NESDC ECONOMIC REPORT

Thai Economic Performance in Q3 and Outlook for 2020—2021

Macroeconomic Strategy and Planning Division

Press Release 9.30 a.m. Nov 16, 2020

Economic Projection of 2020 - 2021

(%YoY)	2019	2020		Projection	
	Year	Q2	Q3	2020	2021
GDP (CVM)	2.4	-12.1	-6.4	-6.0	3.5-4.5
Investment[1/]	2.1	-8.0	-2.4	-3.2	6.6
Private	2.8	-15.0	-10.7	-8.9	4.2
Public	0.2	12.5	18.5	13.7	12.4
Private Consumption	4.5	-6.8	-0.6	-0.9	2.4
Government Consump-	1.4	1.3	3.4	3.6	4.7
Export of Goods[2/]	-3.3	-17.8	-8.2	-7.5	4.2
Volume[2/]	-3.7	-16.1	-7.6	-6.6	3.2
Import of Goods[2/]	-5.6	-23.4	-17.8	-13.8	5.3
Volume[2/]	-5.7	-19.2	-16.5	-11.3	3.8
Current Account to GDP (%)	7.0	1.0	5.1	2.8	2.6
Inflation	0.7	-2.7	-0.7	-0.9	0.7-1.7

Note: [1/] Investment means Gross Fixed Capital Formation

[2/] based on the Bank of Thailand's data

- **The Thai Economy in the third quarter of 2020** declined by 6.4 percent, improving from a 12.1-percent contraction in the previous quarter. After seasonal adjustment, the economy increased by 6.5 percent from the second quarter (%QoQ sa). In the first 9 months of 2020, the Thai economy contracted by 6.7 percent.
- **On expenditure side:** government expenditure and public investment expanded, while private consumption, private investment, and export of goods declined at a slower pace compared with the previous quarter. **On production side:** construction section accelerated, while the accommodation and food service activities, manufacturing, agriculture, transportation and storage, wholesale and retail trade, and repair of motor vehicles and motorcycles, and electricity, gas, steam, and air conditioning supply sectors all declined but at a slower pace than the preceding quarter.
- **The Thai economy in 2020** is projected to decrease by 6.0 percent. Export value of goods in US dollar term is anticipated to decrease by 7.5 percent. Meanwhile, private consumption expenditure and total investment are expected to contract by 0.9 percent and 3.2 percent, respectively. Headline inflation is estimated to decline by 0.9 percent and the current account is projected to record a surplus of 2.8 percent of GDP.
- **The Thai economy in 2021** is expected to expand within the range of 3.5 – 4.5 percent, mainly supported by (i) the improvement of domestic demand, (ii) the recovery of the world economy and global trade, (iii) the government budget's disbursement and economic stimulus measures, and (iv) the low growth base in 2020. Consequently, it is estimated that export value of goods, private consumption expenditure, and total investment will increase by 4.2 percent, 2.4 percent, and 6.6 percent, respectively. Headline inflation is expected to be in a range of 0.7 - 1.7 percent, and the current account tends to register a surplus of 2.6 percent of GDP.
- **Economic management for the remainder of 2020 and the year 2021** should put emphasis on the policy implementation as follows: **(1) Preventing the second wave of the Covid-19 outbreak in Thailand, (2) Assisting sectors experiencing some limitations on the recovering process by** (i) expediting and monitoring implemented measures to precisely alleviate the target groups, together with considering additional measures and refining existing measures to assist sectors and regions that experience limitations associated with the economic recovery, (ii) supporting effected workers, (iii) promoting domestic tourism, (iv) re-opening to foreign tourists under careful and efficient containment and preventive measures, and (v) preparing for the process of vaccine production and distribution, **(3) Driving government expenditure, by** (i) expediting the FY2021's annual budget disbursement rate to be at least 94.4 percent of the total budget, (ii) accelerating the state-owned enterprises' capital budget disbursement rate to be at least 70.0 percent, (iii) speeding up the carry-over budget disbursement rate to be at least 85.0 percent, and (iv) ensuring that the 1-trillion Baht loan decree is disbursed at least 70.0 percent of the 1 trillion Baht budget within FY2021, **(4) Driving export of goods to encourage the recovery of manufacturing sector and private investment,** by (i) driving exports of goods that benefited from the outbreak, (ii) extending economic and trade cooperation, (iii) highlighting key international agreements that might lead to trade restrictions; (iv) reducing production costs of major products, (v) preventing risks from exchange rate fluctuations, and (vi) supporting active marketing through online channels, **(5) Stimulating private investment,** by (i) speeding up projects already approved and issued the investment promotion certificates during 2018-2020 to start their operations, (ii) promoting exports to enhance capacity utilization, (iii) minimizing difficulties and obstacles hindering foreign investments and businesses; (iv) publicizing Thailand's strengths; and (v) emphasizing longer term measures for strengthening long-run potential growth, **(6) Supporting prices of major agricultural products** in some areas during harvesting season, and **preparing counteractions in case of drought, (7) Stabilizing domestic political environment,** and **(8) Preparing for cushioning and preventing the impact of world economic fluctuations along with maintaining domestic economic stability.**

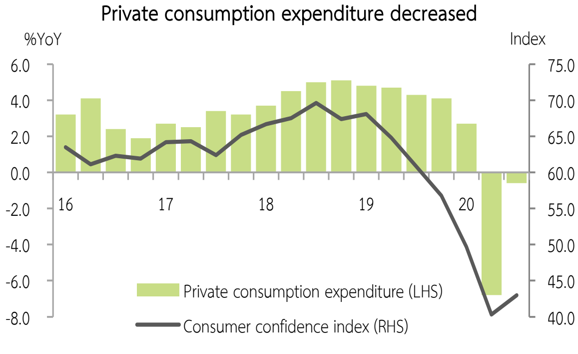
1. The Thai Economy in Q3/2020

Expenditure Side:

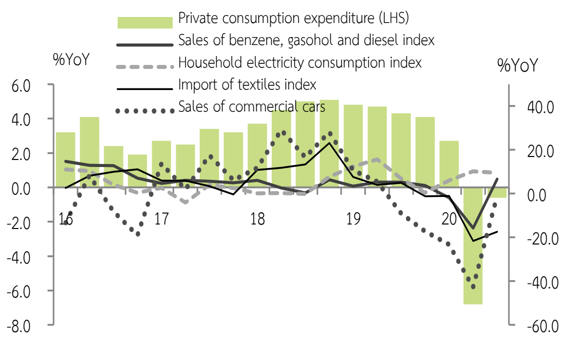
Private consumption decreased by 0.6 percent, less than a 6.8 percent decrease in the previous quarter following the ease of lockdown measures, the removing of restrictions on travel, the implementing measures to support, remedy and stimulate the economy, and the improvement of production and income bases. This was in line with the reduction of private consumption index by 0.1 percent, compared with a 10.5-percent drop in the previous quarter. **The expenditure on non-durable goods** expanded by 2.7 percent, accelerated from a 1.6-percent expansion in the previous quarter. Food and Non-alcoholic spending, one of major spending categories, grew by 2.9 percent. **Expenditure on services** expanded by 3.8 percent, improved from a 7.6-percent decrease in the previous quarter, in line with an increase in several major spending such as (1) Housing, Water, Electricity, Gas and Other Fuels (2) Health, and (3) Education which grew by 3.7 percent, 4.3 percent and 0.7 percent, respectively. However, a spending on restaurants and hotels decreased by 49.6 percent. **Expenditure on semi-durable goods** fell by 14.0 percent, improved from a 15.7-percent drop in the previous quarter, in line with a decrease in major expenditures such as spending on furnishings, household equipment and routine maintenance of the house, and clothing and footwear which dropped by 5.2 percent and 20.4 percent, respectively. **Expenditure on durable goods** decreased by 19.3 percent, compared with a 30.4-percent decrease in the previous quarter, following the reduction of major categories including purchase of vehicles which declined by 17.6 percent, compared with a 43.0 percent drop in the previous quarter. The improvement in private consumption was caused by the ease of lockdown measures and domestic travel restrictions, and government measures to provide assistance and remedy for citizens affected by the COVID-19 pandemic. As a result, consumer confidence index stood at 43.0, increased from 40.3 in the previous quarter.

In the third quarter of 2020, private consumption expenditures, private investment, and export of goods were lower than the level of last year, but significantly improved from the previous quarter.

Private consumption decreased by 0.6 percent, improved from a 6.8-percent drop in the previous quarter.



Source: NESDC, University of the Thai Chamber of Commerce

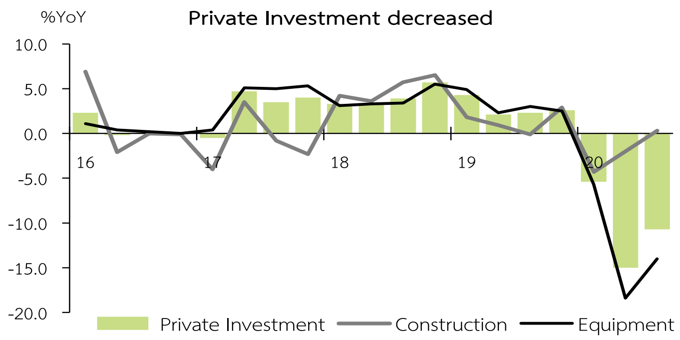


Source: NESDC, BOT, Department of Energy Business

Private investment decreased by 10.7 percent, continued from a 15.0-percent drop in the previous quarter, in accordance with a reduction of investment in machinery and equipment, while investment in construction returned to expand. **Investment in machine and equipment** decreased by 14.0 percent, compared with an 18.4-percent decline in the previous quarter. This was in line with a decrease in the imports of capital goods, domestic machinery sales and newly registered motor vehicles for investment which dropped by 13.6 percent, 7.9 percent, and 9.4 percent, less than 18.8 percent, 21.2 percent and 24.5 percent decreases, respectively. **Investment in construction** returned to a positive growth of 0.3 percent, improved from a 2.0-percent decrease in the previous quarter. This was in line with the positive growth of municipal construction at the permitted areas which recorded a growth at 1.3 percent, compared with a 0.5-percent drop in the previous quarter, as well as the raise of domestic construction material sales index which recorded an expansion of 0.5 percent. From the business perspective, BSI (Business Sentiment Index) rose to 45.4 from 35.2 in the previous quarter.

Private investment decreased by 10.7 percent, improved from a 15.0-percent drop in the previous quarter.

The investment in construction gradually returned to expand, while investment in machinery and equipment remained to decrease.



Source: NESDC

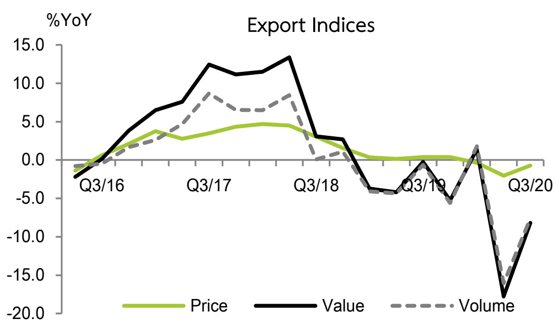
Exports in US dollar terms was recorded at 58.0 billion US dollars, decreased by 8.2 percent, less than a 17.8-percent decline in the previous quarter due to the economic recovery in key trading countries, the growth in key exports of products benefit from the outbreak of COVID-19, and trade protection measures. The export volume index dropped by 7.6 percent, less than a 16.1-percent decrease in the previous quarter, following the reduction in export volume of manufacturing products which decreased by 9.1 percent, less than an 18.6-percent drop in the previous quarter. The export volume of agricultural commodities and fishery products fell by 10.0 percent and 16.0 percent, compared with a 3.6-percent growth and a 7.9-percent decline in the previous quarter, respectively. The export price dropped by 0.7 percent, compared with a 2.0-percent decline in the previous quarter. Excluding unwrought gold, export value fell by 10.5 percent, improved from a 21.4-percent decrease in the previous quarter. **In Baht term,** export value was recorded at 1,816 billion Baht, decreased by 6.3 percent, improved from a 16.8-percent drop in the previous quarter.

Export in US dollar terms slowly decreased by 8.2 percent due to the recovery in key trading countries, as well as the growth in exports of products benefit from the outbreak of COVID-19, and trade protection measures.

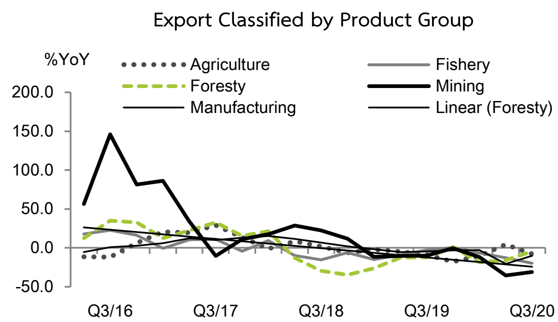
Export value excluding unwrought gold fell by 10.5 percent.

Export quantity declined by 7.6 percent while export price decreased by 0.7 percent.

In Baht terms, export value fell by 6.3 percent.



Source: Bank of Thailand



Source: Bank of Thailand

Export value of agricultural commodities decreased by 7.9 percent, compared with a 4.2-percent growth in the previous quarter. The export quantity dropped by 10.0 percent, in line with a decrease in export quantities of rice, rubber, and sugar. However, the export price increased by 2.3 percent in line with an increase in export price of rice and sugar. **Export value of manufacturing products** declined by 10.1 percent, less than a 20.6-percent drop in the previous quarter as a result of the recovery of demand in key trading partners, the growth in exports of products which were essential during the COVID-19 pandemic, as well as the recovery of supply chain and international logistics. **Export value of fishery** products decreased by 19.8 percent from the reduction of both export quantity and price. **Export value of other products** rose by 27.3 percent as a result of an increase in exports of non-monetary gold which recorded a growth at 28.8 percent.

Export items with increased value included canned, prepared, or preserved fish (10.1 percent), rubber products (34.1 percent), animal food (18.0 percent), microwave ovens and other ovens (71.8 percent), refrigerators (21.9 percent), and furniture & parts (17.0 percent). On the other hand, **Export items with decreased value** included rice (-18.3 percent), rubber (-35.5 percent), sugar (-49.6 percent), passenger cars (-22.9 percent), pick up & trucks (-29.5 percent), Vehicle parts & accessories (-16.0 percent), computer parts & accessories (-1.8 percent), air condition machines (-7.2 percent), machinery & equipment (-9.6 percent), chemicals (-6.7 percent), petro-chemical products (-11.7 percent), petroleum products (-32.4 percent), and crustaceans (-27.1 percent).

Export value of agricultural commodities decreased following the contraction in export of rice, rubber, and sugar.

Export value of manufacturing products declined less than the previous quarter due to the recovery of demand in key trading partners and a recovery of international logistics.

Export value of fishery products dropped in accordance with the domestic production.

Export Value of Major Product in US Dollar Term

%YoY	2019					2020			Share
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q3/20 (%)
Agriculture	-8.4	-2.1	-4.9	-8.9	-17.8	-10.5	4.2	-7.9	6.5
Rice	-25.9	-10.6	-23.9	-35.0	-33.2	-25.0	-0.9	-18.3	1.3
Rubber	-10.0	-8.9	-11.8	-3.9	-15.2	-2.7	-41.0	-35.5	1.1
Tapioca	-21.7	-14.2	-8.5	-27.3	-37.7	-19.0	0.3	27.9	0.8
Fruits	38.4	66.0	39.0	41.4	9.8	-20.8	47.4	-3.3	1.8
Manufacturing	-3.9	-1.7	-5.4	-4.9	-3.4	-3.0	-20.6	-10.1	83.4
Food	2.4	1.0	-3.7	4.2	8.6	2.2	-4.7	-8.8	7.0
Sugar	3.3	-15.0	-19.6	10.9	54.9	16.1	-28.4	-49.6	0.8
Fish canned, prepared, or preserved	-1.1	7.7	0.9	-3.0	-8.4	-3.4	17.9	10.1	1.4
Beverages	6.8	-0.7	11.9	5.0	11.4	3.7	-11.1	0.3	1.1
Rubber products	-8.6	4.8	-23.1	-14.2	-0.5	7.2	23.4	34.1	2.7
Animal food	4.3	12.6	-0.6	2.1	3.7	10.6	24.0	18.0	0.8
Apparels and Textile Materials	-2.7	-0.8	-4.2	-2.2	-3.6	-5.5	-28.8	-20.9	2.4
Electronics	-6.7	-11.4	-9.4	-6.7	0.7	5.3	-6.6	1.6	15.4
- Computer	22.0	42.7	21.1	26.4	6.6	11.0	5.8	-14.4	0.2
- Computer parts & accessories	-9.4	-18.9	-12.1	-10.6	5.2	15.0	-9.1	-1.8	5.8
- Integrated circuits & parts	-8.9	-11.3	-14.3	-8.6	-1.1	-6.3	-5.1	-9.7	3.0
Electrical appliances	1.0	-4.5	1.9	2.7	5.2	5.9	-18.8	5.6	5.8
- Air condition machines	4.4	-3.3	10.6	4.0	8.2	14.8	-28.8	-7.2	1.7
- Microwave ovens; other ovens	-14.0	-13.4	-20.7	-7.7	-13.3	-6.6	6.7	71.8	0.4
- Refrigerators	7.6	0.1	6.9	9.1	15.5	1.8	-12.8	21.9	0.9
- Parts of electrical appliances	3.9	-6.2	6.0	7.5	9.1	12.4	-4.8	4.7	1.9
Metal & steel	-6.8	-5.0	-8.6	-4.6	-9.1	8.9	-20.0	-8.9	4.4
Automotive	-3.1	-2.9	-3.5	-0.5	-5.8	-7.2	-48.1	-19.4	13.3
- Passenger car	-7.6	-8.2	-12.9	-4.4	-4.9	-11.1	-45.2	-22.9	3.7
- Pick up and trucks	-3.8	11.1	-4.3	1.0	-22.3	-27.4	-67.7	-29.5	2.4
- Vehicle parts & accessories	-0.7	-0.9	0.9	0.2	-3.2	0.7	-45.0	-16.0	6.3
Aircrafts, ships, floating structures, and locomotive	-7.8	-37.8	29.7	-27.7	26.5	159.7	63.3	-21.4	1.1
Machinery & equipment	-6.2	-3.3	-6.4	-6.9	-8.1	-8.9	-23.4	-9.6	8.2
Chemicals	-17.7	-7.2	-18.0	-18.8	-26.0	-14.0	-20.4	-6.7	2.9
Petro-chemical products	-8.7	-6.2	-10.2	-9.1	-9.3	-10.7	-18.9	-11.7	5.0
Petroleum products	-22.0	-9.3	-14.4	-29.8	-30.9	-4.4	-42.7	-32.4	2.1
Fishery	-6.5	-15.0	-9.2	-2.8	0.4	-6.7	-12.7	-19.8	0.7
Crustaceans	-6.3	-14.3	-7.4	1.1	-5.9	-13.8	-15.3	-27.1	0.3
Other Exports	80.3	6.7	66.2	317.3	-11.5	212.4	68.5	27.3	8.5
Non-monetary gold (excl. articles of goldsmiths)	84.9	7.6	68.2	348.2	-16.4	223.5	73.3	28.8	8.4
Total Exports (Customs basis)	-2.6	-1.9	-3.8	-0.5	-4.4	0.9	-15.2	-7.8	100.0
Exports, f.o.b. (BOP basis)	-3.3	-3.7	-4.2	-0.3	-5.2	1.4	-17.8	-8.2	98.9
Export Value (exclude gold)	-5.0	-4.0	-5.8	-5.0	-5.0	-3.2	-21.4	-10.5	90.5

