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### **Monthly Economic Report (March 2016 and Q1/2016)**

***"The Thai economy in March 2016 and Q1/2016 reflected a gradual recovery from last year as a result of the government's ongoing economic measures and the expansion of tourism sector. Investment showed improving signs, however, export sector remained faced with risk factors due to an uncertainty in global economy, which reduced economic confidence and slowed down private consumption."***

Mr. Warotai Kosolpisitkul, Deputy Director-General of the Fiscal Policy Office, and Ms. Kulaya Tantitemit, Executive Director of Macroeconomic Policy Bureau revealed that "The Thai economy in March 2016 and Q1/2016 reflected a gradual recovery from last year as a result of the government's ongoing economic measures and the expansion of tourism sector. Investment showed improving signs, however, export sector remained faced with risk factors due to an uncertainty in global economy, which reduced economic confidence and slowed down private consumption." The details were summarized as follows:

**Private consumption in March 2016 and Q1/2016 showed slowing signs**, as real VAT collection in March 2016 contracted by -1.6 percent per year but increased slightly by 0.8 percent per month after seasonal adjustment. Consequently, real VAT collection in Q1/2016 slightly expanded by 0.1 percent per year but contracted by -1.0 percent per quarter after seasonal adjustment. **Motorcycle sales** contracted by -9.4 percent per year but expanded by 17.2 percent per month after seasonal adjustment. As a consequence, motorcycle sales in Q1/2016 contracted by -3.3 percent per year but expanded by 3.6 percent per quarter after seasonal adjustment. Meanwhile, **imports of consumers' goods** turned to expand by 18.5 percent per year, resulting in Q1/2016 imports of consumers' goods expanded by 3.6 percent per year and expanded by 7.8 percent per quarter after seasonal adjustment. However, **farmers' real income** contracted by -5.2 percent per year and in Q1/2016 farmers' real income contracted by -7.1 percent per year. In addition, **Consumer Confidence Index** declined for 3 months consecutively by standing at 62.4 points and this reflected that consumers were anxious about Thai economy which recovered slowly and was affected from the uncertainty of global economy particularly the slowdown in China economy which adversely affected Thai exports of goods. In addition, prices of agricultural products stayed at the low level.

**Private investment in March 2016 and Q1/2016 showed improving signs particularly in construction sector** as reflected by **real estate tax collection** which continued to expand by 11.9 percent per year and increased by 5.2 percent per month after seasonal adjustment. Consequently, in Q1/2016 real estate tax collection expanded by 4.5 percent per year. In addition, **cement sales** expanded by 3.4 percent per year but slightly decreased by -0.3 percent per month after seasonal adjustment. Consequently, cement sales in Q1/2016 expanded by 3.1 percent per year and increased by 1.8 percent per quarter after seasonal adjustment. For **investment in equipment and machinery sector, the imports of capital**

**goods** in March 2016 turned to expand by 6.5 percent per year but slightly contracted in Q1/2016 by -1.0 percent per year. However, after seasonal adjustment, the imports of capital goods expanded by 0.5 percent per quarter.

**Fiscal indicators in March 2016 and Q1/2016 (Q2/Fiscal Year 2016) showed that fiscal policies continued to support the Thai economy particularly government expenditures in accelerating investments which showed high expansion.** Total government expenditure was disbursed 259.4 billion baht or expanded by 3.2 percent per year. The annual budgetary expenditure contracted by -1.7 percent per year from (1) current expenditure which contracted by -5.7 percent per year, while (2) capital expenditure highly expanded by 18.5 percent per year. As a consequence, in Q1/2016 (or Q2/FY2016) total government expenditure was disbursed 680.0 billion baht or expanded by 10.1 percent per year. **Net government revenue collection (net of local authorities' allocation)** expanded by 15.1 percent per year and in Q1/2016 (or Q2/FY2016) the net government revenue collection (net of local authorities' allocation) expanded 4.5 percent per year. As a result, the budget balance showed the deficit of -77.8 billion baht in March 2016 and of -204.8 billion baht in Q1/2016 (or Q2/FY2016).

**External demand as reflected by exports in March 2016 showed improving signs for 2 months consecutively.** In March 2016, export values in terms of U.S. dollars (USD) expanded by 1.3 percent per year but contracted by -0.9 percent per month after seasonal adjustment. Values of exports expanded due to exports of gem and jewellery, and gold, including the exports of vehicles and parts, and machinery that turned to expand. The export markets which showed an expansion comprised ASEAN-5 and Australia. As a result, in Q1/2016, export values in terms of U.S. dollars (USD) expanded by 0.9 percent per year and expanded by 2.9 percent per quarter after seasonal adjustment.

