



BANK OF THAILAND



BOT Press Release

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Press Release on the Economic and Monetary Conditions for November 2022

In November 2022, the Thai economic recovery maintained its traction on the back of improvements in the service sector thanks to prominent foreign tourist arrivals. Meanwhile, the private consumption indicators rebound after being affected by temporary factors in the previous month. Public spending also expanded thanks to higher spending on capital expenditures of the central government. Nonetheless, the value of merchandise exports deteriorated, following a slowdown in trading partners' demand, which also induced downward pressures on manufacturing production and private investment.

On the economic stability front, headline inflation decreased from the previous month due mainly to lower fresh food prices, while core inflation slightly increased. Labor market gradually improved in line with the economic recovery. The current account became deficit as trade balance exhibited a smaller surplus, while the deficit in the net service, income, and transfer balance remained close to the previous month.

Details of the economic conditions are as follows:

The number of foreign tourist arrivals, after seasonal adjustment, increased from the previous month in several nationalities, especially the Europeans and Americans. Positive effects of easing restrictions in international travel continued to persist and benefited Thailand's service sector, particularly among the tourism-related businesses.

Private consumption indicators, after seasonal adjustment, increased from the previous month in all categories. Spending on non-durable goods rose as floods situation subsided. Spending on services also continued to improve thanks to increases in foreign tourist arrivals. Several fundamental factors supporting household consumption continued to improve, especially in employment and consumer confidence. Nevertheless, the elevated living costs still weighed down on private consumption.

Public spending, excluding transfer payments, expanded from the same period last year due to the expansion in capital expenditures of the central government, following a higher disbursement of transportation and irrigation projects. Current expenditures, however, slightly contracted as education agencies had already front-loaded their disbursement in the preceding period. Capital expenditures of state-owned enterprises also contracted due to a lower disbursement in utility projects, following a delay in imports of some equipment.

The value of merchandise exports, excluding gold and after seasonal adjustment, decreased from the previous month in several categories, particularly in metals and agricultural products due to a slowdown in trading partners' demand. The exports of petroleum products also fell in tandem with lower global crude oil prices and were additionally affected by the continued shutdown of oil refineries for maintenance. Nonetheless, some export products performed well such as automobiles and electronics.

Manufacturing production, after seasonal adjustment, decreased from the previous month, especially the production of petroleum products which plummeted as oil refineries remained closed for maintenance. In addition, the production of hard disk drive decreased, following a slowdown in trading partners' demand. Nonetheless, the production of some products picked up, including chemicals and automobiles.

Private investment indicators, after seasonal adjustment, decreased from the previous month due to lower investment in machinery and equipment, which was in line with a slowdown in manufacturing production. Investment in construction, however, remained flat with sales of construction materials exhibited a slight improvement partly due to housing repairs after the floods situation subsided, while permitted areas for construction slightly declined.

The value of merchandise imports, excluding gold and after seasonal adjustment, increased from the previous month mainly due to higher imports of crude oil in order to prepare for production once the maintenance of oil refineries is completed. Nonetheless, the imports of consumer goods declined, following a lower import of smartphones after performing well in the preceding period.

On the stability front, headline inflation decreased from the previous month thanks to lower fresh food prices in vegetable, which saw its output increased after the floods situation subsided. Core inflation, however, slightly increased from the previous month due to higher prices of prepared food, cleaning supplies and personal care items. Labor market gradually improved in line with the economic recovery as reflected by higher numbers of total contributors to the social security system as well as positive sentiments among the self-employed. The current account became deficit as trade balance exhibited a smaller surplus mainly due to higher value of imports, while the deficit in the net service, income, and transfer balance remained close to the previous month. On exchange rates, the baht against the US dollar appreciated as the market expected a slower pace of monetary tightening from the US Federal Reserve in conjunction with having a positive sentiment on the recovery prospect of tourism sector in Thailand.

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