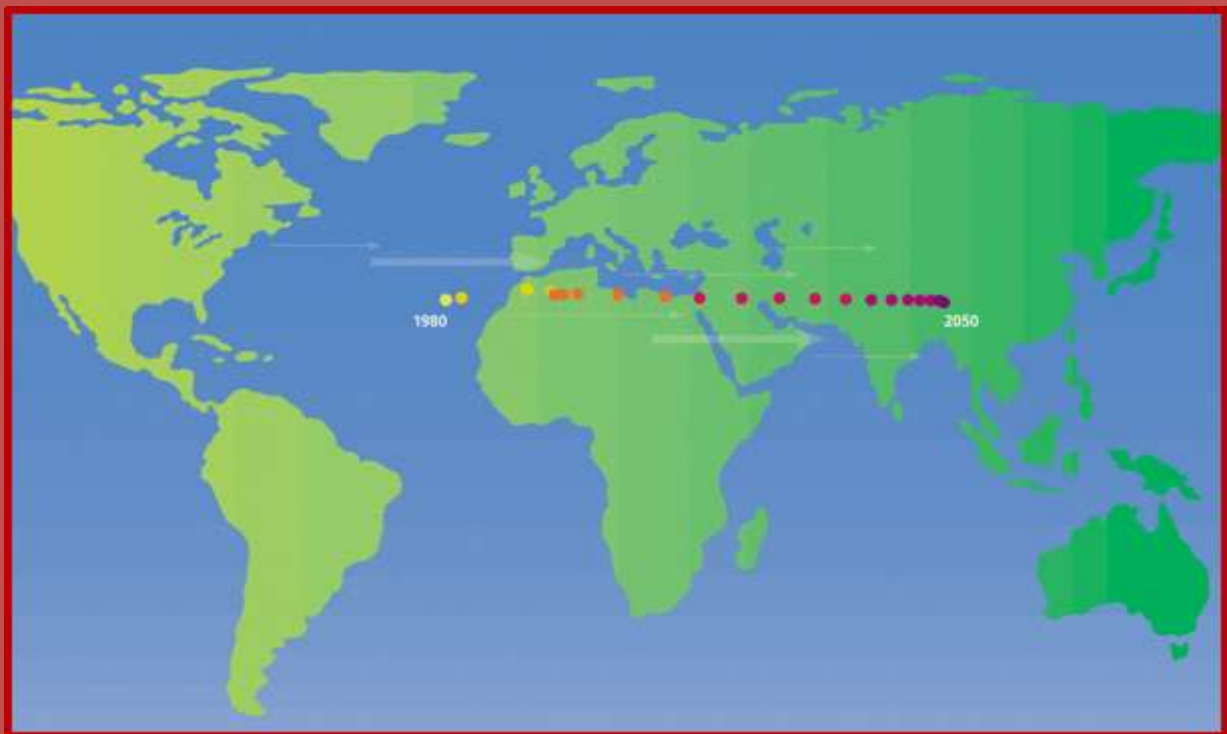


WORLD ECONOMIC FIGURES

&

THAILAND MACROECONOMIC DATA

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Best Knowledge Research

Preface

Economic forecasting is the process of making predictions about the economy. Forecasts can be carried out at a high level of aggregation - for example for GDP, inflation, unemployment or the fiscal deficit - or at a more disaggregated level, for specific sectors of the economy or even specific firms.

Many institutions engage in forecasting, including international organizations such as the IMF, World Bank and the OECD, national governments and central banks, and private sector entities, be they think tanks, banks or others. Some forecasts are produced annually, but many are updated more frequently.

There are a lot of studies completed on the subject of forecast accuracy. Accuracy is one of the main, if not the main criteria, used to judge forecast quality. Methods of forecasting include Econometric models, Economic base analysis, Shift-share analysis, Input-output model and the Grinold and Kroner Model.

The author has compiled summary of global economic outlook in 2013 from well-known international organizations, World Bank; the IMF; ESCAP and the OECD together with Thailand macroeconomic assessments from NESDB, BOT and MOF for executives, top to middle management of private sector entities and entrepreneurs to understand and predict each local environment in which they are doing business accurately.

Best Knowledge Research

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Executive Summary Of Economic Figures

From



The World Bank

*Executive Summary
Of
Global Economic Prospects
By
World Bank
Volume 6, January 2013*

Global Economic Prospects

Volume 6 | January 2013



Assuring
growth over
the medium term



The World Bank

Global Economic Prospects

By

World Bank

Volume 6, January 2013

Assuring growth over the medium term

Four years after the onset of the global financial crisis, the world economy continues to struggle. Developing economies are still the main driver of global growth, but their output has slowed compared with the pre-crisis period. To regain pre-crisis growth rates, developing countries must once again emphasize internal productivity-enhancing policies. While headwinds from restructuring and fiscal consolidation will persist in high-income countries, they should become less intense allowing for a slow acceleration in growth over the next several years. Financial market conditions have improved dramatically since June, but the real-side recovery is weak and business sector confidence low. Prospects are for a modest acceleration of growth between 2013 and 2015.

