

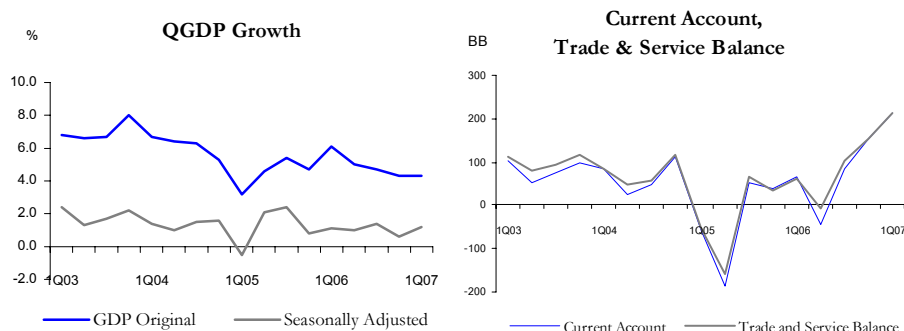
## Gross Domestic Product FIRST QUARTER 2007

***GDP 1Q07 expanded by 4.3% as exports and government consumption grew sharply while household consumption slowed down and investment contracted.***

The Thai economy in 1Q07 grew by 4.3%. Major drivers continued to be the robust net exports of goods and services which increased by 32.9%. In addition, government consumption rose by 11.2% as government speeded up budgetary disbursements. On the other hand, household consumption grew by 1.3% due to anxiety about domestic situation and continued high oil prices. Investments reduced by 1.4%.

Overall production in 1Q07 expanded by 4.3% with agricultural sector growing at 4.3%. This was a result of a sharp rise in crops by 4.7% while the growth of livestock and fishery slowed down to 4.5% and 2.7%, respectively. Non-agricultural sector growth to 4.3% reflecting slowdowns in most sectors except public services-namely public administration, and education. The construction sector grew moderately by 0.2%.

	2006	2006				(%)
		Q1	Q2	Q3	Q4	2007
Agriculture	4.8	7.6	7.1	4.0	1.9	4.3
Non agriculture	5.0	6.0	4.9	4.7	4.6	4.3
<b>GDP</b>	<b>5.0</b>	<b>6.1</b>	<b>5.0</b>	<b>4.7</b>	<b>4.3</b>	<b>4.3</b>
<b>GDP Seasonally adjusted</b>	<b>5.0</b>	<b>1.1</b>	<b>1.0</b>	<b>1.4</b>	<b>0.6</b>	<b>1.2</b>



- **Seasonally adjusted GDP** rose by 1.2% compared to 0.6% in 4Q06.
- **GDP in 1Q07 at current market prices** was Baht 2,083.7 billion. After deducting Baht 18.3 billion of net factor income from the rest of the world, the Gross National Product (GNP) was recorded at Baht 2,065.4 billion, a 5.0% growth in real terms.
- **Trade balance** at current market prices registered a surplus of Baht 146.0 billion. After adding net factor income and transfer from the rest of the world, and service balance, the current account registered a surplus amount.
- **The GDP implicit price deflator** increased by 3.3%, similar to the previous quarter. The producer price index and consumer price index both rose at a lower rate by 2.6% and 2.4% compare with 3.4% and 3.3%, respectively, in 4Q06.

## PRODUCTION APPROACH

**GDP growth in 1Q07 stood at 4.3%, remaining unchanged.**

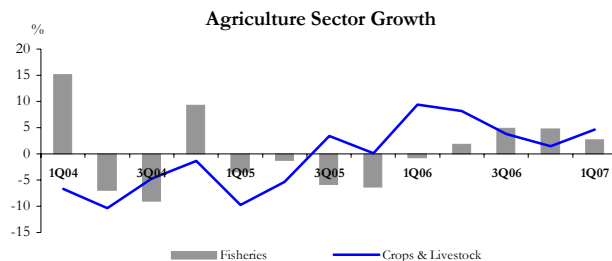
Production growth in 1Q07 stood at 4.3%, as same rate as 4Q06. This resulted from an increase in agricultural production by 4.3%, driven by higher yields of major crops. Non-agricultural production slowed down from 4.6% in 4Q06 to 4.3% in 1Q07, mainly due to the slowdown in private sector's growth, namely manufacturing, trade, construction, and hotels and restaurants, while public sector's growth increased due to a large amount of disbursement of academic qualification remuneration for educational personnels for this quarter.

### Agriculture

**Production of crops increased, while that of livestock and fishery slowed down.**

**Agricultural** production increased by 4.3%, higher than 1.9% in 4Q06 owing to a 4.7% increase in crops production, while the production of livestock and fishery slowed down by 4.5%, and 2.7% respectively.

- **Crops** increased by 4.7%, higher than 1.0% in 4Q06. This resulted from higher yields of major crops, namely sugarcane, rubber, cassava, and oil palm. Although the flood had occurred but there was no significant effect to major crop in this quarter.
- **Livestock** increased by 4.5% lower than 6.5% in 4Q06. Swine production increased significant and created over-supply in the market. Chicken production increased slightly but hen's eggs production slowed down.
- **Fishing** increased by 2.7%, lower than 4.8% in 4Q06, due to a slowdown in exports of processed shrimp in line with the appreciation in Baht.
- **Implicit price deflator of agricultural sector** slowed to 3.8% due to the slowdown in the prices of major crops and livestock, namely swine which had higher supply in the market.



### Non-agriculture

**Manufacturing** grew by 4.7%, compared to 5.7% in 4Q06. This resulted from the slowdown in raw material industries, and capital goods and high technology industries which grew by 0.9%, and 6.2% respectively, whereas light industries growth rose by 5.4%.

