Deloitte.



Mid-Year 2023



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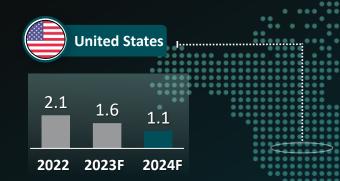


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The 2023 Global economy is still at a highly uncertain moment, with the cumulative effects of the past three years of adverse shocks. Inflation is declining with rapid rate increases but remains skyrocketed amid financial sector pressure.

6.8

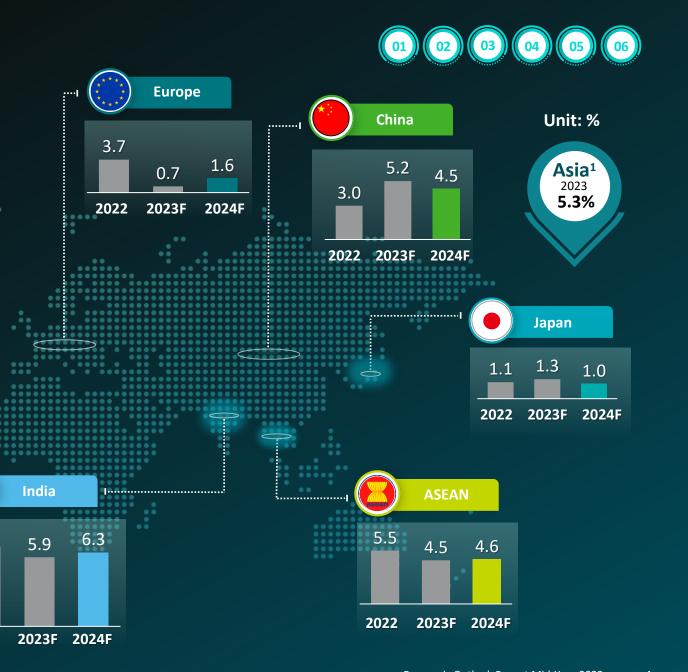




Source: Deloitte Analysis, IMF WEO Apr 2023

1 Asia refers to Emerging and Developing Asia

2 ASEAN refers to ASEAN-5; Indonesia, Malaysia, Philippines, Singapore, Thailand



Key Takeaway and Watchlist in 2023

















Key Takeaway

- Decelerating inflation (4.0% in May 23)
 - Decelerating housing price
 - Growing employment
 - Industrial production grew at a healthy pace

junk (high yield) corporate loans

Retail sales are down sharplySignificant increase in defaults on

Watchlist



FED held interest rate hike, but signaling more increase later



Abandoning trade liberalization



EU

Key Takeaway

- Decelerated inflation in EU
 - Growing economy, at a slower pace
- Surge in inflation (6.1% in May 23)
 - Sharp rise in food and energy prices
 - Weak euro and its fall below parity versus dollar in September

Watchlist



ECB might tighten monetary policy more than previously anticipated as the inflation level remained high.



Russia-Ukraine war and the high inflation may force central banks into more aggressive increase in interest-rate.



Japan

Key Takeaway

- Recovering tourism sector and domestic demand
 - Slower price hikes
- Inflation hit a 41-year high in Jan 2023 (slowed to 3.2% in May 23)
 - The value of the yen remains weak.
 - Soar food price
 - Trade deficit in January 2023

Watchlist



Japan's core inflation is expected to fall below the 2 percent inflation target by the end of 2023.



Subsidies to contain the rise of electricity and gas bills (Jan-Aug 2023)



China

Key Takeaway

- Recovering PMI
 - Easing Covid lockdown
 - Deceleration of inflation
- Private sector companies saw declined in profit
 - Continuing weakness in the property and construction sectors
 - · Weak employment

Watchlist



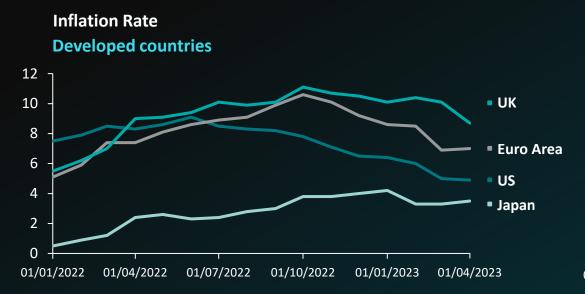
China's central bank cut a key interest rate, signaling a shift in monetary policy



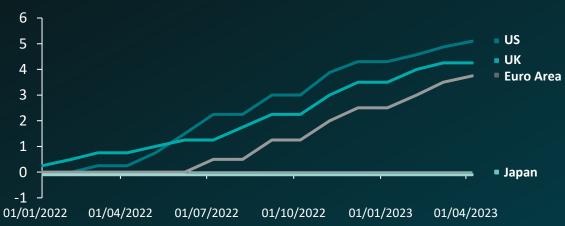
Sanctions from EU to Chinese companies appearing to support Russia's war effort

Inflation saw alleviating in several areas; however, central banks still rise interest rates, aiming to stifle the consequences from inflation.

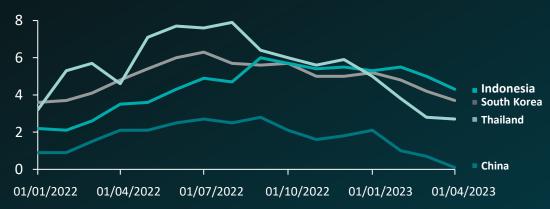




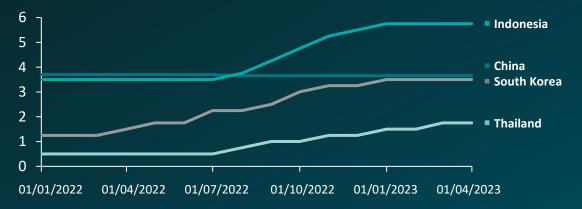
Policy Rate Developed countries



Developing countries & Emerging markets



Developing countries & Emerging markets



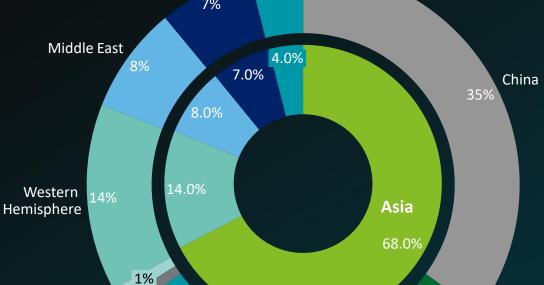
Source: Deloitte Analysis, NESDC

Asia saw to drive global economic growth.



Almost 70% of Global economic growth is expected to be contributed by Asia. India, for instance, their economy is resilient, and the growth outlook remains strong.

2023 Forecasted Global GDP Contribution – By Percentage
Africa
Europe 4%



15%

India

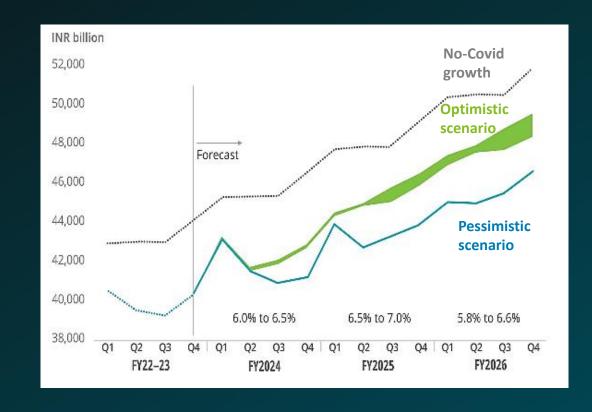


Thailand

Malaysia

Japan

Real GDP (seasonally adjusted, level values)



Source: Deloitte India, CMIE

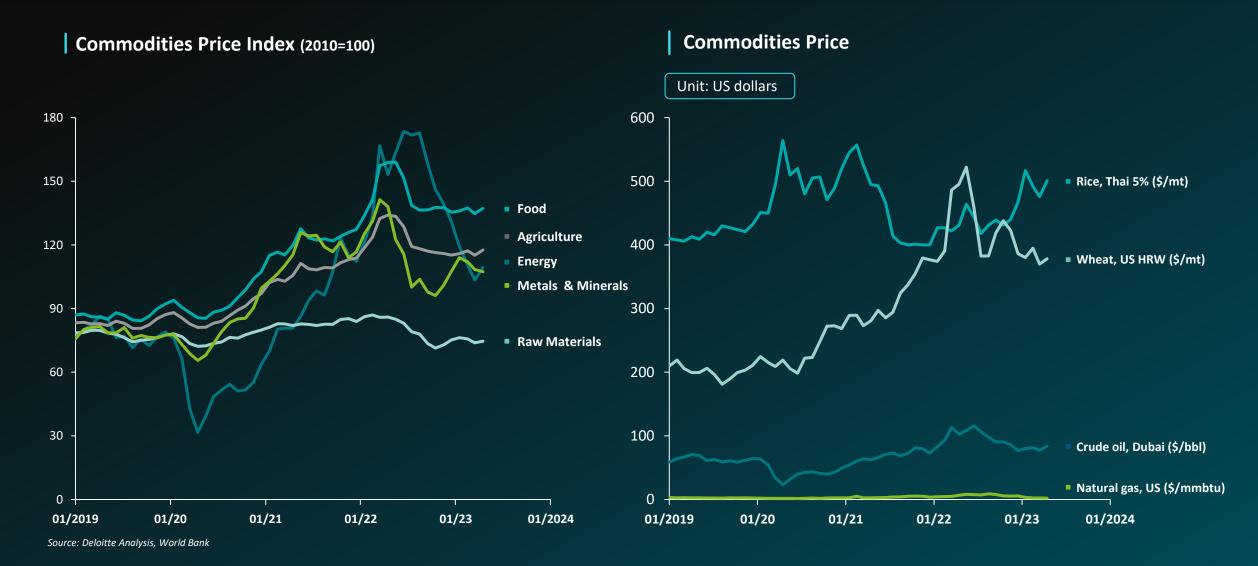
9%

Indonesia

Other

Supply shocks saw likely to ease, while cost pass-through will be limited in further period. However, Saudi Arabia to reduce oil output might lift global oil prices.

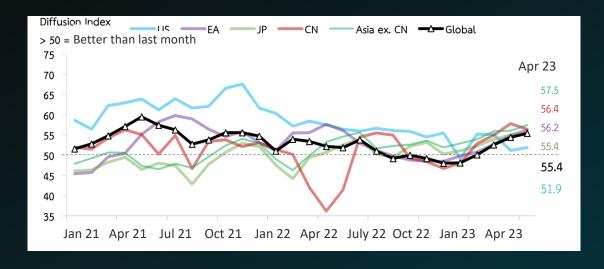






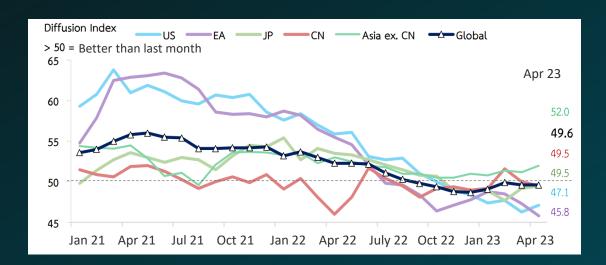
Global economies saw improving, as evidenced from recovering services area in 1Q2023 and to be expanding until 2024.

PMI - Services



Source: Bank of Thailand, CEIC, IHS Markit

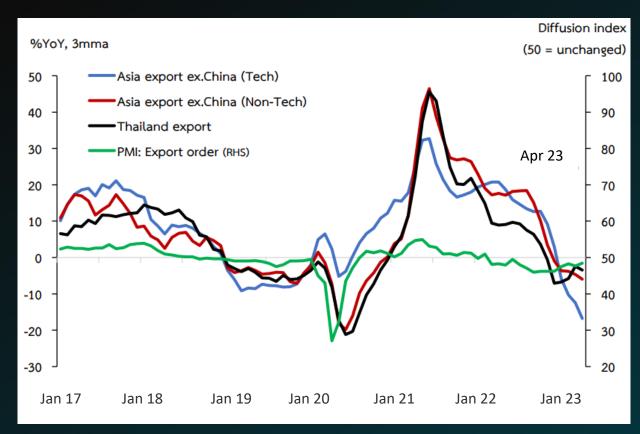
PMI - Manufacturing



However, Asia export has not recovered, whereas China is more relying on domestic production. China's economy also saw expanding from consumption, service activities, imports, and production.



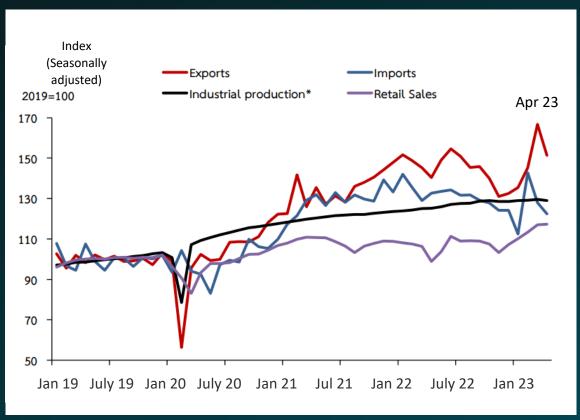
Asia export, excluded China



Note: 1) Asia ex China = JP MY SG ID PH KR TW 2) Tech includes electronics equipment, product and machinery 3) export data in March 2023 consists of SG, KR, TW, MY, and JP

Source: Bank of Thailand, CEIC, WSTS

China's economy



Note: *Seasonally adjusted

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Surge in US debt - insanity of debt-ceiling fight

From \$3trn when it was inaugurated in 1989 to more than \$31trn, 117% of GDP, today.



11

Current Situation

- Debt ceiling suspended until Jan 2025
- The bills include paying for federal employees, the military, Social Security and Medicare, as well as interest on the national debt and tax refunds

What would happen if the US defaults on its debt?

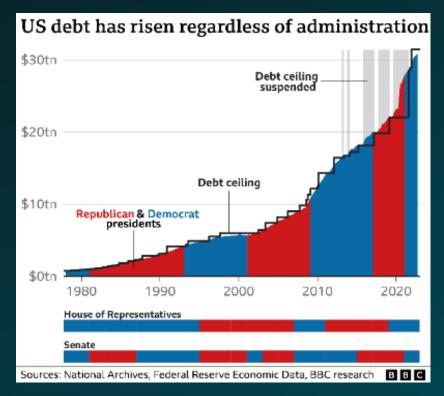
Never happened before, but it would cause major economic damage:

- Not be able to pay the salaries of federal and military employees
- Cessation of Social Security cheques payments that millions of pensioners in the US rely on
- Companies and charities that count on government funds would be in difficult.

