

**Weekly Economic & Commercial Report (6th-12th January 2018)**

**\*\*\*\*\*\***

**Internal**

**New facility at Port**

*The Nation 06.01.2018*

Bangkok Port, under the Port Authority of Thailand (PAT), is preparing to offer what it calls “20G Pier” services in March.Port director Komol Sribangplinoi said the new facility will help raise the quality of services in cargo and container deliveries with Laem Chabang Port. It will also connect to ports in the Chao Phraya River basin as well as domestic and overseas coastal ports. Improvements to the 250-metre Terminal 2 saw the installation of two rail-mounted gantry cranes capable of lifting 40 tonnes of containers and serving two ships. “This will help cater to the increasing number of containers and ships coming in, and allow us to manage the ports effectively while reducing waiting periods,” he said. The project costs Bt452 million, and is able to serve 4,000 vessels per year.

**Record-setting Thai stocks buoy investors’ hopes for strong year**

*The Nation 06.01.2018*

The Thai stock market pushed deeper into record territory yesterday, driven by a buying spree in big energy stocks. While investors cheered another trading record on the Stock Exchange of Thailand (SET) Index, the country’s central bank urged businesses to hedge against foreign exchange risks resulting from a strengthening baht. The benchmark index closed at 1,795.45 points for its third straight day of gains in the first trading week of the new year. The SET edged up 4.43 points, a rise of 0.25 per cent. Trading turnover was Bt87.5 billion. During the day the index went as high as 1,803.93 points, the most since its intraday peak of 1,789 points on January 5, 1994. Yesterday’s gains on the SET Index followed the strong buying in energy stocks, with their appeal boosted by rising crude oil prices. Elsewhere in the region, markets climbed on bright German and US economic data and crude’s ascent to its highest price in two and a half years.

**Egat market quota to end**

*Bangkok Post 06.01.2018*

Energy policymakers plan to end the two-decade quota regime by opening the state-controlled power generation business to private sector competition, says Energy Minister Siri Jirapongphun. The state will remove the special quota (or favoured capacity) of state-owned Electricity Generating Authority of Thailand (Egat). The deregulation of power generation will apply to both fossil fuels and
renewable energy. Thailand needs to increase power supply and allowing the market to set its price will be essential to developing the power generation industry, he said. Moving forward, for the purpose of conducting auctions, we will set a benchmark power generation price that is not over the average retail price of power."

**Bitcoin speculation allowed for Thais**

*Bangkok Post 06.01.2018*

Phillip Securities Thailand has allowed Thai investors to speculate on bitcoin via an international global derivatives trading service, while Thailand's market regulators are in consensus that the move is legitimate. Such service offers bitcoin futures trading on the Chicago Board Options Exchange (CBOE) and the Chicago Mercantile Exchange (CME). itcoin futures kicked off in two of the world's major derivatives exchanges in mid-December. Managing director Low See Kiong said some Thai investors are interested in bitcoin and able to accept the investment inherent in futures. "Using bitcoin as an underlying asset on the CBOE and CME will lead to greater acceptance of bitcoin futures as they have reliable payment systems and are regulated by the US Securities and Exchange Commission," Mr Low said in a press release.

[**Exports to up 6-6.5pc in 2018 (8 to 10 Jan)**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=EVg3rvNjVO2KtvwQLvkEoG48xFLG562dP79eChSsn2cv0yXNKsp2Aw==)

