NESDC ECONOMIC REPORT

Thai Economic Performance in Q3 and Outlook for 2019 - 2020

Macroeconomic Strategy and Planning Division

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Economic Projection of 2019 - 2020

(%YoY)	2018	2019		Projection	
	Year	Q2	Q3	2019	2020
GDP (CVM)	4.1	2.3	2.4	2.6	2.7-3.7
Investment[1/]	3.8	1.9	2.8	2.7	4.8
Private	3.9	2.1	2.4	2.8	4.2
Public	3.3	1.4	3.7	2.3	6.5
Private Consumption	4.6	4.6	4.2	4.3	3.7
Government Consumption	1.8	1.1	1.8	2.2	2.6
Export of Goods[2/]	7.5	-4.2	0.0	-2.0	2.3
Volume[2/]	3.9	-4.4	-0.4	-2.3	2.4
Import of Goods[2/]	13.7	-3.4	-6.8	-3.6	3.5
Volume[2/]	7.7	-3.3	-6.6	-3.6	3.6
Current Account to GDP (%)	5.6	3.8	6.8	6.2	5.6
Inflation	1.1	1.1	0.6	0.8	0.5-1.5

Note: [1/] Investment means Gross Fixed Capital Formation

[2/] Based on the Balance of Payment Recording System

- **The Thai economy in the third quarter of 2019** expanded by 2.4 percent (%YoY), continuing from 2.3 percent in the previous quarter. After seasonaly 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. **On the 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.

- **The Thai economy in 2019** is estimated to grow by 2.6 percent. It is expected that export value will decline by 2.0 percent while private consumption and total investment tend to expand by 4.3 and 2.7 percent respectively. Headline inflation will be 0.8 percent and the current account is likely to register a surplus of 6.2 percent of GDP.

- **The Thai economy in 2020** is forecasted to expand by 2.7 - 3.7 percent mainly contributed 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.

- **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 seize 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, 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.**

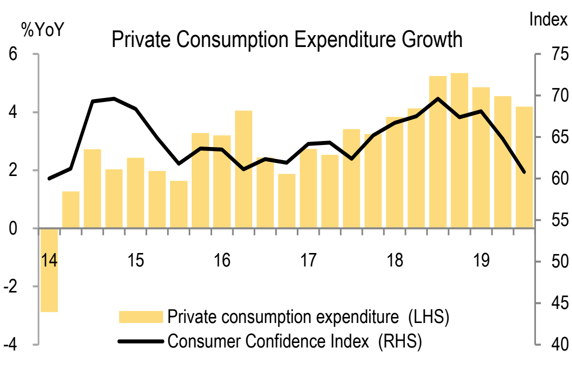
1. The Thai Economy in Q3/2019

Expenditure Side:

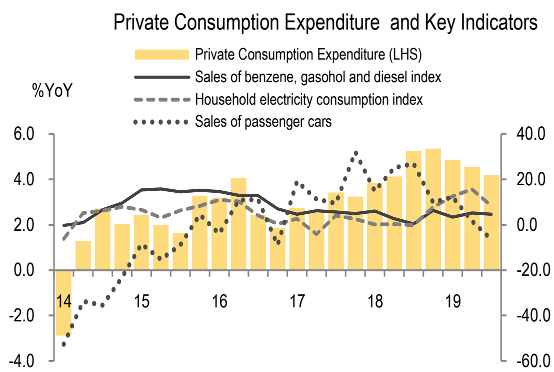
Private consumption expenditure continued to expand at a satisfactory rate, supported by low interest rate and inflation, favorable employment conditions, and government measures to support low income group. In the third quarter of 2019, private consumption expenditure expanded by 4.2 percent, continuing from a 4.6-percent growth in the previous quarter, in line with the expansion of key indicators especially household electricity consumption index, sales of benzene, gasohol and diesel index, and the import of textiles index, which grew by 8.3, 4.7, and 5.0 percent, respectively. However, the commercial and passenger car sales declined by 6.5 and 9.1 percent respectively. The expansion of private consumption expenditure in this quarter was supported by (i) consistently low interest, inflation and unemployment rates, and (ii) government measures to support low income group. The Consumer Confidence Index, pertaining the overall economic situation, stood at 60.8 point.

In the third quarter of 2019, Private consumption expenditure continually expanded. Private investment and public investment accelerated. Meanwhile export of goods remained stable.

Private consumption expenditure favorably expanded by 4.2 percent.



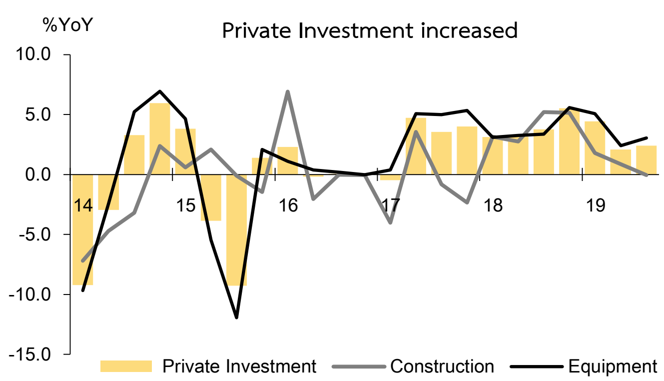
Source: NESDC, University of the Thai Chamber of Commerce



Source: NESDC, BOT, Department of Energy Business

Private investment gradually accelerated, supported by the acceleration of investment in machinery and equipment, while the investment in construction remained consistent. In the third quarter of 2019, private investment increased by 2.4 percent, compared with a 2.1-percent growth in the previous quarter. **The investment in machinery and equipment** grew by 3.1 percent, accelerated from 2.4 percent in the previous quarter. **The investment in construction** remained stable at 0.0 percent, compared with a 0.9-percent growth in the previous quarter, in accordance with the decrease in sales of construction materials and the permitted construction area. **The total value of projects applied for the investment promotion made to BOI** was recorded at 81.5 billion Baht, decreased by 11.4 percent. Meanwhile, the value of projects applied for the investment promotion in Eastern Economic Corridor (EEC) was recorded at 49.9 billion Bath, increased by 75.1 percent. The Business Sentiment Index (BSI) stood at 48.5 level.

Private investment increased by 2.4 percent, accelerated from the previous quarter, in accordance with the acceleration of investment in machinery and equipment.



Source: NESDC

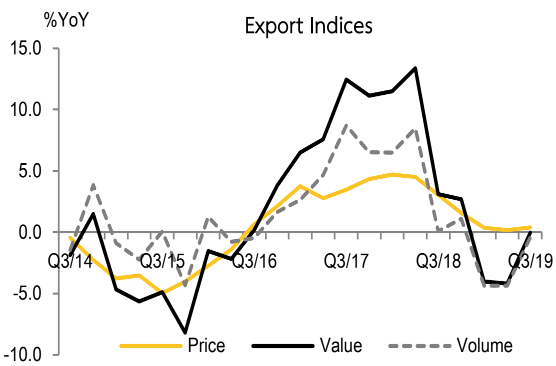
Exports in US dollar terms remained consistent following the economic slowdown in key trading countries, the impacts from trade protection measures, as well as the contraction of global crude oil prices. Export value in the third quarter of 2019 was recorded at 63.3 billion US dollars and remained stable at 0.0 percent, compared with a 4.2-percent decline in the previous quarter. The export volume index dropped by 0.4 percent, supported by the decrease in export volume of agricultural commodities, fishery products, and manufacturing products by 14.1, 5.9, and 4.7 percent, respectively. These contractions were attributed by weaker global demand as a result of slower economic growth in major trading economies, impacts from the US - China trade conflict, as well as the downturn in global electronics cycle. Export price index slightly increased by 0.4 percent, compared with a 0.2-percent growth in the previous quarter, following the increased in export price of agricultural commodities and fishery products by 6.1 and 3.2 percent, respectively. Meanwhile, export price of manufacturing products fell by 0.2 percent, consistent with the decline in price of oil related products, such as refined fuel, and plastic resin. Excluding unwrought gold, export value fell by 4.8 percent, compared with a 5.8-percent decline in the previous quarter. **In Baht term,** export value decreased by 6.9 percent, continued from a 5.3-percent decline in the previous quarter.

Export in US dollar terms remained stable at 0.0 percent. This was in accordance with the economic slowdown in key trading partners, the trade protection measures, the contraction of global crude oil prices, as well as oversupply of some agricultural products in global market.

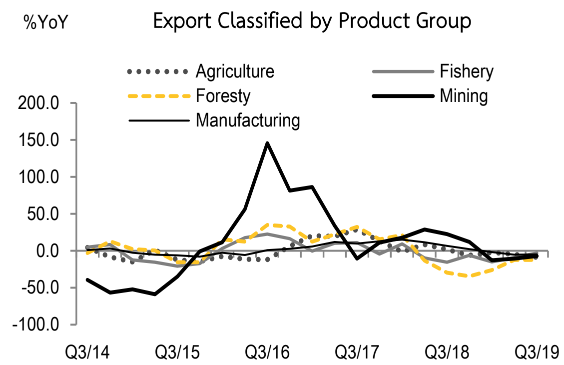
Export value excluding unwrought gold decreased by 4.8 percent.

Export quantity decreased by 0.4 percent, while export price increased by 0.4 percent.

In Baht term, export value decreased by 6.9 percent.



Source: Bank of Thailand



Source: Bank of Thailand

Exports value of agricultural commodities declined by 8.9 percent, compared with a 4.9-percent drop in the previous quarter. This was due to a high level of importers' inventories amid the economic slowdown in key trading partners, oversupply of agricultural products in global market, as well as the deteriorated export price competitiveness of Thailand as well as other trading countries, thus subsequently led to the reduction in the export quantity of main agricultural products, especially rice, rubber and tapioca. However, export prices of agricultural products increased by 6.1 percent. **Exports value of manufacturing products** fell by 4.9 percent, compared with a 5.4-percent decreased in the previous quarter, as a result of the economic slowdown in key trading partner countries, the impacts from the trade protection measures, the continued downturn in electronic cycle, as well as the decline in global oil price **Exports value of fishery products** decreased by 2.9 percent as a result of the reduction in export quantity, while export price increased. **Exports value of other products** rose by 317.3 percent as a result of the increase in exports of non-monetary gold by 348.2 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), fruits (41.4 percent), and non-monetary gold (348.2 percent). On the other hand, **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).

Export value of agricultural commodities declined, in accordance with high inventory level of importers, economic slowdown in key trading partner and deteriorated export price competitiveness.

Export value of manufacturing products contracted, following the economic slowdown in key trading partner countries, the impact of trade protectionism measures through the supply chain, and the downturn in electronic cycle.

Export value of fishery products declined, in accordance with the domestic production.

Export Value of Major Product in US Dollar Term

%YoY	2018					2019			Share
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3/19 (%)
Agriculture	**0.4**	**-1.4**	**8.4**	**1.7**	**-6.3**	**-2.1**	**-4.9**	**-8.9**	**6.5**
Rice	9.4	21.9	16.8	8.8	-4.4	-10.6	-23.9	-35.1	1.4
Rubber	-23.6	-34.9	-13.6	-17.0	-25.5	-8.9	-11.8	-3.9	1.6
Tapioca	7.0	28.2	4.9	2.9	-7.5	-14.3	-8.5	-27.3	0.5
Manufacturing	**8.6**	**15.1**	**11.4**	**6.7**	**2.1**	**-1.9**	**-5.4**	**-4.9**	**85.6**
Sugar	11.1	-1.9	9.5	15.1	27.9	-21.0	-21.0	5.1	1.3
Crustaceans canned, prepared, or preserved	-14.2	-6.0	-14.1	-20.1	-14.1	-3.9	-11.6	-10.2	0.3
Rubber products	4.1	-2.8	19.4	2.6	-1.3	4.7	-23.1	-14.2	1.9
Apparels and Textile Materials	6.5	8.8	8.5	6.5	2.4	-0.7	-4.2	-2.2	2.8
Electronics	5.0	13.6	11.2	3.6	-6.3	-11.3	-9.5	-6.0	14.1
- Computer parts & accessories	5.9	16.1	16.8	7.4	-12.7	-18.9	-12.1	-10.6	5.4
- Integrated circuits & parts	0.8	7.3	6.4	-3.9	-5.5	-10.7	-14.4	-8.4	3.1
- Printed circuits	3.4	1.0	2.5	8.2	1.2	-8.4	-13.0	-15.4	0.5
- Telecommunication equipment	6.3	37.9	2.5	-0.1	-4.7	-7.7	-3.5	-2.2	2.1
Electrical appliances	1.6	9.6	3.6	-3.5	-3.8	-4.6	2.2	2.8	5.1
Metal & steel	13.2	18.9	20.4	7.5	7.2	-5.1	-8.3	-4.5	4.4
Automotive	7.9	15.9	14.6	6.1	-3.1	-3.8	-3.5	-0.5	15.2
- Passenger car	2.6	18.7	12.4	1.6	-17.3	-8.4	-12.9	-4.4	4.4
- Pick up and trucks	8.3	2.1	24.8	11.7	-1.2	6.8	-4.3	0.5	3.1
- Vehicle parts & accessories	10.3	15.5	13.4	7.7	5.6	-0.8	1.0	0.3	6.9
Machinery & equipment	6.7	13.0	7.8	3.7	3.0	-2.9	-6.2	-7.2	8.3
Chemicals	23.3	28.4	28.6	12.2	25.5	-7.1	-17.9	-18.8	2.8
Petro-chemical products	16.0	17.9	22.7	15.9	8.0	-6.1	-10.2	-9.2	5.2
Petroleum products	30.0	41.1	30.9	32.4	19.9	-9.2	-14.2	-29.3	2.9
Fishery	**-6.5**	**9.2**	**-9.7**	**-15.4**	**-6.3**	**-14.9**	**-9.2**	**-2.9**	**0.8**
Crustaceans	-8.7	13.5	-12.9	-20.3	-6.4	-14.2	-7.4	1.1	0.4
Fish	-3.6	7.3	-5.8	-7.8	-7.9	-17.3	-14.6	-9.1	0.2
Cuttlefish, squid, octopus	-3.3	4.6	-9.6	-5.5	-1.7	-17.1	-11.6	-6.4	0.1
Other Exports	**-21.2**	**-32.7**	**36.0**	**-63.4**	**80.1**	**6.7**	**66.2**	**317.3**	**6.2**
Non-monetary gold (excl. articles of goldsmiths)	-22.8	-33.8	37.3	-65.9	90.1	7.6	68.2	348.2	6.0
Total Exports (Customs basis)	6.9	12.2	11.2	3.0	2.0	-2.1	-3.8	-0.5	100.0
Exports, f.o.b. (BOP basis)	7.5	11.5	13.4	3.1	2.7	-4.0	-4.2	0.0	99.5
Export Value (exclude gold)	8.2	12.9	12.9	6.0	1.8	-4.2	-5.8	-4.8	93.5

Source: Bank of Thailand

Export markets: exports to the US, China, Japan, Australia, and the Middle East (15) expanded, while exports to ASEAN (9) and EU (15) declined. Exports to the US continued to expand by 7.7 percent, supported partly by the trade diversion from trade protection measures. Exports to China increased for the first time in 5 quarters by 2.8 percent, following the increasing in exports of fresh, frozen & dried fruits and motor cars, parts & accessories. Similarly, exports to Japan increased by 2.9 percent. Exports to ASEAN (9) declined by 13.9 percent as a result of the contraction in exports to ASEAN (5) and CLMV by 12.1 and 16.2 percent, respectively. In addition, exports to EU (15) dropped by 5.6 percent, due to the contraction in exports of computer parts & accessories and solar cells. Meanwhile, the exports of air conditioning machine & parts continued to expand. However, the exports to Australia expanded by 14.0 percent, mainly due to an increasing in exports of non-monetary gold. Excluding unwrought gold, export to Australia decreased by 12.8 percent. Exports to the Middle East (15) increased by 0.9 percent, due to the increases in exports of motor cars, parts & accessories, rubber products, and precious stones & jewellery.

