

Thai Economic Performance in Q3 and Outlook for 2011 and 2012

Macroeconomic Strategy and Planning Office

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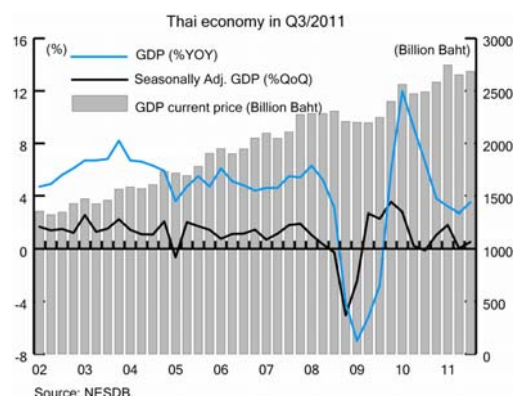
Economic Projection Year 2011 and 2012

(% YOY)	2010	2011		Projection	
		H1	Q3	2011	2012
GDP (at 1988 price)	7.8	3.0	3.5	1.5	4.5-5.5
Total Investment (at 1988 price)	9.4	6.6	3.3	4.7	10.3
Private	13.8	10.5	9.1	8.8	11.0
Public	-2.2	-5.9	-10.9	-7.9	8.0
Total Consumption (at 1988 price)	5.1	2.8	2.1	2.3	4.0
Private	4.8	3.0	2.4	2.5	4.4
Public	6.4	1.4	1.1	1.2	2.0
Export of Goods (US\$)	28.5	23.1	27.3	17.2	19.0
Volume	17.3	13.7	16.6	10.7	12.0
Import of Goods (US\$)	36.7	27.7	33.4	27.2	25.0
Volume	26.5	19.1	24.4	16.7	17.0
Current Account to GDP (%)	4.4	4.2	3.5	2.2	1.2
Inflation	3.3	3.6	4.1	3.8	3.5-4.0
Unemployment rate	1.0	0.7	0.7	0.7	0.7

- ❑ In the third quarter of 2011, Thai economy grew by 3.5 percent. The main driving factors of this quarter's growth included the manufacturing sector that rebounded from the shortage of raw material resulting from the Tsunami disaster in Japan, as well as positive contribution from export, tourism sector, private investment and increased domestic and global demand. Furthermore, the employment remained strong.
- ❑ After seasonal adjustment, Thai economy, expanded by 0.5 percent (%QoQ SA), from the previous quarter.
- ❑ In 2011, Thai economy is expected to grow by 1.5 percent. In addition, export is expected to expand by 17.2 percent, while consumption and investment are forecasted to grow by 2.5 and 4.7 percent respectively. Headline inflation is expected to stand at 3.8 percent, with an unemployment rate of 0.7 percent. Current account surplus is expected to be equivalent to 2.2 percent of GDP
- ❑ Thai economy in 2012 is forecasted to expand in the range of 4.5 – 5.5 percent, improved from a 1.5 percent growth in 2011, with domestic and global demand as main driving factors. Export value is expected to grow by 19.0 percent, while consumption and investment are forecasted to grow by 4.4 and 10.3 percent respectively. Headline inflation is expected to be in the range of 3.5 – 4.0 percent, with an unemployment rate of 0.7 percent. Current account surplus is expected to be equivalent to 1.2 percent of GDP
- ❑ The economic management for the rest of 2011 and 2012. (1) The restoration and rehabilitation measures and water management for flood-affected persons for 2012 include: (1.1) Urgently implement the restoration and rehabilitation measures to restore production sector and consumer purchasing power to normality within the first quarter of 2012.(1.2) Manage and maintain availability and fair pricing of consumer goods especially after the floods disaster that potentially created a shortage of supply and unfair pricing in certain goods, particularly essential goods for reconstruction both for household and business need.(1.3) Employ proper and effective water management in order to prevent future flood and drought, and immediately construct early warning system and flood preventive mechanism and (1.4) Create long term flood protection mechanism to insure and enhance investor confidence. (2) Employ suitable macroeconomic policy that can withhold rising volatility risk in global financial market, as economic stability in European countries gradually worsen. The authority must emphasize on preventive measures concerning the volatility in exchange rate, as well as implementing monetary and exchange rate policy that accompany the recovery state of Thai economy after the flood disaster. In addition, the government must deploy appropriate fiscal stimulus measures, especially stimulus projects that enhance the overall competency, and reduce inequality and (3) Urgently reform the fiscal system in order to equip the country with sufficient budget for long –term development, while maintain fiscal stability. The essential policies must include: (i) reforming tax structure combined with broadening tax base, and (ii) improving the efficiency of both government revenue collection and expenditure.

Thai Economic Performance in Q3/2011 and Outlook for 2011 - 2012

In the third quarter of 2011, Thai economy expanded by 3.5 percent, up from a 2.7 percent growth in the preceding quarter. The main driving factors of this quarter's growth included the manufacturing sector that rebounded from the shortage of raw material resulting from the Tsunami disaster in Japan, as well as positive contribution from export, which expanded by 0.5 percent (%QoQ, SA). For the first nine months of this year, the economy grew by 3.1 percent.



Positive Factors Contributing to Economic Growth in Q3/2011

- (1) **Export value in terms of US dollar reached 63,296 million US dollars** or expanded by 27.3 percent, accelerated from the expansion of 19.4 percent in the previous quarter. Major export products were electrical appliances, automobile and plastic products which grew by 14.1, 10.8, and 30.6 percent respectively.

For the first nine months of this year, export value stood at 176,641 million US dollars or expanded by 24.6 percent.

The major export markets continued to expand, especially China (62.8 percent), EU (25.5 percent), ASEAN (34.7 percent), Japan (21.0 percent) and Australia (10.8 percent).

- (2) **Tourism Sector:** the number of inbound tourists in the third quarter was 4.7 million persons, increased by 25.7 percent. This improvement was a result of a rise in number of tourists from China, South Korea, and Japan, which increased by 49.2, 43.8, and 38.1 percent respectively. Tourism revenue stood at 197,815 million baht, or increased by 38.9 percent from the same period of last year. Occupancy rate was 56.9 percent, increased by 46.7 percent, compared to the same quarter of last year. As a result, the GDP of hotel and restaurant sector rose by 10.0 percent.

In the first nine months of this year, the total number of inbound tourists registered at 14.4 million persons, increase by 27.1 percent.

- (3) **Manufacturing Sector** grew by 3.1 percent, after a contraction of 0.1 percent in the previous quarter due to the recovery of major manufacturing industries that were affected by the devastating disaster in Japan. These industries include automobile, hard disk drive and rubber and plastic products which expanded by 14.3, 4.3 and 9.2 percent respectively. The capacity utilization stood at 64.5 percent, up from 59.1 percent in the previous quarter and 64.2 percent from the same quarter of last year.

For the first nine months of this year, manufacturing sector expanded by 1.6 percent.

- (4) **Private Investment** continued to expand by 9.1 percent, compared to the expansion of 8.6 percent in the preceding quarter. This was owing to the increase in machinery and equipment, and construction investment which grew by 10.1 and 6.1 percent respectively. Such expansion

was in line with continual increase in sales of commercial cars and cement. Business Sentiment Index (BSI) was approximately 50.6, up from 50.4 in the previous quarter.

Negative Factors affecting to Economic Growth in Q3/2011

- (1) **Agricultural Sector** shrank by 0.9 percent, compared to the expansion of 6.7 percent in the preceding quarter. It was a result of severe floods affecting cultivated areas in the North, Northeast and Central regions of Thailand. Moreover, rubber product in the Southern region dropped due to heavy rainfall. In addition, prices of major agricultural products such as oil palm and rubber slowed down. Thus, farm income increased only by 7.4 percent, compared to 25.7 percent expansion in the previous quarter.
- (2) **Household consumption** expanded at a slower pace of 2.4 percent, compared to the 2.7 percent growth in the previous quarter. This slowdown occurred as consumers became more cautious of their future consumption under the flooding situation, while inflation and interest rates had a tendency to rise further. Nevertheless, employment and consumer confidence remained sound.

Thai Economic Outlook for 2011

In the first nine months of 2011, Thai economy grew by 3.1 percent. However, the severe flood disaster striking Thailand since the end of the third quarter through the fourth quarter has affected production in many sectors, especially those in industrial estates resided in Ayutthaya and Pathumthani province, which are the main production base and suppliers of raw material and parts for automobile, electronics, textile, shoes, food and beverages, and rubber and plastic products. Thus, the flooding in these two provinces has interrupted the supply chain of major industries in other provinces and in other countries. Moreover, the effect of the disaster has spread to tourism sector as many countries have issued travel warning against entering Thailand. As a result, expected inbound tourists is reduced to 18.8 million persons, from the previous forecast of 19.5 million persons. NESDB adjusts the previous 2011 GDP forecasts of 3.5 - 4.0 percent, announced on August 22, 2011, to 1.5 percent, with inflation rate of 3.8 percent. Household consumption is expected to grow by 2.5 percent, while investment will expand by 4.7 percent. Furthermore, export value in US dollar terms is forecasted to expand by 17.2 percent and current account is expected to record a surplus of 2.2 percent of GDP, lower from the surplus of 4.4 percent of GDP in 2010.

Thai Economic Outlook for 2012

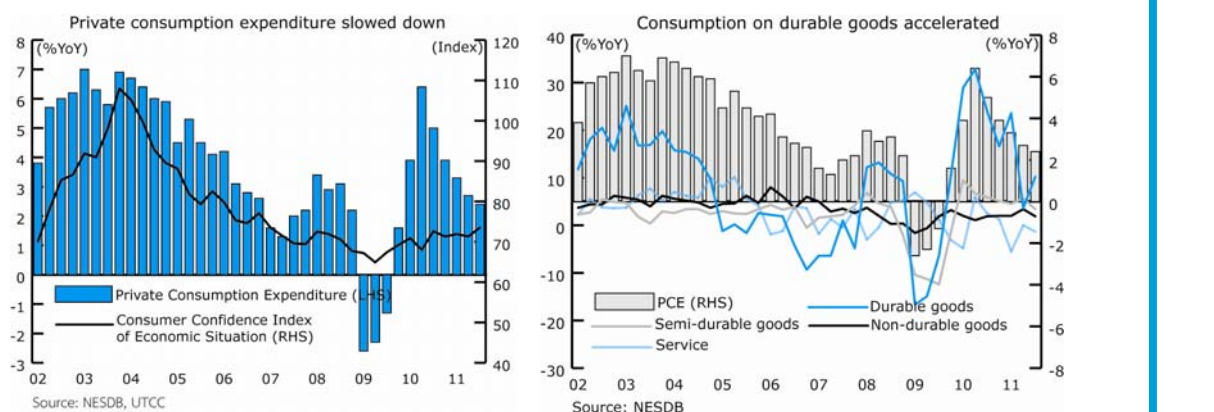
NESDB forecasts that the Thai economy in 2012 will expand in the range of 4.5 – 5.5 percent. The main driving factors will be an improved domestic and global demand, especially higher public consumption and investment on the urgent need to restore infrastructure affected by flood during the fourth quarter of 2011. Furthermore, the restoration measures will include the financial and tax subsidy schemes which will play a major role in the recovery process of agricultural, manufacturing and service sectors. This will in turn increase domestic employment, which was in line with the government policy to uplift the income of the people. Consequently, new money supply created by the economic activities will increase domestic demand as well as private investment particularly to invest in new machinery and repair the existing machinery. On the other hand, global demand is expected to expand as a result of strong Asian economic prospect.

NESDB forecasts that in 2012 (i) the headline inflation rate will be in the range of 3.5 - 4.0 percent; (ii) household consumption will expand by 4.4 percent; (iii) investment will grow by 10.3 percent; (iv) exports in terms of US dollar will expand by 19.0 percent and; (v) current account surplus will register approximately 1.2 of GDP.

1. Economic Performance in Q3/2011

Expenditure Side

Private consumption expenditure expanded with a decelerated rate of 2.4 percent in the third quarter after an expansion of 2.7 percent in the second quarter. This was owing to a slower pace of consumption in all categories except consumption on durable goods, especially automobile which showed an improvement of domestic sale after a shortage in major imported parts from Japan in the previous quarter. In this quarter, consumption on durable goods increased by 10.2 percent. The supporting factors for consumption expansion in the third quarter included: (i) employment remained high and; (ii) income increased according to government policy which has a positive effect on consumer confidence. Consumer confidence index in the third quarter stood at 73.5, increased from 71.3 in the preceding quarter. Furthermore, severe flood situation in several areas, high inflationary pressure and high interest rate will be major factors which induced consumers to be more cautious on their future consumption.



Private Consumption Expenditure

%YoY	2009	2010						2011			
	Year	Year	Q1	Q2	Q3	9M	Q4	Q1	Q2	Q3	9M
Private Consumption	-1.1	4.8	3.9	6.4	5.0	5.1	3.9	3.3	2.7	2.4	2.8
Durable Goods	-7.1	25.1	28.9	32.8	24.0	28.4	16.6	23.6	3.6	10.2	12.1
Semi-durable Goods	-8.8	6.7	9.5	6.7	5.9	7.4	5.1	4.5	5.7	3.4	4.6
Non-durable Goods	0.7	1.8	2.0	1.1	1.9	1.7	2.0	2.0	3.4	1.9	2.4
- Food	0.6	0.5	0.7	1.1	0.2	0.7	-0.2	2.0	4.4	2.1	2.8
- Non-food	0.7	2.7	3.1	1.2	3.2	2.5	3.3	2.1	2.7	1.7	2.2
Service	2.2	1.4	-4.8	5.9	2.5	1.5	1.3	-5.5	0.0	-1.3	-2.0

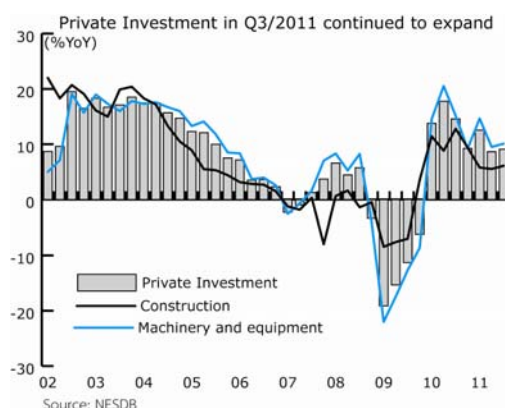
Source: NESDB

Private investment continued to increase by 9.1 percent in the third quarter of 2011, compared to 8.6 percent in the previous quarter. This was mainly caused by an expansion in both equipment and construction investment. Investment in machinery and equipment expanded by 10.1 percent in the third quarter after an expansion of 9.5 percent in the previous quarter, particularly domestic commercial car sale. Whereas, the import of capital goods slowed down at the end of this quarter as the entrepreneurs imported a substantial amount of capital goods during the first two months in this quarter according to an expansion of production plan in automobile, electronic and electrical appliance industries. In addition, investment in construction continually increased by 6.1 percent, compared to 5.5 percent in the previous quarter, especially investment in residential and commercial area in Bangkok in line with domestic cement sale which increased continually.

