



NESDC ECONOMIC REPORT

Thai Economic Performance in Q1 and Outlook for 2021

Macroeconomic Strategy and Planning Division

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The Thai Economy in the first quarter of 2021 contracted by 2.6 percent, recovering from a 4.2-percent decrease in the previous quarter. After seasonally adjusted, the economy expanded by 0.2 percent from the fourth quarter of 2020 (%QoQ sa).



On the expenditure side: the main supporting factors were the return-to-expansion of export of goods and private investment, together with the continual expansion of government expenditure, and the accelerated public investment. Meanwhile, private consumption expenditure and export of services continued to decline.



On the production side: the manufacturing sector and the construction sector started to expand, while the agricultural sector, the information and communication sector, and the financial and insurance activities sector continued to increase. On the other hand, the accommodation and food services sector, the transportation and storage sector, the electricity, gas, steam, and air conditioning supply sector, and the wholesale and retail trade sector continued to decline.

The Thai economy in 2021 is expected to show an expansion in the range of 1.5 – 2.5 percent, improving from a 6.1-percent contraction in 2020, mainly supported by (i) the significant recovery of the global economy and merchandise trade, (ii) the government expenditure, and (iii) the low growth base in 2020. Consequently, it is expected that export values of goods in US dollar terms, private consumption expenditure, private investment, and public investment will increase by 10.3 percent, 1.6 percent, 4.3 percent, and 9.3 percent, respectively. Meanwhile, the headline inflation is expected to be in a range of 1.0 – 2.0 percent, and the current account tends to register a surplus of 0.7 percent of GDP.

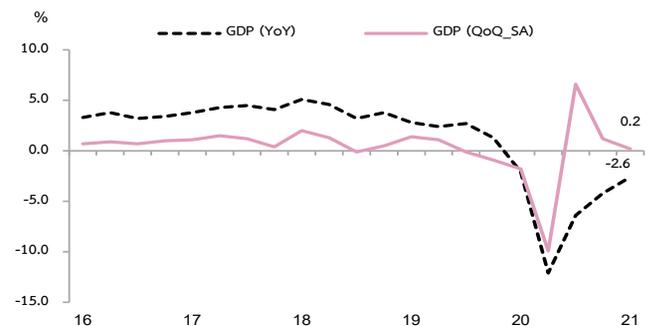
Economic Projection of 2021

(%YoY)	2019		2020		2021	
	Year	Year	Q3	Q4	Q1	Year (f)
GDP (CVM)	2.3	-6.1	-6.4	-4.2	-2.6	1.5 - 2.5
Investment ^{1/}	2.0	-4.8	-2.6	-2.5	7.3	5.3
Private	2.7	-8.4	-10.6	-3.3	3.0	4.3
Public	0.1	5.7	17.6	0.6	19.6	9.3
Private Consumption	4.0	-1.0	-0.6	0.9	-0.5	1.6
Government Consumption	1.7	0.9	2.5	2.2	2.1	5.1
Export of Goods ^{2/}	-3.3	-6.6	-8.2	-1.5	5.3	10.3
Volume ^{2/}	-3.7	-5.9	-7.6	-1.6	3.1	7.3
Import of Goods ^{2/}	-5.6	-13.5	-19.4	-5.9	9.5	13.1
Volume ^{2/}	-5.8	-10.1	-16.5	-2.9	6.6	9.1
Current Account to	7.0	3.3	5.4	-1.0	-1.9	0.7
GDP (%)						
Inflation	0.7	-0.8	-0.7	-0.4	-0.5	1.0 - 2.0