**Supply side indicators were affected a positive factor from tourism sector** as reflected by **the number of inbound foreign tourists** in March 2016 which continually expanded by 15.4 percent per year and increased by 1.2 percent per month after seasonal adjustment due to expansion of tourists from almost regions particularly East Asia and Europe. As a result, in Q1/2016 the number of inbound foreign tourists expanded by 15.5 percent per year or expanded by 14.8 percent per month after seasonal adjustment. Meanwhile, the **Agricultural Production Index (API)** showed a contraction of -3.5 percent per year due to a contraction in paddy, corn and oil palm. In Q1/2016, the Agricultural Production Index (API) showed a contraction of -1.9 percent per year but increased by 3.3 percent per quarter after seasonal adjustment. **Thai Industries Sentiment Index (TISI)** was at 86.7 points, the first expansion in 3 months due to economic stimulus package in real estate sector and public investment in infrastructure which increased purchasing order and sales in construction materials.

**Internal stabilities remained favourable and external stabilities remained robust. Headline inflation** in March 2016 was -0.5 percent per year as oil prices gradually increased and tobacco prices were adjusted to increase as a result of an increase in tobacco stamps since February 2016. **Core inflation** in



March 2016 was 0.8 percent per year. Consequently, in Q1/2016 Headline inflation contracted by -0.5 percent per year and Core inflation expanded by 0.7 percent per year. Meanwhile, **unemployment rate** in March 2016 was 1.0 percent of total labor force or equivalent to 397,000 unemployed persons. **Public debt to GDP** at the end of February 2016 stood at 44.1 percent of GDP below the Fiscal Sustainability Framework of 60 percent of GDP. **External economic stability** remained robust reflecting the resilient ability to risk from the volatilities in global economy as **the international reserves** at the end of March 2016 were high at 175.1 billion USD, or approximately 3.3 times of short-term external debt.

*Attachment*



## Monthly Economic Report (March 2016 and Q1/2016)

***"The Thai economy in March 2016 and Q1/2016 reflected a gradual recovery from last year as a result of the government's ongoing economic measures and the expansion of tourism sector. Investment showed improving signs, however, export sector remained faced with risk factors due to an uncertainty in global economy, which reduced economic confidence and slowed down private consumption."***

**1. Private consumption in March 2016 and Q1/2016 showed slowing signs** as real VAT collection in March 2016 contracted by -1.6 percent per year but increased slightly by 0.8 percent per month after seasonal adjustment. Consequently, real VAT collection in Q1/2016 slightly expanded by 0.1 percent per year. Meanwhile, **the motorcycle sales** in March 2016 contracted by -9.4 percent per year but expanded by 17.2 percent per month after seasonal adjustment. The contraction was caused by base of previous year related to sale promotion but during the first quarter of 2016, sale promotion already occurred during December 2015 – January 2016, so motorcycle sales in Q1/2016 contracted by -3.3 percent per year and after seasonal adjustment motorcycle sales expanded by 3.6 percent per quarter. Meanwhile, **Consumer Confidence Index (CCI)** was down to 62.4 points and this was a decreased for 3 months consecutively and lowest in 5 months as consumers were anxious about the effects of drought on farmers' income. As a result, in Q1/2016 the CCI was 63.4 points. Meanwhile, **the imports of consumer goods** in March 2016 turned to increase by 18.5 percent per year or expanded by 10.6 percent per month after seasonal adjustment. Consequently, in Q1/2016 the imports of consumer goods increased by 3.6 percent per year or expanded by 7.8 percent per quarter after seasonal adjustment. Meanwhile, **real farmers' income** contracted by -5.2 percent per year and in Q1/2016 real farmers' income contracted by -7.1 percent per year.

Private Consumption Indicators	2015	2015				2016				
		Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	YTD
Real Value Added Tax Collection (%yoy)	1.0	1.0	1.7	-0.7	2.1	0.1	-0.6	3.0	-1.6	0.1
<i>%qoq_SA / %mom_SA</i>		1.0	-0.5	-1.4	2.8	-1.0	-4.4	1.7	0.8	
Imports of Consumer Goods (%yoy)	2.2	10.8	2.0	1.5	-4.4	3.6	-2.9	-4.2	18.5	3.6
<i>%qoq_SA / %mom_SA</i>		0.0	-3.8	0.0	-0.4	7.8	0.6	8.3	10.6	
Passenger Car Sales (%yoy)	-19.1	-12.5	-27.3	-24.9	-11.7	-29.9*	-30.0	-29.9	n.a.	-29.9
<i>%qoq_SA / %mom_SA</i>		-4.4	-13.6	-5.5	12.2	-	-18.6	-3.3	-	
Motorcycle Sales (%yoy)	-0.2	10.9	-2.9	-10.6	2.3	-3.3	12.9	-11.1	-9.4	-3.3
<i>%qoq_SA / %mom_SA</i>		9.7	-12.2	-2.3	8.7	3.6	5.5	-19.8	17.2	-
Farmers' real incomes (calculated by FPO)	-9.7	-5.1	-14.9	-15.2	-6.5	-7.1	-7.0	-9.0	-5.2	-7.1
Consumer Confidence Index	64.7	68.4	64.9	61.8	63.6	63.4	64.4	63.5	62.4	63.4

