



28 December 2009

Monthly Economic Report (November 2009)

“Economic indicators in the month of November showed positive signs on the Thai economy from improvements in both export and domestic demand”.

The Thai economy showed positive signs from both exports and domestic demand. At the same time, economic stability in terms of unemployment, international reserves as well as fiscal position continued to remain robust.

Dr. Ekniti Nitithanprapas, Director of Macroeconomic Policy Bureau and Ministry of Finance Spokesperson pointed out that “Export values in November 2009 expanded positively for the first time in 1 year at 17.2 percent per year as export sector showed an improvement in all export products and markets, particularly to Asian countries and Australia. As for domestic spending, consumption indicator from real-term value added tax has also turned positive for the first time in November to expand at 7.8 percent per year. Private investment in construction as measured from real-estate tax collection turned positive for the first time in 7 months, by growing at 10.7 percent per year indicating improving real estates activities. Moreover, fiscal policy continued to support the economy as government spending accelerated from the previous month, by expanding at 14.2 percent per year.

Dr. Ekniti also elaborated further that “economic indicators from the production-side in November 2009 showed that service sector from tourism improved substantially as the number of in-bound tourists amounted to 1.4 million persons, expanded by 25.1 percent per year. At the same time, manufacturing sector expanded strongly as the number of sale orders increased following an improvement in global and domestic economies. In term of economic stability, it was found that unemployment continued to declined from previous month and remained low at 1.1 of the total labor force while international reserves remained at high level at USD 139.8 billion, reflecting robust external stability.”

Further details are as follows ;



Attached documents

Monthly Economic Report for November 2009

Thai economy in November 2009 showed clear signs of improvement from a positive growth in export while domestic spending continued to improved from private consumption and investment. Moreover, fiscal policy played a supportive role through accelerated government spending from the previous month. Production-side indicators also showed signs of improvement, as reflected from positive growths in Manufacturing Production Index and improved service sector from tourism while at the same time, Agricultural Price Index showed a smaller contraction. Economic stability remained robust.

1. Private consumption in November 2009 showed clear sign of continuous improvement. This was reflected in real-term value-added tax collection in November 2009 which grew at a positive level for the first time in 1 year at 7.8 percent per year, compared to a contraction of -7.4 percent per year in the previous month. This indicated a clear sign of private sector recovery. This was in tandem with import of consumer goods which also grew positively for the first time at 19.6 percent per year. At the same time, passenger car sales in November expanded for third successive month at 32.3 percent per year, reflecting consumption in durable goods. Consumer Confidence Index increased to the level of 69.1, from 68.0 in the previous month as a results of better than expected figures of Thailand 3rd quarter of 2009 GDP publication of -2.8 percent per year, improved from the first 2 quarters of 2009. Moreover, this was also contributed from stable domestic oil price and economic stimulus measure from public sector, particularly the Strong Thailand 2012 which has begun its implementation in the 4th quarter of 2009.

2. Private investment in November 2009 showed more revitalizing signs compared to previous month. Private investment indicator in machinery, represented by the volume of capital-goods import in November contracted at -4.2 percent per year, improved from a contraction of -6.4 percent per year in the previous month. This was in tandem with the number of commercial car sales in November 2009 which grew at a positive level for second consecutive month at 18.0 percent per year. Indicators of the construction and real-estate sectors as measured by real-estate tax collection grew positive for the first time in 7 months at 4.7 percent per year, improved from the previous month's contraction of -1.9 percent per year, indicating improvement in real-estate sector activities. Domestic cement sales in October grew at 6.4 percent per year, improved from the previous month growth of 4.2



percent per year, showing positive level of growth for 5th successive months and indicated an improvement of investment indicator in construction.

3. Fiscal indicators in November 2009 showed that total government expenditures amounted to 188.6 billion Baht, expanded by 14.2 percent per year. This was mainly contributed by current expenditure disbursement at 160.8 billion Baht, expanded by 22.5 percent per year and capital expenditure disbursement amounted to 5.3 billion Baht, contracted by -70.4 percent per year. Large contraction in capital expenditure disbursement was due to lower capital expenditure framework in FY2010 compared to the previous fiscal year. Net government revenue collection (after deduction for Local Authorities subsidy allocation) amounted to 127.4 billion Baht, increased from the same period of the previous year by 19.4, reflecting improving state of the Thai economy.

