November 29, 2019

Thailand's Economic Indicators (October): Economic indicators pointed to weakness across the board

- **Exports and imports for October continued to contract.** Exports in October fell 5.0% YoY following a 1.5% YoY contraction last month. The fall was mainly driven by oil-related products (-22.9% YoY), agricultural products (-20.9% YoY), and machinery and equipment (-9.6% YoY). Excluding gold and oil related products, exports declined by 1.9% YoY. By contrast, imports for the month also contracted sharply by 9.2% YoY, compared to a drop of -4.5% YoY in September, primarily due to the decline in imports of fuels (-29.4% YoY) and raw materials and intermediate goods (-15.5% YoY). Excluding gold and fuel, imports fell by 4.8% YoY. A larger decline in imports compared to the degree of contraction in exports resulted in a trade balance surplus of US$ 2.1 bn for October, a touch lower than the surplus of US$ 2.7 bn a month earlier.

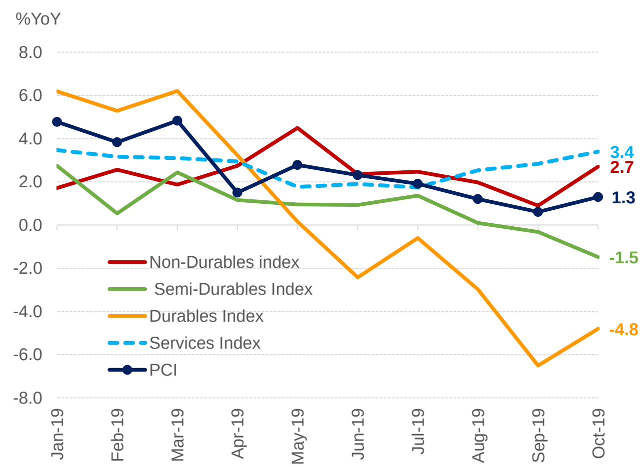
- **Tourist arrival continued to expand for the fifth consecutive month.** October tourist arrivals rose 12.5% YoY to 3.0 million following a 10.1% YoY growth last month, mainly led by a spike in the number of visitors from India (+37.9% YoY) and China (+27.8% YoY). The surge in Chinese tourist arrivals to the country was partly due to the effect of a low base resulting from the Phuket ferry incident around the same period last year and the prolonged unrests in Hong Kong. A continuation of Visa on Arrival waiver undoubtedly underpinned a significant increase of Indian tourists in October as the waiver was not in place this time last year. Tourist receipts increased by 18.0% YoY to US$ 4.9 bn, resulting in a surplus of US$ 0.8 bn for the net services, income & transfers account.

- **Subdued private consumption growth remained despite a fiscal stimulus.** The Private Consumption Index (PCI) growth in October edged up to 1.3% YoY, from 0.6% YoY last month, primarily due to the increase in purchases of services (+3.4% YoY) and semi-durable goods (+2.7% YoY) **(Chart 1).** However, a continued decline in durable goods purchase to -4.8% YoY this month, from -5.7% YoY last month, was in line with the plunge in total car sales (-11.3% YoY) **(Chart 2)**. Farm income growth this month also weakened to 0.8% YoY from a 4.0% YoY growth in September mostly due to lower rubber price. However, farm income overall held up on the back of higher prices of sticky rice, Jasmine rice, and palm oil.

- **Manufacturing production and private investment continued to decline in tandem (Chart 3).** The Manufacturing Production Index (MPI) in October declined further by 8.5% YoY from a 5.1% YoY fall in September. The fall was primarily led by automotive (-22.0% YoY), petroleum products (-23.4% YoY), and rubbers and plastics (-11.7% YoY). Meanwhile, the Private Investment Index (PII) went down 3.1% YoY this month mainly from lower investment in motor vehicles (-6.0% YoY), construction (-4.4% YoY), and imported capital goods (-4.2% YoY).

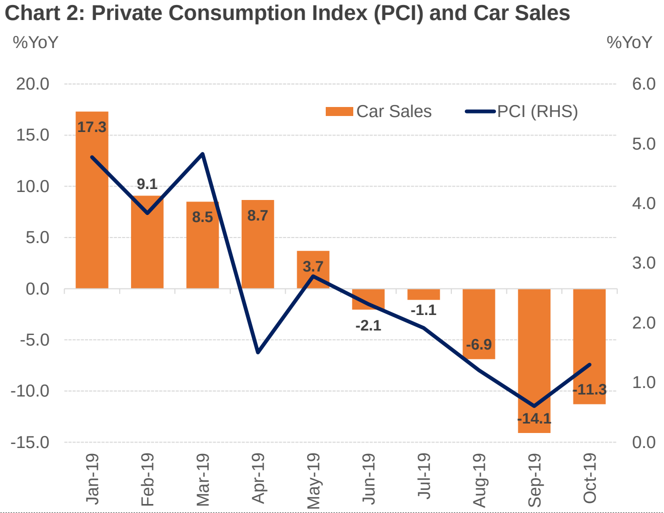
- **Looking ahead, the prolonged period of the strong Thai baht is likely to hurt both exports and tourism− a drag on domestic economic activity over the coming months, which is in line with the movement of Thailand's PMI (Chart 4).** Furthermore**,** based on our conversation with Bangkok Bank business contacts, the strong baht is the top concern for the majority of our corporate clients.

