



29 June 2010

Monthly Economic Report (May 2010)

“Economic figures for May 2010 showed continued expansion for Thai economy driven by strong export growth which helped to cushion the impact from the political uncertainty”

Mr. Satit Rungkasiri, Director-General of Fiscal Policy Office, revealed that, **“Thai economy in the month of May 2010 steadily expanded mainly due to high growth in export which helped offset the effects from the political turmoil via reduction in number of in-bound tourists and decelerated private consumption.”**

Dr. Ekniti Nitithanprapas, Director of Macroeconomic Policy Bureau and Ministry of Finance Spokesperson, further elaborated that, **“Value of exports in May 2010, which highly expanded at 42.1 per cent per year, played an important role in contributing to the Thai economic growth. This owed to the economic recovery of our trading partners, especially those in Asia, which promoted a high growth in export products such as electronic products, electrical appliances and automotives. All the same, the political unrest still affected private consumption as reflected by real term VAT that expanded by 18.1 per cent per year but declined at -1.6 per cent from the previous month (seasonally adjusted – SA) as well as by a contracting number of in-bound tourists at -12.9 per cent per year.**

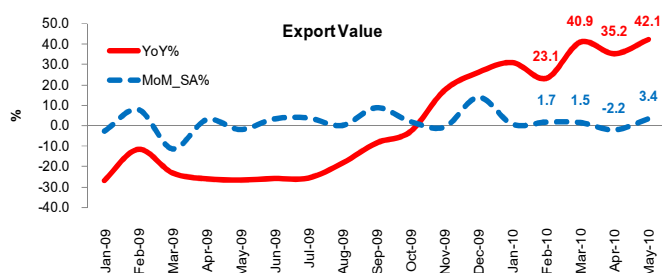
Director-General of Fiscal Policy Office concluded that, **“The latest economic figures suggested that the Thai economy could continue to expand while political situation showed limited and less-than-expected impact to the domestic economy. This reflected the robust economic stability of Thailand and recovery of world economy. As a result, Fiscal Policy Office expects that the Thai economy in the second quarter of 2010 would still show positive growth as it did in the previous quarter.”**

Further details are as follows

Monthly Economic Report for May 2010

Thai economy in the month of May 2010 steadily expanded mainly due to high growth in export which helped offset the negative effects from the political turmoil via reduction in number of in-bound tourists and decelerated private consumption.

1. Export and import in May 2010 improved progressively from the same period last year as well as from the month before (SA). Value of exports

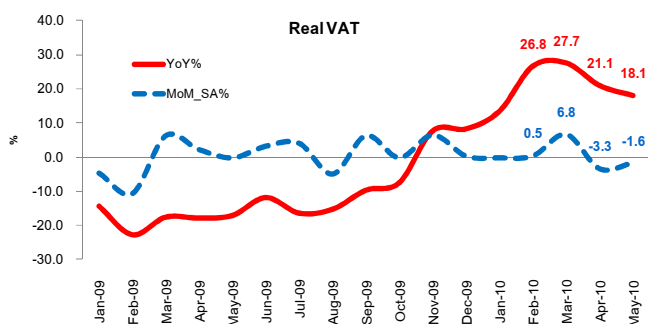


in May 2010 amounted to USD 16.6 billion, expanding highly at 42.1 per cent per year, from the growth of export volume and price at 29.3 and 9.9 per cent per year respectively. In terms of export items, this was contributed by the continuously recovering

global demand of electronic products, electrical appliances and automotives, particularly from emerging Asian countries. Moreover, when compared against the previous month (SA), value of exports still grew positively at 3.4 per cent. **Import value in USD term increased when compared against the same period last year, in tandem with the growing domestic spending and production.** In May, value of imports amounted to USD 14.3 billion with a continued high growth rate of 55.1 per cent per year from the growth of import volume and price at 41.8 and 9.4 per cent per year respectively. In terms of import items, this was due to growth in raw materials, capital and machinery goods, and fuel and lubricants, reflecting improvement in the country's production and investment. In addition, when compared against the previous month (SA), value of imports still grew at 0.3 per cent. In total, for trade balance in May 2010, there was a surplus of USD 2.2 billion.