Exports to the US, China, Japan, Australia, and the Middle East (15) expanded, while exports to ASEAN (9) and EU (15) declined.

Exports to the US and china increased, partly due to the substitution of Chinese and the American goods in the two markets.

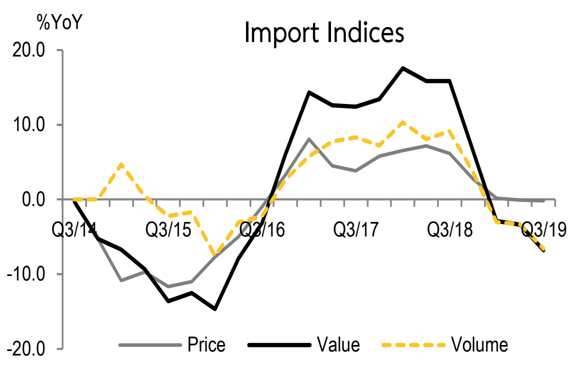
Export Value to Key Markets in US Dollar Term

%YOY	2018					2019			Share Q3/19 (%)
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Total Exports (Mil US$) (Customs basis)	252,957	63,287	63,368	63,930	62,372	61,988	60,983	63,601	100.0
(%YoY)	6.9	12.2	11.2	3.0	2.0	-2.1	-3.8	-0.5	
United States	5.5	9.1	6.8	0.07	6.76	32.1	3.3	7.7	12.0
Japan	13.0	24.9	11.3	8.6	8.2	-1.8	-2.3	2.9	9.7
EU (15)	5.1	11.0	11.2	2.5	-3.7	-6.8	-7.3	-5.6	8.3
China	2.7	4.1	16.0	-2.3	-4.8	-10.4	-9.1	2.8	11.9
ASEAN (9)	14.9	15.1	13.6	21.8	9.6	-4.5	-5.9	-13.9	24.6
- ASEAN (5)*	13.6	16.1	9.4	20.2	9.3	-7.8	-8.7	-12.1	14.4
- CLMV**	16.7	13.8	19.9	24.1	9.9	-0.01	-2.0	-16.2	10.2
Middle East (15)	-0.1	11.8	-5.6	1.2	-6.6	-0.3	-5.6	0.9	3.5
Australia	2.6	14.5	10.3	-5.7	-6.5	-12.3	-9.5	14.0	4.8
- exclude gold	4.0	14.5	11.9	-2.0	-6.5	-12.3	-11.3	-12.8	3.7
Hong Kong	1.8	1.4	9.5	2.8	-6.3	-13.6	-5.1	-5.4	5.1
India	17.8	32.8	27.7	14.3	-0.4	1.3	4.9	-8.1	2.7
South Korea	6.0	6.7	12.3	3.0	1.6	-6.6	-0.3	-10.3	1.7
Taiwan	-0.9	11.50	1.63	-10.1	-5.3	-14.5	-6.3	10.0	1.6

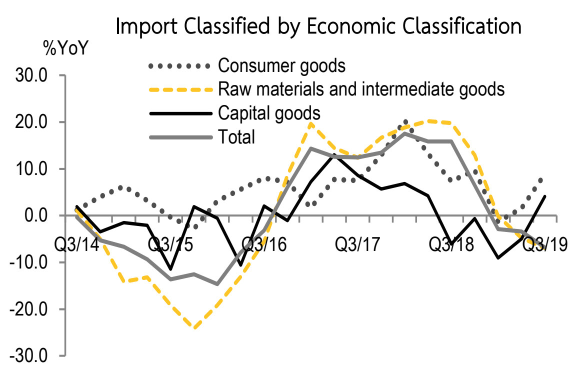
Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
Source: Bank of Thailand

Import value in US dollar terms continued to decline from the previous quarter by 6.8 percent, in response to a decline in export quantity.

Import value in US dollar term continued to decline from the previous quarter, consistent with the decline in export quantity. In the third quarter of 2019, the value of import was recorded at 55.3 billion US dollars, declined by 6.8 percent, compared with a 3.4-percent decline in the previous quarter. Import quantity decreased by 6.6 percent due to a decrease in import quantity of raw materials & intermediate goods, which fell by 3.8 percent, associated with the contraction of export quantity. Meanwhile, the price of imports decreased by 0.2 percent. Import value excluding unwrought gold declined by 2.6 percent. **In Thai Baht term,** the import value decreased by 13.2 percent.



Source: Bank of Thailand



Source: Bank of Thailand

Import quantity of raw materials & intermediate goods, declined, while consumer goods and capital goods increased.

Overall, there was a decline in import value of raw materials and intermediate goods and other import goods, while consumer goods and capital goods increased. **Import value of raw materials and intermediate goods** declined by 7.0 percent, associated with the decline in exports and manufacturing production. **Import value of capital goods** increased by 4.1 percent, as a result of the increase in imports of aircrafts, ships, floating structures & locomotive, while export of machinery, equipment & supplies declined. **Import value of consumer goods** expanded by 8.9 percent, mainly from the increase in food, beverage & daily products, household electrical appliances, and textiles. **Import value of other goods** fell by 29.3 percent as a result of the 56.6 percent decline in the import of non-monetary gold.

Import items with increased value included petroleum products (4.3 percent), natural gas (0.7 percent), food, beverage & dairy products (10.1 percent), household electrical appliances (13.4 percent), automotive (5.2 percent), and other machinery & mechanical appliances & parts (6.4 percent). On the other hand, **import items with decreased value** included crude oil (-17.6 percent), materials of base metal (-6.5 percent), chemicals (-7.0 percent), power-generating machinery & parts (-11.7 percent), animal & fishery products (-6.8 percent), and non-monetary gold (-56.6 percent).

Import Value of Major Product in US Dollar Term

%YoY	2018					2019			Share
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3/19 (%)
Consumer goods	12.5	20.4	13.3	7.4	9.7	-1.3	1.6	8.9	11.2
Raw materials and intermediate goods	17.9	18.8	20.2	19.8	12.9	-0.1	-4.8	-7.0	55.2
Capital goods	1.0	6.9	4.2	-6.1	-0.6	-9.1	-5.0	4.1	23.5
Other Imports	9.0	25.9	4.3	35.2	-21.5	10.3	2.0	-29.3	10.1
Total Imports (Customs basis)	**12.0**	**16.6**	**13.9**	**13.6**	**4.8**	**-1.2**	**-3.6**	**-6.1**	**100.0**
Imports, f.o.b. (BOP basis)	**13.7**	**17.6**	**15.8**	**15.9**	**6.5**	**-2.9**	**-3.4**	**-6.8**	**92.0**

Source: Bank of Thailand

Term of trade increased from the same period last year, as export price increased by 0.4 percent. Meanwhile, the import price decreased by 0.2 percent. Thus, the term of trade increased from 107.7 in the same quarter last year to 108.3 in the third quarter of 2019.

Term of trade increased, compared with the same period last year.

Trade balance recorded a surplus of 7.9 billion US dollars (equivalent to 244.5 billion baht), compared with a surplus of 5.7 billion US dollars (equivalent to 178.6 billion baht) in the previous quarter, and a surplus of 3.9 billion US dollars (equivalent to 129.4 billion baht) in the same quarter of last year.

Trade surplus was higher than that of the previous quarter and the same period last year.

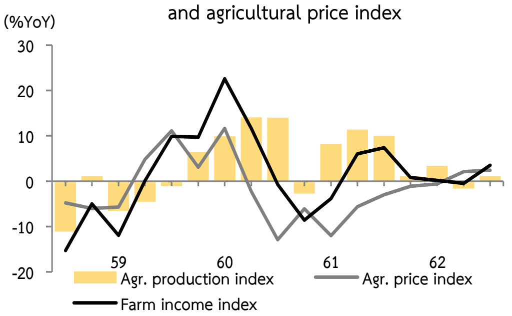
Production Side:

Agricultural sector expanded. However, Accommodation and food service activities reached high acceleration, but manufacturing sector declined continually. Transportation and storage sector, wholesale, retail trade, construction and electricity, gas, slowed down.

Agricultural sector: expanded in the third quarter of 2019, after declining in major agricultural products, due to the drought and a prolonged rain delay in the previous quarter. Agricultural, forestry and fishery production rose by 1.5 percent form a decrease of 1.3 percent in the previous quarter, following **agricultural production index with an increase of 1.1 percent** rebounded form a decrease of 2.4 percent in the previous quarter. This was in line with production expansion included, (i) **rubber** (5.9 percent), driven by rubber tree replanting substituted for other plants since 2013 reaching high-yield period, (ii) **cassava** (6.9 percent), owing to higher planting areas as a result of a higher price of cassava last year induced planting area for farmers, (iii) **oil palm** (10.8 percent), supported by an increase in oil palm planting areas combined with oil palm trees reaching high-yield period along with weather and sufficient water for cultivation, (iv) **fruits** (0.6 percent), as a consequence of an increase in yield per area of some fruits such as tangerine, durian and, mangosteens etc. Major agricultural sector with production decreasing included (i) **paddy** (-6.3 percent) owing to prolonged period of delayed rain and flooding in some areas and (ii) **maize** (-5.2 percent), caused by pest and floods in some area, etc. **Fishery production** expanded by 5.1 percent due to white shrimp (5.1 percent), which increased form farm management and domestic market promotion. Meanwhile **livestock production** dropped by 1.0 percent, especially swine (-7.2 percent), due to higher intermediate cost, whereas eggs increased (7.6 percent) due to farm quality management. **Agricultural Price Index rose by 2.4 percent** continued to increase for two consecutive quarters, following a price increase of main agricultural products, due to (i) an increase in **paddy** price (9.9 percent) as a result of falling product to markets, while market demand rose continually, (ii) an increase in **swine** price (15.9 percent), due to reduction of product to markets, despite high domestic demand, and rising of pork price in global market affected by African swine fever, especially China, Vietnam, Cambodia and Laos, (iii) an increase in **fruits** price (5.7 percent), as production was inadequate in domestic demand such as pineapples and durians etc. (iv) an increase in **poultry** price (8.4 percent) owing to an inadequate chicken production was inadequate to rising in both domestic and global demand (v) an increase in **maize** price (9.5 percent). Major agricultural price index with the contraction, included **cassava** (-31.1 percent), **oil palm** (-22.2 percent), **sugarcane** (-7.6 percent), **white shrimp** (-8.7 percent), and **rubber** (-0.6 percent). Rising in both agricultural production index and agricultural price index, thus led to overall Farm Income Index increased by 3.5 percent**.**

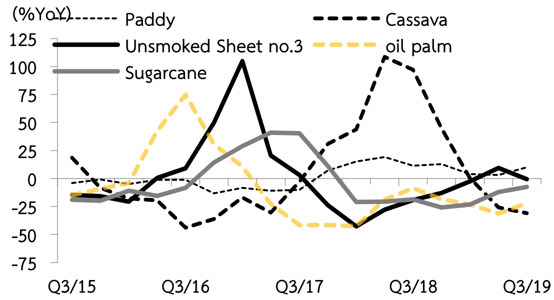
Agriculture sector Expanded by 1.5 percent mainly attributed to an expansion of key agricultural products, including rubber, cassava and oil palm and fruits etc. Increasing price of key agricultural products overall affected to an increase in farmer's income.

Farm Income Index increased by 3.5 percent due to the increase of agricultural production index and agricultural price index



Source: Office of Agricultural Economics

The prices of paddy increased while prices of cassava, oil palm, sugarcane and rubber declined.



Source: Office of Agricultural Economics

Manufacturing sector continually decreased for two consecutive quarters. In the third quarter of 2019, manufacturing sector dropped by 1.5 percent continually decreased from 0.2 percent in the previous quarter, along with a 4.2 percent contraction in Manufacturing Production Index (MPI). **Manufacturing Production Index of the industries with 30 – 60 percent export share to total production** dropped by 5.9 percent, due mainly to the decline in major semi-export-oriented industries, including production of other vehicles (-6.3 percent), sugar (-18.4 percent), weaving of textiles (-21.1 percent), electric motors and generators (-11.7 percent) and manufactured yarns (-12.7 percent). Meanwhile, furniture expanded by 8.4 percent and textile fibres rose by 6.1 percent. **Manufacturing Production Index of export-oriented industries (with export share of more than 60 percent to total production)** declined by 5.9 percent. The contraction was caused by the decrease in the production of major industries, such as rubber products (-18.2 percent), electronic components (-12.0 percent), processing and preserving of fruits and vegetable (-10.0 percent), jewelry (-9.5 percent) and domestic appliances (-4.2 percent). Meanwhile, processing and preserving of fish grew by 10.3 percent and other general-purpose machinery expanded by 4.8 percent. **Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production)** declined by 2.3 percent. The contraction was caused by the decrease in the production of major industries, such as refined petroleum products (-7.4 percent), steel and steel products (-16.4 percent), production of fertilizers (-25.6 percent), concrete (-5.7 percent), and other food products (-9.3 percent), Meanwhile, rectifying and blending of spirits expanded by 36.1 and plastics and synthetic rubber increased by 3.8 The **average capacity utilization rate** stood at 65.0 percent, declined from 68.7 percent in the same quarter last year.

