



# BANK OF THAILAND NEWS

Communications and Relations Office, Management Assistance Department  
Tel. 0-2283-5016-7 FAX 0-2281-5648 www.bot.or.th

No. 64/2007

## Press Release on Economic and Monetary Conditions for November 2007

**Overall economy in November 2007** continued to expand from the previous month. Domestic demand expanded well in line with imports. Meanwhile, exports also exhibited a high growth rate. On the supply side, major crop production improved from the preceding month, though remaining contracted from the same period last year. Together with the increased major crop price index, farm income registered a higher growth than the previous month. Manufacturing production still expanded satisfactorily and tourism expansion continued, particularly along the Andaman coast at the beginning of its high season.

Overall economic stability remained sound. Current account registered a surplus and international reserves stayed at a high level, though inflation rate rose following oil price increases.

Details of the economic conditions in **November 2007** are as follows:

**1. Manufacturing Production.** The **Manufacturing Production Index** (preliminary) expanded by 10.8 per cent from the same period last year. Export-oriented category continued to achieve high growth. This included **electronics** and **vehicle** industries. **Food** production also increased in line with the frozen seafood production. The capacity utilization rate stood at 76.9 per cent, falling from 77.8 per cent in the previous month. When seasonally adjusted, the capacity utilization rate slightly rose from the previous month.

**2. Domestic Demand. Private Consumption Index (PCI)**<sup>1/</sup> increased by 3.7 per cent year-on-year. The continual improvement was attributed to VAT at constant price, imports of consumer goods at constant price, and the expansion of Oil Index. However, Car Index declined from the same period last year. This was partly because consumers postponed their purchases in order to attain tax benefits from the new car models using alternative energy, which will be effective on 1 January 2008. **Private Investment Index (PII)** (preliminary) grew by 3.5 per cent year-on-year, partly due to the low-base effect last year. Nonetheless, PII fell by 0.6 per cent from the preceding month. This was due to the deceleration of imports of capital goods at constant price and commercial car sales, which registered elevated growth last month.

**3. Fiscal Position. In November 2007**, the government's gross revenue collection totaled 132.6 billion baht, a 6.7 per cent increase from the same period last year. Tax revenue rose in line with income tax expansion, particularly corporate income tax. This was partly due to some corporate changed their accounting period. Consumption tax also drove up, corresponding with the expansion in VAT collected on both domestic sales and imports. Meanwhile, non-tax revenue dropped by 15.2 per cent. The government's **cash balance** registered a deficit of 37.1 billion baht, and the treasury cash balance at end-November was 56.4 billion baht, declining by 38.1 billion baht from the previous month.

**4. External Sector. In November 2007**, the **trade balance** recorded a surplus of 1,964 million US dollars. **Export** value totaled 14,611 million US dollars, growing by 24.5 per cent year-on-year. The expansion continued from the previous month and occurred in all export categories, notably electronics, vehicle, petroleum products, metal products, plastic products, and jewelry and gold. Meanwhile, **import** value totaled 12,647 million US dollars, expanding by 17.1 per cent year-on-year. The high growth was seen in most import categories except capital goods which contracted owing to the high-base effect last year in which 3 aircrafts were imported. **Services, income, and transfers account**

---

<sup>1/</sup> The Bank of Thailand has revised the Private Consumption Index (PCI) series since January 2000 in order to better reflect private consumption expenditure. The revised index comprises of 5 components from 10 indicators (6 indicators from the old series) and assigns weight for each component. For more information, please consult

[http://www.bot.or.th/BOTHomepage/DataBank/Econcond/econind/Leading\\_Inflation/12-28-2007-eng-i-revise-pci-e.pdf](http://www.bot.or.th/BOTHomepage/DataBank/Econcond/econind/Leading_Inflation/12-28-2007-eng-i-revise-pci-e.pdf)

registered a surplus of 683 million US dollars, mainly owing to the increased surplus in tourism. Consequently, the **current account** was in a surplus of 2,647 million US dollars and the **balance of payments** registered a surplus of 1,666 million US dollars. International reserves as of end-November 2007 was at 84.6 billion US dollars, with a net forward position of 18.3 billion US dollars.

**5. In November 2007, headline inflation** was at 3.0 per cent, accelerating from the preceding month due mainly to the price increases in the energy category. During this month, benzene and diesel prices increased in total by 2.10 and 1.60 baht, respectively. Meanwhile, prices in food category remained somewhat stable. **Core inflation** was at 1.1 per cent, rising slightly from the previous month. This stemmed from the price increases in public transportation services, educational fees, and food and beverages category. The **Producer Price Index (PPI)** rose by 7.9 per cent, accelerating considerably from 4.4 per cent in the previous month. This was primarily because of the prices increases in both agricultural products and manufacturing products, particularly oil prices.

**6. Monetary Conditions. In November 2007, deposits of depository corporations** <sup>2/</sup> expanded by 1.8 per cent year-on-year, as some customers made withdrawals for bond investment. Private credits rose by 2.8 per cent, due mainly to household credit expansion. Meanwhile, despite a contraction, the credits extended to business sector improved.

**Monetary base. At end-November 2007, the monetary base** continued to expand by 6.3 per cent while **broad money** rose by 1.7 per cent from the same period last year.

**Money market interest rates. In November 2007, the 1-day repurchase rate and the overnight interbank rate** averaged at 3.25 per cent per annum, remaining unchanged since August 2007 in line with the policy rate.

**7. Exchange Rate and Nominal Effective Exchange Rate (NEER). In November 2007, the baht** slightly appreciated against the US dollar, averaging at 33.89 baht per US dollar. Nonetheless, the baht depreciated against regional currencies and some major currencies such as Yen and Euro. As a result, the **NEER in November 2007** was 76.86, depreciating from 77.47 in the previous month.

**During 1-21 December 2007, the baht** appreciated from November and moved in a narrow range, averaging at 33.69 baht per US dollar.

Bank of Thailand  
28 December 2007

Contact person: Pulpilas Ruangwisut  
E-mail: [punpilay@bot.or.th](mailto:punpilay@bot.or.th)  
Tel: +66 (0)-283-5648, +66 (0)-283-5639

***Vision : A forward-looking organization with competent staff dedicated to ensuring  
the resilience of the Thai economy against shock and instability***

---

<sup>2/</sup> Depository Corporations comprises of all depository corporations excluding the Bank of Thailand, namely, domestically-registered commercial banks, branches of foreign banks, international banking facilities, finance companies, specialized banks, thrift and credit cooperatives, and money market mutual funds.