



Monthly Economic Report in June and Q2 of 2007

As of 26 July 2007

Thailand's overall economic conditions in June and Q2/2007 were supported by accelerated government spending together with a robust growth in exports, while private investment has shown a pick-up sign. However, private consumption remained in a softening pace. Both internal and external stability, remained robust.

1. Fiscal indicators showed that government's budget disbursement in June and Q2/2007 has played a vital role in supporting the Thai economy when domestic demand remained subdued. In June, budget disbursement amounted to 164.4 billion baht, growing significantly at 40.1% (y-o-y), while budget disbursement for the Q2/2007 amounted to 417.3 billion baht, growing at 36.3% from Q2/2006, of which 314.5 billion baht was current expenditure, 86.7 billion baht was capital expenditure, and the remaining 16.2 billion baht was carry-over budget from the previous fiscal-year budget. Net revenue collection in June was 99.4 billion baht, up from the same period last year by 29.2%. However, this extraordinary high rate of growth was arisen from the low base last year due to a deduction of VAT transfer to local authorities in the same month last year. Therefore, if this anomalous factor is excluded, the net revenue collection in June 2007 would only expand at 4.1% in June 2006. In Q2/2007, net revenue collection amounted to 429.8 billion baht, expanding from the same period last year at 3.2%.

2. Private consumption indicators in June and Q2/2007 continued to slow down. This was indicated by the contraction of real value added tax (VAT) collection in June by -0.5% (y-o-y). In Q2/2007, real VAT collection growth was at 0.7% (y-o-y), compared to the Q1/2007 growth of 3.3% (y-o-y). Sales of passenger cars, as a proxy for consumption of durable goods, decreased by -0.7% (y-o-y) in June and -7.9% (y-o-y) in Q2/2007, respectively. In addition, sales of motorcycles in June and Q2/2007 decelerated by -19.0% and -23.0% (y-o-y), respectively. The consumer confidence index in June lowered to 71.0, due to consumer's concerns over possible economic slowdown, rising oil price and unstable political circumstances.

3. Private investment indicators in June and in Q2 of 2007 have shown an improving sign. Import of capital goods, which reflects an investment in equipment and machinery, grew by 4.5% (y-o-y), making the capital-goods import grow by 3.9% (y-o-y) in Q2/2007. It is noted that if subtract the import of an airplane in the second quarter from this number, import of capital goods in Q2/2007 would grow by 1.6% (y-o-y), improving from a contraction of -4.5% (y-o-y) in Q1/2007. In addition, real-estate tax collection, as a proxy for investment in the construction sector, improved significantly from -8.5% (y-o-y) in May to 6.6% (y-o-y) in June 2007. However, real-estate tax collection in Q2/2007 remained in a negative growth of -2.5% (y-o-y).

4. On the external sector, robust growth of exports remained the main driver for the Thai economy, while imports slightly improved, following the recovery of domestic investment. In June, export value recorded at USD 12.8 billion or grew by 17.1% (y-o-y), while the export value in Q2/2007 recorded at USD 36.7 billion or expanded by 19.1% (y-o-y). A strong growth of export value was mainly contributed by a double-digit growth of exports in electrical appliance, electronics, automotive and parts, construction materials and rice. Import value in June recorded at USD 11.9 billion or expanded by 5.2% (y-o-y), while the value in Q2/2007 recorded at USD 34.8 billion or expanded by 7.3% (y-o-y), accelerated from 2.0% (y-o-y) in Q1/2007. Trade surplus in June remained high at USD 882.8 million, leading to a trade surplus of USD 1.9 billion in Q2/2007.

5. On the supply side, agricultural sector continued to expand well, while manufacturing and tourism sectors were on a softening trend. Agricultural production index in June and Q2/2007 grew by 6.8 and 11.7% (y-o-y), respectively, due to an expansion in several products particularly rice and cassava. Manufacturing production index grew by 5.9% (y-o-y) in June and 5.1% (y-o-y) in Q2/2007, slightly slower from 5.4% (y-o-y) in the previous quarter. The slower pace of manufacturing production was in line with the lower import value of raw materials in Q2/2007, which grew at a decelerating rate of 13.3% (y-o-y), compared to 15.2% (y-o-y) in Q1/2007. As for the service sector, the number of foreign tourists coming to Thailand in June was 1.02 million persons. In Q2/2007, the number of foreign tourist was 3.1 million persons, decreasing from 3.8 million persons in Q1/2007, due mainly to the low season in the second quarter.