Note: ^{1/} Investment means Gross Fixed Capital Formation

^{2/} base on the Bank of Thailand's data

Thai economy in Q1/2021



Source: NESDC

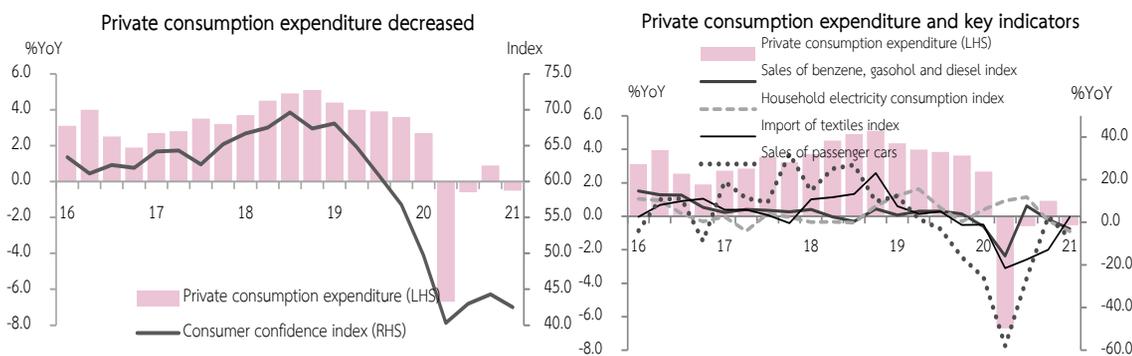
The economic management during rest of the year 2021 should put emphasis on following issues: **(1) Containing the domestic outbreak in order to minimize the infection cases as soon as possible, and preventing new waves of the pandemic**, by (i) enforcing strict disease control and preventive measures, (ii) expediting the process of vaccine acquisition and distribution, (iii) enhancing public health capabilities, and (iv) providing precise and accurate information to the public in order to build confidence about vaccination; **(2) Implementing targeted economic measures to support affected people, labor, and businesses together with the economic recovery policies**, by (i) monitoring closely the ongoing economic measures to efficiently support the target groups, together with considering additional measures if necessary, (ii) considering measures assisting the labor force through labor retention measure, along with new job creation, upskilling and reskilling labors, and (iii) considering additional economic measures to stimulate and restore the economy after the outbreak starts to be well-contained; **(3) Driving export of goods**, by focusing on (i) boosting exports to major markets as well as expanding potential products to new markets, (ii) improving quality and standards of export products, (iii) utilizing benefits from Regional Comprehensive Economic Partnership (RCEP), along with extending economic and trade cooperation, (iv) expediting the ongoing Free Trade Agreement (FTA) negotiations and preparing for future negotiations with new partners, and (v) cushioning the export sector from exchange rate fluctuation and rising production cost; **(4) Stimulating private investment** by (i) expediting approved and certified projects to start investment and operations, (ii) solving difficulties and eliminating obstacles hindering both Thai and foreign investors, (iii) implementing proactive investment promotions and facilitate investors particularly in target industries, (iv) encourage investments in Eastern Economic Corridor (EEC), Special Economic Zones (10 provinces), and southern border provinces, (v) prioritizing the maintenance of economic stability to sustain investors' confidence, and (vi) stimulating investment in the key economic areas and transport infrastructure to be in accordance with the prospected plan, along with restructuring the major manufacturing and service sectors; **(5) Maintaining growth momentum from government expenditure and investments**; **(6) Preparing for re-opening to foreign tourists**; and **(7) Preserving the domestic political environment**.



1. The Thai Economy in Q1/2021

Expenditure Side:

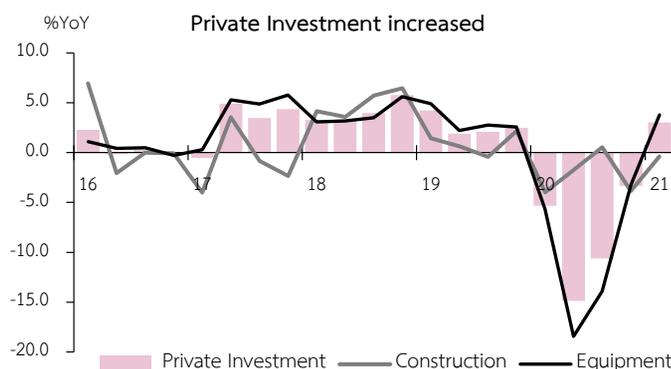
Private consumption expenditure decreased by 0.5 percent, compared with a 0.9 percent growth in the previous quarter. This was due to the new wave of COVID-19 outbreak. **The Expenditure in semi-durable goods** continued to decline by 10.8 percent, following the 0.6-percent decline in furnishings, household's equipment and routine maintenance of the house, and the 21.8-percent decline in clothing and footwear. **The Expenditure in durable goods** decreased by 8.0 percent, following the 4.2-percent reduction in purchase of vehicles, while **The Expenditure in services** expanded by 0.3 percent, decelerating from a 7.5-percent growth in the previous quarter, following the decelerated expenditures in Health, and Housing, Water, Electricity, Gas and Other Fuels with 0.8 percent and 0.9 percent, decelerating from 4.9 percent and 1.6 percent, respectively in the previous quarter. Meanwhile, restaurants and hotels, and recreation and culture continued to decrease by 54.3 percent and 18.7 percent, respectively. **The Expenditure in non-durable goods** expanded by 2.5 percent, accelerating from a 1.1-percent growth in the previous quarter. This was in line with an acceleration of spending on food and non-alcoholic with a 2.7-percent growth, partly due to the government's economic stimulus measures. The decline in private consumption expenditure was in line with a drop in consumer confidence index about the economic situation to remain at 42.5, compared with 44.3 in the previous quarter.



