



Thai Economy in Q1/2014 and the Outlook for 2014

Office of the National Economic and Social Development Board (NESDB)

Thai Economic Performance in Q1/2014

GDP Growth (%)

	2012	2013	2013				2014
			Q1	Q2	Q3	Q4	Q1
GDP	6.5	2.9	5.4	2.9	2.7	0.6	-0.6
GDP SA.	-	-	-1.4	0.2	1.5	0.1	-2.1

- Contraction of consumption expenditure
- Public and private investment both declined
- Government Expenditure expanded
- Export volume increased but export value declined following the drop in export price

Thai Economy in Q1/2014

GDP by production components:

Growth (%)	2012	2013	2013				2014
			Q1	Q2	Q3	Q4	Q1
Agriculture	3.8	1.4	0.8	2.5	-0.3	2.1	0.8
Non-Agriculture	6.7	3.0	5.8	3.0	3.0	0.5	-0.7
GDP	6.5	2.9	5.4	2.9	2.7	0.6	-0.6

GDP by expenditure components:

Growth (%)	2012	2013	2013				2014
			Q1	Q2	Q3	Q4	Q1
Total Consumption	6.8	1.1	4.2	3.3	0.4	-3.3	-2.1
- Private	6.7	0.3	4.4	2.5	-1.2	-4.1	-3.0
- Public	7.5	4.9	2.9	7.6	7.3	0.8	2.9
Total Investment	13.2	-2.0	5.8	4.7	-6.3	-11.4	-9.8
- Public	8.9	1.3	18.8	15.4	-16.2	-4.7	-19.3
- Private	14.4	-2.8	2.9	2.0	-3.1	-13.2	-7.3
Exports of Goods and Services	3.1	4.2	8.3	2.9	3.8	2.0	-0.4
Imports of Goods and Services	6.2	2.3	8.1	4.5	0.8	-3.5	-8.5
GDP	6.5	2.9	5.4	2.9	2.7	0.6	-0.6

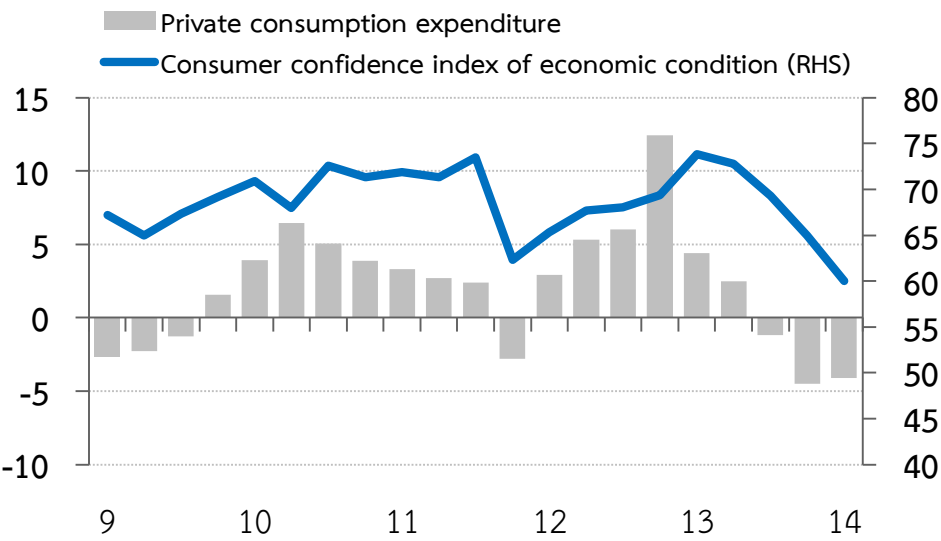
Economic Indicators

1

Private consumption expenditure

	2012	2013	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14
percent	6.7	0.3	4.4	2.5	-1.2	-4.1	-3.0

