Economic Outlook

Thai Economic Performance in Q1 and Outlook for 2013

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Economic Projection for 2013

(% YOY)	2012			2013	
	Q3	Q4	Year	Q1	Year
GDP (at 1988 price)	3.1	19.1	6.5	5.3	4.2-5.2
Total Investment (at 1988 price)	15.5	22.9	13.2	6.0	7.9
Private	16.2	20.9	14.4	3.1	6.3
Public	13.2	31.1	8.9	18.8	13.8
Total Consumption (at 1988 price)	6.8	12.4	6.8	3.9	3.2
Private	6.0	12.4	6.7	4.2	3.3
Public	10.0	12.5	7.5	2.2	2.6
Export of Goods (US$)	-3.0	18.2	3.2	4.5	7.6
Volume	-2.9	17.0	2.6	4.1	6.1
Import of Goods (US$)	-2.5	14.9	7.8	7.1	7.6
Volume	-2.0	15.4	6.1	9.1	7.1
Current Account to GDP (%)	3.1	1.0	0.8	1.2	0.9
Inflation	2.9	3.2	3.0	3.1	2.3-3.3
Unemployment rate	0.6	0.5	0.7	0.7	0.7

❒ In the first quarter of 2013, Thai economy expanded by 5.3 percent (%YoY), after seasonally adjusted the economy contracted by 2.2 percent (%QoQ SA).

❒ On the production side, the expansion was supported by the strong growth in Hotels and Restaurants sector, construction sector, and the expansion from its low base of manufacturing sector. On the demand side, the growth was driven by the expansion in household consumption amid the effect from the first-time-car-buyer scheme as well as public and private investment, while the export grew gradually.

❒ Economic growth in the remaining of 2013 will be supported by the improvement of electronic market, private investment, and the implementation of key government investment projects. Meanwhile, the delay in global economic and export price recovery, the Thai baht appreciation, high base effect, and the fading out economic impulse from government stimulation poses downside risk to economic outlook.

❒ Thai economy in 2013 is projected to grow by 4.2 – 5.2 percent. Export value is expected to expand by 7.6 percent. Private consumption and total investment will increase by 3.3 and 7.9 percent, respectively. The headline inflation rate is projected to be in the range of 2.3 – 3.3 percent. There is expected to be a surplus in current account of 0.9 percent of GDP.

❒ The economic management for the rest of 2013 should emphasize on the following issues: (i) Implementing monetary policy that take into consideration of the weakening economic momentum, and the downside risk posted by Thai baht appreciation and unfavorable global environment, (ii) Managing economic stability through prices of major goods, particularly energy, construction materials, and raw material in agricultural to soften inflationary pressure and support economic recovery as well as ward off fluctuation in major markets that are sensitive to the capital inflow, (iii) Maintaining growth momentum to reduce effect from slowdown in consumption as the impulse from the first-time-car-buyer scheme fade out. This could be achieve by promoting export in order to meet its target, accelerating the implementation of the granted BOI incentive projects, and preparing the FY2014 budget such that the disbursement can be front loaded in the fourth quarter of 2013, (iv) Expediting relief measures for SMEs to alleviate the impact from the appreciation of Thai baht, rising labor cost, and prolong economic contraction in Eurozone, (v) Expediting public investment under the Royal decree on investment loan for water resource management and future development, Infrastructure development plan, and accelerating the development of new economic zones in order to support economic expansion in the remaining of the year as well as enhance the long-term economic potential growth. Moreover, obstacles to trade and investment must be promptly addressed, as well as enhancing the public sector management in order to improve the efficiency of the overall economic system.

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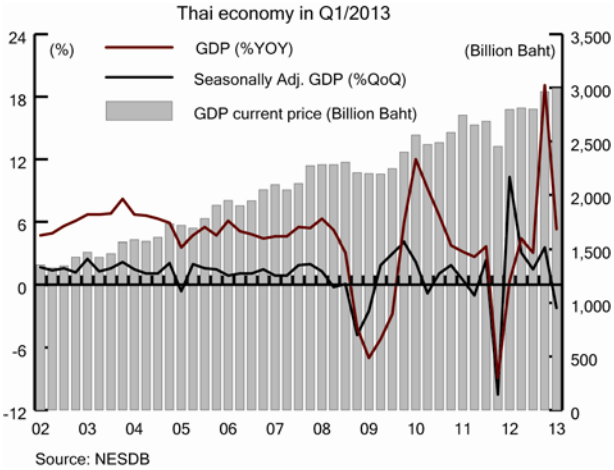
Thai Economy in Q1/2013 and Outlook for 2013

Thai economy in the first quarter of 2013 expanded by 5.3 percent compared with 19.1 percent growth in the fourth quarter of 2012. On the production side, the expansion was supported by strong growth in Hotels and Restaurants sector, construction sector, and the expansion from its low base of manufacturing sector. On the demand side, the growth was driven by the expansion in household consumption as well as private investment, while the export grew slowly. After seasonally adjusted, the economy contracted by 2.2 percent.

Thai economy in the first quarter of 2013 expanded by 5.3 percent compared with 19.1 percent growth in the fourth quarter of 2012.



Thai Economic in Q1/2013

(1) **Private consumption expenditure** grew by 4.2 percent compared with 2.9 percent growth in the same period of last year and 12.4 percent growth in the last quarter of 2012. The expansion was mainly supported by the first-time-car-buyer scheme, as reflected in the strong growth of car sales of 121.8 percent. In contrast, other consumption expenditure slowed down. Consumer confidence index about the overall economic situation improved from 69.4 to 73.8 in this quarter, the fifth consecutive improvement and the highest level in six year.

(2) **Total investment** expanded by 6.0 percent accelerated from 5.2 percent in the same period of last year but decelerated from 22.9 percent in the previous quarter. Private investment grew by 3.1 percent slowed down from 20.9 percent in the prior period, amid the slowdown in machinery and construction investment. Public investment was expanded at a favorable rate of 18.8 percent, partly supported by the import of aircraft by Thai airways worth 11.9 billion baht. Business confidence index stood at 52.2 increased from 50.6 in the fourth quarter of 2012. Meanwhile, projects applied for BOI incentives was at 275 billion baht or increased by 24.3 percent.

(3) **Export** value totaled at 56.18 billion US dollars or 4.5 percent growth, compared with a contraction of 1.4 percent in the first quarter of 2012 and a strong expansion of 18.2 percent in the previous quarter. The slower-than-expected expansion was attributed to sluggish recovery of global demand and appreciation of Thai baht. Export of manufacturing products grew from its low base by 8.1 percent, while export of agricultural products expanded by 3.2 percent. In detail, the export products that experienced high growth rate include automotives, electrical appliances, metal products, rice and tapioca which grew by 16.8, 13.4, 55.9, 8.6 and 34.9 percent respectively. Export to major markets such as US EU(15) and Japan grew sluggishly by 2.6, 8.7 and 1.5 percent, respectively. On the other hand, export to ASEAN(9), China, Hong Kong, and Australia expanded at a favorable pace of 5.9, 7.3, 11.2 and 33.6 percent respectively.

(4) Manufacturing sector expanded by 4.8 percent from its low base, compared with a contraction of 4.3 percent and expansion of 37.0 percent in the first quarter and last quarter of 2012 respectively. Manufacturing Production Index (MPI) increased by 2.9 percent with the support of strong growth of 26.6 percent by industries with export ratio between 30 and 60 percent of total productions, especially car production. However, industries with export ratio lower than 30 percent of total productions contracted by 0.8 percent amid the slow down of household consumption other than durable goods. Similarly, industries with export ratio higher than 60 percent of total productions also contracted by 5.4 percent inline with overall export performance. Capacity utilization rate stood at 66.8 percent.

(5) Agricultural sector expanded by 0.5 percent slowed down from 3.4 and 3.1 percent in the first and last quarter of 2012, respectively. The slowdown was a result of deceleration of in-season rice production as most of the output already been harvested in the previous quarter. However, production of rubber, sugar cane, and pottery remained favorable. Price of major agricultural products continued to decline, particularly oil palm and rubber due to excess supply, high inventory, and sluggish global commodity price. Thus farm income declined by 2.2 percent**.**

(6) Hotels and restaurants sector strongly expanded by 14.8 percent compare with an expansion of 5.6 percent in the first quarter of 2012 and a contraction of 25.7 percent in the previous quarter. Such an expansion was owing to the historical high inbound tourists of 6.8 million persons or equivalent to 18.9 percent growth, with the exceptionally high growth seen in East Asia and European tourist which expanded by 28.5 and 10.3 percent respectively. Average occupancy rate stood at 70.5 percent compared with 66.4 percent at the same period of last year. The top three inbound tourists were China, Russia, and Japan**.**

(7) Construction sector grew by 10.5 percent compared with an expansion of 0.8 percent in the first quarter of 2012 and a contraction of 14.1 percent in the prior period. This was mainly contributed by expansion of public and private construction which grew by 13.4 and 8.9 percent, respectively. Coincide with the sale of cement and steel that increased by 15.1 and 10.6 percent, respectively.

Thai Economic Outlook for 2013

Thai economy in 2013 is projected to grow by 4.2 – 5.2 percent. Export value is expected to expand by 7.6 percent. Private consumption and total investment will increase by 3.3 and 7.9 percent, respectively. The headline inflation rate is projected to be in the range of 2.3 – 3.3 percent. There is expected to be a surplus in current account of 0.9 percent of GDP.

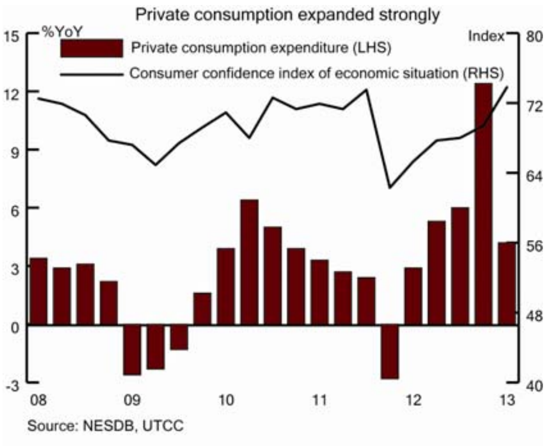
1. Economic Performance in Q1/2013

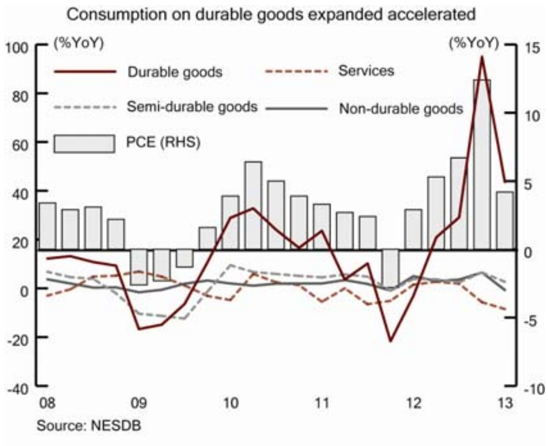
❒ **Expenditure Side:**

Expenditure growth was supported by growth of private consumption expenditure, while private investment slowed down due to a high base effect. Meanwhile, export grow slowly.

Private consumption expenditure in the first quarter expanded by 4.2 percent, compared with 2.9 percent in the first quarter of 2012 and 12.4 percent in the previous quarter. The key supporting factor was the first-time-car-buyer scheme, as reflected by the expenditure on durable goods that expanded strongly by 43.6 percent. Domestic car sales grew very strongly by 121.8 percent compared with the same period last year due to the delivery of cars ordered under the scheme, as well as the aggressive marketing by car dealers, and the low base from the first quarter of 2012. On the other hand, consumption of other goods slowed down considerably compared with both first and last quarter of 2012 despite a number of supporting factors, including low levels of unemployment, inflation, and interest rate, and the minimum wage increase. This is partly due to a high base effect as consumption expenditure accelerated in the post flood period. Nevertheless, Consumer Confidence Index about the overall economic situation continued to increase to 73.8 percent, compared with 69.4 percent in the previous quarter. This is the fifth consecutive quarter which consumer confidence index continued to improve. It is also the highest level in six years, reflecting consumer's view that the economic situation is likely to increase.

Private consumption expenditure continued to expanded by 4.2 percent, mainly supported by first -time-car-buyer scheme.





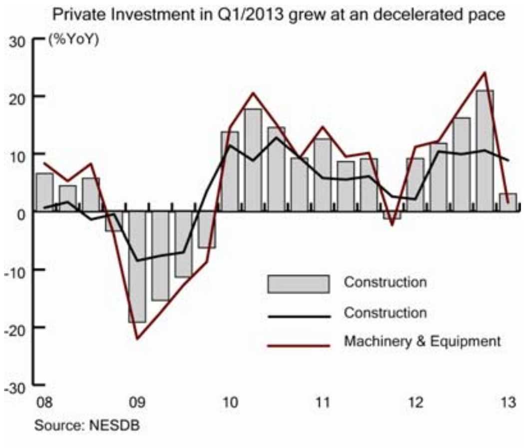
Private Consumption Expenditure

%YoY	2010	2011	2012					2013
			Year	Q1	Q2	Q3	Q4	Q1
Private Consumption	4.8	1.3	6.8	2.9	5.3	6.7	12.4	4.2
Durable Goods	25.1	3.3	31.3	-3.1	20.9	29.1	95.0	43.6
Semi-durable Goods	6.7	3.4	4.2	3.8	3.7	2.5	6.5	2.7
Non-durable Goods	1.8	1.6	4.5	5.0	3.0	3.6	6.5	-0.7
- Food	0.5	2.0	1.4	1.7	0.7	1.0	2.1	0.9
- Non-food	2.7	1.3	6.7	7.4	4.6	5.5	9.2	-1.8
Service	1.4	-1.1	0.0	1.5	2.7	1.9	-5.7	-8.5

Source: NESDB

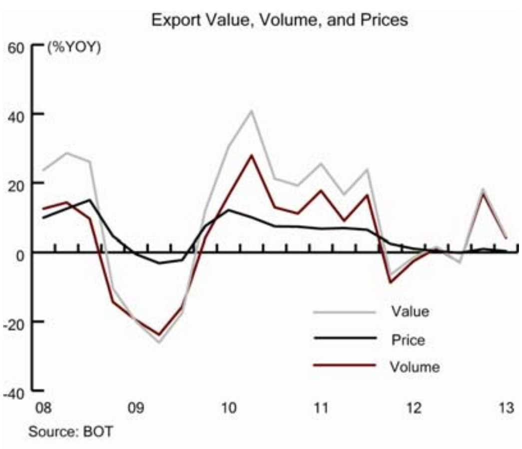
Private Investment expanded by 3.1 percent, decelerating from 9.2 percent in the same period last year and 20.9 percent growth in the previous quarter. Such slowdown was mostly due to machinery and equipment investment and construction investment. Machinery and equipment investment grew only by 1.5 percent compared with 24.1 percent in the previous quarter, as reflected by 1.6 percent contraction of import value of capital goods in the first quarter compared with 32.6 percent in the previous quarter as there was a rush to import in that period. Meanwhile, domestic commercial car sales grew by 17.1 percent, compared with 285.5 percent in the previous quarter. Similarly, construction investment in this quarter increased by 8.9 percent, decelerating from the rate of 10.6 percent in the previous quarter, causing the growth in steel and cement sales to slow down to 10.6 and 15.1 percent respectively. Nevertheless, investment outlook is likely to remain strong. This can be observed from the high value of investment projects applying for investment incentives to the Board of Investment (BOI) recorded at 275 billion baht, representing a 24.3 percent increase from the same period last year. Business Sentiment Index (BSI) for the first quarter increased to 52.2 from the level of 51.6 in the previous quarter. Similarly, the expected BSI for the next three months increased from 55.5 in the previous quarter to 56.6 in the last quarter. This increase reflects an improvement in investors' confidence.

