



GLOBAL
MARKETS

Economic & Markets Outlook

Krungthai Global Markets
October 2024



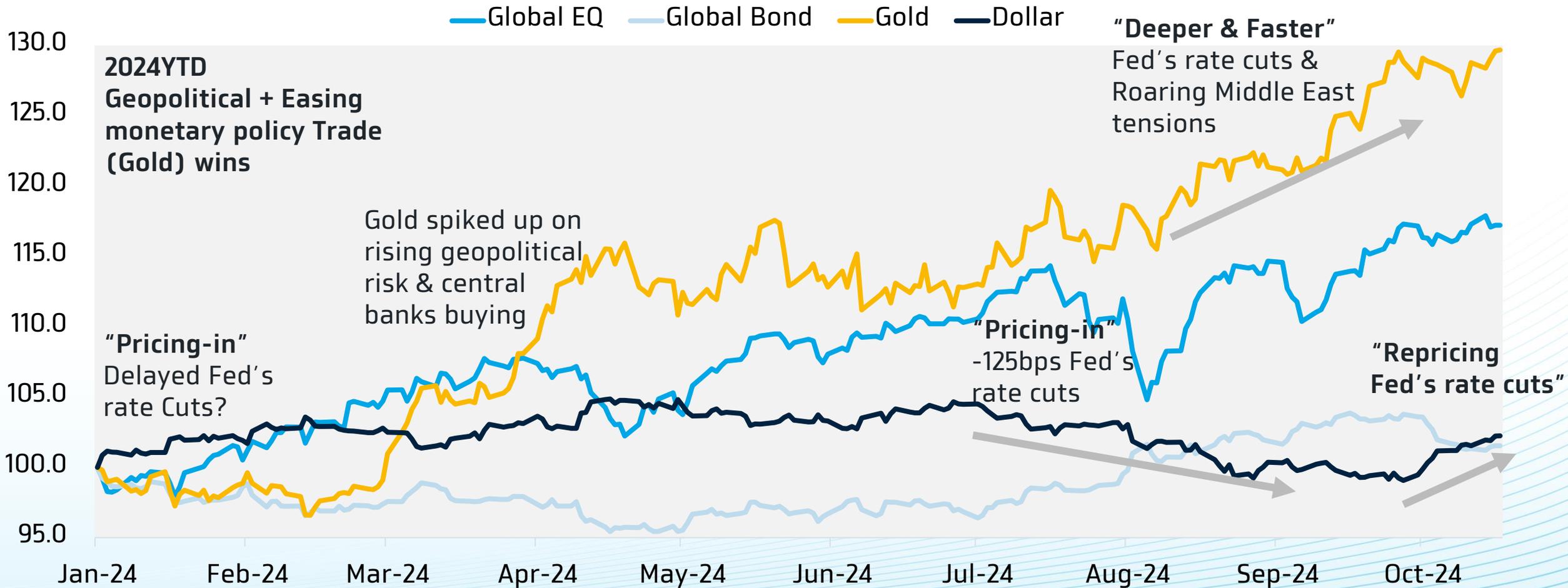
Photo by Chelsea Stahl on NBC News

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2024YTD: All about Fed's rate cuts outlook & Crowded-Trade Positions Adjustment

Major Asset Classes Performance (Rebased = 100 at the start of 2024)

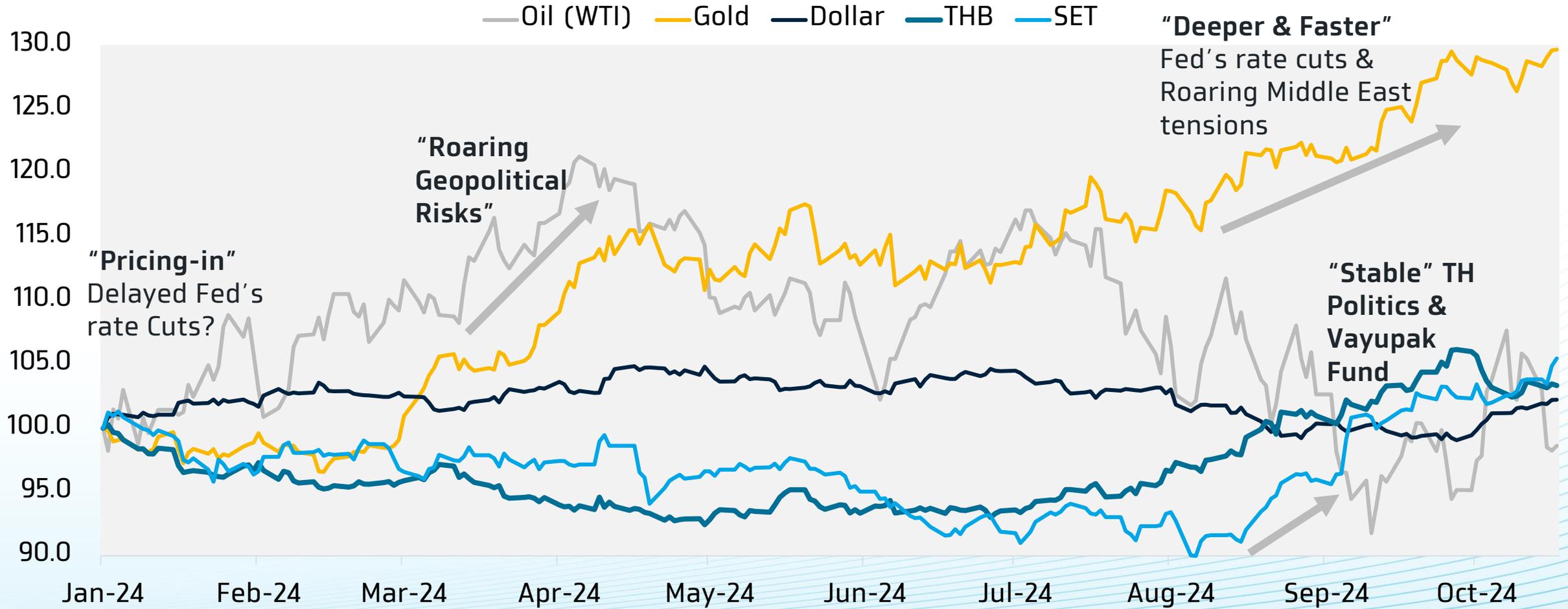


Source: Bloomberg; Data as of 17 October 2024



THB Drivers = Weakness in USD, Gold-related flows and Return of the Vayupak Fund

Major Asset Classes Performance (Rebased = 100 at the start of 2024)



Source: Bloomberg; Data as of 17 October 2024

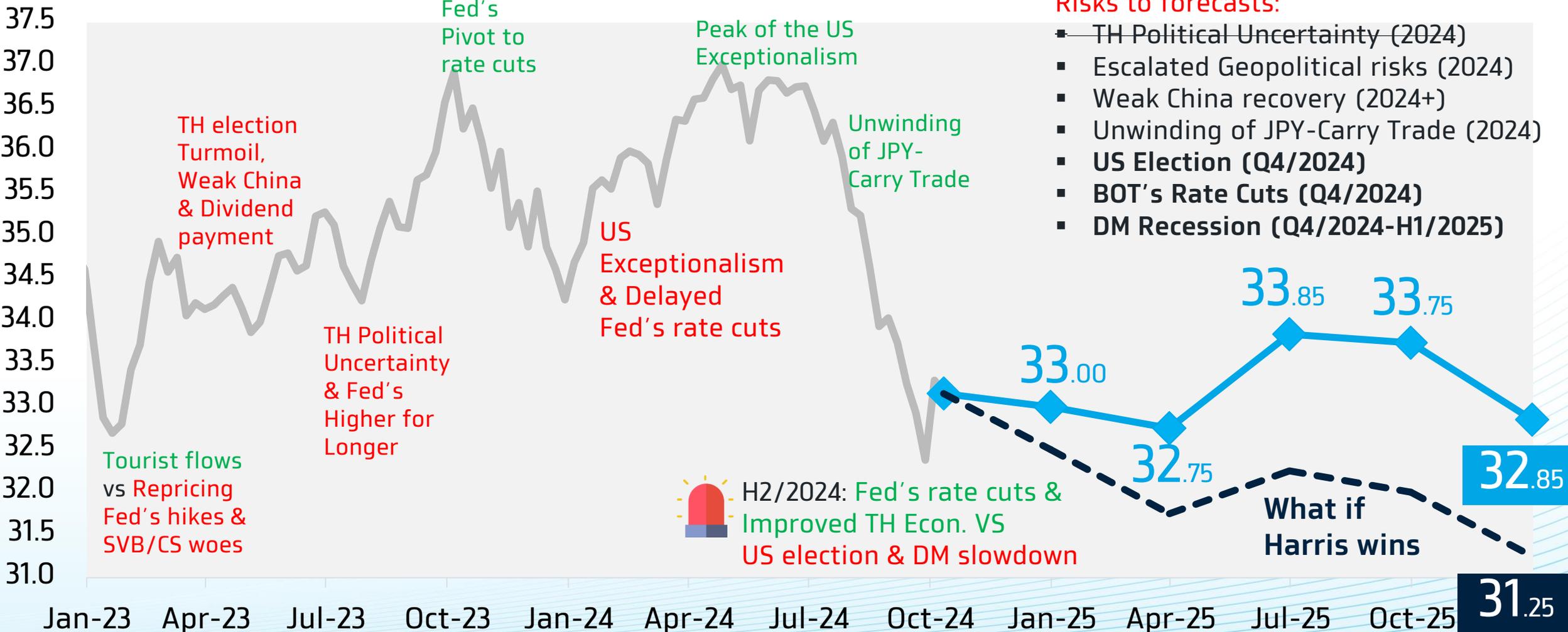


Risks = Aggressive Fed's rate cuts (Recession?) & US Election & BOT's rate cuts

Thai baht against USD projection Up to Q4/2025

Risks to forecasts:

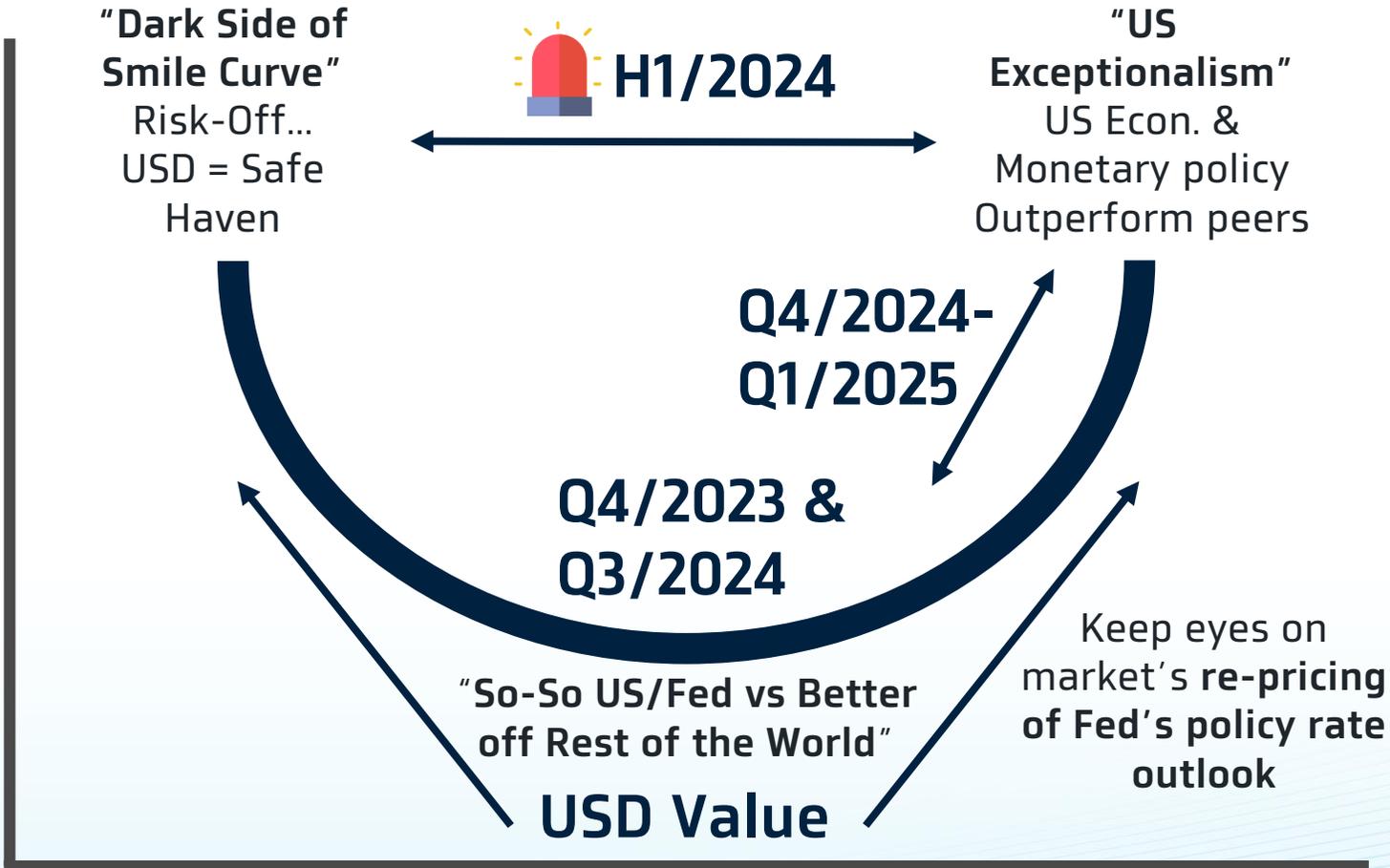
- TH Political Uncertainty (2024)
- Escalated Geopolitical risks (2024)
- Weak China recovery (2024+)
- Unwinding of JPY-Carry Trade (2024)
- US Election (Q4/2024)
- BOT's Rate Cuts (Q4/2024)
- DM Recession (Q4/2024-H1/2025)



Source: Bloomberg, Bloomberg Consensus and Krungthai Global Markets; Forecasts as of 17 October 2024; Statistically, our calls were usually within +/-50 satang from actual level. So End of Q4/2024 could be within 32.75-33.25 (from mid-level at 33.00 in the chart).



Reign of the King Dollar is over But Two-Way Volatility is here...



Source: Krungthai Global Markets

US Dollar usually has its cycle around the economic growth of the US compared to the Rest of the World (ROW and overall market sentiments).

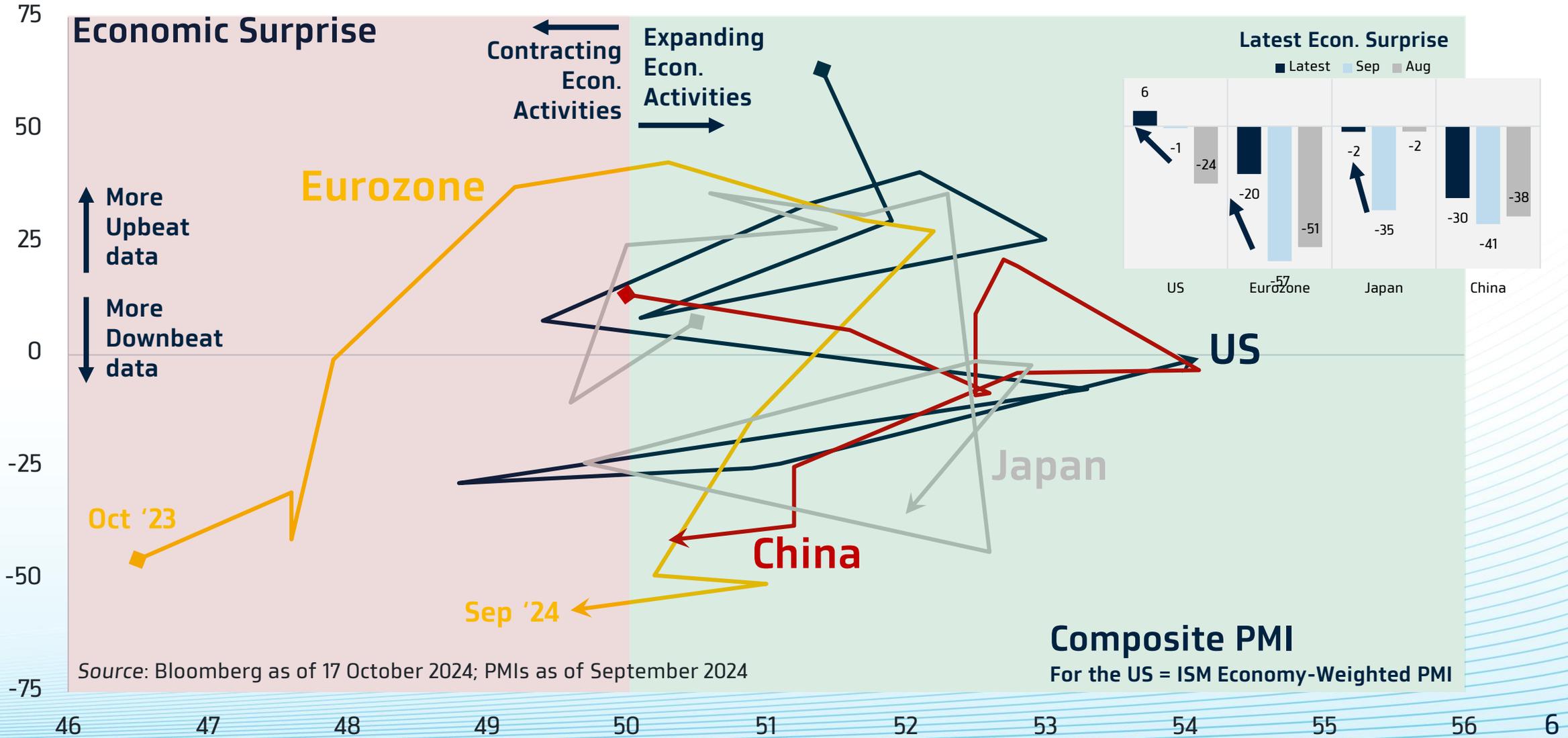
With rising signs of economic weakness and ongoing Fed's rate cuts cycle, the **USD finally loses its resilience.**

However, near-term USD movements would **depend on the Fed's monetary policy action** (similar to market's expectations or not) as well as **demands for high-yield safe haven** should risk-off sentiments return. **Hence, the USD could still face "Two-Way Volatility" risk.** As the USD could move around the Upper right side of the USD Smile Curve (or the Upper left) and the Middle part of the curve.



“US remains resilient” vs RoW = USD to shine in the near-term?

Evolution of Composite PMI & Economic Surprise Index over the past 12-month

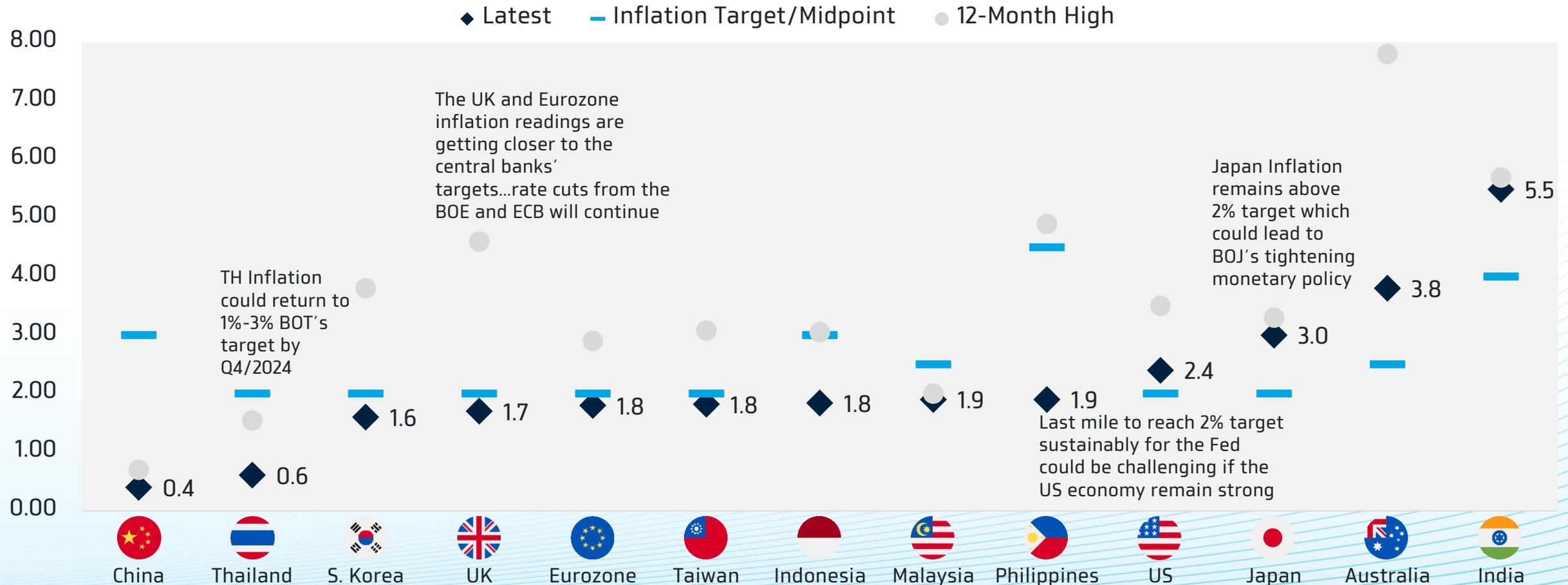




Say Hi to "Rate Cuts" cycle as Inflation figures hit CBs' targets

As inflation continue to fall amid slowdown in economic activities, falling energy prices and high base-effect last year, we expect most central banks to start cutting policy rates. However, timing & pace of rate cuts could be varied in each countries depending on economic outlook and FX stability.

Latest CPI Inflation vs Central Banks' Targets (%y/y)



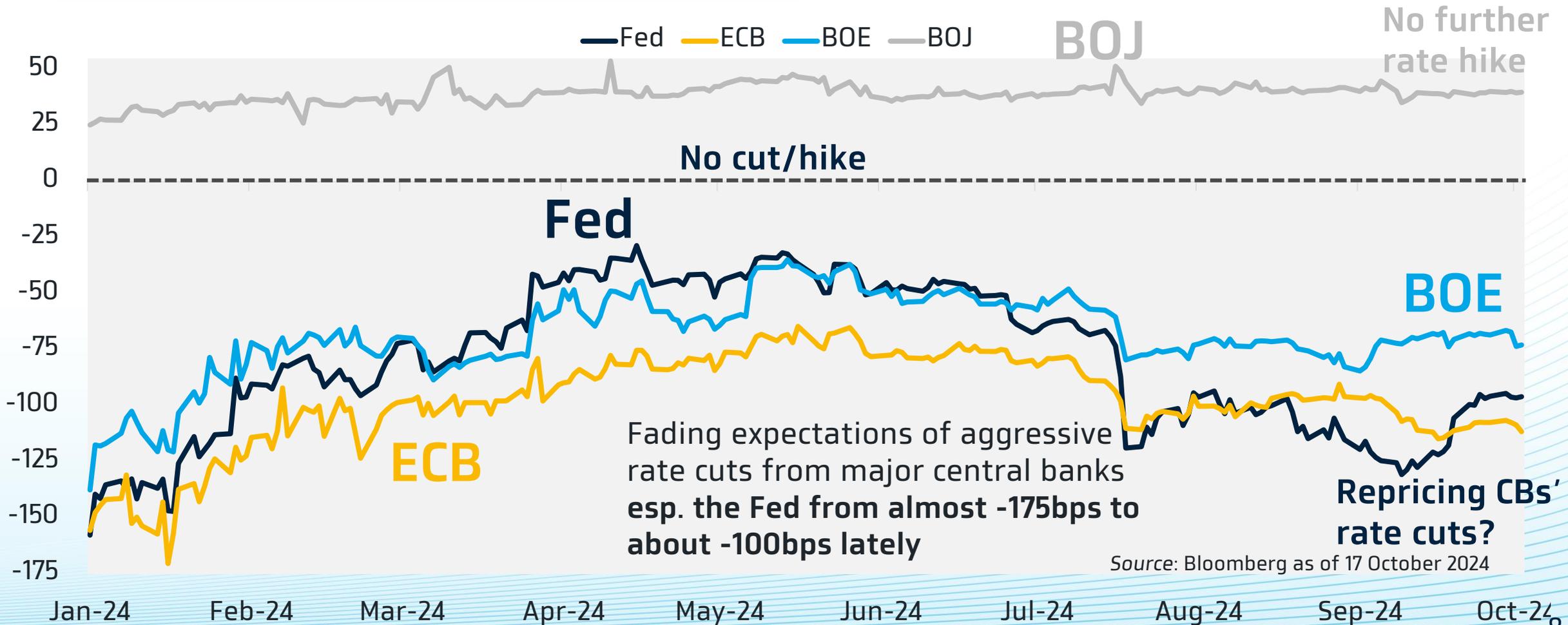
Source: Bloomberg and TradingEconomics; Australia's CPI Inflation is released quarterly (the latest data = Q2/2024); Data as of August 2024 for Malaysia and Japan; As of September 2024 for the rest



Keep eyes on how the market reprices CBs' rate cuts (Fed vs other major CBs)

With easing cycle among major central banks (except BOJ), market variables (FXs, Rates and Risky assets) could face two-way volatility due to repricing of market's expectations of policy rate paths of major central banks. More dovish paths for ECB and BOE could be a headwind for EUR and GBP and drive the US Dollar.