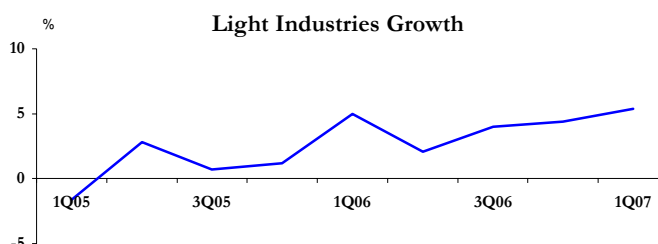
**Growth of capital goods and high technology industries, and raw material industries slowed down.**

#### Manufacturing Sector Growth

Industrial Types	2006	2006				(%)
		Q1	Q2	Q3	Q4	2007
Light industries	4.0	5.0	2.1	4.0	4.4	5.4
Raw material	2.4	2.4	2.7	1.4	3.5	0.9
Capital goods	10.0	12.8	10.4	9.2	7.9	6.2
<b>Total</b>	<b>6.1</b>	<b>7.6</b>	<b>5.7</b>	<b>5.5</b>	<b>5.7</b>	<b>4.7</b>

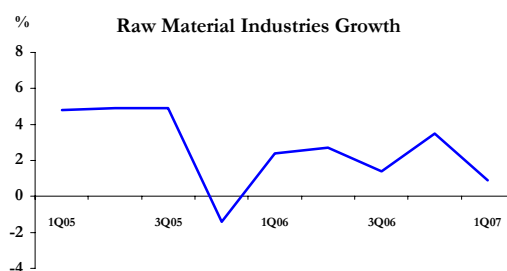
**Light industries** expanded by 5.4%, higher than 4.4% in 4Q06, led by tobacco, leather, and other manufacturing products. Changes of major components were:

- **Food and beverages** rising by 8.7% lower than 12.7% in 4Q06. This resulted from the slowdown in food production by 9.9%, and beverages production by 7.0% although the growth of beer production increased but that of liquor production decreased, and non-alcoholic beverages production slowed down.
- **Tobacco** increasing highly by 20.8%, compared to 7.1% decline in 4Q06, due to low production base of the previous year.
- **Leather and leather products** increasing by 8.7%, compared to 0.7% decrease in 4Q06, owing to higher production in leather and leather products in line with higher export demand.



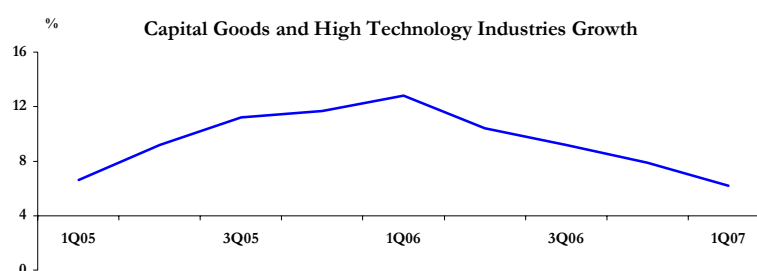
**Raw material industries** grew by 0.9%, compared to 3.5% in 4Q06. Changes of major components were:

- **Paper and paper product** rising by 4.4%, compared to 10.2% in 4Q06, due to a decrease in paper and pulp production, and slight slowdown in kraft paper production.
- **Chemicals and chemical products** growing by 0.3%, compared to 1.8% in 4Q06, due to the decrease in petrochemical industry, especially polymer of ethylene, propylene, etc. in primary form in line with lower export demand and linkage industries in domestic market.
- **Petroleum refinery** decreasing by 1.1%, compared to 5.1% increase in 4Q06, due to the decrease in domestic demand and demand for exports.
- **Non-metallic mineral products** continued to decrease due to the decrease in cement and glass production in line with lower demand of linkage industries and the slowdown in construction.



**Capital goods and high technology industries** increased by 6.2%, compared to 7.9% in 4Q06. Major components were:

- **Office machinery** growing by 31.4% 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, fan, and other household apparatus, in line with higher export demand.
- **Radio and television** decreasing by 6.8% due to lower production of television in line with lower export demand.
- **Motor vehicles** decreasing by 4.8%, compared to 3.6% decrease in 4Q06, due to lower production in passenger and commercial cars in line with lower domestic demand.
- **Other transport equipment** decreasing by 16.0% due to a decrease in domestic demand of motorcycles.



**Slowdown in electricity consumption.**

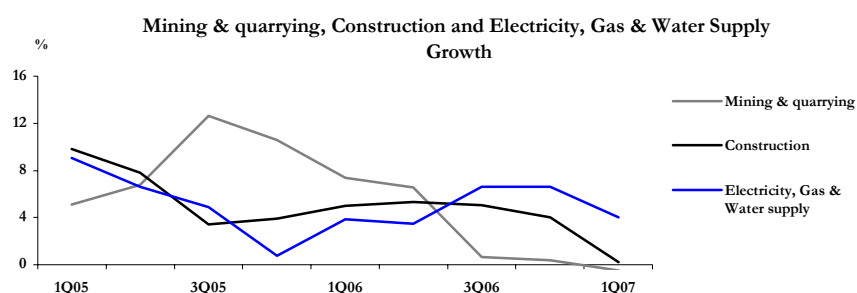
**Electricity, gas, and water supply** grew by 4.0%, compared to 6.6% in 4Q06. Electricity, which accounted for 85.0% of the value of the sector, increased by 4.1%, lower than 6.5% in 4Q06. Electricity consumption grew by 3.5%, lower than 6.9% in 4Q06, due to the slowdown in electricity consumption of all types of users, particularly that of household slowing to 2.2%, that of small and medium enterprises highly slowing down. Water supply increased by 4.2%, compared to 8.9% in 4Q06. Natural gas refinery grew by 2.8%, compared to 3.5% in 4Q06 due to the slowdown in natural gas production.

