
เศรษฐกิจโลกและความเสี่ยงในยุค TRUMP 2.0

ดร. กิริฎา
เกาพิจิตร

15 พ.ย. 2567

TRUMP 2.0: KEY POLICIES

UNIFIED CONGRESS



Maintain 21% corporate tax rate that is due to expire in 2025

Implications:

- *Companies retain current level of purchasing power, while budget deficit increase.*



Proposed 60% tariff on imports from China and 10-20% tariffs on imports from other countries

Implications:

- *Global trade value will grow slowly.*
- *Greater investment relocation from China and Chinese exports to non-US markets.*
- *Higher inflation in US*



Immigration overhaul with mass deportations

Implications:

- *Tighter US job market, higher wages and inflation*
- *Lower number of foreign students.*



Lower commitment to Paris Agreement, expanded fossil fuel production, slower EV transition

Implications:

- *Higher investment in fossil-based energy production.*
- *Continued internal combustion automobile production.*



Less US aid to Ukraine, no clear support for Taiwan, and strong support for Israel.

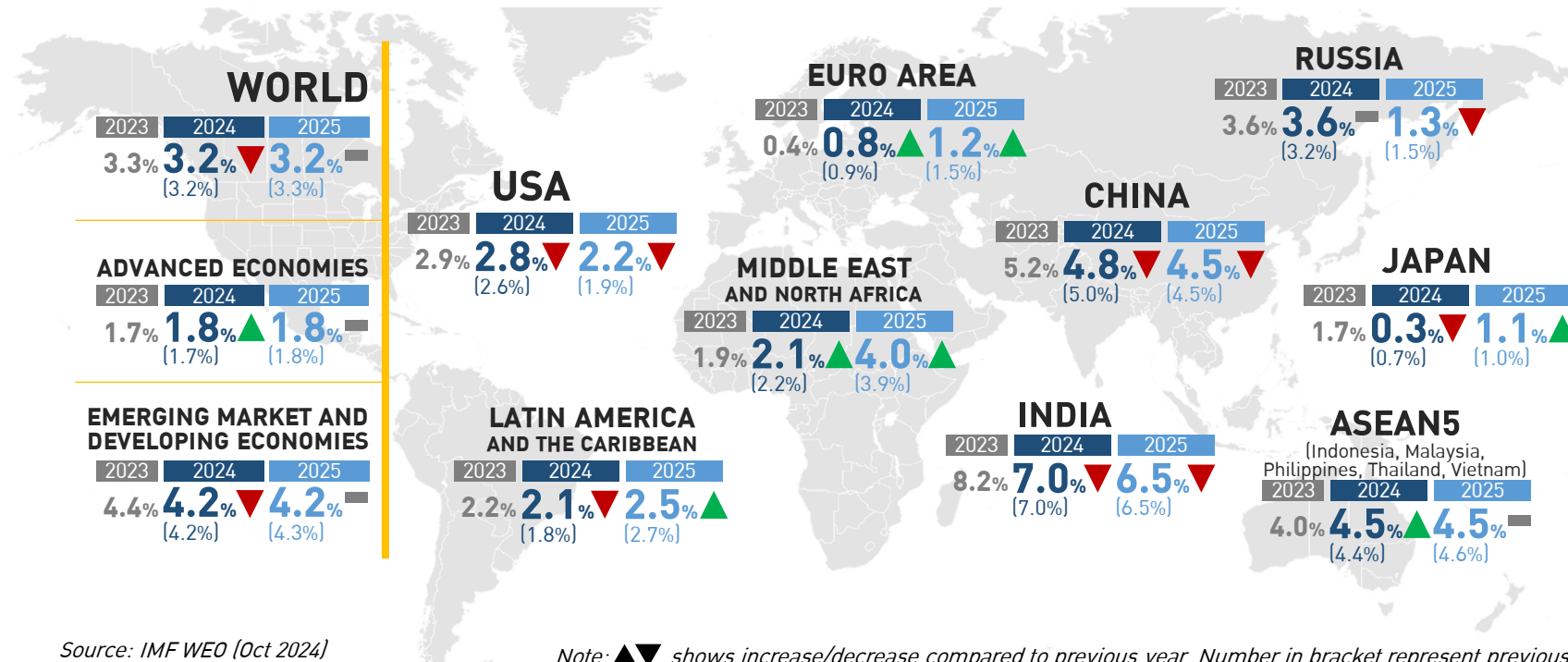
Implications:

