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Monthly Economic Report (October 2018)

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Mr. Pornchai Thiraveja, Financial Policy Advisor as Spokesperson of the Fiscal Policy Office and Mr. Pisit Puapan, Executive Director of Macroeconomic Policy Bureau as Deputy Spokesperson of the Fiscal Policy Office revealed the economic report in October 2018 that “The Thai economy in October 2018 showed expanding signs from both private consumption and private investment, especially commercial car sales and domestic cement sales which recorded the highest expansion in 70 months and 65 months consecutively. Furthermore, the external demand expanded as export values has recovered and showed positive expansion. For the supply side, Thai Industries Sentiment Index and Agricultural Product Index continued to expand.”

Economic indicators on private consumption expenditures in October and 2018 continually improved as shown by passenger car sales registration of new motorcycles and real VAT collection.

Private Consumption Indicators	2017	2017				2018					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
Real VAT collection (%YoY)	3.7%	3.4%	1.1%	5.9%	4.6%	4.1%	6.0%	6.6%	0.8%	7.1%	5.7%
%qoq_SA / %mom_SA		2.1%	0.9%	1.9%	-0.2%	1.5%	2.6%	2.5%	-8.2%	9.2%	
Import volume of consumption goods (%YoY)	4.7%	0.2%	3.2%	5.3%	10.0%	7.4%	11.6%	6.1%	4.0%	18.7%	9.4%
%qoq_SA / %mom_SA		4.1%	0.7%	2.3%	2.7%	1.2%	5.0%	-2.7%	-3.0%	10.3%	
Passenger car sales (%YoY)	23.7%	38.7%	13.9%	11.2%	33.9%	12.1%	23.6%	21.2%	15.6%	14.1%	18.5%
%qoq_SA / %mom_SA		6.0%	0.8%	2.6%	22.2%	-11.3%	11.1%	0.6%	-3.1%	0.4%	
Registration of new motorcycles (%YoY)	4.5%	3.2%	8.3%	0.2%	6.5%	-1.7%	-5.8%	-3.7%	-10.8%	1.9%	-3.3%
%qoq_SA / %mom_SA		3.4%	3.9%	-3.5%	2.6%	-4.6%	-0.3%	-1.2%	-9.2%	12.1%	
Consumer confidence index (level)	64.0	64.2	64.4	62.4	65.2	66.7	67.5	69.6	69.4	68.4	68.0
Farmers' real incomes (FPO) (%YoY)	3.9%	18.1%	15.3%	-2.5%	-6.7%	-2.3%	3.9%	1.1%	-4.9%	2.9%	0.8%

Economic indicators on private investment in October 2018 showed expanding sign in both investment in equipment and machinery sector and construction sector as reflected by commercial car sales and domestic cement sales which recorded the highest expansion in 70 months and 65 months consecutively.

Private Investment Indicators	2017	2017				2018					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
<u>Machinery and equipment sector</u>											
Import volume of capital goods (%YoY)	6.3%	1.2%	9.8%	8.4%	6.2%	8.9%	5.6%	-0.9%	-6.9%	0.3%	4.0%
%qoq_SA / %mom_SA		1.4%	1.8%	3.3%	-0.6%	3.9%	-0.8%	-3.2%	-4.6%	0.6%	
Commercial car sales (%YoY)	7.5%	5.3%	2.2%	12.8%	9.5%	13.0%	28.2%	22.8%	13.5%	36.0%	22.5%
%qoq_SA / %mom_SA		-4.6%	-9.0%	7.7%	17.0%	-1.6%	3.3%	3.2%	4.2%	0.0%	
<u>Construction sector</u>											
Real estate tax collection (%YoY)	-0.9%	-9.7%	-8.4%	12.3%	3.1%	14.8%	16.8%	14.9%	9.7%	14.9%	15.4%
%qoq_SA / %mom_SA		-3.7%	3.6%	7.4%	-4.1%	7.6%	5.2%	6.0%	-4.7%	-0.4%	
Cement sales (%YoY)	1.3%	0.5%	-1.6%	3.5%	3.1%	1.6%	4.0%	8.8%	8.8%	13.8%	5.5%
%qoq_SA / %mom_SA		2.6%	-2.9%	0.7%	2.9%	0.8%	-0.3%	5.4%	0.1%	1.2%	
Construction material price index (%YoY)	1.9%	2.0%	-1.0%	3.0%	3.6%	2.8%	3.6%	3.2%	1.5%	1.2%	3.0%

