

# Monthly Economics Insight

April 2021

TTB Analytics

## Global Economy

- **Massive vaccination campaigns around the world sent the number of vaccinated people to rise, resulting in returning economic activities in many countries.** IMF advanced economic projections, mainly in U.S. and Europe. Despite ongoing vaccination, global cases are still on the rise due to severe outbreak in India.
- **Government stimulus boosted U.S. economy in March.** Retail sales significantly increased while inflation (CPI) rose above 2.5%. Moreover, U.S. unemployment rate dropped to 6%. Service sector outlook improved in European countries due to vaccination.
- **China posted strong GDP growth in 1<sup>st</sup> quarter.** With the impact of contracted economy from last year, China's economic activities grew massively in retail sales, industrial production, and investment. Japan still affected by ongoing Covid-19 outbreak. Inflation rate continued contraction for the fifth month

## Domestic Economy

- **Overall, Thai economy in February slightly improved due to a second wave of domestic outbreak coming under control.** Regarding risk, a recurring third wave of domestic infection in April 21 does hamper Thailand's economic recovery path and could potentially delay an effective plan for reopening border to foreigners.
- **External sectors (except international travelling) continued its recovery trend.** Merchandise exports recovered to nearly all destination owing to global economic recovery. Foreign tourists however declined from all markets due to a new round outbreak globally.
- **Domestic activities improved but remained in weak conditions.** Private consumption contracted from last year but expressed a positive momentum. However, supportive factors were fragile, but government stimulus could help sustain consumption. Numbers of Thai tourists rebounded in Feb 21. In the meantime, private investment showed positive momentum in machinery and equipment in accordance with improved business sentiment and the rebound of merchandise exports. Only, construction sector and Real estate sector were in weak condition. Government's spending especially public investment were disbursed at greater degree from last year. Regarding inflation, HCPI edged up from last month due to an increase in energy price and a marginal increase in core inflation.

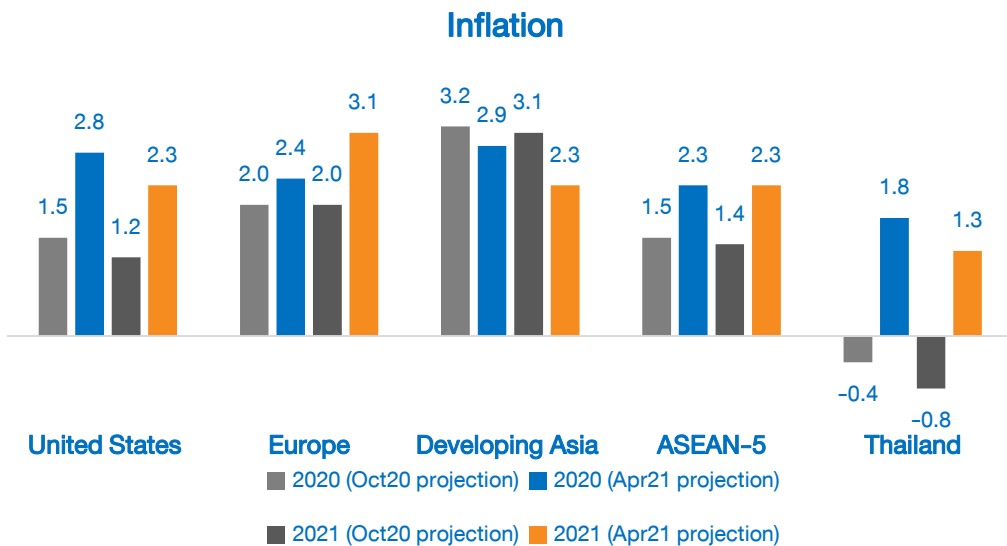
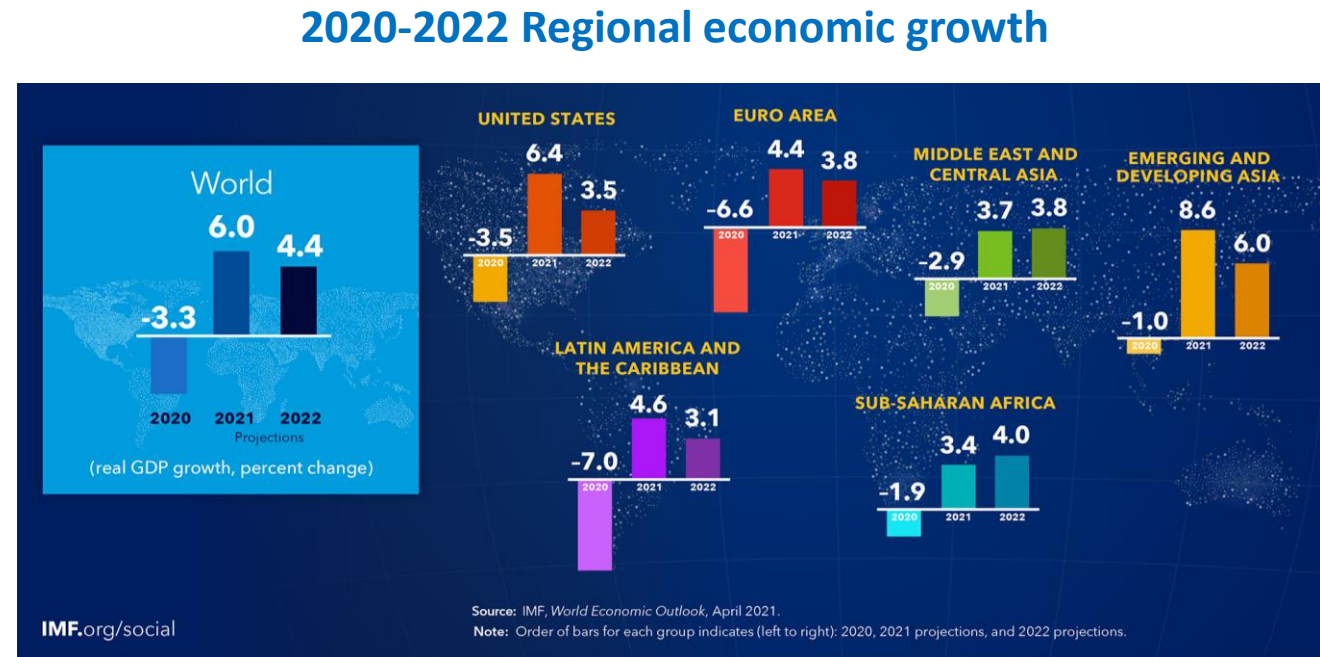
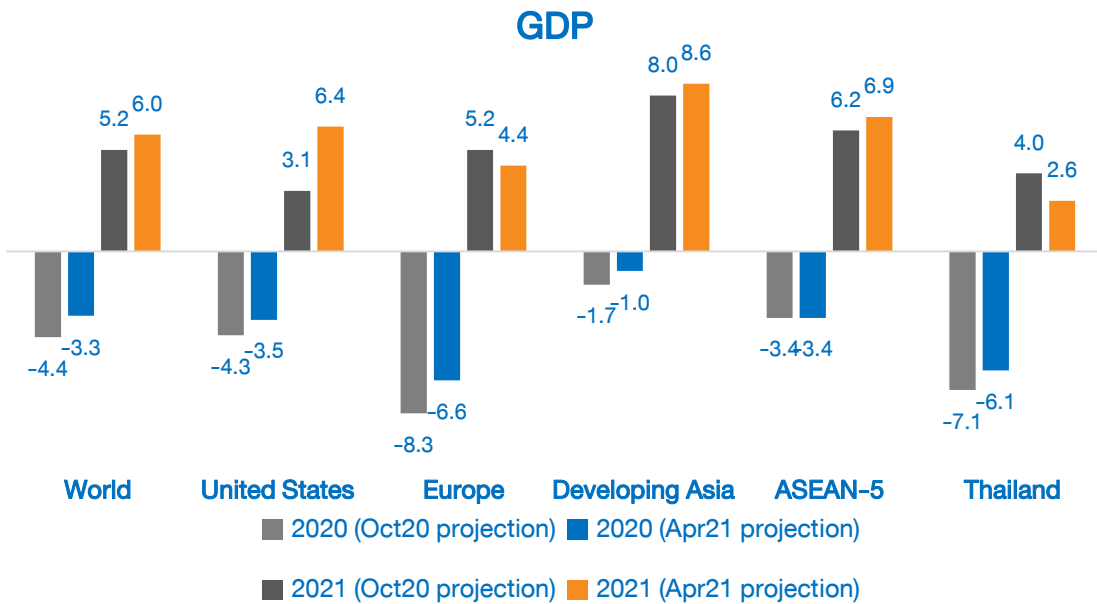
## Financial Market

- **Faster than expected US Inflation (2.6% on March)** has driven UST yield curve to be temporally flatten and DXY index to drop to 6 weeks lowest level at 91.20 as US markets shift to price in Fed rate rise next year. However, Fed chair still emphasized that inflation will not above 2 percent for a prolonged period.
- **Though USDTHB has been impacted directly from weakening USD, USDTHB trend is still in ongoing uptrend this year.** Slower than expected Thai Economy as a result of 3rd round of covid-19 and prolonged negative current account are main drivers.
- **LT TGB will continue to move along with LT UST. ST TGB will be fluctuated in small range with upside risk in price.**

# PART 1: GLOBAL ECONOMY



# IMF improved global economic growth projections, downgrade Thailand's growth



- The GDP growth projections for 2021 and 2022 are 0.8 percentage point and 0.2 percentage point stronger than in the October 2020 WEO, reflecting additional fiscal support in a few large economies and the anticipated vaccine-powered recovery in the second half of the year.
- IMF projects Thailand's GDP to grow 2.6% in 2021 and 5.6 in 2022, adjusting down from October 2020 projection (4% in 2020)

# Strong manufacturing outlook after vaccine distributions, Service gained momentum



## Manufacturing PMI

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Australia	55.4	54.2	55.8	55.7	57.2	56.9	56.8
China	53.0	53.6	54.9	53.0	51.5	50.9	50.6
India	56.8	58.9	56.3	56.4	57.7	57.5	55.4
Indonesia	47.2	47.8	50.6	51.3	52.2	50.9	53.2
Japan	47.7	48.7	49.0	50.0	49.8	51.4	52.7
South Korea	49.8	51.2	52.9	52.9	53.2	55.3	55.3
Thailand	49.9	50.8	50.4	50.8	49.0	47.2	48.8
Canada	56.0	55.5	55.8	57.9	54.4	54.8	58.5
United States	53.2	53.4	56.7	57.1	59.2	58.6	59.1
Germany	56.4	58.2	57.8	58.3	57.1	60.7	66.6
France	51.2	51.3	49.6	51.1	51.6	56.1	59.3
Italy	53.2	53.8	51.5	52.8	55.1	56.9	59.8
United Kingdom	54.1	53.7	55.6	57.5	54.1	55.1	58.9
Spain	50.8	52.5	49.8	51.0	49.3	52.9	56.9

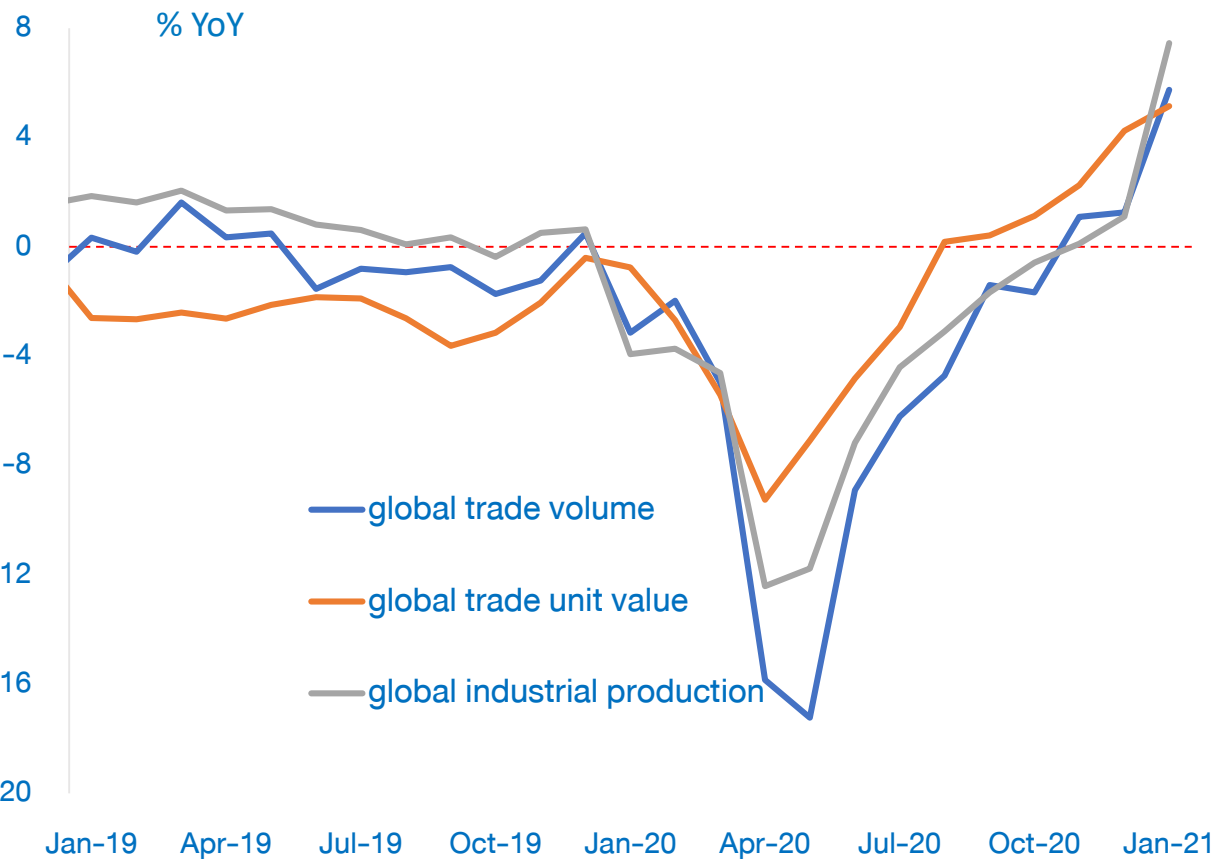
## Service PMI

	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21
Australia	50.8	53.7	55.1	57.0	55.6	53.4	55.5
China	54.8	56.8	57.8	56.3	52.0	51.5	54.3
Japan	46.9	47.7	47.8	47.7	46.1	46.3	48.3
India	49.8	54.1	53.7	52.3	52.8	55.3	54.6
United States	54.6	56.9	58.4	54.8	58.3	59.8	60.4
Germany	50.6	49.5	46.0	47.0	46.7	45.7	51.5
France	47.5	46.5	38.8	49.1	47.3	45.6	48.2
Italy	48.8	46.7	39.4	39.7	44.7	48.8	48.6
United Kingdom	56.1	51.4	47.6	49.4	39.5	49.5	56.3
Spain	42.4	41.4	39.5	48.0	41.7	43.1	48.1

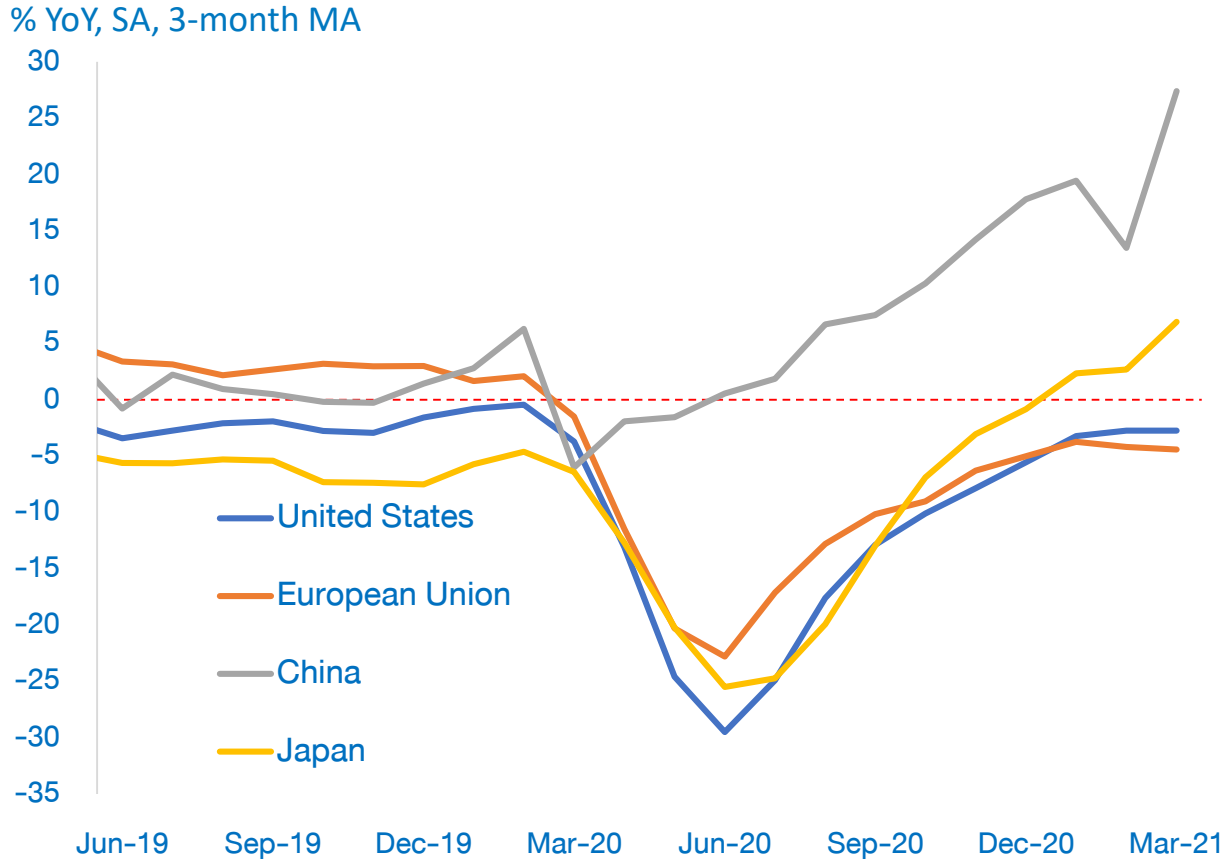
- PMIs which are early indicators for economic activities suggested that most countries have strong positive outlooks toward manufacturing sector.
- March PMIs data displayed strong outlook in service and manufacturing sectors in United States and European countries . This shows positive outlook to economic growth all around the world.

# Global trade spiked in January, outstandingly led by China's exports

## Global trade and industrial production rose



## Exports from Asia posted stronger recovery trends



■ Global trade and industrial continued to rise due to the effect of last year low bases. Global industrial production rose significantly due to improvements in China.