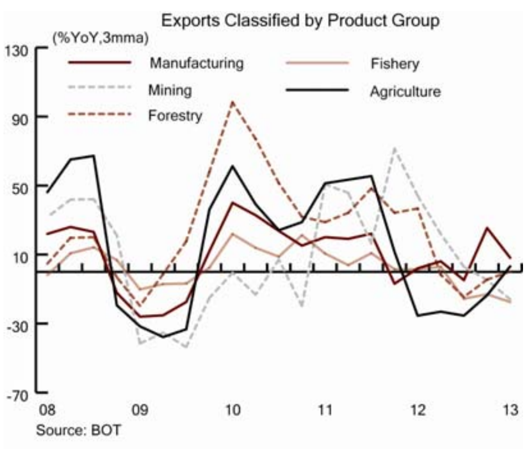
Private Investment expanded by 3.1 percent. This growth was supported by construction investment. However, machinery and equipment investment decelerated due to a high base effect .



Exports: Export value in the first quarter of 2013 was recorded at 56.2 billion US dollars (1,673.6 billion baht) – a 4.5 percent growth, compared with a 1.4 percent contraction and a 18.2 percent expansion in the first and last quarter of 2012 respectively. This quarter growth remained low despite the support from low base effect. This was mainly due to the global economic slowdown and the strong appreciation of Thai baht. Nevertheless, the export volume grew from the same period last year by 4.1 percent. However, export price grew only by 0.4 percent. With the export of unwrought gold excluded, the value of exports grew by 7.3 percent. In baht term, the value of exports grew by 0.5 percent compared with the rate of 16.9 percent in the previous quarter.

Export slightly grew by 4.5 percent due to the unfavorable global economic condition.





Export value of agricultural commodities increased by 3.2 percent. Export volume expanded by 6.5 percent, while the export prices declined with the downtrend of prices in the global market. The value of **rice** export also expanded due to an acceleration in export and the relatively low base from previous year caused by the flood in 2011. The export of **tapioca** expanded as there was an increase in export volume, in spite of a decline in export price. Meanwhile, despite a low base effect, the export of rubber declined mainly due to a drop in export price. Similarly, sugar export decreased, as there was a decrease in both export price and volume. Consequently, there was a 3.0 percent drop in overall export prices of agricultural commodities. **The export of manufacturing products** decelerated in both volume and value. The export volume grew only by 7.0 percent, decelerating from 0.4 percent in the first quarter of 2012, and 23.6 percent in the last quarter of 2012. Similarly, the export value of manufacturing products grew by 8.1 percent, decelerating from the growth rate of 2.0 and 25.4 percent in the first quarter and the last quarter of 2012 respectively. The goods with high export growth rates include automobiles, electrical appliances, metal products, and petrochemical products which grew by 16.8, 13.4, 55.9, and 15.9 percent respectively, as there was a low base effect from the first quarter of 2012 when the production sector had yet to recover from the flood in 2011.

Export growth was supported by expansion of manufacturing product export, especially automobiles. There was also a low base effect and an expansion of production capacity in the past year. Export of agricultural commodities contracted due to downtrend of global market prices and exchange rate fluctuation.

Export value of major commodities

%YoY	2012					2013				
	Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	Shared Q1/13
Agriculture	**-22.1**	**-25.4**	**-23.1**	**-25.4**	**-13.6**	**3.2**	**13.4**	**-10.7**	**8.9**	**8.6**
Rice	-28.0	-38.7	-36.9	-34.1	5.0	8.6	31.3	-20.2	22.9	1.9
Rubber	-31.1	-26.6	-27.5	-39.7	-30.6	-8.7	-2.7	-11.8	-11.1	4.2
Tapioca	9.0	-10.5	33.3	11.1	10.6	34.9	27.0	2.3	101.1	1.2
Industry	**6.1**	**2.0**	**6.1**	**-4.8**	**25.4**	**8.1**	**22.9**	**-0.6**	**4.9**	**88.5**
Agro-Manufacturing product	4.1	12.9	3.6	-3.2	4.4	-1.7	7.0	-9.7	-0.9	12.2
Sugar	8.9	40.8	3.1	8.7	-27.0	-37.4	-35.7	-43.2	-31.7	1.3
Leather & leather products	-12.0	-15.3	-15.7	-15.5	0.5	1.3	12.9	-3.6	-3.7	3.3
Electronics	0.9	-8.3	3.8	-14.7	34.4	3.6	31.6	2.6	-11.3	13.9
Electrical Appliances	2.2	-7.9	1.0	-8.7	35.2	13.4	16.5	13.4	11.2	5.3
Metal & Steel	21.3	-5.4	-0.6	24.2	72.3	55.9	97.9	65.0	18.1	6.0
Automotive	26.3	2.6	33.7	10.3	77.0	16.8	35.6	4.1	14.9	13.7
Gold	12.8	-14.7	-34.1	130.1	-36.0	-86.8	-94.3	-87.7	-36.9	0.4

Source: BOT

Export markets: exports to both key and high potential markets decelerated. For instance, exports to the US, EU (15), and Japan grew slightly by 2.6, 8.7, and 1.5 percent respectively, despite the low base effect. This is in line with the depreciation of US dollar and Japanese Yen, as well as the ongoing recession of the European economies. Meanwhile, exports to ASEAN (9), China, Hong Kong, the Middle East, and Australia grew satisfactorily by 5.9, 7.3, 11.2, 5.4, and 33.6 percent respectively as the economic situations of these markets remained sound.

Exports to the US, EU, and Japan face growth limitation. But export to ASEAN, China, and Hong Kong grew satisfactorily.

Major Export Market

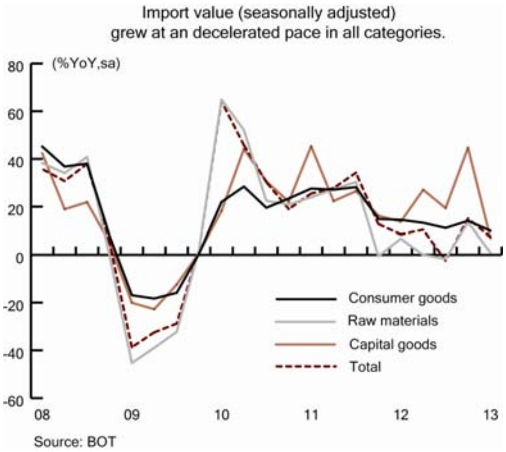
(%YOY)	2011	2012					2013				
	Year	Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	Shared Q1/13
USA	7.8	4.6	2.1	4.6	-1.2	14.3	2.6	16.7	-0.9	-4.7	9.8
Japan	17.5	-1.6	-6.3	-1.3	-6.3	9.0	1.5	7.3	-1.1	-0.9	9.9
EU (15)	12.0	-9.2	-16.9	-7.5	-19.2	13.4	8.7	24.5	-0.8	5.5	8.9
ASEAN (9)	21.9	5.0	9.2	7.2	-9.0	15.2	5.9	18.0	-7.2	8.9	25.8
Hong Kong	6.2	9.6	-6.5	-8.4	9.8	59.2	11.2	74.1	-27.8	24.8	5.9
Middle East	7.5	12.8	6.5	9.8	4.5	36.2	5.4	12.4	-6.9	12.6	5.4
China	22.2	2.5	1.4	13.7	-11.8	9.9	7.3	19.4	3.7	1.1	12.0
Australia	-14.6	22.1	-9.6	20.5	23.7	64.9	33.6	50.7	14.3	39.9	4.6
Total Export	15.1	3.1	-1.4	2.0	-3.8	18.5	4.3	16.1	-5.8	4.5	100.0
Total Export by Balance of Payment	14.3	3.2	-1.4	1.7	-3.0	18.2	4.5	15.6	-4.6	4.2	98.6

Source: BOT

Imports: Import in US dollar term was recorded at 56.4 billion US dollars in the first quarter of 2013. This represents an expansion of 7.1 percent, decelerating from 9.7 and 14.9 percent in the first and last quarter of 2012 respectively. Import volume increased by 9.1 percent, decelerating from the rate of 15.4 percent in the previous quarter. The import volume slowed down in all categories, especially capital goods, raw materials and intermediate goods. Meanwhile, the price of imports continued to decline by 1.8 percent, compared with a contraction of 0.4 percent in the previous quarter. This was due to the decline in the prices of world crude oil, gold and gems. In Thai baht term, the value of import grew by 3.1 percent.

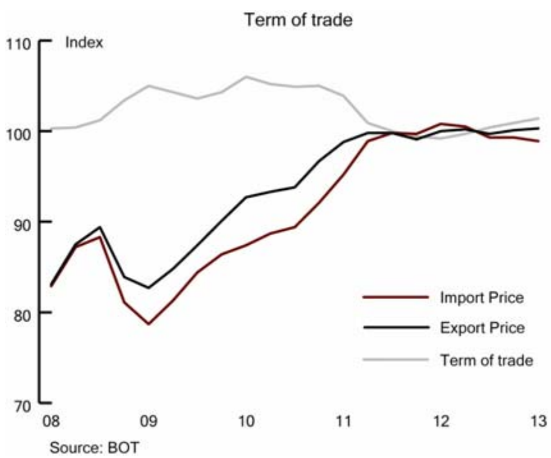
Import in US dollar term expanded by 7.1 percent, or 56.4 billion US dollars. In Thai baht term, the value of import grew by 3.1 percent.

After seasonal adjustment, almost all import categories expanded at a decelerated pace. Import value of raw materials and intermediate goods expanded by 1.0 percent, decelerating from 13.5 percent in the previous quarter. The goods with a decline in import value include parts of electrical appliances, computer parts and accessories, integrated circuits and parts, and crude oil. Capital goods had a growth in import value of 6.9 percent, decelerating from 44.7 percent in the previous quarter. The goods with a decelerated growth in import values include computer, telecommunication equipment, other machinery and mechanical appliances and parts, aircrafts, and locomotive. The import value of consumer goods expanded by 10.2 percent, decelerating from 14.1 percent in the previous quarter as there was a slowdown in import of durable goods, especially household electrical appliances, jewelry (excluding pearls & precious stones), and musical instruments and parts. There was also a high base effect from the same period last year which is the period after the flood in 2011.



Term of trade improved from the previous quarter. Export price increased by 0.4 percent, while import price decreased by 1.8 percent. Consequently, the term of trade in the first quarter of 2013 was at 101.4, compared with 100.9 in the previous quarter.

Term of trade improved from the previous quarter.



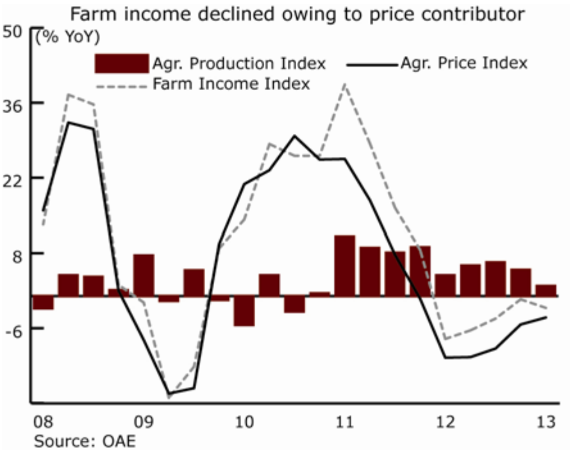
Trade balance: there was a trade deficit of 221 million US dollars (equivalent to 7.89 billion baht), compared with a surplus of 765 million US dollars (equivalent to 23.46 Billion baht) in the previous quarter. If gold is excluded, there would be a trade surplus of 5.85 billion US dollars (equivalent to 176.25 Billion baht).

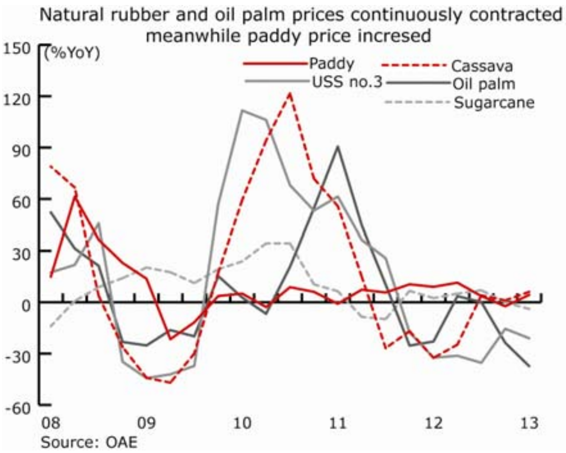
❒ **Production side:**

Hotel and restaurants as well as construction sector favorably expanded meanwhile industrial sector expanded owing to low base effect and automobile production.

Agricultural sector expanded by 0.5 percent, decelerated from the first and last quarter of 2012 which stood at 3.4 and 3.1 percent, respectively. This slight expansion was caused by a deceleration of in-season rice production as most of the output had already been harvested in the previous quarter. However, other agricultural products expanded at a favorable rate as natural decease outbreak, such as mealy bug, started to decline while cultivation area of rubber and oil palm increased. Similarly, livestock products rose by 2.6 percent due to higher demand for boiler and swine in domestic and foreign markets. Under these circumstances, agricultural product index increased by 1.9 percent. However, reduction in rubber and oil palm price following price stagnation in world market and high inventory in major importers led agricultural price index to contract by 4.0 percent. Thus, farmers' income index declined by 2.2 percent compared with the same period last year and 5.7 percent compared with the previous quarter.

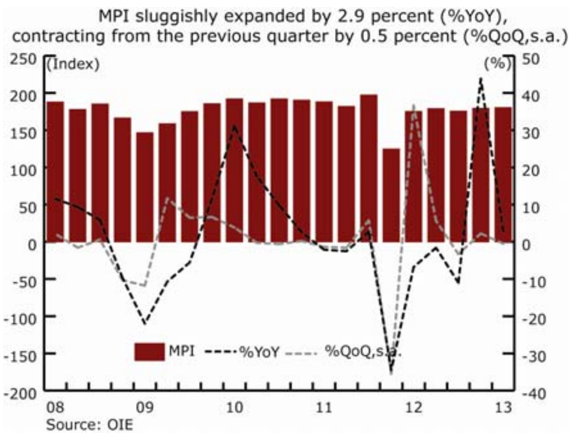
Agricultural sector slightly expanded by 0.5 percent due to a deceleration of in-season rice production.

