

Global Research Briefing 2018 Global Outlook

Thailand – Where we differ from consensus, and why

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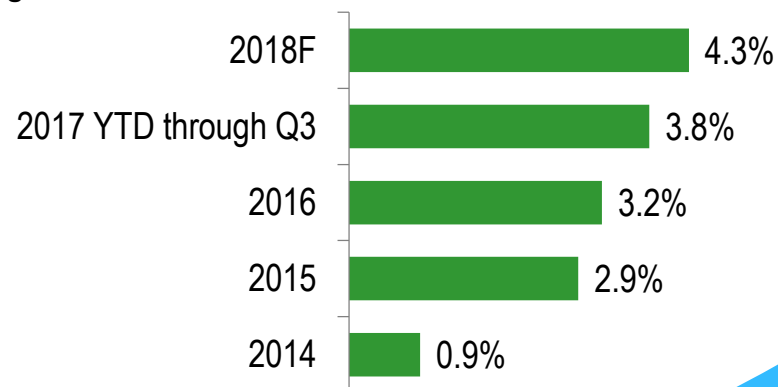
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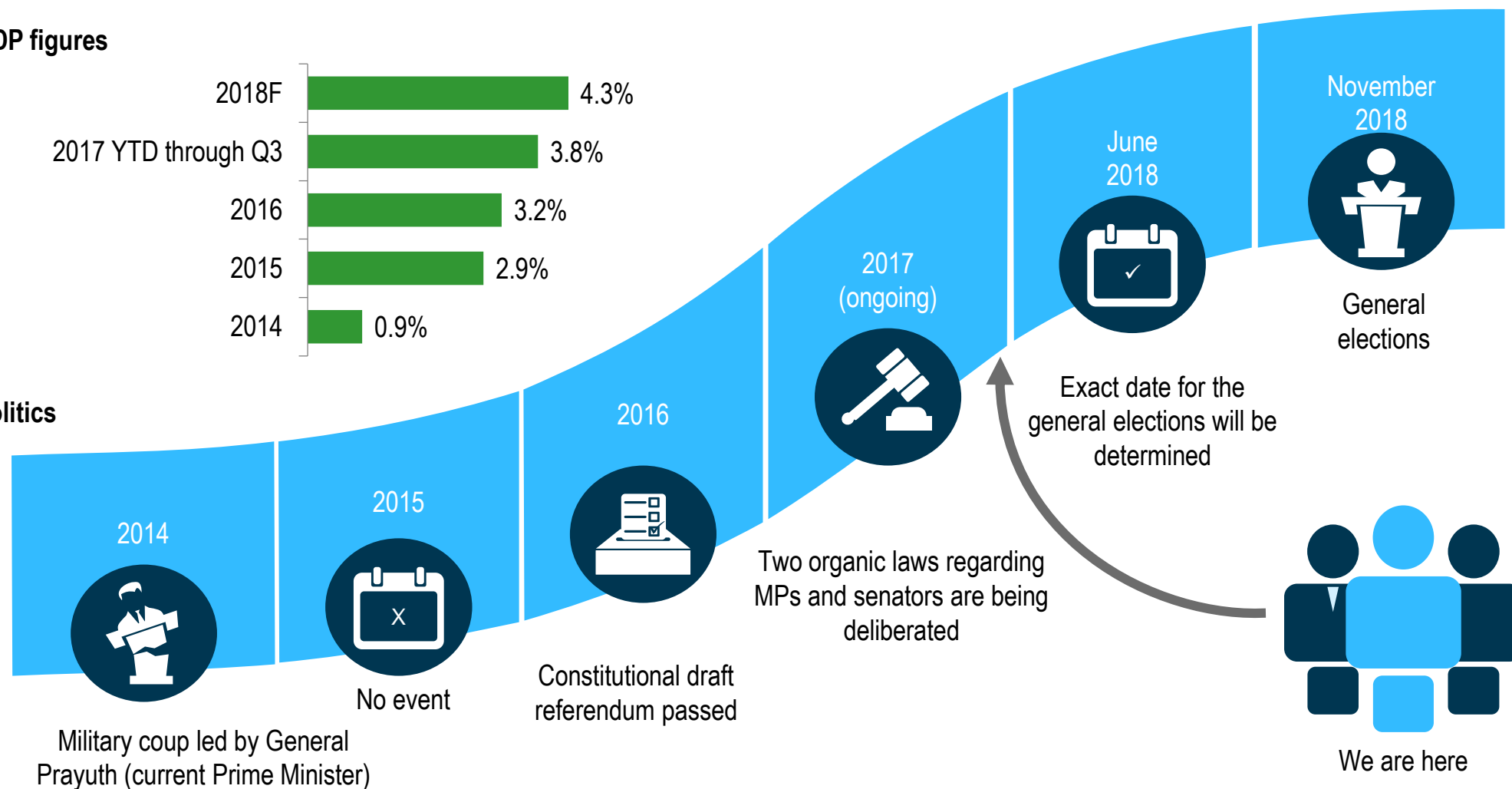
Standard Chartered Bank (Thai) Public Company Limited