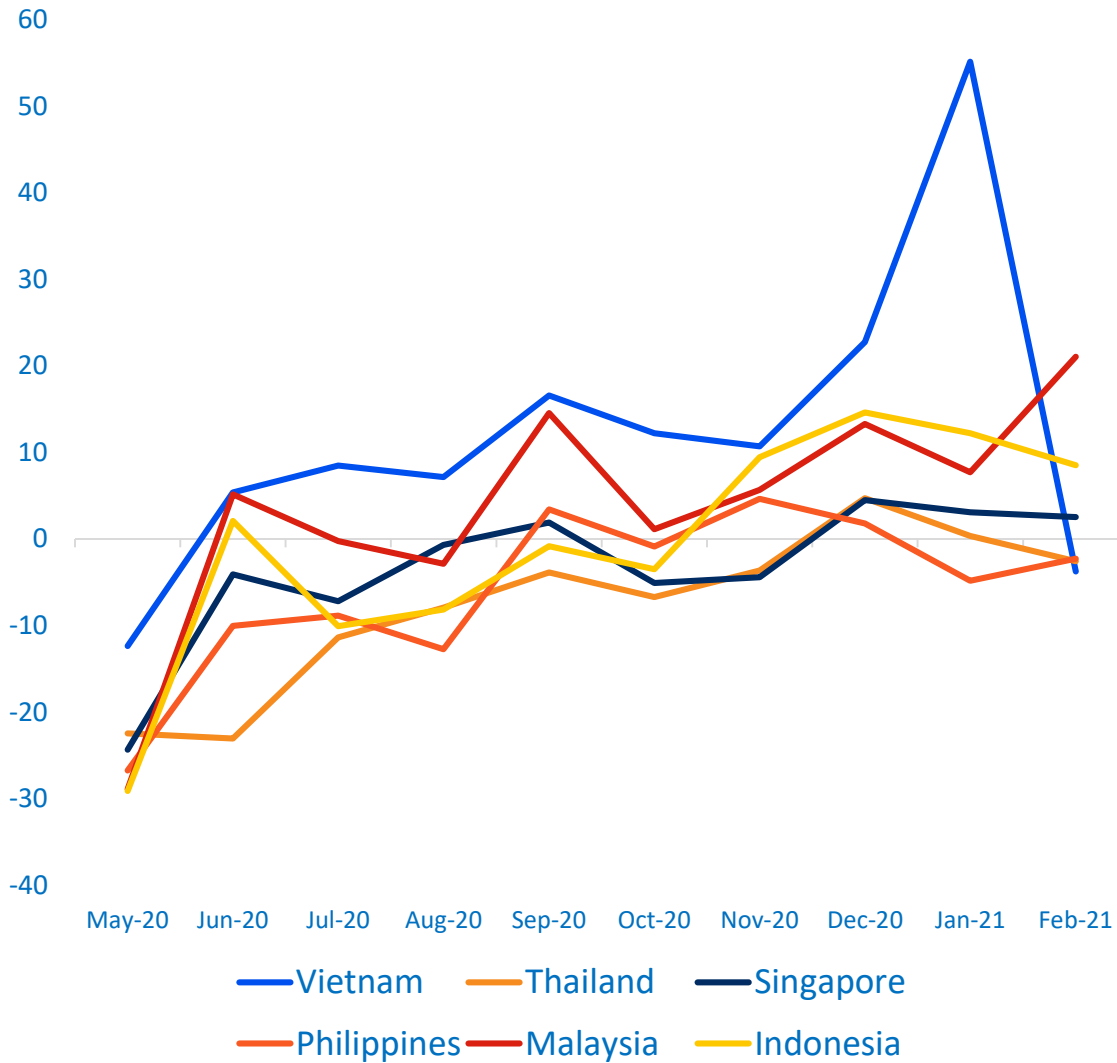
■ Exports from China kept growing due to low bases last year. Exports from Japan remained strong, growing above last year.



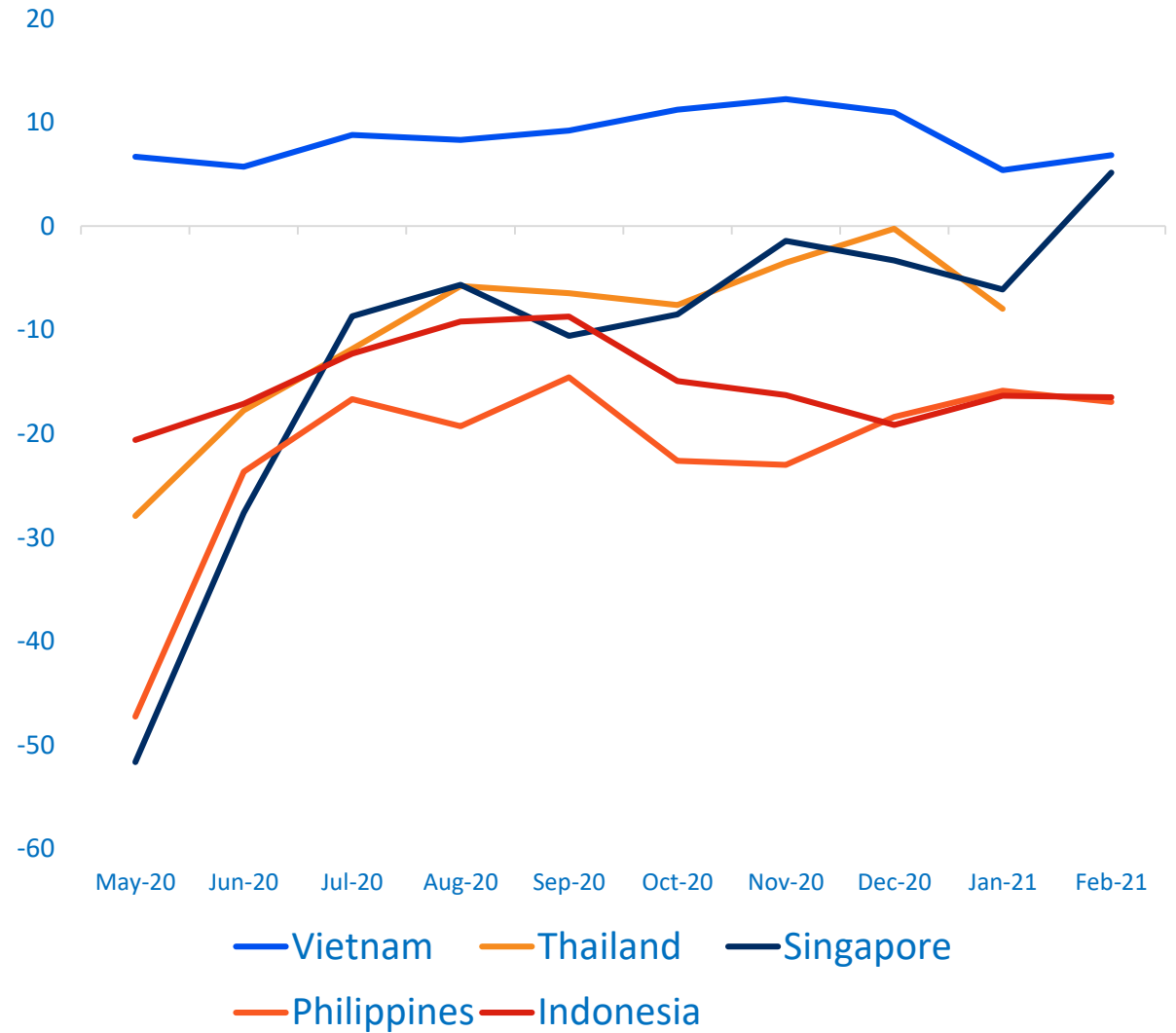
# ASEAN exports turned moderate in February, while retail sales remained weak



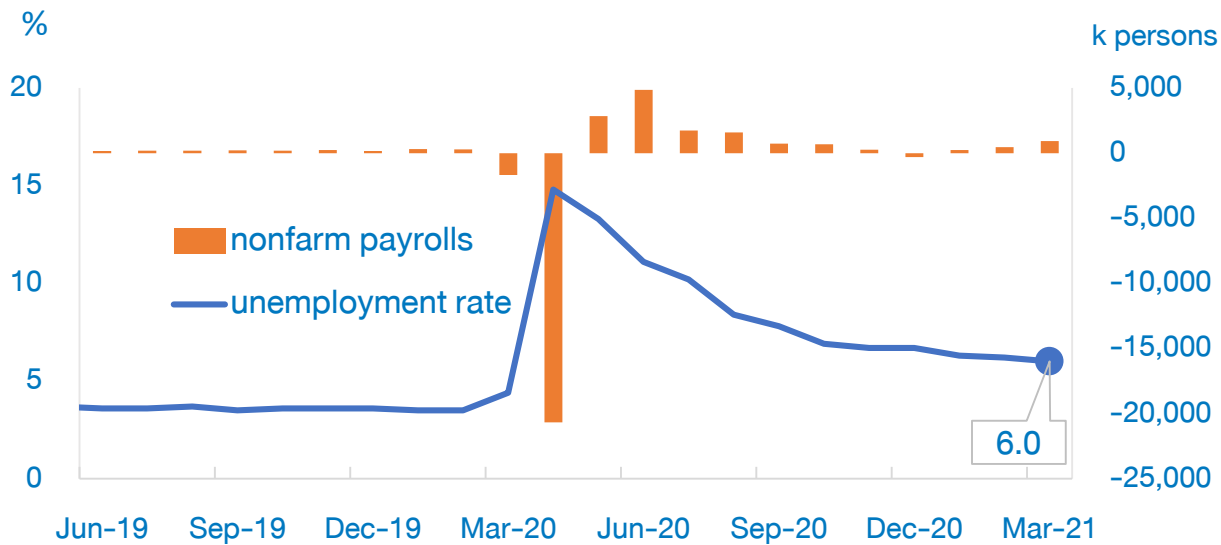
## Exports (%YoY)



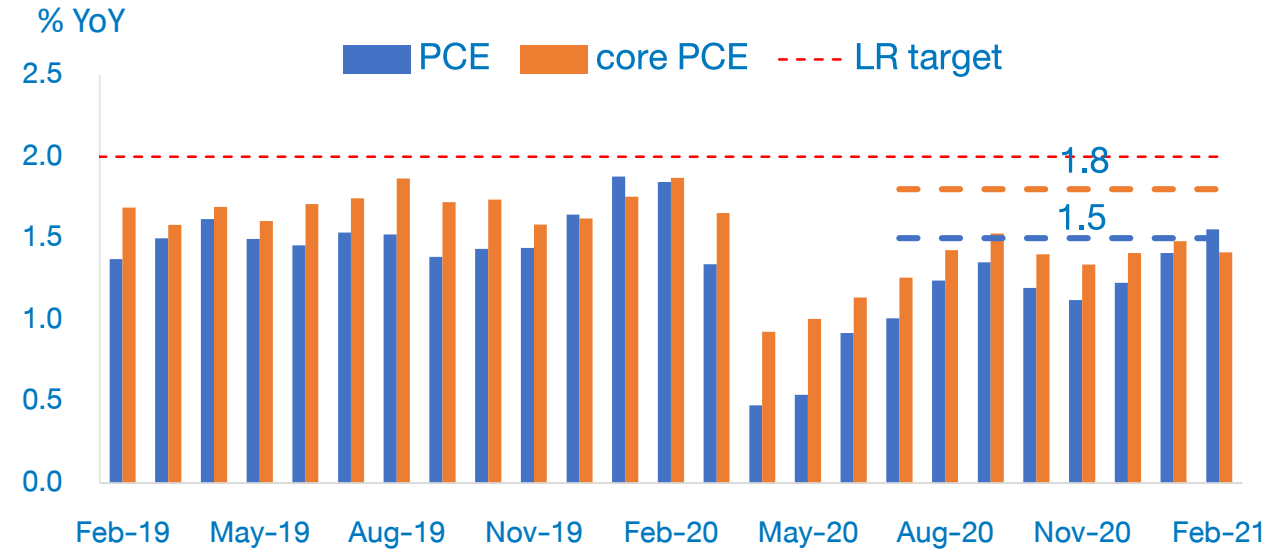
## Retail Sales (%YoY)



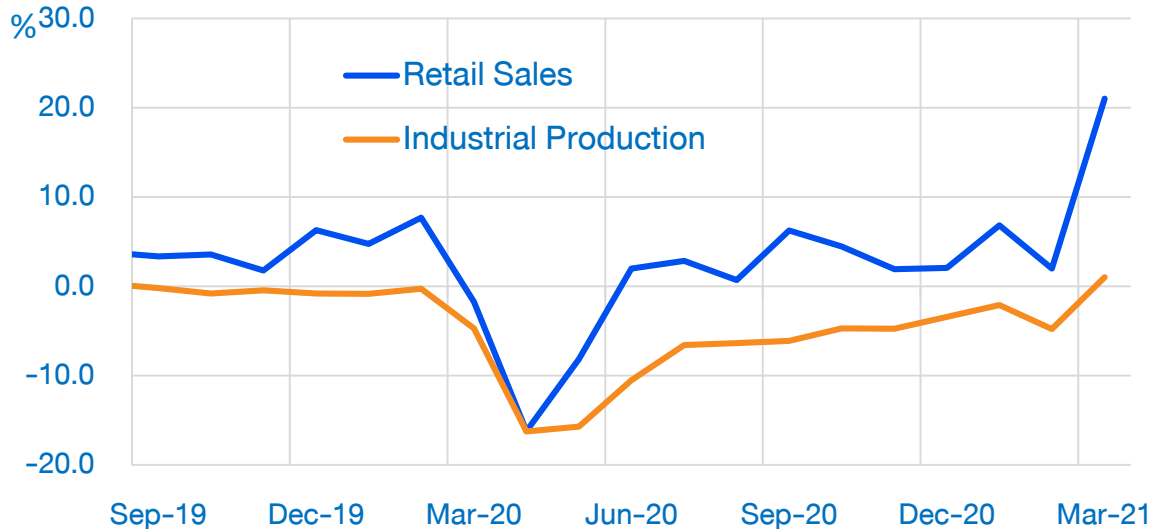
## Nonfarm payroll continued to recover at solid pace



## Inflation continued to grow



## Strong retail sales growth from government stimulus



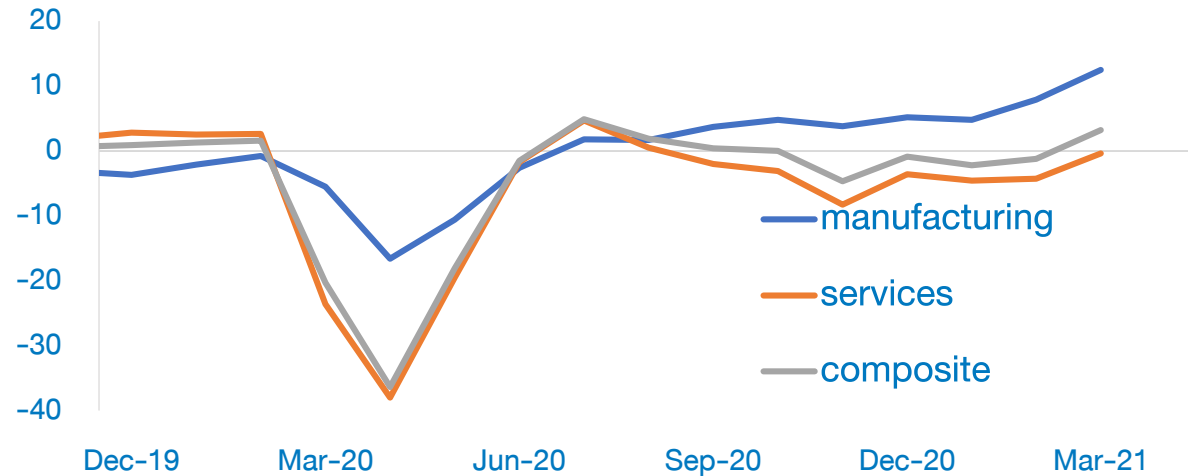
- In March, nonfarm payrolls recorded hiring of 916,000 people. Unemployment rates dropped to 6.0%. Labor markets are expected to improve after supports from Biden's stimulus package
- Retail sales growth boasted mainly by the government stimulus. In March, retail sales grew 21% (seasonally adjusted). Industrial production growth turned positive for the first time in 14 months.
- Stimulus checks had impact to inflation rate in that March CPI data reported 2.6% YoY growth. PCE rose to 1.6% (Core PCE also increased to 1.4%).



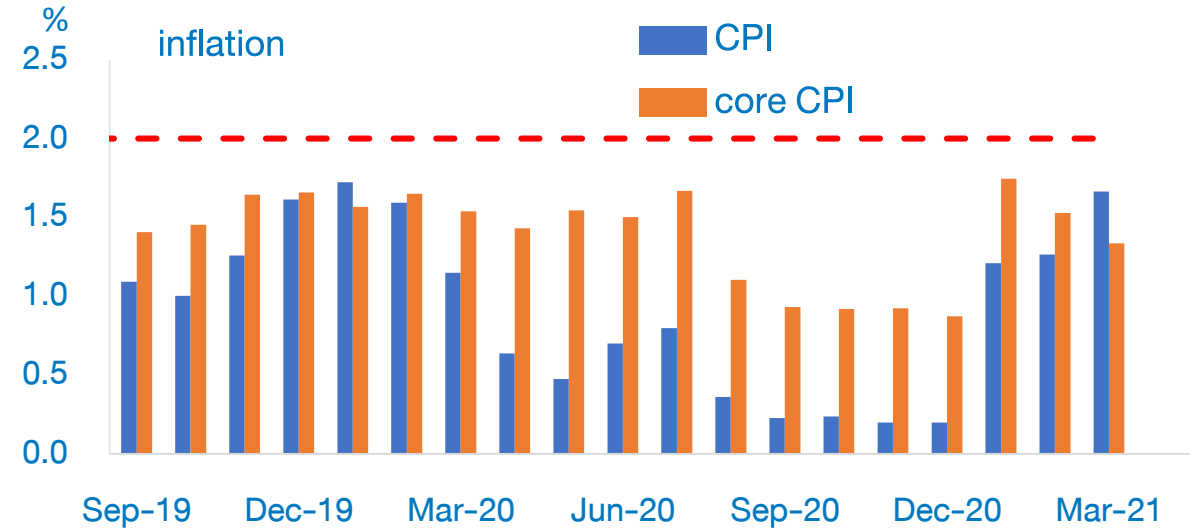
# Europe's service outlook adjusted upward, Inflation continued to increase

## Outlook in service sector improved as vaccination continued

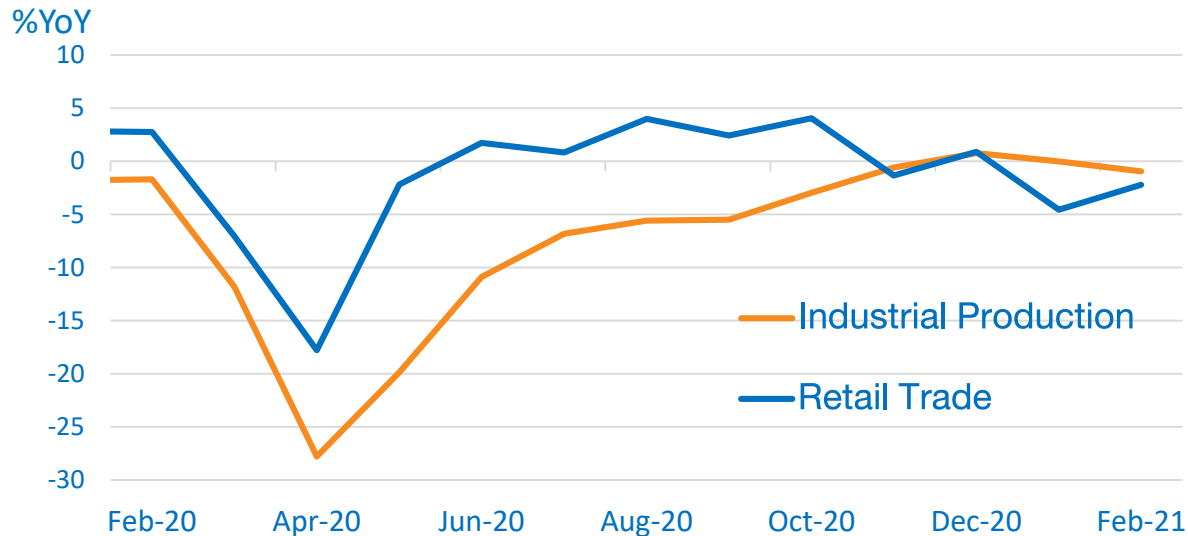
%MoM, deviations from 50, + expansion - contraction



