



28 December 2010

Monthly Economic Report (November 2010)

***“Thai economic indicators in November 2010 expanded at a better-than-expected rate, thanks to rebound in export momentum. Meanwhile domestic demand continued to improve in term of both consumption and investment.*”**

Mr. Naris Chaiyasoot, Director-General of the Fiscal Policy Office, revealed that **“Thai economy in November 2010 expanded at a better-than-expected level, attributed mainly to the momentum from high export growth of 28.5 percent per year. The improvement can be seen in all export sectors and markets, particularly those of Asia. Domestic demand also showed improvement, more specifically in term of consumption as reflected by the real VAT collection which grew at 9.7 percent per year, improving from the previous month growth of 4.5 percent per year. Private investment continued to grow well, as reflected by import of capital goods which grew at 19.8 percent per year, improved from previous month growth rate of 11.2 percent per year. This was in tandem with the number of commercial car sales which grew at 37.3 percent per year, improved from previous month’s growth of 29.6 percent per year.”**

Mr. Boonchai Charassangsomboon, Executive Director of Macroeconomic Policy Bureau further elaborated that **“Supply side indicators showed that Manufacturing sector continued to expand well, especially manufacturing for exports, as reflected by Manufacturing Production Index which grew at 5.6 percent per year following an increase in the number of purchasing orders. The number of in-bound tourists has expanded at 8.2 percent per year.”**

Director-General of the Fiscal Policy Office concluded that **“From Thailand economic indicators in the first 2 months of 4th quarter of 2010, FPO estimated that the Thai economy in 2010 will expand at 7.8 percent per year.”**

Further details are as follows

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Thai economic indicators in November 2010 expanded at a better-than-expected rate, thanks to rebound in export momentum. Meanwhile domestic demand continued to improve in term of both consumption and investment.

1. Exports expanded at high level, as improvement came from all export sectors and almost all markets, following on from an improvement of trading partner's economies, particularly Asia. Export value for November was recorded at USD 17.7 billion, expanded at 28.5 percent from last year, and increased from October 2010 rise of 15.7 percent per year. Export value growth was attributed to export volume growth of 19.5 percent per year, improved from previous month growth of 7.6 percent per year, while export price grew at the same level compared to the previous month at 7.5 percent per year. **Import value in USD terms also increased at high rate, following from an improvement in domestic demand.** Import value in October amounted to USD 17.3 billion or expanding at 35.5 percent per year, which was faster than 13.5 percent per year rise in the previous month. Such growth in import value was attributed to import volume growth of 27.5 percent, improved from 6.6 percent per year expansion in October and import price growth of 6.1 percent, slightly slower than previous month's growth of 6.5 percent per year. From higher export value as compared to import value, trade balance in November 2010 continued to be in surplus at USD 0.4 billion.

2. Private consumption in November 2010 continued to expand well. This was reflected by the real-term VAT collection in November which grew 9.7 percent from last year, compared to the previous month growth of 4.5 percent per year. This was consistent with the growth of durable goods consumption as indicated by sales of passenger cars in November 2010 which grew at 39.7 percent per year, though slowed down slightly from previous month growth of 42.7 percent per year. This was also in tandem with motorcycle sales in November 2010 which grew at 10.1 percent per year, decreased from previous month rise of 14.4 percent per year. An improvement in private consumption could be attributed to an well-expanded real farm income and employment. Consumer Confidence Index in November stood at 70.3 points, slightly decreased from previous month due to flood problem concern.



3. Private investment in November 2010 a continued expansion, particularly in term of machinery. This was reflected by imports of capital goods in November which expanded at 19.8 percent per year, accelerated from last month growth of 11.2 percent per year. This was consistent with the number of commercial cars sales in November 2010 which expanded at 37.3 percent per year, improved from previous month growth of 29.6 percent per year. Private investment indicator in term of construction as measured from property tax collection for November expanded at 85.0 percent per year, ongoing from the high-level in previous month's rise of 61.2 percent per year and reflecting an increase in transactions in November 2010. Nevertheless, domestic cement sales continued to showed slight contraction at -2.5 percent per year but improved from previous month contraction of -7.8 percent per year.