Market expectations of policy rate change (bps) by December 2024





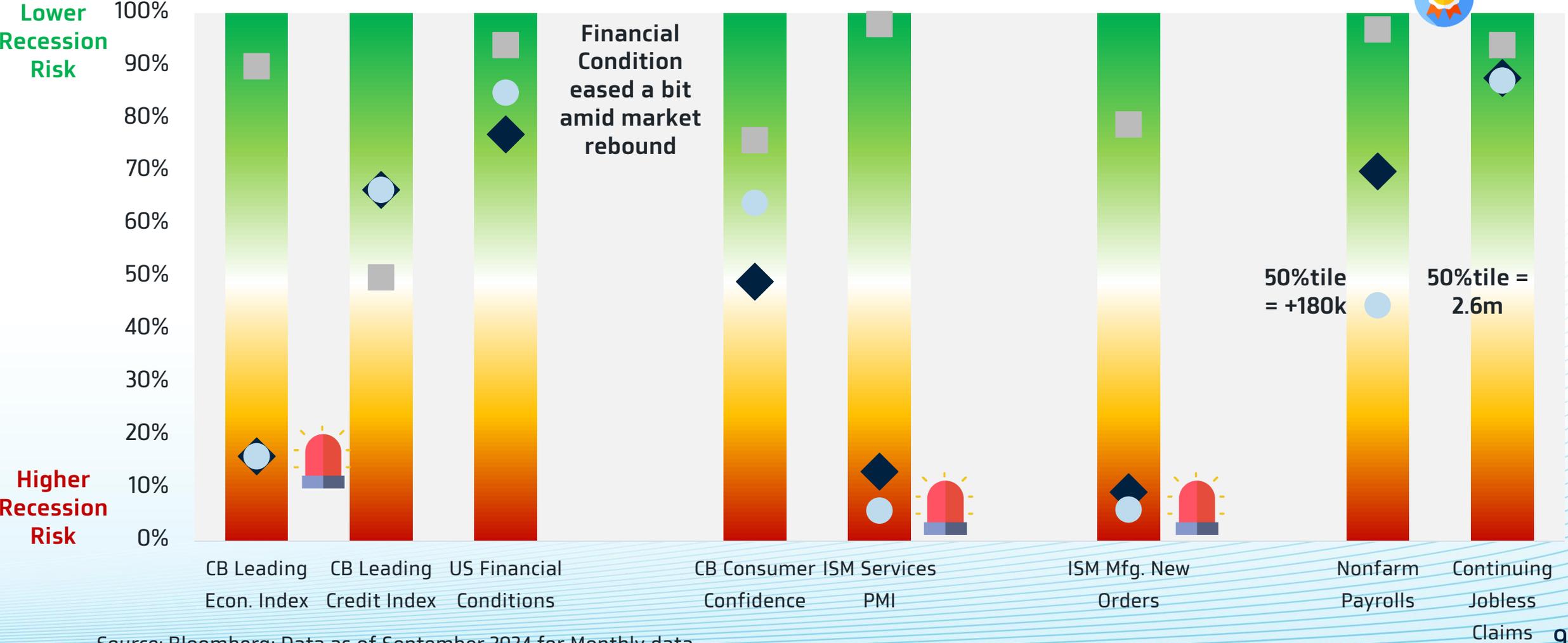
Resilient US Labor Market vs Weak PMIs

Some macro economic indicators signaled elevated recession risk esp. Manufacturing & Services sectors and leading indicator. Though the job growth remained resilient, the US labor market did show more weakness.

US Macro Economic Indicators

(Percentile Rank relative to data since 1990)

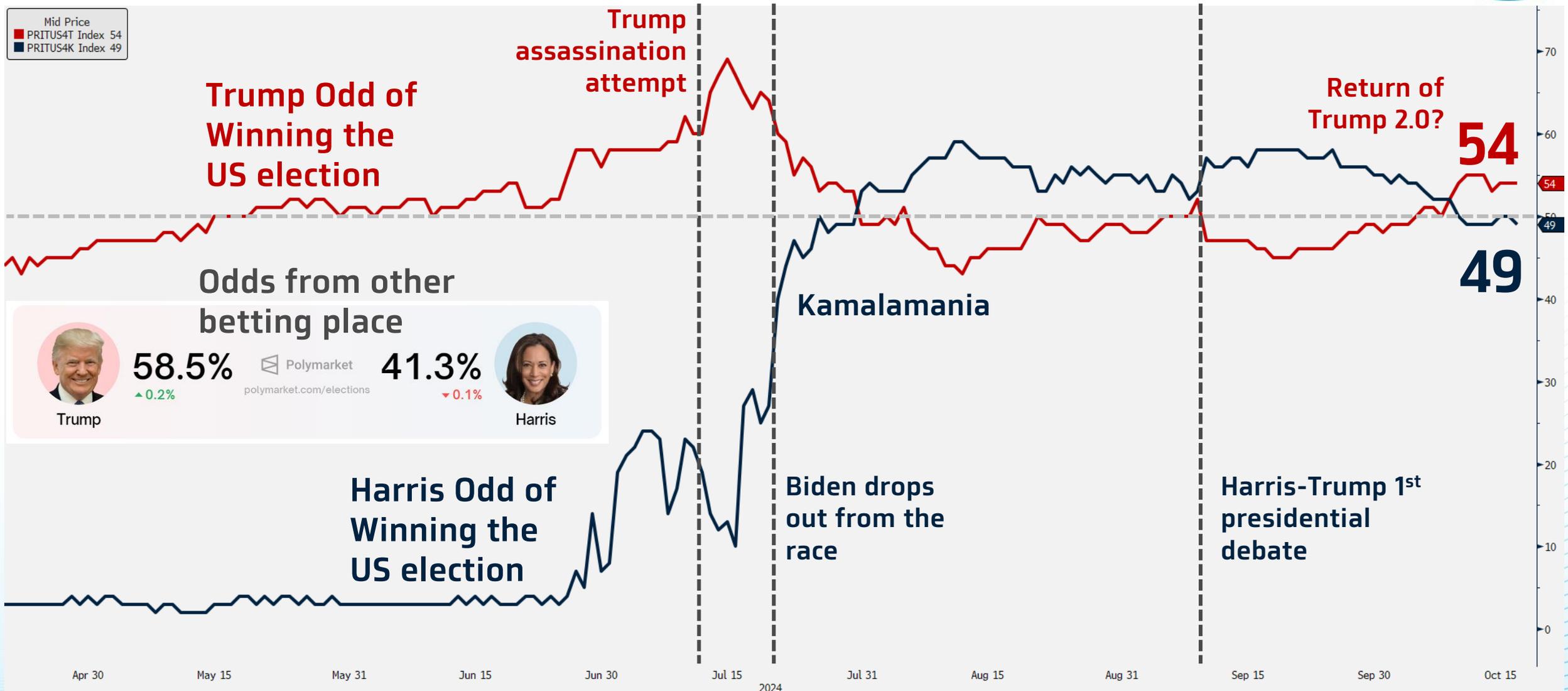
◆ Now ● Previous Month ■ End of 2021



Source: Bloomberg; Data as of September 2024 for Monthly data



Very tight presidential election...lately betting market expect rising odds of Trump's win



Odds from other betting place



58.5%
▲ 0.2%

Trump

Polymarket

polymarket.com/elections

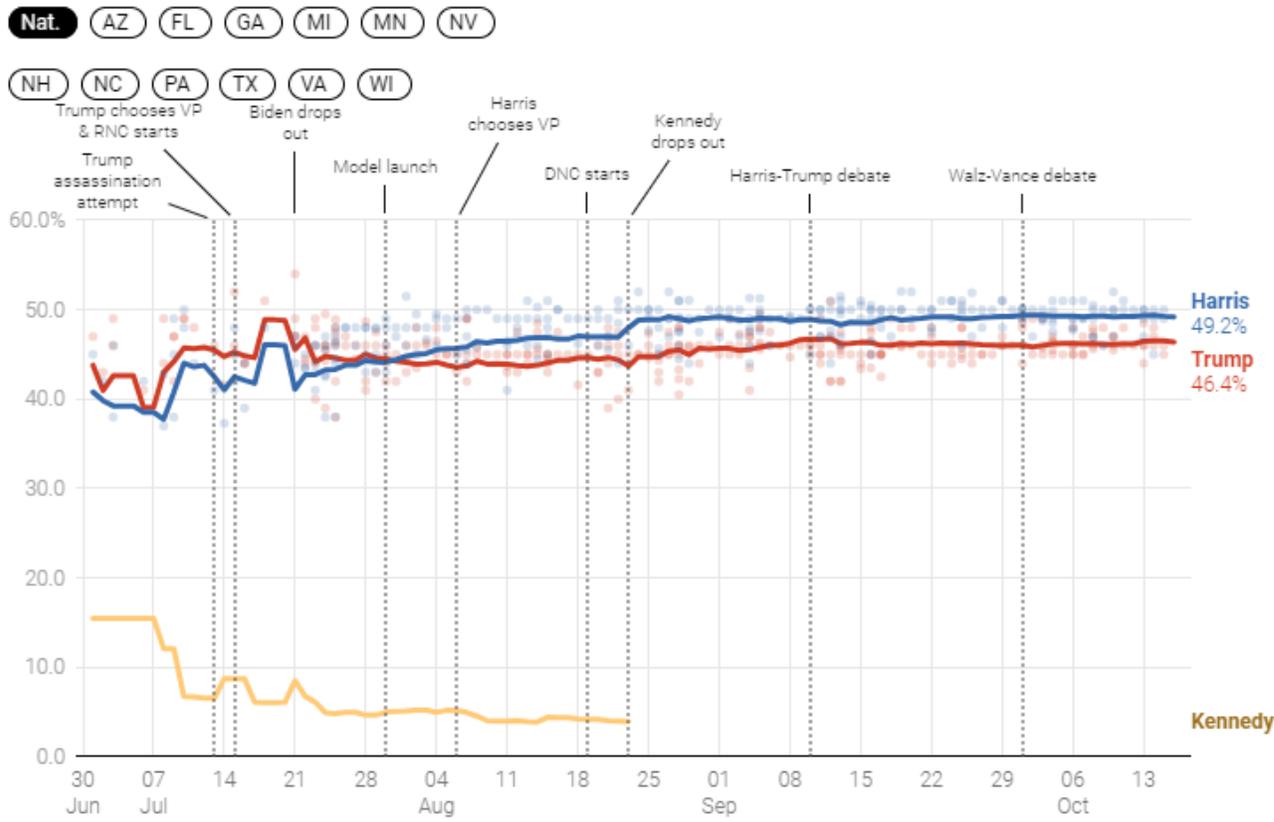


41.3%
▼ 0.1%

Harris



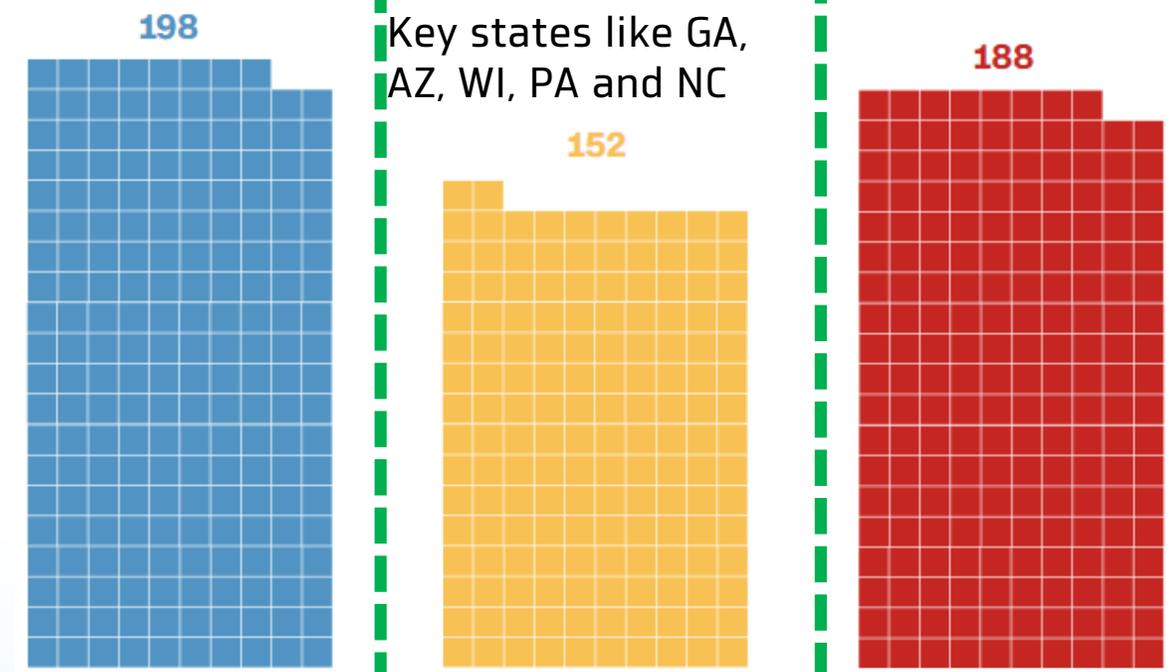
Nationwide Harris still leads the polls But it's all up to results from "Swing States"



Recently polls after the 1st presidential debate between Kamala Harris vs Donald Trump showed that Kamala Harris continued to lead Trump in the most recent polls. But ultimately, this presidential race will be decided by results from Swing states.

Source: Silver Bulletin, Real Clear Politics, CNN and 270towin

Number of 2024 electoral votes in states that lean Biden, lean Trump or were recently competitive



Key states like GA, AZ, WI, PA and NC

Democrats won 198 electoral votes with a comfortable margin of 5 percentage points or more in both 2016 and 2020.

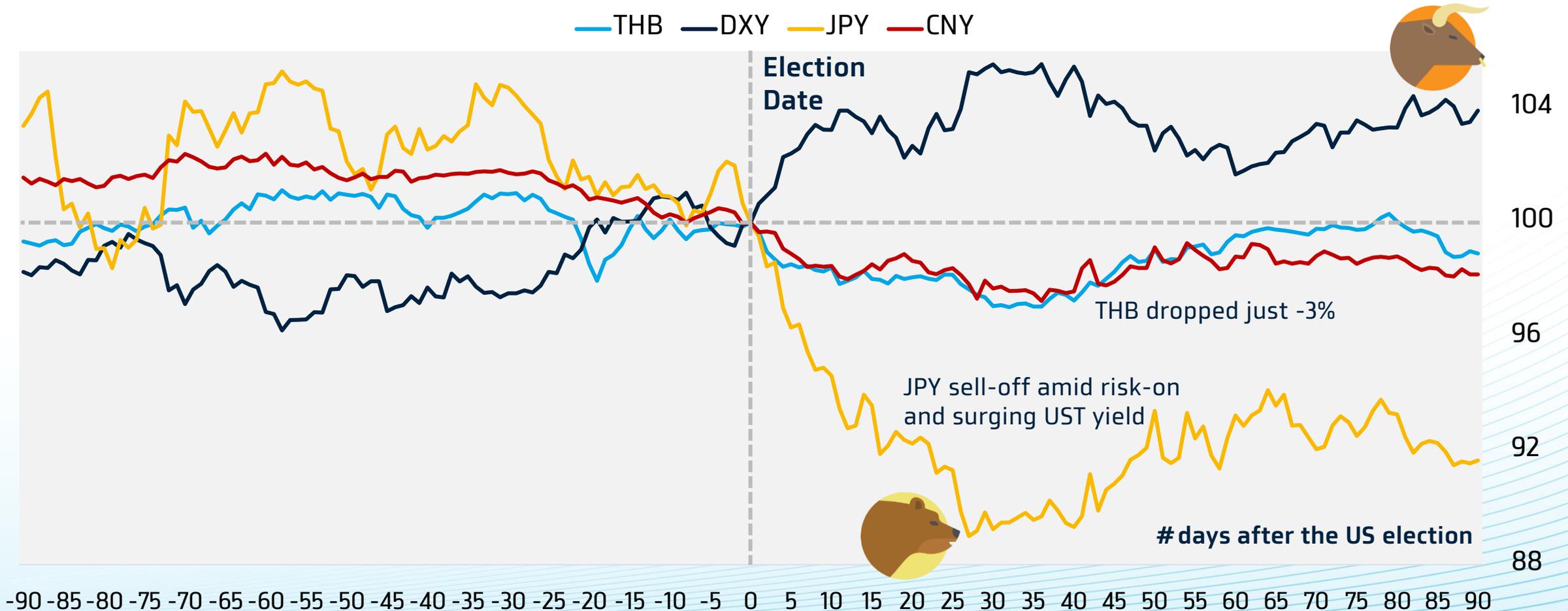
These electoral votes in 12 states, plus one vote in Nebraska, swung from Republicans to Democrats between 2016 and 2020 or were won by less than 5 percentage points. They are almost certain to decide the 2024 election.

Republicans won 188 electoral votes with a comfortable margin of 5 percentage points or more in both 2016 and 2020.



When Trump won in 2016... US Dollar Won... Japanese Yen (JPY) tanked

Cross-Asset Performance around the US election in 2016 (Rebased to 100 on the election date)





If Professor Allan Lichtman is right again... Be prepared for "Harris' Victory" & Weaker USD

Lichtman's 13 keys to determine the winning candidate

If the incumbent party's answer to the question is true, a point is awarded. If the answer is false, the point goes to the challenger.

- ✓ True: Incumbent party advantage
- ✓ False: Challenger party advantage



Republicans (Trump)

Democrats (Harris)

1. The White House party gained House seats during the midterm elections.	✓	
2. The sitting president is running for reelection.	✓	
3. The White House party avoided a primary contest.		✓
4. There is no third-party challenger.		✓
5. The short-term economy is strong.		✓
6. The long-term economic growth has been as good as the last two terms.		✓
7. The White House party has made major changes to national policy.		✓
8. There is no sustained social unrest during the term.		✓
9. The White House is untainted by scandal.		✓
10. The incumbent is charismatic.	✓	
11. The challenger is uncharismatic.		✓
12. The White House party has a major failure in foreign policy.	—	—
13. The White House party has foreign policy success.	—	—
Total	3	8

Republican		Democrat	
Ronald Reagan ✓	1984	Walter Mondale	
George H. W. Bush ✓	1988	Michael Dukakis	
George H. W. Bush	1992	Bill Clinton ✓	
Bob Dole	1996	Bill Clinton ✓	
George W. Bush	2000	Al Gore ✗	
George W. Bush ✓	2004	John Kerry	
John McCain	2008	Barack Obama ✓	
Mitt Romney	2012	Barack Obama ✓	
Donald Trump ✓	2016	Hillary Clinton	
Donald Trump	2020	Joe Biden ✓	

Since 1984, Professor Allan Lichtman correctly predicted 9 out of 10 presidential elections.

For the 2024 election, Professor Lichtman predicted that Kamala Harris could win the presidential election according to his own 13 keys to determine the winner.

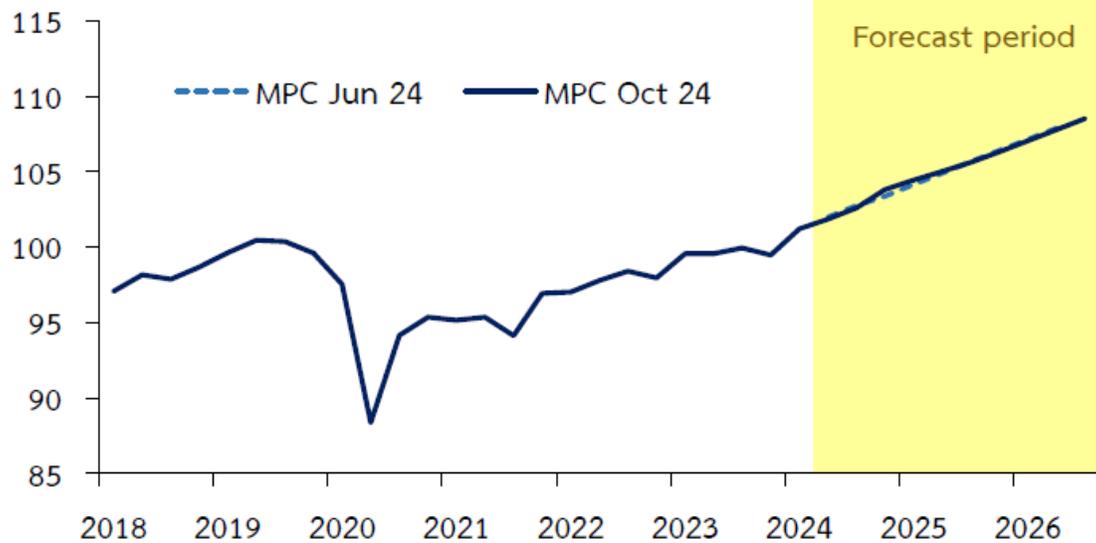
If Professor Lichtman is correct again this time and Kamala Harris does win the election, the market reactions would be quite opposite from the Trump shocks e.g. the US Dollar could move sideways or sideways down. Moreover, without a risk of Trump's trade war 2.0, it is possible that the Bank of Thailand could maintain the policy rate at 2.50% for longer!



TH Economic growth to be supported by PPT (Private & Public spending and Tourism)

Real GDP

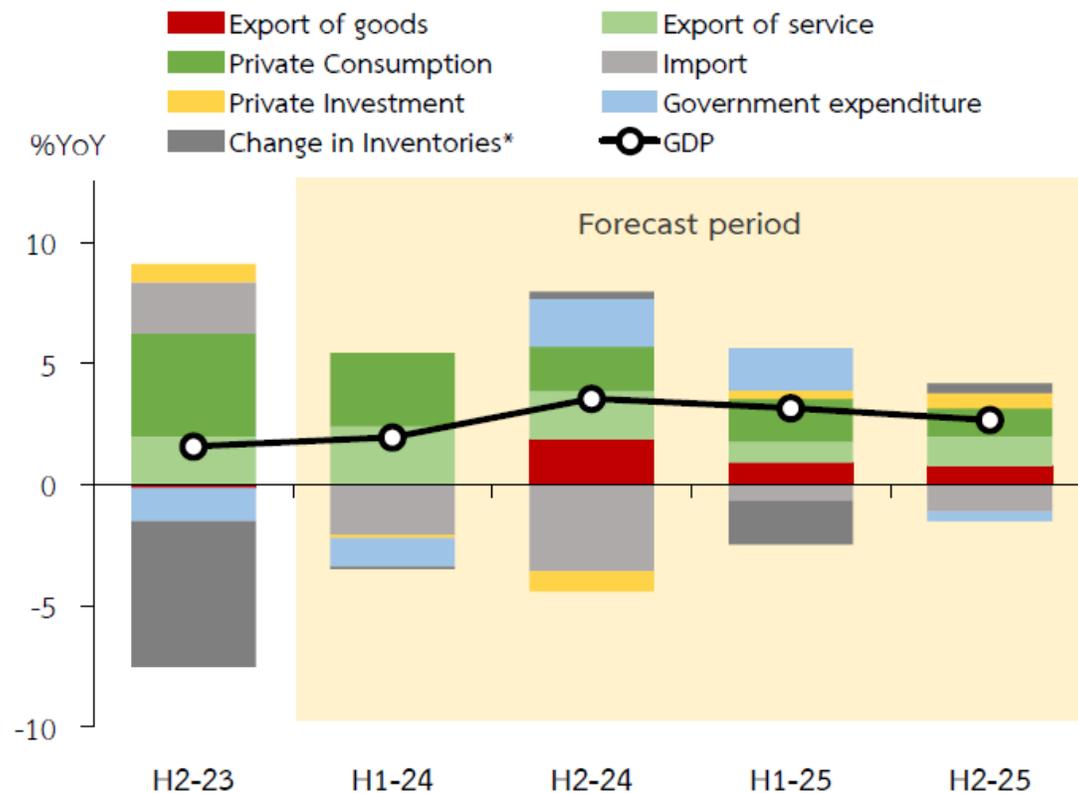
Index (2019 = 100)



GDP Growth	2015-2019	2023	2024		2024	2025
			H1	H2		
%YoY	3.4	1.9	1.9	3.5	2.7	2.9
Avg. %QoQsa	0.8	0.4	1.2	1.0	1.1	0.6

Source: NESDC, BOT forecast

Contribution to GDP growth



Note: * including statistical discrepancy or CVM additive error

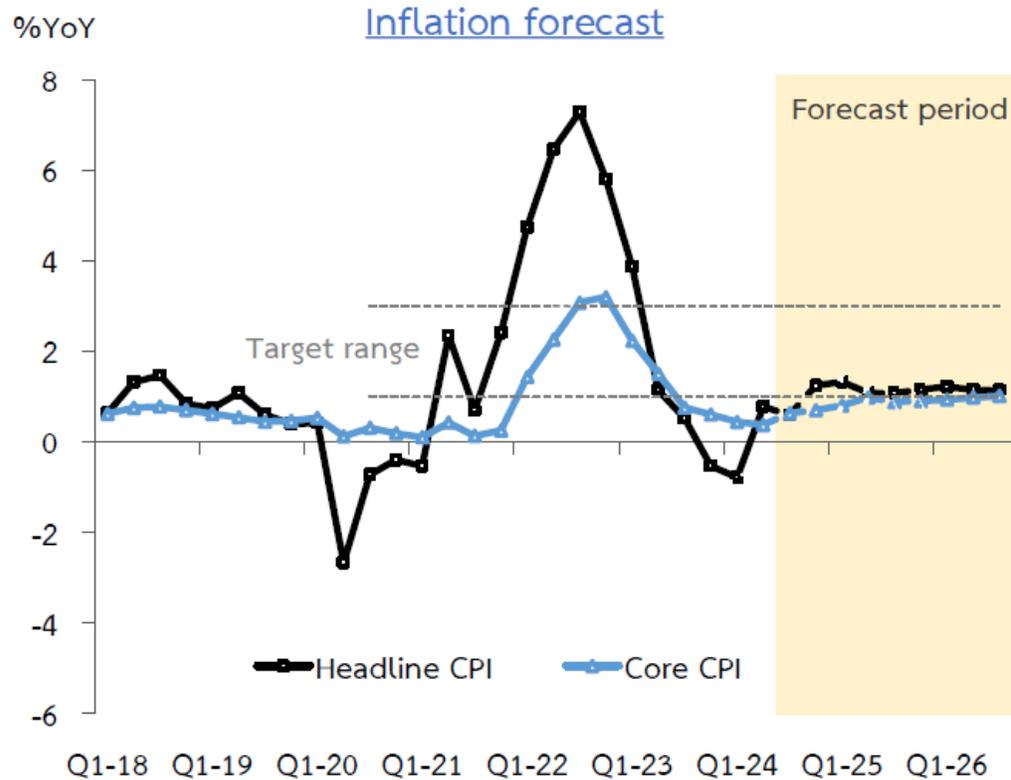
Source: NESDC, BOT calculation



TH Inflation to return to 1%-3% target in Q4/'24 ...no sign of deflation risk at all

Headline inflation should gradually return towards target range by the end of 2024

Prices of goods and services have not declined broadly or continuously; price increases are observed in some categories



Source: Ministry of Commerce, calculated by BOT

Continuity in price increases of Core CPI basket (%MoM)	2023					2024								
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Seasonings and condiments	Green		Green	Red						Green	Green			
Prepared food			Red		Green		Green		Green	Green		Red		Red
Electric devices and house furnishing	Green		Red		Green		Green		Green	Green		Red	Red	Green
Cleaning supplies	Red	Green		Green	Red		Green		Red	Green	Green		Red	Green
Personal care expenditures		Green	Red	Green		Red		Green	Red	Green	Green		Red	Green
Public transportation services									Red					
Tobacco and alcoholic beverages						Green			Green	Red	Red			
Recreation and Education					Green					Red	Red			
Apparel and footwear		Red	Green		Green	Green		Red		Red	Green	Green		

Note: Prices of personal care and cleaning supplies have decreased/increased due to the promotion offered by the merchants.

- Prices decrease more than 0.5 S.D.
- Prices change less than 0.5 S.D.
- Prices increase more than 0.5 S.D.
- Prices increase more than 1 S.D.

