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Monthly Economic Report (As of March 2022)

“The Thai economy in March 2022 was supported by the continued expansion of the export sector and the improving tourism sector from both foreign tourists and Thai visitors. However, the Russia-Ukraine conflict affected consumer confidence and domestic price level.”

Mr. Pornchai Teerawet, Director General of the Fiscal Policy Office, Mr. Wuttipong Jittungsakul, Fiscal Policy Advisor, and Mr. Pisit Puapan, Executive Director of Macroeconomic Policy Bureau revealed the economic report in March 2022 that “The Thai economy in March 2022 was supported by the continued expansion of the export sector and the improving tourism sector from both foreign tourists and Thai visitors. However, the Russia-Ukraine conflict affected consumer confidence and domestic price level” The details were summarized as follows:

Economic indicators on private consumption represented stable signs from the previous month. Real VAT collection in March 2022 expanded by 1.1 percent per year and increased by 1.3 percent from the previous month after a seasonal adjustment. Meanwhile, durable goods consumption was reflected by passenger car sales, decreasing by -1.4 but increasing 10.2 percent from the previous month after a seasonal adjustment. Real farm income in March 2022 expanded by 7.6 percent per year. However, Motorcycle registration decreased by -8.6 percent per year and decreased by -9.6 percent from the previous month after a seasonal adjustment. Additionally, the Consumer Confidence Index (CCI) fell to 42.0 in March 2022 since consumers concerned about the epidemic situation of COVID-19 and the Russia-Ukraine conflict caused the global price of oil to increase. Production costs and commodity prices rose, resulting in a decline in consumer confidence.

Economic indicators on private investment showed signs of slowing down from the previous month. Machinery and equipment investment was reflected by import volume of capital goods in March 2022, expanding 1.5 percent per year but decreasing by -2.0 percent from the previous month after a seasonal adjustment. Commercial car sales increased by 15.4 percent per year but decreased by -4.8 percent from the previous month after a seasonal adjustment. For investments on construction category, cement sales in March 2022 decreased by -2.7 percent per year and decreased by -0.5 percent from the previous month after a seasonal adjustment. Meanwhile, real estate tax collection decreased by -14.6 percent year and decreased -14.8 percent from the previous month after a seasonal adjustment.

Thai exports continued to grow from the same period last year. Thai exports maintained growth momentum for 13 consecutive months, reaching 28,859.6 million USD with the growth rate of 19.5 percent in March 2022. Moreover, the exports of real sector (excluding gold, oil-related products, and weaponry) expanded by 8.9 percent per year. There was an expansion on many export goods as follows: 1) Commodities benefiting from higher prices of energy and commodities, including iron, steel and products, crude oil, refined oil, chemicals, plastic resins, vehicle tires; 2) Agricultural and food products, particularly sugar, rice, pet food and food condiments expanded by 204.3, 53.9, 15.5, and 9.7 percent per year, respectively; 3) ‘Work from home’ products such as computers and parts, telephones and parts, home appliances such as microwave ovens, conditioner, refrigerator, and air conditioning; 4) COVID-19 related products such as medical devices, pharmaceutical products, were continually ordered. Considering the value of goods export classified by the Thailand’s main trading partners, it was found that the export to the main trading partners continued to improve in almost every market. In particular, the export values to India, ASEAN-5, the United States, and South Korea expanded by 43.3, 34.8, 21.5 and 14.5 percent per year, respectively.

Supply-side indicators showed signs of improvement from the same period last year. The agricultural sector was reflected by Agricultural Product Index (API) in March 2022, expanding by 4.9 percent per year, due to increasing in the paddy, rubber, and fruit products. In the tourism sector, there were 210,836 foreign tourists in March 2022. The majority of tourists in this month were the United Kingdom, Germany, the United States, France and India. Likewise, the number of Thai visitors in March 2022 reached 15.4 million people, increasing by 42.4 percent per year and increasing by 26.6 percent from the previous month after a seasonal adjustment. Meanwhile, the manufacturing sector is reflected by Thai Industries Sentiment Index (TISI), increasing from 86.7 in February 2022 to 89.2. There were supporting factors from the relaxation of Covid-19 control measures in both Thailand and foreign countries. As a result, economic activity gradually recovered and demand for industrial products increased. In addition, entrepreneurs accelerated the production to deliver the products before the Songkran festival. However, industries still worried about the Russia-Ukraine conflict, which pushed up the price of energy and materials.

Internal economic stabilities remained favourable, although there was pressure on the increasing in price level. Headline and core inflation in March 2022 were at 5.73 and 2.0 percent per year, respectively. Meanwhile, public debt to GDP at the end of February 2022 stood at 60.2 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 March 2022 were high at 242.4 billion USD.