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

Sources: MEA and PEA

*The decrease in liquid natural gas production, while the slowdown in natural gas and crude oil production.*

**Mining and quarrying** decreased by 0.5%, compared to 0.4% increase in 4Q06. This resulted from natural gas and liquid natural gas and crude oil production, which accounted for 67.2% of total production, decreasing by 0.3%, compared to 0.1% increase in 4Q06. Liquid natural gas decreased by 12.9%, compared to 7.7% increase in 4Q06, due to a decrease in production from Bongkot, and Pailin fields. Natural gas and crude oil production grew by 2.8%, and 1.4% respectively. Lignite production decreased by 1.3% compared to 15.4% decrease in 4Q06. Stone and sand quarrying grew by 1.4%, compared to 15.3% in 4Q06. Other mineral production grew by 3.5% due to higher production of gypsum, marble, and lime as higher demand for cement production industries, whereas the production of lime for construction, and granite decreased.



*Construction growth grew by 0.2%.*

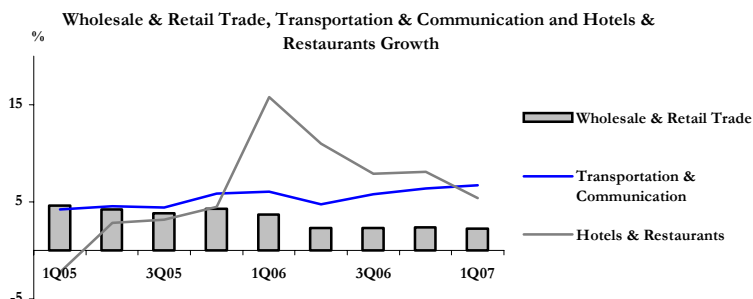
**Construction** increased only by 0.2%, compared to 4.0% in 4Q06. Private construction decreased by 0.7%. This resulted from the private sector slowing down residential construction and commercial building construction, while the decrease in factory building construction was due to economic uncertainty. However, the construction of the public sector increased by 1.2%, supported by state-enterprises' construction, namely transmission networks, telecommunication networks, and Baan Ua Athon. Central and local government continued to construct the infrastructure as parts of continuous construction projects since FY 2006.

*High favorable growth of transport services, and telecommunication services.*

**Transportation and communication** increased by 6.7%, compared to 6.4% in 4Q06. This resulted from a 7.1% increase in transport services, particularly from air transport which increased by 13.1%, compared to 11.6% in 4Q06 in line with increasing number of passengers. Telecommunication services increased by 6.0%, higher than 5.6% in 4Q06 due to their favorable performance.

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

**Wholesale and retail trade** grew by 2.3%, slightly down from 2.4% in 4Q06, owing to the slowdown in household consumption expenditure. Repair of motor vehicles, motorcycles, personal and household goods decreased by 2.1%.



*Slowdown growth in hotel businesses due to less number of tourists.*

**Hotels and restaurants** grew by 5.4%, compared to 8.1% in 4Q06. Restaurants services grew by 3.6%, down from 4.8% in 4Q06. Hotel services grew by 8.4%, down from 14.6% in 4Q06 due to an increase in the number of foreign tourists by 4.4%, compared to 12.0% in 4Q06 and that of tourists in January increased only by 2.0%. This resulted from tourists' anxiety about safety, particularly from bombing on 31<sup>st</sup> December 2006, and unrest 3 provinces in the South. The hotel occupancy rate stayed at 69.2%, compared to 69.8% in the same period of previous year.

Number of Foreign Tourists		(1,000 Persons)				
	2006	2006				2007
		Q1	Q2	Q3	Q4	Q1
Asian	7,629	1,932	1,829	1,940	1,928	2,013
European	3,468	1,061	624	716	1,067	1,106
American	935	252	221	199	263	263
Others	1,789	377	436	505	471	398
<b>Total</b>	<b>13,821</b>	<b>3,622</b>	<b>3,110</b>	<b>3,360</b>	<b>3,729</b>	<b>3,780</b>
<b>Growth Rate (YoY)</b>	<b>20.0</b>	<b>35.5</b>	<b>24.1</b>	<b>11.8</b>	<b>12.0</b>	<b>4.4</b>

Sources: Tourism Authority of Thailand

*The slowdown growth in commercial banks and insurance businesses.*

**Financial intermediation** grew by 1.4%, compared to 1.7% in 4Q06 due to commercial banks exhibiting slowdown growth as a decrease in net interest receipt. However, banks' fees and service charges continued to increase. Life insurance and non-life insurance businesses' growth slowed down.

*Other services growth increased driven by the approval of budget disbursement and academic qualification remuneration for educational personnels.*

**Other services** increased by 5.4%, higher than 2.0% in 4Q06.

Public administration and defence growth grew by 4.9%, higher than 0.1% in 4Q06 due to speeding up the disbursement of FY2007 budget in this quarter.

Education growth increased by 21.8%, higher than 2.9% in 4Q06. The public education, which accounted for 90.0% of total sector, increased by 24.3% due to a large amount of disbursement of academic qualification remuneration for educational personnels in this quarter. The private education grew by 3.9%.

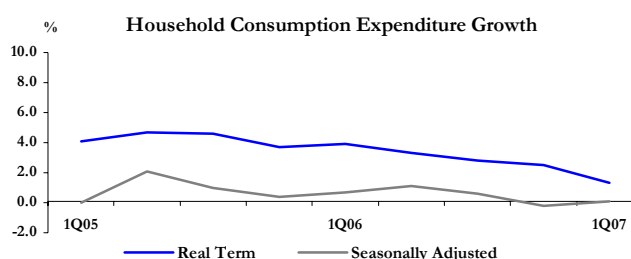
Other community service decreased by 6.8%, compared to 0.7% decrease in 4Q06. This resulted from government lottery, special lottery, and 2 and 3-end digit lottery, which accounted for the highest of this sector, decreased by 14.5%. The latter one stopped to distribute since 16<sup>th</sup> November, 2006, while government and special lottery's sale remained unchanged. Radio and television; beauty treatment; motion production and projection growth decreased. However, sport services increased by 27.8%, from 12.4% in 4Q06. Laundry services increased by 2.2%, compared to 2.9% decrease in 4Q06.

