

Thailand's Economic Indicators (April): the economy contracted further with lockdown on.

- **Based on the BOP basis, April merchandise exports fell 3.3% YoY primarily due to automotive, petroleum-related products and machinery.** Excluding record-high gold exports, exports value contracted by 15.9% YoY as trading partners' demand and oil prices tumbled following global lockdown measures. Meanwhile, imports dropped by 17.0% YoY in line with lower production and weak economic activities. As a result, the current account saw a deficit of USD 0.7 bn. Excluding gold, current account registered a substantial deficit of USD 3.1 bn.
- **Tourist arrivals for the month fell to zero as restrictions to international flights was put in place from April 3rd, which was later extended until the end of June.** The numbers are unlikely to improve over the next few months as our airspace remains closed. Currently, along with the gradual easing of restrictions, domestic travelling has been permitted with strict social distancing requirements. Nonetheless, international travel ban is expected to remain in place until vaccines are successfully developed. Even in the event of the ban being lifted, the number of tourists would not return to the pre-crisis levels for some time given the social-distancing measures for air travel and quarantines for inbound tourists. Therefore, tourism is likely among the last sectors to recover.
- **Private consumption decline was broad-based from stricter city lockdowns.** The Private Consumption Index (PCI) in April dived 15.1% YoY, much weaker from a 2.7% YoY dip last month (**Chart 1**). The sharp drop reflected the impacts from lockdown measures for the full month in line with weak consumer confidence and lower purchasing power. Nevertheless, the government distributed the COVID-19 relief handouts. Service index further plummeted by 31.9% YoY due to ongoing curfews. Durable index sharply fell by 37.4% YoY from a collapse in car sales. Farm income dropped by 10.1% YoY from a 13.2% plunge in agricultural production from the continuing drought, despite a 3.5% increase in agricultural prices. **With declining energy prices, the April Consumer Price Index (CPI) contracted 3.0% YoY, down from a 0.5% slip in the previous month.**
- **Manufacturing production and private investment continued to tumble amid stricter containment measures (Chart 2).** April MPI plunged 17.2% YoY following a 10.5% YoY contraction in March, marking a twelfth-month consecutive decline. The fall was driven by lower production in automotive (-80.3% YoY) and petroleum products (-19.3% YoY). Capacity utilization plunged to 51.9% from 67.8% last month. Meanwhile, the Private Investment Index (PII) for the month declined by 6.1%, a smaller decrease from -8.7% YoY in March as construction activities improved due to the postponing of Songkran holidays. Overall Business Sentiment Index decreased to a new record-low 32.6.
- **Government expenditure expanded for both current and capital spending.** Current expenditure increased by 7.9% YoY, partly from COVID-19 containment measures. Capital expenditure jumped 40.5% YoY, an expansion for both central government and state-owned enterprises.
- **With lockdown easing in May, some sectors of the economy will slowly recover in the coming months.** According to Google Mobility Data, mobility trend in May posted a recovery in grocery and pharmacy, retail and recreation, parks and transit stations. Experiences from China suggest that a pre-lockdown normality may not be returned quite as quickly as many had hoped for. Cinemas still remain closed, and people still avoid public transport, and spend far less time at retail establishments. That said, we expect Q2 GDP to decline 16% YoY, which will be the trough for this recovery.