Source: Deloitte Analysis, The Economist, BBC

Divisive views of the debt limit Republican Democrat

- Raising national debt is evidence of out-ofcontrol government
- Raising the debt limit when necessary to maintain the operation of the government



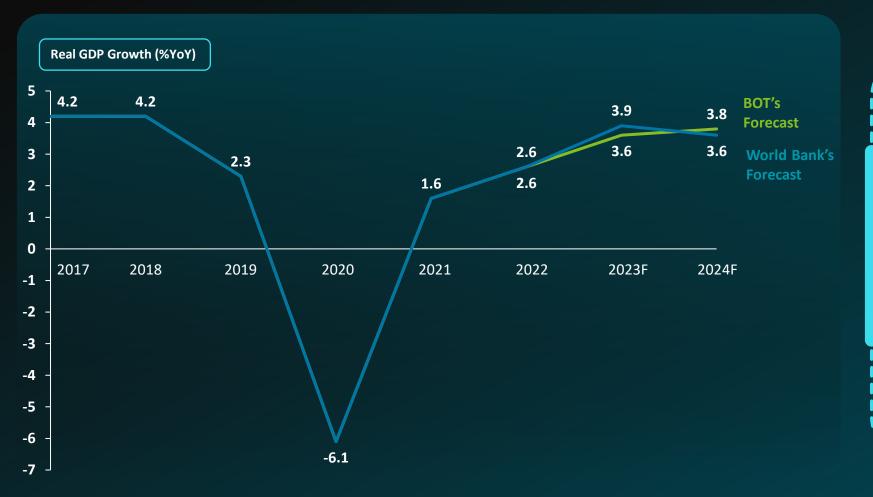
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Thailand Economic Outlook



Recovering private consumption and rising tourist arrival would mainly contribute to Thai economic expansion.





Key Factors to be Monitored

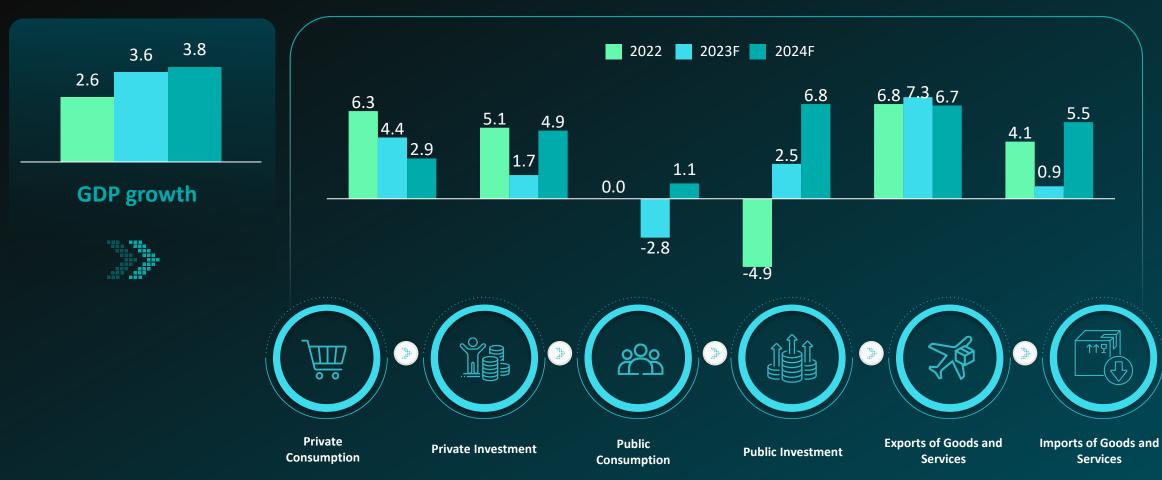
- Expanding private consumption
 - Recovering tourism sector and returning of tourists from China
- Higher-than-target inflation
 - High household debt
 - Rising policy rate results in higher cost of loan
 - Impacts from Russia-Ukraine war
 - Slow growth among other regions

Source: Deloitte Analysis, Bank of Thailand, World Bank

Thailand Economic Outlook



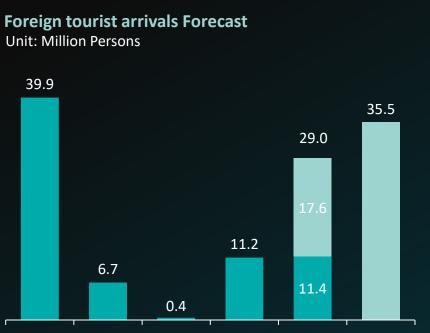
Thai economy is forecasted a recovery mainly owing to increasing tourism activities and private consumption. However, slower growth on export, high-household debt, inflation pressure, and the spillover effects from Russia-Ukraine war are crucial factors influencing economic recovery.



Source: Deloitte Analysis, Bank of Thailand

Tourism in Thailand is recovering from rising tourist arrival and reopening of the other borders.





2022

2023F

2024F

Forecast

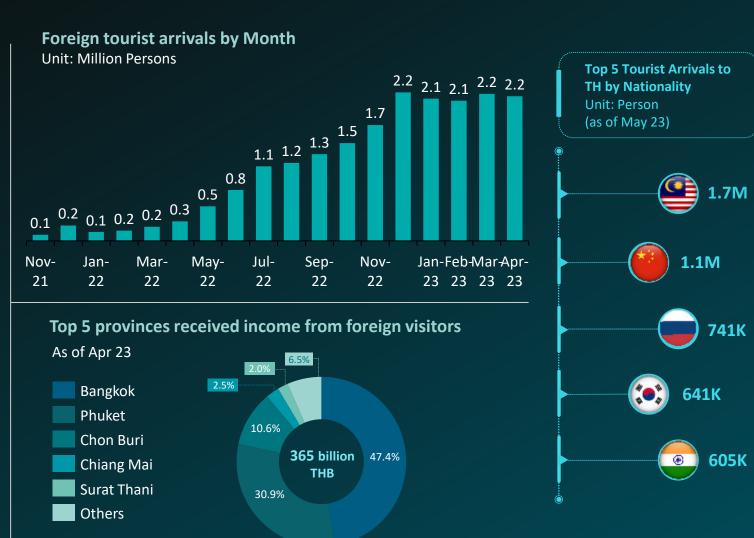
Actual (as of Jun 23)

2020

2019

Source: Deloitte Analysis, Bank of Thailand, MOTS, TAT, NESDC

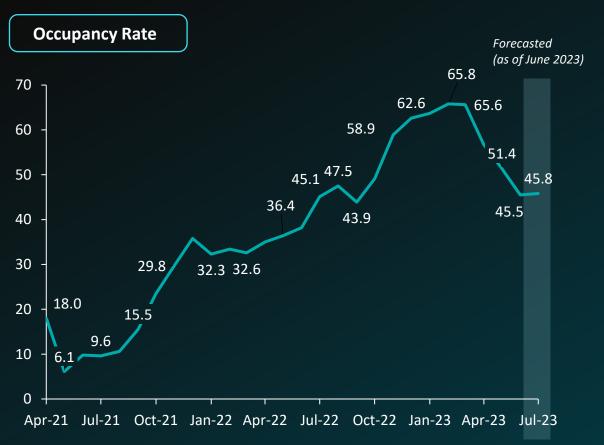
2021

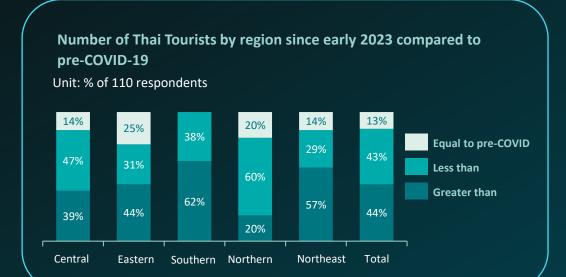


Thailand's Tourism Situation



Occupancy rate saw declining in response to entering low season of tourism and termination of We Travel Together phase-five scheme. However, lack of tourism workforce saw easing and numbers of Thai tourists have already exceed pre-COVID level in Southern and Northeastern.





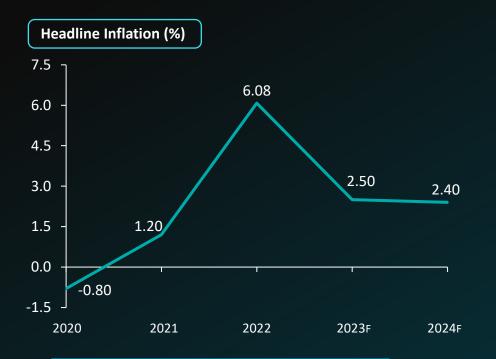


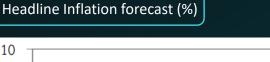
Source: Deloitte Analysis, Bank of Thailand

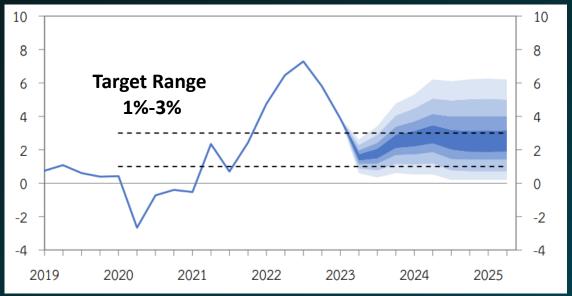
Inflation situation in Thailand saw decelerating.



Headline inflation peaked at 7.9% in August and will be higher than previously projected for 2023 but will still return to target, around 2-3%, by the end of the year.







Inflation in June 23 = 0.23%

Easing inflation contributed by

- Decelerating increase in energy and food prices
- Recovering domestic demand from tourism sector

Watchlist

- Direction of government economic policies
- Strengthening Thai baht
- Global economies and financial situations

Source: Deloitte Analysis, Bank of Thailand, TPSO, NESDC

Consumption saw improving, especially in services, align with rising business sentiment.

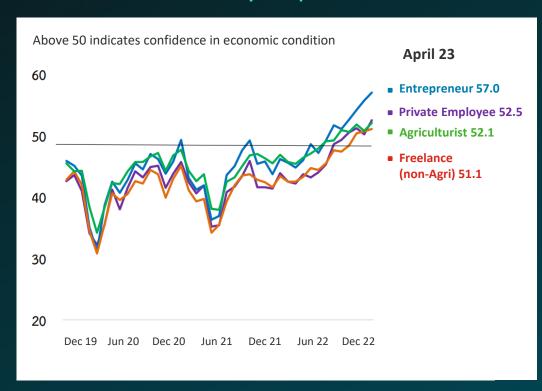


Durable consumption might further improve from rising motorcycle registration, 13.5% in May 2023 (YoY).

Private Consumption Index (Seasonally Adjusted)



Business Sentiment Index – By Occupation



Source: Deloitte Analysis, TDRI, Bank of Thailand

Thai Industries Sentiment Index had been declined from 95.0 to 92.5 in May 2023.





Positive Factors

Rise in tourism yields to the increase of industrial good demand.

China's recovering economy links to positive impacts on export sector

Negative Factors

The continuous drop in Thailand's exports due to instability of global recovery, exchange rates, and lower demand from trading partners.

High manufacturing cost and energy price

Increasing interest rate

Household debt burden

The uncertainty of situations after the election

3-month Forecast watchlist

The increase in minimum wage policy

Thai Industries Sentiment Index by Performance

Compared to last month, automotive parts, packaging, and rubble products saw higher in sentiment whilst petrochemical, apparel, and granite & marble saw decline in sentiment.



	Declined TISI	Increased TISI
Food & BeverageRenewable energyPetroleumPlasticAluminum	Declined TISI but above 100	 Automotive parts Automotive Cosmetic Air conditioner Packaging Electricity Digital Rubber
Textile Apparel Furniture Shoes Jewellery Leather Ceramic	 Granite and marble Glass Metal Machine Boat maintenance Sugar Dietary supplement Palm oil Pas Petrochemical Chemical Paper Biotechnology 	 Cement Sawmill Agricultural machine Electronics Alternative medical operation Environment management

Note: As of May 2023 Source: Deloitte Analysis, FTI

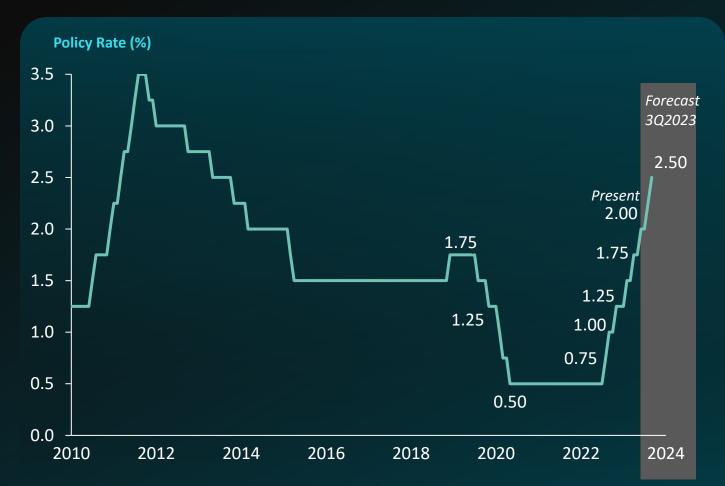
100

Roof and equipment

Policy Rate



The Monetary Policy Committee (MPC) unanimously voted to raise the policy rate by 0.25 percentage point, from 1.75 to 2.00 percent.



The Committee viewed that the Thai economy should continue to expand, driven mainly by tourism and private consumption. Merchandise exports are expected to recover gradually. While headline inflation slows, core inflation remains elevated. Inflationary risks stem from greater demand pressures amid expanding economic activity and higher cost pass-through from supply pressures.

The Committee also views that financial institutions should continue to press ahead with debt restructuring and deems it important to have in place targeted measures and sustainable debt resolution for vulnerable groups.

Source: Deloitte Analysis, Bank of Thailand's Monetary Policy Committee's Decision 3/2023, SCB EIC

Exchange Rate

01 02 03 04 05 06

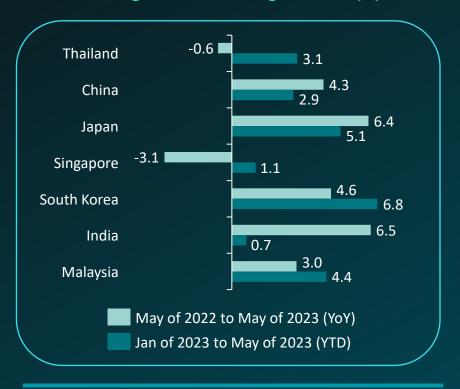
Thai baht appreciated in response to Federal Reserve chairman's statement that interest rate increase could slow down. However, the July 23 depreciation was caused by Fed's recent signal to extra raise interest rate, and the challenges facing the next government.