%YoY Private consumption expenditure declined Index



Source: NESDB and University of the Thai Chamber of Commerce

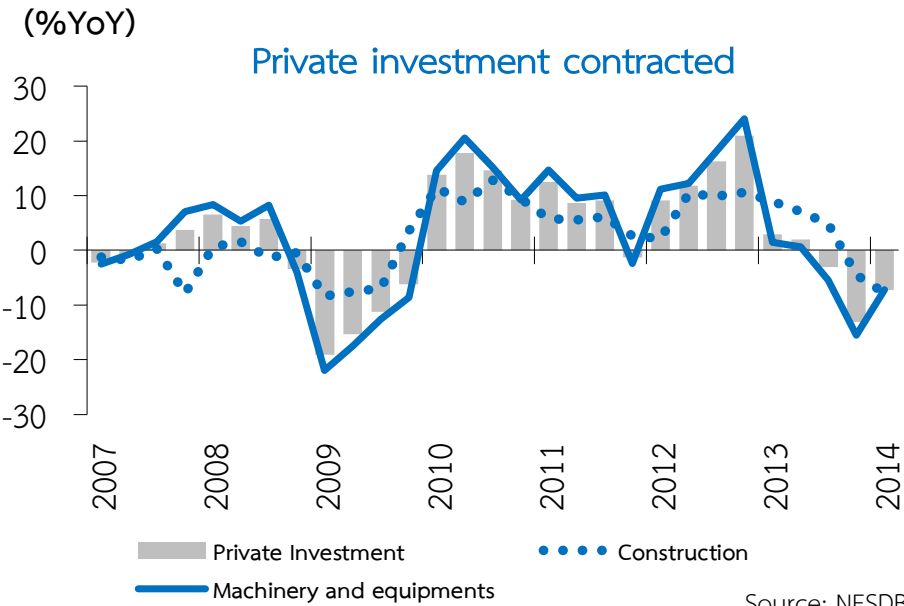
- Domestic car sales declined by 58.2 percent due to a high base effect in Q1/13
- Other spending slowed down due to weak household income and decline in Consumer Confidence Index (CCI) which led to more cautious consuming behaviors
- CCI about the overall economic situation continued to decline to 60.0 the lowest in 60 quarters

Economic Indicators

2

Total Investment

	2012	2013	Total Investment				
	-----		Q1-13	Q2-13	Q3-13	Q4-13	Q1-14
percent	13.2	-2.0	5.8	4.7	-6.3	-11.4	-9.8
						→ → →	



- Private investment declined by 7.3 percent, compared with a contraction of 13.2 percent in Q4/13
- The machinery and equipments investment contracted by 7.2 percent compared to 15.5 percent contraction in previous quarter.
- The import value of capital goods contracted by 7.5 percent
- Construction investment declined by 7.8 percent
- The value of net applications for investment promotion from BOI recorded a total value of 234 billion baht, declined by 10.6 percent

Source: NESDB

Economic Indicators

3

Export value (US\$)

2012

2013

Q1-13

Q2-13

Q3-13

Q4-13

Q1-14

percent

3.1

-0.2

4.1

-1.9

-1.8

-1.0

-0.8

Volume (ณ ราคาปีฐาน 2531) (%YoY)	2013					2014
	Year	Q1	Q2	Q3	Q4	Q1
Exports of Good and Services (%)	4.2	8.3	2.9	3.8	2.0	-0.4
Goods (%)	0.2	3.7	-1.5	-1.4	0.2	0.8
Services (%)	19.7	25.7	22.4	25.2	8.1	-4.2
Export value (Million US dollar)	225,397	55,995	55,554	57,964	55,884	55,573
Export quantity (%YoY)	0.2	3.7	-1.6	-1.2	0.2	0.9
Export price (%YoY)	-0.5	0.4	-0.4	-0.6	-1.2	-1.6
Automotive (%)	7.6	16.8	12.2	7.2	-3.9	3.1
Electronics (%)	-0.7	2.3	-8.6	2.6	1.7	0.2
Fishery (%)	-25.4	-18.2	-31.6	-28.2	-22.9	-9.4
Rice (%)	-4.6	8.6	-14.0	5.5	-14.0	4.6
Rubber (%)	-5.9	-8.7	-16.8	-11.1	13.8	-15.5
Gold (%)	-50.1	-86.8	-29.1	-46.8	-8.7	469.3



- Export value declined in line with a drop in export price but export quantity gradually increased
- Export to US EU and Japan grew while export to China and ASEAN contracted
- Automotive, electronics, and electrical appliances slowly grew but rubber and fishery products continued to contract

