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Monthly Economic Report (November 2016)

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Mr. Krisada Chinavicharana, Director-General of the Fiscal Policy Office, Spokesperson of the Ministry of Finance **revealed that "The Thai economy in November 2016 improved due to the supportive factor from exports which highly expanded by 10.2 percent per year. Meanwhile, private consumption and government's disbursement continued to support the economy. In addition, internal and external economic stabilities remained robust reflecting the resilient ability to external volatilities."** The details were summarized as follows:

Economic indicators on expenditure side remained favorable. **Private consumption expanded** as reflected from **new motorcycle registrations** which expanded by 10.6 percent per year, the 8th consecutive month of expansion, as the registration in Bangkok Metropolitan Region and other regions expanded by 12.2 and 4.1 percent per year, respectively. In addition, **real VAT collection** expanded by 2.1 percent per year. Meanwhile, **government expenditures particularly capital expenditures** expanded well as in November 2016 the disbursement of capital expenditures expanded by 89.8 percent per year and for the first 2 months of Fiscal Year 2017 the capital expenditures expanded by 40.9 percent per year. In addition, **export value** in November 2016 was recorded at 18.9 billion USD expanding by 10.2 percent per year. The export goods showing expansion composed of agricultural products, electronics, gold, electrical appliances, gems and jewelry, and vehicle and parts which were exported to major trade partners such as China, Japan, EU, U.S.A., Vietnam, ASEAN countries, and Africa. **Import value** in November 2016 expanded by 3.0 percent per year due to the imports of fuel, raw material (excluding gold), and capital goods. Consequently, trade balance in November 2016 showed a surplus of 1.5 billion USD.

Economic indicators on production side showed good signs as **Thai Industries Sentiment Index (TISI)** improved for 3 months consecutively by increasing to 87.6 points, highest in 20 months, due to sale promotion from entrepreneurs during end of year which would increase the production to prepare for increasing trend of domestic expenditures.

Economic stabilities remained robust. In October 2016 **headline inflation and core inflation** expanded by 0.6 and 0.7 percent per year, respectively.

Meanwhile, **unemployment rate** was also at a low level of 1.0 percent of total labor force. In addition, **Public debt to GDP** at the end of October 2016 stood at 42.7 percent of GDP, lower than the Fiscal Sustainability Framework of 60 percent of GDP. **The international reserves** at the end of November 2016 were high at 174.7 billion USD, or approximately 3.3 times of short-term external debt reflecting the resilient ability to risk from the volatilities in global economy.

See Attachment for more details.

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1. Private consumption improved from the previous month as new motorcycle registrations in November 2016 showed expansion for 8 months consecutively at 10.6 percent per year or 10.5 percent per month after seasonal adjustment as the registration in Bangkok Metropolitan Region expanded by 12.2 percent per year and other regions expanded by 4.1 percent per year. In addition, **real VAT collection** expanded by 2.1 percent per year or expanded by 4.3 percent per month after seasonal adjustment. However, farmers' real income and Consumer Confidence Index (CCI) declined from previous month.

Private Consumption Indicators	2015	2016						
		Q1	Q2	Q3	2M/Q4	Oct	Nov	YTD
Real Value Added Tax Collection (%yoy)	1.0	0.1	3.7	1.2	1.4	0.8	2.1	1.6
<i>%qoq_SA / %mom_SA</i>		-0.7	2.7	-2.8	-	-5.6	4.3	
Import of consumption goods	2.2	3.6	3.4	1.5	-1.6	0.6	-3.3	2.0
<i>%qoq_SA / %mom_SA</i>		7.5	-3.4	-1.1	-	1.6	-	
Passenger Car Sales (%yoy)	-19.1	-26.6	4.9	10.6	-7.2	-4.8	-9.4	-5.3
<i>%qoq_SA / %mom_SA</i>		-15.3	19.1	1.2	-	-9.3	-2.3	
Registration of new motorcycles (%yoy)	-0.2	-3.3	7.9	14.1	6.9	3.1	10.6	5.9
<i>%qoq_SA / %mom_SA</i>		3.3	0.1	2.2	-	-9.6	10.5	
Farmers' real incomes (calculated by FPO)	-8.5	-13.5	0.1	10.1	3.9	18.6	-1.7	-0.7
Consumer Confidence Index	64.7	63.4	61.1	62.3	61.6	62.0	61.2	62.2