Exchange Rate (Unit: THB/USD)



Source: Deloitte Analysis, Bank of Thailand, TDRI EIS, NESDC

The Change of Currencies against USD (%)



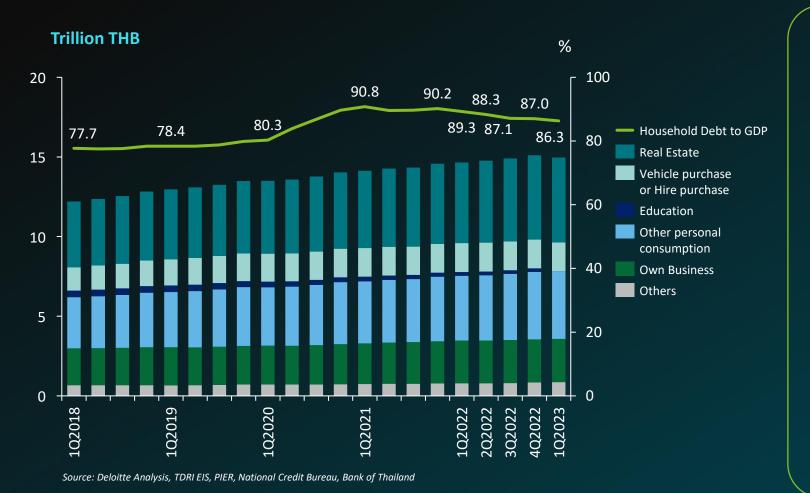
Factors influencing Thai baht

Appreciation • Expected recovery from tourism • Foreign demand for Thai stocks • Impact from geopolitical conflicts • The uncertainty of situations after the election

Household debt remains high at 86.3% to GDP. (90.6% at adjusted rate)



Non-productive loan such as Other personal consumption also significantly contributed to total household debt. Surge in delinquent auto loan also saw concern.

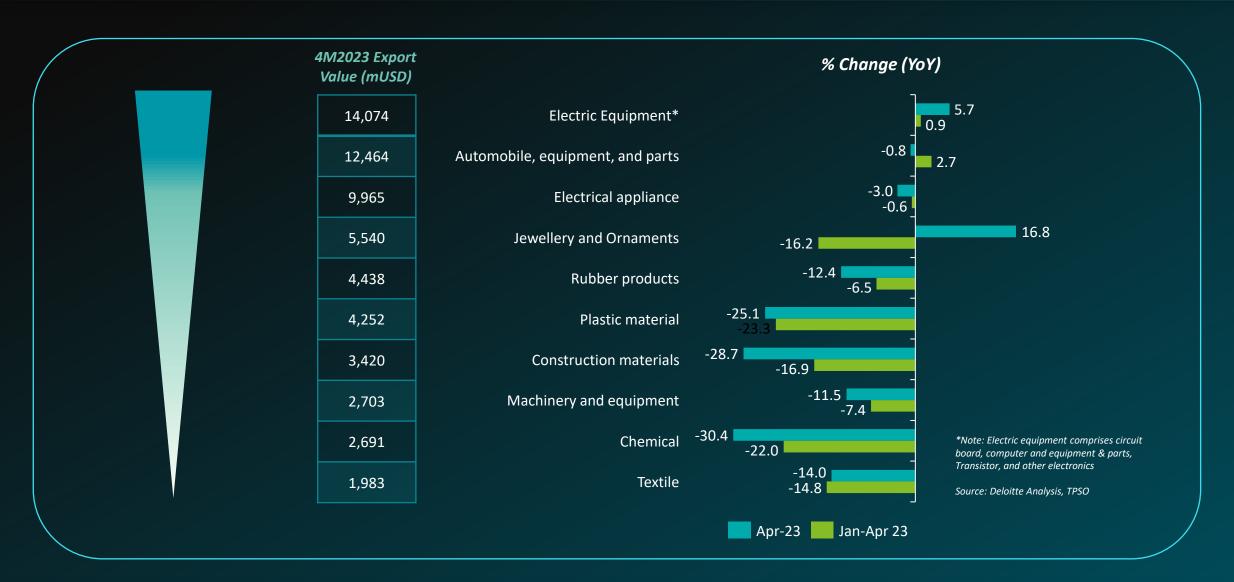


Auto Loan 2.6 Trillion THB 1Q2023 Risk to be NPL NPL 180,000 190,000 **Million THB Million THB NPL By generation group GENY GEN X** 200,000 350,000 **Accounts Accounts** GEN Y also totals 53% of auto loan new open account for 3 consecutive years (2020-2022).

10 Key Industrial Exports for 4M2023



Majority of industrial exports saw plummeted for 4M2023 except Electric equipment, Automobile, equipment and parts.

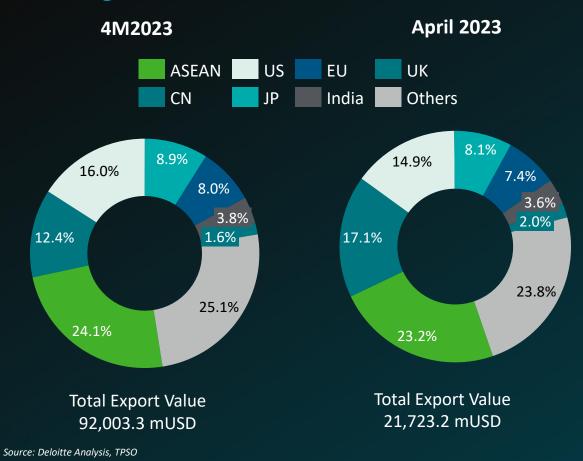


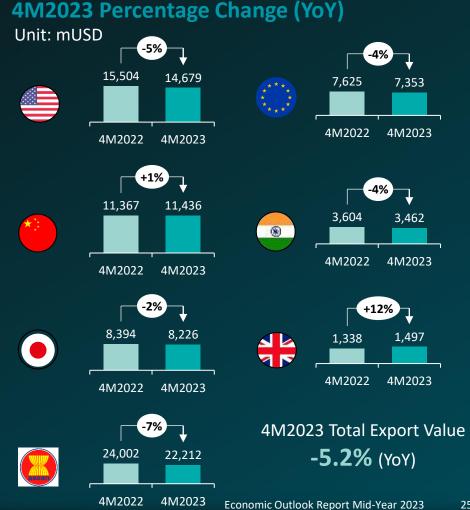
Thailand's Export Destinations



United States, China, and Japan are the top 3 countries for TH's export. ASEAN area also contributed to about a quarter of total export. However, 4M2023 total export value declined 5.2% (YoY).

Percentage Contribution

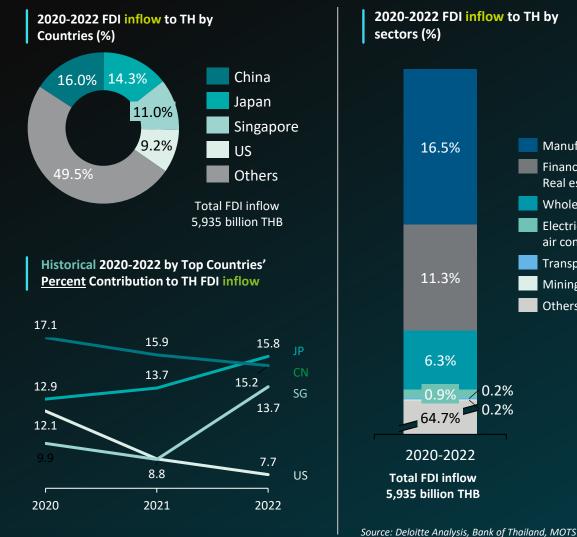




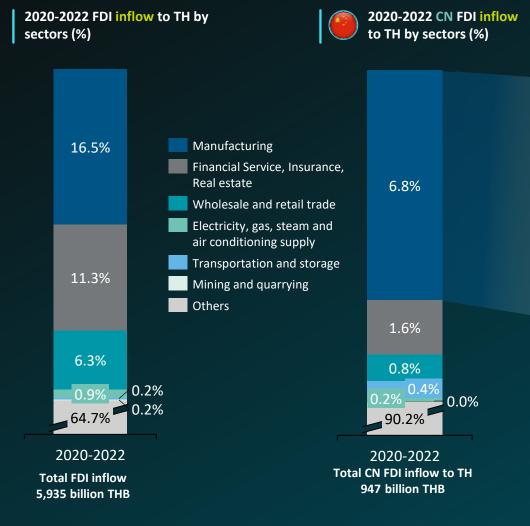
FDI inflow, cumulatively, had been mostly contributed by Manufacturing sector which China also saw to be an investor leader in Thailand.

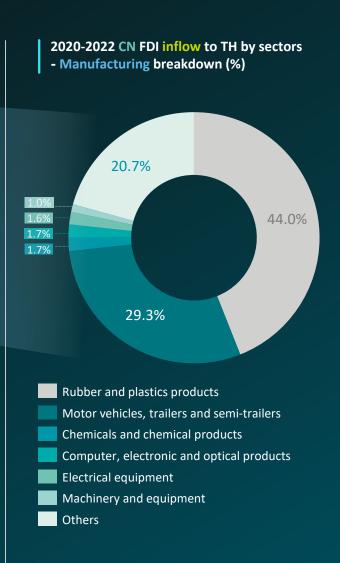


However, FDI inflow in 2022 was led by Japan. Singapore also saw becoming a major player for Thai market.



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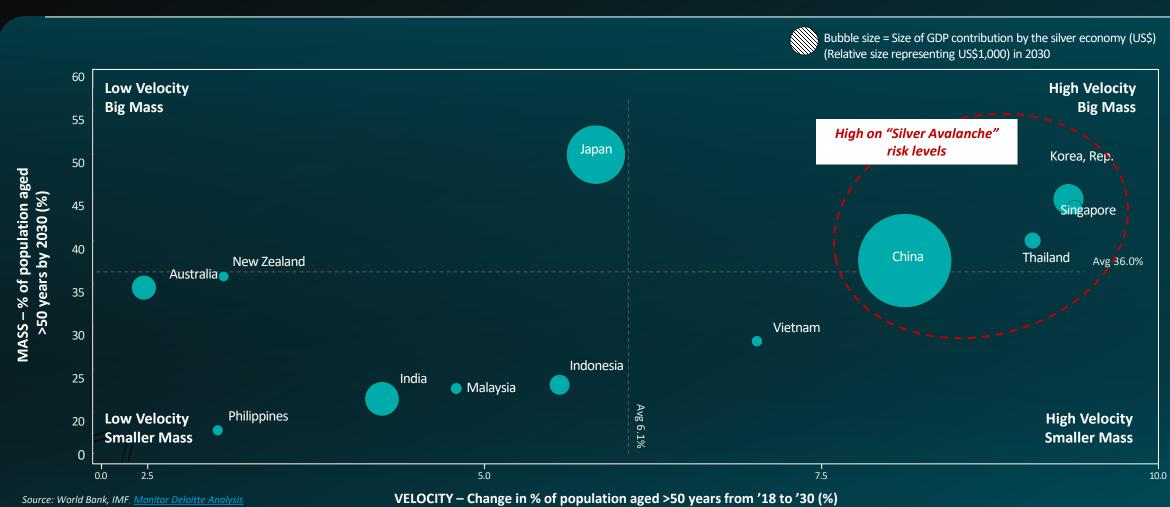


Silver Avalanche Analysis in Asia-Pacific



South Korea, Singapore, Thailand and China are facing the biggest silver economy avalanche threat levels

The "SILVER AVALANCHE" Chart of Asia-Pacific in 2030



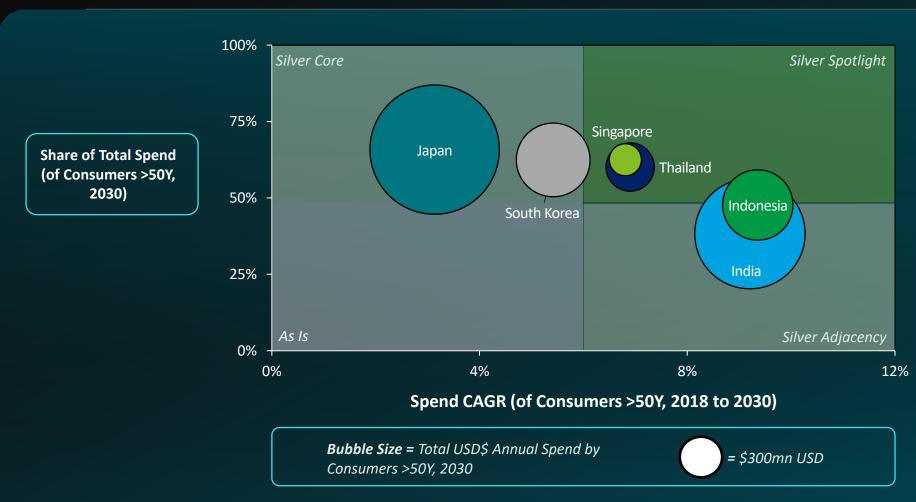
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Economic Outlook Report Mid-Year 2023

Uneven Scale of Impact | by Geography



The SILVER CONSUMER SPEND OUTLOOK in 2030

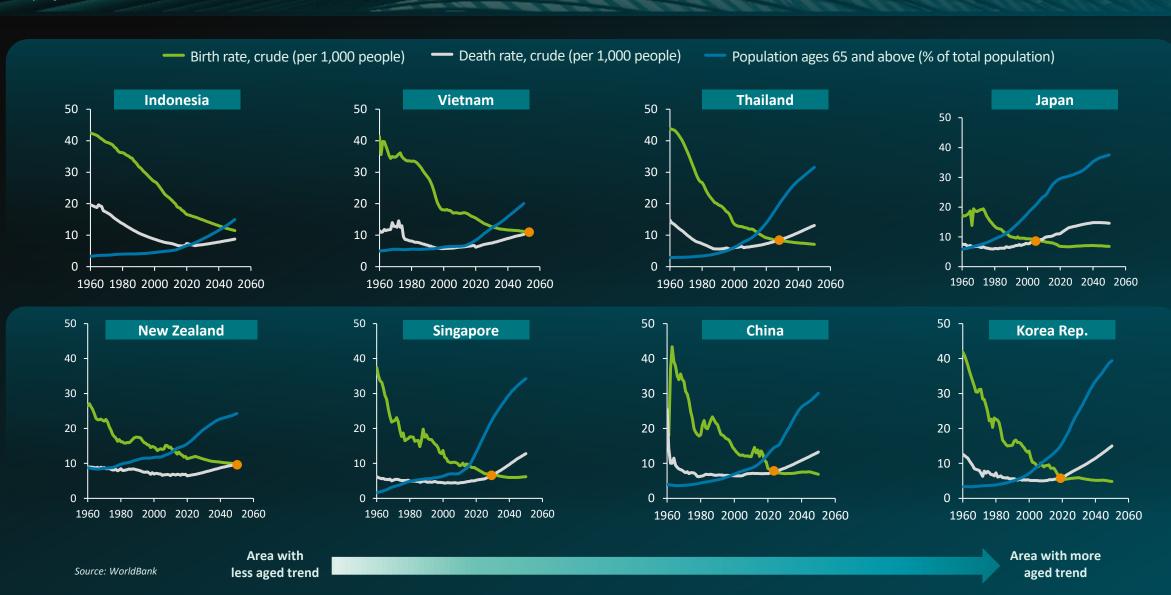


Source: Monitor Deloitte Analysis; World Bank Population Data; EIU; Euromonitor

Aged population trend among area

Birth rate and Death rate have crossed before 2020 in Japan and South Korea, whereas Indonesia, New Zealand, and Vietnam are projected to cross after 2050.





