

## Daily Thai News Updates: 1 August 2017

### **1. Somkid seeks B1bn in seed money for uni startups**

**Source: Bangkok Post ([Link](#))**

Deputy Prime Minister Somkid Jatusripitak yesterday asked the Stock Exchange of Thailand (SET) to provide 1 billion baht in seed money to support the development of university startup projects. "Venture capital funds in Thailand don't dare to invest in the initial phase or provide seed money because there is a high investment risk. The majority of them will invest in startups that are already operating with a customer base and clear business model," said Mr Somkid. The next development phase will entail venture capital funds investing in successful startups, he said. A measure to waive the capital gains tax for 10 years for venture capital funds and private equity trusts will cover angel funds as well those investing in the initial phase, said Mr Somkid. There are seven main goals set to be achieved by 2020 under the government's startup deal development system. The goals are: Promoting "Startup Thailand" as an international brand, having a 100,000-strong entrepreneurial workforce, creating over 13,000 jobs around so-called innovation districts, having nine sectors to transform Thailand's economy with over 2,000 new startups nationwide, making prominent deals to enhance the investment market, conveying better data for decision-making, and developing favourable laws and a robust regulatory ecosystem...The government is also providing incentives to startups, offering five to eight-year corporate tax waivers for co-working space businesses, on top of the 10-year capital gains tax exemption.

### **2. Growth expected to hold steady**

**Source: Bangkok Post ([Link](#))**

Economic growth in the second quarter is expected to be close to the first quarter's reading of 3.3% and accelerate to 3.7% in the second half, says a senior Bank of Thailand official. "Some economic engines showed stronger growth than expected but I, personally, think that GDP growth in the second quarter was roughly the same as in the first quarter," said Don Nakornthab, senior director in the macroeconomic and monetary policy department at the central bank. "If the GDP growth in the second quarter meets the 3.3% growth in the first quarter, the Thai economy can be expected to grow stronger at 3.7% in the second half to make the central bank's full-year GDP forecast of 3.5% reachable." Mr Don said that private consumption is expected to accelerate in the

second half while the low-base effect of tourist arrivals in the fourth quarter last year from the crackdown on illegal tour operations will help boost growth in the tourism sector this year.

### **3. Moody's: BoT personal loan limit will benefit banks**

Source: Bangkok Post ([Link](#))

The Bank of Thailand's measures aimed at tightening personal unsecured lending will benefit Thai banks as it strengthens underwriting standards and will moderate growth in the personal-loan segment, which has contributed to the high level of household debt and an increase in non-performing loans (NPLs), according to Moody's Investors Service. The new limits will discourage further leverage among these borrowers, and ease their debt-servicing burden, the international credit rating agency's report said. According to the Bank of Thailand's 2016 Financial Stability Report, household debt was 79% of GDP at the end of March. Debt growth was slower in 2016 than in 2015, but still outpaced income growth, especially for low-income, agricultural households and households operating small and mid-size businesses...According to a new set of regulations governing credit cards, the maximum interest rate will be lowered to 18% from 20% at present, in line with card operators' lower financial costs. The new rate will apply to both new and existing cardholders.

### **4. BoT: Consumption up, investment down in June**

Source: Bangkok Post ([Link](#))

Private consumption rose slightly in June but private investment contracted from the previous month, central bank indexes showed on Monday, suggesting economic recovery remains patchy. The Bank of Thailand's (BOT) private consumption index for June rose 0.2% from the previous month, when it increased 1.3%. The index for private investment declined 0.4% in June from May, when it had contracted 0.2%. The BOT said there was a current account surplus of \$4.28 billion (142.4 billion baht) in June, after a \$1.13 billion (37.6 billion baht) surplus in May. Exports, based on financial settlements, rose 7.6% in June from a year earlier, the central bank said. A strong baht has yet to affect trade competitiveness and the central bank is confident of achieving its export growth forecast of 5% this year, a central bank official told a briefing on Monday. The baht has strengthened about 7.5% against the U.S. dollar so far this year, the most of any Southeast Asia

currency. The BOT has forecast economic growth of 3.5% this year, with exports rising 5%. The economy grew 3.2% last year.

