

## Thailand's Economic Indicators (March): Economic activities slumped further as the COVID-19 crisis deepened

- March merchandise exports fell by 2.2% YoY primarily due to automotive, petroleum-related products and machinery (BOP basis).** Excluding gold, exports continued to drop by 6.5% YoY as global demand collapsed due to the lockdown measures. Exports prices decreased with oil prices. Meanwhile, imports increased by 4.4% YoY, mainly from China as lockdown measures eased. That said, trade surplus in March was USD 2.3 bn.
- Tourism data painted a grim picture of the outlook for the industry.** Tourist arrivals collapsed in March by 76.4% YoY after a 42.8% YoY plunge in the previous month. Revenues from international visitors fell 77.6% YoY in March YoY compared to a 44.0% YoY drop in February. Contraction was broad-based with plunging tourist arrivals from all nationalities. The overall decline in headcount and spending was around 70% YoY and 74% YoY, respectively. Tourism figures in April will worsen even further due to the cancellation of the Songkran Holiday and the Thai government's ban on all inbound flights from April 4-30.
- Manufacturing production and private investment registered a sharper decline (Chart 1).** March MPI plunged by 11.3% YoY following a 4.2% YoY contraction in February, marking an eleventh-month consecutive decline. The contraction was primarily due to lower production in sugar (-68.9% YoY), automotive (-24.3% YoY), and petroleum products (-8.7% YoY). Capacity utilization came in at 67.3%. Likewise, the Private Investment Index (PII) for the month continued to decrease sharply to -7.8% YoY from -6.9% YoY in February as equipment investment contracted from falling confidence and weak demand. Overall Business Sentiment Index continued to drop to a record-low 42.6, mainly from the non-manufacturing sector.
- Government expenditure expanded as expected after the budget approval.** Current spending increased by 13.9% YoY while capital expenditure jumped by 12.2% YoY. Investment spending by state-owned enterprises also rose by 11.1%.
- Private consumption took a hit from the outbreak.** The Private Consumption Index (PCI) in March slipped by 0.6% YoY from a 5.4% expansion last month (**Chart 2**). The decline reflected impacts from lockdown measures and weakening purchasing power. Service index plummeted 21.1% YoY as government imposed lockdown and curfew measures. Durable index continued to fall by 22.0% YoY from the slump in car sales. Consumer confidence index plunged to a record-low 50.3. Farm income dropped by 1.7% YoY from a 9.6% drop in agricultural production from the ongoing drought, despite an 8.7% increase in agricultural prices. **With declining energy prices, the March Consumer Price Index (CPI) was -0.5% YoY down from 0.7% in the previous month.**
- For the first quarter, the Thai economy shrank amid the COVID-19 outbreak and lockdown measures.** World Trade Organization forecast world trade volume this year to plunge by between 12.9% and 31.9%. Released Q1 data showed a deep contraction in major economies such as the US (-4.8%), the Eurozone (-3.8%) and China (-6.8%). Companies across different sectors also reported Q1 earning declines i.e. airlines, hotels, manufacturers and retailers. We expect Thailand's Q1 GDP to contract and Q2 GDP to decline even deeper against the backdrop of the worse global recession since the Second World War.

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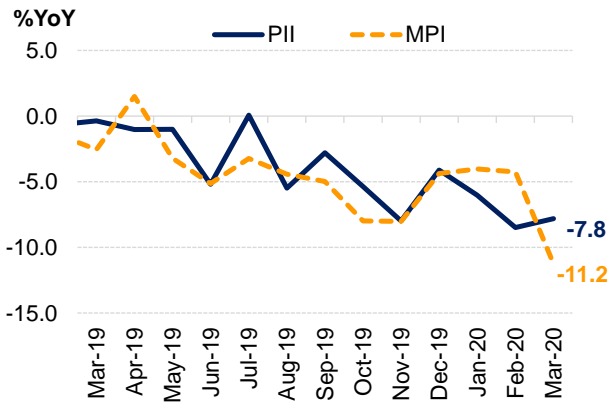
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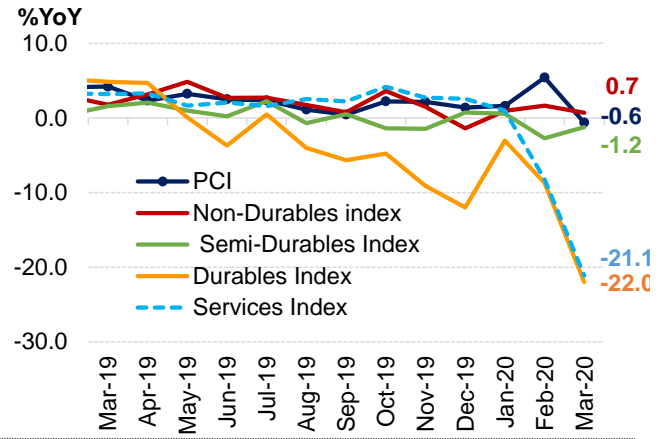
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Source: Bank of Thailand, Office of Industrial Economics



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**Table 1: Monthly Economic Indicators**

