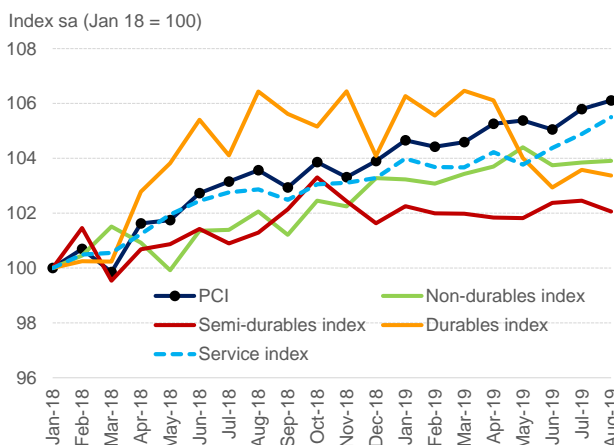


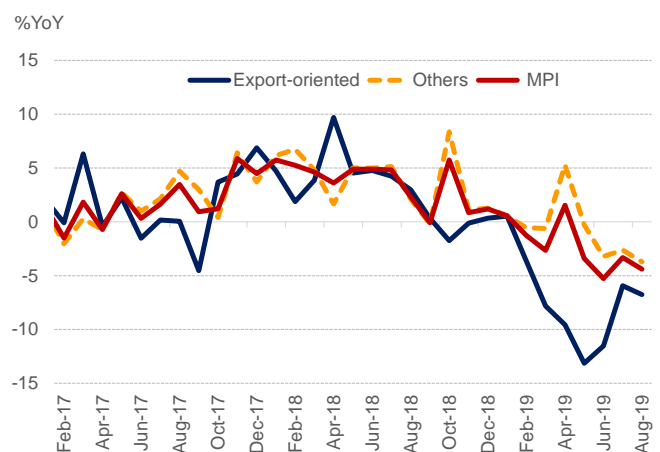
September 30, 2019

Thailand's Economic Indicators (August): Economic indicators pointed to further slowdown in activities from the previous month

- Despite a fall in exports, trade balance in August was a surplus of \$3.6 bn as imports contracted more than the drop in exports.** Exports for the month contracted by 2.1% YoY (BOP basis) after a 3.8 % YoY rebound last month. Excluding gold, export value plunged by 8.9% YoY. Total imports also went down by 15.5% YoY. However, without gold and oil, imports slid by 9.5% YoY. The fall in exports resulted mainly from declines in oil-related products (-24.5% YoY), automotive (-8.1% YoY), and electronics (-9.5% YoY) as demand from major trading partners slowed, together with elevated level of uncertainties stemming from global trade policies. On the upside, exports of poultry to China soared (+170.6% YoY) as chicken meat continues to be a substitute for pork in response to China's current severe pork shortage. Nonetheless, the share of poultry exports is relatively small compared to total exports (1.4%). Imports, on the other hand, dropped primarily due to the decline in imports of raw materials (-10.6% YoY) and capital goods (-4.6% YoY).
- Tourist arrivals rebounded for the third consecutive month.** Total visitor arrivals rose by 7.4% YoY to 3.5 million in August, up from the previous month (4.7% YoY), mainly driven by a sharp rebound in the number of Chinese tourists (18.9% YoY). This might be partly due to the effect of a low base in the same month last year and a spill-over benefit from political turmoil in Hong Kong as Chinese tourists shifted from travelling to Hong Kong to other destinations including Thailand, instead. Tourism revenue also rose by 6.2% YoY to THB 170 bn. As a result, the net services, income & transfers account posted a surplus of US\$ 0.4 bn, up from a US\$ 0.1 bn in July.
- Private consumption continued to lose momentum.** The Private Consumption Index (PCI) growth this month slowed to 2.2% YoY from 2.2% YoY in July as a result of lower purchases of durable goods (-4.0% YoY), such as motorcycles and commercial cars, and semi-durable goods (-0.1% YoY) (**Chart 1**). In contrast, farm income managed to grow by 3.3% YoY from 2.1% YoY last month mainly due to higher agricultural prices, especially for sticky rice and fruits. Nonetheless, we still expect farm production and income to be weighed down by a combined impact of drought and floods.
- Production and investment indicators showed further contractions.** The Manufacturing Production Index (MPI) in August fell further by 4.4% YoY from a contraction of 3.2% YoY last month (**Chart 2**). Manufacturing production continues to be dragged down by export-oriented sectors, such as electronics (-17.9% YoY), computers (-14.9% YoY) and automotive (-7.7% YoY). Similarly, the Private Investment Index (PII) plunged from 0.0% YoY last month to -5.0% YoY this month mostly due to falling investment in machinery (-2.6% YoY) and imports of capital goods (-8.8% YoY) as well as construction materials (-8.0% YoY).
- Overall, the economic indicators in August pointed further slowdown in economic activities especially in consumption, investment and manufacturing production.** One lone bright spot is related to the surprise rebound in the number of foreign visitors especially from China, but we suspect that this is primarily due to the ongoing protests in HK which drove away mainland Chinese visitors to HK. Additionally, for the first 8 months of 2019, current account accumulation were \$25.1 bn surplus, which, to a large degree, continued to support the value of THB.

