

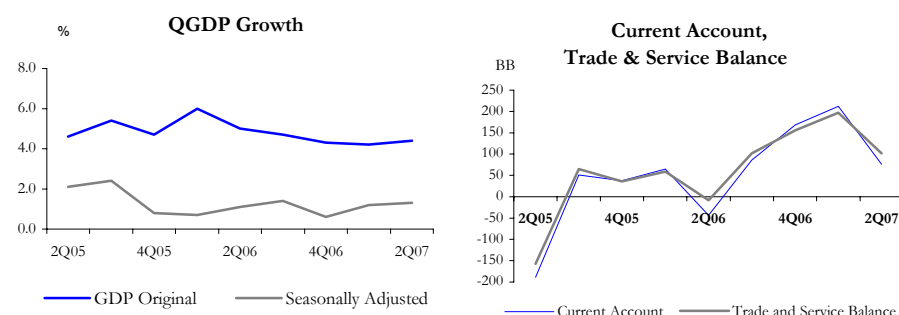
Gross Domestic Product SECOUND QUARTER 2007

GDP 2Q07 expanded by 4.4% as exports continued as a major driver. This gave the growth rate in 1H07 at 4.3%.

The overall Thai economy in 2Q07 grew by 4.4%, slightly improving from 4.2% in 1Q07. Major growth contributor continued to be robust net exports, expanding at 22.6% though slower than 32.9% in 1Q07. Government consumption also expanded largely by 7.4% while household consumption expenditure grew only by 0.9%, continuously slowing down since 2Q06. This was in response to consumers' concerns on domestic uncertainties, adversely affected their confidence in income and spending. Total investment expanded by 0.2%, an upswing from a decrease of 1.5% in 1Q07 as public investment improved.

Overall production in 2Q07 expanded by 4.4%, with agricultural sector accelerated by 9.7%. This was a result of expansion in production of crops and fishing by 12.4% and 6.4%, respectively. However, non-agricultural sector soften its growth momentum from 4.3% in 1Q07 to 4.0% as production in major sectors slowed down. Nonetheless, production in mining and quarrying, construction, wholesale and retail trade and financial intermediation expanded

Growth Rate of Gross Domestic Product						(%)	
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Agriculture	4.8	7.6	7.1	4.0	1.9	3.3	9.7
Non agriculture	5.0	6.0	4.9	4.7	4.6	4.3	4.0
GDP	5.0	6.1	5.0	4.7	4.3	4.2	4.4
GDP (Q-o-Q)	5.0	1.1	1.0	1.4	0.6	1.2	1.3
Seasonally adjusted							



- **Seasonally adjusted GDP** rose by 1.3% compared to 1.2% in 1Q07.
- **GDP in 2Q07 at current market prices** was Baht 2,023.9 billion. After deducting Baht 58.4 billion of net factor income from the rest of the world, the Gross National Product (GNP) was recorded at Baht 1,965.5 billion, a 5.2% growth in real terms.
- **Trade balance** at current market prices registered a surplus of Baht 51.4 billion. After adding net factor income and transfer from the rest of the world, the current account continued to show a surplus.
- **The GDP implicit price deflator** slowed down from 3.2% in previous quarter to 2.3%. Likewise, the producer price index and consumer price index rose by 1.8% and 1.9%, slowdowns from 2.6% and 2.4%, respectively, in 1Q07.

PRODUCTION APPROACH

GDP growth in 2Q07 grew by 4.4%, led by agricultural production.

Agriculture

Increasing growth of crops led by second crop paddy and energy plants.

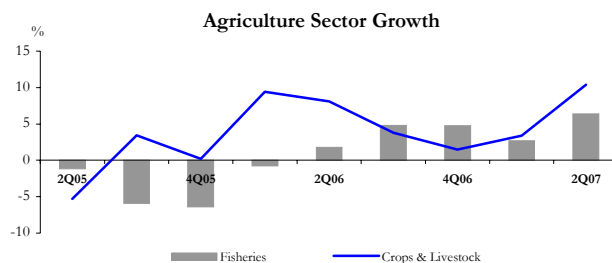
Slowdown growth of livestock due to the problem solving measure for an oversupply of swine.

Fishing production showed favorable growth due to higher export demand.

Production growth in 2Q07 increased by 4.4% compared to 4.2% of 1Q07. This resulted from an increase in agricultural production by 9.7%, compared to 3.3% in 1Q07. However, non-agricultural production slowed down to 4.0%, from 4.3% in 1Q07.

Agricultural production increased sharply by 9.7%, compared to 3.3% in 1Q07 owing to an increase in crops, and fishing production by 12.4%, and 6.4%, respectively, while livestock production slowed down to 2.3%.

- **Crops** increased sharply by 12.4%, compared to 3.2% in 1Q07. This resulted from higher yields of major crops, namely second crop paddy, and rubber, due to favorable weather conditions, as well as that of sugarcane and cassava due to government policy on encouraging energy plants growing.
- **Livestock** slowed down to 2.3%, from 5.1% in 1Q07. This resulted from less production of chicken. Swine production slowed down due to the problem solving measure for an oversupply of swine in the previous quarter.
- **Fishing** increased by 6.4%, compared to 2.7% in 1Q07, due to higher production of shrimp in line with higher export demand.
- **Implicit price deflator of agricultural sector** increased by 5.9% due to the increase in the prices of major crops, namely cassava, maize, and oil palm, while that of livestock and fishing decreased.



Non-agriculture

Growth of manufacturing slightly slowed down due to the deceleration of light, and capital goods and high technology industries.

