

Thai News Update: 6 July 2018

1. BOT Dealt Strong Hand Amid Pressures

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

The Bank of Thailand (BOT) has made clear that the country's robust external positions leave the central bank free to set its own monetary policy, regardless of the upward trend in interest rates around the world. This year, the US Federal Reserve is expected to raise its federal funds rate four times, taking the range to 2.25-2.5 per cent. The tightening policy is pressuring capital movements in emerging markets, along with mature economies. As the US central bank normalises the country's interest rates, its actions are increasing pressure on their peers in other countries to follow suit. Just how fast each country's benchmark rate will rise depends mainly on its economic stability and financial buffers. Relative strengths in these areas would indicate the level of independence central bankers have in setting monetary policy. In a special interview with Krungthep Turakij, BOT governor Veerathai Santiprabhob said monetary policy is usually set to respond to local economic conditions. However, the global financial system is inter-connected and countries with insufficient buffers to cope with capital outflows would struggle to resist the market direction. Thailand's external positions are very sound as the country's public and private sectors have mostly made local borrowings. Therefore, when global interest rates increase, Thailand will be shielded from much of the impact, Veerathai said in the interview with Krungthep Turakij, a sister publication to The Nation. The country has high foreign reserves as buffers against the global financial market volatility and, coupled with a high current account surplus, this helps to bring independence to monetary policy settings.

2. Retail Subsidiary CP All Pcl's Cash-And-Carry Unit Intends To Open Its First Store In India.

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

Thai billionaire Dhanin Chearavanont's retail subsidiary CP All Pcl is considering an expansion of wholesale operations in China and India to tap the might of consumers in the world's most-populous nations. CP All's Chief Financial Officer Kriengchai Boonpoapichart said the firm's cash-and-carry unit Siam Makro Pcl is studying opportunities in the two countries, as well as the

possibility of setting up a store in Myanmar, having already opened an outlet in Cambodia. “Siam Makro is on a new journey of expanding in overseas markets,” Kriengchai said in an interview at his Bangkok office on July 4. “It will be a tough and challenging road, but it’s a good opportunity with large populations to tap, compared with Thailand’s mature market.” Thailand’s billionaire business tycoons have stepped up acquisitions and investments abroad as an aging population and increased competition dim the long-term domestic growth outlook. Earlier this year, Siam Makro said it had set up LOTS Wholesale Solutions in India and planned to invest more than Rs 10 billion (\$145 million) over five years. Siam Makro intends to open its first store in India soon and a second outlet in Cambodia, according to Kriengchai. CP All acquired Siam Makro for about \$6.1 billion in the country’s biggest ever takeover.

3. ADB Loans \$99.4m To Thailand To Help Improve Roads

Source: Public Finance International Organization ([Link](#))

The Asian Development Bank and Thai government have signed a \$99.4m loan to help improve the roads in the country’s Northeastern region. The loan will help upgrade 125km of highways and improve road safety management. ADB general for Southeast Asia Ramesh Subramaniam said: “Transport infrastructure is an important driver of growth for Thailand’s economy. “Improving the country’s road network will boost economic growth and improve people’s access to economic opportunities and social services. “It will also help Thailand become a trading and economic hub in the Greater Mekong sub-region.” The project will result in a more efficient and safe transport network for both goods and people in Thailand, the bank said. It will also help the government improve road safety and management through safety awareness training and knowledge sharing in road safety audits.

4. SET Staggers As Trade Wars Kick Off

Bangkok Post ([Link](#))

The Stock Exchange of Thailand (SET) suffered a steep plunge on July 5 as another heavy sell-off was triggered by unrelenting fears over the Sino-US trade war, with the retaliatory tariffs between the two economic giants taking effect on July 6. Uncertainty over the second-quarter financial performance of listed companies and the outlook of energy prices added further

pessimism to investor sentiments. The SET index closed at 1,601.42 points, falling by 27.78 points or 1.71%, in moderate turnover worth 55.7 billion baht. The bourse slumped to 1,596.55 points at one point during trading hours. Cosmetics, energy and utility stocks were the top losers, with Beauty Community plunging by 28.9%, PTT Plc shedding 3.1%, and Indorama Ventures sliding by 5.3%. Foreign investors continued to be net sellers at 1.35 billion baht, with brokerage firms and institutional investors selling 62 million and 370.9 million worth of shares, respectively. On the other hand, retail investors were net buyers of 1.8 billion baht. Foreign investors were net sellers of local shares worth 170.9 billion baht between June 2017 and May 2018. Despite a series of heavy foreign sell-offs, total foreign holding in May valued at a record high of 5.22 trillion baht, up 13.10% year-on-year.

5. Cashless Train Tickets Launched At Major Stations

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

The State Railway of Thailand (SRT) has introduced QR Code as an alternative payment method for passengers. Kasikornbank code readers were installed in 56 main stations across the country, 14 of them in greater Bangkok, including Hua Lamphong. Deputy SRT governor Voravuth Mala said on July 5 the new payment method was part of its long-term goal to be a cashless train service provider. Paying fares by QR code are in line with the trend and changing behaviours of consumers, he added. The goal looks distant as 92% of riders still pay tickets in cash and the rest by credit cards, according to SRT figures. Trains carry 2.4 million Thai and foreigner passengers a month.