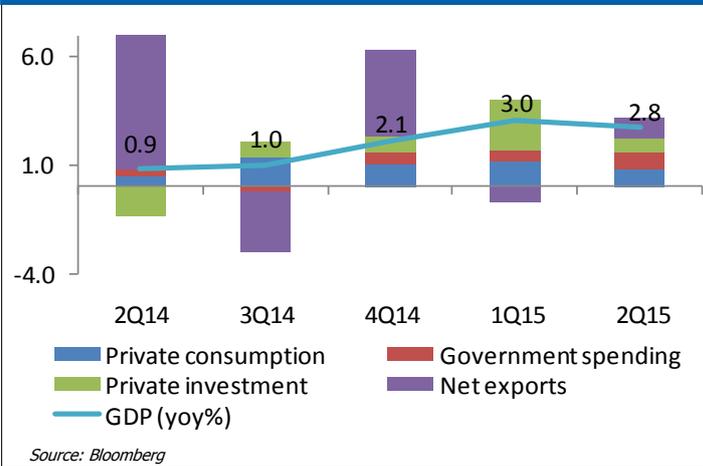


Thailand's sluggish economic recovery

CHART 1: THAILAND'S GDP GROWTH (YOY%)



- Thailand's economy in 2Q15 expanded by 2.8% yoy, slightly slower compared to 3.0% yoy growth registered in 1Q15. The slowdown was attributed to weaker expansions in both private consumption and private investment despite an improvement in government spending and tourism sector.

- Meanwhile, labour market in Thailand during the quarter had improved slightly. The total number of unemployed people during the April-June period was reduced by 8.9% compared to in the previous quarter. On the other hand, employment number had also improved, increasing by 0.4% qoq during the period.

- Private consumption during the quarter grew at a slower rate, expanding by 1.5% yoy from 2.4% yoy in 1Q15. Hence, private consumption's contribution to growth shrank to only 0.8 percentage point (ppt) from 1.2 ppts in 1Q15. In line with the slowdown in private consumption, private investment had also eased its contribution to the economy to merely 0.6 ppt from 2.3 ppts in the previous quarter.

- Government spending, however, had expanded faster in 2Q15, growing by 4.6% yoy from 3.3% yoy in 1Q15 and added 0.8 ppt to the calculation.

- Exports in 2Q15 grew at the same pace as in 1Q15, at 1.0% yoy while imports contracted by 0.3% yoy from 2.3% yoy in the previous quarter, reflecting a decline in domestic demand. Net exports during the quarter added 1.0 ppt to the growth, a reversal from 0.8 ppt reduction in 1Q15.

- On the supply side, most of Thailand's key sectors recorded a decline in production particularly agriculture, manufacturing and mining sector. Manufacturing production contracted by 0.7% yoy, mining fell by 3.9% while agriculture sector declined by 5.9% yoy. During the quarter, manufacturing, mining and agricultural sector had all minused their contribution to growth by 0.2 ppt, 0.1 ppt and 0.4 ppt, respectively.

- Deflation risk is seen to persist amid the weaker condition for private consumption and prevailing low prices of commodities. During the quarter, prices averaged -1.1%, slower than -0.5% in 1Q15 and 2.5% recorded in the same period last year.

- Slower economic growth in 2Q15, a continuous decline in manufacturing production and weak exports had prompted National Economic and Social Development Board (NESDB) to further cut their full year economic growth forecast for 2015 from 3.0%-4.0% to 2.7%-3.2%. The economy is seen to continue growing at a moderate pace, supported by an increase in public spending and more robust tourism sector. However, the recent bombings in Bangkok could mitigate tourism's improved performance in the short term.

- Growth forecast: Government (2015: 3.0%), Bank of Thailand (2015: 3.0%, 2016: 4.1%), IMF (2015: 3.7%, 2016: 4.0%), World Bank (2015: 3.5%, 2016: 4.0%)

CHART 2: RETAIL SALES & INDUSTRIAL PRODUCTION (YOY%)

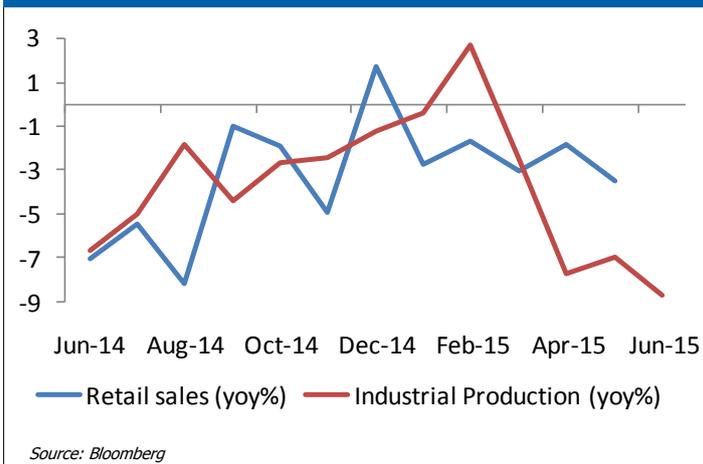


CHART 3: EXPORT, IMPORTS AND TRADE BALANCE (\$ MILLION)