Source: Bank of Thailand

Export markets: exports to the US continually increased, while exports to Japan, ASEAN (9), EU (27) excluding UK, Australia, China, and the Middle East (15) still contracted. Exports to the US continually rose by 17.6 percent, following the growth in exports of computer & accessories, rubber products, parts of electrical appliances, canned, prepared, or preserved fish, and animal food. Exports to Japan decreased by 12.2 percent, compared with a 13.5-percent drop in the previous quarter, following the reduction in exports of radio-broadcast receivers, television receiver and parts, while the export of motor cars, parts & accessories, and rubber products expanded. Exports to ASEAN (9) dropped by 14.9 percent, less than 22.3-percent drop in the previous quarter as a result of the contraction in exports to ASEAN (5) and CLMV by 19.0 percent and 9.2 percent, respectively. Exports to EU (27) excluding UK fell by 10.5 percent, compared with a 28.0-percent drop in the previous quarter. In addition, exports to China decreased by 0.2 percent, compared with a 12.1-percent growth in the previous quarter due to the contraction in exports of polymers of ethylene, and integrated circuits & parts. Exports to the Middle East (15) declined by 24.2 percent, as a result of the reduction in exports of motor cars, parts & accessories, machinery & equipment, and rice.

Exports to the US continually increased, while exports to other main markets remained declined.

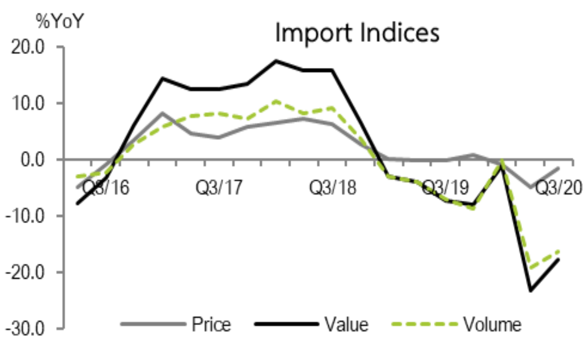
Export Value to Key Markets in US Dollar Term

%YOY	2019					2020			Share Q3/20 (%)
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Total Exports (Mil US$) (Customs basis)	246,269	62,110	60,963	63,597	59,598	62,672	51,671	58,653	100.0
(%YoY)	-2.6	-1.9	-3.8	-0.5	-4.4	0.9	-15.2	-7.8	
United States	11.8	32.0	3.3	7.7	5.5	-2.7	8.9	17.6	15.3
Japan	-1.7	-1.4	-2.5	2.8	-5.3	-5.5	-13.5	-12.2	9.2
EU (27) excluding UK	-6.0	-7.2	-7.4	-5.3	-4.0	-3.0	-28.0	-10.5	7.6
United Kingdom	-5.4	-1.1	0.2	-5.1	-15.4	-8.4	-41.7	-19.4	1.3
China	-3.8	-10.3	-9.0	2.8	1.6	-0.9	12.1	-0.2	12.9
ASEAN (9)	-8.3	-4.4	-5.9	-14.2	-8.3	4.3	-22.3	-14.9	22.6
- ASEAN (5)*	-9.8	-7.6	-8.7	-12.7	-9.9	5.7	-19.7	-19.0	12.6
- CLMV**	-6.3	0.1	-2.0	-16.2	-6.2	2.7	-25.8	-9.2	10.0
Middle East (15)	0.4	-0.3	-5.6	1.9	5.6	0.4	-19.7	-24.2	2.9
Australia	-5.1	-10.2	-9.5	14.0	-14.9	-3.3	-16.1	-8.9	4.8
Hong Kong	-3.8	-13.6	-5.1	-5.4	-1.1	12.3	-8.6	-13.9	4.7
India	-6.5	1.4	4.3	-7.8	-14.3	-11.9	-67.2	-21.6	2.3
South Korea	-4.3	-5.9	-0.3	-10.2	-0.9	-4.8	-25.4	-7.1	1.7
Taiwan	0.9	-14.4	-5.3	10.3	15.3	12.7	-11.8	-14.7	1.5

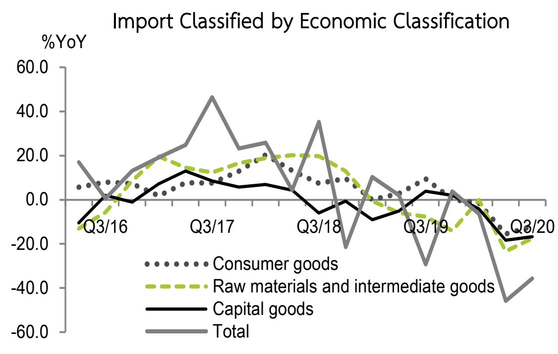
Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
Source: Bank of Thailand

Import value in US dollar terms was recorded at 45.3 billion US dollars, declined by 17.8 percent less than a 23.4-percent decrease in the previous quarter associated with the economic activities which were slower than the same period last year but improved from the previous quarter. Import quantity fell by 16.5 percent, compared with a 19.3-percent decline in the previous quarter, associated with the decrease in import quantity of consumer goods, raw materials & intermediate goods, and capital goods which contracted by 13.1 percent, 13.4 percent, and 17.6 percent, respectively. The price of imports decreased by 1.5 percent compared with a 5.1-percent drop in the previous quarter. Import value excluding unwrought gold declined by 16.1 percent. In Thai Baht term, the import value was recorded at 1,419 billion Baht, contracted by 16.1 percent compared with a 22.5-percent decline in the previous quarter.

Import value in US dollar terms decreased by 17.8 percent compared with a 23.4-percent decline in the previous quarter.



Source: Bank of Thailand



Source: Bank of Thailand

By categories, import value of consumer goods, capital goods, raw materials and intermediate goods declined. **Import value of consumer goods** declined by 12.1 percent compared with a 15.5-percent fall in the previous quarter. Import quantity decreased by 13.1 percent while import price increased by 1.1 percent. **Import value of capital goods** dropped by 16.8 percent compared with a decrease in the previous quarter by 18.3 percent. Import quantity contracted by 17.6 percent while import price expanded by 0.9 percent. **Import value of raw materials and intermediate goods** reduced by 17.6 percent less than a 23.4-percent decline in the previous quarter. Import quantity decreased by 13.4 percent and import price dropped by 4.9 percent. **Import value of other goods** fell by 35.7 percent, compared with a 46.0-percent decline in the previous quarter, following the decrease at slower pace in automotive and non-monetary gold (excl. articles of golds).

Import major items with increased value included food, beverage & dairy products (1.4 percent), integrated circuits & parts (7.6 percent), telecommunications equipment (7.4 percent), office automations & parts (excl. computer) (13.1 percent) and other imports, n.i.e. (27.5 percent). On the other hand, **import items with decreased value** included animal & fishery products (-8.5 percent), medicinal and pharmaceutical products (-1.0 percent), parts of electronics and electrical appliances (-0.03 percent), crude oil (-28.1 percent), materials of base metal (-27.2 percent), chemicals (-12.8 percent), other machinery and mechanical appliances & parts (-18.7 percent), transformers, generators, motors and accumulators (-13.9 percent), measuring, checking, and precision instruments (-25.1 percent), automotive (-37.4 percent), and non-monetary gold (excl. articles of golds) (-60.8 percent).

Import Value of Major Product in US Dollar Term

%YoY	2019					2020			Share Q3/20 (%)
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Consumer goods	**3.0**	**-0.03**	**2.8**	**9.5**	**0.1**	**-1.6**	**-15.5**	**-12.1**	**12.3**
Food, beverage & dairy products	5.2	5.4	4.9	10.2	1.1	11.1	-0.3	1.4	3.1
Animal & fishery products	-4.1	-3.6	2.8	-2.9	-12.5	-18.5	-26.6	-8.5	1.9
Medicinal and pharmaceutical products	-4.3	-7.9	-11.1	4.9	-1.4	0.9	9.0	-1.0	1.4
Textiles	3.5	8.2	4.3	4.6	-2.1	-2.1	-22.6	-17.6	1.2
Raw materials and intermediate goods	**-7.2**	**-0.6**	**-5.9**	**-7.7**	**-14.1**	**-0.1**	**-23.4**	**-17.6**	**55.7**
Parts of electronics and electrical appliances	-5.9	-4.7	-7.4	-6.4	-5.0	1.8	-3.2	-0.03	15.6
- Integrated circuits & parts	-4.6	-1.1	-6.5	-4.5	-6.2	2.7	5.6	7.6	6.5
Crude oil	-21.2	-0.4	-12.2	-20.6	-46.0	12.2	-50.1	-28.1	8.2
Materials of base metal	-6.1	-4.9	-3.8	-6.4	-9.2	-6.4	-27.2	-27.2	7.9
Chemicals	-8.0	-1.3	-9.8	-7.2	-13.6	-3.5	-10.1	-12.8	5.9
Plastics	-5.5	-3.2	-5.9	-1.8	-11.1	-2.6	-7.6	-19.9	3.6
Petroleum products	7.8	10.0	-2.7	0.7	25.2	-9.5	-63.2	-29.4	2.3
Natural gas	10.5	43.5	10.6	0.7	-3.1	-12.7	-20.0	-33.4	1.8
Capital goods	**-2.2**	**-9.0**	**-5.1**	**3.9**	**2.0**	**-4.1**	**-18.3**	**-16.8**	**24.0**
Other machinery and mechanical appliances & parts	2.1	4.0	-1.1	5.9	-0.3	0.7	-21.1	-18.7	9.1
Telecommunications equipment	-9.4	-4.3	-15.0	-18.0	-1.5	-12.3	-1.4	7.4	3.9
Transformers, generators, motors	-8.7	4.7	-15.9	-13.8	-7.1	-4.4	-13.0	-13.9	2.0
Other capital goods	-6.0	-5.4	-8.4	-0.6	-9.3	-15.7	-22.1	-24.3	2.0
Measuring, checking and precision instruments	8.8	23.2	14.5	7.5	-7.3	-13.7	-31.4	-25.1	1.5
Computer	12.0	9.2	8.4	21.7	8.0	-14.1	8.1	-1.6	1.3
Office automations & parts (excl. computer)	0.2	-1.7	0.0	-0.7	3.3	-12.8	-21.3	13.1	0.8
Other Imports	**-5.6**	**10.3**	**2.0**	**-29.3**	**3.8**	**-6.4**	**-46.0**	**-35.7**	**8.0**
Non-monetary gold (excl. articles of goldsmiths)	-33.4	-50.7	7.0	-56.6	12.5	17.5	-76.1	-60.8	1.6
Automotive	3.9	10.9	1.9	5.3	-1.9	-5.5	-39.3	-37.4	4.1
Other imports, n.i.e.	50.6	203.8	-7.5	-4.4	5.5	-20.0	1.2	27.5	2.3
Total Imports (Customs basis)	**-4.8**	**-1.4**	**-4.1**	**-6.5**	**-7.1**	**-1.9**	**-23.5**	**-18.6**	**100.0**
Imports, f.o.b. (BOP basis)	**-5.6**	**-2.9**	**-4.0**	**-7.2**	**-8.0**	**-1.0**	**-23.4**	**-17.8**	**92.9**

Source: Bank of Thailand

Term of trade increased, compared with the same period last year.

Trade surplus was higher than that of the previous quarter and the same period last year.

Term of trade increased from the same period last year, as import price decreased by 1.5 percent, faster than the reduction of export price by 0.7 percent. Thus, the term of trade increased from 108.3 in the same quarter last year to 109.3 in the third quarter of 2020.

Trade balance recorded a surplus of 12.7 billion US dollars (397.5 billion Baht), higher than a surplus of 8.0 billion US dollars (257.1 billion Baht) in the previous quarter, and higher than a surplus of 8.1 billion US dollars (247.4 billion Baht) in the same quarter of last year.

Import Volume Indices by Economic Classification

Volume indices	2019					2020		
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Consumer goods	2.2	-0.2	2.4	8.2	-1.3	-3.0	-16.3	-13.1
Raw materials and intermediate goods	-5.9	-1.0	-5.4	-4.6	-12.6	4.1	-13.6	-13.4
Capital goods	-3.2	-9.0	-5.4	2.1	-0.3	-5.7	-19.4	-17.6
Total Imports	**-5.7**	**-3.0**	**-3.9**	**-7.1**	**-8.6**	**-0.1**	**-19.2**	**-16.5**

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices %YoY	2019					2020		
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Consumer goods	0.8	0.1	0.3	1.1	1.5	1.5	1.0	1.1
Raw materials and intermediate goods	-1.3	0.4	-0.6	-3.3	-1.8	-4.0	-11.3	-4.9
Capital goods	1.1	-0.1	0.3	1.7	2.3	1.7	1.3	0.9
Total Imports	**0.2**	**0.1**	**-0.1**	**-0.2**	**0.8**	**-0.9**	**-5.1**	**-1.5**

Source: Bank of Thailand

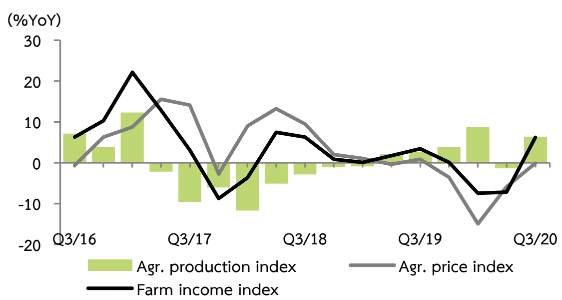
Production Side:

Production in construction sector accelerated. Meanwhile, production in accommodation and food service activities, manufacturing, agricultural, transportation and storage, wholesale and retail trade, repair of motor, and electricity, gas, steam, and air conditioning supply sectors declined but improving from the contraction in the previous quarter.

Agricultural sector decreased by 0.9 percent, following the contraction of key agricultural products. On the other hand, agricultural price index increased, thus led to overall farm income index rebounded.

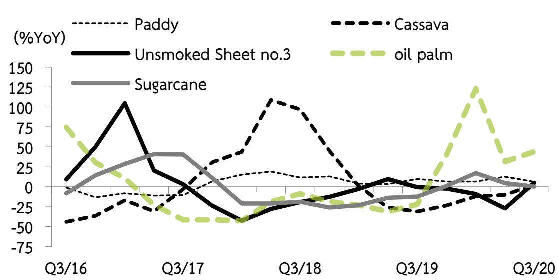
Agricultural sector decreased by 0.9 percent improved from a drop of 3.3 percent in the previous quarter. The contraction of agricultural sector mainly due to the drought and lower level of water in major reservoirs and natural water resources. This was in line with a contraction of Agricultural Production Index of 0.1 percent. **The production of agricultural product decreased, yet likely to rebound,** including (i) paddy (-4.2 percent) as a result of product was supplied to the markets, (ii) rubber (-2.3 percent) caused by the higher domestic and global demands, and (iii) white shrimp (-1.9 percent) caused by heavy rainfall which lead to the catching accelerated before maturing. **The production of agricultural products that continued to decline** consisted of oil palm (-5.6 percent) and cassava (-0.8 percent) resulting from drought, delayed rainfall, and plant disease outbreaks. Meanwhile, major agricultural products with production expansion included maize (22.7 percent), poultry (6.7 percent), and fruits (2.5 percent), etc. **Agricultural Price Index** rebounded with 6.4 percent growth compared with 1.4 percent contraction in the previous quarter. This was mainly contributed by the increase in price index of key agricultural products, such as paddy (6.4 percent), oil palm (44.2 percent), fruits (8.8percent), swine (11.8 percent), and rubber (5.0 percent). In contrast, major agricultural price index with the downward trend consisted of poultry (-6.2 percent), and egg (-0.4 percent). The increase in agricultural price index led to overall Farm Income Index increased for the first time in 3 quarters with 6.2 percent growth.