	2019	2019			2020	2020		
		Q2	Q3	Q4	Q1	January	February	March
<b>Private Consumption</b>								
Private Consumption Index (PCI)	132.4	134.2	132.6	133.5	132.1	132.1	126.9	137.3
PCI (% YoY)	2.5	2.7	1.3	1.9	2.0	1.6	5.4	-0.6
Imports of consumer goods (% YoY)	2.6	1.9	8.9	0.1	-1.5	8.6	-9.0	-5.9
Motorcycle sales (% YoY)	-3.4	-7.1	0.9	-7.3	-5.9	-2.0	-3.7	-11.3
Passenger car sales (% YoY)	-2.9	1.7	-6.5	-16.4	-24.8	-4.0	-18.6	-45.3
Non-durable index (% YoY)	2.3	3.6	1.7	1.2	1.1	1.0	1.6	0.7
Semi-durable index (% YoY)	0.5	1.0	0.7	-0.7	-1.1	0.6	-2.7	-1.2
Durable index (% YoY)	-2.0	0.1	-3.1	-8.8	-12.0	-3.1	-8.7	-22.0
Service index (% YoY)	2.8	2.4	2.1	3.1	-9.5	1.0	-8.2	-21.1
Net tourist spending (% YoY)	0.0	1.7	3.2	-2.4	-40.6	-3.4	-48.5	-75.0
<b>Private Investment</b>								
Private Investment Index (% YoY)	-2.7	-3.2	-2.7	-5.2	-6.6	-5.0	-7.0	-7.8
One-ton pickup sales (% YoY)	-3.8	5.4	-9.6	-19.0		-16.1	-18.5	-41.8
Commercial car sales (% YoY)	-3.6	5.4	-9.1	-17.2	-23.3	-12.8	-14.8	-38.2
Permitted construction area (9mma) (% YoY)	-3.9	-2.7	-6.2	-6.9	-2.1	-2.5	-2.2	-1.7
Construction materials index (% YoY)	-0.7	2.4	-3.4	-1.9	-0.9	-3.2	3.2	-2.6
Newly registered motor vehicle for investment (% YoY)	-3.0	-1.8	-2.5	-15.4	-11.7	-17.6	-8.4	-8.0
Imports of capital goods (% YoY)	-1.0	-2.2	-1.0	-3.0	-9.2	-2.8	-15.2	-10.8
Imports of raw materials (% YoY)	-6.8	-5.9	-7.0	-13.6	-0.1	-0.4	-6.8	6.4
Capacity utilisation (%)	66.3	65.6	65.0	63.4	0.0	66.8	66.1	67.2
MPI (% YoY)	-3.7	-2.5	-4.3	-6.9	0.0	-4.0	-4.2	-11.2
<b>Government Expenditure</b>								
Current expenditure ex. subsidies/grants and other (billion baht)	1596.4	356.5	402.4	413.9	394.2	124.1	109.8	160.3
(% YoY)	-0.3	-6.1	-1.8	-3.6	-6.9	-20.5	-13.4	13.9
Capital expenditure ex. subsidies/grants and other (billion baht)	407.4	96.2	115.7	78.1	94.8	25.7	16.5	52.6
(% YoY)	1.6	5.7	10.6	-16.6	-19.3	-30.8	-50.7	12.2
<b>External Sector</b>								
Exports of goods (BoP, billion USD)	243.0	60.5	63.3	59.2	60.9	19.7	20.3	20.9
Exports (% YoY)	-3.2	-4.2	0.0	-4.9	1.5	3.5	3.6	-2.2
Export vol (% YoY)	-3.5	-4.4	-0.4	-5.3	1.9	2.8	3.8	-0.6
Imports of goods (BoP, billion USD)	216.4	54.5	55.3	53.2	52.8	19.3	14.9	18.6
Imports (% YoY)	-5.4	-4.0	-6.8	-7.6	-0.9	-0.1	-7.8	4.4
Import vol (% YoY)	-5.6	-3.9	-6.6	-8.3	0.0	-2.1	-7.2	8.9
Tourist arrivals (million arrivals)	39.8	9.0	9.7	10.3	6.7	3.8	2.1	0.8
Tourist arrivals (% YoY)	4.2	1.4	7.2	6.4	-38.0	2.5	-42.8	-76.4
Tourist revenue (billion baht)	1933.4	395.6	476.7	504.1	332.0	188.8	103.7	39.5
Tourist revenue (% YoY)	3.1	2.3	5.8	1.9	-40.4	-3.6	-43.9	-77.6
Trade balance (billion USD)	26.6	6.0	8.0	5.9	8.0	0.4	5.4	2.3
Net services, income and transfers (billion USD)	11.3	-0.6	1.7	4.4	1.5	3.1	0.0	-1.6
Current account (billion USD)	37.3	5.5	9.7	10.3	9.5	3.4	5.4	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	2.14	-4.39	....
Overall balance (billion USD)	13.6	0.1	6.8	1.3	4.5	5.9	-0.6	-0.8
International reserves (billion USD)	224.3	215.8	220.5	222.7	228.7	230.3	229.5	226.5
Net forward position (billion USD)	34.7	34.6	32.5	34.1	33.1	33.1	31.8	34.4
<b>Labor Market</b>								
Unemployment (%)	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.0
Farm income (% YoY)	2.1	0.9	5.2	2.2		3.7	3.8	-1.7
Non farm income (% YoY)	1.6	3.2	1.3	0.8	2.0	1.6	1.0	3.3
Wage change (% YoY)	2.3	4.1	1.8	1.4	2.8	2.3	1.2	4.6
<b>Interest Rate and Currency</b>								
CPI (%)	0.7	1.1	0.6	0.4	-0.5	1.1	0.7	-0.5
CPI, core (%)	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5
Repo rate (%)	1.25	1.75	1.58	1.33	1.00	1.25	1.00	0.75
MLR (%)		4.5	4.5	4.4	4.4	3.8	3.7	....
3M deposit rate (%)	1.14	1.2	1.2	1.1	0.9	1.0	0.9	0.7
10Y govt bond yield (%)	2.05	2.4	1.7	1.6	1.3	1.4	1.2	1.3
THB/USD (avg)	31.0	31.6	30.7	30.3	31.3	30.5	31.3	32.1

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