

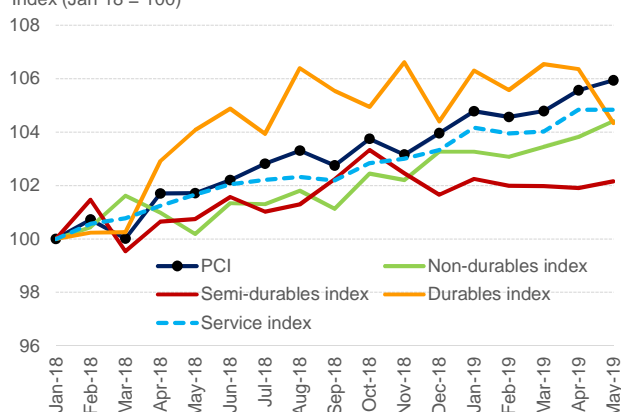
July 1, 2019

Thailand's Economic Indicators (May): Further external sector and private investment weakness; private consumption growth remained steady

- Deeper export decline and weak tourism number made for a current account deficit in May.** Merchandise exports (BOP basis)¹ contracted by 7.2% YoY in May, a deeper decline than the 3.1% YoY slippage posted for April. Imports of goods dipped by only 0.2% YoY, so the trade balance posted a small surplus of US\$1.4bn for May. With tourism arrivals dipping by 1.0% YoY for the month (compared to a 3.3% YoY increase in April), the net services, income & transfers account posted a deficit of \$1.8bn—the first in 11 months. As such, the current account reversed from a \$1.4bn surplus in April to a \$0.4bn deficit in May.
- Private consumption growth remained steady.** The Private Consumption Index (PCI) rose by 4.2% YoY in May (following growth of 4.0% in April), largely due to increased purchases of non-durables (Figure 1) in tandem with increases of 3.3% YoY in nonfarm income and 1.1% YoY in farm income for the month, led by higher agricultural production and prices. At the same time, public consumption dropped by 13.4% YoY from the temporarily high base set by May 2018 (when Ministry of Education disbursement accelerated in response to a regulatory change).
- Private investment indicators contracted, while public investment continued to rise.** The Manufacturing Production Index (MPI) contracted once again by 4.0% YoY in May (Figure 2), driven down by export-oriented sectors, as well as food & beverages (due to reduced supply of raw materials, such as pineapples and sugar cane). Also, the Private Investment Index (PII) dipped by 2.6% YoY with declines across most categories. Meanwhile, public investment increased by a further 14.8% YoY in the month, primarily attributable to heavier disbursement for ongoing highway-related projects.
- Weak external sector and private consumption prospects mean greater downside risk to Thai economy.** With the 5M19 export decline of 4.5% YoY, exports now look unlikely to grow for the year as a whole. Furthermore, despite resumed trade talks between Washington and Beijing, looming downside risks to the global economy will continue to cloud the outlooks for exports and domestic production. On the domestic front, private consumption is set to slow with an elevated household debt burden and waning confidence (the Consumer Confidence Index has declined for three consecutive months, led south by concerns over economic conditions, job opportunities, and future income). This points to greater downside risk to the Thai economy, which may prompt us to trim our 2019 GDP forecast should the 2Q19 GDP growth number disappoint (we project GDP growth of 2.5% YoY for 2Q19 and 3.1% for the whole year).

Figure 1: Private Consumption Index (PCI)

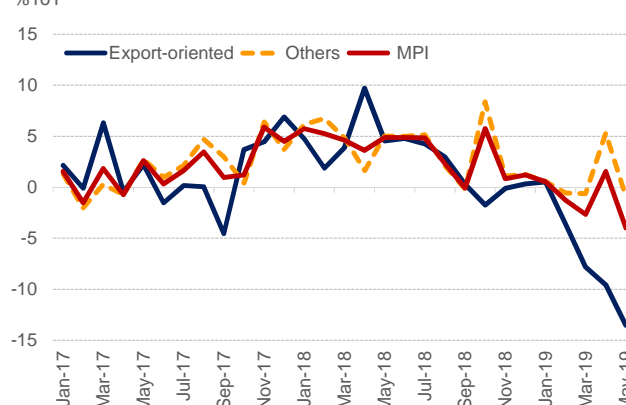
Index (Jan 18 = 100)



Source: Bank of Thailand

Figure 2: Manufacturing Production Index (MPI)