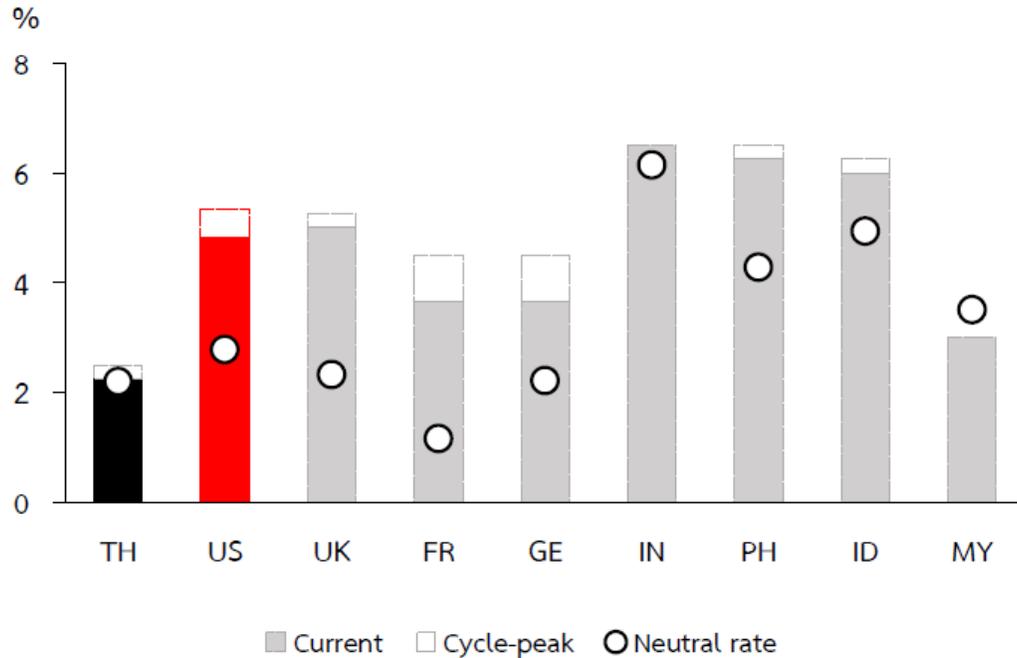


BOT's objectives: 1) Supporting Recovery 2) Price Stability & 3) Avoiding financial imbalances

Unlike most countries, Thai policy rate did not overshoot neutral level

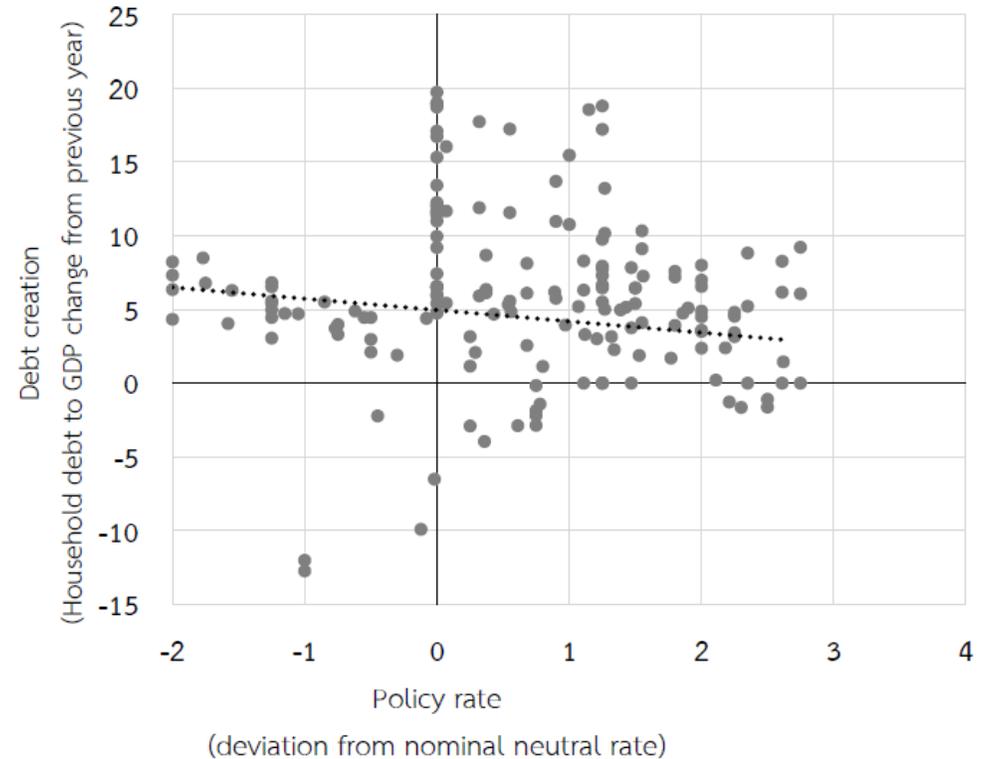
Interest rates being too low often lead to build-up of financial imbalances

Policy interest rates and nominal neutral rates



Note: Neutral rates of TH, US, UK, FR, GE, IN are proxied by natural rate of interest path in 2024 and long-term inflation forecast (5Y5Y) as of Oct 24; Neutral rates of PH, ID, MY are proxied by average of real interest rate since 2000, excluding the COVID-19 period (2020)

Source: World Economic Outlook Database, Consensus forecasts, BSP's BS Review 2018

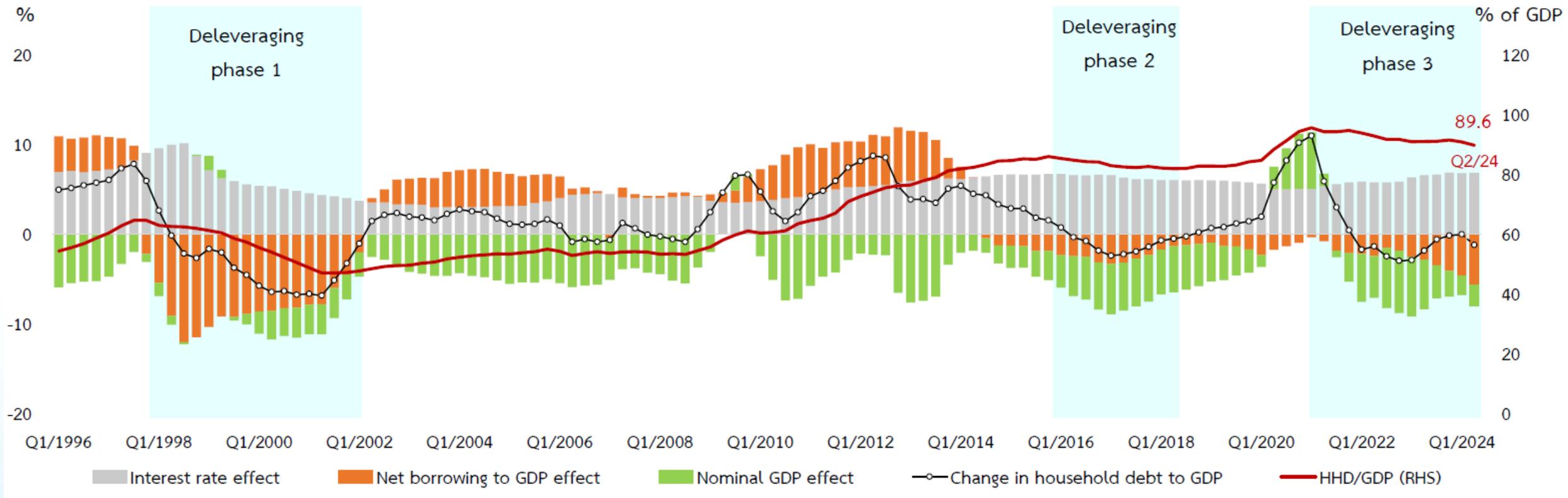


The BOT's rate cuts (if needed) could be gradual as the BOT remain concerned about the financial balances if policy rate is lowered below the neutral policy rate too much...still what is the BOT's neutral rate 2.25%? Will they change the level again? and why?



Why a “Surprised” rate cut?: Alleviate debt burden w/o disrupting De-leveraging of HH debt

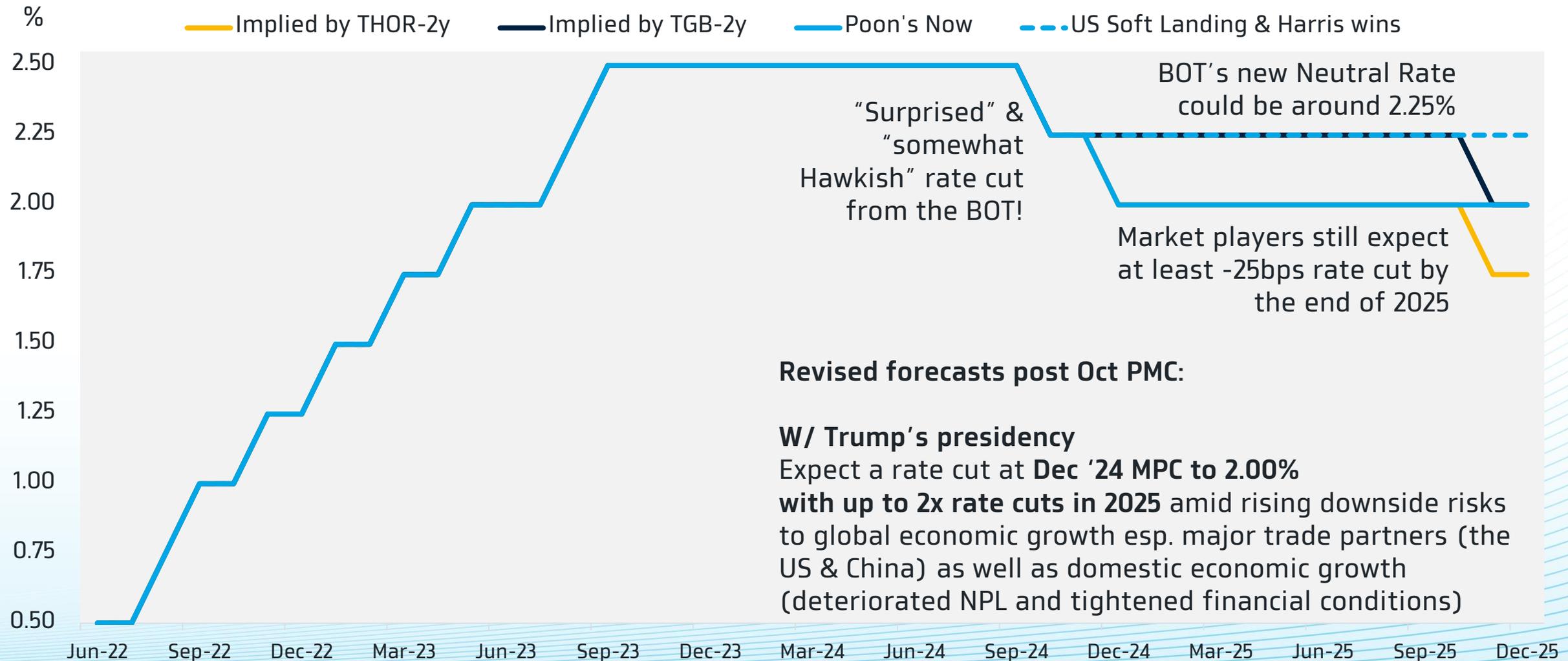
Contribution to changes in household debt to GDP ratio





Poon's new base case: 2.00% policy rate for '24 & up to 2x -25bps cut in '25 w/ Global slowdown

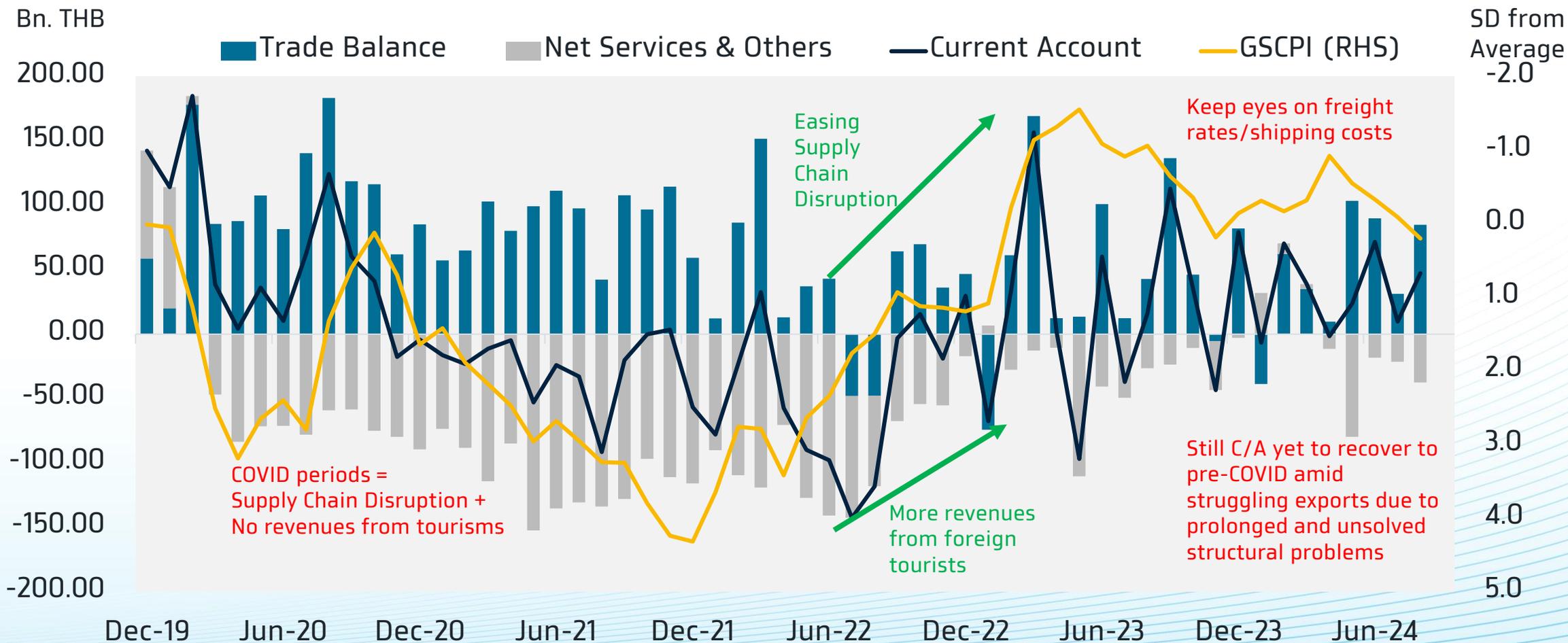
Our forecasts of the Bank of Thailand's Policy Rate (%) vs Market Expectations from THOR & TGB-2y





C/A Surplus! With headwinds from struggling exports due to prolonged & unsolved structural problems

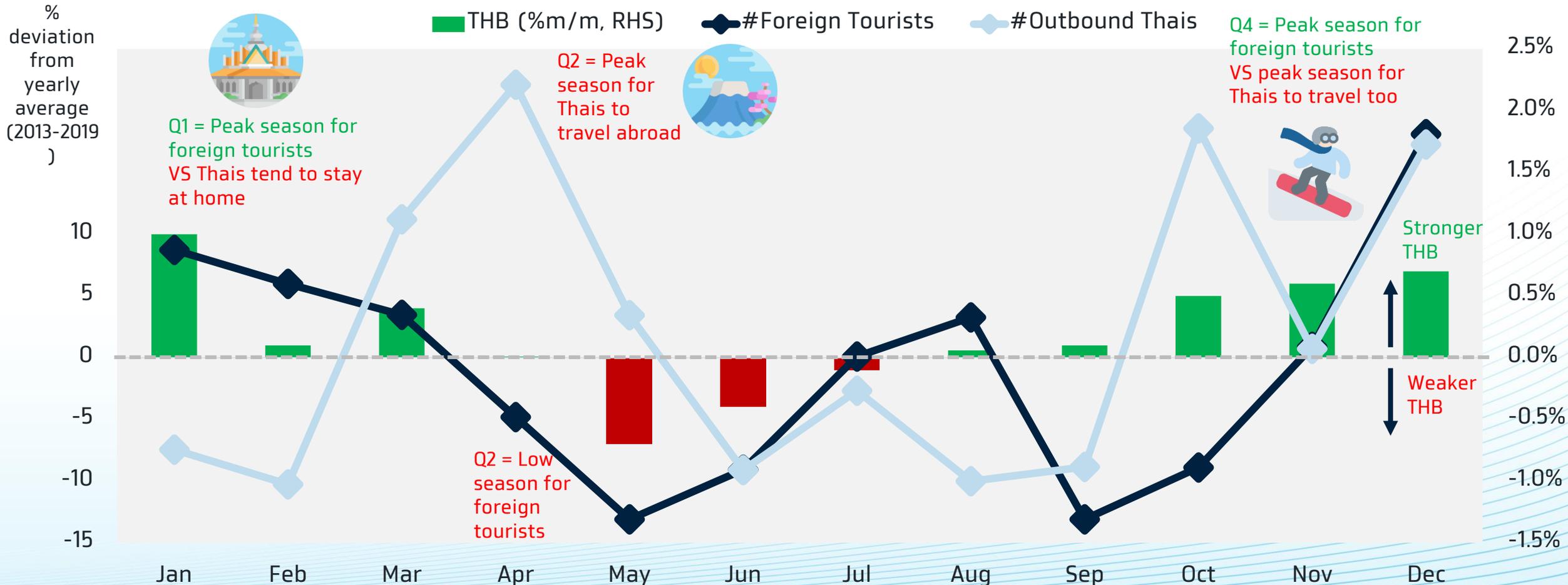
Current Account will continue to be “surplus” due to returning of foreign tourists which # of foreign tourists will reach 35-36 mn. persons in 2024. But exports might not be able to support C/A as usual with structural problems that could hurt exports growth significantly.





Q4 = Typical HIGH Season for Foreign Tourists & Thais like to travel abroad!

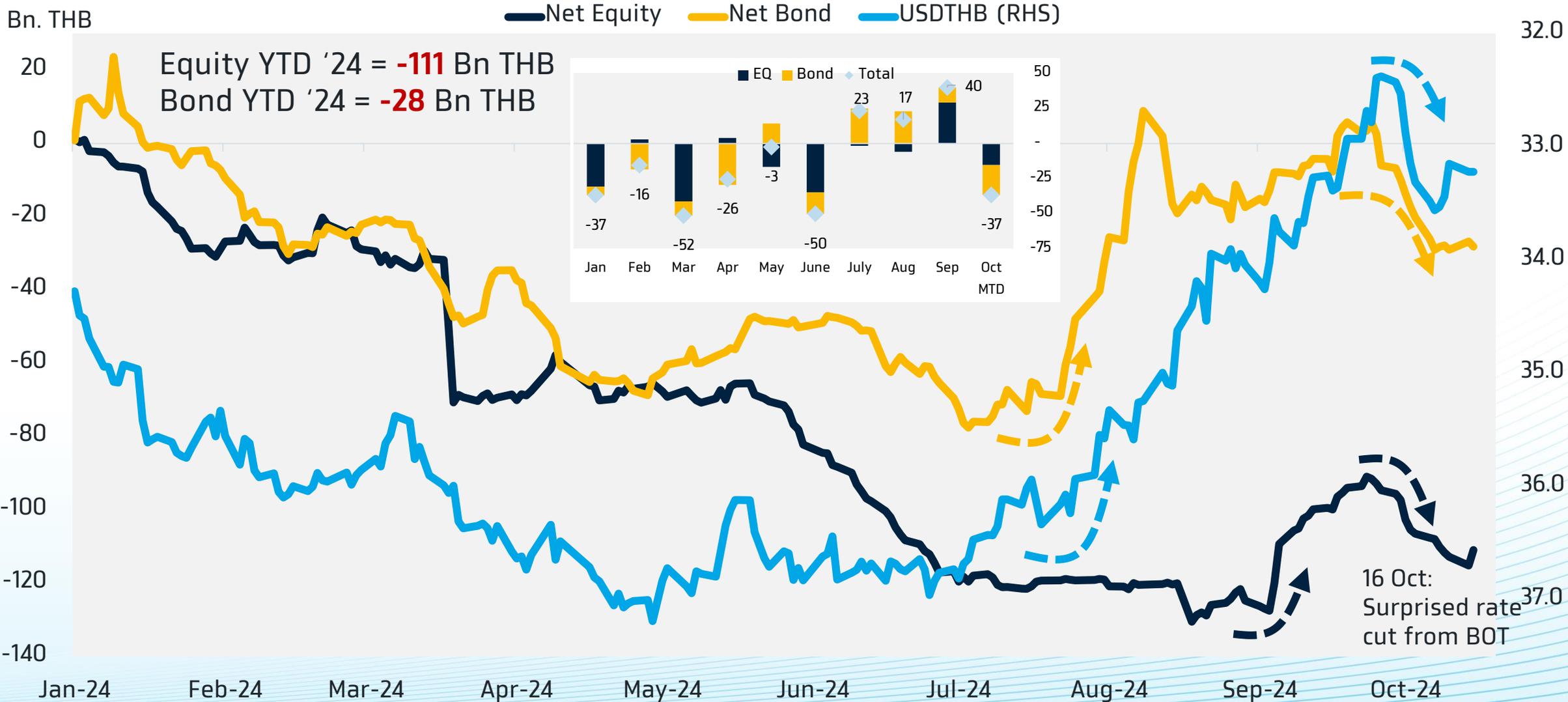
Seasonality pattern of numbers of foreign tourists & numbers of Thais travel abroad suggest Q2 should be the weakest point for Thailand's current account



Source: Bloomberg, CEIC, MoTS and Krungthai Global Markets; From 2013-2019, Median #Foreign Tourists in Q4 = 7.8 Mn. Persons Vs. Median #Outbound Thais in Q4 = 2.8 Mn. Persons; THB %m/m = average of 20 years historical data



Foreign investors return to Thai Capital Market esp. Bonds since July '24...More inflows to come?

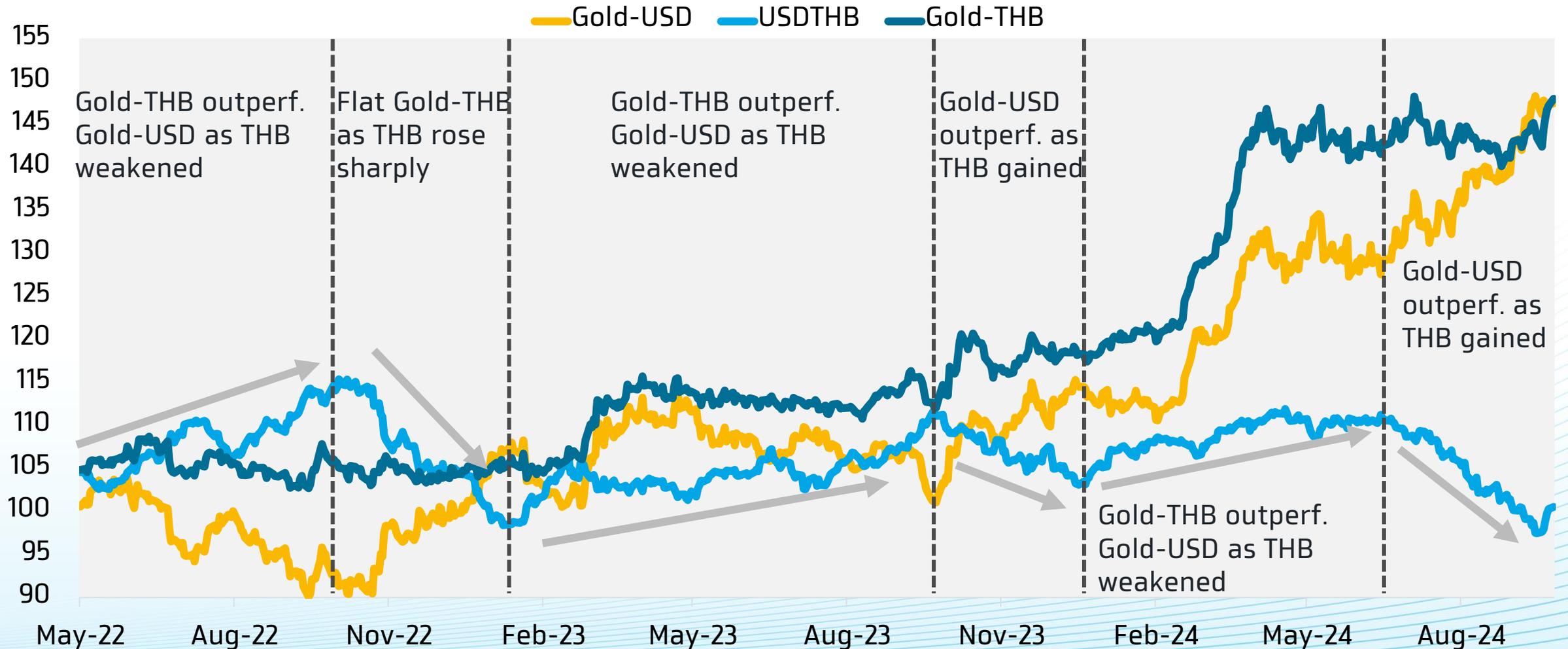


Source: Bloomberg and ThaiBMA; Data as of 16 October 2024



High Correlation between Gold & THB = Very Important Factor to keep in mind

Gold-USD vs Gold-THB vs USDTHB (Rebased = 100 at the start of 2022)

