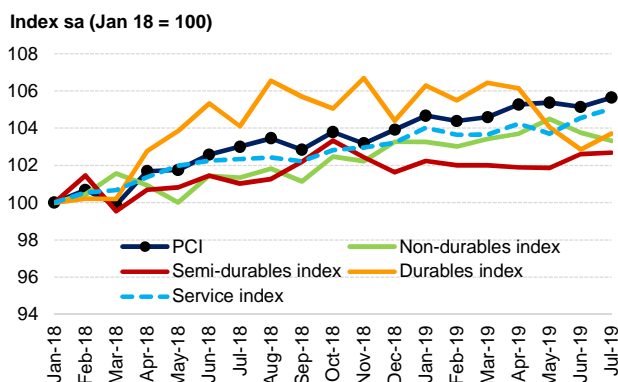


Thailand's Economic Indicators (July): Economic activities picked up slightly from the previous month

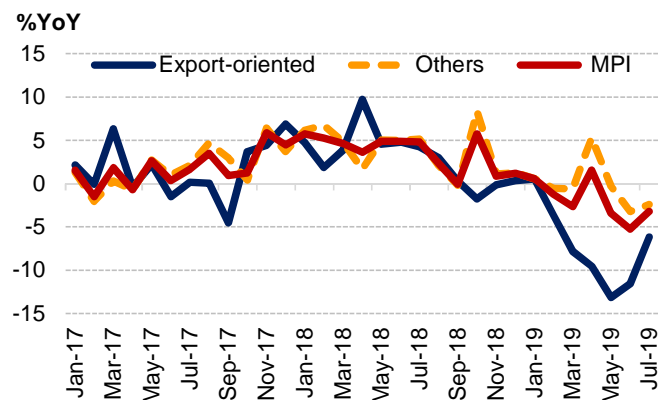
- Despite a rebound in exports, predominantly from gold, an increase in imports led to a smaller current account surplus of US\$1.8 bn in July from \$3.9 bn in June.** Merchandise exports (BOP basis)¹ expanded by 3.8% YoY in July. But, excluding gold, exports continued to contract by 1.7% YoY. Whereas, imports of goods edged up slightly by 0.9% YoY after plunging 9.6% YoY last month. Excluding gold imports, the total imports grew 4.2% from consumer and capital goods.
- Tourist arrivals in July saw a rise of 4.7% YoY after a mild growth of 1.3% YoY in June.** The growth is primarily driven by a rebound in Chinese tourist arrivals of 5.8% YoY (compared to -7.1% YoY in the previous month). This was partly due to a low base in the same period last year on account of the Phuket ferry incident, and a sharp rise of 25.9% YoY in the number of Indian visitors. As a result, the net services, income & transfers account posted a surplus of US\$ 0.1 bn, up from a US\$ 0.5 bn deficit in June.
- Private consumption growth continued to expand mildly.** The Private Consumption Index (PCI) rose 2.6% YoY from 2.1% YoY in June, due to higher purchases of durable and semi-durable goods such as motorcycles and commercial cars (**Chart 1**). But private consumption has cooled since the beginning of 2019. Farm income growth, softened to 2.0% YoY from 5.9% YoY growth last month mostly due to falling agricultural prices, especially fruits. As such, we expect private consumption to be subdued as the impacts from drought continue to weigh on farm income.
- Production and investment indicators both showed smaller contractions.** The Manufacturing Production Index (MPI) contracted by 3.2% YoY in July, despite showing a slight rebound from a decline of 5.3% YoY in June (**Chart 2**). Export-oriented sectors, such as electronics, continued to drag on manufacturing production. The Private Investment Index (PII) also showed a minor contraction of 0.1% YoY, compared to a 6.0% YoY drop in June. This is perhaps reflected by an increase in imports in July as the strong baht provided an opportunity to build up inventories and buy capital goods at a lower cost.
- We recently downgraded our 2019 GDP forecast to 2.6% from 3.1% despite the recently announced fiscal stimulus of US\$ 10bn.** As trade relations continue to worsen globally, the export outlook, therefore, deteriorates further which will pressure GDP growth. That said, we are waiting to see if the recent fiscal expansions by several economies will be sufficient to underpin global growth and sentiment going forward.

Figure 1: Private Consumption Index (PCI)



Source: Bank of Thailand

Figure 2: Manufacturing Production Index (MPI)



