



Monthly Economic Report in August

27 September 2007

Thailand's overall economic conditions in August 2007 were mainly supported by the strong recovery of export sector after a slowdown in the previous month. In addition, government expenditures continued to have positive role in supporting Thailand's economic growth when private consumption and investment still could not fully recover. Both internal and external stability remained robust.

1. Fiscal indicators showed that government's budget disbursement in August 2007 played a vital role in supporting the Thai economy. In August, total budget disbursement amounted to 122.8 billion baht, growing at 5.4% (y-o-y), of which 101.3 billion baht was current expenditure, 17.3 billion baht was capital expenditure, and the remaining 4.2 billion baht was carry-over budget from previous fiscal-years. Net revenue collection in August was 210.1 billion baht, expanded by 7.6%. Income-base tax collection grew only by 1.5% (y-o-y) due to half-year corporate income tax collection in August expanded at slow pace following economic slow down in the first half of this year. However, consumption-based tax collection grew at higher rate of 4.9% (y-o-y) compared to previous month reflecting overall recovery of private consumption.

2. Private consumption indicators in August improved. Value added tax (VAT) collection in real terms in August expanded by 5.0% (y-o-y), compared to previous month's growth rate at 1.8% (y-o-y). Import value of consumption goods in dollar term expanded by 25.0% (y-o-y), increasing from 14.9% (y-o-y) in July 2007. At the same time, durable-goods consumption indicators improved in August. Sales of passenger cars showed positive growth for the second consecutive month increasing by 4.7% (y-o-y). Nevertheless, sales of motorcycles continued to decelerate by -23.5% (y-o-y), compared to previous month's growth of -19.7% (y-o-y). Consumer confidence index in August lowered to 69.5 points, due to consumers' concerns over recent appreciating trend of Thai Baht exchange rate well as growing concern over the negative impact from sub-prime problem in the United States.

3. Private investment indicators in August improved from the previous month. Investment in equipment and machinery improved as indicated by import value of capital goods expanded by 7.1% (y-o-y), improving from previous month's negative growth of -3.3% (y-o-y), due to expansion of industrial equipment and machinery. Meanwhile, commercial car sales continued to decline slightly by -0.4% (y-o-y), compared to -0.5% in previous month. Investment in construction sector also showed improving sign as real-estate tax collection grew at a higher pace at 3.8% improving from 1.8% (y-o-y) in July.

4. Export sector rebounded strongly in August 2007 in which export value recorded at USD 13.9 billion, growing strongly at 17.9% (y-o-y), significant improvement from July. Major growths came from most export categories such as agricultural products grew by 10.6% (y-o-y), agro-industrial products expanded by 17.8% (y-o-y) , electronic products and appliances increased by 12.4%(y-o-y),and automotive and related equipment products grew by 19.0% (y-o-y). Import value in August was recorded at USD 13.1 billion, expanded strongly by 14.0% (y-o-y). Main source of expansion came from raw materials at 17.2% (y-o-y), capital goods and machinery at 7.4% (y-o-y), consumption goods at 25% (y-o-y), and fuel products at 11.4% (y-o-y). Trade balance in August was in surplus at USD 770.6 million.

5. On the supply side, Agricultural Production Index (API) in August 2007 expanded strongly at 6.3% (y-o-y) compared to 5.6% (y-o-y) growth in the previous month with main products such as rice, rubber and palm oil expanded strongly. Agricultural price index turned positive particularly cassava being the primary raw material for bio-fuel production. For industrial sector, Manufacturing Production Index (preliminary) grew by 9.7% (y-o-y) in August, up from 7.2% (y-o-y) in the previous month. On the service sector, the number of in-bound foreign tourists expanded at 1.0% (y-o-y), improving from consecutive contractions in the previous 3 months due to improving in political situation.

6. Overall economic stability remained robust. Headline inflation in August remained low at 1.1% (y-o-y), declining from previous month, while unemployment rate in July was at low level at 1.2%. Public debt to GDP as of June 2007 was at 37.7%, well below the 50% ceiling limit under the Fiscal Sustainability Framework. On external stability, international reserves at the end of August stood at USD 74.4 billion, substantially higher than short-term foreign debts.

