November 2026

Bangkok Bank CIO (Chief Investment Office)

Monthly Macro Outlook

By Bangkok Bank Wealth & Bangkok Bank Private Bank



Key Macro Messages

Global Economy Resilient Amid a Bifurcated Recovery

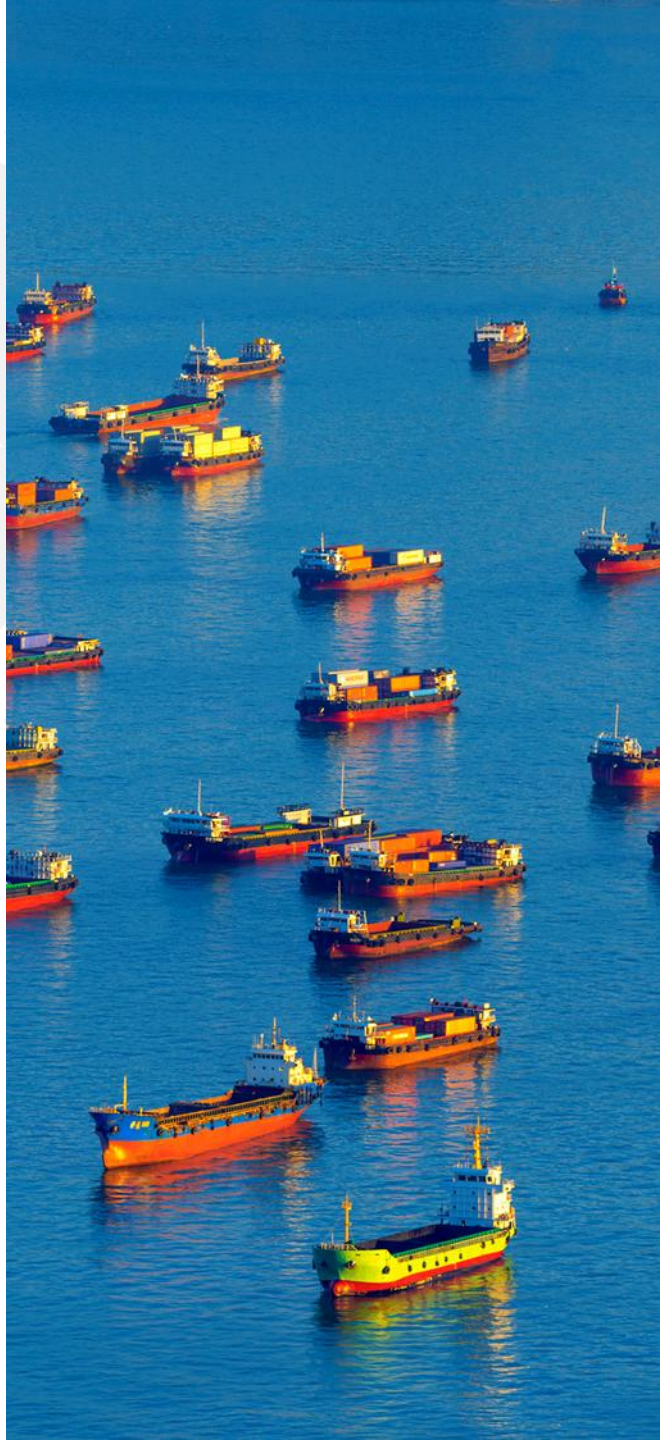
- **Global manufacturing and trade remain resilient,** driven by AI and technology, while the U.S. economy continues to benefit from strong private investment and semiconductor imports.
- **The global recovery is becoming increasingly bifurcated.** Consumers in many economies remain pressured by inflation, while U.S. spending is showing early signs of strain from lower savings and rising credit card delinquencies. In the eurozone, elevated energy prices continue to fuel inflation and weigh on household spending.

Inflationary Pressures Tighten Financial Conditions

- **Inflation remains above central bank targets in many economies,** although there is no clear evidence of a sustained reacceleration. Persistent energy price pressures continue to slow and uneven the disinflation process.
- **Energy prices remain a key risk to monitor,** particularly as Brent crude has rebounded to the US$100–120/bbl range, potentially adding upside pressure to inflation. Higher retail energy prices, driven by rising refining margins, may also pass through to businesses and consumers, leaving the inflation outlook more vulnerable.

Central Banks Continue Policy Normalization

- **Major central banks remain on a policy normalization path.** The Fed is expected to raise rates to 4.00–4.25% in December, while the ECB and BoE are likely to increase rates to 2.75% and 4.00%, respectively. Meanwhile, the BoJ is expected to continue gradual rate hikes through this year and next, bringing policy rates to 1.75%.
- **While most major central banks are expected to deliver only an additional 25 bps rate hike**, the key risk remains a prolonged period of monetary tightening. If inflation stays elevated or declines more slowly than expected, policymakers may need to keep interest rates higher for longer or tighten further, potentially weighing on economic growth and financial conditions.