Four Segments of the Silver Economy – Market Value and Target Population Size















The TECHNOPHILE

The TECH LAGGARD

The FRUGAL

Digital Fortune in Silver BoP¹





Population

The WEALTHY

Silver Turns Digital Gold





Net Worth **USD 7.6T**





Silver Bop¹ as Digital Laggards





Net Worth **USD 1.7T**







Net Worth **USD 16.7T**



Population



²Monitor Deloitte Analysis; data on the on the following seven countries has been used to represent Asia excl. Middle-East: China, India, Indonesia, Japan, Korea, Philippines and Singapore Distribution and wealth of the Wealthy is based on the top 10% and the Frugal is based on the bottom 50% of the elderly population from World Inequality Database (2012-2015), The World Economic Forum's Inclusive Development Index 2018 and Credit Suisse Global Wealth Databook. Distribution of the Technophile and the Tech laggard is based on smartphone penetration data from Pew Research Centre (2018) and Info-communications Media Development Authority of Singapore (2017). Distribution of the elderly is based on data from The World Bank Population estimates and projections (2019)

<u>A</u>



I am aged, but not retired yet.

Retirement trends among major regions







Extend working due to high cost of living

During Covid-19, 1/3 of retired 50+ years old in UK returned to work for the financial purpose.

Lack of workforce among companies

In Asia, the declining workforce population has incentivized corporates to hire retired aged population

Government raises its retirement age

China, Japan, and South Korea are planning to raise its retirement age gradually and in phases to cope with the country's rapidly aging population

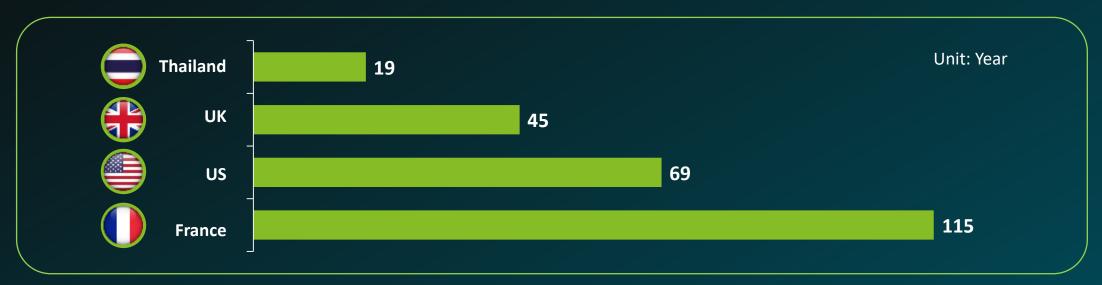


Source: Deloitte Analysis, BangkokBizNews, CNBC, Rest Less, Reuters





Years respectively to move from an ageing society to an aged society

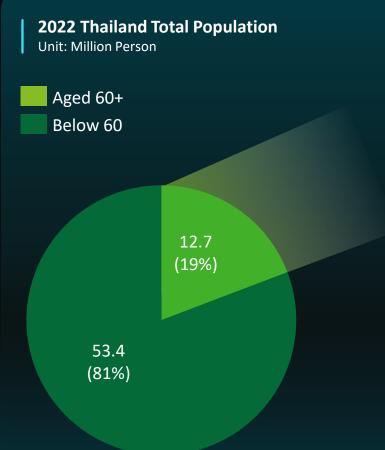


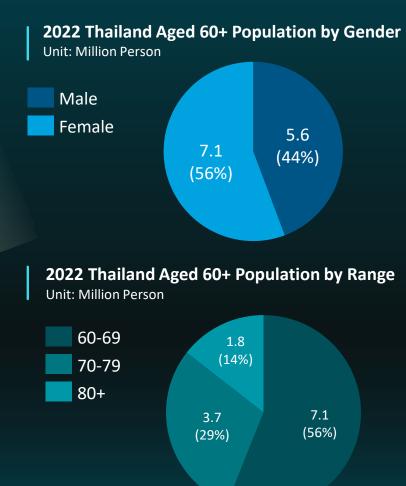
Source: UN, Monitor Deloitte Analysis, WorldBank



Thailand 2022 elderly data





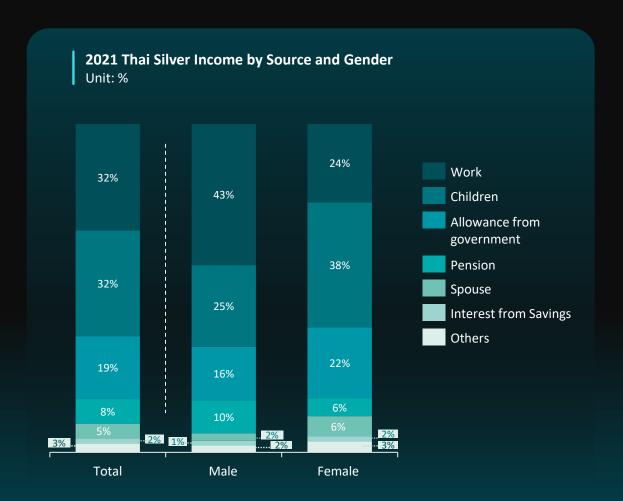


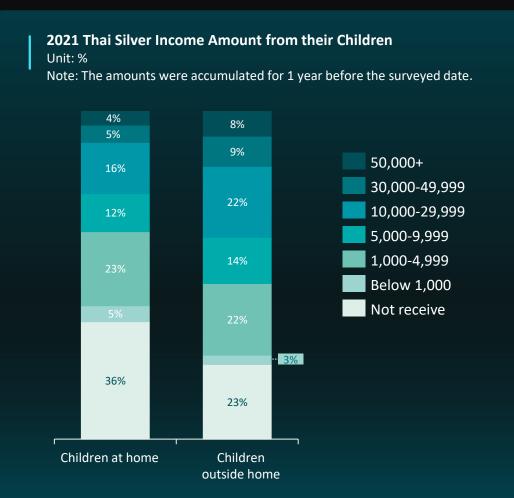


Significant portion of the Thai silver that have income from their children.



38% of the silver, mostly contributed by female, received income from their children and only 64% of the silver received financial support from their children at home.

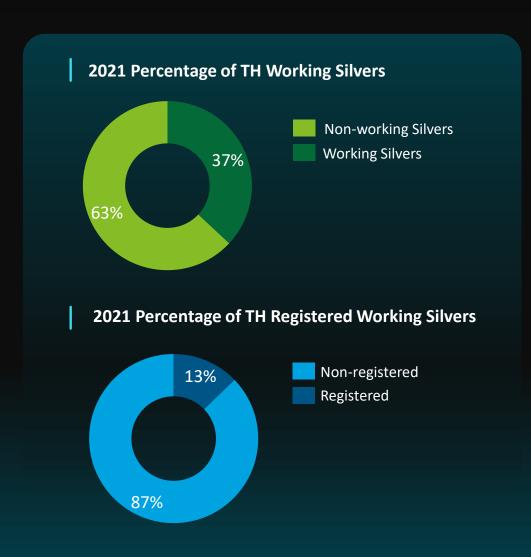


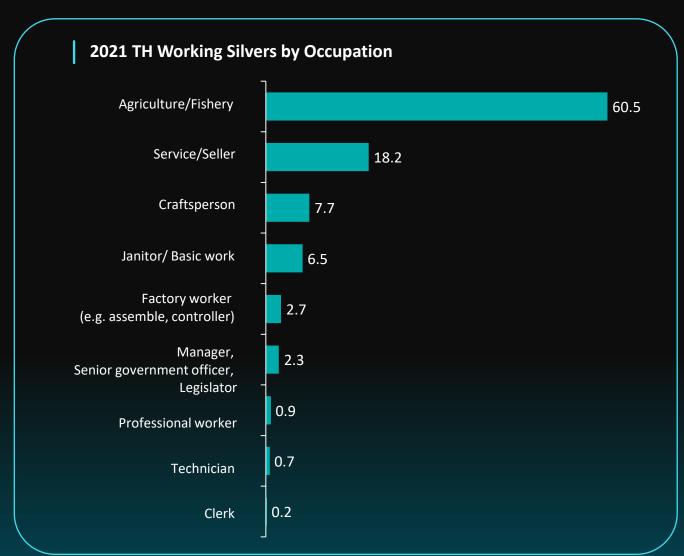


Source: Deloitte Analysis, NSO

37% of TH silver still work and 87% of the workers are non-registered workforce. Agriculture/Fishery and Service/Seller are the most popular jobs for the silver.



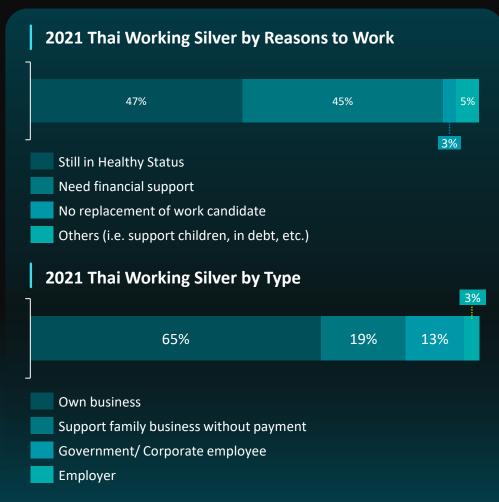


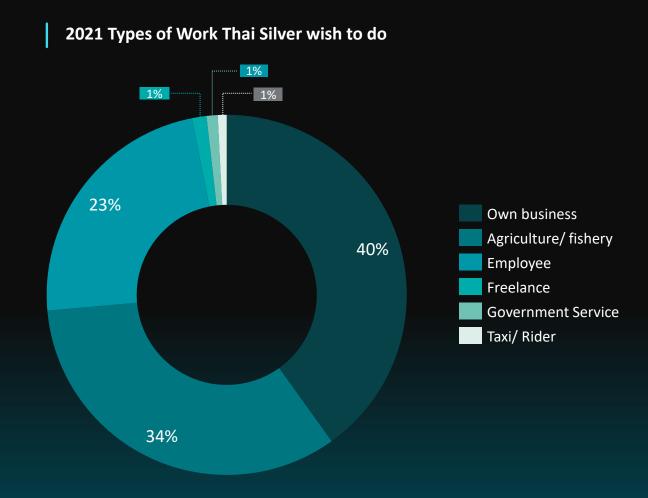


Source: Deloitte Analysis, NSO

01 02 03 04 05 06

Significant of TH silver work for financial support purpose which majority of silver also work in own business. For those who work to support family business without pay, it is possible that they work due to the in-healthy-status.

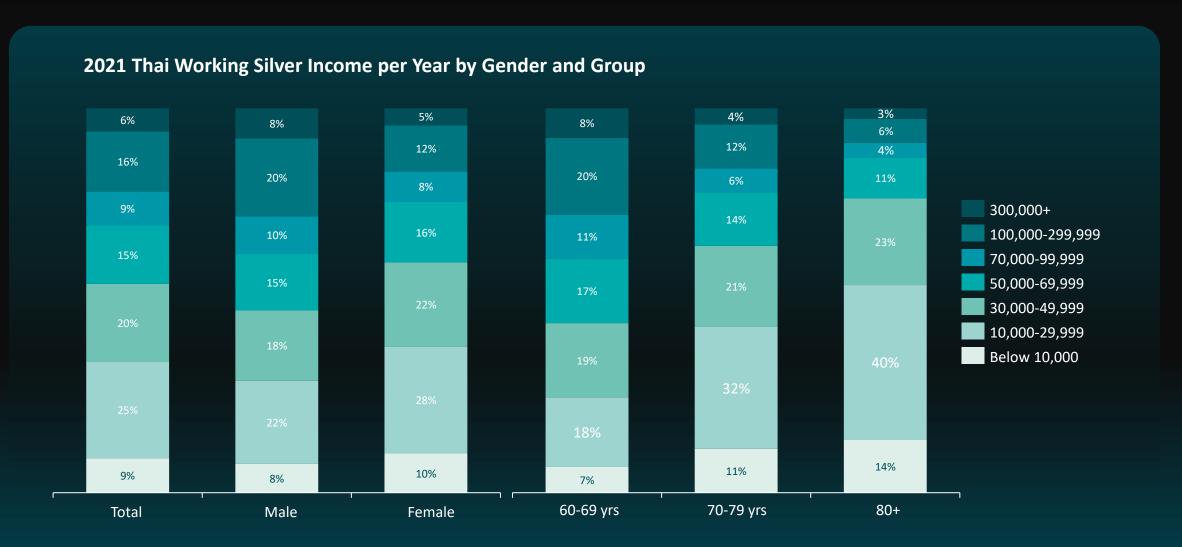




Source: Deloitte Analysis, NSO

Male silver tend to earn more than female. Early silver also earn the most compared to the older silver.





Thailand 2023 Four Segments of the Silver Economy – Market Value and Target Population Size





TECHNOPHILE

The

TECH LAGGARD

The FRUGAL

The WEALTHY



Digital Fortune in Silver BoP¹

Silver Turns Digital Gold







Net Worth² THB 4.8B



Population Size² 670K





Net Worth THB 1.2T



Population Size 677K

Silver Bop¹ as Digital Laggards

Silver Turns Gold Sans Digital





Net Worth THB 32.6B



Population Size 4.5M





Net Worth THB 648.7B



Population Size 362K



¹Bottom of pyramid

²Deloitte Analysis; Distribution and wealth of the Wealthy is based on the top 10% and the Frugal is based on the bottom 50% of the elderly population from World Inequality Database (2021), Distribution of the Technophile and the Tech laggard is based on internet usage in elderly penetration data from NSO (4Q2022) and Mahidol University Research (2021). Distribution of the elderly is based on data from The World Bank Population estimates and projections (2023)

Thailand 2023 Four Segments of the Silver Economy – Market Value and Target Population Size



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¹Bottom of pyramid

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²Deloitte Analysis; Distribution and wealth of the Wealthy is based on the top 10% and the Frugal is based on the bottom 50% of the elderly population from World Inequality Database (2021), Distribution of the Technophile and the Tech laggard is based on internet usage in elderly penetration data from NSO (4Q2022) and Mahidol University Research (2021). Distribution of the elderly is based on data from The World Bank Population estimates and projections (2023)

Business Trends for Silver



Health care

Elderly care (wholly new established or extend service range)



Electronic Devices

Tracking silver/ Medical devices supporting silver

Real Estate

Residence/ nursinghome/Silver community



Business Trends for Silver



Legal Consultation Living will

Leisure and Self Development

Silver tourism/ Learning/ Craft/ Upskill activities for silver







Financial Product

- Reverse Mortgage
- Insurance

Legend

Health care Leisure Service

Source: Deloitte Analysis, Bangkok Bank, PIER



Why Third Party Risk Management (TPRM)?



