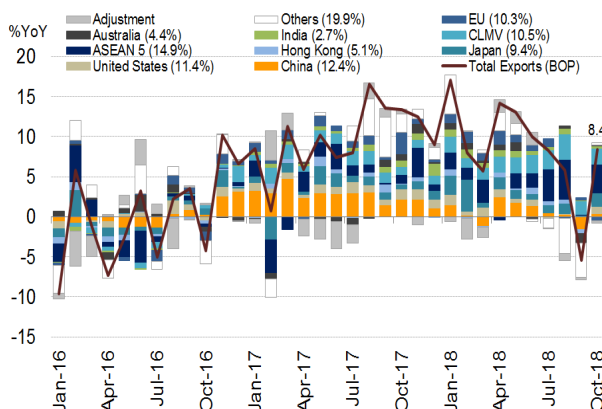
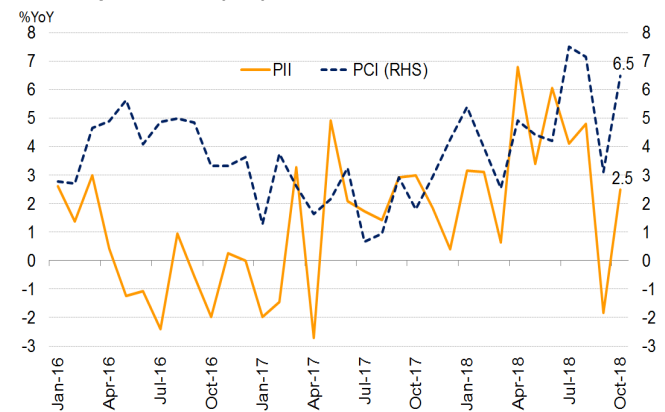


# Thailand's Economic Indicators (October): Exports rebound and domestic activity firms up

- Exports rebounded after declining in September.** Following an export value dip of 5.5% YoY (largely due to an unusually high Sep 2017 base tied to a surge in gold exports), goods exports in October totaled US\$21.7bn, up 8.4% YoY. Almost all major markets imported more from Thailand in YoY terms, including China (Figure 1).
- The 90-day delay to the US tariff on \$200m of Chinese products rising from 10% to 25% may trigger another round of export order front-loading.** Although at first glance one might assume that the delay would improve the global trade environment, there remains uncertainty as to what happens after March 31, 2019. Also, the effects of the tariff on China's supply chain warrants monitoring, as exports of intermediate goods to China, such as rubber and electronics parts, continued to decline.
- Meanwhile, imports in October increased 13.3% YoY to \$20.4bn, due to growing imports of raw materials and consumer goods. Consequently, the trade surplus narrowed from \$2.0bn in September to \$1.3bn in October.
- Tourism has not yet recovered.** Tourist arrivals in October came in at 2.71m, a decline of 0.5% YoY—the first YoY slippage for 19 months (arrivals inched up from 2.66m in Sep). Expanding numbers from other origination countries did not fully offset the effect of a dive in arrivals from China. As a result, the current account surplus declined from \$2.4bn in September to \$1.9bn in October.
- Domestic indicators point to stronger consumption and investment.** The Private Consumption Index (PCI) rose by 6.5% YoY, with expansion across all spending categories, particularly car purchases. The PCI increase was partly due to a rebound in farm income tied to greater output. The Private Investment Index (PII) also rose 2.5% YoY (Figure 2). Notably, the Construction Materials Index surged 12.6% YoY to its highest point in 62 months. This was in line with construction of public infrastructure projects, reflected by the 6.2% YoY increase in public capital expenditure.
- Going forward, private consumption growth likely to weaken.** Persisting high household debt and subsiding tailwinds from car purchases, particularly after the election, will ease spending. The government's Bt80bn support package, which is less broad-based than in previous years, will help hold up purchasing power in the short-term. Ongoing construction of infrastructure projects and infrastructure-related activities will remain a hotspot of growth in private investment.

**Figure 1: Contribution to export growth, by export markets**


Source: Bank of Thailand

**Figure 2: Private Investment Index (PII) and Private Consumption Index (PCI)**


Source: Bank of Thailand

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**Figure 3: Monthly Economic Indicators**