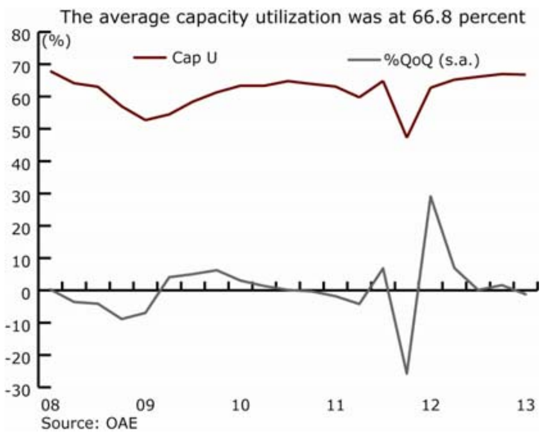




Manufacturing sector expanded by 4.8 percent compared with the contraction of 4.3 percent in the first quarter and the expansion of 37.0 percent in the last quarter of 2012. This was lower than expectation considering its low base. After seasonal adjustment, the sector contracted by 5.9 percent compared with the previous quarter. This was also reflected in Manufacturing Product Index (MPI) that sluggishly expanded by 2.9 percent. The expansion of MPI was mainly driven by the industries with its export ratio less than 60 percent of total productions, especially automobiles, textile and rubber product which expanded by 47.5, 7.7 and 2.2 percent, respectively. On the other hand, the industries with export ratio higher than 60 percent of total productions contracted by 5.4 percent from its previous year contraction of 19.8 percent. The main contributors were aquatic product processing (6.9 percent), garment (14.3 percent), electronics and parts thereof (7.4 percent) and hard disk drive (7.3 percent). The average capacity utilization was at 66.8 percent.

Industrial sector favorably expanded by 4.8 percent with a support from strong car production





Construction sector grew by 10.5 percent decelerating from 14.1 percent in the previous quarter. The slowdown was due to the deceleration of private construction, acceleration of public construction in the previous period, and a high base effect. In this light, the private construction expanded by 8.9 percent compared with its expansion by 10.6 percent in the previous quarter. This was reflected through sale volumes of cement and steel products as well as construction areas permitted which expanded by 15.1, 10.6 and 3.3 percent respectively, compared with the growth rate in the previous quarter of 20.6, 49.5 and 16.5 percent respectively. Meanwhile, the public construction expanded by 13.4 percent, owing to a higher disbursement in capital budget. Construction material price index increased by 1.6 percent, accelerating from 1.4 percent in the preceding quarter following an increase in production cost.

Construction sector increased by 10.5 percent decelerating from previous quarter owing to the private and public construction expanded by 8.9 and 13.4 percent, respectively.

Real estate sector expanded by 4.4 percent slowed down from the previous quarter of 8.0 percent. On the demand side, demands for housing remained strong as reflected by the expansion of the personal loan for real estate which grew by 12.4 percent. Likewise, ownership transfers for housing within Bangkok and vicinities increased by 14.1 percent. Similarly, production activity continually expanded as shown in an expansion of credit extended to developers and number of new projects which increased by 15.4 and 6.9 percent, respectively. Such expansion was in line with the improvement of Housing Developers Sentiment Index (HDSI) and an increase in the price level of real estate, including condominium (8.8 percent), townhouse (6.9 percent), land (5.1 percent), and detached house (4.4 percent).

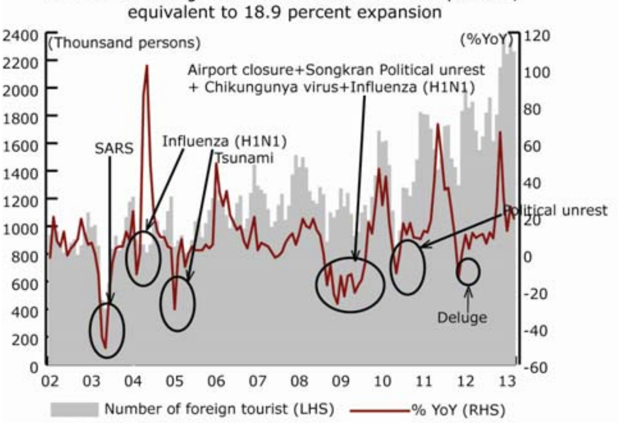
Real estate sector increased by 4.4 percent owing to expansion both in demand and supply side.

Hotels and restaurants sector grew by 14.8 percent, strongly supported by a historical high numbers of foreign tourists at 6.8 million persons, equivalent to a 18.9 percent expansion. The total revenue received from foreign tourist stood at 352,120 million baht or grew by 25.6 percent. Furthermore, average occupancy rate advanced to 70.5 percent, compared with 66.4 percent in the same period last year.

Hotel and restaurants sector increased by 14.8 percent . The historically high numbers of foreign tourists were 6.8 million persons increasing by 18.9 percent

The tourism markets that shown the greatest improvement were (i) China grew by 542,409 persons (93.5 percent), (ii) Russia which expanded by 120,597 persons (26.0 percent), and (iii) Japan which grew by 73,782 persons (22.1 percent). The supporting factors include (i) the longer Chinese New Year holiday and the influence of the movie "Lost in Thailand", (ii) the disputes in Korean peninsula and Chinese Eastern Sea, (iii) economic and political improvement in Russia, (iv) political unrest in Egypt which diverted Russian tourists to other regions, and (v) the expansion of direct and charter flights to Phuket and Samui Island.

Numbers of foreign tourists were at 6.8 million persons, equivalent to 18.9 percent expansion



Source: Department of Tourism

Number and Growth of Tourists Classified by Nationality

Thousand Persons	2010	2011	2012					2013
	Year	Year	Year	Q1	Q2	Q3	Q4	Q1
Total	15,936	19,230	22,303	5,741	4,878	5,354	6,329	6,829
China	1,122	1,721	2,789	580	588	773	848	1,123
Malaysia	2,059	2,500	2,561	616	557	620	769	628
Russia	645	1,054	1,317	464	207	161	486	585
Japan	994	1,128	1,371	334	289	375	373	408
Korea	805	1,006	1,169	293	241	310	326	351
India	760	915	1,016	211	300	244	260	249
Australia	698	830	931	213	229	244	245	225
United Kingdom	811	845	870	240	195	193	243	247
USA	612	682	767	210	177	158	222	227
Vietnam	380	497	618	132	173	179	134	139
% YoY								
Total	12.6	20.7	16.0	8.1	9.8	8.6	39.3	18.9
China	44.3	53.4	62.1	22.2	47.9	46.9	162.9	93.5
Malaysia	17.1	21.4	2.4	7.2	-13.7	-9.3	28.6	1.9
Russia	91.3	63.5	25.0	16.7	23.5	24.2	35.1	26.0
Japan	-1.1	13.5	21.6	5.4	16.4	9.0	70.6	22.1
Korea	30.3	24.9	16.2	1.3	6.4	9.7	56.0	19.8
India	23.7	20.3	11.0	1.7	12.2	5.5	24.9	18.2
Australia	7.9	18.9	12.1	14.7	12.4	7.7	14.4	5.5
United Kingdom	-3.6	4.2	3.0	5.5	-2.7	-2.7	10.7	2.8
USA	-2.4	11.4	12.6	11.2	10.2	3.7	23.7	8.2
Vietnam	4.8	30.6	24.4	23.8	23.2	14.9	42.5	5.0

Source: Department of Tourism

Wholesale and retail trades increased by 5.0, slowed down from 7.6 percent in the previous quarter, particularly, food and beverage, automobile, fuel and durable goods. The supporting factors are as follows; (i) enhancement of consumer confidence (ii) expansion of public construction (iii) low interest rate which encourage Domestic Demand (iv) minimum wage uplift and (v) ongoing benefit from first-car buyer scheme.

Wholesale and retail trades increased by 5.0 percent owing to expansion of domestic consumption, especially automobiles and public construction.

Wholesale and Retail

% YOY	2010	2011					2012					2013		
	Year	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Jan	Feb	2M
Retail Sales Index	17.0	11.1	11.1	6.3	10.9	-10.1	18.3	8.0	16.7	14.3	36.6	18.0	5.9	11.7
Food and Beverage	-26.0	-13.1	41.3	45.2	-11.0	-62.2	-16.3	-50.2	-20.6	-9.6	45.7	51.4	139.7	93.6
Vehicles and Gasoline	25.7	1.2	14.1	2.3	9.1	-19.0	28.9	10.4	27.4	23.2	62.2	24.5	8.9	16.2
Department Store and Supermarket	9.6	6.8	6.8	7.3	11.7	2.2	8.8	7.5	8.5	9.6	11.2	4.4	3.8	4.1
Wholesales Index	11.0	17.3	16.6	15.7	36.9	5.8	20.0	19.4	22.6	7.9	32.4	29.1	8.19	18.0
Agriculture and farming raw materials	8.4	11.6	19.0	25.3	23.5	-10.1	-12.8	-18.7	-16.6	-15.7	1.8	13.8	-21.3	-5.7
Energy	2.0	9.7	9.9	17.2	15.4	-2.0	16.0	16.3	7.4	16.6	24.2	9.4	5.0	7.3
Machinery and Parts	14.5	6.3	19.5	6.7	16.9	-15.4	18.6	5.7	20.8	10.7	42.1	21.4	3.6	11.9

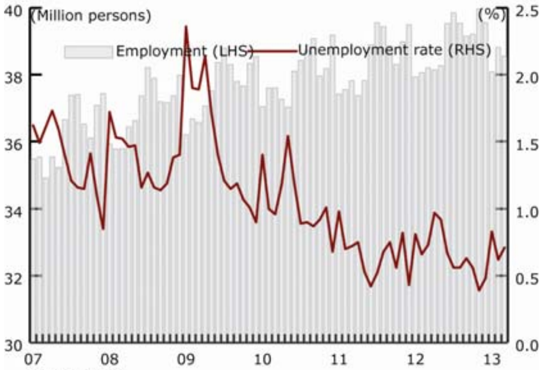
Source: BOT

Employment in the first quarter of 2013 stood at 38.55 million persons, expanded by 1.3 percent. The improvement were seen in (i) construction sector with a 175,920 persons increase (6.7 percent), in line with the expansion of public and private construction, (ii) wholesale and retail trades with a 175,810 persons increase (2.9 percent), in accordance with the expansion of trade sector, (iii) hotels and restaurants sector with a 136,970 persons increase (5.9 percent), in line with strong growth in the number of inbound tourists, and (iv) agricultural sector with a 128,253 persons increase (1.0 percent), owing to an increase in cultivating area of rubber and oil palm.

Employment expanded by 1.3 percent seen in construction sector, wholesale and retail trades, hotel and restaurants sector and agricultural sector. The unemployment rate was at 0.7 percent with tight condition of labor market.

The average unemployment rate in this quarter was recorded at 0.7 percent or equivalent to 278,867 persons, declined by 6,283 persons from the same period last year. Labor market condition remained tight as indicated by the stable job vacancies-to-new registered applications ratio of 0.9.

Employment increased by 1.3 percent seen in construction, wholesale and retail trades, hotels and restaurants and agricultural sectors.Unemployment rate was at 0.7 percent.



Source: NSO

Employed Persons by Industry

%YOY	2010	2011	2012					2013
	Year	Year	Year	Q1	Q2	Q3	Q4	Q1
Employed (100%)*	0.9	1.1	1.2	1.0	1.5	0.7	1.8	1.3
- Agricultural (35.2%)	-1.0	2.3	3.7	2.3	5.2	3.4	3.8	1.0
- Non-Agricultural (64.8%)	2.1	0.4	-0.3	0.2	-0.8	-1.2	0.5	1.5
- Manufacturing (15.7%)	-0.5	2.5	1.8	2.4	1.8	1.0	1.9	0.9
- Construction (7.3%)	2.3	0.7	5.1	1.0	0.1	7.7	14.1	6.7
- Wholesale (16.2%)	3.1	-3.2	-0.7	-0.9	0.6	-1.6	-0.9	2.9
- Hotel and Restaurant (6.4%)	2.4	-4.1	-9.4	-10.5	-14.3	-11.4	-0.5	5.9
Unemployment (Hundred thousand persons)	4.0	2.6	2.6	2.8	3.4	2.3	1.9	2.8
Unemployment Rate	1.0	0.7	0.7	0.7	0.9	0.6	0.5	0.7

Source: National Statistical Office
Remark: % Shared of employment in sector of Q1 2013

❒ Fiscal Condition

Fiscal condition in the second quarter of fiscal year 2013 net government revenue collection increased by 5.5 and 14 percent comparing to the previous quarter and the same period of last year respectively. Budget disbursement was below expected. In addition, the disbursement from Royal Decree on Investment Loan for Water Resource Management and Future Development was also slower than the target.

On the revenue side, in the second quarter of fiscal year 2013 (January – March 2013) net government revenue collection stood at 470,726.4 million baht, increased by 57,910.5 million baht (or 14 percent) compared with the same period of last year and higher than the target by 24,423.6 million baht (or 5.5 percent). The increase in revenue collection was contributed to (i) personal income tax, exceeding the target by 9,496.9 million baht (or 11.4 percent), (ii) excise tax on automobile and value added tax, exceeding the target by 8,485.4 million baht (27.6 percent), and (iii) remittance from other government departments, exceeding the target by 9,417.8 million baht (46.7 percent). The advancement seen in remittance was a result of a higher than expected 2012 profit from Government Saving Bank and CAT Telecom public limited, exceeding the forecast by 3,209.4 and 2,870.0 million baht respectively.

The revenue collection was higher than the target particularly ex-cise tax on automobile. However VAT ,personal income tax, and import tax were below the target.

On the contrary, the collection of Value Added Tax (VAT) was slightly lower than the target by 2,523.5 million baht (or 1.4 percent), following a slowdown in import tax. Likewise, corporate tax fell short from the target by 1,443.0 million baht (2.3 percent), as collection of tax on corporate net profit and withholding tax dropped.

On the expenditure side, the total budget disbursement in the second quarter of fiscal year 2013 was at 593,797.9 million baht, decreased by 24.5 percent comparing with the same period of last fiscal year. The total budget disbursement comprised of (i) the 2013 annual budget disbursement of 512,808.2 million baht, or equivalent to 21.4 percent disbursement (compared with the target of 24 percent) which was lower than the previous fiscal year disbursement by 30 percent. This was a result of acceleration in disbursement process during the beginning of the fiscal year and a high base effect from the delay in 2012 Budget Act enactment. In detail, current budget recorded a disbursement of 422,105.3 million baht, lower than the previous fiscal year by 35.2 percent, and capital budget disbursement of 90,702.8 million baht equivalent to 22.6 percent (compared with the target of 15 percent) increasing from the same period last year by 10.9 percent, (ii) Carry-over budget disbursement of 72,727.0 million baht or 24.2 percent of total carry-over budget, (iii) the TKK stimulus package II disbursements of 1,723.1 million baht, (iv) the disbursement of Development Policy Loan (DPL) of 4,124.5 million baht (2,576.8 million baht for DPL under the TKK stimulus package II and 1,547.7 million baht for other DPL), and (v) the disbursement of 2,4151.1 million baht from Royal Decree on Investment Loan for Water Resource Management and Future Development. Moreover, the total accumulated disbursement at the end of second quarter of fiscal year 2013 stood at 6,960.3 million baht or equivalent to 27.6 percent of total allocated budget of 25,193.2 million baht.

The budget disbursement was lower than protected due to the low disbursement of annual budget. Nevertheless, the capital budget disbursement was higher that estimated by 7.6 percent.

Furthermore, State-owned-enterprise's (including PTT public company limited) capital budget disbursement was at 90,015.7 million baht, significantly improved by 32,675.8 million baht from the same period of last year (or 57 percent), most of which was contributed to the disbursement of PTT public company limited, State Railway of Thailand, and Mass Rapid Transit Authority of Thailand.

