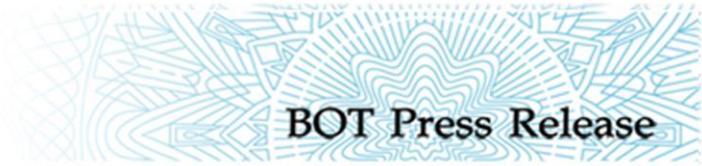




BANK OF THAILAND



BOT Press Release

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

The Thai economy in May 2022 continued to improve from the previous month. Indicators of private consumption and private investment increased in line with improving economic activities. External demand also performed well. The value of merchandise exports increased in almost all categories on the back of trading partners' demand. Foreign tourist figures also increased continuously as international travel restrictions were further relaxed in both Thailand and abroad. Nevertheless, manufacturing production declined due to shortages of production parts and material. Public spending also contracted due mostly to lower capital expenditures.

**On the economic stability front**, headline inflation accelerated mainly from energy inflation as a result of higher electricity and domestic retail oil prices. Labor market gradually improved as the economy recovered. The current account registered a higher deficit owing to larger deficit in the net service, income, and transfers balance despite having a larger surplus in the trade balance.

Details of the economic conditions are as follows:

**Private consumption indicators**, after seasonal adjustment, increased from the previous month in almost all spending categories. This improvement reflected waning concerns over the Omicron outbreak which led to positive development in various economic activities. Nevertheless, consumer confidence continued to decline which reflected concerns of rising living costs.

**Private investment indicators**, after seasonal adjustment, improved from the previous month following an increase in imports of capital and higher registration of commercial vehicle, which was in line with improving demand. Nonetheless, investment in construction slightly softened due to lower sales of construction materials which had already accelerated in the previous month.

**The number of foreign tourist arrivals**, after seasonal adjustment, continued to increase from the previous month, particularly tourists from ASEAN and India, as travel restrictions were being relaxed continuously in both Thailand and abroad.

**The value of merchandise exports**, excluding gold and after seasonal adjustment, increased from the previous month in almost all categories, which was in line with increasing trading partners' demand. In addition, fruit exports to China accelerated as exporters were able to manage and lessen logistics problems. Nevertheless, exports of automotive and parts declined due to shortages of production materials.

**Manufacturing production**, after seasonal adjustment, declined mainly from the automotive production which experienced shortages of production materials. Production in several other sectors were, however, picked up, including food and beverages as well as petroleum.

**The value of merchandise imports**, excluding gold and after seasonal adjustment, increased from the previous month in almost all categories, including raw materials and intermediate goods, capital goods as well as consumer goods, all of which reflected improvement in economic activities.

**Public spending**, excluding transfer payment, contracted compared to the same period last year from lower capital expenditures by both the central government and the state-owned enterprises. The former was a result of front-loaded disbursement in the preceding periods. The latter was due to a delay in construction of transportation projects. Current expenditures of the central government were, however, remained flat from the same period last year.

**On the stability front**, headline inflation accelerated mainly from energy inflation as a result of higher electricity and domestic retail oil prices. Core inflation also increased due to higher food prices as well as the low base effect of water bill last year, which was part of the government's subsidy program to reduce living costs. Labor market improved gradually in line with the economic development. The current account registered a higher deficit despite displaying a larger surplus in the trade balance. This was due to a higher deficit from the net service, income, and transfers balance following a large remittance of profits and dividends by foreign businesses. On exchange rates, the baht against the US dollar continued to depreciate along with other regional currencies as a result of policy tightening from the US Federal Reserve.

Bank of Thailand

30 June 2022

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