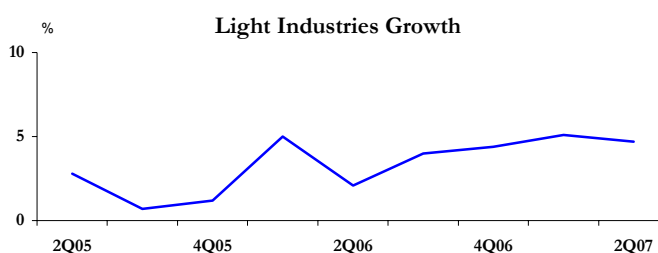
Manufacturing grew by 4.4%, compared to 4.6% in 1Q07. This resulted from the slowdown in light industries, and capital goods and high technology industries growth, whereas raw material industries growth increased slightly.

Manufacturing Sector Growth

Industrial Types	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Light industries	4.0	5.0	2.1	4.0	4.4	5.1	4.7
Raw material	2.4	2.4	2.7	1.4	3.5	1.0	1.5
Capital goods	10.0	12.8	10.4	9.2	7.9	6.3	5.9
Total	6.1	7.6	5.7	5.5	5.7	4.6	4.4

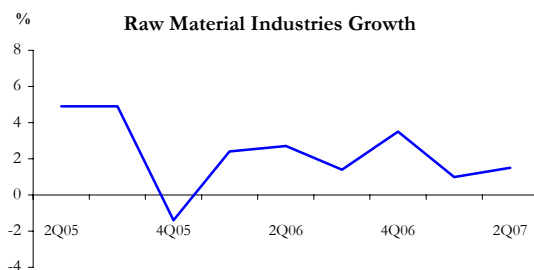
Light industries increased by 4.7%, slowdown from 1Q07. Changes of major components were:

- **Food and beverages** rising by 7.1% lower than 8.6% in 1Q07. This resulted from the slowdown in beverages production by 4.3%, mainly due to less production of beer, whereas food production increased by 9.6% due to higher production of sugar, rice mill, and frozen seafood.
- **Tobacco** increasing by 7.3%, due to low production base of the same period of previous year.
- **Leather and leather products** increasing by 14.7%, owing to higher production in leather and leather products in line with higher export demand.



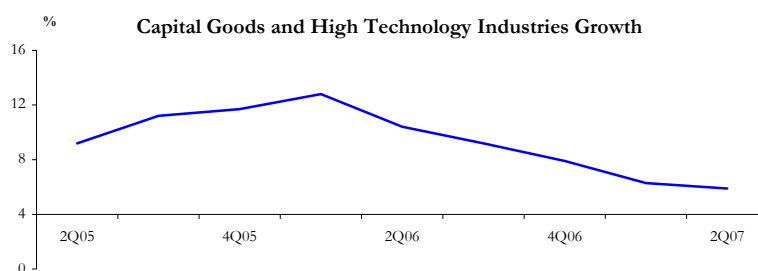
Raw material industries grew by 1.5%, compared to 1.0% in 1Q07. Changes of major components were:

- **Paper and paper product** rising by 5.7%, compared to 4.4% in 1Q07, due to an increase in paper and pulp production.
- **Chemicals and chemical products** growing sharply by 4.6%, compared to 0.3% in 1Q07, due to higher production of hygienic and beauty products.
- **Petroleum refinery** increasing by 3.3%, compared to 1.1% decline in 1Q07, due to resuming the production of some factories which temporarily shut down for maintenance in previous quarter.



Capital goods and high technology industries increased by 5.9%, compared to 6.3% in 1Q07. Major components were:

- **Office machinery** growing by 22.2% due to higher production of computer and accessories, particularly hard disk drives, in line with higher demand for exports.
- **Machinery and apparatus** growing by 11.2%, led by the production of air conditioner in line with higher export demand.
- **Motor vehicles** increasing by 3.0%, compared to 4.9% decline in 1Q07, due to higher production in commercial cars in line with higher export demand.



Electricity consumption of household, medium and small enterprises increased, except large scale enterprises.

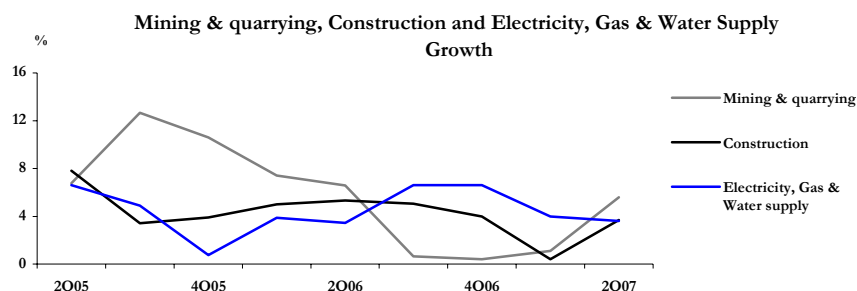
Electricity, gas, and water supply grew by 3.6%, compared to 4.0% in 1Q07. Electricity, which accounted for 85.1% of the value of the sector, increased by 2.9%, lower than 3.9% in 1Q07. Electricity consumption of almost all types of users increased, except that of large scale enterprises slowing down to 3.5%, compared to 4.5% in 1Q07. Water supply increased by 5.8%, slightly down from 5.9% in 1Q07. Natural gas refinery grew significantly by 10.2%, compared to 2.8% in 1Q07 due to an increase in natural gas production.