Table 1 Quarterly and Monthly Economic Indicators in March 2022

Economic Indicators	2020	2021	2021				2022			
			Q1	Q2	Q3	Q4	Q1	Feb	Mar	YTD
External sector										
Dubai crude oil price (US\$/Barrel) /7	42.21	69.27	60.01	67.00	71.42	78.65	95.40	91.91	110.83	95.40
Fed funds rate (%) /7	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	2.50-5.00	0.25-0.50	2.50-5.00	2.50-5.00
Demand-side indicators										
Private consumption indicators										
Value added tax at constant price (%YoY) /1	-6.6	11.9	-3.9	22.0	14.2	17.4	14.0	27.7	1.1	14.0
Sales of passenger cars (%YoY)/14	-30.6	-10.1	-16.7	33.2	-19.2	-17.7	16.0	19.1	-1.4	16.0
The number of new motorcycles registrations (%YoY)/13	-10.4	4.8	1.2	40.5	-21.4	9.1	3.2	14.4	-8.6	3.2
Import volume of consumer goods in USD (%YoY) /1	-10.1	16.2	8.8	26.0	15.6	15.9	5.9	3.1	3.5	5.9
Consumer Confidence Index (Index) /5	52.6	44.7	48.6	44.6	40.6	45.0	43.4	43.3	42.0	43.4
Private investment indicators										
Import volume of capital goods in USD (%YoY) /1	-10.3	15.1	5.1	25.0	22.2	10.0	8.1	6.3	1.5	8.1
Sales of commercial cars (%YoY)/14	-15.1	-1.9	5.9	42.1	-24.9	-11.6	20.6	29.8	15.4	20.6
Total taxes collected from real estate transaction (%YoY) /1	-12.5	3.2	5.8	14.3	-8.5	3.9	-1.8	10.4	-14.6	-1.8
Domestic cement sales (%YoY) /2	-0.5	-1.0	4.7	1.3	-9.4	-1.0	0.0	0.6	-2.7	0.0
Construction material price index (%YoY) /14	-1.8	8.0	4.4	9.7	8.4	9.8	7.2	6.7	8.6	7.2
International trade indicators										
Exports (Billion USD): custom basis	231.6	271.2	64.0	68.2	67.7	71.3	73.6	23.5	28.9	73.6
(%YoY)/4	-5.9	17.1	1.9	31.8	15.3	22.1	14.9	16.2	19.5	14.9
Export price (%YoY)/4	-0.8	3.3	2.1	4.0	3.1	3.8	3.9	3.8	4.5	3.9
Export volume (%YoY)/14	-5.2	13.4	-0.3	26.7	11.8	17.7	10.5	12.0	14.4	10.5
Imports (Billion USD): custom basis	206.2	267.6	63.0	65.5	68.1	71.0	74.5	23.4	27.4	74.5
(%YoY) /4	-12.7	29.8	8.2	46.3	41.0	29.4	18.4	16.8	18.0	18.4
Import price (%YoY)/4	-2.0	10.4	6.1	12.3	10.5	12.6	12.6	12.1	14.5	12.6
Import volume (%YoY) /14	-11.0	17.6	1.8	30.1	27.6	14.9	5.1	4.2	3.0	5.1
Trade balance (Billion USD): custom basis/4	25.5	3.6	1.1	2.6	-0.4	0.3	-0.9	0.1	1.5	-0.9
Supply-side indicators										
Agricultural sector										
Agricultural Production Index (%YoY) /6	-1.7	0.7	0.1	2.2	4.1	-1.5	4.7	8.8	4.9	4.7
Agricultural Price Index (%YoY) /6	6.0	3.0	8.9	12.5	-4.5	-4.3	4.7	0.4	8.8	4.7
Real farm income (%YoY)/14	5.5	0.6	9.0	11.8	-1.9	-8.7	3.8	3.4	7.6	3.8
New employment in agricultural sector(%YoY) /3	-0.1	1.8	2.8	2.4	1.0	1.3	n.a.	n.a.	n.a.	n.a.