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Macro Outlook
Global, Developed Markets

Global: AI-led resilience amid bifurcation; heightened inflation, tightening risks; macro downside worries

- The manufacturing upturn remains intact across PMIs, potentially led by AI/tech, with global trade still expanding and industrial production improving from its earlier moderation, albeit at a modest pace in line with the softer breadth of manufacturing new orders, which warrants monitoring amid macro downside concerns. The AI/tech cycle also faces risks, notably upcycle sustainability, overspending, and concentration. Global bifurcation's lower leg persists in the consumer backdrop, where inflation-squeezed real affordability and confidence are subdued amid mixed spending outlooks across economies.
- Inflation risks are rising: crude is back above $110 and is lasting longer than expected despite broadly manageable supply. At the same time, refinery shocks and downstream/retail price pressures are more worrying than upstream. Non-spiraling inflation stays the base case, given a labor market that is not excessively tight, but the odds of sustained elevation are growing.
- Tightening risks are more pronounced, despite recent pauses, as stubbornly high inflation raises the odds of policy rate increases worldwide. Our baseline is a final +25bp from most major central banks this year, with risks increasingly skewed toward further hikes next year, fueling over-tightening concerns.

Global manufacturing orders, potentially tech-led, hold above norms and above consumer confidence, the lower leg of the bifurcation

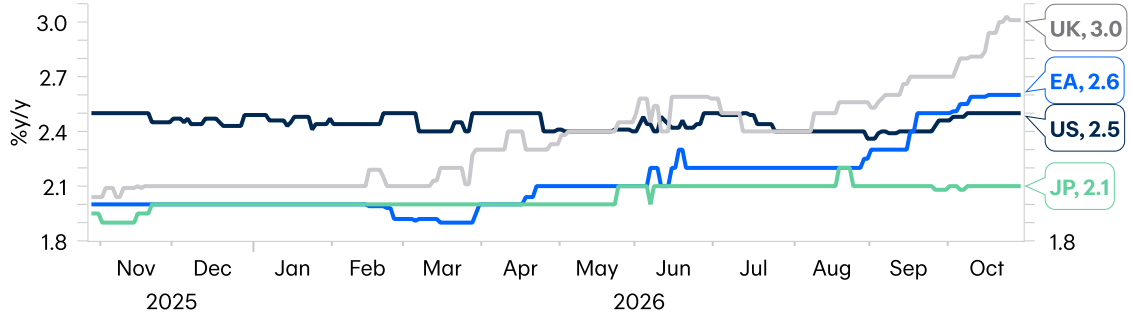
Share of countries with better economic survey results than the previous month, 12mMA



* Using DM/EM national economic surveys upon data availability, manufacturing new orders: up to 13 countries, consumer confidence: up to 46 countries;
Sources: Macrobond, BBLAM, Bangkok Bank

Inflation risks heighten, with upward revisions across major economies, especially in Europe

2027 inflation forecasts: BBG consensus, as of 29-Oct-26



Sources: Bloomberg, BBLAM, Bangkok Bank

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Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 29 Oct 2026

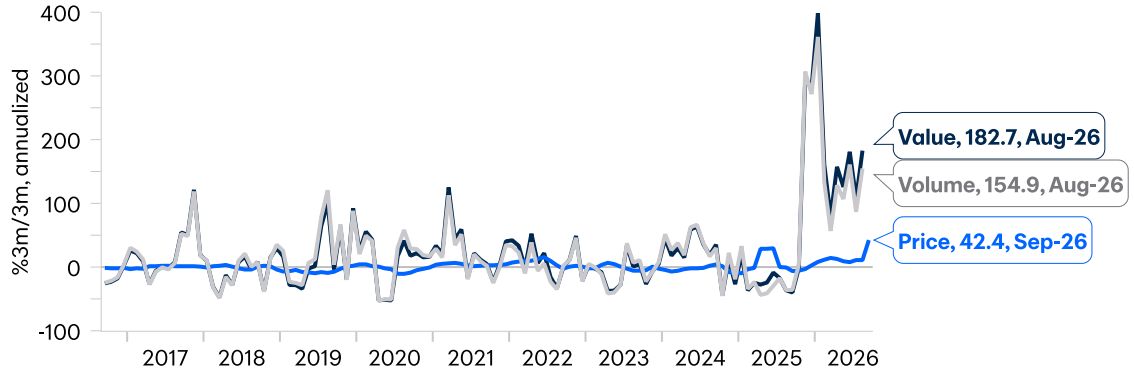
Macro Outlook
Global, Developed Markets

US: AI/tech strength, solid yet funding-strained consumer spending, balanced-to-soft labor; Fed +25bp, upside risk

