

## CREDIT ANALYSIS

## Thailand, Government of

Thailand

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This Credit Analysis provides an in-depth discussion of credit rating(s) for Thailand, Government of and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on [Moody's website](#).

## Thailand, Government of

	Foreign Currency	Local Currency
Government Bond Rating	Baa1 - STA	Baa1 - STA
Country Ceiling	A2	Aa2
Bank Deposit Ceiling	Baa1	Aa2

[Moody's sovereign rating list](#)

## Summary Rating Rationale

Thailand's Baa1 local and foreign government bond ratings are based on moderate levels of economic and institutional strength, a high degree of government financial strength, and a low to moderate susceptibility to event risk. Our methodology's three-notch indicative rating range for Thailand is A3-Baa2. The rating outlook is stable.

Thailand's large and diversified economy, characterized by strengths in moderate value-added manufacturing, tourism, and agricultural exports, has recovered from the cyclical shock caused by flooding in the second half of 2011. Thailand has a competitive industrial base, which includes key nodes in global supply chains.

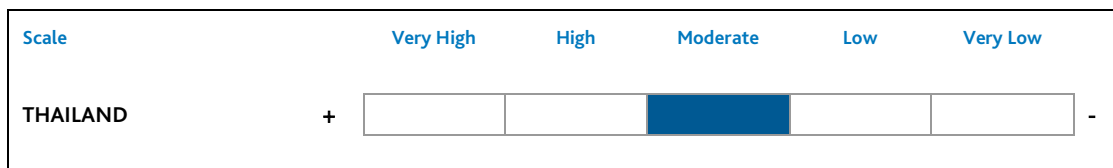
Measures of institutional strength have slipped since the 2006 coup. The effectiveness of governance in Thailand has been hampered by the persistence of deep fissures in the country's polity.

Fiscal discipline has been tested by successive crises, and fiscal and debt ratios continue to be in line with rating peers, even when factoring in expenditure related to populist fiscal policies. Thailand has a robust external payments position which has enabled favorable financing conditions for the government and the economy at large.

Our assessment of Thailand's susceptibility to event risk balances prominent political risks against resilient economic and financial fundamentals. We expect political tensions to continue to have only a limited impact on economic growth. The sound banking system helps to mitigate financial event risks.

## Factor 1 - Economic strength: Moderate

### A sizeable economy with robust medium-term growth outlook

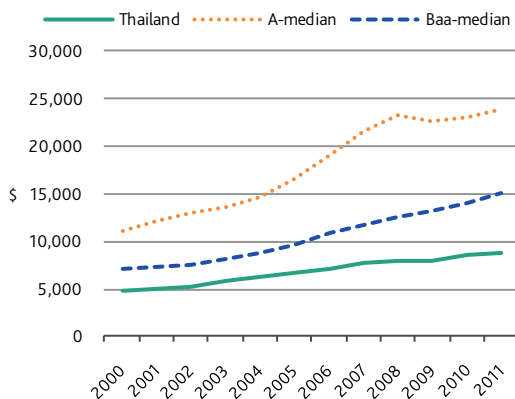


Moody's assesses Thailand's economic strength at moderate, balancing the country's reasonably large economic scale, increased economic and trade diversification, as well as somewhat stronger trend growth than the world average against relatively low per capita income.

Nominal GDP of \$366 billion in 2012 makes Thailand the 29<sup>th</sup> largest economy in Moody's rated universe, the ninth-largest among Baa-rated sovereigns, and the second largest in ASEAN, after Indonesia. Compared to its peer sovereigns which carry the same methodological range of A3 - Baa2, Thailand's economy<sup>1</sup> is larger than Malaysia's (\$279 billion) and Peru's (\$176 billion), but smaller than South Africa's (\$383 billion) and Mexico's (\$1.1 trillion). Nominal GDP per capita surpassed \$5000 in 2012, a level comparable to countries like Jordan (Ba2), Namibia (Baa3), or Jamaica (Caa3).

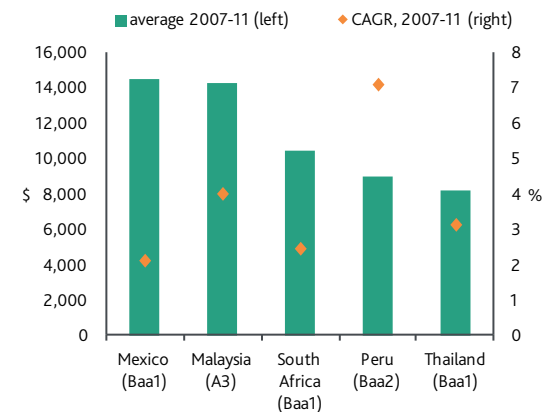
FIGURE 1  
Comparatively low GDP per capita and only average increases

GDP per capita, Purchasing power parity



Sources: IMF, Moody's

GDP per capita, Purchasing power parity



Sources: IMF, Moody's

### Economic growth has recovered from the double shocks in 2011

The final outcome of 6.4% for 2012 real GDP growth marks a strong rebound from no growth in 2011. In that year the Thai economy was hit by two shocks: first the March earthquake-tsunami-nuclear catastrophe in Japan which adversely affected manufacturing in Thailand, especially in the automotive and electronics sectors, due to the closely integrated supply chains between the two countries; and second the massive flooding in late 2011, which dampened industrial production, resulting in a 9% year-on-year contraction in the fourth quarter of 2011.

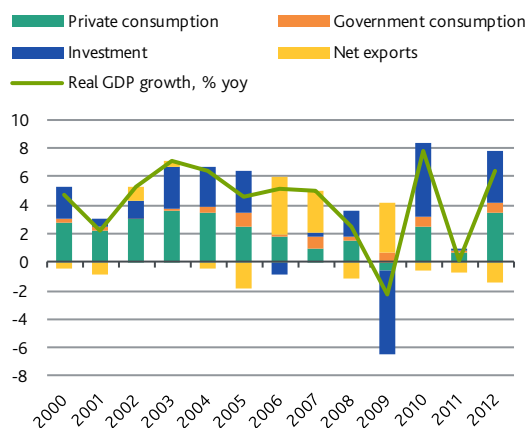
<sup>1</sup> Measured as three-year average nominal GDP in \$ over 2010 to 2012.

Quarterly growth in 2012 rose from 0.4% year-on-year in the first quarter to 18.9% in the fourth quarter, the strongest on record. Investment and private consumption were the main sources of growth, whereas net export growth contribution was negative, continuing a pattern that started in 2010. All sectors contributed to overall growth in 2012, with manufacturing and services being the key areas (Figure 2). We expect real GDP growth of 5% in 2013 and 2014, supported by robust private consumption and investment, whereas export recovery will likely remain more subdued due to still fragile external demand and the rapid strengthening of the Thai baht, which is up more than 6% versus the \$ since beginning of the year.

