



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

# Press Conference

## Monetary Policy Committee's Decision 3/2024

12 June 2024

Piti Disyatat

Assistant Governor, Monetary Policy Group



The Committee voted 6 to 1 to maintain the policy rate at 2.50 percent.

One MPC member voted to cut the policy rate by 0.25 percentage point.

- The Thai economy continues to expand, driven mainly by domestic demand and tourism. While export growth remains subdued, some merchandises are facing additional pressure from higher competition. Therefore, the recovery of exports and manufacturing sector should be closely monitored.
- Inflation is projected to return to the target range since the fourth quarter of this year as the impact of both supply factors and government subsidies are gradually phased out.
- Financial conditions remain stable. Business loans outstanding continue to expand. Debt deleveraging is on-going. However, there remains a need to monitor some groups of SMEs and low-income households who face tighter credit conditions.
- The current policy interest rate is consistent with both economic growth and macro-financial stability in the longer term.

The Committee will closely monitor economic developments, and take into account growth and inflation outlooks in deliberating monetary policy going forward.



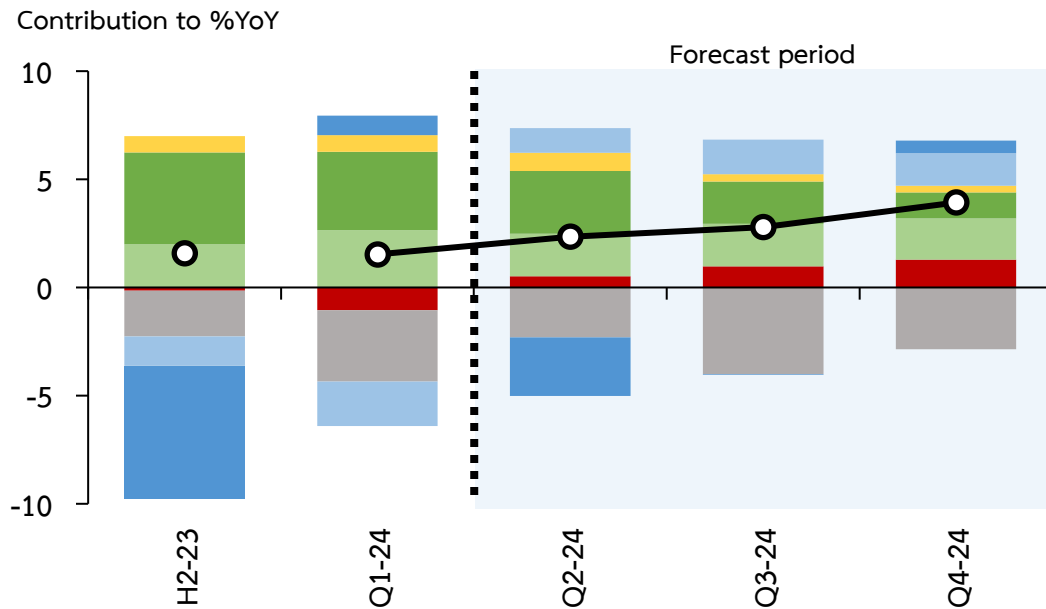
# The Thai economy continues to expand...