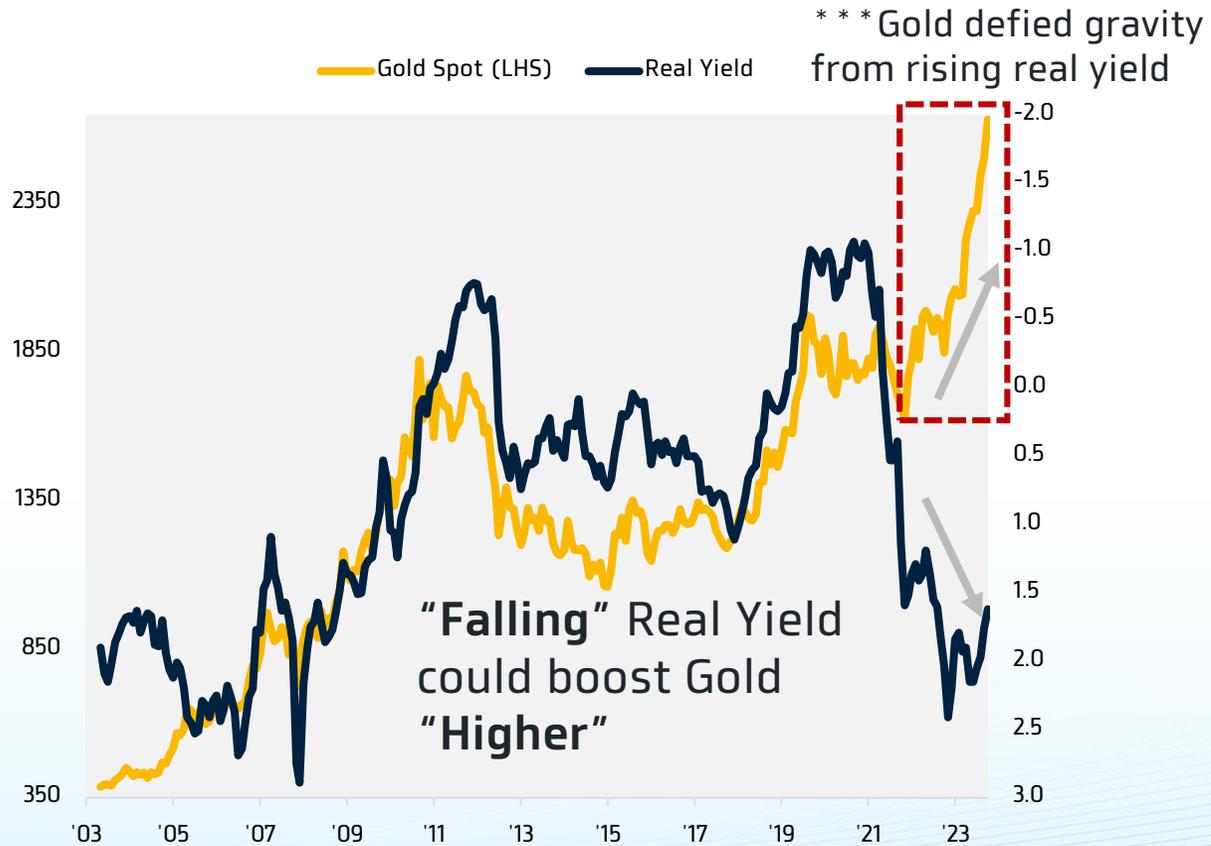


Source: Bloomberg; Data as of 7 October 2024

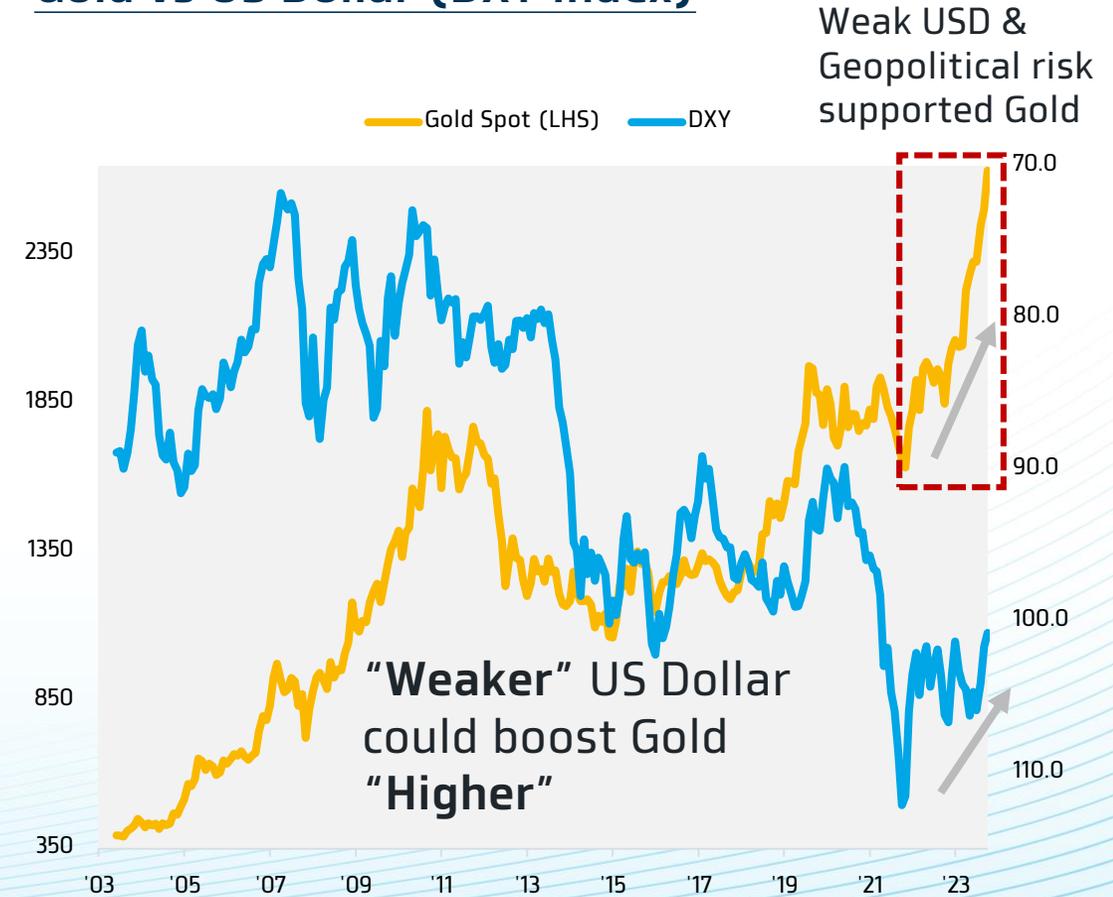


Might be "EASIER" to just think about GOLD... and Not to worry about THB

Gold vs Real Yield (using UST-10y)



Gold vs US Dollar (DXY Index)



Source: Bloomberg; Data as of 7 October 2024

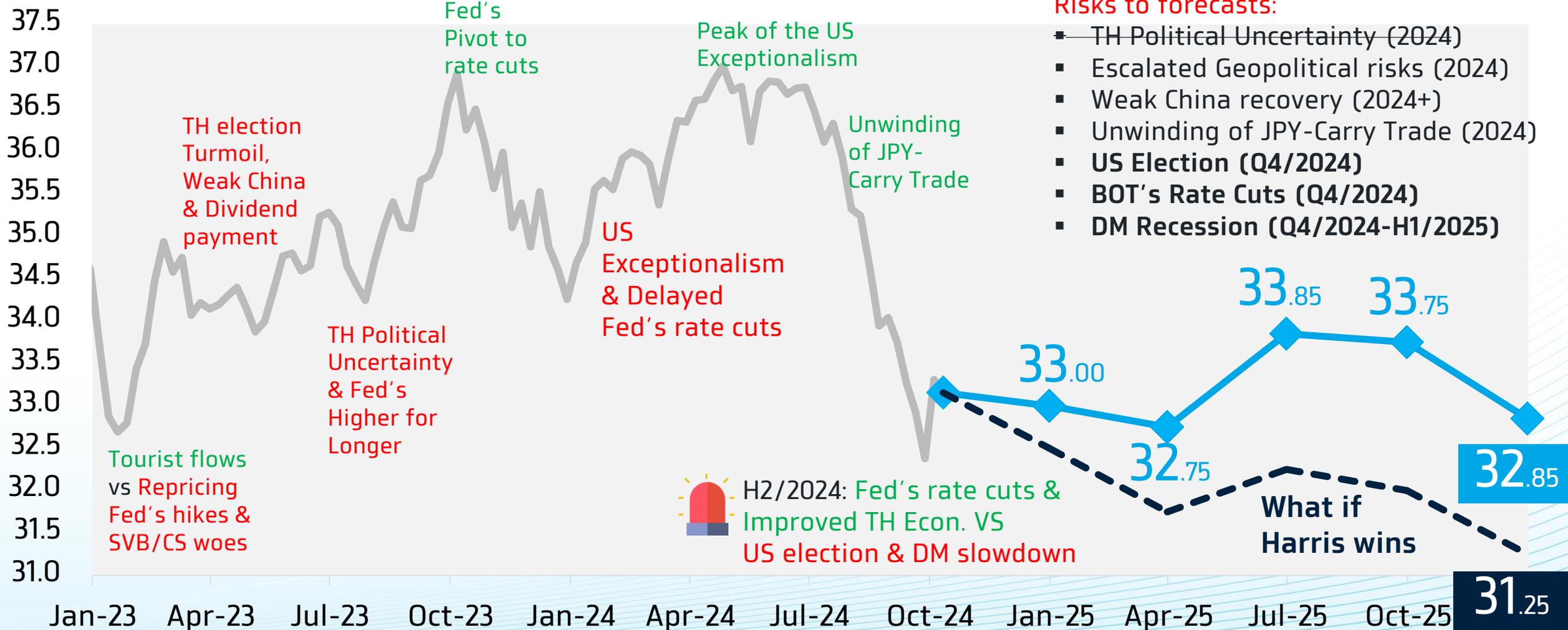


Risks = Aggressive Fed's rate cuts (Recession?) & US Election & BOT's rate cuts

Thai baht against USD projection Up to Q4/2025

Risks to forecasts:

- TH Political Uncertainty (2024)
- Escalated Geopolitical risks (2024)
- Weak China recovery (2024+)
- Unwinding of JPY-Carry Trade (2024)
- US Election (Q4/2024)
- BOT's Rate Cuts (Q4/2024)
- DM Recession (Q4/2024-H1/2025)



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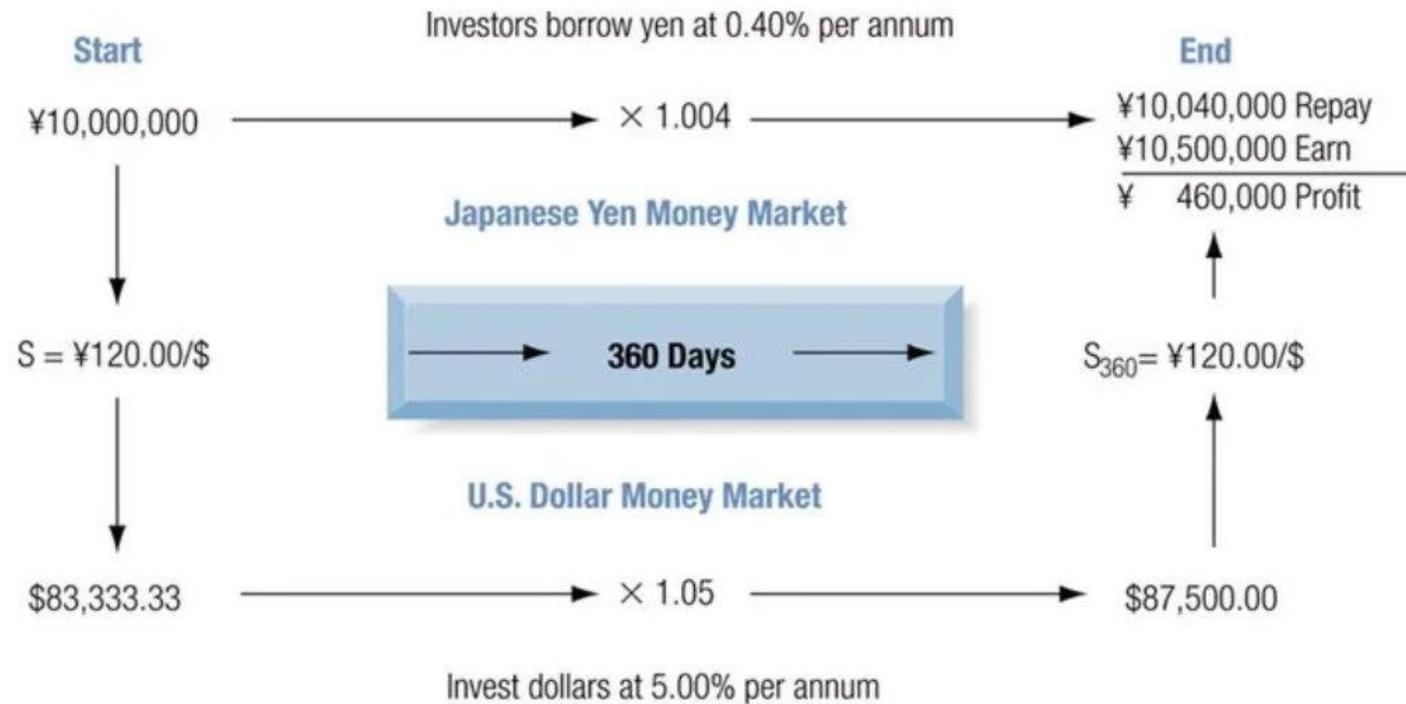
Without significant change to THB fundamental... We DO NOT EXPECT "More Sustainable Strength" in THB





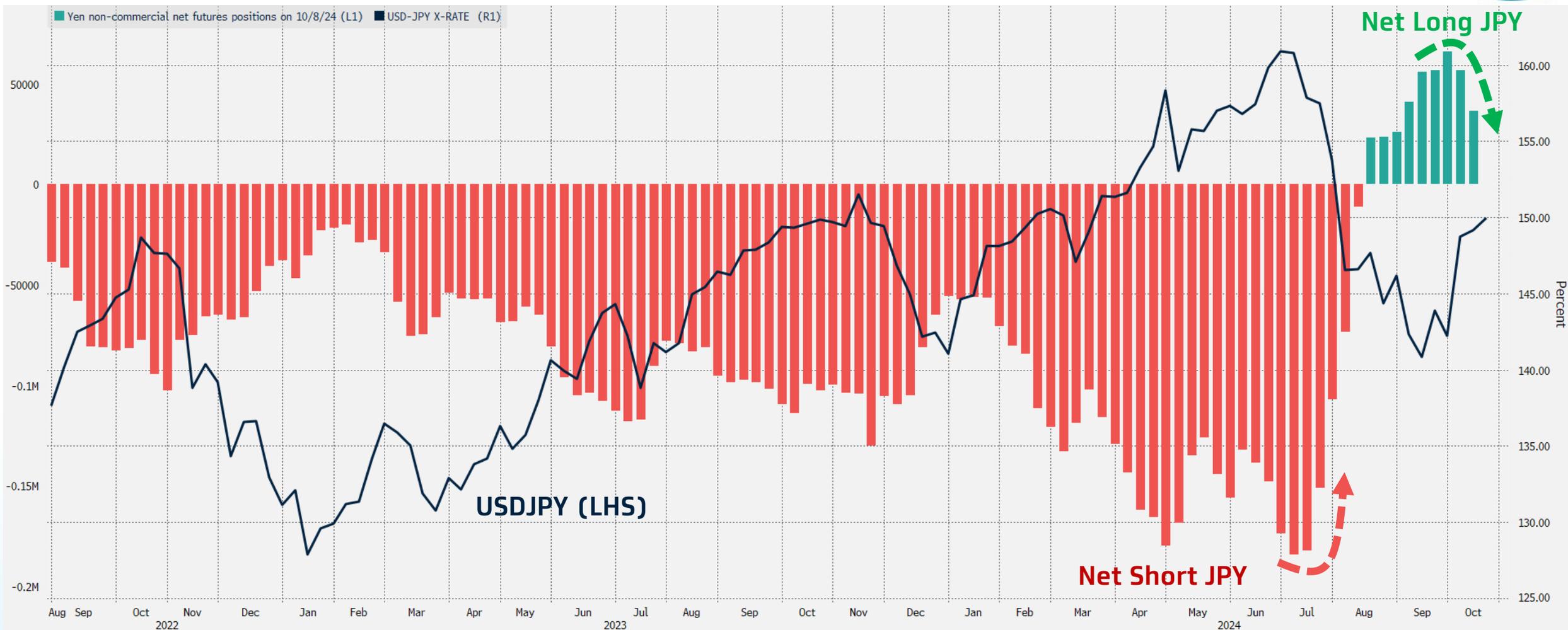
JPY Carry Trade 101: Borrowing Cheap & Invest for Extra gains...

The Yen Carry Trade





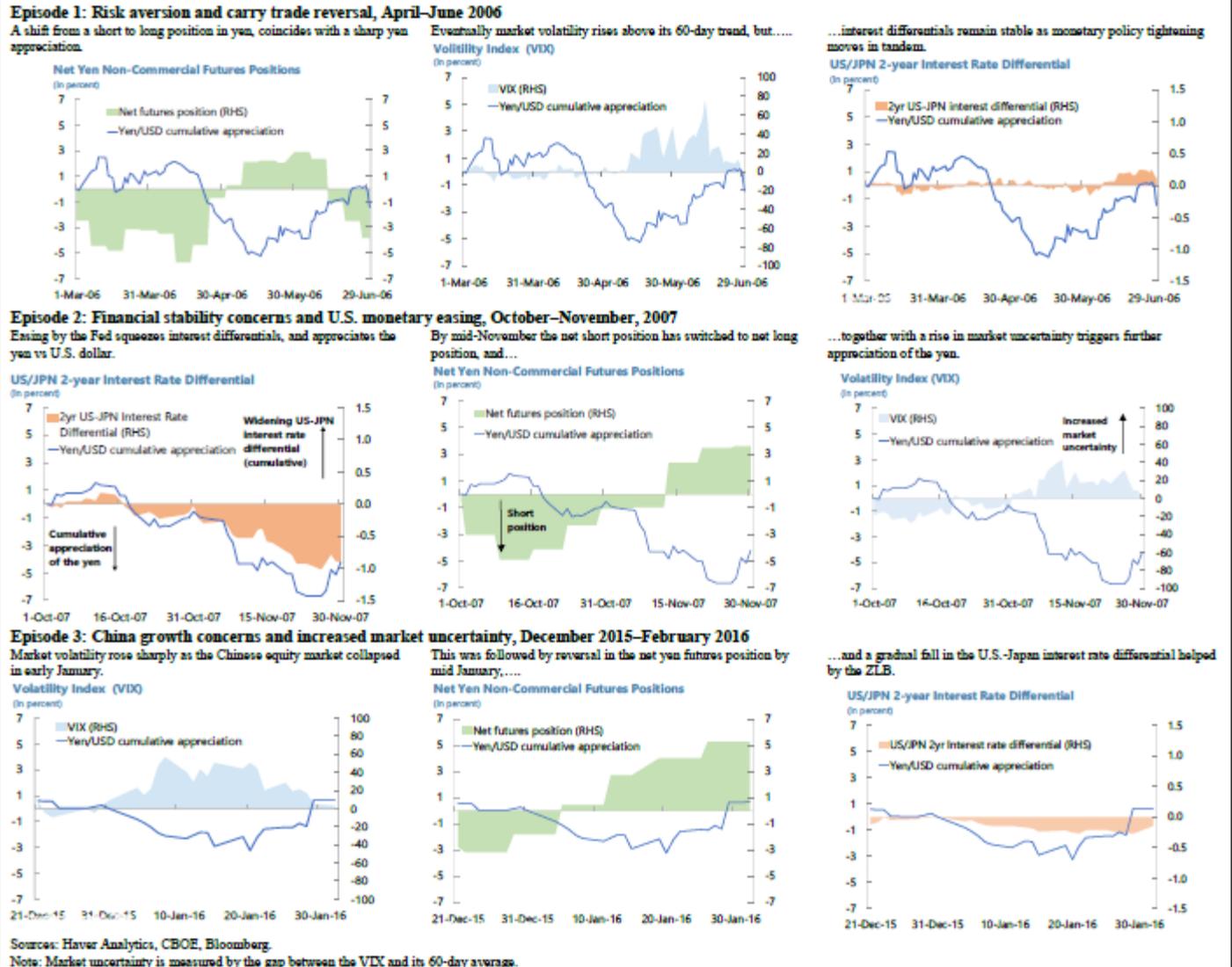
JPY-Carry Trade will work until it doesn't... esp. when JPY is rising





Further unwinding of JPY-related positions usually boost JPY strength even more!

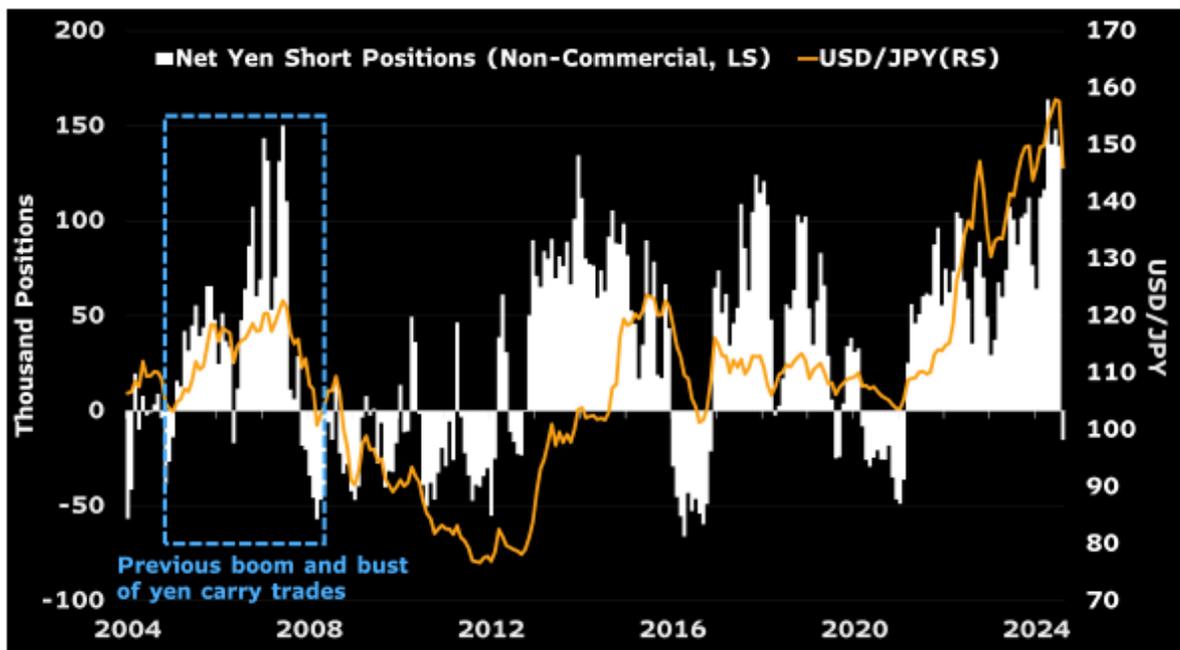
Figure 1. Japan: Three Episodes of Large and Sudden Yen Appreciations



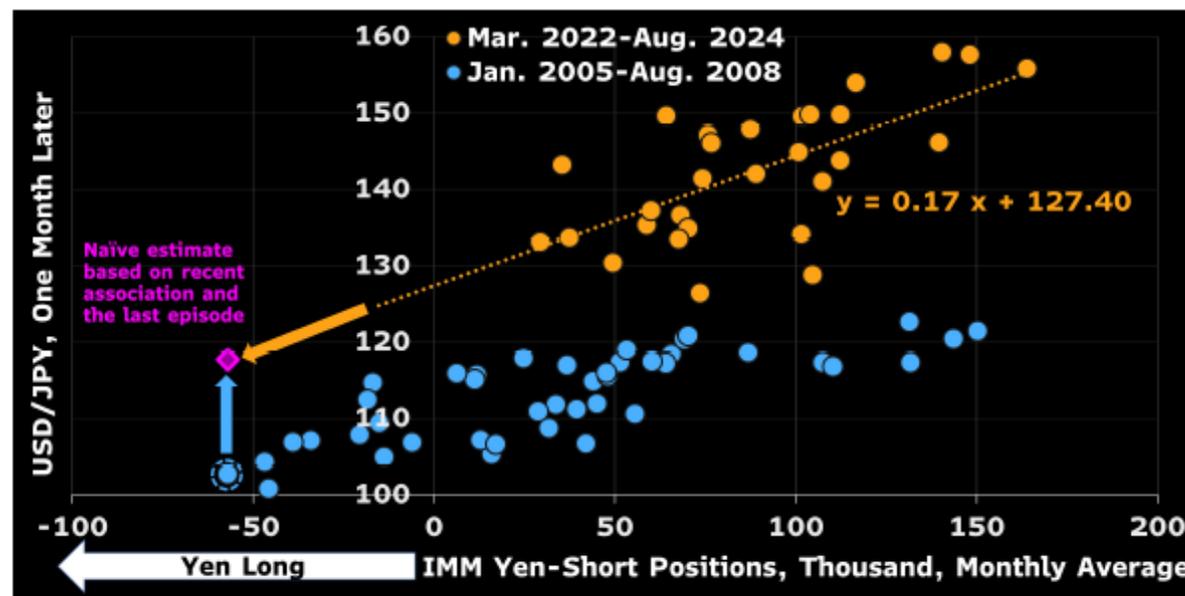
Source: IMF Working Paper "Anatomy of Sudden Yen Appreciations" 2019 by Fei Han & Niklas J. Westelius



USDJPY to reach 120 level easily if market players rush to Long JPY & unwinding JPY carry



Source: CME, Bloomberg



Source: Bloomberg Economics, CME

According to the study by Bloomberg Economics, market players could extend Net Long JPY positions and unwind JPY-Carry Trade further which could provide a boost to JPY.

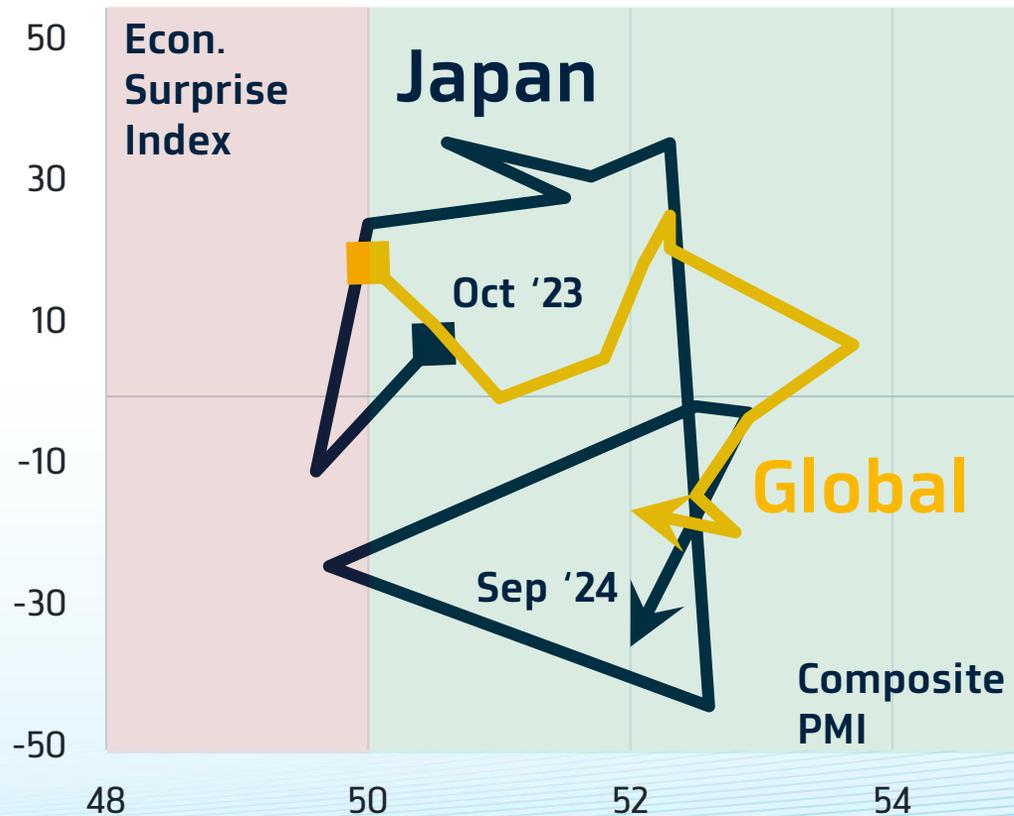
If overall Net Long JPY positions could match the highest level during the GFC 2008 crisis, it is possible to see JPY rises sharply toward 120 level for USDJPY pair.



