Bangkok Post

Bangkok Post
Circulation: 70,000
Ad Rate: 1,400

Section: First Section/OPINION
Date: Friday 15 July 2022
Volume: - No: - Page: 8(Bottom)
Col.Inch: 41.27 Ad Value: 57,778 PRValue (x3): 173,334 Clip: Full Color
Column: Post Bag

PostBag

Stop telcos' merger

Re: "Two panels vote against True-DTAC merger deal", (*BP*, July 12).

I'm delighted two National Broadcasting and Telecommunications Commission subcommittees voted against the proposed True-DTAC merger. The majority on the panels found the merger would dent GDP growth by 0.05%-1.99% per annum, drive inflation up by 0.05%-2.07%, and boost mobile service prices by 2.03% to a whopping 19.5%.

Bravo for the panel members, who put the national interest first, for in the merger, all Thais would lose so that True-DTAC shareholders could gain.

NBTC should heed the experts' voices and shoot down the merger.

BURIN KANTABUTRA

Covid controversy

Re: "Covid circus", (PostBag, July 13).

My friend Sam,

My figures are not from the WHO. Just go to The New York Times website and look at the US data. Over 8 million people have been hospitalised with Covid-19 symptoms, and more than 1 million have died. This is just in the US. It is not the WHO making a mockery of this tragedy. Yes, there could be vested interests in providing the wrong or contradictory figures and data.

KULDEEP NAGI

Rate hike pain

Re: "BoT can't afford to hold interest rates", (Opinion, July 14).

Core inflation has accelerated (from 2.28% in May to 2.51% in June), so the Bank of Thailand looks almost certain to increase its policy interest rate in August. But Chartchai Parasuk's claim that interest rates must be ramped up in line with US interest rates to head off a liquidity crisis doesn't make any sense.

Firstly, his methodology is wrong — the current account deficit is *not* subtracted from net capital flows (an outflow of US$13.8 billion for January-June 2022), so Chartchai is incorrect in claiming that the January-June total foreign exchange outflow is 23.8 billion baht (it's $13.8 billion). Even his mathematics is wrong — he said the January-May 2022 current account deficit was $9 billion. But the BoT website puts Thailand's January-May current account deficit at Bt303.7 billion ($8.4 billion).

In any case, the relationship between the current account and capital flows is very weak for countries whose governments can finance budget deficits in their own currencies.

On July 13 the yield on the Thai government 10-year bond was only 2.77% (down 27bps from June 14) — no capital flight! For that matter, the yield isn't much lower than the 10-year US Treasury bond yield, which closed at 2.93% on July 13. The spread between the two benchmarks is only 16bps (the spreads between shorter tenors are much wider because US core inflation is currently much higher than Thai core inflation). That isn't much of a disparity.

Next, ramping up interest rates would hurt all Thai households with outstanding debts. Thai consumers have already been hit by sharply higher energy and food prices. Raising interest rates to unnecessarily high levels would constitute monetary sadism.

Finally, comparing Thailand today with Thailand in 1997 is intellectually unjust. Thailand had a systemic financial collapse in 1997. That isn't currently a risk. And Chartchai is wrong to praise the IMF over the financial regime it imposed on Thailand. The IMF initially made things worse by demanding fiscal austerity (raising VAT in August 1997 was exactly the WRONG thing to do); it later back-tracked somewhat.

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