



# BANK OF THAILAND NEWS

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## Press Release on Economic and Monetary Conditions for April 2010

**The economic indicators in April 2010, both demand and production, decelerated** due to fewer working days as well as the political unrest which adversely affected the number of tourist arrivals and undermined both consumer and business confidence.

External stability remained sound as reflected in high level of international reserves and low external debts. With regard to internal stability, unemployment and core inflation remained subdued.

Details of the economic conditions are as follows:

**Production sector** grew at a moderate rate from the last month. **Manufacturing Production Index (MPI)** rose by 21.3 percent year-on-year (yoy), but declined after seasonally adjusted from the previous month by 2.0 percent. The slowdown was mainly attributable to an accelerated production in March as well as fewer operating days this month. The production in automobile and electronics categories, albeit decelerating from the earlier month, still expanded favorably following high order. Furthermore, impacts of growing political tension on the tourism sector became more pronounced, as evidenced by a reduction in the **number of foreign tourist** arrivals of 18.0 percent from the previous month, contributing to a fall in hotel occupancy rates from 57 percent in March to 46.6 percent in April. **Agricultural sector** continued to increase in both production and prices. Crop production grew by 5.4 percent (yoy) due to an expansion of farmland for rice, oil palm and rubber trees. Meanwhile, crop prices increased 15.6 percent (yoy). As a result, farm income rose by 21.9 (yoy).

**External demand** slowed down in conjunction with industrial production. **Export** value amounted to 13,832 million US dollars, rising by 34.6 percent (yoy). After seasonal adjustment, export volume, however, fell by 2.0 percent from the previous month as a result of a drop in exports of high-technology products, including computers, integrated circuit (IC), and vehicles, after acceleration in earlier periods, particularly in March. **Imports** concurrently slowed down. Although import value, amounting to 14,022 million US dollars, rose by 43.1 percent (yoy), import quantity after seasonally adjusted declined by 7.9 percent from the previous month. Import value in April, however, outnumbered exports as evidenced by an acceleration of crude oil imports this month to re-stock oil reserves which were depleted in February, and considerable raw material imports for electronic production to meet bulk order from abroad. As a result, trade balance turned into a deficit of 190 million US dollars, compared to a surplus of 1,090 million US dollars in the previous month. The **current account** was consequently in a deficit of 423 million US dollars. Regarding **capital movements**, there were net capital inflows of 2,999 million US dollars. Overall **balance of payments** in April registered a surplus of 3,749 million US dollars, up from 3,137 million US dollar in the earlier month.

**Domestic demand** also increased moderately. **Private Consumption Index (PCI)** remained at high level, but fell by 0.9 percent from the previous month. This was in line with softening consumer confidence in the wake of the recent political instability. Meanwhile, **Private Investment Index (PII)** continued to improve by 1.3 percent from the previous month, and by 20.3 percent (yoy), arising from increased investment in machinery for electronic, automobile and electrical appliance industries to fulfill their advance order bookings. Nevertheless, current business sentiment index was down from 55.7 to 46.0 stemming from concerns over political uncertainty. For **public sector**, there remained positive stimulus from both budget disbursements together with loan disbursements of projects under the Strong Thailand 2012 Project.

**Depository corporations' deposits** (including bill of exchange) expanded by 4.6 percent (yoy), but decelerating from 5.7 percent (yoy) in the previous month, partly due to cash withdrawals for precautionary purposes during the political turmoil. Meanwhile, depository corporations' credits increased by 5.9 percent (yoy), similar to those of the last month.

**External stability** as measured by international reserves, and external debts remained sound, while the current account turned into a slight deficit. With regard to **internal stability**, headline inflation edged down from the previous month, owing to falls in energy and raw food prices. Core inflation and unemployment were subdued.

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