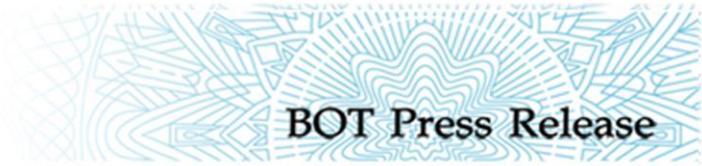




BANK OF THAILAND



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Press Release on the Economic and Monetary Conditions for November 2020

In November 2020, the Thai economy continued to recover but remained uneven. Many economic indicators recording positive growth were partly due to the low base effect last year. Private consumption indicators turned to expand as a result of government stimulus measures and special long holidays. Private investment indicators became expanded from investment in machinery and equipment. Public spending expanded from both current and capital expenditures. Meanwhile, merchandise exports value contracted at a softer rate, following the gradual recovery in trading partners' demand. However, the tourism sector persistently experienced a severe contraction due to travel restrictions on foreign tourist arrivals.

On the economic stability front, headline inflation was less negative mainly driven by an increase in fresh food prices. Labor market conditions were unchanged from the previous month, but still exhibited signs of vulnerability. The current account became a deficit due to a decrease in trade balance surplus as a result of an increase in gold imports and a higher deficit of net services, income and transfers.

Details of the economic conditions are as follows:

**Private consumption indicators** turned to expand as compared with the same period last year, due to improvement in all spending categories. This was supported by gradual improvement in factors supporting household purchasing power including employment, income and consumer confidence, together with government stimulus measures and special long holidays. Furthermore, there was the low base effect last year of spending on non-durable and durable goods. Although the overall private consumption indicators continued being on a recovery path, the recovery in household purchasing power remained vulnerable, reflected by high unemployment rate, and was uneven across income range and geographical area.

**Private investment indicators** became expanded from the same period last year due to investment in machinery and equipment. The improvement was mainly due to imports of capital goods, particularly new model mobile phones launched slower than last year. Investment in construction contracted at a lower rate as construction material sales turned to expand.

**Public spending, excluding transfers**, turned to expand from the same period last year from both current and capital expenditures, partly due to the low base effect of the delayed enforcement of FY2020 budget last year. Current expenditures became expanded from both disbursements for compensation of employees as well as for purchases of goods and services. Capital expenditures expanded at a higher rate due to disbursement of the central government for transportation-related and irrigation-related projects. However, state enterprises' capital expenditures contracted.

**The value of merchandise exports** contracted by 3.1 percent from the same period last year. Excluding gold, the value of merchandise exports contracted by 2.3 percent, contracting at a lower rate than the previous month. The lesser contraction was exhibited in many categories in line with a gradual recovery in trading partners' demand, particularly automotive and parts, agricultural products, and petroleum-related products influenced by the low base effect due to the maintenance shutdown of some oil refineries last year. **Manufacturing production** turned to expand from the same period last year, mainly driven by automotive production, partly due to sales promotion and the low base effect last year.

**The value of merchandise imports** contracted by 3.3 percent from the same period last year. Excluding gold, the contraction of merchandise imports value edged up to 6.5 percent. However, in comparison to the previous month, the contraction was smaller from almost all categories, especially imports of capital goods due to imports of new model mobile phones and imports of fuel due to the low base effect due to the maintenance shutdown of some oil refineries last year.

**The number of foreign tourist arrivals** continued to highly contract from the same period last year as travel restrictions remained in place. Although foreign tourists who hold the Special Tourists Visa (STV) continued to visit Thailand in this month, the number of foreign tourist arrivals was still small.

**On the overall economic stability**, headline inflation was less negative mainly due to an increase in fresh food prices. Core inflation was flat from the previous month. Labor market conditions remained unchanged from the previous month, reflected by the overall number of employed persons. However, labor market remained vulnerable as unemployment rate and the number of jobless claims in the social security system persistently remained high. Furthermore, improvement of labor market was uneven across economic sectors, particularly tourism-related sectors which recovered at slower pace than others. The current account became a deficit due to a decrease in trade balance surplus as a result of an increase in gold imports and a higher deficit of net services, income and transfers.

Bank of Thailand  
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