Economic Indicators

4

Agricultural sector

2012 2013 Q1-13 Q2-13 Q3-13 Q4-13 Q1-14

percent

3.8

1.4

0.8

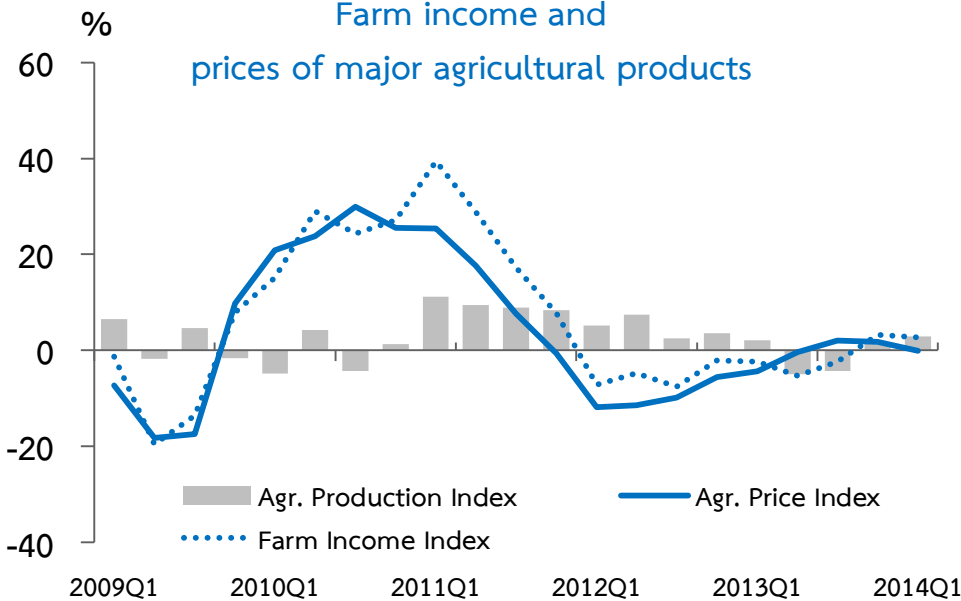
2.5

-0.3

2.1

0.8

Farm income and prices of major agricultural products



- Agricultural production decelerated following the decline in off-season paddy, oil palm and cassava but rubber and livestock products increased
- Farm income grew by 2.8 percent
- Agricultural Price Index decreased by 0.1 percent due to contracted price of rice (16.8 percent), rubber (22.8 percent) and maize (23.8 percent)

Source : Office of Agricultural Economics

Economic Indicators

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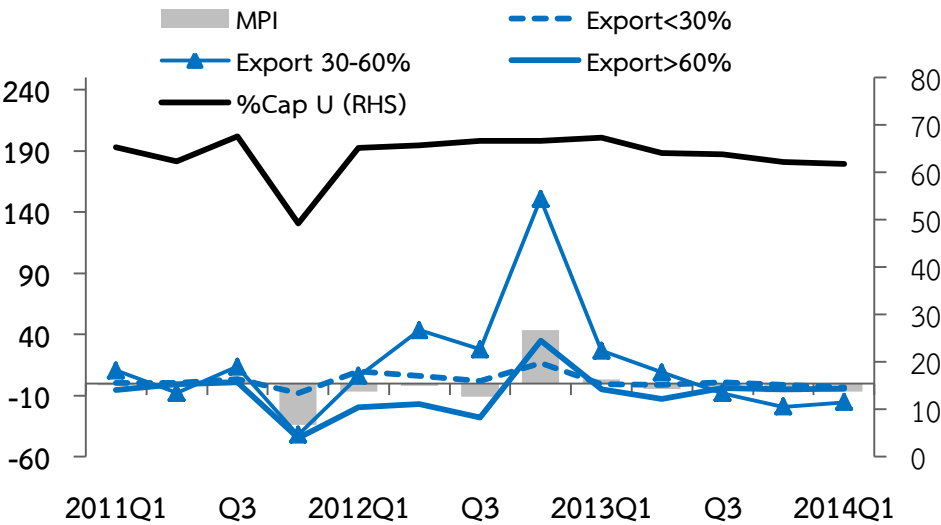
Industrial sector

2012 2013 Q1-13 Q2-13 Q3-13 Q4-13 Q1-14

percent

6.9 0.1 4.9 -1.1 -0.5 -2.8 -2.7

(%YoY) MPI continued to decline with a lowest averaged capacity utilization in 9 quarters



%

- Industrial sector continuously contracted for four consecutive quarters
- Export 30-60% fell by 15.7 percent, caused by the decrease in car production from last year's high base production growth
- Export >60% decreased by 4.5 percent
- The average capacity utilization was lowest in nine quarters at 61.8 percent



