

Thai News Update: 9 August 2019

1. Thai Consumer Confidence Index for July lowest in 22 Months

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

A Thai academic thinktank on 8 August said in Bangkok that Thailand's consumer confidence index in July dropped to its lowest in 22 months amid concerns over economic problems, political instability and the U.S.-China trade friction. The University of Thai Chamber of Commerce (UTCC) revealed that the consumer confidence index in July dropped to 75.0, dropping for five straight months. UTCC rector Saowanee Thairunroj attributed several negative factors to trade dispute, worries about the Thai political situation and low prices in crops. Thanawat Polvichai, director of the UTCC's Centre for Economic and Business Forecasting, said the index in July was the lowest in 22 months since October 2017.

2. Business group calls for more easing

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

The central bank should cut its policy rate further to help ease upward pressure on the baht, which has stayed strong despite August 7 surprise rate cut, the head of the Thai Chamber of Commerce said on 8 August. The group also urged the Bank of Thailand to introduce additional measures to curb speculation in the baht, Kalin Sarasin told reporters after meeting with governor Veerathai Santiprabhob. "Exporters have lost competitiveness because of the strong baht," he said. "The rate cut has not weakened the baht much".

3. TCC wants looser monetary policy

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

The Thai Chamber of Commerce (TCC) has urged the Bank of Thailand to further ease monetary policy as a means to rein in the baht, while the Federation of Thai Industries (FTI) requested the central bank launch mid and long-term measures to stabilise the currency's movement. Apart from cutting the benchmark rate, managing offshore fund inflows and direct settlement of trade

in local currencies are the main tools the central bank can use to tame the baht, keeping it in line with trade partners' currencies, said TCC chairman Kalin Sarasin after a meeting with the central bank governor and executives on 8 August.

4. 170 billion baht stimulus to focus on tourism as economy plateaus

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

Inbound tourism to Thailand is about to get a boost with a proposed 170 billion baht government stimulus package. The Finance Ministry will submit the full plan to Cabinet on August 19. Lavaron Sangsnit, the director general for the fiscal policy office, says the package aims to boost inbound tourism, and promote travel within the country by Thai and foreign tourists. The stimulus is also aimed to support farmers, small businesses and middle income earners. The package comes after an economic slump in the first quarter around 2.8%. The government is also worried that a stronger baht and weaker Chinese yuan will continue to adversely affect the number of Chinese tourists coming to Thailand.

5. Thai baht may need another ‘haircut’ by the Bank of Thailand before the end of 2019

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

8 August’s rate cut by the Bank of Thailand has not succeeded in reining in the surging baht, raising the prospect of another interest rate cut by 0.25 of a percentage point before the year-end. While the central bank’s statement on the policy rate reduction didn’t mention the strength of the baht, economists suspect the baht’s strength and its impact on the Thai economy was a key reason for the Monetary Policy Committee’s decision. On 7 August they lowered the key interest rate by 0.25 percentage point – from 1.75% to 1.50%. Yunyong Thaicharoen, first executive vice president and head of Siam Commercial Bank’s Economic Intelligence Centre says the Central Bank would have taken the sluggish economic growth into account.

6. TMB-Thanachart merger signing next week

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

TMB Bank and Thanachart Bank (TBank) are set to sign a merger agreement by next week as all key details have already been settled, says a source familiar with the deal. Both banks are verifying documents related to the merger, a time-consuming process as the contents of both

banks' documents must be exactly the same, the source said. After the documents are completely verified, the merger plan will seek approvals from each bank's board of directors before signing the contract, informing the Stock Exchange of Thailand and submitting details to the Bank of Thailand. The Bangkok Post recently quoted two sources as saying the Dutch bank ING, Thanachart Capital (TCap) and the Finance Ministry are expected to hold stakes of 21%, 20% and 18%, respectively, in TMB-Thanachart Bank, the resulting consolidation of TMB and TBank.

7. Krungsri set to enter Philippines through strategic alliance with Security Bank

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

The board of Bank of Ayudhya Pcl has approved the bank's expansion into the Philippines by acquiring 50 per cent of the total issued and paid-up shares of SB Finance Company, Inc (SBF), one of the fastest-growing finance companies in the Philippines. BAY acquired the stake from Security Bank Corporation (SBC), through the bank or its subsidiaries. The transaction, subject to regulatory approvals, is expected to be completed by the fourth quarter of the year. The joint venture aims to build on the strengths of Krungsri and SBC in the unsecured personal loan segment with plans to jointly explore opportunities in other areas including credit cards, auto loans, motorcycle loans and insurance.

8. Chamber of commerce urges further cutting of key rate

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

The Thai Chamber of Commerce on 8 August asked the Bank of Thailand (BOT) to further trim the benchmark interest rate and contain the strengthening baht in order to boost export competitiveness. Officials of the chamber and the central bank met on 8 August to discuss economic issues. Chamber chairman Kalin Sarasin said that among the topics discussed was the central bank should seek ways to make Thailand the regional financial hub. They also discussed the central bank's oversight of the baht, which has tended to rise. Kalin welcomed the central bank's decision on 7 August to cut the policy rate to 1.50 per cent from 1.75 per cent.