

# Exports to slow to medium growth this year

SIAM Commercial Bank's Economic Intelligence Center expected exports to expand by only 0.8% this year.

Meanwhile, Tisco Securities forecast a 4% growth rate thanks to contraction in the past two years as well as a strong economic recovery.

The SCB Center said that coming with a low growth rate, the cheap oil prices would put pressure on Thailand's refined oil and chemical exports as well as agricultural commodities such as rubber and sugar. Together, they account for 15% of total export value.

Meanwhile, demand in the Middle East, a major market for Thailand's automotive and accessories, is also expected to drop, in line with the sliding demand in China.

The termination in the European Union's privileges under the Generalised System of Preferences (GSP) would also hurt Thailand's exports.

According to the Commerce Ministry, export value expanded by 1.9% from the same period a year earlier to US\$18.79 billion.

However, the annualized value contracted by 0.4%.

Import value also dropped by 8.7% in December, leading to 9% contraction for the whole year.

Thailand's trade deficit for the whole year dropped to US\$378.7 million.

- *The Nation*

# Finance: The year ahead

## Global economic recovery expected to continue in 2015

**Finance**  
By Don Freeman

LOOKING back at 2014, the Standard & Poor's 500 (S&P 500) posted a solid year. The S&P +11.4%, Dow +7.5% and Russell 2000 +3.5%. The "buy the dip" mentality began to take hold as any small correction saw buyers step in and purchase equities.

**2014 SUMMARY:**

- Soaring Treasury bond prices
- Collapse in global commodity prices (oil)
- MH17 airline crash, Russia and Ukraine conflict
- The largest Ebola outbreak in history
- Utilities the best-performing United States sector, and energy was the worst sector

Small cap stocks certainly lagged large caps, but at the end of 2014 small cap growth stocks began to break out to new highs. International stocks lagged behind US equities as can be seen by the EFA Exchange Traded Fund (ETF), which tracks the international market and returned -6%. The US Oil ETF fell 42% and the popular SPDR Gold Trust declined 2.2% for the full year.

**MY OUTLOOK**

- US economic growth will likely continue to improve in a very low interest and low inflation rate environment.
- Labor markets are improving, strengthening of the US dollar and lower oil prices will boost the recovery.
- Quantitative easing is ending and the US monetary and banking



The chart shows the US S&P 500 view of the economy over the last 20 years. A bullish US economy and stock market is expected in the long term, but volatility will continue in the short term. Source: US SSP 500

system (post 2008) is returning to a more normal healthy condition.

I am bullish long-term for the US economy and stock market, but short-term I continue to see volatility and corrections likely as the market has had a nice move up since November 2012 without much of a pull-back.

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or recession as we saw in 2000 or 2008. It will be important in the next three to five years to focus on individual stocks and leading ETF sectors. Over the past 14 years, while the US stock market digested the gains from 1982 to year 2000, we have had a technology bubble, housing bubble, gold bubble, banking crisis and now the latest oil bubble which has come back to normal levels (oil under \$50).

Cash has built up as a result of all this fear (wall of worry) and will eventually be redeployed back into

equities and long-term investments. The upward trend of the stock market remains positive (see chart above) despite all the fear built up over the past 12 years.

My positive outlook could change at any point, however, depending on the actions of the Federal Reserve, the economic numbers and earnings, and sales reports.

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# Thailand ranks 61 in talent index

OUT OF 93 countries, Thailand is ranked 61<sup>st</sup> in the Global Talent Competitiveness Index (GTCI). The index is based on a country's ability to grow, attract and retain talent, as a global talent mismatch sees vacant jobs despite mass unemployment.

"Thailand has good market conditions [enablers] and good performance in growing its own talent, although struggles in attracting talent [inter-regional and from abroad] and in converting existing talent into better performance in terms of employable skills [including global skills] and higher levels of labor productivity," said the research by INSEAD, Human Capital Leadership Institute (HCLI) of Singapore and Adecco Group.

"With Thai companies, particularly those in the area of technology, continuing to expand globally, the need for strong talent development in Thailand is more important than ever before

As a country, we need to continually be looking at new ways of developing our talent base," said Tidarat Kanchanawat, country manager, Adecco Thailand.

Kwan Chee Wei, CEO of HCLI said there was a need in certain Asian countries to see value and worth in both professional and technical vocations.

"Traditional hierarchies and bureaucracy in many Asian corporates often hold back openness, transparency and empowerment – important levers in accelerating talent growth," he said.

The research finds that investments in employable skills and vocational education key to attracting, retaining and developing talent.

Globally, Switzerland, Singapore and Luxembourg led the rankings.

As in 2013, GTCI rankings are dominated by European countries, with only six non-European countries in the top 20: Singapore (2), the US (5), Canada (5), Australia (9), New-Zealand (16) and Japan (20).



More skilled vocational training is needed in Asia. Photo: J Haynes

"It's really quite striking that among the top three countries – Switzerland, Singapore and Luxembourg – two are landlocked and one is an island," said Bruno Lanvin, executive director of Global Indices at INSEAD, and co-author of the report.

"Faced with specific geographical challenges and a quasi-absence of natural resources, these countries have had no choice but to be open economies... The top countries in this year's GTCI have played the game of globalization, and have played it well."

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