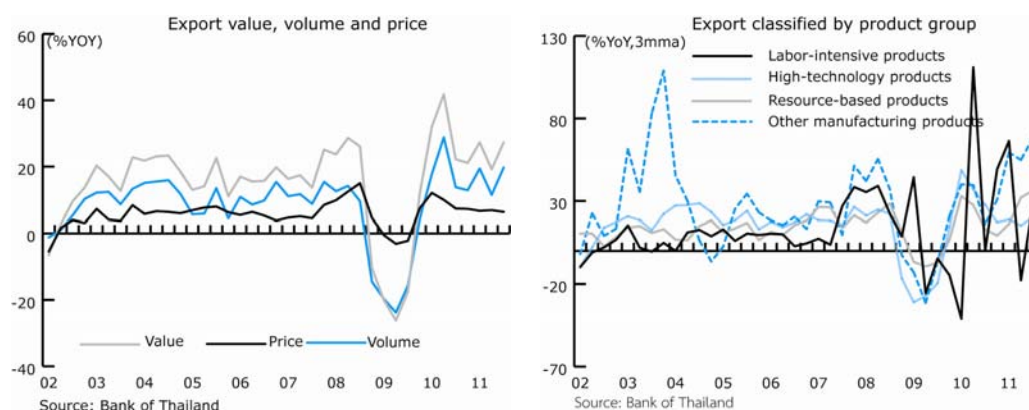
Private consumption expenditure expanded with a decelerated rate of 2.4 percent. In addition, severe flood situation, high inflationary pressure and high interest rate were major risk factors.

Private investment continually accelerated as a result of an expansion in both equipment and construction investment.

Business Sentiment Index (BSI) was at **50.6**, increased from 50.4 in the previous quarter. On the other hand, the expected BSI for the next 3 months stood at 53.8, decreased from 55.1 in the previous quarter. This reflected that investor's confidence on future business condition has declined according to increasing in cost of production, whereas an increase in price was restricted. Furthermore, an uncertainty on economic recovery of USA and Europe as well as severe flood situation will pose as strong risk factors for future investment.



Exports: Export value in the third quarter of 2011 recorded at 63,296 million US dollars (equivalent to 1,906,882 million baht). The export value expanded by 27.3 percent, while export volume and price rose by 16.6 and 6.4 percent respectively. Export value excluding unwrought gold grew by 26.4 percent.



Export value of agricultural commodities improved by 68.6 percent due to an increase in export volume and price which grew by 43.5 and 17.6 percent respectively. The rise in export value of agricultural commodities was partly due to high demand from China, particularly on rice, rubber, cassava, and fresh and frozen fruits. **Moreover, both volume and value of exported manufacturing products increased** by 19.6 and 25.9 percent consecutively, while the price slightly grew by 5.2 percent. Major exported manufacturing products such as computer and parts expanded by 11.3 percent, vehicles, accessories and parts grew by 10.8 percent, accelerated from the second quarter which experienced a decline of 11.0 percent due to a shortage of major imported parts. Meanwhile, exports of electrical appliances expanded by 14.1 percent. When classified by type of products, the export of high-technology products and resource-based products increased by 20.3 and 36.2 percent respectively, compared to the growth rate of 15.3 and 32.1 percent in the second quarter consecutively. Also, export value of labor-intensive products grew at a rate of 27.5 percent, compared to the contraction of 17.7 percent growth in the second quarter of 2011.

Export value in US dollar terms expanded by 27.3 percent, equivalent to the value of 63,296 million US dollars. Export market expanded in both major and other markets.

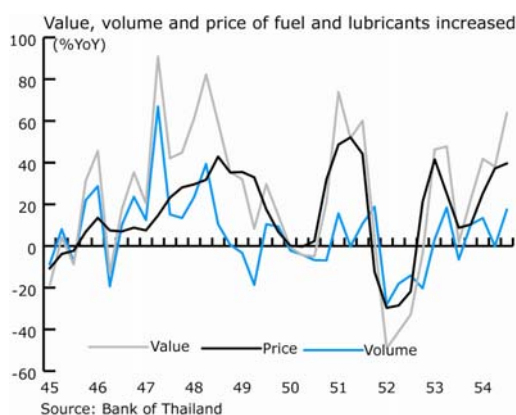
Export markets: Export markets expanded in both major and other markets, particularly EU (15) and ASEAN (9) which rose by 25.5 and 34.7 percent respectively. The major markets, Japan and the US, grew at the decelerated rates of 21.0 and 5.2 percent, compared to 35.9 and 17.5 percent growth in the previous quarter, respectively. On the other hand, other markets continued expanding with a satisfactory rate, especially exports to China which increased considerably from 22.7 percent in the second quarter to 62.8 percent in the third quarter following the continual economic expansion of China. Meanwhile, exports to Australia rebounded to an expansion of 10.8 percent after four consecutive quarters of reduction. Such expansion was due to the improvement of export value of vehicles, accessories and parts, air conditioners and parts, and unwrought gold.

Major Export Market

(%YOY)	2008	2009	2010					2011				
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	9 M.	Shared (%)
USA	4.4	-17.8	22.8	26.4	25.4	12.0	21.3	21.3	17.5	5.2	13.9	9.3
Japan	10.9	-21.8	29.4	34.6	32.0	24.3	29.8	30.2	35.9	21.0	28.7	10.2
EU (15)	7.2	-24.5	21.7	24.1	19.4	14.6	19.7	24.1	20.3	25.5	23.4	9.5
ASEAN (9)	22.4	-19.1	67.6	45.1	27.5	17.6	36.5	20.6	23.6	34.7	26.5	23.6
Hong Kong	15.5	-5.6	22.3	58.2	21.7	54.0	38.5	70.3	30.1	37.9	44.9	6.8
Taiwan	-18.8	-16.7	69.7	36.0	38.6	37.7	43.5	45.9	44.6	23.3	37.3	1.6
South Korea	23.0	-23.2	42.8	41.7	12.6	20.1	28.1	36.3	34.3	36.8	35.8	1.8
Middle East	26.9	-7.8	9.8	21.7	3.9	6.8	10.1	15.5	14.6	16.4	15.5	4.4
India	25.6	-3.6	92.5	25.2	24.7	20.9	36.3	14.8	32.9	19.1	21.7	2.1
China	9.1	-0.4	69.3	30.7	26.9	19.2	33.2	24.8	22.7	62.8	37.4	13.6
Australia	34.4	7.5	3.7	97.3	-16.2	-11.1	9.2	-1.3	-34.5	10.8	-10.8	3.7
Total Export	15.5	-14.3	31.6	41.4	21.9	20.8	28.1	28.1	19.4	29.0	25.5	100.0
Total Export by Balance of Payment	15.9	-14.0	32.1	41.7	22.2	21.1	28.5	27.3	19.2	27.3	24.6	100.0

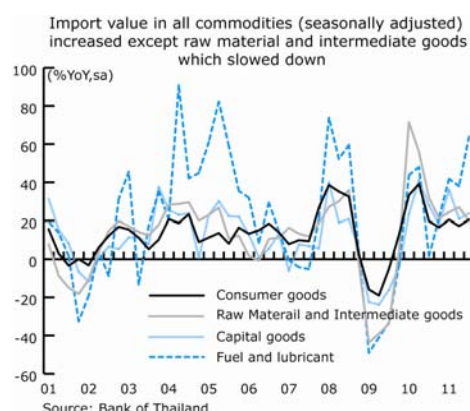
Source: BOT

Imports: Value, volume and price considerably expanded, compared to the same period of last year. In the third quarter of 2011, import value in US dollar terms grew by 33.4 percent, accelerated from 28.0 percent in the previous quarter. Import price rose by 11.7 percent, mainly due to an increase in oil and gold price. Import volume expanded by 24.4 percent, increased from 19.0 percent in the previous quarter. Such expansion was driven by high demand of almost all import categories except raw materials and intermediate goods which slowed down in value, volume and price.



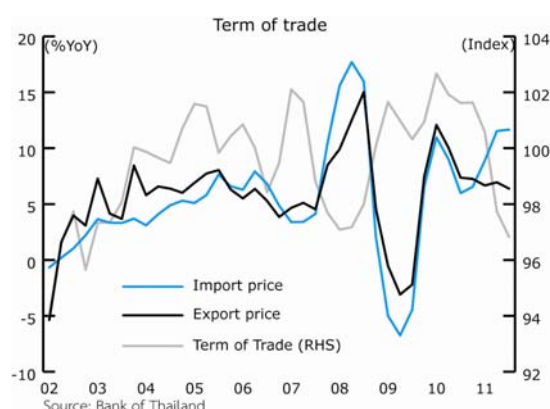
Import value in US dollar terms increased by 33.4 percent, accelerated from the previous quarter. Almost all import categories increased except raw materials and intermediate goods which slowed down in value, volume and price.

After seasonal adjustment, almost all import categories recorded an increase in value, volume and price except raw materials and intermediate goods which recorded a slowdown in value, volume and price after an expansion in the previous quarter. **Import value of capital goods** expanded by 23.9 percent, increased from 20.9 percent in the previous quarter. Import goods that recorded a positive growth include transportation equipments; industrial machinery, tools and parts; computer and accessories; and optical, cinematographic and photographic equipments. **Raw material and intermediate goods** expanded by 19.7 percent, decelerated from 27.0 percent in the previous quarter as a result of a slowdown in domestic demand. **Consumer goods** grew by 20.6 percent, increased from 17.2 percent in the previous quarter. Consumer goods that expanded at a faster pace included beverages; coffee and tea; and watches and ornaments. **Fuels and lubricants** increased by 63.8 percent, accelerated from 38.0 percent in the previous quarter. The import volume increased by 17.5 percent while price increased by 39.6 percent. Such expansion was due to a continued rise of oil price in the world market as a result of speculation in capital market and political unrest in North Africa.



Term of trade decreased from the previous quarter. Export price increased by 6.4 percent, while import price increased by 11.7 percent, particularly crude oil price. Hence, term of trade in the third quarter of 2011 contracted by 4.7 percent, a three consecutive quarters of reduction.

Term of trade decreased by 4.7 percent, mainly due to high import price.



Trade balance recorded a surplus of 7,676 million US dollars (equivalent to 231,562 million baht), slightly higher than a surplus of 7,295 million US dollars (equivalent to 221,424 million baht) in the previous quarter.

Trade balance surplus slightly improved.

❑ Production Side:

Agricultural sector contracted by 0.9 percent, compared to 6.7 percent expansion in the previous quarter, as production of major crop and part of the second crop in the northern, north-eastern, and central regions got affected by the flood. As a result, the production of agricultural declined by 25.7 percent compared to the same quarter of last year. At the same time, the heavy rainfall also impacted rubber production to fell by 10.9 percent. Nevertheless, palm oil product expanded by 19.0 percent compared to the same period of last year, as agriculture area expanded.

Furthermore, the price of agricultural product rose by 7.7 percent compared to the same period of last year. This was mainly due to an increased in paddy price by 14.3 percent as rice exporters increased their rice stockpile prior to the new government price stabilization scheme (paddy-mortgage scheme) which will take effect on the 7th of October 2011. However, price of rubber and palm increased at a slower pace of 25.7 and 10.3 percent compared to 36.4 and 44.7 percent in the previous quarter respectively. The slowdown in price was mainly attributed to (i) decreasing demand in the world market as a concern over US and Europe economy rise and (ii) increasing supply from major producer countries such as Thailand, Malaysia, and Indonesia.

Thus, the decline in agricultural output and slowdown in price of major crops had affected the farm income to grow only by 7.4 percent compared to a dramatic growth of 43.1 and 25.7 percent in the first and second quarter of 2011 respectively.

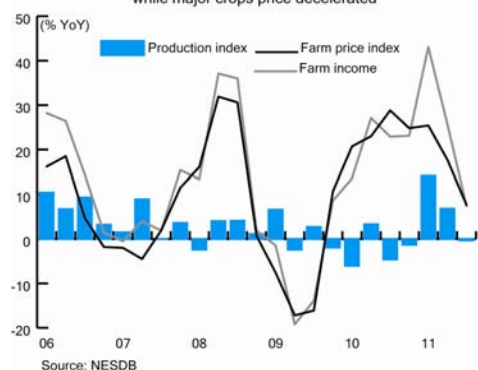
Agricultural sector contracted by 0.9 percent due to a shrink in paddy and rubber outputs.

Agricultural Production

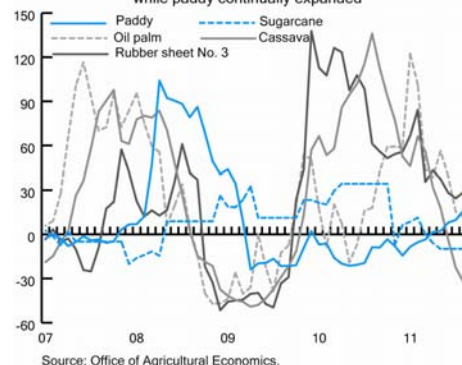
%YoY	2008	2009	2010						2011			
	Year	Year	Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.
Agricultural Production Index	1.5	0.9	-2.1	-6.0	3.3	-4.6	-2.52	-1.3	14.1	6.8	-0.3	6.9
Agricultural Price Index	19.6	-9.4	25.6	20.7	23.0	28.8	25.4	24.8	25.4	17.7	7.7	16.9
Crop Production Index	21.0	-12.1	30.8	24.9	28.4	34.3	30.8	29.0	29.6	17.9	6.5	18.0
Farm Income	21.4	-8.6	19.9	13.6	27.1	22.9	22.2	23.1	43.1	25.7	7.4	25.4

Source: OAE, NESDB

Farm income expanded by 7.4 percent due to a reduction in production while major crops price decelerated

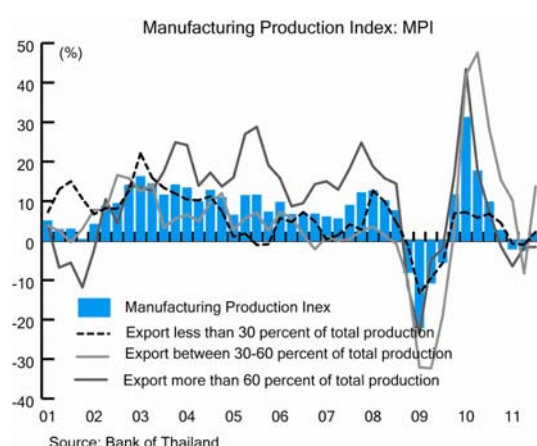


Farm prices: rubber and oil palm increased at a slower pace while paddy continually expanded



Industrial sector expanded by 3.1 percent, from a contraction of 0.1 percent in the previous quarter. Such an expansion was owing to the recovery of major industries that been effected by the Tsunami disaster in Japan, especially automobile, Hard Disk Drive, rubber and plastics products industry which expanded by 14.3, 4.3, and 9.2 percent respectively. Furthermore, construction material industry has received a wind fall benefit from improvement in private construction, particularly cement (4.0 percent) and concrete (9.3 percent).