Roadmap to democracy, based on our expected timeline

GDP figures



Politics

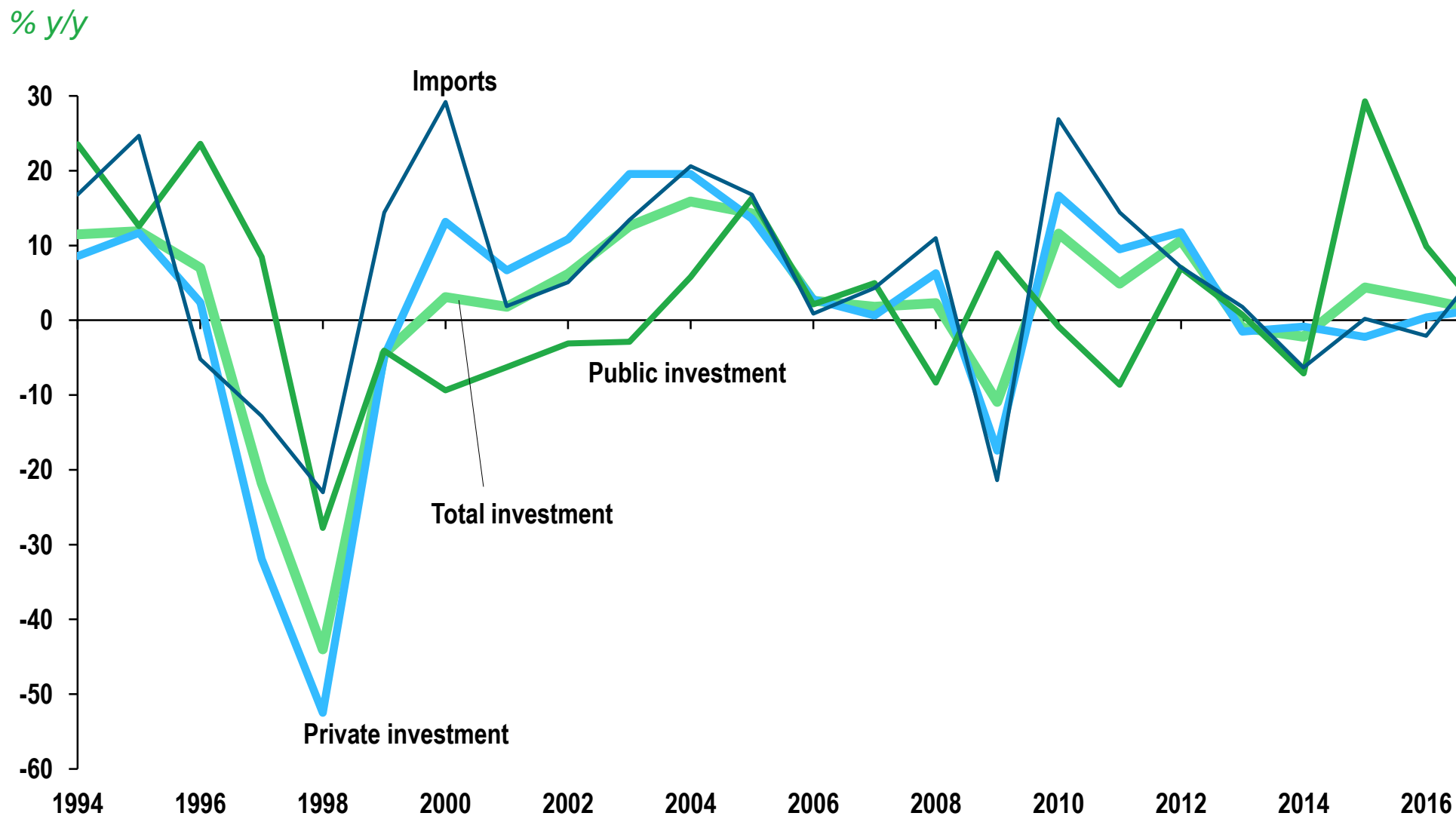


Thailand's export, import performance

	% of total exports	2017 through November % y/y by value
Exports	100.0	10.0
Agriculture	14.7	15.3
Industry	79.6	9.3
Vehicles and parts	14.5	4.9
Electronics	15.4	13.3
Electrical equipment	10.0	6.9
Jewellery (not including gold)	3.1	1.9

	% of total imports	2017 through November % y/y by value
Imports	100.0	14.5
Fuel	13.9	30.5
Capital goods	27.5	8.2
Raw materials and intermediate goods	40.9	18.6
Consumer goods	11.2	5.6
Vehicles and parts	6.2	4.8

