



25 February 2010

Monthly Economic Report (January 2010)

“Economic indicators in January 2010 continued to show further revival of the Thai economy from high level of export growth, while private consumption improved from much increased farm income.”

Mr Satit Rungkasiri, Director-General of Fiscal Policy Office, revealed that economic indicators for January 2010 showed “Thai economy in January 2010 continued to revived further as exports expanded positively at high level, particularly exports to other Asian countries. At the same time domestic spending, private consumption in particular, continued to improve further from a supportive factor of well-expanded farm-income. Economic stability improved from lower rate of unemployment and high level of international reserves.

Mr Satit Rungkasiri elaborated further that “The much improved economic indicators in January 2010 from the previous period could be reflected from high-level of value of export growth in January 2010 of 30.8 percent per year. Export sectors which showed clear improvement include Electronics and Electrical appliances which were mainly exported to Thailand's major trading partners such as China, India and other Asian countries. As for the domestic spending, it was found that private consumption improved from real-term farm income which expanded at 14.7 percent per year. This was in tandem with the number of motorcycle sales which grew at 37.2 percent per year. Moreover, private investment has also showed an improvement, especially in machinery term as the import of capital goods grew at 7.7 percent per year while the number of commercial car sales expanded at 55.4 percent per year. Economic stability remained robust from low rate of unemployment of 0.9 percent of the total labor force and international reserves, which at the end of January 2010 remained high at USD 142.4 billion.

Mr. Satit Rungkasiri also pointed out that “Clear sign of Thailand economic growth in January 2010 has entailed the Fiscal Policy Office to expect the Thai economy in the first quarter of 2010 to successively expand from the fourth quarter of 2009. The Fiscal Policy Office will revised the Thailand economic outlook for the year 2010 on the 29th March 2010. Further details are as follows:



Attached documents

Monthly Economic Report for January 2010

Thailand's economic indicators for January 2010 have shown signs of continuous revival as reflected from high level of export growth. At the same time, private consumption improved from well-expanded farm income. Manufacturing sector as indicated from Manufacturing Production Index has also improved, along with service sector from a well-expanded tourism, while Agricultural Production Index began to show sign of revival. Economic stability in term of both internal and external remained robust.

1. Exports in January 2010 grew at high-level and played an important role in Thailand economic drivers. Value of exports in term of USD amounted to USD 13.7 billion, expanded positively for the third successive months at 30.8 percent per year. This was attributed from a export volume growth of 17.7 percent per year and a export price growth of 11.2 percent per year. Moreover, when compared to the previous month after adjusted for seasonality (seasonally adjusted), value of export still showed an improvement, indicating the clear sign of revival in export sector. This improvement could be observed in almost all export items and was resulted from a revival in almost all of the key export markets, particularly Asian countries. **Import value, in terms of USD, showed an improvement and consequently, reflecting an improved export sector as well as the domestic economy.** Import value in January 2010 equated to USD 13.2 billion, expanded positively for the second successive month by 44.8 percent per year. This was attributed from a large import volume growth of 31.1 percent per year and an import price growth of 10.5 percent per year, which came about as a result of risen oil and agricultural good prices compared to the same period of last year. Moreover, when considered in term of each item, it was found that almost all of the import items have shown growth in term of their import values, particularly the raw material imports which grew at a high level of 77.1 percent per year.

2. Private consumption in January 2010 showed clear sign of improvement, supported from an increase in farm income. This was consistent with the number of motorcycle sales, which grew at 37.2 percent per year. The number of passenger car sales grew positively for 5 successive months at 53.2 percent per year, reflecting an improvement in durable goods consumption. This was reflected in real-term value added tax collection in January which grew positively for 3 consecutive months at 13.6 percent per year, demonstrating a continuously improved private consumption. Nevertheless, real-term value added tax showed a slight contraction compared to the previous month after adjusted for seasonality (m-o-m seasonally adjusted) reflecting a mild deceleration of private consumption compared to the previous month. Import of consumer goods turned positive for the third



successive months, growing at 28.5 percent per year. Consumer Confidence Index in January 2010 rose to 71.9 points, increased from 70.4 points in the previous month. This increase was reflected a better expectation of the government economic stimulus package, the extension of the 5 measures for living cost subsidy, minimum wage rate adjustment and stable oil price.

