

June Tourist arrivals softened amid China's slowing economy and strong Baht

- **Tourist arrival figure in June came in at 3.1 million**—a modest increase of 0.9% YoY from a slight dip in May (-1% YoY). This was primarily driven by a record high number of Indian tourists of 191,520 (27.2% YoY) due to a visa-on-arrival fee waiver. The sharp rise in the number of Indian visitors more than offset the decline in tourists from top two in terms of arrivals: China and Malaysia -7.1% and -7.7% YoY respectively. (Chinese nationals account for 28% of total tourist arrivals; Malaysians 11%) **(Chart 1)**.
- **Tourist receipts in June were THB 150 bn, up by 1.5% YoY**. Revenue from Chinese tourists for the month fell 5.6% YoY to THB 46.4 bn from THB 49.2 bn a year earlier. Meanwhile, receipts from Indian tourists this month went up by 33.4% YoY to THB 7.2 bn compared to THB 5.4 bn in the same month last year.
- **Tourism industry growth slowed in 1H19 to 1.5% YoY**—down from 3.1% YoY in 2H18, dragged down by a 4.7% fall in Chinese tourists during 1H19. In contrast, Indian tourist arrival growth (24.1%) partially offset the fall in Chinese tourist number. However, the focus on headline tourist arrivals alone might be misleading as tourism as spending per head by Indian tourists for 1H2019 (THB 40.2k) is much lower than spending of visitors from other countries: China (THB 54.9k), Russia (THB 74.8k) **(Chart 2)**.
- **The decline of Chinese visitor arrivals was partly a result of China's slowing economy as well as persistently strong Baht in 2019**, as Chinese tourist arrival growth to other destinations collapsed for several destinations especially Vietnam and Thailand while the figures rose strongly for Japan and Macau **(Chart 3)**. Furthermore, Chinese Yuan weakened by about 10.5% against the baht from June 2018 to June 2019. Other destinations perhaps offer more value for money to the Chinese despite the extension for waiver for the visa-on-arrival fee until end of October 2019 by the Thai government. **(Chart 4)**
- The strength of the Thai baht has not been helpful to the tourism sector in Thailand, as the Thai baht has appreciated against all the currencies shown **(Chart 4)**. Once again, holidaymakers from those countries are likely to find Thailand much less appealing than before. Even for those who visit Thailand, they may choose to spend less which will hurt the overall tourist receipts.
- The Tourism Ministry, again, revised down the 2019 target for foreign visitors to 39.9m from 40.2m in July following the target 41m at the beginning of the year. There have been calls for the government to extend the waiver for visa fee to cover the 2020 Chinese New Year. In our view, even with the support measures to boost the headline tourist arrivals, we project a much more subdued contribution to GDP from tourism going forward.