Higher investment results in more imports



20 infrastructure investment projects already under construction

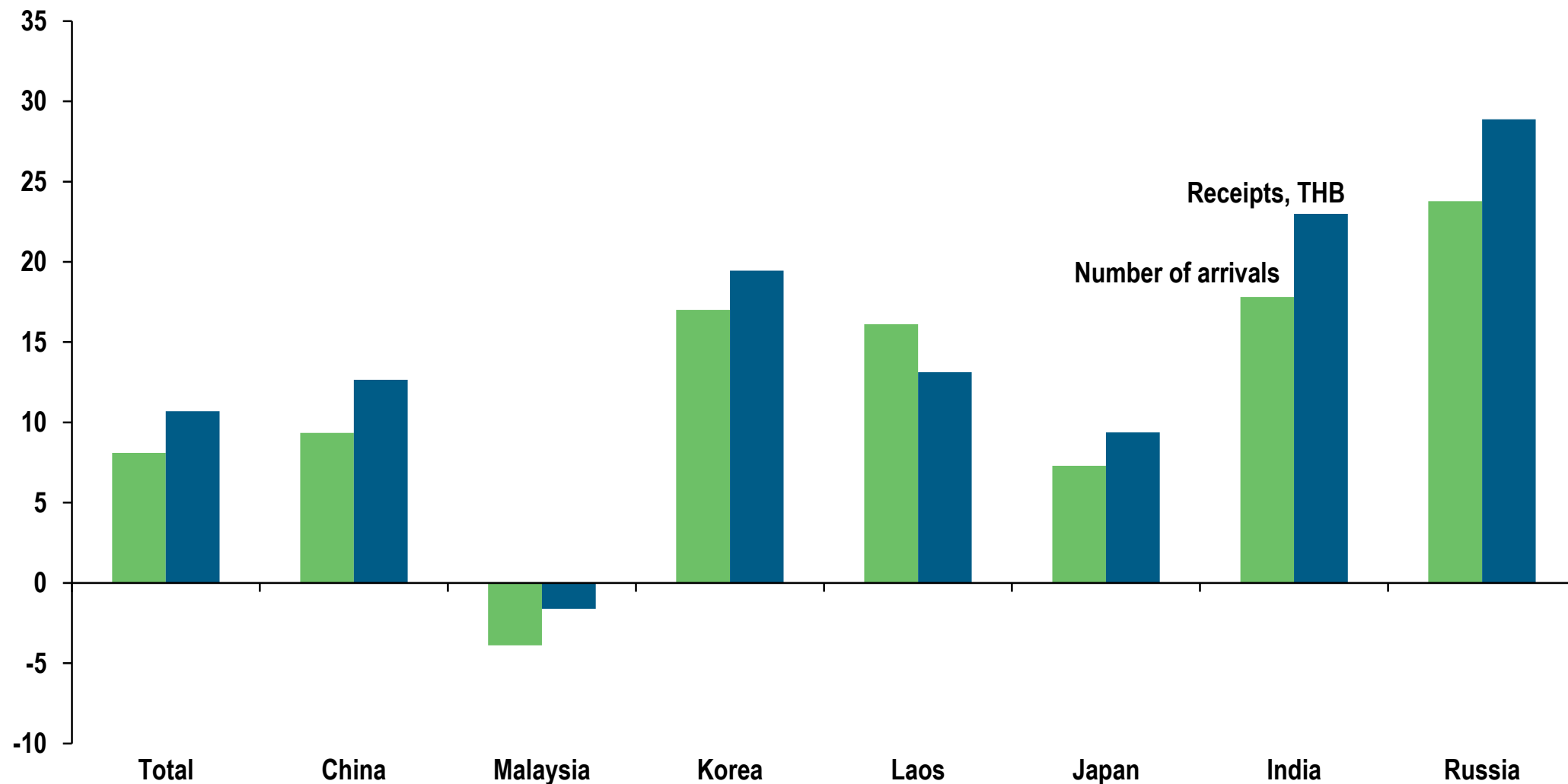
	THB bn
Motorways	143.5
Pattaya-Map Ta Phut	17.8
Bang Pa In-Saraburi-Nakhon Ratchasima	76.6
Bang Yai-Kanchanaburi	49.1
Inter-city dual-track rail	125.4
Jira-Khon Kaen	23.8
Prachuap Khiri Khan-Chumporn	17.2
Mab Kabao-Jira	29.4
Nakhon Pathom-Huahin	20.0
Lopburi-Pak Nam Pho	24.8
Huahin-Prachuap Khiri Khan	10.2
High-speed rail routes	0.4
Bangkok – Nakhon Ratchasima (Thai-Chinese cooperation): section 1	0.4
Bangkok mass transit	351.8
Orange Line: Thailand Cultural Centre-Minburi	109.5
Pink Line: Khae Rai-Minburi	56.7
Yellow Line: Lat Phrao-Samrong	54.6
Purple Line: Tao Pun-Rat Burana	131.0
Air transport network	58.0
Suvarnabhumi Airport: stage 2	50.3
Regional airport development	7.7
Water transport network	3.8
Coastal port (Port A) at Laem Chabang deep-sea port	1.8
Container depot at Laem Chabang deep-sea port: stage 1	2.0
Others	3.0
Intermodal facility – Chiang Khong	2.4
Truck rest area on the main routes	0.6
Total	685.9

EEC's five targeted projects

	THB bn
Don Mueang-Suvarnabhumi-U-Tapao airports high-speed rail network	236
U-Tapao Airport and Eastern Airport City	200
Aircraft maintenance centre at U-Tapao airport	10
Third phase of Map Ta Phut port	11
Third phase of Laem Chabang deep-sea port	150
Total	607