Farm Income Index increased by 6.2 percent due to the increase of agricultural price index



Source: Office of Agricultural Economics

The prices of paddy, oil palm, rubber, cassava, and sugarcane increased



Source: Office of Agricultural Economics

Manufacturing sector dropped by 5.3 percent improved from a 14.6 percent contraction in the previous quarter, in line with the rebound in export volume of manufacturing products. Similarly, Manufacturing Production Index decreased by 8.3 percent compared to 20.0 percent contraction in the previous quarter. **Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production)** declined by 23.9 percent, improved from 51.1 percent decrease in the previous quarter mainly caused by the production of vehicles (-30.2 percent), and weaving textiles (-26.2 percent), and the continuous drop of sugar (-65.2 percent). **Manufacturing Production Index of export-oriented industries (with export share of more than 60 percent to total production)** declined by 6.0 percent, bounced back from 13.1 drop in the previous quarter, following the contraction in other rubber products (-8.2 percent) and air conditioner (-5.2 percent). Key manufacturing productions returned with expansion such as household electrical applicants (25.6 percent), and preserved of fruit and vegetables (9.8 percent). **Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production)** declined by 1.6 percent comparing with 7.7 percent contraction in the previous quarter, mainly due to the contraction in petroleum products (-7.5 percent), steel (-7.0 percent), and parts and accessories for motor vehicles (-20.1 percent), along an the expansion of fertilizer (30.7 percent), pharmaceuticals (15.5 percent), and animal feed (6.2 percent). **The average capacity utilization rate** stood at 60.5 percent, increased from 52.9 percent in the previous quarter, however the figure was lower than 64.8 percent in the same quarter last year.

Manufacturing sector dropped for five consecutive quarters by 5.3 percent, however the contraction was improved from the previous quarter.

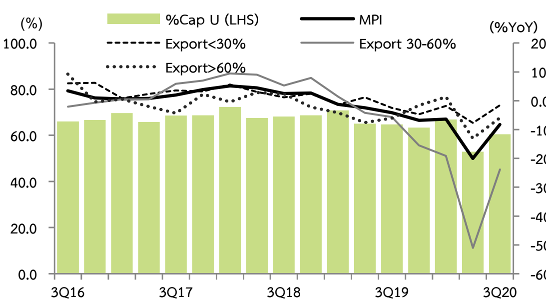
The industries with 30 - 60 percent export, the export-oriented industries, and the domestic-oriented industries declined by 23.9 percent, 6.0 percent, and 1.6 percent, respectively.

The average capacity utilization rate stood at 60.5 percent, improved from 52.9 percent in the previous quarter.

Manufacturing Production Index with negative growth principally included vehicles (-30.2 percent), sugar (-65.2 percent), petroleum products (-7.5 percent), clothing (-23.9 percent), computer (-9.1 percent), other rubber products (-8.2 percent), weaving textiles (-26.2 percent), steel (-7.0 percent), bicycle (-22.0 percent) and textile (-29.3 percent), etc.

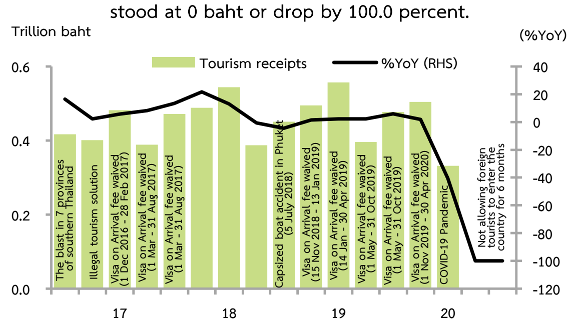
Manufacturing Production Index with positive growth mainly included household electrical applicants (25.6 percent), fertilizer (30.7 percent), pharmaceuticals (15.5 percent), preserved of fruit and vegetables (9.8 percent), animal feed (6.2 percent), malt liquors (9.8 percent), furniture (7.1 percent), fish canned (10.0 percent), dairy products (6.6 percent), and soap and detergents (7.2 percent), etc.

Manufacturing Production Index decreased by 8.3 percent and the capacity utilization rate averaged at 60.5 percent.



Source : Office of Industrial Economics

Income from foreign tourists for Q3/2020 stood at 0 baht or drop by 100.0 percent.



Source: Ministry of Tourism and Sports

Accommodation and food service activities sector declined by 39.6 percent, following to the contraction in number and revenue from foreign tourists. However, the recovery of domestic tourists and household spending led to an improvement in accommodation and food service activities sector from a 50.2-percent decrease in the previous quarter. This was in line with an increase of Average Occupancy Rate by 26.76 percent improved from 6.51 percent in the previous quarter. In the third quarter of 2020, the total number of foreign tourists recorded at zero, accounted for 100 percent contraction, continuously declined for two consecutive quarters. This was mainly due to the ongoing pandemic of COVID-19 around the world. As a result, Thai government continued to implement the emergency situation pursuant under the Emergency Decree on Public Administration in Emergency Situations, B.E. 2548 since 25 March 2020 (No.1) continued until September 2020 (No. 14). With an announcement of the Notification on Conditions for Aircraft Permission to Enter Thailand since July 2020 (No. 2) continued until September 2020 (No.3) by the Civil Aviation Authority of Thailand (CAAT). As a consequence, the entry into Thailand of Thai and Non-Thai nationals, can be achieved without intension for tourism purposes, and abide by the conditions. However, foreign tourists, were not allowed to entry the country. **The total revenue from tourism stood at 0.116 trillion Baht, dropped by 84.3 percent,** continuously decreased from a 97.1-percent contraction in the previous quarter. This was attributed to **Foreign tourism receipts,** which decreased sharply by 100.0 percent, continually declined for two consecutive quarters, only **Thai tourism receipts,** were recorded at 0.116 trillion Baht, declined by 55.9 percent, compared to a 92.8-percent decrease in the previous quarter. The Average Occupancy Rate was at 26.76 percent, increased from 6.51 percent in the previous quarter, however the figure was lower than 64.03 percent expansion in the same period last year.

Accommodation and food service activities sector declined for three consecutive quarters by 39.6 percent, following the contraction in number and revenue of foreign tourists. Meanwhile, the domestic tourism continued to recover.

Average Occupancy Rate was at 26.76 percent, increased form 6.51 percent in the previous quarter but declined from 64.03 percent in the same period last year.

Wholesale and Retail Trade Sector, and Repair of Motor sector declined by 5.5 percent, compared with a drop of 9.8-percent in the previous quarter, in tandem with the contraction of foreign tourist numbers and the upward trend of household spending, after easing disease control measures. This was consistent with the contraction in Total Wholesale and Retail Sales, and Repair of Motor Vehicles Index of 6.1 percent, less than a 22.1-percent drop in the previous quarter, which consisted of (i) **Retail Sales Index (except motor vehicles and motorcycles) decreased by 6.9 percent,** improved from a 22.6-percent decrease in the previous quarter, mainly supported by a 14.2-percent drop in retail sales of other household goods (i.e. construction material supplies), and a 14.9-percent decline in retail sales of automotive fuel. On the other hand, retail sales of information and telecommunication equipment increased by 16.3 percent, (ii) **Wholesales Index (except motor vehicles and motorcycles) dropped by 3.8 percent,** improved from a 17.2-percent decrease in the previous quarter, mainly driven by 7.9 percent drop in wholesales of other specific goods, and a 4.6-percent decline in wholesales of general goods. On the one hand, wholesales of household goods (i.e. watches and jewellery) increased by 1.2 percent, and (iii) **Wholesale and Retail Sales, and Repair of Motor Vehicles Index decreased by 11.9 percent,** improved from a 36.0-percent decrease in the previous quarter, mainly attributed to a 12.9-percent drop in trading motor vehicles sales and a 10.6-percent decline in automotive parts sale.

Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles sector declined for two consecutive quarters by 5.5 percent, but improved from the contraction in the previous quarter, in line with the upward trend in household spending from the previous quarter.

Transportation and storage sector declined by 23.6 percent compared with a 38.8 percent decrease in the previous quarter, following the contraction of air transport services which was essentially affected by the COVID-19. However, there was a signal of improvement from the previous quarter after easing of lockdown measures. In the third quarter of 2020, Transport services declined by 24.9 percent improved from a drop of 41.3-percent in the previous quarter, as a result of the contraction of goods and passengers transport services, yet likely to rebound. This was attributed to (i) 71.9-percent decline in air transport services, (ii) 17.2-percent decline in land and tubes transport services, and (iii) 0.6-percent decline in water transport services. Besides, shipping support services dropped by 22.7 percent compared with a 26.1-percent decrease in the previous quarter. Meanwhile, postal services increased by 5.0 percent, in line with the higher of entrepreneur revenue.

Transportation and storage sector dropped by 23.6 percent owing to a fall in all transportation services especially the contraction of air transport services by 71.9 percent, which affected by the COVID-19 pandemic.

Electricity, gas, steam, and air conditioning supply sector dropped by 9.4 percent compared with a 13.3 percent contraction in the previous quarter, following the slowdown in economic activities. In details, (i) electric power generation contracted by 9.6 percent improving from a decrease of 12.9-percent in the previous quarter, this was mainly due to the greater of electricity demand in manufacturing and business sectors, after easing lockdowns and restrictions. In addition, household electricity demand continued to grow as a result of encouraging work from home policy, (ii) gas separation decreased by 7.6 percent, recovered from a drop of 16.6 percent in the previous quarter, partly caused by the improvement in gas volume demand for the purpose of power plants and transportation.

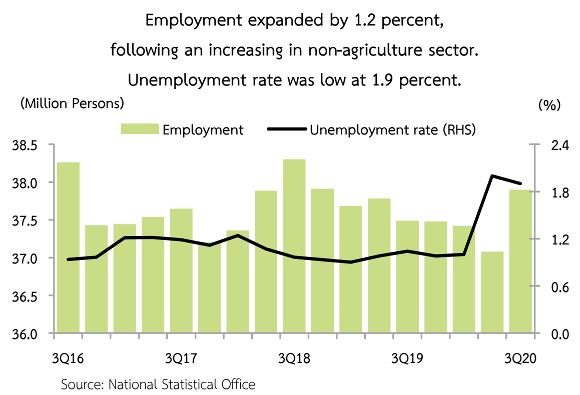
Electricity, gas, steam, and air conditioning supply sector declined by 9.4 percent, improving from easing lockdown measures.

Construction sector rose by 10.5 percent accelerated from a 7.4-percent growth in the previous quarter, following the significant expansion of public construction as well as the rebound of private construction. In third quarter of 2020, public construction increased by 18.6 percent compared with 15.6 percent growth in the previous quarter. In details, (i) government construction rose by 27.9 percent compared to a 22.3 percent growth in the previous quarter, whereas (ii) state-owned enterprises construction declined by 0.3 percent. Private construction expanded by 0.2 percent improved from 2.0 percent contraction in previous quarter. This was caused by an improving in other construction. Construction Materials Price Index decreased by 1.7 percent, which was the contraction for five consecutive quarters. This was driven by the decline in price of steel and steel products (-8.1 percent), and concrete (-2.2 percent).

Construction sector expanded by 10.5 percent, following the increase in public construction, while state-owned enterprises construction dropped. Besides, private construction rebound.

Employment improved from the previous quarter, following the expansion in non-agricultural employment, whereas agricultural employment continued to decline. In addition, unemployment rate declined from the previous quarter, but still higher than the same period last year. In third quarter of 2020, employment increased by 1.2 percent which was the first time in six quarters. In details, non-agricultural employment increased by 1.8 percent, due mainly to the expansion of wholesale, retail sales, repair of motor vehicles and motorcycles activities (4.6 percent), and construction activities (6.6 percent). In contrast, manufacturing activities and accommodation and food service activities were far below the level in the same period last year. On the other hands, employment in agricultural sector slightly declined by 0.1 percent, which improved moderately from a 0.3 percent contraction in the previous quarter. This was in line with the improvement of key agricultural products such as maize, poultry and paddy, etc. The rate of unemployment in the third quarter of 2020 stood at 1.9 percent declined slightly from a 2.0 percent growth in previous quarter, however this was still greater than 1.0 percent unemployment in same quarter of 2019. Besides, the average unemployment recorded at 737,649 persons compared with 394,026 persons in the same period last year.

Employment improved, as a result of the expansion in non-agricultural employment, whereas agricultural employment declined. The unemployment rate stood at 1.9 percent, declined insignificantly from the previous quarter.



Employed Persons by Industry

%YOY	Share Q3/20	2019 Year	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3
Employed	100.00	-0.5	0.9	-0.3	-2.1	-1.1	-0.7	-1.9	1.2
- Agricultural	33.12	-3.3	-4.2	-4.0	-1.8	-1.6	-3.7	-0.3	-0.1
- Non-Agricultural	66.88	0.8	3.2	1.5	-2.3	-0.9	0.5	-2.5	1.8
Manufacturing	15.16	-1.6	1.0	-0.5	-5.2	-3.9	-1.4	-4.4	-1.4
Construction	5.70	4.9	10.5	6.2	-2.2	0.2	-0.2	-6.3	6.6
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.49	-0.7	2.4	-0.4	-4.1	0.1	-1.1	-1.0	4.6
Accommodation and food service activities	7.57	1.3	-0.2	1.1	3.1	-0.7	3.7	-2.8	-0.4
Total labor force (Million persons)		38.2	38.3	38.4	38.0	38.0	38.1	38.1	38.7
employed (Million persons)		37.7	37.7	37.8	37.5	37.5	37.4	37.1	37.9
Unemployment (Hundred thousand persons)		3.7	3.5	3.8	3.9	3.7	3.9	7.5	7.4
Unemployment Rate (%)		1.0	0.9	1.0	1.0	1.0	1.0	2.0	1.9

Source : National Statistical Office (NSO)

Fiscal Conditions:

On the revenue side, in the fourth quarter of the fiscal year 2020 (July – September 2020), the net government revenue collection stood at 702.5 billion Baht, increased by 11.6 percent compared with the same quarter last year. An increase in the net government revenue collection was mainly as a result of (i) an extension of due date for submission and payment of corporate income tax and personal income tax to August 2020 in order to alleviate the burden on citizens and increase liquidity for entrepreneurs affected by the COVID-19 pandemic, (ii) an increase in revenue submission from other governmental agencies and state-owned enterprises, and (iii) an extension of due date for tax submission and payment for oil, petroleum products, and beer producers, resulted in additional excise tax collection in July 2020. However, an economic slowdown due to the COVID-19 caused a decrease in revenue collected from VAT, import duty, specific business tax, and petroleum income tax.

For the fiscal year 2020, the net government revenue collection stood at 2,394.1 billion Baht, decreased by 6.7 percent from the same period last year, and was 336.9 billion Baht (12.3 percent) lower than estimation in the 2020 Annual Budget Bill. This was a result of a severe decline in economy and trade volume, as well as an implementation of tax measures to alleviate burdens for citizens and entrepreneurs impacted by the COVID-19, for example, allowing eligible SMEs (legal entities) to claim an additional tax deduction, from an original rate of 100 percent, to an adjusted rate of 150 percent deduction for interest expenses and 300 percent deduction for salary expenses paid during 1st April to 31st July 2020.

In details, key contribution components leading to a lower-than-estimated net government revenue collection consisted of (i) decrease in **VAT** collection, especially VAT on imports which was affected by a decline of international trade volume, (ii) decrease in **Corporate Income Tax** collection due to economic slowdown and a reduction of withholding tax rate from 3.0 to 1.5 percent during April - September 2020, (iii) decrease in **Personal Income Tax** collection due to a decrease in the collection of withholding income tax from wages and salary (P.N.D.1), (iv) decrease in a collection of **excise tax on automobiles, oil, petroleum products, and tobacco and cigarette,** as the growth in the volume of taxable goods was lower than estimated, and (v) decrease in a collection of **import duty,** due to decline in import volume.

In Q4/FY2020, the net government revenue collection increased by 11.6 percent as a result of an extension of due date for submission and payment of personal income tax, corporate income tax, as well as an extension of tax submission and payment due date for oil, petroleum products, and beer producers.

For FY2020, the net government revenue collection was 12.3 percent lower than the revenue estimation stated in the Annual Budget Bill 2020 due to a severe decline in economy and trade volume and the implementation of tax measures to alleviate burden for citizens and entrepreneurs impacted by the COVID-19

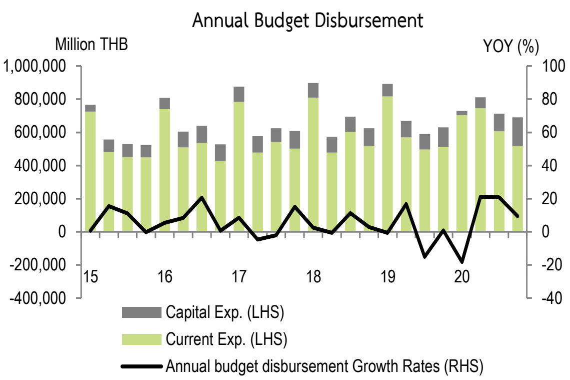
Nevertheless, the revenue submission by other governmental agencies stood at 18.4 billion Baht (10.8 percent greater than forecasted), while the revenue submission by state-owned enterprises was comparable to an estimation.

On the expenditure side, the total budget disbursement in the fourth quarter of fiscal year 2020 was at 860.6 billion Baht[1], increased by 15.3 percent from the same quarter of FY2019 in which current and capital expenditure disbursements rose by 7.9 percent and 36.2 percent, respectively.

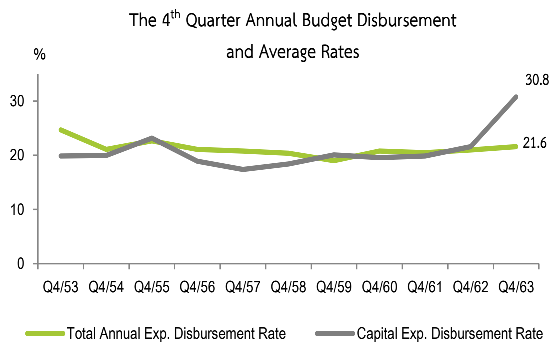
In Q4/FY2020, the total budget disbursement increased by 15.3 percent as a result of an expansion in a disbursement of the 2020 annual budget and the 1-trillion Baht COVID-19 loan. Meanwhile, the disbursement of the carry-over budget and the state-owned enterprises capital declined.

