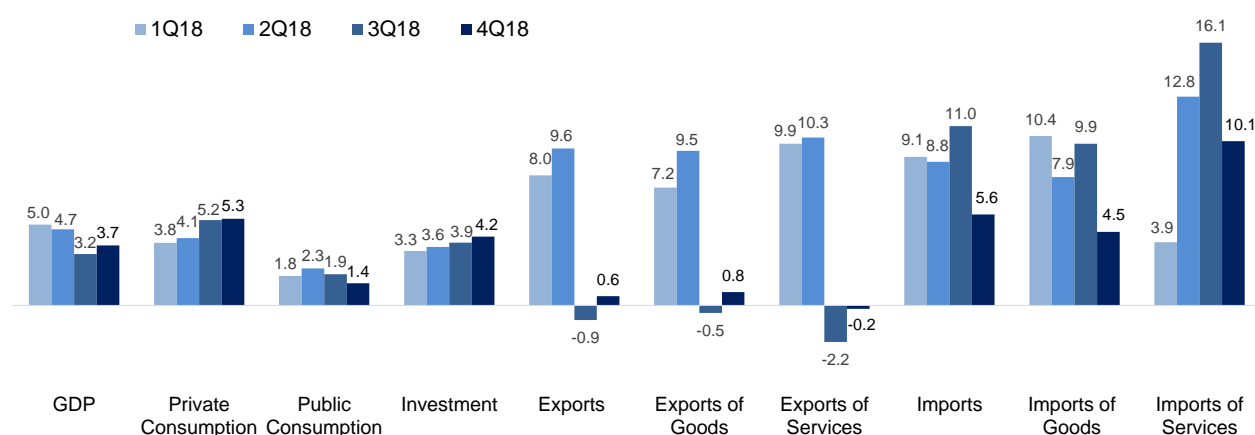


Thailand: GDP (Q4) came in higher than consensus on resilient domestic demand

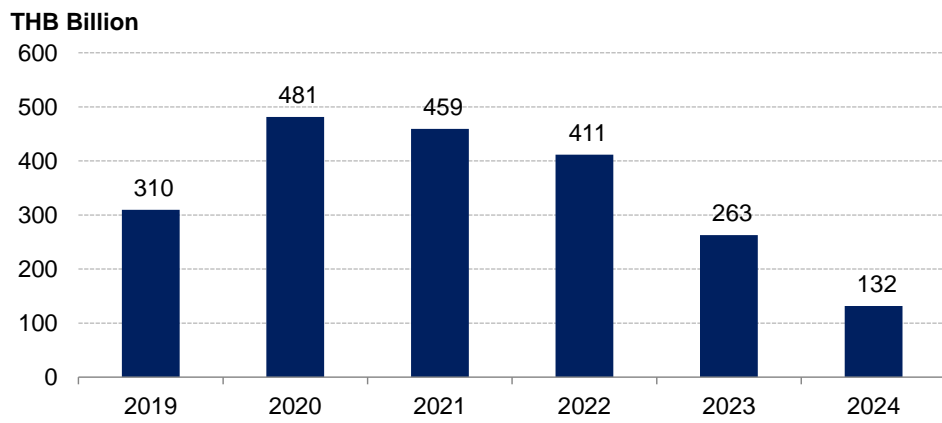
- **GDP growth of 3.7% YoY in Q4 beat expectations on resilient domestic demands with solid private consumption and investment.** Despite weak external backdrop, exports of goods managed to stage a small rebound of 0.8% YoY in Q4 after a contraction of -0.5% YoY in Q3. Goods import growth has been falling sharply from 10.4% YoY in Q1 to 4.5% YoY in Q4. As a result, net goods exports contributed to -2.04 % to Q4 GDP growth, an improvement from -6.09% in Q3.
- **For Q4 2018, tourism recovered sharply from the abysmal number reported in Q3 2018, especially due to the strong rebound of Chinese tourists in December 2018.** Last year the number of tourists totaled 38.3 million with the projection of 41 million visitors in 2019. Therefore tourism receipts have continued to underpin current account surplus accumulation against the backdrop of weaker global demand.
- Overall in 2018, Thailand's GDP expanded by 4.1% against our forecast of 4.3% on the back of slowing export demand and persistently subdued government investment— despite the stronger domestic economy that we had envisaged.
- **Looking ahead, Thailand is scheduled to have the general election on March 24th which is likely to be hotly contested.** After the election, the private sector is closely monitoring if the new government will be able to carry out massive infrastructure investments as planned (Chart 2). Our baseline scenario is that with the passing of the EEC Act in 2018, the new government will have to follow the investment guidelines as envisioned by the current government and the 20-year national strategy.
- **Our forecast of Thailand's GDP growth in 2019 is 3.8% on weaker global demand, together with uncertainties over the US-China tariffs.** Moreover, following the election, government spending is set to be stagnant while the new cabinet is being formed. As such, we are less bullish on Thai economic growth than the Bank of Thailand's projection of 4.0% in 2019 with more downside risks emanating from uncertainties surrounding global trading relations between the US and China, and between the UK and the European Union. **Therefore, we maintain our call for the BOT to remain on hold despite the split vote at the last MPC meeting on February 6th (4-2, with two members voting to hike against the status quo majority).**