2. Private investment in overall showed remaining signs. Investment in equipment and machinery as reflected by **import of capital goods** contracted by -1.4 percent per year but expanded by 0.8 percent per month after seasonal adjustment. **Investment in construction** as reflected by **domestic cement sales** in November 2016 contracted with slower rate at -2.4 percent per year but expanded by 2.7 percent per month after seasonal adjustment. **Construction Materials Price Index (CMI)** in November 2016 recorded a decrease with slower pace by -0.4 percent per year as price index in steel and steel products inclined.

Private Investment Indicators	2015	2016						
		Q1	Q2	Q3	2M/Q4	Oct	Nov	YTD
Construction sector								
Real estate tax collection (%yoy)	8.7	6.6	13.2	-5.7	-7.9	-2.2	-12.4	2.2
%qoq_SA / %mom_SA		-12.7	1.9	-13.5	-	-1.0	4.9	
Cement sales (%yoy)	-0.4	3.1	-1.6	-6.0	-3.7	-5.0	-2.4	-1.8
%qoq_SA / %mom_SA		1.3	3.2	-4.8	-	2.5	2.7	
Construction Materials Price Index (CMI)	-4.9	-5.1	-2.2	-3.0	-1.0	-1.6	-0.4	-3.0
Machinery sector								
Commercial car sales (%yoy)	-2.6	4.0	13.6	-3.4	-16.3	-14.0	-18.2	-0.2
%qoq_SA / %mom_SA		-9.5	1.9	-4.2	-	-6.1	-2.4	
Import of capital goods (%yoy)	-2.2	-1.0	-11.6	-0.3	-4.0	-6.4	-1.4	-4.3
%qoq_SA / %mom_SA		-0.9	-8.8	4.2	-	-4.4	0.8	
Import of capital goods excluding airplanes , ships, and trains (%yoy)	-1.4	0.0	-5.1	-2.4	-4.0	-5.5	-2.5	-2.8
%qoq_SA / %mom_SA		-1.3	-5.4	2.0	-	-3.8	4.3	

3. Government expenditures particularly **capital expenditures expanded well** as capital expenditures in November 2016 was disbursed at 21.8 billion baht or expanded by 89.8 percent per year which was a result of an accelerated disbursement of investment projects. In addition, **total government expenditure** in November 2016 was disbursed 175.7 billion baht, contracting by -24.6 percent per year. The annual budgetary expenditure was disbursed 148.4 billion baht or contracted by -29.0 percent per year. Current expenditure was disbursed 126.6 billion baht or declined by -35.9 percent per year. As a result, for the first 2 months of Fiscal Year 2017, the annual budgetary expenditure was disbursed 570.8 billion baht or expanded by 0.4 percent per year or 20.9 percent of budget framework (2,733.0 billion baht) and capital expenditures for the first 2 months of Fiscal Year 2017 expanded by 40.9 percent per year. However, the disbursement of current expenditure declined due to the accelerated disbursement in the previous month. **Net government revenue collection (net of local authorities' allocation)** in November 2016 was amounted at 166.0 billion baht, decreasing by -8.4 percent per year but higher than the estimation of budget document by 3.6 billion baht or 2.2 percent of the estimation of budget document. As a result, the **budget balance** in November 2016 showed a surplus of 28.1 billion baht.

