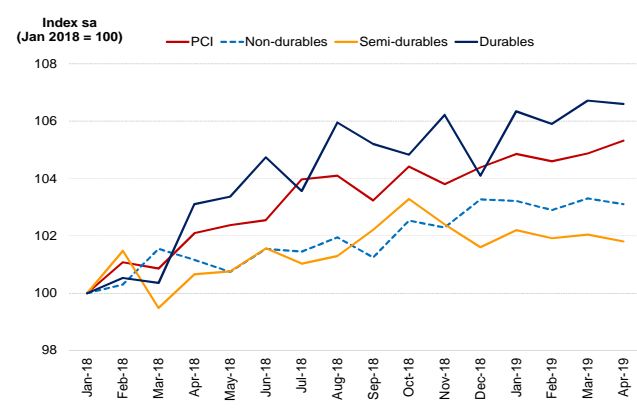


Thailand's Economic Indicators (April): Improving domestic demand, while exports weakened further

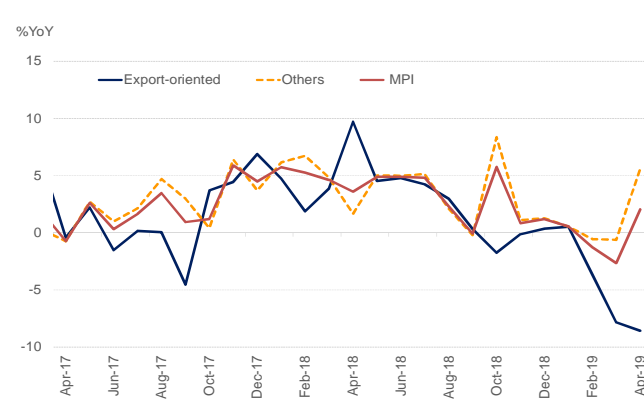
- Continued export decline and smaller net services, income & transfers account surplus made for an even narrower current account surplus in April.** Merchandise exports (BOP basis)¹ slipped by 2.9% YoY in April, the fifth consecutive month of decline. Imports of goods declined only 0.4% YoY (much shallower than the 5.8% YoY reduction in March), so the trade surplus was squeezed from \$3.6bn in March to \$0.1bn in April. Although tourism arrivals increased by 3.3% YoY for the month (compared to a 0.7% YoY decline in March), the net services, income & transfers account surplus still narrowed from \$2.5bn in March to \$1.7bn in April. As such, the current account surplus dived from \$6.1bn in March to \$1.8bn in April.
- Private consumption growth remained steady.** The Private Consumption Index (PCI) rose by 3.4% YoY in April, the same rate as the previous month, with slight rises in the purchases of both semi-durables and non-durables consumption and continued expansion in durables consumption (Figure 1) in tandem with a 3.7% YoY rise in nonfarm income for the month. Meanwhile, farm income slipped by 1.8% YoY in April, due to lower agricultural production and prices.
- Industrial production improved in line with private consumption.** After declining in 1Q19, the Manufacturing Production Index (MPI) expanded by 2.0% YoY in April. The rise was driven by domestic demand-oriented sectors (Figure 2), particularly of automobiles for domestic sale. Also, the Private Investment Index (PII) edged up by 0.3% YoY in April, led by improvements in the numbers for registered motor vehicles for investment and purchases of construction materials. At the same time, public investment increased by a further 11.6% YoY in the month, largely attributable to heavier disbursement for highway-related projects.
- Despite improving domestic demand, the dimmer global outlook poses major downside risks to the Thai economy.** In the event of the Sino-US trade conflict escalating further—to the point where Washington imposes a 25% tariff on all imports from China and Beijing replies in kind—2019 world GDP growth may decelerate to 2.5% YoY, causing Thai GDP growth to slow down to about 2.5% YoY. On the domestic front, the scope for private consumption growth is limited, particularly given the Bank of Thailand's concerns over household debt servicing capacity (the BOT reported that 3m persons cannot service their debt within 90 days) and its plans to impose restrictions on auto-related loans. Against this backdrop, boosting domestic consumption is likely to be a priority of the incoming administration.

Figure 1: Private Consumption Index (PCI)



Source: Bank of Thailand

Figure 2: Manufacturing Production Index (MPI)