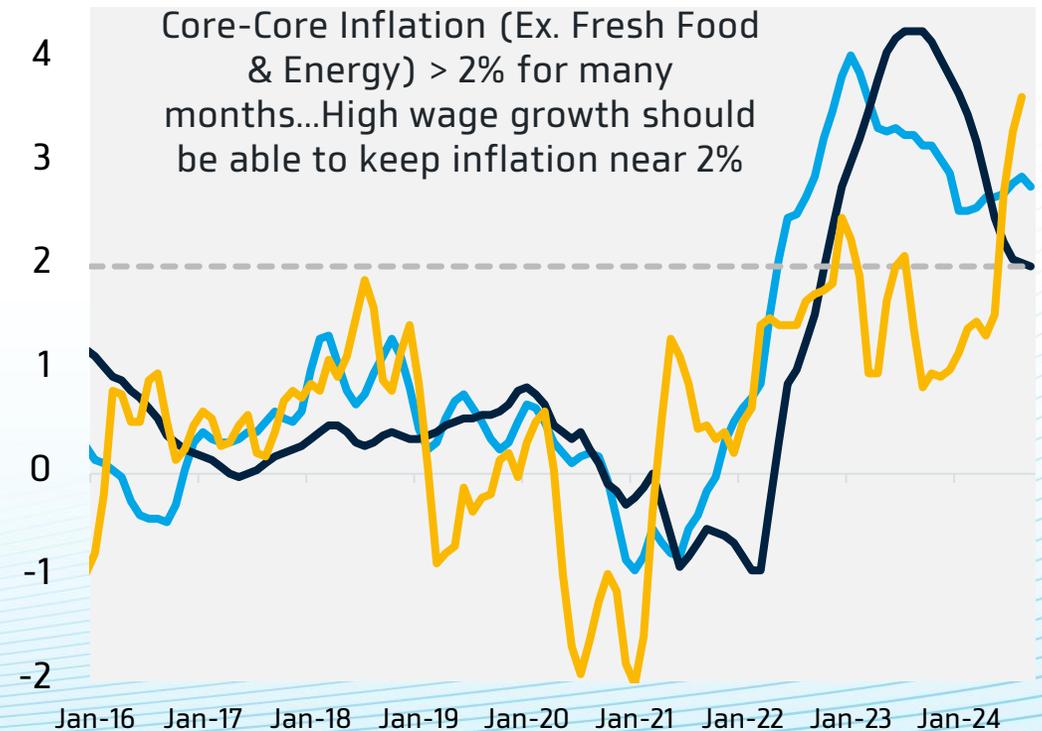
Rising Sun empire does rely on Services sector... Higher wage growth to keep inflation > 2% = More BOJ's rate hikes to come?

Overall economic activities for the JP continue to expand further, driven by Services sector...yet Manufacturing sector still contracts

Further rising in Wage growth should reassure BOJ that sustainable 2% inflation is achievable...No More DEFLATION!!!



%y/y, 3mma — CPI — Core-Core CPI - - - BOJ's Target — Wage Growth





JPY is still "CHEAP" esp. with BOJ's hiking cycle so maintain USDJPY 140-145 for EoY2024

Region G10		Currency Japanese Yen		As of 10/18/24						
USDJPY	JPY	Q4 24	Q1 25	Q2 25	Q3 25	2025	2026	2027	2028	
Spot	150	Median	142	140	139	137	135	130	121	120
Q3 24	Actual	Mean	142	140	139	137	136	131	119	113
		High	150	151	155	159	160	154	125	120
Q3 24	Forecast	Low	135	130	128	125	120	120	110	100
		Forward	149	147	146	144	143	139	134	130





JPY is relatively "Cheaper" than THB So still some upsides left for JPYTHB



JPYTHB Curncy (JPY-THB X-RATE (x100)) Technical Candle Daily 13JUL2024-18OCT2024

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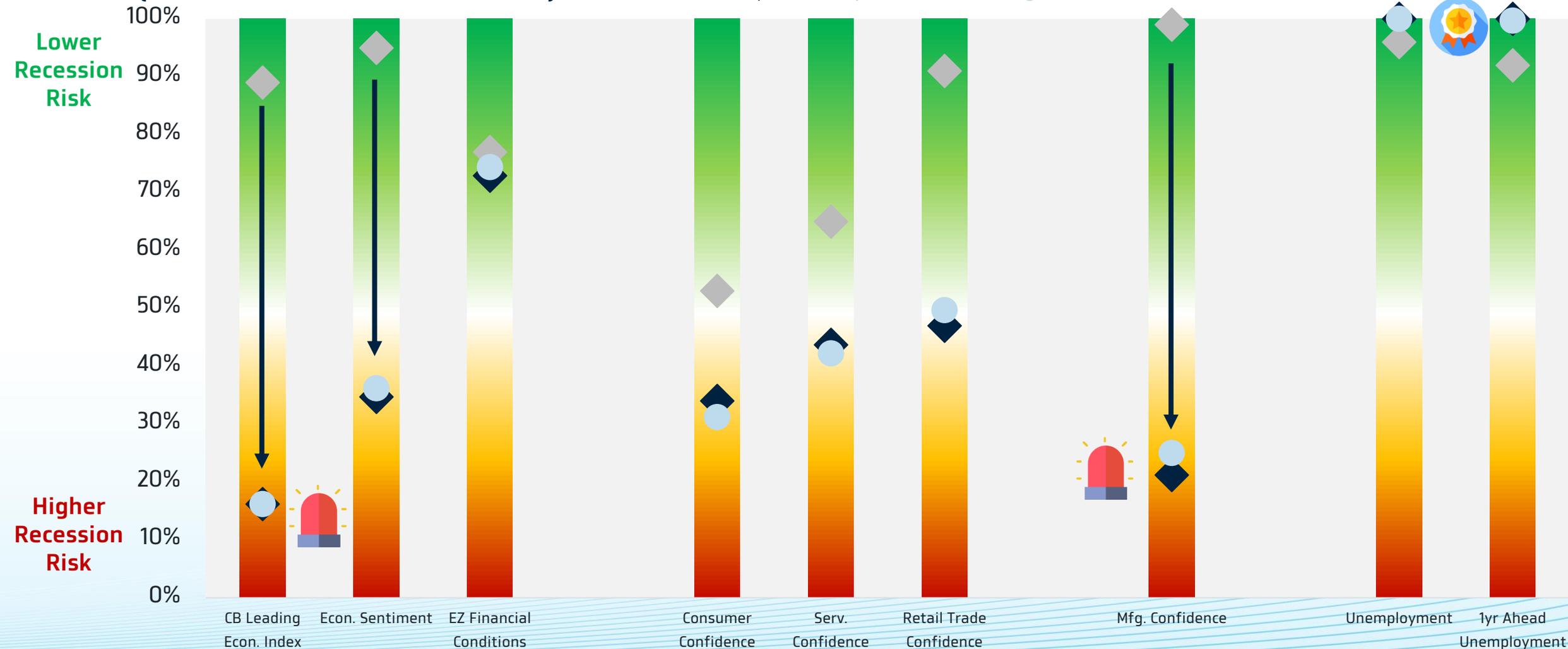
Some Red Flags for Eurozone!!!

Numbers of recent economic data from the Eurozone deteriorated significantly to the level that usually coincide with incoming economic recession. However, labor market remains exceptionally strong just like the US.

Eurozone Macro Economic Indicators

(Percentile Rank relative to data since 1990)

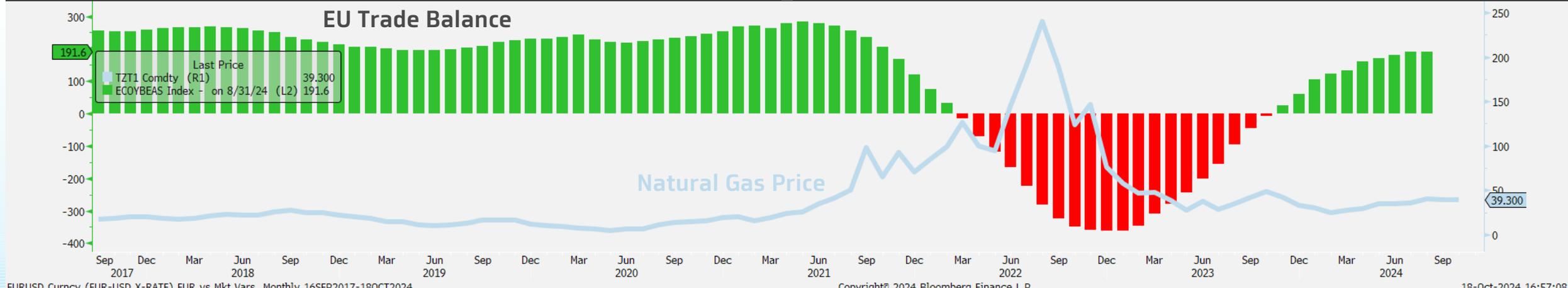
◆ Now ◆ End of 2021 ● Previous Month



Source: Bloomberg; Data as of September 2024



ATH EU Stocks vs. 46% -50bps ECB's rat cut priced-in vs. Rising positive surprise Econ. = Two-Way risk





Limited Upside for "EUR" ...the battles vs the US in term of Equity & Econ. performance



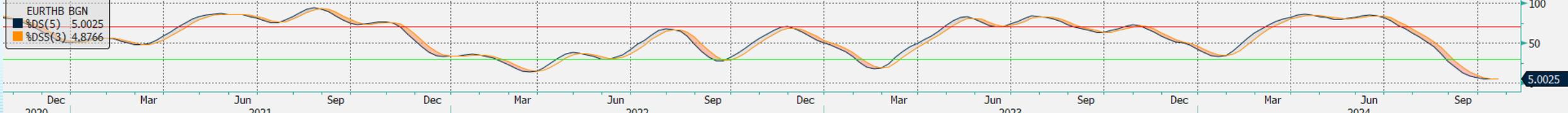
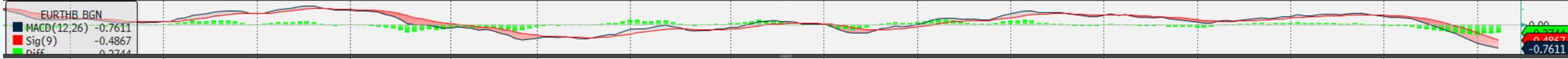
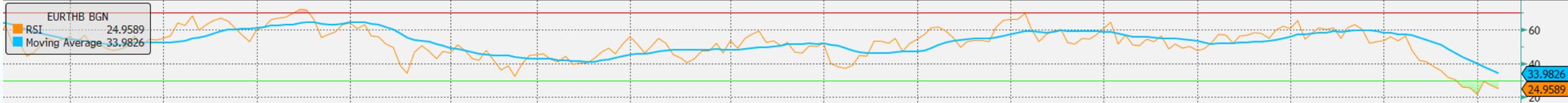


Limited Upside for "EUR" ...

Sell EURTHB on Rally & 35.50-36 = Support Zone

Region Custom		Currency EURTHB		As of 10/18/24					
EURTHB		Q4 24	Q1 25	Q2 25	Q3 25	2025	2026	2027	2028
Spot	35.90	Median	36.63	36.82	36.80	36.54	37.15	36.52	
Q3 24	Actual	Mean	36.72	36.82	36.83	36.74	37.28	36.56	
		High	38.50	38.85	39.20	39.55	39.90	36.94	
Q3 24	Forecast	Low	35.17	34.77	33.63	33.35	35.83	36.22	
		Forward	35.89	35.84	35.83	35.82	35.65	.00	.00

EURTHB BGN Curncy - Last Price 35.9268
 EMAVG (30) on Close 37.9772



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Weekly:

- THB ranges
- Key Econ. data

7-Oct-24

Global Markets Week Ahead

จับตารายงานอัตราเงินเฟ้อ CPI ของไทยและสหรัฐฯ พร้อมติดตามสถานการณ์ความขัดแย้งในตะวันออกกลาง



- สัปดาห์ที่ผ่านมา เงินดอลลาร์กลับมาแข็งค่าขึ้นตามการปรับลดความคาดหวังการเร่งลดดอกเบี้ยของเฟด จากรายงานข้อมูลเศรษฐกิจสหรัฐฯ ส่วนใหญ่ โดยเฉพาะข้อมูลตลาดแรงงานสหรัฐฯ ที่ออกมาดีกว่าคาด
- ควรติดตามสถานการณ์ความขัดแย้งในตะวันออกกลาง รวมถึง ถ้อยแถลงของบรรดาเจ้าหน้าที่ธนาคารกลางหลัก (เฟดและECB) และระบับความผันผวนในช่วงตลาดได้รับรายงานอัตราเงินเฟ้อ CPI ของไทยและสหรัฐฯ
- โมเมนตัมการแข็งค่าของเงินดอลลาร์อาจชะลอลงบ้างหลังผู้เสนอในตลาดได้เลิกคาดการณ์การเร่งลดดอกเบี้ยของเฟด ทว่าเงินดอลลาร์อาจยังได้แรงหนุนในช่วงตลาดกังวลต่อสถานการณ์ความขัดแย้งในตะวันออกกลาง แต่หากอัตราเงินเฟ้อชะลอลงกว่าคาด ที่อาจกดดันเงินดอลลาร์ได้ ในส่วนของค่าเงินบาท การอ่อนค่าของเงินบาทอาจยังเป็นข้อดี หลังโมเมนตัมการแข็งค่าของเงินดอลลาร์เริ่มชะลอลง แต่แรงขายสินทรัพย์ไทยจากนักลงทุนต่างชาติอาจยังคงกดดันเงินบาทอยู่ อย่างไรก็ดี เงินบาทอาจยังได้แรงหนุน ตรงกันข้ามกับค่าเงินบาทที่ปรับตัวขึ้นได้ ซึ่งต้องติดตามพัฒนาการของสถานการณ์ความขัดแย้งในตะวันออกกลางและการปรับมุมมองของผู้เสนอในตลาดต่อแนวโน้มดอกเบี้ยเฟด



พูน พาณิชพิบูลย์
Markets Strategist
Poon.Panichpibool@krungthai.com

มองกรอบเงินบาทสัปดาห์นี้
32.85 - 33.65 บาท/ดอลลาร์

Monthly:

- THB ranges/direction
- Factors & Risks
- Trade Ideas

6-Jun-24

Markets Outlook – Thai Baht

Good Bye USDTHB > 37 หุ้กตลาดมันใจเฟดลดดอกเบี้ยอย่างน้อย 2 ครั้งปีนี้



ในเดือนพฤษภาคมที่ผ่านมา เงินดอลลาร์กลับมาอ่อนค่าลงหลังผู้เสนอในตลาดคลายความกังวลแนวโน้มดอกเบี้ยเฟดจากรายงานข้อมูลเศรษฐกิจส่วนใหญ่ที่ออกมาแยกว่าคาดและอัตราเงินเฟ้อที่ชะลอตามคาด ทั้งนี้ เงินบาทไม่ได้แข็งค่าไปมากจากแรงกดดันเฟดไว้จ่ายเงินปันผลให้กับนักลงทุนต่างชาติและแรงขายสินทรัพย์ไทยจากนักลงทุนต่างชาติ นอกจากนี้ เงินบาทยังผันผวนไปตามปัจจัยเศรษฐกิจที่เกี่ยวข้องกับทองคำ



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Markets Strategist
Poon.Panichpibool@krungthai.com

Currencies (Dollar Crosses)	Last	1D (%)	1Wk (%)	1M (%)	1Y (%)	YTD (%)
Dollar Index	104.67	-0.0	-0.4	-1.5	0.3	3.3
EUR	1.085	0.1	0.0	1.7	1.5	-1.7
GBP	1.274	0.1	0.0	2.0	2.4	0.1
JPY	157.31	-0.3	-0.2	0.3	-11.4	-10.3
AUD	0.665	0.3	0.4	2.8	2.3	-2.3
CNY	7.24	-0.1	0.0	-0.0	-1.8	-2.0
KRW	1,385.6	-0.5	-1.2	-0.2	-4.3	-6.8
TWD	32.47	-0.1	-0.6	0.3	-5.2	-5.8
INR	83.47	-0.2	-0.4	-0.0	-0.9	-0.3
IDR	16,253	0.1	-1.6	0.0	-7.7	-5.3
THB	36.83	-0.3	-0.3	1.0	-5.8	-7.0
SGD	1.351	-0.1	-0.1	1.1	0.0	-2.3

Source: Bloomberg as of 31 May 2024

Ad Hoc:

- FOMC & BOT Meetings
- TH Inflation
- Others like Middle East Tension

19-Sep-24

Monetary Policy – FOMC Meeting

เฟดมีมติ "ลด" ดอกเบี้ย 50bps ตามที่ตลาดคาด

ส่วน Dot Plot ใหม่สะท้อนเฟดอาจลดดอกเบี้ยปีนี้อีก 50bps และ 150bps ในปีถัดๆ จนจบแถว 3.00%

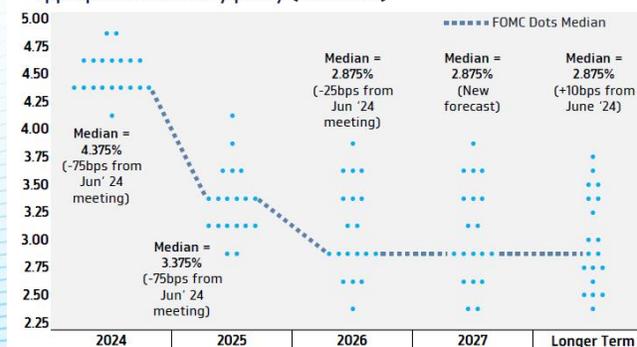


คณะกรรมการนโยบายการเงินธนาคารกลางสหรัฐฯ (FOMC) มีมติให้ "ลด" อัตราดอกเบี้ยนโยบาย -50bps สู่ระดับ 4.75-5.00% ส่วนคาดการณ์ดอกเบี้ยใหม่ชี้เฟดอาจลดดอกเบี้ยถึงระดับ 3.00%



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Markets Strategist
Poon.Panichpibool@krungthai.com

FOMC participants' assessment of appropriate monetary policy (Dots Plot)



Source: Bloomberg, Federal Reserves and Krungthai Global Markets



Important Note for Investment Products:

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The bank may be subject to conflict of interest relating to sale of investment product as a result from fee or any benefits arising from the sale receiving by the bank or its affiliate who is responsible for fund management, therefore, you should carefully use these contents for your decision of investment.

An investment is not a deposit of the commercial bank and there is no any protection from the Deposit Protection Agency and subject to certain risk. The investor may receive return that is less than amounts you invested at the first date.

Investors should understand product feature, conditions, return and risk before making their investment decision.

คำเตือน สำหรับผลิตภัณฑ์การลงทุน

เนื้อหาเหล่านี้เป็นการเสนอแนะทางเลือกในการลงทุน โดยมีได้เป็นการเสนอขายผลิตภัณฑ์ ทั้งนี้หากท่านประสงค์ในการลงทุน โปรดติดต่อเจ้าหน้าที่ธนาคาร เพื่อรับการนำเสนอและคำอธิบาย รวมถึงความเสี่ยงการลงทุนและค่าธรรมเนียมต่างๆ

ผลตอบแทนเป็นข้อมูลในอดีตมิได้เป็นการรับประกันผลการดำเนินงานในอนาคต และตัวเลขที่นำเสนอเป็นการประมาณการข้อมูลทางการเงิน และผลตอบแทนในอนาคตอาจไม่เป็นตามที่ประมาณการณได้

ธนาคารอาจมีความขัดแย้งด้านผลประโยชน์เกี่ยวกับการขายผลิตภัณฑ์การลงทุน เนื่องจากธนาคารอาจจะได้รับค่าธรรมเนียมหรือผลประโยชน์จากการขาย หรือบริษัทในเครือของธนาคารทำหน้าที่บริหารกองทุน ดังนั้น ท่านควรใช้เอกสารนี้เป็นส่วนหนึ่งของการตัดสินใจการลงทุนของท่านเองอย่างรอบคอบ

การลงทุนไม่ใช้การฝากเงินธนาคารพาณิชย์และไม่ได้รับการคุ้มครองจากสถาบันประกันเงินฝาก การลงทุนมีความเสี่ยงและผู้ลงทุนอาจได้รับเงินลงทุนคืนน้อยกว่าเงินลงทุนเริ่มต้นในวันแรก

ผู้ลงทุนควรทำความเข้าใจลักษณะสินค้า เงื่อนไข ผลตอบแทน และความเสี่ยงก่อนการตัดสินใจลงทุน



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คำเตือน

ข้อมูลทั้งปวงภายใต้การสื่อสารนี้ถูกจัดเตรียมขึ้นโดย บมจ. ธนาคารกรุงไทยจำกัด (มหาชน) (ธนาคาร) สำหรับการสื่อสารหรือเผยแพร่ข้อมูลเบื้องต้นที่มีประโยชน์ให้แก่ลูกค้า เพื่อเป็นประโยชน์เฉพาะสำหรับลูกค้าของธนาคาร อย่างไรก็ตาม การสื่อสารดังกล่าวไม่ถือเป็นคำแนะนำในการลงทุน หรือข้อเสนอหรือการชักชวน เพื่อการซื้อหรือขายตราสารทางการเงินใดๆ ทั้งนี้ ข้อมูลทั้งหมดนี้เป็นของธนาคาร ซึ่งไม่สามารถทำสำเนาคัดลอก แจกจ่าย เผยแพร่ ไม่ว่าจะทั้งหมดหรือบางส่วน โดยไม่ได้รับของยินยอมล่วงหน้าจากธนาคาร

ไม่มีข้อมูลใดๆ ไม่ว่าโดยชัดแจ้งหรือปริยาย ที่ธนาคารหรือบริษัทลูก และบริษัทในเครือของธนาคารรับรองหรือรับประกันความถูกต้อง ความสมบูรณ์ แท้จริงของข้อมูลดังกล่าว หรือความเหมาะสมของข้อมูลสำหรับวัตถุประสงค์เพื่อการใดๆ และข้อมูลดังกล่าวสามารถเปลี่ยนแปลงได้โดยไม่ต้องแจ้งให้ทราบ

ธนาคารไม่ได้ทำหน้าที่เป็นที่ปรึกษา หรือตัวแทน ของบุคคลใด ที่ได้รับข้อมูลนี้ ผู้ที่ได้รับข้อมูลจะต้องทำการประเมินความเหมาะสมด้วยตัวเองในการใช้ข้อมูล และจะต้องไม่ใช่ข้อมูลที่รับมาเสมือนเป็นการได้รับคำแนะนำ ไม่ว่าจะเป็นเรื่อง กฎหมาย บัญชี ภาษี หรือ การลงทุน โดยผู้ที่ได้รับข้อมูลควรได้รับคำแนะนำจากที่ปรึกษาของตนเองเท่านั้น

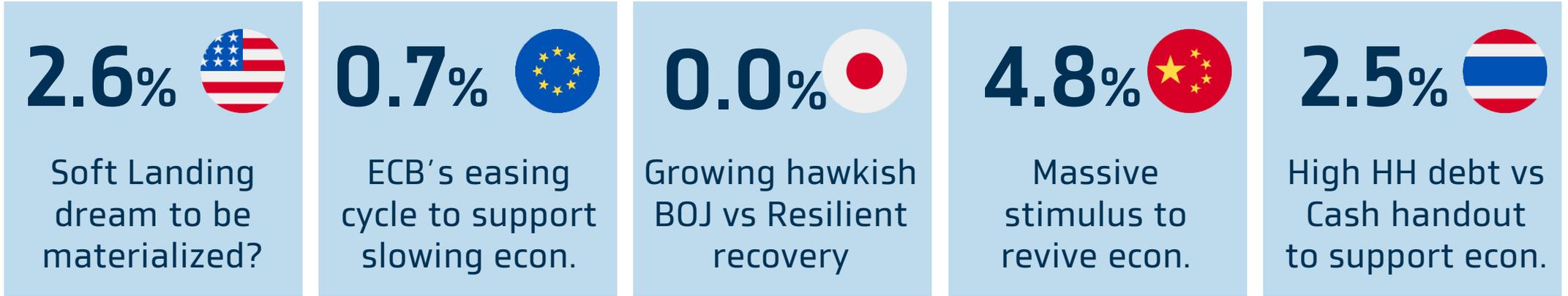
ธนาคารหรือบริษัทในกลุ่มและบริษัทในเครือของธนาคารอาจทำหน้าที่เป็นตัวการ หรือ ตัวแทน ในการทำธุรกรรมที่เกี่ยวข้องกับการสื่อสารนี้ หรือการทำธุรกรรมใดๆ ที่เกี่ยวข้องกับการสื่อสารดังกล่าว โดยส่งผลให้ได้รับค่านายหน้า ค่าธรรมเนียม หรือ รายได้อื่นๆ ทั้งนี้ การสื่อสารนี้ไม่ถือเป็นคำแนะนำเพื่อซื้อหรือขาย หรือคำชี้ชวนในการใช้สิทธิซื้อ สำหรับหลักทรัพย์ใดๆ

ธนาคาร กรรมการ พนักงาน หรือ ตัวแทนใดๆ ของธนาคาร จะไม่รับผิดชอบใดๆ (รวมทั้ง ความรับผิดชอบบุคคลใด โดยเหตุที่ประมาท เลินเล่อ หรือการให้คำแนะนำโดยประมาท) ที่เกิดขึ้นโดยตรงหรือเป็นผลจากการใช้ข้อความหรือความเห็น ข้อมูล หรือสิ่งใดก็ตาม จากข้อมูลหรือที่ได้มาหรือละเว้นการดำเนินการอันเนื่องมาจากข้อมูลนี้

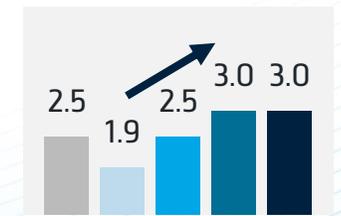
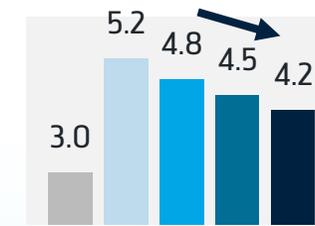
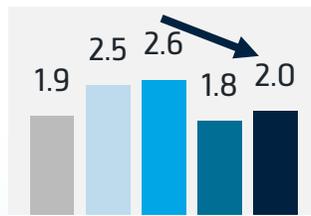


Ongoing recovery for EM & Slowing DM Econ.

