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Monthly Economic Report (As of May 2023)

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Mr. Pornchai Theravej, Director General of the Fiscal Policy Office revealed the Thai economic situation in May 2023 that “The Thai economy in May 2023 received support factors from the expanding tourism, both from international tourists and Thai visitors, private consumption, and a declining inflation rate. Meanwhile, the value of exports in U.S. dollars continued to contract, but at a slower rate compared to the previous month.” The details were summarized as follows:

**The indicator of private consumption in the Thai economy improved from the previous month.** This was reflected in the sales volume of passenger cars and newly registered motorcycles in May 2023, which increased compared to the same period last year by 29.4% and 13.5%, respectively. It also increased compared to the previous month after adjusting for the seasonal effect, with growth rates of 24.7% and 10.2% for passenger cars and motorcycles, respectively. The consumer confidence index in May 2023 showed an increase from 55.0 in the previous month to a level of 55.7. This continuous increase marked the 12th consecutive month of improvement and reached the highest level in 39 months. It reflected consumer confidence in the improving economic conditions due to the clearer recovery of tourism and concerns about the declining trend of inflation. However, the value-added tax at a constant price decreased in May 2023 compared to the same period last year, with a decline of -6.5%. Additionally, the actual income of farmers in May 2023 decreased by -9.8% compared to the same period last year.

**The indicator of private sector investment in the Thai economy improved from the previous month.** In the category of machinery and equipment. This was reflected in the capital goods import volume in May 2023, which increased compared to the same period last year by 17.0%. It also increased compared to the previous month after adjusting for the seasonal effect, with a growth rate of 25.3%. On the other hand, the commercial vehicle sales volume in May 2023 decreased by -12.4% compared to the same period last year. As for investment in the construction sector, it was reflected in the sales volume of cement within the country, which increased by 8.1% compared to the same period last year. Additionally, it increased compared to the previous month after adjusting for the seasonal effect, with a growth rate of 3.8%. Moreover, the property transaction tax

increased compared to the same period last year, with a growth rate of 4.1%. It also increased compared to the previous month after adjusting for the seasonal effect, with a growth rate of 33.6%.

**The value of Thailand's total exports contracted, albeit at a slower rate compared to the previous month.** In May 2023, the total value of exports in US dollars stood at \$24,340.9 million, experiencing a contraction with a rate of -4.6% compared to the same period last year. However, if we exclude petroleum-related products, gold, and weaponry, the contraction was -1.4%. This decline was partly attributed to the decrease in exports of computer equipment and components, chemical products, agricultural products, and agro-industrial products due to sluggish global demand. Nevertheless, there were certain products that continued to expand significantly, such as rice, fresh and processed chicken, refrigerated and frozen products, and refined sugar, with growth rates of 84.6%, 55.5%, 44.3%, respectively. Additionally, exports of electrical transformers and components, motorcycles and parts, air conditioning units and components, and automobiles, equipment, and components experienced growth rates of 53.7%, 22.9%, 10.2%, and 8.3% respectively. When considering the value of exports to Thailand's main trading partners, it was observed that most markets contracted due to the sluggishness of the partner countries' economies. However, there were still several markets that showed strong expansion, such as Australia, Central Eastern Europe (15), and the United States, with growth rates of 11.4%, 11.2%, 9.3%, and 4.2% respectively. Furthermore, the market of Russia and the Commonwealth of Independent States (CIS) expanded significantly by 97.7%.