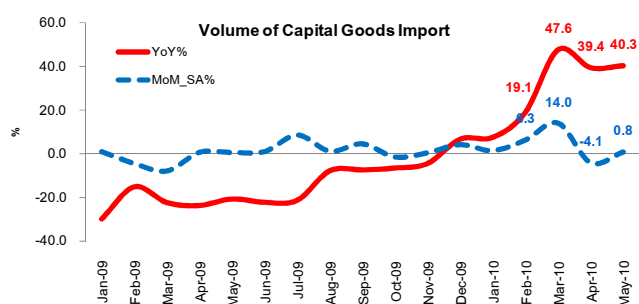
2. Private consumption in May 2010 still expanded well from last year although it slowed down from the previous month (SA). This was reflected by the real-term VAT collection for May 2010 which increased at 18.1 per cent per year while contracting at -1.6 per cent per month (SA). **In tandem with the real term VAT, consumption of durable goods improved from the same period last year but slowed down from the previous month (SA),** reflected by the 60.2 and 7.8 per cent per year expansion of passenger car sales and motorcycle sales for May 2010 with the negative growth of -3.3 and -11.4 per cent per month (SA) respectively. Nonetheless, consumer goods import still





grew progressively at 35.3 per cent per year and at 5.0 per cent from the month before (SA), along with Consumer Confidence Index for May 2010 which increased to the level of 67.6 from 67.2 in the previous month as consumers expected some improvement after the political situations were being resolved.

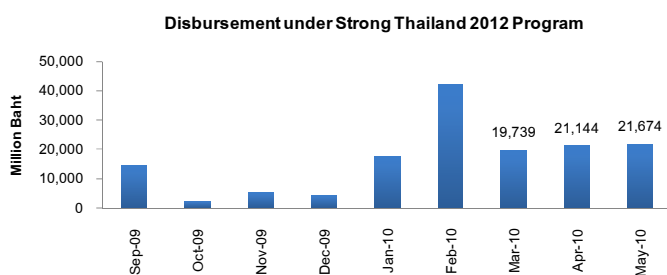
3. Private investment improved progressively. This was reflected by



capital goods import for May 2010 which increased by 40.3 per cent per year and by 0.8 per cent from the month before (SA), in accordance with commercial car sales for May which grew at 48.4 per cent per year and at 11.0 per cent from the month before (SA).

In construction sector, property tax collection for May 2010 expanded at 68.4 per cent per year in conjunction with the cement sales that expanded 14.1 per cent per year, reflecting continuous improvement in real estate transactions and investment in construction sector respectively.

4. Fiscal indicators in May 2010 showed that fiscal policies continuously supported the Thai economy as reflected by the government's running of budget deficit at -12.1 billion Baht. Consequently, the budget

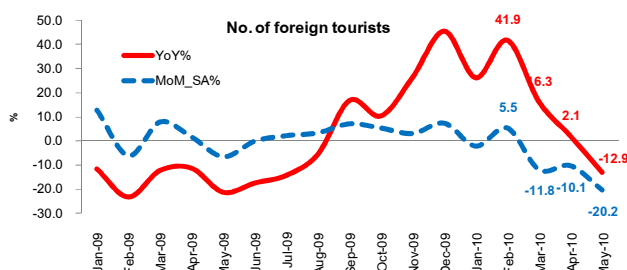


balance during the first 8 months of Fiscal Year 2010 (October 2009-May 2010) was in deficit of -246.2 billion Baht. As for disbursement in May 2010 at 124.0 billion Baht, it slowed down from same period last

year by -23.0 per cent per year due to the smaller budget framework for 2010 and additional public holidays announced during the political unrest. As a result, the accumulated disbursement of the first 8 months of Fiscal Year 2010 was at 1,083.8 billion Baht. Furthermore, under the Strong Thailand 2012 Program, there was a disbursement of 21.7 billion Baht in May which contributed to the accumulated disbursement of 148.5 billion Baht or 42.4 per cent of the approved budget framework of 350 billion Baht. Net government

revenue collection (net of Local Authorities subsidy allocation) for May 2010 amounted to 276.1 billion Baht and grew at 25.1 per cent per year partly from larger payment of corporate income tax for the end of 2009 net profit. Accordingly, the government revenue during the first 8 months of Fiscal Year 2010 equalled 1,123.4 billion Baht, growing at 27.9 per cent per year reflecting the Thai economic recovery.

