5. Economic Growth and Inflation Outlook

The Thai economy continued to show robust signs of recovery in 2009 Q4, registering its third consecutive quarter-on-quarter growth and expanding year-on-year for the first time of the year. The expansion was considerably better than assessed by the MPC in the previous *Inflation Report* as a result of higher-than-expected growth in exports and private domestic demand. Latest economic indicators from the demand side in the first two months of 2010 Q1 showed continued recovery in private domestic demand, exports, and imports, in line with supply-side indicators including a strong expansion in the Manufacturing Production Index (MPI), the high level of industrial capacity utilization, improved prospect of farm income, the tightening labour market, and improvements in both consumer and business sentiments.

In light of economic data in 2009 Q4 and preliminary indicators in 2010 Q1, the MPC believes that, barring the occurrence of strong adverse shocks, the ongoing economic momentum will support output expansion throughout this year and the next. Going forward, the MPC views economic growth to be driven primarily by private domestic demand and exports. At the same time, public spending remains an important supportive factor for the economic expansion, though with a reduced role relative to that in 2009.

With respect to price developments, inflationary pressure in 2010 Q1 edged up from the previous quarter. Core inflation accelerated slightly following the ongoing economic recovery but remained below the lower bound of the policy target range, reflecting the impact of the government's cost-of-living reduction measures. Headline inflation accelerated more noticeably due to the pickup in raw food and domestic retail oil prices. Going forward, the MPC projects that price pressure will gradually rise as recent accelerated production costs feed through to retail prices against a backdrop of strengthening domestic demand. Nevertheless, the extension of the government's cost-of-living reduction measures to the end of 2010 Q2 results in a slightly lower inflation projection than assessed in the previous *Report*.

In forming economic projections for the next eight quarters, the MPC reviews key assumptions underlying the Bank of Thailand macroeconometric model. These projections, which incorporate the MPC's judgment, are presented in the form of fan charts. The fan charts reflect uncertainty associated with a range of events and are constructed conditioning on the assumption that the policy interest rate remains at the current level of 1.25 per cent per annum from 2010 Q2 to 2012 Q1. This policy rate assumption is consistent with the decisions in the MPC meetings on 10 March and on 21 April 2010 to keep the rate unchanged at 1.25 per cent per annum.

Forecast assumptions

In forming economic and inflation forecasts for the next eight quarters, the MPC uses the most plausible baseline assumptions on various exogenous factors such as economic and financial conditions in foreign economies, world commodity prices, and government spending. These assumptions are summarized below.

International economic and financial conditions

In 2009 Q4, major industrialized and emerging market economies showed increasingly evident signs of recovery compared with the previous MPC's assessment. Furthermore, private consumption and production indicators continued to improve in 2010 Q1. As a result, the MPC revises up the projection on Thailand's trading partners' growth throughout the forecast horizon.

The US economy recovered smartly in 2009 Q4, growing 0.1 per cent year-on-year after six consecutive quarters of contraction, resulting in a contraction of 2.4 per cent for the whole 2009. The recovery in 2009 Q4 was a result of accommodative fiscal and monetary policy which contributed to a further pickup in private consumption, production and labour market than anticipated in the previous Report. In addition, businesses began to build up inventories after significant depletion during the crisis. The MPC thus revises the US economic growth assumption up for the entire forecast horizon. However, the recovery is likely gradual given the fragile improvement in the housing market as well as the elevated level of unemployment that will continue to constrain private consumption.

As signs of economic recovery become increasingly evident, the MPC revises up the growth projection for the US economy throughout the forecast period.

In light of the continued improvement in economic and financial market conditions, the Federal Open Market Committee (FOMC) began the normalization process on 18 February 2010, widening the spread between the discount rate and Fed funds rate from 0.25 per cent to 0.5 per cent in order to move the spread closer to the pre-crisis level of 1 per cent. Moreover, the FOMC kept the Fed funds rate unchanged within the target range of 0-0.25 per cent on 16 March

2010 in order to provide support for economic recovery, which was still fragile and constrained by the weak housing market and high unemployment.

The MPC projects a gradual monetary policy tightening in the US beginning in the latter part of 2010.

Consequently the MPC projects that the Fed would maintain the funds rate at 0-0.25 per cent until 2010 Q2, raising it to 0.25 per cent in 2010 Q3 and thereafter by 0.25 per cent in each quarter until reaching 1.5 per cent in 2011 Q4.

Given unemployment and public debt problems, the MPC revises down slightly the projection of Euro area economic growth for 2010.

The **Euro area economy** recovered slowly, contracting 2.1 per cent year-on-year in 2009 Q4, which was an improvement from the previous quarter. For the whole year, the economy contracted 4.0 per cent – worse than expected, however.