FIGURE 2

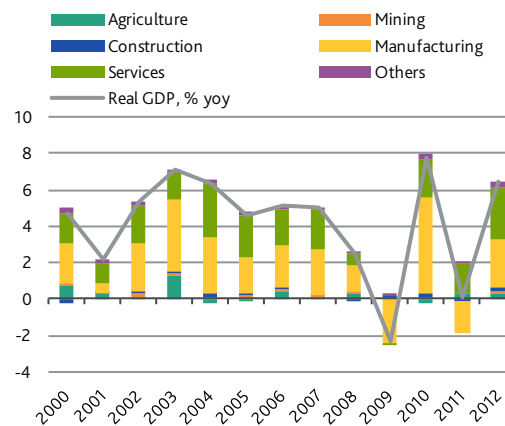
**A broad-based recovery from 2011**

Contribution to real GDP growth, percentage points



Source: National Economic and Social Development Board

Contribution to real GDP growth, percentage points



Source: National Economic and Social Development Board

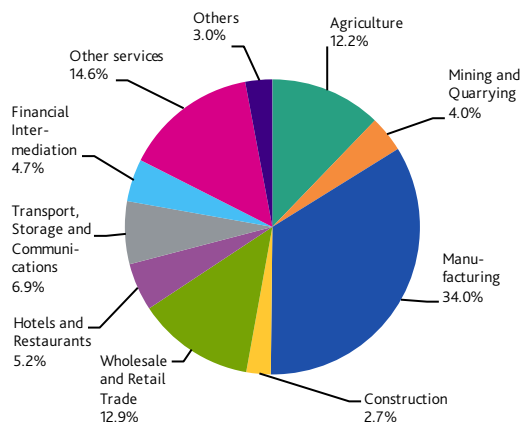
**Structural factors support macroeconomic stability**

The Thai economy is reasonably well-diversified and highly open. Manufacturing, wholesale and retail trade, and agriculture account for the largest portion of nominal GDP, around 60% as of 2012, and 70% of employment (Figure 3). While manufacturing is the single-largest source of GDP growth, it accounts for only 14% of employment, versus 40% in agriculture. The controversial increase in the minimum wage to THB300 per day, piloted in several provinces since April 2012 and effective nationwide since beginning of this year, is, in our view, unlikely to materially impact overall competitiveness, but will negatively affect small and medium enterprises, especially in labor-intensive industries and in certain regions where wages have risen more significantly as a result of the minimum wage increase. In turn, the unemployment rate will likely rise, but remain very low by global standards, below 1%.

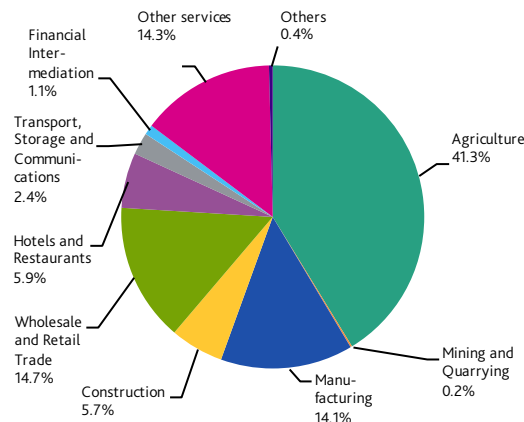
FIGURE 3

**Agriculture and manufacturing dominate Thailand's economy**

Nominal GDP by industry, % of total (2012)



Employment by industry, % of total (2012)



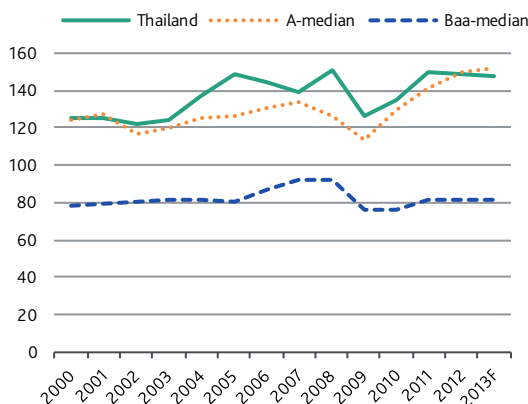
Sources: National Economic and Social Development Board, National Statistics Office, Haver, Moody's

Exports and imports of goods and services stood at close to 150% of GDP as of end-2012, higher than the median for Baa-rated and broadly in line with the median for A-rated peers (Figure 4). The high degree of openness underlines Thailand's export competitiveness but at the same time renders the economy vulnerable to external shocks. For instance, the renewed intensification of the euro area crisis in the second half of 2012 - the European Union accounts for 10% of Thailand's total exports - and the resulting slowdown in the growth of global trade volumes negatively affected Thai exports, and Thai exports are also indirectly affected via lower demand from destinations like China and other ASEAN countries, which account for 12% and 25% of total exports, respectively (see Figure 4). Moreover, the relatively large share of Thailand's exports comprised by intermediate inputs poses an indirect channel of transmission to the real economy.

FIGURE 4

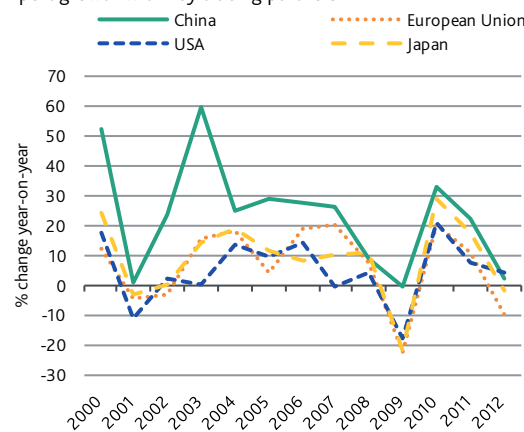
**High degree of openness renders the economy vulnerable to external shocks**