Source: NESDC, University of the Thai Chamber of Commerce

Source: NESDC, BOT, Department of Energy Business

Private investment expanded for the first time in five quarters by 3.0 percent, improving from a 3.3-percent drop, following a positive growth of investment in machinery and equipment. Meanwhile, investment in construction declined at a slower rate. **The investment in machinery and equipment** grew by 3.8 percent, improving from a 3.2-percent drop in the previous quarter. This was in line with the imports of capital goods which increased by 15.4 percent, compared with a 3.8 percent drop in the previous quarter and a continual expansion of domestic machinery sales and newly registered motor vehicles with 6.2 percent and 0.1 percent, respectively. **The investment in construction** decreased by 0.4 percent, improving from a 3.8-percent decrease in the previous quarter, in line with the domestic construction material sales index which increased for the first time in seven quarters by 2.0 percent. However, the municipal construction permitted areas continued to decrease by 9.8 percent. The Business Sentiment Index (BSI) stood at 46.6, equal to the previous quarter.



Source: NESDC

In the first quarter of 2021, private consumption declined, due to the impact of COVID-19 outbreak. Meanwhile, private investment and export of goods returned to grow for the first time in four quarters.

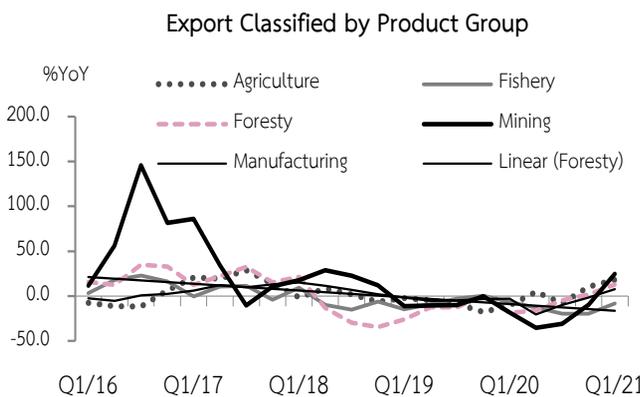
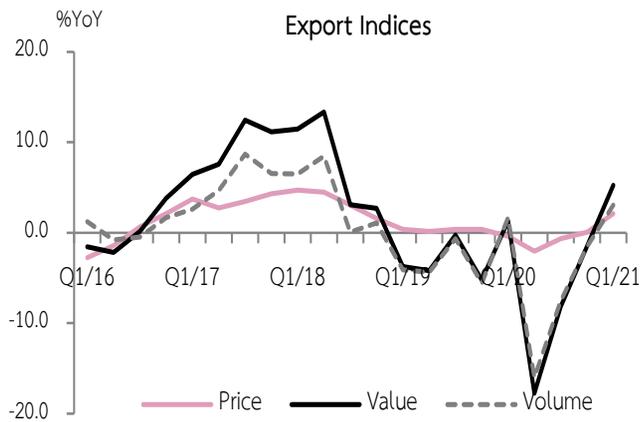
Private consumption declining 0.5 percent, compared with a 0.9 percent growth in the previous quarter, due to the impact of a new wave of COVID-19 outbreak.

Private investment expanded for the first time in five quarters by 3.0 percent, improving from a 3.3 percent drop in the previous quarter, following the expansion in investment in machinery and equipment. Meanwhile, investment in construction continued to decline.