Economic growth projection 2024



Trends of economic growth in 2022-2026



Risks to the economy going forward



Probability of Recession in 12-month

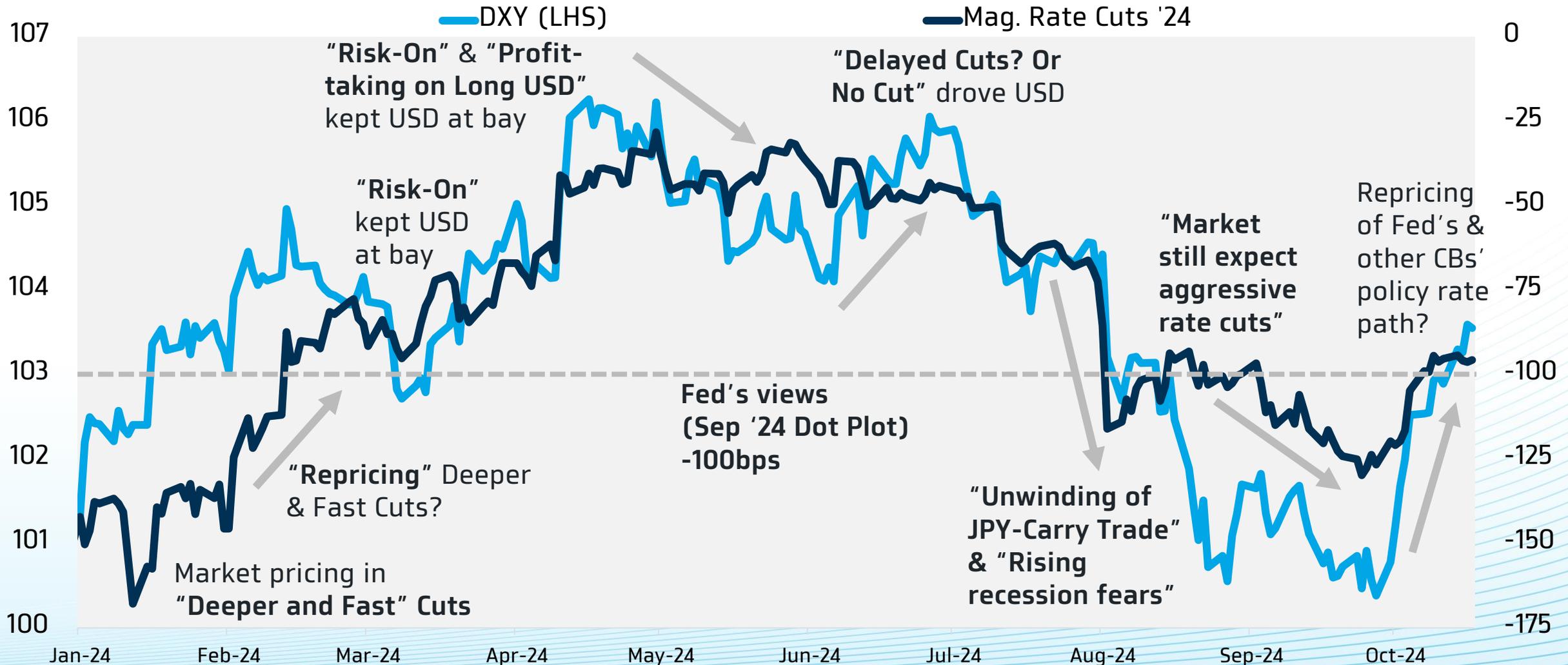


Source: growth rates and trends as well as Recession probability from Bloomberg Consensus as of 2 October 2024



“Repricing of Fed’s rate cuts vs other CBs’ paths” = “Rebound in the US Dollar” in the near-term

US Dollar Index (DXY) vs Market’s Expectations of Fed’s rate cuts in 2024

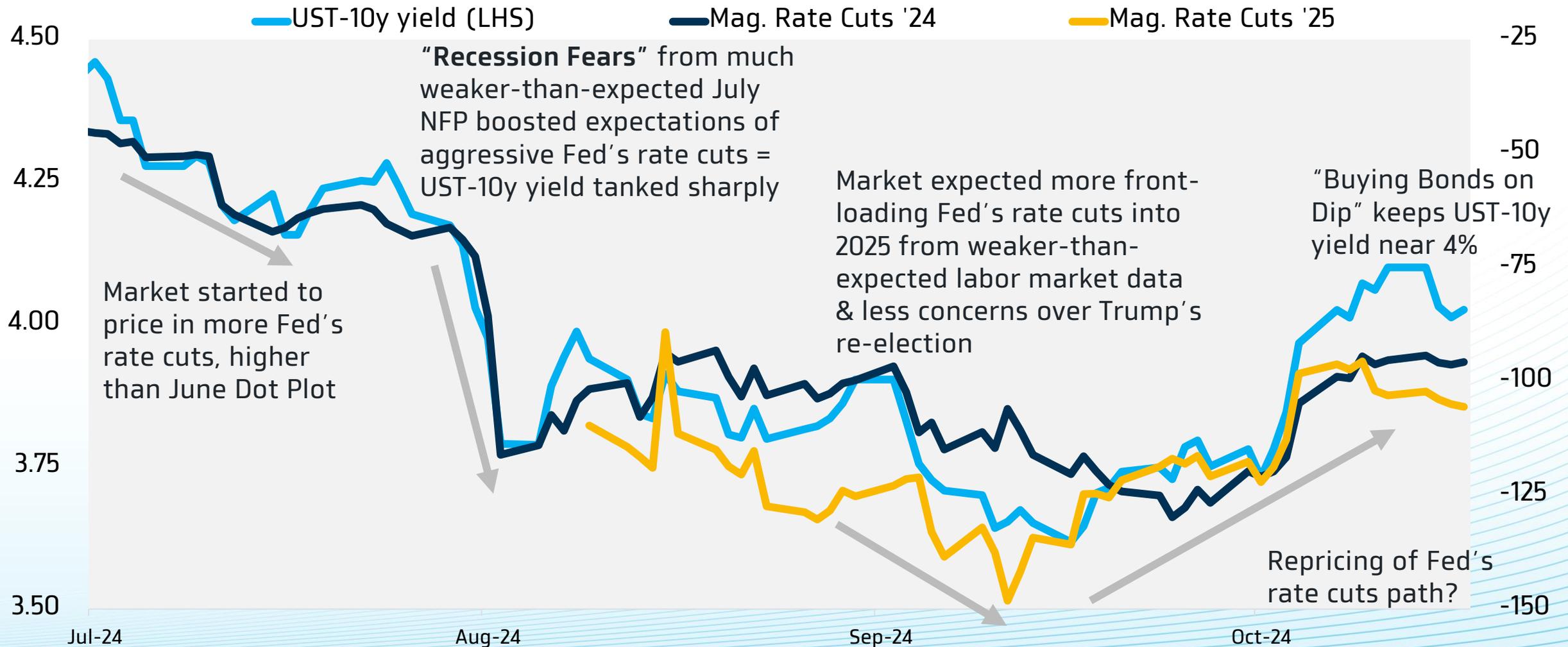


Source: Bloomberg and Federal Reserves; Data as of 17 October 2024



Repricing of Fed's policy rate outlook will affect how financial markets will behave...

UST-10y yield (%) vs Market's views on Magnitude of Fed's rate cuts by the end of 2024 & 2025 (bps)



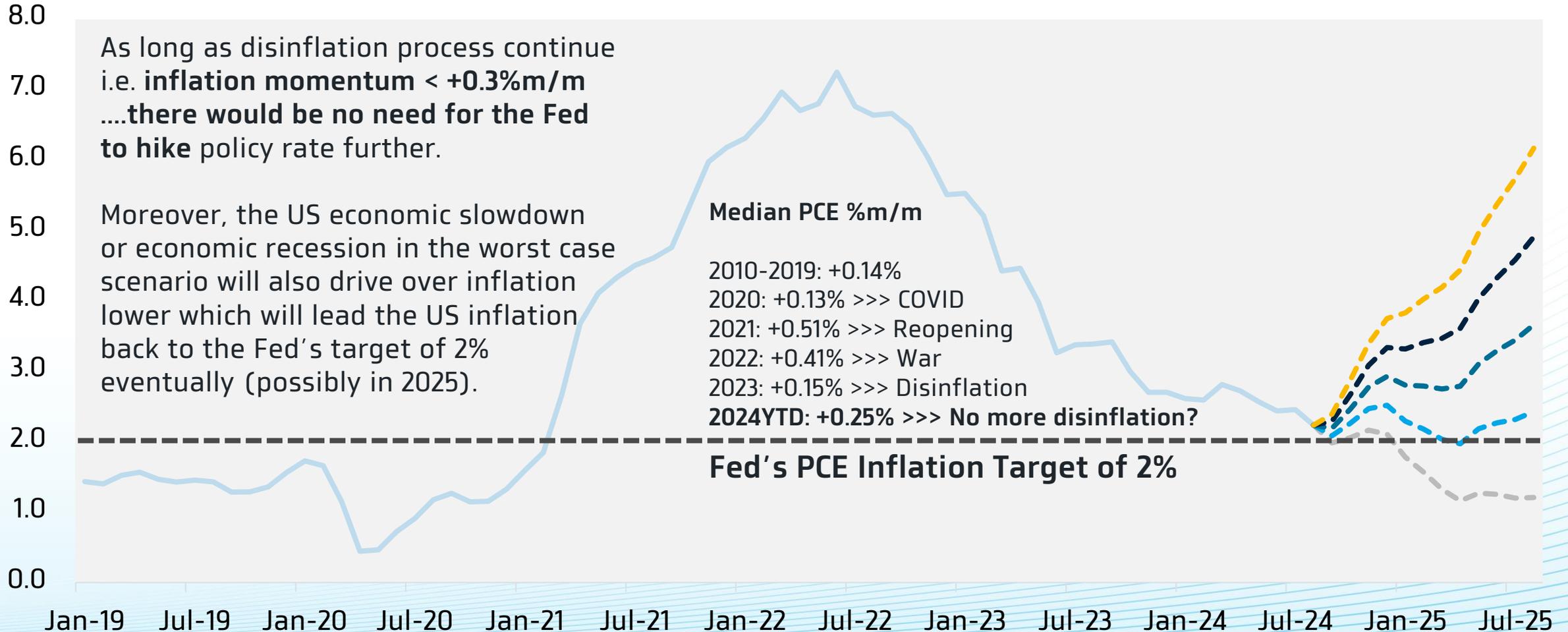
Source: Bloomberg and Federal Reserves; Data as of 17 October 2024



If PCE rises $\geq +0.30\%m/m$...Fed might not be able to cut rate at all...worst case = rate hike!

US PCE Inflation (%y/y)

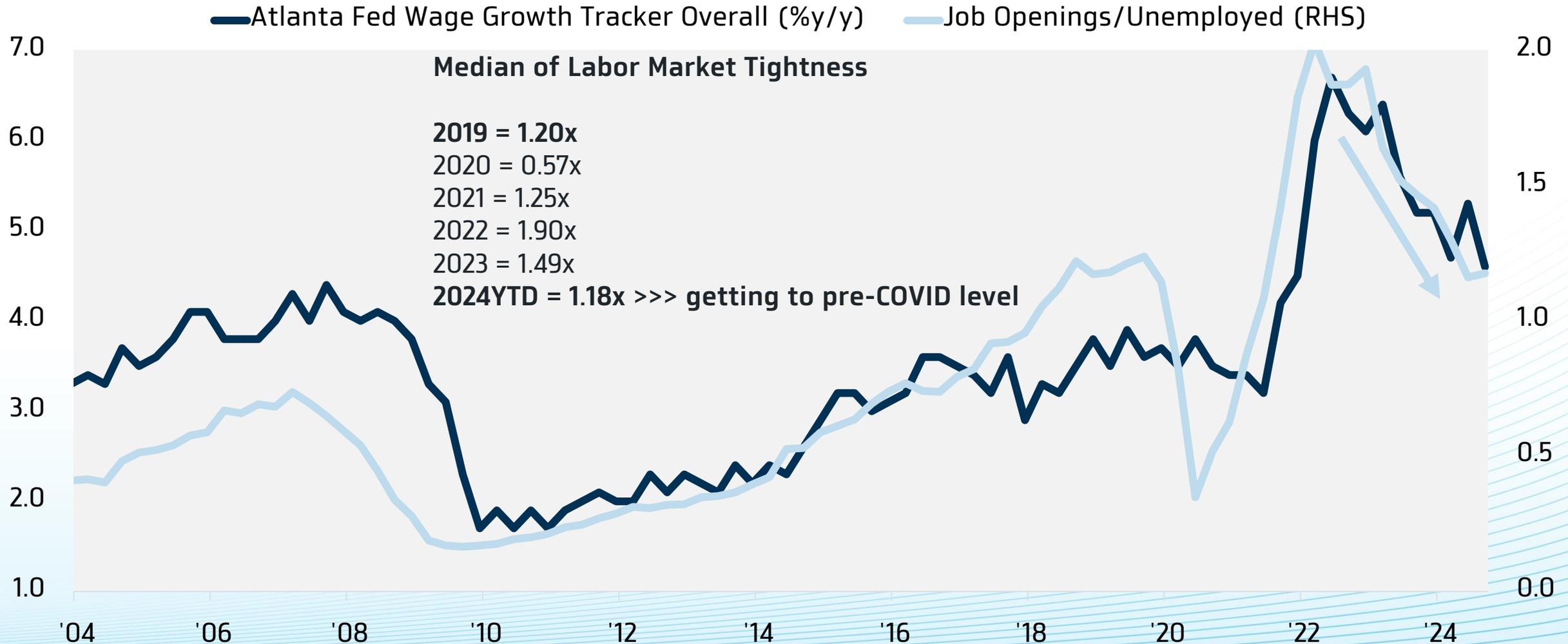
— PCE - - - 0.10% - · - · 0.20% - · - · 0.30% - · - · 0.40% - · - · 0.50%





Falling tightness of the US labor market = Slowing wage growth & Less pressure on Inflation

Quarterly data of Atlanta Fed Wage Growth (%y/y) vs Labor market tightness

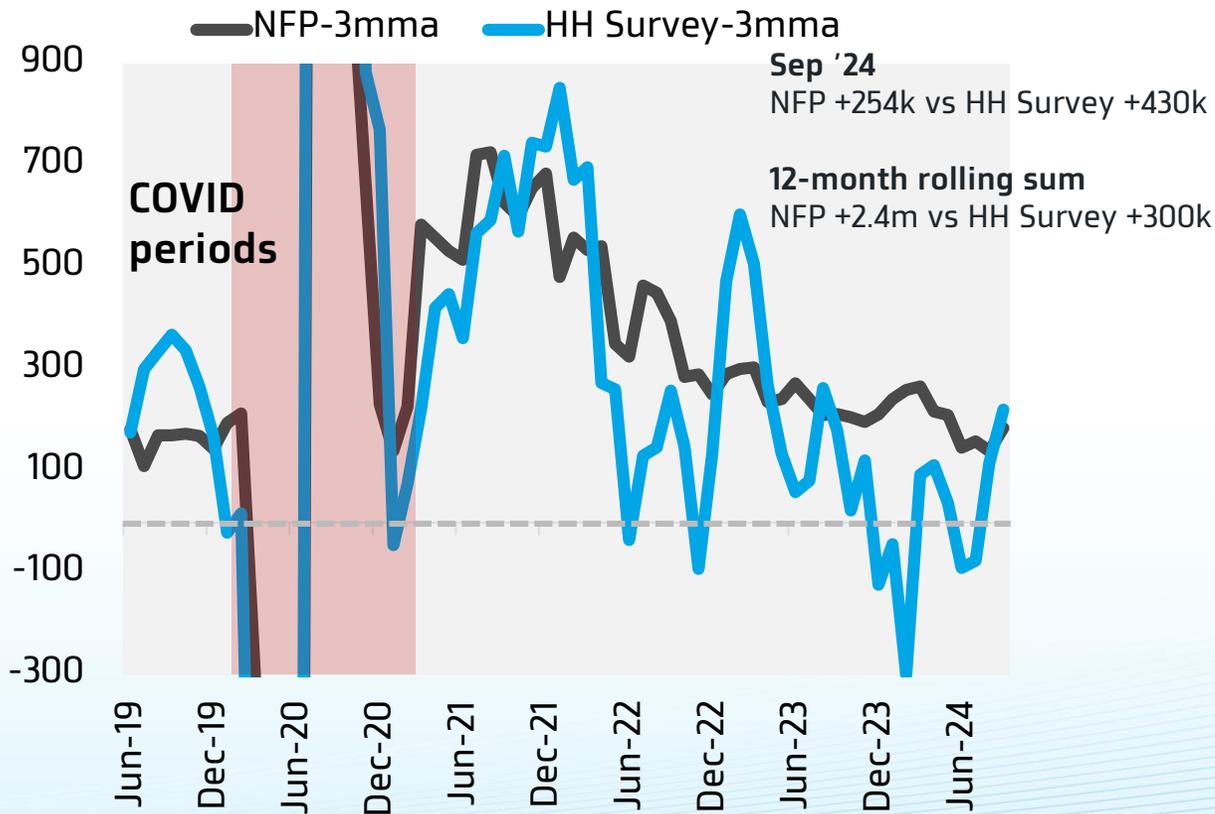


Source: Bloomberg and Krungthai Global Markets; Data as of September 2024

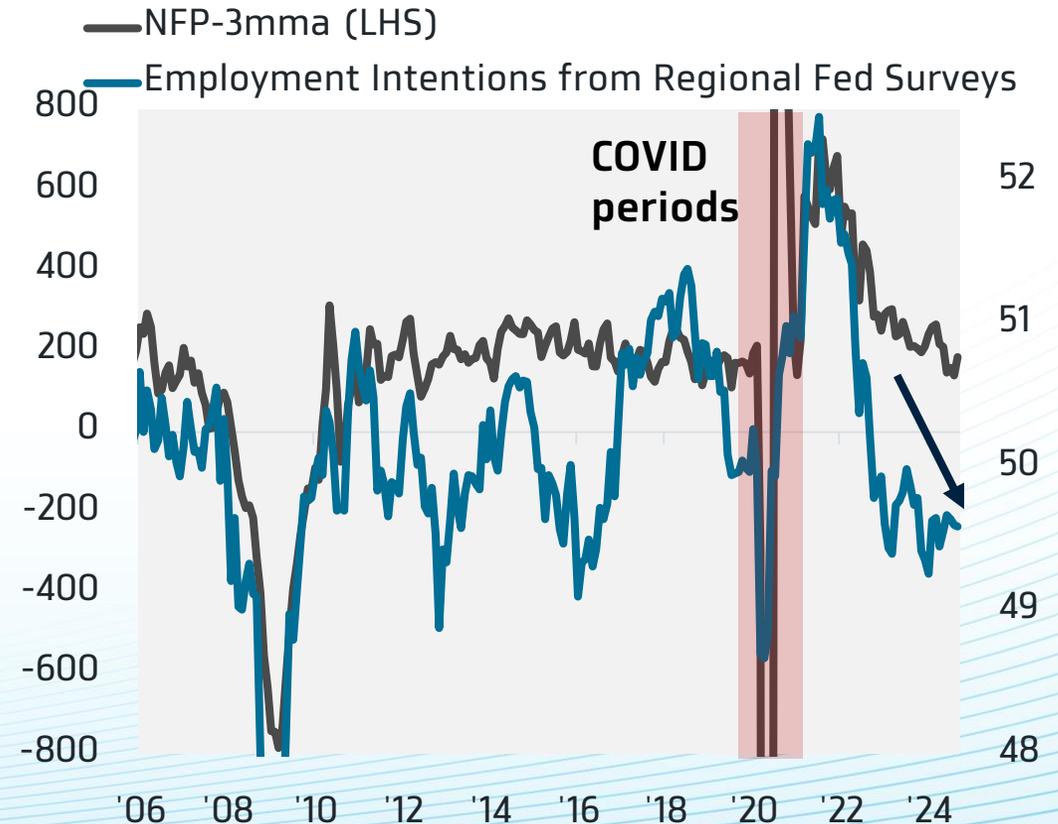


Still expect further slowdown in jobs growth "Resilient" labor mkt. for now...keep eyes on layoffs

Finally, Household survey – employment & the NFP move in tandem...slowing labor market



Leading indicator on Jobs growth like Employment Intentions point to slowdown in job growth (NFP)

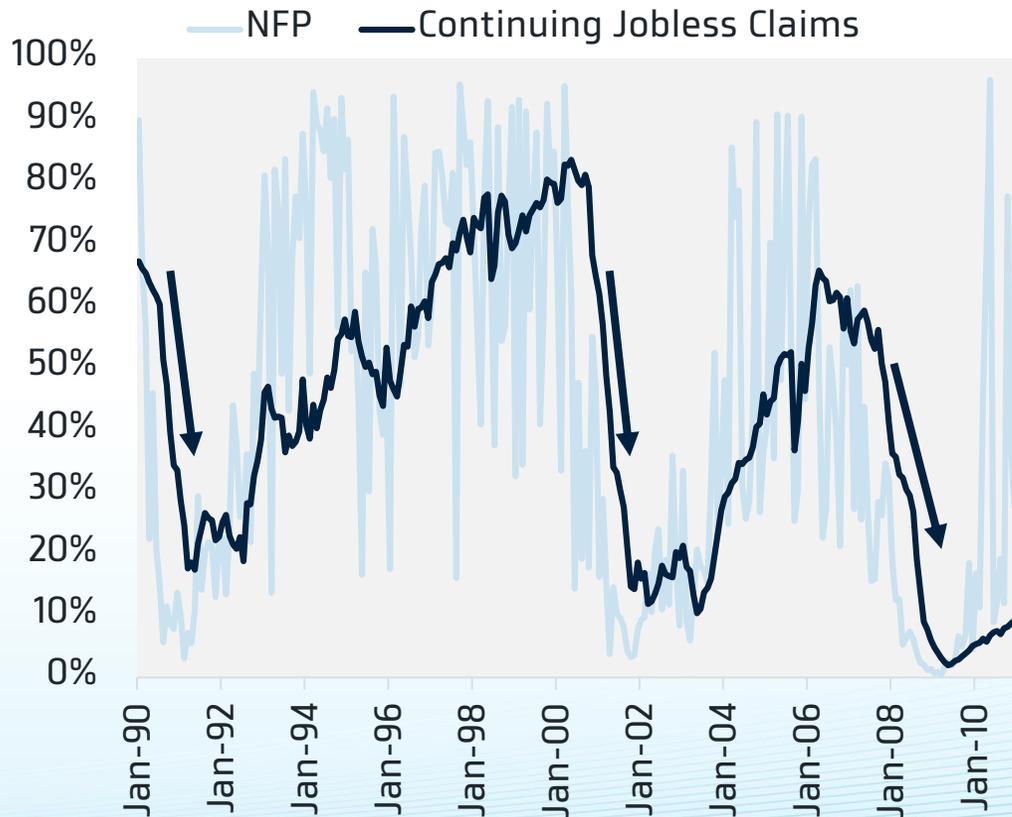


Source: Bloomberg and BLS



Yes, the US labor market is slowing. But not too dire as Jobless Claims are not on the rise

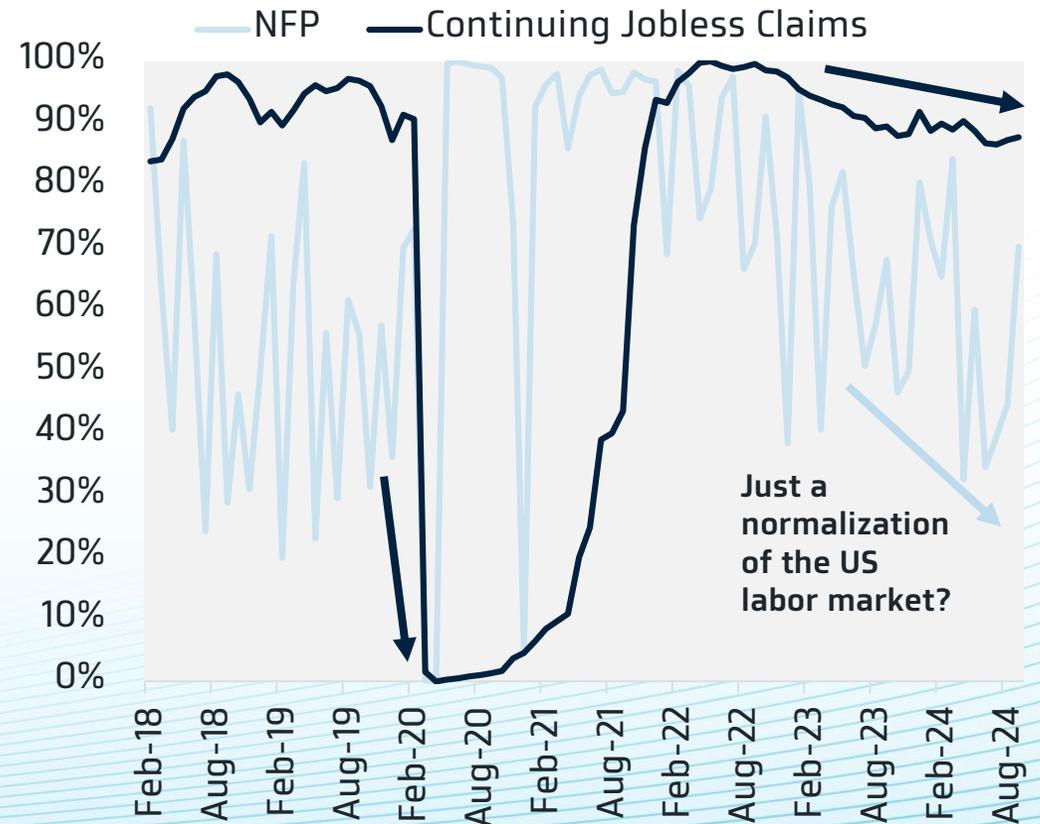
Since '90, when the US labor market slowed down into the verge of the recession...NFP & Jobless Claims deteriorated in similar manner



Lower Recession Risk

Higher Recession Risk

Post COVID-19 crisis, Jobless Claims remain low (80th-90th percentile) while NFP figures are falling lately. So the labor market is not facing significant layoffs (yet).



