



## The Thai Economy in Q3/2019 and Outlook for 2019 - 2020

The Office of the National Economic and Social Development Council (NESDC) announced that the Thai Gross Domestic Product (GDP) in the third quarter and the economic projection for 2019 - 2020 as follows:

### The Thai Economy in Q3/2019















The Thai economy in the third quarter of 2019 expanded by 2.4 percent (%YoY), gradually recovering from 2.3 percent in the previous quarter. After seasonally adjusted, the economy grew by 0.1 percent from the second quarter (%QoQ sa). In the first 9 month of 2019, the Thai economy expanded by 2.5 percent.

**On the expenditure side:** the economy was driven mainly by an expansion of private consumption, as well as an accelerated private investment, and government expenditure while export volume declined following the global slowdown and the trade protection impacts. **Private consumption expenditure** expanded by 4.2 percent, continuing from a 4.6-percent growth in the previous quarter, supported by low interest, inflation and unemployment rates, together with rising agricultural prices and continued government measures to support low income group. The expansion was in line with the expansion of key indicators especially household's electricity consumption index, benzene, index of gasohol and diesel sale, and index of imported textile and clothing with growth rates of 8.3, 4.7, and 5.0 percent, respectively. However, the passenger car sales declined by 6.5 percent while the consumer confidence index declined to 60.8, compared with 64.8 in the previous quarter. **Government consumption expenditure** grew by 1.8 percent, accelerating from 1.1 percent in the second quarter. The government budget disbursement rate in this quarter was 21.0 percent compared with 20.5 percent in the same quarter last year. **Total investment** increased by 2.8 percent, accelerating from 1.9 percent in the previous quarter. **Private investment** grew by 2.4 percent, compared with 2.1 percent in the second quarter due to the 3.1-percent growth of investment in machinery and equipment while investment growth in construction remained null. **Public investment** expanded by 3.7 percent, up from 1.4 percent in the previous quarter where government investment grew by 5.6 percent while investment of state-owned enterprises contracted by 0.8 percent. The disbursement rate of capital budget in this quarter was 21.6 percent compared with 16.8 percent in the previous quarter, and 19.9 percent in the same quarter of last year.

Export value in the third quarter of 2019 was recorded at 63.3 billion US dollars with zero growth, compared with a 4.2-percent decline in the previous quarter. Export volume index dropped by 0.4 percent and export price index slightly increased by 0.4 percent. Export items with increased value included sugar (5.1 percent) vehicle parts & accessories (0.3 percent), pick up and trucks (0.5 percent), motorcycle (19.5 percent) air conditioning machines (4.0 percent), and fruits (41.4 percent). Meanwhile, export items with decreased value included rice (-35.1

percent), tapioca (-27.3 percent), rubber (-3.9 percent), integrated circuits & parts (-8.4 percent), machinery & equipment (-7.2 percent), rubber products (-14.2 percent), passenger cars (-4.4 percent), petroleum products (-29.3 percent), and chemicals (-18.8 percent). Import value was recorded at 55.3 billion US dollars, showing a contraction of 6.8 percent, compared with a 3.4-percent decline in the previous quarter. Import quantity of raw materials and intermediate goods dropped by 3.8 percent, associated with declined export. Meanwhile, the price of imports decreased by 0.2 percent, compared with 0.1 percent in the previous quarter.

