



Number 2/2021

28 January 2020

Monthly Economic Report (As of December 2020)

“Thai economy in December 2020 improved from external and domestic demand Export of goods returned to expansion mode, while private consumption and private investment continued to recovery. However, Industrial sectors and tourism services slowed down due to the situation of the new wave of coronavirus outbreak that started in mid-December 2020.”

Ms. Kulaya Tantitemit, Inspector General of the Ministry of Finance, Acting Director General of the Fiscal Policy Office and Spokesperson of the Ministry of Finance, Mr. Wuttipong Jittungsakul, Fiscal Policy Advisor, and Mr. Pisit Puapan, Executive Director of Macroeconomic Policy Bureau revealed the economic report in December 2020 that Thai economy in December 2020 improved from external and domestic demand Export of goods returned to expansion mode, while private consumption and private investment continued to recovery. However, Industrial sectors and tourism services slowed down due to the situation of the new wave of coronavirus outbreak that started in mid-December 2020.” The details were summarized as follows:

Economic indicators on private consumption expenditures in December 2020 shown the signs of improvement from previous month as shown by durable goods consumptions. Passenger car sales and Motorcycles registrations expanded by 16.4 and 10.6 percent per year, respectively, due to increasing in the prices of agricultural products. These led the farmers to have higher income in December 2020. Farmer income increased by 12.1 percent per year and real VAT collection expanded by 2.8 percent per month after seasonal adjustment or slowly contracted by -4.4 percent per year. However, Consumer confidence index decreased from 52.4 to 50.1 points, this was the first drop in three months as consumers concerned about the new wave of coronavirus outbreak that started in mid-December 2020.

Economic indicators on private investment in December 2020 shown the signs of improvement from previous month, Machinery and Equipment investment reflected by Import volume of capital goods increased 7.3 percent per year. In addition, commercial car sales expanded by 15.8 percent per year, continued to grow for 4 months. Private investment in construction sector, reflected by domestic cement sales also increased by 1.3 percent per year or expanded 0.3 percent from period month after seasonal adjustment. However, Real estate tax collection decreased by -15.9 percent per year.

**International trade improved from previous month** as shown by **export values (USD term)** which returned to expand for the first time in 8 months periods by 4.7 percent per year, due to the recovery of world and major trading partners economies. There was expansion on many export goods as follows: 1) The export values of foods show expansion. Cassava product and animal feed showed the high growth of 63.6 and 25.7 percent per year, respectively, as well as, vegetables Fresh, chilled and frozen fruit, and condiments. 2) The export values of the devices for working from home. For example, phone, and home appliances (furniture, air condition, microwave, refrigerator, and freezer), also expanded. 3) The export on the goods for COVID-19 protection, such as medical equipment and rubber glove, continued to grow. However, the exports of oil, jewelry, and gems were slow down. Moving onto the export markets focus, the export values to United States rose by 15.7 percent per year, the seven consecutive month's increase. In addition, the export values to Japan and Australia expanded by 14.9 and 13.5 percent per year, respectively. Moreover, the export values to China and India returned to expansion mode at 7.2 and 14.5 percent per year, respectively.

**Supply-side indicators decreased from previous month**, supported by **Manufacturing Production Index (MPI)** slowed down by -2.4 percent per year, particularly food, costume and petroleum industries. Meanwhile, **Thai Industries Sentiment Index (TISI)** decreased to 85.8 points as results of the situation of the new wave of coronavirus outbreak. This led to negative impacts on economic activities. However, the goods for COVID-19 protection was increasing. Moving onto tourism sector, there were 6,556 foreign tourists in December 2020, including the Special Tourist Visa, the Thailand Privilege Card, and the business travelers. To focus on nationality, the majority of tourists in this month were Germany, and United Kingdom, others from Chinese, South Korea and other ASEAN countries. Meanwhile, domestic tourism gradually recovered as the number of Thai visitors slowly contracted down from -31.9 to -23.4 percent per year. Finally, focusing onto farm sector, **Agricultural Product Index (API)** expanded by 0.9 percent per year due to the decline in paddy, oil palm, and Maize.

**Internal economic stabilities remained favourable. Headline and core inflation in December 2020** were at -0.3 and 0.2 percent per year, respectively. Meanwhile, **public debt to GDP at the end of November 2020** stood at 50.5 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 December 2020** were high at 258.1 billion USD.



