



## Monthly Economic Report (October and Third Quarter of 2019)

Mr. Lavaron Sangsnit, Director of Fiscal Policy Office, and Mr. Pisit Puapan, Executive Director of Macroeconomic Policy Bureau, as the Deputy Spokesperson of Fiscal Policy Office, revealed the economic report of September 2019: “Thai economy in September 2019 showed softening signs from demand-side indicators, particularly export sector. However, the supply-side indicators showed signs of recovery from foreign tourists with the highest level of increase in foreign tourists in last 15 months, along with growth in the agricultural sector. Economic stability remains favorable.”

### Private Consumption

**Private consumption slowed overall**, indicated by the real VAT collection which declined at -2.3 percent per year, -3.3 percent down from the previous month (seasonally adjusted). This resulted in a decline in the third quarter at -5.7 percent per year. The sales of passenger cars also declined at -2.4 percent per year, -2.1 percent down from the previous month (seasonally adjusted). However, the number for the third quarter was a slight decline at -1.7 percent per year. Additionally, the number of registration of new motorcycles decline at -3.2 percent per year, -5.1 percent down from the previous month (seasonally adjusted). However, the number for the third quarter was a slight growth at 0.9 percent per year. Meanwhile, the Consumer Confidence Index dropped from 60.9 to 59.3, a 7-month consecutive decline. Despite economic stimulus policies, consumers are still concerned about situations regarding global economy, particularly the US-China trade war and Brexit. This results in the decline of the Index in the third quarter at 60.8. The real income of farmers grew at 3.0 percent per year, resulting in the growth in the third quarter at 2.4 percent per year.

Consumption	2017	2018	2018				2019					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep	YTD
Real VAT (%YoY)	3.7%	5.6%	4.1%	6.0%	6.6%	5.8%	1.7%	0.4%	-5.7%	-5.3%	-2.3%	-1.3%
%qoq_SA / %mom_SA			2.1%	2.0%	2.4%	-0.7%	-1.8%	0.5%	-3.7%	-1.3%	-3.3%	
Imports of consumption goods (%YoY)	4.7%	8.4%	7.6%	11.6%	6.1%	8.2%	0.7%	-1.5%	N/A	-1.9%	N/A	1.4%
%qoq_SA / %mom_SA			2.2%	4.5%	-2.7%	4.2%	-5.0%	2.1%	N/A	-12.3%	N/A	
Passenger car sales (%YoY)	23.7%	15.4%	12.1%	23.6%	21.2%	6.8%	13.9%	3.7%	-1.7%	-3.3%	-2.4%	5.0%
%qoq_SA / %mom_SA			-1.5%	8.5%	1.3%	-0.8%	4.2%	-1.2%	-3.3%	-0.8%	-2.1%	
Registration of new motorcycles (%YoY)	4.5%	-2.9%	-1.7%	-5.8%	-3.7%	-0.2%	-0.1%	-7.1%	0.9%	-4.4%	-3.2%	-2.2%
%qoq_SA / %mom_SA			-4.1%	0.8%	-1.8%	4.9%	-3.8%	-6.4%	6.9%	-12.9%	-5.1%	
Consumer Confidence Index	64.0	67.8	66.7	67.5	69.6	67.4	68.1	64.8	60.8	60.9	59.3	64.6
Real Farm Income (FPO; %YoY)	3.4%	1.2%	-4.2%	5.0%	6.2%	0.4%	-0.2%	-1.8%	2.4%	3.1%	3.0%	0.1%

Table 1: Indicators regarding private consumptions

## Private Investment

Private investment in equipment sectors showed signs of slowing pace, while the construction sectors started improving. The former is indicated by decline of commercial car sales at -21.4 percent per year; -9.0 percent down from the previous month (seasonally adjusted). This resulted in the -11.3 percent-per-year decrease in the third quarter of 2019. The latter is indicated by the real estate tax collection which grew at 8.5 percent per year; 5.7 percent up from the previous month (seasonally adjusted). Despite this, the number of the third quarter was a -2.3 percent-per-year decline. The sales of cement also remained declining at -10.0 percent per year, an 8-month consecutive drop. This resulted in a -9.2 percent-per-year decline in the third quarter. From the previous month, however, the sales grew at 4.4 percent (seasonally adjusted). The Construction Material Index declined at -2.8 percent per year, particularly due to the drop in the global price of products in steel categories, alongside the slowing demand. This resulted in the decrease at -2.4 percent per year in the third quarter.

