

The Study of Export and Growth of the Thai Economy

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Abstract: Thailand's economic recovery has been uninspiring. The slowing of the global market economy, as well as a drastic political control has put the market-oriented economy in jeopardy and interest in Thai goods and services is slowing dramatically putting more pressure on the export sector and this is posing a major threat to the growth of the economy in Thailand. This research is conducted with the objective to study the physical data on the current decline in growth of the economy. Henceforth the focus will be on the aspects that hamper exports while keeping into account political factors which may destabilize the economy even further the export sector hypothetically may offer a bypass.

Keywords: export, economic development, investment climate, growth.

I. INTRODUCTION

1.1 Definition of export:

Definition of export; transactions involving movements of goods and services out of the country over a specific time period. There's a need for Thailand to speed up economic reform and lift up to the WTO creed to have a favorable free trade system among its Most Favorite Nation agreements and GATT binding agreements within ASEAN and other blocks in order to restore exporters confidence. Thailand would benefit a lot from the regional integration, while it would also face some challenges due to higher competition.

Much of the current economy depends on influx of foreign capital and exports. Capital Market investor confidence in Thailand has dropped significantly for the coming three months due mainly to the economic slowdown (the Federation of Thai Capital Market Organizations FETCO, August 11, 2015), prompting it to downgrade the investment conditions from "neutral" to "bearish". This is an indicator of the current dire state of the economy and signals a need for further investigative analysis.

Exports that might not do so well are steel and iron, fishery products, minerals, electronics and machinery. Processed meat and garments could also face slower export growth because of high competition in these industries among ASEAN countries. Thailand will also import more crude oil, coal, and utility services after the free flow of human resources.

1.2 Importance of the subject:

The relevance of the topic examines the state of the economy and explores the factors and opportunity for Thailand's export market. Needless to say this research is important to find new strategies to exports which may lead to a possible hypothetical revival of the economy and their ultimate contribution to the Thai economy at large. Thus the significance lies in the investor sentiments and contracting GDP for the three months starting in August 2015 there had been a drop to 57.27 from 98.28 in the previous survey. Furthermore, all three major investors; foreign institutional, proprietary, retail and domestic institutional agree that the markets will turn bearish over the next three months. The index which measures the confidence of all four types of investors and ranges from 0-200 points, with lower than 80 bearish, 80-120 neutral and more than 120 bullish.

We may see a weakening of the Thai Baht which may reach Bt36 per US dollar by the end of the year from the expected strengthening of the dollar if there's no short term from US interest rate hike. Thailand's policy interest rate is expected to be maintained at 1.5 per cent for the whole year to support the economy.

1.3 Purpose of the study

The aim of this research is hampered by political deadlock of whether or not Thailand's economy and export sector could re-bounce due to the ongoing junta government control slowing down prospects for a quick revival of the economy. The progress of finding purpose is already distorted by this factor. However, I propose that there are other factors which can possibly spur the economy by boosting exports. The final purpose is then to search for means that could contribute to the economy outside the realm of politics. Thus we are looking for boosting the sentiment of Thai exports confidence and hereby drawing back the capital flow. This research has been conducted in order to explore the triggers of export growth potential and with it a possible improvement of the export sector.

Since 2015 Thailand became an upper-middle income economy .Over the last four decades, Thailand has made remarkable progress in social and economic issues, moving from a low-income country to an upper-income country in less than a generation. As such, Thailand has been one of the widely cited development success stories, with sustained strong growth and impressive poverty reduction, particularly in the 1980s.

The rate of recovery and reigniting economic growth will depend on how fast Thailand can overcome factors constraining growth and promote a more inclusive growth model for its export industry. There are opportunities in the horizon, including expanding trade through enhanced integration with the global economy, bolstering growth by implementing transformative public investments to crowd-in private capital, stimulate domestic consumption, and improving quality of public services across the entire country. This will support a resumption of higher, more balanced, growth path that eliminates extreme poverty and boosts shared prosperity for all citizens.

1.4 Scope:

This study explains factors that influence exports and boosts the economy .To estimate foreign investors' confidence level, Business Sentiment Index (BSI Index) was calculated around six indicators. These are:

1.5 Objectives and results to be obtained:

The objective of the research is to find out whether the Thai economy has potential to grow or if it remains to be the laggard of the ASEAN economies in retrospect to exporter's willingness to invest in Thailand or to remain optimistic about the outlook for doing business in Thailand. Related issues concerning these are the developments in politics, transportation and lowering of logistic costs as well as looking at the ability for the initial lowering of capital investment and lending by foreigner companies in Thailand as to explore such possibilities.