## EXPENDITURE APPROACH

### Household consumption expenditure

Household consumption expenditure expanded by 1.3% compare to 2.5% in 4Q06. After seasonal adjustment, the value went up by 0.1% from the previous quarter.

*Consumers' confidence declined noticeably, causing household consumption expenditure to expand only by 1.3%.*



- Despite rising farm income, and low inflation trend, many domestic concerns had caused consumers to become more cautious on spending. These include economic slowdown, reducing interest income as a result of downward adjustment of interest rates by commercial banks, soaring oil prices, New Year's Eve bombs in Bangkok and persisted unrest in the three most Southern provinces.

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

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

Source: Bank of Thailand and UTCC

- Excluding expenditure of residents abroad and non-residents in the country, household consumption expenditure grew by 1.6%.

Household Consumption Expenditure Growth						(%)
	2006	2006				2007
		Q1	Q2	Q3	Q4	Q1
PCE in domestic market	4.2	6.6	4.3	3.3	2.6	2.3
less: expenditure of non-residents in the country	16.3	33.7	16.2	9.1	7.5	7.9
<b>PCE excluding expenditure of non-residents in the country</b>	<b>2.9</b>	<b>3.7</b>	<b>3.2</b>	<b>2.7</b>	<b>2.0</b>	<b>1.6</b>
plus: expenditure of residents abroad	9.1	10.5	5.9	6.6	13.5	-5.9
<b>PCE</b>	<b>3.1</b>	<b>3.9</b>	<b>3.3</b>	<b>2.8</b>	<b>2.5</b>	<b>1.3</b>

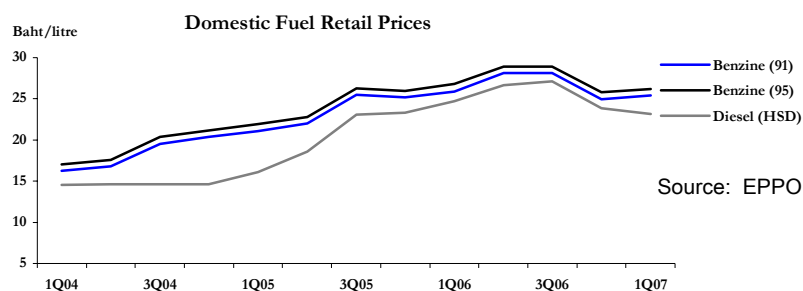


## Expenditure classified by section

**Agriculture** expanded by 3.5% with a 4.4% increase in fruit and vegetable consumption. Consumption of fish and other fishing products also rose by 0.9% in line with market supply.

**Food, beverages, tobacco and textiles** grew by 4.0% as a result of 4.7% growth in consumption of meat and simple agricultural processing product, 5.8% in consumption of beverage, and 2.6% in consumption of apparel and other textiles.

**Electricity, gas and water supply** slowed by 4.1% due to slowdowns in electricity consumption by 2.9% as well as in water consumption by 8.7%.



**Transport equipment** continued downward for the second consecutive quarter from a 9.1% decline in 4Q06 to 10.6%. This decline reflects falls in both sales of personal cars by 16.2%, registrations of pickup trucks by 7.1% and motorcycles by 13.5%. Conversely, registration of van strengthened up by 33.3%.

### Transport Equipment Sales

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

Sources: Thailand Automotive Institute and the Bank of Thailand

**Hotels and restaurants** expanded by 6.1%, less rapid compared to 8.4% in the previous quarter. Hotel service slowed down by 8.4%. Restaurant services also grew at a slower pace by 4.8% in accordance with Thai's and foreign tourists' expenditure. This was partly a result of concerns over New Year bombs and intensifying southern unrest, causing tourists to slow down on their domestic traveling.

**Transport and communication services** grew less rapidly from 9.0% in 4Q06 to 6.8% as transport services slowed by 5.1% while postal and telecommunication services grew at 9.6%. This was partly due to continuous price competition in mobile service providers with various promotion packages to meet customers' needs—including call-buffet promotions causing mobile phone usage to soar.



**Subscribers of Telephone Numbers**

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

Sources : TOT Corporation PCL, and CAT Telecom PCL

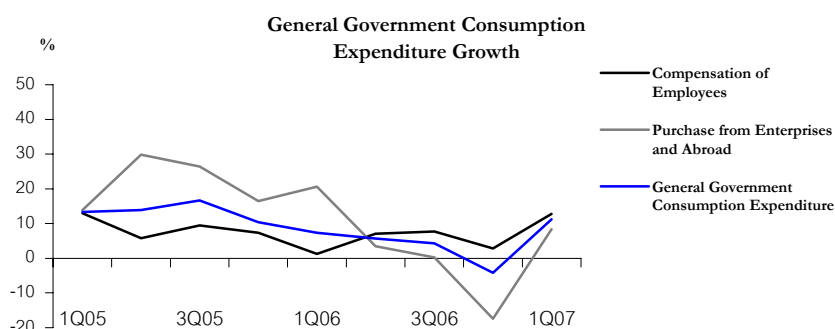
Disaggregation of consumers' expenditure by durability, the expenditure on food grew by 3.5%, slightly expanding from 3.4% in 4Q06 while other goods and services rose by 0.6%. This comprises of a 5.3% growth of non-durable goods (excluding food) such as beverage, electricity and water supply, medicine and household utensils; a 0.3% growth of semi-durable goods consisting of clothing, footwear and household equipments; and a 6.2% contraction of durable goods such as vehicles, furniture, electrical appliances, computers, radios and televisions. The expenditure on services consisting of hotels and restaurants, recreation and entertainment, education, remedy and net tourist expenditure came down by 1.1%. Particularly, expenditure by Thai people traveling abroad fell by 5.9% as oppose to a sharp rise by 13.5% in 4Q06.

