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## Fitch Revises Thailand's Outlook to Negative [Ratings](#)

01 Dec 2008 6:27 AM (EST)

Fitch Ratings-Hong Kong/London/Singapore-01 December 2008: Fitch Ratings has today affirmed the Kingdom of Thailand's Long-term foreign and local currency Issuer Default Ratings (IDRs) at 'BBB+' and 'A', respectively, and revised the Outlook to Negative from Stable. At the same time, the agency has affirmed the Short-term foreign currency IDR at 'F2' and the Country Ceiling at 'A-' (A minus).

"The revision to the Outlook is based on Fitch's view that the extended period of political turmoil surrounding Thailand's leadership shows no sign of resolution, and may undermine Thai sovereign credit fundamentals, especially as the global economy enters recession," said Vincent Ho, Associate Director in the agency's Sovereign group. "It is a concern that, in the absence of effective and credible political leadership, economic policy could be either neglected or ineffective at a time when policy stimulus is likely required to address a sharp economic correction," added Mr. Ho.

Over the past few years, Thailand has been subject to an array of political uncertainties, with developments including a military coup, the dissolution of major political parties, ongoing anti-government protests and the imposition of states of emergency. Elections have not resolved the country's political differences, and it is unclear so far how the current stalemate will end, and when Thailand will return to a more settled political situation allowing leaders to focus on issues other than their political legitimacy.

Fitch believes the Thai economy is facing a challenging period, as external demand is expected to weaken in line with global economic deterioration, while domestic demand is affected by politics. The agency suggested that Q3 GDP data confirmed the effects of political uncertainty on growth, with government expenditure falling and inventory accumulation accounting for about two-thirds of headline GDP growth. Fitch forecasts GDP growth of 0.9% in 2009, which would be the lowest since the 1997-1998 crisis.

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