4. Exports show clear sign of improvement in November 2009. Value of exports in term of USD in November amounted to USD 13.8 billion, expanded positively for the first time in one year at 17.2 percent per year, improved from the previous month's contraction of -3.0 percent per year, indicated clear sign of export sector revival. This was contributed from accelerated growth in volume of exports at 9.1 percent per year, while price of exports grew at 7.4 percent per year. Export of goods that showed improvement are mainly electronics, electrical appliances, agro-manufacturing goods thanks to a revival in all markets as global economy revived. Import value, in terms of USD in November 2009 equated to USD 12.8 billion, contracted by 2.2 percent per year. This was attributed to a contraction in import volume of -8.4 percent per year and an expansion of import price of 6.8 percent per year. However, in term of import items, import values of raw materials, capital and machinery showed small contraction while import of consumer goods and fuel showed positive expansion.



5. Supply-side sector indicators in November 2009 showed that manufacturing sector and service sector from tourism strongly improved while agricultural sector contracted slightly. Manufacturing Production Index (preliminary) turned positive at 7.5 percent per year, compared to a contraction of -0.4 percent per year in the previous month. This could be contributed to an improvement in electronics, electrical appliances, furniture, jewelry and metals. Service sector from tourism continued to improve as the number of in-bound tourists to Thailand in November was recorded at 1.4 million persons, grew by 25.1 percent per year. The number of in-bound tourists increased in all countries and continents. Meanwhile, agricultural sector indicator measured from Agricultural Production Index contracted at -1.4 percent per year, compared to a growth of 1.5 percent per year in the previous month. This contraction was due to lowered agricultural production of main crops, namely plant foods, major rice and tapioca. Nevertheless, Agricultural Price Index grew positively for the first time at 6.8 percent per year which enabled real-farm income to grow at 3.2 percent per year.

6. **Economic Stability remained robust.** Unemployment in October 2009 declined to 1.1 percent of total labor force or an equivalent of 4.1 hundred-thousand persons. Headline inflation in November grew at 1.9 percent per year from risen price which was partly due to low base from previous year's living cost subsidy program and lower level of domestic oil price in the previous year. Core inflation also turned positive for the first time in 6 months at 0.1 percent per year. Public debt to GDP at the end of October 2009 stood at 45.8 percent and remained well below the 60 percent public debt ceiling under the Fiscal Sustainability Framework. Likewise, external economic stability remained robust and resilient to risk from volatility that could arise from global financial crisis as indicated by high-levels of international reserves at the end of November 2009, which stood at 139.8 billion USD or more than 5 times the short-term external debt.



