



## Key highlights: geo-political risk looms large with fears of recession

- US: FOMC Statement sent a mild hawkish tone before Trump imposing import tariff but market still hopes for an interest rate cut. We expect a tone twist in FOMC meeting in Jun and more clarity on composition of FED's balance sheet. Trump announced tariff raise on existing import tariffs of 10% on 200bn usd of Chinese goods. He also warned that 25% tariffs could be slapped on a further 325bn usd of goods "shortly". Later on he banned on Huawei before granting 90-day window period.
- EU: Q1/2019 GDP grew better than expected at 0.4% QoQ, but this was partly due to some transitory factors such as a milder-than-normal weather, which induced construction activity. Manufacturing PMI continued to point to weak momentum while domestic demand remained resilient as retail sales and credit growth firmed.
- Japan's preliminary Q1/2019 GDP beat market expectations as it grew by 0.5% QoQ (2.1% annualized rate) but it was mainly due to "unhealthy" reasons of imports collapse and inventories while the pillars of growth – exports, capital spending and private consumption – all declined. Meanwhile, trade uncertainties and domestic market weakness in the face of another sales tax hike remain the top two challenges for Japan's economy in 2019.
- China: Apr economic activities slowed from high-value added sectors, albeit a recovery in property. Export growth contracted on a broad base basis both product-wise and trade partner-wise. Aggregate financing dropped from government bond financing and yuan loans. Altogether impact from trade tension, we expect additional stimulus from the Chinese government.
- India: Despite weak economic numbers, Modi set to win another term, fiscal policy tends to continue from the recently fiscal budget announcement in Mar. Fiscal deficit is projected to remain at -3.4% in FY2020 with policies focusing on farmer supports. Policy interest rate is likely to be cut by 25-50 bps this year.
- ASEAN: Growth in the regional economy eased slightly in this Q1/2019 amid challenging external environment. Private consumption remained the main driver of ASEAN's economic growth. Regional inflation picked up in April, on the back of stronger price pressures in Indonesia and Vietnam. Meanwhile, inflation in Malaysia remained stable and moderated in the Philippines.
- Thailand: GDP in Q1/2019 expanded at 2.8% YoY down from 3.6% YoY prev. dragged by exports and investment. We saw that the current Q1/2019 GDP is lower than its historical average, indicating slow growth momentum. Combining impact from trade tension and political uncertainties, we see projected GDP growth at 3.6% with downside risk of -0.3 ppt.



# Market exuberance diminishes as trade war escalates



**22 Jan**  
Tariffs on washing machine and solar panels

**23 Mar**  
Tariffs on steel and aluminum

**06 Jul** US & China raised import tariff on 34 bn usd imports against each other

**24 Sep**  
US raised import tariff on 200bn usd imports from China

**08 May**  
Trump announced tariff raise on existing import tariffs of 10% on 200bn usd of Chinese goods

**13 May**  
He also warned that 25% tariffs could be slapped on a further 325bn usd of goods "shortly"

Dec-17                      Mar-18                      Jul-18                      Oct-18                      Jan-19                      May-19                      Aug-19

**2 Apr** China imposed tariffs on 3bn usd of U.S. imports including fresh fruits, nuts, wine and pork

**23 Aug**  
US & China raised import tariff on 16 bn usd imports against each other

60 at 5-10%

**24 Sep**  
China raised import tariff on 60 bn usd imports from US

**13 May**  
China raised additional tariffs on 60bn usd US goods from 5-10% to 5-25% from 1 Jun

17/05/2019 President Trump agreed on Friday to lift tariffs on metal imports from Mexico and Canada

Mr. Trump postponed a decision on whether to impose tariffs on automobiles imported from Europe, Japan and other countries for six months

21/05/2019 the U.S. Commerce Department granted 90 days of relief for certain U.S. broadband companies using Huawei equipment.



## Market exuberance diminishes as trade war escalates (2)

รายละเอียดสินค้า	สหรัฐฯ	จีน	วันบังคับใช้
สินค้ามูลค่า 3.4 หมื่นล้านดอลลาร์ฯ (อัตราภาษี 25%)	สินค้า 818 รายการ ซึ่งส่วนมากเป็นสินค้าอุตสาหกรรม High tech. 'Made in China 2025' เช่น หุ่นยนต์, การบิน, เครื่องจักรกล และรถยนต์	สินค้า 545 รายการ ซึ่งส่วนมากเป็นสินค้าเกษตร เช่น ถั่วเหลือง, เนื้อ, อาหารทะเล, นม, ผลไม้ และรถยนต์	6 ก.ค. 2018
สินค้ามูลค่า 1.6 หมื่นล้านดอลลาร์ฯ (อัตราภาษี 25%)	สินค้า 279 รายการ เป็นสินค้ากลุ่มเคมีภัณฑ์, พลาสติก, เครื่องแก้ว, ผลิตภัณฑ์จากเหล็ก, อะลูมิเนียม, เครื่องจักรกล, มอเตอร์เครื่องจักร, เรือยนต์, มอเตอร์ไซค์ และรถราง	สินค้า 114 รายการ ได้แก่ กลุ่มพลังงาน เช่น น้ำมันแปรรูป, ถ่านหิน, ก๊าซธรรมชาติ, เคมีภัณฑ์, เครื่องมือทางการแพทย์บางอย่าง, รถยนต์และรถโดยสาร	23 ส.ค. 2018
<b>สหรัฐฯ</b>			
สินค้ามูลค่า 2 แสนล้านดอลลาร์ฯ (อัตราภาษี 10%)	สินค้ารวม 6,000 รายการ ได้แก่ สินค้า High tech. 'Made in China 2025' อื่นๆ และสินค้าบริโภค ได้แก่ เนื้อสัตว์, ผัก, ผลไม้, ข้าว, ธัญพืช, เสื้อผ้า, เครื่องใช้ไฟฟ้า เช่น ตู้เย็น, เครื่องปรับอากาศ, คอมพิวเตอร์, เฟอร์นิเจอร์, รถยนต์, เคมีภัณฑ์, เครื่องหนัง, พลาสติก และยาง	สินค้า 5,207 รายการ ได้แก่ อาหารแปรรูป, เคมีภัณฑ์, ผลิตภัณฑ์เครื่องหนัง, ผลิตภัณฑ์ไม้, สินค้าอุปโภคบริโภค, เครื่องจักรกล อุปกรณ์และส่วนประกอบ, สินค้าอิเล็กทรอนิกส์, อุปกรณ์เคมีคอนดักเตอร์, เลนส์, ก๊าซธรรมชาติเหลว (LNG), แร่ทองแดง, เลเซอร์, เครื่องบินขนาดกลางและเล็ก, อุปกรณ์ทางการแพทย์ และผลิตภัณฑ์เสริมความงาม	24 ก.ย. 2018
<b>จีน</b>			
สินค้ามูลค่า 6 หมื่นล้านดอลลาร์ฯ (อัตราภาษี 5/5/10/10%) weighted average = 8-9%			
<b>สหรัฐฯ</b>			
สินค้ามูลค่า 2 แสนล้านดอลลาร์ฯ (อัตราภาษี จาก 10% เป็น 25%)	สินค้ากลุ่มเดิมกับด้านบน	สินค้ากลุ่มเดิมกับด้านบน	1 มิ.ย. 2019
<b>จีน</b>			
สินค้ามูลค่า 6 หมื่นล้านดอลลาร์ฯ (อัตราภาษี 5/10/20/25%) weighted average = 18%			



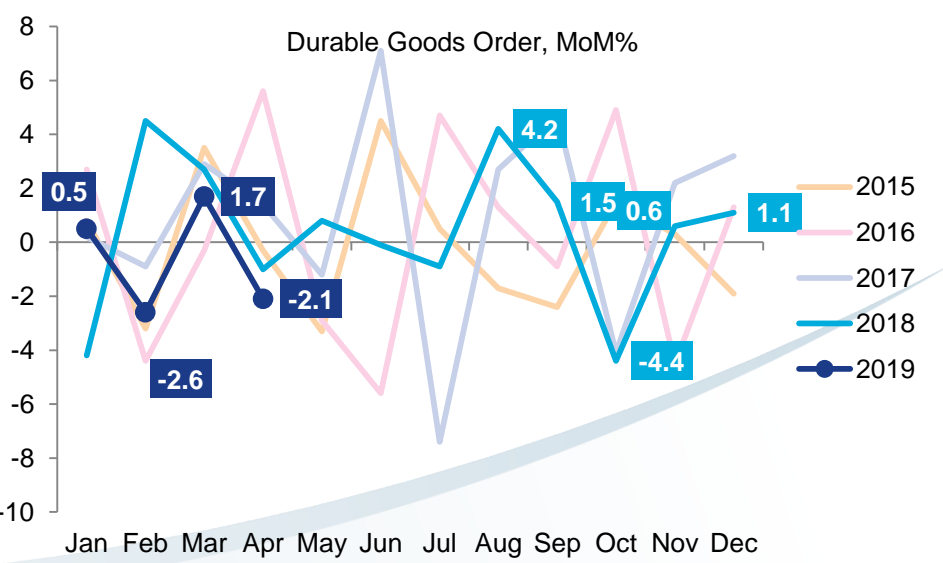
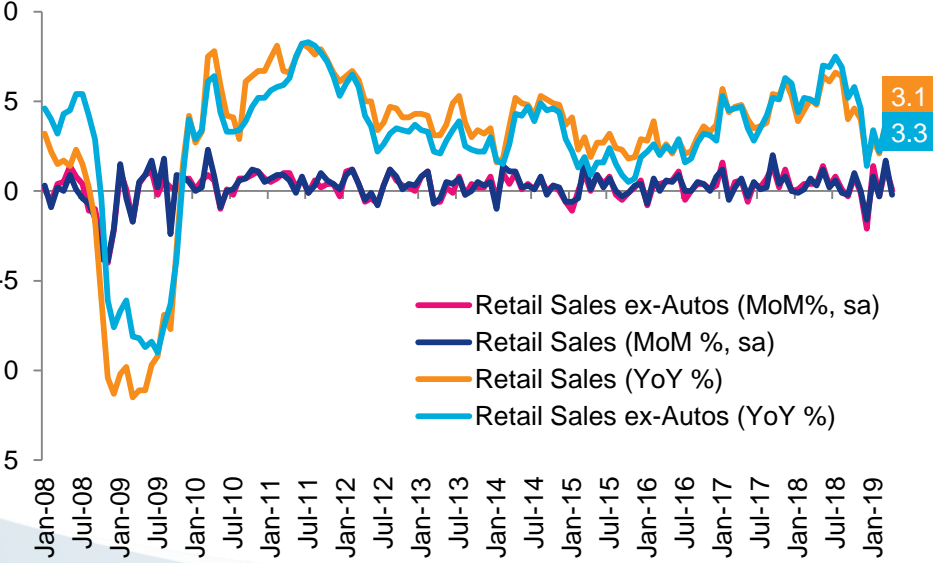
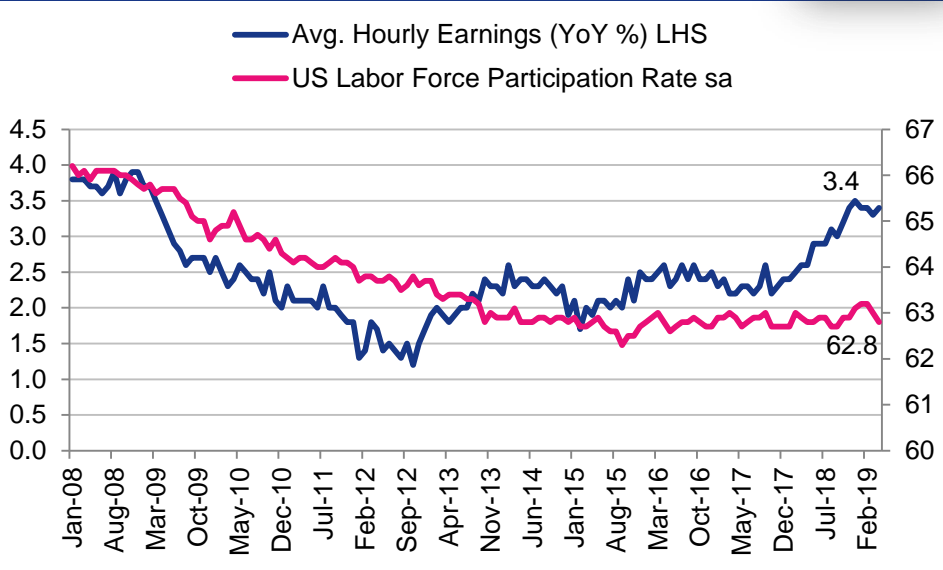
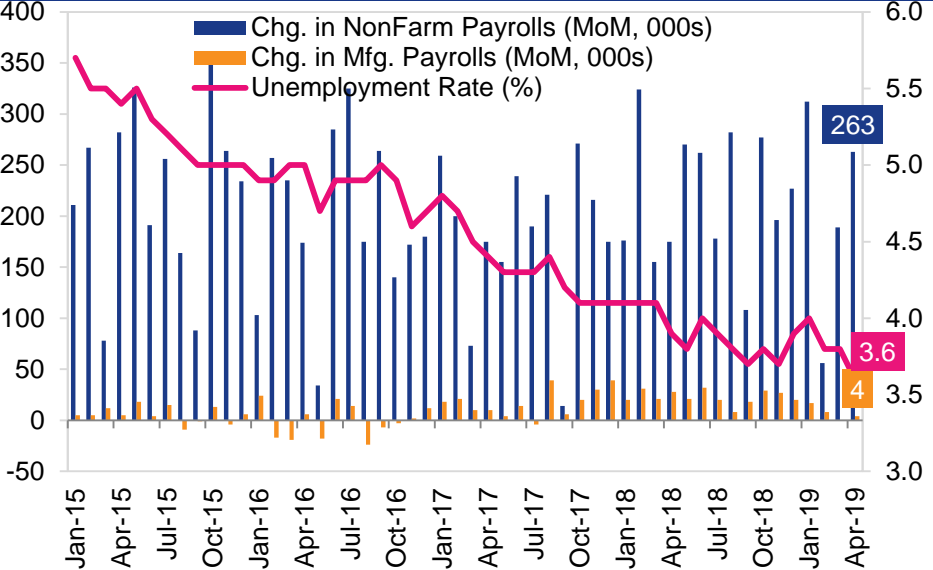
# ข้างสารชนกัน... หย้าแพรกก็แหลกลาญ

Export growth were negative during past five months and GDP could be impacted up to -0.9ppt

Exports											Top -3 Exports			Export impact on Real GDP Growth
YoY unless state o.w.														
Market	Export % to GDP	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	1	2	3	Percentage Point
		2018	2018	2018	2019	2019	2019	2019	2019	2019				
<b>Major Economies</b>														
U.S.	12.1	6.1	3.5	0.2	3.0	2.5	1.3				Machinery & Parts	Fuels	Commodities	0.02%
Taiwan	70.0	7.3	-3.5	-3.2	-0.3	-8.8	-4.4	-3.3			E&E	Machinery & Parts	Plastics & Articles	-0.32%
South Korea	43.1	22.7	4.5	-1.3	-5.9	-11.4	-8.2	-2.0			E&E	Machinery & Parts	Vehicles & Parts	-0.20%
Japan	17.7	8.2	0.1	-3.9	-8.4	-1.2	-2.4	-2.4			Vehicles & Parts	Machinery & Parts	E&E	-0.06%
Russia	26.1	31.0	20.5	8.1	-8.6	10.9	-0.5				Fuels	Commodities	Iron & Steel	0.02%
China	19.8	14.3	3.9	-4.4	9.3	-20.7	13.8	-2.7			E&E	Machinery & Parts	Furnitures	0.00%
India	18.8	17.9	0.8	0.3	3.7	2.4	11.0	0.6			Fuels	Jew elry	Machinery & Parts	0.05%
<b>ASEAN</b>														
Thailand	68.2	8.7	-1.0	-1.7	-5.7	5.9	-4.9	-2.6			Machinery & Parts	E&E	Vehicles & Parts	-0.13%
Indonesia	20.2	4.3	-3.2	-3.9	-4.5	-11.2	-9.0	-13.1			Fuels	Animal/Vegetable Fat	E&E	-0.14%
Philippines	31.0	5.5	-0.3	-12.3	-1.7	-0.1	-2.5				E&E	Machinery & Parts	Optical&Surgical Inst	-0.06%
Malaysia	71.4	17.7	1.7	5.1	3.1	-5.3	-0.5				E&E	Fuels	Machinery & Parts	0.26%
Singapore	173.3	8.0	-2.8	4.2	-10.1	4.8	-11.8	-10.0			E&E	Machinery & Parts	Fuels	-0.89%
Vietnam	101.6	2.3	7.8	6.5	-1.3	1.6	5.4	7.5			E&E	Footw ear	Clothing	0.21%