\*2M/Q1 2016



**2. Private investment in March 2016 and Q1/2016 showed improving signs particularly in construction sector as real estate tax collection in March 2016 increased by 11.9 percent per year and increased by 5.2 percent per month after seasonal adjustment. Consequently, in Q1/2016 real estate tax collection increased by 4.5 percent per year. Meanwhile, cement sales in March 2016 expanded by 3.4 percent per year, so in Q1/2016 cement sales expanded by 3.1 percent per year and increased by 1.8 percent per quarter after seasonal adjustment. Construction Materials Price Index (CMI) in March 2016 continued to decrease with slower rate at -4.1 percent per year due to the declining prices in steel and steel products following the declining prices in world steel market. As a result, in Q1/2016, CMI contracted by -5.1 percent per year. For investment in equipment and machinery sector, imports of capital goods in March 2016 turned to expand by 6.5 percent per year but slightly contracted in Q1/2016 at -1.0 percent per year and expanded by 0.5 percent per quarter after seasonal adjustment.**

Private Investment Indicators	2015	2015				2016				
		Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	YTD
<b>Construction sector</b>										
Real estate tax collection (%yoy)	8.7	7.3	2.9	-0.5	22.2	4.5	-6.8	6.1	11.9	4.5
%qoq_SA / %mom_SA		-1.6	-4.7	3.9	24.3	-14.8	-34.8	6.1	5.2	
Cement sales (%yoy)	-0.4	-2.5	-0.2	-0.7	2.1	3.1	-0.3	6.0	3.4	3.1
%qoq_SA / %mom_SA		0.7	1.7	-1.5	1.2	1.8	-3.6	7.8	-0.3	
Construction Materials Price Index (CMI)	-4.9	-3.7	-4.4	-5.7	-6.6	-5.1	-6.2	-5.0	-4.1	-5.1
<b>Machinery sector</b>										
Commercial car sales (%yoy)	-2.6	-11.3	-17.3	-0.3	17.2	-0.2*	-2.4	1.9	n.a.	-0.2
%qoq_SA / %mom_SA		-5.2	-6.4	15.6	13.3	-	-20.9	2.9	-	
Imports of capital goods (%yoy)	-2.2	0.9	2.0	-10.8	0.2	-1.0	2.9	-11.6	6.5	-1.0
%qoq_SA / %mom_SA		-1.3	-0.6	-5.3	4.9	0.5	4.8	-8.4	6.1	
Imports of capital goods (exclude aircraft, ship, and train) (%yoy)	-1.4	0.1	-3.6	-2.3	0.1	0.0	4.9	-8.3	3.3	0.0
%qoq_SA / %mom_SA		-0.7	-2.1	0.8	2.0	-0.5	-1.6	-4.5	3.3	

\*2M/Q1 2016

**3. Fiscal indicators in March 2016 and Q1/2016 (or Q2/FY2106) showed that fiscal policies continued to support the Thai economy particularly government expenditures in accelerating investment of government which showed high expansion.** Total government expenditure was disbursed at 259.4 billion baht or expanded by 3.2 percent per year. The annual budgetary expenditure was disbursed at 224.6 billion baht or decreased by -1.7 percent per year from (1) current expenditure of 179.3 billion baht which contracted by -5.7 percent per year, while (2) capital expenditure of 45.2 billion baht expanded by 18.5 percent per year. As a result, in Q1/2016 (or Q2/FY2106), total government expenditure was disbursed at 680.0 billion baht or expanded by 10.1 percent per year and total annual budgetary expenditure in Q1/2016 (or Q2/FY2016) was disbursed as 604.2 billion baht or 21.8 percent of FY2016 expenditure framework (2,776.0 billion baht). Meanwhile, **the net government revenue collection (net of local authorities' allocation)** in March 2016 amounted at 183.8 billion baht or expanded by 15.1 percent per year. As a result, in Q1/2016 (or Q2/FY2016) the net government revenue collection (net of local authorities' allocation) amounted at 491.1 billion baht or expanded by 4.5 percent per year. Consequently, the budget balance in March 2016 showed the deficit of -77.8 and the budget balance in Q1/2016 (or Q2/FY2016) showed the deficit of -204.8 billion baht.