The balloon theory is based on the national income equations

$$Y = C + I + G + (X - M)$$

$$Y = C + DP$$

C = Consumption

I = investment

G = Government Spending

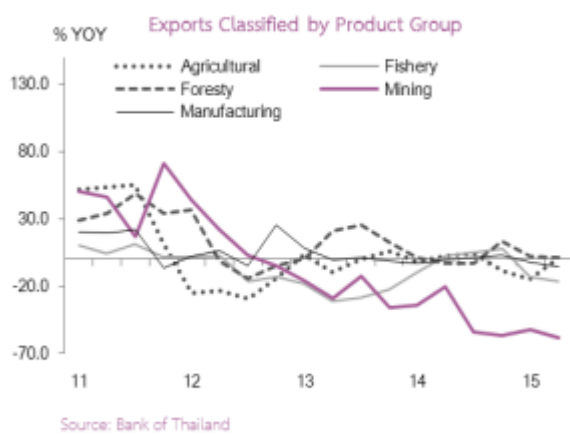
X = Export

M = Import

2. EXPORTS

Exports contracted due to the economic deceleration in key trading partners, depreciation of key trading partner' and competitors' currencies, the decline in export prices, temporary impact of the decline in exports of automotive as well as the effect from the end of Generalized Scheme of Preferences (GSP) for Thai exports. Export value in the second quarter of 2015 was recorded at 52.7 billion US dollars – a 5.5 percent contraction, compared with a 4.3 contraction in the previous quarter. The export volumes declined by 3.8 percent and export price contracted by 1.8 percent mainly due to (1) economic deceleration in key trading partners; (2) appreciation of the Thai baht, especially when compared with the Euro and the Yen by 17.2 and 13.7 percent respectively; (3) the decline in export prices which fell with the crude oil price and agricultural prices in global market, particularly fuel (whose price declined by 10.1 percent, with 4.2 percent share of total

export), chemical products (by 4.9 percent, with 3.2 percent share), rubber (by 20.3 percent, with 2.1 percent share), rice (by 1.5 percent, with 2.1 percent share), and sugar (by 15.9 percent, with 7.1 percent share); (4) the decline in exports of automotive due to the modified version of the pickup (temporary factors); and (5) the end of Generalized Scheme of Preferences (GSP) for Thai exports to Europe, effective since January 2015. Export value (excluding unwrought gold) contracted by 5.7 percent. In baht term, the value of export, recorded at 1,752 billion baht, fell by 3.1 percent, compared with a contraction of 4.3 percent in the previous quarter. In the first half of 2015, export value was recorded at 105.7 billion US dollars, which is a 4.9 percent contraction, compared with a 0.4 percent contraction in the same period last year. Export volume decreased by 3.2 percent and export price decreased by 1.8 percent. In baht term, the value of export was recorded at 3,482 billion baht, which is a 3.7 percent contraction compared with a 8.6 percent growth in the same period last year.



Export of agricultural commodities increased by 0.8 percent, compared with a contraction of 15.2 percent in the previous quarter. This was due to the 6.3 percent increase in the export quantity of agricultural products, especially tapioca, rubber and sugar. However, export prices of key products, such as rice, rubber, sugar and tapioca have decreased continuously, as a result, export prices of agricultural products decreased by 5.2 percent. The export of major agricultural products, including Rice the export value fell by 7.4 percent contributed by a 5.7 percent decline in export quantity since producing countries as Vietnam and Pakistan have plenty of rice while Thai's rice price is higher than competitors particularly India and Vietnam and also the export rice price decreased 1.5 percent. The export value of tapioca increased by 64.2 percent, contributed by a 76.4 percent increase in export quantity due to the rise in import by China for ethanol production. It is the Chinese government's policy to keep corn stock for domestic consumption and prohibit using corn to produce ethanol. Nonetheless, the export price of tapioca fell by 12.6. Meanwhile, the export value of rubber declined by 12.6 percent due to a drop in price by 20.3 percent as stock pile of China who is the main importer remains high. Meanwhile, export quantity of rubber increased by 9.6 percent. Export value of sugar declined by 8.2 percent, resulting from a 15.9 percent decline in export price, but export quantity increased by 8.7 percent. Manufacturing products declined by 5.3 percent compared with a 2.5 percent contraction in the previous quarter due to the slow recovery of the global demand, as well as the decline in export prices which was due to the fall global crude oil price as well as the model upgrade of pick - up truck of major brands. The quantity of export declined by 3.8 percent, compared with 1.1 percent contraction in the previous quarter. Meanwhile, price of export continued to decline by 1.6 percent, compared with a 1.4 percent contraction in the previous quarter. The export of key manufacturing products fell. For instance, export of automotive (with a share of 13.8 percent of total export value) declined by 3.7 percent, chiefly due to the decline in export of pick-up trucks as major manufacturers are upgrading their truck models. As a result, consumers, especially those in the Middle-East, delay their order to wait for the new models. The export of passenger cars, on the other hand, grew by 7.1 percent, owing to the growth of Eco-car export to European countries. Meanwhile, export of chemicals, Petroleum products and Petro-chemical Products continued to contract by 21.4, 17.7, and 12.7 percent respectively as the export prices remain low due to the decline of crude oil price. Nevertheless, export of Computer, Printed circuits, and Machinery & Equipment grew by 24.8, 17.3, and 1.7 percent. The export value of fishery products declined by 16.5 percent. The key products whose export value declined include Crustaceans, Cuttlefish, squid, and octopus. Other export products increased by 4.6 percent as a result of the 6.0 percent increase in the export of Non-monetary gold.