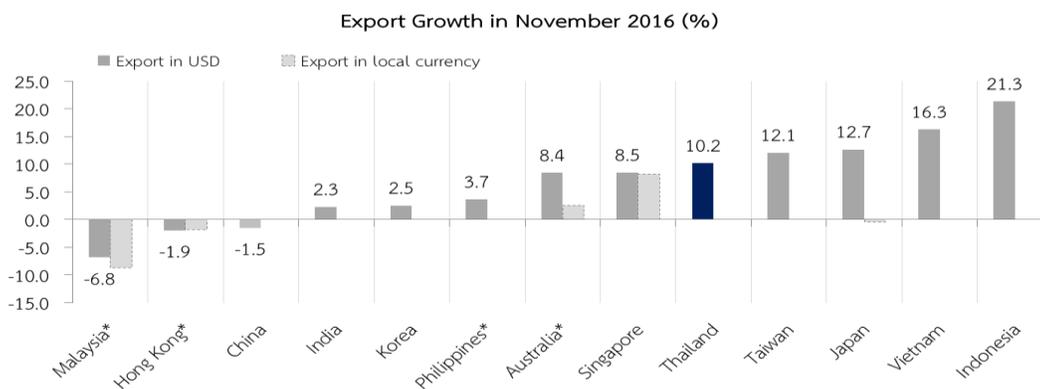
Fiscal Sector Indicators (Billion Baht)	FY2015	FY2016	FY2017			
			Budget framework of FY 2017	Oct	Nov	FYTD
Net Government Revenue (net of local authorities' allocation)	2,213.4	2,393.5	2,343.0	204.0	166.0	367.0
(%y-o-y)	6.7	8.1		22.8	-8.4	6.5
Total government expenditure	2,601.4	2,807.4	2,990.4	435.4	175.7	611.1
(%y-o-y)	5.8	7.9		16.3	-24.6	0.6
Annual budgetary expenditure	2,378.1	2,578.9	2,733.0	422.4	148.4	570.8
(%y-o-y)	5.9	8.4		17.5	-29.0	0.4
Current expenditure	2,106.6	2,214.1	2,183.6	394.9	126.6	521.5
(%y-o-y)	7.4	5.1		17.5	-35.9	-2.3
Capital expenditure	271.6	364.9	549.4	27.5	21.8	49.3
(%y-o-y)	-4.4	34.4		17.0	89.8	40.9
Expenditure (last year)	223.3	228.5	257.4	13.0	27.3	40.2
Budget Balance	-394.4	-395.8	-390.0	-280.9	28.1	-54.5

4. External demand as shown by exports of goods in November 2016 supported Thai economy as exports values were amounted at 18.9 billion USD or expanded by 10.2 percent per year. The export goods showing expansion composed of agricultural products, electronics, gold, electrical appliances, gems and jewelry, and vehicle and parts which were exported to major trade partners such as China, Japan, EU, U.S.A., Vietnam, ASEAN countries, and Africa. **Import value** in November 2016 expanded by 3.0 percent per year due to the imports of fuel, raw material (excluding gold), and capital goods. Consequently, trade balance in November 2016 showed a surplus of 1.5 billion USD.

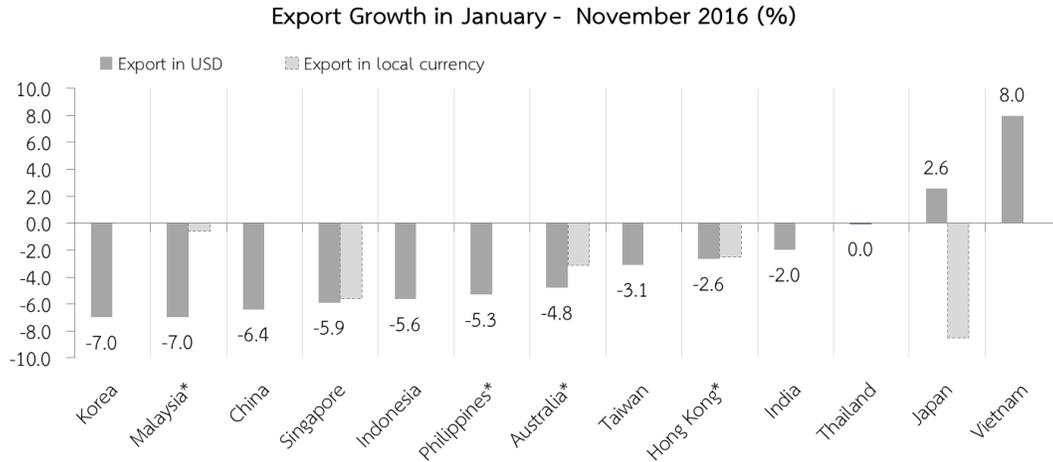
Main trading partners (16 countries)	2015	2015				2016						
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	2M/ Q4	Oct	Nov	YTD
(Export shares 14 >> 15)												
Exports to the world (%yoy)	-5.8	-4.7	-5.0	-5.3	-8.1	0.9	-4.1	1.2	2.7	-4.2	10.2	0.0
1.USA (10.5% >> 11.2%)	0.7	5.6	2.6	0.2	-4.9	-3.2	0.6	7.0	2.3	-4.7	10.3	1.7
2.China (11.0% >> 11.1%)	-5.4	-14.4	1.2	-1.0	-6.3	-6.4	-10.3	-0.4	12.8	4.4	22.0	-2.1
3.Japan (9.6% >> 9.4%)	-7.7	-9.2	-3.9	-8.2	-9.6	5.7	-7.5	0.8	15.7	8.9	22.5	2.5
4.EU (9.2% >> 9.3%)	-5.7	-3.9	-8.4	-4.4	-5.9	-0.5	-1.0	2.7	1.6	-9.2	13.8	0.6
5.Malaysia (5.6% >> 4.8%)	-20.2	-14.7	-18.3	-18.7	-28.5	-4.1	-12.9	-6.1	0.7	-3.0	4.6	-6.3
6.Hong Kong (5.6% >> 5.5%)	-6.2	-11.5	-9.0	-2.0	-1.9	0.6	-8.2	-4.5	-1.4	-6.6	3.9	-3.5