However, the foreign demand in some industries has experienced a contraction as global economy outlook remained uncertain and volatility in Thai Baht movement still linear. Such industries included wearing apparel products, electronic valves and tubes product and television, radio and associated parts, which contracted by 26.5, 9.8 and 39.4 percent respectively. Inventory index in the third quarter expanded by 3.6 percent compared to the last quarter, which reflect that the industry still continued to increase their stock inventory.



In this quarter, capacity utilization rate was at 64.5 percent, increased from 59.1 percent in the previous quarter and 64.2 percent in the same period last year. The major industries that employed capacity utilization above 80 percent were motor vehicles (90.3 percent), hard disk drive (83.7 percent), rubber tyres and tubes (83.4 percent), air conditioner (82.6 percent), integrated circuits (80.8 percent) and plastics in primary forms (80.5 percent). On the contrary, the major industries that employed capacity utilization lower than 50 percent were tobacco products (49.6 percent), basic iron and steel (49.4 percent), wearing apparel (48.2 percent), textile (44.8 percent), leather and leather products (40.7 percent), and furniture (28.9 percent).

Construction sector continued to contract by 5.6 percent, from a contraction of 7.8 percent in the previous quarter. This was due to a contraction in public construction, registered at 15.3 percent, as construction under the SP2 has ended and a slowed down in state own enterprises investment. Furthermore, the private construction expanded by 6.1 percent, improved from 5.5 percent expansion in the previous quarter, as construction in commercial building and housing in Bangkok and vicinity area increased.

The construction material price index grew by 6.5 percent. This was mainly caused by an increasing of steel price, which rose by 11.9 percent accelerated from 7.8 percent from previous quarter. Nevertheless, other construction materials expanded at a slower pace including wood and cement, which grew by 1.3 and 12.5 percent slowed down from the previous quarter growth rate of 5.2 and 15.2 percent respectively. Thus, the overall increased in construction material price would result in a higher cost of production in the next period.

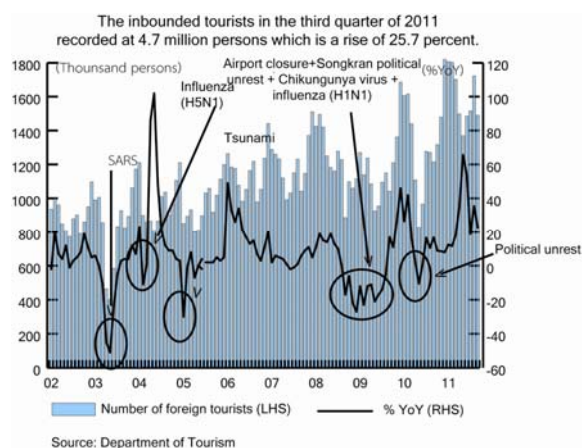
Manufacturing sector expanded by 3.1 percent, according to i) the expansion of domestic consumption and ii) the recovery of Japan from Tsunami incident.

Construction sectors shrank due to the contraction of public construction and, private construction, particularly housing construction.

Real estate sector rose by 3.9 percent, declined from 5.2 percent growth last quarter. The slowdown was caused by uncertainty over government real estate stimulus measure which reflected through expansion of personal housing loan that declined from 7.5 percent in the previous quarter to 5.8 percent. In addition, the housing price trend has moved upward in all housing type, with the prices of detached house, townhouse, condominium and land increased by 3.9, 9.2, 15.7 and 8.6 percent respectively.

Hotel and Restaurants expanded by 10.0 percent slowed down from 19.8 percent growth in the previous quarter. The inbound tourists in this quarter recorded at 4.7 million persons, an increased of 25.7 percent following an increase of Asian tourists, particularly China, Korea, and Japan which grew by 49.2, 43.8, and 38.1 percent respectively. Consequently, occupancy rate was at 56.9 percent compared to 46.7 percent in the previous quarter.

Revenue from tourism sector recorded at 197,815.02 million baht, increased from 142,423.92 million baht in the same quarter of last year or 38.9 percent growth.



Number and Growth of Tourists Classified by Nationality

Thousand Persons	2009	2010						2011			
	Year	Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.
Malaysia	1,757.8	2,059.0	513.3	443.3	517.3	1,473.8	585.1	574.4	625.3	566.7	1,766.4
China	777.5	1,122.2	333.9	137.8	314.4	786.1	336.1	474.9	359.3	469.1	1,303.3
Japan	1,004.5	993.7	305.6	169.9	253.7	729.2	264.5	317.0	251.4	350.4	918.8
Korea	618.2	805.4	241.7	140.8	192.2	574.7	230.8	288.8	232.7	276.3	797.8
United Kingdom	841.4	810.7	247.3	166.6	177.8	591.7	219.1	227.5	205.1	201.6	634.3
USA	627.1	611.8	187.8	122.8	124.8	435.5	176.3	188.9	160.6	154.8	504.2
India	614.6	760.4	169.1	175.1	187.0	531.1	229.2	207.3	268.2	232.7	708.2
Australia	646.7	698.0	175.8	150.5	177.6	503.8	194.2	185.5	209.4	207.5	602.4
% YoY											
Malaysia	-2.6	17.1	18.8	7.9	39.0	21.3	25.4	11.9	41.1	9.5	19.9
China	-6.0	44.3	75.9	-2.8	78.7	54.9	76.8	42.2	160.7	49.2	65.8
Japan	-13.0	-1.1	21.3	-13.6	-12.6	-1.3	19.5	3.7	48.0	38.1	26.0
Korea	-30.5	30.3	47.2	7.7	26.1	28.5	36.4	19.5	65.3	43.8	38.8
United Kingdom	1.8	-3.7	12.9	-9.4	-9.5	-1.3	12.5	-8.0	23.1	13.4	7.2
USA	-6.3	-2.4	13.1	-11.3	-7.9	-1.1	21.1	0.6	30.7	24.0	15.8
India	14.5	23.7	46.4	0.0	28.1	21.6	38.2	22.6	53.2	24.5	33.3
Australia	-6.9	7.9	25.3	1.4	6.6	10.7	25.4	5.5	39.2	16.8	19.6

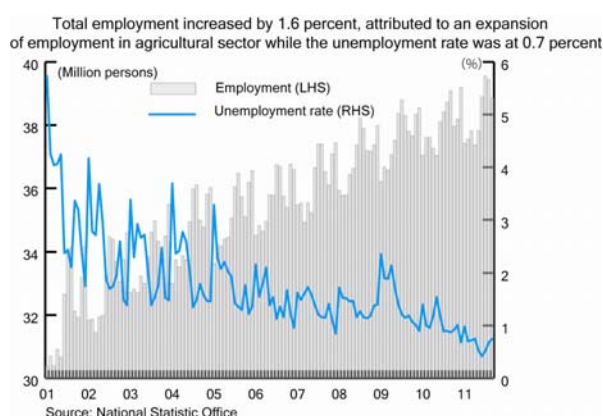
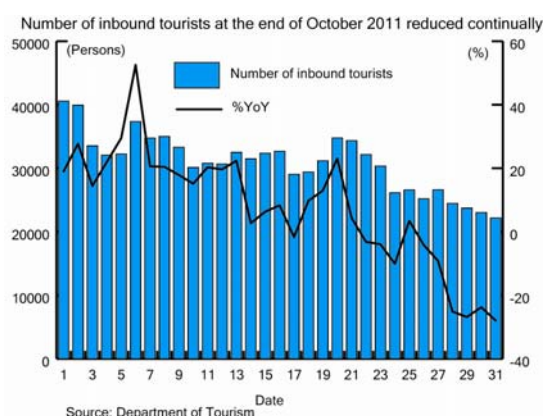
Source: Department of Tourism

Real estate sector rose by 3.9 percent as a result of the expansion of domestic economy and a raise in minimum wage and civil servants' salary

Hotel and restaurants expanded by 10.0 percent. The number of inbound tourists recorded at 4.7 million persons with a growth rate of 25.7 percent following an increase of Asian tourists especially China, Korea, and Japan.

Domestic tourism continued to expand, supported by the number of flight and low cost airline passengers which grew by 32.7 and 25.4 percent respectively, compared to the same period of previous year.

The deluge in the north, northeast, and center of Thailand in this quarter does not affect the tourism. However, the ongoing flood that spread downward and reaches Bangkok and vicinity in October has caused 42 countries (information at 3rd of November) to issue a travel warning against visiting Thailand. From such event, the number of inbound tourist that passed through Suvarnabhumi airport toward the end of October has continuously slowed down. As a result, the inbound tourists in October recorded at 1.4 million persons, increased by 7.0 percent slowed down from growth rate of 22.7 percent in September.



Employment in the third quarter stood at 39.32 million persons, increased by 1.6 percent compared to the same period of previous year. The improvement in employment was seen in both agriculture and non-agriculture sectors, with growth rate of 2.3 and 1.1 percent respectively. Furthermore, employment in non-agricultural sector was mainly driven by an increased in construction, hotel and restaurant, and industrial sectors which grew by 4.3, 2.3, and 0.9 percent respectively.

The average number of unemployed in this quarter was 262,440 persons, declined by 78,570 persons or contracted by 23 percent compared to the same period of last year. Meanwhile, the unemployment rate was at 0.7 percent.

The tension in labor market continue to eased off as reflected in the ratio of vacancies over new registered applications that slowed down to 0.7 percent, compared to the first and second quarter that recorded at 1.0 and 0.8 percent respectively.

Employment increased by 1.6 percent owing to the improvement in agricultural sector which expanded by 2.3 percent. Meanwhile, unemployment rate was at 0.7 percent.

Employed Persons by Industry

%YOY	2009	2010						2011			
	Year	Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.
Employed	1.9	1.0	2.6	-0.5	0.8	0.9	0.7	0.6	1.4	1.6	1.2
- Agricultural	-0.1	0.5	2.8	-6.6	-1.2	-2.4	3.9	2.1	6.4	2.3	3.6
- Non-Agricultural	3.1	1.3	2.5	3.1	2.3	3.0	-1.3	-0.3	-1.5	1.1	-0.2
Manufacturing	-1.5	-1.3	-1.1	0.8	-2.3	-0.3	-2.1	1.3	1.2	0.9	1.1
Construction	4.0	2.2	-1.2	9.3	1.9	4.3	-3.0	4.0	-6.5	4.3	0.2
Hotel and Restaurant	8.8	1.3	10.3	1.7	0.1	4.8	-4.8	-10.0	-2.3	2.3	-3.6
Wholesale	5.1	3.0	2.9	4.9	4.1	4.0	-0.5	-2.9	-6.8	-3.4	-4.4
Unemployment (Hundred thousand persons)	5.7	4.0	4.3	5.0	3.4	4.3	3.3	3.2	2.3	2.6	2.7
Unemployment Rate	1.5	1.0	1.1	1.3	0.9	1.1	0.9	0.8	0.6	0.7	0.7

Source: National Statistical Office

❑ Fiscal condition

In the fourth quarter of fiscal year (July – September 2011) net government revenue was at 504,151.2 million baht, exceeded the target by 59,381.21 million baht or 13.4 percent and grew by 7.3 percent compared to the same period of last year. Tax categories which experienced a high collection rate were corporate income and automobile tax. Such high level of corporate income tax collection was due to better than expected first half year forecast of corporate income (tax payment due in August) which consistent with listed company first half year revenue that grew by 31.3 percent. Furthermore, automobile tax collection started to pickup following recovery of automobile industry after the tsunami disaster in Japan. In fiscal year 2011 (October 2010 – September 2011), government net revenue collection was totaled at 1,891,026 million baht, exceeded the target by 241,017 million baht or 14.6 percent and increased from last year collection by 186,548.9 million baht or 10.9 percent.

On the expenditure side, the total budget disbursement in the fourth quarter of fiscal year 2011 was at 479,370.6 million baht. The total budget disbursement comprised of (i) the 2011 budget disbursement of 457,956.0 million baht, equivalent to 21.1 percent of the annual budget (lower than the set target of 25 percent) and (ii) carry-over budget disbursement of 21,414.6 million baht, equivalent to 11.7 percent of total carry-over budget (17.7 percent lower than the previous year disbursement). In detail, the 2011 budget disbursement included (i) current budget disbursement of 384,839.0 million baht or 21.2 percent of the total current budget, and (ii) capital budget disbursement of 73,117.1 million baht or 20.6 percent of the total capital budget. The total budget disbursement in fiscal year 2011 (October 2010 - September 2011) was at 2,050,523.6 million baht, equivalent to 94.5 percent of the annual budget (higher than the set target of 93.0 percent). Furthermore, the total capital budget disbursement in fiscal year 2011 was at 263,557.4 million baht equivalent to 74.1 percent of the total capital budget (slightly above the target set of 72.0 percent), while the total disbursement of carry-over budget was at 127,355.3 million baht equivalent to 69.3 percent of the total carry-over budget.

The Stimulus Package 2 (SP2), the total disbursement in the fourth quarter of fiscal year 2011 was at 12,094.8 million baht. The accumulated total budget allocated for SP2 at the end of the fourth quarter of fiscal year 2011 was at 342,666.4 million baht and the total disbursement was at 295,763.2 million baht equivalent to 86.3 percent of the total allocated budget, expanded by 4.3 percent from the previous quarter. In detail, there are 44,629 projects approved under SP2 budget (349,960.4 million baht) which can be classified according to their disbursement level as follow: (i) fully disburse 29,384 projects (65.8 percent of the total project), (ii) partially disburse 12,205 projects (27.4 percent of the total project), (iii) not yet disburse 377 projects (0.8 percent of the total project), (iv) under procurement process 1,791 projects (4.0 percent of the total project), and (v) await budgeting approval 872 projects (2.0 percent of the total project).

Fiscal balance in the fourth quarter of fiscal year 2011, the budget balance on cash basis recorded a surplus of 159,018.3 million baht. In detail, budget balance and non-budgetary balance recorded a surplus of 21,019.9 and 137,998.4 million baht respectively. Moreover, government has conducted a cash balance management, to better serve budget demand and improve overall country fiscal balance, through deficit financing in the amount of 61,228.0 million baht. As a result, budget cash balance after borrowing registered a surplus of 220,246.3 million baht. In fiscal year 2011 (October 2010 – September 2011), the budget balance on cash basis after borrowing recorded a surplus of 91,967.9 million baht and the treasury reserve remained sound with a register amount of 521,290 million baht.

