

Daily Thai News Summary: 13 October 2015

1. SET pushes foreign trades

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

High-ranking Stock Exchange of Thailand (SET) executives will discuss with new Bank of Thailand governor Veerathai Santiprabhob fresh efforts to push local equity and derivatives trades in major currencies. It is expected to take time for Thai shares and derivatives to be able to trade in major currencies, starting with the US dollar and yuan, as the central bank would need to consider foreign exchange stability, said acting SET chairman Sathit Limpongpan.

Allowing major currencies to trade equities and derivatives on the domestic stock market would attract more foreign investors who would no longer be worried about foreign currency risks, he said. The initiative would reinforce the competitiveness of the Thai market and pave the way for it to be the region's leader when the single trading bloc under the Asean Economic Community kicks off at the end of this year. The SET aims to become a gateway for the markets in Cambodia, Laos, Myanmar and Vietnam. Mr Sathit voiced confidence that the SET's market value would one day surpass Malaysia's stock market thanks to its measures to launch new products and encourage foreign companies to seek listings on the market.

2. Wassana oil too crude for refining as export ban lifted

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

Energy policymakers have agreed to lift an export ban on oil from the offshore Wassana oilfield following local refineries' refusal to buy the oil due to its low quality. Energy Minister Anantaporn Kanjanarat said the government would be flexible about oil produced from the Wassana oilfield after its quality did not match the requirements of local oil refineries. The ban on all crude oil exports started in August last year during month-long street protests when activists called for the cancellation of all products. Gen Anantaporn said the government would also be more flexible about other oilfields and export bans.

The Singapore-based Kris Energy Co, an independent upstream oil and gas company, started producing crude oil from the Wassana field in the G10/48 concession in the Gulf of Thailand on Aug 14, 2015. The initial production volume at Wassana is 4,000 barrels per day and is expected to reach a peak rate of 10,000 when additional development wells are drilled. The initial production volume at Wassana is 4,000 barrels per day and is expected to reach a peak rate of 10,000 when additional development wells are drilled.

3. GMS growth to match China's over next decade

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

Judging by how many times he has seen Tos Chirathivat, chief executive of the Central Group, at the Ho Chi Minh airport over the past year, US-based equity broker Mark Decker believes Thailand's largest retailer must have something big in its investment pipeline for Vietnam, in addition to or part of its acquisition of Nguyen Kim, a major electronic-goods retailer there in January. Decker is the founder and CEO of Decker & Co, the only equity brokerage in the world that focuses solely on Asian frontier markets, including the Greater Mekong Subregion. He is particularly bullish on the future of the GMS economies, which he believes will share the same growth trajectory that China has been on for a couple of decades. And because of that, Decker told The Nation he was very bullish on Thai stocks, especially small and medium-sized enterprises in consumer goods, non-bank financial firms, and other nimble SMEs that are poised to gain from the GMS growth.

The GMS is made up of countries bordering the Mekong River, namely Cambodia, Laos, Myanmar, Vietnam, Thailand and southern China. *"I think this [GMS] is much bigger than everyone is talking about. China has grown from nothing to where they are now in only 20 years. GMS has a 700-million population, almost equal to China,"* he said. GMS shares some of the "myths" that China had in the 1990s when people were sceptical about the future of its economy. And Decker has no doubt that GMS will share China's path of double-digit growth for a decade to come. Due to Thailand's strategic location as the centre of the GMS, and the relatively good management of Thai companies, Decker has advised his US institutional investor clients to buy selective Thai stocks that are poised to gain from the upcoming "massive economic boom" of the GMS countries.

4. Proposal to waive test vehicle import duty tax

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

The Thai-European Business Association has proposed to the government the possibility of providing an exemption on the import duty tax for test vehicles in order to encourage more foreign investment in automotive testing facilities in the Kingdom. TEBA president Uli Kaiser and 12 other members of the association met with Industry Minister Atchaka Sibunruang and other representatives from the ministry and the Office of Industrial Economics yesterday. They primarily discussed six issues including accelerating the Asean Mutual Recognition Arrangement for automotive products to achieve a single regulatory regime.

Thailand signed on as a contracting party for the 1958 agreement but it has yet to be implemented. It is hoped some of the following can be put under the one umbrella under the

agreement to make it more well known: vehicle testing facilities; electric vehicles and quick-charging stations; automotive parts production for local content requirements; and the promotion of a dual education system in Thailand.

It's also hoped a minimum-required manufacturing standard can be implemented under the Good Manufacturing Practice of Pharmaceutical Inspection Co-operation Scheme to enable contract manufacturing and greater penetration of the international export market and the legislating of tax breaks for pharmaceutical manufacturers.

5. SET, BOT heads to mull market cap expansion

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

Sathit Limpongpan, the outgoing chairman of the Stock Exchange of Thailand, said yesterday that he would meet with the new governor of the Bank of Thailand, Veerathai Santiprabhob, in the coming weeks to discuss allowing investors to trade Thai assets in currencies besides the baht, such as the US dollar or Chinese yuan, to help expand the SET's market capitalisation.

One of the remaining challenges for the bourse is to beat Bursa Malaysia (MYX) and Singapore Exchange (SGX) in market cap by encouraging more foreign companies and state-owned enterprises (SOEs) to go public, he said. The SET has one of the most reliable transaction and clearing systems in the region with well-balanced investor types and a risk-management system in place, he said. Its average daily turnover of Bt46 billion means that it is the most liquid in Asean, but its market cap is still far behind SGX.

According to the World Federation of Exchanges, the SGX, MYX and SET had market caps of US\$706 billion, \$428 billion and \$396 billion at the end of July. *"The SET is the most prominent in sustainability as it is now one of the UN's Sustainable Stock Exchanges partners, while 13 of our listed companies are members of the Dow Jones Sustainability Indices this year, which is the most in Asean,"* he told the press.

By Harsha Hazarika