Fiscal balance, in the second quarter of fiscal year 2013, the cash balance before financing recorded a deficit of 125,805 million baht with deficit in budget balance of 131,579 million baht and surplus in non-budgetary balance of 5,774.0 million baht. As a result, the government conducted a cash balance management through borrowing in the amount of 60,822.2 million baht. Thus, the treasury reserve at the end of March 2013 recorded at 194,153 million baht, increased by 119,619.0 million baht or 160.5 percent compared with the previous fiscal year.

Unit: Billion Baht

Fiscal Year	2011					2012					2013		
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	H1	Q1	Q2
Government Revenue	1,891.0	395.6	393.8	597.5	504.2	1,975.6	398.5	412.8	620.8	543.5	978.8	508.1	470.7
Compared with the target (%)	14.6	12.5	16.9	15.6	13.4	-0.2	4.2	4.0	-3.3	-2.7	10.7	16.1	5.5
Compared with prior year (%)	10.9	13.4	17.0	8.8	7.3	4.4	0.7	4.8	3.9	7.5	20.7	27.5	14.0
Budget Disbursement	2,050.5	553.8	516.9	521.9	458.0	2,148.4	439.2	732.9	435.5	540.9	1,212.6	699.8	512.8
Compared with last year (%)	26.0	39.6	19.5	37.5	9.3	4.8	-20.7	41.8	-16.6	18.1	3.5	59.3	-30.0
Percent of annual budget (%)	94.5	25.5	23.8	24.1	21.1	91.3	18.5	30.8	18.3	22.7	50.5	29.2	21.4
Higher / Lower the target (%)	1.5	5.5	-0.2	0.1	-3.9	-1.7	-1.5	8.8	-6.7	-3.3	6.5	9.2	-2.6
Public Debt	4,448.2	4,282.1	4,246.1	4,263.5	4,448.2	4,937.2	4,297.9	4,473.1	4,810.0	4,937.2	-	4,961.3	5,074.0
Public to GDP (%)	42.2	42.4	40.3	40.5	42.2	43.9	40.8	41.5	43.7	43.9	-	43.7	44.1

Source: MOF

Remark: Public Debt Q2/13 Period end at Feb 2013

Public debt to GDP equivalent to 44.1 percent

Public debt at the end of February 2013 amounted to 5,073,976.6 million baht, equivalent to 44.1 percent of GDP, increased from previous month and at the end fiscal year 2012 by 30,635.5 and 136,738.2 million baht respectively. The component of public debt consists of government debt at 3,555,634.6 million baht (70.1 percent of the public debt), non–financial institution SOEs debt at 1,072,414.1 million baht (21.1 percent of the public debt), and financial institution SOEs debt (government guarantee) at 437,874.4 million baht (8.6 percent of the public debt).

Policy interest rate remains unchanged while several countries in the region started to relax their monetary policy due to the economic momentum that forecast to slowdown

❒ Financial condition

Policy interest rate remained unchanged. In the first quarter of 2013, the policy rate was kept unchanged at 2.75 percent per annum. The decision was made under the assessment of the Monetary Policy Committee (MPC) that the current rate remained appropriate to sustained economic growth. However, the slow economic recovery and the implementation of quantitative easing measures by major countries had forced many countries to loosen their monetary policy. During the first quarter, India and Vietnam cut their policy rate by 0.50 and 1.00 percent per annum respectively, in order to stimulate their economic momentum that were forecasted to slowdown in the later period. Furthermore, the policy rate in major countries such as US, EU, and Japan, were kept at the low level. **In April 2013**, the MPC decided to maintain the policy rate at 2.75 percent per annum and announced that they continue to closely monitor domestic economic developments.

In May 2013, many countries continually eased their monetary policy as follow: (i) Reserve Bank of India cut its policy rate by 0.25 percent in order to fuel domestic economic growth which was undermined by the recorded high current account deficit. (ii) European Central Bank lowered its policy rate by 0.25 percent to stimulate the economic growth, (iii) Reserve Bank of Australia cut its policy rate by 0.25 percent to cope with global economic slowdown and to lessen the pressure of currency appreciation. (iv) Bank of Korea lowered its policy rate by 0.25 percent to deal with risk of global economic slowdown and at the same time reduce the impact of the Japan quantitative easing measures. (v) State Bank of Vietnam cut its policy rate by 1.00 percent to support domestic economy. As a result, the policy interest rate of India, EU, Australia, Korea, and Vietnam stood at 7.25, 0.50, 2.75, 2.50 and 7.00 percent per annum, respectively.

World Policy Rate Changes

Unit: Percentage

Country	2011	2012				2013						Policy Rate at the end of May 17, 2013
		Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	Apr	May	
Thai	-0.25	-0.25			-0.25							2.75
USA												0.25
Europe	-0.50			-0.25							-0.25	0.50
Japan												0 - 0.1
China			-0.25	-0.31								6.00
India	+0.25		-0.50			-0.50	-0.25		-0.25		-0.25	7.25
Australia	-0.50		-0.75		-0.50						-0.25	2.75
South Korea				-0.25	-0.25						-0.25	2.50
Vietnam	+6.00	-1.00	-3.00	-1.00	-1.00	-1.00			-1.00		-1.00	7.00

Source: CEIC

The Minimum Loan Rate (MLR) of four major banks was kept unchanged while the deposit rate remained within the same range as the previous quarter.

The Minimum Loan Rate (MLR) of four major banks was kept unchanged while the deposit rate remained within the same range as the previous quarter. During the first quarter of 2013, an average MLR of four major banks, medium commercial banks and retail banks were kept unchanged at 7.00 percent per annum, which was in line with the movement of policy interest rate. Moreover, an average 12-month deposit rate of four major banks remained stable and stood at 2.45 percent while medium commercial banks and retail banks slightly adjusted their rates downward. Nevertheless, the robust trend of loan expansion has led several commercial banks to launched new financial products that yield higher return than 12-month deposit rate in order to secure funding. The deceleration of inflation rate to 2.69 percent raised real deposit and lending rate of four major banks to -0.24 and 4.31 percent per annum at the end of the first quarter. In April 2013, MLR and 12-month deposit rate remained stable.

The commercial banks' Minimum Loan Rates change

Bank	2011	2012				2013					Interest rate at the end of Apr 2013
		Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	Apr	
Four Major banks	+1.35	-0.01			-0.40	-0.01	-0.02	+0.04	-0.03		2.45
Medium Commercial Banks	+1.99	-0.03	+0.01	+0.01	-0.27	-0.04	-0.03		-0.01	+0.02	2.75
Medium Commercial Banks	+2.24	-0.29			-0.08	-0.22	-0.09		-0.13		2.95

Capital and Financial Account

(Billion US Dollars)	2011	2012					2013			
		Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar
Capital and Financial Account	-5.19	11.54	3.61	-0.56	4.46	4.03	4.78	1.77	3.22	-0.22
Monetary Authorities	-0.15	1.04	2.96	-1.43	1.13	-1.63	2.74	1.94	0.28	0.52
Government	3.81	5.87	0.08	1.94	2.65	1.20	1.86	0.45	0.34	1.06
ODC	-8.75	13.77	5.30	3.46	1.52	3.48	2.08	-1.36	3.36	0.08
Other Sectors	-0.10	-9.14	-4.73	-4.54	-0.85	0.99	-1.90	0.74	-0.75	-1.88

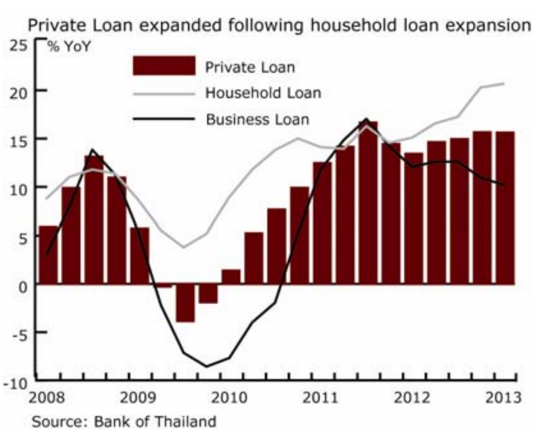
Source: BOT

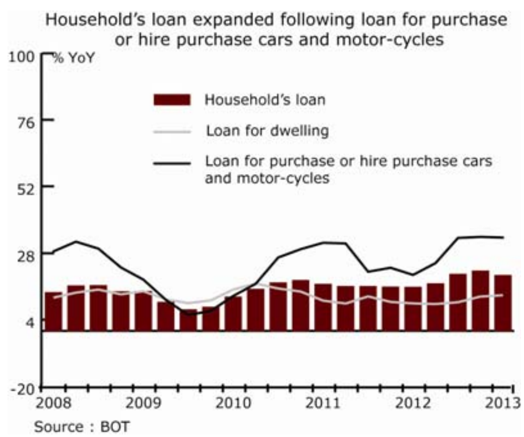
Deposits including Bill of Exchange (B/E) of Depository Corporations expanded at a slower pace with the growth rate of 10.0 percent, decelerated from 10.7 percent in the previous quarter. This was mainly caused by deceleration in deposit, which grew by 22.9 percent compared with 28.0 percent in the previous quarter. Furthermore, the slowdown in deposit was largely an impact of low deposit rate while new financial product with higher yield in the equity and money market risen. Meanwhile, Bills of exchange (B/E) continued to slow down from 76.9 percent in last quarter to 73.3 percent.

Deposits including Bill of Exchange (B/E) of Depository Corporations expanded at a slower pace as deposit decelerated.

Private loans (excluding accrued interest) grew by 15.6 percent slowed down from 15.7 in the previous quarter, following a slowdown in business loan which expanded by 10.2 percent compared with 10.9 percent in prior quarter. However, household’s loan continued to accelerate from 20.3 percent in the preceding quarter to 20.7 percent in this quarter as the windfall from the first-time car buyer scheme remained positive and caused loans for purchase or hire purchase cars and motor-cycle to expand by 33.7 percent. Numbers of credit cards slightly increased, while credit outstanding grew at a decelerating rate of 11.6 percent, slowed down from 14.3 in the previous quarter. In the same light, Credit card spending grew at a slower pace due to the high base effect in the first quarter of 2012. Moreover, NPLs[1] gradually declined from 1.0 percent in the last quarter to 0.96 percent.

Private loans slowed down, due to the decelerating in business loan. However, household’s loan continued to accelerate as the windfall from the first-time car buyer scheme remained positive.





Excess liquidity of commercial bank system slightly tightened. Commercial bank’s credit (excluding repurchase position: RP) to deposits (including B/E) ratio gradually increased to 99.1 percent compared with 97.2 percent in preceding quarter. This was due to the deceleration in Deposits (including B/E) as commercial bank deposit’s rate remained low since last quarter of last year, while commercial bank’s credit (excluding RP) continued to expand at a steady pace.

Excess liquidity of commercial bank system slightly tightened, due to deceleration in Deposits (including B/E).

Thai baht continuously appreciated against US dollar. An average exchange rate in the first quarter of 2013 was at 29.80 baht per US dollar, strongly appreciated from the previous quarter and from the same period of last year by 2.87 and 3.87 percent, respectively. In the first quarter of 2013, Thai baht continuously strengthened from an average of 30.63 baht per US dollar to 29.77, 29.81 and 29.31 baht per US dollar at the end of January, February and March,

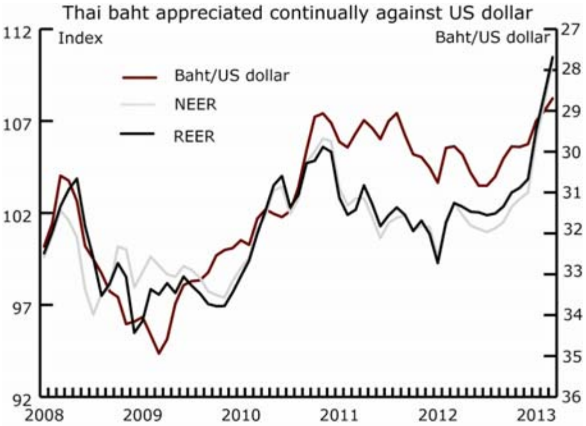
[1] NPLs in financial institutions (excluding BIF and credit fanciers).

respectively. This strong appreciation was mainly due to an extremely high capital inflow towards Asian region caused by the accumulated excess liquidity in the global financial market which further amplified by the additional quantitative easing measures of major industrial countries. In the first two months of 2013, most of the capital inflow was concentrated in the stock and short-term bond markets, however during March through April investor shifted their strategy towards long-term bond market. Nevertheless, Thai Baht appreciated more than other regional currencies contributed by the high yield in the bond market and lower risk of currency intervention policy. Compared with other regional markets.

Thai baht strongly appreciated against US dollar due to the strong capital inflow toward domestic bond market.

Thai baht appreciated against other regional currencies. At the end of the first quarter of 2013, Nominal Effective Exchange Rate (NEER) was at 110.18, strongly appreciated by 6.85 and 7.44 percent compared with the previous quarter and the same period of last year, respectively. Similarly, Real Effective Exchange Rate (REER) appreciated by 6.38 and 7.73 percent compared with the previous quarter and the same period of last year, respectively. By contrast, most of the currencies in the region depreciated, particularly Japanese Yen, whereas Thai Baht continuously appreciated.

Thai baht appreciated continually against US dollar



Source : BOT

Capital and financial account continued to record a net inflow[2]**.** In the first quarter of 2013, capital and financial account registered a net inflow of 4.78 billion US dollars, a third consecutive quarterly net inflow. The net inflow was experienced throughout all sectors except in Other sectors. The net inflow in debt securities investment stood at 4.73 billion US dollars (mostly concentrated in government and central bank bonds), dramatically risen compared with a net inflow of 1.47 billion US dollars for the whole of 2012. The strong advancement was supported by the implementation of quantitative easing measures in major countries and an attractive bond yield in the Thai bond market. On the other hand, net inflow from foreign direct investment (FDI) slowed down while investment in equity securities recorded a net outflow.

Capital and financial account recorded a net inflow in all sectors except other sectors, following a surge in debt securities investment by foreign investor.

Capital and Financial Account

(Billion US Dollars)	2011	2012					2013			
		Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar
Capital and Financial Account	-5.19	11.54	3.61	-0.56	4.46	4.03	4.78	1.77	3.22	-0.22
Monetary Authorities	-0.15	1.04	2.96	-1.43	1.13	-1.63	2.74	1.94	0.28	0.52
Government	3.81	5.87	0.08	1.94	2.65	1.20	1.86	0.45	0.34	1.06
ODC	-8.75	13.77	5.30	3.46	1.52	3.48	2.08	-1.36	3.36	0.08
Other Sectors	-0.10	-9.14	-4.73	-4.54	-0.85	0.99	-1.90	0.74	-0.75	-1.88

Source: BOT

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

Net Capital and Financial Account by type of investment

(Billion US Dollars)	2011	2012				2013			
		Year	H1	Q3	Q4	Q1	Jan	Feb	Mar
Net Capital and Financial Account by type of investment	-5.19	11.54	3.05	4.46	4.03	4.78	1.77	3.22	-0.22
Direct Investment	-0.44	-3.31	-2.71	-0.62	0.03	0.16	-0.41	0.55	0.02
Direct Investment	-8.22	-11.92	-6.90	-2.64	-2.38	-1.64	-0.34	-0.20	-1.10
Foreign Direct Investment	7.78	8.62	4.20	2.02	2.41	1.81	-0.05	0.75	1.11
Foreign Direct Investment	3.59	4.41	0.95	4.86	-1.39	4.50	3.87	-0.15	0.29
Equity Security Investment	-0.43	2.95	1.78	0.66	0.51	-0.22	0.18	-0.89	0.00
Equity Security Investment	4.02	1.47	-0.83	4.19	-1.90	4.73	3.70	0.74	0.29
Other Investments	-8.33	10.43	4.80	0.23	5.40	0.11	-1.69	2.33	-0.53

Source: BOT

Current account registered a surplus of 1,267 million US dollars (equivalent to 36,657 million baht), compared with a surplus of 923 million US dollars (equivalent to 28,306 million baht, despite a trade deficit of 221 million US dollars in the previous quarter). This was a result of an import of 2 commercial aircrafts with total value of 11,943 million baht. However, net services, primary income, and secondary income registered a surplus of 1,488 million US dollars.

