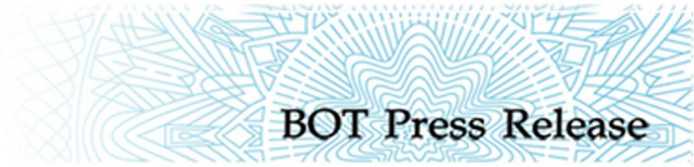




BANK OF THAILAND



Communications and Relations Office, Corporate Communications Department
Tel. +66 2283 5016-7 Fax. +66 2283 6969 www.bot.or.th

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Press Release on the Economic and Monetary Conditions for April 2021

In April 2021, the Thai economy began to be affected by the third wave of the COVID-19 outbreak. Private consumption indicators declined from the previous month in all spending categories. Private investment indicators dropped from the machinery and equipment category. Meanwhile, the tourism sector has not recovered as international travel restrictions remained. However, merchandise exports continued to improve in line with trading partners' demand which subsequently supported production in the manufacturing sector. Public spending continued to play a role in supporting the economy.

On the economic stability front, headline inflation rate accelerated as the government's subsidies on electricity and water bills were terminated as well as due to the low level of energy prices in the same period last year. Labor market remained vulnerable. The current account posted a slightly higher deficit than the previous month.

Details of the economic conditions are as follows:

Private consumption indicators, after seasonal adjustment, declined from the previous month in all spending categories due to the third wave of the COVID-19 outbreak and stricter containment measures. As a result, economic activities and consumer confidence deteriorated in spite of government measures which partially supported the household purchasing power.

Private investment indicators, after seasonal adjustment, dropped from the previous month following a decline in investment in the machinery and equipment category. This was in line with lowered business sentiment which was affected by the third wave of the COVID-19 outbreak. Nevertheless, investment in construction improved as construction material sales and permitted construction areas increased.

The value of merchandise exports, after seasonal adjustment, continued to improve from the previous month in many categories consistent with the recovery of trading partners' demand. These included electrical appliance, machinery and equipment, agricultural as well as agro-manufacturing products. Moreover, exports of electronic products continued to increase on the back of the upward trend of the global electronics cycle. The recovery of exports subsequently supported **manufacturing production** amid weak domestic demand.

The value of merchandise imports excluding gold, after seasonal adjustment, increased from the previous month mainly due to fuel imports. Meanwhile, imports of other raw materials and intermediate goods remained high, consistent with the recovery of exports.

Public spending, excluding transfers, contracted slightly compared to the same period last year from capital expenditures. This was partly due to the high base last year as disbursement was expedited

after the enforcement of the FY2020 budget. However, overall public spending remained above the past 3-year average level, reflecting the role of the government in supporting the economy.

The number of foreign tourist arrivals stayed low as international travel restrictions remained.

On the stability front, headline inflation rate accelerated after the government measures of lowering living costs by subsidizing electricity and water bill were terminated as well as due to the low level of energy prices in the same period last year. Labor market remained vulnerable and was further affected by the third wave of the COVID-19 outbreak, especially the self-employed group. The current account registered a slightly higher deficit than the previous month as import value expanded faster than the export value, which resulted in a smaller surplus in the trade balance. On exchange rates, the baht against the US dollar depreciated by a larger degree than most trading partner currencies.

Bank of Thailand

31 May 2021

For further information, please contact: Macroeconomic Team 1-2

Tel: +66 (0) 2283 5639, +66 (0) 2283 5647

E-mail: EPD-MacroEconomicsTeam1-2@bot.or.th