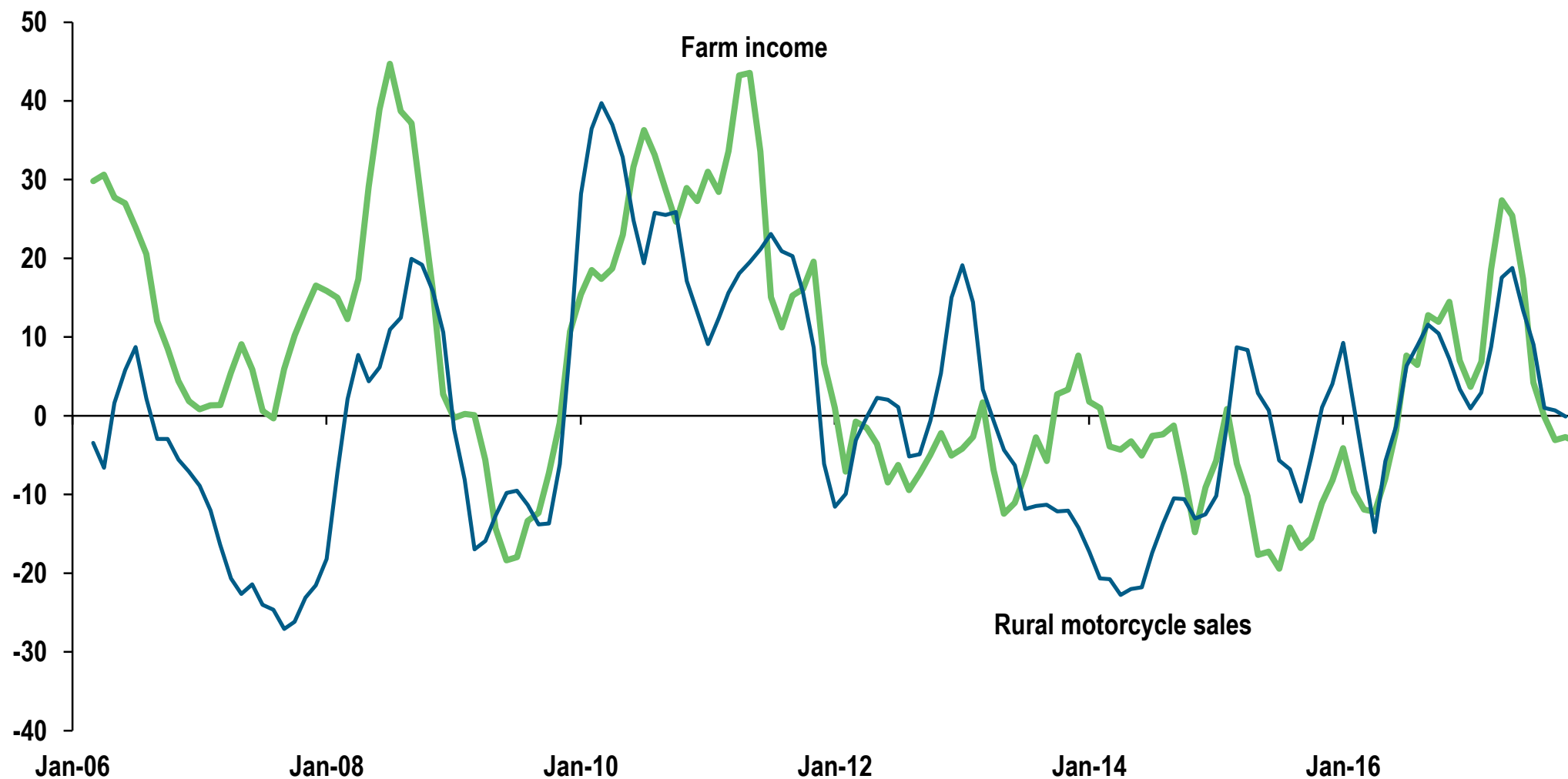
Strong tourism sector, despite strong THB