Table 1. The global outlook in summary
(percent change from previous year, except interest rates and oil price)

	2011	2012	2013e	2014f	2015f
<i>Global conditions</i>					
World trade volume (GNFS)	6.2	3.5	6.0	6.7	7.0
<i>Consumer prices</i>					
G-7 Countries ^{1,2}	5.3	-0.6	-0.1	0.9	1.0
United States	2.4	2.1	2.4	2.5	2.5
<i>Commodity prices (USD terms)</i>					
Non-oil commodities	20.7	-9.5	-2.0	-3.2	-2.8
Oil price (US\$ per barrel) ³	104.0	105.0	102.0	102.2	102.1
Oil price (percent change)	31.6	1.0	-2.9	0.2	-0.1
Manufactures unit export value ⁴	8.9	-1.9	1.9	2.2	1.9
<i>Interest rates</i>					
\$, 6-month (percent)	0.8	0.5	0.7	1.1	1.4
€, 6-month (percent)	1.6	0.2	0.5	1.2	1.5
<i>International capital flows to developing countries (% of GDP)</i>					
<i>Developing countries</i>					
Net private and official inflows	4.9	4.1	4.2	4.2	4.2
Net private inflows (equity + debt)	4.7	4.1	4.2	4.2	4.1
East Asia and Pacific	4.9	3.5	3.8	4.1	4.2
Europe and Central Asia	5.7	4.8	5.3	5.2	4.8
Latin America and Caribbean	5.5	5.7	5.2	4.7	4.3
Middle East and N. Africa	1.3	1.1	1.4	1.6	1.9
South Asia	3.5	3.3	3.4	3.5	3.4
Sub-Saharan Africa	5.3	5.0	4.7	4.7	4.9
<i>Real GDP growth ⁵</i>					
<i>World</i>					
Memo item: World (2005 PPP weights)	2.7	2.3	2.4	3.1	3.3
<i>High income</i>					
OECD countries	3.8	3.0	3.4	3.9	4.1
Euro Area	1.6	1.3	1.3	2.0	2.3
Japan	1.5	1.2	1.1	2.0	2.3
United States	1.5	-0.4	-0.1	0.9	1.4
Non-OECD countries	-0.7	1.9	0.8	1.2	1.5
<i>Developing countries</i>					
East Asia and Pacific	1.8	2.2	1.9	2.8	3.0
China	5.0	2.9	3.5	3.8	3.8
Indonesia	5.9	5.1	5.5	5.7	5.8
Thailand	8.3	7.5	7.9	7.6	7.5
Europe and Central Asia	9.3	7.9	8.4	8.0	7.9
Russia	6.5	6.1	6.3	6.6	6.6
Turkey	0.1	4.7	5.0	4.5	4.5
Romania	5.5	3.0	3.6	4.0	4.3
Latin America and Caribbean	4.3	3.5	3.6	3.9	3.8
Brazil	8.5	2.9	4.0	4.5	5.0
Mexico	2.5	0.6	1.6	2.2	3.0
Argentina	4.3	3.0	3.5	3.9	3.9
Middle East and N. Africa ⁶	2.7	0.9	3.4	4.1	4.0
Egypt ⁷	3.9	4.0	3.3	3.6	3.6
Iran	8.9	2.0	3.4	4.1	4.0
Algeria	-2.4	3.8	3.4	3.9	4.3
South Asia	1.8	2.2	2.6	3.8	4.7
India ^{7, 8}	1.7	-1.0	0.6	1.6	2.8
Pakistan ⁷	2.5	3.0	3.4	3.8	4.3
Bangladesh ⁷	7.4	5.4	5.7	6.4	6.7
Sub-Saharan Africa	6.9	5.1	6.1	6.8	7.0
South Africa	3.0	3.7	3.8	4.0	4.2
Nigeria	6.7	6.3	5.8	6.2	6.5
Angola	4.5	4.6	4.9	5.1	5.2
<i>Memorandum items</i>					
<i>Developing countries</i>					
excluding transition countries	3.1	2.4	2.7	3.2	3.3
excluding China and India	6.7	6.5	6.6	6.4	6.3
	3.4	8.1	7.2	7.5	7.8

Source: World Bank.

Notes: PPP = purchasing power parity; e = estimate; f = forecast.

1. Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States.

2. In local currency, aggregated using 2005 GDP weights.

3. Simple average of Dubai, Brent, and West Texas Intermediate.

4. Unit value index of manufactured exports from major economies, expressed in USD.

5. Aggregate growth rates calculated using constant 2005 dollars GDP weights.

6. Comparison with the summer 2012 GDP is not included as country coverage.

7. In keeping with national practice, data for Bangladesh, Egypt, India, and Pakistan are reported on a fiscal year basis in table 1.1. Aggregates that depend on these countries are calculated using data compiled on a calendar year basis.

8. Real GDP at market prices. GDP growth rates calculated using real GDP at factor cost, which are customarily reported in India, can vary significantly from these growth rates and have historically tended to be higher than market price GDP growth rates. Growth rates stated on this basis, starting with FY2011-12 are 6.5, 5.4, 6.4, 7.1, and 7.3 percent – see table SAR.2 in the South Asia

Financial market nerves and conditions have improved markedly.

Conditions in global financial markets have eased significantly since July reflecting substantial progress to improve fiscal sustainability and mutual support mechanisms in the European Union. Measures have been taken at the national, pan-European block, and international levels. These include: fiscal austerity measures that have reduced deficits in Euro Area economies by an estimated 3.3 percent of GDP since 2009, the agreement to create and provision pan-European institutions to bail out economies in difficulty, agreement to create a pan-European banking supervision authority and the decision by the ECB to do whatever is necessary to support economies in difficulty. At the same time substantial progress has been made to recapitalize banks in both the United States and Europe. Finally the decision by the central banks of the United States, the Euro Area and Japan to engage in a further series of quantitative easing have all contributed to an improvement in market sentiment at the global level, and declines in the price of risk have contributed to much looser financial conditions in developing countries.

