Bangkok Bank CIO (Chief Investment Office)

# Monthly Macro Outlook

By Bangkok Bank Wealth & Bangkok Bank Private Bank

# Key Macro Messages

### Technology Investment Continues to Drive Global Growth

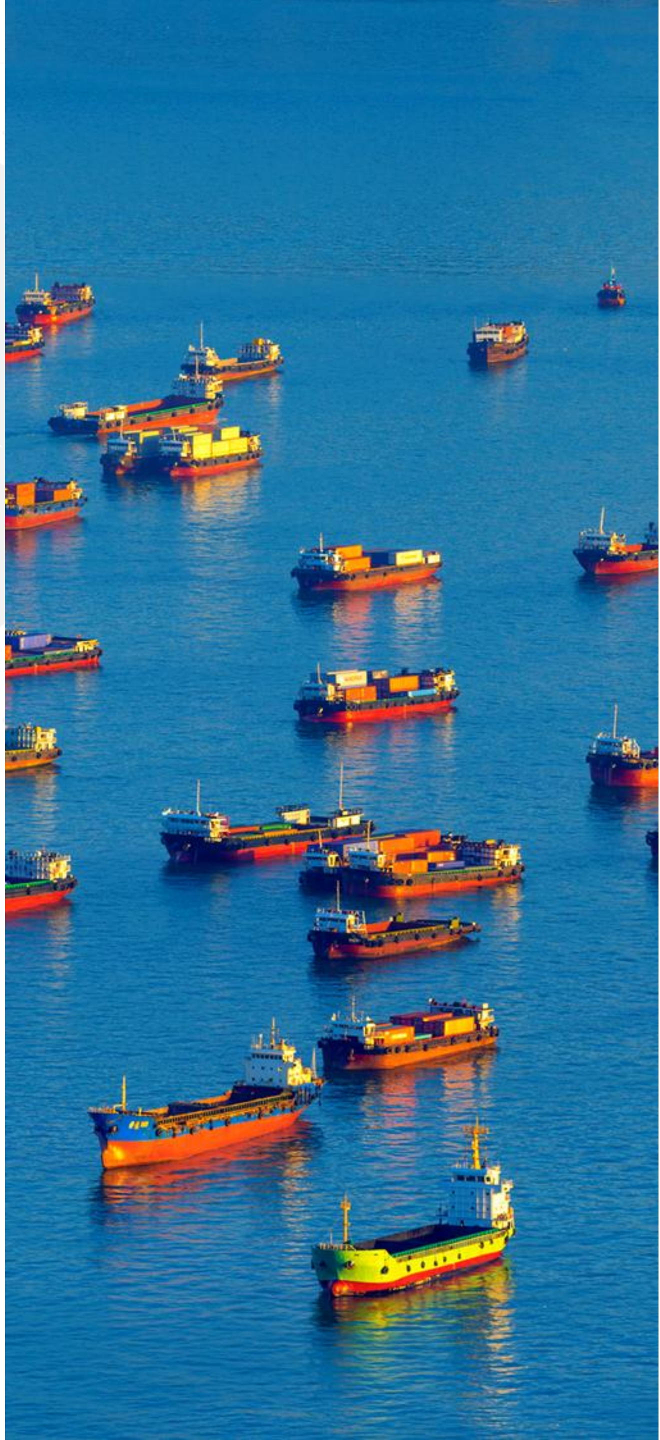
- **AI investment remains on a solid growth trajectory,** with the cycle still in the early to middle phases. Increasing AI adoption is boosting growth and productivity, while softer oil prices have helped ease inflation and narrow regional economic disparities.
- **The global economy remains resilient,** supported by AI-related investment rather than heading toward a broad slowdown. While risks surrounding the sustainability of the AI cycle, including potential overinvestment and concentrated benefits, warrant monitoring, they do not currently pose a material threat to the overall outlook.

### Energy Inflation Risks Remain Elevated, but Contained

- **Global energy prices remain a key risk to monitor.** Ongoing U.S.-Iran tensions continue to exert upward pressure on oil prices, which have approached USD 90 per barrel but remain below crisis levels of above USD 120 per barrel. Meanwhile, refining bottlenecks have kept downstream energy costs elevated, sustaining pressure on global inflation.
- **The risk of broader inflationary spillovers remains limited,** as global labor markets are not tight enough to generate widespread wage pressures. Inflation risks continue to be driven primarily by supply-side factors rather than broad-based price pressures across the economy.

### Central Banks Pursue Gradual Policy Rebalancing

- **Selected central banks are expected to continue normalizing monetary policy.** The Fed is expected to raise rates cautiously, with no more than two hikes over the next 12 months to maintain price stability. The ECB may deliver one to two rate hikes, while the BOJ could raise rates up to three times as it gradually returns policy settings toward normal levels.
- **Major central banks appear to be entering a policy recalibration phase** rather than embarking on a new rate-hike cycle. As inflation remains largely supply-driven, especially by energy costs, policy decisions are expected to emphasize economic stability while avoiding excessive tightening that could weigh on growth and investment.

