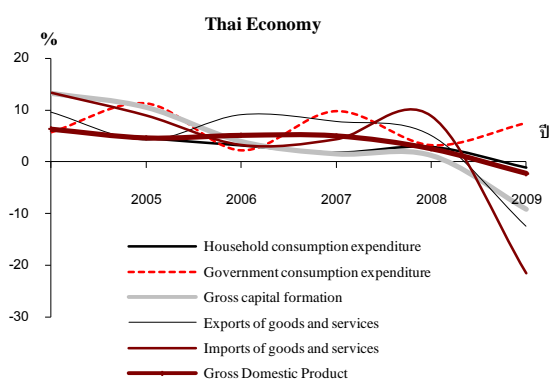


Thai Economy in 2009

National Accounts Perspectives

1. Overview

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. Deteriorated factor was attributed mainly to the global financial crisis which directly affected and weakened to both export-oriented production and tourism-related service industries. Non-agricultural production dropped by 2.7% compared to a 2.3% rise in previous year. In addition, manufacturing, wholesale and retail trade, transport, and hotels and restaurants shrank by 6.1%, 0.3%, 3.8%, and 0.3% respectively. Moreover, the agricultural production increased by 1.3% slowing down from a 4.2% expansion in 2008, resulting from slowdowns of crops, agricultural services, and forestry. In contrast, fishery and livestock production showed an expansion. Domestic demand was worsened as a consequence of reductions of private consumption expenditure and gross fixed capital formation with the rate of 1.1% and 9.2% respectively. However, the government consumption expenditure showed a dramatic surge by 7.5% in response to net exports of goods and services which increased by 23.9% turning from a 7.8% contraction in previous year.



Production in 2009 contracted by 2.3% compared to a 2.5% expansion in 2008. This resulted from non-agricultural sector – the main part with the proportion of 90.8% of aggregate production – shrank by 2.7% compared to a 2.3% rise in previous year. A slump of non-agricultural sector was affected by deterioration from almost all of industrial production categories, especially wholesale and retail trade, transport, storage and communications, and hotels and restaurants. Meanwhile, mining and quarrying, construction, education, and health and social work revealed a blossoming. Agricultural sector decreased as a result of slowing down of

crops together with a plunge of agricultural services and forestry whereas fishery and livestock production showed an expansion.

The value of GDP in 2009 at current market prices was Baht 9,041,551 million. After deducting Baht 352,513 million of net factor income from the rest of the world, gross national product (GNP) registered at value of Baht 8,689,038 million, a 0.8% contraction from previous year. After further deduction of net indirect taxes and depreciation, national income (NI) in 2009 was Baht 6,513,065 million. Meanwhile, per capita GNP was 129,875 Baht and per capita NI was 97,351 Baht in 2009, lower than 101,216 Baht in previous year or equivalent to 3.8% expansion.

Domestic demand was plunged by political turmoil and economic downturn which dampened consumer's confidence and purchasing power. In addition, decrease in farm income due to falling in price level of major crops affected to household consumption expenditure which slowed down by 1.1%.

Gross fixed capital formation dropped by 9.2% sharply deteriorating from a 1.2% expansion in previous year. Contraction was partly from a dramatic decline of private investment by 13.1% reversing from a rise of 3.2% in 2008 whereas public investment expanded by 2.7%. Government consumption expenditure grew sharply by 7.5% as a result of an increase of compensation of employees and net purchase of goods and services.

External sector contracted in both exports and imports. Exports of goods and services at current market prices fell noticeably by 11.0% compared to a 10.9% increase in previous year due to a deterioration of exported receipt of goods and services. Imports of goods and services at current market prices decreased by 22.1% compared to an expansion of 21.0% in 2008 owing to a sharp decline of both imports of goods and service payments.

Trade and services balance at current market prices registered a surplus with the value of Baht 953,526 million compared to a surplus of Baht 232,745 million in previous year. Current accounts thus posted a surplus of Baht 754,474 million compared to a surplus of Baht 67,380 million in previous year.

National income or income from factors of production in 2009 posted the value of Baht 6,513,065 million which weakened by 3.2% compared to a 7.8% rise in previous year. This comprises compensation of employees – accounting for 40.9% of NI – valued at Baht

2,662,311 million or a 2.1% expansion. Returns from capital, land, and firms – accounting for 62.9% of NI – valued at Baht 4,095,670 million or a 6.0% decline compared to an increase of 9.2% in 2008. Interests on public debt and consumer loans being deducted from factors of production registered the value of Baht 244,916 million.

Domestic savings in 2009 registered at the value of Baht 2,674,980 million which dropped by 1.4% improving from a 2.9% decrease in previous year. Overall net savings kept falling by 15.7% worsening from a 3.0% decline in 2008 as a result of slowing down of public savings and private savings by 40.2% and 6.0% respectively.

Overall economic stability in 2009 showed a favorable sign. Value of savings dropped by 1.4% but overcame investment value which fell at a lower rate. Thus, savings-investment gap or current account posted a huge surplus of Baht 754,474 million which accounted for 8.3% of GDP.

GDP implicit price deflator rose by 1.9% slowing down from 3.9% in previous year. Agricultural price index dropped by 2.6% compared to a 10.7% rise in 2008. Meanwhile, non-agricultural price index expanded by 2.4% compared to a 3.1% increase in previous year.

2. Production

Gross domestic product in 2009 contracted by 2.3% falling from an increase of 2.5% in 2008, the first drop for ten years since 1999. Contraction resulted from global financial crisis which led to falling down of merchandized exports along with tourist-related services. Contraction was mainly found from non-agricultural sector with a drop of 2.7%. In contrast, agricultural sector slightly grew by 1.3% decelerating from an expansion of 4.2% in previous year.

- Agricultural production, accounted for 9.2% of total production, expanded by 1.3% decelerating from an increase of 4.2% in previous year. Deceleration was found from crops whereas agricultural services and forestry fell. Meanwhile, livestock production and fishery increased.

- Non-agricultural production – accounted for 90.8% of total production – dropped by 2.7%. Such a drop was from manufacturing sector which dramatically fell 6.1% followed by wholesale and retail trades, and hotel and restaurant which declined by 0.3%. Transportation service dropped by 3.8% as a result of global financial crisis which dampened export demand and inbound tourist numbers. In addition, other productive sectors

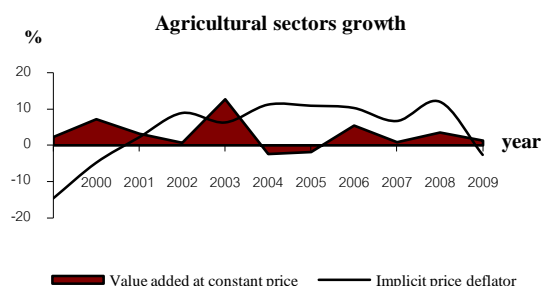
showed deceleration namely electricity, gas and water, and financial intermediation.

GDP growth and structure classified by ISIC

ISIC	Growth rate		Structure (%)	
	2008	2009	2008	2009
Agriculture	4.2	1.3	8.8	9.2
Agriculture, hunting and forestry	4.3	0.7	7.3	7.6
Fishing	3.4	4.4	1.5	1.6
Non-agriculture	2.3	-2.7	91.2	90.8
Mining and quarrying	0.2	0.9	2.2	2.3
Manufacturing	3.9	-6.1	40.1	38.6
Electricity, gas and water supply	4.0	0.9	3.4	3.5
Construction	-5.3	0.4	2.2	2.2
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	1.0	-0.3	13.7	14.0
Hotels and restaurants	1.6	-0.3	3.7	3.8
Transport, storage and communications	-0.5	-3.8	9.8	9.7
Financial intermediation	8.3	4.0	3.7	3.9
Real estate, renting and business activities	2.5	1.1	3.9	4.0
Public administration and defense; compulsory social security	1.3	0.1	2.8	2.9
Education	0.3	5.3	2.5	2.7
Health and social work	-0.8	2.0	1.2	1.3
Other community, social and personal service activities	0.7	0.5	1.9	2.0
Private households with employed persons	1.8	1.9	0.1	0.1
GDP	2.5	-2.3	100.0	100.0

Agricultural sector: grew by 1.3%, decelerating from a rise of 4.2% in previous year.

