

Thailand's Economic Indicators (September): Economic indicators continued to point to further slowing

- **Exports and imports for the month contracted with trade surplus narrowing.** Following a 4.0% YoY contraction last month, total exports in September fell 1.5% YoY, mainly driven by oil-related products (-16.2% YoY), machinery and equipment (-9.5% YoY), and electronics (-3.3% YoY). Excluding gold and oil related products, Exports were down by 1.4% YoY. September imports also contracted 4.5% YoY primarily due to the decline in imports of fuels (-21.3% YoY) and raw materials and intermediate goods (-9.7% YoY). Excluding gold and fuel, imports increased slightly by 0.6% YoY. Given a larger decline in imports than exports, trade balance showed a surplus of US\$ 2.7 bn for the month. For Q3 2019, this resulted in flat export growth (0.0% YoY), a 6.8% YoY contraction in imports, and trade surplus of US\$ 8.0 bn.
- **Tourist arrival expanded for the fourth consecutive month.** Total visitor arrivals in September rose 10.1% YoY to 2.9 million following a 7.4% YoY growth last month, mainly led by a sharp rebound in the number of Chinese visitors (+31.6% YoY). Similar to the previous month, the effect of a low base in the same period last year, together with a spillover benefit from tourists avoiding the protests in Hong Kong were behind the surge in Chinese tourist arrivals to Thailand. Tourist receipts increased by 8.7% YoY to US\$ 4.6 bn, and the net services, income & transfers accounted posted a surplus of US\$ 0.8 bn as a result. For the three months ending in September, total tourist arrivals rose by 7.2% YoY with tourism revenue up by 5.8% YoY, and the net services, income & transfers were US\$ 1.2 bn.
- **Private consumption picked up slightly, but we see further weakness ahead.** The Private Consumption Index (PCI) growth edged up from 1.0% YoY in August to 1.3% YoY this month primarily due to the improvement in purchases of services, +3.7% YoY, and semi-durable goods, +1.3% YoY, (**Chart 1**). Nonetheless, a deeper decline in durable good purchase from -4.0% YoY last month to -5.7% YoY this month, especially with the plunge in passenger car sales (-30.5% YoY), pointing to further slowing private consumption. Farm income also grew by 4.0% YoY mostly due to higher agricultural price, especially of sticky rice and Jasmine rice. For Q3 2019, the PCI rose by 1.4% YoY, and farm income was up by 2.4%YoY.
- **Manufacturing production and investment contraction deepened.** The Manufacturing Production Index (MPI) in September declined by 4.7% YoY from a 4.4% YoY fall in August (**Chart 2**). Export-oriented sectors, such as electronics (-21.3% YoY), computers (-9.4% YoY), and automotive (-5.0% YoY) continued to be the primary reasons for the decline in manufacturing production. Likewise, the Private Investment Index (PII) fell 3.9% YoY this month, following a 6.3% YoY plunge last month mainly from lower investment in machinery (-8.0% YoY) and construction (-4.1% YoY) – which resulted in a 4.2 contraction in MPI and a 3.4% YoY decline in PII for Q3 2019.
- **Overall, the economic indicators in September reflected a slowdown in economic activities especially in consumption, investment and manufacturing production.** However, a pick-up in tourism and public investment helped cushion the slowing economy during Q3 2019. For the first 9 months of 2019, current account surplus stood at US\$26.4 bn, which has undoubtedly underpinned the strength of the Thai baht.