%YoY



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	Q1	Q2	Q3	Q4	2019	March	2019	May
						Q1		April	
Private Consumption									
Private Consumption Index (PCI)	127.2	123.5	127.0	128.5	130.0	128.7	136.9	137.3	130.9
PCI (% YoY)	3.1	2.2	3.3	3.9	3.1	4.3	4.0	4.0	4.2
Imports of consumer goods (% YoY)	12.5	20.4	13.3	7.4	9.7	-1.3	-2.8	7.5	0.2
Motorcycle sales (% YoY)	-2.9	-1.7	-5.8	-3.7	-0.2	-0.1	2.3	0.1	-3.8
Passenger car sales (% YoY)	18.7	14.8	25.1	27.0	9.8	12.3	10.6	10.3	-0.8
Non-durable index (% YoY)	1.4	1.5	1.1	0.0	2.9	2.3	1.5	2.9	4.2
Semi-durable index (% YoY)	2.8	2.5	2.5	2.6	3.6	1.4	1.6	2.2	1.4
Durable index (% YoY)	8.1	5.8	9.9	10.2	6.6	5.3	4.8	4.7	0.0
Service index (% YoY)	5.3	7.4	6.7	5.0	2.3	3.5	3.0	3.6	2.9
Net tourist spending (% YoY)	7.7	17.3	12.9	-0.4	1.9	-2.7	-5.9	-1.1	-4.5
Private Investment									
Private Investment Index (% YoY)	3.5	2.7	5.6	3.3	2.6	-1.0	-1.4	-1.9	-2.6
One-ton pickup sales (% YoY)	20.6	10.5	26.8	20.5	24.8	12.2	7.9	7.2	8.9
Commercial car sales (% YoY)	21.3	11.8	29.1	16.6	28.1	10.6	7.1	8.1	9.2
Permitted construction area (9mma) (% YoY)	-3.3	1.3	0.0	-4.3	-10.3	-13.1	-14.1	-12.5	-12.2
Construction materials index (% YoY)	4.5	1.5	1.3	7.9	7.6	1.0	-1.3	3.0	-2.4
Newly registered motor vehicle for investment (% YoY)	5.7	3.0	6.8	6.3	6.9	6.6	-3.8	4.2	-2.0
Import of capital goods (% YoY)	3.7	4.5	5.8	0.0	4.5	2.5	8.6	6.4	1.5
Import of raw materials (% YoY)	17.9	18.8	20.2	19.8	12.9	-0.1	-4.9	-5.7	3.4
Capacity utilisation (%)	69.8	72.9	68.2	68.7	69.3	0.0	74.3	63.6	67.7
MPI (% YoY)	3.6	5.2	4.5	2.3	2.6		-2.7	1.5	-4.0
Government Expenditure									
(billion baht)	1600.6	382.6	379.8	409.8	428.4	421.3	139.3	121.6	114.9
(% YoY)	3.4	1.7	5.1	7.2	0.3	10.1	-1.1	-0.4	-13.4
(billion baht)	401.0	111.8	91.0	104.6	93.6	117.6	47.0	28.9	33.9
(% YoY)	0.8	0.1	7.7	4.4	-7.5	5.3	2.2	11.6	14.7
External Sector									
Exports of goods (BoP, billion USD)	251.1	62.4	63.2	63.3	62.2	59.9	21.3	18.5	20.8
Exports (% YoY)	7.5	11.5	13.4	3.1	2.7	-4.0	-4.8	-3.1	-7.2
Export vol (% YoY)	3.9	6.5	8.5	0.1	1.1	-4.4	-5.2	-3.4	-7.2
Imports of goods (BoP, billion USD)	228.7	55.0	56.8	59.4	57.6	53.4	17.9	18.6	19.4
Imports (% YoY)	13.7	17.6	15.8	15.9	6.5	-2.9	-5.8	-0.4	-0.2
Import vol (% YoY)	7.7	10.3	8.1	9.1	3.7	-3.0	-6.2	-1.0	0.0
Tourist arrivals (million arrivals)	9.5	2.5	2.2	2.3	2.6	2.7	3.5	3.2	2.7
Tourist arrivals (% YoY)	10.8	9.1	13.6	11.7	9.4	8.0	-0.7	3.3	-1.0
Tourist revenue (billion baht)	2003.8	571.6	441.3	478.0	512.9	573.8	184.5	164.1	134.6
Tourist revenue (% YoY)	9.4	18.5	13.4	1.4	5.1	0.4	-1.3	3.9	-1.0
Trade balance (billion USD)	22.4	7.4	6.4	3.9	4.6	6.5	3.4	-0.1	1.4
Net services, income and transfers (billion USD)	10.0	7.2	-0.2	0.6	2.4	6.0	1.9	1.5	-1.8
Current account (billion USD)	32.4	14.6	6.3	4.5	7.0	12.5	5.3	1.4	-0.4
Capital account (billion USD)	-0.6	-0.6	0.0	0.0	0.0	0.0	0.00	0.0	...
Financial account (billion USD)	-20.8	-3.7	-9.5	-4.0	-3.6	-5.9	-4.80	-1.7	...
Overall balance (billion USD)	7.3	12.0	-4.3	0.3	-0.7	5.5	-0.1	-1.2	-0.6
International reserves (billion USD)	205.6	214.3	211.5	204.8	203.5	211.5	212.2	210.5	210.0
Net forward position (billion USD)	33.7	35.6	33.5	32.1	32.9	31.9	32.6	34.0	35.1
Labor Market									
Unemployment (%)	1.1	1.2	1.1	1.0	0.9	0.92	0.9	1.0	1.1
Farm income (% YoY)	0.5	-3.9	4.2	5.2	0.3	2.149378	-0.4	-2.0	1.1
Non farm income (% YoY)	1.8	3.5	1.5	1.3	1.0	1.24	1.9	3.7	3.3
Wage change (% YoY)	1.4	2.3	1.2	1.4	0.6	2.00	2.2	5.0	4.2
Interest Rate and Currency									
CPI (%)	0.4	0.8	1.4	1.3	0.4	1.2	1.2	1.2	1.1
CPI, core (%)	0.7	0.6	0.8	0.8	0.7	0.6	0.6	0.6	0.5
Repo rate (%)	1.5	1.5	1.5	1.5	1.6	1.8	1.8	1.8	1.8
MLR : max (%)	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	1.2	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	2.5
THB/USD (avg)	32.30	31.54	31.92	32.95	32.81	31.61	31.74	31.85	31.80

Source: Bank of Thailand

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