Fiscal Sector Indicators (Billion Baht)	FY2015	FY2015				FY 2016					
		Q1/ FY15	Q2/ FY15	Q3/ FY15	Q4/ FY15	Q1/ FY16	Q2/ FY16	Jan	Feb	Mar	FYTD
Net Government Revenue (net of local authorities' allocation)	2,207.5	507.5	469.9	652.5	577.5	581.3	312.3	158.3	149.1	183.8	1,077.0
(%y-o-y)	6.4	0.8	7.5	7.2	9.9	14.6	0.7	-1.5	-0.4	15.1	10.2
Total government expenditure	2,601.4	844.1	617.6	569.6	570.1	890.9	680.0	259.9	160.6	259.4	1,570.9
(%y-o-y)	5.7	1.6	11.7	10.7	1.6	5.5	10.1	20.5	6.8	3.2	7.5
Annual budgetary expenditure	2,378.1	766.4	557.7	529.4	524.6	807.7	604.2	241.0	138.6	224.6	1,411.8
(%y-o-y)	5.9	0.7	15.6	11.1	-0.3	5.4	8.3	21.8	5.5	-1.7	6.6
Current expenditure	2,106.6	725.1	481.0	452.3	448.1	739.6	509.0	220.8	108.9	179.3	1,248.7
(%y-o-y)	7.4	12.5	7.3	8.1	-0.7	2.0	5.8	22.0	-0.8	-5.7	3.5
Capital expenditure	271.6	41.3	76.7	77.1	76.4	68.1	95.1	20.1	29.8	45.2	163.2
(%y-o-y)	-4.4	-64.6	123.2	32.4	2.1	64.9	24.0	19.6	36.9	18.5	38.3
Budget Balance	-402.3	-347.3	-138.9	89.4	-5.5	-306.9	-204.8	-108.0	-18.9	-77.8	-511.7



**4. External demand as reflected by exports showed an improvement for 2 months consecutively.** In March 2016, **export values** amounted to 19.1 billion USD or expanded by 1.3 percent per year due to expansion in exports of gem and jewellery, and gold. In addition, the exports of vehicles and parts, and machinery turned to expand. Export markets that showed expansion comprised ASEAN-9 Singapore Indonesia Philippines Malaysia Australia and Vietnam. Consequently, in Q1/2016 export values amounted to 45.6 billion USD, expanded by 0.9 percent per year and expanded by 2.9 percent per quarter after seasonal adjustment. Meanwhile, **import values** in March 2016 amounted to 16.2 billion USD or contracted by -6.9 percent per year and in Q1/2016 import values amounted to 45.6 billion USD or contracted by -12.0 percent per year. As such, the greater export values compared to that of imports resulted in the trade surplus in March 2016 of 3.0 billion USD and the trade surplus in Q1/2016 of 8.2 billion USD .

Main trading partners (16 countries) (Export share 2014 >> 15 )	2015	2015				2016			
		Q1	Q2	Q3	Q4	Q1	Feb	Mar	YTD
Exports to the world (%yoy)	-5.8	-4.7	-5.0	-5.3	-8.1	0.9	10.3	1.3	0.9
1.USA (10.5% >> 11.2%)	0.7	5.6	2.6	0.2	-4.9	-3.2	0.3	-1.4	-3.2
2.China (11.0% >> 11.1%)	-5.4	-14.4	1.2	-1.0	-6.3	-6.4	-7.6	-5.4	-6.4
3.Japan (9.6% >> 9.4%)	-7.7	-9.2	-3.9	-7.9	-9.6	5.7	34.8	-6.1	5.7
4.EU (9.2% >> 9.3%)	-5.7	-3.9	-8.4	-4.4	-5.9	-0.6	4.1	-2.9	-0.6
5.Malaysia (5.6% >> 4.8%)	-20.2	-14.7	-18.3	-18.7	-28.5	-4.1	-0.3	5.9	-4.1
6.Hong Kong (5.6% >> 5.5%)	-6.2	-11.5	-9.0	-2.0	-1.9	0.6	16.8	-2.6	0.6
7.Middle East (5.1% >> 4.8%)	-10.0	-6.4	-23.7	-6.4	-3.0	-9.5	-11.2	-5.9	-9.5
8.Australia (4.8% >> 5.3%)	5.3	10.1	7.6	8.4	-3.5	5.5	1.3	3.5	5.5
9.Singapore (4.6% >> 4.1%)	-16.2	-5.4	0.3	-26.1	-31.0	22.5	109.1	16.3	22.5
10.Indonesia (4.2% >> 3.7%)	-17.6	-15.4	-20.6	-21.0	-12.7	8.9	13.8	13.9	8.9
11.Africa (3.7% >> 3.2%)	-20.2	-14.5	-15.9	-22.1	-27.9	-11.7	-21.7	-2.5	-11.7
12.Vietnam (3.5% >> 4.2%)	13.0	17.7	16.7	8.3	10.9	3.1	6.7	4.7	3.1
13.Philippines (2.6% >> 2.8%)	2.1	7.4	-3.4	-6.4	10.8	15.4	19.1	18.7	15.4
14.India (2.5% >> 2.5%)	-5.7	6.1	-4.8	-11.5	-11.8	-9.1	-18.4	-3.5	-9.1
15.South Korea (2.0% >> 1.9%)	-9.2	0.6	-16.4	-10.7	-8.6	-9.7	-12.3	-7.8	-9.7
16.Taiwan (1.8% >> 1.6%)	-12.0	4.7	-11.5	-15.3	-23.1	-18.1	-15.4	-4.3	-18.1
PS.ASEAN-9 (26.1% >> 25.7%)	-7.2	-2.5	-5.9	-10.6	-9.3	3.9	16.6	4.5	3.9
PS.ASEAN-5 (17.0% >> 15.3%)	-15.1	-9.5	-11.8	-19.5	-19.1	9.1	31.8	12.4	9.1
PS.CLMV (9.1% >> 10.4%)	7.7	10.5	5.5	7.2	7.9	-4.0	-5.8	-6.9	-4.0