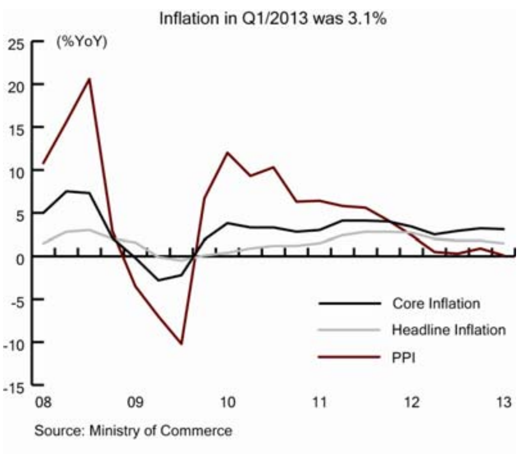
Current account registered a surplus.

International reserve at the end of April 2013 stood at 178.37 billion US dollars (excluding net forward position of 23.60 billion US dollars), which was equal to 2.9 times of short-term foreign debt (at the end of the fourth quarter of 2012) or 9.5 months of import value (at the end of the first quarter of 2012).

International reserve at the end of April 2013 stood at 178.37 billion US dollars.

Headline inflation in the first quarter of 2013 was at 3.1 percent, decelerating from 3.2 percent in the previous quarter**.** This was mainly a result of a decline in the price of energy**. Non-food and beverage price index** increased by 2.5 percent**,** decelerating from 3.3 percent in the previous quarter, as the price of domestic retail oil price declined with the global crude oil price. There was also a high base effect, as the Oil Fund levy was resumed in January 2012. Meanwhile, **the food and beverage price index** increased by 4.0 percent, accelerating from 3.1 percent in the previous quarter. This was due to the price increase of vegetables and fruits, as there were limited produce owing to excessively high temperature. The prices of meats, poultry, and fish also increased, especially during the Chinese New Year in February. The core inflation was at 1.5 percent in the first quarter, compared with 1.8 percent in the previous quarter.[3]

Headline inflation in the first quarter of 2013 was at 3.1 percent, with a decelerating trend throughout the quarter.



Producer Price Index (PPI) in the first quarter rose by 0.1 percent, decelerating from 0.9 percent in the previous quarter. Such deceleration was mainly due to a slowdown in the prices of agricultural products, and the decline in the price of mining products. The prices of agricultural products increased by 1.6 percent, decelerating from 3.2 percent in the previous quarter. By contrast, the prices of mining products decreased by 5.0 percent, compared with an increase of 0.9

Producer Price Index (PPI) in the first quarter rose by 0.1 percent, decelerating from 0.9 percent in the previous quarter.

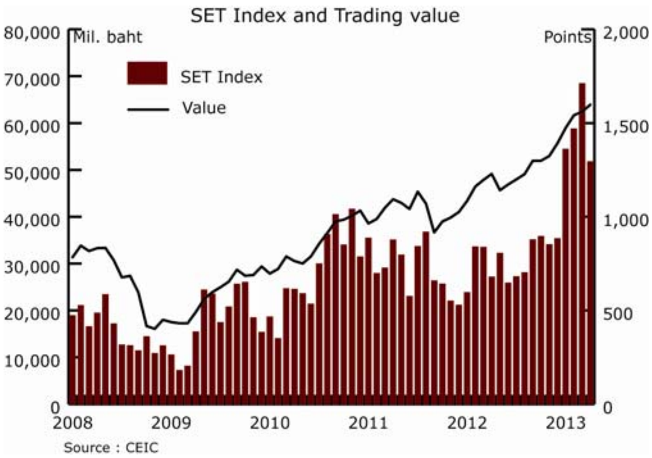
[3] In April 2013, headline inflation was at 2.4 percent, and core inflation was at 1.2 percent. For the first 4 months of 2013, the average headline inflation was at 2.9 percent and the average core inflation was at 1.4 percent.

percent in the previous quarter as there was a decline in the prices of lignite, petroleum and natural gas. When considering the PPI classified by production process, the pressure on production cost is likely to remain steady at a low level.[4]

SET index advance further with highly demand from institutional investors.

SET index advanced further from the previous quarter. SET index closed at 1,561.1 points, increased by 12.2 percent from the end of 2012 and rank fifth in the region. An average trading value considerably increased to 60.6 billion baht compared with 35.1 billion baht in the previous quarter. SET index and regional markets continually advanced with support from quantitative easing measures and low interest rate policy in major industrialized countries. Moreover, higher demand from institutional investors, partly driven by an increase of alternative investment products such as Trigger fund, also played a vital role in this quarter advancement. However, the global economic fluctuation from the uncertainty in Cyprus's financial sector, the concern over US economic slowdown, as well as the fast acceleration of SET index in the previous period led foreign investors to lower their position in stock market and moved to bond market. This was reflected in the foreign investor net buy position that dramatically dropped from 11.4 billion baht in the previous quarter to 3.9 billion baht.

In April 2013, SET index continued to improve and closed at 1,597.9 points. An average trading value was 51.8 billion baht, decreased from 68.5 billion baht in March. Moreover, foreign investors switched their position to an excessive net sell of 19.8 billion baht. The continuous reduction in foreign investor net buy position reflects the rising concern over global economic slowdown while the nuclear threat from North Korea remains a negative factor to the market. Likewise, institutional investors net buy position sharply dropped to 6.3 billion baht. Nevertheless, the positive momentum in the first quarter further pushed SET index to close at 1,597.9 point at the end of April. Between 1st – 17th of May, SET index has continually improved and foreign investors recorded a net buy of 8.1 billion baht due to the policy rate easing measures in many countries and the outperform return of S&P 500.



Foreign investors continually recorded a net buy of 281.8 billion baht.

Bond trading volume and foreign investors' net buy significantly improved. A daily average outright trading volume in the first quarter registered at 97.1 billion baht, increased from 74.3 billion baht in the fourth quarter of 2012. Foreign investors' net buy posted at 281.8 billion baht, considerably increased from 139.0 billion baht in the previous quarter. The supporting factors that greatly enhanced foreign capital inflow and caused short term maturity of government bond yield to shifted downward were (i) an expectation toward an increase of bond supply in 2013, (ii) an upgrade of Thai sovereign credit rating, and (iii) the uncertainty in Cyprus's financial sector which conversely affected the confidence of investor and triggered the risk aversion of investor to shift their investment position toward safer assets.

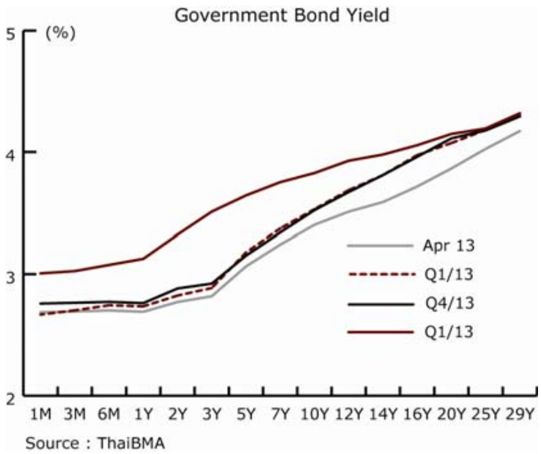
[4] In April 2013, PPI declined by 0.6 percent. For the first 4 months of 2013, PPI increased by 0.1 percent.

In April 2013, a daily average outright trading volume stood at 106.8 billion baht, slightly increased from 100.8 billion baht in the previous month. Foreign investors' continued to record a net buy of 84.5 billion baht. The continuous net buy was mainly caused by the capital inflow to the regional capital market following the Bank of Japan announcement of their monetary easing policy, while the nuclear threat from North Korea further fueled the inflow. Thus, the excessive demand coupled with the expectation of policy rate cut by the Bank of Thailand caused bond yield of all maturities to shift downward.

Stock and Bond Market

	2011	2012					2013				
	Year	Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	Apr
Stock Market											
SET Index	1,025.3	1,391.9	1,196.8	1,172.1	1,298.8	1,391.9	1,561.1	1,474.2	1,541.6	1,561.1	1,597.9
SET Index	29.0	31.1	30.5	28.6	30.2	35.1	60.6	54.5	58.8	68.5	51.8
Daily average trading (Billion Baht)	-5.1	76.4	82.8	-19.3	1.5	11.4	3.9	15.0	-17.4	6.2	-19.8
Net Trading of Foreign Investors (Billion Baht)	-29.2	-24.3	-34.3	-4.1	-5.9	19.9	32.0	4.5	15.4	12.2	6.3
Bond Market											
Gross Price Index (Point)	105.9	104.6	101.9	104.1	104.3	104.6	104.6	103.8	104.4	104.6	105.8
Daily Average Outright Trading Value	72.1	80.7	76.1	88.5	84.5	74.3	97.1	89.2	102.3	100.8	106.8
Net Trading of Foreign Investors	688.8	890.8	298.5	213.7	239.6	139.0	281.8	107.8	80.4	93.6	84.5

Source: CEIC and ThaiBMA



Public fundraising remained high in purpose of debt management. In first quarter of 2013, public fundraising and state enterprises bonds totaled at 225.1 billion baht, increased from 164.9 billion baht in the previous quarter. On the contrary, monetary authority bonds continued to decline from the previous quarter. Private fundraising totaled at 409.6 billion baht, decreased from 513.1 and 492.4 billion baht in the fourth quarter and the same period of 2012 respectively. The private fundraising was mainly concentrated in financial intermediation sector, production sector, real estate sector and mining and quarrying sector.

Public fundraising remained high in purpose of debt management.

New issuances of securities in Primary Market

(Billion baht)	2011	2012					2013			
	Year	Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar
Public securities										
Government bonds	396.1	657.1	150.7	162.6	196.4	147.4	174.8	29.4	37.7	107.8
Treasury bills /Promissory notes	301.4	433.9	143.8	129.2	160.1	36.6	-	-	-	-
State enterprises bonds	40.9	211.4	16.1	37.1	153.0	17.5	50.3	6.5	3.0	40.9
Monetary authority bonds & Specialized organization bonds	10,862.7	7,799.3	2,326.5	2,091.0	1,688.7	1,693.0	1,593.7	586.9	506.8	500.0
Total	11,601.1	9,101.6	2,589.1	2,419.9	2,198.2	1,894.6	1,818.8	622.8	547.5	648.7
Private securities										
Equity Securities	93.4	248.5	32.7	22.9	24.2	168.8	30.1	10.1	9.6	10.5
Debt Securities	1,196.2	1,424.6	459.7	282.3	338.3	344.3	379.5	105.2	94.8	179.5
Total	1,289.5	1,673.2	492.4	305.2	362.5	513.1	409.6	115.3	104.4	190.0

Source: BOT

2. Crude oil price movement in Q1/2013 and Outlook for 2013

❒ Crude oil price in Q1/2013

Crude oil price declined from the previous quarter due to European economic crisis and global economic slowdown.

The average oil price fell from the previous quarter. In the first quarter of 2013, the average crude oil price in the 4 markets (Dubai, Oman, Brent and WTI) stood at 106.02 US dollars per barrel, representing a decline of 5.9 percent compared with a 0.8 percent decline in the previous quarter. The crude oil price in Dubai, Brent, and Oman market declined from the same period last year by 6.1, 4.1, and 6.7 percent, compared with an increase of 0.9, 0.9 and 0.3 percent respectively in the previous quarter. Meanwhile, WTI crude oil price declined for 2 consecutive quarters, with a decline of 6.6 and 6.2 percent compared with the same period last year and the previous quarter respectively. This decline in global oil price was mainly due to the delay of global economic recovery, especially the Chinese economy which grew less than expected and the ongoing recession of the European economies with no clear signs of recovery, as well as the increase in the US's crude oil reserve.

Crude Oil Price

US Dollar / barrel		OMAN	DUBAI	BRENT	WTI	Average
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
	Q4	106.98	106.31	109.03	93.97	104.07
	Year	106.49	106.03	110.90	95.14	104.64
2012	Q1	115.95	115.11	117.51	101.87	112.61
	Q2	106.36	106.30	108.84	93.43	103.74
	Q3	106.52	106.31	109.58	92.33	103.68
	Q4	107.30	107.28	110.04	88.15	103.19
	Year	109.04	108.75	111.49	93.95	105.81
2013	Jan	107.78	107.79	112.27	94.73	105.64
	Feb	111.12	111.11	116.07	95.39	108.42
	Mar	105.48	105.48	109.56	95.42	103.99
	Q1	108.13	108.12	112.64	95.18	106.02
	Apr	101.73	101.61	103.88	92.20	99.86
	1-15 May	100.50	100.43	103.52	95.01	99.86

Source: Thaioil PLC.

❐ Crude Oil Price Outlook for 2013

Dubai crude oil price in 2013 is expected to be between 105 – 110 US dollars/ barrel.

For the rest of 2013, Dubai crude oil price is likely to increase gradually due to the following reasons. (i) The global economy is likely to slow down in the second quarter, before beginning to recover at an accelerated pace in the second half of 2013. (ii) US dollar in trade weighted term remains unchanged and is likely to appreciate as the US economy begins to recover at an accelerated pace and as the Federal Reserve is expected to downsize its quantitative easing measures. (iii) US oil production capacity and crude oil export are increasing rapidly. Coupled with the decline of crude oil price in the first quarter, these conditions led many agencies to revise downward their projection of crude oil price. The US's Energy Information Administration (EIA) revised its projection of the WTI crude oil price from 105.0 US dollars/ barrel in its previous projection (February 2013) to 94.0 US dollars/barrel in its latest projection (April 2013). Similarly, Goldman Sachs revised its projection of WTI crude oil price from 102.5 US dollars/barrel in its previous projection (January 2013) to 96.5 US dollars/barrel in its latest projection (April 2013). NESDB expects that, on average, the Dubai crude oil price in 2013 will be between 105 – 110 US dollars/barrel, compared with 108.8 US dollars/barrel in 2012. This is a downward revision from 108 - 113 US dollars/barrel in the previous projection.

