

## Executive Summary

The Thai economy in 2009 from the Gross Domestic Product (GDP) perspectives contracted by 2.3% compared to a 2.5% expansion in 2008, the first contraction for 10 years since 1999. This deterioration was attributed mainly to a shrink of external sector due to the global financial crisis as well as a weak domestic demand.

Production in 2009 slumped by 2.3% compared to an expansion of 2.5% in 2008 as a result of reduction in non-agricultural sector, accounting for 90.8% of total production, with a contraction of 2.7% reversing from an increase of 2.3% in previous year. Such a fall was mainly found from manufacturing sector, wholesale and retail trade, transport, storage and communications, and hotel and restaurants. Meanwhile, production in several sectors slowed down whereas mining and quarrying, construction, education, and health and social work maintained expansion. However, agricultural sector climbed by 1.3% compared to a rise of 4.2% in 2008 as a consequence of declining in crop production.

Domestic demand decreased due mainly to household consumption expenditure contraction by the rate of 1.1% as a result of global economic crisis as seen from deterioration of both industrial production and services, thus it intensified an unemployment rate. In addition, political unrest dampened consumer confidence together with a consecutive decrease of farm income owing to falling in major crop prices led to discouraging consumer's purchasing power. Meanwhile, gross fixed capital formation considerably shrank by 9.2% compared to a 1.2% expansion in previous year. This resulted from a slight expansion of public investment with the rate of 2.7% whereas private investment dramatically plunged by 13.1%. Government consumption expenditure increased by 7.5% originating from a surge of compensation of employees and net purchase of goods and services by the rate of 2.5% and 14.5% respectively. On the contrary, imports of goods and services worsened with a higher rate compared to a decrease in exports. As a result, net exports of goods and services sharply rose by 23.9%

National income in 2009 registered with the value of Baht 6,513,065 million with a 3.2% decline reversing from an expansion of 7.8% in 2008. This comprised of return to labour with value of Baht 2,662,311 million which expanded by 2.1%. Return to capital, land and operation posted the value of Baht 4,095,670 million with a decrease of 6.0%. Measured in per capita, national income per capita in 2009 was 97,351 Baht, slowing down from 101,216 Baht in previous year. In addition, disposable income per capita was 86,632 Baht compared to consumption expenditure per capita with the value of 76,773 Baht. As a result, per capita personal saving valued at 9,858 Baht slightly dropped from 10,649 Baht in 2008.

For overall economic stability in 2009, gross savings fell by 1.4% compared to investment which dropped at the higher rate, thus consecutively widening saving-investment gap. This led to tremendous surplus in current account with the value of Baht 754,474 million or equivalent to 8.3% of GDP which was considerably higher than a surplus of Baht 67,380 million in previous year.

For price stability, GDP implicit price deflator rose by 1.9% slowing down from a rise of 3.9% in 2008. Agricultural price index fell by 2.6% as a result of a 3.2% weakening in prices of agriculture, hunting, and forestry. Meanwhile, non-agricultural price index grew by 2.4% compared to an increase of 3.1% in 2008.