

Daily Thai News Summary: 6 November 2015

1. Thailand's outlooks stable: RAM

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

Malaysia's RAM Ratings has assigned Thailand a *"stable" outlook on both the global and Asean scales, noting that the ability of the military-led regime's new Cabinet to shore up the economy remains to be seen. RAM rated Thailand "gBBB1(pi)" on the global scale and "seaAA1(pi)" on the Asean scale.* Thailand benefits from low oil prices, which improve its trade balance, the rating agency said. Coupled with declining capital imports, its current account hit a surplus of 6 per cent in the second quarter. As of June, the level of reserves was sufficient to fund 10 months of imports and 2.9 times the country's short-term external debt.

Despite the benefit of a low base in 2014, Thailand's economy continues to be weak, with growth slowing to 2.8 per cent in the second quarter from 3 per cent in the first, and a surprise 25-basis-point policy-rate cut in April failing to boost the economy. In response to the weak economic performance, the Cabinet was reshuffled in August. A fiscal stimulus package worth Bt110 billion was subsequently approved to provide interest-free loans to low-income earners and to facilitate repairs, construction work and small projects. *"The efficacy of the new Cabinet remains to be seen at this juncture, although the line-up, which now has more military ministers, should ensure greater policy alignment for the military government,"* said Esther Lai, RAM's head of sovereign ratings.

2. Consumer confidence back on uptrend

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

Consumers are once again in the mood to spend on a new home and travel thanks to the government's economic stimulus packages, according to the University of the Thai Chamber of Commerce. *"With better confidence, consumers feel optimistic about spending their money on durable goods and travel, particularly for purchasing a new house following the government's measure to lower the housing transfer tax and mortgage tax. Consumers will also decide to purchase more new cars in the final quarter of this year, as the excise tax for some vehicles will be increased next year,"* Thanavath Phonvichai, director of the university's Economic and Business Forecasting Centre, said yesterday. The consumer confidence index for October rose for the first time in 10 months to 73.4 points from 72.1 in September, echoing positive prospects for stronger economic growth late this year and next year.

3. Thai developers up focus on overseas investments

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

Thailand's leading property firms are interested in expanding their investment overseas, seeing an opportunity to generate high returns. Developers are particularly interested in expanding in Asean, Europe and the United States. For example, Singha Estate, the property arm of beverage firm Singha Corp, on October 10 joined with Fico Holding (UK) to purchase 26 Mercure hotels in the United Kingdom worth.

4. SCB unit suggests ways to counter cheap steel from China

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

The global steel oversupply, especially from China's overproduction, has slammed Thailand's steel pipe industry, according to Siam Commercial Bank's Economics Intelligence Centre. The rapid hike in imports from China is hurting local producers by cutting prices and taking market share. This has led to a request for antidumping (AD) protection. Local makers will not be able to compete with their Chinese counterparts on price, while AD protection will only provide short-term protection.

Welded stainless steel pipe imports would rise even further as traders make speculative purchases before AD measures are implemented. Consumers will not be able to enjoy low prices for steel pipes even with an AD policy. In the short term, Thai producers should try to preserve their customer base through service and credibility. In the long term, they need to find a strategy to meet price competition since China will always enjoy economies of scale. They can compete by enhancing efficiency and reducing costs as well as adding more value and diversifying products. They can develop marketing and branding strategies to build brand awareness.

5. Japan's help sought on TPP membership

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

Thailand will encourage Japan to support the country joining the Trans-Pacific Partnership in the near future, as well as asking for higher import quotas for certain products. Meanwhile Japan will ask Thailand to increase imports of Japanese steel to support car production in the Kingdom. Those proposals will be on the agenda during Deputy Prime Minister Somkid Jatusripitak's mission leading Thai economic ministers to Japan from November 25-28.

After a meeting yesterday between Commerce Minister Apiradi Tantraporn and Japanese Ambassador to Thailand Shiro Sadoshima, Sirinart Jaimun, |director-general of the ministry's Trade Negotiations Department, said Thailand and Japan |would strengthen cooperation during the Somkid mission, |focusing on increased bilateral trade and investment. During the mission, the two countries will set up a High Level Joint Commission for government officials.

There will also be a meeting of government officials and Thai and Japanese private enterprises to address trade and investment problems. As Japan is already part of |the TPP, Thailand will ask it to |support the Kingdom's membership in the future. Sirinart said Thailand would ask Japan to increase import quotas for many products, mainly processed pork, mangoes, limes and oranges.

6. Developers open to govt plan for low-cost housing

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

Property developers are interested in developing low-cost residential projects following the Finance Ministry's policy to support a policy for long-term land lease to help develop residences nationwide priced not higher than Bt600,000 per unit. *"We are interested, but we have to do a feasibility study on whether we can build residences costing lower than Bt600,000 per unit. If we can, we will,"* Pruksa Real Estate chief executive officer Thongma Vijitpongpun told The Nation.

On October 16, Deputy Prime Minister Somkid Jatusripitak and Finance Minister Apisak Tantivorawong met with property developers and urged them to build low-cost residences. Under this policy, the government will offer land for the projects, which will help property firms cut their land cost. Thongma said the offer from the government will be a challenge for property developers, because when land cost is eliminated, it may be possible to build a home for less than Bt600,000. However, the company has to study the location and market demand before investing in the project, he said. Property Perfect chief executive officer Chainid Adhyanasakul said the company would welcome participation in the development of low-priced homes for low-income customers under the concept of social-enterprise business. *"We would be ready to develop one or two projects under this concept, but we have to wait and see the details of the project first. It could commence next year,"* he said.

By Harsha Hazarika