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Monthly Economic Report (January 2018)

“The Thai economy in January 2018 expanded continually particularly in the demand side as exports of goods expanded robustly and highest in 62 months. Meanwhile, private consumption improved reflected by real VAT collection, passenger car sales, and the improvement of Consumer Confidence Index (CCI) which was highest in 34 months. In addition, private investment was supported by tax measures for domestic investment promotion. For the supply side, the number of inbound foreign tourists continued to grow highly and Agriculture Production Index (API) increased with acceleration rate. Likewise, Thai Industries Sentiment Index (TISI) improved and highest in 36 months.”

Mr. Pornchai Thiraveja, Financial Policy Advisory of the Fiscal Policy Office as Deputy Spokesperson of the Ministry of Finance revealed the economic report in January 2018 that “The Thai economy in January 2018 expanded continually particularly in the demand side as exports of goods expanded robustly and highest in 62 months. Meanwhile, private consumption improved reflected by real VAT collection, passenger car sales, and the improvement of Consumer Confidence Index (CCI) which was highest in 34 months. In addition, private investment was supported by tax measures for domestic investment promotion. For the supply side, the number of inbound foreign tourists continued to grow highly and Agriculture Production Index (API) increased with acceleration rate. Likewise, Thai Industries Sentiment Index (TISI) improved and highest in 36 months.”

Economic indicators on private consumption expenditures expanded well.

Private Consumption Indicators	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
Real Value Added Tax Collection (%yoy)	1.4	3.8	3.4	1.1	5.9	5.0	6.9	6.9
<i>%qoq_SA / %mom_SA</i>			2.2	1.1	1.7	-0.05	1.6	
Passenger Car Sales (%yoy)	-6.5	23.7	38.7	13.9	11.2	33.9	27.3	27.3
<i>%qoq_SA / %mom_SA</i>			21.5	-0.5	0.5	10.3	0.9	
Registration of new motorcycles (%yoy)	5.5	4.5	3.2	8.3	0.2	6.5	3.5	3.5
<i>%qoq_SA / %mom_SA</i>			2.7	4.2	-3.8	3.4	0.1	
Imports of consumption goods (%yoy)	2.2	4.7	0.3	3.2	5.3	10.0	n.a.	n.a.
<i>%qoq_SA / %mom_SA</i>			4.0	1.2	1.3	3.4	n.a.	
Farmers' real incomes	1.5	2.9	14.6	15.9	-2.3	-7.6	-3.9	-3.9

Private Consumption Indicators	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
(calculated by FPO)								
Consumer Confidence Index	62.2	64.0	64.2	64.4	62.4	65.2	67.0	67.0

Economic indicators on private investment continued to improve in both equipment and machinery sector and construction sector supported by tax measures for domestic investment promotion.

Private Investment Indicators	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
<u>Machinery and equipment sector</u>								
Commercial car sales (%yoy)	-2.0	7.5	5.3	2.2	12.8	9.5	10.2	10.2
<i>%qoq_SA / %mom_SA</i>			7.3	2.0	3.2	-2.8	-1.2	
Import volumes of capital goods (%yoy)	-4.0	6.4	1.2	9.9	8.4	6.5	n.a.	n.a.
<i>%qoq_SA / %mom_SA</i>			2.6	1.2	2.1	0.3	n.a.	
<u>Construction sector</u>								
Cement sales (%yoy)	-1.6	1.3	0.5	-1.6	3.5	3.1	1.1	1.1
<i>%qoq_SA / %mom_SA</i>			3.6	-4.3	0.9	3.1	-1.3	
Construction Materials Price Index (CMI)	-2.7	1.9	2.0	-1.0	3.0	3.6	2.8	2.8
Real estate tax collection (%yoy)	-2.5	-0.9	-9.7	-8.4	12.3	3.1	21.1	21.1
<i>%qoq_SA / %mom_SA</i>			-3.0	3.7	6.3	-7.6	6.2	

External demand as reflected by export values highly expanded for 11th consecutive month, highest in 62 months. .