4. Fiscal indicators in November 2010 showed that fiscal policy continued to support the Thai economy as indicated by public sector expenditures. In November, budget disbursement amounted to 223.2 billion Baht, increased 18.3 percent per year. Current expenditure disbursement amounted to 196.4 billion baht, increased at 22.2 percent per year. Capital expenditure disbursement amounted to 10.8 billion baht, expanded at 101.7 percent per year as a result of low base in November 2009 due to delayed enacting of budget act. Moreover, under the Strong Thailand 2012 Program, there was a disbursement of 7.8 billion Baht in November which contributed to the accumulated disbursement of 251.2 billion Baht or 71.8 percent of the approved budget framework of 350 billion Baht. Net government revenue collection (net of local authorities' subsidy allocation) for November amounted to 144.6 billion Baht or expanding at 12.0 percent per year thanks to high level of corporate Income, value added and automobile tax revenue.

5. Supply-side sector indicators for November 2010 showed that Manufacturing and service sector from tourism continued to expand well while agricultural sector decelerated. Manufacturing Production Index (Preliminary) in November increased at 5.6 percent per year, decelerating from the 6.2 percent per year growth in the previous month, from high growth in automobiles, chemical products, machinery and equipment. Similarly, the Thai Industries Sentiment Index (TISI) for November stood at the level of 99.7, increased from the previous month level of 98.7 following robust economic growth, particularly in term of manufacturing for domestic purchases as issue on flood and politics alleviated. Service sector from tourism in November 2010



showed that number of in-bound tourists into Thailand was recorded at 1.47 million persons, expanded at 8.2 percent per year and reflecting a revival in the tourism sector. For agricultural sector indicator. Agricultural Production Index (API) in November contracted at -4.2 percent per year, particularly from rice and tapioca productions which were due largely to impact of the flood. Agricultural price in October 2010 still expanded at high level of 27.5 percent per year, which has enabled real farm income to grow at 16.9 percent per year.

6. Economic stability remained robust. Headline inflation in November 2010 grew at the same level as previous month at 2.8 percent per year, mainly from decreased prices in some fresh foods items, while core inflation grew at 1.1 percent per year. Unemployment rate in September was at 0.9 percent of total labour force, an equivalent of 343 thousands unemployed persons. Public debt to GDP ratio at the end of October 2010 stood at 42.0 percent well below the 60 percent public debt ceiling under Fiscal Sustainability Framework. Likewise, external economic stability remained robust and resilient to risk from volatilities in the global economy as indicated by high-level international reserves at the end of November 2010 at USD 168.8 billion or approximately 3.8 times of short-term external debt.