Chart 1: Private Consumption Index (PCI)


Source: Bank of Thailand

Chart 2: Manufacturing Production Index (MPI)


Source: Office of Industrial Economics

Burin Adulwattana

Head of Economics and Strategy
burin.adulwattana@bangkokbank.com/ +66 2 230 2657

Kantheera Tipkanjanarat

Research Associate
kantheera.tipkanjanarat@bangkokbank.com

Boochita Pitakard

Research Associate
boochita.pitakard@bangkokbank.com

Figure 3: Monthly Economic Indicators

	2018	2018			2019		2019		
		Q2	Q3	Q4	Q1	Q2	Jun	July	August
Private Consumption									
Private Consumption Index (PCI)	127.4	127.1	128.6	130.1	128.9	131.2	125.8	130.3	132.2
PCI (% YoY)	3.1	3.3	3.9	3.0	4.3	3.2	1.9	2.8	2.2
Imports of consumer goods (% YoY)	12.5	13.3	7.4	9.7	-1.3	1.6	-2.9	21.2	-2.2
Motorcycle sales (% YoY)	-2.9	-5.8	-3.7	-0.2	-0.1	-7.1	-15.3	11.5	-4.4
Passenger car sales (% YoY)	18.7	25.1	27.0	9.8	12.3	1.7	-3.5	-3.2	-7.8
Non-durable index (% YoY)	1.4	1.1	0.0	2.9	2.4	3.3	2.4	2.5	1.5
Semi-durable index (% YoY)	2.8	2.6	2.6	3.6	1.4	1.1	0.2	2.4	-0.1
Durable index (% YoY)	8.0	9.9	10.2	6.6	5.3	0.1	-3.7	0.5	-4.0
Service index (% YoY)	5.3	6.8	5.1	2.2	3.5	2.2	1.8	1.8	2.3
Net tourist spending (% YoY)	7.7	12.9	-0.4	1.9	-2.7	-2.9	-0.9	-2.2	-2.5
Private Investment									
Private Investment Index (% YoY)	3.5	5.7	3.2	2.7	-1.0	-3.3	-6.0	0.1	-5.0
One-ton pickup sales (% YoY)	20.6	26.8	20.5	24.8	12.2	5.4	0.3	0.8	-7.5
Commercial car sales (% YoY)	21.3	29.1	16.6	28.1	10.6	5.4	-1.1	1.1	-5.8
Permitted construction area (9mma) (% YoY)	-3.3	0.0	-4.3	-10.3	-13.1	-11.3	-9.0	-8.9	-8.6
Construction materials index (% YoY)	4.5	1.3	7.9	7.6	1.0	2.4	2.6	-1.4	-8.0
Newly registered motor vehicle for investment (% YoY)	5.7	6.8	6.3	6.9	6.6	-1.8	-6.8	5.2	-8.2
Import of capital goods (% YoY)	3.6	5.8	-0.3	4.6	2.6	-2.1	-12.2	8.1	-8.8
Import of raw materials (% YoY)	17.9	20.2	19.8	12.9	-0.1	-4.8	-12.2	-0.4	-10.6
Capacity utilisation (%)	69.8	68.2	68.7	69.3	71.3	65.6	65.3	65.3	65.8
MPI (% YoY)	3.6	4.5	2.3	2.5	-1.2	-2.5	-5.3	-3.3	-4.4
Government Expenditure									
Current expenditure ex. subsidies/grants and other (billion baht)	1601.6	379.8	409.8	429.4	423.5	356.5	119.2	128.9	123.2
(% YoY)	3.5	5.1	7.2	0.5	10.7	-6.1	-4.8	2.8	-5.0
