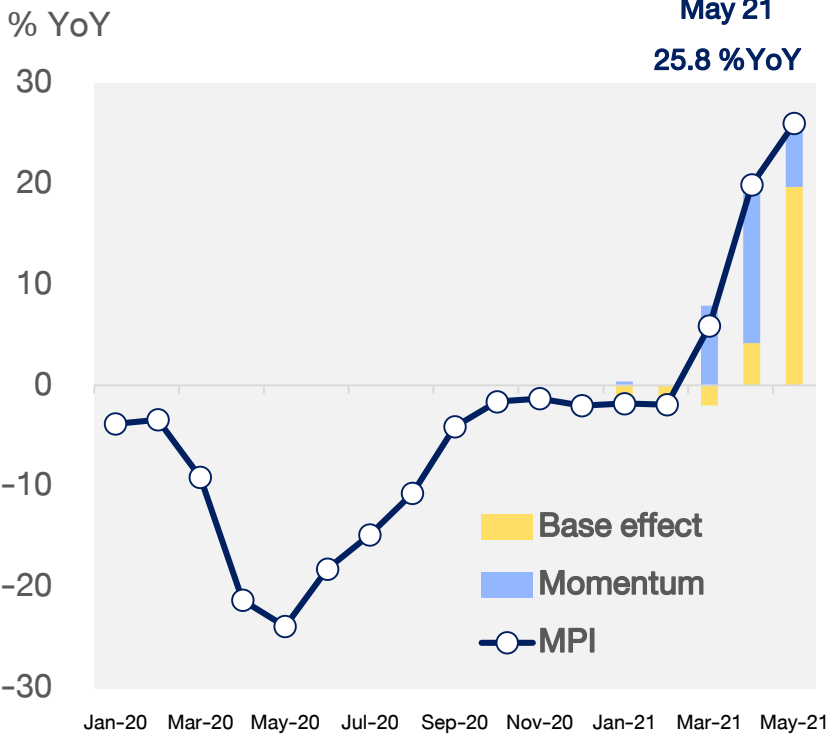
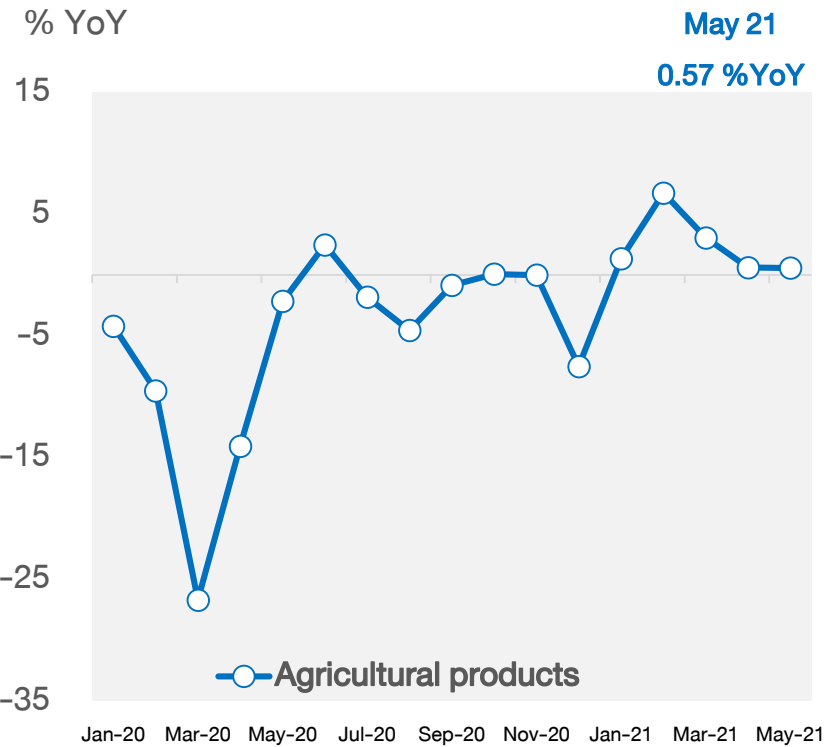
# Only manufacturing productions were robust, but it gradually started to decline



## Agricultural Production

## Manufacturing Production

## Services Providing



# Most of production activities recovered, but cluster outbreak could be a threat



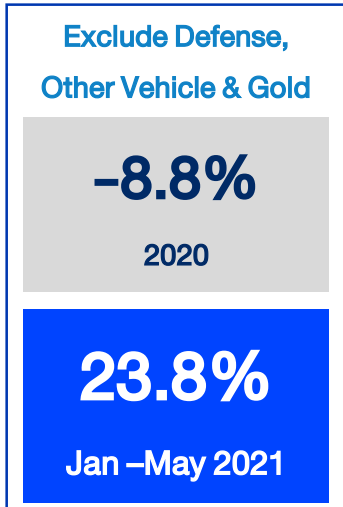
## Contributions of Manufacturing Production

Contribution	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21
Food products (16.2%)	-0.56	-0.83	-0.18	0.01	-0.22	-1.73	-0.48	0.47	1.74	0.13	1.06
Beverages (3.8%)	0.26	0.18	0.18	-0.12	-0.63	0.00	-0.38	-0.54	0.19	2.35	0.53
Tobacco products (0.5%)	-0.05	0.06	0.01	0.02	0.01	0.07	-0.04	-0.06	0.21	0.09	-0.03
Textiles (1.6%)	-0.49	-0.52	-0.39	-0.28	-0.16	-0.07	-0.17	-0.38	-0.26	0.28	0.41
Wearing apparel (1.9%)	-0.73	-0.63	-0.37	-0.77	-0.60	-0.53	-0.28	-0.72	-0.18	-0.13	-0.48
Leather products (0.9%)	-0.33	-0.28	-0.24	-0.30	-0.21	-0.17	-0.22	-0.17	-0.10	0.16	0.43
Paper products (2.9%)	-0.16	-0.07	0.00	0.07	0.05	0.20	0.02	-0.09	0.04	0.04	0.52
Coke and refined petroleum products (9.6%)	-0.49	-0.80	-0.86	0.76	0.47	-0.94	-1.08	-1.76	-1.15	0.62	0.30
Chemicals (8%)	-0.37	0.23	-0.01	-0.52	-0.89	-0.01	0.54	0.57	0.28	-0.09	0.48
Pharmaceutical products (1.2%)	-0.11	-0.13	0.08	-0.07	0.14	-0.10	0.02	-0.19	-0.01	-0.34	-0.03
Rubber and plastics products (8.9%)	-1.43	-0.39	0.07	-0.04	0.06	-0.37	-0.24	-0.35	0.39	0.35	2.15
Other non-metallic mineral products (5.5%)	-0.46	-0.25	-0.39	-0.62	-0.30	-0.05	-0.09	-0.48	0.17	-0.11	0.61
Basic metals (3.6%)	-0.35	-0.46	0.17	0.33	-0.01	0.27	0.33	0.58	0.77	1.04	1.44
Fabricated metal products (1.9%)	-0.24	0.00	0.31	0.18	0.07	0.17	0.02	-0.01	0.24	0.27	0.66
Computer and electronic products (8.9%)	-0.39	-1.07	0.21	0.38	0.02	0.23	0.28	0.99	0.69	1.36	2.11
Electrical equipment (3%)	0.35	0.47	0.74	0.55	0.56	0.35	0.23	0.19	0.70	0.91	1.48
Machinery and equipment (2.7%)	-0.23	-0.28	-0.04	-0.13	-0.11	-0.11	-0.12	-0.10	0.12	1.37	2.38
Motor vehicles (13.9%)	-6.58	-4.00	-1.66	-0.34	1.43	0.72	-0.42	0.72	1.09	37.40	21.37
Other transport equipment (1.1%)	-0.31	-0.17	-0.02	-0.06	-0.05	-0.05	0.00	0.04	0.48	1.16	1.84
Furniture (1.5%)	-0.04	0.16	0.20	0.14	0.15	0.31	0.32	0.37	0.65	0.31	0.47
Others (2.4%)	-0.44	-0.31	-0.19	-0.19	-0.33	-0.42	-0.11	-0.02	0.18	0.63	1.62
<b>MPI (%YoY)</b>	<b>-13.6</b>	<b>-9.3</b>	<b>-2.6</b>	<b>-1.3</b>	<b>-0.6</b>	<b>-2.8</b>	<b>-2.0</b>	<b>-1.3</b>	<b>5.9</b>	<b>18.0</b>	<b>25.8</b>

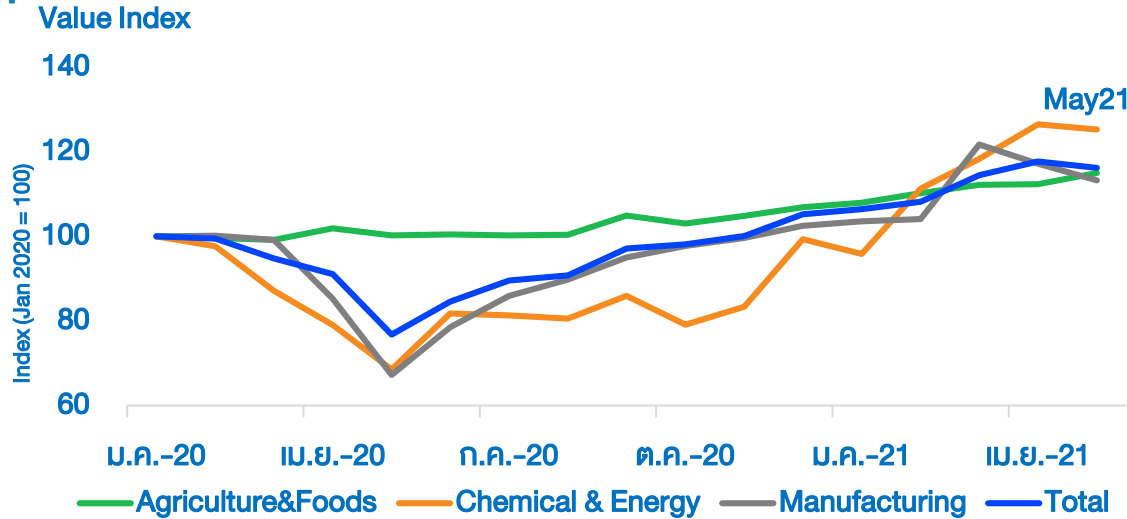
# Thai merchandise exports showed sign of continuing recovery to all destinations