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	March	April
Private Consumption								
Private Consumption Index (PCI)	126.8	122.8	126.4	128.6	129.3	127.1	136.0	135.7
PCI (% YoY)	4.7	3.7	4.4	6.0	4.5	3.5	3.4	3.4
Imports of consumer goods (% YoY)	12.2	20.4	13.1	7.1	9.2	-1.2	-2.8	7.6
Motorcycle sales (% YoY)	-1.2	0.7	-3.7	-2.2	0.5	-0.7	2.3	0.1
Passenger car sales (% YoY)	18.7	14.8	25.1	27.0	9.8	12.3	10.6	10.3
Non-durable index (% YoY)	1.4	1.5	1.1	0.0	2.9	1.6	1.5	2.0
Semi-durable index (% YoY)	2.8	2.4	2.5	2.6	3.6	1.2	1.7	2.0
Durable index (% YoY)	8.4	6.3	10.4	10.6	6.8	5.3	4.8	4.7
Service index (% YoY)	5.2	7.3	6.7	5.0	2.2	4.3	3.7	3.8
Net tourist spending (% YoY)	-0.7	9.0	4.7	-10.1	-5.5	1.2	-0.1	1.3
Private Investment								
Private Investment Index (% YoY)	3.5	2.7	5.6	3.3	2.6	-1.3	-1.6	0.3
One-ton pickup sales (% YoY)	20.6	10.5	26.8	20.5	24.8	12.2	7.9	7.2
Commercial car sales (% YoY)	21.3	11.8	29.1	16.6	28.1	10.6	7.1	8.1
Permitted construction area (9mma) (% YoY)	-3.3	1.3	0.0	-4.3	-10.3	-12.8	-14.1	-11.2
Construction materials index (% YoY)	4.5	1.5	1.3	7.9	7.6	0.8	-1.3	4.4
Newly registered motor vehicle for investment (% YoY)	5.7	3.0	6.8	6.3	6.9	6.6	-3.8	4.2
Import of capital goods (% YoY)	3.7	4.5	5.8	0.0	4.5	2.5	8.6	5.6
Import of raw materials (% YoY)	18.8	18.8	20.2	21.3	14.9	-0.1	-4.9	-5.7
Capacity utilisation (%)	69.8	72.9	68.2	68.7	69.3	68.3	68.1	70.4
MPI (% YoY)	3.6	5.2	4.5	2.3	2.6	-1.1	-2.7	2.0
Government Expenditure								
(billion baht)	1600.9	382.6	379.8	409.8	428.7	421.3	139.3	121.4
(% YoY)	3.5	1.7	5.1	7.2	0.4	10.1	-1.1	-0.5
(billion baht)	401.0	111.8	91.0	104.6	93.6	117.6	47.0	28.9
(% YoY)	0.8	0.1	7.7	4.4	-7.5	5.3	2.2	11.6
External Sector								
Exports of goods (BoP, billion USD)	252.2	62.5	63.6	63.5	62.6	60.2	21.5	18.6
Exports (% YoY)	7.2	11.1	13.4	2.8	2.3	-3.6	-4.2	-2.9
Export vol (% YoY)	3.6	6.1	8.5	-0.2	0.7	-3.9	-4.7	-3.2
Imports of goods (BoP, billion USD)	229.8	55.0	56.7	60.0	58.1	53.4	17.9	18.6
Imports (% YoY)	14.3	17.5	15.8	17.0	7.5	-2.9	-5.8	-0.4
Import vol (% YoY)	8.2	10.3	8.0	10.2	4.6	-3.0	-6.2	-1.0
Tourist arrivals (million arrivals)	38.3	10.6	8.9	9.1	9.7	10.7	3.5	3.2
Tourist arrivals (% YoY)	7.5	15.4	9.1	2.7	4.3	1.3	-0.7	3.3
Tourist revenue (billion baht)	2003.8	571.6	441.3	478.0	512.9	572.2	184.5	164.1
Tourist revenue (% YoY)	9.4	18.5	13.4	1.4	5.1	0.1	-1.3	3.9
Trade balance (billion USD)	22.3	7.5	6.8	3.6	4.4	6.8	3.6	0.1
Net services, income and transfers (billion USD)	12.8	8.5	0.8	0.9	2.7	7.8	2.5	1.7
Current account (billion USD)	35.2	15.9	7.6	4.5	7.1	14.6	6.1	1.8
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	...	-4.9	...
Overall balance (billion USD)	7.3	12.0	-4.3	0.3	-0.7	5.5	-0.1	-1.2
International reserves (billion USD)	205.6	214.3	211.5	204.8	203.5	211.5	212.2	210.5
Net forward position (billion USD)	33.7	35.6	33.5	32.1	32.9	31.9	32.6	32.4
Labor Market								
Unemployment (%)	1.1	1.2	1.1	1.0	0.9	0.92	0.9	1.0
Farm income (% YoY)	0.7	-2.3	4.6	4.5	-0.7	-0.3	-3.7	-1.8
Non farm income (% YoY)	1.8	3.5	1.5	1.3	1.0	1.24	1.9	3.7
Wage change (% YoY)	1.4	2.3	1.2	1.4	0.6	2.00	2.2	5.9
Interest Rate and Currency								
CPI (%)	0.4	0.8	1.4	1.3	0.4	1.2	1.2	1.2
CPI, core (%)	0.7	0.6	0.8	0.8	0.7	0.6	0.6	0.6
Repo rate (%)	1.52	1.50	1.50	1.50	1.58	1.75	1.75	1.75
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	2.6	2.5
THB/USD (avg)	32.30	31.54	31.92	32.95	32.81	31.61	31.74	31.85

Source: Bank of Thailand

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