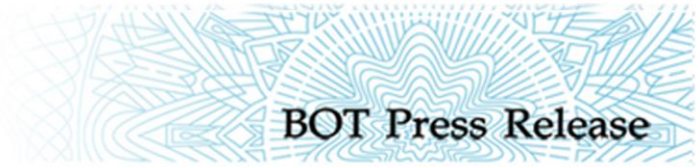




BANK OF THAILAND



BOT Press Release

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Press Release on the Economic and Monetary Conditions for April of 2022

In April 2022, the Thai economy improved from the previous month. Private consumption indicators picked up from spending in services as concerns regarding the Omicron outbreak receded, while private investment indicators improved from investment in construction. External demand also gained momentum; foreign tourist figures continued to increase as more travel restrictions were relaxed, while value of merchandise exports excluding gold increased in line with trading partners' demand. Manufacturing production, however, became flat partly due to shortages of production parts and material. Public spending declined from the same period last year both in current and capital expenditures of the central government. This was partly due to a high base last year as well as some disbursements had already taken place in the preceding periods.

**On the economic stability front**, headline inflation in April 2022 slightly decreased compared to the previous month; mostly due to lower energy inflation, while core inflation was stable. Labor market improved but remained vulnerable. The current account turned into a deficit as trade balance exhibited a smaller surplus mainly from lower exports of gold, while the net service, income, and transfer balance registered a larger deficit.

Details of the economic conditions are as follows:

**Private consumption indicators**, after seasonal adjustment, increased from the previous month on the back of moderate spending in services and non-durable goods. This improvement reflected declining concerns over the Omicron outbreak which led to improvement in various economic activities. Nevertheless, consumer confidence continued to decline owing to concerns of rising living costs which could suppress private consumption.

**Private investment indicators**, after seasonal adjustment, improved from the previous month as investment in construction increased from both sales of construction material and permitted areas for dwelling. Meanwhile, the investment in machinery and equipment declined from both capital imports and commercial vehicle registration.

**The number of foreign tourist arrivals**, after seasonal adjustment, continued to increase from the previous month in almost all nationalities as more travel restrictions were relaxed. Nevertheless, the number of foreign tourists from Russia and Eastern Europe diminished as a result of the conflict between Russia and Ukraine.

**The value of merchandise exports**, excluding gold and after seasonal adjustment, increased from the previous month in several categories: petroleum products, metals, agricultural and agro-manufacturing products, synthetic rubber, and automotive and parts. However, exports of some products, such as electronics and electrical appliances, did not perform well and were affected by continued shortages of production materials as well as containment measures of COVID-19 outbreak in China.

**Manufacturing production**, after seasonal adjustment, was stable but saw improvement in several categories: rubber and plastic which increased in tandem with rising rubber prices, construction material which picked up due to improving construction activities, as well as automotive and parts which contributed to export performance. However, production in some categories deteriorated such as electronics as well as food and beverages. The former was due to material shortages which were exacerbated by the strict containment measurement of COVID-19 in China, while the latter was due to lower sugar production as the sugarcane crushing season came to an end.

**The value of merchandise imports**, excluding gold and after seasonal adjustment, decreased from the previous month. This was due to declining imports of fuel which were in line with the procurement management of entrepreneurs, and due to declining imports of capital goods such as electric equipment, machinery, and ventilators. Imports of consumer goods, nevertheless, slightly increased.

**Public spending**, excluding transfer payment, contracted from the same period last year in both current and capital expenditures of the central government. This was partly a result of a high base last year as well as front-loaded disbursements of education and transportation agencies in the preceding periods. Meanwhile, capital expenditures of the state-owned enterprise increased mainly from the disbursement of telecommunication agency.

**On the stability front**, headline inflation slightly decreased compared to the previous month; mostly due to lower energy inflation, while core inflation was stable. Labor market improved but remained vulnerable. The current account turned into a deficit as trade balance exhibited a smaller surplus mainly from lower exports of gold, while the net service, income, and transfer balance registered a larger deficit due to higher remittance of profits and dividends by foreign businesses. On exchange rates, the baht against the US dollar continued to depreciate due to several factors: a more hawkish stance from the US Federal Reserve, the prolonged conflict between Russia and Ukraine, as well as concerns regarding the slowdown in the Chinese economy, which caused currencies in the region to depreciate.

Bank of Thailand

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