Classified by sources of funds, the government disbursements were as follows:

(i) **the 2020 annual budget disbursement** stood at 690.4 billion Baht, increased from the same quarter last year by 9.5 percent. The disbursement rate was at 21.6 percent, greater than the rate of 21.0 percent in the same quarter last year. The current expenditure disbursement amounted to 519.3 billion Baht, rose by 1.5 percent from the same quarter in FY2019. The disbursement rate was at 19.6 percent, lower than 20.9 percent in the same quarter last year. The capital expenditure disbursement marked at 171.0 billion Baht, drastically increased from the same quarter last year by 43.9 percent, mainly driven by an expansion of land and building, durable articles, and specific grant expenditure. The disbursement was at 30.8 percent, higher than 21.6 percent in the same quarter last year;



Source: GFMIS



Source: GFMIS

(ii) **the carry-over budget disbursement** stood at 48.7 billion Baht, decreased from the same quarter of FY2019 by 14.4 percent, the disbursement rate was at 18.5 percent, greater than 15.3 percent in the same quarter last year; (iii) **state-owned enterprises capital expenditure budget (excluding PTT)** was anticipated to be disbursed at 61.0 billion Baht[2], declined from the same quarter last year by 0.8 percent as a result of the investment plan revision of the Airports of Thailand Public Company Limited (AOT), Mass Rapid Transport Authority of Thailand (MRTA), and the State Railway of Thailand (SRT); and (iv) **the off-budget loans** were disbursed at 64.7 billion Baht which is a disbursement of loans under the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problem, to Remedy, and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020) (1-trillion Baht COVID-19 loan).

In Q4/FY2020, the disbursement rate of annual budget was at 21.6 percent, where the rate of current and capital expenditure disbursement stood at 19.6 percent and 30.8 percent, respectively.

For the fiscal year 2020, the total budget disbursement was at 3,676.9 billion Baht, a 13.1 percent increase from the previous fiscal year, consisting of: (i) the 2020 annual budget disbursement of 2,943.9 billion Baht (the disbursement rate was 92.0 percent, lower than 92.8 percent in last fiscal year), disbursements of the current expenditure and capital expenditure were at 2,575.9 billion Baht and 367.9 billion Baht, respectively; (ii) the disbursement of the carry-over budget at 224.9 billion Baht, equivalent to 85.4 percent of the total carry-over budget; (iii) state-owned enterprises capital expenditure budget (excluding PTT) disbursement was expected to disburse at 219.9 billion Baht[3]; and (iv) the off-budget loans disbursement amounted to 300.7 billion Baht.

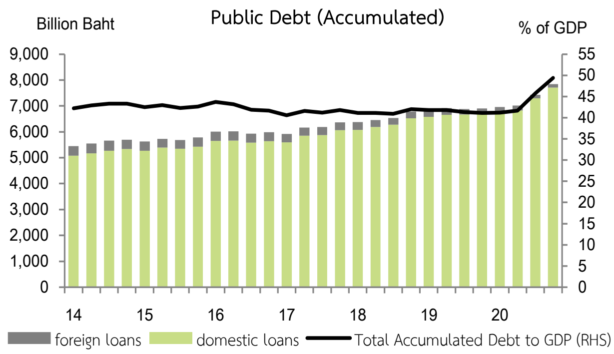
For the whole fiscal year 2020, the overall annual budget disbursing rate was at 92.0 percent; rates of current and capital disbursement were at 97.4 percent and 66.3 percent, respectively.

[1] The total budget disbursement consists of (i) the disbursement of the grand total of annual budget, (ii) the carry-over budget, (iii) the State-owned enterprises capital expenditure budget, and (iv) the off-budget loans.
[2] The number was included the 4,142.6 million Baht of the capital spending allocated from the annual budget and the carry-over budget.
[3] The number was included the 12,441.8 million Baht of the capital spending allocated from the annual budget and the carry-over budget.

Public Debt: at the end of September 2020, public debt was accumulated at 7.8 trillion Baht, equivalent to 49.4 percent of GDP. The total public debt comprised a 7.7 trillion Baht of domestic loans (98.2 percent of GDP) and 139.4 billion Baht of foreign loans (1.8 percent of GDP).

The public debt remained under the fiscal prudential framework at 49.4 percent of GDP.

The distribution of public debt was detailed as follows: Government debt (6,734.9 billion Baht), non-financial-institute SOEs debt (796.0 billion Baht), financial-institute SOEs debt (309.5 billion Baht), and debt of other government agencies (7,821.5 million Baht), which were accounted to 85.5 percent, 10.1 percent, 3.9 percent, and 0.1 percent of total public debt, respectively.



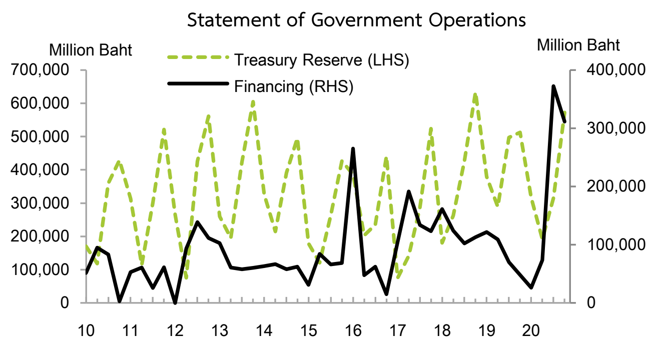
Source: PDMO

Fiscal Balance: in the fourth quarter of fiscal year 2020, the budgetary balance recorded a deficit of 113.0 billion Baht whereas non-budgetary balance recorded a surplus of 58.3 billion Baht. In the meantime, the government conducted a cash balance management through the borrowing of 311.5 billion Baht. Therefore, the cash balance after debt financing recorded a net surplus of 256.7 billion Baht. In addition, the treasury reserve at the end of the last quarter of fiscal year 2020 stood at 315.4 billion Baht, thus the fiscal balance at the end of September 2020 equaled to 572.1 billion Baht.

At the end of September 2020, the fiscal balance stood at 572.1 billion Baht.

For the fiscal year 2020, the budgetary balance recorded a deficit of 817.7 billion Baht whereas the non-budgetary balance recorded a surplus of 92.7 billion Baht. The government conducted a cash balance management through a total borrowing of 784.1 billion Baht. Therefore, the cash balance after debt financing recorded a net deficit of 59.1 billion Baht for this fiscal year.

At the end of Q4/FY2020, the treasury reserve stood at 315.4 billion Baht.



Source: MOF

Financial Conditions:

MPC maintained the policy rate at historical low level.

In the third quarter of 2020, the policy interest rate kept unchanged at 0.50 percent per annum.

In both meeting on 5th August and 23rd September 2020, the Monetary Policy Committee (MPC) decided to hold policy rate at 0.50 percent per annum, the historical lowest rate. The decision based on the assessment that the Thai economy in 2020 would contract with a slightly less than previous forecast and gradually recover following the easing of the lockdown or the control measures over the COVID-19. However, Thai economy in 2021 would expand at a lower rate than the previous economic outlook mainly due to the slow recovery of foreign tourist arrival. Similarly, major economies and other regional economies continued to keep their policy rates steady in this quarter. In particular, the Federal Reserve (Fed) had signaled to maintain its policy rate at a range of 0.00 - 0.25 percent per annum until labor market conditions reached levels of maximum employment and price stability goals. The Fed adjusted the term of achieving inflation target from the rate of 2 percent over the longer run goal to an inflation averages 2 percent for some time to increase flexibility on the stance of monetary policy over the long term. Likewise, Japan, China, Australia, England, Canada, India, Philippines, South Korea, and New Zealand also announced to kept their policy rate unchanged in this quarter. Meanwhile, Russia, Indonesia, and Malaysia lowered their policy rate by 25 basis points in July.

In October 2020, central bank of major economies and regional economies and announced to hold their policy rate unchanged in line with the Monetary Policy Committee (MPC).

Policy Interest Rate

(%)	2019					2020						
At the end of period	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Jul.	Aug.	Sep.	Oct.
USA	1.50-1.75	2.25-2.50	2.25-2.50	1.75-2.00	1.50-1.75	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
England	0.75	0.75	0.75	0.75	0.75	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Canada	1.75	1.75	1.75	1.75	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Australia	0.75	1.50	1.25	1.00	0.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25
New Zealand	1.00	1.75	1.50	1.00	1.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Russia	6.25	7.75	7.50	7.00	6.25	6.00	4.50	4.25	4.25	4.25	4.25	4.25
China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Korea, South	1.25	1.75	1.75	1.50	1.25	0.75	0.50	0.50	0.50	0.50	0.50	0.50
India	5.15	6.25	5.75	5.40	5.15	4.40	4.00	4.00	4.00	4.00	4.00	4.00
Indonesia	5.00	6.00	6.00	5.25	5.00	4.50	4.25	4.00	4.00	4.00	4.00	4.00
Philippines	4.00	4.75	4.50	4.00	4.00	3.25	2.25	2.25	2.25	2.25	2.25	2.25
Malaysia	3.00	3.25	3.00	3.00	3.00	2.50	2.00	1.75	1.75	1.75	1.75	1.75
Thailand	1.25	1.75	1.75	1.50	1.25	0.75	0.50	0.50	0.50	0.50	0.50	0.50

Source: Collected by NESDC

Large, medium-sized commercial banks and specialized financial institutions (SFIs) continually cut their deposits and loans rates.

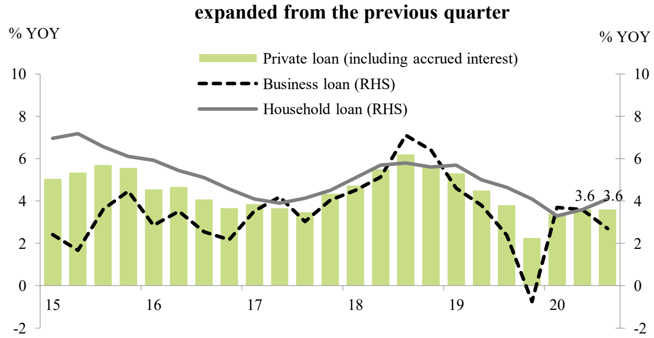
Large, medium-sized commercial banks and specialized financial institutions (SFIs) continued to cut interest rates on both deposit and loans rates from the previous quarter. In the third quarter of 2020, large commercial banks lowered their deposit and loans rates to the historical record low. The average 12-month fixed deposit rate decreased from 0.64 percent to 0.49 percent per annum. The average interest rate on Minimum Loan Rate (MLR) declined from 5.53 percent to 5.36 percent per annum. Medium-sized commercial banks lowered the average deposit and MLR rates to 0.61 and 6.13 percent, respectively, from 0.91 and 6.25 percent in the previous quarter, which brought down MLR rate to the lowest level in 15 years. Similarly, specialized financial institutions reduced average deposit and MLR rates to 1.03 and 6.13 percent, respectively. Moreover, the average real deposit and MLR rates declined following an increase in inflation rate.

In October 2020, large, medium-sized commercial banks and specialized financial institutions maintained their deposit and loans rates. Meanwhile, the real interest rates increased in line with the increase in inflation.

Private business loans outstanding continued to expand. At the end of the third quarter of 2020, private loans of depository corporations expanded by 3.6 percent which unchanged from the previous quarter at 3.6 percent. Household loans increased by 4.1 percent accelerating from 3.6 percent in the previous quarter, whereas business loans slowed down from a 3.6 percent growth in the previous quarter to 2.7 percent. Specialized financial institutions (SFIs) expanded by 5.8 percent, accelerating from 4.5 percent in the previous quarter. This was mainly due to business loans of specialized financial institutions expanded by 10.5 percent compared to 9.7 percent in the previous quarter. The rate had accelerated for 3 consecutive quarters, owing to the financial government support measures had been continuously implemented through specialized financial institutions during the COVID-19 epidemic. Meanwhile, commercial bank loans expanded by 3.0 percent, decelerating from a 3.3 percent rise in the previous quarter following the slowdown of business loans from a 3.1 percent growth in the previous quarter to 2.1 percent. However, household credit grew by 4.1 percent, accelerated from 3.5 percent in the previous quarter. Major lending sectors with expansion consisted mainly of financial and insurance activities (7.7 percent), manufacturing sector (0.1 percent), real estate activities (2.6 percent), accommodation and food service activities (22.5 percent), and transportation and storage (13.7 percent). Major lending sectors with contraction principally included wholesale and retail trade (-1.2 percent) and electricity sector (-7.6 percent). The commercial bank loan for consumption expanded by 4.8 percent, continued from 4.8 percent in the previous quarter mainly due to the continuous expansion of housing loan. In particular, loans for small and medium-sized businesses (excluding financial and insurance activities) indicated that outstanding loans declined by 21.4 percent, reducing for 5 consecutive quarters. Moreover, the rate continued to decline from the previous quarter in almost all sectors apart from accommodation and food service activities, which accelerated by 9.1 percent compared to a 7.4 percent growth in the previous quarter.

Private loans of depository institutions continuously expanded. Specialized financial institutions loans accelerated. Meanwhile, commercial bank loans slowed down.

Private loans (including accrued interest) of depository corporations expanded from the previous quarter

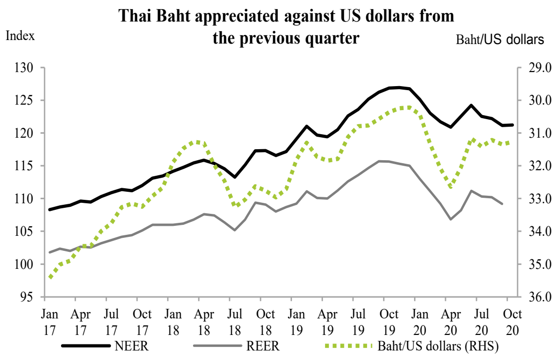


Source: Bank of Thailand

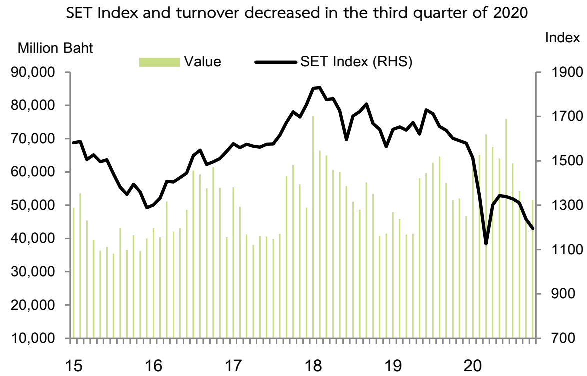
Thai Baht against US Dollar appreciated compared with the previous quarter. During the third quarter of 2020, an average exchange rate was at 31.33 Baht per US dollar, appreciated by 1.93 percent from the previous quarter. In tandem with the current account surplus and the depreciation of US Dollar. During the third quarter of 2020, an average US Dollar index was at 94.8, declined from 98.8 in the previous quarter. The movement of Thai Baht partly resulted from: (i) concern towards domestic political situation and the US presidential elections, (ii) the stance of monetary policy especially the adjustment on a measure of inflation expectations from a fixed goal of 2 percent over the longer run to an average of 2 percent over time, and (iii) concern towards the US economic recovery. In addition, comparing with trading partners/competitors, Thai Baht was depreciated, reflected by a decrease in Nominal Effective Exchange Rate (NEER) by 0.48 percent on average from the previous quarter (an average of 121.96). Besides, the other regional currencies such as Philippine peso, Malaysian ringgit, South Korea won, Singapore dollars, Indian rupees, Indonesian rupiah, Japanese yen, and Vietnamese dong against US dollar were appreciated from the previous quarter.

Thai Baht against US dollar appreciated, following depreciation of US Dollar and a net surplus of current account. However, Thai Baht against trading partners (NEER) depreciated.

In October 2020, Thai Baht against US Dollar appreciated by 0.26 percent from the previous month, an average of 31.27 Baht per US dollar, following the decrease in US Dollar index. Additionally, Thai Baht against trading partners (NEER) slightly appreciated from the previous month.



Source : CEIC, Bank of Thailand



Source: SET

SET Index decreased from the previous quarter mainly caused by a net sell of foreign investors.

SET index declined from the previous quarter. During the third quarter of 2020, the downward movement of SET index was mainly driven by uncertain recovery of global economy, fears over the second wave of COVID-19 pandemic in several countries, and concerns on the delay in COVID-19 vaccine development. Besides, there were signs of strain in the number of Non-Performing Loan (NPLs) after its nearly end of financial relief measures of Bank of Thailand (BOT), together with domestic political constraints. As a result, at the end of the third quarter of 2020, SET index decreased by 7.62 percent from the previous quarter to 1,237 points. Additionally, foreign investors keep its net sell position with a record of 61.0 billion Baht, whereas individual investors registered a net buy.

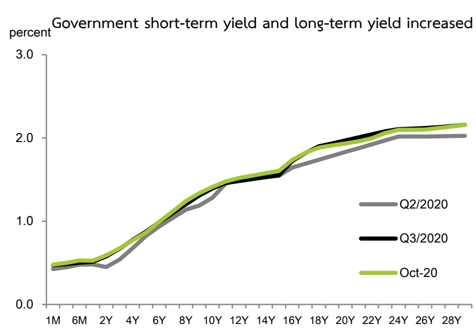
In October 2020, SET index decreased by 3.40 percent to 1,195 points from the end of September which was pressured by (i) concerns over heightening domestic political tension, (ii) uncertainty over the US presidential election in November 2020, (iii) worries over second wave of COVID-19 cases in several countries, and (iv) concerns on the US economic recovery after the new fiscal stimulus package was postponed. As a consequence, foreign investors remained a net sell position at the Stock Exchange of Thailand (SET).

