

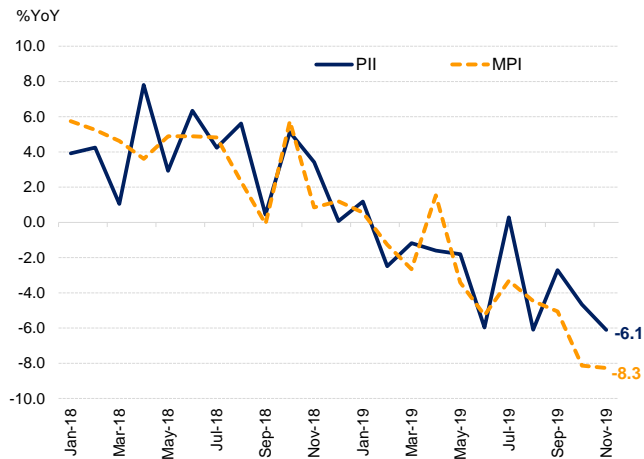
December 30, 2019

Thailand's Economic Indicators (November): Weak external sector continued to slow production and investment

- **Subdued global trade led to a sharper decline in exports and imports for the first 11 months of 2019.** Exports fell 7.4% YoY while imports declined further by 13.8% YoY. The contraction in exports was mainly driven by drops in oil-related products (-27.2% YoY) and cars & parts (-15.6% YoY). Current account came in at US\$3.4 bn for November and US\$33.2 bn for 11 months.
- **Manufacturing production and private investment posted a steeper drop than the previous month (Chart 1).** The Manufacturing Production Index (MPI) in November declined for six consecutive months by 8.3% YoY from an 8.1% YoY contraction in October. The fall was primarily led by contraction in production in the following industries; automotive (-21.0% YoY), petroleum products (-18.5% YoY), and rubbers and apparels (-15.0% YoY). Capacity utilization edged up to 63.2 in November from 63.0 in October, but remain well below the five-year average of 68.0. Similarly, the Private Investment Index (PII) slipped 6.1% YoY in November due to weakness across the board in investment in motor vehicles (-15.5% YoY), permitted construction areas (-4.8% YoY), and imported capital goods (-7.6% YoY).
- **Tourist arrivals continued to expand for the sixth consecutive months.** Following a 12.5% YoY growth last month, visitors to Thailand in November rose by 5.9% YoY to 3.4 mn, mainly driven by a surge in tourists from China (+18.3% YoY) and India (+22.6% YoY). The overall rebound in tourist arrivals may, to a large degree, be a result of the second extension visa-on-arrival waiver. Tourist receipts increased by 3.0% YoY, resulting in a surplus of US\$1.4 bn for the net services, income & transfers account.
- **Private consumption edged up slightly, albeit with limited support from fiscal stimuli.** The Private Consumption Index (PCI) in November grew 2.4% YoY, up from 2.1% YoY last month (**Chart 2**). Durable goods continued to drop for six consecutive months (-9.1% YoY in November), on the back of a plunge in November car sales (-16.2% YoY) (**Chart 3**). Farm income growth rose to 2.6% YoY from 0.8% YoY in October mostly due to higher glutinous rice and pineapple prices.
- **Consumer Price Index (CPI) rose 0.21% YoY compared with last year, up from 0.11% YoY in the previous month.** The 11-month average was 0.69%. The prolonged low inflation period prompted the Bank of Thailand to change to a new inflation target of 1%-3% range, from 2.5%±1.5% previously. The central bank cited several structural factors behind the low prices—technological advancement in production, e-commerce and ageing population.
- **Weaknesses across sectors in 2019 came in line with our earlier bearish projection of GDP growth in 2019.** Going forward, trade optimism and supportive policies should likely underpin a mild global recovery for 2020, hence improving external demand and benefiting Thai export outlook.