	2006	Jan 07	Feb 07	Mar-07	Apr-07	May-07	Jun-07	Jul-07	Aug-07
External Sector/									
- Dubai crude oil price (US\$/Barrel) /7	61.6	52.1	55.7	59.0	63.9	64.7	65.9	69.9	67.4
- Fed funds rate (%) /7	5.25	5.25	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	87.1	210.1
(%y-o-y)	8.6	5.1	2.8	-3.0	-22.1	7.1	29.2	12.2	7.6
Total income tax from revenue, customs and excise departments	1449.3	104.9	104.3	110.2	107.2	244.8	106.6	101.1	212.4
(%y-o-y)	8.1	4.7	4.6	3.1	6.5	4.4	6.1	4.3	1.9
Income-base tax (Billion baht)	551.0	32.1	28.3	37.7	34.9	128.3	32.6	31.8	133.5
(%y-o-y)	12.4	6.9	-5.2	3.6	12.0	7.0	15.0	12.8	1.5
Consumption-base tax (Billion baht)	424.7	37.1	35.5	35.0	37.8	35.6	36.6	35.3	38.3
(%y-o-y)	19.8	6.9	4.6	1.9	7.1	-2.6	-0.3	1.9	4.9
- Government expenditure (Billion baht)	1,330.8	97.1	200.4	139.9	115.8	137.1	164.4	146.2	122.8
(%y-o-y)	2.9	-16.9	78.2	9.8	15.9	54.0	40.1	48.2	5.4
Current expenditure (Billion baht)	999.7	75.0	137.0	106.9	97.7	90.4	126.4	119.4	101.3
(%y-o-y)	6.1	8.7	43.4	41.5	15.6	31.0	32.3	58.2	20.0
Capital expenditure (Billion baht)	216.1	12.2	54.4	21.0	13.5	40.9	32.2	23.3	17.3
(%y-o-y)	-16.7	-8.5	107.1	-3.4	-43.9	208.0	112.8	38.6	-35.1
Carry-over budget (Billion baht)	114.9	9.9	9.0	12.0	4.6	5.8	5.8	3.4	4.2
(%y-o-y)	25.3	48.1	35.8	93.3	-14.8	-13.9	-13.2	-45.8	-23.0
Supply-side indicators									
Agricultural sector									
- Agricultural production index (%y-o-y) /6	5.8	11.8	2.2	-0.1	17.9	3.8	2.6	5.6	6.3
- Agricultural price index (%y-o-y) /6	8.0	-7.1	-1.3	-4.6	-8.5	-9.5	-12.6	-6.4	1.4
- New employment in agricultural sector(%y-o-y) /3	3.4	0.4	2.6	3.5	1.2	-6.1	3.0	-0.5	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	7.2	9.7
- Imports of raw materials in USD (%y-o-y) /1	4.3	18.5	13.3	14.1	21.9	11.3	6.7	11.3	17.2
- Capacity utilization (%) /10	67.8	65.0	63.0	68.7	60.4	67.1	66.6	66.3	66.8
- New employment in industrial sector(%y-o-y) /3	-1.5	5.5	1.7	-4.2	0.0	-1.0	4.6	1.6	n.a.
Service sector									
- No. of foreign tourists (Million persons) /11	13.8	1.31	1.27	1.22	1.09	0.98	1.02	1.15	1.20
(%y-o-y)	21.9	2.3	6.4	2.4	0.9	-0.4	-2.4	-1.2	1.0
- New employment in service sector(%y-o-y) /3	-0.2	3.5	1.8	0.7	2.7	2.1	1.3	4.1	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	1.8	5.0
- 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	14.9	25.0
- Sales of passenger cars (%y-o-y)	2.6	-9.8	-19.0	-16.8	-18.2	-4.7	-0.7	4.7	4.7
- Sales of motorcycles (%y-o-y)	-2.0	-11.8	-31.1	-31.6	-18.0	-30.1	-19.0	-19.7	-23.5
- Consumer confident index (Index) /5	76.7	74.2	73.4	72.8	72.1	71.4	71.0	70.0	69.5
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	1.8	3.8
- Domestic cement sales (%y-o-y) /2	0.7	-0.5	-4.6	-3.8	-11.0	-7.2	-5.2	-3.5	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	-3.3	7.1
- Sales of commercial cars (%y-o-y)	-5.2	-27.8	-18.0	-14.7	-2.5	-9.2	-5.6	-0.5	-0.4
- Industrial Confidence Index (%y-o-y) /9	-28.1	83.6	82.7	86.8	77.0	86.1	80.9	72.7	76.0
International trade indicator/1									
- Exports (Billion USD): custom basis	129.7	10.5	11.2	13.1	10.9	13.0	12.9	11.8	13.9
(%y-o-y)/4	16.9	17.7	18.4	18.4	18.5	20.9	17.7	6.3	17.9
- Export price (%y-o-y)/4	5.2	4.2	4.8	5.0	5.7	5.3	4.3	3.6	4.2
- Export volume (%y-o-y)	11.6	13.0	13.0	12.8	12.1	14.8	12.8	2.2	3.9
- Imports (Billion USD): custom basis	126.8	9.6	10.1	10.8	10.6	12.2	12.0	11.6	13.1
(%y-o-y)/4	7.3	2.4	3.1	0.6	8.9	6.7	5.2	2.4	14.0
- Import price (%y-o-y)	6.5	3.3	3.6	3.3	3.8	3.1	3.2	4.2	3.5
- Import volume (%y-o-y)	0.5	-0.8	-0.4	-2.6	4.8	3.5	1.9	-1.7	10.1
- Trade balance (Billion USD): custom basis	2.9	0.9	1.1	2.3	0.3	0.8	0.9	0.2	0.8
External economic stability /2									
- Average exchange rate (Baht/USD)	37.9	36.0	35.7	35.1	34.9	34.6	34.6	33.7	34.2
- Current account (Billion USD)	3.2	1.5	1.7	2.3	-0.1	0.2	1.2	0.3	n.a.
- International reserve (Billion USD)	67.0	66.8	68.2	70.9	71.1	71.1	73.0	74.0	74.4
Internal economic stability /4									
- Unemployment rate (%) /3	1.5	1.6	1.5	1.6	1.7	1.6	1.4	1.2	n.a.
- Producer price index (%yoy)	7.0	2.1	2.9	2.7	1.8	1.8	1.8	1.2	0.3
- Headline inflation (%yoy)	4.7	3.0	2.3	2.0	1.8	1.9	1.9	1.7	1.1
- Core inflation (%yoy)	2.3	1.6	1.4	1.3	1.2	0.7	0.7	0.8	0.7
- Public debt to GDP (%) /1	41.3	37.4	37.6	38.3	38.1	38.2	37.7	37.7	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