

Daily Thai News Updates: 8 September 2017

1. Asean Linkage folds after falling short

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

Asean Linkage is a collaboration between seven stock exchanges in Southeast Asia comprising Malaysia, Vietnam (exchanges in Hanoi and Ho Chi Minh City each), Indonesia, the Philippines, Thailand and Singapore. The platform was intended to promote the growth of Asean capital markets by bringing more Asean investment opportunities to a wider range of investors. Asean Linkage has focused on large-cap stocks in the bourses to attract global investors. The Asean Trading Link was initially implemented between the Singapore Stock Exchange (SGX) and Bursa Malaysia (BMB) in 2012. The Stock Exchange of Thailand (SET) later joined as the third exchange in the programme. Each exchange has upgraded its matching engine and infrastructure, including the trading link system. The BMB, SET and SGX represent approximately two-thirds of US\$2 trillion (66.1 trillion baht) in market capitalisation for the seven Asean exchanges. SET and SGX represent approximately two-thirds of US\$2 trillion (66.1 trillion baht) in market capitalisation for the seven Asean exchanges.

2. TMB raises GDP forecast with caveat

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

TMB Analytics has revised up its forecast for Thailand's full-year economic growth to 3.5% from 3.3% in the wake of robust exports. But TMB Bank's research house raised concerns about the concentration of economic activity in a few large corporations. The researchers predict even higher economic growth of 3.8% in 2018. "But the stronger growth in exports mainly benefits large corporations, while Thai SMEs will continue to struggle, keeping domestic consumption sluggish," said senior vice-president Naris Sathapholdeja "If this trend persists, it will be impossible to see GDP growth climb higher than 4%." TMB Analytics' latest forecast for this year is in line with the Bank of Thailand's projection.

3. Tourism, health and beauty spending improves SME sentiment

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

The Trade & Service Sentiment Index, or TSSI, of small and medium enterprises in July 2017 shows 100.2, an improvement on 95.8 in June this year, the Office of Small and Medium Enterprises Promotion reported yesterday. According to the report, the one-month rise can be attributed to a rising number of foreign tourists, along with increased domestic demand for health and beauty services, and logistics.

4. New excise structure proposed

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

The Finance Ministry will propose to the Cabinet to approve the new excise tax structure for liquor, tobacco and cards on September 12, 2017, Excise Department director-general Somchai Poolsavasdi said yesterday. He said that after approval by the Cabinet, the department would announce the new tax structure that would come into effect on September 16. The new excise tax structure does not increase tax payment for manufacturers hence there would be not reason for them to hoard goods, he said.

5. Thai SMEs encouraged to invest in Mandalay

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

Thailand's small and medium-sized enterprises (SMEs) are being urged to invest in Myanmar, especially in Mandalay, a region with abundant natural resources, strong agricultural production and growing demand for Thai goods. Speaking at a seminar in Mandalay sponsored by Bangkok Post Plc and Asset Pro Management Co, Nuttaphong Visitkitchakarn, who sits on the executive committee of the Thai Business Association of Myanmar, said there are plenty of opportunities for Thai SMEs in many industries. "Mandalay is considered a good start not only for the giant Thai investors, but also for the Thai SMEs considering overseas investments," Mr Nuttaphong said...Mandalay region is home to 7.32 million people. It is also an important port city, distributing goods nationwide and connecting Myanmar to neighbouring countries like Thailand, China and India, and the the Middle East. According to a local source, who owns one of the city's second largest supermarket stores, fast-moving consumer goods (FMCG) from Thailand also offer a great opportunity, as Mandalay residents mostly consider Thai products to be of premium quality. Mr Nuttaphong said some Thai restaurants are needed in Mandalay, citing that there are only two or

three quality Thai authentic restaurants in the city, which has room for more Thai SMEs in restaurant business.

6. Uttama: Japan, our true friend

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

Representatives of 600 Japanese companies will visit next week to highlight the importance of Japanese investment in Thailand, which remains a vital production base for Japan. The biggest Japanese delegation ever is expected to lead to further investment in the Eastern Economic Corridor (EEC), which is forecast to create total investment value of more than 1.5 trillion baht over the next five years, according to Industry Minister Uttama Savanayana. Mr Uttama said the Sept 11-13 visit will also celebrate the 130-year diplomatic relationship between Thailand and Japan, including several events to lead to further economic cooperation in the future...Japan ranked as the biggest foreign investor in Thailand in 2016, with total investment worth 79.6 billion baht from 284 investment projects.

7. Success gauge planned for digital evolution

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

Thailand plans to have a Digital Economy and Society Index (DESI) as a significant indicator of digital performance. The DESI is a composite index that summarises digital performance in the government and private sectors to track the evolution of the country's digital competitiveness, said Vunnaporn Devahastin na Ayutthaya, secretary-general of National Digital Economy and Society Commission (NDESC). The NDESC has hired the National Institute of Development Administration (NIDA) to study and define the DESI for Thailand. The index covers various types of related factors of the economy and society. The index is expected to show what percentage the digital economy contributes to GDP. Mrs Vunnaporn said the NDESC plans to announce the index to the public every year. "The DESI is important as it reflects the reality of the country's digital-economy ecosystem and competitiveness. It will also mirror the extent to which the government's implementation of the digital economy roadmap has been a success or failure," she said.

8. Air travel 'remain robust'

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

The appetite for air travel remained strong in July, underscoring that global passenger traffic is on course to grow solidly in 2017 as a whole. The July demand, measured in total revenue passenger kilometres (RPKs), soared 6.8% over the same month last year. But growth in that month was down from the 7.7% year-on-year expansion recorded in June, according to new figures from the International Air Transport Association (IATA). With the stimulus from lower airfares waning, the exceptionally supportive demand backdrop has moderated, it said in its latest market analysis. The July data further underlined the extent to which the upward trend in seasonally-adjusted passenger traffic has eased from that at the end of last year. Industry-wide RPKs were growing at an annualised rate of more than 12% coming into 2017, but this has since slowed to 6% since May.

9. SE Asian economies growing more dependent on China

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

Southeast Asia appears to be on a roll. The Philippines is boasting the second-fastest growing economy in Asia, Malaysia has posted its best growth figures in more than two years and Thailand in more than four. The growth is being fuelled by China, whose expanding economic presence is propping up fundamental weaknesses around Southeast Asia. It also underlines China's dominance in a region that will be under increasing pressure to follow Beijing's lead. Even as the rest of the world feels the pinch of Beijing's clampdown on outbound capital, China is ploughing money into Southeast Asia – much of it into infrastructure projects related to President Xi Jinping's signature Belt and Road initiative. Chinese tourists are also flocking to beaches, temples and shopping malls around the region. And trade is surging. Exports to China from Indonesia and Malaysia grew more than 40% in the first half of the year; from Thailand and Singapore it was almost 30%, and more than 20% from the Philippines, according to Reuters calculations. China has been investing heavily in infrastructure and property in the region and buying commodities such as rice, palm oil, rubber and coal. It is also buying electronic components and equipment from countries like Malaysia, Thailand and Singapore.