# US : economy remained robust ahead of second round tariff raise



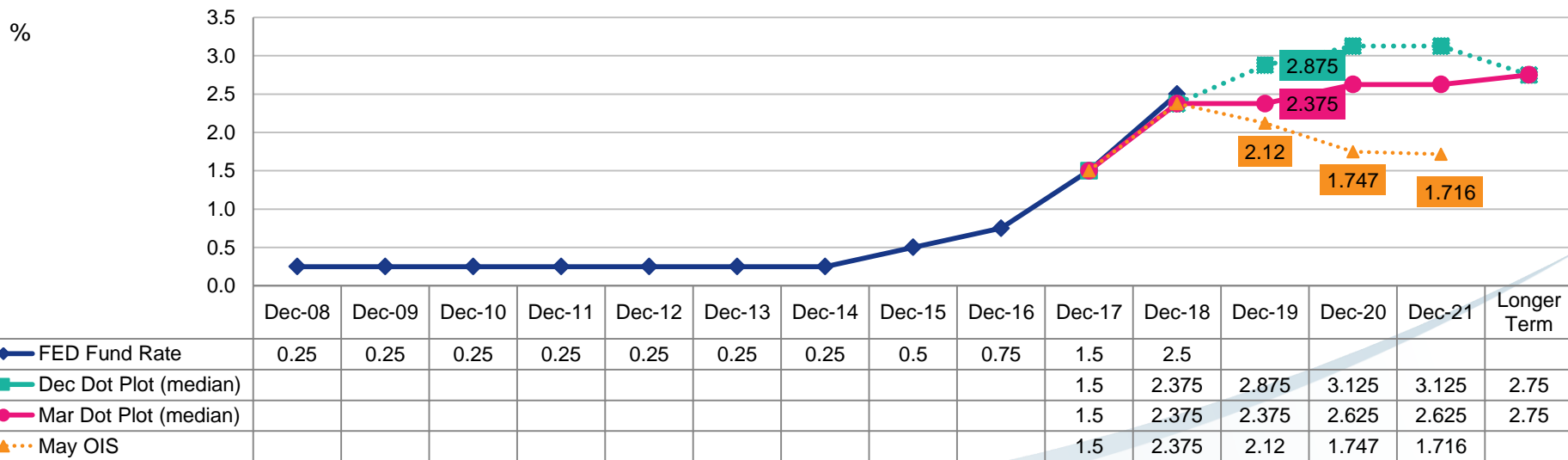
Source: Bloomberg, BBLAM



# US: FOMC minutes sent a mild hawkish tone before Trump imposing import tariff but market still hopes for an interest rate cut

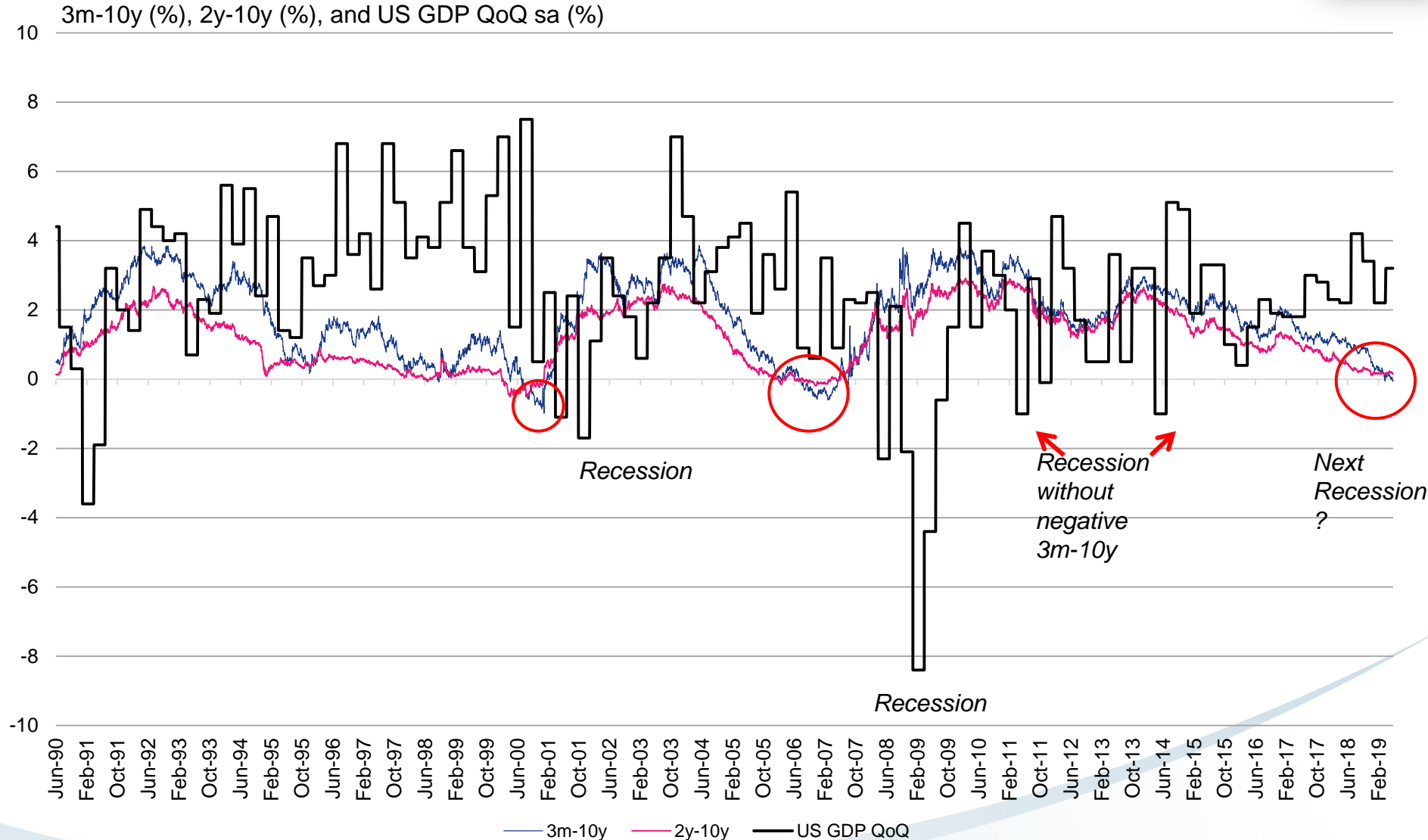
## Key FOMC Minutes (Apr 30- May 1)

- Members observed that a patient approach to determining future adjustments to the target range for the federal funds rate would likely remain appropriate “for some time”
- implying that rate cut expectations fall after FOMC minutes see patience for some time. They also had a wide discussion about the future composition of the bond portfolio.
- The Fed’s preferred gauge of price pressures, excluding food and energy, slowed to a 1.6% increase in the 12 months through Mar despite solid economic growth and a tight labor market.
- Officials are becoming more optimistic about the U.S. 2019 economic outlook before President Donald Trump’s decision to raise tariffs on Chinese imports.
- On the economic outlook, “many participants suggested that their own concerns from earlier in the year about downside risks from slowing global economic growth and the deterioration in financial conditions had receded”.





# 3m-10y turned negative spurred fears of US recession, but negative spreads did not actually lead to recession every time

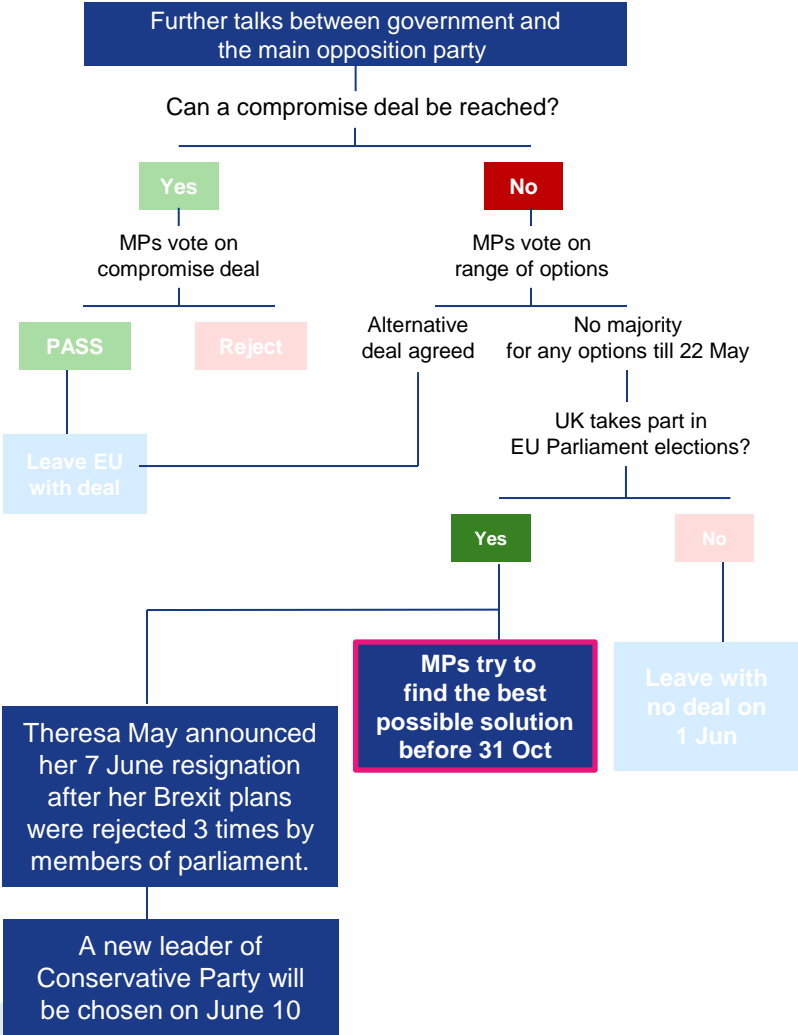


Source: Bloomberg, BBLAM



# Update on Brexit

## Option after extension Brexit to 31 October 2019



“I do so with no ill-will, but with enormous and enduring gratitude to have had the opportunity to serve the country I love.”

## Stance of candidates who will become the UK’s next prime minister

### In favor of a no-deal Brexit

- **Boris Johnson**
- Michael Gove
- Dominic Raab
- Andrea Leadsom
- Esther McVey



**Boris Johnson**

The top choice among members of Conservative Party to replace Theresa May as prime minister.

### Against a no-deal Brexit

- Rory Stewart
- Matt Hancock
- Jeremy Hunt

The chances of a no-deal Brexit are now higher than ever.





# European Election 2019

### What?

The European Parliament is directly elected by EU voters. It is responsible, along with the Council of Ministers from member states, for making laws and approving budgets. It also plays a role in the EU's relations with other countries. Each country is allocated a set number of seats, roughly depending on the size of its population. There are 751 seats in total

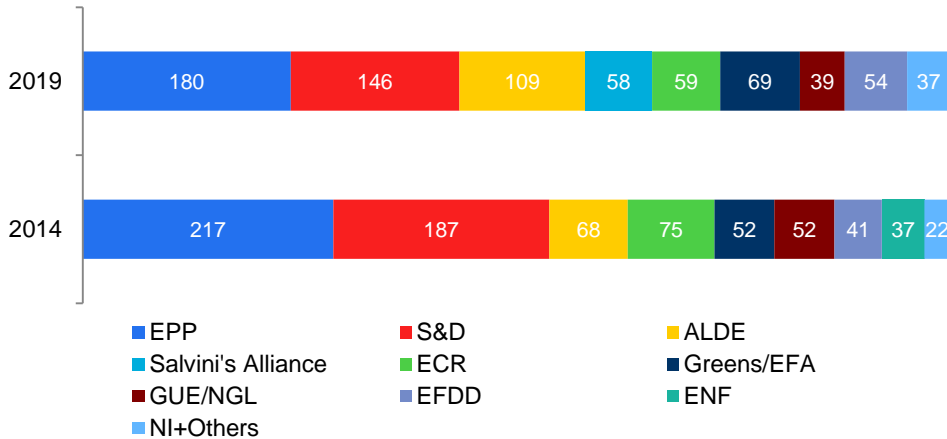
### When?

The election took place over four days last week (23-26 May).

### How many voters?

There are 426 million EU citizens which are eligible to vote. Surprisingly, this election attracted the highest voter turnout in 20 years, 50.5%, a sign that political apathy about the EU's future hasn't become the prevailing force amongst the EU citizens yet.

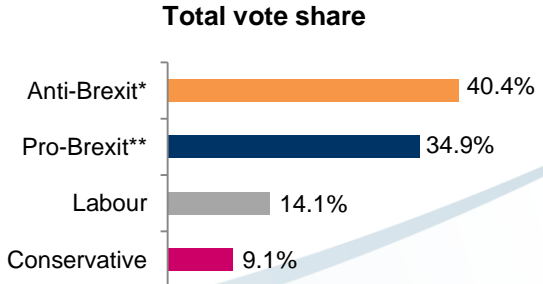
### Result - The EU political landscape has become more fragmented.



- The center-left S&D and the center-right EPP lost more than 70 seats and its majority in the EU parliament.
- Although nationalism and populism have been rising in the EU, political dynamics in terms of policies should remain the same as they did not gain enough support to prevent further EU integration.

### Result for UK

- The UK's two main parties, Conservative and Labour, were severely lost seats to the very new party, "Brexit Party" and "Lib Dems".
- The Brexit Party received the highest share of the vote in nine of the 12 regions.
- The Lib Dems took second place with 20% of the vote.
- UK is more divided than ever over Brexit.



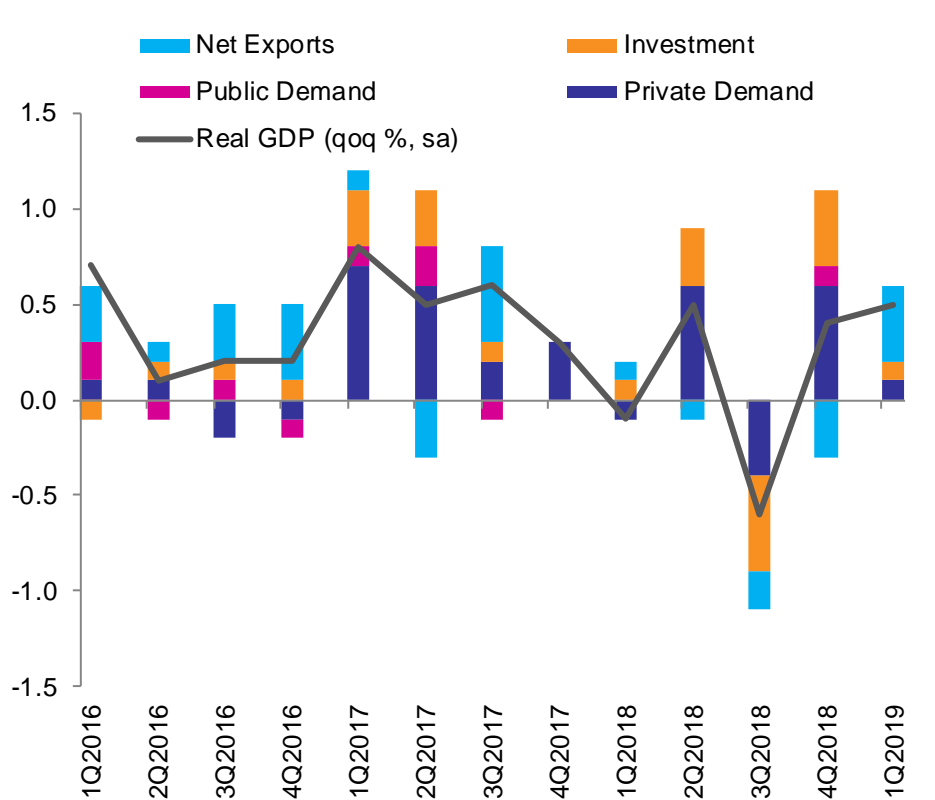
\* Lib Dems, Greens, SNP, Change UK and Plaid Cymru  
 \*\* Brexit Party and UKIP



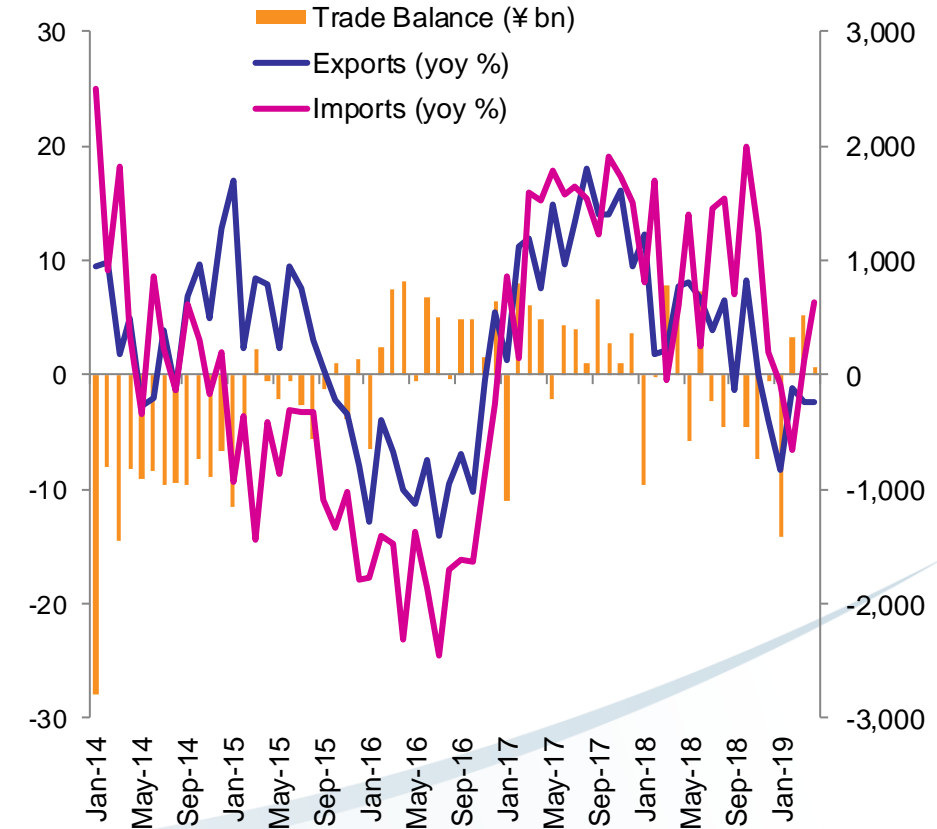
# Japan: surprise Q1/2019 GDP growth but from unhealthy reasons

Japan's preliminary Q1/2019 GDP beat market expectations as it grew by 0.5% QoQ (2.1% annualized rate) but it was mainly due to "unhealthy" reasons of imports collapse and inventories while the pillars of growth – exports, capital spending and private consumption – all declined. Meanwhile, trade uncertainties and domestic market weakness in the face of another sales tax hike remain the top two challenges for Japan's economy in 2019.