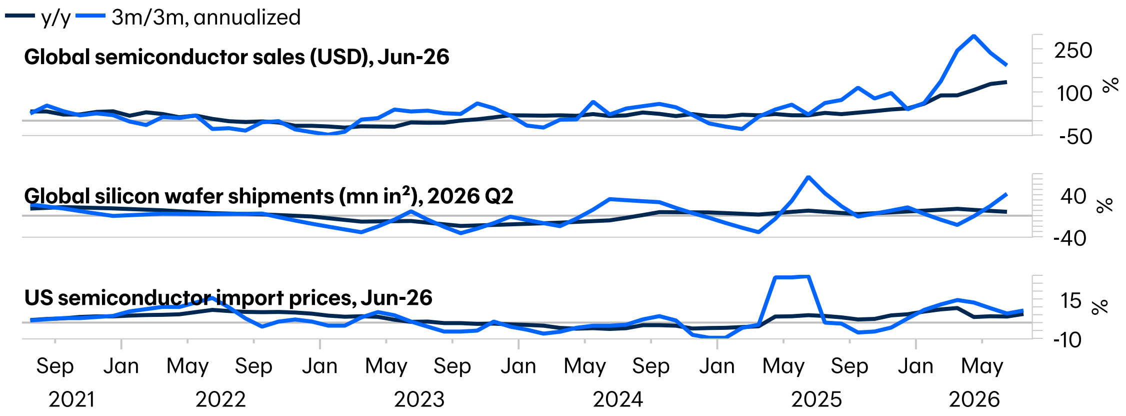


# Macro Outlook
## Global, Developed Markets

### Global macro resilience amid bifurcation, elevated but non-spiraling inflation, monetary recalibration—continuing

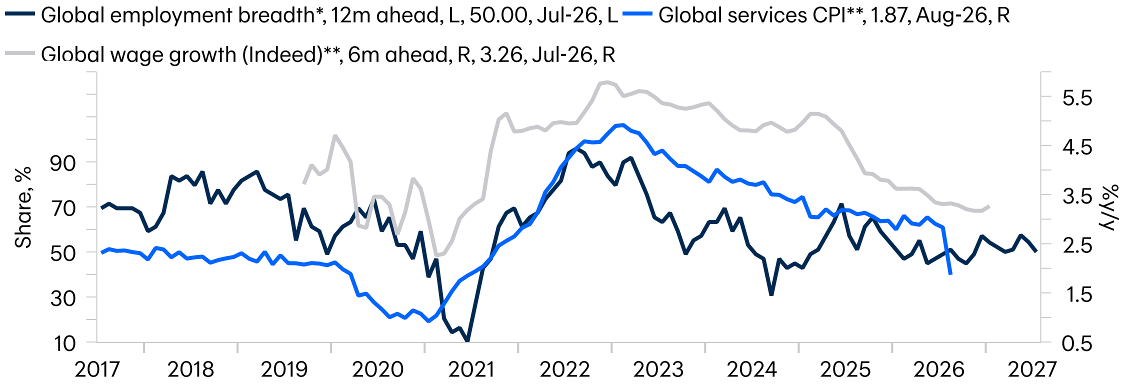
- AI/tech-led economic resilience: Limited growth downgrades amid broad-based activity expansion, underpinned by AI/tech demand, despite some moderation.
- Bifurcation risks remain present, though moderate and partially eased: energy-importing economies impose less drag on global expectations; firm–household divergence persists; AI/tech risks are present but moderate, considering upcycle sustainability, overspending/debt-financed capex, and concentration.
- Elevated but non-spiraling inflation: Predominantly supply-driven, with uncertain crude risks, downstream disruptions, restraints in demand pressure and spillovers.
- Monetary recalibration, not a sustained hiking cycle: Episodic, cautious hikes, with policy rates below restrictive levels and more room than market pricing suggests; limited DM fiscal space.

**AI/tech upcycle intact, evidenced by chip sales, silicon-wafer shipments, import prices**




Sources: WSTS, SEMI, BLS, BBLAM, Bangkok Bank

**Global demand-driven inflation subdued, consistent with non-tight labor conditions**




* Share of up to 49 countries with better employment (lower jobless rate); ** GDP weighted, up to 42 countries for services CPI, up to 10 countries for Indeed wage growth; Sources: national sources, BBLAM, Bangkok Bank