Exports+imports of goods&services, % of GDP



Source: Moody's

Export growth with key trading partners



Sources: Bank of Thailand, Moody's

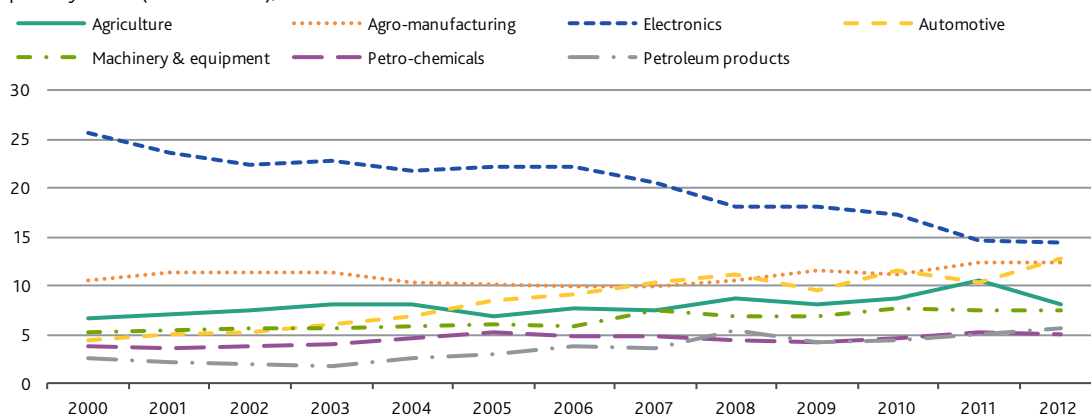
Having said that, the ongoing diversification in export markets and products is a positive development. Manufactured goods account for more than 85% of total merchandise exports and Thailand is an important node in a number of global supply chains, namely automobiles and electronics. The share of electronics has come down markedly since 2000, whereas the share of automotive-related exports has

risen. Agricultural and agro-manufacturing products remain an important part of Thailand's export composition (Figure 5). However, Thailand's rice exports slumped in 2012, mainly as a result of the government's rice buying scheme (see box below for more details), falling to 6.7 million tons from 10.7 million tons in 2011, the lowest level since 2000.

FIGURE 5

**Thailand's changing export composition**

Exports by sector (customs basis), % of total



Sources: Bank of Thailand, Moody's

Thailand continues to score favorably in global competitiveness surveys, such as the World Bank's annual Doing Business Rankings (18th out of 185)<sup>2</sup> and the World Economic Forum's Global Competitiveness Report (38th out of 144).<sup>3</sup> Nevertheless, relatively low per capita GDP signals a comparatively low level of human development. Education and training is one key area which requires further improvement to avoid the so called "middle income trap".

Investment as a share of GDP has been significantly lower than pre-Asian Crisis, averaging 26% between 2000 and 2011, compared to 40% during the period 1990 to 1997,<sup>4</sup> also affected by the coup d'état in 2006. Having said that, both domestic and foreign investment seem to be moving beyond flood-related reconstruction levels, and barring any sharp deterioration in political stability, the government's seven year, THB2 trillion infrastructure investment program will likely lead to positive spill-over into private investment. In addition, the Thai economy might benefit from increased economic integration of the Greater Mekong Sub-region.

As a bottomline, we see strong domestic demand – driven by private consumption and the envisaged rebound in investment – supportive for Thailand's medium-term growth outlook, since it will more than compensate for the negative growth contribution from net exports.

<sup>2</sup> World Bank, [Doing Business 2013 - Smarter Regulations for Small and Medium-Size Enterprises](#).

<sup>3</sup> World Economic Forum, [Global Competitiveness Report 2012-2013](#).

<sup>4</sup> IMF, [Explaining ASEAN-3's Investment Puzzle: A Tale of Two Sectors](#), January 2013.

### Thailand's rice buying scheme

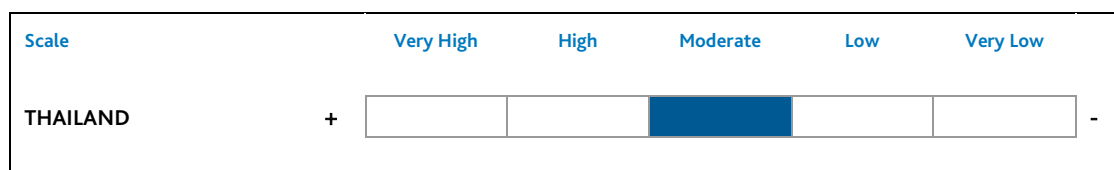
The rice pledging scheme was re-established in October 2011 and the first phase ended in September 2012. Eligible farmers who are Bank of Agriculture and Agricultural Cooperatives (BAAC) customers and received certification from the Department of Agriculture can pledge up to THB500,000 of paddy with rice mills that are registered with the Program. The pledge price ranges from THB15,000 to 20,000 per ton of paddy depending on the quality of the rice, which is around 50% above global market prices.

The actual government outlays and estimated cost for the current program period are significantly higher than those under previous programs. According to official numbers, for the 2011/12 period, the gross cost was around THB370 billion. This compares to THB55-120 billion under the "old" rice pledging scheme up to 2008/09, and THB48-67 billion under the previous administration's Income Guarantee Program.<sup>5</sup> The original official estimate for production year 2012/13 was THB446 billion, but the recently announced limits of a maximum 7 million tons of rice to be bought by the government during the second half of the current phase, down from an initially planned 11 million tons, could lead to lower actual costs.

Estimates for the net cost (i.e. loss for the government) from the scheme depend on assumptions about rice harvest volumes, the number of participating farmers, the amount of rice the government can sell from its stockpiles, and the selling price. The World Bank estimates losses of THB115 billion for the first phase in 2011/12 and THB132 billion for the second phase, which ends in September 2013. This is equivalent to around 1.0-1.2% of GDP.<sup>6</sup>

## Factor 2 - Institutional strength: Moderate

### Weaker-than-peers' governance indicators but reasonably strong quality of core institutions



Moody's assesses Thailand's institutional strength at moderate in line with the country's mid-range rankings in the World Bank's World Governance Indicators. However, Thailand's scores have slipped since 2005 and are now well below the median for both its Baa- and A-rated peers (Figure 6). In particular, political violence and the coup d'etat of 2006 have led Thailand's ranking for political stability to plummet from the 60th percentile in 2000 to the 10th in 2011. Over the same time, its ranking for voice and accountability similarly fell from the 64th percentile to the 23rd. The World Economic Forum's Global Competitiveness Report 2012-2013 supports these findings, putting government instability, corruption, policy instability, and an inefficient government bureaucracy as the four most problematic factors for doing business.<sup>7</sup>

<sup>5</sup> World Bank, [Thailand Economic Monitor December 2012](#), p. 21.

<sup>6</sup> World Bank, [Thailand Economic Monitor December 2012](#), p. 20.

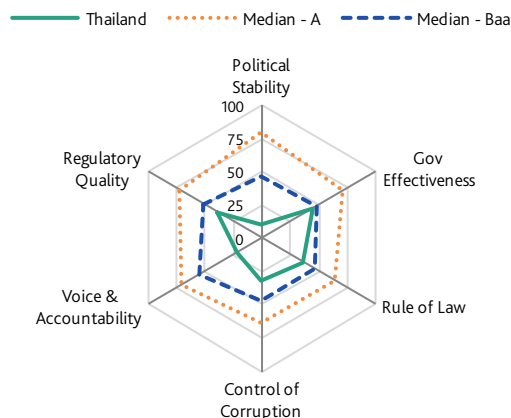
<sup>7</sup> World Economic Forum, [Global Competitiveness Report 2012-2013](#), p. 344.