Manufacturing Production Index (%YoY) /10	-3.6	-6.4	-20.0	-8.1	-0.9	-0.4	0.2	2.4	-8.8
Import value of raw materials in USD (%YoY) /1	-7.5	-1.5	-20.1	-19.2	-30.9	-8.1	5.9	11.2	-9.9
Import volume of raw materials in USD (%YoY) /1	-7.5	-2.7	-21.4	-21.0	-33.3	-10.9	2.0	6.7	-11.8
Capacity utilization (%) /10	66.0	66.9	52.9	60.6	64.2	63.5	65.4	63.8	61.2
New employment in industrial sector (%YoY) /3	-0.2	-1.6	—	-2.6	8.3	8.0	—	—	-1.3
Thai Industrial Sentiment Index (Index) /9	93.7	90.1	78.1	83.9	86.4	86.0	87.4	85.8	84.6
<b>Service sector</b>									
No. of foreign tourists (Million persons) /11	39.9	6.7	0.0	0.0	0.0	0.0	0.0	0.0	6.7
(%YoY) /14	4.5	-38.0	-100.0	-100.0	-99.9	-100.0	-99.9	-99.8	-83.2
No. of Thai tourists (%YoY)	0.9	-30.3	-90.6	-38.0	-29.9	-34.5	-23.5	-31.9	-46.4
New employment in service sector(%YoY) /3	13.0	1.0	—	3.1	1.1	-0.4	—	—	1.6
<b>External economic stability</b>									
Average exchange rate (Baht/USD) /2	31.0	31.8	31.7	31.3	30.6	31.2	30.5	30.1	31.4
Current account (Billion USD)/2	37.3	9.3	1.1	6.3	-	1.0	-1.5	—	17.2
International reserves (Billion USD)/2	224.3	226.5	241.6	251.1	258.1	248.5	253.5	258.1	258.1
Net Forward Position (Billion USD)/2	34.3	34.4	24.5	22.9	29.3	24.9	27.0	29.3	29.3
International reserves to short term external debt (times) /2	31.0	31.8	31.7	31.3	30.6	31.2	30.5	30.1	31.4
<b>Internal economic stability</b>	1.0	1.0	2.0	1.9		2.1	2.0		2.0
Unemployment rate (%) /3	1.0	1.1	2.0	1.3	-	2.1	2.0	1.5	1.6
Producer Price Index (%YoY)/4	-1.0	-0.4	-4.1	-1.7	-0.9	-0.9	-0.9	-0.9	-1.8
Headline inflation (%YoY)/4	0.7	0.4	-2.7	-0.7	-0.4	-0.5	-0.4	-0.3	-0.8
Core inflation (%YoY)/4	0.5	0.5	0.1	0.3	0.2	0.2	0.2	0.2	0.3
Public debt to GDP (%) /1	41.2	41.7	45.8	49.4	50.5	49.5	50.5	—	50.5
<b>Fiscal sector</b>	<b>FY2563</b>	<b>FY2563 Q2</b>	<b>FY2563 Q3</b>	<b>FY2563 Q4</b>	<b>FY2564 Q1</b>	<b>FY2564 Oct</b>	<b>FY2564 Nov</b>	<b>FY2564 Dec</b>	<b>FYTD</b>
<b>Fiscal sector</b>									
Budget expenditure (Billion baht) /1	2,943.9	813.6	710.4	690.4	938.5	355.3	336.1	247.2	938.5
(%YoY) /1	5.6	21.6	20.4	8.6	28.7	2.2	117.4	8.7	28.7
Current expenditure (Billion baht) /1	2,575.9	750.4	602.8	519.3	865.5	342.1	300.5	223.0	865.5
(%YoY) /1	7.3	31.9	21.1	0.5	23.0	1.5	101.8	2.5	23.0
Capital expenditure (Billion baht) /1	367.9	63.3	107.6	171.1	73.0	13.2	35.6	24.2	73.0
(%YoY) /1	-5.0	-36.9	16.1	43.7	180.9	25.0	525.6	148.2	180.9
Carry-over budget (Billion baht) /1	224.9	62.8	32.8	48.7	79.8	19.3	27.7	32.8	79.8
(%YoY) /1	-11.8	2.9	-54.0	-6.0	-1.0	-6.6	3.7	-1.4	-1.0
Government expenditure (Billion baht) /1	3,168.7	876.4	743.2	739.0	1,018.3	374.6	363.8	280.0	1,018.3
(%YoY) /1	4.1	20.0	12.3	7.5	25.7	1.7	100.6	7.4	25.7

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/Fiscal Policy Office 14/calculated by the authors