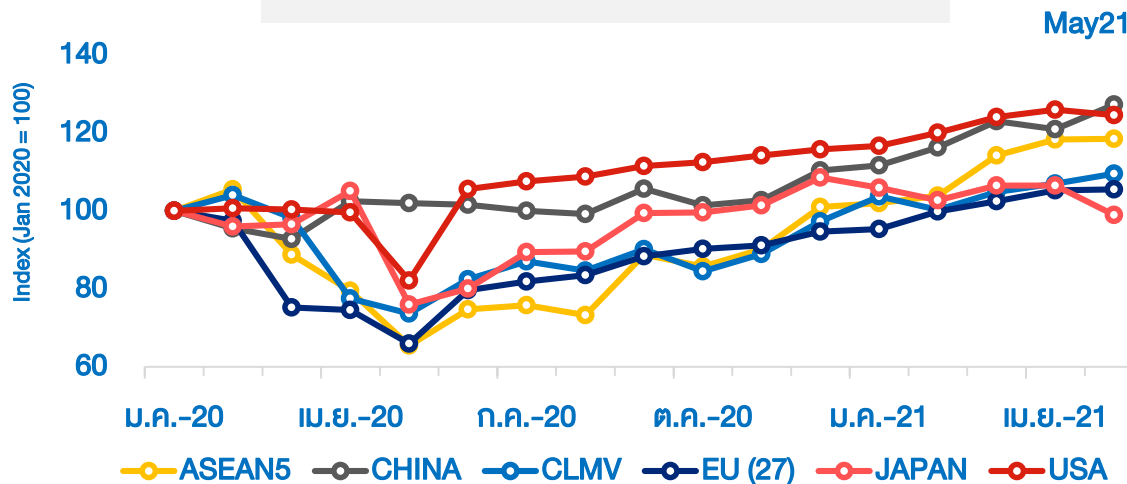
## Total Export Growth



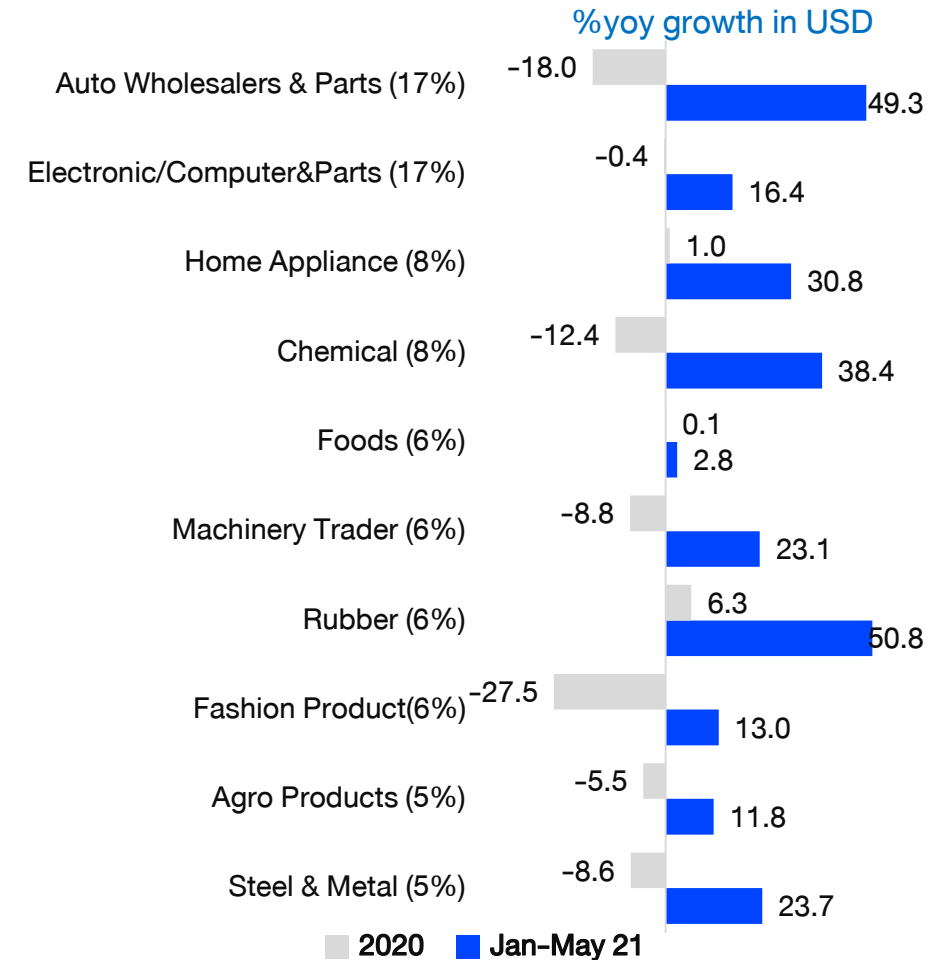
## Exports value by groups (sa)\*



## Exports value by destination (sa)\*



## Top 10 Export by Sector\*



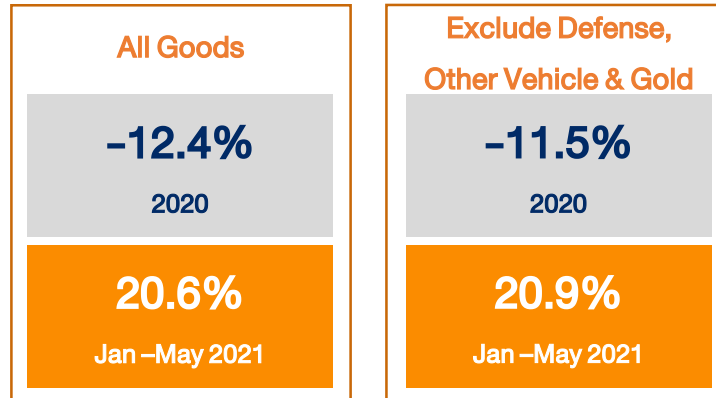
\*Exclude Defense, Other Vehicle & Gold

### Risk to exports

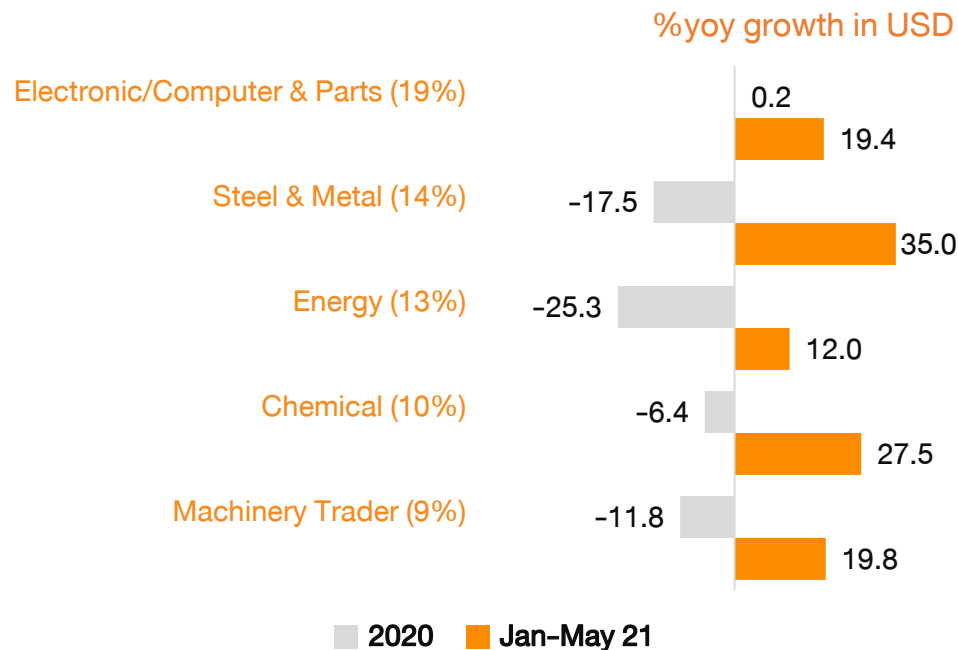
1. Supply Shortage : Container , Semi-conductor and Steel
2. Operation halt due to cluster outbreak

# Imports of goods signaled a gradual rebound in line with economic recovery

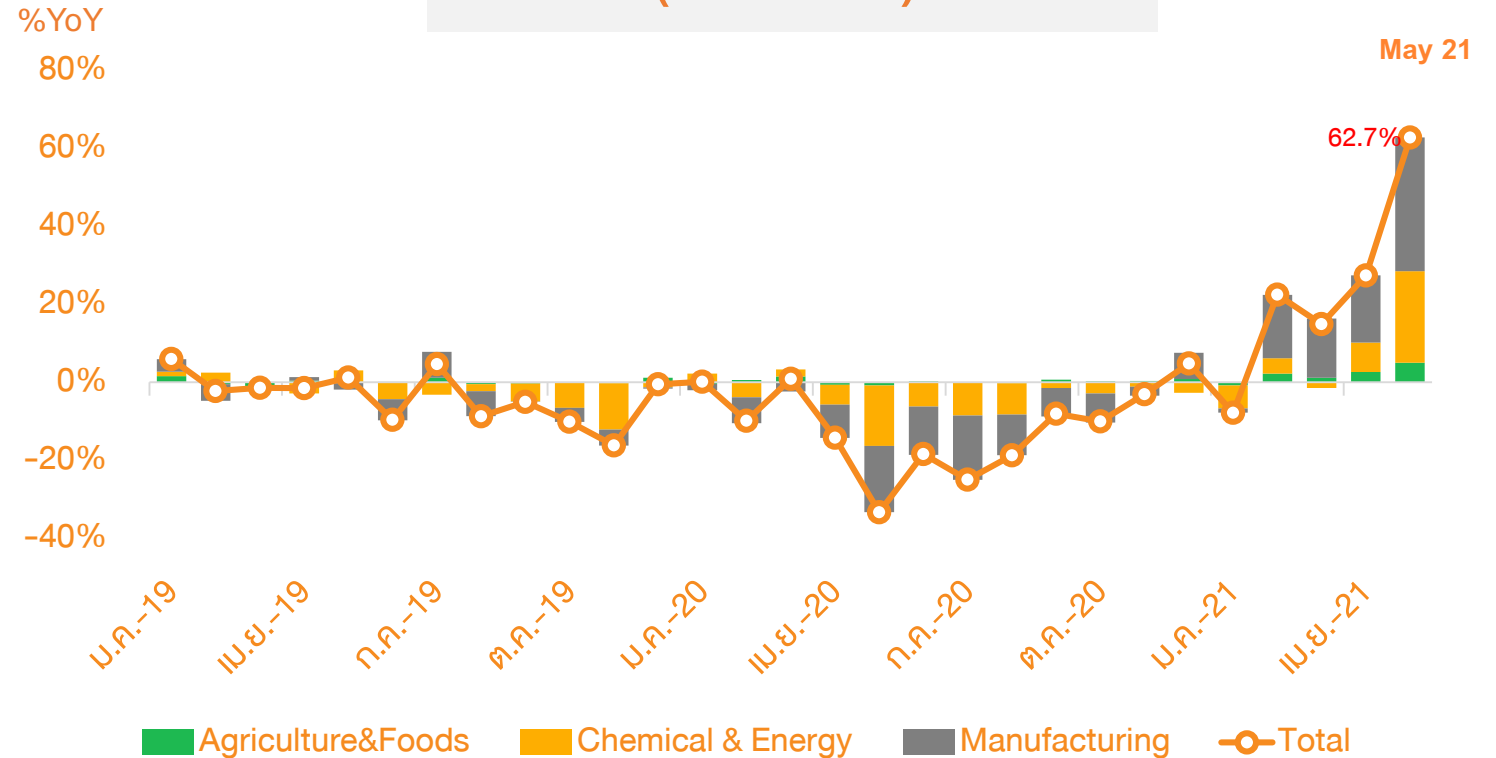
## Total Import Growth



## Top 5 Import by Sector



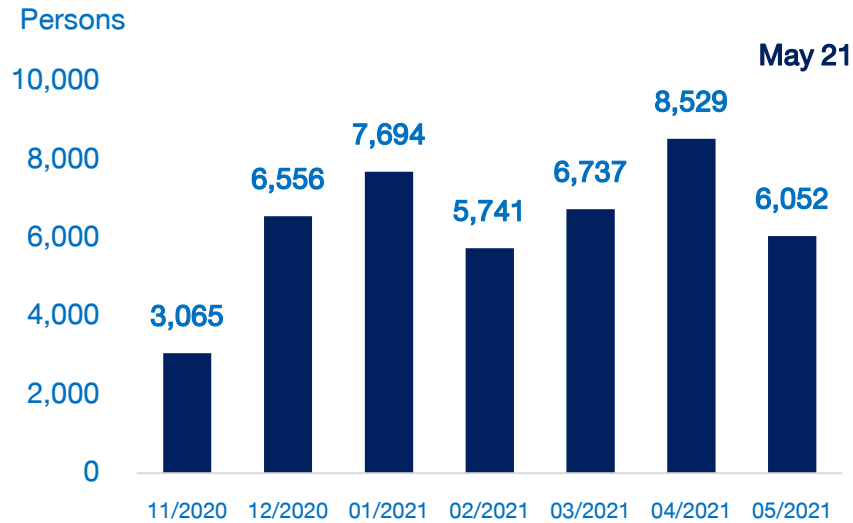
## Import Growth Contribution (2019 – 2021)\*



■ Imports expanded by 20.9%YoY in Jan-May 2021. Most products have recovery sign due to import growth shrink in 2020