Contentious politics have affected the overall quality of governance in recent years. Thailand's post-coup leadership instability, the undermining of the 1997 constitution, and a weakening in representative government during declared states of emergency have contributed to this deterioration. More recently, political divisions flared during the floods in late 2011, hampering the ability of the government to manage Thailand's worst natural catastrophe in years.

FIGURE 6

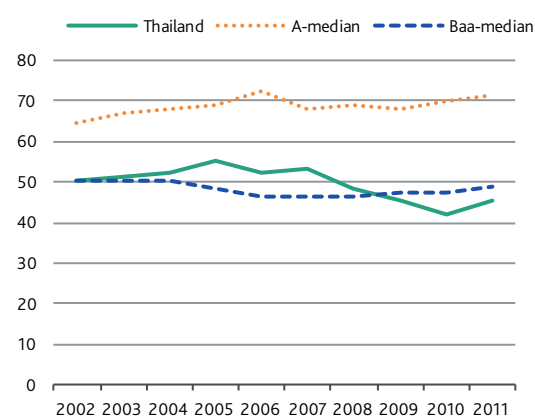
### Political stability is a key concern and government effectiveness has weakened

World Bank Governance Indicators, Percentile rank



Sources: World Bank, Moody's

World Bank Governance Indicators, Percentile rank



Sources: World Bank, Moody's

The Bank of Thailand operates under a core inflation rate target regime and has established a solid track record of inflation management. The inflation targeting regime is in place since May 2000 and was established following the conclusion of an IMF-led program in the aftermath of the Asian Financial Crisis. Since then, and up to December 2008, the core inflation target was 0-3.5%, and average annual core inflation has been within the target range in every year since then. The current inflation target range is 0.5-3.0%. Over the last five years, the annual year-end inflation rate has averaged 2.8%, in line with the A-rated median, and lower than the Baa-rated median of 4.9%. We expect inflation rates to remain well within the BoT's target range this year and next.

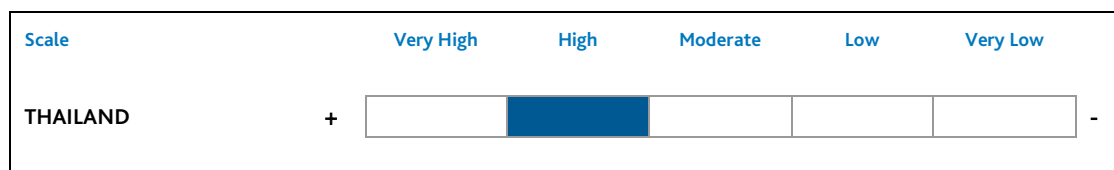
Overall data availability and reliability is good. Thailand adheres to the IMF's Special Data Dissemination Standard to which it subscribed in August 1996 and meets all the specifications.<sup>8</sup> Adherence to fiscal rules have kept budgetary balances and resulting debt stock low when compared to its peers, providing, in turn, ample space to provide counter-cyclical support to the economy. More importantly, the civil service has traditionally acted as an important counterweight against more populist or profligate fiscal stances espoused by different administrations.

However, issues regarding the accuracy and transparency of government finance data arise from the administration's resort to populist policies, including the increasingly opaque role played by policy banks and the increased use of off-budget financing. The lack of a medium-term budget process is another area which offers room for improvement.

<sup>8</sup> IMF, [Thailand: Report on the Observance of Standards and Codes \(ROSC\) - Data Module](#), 10 April 2006.

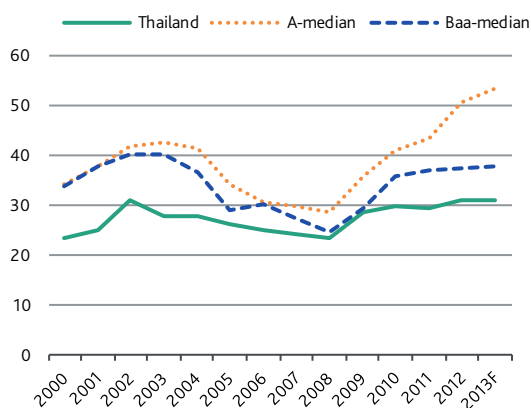
## Factor 3 - Government financial strength: High

### Fiscal metrics in line with or even better than peers'



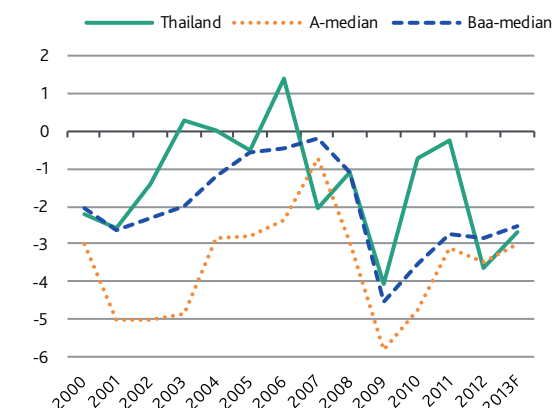
Thailand's high government financial strength is primarily derived from a relatively low government debt burden (Figure 7) that is amply financed by deep onshore capital markets. Although revenue mobilization is the weakest amongst its peers in the methodological rating range of A3-Baa2, adherence to implicit fiscal rules have ensured that deficits have been largely contained (Figure 8). While we do not anticipate a material deterioration in Thailand's fiscal metrics in 2013-14, populist measures pose a risk to fiscal discipline and increased off-budget financing impairs transparency. Thailand continues to enjoy a low degree of external liquidity constraints, due to its strong external payments position, and despite a pick-up in the external debt-to-GDP ratio in 2012.

FIGURE 7  
Relatively low government debt  
% of GDP



Source: Moody's

FIGURE 8  
Fiscal balance in line with peer group's  
% of GDP



Source: Moody's

### Populist measures put fiscal discipline at risk, off-budget financing impairs transparency

Stimulus measures in 2009 and the flooding in late 2011 have been the main reasons for widening central government fiscal deficits<sup>9</sup> in 2009 and 2012. However, populist measures, like incentives for first-time car and home buyers, as well as the government's rice buying program and tax exemptions helped to keep the fiscal balance in deficit as well. While some of the measures have been phased out at the end of 2012, we expect the fiscal stance to remain loose in 2013. In addition, there is the risk of new or additional measures to shore up domestic support, something that is already visible in the government's response to mounting criticism from the business community in relation to the recent minimum wage increase. Still, we view the authorities' commitment to balance the budget by 2017 as credible.