Government revenue continued to exceed the target, by 13.4 percent due to the high collection rate of corporate income and automobile tax.

The 2011 FY budget disbursement slightly lower than the target while the capital budget disbursement was exceeded.

Public debt at the end of August 2011 amounted to 4,269,026.8 million baht, increased by 2,325.5 million baht or by 0.1 percent, compared to the last period of the previous year, and increased by 38,282.1 million baht or by 0.9 percent from the end of the 2010 fiscal year (September 2010). The ratio of public debt to GDP in August was at 40.2 percent declined from 41.9 percent at the end of the 2010 fiscal year.

Fiscal Balance

Unit: Million Baht

Fiscal Year	2010					2011				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Government Revenue	1,678,911.0	348,975.1	336,276.7	545,617.3	448,041.9	1,891,026.0	395,599.1	393,792.0	597,483.6	504,151.2
Compared with the target (%)	24.4	24.1	26.8	24.1	25.8	14.6	12.5	16.9	15.6	13.4
Compared with prior year (%)	19.0	25.9	17.7	20.6	15.5	10.9	13.4	17.0	8.8	7.3
Budget Disbursement ¹	1,627,846.3	396,783.7	432,449.6	379,459.5	419,153.5	2,050,523.6	553,772.9	516,906.3	521,888.4	457,956.0
Percent of annual budget (%)	95.8	23.3	25.4	22.3	24.7	94.5	25.5	23.8	24.1	21.1
Higher / Lower the target (%)	1.8	3.3	2.4	-2.7	-1.3	1.5	5.5	-0.2	0.1	-3.9
SP2 Disbursement	219,497.8	20,150.8	70,753.2	73,074.8	55,519.0	61,393.8	22,689.7	14,338.4	12,270.9	12,094.8
Percent of Total SP2 budget (%)						-72.0	12.6	-79.7	-83.2	-78.2
SP2 Disbursement(Commulative)	234,369.5	35,022.4	105,775.6	178,850.4	234,369.5	295,763.2	257,059.1	271,397.6	283,668.5	295,763.2
Percent of Total SP2 budget ² (%)	67.0	10.0	30.2	51.1	67.0	84.5	73.5	77.6	81.1	84.5
Percent of Total allocated budget ³ (%)	73.1	21.1	39.8	58.6	73.1	86.3	76.8	79.5	83.1	86.3

Source: FPO & GFMIS

Remark: ¹ Total annual Budget 2,169,967.5 Million Baht² Total SP2 Budget 350,000 Million Baht³ Total allocate Budget at the end of period

Public Debt

Unit: Billion Baht

Public Debt End of Period (Fiscal Year)	2007	2008	2009	2010				2011			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4 (Aug 11)
Public Debt End of period	3,183.4	3,408.3	4,002.0	3,967.5	4,124.7	4,202.4	4,230.7	4,282.1	4,246.1	4,263.4	4,269.0
Public Debt to GDP (%)	37.3	37.5	44.3	43.9	40.8	41.6	41.9	42.4	41.3	40.7	40.2
Direct Government	2,051.4	2,162.1	2,586.5	2,588.1	2,762.3	2,864.7	2,907.5	3,002.4	2,988.8	3,000.5	3,010.3
Non-Financial State Enterprises Debt	911.3	988.5	1,108.7	1,098.3	1,103.7	1,095.3	1,084.0	1,081.0	1,065.9	1,074.1	1,072.1
Special Financial Institutions Guaranteed Debt	0.0	102.3	208.7	198.4	188.6	180.5	177.2	168.1	160.3	158.3	155.6
FIDF Debt (Liability)	185.2	138.2	98.1	82.6	70.1	61.9	62.1	30.6	31.1	30.5	31.0
Autonomous Agency Debt (VF & EFPO)	35.6	17.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Source: MOF

Financial Condition

Policy Rate continued to increase. During the third quarter, The Monetary Policy Committee (MPC) decided to raise the policy interest rate twice, total of 0.5 percent, from 3.00 percent to 3.50 percent per annum as concern over inflationary risk remained high. This was inlined with policy rate hike in China, India and Euro zone. On the other hand, other countries in Asian region, such as Malaysia, Philippines and Indonesia, started to relax their monetary policy, after a continuous hike in the first half of 2011. This was mainly due to an increased in global economic uncertainty. In 19th October, MPC decided to keep the policy interest rate at 3.50 percent per annum to address heightened domestic and global economic uncertainty and an ongoing flood crisis.

Commercial banks' interest rate increased in line with the policy rate trend. During the third quarter, an average of 12-month deposit rate and MLR lending rate (average rate of 4 biggest commercial banks) increased 0.52 percent and 0.37 percent, respectively. Thus at the end of the third quarter, the policy interest rate was at 2.87 percent and 7.25 percent per annum, respectively. Meanwhile, headline inflation rate slightly decreased from 4.06 percent to 4.03 percent. Thus, the real deposit and lending rate increased from -1.71 percent and 2.82 percent per annum to -1.16 percent and 3.22 per annum, respectively.

Policy rate was increased to combat hiking inflationary pressure.

Deposit rate and lending rate increased, while the real rate improved.

World Policy Rate Changes

Unit : Percent

Country	2008	2009	2010				2011				Policy Rate at the end of Oct 2011
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Oct	
Thai	-0.50	-1.50			+0.50	+0.25	+0.50	+0.50	+0.50		3.50
USA	-2.80										0.25
Europe	-1.50	-1.50						+0.25	+0.25		1.50
China	-2.20					+0.50	+0.25	+0.25	+0.25		6.56
Japan	-0.40					0-0.1					0 - 0.1
India	-1.25	-1.75	+0.25	+0.25	+0.75	+0.25	+0.50	+0.75	+0.75	+0.25	8.50
Brazil	+2.50	-5.00		+1.50	+0.50		+1.00	+0.50	-0.25	-0.50	11.50
Malaysia	-0.25	-1.25	+0.25	+0.25	+0.25			+0.25			3.00
Philippine	+0.25	-1.5					+0.25	+0.25			6.50
Indonesia	+1.25	-2.75					+0.25			-0.25	6.50
Russia	+3.00	-4.25	-0.50	-0.25			+0.25	0.25			8.25

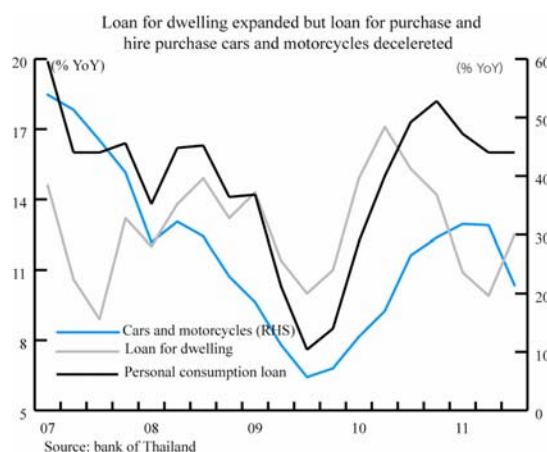
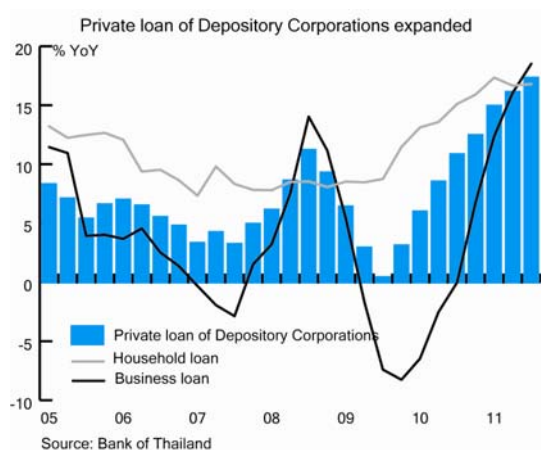
Source : CEIC

Deposit including bill of exchange (B/E) of Depository Corporations decelerated from 15.1 percent in the preceding quarter to 14.7 percent at the end of the current quarter. Such deceleration was caused by the slowdown in bill of Exchange after an adjustment in B/E issuing regulation; as adjusted regulation required financial institution to include issued B/E into the calculated components of their reserve requirement ratio. Meanwhile, deposit slightly slowed down, partly due to an increase in cash holding following rising concern in economic situation.

Private loans, excluding unpaid receivable interest, continually accelerated by 17.3 percent from 16.1 percent in the previous quarter; loan for business, in particular, expanded at a faster pace by 18.5 percent following an increase in demand of loan for working capital. Household loans slightly improved with a growth rate of 16.8 percent increased from 16.7 percent in the previous quarter. In detail, loan for dwelling remained sound as real estate market performance improved accompany with government stimulus measure that been carry out by Specialized Financial Institutions (SFIs). Meanwhile, loan for purchase or hire purchase cars and motorcycles slowed down, owing to an uncertainty over government first car tax cut policy. Furthermore, number of credit cards and outstanding credit increased as a result of the improvement in consumer confidence. Non-performing loan (NPLs¹) to outstanding loan declined continuously, owing to principle repayment and debt restructuring of financial institutions.

Deposit including bill of exchange (B/E) of Depository Corporations decelerated.

Private loan continually accelerated in both loan for business and loan for dwelling.

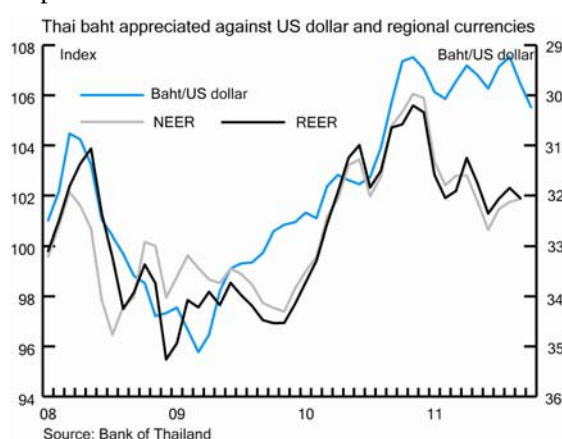


¹ NPLs in financial institutions (excluding BIF and credit fanciers).

Commercial bank's credit, excluding repurchase position (R/P), to deposits (including B/E) ratio continued to expand from 93.2 percent in the previous quarter to 94.0 percent. This was mainly due to a higher expansion rate of credit while deposit decelerated, excess liquidity in commercial banking system, therefore, and decreased from 1.49 trillion baht to 1.41 trillion baht at the end of the third quarter. Nevertheless, such liquidity remained at a high level and should be able to support the future loan expansion.

Thai baht appreciated against US dollar. An average exchange rate in the third quarter of 2011 was at 30.13 baht per US dollar, appreciated from the previous quarter and from the same period of last year by 0.5 and 4.6 percent respectively. Throughout July, Thai baht appreciated following an improvement in domestic political situation and global financial market outlook. Nevertheless, during August through September, Thai baht depreciated and hit the lowest point at 31.18 baht per US dollar. The reverse movement of Thai baht was due to an uncertainty in Euro rescue plan, which might also cause the US dollar appreciated. Thai baht slightly depreciated against other regional currencies including that of export-competing-countries. Nominal effective exchange rate (NEER) and real effective exchange rate (REER) decreased by 1.4 and 1.3 percent respectively, compared to the same period of last year.

In October 2011, an average exchange rate was at 30.89 baht per US dollar, depreciated by 1.5 percent, comparing with an average in the preceding month. Furthermore, an average exchange rate over the period of 1st – 18th of November was at 30.79 baht per US dollar.



Capital and financial account recorded a net outflow². In the third quarter of 2011, capital and financial account recorded a net outflow of 2.7 billion US dollar, increase from a net outflow of 0.9 billion US dollar in the previous quarter. The increased in net outflow was mainly contributed by an outflow of Thai direct investment, recorded at 3 million US dollar compared to an outflow of 0.9 billion US dollar in the previous quarter, and increase of trade credit extended to business counterparts by non-depository financial institution.

Capital and Financial Account

(billion of USD)	2009	2010						2011			
		Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.
Monetary authorities	1.48	2.71	0.59	0.03	0.77	1.39	1.32	1.70	-0.65	0.11	1.16
Government	0.59	3.56	1.00	0.38	1.89	3.27	0.29	1.17	0.56	1.49	3.22
Bank	8.34	10.32	2.36	4.13	1.37	7.86	2.46	1.52	0.01	-0.83	0.7
Others	-13.81	7.40	2.95	0.58	4.22	7.75	-0.36	-3.82	0.78	-3.45	-6.49
Non-Depository Financial Corporations	-25.57	1.39	0.77	0.34	0.77	1.88	-0.50	0.09	-1.56	n.a.	n.a.
Non-bank	12.56	6.01	2.18	0.24	3.45	5.87	0.14	-3.82	0.78	n.a.	n.a.
Capital and Financial A/C	-2.60	23.99	6.90	5.12	8.26	20.28	3.72	0.65	-0.85	-2.67	-2.87

Source: BOT

Credit to deposit ratio slightly picked up, thus excess liquidity declined.

Thai baht appreciated following an improvement in domestic political situation and global financial market outlook.

Capital and financial account recorded a net outflow due to increased in Thai Direct Investment and trade credit by non-depository financial institution.

² Capital and Financial account figure at the end of third quarter preliminary data from Bank of Thailand, which is subjected to changed.

Current account registered a surplus of 3,146 million US dollars (equivalent to 94,891 million baht), increased from a surplus of 1,396 million US dollars (equivalent to 42,925 million baht) in the previous quarter. This was attributed by surplus on trade balance at 7,676 million US dollars and income and transfer deficit of 4,530 million US dollars.

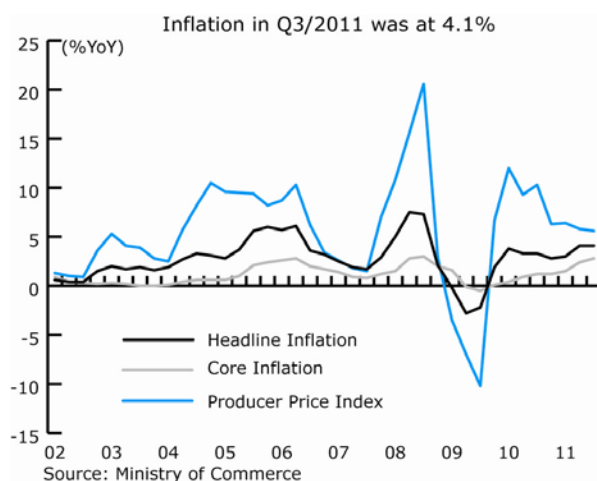
International reserve at the end of October 2011 stood at 182.01 billion US dollars (excluding net forward position of 28.89 billion US dollars), which was equal to 3.3 months of import value.