Agricultural production rose by 1.3% as a result of a tiny increase of 0.7% in production of crops, livestock, and forestry. Crop production grew by 0.2% along with a 6.7% increase in livestock. In contrast, agricultural services and agricultural-related products dramatically fell by 11.8% together with an 11.6% contraction of forestry whereas fishery increased by 4.4%.



Agriculture, hunting and forestry

Total production in this items slightly increased by 0.7% slowing down from 4.3% in previous year.

- Crops grew by 0.2% decelerating from 4.4% in previous year as a result of unfavorable weather with lower rainfall and higher heat wave. In addition, global economic crisis dampened to export demand. Such a fall was found from that paddy production dropped by 0.3% together with oil palm and sugarcane with a contraction of 11.2% and 0.6% respectively. In part, falling in price of sugarcane in 2008 induced farmer in diverting to alternative production in 2009 namely cassava and maize. As a result, production of cassava and maize significantly rose by 9.2% and 27.2% respectively. Implicit price deflator of crops contracted by 4.4% reversing from an expansion of 12.5% in previous year.

- Livestock increased by 6.7% accelerating from a rise of 5.3% in previous year. Expansion was primarily from swine production which inclined by 8.2% as a consequence of higher price. Meanwhile, production of chickens, eggs, cattle rose by 6.0%, 6.1%, and 11.2% respectively. For the price of livestock, average price expanded by 10.6% decelerating from an increase of 18.9% in previous year.

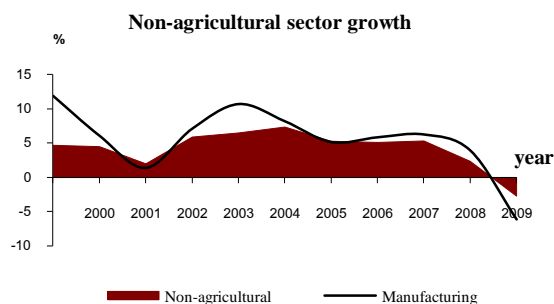
- Agricultural services contracted by 11.8% in contrast to an 8.0% rise in previous year, due to a fall of planting and harvesting areas of paddy, sugarcane, and maize.

- Forestry dropped by 11.6% improving from an 18.5% fall in previous year. Improvement was mainly from all forestry items including charcoal and firewood, and forestry products.

Fishery

Fishery consecutively rose from 3.4% in 2008 to 4.4% in 2009. Marine fishery – accounted for 84.3% of total production – expanded by 4.6% due partly to shrimp production in response to export demand. In addition reduction in fuel prices as a result of energy price subsidy for small fishermen along with falling crude oil price induced higher production of shrimp. Freshwater fishery – accounted for 15.7% of total production – increased by 3.0%. Meanwhile, implicit price deflator of fishery rose by 6.7% as a consequence of an expansion of marine fishery by the rate of 6.1% and freshwater fishery by 9.5%.

Non-agricultural sector: contracted by 2.7% in contrast to a rise of 2.3% in previous year.



Mining and quarrying

Mining and quarrying rose by 0.9% accelerating from a 0.2% increase in previous year as a consequence of crude oil production with an expansion rate of 7.4%. An increase in oil production was resulted from new oil wells namely Chaba, Lanta, Rajapuek, and Yungthong. Meanwhile, non-ferrous metal ores expanded dramatically by 56.5% due to an increase of production of silver, gold, and zinc. Quarrying of stone, sand and clay rose by 8.7% instead of contraction with the rate of 8.8% as in previous year in response to construction services. Other mining production increased by 2.8% reversing from a huge drop of 11.7% in previous year. In contrast, natural gas decreased by 3.7% as a result of a fall of liquefied natural gas with the rate of 2.0% due to production in Pailin and Bongkot oil wells – the largest existing productive oil wells. In addition, lignite and salt production fell by 2.2% and 0.9% respectively as a consequence of a decline of sea salt production.

Manufacturing

Manufacturing contracted by 6.1% as a consequence of global economic crisis. Contraction was found for almost all manufacturing sectors except for office, accounting and computing machineries, and chemicals and chemical products with a slight expansion. However, overall manufacturing sector turned into rising during the last quarter of 2009 as result of higher demand from trading partner countries along with domestic demand recoveries.

Industries with an expansion

Chemicals and chemical products expanded by 4.6%. Such a rise was mostly found in petrochemical industry due to increasing capacity for upstream-related industry in the beginning of the year. As a result, production increased for the end of the year.

Industries with slowing down expansion

Office, accounting and computing machineries considerably slowed down from 20.4% in 2008 to 3.1% in 2009. This resulted from a dramatic contraction of export of computing and equipments during the first half of the year. However, economic recovery from trading partner countries during the second half increased production of computing and equipments. As a result, overall manufacturing production became slowdown compared to previous year.

Industries with contraction

Food and beverages dropped by 3.3%. This was mainly from a contraction sugar industry, processing and preserving of vegetable and fruits due to a fall of agricultural materials. In addition, production of brewery products decreased in response to economic downturn.

Tobacco products fell by 8.1% due to domestic demand contraction as a consequence of hiking excise tax on tobacco products.

Textiles dropped by 6.0% consecutively falling from previous year as a result of a drop of export of weaving items. In addition, demand for material of downstream-related industry also decreased.

Wearing apparel decreased by 6.0% due partly to losing export markets to lower cost rival countries namely China and Vietnam along with global economic slowdown.

Leather products and footwear dropped by 9.4% owing to falling in foreign market demand.

Wood and wood products fell slightly by 1.9% as a result of construction services and wood packaging industries in response to economic downturn.

Paper and paper products dropped by 1.4% in line with a fall of domestic demand for printing services.

Printing and publishing fell by 3.0% due to falling in printing service in response to economic downturn.

Petroleum refinery decreased slightly by 0.9% as a consequence of economic contraction which led to a drop of overall energy demand.

Rubber and plastic products fell by 2.6%. This was mainly from a 6.1% drop of automobile tires in response to falling demand for motor vehicles. Meanwhile, plastic production decreased by 7.5% in accordance with domestic and global demand reduction.

Other non-metallic products contracted by 7.5% consecutively dropping from previous year. This resulted mainly from a fall of glass and concrete products in response to consecutive reduction of domestic and global demand.

Basic metals declined by 11.6% due to a fall of demand for iron downstream-related industries namely auto industries and electrical appliances etc.

Fabricated metal products dropped by 8.9%. Contraction was found for almost all metal product items especially coating industry in response to reduction of metal downstream-related industries.

Machinery and equipments decreased dramatically by 13.0% which was mostly from a drop of household machinery namely air-conditioner, fridge, electrical fan, and etc. as a result of falling export demand from partner countries.

Electrical machinery and apparatus dropped by 1.1%. Contraction was mainly from electrical motor, lamp, and electrical appliances in response to a drop of export demand and downstream-related industries.

Radio, television, and communications equipment and apparatus decreased by 3.3%. Such a fall was from electronic equipments with the rate of 7.5% in line with reduction of export demand.

Medical, precision and optical instruments, watches and clocks contracted by 5.2% which was mainly from watches and parts in response to a fall of export demand.

Motor vehicles considerably dropped by 24.8% due mainly to a fall of domestic demand especially commercial vehicles along with a reduction of global auto markets.

Other transport equipments decreased by 12.9% as a result of falling demand in domestic and foreign demand.

Furniture; manufacturing n.e.c. contracted by 1.7% due to a fall furniture production in response to domestic and export demands.