<sup>9</sup> The central government fiscal balance presented here includes the non-budgetary balance. Data on revenue, expenditure, and fiscal balance are for fiscal year, which runs from October to September.

In its 2013 budget the government proposed a deficit of THB 300 billion or 2.5% of GDP. We expect the deficit to narrow to slightly less than 3% of GDP this year. Having said that, Thailand's gross financing requirements are likely to rise to 9.7% of GDP this year, up from 8.4% in 2012, due to "other" financing needs equal to 2.8% of GDP. These needs comprise mainly funding for emergency measures, including catastrophic insurance, and loans issued by the Ministry of Finance for flood management.<sup>10</sup>

### Government debt is rising but still at manageable levels

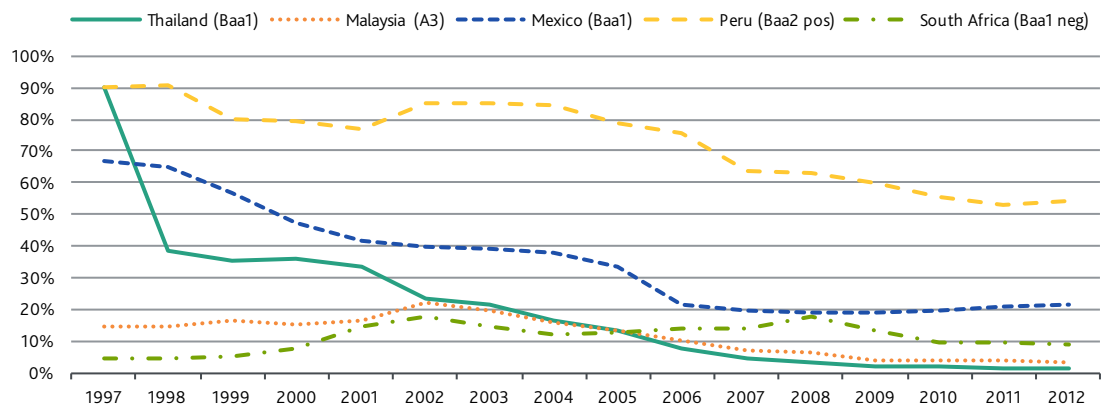
At 30.9% of GDP, central government debt stays at a manageable level, comparatively lower than for the similar-rated peer group. Having said that, government debt has been rising since 2008, up from 23.5% back then. As a result of narrowing fiscal deficits from 2014, we expect central government debt to stabilize around current levels. Including non-financial public enterprise debt, the ratio rises to 40% of GDP. The authorities expect public debt under their broader definition, which includes debts incurred by state-owned enterprises as well as guarantees, to stay below 50% of GDP, the debt ceiling under the current borrowing framework in place.

The debt structure is a key credit strength, including virtually no foreign exchange risk and a relatively small portion of short-term government debt. The share of foreign-currency denominated government debt was 1.3% at end-2012, lower than for Thailand's peers, and displaying an uninterrupted downward trend since the Asian Financial Crisis (see Figure 9). According to Thailand's Public Debt Management Office (PDMO), the small part of foreign currency denominated debt is hedged.

FIGURE 9

### Significant reduction in foreign exchange rate risk

Foreign currency denominated debt as share of total government debt



Source: Moody's

BoT's successful inflation management has helped to significantly reduce government bond yields and contributes to low and stable government funding costs which continue to trend down. The deep domestic bond market supports finance-ability of government debt as well.

### Strong external payments position supports low degree of external liquidity constraints

Since 2009, the share of non-resident investors in local currency government bonds has risen significantly, from less than 5% of the total amount outstanding to more than 15% by year-end 2012. As for other countries in the region and elsewhere, ultra-low interest rates and quantitative easing

<sup>10</sup> Special Comment. [Emerging Asia 2013 Government Financing Needs: Predominance of Local Currency Funding Imparts Stability](#). 28 February 2013.

measures in advanced economies are probably the main drivers behind these developments. Thailand's strong external payments position should provide sufficient cushion in the case of capital flow reversal and promotes stable financing conditions (Figure 10).

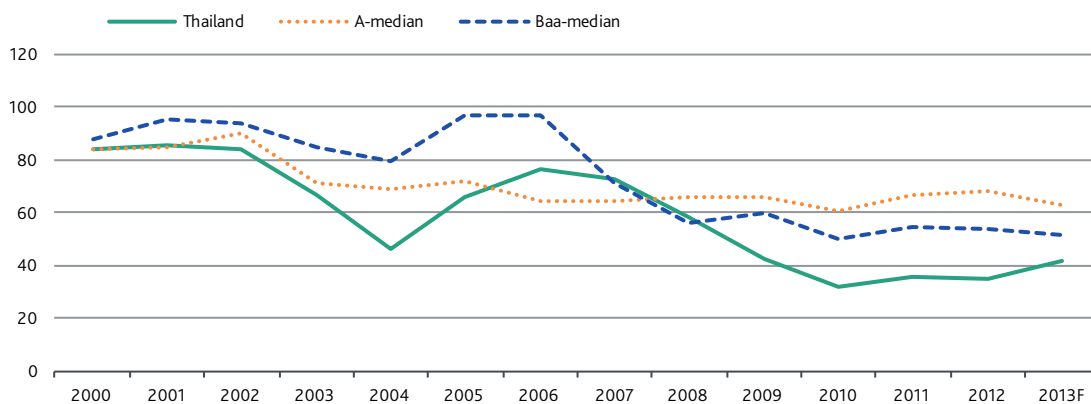
Contrary to concerns earlier in 2012, Thailand posted a positive current account balance, as well as an overall balance-of-payments surplus. While the current account surplus narrowed to 0.7% of GDP from 1.7% in 2011 mainly due to the pick-up in reconstruction-related investment, official foreign reserves rose to \$181.6 billion, up \$6.5 billion from 2011, driven by a strong increase in net other investment, which ended 2012 at \$10.4 billion, after a negative \$7.8 billion the year before, and also helped by rising net portfolio investment.

Thailand's overall external debt has averaged slightly less than 30% of GDP over the period 2007 to 2011, but has picked up to 36.6% of GDP in 2012. Thailand's total external debt to GDP ratio is still broadly in line with the median for Baa and A-rated peers, which stood at 31% and 35%, respectively, at end-2012.