Headline inflation in the third quarter of 2011 remained stable at 4.1 percent after a continual expansion since the end of 2010, owing to a slowdown in price of fresh foods (particularly fruits and vegetables), as well as oil price. In the third quarter, food and beverage price index expanded by 8.2 percent, slightly slowed down from 8.3 percent in the previous quarter, mainly resulted from a slowdown in price of fresh foods, especially fruits and vegetables. Whereas, price of prepared food and meats still increased. Non-food and beverage price index increased by 1.7 percent after an expansion of 1.6 percent in the previous quarter, mainly due to a higher in housing and furnishing prices particularly electricity charge. This was a result from an adjustment of government measure on free electricity charge for household that consumes electricity less than 90 units per month. The new measure (effective since July 2011) will be beneficial only to household that uses meter less than 5 amperes. Fuel price index increased at a slower pace in accordance with domestic oil price which continually declined following a drop in world crude oil price. Moreover, the reduction of Oil Fund levy on octane-91 and octane-95 gasoline as well as diesel, which has been in effective since 27th August 2011, were also another supporting factor in fuel price index deceleration.

Current account registered a surplus.

International reserve at the end of October 2011 stood at 182.01 billion US dollars.

Headline Inflation in the third quarter of 2011 remained stable at 4.1 percent.



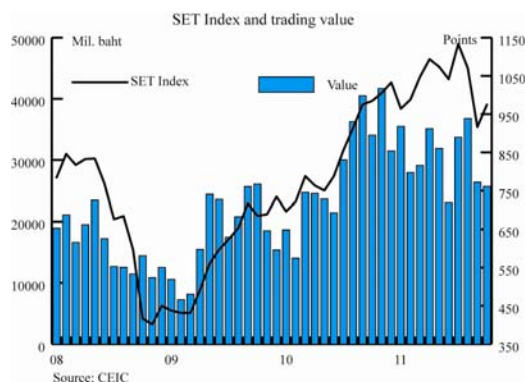
Core inflation (excluding fresh food and energy) in the third quarter was at 2.8 percent³, increased from 1.5 and 2.4 percent in the first and second quarter respectively. An upward trend of core inflation reflected that producer has pass through their heighten production cost to commodities' prices especially prepared food both consume in and outside home.

³ In October 2011, headline inflation was at 4.2 percent and core inflation was at 2.9 percent. Therefore, in the first ten months of 2011, headline inflation was at 3.8 percent and core inflation was at 2.3 percent.

Producer price index in the third quarter of 2011 was at 5.6 percent, continually decreased from 6.4 and 5.8 percent in the first and second quarter respectively. Key contributing factor was lower price of agricultural products, especially crops. Whereas, mining products (particularly petroleum and natural gas) and manufacturing products (particularly petroleum products, rubber and plastic products) persistently accelerated. Moreover, cost of raw material in both food and non-food that continued to decrease also one of the factor in declining of producer price index⁴.

SET index plummeted following a heavy sell-off by foreign and institution investors. During the beginning of July, SET index rose as domestic political stability improved. Nevertheless, SET index plunged below 1,000 points in August and September from rising concerned over global economic uncertainty, especially US economy and debt situation in Greece that could potentially spread to Italy and Spain. As a result, foreign and institution investors posted a net sell of 24.2 billion baht in the third quarter. At the end of quarter, set index fell by 12.0 percents from the previous quarter and closed at 916.2 points while the average trading volume increased from 29.4 billion baht in the last quarter to 32.3 billion baht.

In October, the SET index rose by 6.4 percents and closed at 974.7 points. Foreign investors posted a net buy of 1.5 billion baht, while daily average trading volumes declined from 32.3 billion baht to 25.7 billion baht. The strong upward adjustment was due to progression in EU debt resolution as well as the approval of corporate income tax reduction by the cabinet which expected to improve future earning of listed company. Toward the end of October, volatility of the Thai stock market increased following the concern over outcome of Greece referendum regarding the EU rescue plan. Recently, SET Index closed at 984.2 points on 18th November.



Bond trading volume and Foreign investors' net buy position slightly declined. Daily average outright trading in the third quarter registered at 69.8 billion baht, decreased from 77.7 billion baht in the second quarter of 2011. Moreover, foreign investors' recorded a net buy of 171.5 billion baht, compared with 197.1 billion baht in the previous quarter. The underperform market was caused by rising concerned over uncertainty on Greece's public debt rescue plan while US economic situation remains fragile. As a result, the government bond yield for short (maturity below 1 year) and long term (maturity above 20 year) maturity bonds shifted upward while the long term (maturity between 1 to 20 year) bond's yield dropped at the end of quarter.

In October 2011, daily average outright trading sharply declined to 59.2 billion baht from 69.8 billion baht in prior period. This was mainly due to the shortage of bonds supply. Foreign investor position has shifted to a net buy of 9.9 billion baht owing to a clearer

Foreign and institution investors posted a net sell of 24.2 billion baht in the third quarter.

Foreign investors remained a net buy position but slightly less than the previous quarter.

⁴ In October 2011, headline inflation was at 4.2 percent and core inflation was at 2.9 percent. Therefore, in the first ten months of 2011, headline inflation was at 3.8 percent and core inflation was at 2.3 percent.

direction of EU rescue plan and an increasing trend of a more relax monetary policy toward year's end. Thus, government bond yield of all maturity declined.

Stock and Bond Market

(Billion Baht)	2009	2010						2011				
	Year	Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.	Oct.
Stock Market												
SET Index	734.5	1,032.8	788.0	797.3	975.3	975.3	1,032.8	1,047.5	1,041.5	916.2	916.2	974.8
Daily average trading (Billion Baht)	17.8	28.7	19.3	23.1	35.8	26.1	35.9	30.8	29.4	32.3	30.8	25.7
Net Trading of Foreign Investors (Billion Baht)	38.2	81.7	42.5	-59.9	58.9	41.5	40.1	-0.6	-14.1	-4.9	-19.6	1.5
Net Trading of Institutions (Billion Baht)	-3.5	-30.4	-25.5	11.1	-28.0	-42.4	12.0	-0.5	-4.4	-19.3	-24.2	0.1
Bond Market												
Gross Price Index (Point)	103.5	104.9	104.6	108.0	108.9	108.9	104.9	104.2	103.3	103.6	103.6	105.9
Daily Average Outright Trading Value	59.9	68.6	61.4	64.8	70.9	65.7	77.0	80.8	77.7	69.8	76.1	59.2
Net Trading of Foreign Investors	23.1	322.4	25.8	21.6	148.5	195.9	126.5	292.7	197.1	171.5	661.3	9.9

Source: CEIC and ThaiBMA

Government Bond Yield

Year	3M	6M	1Y	3Y	5Y	10Y	15Y	20Y	30Y	40Y	50Y
2008	2.10	1.99	1.98	2.07	2.22	2.69	3.27	3.44	-	-	-
2009	1.14	1.28	1.52	2.80	3.59	4.34	4.71	4.77	4.85	-	-
2010	1.97	2.13	2.38	3.05	3.26	3.77	4.05	4.17	4.27	-	-
Q1/2011	2.50	2.70	2.83	3.25	3.41	3.75	4.10	4.17	4.36	4.64	4.91
Q2/2011	3.06	3.32	3.50	3.71	3.78	3.91	4.03	4.05	4.27	4.54	4.81
Q3/2011	3.50	3.55	3.57	3.56	3.60	3.75	3.97	4.12	4.29	4.54	-
Oct./2011	3.46	3.38	3.32	3.25	3.23	3.38	3.64	3.81	4.10	4.30	-

Source: ThaiBMA

Corporate fundraising decelerated as tightened monetary policy trend caused private sector to increased fundraising in prior period. Private fundraising totaled at 200.5 billion baht, decelerated from 339.5 and 246.4 billion baht in the previous quarter and the same period of last year respectively. Debt securities issuance accounted for 191.6 billion baht. The majority of debt securities issuance came from financial intermediation sector, mining sector and real estate sector. Moreover, fundraising through equity securities totaled at 8.9 billion baht, mainly in logistic and production sectors.

Corporate fundraising decelerated.

Insurance of Private securities in Primary Market

(billion baht)	2009	2010						2011			
	Year	Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.
Equity Securities	32.8	94.3	19.7	37.1	22.0	78.8	17.3	39.0	37.2	8.9	85.1
Debt Securities	985.9	965.7	201.2	275.3	224.4	700.9	268.9	404.4	302.3	191.6	898.3
Short-term	571.8	682.5	144.4	164.5	178.2	487.1	195.4	330.0	221.1	147.4	698.5
Long-term	414.1	287.3	56.9	110.7	46.2	213.8	73.6	74.4	81.2	44.2	199.8
Total	1,018.7	1,066.0	221.0	312.4	246.4	779.8	286.2	443.4	339.5	200.5	983.4

Source: BOT

Government debt security circulation increased from the previous quarter and the same period of last year. Treasury bill and government bond circulation dramatically rose by 138.7 and 62.4 billion baht from the prior period, amid to the delayed enacting of 2012 Budget Act.

Treasury bill and government bond circulation dramatically rose.

Government Debt Securities

(Billionbaht)	2009	2010						2011			
	Year	Year	Q1	Q2	Q3	9 M.	Q4	Q1	Q2	Q3	9 M.
T- Bills	192.3	64.5	21.5	37.0	50.0	108.5	-44.0	-58.7	-13.0	125.7	54.0
Gov.Bonds	239.5	270.3	95.4	34.5	60.0	189.9	80.4	10.3	23.4	85.8	119.5
SOE Bonds	45.2	-19.5	9.2	-5.8	4.2	7.6	-8.8	-10.2	1.3	-2.5	-11.4
BOT Bonds	4,602.6	6,642.8	1,112.3	1,380.3	1,979.7	4,472.3	2,170.5	1,987.7	2,462.1	2,293.6	6,743.4
Total	5,036.3	6,882.1	1,220.0	1,446.0	2,068.9	4,734.9	2,142.2	1,929.0	2,473.8	2,502.3	6,905.1

Source: BOT

2. Crude Oil Price and Crude Oil Price Trend in 2011 - 2012

Crude Oil Price in Q3/2011

World crude oil price continued to increase as a result of speculation in future markets and political unrest in North Africa. In the third quarter of 2011, an average world crude oil price (Dubai, Brent, Oman, and WTI) stood at 104.05 US dollars per barrel, increased by 38.7 percent from 75.03 US dollars per barrel in the same period of last year.

Crude Oil Price						
US dollar/ barrel		Oman	Dubai	Brent	WTI	Average
2008	Year	94.37	93.65	97.93	99.69	96.41
2009	Q1	44.60	44.27	45.43	43.07	44.34
	Q2	59.01	58.95	59.67	59.64	59.32
	Q3	68.19	67.88	68.85	68.36	68.32
	Q4	75.42	75.29	75.58	76.22	75.63
	Year	61.80	61.60	62.38	61.82	61.90
2010	Q1	76.08	75.69	77.28	78.72	76.95
	Q2	78.15	77.90	79.44	78.07	78.39
	Q3	73.84	73.83	76.74	75.70	75.03
	Q4	84.40	84.22	87.23	85.13	85.24
	Year	78.12	77.91	80.17	79.41	78.90
2011	Q1	100.55	100.17	105.22	94.15	100.02
	Q2	111.10	110.73	117.19	102.67	110.42
	Q3	107.33	106.92	112.17	89.76	104.05
	Jul.	110.22	109.78	116.70	97.30	108.50
	Aug.	105.28	104.82	109.90	86.34	101.59
	Sep.	106.50	106.17	109.91	85.65	102.06
	Oct.	104.61	103.82	108.68	86.09	100.80
	10 M.	106.15	105.73	111.24	94.59	104.43
	1-17 Nov.	109.83	109.29	111.95	96.56	106.91
	17 Nov.	111.10	110.81	108.22	98.82	107.24

Source: Thaitoil (PLC)

Crude Oil Price Trend in 2011 - 2012

In the third quarter of 2011 and the first ten months of 2011, an average Dubai crude oil price were 106.92 and 105.73 US dollars per barrel respectively. On 17th November 2011, Dubai crude oil price stood at 110.81 US dollars per barrel, higher than the average price of 77.91 US dollars per barrel in 2010. NESDB forecasted that an average Dubai crude oil price in 2011 and 2012 will be in the range of 105 and 105-110 US dollars per barrel respectively.

Most of the institutions expected that an average WTI crude oil price in 2012 will be higher than 2011 except Energy Information Administration (EIA) of USA which projected the price to be lower than 2011. EIA forecasted that WTI oil price for 2012 will be at 91.13 US dollars per barrel, lower than the expected 2011 average price of 93.80 US dollars per barrel. Whereas Business Monitor International (BMI) of UK projected that the price will stand at 93.50 US dollars per barrel, slightly increased from the expected 2011 average price of 92.50 US dollars per barrel. Meanwhile, JP Morgan and Goldman Sachs forecasted that in 2012 the price will be 114.0 and 109.0 US dollars per barrel respectively. Likewise, NESDB projected that WTI oil price in 2012 will be at 100 US dollars per barrel.

Key factors contributing to the rise of oil price in 2012 include (i) global economic recovery; (ii) higher demand on consumption, especially from China. EIA anticipated that world oil consumption will increase from 87.06 million barrels per day in 2010 to 88.23 and 89.62 million barrels per day in 2011 and 2012 respectively. (iii) decreasing oil production in petroleum exporting countries; and (iv) political unrest in North Africa.

WTI Oil Price Forecast for 2011 and 2012

Institution	WTI Projection of 2011	WTI Projection of 2012
BMI (October 2011)	92.50 US\$/Barrel	93.50 US\$/Barrel
EIA (November 2011)	93.80 US\$/Barrel	91.13 US\$/Barrel
Goldman Sachs (October 2011)	105 US\$/Barrel	109 US\$/Barrel
JP Morgan (July 2011)	98 US\$/Barrel	114 US\$/Barrel

Source: Collected by NESDB

World crude oil price increased due to speculation in future markets and political unrest in North Africa.

An average Dubai crude oil price in 2011 and 2012 is expected to be in the range of 105 and 105-110 US dollars per barrel respectively.