WTI Oil Price 2013

Institution	Forecast	
BMI	92.0 (Feb 2013)	
EIA	105.0 (Feb 2013)	**94.0** (Apr 2013)
Goldman Sachs	102.5 (Jan 2013)	**96.5** (Apr 2013)
Morgan Stanley	96.5 (Jan 2013)	

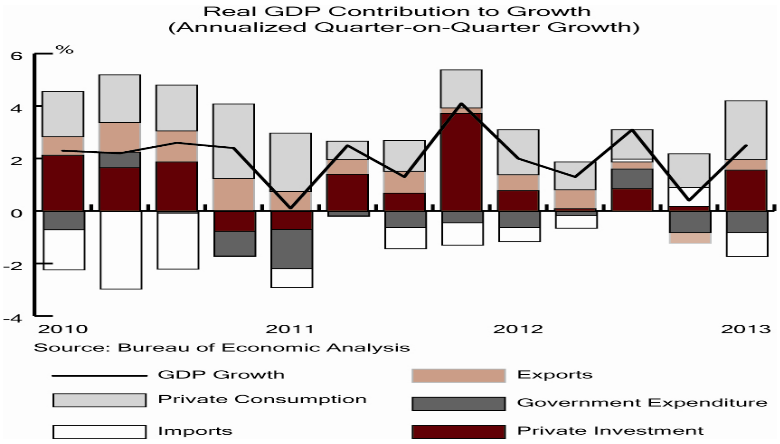
Source: Collected by NESDB

3. World Economic Performance in Q1/2013

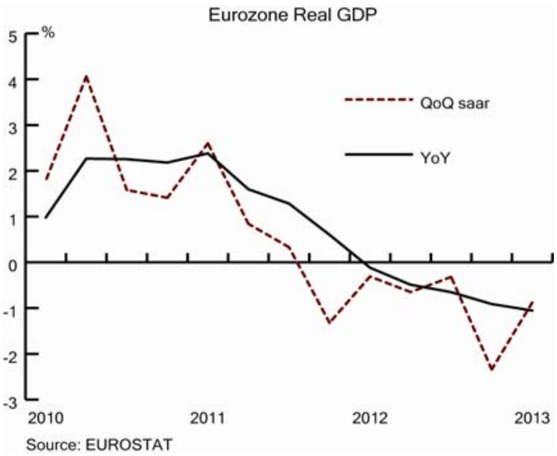
The world economic condition in the first quarter of 2013 exhibited a sluggish recovery. US economy improved but weaker than expected due to public spending cut. Eurozone economy remained in recession without the sign of recovery. Chinese economy still expanded but the growth rates were less than expected, similar to other Asian economies that the economic growth rates also decelerated. Japanese economy gradually recovered due to the Yen depreciation but with the lower growth rate comparing to the same period of last year.

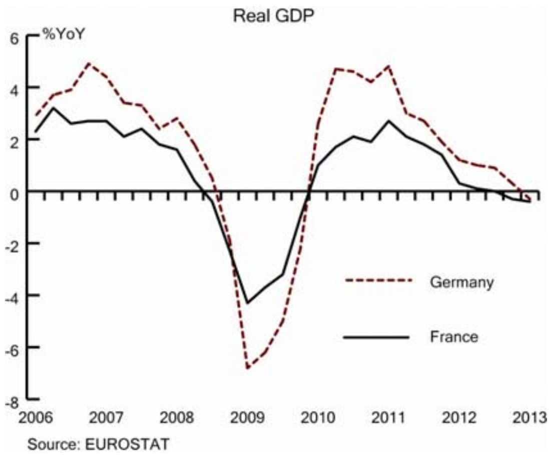
The world economic condition in the first quarter of 2013 exhibited a sluggish recovery. US economy improved, but weaker than expected. Eurozone economy remained in recession. Although Chinese economy still expanded, the growth rates were less than expected and lower than previous quarter similar to other Asian economies whose the economic growth rates also decelerated. The inflationary pressure was low due to the slowdown recovery of global economy and relatively stable prices of crude oil and primary product. Under this circumstance, most central banks tend to maintain their expanded monetary regimes.

❒ **US economy** in the first quarter of 2013 expanded by 1.8 percent (%YoY), comparing to 1.7 percent in the previous quarter. On the seasonally adjusted quarter on quarter basis, US economy grew by 2.5 percent accelerated from 0.4 percent in preceding quarter. The strong recovery of private sector was a main driving force of economic recovery. Private consumption and investment had contributed to economic growth by 2.2 and 1.6 percent, respectively. The key economic indicators continually showed a recovering sign particularly labor market and real estate sectors. New housing starts and new housing sales in March increased by 7.0 and 1.5 percent respectively. Unemployment rate dropped gradually from 7.9 percent in January to 7.6 percent in March. Nevertheless, public spending cut was a major downside particularly on the national defense expenditure which led to a negative contribution of 0.6 percent in the first quarter.

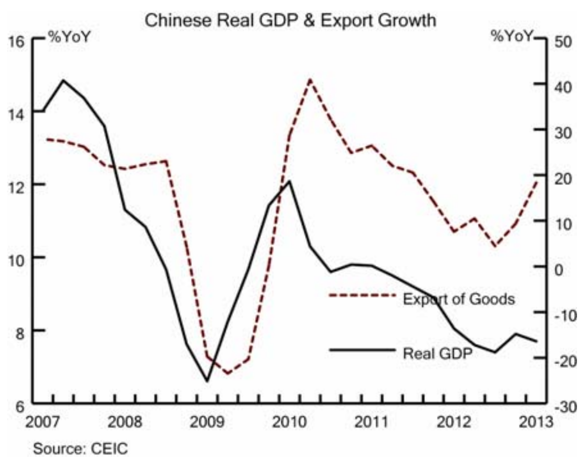


❒ **Eurozone economy** in the first quarter of 2013 declined by 1.0 percent (%YoY), which was the fifth consecutive quarter of economic contraction. Likewise, PMI manufacturing of Eurozone in March continued to be lower than 50 as it has been since July 2011. Moreover, the industrial confidence index reduced from -10.8 in February to -11.6 in March. The Eurozone unemployment rate hit a historical high level of 10.8 percent in March, particularly PIIGS economies. The unemployment rates in Italy, Spain, and Portugal were at 11.5, 26.7, and 17.5 percent respectively. The effects of sluggish recovery as well as the depreciation of US dollar and Japanese Yen spread to the core economies. The German and French economies in first quarter of 2013 dropped by 0.3 and 0.4 percent comparing with the expansion of 0.3 percent and a contraction of 0.3 percent respectively. However, the European financial sector was beginning to stabilize due to the conclusion of Cyprus crisis, the progress of banking sector solution, and the successful Italian Government formation.



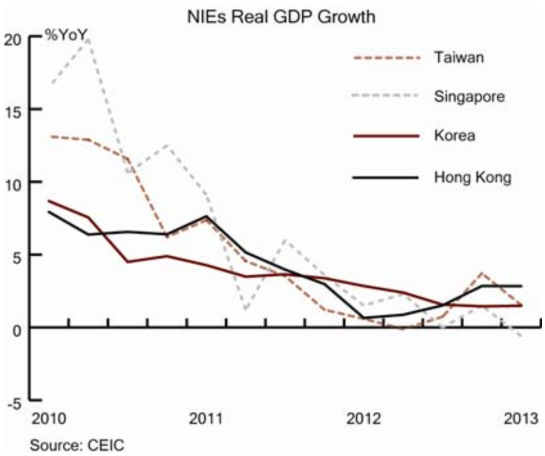


- **Chinese economy** in the first quarter of 2013 grew by 7.7 percent (% YoY) below the expectations of the market and lower than the rate of 7.9 percent of the previous quarter as a result of a deceleration in an industrial production affected by the slowdown of the global economy and the appreciation of the Yuan, as well as the reduction in investment momentum. The value of exports in the first quarter of 2013 grew by 18.3 percent, accelerating from 4.5 and 9.4 percent growth in the third and fourth quarter of 2013 respectively, but still below expectations of the market. Domestic economic indicators slowed down. These includes (i) the added value of the industry in the first three months of 2013 grew by 9.5 percent, dropped from 13.9 and 10.0 percent in 2011 and 2012 respectively, (ii) the retail sales of consumer products in the first three months of 2013 rose by 12.4 percent, slowed down from 17.1 and 14.3 percent in 2011 and 2012 respectively, and (iii) Purchasing Managers' Index (PMI) rose to 50.9 in March, raising from 50.1 in February, but was still a low rate compared with the same month last year which stood at 53.1. Moreover, inflation rate in the first quarter rose by 2.4 percent, compared with 2.1 percent in the last quarter of 2012.



- **Japanese economy** in the first quarter of 2013 expanded by 0.2 percent compared with 0.5 percent in the previous quarter. The seasonally adjusted (%QoQ sa) growth rate was at 0.9 percent accelerated from 0.3 percent in the previous quarter, which was the second consecutive quarter of expansion. In particular, private demand grew by 0.5 percent compared with 0.1 percent in the preceding quarter. The export of goods and services in the first quarter also increased by 3.8 percent compared with the 2.9 percent contraction in the previous quarter, which was supported by the Yen depreciation. Likewise, other economic indicators showed positive signs, particularly Manufacturing Production Index and wholesale and retail sale index.

❒ **The Newly Industrialized Economies** (NIEs) grew at a sluggish pace in the first quarter of 2013. South Korea, Taiwan, and Hong Kong economies expanded by 1.5, 1.5, and 2.8 percent, decelerating from the previous quarter's growth rate of 1.5, 3.7, and 2.8 percent respectively. Singaporean economy contracted by 0.6 percent, comparing with 1.1 percent in the previous quarter. NIEs were adversely affected by the slower than expected global economic recovery and the depreciation of major currencies, particularly their exports and manufacturing production. The export values of Hong Kong, South Korea, and Taiwan in the first quarter slightly expanded by 3.9, 0.5, and 1.0 percent respectively. Meanwhile, export value of Singapore contracted by 8.7 percent in the first quarter, which is in line with the contraction of the MPI of South Korean and Singapore by 1.7 and 6.8 percent respectively. However, Taiwan's MPI displayed a clear sign of deceleration, with a growth rate of 0.8 percent comparing with 4.2 percent in the previous quarter.



Real GDP Growth of Major Economies

%YoY	2011	2012			2013
	Year	Q3	Q4	Year	Q1
World	3.9	-	-	3.2	-
US	1.8	2.6	1.7	2.2	1.8
Eurozone	1.5	-0.7	-0.9	-0.4	-1.0
Japan	-0.6	0.3	0.5	2.0	0.2
China	9.2	7.4	7.9	7.8	7.7
India	6.5	5.3	4.5	4.0	-
S. Korea	3.6	1.6	1.5	2.0	1.5
Taiwan	4.0	1.0	3.7	1.3	1.5
Hong Kong	4.9	1.5	2.8	1.5	2.8
Singapore	4.9	1.3	1.1	2.3	-0.6
Malaysia	5.1	5.3	6.4	5.6	-
Philippines	3.9	7.1	6.8	6.6	-
Vietnam	5.8	5.1	5.4	5.0	4.9
Indonesia	6.5	6.2	6.1	6.2	6.0

Source: Collected by NESDB

4. World Economic Outlook in 2013

The world economy in 2013 is forecasted to grow by 3.6 percent compared with 3.2 percent in 2012. The world economy in the second quarter is likely to recover gradually due to the expansion of US economy which remains under negative pressure from public spending cut. Meanwhile recovery sign of Eurozone economy remains uncertain, even though financial sector and economic climate start to improve. Furthermore, export expansion and overall economic growth of China remain under the constraints of Eurozone contraction as well as depreciation of Japanese Yen and US dollar.

The world economy in the second quarter is likely to recover slowly while the inflationary pressure remained low due to the delay recovery of global economy and relatively stable prices of crude oil.

Weak economic indicators and slow economic recovery in the advance economies are the major factors supporting the ongoing quantitative easing measures. As a consequence, Japan announced to increase money supply which is a the major change in the Japanese monetary history. Meanwhile the European Central Bank cut the interest rate and the FED continues to increase money supply. For these reasons, the world economic growth is expected to accelerate in the second half of 2013. However, the increase in money supply by US and Japan, including the prior accumulated liquidity in the global market is expected to intensify the appreciation pressure towards Asian currencies. Furthermore, such depreciation will also delay the recovery of Eurozone economy which could lead to economic and political crisis in member countries, especially the ones with severe economic situation.

- **The US economic** indicators in April continued to show the sign of recovery in the private sector, particularly non-farm employment which led unemployment rate to decline to 7.5 percent in April. Likewise, Consumer Confidence Index increased by 6.2 points and real estate sector continued to improve. Nevertheless, ISM manufacturing index and ISM on non-manufacturing index dropped by 0.6 and 1.3 points down to 50.7 and 53.1 points respectively. Similarly, car sales also declined by 2.3 percent. In addition, inflation rate was at 1.5 percent which was lowered than the monetary policy bound. These reflect the signal of weak recovery momentum. Coupled with the government budget cut, the economic growth for the second quarter is expected to decline from the first quarter. This is in line with the FOMC statement given on 30th of April and 1st of May meetings. It was stated that FED prepares to adjust the asset purchasing budget according to the changes in the labor market and inflation pressure. Nevertheless, the economic growth in the second half of 2013 will be accelerated by the recovery of real estate sector in terms of price, construction and sales. Overall, the US economy in 2013 is expected to grow at the

Japanese Quantitative Easing and excess liquidity in the global financial system

On 4th April 2013, Bank of Japan announced unprecedented monetary policy easing to stimulate the Japanese Economy, which can be concluded as follows.

(1) Purchase of Japanese government bonds (JGBs) by 7.5 trillion Yen per month, or 50 trillion yen per year (approximately 500 billion US dollars), and lengthen of JGB maturity from 3 years to 7 years.

(2) Suspension of the banknote principle that required BOJ to purchase of bond not exceed than amount of money circulation. This will allow Bank of Japan to purchase bonds more than the outstanding amount of long-term government bonds effectively held by the Bank.

(3) Increase of investment in Exchange Trade Fund and Real Estate Investment Trust to 1 trillion yen and 30 trillion yen respectively.

(4) The main operating target for money market operations is changed from the uncollateralized overnight call rate to the monetary base.

(5) Use of open-ended quantitative and qualitative monetary easing until the inflation rate increase to 2 percent.

Quantitative easing measures by Bank of Japan

Trillion Yen	End of 2012 (actual)	End of 2013 (projected)	End of 2014 (projected)
JGBs	89.0	140.0	190.0
Corporate Paper	2.1	2.2	2.2
Corporate Bond	2.9	3.2	3.2
Exchange-Traded Funds	1.5	2.5	3.5
Japan Real Estate Investment Trusts	0.11	0.14	0.17
Loan Support Program	3.3	13.0	18.0
Total	158	220	290

Source: BOJ

The Japanese quantitative easing measure amount to 70 billion US dollars per month closely ties to the US quantitative easing of 85 billion US dollars per month. Taking into account the liquidity caused by the previous quantitative easing accumulated in the system, it is expected that excessive liquidity in the global financial system caused by the quantitative easing of the US, Japan, and the UK by the end of 2013 could reach 5.86 trillion US dollars. Under this circumstance, the pressure toward capital inflow, exchange rate appreciation and export performance will be exacerbated throughout the year.