|   | 2017   | 2017  |       |       |       | 2018  |       |       |           |         |
|---|--------|-------|-------|-------|-------|-------|-------|-------|-----------|---------|
|   |        | Q1    | Q2    | Q3    | Q4    | Q1    | Q2    | Q3    | September | October |
| <b>Private Consumption</b>  |        |       |       |       |       |       |       |       |           |         |
| Private Consumption Index (PCI)                                   | 120.3  | 117.4 | 120.3 | 120.8 | 122.8 | 121.6 | 125.4 | 127.8 | 128.1     | 119.6   |
| PCI (% YoY)   | 2.2    | 1.9   | 2.3   | 1.3   | 3.2   | 3.6   | 4.3   | 5.8   | 2.5       | 6.5     |
| Imports of consumer goods (% YoY)                                 | 7.5    | 1.7   | 7.7   | 7.5   | 12.9  | 20.3  | 12.7  | 7.1   | 5.3       | 16.2    |
| Motorcycle sales (% YoY)  | 5.2    | 4.4   | 8.2   | 0.2   | 8.2   | 0.7   | -3.7  | -2.2  | -9.7      | 2.7     |
| Passenger car sales (% YoY)                                       | 18.1   | 19.1  | 11.3  | 9.5   | 32.1  | 14.8  | 25.1  | 27.0  | 20.1      | 18.7    |
| Non-durable index (% YoY)   | 1.2    | 0.7   | 1.0   | 2.5   | 0.8   | 1.2   | 0.9   | -0.2  | -2.1      | 2.1     |
| Semi-durable index (% YoY)  | 0.7    | 0.6   | 0.6   | 1.0   | 0.6   | 2.4   | 2.5   | 2.7   | 3.0       | 5.4     |
| Durable index (% YoY)   | 8.0    | 8.3   | 5.4   | 4.9   | 12.8  | 6.3   | 10.4  | 10.6  | 6.1       | 10.8    |
| Service index (% YoY)   | 7.1    | 5.0   | 6.3   | 5.5   | 11.7  | 7.2   | 6.6   | 4.7   | 2.9       | 4.7     |
| Net tourist spending (% YoY)                                      | 17.6   | 9.2   | 13.7  | 19.7  | 29.2  | 8.9   | 4.8   | -10.3 | -6.3      | -8.8    |
| <b>Private Investment</b>   |        |       |       |       |       |       |       |       |           |         |
| Private Investment Index (% YoY)                                  | 1.3    | 0.1   | 1.5   | 2.0   | 1.7   | 2.2   | 5.4   | 2.3   | -1.8      | 2.5     |
| One-ton pickup sales (% YoY)                                      | 7.7    | 7.8   | 0.8   | 13.2  | 8.7   | 10.5  | 26.8  | 20.5  | 13.8      | 34.6    |
| Commercial car sales (% YoY)                                      | 9.6    | 13.7  | 1.9   | 17.5  | 6.1   | 11.8  | 29.1  | 16.6  | 8.2       | 38.7    |
| Permitted construction area (9mma) (% YoY)                        | -0.8   | -4.1  | 0.6   | 0.4   | 0.2   | 1.3   | 0.2   | -3.7  | -5.6      | -7.2    |
| Construction materials index (% YoY)                              | -0.9   | -3.3  | 0.0   | 2.2   | -2.3  | -1.8  | 0.5   | 4.7   | -0.6      | 12.6    |
| Newly registered motor vehicle for investment (% YoY)             | 5.7    | -3.4  | 10.3  | 6.5   | 11.8  | 3.0   | 6.8   | 6.3   | -11.5     | 7.5     |
| Import of capital goods (% YoY)                                   | 2.2    | -2.1  | 5.2   | 4.1   | 1.8   | 4.0   | 6.6   | -0.6  | -1.7      | 2.4     |
| Import of raw materials (% YoY)                                   | 15.7   | 19.7  | 14.5  | 12.4  | 16.6  | 19.5  | 21.2  | 21.3  | 18.8      | 16.4    |
| Capacity utilisation (%)  | 67.1   | 69.6  | 64.5  | 67.1  | 67.4  | 72.5  | 66.6  | 66.5  | 66.1      | 67.8    |
| Capacity utilisation (%) (SA)                                     | -      | 65.6  | 66.6  | 68.5  | 67.6  | 68.2  | 69.2  | 68.5  | 67.7      | 69.4    |
| MPI (% YoY)   | 2.5    | 0.1   | 0.8   | 5.0   | 4.4   | 4.1   | 3.7   | 0.9   | -2.7      | 4.1     |
| <b>Government Expenditure</b>                                     |        |       |       |       |       |       |       |       |           |         |
| Current expenditure ex. subsidies/grants and other (billion baht) | 1547.9 | 376.4 | 361.7 | 382.3 | 427.5 | 382.9 | 379.9 | 410.3 | 154.9     | 159.9   |
| Current expenditure ex. subsidies/grants and other (% YoY)        | 1.7    | 0.9   | 0.2   | 4.2   | 1.7   | 1.7   | 5.0   | 7.3   | 14.2      | -4.4    |
| Capital expenditure ex. subsidies/grants and other (billion baht) | 397.7  | 111.7 | 84.5  | 100.2 | 101.2 | 111.6 | 91.0  | 104.6 | 48.8      | 28.9    |
| Capital expenditure ex. subsidies/grants and other (% YoY)        | -5.0   | 7.6   | -21.7 | 3.0   | -7.6  | 0.0   | 7.7   | 4.4   | -2.7      | 6.2     |