Manufacturing sector growth and structure

Industry	Growth rate		Structure	
	2008	2009	2008	2009
Foods products and beverages	2.0	-3.3	14.8	15.3
Tobacco	-1.4	-8.1	0.7	0.7
Textiles	-3.4	-6.0	4.3	4.3
Wearing apparel	-0.5	-6.0	4.5	4.5
Leather products and footwear	-5.3	-9.4	2.8	2.7
Wood and wood products	-6.1	-1.9	0.2	0.2
Paper and paper products	-6.3	-1.4	1.6	1.7
Printing and publishing	-0.5	-3.0	0.6	0.7
Petroleum refinery	-11.7	-0.9	5.6	5.9
Chemicals and chemical products	-3.4	4.6	4.5	5.0
Rubber and plastic products	0.5	-2.6	3.2	3.3
Other non-metallic mineral products	-1.7	-7.5	4.2	4.1
Basic metals	-7.0	-11.6	0.9	0.8
Fabricated metal products	-2.5	-8.9	2.4	2.4
Machinery and equipment	8.0	-13.0	6.3	5.8
Office, accounting and computing machinery	20.4	3.1	11.7	12.8
Electrical machinery and apparatus	0.0	-1.1	1.9	2.0
Radio, television and communication equipment and apparatus	-3.2	-3.3	8.4	8.6
Medical, precision and optical instruments, watches and clocks	6.0	-5.2	1.0	1.0
Motor vehicles	16.5	-24.8	12.0	9.6
Other transport equipment	53.1	-12.9	1.9	1.8
Furniture; manufacturing n.e.c.	6.0	-1.7	6.5	6.8
Total	3.9	-6.1	100.0	100.0

Electricity, gas and water supply

Production of electricity, gas and water grew slightly by 0.9% slowing down from 4.0% in previous year. Deceleration was found in all components. Electricity – the share of 82.7% of sectors – expanded by 0.7% in response to deceleration of electricity consumption in which medium and large users dropped by 1.9% and 3.7% respectively. Meanwhile, consumption of electricity by household rose by 5.5%. Production of water supply and distribution increased by 0.4% slowing down from a 1.2% incline in previous year. Natural gas separation slowed down by 3.5% comparing to a 6.6% rise in previous year in response to production of gas from separation plant.

Electricity, gas and water supply growth

Type	2007	2008	2009
Electricity	4.7	4.1	0.7
Gas separate plant	15.8	6.6	3.5
Water supply	2.7	1.2	0.4
Total	5.1	4.0	0.9

Electricity consumption growth

Type	2007	2008	2009
Residential	4.1	2.7	5.5
Small enterprises	6.2	3.0	4.4
Medium enterprises	1.9	0.4	-1.9
Large enterprises	4.9	1.2	-3.7
Special enterprises	5.9	5.1	3.4
Others	2.2	-0.1	2.1
Total	4.2	1.6	0.0

Electricity consumption structure

Type	2007	2008	2009
Residential	21.6	21.8	23.0
Small enterprises	10.3	10.4	10.9
Medium enterprises	17.5	17.3	16.9
Large enterprises	42.0	41.8	40.2
Special enterprises	3.1	3.2	3.3
Others	5.6	5.5	5.6
Total	100.0	100.0	100.0

Construction

Construction industry grew by 0.4% comparing to a 5.3% drop in previous year.

Public construction grew by 5.4% comparing to a drop of 9.7% in previous year. This was mainly in construction of central and local authorities such as rural water resource and office building of Royal Irrigation Department and road construction of Department of Highways, especially intercity motorway repairing project from investment projects appearing in Stimulus Package II (SP2). In addition, state enterprise construction rose which was mostly from continual projects namely construction of gas separation plant by the Petroleum Authority of Thailand (PTT) and dual track railway project by the State Railway of Thailand in the eastern seaboard area.

Private construction dropped by 4.6% comparing to 0.4% in previous year. This was partly from a fall of residential and commercial construction. Although overall price of materials and supply trended to decline, it was still unattractive to inventors.

Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods

This sector decreased by 0.3% comparing to 1.0% in previous year. Contraction was from both wholesale and retail trade with a fall of 0.6%. In addition, trade on imported goods dropped by 2.4% in response to a decrease of imports. In domestic goods, trading of industrial goods reduced in accordance to domestic production. In contrast, repairing of motor vehicles, motorcycles, personal and household goods expanded by 2.4% decelerating

from a rise of 3.0% in previous year in which repairing of motor vehicles and motorcycles increased by 6.3%. Meanwhile, repairing of household appliances, musical and sports equipments dropped by 2.8% reversing from a rise of 14.6% in previous year.

Hotels and restaurants

Hotels and restaurants decreased by 0.3% comparing to a 1.6% rise in previous year. Such a reduction was from restaurants services with a drop of 0.3% reversing from a 0.2% expansion in previous year in response to a fall of household consumption. Hotels services fell by 0.1% comparing to a 0.2% increase in previous year in accordance with foreign tourists with a drop of 3.0%. It was seen that number of tourists decreased dramatically for the first half of 2009 continuously declining from the end of 2008. For the second half of 2009, number of inbound tourists increased by 12.4%. Political turmoil in the first half of 2009 dampened tourist's confidence. In addition, main tourist market countries faced to economic downturn along with a new influenza 2009 outbreak. As a result, tourist income dropped by 8.9% in response to a fall of hotel occupied rate which dropped to 49.2% in 2009 comparing to 56.2% in 2008 together with a drop of hotel price.

Transport, storage and communication

Transport, storage and communication kept decreasing from 0.5% in 2008 to 3.8% in 2009 as a result of a 10.8% decrease in air transport in corresponding to falling in number of passengers and tourist contraction. In addition, tele-communication services contracted by 4.8% resulting from unfavorable performance. In contrast, land transport increased by 0.6% decelerating from a 3.6% rise in previous year.

Financial intermediation

Financial intermediation rose by 4.0% decelerating from 8.3% in previous year. This resulted from that commercial banks exhibited unfavorable performance attributed by a slowdown in net interest receipts. Such a deceleration was from a drop of interest receipts in line with a fall of credit loans to business sectors. In addition, interest payment items dropped slower than a fall of deposit amount. This originated from that depositors diverted to other higher-return assets namely securities, debentures, and bonds. Moreover, life and non-life insurance businesses also slowed down.

Real estate, renting and business activities

This sector rose by 1.1% slowing down from a 2.5% increase in previous year. This resulted from that renting service – a 79.5% share of total services – decelerated by 2.5% from a 3.4% expansion in

2008. Real estate services fell by 5.0%. In addition, other business activities dropped by 3.8% comparing to 6.4% in previous year, comprising mostly of accounting service with a decline of 3.7%. Moreover, a reduction was found from photographic activities, legal, and engineering services.

Other services

Overall other services increased by 2.0% accelerating from a tiny expansion of 0.6% in previous year. Attributions of acceleration were as follows;

- Education rose by 5.3% comparing to a rise of 0.3% in previous year. Such an expansion was from public and private educations with the rate of 5.3% and 5.2% respectively.
- Health and social work increased by 2.0% reversing from a fall of 0.8% in previous year. This was mainly from a 2.9% increase in public health services along with a 0.1% rise for private health services.
- Other community, social and personal service activities grew by 0.5% slowing down from 0.7% in previous year. This resulted from a 1.7% rise of recreation, cultural and sporting activities comparing to a 3.5% increase in previous year. An increase was mainly from a 3.3% expansion for radio and TV broadcasting and cable TV service in response to business expenditure on advertising and TV media renting, slightly rising from 3.2% in previous year. Government lottery expanded by 1.0% comparing to a 2.1% rise in previous year. In contrast, personal services namely laundry service, beauty salon, and other services dropped by 4.5% recovering from a sharp fall of 9.2% in previous year.

3. Expenditure

3.1 Private consumption expenditure

Private consumption expenditure in 2009 fell by 1.1% comparing to a 2.9% expansion in 2008, the first decrease since economic crisis in 1997.



Global financial crisis and economic downturn led to dramatic reduction in manufacturing and service industry production from the first to third quarter and affected to employment and labour income contraction. In addition, political instability influenced to consumer confidence along with a slowdown of farm income and falling prices of major crops. This worsened household purchasing power even through inflation maintained at the low level rate together with the 5-measure 6-month stimulus package from the government. Nevertheless, household consumption expenditure declined by 1.1%, the first decline since economic crisis in 1997.