## Inflation improved as consumption returned



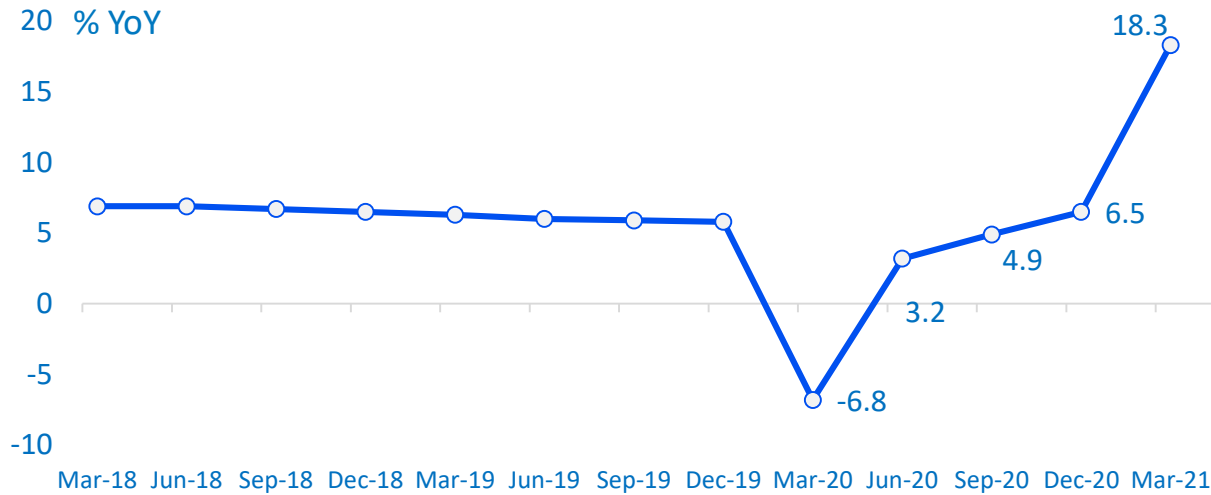
## Retail trade increased slightly in February



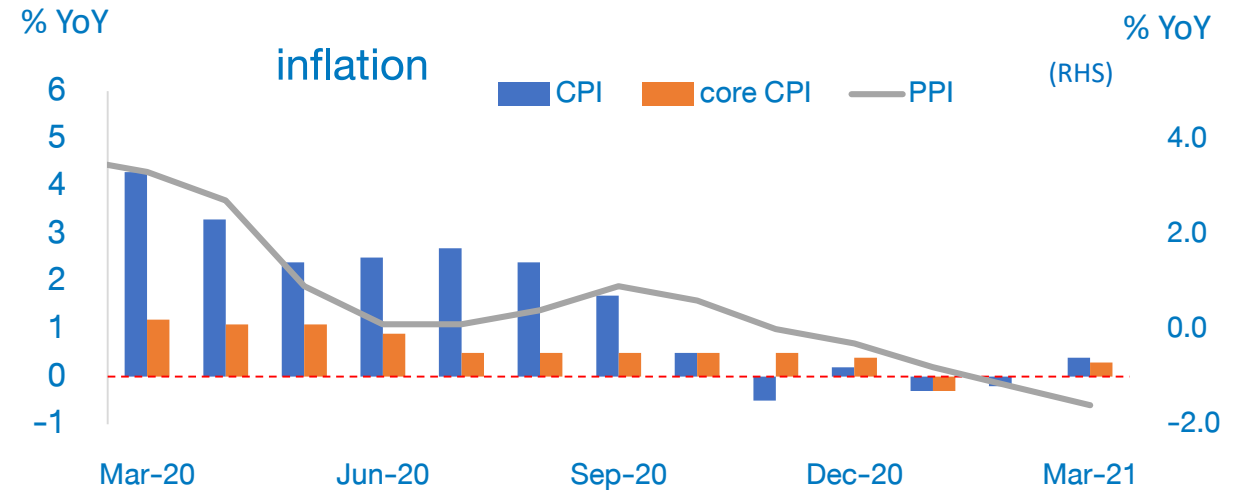
- Manufacturing outlook continued to improve in March as many European countries resumed operations. Service sector outlook improved to the highest level since September 2020.
- European Union inflation continued to grow at 1.7% in March with support from food and energy price. Core inflation dropped slightly from last month to 1.3%.
- Retail trade increased slightly in February but remained in a negative territory. Industrial production slightly contracted by 1%.

# China's GDP growth strong due to low base, inflation resumed with negative PPI

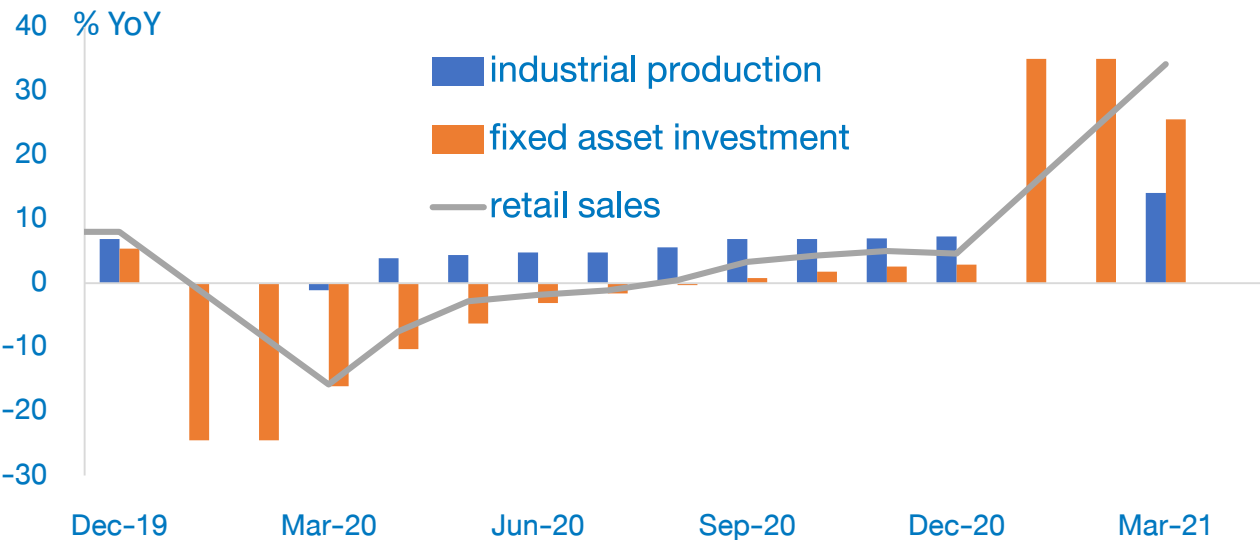
## Historic growth due to low base from last year



## Rising CPI from food price but negative PPI Inflation



## Retail sales and Industrial production continued strongly



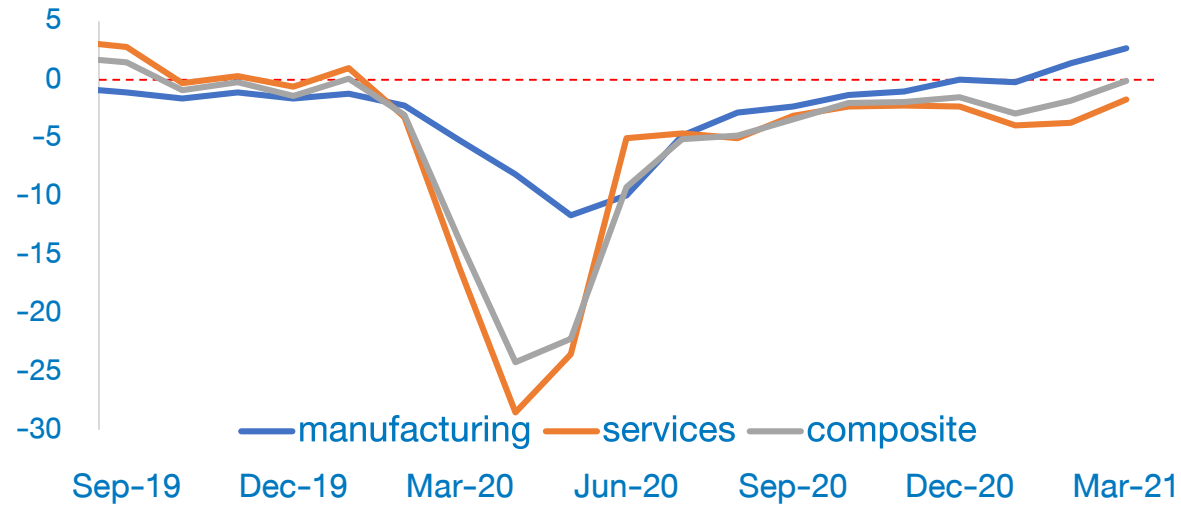
- Due to low based from last year due to Covid-19 pandemic, Chinese GDP grew 18.3% in the 1<sup>st</sup> quarter.
- Industrial production, investment, and retail sales all displayed strong growth from January through March. In March, retail sales rose to 34.2%, the highest growth yet. Industrial production expanded 14.1%. Investments also grew at 25.6%.
- Inflation returned positive in March in that CPI grew 0.4% due to food price. PPI dropped to negative.

# Japan's manufacturing outlook remained strong, Core inflation rose

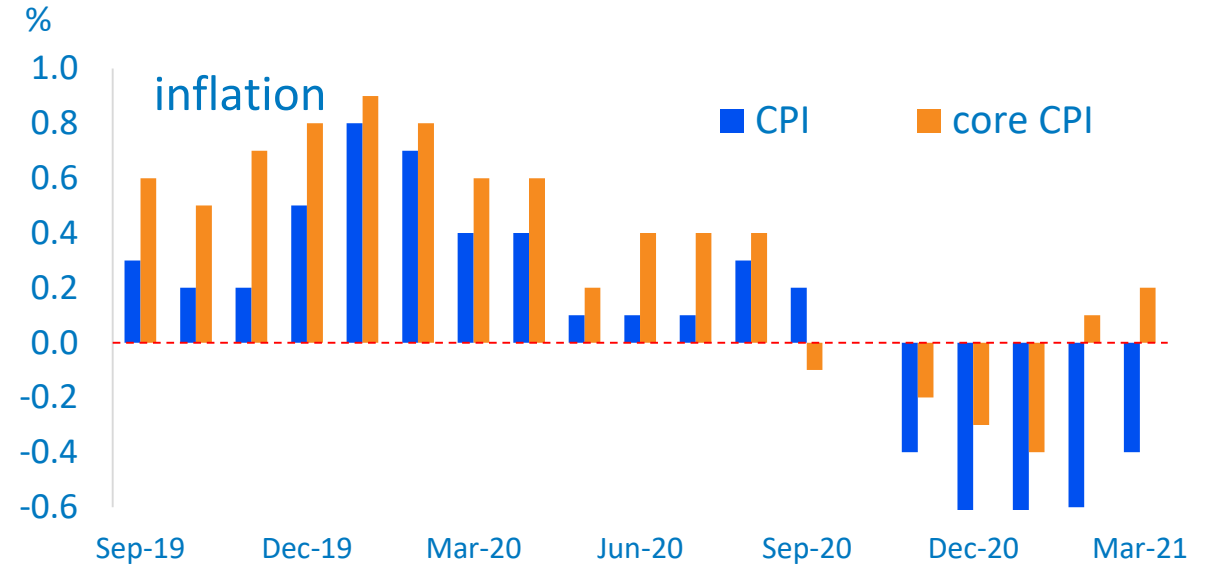


## Manufacturing outlook continued to improve

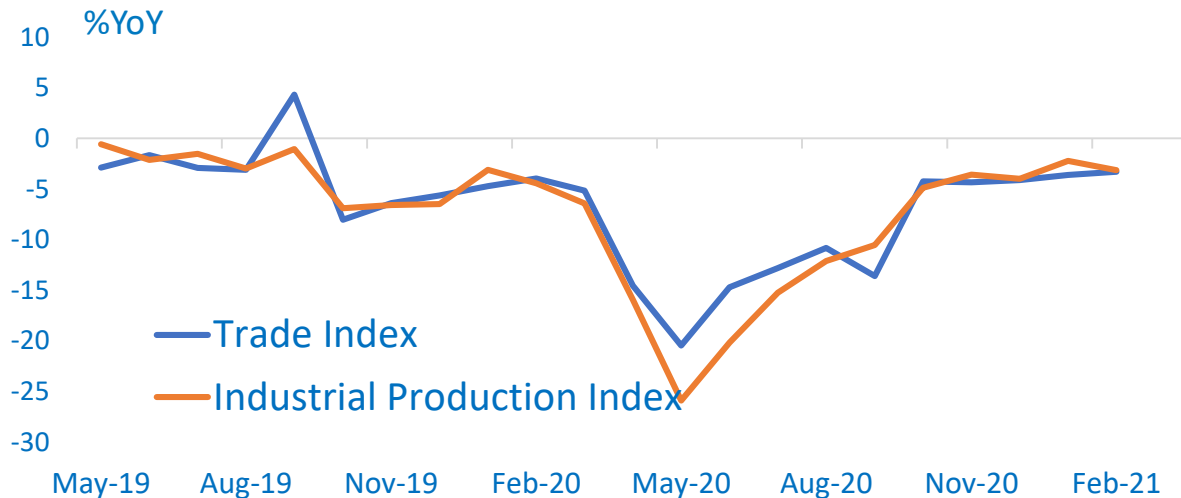
%MoM, deviations from 50, + expansion - contraction



## Japan's core inflation continued to rise



## Trade and Production remained low



- Manufacturing outlook improved to expansion zone and rose highest in more than a year. Service outlook still remained in a contraction zone but showed improvement as well.
- Trade and industrial production has not yet fully recovered to positive zone in February
- Higher energy price helped boosted inflation slightly but CPI still contracted for the straight fifth month in March. Core CPI improved by growing at 0.2%

# PART 2: DOMESTIC ECONOMY

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## Coincident economic Index (sa)

	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
<b>Coincident Economic Index</b>	100.0	98.4	96.4	95.3	95.4	95.9	97.0	98.0	98.2	98.6	98.8	98.9	98.9	98.9
<b>P</b> Import Volume index (exclude Gold)	100.0	83.4	101.2	88.8	76.2	76.5	78.8	83.5	87.6	87.0	89.3	92.7	93.9	99.6
Manufacturing Production Index	100.0	99.3	93.4	83.1	78.0	82.7	87.2	91.1	94.8	97.4	96.2	97.8	97.7	97.9
Gross Value Added Tax at 2000 price (Million baht)	53,493.7	47,652.0	35,560.5	46,559.4	52,294.8	46,190.1	48,489.2	48,888.2	46,853.4	47,578.9	48,789.6	48,064.5	50,529.5	48,292.7
<b>C</b> Domestic Automobiles Sales (Unit)	83,364.6	72,509.2	54,874.1	34,528.8	45,298.0	59,474.3	63,411.6	71,670.0	73,613.0	73,100.2	72,828.3	75,564.6	65,580.7	64,997.1
Sales Benzene, Gasohol & Diesel Index	100.0	98.2	90.3	70.4	88.3	94.9	105.8	101.5	108.2	100.4	100.8	99.6	82.2	93.7
VAT Hotel & Restaurant Index	100.0	77.3	38.7	14.3	22.6	38.4	38.6	34.1	44.9	45.1	49.7	25.0	20.0	36.2
<b>I</b> Imports of Capital Goods at 2010 price (Million US\$)	3,834.4	3,197.4	3,530.2	3,385.1	3,012.4	3,267.9	3,343.5	3,374.6	3,550.9	3,415.0	3,729.9	4,051.5	3,869.9	4,195.8
Domestic Machinery Sales at 2010 price (Million THB)	93,529.1	97,256.0	92,705.6	80,494.0	70,491.4	77,360.1	84,318.0	88,642.3	92,227.9	94,268.3	92,278.0	98,222.0	101,939.3	102,597.9

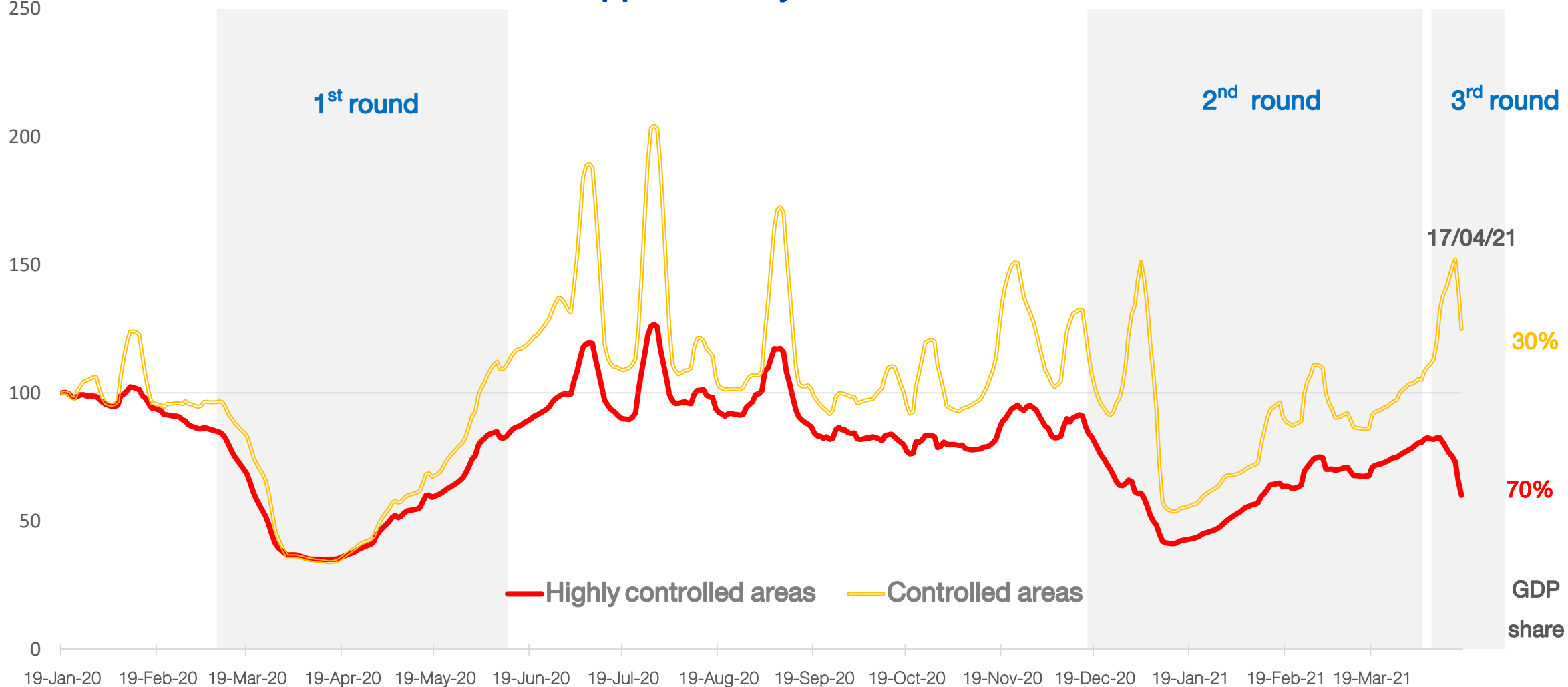
	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21
<b>Service Production Index</b>	100.0	92.9	88.1	82.9	81.6	84.3	84.3	85.6	87.1	83.4	85.8	87.6	80.5	81.0
<b>S</b> Wholesale and retail trade; repair of motor vehicles and motorcycles	100.0	99.6	98.1	92.7	91.8	91.5	92.7	94.0	94.0	93.5	94.1	94.5	91.3	93.5
Transportation and storage	100.0	96.8	79.4	56.4	57.5	59.6	60.8	62.9	63.8	64.3	63.8	64.6	61.5	63.3
Accommodation and food service activities	100.0	59.7	24.8	0.2	0.9	7.3	16.5	18.4	18.8	22.7	27.0	25.3	11.4	14.8
Information and communication	100.0	89.6	96.0	90.8	91.5	98.8	94.0	94.1	97.5	95.4	102.8	113.3	66.9	70.2
Financial and insurance activities	100.0	100.4	106.8	127.3	128.9	131.3	112.4	114.6	95.5	92.5	96.8	99.1	99.4	102.6
Real estate activities	100.0	99.8	100.2	83.7	90.9	98.1	99.1	101.5	125.9	99.3	104.7	108.5	93.5	90.9
Professional, scientific and technical activities	100.0	90.7	89.4	80.9	75.9	83.8	93.8	88.2	96.9	97.5	93.0	108.8	99.5	93.5
Administrative and support service activities	100.0	88.3	85.0	70.4	62.8	68.7	66.5	72.7	74.6	72.3	74.6	79.8	74.1	68.6
Public administration and defence; compulsory social security	100.0	97.1	99.5	107.8	99.2	100.4	102.9	102.9	112.3	100.3	103.7	103.8	102.2	97.6