Growth projection is largely unchanged from previous forecast

The Thai economy continues its growth momentum

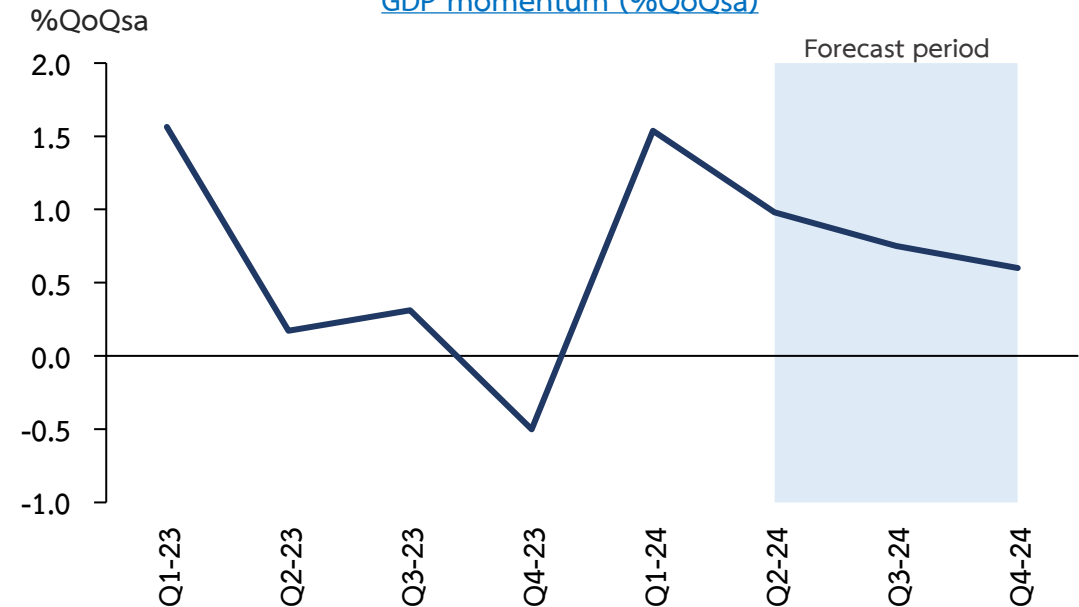
### Contribution to GDP growth

- Export of goods
- Export of service
- Private Consumption
- Import
- Private Investment
- Government expenditure
- Change in Inventories\*
- GDP



GDP growth	Avg. 15-19	2023	2024F	2025F
%QoQsa	0.8	0.4	1.0	0.7
%YoY	3.4	1.9	2.6	3.0

### GDP momentum (%QoQsa)



Note: \* including statistical discrepancy or CVM additive error.

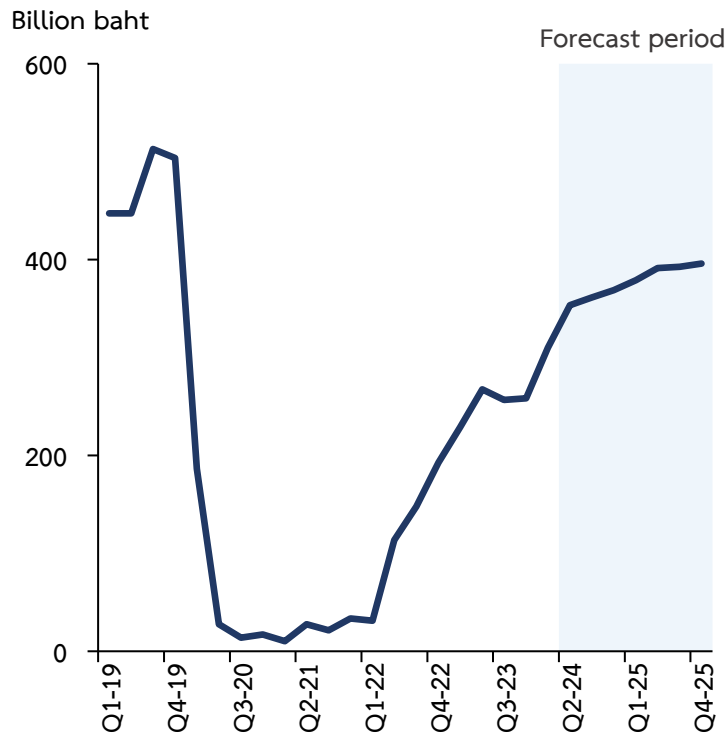
Source: NESDC, BOT Calculations.



... mainly driven by tourism and private consumption, as well as acceleration in government disbursements

Tourism improves on the back of higher foreign tourist arrivals and spending per head

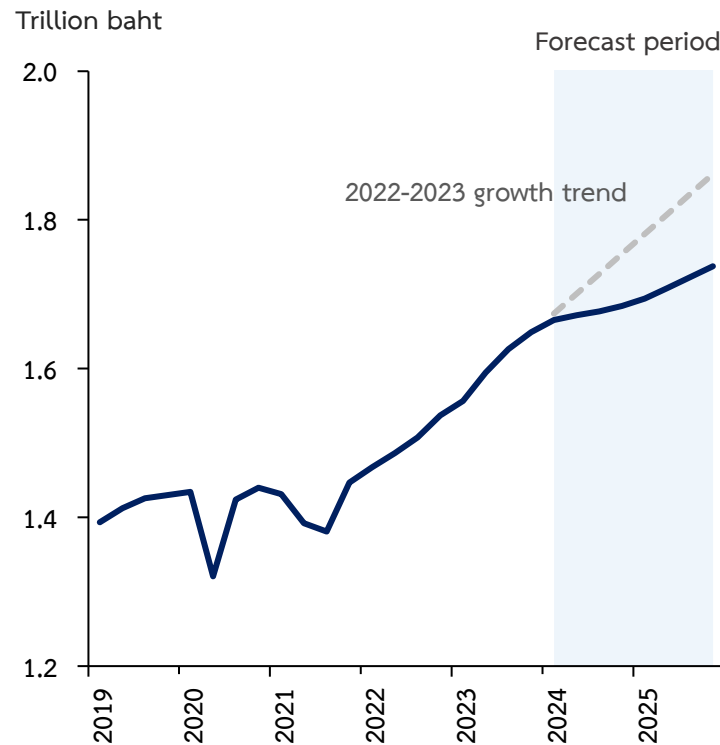
Total travel receipts



Source: Ministry of Tourism and Sports, BOT calculations.