Manufacturing sector declined for two consecutive quarters by 1.5 percent.

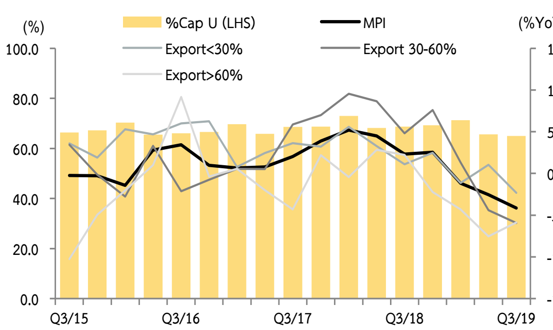
Export-oriented industries and the industries with 30 – 60 percent export dropped by 5.9 percent and domestic-oriented industries dropped by 2.3 percent.

The average capacity utilization rate stood at 65.0 percent.

Manufacturing Production Index with negative growth principally included vehicles (-6.3 percent), petroleum products (-7.4 percent), rubber products (-18.2 percent), electronic components (-12.0 percent), steel and steel products (-16.4 percent), sugar (-18.4 percent)**,** fertilizers (-25.6 percent)**,** weaving of textiles (-21.1 percent)**,** concrete (-5.7 percent) and processing and preserving of fruits and vegetable (-10.0 percent), etc.

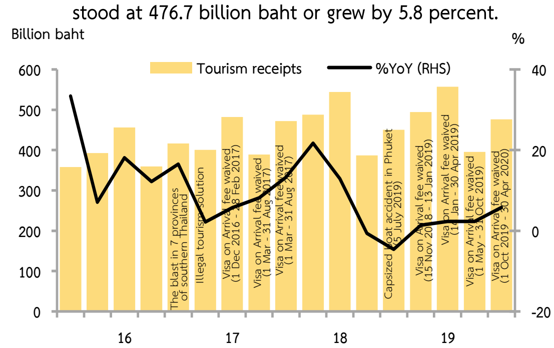
Manufacturing Production Index with positive growth mainly included rectifying and blending of spirits (36.1 percent), plastics and synthetics rubber (3.8 percent), processing and preserving of fish (10.3 percent), pharmaceuticals (12.1 percent), furniture (8.4 percent), other general-purpose machinery (4.8 percent), luggage and similar products (44.4 percent), malt liquors and malt (8.1 percent), dairy product (7.7 percent) and palm oils (8.2 percent), etc.

Manufacturing Production Index decreased by 4.2 percent and the capacity utilization rate averaged at 65.0 percent.



Source : Office of Industrial Economics

Income from foreign tourists for Q3/2019 stood at 476.7 billion baht or grew by 5.8 percent.



Source: Ministry of Tourism and Sports

Accommodation and food service activities grew by 6.6 percent, following an expansion in the number of foreign tourists. Average Occupancy Rate was at 64.08 percent.

Accommodation and food service activities sector accelerated from the previous quarter, due to improvement number of tourists. In the third quarter of 2019, accommodation and food service activities sector expanded by 6.6 percent, improved from 3.7 percent in the previous quarter. **The total number of foreign tourists with the value of 9.7 million persons increased by 7.2 percent improved from a 1.4 percent growth in the previous quarter**, partly supported by a low base effect of number of foreign tourists in the third quarter of 2018 and the government's continual measures to promote tourism sector, especially an extension of waiving visa-on-arrival fee for citizens of 21 nations until 30 April 2020. The expansion in the number of tourists was mainly from India (28.3 percent), China (17.3 percent), South Korea (8.6 percent), Japan (7.9 percent), and Taiwan (12.9 percent), respectively. However, the tourists from Europe dropped by 2.2 percent. **The total amount of tourism revenue with the valued of 738.5 billion Baht** rose by 2.5 percent. This was attributed to (i) **foreign tourism receipts 476.7 billion Baht, which improved to an increase of 5.8 percent form 2.3 percent in the previous quarter**, mainly contributed to tourism receipts from China, India, Japan, South Korea and Taiwan (ii) **Thai tourism receipts of 261.82 billion Baht declined by 3.0 percent**. Moreover, the average occupancy rate was at 64.08 percent, decreased from 69.8 percent in the previous quarter and decreased from 65.4 percent in the same quarter last year.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector continued to expand with a slight slowdown, following the deceleration of household spending.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector continued to expand with a slight slowdown, following the deceleration of household spending. In third quarter of 2019, wholesale and retail trade; repair of motor vehicles and motorcycles sector continually grew by 5.6 percent, compared with a 5.9 percent increase in the previous quarter. This was in line with an expansion of **the total Wholesale, Retail Sales, and Repair of Motor Vehicles and Motorcycles Index of 3.2 percent**, compared with an expansion of 6.7 percent in the previous quarter. Such an index expansion was driven by (i) **an expansion in Wholesale Sales Index (except motor vehicles and motorcycles)** of 7.7 percent, accelerated from a 2.3 percent in the previous quarter, due to a 16.8 percent growth in wholesales of household goods and 5.9 percent growth in wholesales of food, beverages and tobacco, while other specialized wholesale decreased by 4.6 (ii) an expansion in **Retail Sales Index (except motor vehicles and motorcycles)** stabilized by 0.0 percent, compared with 0.9 percent growth in previous quarter, retail sale of automotive fuel in specialized stores and in retail sales of other goods (household goods), attributed to the decrease of 7.6 percent and 2.7 percent for retail sale of automotive goods (household goods) and retail sales of other goods respectively. Meanwhile retail sales of general goods and other goods (such as watches, jewelry, and cosmetics), increased by 5.8 percent and 1.7 percent, respectively and (iii) a contraction in **Wholesale, Retail Sales, and Repair of Motor Vehicles and Motorcycles Index of 3.8 percent**, partially caused by a 7.1 percent decline of motor vehicles sales whereas maintenance and repair of motor vehicles decreased by 4.2 percent. Meanwhile automotive parts sales increased by 4.2 percent.

Transportation and storage sector expanded by 2.5 percent, accelerated form the previous quarter, following an expansion of transport services, shipping support and postal service.

Transportation and storage sector expanded with an accelerated rate from the previous quarter, following of the expansion of transport services, especially air transport services in response to an expansion of foreign tourist number. In the third quarter of 2019, transport and storage sector expanded by 2.5 percent, compared with a 2.3 percent growth in the previous quarter. This was in line with an expansion of transport services which rose by 2.5 percent, in response to an acceleration in transport services, attributed to (i) a 4.2 percent growth in land transport and transport via pipeline services expanded at an accelerating pace of 3.8 higher than the previous quarter, (ii) a 2.5 percent growth in air transport services accelerated form 1.2 percent expansion in the previous quarter and (iii) water transport service declined by 3.0 percent. In addition, shipping support and postal services expanded by 3.9 percent and 1.6 percent, respectively.

Electricity, gas, steam and air conditioning supply sector expanded by 1.9 percent at slower pace form the previous quarter, following a decrease in industrial electricity demand, while gas separation plant expanded at an accelerating rate.

Electricity, gas, steam and air conditioning supply sector slowed down, following a slight slowdown of electricity generation activities. However, gas separation plant activities expanded at an accelerating pace. In the third quarter of 2019, electricity, gas, steam and air conditioning supply sector expanded by 1.9 percent, slowed down from a 7.3 percent growth in the previous quarter. In details, (i) electric power generation grew continually by 1.0 percent, slower than 7.6 percent growth in the previous quarter, due to a decreased demand for electricity in industrial sector. Meanwhile a demand for electricity in household sector rose by 8.2 percent, compared with an expansion of 15.6 percent in the previous quarter (the 5-year average of household electricity demand in the third quarter grew by 4.2

percent). This was driven by an increase of average temperature in this quarter which stood at 28.16 Celsius (the average temperature in the third quarter was at 27.60 Celsius). And (ii) gas separation plant expanded by 10.5 percent, improved from a 4.2 percent rise in the previous quarter.

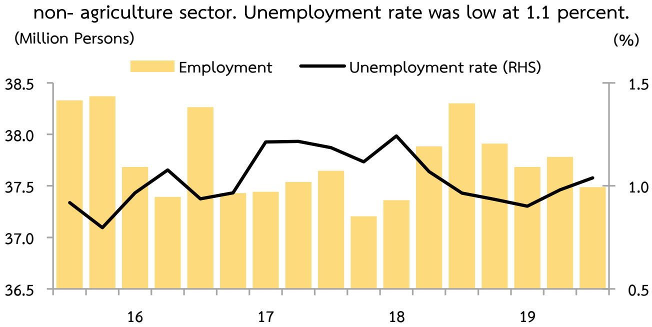
Construction sector slowed down from the previous quarter, in accordance with slowing down expansion in the public construction, while the private construction slightly decreased. In the third quarter of 2019, construction sector expanded by 2.7 percent, slowed down from 3.4 percent in the previous quarter, owing to **public construction** which expanded by 5.1 percent, slowed down from 5.8 percent in the previous quarter. In details, government construction rose by 5.1 percent, slowed down from 8.1 percent and state-owned enterprises construction expanded by 4.9 percent, accelerated from 1.8 percent in the previous quarter. **Private construction**, stabilized with zero growth compared with 0.9 percent expansion in the previous quarter, following the contraction of residential construction and the slowdown of non-residential construction such as commercial buildings and factory building. Meanwhile, other construction accelerated from the previous quarter, following a favorable performance construction of the Mass Rapid Transit (MRT). **Construction Materials Price Index declined** by 2.4 percent compared with stabilized by 0.0 percent in the previous quarter. Such a zero expansion was attributed to the decline in price of steel and steel products (-13.3 percent), concrete (-1.8 percent), and cements (-0.5 percent). Meanwhile, prices of wood and wood products increased by 11.2 percent.

Construction sector expanded by 2.7 percent slowing down from the previous quarter, following public construction which expanded by 5.1, while private construction stabilized.

Employment dropped in line with a decline in both of agricultural employment and non-agricultural employment. In the third quarter of 2019, employment declined by 2.1 percent, compared with a decrease of 0.3 percent in the previous quarter. This was mainly due to a contraction of 1.8 percent in agricultural employment, declining for three consecutive quarters, in line with the reduction of major crops such as paddy and maize. Besides, non-agricultural employment decreased in the first time of five consecutive quarters by 2.3 percent, following the contraction of employment in manufacturing and construction sector and wholesale, retail sales, and repair of motor vehicles and motorcycles sector. However, employment in accommodation and food service activities sector expanded. The unemployment rate stood at 1.1 percent, comparing with a 1.0 percent rate in the same period last year. The average-unemployed was 400,933 persons, compared with an unemployed at 373,500 persons in the same period last year.

Employment consecutive decreasing from the previous quarter, following a decline in agricultural employment which dropped for three consecutive quarters and non-agricultural employment decreased in the first time of five consecutive quarters. The unemployment rate stood at 1.1 percent.

Employment decreased by 2.1 percent,
following a decrease of employment in both of agriculture sector and
non- agriculture sector. Unemployment rate was low at 1.1 percent.



Source: National Statistics Office

Employed Persons by Industry

%YOY	Share Q3/19	2018 Year	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3
Employed	100.00	1.1	-0.2	0.9	1.7	1.9	0.9	-0.3	-2.1
- Agricultural	**33.53**	**3.3**	**6.0**	**3.0**	**1.9**	**2.4**	**-4.2**	**-4.0**	**-1.8**
- Non-Agricultural	**66.47**	**0.1**	**-2.8**	**-0.01**	**1.6**	**1.7**	**3.2**	**1.5**	**-2.3**
Manufacturing	**15.57**	2.5	-0.03	2.6	2.8	4.6	1.0	-0.5	-5.2
Construction	**5.41**	-2.2	-11.8	-2.7	2.6	5.0	10.5	6.2	-2.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	**15.95**	-0.7	-2.8	-2.2	0.9	1.5	2.4	-0.4	-4.1
Accommodation and food service activities	**7.70**	1.8	-1.3	5.7	3.0	-0.02	-0.2	1.1	3.1
Total labor force (Million persons)		38.4	38.1	38.5	38.7	38.4	38.3	38.4	38.0
employed (Million persons)		37.9	37.4	37.9	38.3	37.9	37.7	37.8	37.5
Unemployment (Hundred thousand persons)		4.1	4.7	4.1	3.7	3.6	3.5	3.8	4.0
Unemployment Rate (%)		1.1	1.2	1.1	1.0	0.9	0.9	1.0	1.1

Source : National Statistics Office (NSO)

Fiscal Conditions:

The net government revenue collection decreased by 10.9 percent.

On the revenue side, in the fourth quarter of the fiscal year 2019 (July – September 2019), the net government revenue collection stood at 626.2 billion baht, decreased by 10.9 percent compared with the same quarter last year. This was mainly the results of: (i) the revenue collection from VAT decreased, due to slowdown in private consumption and contraction of import value; (ii) the revenue collection from fuel tax decreased, mainly caused by the decrease in domestic diesel consumption and shutdown of Thaioil Refinery preparing for the Clean Fuel Project (Euro 5) which led to lower supply; (iii) the revenue collection from other agencies decreased, due to excess retained earnings of revolving funds, and premium from bond auction, as well as remittances from Office of The National Broadcasting and Telecommunications Commission in the same period last year; and (iv) the revenue collection from petroleum income tax decreased, due to payment on retroactive tax in the same period last year.

For the fiscal year 2019, the net government revenue collection stood at 2,563.1 billion baht, increased by 1.0 percent from same period last year.