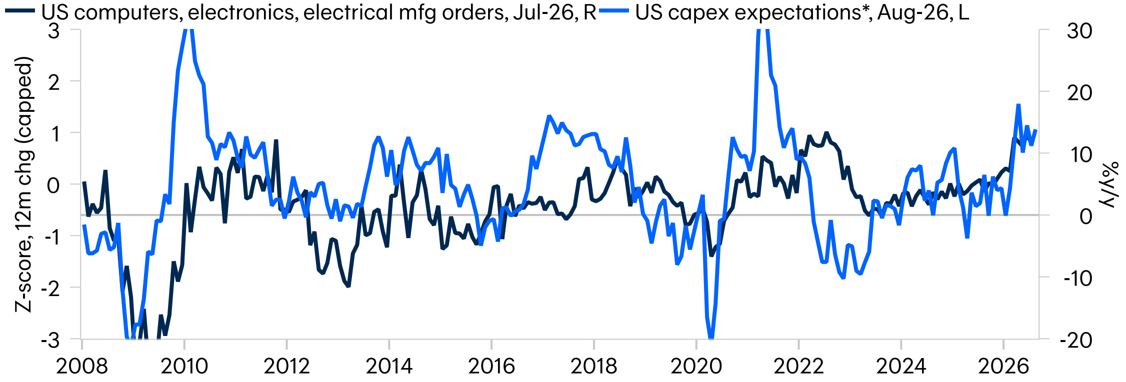
# Macro Outlook

## Global, Developed Markets

### US: AI/tech strength, questionable consumers, stabilizing jobs, measured Fed hikes

- AI/tech strength persists, evidenced by robust private investment and a cyclical manufacturing upturn; consumption holds on the surface, but real income stagnates—amid saving contraction and rising credit card delinquencies—keeps the consumer outlook fragile, partially buffered by positive wealth effects.
- Jobs remain in a low-hiring, low-firing steady-state, with signs of stabilization.
- Inflation remains well above 2%, with inflationary pressures in select segments and some additional pressure from capex activity; measured pass-through and moderating momentum across many metrics offer partial reassurance.
- The Fed is expected to hike—reflecting Warsh's price stability commitment and elevated expected real yields that imply real tightening—no more than 50bp over the next year, as a recalibration rather than a disruptive tightening cycle.

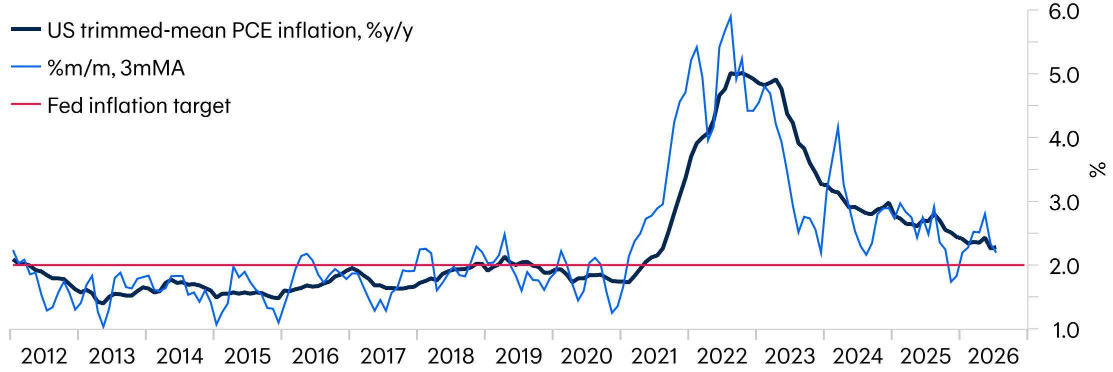
**US private tech investment demand and capex intentions trend higher**




* Equally weighted z-score, incl. only available data, using regional Fed surveys: Chgo., DA, KC, NY, PH, RI; latest: 6/6 available; ** 95% confidence; Sources: USCB, Chicago Fed, Dallas Fed, Kansas City Fed, New York Fed, Philadelphia Fed, Richmond Fed, BBLAM, Bangkok Bank

**US PCE inflation does not accelerate, but remains above the 2% target**

Fed Warsh's preferred inflation gauge; Excluding extreme upside and downside movers each month, As of Jul-26




Sources: Dallas Fed, Fed, BBLAM, Bangkok Bank



Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 1 Sep 2026

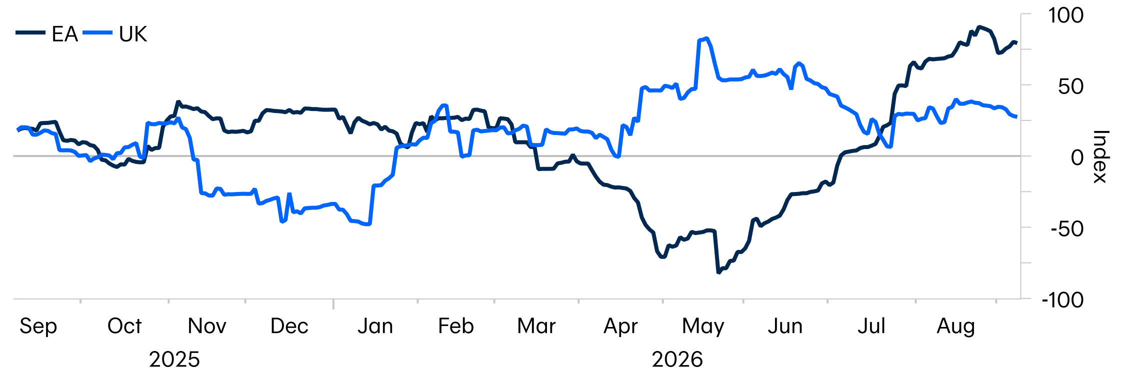
# Macro Outlook
## Developed Markets

### Eurozone recovery and UK sturdiness continue; ECB and BoE recalibrate against supply risks

- Eurozone recovery from its war-induced trough continues, led by improving surveys, though energy-supply risks persist with gas stocks seasonal norms.
- The UK has proved sturdier than projected through the war, though regulated electricity prices and renewable-infrastructure bottlenecks drive inflation risks.
- Consumer sentiment remains subdued in both economies despite gradual recovery, weighing modestly on spending that nonetheless stays in expansion.
- Inflation in both the Eurozone and UK remains cost-push elevated, with demand proving less of a drag than feared; the Eurozone faces more imminent pressures while the UK's challenges are longer-run and more structural.
- Accordingly, the ECB's recalibration is expected to be 1–2 hikes over the next year given more pressing near-term inflation dynamics; the BoE around 25bp.

