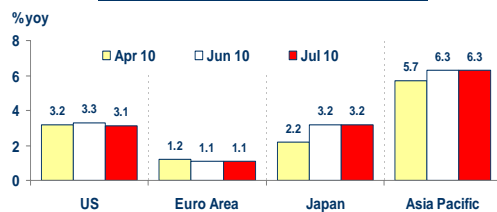




Global economic growth forecasts are revised upward

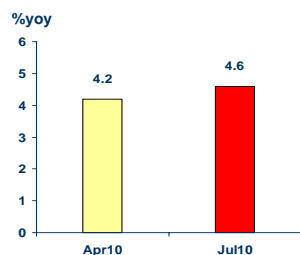
5

Consensus forecasts of 2010 GDP



- Stronger-than-expected growth in 2010 Q1 has led to upward revisions to growth forecasts
- Preliminary indicators in 2010 Q2 reflected continued growth momentum

IMF forecasts of 2010 World GDP



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1. The Thai Economy in 2010 Q1 and Q2

2. Forecasts for 2010-2011



Forecast Summary

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	2010	2011
GDP Growth <i>(Apr 10)</i>	6.5 – 7.5 <i>(4.3 – 5.8)</i>	3.0 – 5.0 <i>(3.0 – 5.0)</i>
Core Inflation <i>(Apr 10)</i>	0.5 – 1.3 <i>(1.0 – 2.0)</i>	2.0 – 3.0 <i>(2.0 – 3.0)</i>
Headline Inflation <i>(Apr 10)</i>	2.5 – 3.8 <i>(3.3 – 4.8)</i>	2.5 – 4.5 <i>(2.3 – 4.3)</i>

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Economic Outlook

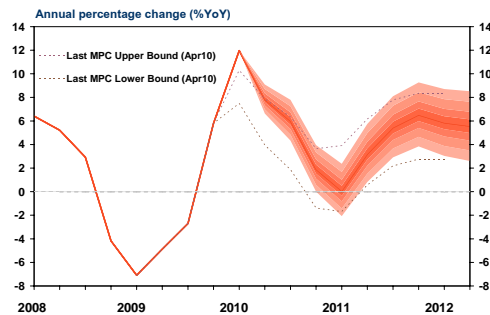
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- Economic growth in 2010 is revised upward from the previous projection (Apr 10).
 - The Thai economy in the first half of 2010 expanded at a pace stronger than previously assessed (about 10 per cent compared to the first half of 2009).
 - In line with robust global growth, exports continued to pick up but at a dampened rate.
 - The impact of domestic political tensions was limited, with the tourism sector affected most severely but starting to show signs of recovery.
- Economic growth in 2011 remains unchanged from the previous projection.
 - Solid foundations of the economy will support continued growth momentum.

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GDP Growth Forecast



%YoY	2010	2011
GDP Growth	6.5 – 7.5	3.0 – 5.0
<i>(Apr 10)</i>	<i>(4.3 – 5.8)</i>	<i>(3.0 – 5.0)</i>

Risk factors going forward:

- Recovery of the global economy
- Domestic political conditions
- Resolution to the Map Ta Phut dispute

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



For 2010:

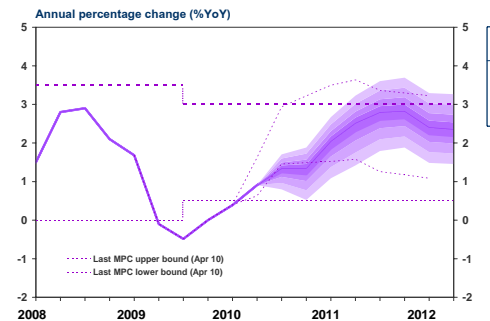
- Core inflation will be **lower** than projected in the previous *Report (Apr 10)*, mainly due to the extension of various cost-of-living reduction measures to the end of the year and with firms' cooperation in maintaining prices at prevailing levels until the end of 2010 Q3.
- **Headline inflation** will be **lower** than the previous projection in line with more subdued core inflation and downward pressure from lower-than-expected raw food prices.

For 2011:

- **Inflation** forecast is revised up slightly in line with the robust economic recovery, higher labor costs due to a tightening of labor market, as well as the anticipated termination of various cost-of-living reduction measures.



Core Inflation Forecast



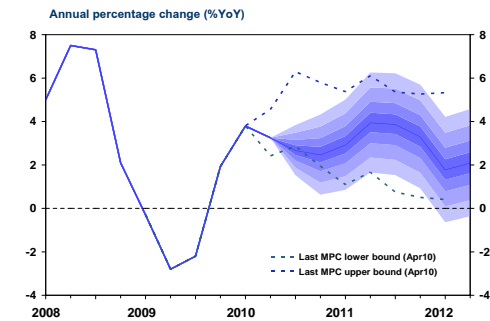
%YoY	2010	2011
Core Inflation	0.5 – 1.3	2.0 – 3.0
<i>(Apr 10)</i>	<i>(1.0 – 2.0)</i>	<i>(2.0 – 3.0)</i>

- There remains some possibility that core inflation will exceed the upper bound of the target range in 2011.

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



Headline Inflation Forecast



%YoY	2010	2011
Headline Inflation	2.5 – 3.8	2.5 – 4.5
<i>(Apr 10)</i>	<i>(3.3 – 4.8)</i>	<i>(2.3 – 4.3)</i>

Risk factors going forward:

- Oil prices in the global market
- Rising domestic farm prices due to the drought
- Extension of the government's cost-of-living reduction measures

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



2 June 2010

- Reduced risks to growth have lessened the need for an exceptionally accommodative monetary policy stance. Nevertheless, uncertainty surrounding the global recovery together with domestic risk factors, especially those associated with political tensions at the time, might affect consumer and investor sentiments. The MPC thus decided to maintain the policy rate at 1.25 per cent per annum.

14 July 2010

- The economic growth momentum has become more evident and likely to be sustained going forward, while the impact of domestic political uncertainty appears to be limited. Inflationary pressure, while modest at present, is expected to rise next year in line with robust economic expansion.
- The MPC assesses that the need for an exceptionally accommodative monetary policy has diminished. With a view to bringing policy interest rate closer to normal levels, the MPC therefore decided to raise the policy interest rate by 0.25 per cent per annum, from 1.25 to 1.50 per cent per annum, effective immediately.



(%YoY)	2009	2010 ^E	2011 ^E
GDP Growth	-2.2	6.5 – 7.5	3.0 – 5.0
- Private Consumption	-1.1	2.0 – 4.0	2.5 – 4.5
- Private Investment	-12.8	13.0 – 15.0	6.5 – 8.5
- Public Consumption	5.8	3.5 – 5.5	3.0 – 5.0
- Public Investment	2.7	0.5 – 2.5	0.0 – 2.0
- Exports of Goods and Services	-12.7	12.0 – 15.0	7.0 – 10.0
- Imports of Goods and Services	-21.8	18.0 – 21.0	9.0 – 12.0
- Value of Exports (F.O.B.)	-13.9	24.5 – 27.5	7.0 – 10.0
- Value of Imports (C.I.F.)	-24.9	34.0 – 37.0	9.5 – 12.5
- Trade Balance (Billion USD)	19.4	11.0 – 14.0	7.0 – 10.0
- Current Account (Billion USD)	20.3	11.0 – 14.0	8.0 – 11.0

Note: E = Expected

