



26 May 2010

Monthly Economic Report (April 2010)

“Economic indicators for April 2010 reflected a continual expansion when compared against the same period last year, particularly in export and domestic spending, while there were signs of a slow down due to the recent political turmoil.”

Mr. Satit Rungkasiri, Director-General of Fiscal Policy Office, revealed that, **“Thai economy in the month of April 2010 steadily expanded when compared against the same period last year but slowed down when compared against March 2010 (M-o-M, seasonally adjusted - SA), particularly the high growth of export value at 35.2 percent per year and -2.5 percent per month (SA) contraction. With the same regard, real term VAT for April 2010 increased at 21.0 percent per year while contracting at -3.2 percent per month (SA), and private investment as represented by capital goods import volume grew at 39.4 percent per year while contracting at -4.0 percent per month (SA).”**

Dr. Ekniti Nitithanprapas, Director of Macroeconomic Policy Bureau and Ministry of Finance Spokesperson, further elaborated that, **“Continued positive Thai economic indicators for April 2010 benefited from the recovering global economy as well as the country’s high economic expansion in the first quarter of 2010 at 12.0 percent per year. Nevertheless, the political situations in Thailand hindered its economic growth through a contracting number of in-bound tourists at -0.2 percent per year, the first negative growth in the past 7 months, while Consumer Confidence Index and Thai Industries Sentiment Index (TISI) for April 2010 also declined.”**

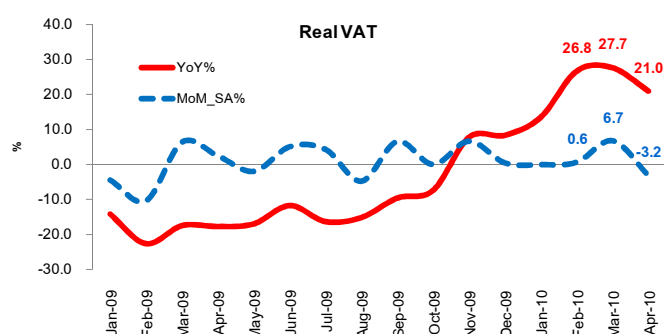
Director-General of Fiscal Policy Office concluded that, **“It is expected that the political unrest would impact the economy in the second quarter of 2010. Fiscal Policy Office will evaluate the positive factors from global economic expansion as well as the negative factor from political uncertainty, and revise its Thai economic forecasts to be announced to the public on 29 June 2010.”**

Further details are as follows

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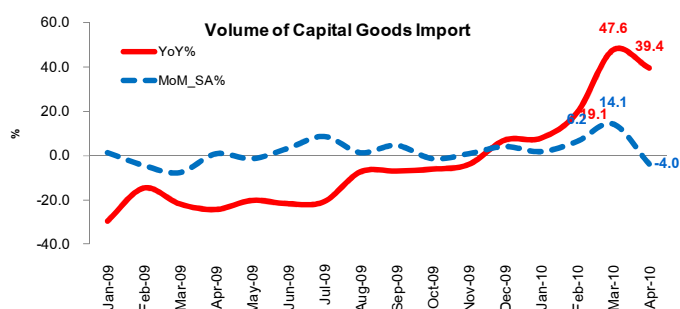
1. Private consumption in April 2010 still expanded from last year but showed signs of slow down from the previous month (SA). This was reflected



by the real-term VAT collection for April 2010 which increased at 21.0 percent per year while contracting at -3.2 percent per month (SA), in tandem with consumer goods import that grew at 37.4 percent per year while contracting at -3.4 percent from the month before; additionally,

Consumer Confidence Index for April 2010 was lower than that of previous month at the level of 67.2 from 69.8 which was partially due to concerns over the intensifying political situations in April 2010. **Meanwhile, consumption of durable goods improved significantly from both last year and last month** reflected by a 64.4 percent per year expansion of passenger car sales for April 2010 and a 28.1 percent per year growth of motorcycle sales for April 2010. This was partly due to real farm income improvement as agricultural prices continually increased.

2. Private investment for April 2010 improved when compared against the same period last year but showed signs of deceleration from the previous month (SA). This was reflected by capital goods import for April 2010 which

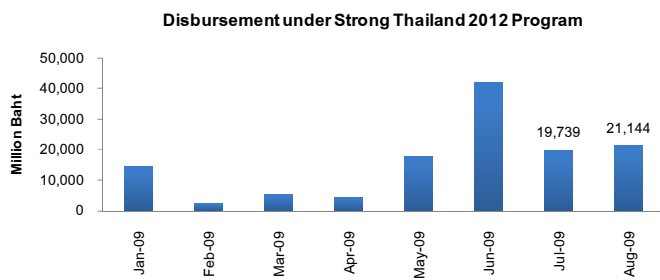


increased at 39.4 percent per year while contracting at -4.0 percent from the month before, in accordance with commercial car sales for April which grew at 30.0 percent per year while contracting at -8.4 percent from the month before. In construction



sector, property tax collection for April 2010 expanded at 0.4 percent per year reflecting continuous improvement in investment and real estate transactions.

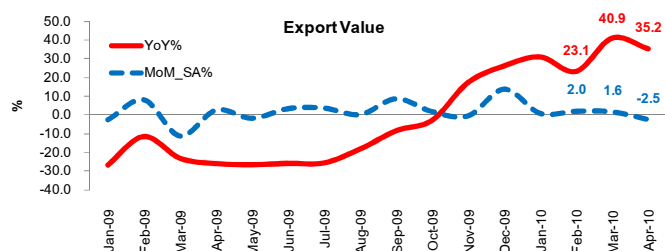
3. Fiscal indicators in April showed that fiscal policies continuously supported the Thai economy via budget spending as well as disbursement under Strong Thailand 2012 Program.