**The economic indicators of Thailand in terms of supply have remained stable compared to the same period last year.** In the tourism sector. In May 2023, 2.01 million foreign tourists were entering the country, representing a growth rate of 286.3% compared to the same period last year and an increase of 4.2% compared to the previous month, following the end of the seasonal effect. The majority of tourists came from Malaysia, China, India, South Korea, and Vietnam, respectively. Similarly, domestic tourism in Thailand also showed significant growth. In August 2023, there were 19.7 million Thai visitors, reflecting a growth rate of 24.5% compared to the same period last year and an increase of 13.3% compared to the previous month, after the seasonal effect was eliminated. As for the agricultural sector, it experienced a decline in May 2023, with a decrease of -6.6% compared to the same period last year and a decrease of -10.7% compared to the previous month, mainly due to a decrease in the production of important crops such as rubber and cassava. However, livestock and fisheries production continued to expand. In the industrial sector, the Industrial Confidence Index decreased from 95.0 in the previous month to 92.5 in May 2023, reflecting a decline in important external factors and resulting in a slowdown in exports. Nevertheless, there are still supportive factors from consumption and tourism that continue to expand.

**Internal economic stabilities remained favourable, while the price level pressure decreased.** Headline and core inflation in May 2023 were at 0.53 and 1.55 percent

per year, respectively. Meanwhile, public debt to GDP at the end of April 2023 stood at 61.6 percent of GDP lower than the Fiscal Sustainability Framework 2018. Moreover, the new unemployment beneficiary rate is 0.70 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 May 2023 were high at 220.8 billion USD.

Table 1 Quarterly and Monthly Economic Indicators in May 2023

Economic Indicators	2021	2022				2023			
		Q1	Q2	Q3	Q4	Q1	April	May	YTD
<b>Demand-side indicators</b>									
<b>Private consumption indicators</b>									
Value added tax at constant price (%YoY) /1	6.4	14.0	7.1	7.3	-2.0	-0.5	-7.0	-6.5	-3.0
Sales of passenger cars (%YoY)/2	5.3	16.0	9.2	16.2	-14.8	2.4	-1.4	29.4	6.4
The number of new motorcycles registrations (%YoY)/3	12.0	3.2	6.0	38.5	6.3	13.5	2.4	13.5	11.6
Import volume of consumer goods in USD (%YoY) /4	-1.4	5.6	0.9	-0.6	-10.6	-2.7	-4.3	-4.8	-3.4
Consumer Confidence Index (Index) /5	43.9	43.4	40.8	43.6	47.9	52.7	55.0	55.7	53.8
<b>Private investment indicators</b>									
Import volume of capital goods in USD (%YoY) /4	-1.2	8.1	3.6	-4.7	-10.7	-5.6	-10.7	17.0	-2.3
Sales of commercial cars (%YoY)/2	15.2	20.6	9.7	37.5	-0.2	-10.2	-8.4	-12.4	-10.3
Total taxes collected from real estate transaction (%YoY) /1	13.4	-1.8	18.4	21.9	14.6	19.3	-30.0	4.1	4.8
Domestic cement sales (%YoY) /4	-2.5	0.0	-7.8	2.8	-4.7	-3.3	0.2	8.1	-0.5
Construction material price index (%YoY) /6	5.7	7.2	6.9	5.6	3.4	2.2	-1.4	-1.5	0.7
<b>International trade indicators</b>									
Exports (Billion USD): custom basis/6	287.1	73.6	75.5	72.2	65.8	70.3	21.7	24.3	116.3
(%YoY)/6	5.5	14.7	10.7	6.6	-8.5	-4.5	-7.6	-4.6	-5.1
Export price (%YoY)/6	4.2	3.9	5.1	4.4	3.1	2.0	0.9	0.3	1.4
Export volume (%YoY)/4	1.3	10.3	5.3	2	-11.3	-6.2	-8.5	-4.8	-6.4
Imports (Billion USD): custom basis/6	303.2	73.7	79.8	80.9	68.8	73.3	23.2	26.2	122.7
(%YoY) /6	13.6	17.0	21.8	20.2	-3.3	-0.5	-7.3	-3.4	-2.5
Import price (%YoY)/6	11.1	12.6	14.1	11.2	6.7	2.0	-0.3	-3.6	0.4
Import volume (%YoY) /4	2.2	3.9	6.7	8.1	-9.3	-2.7	-7.1	0.2	-2.8
Trade balance (Billion USD): custom basis/6	-16.1	-0.1	-4.3	-8.7	-3.0	-3.0	-1.5	-1.8	-6.4
<b>Supply-side indicators</b>									
<b>Agricultural sector</b>									
Agricultural Production Index (%YoY) /7	1.5	2.4	6.6	-2.3	0.7	8.8	11.7	-6.6	6.4
Agricultural Price Index (%YoY) /7	11.6	4.5	10.0	20.1	12.9	-1.3	-7.4	-2.6	-2.8
Real farm income (%YoY)/4	6.8	1.7	9.9	9.2	7.5	3.6	0.6	-9.8	0.6
Employment in agricultural sector(%YoY) /8	-0.6	3.4	-0.4	-1.9	-2.9	1.2	1.4	-0.5	0.9
<b>Industrial sector</b>									
Manufacturing Production Index (%YoY) /9	0.4	1.4	-1.1	7.7	-6.0	-3.9	-8.7	-3.1	-4.5
Import value of raw materials in USD (%YoY) /6	8.3	7.3	16.2	16.6	-6.8	-5.3	-10.8	-11.9	-7.9
Import volume of raw materials in USD (%YoY) /4	3.2	0.2	9.3	12.1	-9.0	-7.9	-12.8	-13.7	-10.1
Capacity utilization (%) /9	62.8	66.8	61.2	62.8	60.3	63.7	53.6	60.2	61.0

