



28 May 2012

Monthly Economic Report (April 2012)

“The Thai economy in April 2012 showed steady rebound in private consumption and investment, while exports demonstrated an improvement despite a slight contraction, indicating the need for close monitoring of the uncertain global economy.”

Mr. Somchai Sujjapongse, Director-General of the Fiscal Policy Office, revealed that **“In April 2012, the Thai economy continued to show signs of improvement, particularly in private consumption and investment sectors. This was reflected by the real value-added-tax (VAT) collection that continued to grow 9.6 percent over the previous year. In addition, the number of passenger car sales grew 23.4 percent from a year earlier, the first expansion in 7 months. Private investment also demonstrated improvement, as indicated by an increase of 21.3 percent in the volume of capital goods import, consistent with commercial car sales which grew a remarkable 35.2 percent per year. Furthermore, supply-side indicators in April 2012 suggested a continual recovery. For example, the Manufacturing Production Index increased 0.5 percent from a year earlier, for the first time after a 7 month contraction from the flood. This is consistent with improving Thai Industrial Sentiment Index (TISI), which in April 2012 rose to 104.0 points, up from 102.1 points in the previous month. Service sector indicators also show improvement, as shown by the 6.9 percent increase of inbound tourists in April 2012 at 1.66 million persons.”**

Ms. Kulaya Tantitemit, Senior Expert on Macroeconomic Policy, further elaborated that **“On the external front, demand as measured by the value of exports remains contracted at -3.7 percent from the previous year. When compared to the previous month after seasonal adjustments, April exports showed an improvement through positive month-on-month growth. This is due to exports improvements to major markets, especially China, ASEAN, Africa, and South Korea. On the other hand, exports to the EU and Japan still contracted, due to the European economic crisis and the supply chain problem in electronics and electrical appliance sectors, which are yet to fully recover from the flood.”**

Director-General of the Fiscal Policy Office concluded that **“Despite the recent sign of post-flood economic recovery in domestic demand and supply side indicators, we still need to closely monitor the export sector that continues to fluctuate from the European debt crisis. These are affecting Thai exports, so the Fiscal Policy Office will revise the economic projection in June 2012”**

Monthly Economic Report (April 2012)

The Thai economy in April 2012 showed steady rebound in private consumption and investment, while exports demonstrated an improvement despite a slight contraction, indicating the need for close monitoring of the uncertain global economy.

1. Private consumption in April showed a sign of recovery, especially in consumption of durable goods, reflecting a rebound from the major flood disaster. This was reflected by the real VAT collection in April 2012 that expanded 9.6 percent from last year, following the previous month increase of 11.3 percent per year. This was consistent with imports of consumer goods in April 2012, which grew 4.5 percent year-on-year, accelerating from the previous month growth of 2.7 percent year-on-year. Moreover, consumption of durable goods showed a strong sign of recovery, as reflected by the number of passenger car sales in April 2012, which show a first expansion of 23.4 percent from last year, after a contraction for 6 consecutive months since October 2011 due to the major flood disaster. This was in tandem with the number of motorcycle sales in April 2012, which increase 4.2 percent from last year, accelerating from the previous month contraction of -1.2 percent per year. This was mainly due to an increase in the regional motorcycle sales (accounted for 80 percent of total motorcycle sales) in April 2012 of 3.0 percent per year, following from the previous month decrease of -1.7 percent per year, while motorcycle sales in Bangkok (accounted for 20 percent of total motorcycle sales) grew by 9.7 percent per year, accelerating from the previous month growth of 0.8 percent from the same period last year. Furthermore, Consumer Confidence Index in April 2012 showed an increase for fifth consecutive month at 67.5 points, an improvement from last month's 66.5 points figure, thanks to a rebound in overall economy from the major flood disaster. Besides, with government measures to boost the economy as well as the raising the minimum wage to 300 Baht since 1 April 2012, consumers also expect improvement in the Thai economy and their future income.