Export value of major product:

Export Value of major product												
%YoY	2013	2014							2015			Shared
	Year	ทั้งปี	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q2/15
Agriculture	0.0	-1.3	0.1	-2.7	-2.0	2.6	4.4	-8.6	-7.8	-15.2	0.8	7.7
Rice	-4.6	23.0	12.6	32.6	4.6	21.5	25.2	39.3	-6.3	-5.1	-7.4	2.1
Rubber	-5.9	-26.9	-19.1	-34.7	-15.5	-24.0	-24.8	-42.1	-26.9	-36.1	-12.6	2.1
Tapioca	18.1	13.5	21.8	6.7	26.9	14.2	15.5	-0.2	22.8	-2.7	64.2	1.6
Manufacturing	1.8	0.1	-1.8	1.9	-3.1	-0.5	0.9	3.0	-3.9	-2.5	-5.3	88.6
Sugar	-27.2	-4.2	-29.2	43.3	-28.3	-29.8	13.3	93.3	-4.4	1.2	-8.2	1.4
Crustaceans canned, prepared, or preserved	-19.5	-13.8	-19.7	-9.1	-25.2	-13.8	-11.8	-6.5	-11.3	-4.6	-17.5	0.4
Rubber Products	-2.2	-10.0	-14.2	-5.7	-14.9	-13.4	0.1	-10.9	-15.2	-20.6	-9.4	1.8
Apparels and textile materials	3.6	-0.3	-0.2	-0.3	-1.3	0.9	-0.4	-0.2	-7.6	-6.2	-8.9	3.3
Electronics	-0.8	1.8	-1.0	4.4	-0.4	-1.7	2.4	6.5	-1.4	-0.0	-2.6	14.6
Computer parts & accessories	-5.7	-2.0	-4.6	0.5	-3.2	-6.0	0.0	1.0	-3.7	-4.6	-2.8	6.7
Integrated circuits & parts	7.6	4.1	3.1	5.0	5.2	1.3	1.1	9.3	2.1	4.5	-0.1	3.4
Printed circuits	53.7	32.0	29.7	33.7	36.7	24.0	33.3	34.0	21.9	26.9	17.3	0.6
Electrical Appliances	2.3	4.3	4.6	4.0	7.2	2.0	0.1	8.1	-2.0	-0.6	-3.5	5.8
Metal & Steel	-4.4	-10.9	-21.9	3.0	-34.2	-5.5	-0.9	7.4	-2.1	4.7	-8.4	4.2
Iron & steel	7.6	0.1	0.7	-0.5	3.0	-1.6	-3.9	3.3	0.7	4.9	-3.7	13.8
Passenger car	16.6	-1.6	-3.9	0.8	-8.0	0.5	-8.6	12.4	7.6	8.0	7.1	3.3
Trucks	0.7	-2.3	-0.1	-4.4	6.8	-6.9	-8.3	-0.3	-5.9	5.2	-18.4	3.7
Machinery & Equipment	4.0	8.5	8.9	8.1	7.8	9.9	7.8	8.4	2.7	3.8	1.7	9.3
Chemicals	7.6	-6.0	-7.3	-4.7	-7.3	-7.3	-2.3	-7.2	-22.5	-23.5	-21.4	3.2
Petro-chemical Products	5.3	7.5	8.2	6.8	5.3	11.2	6.8	6.8	-11.3	-9.9	-12.7	5.5
Petroleum products	-1.3	-11.9	-8.2	-14.9	-15.5	-0.0	-7.2	-22.5	-22.3	-27.2	-17.7	4.2
Fishery	-25.4	1.4	-3.7	6.3	-9.4	2.3	4.7	7.8	-15.0	-13.4	-16.5	0.8
Crustaceans	-33.4	-5.3	-17.6	5.6	-27.1	-6.1	-1.3	12.2	-14.4	-10.6	-18.1	0.3
Other Exports	-44.5	-122	91.1	-58.4	277.9	13.5	-77.4	-7.1	-16.0	-30.8	4.6	2.0
Non-monetary gold (excl. articles of goldsmiths)	-50.1	-15.6	119.0	-67.3	469.3	14.3	-85.4	-12.6	-16.5	-31.5	6.0	1.6
Total Exports (Customs basis)	-0.3	-0.4	-0.7	-0.2	-1.4	-0.0	-1.8	1.6	-4.8	-4.7	-5.0	100.0
Exports, f.o.b. (BOP basis)	-0.1	-0.3	-0.4	-0.2	-1.1	0.3	-1.8	1.5	-4.9	-4.3	-5.5	98.4

