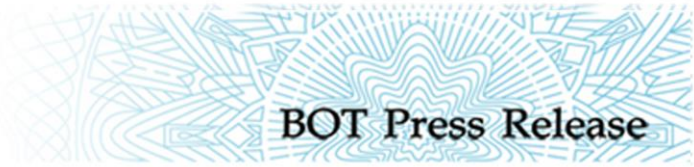




BANK OF THAILAND



**BOT Press Release**

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Press Release on the Economic and Monetary Conditions for October 2022

In October 2022, the Thai economy remained on the recovery path, despite having downward pressures from lower merchandise exports following a slowdown in trading partners' demand and the temporary shutdown of oil refineries for maintenance. These developments also added downward pressure on manufacturing production and private investment. Meanwhile, the private consumption indicator slightly declined from the previous month. Nevertheless, service sectors continued to improve in line with increases in foreign tourist figures. Several fundamental factors including employment, income, and consumer confidence continued to improve.

**On the economic stability front**, headline inflation decreased from the previous month as energy inflation and fresh food prices softened, while core inflation slightly increased. Labor market continued to improve and almost resorted back to the pre-pandemic level. The current account registered a larger surplus thanks to a smaller deficit in the net service, income, and transfer balance.

Details of the economic conditions are as follows:

**The value of merchandise exports**, excluding gold and after seasonal adjustment, decreased from the previous month mainly due to lower exports of manufacturing products, which included 1) electronics, due to a slowdown in trading partners' demand, 2) chemical products, which saw export to China softened as a result of China's implementation of the import substitution policies, and 3) petroleum products, which fell in line with lower global oil prices and were additionally affected by the temporary shutdown of oil refineries for maintenance. Nevertheless, some export products performed well, including the exports of rice and passenger cars to the Middle East.

**Manufacturing production**, after seasonal adjustment, declined from the previous month in many sectors. In particular, the production of petroleum products slowed down as oil refineries were temporarily closed for maintenance. Likewise, production of hard disk drive and electrical appliance plummeted as a result of a slowdown in trading partners' demand. Nevertheless, production of construction material gained momentum in line with activities in the construction sector.

**Private investment indicators**, after seasonal adjustment, decreased from the previous month mainly due to lower investment in machinery and equipment, following a slowdown in manufacturing production. Nevertheless, investment in construction continued to increase, as reflected by increases in permitted areas for construction and sales of construction materials.

**The value of merchandise imports**, excluding gold and after seasonal adjustment, contracted from the previous month in all categories, especially imports of crude oil, following the shutdown of oil refineries for maintenance. Imports of natural gas also declined mainly due to lower gas prices after the situation of natural gas shortages in Europe improved.

**Private consumption indicators**, after seasonal adjustment, slightly declined from the previous month in almost all categories. Spending on durable goods decreased after performing well in the preceding periods. In addition, some consumers seemed to delay their vehicle purchases and waited for new car models which would be launched in the near future. Spending on non-durable goods slightly declined and were partially affected by floods in some areas. Nevertheless, spending on services continued to improve thanks to increases in foreign tourist figures which helped bolstered employment, income, and consumer confidence.

**Public spending**, excluding transfer payments, slightly contracted from the same period last year due to lower spending on capital expenditures of the central government. This was mainly due to a high base effect from the front-loaded disbursement, which occurred last year. However, current expenditures expanded from higher disbursement of education agencies. Capital expenditures of state-owned enterprises also expanded on the back of a good disbursement in energy and utility projects.

**The number of foreign tourist arrivals**, after seasonal adjustment, increased from the previous month in several nationalities, especially the Europeans and Americans. Meanwhile, short-haul travelers, such as Hongkong and Taiwan, picked up thanks to the continued relaxation of international travel restrictions, and thus supporting the recovery of service sectors.

**On the stability front**, headline inflation declined from the previous month thanks to a lower energy inflation as well as fresh food prices. Core inflation, however, slightly increased from higher prices of some items such as cleaning supplies and prepared food. Labor market continued to improve, as reflected by increases in the number of total contributors to the social security system. The current account registered a larger surplus thanks to a smaller deficit in the net service, income, and transfer balance. This was due to lower freight costs as well as higher income receipts from foreign tourists. Meanwhile, the surplus in trade balance was slightly lower. On exchange rates, the baht against the US dollar depreciated following the appreciation of the US dollar. This was due to a more-than-anticipated tightening policy stance from the US Federal Reserve.

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