# Recovering activities suddenly plunge after 3rd wave began, still waiting to reach its bottom



% Change from 13 Jan 20  
(reindex)

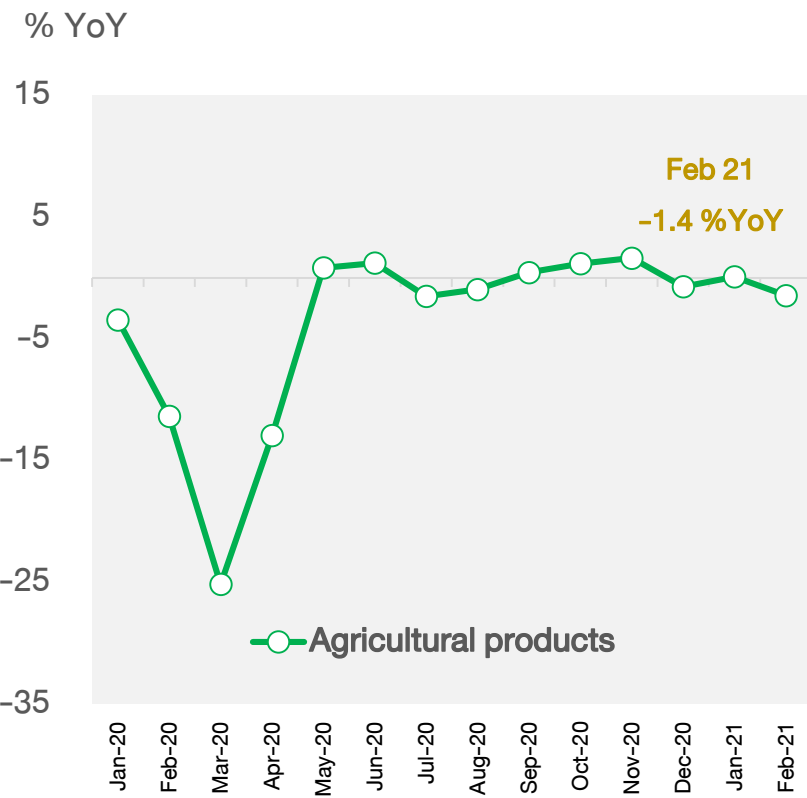
## Apple Mobility Index



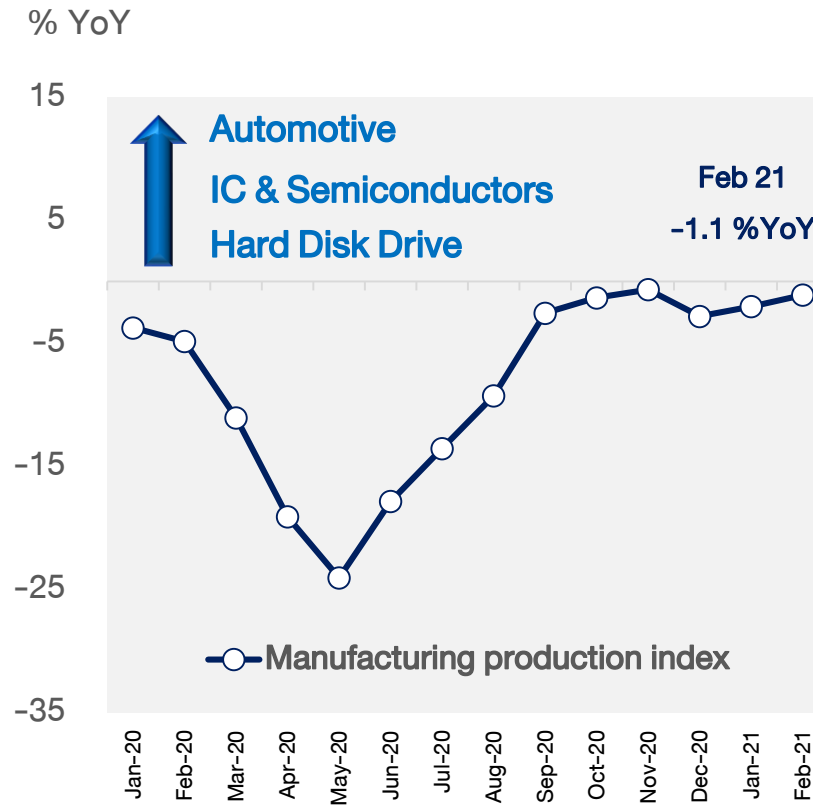
Source: Apple Mobility Index and TTB Analytics Note: applied 2018 GPP weight with 7 days moving average for each controlled group



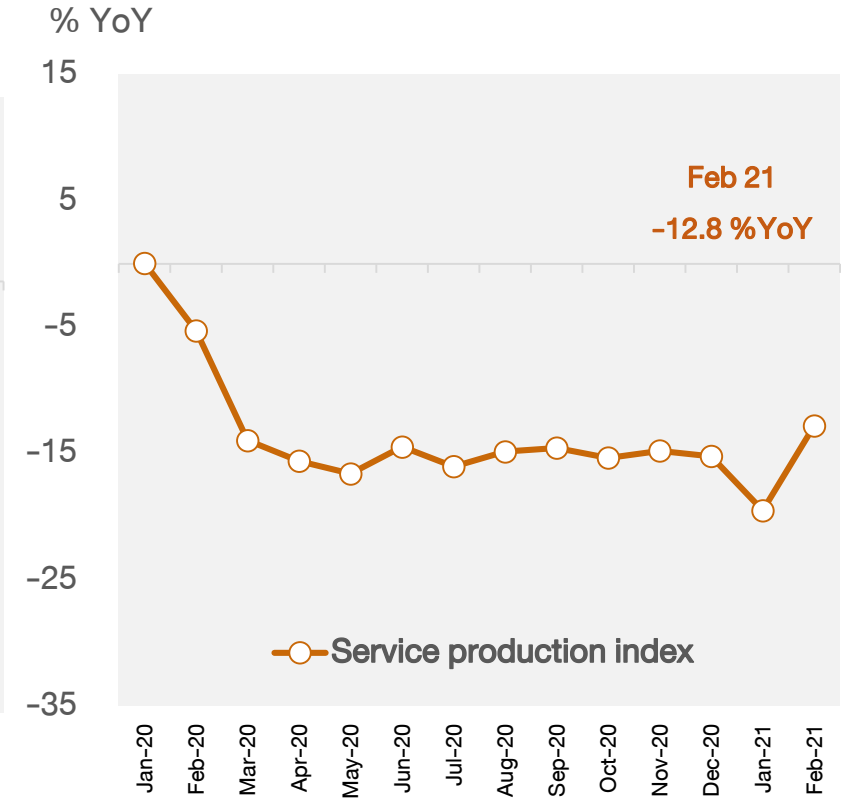
### Agricultural Production



### Manufacturing Production

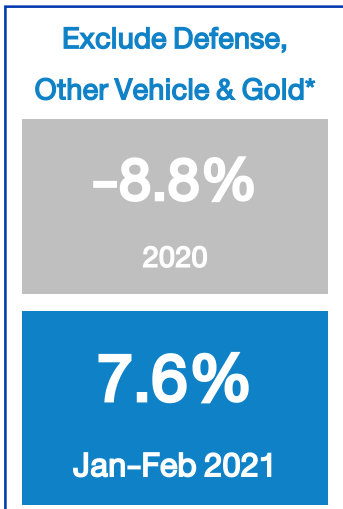
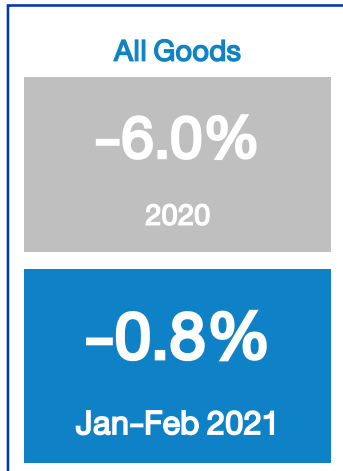


### Services Providing

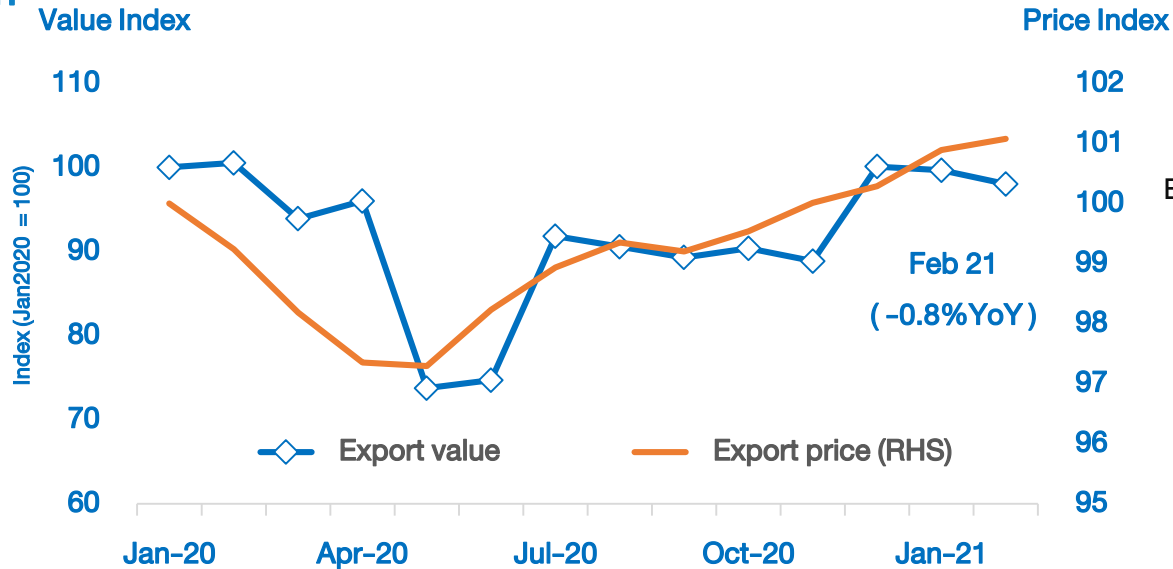


# Thai merchandise exports showed sign of continuing recovery to all destination countries

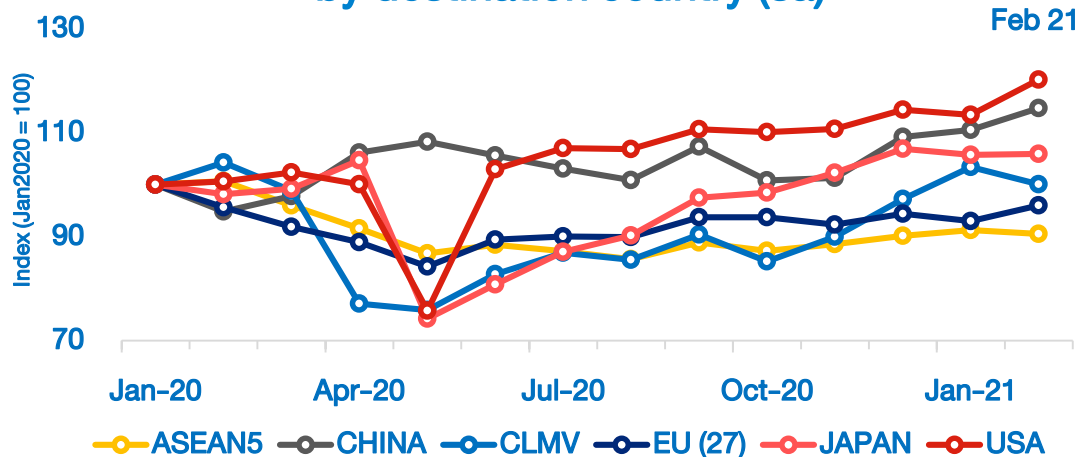
## Total Export Growth



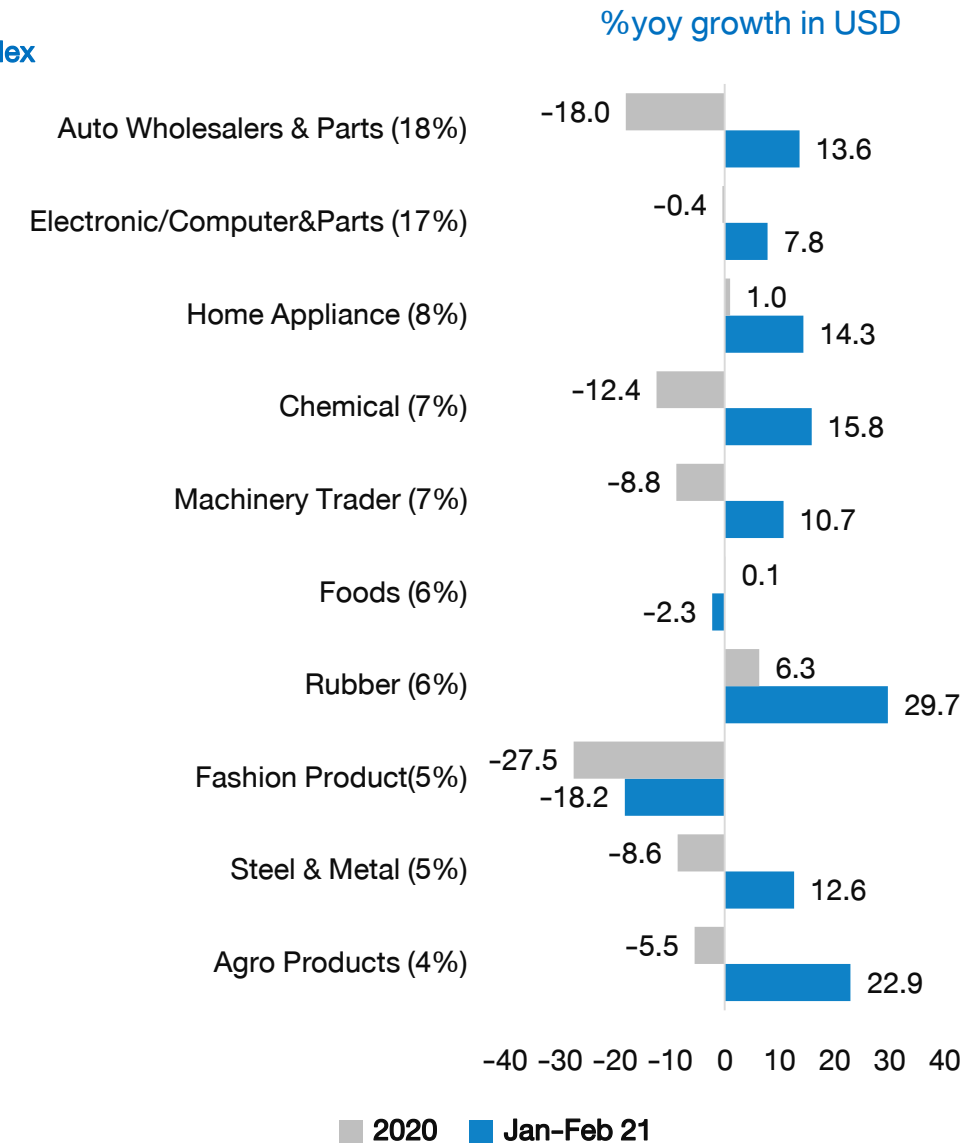
## Exports performance (sa)



## by destination country (sa)\*

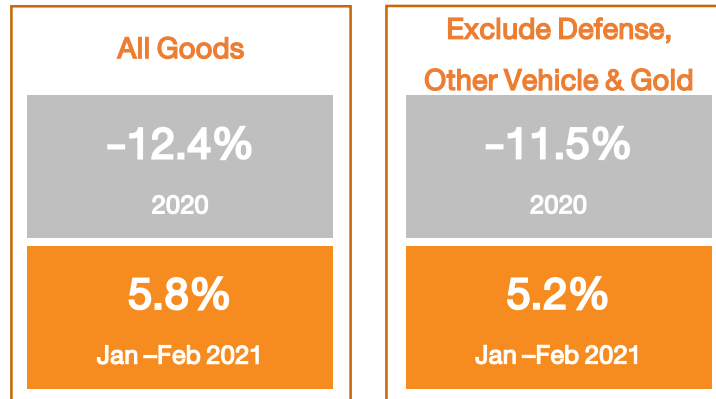


## Top 10 Export by Sector\*



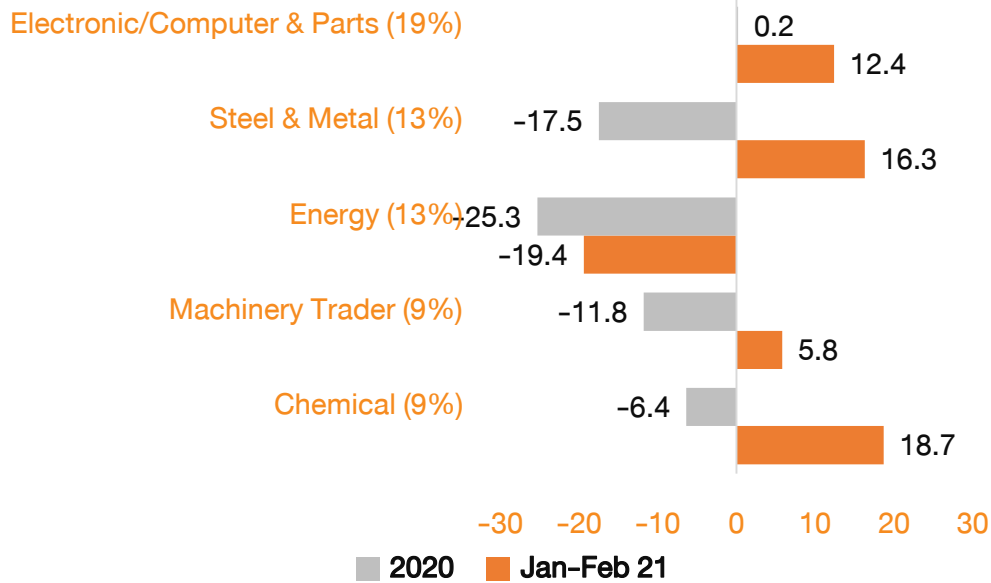
# Imports of goods signaled a gradual rebound in line with economic recovery