*Prachachart Turakij 08.01.2017*

Thailand’s exports in 11 months (Jan-Nov 2017) stood at $216.95 billion or a 10% increase, which is the highest level in six years. It imported a total of $202.74 billion or a 14.5% increase. Thailand had a trade surplus of $14.2 billion. Exports in November stood at $21.43 billion, or a 13.36% increase while imports stood at $19.67 billion, or a 13.7% increase. Thailand had a trade surplus of $1.76 billion in November. Support factors for export growth were recoveries in the global economy increasing demand in major export markets such as the US, Europe and Asia. Thailand exported over 1.5 million tons of rice in November 2017 in addition to other goods such as rubber, frozen fruits, frozen and processed chicken and sugar. The Ministry of Commerce estimated that Thailand's exports in 2018 will achieve 6%-6.5% growth or $250-$251 billion if average exports stand at $20.83 billion per month. The forecast is based on the assumption that the Thai baht is 33-35 baht per dollar and the crude oil prices stand at $50-$60 per barrel. Sanan Angubolkul, Chairman of the Board for D4: Export and Outward Foreign Direct Investment Promotion Group, forecasts that exports may grow by 5%-6%. The major support factor for Thai exports is an increase in oil prices as it may help to push crops and commodities prices upward. Thailand may also see positive results from an attempt to bring back Thailand-EU relations, however, it needs to settle a few issues such as holding an election, pushing significant investment in the Eastern Economic Corridor (EEC) and focusing on innovative development. Thai Food Processors Association President Wisit Limluecha believes that exports may grow by 3%-5% in 2018, however, the exchange rate may affect the costs and competitiveness of Thai exports.

**Exports jump 13.4% in November**

*The Nation 10.01.2018*

Thailand’s exports in November last year surged 13.4 per cent year on year to US$21.435 billion (Bt691 billion), the highest growth over the past six years, according to a statement issued by the Thai National Shippers’ Council on Tuesday. Export in the first 11 months of last year totalled US$216.953 billion, up 10 per cent year-on-year.

**Private sector warming to wage hike**

*Bangkok Post 10.01.2018*

Businesses have agreed on a planned minimum wage hike, details of which are to be settled by mid-month, but they argue that the increase should not be imposed at the same rate nationwide.
They also warn that the 3 million small and medium-sized enterprises (SMEs) and the farm sector will be hit hardest by the higher wage, as they are less likely to adjust quickly to rising costs.
Kalin Sarasin, chairman of the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB) and chairman of the Thai Chamber of Commerce, said the committee had already sent an open letter to Prime Minister Prayut Chan-o-cha to express concerns about a possible rise in the nationwide daily minimum wage by 2-15 baht from the current 300 baht.

**SEC warns of risk in investing in bitcoin futures**

*The Nation 11.01.2018*

The Securities and Exchange Commission (SEC) has warned potential investors in bitcoin futures of the risk of fluctuations in the cryptocurrency’s value. The SEC said in a statement on Wednesday that it did not allow trade in bitcoins in the capital market and there was no legislation in place regarding bitcoin prices. Thai securities firms do facilitate investments in bitcoin futures, however, when the currency is issued by the Chicago Mercantile Exchange (CME) or CBOE Futures Exchange under the US Commodity Futures Trading Commission, a member of International Organisation of Securities Commission. The CME and CBOE form the market for Thai brokerage firms that are allowed to invite their customers to invest. The SEC warned, though, that investors should consider the high risk stemming from fluctuations in bitcoin values.

**Stock market extends record run as investors bet on more to come**

*The Nation 12.01.2018*

Another trading record toppled in the Thai stock market yesterday when the benchmark index pushed deeper past 1,800 points, and investors have expressed confidence it will hit 1,900 by the end of the year. The Stock Exchange of Thailand (SET) Index closed at 1,802.80 yesterday, up 7.88 points from Wednesday, with a trading value of Bt86.82 billion. However, foreign investors and institutions made net sales of Bt1.14 billion and Bt1.64 billion, respectively. In contrast, proprietary and individuals recorded net purchases of Bt1.64 billion and Bt1.13 billion, respectively. Isara Ordeedolchest, senior vice president for SCB Securities, said the SET Index had made corrections on its approach to 1,800 points, and any pullbacks were likely to be short term amid a bright long-term outlook. In the short term, the SET Index could drop to 1,740 points as a result of market corrections on any sell-down by long-term funds, but he expressed confidence about a 2018 target of 1,900 points.  “The Thai stock market is not a bubble, despite the fact that it is trading at two times above the normal level, as the Thai economy is expanding with recoveries in both domestic consumption and external factors,” Isara said. A stock market bubble occurs when demand for shares drives their prices and the index to levels beyond any accurate or rational reflection of their actual worth.