Exports in US dollar terms increased for the first time in four quarters following the growth in exports volume and price as a result of the global economic and market prices recovery. Export value in the first quarter of 2021 was recorded at 64.0 billion us dollars, increasing by 5.3 percent, compared with a 1.5-percent decline in the previous quarter. The exports volume index expanded by 3.1 percent, compared with a 1.6-percent decrease in the previous quarter following the global economic recovery. Exports volume of manufacturing and agricultural commodities increased by 6.3 percent and 8.6 percent, compared with a 1.4-percent drop and a 3.8-percent increase in the previous quarter, respectively. In contrast, the exports volume of fishery products declined by 9.3 percent, compared with a 17.9-percent decrease in the previous quarter. The exports price expanded by 2.1 percent, improving from a 0.1-percent growth in the previous quarter, in line with global market prices. Excluding unwrought gold, export value expanded by 11.8 percent, compared with a 0.9-percent decrease in the previous quarter. **In baht term,** export value was recorded at 1,939 billion baht, increasing by 1.9 percent, compared with a 0.4-percent drop in the previous quarter.

Export in US dollar terms increased for the first time in four quarters by 5.3 percent due to the global economic and market prices recovery.

Export value excluding unwrought gold expanded by 11.8 percent.



Export value of agricultural commodities increased by 18.3 percent, improving from a 10.2-percent growth in the previous quarter. The export quantity rose by 8.6 percent following the increases in export volume of rubber and tapioca, and the export price expanded by 8.9 percent in line with the growth in export price of rice, rubber, tapioca, and sugar. **Export value of manufacturing products** increased by 7.8 percent, compared with a 1.8-percent drop in the previous quarter, mainly due to the economic recovery in key trading partners, and the upward trend of the global electronics cycle. **Export value of fishery products** decreased by 8.3 percent as a result of the reduction in export volume, while exports price increased. **Export value of other products** declined by 86.3 percent, mainly due to an 88.3-percent contraction in exports of non-monetary gold.

Export value of agricultural commodities expanded following the growth in exports of rubber and tapioca.

Export value of manufacturing products improved from the same period last year and the previous quarter due to the economic recovery in key trading partners, as well as the upward trend of the global electronics cycle.

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

Export items with increased value included machinery & equipment (17.3 percent) passenger car (13.2 percent), pickup & trucks (44.8 percent), vehicle parts & accessories (17.7), petro-chemical products (23.8 percent), parts of electrical appliances (5.7), integrated circuits & parts (13.9), rubber products (53.1 percent), rubber (38.1 percent), and tapioca (72.5 percent). On the other hand, **Export items with decreased value** included computer parts & accessories (-5.0 percent), petroleum products (-6.0 percent), rice (-21.9 percent), sugar (-47.6 percent), crustaceans (-3.2 percent) and fish (-9.5 percent).