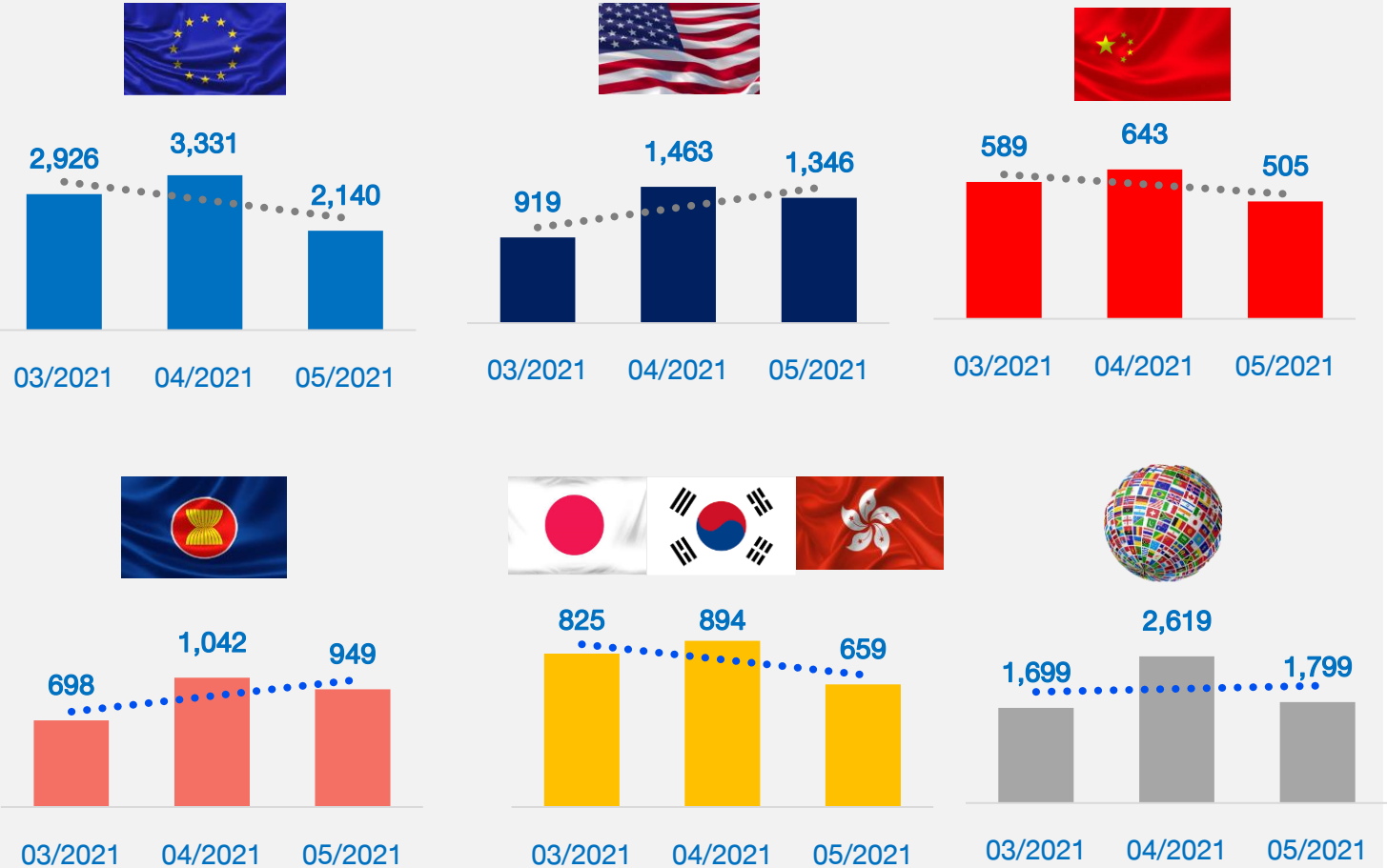
# Tourist arrivals arose from Thailand's elite card holders and special tourist groups

## Total foreign tourist inbound



- As of May2021, **foreign tourist inbounds** dropped slightly from previous month with overall at low level.
- The implementation of Phuket sandbox and planned opening border within 120-day timeframe could lead to the faster rebound of foreign tourists than expected. However, the effectiveness of outbreak controlling measure and vaccine distribution would be key determinants.

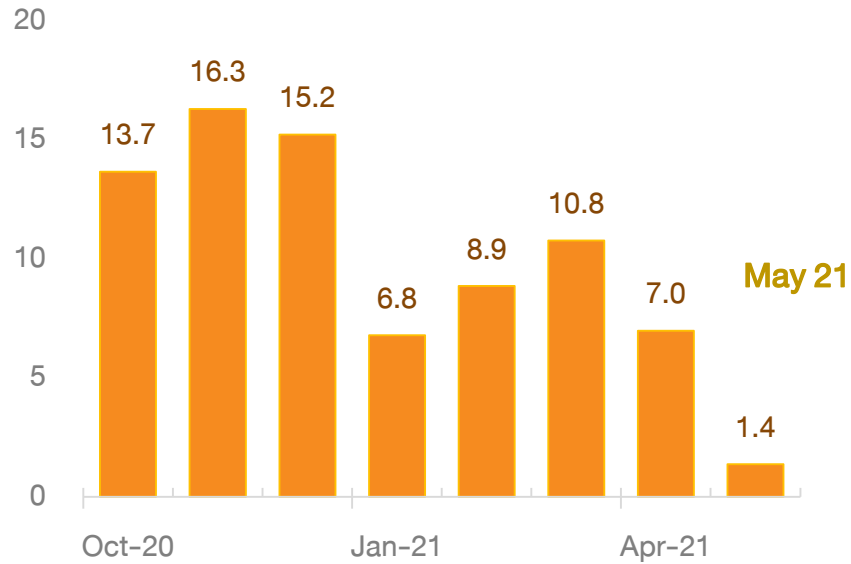
## Classification by nation





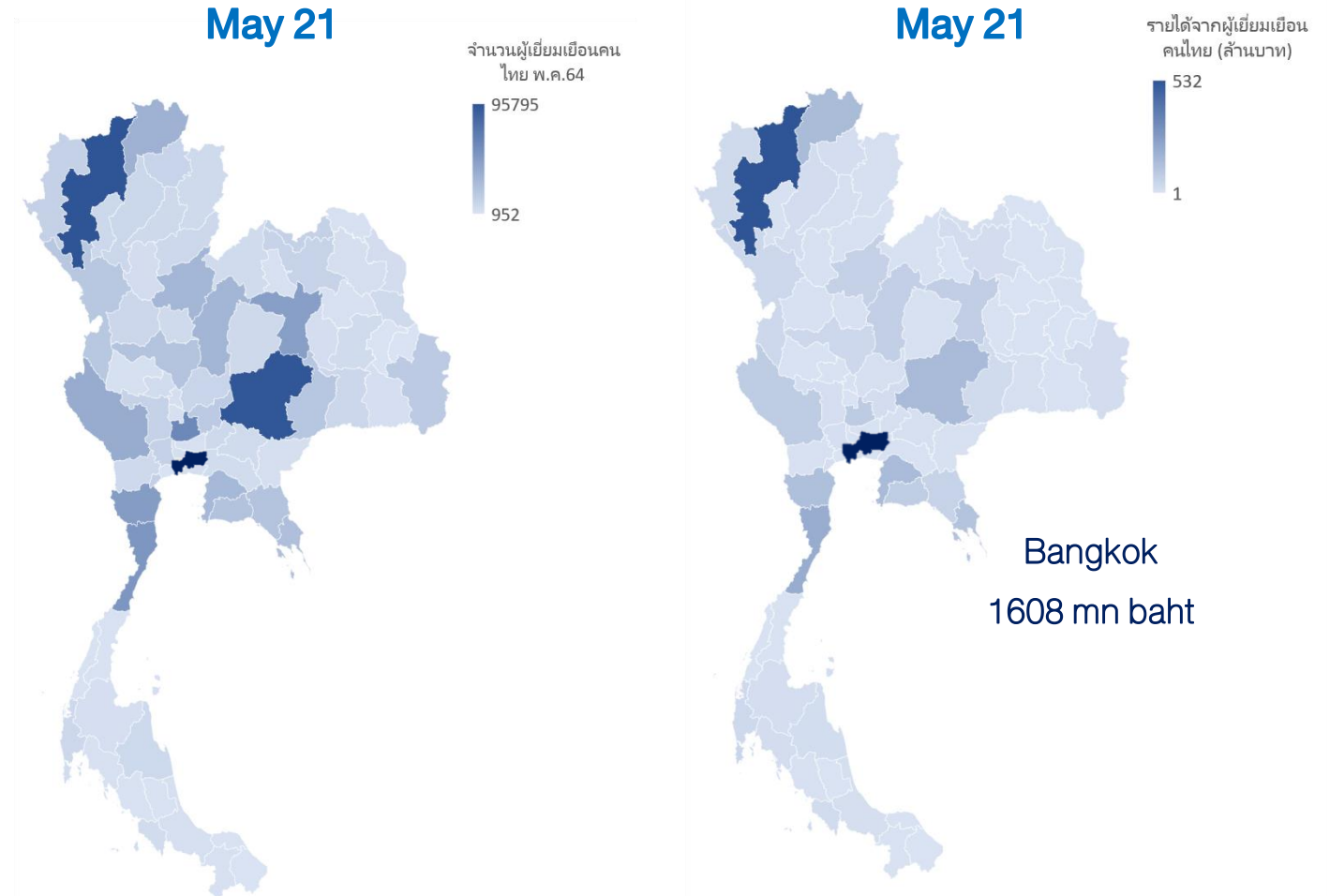
## Number of Thai visitors

Million persons

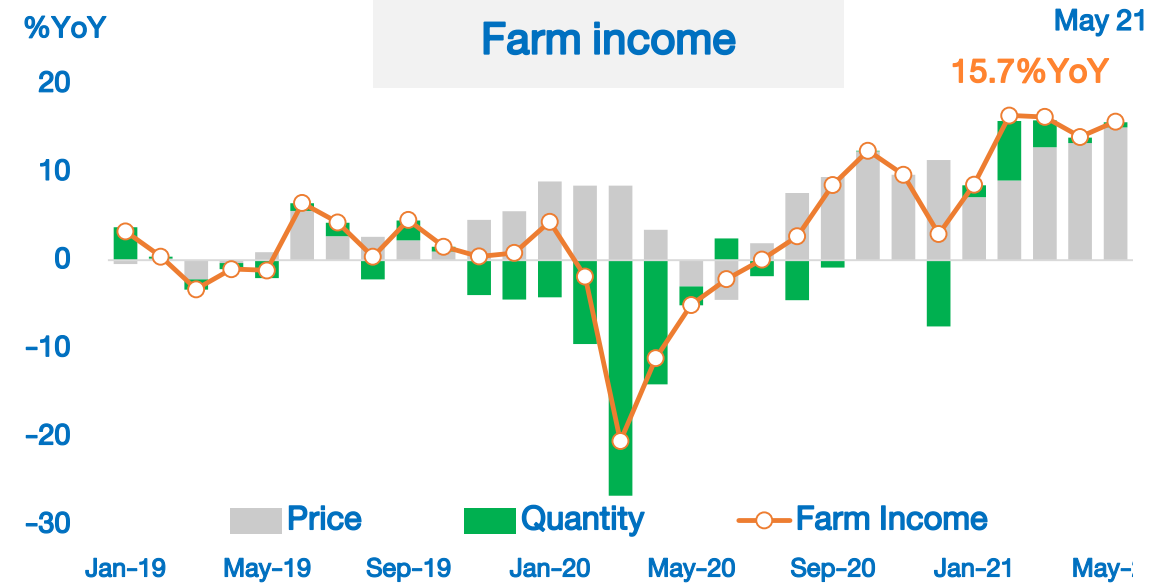
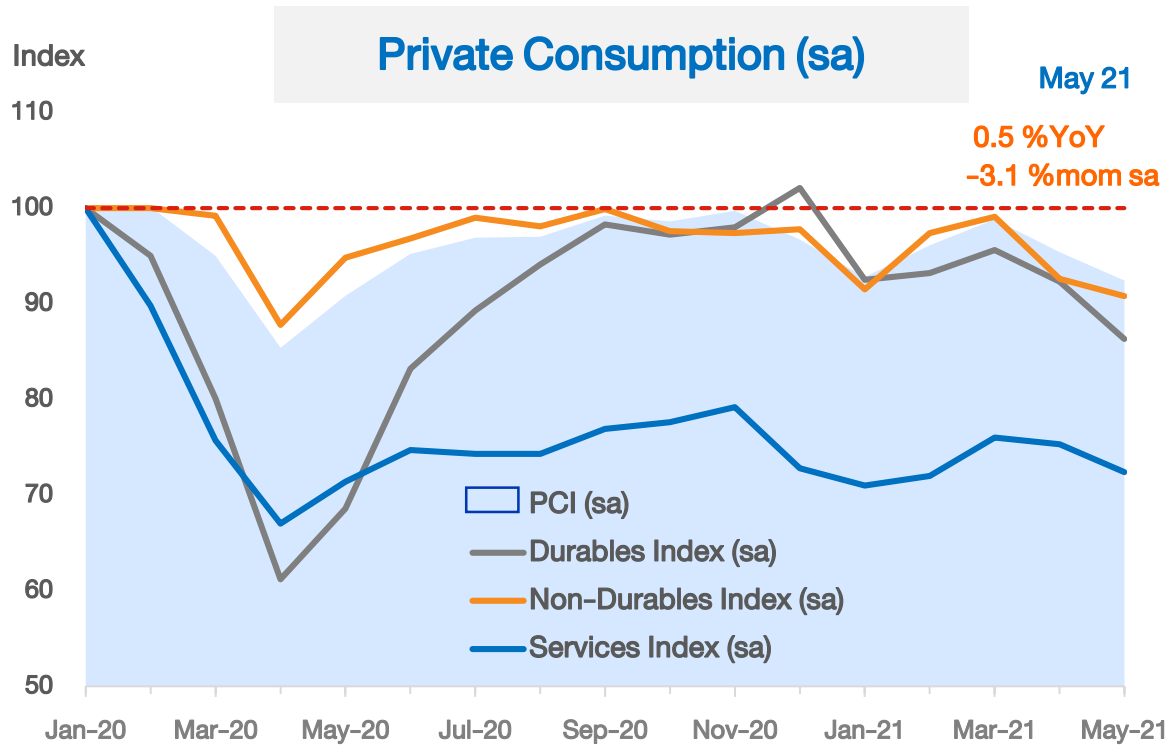


- Number of Thai tourists declined due to the third wave of domestic outbreak. Only main tourism provinces, particularly Bangkok and Chiang Mai, could see tourism incomes.
- Looking ahead, domestic tourism will be weakened in the Q3 due to intensifying domestic outbreak from the variants.