Government Revenue

Fiscal Year (Billion Baht)	2018					2019				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Net Government Revenue	2,536.9	547.6	532.5	754.1	702.8	2,563.1	596.6	564.2	776.1	626.2
YOY (%)	7.7	-0.1	6.5	9.3	13.8	1.0	9.0	5.9	2.9	-10.9

Source: Ministry of Finance

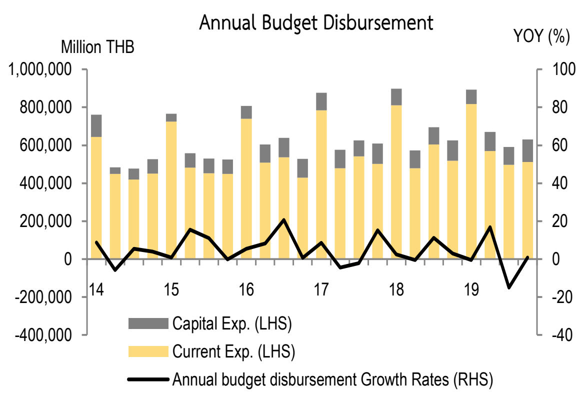
The disbursements of the annual budget, the carry-over budget and the state-owned enterprises' capital expenditure budget expanded. In contrast, the disbursements of and the off-budget loans declined.

On the expenditure side, the total budget disbursement in the fourth quarter of fiscal year 2019 was at 748.4 billion baht[1], increased by 3.0 percent from the same quarter of FY2018 in which current and capital expenditure disbursements rose by 2.1 percent and 5.4 percent, respectively.

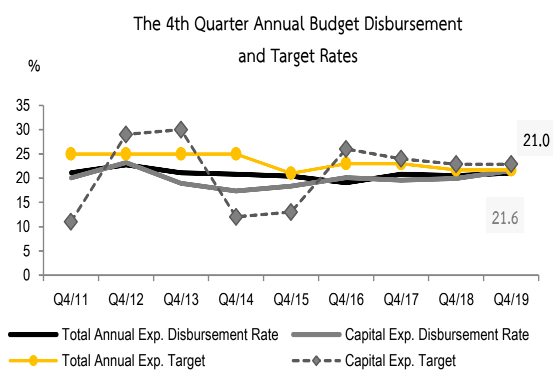
Classified by sources of funds, the government disbursements were as follows: (i) **the 2019 annual budget disbursement** stood at 630.7 billion baht, increased from the same quarter last year by 0.8 percent. The disbursement rate was at 21.0 percent, greater than the rate in the same quarter last year of 20.5 percent.

In detail, the current expenditure disbursement amounted to 511.8 billion baht, fell by 1.3 percent from the same quarter in FY2018 as a result of contraction of other expenses expenditure. The disbursement rate was at 20.9 percent, higher than 20.6 percent in the same quarter last year.

The capital expenditure disbursement marked at 118.9 billion baht, increased from the same quarter last year by 10.5 percent. The rate of disbursement was at 21.6 percent, higher than 19.9 percent in the same quarter last year. The increase in capital expenditure disbursement was the result of expansions of land and building and specific grant expenditures; (ii) **the carry-over budget disbursement** stood at 56.8



Source: GFMIS



Source: GFMIS

[1] The total budget disbursement means the disbursement of the grand total of annual budget, the carry-over budget, the off-budget loans, and the state-owned enterprises' capital expenditure budget.

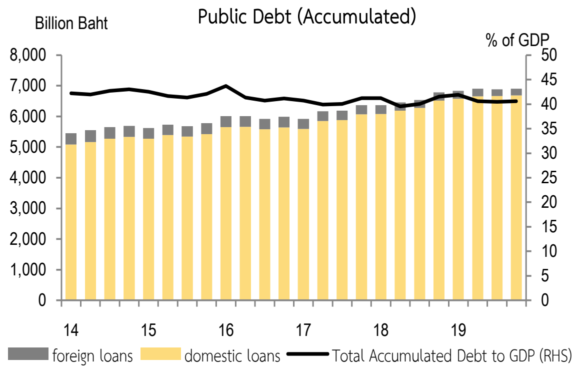
billion baht, increased from the same quarter of FY2018 by 27.2 percent; (iii) **state-owned enterprises' capital expenditure budget** (excluding PTT) was anticipated to be disbursed at 63.7 billion baht[2], expanded from the same quarter last year by 3.2 percent; and (iv) **the off-budget loans** were disbursed at 1,417.1 million baht due to the disbursement of 1,250.2 million baht on the Water Resource Management and Road Transport System Project's loans and 167.0 million baht on the Development Policy Loan (DPL).

For the whole fiscal year 2019, the total budget disbursement was at 3,267.8 billion baht, a 1.5 percent increase from the previous fiscal year, consisting of: (i) the 2019 annual budget disbursement of 2,783.2 billion baht. The disbursement rate was 92.8 percent, higher than the disbursement rate of 91.5 percent in last fiscal year. In detail, disbursements of the current expenditure and capital expenditure were at 2,396.1 billion baht and 387.1 billion baht, respectively; (ii) the disbursement of the carry-over budget stood at 259.9 billion baht, equivalent to 70.0 percent of the total carry-over budget; (iii) state-owned enterprises capital expenditure budget (excluding PTT) disbursement was expected to disburse at 235.6 billion baht[3]; and (iv) the off-budget loans disbursement amounted to 3,190.5 million baht.

For the whole fiscal year 2019, the total budget disbursement declined reflected the decrease of the annual budget disbursement. The overall annual budget disbursing rate was at 92.8 percent; rates of current and capital disbursement were at 97.8 percent and 70.2 percent, respectively.

Public Debt: at the end of September 2019, the debt was accumulated at 6.9 trillion baht, equivalent to 40.9 percent of GDP. The public debt was comprised domestic loans of 6.7 trillion baht (39.6 percent of GDP) and foreign loans of 217.4 billion baht (1.3 percent of GDP).

The public debt remained under the fiscal prudential framework at 40.9 percent of GDP.

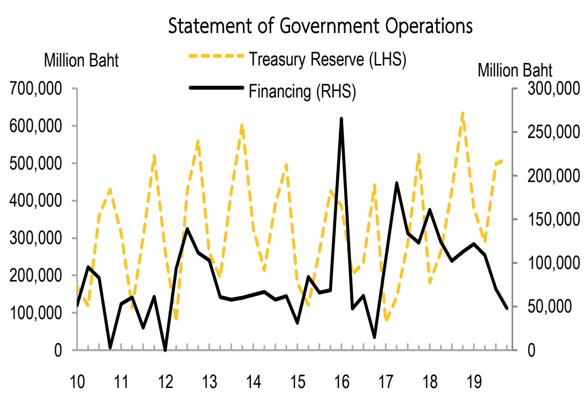


Source: PDMO and NESDC

Fiscal Balance: in the last quarter of fiscal year 2019, the budgetary balance deficit of 92.2 billion baht whereas non-budgetary balance recorded surplus of 59.8 billion baht. In the meantime, the government conducted a cash balance management through borrowing of 48.0 billion baht. Therefore, the cash balance after debt financing recorded a net surplus of 15.6 billion baht. At the end of the last quarter of fiscal year 2019, the treasury reserve stood at 513.0 billion baht.

At the end of the last quarter of fiscal year 2019, the treasury reserve stood at 513.0 billion baht.

For the whole fiscal year 2019, the budgetary balance recorded a deficit of 504.7 billion baht whereas the non-budgetary balance recorded a surplus of 35.3 billion baht. The government conducted a cash balance management through borrowing total of 349.0 billion baht. Therefore, the cash balance after debt financing recorded a net deficit of 120.5 billion baht for this fiscal year.



Source: MOF

2 The number was included the 4,195.3 million baht of the capital spending allocated from the annual budget.
3 The number was included the 13,975.6 million baht of the capital spending allocated from the annual budget.

Financial Conditions:

The policy rate decreased to 1.50 percent per annum thoughout the third quarter.

On the 7th August 2019, the Monetary Policy Committee (MPC) decided to lower the policy interest rate by 25 basis points to 1.50 percent per annum to support the lower than expected economic growth and headline inflation was projected to be below inflation target boundary. Similarly, Federal Reserve (Fed) decreased its policy rate to the range of 2.00-2.25 and 1.75-2.00 percent per annum in August and September, respectively. In addition, many countries gave signal to ease their monetary policies while some countries decided to lower its policy rate in this quarter. For example Reserve Bank of Indonesia reduced policy rate by 25 basis points for three consecutive months in July, August and September from 6.00 to 5.25 percent per annum and Reserve Bank of South Korea decreased their policy rate by 25 basis points from 1.75 to 1.50 percent per annum in July. Similarly, India, New Zealand, Australia, Russia and the Philippines also lowered their central bank policy rate in this quarter.

The policy rate decreased to 1.50 percent per annum in this quarter. Likewise, many countries decreased policy rate such as India, New Zealand, South Korea, Philippines, Russia and Australia.

In October 2019, Federal Reserve (Fed) additionally lowered its policy rate by 25 basis points to the range of 1.50-1.75 percent per annum. Likewise, central bank of India, Australia, South Korea and Indonesia announced their policy rates reductions on 25 basis points from 5.40 1.00 1.50 and 5.25 percent per annum to 5.15 0.75 1.25 and 5.00 percent per annum, respectively. Meanwhile, Russia lowered their policy rates by 50 basis points from 7.00 to 6.50 percent per annum.

In November 2019, on the 6th November 2019, the Monetary Policy Committee (MPC) decided to lower the policy interest rate by 25 basis points to 1.25 percent per annum to support the lower-than-expected economic growth.

Policy Interest Rate

(%) At the end of period	2018					2019						
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul.	Aug.	Sep.	Oct.
USA	2.25-2.50	1.50-1.75	1.75-2.00	2.00-2.25	2.25-2.50	2.25-2.50	2.25-2.50	1.75-2.00	2.00-2.25	2.00-2.25	1.75-2.00	1.50-1.75
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
England	0.75	0.50	0.50	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Canada	1.75	1.25	1.25	1.50	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Australia	1.50	1.50	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00	1.00	0.75
New Zealand	1.75	1.75	1.75	1.75	1.75	1.75	1.50	1.00	1.50	1.00	1.00	1.00
Russia	7.75	7.25	7.25	7.50	7.75	7.75	7.50	7.00	7.25	7.25	7.00	6.50
China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Korea, South	1.75	1.50	1.50	1.50	1.75	1.75	1.75	1.50	1.50	1.50	1.50	1.25
India	6.50	6.00	6.25	6.50	6.50	6.25	5.75	5.40	5.75	5.40	5.40	5.15
Indonesia	6.00	4.25	5.25	5.75	6.00	6.00	6.00	5.25	5.75	5.50	5.25	5.00
Philippines	4.75	3.00	3.50	4.50	4.75	4.75	4.50	4.00	4.50	4.25	4.00	4.00
Malaysia	3.25	3.25	3.25	3.25	3.25	3.25	3.00	3.00	3.00	3.00	3.00	3.00
Thailand	1.75	1.50	150	1.50	1.75	1.75	1.75	1.50	1.75	1.50	1.50	1.50

Source: Collected by NESDC

Large and medium-sized commercial banks raised their deposit rates but maintained banking interest rates at the same level as the previous quarter. In the third quarter of the year 2019, the average 12-month fixed deposit rate of large-sized commercial banks increased by 0.03 percent to 1.46 percent per year as a result of raising the 12-month fixed deposit rate in June for large-sized commercial banks, resulting in the average deposit rate in the third quarter higher than in the previous quarter. However, the average of Minimum Loan Rate (MLR) remained at the same level as the previous quarter by 6.28 percent per year. Similarly, medium-sized commercial banks increased the average deposit interest rate to 1.35 percent and maintained the average MLR at 6.71 percent. Moreover, the real deposit and lending rates rose in line with a decrese in headline inflation rate.

The average deposit rates of large-sized commercial banks increased, while the average lending rate remained stable. However, the real interest rate increased according to the reduction of inflation.

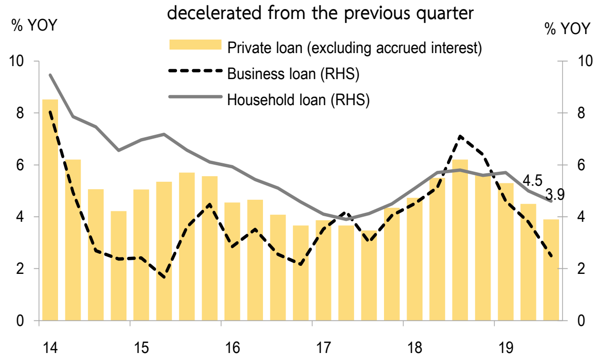
In October 2019, the commercial banks remained lending and deposit normal rate but real interest rate increased resulting from a reduction in headline inflation rate.

In November 2019, large-sized commercial banks and specialized financial institutions (SFIs) began to lower the loan interest rate in accordance with the policy rate cut by the Monetary Policy Committee. However, most financial institute unchanged interest rates on deposits (Except a large-sized commercial bank that reduced deposit interest rates by 0.25 percent), while medium-sized commercial banks unchanged their both of interest rates on loan and deposits.

Private loans of depository corporations decelerated both in business loans and household loans. At the end of the third quarter of 2019, private loans of depository corporations expanded by 3.9 percent, decelerating from 4.5 percent in the previous quarter following a reduction of credit in manufacturing, wholesale and retail sales and accommodation and food service activities. Household loans slowed down from a 5.0 percent growth in the previous quarter to 4.6 percent, especially housing loans which declined by 5.3 percent from 29.6 percent in the previous quarter. After effective of the revised regulations for mortgage loans in April 2019, other consumer loans decreased considerably as a result of more cautious in lending. Meanwhile, credit card loans increased following sales promotions and new product offerings of service providers. However, the overall credit quality was lower than the previous quarter. The ratio of non-performing loans (NPLs) to total loans increased to 3.03 percent from 2.97 percent in the previous quarter which was mainly due to small and medium business loans.

Private loans of depository corporations slowed down in line with the slowdown of business loans in the manufacturing, wholesale and retail sectors, and accommodation and food service, as well as household loans which slowed down due to the decelerated in demand for housing loans.