Main trading partners (16 countries)	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
(Export shares 2016 >> 2017)								
Exports to the world (%yoy)	0.5	9.9	4.9	10.9	12.0	11.7	17.6	17.6
1. China (11.0% >> 12.4%)	0.3	23.7	36.5	26.0	21.7	14.2	11.6	11.6
2. U.S.A. (11.0% >> 11.2%)	1.8	8.3	7.4	7.0	8.1	10.7	11.3	11.3
3. Japan (9.5% >> 9.4%)	2.1	8.9	-2.5	20.1	10.4	9.3	26.3	26.3
4. EU (9.3% >> 9.1%)	1.0	7.6	9.2	5.5	4.5	11.4	8.9	8.9
5. Australia (5.6% >> 5.3%)	5.6	3.5	-0.4	-2.0	0.3	17.4	18.7	18.7
6. Hong Kong (5.3% >> 5.2%)	-3.0	7.3	6.3	13.0	7.7	2.8	15.9	15.9
7. Vietnam (4.4% >> 4.9%)	5.8	23.7	23.4	26.0	25.9	20.3	44.5	44.5
8. Malaysia (4.5% >> 4.4%)	-5.5	7.5	-3.6	7.5	10.4	16.5	27.0	27.0
9. Middle East (4.2% >> 3.8%)	-12.2	-1.7	-19.7	4.6	5.1	6.9	11.0	11.0

10. Indonesia (3.8% >> 3.7%)	4.5	7.7	-9.3	22.1	2.4	19.7	21.8	21.8
11. Singapore (3.8% >> 3.5%)	-6.0	0.7	-20.2	34.0	-0.1	-1.7	-9.5	-9.5
12. Philippines (3.0% >> 2.9%)	6.8	8.6	0.6	6.2	8.6	18.9	20.6	20.6
13. Africa (2.9% >> 2.9%)	-8.5	10.7	-0.4	2.9	19.4	20.8	37.0	37.0
14. India (2.4% >> 2.7%)	-2.6	25.8	18.3	13.3	27.3	46.3	30.4	30.4
15. South Korea (1.9% >> 2.0%)	-0.7	14.6	24.2	24.2	11.3	0.8	-0.3	-0.3
16. Taiwan (1.6% >> 1.7%)	-4.5	18.2	15.9	22.1	23.3	11.3	18.1	18.1
PS.ASEAN-9 (25.4% >> 25.2%)	-0.7	8.9	0.0	15.0	9.6	11.7	16.0	16.0
PS.ASEAN-5 (15.1% >> 14.6%)	-1.1	6.0	-8.9	17.2	5.3	13.1	14.3	14.3
PS.Indochina-4 (10.3% >> 10.6%)	13.1	15.3	11.8	16.2	9.9	8.8	18.4	18.4

Supply-side indicators were supported by the number of inbound foreign tourists and Agricultural Product Index (API) which highly expanded.

Supply Side Indicators	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
Agricultural Production Index (%yoy)	-1.9	6.7	3.5	21.0	13.4	-0.9	13.0	13.0
<i>%qoq_SA / %mom_SA</i>			-2.9	9.6	-2.5	-5.1	2.4	
Thai Industries Sentiment Index (TISI) (level)	85.9	86.3	87.0	85.5	85.2	87.3	91.0	91.0
Number of Inbound Foreign Tourists (%yoy)	8.9	8.8	2.1	8.3	6.4	19.5	10.9	10.9
<i>%qoq_SA / %mom_SA</i>			11.5	5.5	2.1	0.1	2.4	

Internal economic stabilities remained favourable and external economic stability remained robust.

Macroeconomic Stability Indicators	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
<u>Internal Stability</u>								
Headline Inflation (%yoy)	0.2	0.7	1.3	0.1	0.4	0.9	0.7	0.7
Core Inflation (%yoy)	0.7	0.6	0.7	0.5	0.5	0.6	0.6	0.6
Unemployment rate (% of total labor force)	1.0	1.2	1.2	1.2	1.2	1.1	1.3	1.3
Public debt (% of GDP)	40.8	41.2	41.7	41.3	41.9	41.2	-	-
<u>External Stability</u>								
Current Account Balance (Billion USD)	48.2	49.3	15.0	7.8	13.8	12.7	-	-
International Reserves Position (Billion USD)	171.9	202.6	180.9	185.6	199.3	202.6	214.7	214.7
Net Forward (Billion USD)	25.8	36.7	26.6	30.8	31.2	36.7	34.8	34.8

