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Monthly Economic Report (July 2018)

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Mr. Pornchai Thiraveja, Financial Policy Advisory as Spokesperson of the Fiscal Policy Office, and Mr. Soraphol Tulayasathien, Executive Director of Macroeconomic Policy Bureau revealed the economic report in July 2018 that “The Thai economy in July of 2018 expanded from domestic demand as private consumption showed expanding signs from real VAT collection and passenger car sales. In addition, Consumer Confidence Index (CCI) stood at 69.1 points, highest in 42 months. Meanwhile, the external demand expanded as export values continued to expand. For the supply side, the Agricultural Production Index expanded for the 8<sup>th</sup> consecutive month. As a result, real income’s farmers expanded for the 5<sup>th</sup> consecutive month. On the manufacturing sector, the Thai Industries Sentiment Index (TISI) showed the highest expansion in 62 months”

Economic indicators on private consumption expenditures in July 2018 continually improved as shown by real VAT collection and passenger car sales.

Private Consumption Indicators	2017	2017				2018				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
Real Value Added Tax Collection (%yoy)	3.8	3.4	1.1	5.9	4.6	4.2	6.0	6.9	18.2	6.9
<i>%qoq_SA / %mom_SA</i>		2.1	0.7	2.0	-0.3	1.6	2.4	1.2	5.8	-
Passenger Car Sales (%yoy)	23.7	38.7	13.9	11.2	33.9	12.1	23.6	26.2	21.4	18.4
<i>%qoq_SA / %mom_SA</i>		21.9	-1.2	1.4	9.9	1.4	9.3	3.9	-4.4	-
Registration of new motorcycles (%yoy)	4.5	3.2	8.3	0.2	6.5	-1.7	-5.8	-1.0	-4.0	-3.8
<i>%qoq_SA / %mom_SA</i>		3.2	3.9	-3.4	2.7	-4.8	-0.3	0.8	2.0	-

Private Consumption Indicators	2017	2017				2018				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
Import volume of consumption goods (%yoy)	4.7	0.2	3.2	5.3	10.0	7.4	11.6	10.5	5.3	8.9
<i>%qoq_SA / %mom_SA</i>		4.2	0.9	1.7	3.1	1.3	5.2	-1.8	-3.7	-
Farmers' real incomes (calculated by FPO)	2.9	18.1	14.0	-2.8	-8.5	-2.8	5.2	2.2	5.2	1.1
Consumer Confidence Index	64.0	64.2	64.3	62.4	65.2	66.7	67.5	67.9	69.1	67.4

Economic indicators on private investment in July 2018 showed expanding sign the investment in equipment and machinery as reflected by commercial car sales. Meanwhile, the investment in construction showed expanding sign from domestic demand sales.

Private Investment Indicators	2017	2017				2018				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
<b><u>Machinery and equipment sector</u></b>										
Commercial car sales (%yoy)	7.5	5.3	2.2	12.8	9.5	13.0	28.2	25.6	28.8	21.4
<i>%qoq_SA / %mom_SA</i>		6.4	0.9	4.0	-1.4	9.2	14.0	-1.5	3.4	-
Import volume of capital goods (%yoy)	6.3	1.2	9.8	8.4	6.2	8.9	5.6	6.0	-0.8	6.1
<i>%qoq_SA / %mom_SA</i>		1.5	2.4	1.5	0.6	4.0	-0.2	-3.3	-3.5	-
<b><u>Construction sector</u></b>										
Cement sales (%yoy)	1.3	0.5	-1.6	3.5	3.1	1.6	4.0	3.4	10.5	3.7
<i>%qoq_SA / %mom_SA</i>		2.9	-3.4	0.6	3.1	1.1	-0.8	0.6	4.0	-
Construction Materials Price Index (CMI)	1.9	2.0	-1.0	3.0	3.6	2.8	3.6	4.4	4.7	3.4
Real estate tax collection (%yoy)	-0.9	-9.5	-8.5	12.8	2.8	14.9	14.7	9.0	15.4	15.0
<i>%qoq_SA / %mom_SA</i>		-3.6	3.5	7.4	-4.1	7.8	3.0	3.5	-2.7	-

External demand as reflected by export values in July 2018 were 20.4 billion USD expanding for 17<sup>th</sup> consecutive month at 8.3 percent per year. Meanwhile, import values were 20.9 billion USD, expanding by 10.5 percent per year. As a result, trade balance in July 2018 showed a deficit of -0.5 billion USD.