A typical SET listed or large organizations may use more than thousands third-parties (i.e. vendors, suppliers, service providers, outsourcers, agents, distributors, etc.) to meet their Business and IT objectives and stay competitive. With companies' increasing reliance on an interconnected network of third party relationships, their existing risk profiles are further accentuated as the risks of their third parties effectively become their own, particularly in terms of potential reputational damage and vicarious responsibility.



Chinkavin Kittanatchai
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From Deloitte's latest annual TPRM global survey¹, 46% of organizations surveyed believe the financial impact of a failure by a third-party or subcontractor has at least doubled over the last five years, with a tenfold increase for one in five. In particular, some organizations may struggle with:

- Lack of confidence or transparency regarding third party performance and operations.
- **Demand for cost and process efficiencies** as the number of third-parties, and therefore practices to manage them, continue to proliferate.
- Increased business continuity and resiliency risks due to importance of third parties to critical processes.
 - **Inability to determine third party compliance** with regulations and industry requirements.
 - Limited visibility into subcontractor relationships, further increasing overall levels of risk.



¹ Refers to TPRM global survey 2020" Deloitte Global (2020)

Typical TPRM Challenges and Risk Landscape



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Many organizations still struggle to provide confident and immediate answers to the following questions:

- Who are our third parties?
- Which relationships are material to our organization?
- What controls and governance do we have over our third parties?

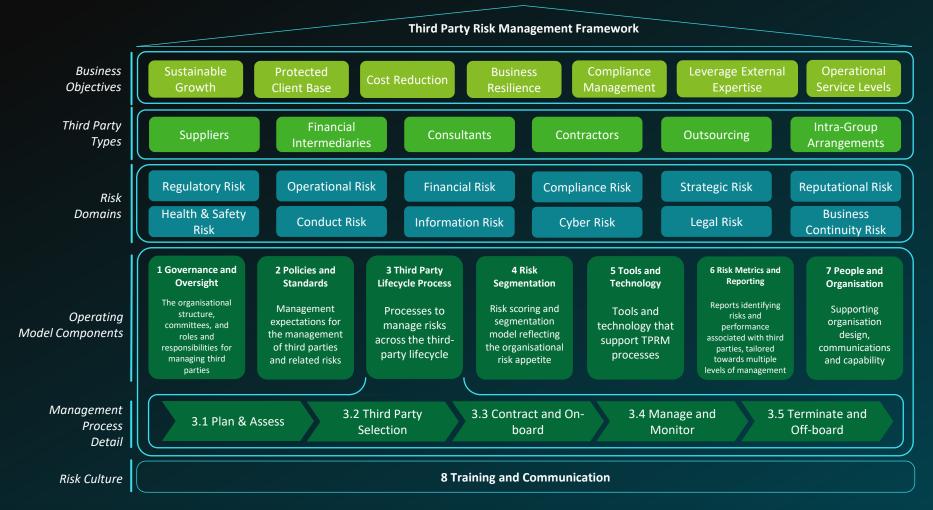
This is typically due to:

- TPRM is largely considered to be only the responsibility of the first line of defence, for e.g. basic due diligence during vendor onboarding, particularly for regulated industries.
- Limited scope of risk domains.
- Limited scope of third parties under active management (i.e. contingent workforce, subcontractors and intra-company entities not having any oversight).
- Insufficient governance and oversight on the part of the second and third lines of defence, resulting in limited visibility regarding aggregated third party risk, and the extent of its concentration, at the organizational level.
- Insufficient, incomplete, inconsistent and disparate data spread across multiple systems, as well as a large extent of manual processing.

What Deloitte can assist your organization?



Deloitte can assist performing both "top-down" and "bottom-up" assessments of an organizations' current state TPRM (e.g., people, process, system/tool), working with relevant stakeholders and applying our market-leading TPRM framework below and related process flows. These can then be tailored into a fit-for-purpose TPRM system for implementation that meets the need of your organization by providing TPRM advisory and assurance services to Three Lines of Defences (Business Units, Risk Management / Compliance, and Internal Audit)



Examples of our TPRM Services

Assess:

- Assess client needs and business requirements – match client challenge to our solution/ service catalog
- Assess capabilities of existing technology, people and processes
- Develop an implementation roadmap with the right talent, process and technology

Transform/Implement:

- Perform vendor landscape assessment
- Partner with client to define transformational path via implementation, learnings and continuous assessment

Operate:

- Identify and measure KPIs and key metrics
- Perform ongoing review and quality checks

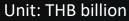


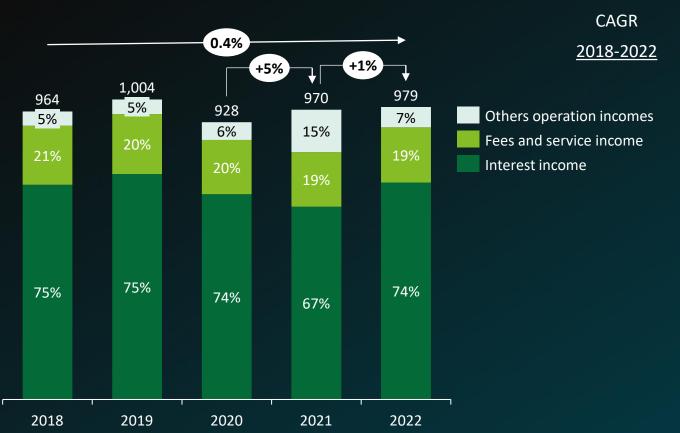


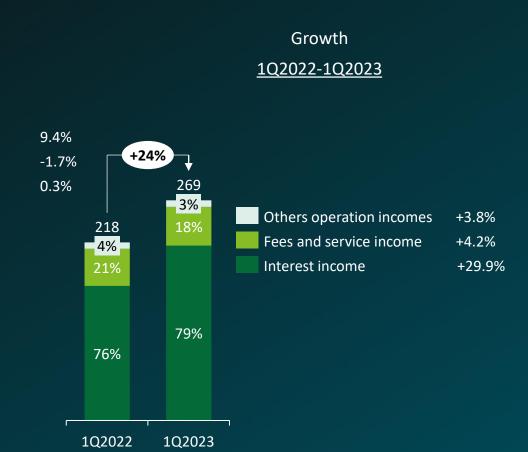
Banking market value in Thailand grew by 0.4% CAGR with a 1% increase 2022 YoY.



Banking market value





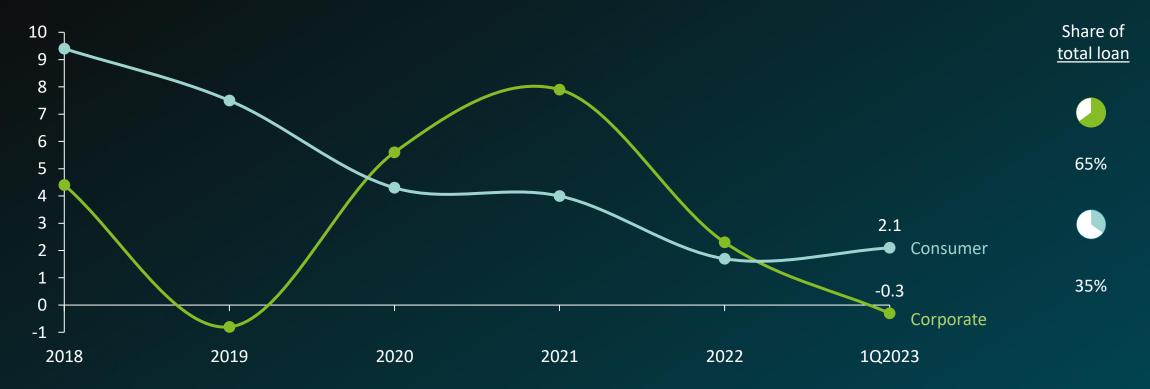


Source: Deloitte analysis and Bank of Thailand



Loan growth classified by loan portfolios and Share of total loans

Unit: %YoY

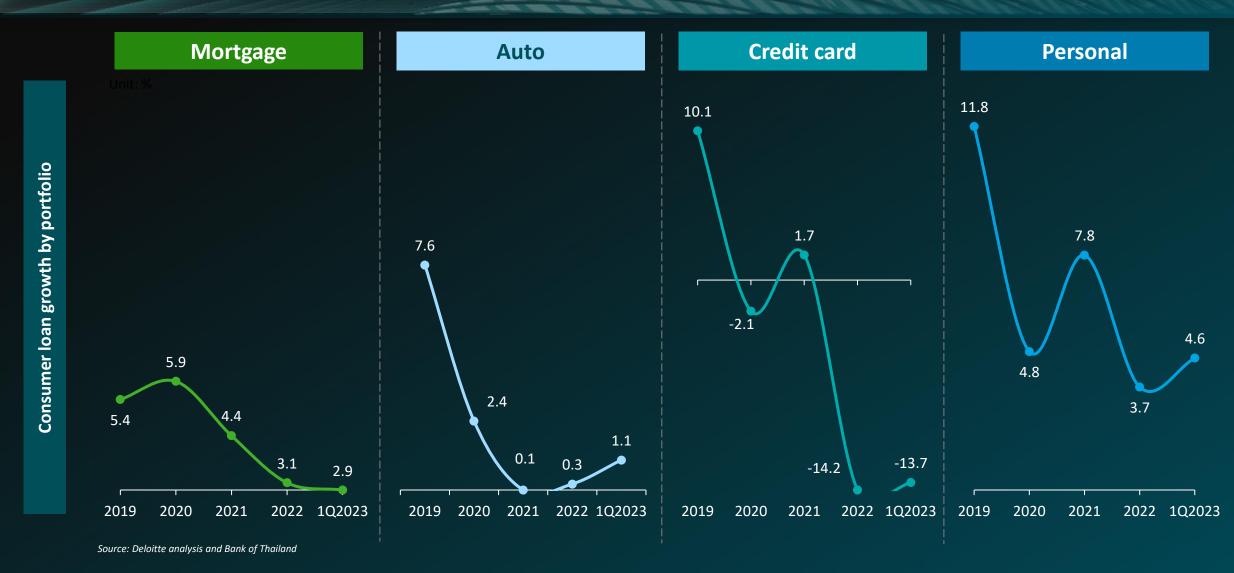


Note: Large corporate and SME are excluding financial business

Source: Deloitte analysis and Bank of Thailand

Banks' loans continued to growth, especially in large corporate loans in the financial and trading sectors, mortgage loans, and personal loans.





Recommended Deloitte POVs and Key Information – Banking and Capital Markets

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2023 banking and capital markets outlook

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2023 banking and capital markets M&A outlook

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2023 investment management outlook

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Key Information

- To navigate through these uncharted waters, banks should reassess traditional product, service, and industry boundaries to create new sources of value. Such opportunities may exist in a number of areas, including embedded finance, tokenized assets, financial technology, digital identity, or green finance. Some banks have begun this journey, but many could fall behind.
- The fast pace with which operational risks and regulatory expectations are evolving will require banks to adopt new methods of managing risks, such as transitioning from periodic reviews to continuous monitoring, and limiting the use of third-party data.
- Banking saw major drops in total deal volume and value, along with an average deal value decline.
 Investment management (IM) and wealth management (WM) suffered from falling asset values that dented returns, though WM remains a highly profitable, sought-after specialty.
- Five intriguing trends and drivers for 2023: The struggle for customer ownership, Evolving B&CM ownership models, More customized IM and WM products, Increased regulatory scrutiny industrywide, Focus on serving underbanked or debt-averse populations
- Since investment management is talent-driven, most businesses are working to optimize their talent models. Firms are updating their workplace policies to influence employee satisfaction. Progress toward establishing and communicating a corporate purpose is also correlated to improved efficiency, revenue opportunity, and reduced employee turnover.
- Firms continue to invest in digital transformation with new technologies that improve the client experience, gain operational efficiencies, and potentially generate alpha. Leadership can help drive these changes effectively with communication to foster collaboration across departments to achieve transformative results.





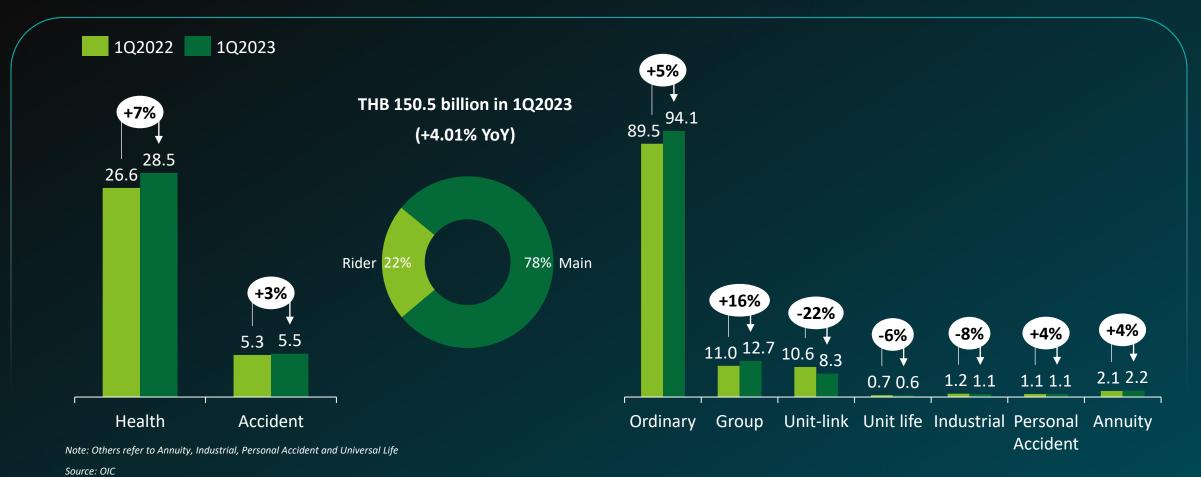
Insurance's market size by type (THB billion)



Source: OIC



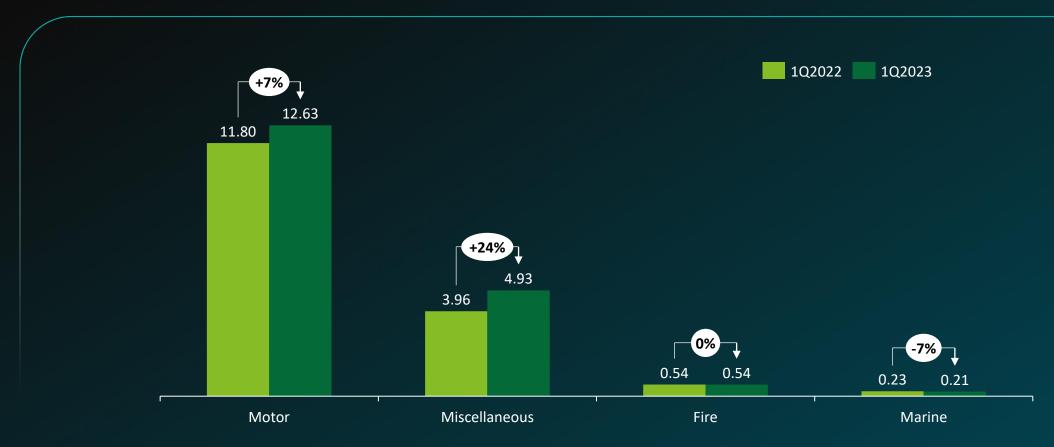
Thai life Insurance direct premium by type of contract (THB Billion)



Miscellaneous business saw the highest YoY growth at 24% across non-life insurance portfolio mix while marine is the only business with a -7% decline.