Macroeconomic Stability Indicators	2016	2017	2017				2018	
			Q1	Q2	Q3	Q4	Jan	YTD
International reserves to short term external debt (times)	3.2	3.3	3.3	3.4	3.3	3.3	-	-

Table 1: Monthly Economic Indicators

	2015	2016	2017	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	YTD
External sector																	
- Dubai crude oil price (US\$/Barrel) /7	51.0	83.0	53.1	53.7	54.4	51.2	52.3	50.4	46.4	47.7	50.2	53.1	55.6	60.8	61.7	66.1	66.1
- Fed funds rate (%) /7	0.25-0.50	0.50-0.75	1.00-1.25	0.50-0.75	0.50-0.75	0.75-1.00	0.75-1.00	0.75-1.00	1.00-1.25	1.00-1.25	1.00-1.25	1.00-1.25	1.00-1.25	1.00-1.25	1.00-1.25	1.00-1.25	1.00-1.25
Fiscal sector																	
- Government expenditure (Billion baht) /1	2364.4	2885.6	2888.9	255.0	157.9	223.6	217.2	209.8	224.8	256.8	165.1	211.3	428.4	250.2	288.9	244.6	244.6
(%y-o-y) /1	7.4	9.0	0.1	-1.9	-1.7	-13.8	-2.9	10.8	-15.1	39.4	4.0	-2.1	-1.6	42.4	-19.3	-4.1	-4.1
- Budget expenditure (Billion baht) /1	2180.3	2647.4	2708.2	229.8	142.8	204.1	210.1	202.0	212.6	251.7	158.1	199.2	413.9	221.2	262.6	226.8	226.8
(%y-o-y) /1	8.4	9.4	2.3	-4.7	3.0	-9.1	-0.6	14.5	-15.2	42.9	5.9	-1.8	-2.0	49.0	-14.0	-1.3	-1.3
- Current expenditure (Billion baht) /1	1915.0	2258.4	2332.5	211.1	113.8	153.0	188.3	171.2	181.8	227.0	126.5	149.2	381.7	202.1	226.8	200.4	200.4
(%y-o-y) /1	5.2	6.5	3.3	-4.4	4.5	-14.7	1.1	22.6	-14.0	47.5	6.5	-4.0	-3.3	59.5	-13.6	-5.1	-5.1
- Capital expenditure (Billion baht) /1	265.3	389.0	375.8	18.7	29.0	51.2	21.9	30.8	30.8	24.7	31.5	50.0	32.2	19.1	35.8	26.5	26.5
(%y-o-y) /1	38.8	30.4	-3.4	-7.2	-2.8	13.1	-13.2	-16.5	-21.7	11.2	3.5	5.4	17.0	-12.1	-16.4	41.6	41.6
- Carry-over budget (Billion baht) /1	184.1	238.2	180.7	25.3	15.2	19.5	7.0	7.8	12.2	5.0	7.0	12.0	14.4	29.0	26.3	17.7	17.7
(%y-o-y) /1	-3.8	4.1	-24.2	33.4	-30.9	-44.1	-42.0	-39.7	-12.6	-37.4	-26.0	-7.3	11.2	6.2	-50.2	-29.8	-29.8
Supply-side indicators																	
Agricultural sector																	
- Agricultural Production Index (%y-o-y) /6	-4.8	-2.3	6.7	-8.1	2.4	23.1	34.4	9.8	10.5	15.7	14.9	5.7	0.1	-6.6	7.7	13.0	13.0
- Agricultural Price Index (%y-o-y) /6	-5.9	3.5	-2.7	15.1	12.2	7.8	2.4	-3.1	-5.7	-15.7	-16.4	-6.0	-2.2	-4.8	-10.5	-14.6	-14.6
- Real farm income (%y-o-y) /14	-9.7	-0.1	3.8	3.4	12.9	31.6	37.2	7.6	5.3	-2.1	-3.7	-1.1	-2.6	-11.6	-4.0	-3.9	-3.9
- New employment in agricultural sector (%y-o-y) /3	-3.6	-4.4	-0.1	-1.7	-4.4	0.8	7.0	6.3	4.5	0.6	-4.9	-0.7	-1.5	-2.9	-2.4	7.0	7.0
Industrial sector																	