Main trading partners (16 countries)	2017	2017				2018				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
(Export shares 2016 >> 2017 )										
Exports to the world (%yoy)	9.9	4.8	10.7	12.3	11.6	11.3	10.6	8.2	8.3	10.6
1. China (11.0% >> 12.4%)	24.0	37.0	26.6	22.0	14.1	0.3	15.1	11.8	3.5	6.9
2. U.S.A. (11.0% >> 11.2%)	8.5	7.6	7.2	8.3	10.7	9.0	6.6	6.9	-1.9	6.3
3. Japan (9.5% >> 9.4%)	7.7	-3.6	16.4	10.4	9.1	24.9	11.2	7.3	11.7	17.0
4. EU (9.3% >> 9.1%)	8.1	8.7	5.5	6.8	11.3	10.5	11.1	6.1	9.0	10.5
5. Australia (5.6% >> 5.3%)	3.5	-0.5	-2.0	0.3	17.4	13.8	10.3	-4.6	2.3	10.7
6. Hong Kong (5.3% >> 5.2%)	7.2	5.9	13.1	7.7	2.8	1.7	9.8	13.7	11.6	6.3
7. Vietnam (4.4% >> 4.9%)	22.9	23.4	25.7	25.8	17.7	18.6	6.5	6.6	14.7	12.6
8. Malaysia (4.5% >> 4.4%)	7.4	-3.7	7.4	10.0	16.5	15.5	12.0	4.3	18.5	14.4
9. Middle East (4.2% >> 3.8%)	-1.8	-19.9	4.6	5.0	7.1	10.7	-10.4	-10.8	-9.4	-1.7
10. Indonesia (3.8% >> 3.7%)	8.2	-7.7	21.4	2.6	20.2	18.3	7.8	9.3	29.2	15.0
11. Singapore (3.8% >> 3.5%)	0.8	-20.2	34.2	-0.1	-1.9	12.1	-7.6	15.4	19.5	4.0
12. Philippines (3.0% >> 2.9%)	8.6	0.6	6.2	8.6	18.8	14.0	22.9	21.5	44.9	22.2
13. Africa (2.9% >> 2.9%)	10.9	0.3	3.3	19.7	20.3	20.7	18.3	14.7	1.9	16.7
14. India (2.4% >> 2.7%)	25.7	17.7	13.0	27.4	46.3	31.6	27.0	20.9	15.0	27.3
15. South Korea (1.9% >> 2.0%)	14.4	23.2	24.1	11.8	0.7	5.1	10.7	5.5	2.3	7.1
16. Taiwan (1.6% >> 1.7%)	19.0	16.4	22.7	24.9	11.9	11.0	0.0	7.8	-9.2	2.9
PS.ASEAN-9 (25.4% >> 25.2%)	8.9	0.4	14.9	9.6	11.2	14.8	12.4	16.0	24.9	15.2
PS.ASEAN-5 (15.1% >> 14.6%)	6.1	-8.5	17.1	5.2	13.2	15.2	7.6	11.7	26.6	13.4
PS.Indochina-4 (10.3% >> 10.6%)	12.9	15.6	11.7	16.3	8.9	14.3	19.6	22.5	22.6	17.7

Supply-side indicators were supported by Agricultural Product Index (API) which expanded for the 8<sup>th</sup> consecutive month.

