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Monthly Economic Report (As of July 2023)

“The Thai economy in July 2023 received supporting factors from private sector consumption in the durable goods category and from the expanding tourism sector, driven consistently by international tourists and Thai visitors. Meanwhile, the inflation rate has continuously decreased. However, export of goods has still been affected by the global economic slowdown.”

Mr. Pornchai Theravej, Director General of the Fiscal Policy Office revealed the Thai economic situation in July 2023 that “The Thai economy in July 2023 received supporting factors from private sector consumption in the durable goods category and from the expanding tourism sector, driven consistently by international tourists and Thai visitors. Meanwhile, the inflation rate has continuously decreased. However, export of goods has still been affected by the global economic slowdown.” The details were summarized as follows:

The economic indicators for private sector consumption show positive adjustment compared to the same period the previous year, especially in the durable goods category. Consumer spending on durable goods, reflecting the quantity of newly registered cars and motorcycles, increased in July 2023 from the same period the previous year by 17.3% and 13.0% respectively. Moreover, it increased compared to the previous month after adjusting for the seasonal effects, with a growth of 7.5% for cars and 6.6% for motorcycles. Meanwhile, the consumer confidence index in July 2023 decreased from 56.7 in the previous month to 55.6, as consumers expressed concerns about household debt and value-added tax. In July 2023, the Consumer Price Index (CPI) declined by -10.2% from the same period the previous year, indicating stable prices. As for agricultural income, in reality, it decreased by -1.6% in July 2023 compared to the same period the previous year.

Economic indicators for private sector investment show positive adjustment compared to the same period the previous year. Private sector investment in machinery and equipment, reflected by the volume of capital goods imports, increased in July 2023 by 6.0% compared to the same period the previous year and grew compared to the previous month after adjusting for seasonal effects, with a growth of 1.8%. However, the volume of commercial vehicle sales in July 2023 decreased by -19.9% from the same period of the previous year. As for investment in the construction sector, it is influenced by the volume of domestic cement sales. In July 2023, it increased by 5.6% compared to the same period the

previous year and also increased compared to the previous month after adjusting for seasonal effects, with a growth of 1.9%. Meanwhile, property transaction taxes increased from the same period the previous year by 6.9% but decreased compared to the previous month after adjusting for seasonal effects, with a decline of -1.5%.

The value of exports contracted from the same period the previous year. The total value of exported goods in terms of United States dollars in July 2023 stood at \$22,143.2 million, decreasing by -6.2% compared to the same period the previous year. However, if we consider only the value of exported goods excluding oil, gold, military weapons, and jewelry, there was a reduction of -2.0%. Part of this decline was due to decreased exports of computer products, rubber products, gems and jewelry, plastic pellets, chemicals, refined oil, rubber, canned and processed seafood, palm oil products, and brown sugar. Nonetheless, products that expanded well included automobiles and components, telecommunications equipment and components, chilled, frozen, and dried fruits, milk and dairy products, and seasoning products. When examining the value of exports by categorizing them based on Thailand's main trading partners, it's evident that for the most part, the decrease was due to the slowdown in countries' demand. Nevertheless, there are several markets where expansion continued, such as Hong Kong, the United Kingdom, Oceania, and the United States, which grew by 9.7%, 5.8%, 2.4%, and 0.9% respectively. This trend is also consistent with other markets that expanded well, like Switzerland and Russia, which grew by 64.9% and 33.8% respectively compared to the same period the previous year.

The Thai economy's indicators for the supply side have received support from the tourism sector, which has adjusted positively from the same period the previous year. In July 2023, the tourism service sector had a total of 2.49 million foreign tourists entering Thailand, marking an expansion rate of 119.5% compared to the same period the previous year and increasing by 0.3% compared to the previous month after accounting for seasonal effects. The majority of tourists were from China, Malaysia, South Korea, India, and Vietnam, respectively. Similarly, domestic tourism also expanded with 19.8 million Thai visitors in July 2023, growing by 18.1% from the same period the previous year and increasing by 2.1% compared to the previous month after accounting for seasonal effects. For the agricultural sector, this was reflected in the index of agricultural product production, which increased by 2.7% in July 2023 compared to the same period the previous year but decreased by -1.5% compared to the previous month after accounting for seasonal effects. This was due to the expansion of livestock and fruit production while rice paddy, cassava, and corn production decreased. On the other hand, the industrial sector was influenced by the industrial confidence index, which decreased to 92.3 in July 2023 from 94.1 in the previous month, due to concerns about the global economy slowing down.