6. Overall economic stability remained robust. Headline inflation in June and Q2/2007 was at 1.9% (y-o-y), while unemployment rate in May remained low at 1.6%. Public debt to GDP as of May 2007 was at 38.2%, well below the 50% ceiling limit under the Fiscal Sustainability Framework. On external stability, international reserves at the end of June stood at USD 73.0 billion, greatly higher than the amount of short-term foreign debts.

Table 1 Monthly Economic Indicators

	2006	Jan 07	Feb 07	Mar-07	Apr-07	May-07	Jun-07
External Sector/							
- Dubai crude oil price (US\$/Barrel) /7	61.6	52.1	55.7	59.0	63.9	64.7	65.9
- Fed funds rate (%) /7	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Fiscal sector/1							
- Net government revenue (Billion baht)	1376.6	104.3	103.1	103.3	89.0	241.4	99.4
(%y-o-y)	8.6	5.1	2.8	-3.0	-22.1	7.1	29.2
Total income tax from revenue, customs and excise departments	1449.3	104.9	104.3	110.2	107.2	244.8	106.6
(%y-o-y)	8.1	4.7	4.6	3.1	6.5	4.4	6.1
Income-base tax (Billion baht)	551.0	32.1	28.34	37.7	34.9	128.3	32.6
(%y-o-y)	12.4	6.9	-5.2	3.6	12.0	7.0	15.0
Consumption-base tax (Billion baht)	424.7	37.1	35.5	35.0	37.8	35.6	36.6
(%y-o-y)	19.8	6.9	4.6	1.9	7.1	-2.6	-0.3
- Government expenditure (Billion baht)	1,330.8	97.1	200.4	139.9	115.8	137.1	164.4
(%y-o-y)	2.9	-16.9	78.2	9.8	15.9	54.0	40.1
Current expenditure (Billion baht)	999.7	75.0	137.0	106.9	97.7	90.4	126.4
(%y-o-y)	6.1	8.7	43.4	41.5	15.6	31.0	32.3
Capital expenditure (Billion baht)	216.1	12.2	54.4	21.0	13.5	40.9	32.2
(%y-o-y)	-16.7	-8.5	107.1	-3.4	-43.9	208.0	112.8
Carry-over budget (Billion baht)	114.9	9.9	9.0	12.0	4.6	5.8	5.8
(%y-o-y)	25.3	48.1	35.8	93.3	-14.8	-13.9	-13.2
Supply-side indicators							
Agricultural sector							
- Agricultural production index (%y-o-y) /6	5.8	13.6	8.2	10.2	15.1	13.0	6.8
- Agricultural price index (%y-o-y) /6	8.0	-7.1	-1.3	-4.6	-8.5	-9.5	-12.6
- New employment in agricultural sector(%y-o-y) /3	3.4	0.4	2.6	3.5	1.2	-6.1	n.a.
Industrial sector							
- Manufacturing production index (%y-o-y) /10	6.5	7.7	6.2	2.4	5.7	3.8	5.9
- Imports of raw materials in USD (%y-o-y) /1	4.3	18.5	13.3	14.1	21.9	11.3	6.7
- Capacity utilization (%) /10	67.8	65.0	63.0	68.7	60.4	67.1	66.4
- New employment in industrial sector(%y-o-y) /3	-1.5	5.5	1.7	-4.2	0.0	-1.0	n.a.