## GDP



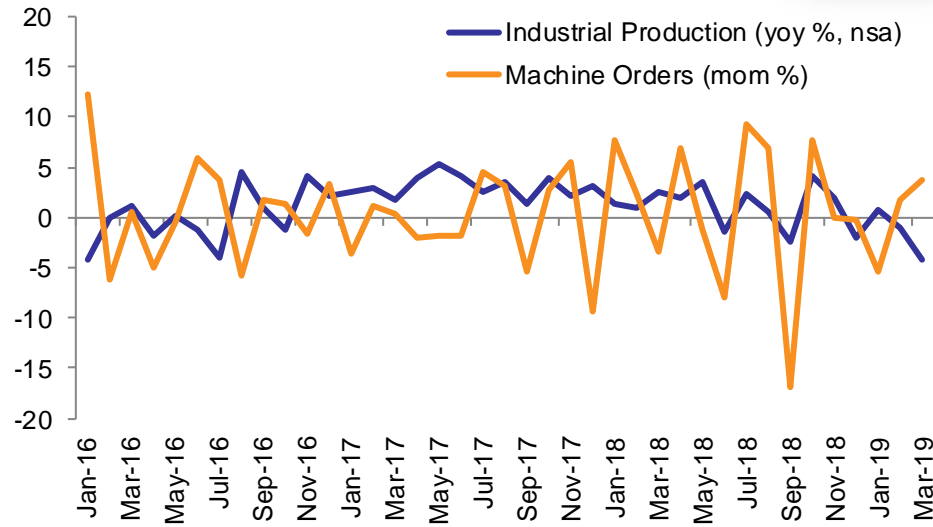
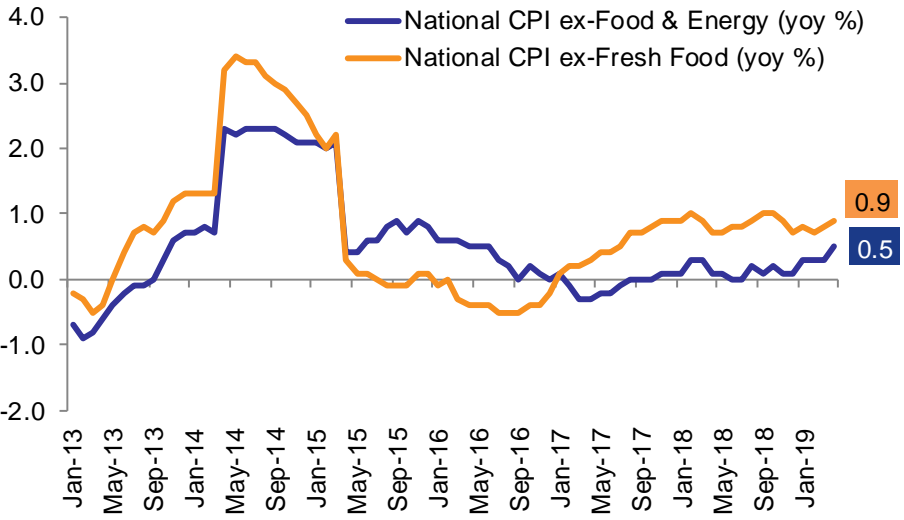
## Trade



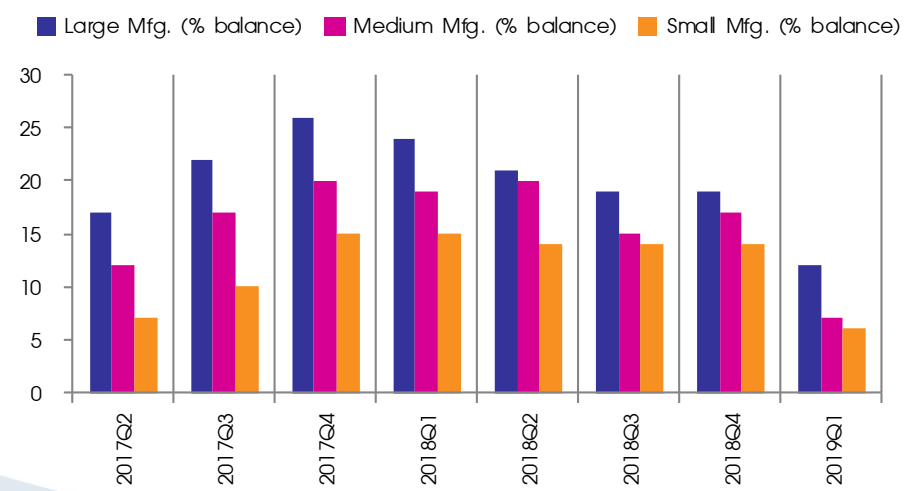
Source: Bloomberg, BBLAM



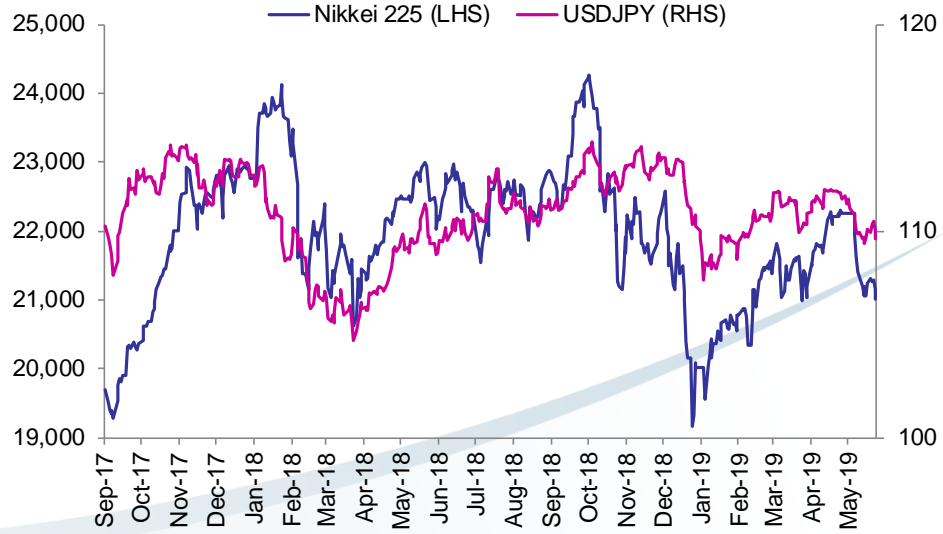
# Japan: inflation up from holiday effect



## Tankan Index



Source: Bloomberg





# BOJ's next move is expected to be more easing.

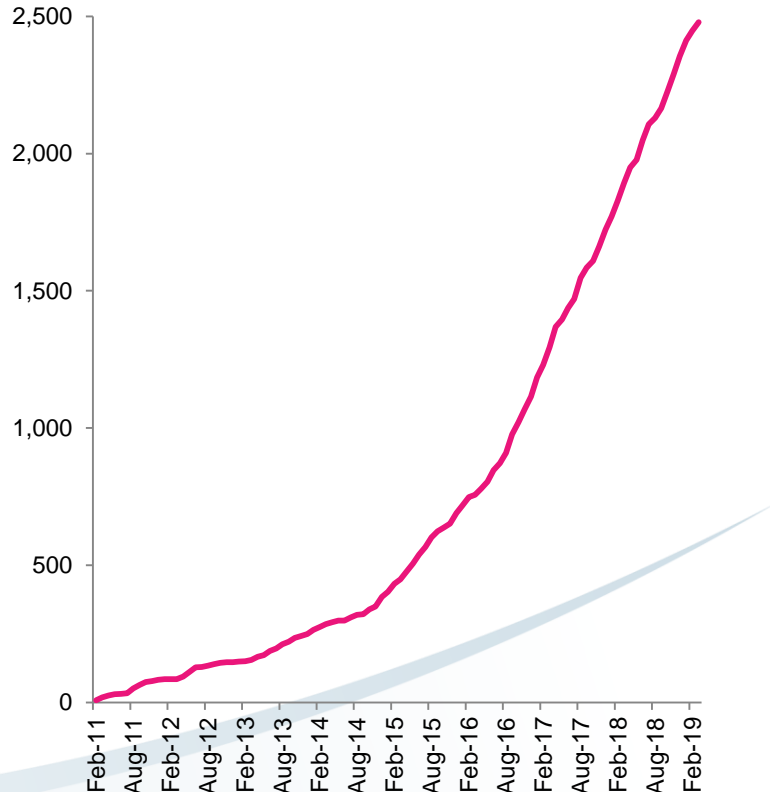
Forecasts of the majority of policy board members

y/y % chg.

	Real GDP	CPI (all items less fresh food)	(Reference) Excluding the effects of the consumption tax hike and policies concerning the provision of free education
Fiscal 2018	+0.6 to +0.6 [+0.6]	+0.8	
Forecasts made in January 2019	+0.9 to +1.0 [+0.9]	+0.8 to +0.9 [+0.8]	
Fiscal 2019	<b>+0.7 to +0.9 [+0.8]</b>	+0.9 to +1.2 [+1.1]	+0.7 to +1.0 [+0.9]
Forecasts made in January 2019	+0.7 to +1.0 [+0.9]	+1.0 to +1.3 [+1.1]	+0.8 to +1.1 [+0.9]
Fiscal 2020	+0.8 to +1.1 [+0.9]	+1.2 to +1.5 [+1.4]	+1.1 to +1.4 [+1.3]
Forecasts made in January 2019	+0.7 to +1.0 [+1.0]	+1.3 to +1.5 [+1.5]	+1.2 to +1.4 [+1.4]
Fiscal 2021	+0.9 to +1.2 [+1.2]	+1.4 to +1.7 [+1.6]	



BoJ Balance Sheet – ETF (10 Billion Yen)



Source: Bloomberg, Bank of Japan, BBLAM

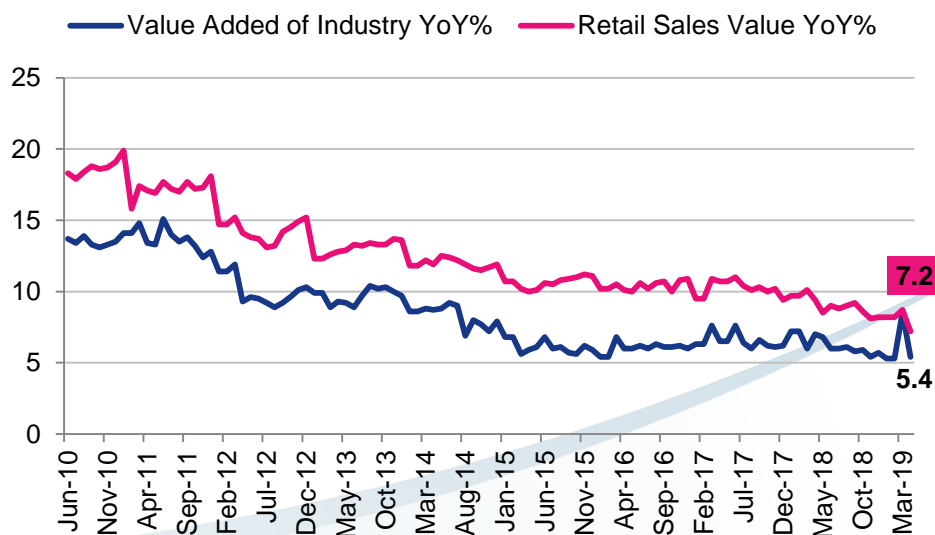


## China: activities slowed in Apr.

	Apr-19	Mar-19	Feb-19
<b>Industrial Production, YoY, %</b>	5.4	8.5	5.3
<b>MoM, %, NBS</b>	0.4	1.0	0.5
<b>MoM, SAAR, %, NBS</b>	4.5	12.3	5.7
<b>Mining, YoY%</b>	2.9	4.6	0.3
<b>Electricity, Gas &amp; Water Production, YoY%</b>	9.5	7.7	6.8
Electricity Generation (based on Volume), YoY, %	3.8	5.4	2.9
<b>Manufacturing, YoY, %</b>	5.3	9.0	5.6
Ferrous Metal Smelting & Pressing, YoY, %	11.5	8.5	7.5
Non Ferrous Metal Smelting & Pressing, YoY%	8.9	11.1	9.3
Cement (based on volume), YoY, %	3.4	22.2	0.5
Automobiles, YoY, %	-1.1	2.6	-5.3
General Equipment, YoY, %	2.0	14.1	4.4
Special Equipment, YoY, %	2.8	16.4	10.0
Electric Machinery & Equipment, YoY%	7.1	15.2	8.0
Computer, Communication & Other Electronics	12.4	10.2	6.0
<b>Upstream Sectors (26%)</b>	<b>6.8</b>	<b>9.7</b>	<b>5.7</b>
<b>Mid-down Stream Sectors (74%)</b>	<b>4.9</b>	<b>8.1</b>	<b>5.2</b>
High Value-added Sectors (27%)	5.1	11.3	4.4
Other Mid-Down Stream Sectors (47%)	4.7	6.2	5.6
<b>Service Production, YoY %</b>	<b>7.4</b>	<b>7.6</b>	<b>7.3</b>

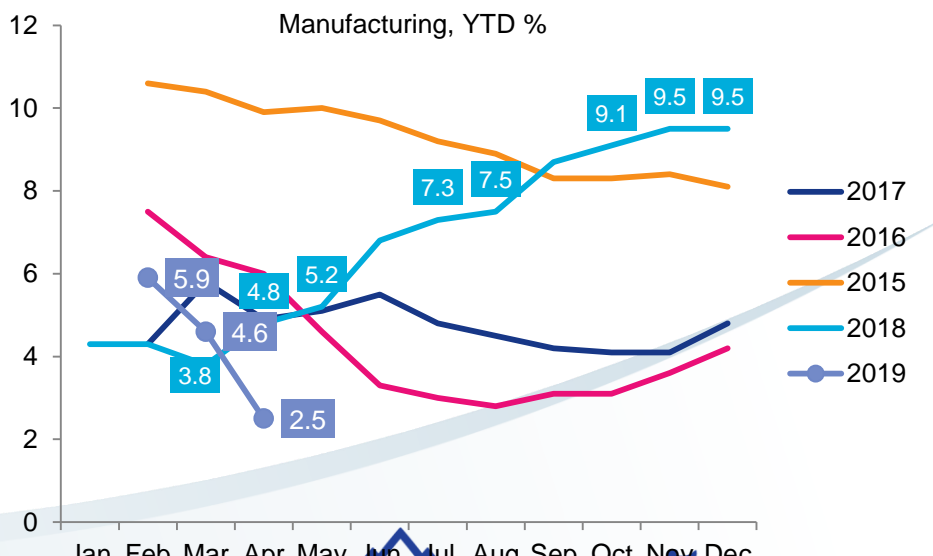
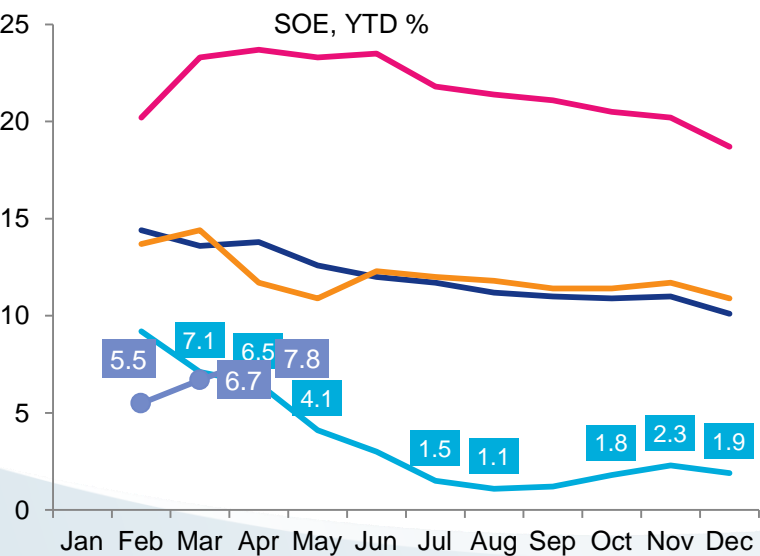
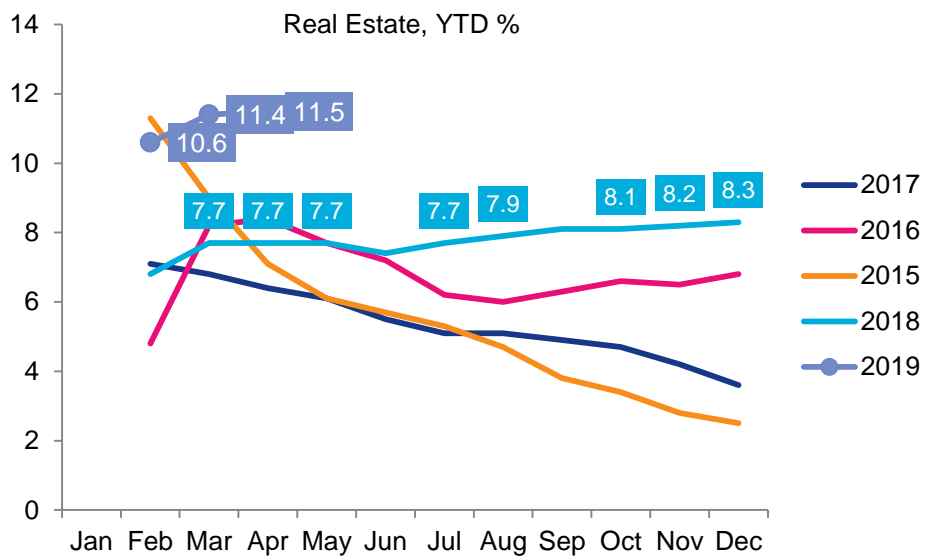
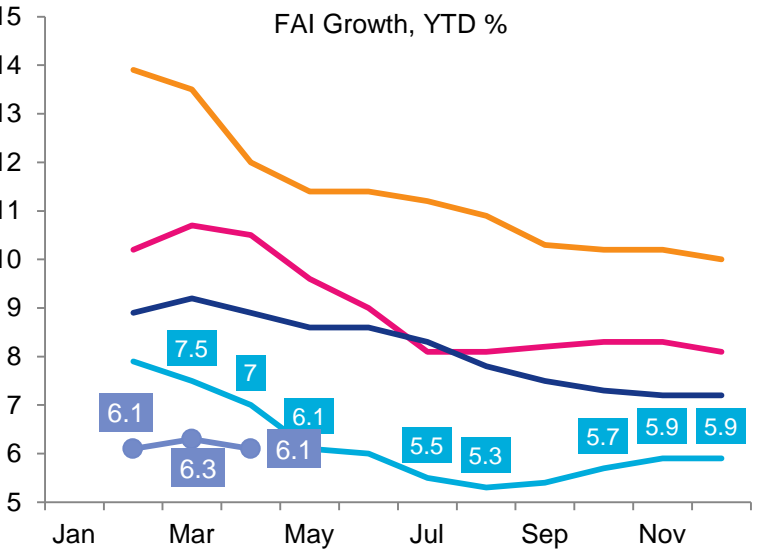
- Upstream sector growth held up relatively well on growth acceleration of steel-related sectors amid resilient infrastructure demand.
- Growth in the mid-down stream sector moderated to 4.9% YoY in Apr (vs. 8.1% in Mar), mainly dragged by high value-added sectors
- Retail sales slowed from almost all categories esp. clothing, mobile phones, furniture, and automobiles