Internal economic stabilities remained favourable, while the price level pressure decreased. Headline and core inflation in July 2023 were at 0.38 and 0.86 percent per year, respectively. Meanwhile, public debt to GDP at the end of June 2023 stood at 61.2 percent of GDP lower than the Fiscal Sustainability Framework 2018. Moreover, the new unemployment beneficiary rate is 0.61 percent of the whole registered labour force. External economic stability remained robust reflecting the resilient ability to risk from the volatilities in the global economy as the international reserves at the end of July 2023 were high at 220.7 billion USD.

Table 1 Quarterly and Monthly Economic Indicators in July 2023

Economic Indicators	2022	2022				2023				
		Q1	Q2	Q3	Q4	Q1	Q2	June	July	YTD
Demand-side indicators										
Private consumption indicators										
Value added tax at constant price (%YoY) /1	6.4	14.0	7.1	7.3	-2.0	-0.5	-8.2	-10.9	-10.2	-5.2
Sales of passenger cars (%YoY)/2	5.3	16.0	9.2	16.1	-14.8	2.4	17.2	24.2	17.3	10.0
The number of new motorcycles registrations (%YoY)/3	12.0	3.2	6.0	38.5	6.3	13.5	6.6	3.2	13.0	10.4
Import volume of consumer goods in USD (%YoY) /4	-1.8	3.9	0.9	-0.7	-10.7	-1.2	-4.3	-3.9	5.4	-1.7
Consumer Confidence Index (Index) /5	43.9	43.4	40.8	43.6	47.9	52.7	55.8	56.7	55.6	54.4
Private investment indicators										
Import volume of capital goods in USD (%YoY) /4	-1.5	7.1	3.5	-4.9	-10.7	-4.7	1.2	-1.9	6.0	-0.7
Sales of commercial cars (%YoY)/2	15.2	20.6	9.7	37.5	-0.2	-10.2	-12.8	-17.1	-19.9	-12.5
Total taxes collected from real estate transaction (%YoY) /1	13.4	-1.8	18.4	21.9	14.6	19.3	-5.1	9.4	6.9	5.9
Domestic cement sales (%YoY) /4	-2.5	0.0	-7.8	2.8	-4.7	-3.3	3.9	3.1	5.6	0.8
Construction material price index (%YoY) /6	5.7	7.2	6.9	5.6	3.4	2.2	-1.2	-0.9	-0.5	0.3
International trade indicators										
Exports (Billion USD): custom basis/6	287.4	73.6	75.6	72.2	66.0	70.3	70.9	24.8	22.1	163.3
(%YoY)/6	5.7	14.8	10.8	6.7	-8.2	-4.5	-6.2	-6.4	-6.2	-5.5
Export price (%YoY)/6	4.2	3.9	5.1	4.4	3.1	2.0	0.3	-0.4	0.5	1.0
Export volume (%YoY)/4	1.5	10.4	5.4	2.1	-11.0	-6.3	-6.4	-6.0	-6.7	-6.4
Imports (Billion USD): custom basis/6	301.0	73.2	79.7	80.0	68.2	73.3	74.2	24.8	24.1	171.6
(%YoY) /6	12.8	16.3	21.5	18.9	-4.1	0.2	-6.9	-10.3	-11.1	-4.7
Import price (%YoY)/6	11.1	12.6	14.1	11.2	6.7	2.0	-3.0	-5.2	-3.3	-1.0
Import volume (%YoY) /4	1.5	3.2	6.5	6.9	-10.1	-1.7	-3.9	-5.3	-8.0	-3.6
Trade balance (Billion USD): custom basis/6	-13.6	0.4	-4.1	-7.8	-2.2	-3.0	-3.3	0.1	-2.0	-8.3
Supply-side indicators										
Agricultural sector										
Agricultural Production Index (%YoY) /7	1.8	3.1	4.5	-1.7	1.6	4.1	0.8	1.0	2.7	2.6
Agricultural Price Index (%YoY) /7	11.6	4.5	10.0	20.1	12.9	-1.3	-5.4	-6.0	-3.7	-3.4
Real farm income (%YoY)/4	7.1	2.4	7.7	9.9	8.5	-0.9	-5.8	-5.3	-1.6	-2.9
Employment in agricultural sector(%YoY) /8	-0.6	3.4	-0.4	-1.9	-2.9	1.2	-0.1	-0.8	1.5	0.7
Industrial sector										
Manufacturing Production Index (%YoY) /9	0.4	1.4	-1.1	7.7	-6.0	-3.7	-5.5	-5.0	-4.4	-4.5
Import value of raw materials in USD (%YoY) /6	8.2	6.9	16.2	16.6	-6.8	-5.0	-12.5	-14.5	-24.4	-11.5