Private consumption continues to expand, albeit at a slower pace

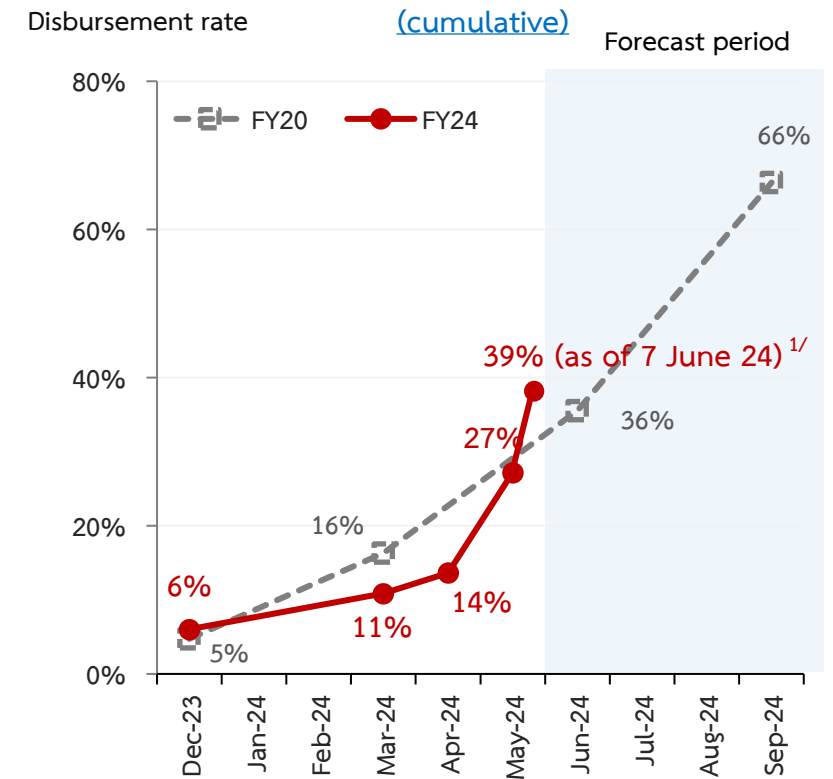
Private Consumption Expenditure



Source: NESDC, BOT calculations.

Government disbursements accelerate during the second quarter

Capital Expenditure Disbursement rate (cumulative)



Note: The disbursement rate relative to the budget after reclassification.  
<sup>1/</sup> The disbursement rate adjusted for purchase order (PO) is at 50%.