Thai non-life Insurance policies by type of contract (Million policies)



Note: Others refer to Other Miscellaneous, Health, Fire and Marine

Source: OIC, EMIS and TGIA

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Tech Trends 2023: An insurance industry perspective

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Key Information

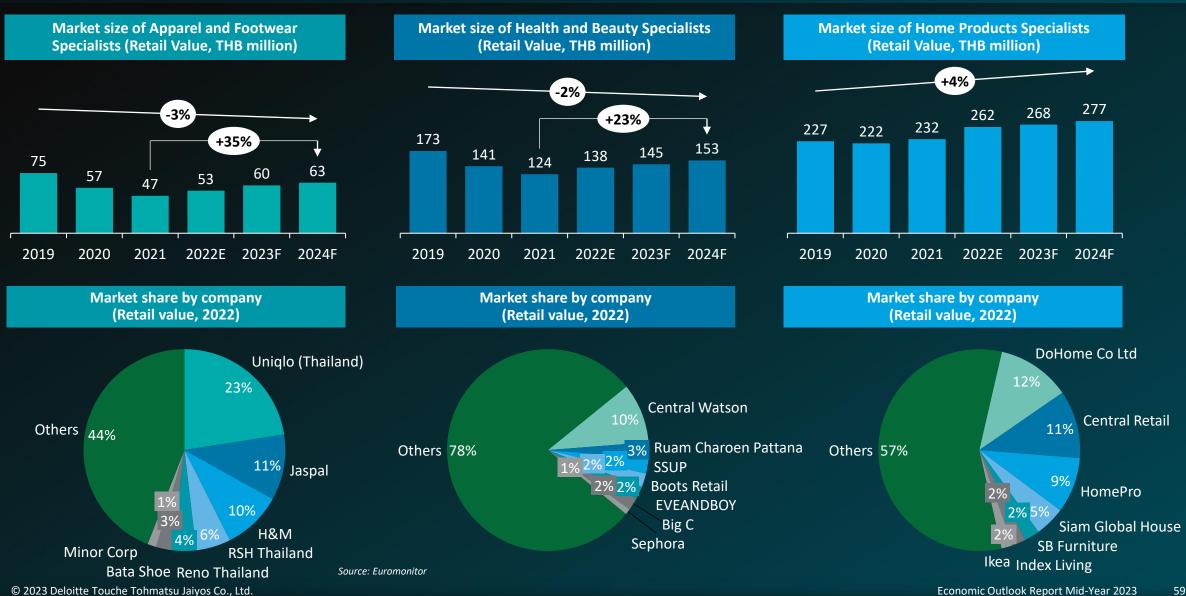
- In setting strategic plans and investment priorities, insurers should strive to maintain the momentum
 of creative adaptation established over the past few years, accelerating upgrades in systems, talent,
 and culture while becoming increasingly innovative, and customer-centric.
- While technology and resulting improvements in risk selection and pricing are likely to remain the
 primary drivers of improved bottom-line performance, insurers should expect to be increasingly
 judged by stakeholders on their response to broader sustainability priorities such as climate risk,
 diversity and inclusion, social equity, and transparent governance—all of which could become
 competitive differentiators in the battle for talent, investors, and market share.
- From leveraging AI to disrupting conventional claim and underwriting processes, modernizing their legacy landscapes to moving data and infrastructure to the cloud, insurers are on the journey to harness these trends for their business stakeholders and customers.
- At present, the insurer can leverage the digital twin to generate quotes, personalized for the customer. Once the customer makes their selection, the insurer can automate and expedite the underwriting process through Subject-Verb Object (SOV) extraction, 3rd party data augmentation, and digital risk fingerprinting.

- Collective global efforts to reduce the most extreme of future climate impacts require emissions to decrease substantially in this decade. Many leading insurance regulators are firming up their efforts and exploring ways to make sure coverage is available and affordable.
- Managing transition risk while trying to keep underwriting in line with new rules and considerations will be at the forefront of operating in the insurance sector.



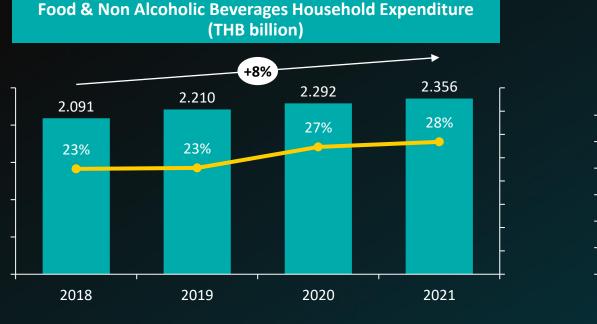
During the peak of the pandemic, consumers shifted their spending towards essentials, cutting back on discretionary spending





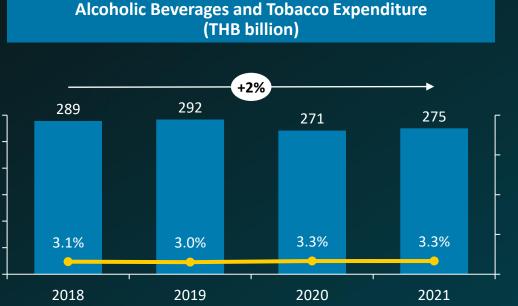
Food, Beverage and Tobacco





% of total household consumption expenditure

Food and Beverage household consumption expenditure



- % of total household consumption expenditure
 - Alcoholic Beverages and Tobacco household consumption expenditure
- The percentage of expenditure for Food & Non-Alcoholic beverages in relation to over consumption expenditure has been gradually rising, and spending is likely to remain high over the coming years driven by higher market prices for essential products such as oils, meat, dairy and eggs.
- Spending on alcoholic beverages and tobacco in Thailand has seen a general trend of slowing, and is expected to see weak growth in the coming years

Source: Euromonitor

Recommended Deloitte POVs and Key Information – Consumer product



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2023 consumer products industry outlook

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The rise of digital goods and services:
Opportunity over threat

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Green products come of age

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Key Information

- Deloitte surveyed 150 consumer products executives from an industry proportional mix of food and beverage, household goods, personal care, and apparel companies in November 2022.
- Findings revealed that profitable growth companies are finding ways to get closer to consumers, mainly through more significant digital investment
- Companies are increasing investment in emerging markets, innovative products, marketing and acquisition. They are transforming their businesses through divestitures and portfolio optimization.
- Profitable growth companies are driving data through supply chains for tracking and traceability, and to help consumers and partners make more informed decisions.
- Digital offers are evolving at a lightning pace, from health and fitness apps, smart pet accessories, IoT, to AI.
- Digital goods and services represent an estimated 3% of the US consumer's wallet. As daily life becomes more immersed in the growing value that digital goods and services provide, the consumer's wallet may be poised to shift.
- Consumer industry companies need to gain understanding of what's getting digitized in their value chains to fully lean into new opportunities. Forward thinking brands are acquiring new capabilities to offer these digital products and services.
- Expectations of sustainable products are rising, but consumers are likely to reward brands that deliver.
 Demand for green products is now coming from the mainstream audience.
- Consumer expectations of sustainable products are beginning to mature across a growing number of product categories and are willing to pay a premium of an average 27% for innovative brands that deliver on sustainability promises.



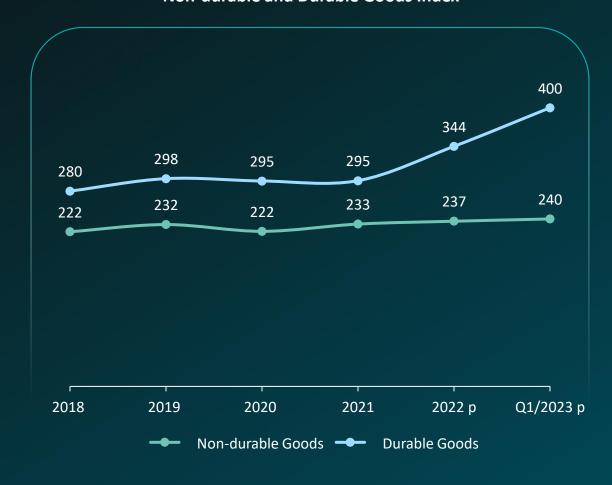


Wholesales Index



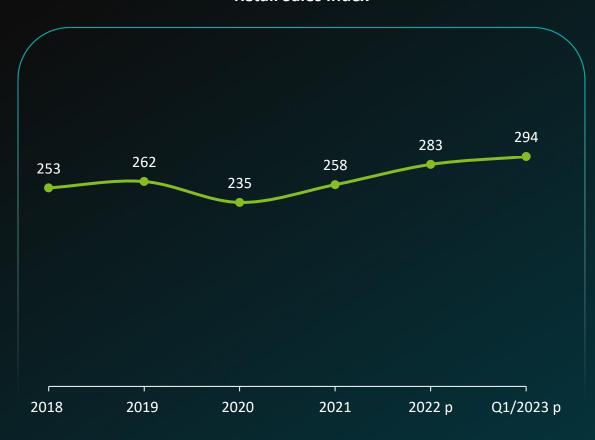
Note: Base year 2002 = 100 Source: BOT

Non-durable and Durable Goods Index



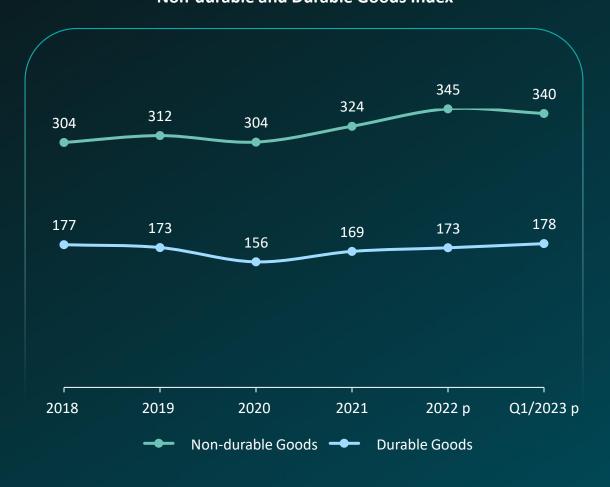


Retail Sales Index



Note: Base year 2002 = 100 Source: BOT

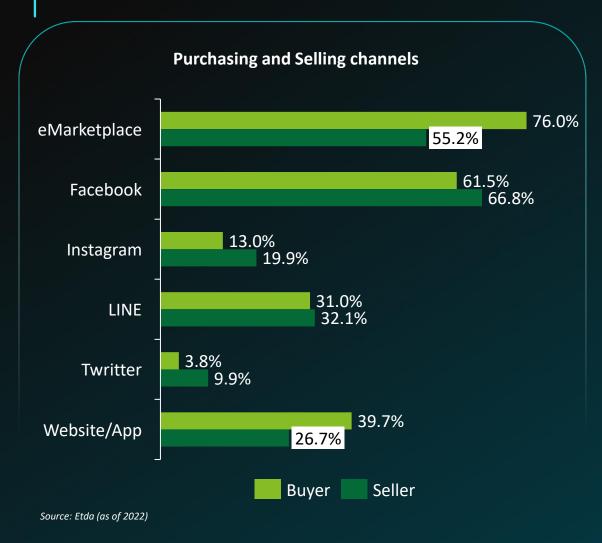
Non-durable and Durable Goods Index



E-Commerce



Buyers choose to shop through e-Marketplace while sellers select to sell through social commerce like Facebook.





Recommended Deloitte POVs and Key Information – Wholesale, retail and distribution



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2023 retail industry outlook

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M&A in retail

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The Future of retail

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Key Information

- Retailers' role in the consumer journey has changed. The pandemic accelerated a trend already in motion: Consumers expect the best price in the most convenient way possible. To compete, retailers have rolled out the actual and virtual red carpet, offering fast last mile services like curbside pickup and same-day delivery, personal shoppers, fit predicting tools, and payment plans.
- There are three key areas that retailers can—and should—consider now to help create efficiencies while addressing the changing consumer: last-mile capabilities, reverse logistics, and social commerce.

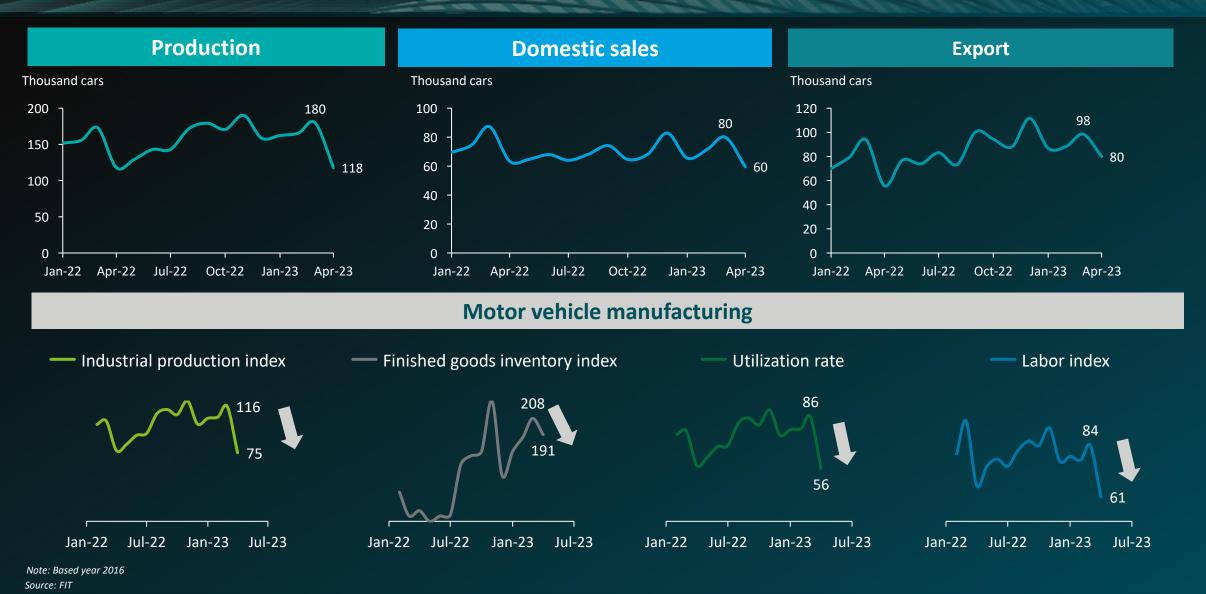
- Macroeconomic trends driving buy-side and sell-side M&A in retail
- In addition to "buy", "partner", or "sell", margin improvement can be a step in the journey to help retailers shift into a growth-oriented mindset and free cash flow for re-investment.
- To emerge as a leader through a period of disruption and opportunity, retailers must evaluate how M&A strategy fits into their value proposition and long-term strategic goals.

