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Press Release on Economic and Monetary Conditions for November 2009

The economic conditions in November 2009 improved after a slight slowdown in the previous month in tandem with continued expansion of overall demand, from both consumption and investment. Exports, though slightly decelerated compared with the previous month, notably grew from the same period last year. Private consumption registered an expansion to a high level, close to that of the pre-crisis period, while private investment remained at a low level. Exports of high-tech goods such as vehicles and electrical appliances moderately decelerated after several months of acceleration. Meanwhile, exports of agricultural products and sugar increased, benefiting from both quantity and price. The government's budget disbursement increased after the ratification of the Annual Budget Act for Fiscal Year B.E. 2553. Tourism and employment also continually improved.

Details of the economic conditions in **November 2009** are as follows:

Overall demand well expanded. **Private consumption** resumed an expansion after decelerating in the previous month. Private Consumption Index (PCI) rose 4.0 percent year-on-year (yoy). Expenditure on vehicle purchases increased for the third consecutive month. This was partly due to favorable farm income following higher crops' prices, lower unemployment rate, improved consumer confidence, low interest rates, and financial institutions' credit expansion.

Private investment improved for the sixth consecutive month, though remaining low compared to the pre-crisis level. The investment mostly focused on replacement of depreciated machinery and equipment, and remained fragile as reflected in a decrease in current Business Sentiment Index (BSI) and investors' growing concerns over higher oil prices and costs of production as well as political and the Map Ta Phut problems.

Fiscal position returned to support and stimulate the economy after the ratification of the Annual Budget Act for Fiscal Year B.E. 2553 in the Royal Gazette on 22 October 2009. As a result, higher government spending was registered than the previous month. Thus, the government's cash balance was in a deficit of 79.0 billion baht, compared to a surplus of 6.8 billion baht in the previous month.

Export value, amounting to 13,726 million US dollars, expanded 17.3 percent (yoy), partly due to low base effect. However, export slightly decelerated from the previous month following a slowdown in exports of high-tech and labor-intensive goods, whereas exports of agricultural products and sugar still expanded. **Import** for consumption, investment, and production improved in line with both manufacturing production and demand. November's import value, amounting to 12,620 million US dollars, rose 4.7 percent from the previous month and contracted 0.3 percent (yoy), decreasing compared to October's contraction rate of 19.0 percent (yoy).

Foreign tourists resumed trips to Thailand, partly due to economic recoveries of key traveler countries from both European countries and Asian countries, especially China. Consequently, foreign tourist arrivals almost reached the pre-crisis level. Number of foreign tourist arrivals in November totaled 1.37 million, up 13.1 percent from the previous month. Occupancy rate, after seasonal adjustment, was 53.8 percent, a rate closed to that of the previous month.

Production side. The Manufacturing Production Index (MPI) expanded 8.9 percent (yoy). After seasonal adjustment, MPI slightly decreased from the previous month, following a slowdown in some productions which earlier accelerated, such as hot and cold-rolled sheets and garments. Export-oriented productions such as electronics, especially Hard Disk Drive, continually received orders from abroad. In addition, domestic-oriented productions such as passenger cars and beverage expanded in tandem with private consumption.

Financial system's liquidity. Deposits of depository corporations increased from the previous month. This was due to deposit raising by specialized financial institutions to accommodate for credit expansion on government projects, and special deposit products offered by commercial banks, partly in an expectation of personal loan expansion. Meanwhile, private credits expanded 1.8 percent (yoy) due to household credit expansion, especially vehicle and housing credits.

Internal and external stability remained sound. Although headline inflation expanded 1.9 percent (yoy), this was due to upward movement in energy prices compared with the same month last year. Unemployment rate decreased to 1.1 percent, the lowest rate in 13-month period. On the external front, balance of payment recorded a surplus of 2.3 billion US dollars, decreasing from 2.9 billion US dollars in the previous month.

Bank of Thailand
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