<u>Electricity Consumption Growth</u>		<u>(%)</u>					
	<u>2006</u>	<u>2006</u>				<u>2007</u>	
		<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Q1</u>	<u>Q2</u>
Residential	5.2	5.8	0.3	5.8	9.7	2.2	5.2
<i>Ratio</i>	<i>21.6</i>	<i>20.9</i>	<i>22.5</i>	<i>21.4</i>	<i>21.5</i>	<i>20.6</i>	<i>22.7</i>
Small ent.	5.6	5.6	0.9	6.5	10.0	4.0	6.9
<i>Ratio</i>	<i>10.1</i>	<i>9.9</i>	<i>10.2</i>	<i>10.1</i>	<i>10.2</i>	<i>10.0</i>	<i>10.5</i>
Medium ent.	6.6	8.5	4.5	6.9	6.5	3.7	4.3
<i>Ratio</i>	<i>17.6</i>	<i>18.0</i>	<i>17.6</i>	<i>17.9</i>	<i>18.0</i>	<i>18.0</i>	<i>17.6</i>
Large ent.	4.9	3.1	4.1	7.4	4.9	4.5	3.5
<i>Ratio</i>	<i>41.7</i>	<i>42.1</i>	<i>41.0</i>	<i>41.9</i>	<i>41.8</i>	<i>42.5</i>	<i>40.6</i>
Special ent.	7.4	11.5	3.3	5.7	9.7	4.4	6.6
<i>Ratio</i>	<i>3.1</i>	<i>3.1</i>	<i>3.1</i>	<i>3.0</i>	<i>3.0</i>	<i>3.2</i>	<i>3.1</i>
Public Sector	3.5	0.3	-2.9	5.4	11.7	4.6	9.1
<i>Ratio</i>	<i>3.2</i>	<i>3.0</i>	<i>3.1</i>	<i>3.4</i>	<i>3.2</i>	<i>3.1</i>	<i>3.2</i>
Others	5.0	7.0	9.3	5.3	-1.6	-7.2	-7.8
<i>Ratio</i>	<i>2.5</i>	<i>2.8</i>	<i>2.5</i>	<i>2.4</i>	<i>2.3</i>	<i>2.6</i>	<i>2.2</i>
Total	5.4	5.1	2.8	6.7	6.9	3.5	4.3

Sources: MEA and PEA

An increase in natural gas production in line with more production fields.

Mining and quarrying increased by 5.6%, compared to 1.1% in 1Q07. This resulted from natural gas, liquid natural gas and crude oil production, which accounted for 65.2% of total production, increasing by 7.2%, compared to 0.3% decline in 1Q07. Natural gas increased significantly by 10.2%, compared to 2.8% in 1Q07 in line with higher production from Funan, Benchamas, Phu Hom fields, new production fields, which are used for generating electricity at Nam Pong Power Plant of EGAT. Crude oil production grew merely by 1.7%. Other mineral production grew by 6.9% due to an increase in lime production for cement industries, as well as granite, barytes, dolomite production. Lignite production decreased by 7.0% as well as gypsum production.



Construction growth grew by 3.7% led by the public construction.

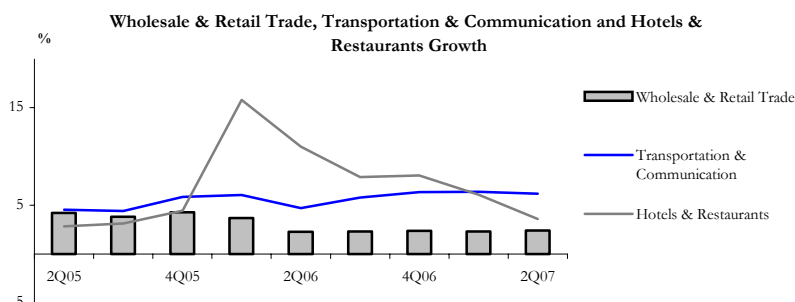
Construction increased by 3.7%, compared to 0.4% in 1Q07. This resulted from the construction of the public sector growing by 9.3%, supported by central and local government which accelerated their disbursement, particularly infrastructure construction. However state enterprises' construction decreased, due to the slowdown in Mega Project investment, namely 3 lines of Mass Rapid Transit Authority of Thailand (MRT), the investment projects of PTT Public Company Limited. Private construction decreased by 1.4%. This resulted from the private sector slowing down residential and factory building construction due to the investors awaiting political certainty, while commercial building construction increased due to continual construction from the previous quarter.

High favorable growth of telecommunication services, but slowdown in transport services.

Transportation and communication increased by 6.2%, compared to 6.4% in 1Q07. This resulted from a 4.3% slowdown in transport services, particularly from 1.2% decrease in land transport and 9.3% slowdown in air transport in line with decreasing number of passengers. Telecommunication services increased by 9.4%, higher than 5.1% in 1Q07 due to their favorable performance.

Selected Transport and Communication Items Growth						2007	
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Transport	4.8	4.6	4.5	3.2	6.9	7.1	4.3
Land transport	1.2	1.8	-0.6	0.2	3.3	3.0	-1.2
Air transport	9.1	7.7	11.1	5.8	11.6	13.1	9.3
Water transport	6.1	4.5	3.9	6.6	9.3	8.0	7.4

Wholesale and retail trade grew by 2.4%, due to an increase in agricultural products in the market. Repair of motor vehicles, motorcycles, personal and household goods increased by 3.8% due to an increase in repair of electrical household appliances, articles and equipment, and motor vehicles, whereas repair of motorcycles, and washing and lubricating services decreased.



Slowdown growth in hotel and restaurant businesses due to less number of foreign tourists.

Hotels and restaurants grew by 3.6%, compared to 6.1% in 1Q07. Restaurants services grew by 3.5%, down from 4.2% in 1Q07, in line with slowdown in consumption expenditures. Hotel services grew by 3.8%, down from 9.4% in 1Q07 due to a 0.4% increase in the number of foreign tourists, compared to 5.8% in 1Q07. This resulted from tourists' anxiety about Depression in May; protests in Bangkok, and bombing in Hat Yai. The hotel occupancy rate stayed at 55.1%, compared to 68.1% of 1Q07.

Number of Foreign Tourists		(1,000 Persons)					
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Asian	7,629	1,932	1,822	1,940	1,928	1,854	1,753
European	3,468	1,061	646	716	1,067	1,275	679
American	935	252	209	199	263	255	200
Others	1,789	377	433	505	471	447	492
Total	13,821	3,622	3,110	3,360	3,729	3,831	3,124
Growth Rate (YoY)	20.0	35.5	24.1	11.8	12.0	5.8	0.4

Sources: Tourism Authority of Thailand

Favorable growth in commercial banks.