Service sector							
- No. of foreign tourists (Million persons) /11	13.8	1.3	1.27	1.22	1.09	1.0	1.02
(%y-o-y)	21.9	2.3	6.4	2.4	0.9	-0.4	-2.4
- New employment in service sector(%y-o-y) /3	-0.2	3.5	1.8	0.7	2.7	2.1	n.a.
Demand-side indicators							
Private Consumption Indicators							
- Value added tax at constant price (%y-o-y) /1	6.8	5.5	3.7	0.8	5.9	-3.3	-0.5
- Imports of consumer goods in term of USD (%y-o-y) /1	14.2	11.3	22.8	15.0	23.9	20.0	16.7
- Sales of passenger cars (%y-o-y)	2.6	-9.8	-19.0	-16.8	-18.2	-4.7	-0.7
- Sales of motorcycles (%y-o-y)	-2.0	-11.8	-31.1	-31.6	-18.0	-30.1	-19.0
- Consumer confident index (Index) /5	76.7	74.2	73.4	72.8	72.1	71.4	71.0
Private Investment Indicators							
- Total taxes collected from real estate transaction (%y-o-y) /1	6.0	-5.4	-0.6	-0.1	-5.7	-8.5	6.6
- Domestic cement sales (%y-o-y) /2	0.7	-0.5	-4.6	-3.8	-11	-7.2	n.a.
- Imports of capital goods in term of USD (%y-o-y) /1	3.9	-6.8	-10.4	-9.7	4.9	2.4	4.5
- Sales of commercial cars (%y-o-y)	-5.2	-27.8	-18.0	-14.7	-2.5	-9.2	-5.6
- Accumulated value of BOI certificates issues (%y-o-y) /9	-28.1	-15.0	8.7	35.2	20.3	21.8	12.6
International trade indicator/1							
- Exports (Billion USD): custom basis	129.7	10.5	11.2	13.1	10.9	13.0	12.90
(%y-o-y)/4	16.9	17.7	18.4	18.4	18.5	20.9	17.7
- Export price (%y-o-y)/4	5.2	4.2	4.8	5	5.7	5.3	4.3
- Export volume (%y-o-y)	11.6	13.0	13.0	12.8	12.1	14.8	12.8
- Imports (Billion USD): custom basis	126.8	9.6	10.1	10.8	10.6	12.2	12.0
(%y-o-y)/4	7.3	2.4	3.1	0.6	8.9	6.7	5.2
- Import price (%y-o-y)	6.5	3.3	3.6	3.3	3.8	3.1	3.2
- Import volume (%y-o-y)	0.5	-0.8	-0.4	-2.6	4.8	3.5	1.9
- Trade balance (Billion USD): custom basis	2.9	0.88	1.1	2.3	0.3	0.8	0.9
External economic stability /2							
- Average exchange rate (Baht/USD)	37.9	36.0	35.7	35.1	34.9	34.6	34.6
- Current account (Billion USD)	3.2	1.5	1.7	2.3	0.04	n.a.	n.a.
- International reserve (Billion USD)	67.0	66.8	68.2	70.9	71.1	71.1	73.0
Internal economic stability /4							
- Unemployment rate (%) /3	1.5	1.6	1.5	1.6	1.7	1.6	n.a.
- Producer price index (%yoy)	7.0	2.1	2.9	2.7	1.8	1.8	1.8
- Headline inflation (%yoy)	4.7	3.0	2.3	2.0	1.8	1.9	1.9
- Core inflation (%yoy)	2.3	1.6	1.4	1.3	1.2	0.7	0.7
- Public debt to GDP (%) /1	41.3	37.4	37.6	38.3	38.1	38.2	n.a.