### Growths of Exports and Real GDP in Key Economies

%YoY		Exports				Real GDP				
		2018	2019			2018	2019			
		Year	Q1	Q2	Q3	Year	Q1	Q2	Q3	Lowest in
US		7.8	1.3	-3.2	-1.8	2.9	2.7	2.3	2.0	12 quarters, since Q4/17
Eurozone		8.7	-4.3	-3.6	-1.6	1.9	1.3	1.2	1.2	-
Japan		5.7	-5.7	-6.2	-1.3	0.8	0.9	0.9	1.3	-
China		9.9	1.3	-1.0	-0.4	6.6	6.4	6.2	6.0	111 quarters, since Q1/92
Hong Kong		6.8	-2.6	-4.6	-6.3	3.1	0.6	0.4	-2.9	41 quarters, since Q3/09
India		8.5	6.7	-1.2	-3.8	7.4	5.8	5.0	-	Q2 - 25 quarters, since Q2/13
Indonesia		6.7	-8.2	-8.9	-6.9	5.2	5.1	5.1	5.0	9 quarters, since Q3/17
South Korea		5.4	-8.5	-8.6	-12.2	2.7	1.7	2.0	2.0	-
Malaysia		14.2	-5.2	-5.2	-3.6	4.7	4.5	4.9	4.4	4 quarters, since Q4/18
Philippines		0.9	-2.9	1.8	0.6	6.2	5.6	5.5	6.2	-
Singapore		10.3	-2.7	-6.5	-7.8	3.2	1.1	0.1	0.1	41 quarters, since Q3/09
Taiwan		5.9	-4.2	-2.7	-0.8	2.7	1.8	2.4	2.9	-
Thailand		7.5	-4.0	-4.2	0.0	4.1	2.8	2.3	2.4	-
Vietnam		13.3	5.2	9.0	10.7	7.1	6.8	6.7	7.3	-

Source: CEIC, compiled by Office of the National Economic and Social Development Council

**Production Side:** the agriculture sector returned to show an expansion while the accommodation and food service sector accelerated and the transportation and storage sector continued expanding. Nevertheless, the wholesale and retail trade sector together with the construction and the electricity and gas sector softened while the manufacturing continued to decline. **Agricultural production, forestry production and fishery sector** rose by 1.5 percent compared with a 1.3-percent contraction in the previous quarter. Agricultural products with increasing in production included rubber (5.9 percent), cassava (6.9 percent), and oil palm (10.8 percent), while major agricultural products with decreasing production included paddy (-6.3 percent), and maize (-5.2 percent). Fishery production expanded by 5.1 percent, while livestock production decreased by 1.0 percent. Agricultural price index increased by 2.4 percent, up from 2.1 percent in the second quarter, owing to increase in prices of paddy (9.9 percent), swine (15.9 percent), and fruits and vegetables (5.7 percent). Increases of both agricultural production index and agricultural price index led the farm income index to increase by 3.5 percent.

**Manufacturing sector** decreased by 1.5 percent, continuing from a contraction of 0.2 percent in the previous quarter consistent with declined export due to the global economic slowdown and intensified trade protectionism measures. Likewise, the Manufacturing Production Index (MPI) decreased by 4.2 percent with the MPI of both industries with 30 – 60 percent share of export to total production, and industries with export share of more than 60 percent to total production declined by 5.9 percent and MPI of those with export share of less than 30 percent to total production declined by 2.3 percent. The average capacity utilization rate stood at 65.0 percent, compared with 68.7 percent in the same quarter of last year. Industries with a positive MPI growth included rectifying and blending of spirits (36.1 percent), plastics and synthetics rubber (3.8 percent), and processing and preserving of fish (10.3 percent). **Accommodation and food service activities sector** expanded by 6.6 percent, improving from 3.7 percent in the previous quarter due to higher growth of foreign tourist. In this quarter, total number of foreign tourists to 9.7 million persons, increasing by 7.2 percent and up from a 1.4-percent growth in the previous quarter. Total tourism revenues were about 738.5 billion baht, increasing by 2.5 percent compared with 2.9 percent in the last quarter. This was attributed to (i) foreign tourism receipts of 476.7 billion Baht, with 5.8 percent growth. Tourism receipts experiencing high growth were from China, India, Japan, South Korea and Taiwan; (ii) Thai tourism receipts of 261.82 billion Baht with a 3.0 percent contraction. Average occupancy rate was at 64.08 percent, decreasing from 69.8 percent in the previous quarter and less than 65.38 percent in the same quarter last year. **Transport and storage sector** expanded by 2.5 percent, compared with 2.3 percent in the previous quarter, supported mainly by an expansion of passenger transport services in which land transport and transport via pipeline, and air transport grew by 4.2 percent, and 2.5 percent respectively, accelerating from 3.8 percent, and 1.2 percent in the previous quarter. Water transport declined by 3.0 percent while shipping support and postal services expanded by 3.9 percent and 1.6 percent, respectively.

