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Monthly Economic Report (As of October 2020)

“The Thai economy in October of 2020 remained stable, compared to the previous month but still showed an economic recovery. Meanwhile, economic confidence indexes were improving due to contribution of the economic stimulus packages before the end of the year.”

Mr. Wuttipong Jittungsakul, Fiscal Policy Advisor, and Mr. Pisit Puapan, Executive Director of Macroeconomic Policy Bureau revealed the economic report in October 2020 that The Thai economy in October of 2020 remained unchanged from previous month but was on the road to economic recovery. Meanwhile, economic confidence indexes were improving due to contribution of the economic stimulus packages before the end of the year.” The details were summarized as follows:

Economic indicators on private consumption expenditures in October 2020 shown the signs of decrease from previous month as shown by real VAT collection declined by -9.4 percent per year as results of decrease in goods import values and high base from the previous year. Passenger car sales and the number of new motorcycles registrations dropped by -25.9 and -11.0 percent per year, respectively. However, consumer confidence index increased to 50.9 points because of three main supports: 1) Oil retail price in Thailand decreased. 2) Thai government implemented the economic stimulus packages, such as the 50-50 co-payment scheme, the tourism stimulus packages, and the tax incentive scheme for shoppers, before the end of the year. 3) farmer income in October 2020 increased by 12.6 percent per year due to the rises of agricultural product prices

Economic indicators on private investment in October 2020 remained stable from previous month. The investment on equipment and machinery sector, indicated by commercial car sales expanded by 10.4 percent per year, continued to grow for 2 months, and 2.8 percent per month after seasonal adjustment. However, imports of capital goods showed the contraction of -17.0 percent per year and private investment in construction sector, reflected by domestic cement sales also decreased by -9.1 percent per year. Meanwhile, Real estate tax collection increased by 0.7 percent per month after seasonal adjustment or slowly contracted to -3.2 percent per year.

External demand slightly decreased from previous month as shown by the year to year contraction of **export values (USD term)** which slowed down to -6.7 percent as results of decreases of food exports, such as oil and automotive. However, there were expansion on many export goods as follows: 1) The export values of palm oil and animal feed showed the high growth of 183.0 and 17.4 percent per year, respectively, as well as condiments, vegetables, and fruits. 2) The export values of the devices for working from home, such as computers and equipment, and home appliances (furniture and air condition), also expanded. 3) The 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. Moving onto the export markets focus, the export values to ASIAN-9 contracted by -23.1 percent per year due to the negative impact of second wave of COVID-19 outbreaks. However, the export values to United States and Australia continuously expanded by 17.0 and 4.2 percent per year, respectively.

Supply-side indicators improved from previous month, supported by **Manufacturing Product Index (MPI)** which slowly shrink down by -0.5 percent per year. In addition, **Thai Industries Sentiment Index (TISI)** continually increased for 6 months to 86.0 points as results of an increase of domestic consumption. This positive was the key factors to support manufacturing sector. In addition, the tourism and consumption stimulus packages boosted spending and contributed income to small business. Moving onto farm sector, **Agricultural Product Index (API)** slightly decreased by -0.2 percent per year due to the decline in rubber, langsat, pineapple, and shrimp. Moving onto tourism sector, there were first 1,201 foreign tourists in October 2020, including Chinese, Cambodian, and others from Southeast Asia countries, Middle East countries, and Europe, respectively.

Internal economic stabilities remained favourable. Headline and core inflation in October 2020 were at -0.5 and 0.2 percent per year, respectively. Meanwhile, **public debt to GDP at the end of September 2020** stood at 49.4 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 October 2020** were high at 248.5 billion USD.

