

THAILAND SEES NO CLEAR PATH FORWARD FOLLOWING INCONCLUSIVE POLLS

- The 2023 Thai polls saw a large-scale realignment of voters disinclined towards military rule, as the reformist Move Forward was welcomed as an alternative to Pheu Thai.
- Move Forward leader Pita Limjaroenrat is attempting to position himself as a prime minister-in-waiting, but the politics of coalition formation are not in his favour.
- Much depends on the military-appointed senate and how far they will go in blocking an opposition-aligned coalition government. Expect further political turbulence.
- While politicians are fiddling, formidable economic challenges are waiting to be solved.

TECH SECTOR DIFFICULTIES PERSIST BUT LONG-RUN POTENTIAL REMAINS

- Technology-related markets will continue facing unfavourable consumer dynamics, with sales of devices sharply contracting in 1Q23 across most major economies.
- Even in the difficult economic environment, chip firms are reporting that pockets of resilience are apparent, such as those used for automotive and industrial applications.
- Expectations of future demand and policies to relocate chip production mean that large-scale capital expenditure plans are still on despite the short-term slump.
- The long-term growth potential of the sector remains intact despite the cyclical slump.

REGIONAL UPDATES

- Taiwan's 2024 presidential election is shaping up to be a three-horse race. Beijing will likely tone down its hawkishness to avoid spooking voters towards voting for the DPP.
- China's recovery momentum is losing steam quickly. The needed reforms to restore economic dynamism are not forthcoming as Beijing pursues ideological pet projects.
- Malaysia's external sector performance worsened significantly and suggests that the first quarter's current account difficulties may persist in the short-term future.
- India's domestic sector exhibits continued strength, although muted industrial production is a concern. A move to de-circulate bank notes is unlikely to cause major disruption.
- Singapore's trade showed tentative signs of bottoming out despite ongoing difficulties.
- Thailand's 1Q23 GDP showed welcome signs of an economy getting back on its feet.

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