**Economic stability remained favorable** in which the unemployment rate stood at 1.1 percent and the headline inflation averaged at 0.6 percent. Meanwhile, the current account registered a surplus of 9.1 billion USD (equivalent to 280 billion baht or accounted for 6.8 percent of GDP). At the end of September 2019, the international reserves stood at 220.5 billion USD and the public debt recorded total value of 6.9 trillion baht or accounted for 40.9 percent of GDP.

### **The Thai Economic Outlook for 2019**

The Thai Economy in 2019 is projected to grow by 2.6 percent attributed to a 2.0 percent contraction of export value. Meanwhile, the private consumption expenditure, and total investment with the expansion of 4.3 percent and 2.7 percent respectively. Headline inflation is expected to be 0.8 percent, and the current account balance is forecasted to register a surplus of 6.2 percent of GDP.

## **The Thai Economic Outlook for 2020**

The Thai economy in 2020 is projected to grow by 2.7 – 3.7 percent supported by (1) a favorable growth momentum of domestic demand both private consumption and private investment; (2) a gradual recovery of export following expected global recovery together with an adjustment of export to the trade measures; (3) key government stimulus measures; and (4) a continued improvement of tourism sector. In all, it is expected that export value will grow by 2.3 percent while private consumption and total investment will increase by 3.7 and 4.8 percent respectively. Headline inflation will lie in the range of 0.5 - 1.5 percent and the current account will record a surplus of 5.6 percent of GDP.

Key growth components include as follows:

1. **Consumption: Private consumption expenditure** is expected to grow by 3.7 percent, compared with 4.3 percent in 2019. This expected slowdown is a result of high base in the first half of 2019 following high growth of car sales. Nevertheless, **private consumption expenditure** tends to exhibit a satisfactory growth supported by remaining low interest rate, inflation, and unemployment rate, together with additional support from the government measures for supporting low-income people and farmers. **Government consumption expenditure** is estimated to expand by 2.6 percent, accelerating from 2.2 percent in 2019, consistent with a 3.9-percent increase in the government budget framework under the FY2020 annual budget from FY2019 annual budget.

2. **Total Investment** is expected to grow by 4.8 percent, speeding up from 2.7 percent in 2019. **Public investment** is projected to increase by 6.5 percent, accelerating from 2.3 percent in 2019, in line with 18.9-percent growth of capital budget framework under the FY2020 annual budget. **Private investment** is expected to grow by 4.2 percent, compared with 2.8 percent in 2019 supported by favorable investment fundamental and conditions including increases in project value applied with the Board of Investment (BOI) particularly projects under the Eastern Economic Corridor (EEC), as well as investment of key infrastructure projects under the Public-Private partnership projects (PPP), and the production reallocation of foreign investors impacted by more intensified trade tensions.

3. **Exports value of goods in US dollar terms** is anticipated to grow by 2.3 percent, improving from a 2.0-percent contraction in 2019. This is a result of export volume that is expected to increase by 2.4 percent, recovering from a decline of 2.3 percent in 2019. The improvement is in line with a gradual pick up of the global economic prospect and the world trade volume due to export adjustment to a clear direction of the trade protection measures. Considering with export of services which tends to expand continually from the latter half of 2019 following higher receipts and numbers of foreign tourist, therefore, the export quantity of goods and services is projected to grow by 3.5 percent, rising from a 1.4- percent contraction in 2019.