Private loans (excluding accrued interest) of depository corporations decelerated from the previous quarter



Source: Bank of Thailand

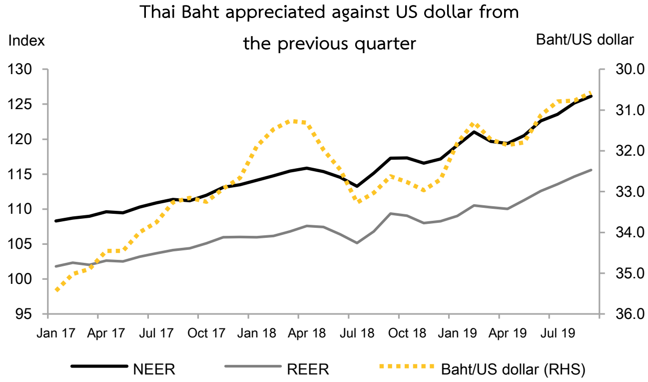
Thai Baht against US Dollar appreciated. During the third quarter of 2019, an exchange rate was average at 30.71 Baht per US dollar, appreciating by 2.8 percent from the previous quarter in line with economic fundamentals of Thailand. The appreciation of the Bath was supported by current account surplus. In contrast, other regional currencies such as Korean Won, Malaysian Ringgit and Indonesian Rupiah depreciated from the previous quarter. Furthermore, comparing with trading partners/competitors, Thai Bath was appreciated reflected by an increase in Nominal Effective Exchange Rate (NEER)[4] by 3.4 percent on average from the previous quarter.

Thai Baht against US dollar appreciated supported by continued current account surplus.

In October 2019, Thai Bath appreciated due to current account surplus while the global economic was expectedly slowed down along with policy rate reduction of the Federal Reserve (Fed) and other regional countries. The exchange rate in this month was average at 30.37 Baht per US Dollar, appreciating by 0.7 percent from an average rate in September.

In November 2019, Bank of Thailand supportedly relaxed foreign exchange regulations to encourage capital outflows and promote more balanced capital flows, led to alleviate pressures on the baht such as repatriation of export proceeds that the exporters were allowed to keep their proceeds abroad, Investment in foreign securities that retail investors will be allowed to invest up to USD 200,000 per year in foreign securities, without investing via intermediary institution in addition to flexible outward transfers allowance and settlement of gold trading in foreign currency.

Thai Baht appreciated against US dollar from the previous quarter



Source : CEIC, Bank of Thailand

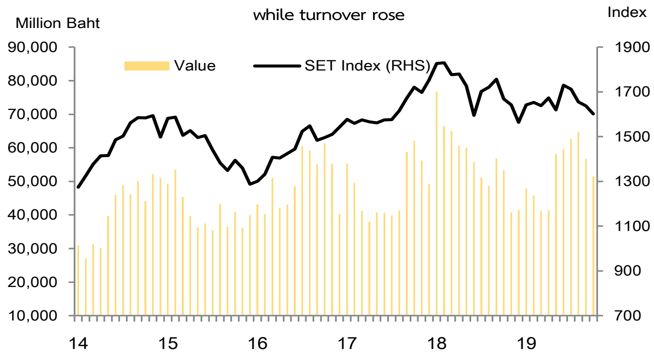
[4] The BOT began using the new NEER and REER in March 2014. The base year would also be changed to 2012, that the indicators could capture the true structure of trade in line with changing international dynamics.

SET index decreased from the previous quarter. At the end of the third quarter of 2019, SET index decreased by 5.6 percent to 1,637.2 points from the previous quarter. The downward movement of SET index was mainly driven by the net sell position of foreign investors. However, overall throughout the quarter, SET index decreased from the previous quarter, supporting by (i) Fed's policy rate cut in July and September. (ii) geopolitic risks in middle east and (iii) uncertainty from US-China trade tension.

SET Index decreased from the previous quarter caused by a net sell of foreign investors.

In October 2019, SET index decreased by 2.2 percent to 1,601.5 points from the end of September, which was pressured by a net sell of foreign investors during the downward trend of SET index. Meanwhile, retail investors posted a continual net sell. In addition, financial report of Thai company was below expected especially in commercial banks.

SET Index in the third quarter of 2019 decreased from the previous quarter while turnover rose



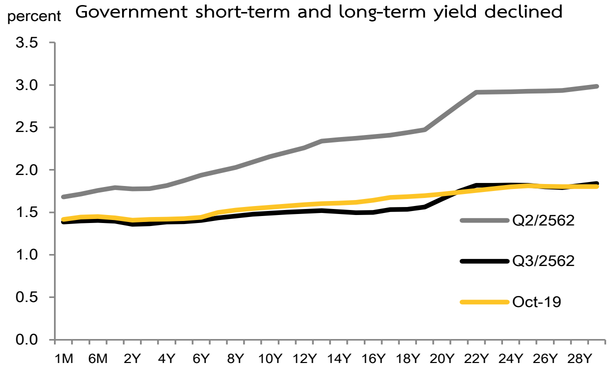
Source: SET

Foreign investors registered a net sell in bond market. In the third quarter, foreign investors registed a net sell of 79.9 billion Baht, comparing with a net buy of 46.2 billion Baht in the previous quarter. Most of the net sell was seen in August with the record of 34.6 billion Baht after BOT introduced measures to prevent Thai Baht speculation in July such as limit Thai Baht liquidity, curb capital inflows, measures on Non-resident Baht Account (NRBA) and Non-resident Baht Account for Securities (NRBS) and measures on Non-Deliverable Forward (NDF). In addition, Fed's policy rate cut in July and September and other central banks including BOT cut their policy rates in August. As a result, foreign investors adjusted their portfolioes and gradually sold their holding bonds. Bond market, as a consequence, became a net sell in the third quarter.

Foreign investors registered a net sell in bond market after BOT introduced the measures to prevent Thai baht speculation in July and policy rate reduction from other central banks including BOT cut their policy rate.

In October 2019, foreign investors registered a decreasing net sell in bond market by selling short-term bond and buying long-term bond. As a result, the returns of bonds flattened from the previous month.

Government short-term and long-term yield declined



Source: ThaiBMA

Capital and financial account recorded a net inflow of 1.1 billion US dollars in the first two months of third quarter. Capital and financial account recorded a net inflow, the first time in 8 quarters. This was caused by an inflow from capital movements of Thai outbound investment in term of currency and deposits together with a continual investment in term of foreign direct investment for foreign investors.

Capital and financial account recorded a net inflow, first time in 8 quarters due to continued increase of capital movements of Thai outbound investment and foreign direct investment.

Capital Flow

(Billion USD)	2018					2019					
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul.	Aug.	Sep.
- Direct Investment	-8.0	-1.2	-3.9	-2.6	-0.5	-3.7	-1.5	-0.4	-0.3	-0.2	n.a.
Thai investor	-21.2	-5.2	-5.9	-5.8	-4.5	-4.4	-3.5	-1.9	-1.4	-0.6	n.a.
Foreign investor	13.2	4.0	2.0	3.2	4.0	0.7	2.0	1.5	1.1	0.4	n.a.
- Portfolio Investments	-8.7	-3.6	-3.3	0.0	-1.8	-1.2	0.0	-2.0	0.6	-2.6	n.a.
Thai investor	-0.5	-2.0	1.6	0.3	-0.3	-1.2	-1.1	-1.4	-0.2	-1.2	n.a.
Foreign investor	-8.2	-1.6	-4.9	-0.3	-1.5	0.0	1.1	-0.6	0.8	-1.4	n.a.
Others	1.8	1.5	-0.9	1.5	-0.2	-0.2	-1.7	3.5	2.2	1.4	n.a.
Capital and financial account	-14.9	-3.3	-8.1	-1.1	-2.5	-5.1	-3.2	1.1	2.5	-1.4	n.a.

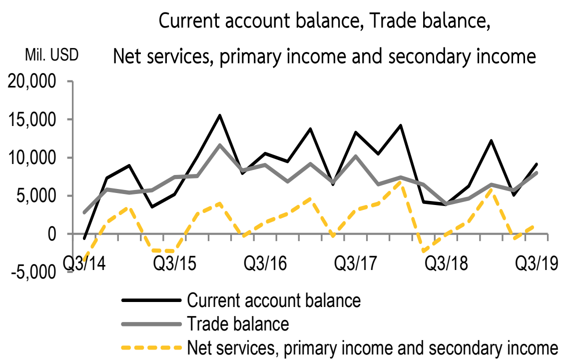
Source: BOT

Current account registered a surplus of 9.1 billion US dollars (280.2 billion baht). This was a result of a trade surplus of 8.0 billion US dollars and a surplus in services, and primary and secondary income of 1.1 billion US dollars.

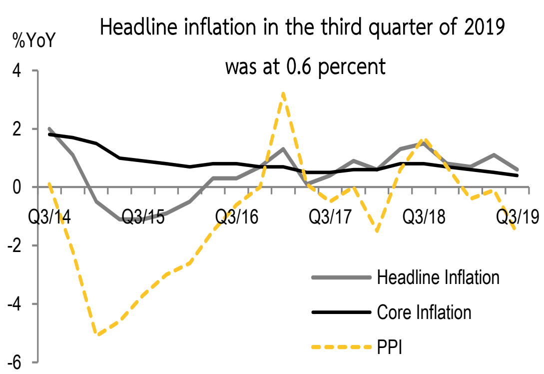
Current account registered a more surplus than the same period last year.

International reserve at the end of September 2019 stood at 220.5 billion US dollars (excluding net forward position of 33.1 billion US dollars), which was equivalent to 3.7 times of short-term foreign debt, or to an import value of 12 months (given the average of import value in the third quarter of 2019).

International reserve at the end of September 2019 stood at 220.5 billion US dollars.



Source: Bank of Thailand



Source: Ministry of Commerce

Headline inflation: In the third quarter of 2019, headline inflation was averaged at 0.6 percent, decelerated from 1.1 percent in the previous quarter. **Food-and-Beverage** price index increased by 2.9 percent, continued from 2.7 percent in the previous quarter, due to an increase in prices of fresh vegetable and fruits, rice, flour & cereal products, and meats. **Non-Food and Beverage** price index decreased by 0.7 percent, compared with a 0.2-percent growth in the previous quarter as the domestic retail fuel price decreased, which caused energy index to decrease by 5.0 percent. Core inflation was averaged at 0.4 percent, compared with 0.5 percent in the previous quarter.[5]

Headline inflation was at 0.6 percent, decelerated from the previous quarter due to the decline of Non - Food and Beverage price index.

Producer Price Index (PPI): In the third quarter of 2019, Producer Price Index decreased by 1.6 percent, due to the decrease in price of manufactured products and mining products. **The price of manufactured products** decreased by 2.6 percent, compared with a 1.2-percent decrease in the previous quarter as price of petroleum products, and chemicals & chemical products declined. Also, **the price of mining products** decreased by 4.8 percent, from a 2.3-percent growth in the previous quarter due to a decrease in price of lignite, petroleum, & natural gas. Meanwhile, **the price of agriculture products** increased by 7.2 percent, continued from 7.1-percent growth in the previous quarter as price of crops and livestocks increased.[6]

Producer Price Index (PPI) decreased by 1.6 percent, due to the decrease in price of mining products and price of manufactured products.

[5] In October 2019, headline inflation was 0.1 percent, Core inflation was 0.4 percent. On the first 10-month average, headline inflation was average at 0.7 percent, Core inflation was average at 0.5 percent.

[6] In October 2019, Producer Price Index (PPI) decreased by 2.5 percent. On the first 10-month average, PPI decreased by 0.9 percent.

2. Crude Oil price in Q3 of 2019

The crude oil price in the global market declined from the previous quarter and from the same period last year. In the third quarter of 2019, the average crude oil price in the 4 major markets (Dubai, Oman, Brent, and WTI) stood at 60.22 USD per barrel, declined by 18.1 percent from the same period last year, and declined from the previous quarter by 8.5 percent.

Key reasons for the decline in the global crude oil price included (i) an increase in OECD (US, Canada, and others) inventory to 2,890 million barrels (higher than 2,846 million barrels in the same period last year), (ii) world economic slowdown, causing the global demand increase slowly, and (iii) investor concern over key risks including uncertainties between the US - China trade negotiations that could affect the expansion of world economy.

The crude oil price in the global market declined due to an increase in OECD inventory, world economic slowdown, and uncertainties between the US - China trade negotiations.

Crude oil price

Year		USD per Barrel					(%YoY)				
		OMAN	DUBAI	BRENT	WTI	Average	OMAN	DUBAI	BRENT	WTI	Average
2016	Year	43.10	45.04	41.40	41.71	42.81	-11.7	-16.0	-18.6	-18.5	-16.3
2017	Year	50.96	54.82	53.02	53.24	53.01	18.2	21.7	28.1	27.7	23.8
2018	Q1	62.90	67.18	63.71	64.04	64.46	21.2	23.0	20.2	19.8	21.1
	Q2	67.89	74.91	71.90	71.93	71.66	40.5	47.1	45.1	44.4	44.3
	Q3	69.61	75.99	74.12	74.41	73.53	44.4	45.5	47.2	47.2	46.1
	Q4	58.77	68.12	67.28	67.70	65.47	6.1	10.7	13.7	14.4	11.3
	Year	64.79	71.55	69.25	69.52	68.78	27.2	30.5	30.6	30.6	29.7
2019	Q1	54.93	63.86	63.29	63.43	61.38	-12.7	-4.9	-0.7	-1.0	-4.8
	Q2	59.89	68.37	67.37	67.58	65.80	-11.8	-8.7	-6.3	-6.0	-8.2
	Q3	56.36	61.93	61.03	61.50	60.22	-19.0	-18.5	-17.7	-17.4	-18.1
	Jul.	57.33	63.96	62.97	63.42	61.98	-19.1	-14.7	-13.7	-13.1	-15.1
	Aug.	54.86	59.55	58.97	59.40	58.17	-19.1	-19.4	-18.5	-18.1	-18.8
	Sep.	56.88	62.29	61.16	61.67	60.50	-18.8	-21.3	-20.7	-20.7	-20.4
	9M	57.06	64.72	63.90	64.17	62.47	-14.6	-11.0	-8.6	-8.5	-10.6
	Oct.	53.96	59.59	59.58	59.95	58.27	-23.8	-26.1	-24.8	-25.0	-25.0
	10M	56.75	64.21	63.47	63.75	62.05	-15.6	-12.6	-10.4	-10.4	-12.2

Source: Thaioil Plc and EPPO.