Chart 1: Thailand's 2018 Quarterly GDP (% YoY)



Source: NESDB

Chart 2: Planned Infrastructure Investments



Source: Ministry of Transport

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Table 1: Real GDP - Expenditure Side

%YoY	GDP	Private Consumption (51%)*	Public Consumption (14%)*	Gross Fixed Capital Formation (25%)*	Private Investment (18%)*	Public Investment (6%)*	Exports of Goods & Services (77%)*	Exports of Goods (58%)*	Exports of Services (19%)*	Imports of Goods & Services (69%)*	Imports of Goods (57%)*	Imports of Services (13%)*
Q1 2015	3.1	2.4	2.1	9.9	3.8	33.9	2.5	-0.9	15.6	2.6	4.4	-5.1
Q2 2015	2.9	2.0	1.0	1.3	-3.9	20.0	2.7	-2.4	27.3	0.4	0.4	0.5
Q3 2015	3.4	1.6	1.4	-2.1	-9.3	21.6	4.3	-0.1	23.5	-2.0	-2.1	-1.2
Q4 2015	3.1	3.3	5.6	9.1	1.4	41.8	-2.8	-4.6	3.8	-0.9	-1.5	1.6
Q1 2016	3.5	3.2	8.8	4.9	2.3	12.8	5.1	1.0	18.9	-4.9	-7.4	6.8
Q2 2016	3.8	4.1	1.6	3.1	-0.2	12.8	2.3	-1.1	14.8	-1.6	-2.8	3.0
Q3 2016	3.1	2.4	-2.7	1.3	0.1	4.4	2.1	-0.4	11.4	-1.0	-2.1	4.4
Q4 2016	3.1	1.9	2.4	2.2	0.0	8.9	1.8	1.6	2.4	3.5	3.2	4.8
Q1 2017	3.5	2.7	-1.3	2.2	-0.5	10.0	2.5	2.8	1.6	5.2	5.9	2.5
Q2 2017	4.2	2.5	0.6	1.5	4.7	-6.9	4.1	4.9	1.4	6.3	7.8	0.3
Q3 2017	4.5	3.4	2.0	2.0	3.5	-1.6	7.8	8.5	5.2	6.4	8.7	-3.5
Q4 2017	3.9	3.2	-1.0	1.5	4.0	-6.0	7.4	6.6	10.3	7.0	7.3	5.7
Q1 2018	5.0	3.8	1.8	3.3	3.1	4.0	8.0	7.2	9.9	9.1	10.4	3.9
Q2 2018	4.7	4.1	2.3	3.6	3.1	4.9	9.6	9.5	10.3	8.8	7.9	12.8
Q3 2018	3.2	5.2	1.9	3.9	3.8	4.2	-0.9	-0.5	-2.2	11.0	9.9	16.1
Q4 2018	3.7	5.3	1.4	4.2	5.5	-0.1	0.6	0.8	-0.2	5.6	4.5	10.1
2015	3.1	2.3	2.5	4.4	-2.1	28.4	1.6	-2.0	16.2	0.0	0.2	-1.0
2016	3.4	2.9	2.2	2.9	0.6	9.5	2.8	0.3	11.7	-1.0	-2.3	4.7
2017	4.0	3.0	0.1	1.8	2.9	-1.2	5.4	5.7	4.6	6.2	7.4	1.3
2018	4.1	4.6	1.8	3.8	3.9	3.3	4.2	4.1	4.4	8.6	8.1	10.7