Table 2. Net international capital flows to developing countries
\$ billions

	2008	2009	2010	2011	2012e	2013f	2014f	2015f
<u>Current account balance</u>	412.9	240.5	187.5	152.1	12.6	-8.0	-65.4	-80.4
<u>Capital inflows</u>	812.6	701.7	1,219.1	1,112.4	1,007.2	1,134.1	1,250.9	1,351.5
Private inflows, net	782.2	620.7	1,145.9	1,082.4	993.1	1,123.4	1,244.2	1,348.4
<u>Equity Inflows, net</u>	583.3	542.0	710.8	647.8	644.5	761.2	856.1	902.9
Net FDI inflows	636.9	427.9	582.7	638.8	600.1	693.2	756.5	783.0
Net portfolio equity inflows	-53.6	114.2	128.2	8.9	44.4	68.0	99.6	119.9
<u>Private creditors, net</u>	198.8	78.7	435.1	434.6	348.6	362.2	388.1	445.5
Bonds	-8.6	61.0	129.7	123.8	143.3	126.1	108.4	110.5
Banks	223.3	-11.9	37.2	108.2	71.5	80.6	88.9	105.1
Short-term debt flows	-17.1	17.8	257.6	189.3	126.7	146.3	180.4	220.1
Other private	1.3	11.7	10.7	13.3	7.1	9.2	10.4	9.8
Official inflows, net	30.4	81.0	73.2	30.0	14.1	10.7	6.7	3.1
World Bank	7.2	18.3	22.4	6.6	4.6
IMF	10.8	26.8	13.8	0.5	-3.9
Other official	12.4	35.9	36.9	22.8	13.4
<u>Capital outflows</u>	-321.4	-174.5	-310.0	-320.0	-370.6	-373.4	-414.3	-463.6
FDI outflows	-211.8	-144.3	-213.9	-213.1	-238.0	-275.0	-325.0	-370
Portfolio equity outflows	-32.3	-75.2	-46.5	-15.9	-17.6	-19.4	-22.3	-28.6
Private debt outflows	-78.3	50.7	-57.3	-81.0	-103.0	-72.0	-61.0	-56
Other outflows	1.0	-5.7	7.7	-10.0	-12.0	-7.0	-6.0	-9
<u>Net capital flows (inflows + outflows)</u>	491.2	527.2	909.1	792.4	636.6	760.7	836.6	887.9
<u>Net Unidentified Flows/a</u>	-78.3	-286.7	-721.6	-640.3	-624.0	-768.7	-902.0	-968.3

Source: World Bank

Note: e = estimate, f = forecast

/a Combination of errors and omissions, unidentified capital inflows to and outflows from developing countries.

Policy makers should be prepared for continued global volatility.

While a great deal of progress has been made in improving fiscal sustainability and crisis management institutions in the Euro Area, much more needs to be done before the risk of further crises can take off the table. In the United States the major fiscal contraction threatened by the fiscal cliff has passed, but uncertainty continues to surround the future path of fiscal policy and the threat of serious economic disruption posed by the persistent possibility that the debt-ceiling will not be raised is also a source of external risk for developing countries.

Table 3. U.S. fiscal uncertainty and a deterioration of conditions in the Euro Area would have serious impacts on developing countries

	Euro crisis			US fiscal paralysis		
	2013	2014	2015	2013		
	(% change in level of GDP)			Real GDP	Current account balance	Fiscal balance
				(% change in level)	(change, % of GDP)	
U.S.	-1.0	-0.6	-0.2	-2.3	0.6	-0.5
World	-1.3	-0.8	-0.4	-1.4	0.0	-0.5
High-income countries	-1.4	-0.9	-0.4	-1.5	0.1	-0.6
Euro Area	-2.3	-1.4	-0.8	-1.1	0.2	-0.4
Developing countries	-1.1	-0.7	-0.3	-1.0	-0.1	-0.5
Low-income countries	-0.6	-0.4	-0.1	-0.7	0.1	-0.2
Middle-income countries	-1.1	-0.7	-0.3	-1.0	-0.1	-0.5
Developing oil exporters	-1.3	-0.9	-0.4	-1.2	-1.1	-1.0
Developing oil importers	-0.9	-0.6	-0.3	-0.9	0.3	-0.2
East Asia & Pacific	-1.0	-0.7	-0.3	-1.1	0.4	-0.2
Europe & Central Asia	-1.3	-0.9	-0.4	-0.9	-1.0	-0.8
Latin America & Caribbean	-1.2	-0.8	-0.3	-1.2	-0.4	-0.6
Middle East & N. Africa	-1.0	-0.7	-0.3	-0.8	-0.7	-1.4
South Asia	-0.5	-0.3	-0.2	-0.4	0.6	0.0
Sub-Saharan Africa	-1.0	-0.7	-0.3	-0.9	-1.3	-0.8

Source: World Bank.

An abrupt fall in China's high investment rates could slow global growth.

China has, on average, recorded close to 10 percent annual growth for more than 30 years and 10.3 percent growth during the first decade of this millennium, with growth as high as 14.2 percent in 2007. During most of this high-growth period, investment (and savings) were at a relatively high 30-35 percent of Chinese GDP. In the 2000s, investment rates jumped initially to 40 percent of GDP (partly in reaction to the low cost of international capital) and then again to 45 percent of GDP, because of China's fiscal and monetary stimulus plan introduced during the global financial crisis. As a result, the contribution of investment to Chinese growth rose from 2.3 percentage points during the 1980s and 1990s to around 5 percent in the 2000s. And China's capital / output ratio, which in an economy that is in a steady-state growth equilibrium will be broadly stable, has increased since 2000 by 20 percent and is still rising rapidly.