Export value of major product (continue)

Crustaceans	-33.4	-5.3	-17.6	5.6	-27.1	-6.1	-1.3	12.2	-14.4	-10.6	-18.1	0.3
Other Exports	-44.5	-122	91.1	-58.4	277.9	13.5	-77.4	-7.1	-16.0	-30.8	4.6	2.0
Non-monetary gold (excl. articles of goldsmiths)	-50.1	-15.6	119.0	-67.3	469.3	14.3	-85.4	-12.6	-16.5	-31.5	6.0	1.6
Total Exports (Customs basis)	-0.3	-0.4	-0.7	-0.2	-1.4	-0.0	-1.8	1.6	-4.8	-4.7	-5.0	100.0
Exports, f.o.b. (BOP basis)	-0.1	-0.3	-0.4	-0.2	-1.1	0.3	-1.8	1.5	-4.9	-4.3	-5.5	98.4

Export Markets:

Exports to major markets such as the US China and Australia expanded in this quarter, while exports to EU (15), Japan, and ASEAN (9) contracted. Exports to the US and Australia grew by 2.6 and 9.2 percent, decelerating from 5.6 and 9.5 percent in the previous quarter respectively. Moreover, export to China recorded a growth for the first time in 6 quarters, expanding by 1.2 percent compared with 14.4 percent contraction in the previous quarter. Meanwhile, Exports to EU (15), and Japan fell by 8.4 and 3.8 percent respectively since the Japanese and the Eurozone recovered slowly, and Thai baht appreciated compared to the Yen and the Euro. Export to ASEAN (9) fell by 5.9 percent. This was mainly due to the fall in export to ASEAN (5), especially Malaysia and Indonesia. The export to CLMV, however, grew by 5.5 percent, decelerating from 10.6 percent growth in the previous quarter. Meanwhile, export to Hong Kong and the Middle East contracted by 9.0 and 2.16 percent respectively.

Export value of major country:

Export Value of major country

(%YOY)	2013	2014							2015			Shared Q2/15
	Year	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
United States	0.7	4.1	2.8	5.3	0.6	4.9	3.4	7.2	4.1	5.6	2.6	11.3
Japan	-5.2	-2.2	-2.9	-1.6	0.7	-6.4	-1.2	-1.9	-6.6	-9.2	-3.8	9.6
EU (15)	3.4	4.7	7.8	1.8	4.8	10.9	2.0	1.7	-6.2	-3.9	-8.4	9.1
China	1.4	-7.9	-4.3	-11.1	-4.5	-4.2	-6.3	-15.3	-7.0	-14.4	1.2	11.1
Australia	6.0	-10.1	-18.9	-1.2	-17.4	-20.3	-14.4	14.6	9.4	9.5	9.2	4.2
ASEAN (9)	5.0	0.2	-2.7	3.1	-5.4	-0.1	1.1	5.1	-4.2	-2.4	-5.9	26.5
ASEAN (5)	1.8	-4.9	-7.5	-0.2	-6.2	-12.9	-3.3	4.4	-10.7	-3.9	-1.5	14.5
Brunei	-12.9	-14.2	-10.8	-17.9	15.0	-29.9	-23.4	-12.1	-29.1	-24.2	-35.0	0.0
Indonesia	-3.0	-12.5	-18.8	-4.5	-19.7	-17.8	-10.8	3.4	-18.1	-15.4	-20.6	3.8
Malaysia	4.7	-1.9	-0.8	-3.0	-0.1	-1.4	-5.0	-1.0	-16.5	-14.6	-18.3	5.0
Philippines	3.6	16.6	14.0	18.9	13.0	14.9	17.4	20.4	1.9	7.4	-3.4	2.5
Singapore	3.7	-7.0	-12.0	-2.2	-23.9	0.5	-6.6	3.6	-2.2	-5.4	0.3	5.1
CLMV	10.7	9.3	7.9	9.9	7.0	8.8	13.6	6.7	8.0	10.6	5.5	10.2
Cambodia	12.7	6.3	9.1	3.5	14.5	4.4	1.9	4.8	6.5	16.0	-2.6	2.2
Laos	4.7	7.3	4.9	9.8	1.7	8.4	9.3	10.3	2.8	1.2	4.4	2.0
Myanmar	21.2	11.9	11.3	12.6	7.6	15.3	21.3	5.1	-0.9	2.3	-4.2	1.9
Vietnam	10.8	9.7	6.9	12.1	5.1	8.6	18.3	6.9	17.4	18.1	16.7	4.1
Hong Kong	0.7	-4.4	-0.1	-8.4	-1.8	1.7	-13.5	-1.8	-10.3	-11.5	-9.0	5.2
Middle East	0.3	0.2	4.8	-4.5	2.6	7.2	-6.0	-2.9	-14.6	-7.9	-21.6	4.4
Korea, South	-4.0	-1.5	-8.4	6.7	-13.3	-3.9	11.7	1.8	-8.7	0.6	-16.4	2.0