The government bond yield shifted upward from the previous quarter. Foreign investors registered a net buy in bond market for the first time in four quarters.

The new registered corporate bond increased while the government bond yield shifted upward from the previous quarter. In the third quarter of 2020, the increase of private sector fundraising through bond market recorded at 322.6 billion Baht increased from 253.6 billion Baht in the previous quarter. New registered long-term corporate bond recorded at 210.3 billion Baht rose from 166.0 billion Baht from the previous quarter. The key fundraising was in energy and utilities sector and property development sector. In addition, short-term bond recorded at 112.3 billion Baht increased from 87.6 billion Baht from the previous quarter.

In secondary markets, during the third quarter of 2020, dairy average outright trading recorded at 77.2 billion Baht declined from 78.9 billion Baht in the previous quarter. Foreign investors registered a net buy for the first time in four quarters, which recorded at 38.5 billion Baht, comparing with a net sell 6.8 billion Baht in the previous quarter. Moreover, the clean price index recorded at 116.2 point slowed down from 117.2 point in the previous quarter, in line with the increase of government bond yields. The movement in the clean price index partially contributed by (i) the upward trend of Thai government bond issued under the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problem, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E.2563 (2020) (1-trillion Baht COVID-19 loan) and (ii) the US-Treasury yield shifted upward after there was the adjustment in the Fed's longer-run goals for inflation and monetary strategy statement. However, in September, the long-term government bond yield decreased due partly to the supply of government bond which was lower than investors' expectations.

In October 2020, the clean price index declined slightly from the previous month. Meanwhile, foreign investors continued registering as a net sell which recorded at 4.8 billion Baht. The foreign investors registered a net sell in short-term bond and registered a net buy in long-term bond.



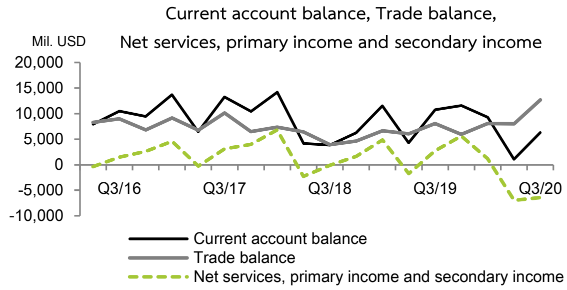
Source: ThaiBMA

Current account registered a surplus of 6.3 billion US dollars (197.3 billion Baht). This was a result of a trade surplus of 12.7 billion US dollars and a deficit in services, and primary and secondary income of 6.4 billion US dollars.

International reserve at the end of September 2020 stood at 251.1 billion US dollars.

Current account surplus was lower than that of the same period last year, but higher than the previous quarter.

International reserve at the end of September 2020 stood at 251.1 billion US dollars.

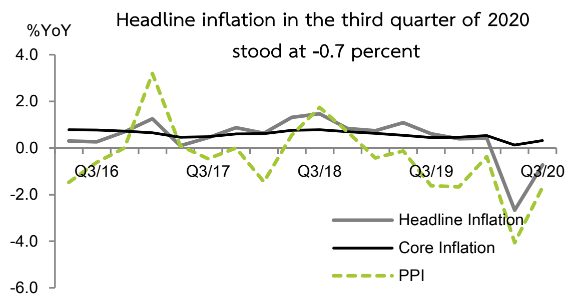


Source: Bank of Thailand

Headline inflation: In the third quarter of 2020, headline inflation was averaged at -0.7 percent, decreased at a slower pace from -2.7 percent in the previous quarter. **Food-and-Beverage** price index increased by 1.2 percent, accelerated from 0.4 percent in the previous quarter due to an increase in prices of seasoning & condiments, meats poultry & fish, rice flour & cereal products, and non-alcoholic beverages which rose by 2.9 percent, 2.7 percent, 1.9 percent, and 1.8 percent, respectively. **Non-Food and Beverage price** index decreased by 1.8 percent compared with a 4.4-percent decline in the previous quarter, following a drop of energy price index by 10.5 percent. Core inflation was averaged at 0.3 percent.[4]

Headline inflation was at -0.7 percent, compared with -2.7 percent from the previous quarter.

The Food-and-Beverage price index increased while Non-Food-and-Beverage price index decreased following the decline of energy price index.



Source: Ministry of Commerce

Producer Price Index (PPI): In the third quarter of 2020, Producer Price Index decreased by 1.7 percent, compared with a 4.1-percent fall in the previous quarter, following the decrease at a slower pace in price of mining products and manufactured products. **The price of mining products** decreased by 17.6 percent compared with a 19.8-percent decline in the previous quarter, following the decrease in price of lignite, petroleum, and natural gas by 20.9 percent, compared with a 23.4-percent decline in the previous quarter. **The price of manufactured products** fell by 1.8 percent compared with a 3.8-percent decrease in the previous quarter. However, **the price of agricultural products** increased by 3.3 percent, recovered from a 1.5-percent decrease in the previous quarter as price of crops, livestock, and forestry increased.[5]

Producer Price Index (PPI) decreased by 1.7 percent, compared with a 4.1- percent fall in the previous quarter.

[4] In October 2020, headline inflation was -0.5 percent, Core inflation was 0.2 percent. On the 10-month average, headline inflation was average at –0.9 percent, Core inflation was average at 0.3 percent.

[5] In October 2020, Producer Price Index (PPI) fell by 0.9 percent. On the 10-month average, PPI decreased by 1.9 percent.

2. Crude Oil price in Q3 of 2020

The crude oil price in the global market declined compared with the same period last year, yet improved from second quarter of 2020. In the third quarter of 2020, the average crude oil price in 4 major markets (Dubai, Oman, Brent, and WTI) stood at 42.58 US dollars per barrel, declined by 29.3 percent from the average at 60.22 US dollars per barrel recorded at the same period last year. However, crude oil price increased by 39.3 percent from average at 30.57 US dollars per barrel recorded at in the previous quarter.

Key reasons for the decline in the global crude oil price this quarter were (i) slowdown in the world economy and concerns towards the second phase of COVID-19 pandemic, leading to a slowly decrease in crude oil demand, (ii) production of OPEC+ still higher than OPEC agreement to reduce oil production, including an increase of OPEC oil production by Libya and Iran, the two countries exempt of OPEC agreement, (iii) concerns towards the global economic recovery as the United States delayed domestic economic stimulus packages.

The crude oil price in the global market declined compared with the same period last year, associated with the economic slowdown in major countries due to concerns of investors towards COVID-19 and increasing oil production.

Crude oil price

Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2017	Year	50.9	54.8	53.0	53.2	53.0	18.1	21.6	27.8	27.4	23.7
2018	Year	65.1	71.8	69.5	69.8	69.1	27.8	31.1	31.2	31.3	30.4
2019	Q1	56.9	64.0	63.3	63.6	61.9	-12.6	-10.9	-9.0	-8.9	-10.3
	Q2	54.9	63.8	63.2	63.3	61.3	-12.8	-5.2	-0.9	-1.2	-5.0
	Q3	59.6	68.2	67.2	67.4	65.6	-12.4	-9.4	-7.0	-6.8	-8.9
	Q4	56.4	62.0	61.0	61.5	60.2	-18.9	-18.4	-17.6	-17.3	-18.0
	Year	56.7	62.3	62.1	62.4	60.9	-4.8	-9.7	-8.9	-9.0	-8.1
2020	Q1	45.8	50.5	50.5	50.5	49.3	-16.6	-20.9	-20.1	-20.2	-19.6
	Q2	28.0	33.4	30.5	30.4	30.6	-53.1	-51.1	-54.5	-54.9	-53.4
	Q3	40.9	43.4	43.1	42.9	42.6	-27.4	-30.0	-29.4	-30.2	-29.3
	Jul.	40.6	43.1	43.4	43.3	42.6	-29.1	-32.6	-31.0	-31.8	-31.2
	Aug.	42.3	43.3	43.4	43.3	42.7	-22.9	-27.3	-26.3	-27.2	-26.6
	Sep.	39.8	42.1	41.8	41.6	41.3	-30.0	-32.5	-31.7	-32.6	-31.8
	9M	38.3	42.3	41.4	41.2	40.8	-32.9	-34.6	-35.3	-35.9	-34.7
	Oct.	39.7	41.6	40.9	40.9	40.8	-26.4	-30.1	-31.4	-31.7	-30.0
	10M	38.5	42.3	41.3	41.1	40.8	-32.2	-34.2	-34.9	-35.5	-34.3

Source: Thaioil Plc. and EPPO

3. The World Economy in Q3 of 2020

In the third quarter of 2020, the world economy continued to recover from the historical decline in the previous quarter. The recovery was mostly due to the relaxed containment measures and travel restrictions, coupled with the continued expansionary monetary and fiscal policies intended to alleviate the economic impacts of COVID-19 pandemic. Consequently, major industrial economies such as the US and the Eurozone declined by a slower pace compared to the second quarter. Meanwhile, several developing and emerging Asian economies have improved, including South Korea, Hong Kong, Singapore, and Indonesia, while some had returned to expansion like Taiwan. However, most recoveries remained sluggish as there were some key limitations associated with economic growth in many countries including in particular impacts in the labor market which is not yet fully recovered suggested by the high rate of unemployment. Moreover, many countries, including Japan, Spain, France, UK, and Germany, are facing the second wave of the infection and therefore have to reimplement the restriction measures, which were expected to affect the economic recovery prospects.

In order to mitigate the economic impact from the spread of COVID-19, most countries have been continually implementing economic measures. Major central banks have executed the expansionary monetary policy, including the record low key interest rates and large asset purchases program to provide market liquidity. In addition, the US Federal Reserve announced to adopt the flexible average inflation targeting, in order to comply with the current US economic context. Other central banks in Asia also further reduced their policy rates in the third quarter, such as Malaysia and Indonesia. At the same time, several countries also implemented additional expansionary fiscal measures to support the unemployed and the small enterprises. These include for example the expansion in unemployment benefits and additional fiscal support under the CARES Act in the US, the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) in the EU, and Japan's additional fund for relieving those affected by the spread of the virus.

The US economy decreased by 2.9 percent, recovered from the historical contraction. The eased lockdown and travel restrictions helped regain manufacturing, domestic consumption, and labor market conditions.

The US Economy dropped by 2.8 percent (%YoY), compared with the lowest decline of 9.0-percent in the second quarter. After seasonal adjustments, the US economy expanded by 7.4 percent (%QoQ sa.), compared with the previous 9.0-percent contraction. The reinvigorated economic activities were due to the ease of the lockdown measures and travel restrictions in many states since May 2020, which helped improve manufacturing production and domestic consumption. In the third quarter, the manufacturing and services Purchasing Manager's Index (PMI) were greater than 50 at 52.4 and 53.2, respectively, improving from 41.9 and 37.4, respectively, in the previous quarter. Private domestic investment fell by 3.8 percent, an improvement from the 16.9-percent decline in the previous quarter, following the expansion of residential investments. Private consumption also recovered in line with the gradual improvement of the labor market conditions. Specifically, the unemployment rate was at 8.8 percent diminished from 13.0 percent in the second quarter, although still higher than 3.8 percent in the pre-COVID level in the first quarter. Headline PCE price index rose by 1.6 percent, a rise from 0.6 percent in the previous quarter. The key policies in the third quarter include: (i) up to additional 6 weeks of the unemployment benefits from the Federal Emergency Management Agency (FEMA): (ii) 13 additional weeks of federally funded Pandemic Emergency Unemployment Assistance (PEUC) under the CARES Act which will be terminated at the end of 2020: (iii) The continual implementation of the Paycheck Protection Program that supported small enterprises. The Federal Open Market Committee (FOMC) in its September 16th meeting decided to keep its policy rate at 0.00-0.25 percent from the previous quarter and maintain its asset purchases to induce liquidity. The committee also signaled future expanded monetary conditions as well as announced to adopt the flexible average inflation targeting, which indicates to keep the low policy interest rates at the longer period[6]

[6] On August 27th, 2020, the Fed announced the flexible average inflation targeting, so that the monetary policy can aim to achieve inflation moderately above 2 percent for some periods, as long as an average inflation remains at 2 percent over the long run. Such adjustments signaled that the Fed should be maintaining the low rates at least until the full recovery of the economy and employment is achieved.

The Eurozone economy contracted by 4.3 percent (%YoY), compared with 14.8 percent in the previous period. After seasonal adjustments, the Eurozone economy grew by 12.7 percent (%QoQ swda.), compared with the 11.8-percent decline in the second quarter. The improvement of the Eurozone economy is in line with the recovery of both manufacturing and service sectors, as reflected by the 8-quarter high manufacturing PMI at 52.4 and the 3-quarter high services PMI at 51.1 in the third quarter. Particularly, the July services PMI was at 54.7 which was the highest in 22 months. The consumer confidence index was at -14.5, improving from -18.5 in the second quarter which was a 28-quarter low. The unemployment rate stood at 8.2 percent, the highest in 5 quarters, and the inflation rate was at 0.03, a 17-quarter low. For key economic measures, on September 25th, 2020, the European Council approved 87.4 billion Euro in financial support for 16 member states under the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE). Furthermore, the ECB has agreed on September 10th, 2020, to keep its policy rate unchanged at 0.0 percent and continue its purchases under the Pandemic Emergency Purchase Programme (PEPP) with a total envelope of 1.35 trillion euro until June 2021. Additionally, during July – August 2020, the ECB also set up the Euro repurchase agreement (repo) lines with other key central banks outside the Eurozone, in order to provide liquidity in Euros.

Eurozone economy declined by 4.3 percent, improving from a 14.8-percent decrease in previous quarter. The growth was supported by the recoveries of manufacturing, services, and domestic consumption, in line with the improved confidence. However, unemployment remained at a 5-quarter high.

The Japanese economy declined by 5.8 percent improving from a contraction of 10.2 percent in the previous quarter after the COVID-19 infection prevention and control measures have been lifted since May 25th 2020. This was consistent with the manufacturing PMI at 46.7 in the third quarter, increasing from the level of 40.1 in the previous quarter, but still remained below 50.0 for the seven consecutive quarters. Simultaneously, exports declined by 12.0 percent, enhancing from a decline of 23.7 percent in the last quarter, however registering a negative growth rate for the seven consecutive quarters. Retail sale index decreased by 4.6 percent, also improving from the last quarter, and was in line with a higher consumer confidence index. Nevertheless, unemployment rate stood at 3.0 percent, the highest rate in 15 quarters. In addition to the previously approved of 11.5 trillion Yen[7] in reserve funds, on August 7th 2020, the Japanese government approved the relief budget amount of 1.13 trillion Yen in reserve funds for further financial support for policies to cushion the impact of the COVID-19 pandemic, Similarly, on September 17th, 2020, the Bank of Japan (BOJ) decided to maintain its dovish monetary policy stance by keeping the policy rate at -0.1 percent as well as holding the 10-year Japanese Government bond (JGB) yield at 0.0 percent

Japanese economy is expected to gradually improve from the previous quarter, in line with most of the economic indicators such as manufacturing PMI, export values, retail sale index and consumer confidence index, all of which improved after the COVID-19 infection prevention and control measures have been lifted.

The Chinese economy expanded by 4.9 percent, continually recovering from a 3.2-percent growth in the second quarter, in line with the relaxation of COVID-19 prevention measures since mid-February this year. Thereafter, the economic activities in all sectors had been gradually improved, especially the manufacturing sector, which increased by 6.0 percent in the third quarter, consisting of an increase in Caixin Manufacturing PMI to 53.0, compared with 50.4 in the previous quarter. Exports also increased by 8.9 percent, accelerating from 0.1 percent in the previous quarter. Nonetheless, domestic retail sales decreased by 0.4 percent, improving from a 3.8-percent decline in the last quarter. Besides, the average inflation rate registered at 2.3 percent. Thus, under the uncertainty of COVID-19 outbreak, the People's Bank of China (PBOC) decided to continued its expansionary monetary policy and other measures to support continually economic recovery by keeping the interest rates at low level[8] and increasing credit and liquidity by holding the seven-day reverse repo rate at the historical low level of 2.2 percent. In addition, on September 30th 2020, the PBOC injected almost 50 billion Yuan into the market. For the fiscal policy, Chinese government continued their COVID-19 relief measures, for example, the additional budgets for preventing and controlling COVID-19 outbreak as well as for producing necessary medical equipment, accelerating budget disbursement of social security benefits for unemployed workers including those foreign labor, and tax reduction and postponing social security payment.

Chinese economy expanded by 4.9 percent, continually improved from a 3.2-percent growth in the second quarter. This was consistent with a recovery of economic activities in almost all sectors, especially in manufacturing sector and exports. Nonetheless, to support the ongoing economic recovery, both Chinese government and PBOC continued their implementation of COVID-19 relief measures.

[7] Of the total, 915 billion yen will be allocated to a cash benefit program of up to 2 million yen each to small and midsize firms affected by the outbreak, 177.7 billion yen will be allocated to provide no-interest loan up to 200 thousand each for households whose income has fallen sharply and 33 billion yen will be allocated readying quarantine steps such as conducting polymerase chain reaction (PCR) tests for visitors from foreign countries.

[8] In the third quarter of 2020, the PBOC held the interest rate on excess reserve, one-year medium–term lending facility (MLF) and at a low level, loan prime rate at low levels of 0.35 percent, 2.95 percent, and 3.85 percent respectively. The reserve requirement ration (RRR) was also maintained at 9.4 percent.