7.Middle East (5.1% >> 4.8%)	-10.0	-6.4	-23.7	-6.4	-3.0	-9.5	-2.5	-14.3	-23.0	-24.7	-21.4	-11.7
8.Australia (4.8% >> 5.3%)	5.3	10.1	7.6	8.4	-3.5	5.5	12.4	10.7	-6.0	-11.0	-0.3	6.6
9.Singapore (4.6% >> 4.1%)	-16.2	-5.4	0.3	-26.1	-31.0	22.5	-35.7	-8.9	5.4	7.6	2.7	-7.9
10.Indonesia (4.2% >> 3.7%)	-17.6	-15.4	-20.6	-21.0	-12.7	8.9	-7.3	16.1	2.8	7.6	-1.9	5.2
11.Africa (3.7% >> 3.2%)	-20.2	-14.5	-15.9	-22.1	-27.9	-11.7	-9.8	-13.1	-4.7	-18.8	17.8	-10.4
12.Vietnam (3.5% >> 4.2%)	13.0	17.7	16.7	8.3	10.9	3.1	-0.1	6.5	5.8	0.3	11.3	3.7
13.Philippines (2.6% >> 2.8%)	2.1	7.4	-3.4	-6.4	10.8	15.4	13.5	9.9	-14.6	-22.2	-5.0	6.4
14.India (2.5% >> 2.5%)	-5.7	6.1	-4.8	-11.5	-11.8	-9.1	-2.4	-2.0	2.2	-0.9	5.3	-3.5
15.South Korea (2.0% >> 1.9%)	-9.2	0.6	-16.4	-10.7	-8.6	-9.7	-8.3	0.8	6.7	-3.5	17.8	-3.5
16.Taiwan (1.8% >> 1.6%)	-12.0	4.7	-11.5	-15.3	-23.1	-18.1	-1.1	-3.0	3.1	0.5	5.5	-5.8
PS.ASEAN-9 (26.1% >> 25.7%)	-7.2	-2.5	-5.9	-10.6	-9.3	3.9	-10.4	0.0	0.7	-0.5	1.8	-1.8
PS.ASEAN-5 (17.0% >> 15.3%)	-15.1	-9.5	-11.8	-19.5	-19.1	9.1	-38.0	1.1	-1.5	-3.2	0.5	-1.8
PS.CLMV (9.1% >> 10.4%)	7.7	10.5	5.5	7.2	7.9	-4.0	-3.5	-1.8	3.6	3.6	3.5	-1.8

In addition, to compare the Thai exports values with that of other countries in region, it was found that in November 2016 Thailand's export values in terms of USD highly expanded by 10.2 percent per year.



* As of October 2016 ** As of September 2016 (Note: The Official figures of Australia, Singapore, Malaysia, Hong Kong and Japan export are in local currency.)