**Eurozone surprises turn more positive; UK consistently positive**

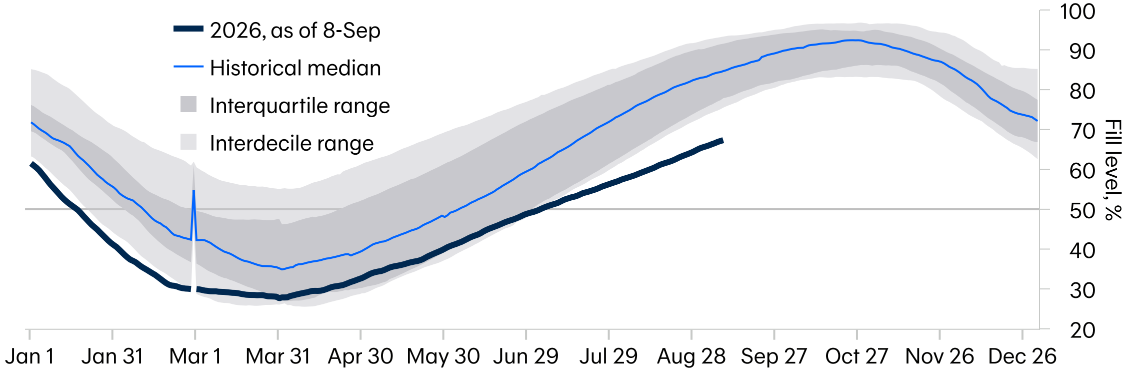
Economic surprise indices, as of 8-Sep-26




Sources: Citi, BBLAM, Bangkok Bank

**European natural-gas inventories below seasonal norms, adding to energy-price risks**

European natural gas stock: seasonality



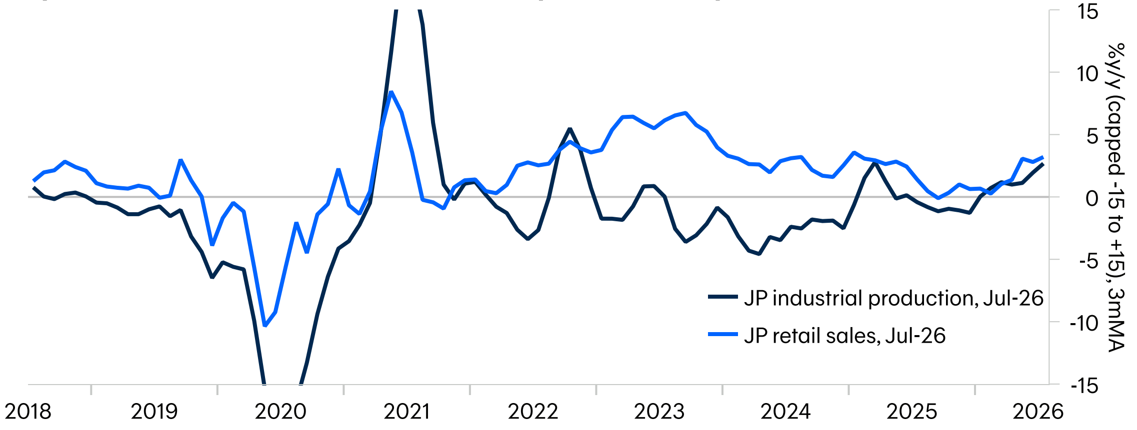

Sources: Gas Infrastructure Europe (GIE), BBLAM, Bangkok Bank

# Macro Outlook
## Developed Markets

### Japan: Gradual economic recovery, gradual monetary normalization

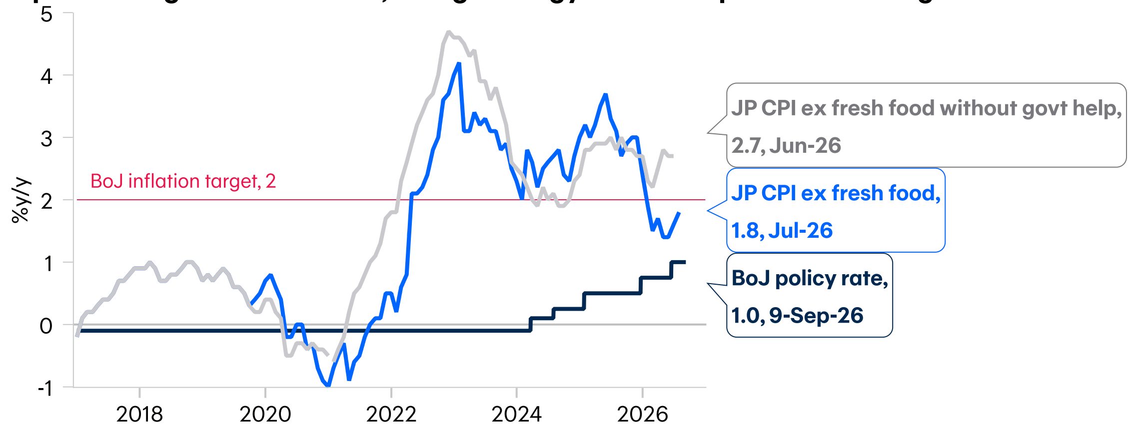
- The overall outlook remains moderate, potentially supported by foreign tech-equipment demand, observed in machinery tool orders and related exports. Meanwhile, household conditions stay soft but are buffered by real wage growth turning positive amid a relatively tight labor market, alongside approved food tax cuts from 8% to 1% for two years starting in April 2027.
- Inflation remains broadly contained by government measures, holding around or below 2%, with underlying measures still below target. However, global energy costs continue to pose some upside risk.
- The BoJ is expected to normalize gradually via up to around 3 hikes over the next year—supported by recent market pricing—to ~1.75%, aligned with the moderate economic outlook and broadly moving toward the 2% long-run ideal.