**5. Supply side indicators continually expanded from tourism sector** as reflected by **the number of inbound foreign tourists** in March 2016 which was recorded at 2.95 million persons or highly expanded by 15.4 percent per year and increased by 1.2 percent per month after seasonal adjustment due to expansion of tourists from almost all regions particularly East Asia which expanded by 17.7 percent per year. In addition, tourists from Europe showed an expansion for 3 months consecutively by increasing 12.7 percent per year. However, tourists from Oceania contracted by -15.4 percent per year as tourists from Australia continued to decline. As a consequence, in Q1/2016, the number of inbound foreign tourists was 9.04 million persons or expanded by 15.5 percent per year. Meanwhile, the **Agricultural Production Index (API)** in March 2016 showed a contraction of -3.5 percent per year resulting from the contraction in paddy, corn, and oil palm as farmers decreased cultivation to prevent adversity from drought. As a result, in Q1/2016, API showed a contraction of -1.9 percent per year but expanded by 3.3 percent per quarter after seasonal adjustment. **Thai Industries Sentiment Index (TISI)** in March 2016 was at 86.7 points, the first expansion in 3 months due to economic stimulus package in real estate sector and public investment in infrastructure which increased purchasing order and sales in construction materials. In addition, there were sale promotions for commodities in vehicle, gem and jewelry, furniture, electrical appliances, and electronics sectors.

Supply Side Indicators	2015	2015				2016				
		Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	YTD
Agricultural Production Index (%yoy)	-4.6	1.8	-10.7	-12.0	-1.0	-1.9	-0.8	-1.4	-3.5	-1.9
%qoq_SA / %mom_SA		4.0	-12.4	1.3	6.9	3.3	-16.3	-2.3	-4.2	
Thai Industries Sentiment Index (TISI) (percent)	85.8	89.2	85.2	82.7	86.0	86.0	86.3	85.1	86.7	86.0
Manufacturing Production Index (preliminary) (%yoy)	0.3	0.4	-0.3	0.9	0.3	n.a.	-3.5	-1.7	n.a.	n.a.
%qoq_SA / %mom_SA		0.3	-2.0	1.1	0.9	n.a.	-4.1	1.9	n.a.	
Number of Inbound Tourists (%yoy)	20.4	22.8	36.9	24.9	3.7	15.5	15.0	16.0	15.4	15.5
%qoq_SA / %mom_SA	-	2.6	8.2	-1.5	-5.0	14.8	8.3	4.0	1.2	

**6. Internal stabilities remained favourable and external stabilities remained robust. Headline inflation** in March 2016 was -0.5 percent per year as negative impacts from oil prices tended to decrease since the beginning of year due to increasing in oil prices. Meanwhile, prices of meat and fruits and vegetables decreased due to end of Chinese New Year festival. In addition, tobacco prices were adjusted to increase as a result of an increase in tobacco stamps since February 2016. **Core inflation** was 0.8 percent per year accelerating from previous month. Consequently, in Q1/2016 Headline inflation contracted by -0.5 percent per year and Core inflation expanded by 0.7 percent per year. Meanwhile, **unemployment rate** in March 2016 was 1.0 percent of total labor force or equivalent to 397,000



unemployed persons. **Public debt to GDP** at the end of February 2016 stood at 44.1 percent of GDP below the Fiscal Sustainability Framework of 60 percent of GDP. **External economic stability** remained robust reflecting the resilient ability to risk from the volatilities in global economy as **the international reserves** at the end of March 2016 were high at 175.1 billion USD, or approximately 3.3 times of short-term external debt.