## Total Import Growth

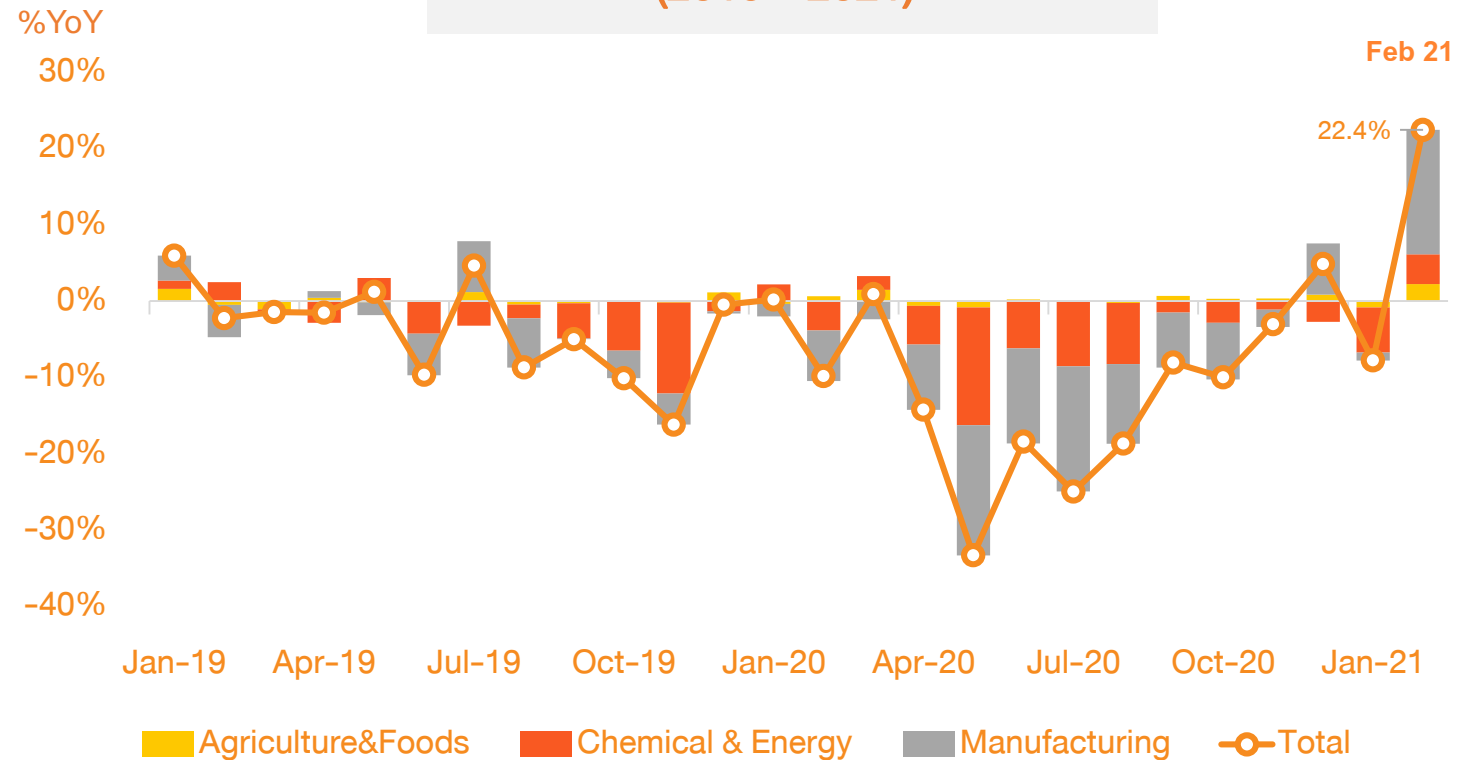


## Top 5 Import by Sector

%yoy growth in USD



## Import Growth Contribution (2019 - 2021)\*

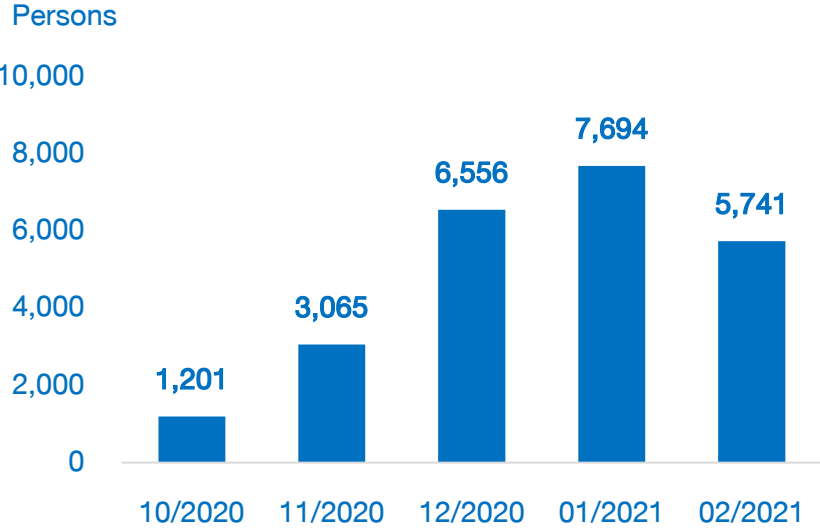


\*Exclude Defense, Other Vehicle & Gold

Imports expanded by 5.2%YoY in Jan-Feb 2021. Energy products are highly contracted due to lower oil price. However, there is a recovery sign on electronic/computer & parts, steel & metal, machinery and chemical products.

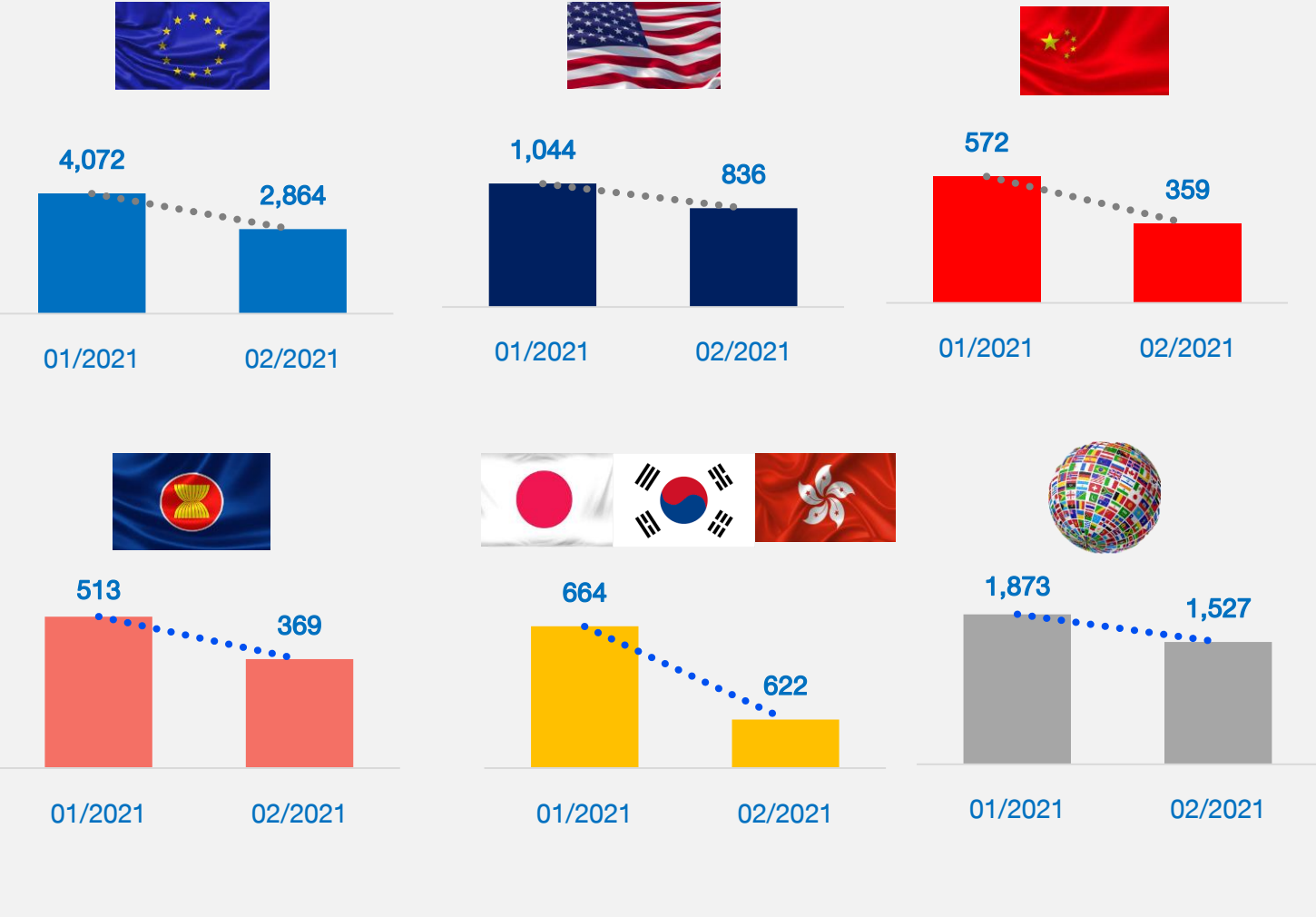
# Foreign tourist arrivals dropped due to new round outbreak in Thailand and other nations

## Total foreign tourist inbound



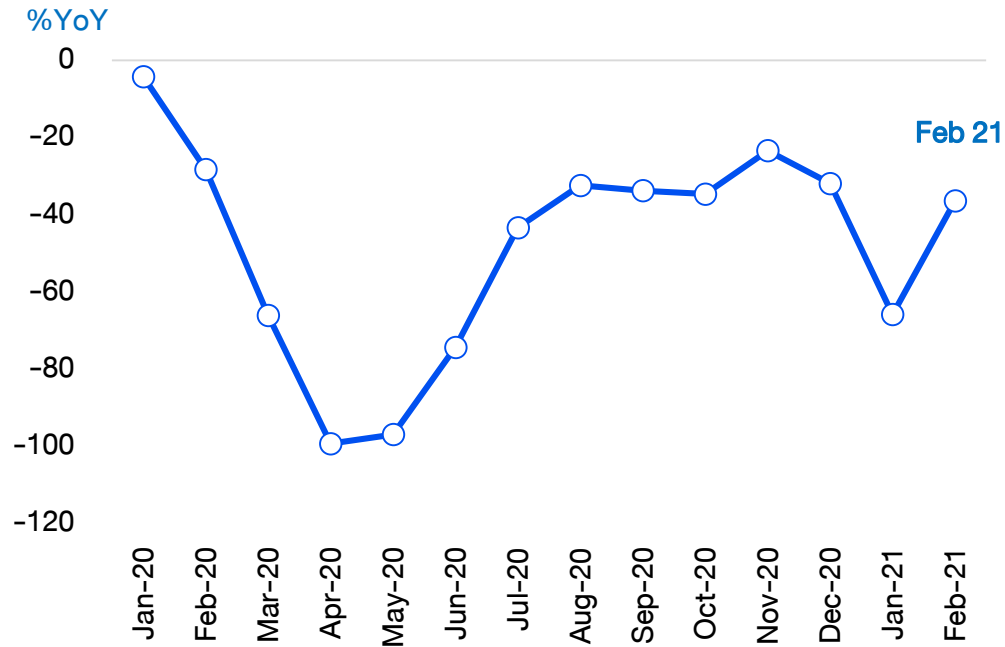
- As of Feb 2021, foreign tourist inbounds declined from all markets.
- Looking ahead, with awaiting outbound travelling demands in Europe and America and Thailand's partial border openness measure, the inbound tourists are thus expected to start pick up gradually when the 3<sup>rd</sup> wave of domestic COVID19 infection would become under control.

## Classification by nation (Feb 2021)

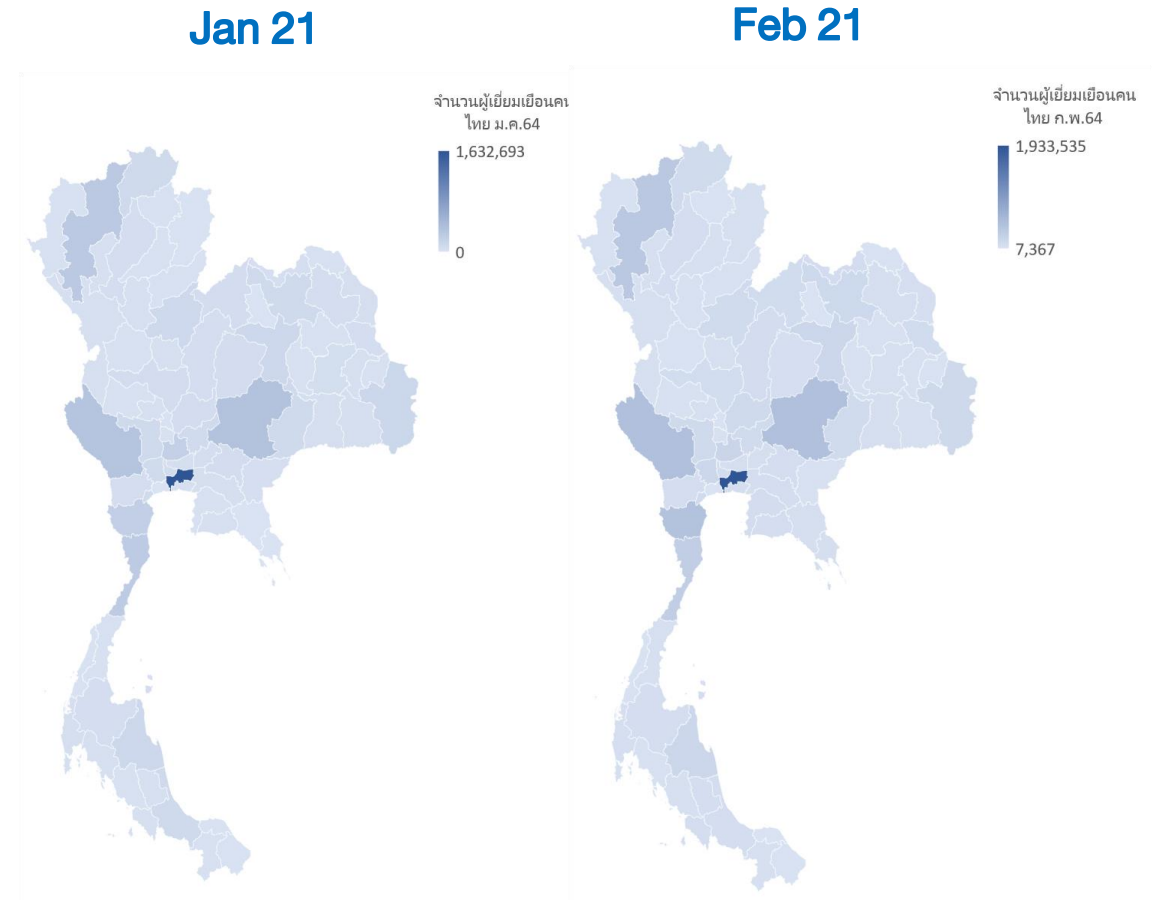


# Thai tourists rebounded in February 21 after a hit of outbreak in previous month

## Number of Thai visitors

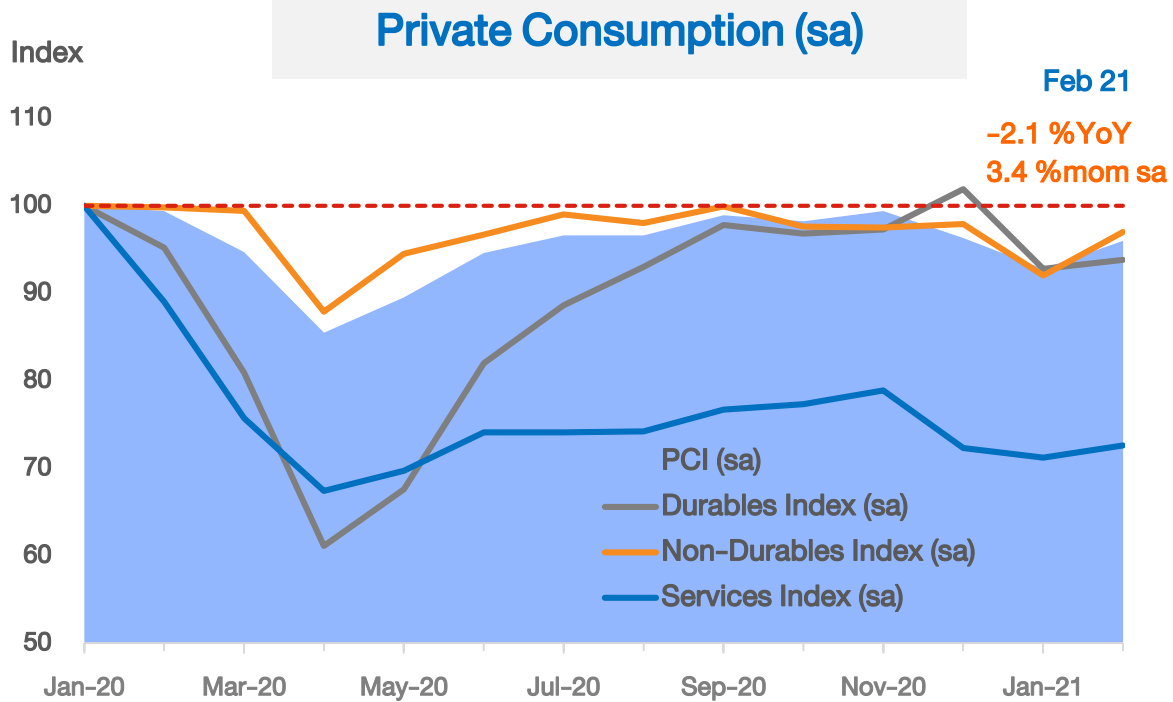


## Distribution of Thai visitors across provinces



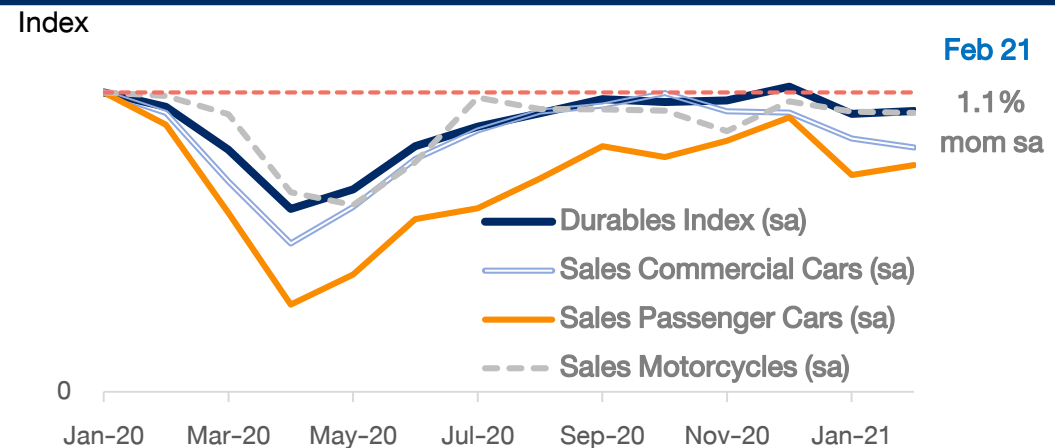
- Number of Thai tourists rebounded in Feb21 after a hit of new round domestic COVID19 outbreak in previous month. In term of area distribution, tourists and tourism incomes concentrate mostly in those main tourism provinces.
- Looking ahead, government's continuous travelling campaign as well as less restricted measures during Songkran festival would be supportive factors in the recovery of domestic travelling.