Source: BOT

Economic Inflation and export Growth in NIEs and ASEAN:

Thai Economic Outlook for 2015 the Thai economy in 2015 is likely to grow at satisfactorily rate under such conditions that posed some constraints to the growth including the lowest global economic growth in three years as well as impacts from low agricultural prices and drought conditions. The economy for the remainder of this year will be driven mainly by (1) an expansion in public expenditure and investment. (2) The Thai Baht depreciation which will result in higher export and liquidity in Baht term. (3) A continual strong growth of the tourism sector. (4) Subsidised oil prices and inflation rate which will help raise purchasing power and create favorable condition for further expansionary monetary policy. Economic stability continues to remain favorable. Current account tends to record a higher surplus due to strong expansion of the tourism sector and decline in global oil prices. Unemployment rate continues to remain low. Nevertheless, inflation is expected to be negative following decline in energy prices and sluggish domestic demand. It is thus need to closely monitor the inflation expectation and the response of the business sector to price changes. It is also expected that Thai Baht tends to depreciate in line with the expectation of Fed rate hike and economic conditions of major economies. ρ Supporting factors for the economic growth: 1) Public expenditure and investment continues to be strong engines of growth in the rest of the year and could be increasingly expedited to further support the economy. In the first

half of the Calendar year 2015, the budget was disbursed into the economy with the total amount of 1.434 trillion Baht, expanding by 15.3 percent from the same period last year. In the second half of 2015, it is expected that there will be additional budget disbursement of around 1.60 trillion Baht, increasing by 11.6 percent which include (1) the annual budget in the fourth quarter of FY 2015 of around 541.6 billion Baht, together with the expected budget disbursement in the first quarter of the 2016 of 783.4 billion Baht. (2) The SOEs budget of 131.7 billion Baht. (3) The carry-over budget of 119.7 billion Baht. (4) The off budget under the economic stimulus package (1st phase) of 4.2 billion Baht and the stimulus package (2nd phase) including investment loan for the road transportation development and water resource management with amount of 16.0 billion Baht (5) the off -budget loan under the Thai Khem Kaeng stimulus package of 4.2 billion Baht. 2) The depreciation of Thai Baht improves income and liquidity for exporters. In the first half, export value in USD term dropped by 4.8 percent, equivalent to a decline in value of about 5.44 billion USD. At the same time, export value in Baht term declined by 4.0 percent, or a decline in value of 144.4 billion Baht. This suggests that export income and liquidity of entrepreneurs in the first half declined both in USD and Baht terms. In the second half of the year, export value in USD term tends to decline further but export value in Baht term is likely to increase in line with the Baht depreciation which would bring about higher income and liquidity for exporters.

Export value in 2015:

Export value in 2015

Year	%(YoY USD)	Jan-Jun		Jul-Dec		Total
		Total	monthly	Total	monthly	
Million USD						
2014	-0.3	112,296	18,716	115,228	19,205	227,524
2015f (expansion in	-3.0	106,856	17,809	113,842	18,974	220,698
	-3.5	106,856	17,809	112,705	18,784	219,560
	-4.0	106,856	17,809	111,567	18,594	218,423
Million Baht						
2014	-0.3	3,621,229	603,538	3,691,837	615,306	7,313,066
2015f (expansion in	-3.0	3,476,860	579,477	3,993,760	665,627	7,470,621
	-3.5	3,476,860	579,477	3,955,252	659,209	7,432,112
	-4.0	3,476,860	579,477	3,916,744	652,791	7,393,604

