

Thai finance minister sees further cuts to growth outlook
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Thai growth forecasts will probably have to be cut further in the face of ongoing political instability, Thai Finance Minister Kittirat Na Ranong said today.

Months of anti-government protests have taken their toll on consumer confidence, consumption and tourism in Southeast Asia's second-largest economy.

The Thai central bank has cut its growth forecast for 2014 to 2.7% and the finance ministry has pencilled in 2.6%. Kittirat said both might have to be revised down.

"It's possible that if the political situation should drag on and on, the forecast would drop further," he said in an interview on the sidelines of the International Monetary Fund and World Bank spring 2014 meetings in Washington.

"We have to accept the fact that politics and economics are very much related."

A February 2 general election was disrupted by protesters and later annulled by a court, leaving Prime Minister Yingluck Shinawatra in charge of a caretaker government with limited powers to spend. It may be a long time before a new functioning administration can be installed.

The IMF this week forecast 2.5% growth for Thailand in 2014, and Kittirat said even that might prove too high.

"For many people that 2.5% is somewhat optimistic because it's on the assumption that Thailand can form the new government within the early part of the third quarter of this year, and it's still unpredictable when the new (government) would be ready," he said, noting that the caretaker government had very limited options to stimulate growth.

The Thai central bank, which cut interest rates to 2% in March, is expected to keep policy loose to support growth. It next meets on April 23. – Reuters, April 12, 2014

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