

## Daily Thai News Updates: 22 August 2017

### **1. Apisak says growth on right track**

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

Finance Minister Apisak Tantivorawong is bullish on the Thai economy, saying its growth will reach full throttle at 4-5% in the next few years, driven by the government's economic plan. Growth of 3.7% year-on-year in the second quarter showed the government's efforts to push big-ticket infrastructure investment as the main driver of economic growth is paying off, he said. Growth of 3.7% is still sub-par, said Mr Apisak, adding that once investment in the Eastern Economic Corridor bears fruit, the economy will reach its potential of 4-5%. Private investment is showing signs of improvement, as evidenced by the rising value of projects that are applying for the Board of Investment's tax incentives for their investment. The government will continue to push on with its investment projects and measures to strengthen the economic growth as GDP gains pace.

### **2. BoT mulls further anti-speculation steps**

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

The Bank of Thailand may consider additional measures to curb baht speculation after occasional increases in the volume of foreign exchange transactions have been detected, says a senior official at the central bank. "The Bank of Thailand requires commercial banks to provide additional information in the event of unusually high volume of transfers between non-resident baht accounts, which may relate to baht speculation," said Vachira Arromdee, assistant governor of the financial markets operations group. The central bank has monitored baht transactions of non-residents and found that the balance of non-resident baht accounts and transactions between these accounts has irregularly increased, she said... The baht is the top-performing currency in Asia for the year to date, rising more than 7%, while South Korea's won and the Taiwanese dollar have surged about 6%. Shortly after the central bank's verbal intervention, the baht fell to 33.24 to the dollar yesterday from 33.22 on Friday.

### **3. GDP growth forecast gets scaled up to 3.7% for year**

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

The nation's top economic planning agency has raised its full-year forecast for economic expansion to 3.7 per cent, from 3.5 per cent, after export-fueled growth in second quarter surprisingly quickened to 3.7 per cent from the same quarter of 2016. Growth in gross domestic product (GDP) accelerated from 3.3 per cent in the first quarter, Porametee Vimolsiri, secretary general of the National Economic and Social Development Board (NESDB), said at a press conference yesterday. The faster rate of growth of in the second quarter was driven by exports, household consumption and private investment, the agency said. "The real GDP growth rate in second quarter was higher than expected," said Porametee. Private investment grew 3.2 per cent, the fastest clip in the past four quarters, after contracting 1.1 per cent in the first quarter. Public investment shrank 7 per cent after growing 9.7 per cent in the first quarter. Second-quarter consumption expanded 3 per cent compared with 3.2 per cent in the year's opening quarter, while exports in dollar terms grew 8 per cent, against 6.8 per cent in the prior quarter. Private investment between April and June was driven by exports and public infrastructure investment.

### **4. Determination of Section 40(8) income**

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

The government recently introduced a tax incentive programme to encourage individuals, including ordinary partnerships and groups of persons, to reorganise their businesses and operate them in the form of a company limited or a juristic partnership. This would make it easier to screen them for tax compliance, given the need to prepare statutory accounts. To encourage operators to make the change, authorities have reduced some of the tax advantages these businesses previously enjoyed. For example, standard deductible expenses that used to be as high as 65-85% have been reduced to 60%, but progressive tax rates in the range of 5-35% have been maintained, which is somewhat less attractive than the corporate income tax rate of 20% on net profits...In this case, the taxpayer had not registered her business for VAT because her income did not reach the required threshold amount of 1.8 million baht per year. Consequently, her commissions were categorized as income under Section 40(2) and the standard expense deduction was capped at 60,000 baht.

### **5. 4-5% GDP growth expected in a few years**

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

The government's economic development projects will enable the economy to grow at full capacity of 4-5% annually in a few years, Finance Minister Apisak Tantivorawong said on Monday. The increase in gross domestic product of 3.7% in the second quarter this year resulted from the government's past infrastructure investment, but the economy was still not growing at full capacity, he said. The expected 4-5% rate of expansion would come from the government's Eastern Economic Corridor development. It normally it took a few years for new investment projects to start having positive effects on the economy, the finance minister said. There were already good signs for private investment in the applications for investment incentives with the Board of Investment.

### **6. Baht boost 'due to greenback's depreciation'**

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

The appreciation of the Thai baht by more than 7 per cent since the beginning of the year was mainly caused by the depreciation of the US dollar and improved economic conditions, according to Vachira Arromdee, assistant governor of the Bank of Thailand (BOT). However, the financial market has become more volatile due to external factors – specifically geo-political risk and political issues in the US – so some market players might use this opportunity to speculate on regional currencies, exerting pressure on the baht.

### **7. Demystifying the culprits behind the indomitable Thai currency**

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

Thai baht has almost reached its two-year high with a spectacular (almost) 8 per cent year-to-date return against the US dollar...Thai baht was forecasted to end the 2nd quarter at Bt36.3 baht per US dollar. However, in reality, the Thai baht ended that quarter Bt2.3 per US dollar lower...In the 1st quarter of 2017, Thai baht gained 4 per cent against the dollar and foreign investors' appetites for Thai baht weren't solely responsible for Thai baht's moves. During that period, Thai exports recovered tremendously on improving global trade outlooks. In addition, Thai tourisms also rebounded and generated large demands for Thai baht. Both activities on the current account were \$17,532 million and dwarfed foreign inflows of about \$2,935 million. Evidently, shadowy culprits behind invincible Thai baht so far were massive net exports and flourishing Thai tourisms.

After successions of double-digit exports growth, analysts expected that Thai exports will expand around 5 per cent (revised up from 3 per cent made earlier this year). Moreover, with rising numbers of tourists growing 7.4% to 35 million this year, the Thai current account surplus will persist at least for this year.