



# BANK OF THAILAND NEWS

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## Press Release on Economic and Monetary Conditions for January 2010

**The economic conditions in January 2010 continued to expand, and its expansion remained broad-based.** External demand and tourism were the main factors contributing to an economic expansion. Private consumption grew satisfactorily due to continued expansions in farm income and employment. Meanwhile, manufacturing production slightly decelerated due to oil refinery's annual maintenance shutdown and inventory build-up in the previous month in some industries.

External stability remained sound as reflected in high level of international reserves and low level of external debts, while internal stability showed signs of tightened labor market in some industries and rising inflation rate.

Details of the economic conditions in **January 2010** are as follows:

External demand, both export and tourism, continued to expand well. **Export** value, amounting to 13,634 million US dollars, rose 31.4 percent year-on-year (yoy) from both price and quantity. In particular, exports of agricultural products and high-tech products continued to expand satisfactorily. Similarly, **income from foreign tourists** continued to improve. The number of foreign tourist arrivals in Thailand totaled 1.61 million persons, rising in line with economic conditions of key traveler countries, especially from Asian countries which obviously resumed growth.

Domestic demand continued to recover. Domestic spending was satisfactory, reflecting in **Private Consumption Index (PCI)** which remained stable from the previous month at a level close to that of the pre-crisis period, up 4.7 percent (yoy). After seasonal adjustment, private consumption indicators such as imports of consumer goods, number of cars and motorcycles sold, and household electricity usage improved from the previous month. The satisfactory level of private consumption was due to favorable farm income, growing employment numbers, fiscal stimulus and improved consumer confidence. **Private investment** improved for the eighth consecutive month, increasing 1.4 percent from the previous month. When compared to the same period last year, private investment grew 5.2 percent, partly due to low base effect following world economic crisis.

Both domestic and external demand expansion contributed to 50.1 percent (yoy) expansion of import value to 13,043 million US dollars, rocketing across the board.

**Manufacturing production**, though contracting 5.6 percent from the previous month, expanded 28.6 percent (yoy). The decelerated production stemmed from oil refinery's annual maintenance shutdown, and accelerated production in the previous month to build up inventory in many industries such as hard disk drive, sugar, and steel industries. For **agricultural sector**, farm income expanded 13.6 percent (yoy) from both production and price, corresponding to expanded productions of sugarcane, rubber and oil palm. Meanwhile, crop prices accelerated due to a contraction in world supply from unfavorable weather, as well as a continual demand from China.

**Headline inflation** increased 4.1 percent (yoy), accelerating from 3.5 percent (yoy) in December partly due to low base effect following lower oil prices in the same period last year, as well as rising raw food prices. Meanwhile, **core inflation** increased 0.6 percent (yoy), accelerating from 0.3 percent (yoy) in December.

**Depository corporations' credits** expanded 3.3 percent (yoy), mainly due to household credit expansion. However, credits decelerated when compared to the previous month. This was due to credit repayment from major clients, after considerable credit acceleration in December to accommodate rising demand during the end of 2009. Nevertheless, private credit expansion was still from specialized financial institutions, while commercial banks' private credits gradually improved.

External stability remained sound. International reserves remained high, while external debts remained low. Trade balance resumed a surplus. When combined with a surplus in services, income and transfers account, the current account registered a surplus of 2.0 million US dollars.

Bank of Thailand  
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