The Newly Industrial Economies (NIEs) recovered from record declines in the preceding quarter. This was driven by the improved exports and manufacturing, in line with the recovery of the major industrial economies. In the third quarter, **Taiwan's economy** expanded by 3.3 percent, compared with the 0.6-percent decline in the previous quarter. The growth was highest in 9 quarters, and was driven by the improved private consumption as well as the recovered government spending and exports. However, the economies of Hong Kong, South Korea, and Singapore continued to decline, but at a lesser pace. The **South Korean economy** declined by 1.3 percent, improving from 2.7 percent in the preceding quarter, from the accelerated total investments and exports of goods. **Hong Kong's economy** contracted by 3.4 percent, recovering from a 9.0-percent decline in the second quarter, mostly due to the improvements in private investments and exports as well as the continual expansion of government spending. However, private consumption fell consecutively for the 5th quarter due to the domestic political conditions. **Singapore's economy** contracted by 7.0 percent, picked up from the previous decrease of 13.3 percent. The recovered manufacturing and the slowing decline in construction, services, and exports supported the improvement. Inflation mostly rose in the NIEs following the improved domestic demand, except for Hong Kong whose inflation declined to negative territory for the first time in 11 years.

The NIEs improved from the second quarter, contributed by the revitalized exports and manufacturing, in line with recovery of the major industrial economies.

The ASEAN economies improved from the previous quarter, following the recovery of global economy and global trade volume. Meanwhile, domestic consumption also showed a rebound due to easing of lockdown measures and government fiscal stimulus. **Vietnam's economy** expanded by 2.6 percent, accelerating from 0.4 percent in the second quarter. This was owing to the return to positive growths of the services sector and the exports of goods and services which expanded by 10.6 percent, compared with a 6.9-percent contraction in the previous quarter. **Indonesia's economy** contracted by 3.5 percent, compared with 5.3 percent decrease in the previous quarter. **The Philippines economy** also declined at a slower pace by 11.5 percent, compared with 16.9-percent decrease in the second quarter. Both economies experienced the decreases at a slower pace of private consumption, investment, and exports of goods and services. **Malaysia's economy** declined by 2.7 percent, improved from a decline of 17.1 percent in the previous quarter, due to the rebound of manufacturing sector and exports of goods. Due to the continual spread of the pandemic, the Central Banks of Indonesia and Malaysia decided to cut the policy rates further while the Central Bank of the Philippines and Vietnam maintained the rates at the low rate.[9] Furthermore, the ASEAN's governments simultaneously implemented the fiscal measures to mitigate the impacts of COVID-19: for instance, Vietnam's government reduced the Corporate Income Tax (CIT) for SMEs, Malaysia's government introduced the unconditional payment measures to help low income households, the Philippines' government released the Bayanihan to Recover As One Act as a policy package to cushion the impact of the pandemic, including short-term employment program, soft loan for the affected group, and unconditional payment for agricultural sector.

The ASEAN economies improved from the previous quarter, following the recovery of global economic and global trade volume. Domestic consumption also showed a pick up due to easing of lockdown measures and government fiscal stimulus.

GDP and Export growths in several key economies

(%YoY)	GDP				Export Value						
	2018	2019	2020		2018	2019	2020				
	Year	Year	Q2	Q3	Year	Year	Q2	Q3	Jul	Aug	Sep
USA	3.0	2.2	-9.0	-2.8	7.9	-1.5	-30.1	-13.4	-15.6	-14.9	-9.8
Euro Area	1.9	1.3	-14.8	-4.4	8.7	-2.6	-25.0	-3.9	-8.2	-7.1	3.7
UK	1.3	1.3	-21.5	-9.6	10.2	-3.5	-25.8	-	-14.6	-10.4	-
Australia	2.8	1.8	-6.4	-	11.3	5.3	-14.7	-13.0	-18.3	-12.3	-7.8
Japan	0.3	0.7	-9.9	-	5.7	-4.4	-23.7	-12.0	-18.0	-14.6	-3.2
China	6.7	6.1	3.2	4.9	9.7	-0.1	0.1	8.9	7.3	9.5	9.9
India	6.8	4.9	-23.9	-	8.8	-0.1	-36.5	-5.5	-9.9	-12.6	6.0
South Korea	2.9	2.0	-2.7	-1.3	5.4	-10.4	-20.3	-3.4	-7.1	-10.3	7.3
Taiwan	2.7	2.7	-0.6	3.3	5.9	-1.5	-2.4	6.0	0.3	8.3	9.4
Hong Kong	2.8	-1.2	-9.0	-3.5	6.8	-4.1	-3.2	2.3	-2.2	-1.2	10.3
Singapore	3.4	0.7	-13.3	-7.0	10.3	-5.2	-17.0	-4.9	-9.7	-3.7	-1.2
Indonesia	5.2	5.0	-5.3	-3.5	6.6	-6.8	-12.5	-6.5	-10.1	-8.2	-0.8
Malaysia	4.8	4.3	-17.1	-2.7	14.2	-3.4	-18.4	3.5	-0.2	-2.9	14.6
Philippines	6.3	6.0	-16.9	-11.5	0.9	2.3	-29.2	-6.7	-9.1	-12.8	2.2
Vietnam	7.1	7.0	0.4	2.6	13.3	8.4	-6.9	10.6	8.5	7.1	16.6

Source: CEIC, Collected by NESDC

[9] Indonesian and Malaysian Central Banks lowered the policy interest rates to 4.0 percent and 1.75 percent, down from 4.25 percent and 2.0 percent, respectively. Meanwhile, the Central Bank of Philippine and Vietnam maintained the policy interest rates at 2.25 percent and 3.0 percent, respectively.

4. The World Economic Outlook for 2021

The world economy in 2021 is expected to continually recover and return to grow after experiencing a momentous contraction in 2020. The growth will be driven by the rebounds of economic activities and the domestic demand after lockdown easing together with support from expansionary fiscal and monetary policies. In the base case scenario, a surge in outbreak is expected to have passed the peak in 2020 and the numbers of infected cases tend to remain low and controllable under the healthcare capacity that have become more effective due to the sanitation and social distancing measures. At the same time, it is expected to witness more travel bubble agreement, particularly among those countries with low infected cases as already observed between Australia vs New Zealand and Singapore vs Vietnam, which will help bring about increasing volume of international traveling during the second half of 2021.

The baseline forecast for the world economy and trade volume rests on the following key assumptions: (i) the vaccine development becomes successful by the second quarter of 2021, and thus the vaccine supply will be available in most major economies, particularly US, Eurozone, UK, Japan, and China in the third quarter of 2021. Thereafter, the vaccine production capacity is projected to increase, which in turn will make the vaccine price become lower and, thus, will result in widespread vaccination during the last quarter of 2021; consequently, the containment and travel-restrictive measures are expected to be relieved in the latter half of 2021. (ii) There is no second or third wave of widespread outbreak which lead to more intermittent lockdowns. (iii) The catastrophe in real sector will not escalate to fiscal or monetary crises in major economies. Thus, under these conditions, **the world economy and trade volume in 2021 is projected to expand by 4.9 percent and 5.0 percent, respectively,** notably improving from a 3.5 percent and 11.0 percent declines in 2020, respectively. Prospect on key economies are as follows:

The US economy is anticipated to grow by 3.4 percent, a recovery when compared with the 3.6-percent decline in 2020, and will be the strongest growth in 15 years. The growth is expected, following the reignition of domestic economic activities, which will echo through all sectors including manufacturing, exports, and investment. Both monetary and fiscal policies are also seen to buttress the growth. Latest indicators in October have manifested a more solid recovery on both production and consumption. In particular, the manufacturing PMI was at 53.4, a 21-month high, and the consumer confidence index was at 100.9, compared with 85.7 in April. Concurrently, the labor market conditions improved, displayed by the decline of jobless claims to 0.74 million claims compared with 6.2 million at the beginning of April 2020. It is expected that the administration led by the new president will implement additional large-scale fiscal measures in 2021. Such measures could include alleviating the impact of the spread of COVID-19 on citizens and businesses, which should help the recovery of the employment condition, and redirection of tax and international trade policies, which will reinforce the resumption of both domestic and export activities. Meanwhile, monetary policy tends to be further supportive. The Fed has signaled expansionary stance at least until 2023, and has adopted flexible average inflation targeting in order to support the pace of economic expansion until the downside risks subside

The Eurozone economy is expected to grow by 4.8 percent, recovering from a contraction of 6.7 percent in 2020. This growth is supported by the relaxation of containment measures which supported economic recovery from the third quarter of 2020. October's indicators showed a continued recovery pace, particularly the composite PMI which was at 52.4 in this quarter, highest in 8 quarters and a significant improvement compared with 31.3 in the preceding quarter. The economy in 2021 will be mainly supported by a major fiscal stimulus, approved by the European Council on September 25th, 2020, to employ 1.82 trillion Euros worth of economic stimulus, which is consisted of the long-term expenditure budget of the EU during 2021 and 2027 worth 1.07 trillion Euro and the "Next Generation EU" economic recovery plan worth 0.75 trillion Euro. The 87.4 billion Euro in financial support for 16-member states under the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) is also a significant support. In addition, the ECB also tends to continue its expansionary policy. In its latest meeting on October 29th, 2020, the ECB held its supportive rates. However, it is possible that the ECB will cut the rates further. In particular, the main refinancing operations rate could be reduced from zero percent to negative and the deposit facility rate could be decreased further, even though it is already negative since June 2014 and is now a -0.50 percent. Moreover, the ECB should be continuing its asset purchases under the Pandemic Emergency Purchase Programme (PEPP) with a total envelope of 1.35 trillion Euro until June 2021.

The Japanese economy is expected to expand by 2.4 percent, recovering from a 5.4-percent decline in 2020, the highest growth in 10 years, in line with the recovery in economic activities after the relaxation of COVID-19 prevention and control measures. The manufacturing PMI was at 48.7 in October 2020, continuously increasing from 47.7 in September. The consumer confidence index in October also increased to 33.5, compared with 33.1 in the last month. At the same time, export of goods is expected to recover in line with the improvements in economic conditions of major trading partner countries. Besides, public investment would be supported by hosting the Tokyo Olympic Games, postponed from 2020. On October 16th 2020, Japanese government approved the additional budget of 549.2 billion Yen[10] in reserve funds for fiscal 2020 to finance an extension in subsidy programs designed to help effected businesses during the COVID-19 pandemic, together with the expansionary monetary policy continuously adopted by the Bank of Japan (BOJ). Specifically, during October 28th – 29th 2020, the BOJ decided to hold its policy rate at -1.0 percent as well as purchase a necessary amount of JGBs without setting an upper limit so that 10-year JGB yields will remain at around 0.0 percent. For the inflation rate, the BOJ would continue to implement expansionary monetary policy until the inflation targeted rate of 2.0 percent would be reached. Nonetheless, the economic recovery would still be limited by the second wave outbreak, which is more severe than the first one,

[10] Comprise of (1) 439.1 billion Yen for extending a special assistance measure for firms that are forced to furlough employees due to pandemic by providing 8,330 Yen per worker, per day subsidy for businesses, (2) 86 billion Yen for subsidy program aiming at encouraging domestic manufacturers to reshore their overseas production bases, and (3) 24.1 billion Yen for supporting farmers and those in the fisheries industry.

causing domestic demand to not fully recover. In addition, the earlier implemented government consumption stimulus measures are not as effective as previously expected. As can be seen from the savings rate in Japan during April to September 2020 that increased to 44.0 percent of income, which was the highest rate in 20 years. Also, there would be some limitations in government spending as the government already used a huge amount of budget in implementing COVID-19 relief and economic stimulus measures, thus the public debt to GDP soared to 249.2 percent in the third quarter, compared with 237.0 percent in the last one.

Chinese economy is anticipated to grow by 7.5 percent, accelerating from 2.0 percent last year. Successfully contain the COVID-19 outbreak since the first quarter of 2020 leads to a rapid revival of Chinese economic activities. In particular, manufacturing sector has bounced back as Caixin manufacturing and services PMI in October increased to 53.6 and 56.8 respectively, the highest levels in almost 10 years, which was in line with the 11.4-percent growth in exports. In addition, Chinese economy is also supported by the tremendous amount of government fiscal stimulus spending, which has already approved, as of November 5th 2020, around 4.8 trillion Yuan or 4.7 percent to GDP, and also by a dovish monetary policy adopted by the PBOC through purchasing corporate and government bonds, restructuring SMEs debt, as well as lowering reverse repo rate and required reserve ratio. Moreover, Chinese government also aims to rebalance its economy by emphasizing on domestic demand together with lowering its dependency on foreign market according to the 14th Five-Year Plan, which is going to be endorsed during 2021 – 2025.[11] Nevertheless, there are still some limitations on exports, owing to relocation of production base, caused by the impacts of the prior trade protectionism measures as well as some risks stemming from uncertainty in directions of the coming US trade protectionism measures. Besides, domestic demand is still affected by the ongoing COVID-19 prevention and control measures in some regions prone to the outbreak. Thus, the government is likely to continue implementing both fiscal and monetary economic stimulus throughout the year 2021.

The Newly Industrialized Economies (NIEs) are expected to rebound further. In particular, **the economies of South Korea, Hong Kong, and Singapore** are expected to expand by 2.9 percent, 3.5 percent, and 4.0 percent, respectively, in comparison with the 2019 contractions by 1.0 percent, 5.9 percent, and 6.0 percent, respectively. In contrast, **Taiwan's economy** is anticipated to grow by 4.2 percent accelerating from 2.0 percent in the previous year. The steady growths of the NIEs are anticipated to be driven by exports recovery, in line with (i) the recovery of world economy and merchandize trade, (ii) the returning domestic demand from the more relaxed containment measures, and (iii) monetary and fiscal measures since the latter half of 2020 intended to alleviate the impacts of the spread of the virus.[12] Nevertheless, the second wave spread of COVID-19 in South Korea forces the reimplementation of containment measures, which could lead to a slower-than-expected economic recovery. In addition, domestic political situation in Hong Kong is also a major risk factor to its economy and investors' sentiment. If the situation turns more severe or chronic, Hong Kong's economic growth in 2021 will be lower than the baseline forecast.

The ASEAN economies have shown a recovery trend continuing from the latter half of 2020. This acceleration has been contributed by a rebound of export sector due to the global economic recovery, and private domestic consumption which has been supported by the fiscal stimulus measures and the expansion monetary policies particularly the record low policy rates in all countries. Additionally, it is expected that governments will be more effective to control the spread of the COVID-19 and a new vaccine that protects against COVID-19 is expected to be available within the second half of 2021. Thus, production, tourism and international trading sectors in ASEAN countries are likely to expand continuously. Concludingly, **the economies of Indonesia, Malaysia, and the Philippines** in 2021 are expected to grow by 6.0 percent, 6.5 percent and 7.0 percent, respectively, compared with the contractions of 1.7 percent, 5.3 percent and 9.0 percent, in 2020, respectively. Meanwhile, **Vietnam's economy** is projected to increase by 6.2 percent, accelerated from 2.5 percent in 2020.

Although, the global economic and merchandized trade in 2021 are likely to rebound, the recovery will remain under key uncertainties and risks, including: (1) the uncertain duration and severity of the spread of COVID-19 which could be longer or severer than expected, as well as the risks of second and third waves in many more countries which could thus lead all those countries including Thailand to strictly reimplement containment measures and continue international travel restrictions, which will cause the world economic and trade volume recovery to be slower than anticipated. This uncertainty relies on the progress of vaccine research, production, and distribution, which is also subject to its effectiveness and timeliness. (2) volatilities in the global economic and financial system, which depend on major factors such as (i) the economic and trade policy direction of the US under the new government administration, (ii) the Brexit negotiations which tend to be a No-Deal scenario, and subsequently will affect both the UK's and the EU's trade and investment, (iii) weakened economic stability, especially in countries with weak economic fundamentals due to high government and household debt, which may limit the recovery of domestic demand, and (iv) international investment flows which tend to become volatile due to the uncertainties over the pandemic, and will cause fluctuations to the currency and world economic recovery.

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[11] With the following important detail (1) replacing high speed growth with high-quality growth and push GDP per capita to be at the level of moderately developed nations by 2035 (2) achieving technological independence and self-reliance by modernization through innovation and technological advancements, especially semi-conductor technology and (3) rebalancing its economy in other areas such as intelligent property rights, income inequality between rural and urban areas and reform of land distribution.

[12] The governments of South Korea, Hong Kong, and Singapore have been implementing fiscal measures to alleviate the impact of the spread of COVID-19 for 3.5 percent, 10.8 percent, and 16.4 percent of their respective GDPs. They also provide liquidity support for businesses for 10.3 percent, 0.8 percent, and 4.7 percent of their respective GDPs, together with continual implementation of expansionary monetary policy.

5. Thai Economic Outlook for 2020

The Thai economy in 2020 is projected to decrease by 6.0 percent, contracting from a 2.4-percent growth in 2019. Headline inflation is expected to be at -0.9 percent and the current account is projected to record a surplus of 2.8 percent, compared with 7.0 percent in 2019.

In the November 16th 2020 press release, the NESDC forecasted that the Thai economy is expected to decline by 6.0 percent, upwardly revised from the range of (-7.8) – (-7.3) percent in the previous projection, released on August 17th, 2020, together with the revision in key growth components to be consistent with changing conditions and revised assumptions as follows;

1) **The Thai economy in the third quarter performed better than expected,** supported mainly by: **(i) the private consumption recovered faster than anticipated** due to business reopening and increased economic activities after the easing of containment restrictions. At the same time, the government also provided relief measures and a consumption stimulus package which resulted in the recovery of household expenditure in all categories; **(ii) public investment notably accelerated more than expected** in line with the expedition of the delayed FY2020 budget disbursement. Capital budget in the fourth quarter of FY2020 was disbursed at 171,036 million Baht, accounted for 30.8 percent disbursement rate of total capital budget, and higher than the projection of 26.9 percent, and **(iii) the remarkable recovery of manufacturing and agricultural productions**, following the improvement of domestic consumption and exports. In addition, the agricultural production improved due to a decrease at a slower pace of major crops while the livestock expanded consistently.