Credit card expenses, personal consumption loans by commercial bank and consumer confident index

(Billion Baht)	2007	2008	2009
Domestic and aboard usage	636	711	737
Cash advance	204	210	200
Total	840	921	936
Growth rate (%)	11.8	9.5	1.7
Personal loans for consumption	1,410	1,586	1,694
Growth rate (%)	18.7	12.5	6.8
Consumer confident index	77.1	77.8	74.3
Growth rate (%)	-6.5	0.9	-4.5

Source: Bank of Thailand, UTCC

Private consumption expenditure in 2009 decreased significantly in durable goods especially automobiles and motorcycles together with semi-durable goods and services such as household equipments and textiles. However, non-durable goods slowed down which was mainly found from food items. Moreover, alcoholic beverages continued to fall from previous year as a result of an increase in prices affected from hiking excise taxes on alcoholic beverages.

Private consumption expenditure classified by purpose (COICOP) growth and structure

	Growth rate		Structure	
	2008	2009	2008	2009
Food and non-alcoholic beverages	1.8	1.1	25.7	26.3
Alcoholic beverages, tobacco and narcotics	-1.0	-7.8	7.7	7.2
Clothing and footwear	0.5	-3.2	7.2	7.1
Housing, water, electricity, gas and other fuels	3.8	3.4	10.5	11.0
Furnishings, household equipment and routine maintenance of the house	7.0	-9.8	9.4	8.5
Health	4.8	5.5	6.6	7.0
Transport	3.7	-2.9	14.6	14.4
Communications	4.9	-1.8	4.3	4.3
Recreation and culture	3.3	-4.9	6.9	6.6
Education	2.2	4.9	0.5	0.6
Restaurants and hotels	2.3	0.2	8.9	9.0
Miscellaneous goods and services	3.8	0.6	6.7	6.8
plus: Expenditure of residents abroad	-10.6	-12.4	2.7	2.4
less: Expenditure of non-residents in the country	-0.2	-6.1	11.7	11.1
Private consumption expenditure (PCE)	2.9	-1.1	100.0	100.0

Food and non-alcoholic beverages – the largest component of private consumption expenditure with the share of 26.3% – grew by 1.1% decelerating from 1.8% in previous year. Expenditure on food items slightly increased only by 0.4% as a result of the falls of fishery products (2.6%), fruit (5.3%), vegetable (4.3%), sugar and dessert (1.5%), rice and cereals (0.8%). In contrast, meat, milk and eggs, oil and fat, and other foods increased by 3.0%, 6.3%, 6.6% and 3.4% respectively. However, non-alcoholic beverages slightly decreased by 3.3%.

Alcoholic beverages and tobacco decreased by 7.8% comparing to a drop of 1.0% in previous year. The reduction was from alcoholic beverages and breweries by the rate of 7.8% and 11.7% respectively whereas liquor rose by 7.9%. Tobacco products decreased by 7.8% partly as a result of an increase of prices affected from hiking excise taxes on alcoholic beverages since 2008.

Clothing and footwear dropped by 3.2% comparing to an increase of 0.5% in previous year as a result of economic downturn seen from a 3.3% decrease for clothing and 2.3% drop for footwear.

Housing, water, electricity, gas and other fuels rose by 3.4% slightly decelerating from 3.8% in previous year. Housing rent and water expanded by 2.6% along with expenditure on electricity, gas and other fuels which kept expanding by 5.8%.

Furnishing, household equipment and routine maintenance of the house dropped by 9.8%. Slowdown of economy dampened to consumption expenditure of luxury items namely furnishing, and household equipments and maintenances with the drops of 13.6% and 9.1% respectively.

Health expanded by 5.5% accelerating from the rate of 4.8% in previous year with an increase in medicine expenses and medical services by the rate of 6.3% and 3.8% respectively.

Vehicle Sales

	2007	2008	2009
Passenger car (units)	169,559	225,751	235,169
Growth rate (%)	-11.4	33.1	4.2
Motorcycle (thousand units)	1,558	1,748	1,521
Growth rate (%)	-18.9	12.1	-13.0

Source: Bank of Thailand

Transport decreased by 2.9% comparing to an increase of 3.7% in previous year owing to a 5.8% decrease in expenditure on vehicles. Nonetheless, sale of passenger vehicles rose only by 4.2% whereas sale of motorcycles dropped by 13.0%. Such a deceleration of vehicles was partly from domestic economic turmoil induced from global financial crisis together with political instability.

Meanwhile, personal transport expense slightly decreased by 1.6% recovering to a 9.6% drop in previous year which was due partly to a fall of oil consumption. On the other hand, public transport expense slightly increased by 0.1%.

Domestic retail oil prices

(Baht / litre)	2007	2008	2009
Benzene 95	29.17	35.06	37.50
Growth rate (%YoY)	5.7	20.2	6.9
Benzene 91	28.32	33.43	31.30
Growth rate (%YoY)	5.7	18.0	-6.3
Gasohol 95 E20	26.17	28.97	27.70
Growth rate (%YoY)	0.3	10.7	-4.3
HSD Diesel	25.66	31.26	24.77
Growth rate (%YoY)	0.3	21.8	-20.8

Source: EPPO and DOEB, Ministry of Energy

Communication dropped by 1.8% reversing from a 4.9% increase in previous year as a result of a drop of both postal and telephone services. Number of mobile phone subscribers slightly increased by 5.4% whereas fixed line subscribers continually decreased by 1.2%.

Education increased by 4.9% accelerating from 2.2% in previous year due to an increase of private school students, particularly in vocational level.

Restaurants and hotels continued to decelerate with an increase of 0.2% comparing to 2.3% in previous year. Restaurants showed slower pace of growth with the rate of 0.2% whereas hotels fell by 0.6%. The consecutive slowdown was mainly from political turmoil especially from state of emergency declaration during the water festival period and being extended to the end of year in particular areas. Additionally, number of inbound tourists dropped by 3.0% due to an outbreak of Bird Flue 2009 in some provinces.

Private consumption expenditure classified by durable appearance growth and structure

Durable appearance	Growth rate				Structure	
	2008		2009		2008	2009
	2008	2009	2008	2009	2008	2009
Durable goods	10.8	-6.3	12.2	11.6		
Semi-durable goods	3.2	-8.6	14.6	13.5		
Non-durable goods	1.5	0.7	48.3	49.2		
Services	1.8	2.1	24.9	25.7		
PCE	2.9	-1.1	100.0	100.0		

Consumers' expenditure classified by durability.

Durable goods considerably dropped by 6.3% in 2009 opposite to an increase of 10.8% in 2008. Durables accounted for 11.6% of total private consumption expenditure which consisted of vehicles, furniture, large electronic equipments, computers, radio, and televisions.

Semi-durable goods fell by 8.6% reversing from an increase of 3.2% in 2008. Semi-durables accounted for 13.5% of total private consumption expenditure which consisted of clothing, footwear, kitchenware, and textiles.

Non-durable goods in 2009 slightly rose by 0.7% decelerating from an expansion of 1.5% in 2008. Non-durables were considered to be the largest item in private consumption expenditure with the share of 49.2%. This item included foods and beverages, medicines, household products, water supply, and electricity.

Services increased by 2.1% accelerating from 1.8% in 2008. Expenditure on service items was 25.7% of total private consumption expenditure and service items covering education, health, hotels and restaurants, entertainment and recreation, net tourist receipts, and other services.

3.2 Government consumption expenditure

Government consumption expenditure at current market prices in 2009 registered at the value of Baht 1,213,928 million with an increase of 8.3%. Government compensation of employees – the largest component with the value of Baht 847,373 million – rose by 6.4% in 2009. For the rest of items, net purchase of goods and services with the value of Baht 366,554 million surged by 13.1%. Such an expansion was partly from amending retirement allowance regulation for provident fund since the last quarter of 2009.

The value of government consumption expenditure at constant prices grew by 7.5% as a result of a 2.5% increase in compensation of employees and 14.5% for net purchase of goods and services.

