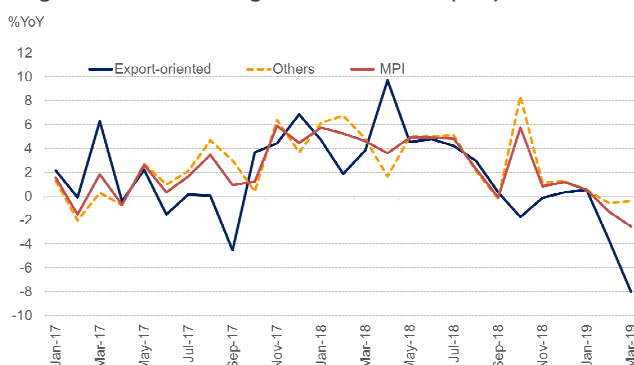


Thailand's Economic Indicators (March and 1Q19): Slowing overall momentum

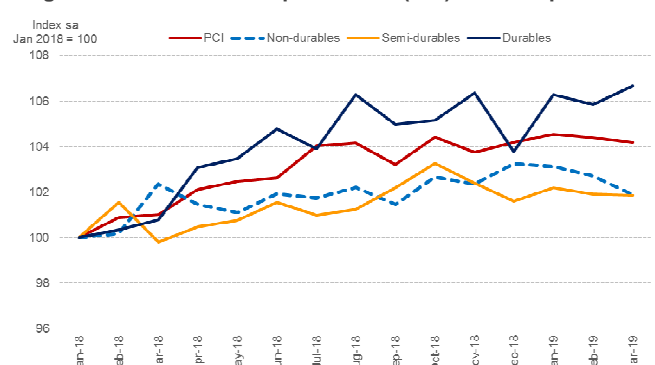
- Sharper export decline and weaker tourism revenue made for a slimmer current account surplus in March.** The YoY decline in merchandise exports (BOP basis)¹ deepened from 1.7% in Feb to 4.2% in March, resulting in 3.6% YoY slippage for 1Q19, the sharpest fall since 2Q16. Meanwhile, a 5.8% YoY fall in goods imports caused the trade surplus to edge up from \$3.5bn in Feb to \$3.6bn in March, putting it at \$6.8bn for 1Q19. Nevertheless, with the 1.3% YoY dip in tourism revenue, the net services, income & transfers account surplus narrowed from \$3.1bn in Feb to \$2.5bn in March. As such, the current account surplus declined somewhat from \$6.5bn in Feb to \$6.1bn in March. That said, the current account surplus for 1Q19 was solidly in the black at \$14.6bn.
- Ongoing export slippage squeezed domestic production.** The Manufacturing Production Index (MPI) slipped by 2.5% YoY in March, following a 1.3% YoY dip in Feb, with a sharper decline in export-oriented production (Figure 1), particularly of electronics-related products. Furthermore, the Private Investment Index (PII) slipped by 2.1% YoY in March, led south by lower domestic machinery sales and construction activity. In 1Q19, the PII dipped by 1.3% YoY, its weakest showing since 1Q17.
- Private consumption also slowed signs of slowing.** The Private Consumption Index (PCI) rose by 2.6% YoY in March, slowing from 3.5% YoY expansion in Feb, with decelerations across both durables and non-durables (Figure 2) in tandem with a 2.2% YoY decline in farm income and weaker consumer confidence for the month. As such, the 1Q19 PCI increased by 3.5% YoY, a slowdown from 4.5% YoY in 4Q18. Public consumption declined by 1.2% YoY in March, following a surge in employee compensation disbursement and goods purchases in Feb. Meanwhile, public investment increased by 2.4% YoY, partly attributable to disbursement for road-related projects.
- Weaker exports and domestic activity will likely result in slower 1Q19 GDP growth.** Given the sharpest drop in world trade since 2009 and uncertainty over US trade policies, weaker exports will continue to dampen domestic output. With slowing private consumption and waning consumer confidence, 1Q19 GDP growth will likely decelerate from the 4Q18 figure of 3.7% YoY. However, the newly-released Bt13.2bn subsidy injection (through the poor smart card) and tax cuts will, to some extent, ease the pressure on private consumption in 2Q19. Among the measures, we expect those targeted at low-income households (with a higher propensity to consume) to be most effective.

Figure 1: Manufacturing Production Index (MPI)



Source: Office of Industrial Economics

Figure 2: Private Consumption Index (PCI) and Components



Source: Bank of Thailand

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¹ The international trade figures released by the Ministry of Commerce are customs basis figures, whereas those released by the Bank of Thailand are of BOP basis, which excludes goods transferred to Thai citizens abroad and transactions associated with shipment.