Table 4. An abrupt slowing in Chinese investment would slow global growth significantly

	Real GDP	Current account balance	Fiscal balance
	(%change in level)	(change,% of GDP)	
China	-1.4	1.7	-0.3
East Asia & Pacific	-1.3	1.3	-0.3
East Asia & Pacific (excl China)	-0.6	0.0	0.0
World	-0.5	0.0	-0.2
High-income countries	-0.4	-0.2	-0.2
Euro Area	-0.4	-0.1	-0.1
Developing countries	-0.7	0.4	-0.3
Developing countries (excl China)	-0.3	-0.3	-0.2
Low-income countries	-0.3	-0.2	-0.1
Middle-income countries	-0.7	0.4	-0.3
Developing oil exporters	-0.4	-0.5	-0.3
Developing oil Importers	-0.8	0.8	-0.2
Europe & Central Asia	-0.3	-0.5	-0.3
Latin America & Caribbean	-0.3	-0.2	-0.2
Middle East & N. Africa	-0.3	-0.4	-0.5
South Asia	-0.2	0.0	0.0
Sub-Saharan Africa	-0.3	-0.6	-0.3

Source: World Bank.

Recent developments in financial markets.

Conditions in global financial markets have eased significantly since July following the decisive actions taken by the European Central Bank, US Federal Reserve and to a lesser degree in Japan. Improved sentiment was accompanied by a recovery in gross capital flows to developing countries. Foreign direct investment inflows to developing countries fell slightly during the first half of 2012 following the heightened uncertainty in earlier months

Table FIN.1 Net capital flows to developing countries (\$billions)

	2008	2009	2010	2011	2012e	2013f	2014f	2015f
Current account balance	412.9	240.5	187.5	152.1	12.6	-8.0	-65.4	-80.4
<u>Capital inflows</u>	812.6	701.7	1,219.1	1,112.4	1,007.2	1,134.1	1,250.9	1351.5
Private inflows, net	782.2	620.7	1,145.9	1,082.4	993.1	1,123.4	1,244.2	1348.4
Equity inflows, net	583.3	542.0	710.8	647.8	644.5	761.2	856.1	902.9
Net FDI inflows	636.9	427.9	582.7	638.8	600.1	693.2	756.5	782.96
Net portfolio equity inflows	-53.6	114.2	128.2	8.9	44.4	68.0	99.6	119.90
Private creditors, net	198.8	78.7	435.1	434.6	348.6	362.2	388.1	445.50
Bonds	-8.6	61.0	129.7	123.8	143.3	126.1	108.4	110.50
Banks	223.3	-11.9	37.2	108.2	71.5	80.6	88.9	105.10
Short-term debt flows	-17.1	17.8	257.6	189.3	126.7	146.3	180.4	220.10
Other private	1.3	11.7	10.7	13.3	7.1	9.2	10.4	9.80
Official inflows, net	30.4	81.0	73.2	30.0	14.1	10.7	6.7	3.10
World Bank	7.2	18.3	22.4	6.6	4.6			
IMF	10.8	26.8	13.8	0.5	-3.9			
Other official	12.4	35.9	36.9	22.8	13.4			
<u>Capital outflows</u>	-321.4	-174.5	-310.0	-320.0	-370.6	-373.4	-414.3	-463.6
FDI outflows	-211.8	-144.3	-213.9	-213.1	-238.0	-275.0	-325.0	-370.0
Portfolio equity outflows	-32.3	-75.2	-46.5	-15.9	-17.6	-19.4	-22.3	-28.6
Private debt outflows	-78.3	50.7	-57.3	-81.0	-103.0	-72.0	-61.0	-56.0
Other outflows	1.0	-5.7	7.7	-10.0	-12.0	-7.0	-6.0	-9.0
<u>Net capital flows (inflows + outflows)</u>	491.2	527.2	909.1	792.4	636.6	760.7	836.6	887.9
<u>Net unidentified flows/a</u>	-78.3	-286.7	-721.6	-640.3	-624.0	-768.7	-902.0	-968.3

Note: e = estimate, f = forecast.

/a Combination of errors and omissions, unidentified capital inflows to and outflows from developing countries.

Source: World Bank

Recent economic developments.

The financial turmoil in high-income Europe in May and June cut sharply into economic activity worldwide. Faced with yet another round of market uncertainty, firms, and households cut back on investments and big-ticket expenditures – causing global industrial production, which had been growing at a 5.9 percent annualized pace in the first quarter of 2012, to remain broadly flat in the second quarter. Although industrial activity in both developing and developed economies slowed, the deceleration was more marked in developing countries (from 11.1 to 1.5 percent) than in high-income countries where output contracted at an 1.1 percent annualized rate, following a muted expansion in the first quarter.

Table IP.1 Industrial production is recovering in most developing regions

	2011Q4	2012Q1	2012Q2	2012Q3	2012Nov
World	1.3	5.9	-0.1	0.1	-0.4
High-income	0.5	2.8	-1.1	-2.7	-5.9
United States	5.1	5.9	2.4	0.3	-1.4
Japan	1.7	5.1	-7.7	-15.8	-18.5
Euro Area	-5.6	-2.6	-1.8	0.5	-7.6
Other high-income	1.4	3.7	-0.6	-2.3	-2.9
Developing	2.6	11.1	1.5	4.6	8.6
East-Asia & Pacific	3.7	16.8	3.1	7.3	15.0
Europe & Central Asia	5.3	4.6	-3.6	2.0	6.4
Latin America & Caribbean	-1.0	1.9	-1.1	3.4	0.1
Middle-East & North Africa	9.6	12.6	13.1	-8.7	..
South Asia	-0.7	11.2	-7.1	-0.7	2.4
Sub-Saharan Africa	-2.6	-0.6	5.0	5.5	..