3. Private investment in January 2010 showed further improvement, particularly machinery investment. Import of capital goods grew positively at 7.7 percent, and after deduction special items (planes, ships, and trains), it was founded that import of capital goods grew at a high level of 19.7 percent. This was in tandem with an improvement in commercial car sales which grew positively for the fourth successive months at 55.4 percent per year. Private investment indicator in construction sector, measured from real-estate sectors expanded positively for the third successive months at 24.5 percent per year, improved from a growth of 16.7 percent per year, reflecting a continuously increased in real-estate activities. Thailand industries sentiment index rose to 115.4 points, increased from 113.6 points in the previous month, reflecting an anticipated improvement in investment climate of the private sector.

4. Fiscal indicators in January 2010 showed that consumption-based tax continued to improve further and consistent with private consumption. Net government revenue collection (after deduction for local authorities transfer payment) in January 2010 amounted to 110.1 billion Baht, increased from the same period of the previous year by 17.1 percent per year. This increase in revenue collection was resulted from an improve state of the economy, and an increased in the excise tax rate of fuel, beer, alcohol and tobacco, effective since May 2009. Consumption-base tax expanded positively for 3 consecutive months at 17.8 percent per year, accelerated from the previous month's growth of 12.3 percent per year, reflecting an increase in private consumption. Income-based tax contracted slightly at -0.3 percent per year, reflecting an improvement of the private sector income compared to the previous period. Total government expenditures for January 2010 amounted to 150.0 billion Baht, contracting by 22.0 percent per year as a result of high based factor from local authority transfer payment in the previous year. Total government expenditures figure was composed of current expenditure disbursement of 128.3 billion Baht, expanded at 1.9 percent per year; and capital expenditure disbursement of 5.7 billion Baht, contracting by -89.1 percent per year. Moreover, capital expenditure disbursement from Strong Thailand 2012 project since effective (September 2009—15 February 2010) amounted to 82,227 million Baht, or an equivalent of 23.5 percent of the 350,000 million Baht budget framework.



5. Supply-side sector indicators in January 2010 showed that manufacturing sector, and service sector grew at a high level while agricultural sector grew positive for 2 consecutive months. Manufacturing Production Index (MPI) expanded positively for the third successive months at 29.1 percent per year, from an expansion in automobiles, foods, drinks, textile, garment and leather goods, radio equipment and television. Nevertheless, Manufacturing production index, when compared to the previous month and adjusted for seasonality, contracted slightly, reflecting a decelerating manufacturing sector from a high base in December 2009. At the same time, service sector from tourism improved as the number of in-bound tourist in January was recorded at 1.65 million persons, expanded for 5 successive months by 30.2 percent per year. This improvement in the number of tourists were amongst all the regions. Agricultural sector indicator measured from Agricultural production index grew at 0.2 percent per year, compared to a growth of 0.7 percent per year. Agricultural products that grew well include major rice and rubber. Agricultural price index expanded at 20.8 percent per year, driven up the real farm income to grow at 14.7 percent per year, slightly accelerated from the previous month's growth of 13.6 percent per year.

6. **Economic stability remained robust.** Unemployment in December 2009 remained at a very low level of 0.9 percent of total labor force. Headline inflation in January 2010 grew at 4.1 percent per year from risen prices of fuel and automobile sector due to a large increase in retail oil price sales, electricity water and lighting utilities following an adjustment in the rate of the subsidy government living cost reduction measures. Public debt to GDP at the end of November stood at 45.6 percent, remained well below the 50 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 January 2010, which stood at 142.4 billion USD or more than 5 times the short-term external debt.