Supply Side Indicators	2017	2017				2018				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
Agricultural Production Index (%yoy)	5.8	7.4	15.7	11.0	-2.2	11.3	13.2	7.1	7.4	11.6
<i>%qoq_SA / %mom_SA</i>		-2.6	4.9	-1.0	-3.6	11.4	6.0	-6.8	4.0	-
Thai Industries Sentiment Index (TISI) (level)	86.3	87.0	85.5	85.2	87.3	90.5	90.3	91.7	93.2	90.8
Number of Inbound Foreign Tourists (%yoy)	8.8	2.1	8.3	6.4	19.5	15.4	9.1	11.6	2.8	11.0
<i>%qoq_SA / %mom_SA</i>		10.0	5.6	3.0	0.6	5.1	0.1	8.3	-9.4	-

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

Macroeconomic Stability Indicators	2017	2017				2018				
		Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
<b><u>Internal Stability</u></b>										
Headline Inflation (%yoy)	0.7	1.3	0.1	0.4	0.9	0.6	1.3	1.4	1.5	1.0
Core Inflation (%yoy)	0.6	0.7	0.5	0.5	0.6	0.6	0.8	0.8	0.8	0.7
Unemployment rate (% of total labor force)	1.2	1.2	1.2	1.2	1.1	1.2	1.1	1.0	1.0	1.1
Public debt (% of GDP)	41.2	41.7	41.3	41.9	41.2	41.2	41.0	41.0	-	41.0
<b><u>External Stability</u></b>										
Current Account Balance (Billion USD)	51.1	15.7	8.5	14.4	12.5	14.6	6.4	4.1	-	21.4
International Reserves Position (Billion USD)	202.6	180.9	185.6	199.3	202.6	214.3	206.8	206.8	205.5	205.5
Net Forward (Billion USD)	36.7	26.6	30.8	31.2	36.7	35.8	33.0	33.0	32.5	32.5
International reserves to short term external debt (times)	3.3	3.3	3.4	3.3	3.3	3.5	3.4	3.4	-	3.4