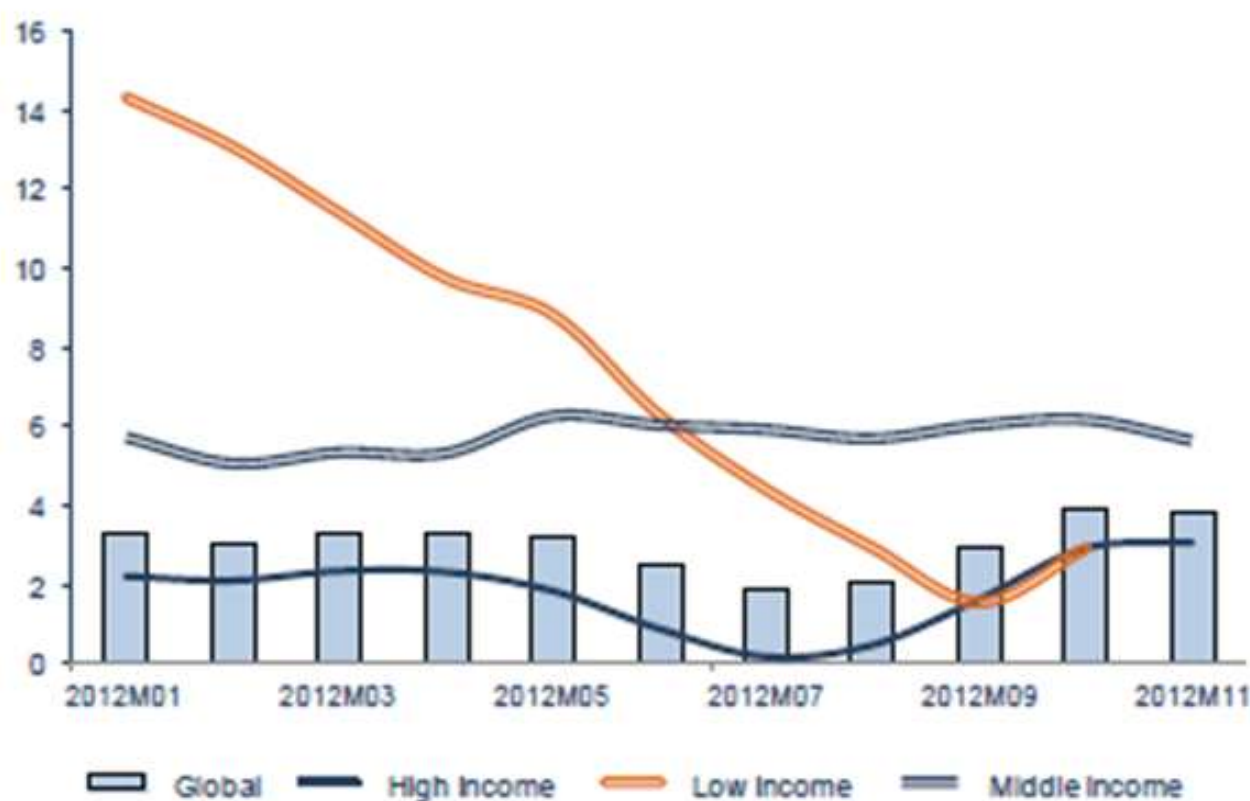
Source: World Bank.

Global inflation was relatively stable in 2012.

Globally, inflation is broadly under control, with consumer prices rising at a 3.9 percent annualized rate at the end of 2012. The experience of countries at different income levels over the past year has been diverse, however (figure INF.1). Inflation dropped dramatically in low-income countries (LICs), with falling food and fuel-price inflation driving declines. In contrast, inflation was broadly stable in middle-income countries (MICs) and high-income countries (HICs) through 2012, though with a mid-year dip in HICs and an easing in the last quarter of 2012 in MICs.

Figure INF.1 Reflecting weak economic activity, price pressures remained subdued in 2012 and declined considerably in low-income countries

Headline inflation 3m/3m, saar



Source: World Bank and Datastream.

East Asia and the Pacific Region

Financial markets and capital flows.

Capital flows toward the developing world (including East Asia and the Pacific (table EAP.1) declined sharply in the second quarter of 2012 as tensions over European debt sustainability escalated, but these tensions eased and flows regained strength in the third quarter, following action taken by the European Central Bank and the U.S. Federal Reserve.

Table EAP.1 Net capital flows to East Asia and the Pacific

	2008	2009	2010	2011	2012e	2013f	2014f	2015f
<u>Capital inflows</u>	206.8	255.9	516.9	450.2	357.4	421.8	493.1	547.8
Private inflows, net	207.2	252.0	513.9	448.7	357.2	421.9	494.4	549.7
Equity Inflows, net	203.6	184.7	329.8	283.3	260.2	302.8	361.5	375.4
Net FDI inflows	211.2	154.5	290.0	274.9	251.7	284.8	332.0	339.2
Net portfolio equity inflows	-7.6	30.2	39.8	8.4	8.5	18.0	29.5	36.2
Private creditors, net	3.6	67.3	184.0	165.4	97.0	119.1	132.9	174.3
Bonds	1.2	8.4	20.8	18.9	19.6	21.4	22.3	19.3
Banks	17.9	-6.1	13.2	1.8	-4.3	6.7	8.3	11.3
Short-term debt flows	-13.3	65.0	148.9	144.9	85.1	90.7	102.1	143.2
Other private	-2.3	0.03	1.1	-0.2	-3.4	0.3	0.2	0.5
Official inflows, net	-0.4	3.9	3.0	1.4	0.2	-0.1	-1.3	-1.9
World Bank	1.2	2.2	2.7	0.9	0.3			
IMF	-0.05	0.1	-0.02	-0.03	-0.2			
Other official	-1.5	1.6	0.3	0.6	0.1			

Source: World Bank.