For the fiscal sector, total government expenditure in October 2018 was amounted at 468.3 billion baht and annual budgetary expenditure was disbursed at 447.8 billion baht as a result of current expenditure which was disbursed at 422.3 billion baht, capital expenditure which was disbursed at 25.5 billion baht, and carry-over budget which was disbursed at 20.5 billion baht

Fiscal Sector Indicators (Billion Baht)	FY2018	FY2018					FY2019	
		Q1/ FY2018	Q2/ FY2018	Q3/ FY2018	Q4/ FY2018	FY2019	Oct	FYTD
Total Expenditure	2,890.5	967.5	630.7	738.4	670.6	3,007.2	468.3	468.3
(%YoY)	3.0%	-0.2%	-0.9%	13.3%	5.9%	4.0%	9.3%	9.3%
Annual Expenditure	2,686.6	897.8	572.8	695.6	625.9	2,792.1	447.8	447.8
(%YoY)	4.2%	2.5%	-0.7%	11.3%	2.8%	3.9%	8.2%	8.2%
Current Expenditure	2,305.8	810.6	479.2	603.7	518.3	2,411.8	422.3	422.3
(%YoY)	4.1%	3.4%	0.3%	11.5%	3.1%	4.6%	10.6%	10.6%
Capital Expenditure	380.8	87.2	93.6	91.9	107.6	380.3	25.5	25.5
(%YoY)	4.4%	-5.4%	-5.2%	10.0%	1.3%	-0.1%	-20.7%	-20.7%
Carry-over budget (last year)	204.0	69.7	57.9	42.8	44.7	215.1	20.5	20.5

External demand as reflected by export values in October 2018 was 21.8 billion USD increased by 8.7 percent per year. Meanwhile, import values were 22.0 billion USD. As a result, trade balance in October 2018 showed a deficit of 280 million USD.

