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**Monthly Economic Report (October 2016)**

***"The Thai economy in October 2016 expanded from private consumption and government's disbursement and agricultural products continued to expand. In addition, Thai economic stabilities remained robust reflecting the resilient ability to risk from the internal and external volatilities."***

**Mr. Pornchai Thiraveja, Deputy Director General of the Fiscal Policy Office, Spokesperson of the Fiscal Policy Office** revealed that "The Thai economy in October 2016 expanded from private consumption and government's disbursement and agricultural products continued to expand. In addition, Thai economic stabilities remained robust reflecting the resilient ability to risk from the internal and external volatilities." **The details were summarized as follows:**

**Economic indicators on expenditure side** remained favorable. **Private consumption expanded** as reflected from **new motorcycle registrations** which expanded by 3.1 percent per year, the 7<sup>th</sup> consecutive month of expansion, and expanded in Bangkok Metropolitan Region and other regions as real farmers' income improved by 3.8 percent per year. In addition, **real VAT collection** expanded by 0.3 percent per year as real VAT collection from domestic consumption base expanded by 1.1 percent per year. Meanwhile, **government expenditures** particularly **current and capital expenditures** expanded well reflected from the total budget disbursement in October 2016 was amounted at 435.4 billion baht expanding by 16.3 percent per year as current and capital expenditures expanded by 17.5 and 17.0 percent per year, respectively.

**Economic indicators on production side showed good signs** as reflected by **Agricultural Production Index (API)** in October 2016 expanded by 5.9 percent per year and expanded by 6.2 percent per month after seasonal adjustment due to an expansion of rubber, corn, oil palm, and fruits. Meanwhile, **Agricultural Price Index** slightly decreased by -1.2 percent per year as prices from main agricultural products such as paddy particularly jasmine rice decreased continually due to harvest season and prices in cassava and corn for animal feed declined as well. However, prices of rubber and oil palm expanded well. In addition, **Thai Industries Sentiment Index (TISI)** improved for 2 months consecutively by increasing to 86.5 points due to an increasing in orders from both domestic and foreign consumers for New Year preparation.

**Economic stabilities** remained robust. In October 2016 **headline inflation and core inflation** were at a low level of 0.3 and 0.7 percent per year, respectively. Meanwhile, **unemployment rate** was also at a low level of 1.2 percent of total labor force or 450,000 persons. In addition, **Public debt to GDP** at the end of

September 2016 stood at 42.8 percent of GDP, lower than the Fiscal Sustainability Framework of 60 percent of GDP. **The international reserves** at the end of October 2016 were high at 180.3 billion USD, or approximately 3.2 times of short-term external debt reflecting the resilient ability to risk from the volatilities in global economy.

*See Attachment for more details.*

### **Monthly Economic Report (October 2016)**

*"The Thai economy in October 2016 expanded from private consumption and government's disbursement and agricultural products continued to expand. In addition, Thai economic stabilities remained robust reflecting the resilient ability to risk from the internal and external volatilities."*

**1. Private consumption improved** as **new motorcycle registrations** showed expansion for 7 months consecutively at 3.1 percent per year from Bangkok Metropolitan Region which expanded by 7.2 percent per year and other regions which expanded by 3.5 percent per year as real farmers' income in October 2016 improved by 3.8 percent per year. In addition, **real VAT collection** in October 2016 expanded by 0.3 percent per year as real VAT collection from domestic consumption base expanded by 1.1 percent per year. In addition, Consumer Confidence Index (CCI) in October 2016 stood at 62.0 points slightly decreasing from previous month.

