

Executive Summary

The Thai economy in 2010, from the Gross Domestic Product (GDP) perspectives, increased by 7.5% recovering from a 1.1% contraction in 2009. This acceleration was attributed mainly to an improvement of external sector due to a recovery of global economy. Merchandised exports together with tourism expanded, led by an increase in non-agricultural sector, particularly manufacturing and services. However, agricultural sector kept declining.

Production accelerated by 7.5% compared to a contraction of 1.1% in previous year as a result of non-agricultural sector – the largest proportion of 89.1% GDP – rose by 8.6%, compared to a 1.1% shrink in previous year. This resulted from an expansion of manufacturing products which increased by 11.7% compared to a 2.9 contraction in previous year. Manufacturing products increased in almost all categories such as computers, electronic appliances, electrical machineries, and vehicles. This was attributed mainly from both external and domestic demands. Besides, ASEAN Free Trade Agreement which began effective this year encouraged to the Thai economy. In addition, other sectors showed a favorable growth such as construction; wholesale and retail trade; transport, storage and communications; hotels and restaurants; and real estate with a rate of growth of 9.6%, 12.0%, 8.4%, 5.9%, and 7.7%, respectively. On the contrary, the agricultural production kept dropping by 2.5% due to a reduction of crops and forestry. However, prices of major crops in 2010 significantly increased.

Domestic demand improved due mainly to household consumption expenditure expansion by the rate of 5.2% as a result of global economic recovery together with the government economic stimulus package. In addition, increase in farm income owing to rising in prices of major crops led to encouraging consumer's purchasing power. Meanwhile, gross fixed capital formation considerably expanded by 10.2%, resulting from a remarkable expansion of private investment with the rate of 14.3% compared to a 15.8% shrink in previous year whereas public investment decelerated by 0.2%. Government consumption expenditure slowed down by 7.4% originating from a surge of compensation of employees, net purchase of goods and services, and social benefit in-kind by the rate of 2.6%, 14.2%, and 23.0%, respectively. In addition, exports of goods and services increased by 14.5% slowing than a 22.6% expansion of imports.

National income in 2010 registered with the value of Baht 7,703,351 million with a 12.6% increase, improving from a 2.4% fall in previous year. This comprised a return to labor with the value of Baht 3,106,490 million or a 6.5% expansion and a return to capital, land and operation with the value of Baht 4,596,861 million or a rise of 17.1%. Measured in per capita, national income per capita in 2010 was 114,441 Baht, higher than 102,285 Baht in previous year. Besides, disposable income per capita was 94,949 Baht compared to consumption expenditure per capita with the value of 83,675 Baht. After incorporating household income from social security plan entitlements, per capita personal saving increased to 12,547 Baht higher than 10,009 Baht in 2009.

For overall economic stability in 2010, gross savings rose by 14.4% compared to a 36.4% expansion of investment. As a result, savings-investment gap or current account posted a surplus of Baht 428,017 million – accounted for 4.0% of GDP – lower than a surplus of Baht 754,691 million – accounted for 7.9% of GDP – in previous year.

For price stability, GDP implicit price deflator increased by 5.0% accelerating from 0.2% in previous year. Agricultural price index jumped by 25.4% due to a remarkable rise on prices of major crops, compared to a 1.0% fall in previous year. Meanwhile, non-agricultural price index grew by 3.0% compared to a 0.4% increase in previous year. In 2010, consumer prices index (CPI) and producer prices index (PPI) rose by 3.3% and 9.4% respectively.