Main trading partners (16 countries) (Export shares 2016 >> 2017)	2017	2017				2018					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
Exports to the world (%yoy)	9.9%	4.8%	10.7%	12.3%	11.6%	11.3%	10.6%	3.0%	-5.2%	8.7%	8.2%
1. China (11.0% >> 12.4%)	24.0%	37.0%	26.6%	22.0%	14.1%	0.3%	15.1%	-2.8%	-14.1%	3.0%	3.8%
2. U.S.A. (11.0% >> 11.2%)	8.5%	7.6%	7.2%	8.3%	10.7%	9.0%	6.6%	0.0%	1.2%	7.2%	5.2%
3. Japan (9.5% >> 9.4%)	7.7%	-3.6%	16.4%	10.4%	9.1%	24.9%	11.2%	8.7%	0.2%	18.7%	15.2%
4. EU (9.3% >> 9.1%)	8.1%	8.7%	5.5%	6.8%	11.3%	10.5%	11.1%	2.5%	3.9%	-4.1%	6.6%
5. Australia (5.6% >> 5.3%)	3.5%	-0.5%	-2.0%	0.3%	17.4%	13.8%	10.3%	-3.3%	-19.3%	-2.0%	5.5%
6. Hong Kong (5.3% >> 5.2%)	7.2%	5.9%	13.1%	7.7%	2.8%	1.7%	9.8%	2.7%	-7.0%	-2.8%	3.9%
7. Vietnam (4.4% >> 4.9%)	22.9%	23.4%	25.7%	25.8%	17.7%	18.6%	6.5%	13.1%	6.5%	15.1%	12.8%
8. Malaysia (4.5% >> 4.4%)	7.4%	-3.7%	7.4%	10.0%	16.5%	15.5%	12.0%	19.3%	0.5%	6.1%	14.6%
9. Middle East (4.2% >> 3.8%)	-1.8%	-19.9%	4.6%	5.0%	7.1%	10.7%	-10.4%	-5.4%	-0.5%	-7.4%	-2.6%
10. Indonesia (3.8% >> 3.7%)	8.2%	-7.7%	21.4%	2.6%	20.2%	18.3%	7.8%	17.5%	11.3%	24.9%	15.4%
11. Singapore (3.8% >> 3.5%)	0.8%	-20.2%	34.2%	-0.1%	-1.9%	12.1%	-7.6%	24.9%	-6.5%	72.8%	14.5%
12. Philippines (3.0% >> 2.9%)	8.6%	0.6%	6.2%	8.6%	18.8%	14.0%	22.9%	23.3%	-3.0%	4.2%	18.3%
13. Africa (2.9% >> 2.9%)	10.9%	0.3%	3.3%	19.7%	20.3%	20.7%	18.3%	4.1%	17.3%	8.3%	13.2%
14. India (2.4% >> 2.7%)	25.7%	17.7%	13.0%	27.4%	46.3%	31.6%	27.0%	13.8%	3.8%	12.0%	22.6%
15. South Korea (1.9% >> 2.0%)	14.4%	23.2%	24.1%	11.8%	0.7%	5.1%	10.7%	2.1%	9.0%	14.3%	6.7%
16. Taiwan (1.6% >> 1.7%)	19.0%	16.4%	22.7%	24.9%	11.9%	11.0%	0.0%	-11.2%	-17.5%	-4.5%	-1.0%
PS.ASEAN-9 (25.4% >> 25.2%)	8.9%	0.4%	14.9%	9.6%	11.2%	14.8%	12.4%	22.3%	7.9%	21.8%	17.1%
PS.ASEAN-5 (15.1% >> 14.6%)	6.1%	-8.5%	17.1%	5.2%	13.2%	15.2%	7.6%	21.0%	0.9%	24.4%	15.5%
PS.Indochina-4 (10.3% >> 10.6%)	12.9%	15.6%	11.7%	16.3%	8.9%	14.3%	19.6%	24.2%	17.5%	18.2%	19.3%

Supply-side indicators were supported by Thai Industries Sentiment Index (TISI) and Agricultural Product Index (API) which continued to expand. Meanwhile, number of foreign tourists slightly contracted

Supply Side Indicators	2017	2017				2018					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
Agricultural Production Index (%YoY) /6	6.8%	7.4%	17.0%	11.4%	-0.4%	11.8%	11.6%	5.9%	2.2%	4.2%	9.3%
Thai Industries Sentiment Index (TISI) (level)	86.3	87.0	85.5	85.2	87.3	90.5	90.3	92.4	91.5	92.6	91.2
Number of Inbound Foreign Tourists (%YoY)	9.2%	2.0%	9.0%	7.7%	19.5%	15.5%	8.4%	1.9%	2.1%	-0.5%	7.8%
%qoq_SA / %mom_SA		9.8%	6.0%	3.3%	0.2%	5.1%	-0.4%	-2.8%	0.4%	-0.1%	