2. Private investment in April 2012 also showed a continual recovery, especially in machinery investment. This was reflected by import volume of capital goods in April 2012 growing at 21.3 percent per year, accelerating from the previous month increase of 16.2 percent from last year. This was consistent with commercial car sales in April 2012, which showed an expansion of 35.2 percent from last year, following the previous month



increase of 36.7 percent per year. **Private investment indicators of construction sector**, as measured by cement sales in April 2012, grew 4.7 percent from a year earlier following the previous month increase of 4.6 percent per year. Moreover, property tax collection in April 2012 expanded 1.2 percent from last year, decelerating from the previous month's expansion of 12.8 percent per year. This was mainly due to a cautious home purchasing decision from the economic uncertainty and the rise in oil price resulting in delay in real estate transaction. Furthermore, the Construction Material Price Index in April 2012 showed an increase of 4.8 percent from a year earlier or an expansion of 0.8 percent from the previous month. This was partly due to a rise in concrete and other construction materials from a continual increase of energy price, causing higher transport and material prices.

3. Fiscal indicators in April 2012 indicated the role of fiscal policy, by running a fiscal deficit in supporting the economy, showed an increase in revenue collection and budget disbursement from the same period last year. In April 2012, budget deficit amounted to -22.5 billion Baht. The budget disbursement in April 2012 recorded at 157.6 billion Baht, an expansion of 12.8 percent per year. This amount comprised of (1) current year expenditure of 150.3 billion baht, which grew 11.3 percent per year (including a current expenditure of 135.2 billion baht, or a 11.9 percent year-on-year expansion, and a capital expenditure of 15.0 billion baht or an increase of 5.8 percent year-on-year) and (2) carry-over budget of 7.3 billion Baht, which increased by 57.6 percent per year. The budget disbursement and government projects overall have shown continuous acceleration since the approval of Budget Act for Fiscal Year 2012 in February 2012. Meanwhile, net government revenue collection (net of local authorities' allocation) in April 2012 amounted to 139.5 billion Baht, increasing 6.3 percent from last year, a deceleration from the previous month expansion of 8.8 percent per year. As a result, the budget deficit in April 2012 reflected a supportive fiscal policy instrument towards the revival of the Thai economy.

4. Exports in April 2012 demonstrated recovery. Export value in April 2012 stood at 16.9 billion USD, equivalent to a contraction of -3.7 percent from last year, improving from the previous month's contraction of -6.5 percent. However, when taking seasonal factor into account, export in April 2012 grew 0.5 percent from last month. This was mainly due to improvement in exports to major markets, China AEAN, Africa, and South Korea in particular, which grew 16.4, 9.7, 29.8, and 13.2 percent, respectively. Meanwhile, imports value amounted to 19.8 billion USD in April 2012, expanding 7.9 percent from a year earlier, softer than the previous month's increase of 25.6 percent. As such,



the smaller export value compared to that of imports resulted in a trade deficit of -2.9 billion USD in April 2012.

5. Supply-side indicators in April 2012 also suggested a steady recovery. Preliminary manufacturing sector indicator in April 2012 showed the growth rate of 0.5 percent from a year earlier, the first expansion in 7 months since September 2011 when the impact from major flood disaster started to manifest. This was partly due to automotive, petroleum, electrical appliances (air conditioner and electric fan), furniture, and jewelry sectors. Particularly, the automotive sector showed an accelerated improvement, as reflected by improving sales of passenger cars, commercial cars, and motorcycle. Consistently, Thai Industrial Sentiment Index (TISI) in April 2012 rose for the fifth consecutive month to 104.0 points, from 102.1 points in the previous month. This post-flood increase of the TISI above 100.0 points for the third consecutive month reflected stronger confidence of entrepreneurs and the lucid revival of manufacturing sector, as well as the growing domestic demand and more spending during Songkran. **Meanwhile, agricultural sector's performance as measured by Agricultural Production Index (API) in April 2012 (Preliminary) showed a mild contraction** of -0.3 percent from last year, the same contraction as the previous month. This was mainly due to a fall in production of plants and livestock, particularly rice and swine, due to unsuitable weather conditions. However, when compared to the previous month after seasonal adjustment, API grew 3.9 percent from last month. **Service sector indicators as reflected by tourism indicators in April 2012 showed a positive sign.** The number of inbound tourists was recorded at 1.66 million persons, or increased 6.9 percent from last year, softer than the previous month's growth of 12.0 percent. With seasonal adjustment, the April 2012 figure expanded at 4.5 percent from last month. This expansion was owing to inbound tourists from Northeast Asia and Europe, especially China, Sweden, and Russia that rose 42.1, 101.5, and 20.0 percent, respectively, despite a staggering confidence due to the late March bombing incident in Hat Yai, Songkla, and the tsunami warning during April 2012.