The largest share of the overall increase of \$29 billion came from the private sector, and here predominantly banks, which increased external debt by \$13.4 billion in 2012. In terms of maturity, the increase in total external debt was almost evenly split between short-term and long-term. However, by sector, banks accounted for more than 60% of the increase in short-term external debt, with loans making up the largest portion.<sup>11</sup>

FIGURE 10  
Thailand's comparatively strong external payments position provides a cushion

External vulnerability indicator<sup>12</sup>



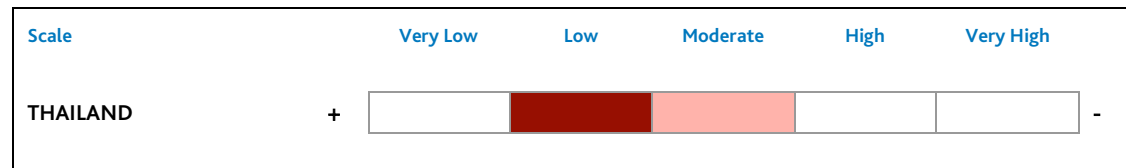
Source: Moody's

<sup>11</sup> See Bank of Thailand's [external debt statistics](#).

<sup>12</sup> (Short-term external debt + Currently maturing long-term external debt + Total non-resident deposits over one year)/Official foreign exchange reserves

## Factor 4 - Susceptibility to event risks: Low shaded moderate

### Credit fundamentals have been resilient to political noise



Thailand's susceptibility to event risk is low to moderate, balancing prominent political risks against resilient economic and financial fundamentals. Although the decisive victory by the Pheu Thai Party in the 2011 parliamentary elections seemingly laid to rest the concerns about electoral legitimacy that had dogged previous administrations, outstanding issues related to reconciliation and the underlying polarization of the Thai electorate remain.

### Political tensions have had only limited impact on macro-economic stability and growth

Concerns surrounding the leading Pheu Thai Party's plans to change the constitution have abated following the Supreme Court's ruling that redrafting the constitution is not possible without a referendum. However, politics remain highly polarized as reflected in ongoing legal battles involving opposition leader and former Prime Minister Abhisit Vejjajiva of the Democrat Party. Although the opposition-initiated censure debate and no confidence vote in late November centering around the government's rice buying scheme was not successful, it nevertheless also highlights the polarized political landscape.

Since taking office in July 2011, PM Yingluck Shinawatra had to reshuffle her cabinet three times. While street protests by both anti- and pro-government groups continue, there have been no violent clashes since the current government took office in mid-2011. Stability also remains tenuous given underlying risks related to monarchical succession and continued violence in southern Thailand.

It is worth highlighting, however, that economic and political developments have moved independently of each other since the fall of the absolute monarchy in 1932 and despite frequent coups d'état over the past 70 years, most recently in 1985, 1991, and 2006. There have also been four constitutions since 1991. Nevertheless, Thailand was the fastest growing country in our ratings universe in the decade prior to the Asian financial crisis in 1997-98, while GDP per capita has more than doubled since then. Over the medium-term, we expect political instability to continue to have only a limited impact on economic growth.

### Sound banking system helps to mitigate financial event risks

The average bank financial strength rating for Thai banks rated by Moody's is D+, above the global universe average of D, and reflecting our assessment of low financial event risk. Since 2008, banks' balance sheets have only been indirectly affected by the global financial crisis and the sovereign debt crisis in Europe. Similarly, the 2011 floods had only a very muted impact on the Thai banking system.

Levels of capitalization and profitability have been strong enough to absorb credit losses stemming from the 2011 floods. Thai commercial banks boasted an average Tier 1 capital adequacy ratio of 11.04% as of end-2012, more than twice the 4.25% threshold set by the BOT. Asset quality has consistently improved since the global financial crisis with the gross NPL ratio falling to 2.44% as of end-2012 from 5.2% at end-2009.

The banking system also relies on a stable and deep funding base provided by domestic retail deposits. According to our Financial Institutions Group, Thai banks are thus fairly insulated from global financial market volatility as external funding comprises only 5-10% of total funding.<sup>13</sup>

Overheating concerns are resurfacing on the back of strong credit growth and sustained increases in asset prices. The authorities maintain the view that stronger credit growth is a reflection of growing financial inclusiveness, and that real estate price rises remain confined to certain areas and market segments, but BoT nonetheless concedes that potential risks to domestic financial stability “warrant close monitoring”, a view with which we agree.<sup>14</sup>

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<sup>13</sup> [Banking System Outlook - Thailand](#), 12 July 2012.

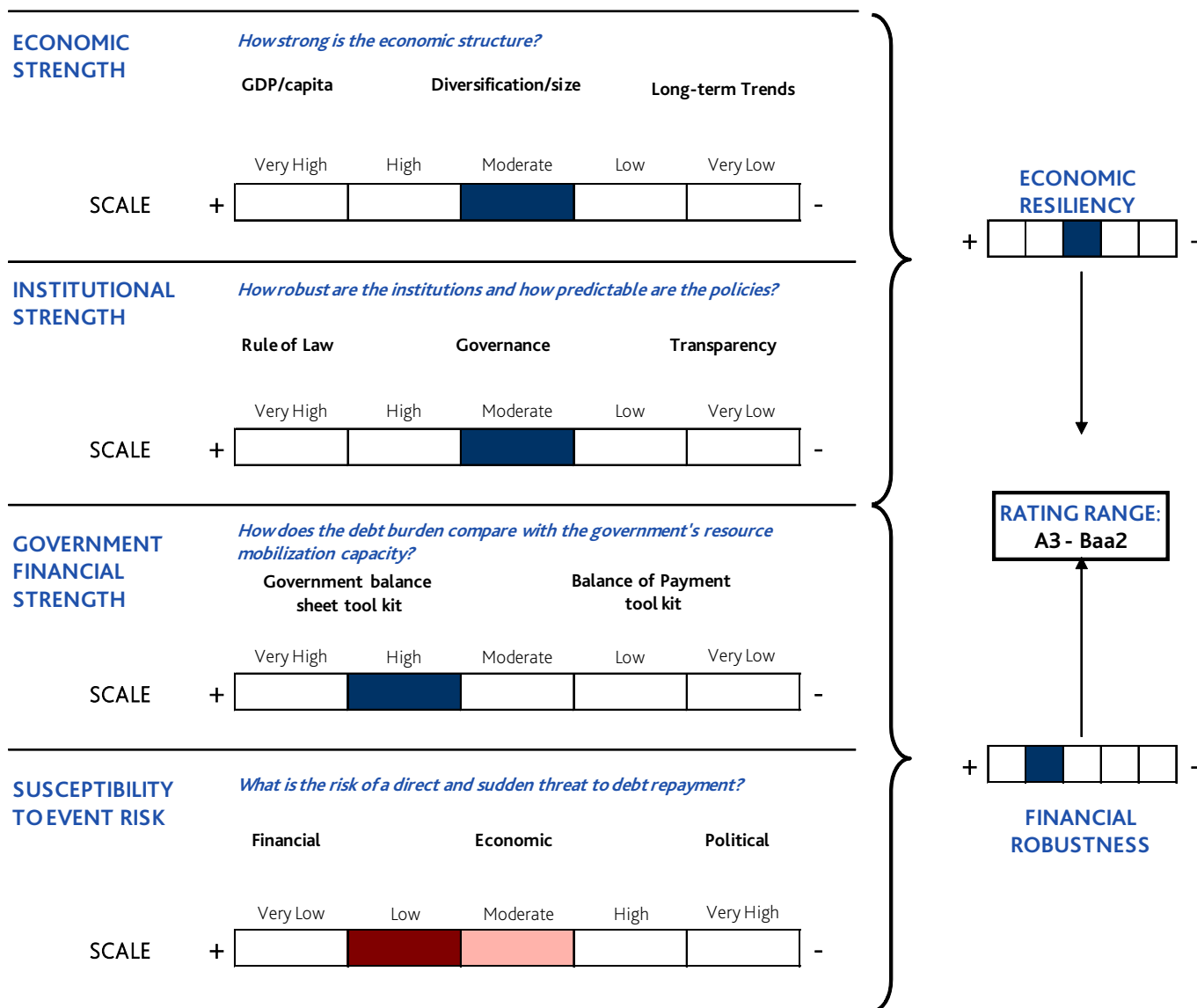
<sup>14</sup> Bank of Thailand, [Monetary Policy Report April 2013](#), 12 April 2013.