**Table 1: Economic indicators in private consumption**

Private Consumption Indicators	2015	2015				2016					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
Real Value Added Tax Collection (%yoy)	1.0	1.0	1.7	-0.7	2.1	0.1	3.7	1.2	3.2	0.3	1.6
<i>%qoq_SA / %mom_SA</i>		1.2	-0.9	-0.6	2.3	-0.7	2.7	-2.8	5.4	-4.9	
Passenger Car Sales (%yoy)	-19.1	-12.5	-27.3	-24.9	-11.7	-26.6	4.9	10.6	13.6	-4.8	-4.9
<i>%qoq_SA / %mom_SA</i>		0.0	-16.1	-4.3	8.7	-15.3	19.1	1.2	1.6	-9.2	
Registration of new motorcycles (%yoy)	-0.2	10.9	-2.9	-10.6	2.3	-3.3	7.9	14.1	13.4	3.1	5.5
<i>%qoq_SA / %mom_SA</i>		9.5	-10.8	-2.8	7.8	3.3	0.1	2.2	-1.1	-9.8	
Farmers' real incomes (calculated by FPO)	-8.8	-4.0	-15.1	-13.7	-5.7	-12.5	0.8	11.0	11.3	3.8	-1.0
Consumer Confidence Index	64.7	68.4	64.9	61.8	63.6	63.4	61.1	62.3	63.4	62.0	62.3

**2. Private investment in overall showed remaining signs. Investment in construction** as reflected by **real estate tax collection** in October 2016 decreased by -2.9 percent per year but for the first 10 months of 2016 real estate tax collection expanded by 3.9 percent per year. **Domestic cement sales** in October 2016 continued to contract by -5.0 percent per year but expanded by 2.2 percent per month after seasonal adjustment. **Construction Materials Price Index (CMI)** in October 2016 recorded a decrease with slower pace by -1.6 percent per year as price index in steel and steel products inclined. Meanwhile, **investment in equipment and machinery** as reflected by **commercial car sales** in October 2016 contracted by -14.0 percent per year but for the first 10 months of 2016 expanded by 2.2 percent per year.

**Table 2: Economic indicators in private investment**

Private Investment Indicators	2015	2015				2016					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
<b><u>Construction sector</u></b>											
Real estate tax collection (%yoy)	8.7	7.3	2.9	-0.5	22.2	6.6	13.2	-5.7	-0.5	-2.9	3.9
%qoq_SA / %mom_SA		-1.2	-4.5	4.7	22.3	-12.7	1.9	-13.5	-9.6	-1.6	
Cement sales (%yoy)	-0.4	-2.5	-0.2	-0.7	2.1	3.1	-1.6	-6.0	-8.6	-5.0	-1.7
%qoq_SA / %mom_SA		0.3	1.6	-0.6	0.8	1.3	-3.0	-4.8	-2.8	2.2	
Construction Materials Price Index (CMI)	-4.9	-3.7	-4.4	-5.7	-6.6	-5.1	-2.2	-3.0	-1.9	-1.6	-3.3
<b><u>Machinery sector</u></b>											
Commercial car sales (%yoy)	-2.6	-11.3	-17.3	-0.3	17.2	4.0	13.6	-3.4	-3.3	-14.0	2.2
%qoq_SA / %mom_SA		-1.3	-6.1	13.8	8.9	-9.5	1.9	-4.2	-1.6	-5.9	

**3. Government expenditures** particularly **current and capital expenditures expanded well** as **total government expenditure** in October 2016 was disbursed 435.4 billion baht, expanding by 16.3 percent per year. The annual budgetary expenditure was disbursed 422.4 billion baht or expanded by 17.5 percent per year or 15.5 percent of budget framework (2,733.0 billion baht) as supporting factor from current expenditure and capital expenditure which were disbursed 394.9 billion baht and 27.5 billion baht, expanding by 17.5 and 17.0 percent per year, respectively. **Net government revenue collection (net of local authorities' allocation)** in October 2016 was amounted at 203.8 billion baht, increasing by 22.8 percent per year and higher than the estimation of budget document by 16.1 billion baht or 8.5 percent of the estimation of budget document as supporting factors from revenue collection from government services and State-Owned Enterprises. As a result, the **budget balance** in October 2016 showed a deficit of -280.9 billion baht.