Economic Indicators	2021	2022				2023			
		Q1	Q2	Q3	Q4	Q1	April	May	YTD
Employment in industrial sector (%YoY) /8	4.9	1.8	3.9	6.4	7.9	0.8	1.5	0.7	0.9
Thai Industrial Sentiment Index (Index) /10	89.3	88.0	85.6	90.4	93.1	96.0	95.0	92.5	95.1
<b>Service sector</b>									
No. of foreign tourists (Million persons) /11	11.15	0.50	1.58	3.61	5.46	6.48	2.18	2.01	10.67
(%YoY) /4	2,506.6	2,366.0	7,704.0	7,847.7	1,497.8	1,202.4	644.0	286.3	713.6
No. of Thai tourists (%YoY) /11	182.4	74.1	400.4	1,169.3	83.4	33.2	28.0	24.5	32.0
Employment in service sector (%YoY) /8	6.8	4.0	5.6	9.5	8.4	3.4	3.2	3.4	3.6
<b>Economic Stability Indicators</b>									
<b>External economic stability</b>									
Average exchange rate (Baht/USD)/12	35.0	33.1	34.4	36.4	36.2	33.9	34.3	34.3	34.1
Current account (Billion USD) /12	-17.2	-2.1	-7.8	-7.9	0.4	3.5	-0.6	-2.8	0.1
International reserves (Billion USD) /12	216.6	242.4	222.3	199.4	216.6	224.5	223.4	220.8	220.8
Net Forward Position (Billion USD)/12	29.2	30.5	28.7	28.7	29.2	27.1	28.6	28.1	28.1
<b>Internal economic stability</b>									
Unemployment rate (%) /8	1.3	1.5	1.4	1.2	1.2	1.0	1.0	1.3	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	0.58	0.70	0.62
Producer Price Index (%YoY) /6	10.4	9.8	13.3	11.1	7.3	0.7	-3.4	-5.0	-1.3
Headline inflation (%YoY) /6	6.08	4.74	6.46	7.29	5.81	3.88	2.67	0.53	2.95
Core inflation (%YoY) /6	2.50	1.44	2.26	3.08	3.21	2.23	1.66	1.55	1.98
Public debt to GDP (%) /1	61.0	60.6	61.0	60.5	61.0	61.3	61.6	n.a.	61.6
<b>External sector</b>									
Dubai crude oil price (US\$/Barrel) /13	96.04	95.40	107.84	96.10	84.83	80.29	83.49	74.88	79.85
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	4.75-5.00	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