* As of January - October 2016 ** As of January - September 2016 (Note: The Official figures of Australia, Singapore, Malaysia, Hong Kong and Japan export are in local currency.)

5. Supply side indicators showed improving signs from Thai Industries Sentiment Index (TISI) which improved for 3 months consecutively by increasing to 87.6 points, highest in 20 months, due to the expectation of entrepreneurs in economic stimulus measures and sale promotion from entrepreneurs during end of year which would increase the production to prepare for increasing trend of domestic expenditures. However, **Agricultural Production Index** in November 2016 contracted by -3.3 percent per year as major crops such as paddy was contracted due to a reduction in planting areas. Meanwhile, corn products contracted due to end of harvest season. However, livestock and fishery expanded continually. **Agricultural Price Index** in November 2016 expanded by 3.0 percent per year as prices of main crops such as rubber and oil palm highly increased by 49.3 and 29.9 percent, respectively due to an increasing price in crude oil. **The number of inbound foreign tourists** in November 2016 which was recorded at 2.45 million persons or decreased by -4.4 percent per year due to a decrease of Chinese tourists (26.5 percent of total foreign tourists) which was a result of the crackdown on zero-dollar tour. However, incomes from foreign tourism in November 2016 expanded by 0.06 percent per year worth 1,280 billion baht.

Supply Side Indicators	2015	2016						
		Q1	Q2	Q3	2M/Q4	Oct	Nov	YTD
Agricultural Production Index (%yoy)	-3.8	-8.4	-3.1	-1.2	3.4	21.0	-3.3	-2.4
%qoq_SA / %mom_SA		-4.0	-4.0	2.1	-	10.3	-12.8	-
Thai Industries Sentiment Index (TISI) (percent)	85.8	86.0	85.6	84.3	87.1	86.5	87.6	85.6
Manufacturing Production Index (%yoy)	0.3	-0.9	1.7	-0.3	-	0.0	-	0.4
%qoq_SA / %mom_SA		0.1	0.4	-0.7	-	-0.5	-	-
Number of Inbound foreign Tourists (%yoy)	20.6	15.5	8.2	12.8	-2.1	0.5	-4.4	9.7
%qoq_SA / %mom_SA		14.7	1.1	2.9	-	-9.0	-5.0	-

6. Internal stabilities remained favourable and external stabilities remained robust. **Headline inflation** in November 2016 was 0.6 percent per year due to low base of prices in fresh food and oil in the previous year. **Core inflation** was 0.7 percent per year. Meanwhile, **unemployment rate** in November 2016 was 1.0 percent of total labor force or 380,000 persons. Meanwhile, **Public debt to GDP** at the end of October 2016 stood at 42.7 percent of GDP, lower than the Fiscal Sustainability Framework of 60 percent of GDP. **External stabilities** were stable and reflected the resilient ability to risk from the volatilities in global economy as **the international reserves** at the end of November 2016 were high at 174.7 billion USD, or approximately 3.3 times of short-term external debt.

Macroeconomic Stability Indicators	2015	2016						
		Q1	Q2	Q3	2M/Q4	Oct	Nov	YTD
<u>Internal Stability</u>								
Headline Inflation (%yoy)	-0.9	-0.5	0.3	0.3	0.5	0.3	0.6	0.1
Core Inflation (%yoy)	1.1	0.7	0.8	0.8	0.7	0.7	0.7	0.7
Unemployment rate (% of total labor force)	0.9	0.9	1.1	0.9	1.1	1.2	1.0	1.0
Public debt (% of GDP)	44.4	44.1	43.44	42.7	42.7*	42.7	-	42.7
<u>External Stability</u>								
Current Account Balance (Billion USD)	32.1	17.9	8.0	10.3	2.9*	2.9	-	39.0
International Reserves (Billion USD)	156.5	175.1	175.5	180.5	174.7	180.3	174.7	174.7
Net Forward (Billion USD)	11.7	13.9	15.7	20.2	23.0	21.9	23.0	23.0
International reserves to short term external debt (times)	3.0	3.0	2.9	3.2	3.3*	3.3	-	3.3