#### **5. ‘Stronger baht won’t hurt Thai exports as demand boosted by global recovery’**

Source: The Nation ([Link](#))

The Baht’s appreciation against the US dollar will not put pressure on Thailand’s 2017 export target as the Thai currency is moving in tandem with its regional peers, experts say. Kobsak Pootrakool, a vice PM’s Office minister, said that since Thai exports are being driven by the global economic recovery, the baht’s climb will not peril the country’s export growth target of 5 per cent for this year. Porametee Vimolsirim, secretary-general of the National Economic and Social Development Board, said the baht’s strengthening has made only small impacts on Thai exporters, as their major destinations have bounced back on the resurgent global economy. In the past two months, the Commerce Ministry’s outbound shipment figures have improved sharply and last month was more than US\$20 billion, he said. The currency’s impact on exports was regarded as less important than the global recession and sluggish exports. The drop in Thailand’s rubber prices since the beginning of this year could also affect Thai exports, but the prices of this year’s agricultural products have been higher than during the years of drought. “The recovery of the Thai economy has been scattered among several sectors. When exports, which is a sector of the national economy, is recovering, we expect it to support private investment,” he said.

#### **6. Retail sales dip in Q2 but rebound on the cards**

Source: Bangkok Post ([Link](#))

Thailand's retail industry grew 2.81% in the first half of 2017, lower than the 3-3.2% expected earlier, the Thai Retailers Association (TRA) said yesterday. While retail sales grew 3.02% in the first quarter, growth was sluggish in the following three months, said TRA president Jariya Chirathivat. Retail branches in Greater Bangkok and major tourist areas performed strongly, but they represented only a third of retail locations in the country. Upcountry retail branches saw measured growth, which tainted the second quarter and resulted in a lower overall performance in the first half, Ms Jariya said. The numbers reflect provincial shoppers' weak purchasing power, which has been damaged by an ailing economy, analysts say. To combat this, the government must issue stimulus measures with more clearly defined targets, Ms Jariya said. She said revenue in the appliance, electronic and construction material sectors grew slowly in the first quarter. Computers, cell phones and cameras fared slightly better. Construction materials are still bearing the brunt of

a stagnant real estate market. Meanwhile, semi-durable goods were flat. The country has seen an increase in tourist arrivals but foreign shoppers prefer to buy luxury-branded goods in neighbouring countries where import taxes are lower, ay pundits. "The 'athleisure' trend supported growth in the sports and health segment, but sales of other semi-durable items was flat," Ms Jariya said.

### **7. Thai AirAsia adds two Indian routes**

**Source: Bangkok Post ([Link](#))**

Thai AirAsia (TAA) is deepening its footprint in India with the addition of two more routes from Bangkok. Thailand's largest low-cost carrier will start flying to Tiruchirappalli and Jaipur from its Bangkok Don Mueang airport base on Sept 28 and 29, respectively. The airline will offer four flights a week for each of the two new routes, launched after the TAA finally secured the traffics rights from the Indian aviation authority after much effort. TAA chief executive Tassapon Bijleveld yesterday said the introduction of the two routes is aimed at attracting Indian shoppers to Thailand. The carrier plans to continue penetrating the Indian market for the rest of the year. "Indian travellers rank sixth among the most frequent visitors to Thailand, where all kinds of tourist needs are served -- from shopping to night-time entertainment to hospitality and wellness retreats," he said. Last year Thailand attracted 1.19 million Indian travellers, according to recent Department of Tourism data. For 2017, the target is 14% revenue growth and 8% rise in tourist arrivals from the Indian market. TAA operates non-stop flights to four Indian cities -- Chennai, Bengaluru, Kolkata and Kochi -- with 24 flights a week. The airline said it has been able to maintain a load factor averaging 80% with 80-85% of total passenger loads from India.