## Rating History

### Thailand, Government of

	Foreign Currency Ceilings				Government Bonds		Outlook	Date
	Bonds & Notes		Bank Deposit		FC	LC		
	LT	ST	LT	ST				
Outlook Changed	A2	--	Baa1	--	Baa1	Baa1	Stable	October-10
Outlook Changed	A3	--	Baa1	--	Baa1	Baa1	Negative	December-08
Rating Affirmed	A3	P-2	Baa1	P-2	Baa1	Baa1	Stable	September-06
Rating Raised	A3	--	--	--	--	--	--	May-06
Rating Raised	Baa1	P-2	Baa1	P-2	Baa1	--	Stable	November-03
Review for Upgrade	Baa3	NP	Ba1	NP	Baa3	--	--	October-03
Outlook Changed	--	--	--	--	--	--	Positive	November-02
Rating Raised	Baa3	--	Ba1	--	Baa3	--	Stable	June-00
Review for Upgrade	Ba1	NP	B1	NP	Ba1	--	--	April-00
Outlook Changed	--	--	--	--	--	--	Positive	May-99
Rating Assigned	--	--	--	--	--	Baa1	--	September-98
Rating Lowered	Ba1	--	--	--	Ba1	--	Stable	December-97
Rating Lowered	Baa3	NP	B1	--	Baa3	--	Negative	November-97
Review for Downgrade	Baa1	--	--	--	Baa1	--	--	October-97
Rating Lowered	--	--	Ba2	NP	--	--	--	October-97
Review for Downgrade	--	P-3	Baa3	P-3	Baa1	--	--	October-97
Rating Lowered	Baa1	P-3	Baa3	P-3	Baa1	--	--	October-97
Review for Downgrade	A3	P-2	A3	P-2	A3	--	--	September-97
Rating Lowered	A3	--	A3	--	A3	--	--	April-97
Review for Downgrade	A2	--	A2	--	A2	--	--	February-97
Rating Lowered	--	P-2	--	P-2	--	--	--	September-96
Review for Downgrade	--	P-1	--	P-1	--	--	--	May-96
Rating Assigned	--	--	A2	P-1	--	--	--	October-95
Rating Assigned	A2	--	--	--	A2	--	--	August-89
Rating Assigned	--	P-1	--	--	--	--	--	June-89

### Sovereign Mechanics<sup>15</sup>: Thailand, Government of



<sup>15</sup> Link to our [Sovereign Bond Rating Methodology](#)

## Annual Statistics

## Thailand, Government of

	2004	2005	2006	2007	2008	2009	2010	2011	2012E	2013F	2014F
<b>Economic Structure and Performance</b>											
Nominal GDP (US\$, Bil.)	161.3	176.4	207.1	247.0	272.6	263.7	318.9	345.7	365.6	412.2	454.1
Population (Mil.)	66.1	66.7	67.3	67.8	68.3	68.7	69.1	69.5	70.0	70.4	70.9
GDP per capita (US\$)	2,442	2,644	3,078	3,643	3,993	3,838	4,614	4,972	5,224	5,853	6,407
GDP per capita (PPP basis, US\$)	6,236	6,675	7,179	7,700	8,010	7,876	8,500	8,646	--	--	--
Nominal GDP (% change, local currency)	9.7	9.3	10.6	8.7	6.5	-0.4	11.8	4.3	7.8	7.8	8.0
Real GDP (% change)	6.3	4.6	5.1	5.0	2.5	-2.3	7.8	0.1	6.4	5.0	5.0
Inflation (CPI, % change Dec/Dec)	3.0	5.8	3.6	3.1	0.4	3.5	3.1	3.5	3.6	3.0	2.4
Gross Investment/GDP	26.8	31.4	28.3	26.4	29.1	21.2	25.9	26.6	29.8	30.7	30.9
Gross Domestic Savings/GDP	31.7	30.9	32.4	34.4	32.6	31.3	33.3	32.3	31.0	32.1	32.3
Nominal Exports of G & S (% change, US\$ basis)	21.7	13.7	17.6	18.9	14.9	-13.5	26.1	17.0	3.0	11.1	11.5
Nominal Imports of G & S (% change, US\$ basis)	26.4	24.0	10.3	10.6	25.4	-24.3	33.6	22.9	8.0	12.6	12.0
Openness of the Economy [1]	136.5	148.3	143.8	138.5	150.3	126.2	135.1	149.4	148.9	147.7	149.8
Government Effectiveness [2]	0.36	0.43	0.39	0.36	0.25	0.17	0.08	0.10	--	--	--
<b>Government Finance [3]</b>											
Gen. Gov. Revenue/GDP (note: central government)	17.1	17.5	17.7	17.1	16.5	16.4	17.3	18.0	18.3	18.3	18.5
Gen. Gov. Expenditures/GDP (note: central government)	17.1	18.0	16.3	19.1	17.6	20.5	18.1	18.3	21.9	21.0	20.5
Gen. Gov. Financial Balance/GDP (note: includes extrabudgetary balance)	0.1	-0.6	1.1	-1.7	-1.1	-4.4	-2.6	-1.3	-3.9	-2.7	-2.0
Gen. Gov. Primary Balance/GDP	1.6	0.6	2.3	-0.5	0.1	-3.2	-1.4	0.1	-2.5	-1.3	-0.6
Gen. Gov. Direct Debt (US\$ Bil.)	46.3	45.3	54.2	60.9	61.2	77.7	99.6	97.5	114.8	128.7	137.3
Gen. Gov. Direct Debt/GDP	27.9	26.2	24.9	24.1	23.5	28.6	29.7	29.3	30.9	31.0	30.6
Gen. Gov. Direct Debt/Gen. Gov. Revenue	163.2	149.6	140.6	141.1	142.5	174.3	171.5	162.4	169.5	169.5	165.1
Gen. Gov. Int. Pymt/Gen. Gov. Revenue	8.6	7.2	6.9	7.0	7.2	7.5	7.1	8.0	7.7	7.6	7.0
Gen. Gov. FC & FC-indexed Debt/GG Direct Debt	16.7	13.1	8.0	4.6	3.4	2.2	1.8	1.5	1.3	1.3	1.2