- *More Taiwanese company relocations, higher tensions in the Middle East, Ukraine-Russia war may end faster than earlier expected.*

GLOBAL GROWTH IN 2025 COULD BE LOWER WITH TRADE WAR

- The IMF expects global economic growth to remain stable through next year. Growth in advanced economies is projected to increase slightly compared to last year, primarily due to the recovery in the euro area and stronger-than-expected growth in the US economy. In contrast, growth in emerging markets and developing economies is forecast to slow slightly, mainly as a result of the slowdown in China, Japan, and India. Meanwhile, ASEAN economies are expected to experience accelerated growth, driven by a recovery in exports and tourism.
- If import tariffs are hiked by 10% in the US, EU and China against each other, the US hikes tariffs by 10% on other trading partners and they retaliate amid trade policy uncertainty, the IMF forecasts that global growth will be reduced by 0.3PP in 2025.

GDP Growth forecasts by IMF (without Trump's tariff hikes)



INFLATION IN THE US MAY RISE, THUS, FED RATES IN 2025 MAY NOT FALL AS EXPECTED

- Headline inflation and core PCE price inflation are expected to decline into 2025. Fed projects core PCE at 2.6% and unemployment rate at 4.4% for this year.
- Fed cuts interest rate by 50 basis points (bps) in Sep 2024 to 4.75%-5%. Dot plot signals 50 bps of further cuts across the remaining two meetings in Nov and Dec 2024 by 25 bps each time and 4 cuts in 2025 totalling 100bps.

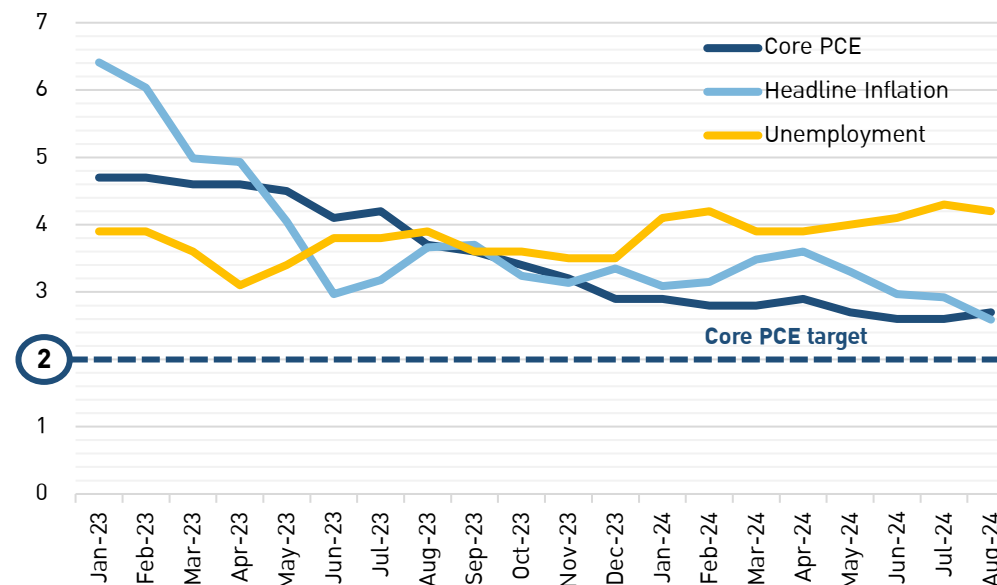
September 2024 Projection (Median, %)

Variable	2024	2025
Unemployment rate	4.4 (4.0)	4.4 (4.2)
PCE inflation	2.3 (2.6)	2.1 (2.3)
Core PCE inflation	2.6 (2.8)	2.2 (2.3)
Federal Funds Rate	4.4 (5.1)	3.4 (4.1)