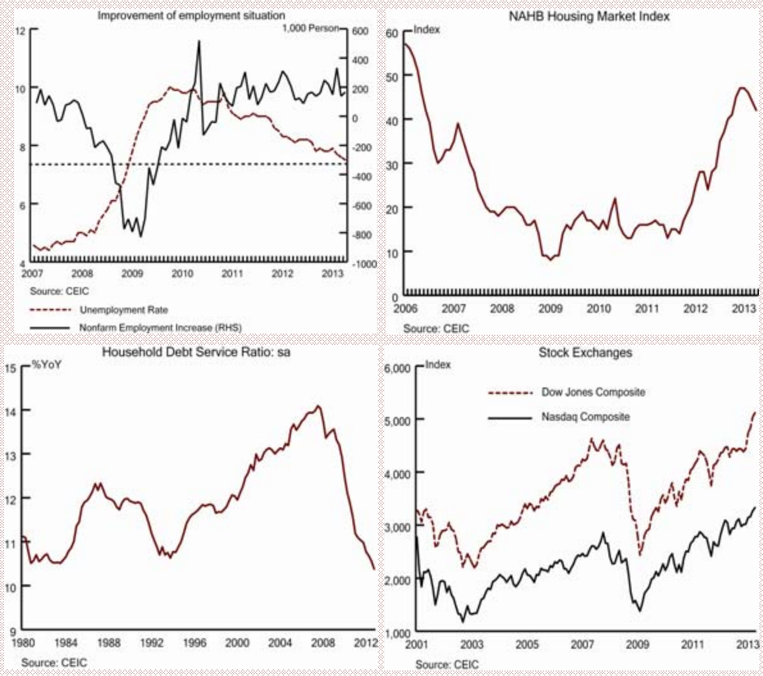
Quantitative easing	Size of Quantitative Easing by end of 2013 (Trillion US dollar)
US : QE1 + QE2	1.95
US : QE3 + QE4	1.18*
UK	0.58
Japan	2.15
Total	5.86

Note: * Base on the assumption that the FED will downsize the measure by half in the last quarter of 2013.

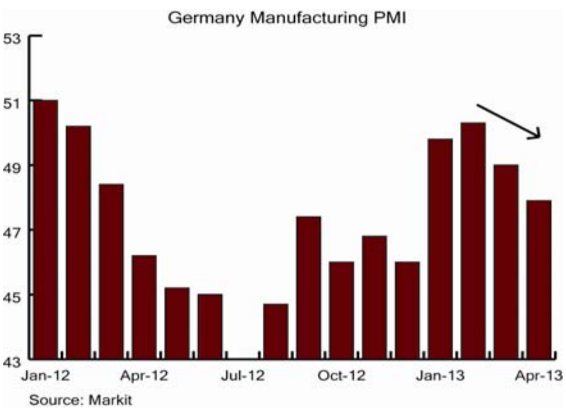
same rate as 2012 of 2.2 percent. The supporting factors include: (i) the improvement of labour market, (ii) the increase in household consumption, (iii) the increase in asset price, and (iv) debt to income ratio at the lowest level in 30 years.

- **Eurozone Economy** Even though key economic indicators have become increasingly stabilized and economic sentiment substantially improved, the real economy has yet to show clear signs of recovery. In April, Manufacturing PMI index remained relatively stable at 46.7, improving from a consecutive decline during the second half of 2012. However, this still indicates a contraction of the economy. In addition, manufacturing PMI index of Germany started to decline. The signs of prolonged economic contraction led to further policy rate cut by ECB on 2nd of May and an extension of the emergency loan program (ELB) until mid-2014. Together with the improvement in economic sentiment, the progress in resolving Cyprus crisis and the formation of the Italian Government, this will support economic recovery during the rest of 2013. Nevertheless, depreciation of the Japanese Yen and a high unemployment rate will hinder the economic recovery in the Eurozone. In 2013, Eurozone is expected to contract by 0.2 percent.

Supporting factors for US economic growth



Although economic growth in the remaining of 2013 will face headwind from the government budget cut, it is expected that the private sector will continue to recover. Supporting factors include (i) the increase in housing price and asset prices by 400 and 184 percent respectively compared with the lowest level in 2009, thereby enhancing household wealth, (ii) the reduction of household debt service ratio towards the lowest level in 30 years, (iii) excess housing demand caused by the reduction during the economic crisis, (iv) the improvement of labor market condition, and (v) the mortgage rate at the historical lowest level.



- **Japanese Economy** Even though the Japanese economic growth rate remained weak in the first quarter, but the ongoing depreciation of the Japanese Yen since September 2012 has led other major economic indicator to gradually display signs of improvement. In April, PMI index increased to 51.1 (highest level in 13 months), and the unemployment rate declined from 4.3 in March to 4.1 percent. Despite positive signs, BOJ announced its intention to expand money supply and to shift the direction of monetary policy. Such action has caused Japanese Yen to depreciate against US dollar by 7 percent during April to 15 May. Since September 2012, Japanese Yen has depreciated by 32 percent against US dollar. With the current monetary policy and the improvement of economic indicators, it is expected that the Japanese economy in 2013 will expand by 1.5 percent.

- **Chinese economy**'s economic momentum remained weak. In April, manufacturing PMI fell from 50.9 to 50.6, while non-manufacturing PMI fell from 55.6 to 54.5. However, exports value increased by 14.6 percent, accelerating from 10.0 percent in March, but lower than the average of first two months of the year which was at 23.4 percent. In addition, exports to the US, Eurozone and Japan fell by 0.1, 6.4 and 1.2 percent respectively. On the contrary, exports to Hong Kong, Taiwan, South Korea and ASEAN grew by 57.2, 49.2, 7.2 and 37.2 percent respectively. The contraction of the Eurozone economy as well as depreciation of the Yen and US dollar remained an obstacle for Chinese export. Therefore, exports of China will increasingly rely more on regional trade which is supported by economic growth in the region and the gradually appreciating Yuan relative to other Asian currencies. Nevertheless, the Yuan is under appreciation pressure. Thus, the State Administration of Foreign Exchange imposed restriction measures on lending in US dollar to the private sector, as well as increasing the stringency of the export and import documents. In addition, the concern about the bubble in the property sector caused the authority to tighten control over real estate market, such as down payment increase, limit of second home purchase, and the capital gain tax levied on used home sales. Under such conditions, the Chinese economy in 2013 was expected to grow by approximately 8.0 percent.

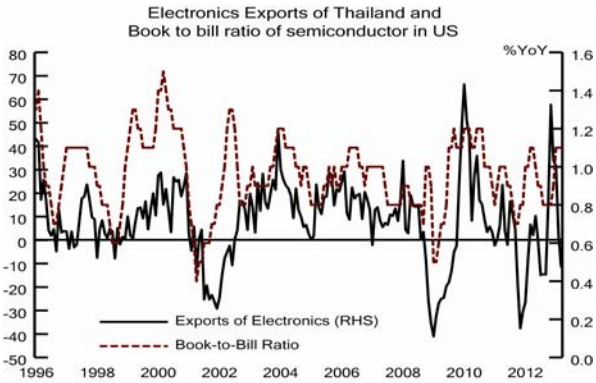
5. Thailand Economic Outlook for 2013

Economic growth in the remaining of 2013 will be supported by the improvement of global electronic market, the expansion of private investment, and the implementation of key government investment projects. Nevertheless, there remains downside risk, including: (i) the delay in global economic recovery, (ii) the sluggish recovery of export prices in the global market, (iii) the appreciation pressure on Thai baht, and (iv) high base effect and the fading out economic impulse from first-time-car-buyer scheme, which is likely to hinder the growth rate in the remaining of 2013. Coupled with the relatively low economic growth in the first quarter, the whole year economic growth rate skewed to the lower bound of the previous forecast.

Economic growth in the remaining of 2013 will be supported by the improvement of global electronic market, the expansion of private investment, and the implementation of key government investment projects. Nevertheless, there remains downside risk including the delay in global economic recovery, the sluggish recovery of export prices in the global market, the appreciation pressure on Thai baht, and high base effect and the fading out economic impulse from first-time-car-buyer scheme.

❒ **Supporting factors for economic growth**

1) **The recovery of global demand for electronic goods**. In the past year, production and export of electronic goods was severely affected by the flood in 2011, the slowdown of global economy, and the delay in consumption before the launch of new products. However, in the first quarter of 2013, the global trade of electronic goods began to improve, as indicated by the increase of book-to-bill ratio of semi-conductor industry in the US to 1.14 in March 2013. Such condition is expected to be favorable to the expansion of production and export of electronic goods during the rest of 2013.



Source: CEIC

2) **Private investment is expected to expand at a satisfactory rate.** The supporting factors for private investment are as follows: (i) investment that was granted BOI incentives in 2012 was as high as 2,262 projects (37.2 percent increase), with a total investment value of 983.9 billion baht (119.9 percent increase), and are expected to start implementing in 2013, (ii) the low rate of interest, and (iii) the improvement of investor confidence as reflected in the improvement of Business Confidence Index from 51.1 in January to 54.4 in March, while the total value of projects apply for BOI incentives in the first quarter continued to expand at a strong rate of 24.3 percent.

Favorable condition of Thai Investment prospect

In 2012 private investment grew by 14.4 percent, which was the highest rate in 8 years, with the support from post-flood reconstruction investment. The high expansion is likely to grow continuously as reflected in the number of investment projects applying for BOI incentives in the first quarter that increased by 24.3 percent with 610 projects valued 275 billion baht in the first quarter.

The favorable investment prospect is supported by (i) business opportunity in the GMS region (population of more than 300 million) and the upcoming ASEAN economic community in 2015, where Thailand locates at the center of the region with the most advance infrastructure, (ii) weak European demand and depreciation of Euro cause EU to put greater focus on Asian market, and (iii) comprehensive supply chains in food and food processing, automobiles and parts, and hard disk drive industries.

Nevertheless, alteration between the exchange rate of major currencies tend to have effect on the direction of FDI flow as Thailand has experienced after the Plaza Accord (1985) which is the starting point of industrialization in Thailand. Therefore, the impact from the recent depreciation trend of Yen (inverse case of Plaza Accord) will be required a close monitoring and policy surveillance.

	2012	2013/Q1
Net Application Summited		
Projects	2,584	610
%YoY	29.8	37.7
Value (Billion Baht)	1,479.1	275.0
%YoY	133.3	24.3
Application Approved		
Projects	2,262	580
%YoY	37.2	12.8
Value (Billion Baht)	983.9	271.3
%YoY	119.9	48.3
Promotion Certificate Issued		
Projects	2,005	492
%YoY	31.4	33.0
Value (Billion Baht)	804.9	219.1
%YoY	92.5	65.9

Source: BOI

3) **Budget disbursement and implementation of investment plans under the Royal decree on investment loan for water resource management and future development (350 billion baht) and infrastructure development plan (2 trillion baht)** are expected to proceed and be able to disburse investment budget in the second half of 2013.

❒ **Risks and Limitations**

1) **The delay in global economic recovery in the first half of 2013 and the depreciation of US dollar and Yen in the second half.** The delay in global economic recovery and the weakening of the major currencies pose limitations on growth of the export sector and that of the Thai economy in the first quarter. Although the global economy is likely to recover during the second half of 2013, it is likely to be led by recovery in the US and Japan which will be accompanied by the weaken US dollar and Japanese Yen. Such a recovery may not sufficiently support the expansion of Thai export in the rest of 2013 as Thai products will be more expensive in those two markets. On the contrary, the weakening of the US dollar and Japanese Yen is likely to have adverse effects on other export markets, especially the economies in Asia that rely heavily on exports. Moreover, the situation is likely to delay the Eurozone economic recovery, which could trigger financial crisis in the member countries, especially ones with weak economic fundamentals.

The global economic recovery led by recovery in the US and Japan which will be accompanied by the weaken US dollar and Japanese Yen recovery may not sufficiently support the expansion of Thai export.

Thai baht appreciation and export revenue

According to the analysis by relevant agencies agree that, the Thai export is more sensitive to GDP of trading partners than the exchange rate. Under the assumptions of appreciation of Thai baht from 30.8 to 29.0 baht per US dollar and the weaken global economy, the model illustrates that the impact toward export value in US dollar term could reach as high as -1.9 percent and cause GDP to decrease as high as 0.2 percent.

Nevertheless, the analysis based on the structure of current account combine with coefficient from the models reveal that Thai baht appreciation will reduce income from export by 561,568 million baht, and reduce cost of import by 379,789 million baht. In conclusion, net income from foreign trade in baht term decrease by 1.6 percent of GDP. This impact will have significant implication for exporters and economic management.

(Million baht)

	2012 Base case: 30.08 baht per USD	Scenario: 29.0 baht per USD	Effects
Export Values	7,028,923.82	6,467,356.23	- 561,567.59
Import Values	6,769,812.34	6,390,023.26	- 379,789.09
Net income	259,111.47	77,332.97	**- 181,778.50**

2) **The sluggish recovery of commodity price in the global market.** During the first quarter, the export price in US dollar term increased only by 0.4 percent, significantly lower than the average rate during 2002 – 2012 of 5.2 percent. The severely decelerating growth rate was due to the subpar of global economic condition and the stabilization of US dollar (Trade Weighted). In the remaining of 2013, the quantitative easing in Japan and the improvement of US economy will strengthen US dollar (Trade Weighted) further. Coupled with lower-than-expected Chinese economy expansion, the commodity price in the global market and the export price of Thai goods will recover only at a gradual rate.

3) **The appreciation of Thai baht negatively affects exporters' income and the price competitiveness of the export sector**. Albeit Thai baht began to depreciate in May, the appreciation pressure will persist following an ongoing quantitative easing measures by major economies while investment yield gap remains high.

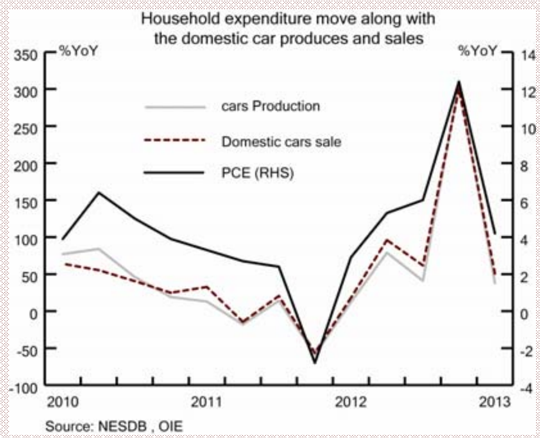
Thai economic growth rate could be slower-than-projection if the domestic car sales is lower than last year, if the recovery in export sector prove to be insufficient, and/or if the key government investment projects are delayed.

4) **The high base effect and the declining impulse from the first-time-car-buyers scheme are likely to hinder economic growth in the rest of 2013.** In first quarter of 2012, Thai economy grew by only 0.4 percent, before accelerated to a growth rate of 4.4, 3.1, and 19.1 percent in the following quarters respectively, with the key supporting factor being the windfall from the first-time-car-buyer scheme. Meanwhile, private investment received support from spending in the post-flood period to restore production capacity. As a result, domestic demand was unusually high in 2012 and will limit the pace of demand expansion in 2013. By contrast, export and manufacturing production grew at a very low rate, which will provide impetus for strong expansion in this year. Nevertheless, the expansion of export and manufacturing production in the first quarter in 2013 still grew at an unfavorable rate, and expansion of private consumption still relied on the first-time-car-buyer scheme. Such conditions pose headwinds for domestic demand growth in the remaining of 2013 and economic growth rate could be slower-than-projection if the recovery in export sector proves to be insufficient and/or if the key government investment projects are delay.

Effect of the first-time car buyer scheme to household expenditure

Expenditure on car purchasing is among the major components of household consumption, as apparent in the close relation between the two. In the fourth quarter of 2011, the car sales declined by 56.3 percent while household consumption decreased by 2.8 percent. Conversely, in the fourth quarter of 2012, the care sales dramatically increased by 300.2 percent and household consumption expanded to 12.4 percent. Throughout 2012, the car sales grew by 89.0 percent which significant supported the expansion of household consumption by 6.7 percent and expansion of GDP by 6.5 percent. Furthermore, the car sale volume reached 1.25 million cars comparing to an average of 500,000 -700,000 units per year.