## Thailand, Government of

	2004	2005	2006	2007	2008	2009	2010	2011	2012E	2013F	2014F
<b>External Payments and Debt</b>											
Nominal Exchange Rate (local currency per US\$, Dec)	39.1	41.0	36.0	33.7	34.9	33.3	30.2	31.7	30.6	29.5	29.5
Real Eff. Exchange Rate (% change)	-0.2	2.5	8.5	4.7	2.4	-5.6	9.2	2.3	-0.5	--	--
Current Account Balance (US\$ Bil.)	2.8	-7.6	2.3	15.7	2.2	21.9	10.0	5.9	2.7	5.9	6.1
Current Account Balance/GDP	1.7	-4.3	1.1	6.3	0.8	8.3	3.1	1.7	0.7	1.4	1.3
External Debt (US\$ Bil.)	58.8	59.3	70.0	74.4	76.1	75.3	100.6	104.6	133.7	138.2	146.0
Public Sector External Debt/Total External Debt	26.1	25.6	22.0	20.0	19.5	20.5	26.2	28.4	30.5	31.2	29.8
Short-term External Debt/Total External Debt	32.4	38.9	38.9	45.7	44.2	44.0	50.4	45.2	45.4	45.6	47.2
External Debt/GDP	36.4	33.6	33.8	30.1	27.9	28.6	31.5	30.3	36.6	33.5	32.2
External Debt/CA Receipts [5]	50.1	43.4	43.4	38.5	34.3	39.0	42.1	37.2	44.9	41.6	40.3
Interest Paid on External Debt (US\$ Bil.)	1.7	1.5	1.9	1.9	1.6	1.2	1.2	1.3	1.1	1.3	1.5
Amortization Paid on External Debt (US\$ Bil.)	8.2	13.0	15.5	20.1	15.7	12.6	9.4	8.0	10.6	11.3	11.5
Net Foreign Direct Investment/GDP	3.6	4.3	4.1	3.4	1.6	0.3	1.4	-0.1	-0.9	-0.3	-0.2
Net International Investment Position/GDP	-31.6	-30.5	-27.1	-22.3	-4.9	-1.8	-13.1	-9.2	--	--	--
Official Foreign Exchange Reserves (US\$ Bil.)	48.5	50.5	65.1	85.1	108.3	133.6	165.7	165.2	171.1	178.2	185.9
Net Foreign Assets of Domestic Banks (US\$ Bil.)	--	--	--	--	--	--	--	--	--	--	--

## Monetary, Vulnerability and Liquidity Indicators

M2 (% change, Dec/Dec)	5.8	6.1	8.2	6.3	9.2	6.8	10.9	15.1	10.4	--	--
Monetary Policy Rate (% per annum, Dec 31)	2.00	4.00	5.00	3.25	2.75	1.25	2.00	3.25	2.75	--	--
Domestic Credit (% change Dec/Dec)	4.5	4.6	1.1	3.9	7.7	4.7	10.0	16.0	14.9	--	--
Domestic Credit/GDP	124.5	119.2	109.0	104.2	105.4	110.8	109.0	121.2	129.3	--	--
M2/Official Forex Reserves (X)	3.9	3.8	3.7	3.2	2.6	2.4	2.4	2.6	2.9	--	--
Total External Debt/Official Forex Reserves	121.2	117.4	107.4	87.4	70.3	56.4	60.7	63.3	78.1	73.0	74.1
Debt Service Ratio [6]	8.4	10.7	10.8	11.3	7.8	7.1	4.4	3.3	3.9	3.8	3.6
External Vulnerability Indicator [7]	46.6	66.2	76.3	72.6	58.4	42.7	31.8	35.4	35.0	42.0	39.4
Liquidity Ratio [8]	44.2	37.7	31.5	21.6	42.7	61.1	74.1	53.8	--	--	--
Total Liab. due BIS Banks/Total Assets held in BIS Banks	92.3	85.4	74.2	68.6	94.3	142.1	195.2	169.6	--	--	--
"Dollarization" Ratio [9]	1.0	1.5	1.5	1.2	1.6	1.9	2.2	2.2	1.9	--	--
"Dollarization" Vulnerability Indicator [10]	2.2	3.2	2.8	1.9	2.4	2.6	2.7	2.7	3.0	--	--

## Notes:

[1] Sum of Exports and Imports of Goods and Services/GDP

[2] Composite index with values from -2.50 to 2.50: higher values suggest greater maturity and responsiveness of government institutions

[3] Central Government

[4] Includes Non-budgetary balance

[5] Current account receipts

[6] (Interest + Current Year Repayment of Principal)/Current Account Receipts

[7] (Short-Term External Debt + Currently Maturing Long-Term External Debt + Total Nonresident Deposits Over One Year)/Official Foreign Exchange Reserves

[8] Liabilities to BIS Banks Falling Due Within One Year/Total Assets Held in BIS Banks

[9] Total Foreign Currency Deposits in the Domestic Banking System/Total Deposits in the Domestic Banking System

[10] Total Foreign Currency Deposits in the Domestic Banking System/(Official Foreign Exchange Reserves + Foreign Assets of Domestic Banks)

## Moody's Related Research

### Credit Opinion:

- » [Thailand, Government of](#)

### Special Comment:

- » [Emerging Asia 2013 Government Financing Needs: Predominance of Local Currency Funding Imparts Stability, February 2013. \(149449\)](#)

### Issuer Comment:

- » [Developing Southeast Asia's Accelerating Economic Growth Is Credit Positive, August 2012 \(145046\)](#)

### Banking System Outlook:

- » [Thailand, July 2012 \(142532\)](#)

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