3. The World Economy in Q3 of 2019

The world economy in the third quarter of 2019 continued to show some slowdowns from the first half of the year resulting from decelerations in major economies, of which registered the lowest economic growth rate in many quarters, especially in the US (lowest in 12 quarters), and China (lowest in 111 quarters), amidst intensified trade disputes and uncertain direction of trade protection measures throughout this quarter. In addition, there were other uncertain factors including particularly rising concerns over the no-deal Brexit, economic slowdowns in major economies and pressures from trade tensions which contributed to continuing slowdown in exports and economies in NIEs, ASEAN and other major developing economies.

As a result of economic slowdowns amidst uncertain trade tensions as well as lower-than-target inflation in several key countries, central banks of many advanced economies continued to implement expansionary monetary policy. For instance, the Federal Reserve lowered its policy rate twice consecutively; the European Central Bank lowered its deposit facility rate and expanded its asset purchase programme; Similarly, other central banks in Asia also implemented additional accommodative monetary policy, such as in China, South Korea, Indonesia, and Philippines.

The US economy expanded by 2.0 percent, decelerating from 2.3 percent in the previous quarter, lowest rate in 12 quarters. This was mainly due to a reduction in industrial production

The US economy expanded by 2.0 percent, decelerating from 2.3 percent in the previous quarter, lowest rate in 12 quarters. This was mainly due to a reduction in industrial production in line with a weaker Manufacturing Purchasing Manager's Index (Manufacturing MPI) of 49.4, remaining lower than 50 and the lowest level in 15 quarters. In addition, private investment decelerated and registered the lowest growth rate in 12 quarters, owing mainly to a reduction in non-residential investment. The main supporting factors for the economic growth in this quarter was private consumption expenditure, which continued to expand at a satisfactory rate and was consistent with a recovery in labor market conditions as, the unemployment rate decreased to 3.3 percent, the lowest rate in 50 years. On the contrary, exports declined by 1.8 percent, while import declined by 1.4 percent, the first contraction since the third quarter of 2016. Nevertheless, the core PCE inflation was 1.8 percent, the same rate as in the previous quarter and remaining lower than the 2.0-percent target. Thus, under such conditions, the Federal Open Market Committee (FOMC) decided to lower the target range for the federal funds rate for the first time in 11 years in the meeting on July 31st and continued to cut the rate for the second time in the meeting on September 18th. In the latest meeting on October 29th - 30th, 2019, the FOMC reduced the policy rate for the third time to the range of 1.50 - 1.75 percent.

The Eurozone economy grew by 1.2 percent. The subdue growth was due to a decline in manufacturing production, as a result from a deceleration in major trading partners' economies and trade protectionism measures.

The Eurozone economy grew by 1.2 percent, the same rate as in the preceding quarter. The subdue growth was due to a decline in manufacturing production, as a result from a deceleration in major trading partners' economies and trade protectionism measures. Furthermore, the new auto emission standard also put some negative impacts on the production in the automobile industry. The Eurozone Manufacturing Purchasing Manager's Index (PMI) was at 46.4, the lowest level in 28 quarters, consistent with the capacity utilization rate of 82.2, the lowest level in 10 quarters. Nevertheless, private consumption expenditure expanded continuously by 2.2 percent, which was in line with the low level of unemployment rate of 7.3 percent, the lowest rate in 48 quarters. In addition, the Eurozone HICP inflation rate was at 0.9 percent, lower than 1.4 percent in the previous quarter. Thus, on September 12th, the European Central Bank (ECB) decided to cut its deposit rates down by 0.1 percentage point to -0.5 percent, which was the first rate cut since March 2016. Moreover, the ECB also implemented the following monetary measures (i) the extension of buying assets under the Asset Purchase Programme (APP) at a monthly pace of 20 billion euro, (ii) a new series of quarterly targeted long-term refinance operation (TLTROs III), and (iii) a two-tier system where part of banks' holdings of excess liquidity will be exempted from the negative deposit facility rate.

The Japanese economy expanded by 1.3 percent, accelerating from 0.9 percent in the previous quarter, owing to the acceleration in private consumption expenditure prior to the consumption tax hike.

The Japanese economy expanded by 1.3 percent, accelerating from 0.9 percent in the previous quarter, owing to the acceleration in private consumption expenditure prior to the consumption tax hike from 8.0 percent to 10.0 percent on October 1st, 2019. Private consumption expanded by 1.3 percent, accelerating from 0.8 percent in the preceding quarter. In addition, there was an increasing growth momentum from government spending and total investment with 2.5 and 4.1 percent, up from 2.1 and 0.8 percent in the previous quarter respectively. Nevertheless, growth contribution from net exports declined as the export value declined by 1.2 percent, compared with a reduction of 2.2 percent in the previous quarter, and the import value increased by 2.0 percent, compared with an increase of 0.3 percent in the previous quarter. Inflation rate declined to 0.3 percent, which was in line with a reduction of food and energy prices and was also lower than the target rate. Thus, the BOJ decided to maintain its policy rate and level of asset purchase as well as signal the possibility to further ease monetary policy if necessary.

The Chinese economy expanded by 6.0 percent, softened from 6.2 percent in the previous quarter, and was the lowest growth in almost 28 years. This was in line with a slowdown in domestic demand in both private consumption and investment, especially in fixed asset. The economy was also affected by a decline in exports, owing to trade protectionism measures and deteriorations in trading partners' economies. As a consequence, export values declined for the second consecutive quarter by 0.4 percent while import values dropped for the third consecutive quarter by 6.5 percent. In addition, exports to the US decreased by 15.1 percent and, at the same time, imports from the US decreased by 19.1 percent. Inflation stood at 2.9 percent, owing to higher food prices, which was affected by a surge in pork price, owing to the outbreak of swine flu, and the increased tariffs in many products, particularly imports from the US. China's foreign reserve at the end of September 2019 declined to 3.09 trillion USD, the lowest level in 7 months. This was in line with a continued Yuan depreciation, which stood at 6.9917 Yuan per US dollar on average. Under the conditions of economic slowdown and increasing pressure to economic stability, the People's Bank of China (PBoC) decided to cut the reserve requirement ration (RRR) for financial institutions by 0.5 percent to 10.5 percent, which was effective on September 16th, 2019, and also cut the one-year loan prime rate (LPR) from 4.25 percent to 4.20 percent in September 20th, 2019. Furthermore, the PBoC also injected 200 billion yuan through medium-term lending facility (MLF) as to increase financial institution liquidity.

The Chinese economy expanded by 6.0 percent, the lowest growth in almost 28 years. This was in line with a slowdown in domestic demand in both private consumption and investment. The economy was also affected by a decline in exports.

The NIEs economies mostly experienced some slowdowns from the previous quarter, following the deceleration in manufacturing production and a reduction in exports, which as affected by the deteriorations in trading partners' economies and increasing pressure from trade tension. The disruption from prolonged protest violence caused Hong Kong economy to decline by 2.9 percent, which was the first time in 40 quarters. Meanwhile, Singapore economy expanded by 0.5 percent, compared with 0.1 percent in the previous quarter. and the South Korea economy expanded by 2.0 percent. On the other hand, Taiwan economy grew by 2.9 percent, which was the highest rate in 5 quarters. This higher growth was driven by expansions in net exports of goods and services and the rebound of public expenditure, which registered a positive growth rate for the first time in 3 quarters. In the region, inflation rates mostly declined, from the previous quarter, in line with a reduction of energy prices. Inflation in Hong Kong, however, increased to 3.3 percent, which was the highest rate in 18 quarters, driven by higher pork price as a result of the outbreak of African swine flu.

The NIEs economies mostly experienced some slowdowns from the previous quarter, following the deceleration in manufacturing production and a reduction in exports.

The ASEAN economies mostly experienced some signs of gradual pickup in their export values. The economies of Indonesia and Malaysia grew by 5.0 and 4.4 percent consecutively, slightly decelerating from 5.1 and 4.9 percent respectively, which were in line with decelerated domestic demand and declined export values. The Vietnam economy expanded by 7.3 percent accelerating from 6.7 percent in the previous quarter, owing to the decelerations of manufacturing, services and export sectors. Moreover, the Philippines economy expanded by 6.2 percent, accelerating from 5.5 percent in the previous quarter, in line with an acceleration in domestic expenditure, while the net export decelerated. Meanwhile, inflations in Vietnam and Philippines declined due to lower food and energy prices. On the other hand, inflations in Indonesia and Malaysia increased due mainly to higher food prices.

The ASEAN economies mostly experienced some signs of gradual pickup in their export values.

GDP growth, Inflation, and Export growth in several key economies

(%YoY)	Export (%YoY)				GDP (%YoY)				Inflation (%YoY)			
	2017	2018	2019		2017	2018	2019		2017	2018	2019	
	Year	Year	Q2	Q3	Year	Year	Q2	Q3	Year	Year	Q2	Q3
USA	6.6	7.8	-3.2	-1.8	2.4	2.9	2.3	2.0	1.8	2.1	1.4	1.4
Euro Area	9.4	8.7	-3.6	-1.6	2.5	1.9	1.2	1.2	1.5	1.8	1.4	0.9
UK	5.8	5.7	-5.4	-3.4	1.9	1.4	1.3	1.0	2.7	2.5	2.0	1.8
Japan	8.3	5.7	-6.2	-1.3	1.9	0.8	0.9	1.3	0.5	1.0	0.8	0.3
China	7.9	9.9	-1.0	-0.4	6.8	6.6	6.2	6.0	1.6	2.1	2.6	2.9
Hong Kong	7.6	6.8	-4.6	-6.3	3.9	3.1	0.4	-2.9	1.5	2.4	3.0	3.3
India	13.1	8.5	-1.2	-3.8	6.9	7.4	5.0	-	3.3	4.0	3.1	3.5
Indonesia	16.3	6.7	-8.9	-6.9	5.1	5.2	5.1	5.0	3.8	3.2	3.1	3.4
South Korea	15.8	5.4	-8.6	-12.2	3.2	2.7	2.0	2.0	1.9	1.5	0.7	0.0
Malaysia	14.7	14.2	-5.2	-3.6	5.7	4.7	4.9	4.4	3.8	1.0	0.6	1.3
Philippines	19.7	0.9	1.8	0.6	6.7	6.2	5.5	6.2	2.9	5.2	3.0	1.7
Singapore	10.4	10.3	-6.5	-7.8	3.7	3.2	0.1	0.5	0.6	0.4	0.7	0.4
Taiwan	13.0	5.9	-2.7	-0.8	3.1	2.7	2.4	2.9	0.6	1.3	0.8	0.4
Vietnam	21.8	13.3	9.0	10.7	6.8	7.1	6.7	7.3	3.5	3.5	2.7	2.2

Source: CEIC, Collected by NESDC

4. The World Economic Outlook for 2020

The world economy, and trade volume in 2020 is expected to grow at a slow pace due to the gradually slowdown of major economies including the US, China and Japan, and impacts from intensifying trade protection measures in last 2 years. Nonetheless, in the base case projection, the trade dispute is likely to be diminished which will foster the global trade to be normalized. Together with the accommodative monetary policy implemented in 2019, these conditions will support the economic recovery particularly India, NIEs, ASEAN, and other emerging and developing economies which partly will be able to gain the potential benefits from the international trade diversion and supply chain redirections owing to the trade protection measures. Moreover, the Eurozone economy is likely to recover gradually. Under all circumstance, the global economy and trade volume tends to gradually improve. Under the baseline scenario that there are no additional trade protection measures and new developments of the key risks, it is expected that in 2020 the world economy and global trade volume will expand by 3.3 and 2.8 percent, compared with 3.1 and 1.5 percent in 2019, respectively.

Due to expected easing trend of the trade tension in our baseline scenario, coupled with more stabilizing pace of exports and growth in major economies, the central banks of several countries tend to tune down their accommodative monetary policies after hurriedly expanding monetary policy in 2019. The Fed, ECB and BOJ are expected to maintain their level of monetary easing. Besides, the PBoC is likely to further expand monetary policy in order to relief the impact from the economic slowdown. However, there remains a possibility that the Fed and BOJ will additionally ease their policy if there are promising signs of more pressure from trade tensions and significant economic slowdown.

The US economy is expected to expand by 2.1 percent in 2020, decelerating from 2.4 percent in 2019, which will be the softest growth pace in 4 years. This is in line with an increasing pressure from uncertainty surrounding trade protection measures which impacts exports, production, and investments, together with diminishing effects from fiscal stimulus under 2018 – 2019 tax reform, and economic adjustment following above full employment, as well as political uncertainty and policy direction during the president impeachment inquiry and the period prior to the presidential election in November 2020. Nevertheless, the US economy will be driven mainly by continual strong growths in household consumption, which is in line with the growing labor market and tight employment conditions, and the preceding year's monetary ease. Over the year 2020, it is anticipated that the FOMC will continue its expansionary stance if there are no increasing signs of additional pressures from trade tension and economic slowdowns.

The Eurozone economy is expected to grow by 1.3 percent in 2020, recovering from 1.1 percent in 2019. The improving prospect is due to the adjustment of automobile and parts manufacturing sectors after the impacts from 2019 the new car emission standard, as well as the improving domestic spending following the previous additional monetary ease and improving employment conditions as reflected in the October data showing that the unemployment rate declined to its lowest rate since July 2008. However, uncertainty revolving the US-EU trade negotiations poses a key risk, especially if it is resulted in additional tariffs on automobile and parts imports following section 232 of the US's Trade Expansion Act of 1962, which will inevitably affect exports and manufacturing of the EU members. In addition, economic and investment sentiment tends to be under pressures from the uncertain outcome of Brexit negotiations which is further subjected to how the United Kingdom's election on December 12th, 2019, will turn out. The possible No-deal Brexit outturn still remains if agreements cannot be concluded by the end of January 2020. Domestic political issues are also important to the economic stability and therefore its prospects, especially protests in Spain and Italy's political conditions.