%QoQ, sa	GDP	Private Consumption (51%)*	Public Consumption (14%)*	Gross Fixed Capital Formation (25%)*	Private Investment (18%)*	Public Investment (6%)*	Exports of Goods & Services (77%)*	Exports of Goods (58%)*	Exports of Services (19%)*	Imports of Goods & Services (69%)*	Imports of Goods (57%)*	Imports of Services (13%)*
Q1 2015	0.4	-1.9	-2.7	5.3	-0.2	22.3	-5.1	-4.7	-6.3	1.0	1.7	-2.5
Q2 2015	0.4	2.3	2.7	-1.3	-2.0	0.4	0.8	-0.4	6.6	-1.6	-2.7	3.8
Q3 2015	1.4	7.7	2.2	1.4	-0.8	5.8	0.6	0.1	2.1	0.4	0.4	-0.2
Q4 2015	0.8	4.6	2.6	3.1	4.1	7.4	1.1	0.2	2.8	-1.3	-1.6	0.5
Q1 2016	0.8	6.3	0.8	0.6	0.7	-3.7	2.1	0.7	5.9	-1.8	-2.9	2.6
Q2 2016	0.7	6.7	-3.5	-1.5	-3.9	4.9	-1.4	-1.9	2.3	1.4	1.7	-0.1
Q3 2016	0.8	-1.9	-1.8	-0.1	0.3	-2.2	0.6	0.7	-0.1	0.8	0.5	1.6
Q4 2016	0.9	2.8	6.5	3.0	2.6	8.8	0.8	2.1	-4.3	2.8	3.6	0.5
Q1 2017	1.1	4.3	-2.5	0.3	0.4	-3.2	2.2	1.7	3.6	0.4	0.3	0.4
Q2 2017	1.4	1.3	-1.0	-1.1	1.5	-8.2	0.4	0.4	1.6	2.2	3.2	-2.4
Q3 2017	1.1	3.0	-0.2	0.5	-0.2	2.7	4.4	4.4	4.7	0.9	1.2	-1.8
Q4 2017	0.3	2.3	2.3	1.5	1.7	2.2	0.4	0.0	0.8	3.2	2.4	9.8
Q1 2018	2.1	5.5	0.6	2.2	0.0	7.1	2.4	2.2	2.4	2.7	3.3	-1.3
Q2 2018	1.1	-2.1	-0.2	-0.4	1.7	-6.0	2.2	2.7	1.8	1.8	0.9	6.0
Q3 2018	-0.3	1.6	-0.6	0.7	0.7	1.8	-5.6	-5.1	-6.9	2.8	2.8	1.3
Q4 2018	0.8	10.2	1.4	1.4	2.7	-3.1	1.9	1.2	3.2	-1.6	-2.2	3.9

*Percentage of GDP (2018)

Source : NESDB

Table 2: Real GDP - Production Side

%YoY	GDP	Agriculture (6%)*	Non Agriculture (95%)*	Industry		Services								
				Manufacturing (27%)*	Construction (3%)*	Wholesale & Retail (16%)*	Hotel/ Restaurants (6%)*	Transport/ Storage/ Comm (10%)*	Financials (7%)*	Real Estate (8%)*	Public Admin/ Defence (5%)*	Education (3%)*	Health/ Social Work (2%)*	Social Services (2%)*
Q1 2015	3.1	-9.4	4.7	2.6	20.3	4.8	20.4	7.0	10.2	2.5	-0.5	-2.2	1.6	2.2
Q2 2015	2.9	-8.1	3.9	-0.3	15.0	5.2	23.9	8.8	8.7	0.0	1.7	-0.5	1.1	5.0
Q3 2015	3.4	-6.9	3.9	1.8	10.9	4.1	13.3	4.9	6.8	1.1	3.1	1.6	3.2	5.7
Q4 2015	3.1	-2.5	4.3	2.2	24.1	7.7	4.3	1.4	7.9	3.6	-0.1	1.8	8.9	4.5
Q1 2016	3.5	-2.9	4.1	0.4	12.1	5.9	11.7	6.4	5.3	2.7	3.3	3.4	5.1	8.0
Q2 2016	3.8	-1.3	4.2	3.8	8.1	5.8	8.8	1.6	7.5	2.9	-0.9	0.7	3.9	9.2
Q3 2016	3.1	-1.7	3.4	2.4	5.3	6.1	11.1	2.8	6.6	2.0	-1.9	-1.2	1.2	10.1
Q4 2016	3.1	0.3	3.5	2.7	6.4	6.5	5.5	2.2	8.7	2.9	2.2	0.1	0.6	6.0
Q1 2017	3.5	3.5	3.5	2.3	3.1	5.9	7.0	6.3	5.4	3.9	-0.1	-0.8	3.1	7.0
Q2 2017	4.2	14.4	3.4	1.7	-6.3	6.7	9.6	8.0	6.9	4.6	1.5	1.4	4.1	6.2
Q3 2017	4.5	7.1	4.3	4.3	-2.3	7.2	9.4	6.8	5.4	5.1	0.2	0.1	3.8	5.6
Q4 2017	3.9	-4.5	5.0	3.5	-5.9	8.2	16.5	8.3	3.6	6.1	-0.1	1.8	2.5	6.5
Q1 2018	5.0	6.5	4.8	3.8	1.2	7.0	13.1	7.1	3.6	4.8	2.0	2.3	5.5	4.2
Q2 2018	4.7	10.0	4.2	3.2	1.9	7.3	8.8	6.5	4.6	3.2	1.1	-0.1	4.6	4.0
Q3 2018	3.2	2.7	3.2	1.6	4.5	7.3	4.1	5.3	3.1	4.2	0.4	-1.2	2.1	7.8
Q4 2018	3.7	1.4	4.0	3.3	3.4	7.5	5.3	6.1	1.8	3.6	0.1	-0.7	4.0	7.0
2015	3.1	-6.5	4.2	1.6	17.1	5.5	15.0	5.4	8.4	1.8	1.1	0.2	3.8	4.3
2016	3.4	-1.3	3.8	2.3	7.9	6.1	9.2	3.2	7.0	2.6	0.6	0.7	2.6	8.3
2017	4.0	3.7	4.1	2.9	-2.8	7.0	10.6	7.3	5.4	4.9	0.4	0.6	3.4	6.3
2018	4.1	5.0	4.0	3.0	2.7	7.3	7.9	6.3	3.3	4.0	0.9	0.1	4.0	5.8