Table 1: Monthly Economic Indicators

	2009	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	2M/Q4	YTD
External sector														
- Dubai crude oil price (US\$/Barrel) /7	61.3	76.6	73.5	77.9	83.4	76.7	74.1	72.8	74.6	75.3	80.4	83.5	81.9	77.2
- 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	0-0.25
Fiscal sector														
- Net government revenue (Billion baht) /1	1,482.7	114.5	97.6	124.3	162.2	279.6	103.8	118.0	245.4	84.7	123.6	144.6	268.3	1,598.2
(%y-o-y) /1	-1.0	21.7	13.7	17.3	75.7	26.7	-25.5	17.1	20.3	1.2	6.9	12.0	9.6	15.9
Tax collection from revenue, customs and excise dept. /12	1,558.0	122.1	111.7	141.6	123.4	275.9	125.9	126.4	263.3	120.9	119.4	145.8	265.3	1,676.4
(%y-o-y) /14	-4.7	24.6	22.2	20.6	18.4	29.0	-19.7	19.7	25.5	15.2	7.2	14.0	10.8	16.3
Income-based tax (Billion baht) /1	591.3	36.4	30.8	44.6	32.1	144.3	35.4	36.1	167.8	33.2	34.0	51.4	85.3	646.2
(%y-o-y) /1	-11.2	-0.3	-3.2	14.1	-1.1	42.4	-40.9	21.5	28.1	21.2	10.6	21.7	17.0	14.9
Consumption-based tax (Billion baht) /1	437.0	42.5	39.1	42.5	44.2	39.4	43.9	43.0	44.1	42.4	41.8	45.0	86.7	467.7
(%y-o-y) /1	-12.9	17.8	29.9	30.8	23.8	21.0	22.8	14.6	19.9	8.2	6.0	11.0	8.5	18.2
- Government expenditure (Billion baht) /1	1,964.0	150.0	182.9	150.0	145.5	124.0	135.5	142.6	110.1	192.7	207.5	223.2	430.7	1,763.8
(%y-o-y) /1	19.4	-22.0	1.8	-23.2	2.7	-23.0	-2.9	-13.1	-22.5	-2.1	129.6	18.3	54.4	-1.6
Current expenditure (Billion baht) /1	1,526.2	128.3	117.9	120.0	125.8	110.3	111.5	124.9	92.5	161.1	190.0	196.4	386.4	1,478.6
(%y-o-y) /1	17.8	1.9	-11.2	-26.9	7.3	-3.9	0.6	-2.9	-22.7	1.0	139.0	22.2	60.8	4.6
Capital expenditure (Billion baht) /1	298.5	5.7	51.5	9.7	10.8	7.8	11.7	10.3	10.8	21.3	4.2	10.8	15.0	154.4
(%y-o-y) /1	24.0	-89.1	52.2	-32.0	-46.1	-80.5	-42.2	-65.9	-37.1	-22.1	518.3	101.7	148.3	-40.8
Carry-over budget (Billion baht) /1	139.3	16.0	13.5	20.3	8.9	5.9	12.3	7.5	6.8	10.3	13.3	16.0	29.3	130.8
(%y-o-y) /1	29.5	11.1	2.7	20.5	99.2	-5.6	44.7	39.2	29.5	3.1	30.8	-29.1	-10.4	11.9
- Budgetary Balance (Billion baht) /1	-474.5	-34.6	-87.5	-29.7	19.3	-6.3	143.9	-36.8	-10.6	39.6	-83.8	-97.0	-180.8	-183.5
Supply-side indicators														
Agricultural sector														
- Agricultural Production Index (%y-o-y) /6	-0.3	-6.8	-4.1	-1.8	-2.0	2.1	4.0	-1.6	-10.6	-2.0	-5.5	-4.2	-4.6	-3.5
- Agricultural Price Index (%y-o-y) /6	-10.5	21.5	20.2	22.0	22.6	24.0	29.3	32.9	31.1	26.7	29.1	27.5	28.3	26.1
- Real farm income (%y-o-y) /14	-8.7	7.0	8.1	15.6	17.5	21.3	28.8	25.1	11.7	19.1	17.0	16.9	17.0	17.1
- New employment in agricultural sector(%y-o-y) /3	-0.2	3.5	0.4	4.4	1.2	-10.8	-9.0	-8.4	2.4	*12.5	n.a.	n.a.	n.a.	-0.7
Industrial sector														
- Manufacturing Production Index (%y-o-y) /10	-7.2	29.1	31.1	33.0	23.4	15.9	14.2	13.1	8.5	8.1	6.2	5.6	0.0	16.3
- Import value of raw materials in USD (%y-o-y) /1	-30.7	77.1	130.1	85.2	42.1	57.7	34.7	53.9	39.4	23.6	20.3	34.1	27.1	49.4
- Import volume of raw materials in USD (%y-o-y) /1	-30.2	71.3	124.0	80.3	36.4	49.5	26.8	45.5	31.5	16.3	12.1	24.7	18.3	42.1
- Capacity utilization (%) /10	56.2	60.3	60.6	68.6	58.3	64.3	65.4	64.8	64.4	63.9	63.6	63.6	0.0	63.4
- New employment in industrial sector(%y-o-y) /3	-0.5	-1.7	-0.2	-1.1	0.8	2.7	6.5	0.5	-2.7	*-3.0	n.a.	n.a.	0.0	0.2
- Thai Industrial Sentiment Index (Index) /9	85.9	115.4	114.5	101.6	99.3	94.7	103.3	108.6	102.4	100.8	98.7	99.7	99.2	103.5
Service sector														
- No. of foreign tourists (Million persons) /11	14.14	1.61	1.61	1.44	1.11	0.83	0.96	1.25	1.25	1.19	1.31	1.47	2.79	14.04
