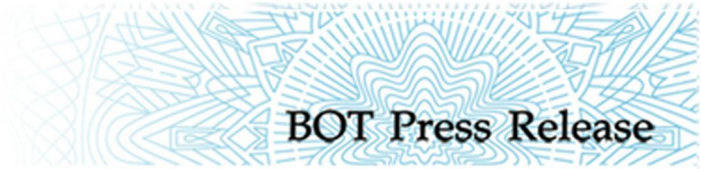




BANK OF THAILAND



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Press Release on the Economic and Monetary Conditions for April 2019

In April 2019, the Thai economy expanded from the previous month, with domestic demand as the main growth driver. Private consumption indicators continued to expand in all spending categories consistent with the increase in manufacturing production. Public spending expanded from capital expenditures. Private investment indicators slightly expanded from investment in machinery and equipment. The tourism sector rebounded from the previous month, while the value of merchandise exports continued to shrink.

On the stability front, headline inflation remained unchanged from the previous month. The seasonally adjusted unemployment rate slightly increased from the previous month. The current account registered a smaller surplus while the overall capital and financial accounts registered a deficit.

Details of the economic conditions are as follows:

Private consumption indicators continued to expand from the same period last year in all spending categories. The fundamental factors supporting the overall purchasing power remained favourable from the continual improvement in non-farm income, coupled with lower contraction of farm income. The growth in private consumption contributed to the increase in manufacturing production, particularly the production of automotive.

Public spending, excluding transfers, expanded from capital expenditures following the accelerated disbursement of the Department of Highways, the Department of Rural Roads and the Royal Irrigation Department after the reassessment and realignment of the investment projects to the master plan under the 20 year National Strategic Framework. However, current spending slightly contracted mainly from expenditure on compensation of employees.

Private investment indicators slightly expanded from the same period last year. Investment in machinery and equipment expanded from import of capital goods and the number of newly registered motor vehicles for investment. However, investment in construction continued to contract from the continual decline in permitted construction area, except for manufacturing purposes. Construction material sales rebounded, particularly from cement sales.

The number of foreign tourist arrivals expanded at 3.3 percent from the same period last year. In particular, the increase in ASEAN tourists from Malaysia was due to the low base effect last year which was the result of the travel deceleration prior to the Malaysian 2018 general election. Indian tourists continued to expand, partly benefited from the exemption of the visa on arrival fee. In addition, Japanese tourists expanded from longer holiday period than the same period last year, and European tourists expanded from the shift in the Easter holidays which started in April this year. However, Chinese tourists contracted, partly from the high base effect last year, when the number of Chinese tourists recovered

after the government's regulation on illegal tour operators, coupled with some of tourist changed travel destination to other countries in the region following the stronger marketing competition. Russian tourists continued to contract, partly due to Russia's weaker economic outlook. After seasonal adjustment, the number of foreign tourists remained unchanged from the previous month.

The value of **merchandise exports** contracted by 2.9 percent and excluding gold, the value declined by 1.5 percent. The contraction can be attributed to weaker global demand as a result of slower economic growth in a number of major trading economies, the protectionist trade policies between the US and China, the continued downturn in electronic cycle and high base effect from the same period last year for some products. The contraction was mainly from the decrease in exports of electronic products, machinery and equipment, metal products and agro-manufacturing products, particularly rubber products and sugar. However, exports in some categories continued to expand such as electrical appliances, particularly air-conditioner and television set; agricultural products, particularly fruits; and automotive and parts especially the export of motorcycle and car tires.

The value of **merchandise imports** slightly contracted at 0.4 percent from the same period last year. Excluding gold, the value of merchandise imports declined by 1.9 percent. The contraction was mainly from the decrease in imports of raw and intermediate goods, particularly fuel, metals, chemical products and electronic parts. However, import of consumer goods expanded from food and beverages, electrical appliances, furniture, and textile, in line with the continued expansion in private consumption. Meanwhile, imports of capital goods excluding aircrafts, ships, floating structures, and locomotive, expanded from the import of other machinery used in manufacturing, consistent with private investment in manufacturing sector.

On the stability front, headline inflation remained unchanged from the previous month at 1.23 percent, attributed mainly to the acceleration of retail petroleum prices following the rise in global crude oil prices. However, fresh food prices decelerated from meat and rice, due to the high base effect last year. Meanwhile, core inflation accelerated from last month, due to the increase in public transportation fare. The seasonally-adjusted unemployment rate slightly increased from last month. The current account registered a smaller surplus from both trade balance and services balance, mainly due to the decline in travel receipts. The overall capital and financial accounts registered a deficit from both the assets and liabilities positions.

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