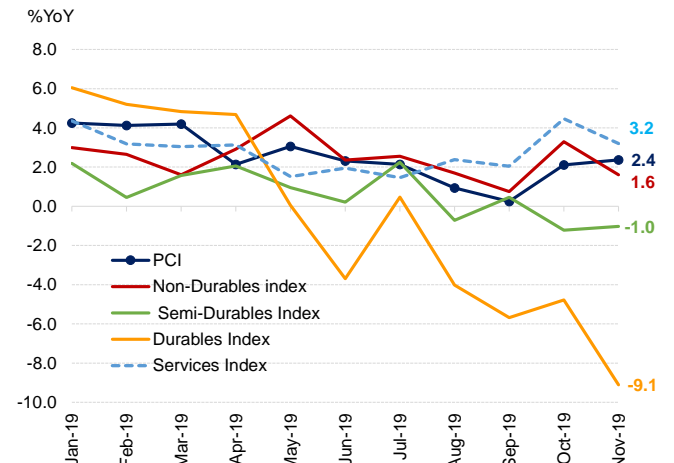
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Chart 1: Private Investment Index (PII) and Manufacturing Production Index (MPI)



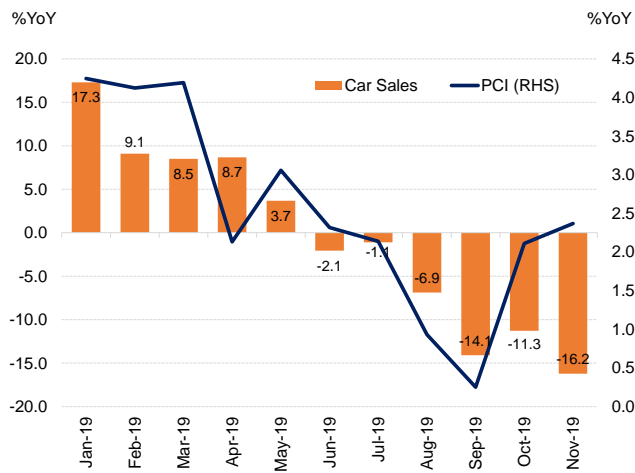
Source: Bank of Thailand, Office of Industrial Economics

Chart 2: Private Consumption Index (PCI)