- AI-driven strength remains intact, supported by robust private investment and a manufacturing upturn that is most evident in orders and demand. Consumer spending is solid but set against funding tensions: savings are depleting, real income growth is near zero, and credit card delinquencies are still rising, albeit more slowly. Positive wealth effects, with equity holdings increased to roughly 20–25% of household assets, offer a partial cushion but depend on AI/tech earnings and outlook. Labor conditions are balanced but leaning soft, with low hiring and low layoffs amid possible AI-led impacts.
- Inflation, already well above 2%, faces higher risks from global energy pressures and from overall demand and tech-related spending feeding through core goods and services. Recent PPI, CPI, and PCE readings have come in firm, reinforcing the upside.
- We expect the Fed to hike 25bp in Dec to 4–4.25%, our terminal-rate baseline, as fine-tuning rather than a sustained hiking cycle, anchored by its price stability mandate. Elevated real yields already imply real tightening risks, compounded by mounting inflation risks, and we are monitoring the prospect of additional hikes next year far more closely, as it tests our conviction that higher rates will not materially impair economic and investment conditions.

US tech demand is strong, as reflected in semiconductor imports

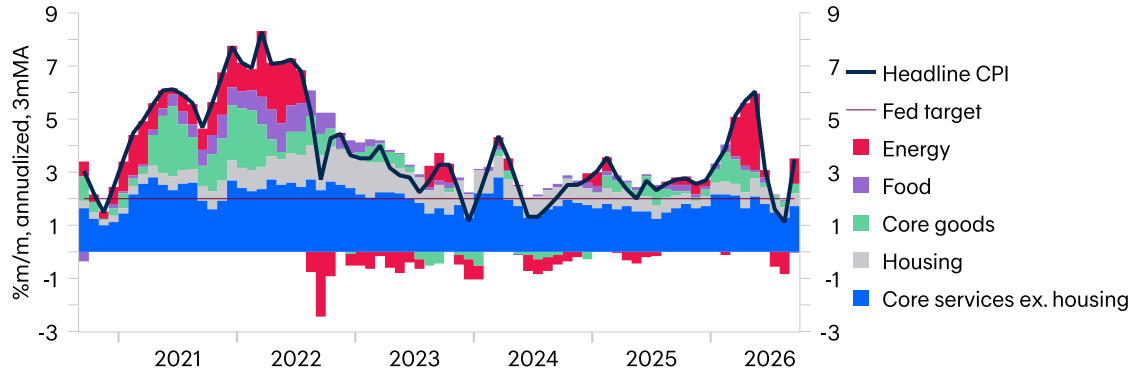
US semiconductor import growth



Sources: BEA, BLS, BBLAM, Bangkok Bank

US inflation has resurged, led by energy but also by core goods and services

US PCE inflation contributions, as of Sep-26



Sources: San Francisco Fed, Fed, BBLAM, Bangkok Bank

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Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 29 Oct 2026

Macro Outlook
Developed Markets

Euro area: stagflation risk, soft-data recovery; UK resilient; energy drag; ECB, BoE +25bp, latter more hike-prone

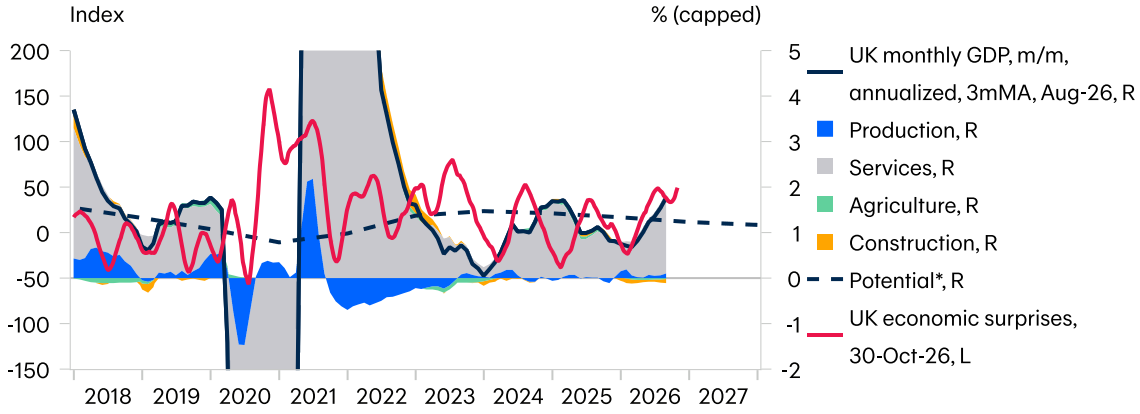
- Euro area recovery expectations, led by business and industrial soft data, continue to build. Yet, production is stagnant, and the consumer backdrop is subdued across hard and soft indicators alike, leaving the extent of stagflation concerns uncertain.
- UK resilience prevails, reflected in overall activity—GDP growing above potential and industrial output improving further—and in labor conditions, though momentum is softening somewhat.
- Inflation has risen in both economies, led by energy. Euro area energy inflation is accelerating with gas storage at a record low for the date, yet pressure is well below 2022, and revisions skew upward. UK motor fuels led the rise, electricity and gas are contributing more, and Ofgem's Oct cap increase is still to feed through, alongside structural pressure from regulated electricity and renewable bottlenecks. Upward inflation revisions are evident across both.
- The ECB faces a growth-inflation dilemma, and our baseline is +25bp to 2.75% this year, with a lower but non-negligible risk of further hikes next year than for the Fed and BoE.
- For the BoE, we expect a 25bp hike to 4% this year, with a clear risk of another 25bp hike next year, a risk higher than the ECB's.