6. Economic stability remained robust. Headline inflation in April 2012 was at 2.5 percent from last year, lower than the previous month's rate of 3.5 percent per year, or an increase of 0.4 percent from the previous month (seasonally adjusted). This was mainly due to high base last year coupled with the rise in processed food, meat, vegetable, and water, while the price of poultry slightly fell. Meanwhile, core inflation rate was at 2.1 percent, softer than last month's rate of 2.1 percent per year. Unemployment rate in March 2012 stood at 0.7 percent of total labor force, or equivalent to 285,000



unemployed persons. Public debt to GDP ratio at the end of March 2012 stood at 41.4 percent, well below the 60 percent level under the Fiscal Sustainability Framework. Likewise, external economic stability remained robust and resilient to the risk from volatilities in the global economy, as indicated by the high-level of international reserves at the end of April 2012 at 179.0 billion USD, or approximately 3.1 times of short-term external debt.

.....



Table 1: Monthly Economic Indicators

	2011	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	YTD	
External sector																			
- Dubai crude oil price (US\$/Barrel) /7	105.6	92.6	99.9	108.5	115.6	108.1	107.2	110.3	104.7	105.2	103.2	106.8	104.6	109.3	116.2	122.5	117.7	116.4	
- 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	0-0.25	0-0.25	0-0.25	
Fiscal sector																			
- Net government revenue (Billion baht) /1	1,893.8	128.3	136.7	128.8	131.2	356.2	110.1	101.5	300.3	102.4	132.9	138.8	126.6	133.4	139.4	140.0	139.5	552.3	
(%y-o-y) /1	8.1	22.0	26.8	-1.5	-18.6	26.9	8.3	-30.8	18.4	9.0	6.4	-5.0	1.7	3.9	2.0	8.8	6.3	5.2	
- Tax collection from revenue, customs and excise dept.	2,008.4	141.2	135.6	149.9	139.8	356.9	129.7	122.2	310.7	133.3	123.4	133.2	132.5	136.9	153.7	159.4	148.9	598.8	
(%y-o-y) /14	11.0	15.6	21.4	5.7	13.5	29.3	3.0	-3.3	18.0	10.2	3.3	-8.9	-0.6	-3.1	13.3	6.3	6.5	5.7	
- Income-based tax (Billion baht) /1	814.5	44.4	38.2	46.1	37.9	200.9	42.0	37.8	208.3	38.2	37.5	48.5	34.8	43.8	47.9	49.3	45.1	186.1	
(%y-o-y) /1	20.3	21.9	23.6	3.1	18.9	39.2	18.7	4.8	24.1	15.0	10.5	-6.3	12.6	-1.4	25.4	7.0	19.1	11.7	
