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Monthly Economic Report (As of September 2020)

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Mr. Pornchai Thiraveja, Financial Policy Advisor as Spokesperson of the Fiscal Policy Office, Mr. Warotai Kosolpisitkul, Fiscal Policy Advisor, and Mr. Pisit Puapan, Executive Director of Macroeconomic Policy Bureau revealed the economic report in September 2020 that “The Thai economy in September of 2020 improved from previous month, particularly demand side which reflected by the rises of durable goods consumptions and private investments. These increases were due to continuously easing lockdown restrictions to prevent the spread of COVID-19. However, the export of goods continued to slow down. For the supply side, agricultural and industrial sectors continued to increase, but tourism remained decrease.” **The details were summarized as follows:**

Economic indicators on private consumption expenditures in September 2020 show the signs of improvement from previous month as shown by **real VAT collection** which expanded by 0.1 percent per year and 3.3 percent per month after seasonal adjustment. In addition, durable goods consumptions also recovered. **Passenger car sales and the number of new motorcycles registrations** was growths of 32.6 and 0.7 percent per month after seasonal adjustment, respectively. Furthermore, the year-on-year contraction of both slowed down to -12.2 and -2.2 percent, respectively, due to the highest growth in 25 months of **farmer incomes** at 10.5 percent per year. However, **Consumer Confidence Index (CCI)** showed a slight decrease to 50.2 points as results of many protests in September 2020.

Economic indicators on private investment in September 2020 improved from previous month, particularly equipment and machinery sector, indicated by **commercial car sales** expanded by 13.5 percent per year, or 5.0 percent per month after

seasonal adjustment. Moreover, **imports of capital goods** showed a month to month growth of 4.4 percent after seasonal adjustment or contracted slowly to -7.5 percent per year. Meanwhile, **private investment in construction sector** also recovered reflected by **domestic cement sales** expanded by 0.9 percent per year, and Real estate tax collection also increased by 4.7 percent per month after seasonal adjustment or slowly contracted to -13.0 percent per year. These rises showed a slight recovery of private investment.

External demand increased from previous month as shown by the year to year contraction of **export values (USD term)** which slowed down to -3.9 percent, which improved for 3 months consecutively as results of an expansion of food exports which palm oil and cassava products increased by 435.3 and 50.3 percent per year, respectively, as well as frozen pork, seasoning, and animal feed. Furthermore, export values of the devices for working from home, such as computers and equipment, faxes, phones and parts, and home appliances (furniture, refrigerators, washing machines, and solar cells), also expanded. Export on the goods for COVID-19 protection showed a strong growth. Rubber glove exports continued to increase since COVID-19 started to spread around the world, especially the United States and the European Union, and pharmaceutical products had high demand from the Asian countries where had high coronavirus cases. However, export values on automobiles, oil and other fuels, and integrated circuits continuously decreased. Moving onto the export markets focus, almost main markets show an improvement, particularly the export values to United States expanded well for 4 months by 19.7 percent per year, as well as China, Australia, Malaysia, and South Korea. All of these indicated a graduated recovery on main export markets of Thailand.

Supply-side indicators improved from previous month, supported by **Manufacturing Product Index (MPI)** which slowly shrink down by -2.8 percent per year due to an expansion of industries on fruit and vegetable, medical supplies, and home appliances. In addition, **Thai Industries Sentiment Index (TISI)** continually increased for 5 months to 85.2 points as results of easing lockdown restrictions to prevent the spread of COVID-19 and launching economic stimulus measures and aid packages small and medium-sized enterprises (SMEs). Moving onto farm sector, **Agricultural Product Index (API)** slightly expanded by 0.2 percent per year due to the expansion in rice, corn, and chicken. Meanwhile, tourism sector remained slow down because of there were no **the number of inbound foreign tourists** for 6 months. This was a negative impact from the COVID-19 pandemic.

Internal economic stabilities remained favourable. **Headline and core inflation in September 2020** were at -0.7 and 0.3 percent per year, respectively. Meanwhile, **public debt to GDP at the end of August 2020** stood at 47.9 percent to

GDP, lower than the Fiscal Sustainability Framework 2018. **External economic stability** remained robust reflecting the resilient ability to risk from the volatilities in global economy as **the international reserves at the end of September 2020** were high at 251.0 billion USD.