3. Global Economic Performance in Q3/2011

The increase in US economic growth in this quarter was contributed from accelerated domestic demand. However, the growing concern over the US economic outlook, the debt ceiling that has been raised since the end of July to August, as well as the downgrade of the US long-term credit rating by S&P reflected in the declined growth in industrial production. Eurozone economy expanded at decelerating pace due to financial instability and sovereign debt in PIIGS which could intensify the weakness of overall euro area. Japanese Economy has recovered due to higher private consumption and higher exports. Chinese Economy declined in this quarter due to lower external demand and tight monetary policy.

- ❑ **US Economy** expanded by the same amount as the last quarter at 1.6 percent on a year-on-year basis. On a seasonally adjusted quarter-on-quarter basis, the economy grew by 2.5 percent (%QoQ, sa annualized), up from a 1.3 percent growth in the previous quarter.

The increase in economic growth was contributed from accelerated domestic demand especially for durable goods, namely, houses. Expenditure on healthcare and equipment and software particularly those concerning construction and agricultural machinery as well as industrial equipment and transportation equipment also increased. However, the PMI decreased to 51.0 in the third quarter, down from 56.4 in the previous quarter. It also continued to decline to 50.8 in October which reflected the slowdown in the manufacturing sector due to the growing concern over the US economic outlook, the debt ceiling that has been raised since the end of July to August, as well as the downgrade of the US long-term credit rating by S&P.

In the first 9 months of this year, trade deficit reached 418.6 billion US dollars, higher than the trade deficit of 381.3 billion US dollars in the same period of last year. Employment remained unchanged at 9.1 in the third quarter, while the number of unemployed persons stood at 14.0 million, down from 14.1 million in the preceding quarter. Unemployment rate in October decline to 9.0 percent, and the number of unemployed persons decreased to 13.9 million. Non-farm employment in the third quarter was 158.0 million persons, increased from 131.0 million persons at the end of the second quarter. This non-farm employment resulted mainly from manufacturing and other non-agricultural sector. Non-farm employment increased significantly by 80,000 persons in October, particularly due to the increase in employment in the private sector. Government employment, on the other hand, continued to drop.

- ❑ **Eurozone Economy** expanded by 1.4 percent, decelerated from 1.6 percent on a year-on-year basis. While most major countries, in particular Germany, Austria and the Netherlands, expanded at decelerating pace of 2.6 2.8 and 1.1 percent respectively, Spain and France maintained their growth pace at 0.8 and 1.6 percent respectively. However, on a quarter-on-quarter basis, the Eurozone increased by 0.2 percent, of which were the increase of Germany and France at 0.5 and 0.4 percent respectively. Unemployment rose to 10.1 percent from 10.0 percent in the previous quarter. Spain remained its highest rate of unemployment in the group at 22.6 percent (September), while Austria retained its lowest rates at 3.9 percent. Inflation continued to rise above 2 percent target at 2.7 percent for two consecutive quarters with rising trends for coming quarter. However, the ECB decided to reduce the policy rate for the first time since July by 25 basis points to 1.25 percent (9 November). However, the considerably cross-country variation with high gap of multiple rates of inflation could limit the impacts of such interest rate measures. And there was a risk that sovereign debt and banking stresses could intensify, perhaps significantly, to the detriment of overall economic activity and the financial stability across the euro area.

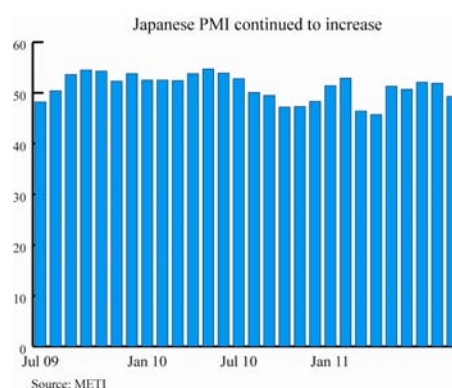
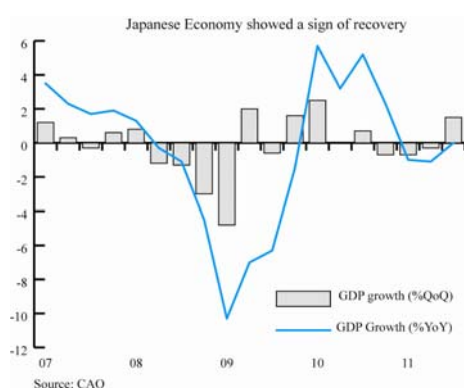
US economy expanded at a satisfactory rate, due to an accelerated domestic demand. However, the concern over the sluggish US economic performance induced the deceleration in industrial production in the third quarter.

Eurozone economy expanded at decelerating pace on year-on-year basis and steady pace on quarter-on-quarter basis. The slight increase in unemployment and a stable inflation made the ECB down the policy rate by 25 bps to 1.25 percent. Meanwhile, financial instability and sovereign debt in PIIGS could intensify the weakness of overall euro area.

- Japanese Economy** recovered from continual contraction resulting from the March earthquake. On the seasonally adjusted quarter-on-quarter basis, the economy expanded by 1.5 percent (% QoQ, s.a.), after a contraction of 0.3 percent in the previous quarter. This was the first expansion in four quarters. The rebound was due to the rise in private consumption, private residential investment and government consumption, which increased by 0.1, 7.5 and 2.4 percent (%YoY) respectively. This quarter's growth was also driven by the increased output due to the restoration of supply chains disrupted by the earthquake and tsunami. This can be seen from the rise in manufacturing PMI to 51.1 in this quarter, up from 49.2 in the preceding quarter. In addition, the Tankan survey which revealed the index of sentiment of large manufacturers, increased from -9 in the previous quarter to 2. In this quarter, exports of goods and services also rose by 1.1 percent, up from a contraction of 5.3 percent in the second quarter.

However, the expansion tends to last over a short period of time since Japan still struggles to fight strong yen, which negatively affects the country's export. Furthermore, the full recovery is largely depended on the European debt crisis and the US sluggish economy. The flooding situation in Thailand may also affect its supply chains as well as the production and product logistics to other countries in Asia.

Japanese Economy recovered from continual contraction resulting from the March earthquake. The recovery was due to higher private consumption, private residential investment and government consumption, as well as higher exports compared to the previous quarter.



- Chinese Economy** expanded by 9.1 percent on a year-on-year basis, the lowest expansion in 2 years, down from a 9.5 percent growth in the preceding quarter. On a seasonally adjusted quarter-on-quarter basis, the economy grew by 2.3 percent. The economic slowdown reflected the effect of tight monetary policy that has been implemented by the Chinese government to curb inflation, as well as the effect of lower global demand especially from Europe. The economic slowdown was also consistent with the PMI in this quarter which decreased to 50.9 from 51.9 in the second quarter. Inflation, on the other hand, continued to exceed its official target of 4.0 percent. The inflation rate reached the highest rate in three years, hitting 6.5 percent in July. Nevertheless, the inflation rate began to decline to 6.2 and 6.1 percent in August and September respectively. The decline was partly a result of the continual implementation of tight monetary policy. As can be seen on July 7, the Central Bank raised the one-year lending rate by 0.25 percent, to 6.56 and the one-year deposit rate by the same amount, to 3.50 percent, the third interest hike this year. In addition, the bank's reserve requirement ratios (RRRs) for large financial institutions remained at a record high of 21.5 percent. The Chinese economy is expected to continue to slow down as a result of tight monetary policy, weaker external demand and export, as well as cooling property market.
- Indian Economy** had a tendency of slowing down from the expansion of 7.7 percent in the previous quarter. The sign of slowdown reflected in the PMI⁵ which fell to 52.2 in this quarter, down from 57.0 previously. This decline was due to lower new orders index and export orders. Industrial production also dropped to 1.9 percent (%YoY) in September, down from 4.1 percent in August. India continued to face inflationary pressure, as can be seen that the inflation rate

Chinese Economy continued to grow at a decelerated rate due to lower external demand and tight monetary policy that was implemented to curb high inflation.

India Economy showed a sign of slowdown and still faced persistent inflationary problem

⁵ India's PMI is calculated by the HSBC Bank (HSBC PMI)

(Wholesale Price Index- WPI) hit 9.78 percent in August, the highest rate in 13 months. The rising inflation was mainly due to high oil and energy prices. The Reserve Bank of India has continued to control inflation through implementing tight monetary policy. On September 16, the Bank raised the repo rate again by 0.25 percent to 8.25 percent, the 12th interest rate hike since March 2010. High interest rates, in turn, resulted in lower investment in India.

❑ **Newly Industrialized Economies (NIEs - Singapore, Taiwan, South Korea and Hong Kong)**

Singapore expanded with an accelerated rate of 5.9 percent on a year-on-year basis, up from a 1.0 percent growth in the preceding quarter. The expansion in Singapore reflected the recovery of the manufacturing sector which was largely due to an upturn in the biomedical manufacturing cluster.⁶ On a year-on-year basis, the manufacturing sector expanded by 13.2 percent in the third quarter, after a contraction of 5.8 percent in the previous quarter. The inflationary pressure in Singapore was a result of higher costs of accommodation, food and private road transport. The inflation rate reached 5.7 percent, hitting the highest level in three years.

South Korea grew by the same rate as the previous quarter at 3.4 percent. South Korea also experienced high inflation. The inflation rate reached 5.3 percent September, higher than its inflation target of 2-4 percent for eight consecutive months, hitting the highest level in three years.

Taiwan and Hong Kong grew by 3.4 and 4.3 percent, down from 5.0 and 5.3 percent growth in the preceding quarter respectively. The slowdown in Taiwan and Hong Kong resulted mainly from a decline in exports of goods and services due to weaker external demand, as well as a deceleration in manufacturing sector. The inflation problem has still been persistent mainly due to rising property and food prices. Hong Kong's consumer price inflation reached 6.1 percent in the third quarter, up from 5.2 percent in the preceding quarter, while inflation rate in Taiwan accelerated slightly after the country was hit by the Nanmadol typhoon in July, which affected its agricultural sector. Thus the inflation rate in Taiwan rose to 1.37 percent in September.

❑ **Australian Economy** grew by 1.4 percent in the second quarter, compared with only 1.0 percent in the first quarter, mainly due to the growing private investment and iron ore exports. However, negative signs found in housing market and coal production, as well as low level of business confidence, indicated acceleration of Australian economy. While, unemployment slightly rose to 5.0 percent from 4.9 percent in the previous quarter, a decline in housing construction costs, an easing cost of labor in non-mining sectors, and a seasonal decline in pharmaceutical prices brought inflation (CPI) down to 3.5 percent from 3.6 percent. As a result, the Reserve bank of Australia decided to reduce the policy rate for the first time in 12 months by 25 basis points to 4.5 percent (2 November). The foreign exchange markets had remained volatile and being traded in a wide range against the US dollar (approx. 14 percent)

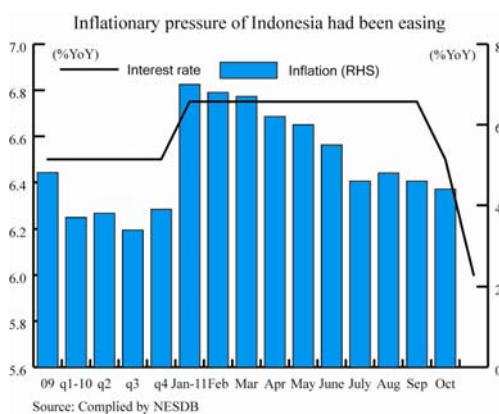
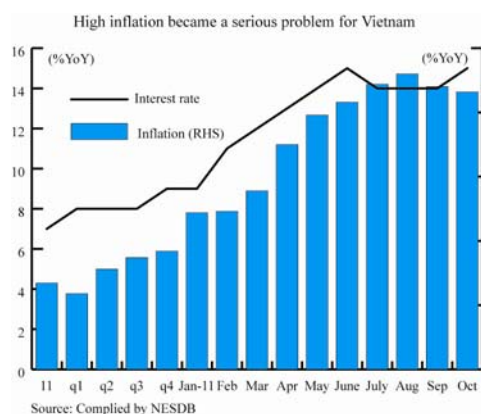
❑ **ASEAN-4 economy** (Indonesia, Malaysia, Philippines and Vietnam): Most countries continued to expand at good paces. Vietnam expanded by 6.1 percent, accelerating from 5.7 percent in the previous quarter and expected to grow above 6 percent target in 2011. Inflation remained a serious problem for Vietnam as the rate continued to make a record high of 22.4 percent, an upward movement from 19.4 percent in the previous quarters and subsequently pushed pressure to the hike of refinancing rate to 15 percent in October. Malaysia expanded by 5.8 percent, a huge improvement from 4.3 percent in the previous quarter. Philippines, as a similar figure, expected to grow above 4 percent, compared with 3.4 percent in the previous quarter. Indonesia, on the other hand, retained its growth at 6.5 percent for three consecutive quarters with more relaxed on inflation pressure, following by two cuts on policy rates in October and November to 6.5 and 6.0 percent respectively.

The slowdown in NIEs was mainly a result of a decline in manufacturing sector and lower exports due to weaker external demand.

The overall economy accelerated expanded with negative signs found in coal production, housing market. Meanwhile, an easing inflation and a slight increase in unemployment caused the reserve bank decided to reduce the policy rate for the first time in a year.

Most countries expanded at good paces. Inflation was a serious problem for Vietnam and Philippines, while it became relaxed for Indonesia.