- Consumption-based tax (Billion baht) /1	590.1	47.5	43.8	48.5	50.5	55.3	50.8	46.6	51.9	49.6	47.8	45.7	52.0	51.7	53.8	55.6	56.7	217.8	
(%y-o-y) /1	14.8	11.7	12.2	14.0	14.3	40.5	15.7	8.4	17.8	17.1	14.5	1.6	12.2	8.8	22.7	14.6	12.2	14.4	
- Government expenditure (Billion baht) /1	2,069.3	235.2	154.7	170.9	139.7	211.4	187.6	143.0	193.4	167.0	150.2	172.6	150.5	259.1	370.0	157.6	937.1		
(%y-o-y) /1	7.1	56.8	-15.4	14.0	-4.0	70.6	38.5	0.3	30.4	0.4	-19.5	-32.7	2.9	-36.0	67.5	116.5	12.8	33.8	
- Current expenditure (Billion baht) /1	1,668.1	146.3	122.8	141.4	120.9	188.7	161.5	120.3	113.0	152.1	136.6	127.2	137.4	235.1	283.3	135.2	785.0		
(%y-o-y) /1	3.5	14.0	4.1	17.8	-3.9	71.1	44.8	-3.6	22.2	-5.6	-28.1	-35.2	2.8	-10.2	91.5	100.4	11.9	47.8	
- Capital expenditure (Billion baht) /1	268.5	74.4	16.7	15.6	14.2	16.5	19.8	18.1	22.4	32.6	19.3	4.7	14.2	4.2	9.0	68.6	15.0	96.8	
(%y-o-y) /1	55.4	1,211.6	-67.6	61.7	32.1	112.2	68.9	76.1	107.1	52.9	364.2	-56.7	-22.7	-94.3	-46.4	338.7	5.8	-20.0	
- Carry-over budget (Billion baht) /1	132.8	14.5	15.2	13.9	4.6	6.2	6.3	4.6	8.1	8.8	11.0	18.4	21.0	14.9	15.0	18.1	7.3	55.2	
(%y-o-y) /1	-9.4	-9.3	13.0	-31.6	-48.3	5.3	-48.3	-38.4	18.8	-14.9	-17.2	15.2	33.5	2.2	-1.6	30.2	57.6	14.4	
- Budgetary Balance (Billion baht) /1	-168.6	-105.3	-28.0	-43.4	1.7	-83.3	154.7	-43.7	-17.5	82.2	-32.9	-25.9	-26.0	-12.9	-131.0	-228.6	-22.5	-395.1	
Supply-side indicators																			
Agricultural sector																			
- Agricultural Production Index (%y-o-y) /6	4.8	9.2	6.9	23.8	27.1	0.8	-0.9	-3.7	2.0	0.3	3.6	-3.3	8.3	-0.2	4.9	-0.3	-0.3	0.9	
- Agricultural Price Index (%y-o-y) /6	12.1	26.7	31.7	18.4	22.0	18.6	12.9	4.9	8.8	9.3	4.1	-1.4	-4.2	-11.8	-15.9	-8.3	-13.2	-12.4	
- Real farm income (%y-o-y) /14	10.6	33.7	36.4	41.9	49.2	13.9	6.6	-4.5	5.4	4.6	2.6	-9.4	-0.9	-15.9	-15.3	-11.7	-15.4	-14.5	
- New employment in agricultural sector(%y-o-y) /3	2.4	3.4	4.2	0.0	1.4	11.4	8.8	10.2	1.3	-9.8	-0.5	2.3	-0.9	0.3	4.0	3.4	n.a.	2.5	
Industrial sector																			
- Manufacturing Production Index (%y-o-y) /10	-9.3	4.1	-3.0	-6.7	-8.1	-3.7	3.8	-0.7	6.8	-0.3	-30.1	-47.2	-25.3	-15.0	-3.2	-2.7	0.5*	-5.2	
- Import value of raw materials in USD (%y-o-y) /1	25.8	36.6	6.4	17.5	22.5	47.6	38.3	-3.7	41.2	69.2	31.3	-2.7	20.6	-13.6	-5.7	17.6	2.2	0.1	
