

## Daily Thai News Summary: 18 March 2016

### 1. EXIM Bank told to draw up 3 year strategy to set up branches abroad

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

The Export-Import Bank of Thailand needs an aggressive business strategy to open branches overseas to support Thai exporters and companies that invest abroad, Deputy Prime Minister Somkid Jatusripitak said yesterday. *"Exim Bank now is strong enough financially to expand overseas to support Thai companies expanding abroad ... especially in Asean countries after the Asean Economic Community became effective this year,"* he said after meeting with the finance minister and the bank's board. At the meeting, Somkid informed Exim Bank's board of the government's policy that it needed the bank to come up with a three-year regional business strategy. The strategy will cover the bank's business expansion overseas, as well as loan policy for Thai exporters and companies that invest abroad. Somkid said some Thai companies were trying to invest in emerging countries where Thai commercial banks do not yet have a footprint. It is in places like that where Exim Bank should be setting up branches. Moreover, even in countries where Thai commercial banks are already operating, such as the CLMV (Cambodia, Laos, Myanmar and Vietnam) sub-region, Exim could be offering a low-interest alternative to Thai businesses there.

Finance Minister Apisak Tantivorawong added that it was government policy that the specialised financial institutions have strong management and cover the areas they were designed to support. The state-run SFIs are Exim Bank, the Small and Medium Enterprise Development Bank of Thailand (SME Bank), Government Housing Bank, Government Savings Bank, and the Bank for Agriculture and Agricultural Cooperatives. After the meeting yesterday, the Exim Bank will draw up a three-year business plan to propose to the Finance Ministry within two or three weeks. By that time, the bank will have appointed a new president, expected within two weeks. At the end of 2015, Exim Bank announced net profit of Bt1.52 billion and a total credit outstanding of Bt73.54 billion. Business turnover derived from the bank's financing activities amounted to Bt136.63 billion, while that from export credit insurance and investment insurance accounted for Bt64.38 billion.

## **2. Several luxury residential projects launched in first quarter of year**

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

Accor Hotels plans to transform the rooms at its worldwide Novotel chain to a new concept called the "N Room", starting with its hotels in Thailand this year. The Novotel Bangkok Ploenchit Sukhumvit is the first trial property for the N Room concept, which offers what the company describes as "a universal ideal of more customisable design to better address local hotel and guest needs". The new room features an iconic bed, wider window design, a 40-inch TV, adjustable sofa, flexible use of space, new amenity layout, and more device ports. As Novotel is a recognised brand for business and leisure travellers, accounting for 55 per cent and 45 per cent of its business respectively, guests staying in the new type of room will be able to both work and rest in the same space. Patrick Basset, chief operating officer for Upper Southeast and Northeast Asia, said Thailand was the first country to have the new-concept room, designed by a Thai architecture firm - Soda.

The initiative room will be implemented at Novotels in other countries all over the world. Novotel is the most popular brand in AccorHotels' portfolio in Asia-Pacific, while Thailand is one of the most dynamic markets in the region, offering more room for growth in the long term, he said. *"This year, we will open new Novotels with the new room, while some existing properties will get renovations [under the N Room concept], including our first local Novotel at Siam Square,"* he added. The transformation cost for each new-concept room is Bt750,000. However, once the renovation work is complete, the company can increase the room rate by 15-20 per cent, thus increasing its overall average room rate, Basset explained. The group expects that this year's business in Thailand will grow by 9 per cent from last year's impressive level, which was achieved despite the bomb blast at the Erawan Shrine in August.

## **3. Several luxury residential projects launched in first quarter of year**

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

With household debt at more than 80 per cent of gross domestic product, property firms in the first quarter have launched residential projects aimed at the upper-income market. Anant Asavabhokhin, chairman of Land & Houses' executive board, said that if the government wanted to get the economy back on track, it needed to stimulate spending by those who can still afford to do so, and that is the upper-income segment. He shrugged off any criticism that this would amount to subsidising the rich, as spending by this upper segment would indirectly create jobs for others, thereby boosting the overall economy. Land & Houses' latest luxury development is Ladawan Rama II, a detached-housing project with prices from Bt50 million to Bt160 million per unit. Other property firms have also launched luxury projects, both condominiums and detached houses, to serve the strong demand in this market. This is also the way to boost their

presales in the first half of this year while the commercial banks are still reluctant to provide mortgages for the lower- and middle-income markets.

Sansiri introduced a luxury condominium project called 98 Wireless, worth Bt8.5 billion, last week. The project has only 77 units priced at Bt550,000 per square metre. A total of Bt1.2 billion of the project value has already been sold before the official grand opening in the second half of this year when the project is complete. Sansiri president Srettha Thavisin explained that although booking for the project will not officially open until the second half, the firm accepted cash offers totalling Bt1.2 billion for two penthouses. He added that this showed that demand for luxury homes was still strong as long as they were in the right location.

#### **4. SET, MAI dividends payouts**

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

A Total of 406 firms listed on the Stock Exchange of Thailand and Market for Alternative Investment (MAI) announced combined dividend payments of Bt381.65 billion for 2015 as of last Friday, an all-time high. The dividend payout ratio exceeded 60 per cent. SET senior executive vice president Santi Kiranand said the 406 companies paying dividends comprised 328 SET-listed firms with dividends of Bt376.68 billion and 78 MAI-listed companies with dividends worth Bt4.96 billion, totalling Bt381.65 billion. These payouts generated a 2015 dividend yield of 3.55 per cent, higher than 2.95 per cent a year earlier, while the 2015 dividend-payout ratio was 61 per cent (excluding property funds, infrastructure funds, and real estate investment trusts). *"Thai listed firms have paid a record high dividend [total], as their performances recovered with support from solid fundamentals, strong cash flows and liquidity management, enabling companies to maintain growth amid business-environment uncertainties,"* Santi said. *"Furthermore, the high dividends boosted dividend yields of Thai-listed firms, outperforming the average 3-per-cent dividend yield of other exchanges in the region."* The top five SET-listed firms that paid the highest dividends, in absolute amounts in descending order, were Advanced Info Service, PTT, Siam Cement, Siam Commercial Bank and Intouch Holdings, totalling Bt119.90 billion, and representing 32 per cent of the SET's total dividends by value.

## 5. Brace for stronger baht: Economist

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

The Baht is likely to strengthen further against US dollar, as Thailand's financial market is expected to welcome more investment inflows amid no change in US interest rates and continued quantitative easing in Japan and the euro zone, economists said yesterday. However, they cautioned that the inflows would stay only as long as Thailand's economic and political conditions showed some signs of improvement. DBS Bank economist Gundy Cahyadi said recent inflows were driven by the US Federal Reserve's postponement of an interest-rate increase. *"That the Fed turned even more dovish [on Wednesday] was clearly a bonus for risk appetite. Given the prospect of inflows, clearly there is going to be pressure on EM [emerging market] currencies, including the Thai baht, to strengthen against the USD. At least in the near term,"* he said.

The Thai currency on Wednesday closed below 35 per dollar and strengthened further to 34.80 at 4pm yesterday. Since the end of last year when the baht closed at 36.03, the currency has gained 3.53 per cent against the greenback. Because of quantitative easing in Japan and the euro zone, international investors are searching for higher yields in selected markets. Southeast Asia is the main recipient, mainly Indonesia. The Fed's decision on Wednesday triggered a slump in the dollar and a surge in risk appetite that rolled from Wall Street to Asia and then into Europe.

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**By Harsha Hazarika**