Business and industrial soft data continue to cushion euro area recovery expectations and the economic outlook, yet production is stagnant



* Sentix/ZEW economic expectation z-scores equally weighted, ** 95% confidence; Sources: Sentix, ZEW, Eurostat, BBLAM, Bangkok Bank

UK resilience prevails, with GDP growing above potential.



* OECD; Sources: ONS, OECD, Citi, BBLAM, Bangkok Bank

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Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 29 Oct 2026

Macro Outlook
Developed Markets

Japan: firmer domestic outlook and policy normalization, BoJ to 1.75% next year, 2% increasingly possible

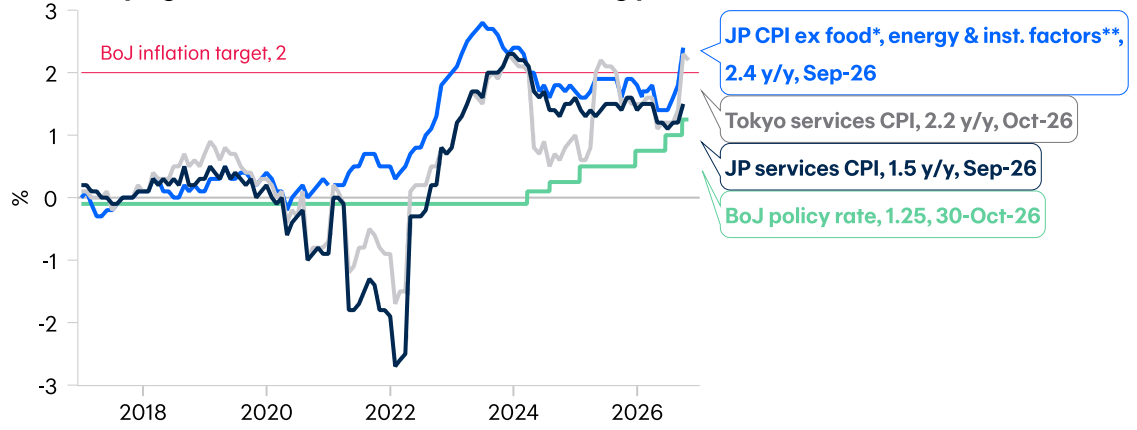
- The domestic outlook is firming, with consumer conditions and manufacturing improving, supported by real wage growth positive since early this year, government price relief, and strong chip equipment exports over several months.
- Price pressures are broadening: the rate excluding fresh food and energy has risen above 2%, with wage gains feeding into services inflation, which is rising nationally, albeit not yet above 2%, unlike in Tokyo. That points to accelerating demand-driven inflation just as government utility subsidies, which ran through Sep, are absent in Q4 and may resume in Q1.
- We expect the BoJ to hike +25bp this year and +25bp next year in our base case, to 1.75%, with 2% more possible as wage gains and building services price pressures support a more genuine normalization path. The pace hinges on persistent wage and demand momentum, with energy-driven cost-push strain a concern and global macro downside risks a potential brake.