In 2013, the backlog from the first-time-car buyer-scheme amount to 530,000 units (of which 230,000 units were already delivered in the first quarter). Therefore, if the car sales could not reach 700,000 units this year (with 140,000 units already been sold in the first quarter) will have strong implication toward private consumption and economic growth especially when the last quarter of 2012 the cars sale volume reached as high as 370,000 units.



❒ Key Assumption for 2013 Projection

1) Global economy in 2013 is expected to expand by 3.6 percent, compared with 3.2 percent in 2012. This is a downward revision from 3.8 percent in the previous projection on 18th February 2013. This has taken into account the downward revisions of the economic growth rate of the US, China and Eurozone from 2.3, 8.3, and 0.0 percent to 2.2, 8.0, and -0.2 percent in this projection respectively. In addition, the growth rates of other key countries are also revised downward to reflect the lower-than-projected growth rates in the first quarter.

2) The average Dubai crude oil price is expected to be in the range of 105 - 110 US dollars per barrel, compared with an average of 108.8 US dollars per barrel in 2012. This is a downward revision from the assumption on 18th February 2013. The average Dubai crude oil price of the first 4 months of 2013 was at 106.5 US dollars per barrel. For the rest of 2013, it is expected that crude oil price will increase gradually due to the delay in global economic recovery, particularly the downward revision of the economic growth rates of China and the Eurozone, the increase in crude oil production capacity and export by the US, and the trend of US dollar (Trade Weight) stabilization.

3) The exchange rate in 2013 is forecasted to be in the range of 28.8 – 29.8 baht per US dollar, compared with the average rate of 31.1 baht per US dollar in 2012. In the first quarter of 2013, the average exchange rate was at 29.8 baht per US dollar. Thai baht continued to appreciate from 30.63 baht per US dollar at the end of December 2012 to 29.77, 29.81, and 29.31 baht per US dollar at the end of January, February, and March 2013 respectively. Nevertheless, at the end of April, Thai baht depreciated to the rate of 29.32 baht per US dollar, and moved in the range of 29.40 – 29.77 baht per US dollar during the first half of May. From the beginning of 2013 to 17th May, Thai baht on average was at 29.63 baht per US dollar. for the remaining of the year, Thai baht will face with an appreciation pressure due to the ongoing quantitative easing in major countries which are expected to continue until the end of the year. Meanwhile, the investment yield gap remains high in relative

to other regional countries, and economic stability remains sound. Nevertheless, it is expected that Thai baht is expected not to overly appreciate due to a number of reasons, including (i) lower-than-expected growth rate in the first quarter which will impact the interest rate expectation and currency speculation, (ii) heighten concerns over the government's intervention, and (iii) the expectation of possible downsizing in the US quantitative easing in the last quarter of 2013.

4) The prices of exports in US dollar term are expected to increase by 1.5 percent compared with the increase of 0.6 percent in 2012. This is a downward revision from the previous assumption of 4.0 percent. During the first quarter of 2013, the prices of exports in US dollar term increased by 0.4 percent. Meanwhile, the price recovery of goods in the global market during the rest of 2013 is likely to gradually increase due to the delay in global economic recovery and the stabilization of US dollar (Trade Weighted).

5) The prices of imports in US dollar term are expected to increase by 0.5 percent compared with the increase of 1.6 percent in 2012. This is a downward revision from the previous assumption of 3.5 percent. During the first quarter of 2013, the prices of imports in US dollar term decreased by 1.8 percent. For the rest of 2013, it is expected that the prices of imports will increase slowly amid the low crude oil price and the strong Thai baht, which helps reduce costs of imports.

6) The number of inbound tourists in 2013 is expected to be 24.7 million persons, compared with 22.3 million persons in 2012, representing an increase of 10.7 percent. This is an upward revision from the previous projection of 24.2 million persons as the actual number of inbound tourists in the first quarter was at 6.8 million persons, surpassing expectation and representing a growth of 18.9 percent.

7) The number of domestic car sales in 2013 is expected to be no lower than 2012, which recorded at 1.25 million cars. It is also expected that the total number of automotive produced in 2013 will not be lower than the private sector's target of 2.56 million, which is the same as the number of cars produced in 2012.

8) Disbursement of government budget in 2013 is expected to be no lower than 94 percent of the planned budget, with disbursement from the water resource management and future development and infrastructure development plans of 67 and 10 billion dollars respectively.

Key Assumption for 2013 Projection

1) ***Global economy in 2013 is expected to expand by 3.6 percent .***
2) ***The average Dubai crude oil price is expected to be in the range of 105 - 110 US dollars per barrel.***
3) ***The exchange rate in is forecasted to be in the range of 28.8 – 29.8 baht per US dollar.***
4) ***The prices of exports in US dollar term are expected to increase by 1.5 percent.***
5) ***The prices of imports in US dollar term are expected to increase by 0.5 percent.***
6) ***The number of inbound tourists in 2013 is expected to be 24.7 million persons.***
7) ***The number of domestic car sales in 2013 is expected to be no lower than 2012, recorded at 1.4 million cars.***
8) ***Disbursement of government budget in 2013 is expected to be no lower than 94 percent .***

US dollar, Prices of goods in global market, and Thailand's Export Price Index

Thai exports prices index and agricultural price index move closely with the global commodities price index. Meanwhile, global commodities price index has an inverse relation with US dollar (Trade weighted). Therefore, when the US dollar depreciates, Thai exports prices index and agricultural price index as well as global commodities price index will increase, and vice versa. During the rest of 2013, it is expected that US dollar (trade weighted) will remain relatively stable or slightly appreciate despite the ongoing quantitative easing measures. The reasons for this include (i) Japanese quantitative easing will lessen the depreciation pace of US dollar, (ii) the US economic recovery which is likely to be strengthen by the private sector and the diminishing pressure from government budget cut in the second half of 2013, and (iii) the expected decision to downsize the US quantitative easing measures. Thus, Thai export price and agricultural price will be under the downward pressure and subsequently suppress export value and farm income.

Projection

	2011	2012	2013	
			18 Feb 2013	20 May 2013
World Economic Growth (%)	3.8	3.2	3.8	3.6
USA	1.8	2.2	2.3	2.2
Europe	1.4	-0.4	0.0	-0.2
Japan	-0.7	1.9	1.0	1.6
China	9.2	7.8	8.3	8.0
World Trade (%)	5.8	2.8	4.5	4.1
Exchange (THB/USD)	30.5	31.1	29.0-30.0	28.8 – 29.8
Dubai (USD/Barrel)	106.0	108.8	108– 113	105 - 110
Export Price USD (%)	5.6	0.6	4.0	1.5
Import Price USD (%)	10.1	1.6	3.5	0.5
Tourism (person)	19.1	22.3	24.2	24.7

❒ Economic outlook for 2013

Thai economy in 2013 is projected to grow by 4.2 – 5.2 percent, compared with the growth rate of 6.5 percent in 2012. The headline inflation rate is projected to be in the range of 2.3 – 3.3 percent, compared with an average of 3.0 percent in 2012. There is expected to be a surplus in current account of 0.9 percent of GDP, increasing from 0.8 percent in 2012.

In the press release on May 20th 2013, the Office of the National Economic and Social Development Board (NESDB) revised its projection of economic growth rate to 4.2 – 5.2 percent, compared with the projection of 4.5 – 5.5 percent announced on February 18th 2013. The reasons for downward revision of our economic growth rate projection are as follows

1) The growth rate in the first quarter was lower than forecast. The growth projection range of 4.5 – 5.5 percent was based upon the assumption that the growth rate in the first quarter should be between 6.0 – 7.0 percent. However, the Thai economy only grew by 5.3 percent in the first quarter, making it less likely that the Thai economy will achieve a growth rate more than 5.2 percent in 2013.

2) A number of downward revisions of key growth assumptions, especially (i) world economic expansion from 3.8 percent to 3.6 percent in this projection, and (ii) export price from 4.0 percent to 1.5 percent.

3) Downside risk remains high. The growth in the first quarter still relied on the windfall from the first-time-car-buyer scheme both in terms of domestic consumption and industrial production, while consumption spending on other commodities and other industrial production remained weak. Therefore, economic growth during the rest of 2013 will have to rely on the sufficient expansion of export sector, especially during the second half of the year as the impulse from first-time-car-buyer scheme fade out. However, export during the rest of the year will face the risk of Thai baht appreciation and the recovery of US and Japan may not be able to compensate for the negative impact from US dollar and Japanese Yen depreciation. In addition, the weakening of the US dollar and Yen is likely to limit the economic growth rate in other export markets, especially the Asian export-oriented economies.

The Thai economy in 2013 is projected to grow in the range of 4.2 – 5.2 percent revised down from 4.5 – 5.5 percent in the previous projection due to the low economic expansion in the first quarter, descending global economic outlook, and other possible downside risks. Inflation rate is likely to be at 2.8 percent and current account is expected to record a surplus of 0.9 percent of GDP.

❒ Components of Economic Growth in 2013

1) Total consumption is projected to grow by 3.2 percent, slowing down from the growth rate of 6.8 percent in 2012. This is a downward revision from 3.5 percent growth rate in the projection on February 18th 2013. The private consumption is revised downward from 3.5 percent in the previous projection to 3.3 percent due to the fact that the growth rate in the first quarter was lower than projected and downward revision of export expansion. In

addition, government consumption expenditure is revises downward to 2.6 percent, compared with 3.5 percent in the previous projection, due to lower-than-expected growth in the first quarter.

2) Total investment is projected to expand by 7.9 percent, compared with 13.2 percent in 2012, which is a downward revision from 8.9 percent. The reason behind this revision is the downward revision of private investments from 8.0 percent to 6.3 percent in order to reflect the lower-than-expected growth of private investments in the first quarter. The public investments are expected to expand by 13.8 percent, compared with 12.0 percent in the previous projection, due to the relatively high growth rate in the first quarter.

3) Exports of goods in US dollar term in 2013 is forecasted to increase by 7.6 percent, compared with 3.2 percent in 2012, which is a downward revision from 11.0 percent. This is due to (i) the downward revision of the assumption on global economic growth from 3.8 to 3.6 percent, and (ii) the revision of average exchange rate assumption from 29.0 – 30.0 to 28.8 – 29.8 baht per US dollar. As a result, the export volume will expand by 6.1 percent which is lower than 7.0 percent in the previous forecast. In addition, the export prices assumption is revised downward to 1.5 from 4.0 percent in the previous projection. Nevertheless, the upward revision of the assumption on number of inbound tourists leads to a strong growth of export of services than in previous projection.

4) The imports value in US dollar term is projected to increase by 7.6 percent, compared with 7.8 percent in 2012. This is a downward revision from 11.3 percent in the previous forecast due to (i) lower export and private consumption than in previous forecast, and (ii) the downward revision of import price assumption from 3.5 to 0.5 percent in this projection.

5) Current account surplus projection increases from 8.6 billion US dollars in the previous projection to 8.9 billion US dollars. This adjustment is due to the revision of export and import price assumption which results in better terms of trade and the alteration of export and import volume. Likewise, the revision of the assumption of number of tourist helps service balance to improve from the previous projection.

6) The inflation rate in 2013 is forecasted to be in the range of 2.3 - 3.3 percent, compared with the range of 2.5 – 3.5 percent in the previous projection. This is due to the downward revision of import price projection, Thai baht appreciation, and the downward revision of domestic demand.

6. Economic management for 2013

The slow economic expansion in the first quarter was mainly class to by the impact from sluggish recovery of global demand and the Thai baht appreciation. These negative factors will remain as limitations for growth in the remaining of the 2013. When combined with the high base effect and the fading out of government stimulus measures, the Thai economic growth momentum is likely to slow down gradually, especially if export cannot sufficiently recover and/or the implementation of key government investment projects are not on schedule. Therefore, the economic management for the rest of the year should give priority to ensuring that the economy is able to grow at its full capacity to enhance long-term growth potential, as well as to manage the risks to economic stability. The economic management for the rest of 2013 should emphasize on the following issues.

1) **Implementation of monetary policy that takes into consideration of the weakening economic momentum, as was evident in the first quarter, and the downside risk in the remaining of the year posted by Thai baht appreciation and unfavorable global environment.** The policy should ensure the stability of Thai baht moves in line with the country economic fundamentals and the position of Thai economy relative to other regional countries, especially the export-competing countries**.**

2) **Management of economic stability.** The prices of major goods should be well managed and move in line with the movement of exchange rate, particularly energy, construction materials, and agricultural raw material . This will soften inflationary pressure and support economic recovery, as well as ward off fluctuation in major markets that are sensitive to the capital inflow.

3) **Maintaining of growth momentum to reduce effect from slowdown in consumption as the impulse from the first-time-car-buyer scheme fade out. In particular, efforts should be made to (i) help export to meet its target, (ii) accelerate private investment that has been granted BOI incentive, and (iii) prepare FY2014 budget such that the disbursement can be front loaded into economic system in the fourth quarter of 2013.**

4) **Expediting relief measures for SMEs** to alleviate the impact from the appreciation of Thai baht, rising labor cost, and prolong economic contraction in Eurozone.

5) **Expediting public investment under the Royal decree on investment loan for water resource management and future development, Infrastructure development plan**, and accelerating the development of new economic zones in order to support economic expansion in the remaining of the year, as well as enhancing the long-term economic potential growth. Moreover, obstacles to trade and investment must be promptly addressed, as well as enhancing the public sector management in order to improve the efficiency of the overall economic system**.**

Economic Projection for 2013

	Actual Data		Projection	
			2013	
	2011	2012	Feb 18, 2013	May 20, 2013
GDP (at current prices: Bil. Bht)	10,540	11,375	12,295	12,228
GDP per capita (Bht per year)	155,926	167,508	180,137	178,513
GDP (at current prices: Bil. USD)	345.6	366	417	417
GDP per capita (USD per year)	5,113	5,390	6,106	6,093
GDP Growth (at constant prices, %)	0.1	6.5	4.5-5.5	4.2-5.2
Investment (at constant prices, %)	3.3	13.2	8.9	7.9
Private (at constant prices, %)	7.2	14.4	8.0	6.3
Public (at constant prices, %)	-8.7	8.9	12.0	13.8
Consumption (at constant prices, %)	1.3	6.8	3.5	3.2
Private (at constant prices, %)	1.3	6.7	3.5	3.3
Public (at constant prices, %)	1.1	7.5	3.5	2.6
Export volume of goods & services (%)	9.5	3.1	7.4	7.1
Export value of goods (Bil. USD)	219.1	226.2	251.1	243.2
Growth rate (%)[2/]	14.3	3.2	11.0	7.6
Growth rate (Volume, %)[2/]	8.3	2.6	7.0	6.1
Import volume of goods & services (%)	13.7	6.2	7.5	6.9
Import value of goods (Bil. USD) [1/]	202.1	217.8	242.5	234.3
Growth rate (%) [2/]	24.9	7.8	11.3	7.6
Growth rate (Volume, %) [2/]	13.4	6.1	7.8	7.1
Trade balance (Bil. USD) [1/]	17.0	8.3	8.6	8.9
Current account balance (Bil. USD) [1/]	5.9	2.7	3.6	3.7
Current account to GDP (%)	1.7	0.8	0.9	0.9
Inflation (%)				
CPI	3.8	3.0	2.5-3.5	2.3-3.3
GDP Deflator	4.2	1.3	2.5-3.5	2.3-3.3

Source: Office of National Economic and Social Development Board

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

[2/] per BOT basis