Private Consumption Expenditure Growth Classified by Durable Appearance						(%)
(End of Period)	2006	2006				2007
		Q1	Q2	Q3	Q4	Q1
<b>Private Consumption Expenditure</b>	<b>3.1</b>	<b>3.9</b>	<b>3.3</b>	<b>2.8</b>	<b>2.5</b>	<b>1.3</b>
Food	4.5	7.8	5.0	1.9	3.4	3.5
Other than food	2.8	2.9	2.9	3.1	2.3	0.6
Non-durable products (excluding food)	5.8	5.9	4.5	6.2	6.5	5.3
Semi-durable products	1.7	3.9	2.4	2.4	-1.4	0.3
Durable products	-0.8	4.3	4.1	-2.7	-8.4	-6.2
Services	2.0	-1.3	1.1	2.9	4.9	-1.1

**Government consumption expenditure (GCE)**

- Fiscal budget of 2007 was recorded at Baht 1.566 billion compared to Baht 1.36 billion in the previous year, increased by 15.2%. The disbursement in 1Q07 was recorded at Baht 406,228 million higher than Baht 320,569 million in 1Q06, increased by 26.7%. This was the results of the accelerate disbursement in order to inject cash flow to the economic.

- The government consumption expenditure at current market prices was recorded at Baht 259,600 million, increased by 18.7%. Compensation of employees was Baht 196,834 million, increased by 22.0% due to a large disbursement of academic qualification remuneration for education personnels which was delayed since February 2006. Whereas net purchases from enterprises and abroad was Baht 62,766 million, increased by 9.4%.
- GCE in real term was recorded at Baht 98,166 million, increased by 11.2%. This was a result of an increase in both compensation of employees and net purchase from enterprises and abroad by 12.8% and 8.4% respectively.



	Disbursement of Government Budget			(Baht in Billion)		
	Fiscal Year			Jan. – Mar.		
	2006	2007	%Δ	2006	2007	%Δ
<b>Total</b>	<b>1,360.0</b>	<b>1,566.2</b>	<b>15.2</b>	<b>321</b>	<b>406</b>	<b>26.7</b>
Disbursement Rate (%)				23.6	25.9	

Source : GFMIS

## Gross fixed capital formation (GFCF)

*Investment decreased by 1.4% due to 2.4% drop from private whereas public slightly increased by 2.1%.*

GFCF decreased by 1.4%.

- **Private investment**, decreased by 2.4% compared to 2.3% increase in 4Q06. Construction decreased by 0.7% compared to 1.8% increase in 4Q06. Whereas machinery and equipment decreased by 2.9% compared to 2.5% increase in 4Q06. This was a result of a delay in investment as investor were waiting for clearer policy from the government. Also, imported machinery and equipment sharply decreased in this quarter.
- **Public investment**, increased by 2.1%, lower than 2.5% in 4Q06. This was a result of the declining in both central and local government investment, which decreased by 0.3% compared to 12.7% decrease in 4Q06. Whereas, state enterprises investment increased by 4.3% compared to 12.2% in 4Q06. This was due to an expansion of telecommunication network of TOT Public Company Limited, transmission networks construction of Electricity Generating Authority of Thailand, and Baan Ua Athon Project of National Housing Authority.

GFCFGrowth		(%)				
	2006	2006				2007
		Q1	Q2	Q3	Q4	Q1
<b>Construction</b>	<b>4.8</b>	<b>4.8</b>	<b>5.7</b>	<b>4.8</b>	<b>4.1</b>	<b>0.2</b>
Private	2.5	3.0	2.6	2.4	1.8	-0.7
Public	7.4	6.9	9.1	6.7	7.1	1.2
<b>Equipment</b>	<b>3.6</b>	<b>7.4</b>	<b>3.3</b>	<b>2.1</b>	<b>1.6</b>	<b>-2.2</b>
Private	4.3	8.1	3.5	3.0	2.5	-2.9
Public	-0.8	2.1	1.8	-2.8	-3.5	3.9
<b>Total GFCF</b>	<b>4.0</b>	<b>6.6</b>	<b>4.0</b>	<b>3.2</b>	<b>2.4</b>	<b>-1.4</b>
Private	3.9	7.0	3.3	2.9	2.3	-2.4
Public	4.5	5.3	6.4	3.8	2.5	2.1

### Private construction

Private construction dropped by 0.7% compared with 1.8% increase in 4Q06 owing to slowdown growth of 0.8% in residential building construction compared to 2.0% in 4Q06 whereas commercial building construction increased at the rate of 6.8%, owing to the increase of construction in both Bangkok Metropolitan and provinces. However, the factory construction decreased by 15.7%, attributable to lower investors' confidence due to the uncertain economic situation.

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

### Public construction

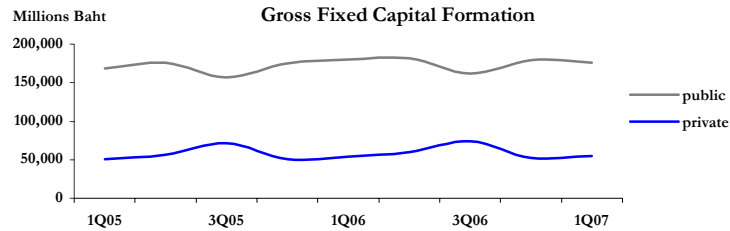
Public construction grew by 1.2% lower than 7.1% in 4Q06. This was a result of an increase of state enterprises construction by 6.1% lower than 24.5% in 4Q06 due to construction of Electricity Generating Authority of Thailand, an expanding telecommunication network of TOT Public Company Limited, and "Baan Ua Athon" Project. Whereas, central and local government construction decreased by 2.3% lower than in 4Q06, which construction mostly come from the continual projects.