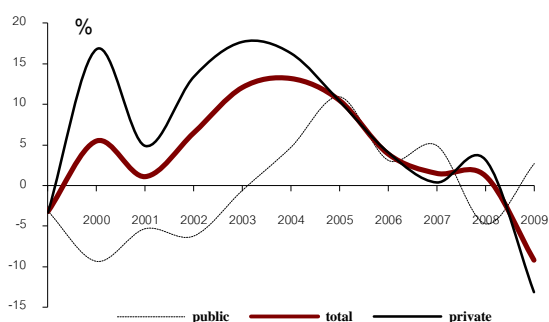
3.3 Gross capital formation

Gross capital formation comprised gross fixed capital formation and change in inventories. Gross fixed capital formation or investment in 2009 dropped by 9.2% comparing to an increase of 1.2% in previous year. This resulted from a contraction of private investment, which decreased by 13.1% comparing to an increase of 3.2% in previous year, whereas, public investment showed a sign of improvement with an increase of 2.7% comparing to a 4.7% drop in 2008.

Growth rate and structure of gross fixed capital formation

	Growth rate and structure of gross fixed capital formation (%)			
	Growth rate		Structure	
	2008	2009	2008	2009
1. Private	3.2	-13.1	75.6	72.4
• Construction	0.1	-5.1	16.5	17.3
• Equipment	4.1	-15.3	59.1	55.1
2. Public	-4.7	2.7	24.4	27.6
• Construction	-9.0	5.9	16.0	18.6
• Equipment	4.8	-3.4	8.4	9.0
Gross fixed capital formation	1.2	-9.2	100.0	100.0

Gross fixed capital formation growth



Private investment

Private investment declined by 13.1% reversing from a 3.2% increase in previous year due to private investment in both construction and machinery and equipment dropped by 5.1% and 15.3% respectively.

Private construction in real term dropped noticeably by 5.1% comparing to an increase of 0.1% in previous year. This partly was a result of residential and commercial construction which dropped by 10.0% and 9.9% respectively. Surprisingly, declining trends on overall prices of materials and supplies were unattractive to investors. However factory construction and others grew by 7.4% and 9.6% respectively.

Private investment on equipments and machineries fell by 15.3%. This resulted from a decline of industrial machinery and office equipments by the rate of 15.2% and 21.1% respectively. In addition, import machinery used in manufacturing fell in response to economic downturn. Moreover, transport equipments decreased by 7.5% especially on truck and commercial vehicles.

Growth rate and structure of private investment

Type	Growth rate and structure of private investment (%)			
	Growth rate		Structure	
	2008	2009	2008	2009
1. Construction	0.1	-5.1	21.9	23.9
Residential	0.9	-10.0	13.5	14.0
Factory	-4.8	7.4	2.2	2.7
Commercial	6.2	-9.9	2.6	2.7
Other	-3.9	9.6	3.6	4.5
2. Equipment	4.1	-15.3	78.1	76.1
Total	3.2	-13.1	100.0	100.0

Public investment

Public investment rose by 2.7% comparing to a 4.7% drop in previous year.

Growth rate and structure of public investment

Type	Growth rate and structure of public investment (%)			
	Growth rate		Structure	
	2008	2009	2008	2009
1. Construction	-9.0	5.9	65.4	67.5
Residential	-19.9	-34.9	8.4	5.3
Non-residential	4.9	7.7	11.4	12.0
Other	-9.8	13.0	45.6	50.2
2. Equipment	4.8	-3.4	34.6	32.5
Total	-4.7	2.7	100.0	100.0

In 2009, public construction in real term grew by 5.9% reversing from a 9.0% drop in 2008. This was mainly from contribution of a 6.5% rise in construction of central and local authorities such as rural water resource and office building of the Royal Irrigation Department and road construction of the Highways Department especially for intercity motorway repairing project in lie with investment projects from the Stimulus Package II (SP2). In addition, state enterprise construction rose by 4.7% comparing to an 11.5% drop in previous year. Moreover, there were continual projects namely construction of gas separation plant by the Petroleum Authority of Thailand (PTT) and dual track railway project by the State Railway of Thailand in the eastern seaboard area.

Public machinery and equipments decreased by 3.4% opposite to a 4.8% rise in previous year. This resulted from a decrease of 11.6% in central and local authorities. Meanwhile, state enterprise investment expanded by 1.9% due to an import of three aircrafts of Thai Airways International Public Company Limited, registered with the value of Baht 11,682 million.

3.4 Change in inventories

The change in inventories at current market price registered at Baht 261,315 million declining from previous year. Entirely, the stockpile decreased as seen in both agricultural and manufacturing sectors. In 2009, the overall production dropped from previous year due to an impact of global economic slowdown in the first half of the year as a consequence of economic recession from trading

partners. As a result, export considerably dampened. In addition, a decrease in industrial production was seen in most product categories. Meanwhile, entrepreneurs expedited to release products into the market and reduced their stockpile of raw materials thus contracting the import of intermediate goods. Furthermore, dramatic decline was found from the stockpile of several industrial goods, especially computer and appliances, integrated circuit and electrical apparatus.

Presumably, production in China, Vietnam and India decelerated as a consequence of threatened natural disasters. In addition, demand on frozen seafood, particularly for fresh chilled shrimp and frozen shrimp in global market grew as a result of recovering economies of importers in the second half of 2009. Those importers turned to import food from Thailand, instead of China, one of the key producers because of contaminated food in frozen seafood items as well as livestock products. Furthermore, export value of gold greatly surged in previous year in response to rising in gold price in global market. As a result, the gold for arbitrage increased which consequently led to decrease in domestic stockpile. However, the stockpile of some manufacturing products kept rising such as garments due to surging imports of cheap price clothes from China and Hong Kong along with an increase of orders in the last quarter. For the stockpile of farm products, stock of paddy fell as a result of a decline in production of off-season rice in response to government policy in reducing cultivation area during a drought period. Meanwhile, rice mills kept producing white rice in into the market.

4. External sectors

4.1 Exports

Exports of goods and services at current market prices with an amount of Baht 6,180,052 million fell by 11.0%. Such a fall was found from both exports of goods and service receipts.

Merchandise exports at current market price registered at Baht 5,155,054 million and declined by 11.6% due to the fact that quantity of export goods dropped by 13.6% comparing to a 6.0% expansion in previous year. Meanwhile, export prices slowed down by 2.3% reversing from a 5.6% thrive in preceding year. In real term, export quantities of agricultural and manufacturing products decreased by 11.5% and 14.2% respectively. A fall in real term was contributed by main export products such as electrical appliances, computers, vehicles and textiles.

Service receipts at current market price were at Baht 1,024,998 million diminishing by 7.7% comparing to a 6.0% reduction in previous year. The key factor was from a decrease of travel receipts with the rate of 11.2% together with a 19.9% fall in transport receipts from both freight and passenger.

4.2 Imports

Imports of goods and services at current market prices recorded at Baht 5,226,526 million which declined by 22.1% reversing to a 21.0% rose in previous year on the strength of a reduction of import goods together with service payments.

Merchandise imports at current market price registered at Baht 4,485,935 million which decreased by 23.3% opposite to a 22.5% rise in preceding year. This resulted from a 0.2% fall in prices together with quantity slump by 23.1% comparing to an 8.9% expansion in previous year. These results were from a lower domestic demand in both production and consumption leading to a fewer import in all categories including raw materials, capital goods and consumption goods.

Service payments at current market price posted at Baht 740,591 million which dropped by 14.2% contrary to an 11.9% rise in preceding year. Service payments dropped in all items describing by a 25.7% decline in transportation from both freight and passenger comparing to a 21.9% increase in previous year. Freight payments fell by 24.2% owing to a lower international trading volume. In addition, traveling payments continued sinking from 5.9% to 10.8% and other service payments also dropped by 9.7%.

4.3 Trade and services balance and current account

Trade and services balance at current market prices registered a surplus of Baht 953,526 million rising from a surplus of Baht 232,745 million in previous year. Trade balance posted a surplus of Baht 669,119 million as a consequence of import reduction which was larger than export reduction. Furthermore, service balance continued to surplus with the value of Baht 284,407 million. This led to surplus in current account with the value of Baht 754,474 million increasing from Baht 67,380 million in preceding year. Surplus of current account was mainly from that trade and service surplus dominated a deficit of net factor income from aboard and falling in net current transfer surplus.