Note: e = estimate, f = forecast

Medium-term outlook.

Improved global financial conditions, a gradual pickup of growth in high-income countries and a return to more normal global trade growth are expected to support a gradual strengthening of output in East Asia and the Pacific between 2013 and 2015. Accommodative monetary policy and low inflation in ASEAN-4 (Indonesia, Malaysia, Thailand, Philippines) are also expected to contribute, while ample fiscal space in most countries in the region means that they will not have to contend with fiscal consolidation pressures. However, some fiscal tightening is envisaged in Malaysia as well as Indonesia, where plans to reduce fuel subsidies were delayed in 2012. In Cambodia and Vietnam, efforts to reduce high level of debt among state-owned enterprises may serve as a drag on growth. The East Asia and the Pacific region, especially China and ASEAN economies, enter 2013 with a strong carryover of growth from 2012, in contrast to the situation in high-income countries and many developing economies.

Table EAP.2 East Asia and Pacific forecast summary

(annual percent change unless indicated otherwise)				Est. Forecast			
	00-09 ^a	2010	2011	2012	2013	2014	2015
GDP at market prices ^b	8.1	9.7	8.3	7.5	7.9	7.6	7.5
(Sub-region totals-- countries with full NIA + BOP data) ^c							
GDP at market prices ^c	8.1	9.7	8.3	7.5	7.9	7.6	7.5
GDP per capita (units in US\$)	7.3	8.9	7.6	6.8	7.2	7.0	6.9
PPP GDP	8.0	9.7	8.3	7.5	7.8	7.6	7.5
Private consumption	6.0	7.2	8.2	8.1	8.0	7.9	7.6
Public consumption	7.6	7.9	9.5	8.5	8.5	8.7	7.7
Fixed investment	10.6	13.8	9.5	9.0	6.5	6.8	5.7
Exports, GNFS ^d	10.3	23.0	8.2	4.3	10.4	9.9	9.9
Imports, GNFS ^d	9.6	19.5	6.2	5.9	10.3	10.8	9.3
Net exports, contribution to growth	0.8	2.5	1.3	-0.2	0.8	0.4	1.0
Current account bal/GDP (%)	4.7	3.7	2.6	1.9	1.9	1.5	1.5
GDP deflator (median, LCU)	5.3	6.8	5.6	6.5	4.6	4.2	3.9
Fiscal balance/GDP (%)	-1.8	-2.5	-1.7	-2.1	-1.7	-1.5	-1.3
Memo items: GDP							
East Asia excluding China	4.3	6.9	4.5	5.6	5.8	5.9	5.9
China	9.4	10.4	9.3	7.9	8.4	8.0	7.9
Indonesia	4.6	6.2	6.5	6.1	6.3	6.6	6.6
Thailand	3.5	7.8	0.1	4.7	5.0	4.5	4.5

a. Growth rates over intervals are compound weighted averages; average growth contributions, ratios and deflators are calculated as simple averages of the annual weighted averages for the region.

b. GDP at market prices and expenditure components are measured in constant 2005 U.S. dollars.

c. Sub-region aggregate excludes Fiji, Myanmar and Timor-Leste, for which data limitations prevent the forecasting of GDP components or Balance of Payments details.

d. Exports and imports of goods and non-factor services (GNFS).

Source: World Bank.

Overall, growth in developing East Asia and the Pacific is projected to accelerate to 7.9 percent in 2013. The figure reflects a firming of growth in China, to 8.4 percent. In the years thereafter, China's growth is expected to gradually ease, to 8 and 7.9 percent in 2014 and 2015, respectively, reflecting the ongoing re-orientation of output toward domestic demand and services. Growth will continue to rely heavily on consumer spending by the growing incomes and growing credit of the expanding middle-class.