While recent indicators reflect the improvement in production and exports, the economy still faces important risks. One is elevated unemployment. Another is Greece's public debt problem that may be prolonged despite the European Commission's announcement about the rescue package in March. As that will undermine confidence in the recovery, the MPC revises down the growth assumption of the Euro area for 2010, while assuming a growth path for 2011 similar to that anticipated in the previous *Report*.

The projection of Japanese economic growth is revised up slightly throughout the forecast period.

The **Japanese economy** contracted 1.0 per cent in 2009 Q4, leading to a negative growth rate of 5.2 per cent for 2009. In addition to a better-than-expected performance in the final quarter of last year, latest economic indicators show clearer signs of recovery in industrial production and exports. The MPC therefore revises up slightly the growth assumption of the Japanese economy throughout the forecast period.

Asian economies expanded strongly, recording a better than previously anticipated growth rate in 2009 Q4. The global recovery, along with an increasing intra-regional trade, results in a continued pickup in domestic demand. The recent economic indicators also show signs of a further rebound in production and investment. The MPC thus revises up the growth projection of Asian economies in 2010 while maintaining the projection in 2011.

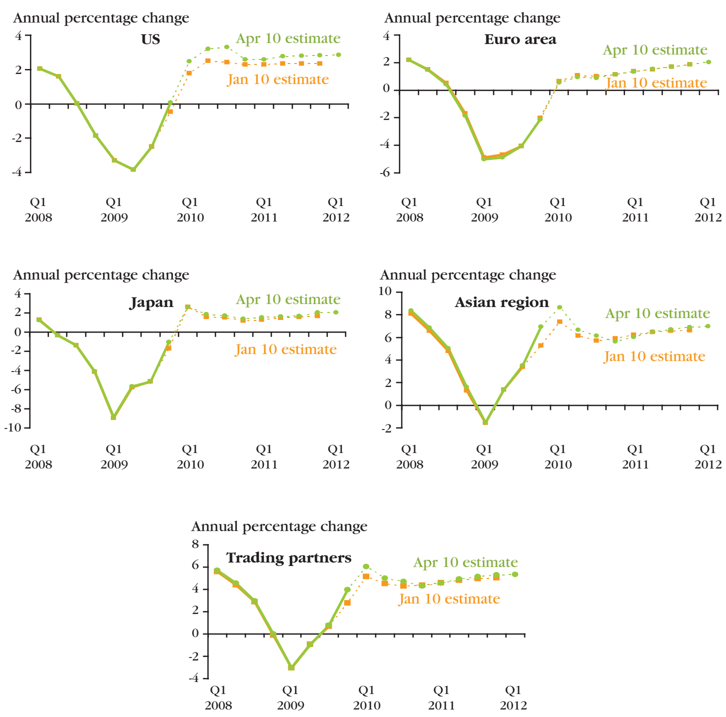
Asian economic growth is revised up for 2010 but unchanged for 2011.

Overall, the MPC projects trading partner economies to grow at a rate higher than anticipated in the previous *Report,* particularly in 2010.

Regional currencies appreciated against the US dollar owing to a more robust recovery of the Asian economies relative to other regions. Moreover, the rebound in risk appetite brought about the resumption of capital inflows into the region, both in capital market and bond market. As a result, the MPC projects regional currencies to appreciate slightly more than previously expected throughout the forecast horizon.

Regional currencies are expected to appreciate slightly against the US dollar and more than previously anticipated.

Chart 5.1 Assumptions on trading partners' growth



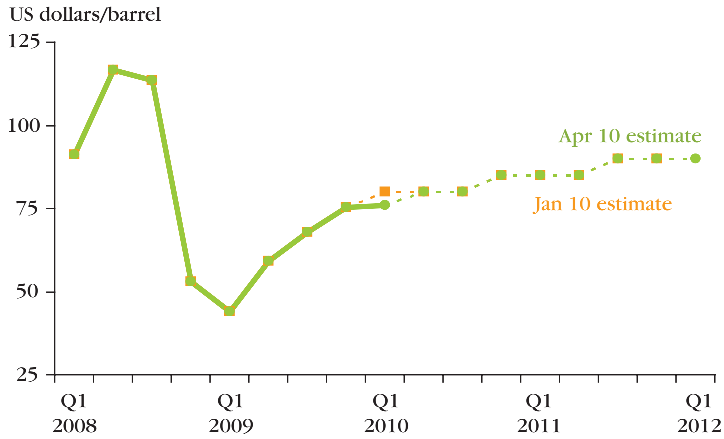
Source: Bank of Thailand projection

World commodity prices

The projection of the Dubai oil price is roughly unchanged from the previous forecast.