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

Macroeconomic stability indicators	2017	2017				2018					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
Internal Stability											
Unemployment rate (%)	1.2%	1.2%	1.2%	1.2%	1.1%	1.3%	1.1%	1.0%	1.0%	1.0%	1.1%
Producer price index (%YoY)	0.7%	3.2%	0.1%	-0.5%	0.0%	-1.5%	0.6%	1.7%	1.3%	1.7%	0.4%
Headline inflation (%YoY)	0.7%	1.3%	0.1%	0.4%	0.9%	0.6%	1.3%	1.5%	1.3%	1.2%	1.1%
Core inflation (%YoY)	0.6%	0.7%	0.5%	0.5%	0.6%	0.6%	0.8%	0.8%	0.8%	0.7%	0.7%
Public debt (% of GDP)	41.2%	41.7%	41.3%	41.9%	41.2%	41.2%	41.0%	41.7%	41.7%	N/A	41.7%
External Stability											
Current Account Balance (Billion USD)	47.9	15.0	7.8	13.8	11.3	15.0	6.5	4.3	2.4	N/A	25.7
International Reserves Position (Billion USD)	202.6	180.9	185.6	199.3	202.6	215.6	206.8	204.5	204.5	201.8	201.8
Net Forward (Billion USD)	36.7	26.6	31.3	31.2	36.7	35.8	33.0	31.9	31.9	32.6	32.6
International reserves to short term external debt (times)	2.9	3.2	3.3	3.1	2.9	3.2	3.1	3.1	3.1	N/A	3.1