Source: The Comptroller General's Department

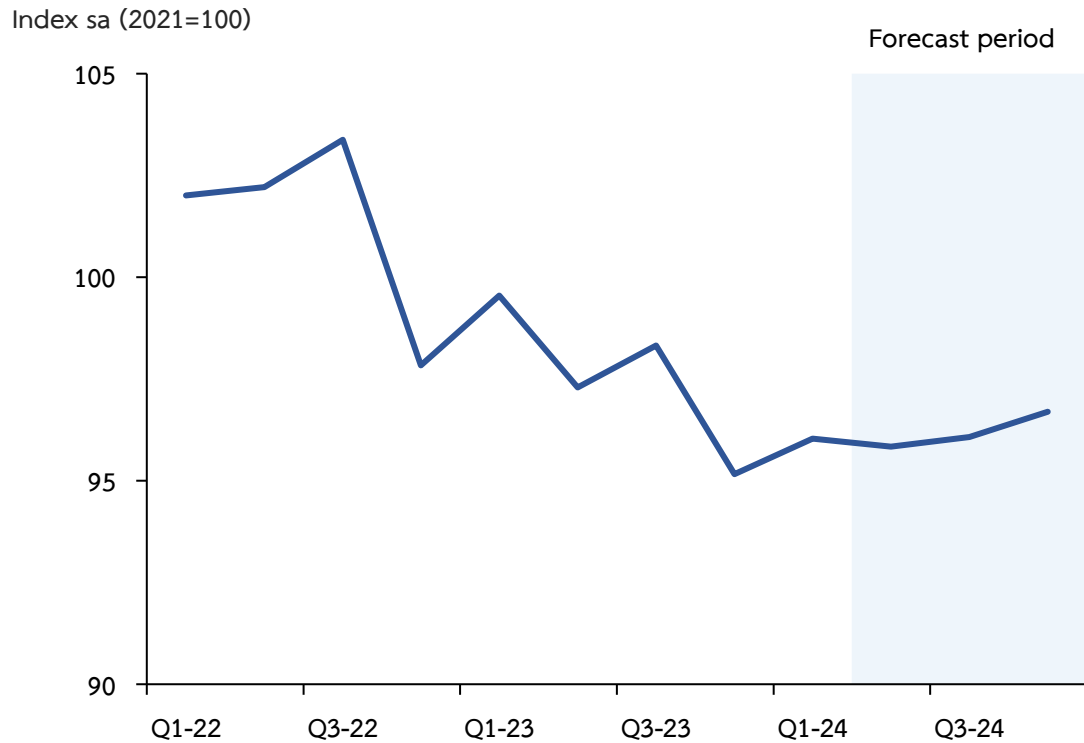


# Manufacturing sector and exports show signs of recovery; yet further development needs to be monitored

Manufacturing production has likely bottomed out

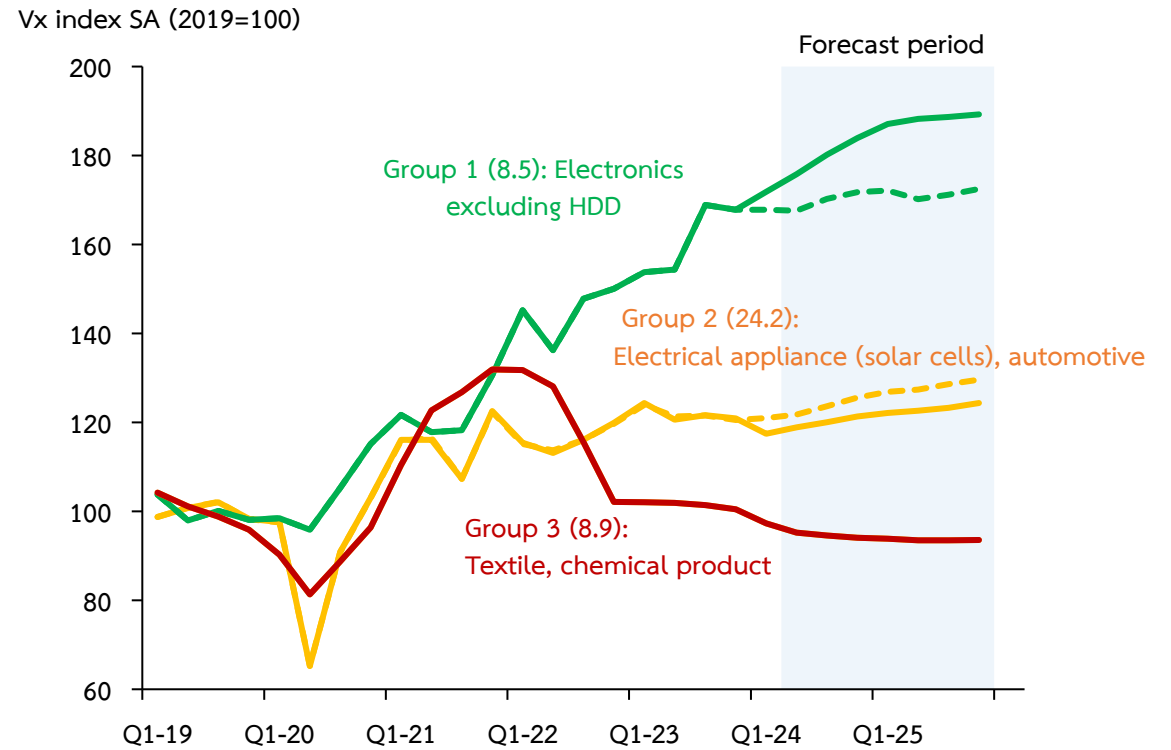
Electronics exports improve while some products in automotive and solar cell sectors face additional headwinds

Manufacturing Production Index (MPI)



**Note:** Calculated from majority of industrial sectors in MPI (share = 87.3%)  
**Source:** The Office of Industrial Economics, and interviews from businesses. BOT calculations.