Determinants of oil prices have not significantly changed from the previous *Report*. Although world demand for crude oil is rising in line with the upward revision of global growth assumption, supply has been easing as OPEC spare capacity and crude oil inventory remain high. Thus, the MPC maintains the assumption of Dubai oil price in the next eight quarters. However, with the outturn for 2010 Q1 incorporated, the MPC revises down slightly the Dubai oil price projection for 2010 to 80.2 US dollars per barrel, close to the previous assumption of 81.3 US dollars per barrel. For 2011, the oil price projection remains unchanged from the previous forecast at 87.5 US dollars per barrel.

Chart 5.2 Assumption on Dubai oil price



Source: Bank of Thailand projection

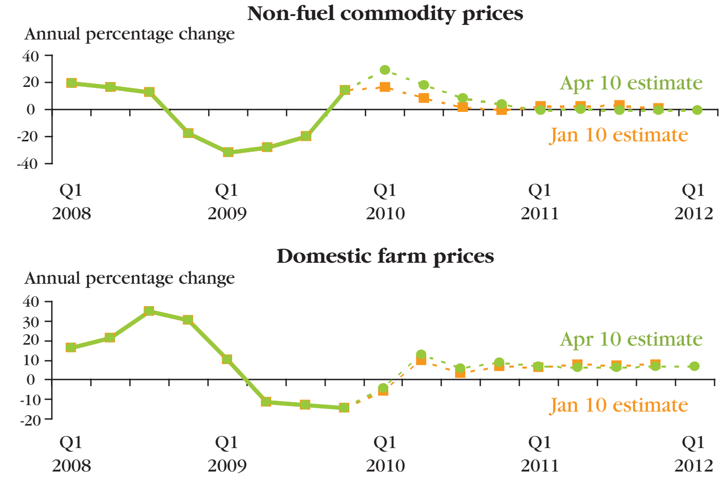
The projection of non-fuel commodity prices is revised up for 2010 and down for 2011.

Non-fuel commodity prices in 2010 are revised up from the assumption used in the previous *Report* given a recent uptrend in prices of metal and agricultural raw materials that is in tandem with the global recovery. The MPC expects a subsequent slowdown of non-fuel commodity prices in 2011, in accordance with the IMF forecast of a substantial drop in prices of agricultural products from the preceding year.

Domestic farm prices are revised up for 2010 and down for 2011.

The MPC revises domestic farm prices up in 2010 following the view that prices of meat, vegetables, and eggs are likely to trend up due to unfavourable climate conditions. Meanwhile, the price of rice is expected to fall from the previous projection on account of declining overseas orders following a large number of trade contracts completed at the end of 2009. For 2011, the MPC sees domestic farm prices slowing down owing to the high base effect and the waning El Niño phenomenon.

Chart 5.3 Assumptions on commodity prices



Source: Bank of Thailand projection

Fiscal Expenditure

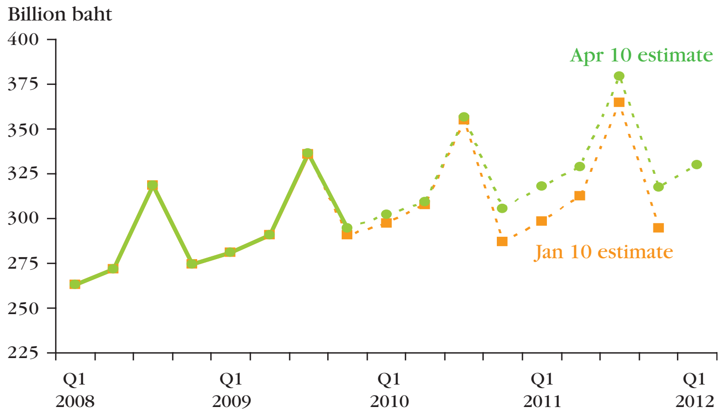
The MPC projects general government consumption and investment over fiscal year 2010 to be 1,262.5 and 610.2 billion baht, respectively.

The MPC assumes that government consumption expenditure in fiscal year 2010 will amount to 1,262.5 billion baht – slightly higher than the previous assumption – following higher-than-expected disbursement in the first quarter of fiscal year 2010. Public investment, on the other hand, is trimmed down from the previous projection to 610.2 billion baht. This revision is in accordance with actual data in the first quarter of fiscal year 2010 which indicated that (1) the local government allocated greater amount of investment expenditure to consumption, and (2) disbursement on investment spending by state-owned enterprises was delayed. As a result, the MPC projects general government and state-owned enterprise investment spending of 351.5 and 258.8 billion baht, respectively.

For fiscal year 2011, the expansion of the budget from 1.81 to 2.07 trillion baht is a main factor that results in an increase of government consumption expenditure to 1,331.6 billion baht. Consequently, the government decided to rescind the bill that would authorize the Ministry of Finance to borrow 400 billion baht to finance economic stimulus projects, resulting in a downward revision of public investment to 622.6 billion baht.

