



No. 18/2023

Press Release on the Economic and Monetary Conditions for February 2023

In February 2023, the Thai economy continued to improve from the previous month. The value of merchandise exports picked up in line with developments in manufacturing production and private investment. Private consumption also improved, especially in durable goods. Meanwhile, activities in the service sector increased, following a good outturn in the number of foreign tourists. Government spending expanded from current expenditures of the central government as well as investment from state-owned enterprises.

On the economic stability front, headline and core inflation declined due to the high base last year in conjunction with lower prices in vegetables and fruits. The labor market remained stable, while the current account registered a surplus thanks mainly to improvement in the trade balance.

Details of the economic conditions are as follows:

The value of merchandise exports, after seasonal adjustment, increased from the previous month in several categories. This included agricultural products such as sugar and crude palm oil, following a good production thanks to favorable weather conditions, while supply from other major exporters slowed down. Exports of hard disk drives (HDDs) also picked up in line with its delivery cycle. Exports in some categories such as steel, metal, and electrical appliances, were however, performed less well due to a slowdown in trading partners' demand.

Manufacturing production, after seasonal adjustment, increased from the previous month in several categories, especially the production in (1) chemical products, following an improvement in domestic demand as well as demand from China, (2) petroleum products, which improved in line with the economic activities, (3) HDDs, which picked up in line with its delivery cycles, and (4) food and beverage products due to higher sugar production thanks to favorable weather conditions. Nevertheless, production of vehicle declined, especially pickup trucks, after a good expansion in the preceding period.

Private investment indicators, after seasonal adjustment, increased from the previous month from higher investment in machinery and equipment, which was in line with increases in imports of capital goods, domestic sales of machinery, and newly registered commercial vehicles. Investment in construction was stable in both permitted land area for construction and sales of construction materials.

Private consumption indicators, after seasonal adjustment, increased from the previous month in almost all categories. Consumption of durable goods notably picked up



from passenger cars, following a continued delivery of vehicles' backlog orders, especially electric vehicles (EV), while the number of newly registered motorcycles also increased. These developments were in line with improving consumer confidence which continued to support consumption. Nevertheless, high cost of living continued to add downward pressure on the overall consumption.

The number of foreign tourist arrivals, after seasonal adjustment, increased from the previous month as a result of China allowing group tours to enter Thailand together with the uplift of RT-PCR testing requirement from the Indian authority on those who traveled back from Thailand.

Public spending, excluding transfer payments, expanded from the same period last year from current expenditures by the central government and investments by state-owned enterprises. The current expenditures expanded from quicker-than-usual disbursement of education agencies as well as disbursement of pension and medical expenses for public servants. Investment from state-owned enterprises expanded mainly from disbursement in the Thai-Chinese High-Speed Railway Project. Meanwhile, investment from the central government contracted due to frontloaded disbursement which occurred in the preceding period.

On the stability front, headline and core inflation declined due to the high base last year in conjunction with lower prices in vegetables and fruits. Labor market remained stable from the previous period as reflected by the total number of social security contributors, which was close to the pre-COVID level. The current account registered a surplus thanks to improvement in the trade balance, while the net services, income, and transfers account registered a smaller surplus. In terms of exchange rates, the baht against the US dollar, on average, depreciated, following a shift in market expectations towards a tighter monetary policy by the Fed after the US data on employment and inflation remained high.

Bank of Thailand

31 March 2023

For further information, please contact: Macroeconomic Unit

Tel. +66 (0) 2283 5639, +66 (0) 2283 5647

E-mail: macroeconomic-epd@bot.or.th