| <b>External Sector</b>  |        |       |       |       |       |       |       |       |           |         |
| Exports of goods (BoP, billion USD)                               | 235.3  | 56.2  | 56.1  | 61.8  | 61.1  | 61.8  | 63.0  | 63.4  | 20.7      | 21.7    |
| Exports (% YoY)   | 9.8    | 6.8   | 7.9   | 12.8  | 11.6  | 9.9   | 12.3  | 2.6   | -5.5      | 8.4     |
| Export vol (% YoY)  | 6.0    | 2.9   | 5.0   | 8.9   | 10.9  | 5.0   | 7.5   | -0.4  | -7.7      | 5.7     |
| Imports of goods (BoP, billion USD)                               | 201.1  | 46.8  | 49.0  | 51.2  | 54.1  | 55.2  | 57.2  | 60.0  | 18.7      | 20.4    |
| Imports (% YoY)   | 13.2   | 14.3  | 12.6  | 12.4  | 13.4  | 17.9  | 16.8  | 17.0  | 14.3      | 13.3    |
| Import vol (% YoY)  | 7.2    | 5.8   | 7.8   | 8.3   | 7.2   | 10.6  | 8.9   | 10.2  | 8.2       | 7.4     |
| Tourist arrivals (million arrivals)                               | 35.4   | 9.2   | 8.1   | 8.8   | 9.3   | 10.6  | 8.9   | 9.0   | 2.7       | 2.7     |
| Tourist arrivals (% YoY)  | 8.8    | 2.1   | 8.3   | 6.9   | 19.5  | 15.5  | 8.4   | 1.9   | 2.1       | -0.5    |
| Tourist revenue (billion baht)                                    | 1824.2 | 401.0 | 481.7 | 395.0 | 456.1 | 491.5 | 573.3 | 442.6 | 140.1     | 141.1   |
| Tourist revenue (% YoY)   | 11.7   | 5.7   | 9.8   | 9.4   | 22.6  | 19.0  | 12.1  | 4.1   | 2.9       | 0.7     |
| Trade balance (billion USD)                                       | 34.2   | 9.5   | 7.1   | 10.6  | 7.0   | 6.6   | 5.8   | 3.4   | 2.0       | 1.3     |
| Net services, income and transfers (billion USD)                  | 16.9   | 5.8   | 0.7   | 4.3   | 5.3   | 8.4   | 0.8   | 0.8   | 0.4       | 0.6     |
| Current account (billion USD)                                     | 51.1   | 15.2  | 7.8   | 14.9  | 12.4  | 15.1  | 6.7   | 4.2   | 2.4       | 1.9     |
| Capital account (billion USD)                                     | -0.1   | 0.0   | 0.0   | 0.0   | -0.1  | -0.6  | 0.0   | 0.0   | 0.0       | 0.0     |
| Financial account (billion USD)                                   | -19.1  | -5.1  | -4.8  | 2.7   | -5.3  | -3.7  | -5.1  | -1.4  | 0.2       | -1.9    |
| Overall balance (billion USD)                                     | 26.0   | 8.2   | 2.0   | 12.6  | 3.2   | 12.0  | -4.3  | 0.3   | 1.0       | -0.9    |
| International reserves (billion USD)                              | 194.0  | 172.7 | 177.3 | 190.9 | 194.0 | 206.9 | 198.4 | 196.4 | 196.4     | 193.6   |
| Net forward position (billion USD)                                | 36.7   | 26.6  | 31.3  | 31.2  | 36.7  | 35.8  | 33.0  | 31.9  | 31.9      | 32.6    |
| <b>Labor Market</b>   |        |       |       |       |       |       |       |       |           |         |
| Unemployment (%)  | 1.2    | 1.2   | 1.2   | 1.2   | 1.1   | 1.2   | 1.1   | 1.0   | 1.0       | 1.0     |
| Farm income (% YoY)   | 2.8    | 19.8  | 14.0  | -3.4  | -6.2  | -1.0  | 5.2   | 1.3   | -4.0      | 3.9     |
| Non farm income (% YoY)   | 0.2    | -0.6  | 0.4   | 1.1   | 0.0   | 3.5   | 1.5   | 1.3   | 2.3       | 2.6     |
| Wage chg (% YoY)  | -0.1   | -0.6  | -0.2  | 0.5   | 0.1   | 2.3   | 1.2   | 1.4   | 2.5       | 1.7     |
| <b>Interest Rate and Currency</b>                                 |        |       |       |       |       |       |       |       |           |         |
| CPI (%)   | 0.7    | 1.3   | 0.1   | 0.4   | 0.9   | 0.6   | 1.3   | 1.5   | 1.3       | 1.2     |
| CPI, core (%)   | 0.6    | 0.7   | 0.5   | 0.5   | 0.6   | 0.6   | 0.8   | 0.8   | 0.8       | 0.7     |
| Repo rate (%)   | 1.5    | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5   | 1.5       | 1.5     |
| MLR : max (%)   | 6.6    | 6.6   | 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   | 1.0   | 1.0   | 1.0   | 1.0       | 1.0     |
| 10Y govt bond yield (%)   | 2.6    | 2.81  | 2.57  | 2.41  | 2.58  | 2.56  | 2.8   | 2.8   | 2.8       | 2.9     |
| THB/USD (avg)   | 33.92  | 35.10 | 34.30 | 33.36 | 32.91 | 31.19 | 33.12 | 32.34 | 32.58     | 32.76   |

\*Percentage of GDP (2017)

Source: Bank of Thailand

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