

Daily Thai News Updates: 1 September 2017

1. August consumer price index up 0.32% y-o-y

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

Thai annual headline consumer prices rose for a second straight month in August, government data showed on Friday, but the inflation rate was still low, giving the central bank ample room to keep monetary policy loose to support the economy. Headline consumer prices increased 0.32% in August from a year earlier, after a 0.17% rise in July. A Reuters poll projected a rise of 0.38% in August. The Bank of Thailand (BOT) has forecast 2017 headline inflation of 0.8%, below its 1-4 % target range. The BOT has left its policy interest rate at 1.50% since April 2015. It next reviews policy on Sept 27, and most analysts expect no change this year. The core CPI index, which excludes raw food and energy prices, rose 0.46% in August from a year earlier, roughly in line with the poll's median expectation of a 0.50% increase. In the January-August period, headline CPI rose 0.56% from a year earlier and the core index increased 0.54%. Inflation in Thailand has also been contained by state price controls, subsidies and soft domestic demand.

2. Land tax gets yet another revamp

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

The National Legislative Assembly (NLA) is likely to rework a draft bill on the land and building tax after it assigned the Finance Ministry to consider whether taxpayers can afford the new tax bills. The NLA's subcommittee on the land and buildings tax designated the Finance Ministry to conduct a survey of potential payers for the new property tax to determine the comparative tax burden between the proposed land and buildings tax and the current local development taxes, said Deputy Finance Minister Wisudhi Srisuphan. Even though the cabinet approved a bill on the land and buildings tax in March, the much awaited bill is still stuck in NLA deliberation as lawmakers have questioned whether a 50-million-baht ceiling for the tax exemption for first homes is too much and should be lowered to widen the number of taxpayers...Prime Minister Prayut Chan-o-cha decided to hit the brakes on the land and buildings tax bill in 2015 after public opposition to the idea. But the Finance Ministry has once again pushed the new property tax after the details were watered down to allay homeowners' jitters of a higher tax burden. The Finance Ministry had said earlier the land and buildings tax is expected to be enforced on Jan

1, 2018. The new tax, which will replace the outdated house and land tax and the local development tax, aims to narrow income disparity, expand the national taxpayer base, increase tax income for local administrations and improve land use.

3. New electricity rates in the pipeline for next year

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

A new base factor and fuel tariff (Ft) rates used to calculate electricity bills for the next five years (2018-22) are due to be announced early next year, according to the Energy Regulatory Commission (ERC)... The ERC has two categories of power calculation: the base factor, which is revised every five years, and the Ft rate, which is adjusted every four months. The base factor is currently based on capital expenditures on power generating system, transmission facilities and distribution sector, mostly from fossil base power generation...The ERC's recent move to standardise the utility authorities' methods of electricity bill calculation to make them simpler and more transparent is one reason for the revision. The move would also cut excessive spending as well as make power bill calculations simpler and more acceptable, Mr Veeraphol said.

4. Thai July factory output rises 3.73% y-o-y, above forecast

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

Thailand's annual industrial output rose in July, after a fall the previous month, helped by stronger car engine and electronic production suggesting the economic recovery is gaining momentum. The Industry Ministry said on Thursday the manufacturing production index (MPI) in July rose 3.73% from a year earlier, compared with the median forecast of a 3.15% rise in a Reuters poll. June's index was revised to a 0.26% year-on-year fall from a 0.16% dip. In the first seven months, the index was up 0.62% from a year earlier...Exports, a key driver of growth in Southeast Asia's second-largest economy, have just recovered in 2017 after years of poor performance. The Bank of Thailand has forecast economic growth of 3.5% this year, with exports rising 5%. The economy expanded 3.2% last year, still lags its regional peers.

5. Export, tourism shine as farm incomes take a hit

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

In July, the Thai economy continued to expand. The main growth drivers were continued expansions in merchandise exports and the tourism sector, consistent with the steady improvement in external demand, the Bank of Thailand reported yesterday. According to the report, private investment and public spending expanded moderately. Manufacturing production increased from the same period last year in both production for exports and to serve the domestic market. Private consumption expanded at a slower pace stemming from the deceleration in spending in the services sector. On the stability front, headline inflation accelerated to 0.17 per cent from -0.05 per cent in the previous month... The number of foreign tourists posted 4.8 per cent annual growth thanks to growth in the number of tourists of almost all nationalities. The number of Chinese and Asean tourists, especially CLMV (Cambodia, Laos, Myanmar and Vietnam), continued to expand.

6. State to set up silk market in Korat for added value

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

The Commerce Ministry plans to set up a Thai silk centre in the northeastern city of Nakhon Ratchasima to serve as a magnet market to create added value to Thai silk products. The silk product market is worth more than 6 billion baht a year. The market is due to be launched by the end of this year as part of a policy to push Thailand's economy to tap into greater profit margins from unique local products, generating higher income for low-income earners in remote areas... To create added value for the Thai silk products, Mr Sontirat said the ministry plans a magnet market, but a sales gimmick has not been decided yet. He said the ministry is working with other related organisations as well as local villagers who make the silk products to determine an action plan to promote the market.

7. 11 street has eye on e-commerce top spot

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

11street, the South Korean online marketplace, aims to be No.1 in e-commerce in Thailand by 2022. Since the start of its operations here in February, 11street today has more than 580,000 members shopping and over 18,000 sellers on its platform. "We have become number two in the market in just a few months, and we are sure we can become number one in less than five years," said Yun Chang-sung, 11street Thailand's vice-president of sales. He said Thailand's e-commerce size is comparatively small at present, relative to mature markets like South Korea and the US.