**Japan outlook is moderate, with some improvement in production and retail sales**




Sources: METI, BBLAM, Bangkok Bank

**Japan manages inflation well, though energy-cost risks persist without govt aid**




* Ex alcoholic beverages; Sources: BOJ, SBJ, BBLAM, Bangkok Bank



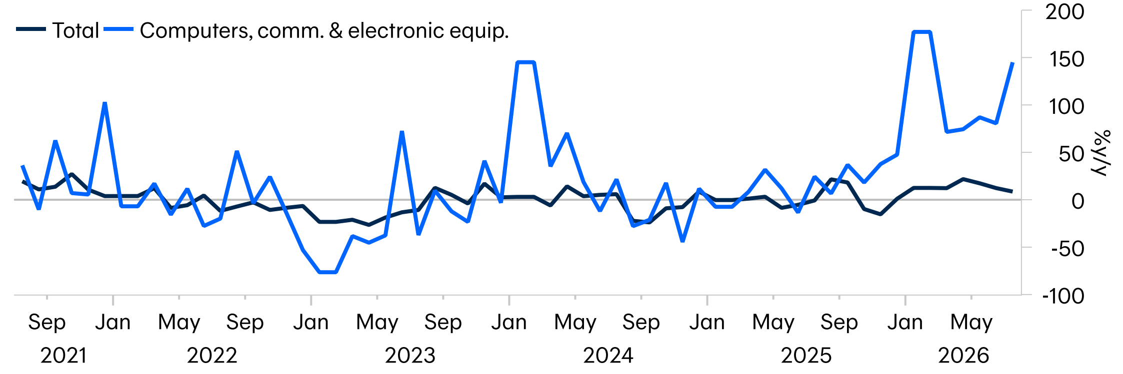
Sources: Bangkok Bank Wealth & Bangkok Bank Private Bank, Bloomberg as of 1 Sep 2026

## China: Tech-driven K-shape, subdued inflation

- The K-shape persists stubbornly: tech as the upper leg—policy-propelled and evidenced in export strength and cushioned industrial production—while domestic demand remains the lower leg, weighed down by real estate weakness and soft consumption. Industrial profits are strong in tech-related sectors, supporting corresponding earnings; overall growth remains moderate.
- Underlying inflation stays relatively subdued, particularly at the consumer level, with PPI reflating in tech-related segments while broader pressures level off, mainly due to petroleum.
- Policy implications hold: Monetary policy remains accommodative, but transmission is ineffective; PBoC easing is likely via RRR, more effective than other tools. Fiscal policy remains stabilization-oriented rather than stimulative.