Export Value of Major Product in US Dollar Term

%YoY	2019		2020				2021	Share
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q1/21 (%)
Agriculture	-8.4	-1.2	-10.4	4.6	-7.9	10.2	18.3	7.2
Rice	-25.9	-11.4	-24.9	0.7	-18.3	-0.9	-21.9	1.1
Rubber	-10.0	-14.9	-2.7	-41.0	-35.5	25.4	38.1	2.2
Tapioca	-21.7	5.3	-18.3	0.3	27.9	30.2	72.5	1.4
Fruits	38.4	11.8	-20.8	47.4	-3.3	10.9	16.8	1.0
Manufacturing	-3.9	-8.7	-2.8	-20.6	-10.1	-1.8	7.8	90.2
Food	2.4	-6.3	3.1	-4.6	-8.8	-13.6	-6.4	6.0
Sugar	3.3	-36.4	20.2	-28.0	-49.6	-67.4	-47.6	0.6
Fish, canned, prepared, or preserved	-1.1	5.5	-3.4	17.9	10.1	-2.3	-2.4	1.1
Fruits & vegetables, canned, prepared, or preserved	10.0	4.1	12.5	5.0	7.2	-6.0	-4.0	0.4
Beverages	6.8	-4.2	3.8	-11.1	0.3	-8.8	1.4	1.1
Rubber products	-8.6	23.4	7.2	23.4	34.1	29.8	53.1	3.6
Animal food	4.3	18.7	10.3	24.0	18.0	22.4	27.7	0.9
Electronics	-6.7	1.3	5.2	-6.8	1.6	4.9	10.7	14.8
- Computer	22.0	0.6	11.0	5.8	-14.4	2.6	2.5	0.2
- Computer parts & accessories	-9.4	-2.4	15.0	-9.1	-1.8	-11.4	-5.0	5.3
- Integrated circuits & parts	-8.9	-5.7	-6.3	-5.1	-9.7	-1.8	13.9	3.1
Electrical appliances	1.0	0.2	5.8	-18.8	5.6	9.5	11.1	6.6
- Air conditioning machines	4.4	-3.4	14.8	-28.8	-7.2	11.2	9.5	2.7
- Microwave ovens; other ovens	-14.0	24.6	-6.5	6.7	71.8	30.2	19.6	0.3
- Refrigerators	7.6	7.1	1.1	-12.8	21.9	18.4	19.3	0.9
- Parts of electrical appliances	3.9	2.8	12.6	-4.8	4.7	-0.5	5.7	1.9
Metal & steel	-6.8	-5.2	1.7	-20.0	-8.9	7.1	21.8	5.3
Automotive	-3.1	-17.8	-4.7	-47.8	-19.4	0.4	21.2	17.3
- Passenger car	-7.6	-18.6	-7.3	-44.7	-22.9	0.5	13.2	4.4
- Pick up and trucks	-3.8	-32.5	-21.2	-67.1	-29.5	-10.9	44.8	3.9
- Vehicle parts & accessories	-0.7	-13.6	0.7	-45.0	-16.0	6.1	17.7	7.6
Machinery & equipment	-6.2	-8.2	-8.5	-23.4	-9.6	9.3	17.3	8.9
Chemicals	-17.7	-10.9	-14.8	-20.4	-6.7	-0.6	16.6	3.1
Petro-chemical products	-8.7	-10.3	-10.7	-18.9	-11.7	0.5	23.8	5.6
Petroleum products	-22.0	-26.7	-4.5	-42.9	-32.4	-27.3	-6.0	2.7
Fishery	-6.5	-15.2	-6.7	-12.7	-19.8	-19.9	-8.3	0.5
Crustaceans	-6.3	-21.6	-13.8	-15.3	-27.1	-26.8	-3.2	0.3
Fish	-6.4	-3.0	2.3	9.4	-11.0	-10.8	-9.5	0.2
Other Exports	80.3	58.7	212.1	68.5	27.3	-38.0	-86.3	0.9
Non-monetary gold (excl. articles of goldsmiths)	84.9	62.3	223.0	73.3	28.8	-37.5	-88.3	0.7
Total Exports (Customs basis)	-2.6	-6.0	1.0	-15.2	-7.8	-2.0	2.3	100.0
Exports, f.o.b. (BOP basis)	-3.3	-6.6	1.3	-17.7	-8.2	-1.5	5.3	99.8
Export Value (exclude gold)	-5.0	-9.0	-3.3	-21.3	-10.5	-0.9	11.8	99.1

Source: Bank of Thailand

Export markets: exports to the main market increased, while exports to ASEAN (9) and the Middle East (15) contracted at a slower pace. Exports to the US continually increased by 12.5 percent, following the export growth of rubber products, motor cars, parts and accessories, and air conditioning machine and parts thereof. Exports to China expanded by 20.6 percent, mainly due to the increases in exports of tapioca products, polymers of ethylene, and automatic data processing machines and parts. Exports to Japan expanded by 6.2 percent, following the increases in exports of motor cars, parts & accessories, machinery and parts, and automatic data processing machines and parts. Exports to EU (27) excluding UK rose by 10.7 percent following the growth in exports of automatic data processing machines and parts, motor cars, parts & accessories, and air conditioning machine and parts. Exports to Australia expanded by 19.8 percent, supported by the growth in exports of motor cars, parts & accessories, air conditioning machine and parts, and rubber products. However, exports to ASEAN (9) decreased by 5.5 percent, improving from a 13.6-percent drop in the previous quarter as a result of the contraction in exports of refined fuels, air conditioning machine and parts, and beverages. Exports to ASEAN (5) declined by 10.2 percent, while exports to CLMV increased by 0.6 percent (Exports to Vietnam and Laos rose by 12.9 percent and 15.2 percent, respectively whereas exports to Myanmar and Cambodia dropped by 18.5 percent and 12.6 percent, respectively). In addition, exports to the Middle East (15) decreased by 4.5 percent, mainly due to the reduction in exports of motor cars, parts & accessories, prepared or preserved fish, crustaceans, molluscs in airtight, and air conditioning machine.