Financial intermediation grew by 4.8%, compared to 1.5% in 1Q07 due to commercial banks exhibiting favorable growth as an increase in net interest receipt. However, banks' fees and service charges increase slightly. Moreover, Government Saving Bank and Government Housing Bank also showed increasing growth.

Other services growth slowed down.

Other services increased by 2.7%, compared to 5.4% in 1Q07. Public administration and defence growth grew by 1.2%, compared to 4.5% in 1Q07.

Education growth increased by 7.7% compared to 21.8% in 1Q07. The public education, which accounted for 90.0% of total sector, increased by 7.9%, compared to 24.3% in 1Q07. The private education grew by 6.4%.

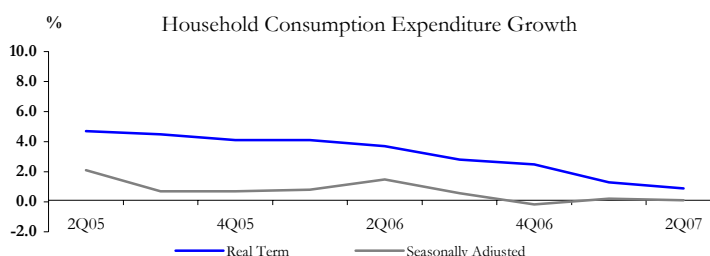
Other community services decreased by 3.6% compared to 6.8% decrease in 1Q07. This resulted from government lottery, special lottery, and 2 and 3-end digit lottery, which accounted for the highest of this sector, decreased by 9.4%. The latter one stopped to distribute since 16th November, 2006, while government and special lottery's sale remained unchanged; Radio and television; beauty treatment; laundry services; motion projection growth decreased. However, other entertainment activities increased sharply by 12.7%, compared to 2.1% in 1Q07. Sport services, zoological gardens and motion production also increased.

EXPENDITURE APPROACH

Household consumption expenditure

Consumers were lack of confidence on income and more cautious on spending. Household consumption expenditure slowed by 0.9%.

Household consumption expenditure grew by 0.9%, a slower rate from 1.3% in 1Q07. After seasonal adjustment, the value rose by 0.1% from the previous quarter.



- Contributing factors include low inflation rate and expanding farm income—in accordance with agricultural prices and production. Nevertheless, domestic uncertainty and consistently downward adjustment of deposit interest rates by commercial banks adversely affected consumers' confidence on income and spending. Both credit card usage and consumer loans of commercial banks posted slowdowns. Expenditure was particularly weakened on durable goods, namely automobiles and electrical machinery.

Credit Card Data (unit: BB) and Consumer Confidence Index (CCI)

	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Domestic usage	540	131	128	133	148	149	142
Abroad usage	27	6	8	7	7	6	8
Cash advance	184	46	44	44	50	53	49
Total	752	183	179	184	205	209	199
Growth (YoY)	19.6	28.6	19.5	15.2	16.3	13.9	11.2
CCI	82.5	85.3	81.2	80.4	83.0	79.1	77.1
Growth Rate	-5.9	-6.5	-6.5	-5.3	-5.5	-7.3	-5.0

Source: Bank of Thailand and UTCC

- Excluding expenditure of residents abroad and non-residents in the country, household consumption expenditure grew by 0.8%.

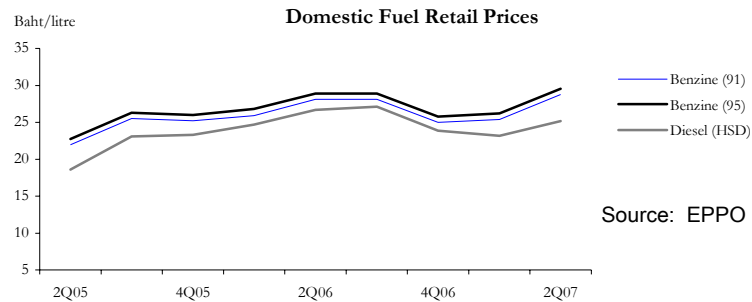
Household Consumption Expenditure Growth						(%)	
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
PCE in domestic market	4.2	6.6	4.3	3.3	2.6	2.1	1.7
less: expenditure of non-residents in the country	16.3	33.7	16.2	9.1	7.5	7.9	10.1
PCE excluding expenditure of non-residents in the country	2.9	3.7	3.2	2.7	2.0	1.3	0.8
plus: expenditure of residents abroad	9.1	10.5	5.9	6.6	13.5	0.2	2.0
PCE	3.1	3.9	3.3	2.8	2.5	1.3	0.9

Expenditure classified by section

Agriculture continued rising by 5.4% with expansion in vegetable and fruit consumption growing at 5.6%. Likewise, fishing products consumption went up—consistently with supply—by 6.2%.

Food, beverages, tobacco and textiles grew by 1.2% due to 3.3% growth in consumption of meat and simple agricultural processing product, 3.1% in consumption of apparel and other textiles and a fall of 1.9% in consumption of beverage.

Electricity, gas and water supply increased by 6.4% as electricity consumption went up by 6.1% while water consumption expanded by 7.8%.



Transport equipments fell by 9.4%, compared to a 10.6% fall in the previous quarter. Declines occurred to sales volume of passenger cars, registration of pickup trucks as well as those of motorcycles by 7.7%, 8.2% and 17.4%, respectively. Registration of van, on the other hand, grew by 30.2%.