Macroeconomic Stability Indicators	2015	2015				2016				
		Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar	YTD
<b>Internal Stability</b>										
Headline Inflation (%yoy)	-0.9	-0.5	-1.1	-1.1	-0.9	-0.5	-0.5	-0.5	-0.5	-0.5
Core Inflation (%yoy)	1.1	1.5	1.0	0.9	0.8	0.7	0.6	0.7	0.8	0.7
Unemployment rate (% of total labor force)	0.9	1.0	0.9	0.9	0.8	0.9	0.9	0.9	1.0	0.9
Public debt (% of GDP)	44.4	43.3	42.8	43.1	44.4	44.1**	44.1	44.1	n.a.	44.1
<b>External Stability</b>										
Current Account Balance (Billion USD)	34.8	8.2	4.1	7.2	13.1	11.5*	4.1	7.4	n.a.	11.5
International Reserves (Billion USD)	156.5	156.3	160.3	155.5	156.5	175.1	160.1	168.0	175.1	175.1
Net Forward (Billion USD)	11.7	18.4	11.7	13.3	9.2	13.9	9.2	10.2	13.9	13.9
International reserves to short term external debt (times)	2.8	3.0	2.9	2.9	3.1	3.3*	3.2	3.3	n.a.	3.3

Financial and fiscal measures that the Ministry of Finance carried forward due to the government policy and launched in September 2015 onwards would help support economic growth of Thailand in previous year and 2016. The progress of measures until as of 25 April 2016 was summarized as follows:

**1. Project to strengthen grass-root economy under the 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. It will also be spent on various activities to enhance local workers' potential and upgrade the quality of life of residents. Nowadays, Committee of the National Village and Urban Community Fund had issued criteria for eligible projects and had approved projects for 2,056 funds worth 1,017 million baht.

**2. Project to enhance villages' potential and strengthen grass-root economy under the People's State approach.** The objective of this project is to support funding to village funds, averaging 200,000 baht for each of the villages within the budget framework of 15,000 million baht. The cabinet approved in

principle of the project on 5 April 2016 and the Interior Ministry is the main authority to operate the project.

**3. Measures to improve the well-being of low-income people and the measures to stimulate small public-sector projects.** The objectives of these measures are to distribute the investment, increase employment and economic activities in provinces and push forward the local and regional development, which will stimulate people's spending, mitigate any impact on low-income people and accelerate public investments. The measures consist of

**3.1 Measure to improve the well-being at the village level (Soft loan via the village funds with the interest rate of 0 percent and the credit line of 60,000 million Baht).** The most recent data showed that total approved loan amounted to 48,296 million baht and was given to 3,051,507 low-income people. This amount comprised (1) the Government Savings Bank which had approved 25,570 million baht in loan to 25,728 Village Funds, and the Village Fund gave loan to 1,631,186 low-income people amounting 21,280 million Baht, and (2) Bank for Agriculture and Agricultural Co-operatives (BAAC) which had approved 22,726 million baht in loan to 22,920 Village Funds and the Village Funds gave loan to 1,420,321 low-income people amounting 22,276 million Baht.

**3.2 Measure to improve the well-being at the Tambon (sub-district) level (5 Million Baht per Sub-District with the budget framework of 36,275 Million Baht).** As of 22 April 2016 the approved budget was totaled at 35,896 million baht or 99 percent of budget framework. The budget of contracted projects was amounting to 34,588 million baht which was disbursed at 23,353 million baht.

**3.3 Measure to accelerate budget disbursements for existing and new small government projects below 1 million Baht with budget of 40,000 million baht).** As of 22 April 2016, contracted projects were worth 34,188 million baht and were disbursed 32,409 million baht. These amounts comprised (1) mid-year budget of 2015 which was disbursed at 21,541 million baht and (2) annual budget of 2016 which was disbursed at 10,868 million baht.

**4. Relief measures for drought-affected farmers and agricultural competitiveness enhancement**

**4.1 Relief measure for drought-affected farmers: implementation of policy loan as contingency fund (The credit line of 6,000 million baht).** Loan period is for 1 year with 0 percent interest rate for the first six months, and increase to 4 percent for the remaining six months (month 7-12). As of 20 April 2016, approved loans were amounting to 895 million baht to 75,644 farmers.

**4.2 "One Tambon One Agricultural SME" policy loan 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 months and apply to normal interest rate for the remaining three years (Year 8 – 10). As of 20 April 2016, approved loans were amounting to 8,023 million baht to 6,606 agricultural SMEs.



**4.3 Community Project for modal change of production (The credit line of 15,000 million baht).** Loan period is for 1 year with the interest rate of 0.01 percent. As of 20 April 2016, approved loans were amounted to 3.6 million baht to 130 loan applicants.