Table 1 Quarterly and Monthly Economic Indicators in September 2020

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Economic Indicators	2019	2019				2020					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	ส.ค.	ก.ย.	YTD
Agricultural Production Index (%YoY) /6	-0.9	1.0	-0.4	0.8	-3.6	-15.0	-5.9	-0.1	1.0	0.2	-7.5
Agricultural Price Index (%YoY) /6	1.9	-0.9	2.1	2.6	3.8	8.7	-1.4	6.4	7.7	9.5	4.5
Real farm income (%YoY) /14	0.3	-0.3	0.2	2.3	-0.5	-8.6	-4.9	7.1	8.9	10.5	-2.5
New employment in agricultural sector(%YoY) /3	-2.9	-4.2	-4.0	-1.8	-1.6	-3.7	-0.3	N/A	-1.6	N/A	-1.6
Industrial sector											
Manufacturing Production Index (%YoY) /10	-3.6	-1.2	-2.4	-4.2	-6.8	-6.4	-20.0	-8.4	-9.3	-2.8	-11.4
Import value of raw materials in USD (%YoY) /1	-7.5	-8.1	-2.6	-13.1	-5.4	-1.6	-20.1	-19.2	-20.5	-12.6	-13.8
Import volume of raw materials in USD (%YoY) /1	-7.3	-4.6	-2.5	-14.8	-6.6	-3.5	-21.3	-21.0	-22.1	-15.2	-15.3
Capacity utilization (%) /10	66.0	70.8	65.0	64.8	63.3	66.9	52.9	60.5	60.9	63.1	60.1
New employment in industrial sector (%YoY) /3	-1.5	1.2	-0.7	-4.8	-3.2	-1.3	-4.2	N/A	1.4	N/A	1.4
Thai Industrial Sentiment Index (Index) /9	93.7	95.2	95.1	92.8	91.7	90.1	78.1	83.9	84.0	85.2	84.0
Service sector											
No. of foreign tourists (Million persons) /11	39.8	10.8	9.0	9.7	10.3	6.7	0.0	0.0	0.0	0.0	6.7
(%YoY) /14	4.2	2.1	1.4	7.2	6.4	-38.0	-100.0	-100.0	-100.0	-100.0	-77.3
No. of Thai tourists (%YoY)	0.0	3.2	1.9	-3.4	-1.5	-33.2	-90.8	-36.5	-32.4	-33.8	-52.6
New employment in service sector(%YoY) /3	1.1	4.0	2.1	-1.5	-0.2	1.1	-1.8	N/A	3.0	N/A	3.0
External economic stability											
Average exchange rate (Baht/USD) /2	31.1	31.6	31.6	30.7	30.2	31.8	31.7	31.2	31.1	31.4	31.6
Current account (Billion USD)/2	37.3	12.2	5.1	9.1	10.4	8.9	-0.8	N/A	3.0	N/A	14.3
International reserves (Billion USD)/2	224.3	212.2	215.9	220.5	224.3	226.5	241.6	251.0	254.5	251.0	251.0
Net Forward Position (Billion USD)/2	34.3	32.6	34.5	33.1	34.3	34.4	24.9	22.9	23.2	22.9	22.9
International reserves to short term external debt (times) /2	3.8	3.4	3.5	3.7	3.8	3.8	3.8	N/A	4.2	N/A	4.2
Internal economic stability											
Unemployment rate (%) /3	1.0	0.9	1.0	1.0	1.0	1.0	2.0	N/A	1.9	N/A	1.9
Producer Price Index (%YoY)/4	-1.0	-0.4	-0.1	-1.6	-1.7	-0.4	-4.1	-1.7	-1.3	-1.3	-2.0
Headline inflation (%YoY)/4	0.7	0.7	1.1	0.6	0.4	0.4	-2.7	-0.7	-0.5	-0.7	-1.0
Core inflation (%YoY)/4	0.5	0.6	0.5	0.5	0.5	0.5	0.1	0.3	0.3	0.3	0.3
Public debt to GDP (%) /1	41.2	41.8	41.3	41.1	41.2	41.7	45.8	47.9	47.9	N/A	47.9
Fiscal sector	2562	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	ก.ย.	YTD
Budget expenditure (Billion baht) /1	2,788.3	893.0	669.2	590.2	635.9	729.5	813.6	710.4	690.4	292.4	2,943.9
(%YoY) /1	-0.1	-0.5	16.8	-15.1	1.6	-18.3	21.6	20.4	8.6	13.3	5.6
Current expenditure (Billion baht) /1	2,401.1	817.7	569.0	497.5	516.8	703.5	750.4	602.8	519.3	211.8	2,575.9
(%YoY) /1	-0.4	0.9	18.8	-17.6	-0.3	-14.0	31.9	21.1	0.5	5.0	7.3
Capital expenditure (Billion baht) /1	387.2	75.2	100.2	92.7	119.0	26.0	63.3	107.6	171.1	80.6	367.9
(%YoY) /1	1.8	-13.7	7.0	0.8	10.6	-65.4	-36.9	16.1	43.7	43.3	-5.0

Economic Indicators	2019	2019				2020					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	ส.ค.	ก.ย.	YTD
Carry-over budget (Billion baht) /1	254.9	70.8	61.0	71.3	51.8	80.6	62.8	32.8	48.7	30.0	224.9
(%YoY) /1	18.5	1.5	5.3	66.6	16.0	13.9	2.9	-54.0	-6.0	-2.3	-11.8
Government expenditure (Billion baht) /1	3,043.2	963.7	730.2	661.5	687.7	810.1	876.4	743.2	739.0	322.4	3,168.7
(%YoY) /1	1.2	-0.4	15.8	-10.4	2.5	-15.9	20.0	12.3	7.5	11.7	4.1

Source: 1/Ministry of Finance 2/Bank of Thailand 3/National Statistical Office 4/ Ministry of Commerce 5/ The University of the Thai Chamber of Commerce 6/ Office of Agricultural Economics 7/Reuters 8/ The Federation of Thai Industries 9/ The Office of Industrial Economics 10/ Ministry of Tourism & Sports 11/ The Revenue Department, the Excise Department, and the Thai Customs 12/ Department of Land Transport 13/Fiscal Policy Office 14/calculated by the authors