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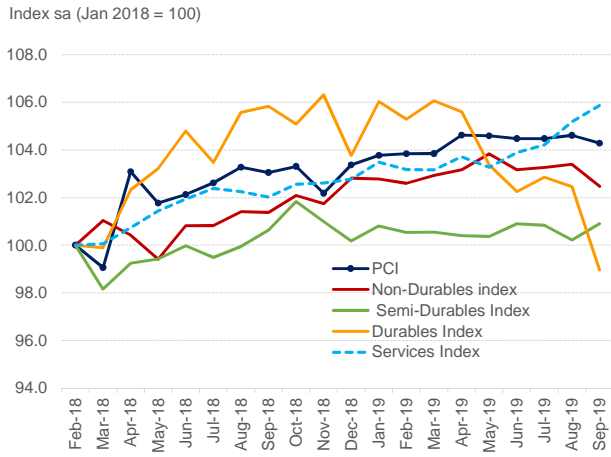
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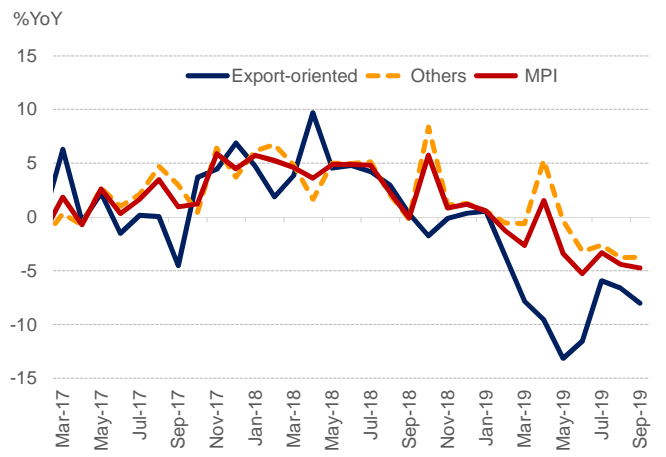
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Chart 1: Private Consumption Index (PCI)



Source: Bank of Thailand

Chart 2: Manufacturing Production Index (MPI)