The Japanese economy is expected to expand by 0.6 percent in 2020, a decelerating pace from 0.9 percent in 2019. This follows the softer pace of domestic consumption, which is anticipated to gradually soften after it was accelerated previously in anticipation of the consumption tax hike in October 2020. On the other hand, manufacturing and exports tend to recover only slowly, because of the trade measure uncertainty and the Yen's appreciation. Nevertheless, trade dispute between Japan and South Korea tend to be more resolved. In addition, the expansion of the Japanese economy is buttressed by the stronger pace of investments, due to the business sector's adjustment to the trade protection measures, the EU-Japan Economic Partnership Agreement (EPA), and the 2020 Olympics from 24th July to 9th August, which is expected to boost domestic consumption and the tourism sector.

The Chinese Economy is expected to grow by 5.9 percent, slightly softening from 6.1 percent in 2019. This follows the expected deceleration of the manufacturing sector and the declines in exports due to the uncertainty on the US's trade protection measures as well as the slowing trends of key trading partners' economies, which will pulled down the growth of domestic demand, both in terms of household consumption and private investments, amidst economic stability issues as a result of high business and household debt levels. In addition, local government infrastructure investments tend to be constrained financially and may lead to higher defaults. Under these conditions, it is expected that the PBOC will continue with gradual easing monetary policy in order to alleviate financial risks, by reducing Loan Prime Rate (LPR) and Medium-Term Lending Facility (MLF), and granting credits through SFIs and liquidity control through Required Reserve Ration (RRR) reduction. In addition, there may also be addition fiscal expansionary measures to stimulate domestic consumption and investments.

The Newly Industrialized Economies (NIEs) are expected to recover in 2020. The recover from 2019 will be supported by the expansion of manufacturing and domestic investments following businesses' adjustments to the trade protection measures between the US and China as well as monetary easing in several key economies which will support the growth of domestic demand. Under the baseline scenario, it is expected that, in 2020, South Korea and Singapore economies will expand by 2.2 percent and 1.0 percent, accelerating from 1.9 percent and 0.5 percent, respectively. On the other hand, the Taiwan economy is expected to maintain its 2.3-percent growth, while the Hong Kong economy is estimated to grow by 1.5 percent, compared with a decline by 1.0 percent in 2019. Similarly, **the ASEAN economies** tend to improve as a result of revitalizing manufacturing, exports, and domestic investments, which are partly benefited from the trade and supply chain redirection as well as the previous fiscal stimulus and monetary ease in several economies. In 2020, Indonesia, Malaysia, and the Philippines are expected to grow by 5.2, 4.7, and 6.2 percent, accelerating from 2019 growth paces of 5.0, 4.5, and 5.8 percent, respectively. On the other hand, Vietnam is expected to decelerate to 6.7 percent in 2020, from 6.9 percent.

Notwithstanding, the risks arose from volatilities in the global financial are expected to persist in 2020. Therefore, the global economic and trade volume growths, as well as monetary policy directions, may diverge from the baseline assumptions. Key risks needed to be consistently monitored are as follows: (1) the uncertain trade direction and negotiation outturn between the US and China, as well as other countries, especially during the period before the presidential election in November, 2020, as well as possible additional trade protection measures between the US and China, as well as between other countries, particularly possibility of additional tariffs on automobile and parts imports following the section 232 of the US Trade Expansion Act of 1962, which will adversely impact manufacturing of the Eurozone, Mexico, Canada, and Japan; (2) the uncertain outcome of the Brexit under the new government, a no-deal Brexit is still looming if agreements could not be reached by October 31st, 2019, especially if the December 12th, 2019, election does not result in a clear majority for single party; (3) the slowdown of US economy which can be worse than expectation and the Chinese economic instability that remains under pressure particularly amid the Yuan depreciation and the economic slowdown, and (4) key political conditions in several countries, particularly: (i) the political uncertainty and fiscal policy directions in Italy, particularly the delays in reducing budget deficit back to the original target may affect Italy's ability to pay back their future debts; (ii) protests in Spain for the Independence of Catalonia; (iii) protests in Hong Kong which is not only unresolved but also tend to amplify, and will weigh down the regional trade and investment sentiment; and (iv) geopolitical conflicts in key countries which could be broadened, especially the political stability of the Middle East after the Turkish government send troops to block the Kurds at the Syrian border, the assassination of the ISIS leaders, and the US trade sanctions on Iran.

5. Thai Economic Outlook for 2019

The Thai Economy in 2019 is projected to grow by 2.6 percent, decelerating from 4.1 percent in the previous year. Headline inflation is expected to be at 0.8 percent, and the current account balance is forecasted to register a surplus of 6.2 percent of GDP, compared with a surplus of 5.6 percent in 2018.

In the press release dated on November 18th, 2019, NESDC forecasted that the Thai economy is likely to expand by 2.6 percent, which is close to the lower bound of the previous projection of 2.7 – 3.2 percent. (August 19th, 2019) This revision included some key revisions on key growth components to be consistent with the actual data of the first three quarters of 2019 and some change in key assumptions of the projection. The details of growth revisions are as follows:

1) The Thai economy in the third quarter of 2019 expanded slower than previously projected mainly due to (1) the slower-than-expected export growth reflected in the values of exports in the third quarter which started to show improving sign but was still slower than in the previous estimation due mainly to the intensified trade measures and the uncertainty of US – China trade negotiations throughout the third quarter which caused producers and exporters in the supply chain to continue slowing their production and trade activities; (2) the lower-than-assumed disbursement rate of Stated-owned Enterprises (SOEs) capita budget which led to pubic investment in the third quarter to expand at slower rate than previously expected and was consistent with some delays of key infrastructure projects for example a high-speed train from Bangkok to Nakhon Ratchasima; and (3) temporary effects from an adjustment in domestic car market due to shift in a new car model, together with shutdowns of some oil refinery plants. Combining with the sluggish recovery of export, manufacturing sector thus declined faster than expected. Consequently, those factors had led the Thai economy in the third quarter to grow by 2.4 percent, lower than in the previous projection. Hence, the Thai economy in the first-three quarters of 2019 expanded by 2.5 percent, slightly below the lower bound of 2.7 – 3.2 percent of the previous projection on August 19th, 2019. However, under the assumption that there will be additional trade protection measures, it is expected that the economy over the remaining year will continue to grow and the growth rate in 2019 is likely to remain close to a lower bound of 2.7 – 3.2 percent as in the previous forecast on August 19th, 2019.

2) The revisions on growth components in accordance with the actual data in the first three quarters of the year, coupled with key assumptions revision include (1) the downward revision of the global economic growth and export price from 3.3 percent and 0.5 percent in the previous projection to 3.1 percent and 0.3 percent respectively. This is due to the lower-than-expected economic growth of major trade partners and export price in the third quarter. This downward revision is also attributable to the intensified trade measures, and the signs of global economic slowdown which cause exports to grow lower-than-expected; (2) the downward revision of public investment due to the actual disbursement rate in the last quarter of fiscal year 2019; and (3) the downward revision of private investment due to slower-than-expected growth in the third quarter and to be consistent with slower-than-expected growths of export and public investment.

6. Thai Economic Outlook for 2020

The Thai economy in 2020 tends to be under constraints of the sluggish growth trend of the major trade partners amid the vulnerabilities of the economic and financial system. Nevertheless, under the baseline scenario, the Thai economy in 2020 is likely to recover gradually in line with a slow global recovery and the adjustment of international trade and investment towards the trade protection measures, as well as the recovery of tourism sector. Moreover, the growth momentum from domestic demand will remain favorable based on strong fundamental, both public investment which is expected to speed up due to the acceleration of budget disbursement under key infrastructure projects which are expected to be completed their construction and be able to start operations in 2020 - 2021, and the expansion of the government capital budget framework. Furthermore, private investment is also forecasted to grow further supported by the production base relocation while private consumption tend to be supported by low interest rate, subdued inflation, and additional supports from government measures.

Supporting factors for the economic growth:

1) **Domestic demand tends to show a favorable expansion; (1) Private consumption** is expected to keep its growth pace supported by: (i) the expected low inflation, as a result of stable oil price compared to that of 2019; (ii) the remaining low interest rates following previous monetary policy easing, which resulted in downward adjustments of interest rates by some major commercial banks; and (iii) government measures to support low-income people, and agricultural households; **(2) Private investment** is anticipated to expand upon the favorable key fundamentals, particularly the increase in value of projects applied for investment promotion through the Board of Investment (BOI) by 42.4 percent in 2018, particularly the investment in the Eastern Economic Corridor area (EEC) of which the project applied through the BOI increased by 137.4 percent in 2018, and 75.1 percent in the third quarter of 2019. Moreover, there are additional supporting factors from the production relocation of foreign firms to curb down negative impacts from the trade protection measures in which some investors have already started to relocate to Thailand, together with investment incentives provided by the government in particular under the Thailand Plus Package, and the soft loan measure to support the business sector; and **(3) Public investment** is expected to accelerate following the progress of key government infrastructure projects, especially those 17 projects with 681,190 million baht that include projects already approved by the cabinet and those under construction. Several projects that are planned to complete construction and start operations in 2020 - 2021 which will lead to speed up in the disbursement including for example the intercity motorway Pattaya – Map Ta Phut, Meter gauge rail development Lopburi – Pak Nam Pho, Dual track railway Chachoengsao-Klong19-Kaeng Koi, and Mass Transit System (Bang Sue-Rangsit, Bang Sue – Talingchan, Khae Rai – Minburi, and Lat Phrao – Samrong). In addition, another key factor will be from the increase in the capital budget under the 2020 annual budget of about 18.9 percent, compared with the 2019 annual budget.

2) **Exports tend to gradually recover.** Although the broader-based global slowdown and the intensified trade measures caused the global trade volume to decline and thus dragged Thai exports over the first half of 2019 to fall, Thai exports showed some improvements as it plateaued in the third quarter. Considering by markets, exports to the US market still grew by 7.7 percent, accelerating from the 3.3 percent in the previous quarter, following the expansion of key export products partially benefited from trade diversion. At the same time, the exports to Japan and China in the third quarter expended by 2.9 and 2.8 percent, respectively, after declined in the second quarter. Export in 2020 is anticipated to gradually recover as a result of the recovery of the global economy, the export adjustment towards clearer direction of trade protection measures, and the low-base effect in the previous year.

3) **The government's economic measures will continue to support the economy**, especially those under the 2019 - 2020 economic management framework which was approved by the cabinet on August 20th, 2019, aiming to stimulate economy through key sectors including export, tourism, private investment, investment in infrastructure projects, together with the policies to support small and medium enterprises (SMEs), farmers, low income people, and labours. In November 2019, the government had also implement several key policies included: additional welfare card the social welfare card program, and village funds that helps support poor people spending, policy to support agricultural sectors particularly farmers who was affected by the drought, the "Chim-Shop-Chai" or "Eat-Buy-Spend" campaign to encourage household consumption and domestic tourism, and the government policy to support private investment in order to encourage and support investment relocation to Thailand especially under the "Thailand Plus Package" scheme as well as the stimulus measure for the tourism sector.

4) **The tourism sector continues to improve,** with strong momentum from the accelerated pace of foreign tourists in the latter half of 2019, supported by: (1) the extension of the temporary waiver on the visa-on-arrival (VOA) fee to end on October 31st, 2019, instead of April 30th, 2020, (2) the recovery of the number of Chinese tourists as observed from 17.3-percent growth in the third quarter of 2019, after 4 consecutive quarters of decline. The recovery was supported by (i) the changes in preferences of Chinese tourists to travel within short distances, instead of long-distance travels; (ii) the persistent protests and political tension in Hong Kong, which caused tourists to redirect their destination to Thailand; and (iii) the consumption tax hike in Japan, one of the main destinations the Chinese targeted, causing travelling and living costs in Japan to be higher, and (3) the recovering prospect of the global economy, and the continual expansion of emerging economies and regional countries which will support the continued expansion of foreign tourists mainly from South Asia, East Asia, and ASEAN.

Limitation and Risk Factors:

1) **Global economy particularly key trading partners may grow slower than the base case** scenario, particularly the US and Chinese economies which remain under risks of growing slower than expected if the trade dispute escalate. Also, the Eurozone economy remains under risk from the uncertainty of Brexit outcome of which the no-deal situation is still possible.

2) **The vulnerabilities of the global economic and financial situation remain high and may increase.** Key risk factors to the outlook that need close monitoring include: (1) the possibility of additional US trade measures against China and other countries particularly the tariffs that are authorized under Section 232 of the Trade Expansion Act of 1962, which will adversely impact automotive industry; (2) political situation in the US including the impeachment of the US president and the presidential election in November 2020; (3) the risks of economic fluctuation in Eurozone and UK mainly due to the uncertainty of Brexit, the Catalonia protest in Spain, the political condition in Italy, as well as the German general election in October 2020; (4) the Chinese economic instability that remains under pressure particularly amid the Yuan depreciation and the economic slowdown trend; (5) the fluctuation in the financial market due to the expectations and the adjustment of investors in response to monetary policy adjustment of major central banks and key economies; and (6) geopolitical conflict and domestic political conditions that caused the domestic unrests such as in Hong Kong, Chile, Iraq, Lebanon, as well as political stability problem in the Middle East.

3) **Risk from drought conditions** remains a concern. Based on the usable storage level of the 4 main dams of Chao Phraya Basin (Bhumibol, Sirikit, Khaew Noi Bamrung Dan, and Pa Sak Jolasid) on November 11th, 2019, were at 11,950 million cubic meters, or accounted for 48.0 percent of total storage capacity, lower than those of the same period of 2018 and 2017 which were at 19,552 million cubic meters (78.6 percent), and 21,126 million cubic meters (84.9 percent) respectively. The risk from drought conditions will possibly affect the growth of agricultural production in 2020 particularly off-season paddy to grow slower than expected.

Key assumptions for 2020 economic projection:

1) **The world economy and world trade volume in 2019 is forecasted to grow by 3.1 percent and 1.5 percent respectively**, revised down from 3.3 percent, and 3.4 percent in the previous projection, decelerated from the a 3.9-percent and a 4.0-percent growths in 2018. This is in line with economic slowdowns in the first three quarters of 2019 especially US, Eurozone, and China, which was significantly affected from the intensified trade measures in the second half of 2019 and the concerns over the possibility of No-deal Brexit. For the outlook in 2020, under the base case scenario, the global economy is projected to increase by 3.3 percent, gradually recovering from 3.1 percent in 2019. The recovery will be supported by the improvement of the Eurozone and the NIEs economies, as well as the expansions of India and ASEAN economies. Likewise, the world trade volume in 2020 is expected to increase by 2.8 percent, increasing from a 1.5-percent growth in 2019.