### Private machinery and equipment

Private machinery and equipments dropped by 2.9% compared to 2.5% increase in 4Q06. This was a result of a 3.4% decrease in machinery and equipment owing to lower investment so that imported machinery and equipment was dropped drastically. Whereas, transport equipments decreased by 5.4% especially commercial vehicles, buses and trucks. However, office equipment increased by 1.0% lower than 4.1% in 4Q06.

### Public machinery and equipment

Public machinery and equipments increased by 3.9% higher than 3.5% in 4Q06. This was as a result of an increase in central and local authorities investment by 8.2% due to the investment in office equipment. Also, state enterprises investment grew by 2.1% higher than 1.5% in 4Q06 as a result of the expanding telecommunication network in order to meet customers' demand.



### Change in Inventories

Inventories declined from the previous quarter by Baht 62,212 million as a result of lower goods and raw materials imports especially crude oil, natural gas, gold and computer parts while production sector still continued to expand. Products with lower inventories were air-conditioners, computer parts and hard disk drive due to higher exports. On the other hand, the stock of food category, especially sugar increased owing to high sugarcane production in this quarter which recorded at 48 million tons, higher than the 13 million tons in the previous quarter. However, value of increasing commodities in stock was lower than value of those with decreasing stock causing the net change in inventories to decrease.

### External Sectors EXPORTS

**Merchandise exports** at current market prices attained Baht 1,223,606 million, the growth rate of which had accelerated from 6.7% in 4Q06 to 7.1% in 1Q07 as consequence of buoyant export commodity, namely computer and parts, vehicles, electrical appliances, base metal products, tapioca, frozen shrimp and frozen poultry. Boosted up export was also attributable to major market expansion, in particular European market which continued to grow vigorously and Japan which was on the way of recovery as well. Moreover, intra-regional trade among Asian countries, especially India, Taiwan and South Korea, underpinned robust exports while export to the US slowed down by result of moderate growth tendency.

**Services receipts** at current market prices posted at Baht 245,081 million, slowed down, in term of growth rate, from 2.4% in 4Q06 to 0.8% in 1Q07 due to lower transportation receipts corresponding to an adverse conversion into Baht term during Baht appreciation.

### IMPORT

**Merchandise imports** at current market prices registered Baht 1,077,596 million, contracted by 6.4% in 1Q07, on account of a reduction in demand for various import commodities, including capital goods, fuel and consumer goods along the line with a downturn in private investment and consumption, despite raw materials and intermediate goods demand turned to slightly upward.

**Services payments** at current market prices amounted to Baht 177,543 million, decelerated from 10.2% growth in 4Q06 to 1.6% in 1Q07 due to lesser transportation payments as users had cut down logistic cost by adjusting modes of transportation.

*Imports contracted in line with domestic demand slowed down, whilst exports hastened.*

### Current account balance and exchange rate

Trade balance continued to record a surplus with Baht 146,010 million. Similarly, services balance remained in surplus. Soaring trade and services balance spurred a surplus current accounts. Regarding currency situation, the Baht appreciated against the US Dollar at 35.6 Baht per US Dollar on average in the third quarter, rose by 9.5% compared to the same period of previous year.

Exports and Imports		(Unit: Billions of Baht)					
	2006	2006				2007	
		Q1	Q2	Q3	Q4	Q1	
<b>At Current Market Prices</b>							
1. Export Goods	4,849	1,142	1,165	1,301	1,242	1,224	
Growth Rate	10.2	19.8	10.2	6.1	6.7	7.1	
2. Import Goods	4,769	1,151	1,230	1,246	1,142	1,078	
Growth Rate	0.7	7.4	-1.8	2.3	-4.4	-6.4	
3. Trade Balance	80	-9	-65	54	99	146	
<b>At 1988 Prices</b>							
4. Export Goods	2,263	538	540	597	588	584	
Growth Rate	9.0	13.9	9.2	4.9	8.7	8.5	
5. Import Goods	1,804	439	464	464	438	439	
Growth Rate	-0.8	-2.9	-3.7	3.9	-0.5	0.1	
6. Exchange Rate (Baht/US\$)	37.9	39.3	38.1	37.7	36.6	35.6	

Source: Bank of Thailand

### GDP implicit price deflator

The GDP implicit price deflator increased by 3.3%, the same rate as recorded in 4Q06. Consumer price index rose by 2.4%, lower than 3.3% in 4Q06 and producer price index slow down by 2.6%.

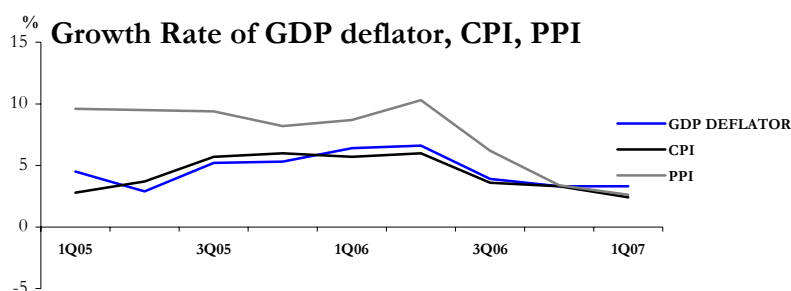


Table 1. GDP and GNP

Unit: Billions of Baht

	2005 p	2006 p1	2005 p				2006 p1				2007p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
GDP at Current Market Prices	7,087.7	7,816.5	1,712.7	1,690.8	1,783.5	1,900.6	1,934.7	1,893.9	1,940.4	2,047.4	2,083.7
GDP at 1988 Prices	3,851.3	4,044.6	958.7	927.7	943.9	1,020.9	1,017.6	974.6	988.1	1,064.3	1,060.9
Growth Rate of GDP (Same Period)	4.5	5.0	3.5	4.7	5.5	4.3	6.1	5.0	4.7	4.3	4.3
GNP at Current Market Prices	6,917.7	7,656.8	1,681.9	1,629.0	1,738.5	1,868.4	1,906.9	1,826.3	1,894.6	2,028.9	2,065.4
GNP at 1988 Prices	3,782.4	3,990.9	945.8	900.1	926.3	1,010.1	1,008.3	947.8	972.0	1,062.9	1,059.2
Growth Rate of GNP (Same Period)	4.1	5.5	2.4	4.0	5.2	4.7	6.6	5.3	4.9	5.2	5.0

p = preliminary based on annual figure

p1 = without annual figure

Table 2. GDP by Sector (Growth Rate)