Table 1 Monthly Economic Indicators

	2008	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09
External Sector/												
- Dubai crude oil price (US\$/Barrel) /7	93.5	43.7	42.2	44.4	48.7	56.8	68.0	65.4	71.8	67.7	73.0	77.1
- Fed funds rate (%) /7	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25	0-0.25
Fiscal sector/1												
- Net government revenue (Billion baht)	1,497.6	94.0	85.8	105.9	94.6	220.7	144.7	100.7	203.7	80.9	111.1	127.4
(%y-o-y)	1.9	3.3	-26.3	11.3	-24.5	-20.3	49.7	6.7	13.8	-36.2	21.5	19.4
Tax collection from revenue, customs and excise departments	1,634.7	98.0	91.4	117.4	104.2	213.8	156.8	105.6	209.6	104.7	111.4	127.9
(%y-o-y)	7.7	-14.7	-20.0	2.1	-13.0	-24.7	42.0	8.8	15.7	-36.9	5.6	16.9
Income-based tax (Billion baht)	666.0	36.5	31.9	39.1	32.4	101.3	59.8	29.7	131.0	27.4	30.7	42.2
(%y-o-y)	13.2	5.7	-1.6	-9.6	-14.1	-35.1	76.6	-14.2	25.1	-68.7	2.5	2.2
Consumption-based tax (Billion baht)	501.7	36.1	30.1	32.5	35.7	32.5	35.7	37.5	36.6	39.0	39.4	40.5
(%y-o-y)	12.7	-18.3	-25.2	-18.8	-19.4	-20.0	-15.8	-20.4	-15.9	-10.0	7.0	10.3
- Government expenditure (Billion baht)	1,644.5	192.4	179.7	195.3	141.7	161.0	139.5	164.1	142.2	196.9	90.3	188.6
(%y-o-y)	-1.4	21.5	51.4	56.1	-8.4	27.0	-2.6	18.2	14.1	31.4	-3.6	14.2
Current expenditure (Billion baht)	1,296.1	126.0	132.7	164.3	117.2	114.8	110.8	128.6	119.7	159.6	79.5	160.8
(%y-o-y)	1.8	34.1	35.5	63.6	11.7	5.9	3.3	11.0	11.0	27.4	6.1	22.5
Capital expenditure (Billion baht)	240.8	52.0	33.8	14.2	20.0	40.0	20.2	30.1	17.2	27.3	0.7	5.3
(%y-o-y)	-19.1	-1.8	217.0	8.5	-55.7	244.4	-32.1	61.6	36.7	49.8	19.5	-70.4
Carry-over budget (Billion baht)	107.6	14.4	13.1	16.9	4.5	6.3	8.5	5.4	5.2	10.0	10.2	22.5
(%y-o-y)	10.7	25.5	30.8	45.3	-2.6	-8.0	38.7	24.1	24.8	57.2	19.6	41.5
Supply-side indicators												
Agricultural sector												
- Agricultural production index (%y-o-y) /6	3.9	7.2	7.3	2.0	-0.6	-8.4	-2.0	-3.4	-3.5	-5.3	1.5	-1.4
- Agricultural price index (%y-o-y) /6	25.1	0.2	-2.5	-11.0	-17.2	-18.4	-18.7	-19.6	-16.0	-12.9	-2.4	6.8
- Real farm income (%y-o-y) /14	19.3	4.3	2.6	-13.6	-20.0	-22.2	-17.6	-20.0	-20.2	-18.5	-2.6	3.2
- New employment in agricultural sector(%y-o-y) /3	2.0	0.1	0.1	1.6	1.2	2.7	3.0	-0.6	-0.2	-1.9	-1.8	n.a.
Industrial sector												
- Manufacturing production index (%y-o-y) /10	3.9	-25.5	-23.2	-17.5	-13.3	-12.2	-6.8	-8.9	-8.6	0.8	-0.4	7.5
- Imports of raw materials in USD (%y-o-y) /1	29.7	-41.9	-48.8	-43.2	-34.7	-45.6	-31.8	-33.8	-38.7	-33.3	-26.2	-9.0
- Capacity utilization (%) /10	62.6	51.7	50.0	54.7	51.0	55.0	55.6	56.8	56.9	60.0	60.9	60.3
- New employment in industrial sector(%y-o-y) /3	-3.1	-8.3	-2.5	-3.5	-9.3	-2.6	-2.2	0.2	0.4	3.5	-0.6	n.a.
Service sector												
- No. of foreign tourists (Million persons) /11	14.6	1.3	1.1	1.2	1.1	0.9	1.0	1.1	1.1	1.0	1.2	1.4
(%y-o-y)	0.8	-11.9	-23.2	-12.1	-11.2	-21.2	-17.3	-14.2	-5.4	16.9	10.5	25.1
- New employment in service sector(%y-o-y) /3	3.8	4.7	6.1	4.5	6.2	3.9	4.0	4.1	2.5	4.2	4.6	n.a.
Demand-side indicators												