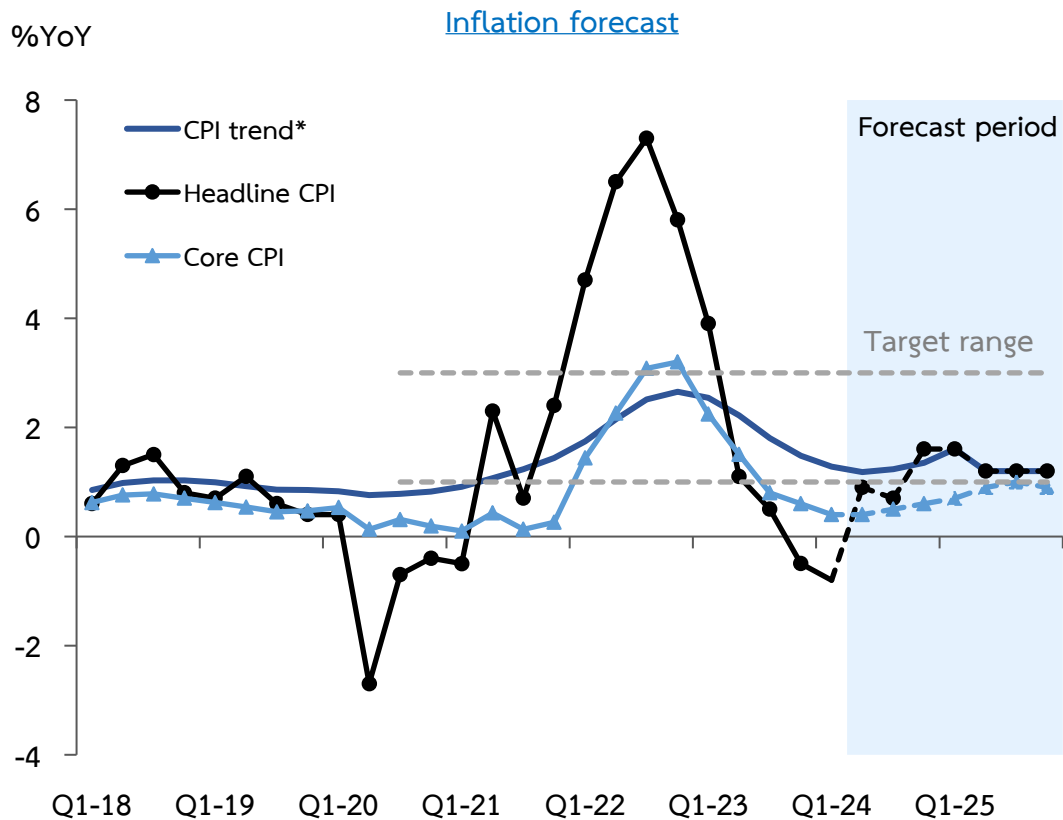
Merchandise exports (Vx)



**Note:** ( ) indicates exports share in 2023.  
**Source:** Thai Customs, BOT calculations.



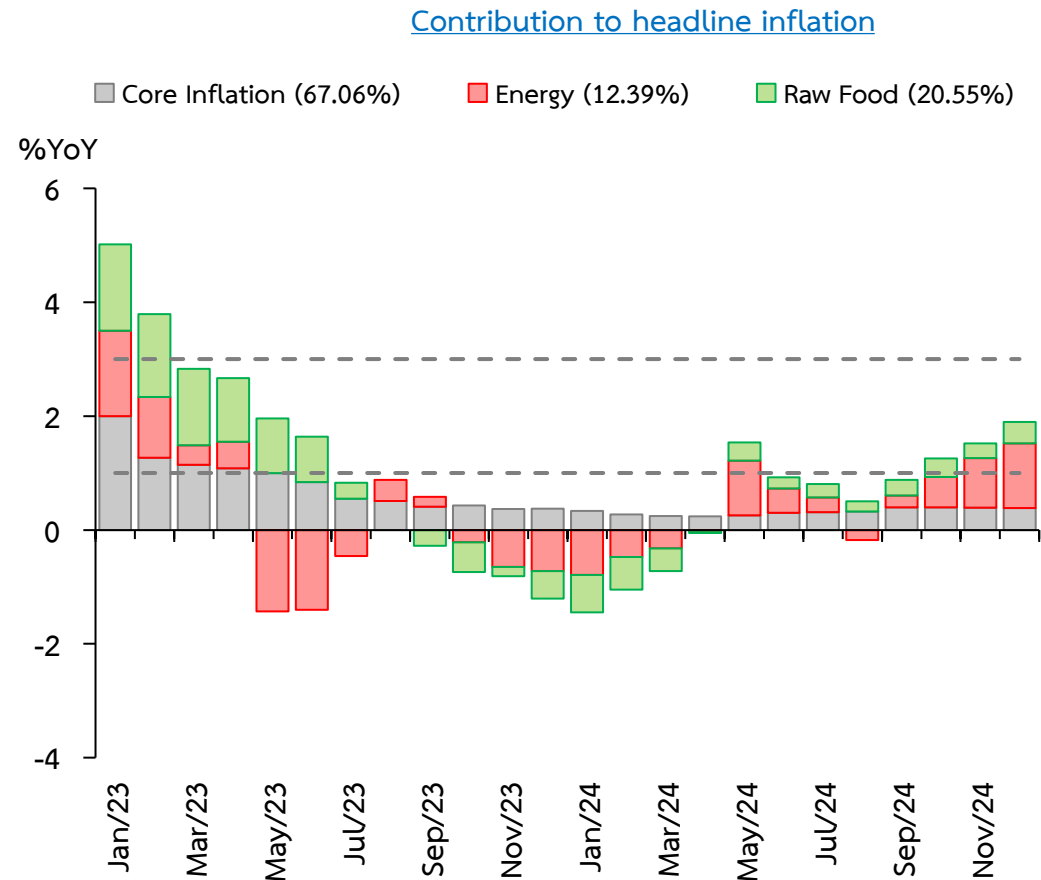
Headline inflation returns to the target range since Q4



Note: \*Underlying Inflation trend (MUCSVO trend) calculates based on Stock and Watson (2015).