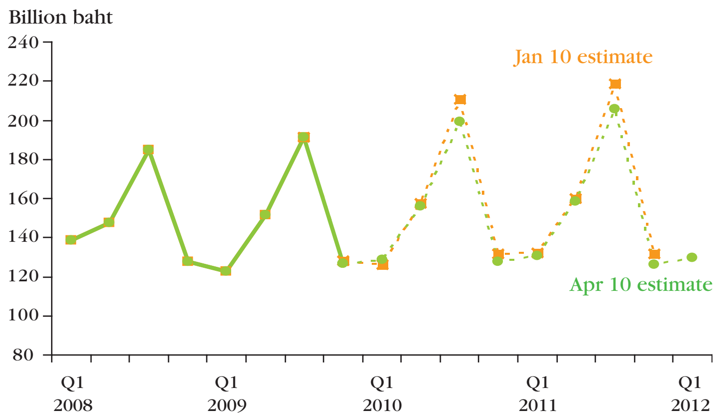
Public consumption and investment for fiscal year 2011 are estimated at 1,331.6 and 622.6 billion baht, respectively.

Chart 5.4 Assumption on general government consumption
(at current prices)



Source: Bank of Thailand projection

Chart 5.5 Assumption on public investment
(at current prices)



Source: Bank of Thailand projection

Minimum wages

The MPC maintains the minimum wage assumption throughout the projection period.

The MPC maintains the assumption on the daily minimum wage for the Bangkok Metropolitan Area throughout the projection period at 206 baht throughout 2010 before raising it slightly in 2011 in tandem with the economic recovery and higher inflation going forward.

Inventory accumulation

The MPC anticipates that businesses would accumulate inventory in line with the economic recovery that is increasingly apparent. Accordingly, the year-on-year contribution of inventory accumulation to GDP growth is expected to be greater than the previous assumption owing importantly to considerable gold imports in 2010 Q1. The contribution is assumed to be slightly negative in 2011 to reflect a smaller inventory accumulation relative to the preceding year.

Output and inflation projections

Output projection

Economic data in 2009 Q4 indicated that the recovery of the Thai economy was much stronger than previously assessed. After a period of low and sometimes negative growth over the past few years, private consumption, especially that of durable goods, expanded both on a quarter-on-quarter as well as a year-on-year basis in this quarter. This was partly due to pent-up demand for durable goods consumption over the earlier period, during which consumer sentiment was relatively weak. Meanwhile, private investment edged up from the previous quarter at a higher-than-expected rate, after suffering a period of low growth during the economic crisis and a subsequent slowdown due to political conditions that aggravated investor sentiment. Furthermore, exports of goods and services increased significantly from the previous quarter, reflecting the continued recovery of external demand.

Notwithstanding the strong growth from 2009 Q4 to 2010 Q1 that reflects in part the strength of external demand, the MPC judges that political uncertainty will affect consumer, investor, and tourist sentiments more severely than previously assessed. Economic growth momentum in the period ahead will be materially affected by these factors, especially in 2010 Q2 and 2010 Q3, when political conditions are likely to exert most visible impact on tourism and sentiment-sensitive private sector spending. Nevertheless, the Thai economy in 2010 will grow at a rate considerably higher than previously projected, as a result of the rapid expansion in 2009 Q4, the expected high growth in 2010 Q1 as suggested by both supply- and demand-side indicators, and a stronger prospect for merchandise exports reflecting the more robust global recovery.

Details of the MPC's forecast of the main GDP components are as follows. These forecasts are conditioned on the assumptions that the policy interest rate remains unchanged at 1.25 per cent per annum over the next eight quarters and that the impact of political unrest on the economy occurs predominantly in 2010 Q2 and 2010 Q3. The economy is assumed to return to normal functioning in 2011.

Private consumption will grow in 2010 at a rate slower than previously projected owing to impacts from political unrest, before gathering pace in 2011.

Private consumption in 2010 will expand at a pace slower than previously projected. This slowdown is mainly due to prolonged and heightened political uncertainty, which will adversely affect spending and overall economic activity in the protest areas particularly those in major business districts. In addition, advisories and prohibitions against travelling to Thailand will cause tourism-related income to drop. These factors, together with weakening domestic consumer sentiment, will affect private consumption significantly. However, the MPC expects private consumption to gradually recover in the second half of the year, mainly due to the recovery in the export sector, improved farm income and employment prospects, as well as pent-up consumption over the recent period. In 2011, the underlying sound foundations of the economy along with the relatively stable price level will help sustain the recovery in private consumption.

Private investment will expand faster than previously projected, owing primarily to the stronger-than-expected growth in 2009 Q4 and 2010 Q1. Subsequently, investment dynamics will be moderated by political conditions.