FPO Monthly Report

by Fiscal Policy Office



Table 1 Monthly Economic Indicators

	2008	2009	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10
External Sector/															
- Dubai crude oil price (US\$/Barrel) /7	93.5	61.3	43.7	42.2	44.4	48.7	56.8	68.0	65.4	71.8	67.7	73.0	77.1	75.0	76.6
- 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	0-0.25	0-0.25	0-0.25
Fiscal sector/1															
- Net government revenue (Billion baht)	1,497.6	1,482.6	94.0	85.8	105.9	94.6	220.7	144.7	100.7	203.7	80.9	115.6	129.1	104.1	110.1
(%y-o-y)	1.9	- 1.0	- 3.3	- 26.3	11.3	- 24.5	- 20.3	49.7	- 6.7	13.8	- 36.2	26.5	20.9	31.1	17.1
Tax collection from revenue, customs and excise departments	1,634.7	1,558.0	98.0	91.4	117.4	104.2	213.8	156.8	105.6	209.6	104.7	111.4	127.9	117.1	122.1
(%y-o-y)	7.7	- 4.7	- 14.7	- 20.0	- 2.1	- 13.0	- 24.7	42.0	- 8.8	15.7	- 36.9	5.6	16.9	25.1	24.6
Income-based tax (Billion baht)	666.0	591.3	36.5	31.9	39.1	32.4	101.3	59.8	29.7	131.0	27.4	30.7	42.2	29.2	36.4
(%y-o-y)	13.2	- 11.2	5.7	- 1.6	- 9.6	- 14.1	- 35.1	76.6	- 14.2	25.1	- 68.7	- 2.5	- 2.2	9.9	- 0.3
Consumption-based tax (Billion baht)	501.7	0.4	36.1	30.1	32.5	35.7	32.5	35.7	37.5	36.6	39.0	39.4	40.5	41.3	42.5
(%y-o-y)	12.7	- 12.9	- 18.3	- 25.2	- 18.8	- 19.4	- 20.0	- 15.8	- 20.4	- 15.9	- 10.0	- 7.0	10.4	12.3	17.8
- Government expenditure (Billion baht)	1,644.5	1,964.0	192.4	179.7	195.3	141.7	161.0	139.5	164.1	142.2	196.9	90.3	188.6	172.2	150.0
(%y-o-y)	- 1.4	19.4	21.5	51.4	56.1	- 8.4	27.0	- 2.6	18.2	14.1	31.4	- 3.6	14.2	18.4	- 22.0
Current expenditure (Billion baht)	1,296.1	1,526.2	126.0	132.7	164.3	117.2	114.8	110.8	128.6	119.7	159.6	79.5	160.8	112.3	128.3
(%y-o-y)	1.8	17.8	34.1	35.5	63.6	11.7	5.9	3.3	11.0	11.0	27.4	- 6.1	22.5	- 5.1	1.9
Capital expenditure (Billion baht)	240.8	298.5	52.0	33.8	14.2	20.0	40.0	20.2	30.1	17.2	27.3	0.7	5.3	37.6	5.7
(%y-o-y)	- 19.1	24.0	- 1.8	217.0	8.5	- 55.7	244.4	- 32.1	61.6	36.7	49.8	19.5	- 70.4	297.2	- 89.1
Carry-over budget (Billion baht)	107.6	139.3	14.4	13.1	16.9	4.5	6.3	8.5	5.4	5.2	10.0	10.2	22.5	22.3	16.0
(%y-o-y)	10.7	29.5	25.5	30.8	45.3	- 2.6	- 8.0	38.7	24.1	24.8	57.2	19.6	41.5	26.9	11.1
Supply-side indicators															
Agricultural sector															
- Agricultural production index (%y-o-y) /6	3.8	-0.5	7.2	7.3	2.3	-0.6	-8.4	-2.0	-3.4	-3.9	-5.9	0.9	-2.2	0.7	0.2