Table 1: Monthly Economic Indicators

	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	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	YTD
<b>External sector</b>																					
- Dubai crude oil price (US\$/Barrel) /7	53.2	53.7	54.4	51.2	52.3	50.5	46.5	47.6	50.2	53.7	55.5	60.8	61.6	66.2	62.7	62.7	68.3	74.4	73.6	73.1	68.7
- Fed funds rate (%) /7	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	1.50-1.75	1.50-1.75	1.75-2.00	1.75-2.00	1.75-2.00	1.75-2.00
<b>Fiscal sector</b>																					
- Government expenditure (Billion baht) /1	2890.5	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	166.0	220.2	246.4	189.6	302.5	213.0	2,549.6
(%y-o-y) /1	3.0	-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	5.1	-1.5	13.5	-9.6	34.5	-17.0	1.4
- Budget expenditure (Billion baht) /1	2686.6	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	147.1	198.9	236.6	172.4	286.6	202.6	2,368.8
(%y-o-y) /1	4.2	-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	3.0	-2.6	12.6	-14.7	34.8	-19.5	1.7
- Current expenditure (Billion baht) /1	2305.8	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	119.0	159.7	211.3	142.7	249.7	177.1	2,070.5
(%y-o-y) /1	4.1	-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	4.6	4.4	12.2	-16.6	37.9	-22.0	2.0
- Capital expenditure (Billion baht) /1	380.8	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	28.1	39.1	25.3	29.7	36.9	25.5	298.3
(%y-o-y) /1	4.4	-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	-3.1	-23.5	15.7	-3.7	19.7	3.4	-0.3
- Carry-over budget (Billion baht) /1	204.0	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	18.9	21.3	9.8	17.2	15.9	10.4	180.8
(%y-o-y) /1	-10.7	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	24.4	9.6	38.8	120.8	29.8	105.7	-2.9
<b>Supply-side indicators</b>																					
<b>Agricultural sector</b>																					
- Agricultural Production Index (%y-o-y) /6	5.7	-8.8	6.0	30.8	33.1	10.8	5.0	12.0	16.4	5.8	-1.7	-6.7	5.9	14.3	7.3	12.5	17.3	14.7	7.1	7.4	11.6
- Agricultural Price Index (%y-o-y) /6	-2.8	15.0	12.1	7.7	2.4	-3.1	-5.8	-15.7	-16.4	-6.0	-2.3	4.9	-10.5	-14.7	-13.7	-8.3	-9.3	-4.9	-3.6	-0.9	-8.2
- Real farm income (%y-o-y) /14	2.8	2.6	16.8	39.6	35.9	8.7	0.0	-5.2	-2.4	-1.0	4.4	-11.7	-5.7	-2.9	-7.6	2.2	5.5	7.8	2.2	5.2	1.1
- New employment in agricultural sector (%y-o-y) /3	0.0	-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	5.4	4.5	1.8	4.4	1.8	0.7	3.5
<b>Industrial sector</b>																					
- Manufacturing Production Index (%y-o-y) /10	2.5	1.0	-1.6	0.9	-1.6	3.0	1.0	4.0	5.6	5.3	1.0	6.3	5.8	4.7	4.6	3.2	3.1	5.0	4.6	n.a.	4.0
- Import value of raw materials in USD (%y-o-y) /1	18.7	22.6	21.2	20.6	15.9	21.6	23.3	29.3	13.7	13.0	10.6	14.5	20.2	12.1	21.6	15.3	15.7	9.2	0.9	2.8	10.6
- Import volume of raw materials in USD (%y-o-y) /1	14.8	17.9	16.6	16.6	11.7	17.7	19.8	27.0	11.2	9.8	0.4	9.8	14.1	6.2	3.1	9.1	10.3	4.7	-3.0	-0.6	4.1
- Capacity utilization (%) /10	67.1	67.8	67.2	73.9	59.4	68.0	68.0	64.9	67.9	68.4	65.2	69.1	67.8	70.5	70.5	76.3	60.9	69.1	67.2	n.a.	69.2
- New employment in industrial sector (%y-o-y) /3	-4.0	-5.8	-1.0	-3.8	-11.4	-3.1	-3.9	-5.2	-1.5	-4.4	-7.6	0.8	0.2	-5.4	-3.7	-0.7	-0.9	0.7	3.5	1.2	-0.8
- Thai Industrial Sentiment Index (Index) /9	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	89.9	90.7	89.1	90.2	91.7	93.2	90.8
<b>Service sector</b>																					
- No. of foreign tourists (Million persons) /11	35.4	6.7	-3.0	2.8	7.6	5.3	11.9	4.7	8.7	5.7	20.9	23.2	15.5	10.9	19.3	16.3	9.4	6.4	11.6	3.2	22.7