	Apr-19	Mar-19	Feb-19
<b>Retail Sales Value, YoY, %</b>	7.2	8.7	8.2
<b>MoM, %, NBS</b>	0.5	0.8	0.5
<b>MoM, SAAR, %, NBS</b>	5.8	9.9	5.7
Clothing, YoY, %	-1.1	6.6	1.8
Cosmetics, YoY, %	6.7	14.4	8.9
Daily Use Goods, YoY%	12.6	16.6	15.9
Jewelry, YoY%	0.4	-1.2	4.4
Cultural & Office Goods, YoY%	3.6	-4.0	8.8
Mobile Phones, YoY, %	2.1	13.8	8.2
Home Appliances, YoY, %	3.2	15.2	3.3
Furniture, YoY, %	4.2	12.8	0.7
Automobiles, YoY, %	-2.1	-4.4	-2.8
<b>Retail Sales Volume, YoY, %</b>	<b>5.1</b>	<b>6.7</b>	<b>7.1</b>





# China: FAI growth in Apr was mainly dragged down by manufacturing capex

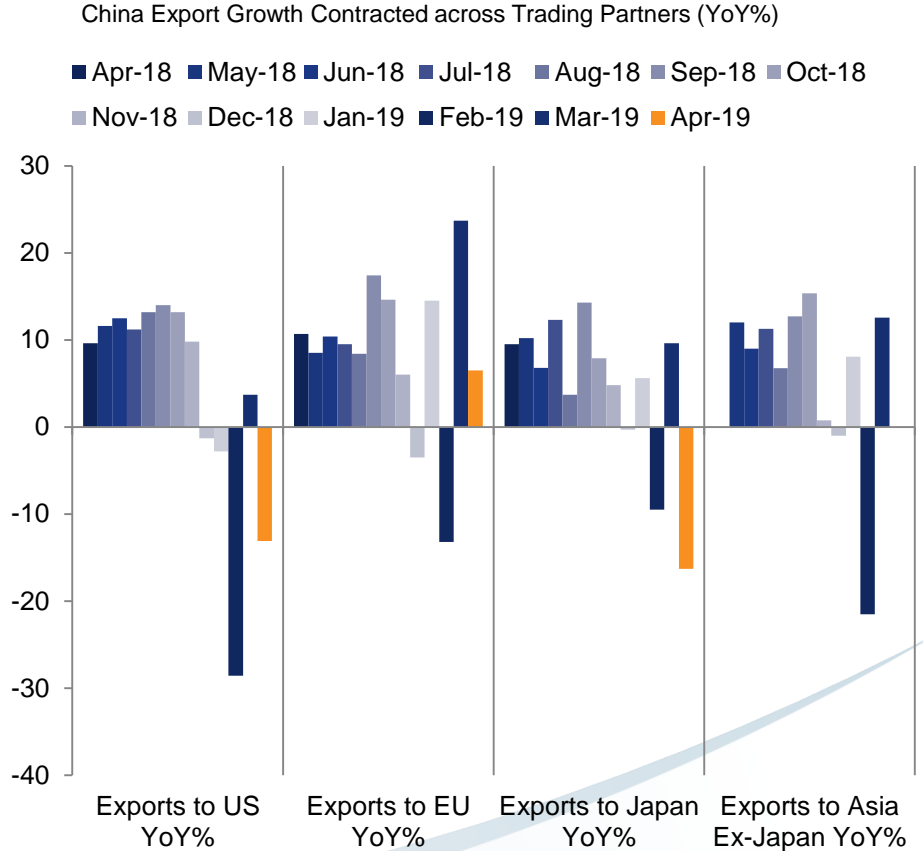
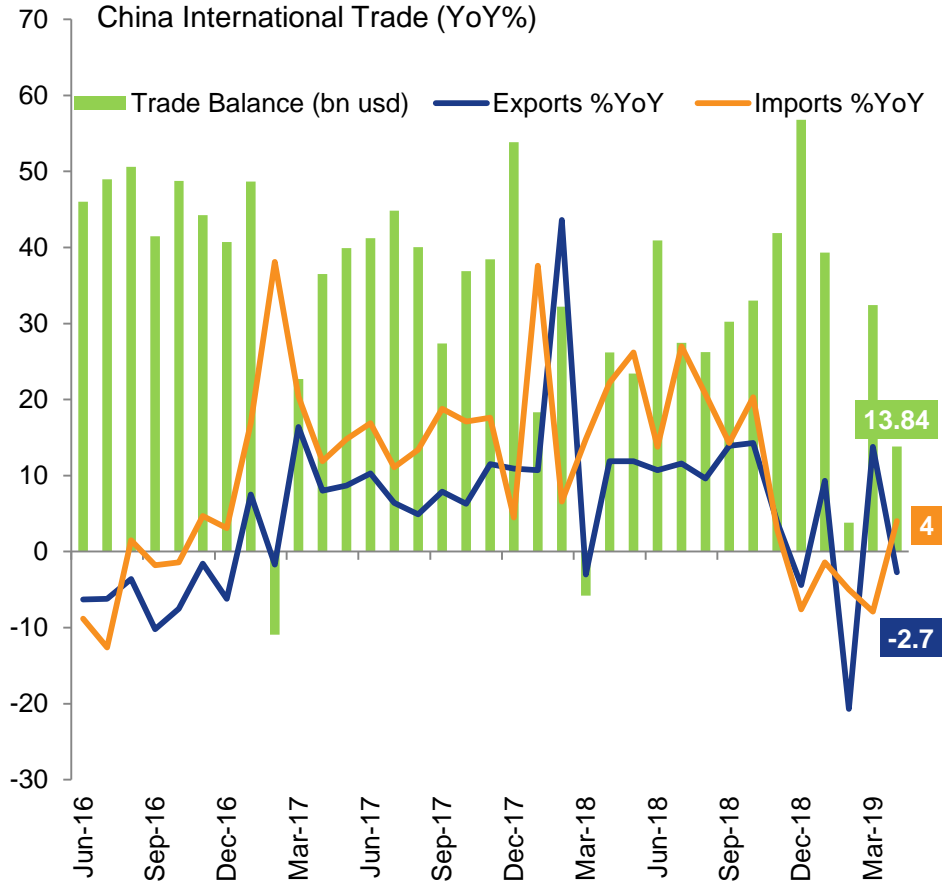


Source: Bloomberg, BBLAM



# China: weak exports reflect structural changes in smart devices and automobiles

Export growth plunged to a worse-than-expected -2.7% YoY in Apr from 14.2% in Mar, while import growth rose to a higher-than-expected 4.0% from -7.6%. The trade surplus dropped to 13.8bn usd in Apr from 32.6bn usd in Mar (monthly average in 2018: USD29.2bn). We expect China's export growth to remain weak in coming months at around zero growth on sluggish external demand, the global tech down-cycle.



Source: Bloomberg, BBLAM



# China: weak exports reflect structural changes in smart devices and automobiles

Export growth weakened on a broad base: Export to G3 countries slipped to -5.8% YoY in Apr (vs. 12.5% in Mar), with growth dropping the most for Japan (-16.3% in Apr vs. 9.6% in Mar). Meanwhile, exports to non-G3 economies dipped to -0.7% (vs. 14.7% in Mar), dragged mainly by ASEAN (0.7% in Apr vs. 24.8% in Mar) and Taiwan (4.8% in Apr vs. 25.2% in Mar).

Component wise, IC held up quite well but the down cycle in E&E and automobile have dragged China export growth.

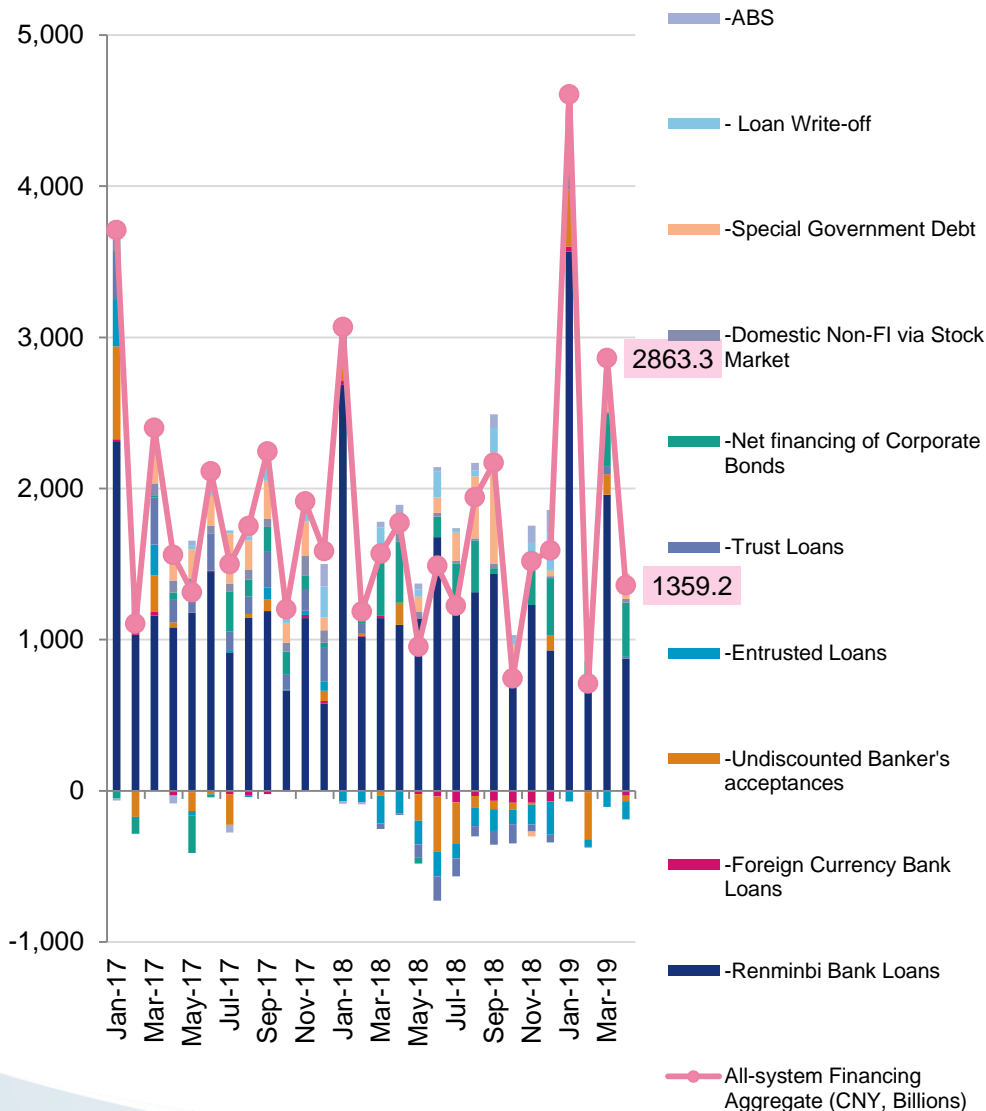
	Apr-19	Mar-19	Feb-19	Jan-19	1Q19	2018
<b>Trade Balance, US\$ bn</b>	13.8	32.4	3.8	39.3	75.9	351
<b>Exports, US\$ bn</b>	193.5	198.7	135.2	217.6	551.4	2,487
YoY, %	-2.7	13.8	-20.7	9.3	1.3	9.9
<b>By destination, YoY, %</b>						
US	-13.1	3.7	-28.6	-2.8	-9.0	10.8
Japan	-16.3	9.6	-9.5	5.6	2.4	7.3
EU	6.5	23.7	-13.2	14.5	8.1	9.9
ASEAN	0.7	24.8	-13.2	11.5	9.1	13.8
Hong Kong	-5.0	-0.9	-26.5	2.5	-6.7	7.6
Korea	-7.6	6.5	-6.9	14.0	5.2	6.3
Taiwan	4.8	25.2	-7.3	14.1	12.1	10.5
<b>Imports, US\$ bn</b>	179.7	166.0	131.1	178.4	475.5	2,136
YoY, %	4.0	-7.9	-5.0	-1.4	-4.7	15.8
<b>By product, YoY, %</b>						
Mechanical & Electrical Products	-3.2	-8.8	-9.6	-5.6	-7.9	12.8
Unwrought Copper & Products	-13.7	-19.7	-22.9	-5.0	-15.4	20.2
Steel Products	-12.7	-21.9	-21.9	-5.9	-16.3	8.4
Plastics in Primary Forms	8.4	-12.4	7.7	-4.4	-4.6	16.1
Crude Petroleum Oil	15.1	1.5	9.1	-0.5	3.1	47.7
Iron Ore & Concentrates	23.1	17.5	3.9	-2.1	6.2	-1.3
<b>FX Reserves, US\$ bn</b>	3,095	3,099	3,090	3,088	3,099	3,011
Monthly Change in FX Reserves (Adjusted for Valuation Effect), US\$ bn	4.8	-1.2	15.5	3.2	17.5	-293

YoY% Growth	Apr-19	Mar-19	Feb-19	Jan-19	2019 YTD	2018
<b>Commodities</b>						
Refined Petroleum Product	21.0%	5.5%	1.8%	39.0%	15.6%	39.6%
Steel Product	-9.3%	5.1%	-17.9%	19.5%	-1.1%	11.4%
<b>Lower Value-added Manufactured Exports</b>						
Garment & Clothing	-11.3%	20.5%	-37.7%	4.0%	-8.3%	0.4%
Textile	-6.7%	36.4%	-33.2%	14.3%	0.8%	8.0%
Furniture	2.9%	29.3%	-31.8%	12.1%	2.5%	7.6%
Footwear	4.2%	23.4%	-39.1%	6.8%	-3.2%	-2.5%
<b>Higher Value-added Manufactured Exports</b>						
Mobile Phone	-18.6%	-8.2%	-30.0%	-19.5%	-18.8%	8.2%
Computer and Software	-6.8%	-0.3%	-4.3%	9.5%	-0.6%	9.0%
Electronic Integrated Circuit	26.9%	15.1%	22.4%	28.1%	22.8%	26.3%
Auto Part & Accessory	-7.6%	10.9%	-24.2%	6.3%	-3.6%	10.8%





# China: weaker Apr credit amid temporary slowdown in government bond issuance and yuan loans



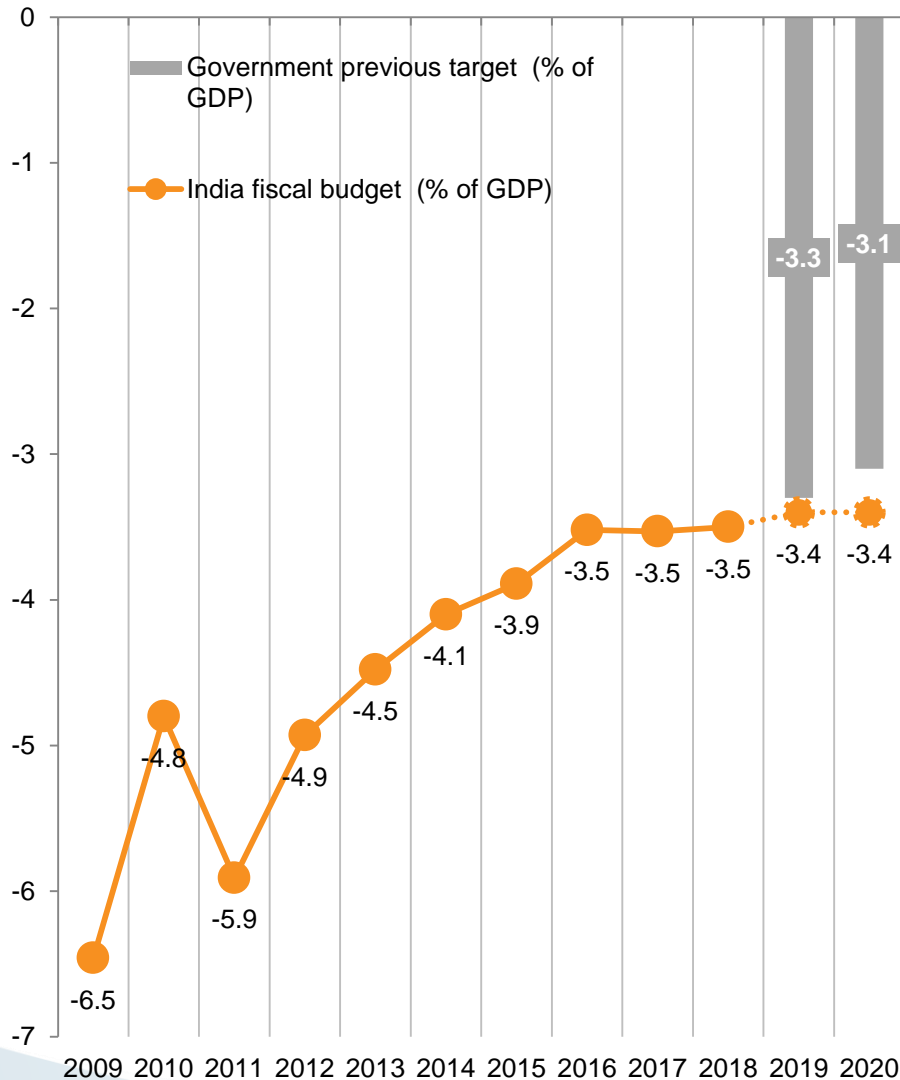
	Apr-19	Mar-19	Feb-19	Jan-19	Dec-18	2018
<b>Total Social Financing (TSF)</b>						
Newly Increased TSF (Rmb bn)	1,360	2,859	703	4,635	1,590	19,258
Outstanding TSF	10.7	11.0	10.4	10.8	10.1	10.1
Broad Credit# Growth (YoY, %)	11.3	11.7	11.2	11.4	10.6	10.6
<b>RMB Loan</b>						
Total Loan (YoY, %)	13.5	13.7	13.4	13.4	13.5	13.5
New Loan (Rmb bn)	1,020	1,690	886	3,230	1,080	16,166
Total Loan to Real Economy* (YoY%)	12.4	12.7	12.2	12.5	12.1	12.1
New Loan to Real Economy* (Rmb bn)	873	1,958	764	3,567	928	15,671
<b>RMB Deposit</b>						
Total Deposit (YoY, %)	8.5	8.7	8.6	7.6	8.2	8.2
New Deposits (Rmb bn)	261	1,720	1,310	3,270	92	13,410
<b>Money Supply</b>						
M2 (YoY, %)	8.5	8.6	8.0	8.4	8.1	8.1
M1 (YoY, %)	2.9	4.6	2.0	0.4	1.5	1.5

Source: CEIC, PBOC, Morgan Stanley Research. \*Excluding loans to NBFIs. #Defined as official TSF - equity financing + remaining government bonds.

