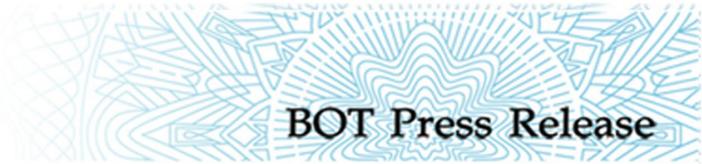




BANK OF THAILAND



BOT Press Release

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Press Release on the Economic and Monetary Conditions for March and the first quarter of 2022

The Thai economy slowed down somewhat in March 2022. Domestic spending from private sector declined both in consumption and investment, while activities in the manufacturing sector also slowed down. Several factors accounted for such development: the Omicron variant outbreak, higher production costs, and rising living costs. Meanwhile, public spending declined from the same period last year both in current and capital expenditures of the central government. Nevertheless, merchandise exports value increased in line with trading partners' demand. Foreign tourist figures also continued to increase after the relaxation of international travel restrictions.

On the economic stability front, headline inflation increased from energy and prepared food prices. Labor market gradually improved but remained vulnerable. The current account became a surplus due to a larger surplus in trade balance, while the net service, income, and transfers registered a deficit close to the previous month.

Details of the economic conditions are as follows:

Private consumption indicators, after seasonal adjustment, decreased from the previous month, particularly in durable goods. This was consistent with worsening consumer confidence and household purchasing power as a result of the Omicron outbreak and rising living costs.

Private investment indicators, after seasonal adjustment, decreased from the previous month in line with business sentiment. Weaker investment was from both machinery and equipment as well as construction categories, which was affected by higher prices of construction materials.

Manufacturing production, after seasonal adjustment, decreased from the previous month, particularly in food and beverages, which accelerated in the preceding periods as well as in construction materials, which were affected by lower domestic demand due to higher prices. In addition, the production of integrated circuits, semiconductors and electrical appliances also declined due to a continued shortage of electronic parts.

Public spending, excluding transfer payment, slightly contracted from the same period last year. Current expenditures decreased due to lower purchases of goods and services. Meanwhile, capital expenditures of the central government also contracted mainly from lower disbursement of transportation and irrigation agencies after being accelerated in the preceding periods.

The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month in several categories: agricultural products, metals, electronics as well as automotive and parts. This was thanks to the expansion of trading partners' demand along with the increase in export prices of some products such as rice and steel. Nonetheless, exports of electrical appliances and agro-manufacturing products did not perform well as the former was affected by a

continued shortage of electronic parts, while the latter was the exports of sugar which had already front-loaded in the preceding periods.

The value of merchandise imports, excluding gold and after seasonal adjustment, increased from the previous month in all categories, especially raw materials such as fuel, fertilizers, metal and wheat that accelerated due to importers' concern about the supply disruption caused by the conflict between Russia and Ukraine.

The number of foreign tourist arrivals, after seasonal adjustment, increased from the previous month in almost all nationalities after the country's relaxation of international travel restrictions. The number of foreign tourists from Russia and Eastern Europe were, however, plummeted as a result of the conflict between Russia and Ukraine.

On the stability front, headline inflation increased from energy and prepared food prices. The energy inflation was in line with the development of global oil prices, while the food inflation was due to higher costs of food ingredients. Labor market gradually improved but remained vulnerable. The current account became a surplus thanks to a larger trade surplus, primarily due to higher gold exports, while the deficit in the net service, income, and transfers was close to the previous month. On exchange rates, the baht against the US dollar depreciated mainly as a result of intensified conflict between Russia and Ukraine.

The Thai economy in the first quarter of 2022 improved from the previous quarter. The value of merchandise exports increased in line with the improvement in trading partners' demand. Foreign tourist figures also increased after the relaxation of international travel restrictions. Furthermore, private consumption and private investment indicators continued to expand, but at a slower pace and were affected by the Omicron variant outbreak, higher production costs, and rising living costs. Public spending, excluding transfer payment, expanded compared to the same period last year from capital expenditures. On the stability front, headline inflation increased considerably from rising energy and fresh food prices as well as core inflation, which increased from the prepared food prices due to higher costs of food ingredients. Labor market gradually improved but remained vulnerable. The current account recorded a deficit close to the previous quarter.

Bank of Thailand

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