Exports, imports and current account

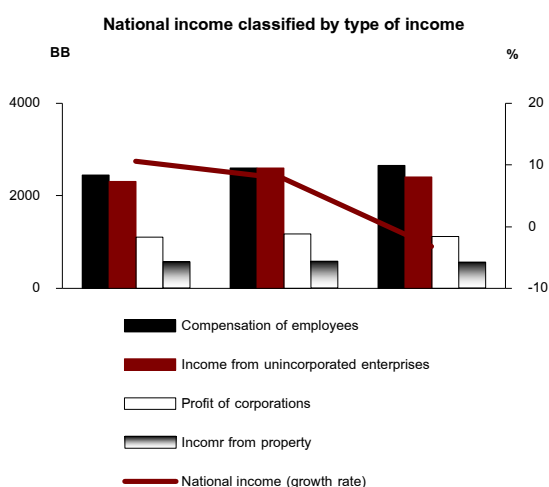
Item	At current prices (million Baht)		Growth rate (%)	
	2008	2009	2008	2009
Exports	6,941,526	6,180,052	10.9	-11.1
Goods	5,831,086	5,155,054	11.9	-11.6
Services	1,110,440	1,024,998	6.0	-7.7
Imports	6,708,781	5,226,526	21.0	-22.1
Goods	5,845,352	4,485,935	22.5	-23.3
Services	863,429	740,591	11.9	-14.2
Trade and services balance	232,745	953,526	-67.5	309.7
Percentage to GDP (%)	2.6	10.5		
Net factor income from abroad	-323,601	-352,513	-4.0	-8.9
Net current transfers from abroad	158,236	153,461	16.5	-3.0
Current account balance	67,380	754,474	-87.5	1,019.7
Percentage to GDP (%)	0.7	8.3		

4.4 Exchange rate

The 2009 Thai Baht averaged at 34.34 Baht per U.S. dollar which depreciated comparing to 33.36 Baht per U.S. dollar in 2008.

5. National income and savings

National income on income approach described returns on factors of production comprising labor, land, capital, and entrepreneurs. National income valued at Baht 6,513,065 million in 2009 which contracted by 3.2% decelerating from a 7.8% rise in 2008. Compensation of employees regarded as the main part decelerated by 2.1%. Returns on land, capital and entrepreneurs shrank by 6.0%. Slowdowns were found from incomes from unincorporated enterprises, profit of corporations, and property incomes which contracted by 7.3%, 4.5%, and 3.3% respectively.



The distribution of national income

Type of income	Value (million baht)		Growth rate (%)	
	2008	2009	2008	2009
Compensation of employees	2,606,362	2,662,311	6.4	2.1
Returns on land, capital and entrepreneurs	4,357,086	4,095,670	9.2	-6.0
Income from unincorporated enterprises	2,598,155	2,409,062	12.3	-7.3
Profit of corporations appropriated before deducted by direct taxes on corporations and profit of government enterprise	1,179,573	1,126,228	6.3	-4.5
Income from property and transfer from corporations	579,358	560,380	2.1	-3.3
Less Interest on the public debt	116,193	117,244	11.9	0.9
Less Interest on consumer's debt	118,183	127,672	24.7	8.0
National income	6,729,072	6,513,065	7.8	-3.2
Population (million persons)	66.5	66.9	0.7	0.6
National income per capita (Baht)	101,216	97,351	7.1	-3.8

5.1 Compensation of employees

Compensation of employees in 2009 amounted Baht 2,662,311 million, accounted for 40.9% of national income. Employees' wage and fringe benefit expanded by 2.1% decelerating from 6.4% in previous year due to economic downturn. However, the Thai economy showed recovery signs in the second half of the year. The labour force survey report showed unemployment rates at 2.1% and 1.7% in the first and second quarter of 2009. After the Thai economy recovered in the second half of the year, unemployment rates improved to 1.2% and 1.0% in the third and fourth quarter respectively. Although, economic crisis affected manufacturing production, unemployment was still in favorable rate. This resulted from that firms attempted to maintain high-skilled workers so as to instantaneously resume their production after the recovery period. In addition, they cut labour cost by reducing working hours. As a result, overall unemployment rate in 2009 posted a tiny increase to only 1.5% comparing to 1.4% in previous year.

Private and public compensation of employees (%)

Item	Growth rate		Structure	
	2008	2009	2008	2009
Private sector ^{1/}	7.3	1.1	62.0	61.0
Public sector	6.0	5.4	38.0	39.0
Government	6.5	6.4	30.3	31.4
Enterprise	3.9	1.5	7.7	7.6
Total	6.8	2.7	100.0	100.0

Remark: 1/ including domestic private compensation of employees and net compensation of employee's from abroad

5.1.1 Private and public compensation of employees

Private compensation of employees recorded at Baht 1,649,534 million or 61.0% share of total compensation of employees decelerating by 1.1% compared to 7.3% in previous year. Such a slowdown was mainly from both agricultural and non-agricultural compensation. In addition, deceleration affected from a decline of export-oriented industry as well as a fall of foreign tourism. Furthermore, falling price of major crops also affected to compensation of employee in agricultural sector. In public sector, compensation of public employees – comprised of public servants, government officials, state enterprise employees, public permanent employees, and public temporary employees – recorded at Baht 1,053,666 million dropping from 6.0% in 2008 to 5.4% in 2009 with the share of 39.0% to total compensation of employees.

Compensation of employees by sector

Sector	Growth rate		Structure (%)	
	2008	2009	2008	2009
Agricultural sector	7.0	3.1	3.4	3.5
Agriculture, hunting and forestry	9.4	3.5	2.8	2.8
Fishing	-2.4	1.5	0.7	0.7
Non-agricultural sector	6.8	2.7	97.5	98.1
Manufacturing	7.0	0.1	35.8	35.1
Public Administration and Defense	6.8	4.1	14.2	14.5
Financial intermediation	11.2	6.5	6.9	7.2
Wholesale and Retail Trade	4.0	1.5	5.3	5.3
Net compensation of employees from abroad	-70.7	-60.6	-1.0	-1.5
Total	6.4	2.1	100.0	100.0

5.1.2 Compensation of employees by sector

In agriculture sector, compensation of employees – with the value of Baht 92,692 million and accounted of 3.5% to total compensation – expanded by 3.1% decelerating from 7.0% in previous year. Wages and fringe benefit in agriculture, hunting and forestry decelerated from a rise of 9.4% in 2008 to 3.5% in 2009 due mainly to a reduction in planting areas especially rice and cassava, followed by an unattractive price and an outbreak of brown plant hopper. Meanwhile, wage and benefit in fishery expanded 1.5%. For non-agricultural sector, compensation of employee – valued at Baht 2,610,508 million and accounted of 98.1% to total compensation of employees – decreased from 6.8% in 2008 to 2.7% in 2009. Slowdown was mainly from manufacturing sector which accounted of 35.1% to total compensation of employee decelerating to an expansion of 0.1% due to a decline from both domestic and external demand. Contraction was largely attributed to reduction on production in almost manufacturing sector with labour reduction. Wages and fringe benefit in transportation sector contracted by 3.3% as a result of slowing down of transport volume in response to a fall of production. Compensation of

employee in hotels and restaurants sector fell by 0.5% owing to domestic political instability which led to decline in number of tourists. Wages and fringe benefit in construction services also shrank by 0.4% in line with a decrease in construction demand. Moreover, decline of goods and services production led to deceleration of compensation of employee in financial intermediation sector and wholesale and retail trade by the rate of 6.5% and 1.5% respectively. In contrast, wages and fringe benefits in public administration and defense sector, education sector and health sector still expanded by 4.1%, 9.3%, and 7.1% respectively.