⁶ There was a temporary output decline in the previous quarter due to the switching production of patented drug to generic ones



ASEAN-4's Headline inflation rates

	2008	2009	2010	2011		
				Q1	Q2	Q3
Malaysia	5.4	0.6	1.3	2.8	3.3	3.4
Indonesia	9.8	4.8	3.7	6.8	5.9	4.7
Philippines	9.3	3.3	4.3	4.5	5.0	4.9
Vietnam	23.1	6.7	7.9	12.8	19.4	22.4

Source: Compiled by NESDB

GDP Growth of Major Economies

Country (%YoY)	2008	2009	2010					2011			
	Year	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Year
World	2.3	-0.6	5.0	4.9	4.8	4.6	5.1	4.2	4.4	n.a.	3.6-4.0
USA	0.0	-2.6	3.0	2.2	3.3	3.5	3.1	2.2	1.6	1.6	1.6
Eurozone	0.4	-4.0	1.7	0.8	2.0	1.9	2.0	2.5	0.2	1.4	1.5
UK	-0.1	-5.0	1.4	-0.3	1.6	2.7	1.7	1.8	na	0.5	1.1
Japan	-1.2	-6.3	4.0	5.7	3.1	5.0	2.1	-1.0	-1.1	0.0	-0.3
China	9.0	9.2	10.3	11.9	10.3	9.6	9.8	9.7	9.5	9.1	9.2
India	6.7	6.7	8.6	8.6	8.9	8.9	8.2	7.8	7.7	n.a.	7.8
South Korea	2.3	0.3	6.2	8.5	7.5	4.4	4.7	4.2	3.4	3.4	3.7
Taiwan	0.7	-1.9	10.8	13.6	12.9	10.7	7.1	6.6	5.0	3.4	5.3
Hong Kong	2.3	-2.7	7.0	8.0	6.7	6.9	6.4	7.5	5.3	4.3	5.3
Singapore	1.5	-0.8	14.5	16.4	19.4	10.5	12.0	9.3	0.9	5.9	5.1
Malaysia	4.7	-1.7	7.2	10.1	8.9	5.3	4.8	4.9	4.3	5.8	4.5
Philippine	3.7	1.1	7.6	8.4	8.9	7.3	6.1	4.9	3.4	n.a.	4.0
Vietnam	6.2	5.3	6.8	5.8	6.4	7.2	7.3	5.4	5.6	6.1	5.6
Indonesia	6.0	4.5	6.1	5.6	6.1	5.8	6.9	6.5	6.5	6.5	6.4

Source: Collected and forecast by NESDB

4. Thai Economic Outlook for 2011

The huge deluge in the past several decades dramatically affects the economic condition and causes the economic growth in 2011 to be lower than expected, although Thai economy grew by 3.1 percent in the first 3 quarters. Moreover, the widespread damage and the suspension of economic activities lead to the economic contraction in the last quarter of this year, especially the scattering damaged agricultural areas and productions, the suspension of key industrial productions particularly in 7 industrial estates (out of 15 industrial estates), and the fall of exports in the last quarter. For the tourism sector, foreign tourist's confidence has reduced and contributes to the lower than expected number of tourists. Besides, the transportation difficulty will also lead to the deceleration of economic activities. The total negative effect on GDP is estimated to be approximately 2.3 percent.

❑ Outlook for 2011

NESDB revises Thailand's economic growth downward to 1.5 percent, compared to the previous expectation of 3.5-4.0 percent. Inflation rate is estimated to be 3.8 percent while the current account is likely to register a surplus of 2.2 percent of GDP in 2011.

❑ Projected Growth Components in 2011

- (1) **Total consumption expenditure is forecasted to expand by 2.3 percent, a downward revision from the previous projection at 3.3 percent.** The government expenditure is likely to grow by 1.2 percent, reduced from the prior estimation of 3.0 percent. Meanwhile, household consumption expenditure is revised down to 2.5 percent from 3.3 percent growth, partially attributed by the lower income base due to the flood due to the following factors: (i) the derogation of a large number of agricultural products; (ii) the long production suspension of many factories, and (iii) the reduction of number of tourists. Furthermore, the consumption is under the potential of higher inflationary pressure.
- (2) **Total investment is expected to rise by 4.7 percent, the downward revision from the earlier forecast at 6.2 percent** as a result of the severe contraction of government investment which is revised down to a declined of 7.9 percent from 1.5 percent reduction in the prior projection such contraction was due to 7.8 percent reduction of government investment in the first 3 quarters and the delay of government disbursement in 2012. Nonetheless, private investment is likely to expand by 8.8 percent, a slightly upward revision from the previous forecast at 8.7 percent in consequence of the higher expansion than the expected rate of 10.1 percent.
- (3) **Export value in terms of US dollar** in 2011 is estimated to expand by 17.2 percent, an upward revision from the earlier anticipation at 16.5 percent, attributed by the higher export volume which is expected to increase by 10.7 percent from 9.7 percent due to the sharp expansion at 14.7 percent in the first 3 quarters. Meanwhile, export price is forecasted to grow by 6.5 percent, a downward revision from the prior estimation at 6.8 percent. Besides, export volume of goods and services is forecasted to increase by 10.9 percent, an upward revision from the previous estimation of 9.8 percent due to the strong expansion at 15.2 percent in the first 3 quarters.

Thai economy in 2011 is projected to grow 1.5 percent with 3.8 percent of inflation and current account will record a surplus of 2.2 percent to GDP.

- (4) **Import value in terms of US dollar** in 2011 is forecasted to increase by 27.2 percent due to the changing concept of balance of payments calculation method.⁷ Both export volume and price are revised upward. Export volume is likely to improve by 16.7 percent, higher than the earlier projection at 12.5 percent, owing to high expansion of 21.0 percent in the first 3 quarters and the satisfactory expansion trend of imports. Meanwhile, import price is anticipated to grow by 10.5 percent, an upward revision from 8.8 percent as a result of the continual rise of oil price. The import volume of goods and services is estimated to expand by 13.7 percent, an upward revision from the earlier projection of 11.3 percent.
- (5) **Trade balance is expected to register a surplus of 21.7 billion US dollars, an upward revision from a surplus of 8.0 billion US dollars in the previous expectation**, owing to the adjustment of balance of payments calculation method and the 23.0 billion US dollars trade balance surplus in the first 9 months. Moreover, the current account is forecasted to register a surplus of 7.7 billion US dollars or 2.2 percent of GDP, a downward revision from the previous projection at 8.8 billion US dollars since trade balance and service balance are likely to contract in the fourth quarter due to the impact of the deluge.
- (6) **Economic stability in 2011**, the average headline inflation is expected to be 3.8 percent which is in the same range of the previous projection at 3.6-4.0. The employment condition is likely to recover dramatically from impacts of the deluge. This will contribute to the low anticipated unemployment rate at 0.7 percent, reflecting the tight labor market.

⁷ Bank of Thailand has adjusted the balance of payments calculation method based on the 6th IMF balance of payment and international investment position manual (for more information, see <http://www.bot.or.th/Thai/Statistics/EconomicAndFinancial/ExternalSector/Pages/Newtable.aspx>), affecting the decrease of import value which is used as the base of the previous projection.

5. Thai Economic Outlook for 2012

Thai economy in the first half of the year 2012 is expected to continually recover, even though it would experience a low expansion in the first quarter, due to the enduring effect of devastating flood. The tourism and industrial sectors, in particular, are expected to improve at an acceptable rate, but not yet fully recover. Thus, the export sector would also continue to grow at a lower-than-usual pace. In contrast, the import sector would expand at a high pace because of an increasing demand for imported machineries, as to replace the damaged machined caused by floodwater during the late 2011. As a result, the net exports will register a deficit. There will also be an upside inflationary pressure due to escalating agricultural prices. This is due to an insufficient supply of agricultural products after the deluge. There will also be a delay in government's budget disbursement in the fiscal year 2012. Besides, the private consumption will expand considerably due to increasing demand for durable goods and reconstruction spending. **The economic expansion in the second quarter will be higher than that in the first quarter.** It is expected that the consumer and business confidence will continually improve and, at the same time, the employment conditions and industrial production will finally recover. Thus, the production will be accelerated in order to compensate the depleted inventories during the production disruption caused by the flood. In this quarter, the export sector will also eventually improve and the government's budget for major investment projects will be progressively disbursed.

The economy during the second half of 2012 is expected to expand strongly. It is estimated that the expansion in the agricultural, manufacturing and tourism sectors will be high. The domestic demand is also expected to pick up. These is because a continuing improvement in investment, together with an increase in private consumption, especially that of durable goods, owing to (i) an increase in farm income induced by higher major crop production and prices, and (ii) an acceleration in automobile purchase in the fourth quarter before the tax refunds for first car buyers scheme ends. Besides, the overall economic stability will be in good conditions as inflationary pressure and unemployment rate are expected to remain low. Trade balance and current account are also anticipated to register surpluses.

❑ Supporting factors for Thai economic expansion

- (1) **Business rehabilitation measures** include credit support, corporation tax reduction, confidence restoration, and other government measures. This will result in an increase in domestic demand, especially in private investment and consumption. Construction sector will be driven by the post-flood reconstruction both in individual's habitation and public infrastructure. The investment will also be made in order to replace the damaged capital equipment.
- (2) **Asian economy will expand at a satisfactory pace.** The IMF estimates that the Asian economy will expand by 6.6 percent in 2012, higher than the expected 2011 economic growth of 6.2 percent. This is because the economic expansion in 2012 of Japan, South Korea, Vietnam, Taiwan, Philippine, and Thailand are estimated to be well above those in 2011. Additionally, strong expansion in the Chinese, Indian, and Indonesian economies will cushion the negative effect from sluggish economic growth among European countries. Under such situations, Thai exports will continuously expand.
- (3) **Household income is expected to increase adequately.** This is because of the following government measures: (i) 300 baht per day minimum wage, (ii) 15,000 baht public servant's starting salary for undergraduates, and (iii) agricultural product pledging scheme which will be effective after the impacts from the flood have been alleviated. Furthermore, there will be only short-run effect from the deluge on the employment situation. Thus, the consumer confidence will be sharply restored and, once combined with cost-of-living reduction and consumption-stimulus measures, such as (i) deferring the levy collected on gasoline and diesel

by the state Oil Fund, and (ii) refunding tax for first car buyers (not more than 100,000 baht per person), it is expected that the private consumption will firmly expand.

❑ Risk factors and limitations

- (1) **The sluggishness of the economy during the first phase of post-flood reconstruction will be a constraint to the 2012 economic performance in the first quarter.** It is estimated that some of the economic sectors may not be able to fully operate and, thus, exports would be lower than the normal trend. When the tendency of an increasing demand for imported machinery and equipment is taken into account, it is expected that the trade balance will register a deficit.
- (2) **The world economic recovery is still fragile.** It is anticipated that the EU economic situation will not be able to improve in the near future. The EU economy will expand at a low pace with a high level of sovereign debt. While the measures meant to solve the problem could only be implemented slowly. This will continually raise concerns about the public debt crisis and will eventually spread to other major European economies such as Italy, causing the financial and capital markets to be more volatile.
- (3) **There is still possibility that the financial and capital markets and exchange rate will be more volatile,** due to the ongoing uncertainties in world economic situation.
- (4) **The oil price is expected to remain at a high level,** due to the oil supply disruption and speculations.
- (5) **Government revenues during the fiscal year 2012** will be limited because the economic condition will not fully recover in the first half of the fiscal year 2012. The government revenue is also affected by a reduction in corporate income tax rate, a delay in oil tax collection, and other tax exemption under flood relief measures.

❑ Key Assumptions for 2012 Projection

- (1) **There is no devastating flood or if it occurs, an efficient national water management infrastructure has been invested and organized,** especially in important areas such as the industrial estates.

Key Assumptions for 2012 Projection

	2011	2012
World Economic Expansion (%)	3.6-4.0	3.6-4.0
US	1.6	2.2
EU	1.5	1.0
Japan	-0.3	2.0
China	9.2	9.0
World Trade Volume Expansion (%)	6.7-7.7	6.7-7.7
Exchange Rate	30.3	30.0-31.0
Oil Price (US Dollar per Barrel)	105	105-110
Export Price (%)	6.5	7.0
Import Price (%)	10.5	8.0
Tourists (million persons)	18.8	20.0

Source: NESDB

- (2) **The global economy and world trade volume in 2012 are expected to grow at the similar pace as that of 2011 at 3.6 – 4.0 and 6.7 – 7.7 percent respectively.** This expansion will be led by an advance in Asian economy which is estimated to grow by 6.6 percent in 2012, a higher growth compared to the expected 2011 growth of 6.2 percent. Furthermore, the US and Japanese economies would grow at a satisfactory pace. The EU economy remains fragile owing to a very high sovereign debt and is expected to grow at a decelerated rate. In addition, there is a growing concern about further deterioration in EU countries' economies. Besides, the world inflation rate is expected to be lower in 2012.

Key assumptions for the 2012 projection

- (1) *There is no devastating flood.*
- (2) *Global economy and trade volume expand at 3.6-4.0 and 6.7-7.7 percent respectively*
- (3) *Average Dubai crude oil price is 105-110 US dollars per barrel*
- (4) *Average export and import prices (in US dollar terms) increase by 7.0 and 8.0 percent respectively*
- (5) *Exchange rate is anticipated to be 30.0–31.0 baht per US dollar*
- (6) *Number of tourists is approximately 20.0 million persons*

US Economy is projected to grow by 2.2 percent in 2012, higher than the expected 2011 economic growth of 1.6 percent. The international trade is forecasted to increase at a satisfactory rate owing to a slowdown in imports and a raise in exports which is partially led by a recovery in Japanese economy, one of the US major trading partners. This would further relief the US current account deficit. Even though the domestic demand expansion is projected to be decelerated, due to a tendency of continually public spending cut. It is anticipated that the US government would attempt to reduce its fiscal deficit to 4.5 – 5.5 percent to GDP in 2012, from the estimated figure of 6.0 – 7.0 percent to GDP in 2011. This is to relief the tension of high public debt which is estimated to be as high as 100.0 percent to GDP in 2011. The private consumption will remain weak due to a high unemployment rate which is expected to be 8.5 – 9.0 percent in 2012. The real estate sector also shows no sign of recovery, while the inflation rate is expected to decline from 2.2 percent in 2011 to 1.0 – 1.5 percent in 2012.

EU Economy is expected to expand by 1.0 percent in 2012, decelerated from the expected 2011 growth rate of 1.5 percent, due to: (i) a reduction in both public spending and external demand, (ii) a high unemployment rate which consequently dampens private consumptions, (iii) a higher risk from financial instability due to a probability of default on Greek debt, and (iv) an increasing concern about Italy's sovereign debt. The inflation rate in the region would decline while the monetary policy could be somewhat loosen. The European Central Bank (ECB) is expected to further cut the policy rate after the previous reduction of 0.25 percentage point to 1.25 percent on 4th November 2011.

Japanese Economy is projected to increase by 2.0 percent during 2012, higher than the expected 2011 economic contraction of 0.3 percent. This expansion will be supported by recovery in production sector and in overall spending as well as high expansion of export volume. The domestic demand will expand at a satisfactory rate. Furthermore, the private consumption is projected to finally expand after a reduction in 2011. The private investment also persistently escalates owing to an increase in investment in construction sector. Despite a high sovereign debt of 230.0 percent to GDP, the government expenditure continues to expand. It is expected that the budget deficit will be around 9.0 – 10.0 percent to GDP. The international trade will also expand at a satisfactory rate. This is because of a recovery in exports, which is positively affected by an improvement in production sector. The inflation rate is expected to decline with a contraction of 0.5-1.0 percent and the yen would be depreciated after a strong appreciation in 2011.

Chinese Economy is expected to strongly and firmly expand by 9.0 percent in 2012, decelerated from the expected 2011 growth rate of 9.2 percent. Moreover, it is anticipated that the price level will be more stable due to a reduction in inflation rate from the expected rate of 5.5 – 6.0 percent in 2011 to 3.0 – 4.0 percent in 2012. The domestic demand continues to expand robustly owing to a high growth of both private consumption and investment. However, the external demand is expected to slow down due to a sluggish world economic recovery. Besides, China will continue its tightening monetary policy with both lending limits measure and policy rate hike. Finally, the Chinese Yuan would continue to appreciate.