(%y-o-y) /14	8.8	8.3	-5.7	4.0	3.7	-0.2	2.0	-1.4	2.1	-0.5	1.5	-0.9	2.0	3.1	1.3	1.3	-2.6	-2.9	8.3	2.8	11.0
- New employment in service sector (%y-o-y) /3	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	-1.7	-3.3	0.4	1.9	-2.9	2.7	-0.7
<b>Demand-side indicators</b>																					
<b>Private consumption indicators</b>																					
- Value added tax at constant price (%y-o-y) /1	3.8	1.9	3.4	4.6	-2.6	7.6	-1.1	-3.6	14.7	2.0	7.6	-2.6	4.8	6.9	7.3	-1.6	7.0	4.1	6.9	18.2	6.9
- Import volume of consumer goods in USD (%y-o-y) /1	4.7	4.0	1.3	-4.0	-2.8	10.1	2.1	1.6	6.0	8.4	6.1	11.9	11.9	15.7	9.3	-1.8	17.5	7.7	10.5	5.3	8.9
- Sales of passenger cars (%y-o-y) /14	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	10.9	3.8	17.2	26.8	26.2	21.4	18.4
- Sales of motorcycles (%y-o-y) /13	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	3.5	-5.3	-2.9	-3.1	-12.0	-1.0	-4.0	-3.8
- Consumer Confidence Index (Index) /5	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	66.2	66.8	67.8	66.9	67.9	69.1	67.4
<b>Private investment indicators</b>																					
- Import volume of capital goods in USD (%y-o-y) /1	16.1	-22.3	20.9	9.7	8.5	13.9	7.2	8.2	5.4	11.4	4.8	9.2	4.5	30.4	1.8	-1.0	3.5	7.3	6.0	-0.8	6.1
- Sales of commercial cars (%y-o-y) /14	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	9.9	17.5	30.6	28.6	25.6	28.8	21.4
- Total taxes collected from real estate transaction (%y-o-y) /1	-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	23.8	15.2	9.2	25.5	14.7	9.0	15.4	15.0
- Domestic cement sales (%y-o-y) /2	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	-0.4	3.8	0.0	8.1	3.4	10.5	3.7
<b>International trade indicators</b>																					
- Exports (Billion USD): custom basis	236.7	17.1	18.5	20.9	16.9	19.9	20.3	18.9	21.4	21.8	20.0	21.4	19.7	20.1	20.4	22.4	18.9	22.3	21.8	20.4	146.2
(%y-o-y) /4	9.9	8.9	-2.9	9.0	8.0	12.9	10.9	10.5	14.0	12.3	12.7	13.4	8.5	17.6	10.5	7.0	12.4	11.4	8.2	8.3	10.6
- Export price (%y-o-y) /4	3.6	3.7	3.3	3.3	3.3	2.5	2.3	2.5	4.0	4.2	4.0	4.8	4.4	4.8	4.7	4.8	4.7	4.5	4.2	3.7	4.5
- Export volume (%y-o-y) /14	6.1	5.1	4.6	5.5	4.6	7.8	8.4	7.8	8.4	7.8	8.4	12.2	3.9	12.2	7.4	2.1	7.4	5.8	3.8	4.4	5.8
- Imports (Billion USD): custom basis	222.8	16.2	16.7	19.1	16.7	18.9	18.2	18.9	19.8	18.4	19.8	20.2	19.9	20.2	20.2	10.5	20.2	21.1	20.2	20.9	143.3
(%y-o-y) /4	14.7	4.9	12.5	18.1	12.5	17.9	12.9	17.9	13.2	9.4	13.2	24.5	16.1	24.5	21.3	6.8	21.3	14.8	10.8	10.5	14.8
- Import price (%y-o-y) /4	5.5	8.3	6.2	7.0	6.2	3.3	3.0	3.3	4.4	4.5	4.4	6.7	6.6	6.7	6.4	6.8	6.4	6.9	7.8	6.9	6.9
- Import volume (%y-o-y) /14	8.7	-3.2	5.9	10.4	5.9	14.1	9.6	14.1	8.4	4.7	8.4	16.7	9.0	16.7	14.0	3.5	14.0	7.4	2.8	3.4	7.4
- Trade balance (Billion USD): custom basis /4	13.9	0.9	1.7	1.8	0.2	1.1	1.9	-0.1	2.3	3.4	0.2	1.9	-0.2	-0.1	0.8	1.3	-1.3	1.2	1.6	-0.5	2.9
<b>External economic stability</b>																					
- Average exchange rate (Baht/USD) /2	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	31.5	31.2	31.5	32.0	33.2	33.3	32.0
- Current account (Billion USD) /2	49.3	5.3	6.0	3.7	2.7	1.0	4.2	2.8	4.7	6.3	3.1	4.8	3.4	4.5	5.4	5.0	1.4	1.0	4.1	n.a.	21.4
- International reserves (Billion USD) /2	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	212.7	215.6	215.2	212.6	206.8	205.5	205.5
- Net Forward Position (Billion USD) /2	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	36.1	35.8	34.2	33.3	33.0		