Source: Fed

Note: Number in () are June 2024 projection

US Inflation & Unemployment rate (%)

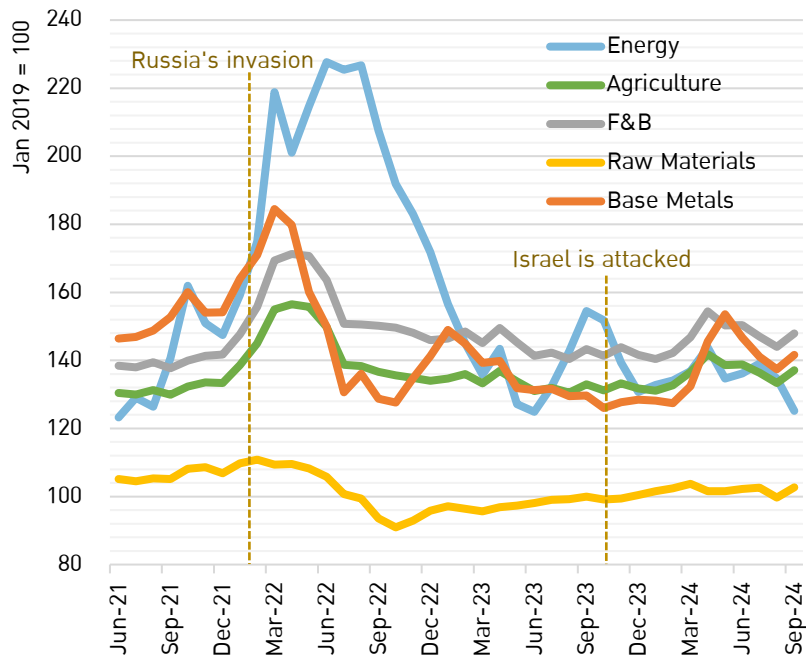


Source: Fed, BEA

COMMODITY PRICES AND FREIGHT RATES MAY RISE

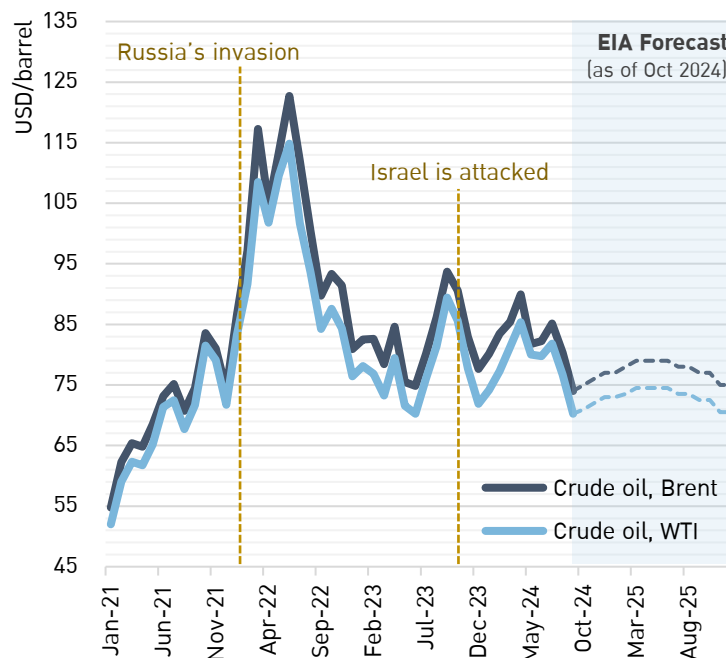
- Most commodity prices increased in Sep 2024, except for the energy sector, which declined from the high base in Sep 2023. The Brent crude oil spot price averaged US\$79.8/barrel in 2024Q3 (-7.9%yoy), before rising in early October because of escalating conflict in the Middle East. EIA expect oil prices to be US\$76/barrel in 2024Q4 and increase to US\$78.5/b in 1H2025, as OPEC+ is planning to maintain the production cut until the end of 2025. However, weak global oil demand is expected to keep oil prices next year at an average of US\$77.58/barrel, slightly below US\$80.9/barrel in 2024.
- Freight costs to EU and US have decreased from their peak in July attributable to a slowdown in China's exports, due to the combination of declining demand from reduced shipments for the holiday season and high inventory levels in the US. Freight costs should continue to ease into 2025. However, the blockage of the Suez Canal (via the Red Sea), will keep freight costs higher than pre-COVID levels.