Private investment is poised to rise at a faster pace than previously forecasted in both 2010 and 2011 on the back of the recovery in the export sector in line with the global economic recovery. At the same time, the recent rise in industrial capacity utilization will prompt manufacturers, especially in the export sector, to invest in order to increase their production capacity to accommodate demand expansion. While low interest rates will continue to support investment, political uncertainty and its potential impact on the resolution of the Map Ta Phut injunction will weigh on investor sentiment. Certain segments of private investment may be consequently delayed. To reflect these risks, the MPC projects a more moderate private investment growth from 2010 Q2 onwards.

Government spending will help stimulate the economy in 2010 to a slightly greater extent than previously assessed. This is primarily due to higher public consumption spending following the higher-than-expected actual disbursement, as well as local governments' budget reclassification from investment to consumption. However, the additional impetus coming from increased public consumption expenditure will be partly offset by delayed disbursement of state enterprises. In 2011, overall direct government outlays will rise in line with an increase in revenues following the economic recovery. As a result, the fiscal boost will be stronger than previously assessed, working largely through public consumption expenditure as in 2010.

Exports of goods will continue to expand well following the global recovery, but exports of services will be affected by political conditions.

Exports of goods and services will grow in 2010 mostly as projected in the previous *Report*. Merchandise exports will accelerate in line with the stronger-than-expected growth of trading partner economies, whereas tourism will be affected by heightened uncertainty surrounding political developments compared with the previous assessment. Accordingly, the MPC substantially revises down its growth projection of exports of services for the remainder of this year. In 2011, exports of goods will continue to grow, while exports of services will accelerate in line with the assumption that political tensions will have eased significantly by then.

Imports of goods and services will accelerate in 2010, with high growth continuing into 2011.

Imports of goods and services will grow in 2010 at a pace close to that in the previous *Report*, reflecting the relatively unchanged growth prospect for both exports and investment (the latter is due to the fact that, relative to the previous projection, private investment growth rises but public investment growth falls). Imports of goods and services will continue to expand in 2011 at a pace faster than previously projected. This is in line with a pickup in exports and private domestic demand, which helps boost imports of finished goods and raw materials as well as capital goods.

With imports accelerating more sharply than exports in 2010 and 2011, the MPC projects the current account surplus (including reinvested earnings) to decline from a large surplus recorded in 2009.

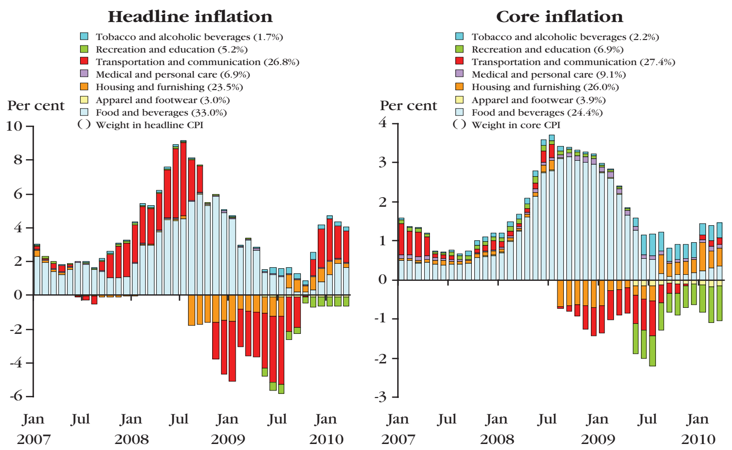
Inflation projection

Compared with the previous projection, core inflation will be lower in 2010 but slightly higher in 2011. The projection of headline inflation for 2010 is roughly close to the previous forecast, before rising slightly in 2011.

Headline and core inflation outturns for 2010 Q1 were as the MPC had anticipated. Core inflation rose slightly from the previous quarter in line with the economic recovery. Meanwhile, headline inflation accelerated more noticeably due to an increase in fresh food prices, as extreme heat conditions caused a decline in certain crop yields. The pickup in headline inflation also reflected higher domestic retail oil prices which increased from the low levels in the same period of the previous year when the world economy was still in crisis.