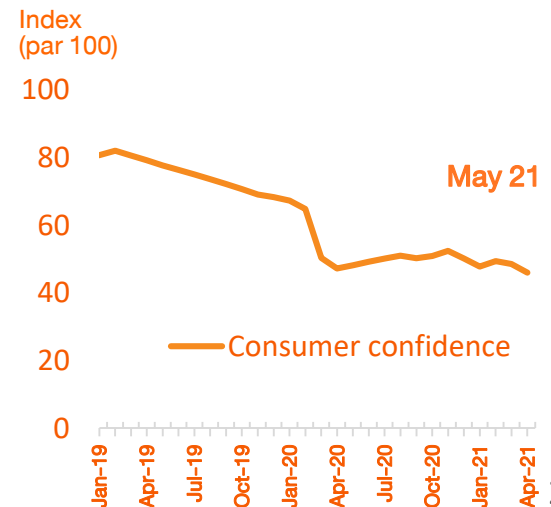
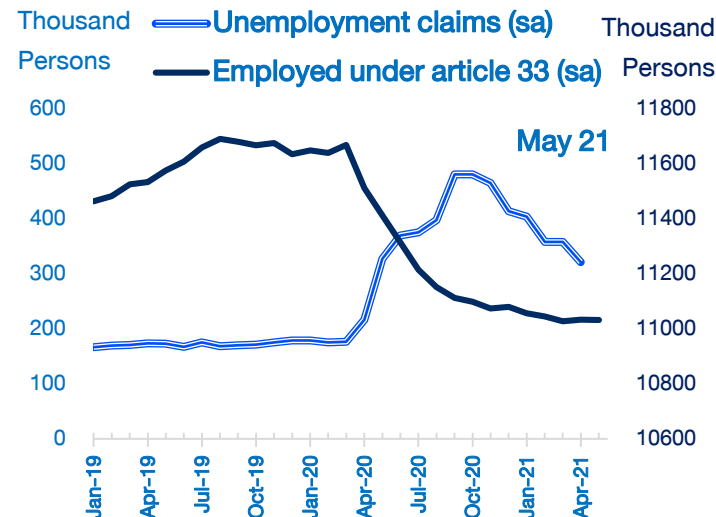
## Incomes from Thai visitors



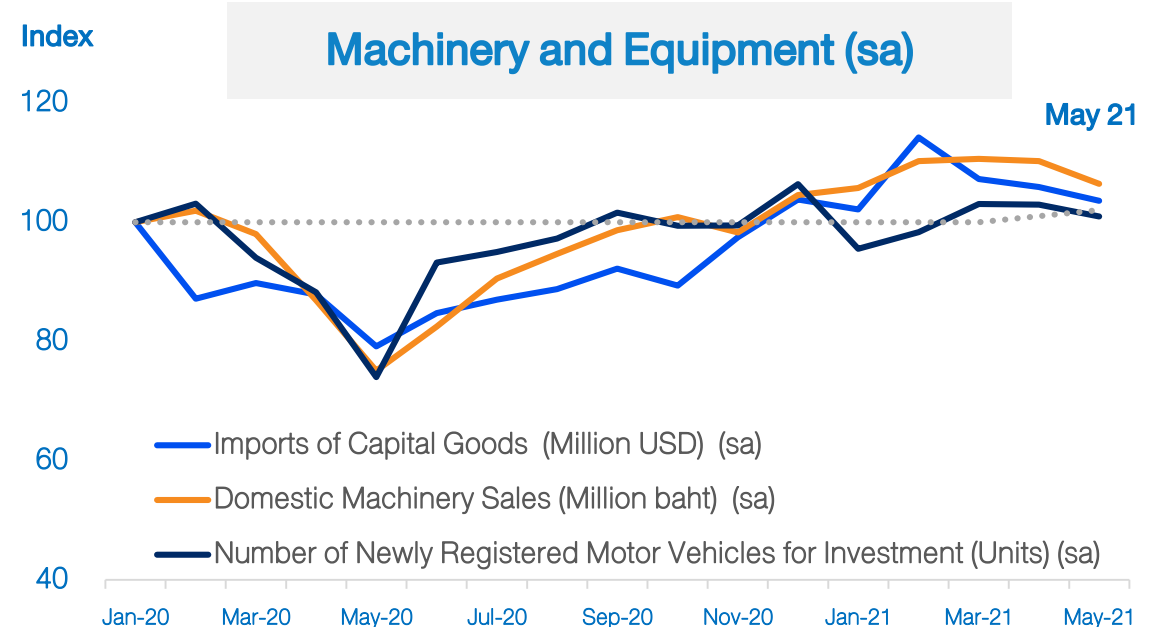
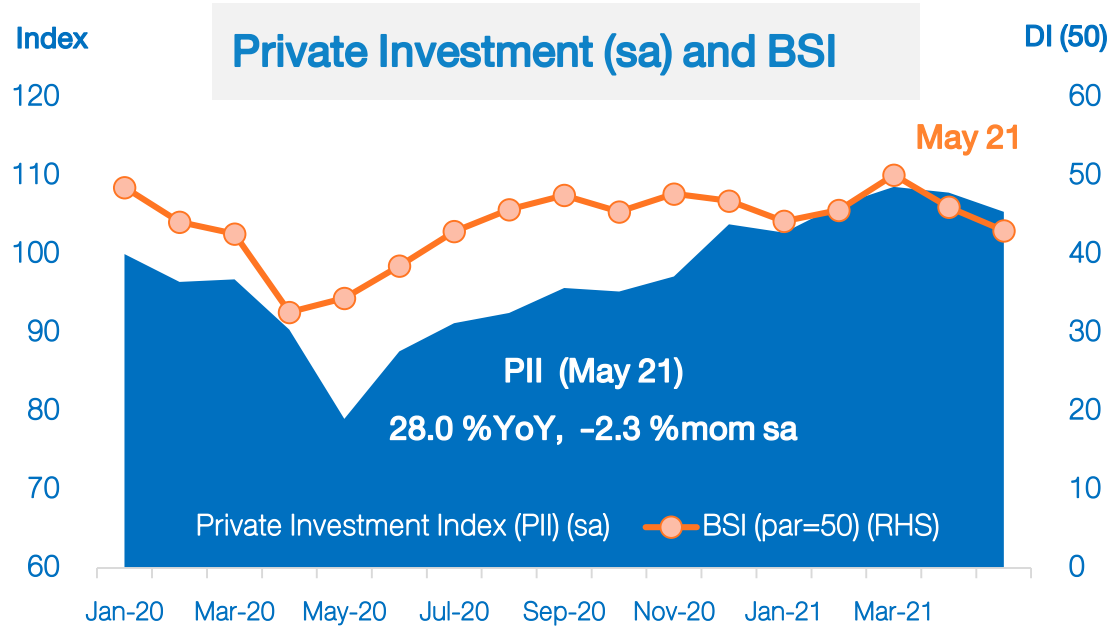
# Consumption further dipped in all categories, while supportive factors worsened



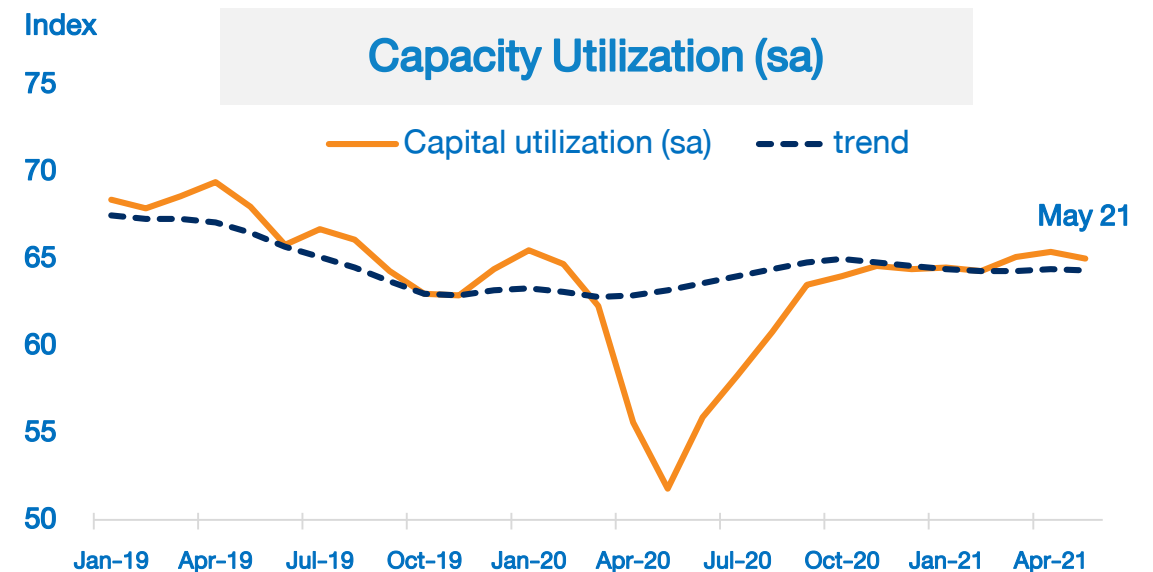
- **Private consumption** dropped in all categories due to the third wave of outbreak.
- **Most of supportive factors turned weaker** : Consumer confidence turned worsened, while employment conditions became weakened especially among those self-employed. Only Farm incomes growth remained robust due to an increase in agricultural prices.