2) **The revisions in key components to be consistent with the changes in economic growth** in the first nine months of 2020 are as follows: **(i) the upward revision of the world economy and trade volume** in 2020 which are expected to decrease by 3.6 percent and 11.0 percent, respectively, an upward revision from 4.5-percent and 12.0-percent contractions in the previous assumption. This adjustment was in accordance with the better-than-expected economic condition in the third quarter in major economies, particularly the US, the Eurozone, and China which their economies recorded the highest growths in 3 quarters. Therefore, export value of goods in US dollar terms is revised upwardly from a 10.0-percent decline in the previous projection to a 7.5-percent contraction in this forecast; **(ii) the upward revision of private consumption and private investment** to be in accordance with the better-than-expected recovery in the third quarter, which are expected to decline by 3.1 percent and 10.2 percent, respectively in 2020, and **(iii) the upward revision of public investment** which is anticipated to grow by 13.7 percent, comparing with 8.6 percent in the previous projection. This was in line with the higher than expected budget disbursement in the fourth quarter of FY2020.

6. Thai Economic Outlook for 2021

The Thai economy in 2021 tends to continually recover from the latter half of 2020, supported mainly by (1) the success in the COVID-19 containment together with additional supports from government economic management resulting in improving domestic demand, (2) the recovery of the world economy and global trade volume under the assumption that the outbreak passes its peak already in 2020 and becomes well-contained, which will support the recovery of Thai export sector (3) the budget disbursement under the FY2021 annual government budget as well as government economic stimulus measures, and (4) the adjustment from unusually low growth base from 2020. Notwithstanding, there are several risks associated with the 2021 economic recovery, namely an uncertain situation of COVID-19 in several countries which could become more prolonged and more severe and consequently will undermine the global economic and tourism recovery, as well as employment conditions, the financial positions of both households and businesses, risks of drought, and global economic and financial volatilities.

Supporting factors for the economic growth:

1) The continued improvement of domestic demand, contributed by the success in containing and preventing domestic infection of COVID-19, resulted in continual relaxation of restriction and containment measures since the third quarter of 2020 which therefore help revive domestic economic activity and confidence. In addition, the supportive windfall from both monetary and fiscal policies are expected to increasingly encourage the recovery of domestic spending. Relaxation of international travel restrictions for some certain groups, including film production crews, exhibitors, high-income tourists, and Special Tourist Visa (STV) holders, will facilitate some group of foreigners to enter Thailand since the end of 2020 while remains under strict monitoring and quarantine measures. The number of foreign tourists is anticipated to increase especially in the latter half of 2021 when there will be more widely international traveling, under the conditions of the success and accessible of vaccination, which will contribute a positive momentum to domestic spending.

2) The recovery of the world economy and the global trade volume in 2021, in line with the better-than-expected recovery in the latter half of 2020, due to the relaxation of containment measures along with large economic stimulus measures in major economies, especially the US, the Eurozone, and China. The recovery is illustrated by both manufacturing and services PMIs which have been improved and returned to pre-pandemic levels. Similarly, retail sale indices started to show positive growth in August and September. Under the baseline scenario, it is expected that the outbreak will pass its peak after 2020 in several countries, and the number of infection cases will not exceed the public health capacity. Together with better containment through better hygiene and social distancing which will result in less strict containment measures, as well as the adapted businesses' and consumers' behaviors, the economic impact will not be as large as the first wave of COVID-19 in 2020.

3) The government budget disbursement under the annual budgetary framework and additional stimulus package, consisting of (i) the FY2021's annual government budget, which is expected under the baseline scenario to be disbursed at 94.4 percent of total budget, where the current and capital expenditure disbursement rates are projected to be 98.0 percent and 80.0 percent, respectively, resulting the FY2021 total government expenditure of 3,103,374 million Baht, a 5.4-percent increase from the total expenditure of 2,943,853 million Baht in the previous fiscal year; (ii) the FY2021's carry-over budget disbursement, which is expected to be 85.0 percent of total budget and have the total amount of 519,418 million Baht, higher than those in FY2020 by 367,916 million Baht; (iii) the budget disbursement under the Emergency Degree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020), with total amount of 1 trillion Baht, which is expected to be disbursed around 403,249 million Baht in FY2021. Therefore, the total budget disbursement in FY2021 (the sum of disbursements from annual budget, carry-over budget, and the budget under the Emergency Degree) is anticipated to be 3,757,017 million Baht, an increase by 8.3 percent from the FY2020 expenditure of 3,467,967 million Baht; (iv) the FY2021's state-own enterprises' capital expenditure budget disbursement, especially for the key infrastructure projects, which is expected to be 70 percent of the approved investment budget, compared with 64.9 percent in FY2020; and (v) other key economic stimulating measures, such as low interest loans for effected businesses under the Emergency Decree on Financial Assistance to Small and Medium-sized Enterprises Affected by Coronavirus Pandemic proposed by the Bank of Thailand (BOT), Portfolio Guarantee Scheme proposed by the Thai Credit Guarantee Corporation (TCG), as well as domestic demand stimulus and cost of living reduction measures.

4) The unusually low growth base in 2020, as a result of COVID-19 pandemic which affected the Thai economy in the second quarter of 2020 to decline by 12.1 percent, the historic low rate, before recovered in the third quarter with a 6.4 percent contraction rate. Similarly, countries around the world have been also affected by the pandemic and thus experienced economic recessions with the historically low growth rate in many countries. The 2020 global economy is projected to decline by 3.5 percent, which is the lowest rate since the World War II. Under such conditions, it is estimated that the economy in 2021 would recover and be able to expand, driven by the recoveries in domestic demand, export sector, as well as production sector.

Risks and Limitation to Economic Growth:

1) **The uncertainty of the pandemic situation,** which could derail the growth forecasts under the baseline scenario, as shown in the continually increasing number of new infections in several countries, particularly the US, India, and Brazil. Similarly, Japan, Germany, the UK, and France are experiencing the resurgence of the outbreak. Likewise, the situation in neighboring countries, such as Myanmar, Malaysia, Indonesia, and the Philippines seems to face with rising numbers of newly infected cases. At the same time, there are highly uncertainties in the discovery of vaccines and drugs, both uncertainties in terms of their efficiency and timing. Therefore, partial containment and international travel restrictions may be reimplemented. If these downside risks are realized, the world economic and global trade recovery will be different from the baseline assumption and subsequently undermine Thailand's exports and tourism sectors.

2) **Employment and financial conditions of the households and business sectors** which will put pressure on the recovery of household spending and corporate investment. In the third quarter, there were around 737 thousand unemployed persons, compared with 394 thousand people in the same quarter of last year. The unemployment rate in the third quarter was 1.90 percent, close to the previous quarter of 1.95, and higher than the same quarter of last year which was at 1.04 percent. The higher unemployment rate was observed in the severely affected sectors, including the manufacturing and hotel and restaurant sectors. This was in line with the number of employees applied for unemployment benefits rising to 242,114 persons in the third quarter, compared with 32,789 persons and 145,747 persons in the first and second quarters, respectively. In addition, although government measures to aid and resolve liquidity problems through special relief interest loan measures along with debt restructuring programs implemented in 2020, the proportion of Special Mention Loans to total loans in the third quarter remained at 7.1 percent, up from 2.7 percent in the third quarter of last year. At the same time, household-debt-to-GDP at the end of the second quarter of 2020 was at 83.8 percent, increasing from 80.2 percent in the first quarter. These factors will become key limitations of the recovery of household spending and corporate investments.

3) **Risk of drought.** As of October 31st, 2020, total level of usable water in all dams and reservoirs was at 13,888 million cubic meters, 14.2 percent of total capacity, and only 48.3 percent of the 10-year average usable water level at the same period of the year. Particularly, the levels of usable water in Ubol Ratana Dam, Bhumibol Dam, and Vajiralongkorn Dam declined to record low at only 7.6 percent, 28.1 percent, and 32.1 percent of the 10-year average, respectively. If the amount of rainfall does not increase during the rest of the year 2020, there will not be sufficient water for the crop year 2020/2021, especially for out-of-season rice which is not growable in some regions.

4) **The fluctuation of the world economy and financial market.** Conditions in the world economy that need to be closely monitored and assessed are as follows: (i) the policy direction under the new administration of the US president, particularly domestic economic stimulus, foreign trade policy, and national security policy, which will affect the global economic recovery, production base reallocation, geopolitical conflicts especially across the Middle East, and international relationships with China and other countries, (ii) the possibility of No-Deal Brexit scenario which will alter global trade volume and investments among the Eurozone, UK, and key trading economies, (iii) the weakened economic stability, especially in countries with weak economic fundamentals due to high government and household debt, which may limit the recovery of domestic demand, and (iv) the fluctuation of global capital flow under the uncertainty of the pandemic which will significantly affect global exchange rates and economic recovery. Under the recovery condition, capital flow is expected to relocate from safe haven, e.g. long-term government bonds and gold, to higher yield assets, particularly those in emerging and developing economies and therefore it is expected to generate an appreciation pressure on foreign exchange rates of emerging countries. Nonetheless, the economic recovery pace might become more fragile if the outbreak situation become more severe and prolonged. Thus, these factors could lead to immediate capital outflow from the emerging countries and thus greatly affect their economies and financial market.

Key assumptions for 2020 - 2021 economic projection:

World Economic Projection

	Actual Data		Projection		
	2018	2019	2020 Aug 17, 2020	2020 Nov 16, 2020	2021 Nov 16, 2020
World Economic Growth (%)1/	3.8	3.0	-4.5	-3.5	4.9
USA	3.0	2.2	-9.0	-3.6	3.4
EU	1.9	1.3	-10.5	-6.7	4.8
Japan	0.3	0.7	-6.2	-5.4	2.4
China	6.7	6.1	2.0	2.0	7.5
World Trade Volume (%)	3.9	1.0	-12.0	-11.0	5.0
Exchange Rate (Baht/US dollar)	32.3	31.0	30.8 – 31.8	31.3	30.3 – 31.3
Dubai Crude Oil (US Dollar/Barrel)	69.5	63.3	38.0 – 48.0	41.8	41.0 – 51.0
Export Price (US Dollar) (%)	3.4	0.3	(-1.5) – (-0.5)	-0.9	0.5 – 1.5
Import Price (US Dollar) (%)	5.6	0.2	(-3.5) – (-2.5)	-2.5	1.0 – 2.0
Income from Tourism (Trillion Baht)2/	1.82	1.88	0.46	0.46	0.47

Note: 1/ World economic calculated by trade weight of key economic partners in 2019 (15 economies)

2/ Inclusive of income from tourists remained in Thailand

Source: NESDC

1) **The world economy and the global trade volume in 2020 is expected to contract by 3.5 percent and 11.0 percent,** respectively, which are upward revisions from 4.5-percent and 12.0-percent declines in the previous projection, compared with the growth rates of 3.0 percent and 1.0 percent in 2019. These revisions are in line with better-than-expected economic recoveries in major countries in the third quarter, specifically the US and Eurozone. **Under the baseline assumption in 2021, the world economy is expected to expand by 4.9 percent, recovering from the 3.5-percent decline in 2020,** owing to the expansion in key economies such as the US, the Eurozone, Japan, China, ASEAN, and India, as well as other developing countries which tend to recover continually from the second half of 2020. Furthermore, additional stimulus measures are projected to be continually implemented in order to support domestic consumption. Under the base case, the surge of outbreak would pass the peak in 2020 and most countries will be able to contain the spread efficiently. Thereby, **the world trade volume in 2021 is projected to expand by 5.0 percent, improving from the decrease of 11.0 percent in 2020.**

2) **The average value of Thai Baht in 2020 is expected to be 31.3 Baht per US dollar,** depreciating from 31.0 Baht per US dollar in 2019 and is equal to the previous estimate. **For 2021, Thai Baht is likely to be in the range of 30.3 – 31.3 Baht per US dollar, slightly appreciating from 2020,** in line with the global economic recovery that will cause international capital to flow out from safe assets to emerging economies amid the depreciation of the US dollar.

3) **The average Dubai crude oil price in 2020 is expected to be at 41.8 US dollars per barrel,** lower than the midpoint of 43.0 US dollars per barrel in the previous projection. **For 2021, the Dubai crude oil price is anticipated to be in the range of 41.0 – 51.0 US dollars per barrel, an increase from 2020.** The upward trend of oil price was mainly due to following key factors: (i) the global economic recovery during 2021, which will amplify the oil demand, (ii) the likelihood that the OPEC as well as its alliances (OPEC+) will cut their production further in 2021, amid the uncertainty of the outbreak and resulting economic recovery, and (iii) risks arising from geopolitical conflicts within the OPEC. Nevertheless, the oil price is also subject to downward pressures as follows: (i) the uncertainty of the COVID-19 pandemic and the second wave outbreak in several countries including US, UK, Italy, and France, and (ii) the increasing number of oil rigs in the US to 221 rigs at the end of October, after the 15-year-lowest during August at 172 rigs, which resulted in the high level of commercial inventory both in the US and in the OECD countries.

4) **The export and import prices in US dollar term in 2020 are projected to fall by 0.9 percent and 2.5 percent,** respectively, an upward revision from the previous projection. These adjustments are in line with 1.0-percent and 2.5-percent decline in the first 3 quarters of 2020 which are higher than expected. Moreover, it also corresponds to the higher oil price assumption. In 2021, the export and import prices are estimated to rise by 0.5 – 1.5 percent and 1.0 – 2.0 percent, respectively, in line with the increasing tendency for the prices of materials and key manufacturing products following the oil price.

5) **The revenue from foreign tourists in 2020 is expected to be 0.46 trillion Baht, remaining the same as previously predicted and, however, declining by 75.3 percent from last year,** while the number of foreign tourists is projected to be 6.7 million people. **For 2021, foreign tourist receipts are anticipated to be 0.49 trillion Baht, increasing by 7.0 percent from last year,** with the expected number of foreign tourists at 5.0 million people, a 25.9-percent increase from the previous year. The projections are under the baseline assumption that the COVID-19 vaccine development will be successful in the third quarter of 2021 and will be widely available and be able to be distributed in many more countries by the fourth quarter of 2021. Thus, it is expected that there will be a significant increase in the number of inbound foreign tourists traveling to Thailand during the second half of the year 2021.

6) **The budget disbursement are as follows:** (i) the FY2021 annual budget disbursement rate of 94.4 percent of overall budget (compared with a 92.0 percent in FY2020), where the current and capital budgets are expected to be disbursed by 98.0 percent (compared with 97.4 percent in 2020) and 80.0 percent (compared with 66.3 percent in 2020), respectively. (ii) the carry-over budget disbursement of 85.0 percent, compared with a 66.3 disbursement rate in 2020. (iii) State-owned enterprises' capital budget disbursement of 70.0 percent, compared with 64.9 percent in 2020. (iv) The budget under Emergency Decree authorized by the Ministry of Finance to raise loans to solve problems, to remedy and restore the economy and society as affected by the Emergency Decree of Coronavirus disease pandemic B.E. 2563 (2020) is expected to be disbursed around 299,244 million Baht in FY2020 and increase to 403,249 million Baht in FY2021. Thus, the total budget disbursement from the1 trillion Baht loan decree is anticipated to be 702,494 million Baht, accounted for 70.0 percent disbursement of overall budget.

Economic Projection for the Thai Economy in 2021:

In the November 16th 2021 press release, the NESDC forecasted that the Thai economy is expected to expand within the range of 3.5 – 4.5 percent (with the midpoint of 4.0 percent), compared with a 6.0-percent decrease in 2020. Headline inflation is estimated to lie within the range of 0.7 – 1.7 percent and the current account is anticipated to record a surplus of 2.6 percent of GDP, compared with 2.8-percent surplus in 2020.

Key components of Economic growth;

1) **Total consumption: (1) Private consumption expenditure** is expected to increase by 2.4 percent, compared with a 0.9-percent decline in 2020, owning to the lifts of lockdown measures, the continual government's economic stimulus, the improved consumer confidence from the successful domestic control, and the recovery of income base from export sector. **(2) Government consumption expenditure** is projected to expand by 4.7 percent, increasing from a 3.6-percent growth in 2020. This is in line with the assumption of current budget disbursement rate which is expected to be at 98.0 percent of total budget in FY2021, rising from 97.4 percent in FY2020. Additionally, the budget under the 1-trillion Baht loan decree is expected to be disbursed around 403,249 million Baht in FY2021, a significant increase by 34.8 percent from FY2020.

2) **Total investment** is expected to register a 6.6-percent growth, picking up from a decrease of 3.2 percent in 2020. **(1) Public investment** is estimated to increase by 12.4 percent, a continual growth from a 13.7-percent growth in 2020. This was in accordance with an increase in the FY2021's capital budget framework by 17.0 percent compared with FY2020 as well as support from the budget under the 1-trillion Baht loan decree. **(2) Private investment** is expected to grow by 4.2 percent, recovering from an 8.9-percent decline in the previous year. This owes mainly to the recovery of the world economy that leads to the acceleration of production and export growths.

3) **Export value of goods in US dollar term** is anticipated to increase by 4.2 percent, improving from a 7.5-percent contraction in 2020. The export volume is forecasted to grow by 3.2 percent, increasing from a decline of 6.6 percent in 2020, owing to the recovery of the world economy and global merchandized trade in 2021. Additionally, the export price is expected to increase by 1.0 percent, compared with a 0.9-percent decrease in 2020; in line with the increasing trend of global oil price. Meanwhile, the export of services is expected to be impacted by international travel restrictions. In the baseline scenario, revenues from foreign tourists in 2021 is projected to be 0.49 trillion Baht, compared with 0.46 trillion Baht in 2020, and an increase of 7.0 percent. Thus, in 2021, **the export quantity of goods and services** is estimated to increase by 0.1 percent, compared with a 19.5-percent decline in 2020.