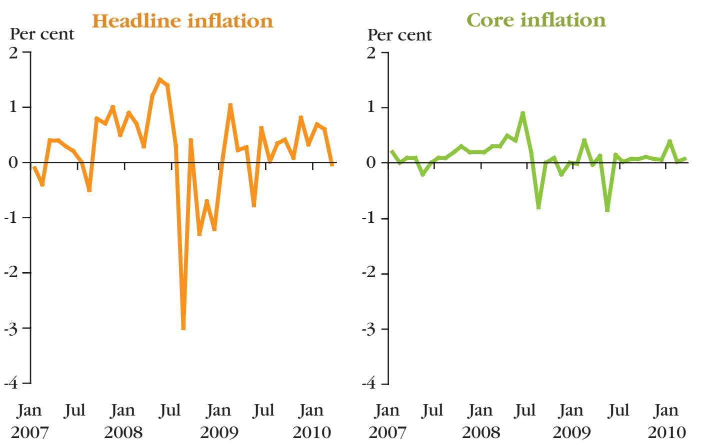
Despite the higher economic growth projection than previously assessed, the MPC estimates that core inflation in 2010 will be slightly lower than the previous projection due to the extension of the government's cost-of-living reduction measures to the end of June 2010. Headline inflation will remain close to the previous projection, however, as suppressed core inflation will be offset by rising domestic farm prices. In 2011, core and headline inflation will edge up and become slightly higher than previously projected. As demand-side pressure from the economic recovery narrows the output gap, along with rising inflation expectations of entrepreneurs and consumers, a gradual pass-through of rising production costs to retail prices is expected.

Chart 5.6 Contribution to headline and core inflation



Source: Trade and Economic Index Bureau, Ministry of Commerce, calculations by the Bank of Thailand

Chart 5.7 Month-on-month seasonally-adjusted headline and core inflation



Source: Calculations by the Bank of Thailand

Assessment of risks

The forecast assumptions detailed above are viewed by the MPC as most likely. Nevertheless, external and domestic risks factors can potentially bring about deviations from the baseline projection as follows.

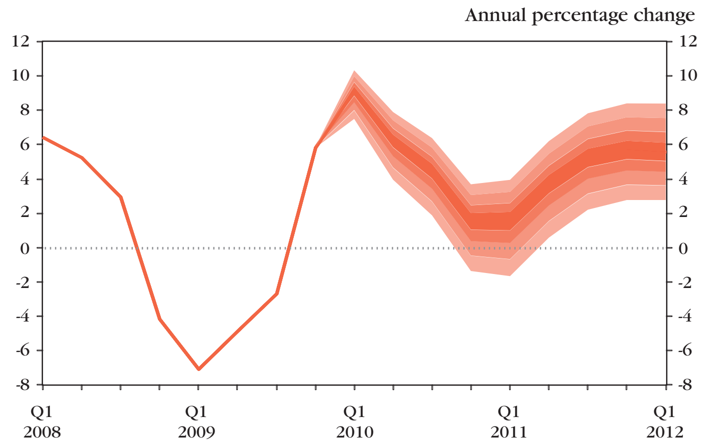
Risk factors in the output projection

Major external risks to output expansion on the downside are a delayed recovery of trading partner economies due to high unemployment in G3 countries and public debt problems in some European countries. A sluggish global recovery will affect Thai exports, causing domestic consumption and investment to expand at a slower pace than in the baseline scenario.

In terms of adverse domestic risk factors, the MPC emphasizes the following. First, political uncertainty, if prolonged and intensifying, will further diminish consumer and investor confidence, reduce tourism revenue as foreign tourists' perceptions of security deteriorate, and disrupt smooth fiscal disbursement. The MPC regards as not negligible the probability that the political standoff will affect the economy more severely than assessed in the baseline projection, but it is likely that most economic activity will be undertaken as usual. The likelihood remains low for the case that the political turmoil will escalate into severe and persistent disruption to the basic functioning of the economy. The second risk to growth that is of concern to the MPC is that a delay in the resolution of the Map Ta Phut suspension will affect not only investment and production activities of industrial projects in the area but also, indirectly, put a strain on broader investor sentiment, employment, as well as related industries.

On the upside, economic expansion may turn out to be more robust than projected in the baseline forecast as a result of two key possibilities. First, sustained and effective stimulus measures in various countries may give rise to a faster-than-expected recovery of the global economy, helping to strengthen Thai exports and domestic demand. Second, the adverse impact of political unrest on tourism and private spending may be less than that considered in the baseline scenario.

Chart 5.8 GDP growth forecast



Note: The fan chart covers 90 per cent of the probability distribution

The fan chart for GDP growth is skewed downward to a larger extent relative to the previous Report, reflecting higher risks on the political front.