Table 1 Quarterly and Monthly Economic Indicators in October 2020

Economic Indicators	2019	2019				2020					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
External sector											
Dubai crude oil price (US\$/Barrel) /7	63.54	63.52	67.39	61.16	62.08	50.73	30.57	42.92	41.49	40.67	41.33
Fed funds rate (%) /7	1.50–1.75	2.25–2.50	2.25–2.50	1.75–2.00	1.50–1.75	0.00–0.25	0.00–0.25	0.00–0.25	0.00–0.25	0.00–0.25	0.00–0.25
Demand-side indicators											
Private consumption indicators											
Value added tax at constant price (%YoY) /1	-1.7	1.7	0.4	-5.7	-3.1	-0.0	-15.1	-5.2	0.0	-9.4	-7.1
Sales of passenger cars (%YoY)/14	-0.3	13.9	3.7	-1.7	-14.6	-23.6	-60.2	-30.4	-12.2	-25.9	-37.1
The number of new motorcycles registrations (%YoY)/13	-3.4	-0.1	-7.1	0.9	-7.3	-5.9	-28.1	-2.9	-0.2	-11.0	-12.0
Import volume of consumer goods in USD (%YoY) /1	2.8	1.0	-1.2	8.2	3.6	-2.1	-16.6	-11.2	-13.4	-22.8	-11.3
Consumer Confidence Index (Index) /5	75.5	81.1	77.8	73.6	69.4	60.8	48.2	50.4	50.2	50.9	52.9
Private investment indicators											
Import volume of capital goods in USD (%YoY) /1	-5.4	-9.6	-6.4	-1.2	-4.2	-3.9	-17.1	-15.4	-7.5	-17.0	-12.7
Sales of commercial cars (%YoY)/14	-5.1	9.5	2.9	-11.3	-18.0	-24.4	-44.2	-1.3	13.5	10.4	-20.9
Total taxes collected from real estate transaction (%YoY) /1	-4.7	4.9	-15.6	-1.1	-6.0	-17.8	-12.3	-10.4	-13.0	-3.2	-12.5
Domestic cement sales (%YoY) /2	-5.7	-5.2	-3.5	-9.2	-4.9	-4.3	4.0	1.6	0.9	-9.1	-0.6
Construction material price index (%YoY) /14	-1.2	-0.0	0.0	-2.4	-2.8	-2.1	-3.6	-1.7	-1.2	0.2	-2.2
International trade indicators											
Exports (Billion USD): custom basis (%YoY)/4	246.3	62.1	61.0	63.6	59.6	62.7	51.7	58.7	19.6	19.4	192.4
Export price (%YoY)/4	-2.6	-1.9	-3.8	-0.5	-4.4	0.9	-15.2	-7.8	-3.9	-6.7	-7.3
Export volume (%YoY)/14	0.3	-0.4	0.2	0.4	0.4	-0.4	-2.0	-0.7	-0.6	-0.1	-0.9
Imports (Billion USD): custom basis (%YoY) /4	-3.0	1.3	-3.9	-0.9	-4.9	1.3	-13.5	-7.2	-3.3	-6.6	-6.4
Import price (%YoY)/4	236.3	59.9	58.7	59.9	57.7	58.7	44.9	48.7	17.4	17.3	169.7
Import volume (%YoY) /14	-4.8	-1.4	-4.1	-6.5	-7.1	-1.9	-23.5	-18.6	-9.1	-14.3	-14.6
Trade balance (Billion USD): custom basis/4	0.2	0.1	-0.1	-0.2	0.8	-0.9	-5.1	-1.5	-1.4	-1.3	-2.4
	-4.9	-1.4	-4.1	-6.4	-7.8	-1.0	-19.3	-17.4	-7.8	-13.2	-12.6
	9.6	2.0	2.3	3.4	1.7	3.9	6.8	9.8	2.2	2.1	22.7
Supply-side indicators											
Agricultural sector											
Agricultural Production Index (%YoY) /6	-0.8	1.2	-0.2	1.0	-3.5	-15.0	-5.9	-0.4	0.0	-0.2	-6.9
Agricultural Price Index (%YoY) /6	1.9	-0.9	2.0	2.6	3.8	8.7	-1.4	6.4	9.5	12.4	5.3
Real farm income (%YoY) /14	0.4	-0.2	0.4	2.4	-0.4	-8.7	-5.0	6.8	10.3	12.6	-1.1
New employment in agricultural sector(%YoY) /3	-2.9	-4.2	-4.0	-1.8	-1.6	-3.6	-0.3	n.a.	1.6	4.1	4.1
Industrial sector											
Manufacturing Production Index (%YoY) /10	-3.6	-1.2	-2.4	-4.2	-6.8	-6.4	-20.0	-8.4	-2.8	-0.5	-11.4