JP consumption activity expands (though other indicators are mixed)



Sources: CAO, BOJ, BBLAM, Bangkok Bank

JP underlying and services inflation rises, adding pressure on the BoJ



* Ex alcoholic beverages; ** Ex govt policy interventions: price controls, subsidies, tax adjustments; Sources: BOJ, SBJ, BBLAM, Bangkok Bank

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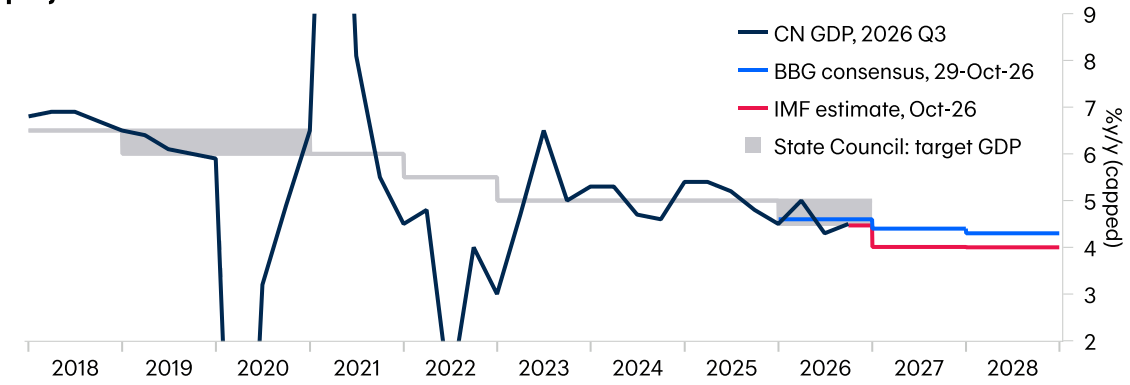
Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 29 Oct 2026

Macro Outlook
Developing Markets

China: K-shape persists across activity and prices, domestic side stabilizing at best

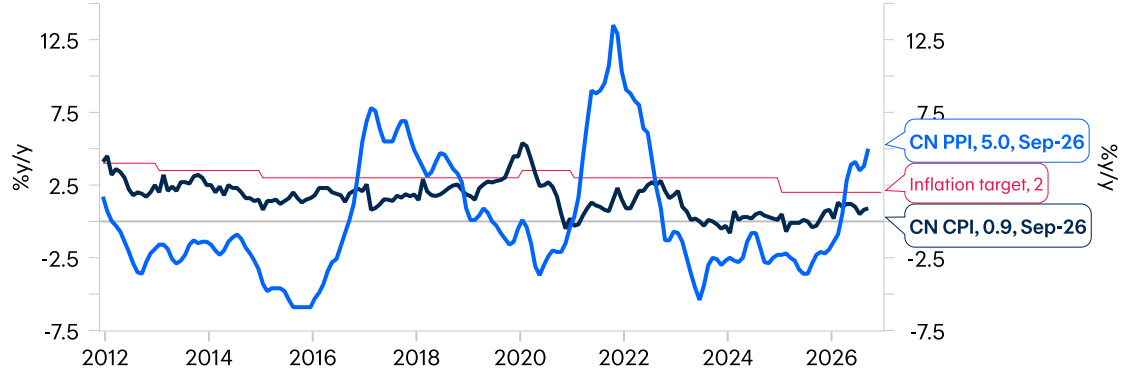
- Tech and domestic conditions continue to diverge, with Q3 GDP growth picking up but only to the lower bound of the 4.5–5% target range, lifted mainly by tech-led exports.
- Tech strength is evident in industrial production & profits, as well as exports, and partly cushions fixed-asset investment.
- The domestic outlook is weak, stabilizing at best, with real estate the evident drag, only bottoming without clear signs of improvement in housing prices and clearance times. Consumers remain soft, with retail sales and e-commerce growth relatively low, though spending willingness and domestic flights are steadying somewhat.
- The same split runs through prices: PPI inflation reached its highest level since mid-2022 on tech and energy, while CPI inflation remains low.
- Policy is aimed at stability rather than stimulus: tech regulation is calibrated, with anti-involution enforcement curbing platform price wars and steering platforms toward AI investment, while the 15th Five-Year Plan (2026–2030) prioritizes technological self-reliance, with household consumption a stated priority but no concrete target.

CN GDP growth picks up, but only to the lower bound of the 4.5–5% target range, while projections lean downward



Sources: NDRC, NBS, BBLAM, Bangkok Bank

CN K-shape in prices: PPI surges on tech and energy, while CPI reflects domestic softness