- Manufacturing Production Index (%y-o-y) /10	0.3	1.6	1.6	2.2	-1.1	0.0	-1.8	1.6	-0.3	3.4	4.2	4.6	-0.3	4.1	2.3	na.	na.
- Import value of raw materials in USD (%y-o-y) /1	-6.3	-2.4	18.7	22.3	20.8	21.1	15.9	22.5	23.3	29.3	13.8	13.0	10.3	14.5	19.9	12.4	12.4
- Import volume of raw materials in USD (%y-o-y) /1	-8.9	-2.3	14.8	17.6	16.2	17.1	11.7	18.6	19.7	27.0	11.4	9.8	6.3	9.8	13.8	na.	na.
- Capacity utilization (%) /10	64.7	60.0	60.6	68.3	67.6	74.3	60.0	68.5	66.4	65.3	68.2	68.7	65.4	69.4	67.9	na.	na.
- New employment in industrial sector (%y-o-y) /3	0.7	-0.9	-4.1	-5.8	-1.0	-3.8	-11.4	-3.1	-3.9	-6.2	-1.5	-4.4	-7.6	0.8	0.2	-5.4	-5.4
- Thai Industrial Sentiment Index (Index) /9	85.8	90.8	86.3	87.2	86.2	87.5	86.4	85.5	84.7	83.9	85.0	86.7	85.9	87.0	89.1	91.0	91.0
Service sector																	
- No. of foreign tourists (Million persons) /11	29.9	32.6	35.4	3.2	3.0	3.0	2.8	2.6	2.7	3.1	3.1	2.6	2.7	3.0	3.5	3.5	3.5
(%y-o-y) /14	20.4	8.9	8.8	6.5	-3.2	2.0	7.0	4.6	11.4	4.8	8.7	5.7	20.9	23.2	15.5	10.9	10.9
- New employment in service sector (%y-o-y) /3	2.0	1.6	0.8	2.0	2.4	0.6	1.6	-0.4	-0.4	0.3	-0.6	-1.0	2.0	2.2	0.7	-2.3	-2.3
Demand-side indicators																	
Private consumption indicators																	
- Value added tax at constant price (%y-o-y) /1	1.3	1.4	3.8	2.0	3.4	5.0	-2.6	7.6	-1.1	0.9	14.7	2.0	7.6	1.6	5.9	6.9	6.9
- Import volume of consumer goods in USD (%y-o-y) /1	2.2	2.2	4.7	4.0	1.7	-4.1	-2.8	10.1	2.1	1.6	6.0	8.4	6.1	11.9	11.9	na.	na.
- Sales of passenger cars (%y-o-y) /14	-19.1	-6.5	23.7	23.5	49.8	40.9	23.2	4.4	15.6	10.0	8.5	14.9	24.3	34.9	40.7	27.3	27.3
- Sales of motorcycles (%y-o-y) /13	-0.2	5.5	4.5	-6.2	14.9	3.0	16.3	15.4	-2.6	8.1	-5.2	-0.7	6.6	10.7	1.9	1.1	1.1
- Consumer Confidence Index (Index) /5	64.7	69.4	64.0	63.1	64.3	65.1	65.4	64.3	63.4	62.2	62.4	62.5	64.1	65.2	66.2	67.0	67.0
Private investment indicators																	
- Import volume of capital goods in USD (%y-o-y) /1	-2.2	-4.0	16.1	-22.4	20.4	9.7	8.5	14.0	7.2	8.3	5.5	11.4	5.5	10.1	4.5	na.	na.
- Sales of commercial cars (%y-o-y) /14	-2.6	-2.0	7.5	4.5	6.3	5.0	10.1	-1.7	-0.5	5.8	5.8	26.6	6.1	12.5	9.5	10.2	10.2
- Total taxes collected from real estate transaction (%y-o-y) /1	8.7	-2.5	-0.9	-12.3	-10.0	-8.0	-50.3	44.6	21.1	24.1	2.3	13.3	5.5	5.4	-0.1	21.1	21.1
- Domestic cement sales (%y-o-y) /2	-0.4	-1.6	1.3	2.0	-0.1	-0.3	-0.9	-5.1	1.3	-0.5	6.1	4.9	-0.4	6.4	3.4	1.1	1.1
International trade indicators																	
- Exports (Billion USD): custom basis	214.4	215.3	236.7	17.1	18.5	20.9	16.9	19.9	20.3	18.9	21.2	21.8	20.1	21.4	19.7	20.1	20.1