Economic Indicators	2019	2019				2020					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
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	-12.6	-8.1	-13.2
Import volume of raw materials in USD (%YoY) /1	-7.5	-4.8	-2.5	-14.7	-6.9	-2.8	-21.4	-21.0	-14.9	-10.9	-14.8
Capacity utilization (%) /10	66.0	70.8	65.0	64.8	63.3	66.9	52.9	60.5	63.1	n.a.	60.1
New employment in industrial sector (%YoY) /3	-1.9	1.2	-0.7	-4.8	-3.2	-1.2	-4.8	n.a.	-2.0	12.4	12.4
Thai Industrial Sentiment Index (Index) /9	93.7	95.2	95.1	92.8	91.7	90.1	78.1	83.9	85.2	86.0	84.2
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	-99.96	-79.5
No. of Thai tourists (%YoY)	0.0	3.2	1.9	-3.4	-1.5	-33.2	-90.8	-36.5	-33.8	n.a.	-56.0
New employment in service sector(%YoY) /3	1.1	4.0	2.1	-1.5	-0.2	1.1	-1.2	n.a.	3.8	-3.5	-3.5
External economic stability											
Average exchange rate (Baht/USD) /2	31.0	31.6	31.6	30.7	30.3	31.3	31.9	31.3	31.4	31.3	31.5
Current account (Billion USD)/2	37.3	12.2	5.1	9.1	10.4	9.3	1.1	6.3	1.3	NA	16.7
International reserves (Billion USD)/2	224.3	212.2	215.9	220.5	224.3	226.5	241.6	251.0	251.0	248.5	248.5
Net Forward Position (Billion USD)/2	34.3	32.6	34.5	33.1	34.3	34.4	24.9	22.9	22.9	24.9	24.9
International reserves to short term external debt (times) /2	3.8	3.4	3.5	3.7	3.8	3.8	3.8	4.2*	n.a.	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.	1.8	2.1	2.1
Producer Price Index (%YoY)/4	-1.0	-0.4	-0.1	-1.6	-1.7	-0.4	-4.1	-1.7	-1.3	-0.9	-1.9
Headline inflation (%YoY)/4	0.7	0.7	1.1	0.6	0.4	0.4	-2.7	-0.7	-0.7	-0.5	0.9
Core inflation (%YoY)/4	0.5	0.6	0.5	0.5	0.5	0.5	0.1	0.3	0.3	0.2	0.3
Public debt to GDP (%) /1	41.2	41.8	41.3	41.1	41.2	41.7	45.8	47.9	49.4	n.a.	49.4
Fiscal sector											
Budget expenditure (Billion baht) /1	2,788.3	2,943.9	729.5	813.6	710.4	690.4	292.4	355.3	355.3	2,788.3	2,943.9
(%YoY) /1	-0.1	5.6	-18.3	21.6	20.4	8.6	13.3	2.2	2.2	-0.1	5.6
Current expenditure (Billion baht) /1	2,401.1	2,575.9	703.5	750.4	602.8	519.3	211.8	342.1	342.1	2,401.1	2,575.9
(%YoY) /1	-0.4	7.3	-14.0	31.9	21.1	0.5	5.0	1.5	1.5	-0.4	7.3
Capital expenditure (Billion baht) /1	387.2	367.9	26.0	63.3	107.6	171.1	80.6	13.2	13.2	387.2	367.9
(%YoY) /1	1.8	-5.0	-65.4	-36.9	16.1	43.7	43.3	25.0	25.0	1.8	-5.0
Carry-over budget (Billion baht) /1	254.9	224.9	80.6	62.8	32.8	48.7	30.0	19.3	19.3	254.9	224.9
(%YoY) /1	18.5	-11.8	13.9	2.9	-54.0	-6.0	-2.3	-6.6	-6.6	18.5	-11.8
Government expenditure (Billion baht) /1	3,043.2	3,168.7	810.1	876.4	743.2	739.0	322.4	374.6	374.6	3,043.2	3,168.7
(%YoY) /1	1.2	4.1	-15.9	20.0	12.3	7.5	11.7	1.7	1.7	1.2	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