Sources: NBS, NDRC, BBLAM, Bangkok Bank

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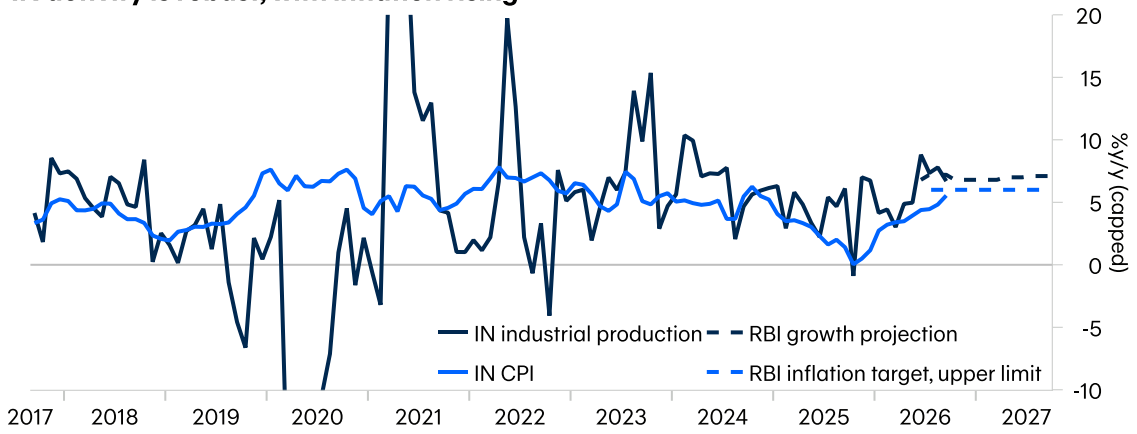
Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 29 Oct 2026

Macro Outlook
Developing Markets

India: robust activity, hotter inflation risking a breach of the target band, RBI under hiking pressure

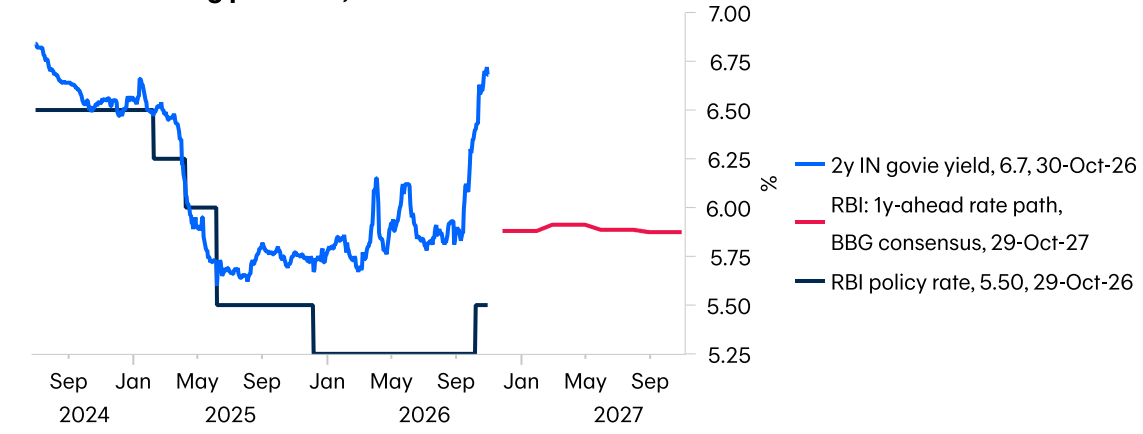
- Activity robust with some moderation: Oct flash PMIs show services accelerating and manufacturing easing slightly, with industrial production growth still robust despite easing from its Jun peak, keeping overall activity expanding well.
- Inflation climbs toward the 6% upper bound, led by fuel and food. CPI rose notably, and WPI inflation increased across fuel, food, and manufactured goods, with firm demand possibly adding to global supply strain and raising the risk of a breach.
- The RBI raised its policy rate by 25bp to 5.5%, as widely expected, and moved to a calibrated tightening stance, with moderate pressure for further hikes while inflation is still within the target range for now.

IN activity is robust, with inflation rising



Sources: MoS&PI, RBI, BBLAM, Bangkok Bank

RBI under hiking pressure, clear in the bond market but more moderate in consensus



Sources: RBI, CCIL, BBLAM, Bangkok Bank

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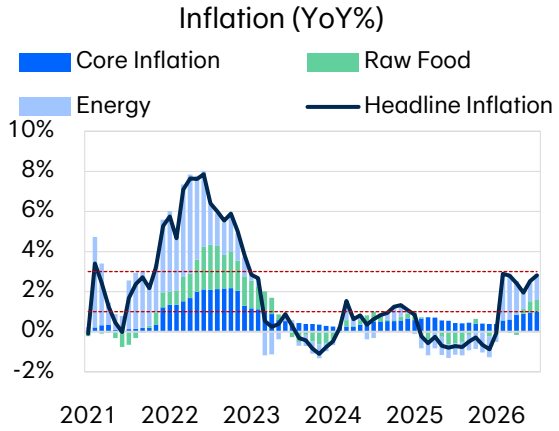
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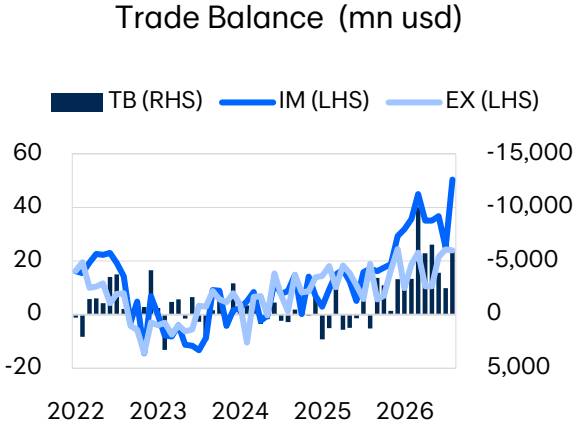
Macro Outlook
ASEAN Markets