**Private investment to spur 2018 growth**

*The Nation 12.-1.20-18*

The Ministry of Finance expects private investment to lead growth of the Thai economy this year, following 10,411 business operators exercised 1.5-time tax deduction on investment worth about Bt281 billion, an all-time high.  In 2017, Revenue Department launched its tax incentives to promote investment, allowing companies or juristic partnership to deduct its investment expenditure in assets paid in the year by 1.5 times.

 Pornchai Thiraveja, finance deputy spokesman, said the amount of private investments last year was much higher than the department's target of Bt8 billion. “The amount leads us to expect that private investments will now be the engine of economic expansion in the next periods," he said.

**B13bn assigned to Map Ta Phut**

*Bangkok Post 12.01.2018*

The Industrial Estate Authority of Thailand (IEAT) has provided an investment budget of 13 billion baht to expand two projects in the Map Ta Phut industrial estate in Rayong to cope with the imminent Eastern Economic Corridor (EEC). Of the total investment, 11 billion baht goes to third-phase development of the deep-sea port at Map Ta Phut on a plot of 1,000 rai. This expansion serves the petrochemical industry ,specifically as a liquefied natural gas receiving terminal and for logistics.
The remaining budget of 2 billion baht is for development of the Smart Park project in the estate on a plot of 1,500 rai. The IEAT expects to support a new generation of industries such as automated manufacturing and robotics, renewable energy and the digital sector.

**External**

**Thailand battles for rubber price rebound**

Indonesia and Malaysia join efforts to boost key commodity by withholding exports

*Bangkok Post 06.01.2018*

Rubber prices are expected to rise to 60 baht a kilogramme in the first quarter after Thailand, Indonesia and Malaysia pledged to withhold exports of 350,000 tonnes of natural rubber (NR) from this month until March. The pledge was made during a meeting late last year of senior officials from the International Tripartite Rubber Council and will be overseen by the ITRC monitoring and surveillance committee Ltd (IRCo). IRCo also said Thailand, Indonesia and Malaysia were confident that with the joint implementation of these measures, NR prices would recover and continue to be fair and remunerative to all rubber smallholders and other stakeholders in the industry.

[**Economy partner focused**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=L0SxahI3gzBalcyQIysz9xXmWC7Kp0SZDphJFo0Adk8gGkBL1oO0/A==)

*Daily News 09.01.2018*

Deputy Commerce Minister Sonthirat Sonthi-Jirawong revealed that he has assigned the Department of International Trade Promotion (DITP) and the Department of Trade Negotiations (DTN) to create strategic partnership plans between Thailand and other countries, in particular, those with high potential in partnering with Thailand to expand trade, investment, services and other aspects. In 2018, the Ministry of Commerce plans to implement a strategic partnership policy for markets such as China, CLMV (Cambodia, Laos, Myanmar and Vietnam), India and European countries. He said that he and his team would visit and negotiate for further market openings and cooperation from these regions. The top priority locations for his visit are China, CLMV countries, India and Europe. Deputy Prime Minister Somkid Jatusripitak has initiated the strategic partnership policy in order to support collaboration on trade, investment and other privileges as making partnerships is faster than FTA negotiations. At a meeting of International Directors of Trade Promotion to be held in February, Somkid will give policy and ask directors to focus more on expanding markets for Thai entrepreneurs in the form of strategic partnerships in addition to export promotion. He will also ask directors of trade promotion to follow up and solve pending issues that have affected Thai exports such as delays in issuing import licences for Thai longans in Indonesia or negotiations for the extension of GSP privileges with the US.