Transport Equipment Sales

	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Personal car (units)	191,405	44,783	49,344	44,676	52,602	37,522	45,567
Percentage change	3.0	6.0	4.3	11.0	-6.0	-16.2	-7.7
Commercial car (units)	490,603	125,068	115,424	109,000	141,111	100,748	108,677
Percentage change	-5.2	0.7	-12.6	-8.1	-1.2	-19.4	-5.8
Motorcycle (1000 units)	1,921	512	502	478	429	393	397
Percentage change	-6.4	-1.3	0.6	0.0	-23.0	-23.3	-20.9

Sources: Thailand Automotive Institute and the Bank of Thailand

Hotels and restaurants expanded by 3.8%, less rapid compared to 6.4% in the previous quarter. This resulted from slowdowns in hotel services by 3.8% and restaurant services by 3.9%, consistent with Thai's and foreign tourists' expenditure. Foreign tourists deferred their travel plans as political rally raised concerns over their securities, together with unfavorable rainy season and appreciating Thai Baht.

Transport and communication services slightly slowed down from 5.8% in 1Q07 to 5.4% with transport services growing only by 2.1% while postal and telecommunication services continued to post high expansion by 10.3%. This was partly due to mobile service providers' marketing strategies of low-price sim cards and new monthly promotions that attracted new customers and constantly raised mobile usage.

Subscribers of Telephone Numbers

(End of Period)	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Basic telephone (thousand units)	6,708	6,794	6,694	6,707	6,708	6,719	6,696
Population to registered number	9.8	9.6	9.7	9.7	9.8	9.8	9.8
Mobile phone (thousand units)	41,046	32,222	34,197	36,796	41,046	43,383	47,104
Prepaid system	35,853	27,750	29,558	31,937	35,853	37,426	41,122
Postpaid system	5,193	4,473	4,639	4,859	5,193	5,957	5,982
Structure	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Prepaid system	87.3	86.1	86.4	86.8	87.3	86.3	87.3
Postpaid system	12.7	13.9	13.6	13.2	12.7	13.7	12.7
Population to registered number	1.6	2.0	1.9	1.8	1.6	1.5	1.4

Sources : TOT Corporation PCL, and CAT Telecom PCL

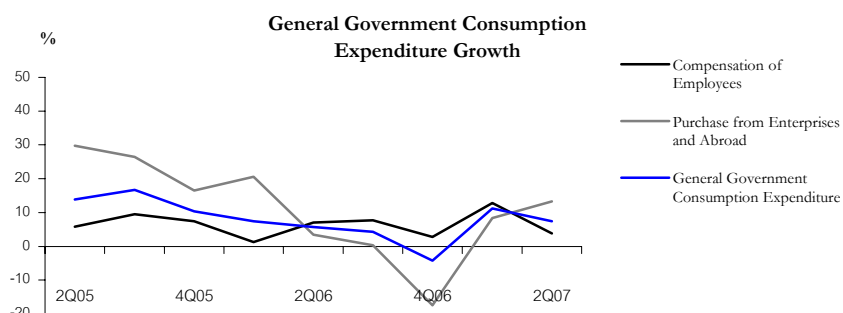
Disaggregation of consumers' expenditure by durability, the expenditure on food grew by 4.2%, a faster rate than 3.5% in 1Q07 while other goods and services remained at the same rate of the previous quarter. This comprises of a 2.3% growth of non-durable goods (excluding food) such as beverage, electricity and water supply, medicine and household utensils; and a 0.7% growth in expenditure on services consisting of hotels and restaurants, recreation and entertainment, education, remedy and net tourist expenditure. Expenditure on semi-durable goods consisting of clothing, footwear and household equipments remained at the same level of the previous quarter whereas that on durable goods such as vehicles, furniture, electrical appliances, computers, radios and televisions continued to fall by 6.9%.

Private Consumption Expenditure Growth Classified by Durable Appearance (%)

	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Private Consumption Expenditure	3.1	3.9	3.3	2.8	2.5	1.3	0.9
Food	4.5	7.8	5.0	1.9	3.4	3.5	4.2
Other than food	2.8	2.9	2.9	3.1	2.3	0.6	0.0
Non-durable products (excluding food)	5.8	5.9	4.5	6.2	6.5	5.5	2.3
Semi-durable products	1.7	3.9	2.4	2.4	-1.5	0.4	0.0
Durable products	-0.8	4.3	4.1	-2.7	-8.5	-6.2	-6.9
Services	2.0	-1.3	1.1	2.9	4.9	-1.4	0.7

Government consumption expenditure (GCE)

- The disbursement since the 1st quarter of fiscal year 2007 (4Q06) was recorded at Baht 1,154 billion, accounting for 68.2% of the 2007 budget expenditure, a 36.3% increase from the same period of previous year.
- The government consumption expenditure at current market prices was recorded at Baht 251,973 million, increasing by 9.8% from the same period of previous year. Compensation of employees was Baht 178,857 million, increasing by 8.2%. Whereas net purchases from enterprises and abroad was Baht 73,116 million, increasing by 13.9%.
- GCE increased by 7.4% in real term. This was a result of an increase in both compensation of employees and net purchase from enterprises and abroad by 3.8% and 13.3% respectively.



	Fiscal Year			Apr. – June.		
	2005	2006	%Δ	2005	2006	%Δ
Total	1,250.0	1,360.0	8.8	312.3	301.1	-3.6
Disbursement Rate(%)				22.5	26.6	

Source: Fiscal Policy Office

Gross fixed capital formation (GFCF)

Investment's growth by 0.2%, better than 1.5% decreased in 1Q07

GFCF increased by 0.2% higher than in 1Q07.

- Private investment, decreased by 0.8%, better than 2.3% decrease in 1Q07. The construction continued to decline by 1.3% compared to 0.7% decrease in 1Q07. However, machinery and equipments decrease by 0.7% better than 2.7% decrease in 1Q07.
- Public investment increased by 3.1%, higher than 1.1% in 1Q7. This was a result of the expansion in both central and local investments by 11.3% due to the acceleration of the disbursement. However, state enterprise investments decreased by 5.9% compared with 4.3% increase in 1Q07 due to slowdown in investment.