- How should retailers prepare to serve vaccinated customers as they return to stores— and what are the implications?
- To prepare for the future of shopping, retailers must reimagine how to create a holistic, tailored shopping experience, enabling customer-centric journey touchpoints.
- Accelerated changes in consumer behaviors have forced retailers to rethink, invest in, and strengthen their innovation and R&D capabilities for the future.



Key Figure Update: Automotive (as of April 2023)



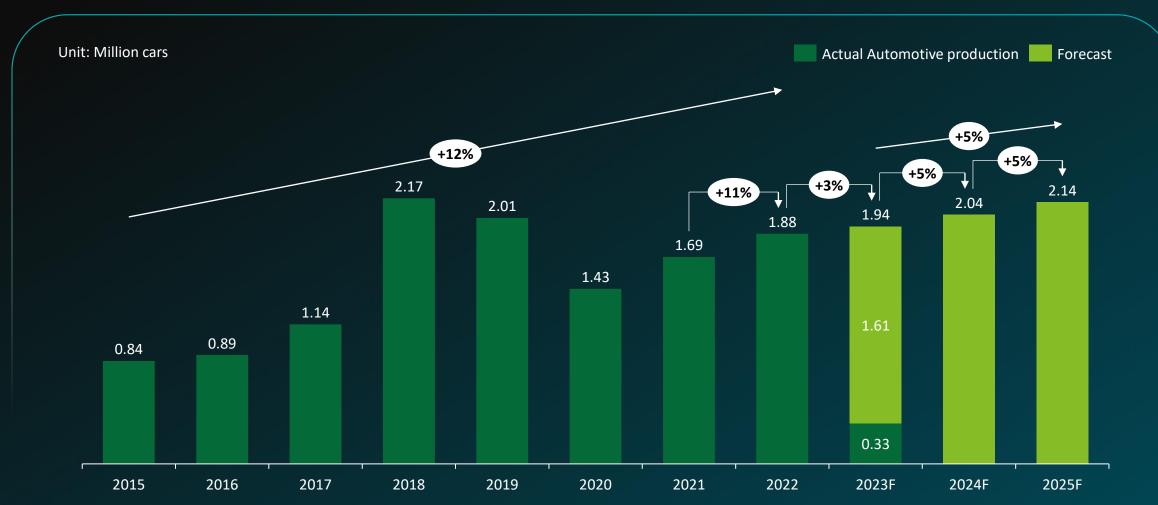


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In 2023, the number of automotive production is expected to improve to 1.94 million unit with the semiconductor shortage begins to subside.



Number of Automotive Production

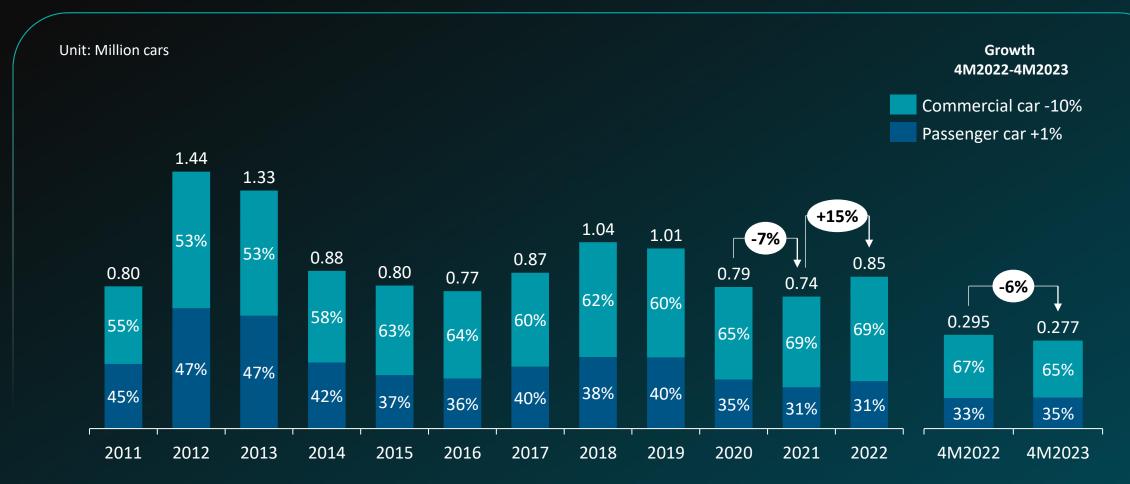


Source: Yuanta Research and Deloite Analyses

In the first 2 month of 2023, sales of commercial cars, especially four-wheel drive (-22.4% YoY) one-ton pick up (-18.0% YoY), 2-4 tons trucks (-15.7% YoY) and trucks over 4 tons and bus (-16.3% YoY), decreased in contrast to the improvement of passenger cars.

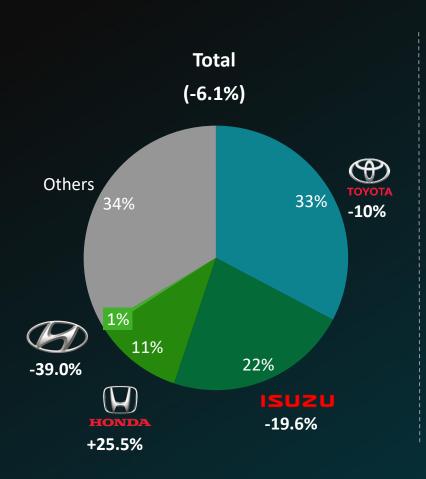


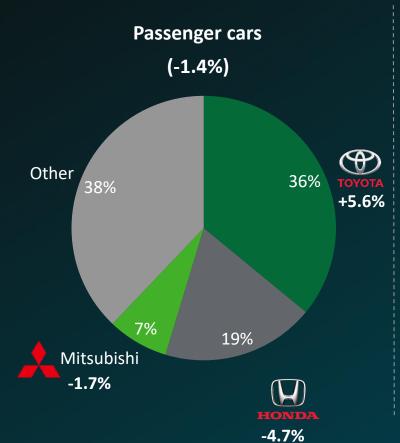
Thailand's automotive sales by unit

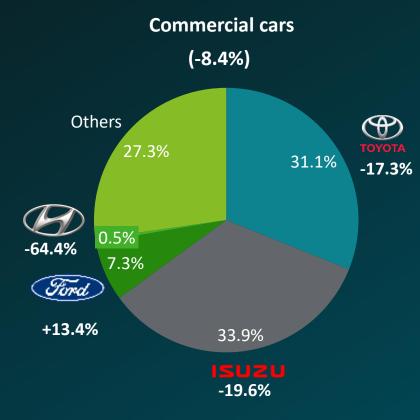




Share of new vehicle sales in April 2023 (YoY %)



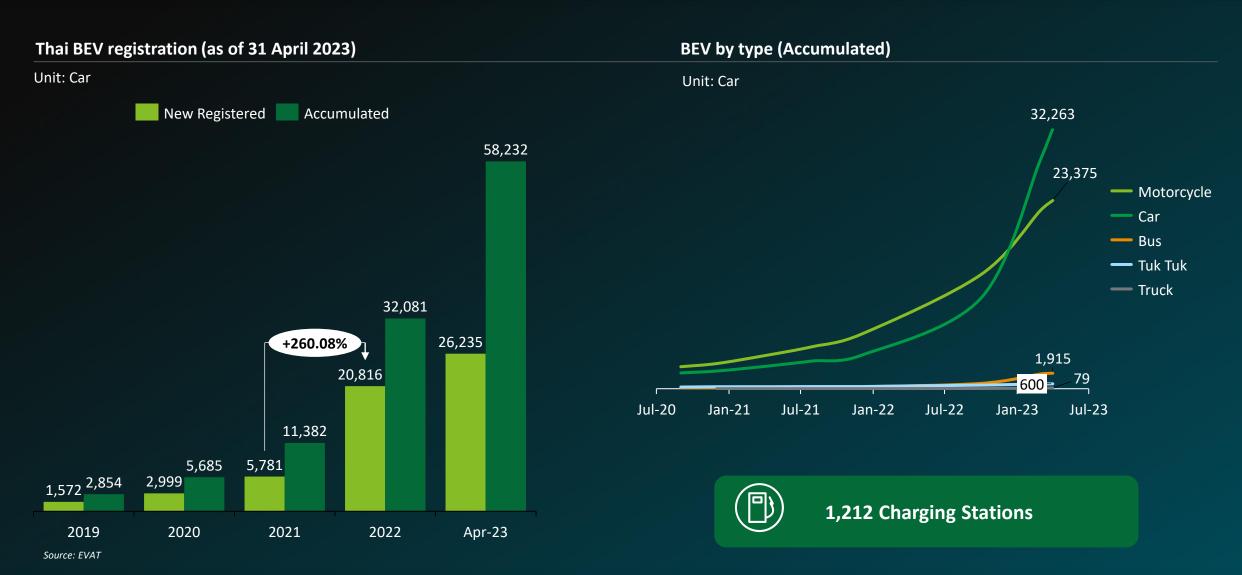




Source: Toyota Motor Thailand Co., Ltd. (TMT)

Thailand's BEV situation Number of newly registered BEVs in April 2023 already surpassed that of full year 2022 sales





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2023 Global Automotive Consumer Study Southeast Asia perspectives

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- Consumer interest in EVs is growing as consumers, pressured by hyper-inflationary conditions, look to lower their operating costs. However, individual markets face different challenges to maintain forward momentum. Affordability, range anxiety, and battery safety concerns remain as significant barriers to adoption.
- Product quality still tops the list of factors driving consumer decisions when it comes to which vehicle brand to buy, but expectations regarding the acceptable length of time to wait for delivery may be starting to stretch out as a lasting by-product of the inventory crisis, potentially opening the door to a new "build-to-order" paradigm.
- When asked who they trust most, Southeast Asia consumers point to the relationship they have with
 either their selling or servicing dealer, signaling the important role that dealers play in the regional
 automotive value chain particularly in the conversation around direct-to-consumer sales.
- Consumers in Southeast Asia are willing to share their data for connected vehicle features, but most
 would rather pay for them as part of the upfront cost of the vehicle or on a per use basis, instead of a
 subscription.



The Future of Automotive Mobility to 2035

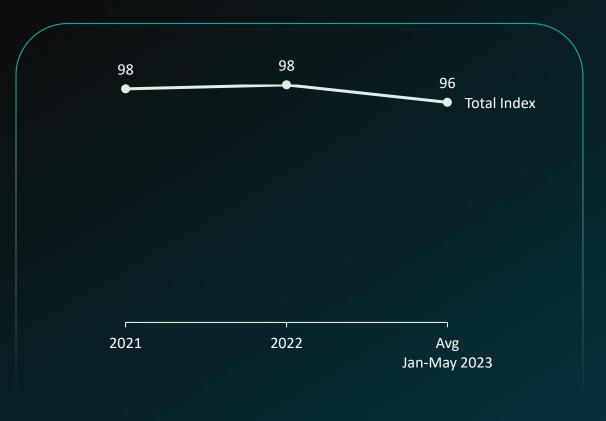
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- The evolution of automotive mobility is expected to continue to accelerate and be influenced by many factors. To capture these important effects, an extensive automotive mobility value chain model that is structured along the asset and customer life cycle is to be explored.
- In recent years, the ways that vehicles are sold and used by customers are changing rapidly.
- By 2023, the captives' market and other mobility providers are expected to grow by 34% in EUROPE5
 and 21% in the US.





Manufacturing PMI (Index) in 2021-June 2023



Source: BOT

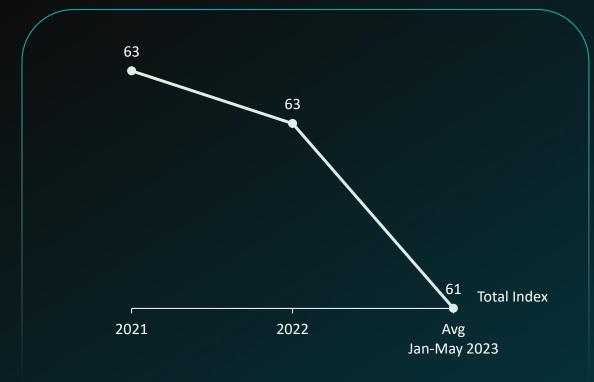
Manufacturing PMI (Index) by Sector in 2021-June 2023



- Manufacture of rubber and plastics products
- Manufacture of other non-metallic mineral products
- Manufacture of basic metals
- Manufacture of fabricated metal products, except machinery and equipment

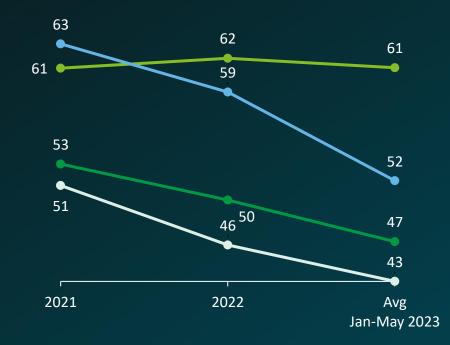


Capacity Utilization of Certain Industries in 2021-June 2023



Source: BOT

Capacity Utilization of Certain Industries by Sector in 2021-June 2023



Manufacture of rubber and plastics products

Manufacture of other non-metallic mineral products

Manufacture of basic metals

 Manufacture of fabricated metal products, except machinery and equipment

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2023 manufacturing industry outlook

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2023 engineering and construction industry outlook

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Tracking the trends 2023 The indispensable role of mining and metals

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Key Information

- Companies with higher digital maturity have shown greater resilience, as did those that accelerated digitalization during the pandemic.
- Addressing the tight labor market and workforce churn amid shifting talent models is expected to remain a top priority for most manufacturers in 2023.
- Deloitte's recent supply chain research highlights that 80% of surveyed manufacturing executives have experienced a "heavy" to "very heavy" impact of disruption on their supply chains over the past 12 to 18 months.