# Consumption improved in all categories after 2nd round outbreak gradually being under control

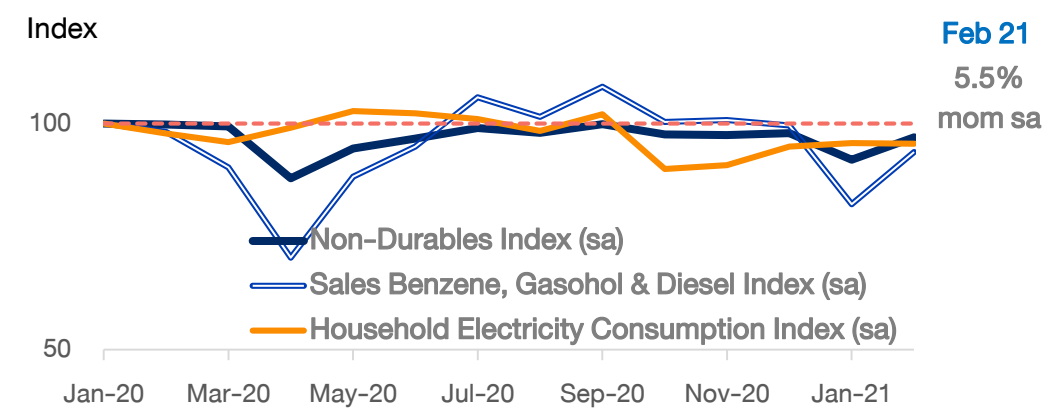


- Private consumption became less contracted in all categories after relaxing controlling measures due to outbreak situation being under control. Government stimulus measures help shore up non-durable consumption.
- Durable consumption slightly improved in line with better consumer confidence in February. Services, on the other hand, also showed an increasing momentum but were still far below pre-pandemic level.

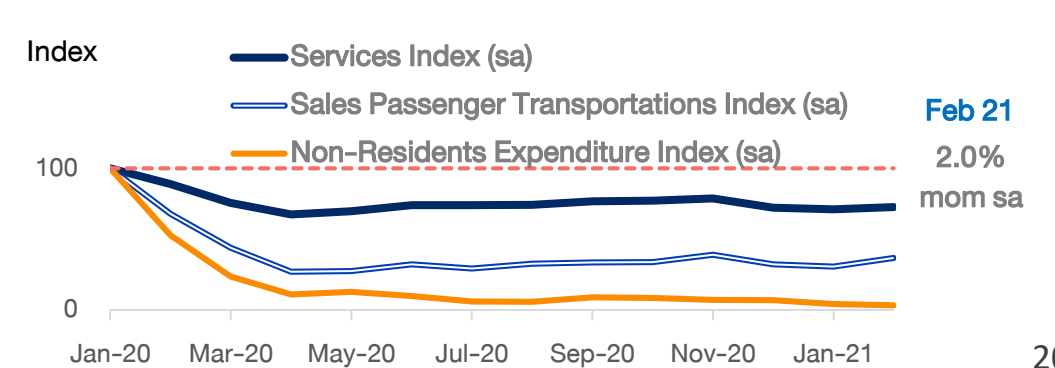
## Durables (sa)



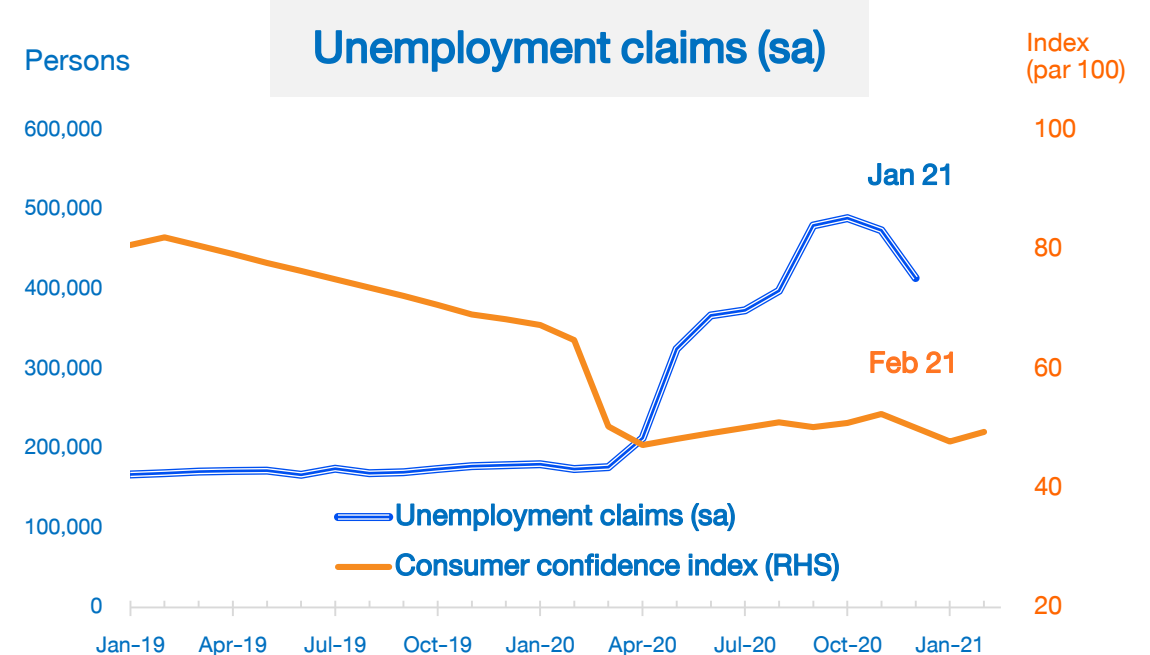
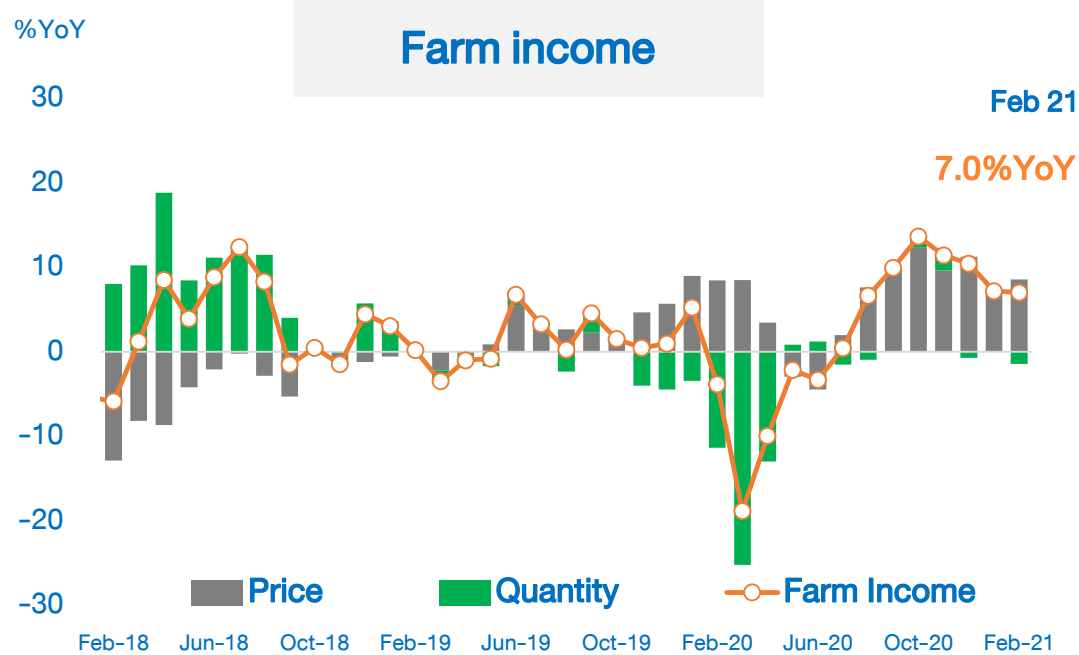
## Non-durables (sa)






## Services (sa)



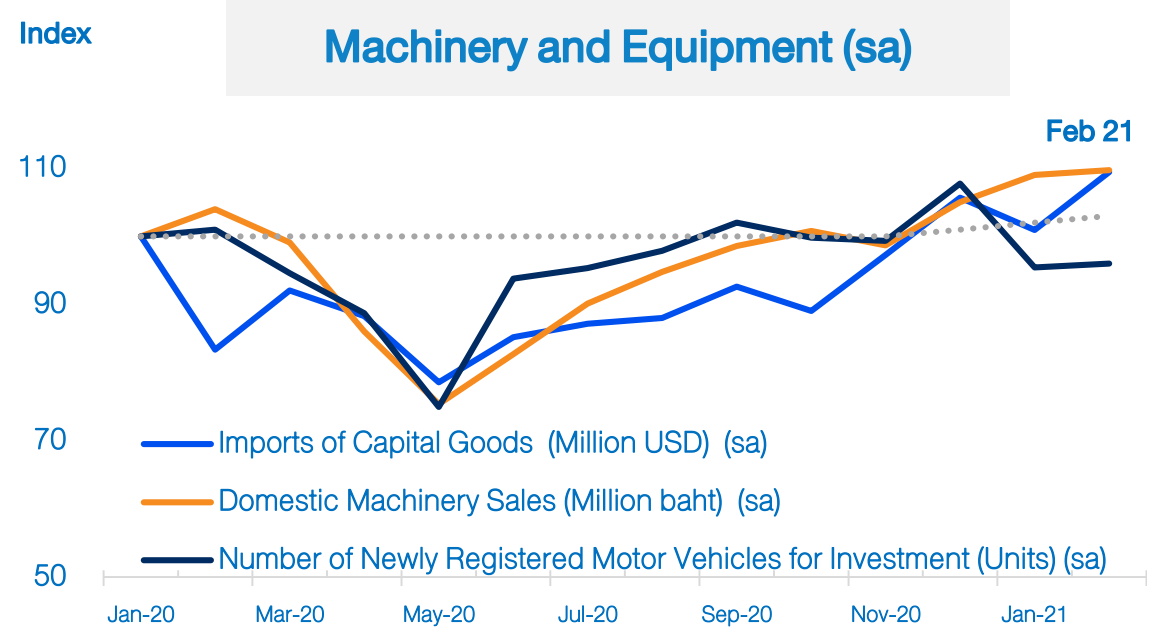
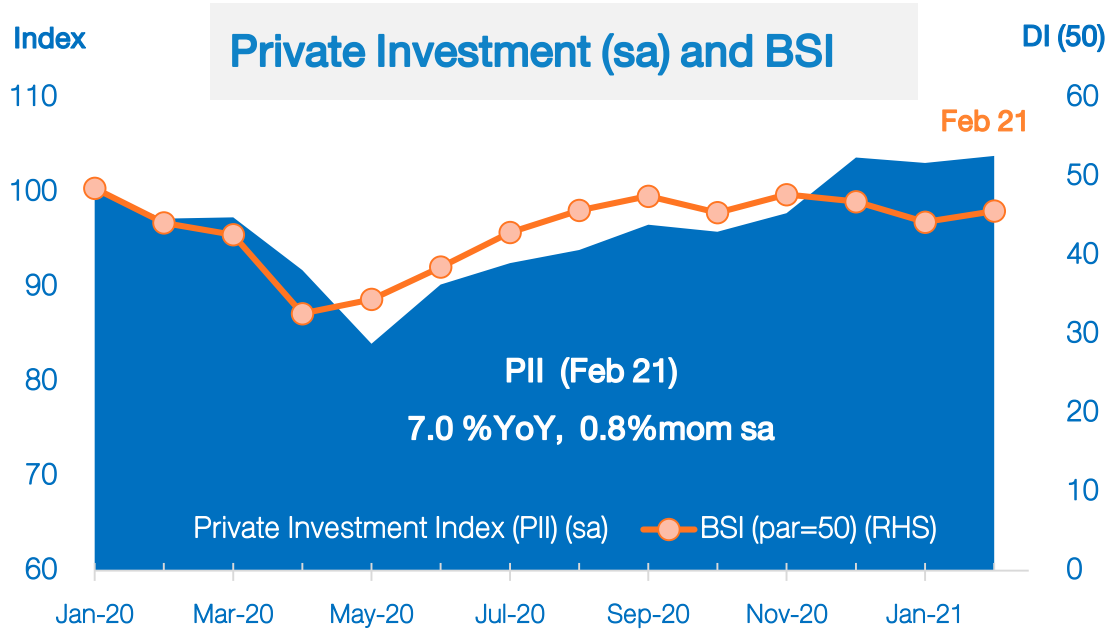




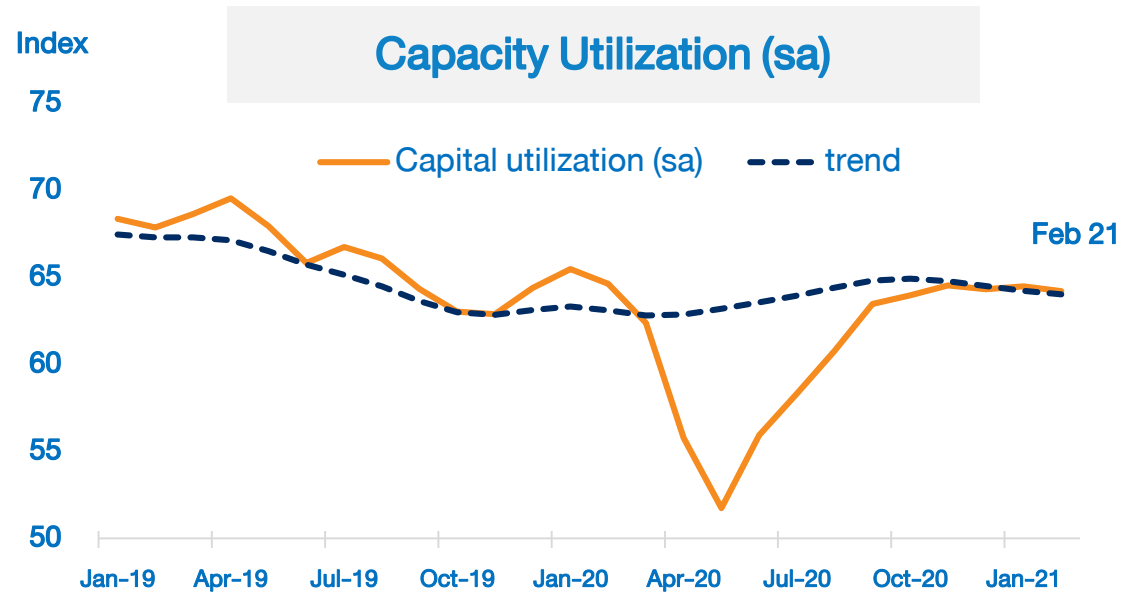
- Regarding consumption's supportive factors, they did all expressed slightly better signal, but overall remained in weak condition. Farm incomes grew due to increasing in agricultural prices, but productions declined.
- Consumer confidence marginally improved but was at low level which was in line with a persisting-high level of unemployment claims.
- Only government stimulus measures; for example, cash handouts and subsidy scheme, help sustain households' consumptions.

	# persons	# budget	# private spent
 คนละครึ่ง	13.6 ล้านบาท	32,706 ล้านบาท	32,706 ล้านบาท
 เราชนะ	Amount 7,000 baht (for 2 months)	31.1 ล้านบาท	210,200 ล้านบาท
 U.33	Amount 4,000 baht	9.27 ล้านบาท	37,100 ล้านบาท

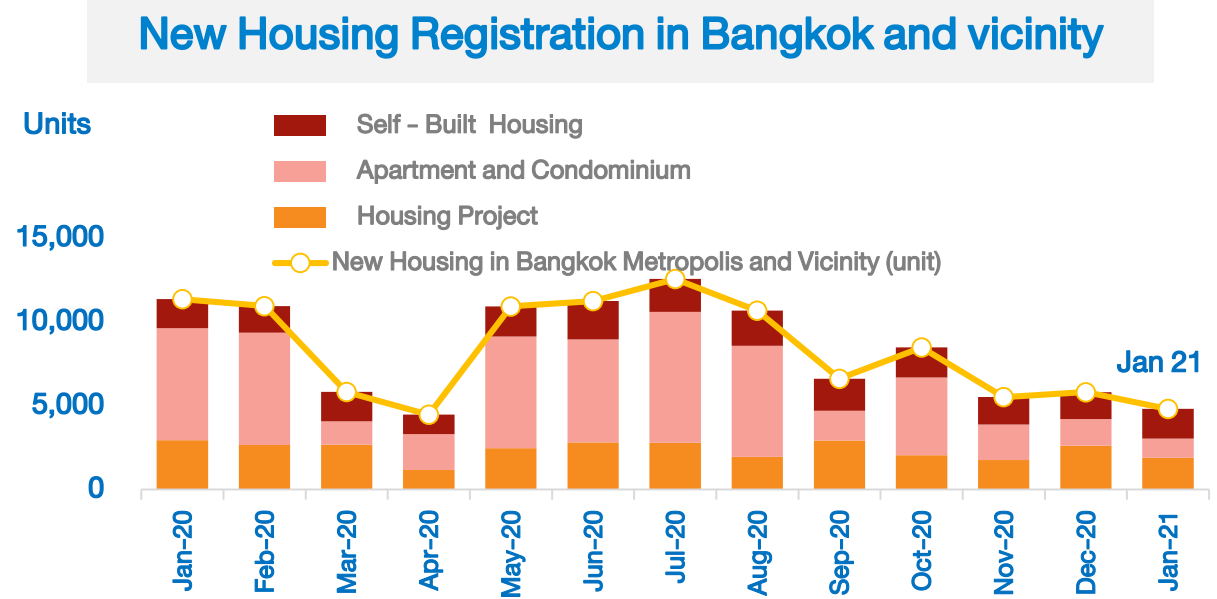
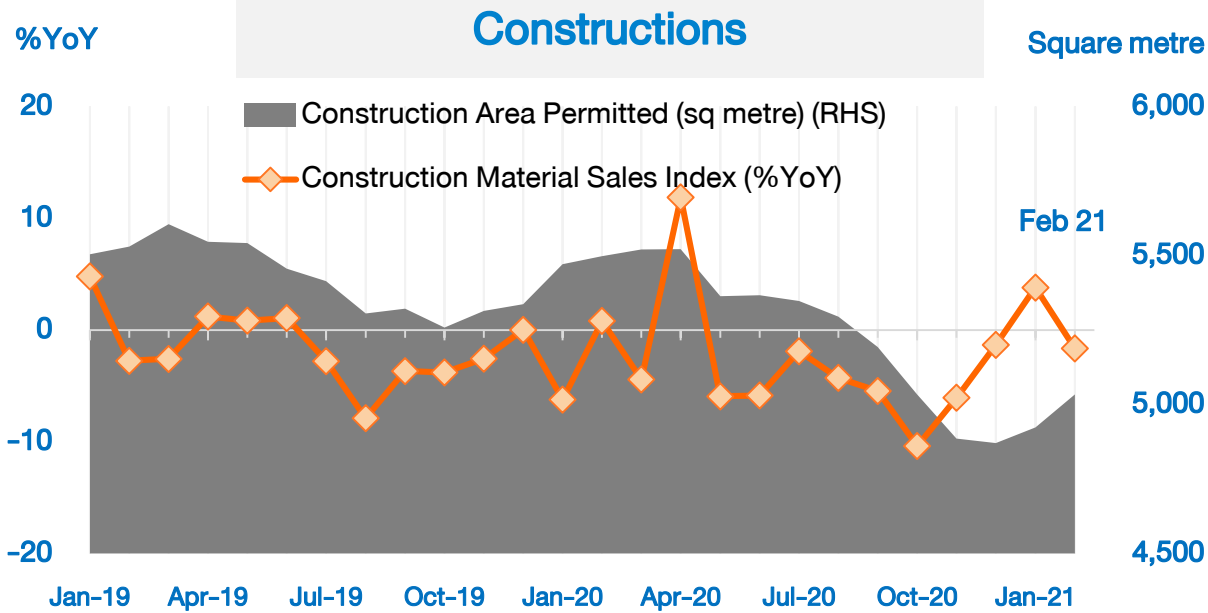
# Private investment slightly improved with encouraging sign of additional investment