Exports to the main market increased, while exports to ASEAN (9) and the Middle East (15) contracted at a slower pace.

Export Value to Key Markets in US Dollar Term

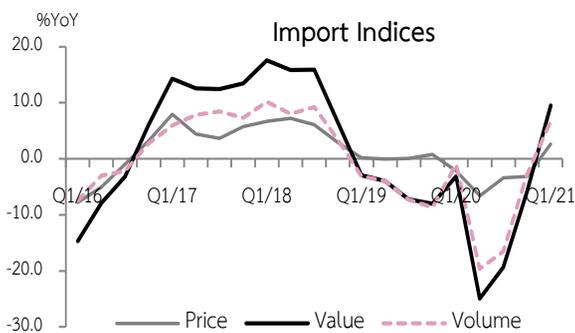
%YOY	2019		2020				2021	Share Q1/21 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Total Exports (Mil US\$) (Customs basis)	246,269	231,468	62,725	51,698	58,653	58,392	64,148	100.0
(%YoY)	-2.6	-6.0	1.0	-15.2	-7.8	-2.0	2.3	
United States	11.8	9.6	-2.6	8.9	17.6	16.0	12.5	15.0
Japan	-1.7	-6.7	-5.5	-13.5	-12.2	4.2	6.2	10.0
EU (15)	-6.0	-10.6	-2.3	-28.0	-10.5	-1.8	10.7	8.6
EU (27) excluding UK	-5.4	-19.8	-8.0	-41.6	-19.4	-9.9	-9.0	1.4
United Kingdom	-3.8	2.0	-0.9	12.1	-0.2	-2.6	20.6	12.5
ASEAN (9)	-8.3	-11.7	4.2	-22.4	-14.9	-13.6	-5.5	23.9
- ASEAN (5)*	-9.8	-12.2	5.3	-19.7	-19.0	-15.0	-10.2	12.9
- CLMV**	-6.3	-11.1	2.8	-25.9	-9.2	-12.0	0.6	11.0
Middle East (15)	0.4	-13.3	2.8	-19.7	-24.2	-13.0	-4.5	3.4
Australia	-5.1	-3.9	-2.3	-15.9	-8.9	14.8	19.8	4.6
Hong Kong	-3.8	-3.6	12.3	-8.6	-13.9	-2.0	-19.3	3.9
India	-6.5	-25.2	-11.4	-67.2	-21.6	9.0	8.0	3.0
South Korea	-4.3	-10.3	-4.9	-25.3	-7.1	-0.7	19.5	2.1
Taiwan	0.9	-5.6	13.5	-11.9	-14.7	-5.8	9.8	1.7

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

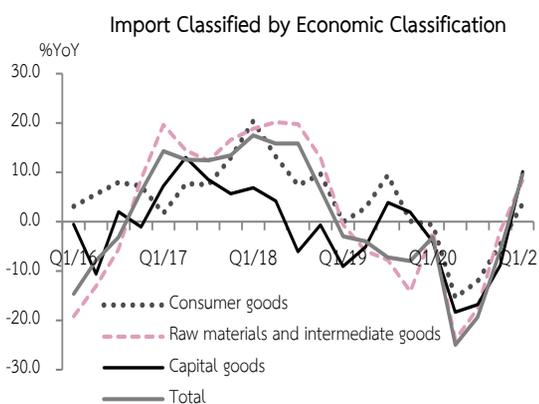
Source: Bank of Thailand

Import value in US dollar term was recorded at 56.6 billion US dollars, increasing for the first time in nine quarters by 9.5 percent, compared with a 5.9-percent decrease in the previous quarter associated with recoveries of exports and private investment. Import quantity rose by 6.7 percent, compared with a 2.8-percent decline in the previous quarter associated with the increase in import quantity of consumer goods and capital goods which expanded by 0.7 percent and 8.5 percent, respectively. However, raw materials & intermediate goods decreased by 0.6 percent. The price of imports increased by 2.6 percent, compared with a 3.2-percent drop in the previous quarter. Import value excluding unwrought gold expanded by 5.1 percent. In Thai Baht term, the import value was recorded at 1,715 billion Baht, increased by 6.0 percent compared with a 4.9-percent decline in the previous quarter.