Table EAP.3 East Asia & the Pacific country forecasts

	00-09 ^a	2010	2011	Est. Forecast	2012	2013	2014	2015
Cambodia								
GDP at market prices (% annual growth) ^b	7.4	6.0	7.1	6.6	6.7	7.0	7.0	7.0
Current account bal/GDP (%)	-5.3	-10.4	-8.7	-10.0	-8.7	-7.0	-6.7	-6.7
China								
GDP at market prices (% annual growth) ^b	9.4	10.4	9.3	7.9	8.4	8.0	7.9	7.9
Current account bal/GDP (%)	5.0	4.0	2.8	2.3	2.3	2.0	2.0	2.0
Fiji								
GDP at market prices (% annual growth) ^b	1.3	0.1	1.9	2.1	2.2	2.3	2.3	2.3
Current account bal/GDP (%)	-7.7	-7.7	-9.9	-9.8	-10.0	-10.0	-9.0	-9.0
Indonesia								
GDP at market prices (% annual growth) ^b	4.6	6.2	6.5	6.1	6.3	6.6	6.6	6.6
Current account bal/GDP (%)	2.5	0.7	0.2	-2.3	-1.6	-1.7	-1.7	-1.7
Lao PDR								
GDP at market prices (% annual growth) ^b	6.2	8.5	8.0	8.2	7.5	7.5	7.5	7.5
Current account bal/GDP (%)	-2.4	-6.2	-11.4	-16.3	-18.1	-19.0	-18.0	-18.0
Malaysia								
GDP at market prices (% annual growth) ^b	3.9	7.2	5.1	5.1	5.0	5.1	5.3	5.3
Current account bal/GDP (%)	12.9	11.1	11.0	7.7	5.8	3.7	2.9	2.9
Mongolia								
GDP at market prices (% annual growth) ^b	5.8	6.4	17.5	11.8	16.2	12.2	8.0	8.0
Current account bal/GDP (%)	-6.8	-14.3	-15.1	-18.0	-1.5	3.0	4.3	4.3
Myanmar								
GDP at market prices (% annual growth) ^b	9.7	5.3	5.5	6.3	6.5	6.6	6.7	6.7
Current account bal/GDP (%)	-0.7	-1.3	-2.6	-4.1	-4.2	-4.8	-5.1	-5.1
Papua New Guinea^c								
GDP at market prices (% annual growth) ^b	3.0	7.6	9.0	8.0	4.0	7.5	4.6	4.6
Current account bal/GDP (%)	2.3	-25.6	-35.0	-30.0	-20.0	-13.0	-8.4	-8.4
Philippines								
GDP at market prices (% annual growth) ^b	4.0	7.6	3.9	6.0	6.2	6.4	6.3	6.3
Current account bal/GDP (%)	1.5	4.5	3.1	3.2	2.9	2.7	2.5	2.5
Solomon Islands								
GDP at market prices (% annual growth) ^b	2.4	7.8	10.5	5.3	4.0	3.3	3.3	3.3
Current account bal/GDP (%)	-20.7	-30.8	-6.0	-5.8	-10.9	-9.0	-8.7	-8.7
Thailand								
GDP at market prices (% annual growth) ^b	3.5	7.8	0.1	4.7	5.0	4.5	4.5	4.5
Current account bal/GDP (%)	3.3	4.1	1.5	0.2	-0.3	-0.4	-0.7	-0.7
Timor-Leste								
GDP at market prices (% annual growth) ^b	3.3	9.5	10.6	10.0	10.0	10.0	9.0	9.0
Current account bal/GDP (%)	18.4	48.1	55.0	43.5	36.2	25.0	24.0	24.0
Vietnam								
GDP at market prices (% annual growth) ^b	6.6	6.8	5.9	5.2	5.5	5.7	6.0	6.0
Current account bal/GDP (%)	-7.4	-4.1	0.2	2.7	1.3	0.9	0.7	0.7

World Bank forecasts are frequently updated based on new information and changing (global) circumstances. Consequently, projections presented here may differ from those contained in other Bank documents, even if basic assessments of countries' prospects do not significantly differ at any given moment in time.

Samoa; Tuvalu; Kiribati; Democratic People's Republic of Korea; Marshall Islands; Micronesia, Federated States; N. Mariana Islands; Palau; and Tonga are not forecast owing to data limitations. a. GDP growth rates over intervals are compound average; current account balance shares are simple averages over the period.

b. GDP measured in constant 2005 U.S. dollars.

c. The start of production at Papua-New-Guinea-Liquefied Natural Gas (PNG-LNG) is expected to boost PNG's GDP growth to 20 percent and shift the current account to a 9 percent surplus in 2015.

Source: World Bank.

The original copy of Global Economic Prospects by World Bank, Volume 6, January 2013 can be available at:
<https://www.dropbox.com/s/bk33npfx79eclww/World%20Bank%23%20Global%20Economic%20Prospects%20by%20World%20Bank%2C%20released%20on%20January%2016%2C%202013.pdf?v=0mcns>.

*Executive Summary
Of*

*East Asia and Pacific
Economic Update*

*By
World Bank,
Released in April, 2013*

WORLD BANK EAST ASIA AND PACIFIC ECONOMIC UPDATE APRIL 2013



THE WORLD BANK

East Asia and Pacific Economic Update

By
World Bank,
released in April, 2013

The developing economies of East Asia and Pacific (EAP) remain resilient amidst a challenging global environment. Collectively, they grew by 7.5 percent in 2012, lower than the 8.3 percent growth recorded in 2011, but still higher than any other region. Because of weaker economic activity in the first half of the year due to depressed external demand and policy tightening as part of its rebalancing efforts, China's growth slowed to 7.8 percent in 2012 from 9.3 percent in 2011. But growth in the other developing economies of the region increased to 6.2 percent in 2012, up from 4.5 percent in 2011, due to strong domestic stimulus measures in the largest economies in EAP and reviving global demand in the second half of 2012.

Middle-income EAP—Indonesia, Malaysia, the Philippines, and Thailand—out-performed expectations, due to stronger than anticipated growth especially in the last quarter of 2012. Elsewhere in the region, growth impressed in the smaller states, but turned out mixed in the Pacific Island countries. Domestic demand supported growth across EAP with governments marshaling both fiscal and monetary policy to boost consumption and investment. External demand was a drag on growth in 2012 in most EAP economies. Consequently, current account surpluses deteriorated last year but international reserve positions remained strong, reflecting considerable capital inflows. Data in the first quarter of the year indicate that external weakness may be abating, while domestic demand remains resilient. Meanwhile, capital inflows continue to surge on loose monetary policies and deleveraging globally, while the region's financial markets remain solid.

Though the volatility leading up to the Cyprus bailout illustrates how fragile financial market confidence still is, and is likely to remain for considerable time to come, global financial market conditions have greatly improved since mid-last year. Although weak, there are signs of a turnaround in real activity in the high income countries. Our baseline projections for global growth are for a modest expansion of 2.4 percent in 2013, gradually strengthening to 3.0 percent in 2014, virtually unchanged from the outlook in December last year.

Within the region, available data in the first quarter of the year indicate that external weakness may be abating, while domestic demand remains resilient. The expectation of some stabilization in external demand, coupled with still resilient domestic activity, may be showing in the industrial production and Purchasing Managers Index numbers, which are generally positive. After declining through much of 2012, inflation has ticked up in a number of countries in the region in the first months of 2013.