Total and top seven sources of arrivals, 2017 through November, % y/y



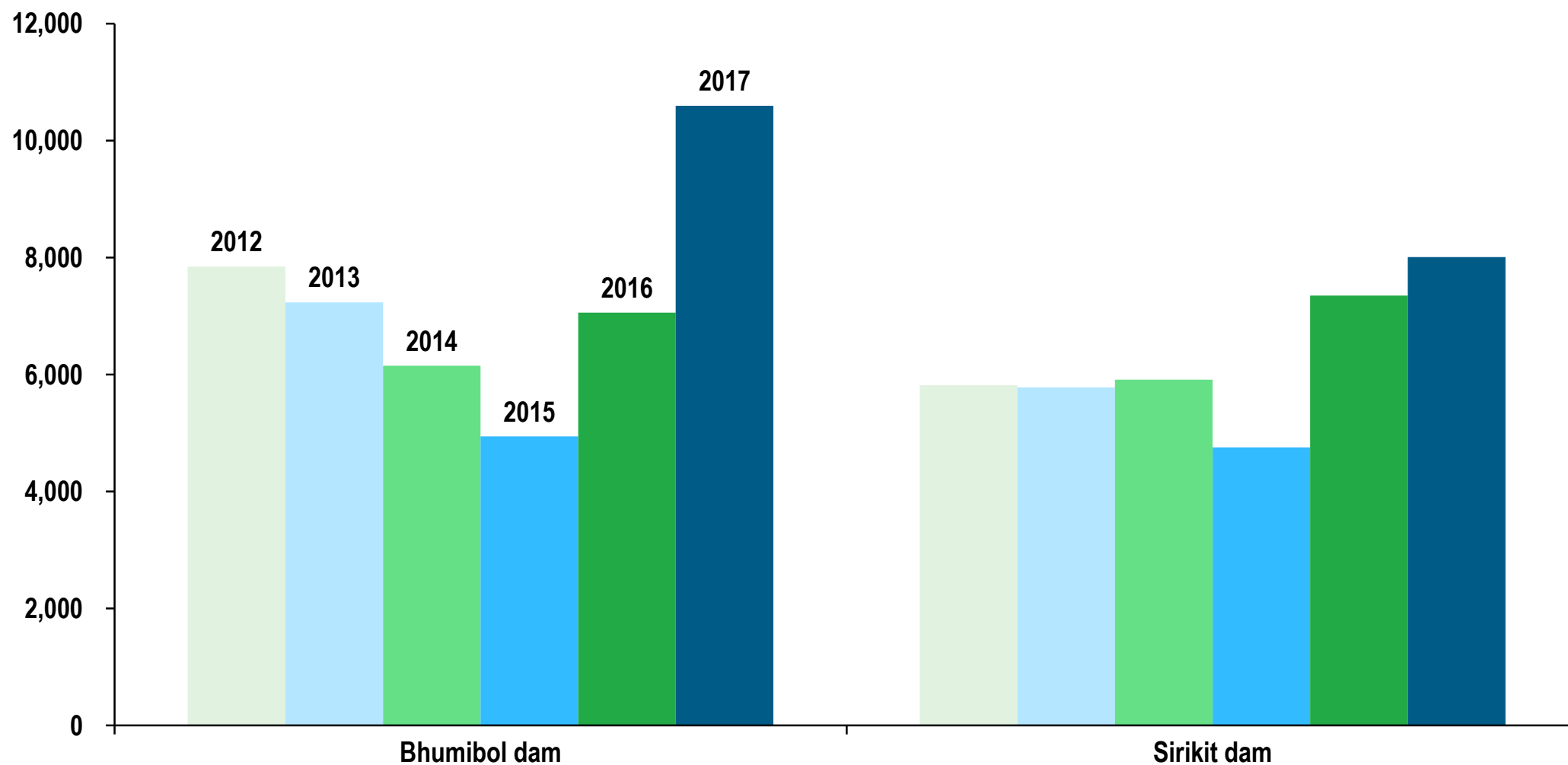
Agricultural sector is not yet strong

% y/y, 3mma

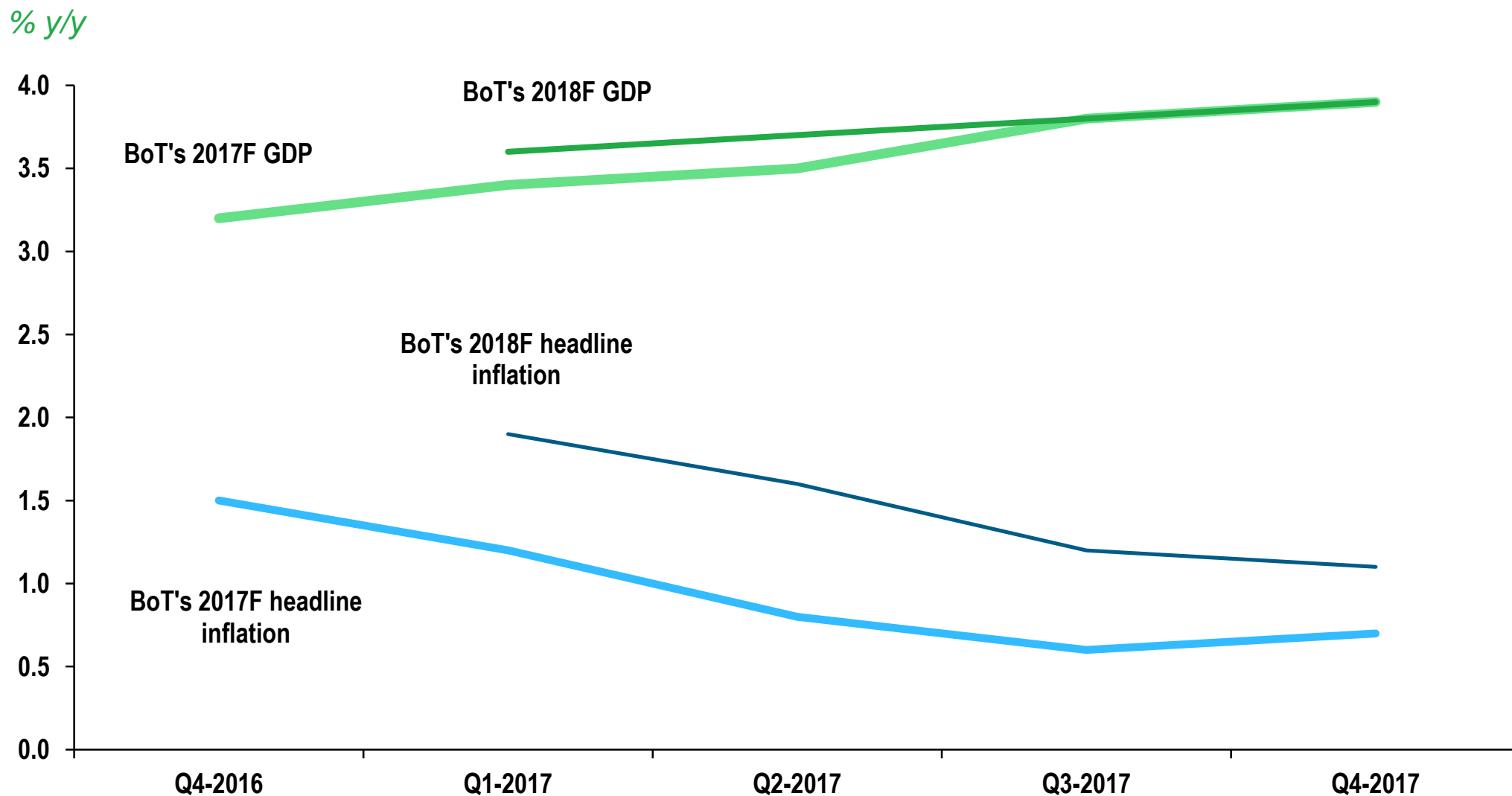


Water levels at dams are up

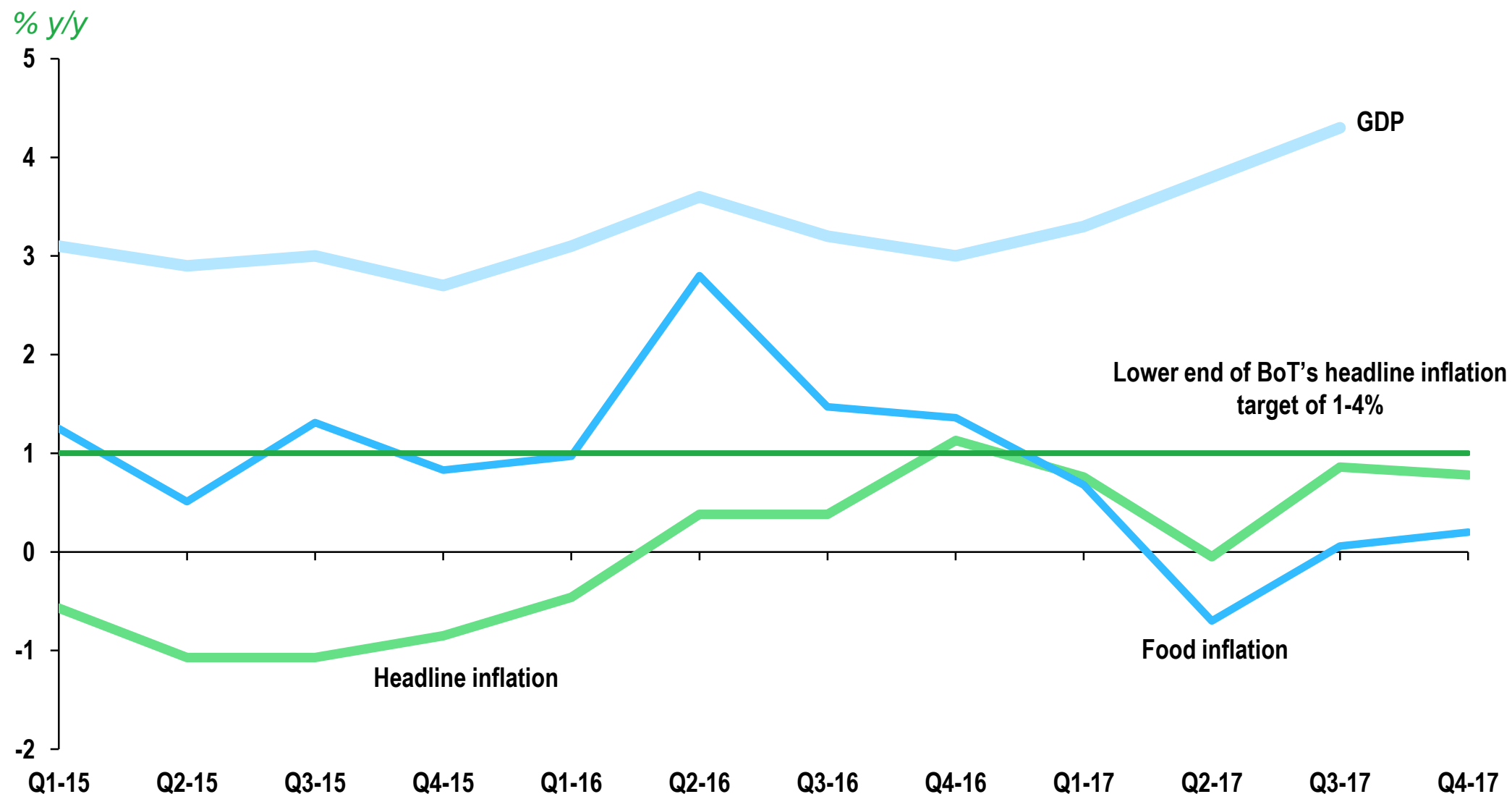
Million cubic metres



BoT turns more optimistic on GDP growth



Policy rate has been on hold since early 2015



Thailand macroeconomic forecasts

	2017	2018	2019
GDP growth (real % y/y)	4.0	4.3	4.5
CPI (% annual average)	0.7	2.0	2.3
Policy rate (%)*	1.50	2.00	2.50
USD-THB*	32.58	31.00	33.75
Current account balance (% GDP)	10.0	7.0	3.0
Fiscal balance (% GDP)**	-2.9	-3.0	-3.0

Our three non-consensus views on Thailand

- We expect GDP growth of 4.3% in 2018, above the consensus estimate of c.4.0%. We think consensus growth expectations for 2018 will rise as the manufacturing, services and agricultural sectors show improvement.
- We expect the Bank of Thailand (BoT) to raise its policy rate in Q3 after keeping it unchanged at 1.5% for around three years; pressure from other central banks and solid economic growth are key reasons for our view.
- We think a sharp rise in imports could narrow the C/A surplus more than the market currently expects over the medium term; in the near term, exports and tourism should continue to support the current account (C/A) and the Thai baht (THB) in 2018.

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