	Apr-19	Mar-19	Feb-19	Jan-19	Dec-18	2018
<b>Newly Increased TSF, Rmb bn</b>						
<b>RMB Loans*</b>	873	1,958	764	3,567	928	15,671
Share, %	64.2	68.5	108.7	77.0	58.4	81.4
<b>FX Loans*</b>	-33.0	0.3	-10.5	34.3	-70.2	-420.1
Share, %	-2.4	0.0	-1.5	0.7	-4.4	-2.2
<b>Entrusted Loans</b>	-119.9	-107.0	-50.8	-69.9	-221.0	-1,607
Share, %	-8.8	-3.7	-7.2	-1.5	-13.9	-8.3
<b>Trust Loans</b>	12.9	52.8	-3.7	34.5	-50.9	-690
Share, %	0.9	1.8	-0.5	0.7	-3.2	-3.6
<b>Banker's Acceptance</b>	-35.7	136.5	-310.3	378.6	102.3	-634
Share, %	-2.6	4.8	-44.1	8.2	6.4	-3.3
<b>Corporate Bonds</b>	357.4	345.5	80.5	499.0	375.7	2,476
Share, %	26.3	12.1	11.4	10.8	23.6	12.9
<b>Equity</b>	26.2	12.2	11.9	29.3	13.0	361
Share, %	1.9	0.4	1.7	0.6	0.8	1.9
<b>Local Govt. Special Bond</b>	167.9	253.2	177.1	108.8	36.2	1,996
Share, %	12.3	8.9	25.2	2.3	2.3	10.4



# India: Modi looks set to win another term, fiscal policy tends to continue from the recently fiscal budget announcement in Mar.



- **Budget** The fiscal deficit was projected to be **-3.4% of GDP in FY19, from the -3.3% original projection. It is projected to remain at -3.4% in FY2020.**
- 750bn inr (10.6bn usd) support package for farmers comprising of 1) assured income of 6,000 inr per year for 120m of farmers with land holding under two hectares.
- 2% interest subvention to those pursuing animal husbandry and fisheries.
- 190bn inr for rural roads program in FY2020 - an unchanged amount from the allocation in FY2019. Increase in allocation to Rural Employment Guarantee program by 50bn inr to 600bn inr for FY2020.
- 3 trn inr for defence spending.
- Personal income up to 500,000 inr exempt from income tax. Increase in the standard deduction for income tax to 50,000 inr from 40,000 inr. Increase in the limit on tax deduction at source (TDS) from 10,000 to 40,000 inr.
- Easing of tax rules for property - income tax exemption on a second residential house and considerations for easing of goods and services tax (GST) burden for homebuyers.
- FY2020 net borrowing set at -7.04 trn inr with a planned reduction in the debt-to-GDP ratio to 40% by FY2025 from estimated 49% for FY19.



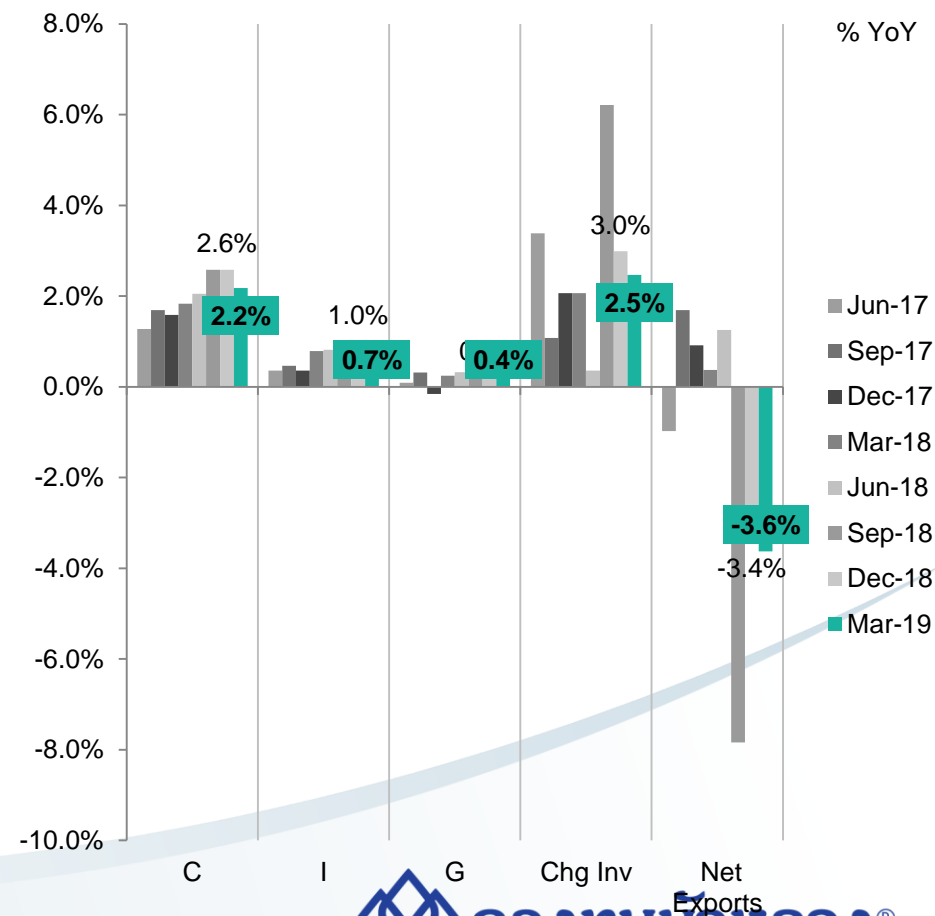
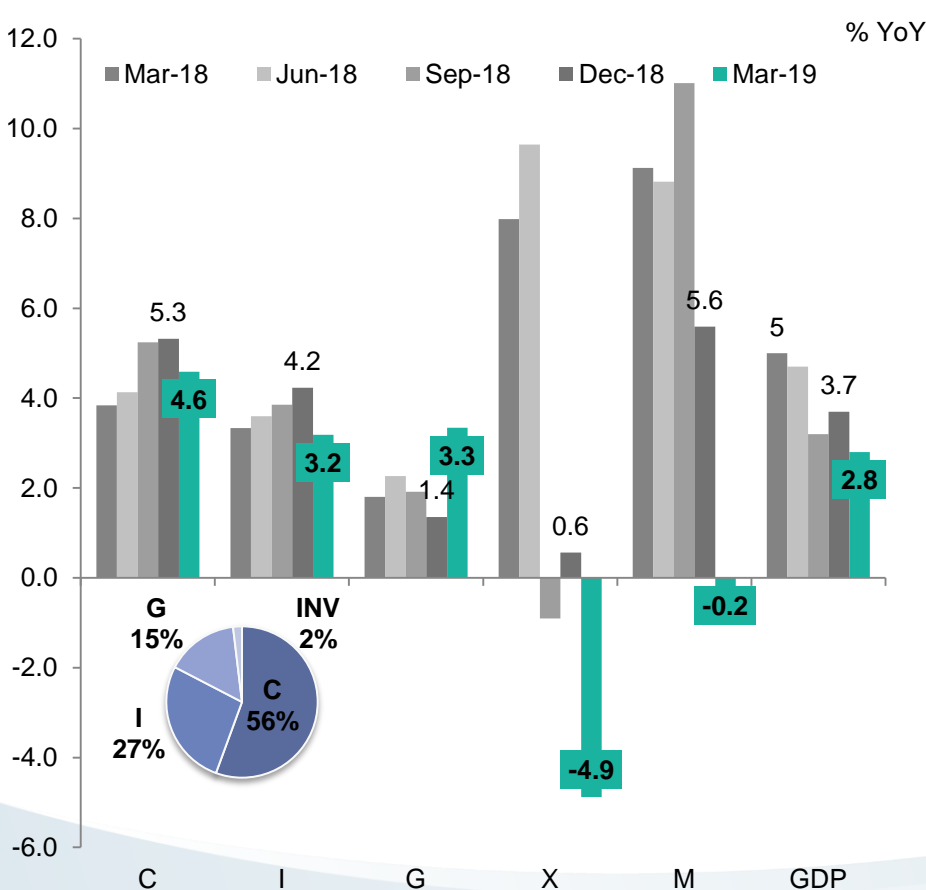
## Thailand snapshot: Apr data poised to slow momentum

	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19
<b>Private consumption index (% YoY)</b>	5.6	3.7	4.7	7.4	2.5	6.8	3.8	2.6	5.6	3.5	2.6	
<b>Durable goods purchases (% YoY)</b>	9.5	10.7	11.5	14.5	6.1	10.8	7.7	2.6	5.9	5.2	4.8	
<b>Private investment index (% YoY)</b>	2.4	5.1	2.7	4.2	-1.8	3.2	3	-0.5	1.8	-2.8	-2.1	
<b>Manufacturing production index (% YoY)</b>	3.2	5	4.6	0.8	-2.7	5.8	0.9	1.2	0.6	-1.3	-2.5	
<b>Capacity utilisation, SA</b>	69.4	70.1	69.6	68.5	68	70.1	70.4	67.47	69	68.1	68	
<b>Nominal farm income (% YoY)</b>	10.3	3.3	4.89	2.73	-4.04	5.52	-6.0	7.5	4.78	3.03	-3.7	-1.8
<b>Agricultural production (% YoY)</b>	16	7.1	5.79	5.88	2.2	5.89	-4.2	9.3	5.23	2.39	-1.55	-1.12
<b>Agricultural prices (% YoY)</b>	-4.9	-3.5	-0.9	-2.98	-6	-0.35	-1.8	-1.62	-0.42	0.63	-2.33	-0.66
<b>Current account (USD bn)</b>	1	4.1	1.1	0.75	2.4	1.9	1.6	5.0	2.3	6.5	6.1	
<b>Number of foreign tourists (mn)</b>	2.8	3	3.2	3.2	2.7	2.7	3.17	3.8	3.72	3.57	3.47	3.2
<b>Number of foreign tourists (% YoY)</b>	6.4	11.6	2.8	3	2.1	-0.5	4.5	7.7	4.9	0.2	-0.7	3.3
<b>Tourists from China (28% of total) (% YoY)</b>	14	18.1	-0.9	-11.8	-14.9	-19.8	-14.6	2.8	10.3	-12.3	-1.9	-8.9



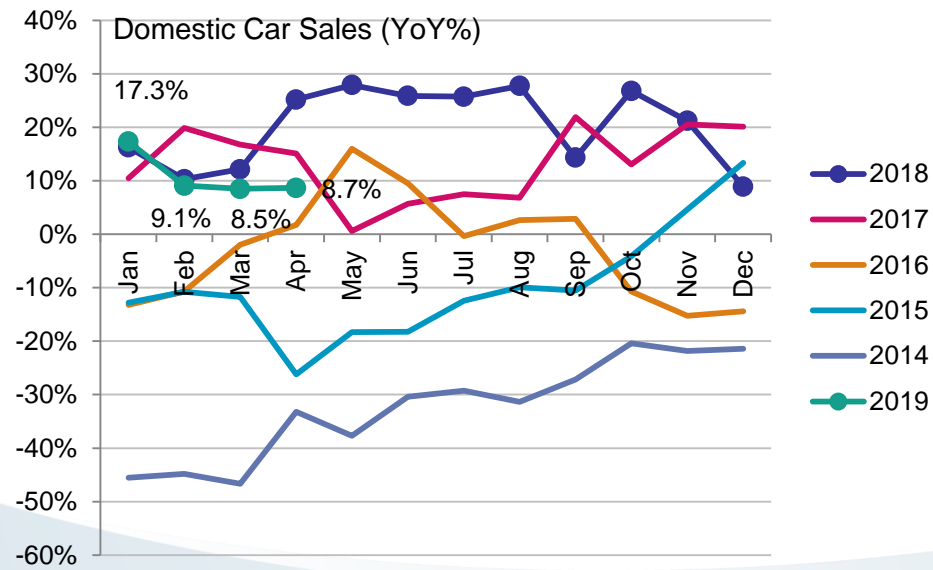
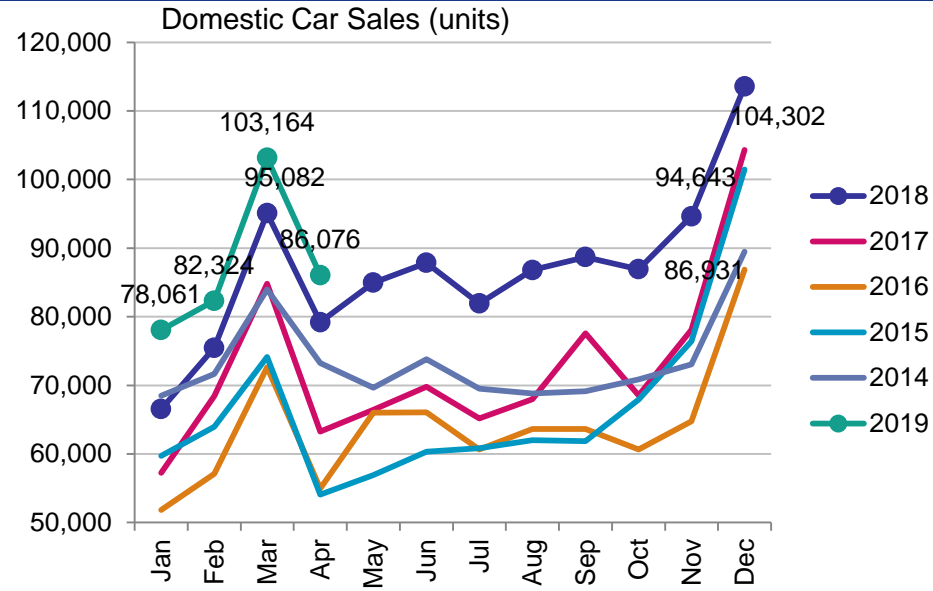
# Thailand GDP: Q1/2019 expanded at 2.8% YoY down from 3.6% YoY prev. , dragged by exports and investment

- Thai economy grew at 2.8% YoY (vs prev 3.6% YoY). On expenditure side, most components slowed from previous quarter except government expenditure. Meanwhile exports faced sharp contraction at -4.9% YoY down from 0.7% YoY in Q1.
- On the production side, Non-agricultural sector decelerated (3.0% YoY vs prev 4.0% YoY) as a result of slowdown in both manufacturing and service sectors. Agricultural sector was up a little bit to 0.9% YoY from 0.7% YoY in Q1
- Comparing with previous quarter, GDP grew at 1.0% QoQ sa from 0.9% QoQ sa in Q1.