Private Investment	2017	2018	2018				2019					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul	Aug	YTD
<b>Private Investment in Equipment Indicators</b>												
Imports of Capital Goods (volume; %YoY)	6.3%	3.4%	9.1%	5.6%	-1.1%	0.5%	-9.5%	-6.1%	N/A	-9.6%	N/A	-5.9%
%qoq_SA / %mom_SA			5.0%	-1.4%	-3.5%	0.4%	-5.3%	2.2%	N/A	-14.3%	N/A	
Commercial Car Sales (%YoY)	7.5%	22.2%	13.0%	28.2%	22.8%	25.0%	9.5%	2.9%	-11.3%	-9.2%	-21.4%	0.2%
%qoq_SA / %mom_SA			10.5%	10.0%	2.8%	0.3%	-3.3%	2.8%	-11.0%	-5.6%	-9.0%	
<b>Private Investment in Construction Indicators</b>												
Real estate tax collection (%YoY)	-0.9%	13.2%	14.8%	16.8%	10.8%	11.2%	4.9%	-15.6%	-2.3%	-9.2%	8.5%	-4.7%
%qoq_SA / %mom_SA			6.3%	6.4%	-1.2%	-0.3%	0.1%	-14.3%	13.9%	2.2%	5.7%	
Cement sales (%YoY)	1.3%	4.9%	1.6%	4.0%	8.8%	5.6%	-3.0%	-3.9%	-9.2%	-12.9%	-10.0%	-5.3%
%qoq_SA / %mom_SA			2.0%	-0.1%	4.5%	-0.9%	-6.3%	-0.8%	-1.5%	-8.7%	4.4%	
Construction Material Index (%YoY)	1.9%	2.6%	2.8%	3.6%	3.2%	1.0%	0.0%	0.0%	-2.4%	-2.3%	-2.8%	-0.8%

Table 2: Indicators regarding private investment

## Fiscal Sector

Fiscal sector is indicated by total government expenditure in September 2019 which totaled 288.7 billion baht. Among this is the expenditure in the current fiscal year (FY2019), at 258.0 billion baht, which consists of: current expenditure at 201.8 billion baht, capital expenditure at 56.2 billion baht, and the carry over at 30.7 billion baht.

Expenditure (unit: billion baht)	FY2018	FY2019	FY2018		FY2019						
			Q3/FY2018	Q4/FY2018	Q1/FY2019	Q2/FY2019	Q3/FY2019	Q4/FY2019	Jul	Aug	FYTD
Total expenditure	2,890.5	3,007.2	738.4	670.6	963.7	730.2	661.5	687.7	168.1	288.7	3,043.2
(%YoY)	3.0%	4.0%	13.3%	5.9%	-0.4%	15.8%	-10.4%	2.5%	-6.1%	3.6%	1.2%
<b>Current Year FY2019</b>	<b>2,686.6</b>	<b>2,792.1</b>	<b>695.6</b>	<b>625.9</b>	<b>893.0</b>	<b>669.2</b>	<b>590.2</b>	<b>635.9</b>	<b>158.2</b>	<b>258.0</b>	<b>2,788.3</b>
(%YoY)	4.2%	3.9%	11.3%	2.8%	-0.5%	16.8%	-15.1%	1.6%	-5.3%	0.7%	-0.1%
Current expenditure	2,305.8	2,411.8	603.7	518.3	817.7	569.0	497.5	516.8	125.2	201.8	2,401.1
(%YoY)	4.1%	4.6%	11.5%	3.1%	0.9%	18.8%	-17.6%	-0.3%	-6.6%	-2.6%	-0.4%
Capital expenditure	380.8	380.3	91.9	107.6	75.2	100.2	92.7	119.0	33.0	56.2	387.2
(%YoY)	4.4%	-0.1%	10.0%	1.3%	-13.7%	7.0%	0.8%	10.6%	0.0%	146.6%	1.8%
Carry-over	204.0	215.1	42.8	44.7	70.8	61.0	71.3	51.8	9.9	30.7	254.9

Table 3: Government expenditures

## Exports and Imports

**International trades declined**, indicated by real export of goods in form of US dollar which shrank at 1.4 percent per year. This is the result from decline in exports of products of the following categories: computer and the components, plastic beads, chemical products, fuel oil, and machinery and the components. In contrast, products in the following categories remained growing: vehicle accessories and the components, gold, latex products, and jewels and accessories. Main export destinations whose markets grew are: United States at 7.8 percent, China at 6.1 percent, Japan at 2.4 percent, and Taiwan at 13.0 percent (%YoY). Meanwhile, imports in form of US dollar declined at -4.2 percent per year. International trade of Thailand in September 2019 resulted in trade surplus at 1.3 billion US dollar.

