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**Press Release on the Economic and Monetary Conditions for April 2024**

The Thai economy improved from the previous month with a continued expansion in the service sector thanks to an improvement in tourist arrivals and revenue, following an end of the Ramadan fasting season. In terms of domestic demand, both private consumption and investment picked up after a slowdown in the preceding period. Exports of goods, excluding gold, increased in several categories and was in line with higher manufacturing production. However, government spending continued to contract due to the delay of the Budget Act, B.E. 2567, while investment from state-owned enterprises displayed a good expansion thanks to a front-loaded disbursement of utility projects.

**On the economic stability front**, headline inflation turned positive from higher raw food prices in vegetable and pork. Energy inflation also increased due to higher benzene and diesel prices, which picked up after the reduction measures of excise tax came to an end. Core inflation remained stable from the previous month. The current account was approximately balanced with trade surplus being offset by a deficit in the service, income and transfers. The labor market slightly improved mainly from higher employment in service sector.

**Details of the economic conditions for April relative to the previous month** are as follows:

**The number of foreign tourist arrivals and tourism revenue**, after seasonal adjustment, increased due to higher Muslim tourists, especially from Malaysia and the Middle, after the Ramadan fasting season came to an end. In addition, Chinese and Russian tourists picked up after a decline in the previous month.

**Private consumption indicators**, after seasonal adjustment, increased from the previous month in all major categories after a slowdown in the preceding period. Spending on services increased in line with development in the tourism sector. Consumption of non-durable goods also increased from higher sales of consumer goods. In addition, spending on durable goods edged up thanks partly to higher delivery of car sales from the Thailand International Motor Show exhibition around end-May to early-April. However, consumers' confidence was slightly lower caused by concerns of the slow economic recovery as well as higher living costs due to higher fuel prices.

**Private investment indicators**, after seasonal adjustment, increased from the previous month. Investment in machinery and equipment rose from higher domestic machinery sales as well as higher numbers of registered commercial vehicles, while imports of capital goods declined mainly from computer category. Investment in construction increased from both higher sales of construction materials and permitted areas for construction, especially areas for industries and factories, as well as dwellings.

**The manufacturing production index**, after seasonal adjustment, increased especially in 1) automotive, following a higher production of vehicles for export but the overall level remained low, 2) food and beverages from higher output in sugar, palm oil and alcohol beverages,



which were in line with improvement in the tourism sector, and 3) electrical appliances, especially air conditioners due to higher demand as a result of hotter-than-usual weather. However, production of petroleum declined corresponding to a weak export of petroleum.

**The value of merchandise exports**, excluding gold, after seasonal adjustment, continued to improve in several categories, particularly in 1) electronics, due to exports of parts and telecommunication devices to the U.S. and Hong Kong, 2) exports of commercial vehicles to ASEAN and Australia as well as passenger vehicles to ASEAN, and 3) agricultural products, following higher exports of durian to China. Nevertheless, some export products decreased from the previous month, including petroleum as well as chemical and petro-chemical products.

**The value of merchandise imports**, excluding gold and after seasonal adjustment, decreased from the previous month, especially in 1) fuels due to lower imports of crude oil and natural gas, 2) intermediate goods, excluding fuel, from lower imports of electronic parts, which had accelerated in the preceding period, as well as from imports of chemical and petro-chemical products, and 3) capital goods, excluding aircrafts, from lower imports of computers which had accelerated in the previous month. However, imports of consumer goods increased, due to higher imports of vehicles, following the Motor Show exhibition, as well as higher imports of electrical appliances.

**Public spending**, excluding transfer payments, contracted from the same period last year. Current and capital expenditure of the central government contracted sharply due to the delay of the Budget Act, B.E. 2567, while investment from state-owned enterprises displayed a good expansion thanks to a front-loaded disbursement of utility projects.

**On the economic stability front**, headline inflation turned positive from higher raw food prices in vegetable, following a lower output, which was affected by a hot weather condition, while pork prices edged up from a lower supply. Energy inflation also increased due to higher benzene and diesel prices, which picked up after the reduction measures of excise tax came to an end. Core inflation remained stable from the previous month. The labor market slightly improved mainly from higher employment in service sector. The current account was approximately balanced with trade surplus being offset by a deficit in the service, income and transfers. In terms of private sector financing, the outstanding of business funding increased from the previous month in all channels. Corporate bond funding rose mainly from businesses in the energy sector, while business credit increased from tourist-related businesses. Finance from equity slightly increased from businesses in consumer goods, financial services, real estate, and construction. As for exchange rates, the baht against the U.S. dollar, on average, depreciated due to external factors. These included changes in the market expectations regarding the delay in interest rate reductions by the U.S. Federal Reserve and concerns of conflict in the Middle East, which could be escalated.

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