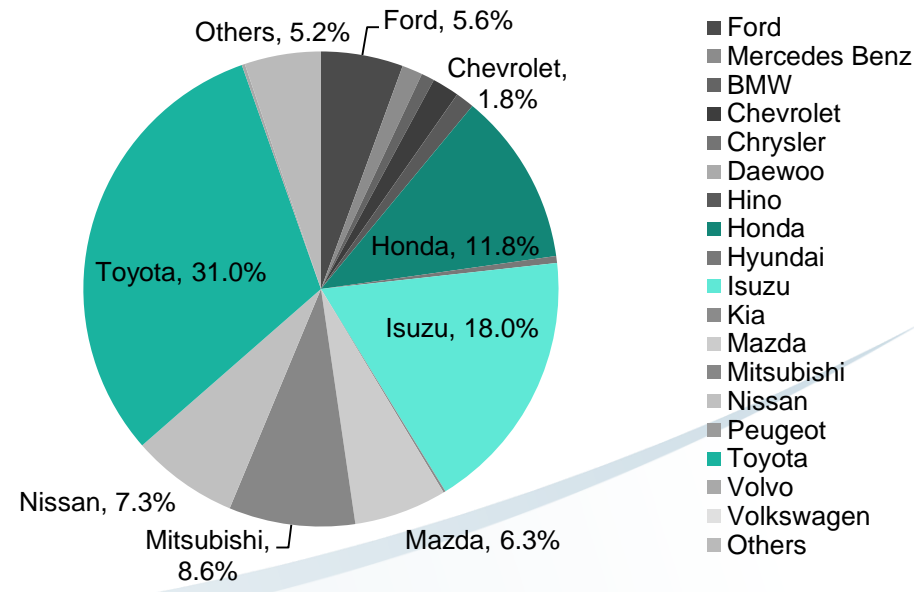




# Thailand: Apr car sales remained firm



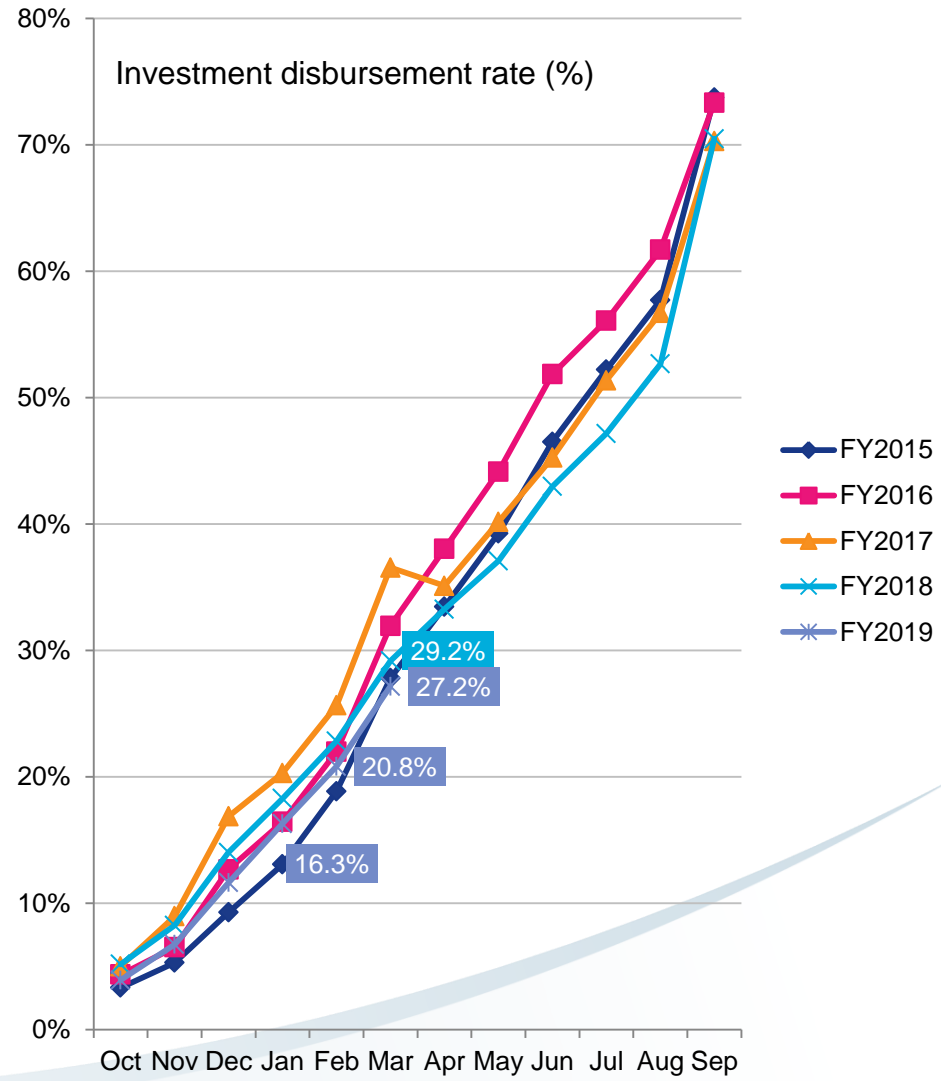
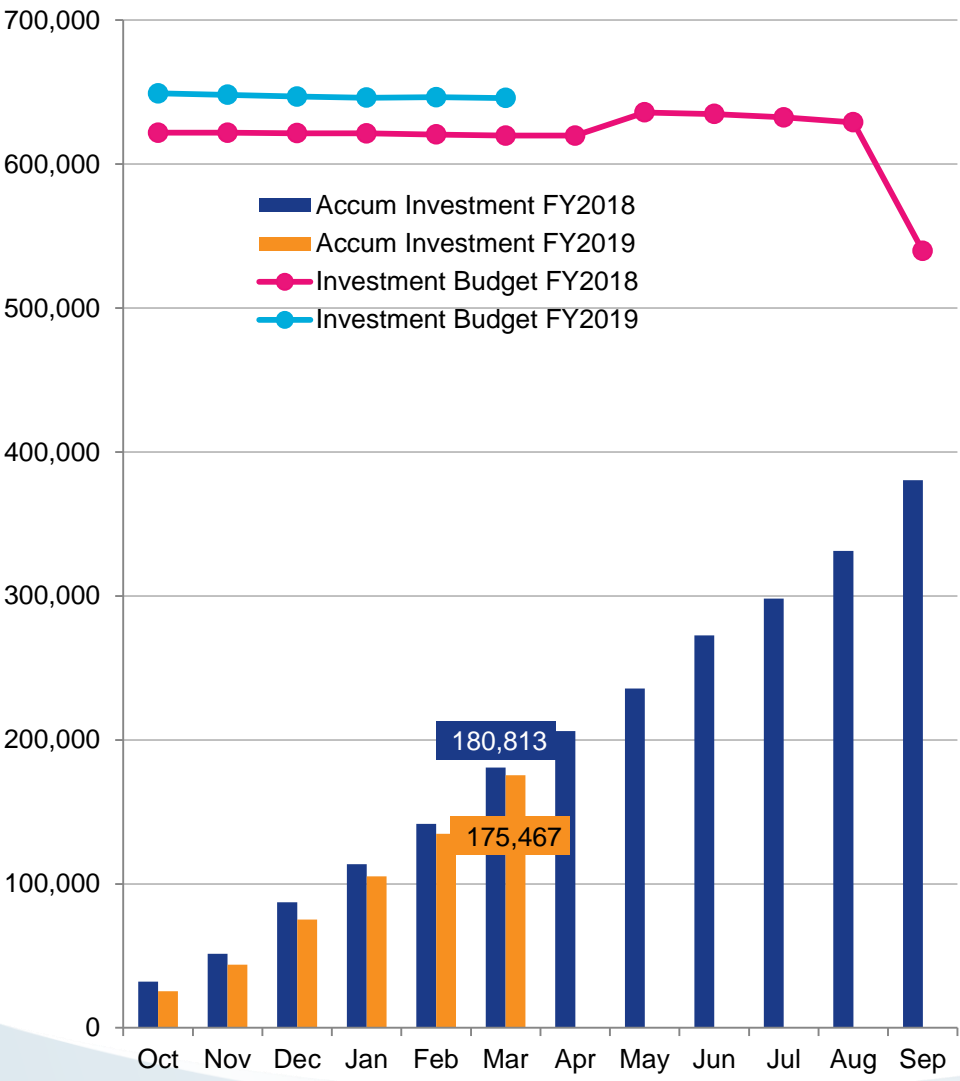
- Domestic car sales remained firm in Apr. Sales of cars in Apr totaled 86.1k, 8.7% YoY (vs. 8.5% in Mar) marking 349.6k cars sales YTD in the domestic market (10.5% YoY).
- Passenger car sales totaled 34.9k, an acceleration of 16.9% YoY from 15.2% the previous month.
- Commercial car sales slowed somewhat (3.7% YoY vs. 4.6% prev.) owing to a decline of large commercial car sales (-8.6% YoY) although one-ton pickup sales remained firm (7.2% YoY).



Source: FTI, Bloomberg, BBLAM



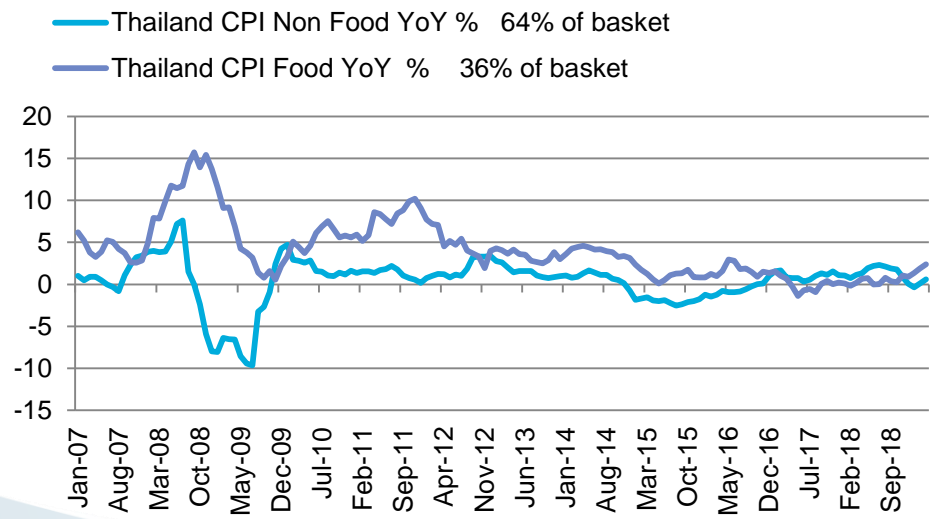
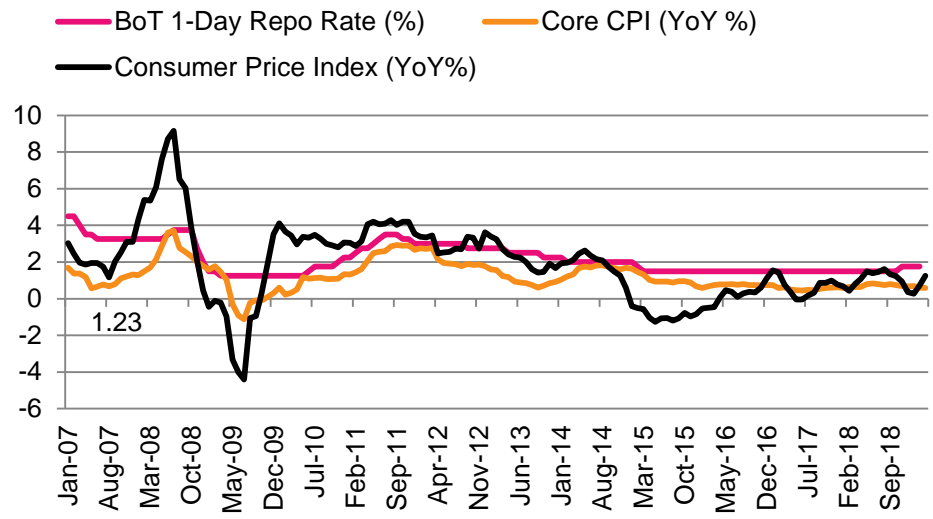
# Thailand: investment disbursement rate still lack behind FY2018



Source: MOF, BBLAM



# Thailand inflation up 1.23% YoY from food and energy price



Apr headline inflation (1.23% YoY vs prev 1.24% YoY) came in firm on the back of rising energy and food price.

YTD headline inflation up 0.87% and should surpass 1.0% by Q2/2019 before dipping down in Q3 from high base last year.

We hold the 2019 inflation projection at 1.0% this year.

	April	March	Feb.	Jan.	Dec.	Nov.
	2019	2019	2019	2019	2018	2018
	Y/y%					
<b>CPI</b>	1.23%	1.24%	0.73%	0.27%	0.36%	0.94%
<b>Core CPI</b>	0.61%	0.58%	0.60%	0.69%	0.68%	0.69%
<b>Food</b>	2.20%	2.38%	1.89%	1.34%	0.90%	1.04%
Rice & Cereal	3.33%	4.58%	5.15%	5.02%	4.58%	4.12%
Meat, Poultry & Fish	3.33%	4.70%	4.50%	3.04%	1.41%	1.01%
Egg & Milk	0.29%	0.81%	2.06%	2.32%	1.35%	1.07%
Vegetables & Fruits	4.26%	2.77%	-1.52%	-4.36%	-4.96%	-3.25%
Seasonings & Condiments	3.39%	2.81%	2.62%	2.16%	2.06%	2.19%
Non-Alcoholic Beverage	0.66%	0.74%	0.61%	0.90%	1.39%	1.66%
Food within household	0.75%	0.75%	0.75%	0.93%	0.93%	0.94%
Food outside household	1.80%	1.85%	1.84%	2.05%	1.98%	2.11%
<b>Non Food</b>	0.67%	0.58%	0.09%	-0.36%	0.06%	0.87%
Clothing & Footwear	0.35%	0.32%	0.58%	0.22%	0.26%	0.20%
Housing	0.52%	0.61%	0.68%	0.76%	0.58%	0.53%
Personal & Medical Care	0.34%	0.33%	0.34%	0.67%	0.55%	0.38%
Transportation	1.06%	0.79%	-0.66%	-1.92%	-0.65%	1.59%
Recreation & Education	0.32%	0.30%	0.29%	0.29%	0.29%	0.31%
Tobacco & Alcoholic Bvg	-0.03%	-0.01%	0.01%	0.01%	0.19%	0.23%
<b>Raw Food &amp; Energy</b>	2.88%	3.01%	1.10%	-0.87%	-0.48%	1.59%
Raw Food	3.30%	3.75%	2.64%	1.14%	0.11%	0.33%
Energy	2.33%	2.07%	-0.90%	-3.51%	-1.24%	3.29%

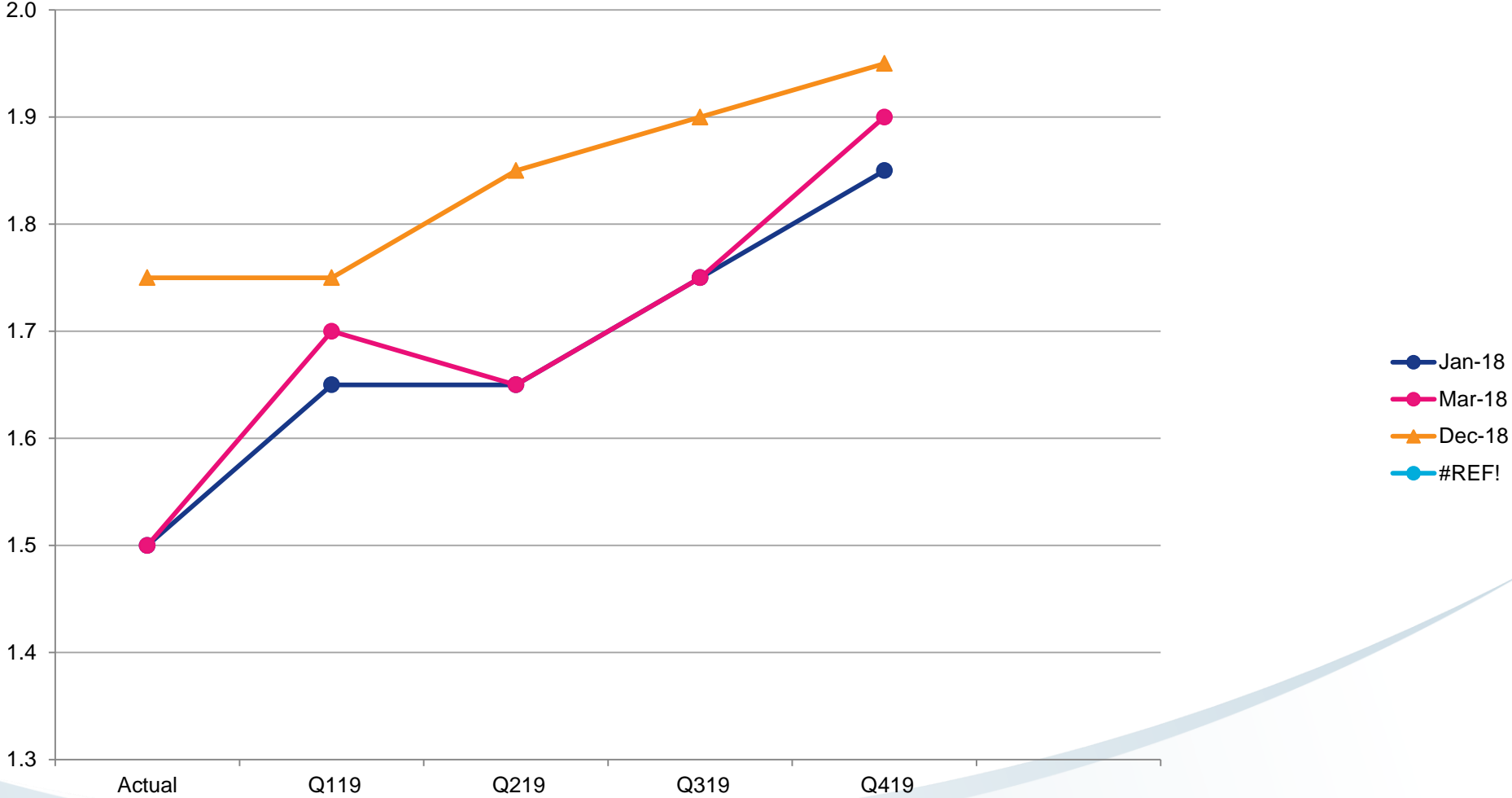
Source: Bloomberg, BBLAM





# Given slow economic growth, we expect MPC to hold rate at 1.75% this year

Thailand Policy Rate: Market Consensus (%)

