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## **Thailand's Economic Projection for 2011**

**“Thai Economy in 2011 is expected to grow within the same range of 4.0 – 5.0 percent, with more spotlight given to the domestic demand.”**

Mr. Naris Chaiyasoot, the Director-General of the Fiscal Policy Office (FPO), announced the Thailand's economic projections as of March 2011 that **Thai Economy in 2011 is expected to grow within the range of 4.0 – 5.0 percent, same as December 2011 forecast range, which is slower than 2010 growth of 7.8 percent. This is considered a normalization of growth rate after the stellar growth in the previous year, combined with external factors, especially global crude oil price hike and natural disasters in Japan. However, a clearer sign of global economic recovery would act as a supporting factor. Furthermore, domestic spending growth in 2011, private consumption and investment in particular, remains strong. Thai economic growth in 2011 is therefore a rebalancing of Thai economy, for both domestic and external demands to be, in tandem, the drivers of economic growth.**

Mr. Boonchai Charassangsomboon, Director of Bureau of Macroeconomic Policy added that **in 2011 Thailand's economic stability remains robust. On the internal stability, headline inflation in 2011 is projected to stand at 3.6 percent per year, while core inflation is expected to stand at 2.5 percent. External stability remains resilient, with projected current account surplus of 3.5 percent of GDP in 2011, slightly lower than last year. This is due to the revival of private consumption and investment coupled with the rise in oil price.**

The Director-General of FPO gave a concluding remark that **economic projection needs to take several risk factors that need close monitoring into account. Those are the speed of recovery of Japanese economy that awaits further conclusive evaluation, the political turmoil in the Middle East that could affect the volatility of global crude oil price, and lastly the international capital flow situation that could impact Baht exchange rate.**

## Major Assumptions and Economic Projections of 2011 (As of March 2011)

	2010	2011f (As of Mar 11)
		Range
<b>Major Assumptions</b>		
<u>Exogenous Variables</u>		
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	4.8	3.2 – 3.7
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	78.2	90.0 – 100.0
3) Export price in U.S. dollar (percent y-o-y)	9.1	6.0 – 8.0
4) Import price in U.S. dollar (percent y-o-y)	8.1	7.6 – 9.6
<u>Policy Variables</u>		
5) Exchange Rate (Baht per U.S. dollar)	31.7	29.2 – 31.2
6) Repurchase Rate (Policy Rate) at year-end (percent per annum)	2.00	2.75 – 3.75
7) Fiscal-Year Public Expenditure (Trillion Baht)	2.52	2.75 – 2.78
<b>Projections</b>		
1) Economic Growth Rate (percent y-o-y)	7.8	4.0 – 5.0
2) Real Consumption Growth (percent y-o-y)	5.0	3.6 – 4.6
- Real Private Consumption	4.8	3.7 – 4.7
- Real Public Consumption	6.0	2.7 – 3.7
3) Real Investment Growth (percent y-o-y)	9.4	6.3 – 8.3
- Real Private Investment	13.8	8.2 – 10.2
- Real Public Investment	-2.2	3.0 – 5.0
4) Export Volume of Goods and Services (percent y-o-y)	14.7	5.5 – 7.5
5) Import Volume of Goods and Services (percent y-o-y)	21.5	6.6 – 8.6
6) Trade Balance (billion U.S. dollar)	14.1	10.8 – 12.8
- Export Value of Goods in U.S. dollar (percent y-o-y)	28.5	13.3 – 15.3
- Import Value of Goods in U.S. dollar (percent y-o-y)	36.6	15.8 – 17.8
7) Current Account (billion U.S. dollar)	14.7	10.6 – 14.1
- Percentage of GDP	4.6	3.0 – 4.0
8) Headline Inflation (percent y-o-y)	3.4	3.1 – 4.1
Core Inflation (percent y-o-y)	0.9	2.0 – 3.0
9) Unemployment Rate (percentage of total labor force)	1.0	0.8 – 1.0

f = forecast by Fiscal Policy Office, Ministry of Finance, Thailand