Source: Bloomberg and Krungthai Global Markets



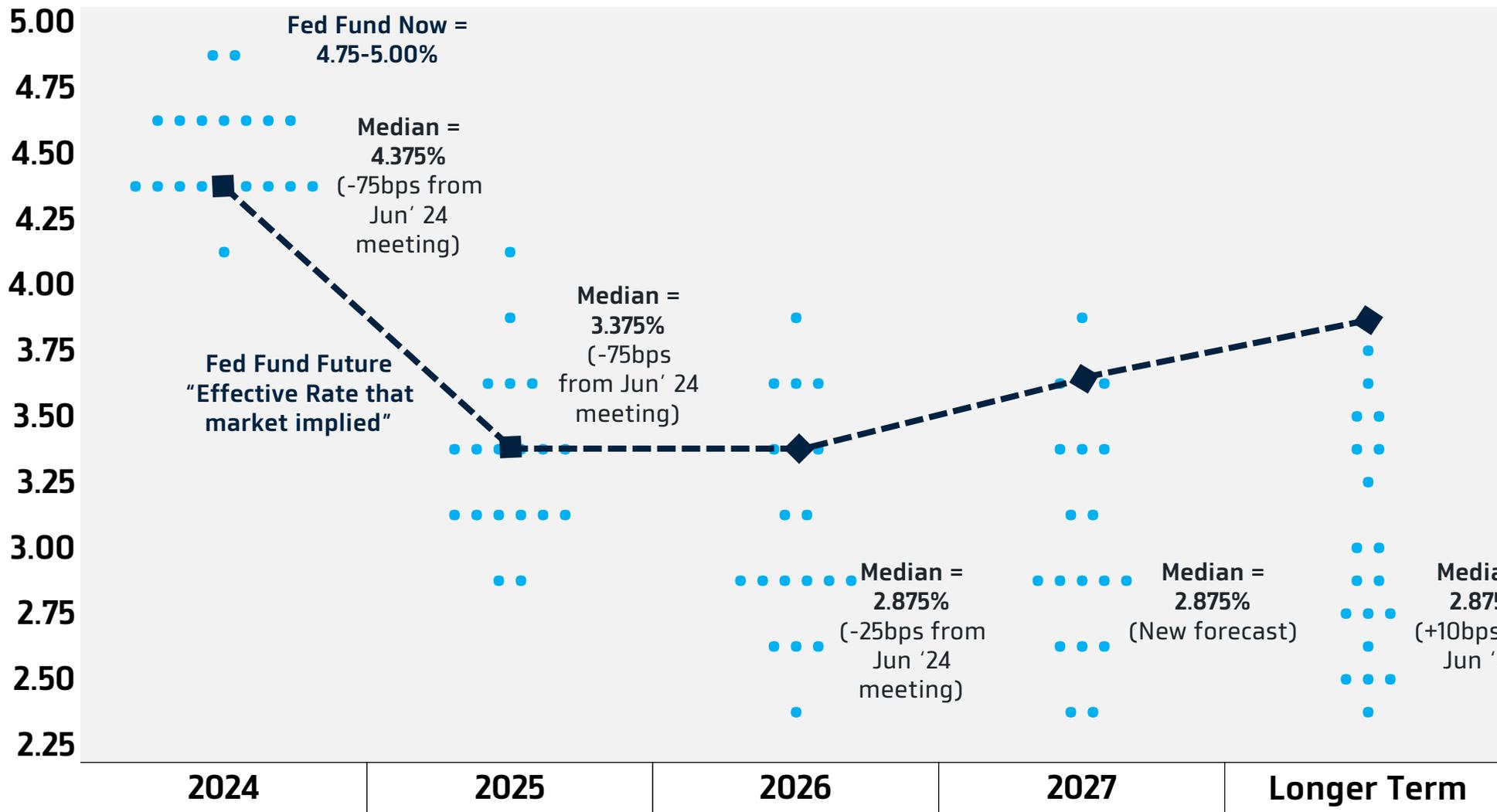
Poon's Call: Believe in the Sep '24 Dot Plot

	Inflation-related data	Labor Market data	Survey-based data	Other data/Event
13 June FOMC	CPI (Apr/May) PCE (Apr) PPI (Apr)	Nonfarm Payrolls (May) Job Openings (Apr)	ISM PMIs (May) Consumer Sentiment	Fed Beige Book
1 August FOMC	CPI (Jun) PCE (May/Jun) PPI (May/Jun)	Nonfarm Payrolls (Jun) Job Openings (May/Jun)	ISM PMIs (Jun) Consumer Sentiment (Jun/Jul)	Fed Beige Book
19 September FOMC	CPI (Jul/Aug) PCE (Jul) PPI (Jul/Aug)	Nonfarm Payrolls (Jul/Aug) Job Openings (Jul)	ISM PMIs (Jul/Aug) Consumer Sentiment (Aug)	Fed Beige Book
8 November FOMC	CPI (Sep) PCE (Aug/Sep) PPI (Sep)	Nonfarm Payrolls (Sep/Oct) Job Openings (Aug/Sep)	ISM PMIs (Sep/Oct) Consumer Sentiment (Sep/Oct)	Fed Beige Book
19 December FOMC	CPI (Oct/Nov) PCE (Oct) PPI (Oct)	Nonfarm Payrolls (Nov) Job Openings (Oct)	ISM PMIs (Nov) Consumer Sentiment (Nov)	Fed Beige Book US Election



“How Deep (&Speed) is the Fed’s easing cycle”? The New Dot Plot will affect the market!

FOMC participants’ assessment of appropriate monetary policy (Sep ‘24 Dots Plot) vs Market’s expectations



Fed Fund Future now implies 4.00% in 2028+

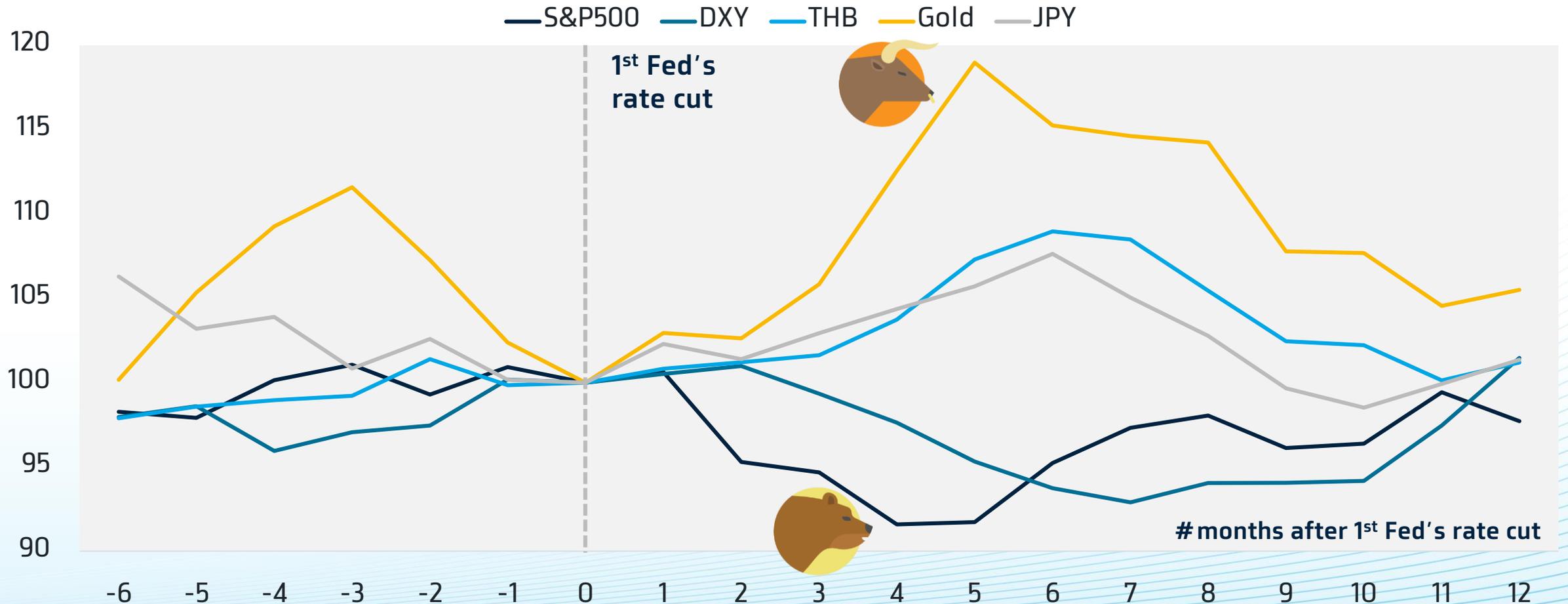
We do see higher new Fed Long run Rate as expected (about 3.00%)

Source: Bloomberg and Krungthai Global Markets; Data as of 17 October 2024



Hard Landing & Fed's rate cuts: Long Gold, Short US equity & Short \$ vs other FXs like THB

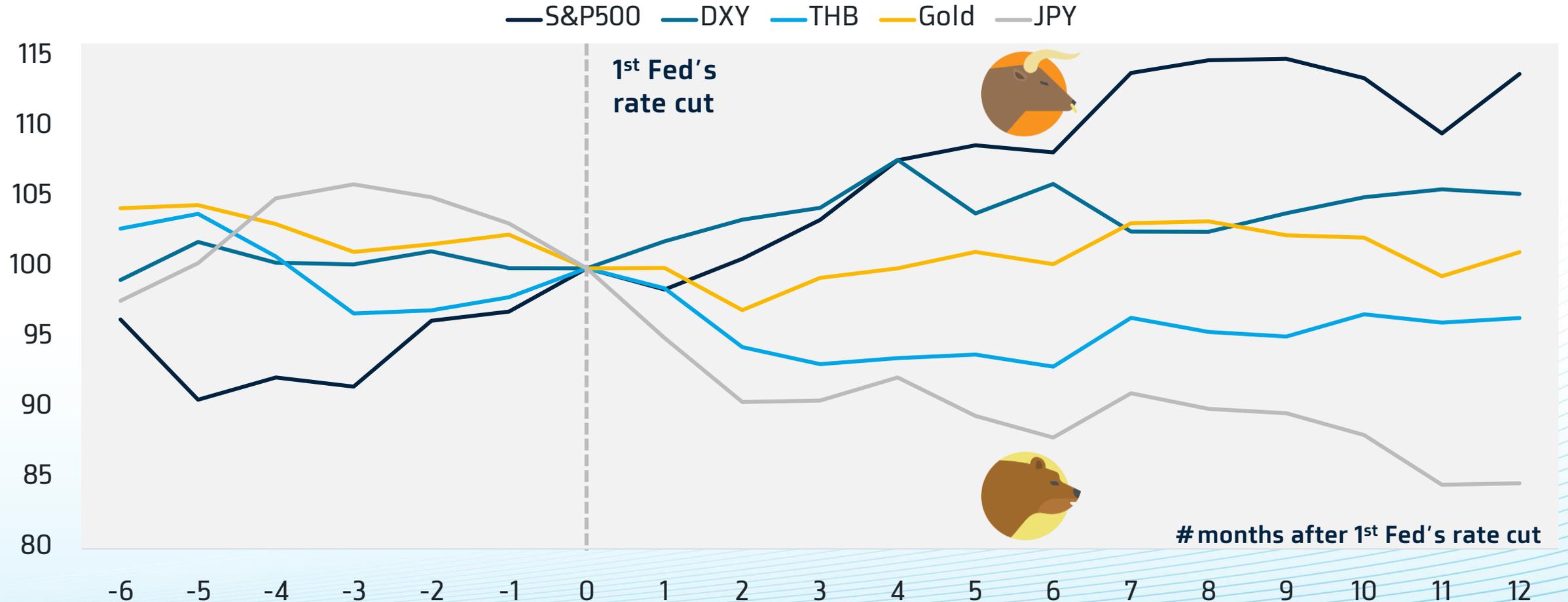
Median Cross-Asset Performance since 1970s (Rebased to 100 at the month of 1st Fed's rate cut)

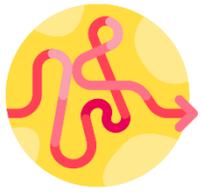




Soft Landing & Fed's rate cuts: Long US equity, Long US Dollar & Short JPY

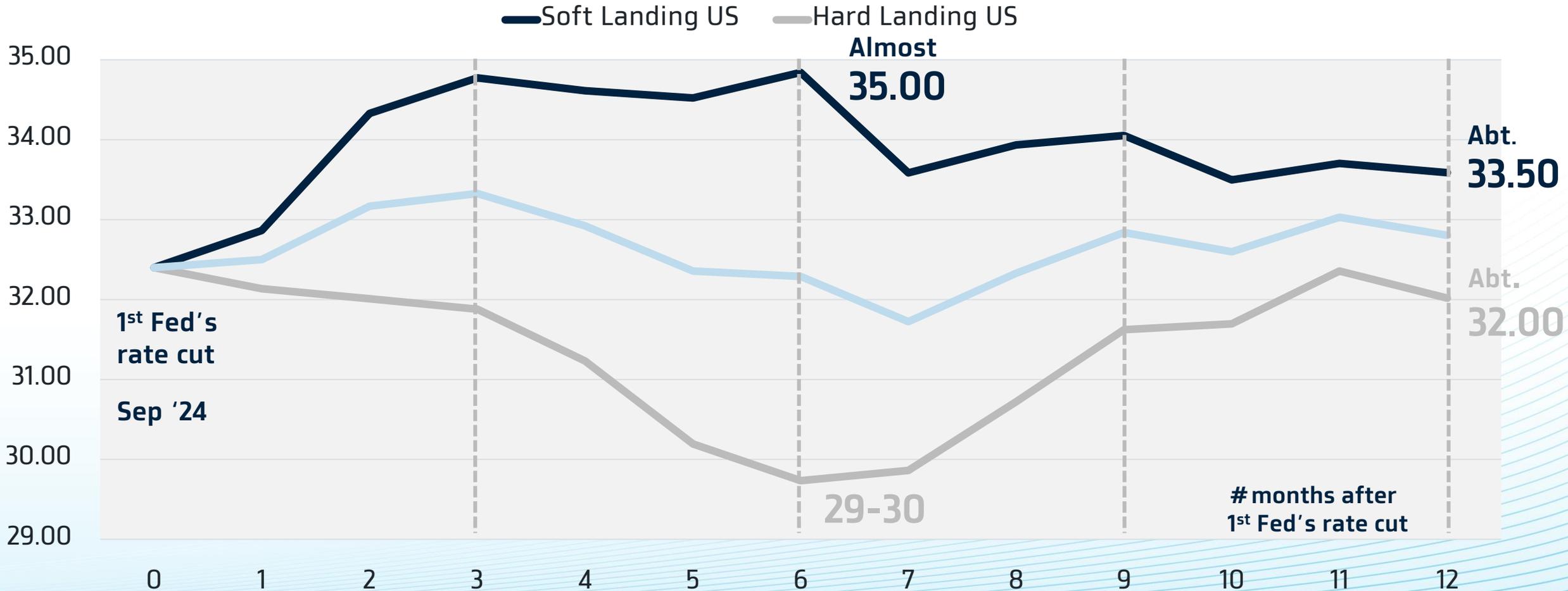
Median Cross-Asset Performance since 1970s (Rebased to 100 at the month of 1st Fed's rate cut)





Soft Landing = Weaker THB...to 35 THB/USD vs Hard Landing = Almost 30 THB/USD in sight

Possible USDTHB movements after the 1st Fed's rate cut in September 2024





Key Different Policies between Trump vs Harris

Trade Policy

Fiscal Policy

Immigration

Industrial



Kamala Harris
(Current VP)

Continue ongoing
pace of tariffs
(more specific
tariffs)

Raising Corporate
taxes to boost
revenue

Quite supportive
on immigration
policy

Continue Green &
Renewable
policies



Donald Trump
(Ex-President)

More tariffs esp.
on China (60%,
10% on RoW)

Extending Tax
Cuts and Jobs Act
(TCJA) & could
keep Corporate
taxes unchanged
or lowered?

Against
immigrants...
Mass deportation
is coming?

Deregulate
business &
Unwind Green &
Renewable
policies ("Climate
Change is a
hoax")



Key Different Policies between Trump vs Harris



Potential Harris stance

Potential Trump stance

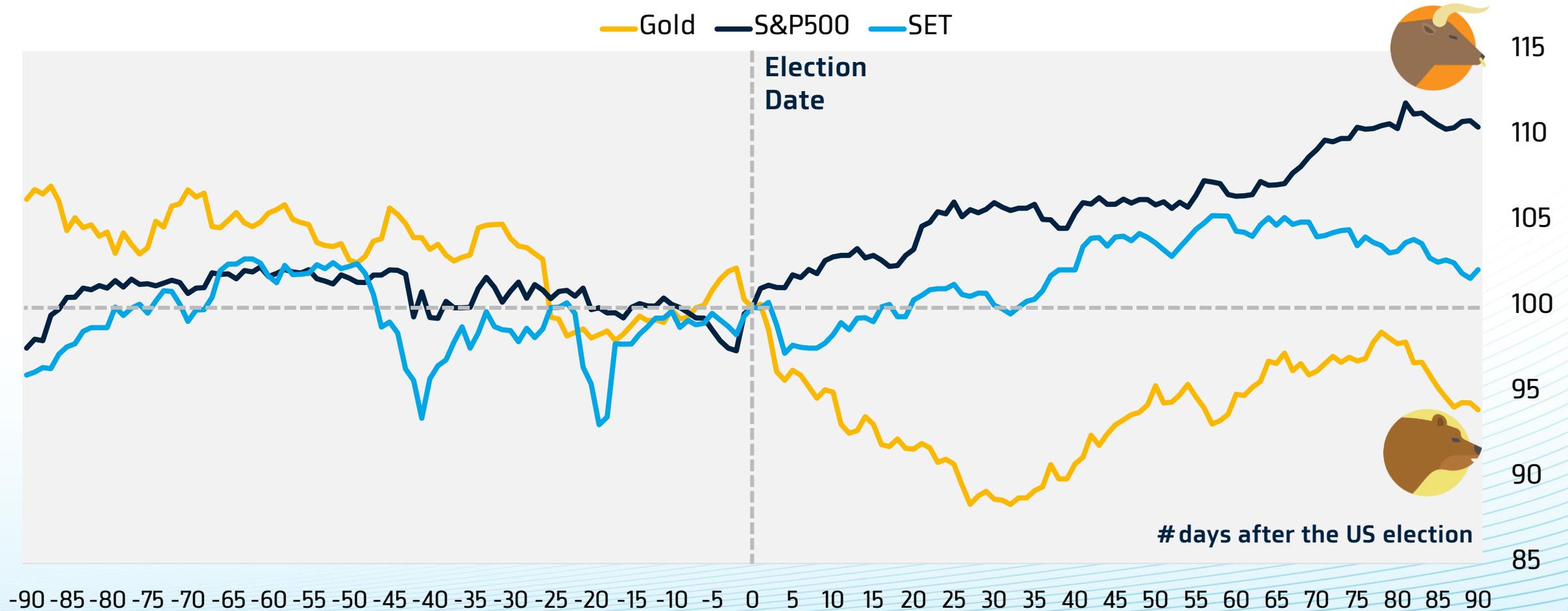
	Potential Harris stance	Potential Trump stance
Taxes	Extension of the TCJA outside of households making USD400K+. Potential tax hikes for corporations, restore child tax credit and new tax incentives.	Make the expiring provisions permanent. Further reduce corporate tax rate. Consider replacing personal income taxes with increased tariffs.
Trade	Maintain status quo of "tough on China" with an emphasis on targeted tariffs, such as steel and aluminum from China.	Impose a universal baseline tariff of 10% on all U.S. imports. Impose a 60% tariff on U.S. imports from China.
Immigration	Continue to pair legal pathways for migrants with some stricter deterrence measures.	Much stricter immigration measures, including an effort to deport asylum seekers.
Energy	Continue to invest in clean energy manufacturing, reduce emissions and increase energy efficiency. Consider raising taxes on fossil fuel industry.	Bolster U.S. energy independence with greater domestic production of oil and gas. Roll back some environmental regulations and incentives.
Defense	Steady emphasis on alliances and multilateralism.	Push for more self-reliance from NATO. Increase pressure on allies to bolster defense spending.
Health Care	Protect and build on the Affordable Care Act (ACA). Continued focus on lowering drug prices with Medicare enabled to negotiate more.	Sought to repeal and replace ACA during tenure, could curtail subsidies expiring at year-end 2025. Continue efforts on price transparency.
Regulation	Continue Biden's antitrust enforcement efforts and focus on reducing monopolies, with continued support for traditional energy and bank regulation.	Less focus on energy and banks, and potentially more accommodative to tech M&A, but continued support for regulating Big Tech.
Monetary Policy	Hands off approach to the Federal Reserve.	More interventionist approach to the Federal Reserve.

Source: JPMAM
Guide to the
Markets Q4/2024



When Trump won in 2016... It's Risk-On for the market

Cross-Asset Performance around the US election in 2016 (Rebased to 100 on the election date)

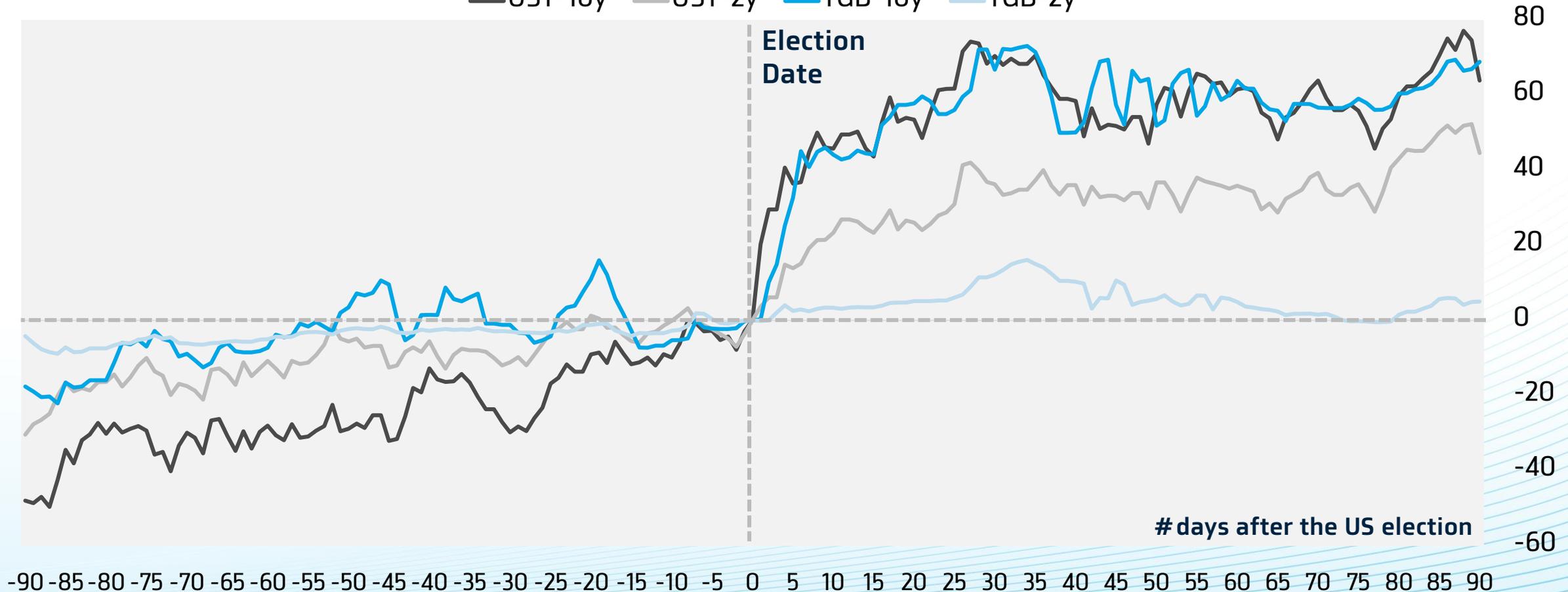




When Trump won in 2016... The Fed was in the hiking cycle

Changes (bps) in Government Bonds Yields around the US election in 2016

— UST-10y — UST-2y — TGB-10y — TGB-2y



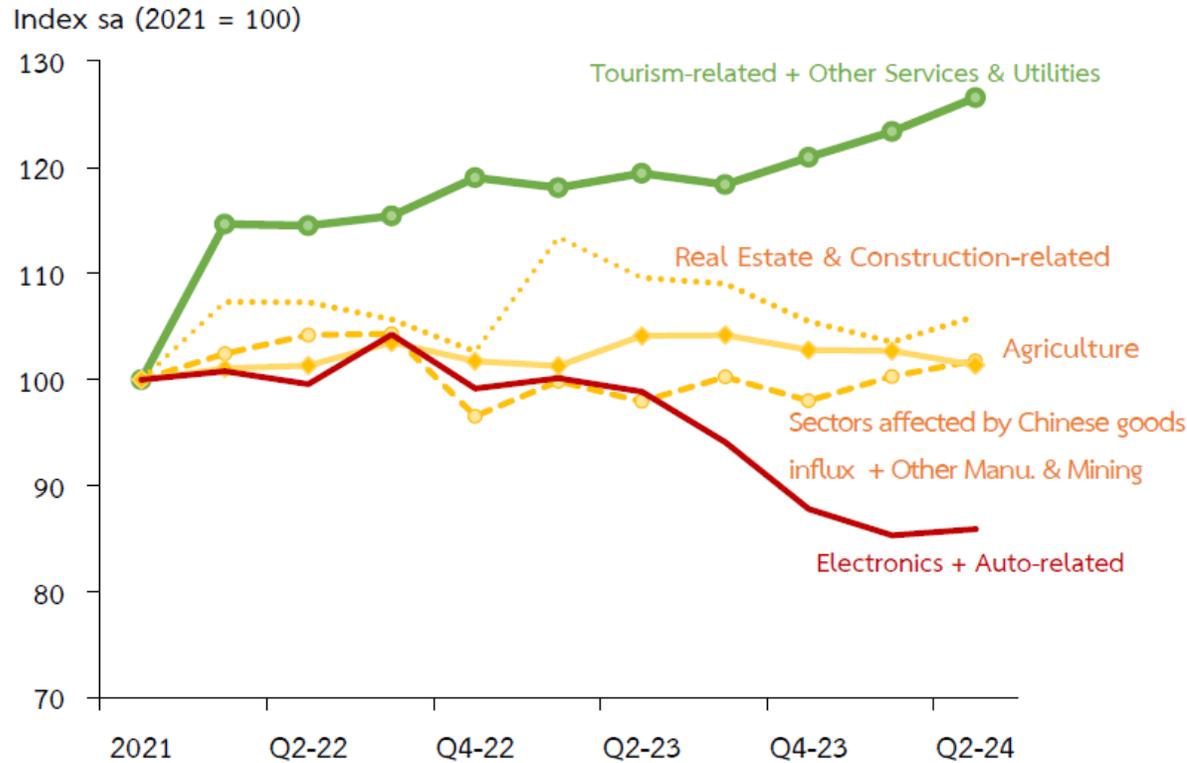


Uneven economic recovery

the Best part = Tourism & Services

The Worst part = Auto-related & Electronics

Economic activities



Note: Tourism-related and Other Services & Utilities are proxied by average sales per firm, where sales are estimated using VAT data (excluding beverage production, government service and legal lottery)

Real Estate & Construction-related is proxied by average per firm in construction, where sales are estimated using VAT data

Agriculture is proxied by agricultural production index

Sectors affected by Chinese goods influx / Electronics / Auto-related / Other Manufacturing & Mining are proxied by

Manufacturing Production Index (MPI)