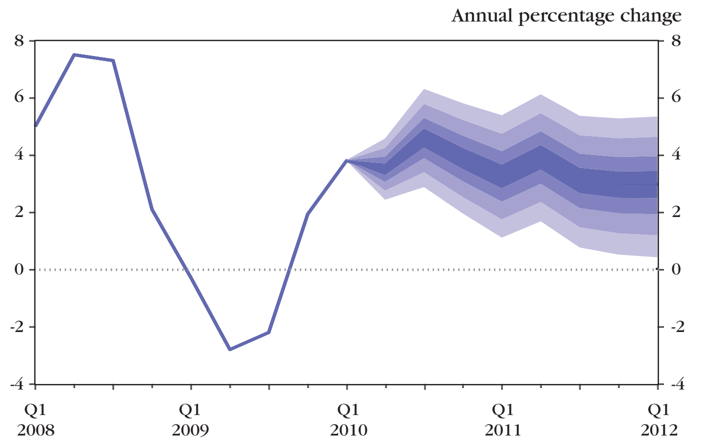
Overall, the MPC views uncertainty surrounding the growth projection to be higher than that in the previous *Report,* mainly attributable to domestic risks, with the balance of risks tilted toward the downside throughout the projection horizon. Therefore, the fan chart for economic growth is skewed downward and slightly wider compared with the previous projection.

Risk factors in the inflation projection

The MPC views oil prices as a major risk factor that can cause inflation to deviate from the baseline projection. On the upward side, Iran's nuclear threat and the conflict in the Niger Delta may adversely affect crude oil supply. Moreover, the depreciation trend of the US dollar going forward may raise oil prices, which are denominated in the US dollar. In addition to the upside risks due to oil prices, the possibility of a more severe drought, and the concomitant rise in domestic farm prices, presents further upside risks to inflation from the supply side. On the demand side, higher price pressure may come from higher-than-expected output growth associated with a more robust global economic expansion or less severe economic fallout from the political unrest.

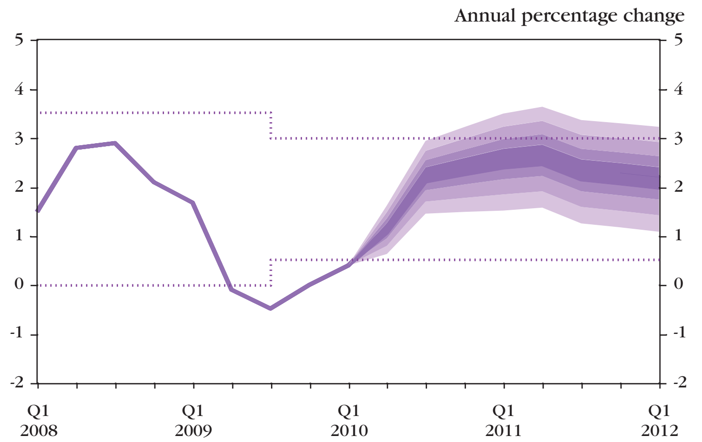
On the downward side, inflation may fall below the baseline projection if oil prices turn out to be lower than anticipated. This could occur from a slower global economic recovery that is weighed down by high unemployment in the G3 countries and public debt problems in certain European countries. These factors may also act to constrain domestic demand below the baseline level. In addition, there is a possibility that the government may extend part of the cost-of-living reduction measures beyond June 2010.

Chart 5.9 Headline inflation forecast



Note: The fan chart covers 90 per cent of the probability distribution

Chart 5.10 Core inflation forecast



Note: The fan chart covers 90 per cent of the probability distribution

The fan chart for headline inflation is balanced, while the fan chart for core inflation is skewed downward throughout the projection period.

Overall, the MPC judges that the supply-induced upside risks to headline inflation will be offset by the demand-induced downside risks associated with weaker-than-expected economic growth. Therefore, the fan chart for headline inflation is balanced throughout the projection period. Meanwhile, the fan chart for core inflation is skewed downward, consistent with the fan chart for economic growth.

Output growth for 2010 and 2011 is projected to be in the ranges of 4.3-5.8 and 3.0-5.0 per cent, respectively.

With regard to the probability distribution of the economic growth forecast, obtained by averaging the fan chart's darkest forecast ranges, the MPC projects output growth to be in the range of 4.3-5.8 per cent in 2010, higher than the previous forecast, with a probability of 75.7 per cent. This range covers the case in which political unrest exerts substantial impact on the economy throughout the rest of 2010. However, the range does not cover the case in which the political confrontation intensifies into severe and broad-based disruptions to the functioning of the economy, which is deemed unlikely by the MPC. For 2011, output growth is projected to be in the range of 3.0-5.0 per cent, with probability of 74.5 per cent.

Table 5.1 Probability distribution of GDP forecast

Unit: %	2010				2011				2012
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
> 9	47	0	0	0	0	0	1	2	2
8 - 9	36	3	0	0	0	0	3	5	5
7 - 8	14	16	1	0	0	1	8	13	12
6 - 7	2	30	7	0	0	5	17	20	20
5 - 6	0	28	19	0	1	12	23	23	23
4 - 5	0	16	27	2	3	20	21	19	19
3 - 4	0	6	23	9	10	22	15	11	11
2 - 3	0	1	14	19	18	19	8	5	5
1 - 2	0	0	6	24	22	12	3	2	1
0 - 1	0	0	2	21	19	6	1	0	0
(-1) - 0	0	0	0	14	13	2	0	0	0
< (-1)	0	0	0	10	13	1	0	0	0

Headline inflation for 2010 and 2011 is projected to be in the ranges of 3.3-4.8 and 2.3-4.3 per cent, respectively.