Source: Ministry of Commerce, BOT calculations.

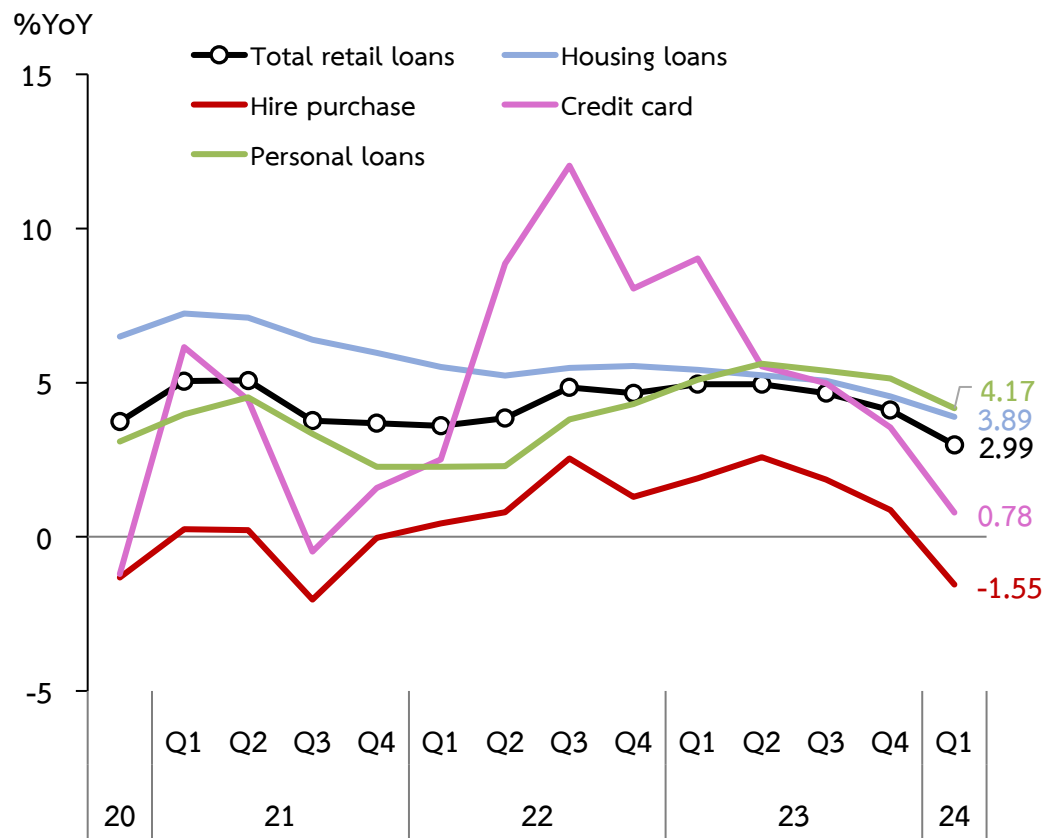
Inflation would fall below the target range in Q3 due to base effect