Commodities price index



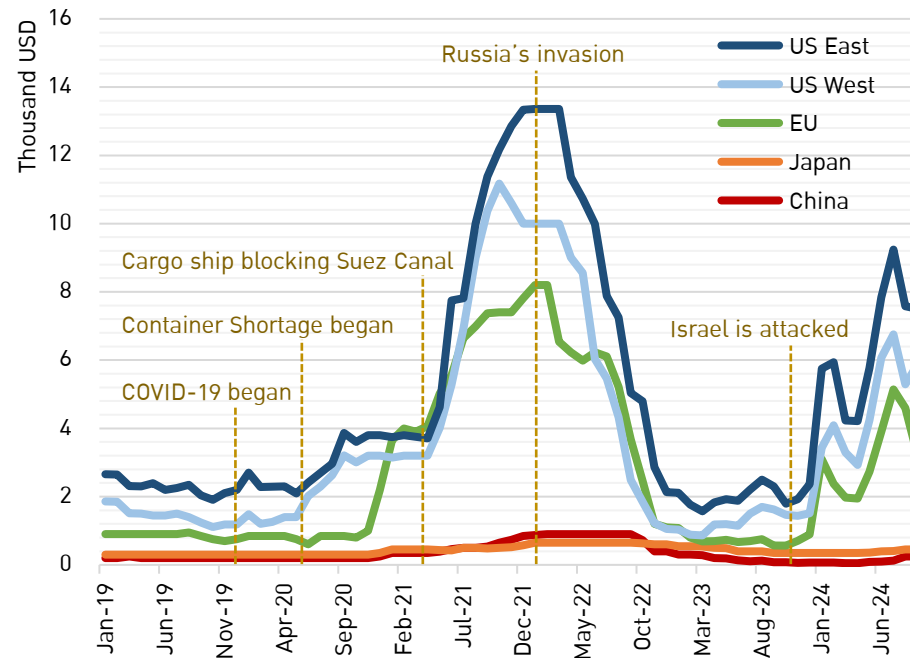
Source: World bank

Crude oil spot prices



Source: EIA