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

**5.1 Soft loan for working capital for SMEs (Soft Loan SMEs with the interest rate of 4 percent for 7 years with credit line of 150,000 million Baht).** The total credit line of 150,000 million baht was fully utilized to 21,504 SMEs entrepreneurs (receiving on average 7 million baht of loan to each entrepreneur).

**5.2 Project of loan guarantee for PGS-5 (revised) (Credit 30 percent per port would be guaranteed by the Thai Credit Guarantee Corporation (TCG) with the limit of 100,000 million baht.** TCG guaranteed loans of 65,832 million Baht to 15,647 SMEs entrepreneurs.

**5.3 Measure to encourage SMEs through Venture Capital** (The budget of 6,000 million baht). The Government Savings Bank had approved venture capital to 2 SMEs entrepreneurs worth 60 million baht and SME Bank had approved in principle for venture capital to 4 SME entrepreneurs and 3 SME entrepreneurs are proceeding Due Diligence worth 20 million Baht.

**6. 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.

**6.1 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 had approved loan to 15,240 applicants worth 21,118 million Baht.

**6.2 Soft loans for lower-income first-home buyers under People's State approach** (approved by the cabinet on 22 March 2016). 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 showed that the Government Housing Bank had approved loans as Post Finance to 829 loan applicants worth 764 million baht and the Government Savings Bank had approved loans as Pre Finance to 2 loan applicants worth 65 million baht, and approved loans as Post Finance to 1,300 loan applicants worth 1,461 million baht.