GFCF Growth		(%)					
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Construction	4.8	4.8	5.7	4.8	4.1	0.4	3.9
Private	2.5	3.0	2.6	2.4	1.8	-0.7	-1.3
Public	7.4	6.9	9.1	6.7	7.1	1.5	9.4
Equipment	3.6	7.4	3.3	2.1	1.6	-2.4	-1.7
Private	4.3	8.1	3.5	3.0	2.5	-2.7	-0.7
Public	-0.8	2.1	1.8	-2.8	-3.5	0.3	-8.5
Total GFCF	4.0	6.6	4.0	3.2	2.4	-1.5	0.2
Private	3.9	7.0	3.3	2.9	2.3	-2.3	-0.8
Public	4.5	5.3	6.4	3.8	2.5	1.1	3.1

Private construction

Private construction decreased by 1.3% compared with 0.7% decrease in 1Q07 owing to a decrease of residential and factory construction by 1.0% and 16.2% respectively. Partially, this was a result of the political uncertainty. However, commercial building construction increased by 2.4% lower than 6.8% in 1Q07 owing to the continual construction in the local areas.

Private Construction Growth		(%)					
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
Residential	3.3	4.5	3.9	2.8	2.0	0.8	-1.0
Factory	2.7	7.8	5.6	1.3	-3.9	-15.7	-16.2
Commercial	9.2	12.8	8.9	4.6	11.3	6.8	2.4
Others	-3.9	-9.7	-7.0	0.5	0.6	1.9	6.3
Total	2.5	3.0	2.6	2.4	1.8	-0.7	-1.3

Public construction

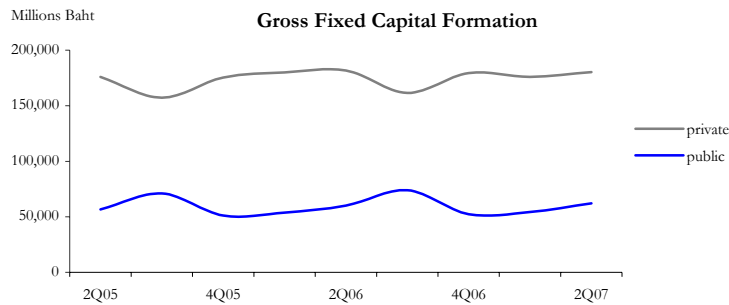
Public construction increased by 9.4% compared to 1.5% in 1Q07. This was a result of an increase of construction in both central and local government by 21.3% due to the acceleration of disbursement after the cabinet has approved the 2007 fiscal budget which mostly was an infrastructure construction. Nevertheless, state enterprises construction decreased by 10.7% due to slowdown in mega project investment such as 3 lines of MRT and investment projects of PTT public company limited.

Private machinery and equipment

Private machinery and equipment decreased by 0.7% better than 2.7% decrease in 1Q07. This was a result of a decrease in machinery by 0.1% better than 2.7% decrease in 1Q07 partially due to an appreciation of Thai Baht by the rate of 9.0% so some investors started to import some machinery. However, transport equipments continued to decrease by 5.6% compared with 5.7% decrease in 1Q07. Nevertheless, office equipment continued to increase by 6.6% higher than 1.1% in 1Q07 owing to continual construction of commercial building since previous quarter and increasing the need of office equipment to operate after finishing the construction.

Public machinery and equipment

Public machinery and equipment decreased by 8.5%. This was as a result of a decrease in central and local authorities by 23.8%. State enterprise investment decreased by 0.8% due to the slowdown investment in mega machinery in some state enterprises such as Electricity Generating Authority of Thailand, TOT Public Company Limited, CAT Telecom Public Company Limited, and Metropolitan Waterworks Authority (Thailand). However, Thai Airways Public Company Limited imported 1 unit of commercial aircraft which was recorded at Baht 4,938 million.



Change in Inventories

Change in inventories in 2Q07 continually decreasing from the previous quarter, valued at current market prices at Baht 8,516 million higher than Baht 53,309 million in 1Q07. The continual slowdown of stock results from overall expenditure side higher than production side even though domestic expenditure decreased while export were still high. Stock of products with downward trend were electrical appliance, vehicles and parts, chemical products, rice and sugar. On the other hand, the stock of petroleum product, furniture, cosmetic, leather, canned vegetable and fruit increased due to decreasing demand of luxurious goods.

External Sectors EXPORTS

Merchandise exports decelerated from 8.5% in 1Q07 to 7.9% in 2Q07 as a consequence of sluggish exports in some commodities, especially integrated circuits, base metal products and chemical products. Besides, labour-intensive products which mainly use local content, particularly furniture, jewelry and textile, continued to contract as a result of Baht appreciation. However, major export commodities remained on the pace of growth, namely computer and parts, vehicles, electrical appliance, petroleum products, plastic products, rice, tapioca, broiler and frozen shrimp.

Services receipts accelerated from 0.5% in 1Q07 to 1.8% in 2Q07 on account of higher transportation receipts in proportion to soaring marine freight rates, specifically intra-Asia line to China, India and the Middle East.

IMPORTS

Merchandise imports stepped up from 0.1% in 1Q07 to 3.0% in 2Q07 for the reason that demand for raw materials and intermediate goods still increased. In addition, capital goods import turned to accelerate along the line of pick up private investment.

Services payments hastened from 0.9% in 1Q07 to 7.2% in 2Q07 owing to an increase in construction service payments, royalties and license fees

Exports and Imports		(Unit: Billions of Baht)					
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	Q2
At Current Market Prices							
1. Export Goods	4,849	1,142	1,165	1,301	1,242	1,224	1,253
Growth Rate	10.2	19.8	10.2	6.1	6.7	7.1	7.6
2. Import Goods	4,769	1,151	1,230	1,246	1,142	1,097	1,202
Growth Rate	0.7	7.4	-1.8	2.3	-4.4	-4.7	-2.3
3. Trade Balance	80	-9	-65	54	99	127	51
At 1988 Prices							
4. Export Goods	2,263	538	540	597	588	584	583
Growth Rate	9.0	13.9	9.2	4.9	8.7	8.5	7.9
5. Import Goods	1,804	439	464	464	438	439	478
Growth Rate	-0.8	-2.9	-3.7	3.9	-0.5	0.1	3.0
6. Exchange Rate (Baht/US\$)	37.9	39.3	38.1	37.7	36.6	35.6	34.7

Sources: BOT

GDP implicit price deflator

The GDP implicit price deflator increased by 2.3%, a slower rate from 3.2% in 1Q07. The consumer price index rose by 1.9%, lower than 2.4% in 1Q07 and the producer price index slowed down to 1.8%.