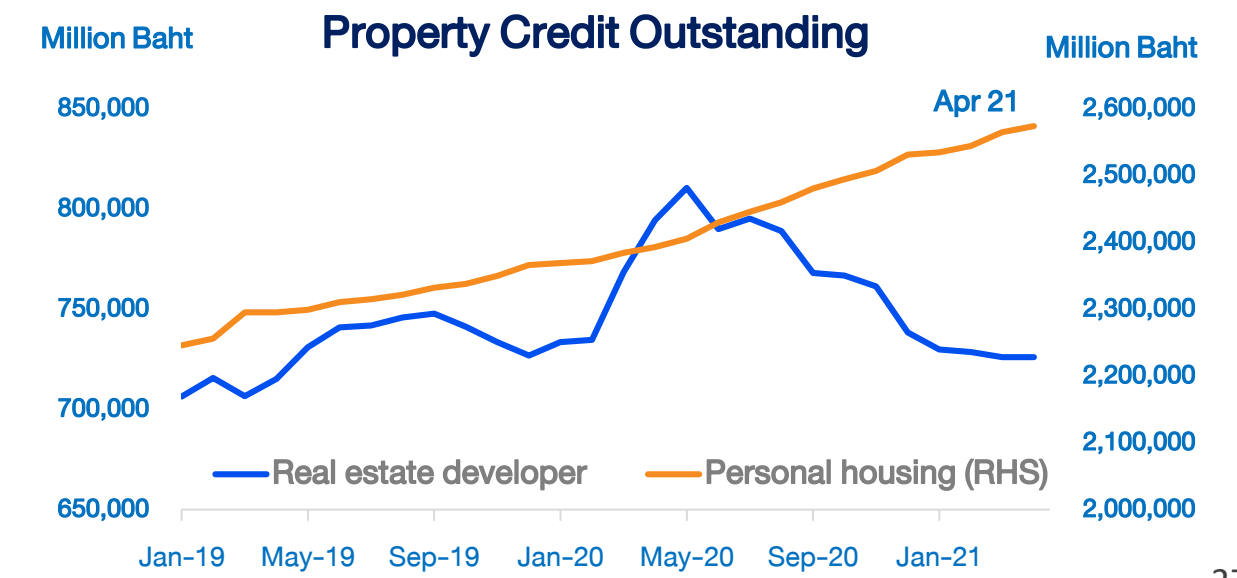
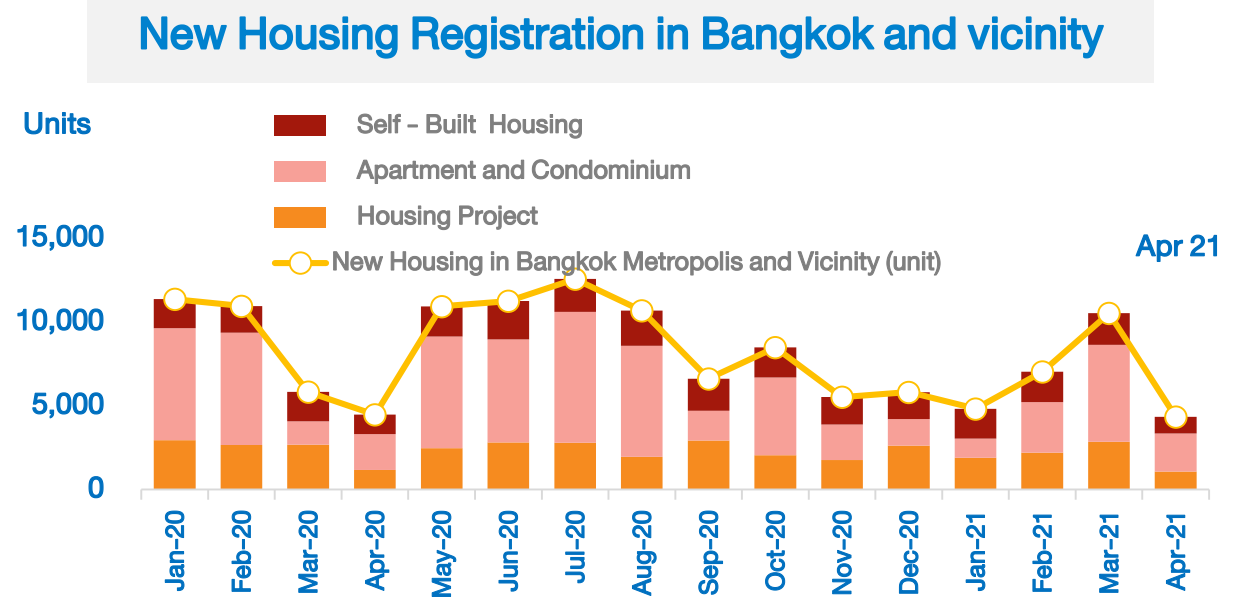
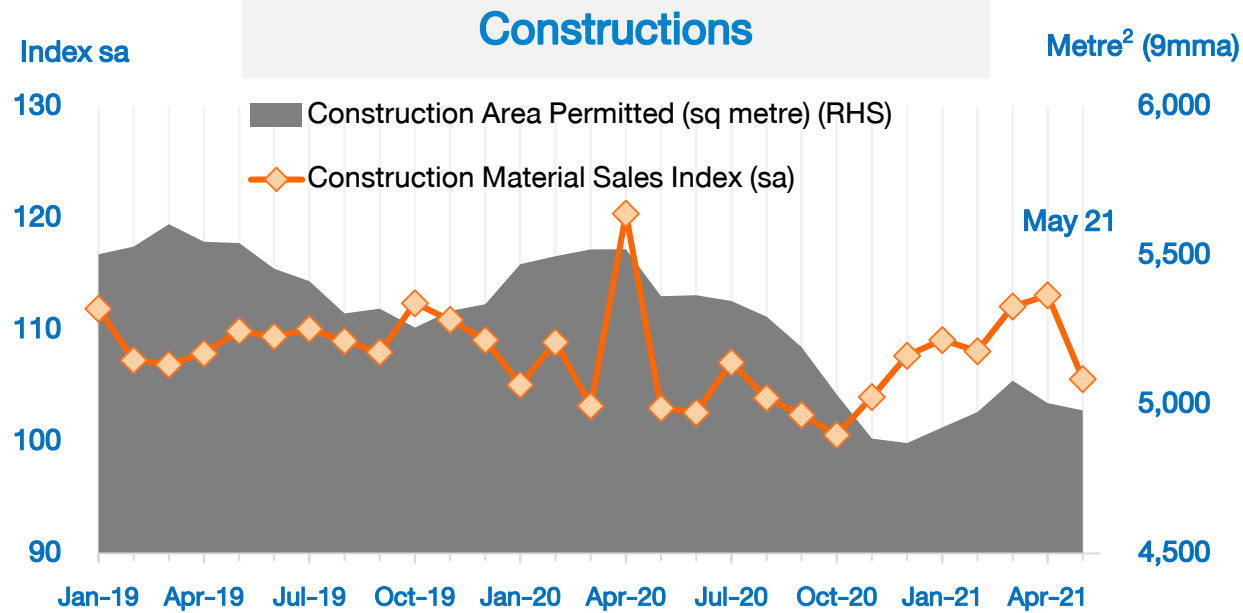


# Private investment temporarily dropped in line with worsened business sentiment



- **Private investment** marginally declined in all categories together with continuously worsened business sentiment after the hit of 3<sup>rd</sup> wave of COVID19 domestic outbreak.
- However, capacity utilization was slightly above pre-COVID19 period level, signaling the ongoing investment cycle in line with export recovery.
- Looking forward, investment would turn back after the outbreak being under control.



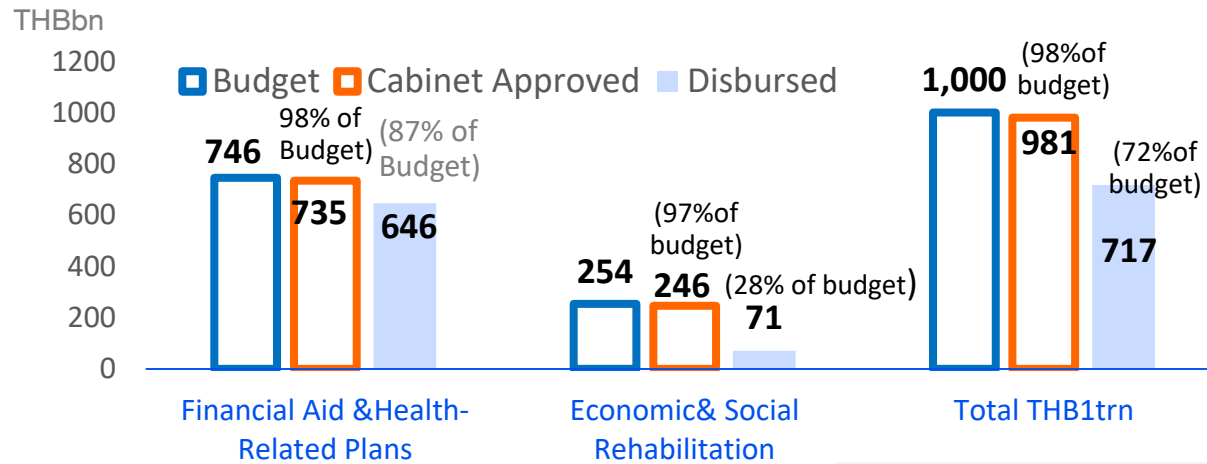


- **Construction sector dropped**, reflected by decreasing area permitted and material sales in line with the intensified pandemic situation, especially at construction camps.
- **Real estate sector** : New housing activities plummeted, both in *Housing project and condominium* as well as *Self-built housing*, after have just gained momentum recently.
- **Credit conditions**: Credits for personal housing have been in an increasing trend, whereas those for developers gradually declined partly due to bank's tightened credit standard.

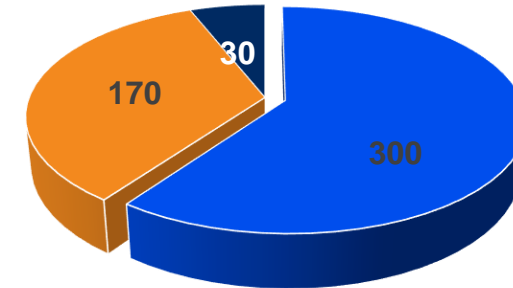
# THB500bn Emergency Loan and FY2022 budget will further support economy as current THB1trn loan has been nearly approved 100%



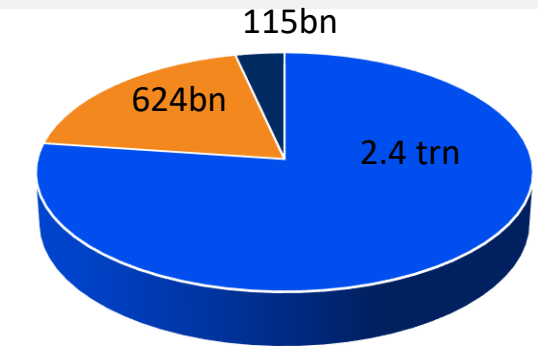
## Progress on 1-trillion Stimulus Package (as of Jun 2021)



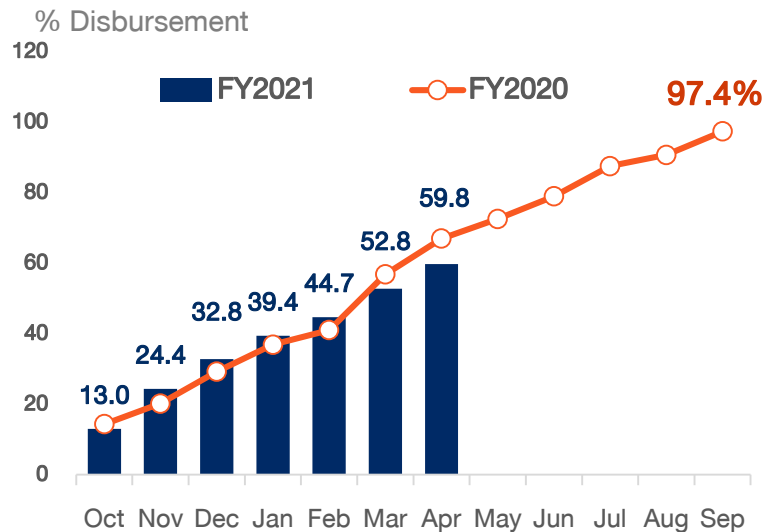
## The New Borrowing Utilization : THB500bn



