

Thailand Economics

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News Update

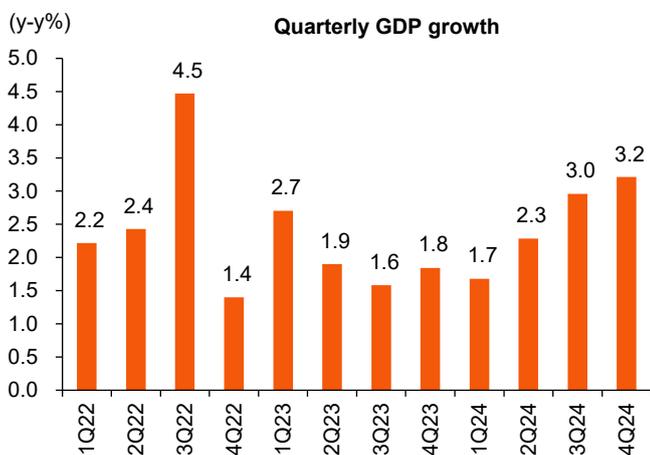
4Q24 GDP miss on inventory change

- **4Q24 GDP growth was 3.2% vs. 3.5% forecast**
- **2024 GDP growth was 2.5% vs. 2.6% forecast**
- **The key miss was inventory change, which isn't a good sign**
- **Most underlying factors were on track**

4Q24 GDP growth was reported at 3.2% y-y vs. our forecast of 3.5%. 2024 GDP growth was at 2.5% vs. our forecast of 2.6%. The key miss was inventory change while most of underlying factors, such as consumption, investment, government spending and exports, came in slightly better than expected. Despite continued recovery trends of the underlying factors, we are concerned on the lack of inventory built-up in 4Q24. 4Q is normally an inventory built-up quarter. We therefore see some downside to our 3.1% GDP growth forecast in 2025F.

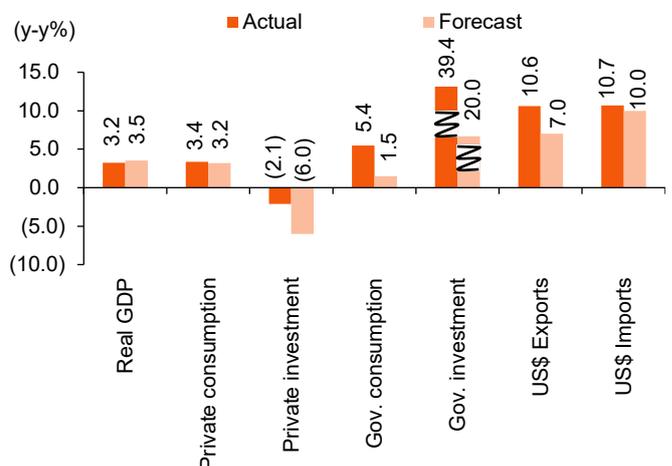
- Momentum wise, GDP growth in 4Q24 still showed improving economic trend. The 3.2% y-y growth was after 1.7/2.3/3.0% in 1Q-3Q24.
- Key drivers were tourism (26% y-y via exports of services), exports (11% in US\$ term), and government spending (39% y-y government investment and 5% y-y government consumption). Private consumption was decent growing 3.4% y-y. The drag for 4Q24 was private investment which contracted -2.1% y-y. The fall was due to the weakness in the property and auto sectors while we believe FDI-linked investment still grew.
- Most of the key underlying economic factors slightly beat our forecasts as shown in Exhibit 2. The key explanation of the weaker-than-expected GDP growth in 4Q24 was change in inventory and discrepancies items. That is, while we forecast Bt80bn inventory change in real term in 4Q24, the actual change was only Bt2bn. And discrepancies in real term were at -Bt160bn.
- The fact that there was no inventory built-up in 4Q24 despite 4Q is normally the inventory built-up quarter worries us. That could imply weak order booking or weak demand outlook. Together with uncertainties regarding Trump's policies, we see some downside risk to our 3.1% GDP forecast for 2025F.

Ex 1: Improving GDP Growth Trend



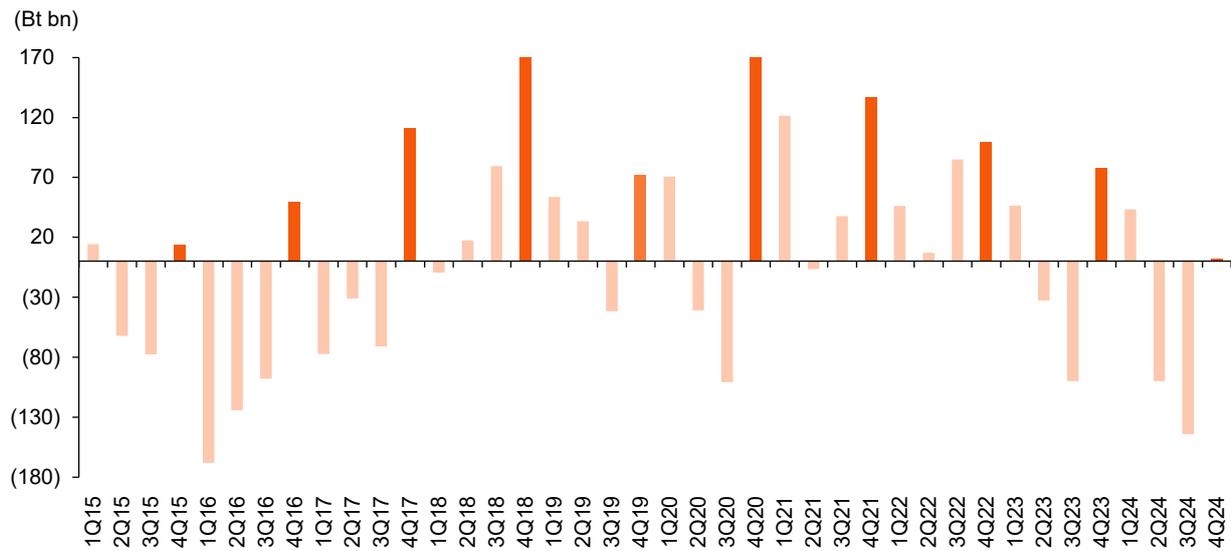
Source: NESDC

Ex 2: Most Underlying Factors Beat Forecasts



Sources: NESDC; Thanachart estimates

Ex 3: No Inventory Build-up In 4Q24 (Real Terms)



Source: NESDC

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