Source: MOC, estimate by NESDB

Tourism sector is expected to grow at a strong rate and continues to support the economy. In the first half, the number of inbound tourists totaled 14.9 million, generating income of about 726.9 million Baht, with growth rate of 29.5 and 24.1 percent respectively. Recent data in June suggested extraordinary growth of 53.1 percent. For the rest of the year, the tourist number will continue to expand strongly due to (1) Better tourist confidence toward domestic political situation. (2) Low cost of travel in line with lower oil prices. (3) The MERS outbreak conditions in South Korea which start to return to a normal situation. 4) Global crude oil prices and inflation is expected to remain low which would help enhance real purchasing power and continue to support the expansionary monetary policy. In the second quarter of 2015, crude oil prices averaged 61.12 USD per barrel, increasing from 52.03 USD per barrel in the first quarter and the lowest level of 45.65 USD per barrel in January. However, in July, oil prices started to drop again. Oil prices on 10th August remains at 49.45 USD per barrel.

Risk Factors and limitations to the economic growth: 1) the global economy tends to grow at a slow pace and possibly become volatile over time. The global economy in 2015 is likely to grow by 3.1 percent, slower than 3.2 percent in 2014 and will reach the lowest rates in three years. In addition to this, the economic growth and stability in the second half of the year still endure the risks from: (1) The Chinese economy which has a tendency to grow at the rate below the projection and also experiences volatile financial and capital markets. (2) The impact from RMB depreciation to overall economic situations and to monetary policy implementation and exchange rate of other countries. (3) The impact of the U.S. Federal reserve raising policy interest rate to the values of major currencies and to structurally weak economies. This concerns especially the economies whose main engine of growth is primary commodity exportation, whose public debts are mainly external, and whose currencies depreciate abruptly.

Depreciation of trade partners' and competitors' currencies: the Baht currency has depreciated since April 2015 and thus in July 2015 it depreciated by 4.3 percent compared to the value in January 2014. However, the currencies of trading partners and competitors have also been devalued over the same period, by which the Euro, Yen and Australian dollar depreciated by 23.8, 18.8 and 19.6 percent, respectively. Meanwhile, the Malaysian Ringgit and Indonesian Rupiah depreciated by 15.1 and 9.8 percent, respectively. The depreciations of aforementioned currencies amid the global slowdown have restrained the Baht depreciation from benefiting and fostering the recovery in the Thai export volume.

The main agricultural commodity prices still remain low due to: (1) No clear sign of recovery in the world demand. (2) The appreciation of U.S. dollar. (3) Softening crude oil prices. (4) High level of inventory in the global market while production has also increased. (5) The currency depreciation in producer and exporter countries which allow those countries to benefit more from price competitiveness. This condition thus provides downward pressure on commodity export and agricultural prices which in turn continuously affect export revenues and the agricultural sector.

The adjustment of commercial banks' interest rates remained slow while commercial banks have still posed high restriction on credit provision. Despite the fact that the policy interest rate in the first half of the year was reduced by 0.50 percent per annum, average interest rate of the financial institutions declined by only 0.23 percent. Furthermore, commercial banks also continued to pose high restriction on their lending especially to SMEs. These conditions have limited household and business sector to fully benefit from the easing monetary policies.

Key assumption for 2015 economic projection: 1) The world economy is projected to grow by 3.1 percent, compared to 3.2 percent in 2014, and is downwardly adjusted from 3.4 percent in the previous estimation. The projected growth would be considered as the lowest rate within past 3 years. This downward revision owes to the downward revision of the U.S. and the Chinese economies, from 3.0 and 7.0 percent in the previous projection down to 2.5 and 6.9 percent respectively. The revisions also include many countries in NIEs and ASEAN economies due to a continual decline in export sector. Nevertheless, it is expected that the Euro zone and Japan prospects will grow by 1.2 and 0.8 percent, respectively, similar to the previous projection.

The Thai baht currency is forecasted to be in the range of 33.5 - 34.5 Baht per USD, depreciating from average of 32.47 Baht per USD in 2014, and down from the previous forecast of 32.7 - 33.7 Baht per USD. Thai Baht in the first seven months averaged 33.15 baht per U.S. dollar and continued to depreciate further. Thai Baht during the first week of August was 35.15 Baht per USD. This has been a result of further easing monetary policies announced by the Bank of Thailand, and the appreciation of the USD under the possibility that the U.S. Federal Reserve might decide to start uplift the policy rate during the rest of the year.

