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Press Release on the Economic and Monetary Conditions for November 2024

The Thai economy slowed down from the previous month. Private consumption decreased after expanding well in the previous month due to the government cash transfer measures, in tandem with decreased activities in the trade sector. Private investment also declined in both machinery and equipment, as well as construction categories. However, tourism-related service sectors continued to expand, and exports of goods increased, particularly in exports of automobiles and agro-manufacturing products. Government spending continued to expand in both current and capital expenditures. Meanwhile, the manufacturing production remained low and deteriorated from the previous month, with downwards pressure from high inventory levels, structural issues in some industries, and increased competition.

On the economic stability front, headline inflation increased from the previous month due to higher energy inflation, driven by last year's low base effect from government subsidies. Core inflation slightly increased from higher food prices due to rising costs of raw material, which resulted from the previous drought. The labor market condition remained stable, with improved employment in tourism-related services, while employment in trading of automotive and construction materials declined. The current account surplus increased as the services, income, and transfers account became balanced, while the trade balance exhibited a higher surplus.

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

Private consumption indicators, after seasonal adjustment, decreased in most major categories after an increase in the previous month due to the government cash transfer measures. Notably, consumption of non-durable goods declined from fuel sales, while durable goods consumption decreased primarily from a lower number of motorcycle registration. Nevertheless, sales of passenger cars and pickups slightly increased, despite remaining low, while spending on services remained stable. The consumer confidence index continued to rise due to improved domestic tourism after flood receded in the northern and northeastern regions, and the government's stimulus program.

Private investment indicators, after seasonal adjustment, decreased from the previous month. Investment in machinery and equipment declined, following a lower number of commercial vehicle registration, especially in pickups and tractors, while imports of capital goods also declined after a notable increase in the previous month. Investment in construction also decreased from both sales of construction materials and permitted construction areas, particularly for residential and industrial purposes.



The number of foreign tourists, after seasonal adjustment, increased from the previous month in several nationalities, notably tourists from India, Japan, and China, while Malaysian tourists temporarily decreased due to the flood situation in southern Thailand. **Tourism revenue**, after seasonally adjusted, decreased after a surge in the previous month, partly due to lower Russian tourists, whose spending per trip is high.

The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month, driven by automotive and agro-manufacturing products. The former was owing to exports of passenger cars and pickups to Australia and ASEAN, as well as tires to the U.S. The latter was due to exports of synthetic rubber to China. Nevertheless, exports to the U.S. decreased in several categories, including machinery, electronics, and electrical appliances, especially solar panels, which was partly affected by the Antidumping (AD) and Countervailing Duties (CVD) measures by the U.S.

The value of merchandise imports, excluding gold and after seasonal adjustment, decreased from the previous month in almost all categories. Raw materials and intermediate goods imports decreased in several goods such as crude oil, natural gas, electronic equipment, and electrical appliances. Imports of consumer goods also decreased after expanding well in the previous month, with declines in durable goods, particularly mobile phones from China, as well as non-durable goods, especially pharmaceutical products. However, imports of capital goods increased mainly from higher imports of computer from China.

Public spending, excluding transfer payments, expanded from the same period last year. Current expenditures increased due to disbursements for pensions and medical expenses of government officials. Capital expenditures continued to show a high growth rate due to the low base effect because of the delayed Budget Act last year, driven by disbursements for transportation and utility projects. Investment by state-owned enterprises slightly increased, mainly in transportation projects.

The manufacturing production index, after seasonal adjustment, decreased from the previous month in several categories, mainly in 1) food and beverages, particularly sugar, which accelerated previously, while production in animal feed was suppressed due to high inventories, and 2) automotive, from both passenger cars and pickups. Nevertheless, production increased in some categories, such as petroleum and integrated circuits.

On the economic stability front, headline inflation increased from the previous month due to higher energy and core inflation. Energy inflation increased due to last year's low base effect from government subsidies as well as higher benzene prices. Fresh food prices decreased, following lower vegetable prices and higher output due to favorable weather conditions. Core inflation slightly increased from higher food prices due to rising costs of raw material, which resulted from the previous drought. The labor market condition remained stable, with improved employment in tourism-related services, offsetting the declines in trading of automotive and construction materials. The current account surplus increased as the services, income, and transfers account became balanced, while the trade balance exhibited a higher surplus. For corporate financing, the outstanding amount of funding increased from the previous month across all channels. Business credits increased from

holding companies as well as loans in the manufacturing sector, while funding through the bond market increased mainly from firms in the services and construction sectors. Funding through the equity market also picked up from businesses in the service sector mainly for business expansion. As for exchange rates, in November 2024, the baht depreciated against the U.S. dollar, on average, reflecting uncertainties regarding the U.S. Federal Reserve's accommodative stance, following the outcome of the U.S. presidential election. This raised concerns to the market regarding the policy directions of major economies, which could potentially affect Thailand's trade and tourism sectors.

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