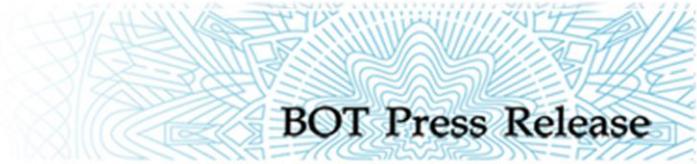




BANK OF THAILAND



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Press Release on the Economic and Monetary Conditions for December and the fourth quarter of 2021

In December 2021, the Thai economy improved from the previous month. Merchandise exports performed exceptionally well, partly due to improvement in the supply disruption problems. In addition, foreign tourist figures accelerated after the government re-opened the country for foreign tourists on 1 November 2021. Private domestic expenditures also improved both in consumption and investment, which bolstered activities in the manufacturing and service sectors. Nevertheless, public spending contracted from the same period last year in both current and capital expenditures.

On the economic stability front, headline inflation decelerated due to lower energy prices, while core inflation was stable from the previous month. Labor market gradually improved in line with the economic recovery. However, the current account turned into a deficit due to a smaller surplus in the trade balance, while the net service, income, and transfers displayed a larger deficit.

Details of the economic conditions are as follows:

The value of merchandise exports, after seasonal adjustment, markedly increased from the previous month, especially in automotive, electronics, and electrical appliance categories. This was due to greater availability of electronics parts for manufacturing production along with lessened logistic problems. As a result, manufacturing productions and exports accelerated to accommodate purchasing orders which was pending from the preceding periods.

The number of foreign tourist arrivals, after seasonal adjustment, accelerated from the previous month, particularly the tourists from Europe. Nevertheless, the foreign tourist figures remained low as international travel restrictions in many countries remained in place.

Private consumption indicators, after seasonal adjustment, increased from the previous month in several categories, especially non-durable goods, and services. This was due to the improvement of the COVID-19 outbreak situation and the relaxation of containment measures, which bolstered the overall economic activities, consumer confidence, and household income.

Private investment indicators, after seasonal adjustment, increased from the previous month both in the investment in machinery and equipment as well as in construction. This was in line with the recovery of demand and business sentiment.

Manufacturing production, after seasonal adjustment, increased from the previous month, especially 1) chemical products from rising domestic demand and 2) automotive as producers received electronics parts for their production from suppliers abroad.

The value of merchandise imports, after seasonal adjustment, increased from the previous month in all categories, especially imports of fuels which accelerated after crude oil prices declined.

Meanwhile, imports of other categories, including raw materials and intermediated goods, capital goods, and consumer goods, increased in line with the gradual economic recovery.

Public spending, excluding transfer payment, contracted compared to the same period last year. Current expenditures slightly contracted due to lower purchases of goods and services. Capital expenditures also displayed a negative growth, but this was due to expedited disbursement earlier since the beginning of FY2022 budget.

On the stability front, headline inflation decelerated as energy prices decreased following the global crude oil prices. Core inflation was stable from the previous month. Labor market gradually improved in line with the economic activities. However, the current account turned into a deficit due to a smaller surplus in the trade balance, resulting from higher imports of gold while the net service, income, and transfers recorded a larger deficit. On exchange rates, the baht against the US dollar, on average, depreciated as a result of the tightening trend of monetary policy in advanced economies as well as concerns over the domestic outbreak of Omicron.

The Thai economy in the fourth quarter of 2021 recovered from the previous quarter. After seasonal adjustment, private consumption indicators increased as containment measures were relaxed. Merchandise exports increased as demand from trading partners recovered, while the supply disruption problems gradually eased which partially contributed to improvement in manufacturing production. Foreign tourist figures increased after the re-opening of the country. Private investment indicators also increased in line with the demand recovery and better business sentiment. Public spending expanded compared to the same period last year from both current and capital expenditures. On the stability front, headline inflation increased which was driven by higher energy and fresh food prices. Labor market continued to improve in line with the economic activities but remained vulnerable. The current account registered a smaller deficit than the previous quarter.

Bank of Thailand

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