## Table 2: Quarterly Economic Indicators

	2014	2015	2015				2016
			Q1	Q2	Q3	Q4	
<b>External sector</b>							
- Dubai crude oil price (US\$/Barrel) /7	96.6	51.0	52.1	61.4	49.9	40.7	30.4
- Fed funds rate (%) /7	0-0.25	0.25-0.50	0-0.25	0-0.25	0-0.25	0.25-0.50	0.25-0.50
<b>Fiscal sector</b>							
- Net government revenue (Billion baht) /1	1,908.2	2,045.3	469.9	652.5	577.5	581.3	312.3
(%y-o-y) /1	-11.5	7.3	7.5	7.3	9.8	14.6	0.7
- Tax collection from revenue, customs and excise dept. /12	2,050.7	2,133.2	511.0	676.3	614.5	515.6	341.8
(%y-o-y) /14	-10.9	3.7	7.3	2.3	3.2	6.9	2.2
- Income-based tax (Billion baht) /1	792.1	818.2	159.6	275.4	281.9	157.2	107.5
(%y-o-y) /1	-11.9	3.3	9.0	1.2	2.9	3.6	4.3
- Consumption-based tax (Billion baht) /1	652.8	648.0	178.7	177.1	174.9	179.4	117.8
(%y-o-y) /1	-6.5	-0.7	0.3	0.5	-2.3	0.7	0.1
- Government expenditure (Billion baht) /1	2,473.0	2,364.4	617.6	569.6	570.1	890.9	680.0
(%y-o-y) /1	1.0	7.4	11.7	10.7	1.6	5.5	10.1
- Budget expenditure (Billion baht) /1	2,251.9	2,180.3	557.7	529.4	524.6	807.7	604.2
(%y-o-y) /1	0.9	8.4	15.6	11.1	-0.3	5.4	8.3
- Current expenditure (Billion baht) /1	2,043.1	1,915.0	481.0	452.3	448.1	739.6	509.1
(%y-o-y) /1	7.7	5.2	7.3	8.1	-0.7	2.0	5.8
- Capital expenditure (Billion baht) /1	208.8	265.3	76.7	77.1	76.4	68.1	95.1
(%y-o-y) /1	-37.6	38.8	123.1	32.4	2.1	65.0	24.0
- Carry-over budget (Billion baht) /1	221.2	184.1	59.9	40.1	45.5	83.3	75.8
(%y-o-y) /1	2.8	-3.8	-15.0	5.6	30.3	7.1	26.5
- Budgetary Balance (Billion baht) /1	-397.0	-326.4	-138.9	89.4	-5.5	-306.9	-204.8
<b>Supply-side indicators</b>							
<b>Agricultural sector</b>							
- Agricultural Production Index (%y-o-y) /6	-0.4	-4.6	1.8	-10.7	-12.0	-1.0	-1.9
- Agricultural Price Index (%y-o-y) /6	-6.2	-5.9	-7.3	-6.0	-4.9	-6.0	-5.2
- Real farm income (%y-o-y) /14	-8.4	-9.7	-5.1	-14.9	-15.2	-6.5	-6.9
- New employment in agricultural sector(%y-o-y) /3	-3.6	-3.6	-4.1	-5.6	-3.9	-0.8	-2.6
<b>Industrial sector</b>							
- Manufacturing Production Index (%y-o-y) /10	-5.2	0.3	0.4	-0.3	0.9	0.2	-2.6
- Import value of raw materials in USD (%y-o-y) /1	-10.6	-6.3	5.7	-7.0	-10.7	-11.9	-15.7
- Import volume of raw materials in USD (%y-o-y) /1	-8.9	-8.9	9.5	-3.0	-5.8	-6.8	-12.5
- Capacity utilization (%) /10	65.1	64.7	68.6	62.2	64.3	63.4	64.8
- New employment in industrial sector(%y-o-y) /3	0.3	0.7	1.9	2.5	0.4	-2.1	1.3
- Thai Industrial Sentiment Index (Index) /9	87.4	85.8	89.2	85.2	82.7	86.0	86.0
<b>Service sector</b>							
- No. of foreign tourists (Million persons) /11	24.8	29.9	7.8	7.0	7.3	7.8	9.0
(%y-o-y)/14	-6.5	20.4	22.8	36.9	24.9	3.7	15.5
- New employment in service sector(%y-o-y) /3	1.6	2.0	0.8	2.6	2.2	2.5	1.4
<b>Demand-side indicators</b>							
<b>Private consumption indicators</b>							
- Value added tax at constant price (%y-o-y) /1	0.4	1.0	1.0	1.7	-0.7	2.1	0.1
- Import volume of consumer goods in USD (%y-o-y) /1	1.5	2.2	10.8	2.0	1.5	-4.4	3.6
- Sales of passenger cars (%y-o-y)/14	-41.4	-19.1	-12.5	-27.3	-24.9	n.a.	-29.9
- Sales of motorcycles (%y-o-y)/13	-14.3	-0.2	10.9	-2.9	-10.6	2.3	-3.3
- Consumer Confidence Index (Index) /5	65.0	64.7	68.4	64.9	61.8	63.6	63.4
<b>Private investment indicators</b>							
- Import volume of capital goods in USD (%y-o-y) /1	-7.6	-2.2	0.9	2.0	-10.8	0.2	-1.0
- Sales of commercial cars (%y-o-y)/14	-26.8	-2.6	-11.3	-17.3	-0.3	n.a.	-0.2
- Total taxes collected from real estate transaction (%y-o-y) /1	-2.8	8.7	7.3	2.9	-0.5	22.2	4.5
- Domestic cement sales (%y-o-y) /2	-3.2	-0.4	-2.5	-0.2	-0.7	2.1	3.1
<b>International trade indicators</b>							
- Exports (Billion USD): custom basis	227.6	214.4	53.4	53.5	54.7	52.8	53.8
(%y-o-y)/4	-0.4	-5.8	-4.7	-5.0	-5.3	-8.1	0.9
- Export price (%y-o-y)/4	-1.0	-2.3	-1.8	-1.8	-2.9	-2.7	-2.4
- Export volume (%y-o-y)/14	0.6	-3.6	-3.0	-3.3	-2.4	-5.6	3.4
- Imports (Billion USD): custom basis	227.7	202.8	51.9	51.4	50.4	48.9	45.6
(%y-o-y)/4	-9.0	-11.0	-6.6	-9.4	-15.3	-12.6	-12.0
- Import price (%y-o-y)/4	-1.8	-10.8	-10.9	-9.7	-11.7	-11.0	-7.7
- Import volume (%y-o-y) /14	-7.3	-0.2	4.8	0.4	-4.1	-1.7	-4.7
- Trade balance (Billion USD): custom basis/4	-0.4	11.7	1.5	2.1	4.3	3.9	8.2
<b>External economic stability</b>							
- Average exchange rate (Baht/USD) /2	33.0	34.4	32.5	33.5	35.8	35.9	35.6
- Current account (Billion USD)/2	15.4	34.8	8.4	6.1	7.2	n.a.	11.5
- International reserves (Billion USD)/2	157.1	156.5	156.3	160.3	155.5	156.5	175.1
- Net Forward Position (Billion USD)/2	23.1	11.7	19.6	18.4	13.3	11.7	13.9
<b>Internal economic stability</b>							
- Unemployment rate (%) /3	0.8	0.9	1.0	0.9	0.9	0.8	0.9
- Producer Price Index (%yoy)/4	0.1	-4.1	-5.1	-4.6	-3.7	-2.9	-2.6
- Headline inflation (%yoy)/4	1.9	-0.9	-0.5	-1.1	-1.1	-0.9	-0.5
- Core inflation (%yoy)/4	1.6	1.1	1.5	-1.0	0.9	0.8	0.7
- Public debt to GDP (%) /1	42.8	44.4	43.3	42.4	43.3	44.4	44.1
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,						
6/Data from Office of Agricultural Economics	Excise Department and Customs Department						
7/Data from Reuters	13/ Data from Department of Land Transport						
* Preliminary	14/ Computed by Fiscal Policy Office						