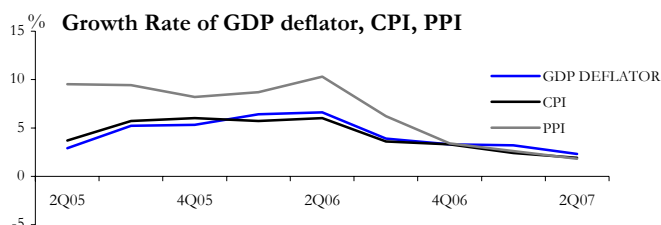


Table 1. GDP and GNP

Unit: Billions of Baht

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
GDP at Current Market Prices	7,816.5	1,934.7	1,893.9	3,828.6	1,940.4	2,047.4	3,987.9	2,080.7	2,023.9	4,104.6
GDP at 1988 Prices	4,044.6	1,017.6	974.6	1,992.2	988.1	1,064.3	2,052.4	1,060.1	1,017.8	2,077.9
Growth Rate of GDP (Same Period)	5.0	6.1	5.0	5.6	4.7	4.3	4.5	4.2	4.4	4.3
GNP at Current Market Prices	7,656.8	1,906.9	1,826.3	3,733.3	1,894.6	2,028.9	3,923.5	2,062.2	1,965.6	4,027.7
GNP at 1988 Prices	3,990.9	1,008.3	947.8	1,956.1	972.0	1,062.9	2,034.8	1,058.2	997.3	2,055.5
Growth Rate of GNP (Same Period)	5.5	6.6	5.3	6.0	4.9	5.2	5.1	5.0	5.2	5.1

p = preliminary based on annual figure

p1 = without annual figure

Table 2. GDP by Sector (Growth Rate)

Unit: Percent

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
Agriculture	4.8	7.6	7.1	7.4	4.0	1.9	2.7	3.3	9.7	6.2
Agriculture, Hunting and Forestry	5.2	9.4	8.1	8.8	3.8	1.4	2.3	3.4	10.4	6.6
Fishing	2.6	-0.8	1.8	0.3	4.8	4.8	4.8	2.7	6.4	4.2
Non-Agriculture	5.0	6.0	4.9	5.4	4.7	4.6	4.6	4.3	4.0	4.1
Mining and Quarrying	3.6	7.4	6.6	7.0	0.6	0.4	0.5	1.1	5.6	3.3
Manufacturing	6.1	7.6	5.7	6.6	5.5	5.7	5.6	4.6	4.4	4.5
Electricity, Gas and Water Supply	5.1	3.9	3.5	3.7	6.6	6.6	6.6	4.0	3.6	3.8
Construction	4.9	5.0	5.3	5.2	5.1	4.0	4.6	0.4	3.7	2.1
Wholesale and Retail Trade; Repair of Motor	2.7	3.7	2.3	3.0	2.3	2.4	2.3	2.3	2.4	2.3
Hotels and Restaurants	10.5	15.8	11.0	13.3	7.9	8.1	8.0	6.1	3.6	4.8
Transport, Storage and Communications	5.8	6.1	4.7	5.4	5.8	6.4	6.1	6.4	6.2	6.3
Financial Intermediation	2.9	4.0	3.4	3.7	2.4	1.7	2.1	1.5	4.8	3.1
Real Estate, Renting and Business Activities	2.0	2.7	1.9	2.3	1.4	2.0	1.7	2.4	3.5	2.9
Public Administration and Defence;	3.7	5.7	2.7	4.2	6.2	0.1	3.1	4.5	1.2	2.9
Education	2.9	-3.8	6.5	1.1	6.5	2.9	4.7	21.8	7.7	14.7
Health and Social Work	8.8	3.4	13.4	8.2	9.2	9.4	9.3	6.2	4.7	5.4
Other Community, Social and Personal	2.2	5.0	3.3	4.2	1.4	-0.7	0.3	-6.8	-3.6	-5.2
Private Households with Employed Persons	-2.3	-3.5	-5.0	-4.2	-4.1	4.5	-0.1	2.4	2.3	2.3
GDP	5.0	6.1	5.0	5.6	4.7	4.3	4.5	4.2	4.4	4.3

Table 3. Expenditure at 1988 Prices (Growth Rate)

Unit: Percent

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
Private Consumption Expenditure	3.1	3.9	3.3	3.6	2.8	2.5	2.6	1.3	0.9	1.1
Government Consumption Expenditure	3.4	7.4	5.7	6.6	4.3	-4.2	0.5	11.1	7.4	9.2
Gross Capital Formation	-7.2	-16.1	-13.9	-15.0	10.5	-3.5	2.7	-8.1	3.0	-2.5
- Gross Fixed Capital Formation	4.0	6.6	4.0	5.3	3.2	2.4	2.8	-1.5	0.2	-0.6
- Private	3.9	7.0	3.3	5.1	2.9	2.3	2.6	-2.3	-0.8	-1.5
- Public	4.5	5.3	6.4	5.9	3.8	2.5	3.3	1.1	3.1	2.2
- Change in Inventories	-156.0	-104.4	-130.4	-114.5	33.7	-98.2	-4.2	-618.3	60.6	-64.3
Exports of Goods and Services	8.6	14.4	9.0	11.7	4.7	7.0	5.8	6.9	6.7	6.8
- Goods	9.0	13.9	9.2	11.5	4.9	8.7	6.8	8.5	7.9	8.2
- Services	6.9	16.4	8.2	12.4	3.8	0.0	1.8	0.5	1.8	1.1
Imports of Goods and Services	1.6	1.9	-1.7	0.1	5.2	1.0	3.1	0.2	3.7	2.0
- Goods	-0.8	-2.9	-3.7	-3.3	3.9	-0.5	1.7	0.1	3.0	1.6
- Services	14.3	29.6	10.3	19.7	11.5	8.0	9.6	0.9	7.2	3.8
Gross Domestic Expenditure	5.1	6.1	5.3	5.7	4.5	4.3	4.4	4.3	4.4	4.4