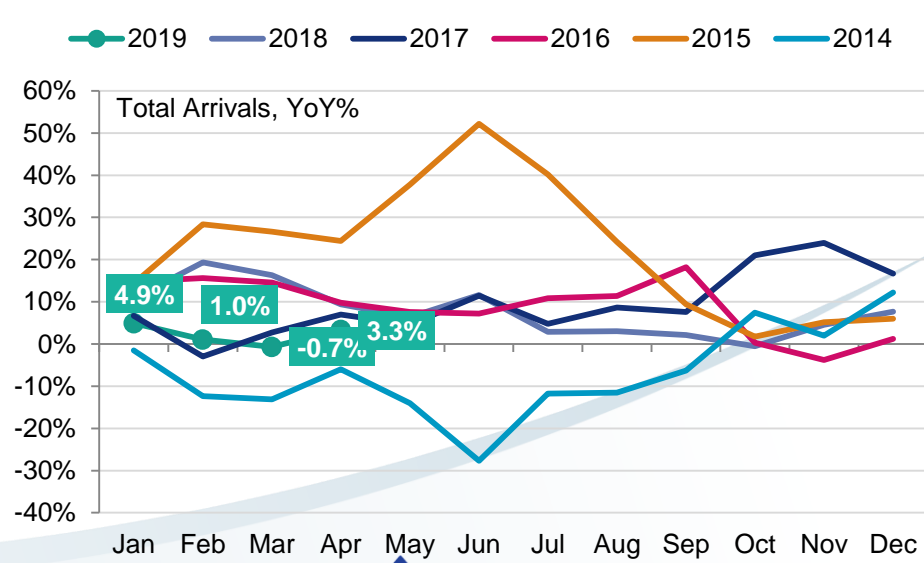
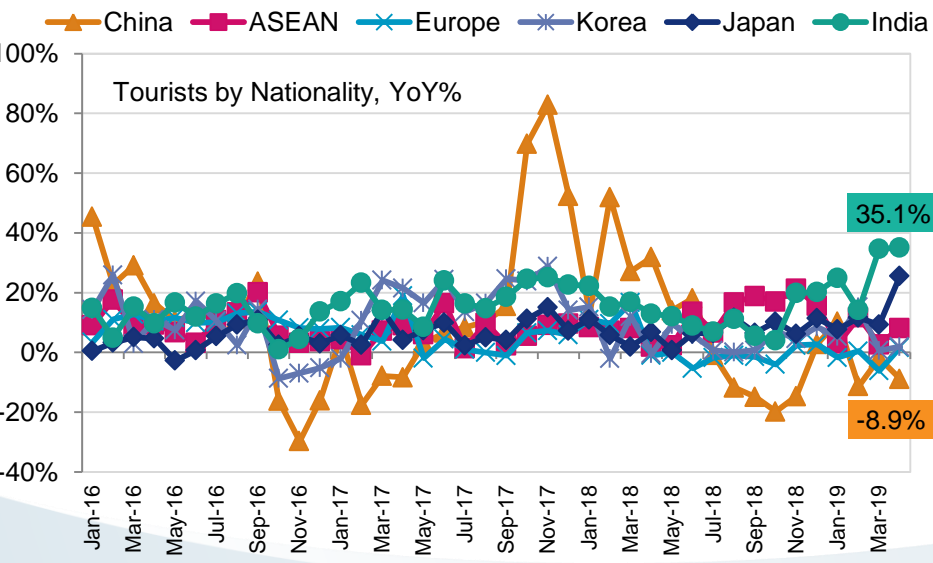
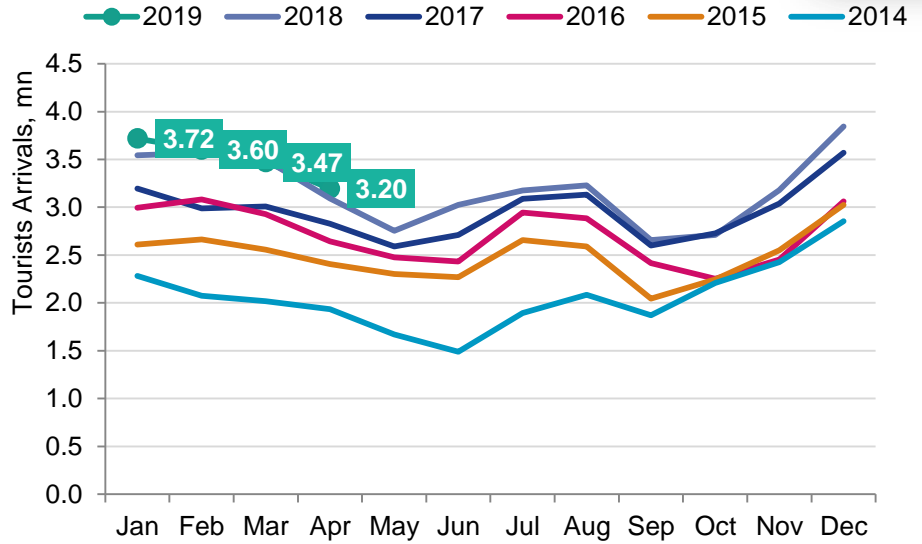
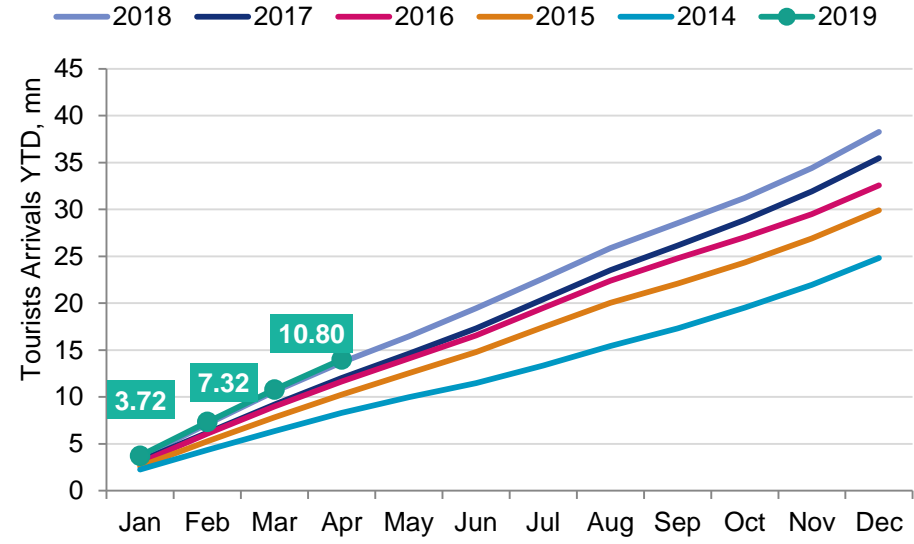


Source: Bloomberg, BBLAM





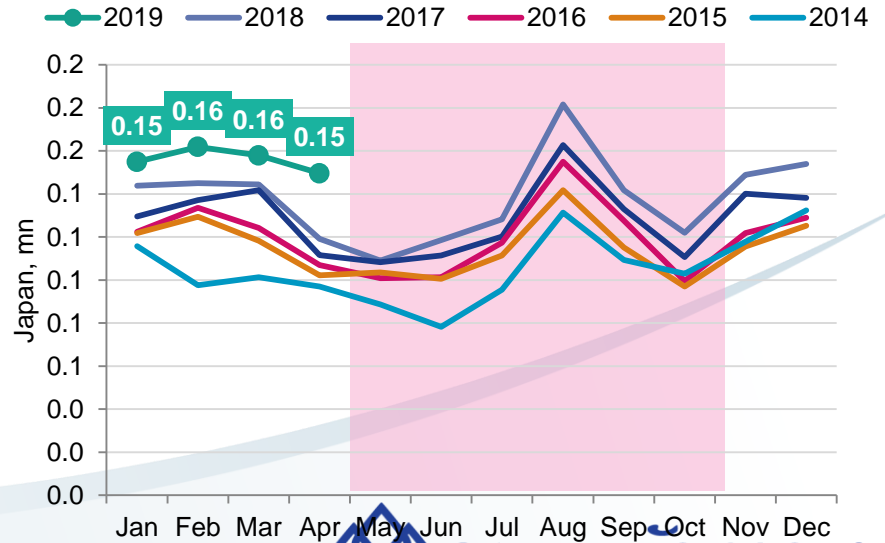
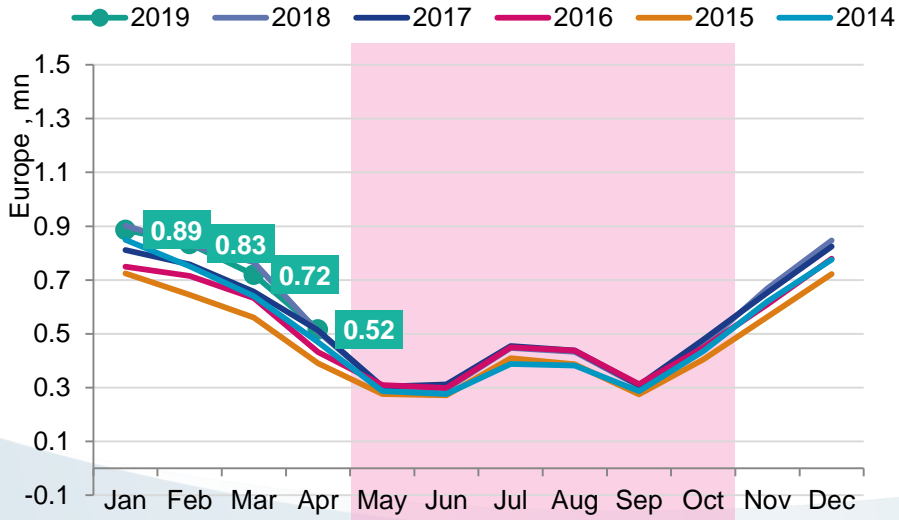
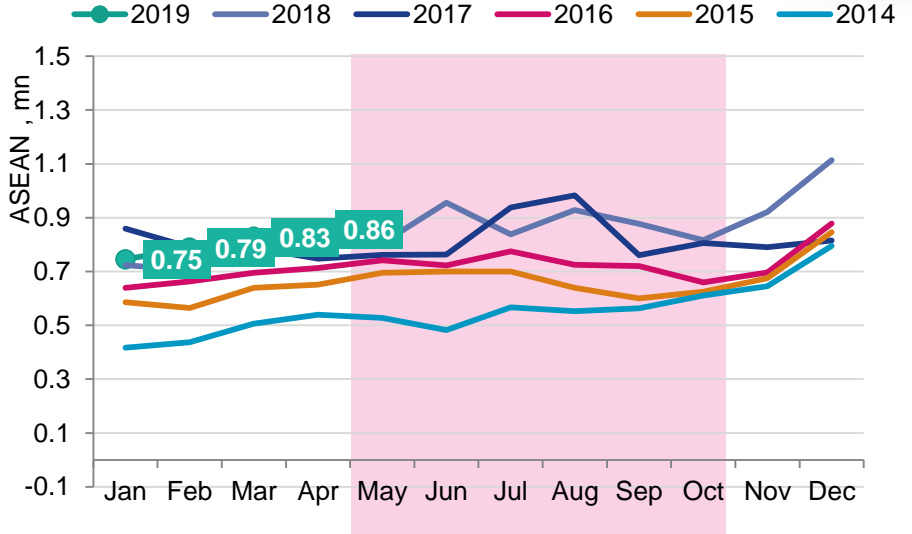
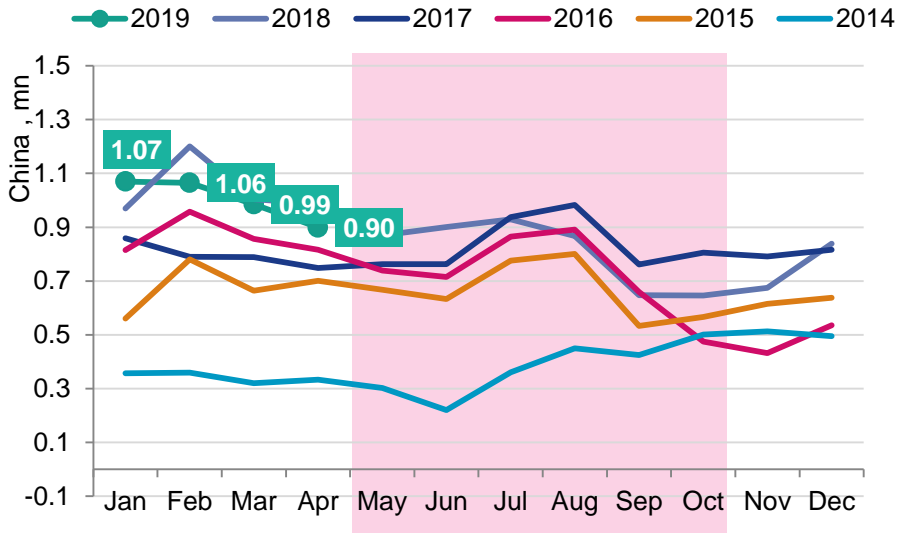
# Thailand: foreign tourist arrivals up 3.3% YoY (vs prev -0.7% YoY) up from all top-10 except China



Source: Bloomberg, BBLAM



# Thailand: foreign tourist arrivals up from Japanese tourists

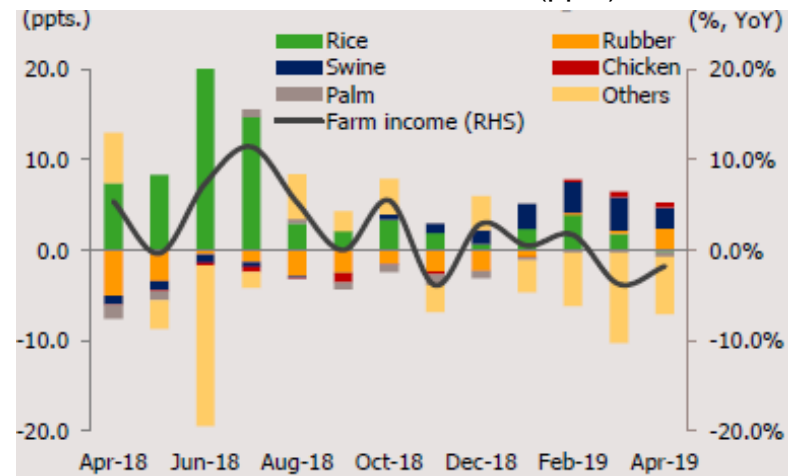


Source: Bloomberg, BBLAM



# Thailand: farm income contracted from sugarcane

Farm Income Contribution to Growth (ppts)



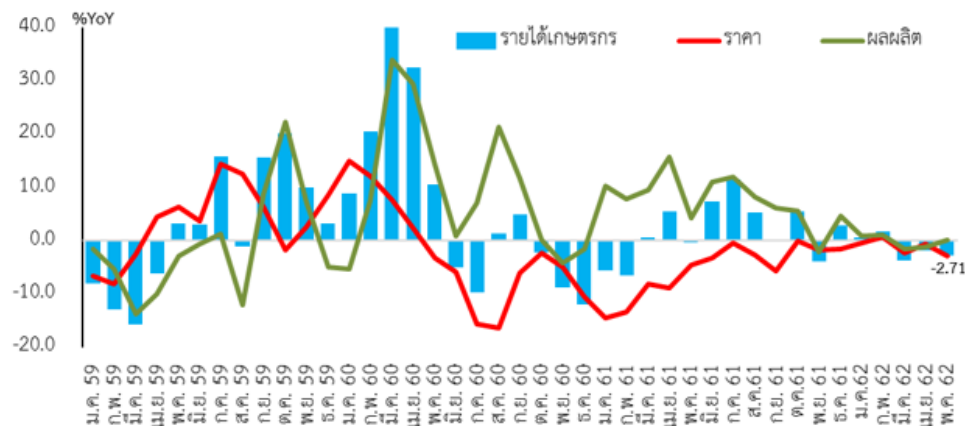
- Farm income in Apr declined, at slower pace (-1.8% YoY vs -3.7% in Mar), as farm prices saw a smaller contraction.
- In terms of product, contribution from rubber (+2.4 ppt) accelerated as its price grew by the strongest level since Jul 2017.
- Contribution from swine (+2.3 ppt) remained firm.
- On the other hand, contribution from sugarcane continued to be negative (-5.5 ppt), while contribution from rice (-0.2 ppt) ticked down on lower production.
- On a YTD basis, farm income fell by -0.8% YoY.