Capital expenditure ex. subsidies/grants and other (billion baht)	401.0	91.0	104.6	93.6	117.5	96.2	33.7	29.2	30.9
(% YoY)	0.9	7.7	4.4	-7.5	5.1	5.7	-5.3	15.3	1.3
External Sector									
Exports of goods (BoP, billion USD)	251.1	63.2	63.3	62.2	59.9	60.6	21.3	21.0	21.9
Exports (% YoY)	7.5	13.4	3.1	2.7	-4.0	-4.2	-2.1	3.8	-2.1
Export vol (% YoY)	3.9	8.5	0.1	1.1	-4.4	-4.4	-2.3	3.2	-2.4
Imports of goods (BoP, billion USD)	228.7	56.8	59.4	57.6	53.4	54.8	16.9	19.3	18.3
Imports (% YoY)	13.7	15.8	15.9	6.5	-2.9	-3.4	-9.6	0.9	-15.5
Import vol (% YoY)	7.7	8.1	9.1	3.7	-3.0	-3.3	-9.1	0.4	-15.3
Tourist arrivals (million arrivals)	38.2	8.8	9.0	9.7	10.8	9.0	3.1	3.3	3.5
Tourist arrivals (% YoY)	7.3	8.1	1.7	4.0	2.1	1.4	1.3	4.7	7.4
Tourist revenue (billion baht)	1876.1	386.7	450.6	494.6	556.9	395.6	131.3	167.3	169.8
Tourist revenue (% YoY)	2.5	-0.6	-4.4	1.3	2.3	2.3	2.0	3.1	6.2
Trade balance (billion USD)	22.4	6.4	3.9	4.6	6.5	5.7	4.4	1.7	3.6
Net services, income and transfers (billion USD)	6.1	-2.3	-0.1	1.6	6.3	1.0	0.2	0.1	0.4
Current account (billion USD)	28.5	4.2	3.8	6.3	12.7	6.7	4.6	1.8	4.0
Capital account (billion USD)	-0.6	0.0	0.0	0.0	0.0	0.00	0.0	0.0	0.0
Financial account (billion USD)	-14.9	-8.1	-1.1	-2.5	-5.1	-2.50	-0.8	3.0	3.0
Overall balance (billion USD)	7.3	-4.3	0.3	-0.7	5.5	0.1	1.9	4.5	1.2
International reserves (billion USD)	205.6	206.8	204.5	205.6	212.2	215.8	215.8	218.4	220.2
Net forward position (billion USD)	33.7	33.5	32.1	32.9	31.9	34.6	34.5	32.2	32.3
Labor Market									
Unemployment (%)	1.1	1.1	1.0	0.9	0.9	1.0	0.9	1.1	1.0
Farm income (% YoY)	1.2	6.0	7.5	0.3	2.0	-0.4	6.4	2.1	3.3
Non farm income (% YoY)	1.8	1.5	1.3	1.0	1.2	3.2	1.9	3.0	0.0
Wage change (% YoY)	1.4	1.2	1.4	0.6	2.0	4.1	2.4	3.4	0.7
Interest Rate and Currency									
CPI (%)	1.1	1.3	1.5	0.8	0.7	1.1	0.9	1.0	0.5
CPI, core (%)	0.7	0.8	0.8	0.7	0.6	0.5	0.5	0.4	0.5
Repo rate (%)	1.52	1.50	1.50	1.75	1.75	1.75	1.75	1.75	1.50
MLR : max (%)	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28	7.28
3M deposit rate (%)	1.0	1.0	1.0	1.0	1.2	1.2	1.2	1.2	1.2
10Y govt bond yield (%)	2.7	2.7	2.8	2.7	2.5	2.4	2.2	2.0	1.6
THB/USD (avg)	32.56	33.12	32.34	32.56	31.74	30.67	30.67	30.8	31.8

Source: Bank of Thailand

Bangkok Bank Public Company Limited

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