1/Data from Ministry of Finance

2/Data from Bank of Thailand

3/Data from National Statistic Office

4/Data from Ministry of Commerce

5/Data from University of Thai Chamber of Commerce

6/Data from Office of Agricultural Economics

7/Data from Reuters

8/Data from Tourism Authority of Thailand

9/Data from Board of Investment

10/Data from Office of Industrial Economics

11/ Data from Immigration Office

Table 2 Quarterly Economic Indicators

External Sector/ Fiscal sector/1 Supply-side indicators Agricultural sector Industrial sector Service sector Demand-side indicators Private Consumption Indicators Private Investment Indicators International trade indicator/1 External economic stability /2 Internal economic stability /4	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
- Dubai crude oil price (US\$/Barrel) /7	61.6	58.1	65.0	66.1	57.2	55.5	64.8
- Fed funds rate (%) /7	5.25	4.75	5.25	5.25	5.25	5.25	5.25
- Net government revenue (Billion baht)	1,376.6	306.1	416.6	353.6	300.2	310.8	429.8
(%y-o-y)	8.6	9.8	5.9	7.1	13.5	1.5	3.2
Total income tax from revenue, customs and excise departments	1,449.3	306.8	435.6	400.0	306.9	319.4	458.7
(%y-o-y)	8.1	6.9	11	6.2	7.7	4.1	5.3
Income-base tax (Billion baht)	551.0	96.4	179.9	185	89.8	98.2	195.8
(%y-o-y)	12.4	13.4	11.5	15.4	7.2	1.9	9.1
Consumption-base tax (Billion baht)	424.7	103	108.2	106.3	107.2	107.6	109.9
(%y-o-y)	19.8	12.8	14.2	-3.8	7.2	4.5	1.3
- Government expenditure (Billion baht)	1,330.8	356.7	306.3	367.6	300.2	437.3	417.317
(%y-o-y)	2,859.124	19	-2.7	15.8	-17	22.6	36.3
Current expenditure (Billion baht)	999.7	252.3	236.5	272.8	238.1	318.8	314.5
(%y-o-y)	6.1	13.7	3.2	10.7	-2.9	26.4	33.0
Capital expenditure (Billion baht)	216.1	68.3	52.5	75.5	19.8	87.5	86.7
(%y-o-y)	-16.69803	12.2	-11.5	4.2	-7.0	28.1	65
Carry-over budget (Billion baht)	114.9	36.0	17.3	22.0	42.3	31.0	16.2
(%y-o-y)	25.3	32.5	-33.2	-30.5	-15.1	-14.2	-6.0
- Agricultural production index (%y-o-y) /6	5.8	4.9	4.9	-6.1	1.7	10.9	11.7
- Agricultural price index (%y-o-y) /6	8.0	23.7	18.5	-2.3	-5.0	-4.3	-10.2
- New employment in agricultural sector(%y-o-y) /3	3.4	6.9	11.9	1.2	-1.9	2.8	n.a.
- Manufacturing production index (%y-o-y) /10	6.5	8.8	5.5	5.7	5.7	5.4	5.1
- Imports of raw materials in USD (%y-o-y) /1	4.3	-3.4	0.7	11.4	9.1	15.2	13.3
- Capacity utilization (%) /10	67.8	68.8	67.8	68.0	66.4	65.5	64.6
- New employment in industrial sector(%y-o-y) /3	-1.5	-3.4	0.4	-0.8	-2.0	0.2	n.a.
- No. of foreign tourists (Million persons) /11	13.8	3.7	3.1	3.3	3.7	3.8	3.1
(%y-o-y)	21.9	39.9	29.1	9.9	13.2	3.7	-0.6
- New employment in service sector(%y-o-y) /3	-0.2	-0.3	-3.7	1.5	2.2	2.1	n.a.
- Value added tax at constant price (%y-o-y) /1	6.8	6.9	8.3	6.8	5.3	3.3	0.7
- Imports of consumer goods in term of USD (%y-o-y) /1	14.2	13.3	15.0	19.0	9.5	16.3	20.2
- Sales of passenger cars (%y-o-y)	2.6	5.2	2.5	8.9	-6.3	-15.6	-7.9
- Sales of motorcycles (%y-o-y)	-2.0	5.4	7.3	-2.8	-16.7	-25.4	-23.0
- Consumer confident index (Index) /5	76.7	79.8	75.2	74.6	77.1	73.5	71.5
- Total taxes collected from real estate transaction (%y-o-y) /1	6.0	13.4	8.6	3.7	-1.6	-1.9	-2.5
- Domestic cement sales (%y-o-y) /2	0.7	-6.6	0.8	6.6	3.7	-3.0	n.a.
- Imports of capital goods in term of USD (%y-o-y) /1	3.9	11.9	1.0	5.3	-3.7	-9.0	3.9
- Sales of commercial cars (%y-o-y)	-5.2	1.0	-12.1	-7.5	-2.4	-19.7	-5.8
- Accumulated value of BOI certificates issues (%y-o-y) /9	-28.1	-40.4	-38.0	-21.9	-18.3	9.6	18.2
- Exports (Billion USD): custom basis	129.7	29.5	30.9	35.1	34.3	34.8	36.8
(%y-o-y)/4	16.9	16.8	15.7	16.1	19.1	18.2	19.1
- Export price (%y-o-y)/4	5.2	5.5	6.4	5.3	3.9	4.7	5.1
- Export volume (%y-o-y)	11.6	10.7	8.7	10.3	14.7	12.9	13.2
- Imports (Billion USD): custom basis	126.8	30.0	32.6	33.4	30.9	30.6	34.8
(%y-o-y)/4	7.3	6.7	3.3	13.4	6.1	2.0	7.3
- Import price (%y-o-y)	6.5	6.3	7.9	6.8	4.9	3.4	3.4
- Import volume (%y-o-y)	0.5	0.4	-4.3	6.2	1.1	-1.3	3.4
- Trade balance (Billion USD): custom basis	2.9	-0.5	-1.7	1.7	3.5	4.3	1.9
- Average exchange rate (Baht/USD)	37.9	39.3	38.1	37.7	36.6	35.6	34.7
- Current account (Billion USD)	3.2	0.6	-2.2	1.2	3.6	4.9	n.a.
- International reserve (Billion USD)	67.0	55.3	58.1	61.6	67.0	70.9	73.0
- Unemployment rate (%) /3	1.5	1.9	1.7	1.2	1.3	1.6	n.a.
- Producer price index (%yoy)	7.0	8.6	10.3	6.2	3.4	2.6	1.8
- Headline inflation (%yoy)	4.7	5.7	6.0	3.6	3.3	2.4	1.9
- Core inflation (%yoy)	2.3	2.6	2.8	1.9	1.7	1.4	0.9
- Public debt to GDP (%) /1	41.3	41.6	41.7	41.4	37.4	38.3	n.a.

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