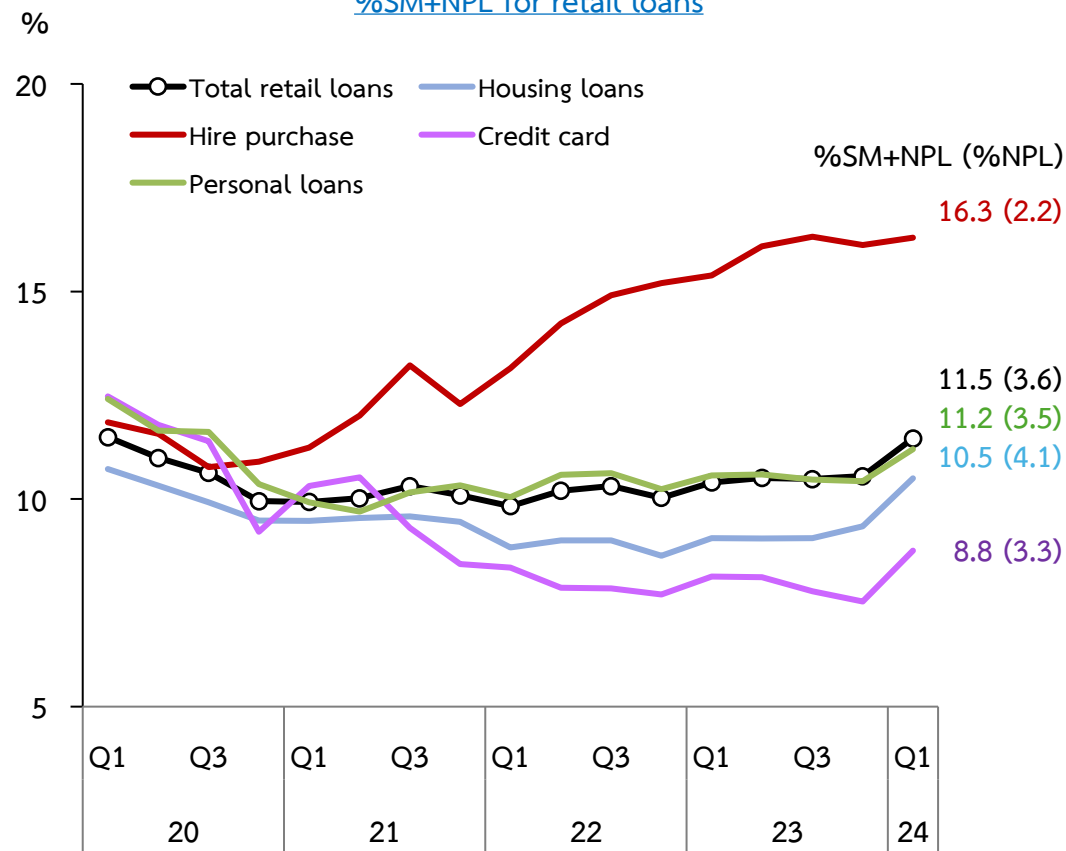
Growth of hire purchase and credit card loans declined relatively more than other loan types

Retail credit growth



Credit quality deteriorated as expected

%SM+NPL for retail loans



Note: Dataset covers commercial banks, SFIs, subsidiaries of banks, and non-banks under the supervision of the BOT, which accounts for 60% of total household debt

(different dataset from the Banking Sector Report which denotes retail loans as 33.5% of household debt)

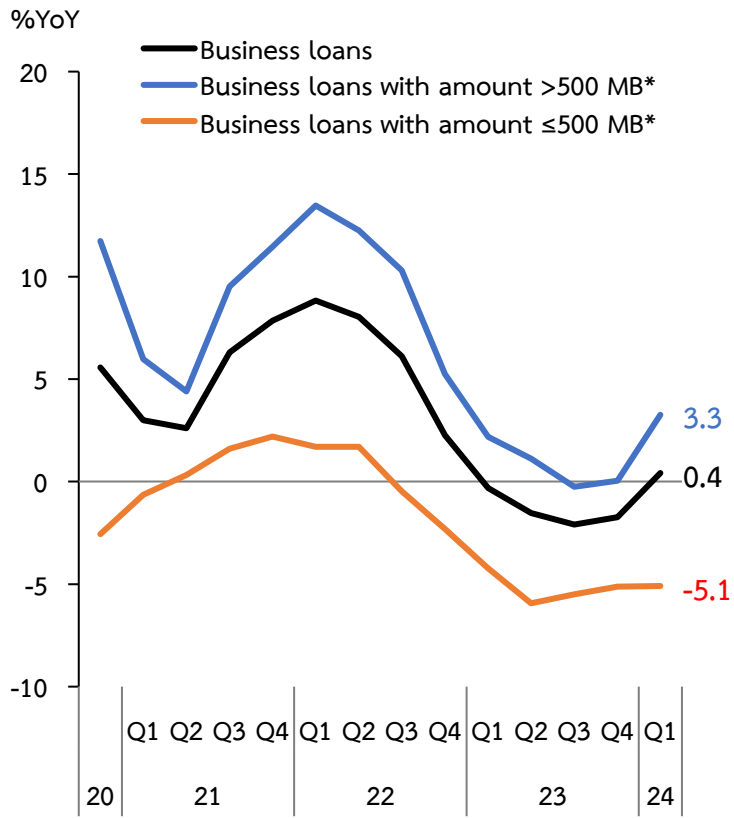
Source: BOT



Overall business loans continue to expand,  
however, need to closely monitor credit conditions for SMEs