[**Bt currency brings concern to Asian economy**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=nn5SgFXr1S+tnzYxT8nvUTZcB4M1pXFKEl5TRwd+qOzLlM7KyroCoA==)

*Post Today 09.01.2018*

Since the beginning of 2018, several currencies in Asia have become stronger and many countries that rely mainly on exports are becoming concerned as the dollar dropped by almost 10% last year, which is the lowest point in 14 years (when compared to the six major currencies). The dollar is predicted to continue falling as the US Fed is likely to increase its interest rate three times this year and markets are unlikely to be surprised by interest rates. Also, the markets are still doubtful about impacts from the new tax policy issued by President Donald Trump. Therefore, many Asian nations are on the move, hoping to delay appreciation in their currencies. The Korean won appreciated by 13% in 2017 and South Korea has a very limited ability to control the rise as it was already included in the US watch list for currency intervention in October 2017. The Chinese yuan increased by 6% last year after the launch of capital outflow prevention measures. China has also been included in the US watch list for currency intervention and it had a trade surplus of 347 billion baht over the US in 2017. According to Bloomberg, the People's Bank of China (PBOC) has announced that it will change its calculation method for the yuan median by stopping the use of counter-cyclical factors. The Jakarta Post reported that Indonesia’s Financial Services Office plans to launch measures to prevent risks from currency exchange fluctuations — the Philippines mentioned that it plans to control currency exchange fluctuations. Thailand and India are being watched and the central banks of the two countries may not further intervene in currency exchange as their foreign reserves are quite high, showing that they invested in purchasing dollars in order to delay the appreciation of their currencies last year.

[**Thailand will discuss with ASEAN and India about rubber export**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=fIh2ZvZMWtwC+MssbTwkDOBkqmaf0RJOYaowFINhR312aJ6YNqCWtg==)

*Naew Na 12.01.2018*

Agriculture and Cooperatives Minister Kritsada Boonrat said that he is scheduled to visit India from 11th-12th January to attend the 4th ASEAN-INDIA Ministerial Meeting on Agriculture and Forestry (EAMF). Major meeting agenda topics are to hear the mid-term performance report for ASEAN-India Cooperation on Agriculture and Forestry (2011-2015) and to review the plans that will end in 2020. The objectives of the plans are strengthening research and development, enhancing quality of life for farmers, and transferring agricultural technologies for ASEAN and India to achieve sustainable agriculture. He will also meet with Radha Mohan Singh, India’s Union Minister of Agriculture and Farmers Welfare, and discuss further collaboration between Thailand and India in agricultural development and export expansion opportunities, especially for rubber as India is Thailand’s seventh largest rubber importer (4.2 billion baht).

**Bilateral**

[**Thailand and India are risky to be watched their currencies**](http://article.isentia.asia/viewarticles/default.aspx?acc=0y0XTCOIqBk=&app=n7q0r37qA1I=&file=L0SxahI3gzCmom1Shnvto7qjRDLKB9/kFxp7Bqt9zf3qQvhoB4EZwg==)

*Krungthep Turakij 09.01.2018*

Nomura Holdings Inc stated that the Reserve Bank of India (RBI) has exceeded the standard level of currency intervention for the rupee and is being watched by the US. The Bank of Tokyo-Mitsubishi UFJ Ltd. stated that policymakers in Thailand have also exceeded this level of intervention. Analysts said that if the two countries attempt to ease US concerns and allow their currencies to move more freely, both the baht and the rupee are likely to become stronger. The baht appreciated by 10% while the rupee rose by 6% last year. Thailand and India have the highest foreign exchange reserves among the emerging countries in Asia and there is more evidence indicating that the two countries are purchasing dollars in an attempt to control currency appreciation. The foreign exchange reserves of China, South Korea and Taiwan increased at a low level. Rajeev de Mello, the Head of Asian Fixed Income and Portfolio Manager at Schroders Investment Management (Singapore) said that Thailand and India may let their currencies move more freely and other currencies in Asia may also become stronger this year. Khoon Goh, Head of Research at ANZ in Singapore, said that although Thailand is not one of the US’s top twelve trade partners, it may be investigated for excessive currency intervention. Bank of Tokyo-Mitsubishi stated that Thailand had a trade surplus of $16,700 over the US and a 10% current account balance of GDP for six quarters.

Dr. Sanjay Kumar
Commercial Representative
**Embassy of India, Bangkok**Ocean Tower-2, 75/120-121,

Soi Sukhumvit 19, Bangkok – 10110 (Thailand)
T: +66 2 2580029 (Direct), +66 2 2580300-06 (Extn. 162)
F: +66 2 2584627 Email: com.bangkok@mea.gov.in