Unit: Percent

	2005 p	2006 p1	2005 p				2006 p1				2007 p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q3
<b>Agriculture</b>	<b>-3.2</b>	<b>4.8</b>	<b>-8.7</b>	<b>-4.7</b>	<b>1.9</b>	<b>-0.8</b>	<b>7.6</b>	<b>7.1</b>	<b>4.0</b>	<b>1.9</b>	<b>4.3</b>
Agriculture, Hunting and Forestry	-3.0	5.2	-9.8	-5.3	3.5	0.2	9.4	8.1	3.8	1.4	4.7
Fishing	-4.4	2.6	-3.4	-1.2	-5.9	-6.4	-0.8	1.8	4.8	4.8	2.7
<b>Non-Agriculture</b>	<b>5.3</b>	<b>5.0</b>	<b>4.8</b>	<b>5.5</b>	<b>5.8</b>	<b>5.0</b>	<b>6.0</b>	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.3</b>
Mining and Quarrying	8.8	3.6	5.1	6.8	12.6	10.6	7.4	6.6	0.6	0.4	-0.5
Manufacturing	5.2	6.1	3.0	6.2	6.5	5.2	7.6	5.7	5.5	5.7	4.7
Electricity, Gas and Water Supply	5.3	5.1	9.1	6.6	4.9	0.8	3.9	3.5	6.6	6.6	4.0
Construction	6.0	4.9	9.8	7.8	3.4	3.9	5.0	5.3	5.1	4.0	0.2
Wholesale and Retail Trade; Repair of Motor	4.2	2.7	4.6	4.2	3.8	4.3	3.7	2.3	2.3	2.4	2.3
Hotels and Restaurants	2.1	10.5	-2.2	2.8	3.1	4.5	15.8	11.0	7.9	8.1	5.4
Transport, Storage and Communications	4.8	5.8	4.2	4.5	4.4	5.9	6.1	4.7	5.8	6.4	6.7
Financial Intermediation	7.5	2.9	15.0	4.7	6.0	4.9	4.0	3.4	2.4	1.7	1.4
Real Estate, Renting and Business Activities	4.8	2.0	6.6	4.7	3.8	4.1	2.7	1.9	1.4	2.0	2.3
Public Administration and Defence;	6.1	3.7	4.9	8.3	5.7	5.7	5.7	2.7	6.2	0.1	4.9
Education	8.4	2.9	16.8	-0.1	10.4	7.2	-3.8	6.5	6.5	2.9	21.8
Health and Social Work	12.3	8.8	17.3	11.0	11.4	9.8	3.4	13.4	9.2	9.4	6.2
Other Community, Social and Personal	6.6	2.2	5.0	8.7	11.2	2.1	5.0	3.3	1.4	-0.7	-6.8
Private Households with Employed Persons	0.2	-2.3	2.6	-1.9	1.1	-1.3	-3.5	-5.0	-4.1	4.5	2.4
<b>GDP</b>	<b>4.5</b>	<b>5.0</b>	<b>3.5</b>	<b>4.7</b>	<b>5.5</b>	<b>4.3</b>	<b>6.1</b>	<b>5.0</b>	<b>4.7</b>	<b>4.3</b>	<b>4.3</b>

Table 3. Expenditure at 1988 Prices (Growth Rate)

Unit: Percent

	2005 p	2006 p1	2005 p				2006 p1				2007 p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Private Consumption Expenditure	4.3	3.1	4.1	4.7	4.6	3.7	3.9	3.3	2.8	2.5	1.3
Government Consumption Expenditure	13.7	3.4	13.3	13.9	16.7	10.4	7.4	5.7	4.3	-4.2	11.2
Gross Capital Formation	12.2	-7.2	21.6	24.5	-10.9	12.8	-16.1	-13.9	10.5	-3.5	-8.6
- Gross Fixed Capital Formation	11.1	4.0	15.0	14.1	8.1	7.5	6.6	4.0	3.2	2.4	-1.4
- Private	10.9	3.9	12.2	13.0	10.6	8.1	7.0	3.3	2.9	2.3	-2.4
- Public	11.3	4.5	25.4	18.0	2.8	5.2	5.3	6.4	3.8	2.5	2.1
- Change in Inventories	29.4	-156.0	56.2	203.9	-1,576.9	479.9	-104.4	-130.4	33.7	-98.2	-680.7
Exports of Goods and Services	4.3	8.6	-0.5	2.4	10.6	4.6	14.4	9.0	4.7	7.0	6.5
- Goods	4.3	9.0	-0.2	1.8	11.2	4.1	13.9	9.2	4.9	8.7	8.5
- Services	4.3	6.9	-1.8	5.0	7.8	6.8	16.4	8.2	3.8	0.0	-1.4
Imports of Goods and Services	9.3	1.6	9.7	13.1	5.7	8.7	1.9	-1.7	5.2	1.0	-0.3
- Goods	8.8	-0.8	11.2	13.3	4.3	6.5	-2.9	-3.7	3.9	-0.5	0.1
- Services	12.1	14.3	1.8	12.2	13.8	20.2	29.6	10.3	11.5	8.0	-1.8
Gross Domestic Expenditure	4.3	5.1	3.2	4.0	5.6	4.3	6.1	5.3	4.5	4.3	4.2