## **Economic Management for the remainder of 2019 and 2020**

The macroeconomic policy management during the rest of 2019 and the year 2020 should focus on following issues:

1. Fostering exports to reach the target of at least 3.0 percent growth in 2020 by emphasizing on driving export of goods which has potential to benefit from the trade protection measures, assisting exporters affected by the trade measures through the supply chain linkage, operating trade policies to closely abide by the world trade rules and regulations, and extending trade and economic cooperation as well as focusing on particular countries that Thailand can find opportunities from trade diversion;

2. Supporting the expansion of the tourism sector by emphasizing on penetrating high-income foreign tourists, diversifying the tourist market to be more balance, reassuring the safety concern for tourists both in terms of life and belongings, protecting and solving the air pollution problems in particular the PM2.5, hosting events for tourism promotion campaign and related activities, solving overcrowding issues particularly in major tourist destinations, and encouraging Thai people to travel domestically;

3. Sustaining the momentum from the expansion of government expenditure and public investment by expediting the FY2020's budgeting process and preparing the projects to be ready for disbursement as soon as the annual budget act becomes effective, accelerating the disbursement of the FY2020 budget to be no less than 92.3 percent in which the current and the capital budget should not be less than 98.0 and 70.0 percent respectively, while the disbursement of the carry-over budget of at least 73.0 percent and the state-owned-enterprises budget of at least 80.0 percent, expediting the implementation of infrastructure projects and the disbursement of under-construction projects to be as planned, and driving key infrastructure projects especially of those necessary for uplifting the economic growth potential;

4. Strengthening investors' confidence and encouraging private investment by fostering export growth in order to expand production capacity, propelling investment projects both applied and already approved for the investment promotion to be promptly operated, supporting entrepreneurs who have production base in Thailand and in countries affected by the trade protection measures to increasingly expand their production capacity in Thailand especially the implementation under the "Thailand Plus Package", fostering public investment projects, preparing the labor force both in terms of quantity and quality;

5. Strengthening small farmers, the labor force, low income groups, SMEs, and local economies

**Office of the National Economic and Social Development Council**

**18 November 2019**

Table 1 GDP, Production Side

%YoY	2018					2019			2018	2019
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	9M	9M
<b>Agriculture</b>	5.1	6.8	10.5	3.2	0.7	1.7	-1.3	1.5	7.1	0.6
<b>Non-Agriculture</b>	4.0	4.8	4.2	3.1	4.0	2.9	2.6	2.3	4.1	2.6
Manufacturing	3.0	3.7	3.1	1.5	3.5	0.6	-0.2	-1.5	2.8	-0.3
<b>Service</b>	4.8	5.7	4.9	4.2	4.4	4.0	3.5	3.8	4.9	3.8
Construction	2.7	1.2	1.9	4.5	3.4	3.0	3.4	2.7	2.5	3.0
Wholesale and Retail Trade	7.3	7.0	7.4	7.5	7.5	6.8	5.9	5.6	7.3	6.2
Transportation and Storage	5.7	7.1	5.4	4.5	5.4	3.5	2.3	2.5	5.7	2.8
Accommodation and Food Service Activities	7.9	13.1	8.8	4.1	5.3	4.9	3.7	6.6	8.8	5.0
Information and Communication	6.8	5.2	7.7	7.4	6.9	6.5	8.7	7.4	6.8	7.5
Financial and Insurance Activities	3.3	3.5	4.6	3.1	1.8	2.0	1.8	3.8	3.8	2.6
<b>GDP</b>	4.1	5.0	4.7	3.2	3.6	2.8	2.3	2.4	4.3	2.5
<b>GDP_SA (QoQ)</b>		1.9	1.0	0.0	0.8	1.0	0.4	0.1		