**China industrial profits reflect tech-driven bifurcation**

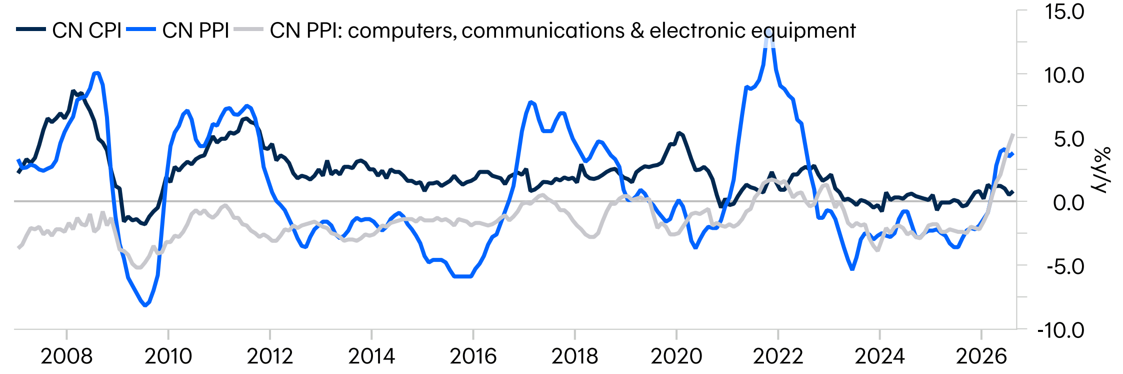
CN industrial profits, as of Jul-26




Sources: NBS, BBLAM, Bangkok Bank

**China consumer inflation remains subdued, PPI stays elevated with tech support**

As of Aug-26



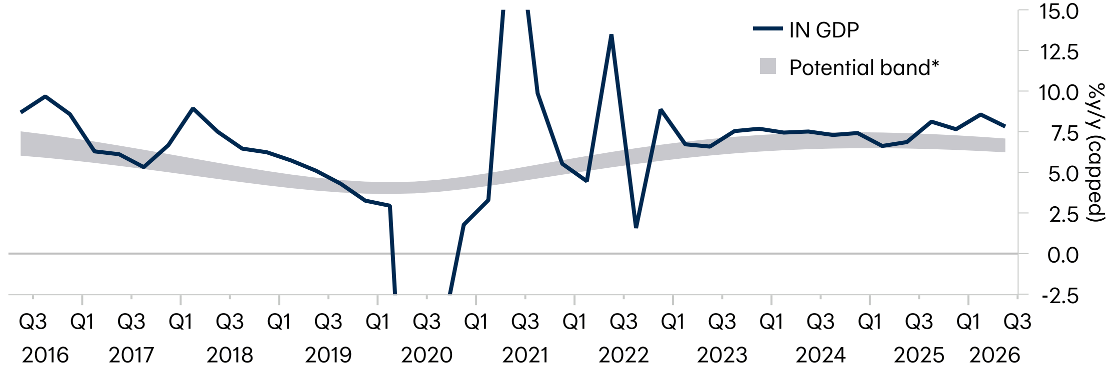

Sources: NBS, BBLAM, Bangkok Bank

## India: Above-potential growth with some moderation, RBI tightening risks

- Growth remains above potential (7.8% in Q2 vs. ~6.5-7%), with manufacturing, services, credit, and economic expectations all indicating broad expansion. PMI readings have, however, trended relatively lower from prior strength.
- The economy remains notably less exposed than major peers to the global AI supply chain, despite a large and concentrated domestic AI/data-center investment pipeline.
- Inflation has drifted above the RBI's 4% midpoint on supply-led energy, food, and broader commodity pressures and could peak in Q3.
- The RBI stays on hold but faces tightening risks, particularly if core inflation broadens materially above 4% or oil remains elevated into Q4—especially alongside persistent rupee weakness.

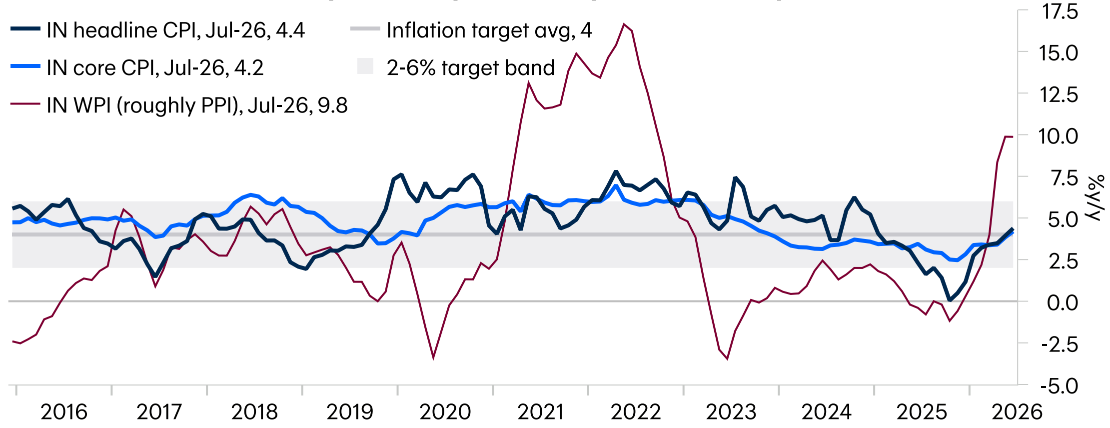
**India GDP expands above potential**

As of 2026 Q2




* Using HP-filter, with 95% confidence interval; Sources: MoS&PI, BBLAM, Bangkok Bank