Chart 1: Private Consumption Index (PCI)



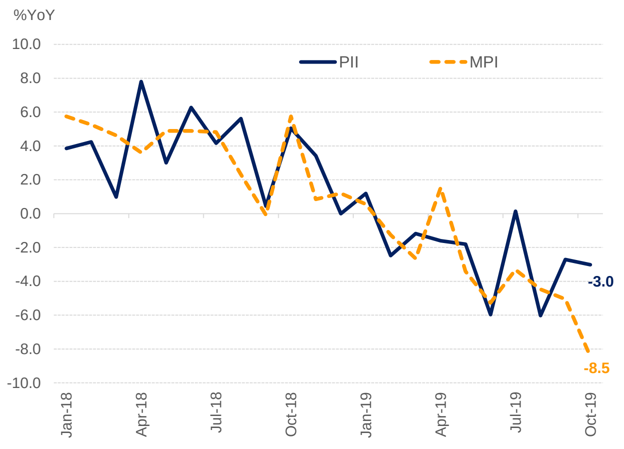
Source: Bank of Thailand

Chart 2: Private Consumption Index (PCI) and Car Sales



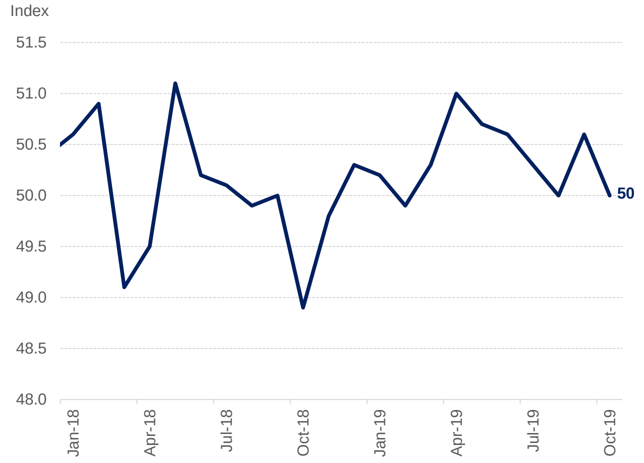
Source: Bank of Thailand, CEIC

Chart 3: Private Investment Index (PII) and Manufacturing Production Index (MPI)



Source: Bank of Thailand

Chart 4: Thailand's Purchasing Manager Index (PMI)



Source: Bloomberg

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Figure 5: Monthly Economic Indicators