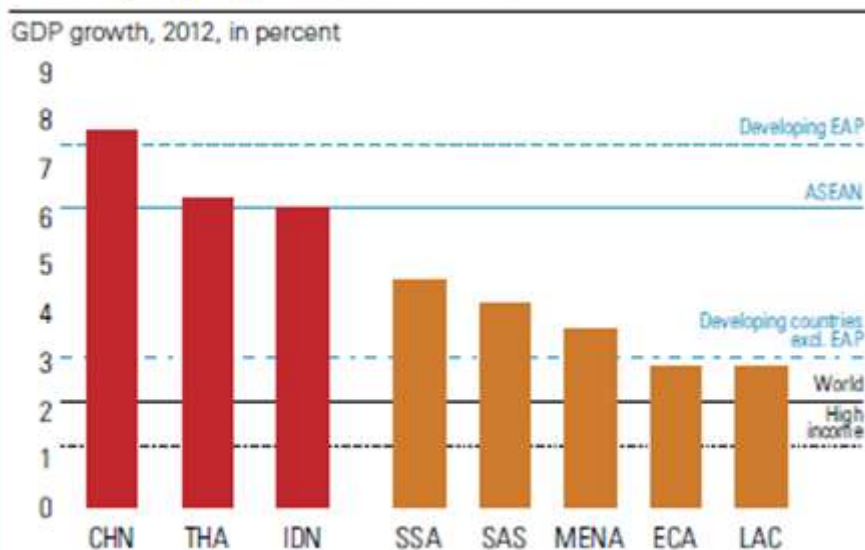
Our growth forecasts for EAP for 2013 and 2014 remain roughly similar to those of December last year. We expect that with improving external conditions and strong domestic demand, regional growth will rise moderately to 7.8 percent in 2013 and then adjust back to 7.6 percent in 2014 and 2015, reflecting continued rebalancing in China. Policy-induced movements in some high-income currencies, in particular the yen, are likely to affect the dynamics of trade in manufactures in the EAP region in the short-term and will likely help cut trade deficits with Japan, developing EAP's largest import source and fourth largest export market.

Both the global and regional outlooks are subject to several risks, most of which are by now familiar. The likelihood of a serious crisis of confidence in the Euro Area has declined significantly since mid-last year but remains a factor to consider as does policy uncertainty in the United States, where possible fiscal deadlock could yet affect the US and the global economy. And while a progressive decline in China's unusually high investment rate is expected over the medium-term, an unexpectedly rapid disorderly unwinding could have significant consequences, particularly for developing commodity exporters and for the EAP region.

Though the developing economies of East Asia are generally well-prepared to absorb external shocks, an emerging concern is the risk of over-heating in some of the larger economies in the region. The latest numbers suggest that if global demand continues to revive and the recovery in the global economy is more robust than expected, these economies may be reaching the limits of their productive capacity. Continued demand-boosting measures, which have helped sustain growth, may now risk stoking inflationary pressures and amplifying the credit and asset price risks that are emerging in the context of a strong rebound in capital inflows.

Policy makers in developing EAP should strive to strike the right balance between managing the near-term risks, and sustaining and increasing inclusive growth in the medium-term by enhancing the underlying productive capacity—human and physical—of these economies. That means, above all, investing in infrastructure and in the skills of the growing labor force. Middle-income EAP countries have to raise levels of investment, as these remain below the median for middle-income countries globally, and have to improve on the quality of investment, as investment efficiency has declined in most. Moreover, developing EAP must strive to improve productivity, the growth of which has stagnated since mid-last decade.

Figure 1. East Asia remained the fastest growing developing region in the world...



Source: World Bank staff estimates.

Figure 2. ...and an engine of global growth during the global turmoil

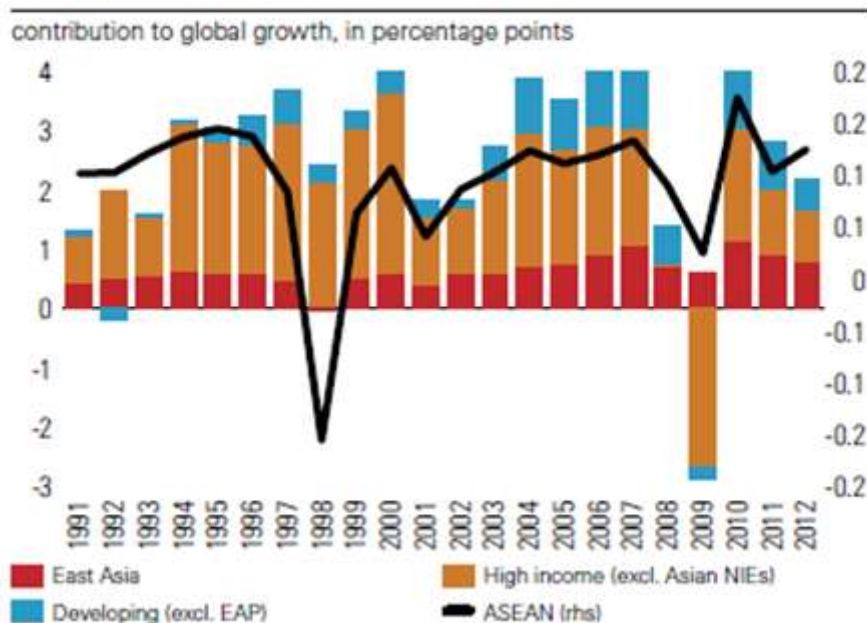


Figure 3. Growth was supported by strong domestic demand