- Agricultural price index (%y-o-y) /6	25.1	-8.7	0.2	-2.5	-11.0	-17.2	-18.4	-18.7	-19.6	-16.0	-12.9	-2.4	6.8	18.7	20.8
- Real farm income (%y-o-y) /14	19.2	-10.1	4.4	2.5	-13.6	-19.9	-20.6	-17.2	-19.3	-19.9	-18.5	-3.2	2.4	13.6	14.7
- New employment in agricultural sector(%y-o-y) /3	2.0	-0.2	0.1	0.1	1.6	1.2	2.7	3.0	-0.6	-0.2	-1.9	-1.8	-0.4	-4.6	n.a.
Industrial sector															
- Manufacturing production index (%y-o-y) /10	3.9	-7.2	-25.5	-23.2	-17.5	-13.3	-12.2	-6.8	-8.9	-8.6	0.8	-0.4	7.5	30.9	29.1
- Imports of raw materials in USD (%y-o-y) /1	29.7	-30.5	-41.9	-48.8	-43.2	-34.7	-45.6	-31.8	-33.8	-38.7	-33.3	-26.2	-9.0	51.9	77.1
- Capacity utilization (%) /10	62.6	56.3	51.7	50.0	54.7	51.0	55.0	55.6	56.8	56.9	60.0	60.9	60.6	61.1	60.4
- New employment in industrial sector(%y-o-y) /3	-3.1	-2.1	-8.3	-2.5	-3.5	-9.3	-2.6	-2.2	0.2	0.4	3.5	-0.6	-2.1	4.9	n.a.
Service sector															
- No. of foreign tourists (Million persons) /11	14.6	14.1	1.3	1.1	1.2	1.1	0.9	1.0	1.1	1.1	1.0	1.2	1.4	1.7	1.7
(%y-o-y)	0.8	-3.0	-11.9	-23.2	-12.1	-11.2	-21.2	-17.3	-14.2	-5.4	16.9	10.5	26.3	45.6	30.2
- New employment in service sector(%y-o-y) /3	3.8	4.9	4.7	6.1	4.5	6.2	3.9	4.0	4.1	2.5	4.2	4.6	6.9	6.7	n.a.
Demand-side indicators															
Private Consumption Indicators															
- Value Added Tax at constant price (%y-o-y) /1	9.0	-11.4	-14.3	-22.6	-17.5	-17.7	-17.0	-11.7	-16.3	-15.2	-9.6	-7.4	7.8	8.7	13.6
- Imports volume of consumer goods in USD (%y-o-y) /1	20.8	-9.5	-20.5	-22.1	-12.7	-21.9	-14.3	-19.3	-15.6	-10.2	-4.5	-5.2	19.6	21.6	23.8
- Sales of passenger cars (%y-o-y)	33.3	1.4	-10.0	-16.6	-23.4	4.2	-18.3	-8.9	-9.1	-1.1	14.7	23.4	32.3	27.7	53.2
- Sales of motorcycles (%y-o-y)	7.9	-8.9	-21.6	-16.7	-10.9	-17.7	-9.2	-2.9	-13.3	-13.8	-11.5	-13.6	6.1	24.4	37.2
- Consumer confident index (Index) /5	70.7	67.2	68.3	67.2	66.0	65.1	64.3	65.4	66.3	67.4	68.4	68.0	69.1	70.4	71.9
Private Investment Indicators															
- Imports volume of capital goods in USD (%y-o-y) /1	13.3	-14.9	-29.8	-14.9	-22.0	-23.4	-20.4	-21.9	-21.0	-7.6	-7.2	-6.4	-4.2	6.7	7.7
- Sales of commercial cars (%y-o-y)	-15.8	-17.9	-39.5	-38.1	-44.5	-39.7	-31.1	-16.5	0.5	-12.6	-6.8	0.0	18.2	18.4	55.4
- Total taxes collected from real estate transaction (%y-o-y) /1	22.4	-9.0	0.8	-13.9	52.5	-52.1	-20.4	-13.9	-13.0	-0.9	-5.1	-1.8	6.4	16.7	24.5