Source: Office of the National Economic and Social Development Council

Table 2 GDP, Expenditure Side

%YoY	2018					2019			2018	2019
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	9M	9M
<b>Private Consumption</b>	4.6	3.8	4.1	5.2	5.4	4.9	4.6	4.2	4.4	4.5
<b>Government Consumption</b>	1.8	1.8	2.3	1.9	1.4	3.4	1.1	1.8	2.0	2.1
<b>Investment*</b>	3.8	3.3	3.6	3.9	4.2	3.2	1.9	2.8	3.6	2.6
Private	3.9	3.1	3.1	3.8	5.5	4.4	2.1	2.4	3.3	3.0
Public	3.3	4.0	4.9	4.2	-0.1	-0.1	1.4	3.7	4.3	1.7
<b>Exports</b>	4.2	8.0	9.6	-0.9	0.7	-6.1	-7.9	-1.0	5.5	-5.1
Goods	4.1	7.2	9.5	-0.5	0.8	-5.9	-5.8	-0.3	5.3	-4.0
Services	4.4	9.9	10.3	-2.2	0.0	-7.2	-14.7	-3.2	6.0	-8.3
<b>Imports</b>	8.6	9.1	8.8	11.0	5.7	-0.1	-2.6	-6.8	9.7	-3.3
Goods	8.1	10.4	7.9	9.9	4.5	-2.6	-3.4	-7.7	9.4	-4.7
Services	10.7	3.9	12.8	16.1	10.4	10.6	0.2	-2.8	10.9	2.5
<b>GDP</b>	4.1	5.0	4.7	3.2	3.6	2.8	2.3	2.4	4.3	2.5

Source: Office of the National Economic and Social Development Council

Note: \* Investment means Gross Fixed Capital Formation

Economic Projection for 2019<sup>1/</sup>

	Actual		Projection		
	2017	2018	2019		2020
			19 Aug 2019	18 Nov 2019	18 Nov 2019
GDP (at current prices: Bil. Bht)	15,452.0	16,318.0	17,003.4	16,889.2	17,593.2
GDP per capita (Bht per year)	228,398.3	240,568.7	250,086.5	248,406.5	258,238.5
GDP (at current prices: Bil. USD)	455.3	505.0	545.0	544.8	567.5
GDP per capita (USD per year)	6,729.8	7,445.4	8,015.6	8,013.1	8,330.3
GDP Growth (CVM, %)	4.0	4.1	2.7 – 3.2	2.6	2.7 – 3.7
Investment (CVM, %) <sup>2/</sup>	1.8	3.8	3.8	2.7	4.8
Private (CVM, %)	2.9	3.9	3.7	2.8	4.2
Public (CVM, %)	-1.2	3.3	4.0	2.3	6.5
Private Consumption (CVM, %)	3.0	4.6	4.2	4.3	3.7
Government Consumption (CVM, %)	0.1	1.8	2.2	2.2	2.6
Export volume of goods & services (%)	5.4	4.2	-0.7	-1.4	3.5
Export value of goods (Bil. USD)	233.7	251.1	248.1	246.1	251.7
Growth rate (%) <sup>3/</sup>	9.5	7.5	-1.2	-2.0	2.3
Growth rate (Volume, %) <sup>3/</sup>	5.6	3.9	-1.7	-2.3	2.4
Import volume of goods & services (%)	6.2	8.6	-0.5	-2.6	3.9
Import value of goods (Bil. USD)	201.1	228.7	225.1	220.5	228.2
Growth rate (%) <sup>3/</sup>	13.2	13.7	-1.6	-3.6	3.5
Growth rate (Volume, %) <sup>3/</sup>	7.3	7.7	-2.1	-3.6	3.6
Trade balance (Bil. USD)	32.6	22.4	23.0	25.6	23.5
Current account balance (Bil. USD)	44.0	28.5	32.2	34.0	31.8
Current account to GDP (%)	9.6	5.6	5.9	6.2	5.6
Inflation (%)					
CPI	0.7	1.1	0.7 - 1.2	0.8	0.5 - 1.5
GDP Deflator	2.1	1.4	0.9 - 1.4	0.9	0.5 - 1.5

Source: Office of the National Economic and Social Development Council, 18 November 2019

Note: <sup>1/</sup>Data were calculated based on new National Accounts Office's series, published on [www.nesdc.go.th](http://www.nesdc.go.th).

<sup>2/</sup>Investment means Gross Fixed Capital Formation.

<sup>3/</sup>Export and import is based on the Bank of Thailand's data, which is in compliance with the Balance of Payment recording system.