- Import volume of raw materials in USD (%y-o-y) /1	17.5	28.1	-0.3	10.2	14.0	36.8	28.9	-10.4	30.3	57.0	22.7	-8.1	14.9	-17.6	-9.9	12.6	0.0	-3.8	
- Capacity utilization (%) /10	58.1	62.3	59.5	66.1	54.4	58.8	64.1	63.1	65.0	65.5	46.5	40.5	51.9	58.5	62.5	68.3	62.2*	62.9	
- New employment in industrial sector(%y-o-y) /3	-0.4	-0.6	-4.7	4.5	-1.3	-2.8	-6.3	0.6	4.2	2.9	1.0	-2.0	0.9	1.6	5.2	4.0	n.a.	3.6	
- Thai Industrial Sentiment Index (Index) /9	101.2	112.7	108.2	102.3	106.6	108.3	107.4	105.2	102.5	90.7	89.0	87.5	93.7	99.6	100.9	102.1	104.0	101.7	
Service sector																			
- No. of foreign tourists (Million persons) /11	19.1	1.8	1.8	1.7	1.5	1.4	1.5	1.5	1.7	1.5	1.4	1.2	1.8	1.9	1.8	1.9	1.7	7.4	
(%y-o-y) /14	19.8	12.5	11.6	18.3	35.2	65.6	53.9	18.8	35.4	22.7	7.0	-17.9	-2.5	7.7	2.0	12.0	6.9	7.1	
- New employment in service sector(%y-o-y) /3	0.9	-0.07	-0.92	-1.10	0.30	-2.20	0.10	-2.20	1.30	7.90	2.10	3.90	2.60	2.10	-2.80	-2.60	n.a.	-1.10	
Demand-side indicators																			
Private consumption indicators																			
- Value added tax at constant price (%y-o-y) /1	11.7	9.8	10.1	11.7	11.5	36.3	12.0	4.5	13.8	13.3	11.3	-1.0	9.8	6.0	19.3	11.3	9.6	11.4	
- Import volume of consumer goods in USD (%y-o-y) /1	14.5	14.8	33.7	22.5	19.5	15.5	2.7	14.0	18.7	12.9	6.0	3.9	16.7	12.9	29.9	2.7	4.5	11.7	
- Sales of passenger cars (%y-o-y) /14	4.6	49.6	49.6	80.3	17.8	-15.2	-0.5	12.2	26.4	29.6	-38.8	-62.1	-28.1	-9.8	-4.0	-3.3	23.4	1.1	
- Sales of motorcycles (%y-o-y) /13	7.9	5.3	15.7	13.1	11.0	23.8	20.3	11.6	15.9	11.4	-4.3	-11.0	-21.7	-7.1	6.3	-1.2	4.2	0.5	
- Consumer Confidence Index (Index) /5	69.8	72.6	72.2	71.0	70.5	71.1	72.3	74.4	73.8	72.2	62.8	61.0	63.1	64.0	65.5	66.5	67.5	65.9	
Private investment indicators																			
- Import volume of capital goods in USD (%y-o-y) /1	16.5	31.2	26.7	29.9	17.4	8.2	17.4	14.2	33.7	6.1	6.8	-4.1	13.0	-2.1	18.3	16.2	21.3	13.5	
- Sales of commercial cars (%y-o-y) /14	-4.4	29.7	37.6	28.5	17.7	-6.2	-0.3	10.1	15.7	25.7	-41.8	-71.5	-46.9	29.1	33.4	36.7	35.2	33.9	
- Total taxes collected from real estate transaction (%y-o-y)	12.5	76.4	55.5	-17.0	58.0	8.0	-11.1	46.5	48.3	16.5	-19.1	-13.2	13.0	-17.0	12.3	12.8	1.7	3.3	