Thailand: Technology-driven exports and manufacturing support growth, while rising imports and costs constrain the recovery.

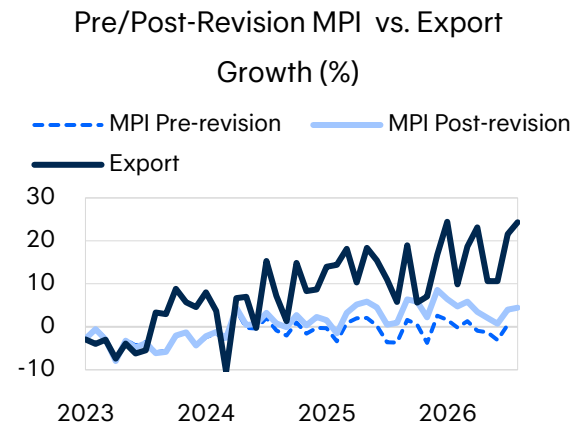
- Thailand's headline inflation accelerated to 2.82% YoY in September (vs. prev. 2.53%), driven by higher energy and food prices, while core inflation increased to 1.50% YoY (vs. prev. 1.44%), reflecting rising cost pressures. Nevertheless, the Bank of Thailand (BoT) revised down its headline inflation forecasts for 2026–2027 to 2.1% and 1.3%, respectively (vs. June forecasts of 2.8% and 1.4%), reflecting lower-than-expected energy prices and weaker cost pass-through to consumer prices. The BoT expects inflation to rise temporarily through early 2027 before moderating due to base effects and subdued domestic demand.
- Exports increased by 24.0% YoY in Sep (vs. prev. 24.3%), supported by electronics and AI-related demand. Imports accelerated to 50.4% YoY (vs. prev. 25.1%), widening the trade deficit to USD 5.86bn (vs. prev. USD 2.48bn), as capital goods and intermediate-input imports outpaced export growth.
- Following data revisions, the Manufacturing Production Index (MPI) expanded by 4.44% YoY in Aug (vs. prev. 3.97%), broadly consistent with stronger manufactured exports, particularly in technology-related industries. Nevertheless, the manufacturing recovery remains uneven, with elevated costs and subdued domestic purchasing power weighing on some sectors.
- International tourist arrivals totaled 22.94mn during Jan–Sep (vs. 23.84mn in the same period of 2025), a decline of approximately 3.8% YoY. The approaching year-end high season should support services activity, although the recovery in major source markets and flood-related disruptions to travel warrant monitoring.

Exports and manufacturing output have strengthened, but faster import growth continues to widen the trade deficit.





Tourist arrivals remain below last year despite the approaching year-end high season.





Source: Bloomberg, MOC, OIE, MOTS, BoT, BBLAM | As of 29 Oct 2026

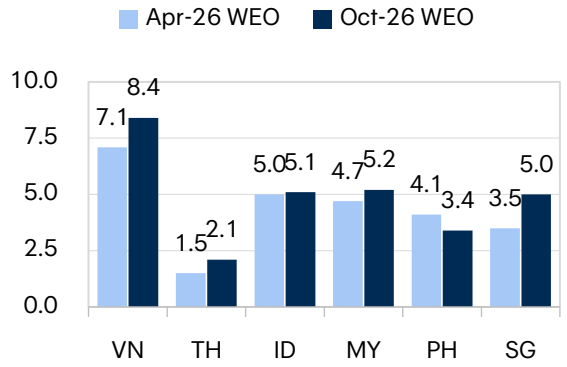
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Macro Outlook
ASEAN Markets

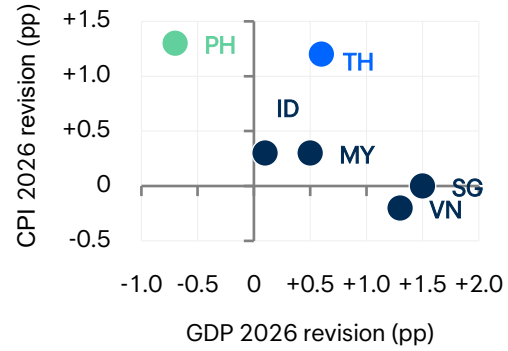
ASEAN: IMF upgrades growth forecasts on AI-related demand, while inflation and fiscal constraints pose risks.