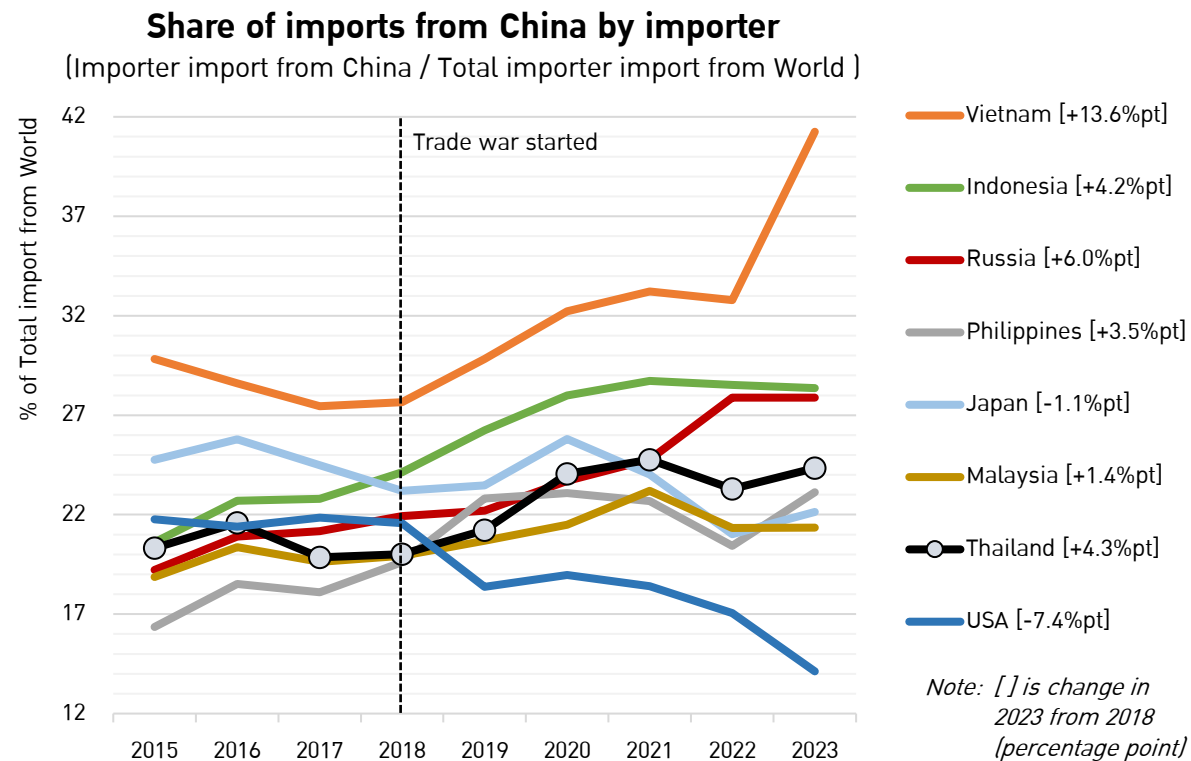
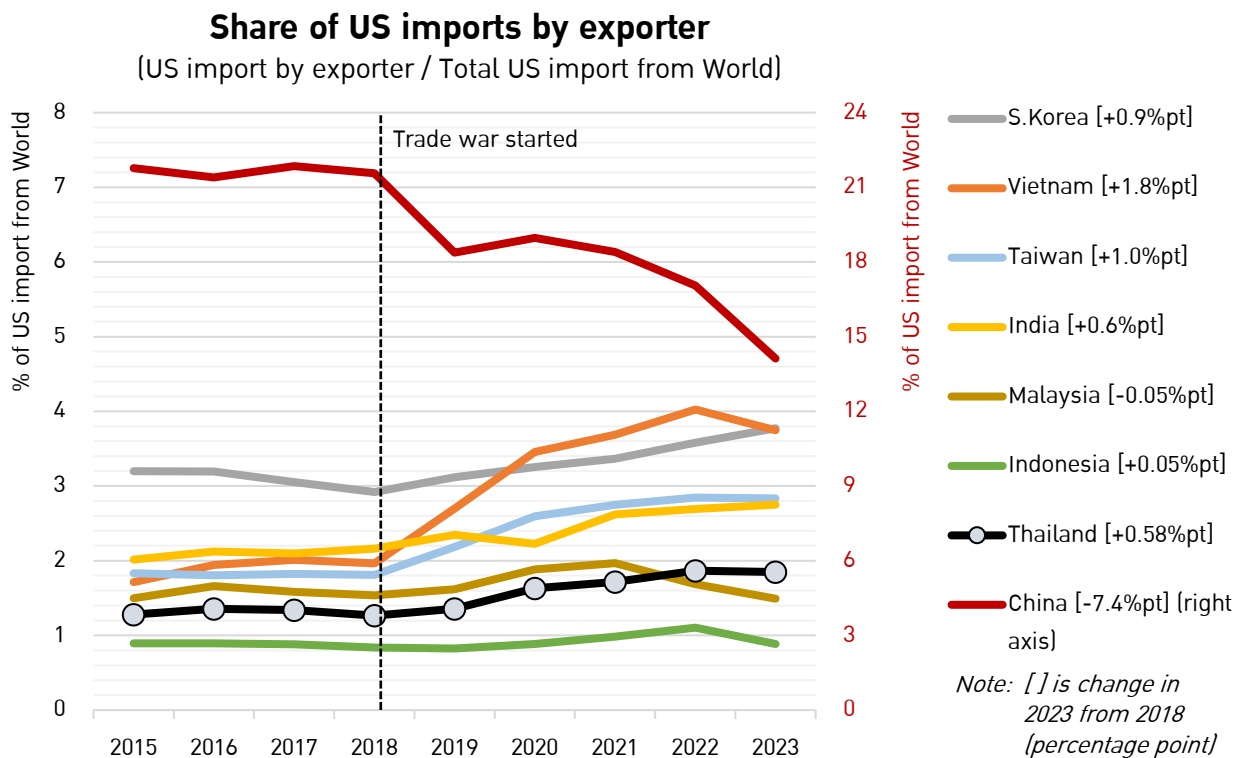
Container rates from Thailand to other countries