%QoQ, sa	GDP	Agriculture (6%)*	Non Agriculture (95%)*	Industry		Services								
				Manufacturing (27%)*	Construction (3%)*	Wholesale & Retail (16%)*	Hotel/ Restaurants (6%)*	Transport/ Storage/ Comm (10%)*	Financials (7%)*	Real Estate (8%)*	Public Admin/ Defence (5%)*	Education (3%)*	Health/ Social Work (2%)*	Social Services (2%)*
Q1 2015	0.4	-2.7	0.9	1.5	11.9	1.7	3.8	-2.5	3.8	-0.1	-2.9	-1.8	1.0	-2.5
Q2 2015	0.4	-1.8	0.7	-1.8	2.7	1.3	2.6	3.8	0.2	-0.5	3.0	1.6	1.1	1.2
Q3 2015	1.4	0.0	1.4	1.8	1.0	1.3	-1.5	-0.1	1.9	1.6	1.4	2.0	3.0	2.1
Q4 2015	0.8	2.1	1.1	0.5	5.7	2.4	1.3	1.0	1.5	1.9	-1.7	-0.4	3.1	3.3
Q1 2016	0.8	-2.9	0.9	0.2	0.5	1.0	7.6	0.9	1.9	-0.5	0.5	0.3	-2.1	1.5
Q2 2016	0.7	-1.4	0.9	1.4	1.9	1.1	0.5	-0.3	1.8	0.2	-1.1	-1.2	-0.1	2.6
Q3 2016	0.8	0.9	0.5	0.1	-1.3	1.6	2.0	1.6	1.4	0.6	0.7	0.4	0.8	1.8
Q4 2016	0.9	4.2	1.0	0.7	4.3	2.1	-3.4	0.7	3.0	1.9	1.5	0.4	1.7	0.1
Q1 2017	1.1	0.1	1.0	0.2	-3.2	1.1	7.1	3.6	-0.7	1.0	-1.1	-0.4	0.6	2.5
Q2 2017	1.4	7.8	0.9	0.9	-4.6	1.7	3.2	1.6	2.8	1.2	0.4	1.0	0.8	1.9
Q3 2017	1.1	-4.7	1.4	2.3	1.6	2.2	2.9	1.1	0.5	1.0	-0.3	-0.6	1.0	0.7
Q4 2017	0.3	-6.9	1.5	0.0	0.0	2.6	2.8	1.9	1.0	2.4	0.7	1.6	0.1	1.4
Q1 2018	2.1	11.5	0.9	0.6	3.7	0.4	3.1	2.0	-0.5	0.1	1.1	0.5	3.4	0.2
Q2 2018	1.1	10.8	0.4	0.3	-2.4	1.9	-0.5	1.2	3.5	-0.1	-0.5	-1.4	0.0	1.8
Q3 2018	-0.3	-10.6	0.4	0.6	3.0	2.2	-1.0	0.4	-0.8	1.9	-0.7	-1.6	-1.2	3.9
Q4 2018	0.8	-8.0	2.2	1.7	-0.7	2.7	3.6	2.5	-0.5	1.6	0.0	1.8	1.8	1.1

*Percentage of GDP (2018)

Source : NESDB

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