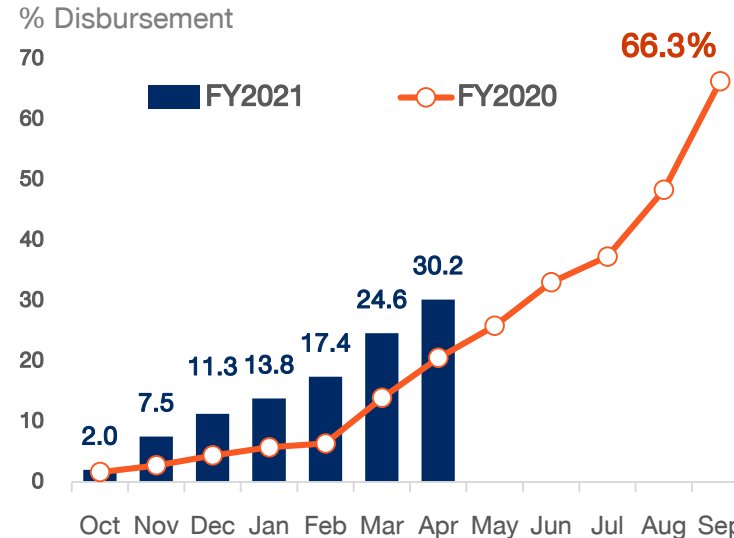
## FY2022 Budget : THB3.1trn



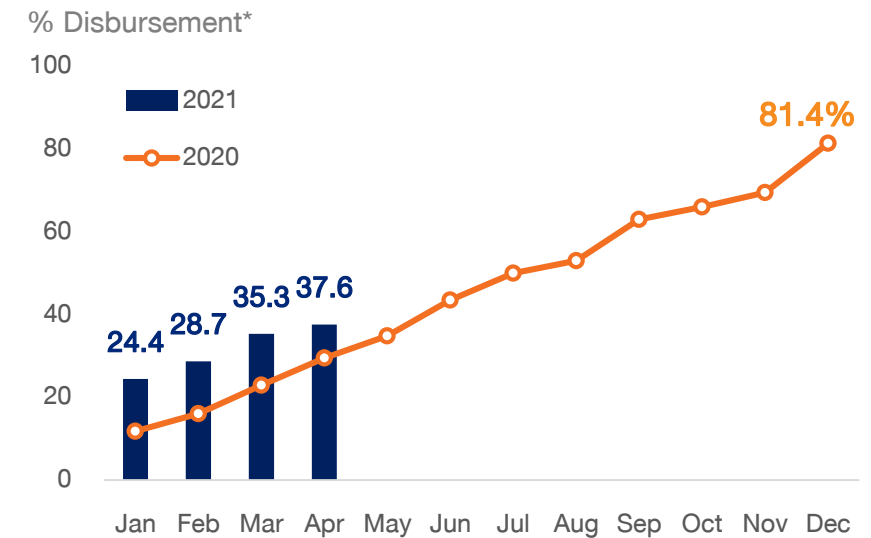
## Current Expenditures



## Public Investment Expenditures

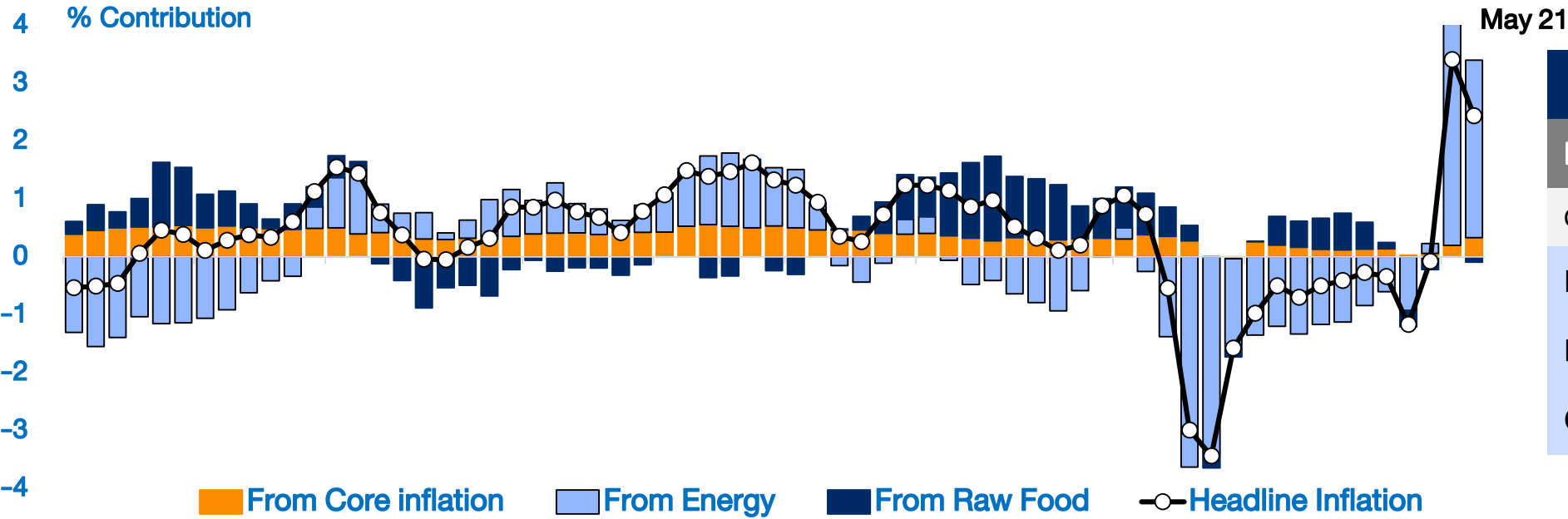


## State Owned Enterprise Investment

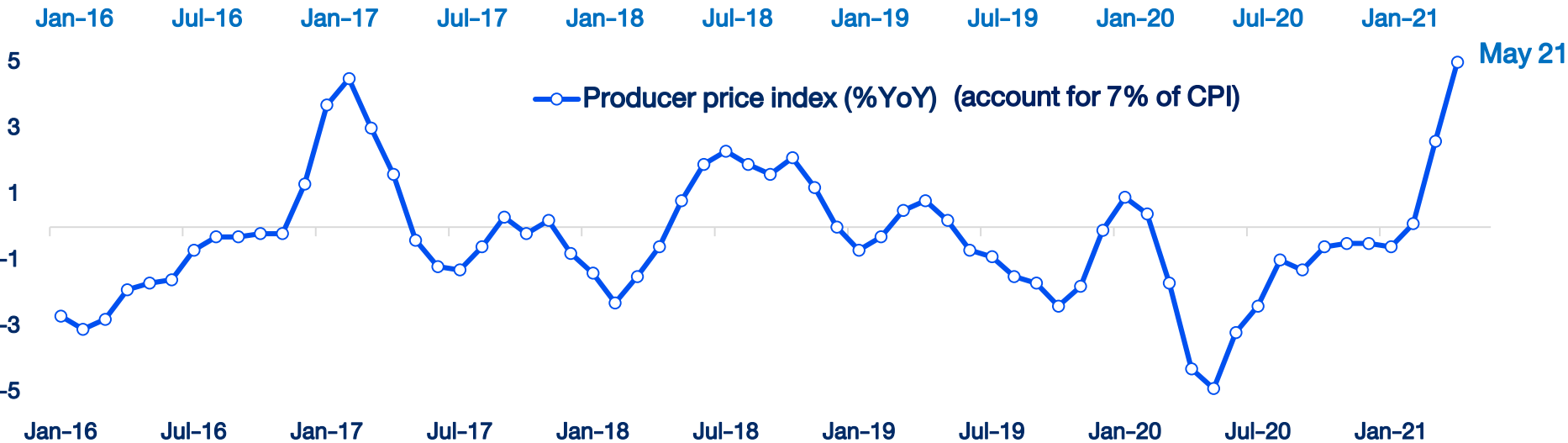




# The spike in inflation was attributed to energy prices, while core inflation was stable



(%YoY)	May-21
<b>Headline inflation</b>	<b>2.44</b>
Contribution	
Raw Food (20.6%)	-0.4
Energy (12.4%)	24.8
Core (67.1%)	0.5

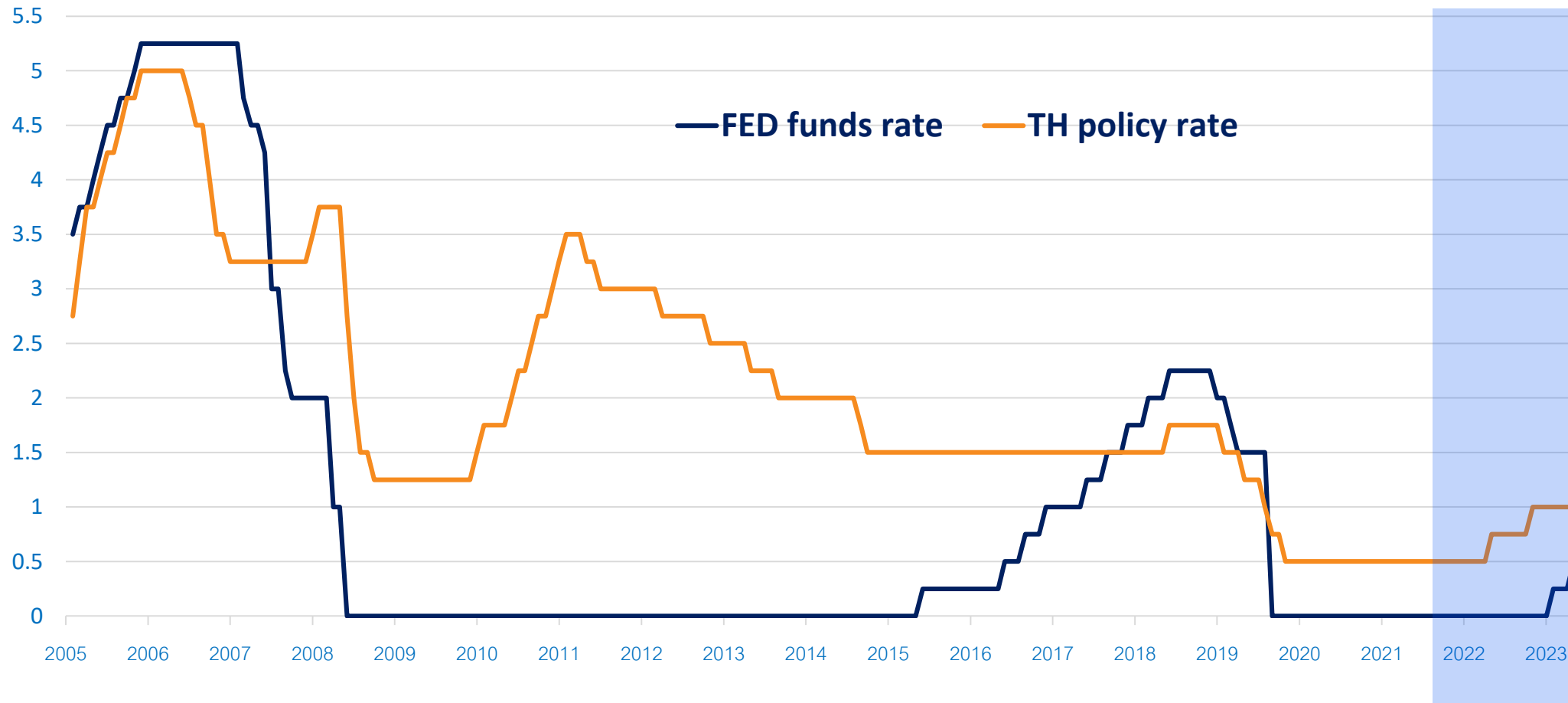


# PART 3

# Financial Market



# MPC to hold rate to end of 2022, FED to follow dot plots projection



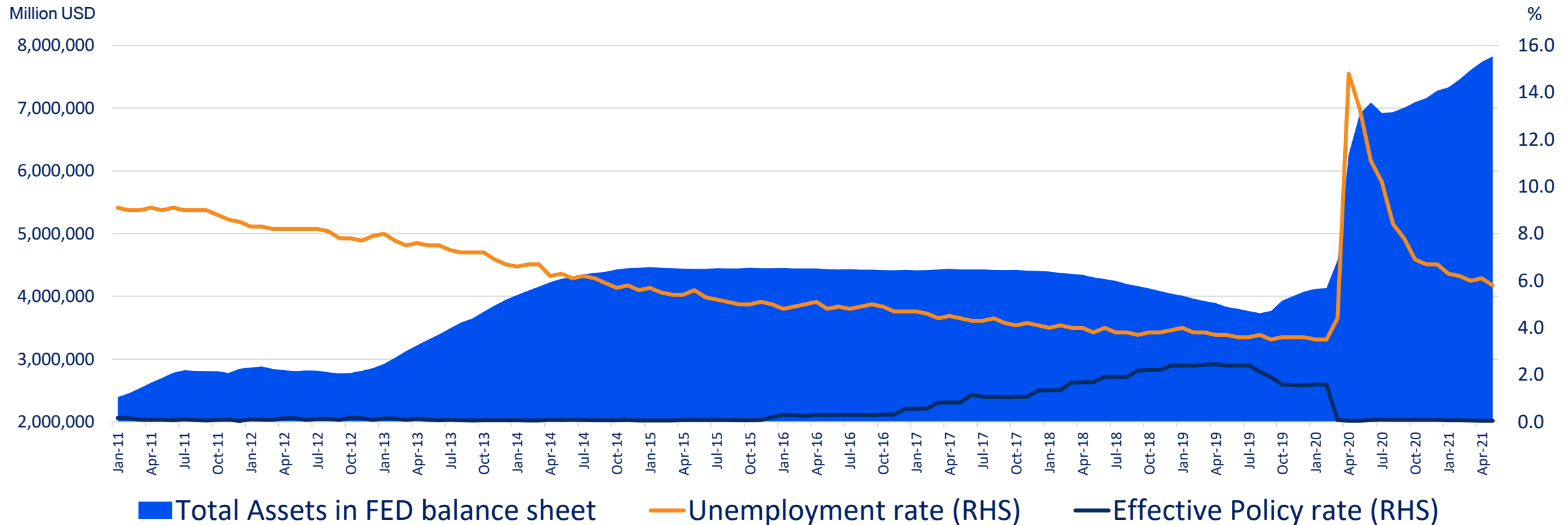
## Factor that would affect FOMC's decision

