

Thailand: Red-shirts Rally?



Thailand's stock market was not affected by the recent political tension. Foreigners' net buying of Bt31 billion since February 23 has driven the Stock Exchange of Thailand Index to a 20-month peak and pushed the baht to a 21-month high against the US dollar. Over the past decade, investors usually escaped from the country in case of social turmoil or political instability. But it seems not to be the same story this time. Although Thailand's stock market underperformed other Asian peers in 2009, it surprised many investors for the recent performance. While Thailand's GDP saw a 3.6% in the fourth quarter last year according to Reuters, this revived the optimism that Thailand economy was running at the fastest pace in 10 years. It was expected that the economy would grow into 2010 amid the renewed demand for Thai exports. In the first half of 2009, a steep fall in exports caused by the global trade slump drove

down industrial production and investment. The World Bank has said that the global economic slump shut down what has been, for the past three decades, the main engine for Thailand's economic growth: exports. In response, the Thai government announced an economic stimulus program totaling 117 billion baht (\$3.34 billion) last year. The program included a host of short-term measures to boost household consumption and assist lower-income families. However, the tempo of recovery will depend in large part on the Government fully implementing two fiscal packages, including a public investment program. Those plans would be at risk if political disruptions continue. Meanwhile, many international firms increased their investment in Thailand. Of them, General Motors Corp has announced it will invest in Thailand \$455

million over the next two years to upgrade existing production lines, according to Reuters. The new plant will expand on an existing plant to add an annual capacity of 106,000 units. Key risks to Thai economic outlook are political uncertainty and change of monetary policy. In fact, inflation in the Thailand economy rose 3.7% in February as posted by the Thailand annual consumer price index, according to Reuters. The increase marks the fifth consecutive Thailand inflation increase as the Thai economy continues to recover from the negative impact of a year-long economic recession. The Bank of Thailand governor signaled that a tightening of monetary policy might be ahead, supporting economists believe that a 25 basis point hike in the second quarter is likely for the Thailand economy. **E**

Microscope

Thailand's economy is heavily agriculture based contributing nearly 10% to GDP and employs more than 50% of the active population. The country is one of the leading exporters of rice. Other major crops are sugar, corn, cotton, and tobacco. Tin, one of the most valuable minerals, is a major export item. The manufacturing sector amounts to nearly 46% of the GDP and is well diversified, including electronics, automotive and steel industries. Thailand is a hub for assembly of international car brands. Tourism has become the main source of foreign exchange for the past decades. The services sector (includes tourism) contributes nearly 43% to the GDP. With regard to international trade, Thailand is an active member of ASEAN. The share of foreign trade in country's GDP has reached more than 150%. The top three export partners are the US, Japan and China. The commodities mainly exported are electric & electronic equipment, machinery, vehicles, rubber, and plastics. The top three import partners are Japan, China and the US. Thailand mainly imports electric and electronic equipment, mineral fuels & oils, machinery, iron & steel, and plastics. **E**

MARKET BRIEFING

YTD % (local curr)

US DJ	10,741 (3.0%)
Nasdaq	2,374 (4.6%)
Euro Stoxx 50	2,897 (-2.3%)
HSI	21,370 (-2.3%)
Japan NK225	10,824 (2.6%)
China Shanghai Composite	3,067 (-6.4%)
Singapore	2,915 (0.6%)
India BSE30	17,578 (0.6%)
Brazil BOVESPA	68,828 (0.4%)
Aus All Ord	4,890 (0.2%)
US-10yr Bond	Yield 3.69%

As at 19/03/10

Insight: "Wealth Protection"

Wealth protection, simply put, involves protecting your assets from declining in value, financial burden happening with regard to risk exposure and the threats that prevail in today's society. In addition, wealth protection planning are vital to ensure that wealth is maintained for the next generation and, where possible, that value accumulates in the hands of the next generation from the earliest possible opportunity. In fact, your wealth is being seriously threatened right now. The threat is just like it was back in 1980s when the wealth of every HK people was cut by large percentage during the period of high inflation. Certainly, we are

talking about your spendable wealth. For the past two years, many governments strived for boosting their economy through money-printing. That's why we should act to protect your wealth from depreciation, especially those of deposits. On the other hand, accidents, illness and premature death can happen to anyone. An unexpected tragedy is not something people like to think about, but what if your family depends on you for financial support? Wealth protection is one of the cornerstones of financial security. Without this, the realization of financial goals may never be reached in the event of death, injury or illness. Insurance is an essential part of planning for a secure financial future. Last, a properly developed asset protection strategy, like trust planning, will protect your wealth for future generations. **E**

Financial "In & Out"

IN: Canadian dollar may continue its bull run as the global demand for commodities becomes solid as the US economic figures point out that the recovery remains intact.

OUT: Australian dollar would face selling pressure although there is optimism that interest rate in Australia could be increased further due to the concern over valuation. **E**



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