Table 4. Trade and Services Balance

Unit: Billions of Baht

	2005 p	2006 p1	2005 p				2006 p1				2007 p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Exports of Goods and Services	5,230	5,764	1,155	1,249	1,431	1,395	1,385	1,381	1,519	1,479	1,469
Growth Rate (Same Period)	14.0	10.2	9.0	12.7	21.0	12.8	20.0	10.5	6.1	6.0	6.0
Imports of Goods and Services	5,324	5,456	1,203	1,392	1,370	1,359	1,326	1,389	1,417	1,323	1,255
Growth Rate (Same Period)	24.6	2.5	23.3	31.2	22.3	21.8	10.2	-0.2	3.5	-2.6	-5.3
Trade and Services Balance	-93.7	308.0	-48.4	-142.9	61.7	36.0	59.4	-8.4	101.6	155.4	213.5
Percentage to GDP (Same Period)	-1.3	3.9	-2.8	-8.5	3.5	1.9	3.1	-0.4	5.2	7.6	10.2
Factor Income from Abroad, Net	-170	-141	-30.8	-61.9	-45.1	-32.2	-27.7	-67.6	-45.8	0.0	0.0
Current Transfer from Abroad, Net	121	96	27.2	30.0	30.7	33.0	33.4	32.3	30.4	0.0	0.0
Current Account Balance	-142.7	262.9	-52.0	-174.7	47.3	36.8	65.1	-43.8	86.2	155.4	213.5
Percentage to GDP (Same Period)	-2.0	3.4	-3.0	-10.3	2.6	1.9	3.4	-2.3	4.4	7.6	10.2

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

Unit: Percent

	2005 p	2006 p1	2005 p				2006 p1				2007 p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
GDP Implicit Price Deflator	4.5	5.0	4.5	2.9	5.2	5.3	6.4	6.6	3.9	3.3	3.3
Consumer Price Index	4.5	4.7	2.8	3.7	5.7	6.0	5.7	6.0	3.6	3.3	2.4
Producer Price Index	9.1	7.1	9.6	9.5	9.4	8.2	8.7	10.3	6.2	3.4	2.6



Table 6. Contribution to GDP Growth (1988 Prices)

Unit: Percent

	2005 p	2006 p1	2005 p				2006 p1				2007 p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Demand Side</b>	<b>4.2</b>	<b>5.0</b>	<b>3.1</b>	<b>4.1</b>	<b>5.7</b>	<b>4.2</b>	<b>6.0</b>	<b>5.3</b>	<b>4.6</b>	<b>4.2</b>	<b>4.1</b>
Domestic Demand	5.9	3.0	6.3	7.1	6.1	4.4	4.3	3.5	2.8	1.5	1.3
Private Consumption Expenditure	2.3	1.7	2.2	2.7	2.6	2.0	2.1	1.9	1.5	1.3	0.7
Government Consumption Expenditure	1.1	0.3	1.0	1.2	1.6	0.8	0.6	0.5	0.5	-0.3	1.0
Gross Fixed Capital Formation	2.4	0.9	3.1	3.3	1.9	1.6	1.5	1.0	0.8	0.5	-0.3
Net Exports	-2.1	4.8	-5.4	-5.8	4.1	-1.4	7.8	6.9	0.5	4.1	4.4
Exports of Goods and Services	2.9	5.7	-0.3	1.6	7.4	3.0	8.9	5.9	3.4	4.6	4.3
Imports of Goods and Services	5.0	0.9	5.1	7.4	3.2	4.4	1.1	-1.0	2.9	0.5	-0.1
Change in Inventories	0.4	-2.8	2.2	2.7	-4.5	1.2	-6.1	-5.0	1.4	-1.3	-1.6
<b>Production Side</b>	<b>4.5</b>	<b>5.0</b>	<b>3.5</b>	<b>4.7</b>	<b>5.5</b>	<b>4.3</b>	<b>6.1</b>	<b>5.0</b>	<b>4.7</b>	<b>4.3</b>	<b>4.3</b>
Agriculture	-0.3	0.4	-0.9	-0.4	0.1	-0.1	0.7	0.5	0.3	0.2	0.4
Manufacturing	2.0	2.4	1.2	2.4	2.5	2.0	2.9	2.2	2.2	2.2	1.8
Construction	0.1	0.1	0.2	0.2	0.1	0.1	0.1	0.1	0.2	0.1	0.0
Services	2.6	2.1	3.0	2.5	2.8	2.4	2.4	2.1	2.1	1.8	2.0

Note: Total in demand side does not be 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

	2005 p	2006 p1	2005 p				2006 p1				2007 p1
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
<b>Demand Side (Expenditure)</b>											
Private Consumption Expenditure	4.3	3.2	0.2	2.1	1.0	0.2	1.0	1.0	0.6	-0.2	0.1
Government Consumption Expenditure	13.2	3.2	3.1	2.1	0.5	4.0	0.0	1.2	-0.1	-6.3	16.9
Gross Fixed Capital Formation	11.0	4.2	1.1	2.4	-0.2	3.1	1.3	0.0	-1.4	2.9	-2.9
<b>Supply Side (Production)</b>											
Agriculture	-3.1	5.2	-8.1	1.4	5.6	0.4	0.4	1.1	1.9	-1.6	3.2
Manufacturing	5.2	6.1	-1.3	3.5	1.7	1.1	1.2	1.5	1.5	1.3	0.4
Construction	6.0	4.8	-2.2	-0.6	0.7	4.5	0.3	-0.1	1.0	1.9	-2.4
Services	5.3	4.2	1.3	1.3	1.4	0.9	1.2	0.7	1.3	0.4	1.7
<b>GDP</b>	<b>4.5</b>	<b>5.0</b>	<b>-0.7</b>	<b>2.1</b>	<b>1.9</b>	<b>1.0</b>	<b>1.1</b>	<b>1.0</b>	<b>1.4</b>	<b>0.6</b>	<b>1.2</b>