**Table 3: Economic indicators in fiscal sector**

Fiscal Sector Indicators (Billion Baht)	FY2015	FY2016	FY2016				FY2017		
			Q1/ FY16	Q2/ FY16	Q3/ FY16	Q4/ FY16	Budget framework of FY 2017	Oct	FYTD
Net Government Revenue (net of local authorities' allocation)	2,213.4	2,393.5	585.9	492.6	717.2	597.7	2,343.0	203.8	203.8
(%y-o-y)	6.7	8.1	15.5	4.8	9.9	2.4		22.8	22.8
Total government expenditure	2,601.4	2,807.4	890.9	680.0	677.8	558.7	2,990.4	435.4	435.4
(%y-o-y)	5.8	7.9	5.5	10.1	19.0	-2.0		16.3	16.3
Annual budgetary expenditure	2,378.1	2,578.9	807.7	604.2	638.8	528.3	2,733.0	422.4	422.4
(%y-o-y)	5.9	8.4	5.4	8.3	20.7	0.7		17.5	17.5
Current expenditure	2,106.6	2,214.1	739.6	509.0	537.2	428.1	2,183.6	394.9	394.9
(%y-o-y)	7.4	5.1	2.0	5.8	18.8	-4.5		17.5	17.5
Capital expenditure	271.6	364.9	68.1	95.1	101.5	100.1	549.4	27.5	27.5
(%y-o-y)	-4.4	34.4	64.9	24.0	31.7	31.0		17.0	17.0
Expenditure (last year)	223.3	228.5	83.2	75.8	39.0	30.4	257.4	13.0	13.0
Budget Balance	-394.4	-395.8	-306.9	-203.9	70.8	44.1	-390.0	-280.9	-280.9

**4. External demand as shown by exports of goods in October 2016 decelerated** as exports values were amounted at 17.8 billion USD or contracted by -4.2 percent per year and almost all major exporting markets showed contraction particularly U.S.A., EU, ASEAN-9, ASEAN-5, Hong Kong, South Korea, Australia, and Africa. However, exporting markets such as Japan, China, and CLMV showed expansion. Export goods showing a contraction were agricultural and agro-industry products, vehicles and parts, electronics, electrical appliances, and jewelry and gems, whereas exporting goods such as machinery and parts, and chemical products expanded well. Meanwhile, **imports values** were recorded at 17.5 billion USD expanding by 6.5 percent per year. As such the greater export values compared to that of imports resulted in the trade surplus of 0.2 billion USD.

**5. Supply side indicators showed improving signs** as reflected by **Agricultural Production Index** in October 2016 which expanded by 5.9 percent per year and expanded by 6.2 percent per month after seasonal adjustment due to an expansion of rubber, corn, oil palm, and fruits. In addition, livestock expanded from swine and egg, while fishery expanded close to the previous month. Furthermore, **Thai Industries Sentiment Index (TISI)** in October 2016 improved for 2 months consecutively by increasing to 86.5 points due to an increasing in orders from both domestic and foreign consumers for New Year preparation.

**Table 4: Economic indicators in supply side**

Supply Side Indicators	2015	2015				2016					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
Agricultural Production Index (%yoy)	-3.8	2.6	-11.1	-10.4	0.0	-7.4	-2.5	-0.5	4.0	5.9	-2.7
%qoq_SA / %mom_SA		3.8	-10.7	0.9	6.3	-3.6	-4.8	2.1	7.7	6.2	
Thai Industries Sentiment Index (TISI) (percent)	85.8	89.2	85.2	82.7	86.0	86.0	85.6	84.3	84.8	86.5	85.4

**6. Internal stabilities remained favourable and external stabilities remained robust.** **Headline inflation** in October 2016 was 0.3 percent per year due to an increasing in retail oil's domestic prices which was adjusted to crude oil prices in global market. Also, commodities prices in vehicle sector and energy inclined. **Core inflation** was 0.7 percent per year. Meanwhile, **unemployment rate** in October 2016 was 1.2 percent of total labor force or 450,000 persons. Meanwhile, **Public debt to GDP** at the end of September 2016 stood at 42.8 percent of GDP, lower than the Fiscal Sustainability Framework of 60 percent of GDP. **External stabilities** were stable and reflected the resilient ability to risk from the volatilities in global economy as **the international reserves** at the end of October 2016 were high at 180.3 billion USD, or approximately 3.2 times of short-term external debt.