- (3) Average Dubai crude oil price in 2012 is expected to be 105-110 US dollars per barrel, higher than the expected 2011 price of 105 US dollars per barrel.** A higher oil price is due to the following factors: (i) a continued increase in oil demand. The OPEC estimates that world oil consumption in 2012 would increase to 89.0 million barrels per day from 87.8 million barrels per day in 2011. The Chinese demand for oil is expected to increase to more than 0.5 million barrels per day, (ii) the speculation during a high excess liquidity in financial market, and (iii) the political tension which would affect the oil production base. Even though the tension in the North Africa and Middle East regions have been declined there still have some uncertainties in the other oil production bases such as natural disaster.

(4) **Export price in terms of US dollar is expected to increase by 7.0 percent, compared to the expected 2011 export price expansion of 6.5 percent.** This is mainly due to: (i) a higher export price of agricultural products, owing to natural disaster, which is estimated to be higher in the first quarter, and the agricultural product pledging scheme (ii) a higher domestic wages and salaries. **Import price in terms of US dollar is estimated to increase by 8.0 percent, decelerated from the expected 2011 import price expansion of 10.5 percent.** This is because projected growth of 2012 oil price is lower than that of 2011.

(5) **Exchange rate is expected to be in the range of 30.0 – 31.0 baht per US dollar,** slightly depreciated from the expected 2011 exchange rate of 30.3 baht per US dollar. This is because a tendency of dollar appreciation which is induced by an improvement in US economy and a decrease in confidence of holding Euro currency due to an anxiety to high sovereign debt.

(6) **Number of inbound tourists in 2012 is expected to reach 20.0 million persons,** higher than the expected 2011 tourists of 18.8 million persons.

□ **Thai Economic Outlook in 2012: Thai economy is expected to expand by 4.5 - 5.5 percent with an inflation rate of 3.5-4.0 percent and a surplus of current account at 1.2 percent of GDP.**

□ **Supporting Factors for Thai Economic Expansion in 2012**

(1) **Total consumption expenditure is anticipated to grow by 4.0 percent, increased from the expected rate of 2.3 percent in 2011. Household consumption tends to expand strongly at 4.4 percent,** an increase from the expectation of 2.5 percent in 2011. Key factors contributing to the rise of household consumption include: (i) an increase of the government official's salary and the minimum wage rate and (ii) the propensity of higher demand for durable goods to substitute the damaged assets from flood. **Government expenditure is forecasted to rise by 2.0 percent, an improvement from 1.2 percent growth in 2011.**

(2) **Total investment is likely to improve by 10.3 percent, rising from the projected growth of 4.7 percent in 2011.** This is an increase of both government and private investments. Private investment is likely to grow continually at 11.0 percent; improving from 8.8 percent expected growth in 2011 as a result of (i) the expansion of investment in instruments and machineries which parts of them will be the substitution expansion of the instruments and machinery damaged by the deluge and (ii) the satisfactory development of exports. **Meanwhile, the government investment is forecasted to grow by 8.0 percent,** improving from the expected contraction of 7.9 in 2011. The expansion of government investment is contributed by government's key projects especially infrastructures to restore from deluge.

(3) **Export value in terms of US dollar in 2012 is estimated to expand by 19.0 percent,** improving from the 17.2 percent growth projected in 2011, an increase of both volume and price. The export price is expected to grow by 7.0 percent, higher than the anticipation of 2011 at 6.5 percent. The export volume is likely to grow by 12.0 percent, an increase from the projected rate of 10.7 percent growth in 2011. Key factors contributing to the rise of exports include: (i) the recovery of industrial sector from the harsh impacts in 2011 due to the lack of major imported parts from Japan and the production suspension as a result of the deluge in Thailand; (ii) strong expansion of international demand; and (iii) the expected depreciation of Thai baht compared to the value in 2011. **Export volume of goods and services is anticipated to rise by 11.3 percent, compared to the expected growth of 10.9 percent in 2011.**

- (4) **Import value in terms of US dollar** in 2012 is forecasted to increase by 25.0 percent as a result of the following factors; (i) the higher propensity to import machinery and equipments and; (ii) the higher import of fuel due to the oil price which keeps maintaining at the high level; and (iii) the well expansion of exports. The import volume is projected to grow by 17.0 percent, increasing from the 2011 expectation at 16.7 percent. In addition, the import price at 8.0 percent, compared to the 10.5 percent anticipation in 2011. **The import volume of goods and services is likely grow by 14.7 percent, higher than the 13.7 percent growth projected in 2011** due to the firmly expansion of domestic demand.
- (5) **Trade balance** is anticipated to be 13.5 billion US dollars, reducing from the expected surplus of 21.7 billion US dollars in 2011 due to the higher expansion of import value compared to that of exports. Meanwhile, service account tends to reveal a deficit up to 9.0 billion US dollars, after the deficit of 12.5 billion US dollars in the first 9 months of 2011. This will contribute to slightly surplus of current account at just 4.5 billion US dollars which is 1.2 percent of GDP, reducing from the estimation of 2011 at 2.2 percent of GDP.
- (6) **Economic stability in 2012**, the average inflation rate is projected to be in the range of 3.5-4.0 percent, the same range of the previous forecast of 3.8 percent in 2011 while the unemployment rate is likely to maintain at a low rate of 0.7 percent.

Thai economy in 2012 is projected to grow 4.5-5.5 percent with 3.5-4.0 percent of inflation and current account will record a surplus of 1.2 percent to GDP.

6. The economic management for the rest of 2011 and 2012

6.1 Restoration and rehabilitation measures for flood-affected persons and water management for 2012 include:

- 1) Urgent implementation of the restoration and rehabilitation measures to restore production sector and consumer purchasing power to normality within the first quarter of 2012.
- 2) Manage and maintain availability and fair pricing of consumer goods especially after the floods disaster that potentially created a shortage of supply and unfair pricing in certain goods, particularly essential goods for reconstruction both for household and business need.
- 3) Employ proper and effective water management in order to prevent future flood and drought. Furthermore, immediately construct early warning system and flood preventive mechanism in national, communal and production-base level.
- 4) Create long term flood protection mechanism to insure and enhance investor confidence, in order to ensure good investment environment in the medium and long term.

6.2 Employ suitable macroeconomic policy that can cope with rising volatility risk in global financial market, as economic stability in European countries gradually worsen. The authority must emphasize on preventive measures concerning the volatility in exchange rate, as well as implementing monetary and exchange rate policy that accompany the recovery state of Thai economy after the flood disaster. In addition, the government must deploy appropriate fiscal stimulus measures, especially stimulus projects that enhance the overall competency, and reduce inequality, in order to strengthen the country's economic base.

6.3 Urgently reform the fiscal system in order to equip the country with sufficient budget for long term development, while maintain fiscal stability. The essential policies must include: a reform of tax structure combined with broadening tax base, and improving the efficiency of both government revenue collection and expenditure.

Assessment of the Flood Impact

The severe flood disaster striking Thailand since the end of the third quarter through the fourth quarter has the following effects:

1. **Agricultural Sector:** 1,464,790 farmers have been affected from the flood, while damage to cultivated (agricultural) areas amounted to 11,429,901 rai – most of the affected areas are rice plantation (9,180,657 rai).

Agricultural Plantations / Products Damaged by the Flood

Agricultural Plantations / Products Damaged by the Flood						
Agriculture	(Persons)	Damaged Plantation (Rai)				
		Total	Rice	Farm Plants	Garden Plants and Others	
	1,131,096	11,198,995	9,180,657	1,507,054	511,284	
Fishery	(Persons)	Damaged Aquaculture Areas (Rai)				
		Total	Fish Pond	Shrimp/Crab/Shell	Creel/Cement Pond (m. ²)	
	121,836	230,906	199,577	31,329	155,392	
Livestock	(Persons)	Damaged Animals (Unit)				
		Total	Poultry	Swine	Goat and Sheep	Cattle
	211,858	24,118,419	23,504,722	272,106	27,496	314,095

Source: Ministry of Agriculture and Cooperatives (as retrieved on 4th November 2011)

2. **Manufacturing Sector** was severely affected, especially those in industrial estates resided in Ayutthaya and Pathumthani province (Hitech Industrial Park Estate, Bangpa-in Industrial Estate, Saha Rattana Nakorn Industrial Estate, Rojana Industrial Park, Navanakorn Industrial Promotion Zone, and Bang Kradee Industry Estate), which are the main production base and suppliers of raw material and parts for automobile, electronics, electrical appliances, food and beverage, rubber products and plastic products. Thus, the flooding in these two provinces has interrupted the supply chain of major industries in other provinces as well as employment condition due to the suspension of economic activities during the flood.

3. Service sector

- 3.1 **Tourism:** The devastating floods have damaged many tourist areas in the northern and central region and many countries have issued travel warning against entering Thailand. Subsequently, the number of foreign tourists in October was 1.41 million persons, increased by 7 percent, down from the 22.7 percent growth in September. For the first ten months of this year, the total number foreign tourists in October was 15.8 million persons, a 25 percent increase compared with the previous year.

The flood would cause this year's arrival target to decrease around 0.7 million persons, causing in the total number of foreign tourism in 2011 to reduce from the 2011 target at 19.5 million persons to 18.8 million persons, which would still be an increase of 17.7 percent compared to the figure in 2010. The revenue losses could reach 23.8 billion baht.

Estimation of the Number of Inbound Tourists after the Flood

	2010	2011							
	Year	Real Data				Estimation/projection*			
		Q1	Q2	Q3	Jan-Sep	Before		After	
						Oct-Dec	Year	Oct-Dec	Year
Number of foreign tourist (million)	15.9	5.3	4.4	4.7	14.4	5.1	19.5*	4.4	18.8
% YoY	12.6	14.0	50.1	25.7	27.1	10.5	22.4	-4.7	17.7

Note: * Projection by NESDB

3.2 Exports: In the first nine month of this year, exports registered 176,639 million US dollars or rose by 24.6 percent compared with the same period of last year. The overall exports of 2011 was estimated to be higher than expected at 243,144 million US dollars or grew by 24.5 percent from 2010, compared with the previous estimation of NESDB and Ministry of Commerce at 16.5 and 15 percent respectively.

However, the devastating floods had damaged several plantation areas and industrial estates in central region. Disruption in the production of major exporting products in the region including electrical and electronics, automobile, processed foods, rubber and plastic product will affect Thai exports in the last quarter of 2011. Hence, the total exports of 2011 would increase by 17.2 percent or registered 226,900 million US dollars.

Estimation of Exports

Unit: Million US Dollars	2010		2011			
	Value	%YoY	First 9 Months		2011*	
			Mil USD	%YoY	Mil USD	%YoY
Exports: Base case	195,307	28.1	176,639	24.6	243,144	24.5
Exports: Flooding case	-	-	-	-	226,900	17.2

Note: * Projection by NESDB

3.3 Trade: Wholesale and retail trades have been affected during the flood since consumers are concerned about their employment condition and future income, while some businesses have to temporarily suspend their activities during the flood.

4. Impact on GDP in 2011: According to the NESDB preliminary assessment, the impact on agriculture, manufacturing, and services will affect GDP at current prices by **248,386 million baht**, causing the **GDP growth to drop by 2.3 percent**. Hence, Thai economy in 2011 is expected to grow at 1.5 percent, decreasing from the previous forecast of 3.8 percent.

Impact on GDP

Unit: Million Baht

	Impact on Revenue	Impact on GDP Current Prices	Impact on GDP Constant Prices
1. Agriculture	44,584	28,927	7,336
- Crop	41,588	27,191	6,440
- Livestock	1,240	823	420
- Fishery	1,756	913	476
2. Manufacturing	357,609	158,727	77,456
3. Wholesale and Retail Trades	64,927	49,894	23,034
4. Public Utility	2,935	604	421
5. Tourism	23,800	10,234	3,696
6. Impact (sum of 1-5)	493,855	248,386	111,942
7. Impact on GDP (%)			2.3

Source: * Projection by NESDB

Economic Projection for 2011 and 2012

	Actual Data		Projection		
	2009	2010	2011		2012
			22 Aug 11	21 Nov 11	21 Nov 11
GDP (at current prices: Bil. Bht)	9,041.6	10,104.8	10,867.6	10,662.5	11,595.7
GDP per capita (Bht per year)	135,144	150,117	160,771	157,736	170,748
GDP (at current prices: Bil. USD)	263.3	317.8	362.3	355.4	380.2
GDP per capita (USD per year)	3,936.0	4,720.6	5,359.0	5,257.9	5,598.3
GDP Growth (at constant prices, %)	-2.3	7.8	3.5-4.0	1.5	4.5-5.5
Investment (at constant prices, %)	-9.2	9.4	6.2	4.7	10.3
Private (at constant prices, %)	-13.1	13.8	8.7	8.8	11.0
Public (at constant prices, %)	2.7	-2.2	-1.5	-7.9	8.0
Consumption (at constant prices, %)	0.1	5.1	3.3	2.3	4.0
Private (at constant prices, %)	-1.1	4.8	3.3	2.5	4.4
Public (at constant prices, %)	7.5	6.4	3.0	1.2	2.0
Export volume of goods & services (%)	-12.5	14.7	9.8	10.9	11.3
Export value of goods (Bil. USD)	150.7	193.7	225.7	226.9	270.0
Growth rate (%)	-14.0	28.5	16.5	17.2	19.0
Growth rate (Volume, %)	-13.6	17.3	9.7	10.7	12.0
Import volume of goods & services (%)	-21.5	21.5	11.3	13.7	14.7
Import value of goods (Bil. USD)	118.1	161.4	217.8	205.3	256.6
Growth rate (%)	-25.2	36.7	21.3	27.2	25.0
Growth rate (Volume, %)	-23.1	26.5	12.5	16.7	17.0
Trade balance (Bil. USD)	32.6	32.2	8.0	21.7	13.5
Current account balance (Bil. USD) ^{1/}	21.9	13.70	8.8	7.7	4.5
Current account to GDP (%)	8.3	4.4	2.4	2.2	1.2
Inflation (%)					
CPI	-0.9	3.3	3.6-4.0	3.8	3.5-4.0
GDP Deflator	1.9	3.7	3.6-4.0	4.0	3.5-4.0

Source: Office of National Economic and Social Development Board, Nov 21st, 2011

Note ^{1/} Bank of Thailand has adjusted the balance of payments calculation method based on the 6th IMF balance of payment and international investment position manual (for more information, see <http://www.bot.or.th/Thai/Statistics/EconomicAndFinancial/ExternalSector/Pages/Newtable.aspx>), affecting the decrease of import value which is used as the base of previous projection.