Source: Bank of Thailand

Chart 3: Private Consumption Index (PCI) and Car Sales



Source: Bank of Thailand, CEIC

Figure 5: Monthly Economic Indicators

| | 2018 | 2018 | | 2019 | | | 2019 | | |
|---|--------|-------|-------|-------|-------|-------|-----------|---------|----------|
| | | Q3 | Q4 | Q1 | Q2 | Q3 | September | October | November |
| Private Consumption | | | | | | | | | |
| Private Consumption Index (PCI) | 129.1 | 130.3 | 130.8 | 129.8 | 134.1 | 131.7 | 132.0 | 125.3 | 143.9 |
| PCI (% YoY) | 4.6 | 5.3 | 3.5 | 4.2 | 2.5 | 1.1 | 0.3 | 2.1 | 2.4 |
| Imports of consumer goods (% YoY) | 12.5 | 7.4 | 9.7 | -0.1 | 1.9 | 8.9 | 9.1 | -5.0 | -0.5 |
| Motorcycle sales (% YoY) | -2.9 | -3.7 | -0.2 | -0.1 | -7.1 | 0.9 | -3.2 | 2.0 | -6.8 |
| Passenger car sales (% YoY) | 18.7 | 27.0 | 9.8 | 12.3 | 1.7 | -6.5 | -8.2 | -10.3 | -18.2 |
| Non-durable index (% YoY) | 1.4 | 0.0 | 2.9 | 2.4 | 3.3 | 1.7 | 0.7 | 3.3 | 1.6 |
| Semi-durable index (% YoY) | 2.8 | 2.6 | 3.6 | 1.4 | 1.0 | 0.6 | 0.5 | -1.2 | -1.0 |
| Durable index (% YoY) | 8.0 | 10.2 | 6.6 | 5.3 | 0.1 | -3.1 | -5.7 | -4.8 | -9.1 |
| Service index (% YoY) | 5.3 | 5.1 | 2.2 | 3.5 | 2.2 | 2.0 | 2.0 | 4.5 | 3.2 |
| Net tourist spending (% YoY) | -0.6 | -7.8 | -0.8 | -2.5 | 1.6 | 3.7 | 6.6 | 8.6 | -4.0 |
| Private Investment | | | | | | | | | |
| Private Investment Index (% YoY) | 3.5 | 3.2 | 2.7 | -1.0 | -3.2 | -3.0 | -3.0 | -4.7 | -6.1 |
| One-ton pickup sales (% YoY) | 20.6 | 20.5 | 24.8 | 12.2 | 5.4 | -9.6 | -20.8 | -14.8 | -17.6 |
| Commercial car sales (% YoY) | 21.3 | 16.6 | 28.1 | 10.6 | 5.4 | -9.1 | -21.3 | -12.5 | -15.1 |
| Permitted construction area (9mma) (% YoY) | -3.3 | -4.3 | -10.3 | -13.1 | -11.4 | -6.8 | -4.0 | -4.8 | -4.8 |
| Construction materials index (% YoY) | 4.5 | 7.9 | 7.6 | 1.0 | 2.4 | -3.9 | -1.9 | -4.0 | -5.3 |
| Newly registered motor vehicle for investment (% YoY) | 5.7 | 6.3 | 6.9 | 6.6 | -1.8 | -2.5 | -3.8 | -6.0 | -15.5 |
| Imports of capital goods (% YoY) | 3.6 | -0.3 | 4.6 | 2.6 | -2.1 | -1.0 | -2.6 | -4.2 | -7.6 |
| Imports of raw materials (% YoY) | 17.9 | 19.8 | 12.9 | -0.6 | -5.9 | -7.0 | -9.7 | -15.5 | -22.6 |
| Capacity utilisation (%) | 69.8 | 68.7 | 69.3 | 71.3 | 65.6 | 65.0 | 63.8 | 63.0 | 63.2 |
| MPI (% YoY) | 3.6 | 2.3 | 2.5 | -1.2 | -2.5 | -4.3 | -5.1 | -8.1 | -8.3 |
| Government Expenditure | | | | | | | | | |
| Current expenditure ex. subsidies/grants and other (billion baht) | 1601.6 | 409.8 | 429.4 | 423.5 | 356.5 | 402.4 | 150.3 | 166.7 | 123.5 |
| (% YoY) | 3.5 | 7.2 | 0.5 | 10.7 | -6.1 | -1.8 | -3.0 | 3.4 | -8.7 |
| Capital expenditure ex. subsidies/grants and other (billion baht) | 401.0 | 104.6 | 93.6 | 117.5 | 96.2 | 115.7 | 55.7 | 19.4 | 21.5 |
| (% YoY) | 0.8 | 4.4 | -7.5 | 5.1 | 5.7 | 10.6 | 14.0 | -32.7 | -23.0 |