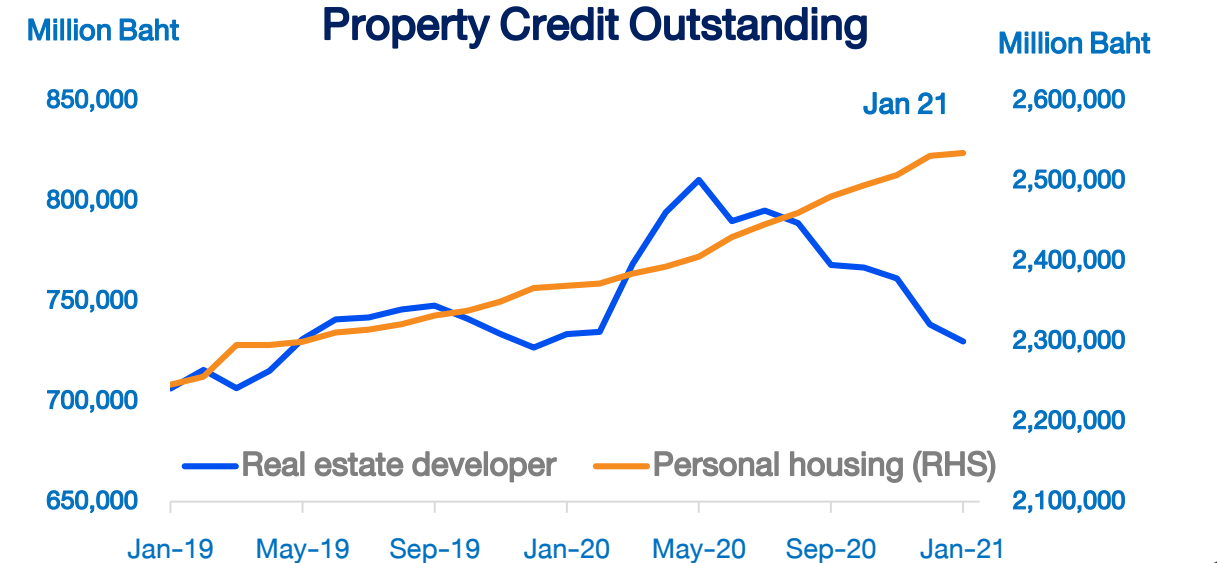
- Private investment showed an improvement particularly in imports of capital goods and domestic machinery sales, which were in accordance with improved business sentiment and the rebound of merchandise exports.
- Capacity utilization was just slightly below pre-Covid period, representing an encouraging factor for businesses to take additional investments.



# Construction sector and Real estates sector were in weak conditions



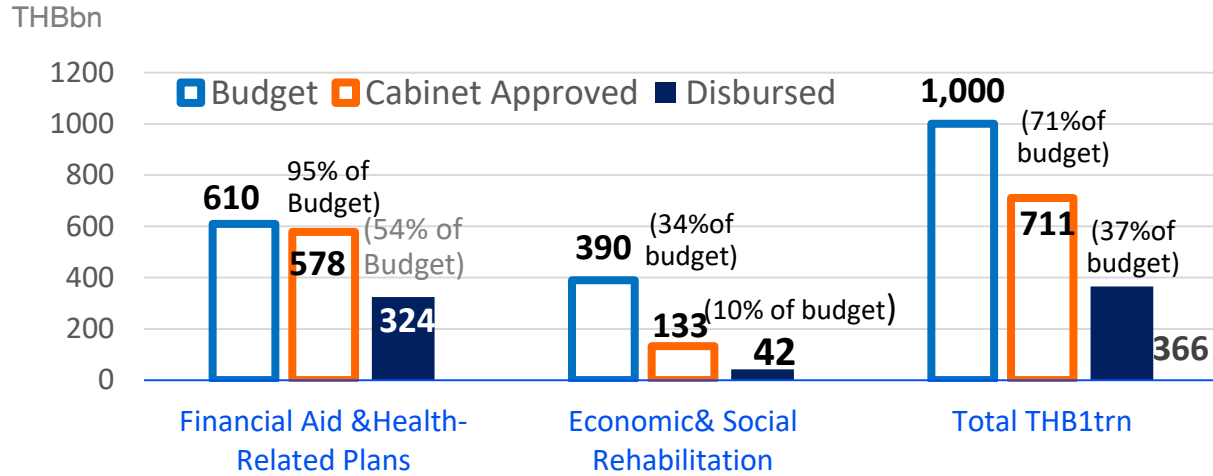
- **Construction sector** : Growth in material sales showed the ongoing construction activities even though with new round outbreak. However, the construction sector was overall in weak condition.
- **Real estate sector** : Similarly, real estate were also feeble, reflected by less apartment and condominium building as well as less credit demands in real estate developers. There were, however, only the ongoing activities in personal housing buildings which are in line with increasing personal credits for self-built housing.



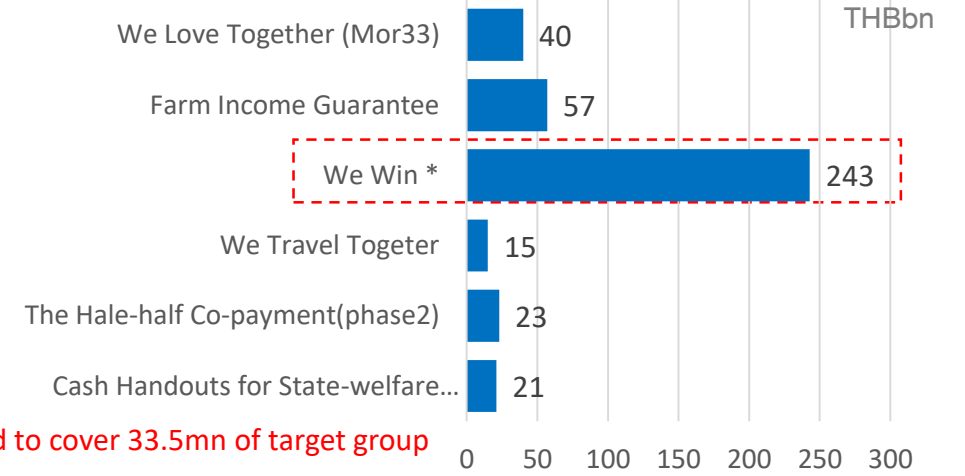
# Continuing stimulus measures in 1H/21, with more accelerating budget disbursement



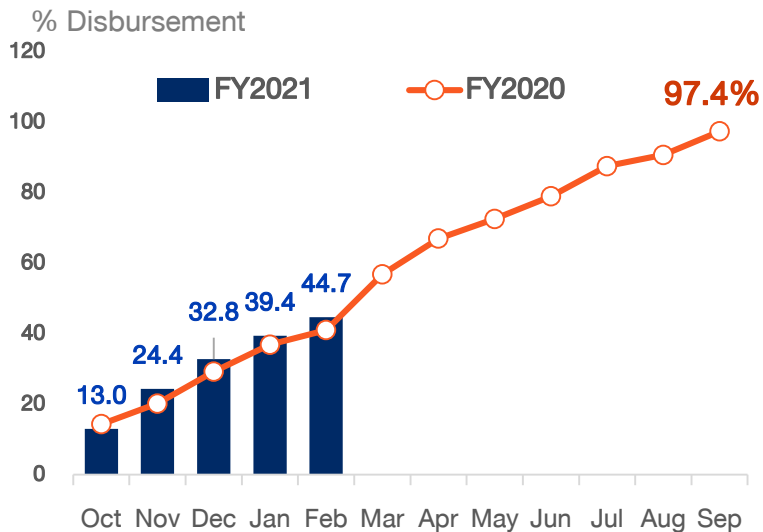
## Progress on 1-trillion Stimulus Package (as of Mar2021)



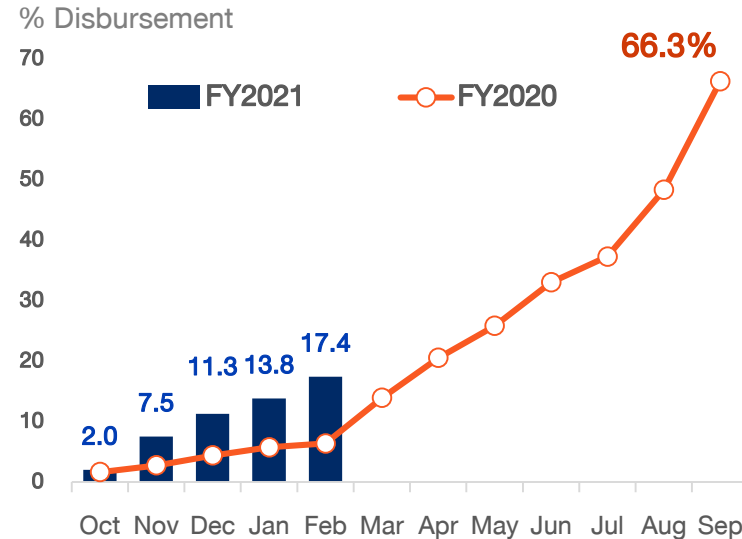
## Consumption Stimulus Package in 1H2021 : THB436 bn