(%y-o-y) /4	-5.8	0.5	9.9	9.0	-2.7	9.0	8.0	12.7	11.7	10.5	13.2	12.2	13.1	13.4	8.6	17.6	17.6
- Export price (%y-o-y) /4	-2.3	-0.1	3.6	3.7	4.2	3.3	3.3	2.7	2.3	2.5	3.6	4.2	4.0	4.5	4.4	na.	na.
- Export volume (%y-o-y) /14	-3.6	0.6	6.1	5.1	-6.7	5.4	4.6	9.8	9.2	7.7	9.3	7.7	8.7	8.4	4.0	na.	na.
- Imports (Billion USD): custom basis	202.8	194.7	222.8	16.3	16.9	19.3	16.8	19.0	18.4	19.0	19.1	18.5	19.9	19.7	20.0	20.2	20.2
(%y-o-y) /4	-11.0	-3.9	14.7	5.1	20.4	19.2	13.3	18.3	13.7	18.5	14.9	9.7	13.5	13.7	16.6	24.3	24.3
- Import price (%y-o-y) /4	-10.8	-2.7	5.5	8.3	8.9	7.0	6.2	4.4	3.0	3.3	3.7	4.5	4.4	6.4	6.6	na.	na.
- Import volume (%y-o-y) /14	-0.2	-1.4	8.7	-3.0	10.5	11.4	6.7	13.3	10.5	14.6	10.9	5.0	8.7	6.9	9.4	na.	na.
- Trade balance (Billion USD): custom basis/4	11.7	20.7	13.9	0.8	1.6	1.6	0.1	0.9	1.9	-0.2	2.1	3.4	0.2	1.8	-0.3	-0.1	-0.1
External economic stability																	
- Average exchange rate (Baht/USD) /2	34.4	33.1	31.4	35.2	34.9	34.5	34.6	34.1	34.0	33.3	33.2	33.4	33.2	32.6	32.7	31.4	31.4
- Current account (Billion USD) /2	32.1	48.2	49.3	5.3	6.0	3.7	2.7	1.0	4.2	2.8	4.7	6.3	3.5	5.3	3.9	-	-
- International reserves (Billion USD) /2	156.5	171.9	202.6	179.2	183.0	180.9	184.5	184.1	185.6	190.4	196.9	199.3	200.5	203.1	202.6	214.7	214.7
- Net Forward Position (Billion USD) /2	11.7	25.8	36.7	23.6	22.9	26.6	27.4	30.8	31.3	30.8	30.9	31.2	30.3	33.0	36.7	34.8	34.8
Internal economic stability																	
- Unemployment rate (%) /3	0.9	1.0	1.2	1.2	1.1	1.3	1.2	1.3	1.1	1.2	1.1	1.2	1.3	1.1	1.0	1.3	1.3
- Producer Price Index (%yoy) /4	-4.1	-1.4	0.7	3.1	3.9	2.6	1.7	-0.2	-0.1	-1.3	-0.6	0.5	0.1	0.5	-0.6	-1.1	-1.1
- Headline inflation (%yoy) /4	-0.9	0.2	0.7	1.6	1.4	0.8	0.4	0.0	-0.1	0.2	0.3	0.9	0.9	1.0	0.8	0.7	0.7
- Core inflation (%yoy) /4	1.1	0.7	0.6	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6
- Public debt to GDP (%) /1	43.9	41.2	41.8	41.5	41.5	41.7	42.2	42.6	41.3	41.4	41.5	41.9	41.3	41.2	-	-	41.2

1/ Data from Ministry of Finance

8/ Data from Tourism Authority of Thailand

2/ Data from Bank of Thailand

9/ Data from Federation of Thai Industries

3/ Data from National Statistic Office

10/ Data from Office of Industrial Economics

4/ Data from Ministry of Commerce

11/ Data from Immigration Office

5/ Data from University of Thai Chamber of Commerce

12/ Data from Revenue Department, Excise Department and Customs Department

6/ Data from Office of Agricultural Economics

13/ Data from Department of Land Transport

7/ Data from Reuters

14/ Computed by Fiscal Policy Office