Export and import prices in USD term is downwardly revised to (-2.0) - (-1.0) and (-8.0) - (-7.0) percent respectively, compared to 1.0 and 1.8 percent in 2014, and the previous assumption of (-1.5) - (-0.5) and (-4.5) - (-3.5) percent, respectively. These downward revisions are due to the higher-than-expected export and import price indices in the second quarter and thus led to price decline in the first half falling by 1.8 and 10.3 percent, respectively. Furthermore, the depreciation of major currencies and the slowdown of the Chinese economy will become crucial limitations for the recovery of global commodity price in the latter half of 2015.

Disbursement of key budget include (1) FY2015 annual budget disbursement of 93.2 percent, with disbursement of current and capital budget of 98.0 and 70.0 percent respectively. (2) SOEs capital budget disbursement of 75.0 percent. (3) Carry-over budget disbursement of 70.0 percent. (4) The first quarter of FY2016 annual budget disbursement of 29.0 percent, and (5) Loans for water resource management and road transport system project under the 2nd stimulus package of 20.0 percent of total loan amount in the latter half of the calendar year 2015.

3. METHODOLOGY

Research Design:

A detailed outline of how an investigation will take place. A research design will typically include how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing data collected.

Descriptive research can be explained as a statement of affairs as they are at present with the researcher having no control over variable. Moreover, "descriptive research may be characterized as simply the attempt to determine, describe or identify what is, while analytical research attempts to establish why it is that way or how it came to be" (Ethridge, 2004, p.24).

Descriptive studies can contain the elements of both, qualitative and quantitative methods within a single research. In descriptive studies data collection is facilitated without changing the environment.

An important distinctive trait of descriptive research compared to alternative types of studies relates to the fact that while descriptive research can employ a number of variables, only one variable is required to conduct a descriptive study. Three main purposes of descriptive studies can be explained as describing, explaining and validating research findings.

There are three basic types of Descriptive research. These are -

1. Observational Method
2. Case Study Method
3. Survey Method

Survey Method:

In business studies survey method of primary data collection is used in order to test concepts, reflect attitude of people, establish the level of customer satisfaction, and conduct segmentation research and a set of other purposes.

Survey method pursues two main purposes:

1. Describing certain aspects or characteristics of population and/or
2. Testing hypotheses about nature of relationships within a population.

Survey method can be broadly divided into three categories: mail survey, telephone survey and personal interview. The descriptions of each of these methods are briefly explained on the following table as proposed by Jackson (2011).

Survey Methods:

Table 1.

Survey method	Description
Mail survey	A written survey that is self-administered
Telephone survey	A survey conducted by telephone in which the questions are read to the respondents
Personal interview	A face-to-face interview of the respondent

Source: Jackson (2011)

Alternatively, According to Neuman (2005) from the viewpoint of practicality the most popular variations of surveys include questionnaires, interviews and documentation review. The main advantages and disadvantages associated with these primary data collection methods are explained by Denscombe (2004) in the following manner:

Table 2. Advantages and Disadvantages of Survey Methods

Method	Purpose	Advantages	Disadvantages
Questionnaires	Conducted in order to gather large size of information in a short period of time	Members of the sample group can remain anonymous Considerably cheaper than most of the other primary data collection methods Possibility of generating large amount of data	Difficulties of ensuring greater depth for the research The problem of the 'first choice selection'
Interviews	Conducted in order to reflect emotions and experiences, and explore issues with a greater focus	The possibility to direct the process of data collection The possibility to collect the specific type of information required	Great amount of time required in order to arrange and conduct interviews and primary data collection. Additional costs might be incurred associated with arranging and conducting interviews, travelling etc. Potential for interviewee bias
Documentation review	Conducted in order to study issues that have developed over a specific period of time	Possibility to retrieve comprehensive information	Challenges associated with access to documentation Inflexibility of the research process

Mainly, the researcher was chosen this technique for two reasons because it is least reliable design but normally the cheapest and easiest to conduct.

Open-ended questions allow for a greater variety of responses from participants but are difficult to analyze statistically because the data must be coded or reduced in some manner. Closed-ended questions are easy to analyze statistically, but they seriously limit the responses that participants can give. Many researchers prefer to use a Likert-type scale because it's very easy to analyze statistically. (Jackson, 2009, p. 89).

It also provides the need to explain the causal relationship between service quality and customer satisfaction in the hotel industry and also required the collection of quantitative data as well. This involves testing the theories that already exists and these tests will be carried out through questionnaires.

Data Collection:

For the purpose of this study, the collected secondary data included: textbooks, academic articles and journals related to the service quality and customer satisfaction. This type of data collection was mainly used for the literature review since it was unable to meet the research objectives.