Table 1 Monthly Economic Indicators

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	2017	Jan 18	Feb 18	Mar 18	Apr 18	May 18	Jun 18	Jul 18	Aug 18	Sep 18	Oct 18	YTD
External sector												
- Dubai crude oil price (US\$/Barrel) /7	53.2	66.2	62.7	62.7	68.3	74.4	73.6	73.1	72.4	77.2	79.4	71.0
- Fed funds rate (%) /7	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	2.00-2.25	2.00-2.25	2.00-2.25	2.00-2.25
Fiscal sector												
- Government expenditure (Billion baht) /1	967.5	244.6	166.0	220.2	246.4	189.6	302.5	213.0	179.0	278.6	468.3	468.3
(%YoY) /1	-0.2%	-4.1%	5.1%	-1.5%	13.5%	-9.6%	34.5%	-17.0%	8.4%	31.9%	9.3%	9.3%
- Budget expenditure (Billion baht) /1	897.77	226.8	147.1	198.9	236.6	172.4	286.6	202.6	167.0	256.3	447.8	447.8
(%YoY) /1	2.5%	-1.3%	3.0%	-2.6%	12.6%	-14.7%	34.8%	-19.5%	5.6%	28.6%	8.2%	8.2%
- Current expenditure (Billion baht) /1	810.59	200.4	119.0	159.7	211.3	142.7	249.7	177.1	134.0	207.2	422.3	422.3
(%YoY) /1	3.4%	-5.1%	4.6%	4.4%	12.2%	-16.6%	37.3%	-22.0%	5.9%	38.9%	10.6%	10.6%
- Capital expenditure (Billion baht) /1	87.18	26.5	28.1	39.1	25.3	29.7	36.9	25.5	33.0	49.1	25.5	25.5
(%YoY) /1	-5.4%	41.6%	-3.1%	-23.5%	15.7%	-3.7%	19.7%	3.4%	4.6%	-1.9%	-20.7%	-20.7%
- Carry-over budget (Billion baht) /1	69.69	17.7	18.9	21.3	09.8	17.2	15.9	10.4	12.0	22.3	20.5	20.5
(%YoY) /1	-25.1%	-29.8%	24.4%	9.6%	38.8%	120.8%	29.8%	105.7%	71.8%	85.9%	41.9%	41.9%
Supply-side indicators												
Agricultural sector												
- Agricultural Production Index (%YoY) /6	6.8%	15.1%	7.7%	12.6%	16.3%	13.1%	5.0%	8.8%	7.6%	2.2%	4.2%	9.3%
- Agricultural Price Index (%YoY) /6	-2.8%	-14.6%	-13.6%	-8.4%	-9.2%	-4.8%	-3.5%	-0.8%	-3.0%	-6.0%	-0.4%	-6.7%
- Real farm income (%YoY) /14	3.9%	-2.1%	-7.1%	2.4%	4.7%	6.4%	0.3%	6.6%	3.0%	-4.9%	2.9%	0.8%
- New employment in agricultural sector (%YoY) /3	-0.1%	7.0%	5.4%	4.5%	1.8%	4.4%	1.8%	0.7%	0.9%	3.7%	3.7%	3.3%
Industrial sector												
- Manufacturing Production Index (%YoY) /10	2.5%	4.7%	4.6%	3.2%	3.1%	2.9%	5.0%	4.9%	0.8%	-2.6%	4.1%	3.0%
- Import value of raw materials in USD (%YoY) /1	18.7%	12.1%	21.6%	15.3%	15.7%	9.2%	0.9%	2.8%	37.8%	11.5%	13.4%	13.8%
- Import volume of raw materials in USD (%YoY) /1	14.1%	6.2%	3.1%	9.1%	10.3%	4.7%	-3.0%	-0.6%	33.9%	9.3%	11.3%	8.4%
- Capacity utilization (%) /10	67.1%	70.5%	70.5%	76.3%	60.9%	69.8%	69.1%	66.9%	66.3%	66.1%	67.8%	2.3%
- New employment in industrial sector (%YoY) /3	-4.1%	-5.4%	-3.7%	-0.7%	-0.9%	0.7%	3.5%	1.2%	0.8%	6.1%	5.1%	0.5%
- Thai Industrial Sentiment Index (Index) /9	86.3	91.0	89.9	90.7	89.1	90.2	91.7	93.2	92.5	91.5	92.6	91.2
Service sector												
- No. of foreign tourists (Million persons) /11	35.5	3.5	3.6	3.5	3.1	2.8	3.0	3.2	3.2	2.7	2.7	31.3
(%YoY) /14	9.2%	10.9%	20.2%	15.9%	8.4%	5.9%	10.8%	2.5%	1.3%	2.1%	-0.5%	7.8%
- New employment in service sector (%YoY) /3	0.8%	-2.3%	-1.7%	-3.3%	0.4%	1.9%	-2.9%	2.7%	3.1%	-1.6%	0.7%	-0.3%
Demand-side indicators												
Private consumption indicators												