Source: Port Authority of Thailand & Thai National Shipper Council

GLOBAL TRADE WILL SLOW DOWN, BUT THAI EXPORTS TO THE US AND IMPORTS FROM CHINA WILL RISE

- The IMF forecasts that world trade growth from 2024-2029 will average at only 3%. Hence, Thai exports are unlikely to expand rapidly.
- Like in last episode of trade war (2018-2023), Thai exports could gain market share in the US at least in the next year to replace Chinese goods e.g. solar panels, air-conditioners, tires, and machinery parts.
- More Chinese products will be exported to Thailand, as Chinese exporters look for new markets.



Source: IMF and Trade Map with TDRI calculation

MULTINATIONALS WILL CONTINUE TO DIVERSIFY INVESTMENTS TO THAILAND

- Many companies, especially in the electronics, printed circuit board (PCB) and EV sectors, continue to diversify their investments from China, Taiwan, and Japan to Thailand to reduce the risks from trade war and geopolitical tensions.

Examples of Diversion to Thailand (as of 2023 - Sep 2024)

CHINESE
companies



Electric Vehicle



Printed Circuit Board (PCB)



Electrical Appliances

TAIWANESE
companies



Printed Circuit Board (PCB)

JAPANESE
companies



Hard Disk Drive



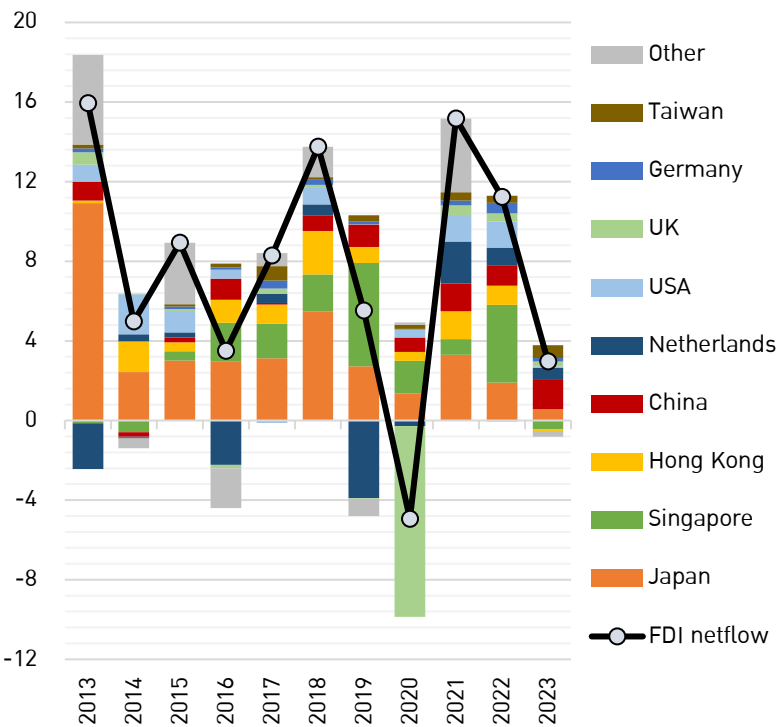
Electrical Appliances



THAILAND WILL SEE A RAPID RISE IN FDI INTO "NEW INDUSTRIES"