Major export destinations	Share	2017	2018	2018				2019					
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep	YTD
<b>Total</b>	100.0%	9.9%	6.9%	12.2%	11.2%	3.0%	2.0%	-2.1%	-3.8%	-0.5%	-4.0%	-1.4%	-2.1%
China	12.0%	24.0%	2.7%	4.1%	16.0%	-2.3%	-4.8%	-10.4%	-9.1%	2.8%	-2.7%	6.1%	-5.6%
USA	11.1%	8.5%	5.5%	9.1%	6.8%	0.1%	6.8%	32.1%	3.3%	7.7%	5.8%	7.8%	14.1%
Japan	9.9%	7.7%	13.0%	24.9%	11.3%	8.6%	8.2%	-1.8%	-2.3%	2.9%	-1.2%	2.4%	0.4%
EU	9.0%	8.1%	5.1%	11.0%	11.2%	2.5%	-3.7%	-6.8%	-7.3%	-5.6%	-6.2%	-8.2%	-6.6%
Australian continent	5.1%	3.5%	2.9%	14%	10.3%	-3.3%	-7.4%	-11.7%	-7.5%	12.1%	18.4%	-3.7%	-2.4%
Vietnam	5.1%	22.9%	11.9%	18.7%	6.7%	13.1%	10%	5.8%	2.7%	-14.1%	-19.1%	-15.9%	-2.6%
Hong Kong	5.0%	7.2%	1.8%	1.4%	9.5%	2.8%	-6.3%	-13.6%	-5.1%	-5.4%	-6.5%	-10.8%	-8.0%
Malaysia	4.6%	7.4%	12.6%	15.5%	12.6%	19.4%	3.6%	-3.3%	-8.5%	-17.8%	-37.3%	1.0%	-10.2%
Indonesia	4.1%	8.2%	15.9%	21.4%	13.4%	19.4%	9.8%	-9.9%	-18.9%	-13.0%	-10.4%	-13.1%	-14.0%
Singapore	3.7%	0.8%	13.6%	12.3%	-7.6%	24.9%	29.2%	-10.9%	10.8%	-5.8%	-27.3%	10.3%	-2.2%
Middle East	3.4%	-1.8%	-5.1%	11.1%	-10.3%	-6.2%	-13.7%	-7.3%	-8.3%	2.4%	5.3%	-2.4%	-4.5%
Philippines	3.1%	8.6%	13.9%	14.0%	23.2%	23.6%	-2.8%	-7.7%	-17.4%	-15.1%	-16.9%	9.2%	-13.6%
Africa	3.0%	10.9%	10.8%	21.3%	22.4%	5.3%	-2.4%	-4.6%	-11.0%	-12.8%	-22.8%	-16.0%	-9.5%
India	3.0%	25.7%	17.8%	32.8%	27.7%	14.3%	-0.4%	1.3%	4.9%	-8.1%	-18.0%	-10.9%	-0.5%
South Korea	2.0%	14.4%	6.0%	6.7%	12.3%	3.0%	1.6%	-6.6%	-0.3%	-10.3%	-6.5%	-20.7%	-5.6%
Taiwan	1.6%	19.0%	-0.9%	11.5%	1.6%	-10.1%	-5.3%	-14.5%	-6.3%	10.0%	4.7%	13.0%	-4.0%
PS. ASEAN-9	27.1%	8.9%	14.9%	15.1%	13.6%	21.8%	9.6%	-4.5%	-5.9%	-39.7%	-92.7%	-6.7%	-17.4%
PS. ASEAN-5	15.5%	6.1%	13.6%	16.1%	9.4%	20.2%	9.3%	-7.8%	-8.7%	-12.1%	-24.6%	0.6%	-9.6%
PS. Indochina-4	11.6%	12.9%	16.7%	13.8%	19.9%	24.1%	9.9%	0.0%	-2.0%	-16.2%	-22.7%	-15.3%	-6.4%

Table 4: Exports from Thailand by country and region

On a side note, decline of exports is noticeable in many countries, particularly South Korea, India, and Hong Kong, whose decline is at a significant level.