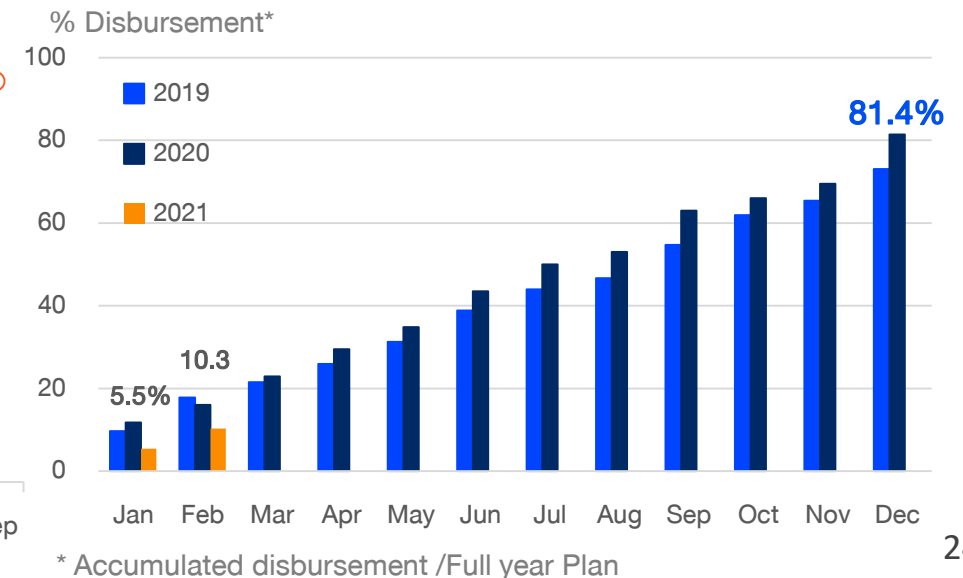
## Current expenditures



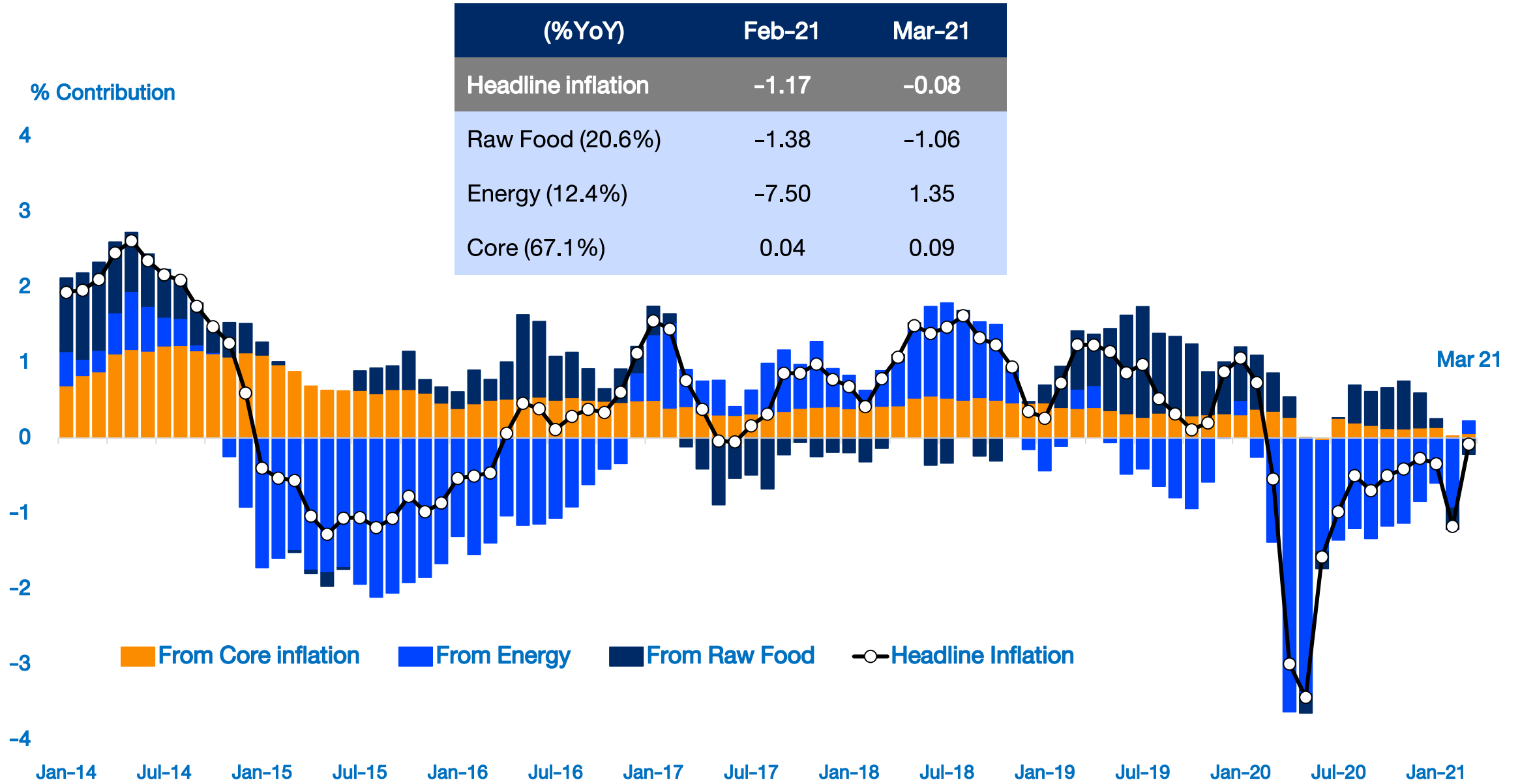
## Public investment expenditures



## State Owned Enterprise Investment



# HCPI edged up from last month due to higher Core inflation and an increase in energy price



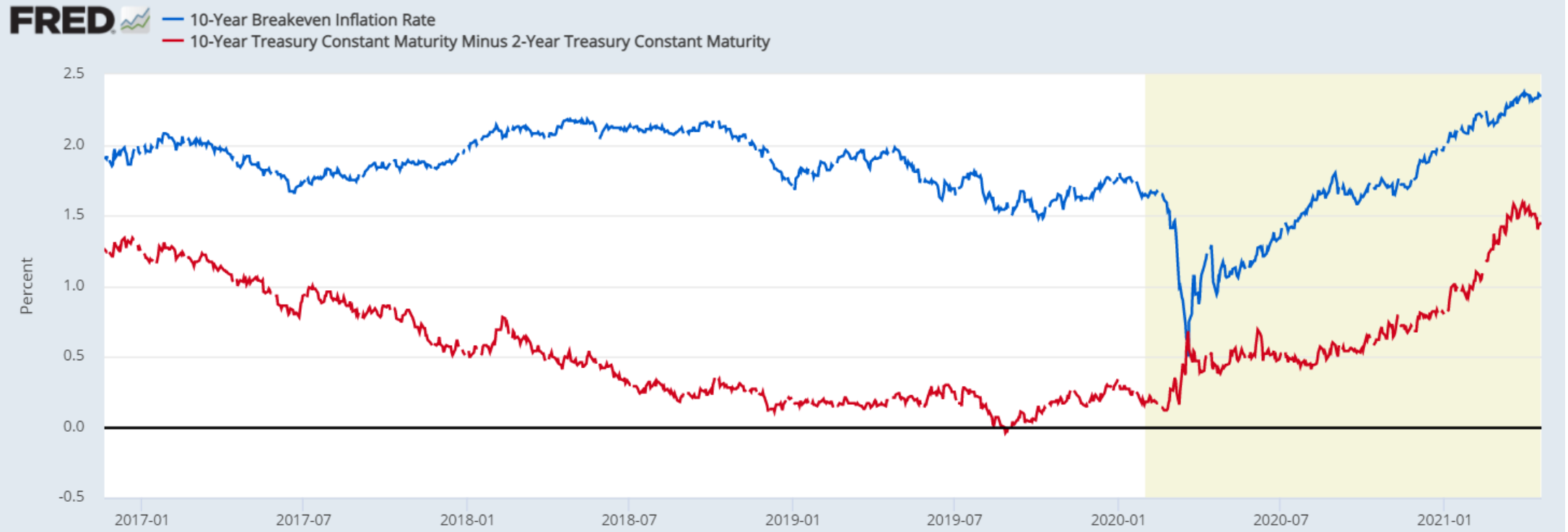


# PART 3: FINANCIAL MARKET

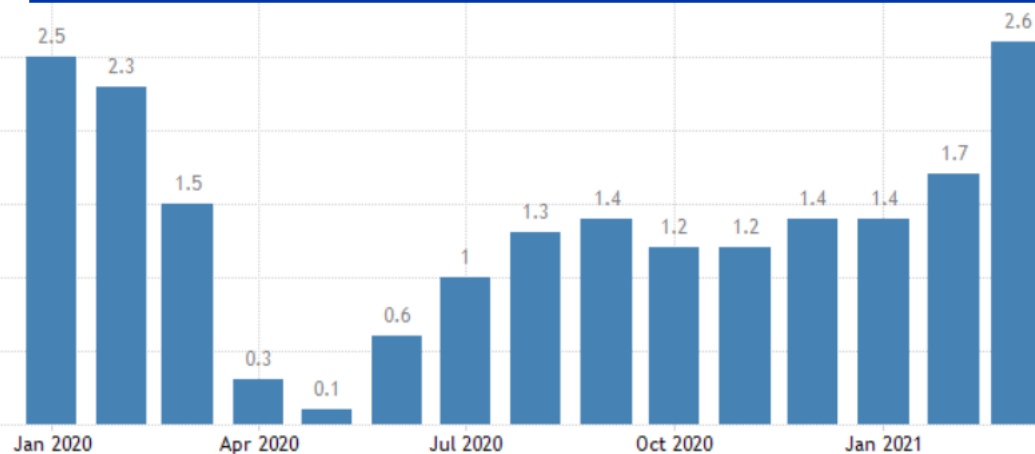




# USD Inflation above 2% in Mar causing slightly flattening UST yield curve



**US Inflation (YoY) catching up**



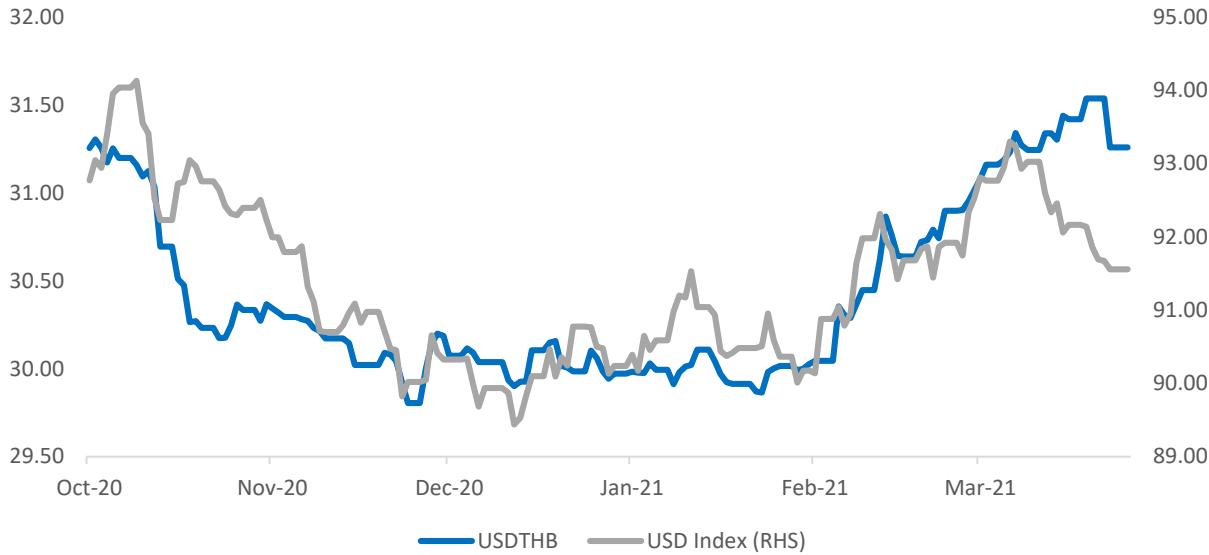
**US Core Inflation (YoY) still below 2%**



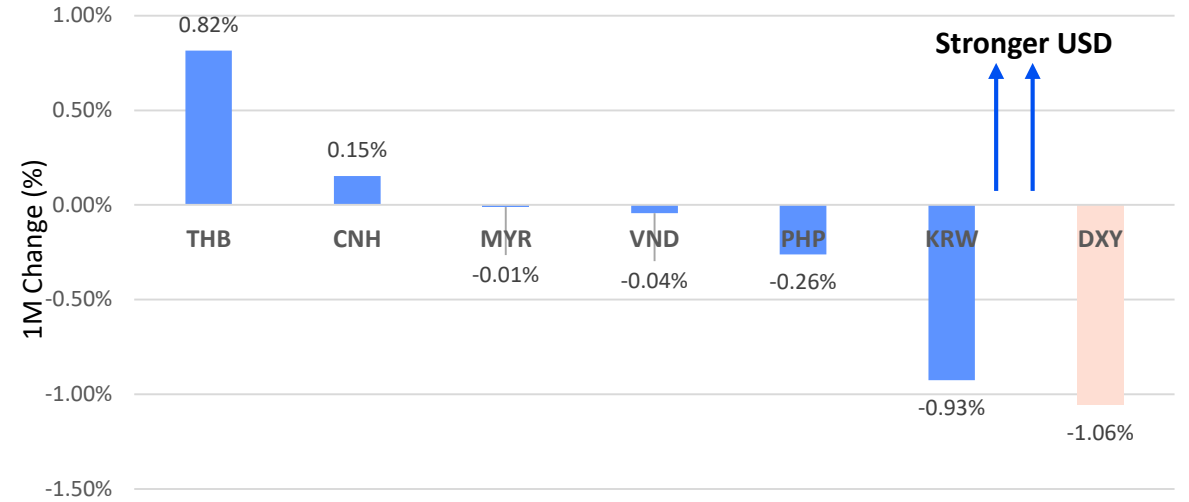
# USD strongly up against THB while DXY slightly gain from last month



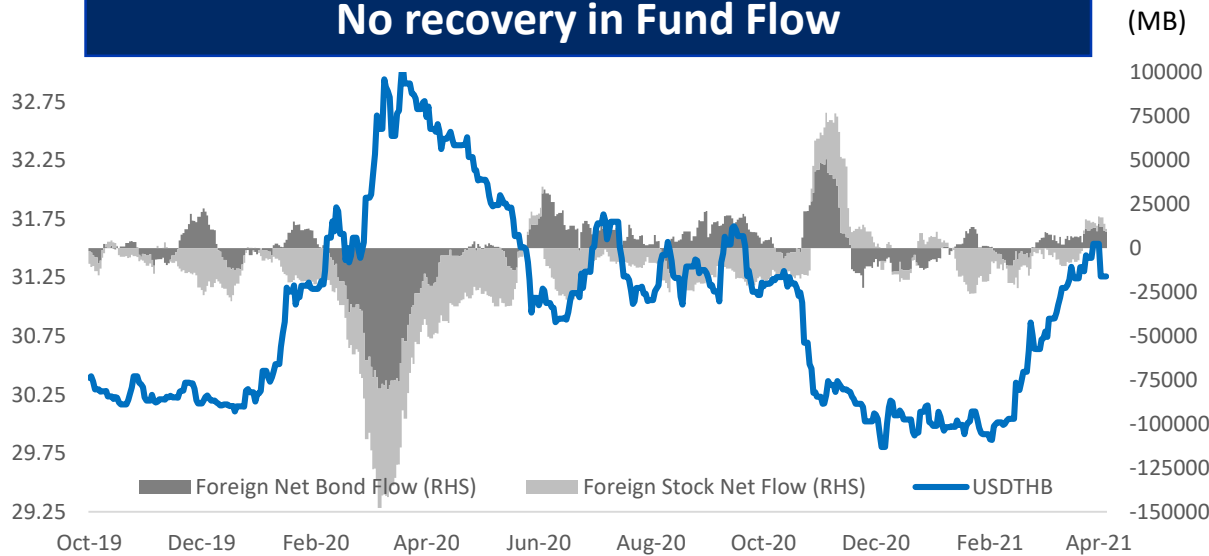
## DXY dropped while USDTHB still up



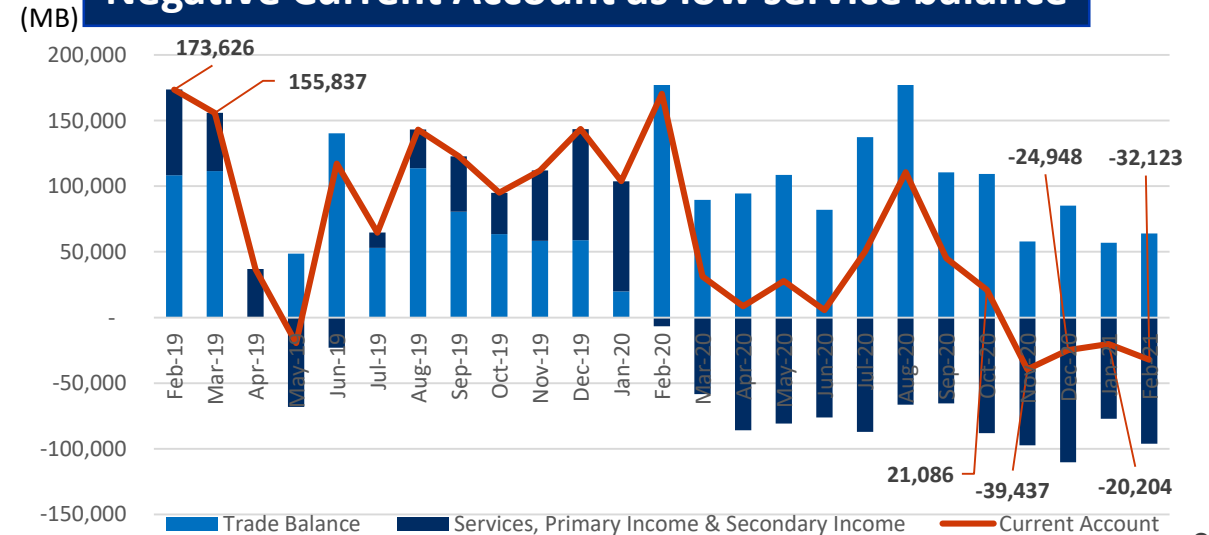
## THB depreciated most compared to peers



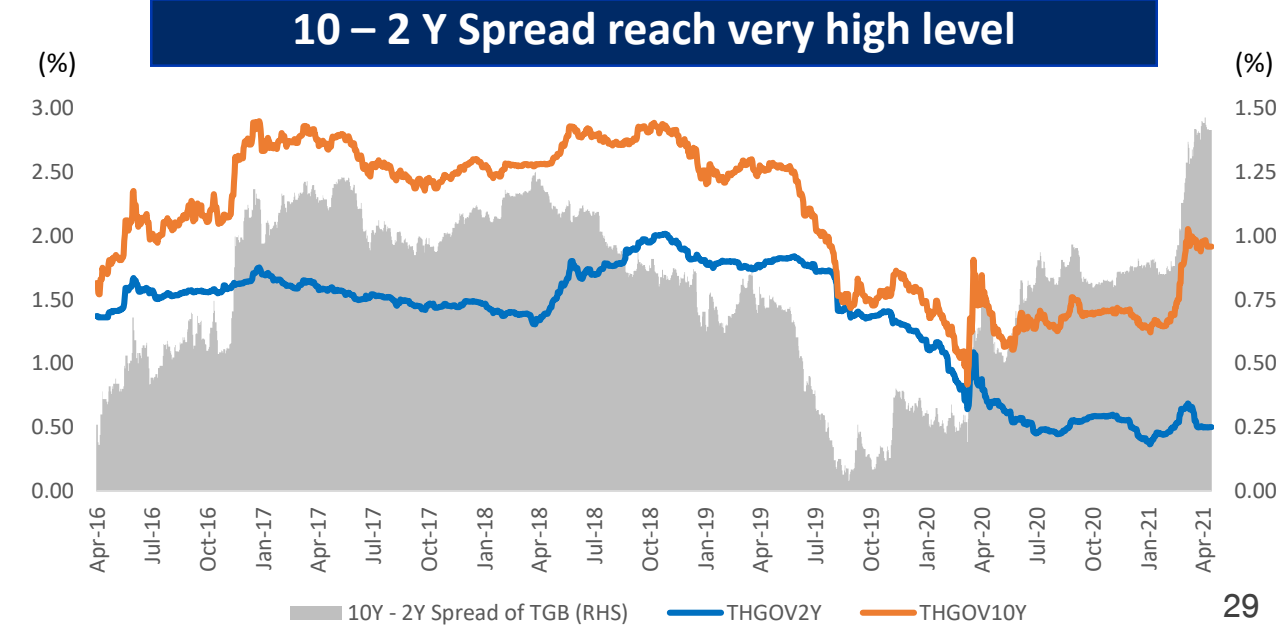
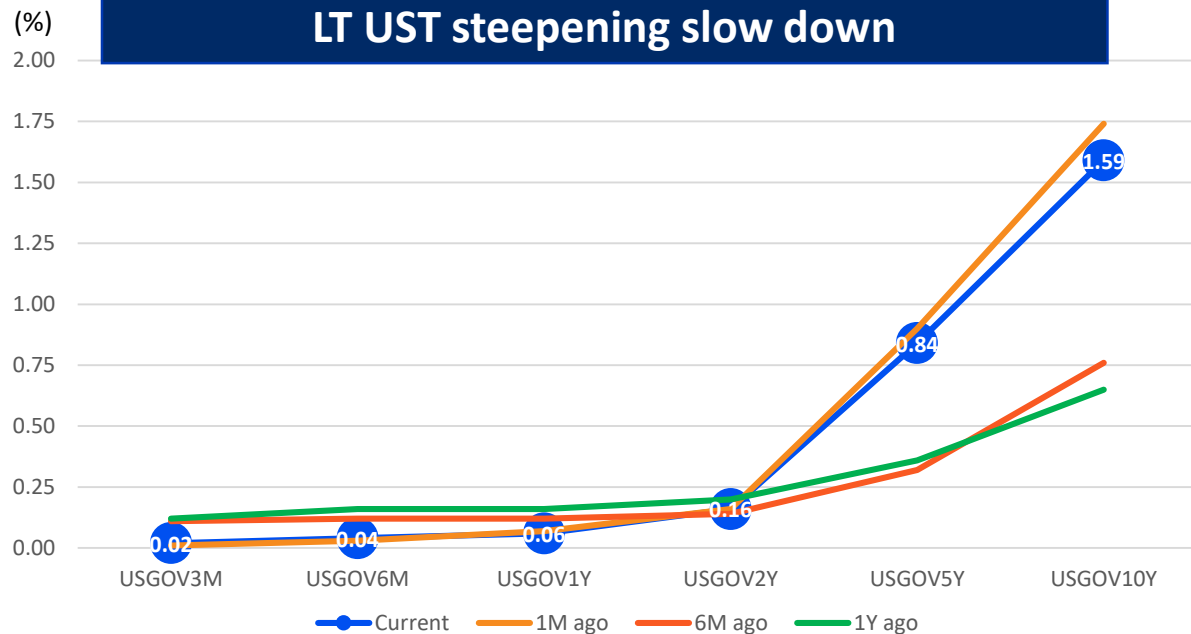
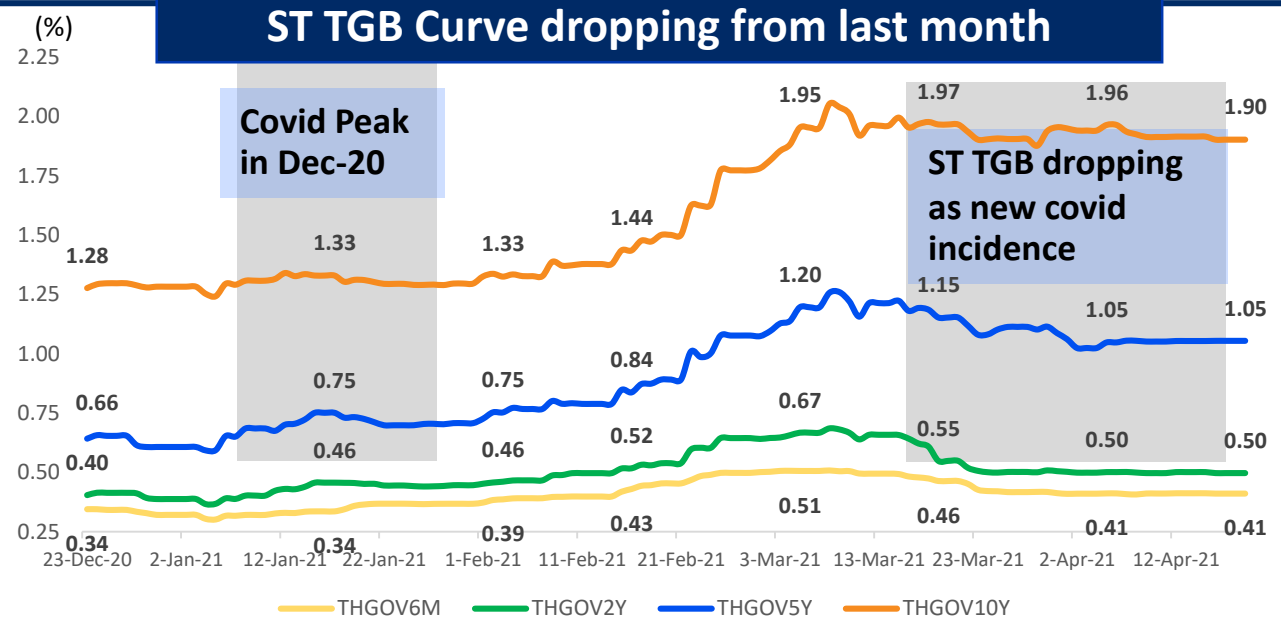
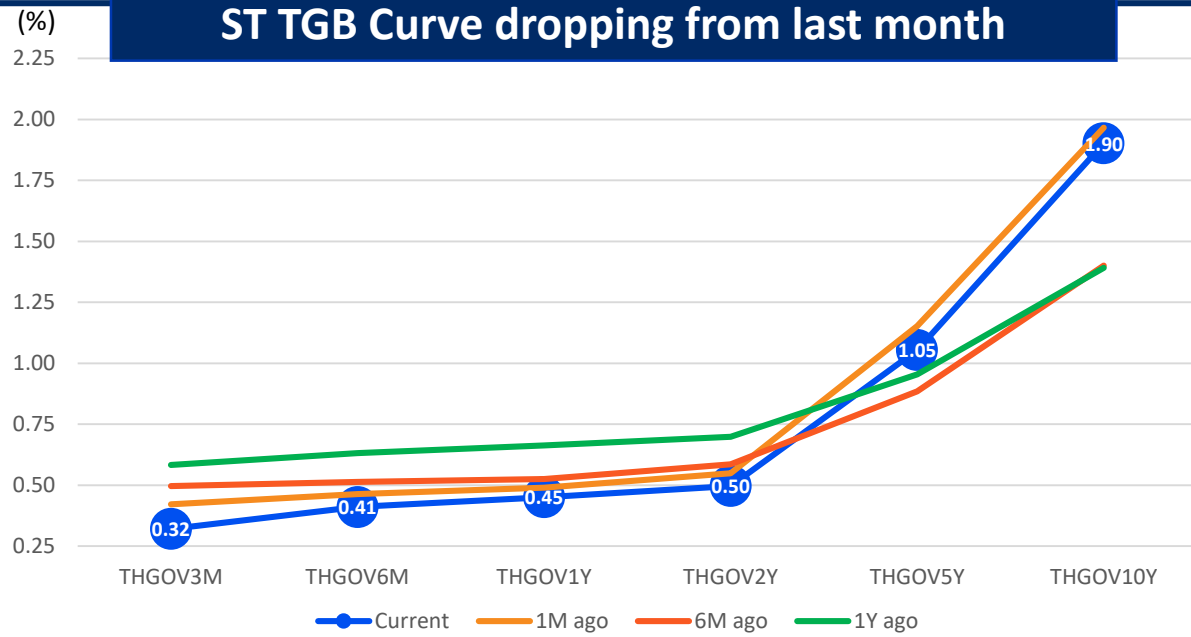
## No recovery in Fund Flow



## Negative Current Account as low service balance



# ST TGB dropped while 10 – 2 Y Spread reach very high level



**Thank you**

**ttb** | a·n·a·l·y·t·i·c·s