**India faces some inflation pressure, particularly in wholesale prices**



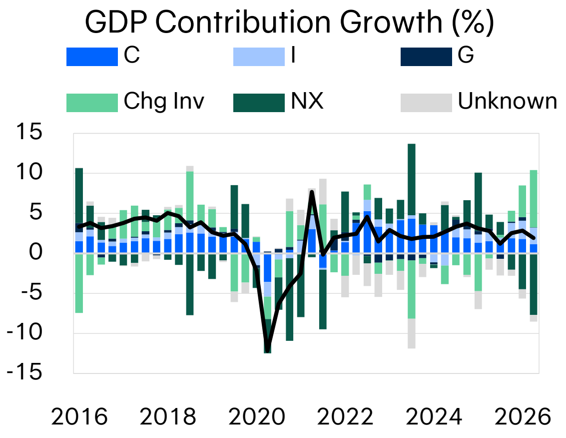

Sources: RBI, Indian Ministry of Commerce & Industry, BBLAM, Bangkok Bank

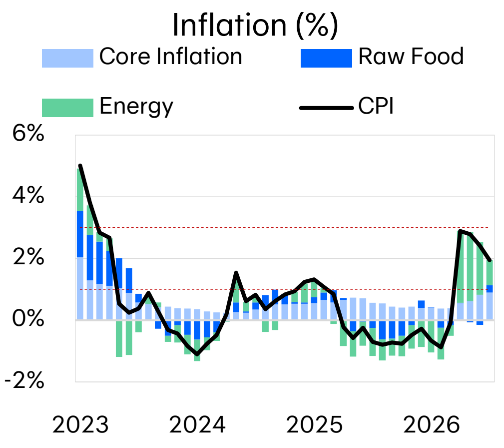
# Macro Outlook
## ASEAN Markets

### Thailand — Q2 Growth Slowed as Strong Exports and Technology-Led Private Investment Offset Weaker Domestic Demand

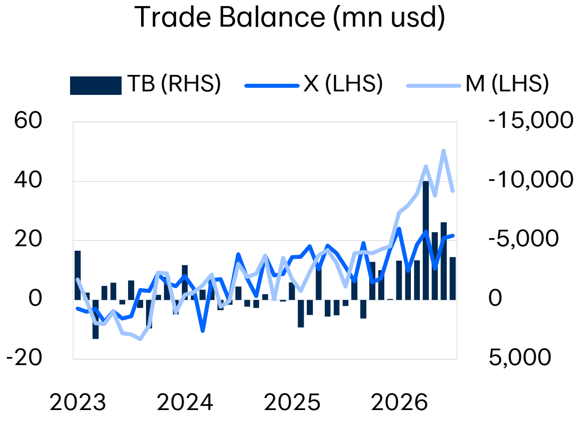
- Economy: GDP expanded 1.9% YoY in Q2/2026 (vs. prev. 2.8%) and contracted -0.2% QoQ SA, bringing H1 growth to 2.3%. Private investment rose 13.4%, the strongest in 54 quarters, while goods exports increased 17.6%. Private and government consumption slowed to 1.9% and 0.2%, respectively, while public investment declined -1.6%.
- Inflation: Headline inflation eased to 1.95% YoY in Jul. 2026 (vs. prev. 2.42%) as energy prices declined. Core inflation rose to 1.34% (vs. prev. 1.23%), driven by prepared food and personal care products, indicating continued domestic price pressures.
- Trade and Investment: Exports rose 21.6% YoY in Jul. to USD 34.8 billion, while imports increased 36.7% to USD 38.4 billion, resulting in a USD -3.61 billion trade deficit and the 10th consecutive month of deficit. Intermediate and capital goods imports increased 41.1% and 39.0%, respectively, consistent with stronger investment. H1 FDI promotion applications rose 80% YoY to THB 1.37 trillion, concentrated in data centers, digital infrastructure and electrical appliances.
- Monetary Policy: The MPC unanimously kept the policy rate at 1.00% on Aug. 26, noting that the economy was supported by the technology and AI cycle, although overall growth remained low and uneven and SME credit continued to contract. Targeted measures, including the Fast Debt Resolution program, SMEs Credit Boost and SMEs Secure+, were maintained to address debt burdens and improve credit access. We expect the policy rate to remain at 1.00% through end-2026.
- Economic Outlook: In Q4, key considerations include whether export and investment momentum can broaden into the domestic economy, particularly whether investment in data centers and electronics manufacturing translates into stronger domestic production. On the demand side, the recovery in consumption and SME credit remains important following the slowdown in Q2 GDP growth.

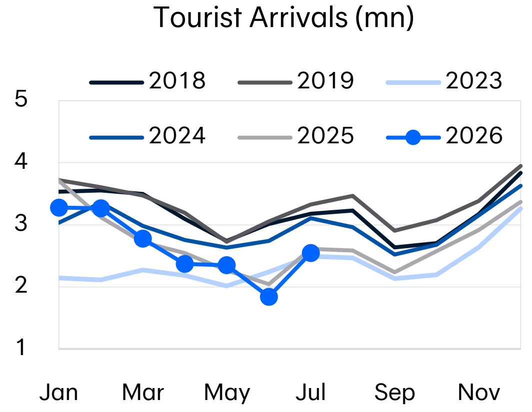
**Investment remained the key GDP growth driver, while headline inflation continued to ease**




**Thailand recorded its 10th consecutive monthly trade deficit, while tourism began to recover in H2**






Sources: MOC, NESDC, TAT, BBLAM as of 31st Aug 2026

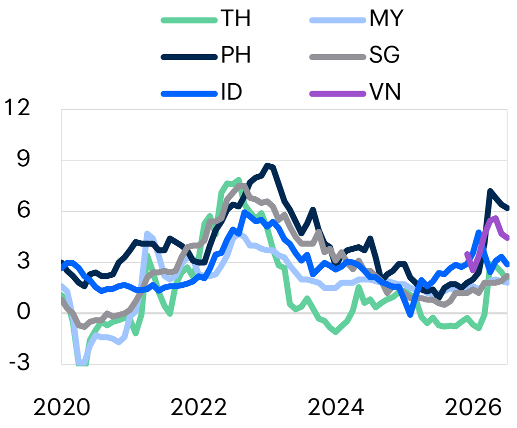
# Macro Outlook

## ASEAN Markets

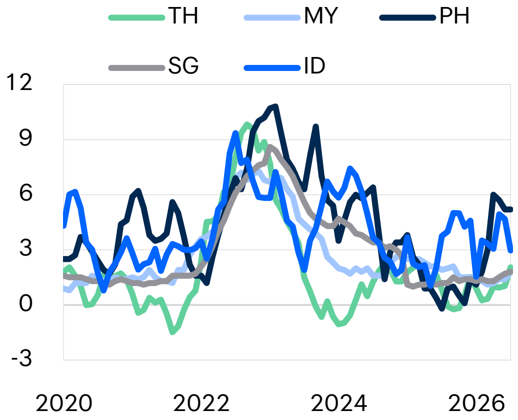
**ASEAN — Exports remain supported by electronics demand, while headline inflation is easing alongside lower energy prices. However, El Niño could increase pressure on agriculture and food inflation toward end-2026.**

