

## Growth engines firing nicely

Monday, May 29, 2017

### Highlights:

- **Thailand's engines of growth appear to be firing nicely.** GDP grew stronger than market-estimate at 3.3% yoy (+1.3% qoqsa) in 1Q17, up from 4Q16's 3.0% yoy print. Statistically, the latest 1Q17 print marks the fastest qoqsa pace since Dec 2012, likely on the back of stellar growth seen in its exports, consumption and tourist numbers which offset the weaker private investment and public spending.
- **Importantly, the government is penciling a GDP growth of 3.6% this year, from a GDP growth range of 3.0 – 4.0% made earlier this year,** on the back of better export print into the year. We remain positive on Thailand's economic growth into the year. Firstly, the improvement in Thailand's external environment seen of late should serve as a viable engine of growth into 2017. Secondly, the improving private sector confidence and improving farm income should continue to buoy consumer spending. Last but not least, tourism numbers should continue to stay strong into 2017, given a strong 9.2 million tourist arrivals in 1Q17, up from 7.8 million in 4Q16.
- **We maintain our GDP growth call at 3.5% yoy in 2017 with upside risk** should Thailand's growth pillars continue to hold. The strong growth print seen of late, as well as the potentially higher US interest rate to be seen later this year may serve as impetus for the Bank of Thailand to hike rates by 25bps as a macro-prudential measure to 1.75% later this year.

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