Economic Indicators	2022	2022				2023				
		Q1	Q2	Q3	Q4	Q1	Q2	June	July	YTD
Import volume of raw materials in USD (%YoY) /4	3.1	-0.1	9.3	12.1	-9.0	-7.6	-14.2	-15.8	-26.1	-13.5
Capacity utilization (%) /9	62.8	66.8	61.2	62.8	60.3	63.8	57.6	59.2	58.2	60.4
Employment in industrial sector (%YoY) /8	4.9	1.8	3.9	6.4	7.9	0.8	1.4	2.1	2.8	1.3
Thai Industrial Sentiment Index (Index) /10	89.3	88.0	85.6	90.4	93.1	96.0	93.9	94.1	92.3	94.5
Service sector										
No. of foreign tourists (Million persons) /11	11.15	0.50	1.58	3.61	5.46	6.48	6.44	2.24	2.49	15.41
(%YoY) /4	2,506.9	2,365.5	7,710.3	7,847.7	1,497.8	1,202.4	306.5	191.5	119.5	379.1
No. of Thai tourists (%YoY) /11	182.4	74.1	400.4	1,169.3	83.4	33.2	24.9	22.1	18.2	28.5
Employment in service sector (%YoY) /8	6.8	4.0	5.6	9.5	8.4	3.9	2.8	1.7	1.2	3.0
Economic Stability Indicators										
External economic stability										
Average exchange rate (Baht/USD)/12	35.0	33.1	34.4	36.4	36.2	33.9	34.5	34.9	34.6	34.3
Current account (Billion USD) /12	-17.4	-2.1	-7.8	-7.9	0.4	3.5	-1.9	1.4	-0.4	1.1
International reserves (Billion USD) /12	216.6	242.4	222.3	199.4	216.6	224.5	218.2	218.2	220.7	220.7
Net Forward Position (Billion USD)/12	29.2	300.5	28.7	28.7	29.2	27.1	30.5	30.5	31.1	31.1
Internal economic stability										
Unemployment rate (%) /8	1.3	1.5	1.4	1.2	1.2	1.0	1.1	0.9	1.2	1.1
Initial Jobless Claims (% of the total number of social security insurance person under article 33) /4	0.57	0.61	0.52	0.62	0.52	0.60	0.65	0.69	0.61	0.63
Producer Price Index (%YoY) /6	10.4	9.8	13.3	11.1	7.3	0.7	-5.0	-6.6	-5.4	-2.7
Headline inflation (%YoY) /6	6.08	4.74	6.46	7.29	5.81	3.88	1.14	0.23	0.38	2.18
Core inflation (%YoY) /6	2.50	1.44	2.26	3.08	3.21	2.23	1.51	1.32	0.86	1.72
Public debt to GDP (%) /1	61.0	60.6	61.0	60.5	61.0	61.2	61.2	61.2	n.a.	61.2
External sector										
Dubai crude oil price (US\$/Barrel) /13	96.04	95.40	107.84	96.10	84.83	80.29	77.7	74.7	80.80	79.25
Fed funds rate (%) /13	4.25-4.50	0.25-0.50	1.50-1.75	3.00-3.25	4.25-4.50	4.75-5.00	5.00-5.25	5.00-5.25	5.00-5.25	5.00-5.25

Note: p refers to Preliminary data which calculated by Fiscal policy office from National Statistical Office data

Source: 1/Ministry of Finance, 2/Toyota Motor Thailand Co., Ltd., 3/ Department of Land Transport, 4 /Calculated by Fiscal Policy Office, 5/ The University of the Thai Chamber of Commerce, 6/ Ministry of Commerce, 7/ Office of Agricultural Economics, 8/National Statistical Office, 9/ The Office of Industrial Economics, 10/ The Federation of Thai Industries, 11/ Ministry of Tourism & Sports, 12/Bank of Thailand, 13/Reuters