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Press Release on Economic and Monetary Conditions for February 2010

The economic conditions in February 2010 continued to expand from external demand, tourism and improving domestic demand, corresponding to an expansion in production side after slightly decelerating in the previous month. Meanwhile, farm income and tourism income were the main factors contributing to domestic demand expansion.

External stability remained sound as international reserves, external debt and current account positions remained strong. With regard to internal stability, inflationary pressure continued to increase from both rising raw food and producer prices.

Details of the economic conditions in **February 2010** were as follows:

External demand, both export and tourism, continued to expand well. **Export** value, amounting to 14,255 million US dollars, rose by 23.5 percent year-on-year (yoy). In particular, exports of agricultural and high-tech products continued to register high growth rate. Agricultural products satisfactorily grew in response to increasing rubber prices, while high-tech products expanded following increases in exports of vehicles, electrical appliances and computers. Similarly, **income from foreign tourists** continued to improve. The number of foreign tourist arrivals in Thailand totaled 1.6 million persons, rising in line with the number of key travelers from Asian countries.

Domestic demand ameliorated, reflecting in **Private Consumption Index (PCI)** which rose by 0.3 percent from the previous month or 9.7 percent (yoy). After seasonal adjustment, private consumption indicators which improved from the previous month were the number of commercial cars sold in response to favorable farm income, and imports of consumer goods following a rise in imports of non-durable goods such as watches and ornaments as well as medicinal and pharmaceutical products. Meanwhile, imports of durable goods remained stabilized. Likewise, **private investment** continued to improve, increasing by 1.6 percent from the previous month or 11.4 percent (yoy). This was partly from imports of capital goods, especially industrial machinery used in electronic, vehicle and electrical appliance industries. Besides, **fiscal stimulus** remained supportive partly owing to the increased disbursement of projects under the Strong Thailand 2012 Project, especially farmers' income guarantee scheme.

Improvement in both domestic and external demand led to an 80.8 percent (yoy) expansion in **import** value, amounting to 13,803 million US dollars. Import quantity grew by 62.6 percent (yoy) following expansions in raw materials and intermediate goods, whereas import price rose by 11.2 percent (yoy).

Production side also expanded in tandem with demand. **Manufacturing production** expanded by 30.3 percent (yoy), and seasonally-adjusted manufacturing production increased by 3.3 percent from the earlier month. Improvements were witnessed in both productions for domestic uses and for export. In particular, commercial car, IC, hard disk drive and TV productions still received high orders. For **agricultural sector**, crop productions expanded by 1.9 percent (yoy) in response to increases in oil palm and rubber productions. Meanwhile, crop prices expanded by 20.9 percent (yoy). As a result, farm income expanded by 23.2 percent (yoy).

February's **headline and core inflation rates** increased by 3.7 percent (yoy) and 0.3 percent (yoy), respectively. Similarly, **Producer Price Index** rose by 11.8 percent (yoy) from the previous month following rising world prices of agricultural, petroleum and chemical products.

Depository corporations' deposits (including bill of exchange) expanded by 4.8 percent (yoy). Households' deposits continued to increase from the previous month, while businesses' deposits slightly rose. Meanwhile, **depository corporations' credits** continued to expand by 4.6 percent (yoy) mainly from household credit expansion.

Broad Money at the end of February 2010 was at 10,684.8 billion baht, increasing by 4.6 percent (yoy) but decelerating from the previous month. This was partly due to high base effect and flows from deposits towards other financial assets such as investment in foreign stock markets.

External stability remained sound as reflected in high level of international reserves and low level of external debts, while **internal stability** continued to have price pressure from both rising raw food and producer prices.

Bank of Thailand
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