- Domestic cement sales (%y-o-y) /2	-10.3	-2.4	-11.9	-13.8	-11.7	-11.0	-13.0	5.5	2.9	1.8	4.2	6.4	16.7	6.4	n.a.
- Industrial Confidence Index (%y-o-y) /9	77.3	85.9	64.1	63.0	69.4	76.3	78.5	83.5	89.9	88.0	95.9	104.3	104.7	113.6	115.4
International trade indicators/1															
- Exports (Billion USD): custom basis	177.8	152.6	10.5	11.7	11.6	10.4	11.6	12.3	12.9	13.3	14.9	14.8	13.8	14.6	13.7
(%y-o-y)/4	15.5	-14.2	-26.5	-11.6	-23.2	-26.1	-26.6	-25.9	-25.7	-18.4	-8.5	-3.0	17.2	26.1	30.8
- Export price (%y-o-y)/4	10.5	0.3	0.9	-0.3	-2.1	-3.1	-3.1	-3.1	-3.9	-2.1	-0.6	4.2	7.4	11.0	11.2
- Export volume (%y-o-y)	4.6	-14.5	-27.1	-11.4	-21.5	-23.7	-24.2	-23.6	-22.7	-16.6	-8.0	-6.9	9.1	13.6	17.7
- Imports (Billion USD): custom basis	179.2	133.8	9.1	8.2	9.5	9.8	9.3	11.4	12.2	11.2	12.9	13.0	12.8	14.4	13.2
(%y-o-y)/4	28.1	-25.3	-37.6	-40.3	-35.1	-36.3	-34.7	-29.3	-32.5	-32.8	-17.9	-17.5	-2.2	28.2	44.8
- Import price (%y-o-y)	12.6	-2.6	-3.5	-5.3	-6.3	-7.2	-6.8	-6.2	-7.9	-4.2	-1.1	2.8	6.8	10.3	10.5
- Import volume (%y-o-y)	13.7	-23.3	-35.3	-37.0	-30.8	-31.4	-29.9	-24.6	-26.7	-29.9	-16.9	-19.8	-8.4	16.2	31.1
- Trade balance (Billion USD): custom basis	-1.4	18.7	1.4	3.5	2.1	0.6	2.4	0.9	0.7	2.1	2.0	1.8	1.1	0.2	0.5
External economic stability /2															
- Average exchange rate (Baht/USD)	33.4	34.3	34.9	35.3	35.8	35.4	34.6	34.1	34.0	34.0	33.8	33.4	33.3	33.2	33.0
- Current account (Billion USD)	1.6	20.3	2.5	4.6	2.6	0.6	1.6	0.6	0.5	1.9	1.3	2.2	1.3	0.8	n.a.
- International reserve (Billion USD)	111.0	138.4	110.7	113.3	116.2	116.8	121.6	120.8	123.4	127.3	131.8	135.3	139.8	138.4	142.4
Internal economic stability /4															
- Unemployment rate (%) /3	1.4	1.5	2.4	1.9	1.9	2.1	1.7	1.4	1.2	1.2	1.2	1.1	1.0	0.9	n.a.
- Producer price index (%yoy)	12.5	-3.8	-2.5	-4.0	-4.0	-3.0	-7.2	-10.5	-12.9	-10.4	-7.2	2.6	7.8	10.0	11.5
- Headline inflation (%yoy)	5.5	-0.9	-0.4	-0.1	-0.2	-0.9	-3.3	-4.0	-4.4	-1.0	-1.0	0.4	1.9	3.5	4.1
- Core inflation (%yoy)	2.4	0.3	1.6	1.8	1.5	1.0	-0.3	-1.0	-1.2	-0.2	-0.1	-0.1	0.1	0.2	0.6
- Public debt to GDP (%) /1	38.1	45.8	40.5	41.4	42.6	43.6	44.0	44.0	45.7	46.1	45.9	45.8	45.6	n.a.	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 Ruelers

8/Data from Tourism Authority of Thailand

9/Data from Board of Investment

10/Data from Office of Industrial Economics (Primary)

11/Data from Immigration Office