- Domestic cement sales (%y-o-y) /2	4.3	0.9	1.3	2.2	-1.0	-5.8	4.0	8.6	15.3	12.3	11.7	-0.3	6.3	7.1	4.5	4.6	4.7	5.2	
International trade indicators																			
- Exports (Billion USD): custom basis	228.8	16.7	18.9	21.3	17.6	19.4	20.6	21.5	21.6	21.5	17.2	15.5	17.0	15.7	19.0	19.9	16.9	71.6	
(%y-o-y) /4	17.2	22.3	31.0	30.6	25.0	17.4	14.5	38.3	31.1	19.1	0.3	-12.4	-2.0	-6.0	0.9	-6.5	-3.7	-3.9	
- Export price (%y-o-y) /4	5.6	6.6	6.6	6.8	7.1	6.8	7.0	7.1	6.7	5.3	3.6	2.5	1.4	1.2	1.1	1.1	0.7	1.0	
- Export volume (%y-o-y) /14	11.0	14.7	22.9	22.3	16.7	10.0	7.0	29.1	22.8	13.1	-3.2	-14.6	-3.4	-7.1	-0.2	-7.6	-4.3	-4.8	
- Imports (Billion USD): custom basis	228.5	17.6	17.1	19.5	18.4	19.2	19.8	18.7	22.8	21.3	18.2	16.9	19.1	16.9	18.5	24.5	19.8	79.6	
(%y-o-y) /4	24.9	33.3	22.2	25.7	26.3	33.8	26.1	13.5	44.0	41.9	21.5	-2.4	19.1	-4.2	8.2	25.6	7.9	9.8	
- Import price (%y-o-y) /4	10.1	7.7	8.8	10.2	11.0	11.8	11.8	12.1	11.8	11.1	9.3	8.5	7.0	6.4	6.1	5.2	2.8	5.1	
- Import volume (%y-o-y) /14	13.5	23.8	12.3	14.1	13.6	19.6	12.9	1.2	28.9	27.7	11.1	-10.1	11.4	-10.0	2.0	19.5	4.9	4.4	
- Trade balance (Billion USD): custom basis/4	0.3	-0.9	1.8	1.8	-0.8	0.3	0.8	2.8	-1.2	0.2	-1.0	-1.4	-2.1	-1.1	0.5	-4.6	-2.9	-8.1	
External economic stability																			
- Average exchange rate (Baht/USD) /2	30.5	30.5	30.7	30.3	30.0	30.2	30.5	30.1	29.9	30.4	30.9	30.9	31.2	31.5	30.7	30.7	30.9	31.0	
- Current account (Billion USD) /2	11.9	1.1	3.2	1.7	-0.3	-0.7	2.0	3.4	-0.7	0.4	0.0	-0.1	1.9	1.0	1.1	-1.5	n.a.	0.6	
- International reserves (Billion USD) /2	175.1	174.0	179.5	181.6	189.9	185.5	184.9	187.6	188.3	180.1	182.0	178.3	175.1	178.6	180.4	179.2	179.0	179.0	
Internal economic stability																			
- Unemployment rate (%) /3	0.7	1.0	0.7	0.7	0.8	0.5	0.4	0.5	0.7	0.8	0.6	0.8	0.4	0.8	0.7	0.7	n.a.	0.7	
- Producer Price Index (%yoy) /4	5.5	6.0	7.4	5.9	6.6	6.2	4.5	5.2	6.0	5.6	4.2	3.5	4.5	3.6	1.8	1.8	0.8	2.0	
- Headline inflation (%yoy) /4	3.8	3.0	2.9	3.1	4.0	4.2	4.1	4.1	4.3	4.0	4.2	4.2	3.5	3.4	3.4	3.5	2.5	3.2	
- Core inflation (%yoy) /4	2.4	1.3	1.5	1.6	2.1	2.5	2.6	2.6	2.9	2.9	2.9	2.9	2.7	2.8	2.7	2.8	2.1	2.6	
- Public debt to GDP (%) /1	40.8	42.0	41.8	41.6	41.4	41.6	41.3	41.3	41.1	42.6	41.4	41.0	40.8	41.1	40.6	41.4	n.a.	41.4	
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																			