- Value added tax at constant price (%YoY) /1	3.7%	6.9%	7.3%	-1.6%	7.0%	4.1%	6.9%	18.2%	1.7%	0.8%	7.1%	5.7%
- Import volume of consumer goods in USD (%YoY) /1	4.7%	15.7%	9.3%	-1.8%	17.5%	7.7%	10.5%	5.3%	8.8%	4.0%	18.7%	9.4%
- Sales of passenger cars (%YoY) /14	23.7%	27.3%	10.9%	3.8%	17.2%	26.8%	26.2%	21.4%	27.2%	15.6%	14.1%	18.5%
- Sales of motorcycles (%YoY) /13	4.5%	3.5%	-5.3%	-2.9%	-3.1%	-12.0%	-1.0%	-4.0%	3.9%	-10.8%	1.9%	-3.3%
- Consumer Confidence Index (Index) /5	64.0	67.0	66.2	66.8	67.8	66.9	67.9	69.1	70.2	69.4	68.4	68.0
Private investment indicators												
- Import volume of capital goods in USD (%YoY) /1	6.3%	30.4%	1.8%	-1.0%	3.5%	7.3%	6.0%	-0.8%	5.2%	-6.9%	0.3%	4.0%
- Sales of commercial cars (%YoY) /14	7.5%	10.2%	9.9%	17.5%	30.6%	28.6%	25.6%	28.8%	28.1%	13.5%	36.0%	22.5%
- Total taxes collected from real estate transaction (%YoY) /1	-0.9%	23.8%	15.2%	9.2%	25.5%	14.7%	13.0%	12.3%	23.3%	9.7%	14.9%	15.4%
- Domestic cement sales (%YoY) /2	1.3%	1.1%	-0.4%	3.8%	0.0%	8.1%	3.4%	10.5%	7.3%	8.8%	13.8%	5.5%
- Construction material price index (%YoY) /14	1.9%	2.8%	2.9%	2.7%	2.7%	3.8%	4.4%	4.7%	3.3%	1.5%	1.2%	3.0%
International trade indicators												
- Exports (Billion USD): custom basis	236.6	20.1	20.4	22.4	18.9	22.3	21.8	20.4	22.8	20.7	21.8	211.5
(%YoY) /4	9.9%	17.6%	10.5%	7.0%	12.4%	11.4%	8.2%	8.3%	6.7%	-5.2%	8.7%	8.2%
- Export price (%YoY) /4	3.6%	4.8%	4.5%	4.8%	4.7%	4.7%	4.2%	3.7%	3.0%	2.4%	2.5%	3.9%
- Export volume (%YoY) /14	6.0%	12.2%	5.7%	2.1%	7.4%	6.5%	3.8%	4.4%	3.6%	-7.5%	6.0%	4.2%
- Imports (Billion USD): custom basis	221.5	20.2	19.6	21.1	20.2	21.1	20.2	20.9	23.4	20.2	22.0	208.9
(%YoY) /4	14.1%	24.5%	16.7%	10.5%	21.3%	11.7%	10.8%	10.5%	22.8%	9.9%	11.2%	14.8%
- Import price (%YoY) /4	5.5%	6.7%	6.2%	6.8%	6.4%	7.3%	7.8%	6.9%	6.0%	5.6%	5.5%	6.5%
- Import volume (%YoY) /14	8.1%	16.7%	9.9%	3.5%	14.0%	4.1%	2.8%	3.4%	15.8%	4.0%	5.4%	7.8%
- Trade balance (Billion USD): custom basis /4	15.1	-0.1	0.8	1.3	-1.3	1.2	1.6	-0.5	-0.6	0.5	-0.3	2.6
External economic stability												
- Average exchange rate (Baht/USD) /2	33.8	31.4	31.5	31.2	31.5	32.0	33.2	33.3	32.7	32.4	33.3	32.2
- Current account (Billion USD) /2	47.9	4.5	5.4	5.0	1.4	1.0	4.1	1.1	0.8	2.4	N/A	25.7
- International reserves (Billion USD) /2	202.6	214.7	212.7	215.6	215.2	212.6	206.8	205.5	204.5	204.5	201.8	201.8
- Net Forward Position (Billion USD) /2	36.7	34.8	36.1	35.8	34.2	33.3	33.0	32.2	32.3	31.9	32.6	32.6
- International reserves to short term external debt (times) /2	2.9	3.3	3.3	3.5	3.5	3.5	3.4	3.5	3.2	3.1	N/A	3.1
Internal economic stability												
- Unemployment rate (%) /3	1.2%	1.3%	1.3%	1.2%	1.1%	1.0%	1.1%	1.0%	1.0%	1.0%	1.0%	1.1%
- Producer Price Index (%YoY) /4	0.7%	-1.1%	-1.9%	-1.4%	-0.8%	0.7%	1.8%	2.2%	1.8%	1.3%	1.7%	0.4%
- Headline inflation (%YoY) /4	0.7%	0.7%	0.4%	0.8%	1.1%	1.5%	1.4%	1.5%	1.6%	1.3%	1.2%	1.1%
- Core inflation (%YoY) /4	0.6%	0.6%	0.6%	0.6%	0.6%	0.8%	0.8%	0.8%	0.7%	0.8%	0.7%	0.7%
- Public debt to GDP (%) /1	41.2%	41.5%	41.4%	41.2%	41.2%	41.0%	41.0%	40.9%	41.3%	41.7%	N/A	41.7%