- Broad-based improvement in labor markets
- Persistent long-term inflationary pressure

## Factor that would affect MPC's decision

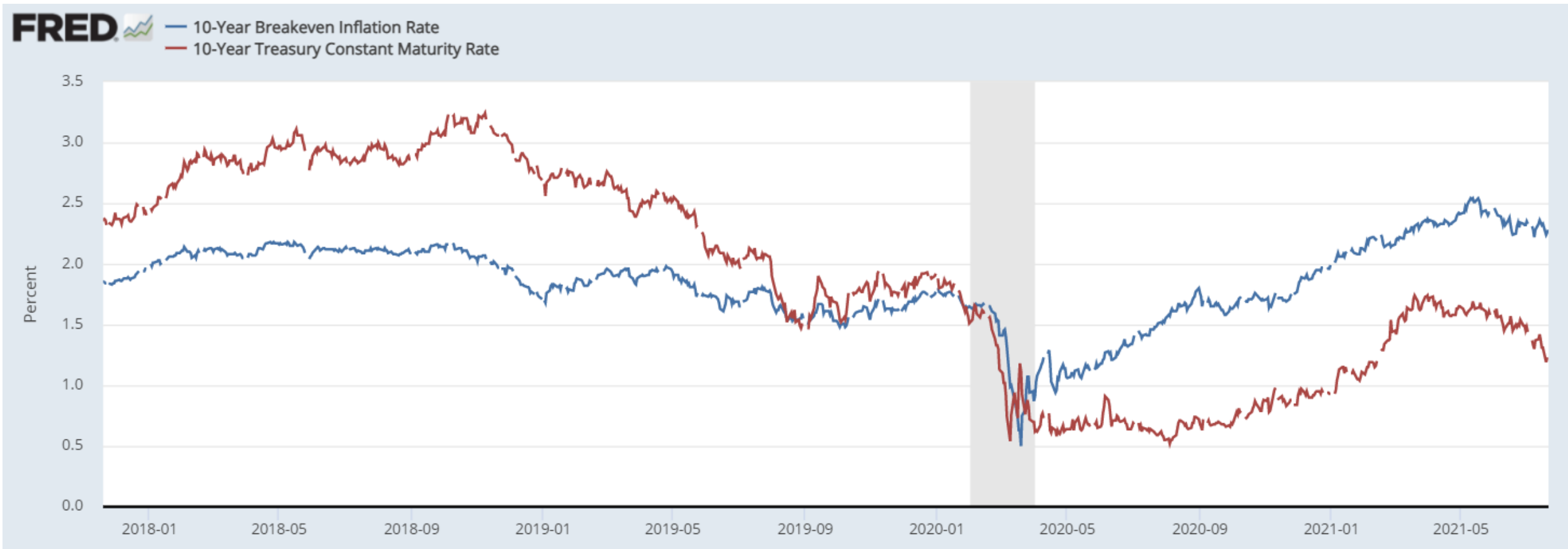
- Long term economic impact in domestic consumption
- Vaccination timeline
- Tourism recovery in 2022

# QE tapering to come in 2022, expecting FED guidance in August



- **ttb analytics expects the Federal Reserve to begin tapering in early 2022**, following an early-warning signal in the second half of this year, potentially at the Jackson Hole Economic Symposium in August.
- An emphasis on full employment will prevent the Fed from tapering too soon. ttb analytics foresees that the tapering should come 1.5-2 years ahead of the policy rate adjustment, which may arrive near the end of 2023

# UST 10Y dropped, though unexpected long period of high US inflation

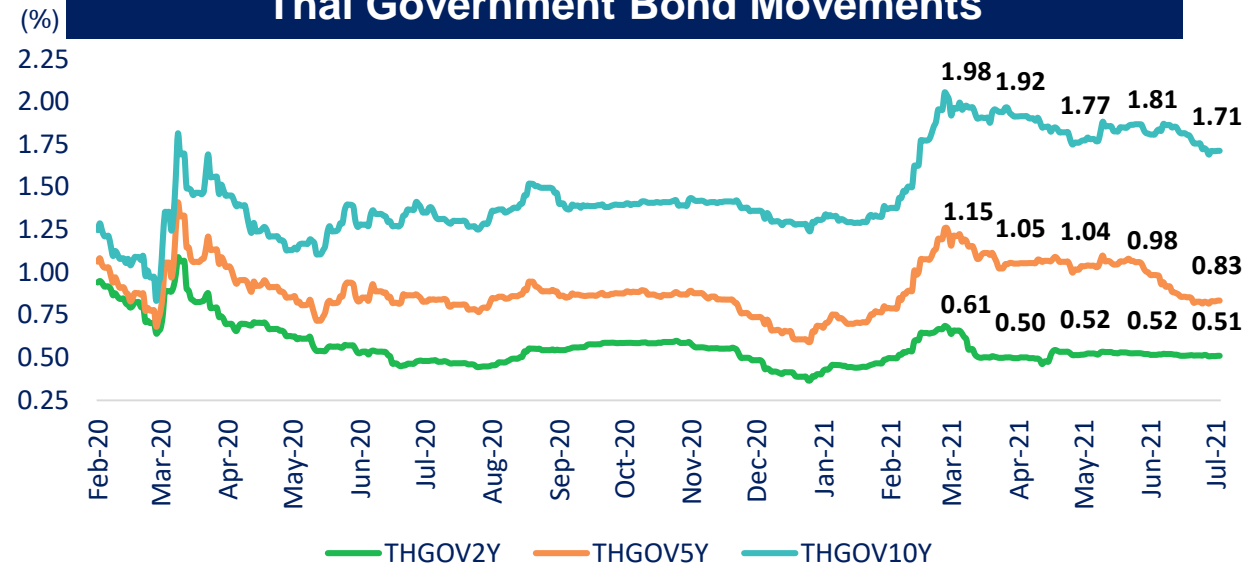


- Even unexpected long period of high US inflation put pressure to the market as Federal Reserve to tighten monetary policy sooner than expected, which could in turn dampen a consumer-led recovery, the rise in new delta variance seems to have more impact on Financial markets. LT US 10Y inflation has been dampen for few months from its peak on mid of May, in contrast, US 10Y real yield slightly moved up from 0.9% in May-21 to 1.0%.

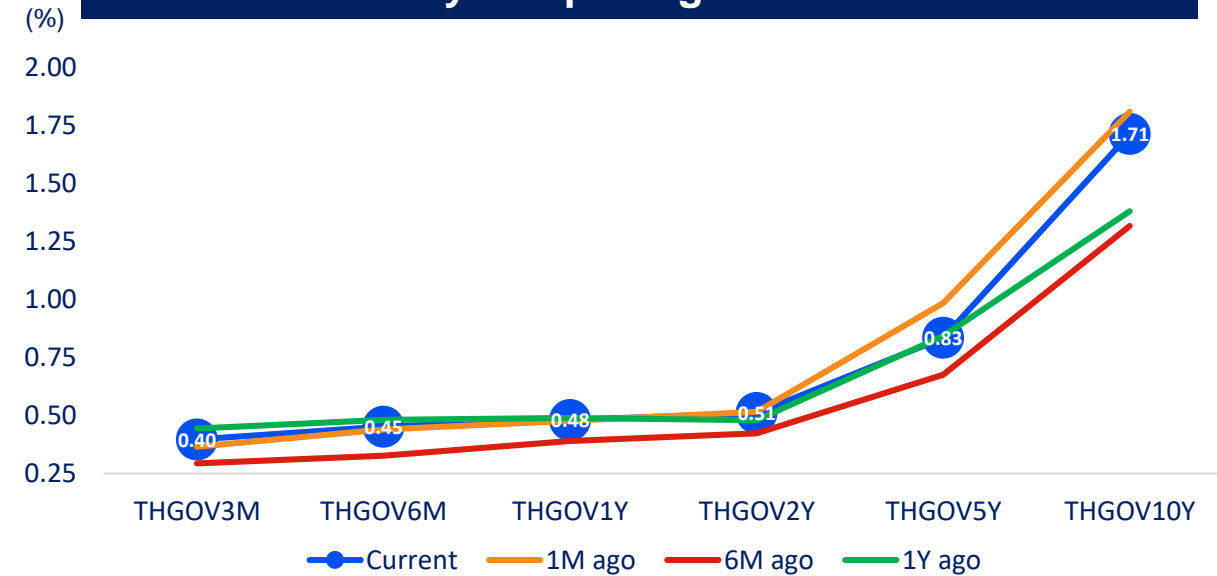
# TGB curve slowly steepen as covid-19 peak but still on uptrend



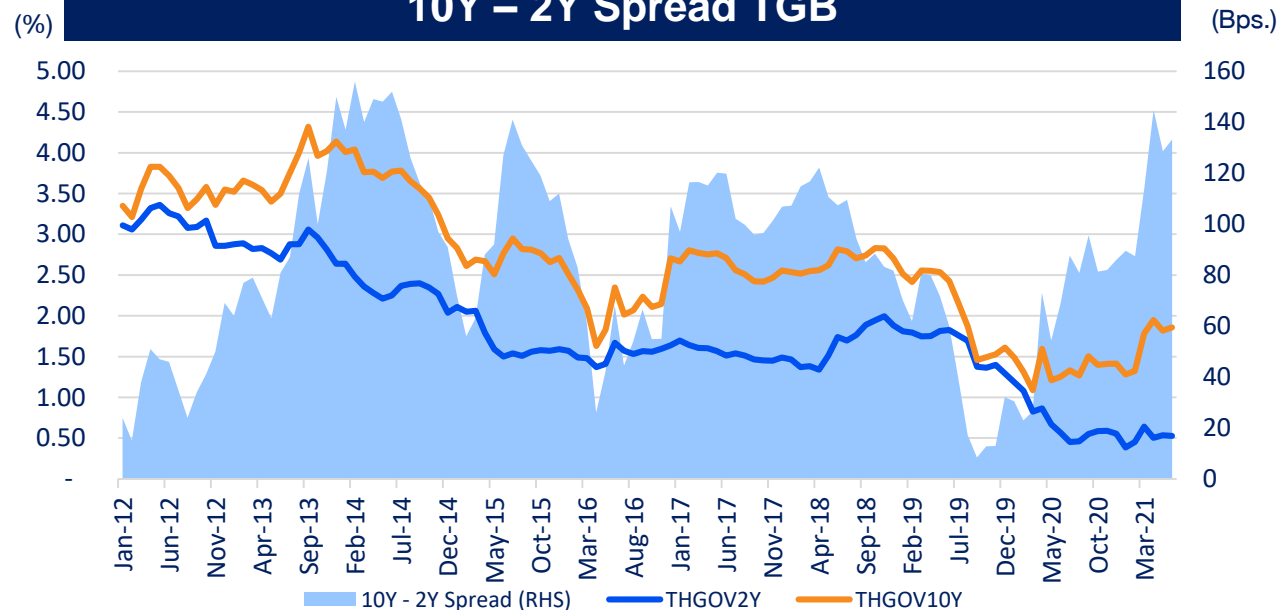
## Thai Government Bond Movements



## Slowly steepening Yield Curve



## 10Y – 2Y Spread TGB



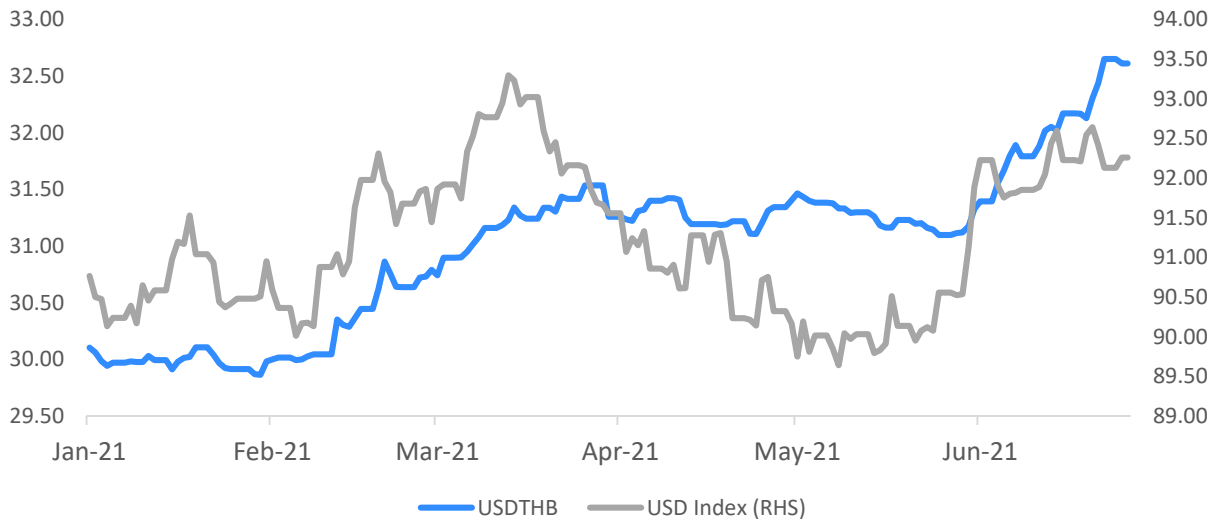
- Short term TGB will be mounted to policy rate at 0.50% at least through mid 2022 as MCP may revise its policy rate at the end 2022. It will be fluctuated in small range with downside price risk.
- In recent months, Long term TGB and UST uptrend has been slowed down by worsen covid situation in Thailand and concern of Fed policy but we still expect further steepening yield curve to continue from this month.