Source: Bank of Thailand MPC Meeting August 2024

Business sector groups

Recovery

Solid recovery:
 60% of GDP
 44% of labor force
 64% of companies

Tourism and services sectors e.g. trade

- Continues to expand overall
- Within-sector variations e.g. tourism-related firms in less-visited cities and smaller firms have received limited benefits from recovery

Moderate recovery:
 34% of GDP
 51% of labor force
 30% of companies

- Real estate and construction sectors were affected by delayed government disbursement. Construction and mortgage loan growth slowed due to worsened credit quality
- Agricultural sector – El niño exerted downward pressures on output, but weather conditions should improve going forward
- Sectors affected by Chinese goods influx - Goods ranging from electronic appliances, textiles, and furnishings pressured by Chinese competition. Growth remains subdued going forward

Slow recovery:
 6% of GDP
 5% of labor force
 6% of companies

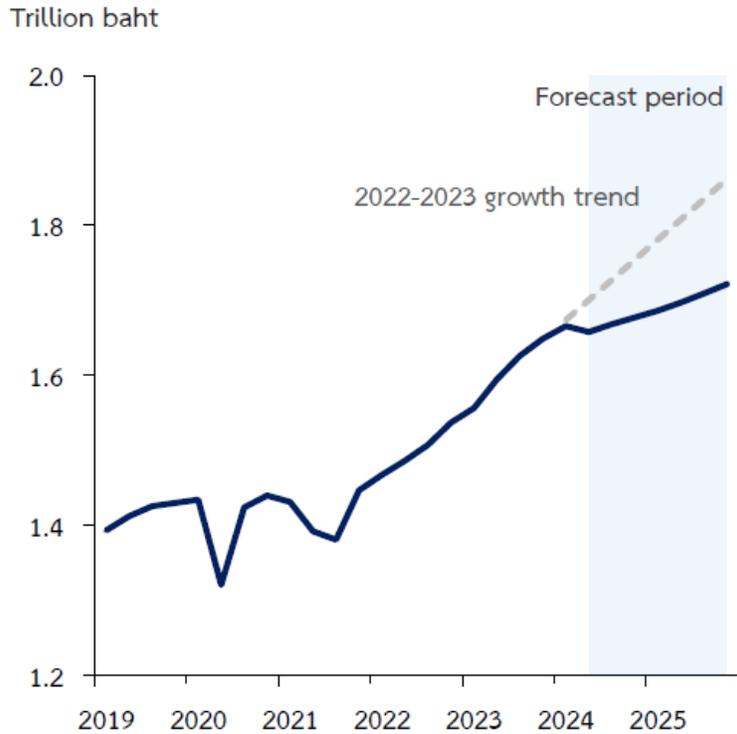
- Automotive-related industry – Whole supply chain facing structural and cyclical pressures, both in the past and going forward
- Integrated circuits received limited benefits from the upswing in electronic cycle and will face pressures from global slowdown
- Hard disk drives are being replaced by solid state drives



Stabilizing exports esp. in electronics But Automotive sector remains a drag

Private consumption continues to expand but with slower momentum

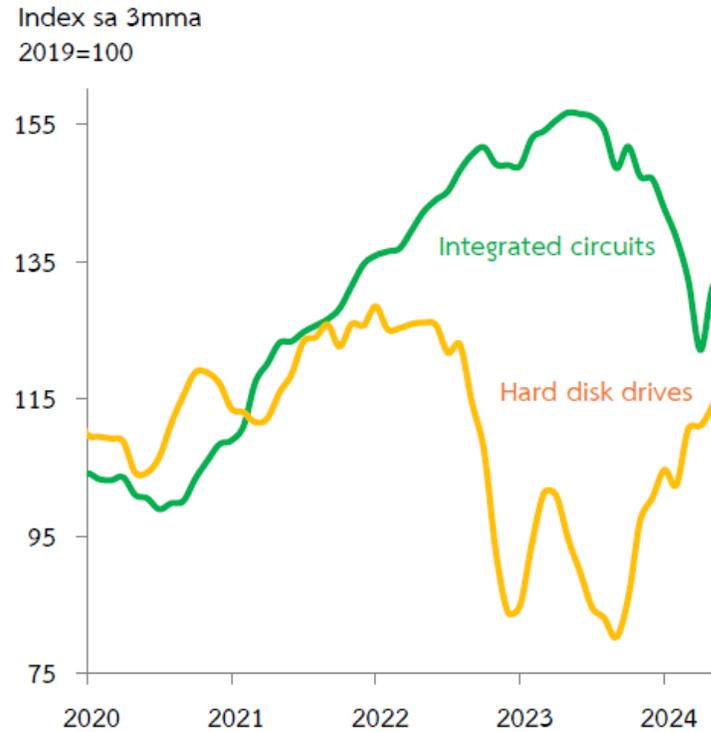
Private Consumption Expenditure



Sources: NESDC, BOT calculations

Electronics exports seeing signs of bottoming out

Raw material import value for major exporters

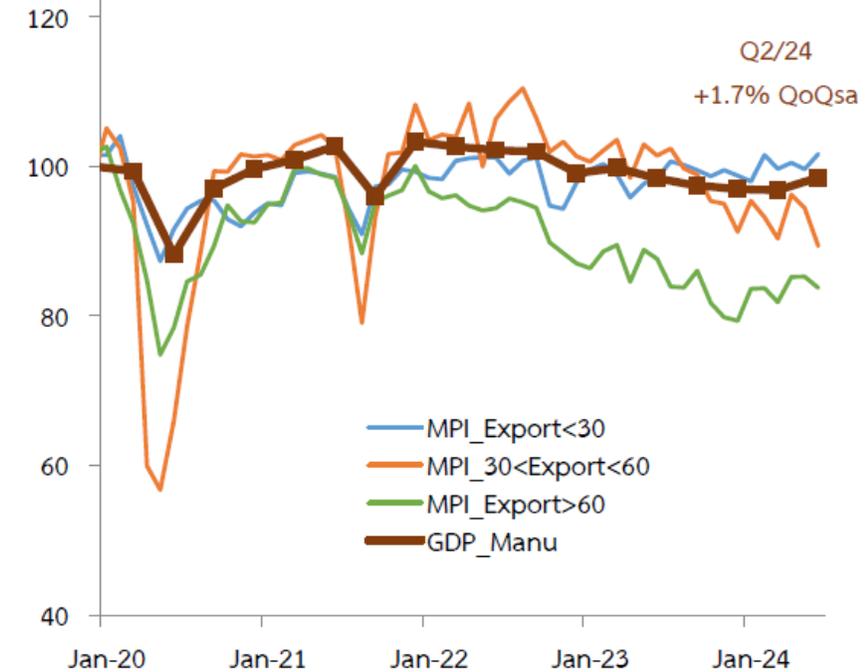


Note: Import value for major exporters (top quintile) for imported goods

Sources: Thai Customs, OEI and NESDC, BOT calculations

Manufacturing sector starting to stabilize except for automotive sector

Index, sa
Q4 2019 = 100



Note: Most automotive parts manufacturers have export shares between 30%-and 60%



TH potential growth should be around +3% per yr

	อัตราการขยายตัวของกำลังแรงงาน [%]* [1]	อัตราการเติบโตของผลผลิตภาพการผลิต [%]** [2]	ศักยภาพการเติบโตของเศรษฐกิจ [1] + [2]	GDP [%]
ปี 2547-2556	1.2%	2.6%	3.8%	4.0%
ปี 2557-2566***	0.04%	2.6%	2.7%	2.8%

หมายเหตุ: *เป็นค่าเฉลี่ยรายปีในช่วงเวลาดังกล่าว /** อัตราการเติบโตของผลผลิตภาพการผลิต หมายถึง GDP หารด้วยจำนวนผู้มีงานทำทั้งหมด/

*** ไม่รวมช่วงโควิด [2563 - 2564]

ที่มา: สภาพัฒนาการเศรษฐกิจและสังคมแห่งชาติ สำนักงานสถิติแห่งชาติ คำนวณและประมาณการโดย ธปท.

หากอิงจากแบบจำลองของ ธปท.*

- ศักยภาพการเติบโตขึ้นกับหลายปัจจัย เช่น
ทุน จำนวนและคุณภาพแรงงาน ผลผลิตภาพการผลิต

10 ปี ก่อนโควิด



ปี 66-71

3.0-3.5%

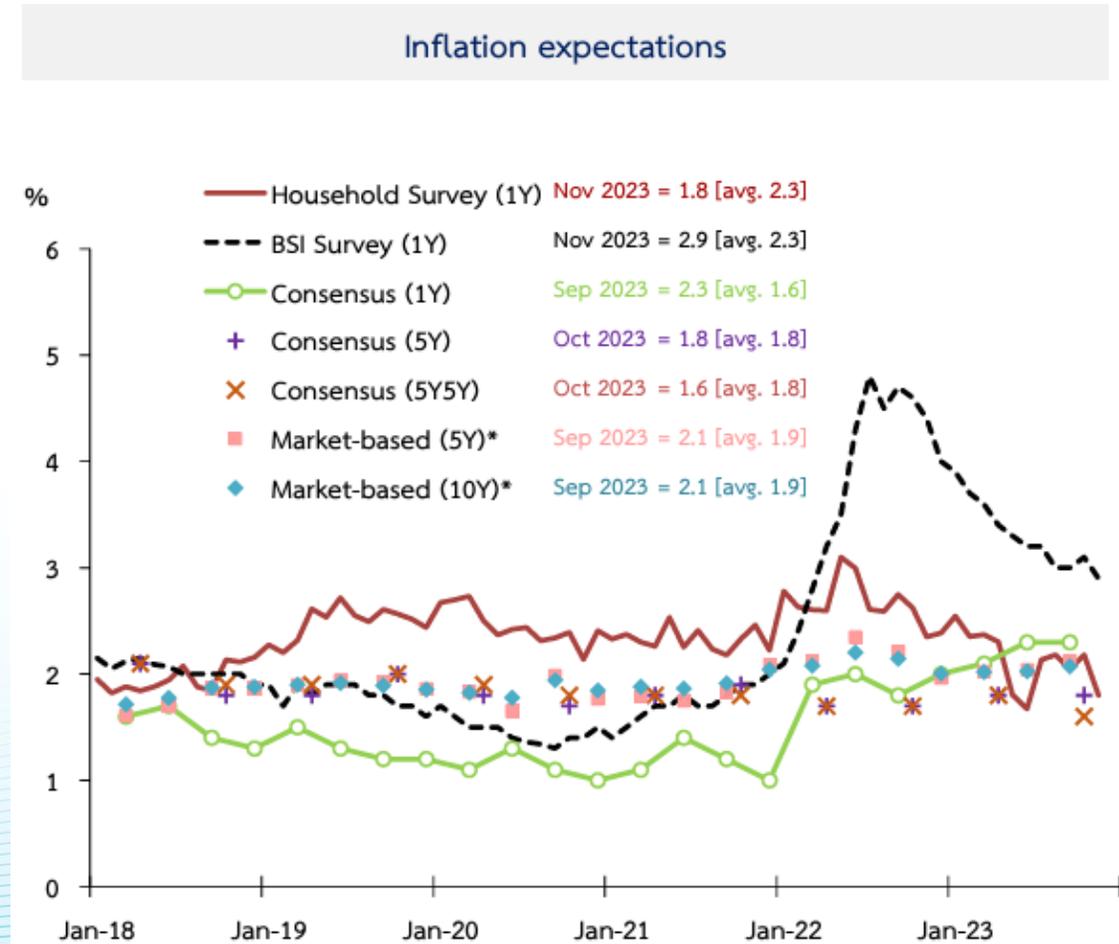
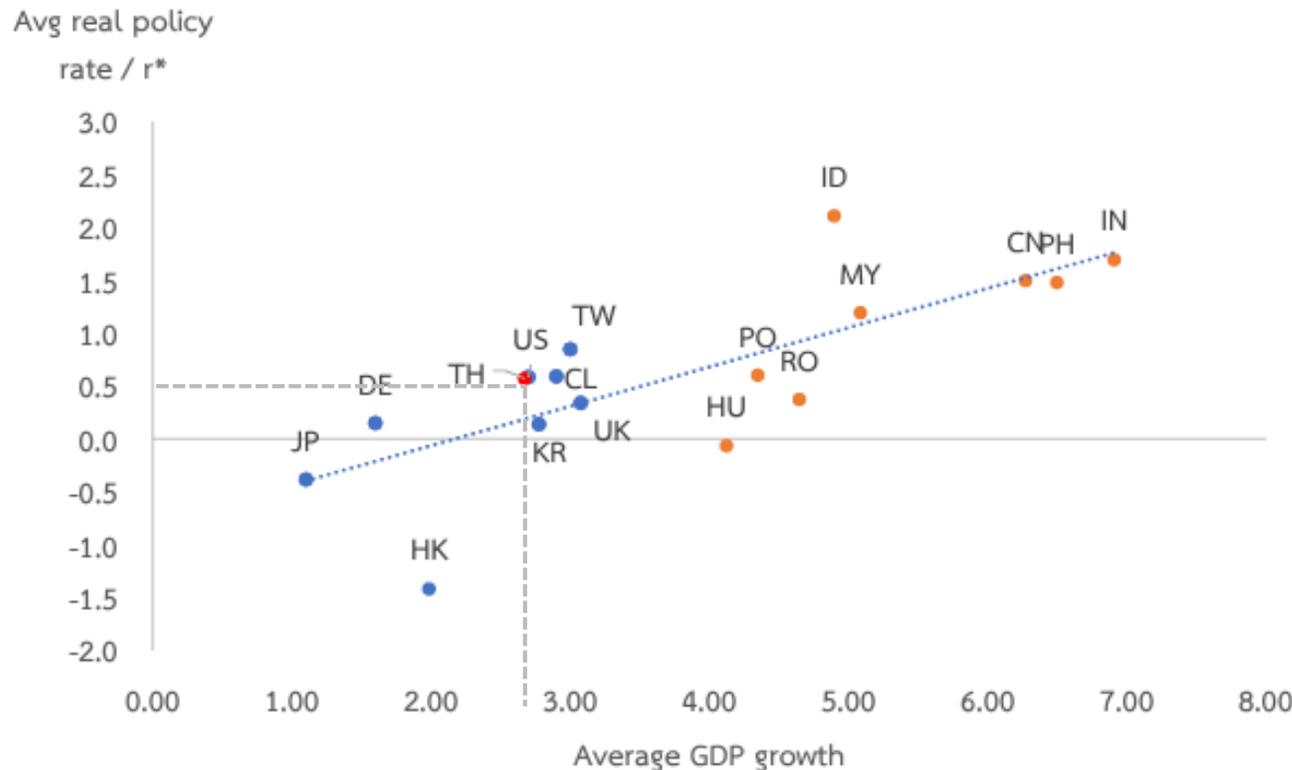
~ 3.0%



What should be the Neutral Policy Rate (r^*)?... It really depends on TH growth & inflation outlook

As the Bank of Thailand expect some positive Neutral Policy Rate (Real r^*)...which could be around +0.25% to +0.5% as long as TH economy could grow almost +3%. With long-term inflation expectations about 1.75%-2.00%, **Nominal r^* could be around 2.00% to 2.50%.**

Neutral interest rate (r^*) for Thailand
should at least be in the positive territory



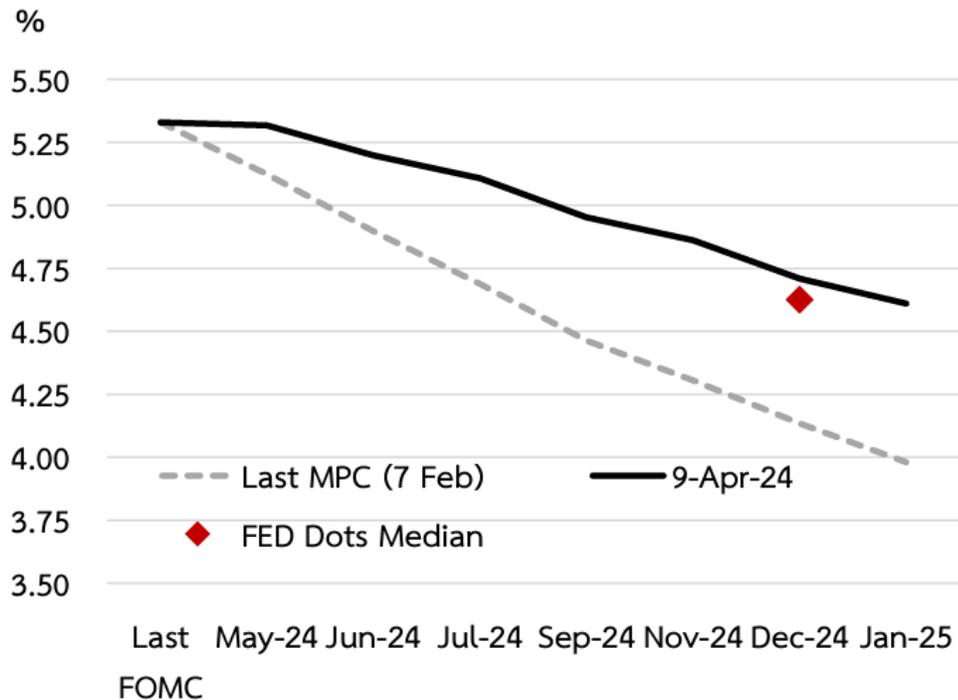


Highly Volatile FX is Unwelcomed for the BOT Esp. when US rate > TH rate

USD อาจแข็งค่าต่ออีกสักระยะ

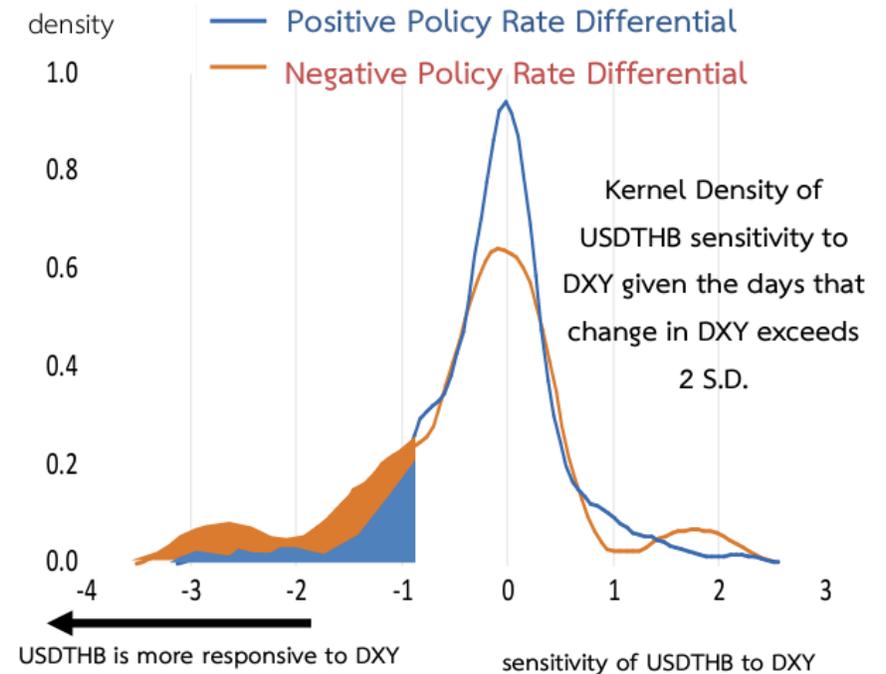
ค่าเงินบาทผันผวนด้านอ่อนค่ามากขึ้น
ในช่วงที่ส่วนต่าง อดบ. เป็นลบ

Implied Fed Funds Rate vs Median Dot plots



ที่มา: FOMC dot plot; Bloomberg (as of 9 Apr 24)

USDTHB sensitivity^{1/} to DXY



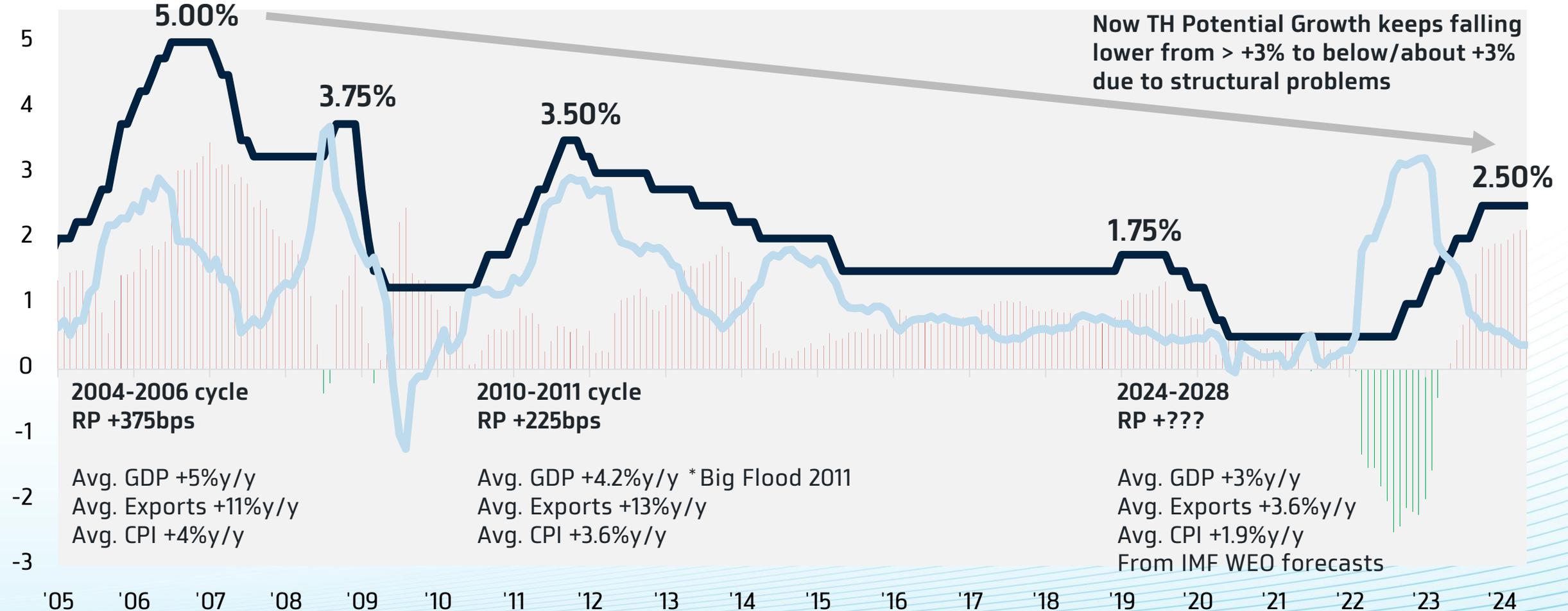
หมายเหตุ: ^{1/} Average of daily change in USDTHB over daily change in dollar index (DXY) on the same and previous day. Sensitivity is expected to display negative sign.

ที่มา: Bloomberg คำนวณโดย ธปท.



With lowering potential growth & inflation from structural problems, it's really hard for BOT's policy rate to rise higher from 2.50%

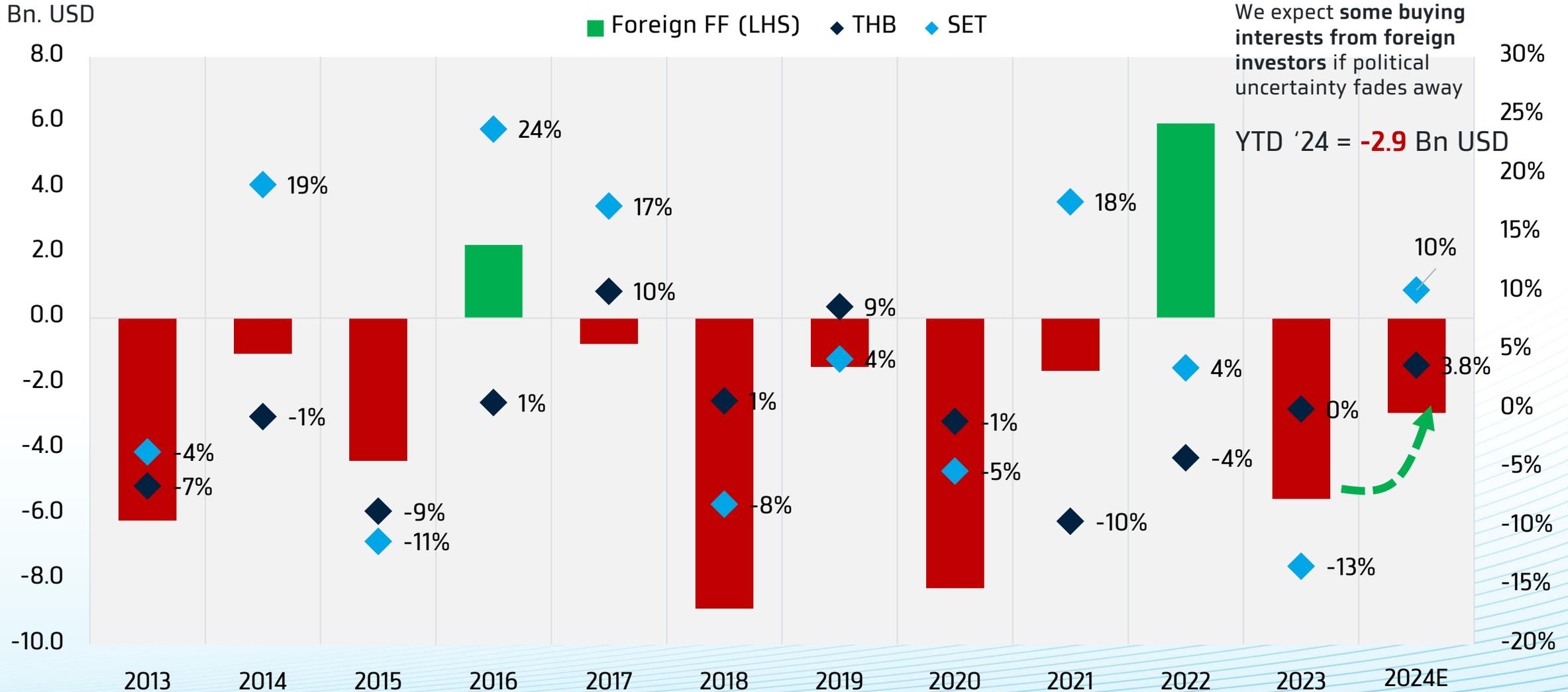
Real Policy Rate BOT's RP Core CPI



Source: Bloomberg, IMF WEO and Krungthai Global Markets



Foreign investors could return to TH Equity BUT need less political turmoil



Source: Bloomberg and Krungthai Global Markets; THB 2024E = 33.00-33.25 and SET 2024E = 1,500 with 3% Dividend Yield



Still Two-Way Volatility for THB in near term... Be prepared for weaker THB in November





Looking at Weekly chart, THB is still in Oversold zone... Limited Upside for THB esp. in the near-term





Lowering VOLATILITY for THB But still relatively high vs historical data

THB weekly range (Satang)