Source : Office Industrial Economics

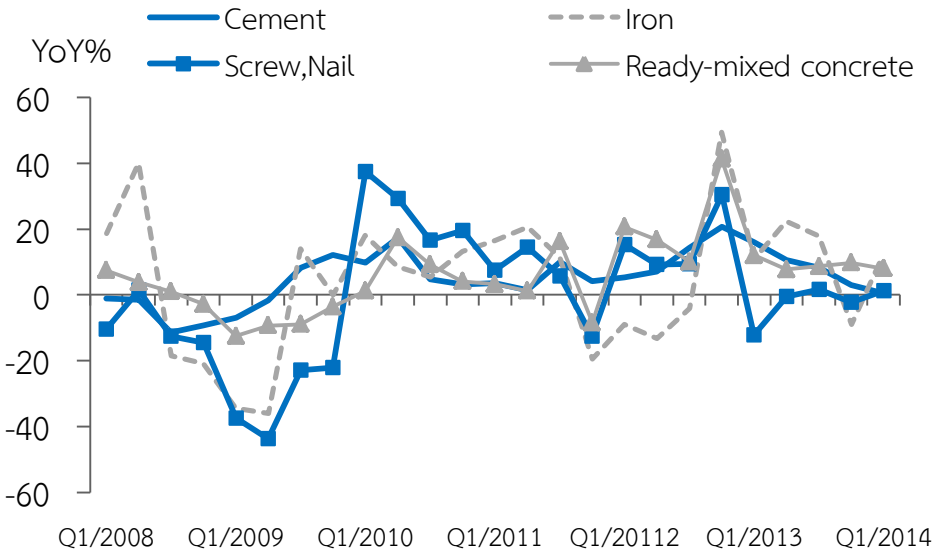
Economic Indicators

6

Construction sector

	2012	2013	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14
percent	7.8	1.0	10.5	5.0	-2.2	-8.5	-12.4

Construction material volume



- Public and private construction fell by 7.8 percent and 11.8 percent respectively
- Cement sales continuously decelerated for 5 consecutive quarter
- Nevertheless, the permitted construction and metal sale volumes increased

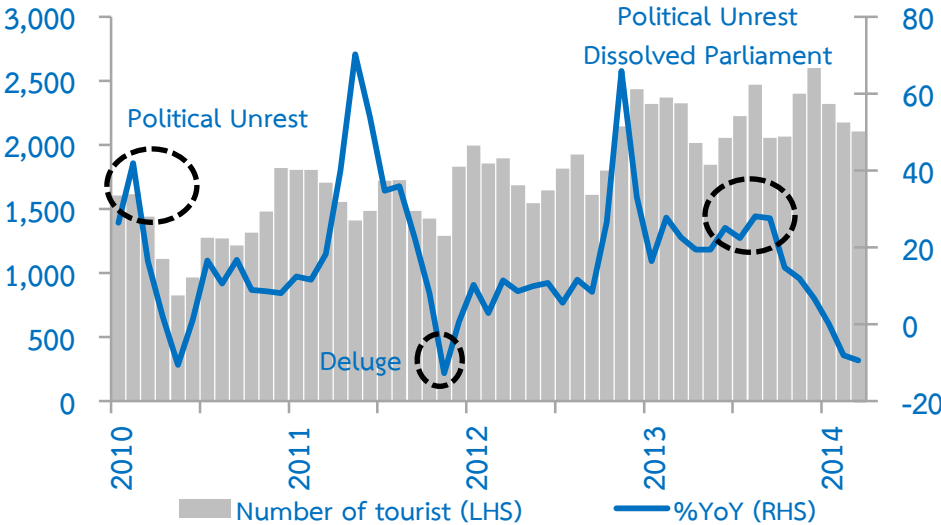
Source: OIE and BOT

Economic Indicators

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Number of tourist

	2012	2013	Q1-13	Q2-13	Q3-13	Q4-13	Q1-14
Person (Mil.)	22.4	26.7	7.0	5.9	6.7	7.1	6.6
percent (Thousand person)	16.2	19.6	22.1	21.3	26.1	10.7	-5.8



Source: Department of tourism

- Inbound tourist numbers was 6.6 million persons, a first drop in nine quarters by 5.8 percent
- Tourism revenue was at 330,082 million baht, fell by 4.2 percent
- Average occupancy rate dropped to 60.3 percent from 72.1 percent in Q1/13
- Hotels and Restaurants sector contracted by 3.1