2) **The average Thai baht in 2019 is expected to be at 31.0 baht per US dollar**, appreciating from 32.3 baht per US dollar in 2018 and slightly appreciating from the mid-point of previous projection at 31.2 baht per US dollar due to further expansionary monetary policy of major central banks especially the US federal reserve that continually reduced its policy interest rate 3-times in 2019, the ECB which also cut its policy rates and increase size of the Asset Purchase Programme, including the central banks in Asia. Moreover, pressures on the Thai baht appreciation trend are from the investors' confidence on the overall Thai economic stability with a high level of current account surplus. In the year 2020, the average Thai baht is projected to be in a range of 30.5-31.5 baht per US dollar, same level as in 2019. Despite the fact that the Thai baht remains under appreciation pressure pertaining in the second half of 2019, however, there are some factors to curb the appreciation pressure of the Thai baht including the

recovery of the global economy in 2020 amid upward tendency of long-term government bond yields of major countries, as well as the maintain of the US's monetary policy stance, and the recent Bank of Thailand's measure to relax regulations to facilitate capital outflows to help promote capital flow balance and lessen pressure on the baht recently announced on November 8th , 2019.

3) **The average Dubai crude oil price in 2019** is expected to be at 63.2 US dollar per barrel which is in the projection range, however, it is lower than the mid-point forecast at 64.0 US dollar per barrel. **For 2020, the Dubai crude oil price is expected to be in the range of 57.0 – 67.0 US dollar per barrel, close to the average level of 2019**, since the upward pressure on oil price will be moderated due to (i) the slowdown of major economies particularly the US, China, and Japan which will impact oil demand; (ii) the US's oil production that is likely to increase due to the enhancing efficiency of oil drilling facility; and (iii) a new limit of sulfur in fuel of the International Maritime Organization (IMO), aiming to reduce harmful impacts of shipping on the environment, which will be effective on January 1st, 2020. This new standard will reduce the demand for Dubai crude oil that has the high sulfur contain. Nevertheless, there remain the supporting factors for the higher price are included: (i) the possibility that both OPEC and non -OPEC countries will extend production reduction, which originally will conclude in March 2020; (ii) the US sanctions on Iran and Venezuela which affect the production and export of both countries. In fact, Iran and Venezuela were contributed around 6.8 percent of global export; and (iii) The geo-political conflict in the Middle East region that can effect oil production especially if it has an impact on the transportation through the Strait of Hormuz, and the domestic turmoil in OPEC members.

4) **The export and import prices in US dollar term in 2020** are expected to marginally decrease by (-0.6) - 0.4 percent and (-0.6) - 0.4 percent respectively, compared with 0.3 percent and 0.0 percent in 2019. This is in line with the assumption of Dubai crude oil price and the downward tendency of commodity and industrial goods prices. Meanwhile, price of food-related primary products tend to increase from 2019.

5) **Revenues and number of foreign tourists in 2019 are expected to reach 2.04 trillion baht, and 39.8 million people**, remaining unchanged from assumptions in the previous projection, due to the actual figures in the third quarter that is similar to the projection in which that the number of foreign tourists in the third quarter was at 9.7 million people increasing by 7.2 percent mainly attributed to the increased of tourists from China, India, Japan, and South Korea. Meanwhile, in 2020, revenue from foreign tourists is expected to reach 2.2 trillion baht, and number of foreign tourists is likely to be at 41.8 million people, supported by (i) the recovery of the global economy particularly Asian countries and India, (ii) the extension of the temporary waiver on the visa-on-arrival (VOA) fee until the end of April 2020, and visa exemption for Chinese and Indian Tourists, and (iii) the low base in the first half of 2019.

6) **The budget disbursement assumptions** are as follows: (i) the annual budget under FY2020 is expected to be normally disburse in the second quarter of FY2020 (January – March 2020) with the FY2020 annual budget disbursement rate of 92.3 percent of overall budget, compared to 92.8 percent in FY2019. Specifically, the current and capital budgets are assumed to be disbursed by 98.0 percent and 70.0 percent, respectively, compared with 97.8 percent and 70.2 percent of FY2019. Moreover, the budget disbursement rate in the first quarter of FY2020 is expected to be at 28.0 percent; (ii) the carry-over budget disbursement is assumed to be at 73.0 percent, and (iii) the state-owned enterprises' capital budget disbursement is expected to be at 80.0 percent of overall budget.

Key Assumptions

	Actual Data		Projection		
	2017	2018	2019 Aug 19, 2019	2019 Nov 18, 2019	2020 Nov 18, 2019
World Economic Growth (%)[1]	4.1	3.9	3.3	3.1	3.3
USA	2.4	2.9	2.4	2.4	2.1
Euro Area	2.4	1.9	1.1	1.1	1.3
Japan	1.9	0.8	0.9	0.9	0.6
China	6.8	6.6	6.1	6.1	5.9
World Trade Volume (%)	5.1	4.0	3.4	1.5	2.8
Exchange Rate (Baht/US dollar)	33.9	32.3	30.7 - 31.7	31.0	30.5 - 31.5
Dubai Crude Oil (US Dollar/Barrel)	53.0	69.3	59.0 - 69.0	63.2	57.0 - 67.0
Export Price (US Dollar) (%)	3.6	3.4	0.0 - 1.0	0.3	(-0.6) - 0.4
Import Price (US Dollar) (%)	5.5	5.6	0.0 - 1.0	0.0	(-0.6) - 0.4
Income from Tourism (Trillion baht)	1.78	1.82	2.04	2.04	2.20

Note: [1] World economic calculated by trade weight of key economic partners in 2016-2018 (15 economies)

Source: NESDC

Key components of the economic growth :

1) **Consumption: Private consumption expenditure** is expected to grow by 3.7 percent, compared with 4.3 percent in 2019. This slightly slowdown is mainly due to the deceleration of household loans, and the high base in the first half of 2019 which was attributable to high growth of domestic car sales. Nevertheless, private consumption expenditure tends to exhibit a favorable expansion supported by: (i) remaining low interest rate, inflation, and unemployment rate, and (ii) the government measures to support low-come people, and farmers. **Government consumption expenditure** is estimated to expand by 2.6 percent, accelerated by 2.2 percent in 2019, consistent with the government budget framework under the FY2020 annual budget that increases by 3.9 percent from FY2019 annual budget.

2) **Total investment** is expected to grow by 4.8 percent, enhance 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 the 18.9-percent growth of the capital budget framework under the FY2020 annual budget. **Private investment** in 2020 is expected to grow by 4.2 percent, compared with 2.8 percent in 2019 supported by (i) the increase value of projects that applied for promotion certificate by BOI in 2018 particularly in the EEC area, (ii) the investment in the Public–Private Partnership (PPP) projects, and (iii) the production relocation of entrepreneurs to curb down the impacts from the trade measures that is supported by the government policy under "Thailand Plus Package" scheme.

3) **Exports value of goods in US dollar terms** is anticipated to grow by 2.3 percent, compare with 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 contraction of 2.3 percent in 2019, due to the global economy and world trade volume recovery. Meanwhile, the export price is expected to decrease by 0.1 percent, compared with a 0.3-percent growth. This downward tendency is in line with the oil price assumption. For exports of services, it shows the momentum to expand continually from the latter half of 2019 due to the recovery of number and revenues from foreign tourists. Therefore, the export volume of goods and services is projected to grow by 3.5 percent, accelerating from a 1.4-percent contraction in 2019.

4) **Import value of good in US dollar term** is expected to grow by 3.5 percent, compared with a 3.6-percent reduction in 2019. The value growth is mainly due to the import volume that is likely to grow by 3.6 percent, compared with a 3.6-percent contraction in 2019 supported by the recovery of export and acceleration of private investment which is attributable to the relocation of industries from trade measures, together with the support from the expedition of public investment under the key infrastructure projects. Besides, the import price is expected to decrease by 0.1 percent, compare with 0.0 percent in 2019. Combining with import of services, it is projected that the import volume of goods and services will expand by 3.9 percent, compare with a 2.6-percent reduction in 2019.

5) **Trade balance** is estimated to register a surplus of 23.5 billion US dollars, lower than a surplus of 25.6 billion US dollars in 2019. This is a result of an import value that tends to increase faster than export growth. Combining with the service account, **the current account** is expected to register a surplus of 31.8 billion US dollar or accounted for 5.6 percent of GDP, compared with a surplus of 34.0 billion US dollar or 6.2 percent of GDP.

6) **Economic stability will remain sound**: the headline inflation rate is expected to be in the range of 0.5 – 1.5 percent, gradually increasing from a 0.8-percent in 2019, resulting from upward pressures by strong domestic demand, upward tendency of fresh food prices, and the slower decline of oil price.

7. Economic Management for the year 2020

The Thai economy over the remainder of 2019 and the year 2020 tends to face with some limitations particularly slow growth of the world economy amid escalating trade tensions and remaining high volatility of global economic and financial system. Nevertheless, under the baseline scenario it is possible that the economy will further improve following a gradual global economy and the adjustment of international trade and investment to a clearer direction of trade measures, together with increasing momentum from the tourism sector. In addition, domestic demand also tends to have favorable conditions including speed up of public investment projects and continued expansions of private consumption and private investment. Given such trends, the macroeconomic policy management during the rest of 2019 and the year 2020 should focus on following issues:

1) **Fostering exports to return to expand and reach the target of at least 3.0 percent growth in 2020**, and emphasizing on (1) driving export of goods which has potential to benefit from the trade protection measures, together with supporting entrepreneurs who have production base in Thailand and countries impacted by the trade measures to expand their production capacity in Thailand; (2) assisting exporters affected by the trade measures through the supply chain linkage and the GSP suspension in the US market to be able to redirect their export to other markets; (3) operating trade policies to closely abide by the world trade rules and regulations; (4) extending trade and economic cooperation especially the free trade agreements as well as focusing on particular countries that Thailand can seize opportunities from trade diversion and minimize impacts from the trade measures through the supply chain between Thailand-China-US; and (5) monitoring and mitigating impacts from Thai baht to the export and production sectors, coupled with facilitating and reducing export-related costs.

2) **Supporting the expansion of the tourism sector** by emphasizing on (1) penetrating high-income foreign tourists particularly Chinese; (2) diversifying the tourist market to be more balance in order to cushion the negative impacts from the Chinese tourists slowdown particularly of those middle-income group which tend to be affected by the economic slowdown and currency fluctuation; (3) continuously reassuring the safety concern for tourists both in terms of life and belongings; (4) protecting and solving the air pollution problems in particular the PM2.5; (5) hosting events for tourism promotion campaign and related activities to attract high-income tourists of both long distance and regional tourist; (6) managing and solving overcrowding issues particularly in major tourist destinations; and (7) encouraging Thai people to travel domestically.

3) **Sustaining the momentum from the expansion of government expenditure and public investment** by (1) expediting the FY2020's budgeting process and preparing the projects and planning to be ready for disbursement as soon as the annual budget act becomes effective; (2) 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; (3) expediting the implementation of infrastructure projects and the disbursement of under-construction projects to be as planned; and (4) driving key infrastructure projects especially of those necessary for uplifting the economic growth potential.

4) **Strengthening investors' confidence and encouraging private investment** by: (1) fostering continual expansion in export sectors which will sustain capacity utilization to be around the level appropriate for investments in order to expand production capacity; (2) monitoring and propelling important investment projects, both those applied and those already approved for the investment promotion to be promptly operated; (3) supporting entrepreneurs who have production base in Thailand and in countries affected by the trade protection measures and the economic slowdown to increasingly expand their production capacity in Thailand, as well as motivating and facilitating investors from other countries, who have been affected by the trade protection measures and are considering to move their production base, to invest in Thailand, by publicizing investment privileges, competency and connectivity of transport and logistics infrastructure, and the potentials of the special economic zones; and (4) continuously fostering public investment projects of both infrastructures and special economic zones to be as targeted; and (5) preparing the labor force both in terms of quantity and quality, to effectively support further investment, especially of those industries with the opportunities from international production relocation as well as Thailand's target industries.

5) **Strengthening small farmers, the labor force, low income groups, SMEs, and local economies**, especially those who are adversely affected by declines in export and employment, as well as by lower world commodity prices and rapidly changing weather conditions and natural disasters. The measures should therefore place stress on: **(1) fostering agricultural production and income**, by: (i) preventing and mitigating the impacts of natural disasters, coupled with providing the appropriate monetary, fiscal, and supply-side measures to recover the farmers affected by natural disasters especially droughts; (ii) solving problems on agricultural prices of some products whose price recovery is subjected to constraints, as well as emphasizing exports in key agricultural products in order to reduce price pressures from the accumulated stocks; and (iii) supporting large-scale farming, along with increasing farmers' income share from final product sales by reducing marketing processes; and **(2) buttressing the low Income, the labor Force, SMEs, and local economies**, by: (i) pursuing the ongoing social welfare smart card project; (ii) providing financial measures to attenuate debt burdens and impacts from lay-offs, encourage training activities for career and production adjustments, lessen constraints on fund accessibility for small farmers, low income groups, local enterprises, and SMEs, and ensure fund sufficiency and effective identification of the target group; and (iii) assisting and developing SMEs affected by slowing exports growth, changes in business models, disruptive technologies, consumer preferences, and demography, as well as foreign exchange volatility.

Projection for 2019 - 2020 [1/]

	Actual Data		Projection		
	2017	2018	2019		2020
			Aug 19, 2019	Nov 18, 2019	Nov 18, 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, %)[2/]	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 (%)[3/]	9.5	7.5	-1.2	-2.0	2.3
Growth rate (Volume, %)[3/]	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 (%)[3/]	13.2	13.7	-1.6	-3.6	3.5
Growth rate (Volume, %)[3/]	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, 18th November 2019

Note: [1/] Data was calculated based on new National Accounts Office's Series, published on www.nesdc.go.th

[2/] Investment means Gross Fixed Capital Formation

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