4) **Import value of goods in US dollar term** is expected to expand by 5.3 percent, compared with a 13.8-percent contraction in 2020. The import volume is expected to grow by 3.8 percent, compared with a 11.3-percent decline in the previous year. This was mainly supported by the improvement of domestic demand and the export sector. The import price is projected to increase by 1.5 percent, compared with a 2.5-percent drop in 2020; in line with the increasing tendency of oil price in 2021. Together with service import, it is expected that **the import of goods and services** in 2021 will increase by 0.3 percent, compared with a 15.3-percent decline in 2020.

5) **Trade balance** is estimated to register a surplus 37.9 billion US dollars, decreasing from a surplus of 38.3 billion US dollars in 2020, due to the estimation on growths of import value to be higher than that of export value of goods. Combining with the service account, the current account is expected to register a surplus of 13.9 billion US dollars or account for 2.6 percent of the GDP, compared with a surplus of 14.0 billion US dollars or 2.8 percent of the GDP.

6) **Economic stability:** The average headline inflation rate in 2021 is expected to be in the range of 0.7 - 1.7 percent, comparing with -0.9 percent in 2020, in tandem with the recovery of domestic demand and increases in fresh food and oil prices.

7. Economic Management for the Year 2021

The Thai economy in the year 2021 is expected to continually recover from the latter half of 2020, with key supporting factors consisting of success in containing the spread of the COVID-19 and government economic stimulus schemes resulting continually growing domestic demand. In addition, the recovery of the world economy and global trade volume after the peak of the outbreak will support the export and production sectors, as well as the drive from budget disbursement and government economic stimulus. However, the economic recovery is subject to several risks and limitations including an uncertain situation of COVID-19 in several countries which could become more prolonged and more severe and consequently will undermine the global economic and tourism recovery, as well as employment conditions, the financial positions of both households and businesses, risks of drought, and global economic and financial volatilities. Given these conditions, the economic management during the rest of the year 2020 and the year 2021 need to prioritize on following policy issues:

1) **Preventing the second wave of the COVID-19 outbreak in Thailand.**

2) **Assisting on certain sectors experiencing some limitations on the recovering process,** particularly relevant tourism and services sectors, and small and medium businesses. The supporting measures should emphasize on: (i) expediting and monitoring ongoing financial and fiscal measures to precisely and efficiently alleviate the target groups, together with considering additional measures and refining existing measures to assist the sectors and economic regions that experience some difficulties and limitations over the recovery path, (ii) aiding affected workers in sectors and economic regions which are subject to recovery limitations, by focusing on employer-employee matching, upskilling and reskilling labors, creating new jobs to support the unemployed, and incentivizing businesses to retain their labor forces, (iii) promoting domestic tourism and travelling, as well as encourage public and private sector to hold conferences and exhibitions, particularly in the areas mostly depended on revenue from foreign tourists, together with promoting consumption of domestically produced goods, (iv) re-opening to foreign tourists step by step under careful and efficient containment and preventive measures aiming to maintain the confidence momentum and spending behaviors of households and domestic tourists, and (v) preparing for the processes of vaccine manufacturing and distribution, in order to immunize the population and to build up confidence during the period of re-opening the country for foreign tourists.

3) **Driving government expenditure,** by (i) expediting the FY2021's annual budget disbursement rate to be at least 94.4 percent of the total budget, (ii) accelerating the state-owned enterprises' capital budget disbursement rate to be no less than 70.0 percent, (iii) speeding up the carry-over budget disbursement rate to be at least 85.0 percent, and (iv) ensuring that the disbursement under the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020) is at least 70.0 percent of the 1 trillion Baht loan line.

4) **Driving export of goods to encourage the recovery of manufacturing and private investment,** by emphasizing on: (i) driving exports of goods that benefited from trade diversion and relocation of production base due to the outbreak, (ii) extending economic and trade cooperation under key international agreements, (iii) highlighting international agreements that could be used as obligations and lead to trade restrictions; (iv) reducing production costs of key products in order to alleviate the pressure from neighboring countries' increasing competitiveness and Thai Baht's appreciation; (v) shielding the export sector from exchange rate fluctuations and Thai Baht appreciation trend; and (vi) supporting active marketing through online channels.

5) **Stimulating private investment by:** (i) speeding up projects already approved and holding investment promotion certificates during 2018-2020 to start their actual investments, especially those projects within the target industries as specified under Thailand's investment promotion policy, (ii) promoting exports to enhance capacity utilization, (iii) minimizing difficulties and obstacles hindering foreign investors and entrepreneurs from investing and conducting businesses in Thailand; (iv) globally publicizing Thailand's strengths; and (v) emphasizing longer-term measures for uplifting Thailand's long-run potential economic growth, particularly the developments of special economic zones and transportation infrastructure to be as scheduled, together with the restructuring of key manufacturing and services sectors.

6) **Supporting prices of major agricultural products in some areas during the harvesting season and preparing counteractions in case of drought during the crop year 2020/2021** especially by: (i) closely monitoring water levels both inside and outside for irrigation zones, together with preventing and alleviating the impact from the drought, (ii) provisioning integrated water management and seeking water sources for farming, (iii) increasing efficiency of water usage for agricultural purposes, (iv) supporting the transition of agricultural production to drought-tolerant plants, (v) resolving some agricultural products whose prices are inadequately recovering, as well as prioritizing exports of key agricultural products, (vi) promoting online commerce to support direct sales of agricultural products from farmers to consumers, in order to increase profit share to the farmers, (vii) encouraging farmers and farmlands grouping to promote economies of scale, enhancing productivity, and sharing of farm equipment, with appropriate incentives from the government, and (viii) employing credit measures to support farmers' liquidity in order to prevent oversupply.

7) **Preserving domestic political environment** not to put additional impacts and downward pressure on the economic recovery.

8) **Preparing for cushioning and preventing the impact of world economic fluctuations along with maintaining domestic economic stability,** especially the possibilities of (i) prolonged outbreaks in major countries and future waves of the pandemic which will hamper the recovery of the global economy and trade volume, and (ii) volatilities in the global economic and financial landscape.

Fiscal measures of major economies in response to the COVID-19 pandemic

Country	Fiscal Policy: Measures on health	Fiscal Policy: Remedy and restoration measures	Credit and Liquidity Assistance measures
United States	(1) Additional spending for treatments, drugs, and public health measures under Coronavirus Preparedness and Response Supplemental Appropriations Act. (2) Families First Coronavirus Response Act for supporting health insurance. (3) Funding for hospitals, the Center of Disease Control, and vaccine development under Coronavirus Aid, Relief, and Economic Security Act (CARES Act). (4) Funding for hospitals and testing under Paycheck Protection Program and Health Care Enhancement Act.	(1) Transfer Payments for 2 weeks paid sick leave, up to 3 months emergency leave for those infected (at 2/3 pay), and (2) expanding unemployment insurance under Families First Coronavirus Response Act. (3) Loan Programs for the Small Business Administration in purpose of maintaining employment level under Paycheck Protection Program and Health Care Enhancement Act. (4) CARES Act includes tax rebates: USD 1,200 for singles/USD 2,400 for married filing jointly, and 500 USD per qualifying child. (5) Deferral of employee social security payroll tax and extending the delay payment of federal student loans.	**Liquidity Assistance measures:** Loans for distress businesses (e.g. passenger and cargo air carriers, postal service) under Coronavirus Aid, Relief, and Economic Security Act. **Credit guarantee**s: Funding to backstop section 13(3) Federal Reserve facilities that purchase corporate obligations in primary or secondary market under CARES Act.
Percent of GDP	1.5	10.4	2.5
European Union	Additional funding towards research on COVID-19 vaccine development, treatment, and diagnostics under The European Commission.	(1) Established Corona Response Investment Initiative to support public investment for hospitals, labor markets, and stressed regions. (2) Extending the scope of the EU Solidarity Fund by also including a public health crisis within its scope, in view of mobilizing it if needed for the hardest hit EU member states. (3) Supporting for greater flexibility to allow that all non-utilized support from the European Structural and Investment Funds under The Coronavirus Response Investment Initiative Plus (CRII+). And (4) financing investments and reforming countries under the Next Generation EU recovery fund.	**Liquidity Assistance measures:** (1) A new and temporary EU unemployment reinsurance fund (SURE) providing up to 100 bn Euro in loans on favorable terms to governments, in support of national unemployment and short-time work schemes. (2) The European Stability Mechanism (ESM) providing Pandemic Crisis Support to its members to finance crisis-related health spending of up to 2 percent of a requesting member's 2019 GDP.
Percent of GDP	0.00045	3.8	7.0
Japan	(1) Production, procurement, and distribution of critical equipment such as masks and ventilators. (2) Transfer payments to local governments to be used for their health- and long-term care related measures including cash handouts to medical and long-term care practitioners. (3) Other health-related measures, e.g., procurement of vaccine, etc.	**The Emergency Economics Package** against COVID-19 include: (1) Cash handout of JPY 100K per person (JPY 12.9 tn); (2) Lump-sum transfer to affected firms (JPY 2 mn per SME, JPY 1 mn for the self-employed); (3) Subsidies for financial institutions' lending; (4) Expansion of work subsidies; (5) Incentives to accelerate recovery, including for consumption in service sectors and infrastructure investments; (6) Transfers to local governments for COVID-19. (7) Reduction of property tax and expansion of the loss carry-back program, and (8) deferral of payment of taxes and social security premiums by affected firms and households for one year.	**Credit guarantees:** (1) Guarantees on bonds/borrowing by the Development Bank of Japan and the Japan Finance Corporation. (2) Guarantees on bonds/borrowings by other public financial institutions for their equity injection programs. (3) Expanded the guarantee cap on the capital injection scheme into banks. (4) Expanded the insurance capacity of the Nippon Export and Investment Insurance. **Quasi-fiscal operations:** (1) Concessional loans and guarantees to affected firms through the public and private financial institutions. (2) Public financial institutions' loans to affected hospitals and clinics. (3) Other quasi-fiscal operations using the Development Bank of Japan and other agencies.
Percent of GDP	1.0	15.5	23.7
China	(1) Expenditure to improve epidemic prevention and control and the national public health emergency management system. (2) Exempting Tariffs for the import of medicines, medical supplies, and other vehicles used to fight against the outbreak.	**Additional spending:** (1) Help local governments finance employment initiatives. (2) Increase the coverage and benefits of Dibao: extending social assistance programs to cover families affected by the COVID-19 and falling into poverty. (3) Companies that do not lay off employees or minimize layoffs receive a refund of 2019 insurance premiums. (4) Two-year extension of NEV (New Emission Vehicle) subsidy on purchases to the end of 2022. (5) Extend unemployment benefits or "minimum living guarantees" to migrant workers. (6) Increase ceiling on special local government bond issuance. **Forgone revenue:** (1) VAT exemptions for goods and services related to epidemic control. (2) Waived VAT on interest payments to financial institutions who extend loans to SMEs and sole proprietors. (3) Corporate income tax relief for businesses in affected sectors. (4) Social security contributions by employers in the SMEs are waived. (5) Allow companies suffering from serious difficulties to postpone social insurance payments.	**Liquidity Assistance measures:** (1) Allow China's state-funded infrastructure projects to use up to 15 percent of investment for a project to pay wages, from 10 percent. (2) Increase transfer payment rate from the central government to provinces from 3 percent to 4 percent for pensions. (3) Increase tax collection retention ratio for local budget. **Credit guarantees:** (1) providing loan guarantee services, planning to increase re-guarantee business by the national guarantee fund. (2) Lowering guarantee service costs to below 1 percent for SMEs. **Quasi-fiscal operations:** (1) Waiving loan interest payments for qualified small/micro firms and individually-owned businesses. (2) Expanding the recruitment for college graduates for two consecutive years, especially for low-income by SOEs. (3) Exempting road tolls, and lowering some service fees charged by airports and railways. (4) Exempting rent payments by SMEs in the service sector on state-owned properties.
Percent of GDP	0.1	5.1	1.3

Source: IMF Fiscal Monitor Report, October 2020

The Policy Prospect of The United States of America Under the New Administration of President-Elect Joe Biden, and Implications for Thailand's Economy

Joe Biden, the Democratic candidate, has won the majority of the electoral votes in the presidential election on November 3rd, 2020, and will be the next president of the U.S. The Democrats managed to retain control of the House of Representative with 219 seats. For the Senate, the Republican gained 50 seats while the Democrats and the others received 48 seats.[13] In all, based on the policies mentioned in Biden's presidential campaign, there are key economic policies and others significant plans that may impact the global and Thai economy which are as follows:

Key Policy	Implication for the Thai Economy
Economic Plans • The "Buy American" policy to bolster economic activities through infrastructure investment, technological investment, particularly clean energy investment, artificial intelligence, and creating jobs for the middle class. • Creating global negotiation through international organizations and multilateral agreements, and the potential of rejoin the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). • Increasing national minimum wage to 15 USD per hour and aiming to raise minimum wage of federal-related employee from 7.25 USD per hour to 15 USD per hour.	• There is a possibility of executing non-tariff trade protection from the US, especially on the labor and environmental issues, which may affect Thai export of goods to the US. However, Thailand might be able to request for reconsidering the removal of trade preferences for Thai exports under the Generalized System of Preferences (GSP) with the exchanges of improving labor rights, human rights, environment, and intellectual property rights. • The relocation of production base depends on the US trade protectionism policy. It is expected that the US may want to reduce its trade deficit to China through more non-tariff measures. • Thailand needs to comprehensively assess the impacts of any international agreements on potentially affected sectors. • The plans to overhaul clean energy and artificial intelligence infrastructure are expected to benefit Thai export sectors, in particular, constructions and electronics sectors. • The rise of US minimum wage may manifest higher cost of production on labor-intensive sector. This may induce a movement of production activities towards lower-wage economies. • The tax increases on high-income individuals, especially capital-gains and dividends taxes may provoke capital outflow from the US which will lead to the depreciation of US dollar and the surge of asset prices in emerging countries.
Tax Plans • Raising taxes on individuals with income above 400,000 USD from 37 percent to 39.6 percent, the level before Trump tax cut in 2017 • Imposing ordinary income tax rates on capital gains and dividends for those earning (before tax) over 1 million USD • Increasing the corporate income tax rate from 21 percent to 28 percent • Imposing a surtax on corporations that offshore manufacturing and service jobs to foreign nations to sell goods or provide services back to the American market. • Creating a minimum tax on corporations with book profits of 100 million USD or higher • Providing tax credit to reduce the tax liability of businesses that experience workforce layoffs or a major government institution closure	
Energy and Environment Plans • Rejoining Paris Climate Accord which aims for net-zero emission in 2050, and implementing clean energy plan with 2 trillion USD budget over 10 years.	
Healthcare Plans • Supporting Affordable Care Act, and aiming to create health system for all, specifically the low income.	
Foreign Policy • Leading the democratic world, particularly in three areas: fighting corruption; defending against authoritarianism; and advancing human rights.	
Other Plans • Making public colleges and universities tuition-free for all families with incomes below 125,000 USD per year, and raising concerns over international human rights, especially for trading partner's economies.	

[13] The result as of November 13th, 2020.

Projection for 2020 - 2021[1/]

	Actual Data		Projection		
	2018	2019	2020		2021
			Aug 17, 2020	Nov 16, 2020	Nov 16, 2020
GDP (at current prices: Bil. Bht)	16,365.6	16,875.9	15,610.2	15,711.5	16,528.5
GDP per capita (Bht per year)	236,815.0	243,466.9	224,578.4	226,035.1	237,178.6
GDP (at current prices: Bil. USD)	506.5	543.6	498.7	502.0	536.6
GDP per capita (USD per year)	7,329.4	7,841.9	7,175.0	7,221.6	7,700.6
GDP Growth (CVM, %)	4.2	2.4	-7.5	-6.0	3.5 – 4.5
Investment (CVM, %)[2/]	3.8	2.1	-5.8	-3.2	6.6
Private (CVM, %)	4.1	2.8	-10.2	-8.9	4.2
Public (CVM, %)	2.9	0.2	8.6	13.7	12.4
Private Consumption (CVM, %)	4.6	4.5	-3.1	-0.9	2.4
Government Consumption (CVM, %)	2.6	1.4	3.6	3.6	4.7
Export volume of goods & services (%)	3.3	-2.6	-20.9	-19.5	0.1
Export value of goods (Bil. USD)	251.1	242.7	218.7	224.5	233.9
Growth rate (%)[3/]	7.5	-3.3	-10.0	-7.5	4.2
Growth rate (Volume, %)[3/]	3.9	-3.7	-9.0	-6.6	3.2
Import volume of goods & services (%)	8.3	-4.4	-16.3	-15.3	0.3
Import value of goods (Bil. USD)	228.7	216.0	183.0	186.2	196.0
Growth rate (%)[3/]	13.7	-5.6	-15.4	-13.8	5.3
Growth rate (Volume, %)[3/]	7.7	-5.7	-12.4	-11.3	3.8
Trade balance (Bil. USD)	22.4	26.7	35.7	38.3	37.9
Current account balance (Bil. USD)	28.4	38.2	12.6	14.0	12.6
Current account to GDP (%)	5.6	7.0	2.5	2.8	2.3
Inflation (%)					
CPI	1.1	0.7	(-1.2) - (-0.7)	-0.9	0.7 - 1.7
GDP Deflator	1.5	0.7	(-0.3) - 0.2	-0.9	0.7 - 1.7

Source: Office of the National Economic and Social Development Council, 16th November 2020

Note: [1/] Data was calculated based on new National Accounts Office's Series, published on www.nesdc.go.th

[2/] Investment means Gross Fixed Capital Formation

[3/] Export and import base on the Bank of Thailand's data.