5. Supply-side sector indicators for May 2010 showed that agricultural sector grew moderately while manufacturing sector still expanded from last year but decelerated from the previous month (SA) due to fewer working days. Service sector from tourism remained slow because of the country's political situations. Agricultural Production Index (API) in May



2010 increased at 5.8 per cent per year primarily from rubber and livestock of which productions were increased as the agricultural price expanded at 21.4 per cent per year contributing to the strong growth of real farm income at 23.1

per cent per year, improving slightly from a 23.0 per cent per year growth of the previous month. Manufacturing Production Index (MPI) in May 2010 increased at 15.9 per cent per year principally from electronic products, electrical appliances and automotives. Nevertheless, MPI contracted at -5.3 per cent when compared to the previous month (SA). As service sector indicator, the number of in-bound tourists in May 2010 amounted to 0.8 million, continually declining from the previous month at the high rate of -12.9 per cent per year and -20.2 per cent per month (SA) as a result of the country's political situations.

6. Both internal and external economic stabilities remained robust. Unemployment rate in April 2010 was at 1.2 per cent of total labour force equating to 451 thousand unemployed persons. Headline inflation in May 2010 grew at 3.5 per cent per year mainly from increased prices of fuel, and fruits and vegetables, while core inflation grew at 1.2 per cent per year. Public debt to GDP ratio at the end of April 2010 stood at 42.2 well below the 60.0 per cent 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 May 2010 at USD 143.5 billion or 4.7 times of short-term external debt.