**Table 5: Economic stabilities**

Macroeconomic Stability Indicators	2015	2015				2016					
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Sep	Oct	YTD
<b><u>Internal Stability</u></b>											
Headline Inflation (%yoy)	-0.9	-0.5	-1.1	-1.1	-0.9	-0.5	0.3	0.3	0.4	0.3	0.1
Core Inflation (%yoy)	1.1	1.5	1.0	0.9	0.8	0.7	0.8	0.8	0.7	0.7	0.7
Unemployment rate (% of total labor force)	0.9	1.0	0.9	0.9	0.8	0.9	1.1	0.9	0.9	1.2	1.0
Public debt (% of GDP)	44.4	43.3	42.7	43.1	44.4	44.1	43.44	42.7	42.8	-	42.8
<b><u>External Stability</u></b>											
Current Account Balance (Billion USD)	32.1	10.1	4.6	6.2	11.2	17.9	8.0	10.3	2.9	-	36.1
International Reserves (Billion USD)	156.5	156.3	160.3	155.5	156.5	175.1	175.5	178.7	180.5	180.3	180.3
Net Forward (Billion USD)	11.7	19.6	18.4	13.3	11.7	13.9	15.7	20.2	20.2	21.9	21.9
International reserves to short term external debt (times)	3.0	2.9	2.8	2.8	3.0	3.0	2.9	3.2	3.2	-	3.2