Table 4. Trade and Services Balance

Unit: Billions of Baht

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
Exports of Goods and Services	5,764	1,385	1,381	2,766	1,519	1,479	2,998	1,473	1,477	2,950
Growth Rate (Same Period)	10.2	20.0	10.5	15.1	6.1	6.0	6.0	6.3	7.0	6.7
Imports of Goods and Services	5,456	1,326	1,389	2,715	1,417	1,323	2,741	1,276	1,376	2,652
Growth Rate (Same Period)	2.5	10.2	-0.2	4.6	3.5	-2.6	0.4	-3.7	-1.0	-2.3
Trade and Services Balance	308.0	59.4	-8.4	50.9	101.6	155.4	257.1	196.8	101.7	298.5
Percentage to GDP (Same Period)	3.9	3.1	-0.4	1.3	5.2	7.6	6.4	9.5	5.0	7.3
Factor Income from Abroad, Net	-159.7	-27.7	-67.6	-95.3	-45.8	-18.5	-64.3	-18.5	-58.4	-76.9
Current Transfer from Abroad, Net	127.8	33.4	32.3	65.7	30.4	31.7	62.1	33.3	32.8	66.1
Current Account Balance	276.1	65.1	-43.8	21.3	86.2	168.6	254.8	211.6	76.1	287.8
Percentage to GDP (Same Period)	3.5	3.4	-2.3	0.6	4.4	8.2	6.4	10.2	3.8	7.0

Table 5. Growth Rate of GDP Deflator, Consumer Price Index and Producer Price Index (1988 = 100) (Y-o-Y)

Unit: Percent

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
GDP Implicit Price Deflator	5.0	6.4	6.6	6.5	3.9	3.3	3.6	3.2	2.3	2.8
Consumer Price Index	4.6	5.7	6.0	5.9	3.6	3.3	3.4	2.4	1.9	2.1
Producer Price Index	7.1	8.7	10.3	9.5	6.2	3.4	4.8	2.6	1.8	2.2

Table 6. Contribution to GDP Growth (1988 Prices)

Unit: Percent

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
Demand Side	5.0	6.0	5.3	5.7	4.6	4.2	4.4	4.2	4.4	4.3
Domestic Demand	3.0	4.3	3.5	3.9	2.8	1.5	2.1	1.3	1.2	1.3
Private Consumption Expenditure	1.7	2.1	1.9	2.0	1.5	1.3	1.4	0.7	0.5	0.6
Government Consumption Expenditure	0.3	0.6	0.5	0.6	0.5	-0.3	0.0	1.0	0.7	0.8
Gross Fixed Capital Formation	0.9	1.5	1.0	1.3	0.8	0.5	0.6	-0.3	0.0	-0.2
Net Exports	4.8	7.8	6.9	7.4	0.5	4.1	2.4	4.4	2.5	3.5
Exports of Goods and Services	5.7	8.9	5.9	7.4	3.4	4.6	4.0	4.6	4.6	4.6
Imports of Goods and Services	0.9	1.1	-1.0	0.0	2.9	0.5	1.7	0.1	2.1	1.1
Change in Inventories	-2.8	-6.1	-5.0	-5.6	1.4	-1.3	-0.1	-1.5	0.7	-0.4
Production Side	5.0	6.1	5.0	5.6	4.7	4.3	4.5	4.2	4.4	4.3
Agriculture	0.4	0.7	0.5	0.6	0.3	0.2	0.3	0.3	0.7	0.5
Manufacturing	2.4	2.9	2.2	2.6	2.2	2.2	2.2	1.8	1.7	1.8
Construction	0.1	0.1	0.1	0.1	0.2	0.1	0.1	0.0	0.1	0.0
Services	2.1	2.4	2.1	2.3	2.1	1.8	1.9	2.1	1.8	2.0

Note: Total in demand side does not equal to supply side due to statistical discrepancy

Table 7. Growth Rate of Major Items of Real GDP and GDE, Quarter on Quarter Basis (1988 = 100)
(Seasonally Adjusted Figures)

Unit: Percent

	2006p1	2006p1						2007p1		
		Q1	Q2	H1	Q3	Q4	H2	Q1	Q2	H1
Demand Side (Expenditure)										
Private Consumption Expenditure	3.2	1.1	0.9	1.7	0.6	-0.2	0.4	0.2	0.1	0.3
Government Consumption Expenditure	3.2	0.1	1.0	2.4	0.3	-6.5	-6.3	16.9	-1.9	15.0
Gross Fixed Capital Formation	4.1	1.3	-0.1	2.8	-1.3	2.9	1.6	-3.0	1.8	-1.2
Supply Side (Production)										
Agriculture	5.2	1.1	0.5	1.4	2.0	-1.9	0.1	3.1	6.6	9.7
Manufacturing	6.1	1.3	1.5	2.5	1.5	1.2	2.7	0.4	1.1	1.5
Construction	4.8	-0.1	-0.1	2.5	0.3	3.3	3.6	-3.0	3.2	0.2
Services	4.2	1.2	0.8	2.1	1.2	0.4	1.6	1.7	0.4	2.1
GDP	5.0	1.2	1.0	2.2	1.4	0.6	2.0	1.2	1.3	2.5