Headline inflation in 2010 is projected to fall in the range of 3.3-4.8 per cent with probability of 92.0 per cent. In 2011, it is projected to be within 2.3-4.3 per cent, higher than the previous projection of 2.0-4.0 per cent, with probability of 84.9 per cent.

Table 5.2 Probability distribution of headline inflation forecast

Unit: %	2010			2011				2012
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
> 7	0	1	0	0	1	0	0	0
6 - 7	0	8	3	1	5	1	1	1
5 - 6	1	26	13	7	15	6	6	6
4 - 5	21	37	29	19	26	17	15	15
3 - 4	56	22	32	29	28	27	25	24
2 - 3	22	6	17	26	17	26	26	25
1 - 2	1	1	5	13	6	15	17	17
0 - 1	0	0	1	4	1	6	7	8
(-1) - 0	0	0	0	1	0	1	2	2
< (-1)	0	0	0	0	0	0	0	1

With respect to core inflation, the MPC's projection range for 2010 is 1.0-2.0 per cent, down from the previous forecast, with probability of 98.7 per cent. For 2011, core inflation is projected to average within the range of 2.0-3.0 per cent with probability of 87.8 per cent.

Core inflation for 2010 and 2011 is projected to be in the ranges of 1.0-2.0 and 2.0-3.0 per cent, respectively.

Table 5.3 Probability distribution of core inflation forecast

Unit: %	2010			2011				2012
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
> 3.0	0	3	11	22	27	14	12	10
2.5 - 3.0	0	23	30	31	31	25	23	21
2.0 - 2.5	0	41	34	28	25	30	30	30
1.5 - 2.0	11	25	19	15	12	20	22	24
1.0 - 1.5	56	6	5	4	4	8	10	12
0.5 - 1.0	30	1	1	1	1	2	3	3
< 0.5	2	0	0	0	0	0	0	1

Forecasts by research houses

Forecasts of output growth for 2010 from various research houses, both polled by Reuters (Thailand) on 14 April 2010 and collected by the Bank of Thailand, average 4.7 per cent, higher than the previous average forecast of 3.6 per cent. For 2011, the average growth forecast for the Thai economy is 4.8 per cent.

Table 5.4 GDP growth forecasts by various research houses

	(12 Jan 10)1/		(14 Apr 10)2/	
	2010	2011	2010	2011
Capital Nomura	3.0	5.0	3.8	5.0
Kasikorn Research	3.0	4.0	4.8	4.5
Standard Chartered	2.8	4.5	2.8	4.5
ING	4.0	5.0	4.8	5.2
DBS Bank	4.2	4.4	6.0	4.9
HSBC	4.6	4.7	5.7	4.4
Average	3.6	4.6	4.7	4.8
NESDB	(3.0)-(4.0)3/	n.a.	(3.5)-(4.5)4/	n.a.

1/ Data and calculation of average figures by Bank of Thailand.
2/ Data by Reuters and Bank of Thailand; calculation of average figures by Bank of Thailand.
3/ Estimated on 23 November 2009 when GDP figures for 2009 Q3 were released
4/ Estimated on 22 February 2010 when GDP figures for 2009 Q4 were released

At the same time, forecasts for headline inflation in 2010 average at 3.5 per cent, up from the previous forecast of 3.0 per cent. Average projected headline inflation for 2011 is 3.1 per cent.

Table 5.5 Headline inflation forecasts by various research houses				
	(12 Jan 10)[1/]		(14 Apr 10)[2/]	
	2010	2011	2010	2011
Capital Nomura	2.7	3.3	4.2	3.3
Kasikorn Research	3.5	3.3	3.6	3.1
Standard Chartered	3.2	3.7	3.2	3.7
ING	2.5	3.0	3.0	2.7
DBS Bank	2.9	1.5	3.5	2.2
HSBC	3.0	3.3	3.4	3.6
Average	3.0	3.0	3.5	3.1
NESDB	(2.5)-(3.5)[3/]	n.a.	(3.0)-(4.0)[4/]	n.a.

[1/] Data and calculation of average figures by Bank of Thailand.
[2/] Data by Reuters and Bank of Thailand; calculation of average figures by Bank of Thailand.
[3/] Estimated on 23 November 2009 when GDP figures for 2009 Q3 were released
[4/] Estimated on 22 February 2010 when GDP figures for 2009 Q4 were released