4. FACTS AND FINDINGS

Exports of Thai manufacturing products fell by 4.5% YOY in May. Exports of major manufacturing products including electronic appliances, computers and parts, and integrated circuits shrank by 5.1% YOY, 1.3% YOY, and 3.9% YOY respectively. The relocation of TV production bases from Thailand to Vietnam in the first quarter contributed to a sharp contraction of electrical appliances exports. More specifically, exports of TVs and parts fell as much as 11.3% YOY. Exports of computers and parts to Hong Kong were particularly weak. Moreover, export growth of this product group to the U.S. was lower than previously expected. Additionally, exports of oil-related products including refined fuel, chemicals, and plastics continued to shrink markedly by 24.6% YOY, 17.4% YOY and 16.2% YOY, respectively. If compared to April, however, these exports grew slightly. Auto and parts exports continued to expand, albeit by a small percentage, by 0.6% YOY in May, mostly from car exports. However, exports of pick-up trucks declined by over 19.3% YOY due to a delay to wait for a new model of pick-up trucks that were released at the end of May. This was likely a temporary shock to the export growth of auto and parts.

The decline in agricultural exports slowed down showing better signs of recovery after a slight increase in rubber prices this year. Rubber exports declined by 14.4% YOY in May, an improvement from a sharp contraction of 35% YOY in the first quarter. At present, the rubber prices rose by 10%. Rice exports increased slightly by 1.9% YOY. On the other hand, exports of frozen seafood and processed seafood still fell drastically by 14.2% YOY this month due to the loss of import-duty privileges under the European's Union's Generalized Scheme of Preferences (GSP). Thai seafood exporters are under pressure from the EU's warning to resolve labor abuse and human-trafficking in the fishery industry. Overall, Thailand's agricultural exports declined by 2.8% YOY. Thai exports to China continued to expand for the second consecutive month. Exports to China increased by 3.3% YOY in April, an improvement from a 1.1% YOY growth in April. The main export product to China was cassava, which doubled in one month. Exports to the CLMV markets grew by 2.5% YOY. Exports to the U.S., however, rose only by 0.4% YOY in contrast to the big gain of 5% in the first quarter of the year. Exports to Japan and the Eurozone declined by 4.1% YOY and 13.7% YOY following a slowdown in their economies. Oil prices that peaked around the same month in 2014 contributed to a sharp drop of Thai import value of 20% YOY in May 2015.

Crude oil imports fell again by 55% YOY in May mainly because the comparison is against the high oil prices during the same time last year; during which, the global crude oil prices were nearing its peak. Capital goods imports also shrank by 8% YOY as domestic demand slowed. More specifically, imports of machineries and parts decreased by 13% YOY. Additionally, consumer goods and raw materials imports dropped by 2.6% YOY and 14.5% YOY respectively, making the decline in the first five months of the year 9.4% YOY. The drastic drop in import value contributed to a large trade surplus of 2,416 million USD. In the first five months of this year, the trade balance stood at a surplus of 3,322.7 million USD.

EIC expects Thai exports to shrink by 1.5% YOY in 2015. Thai exports in the first five months dropped by 4.2% YOY. We expect that exports in the second half of the year will pick up, partly because the oil prices in the second half of 2014 would be more comparable to the current prices. Auto and parts exports will also continue to expand. In addition, the depreciating Thai baht after the recent policy rate cuts will help support Thailand's export growth in the coming months.

However, there are still many risk factors: 1) fragile recovery in key trading partners, 2) volatile agricultural commodity prices, 3) relocation of TV production bases to Vietnam, 4) the end of GSP privileges in the Eurozone, and 5) fluctuation in foreign exchange rates. These factors will make Thai exports shrink by 1.5% YOY this year.

5. CONCLUSION

Falling oil prices and the recovery of the tourism industry would be the *two* main drivers of the economy this year, while the expected increase in government spending would be a supportive factor it does little to spur the economy. Exports are seen as the remedy for a sluggish economy. It is predicted that merchandise exports will grow but at a low rate because of the slowdown in global demand and the lowered competitiveness of some Thai products due to limitations in the manufacturing process.

Firstly we should keep in mind the effectiveness of changes in monetary policy with the current level of monetary policy. If it's adequate than the predicted GDP expansion will be going forward, if economic activities are largely different and in a direction that is lower from what we have expected, monetary policy still has room or space to ease in order to support the economic recovery.

Forthcoming relaxation measures are needed. It is henceforth anticipated that there will be a notable reduction of barriers to market entry for foreign direct investment (FDI) in the coming years. Nonetheless, investors should be mindful of domestic restrictions on capital repatriation and currency volatility.

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