Import	Share	2017	2018	2018				2019					
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep	YTD
<b>Real imports of goods (49.8%)</b>		<b>7.4%</b>	<b>8.1%</b>	<b>5.9%</b>	<b>7.9%</b>	<b>9.9%</b>	<b>4.5%</b>	<b>-2.6%</b>	<b>-3.4%</b>	-	-	-	<b>-3.0%</b>
Value \$ term (Custom Dep.) %YoY		14.1%	12.0%	16.6%	13.9%	13.6%	4.8%	-1.2%	-3.6%	-6.1%	-14.6%	-4.2%	-3.7%
Price \$ term (Ministry of Commerce) %YoY		5.5%	5.6%	8.1%	7.2%	6.2%	2.7%	0.1%	-0.1%	0.1%	-0.3%	N/A	0.0%
Volume \$ term (FPO) %YoY		8.1%	6.1%	5.6%	6.3%	7.0%	2.0%	-1.3%	-3.5%	-7.0%	-14.3%	N/A	-3.6%
<b>Imports of major goods</b>													
Raw materials %YoY	40.3%	18.7%	9.7%	21.4%	8.5%	16.9%	-2.1%	-8.5%	-3.0%	-13.2%	-27.7%	-5.4%	-8.4%
Volume \$ term %YoY		14.1%	5.1%	17.1%	3.9%	13.7%	-3.4%	-5.2%	-2.9%	-18.1%	-29.2%	N/A	-8.1%
Less raw gold %YoY	35.8%	13.0%	10.6%	14.5%	10.2%	10.1%	7.0%	-2.7%	-2.8%	-2.9%	-13.2%	-2.6%	-2.8%
Volume \$ term %YoY		8.8%	5.8%	9.6%	5.7%	5.4%	6.3%	1.8%	-2.6%	-1.8%	-11.3%	N/A	-0.8%
Capital goods %YoY	25.8%	8.0%	5.2%	3.5%	7.9%	0.0%	1.5%	-8.9%	-5.2%	0.8%	-7.9%	-0.8%	-4.5%
Volume \$ term %YoY		6.3%	3.4%	1.2%	5.6%	-1.1%	0.5%	-9.5%	-6.1%	-0.2%	-9.6%	N/A	-5.9%
Capital goods excluding aircrafts, ships, and trains %YoY	24.1%	5.3%	8.7%	0.7%	14.5%	6.1%	5.4%	0.4%	-5.4%	-2.7%	-11.3%	-4.9%	-2.6%
Volume \$ term %YoY		3.5%	6.7%	-1.7%	12.1%	4.8%	4.4%	0.0%	-6.3%	-3.4%	-13.0%	N/A	-3.3%
Fuel %YoY	16.6%	25.6%	36.3%	44.3%	45.4%	45.5%	27.4%	7.5%	-3.4%	-10.9%	-0.8%	-21.0%	-2.8%
Volume \$ term %YoY		0.4%	9.0%	-0.3%	9.1%	6.8%	12.8%	7.0%	-0.9%	3.4%	12.7%	N/A	3.0%
Consumer goods %YoY	11.1%	6.4%	10.0%	1.0%	13.8%	6.9%	8.4%	0.5%	-1.4%	9.1%	-0.9%	11.0%	2.6%
Volume \$ term %YoY		4.7%	8.4%	0.2%	11.6%	6.1%	8.2%	0.7%	-1.5%	7.2%	-1.9%	N/A	1.4%

Table 5: Imports of Thailand

\* Data from 2M/Q3

\*\* Data of the first eight months of 2019

## Supply-side Economy

Regarding the demand-side, tourism and agricultural sectors grew, while manufacturing sector remained slow. The tourism sector is indicated by the number of foreign tourists in September 2019, which totaled 2.90 million. This resulted in the growth at 10.1 percent per year, the highest number in last 15 months. Among this is the number of Chinese tourists which increased sharply at 31.6 percent per year, the highest number in last 17 months. Additionally, the numbers of tourists from some countries also increased at a significant rate. Some examples are: Indian at 26.9 percent, Laotian at 16.8 percent, and Japanese at 9.0 percent (%YoY). Therefore in the third quarter of 2019, the total number of foreign tourists grew at 7.2 percent per year. The total revenue from foreign tourists totaled 139,621 million baht, a growth at 8.7 percent per year, resulting in a 5.8 percent-per-year growth in the third quarter. The agricultural sector also grew, indicated by the agricultural products index which grew at 1.3 percent per year, resulting in a growth at 1.1 percent per year in the third quarter. In contrast, the manufacturing sectors slowed, indicated by the manufacturing products index which declined at -4.7 percent per year, resulting in a decline at -4.2 percent per year in the third quarter. In addition, the Thai Industries Sentiment Index (TISI) dropped to 92.1 from the previous month, due to the fact that entrepreneurs are concerned about uncertainty of global economy caused by US-China trade war, alongside strong baht which could potentially affect the exports of Thailand, resulting in the 92.8 average point of Index in the third quarter. Despite this, the 3-month prediction of TISI increased from 102.9 to 103.4, due to the fact that the entrepreneurs are confident in the economy stimulation policies for the next three months.