**Table 1: Monthly Economic Indicators**

	2015	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	YTD
<b>External sector</b>												
- Dubai crude oil price (US\$/barrel) /7	51.0	26.7	29.4	35.2	39.0	44.3	46.3	42.6	43.5	43.4	49.0	39.9
- Fed funds rate (%) /7	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.50	0.25-0.51	0.25-0.50
<b>Fiscal sector</b>												
- Net government revenue (Billion baht) /1	2045.3	158.2	149.1	185.2	170.4	308.7	238.2	177.3	208.6	212.0	203.8	2011.7
(%y-o-y) /1	7.3	-1.5	-0.3	16.0	-0.4	37.5	-7.3	24.5	-7.9	-1.2	22.8	7.5
Tax collection from revenue, customs and excise dept. /12	2133.2	178.5	163.5	183.1	180.2	267.9	251.8	162.8	230.1	252.9	163.1	2033.9
(%y-o-y) /14	3.7	1.4	3.3	3.7	7.9	14.4	-8.4	5.3	1.0	9.0	2.7	3.7
Income-based tax (Billion baht) /1	818.2	60.8	46.9	59.1	54.8	116.2	130.5	50.7	112.9	134.6	50.2	816.6
(%y-o-y) /1	3.3	5.1	3.8	4.6	6.5	15.0	6.1	8.5	0.0	10.0	6.3	6.9
Consumption-based tax (Billion baht) /1	648.0	62.1	55.8	59.6	62.3	57.2	63.3	57.8	57.6	61.3	58.3	595.2
(%y-o-y) /1	-0.7	-1.4	1.9	-2.4	2.5	1.1	6.0	0.4	-0.6	3.3	0.6	1.1
- Government expenditure (Billion baht) /1	2364.4	259.9	160.6	259.5	223.6	189.4	264.8	184.2	158.7	215.9	435.4	2351.8
(%y-o-y) /1	7.4	20.5	6.8	3.2	16.8	7.1	31.5	-17.0	7.0	8.0	16.3	10.3
- Budget expenditure (Billion baht) /1	2180.3	241.0	138.6	224.6	211.5	176.5	250.8	176.1	149.2	202.9	422.4	2193.6
(%y-o-y) /1	8.4	21.8	5.5	-1.7	18.2	7.6	34.4	-15.6	7.4	14.7	17.5	11.3
Current expenditure (Billion baht) /1	1915.0	220.8	108.9	179.4	186.3	139.6	211.4	153.9	118.8	155.4	394.9	1869.3
(%y-o-y) /1	5.2	22.0	-0.8	-5.7	19.3	0.0	34.9	-17.3	1.8	6.9	17.5	8.8
Capital expenditure (Billion baht) /1	265.3	20.1	29.8	45.2	25.2	36.9	39.4	22.2	30.5	47.5	27.5	324.3
(%y-o-y) /1	38.8	19.6	36.9	18.5	10.6	51.0	31.9	-2.0	37.2	50.3	17.0	27.8
- Carry-over budget (Billion baht) /1	184.1	18.9	22.0	34.9	12.1	12.9	14.0	8.1	9.4	12.9	13.0	158.2
(%y-o-y) /1	-3.8	6.2	15.7	51.1	-3.4	0.8	-5.5	-39.0	1.0	-43.7	-11.1	-1.2
- Budgetary Balance (Billion baht) /1	-326.4	-108.0	-18.9	-77.0	-56.1	51.2	75.8	-28.6	24.3	48.4	-280.9	-369.8
<b>Supply-side indicators</b>												
<b>Agricultural sector</b>												
- Agricultural Production Index (%y-o-y) /6	-3.8	-4.9	-6.0	-11.8	-5.8	-0.7	-1.3	1.6	-7.2	4.0	5.9	-2.7
- Agricultural Price Index (%y-o-y) /6	-5.9	-11.2	-11.2	-11.2	-11.2	6.3	3.8	16.1	15.1	8.0	-1.2	3.6
- Real farm income (%y-o-y) /14	-8.8	-9.6	-9.6	-9.6	-9.6	3.7	0.6	16.8	5.7	11.3	3.8	-1.0
- New employment in agricultural sector(%y-o-y) /3	-3.6	-4.1	-4.1	-4.1	-4.1	-10.1	-1.9	2.5	-4.4	-4.7	-7.2	-4.1
<b>Industrial sector</b>												
- Manufacturing Production Index (%y-o-y) /10	0.3	-3.5	-1.7	2.2	0.9	2.7	1.4	-5.0	3.2	0.6	n.a.	0.1
- Import value of raw materials in USD (%y-o-y) /1	-6.3	-15.3	-20.9	-11.5	-9.4	2.4	-0.7	-13.1	3.9	6.4	17.5	-4.6
- Import volume of raw materials in USD (%y-o-y) /1	-8.9	-10.6	-17.8	-9.5	-7.7	3.5	-0.1	-14.1	2.0	4.0	15.1	-4.0
- Capacity utilization (%) /10	64.7	65.1	66.9	74.3	59.5	67.5	66.7	62.3	64.4	n.a.	n.a.	65.9
- New employment in industrial sector(%y-o-y) /3	0.7	0.3	2.3	-2.5	2.3	3.5	-3.8	-4.6	1.8	0.0	-3.7	-0.4
- Thai Industrial Sentiment Index (Index) /9	85.8	86.3	85.1	86.7	85.0	86.4	85.3	84.7	83.3	84.8	86.5	85.4
<b>Service sector</b>												
- No. of foreign tourists (Million persons) /11	29.9	3.0	3.1	3.0	2.6	2.5	2.4	3.0	2.9	2.4	n.a.	24.8
(%y-o-y) /14	20.4	15.0	16.0	15.4	9.8	7.6	7.2	10.8	11.0	17.7	n.a.	12.4
- New employment in service sector(%y-o-y) /3	2.0	3.5	-0.6	3.6	1.4	0.4	3.3	2.5	2.5	1.0	1.6	1.9
<b>Demand-side indicators</b>												
<b>Private consumption indicators</b>												
- Value added tax at constant price (%y-o-y) /1	1.0	-0.6	3.0	-1.6	2.9	1.7	6.5	0.8	-0.5	3.2	0.3	1.6
- Import volume of consumer goods in USD (%y-o-y) /1	2.2	-2.9	-4.2	18.5	-1.4	8.4	3.4	3.0	5.3	-3.7	0.6	2.6
- Sales of passenger cars (%y-o-y) /14	-19.1	-30.0	-29.9	-21.2	-11.9	8.3	19.6	9.6	8.7	13.6	-4.8	-4.9
- Sales of motorcycles (%y-o-y) /13	-0.2	12.9	-11.1	-9.4	2.9	14.8	5.2	7.4	21.0	13.4	3.1	5.5
- Consumer Confidence Index (Index) /5	64.7	64.4	63.5	62.4	61.5	61.1	60.6	61.4	62.2	63.4	62.0	62.3
<b>Private investment indicators</b>												
- Import volume of capital goods in USD (%y-o-y) /1	-2.2	2.9	-11.6	6.5	-13.4	-5.4	-15.4	-0.7	-5.6	6.1	-7.0	-4.7
- Sales of commercial cars (%y-o-y) /14	-2.6	-2.4	1.9	11.2	12.1	26.5	4.0	-6.1	-0.9	-3.3	-14.0	2.2
- Total taxes collected from real estate transaction (%y-o-y) /1	8.7	-6.9	7.1	16.5	70.9	-22.6	-6.8	-23.4	7.1	-0.5	-2.9	3.9
- Domestic cement sales (%y-o-y) /2	-0.4	-0.3	6.0	3.4	0.1	-1.1	-3.5	-4.0	-5.5	-8.6	-5.0	-1.7
<b>International trade indicators</b>												
- Exports (Billion USD): custom basis	214.4	15.7	19.0	19.1	15.5	17.6	18.1	17.0	18.8	19.5	17.8	178.3
(%y-o-y) /4	-5.8	-8.9	10.3	1.3	-8.0	-4.4	-0.1	-6.4	6.5	3.4	-4.2	-1.0
- Export price (%y-o-y) /4	-2.3	-2.8	-2.6	-2.0	-1.4	-0.6	-0.4	0.3	0.7	1.3	1.4	-0.6
- Export volume (%y-o-y) /14	-3.6	-6.3	13.2	3.3	-6.6	-3.8	0.3	-6.7	5.8	2.1	-5.5	-0.4
- Imports (Billion USD): custom basis	202.8	15.5	14.0	16.2	14.8	16.1	16.2	16.2	16.7	16.9	17.5	160.1
(%y-o-y) /4	-11.0	-12.4	-16.8	-6.9	-14.9	0.5	-10.1	-7.2	-1.5	5.6	6.5	-5.9
- Import price (%y-o-y) /4	-10.8	-8.3	-8.4	-6.5	-5.6	-5.0	-4.3	-3.4	-0.6	1.2	1.9	-3.9
- Import volume (%y-o-y) /14	-0.2	-4.5	-9.2	-0.5	-9.9	5.8	-6.1	-3.9	-0.9	4.3	4.5	-2.1
- Trade balance (Billion USD): custom basis/4	11.7	0.2	5.0	3.0	0.7	1.5	2.0	0.8	2.1	2.5	0.2	18.2
<b>External economic stability</b>												
- Average exchange rate (Baht/USD) /2	34.4	35.8	35.7	35.2	34.9	35.7	35.2	34.9	34.6	34.7	35.0	35.2
- Current account (Billion USD) /2	32.1	4.5	8.0	5.4	2.9	1.9	3.1	3.6	3.8	3.0	-	36.1
- International reserves (Billion USD) /2	156.5	160.1	168.0	175.1	178.6	175.5	178.7	180.2	180.8	180.5	180.3	180.3
- Net Forward Position (Billion USD) /2	11.7	9.2	10.2	13.9	14.6	15.6	15.7	16.9	19.1	20.2	21.9	21.9
<b>Internal economic stability</b>												
- Unemployment rate (%) /3	0.9	0.9	0.9	1.0	1.0	1.2	1.0	1.0	0.9	0.9	1.2	1.0
- Producer Price Index (%yoy) /4	-4.1	-2.3	-3.0	-2.4	-1.7	-1.4	-1.3	-0.8	-0.4	-0.7	-0.5	-1.5
- Headline inflation (%yoy) /4	-0.9	-0.5	-0.5	-0.5	0.1	0.5	0.4	0.1	0.3	0.4	0.3	0.1
- Core inflation (%yoy) /4	1.1	0.6	0.7	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7
- Public debt to GDP (%) /1	44.4	44.1	44.1	44.0	44.1	43.4	42.8	42.9	42.6	42.8	-	42.8