(%y-o-y)/14	-3.0	26.4	41.9	16.3	2.1	-10.53	1.07	14.22	8.90	14.53	8.61	8.17	8.37	12.63
- New employment in service sector(%y-o-y) /3	5.2	3.6	5.7	3.7	-0.1	5.20	4.50	6.50	1.70	*-2.0	n.a.	n.a.	0.00	3.20
Demand-side indicators														
Private consumption indicators														
- Value added tax at constant price (%y-o-y) /1	-11.4	13.6	26.8	27.7	21.1	18.2	21.1	12.9	19.4	7.1	4.5	9.7	7.1	16.0
- Import volume of consumer goods in USD (%y-o-y) /1	-9.5	23.8	43.7	28.5	27.4	35.3	39.6	18.6	31.5	13.9	15.4	17.8	16.7	26.1
- Sales of passenger cars (%y-o-y)/14	1.4	53.2	57.3	42.8	64.4	60.2	75.7	64.1	58.0	46.6	42.7	39.7	41.1	54.1
- Sales of motorcycles (%y-o-y)/13	-8.9	37.2	26.0	32.1	28.1	7.8	17.3	14.5	32.5	15.7	14.4	10.1	12.2	20.8
- Consumer Confidence Index (Index) /5	67.2	71.9	70.9	69.8	67.2	67.6	69.1	71.4	72.8	73.5	71.6	70.3	71.0	70.6
Private investment indicators														
- Import volume of capital goods in USD (%y-o-y) /1	-14.7	7.7	19.1	47.6	39.4	40.3	41.5	25.4	34.2	24.1	11.2	19.8	15.5	27.5
- Sales of commercial cars (%y-o-y)/14	-17.9	55.4	58.0	58.9	30.0	48.4	52.6	44.0	47.7	35.4	29.6	37.3	33.5	44.2
- Total taxes collected from real estate transaction (%y-o-y) /1	-11.2	27.0	42.5	136.8	4.0	78.7	161.7	44.3	45.2	85.1	61.2	85.0	72.8	73.1
- Domestic cement sales (%y-o-y) /2	-0.4	4.0	6.9	9.0	10.6	17.5	5.1	5.8	-1.5	4.9	-7.8	-2.5	-5.1	4.8
International trade indicators														
- Exports (Billion USD): custom basis	152.4	13.7	14.4	16.3	14.1	16.6	18.0	15.6	16.5	18.1	17.1	17.7	34.8	178.0
(%y-o-y)/4	-14.3	30.8	23.1	40.9	35.2	42.1	46.3	20.6	23.9	21.2	15.7	28.5	21.8	29.2
- Export price (%y-o-y)/4	0.3	11.2	12.0	13.1	12.1	9.9	8.2	8.2	6.5	7.4	7.5	7.5	7.5	9.4
- Export volume (%y-o-y)/14	-14.5	17.7	9.9	24.6	20.6	29.3	35.2	11.4	16.4	12.8	7.6	19.5	13.3	18.3
- Imports (Billion USD): custom basis	133.7	13.2	14.0	15.1	14.4	14.3	15.7	16.5	15.8	15.0	14.8	17.3	32.1	166.1
(%y-o-y)/4	-25.4	44.8	71.2	59.7	46.9	55.1	37.9	36.1	41.1	16.0	13.5	35.3	24.3	39.3
- Import price (%y-o-y)/4	-2.6	10.5	11.2	11.2	11.8	9.4	6.1	6.7	5.5	5.8	6.5	6.1	6.3	8.2
- Import volume (%y-o-y) /14	-23.5	31.1	53.9	43.6	31.4	41.8	30.0	27.5	33.8	9.7	6.6	27.5	16.9	29.2
- Trade balance (Billion USD): custom basis/4	18.8	0.5	0.4	1.2	-0.3	2.2	2.3	-0.9	0.6	3.1	2.3	0.4	2.7	11.9
External economic stability														
- Average exchange rate (Baht/USD) /2	34.3	33.0	33.1	32.5	32.3	32.4	32.4	32.1	31.7	30.8	29.9	29.9	29.9	31.7
- Current account (Billion USD)/2	21.9	2.1	1.7	1.9	-0.3	1.2	0.8	-1.0	0.3	2.8	2.9	n.a.	5.7	12.3
- International reserves (Billion USD)/2	138.4	142.4	141.8	144.1	147.6	143.5	146.8	151.5	155.2	163.2	171.1	168.0	168.0	170.1
Internal economic stability														
- Unemployment rate (%) /3	1.5	1.4	1.0	1.0	1.2	1.5	1.2	0.9	0.9	n.a.	n.a.	n.a.	0.0	1.1
- Producer Price Index (%yoy)/4	-3.8	11.5	11.8	12.6	8.5	8.0	11.5	11.1	10.7	9.0	6.3	5.9	6.1	9.6
- Headline inflation (%yoy)/4	-0.9	4.1	3.7	3.4	3.0	3.5	3.3	3.4	3.3	3.0	2.8	2.8	2.8	3.4
- Core inflation (%yoy)/4	0.3	0.6	0.3	0.4	0.5	1.2	1.1	1.2	1.2	1.1	1.1	1.1	1.1	0.9
- Public debt to GDP (%) /1	43.8	41.2	41.9	42.4	42.2	42.6	42.0	42.5	42.7	42.3	42.0	n.a.	42.0	42.0

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 Federation of Thai Industries

10/Data from Office of Industrial Economics

11/ Data from Immigration Office

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

13/ Data from Department of Land Transport

14/ Computed by Fiscal Policy Office

