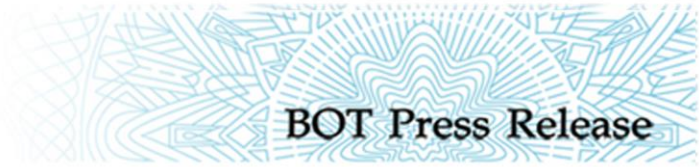




BANK OF THAILAND



BOT Press Release

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Press Release on the Economic and Monetary Conditions for February 2022

In February 2022, the Thai economy remained on the recovery path. Merchandise exports picked up as external demand improved. Foreign tourist figures also increased from the previous month due to the resumption of Test and Go program. These caused a modest improvement in manufacturing production. Nonetheless, private consumption and investment declined slightly due to adverse impacts from the Omicron outbreak. Meanwhile, public spending expanded from the same period last year both in current and capital expenditures of the central government.

**On the economic stability front**, headline inflation increased in tandem with energy and fresh food prices, together with core inflation which accelerated due to higher prepared food prices. Labor market gradually improved but remained vulnerable. The current account displayed a smaller deficit due to a larger trade surplus, albeit a deficit in the net service, income, and transfers.

Details of the economic conditions are as follows:

**The value of merchandise exports**, after seasonal adjustment, slightly increased in several categories such as petroleum-related products and agro-manufacturing products, especially sugar, which saw its production expanded firmly. Furthermore, automotive and electronics exports showed signs of improvement thanks to the recovery of trading partners' demand. Nonetheless, the export of some agricultural products such as fruits to China declined as the Chinese government imposed stricter containment measures.

**The number of foreign tourist arrivals**, after seasonal adjustment, slightly increased from the previous month thanks to the resumption of Test and Go program since 1 February 2022.

**Private consumption indicators**, after seasonal adjustment, slightly decreased from the previous month as the Omicron outbreak situation prolonged amidst high energy and food prices, which resulted in a somewhat decline in consumer confidence. The government stimulus measures, however, remained a positive factor in supporting purchasing power of the household.

**Private investment indicators**, after seasonal adjustment, slightly decreased from the previous month due mainly to lower investment in machinery and equipment, which was in line with lower imports of capital goods. The investment in construction, however, remained flat from the previous month.

**Manufacturing production**, after seasonal adjustment, slightly increased from the previous month, particular in the petroleum and food and beverage sectors, which was in line with the recovery outlook as well as the easing prospect of the containment measures. Meanwhile, production in some sectors decline from the previous month, including rubber and plastics, electronics, automotive and chemical products, partly due to the supply disruption problems.

**The value of merchandise imports**, after seasonal adjustment, increased from the previous month mainly from higher fuel imports that was in line with importers' front-loaded procurement plan. Meanwhile, imports of raw materials, capital goods, and consumer products declined slightly in line with the domestic demand development.

**Public spending**, excluding transfer payment, expanded from the same period last year. Current expenditures expanded both from the purchases of goods and services and the compensation of employees. Capital expenditures expanded mainly due to the disbursement of transportation agencies.

**On the stability front**, headline inflation increased from energy and fresh food prices, together with core inflation which accelerated from the prepared food prices due to increasing costs of food ingredients. Labor market gradually improved but remained vulnerable. The current account displayed a smaller deficit due to a larger trade surplus, albeit a deficit in the net service, income, and transfers. After the Test and Go program was resumed in February, the baht appreciated against the US dollar.

Bank of Thailand

31 March 2022

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