Source: Office of Industrial Economics

Figure 3: Monthly Economic Indicators

	2018	2018		2019			2019		
		Q3	Q4	Q1	Q2	Q3	July	August	September
Private Consumption									
Private Consumption Index (PCI)	129.1	130.3	130.7	129.8	134.1	132.1	130.6	132.4	133.4
PCI (% YoY)	4.6	5.3	3.5	4.2	2.5	1.4	1.9	1.0	1.3
Imports of consumer goods (% YoY)	12.5	7.4	9.7	-1.3	1.6	8.9	21.2	-2.2	9.1
Motorcycle sales (% YoY)	-2.9	-3.7	-0.2	-0.1	-7.1	0.9	11.5	-4.4	-3.2
Passenger car sales (% YoY)	18.7	27.0	9.8	12.3	1.7	-6.5	-3.2	-7.8	-8.2
Non-durable index (% YoY)	1.4	0.0	2.9	2.4	3.3	1.8	2.6	1.7	1.1
Semi-durable index (% YoY)	2.8	2.6	3.6	1.4	1.0	0.9	2.2	-0.6	1.3
Durable index (% YoY)	8.0	10.2	6.6	5.3	0.1	-3.1	0.5	-4.0	-5.7
Service index (% YoY)	5.3	5.1	2.2	3.5	2.2	2.6	1.4	2.7	3.7
Net tourist spending (% YoY)	-0.6	-7.8	-0.8	-2.5	1.8	4.6	1.1	5.9	7.5
Private Investment									
Private Investment Index (% YoY)	3.5	3.2	2.7	-1.0	-3.3	-3.4	0.2	-6.3	-3.9
One-ton pickup sales (% YoY)	20.6	20.5	24.8	12.2	5.4	-9.6	0.8	-7.5	-20.8
Commercial car sales (% YoY)	21.3	16.6	28.1	10.6	5.4	-9.1	1.1	-5.8	-21.3
Permitted construction area (9mma) (% YoY)	-3.3	-4.3	-10.3	-13.1	-11.3	-6.8	-8.9	-7.2	-4.1
Construction materials index (% YoY)	4.5	7.9	7.6	1.0	2.4	-3.8	-1.4	-8.1	-1.6
Newly registered motor vehicle for investment (% YoY)	5.7	6.3	6.9	6.6	-1.8	-2.5	5.2	-8.2	-3.8
Import of capital goods (% YoY)	3.6	-0.3	4.6	2.6	-2.1	-1.3	8.1	-8.5	-2.6
Import of raw materials (% YoY)	17.9	19.8	12.9	-0.1	-4.8	-7.0	-0.4	-10.6	-9.7
Capacity utilisation (%)	69.8	68.7	69.3	71.3	65.6	65.0	65.3	65.8	63.9
MPI (% YoY)	3.6	2.3	2.5	-1.2	-2.5	-4.2	-3.3	-4.4	-4.7
Government Expenditure									
Current expenditure ex. subsidies/grants and other (billion baht)	1601.6	409.8	429.4	423.5	356.5	402.4	128.9	123.2	150.3
(% YoY)	3.5	7.2	0.5	10.7	-6.1	-1.8	2.8	-5.0	-3.0
Capital expenditure ex. subsidies/grants and other (billion baht)	401.0	104.6	93.6	117.5	96.2	115.7	29.2	30.8	55.7
(% YoY)	0.9	4.4	-7.5	5.1	5.7	10.6	15.3	1.2	14.0
External Sector									
Exports of goods (BoP, billion USD)	251.1	63.3	62.2	59.9	60.6	63.3	21.0	21.9	20.4
Exports (% YoY)	7.5	3.1	2.7	-4.0	-4.2	0.0	3.8	-2.1	-1.5
Export vol (% YoY)	3.9	0.1	1.1	-4.4	-4.4	-0.4	3.2	-2.4	-1.8
Imports of goods (BoP, billion USD)	228.7	59.4	57.6	53.4	54.8	55.3	19.3	18.3	17.7
Imports (% YoY)	13.7	15.9	6.5	-2.9	-3.4	-6.8	0.9	-15.5	-4.5
Import vol (% YoY)	7.7	9.1	3.7	-3.0	-3.3	-6.6	0.4	-15.3	-3.9
Tourist arrivals (million arrivals)	38.2	9.0	9.7	10.8	9.0	9.7	3.3	3.5	2.9
Tourist arrivals (% YoY)	7.3	1.7	4.0	2.1	1.4	7.2	4.7	7.4	10.1
Tourist revenue (billion baht)	1876.1	450.6	494.6	556.9	395.6	476.7	167.3	169.8	139.6
Tourist revenue (% YoY)	2.5	-4.4	1.3	2.3	2.3	5.8	3.1	6.2	8.7
Trade balance (billion USD)	22.4	3.9	4.6	6.5	5.7	8.0	1.7	3.6	2.7
Net services, income and transfers (billion USD)	6.1	-0.1	1.6	5.8	-0.6	1.2	-0.1	0.4	0.8
Current account (billion USD)	28.5	3.8	6.3	12.2	5.1	9.1	1.6	4.0	3.5
Capital account (billion USD)	-0.6	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03
Financial account (billion USD)	-14.9	-1.1	-2.5	-5.1	-3.2	0.2	2.5	-1.4	-0.9
Overall balance (billion USD)	7.3	0.3	-0.7	5.5	0.1	6.8	4.7	1.0	1.0
International reserves (billion USD)	205.6	204.5	205.6	212.2	215.8	220.5	218.4	220.2	220.5
Net forward position (billion USD)	33.7	32.1	32.9	31.9	34.6	32.5	32.2	32.3	33.1
Labor Market									
Unemployment (%)	1.1	1.0	0.9	0.9	1.0	1.0	1.1	1.0	1.0
Farm income (% YoY)	1.6	7.7	1.0	0.2	-0.4	3.4	2.1	4.1	4.0
Non farm income (% YoY)	1.8	1.3	1.0	1.2	3.2	1.3	3.0	0.0	-0.1
Wage change (% YoY)	1.4	1.4	0.6	2.0	4.1	1.8	3.4	0.7	0.3
Interest Rate and Currency									
CPI (%)	1.1	1.5	0.8	0.7	1.1	0.6	1.0	0.5	0.3
CPI, core (%)	0.7	0.8	0.7	0.6	0.5	0.5	0.4	0.5	0.4
Repo rate (%)	1.75	1.50	1.75	1.75	1.75	1.50	1.75	1.50	1.50
MLR (%)	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28
3M deposit rate (%)	1.00	1.00	1.00	1.15	1.15	1.15	1.15	1.15	1.15
10Y gov bond yield (%)	2.69	2.77	2.74	2.51	2.43	1.70	2.00	1.56	1.54
THB/USD (avg)	32.56	32.95	32.81	31.61	31.58	30.70	30.80	30.74	30.56

Source: Bank of Thailand

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