1/ Data from Ministry of Finance

8/ Data from Tourism Authority of Thailand

2/ Data from Bank of Thailand

9/ Data from Federation of Thai Industries

3/ Data from National Statistic Office

10/ Data from Office of Industrial Economics

4/ Data from Ministry of Commerce

11/ Data from Immigration Office

5/ Data from University of Thai Chamber of Commerce

12/ Data from Revenue Department, Excise Department and Customs Department

6/ Data from Office of Agricultural Economics

13/ Data from Department of Land Transport

7/ Data from Reuters

14/ Computed by Fiscal Policy Office

The financial and fiscal measures that the Ministry of Finance has carried forward government policy and launched in September 2015 onwards would help support the economic growth of Thailand in previous year and 2016. The progress of measures until as of 21 November 2016 was summarized as follows:

**1. Project to strengthen the grass-root economy under People's State approach** through 79,556 village and urban community funds under the 35-billion-baht budget in which each village fund would be allocated budget up to 500,000 baht via the National Village and Urban Community Fund Office for investing in community infrastructure such as rice warehouse and mill, water reservoirs, and agricultural processing machines. The allocation would be also spent on various activities to enhance local workers' potential and upgrade the quality of life of residents. As of current status, Committee of the National Village and Urban Community Fund issued criteria for eligible projects and approved projects and budget for 65,261 funds worth 32,593 million baht and already transferred 31,237 million baht which was disbursed 24,699 million baht.