Economic Indicators	2020	2021	2021				2022			
			Q1	Q2	Q3	Q4	Q1	Feb	Mar	YTD
Industrial sector										
Manufacturing Production Index (%YoY) /10	-9.5	5.8	0.7	21.0	-0.3	4.7	n.a.	2.8	n.a.	2.4
Import value of raw materials in USD (%YoY) /1	-9.8	39.1	26.3	53.0	53.6	27.8	7.3	6.3	-2.8	7.3
Import volume of raw materials in USD (%YoY) /1	-11.8	31.4	20.4	44.0	45.3	19.9	0.2	-0.5	-9.6	0.3
Capacity utilization (%) /10	60.1	63.0	66.3	62.7	58.5	64.5	n.a.	64.8	n.a.	65.2
New employment in industrial sector (%YoY) /3	-1.0	-1.3	-0.4	-0.2	-0.4	-4.0	n.a.	n.a.	n.a.	n.a.
Thai Industrial Sentiment Index (Index) /9	84.6	82.7	85.3	82.4	78.2	84.8	88.0	86.7	89.2	88.0
Service sector										
No. of foreign tourists (Million persons) /11	6.70	0.43	0.02	0.02	0.05	0.34	0.50	0.15	0.21	0.50
(%YoY) /14	-83.2	-93.6	-99.7	100.0	100.0	3,060.5	2,367.2	2,564.2	3,029.5	2,367.2
No. of Thai tourists (%YoY)	-47.9	-41.7	-34.4	88.3	-87.8	-29.7	74.1	72.2	42.4	74.1
New employment in service sector (%YoY) /3	1.1	-0.2	-0.6	3.2	-1.5	-0.8	n.a.	n.a.	n.a.	n.a.

Economic Indicators	2020	2021	2021				2022			
			Q1	Q2	Q3	Q4	Q1	Feb	Mar	YTD
External economic stability										
Average exchange rate (Baht/USD)/2	31.4	32.0	30.3	31.4	33.0	33.4	33.1	32.7	33.3	33.1
Current account (Billion USD) /2	21.2	-10.9	-1.2	-2.5	-5.2	-1.7	n.a.	-0.7	n.a.	-2.9
International reserves (Billion USD) /2	258.1	246.0	245.5	246.5	244.7	246.0	242.4	245.1	242.4	242.4
Net Forward Position (Billion USD)/2	28.3	33.2	32.7	33.3	32.7	33.2	30.5	31.7	30.5	30.5
Internal economic stability										
Unemployment rate (%) /3	1.6	1.9	2.0	1.9	2.3	1.6	n.a.	n.a.	n.a.	n.a.
Initial Jobless Claims (% of the total number of social security insurance person under article 33) /15	0.89	0.70	0.77	0.71	0.70	0.60	0.82	0.60	1.31	0.82
Producer Price Index (%YoY) /4	-1.6	1.23	0.7	5.4	5.1	7.7	9.8	9.4	11.4	9.8
Headline inflation (%YoY) /4	-0.8	1.23	-0.53	2.36	0.70	2.24	4.75	5.28	5.73	4.75
Core inflation (%YoY) /4	0.3	0.23	0.11	0.44	0.13	0.12	1.43	1.80	2.00	1.43
Public debt to GDP (%) /1	51.8	59.6	54.3	55.2	58.2	59.6	n.a.	60.17	n.a.	60.17

Fiscal sector	FY2564	FY2564 Q1	FY2564 Q2	FY2564 Q3	FY2564 Q4	FY2565 Q1	FY2565 Q2	FY2565 Feb 2022	FY2565 Mar 2022	FYTD
Budget expenditure (Billion baht) /1	3,012.2	938.5	612.9	677.0	783.7	983.6	606.3	151.2	272.3	1,589.9
(%YoY) /1	2.3	28.7	-24.7	-4.7	13.5	4.8	-1.1	-8.5	5.3	2.5
Current expenditure (Billion baht) /1	2,583.8	865.5	526.2	553.4	638.7	886.6	515.2	121.5	231.3	1,401.8
(%YoY) /1	0.3	23.0	-29.9	-8.2	23.0	2.4	-2.1	-14.3	9.2	0.7
Capital expenditure (Billion baht) /1	428.4	73.0	86.7	123.6	145.0	97.0	91.0	29.8	40.9	188.0
(%YoY) /1	16.4	180.9	37.1	14.9	-15.2	32.8	5.0	26.6	-12.0	17.7
Carry-over budget (Billion baht) /1	196.5	79.8	54.2	26.8	35.8	75.5	57.6	17.6	21.5	133.1
(%YoY) /1	-12.6	-1.0	-13.7	-18.3	-26.5	-5.3	6.4	8.8	7.7	-0.6

Fiscal sector	FY2564	FY2564 Q1	FY2564 Q2	FY2564 Q3	FY2564 Q4	FY2565 Q1	FY2565 Q2	FY2565 Feb 2022	FY2565 Mar 2022	FYTD
Government expenditure (Billion baht) /1	3,208.7	1,018.3	667.0	703.8	819.5	1,059.1	663.9	168.8	293.8	1,723.0
(%YoY) /1	1.3	25.7	-23.9	-5.3	10.9	4.0	-0.5	-7.0	5.5	2.2

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/Toyota Motor Thailand Co.,Ltd.14 /Fiscal Policy Office 15/ Social Security Office