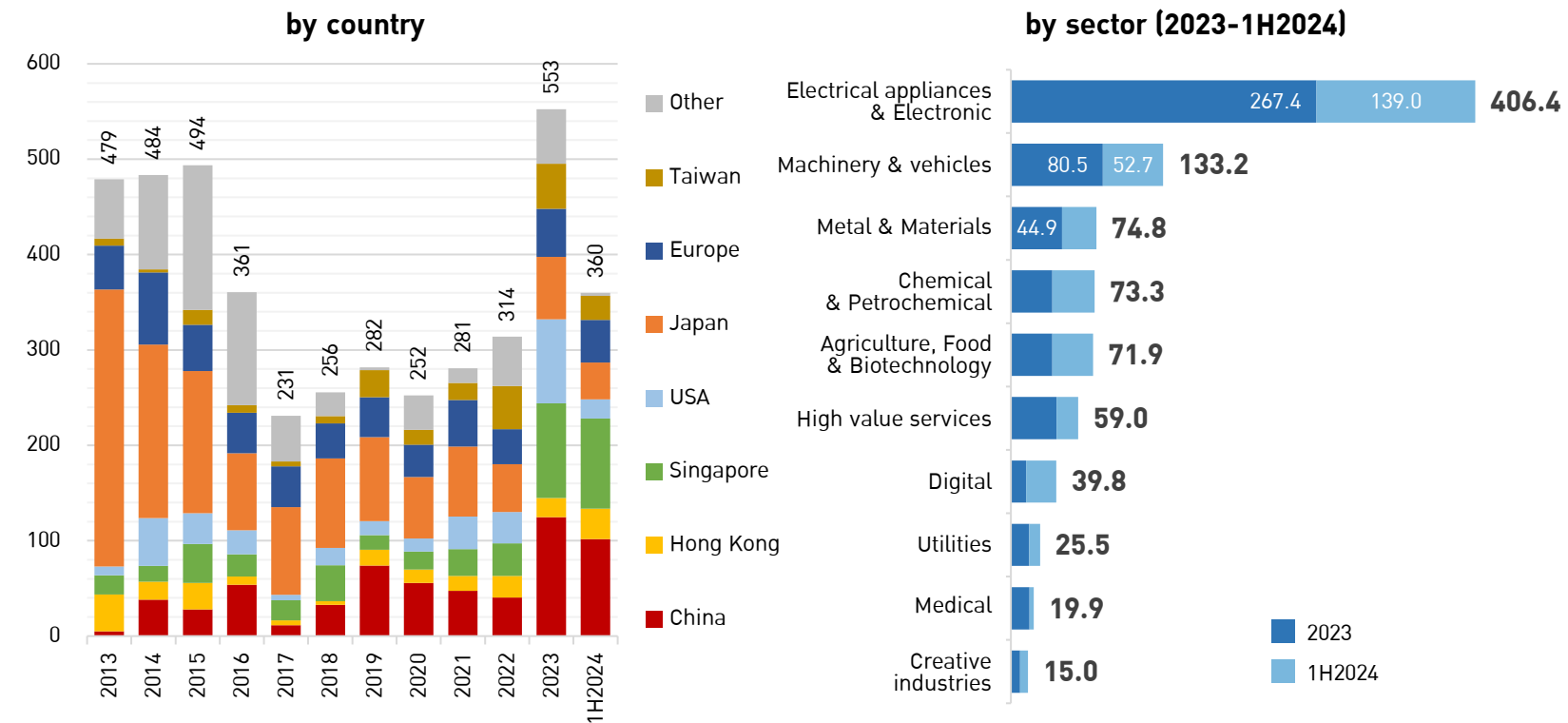
- Since 2021, net foreign direct investments in Thailand has risen mostly from Japan, China & Hong Kong, and Singapore.
- BOI application approvals of foreign investments, which usually take 2-3 years before translating to actual investments, have totaled to over Bt800 billion from 2023 to 1H2024, a record high amount in the past 10 years. China & Hong Kong and Singapore received the most approvals followed by Japan, US and Taiwan.
- Sectors that received the most approvals are electrical appliance and electronics followed by machinery and vehicles.

Net FDI by country (Billion USD)



Source: Bank of Thailand

BOI Application Approved: Foreign investment (Billion baht)



Source: Board of Investment of Thailand

THANK YOU