5.2 Returns on land, capital, and entrepreneurs

Returns on land, capital and entrepreneurs posted the value of baht 4,095,670 million in 2009 which accounted for 62.9% to total national income. A contraction of 6.0% reversing from a 9.2% rise in 2008 was able to be categorized by type of income as follows:

5.2.1 Income from unincorporated enterprises

In 2009 was Baht 2,409,062 million, consisting of farm income and other unincorporated enterprises. Unincorporated income – accounted for 37.0% to total national income – contracted by 7.3% worsening from an expansion of 12.3% in 2008. Meanwhile, farm income in 2009 declined by 1.9% as result of unattractive price in major crops, a reduction in planting areas and an outbreak of brown plant hopper.

5.2.2 Income from property and entrepreneurship (profit of corporations)

posted the value of Baht 1,126,228 million and accounted for 17.3% to total national income which slowed down at 4.5% from an increase of 6.3% in previous year due to overall economic contraction.

5.2.3 Income from property received by households, private non-profit institutions, and government and transfer from corporations

in 2009 shrank by 3.3%. This was mainly from incomes from property and private non-profit institutions – contributed for 88.3% to total property income – contracted by 2.8% comparing to an increase of 2.0% in previous year. A contraction was mostly from a fall of interest rate to households. However, general government income from property showed favorable sign with an expansion of 16.7% reversing from a contraction of 15.8% in previous year.

5.2.3.1 Income from property received by households and private non-profit institutions

with the value at Baht 494,859 million shrank by 2.8%. Contraction was originated from an interest receipts from banks which significant shrank by 25.4% due to a fall of interest rate. Moreover, rent and income from provident funds, government

pension fund and insurance decelerated by 0.3% and 2.3% respectively. However, dividend to households kept increasing by 10.3%, thus overall income from property received by households slightly contracted.

Income from property received by households and private non-profit institutions (%)

Item	Growth rate		Structure	
	2008	2009	2008	2009
Rent	12.4	0.3	11.5	11.9
Interest	-10.7	-25.4	29.4	22.6
Paid by Banks to household	-13.0	-30.4	25.1	18.0
Others	5.4	3.6	4.3	4.6
Dividend	6.4	10.3	41.2	46.7
Others	10.7	2.3	17.9	18.8
Total	2.0	-2.8	100.0	100.0

Commercial banks interest rate (%)

End of period	2007	2008	2009
Saving	0.75	0.75	0.5-0.75
12 months	2.25-2.38	2.0-3.5	0.65-1.75

Source: Bank of Thailand

5.2.3.2 General government income from property – consisting of income from rent, interest, and dividend – lessened by 13.0% comparing to a 2.5% increase in 2008. A decrease was mainly from dividend income which declined by 30.9% at the value of Baht 8,525 million in 2009. Those decreases were from reduction of dividend of PTT Public Company Limited, Thai Airways International Public Company Co., Ltd., Vayupak mutual fund, Asean Bintulu Fertilizer Sdn. Bhd. (ABF), Esso (Thailand) Public company Limited, and TOT Public Company Limited. However, income from rent and interest surged by 10.5% and 6.4% respectively.

5.3 Savings and saving-investment gap Gross savings with the value of Baht 2,674,980 million declined by 1.4 % improving from a 2.9% decrease in previous year. Furthermore, gross capital formation with the value of Baht 1,920,506 million contracted by 27.4%. Consequently, saving-investment gap posted at the value of Baht 754,474 million dramatically increased comparing to surplus Baht 67,380 million in previous year.

5.3.1 Net savings with the value of Baht 1,369,603 million shrank by 15.7% in 2009. A decrease was from both private sector and public sector by the rate of 6.0% and 40.2% respectively.

5.3.1.1 Private net savings – consisted of households and non-profit institutions savings, corporation and cooperative savings with the value of Baht 1,092,986 million and accounted for 56.9% of total net savings – contracted by 6.0% comparing to an expansion of 3.5% in previous year.

Savings and gross capital formation (%)

Item	Value (million baht)		Growth rate (%)	
	2008	2009	2008	2009
Gross capital formation	2,644,604	1,920,506	17.4	-27.4
Private sector	1,894,245	1,589,897	13.7	-16.1
Public sector	598,087	591,924	2.5	-1.0
Change in inventories	152,272	-261,315	3,815.5	-271.6
Gross savings	2,711,984	2,674,980	-2.9	-1.4
Net savings	1,624,912	1,369,603	-3.0	-15.7
Depreciation	1,169,742	1,265,666	8.4	8.2
Discrepancy	-82,670	39,711	-318.1	148.0
Saving-investment Gap	67,380	754,474	-87.5	1,019.7
Gap to GDP	0.7	8.3		

1) Savings of household and non-profit institute with the value of Baht 659,559 million contracted by 6.8% in 2009. An average disposable personal income posted at 86,632 Baht with a decline of 1.4%. Meanwhile, personal outlay valued at 76,773 Baht which slightly shrank by 0.6%. Consequently, average personal household saving posted at 9,858 Baht which contracted by 7.4% reversing from an expansion of 2.9% in previous year.

2) Corporations and cooperatives savings with the value of Baht 433,427 million in 2009 shrank by 4.6%. A reduction was mainly from private corporation savings with a fall of 4.8% due to an increase in net profit of corporation. However, after adjusting withholding gains (losses) and adjusting in line with national account concept, savings showed contraction performance as a result of reduction of economic condition.

Net savings

Item	Value (million baht)		Growth rate (%)	
	2008	2009	2008	2009
Private sector	1,162,361	1,092,986	3.5	-6.0
Households	707,950	659,559	3.6	-6.8
Corporations and cooperatives	454,411	433,427	3.3	-4.6
Public sector	462,551	276,617	-16.3	-40.2
Government	276,815	87,044	-24.7	-68.6
Enterprise	185,736	189,573	0.4	2.1
Net savings	1,624,912	1,369,603	-3.0	-15.7
Percentage to GDP	17.9	15.1		

Personal income, expenditure and savings

	Value (million baht)		Growth rate (%)	
	2008	2009	2008	2009
Personal income	6,081,216	6,019,988	9.0	-1.0
Less direct tax	195,273	188,362	2.6	-3.5
Current transfer to general government	5,804	6,195	20.5	6.7
Social security contribution	37,115	29,510	6.4	-20.5
Total	238,192	224,067	3.5	-5.9
Disposable personal income	5,843,024	5,795,921	9.3	-0.8
Less private				
Consumption expenditure	4,999,605	4,993,302	9.8	-0.1
Interests' debt	118,183	127,672	24.7	8.0
Current transfer to the rest of the world	17,286	15,388	23.7	-11.0
Total	5,135,074	5,136,362	10.1	0.0
Personal savings	707,950	659,559	3.6	-6.8

5.3.1.2 Public net saving – comprising general government saving, public corporations, and government enterprises savings – valued at Baht 276,617 million and accounted for 20.2% of total net savings. Public net savings continued to shrink by 40.2% improving from a fall of 16.3% in previous year. Contraction was from a 68.6% plunge in government savings whereas savings of public corporations and government enterprises escalated by 2.1%.

1) **General government net savings** recorded at Baht 87,044 million in 2009 with the proportion of 31.5% to total public savings or equivalent to 1.0% of GDP. Revenues of general government with the value of Baht 1,630,418 million decelerated by 0.5%. Meanwhile, government expenditure in non-investment item recorded at Baht 1,543,374 million and expanded by 13.4%. This was mainly from transfer to household which accounted for 14.8% of government expenditure surged sharply by 57.6% at the value of Baht 83,279 million. A dramatic expansion of transfer to household was affected from the government scheme in reduction of living cost such as 15-year-free education, 2000-Baht-cheque handout (distributed to lower income with those earning below Baht 15,000 a month) in the economic stimulus package 5-measures 6-months subsidies. The elderly pension, which enlarged the base of elderly people to cover greater number of people and the lump sum payment for medical services per person of the National Health Security Fund.