| External Sector | | | | | | | | | |
| Exports of goods (BoP, billion USD) | 251.1 | 63.3 | 62.2 | 60.0 | 60.5 | 63.3 | 20.4 | 20.5 | 19.6 |
| Exports (% YoY) | 7.5 | 3.1 | 2.7 | -3.8 | -4.2 | 0.0 | -1.5 | -5.0 | -7.7 |
| Export vol (% YoY) | 3.9 | 0.1 | 1.1 | -4.2 | -4.4 | -0.4 | -1.8 | -4.9 | -8.0 |
| Imports of goods (BoP, billion USD) | 228.7 | 59.4 | 57.6 | 53.3 | 54.5 | 55.3 | 17.7 | 18.4 | 17.6 |
| Imports (% YoY) | 13.7 | 15.9 | 6.5 | -3.0 | -4.0 | -6.8 | -4.5 | -9.2 | -13.9 |
| Import vol (% YoY) | 7.7 | 9.1 | 3.7 | -3.2 | -3.9 | -6.6 | -3.9 | -7.9 | -15.0 |
| Tourist arrivals (million arrivals) | 38.2 | 9.0 | 9.7 | 10.8 | 9.0 | 9.7 | 2.9 | 3.0 | 3.4 |
| Tourist arrivals (% YoY) | 7.3 | 1.7 | 4.0 | 2.1 | 1.4 | 7.2 | 10.1 | 12.5 | 5.9 |
| Tourist revenue (billion baht) | 1876.1 | 450.6 | 494.6 | 556.9 | 395.6 | 476.7 | 139.6 | 147.8 | 166.9 |
| Tourist revenue (% YoY) | 2.5 | -4.4 | 1.3 | 2.3 | 2.3 | 5.8 | 8.7 | 9.3 | 3.0 |
| Trade balance (billion USD) | 22.4 | 3.9 | 4.6 | 6.7 | 6.0 | 8.0 | 2.7 | 2.1 | 2.0 |
| Net services, income and transfers (billion USD) | 6.1 | -0.1 | 1.6 | 5.8 | -0.8 | 1.3 | 0.9 | 0.8 | 1.4 |
| Current account (billion USD) | 28.5 | 3.8 | 6.3 | 12.4 | 5.2 | 9.2 | 3.6 | 2.9 | 3.4 |
| Capital account (billion USD) | -0.6 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial account (billion USD) | -14.9 | -1.1 | -2.5 | -5.1 | -2.5 | -1.1 | -1.0 | -1.4 | -0.4 |
| Overall balance (billion USD) | 7.3 | 0.3 | -0.7 | 5.5 | 0.1 | 6.8 | 1.0 | 1.1 | 0.9 |
| International reserves (billion USD) | 205.6 | 204.5 | 205.6 | 212.2 | 215.8 | 220.5 | 220.5 | 222.8 | 221.0 |
| Net forward position (billion USD) | 33.7 | 32.1 | 32.9 | 31.9 | 34.6 | 32.5 | 33.1 | 34.4 | 33.3 |
| Labor Market | | | | | | | | | |
| Unemployment (%) | 1.1 | 1.0 | 0.9 | 0.9 | 1.0 | 1.0 | 1.0 | 0.9 | 1.1 |
| Farm income (% YoY) | 2.5 | 8.1 | 2.6 | 1.9 | 1.9 | 3.9 | 3.7 | 0.3 | 2.6 |
| Non farm income (% YoY) | 1.8 | 1.3 | 1.0 | 1.2 | 3.2 | 1.3 | -0.1 | 1.0 | -1.0 |
| Wage change (% YoY) | 1.4 | 1.4 | 0.6 | 2.0 | 4.1 | 1.8 | 0.3 | 1.4 | -0.4 |
| Interest Rate and Currency | | | | | | | | | |
| CPI (%) | 1.1 | 1.5 | 0.8 | 0.7 | 1.1 | 0.6 | 0.3 | 0.1 | 0.2 |
| CPI, core (%) | 0.7 | 0.8 | 0.7 | 0.6 | 0.5 | 0.5 | 0.4 | 0.4 | 0.5 |
| Repo rate (%) | 1.75 | 1.50 | 1.75 | 1.75 | 1.75 | 1.50 | 1.50 | 1.50 | 1.25 |
| MLR (%) | 6.28 | 6.28 | 6.28 | 6.28 | 6.28 | 6.28 | 6.28 | 6.28 | 6.08 |
| 3M deposit rate (%) | 1.00 | 1.00 | 1.00 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 | 1.15 |
| 10Y govt bond yield (%) | 2.69 | 2.77 | 2.74 | 2.51 | 2.43 | 1.70 | 1.54 | 1.52 | 1.66 |
| THB/USD (avg) | 32.56 | 32.95 | 32.81 | 31.61 | 31.58 | 30.70 | 30.56 | 30.34 | 30.24 |

Source: Bank of Thailand

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