Economic Projection 2014

Downward revision of GDP growth from 3.0 – 4.0 %



To 1.5 – 2.5 %

Key Assumptions for the Projection of 2014

	Actual Data	Actual Data	Projection of 2014	
	2012	2013	Feb 17,2014	May 19, 2014
World Economic Growth (%)	3.2	3.0	3.6	3.4
US	2.2	1.9	2.8	2.8
EU	-0.6	-0.5	1.0	1.0
Japan	2.0	1.5	1.7	1.2
China	7.8	7.7	7.5	7.4
World Trade Volumes (%)	2.8	3.0	4.4	4.2
Exchange Rate (Baht/US dollar)	31.1	30.7	32.0 – 33.0	32.0 – 33.0
Dubai Crude Oil (US Dollar/barrel)	108.8	105.0	102.5 – 107.5	102.5 – 107.5
Export Price (US Dollar) (%)	0.6	-0.5	1.9 – 2.9	(-1.0) – 0.0
Import Price (US Dollar) (%)	1.6	-2.1	0.5 - 1.5	(-1.0) – 0.0
Disbursement Rate (%)	90.3	90.5	92.4	90.4
Number of Tourist (Millions)	22.4	26.7	27.5	27.0

Source: NESDB

1. The recovery of the global economy particularly China, Japan, and developing countries are slower than expected
2. There is no clear sign of recovery of major agriculture product prices in the latter half
3. The annual budget disbursement rate in Q1 of FY2014 below the target and the formation of the new government is delay
4. The revision is a result of the prolonged domestic political disturbance and the new Chinese tourism law which affected tourism in the first quarter more than anticipated

Supporting factors in 2014



Global economy and world trade volume will become more pronounced and more broadly in H2/14

- ▶ The recovery of export value of key manufacturing products, such as automotive and electrical applicants in Q1/14
- ▶ Export values to key markets, such as US, Europe, and Japan expanded in Q1/14
- ▶ Export tends to accelerate in H2/14

Low pressures from oil price and inflation support for accommodative monetary policy

- ▶ Softened oil prices in global markets and slow recovery of domestic demand.
- ▶ Hence, inflation remain low and provide favorable condition for maintaining accommodative monetary policy to support economic recovery

Risk factors in 2014



Export prices in the global market remain subdued

- ▶ Export prices of rice and rubber declined due to increase of production and stockpiles in major producer countries
- ▶ Economies of the main importers decelerated



Government expenditure has some constraints

- ▶ The formation of new government is likely to delay which will affect the disbursement of FY2014 and the preparation process of FY2015
- ▶ Lower-than-target revenue collection in the FY2014



Private consumption expenditure still faces with many limitations

- ▶ Prolonged political situation and the slowdown of overall economy dampened CPI
- ▶ Unusually high base of automotive sales in H1/13
- ▶ More credit restriction imposed by financial institutions



Private investment slowed down

- ▶ Declines in applications and approval for BOI projects in H2/13
- ▶ Political uncertainty and the continued economic slowdown which aggravate business sentiment



Number of inbound tourist in 2014 is lower than expected

- ▶ Prolonged domestic political situation
- ▶ The new Chinese tourism law

Economic Projection for 2014 (19th May 2014)

	Actual Data		Projection	
	2012	2013	17 Feb 14	19 May 14
GDP (at current prices: Bil. Bht)	11,375	11,897	12,599	12,424
GDP Growth (at constant prices, %)	6.5	2.9	3.0 – 4.0	1.5 – 2.5
Investment (at constant prices, %)	13.2	-1.9	3.1	-1.3
- Private (at constant prices, %)	14.4	-2.8	3.8	-0.2
- Public (at constant prices, %)	8.9	1.3	0.3	-5.0
Consumption (at constant prices, %)	6.8	1.0	1.6	1.0
- Private (at constant prices, %)	6.7	0.2	1.4	0.8
- Public (at constant prices, %)	7.5	4.9	2.0	1.8
Export value of goods (Growth rate (%) ^{1/}	3.1	-0.2	5.0 – 7.0	3.7
Import value of goods (Growth rate (%) ^{1/}	8.8	-0.4	5.7	4.2
Trade balance (Bil. USD)	6.0	6.4	9.6	13.6
Current account balance (Bil. USD)	-1.5	-2.8	-0.6	1.9
Current account to GDP (%)	-0.4	-0.6	-0.2	0.5
Inflation (%)	3.0	2.2	1.9 – 2.9	1.9 – 2.9

Source: Office of National Economic and Social Development Board, 19th May 2014

Note: 1/ Export and import base on the Bank of Thailand's data.

Economic Management in 2014



Expediting exports to expand at its full potential especially by raising export income from major markets and newly high-potential markets and promoting border and regional trade



Stimulating tourism sector by restoring tourists' confidence and promoting additional tourism campaigns



Expediting disbursement of the FY2014 and preparing the budgeting process for the FY 2015



Restoring overall economic sentiment by implementing accommodative monetary policy to further support the economic recovery, applying communication strategy with accurate and up-to-date information



Preparing measures to support those affected by the economic slowdown.