Table 1: Monthly Economic Indicators

	2009	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	YTD
External sector													
- Dubai crude oil price (US\$/Barrel) /7	61.3	65.4	71.8	67.7	73.0	77.1	75.0	76.6	73.5	77.9	83.4	76.7	77.7
- Fed funds rate (%) /7	4.3	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													
- Net government revenue (Billion baht) /1	1,482.7	100.7	203.7	80.9	115.7	129.1	104.2	114.4	97.6	124.2	162.1	276.1	774.5
(%y-o-y) /1	-1.0	-6.7	13.8	-36.2	26.6	20.9	32.0	21.7	13.7	17.3	71.3	25.1	28.9
- Tax collection from revenue, customs and excise dept. (%y-o-y) /14	1,558.0	105.6	209.6	104.7	111.4	127.9	117.2	122.1	111.7	141.6	123.4	275.7	774.5
(%y-o-y) /14	-4.7	-8.8	15.7	-36.9	5.6	17.0	25.1	24.6	22.2	20.7	18.4	28.9	24.0
- Income-based tax (Billion baht) /1	591.3	29.7	131.0	27.4	30.7	42.2	29.2	36.4	30.8	44.6	32.1	144.2	288.2
(%y-o-y) /1	-11.2	-14.2	25.1	-68.7	-2.5	-2.1	10.4	-0.3	-3.2	14.1	-1.1	42.3	19.5
- Consumption-based tax (Billion baht) /1	437.0	37.5	36.6	39.0	39.4	40.5	41.3	42.5	39.1	42.5	44.2	39.4	207.7
(%y-o-y) /1	-12.9	-20.4	-15.9	-10.0	-7.0	10.4	12.0	17.8	29.9	30.8	23.8	20.9	24.4
- Government expenditure (Billion baht) /1	1,964.0	164.1	142.2	196.9	90.3	188.6	172.2	150.0	182.9	150.0	145.5	124.0	752.3
(%y-o-y) /1	19.4	18.2	14.1	31.4	-3.6	14.2	18.4	-22.0	1.8	-23.2	2.7	-23.0	-13.5
- Current expenditure (Billion baht) /1	1,526.2	128.6	119.7	159.6	79.5	160.8	112.3	128.3	117.9	120.0	125.8	110.3	602.3
(%y-o-y) /1	17.8	11.0	11.0	27.4	-6.1	22.5	-5.1	1.9	-11.2	-26.9	7.3	-3.9	-8.0
- Capital expenditure (Billion baht) /1	298.5	30.1	17.2	27.3	0.7	5.3	37.6	5.7	51.5	9.7	10.8	7.8	85.4
(%y-o-y) /1	24.0	61.6	36.7	49.8	19.5	-70.4	297.2	-89.1	52.2	-32.0	-46.1	-80.5	-46.6
- Carry-over budget (Billion baht) /1	139.3	5.4	5.2	10.0	10.2	22.5	22.3	16.0	13.5	20.3	8.9	5.9	64.7
(%y-o-y) /1	29.5	24.1	24.8	57.2	19.6	41.5	26.9	11.1	2.7	20.5	99.2	-5.6	17.3
- Budgetary Balance (Billion baht) /1	-474.5	-63.4	-36.8	-19.9	25.5	-70.5	-53.1	-34.6	-88.0	-31.2	17.8	-12.1	-148.1
Supply-side indicators													
Agricultural sector													
- Agricultural Production Index (%y-o-y) /6	-1.1	0.2	0.9	-7.7	-7.2	-5.9	1.4	-2.5	-4.2	0.0	4.6	5.8	0.2
- Agricultural Price Index (%y-o-y) /6	-8.7	-19.6	-16.0	-12.9	-2.4	6.8	18.7	20.8	19.4	19.5	20.1	21.4	20.2
- Real farm income (%y-o-y) /14	-10.5	-16.4	-15.9	-20.1	-11.1	-1.7	14.6	11.5	7.3	15.2	23.0	23.1	16.0
- New employment in agricultural sector(%y-o-y) /3	-0.2	-0.6	-0.2	-1.9	-1.8	-0.4	-4.6	3.5	0.4	4.4	1.2	n.a.	2.4
Industrial sector													
- Manufacturing Production Index (%y-o-y) /10	-7.2	-8.9	-8.6	0.8	-0.4	7.5	30.9	29.1	31.1	33.0	23.4	15.9	26.4
- Import value of raw materials in USD (%y-o-y) /1	-30.5	-33.8	-38.7	-33.3	-26.2	-9.0	51.9	77.1	130.1	85.2	40.2	57.7	74.7
- Import volume of raw materials in USD (%y-o-y) /1	-29.8	-30.9	-36.5	-31.8	-25.9	-9.8	50.0	71.3	124.0	80.3	34.5	49.5	68.4
- Capacity utilization (%) /10	56.2	56.8	56.9	60.0	60.9	60.6	61.1	60.3	60.6	68.6	58.3	64.0	62.3
- New employment in industrial sector(%y-o-y) /3	-0.5	-0.7	0.3	3.8	-2.2	0.2	6.6	-1.7	-0.2	-1.1	0.8	n.a.	-0.5
- Thai Industrial Sentiment Index (Index) /9	85.9	89.9	88.0	95.9	104.3	104.7	113.6	115.4	114.5	101.6	99.3	94.7	105.1
Service sector													
- No. of foreign tourists (Million persons) /11	14.14	1.09	1.15	1.04	1.21	1.36	1.68	1.60	1.61	1.45	1.11	0.80	6.57
(%y-o-y)/14	-3.0	-14.2	-5.4	16.9	10.5	26.5	45.6	26.3	41.9	17.6	2.1	-12.93	16.2
- New employment in service sector(%y-o-y) /3	5.2	5.3	2.8	4.1	6.4	7.0	6.1	3.6	5.7	3.7	-0.2	n.a.	3.2