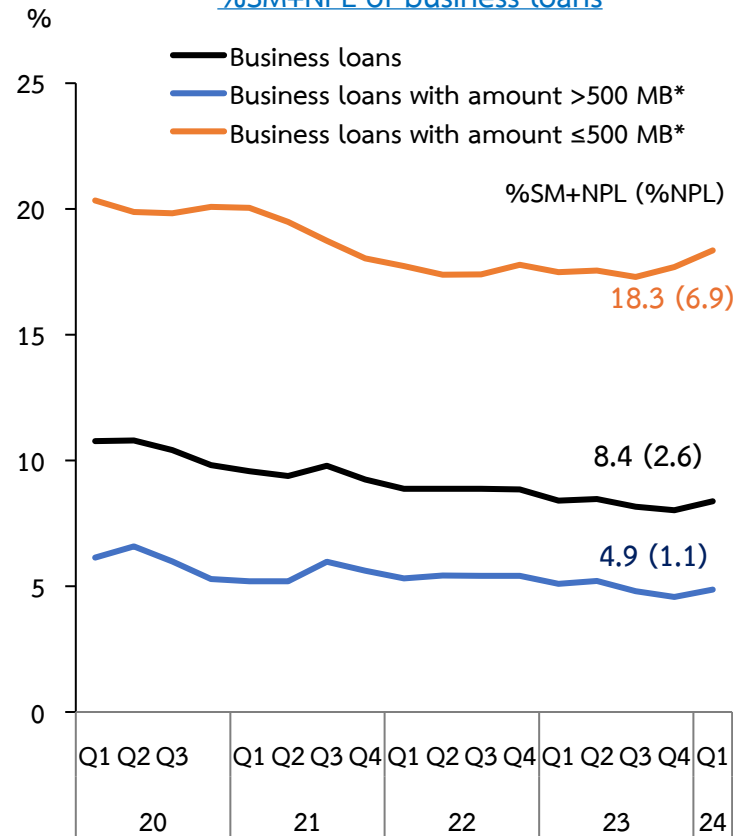
Overall private credit expanded,  
especially for large businesses

Private credit growth



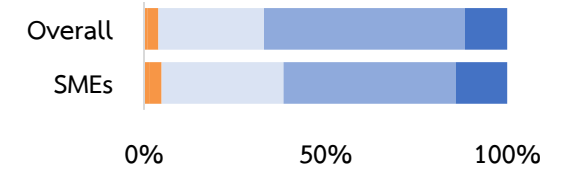
Credit quality partly deteriorated for SMEs

%SM+NPL of business loans

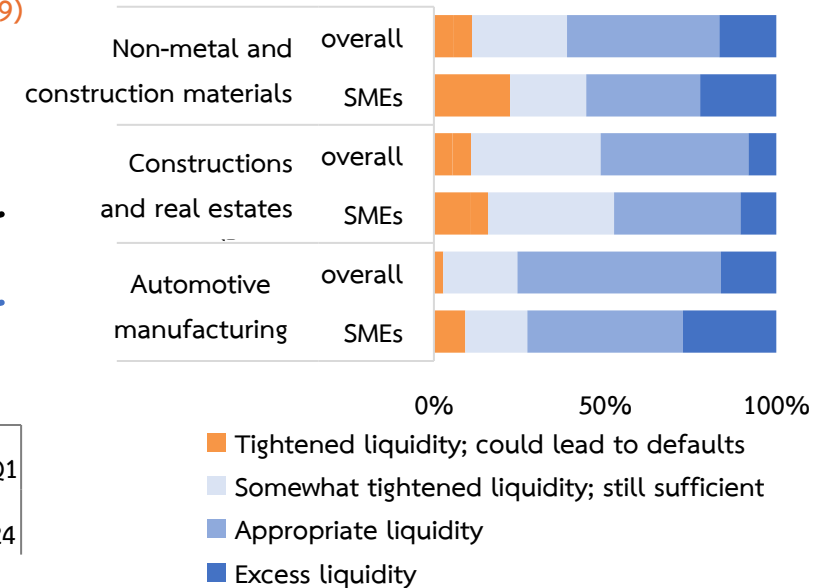


Need to closely monitor SMEs in certain sectors

Business liquidity



Sectors with tightened liquidity



Note: (1) \* Businesses with credit line at each commercial banks as of Mar 2024

(2) Dataset covers all commercial banks' private credit

Note: BSI survey as of May 2024, with a total of 584 respondents from 604 surveyed





Annual percentage change	2023*	2024	2025
GDP growth	1.9	2.6	3.0
Domestic demand	3.5	3.6	2.8
Private consumption	7.1	4.2	2.5
Private investment	3.2	3.3	3.2
Government consumption	-4.6	1.8	3.3
Public investment	-4.6	3.6	2.6
Exports of goods and services	2.1	3.9	3.2
Import of goods and services	-2.3	4.9	2.9
Current account (billion, U.S. dollar)	7.0	13.0	17.5
Value of merchandise exports (%YoY)	-1.7	1.8	2.6
Value of merchandise imports (%YoY)	-3.1	3.1	2.0
Number of foreign tourists (million persons)	28.2	35.5	39.5
Dubai crude oil price (U.S. dollar per barrel)	82.0	84.0	80.0
Headline inflation	1.2	0.6	1.3
Core inflation	1.3	0.5	0.9

Note: \* Outturns