Source: Office of Industrial Economics

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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		
		Q2	Q3	Q4	Q1	Q2	May	Jun	July
Private Consumption									
Private Consumption Index (PCI)	127.3	127.1	128.6	130.1	128.9	131.2	130.2	126.0	130.0
PCI (% YoY)	3.1	3.3	3.9	3.0	4.3	3.2	3.5	2.1	2.6
Imports of consumer goods (% YoY)	12.5	13.3	7.4	9.7	-1.3	1.6	0.2	-2.9	21.2
Motorcycle sales (% YoY)	-2.9	-5.8	-3.7	-0.2	-0.1	-7.1	-3.8	-15.3	11.5
Passenger car sales (% YoY)	18.7	25.1	27.0	9.8	12.3	1.7	-0.8	-3.5	-3.2
Non-durable index (% YoY)	1.4	1.1	0.0	2.9	2.4	3.2	4.5	2.3	1.7
Semi-durable index (% YoY)	2.8	2.5	2.6	3.6	1.4	1.1	0.9	0.4	2.6
Durable index (% YoY)	8.1	9.9	10.2	6.6	5.3	0.1	0.0	-3.7	0.5
Service index (% YoY)	5.3	6.8	5.1	2.2	3.5	2.2	1.3	2.1	2.0
Net tourist spending (% YoY)	7.7	12.9	-0.4	1.9	-2.7	-2.9	-5.8	-0.9	-2.2
Private Investment									
Private Investment Index (% YoY)	3.5	5.7	3.2	2.7	-1.0	-3.3	-1.9	-6.1	-0.1
One-ton pickup sales (% YoY)	20.6	26.8	20.5	24.8	12.2	5.4	8.9	0.3	0.8
Commercial car sales (% YoY)	21.3	29.1	16.6	28.1	10.6	5.4	9.2	-1.1	1.1
Permitted construction area (9mma) (% YoY)	-3.3	0.0	-4.3	-10.3	-13.1	-11.3	-12.2	-9.0	-8.0
Construction materials index (% YoY)	4.5	1.3	7.9	7.6	1.0	2.4	1.6	2.6	-1.3
Newly registered motor vehicle for investment (% YoY)	5.7	6.8	6.3	6.9	6.6	-1.8	-2.0	-6.8	5.2
Import of capital goods (% YoY)	3.6	5.8	-0.3	4.6	2.6	-2.1	0.0	-12.2	8.4
Import of raw materials (% YoY)	17.9	20.2	19.8	12.9	-0.1	-4.8	3.4	-12.2	-0.4
Capacity utilisation (%)	69.8	68.2	68.7	69.3	71.3	65.6	67.7	65.3	65.7
MPI (% YoY)	3.6	4.5	2.3	2.5	-1.2	-2.5	-3.4	-5.3	-3.2
Government Expenditure									
Current expenditure ex. subsidies/grants and other (billion baht)	1600.5	379.8	409.8	428.3	421.1	355.3	114.9	118.9	128.0
(% YoY)	3.4	5.1	7.2	0.3	10.1	-6.4	-13.4	-5.0	2.1
Capital expenditure ex. subsidies/grants and other (billion baht)	401.0	91.0	104.6	93.6	117.5	96.2	33.9	33.7	29.2
(% YoY)	0.9	7.7	4.4	-7.5	5.1	5.8	14.5	-5.2	15.6
External Sector									
Exports of goods (BoP, billion USD)	251.1	63.2	63.3	62.2	59.9	60.6	20.8	21.3	21.0
Exports (% YoY)	7.5	13.4	3.1	2.7	-4.0	-4.2	-7.2	-2.1	3.8
Export vol (% YoY)	3.9	8.5	0.1	1.1	-4.4	-4.4	-7.2	-2.3	3.2
Imports of goods (BoP, billion USD)	228.7	56.8	59.4	57.6	53.4	54.8	19.4	16.9	19.3
Imports (% YoY)	13.7	15.8	15.9	6.5	-2.9	-3.4	-0.2	-9.6	0.9
Import vol (% YoY)	7.7	8.1	9.1	3.7	-3.0	-3.3	0.0	-9.1	0.4
Tourist arrivals (million arrivals)	38.2	8.8	9.0	9.7	10.8	9.0	2.7	3.1	3.3
Tourist arrivals (% YoY)	7.3	8.1	1.7	4.0	2.1	1.4	-0.4	1.3	4.7
Tourist revenue (billion baht)	2003.8	441.3	478.0	512.9	573.8	448.4	134.6	149.8	167.3
Tourist revenue (% YoY)	9.4	13.4	1.4	5.1	0.4	1.6	-1.0	1.5	3.1
Trade balance (billion USD)	22.4	6.4	3.9	4.6	6.5	5.7	1.4	4.4	1.7
Net services, income and transfers (billion USD)	10.0	-0.2	0.6	2.4	6.0	-0.8	-1.8	-0.5	0.1
Current account (billion USD)	32.4	6.3	4.5	7.0	12.5	4.9	-0.4	3.9	1.8
Capital account (billion USD)	-0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account (billion USD)	-20.8	-9.5	-4.0	-3.6	-5.9	-2.5	0.0	-0.8	3.0
Overall balance (billion USD)	7.3	-4.3	0.3	-0.7	5.5	0.1	-0.6	1.9	4.5
International reserves (billion USD)	205.6	206.8	204.5	205.6	212.2	215.8	210.0	215.8	218.4
Net forward position (billion USD)	33.7	33.5	32.1	32.9	31.9	34.6	35.1	34.5	32.2
Labor Market									
Unemployment (%)	1.1	1.1	1.0	0.9	0.9	1.0	1.1	0.9	1.1
Farm income (% YoY)	1.2	4.2	5.2	0.3	2.1	-0.4	1.1	5.9	2.0
Non farm income (% YoY)	1.8	1.5	1.3	1.0	1.2	3.2	3.3	1.9	3.0
Wage change (% YoY)	1.4	1.2	1.4	0.6	2.0	4.1	4.2	2.4	3.4
Interest Rate and Currency									
CPI (%)	1.1	1.3	1.5	0.8	1.2	0.9	1.1	0.9	1.0
CPI, core (%)	0.7	0.8	0.8	0.7	0.6	0.5	0.5	0.5	0.4
Repo rate (%)	1.52	1.50	1.50	1.58	1.75	1.75	1.75	1.75	1.75
MLR : avg (%)	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28
3M deposit rate (%)	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2	1.2
10Y govt bond yield (%)	2.7	2.7	2.8	2.7	2.5	2.4	2.5	2.2	2.0
THB/USD (avg)	32.56	33.12	32.34	32.56	31.74	30.67	31.64	30.67	30.75

Source: Bank of Thailand

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