**2. "One Tambon One Agricultural SME" policy loans to promote sustainability of Thai agricultural sector (The credit line of 72,000 million baht).** Loan period is for 10 years with interest rate of 4 percent for the first seven years and apply to normal interest rate for the remaining three years (Year 8 – 10). As of 15 November 2016, loans were disbursed at 12,354 million baht to 9,421 agricultural SMEs.

**3. Measures for low-income people in urban area under People's State approach**

**3.1 Project of Policy Loan for people.** Individual could receive loan up to 50,000 baht. Loan period is for 5 years with interest rate of 0 percent for the first year and interest rate of 1 percent per month for year 2-5. The most updated data showed that loans were approved to 24,250 applicants worth 957 million baht.

**3.2 Program of debt moratorium under People's State approach.** Under the program, principle would be suspended up to 3 years (only debt would be paid) and/or extend period of debt payment up to 20 years. The most updated data showed that debt moratorium was approved to 10,390 individuals worth 6,422 million baht.

**3.3 Training project for occupation development and financial literacy for small entrepreneurs in urban area.** The project aims to give the training to 150,000 families (1 person per family). The most updated data showed that the training was already provided to 142,702 family members.

**4. Short-term financial and fiscal measures to encourage SMEs competitiveness enhancement.**

**4.1 Project of Policy Loan (The credit line of 15,000 million baht).** As of current status, SME Bank approved loan worth 13,420 million baht to

4,335 SMEs and the Thai Credit Guarantee Corporation (TCG) guaranteed loans worth 12,280 million baht to 4,239 SMEs.

**4.2 Project of Policy Loan for SMEs to modify machinery and improve productivity (The credit line of 30,000 million baht).** Loan period is for 7 years with interest rate of 4 percent per year. As of current status, approved loans were amounted to 7,267 million baht to 614 SMEs.

**4.3 Micro Entrepreneurs Guarantee Scheme Phase 2 (Guarantee budget framework of 13,500 million baht).** Each micro entrepreneur could receive loan guarantee up to 200,000 baht. The guarantee would cover a loss/damage of 30-50 percent. As of current status, The Thai Credit Guarantee Corporation (TCG) guaranteed an amount of 1,968 million baht to 20,439 Micro Entrepreneurs.

**4.4 Measure to encourage SMEs through Venture Capital** (The budget of 6,000 million baht). The Government Savings Bank approved venture capital to 5 SMEs entrepreneurs worth 115 million baht and approved the disbursement to 4 SMEs worth 65 million baht. SME Bank approved in principle for venture capital to 10 SME entrepreneurs worth 138 million baht which was already disbursed to 3 SME entrepreneurs worth 46 million baht.

## **5. Financial and fiscal measures to stimulate real estate sector.**

The goals are to boost real estate sector and to help low-income earners buy houses and be homeowner.

**5.1 Loan measure for low-and medium-income earners,** the Government Housing Bank has received the applications since 19 October 2015. Lately, the Government Housing Bank approved loan to 16,357 applicants worth 22,834 million Baht.

**5.2 Soft loans for lower-income first-home buyers under People's State approach.** The objectives are to help low-income people including government servants, soldiers, policemen, and academic personnel and people with uncertain salary or freelance who have never been homeowner and this measure covers housing repair and enlargement through relaxed home loans from state-owned banks. The most updated data (as of 25 October 2016) showed that the Government Housing Bank approved loans as Post Finance to 7,634 loan applicants worth 6,450 million baht and the Government Savings Bank approved loans as Pre Finance to 2 loan applicants worth 65 million baht, and approved loans as Post Finance to 3,886 loan applicants worth 3,343 million baht.

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