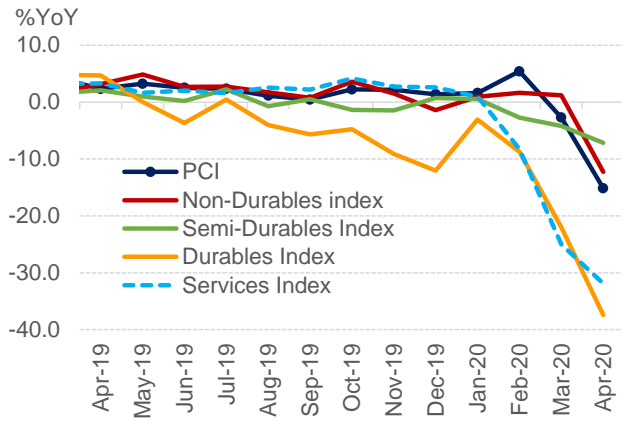
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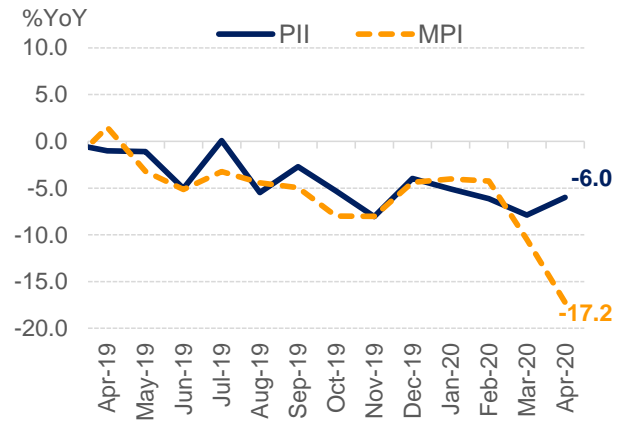
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Chart 1: Private Consumption Index (PCI)



Source: Bank of Thailand

Chart 2: Private Investment Index (PII) and Manufacturing Production Index (MPI)