There was a disbursement of 145.5 billion Baht, a 2.7 percent per year expansion, contributing to the accumulated disbursement of the first 7 months of Fiscal Year 2010 (October 2009-April 2010)

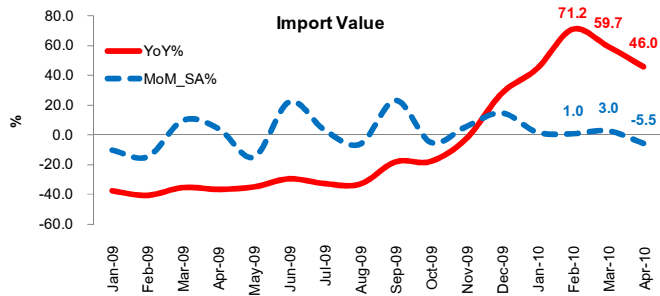
at 1,079.5 billion Baht. Furthermore, under the Strong Thailand 2012 Program, there was a disbursement of 21.1 billion Baht in April which contributed to the accumulated disbursement of 126.8 billion Baht or 36.2 percent of the approved budget framework of 350 billion Baht. Net government revenue collection (net of Local Authorities subsidy allocation) for April 2010 amounted to 159.0 billion Baht and grew at 29.0 percent per year reflecting the Thai economic recovery and a result of increment in excise tax rates for petrol, beer, tobacco, and liquor since May 2009. In total, for the government revenue was higher than its spending, there was a primary surplus of 17.1 billion Baht in April 2010.

4. Export and import in April 2010 improved progressively from last year but slowed down from the previous month (SA). Value of exports in April 2010 amounted to USD 14.1 billion, expanding at 35.2 percent per year, from the growth of export volume and price at 20.6 and 12.1 percent per year respectively.



In terms of export items, this was contributed by the continuously recovering global demand of electronic goods, vehicles, and goods from agricultural and agro-industrial sectors. Nonetheless, when compared against the previous month (SA), value of exports contracted at -2.5 percent.

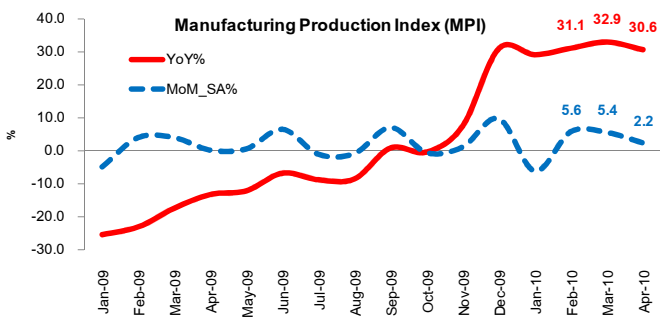
Import value in USD term increased when compared against the same period last year, in tandem with the growing export and domestic spending. In April, value of imports amounted to USD 14.4 billion with a considerably high growth rate of 46.0 percent per year from the growth of



import volume and price at 30.7 and 11.8 percent per year, respectively. In terms of import items, this was due to growth in vehicles and vehicle parts, raw materials, and capital and machinery goods reflecting improvement in the country's

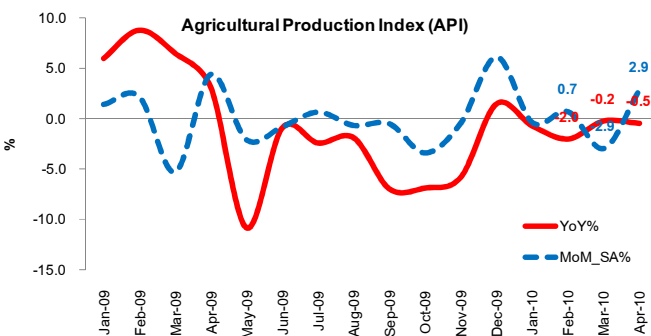
production and investment; despite that, when compared against the previous month (SA), value of imports declined at -5.5 percent. In total, for trade balance in April 2010, there was a deficit of USD 0.3 billion.

5. Supply-side sector indicators for April 2010 showed a continuous expansion in manufacturing sector while service sector from tourism started to slow down due to the country's political situations.



Production Index (MPI) in April increased at 30.6 percent per year and 2.2 percent per month (SA). Even so, the Thai Industries Sentiment Index (TISI) for April 2010 dropped to the level of 99.3 from 101.6 in the previous month, being below 100 for the first time

in the past 6 months, reflecting the entrepreneurs' concerns over political situations. As service sector indicator, the number of in-bound tourists in April 2010 amounted to 1.08 million, declining for the first time in the past 7 months at -0.2 percent per year. When compared against the previous month (SA), the number highly decreased at -14.1 percent as a result of the country's political situations. As agricultural sector indicator, Agricultural Production Index (API) in April 2010 decreased at a -0.5 percent per year owing to a high shortage of



tapioca from drought and spreading of mealy bugs. All the same, agricultural price still expanded at 20.1 percent per year contributing to the strong growth of real farm income at 16.9 percent per year, improving from a 14.9 percent per year growth of the previous month.

6. Both internal and external economic stabilities remained robust.

Unemployment rate in March 2010 was at 1.0 percent of total labor force equating to 370 thousand unemployed persons. Headline inflation in April 2010 grew at 3.0 percent per year mainly from increased prices of vehicles and fuel, while core inflation grew at 0.5 percent per year. Public debt to GDP ratio at the end of February 2010 stood at 41.9 well below the 60.0 percent public debt ceiling under the Fiscal Sustainability Framework. Likewise, external economic stability remained robust and resilient to risk from volatilities that could arise from world economy as indicated by high-level international reserves in April 2010 at USD 147.6 billion or almost 5.0 times of short-term external debt.