	2018	2018		2019			2019		
		Q3	Q4	Q1	Q2	Q3	August	September	October
Private Consumption									
Private Consumption Index (PCI)	129.1	130.3	130.8	129.8	134.1	131.9	132.2	132.5	124.3
PCI (% YoY)	4.6	5.3	3.5	4.2	2.5	1.2	0.9	0.6	1.3
Imports of consumer goods (% YoY)	12.5	7.4	9.7	-1.3	1.6	8.9	-2.2	9.1	-5.0
Motorcycle sales (% YoY)	-2.9	-3.7	-0.2	-0.1	-7.1	0.9	-4.4	-3.2	2.0
Passenger car sales (% YoY)	18.7	27.0	9.8	12.3	1.7	-6.5	-7.8	-8.2	-10.3
Non-durable index (% YoY)	1.4	0.0	2.9	2.4	3.3	1.7	1.7	0.8	2.7
Semi-durable index (% YoY)	2.8	2.6	3.6	1.4	1.0	0.7	-0.8	0.6	-1.5
Durable index (% YoY)	8.0	10.2	6.6	5.3	0.1	-3.1	-4.0	-5.7	-4.8
Service index (% YoY)	5.3	5.1	2.2	3.5	2.2	2.1	2.3	2.6	3.4
Net tourist spending (% YoY)	-0.6	-7.8	-0.8	-2.5	1.6	3.7	5.0	6.6	8.6
Private Investment									
Private Investment Index (% YoY)	3.5	3.2	2.7	-1.0	-3.2	-3.1	-6.2	-3.0	-3.1
One-ton pickup sales (% YoY)	20.6	20.5	24.8	12.2	5.4	-9.6	-7.5	-20.8	-14.8
Commercial car sales (% YoY)	21.3	16.6	28.1	10.6	5.4	-9.1	-5.8	-21.3	-12.5
Permitted construction area (9mma) (% YoY)	-3.3	-4.3	-10.3	-13.1	-11.4	-7.0	-7.3	-4.5	-5.4
Construction materials index (% YoY)	4.5	7.9	7.6	1.0	2.4	-3.9	-8.1	-1.9	-4.4
Newly registered motor vehicle for investment (% YoY)	5.7	6.3	6.9	6.6	-1.8	-2.5	-8.2	-3.8	-6.0
Imports of capital goods (% YoY)	3.6	-0.3	4.6	2.6	-2.1	-1.3	-8.5	-2.6	-4.2
Imports of raw materials (% YoY)	17.9	19.8	12.9	-0.1	-4.8	-7.0	-10.6	-9.7	-15.5
Capacity utilisation (%)	69.8	68.7	69.3	71.3	65.6	65.0	65.8	63.8	62.8
MPI (% YoY)	3.6	2.3	2.5	-1.2	-2.5	-4.3	-4.5	-5.1	-8.5
Government Expenditure									
Current expenditure ex. subsidies/grants and other (billion baht)	1601.6	409.8	429.4	423.5	356.5	402.4	123.2	150.3	166.4
(% YoY)	3.5	7.2	0.5	10.7	-6.1	-1.8	-5.0	-3.0	3.2
Capital expenditure ex. subsidies/grants and other (billion baht)	401.0	104.6	93.6	117.5	96.2	115.7	30.8	55.7	19.2
(% YoY)	0.9	4.4	-7.5	5.1	5.7	10.6	1.2	14.0	-33.2
External Sector									
Exports of goods (BoP, billion USD)	251.1	63.3	62.2	59.9	60.6	63.3	21.9	20.4	20.5
Exports (% YoY)	7.5	3.1	2.7	-4.0	-4.2	0.0	-2.1	-1.5	-5.0
Export vol (% YoY)	3.9	0.1	1.1	-4.4	-4.4	-0.4	-2.4	-1.8	-4.9
Imports of goods (BoP, billion USD)	228.7	59.4	57.6	53.4	54.8	55.3	18.3	17.7	18.4
Imports (% YoY)	13.7	15.9	6.5	-2.9	-3.4	-6.8	-15.5	-4.5	-9.2
Import vol (% YoY)	7.7	9.1	3.7	-3.0	-3.3	-6.6	-15.3	-3.9	-7.9
Tourist arrivals (million arrivals)	38.2	9.0	9.7	10.8	9.0	9.7	3.5	2.9	3.0
Tourist arrivals (% YoY)	7.3	1.7	4.0	2.1	1.4	7.2	7.4	10.1	12.5
Tourist revenue (billion baht)	1876.1	450.6	494.6	556.9	395.6	476.7	169.8	139.6	147.8
Tourist revenue (% YoY)	2.5	-4.4	1.3	2.3	2.3	5.8	6.2	8.7	9.3
Trade balance (billion USD)	22.4	3.9	4.6	6.5	5.7	8.0	3.6	2.7	2.1
Net services, income and transfers (billion USD)	6.1	-0.1	1.6	5.8	-0.6	1.2	0.4	0.8	0.8
Current account (billion USD)	28.5	3.8	6.3	12.2	5.1	9.1	4.0	3.5	2.9
Capital account (billion USD)	-0.6	0.00	0.00	0.00	0.00	0.00	0.00	0.03	....
Financial account (billion USD)	-14.9	-1.1	-2.5	-5.1	-3.2	0.2	-1.4	-0.9	3.0
Overall balance (billion USD)	7.3	0.3	-0.7	5.5	0.1	6.8	1.0	1.0	1.1
International reserves (billion USD)	205.6	204.5	205.6	212.2	215.8	220.5	220.2	220.5	222.8
Net forward position (billion USD)	33.7	32.1	32.9	31.9	34.6	32.5	32.3	33.1	34.4
Labor Market									
Unemployment (%)	1.1	1.0	0.9	0.9	1.0	1.0	1.0	1.0	0.9
Farm income (% YoY)	2.1	8.2	1.4	0.2	-0.2	3.8	5.2	4.0	0.8
Non farm income (% YoY)	1.8	1.3	1.0	1.2	3.2	1.3	0.0	-0.1	1.0
Wage change (% YoY)	1.4	1.4	0.6	2.0	4.1	1.8	0.7	0.3	1.4
Interest Rate and Currency									
CPI (%)	1.1	1.5	0.8	0.7	1.1	0.6	0.5	0.3	0.1
CPI, core (%)	0.7	0.8	0.7	0.6	0.5	0.5	0.5	0.4	0.4
Repo rate (%)	1.75	1.50	1.75	1.75	1.75	1.50	1.50	1.50	1.50
MLR (%)	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28	6.28
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	1.56	1.54	1.52
THB/USD (avg)	32.56	32.95	32.81	31.61	31.58	30.70	30.74	30.56	30.34

Source: Bank of Thailand

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