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Press Release on the Economic and Monetary Conditions for November of 2023

In November 2023, the Thai economy stabilized from the previous month. While domestic demand increased from both private consumption and investment, activities in the service sector generally leveled off. In addition, both the value of merchandise exports, excluding gold, and production in the manufacturing sector declined, while public spending also contracted, mainly due to lower capital expenditures.

**On the economic stability front,** headline inflation declined from lower energy inflation thanks to the government's subsidies on domestic benzene prices and lower global crude oil prices. Core inflation slightly decreased due to the high base last year. The labor market conditions remained stable, while the current account balance became deficit due to a deficit in both the trade balance and the net services, income and transfers.

Details of the economic conditions are as follows:

**Private consumption indicators,** after seasonal adjustment, increased from the previous month on the back of spending in non-durable goods, especially in alcohol, tobacco and fuel, which benefited from government's measures on lower costs of living. Spending in services, however, remained stable in line with activities in the tourism sector. Nevertheless, factors supporting household spending continued to improve as reflected by robust consumer confidence.

**Private investment indicators,** after seasonal adjustment, improved from the previous month due to higher investment in machinery and equipment, following higher imports of capital as well as sales of domestic machinery in computers and peripherals. Meanwhile, registrations of commercial vehicle declined, especially from trucks. Investment in construction also decreased in both permitted area for construction and sales of construction materials.

**The number of foreign tourist arrivals,** after seasonal adjustment, increased from the previous month, following higher Chinese tourists, which partly benefited from the visa exemption scheme, as well as higher tourists from Japan, Europe and UK. **Tourist expenditures** after seasonal adjusted, however, softened possibly due to a lower length of stay of foreign tourists.

**The value of merchandise exports,** excluding gold and after seasonal adjustment, decreased from the previous month especially in exports of passenger car and truck to Australia. Moreover, exports of agro-manufacturing products also declined, following a lower export of vegetable oil to India, which accelerated last month. Nevertheless, exports in some categories increased, including, exports of metal to Singapore for construction projects as well as exports of electronic products such as hard disk drive to the US and Hong Kong.



**The value of merchandise imports**, excluding gold and after seasonal adjustment, increased from the previous month, led by the fuel category, following an increase in imports of crude oil. In addition, imports of capital goods, excluding aircraft, also increased due to higher imports of computer for investment. Imports of raw materials and intermediate goods, excluding fuel, however, decreased due to lower imports of chemical from ASEAN countries and metal from Japan and South Korea. Imports of consumer goods also declined after a good expansion in the preceding period.

**Manufacturing production index**, after seasonal adjustment, continued to decrease in several categories. These included 1) food and beverages due to a lower sugar production, 2) automotives as financial institutions remained vigilant in providing auto loans as well as due to higher demands for imported electric vehicles, and 3) chemical products, following a lower production in plastic resin and synthetic rubber. Nevertheless, production of hard disk drive increased from the previous month, owing to its delivery cycle.

**Public spending**, excluding transfer payments, contracted from the same period last year mainly from capital expenditures of central government, in which its disbursement was affected by the delay of the 2024 fiscal budget. Current expenditures remained flat with an expansion in spending on compensation of civil officer as well as education from educational agencies, offsetting a contraction of spending on goods and services. Meanwhile, investments by state-owned enterprises expanded due to higher disbursement in transportation and utility projects.

**On the stability front**, headline inflation declined from lower energy inflation thanks to the government's subsidies on domestic benzene prices and lower global crude oil prices. Core inflation slightly decreased due to the high base last year despite an increase of prepared food prices from the previous month. The labor market conditions remained stable, while the current account became deficit due to a deficit in both the trade balance and the net services, income and transfers. As for exchange rates, the baht against the US dollar, on average, appreciated as the market expected a lower likelihood of the US interest rate being high for long after economic indicators of the US economy came out lower than expected.

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