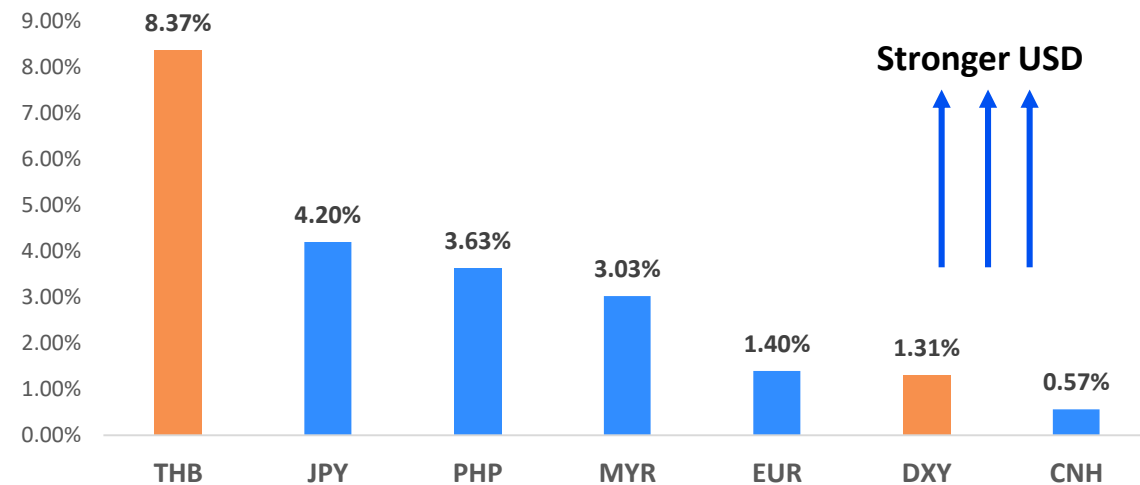
# THB and Asian currencies largely depreciated against USD



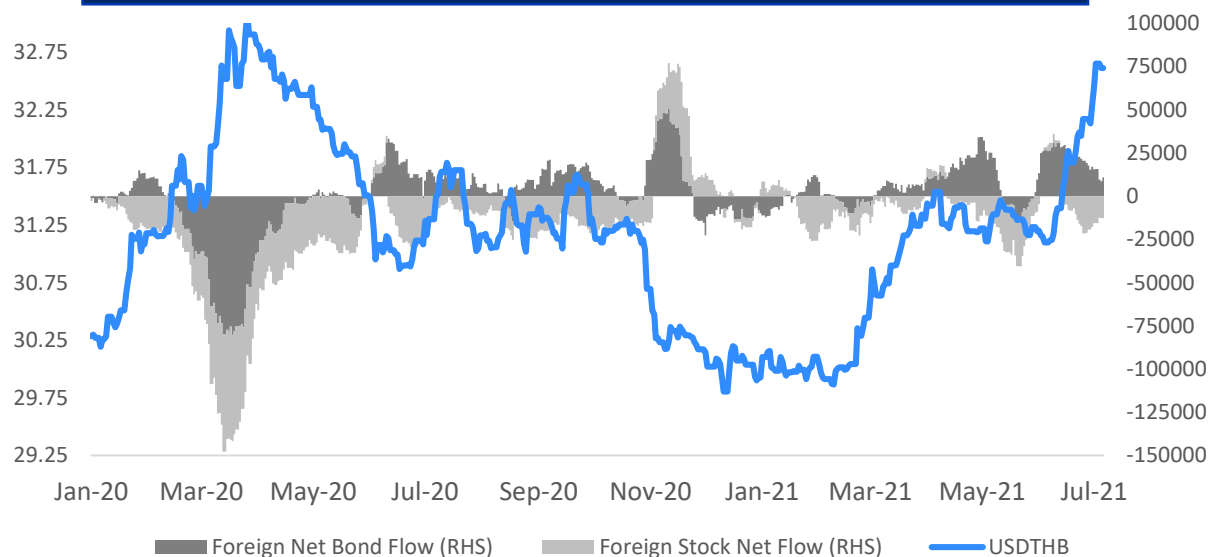
## USDTHB and DXY



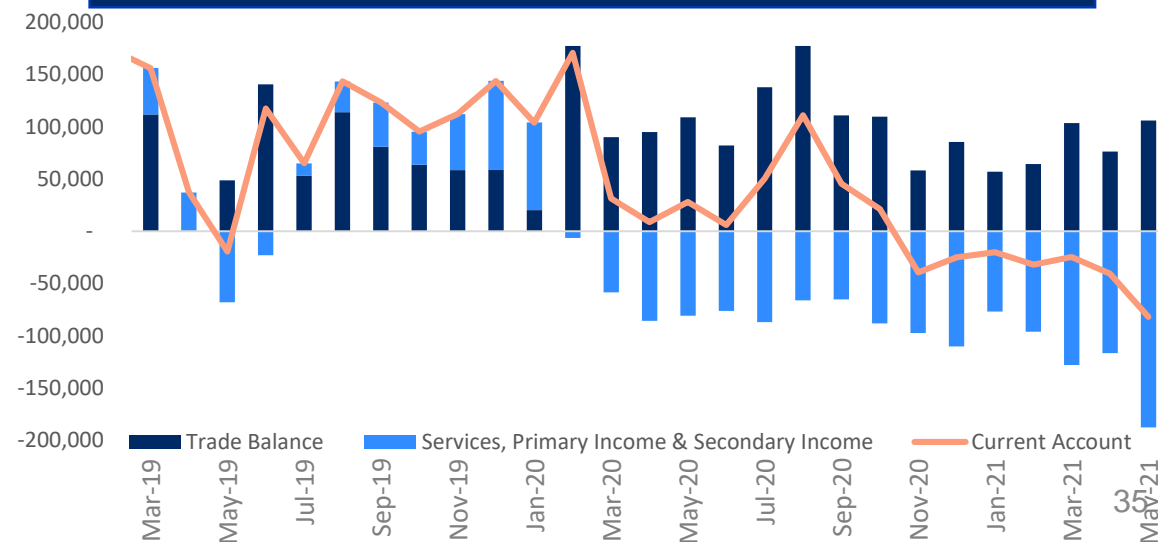
## USD appreciated against most currencies



## USDTHB and Fund Flow



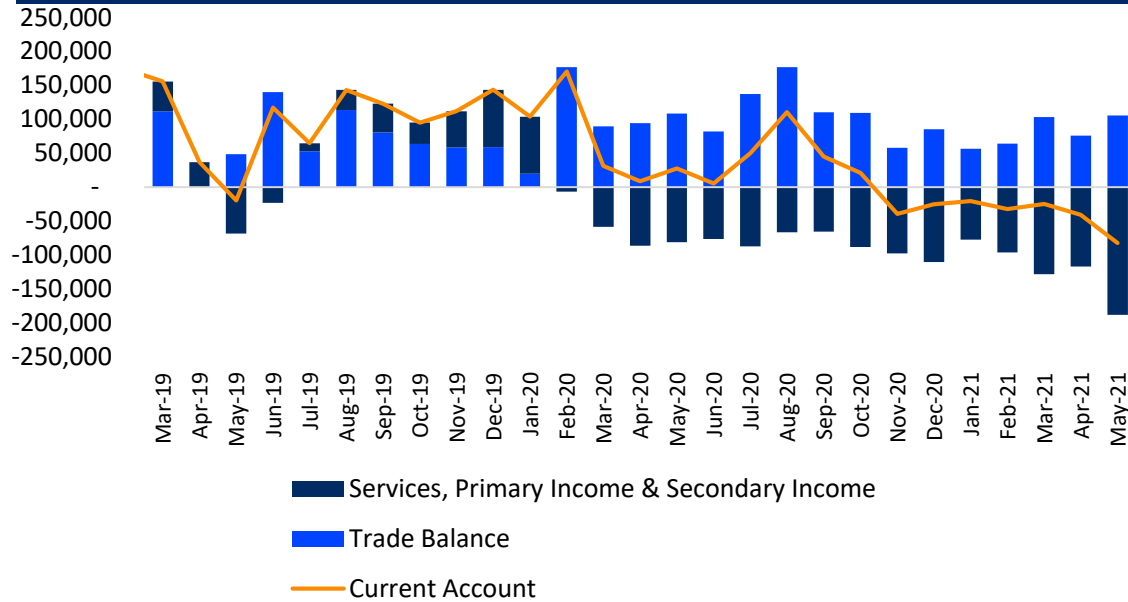
## Thai Current Account



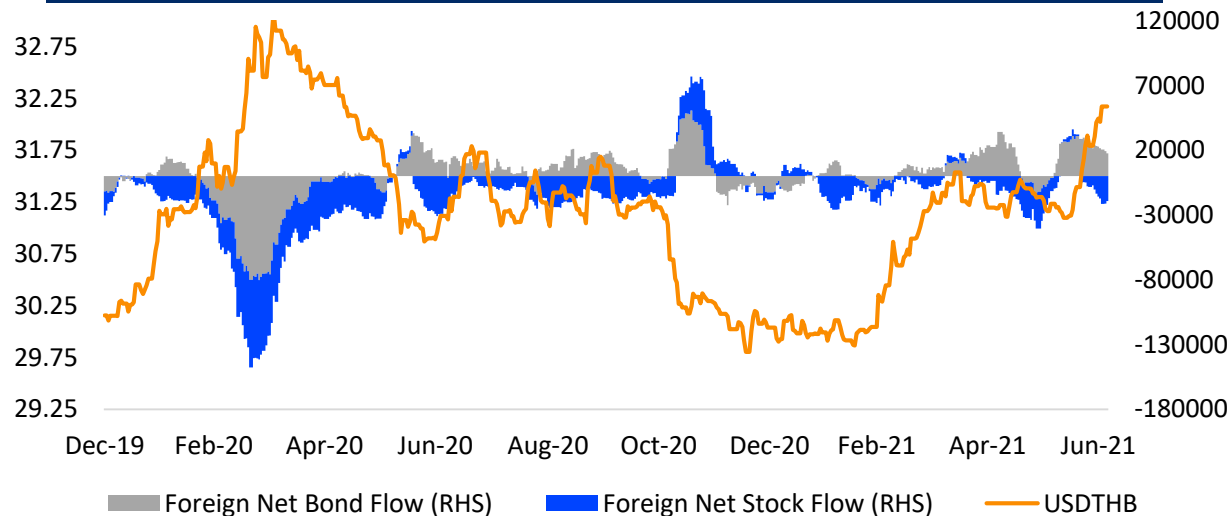
# Factors affecting Thai Baht



## Continuous Negative Current Account



## Limited foreign inflow into bond and stock markets



## Factors affecting Thai Baht

■ Strengthening THB
 ■ Weakening THB

### Global Easing Monetary Policy

Supportive monetary policy of US may drive dollar to be weakened but an impact recently proved to be limited.

### Slow economic recovery in Thailand

Comparing to global peers, Thailand's economic recovery in slower path as its economic structure and covid-19 situation

### Continuous Negative current account

As a result of large deficit of net services as covid-19 widespread

### Lowering Global Risk

Supporting stronger Dollar and more attractive investment abroad

### Weaker Safe Haven Status

No Large inflows from abroad since last year, despite growing risk

**Thank you**

**ttb** | a·n·a·l·y·t·i·c·s