Demand-side indicators													
Private consumption indicators													
- Value added tax at constant price (%y-o-y) /1	-11.4	-16.3	-15.2	-9.6	-7.4	7.8	8.4	13.6	26.8	27.7	21.0	18.1	21.2
- Import volume of consumer goods in USD (%y-o-y) /1	-9.5	-15.6	-10.2	-4.5	-5.2	19.6	21.6	23.8	43.7	28.5	27.4	35.3	31.5
- Sales of passenger cars (%y-o-y)/14	1.4	-9.1	-1.1	14.7	23.4	32.3	27.7	53.2	57.3	42.8	64.4	60.2	55.6
- Sales of motorcycles (%y-o-y)/13	-8.9	-13.3	-13.8	-11.5	-13.6	6.1	24.4	37.2	26.0	32.1	28.1	7.8	25.6
- Consumer Confidence Index (Index) /5	67.2	66.3	67.4	68.4	68.0	69.1	70.4	71.9	70.9	69.8	67.2	67.6	69.5
Private investment indicators													
- Import volume of capital goods in USD (%y-o-y) /1	-14.9	-21.0	-7.6	-7.2	-6.4	-4.2	6.7	7.7	19.1	47.6	39.4	40.3	30.1
- Sales of commercial cars (%y-o-y)/14	-17.9	0.5	-12.6	-6.8	0.0	18.2	18.4	55.4	58.0	58.9	30.0	48.4	49.8
- Total taxes collected from real estate transaction (%y-o-y)	-11.2	-13.0	-0.9	-5.1	-1.4	6.4	18.1	26.9	41.4	135.6	3.1	68.4	60.1
- Domestic cement sales (%y-o-y) /2	-0.4	5.0	1.4	3.6	3.4	13.5	5.4	4.0	6.9	9.0	12.8	14.1	9.2
International trade indicators													
- Exports (Billion USD): custom basis (%y-o-y)/4	152.6	12.9	13.3	14.9	14.8	13.8	14.6	13.7	14.4	16.3	14.1	16.6	75.0
- Export price (%y-o-y)/4	-14.2	-25.7	-18.4	-8.5	-3.0	17.2	26.1	30.8	23.1	40.9	35.2	42.1	34.5
- Export volume (%y-o-y)/4	0.3	-3.9	-2.1	-0.6	4.2	7.4	11.0	11.2	12.0	13.1	12.1	9.9	11.6
- Exports (Billion USD): total basis (%y-o-y)/14	-14.5	-22.7	-16.6	-8.0	-6.9	9.1	13.6	17.7	9.9	24.6	20.6	29.3	20.5
- Imports (Billion USD): custom basis (%y-o-y)/4	133.8	12.2	11.2	12.9	13.0	12.8	14.4	13.2	14.0	15.1	14.4	14.3	71.0
- Import price (%y-o-y)/4	-25.3	-32.5	-32.8	-17.9	-17.5	-2.2	28.2	44.8	71.2	59.7	46.0	55.1	54.9
- Import volume (%y-o-y)/4	-2.6	-7.9	-4.2	-1.1	2.8	6.8	10.3	10.5	11.2	11.2	11.8	9.4	10.8
- Import volume (Billion USD) /14	-23.3	-26.7	-29.9	-16.9	-19.8	-8.4	16.2	31.1	53.9	43.6	30.7	41.8	39.8
- Trade balance (Billion USD): custom basis/4	18.7	0.7	2.1	2.0	1.8	1.1	0.2	0.5	0.4	1.2	-0.3	2.2	4.1
External economic stability													
- Average exchange rate (Baht/USD) /2	34.3	34.0	34.0	33.8	33.4	33.3	33.2	33.0	33.1	32.5	32.3	32.4	32.6
- Current account (Billion USD)/2	20.3	0.5	1.9	1.3	2.2	1.3	0.8	2.0	1.5	1.7	-0.2	n.a.	5.0
- International reserves (Billion USD)/2	138.4	123.4	127.3	131.8	135.3	139.8	138.4	142.4	141.8	144.1	147.6	143.5	143.5
Internal economic stability													
- Unemployment rate (%) /3	1.5	1.2	1.2	1.2	1.1	1.0	0.9	1.4	1.0	1.0	1.2	n.a.	1.1
- Producer Price Index (%yoy)/4	-3.8	-12.9	-10.4	-7.2	2.6	7.8	10.0	11.5	11.8	12.6	8.5	8.0	10.4
- Headline inflation (%yoy)/4	-0.9	-4.4	-1.0	-1.0	0.4	1.9	3.5	4.1	3.7	3.4	3.0	3.5	3.6
- Core inflation (%yoy)/4	0.3	-1.2	-0.2	-0.1	-0.1	0.1	0.2	0.6	0.3	0.4	0.5	1.2	0.6
- Public debt to GDP (%) /1	43.8	44.0	44.4	44.2	44.1	43.9	43.8	41.2	41.9	42.4	42.2	n.a.	42.2

1/Data from Ministry of Finance

8/Data from Tourism Authority of Thailand

2/Data from Bank of Thailand

9/Data from Federation of Thai Industries

3/Data from National Statistic Office

10/Data from Office of Industrial Economics

4/Data from Ministry of Commerce

11/ Data from Immigration Office

5/Data from University of Thai Chamber of Commerce

12/ Data from Revenue Department, Excise Department and Customs Department

6/Data from Office of Agricultural Economics

13/ Data from Department of Land Transport

7/Data from Reuters

14/ Computed by Fiscal Policy Office