รายการ	2561	2561			2562			
		ครึ่งปีแรก	ครึ่งปีหลัง	ไตรมาส 4	ไตรมาส 1	มีนาคม	เมษายน	พฤษภาคม(p)
รายได้เกษตรกร	0.47	-0.04	1.80	0.28	-0.56	-3.74	-1.77	-2.71
ผลผลิตสินค้าเกษตร	6.49	9.73	3.96	1.44	0.14	-1.55	-1.12	0.12
ราคาสินค้าเกษตร	-5.66	-8.91	-2.07	-1.15	-0.70	-2.23	-0.66	-2.83

Farm Price by Product (YoY%)

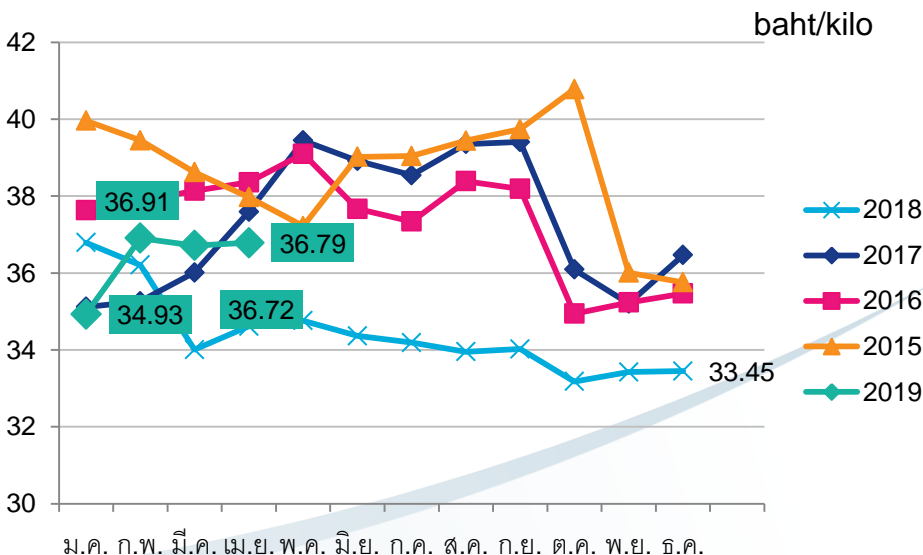
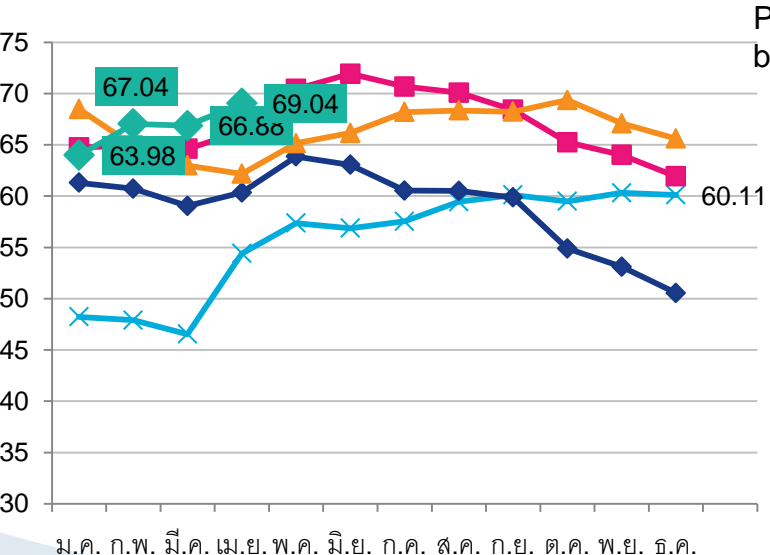
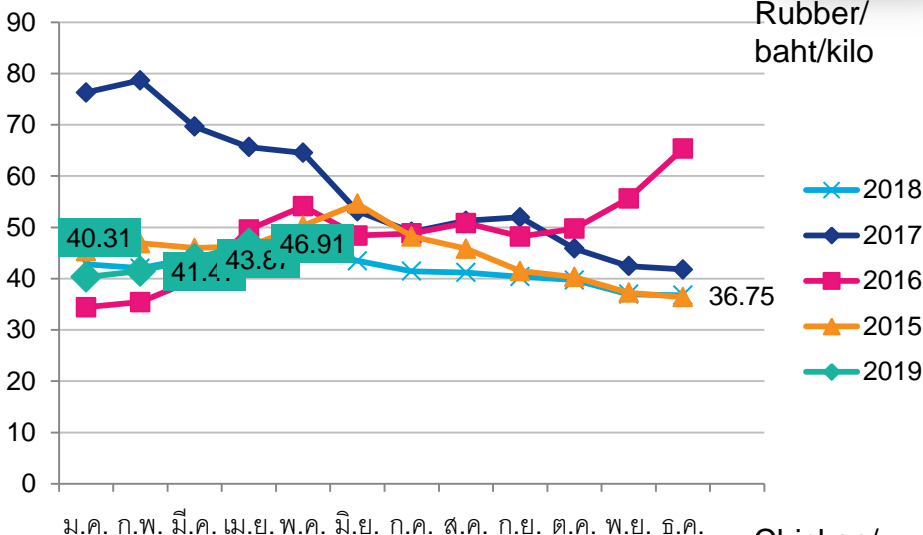
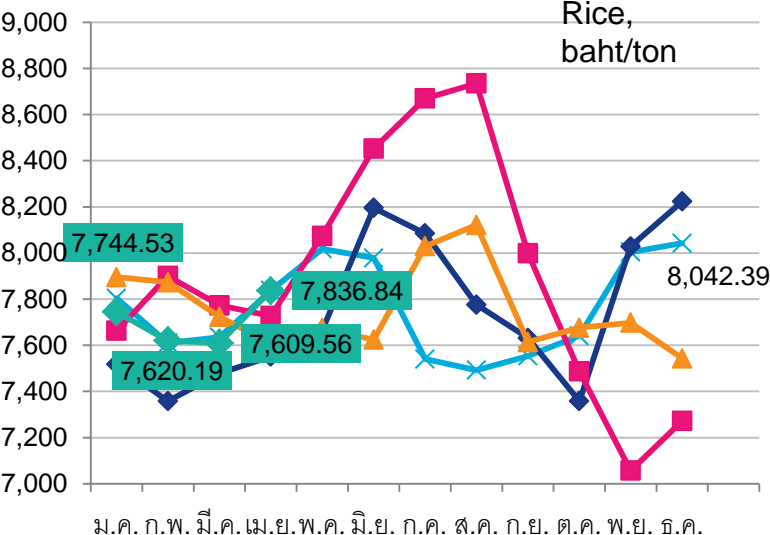


Farm Income (% YoY)





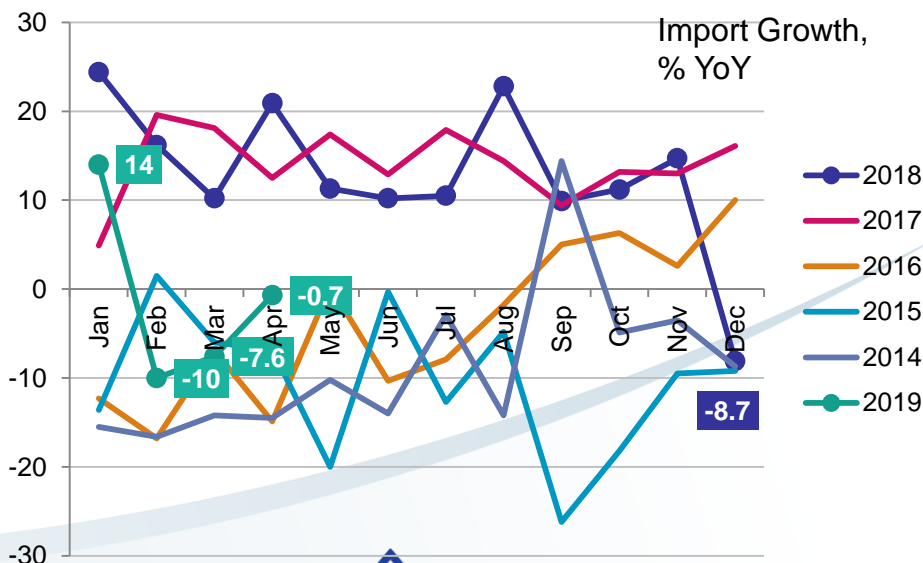
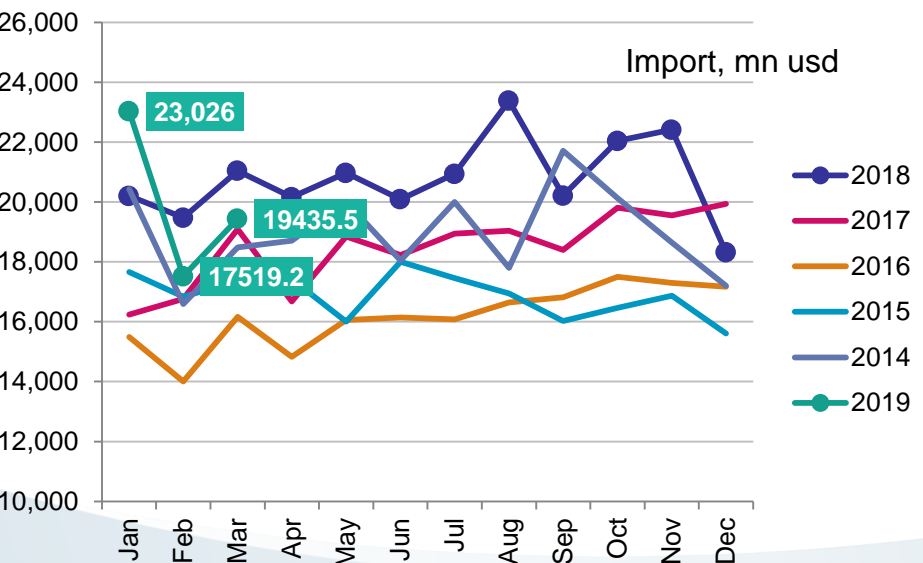
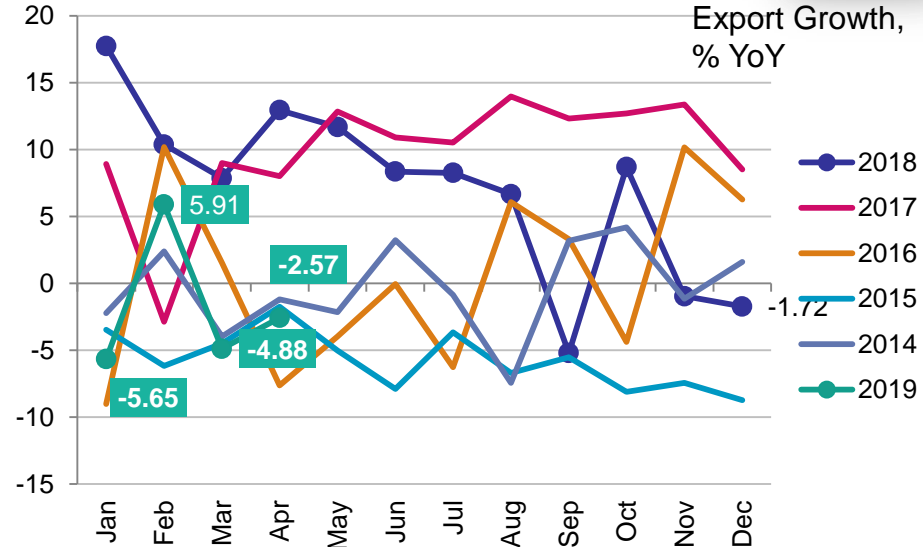
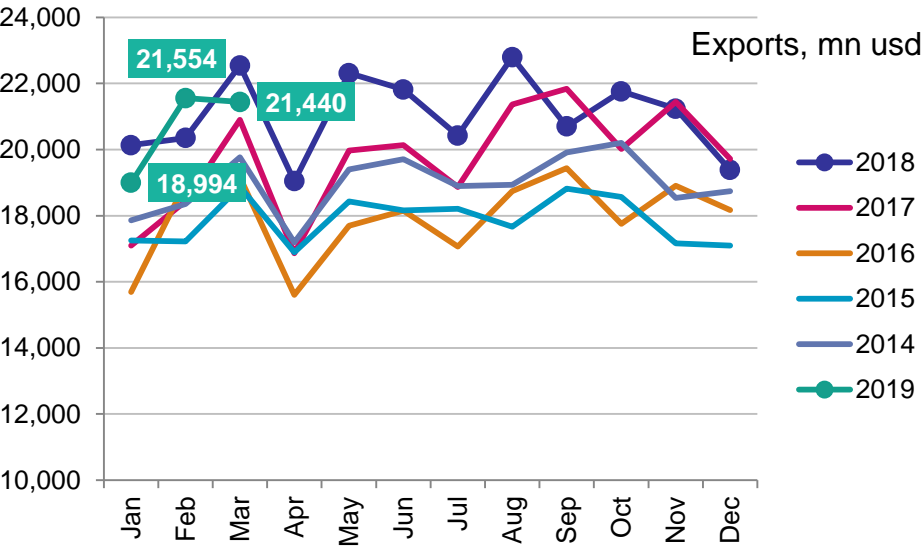
# Thailand farm price (2), rice and rubber improved from limited supplies



Source: OAE, Bloomberg



# Thailand: exports tumbled further



Source: MOC, Bloomberg, BBLAM



## Thai exports dropped in almost all categories

	Product	Value : Million usd				Growth Rate (%)				Share (%)
		Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	Apr. 2019
1	- Motor cars, parts and accessories	2,130.64	2,243.41	2,728.29	1,876.94	-5.06	-7.86	5.63	-3.97	10.12
2	- Automatic data processing machines and parts thereof	1,425.68	1,334.98	1,480.49	1,306.44	-10.11	-14.08	-19.96	-10.63	7.04
3	- Rubber products	873.61	922.57	987.77	865.21	-0.73	8.97	14.79	-2.44	4.66
4	- Polymers of ethylene, propylene, etc in primary forms	763.65	758.90	783.02	828.86	-8.86	-4.39	-8.30	-0.29	4.47
5	- Chemical products	691.94	657.74	708.58	668.62	-7.19	-5.21	-8.31	-2.76	3.60
6	- Refine fuels	635.25	604.13	615.74	639.97	-10.60	-0.14	-13.63	2.96	3.45
7	- Fresh, frozen and dried fruit	244.47	193.90	281.11	638.64	52.79	58.42	78.74	97.76	3.44
8	- Precious stones and jewellery	807.46	1,375.05	984.64	625.64	-16.56	16.10	-6.56	-32.83	3.37
9	- Electronic integrated circuits	634.81	562.68	650.52	585.96	0.42	-7.28	-21.71	-4.05	3.16
10	- Machinery and parts thereof	575.86	578.61	707.47	519.17	-6.37	-7.63	-19.51	-12.32	2.80
11	- Air conditioning machine and parts thereof	422.48	516.81	591.89	515.42	-9.52	-0.13	-9.79	13.24	2.78
12	- Iron and steel and their products	477.45	472.65	521.02	441.16	-5.13	2.67	-8.41	-12.65	2.38
13	- Rice	471.26	371.48	408.19	364.84	-0.96	-21.45	-7.70	-20.22	1.97
14	- Spark-ignition reciprocating internal combustion piston engines and parts thereof	380.31	363.74	456.05	355.96	-33.93	-18.32	-4.35	-4.88	1.92
15	- Plastic products	337.08	328.97	362.58	334.14	2.29	-1.05	-4.81	4.38	1.80
16	- Rubber	346.74	352.03	372.84	322.56	-15.09	-15.82	6.54	-32.05	1.74
17	- Other electrical equipment and parts thereof	269.65	358.38	371.44	291.25	-0.83	20.16	12.64	-5.17	1.57



## Thai exports dropped in almost all categories (2)

	Product	Value : Million usd				Growth Rate (%)				Share (%)
		Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	Jan. 2019	Feb. 2019	Mar. 2019	Apr. 2019	Apr. 2019
18	- Prepared or preserved fish, crustaceans, molluscs in airtight containers	304.01	295.44	330.60	287.79	-1.14	11.11	6.00	4.26	1.55
19	- Beauty or make up preparations, soap and preparations for the care of skin	216.37	290.39	282.71	258.24	4.74	35.18	12.76	5.14	1.39
20	- Tapioca products	248.44	281.05	295.77	254.04	-18.53	-1.10	-9.42	-4.67	1.37
21	- Radio-broadcast receivers, television receiver and parts thereof	250.72	236.57	276.41	233.53	31.11	12.18	20.56	17.50	1.26
22	- Sugar	143.07	189.42	191.90	217.73	-29.88	4.59	-22.97	-10.82	1.17
23	- Woods and wood products	181.48	202.08	231.12	202.03	-20.24	-14.37	-16.97	-4.69	1.09
24	- Prepared poultry	206.02	206.45	231.26	195.17	10.39	13.45	16.87	15.09	1.05
25	- Copper and articles thereof	146.45	156.94	198.12	182.20	-15.73	-3.47	16.34	12.82	0.98
26	- Articles of apparel and clothing accessories	202.06	205.24	214.45	176.47	5.93	5.35	1.54	-0.49	0.95
27	- Motorcycles, parts and accessories	211.39	229.79	230.84	173.77	-2.87	7.53	20.71	23.89	0.94
28	- Wheat products and other food preparations	190.26	168.01	198.69	168.98	25.88	8.73	7.57	12.74	0.91
29	- Beverages	149.11	163.24	183.46	163.21	3.66	16.31	7.42	14.33	0.88
30	- Refrigerators and parts thereof	146.25	155.95	192.55	150.89	-9.98	2.49	4.36	11.33	0.81
	Sum 30 Item	14,524.97	14,083.95	16,069.51	13,844.83	-7.06	-1.53	-3.86	-3.28	74.61
	Other	4856.3808	4,909.97	5,370.69	4,710.81	-2.81	26.80	-7.81	-0.44	25.39
	Total	18,993.92	21,553.66	21,440.20	18,555.64	-5.65	5.91	-4.88	-2.57	100



## Thailand: exports dropped across countries except the US (boosted by rubber products up by 30% YoY)

Country	Value : Million USD				Growth Rate (%)				Share (%)
	Jan.	Feb.	Mar.	Apr.	Jan.	Feb.	Mar.	Apr.	Apr.
	2019	2019	2019	2019	2019	2019	2019	2019	2019
- CHINA	2,001.60	2,283.84	2,408.51	2,445.54	-16.69	-1.46	-9.04	-5.01	13.18
- U.S.A.	2,327.57	4,050.56	2,407.08	2,145.84	8.27	97.28	-1.42	4.72	11.56
- JAPAN	2,037.47	2,132.65	2,220.27	1,699.82	0.91	-11.44	7.41	0.02	9.16
- VIETNAM	924.86	1,016.69	1,150.68	1,034.30	-9.13	21.09	8.43	12.67	5.57
- MALAYSIA	928.70	817.06	965.05	871.23	-2.03	-0.22	-6.59	2.21	4.70
- HONG KONG	788.54	1,128.64	821.75	831.80	-15.28	-11.96	-14.19	0.50	4.48
- AUSTRALIA	836.95	805.93	821.53	746.58	-5.38	-13.03	-17.60	-2.79	4.02
- INDONESIA	735.47	746.03	799.98	718.32	-5.26	-9.77	-11.36	-11.70	3.87
- INDIA	639.67	626.74	756.54	627.31	3.11	-6.14	9.12	3.39	3.38
- CAMBODIA	563.52	476.11	617.54	624.39	28.24	-16.74	-0.36	33.22	3.36
- SINGAPORE	550.23	777.14	658.14	564.58	-19.11	42.92	-34.44	-1.61	3.04
- PHILIPPINES	611.22	548.95	580.74	472.59	-5.69	-11.61	-5.86	-14.34	2.55
- S. KOREA	373.41	382.20	409.75	410.40	2.61	-3.33	-13.09	-0.61	2.21
- NETHERLANDS	380.96	351.14	414.78	354.42	-23.96	-29.58	-11.65	-18.74	1.91
- MYANMAR	368.72	351.71	422.05	334.87	4.25	-6.24	-3.77	-11.23	1.80
Sum 15 Item	14,068.90	16,495.40	15,454.39	13,881.97	-4.52	8.90	-5.89	-0.34	74.81
Other	4,925.02	5,058.26	5,985.81	4,673.68	-8.71	-2.80	-2.18	-8.65	25.19
Total	18,993.92	21,553.66	21,440.20	18,555.64	-5.65	5.91	-4.88	-2.57	100