Instead, government revenue in 2009 continued to decelerate by 0.5% comparing to a 1.5% fall in previous year. After deduction of a 13.4% rise of government expenditure, government savings declined dramatically by 68.6%. Deceleration of government revenue was mainly from indirect taxes, corporate and personal income taxes, and government property income which enabled to categorize as follows;

- **Indirect taxes** – the main component with the proportion of 59.3% of government revenue in 2009 – soared by 5.5% as a result of an increase in excise taxes on oil, liquor, beer, and tobacco. Main escalation items were taxes on oil and oil products due to a rising of excise tax rate on oil, gasohol and diesel, taxes on vehicles, income from Thailand Tobacco Monopoly, stamp duties, and excise taxes on imported goods. On the other hand, decreases in tax items were from value added taxes, resulting from a contraction of imported values in both dollar and Baht terms especially value added taxes on raw materials, capital goods, intermediate goods, and fuel items together with a contraction of domestic

consumption as a result of global economic slump. In addition, the value added taxes of imported goods shrank in petroleum royalties, and excise taxes on vehicles. Furthermore, a reduction of specific business taxes in line with government stimulus package which was effective on 4th March 2008. As a result, business taxes and tuition fee of real estate decreased from 3% to 1% together with a decline of taxes on financial institutes due to a fall of interest rate and a slowdown of aggregate loans in response to compulsory measures for financial institutions. Besides, taxes on electrical apparatus and income from the government lottery office showed a decelerating increase.

- **Direct taxes on corporations** recorded as a share of 28% of government revenue and slowed down by 10.9%. Deceleration was from a 15.6% decrease in net profit of corporations due to a contraction of production, investment, and export volume as a consequence of global economic sluggish. Major business sectors affected from the world economic turmoil included financial institutions, wholesale and retail trade, motor vehicles and parts, petroleum refinery and natural gas, transport, and hotels and restaurants. However, petroleum income taxes expanded by 14.5% as a result of a rising in crude oil price that increased net profit of petroleum business.

- **Direct taxes on households**, considered to be an 11.6% share of government revenue, fell by 3.5% as a result of a deceleration of taxes on salary base as a consequence of economic downturn along with tax-cut program to stimulate Thai economy and alleviate burden of tax payers. In addition, taxes on interest income also dropped due to a decline of deposit in banking system especially current deposit in compliance with deposit rate downturn. Moreover, deceleration in property value dampened income taxes on real estate due to transfer base volume.

- **Contributions to social security**, the proportion of 2.6% of government revenue, decreased sharply by 19.2% as a result of a reduction of contribution rate to social security fund by both employers and employees. This was originated from stipulation of ministerial regulation in 2009 effective from 1st July 2009 to 31st December 2009. The regulation lessened employers and insured persons in reducing contribution rate to 0.5% comparing to an existence of 1.5% in case of injury or sickness, maternity, disability, and death. On the contrary, contribution from government incased to 2% from 1.0% in previous contribution. For the case of child dependence and senior person, both government

and employer contributions rose to 3% comparing to a 1.0% existence.

- **Income from property and entrepreneurship**, covering 5.6% of government revenue, increased by 16.7%. Surging was from an expansion in income received from government entrepreneurs with a 50.7% share of total government property income and an increase of 74.4%. A rise in property income of government entrepreneurs was originated from Electricity Generating Authority of Thailand, Metropolitan Electricity Authority, Provincial Electricity Authority, Metropolitan Waterworks Authority, Provincial Waterworks Authority, and Government Savings Bank. Moreover, other income from property and entrepreneurship consisting of rent and interest soared by 7.9% whereas dividend plunged by 30.9%.

- **Interest on public debt**, as a deduction from government revenue, was recorded at Baht 117,244 million and decreased by 0.9% due to a decline of local interest by the rate of 1.7% in line with interest of government bond which deteriorated by 5.9%. A decrease of government bond resulted from yields of short- and medium-term bonds which continuously dropped since the last quarter of 2008 as a result of market expectation on downward trend for 1-day repurchase rate. Meanwhile, a yield of long-term bonds increased as a consequence of supply expansion of long-term bonds in accordance with an expansionary fiscal policy. Additionally, investors adjusted their portfolio investment from long-term bonds to short-term bonds in response to an expectation of long-term bond price being decreased in line with supply of bonds along with a 41.9% fall of world interest.

2) Public corporations and government enterprises savings: enterprises savings valued at Baht 189,573 million and grew by 2.1% comparing to 0.4% in 2008. This resulted from subdue performance on public corporation and government enterprise. Overall net profit of public corporations and government enterprise was Baht 238,264 million and decreased by 20.5%. However, saving of public corporations and government enterprise increased with the value of Baht 276,774 million. This included adjustment of gain/loss on exchange rate and doubtful accounts with the value of Baht 38,510 million and annual appropriated income Baht 87,201 million.

5.3.2 Saving–investment gap

Saving–investment gap or current account in 2009 registered a surplus of Baht 754,474 million or equivalent

to 8.3% of GDP with a decline of both savings and investment. However, investment contraction overcame saving contraction which led to surplus on savings–investment gap.

6. GDP Implicit price deflator

GDP implicit price deflator rose by 1.9% comparing to a 3.9% incline in previous year, resulting from a 2.6% plunge in agricultural price deflator. In addition, agricultural, hunting and forestry decreased by 3.2% whereas fishery product grew by 6.7%. Price deflator of non-agricultural sector expanded by 2.4% comparing to a 3.1% rise in previous year as a result of a decline in price level of several sectors such as mining and quarrying, construction, wholesale and retail trade, real estate, renting and business activities, together with a shrink of financial intermediation and public administration.

On the expenditure side, price deflators rose by 3.5% due to a slowdown price deflator of exports of goods and services with the rate of 1.7%. Meanwhile, price deflator of imports of goods and services decreased by 0.8%. Therefore, price deflator of net exports of goods and services price deflators surged considerably by 230.7%.

Consumer price index (CPI) and producer price index (PPI) dropped by 0.8% and 3.8% respectively reversing from an expansion of 5.5% and 12.4% in previous year, respectively.

GDP Implicit price deflator classified by sectors

ISIC	Price Index (1988=100)		Growth Rate (%)	
	2008	2009	2008	2009
Agriculture	272.5	265.5	10.7	-2.6
Agriculture, hunting and forestry	298.6	289.1	12.8	-3.2
Fishing	144.3	153.9	-7.2	6.7
Non-agriculture	201.8	206.7	3.1	2.4
Mining and quarrying	330.9	319.0	12.8	-3.6
Manufacturing	180.6	187.7	0.3	3.9
Electricity, gas and water supply	177.5	186.8	1.6	5.2
Construction	272.3	257.5	9.8	-5.4
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	215.9	214.0	5.7	-0.9
Hotels and restaurants	274.4	274.8	3.9	0.2
Transport, storage and communications	150.1	156.5	3.5	4.3
Financial intermediation	220.3	220.4	6.0	0.0
Real estate, renting and business activities	128.4	126.5	-1.7	-1.5
Public administration and defense; compulsory social security	326.7	340.3	5.3	4.2
Education	351.3	360.2	6.3	2.5
Health and Social work	311.1	320.1	3.8	2.9
Other community, social and personal service activities	147.3	147.2	2.5	-0.1
Private households with employed persons	257.4	264.4	3.2	2.7
Gross Domestic Product	208.0	212.1	3.9	1.9

GDP Implicit price deflator

Items	Price Index (1988=100)		Growth Rate (%)	
	2008	2009	2008	2009
Private consumption expenditure	219.4	221.7	6.7	1.0
Government consumption expenditure	280.7	282.9	4.5	0.8
Gross fix capital formation	258.9	249.7	9.5	-3.5
Change in inventories	224.4	254.8	10.2	13.5
Exports	219.7	223.6	5.5	1.7
Goods	226.1	231.3	5.6	2.3
Services	191.3	191.3	4.6	0.0
Imports	264.9	262.8	11.1	-0.8
Goods	284.5	283.9	12.4	-0.2
Services	180.6	181.4	3.1	0.5
Expenditure on GDP (GDE)	207.6	214.8	2.6	3.5
Gross Domestic Product (GDP)	208.0	212.1	3.9	1.9
Consumer price index (CPI)	219.3	217.4	5.5	-0.8
Producer price index (PPI)	244.7	235.5	12.4	-3.8