- Economy: ASEAN economies expanded at varying rates in Q2/2026, led by Vietnam at 8.39% YoY, followed by Malaysia at 6.0%, Singapore at 5.9% and Indonesia at 5.29%, supported by manufacturing, technology exports and domestic demand. Growth was weaker in the Philippines and Thailand at 2.3% and 1.9%, respectively, reflecting lower investment in the Philippines and softer private consumption and government spending in Thailand.
- Inflation: Headline inflation eased in Jul. to 6.2% YoY in the Philippines (vs. prev. 6.4%), 4.45% in Vietnam (vs. prev. 4.69%), 2.88% in Indonesia (vs. prev. 3.34%), 1.95% in Thailand (vs. prev. 2.42%) and 1.8% in Malaysia (vs. prev. 1.9%), while Singapore rose to 2.2% (vs. prev. 1.9%). Food prices remain a key risk toward year-end as El Niño could affect agricultural output and increase regional food-price pressures.
- Exports: Export performance can be divided into two groups. Technology- and AI-driven exporters included Malaysia at 38.0% YoY, Vietnam at 25.0%, Singapore (NODX) at 24.2% and Thailand at 21.6%, supported by semiconductor and computer-related demand. The Philippines and Indonesia recorded slower growth of 10.8% and 6.05%, respectively, with electronics remaining the Philippines' key export segment, while Indonesia was supported by commodities.
- Monetary Policy: Policy directions diverged according to domestic conditions. Bank Indonesia kept its policy rate at 5.75% while using additional instruments to stabilize the rupiah. The Bangko Sentral ng Pilipinas raised its policy rate by 25 bps to 5.00% for a third consecutive meeting to contain inflation risks from oil prices, currency movements and El Niño.

ASEAN Headline Inflation (%)

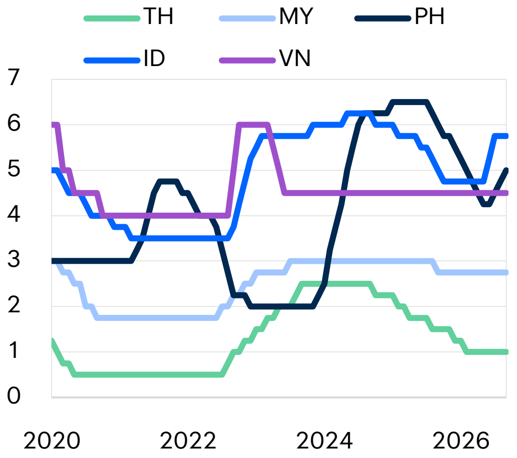



ASEAN Food Inflation (%)

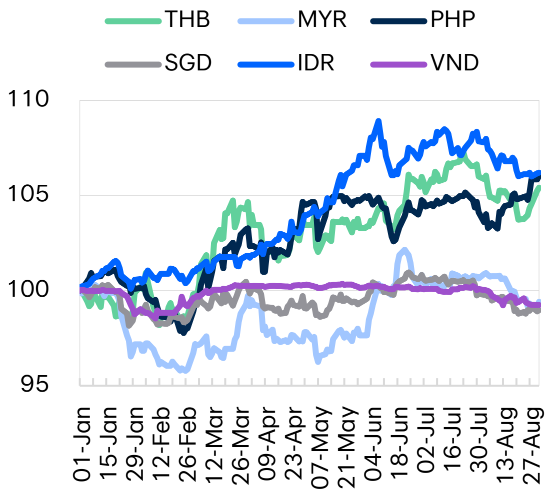



Note: Food & Beverage Inflation

ASEAN Policy Rate (%)




ASEAN FX Against the USD




Note: 100 = 1st Jan, >100 = Depreciation against USD; <100 = Appreciation against USD.

Sources: Bloomberg, BBLAM as of 31st Aug 2026

# Worth to Watch

Sep. Week 1-2

7 Sep.

**TH CPI YoY (Aug.)**
Previous 1.95%YoY
**EU GDP Growth Rate QoQ Final (Q2)**
Forecast 0.4%QoQ

8 Sep.

**JP GDP Growth Rate QoQ Final (Q2)**
Forecast 0.3%QoQ

9 Sep.

**CN CPI YoY (Aug.)**
Previous 0.5%YoY

10-11 Sep.

**US CPI YoY (Aug.)**
Previous 3.4%YoY
**ECB Interest Rate Decision**
Forecast Hike to 2.5%

Sep. Week 3-4

17 Sep.

**Fed Interest Rate Decision**
Forecast Hold at 3.75%

18 Sep.

**BoJ Fed Interest Rate Decision**
Forecast Hike to 1.25%
**JP CPI YoY (Aug.)**
Previous 2%YoY

21 Sep.

**PBoC Interest Rate Decision**
Hold at 3.0% and 3.5%

30 Sep.

**US GDP Growth Rate QoQ Final (Q2)**
Forecast 1.5%QoQ



Sources: Investing.com and Bloomberg

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