Growth rate (%YoY; per GDP)	2017	2018	2018				2019						
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep	YTD	
Agri-sector production (6.2%)	3.7%	5.1%	6.8%	10.5%	3.2%	0.7%	1.7%	-1.1%	-	-	-	-	0.4%
Non-agri sector production (94.4%)	4.1%	4.0%	4.8%	4.2%	3.1%	4.0%	2.9%	2.6%	-	-	-	-	2.8%
Manufacturing production (32.6%)	2.2%	2.7%	3.2%	2.9%	1.3%	3.3%	0.9%	1.1%	-	-	-	-	1.0%
Services production (62.9%)	5.1%	4.8%	5.7%	4.9%	4.2%	4.4%	4.0%	3.5%	-	-	-	-	3.8%
Agricultural products (%YoY)	6.3%	7.7%	9.4%	12.5%	11.0%	2.2%	0.8%	-2.4%	1.1%	1.4%	1.3%	-0.1%	
Manufacturing products (%YoY)	1.8%	3.6%	5.2%	4.5%	2.3%	2.5%	-1.2%	-2.5%	-4.2%	-4.4%	-4.7%	-2.6%	
Thai Industries Sentiment Index (TISI; level)	86.3	91.6	90.5	90.3	92.4	93.2	95.2	95.1	92.8	92.8	92.1	94.4	
Number of inbound foreign tourists (%YoY)	9.4%	7.3%	15.2%	8.1%	1.7%	4.0%	2.1%	1.4%	7.2%	7.4%	10.1%	3.5%	
%qoq_SA / %mom_SA			14.7%	7.8%	1.6%	4.6%	1.8%	1.3%	7.3%	2.7%	2.6%		

Table 6: Indicators regarding supply-side economy

## Economic Stability

**Internal economic stability remained favorable**, indicated by the headline inflation at 0.3 percent per year (0.6 percent in Q3), a decline from the previous month due to the drop in price of domestic fuel oils. Excluding products in categories of fresh food and energy, the core inflation was at 0.4 percent per year (same for Q3). The unemployment rate was at 1.0 percent of total labors, or 0.38 million people. Public debt per GDP at the end of August 2019 was at 41.3 percent, a number under the regulation of the State Fiscal and Financial Disciplines Act, B.E.2561 (2018), which designates the maximum rate at 60 percent. External stability also remained favorable, and is capable of tackling risks and uncertainty of global economy. This is indicated by the international reserves at the end of September 2019, which is at a high level of 220.5 billion US dollar.

Economic stability	2017	2018	2018				2019					
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Aug	Sep	YTD
<b>Internal stability</b>												
Unemployment Rate (%)	1.2%	1.1%	1.2%	1.1%	1.0%	1.0%	0.9%	1.0%	1.0%	1.0%	1.0%	1.0%
Headline inflation (%YoY)	0.7%	1.1%	0.6%	1.3%	1.5%	0.8%	0.7%	1.1%	0.6%	0.5%	0.3%	0.8%
Core inflation (%YoY)	0.6%	0.7%	0.6%	0.8%	0.8%	0.7%	0.6%	0.5%	0.4%	0.5%	0.4%	0.5%
Public debt to GDP (%)	41.2%	41.9%	41.2%	41.0%	42.1%	41.9%	41.8%	41.3%	N/A	41.3%	N/A	41.3%*
<b>External stability</b>												
Current balance (billion \$)	50.2	28.5	14.2	4.2	3.8	6.3	12.7	6.7	N/A	4.0	N/A	25.1*
International reserves (billion \$)	202.6	205.6	215.6	206.8	204.5	205.6	212.2	215.8	220.5	220.2	220.5	220.5
Net forward (billion \$)	36.7	33.7	35.8	33.0	31.9	33.7	32.6	34.5	33.1	32.3	33.1	33.1
International reserves to short-term external debt (times)	3.3	3.3	3.2	3.1	3.1	3.3	3.4	3.5	N/A	3.5	N/A	3.5*

Table 7: Indicators regarding economic stability

\* Data from 2M/Q3