- Industry segments experience different growth trajectories and increased competition
- Increased lead times and volatile material costs pressure margins
- Talent pressures and shifting talent models lead the industry to rethink workforce strategies
- Developers and contractors further invest in emerging technologies to drive efficiencies
- Industry evaluates new practices to deliver positive societal impacts

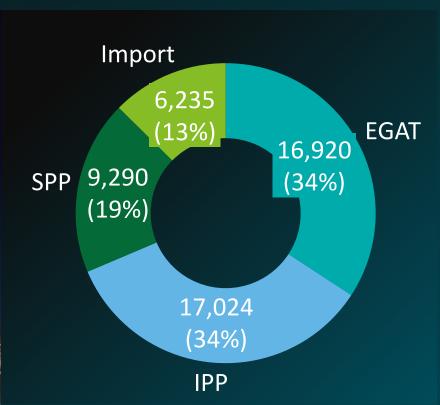
- The notion of circularity is being adopted in the energy space with mine electrification and energy storage, and companies have been regenerating landscapes for some time. However, these initiatives are mainly driven by liability, regulation and resource scarcity, rather than by value creation.
- Rethinking the flow of value throughout the metals and minerals ecosystem is one of the biggest opportunities this sector has to positively influence sustainable development.





The state-owned Electricity Generating Authority of Thailand (EGAT) and Independent Power Producers (IPPs) dominate electricity generation in Thailand with a combined market share of 68% as of April 2023





Source: EPPO

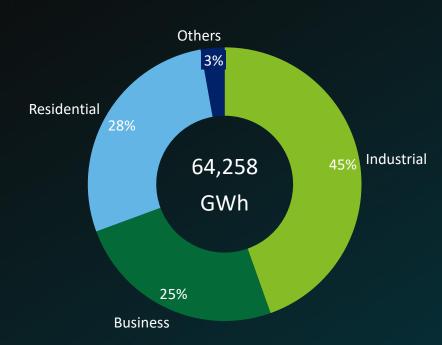
Electricity Consumption



Electricity consumption among residential and industrial declined due to the increase in Ft retail (Jan-Apr 2023) combined with the decline in Manufacturing Production Index. However, that of business area saw rising from recovering tourism and service activities.

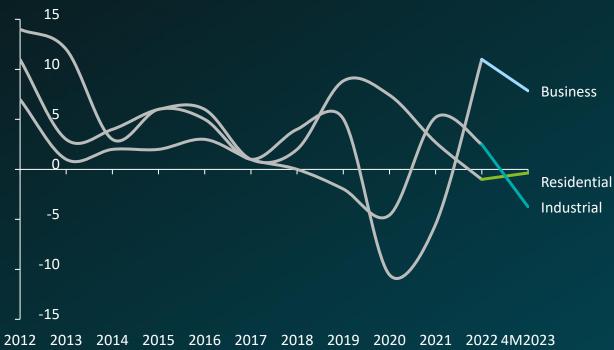
Electricity Consumption Classified by Sector (Jan-Apr 23)

Unit: %



Source: Deloitte Analysis, EPPO Note: Others = Agriculture, Government and Non-Profit and others

Electricity Consumption Classified by Sector – Percentage change (YoY)



Recommended Deloitte POVs and Key Information – Power, Utilities & Renewables



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2023 renewable energy industry outlook

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- Utilities increasingly plan to roll out the next wave of advanced metering infrastructure (AMI)
- Environmental, social, and governance reporting continues to gain momentum
- Battery storage deployments set to accelerate despite supply chain snags
- Power and utility companies see opportunities to reap value from clean hydrogen
- Utilities likely to sharpen focus on preparing for electric vehicle growth

- Drivers for 2023 renewable growth are some of the strongest the industry has seen, including competitive costs, supportive policies, and burgeoning demand.
- Due to these headwinds, renewable energy costs could continue to rise in the short term before they return to the more than decade-long decline driven by increasing scale and technological advances. But wind and solar are still the cheapest energy sources for power generation in most areas, and that gap is widening.



Enabling the clean energy transition: Planning for next generation advanced metering infrastructure and grid technologies

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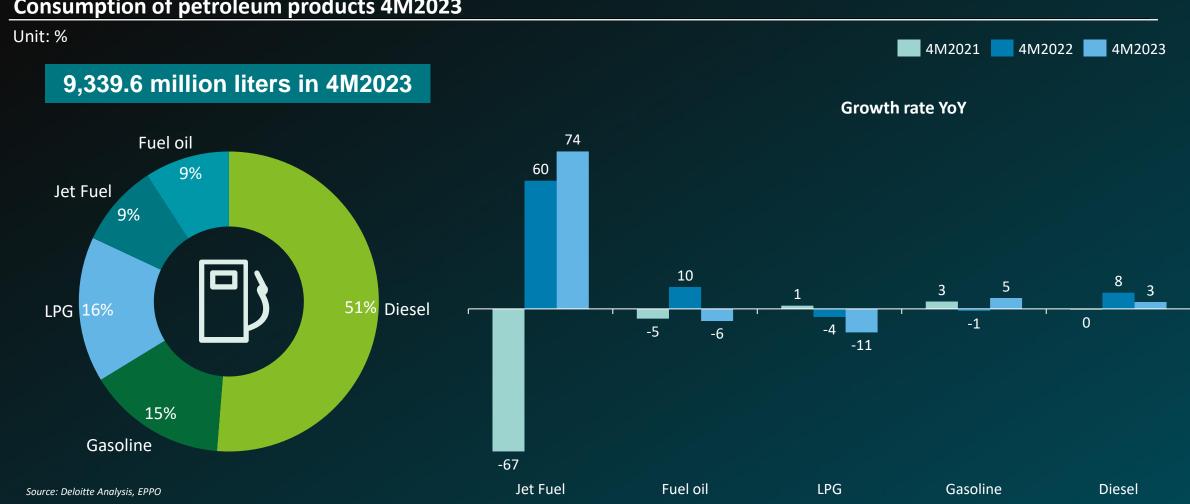
- To have enough edge computing power with access to the raw data allowing for high-resolution waveform data, edge computing, and flexible networking capabilities along with more secure overthe-air updates.
- Real-time, dynamic energy data could allow customers to analyze their device-level usage when costs are higher or incentives for reduced demand are provided to pinpoint device-level consumption, allowing utilities to target flexible grid loads.



Every petroleum products deceased in the first four months of 2023 except jet fuel and gasoline



Consumption of petroleum products 4M2023



Consumption of natural gas increased in the first four months of 2023 YoY



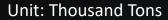
Consumption of Natural Gas by Sector

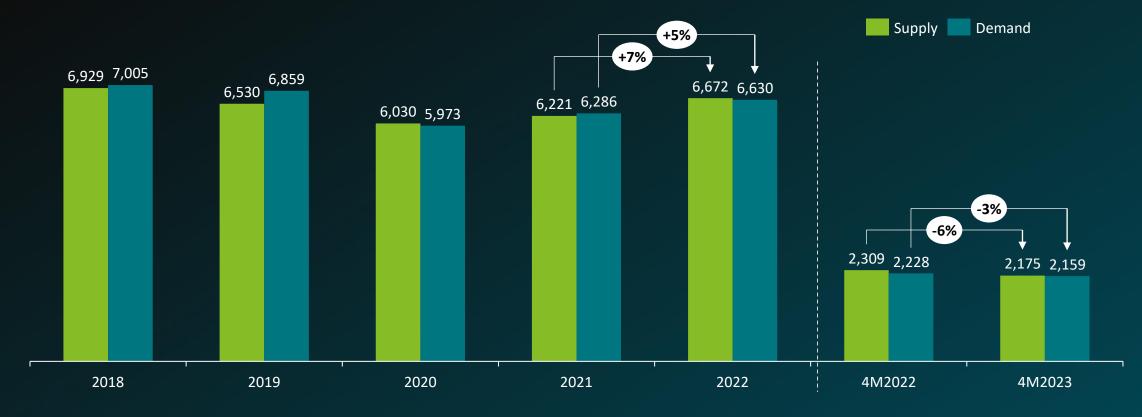
Unit: MMSCFD per day



LPG, Propane, and Butane supply and demand similarly rebounded in 2022







Source: EPPO

Recommended Deloitte POVs and Key Information – Energy and Chemicals



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2023 oil and gas industry outlook

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2023 chemical industry outlook

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Global chemical industry mergers and acquisitions outlook 2023

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Key Information

- Drivers for 2023 renewable growth are some of the strongest the industry has seen, including competitive costs, supportive policies, and burgeoning demand.
- Due to these headwinds, renewable energy costs could continue to rise in the short term before they return to the more than decade-long decline driven by increasing scale and technological advances. But wind and solar are still the cheapest energy sources for power generation in most areas, and that gap is widening.
- Portfolio cleanup will continue—some will be limited based on macro challenges, and some companies with balance sheet strength may see opportunistic deals. The M&A environment is transforming from physical and business assets to new growth areas with sustainable technologies and services.
- Digital technology is being viewed as a strategic discipline, which can create value through treating emerging technologies as a risk-adjusted portfolio. This approach can drive further value chain improvements and enable a more sustainable chemical industry.

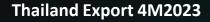
- Despite the aforementioned M&A headwinds, 90% of the chemical executives surveyed were still bullish that they were at least somewhat likely to undertake a merger or acquisition in 2023.
- For the third year in a row, organic growth was selected as the top focus area over the next 12 months, with 17 respondents ranking it as their top priority and 29 respondents ranking it among their top four priorities for 2023.

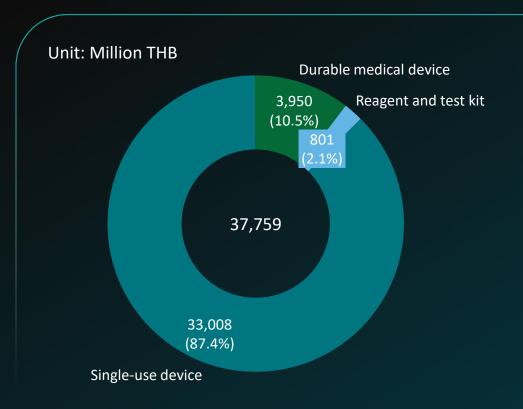


Thai Medical Device Export and Import



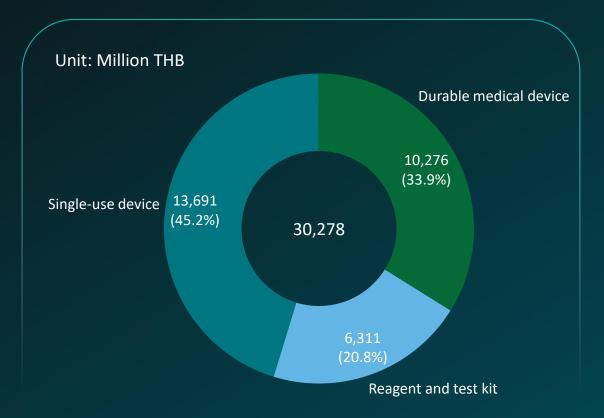
88





Source: Medical Device Intelligence Unit (MeDIU)

Thailand Import 4M2023

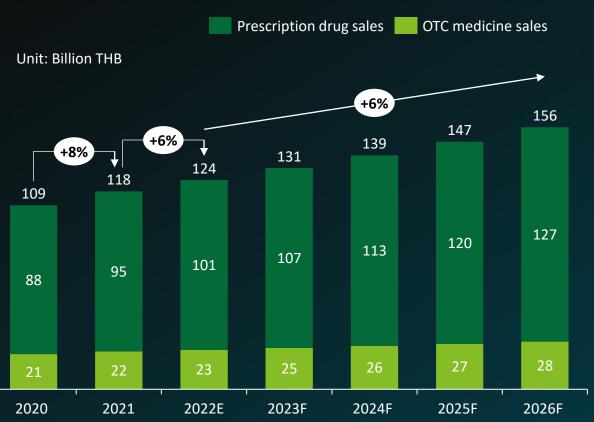


Pharmaceutical Overview



Increasing pharmaceutical sales account from implementation of universal health insurance and growing number of medicines distribution through hospital

Pharmaceutical sales



Original and generic drug expected to see continuous annual sales uplifts due to therapeutic area such as chronic diseases and government support respectively

Domestic Original drug/patented sales



Domestic Generic drug sales



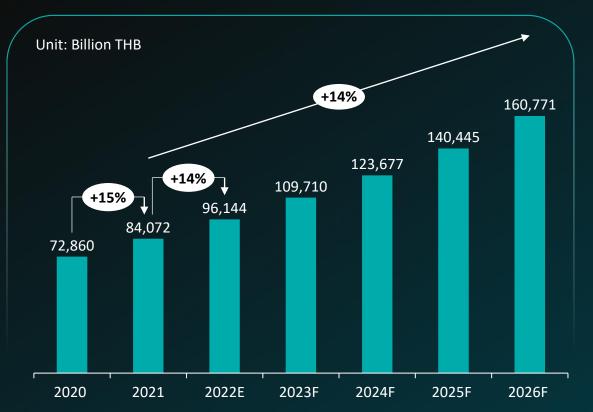
Source: Fitch Solutions and Krungsri research

Pharmaceutical Trade



Thailand is heavily dependent on imports, largely reflecting the lack of domestic manufacturers and local preference for patented medicines, many of which can only be imported from abroad. Exports will increase due to high demand for generic medicines in both regional and global markets.

Pharmaceutical Imports



Pharmaceutical Export



Source: Fitch Soulution

Recommended Deloitte POVs and Key Information – Life Sciences and Healthcare



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2023 Global Life Sciences Outlook

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2023 Global Health Care outlook

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Integrating digital health tools to help improve the whole consumer experience

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Key Information

- R&D innovation is one of the top actions that 91% of life sciences organizations plan to invest in more heavily during 2023, according to a Deloitte survey of 60 senior life sciences executives from biopharmaceutical and medical device manufacturers with revenue of more than US\$500 million.
- Life sciences companies that focus on high-value, relationship-driven investments in their people create more resilient supply chains.
- Health care providers, other sector participants, governments, and regulators must ask themselves how they can:
 - Translate lessons about virtual health delivery during the pandemic into improved access and treatment.
 - Leverage technology to reduce costs and demands on health workers while improving care for patients.
 - Reduce their carbon footprint and thereby help to mitigate some of the environmental threats to public health.
- Heath systems are increasingly adopting digital technologies to better meet consumers' health and well-being needs.
- Health systems' digital offerings may not be adequately meeting consumers' needs outside of their facilities.
- Health systems consider realigning business models, managing workforce, and improving workflows –
 they keys to better integrating digital technologies that meet consumer needs.

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