Burin Adulwattana

Chief Economist/Strategist

burin.adulwattana@bangkokbank.com/ +66 2 230 2657

Kantheera Tipkanjanarat

Research Associate

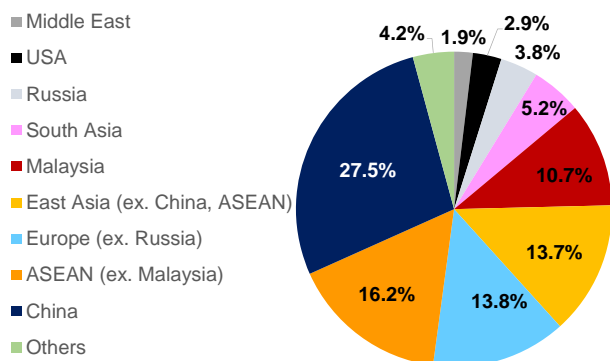
kantheera.tipkanjanarat@bangkokbank.com

Boochita Pitakard

Research Associate

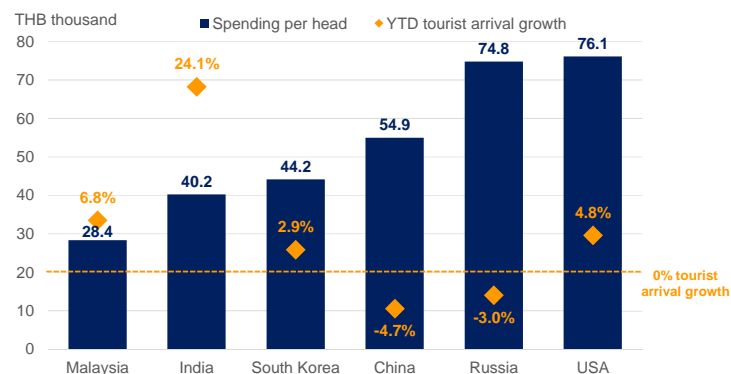
boochita.pitakard@bangkokbank.com

Chart 1: Share of Total Tourist Arrivals in Thailand by Nationalities (FY 2018)



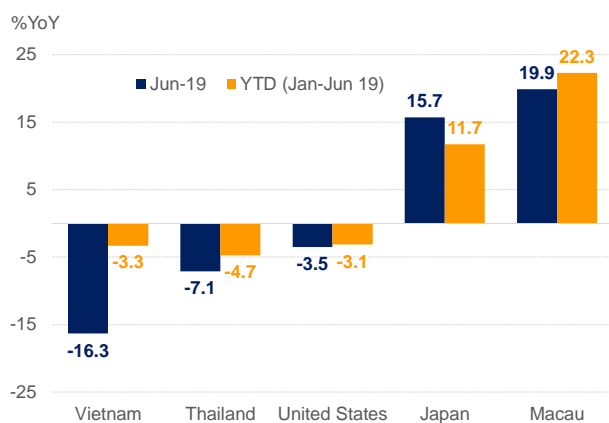
Source: CEIC

Chart 2: Spending per Head and Tourist Arrival Growth by Country (6m2019 YoY)



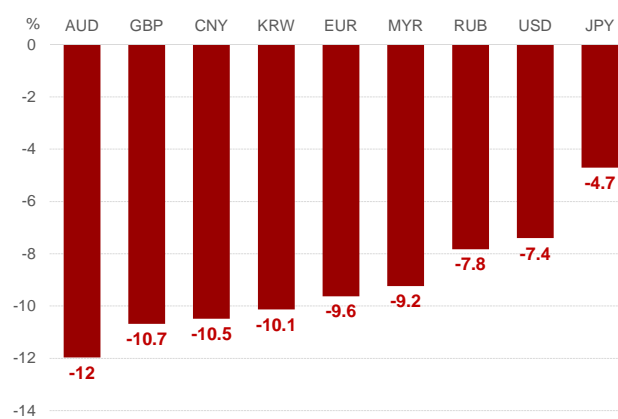
Source: Ministry of Tourism and Sports, CEIC

Chart 3: Outbound Chinese Tourist Growth by Destination



Source: Ministry of Tourism and Sports

Chart 4: Currency movements against THB (Jun 18 – Jun 19)



Source: CEIC

DISCLAIMER

Bangkok Bank Public Company Limited

The information contained in this report has been obtained from sources believed to be reliable. All reasonable effort has been made to ensure the facts stated herein are accurate and that the opinions contained herein are fair and reasonable. Where any information and statistics are quoted from any external source, such information or statistics should not be interpreted as having been adopted or endorsed by Bangkok Bank as being accurate. Neither Bangkok Bank nor any of its directors, officers, employees, and advisors nor any other person shall have any liability whatsoever for loss or damage howsoever arising, directly or indirectly, from any use of this information. The facts and information contained herein are as up to date as are reasonably possible and may be subject to revision in the future. Any opinions presented herein represent our subjective view and our current estimates and judgments which are based on various assumptions that may be subject to change without notice, and may not prove to be correct.

This report is for the recipient's information only. It does not represent or constitute an advice, offer, recommendation, or solicitation by Bangkok Bank and should not be relied as such. Neither Bangkok Bank nor any of its directors, officers, employees or advisors nor any other person makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this report. Neither Bangkok Bank nor any of its directors, officers, employees and advisors nor any other person shall have any liability whatsoever for loss or damage howsoever arising, directly or indirectly, from any use of this report.