- The IMF upgraded its 2026 GDP growth forecasts for several ASEAN-6 economies, supported by AI-related trade and investment. Vietnam is projected to grow by 8.4% (vs. Apr. 7.1%), Singapore by 5.0% (vs. Apr. 3.5%), and Thailand by 2.1% (vs. Apr. 1.5%). In contrast, the Philippines' forecast was revised down to 3.4% (vs. Apr. 4.1%), highlighting divergent growth drivers across the region.
- Inflation across ASEAN remains exposed to energy and food price pressures, particularly among net energy importers. El Niño poses additional risks to agricultural output and food prices. However, the impact on household living costs varies with domestic subsidy arrangements and the degree of cost pass-through.
- Monetary policy stances continue to diverge across ASEAN. The Bangko Sentral ng Pilipinas (BSP) raised its policy rate to 5.50% (vs. prev. 5.00%) to address inflation risks, while Bank Indonesia (BI) maintained its benchmark rate at 5.75% (vs. prev. 5.75%) but increased its deposit facility rate to 5.00%. The Monetary Authority of Singapore (MAS) maintained the appreciation path of the S$NEER policy band to contain imported inflation.
- The IMF cautioned that public debt across Asia remains above pre-pandemic levels, while borrowing costs constrain fiscal space. Public debt stands at approximately 66% of GDP in the Philippines, compared with 41.3% in Indonesia. Several governments aim to narrow fiscal deficits over the medium term, including the Philippines to 4.8% of GDP in 2027 (vs. 2026 5.1%) and Malaysia to 3.3% (vs. 2026 3.6%), balancing household support with fiscal discipline.

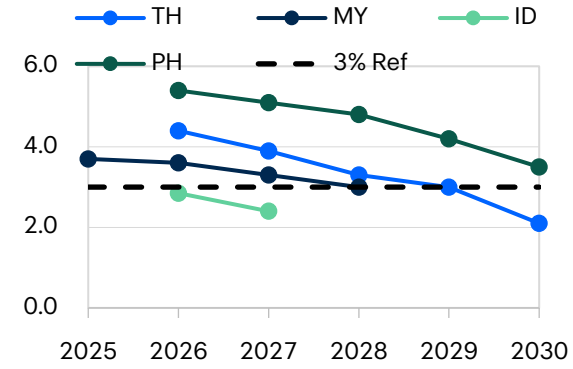
IMF real GDP 2026F:
Apr-26 vs Oct-26 WEO



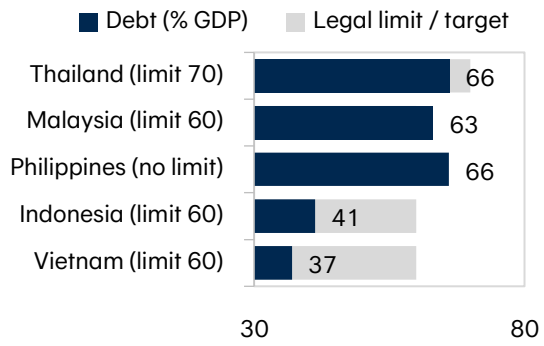
Growth vs inflation revisions
(Oct vs Apr)



Official budget deficit paths
(% of GDP)



Government debt vs own legal
limit (% of GDP)



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Source: IMF WEO/REO (Oct 2026), MSCI, BSP, BI, MAS, Bloomberg, BBLAM | As of 29 Oct 2026

Worth to Watch

Nov. Week 1-2

- 3 Nov. — **US Mid-Term Election**
- 6 Nov. — **US Non-Farm Payrolls (Oct.)** Previous 40,000; **Unemployment Rate (Oct.)** Previous 4.2%
- 9 Nov. — **CN CPI YoY (Oct.)** Forecast 0.9%YoY
- 10 Nov. — **US CPI YoY (Oct.)** Previous 3.7%YoY

Nov. Week 3-4

- 16-17 Nov. — **TH GDP Growth Rate (Q3)** Forecast 1.9% YoY; **JP GDP Growth Rate Prel (Q3)** Forecast 0.1% QoQ
- 20 Nov. — **PBoC Meeting** Forecast Hold at 3.0% และ 3.5%
- 25 Nov. — **US GDP Growth Rate 2nd Est. (Q3)** Forecast 3.4% QoQ
- 28 Nov. — **IN GDP Growth Rate (Q3)** Forecast 7.5% YoY

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Sources: Investing.com and Bloomberg

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