Private Consumption Indicators												
- Value Added Tax at constant price (%y-o-y) /1	9.0	-14.3	-22.6	-17.5	-17.7	-17.0	-11.7	-16.3	-15.2	-9.6	-7.4	7.8
- Imports volume of consumer goods in USD (%y-o-y) /1	20.8	-20.5	-22.1	-12.7	-21.9	-14.3	-19.3	-15.6	-10.2	-4.5	-5.2	19.6
- Sales of passenger cars (%y-o-y)	33.3	-10.0	-16.6	-23.4	4.2	-18.3	-8.9	-9.1	-1.1	14.7	23.4	32.3
- Sales of motorcycles (%y-o-y)	7.9	-21.6	-16.7	-10.9	-17.7	-9.2	-2.9	-13.3	-13.8	-11.5	-13.6	6.1
- Consumer confident index (Index) /5	70.7	68.3	67.2	66.0	65.1	64.3	65.4	66.3	67.4	68.4	68.0	69.1
Private Investment Indicators												
- Imports volume of capital goods in USD (%y-o-y) /1	13.3	-29.8	-14.9	-22.0	-23.4	-20.4	-21.9	-21.0	-7.6	-7.2	-6.4	-4.2
- Sales of commercial cars (%y-o-y)	-15.8	-39.5	-38.1	-44.5	-39.7	-31.1	-16.5	0.5	-12.6	-6.8	0.0	18.2
- Total taxes collected from real estate transaction (%y-o-y) /1	12.0	0.8	-13.9	52.5	-52.1	-20.4	-13.9	-13.0	-0.9	-5.1	-1.9	4.7
- Domestic cement sales (%y-o-y) /2	-10.3	-11.9	-13.8	-11.7	-11.0	-13.0	5.5	2.9	1.8	4.2	6.4	n.a.
- Industrial Confidence Index (%y-o-y) /9	77.3	64.1	63.0	69.4	76.3	78.5	83.5	89.9	88.0	95.9	104.3	104.7
International trade indicators/1												
- Exports (Billion USD): custom basis	177.8	10.5	11.7	11.6	10.4	11.7	12.3	12.9	13.3	14.9	14.8	13.8
(%y-o-y)/4	15.5	-26.4	-11.3	-23.1	-26.1	-26.6	-25.9	-25.7	-18.4	-8.5	-3.0	17.2
- Export price (%y-o-y)/4	10.5	0.9	-0.3	-2.1	-3.1	-3.1	-3.1	-3.9	-2.1	-0.6	4.2	7.4
- Export volume (%y-o-y)	4.4	-27.1	-11.1	-21.4	-23.7	-24.2	-23.6	-22.7	-16.6	-8.0	-6.9	9.1
- Imports (Billion USD): custom basis	179.2	8.7	7.8	9.0	9.3	8.6	10.3	12.2	11.2	12.9	13.0	12.8
(%y-o-y)/4	28.1	-37.6	-40.3	-35.1	-36.3	-34.7	-29.3	-32.5	-32.8	-17.9	-17.5	-2.2
- Import price (%y-o-y)	12.6	-3.5	-5.3	-6.3	-7.2	-6.8	-6.2	-7.9	-4.2	-1.1	2.8	6.8
- Import volume (%y-o-y)	13.4	-35.3	-37.0	-30.8	-31.4	-29.9	-24.6	-26.7	-29.9	-16.9	-19.8	-8.4
- Trade balance (Billion USD): custom basis	-1.4	1.4	3.6	2.1	0.6	2.4	0.9	0.7	2.1	2.0	1.8	1.1
External economic stability /2												
- Average exchange rate (Baht/USD)	33.4	34.9	35.3	35.8	35.4	34.6	34.1	34.0	34.0	33.8	33.4	33.3
- Current account (Billion USD)	1.6	2.5	4.6	2.6	0.6	1.6	0.6	0.5	1.9	1.3	2.2	n.a.
- International reserve (Billion USD)	111.0	110.7	113.3	116.2	116.8	121.6	120.8	123.4	127.3	131.8	135.3	139.8
Internal economic stability /4												
- Unemployment rate (%) /3	1.4	2.4	1.9	1.9	2.1	1.7	1.4	1.2	1.2	1.2	1.1	n.a.
- Producer price index (%yoy)	12.5	-2.5	-4.0	-4.0	-3.0	-7.2	-10.5	-12.9	-10.4	-7.2	2.6	7.8
- Headline inflation (%yoy)	5.5	-0.4	-0.1	-0.2	-0.9	-3.3	-4.0	-4.4	-1.0	-1.0	0.4	1.9
- Core inflation (%yoy)	2.4	1.6	1.8	1.5	1.0	-0.3	-1.0	-1.2	-0.2	-0.1	-0.1	0.1
- Public debt to GDP (%) /1	38.1	40.1	41.1	42.2	43.2	43.6	43.6	45.3	45.7	45.9	45.8	n.a.

1/Data from Ministry of Finance

2/Data from Bank of Thailand

3/Data from National Statistical 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 Rueters

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