Source: Bank of Thailand, Office of Industrial Economics

Table 1: Monthly Economic Indicators

	2019	2019			2020			
		Q2	Q3	Q4	Q1	February	March	April
Private Consumption								
Private Consumption Index (PCI)	132.3	134.2	132.3	132.8	131.2	126.2	134.2	119.1
PCI (% YoY)	2.5	2.7	1.2	1.9	1.0	4.7	-2.7	-15.1
Imports of consumer goods (% YoY)	2.6	1.9	8.9	0.1	-1.5	-9.0	-5.9	-17.3
Motorcycle sales (% YoY)	-3.4	-7.1	0.9	-7.3	-5.9	-3.7	-11.3	-33.7
Passenger car sales (% YoY)	-2.9	1.7	-6.5	-16.4	-24.8	-18.6	-45.3	-72.6
Non-durable index (% YoY)	2.3	3.5	1.6	1.1	1.1	1.3	1.2	-11.7
Semi-durable index (% YoY)	0.5	1.0	0.7	-0.7	-2.2	-2.9	-4.2	-6.9
Durable index (% YoY)	-2.0	0.1	-3.1	-8.8	-12.0	-8.7	-22.0	-37.5
Service index (% YoY)	2.8	2.4	2.1	3.1	-11.0	-8.9	-25.0	-31.9
Net tourist spending (% YoY)	0.0	1.7	3.2	-2.4	-41.0	-48.2	-77.1	-89.0
Private Investment								
Private Investment Index (% YoY)	-2.7	-3.2	-2.7	-5.2	-6.8	-6.5	-8.7	-6.1
One-ton pickup sales (% YoY)	-3.8	5.4	-9.6	-19.0	-26.9	-18.5	-41.8	-59.4
Commercial car sales (% YoY)	-3.6	5.4	-9.1	-17.2	-23.3	-14.8	-38.2	-56.8
Permitted construction area (9mma) (% YoY)	-3.9	-2.7	-6.2	-6.9	-2.1	-2.2	-1.8	1.1
Construction materials index (% YoY)	-0.7	2.4	-3.4	-1.9	-0.3	3.2	-1.0	17.0
Newly registered motor vehicle for investment (% YoY)	-3.0	-1.8	-2.5	-15.4	-11.7	-8.4	-8.0	-25.4
Imports of capital goods (% YoY)	-1.0	-2.2	-1.0	-3.0	-9.2	-15.2	-10.9	-17.5
Imports of raw materials (% YoY)	-6.8	-5.9	-7.0	-13.6	-0.1	-6.8	6.4	-11.7
Capacity utilisation (%)	66.3	65.6	65.0	63.4	0.0	66.1	67.8	51.9
MPI (% YoY)	-3.7	-2.5	-4.3	-6.8	-6.6	-4.2	-10.5	-17.2
Government Expenditure								
Current expenditure ex. subsidies/grants and other (billion baht)	1596.4	356.5	402.4	413.9	394.2	109.8	160.3	132.0
(% YoY)	-0.3	-6.1	-1.8	-3.6	-6.9	-13.4	13.9	7.9
Capital expenditure ex. subsidies/grants and other (billion baht)	407.4	96.2	115.7	78.1	94.8	16.5	52.6	40.3
(% YoY)	1.6	5.7	10.6	-16.6	-19.3	-50.7	12.2	40.5
External Sector								
Exports of goods (BoP, billion USD)	243.0	60.5	63.3	59.2	60.9	20.3	20.9	17.9
Exports (% YoY)	-3.2	-4.2	0.0	-4.9	1.5	3.6	-2.2	-3.3
Export vol (% YoY)	-3.5	-4.4	-0.4	-5.3	1.9	3.8	-0.6	-0.9
Imports of goods (BoP, billion USD)	216.4	54.5	55.3	53.2	52.8	14.9	18.6	15.3
Imports (% YoY)	-5.4	-4.0	-6.8	-7.6	-0.9	-7.8	4.4	-17.0
Import vol (% YoY)	-5.6	-3.9	-6.6	-8.3	0.0	-7.2	8.9	-10.5
Tourist arrivals (million arrivals)	39.8	9.0	9.7	10.3	6.7	2.1	0.8	0.0
Tourist arrivals (% YoY)	4.2	1.4	7.2	6.4	-38.0	-42.8	-76.4	-100.0
Tourist revenue (billion baht)	1933.4	395.6	476.7	504.1	332.0	103.7	39.5	0.0
Tourist revenue (% YoY)	3.1	2.3	5.8	1.9	-40.4	-43.9	-77.6	-100.0
Trade balance (billion USD)	26.6	6.0	8.0	5.9	8.0	5.4	2.3	2.5
Net services, income and transfers (billion USD)	11.3	-0.6	1.7	4.4	1.5	0.0	-1.6	-3.2
Current account (billion USD)	37.3	5.5	9.7	10.3	9.5	5.4	0.7	-0.7
Capital account (billion USD)	30.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial account (billion USD)	-12.6	-2.5	-1.1	-4.1	-3.0	-4.39	-3.07
Overall balance (billion USD)	13.6	0.1	6.8	1.3	4.5	-0.6	-0.8	8.0
International reserves (billion USD)	224.3	215.8	220.5	222.7	228.7	229.5	226.5	235.7
Net forward position (billion USD)	34.7	34.6	32.5	34.1	33.1	31.8	34.4	29.3
Labor Market								
Unemployment (%)	1.0	1.0	1.0	1.0	1.0	1.1	1.0
Farm income (% YoY)	2.1	0.9	5.2	2.2		3.4	-1.9	-10.1
Non farm income (% YoY)	1.6	3.2	1.3	0.8	2.0	1.0	3.3
Wage change (% YoY)	2.3	4.1	1.8	1.4	2.8	1.2	4.6
Interest Rate and Currency								
CPI (%)	0.7	1.1	0.6	0.4	-0.5	0.7	-0.5	-3.0
CPI, core (%)	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.4
Repo rate (%)	1.25	1.75	1.58	1.33	1.00	1.00	0.75	0.75
MLR (%)		4.5	4.5	4.4	4.4	3.7	3.6
3M deposit rate (%)	1.14	1.2	1.2	1.1	0.9	0.9	0.7	0.7
10Y gov't bond yield (%)	2.05	2.4	1.7	1.6	1.3	1.2	1.3	1.4
THB/USD (avg)	31.0	31.6	30.7	30.3	31.3	31.3	32.1	32.6

Source: Bank of Thailand

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