Figure 3: Monthly Economic Indicators

	2018	2018				2019	2019	
		Q1	Q2	Q3	Q4	Q1	February	March
Private Consumption								
Private Consumption Index (PCI)	126.8	122.8	126.4	128.6	129.3	127.1	118.0	135.1
PCI (% YoY)	4.7	3.7	4.4	6.0	4.5	3.5	3.5	2.6
Imports of consumer goods (% YoY)	12.2	20.4	13.1	7.1	9.2	-1.2	-5.2	-2.8
Motorcycle sales (% YoY)	-1.2	0.7	-3.7	-2.2	0.5	-0.7	-0.1	1.9
Passenger car sales (% YoY)	18.7	14.8	25.1	27.0	9.8	12.3	13.5	10.6
Non-durable index (% YoY)	1.4	1.5	1.1	0.0	2.9	1.6	2.7	-0.8
Semi-durable index (% YoY)	2.8	2.4	2.5	2.6	3.6	1.2	0.3	1.1
Durable index (% YoY)	8.4	6.3	10.4	10.6	6.8	5.3	5.2	4.8
Service index (% YoY)	5.2	7.3	6.7	5.0	2.2	4.3	3.7	4.7
Net tourist spending (% YoY)	-0.7	9.0	4.7	-10.1	-5.5	1.2	1.7	1.3
Private Investment								
Private Investment Index (% YoY)	3.5	2.7	5.6	3.3	2.6	-1.3	-2.8	-2.1
One-ton pickup sales (% YoY)	20.6	10.5	26.8	20.5	24.8	12.2	10.1	7.9
Commercial car sales (% YoY)	21.3	11.8	29.1	16.6	28.1	10.6	5.0	7.1
Permitted construction area (9mma) (% YoY)	-3.3	1.3	0.0	-4.3	-10.3	-12.8	-12.2	-13.4
Construction materials index (% YoY)	4.5	1.5	1.3	7.9	7.6	0.8	0.0	-1.8
Newly registered motor vehicle for investment (% YoY)	5.7	3.0	6.8	6.3	6.9	6.6	2.7	-3.8
Import of capital goods (% YoY)	3.7	4.5	5.8	0.0	4.5	2.5	-5.5	8.4
Import of raw materials (% YoY)	18.8	18.8	20.2	21.3	14.9	-0.1	-1.9	-4.9
Capacity utilisation (%) sa	69.8	69.8	70.2	69.6	69.4	68.3	68.0	68.0
MPI (% YoY)	3.6	5.2	4.5	2.3	2.6	-1.1	-1.3	-2.5
Government Expenditure								
Current expenditure ex. subsidies/grants and other (billion baht)	1600.9	382.6	379.8	409.8	428.7	421.3	126.2	139.3
Current expenditure ex. subsidies/grants and other (% YoY)	3.5	1.7	5.1	7.2	0.4	10.1	8.2	-1.2
Capital expenditure ex. subsidies/grants and other (billion baht)	401.0	111.8	91.0	104.6	93.6	117.6	33.5	47.0
Capital expenditure ex. subsidies/grants and other (% YoY)	0.8	0.1	7.7	4.4	-7.5	5.3	-3.5	2.4
External Sector								
Exports of goods (BoP, billion USD)	252.2	62.5	63.6	63.5	62.6	60.2	19.6	21.5
Exports (% YoY)	7.2	11.1	13.4	2.8	2.3	-3.6	-1.7	-4.2
Export vol (% YoY)	3.6	6.1	8.5	-0.2	0.7	-3.9	-2.0	-4.7
Imports of goods (BoP, billion USD)	229.8	55.0	56.7	60.0	58.1	53.4	16.2	17.9
Imports (% YoY)	14.3	17.5	15.8	17.0	7.5	-2.9	-7.3	-5.8
Import vol (% YoY)	8.2	10.3	8.0	10.2	4.6	-3.0	-7.7	-6.2
Tourist arrivals (million arrivals)	38.3	10.6	8.9	9.1	9.7	10.7	3.6	3.5
Tourist arrivals (% YoY)	7.5	15.4	9.1	2.7	4.3	1.3	0.2	-0.7
Tourist revenue (billion baht)	2003.8	571.6	441.3	478.0	512.9	572.2	191.9	184.5
Tourist revenue (% YoY)	9.4	18.5	13.4	1.4	5.1	0.1	-0.8	-1.3
Trade balance (billion USD)	22.3	7.5	6.8	3.6	4.4	6.8	3.5	3.6
Net services, income and transfers (billion USD)	12.8	8.5	0.8	0.9	2.7	7.8	3.1	2.5
Current account (billion USD)	35.2	15.9	7.6	4.5	7.1	14.6	6.5	6.1
Capital account (billion USD)	-0.6	-0.6	0.0	0.0	0.0	...	0.0	...
Financial account (billion USD)	-21.9	-3.7	-9.5	-4.0	-4.8	...	-0.3	...
Overall balance (billion USD)	7.3	12.0	-4.3	0.3	-0.7	5.5	3.3	-0.1
International reserves (billion USD)	205.6	214.3	211.5	204.8	203.5	211.5	212.5	212.2
Net forward position (billion USD)	33.7	35.6	33.5	32.1	32.9	31.9	31.2	32.6
Labor Market								
Unemployment (%)	1.1	1.2	1.1	1.0	0.9	0.92	0.8	0.9
Farm income (% YoY)	0.7	-2.3	4.6	4.5	-0.7	-0.3	3.0	-4.0
Non farm income (% YoY)	1.8	3.5	1.5	1.3	1.0	1.24	0.0	1.9
Wage change (% YoY)	1.4	2.3	1.2	1.4	0.6	2.00	1.0	2.2
Interest Rate and Currency								
CPI (%)	0.4	0.8	1.4	1.3	0.4	1.2	0.7	1.2
CPI, core (%)	0.7	0.6	0.8	0.8	0.7	0.6	0.6	0.6
Repo rate (%)	1.5	1.5	1.5	1.5	1.6	1.8	1.8	1.8
MLR : max (%)	6.6	6.6	6.6	6.6	6.6	6.6	6.6	6.6
3M deposit rate (%)	1.0	1.0	1.0	1.0	1.0	1.2	1.2	1.2
10Y govt bond yield (%)	2.7	2.5	2.7	2.8	2.7	2.5	2.5	2.6
THB/USD (avg)	32.30	31.54	31.92	32.95	32.81	31.61	31.33	31.74

Source: Bank of Thailand

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