Import value in US dollar terms increased by 9.5 percent, compared with a 5.9-percent decline in the previous quarter, associated with recoveries of exports and private investment.



Source: Bank of Thailand



By categories, import value of raw materials and intermediate goods, capital goods, consumer goods, and other imports increased. **Import value of consumer goods** rose by 3.7 percent compared with a 4.6-percent fall in the previous quarter. Import quantity increased by 0.7 percent and import price increased by 2.9 percent. **Import value of raw materials and intermediate goods** expanded by 8.3 percent compared with a 2.0-percent decline in the previous quarter, following the 0.6-percent decline of import quantity and 9.0-percent increase of import price. **Import value of capital goods** grew by 10.1 percent compared with a decrease in the previous quarter by 8.9 percent. Import quantity and import price expanded by 8.5 percent and 1.5 percent, respectively. **Import value of other goods** rose by 18.1 percent, compared with a 3.3-percent decline in the previous quarter, following the 135.5-percent and 9.5-percent expansion in non-monetary gold (excluding articles of golds) and automotive, respectively.

Import Value of Major Product in US Dollar Term

%YoY	2019		2020				2021	Share Q1/21 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Consumer goods	3.0	-8.2	-0.6	-15.4	-12.1	-4.6	3.7	10.4
Animal & fishery products	5.2	4.0	11.1	-0.3	1.4	4.0	1.0	2.5
Food, beverage & dairy products	-4.1	-8.9	-12.5	-25.7	-8.5	13.9	13.5	1.6
Medicinal and pharmaceutical products	-4.3	-0.4	0.8	8.9	-1.0	-10.0	3.5	1.2
Textiles	3.5	-13.6	-2.0	-22.6	-17.6	-12.4	4.2	1.1
Raw materials and intermediate goods	-7.2	-11.6	-2.0	-23.9	-17.6	-2.0	8.3	54.8
Parts of electronics and electrical appliances	-5.9	1.6	1.4	-3.2	-0.03	8.2	13.8	13.2
Materials of base metal	-6.1	-16.6	-6.3	-27.1	-27.2	-4.2	26.3	9.5
Crude oil	-21.2	-20.0	3.3	-52.8	-28.1	2.2	-13.7	8.4
Chemicals	-8.0	-4.7	-3.7	-10.5	-12.8	10.2	18.8	6.0
Plastics	-5.5	-7.3	-2.6	-7.6	-19.9	1.6	17.8	3.8
Petroleum products	7.8	-41.6	-12.9	-63.8	-29.4	-53.2	6.3	2.3
Capital goods	-2.2	-12.0	-4.1	-18.3	-16.8	-8.9	10.1	22.0
Other machinery and mechanical appliances & parts	2.1	-11.7	0.7	-21.0	-18.7	-7.7	1.2	8.3
Telecommunications equipment	-9.4	-4.6	-12.3	-1.4	7.4	-9.2	40.4	4.0
Transformers, generators, motors and accumulators	-8.7	-4.7	-4.4	-13.0	-13.9	13.0	19.6	1.9
Measuring, checking and precision instruments	8.8	-16.5	-13.8	-31.2	-25.1	5.7	10.8	1.5
Computer	12.0	-1.6	-14.1	8.1	-1.6	-0.6	44.9	1.0
Office automations & parts (excl. computer)	0.2	2.6	-12.8	-21.3	13.1	32.5	25.5	0.5
Other Imports	-5.6	-21.5	-6.4	-45.9	-35.7	-3.3	18.1	12.8
Non-monetary gold (excl. articles of goldsmiths)	-33.4	-33.3	17.5	-76.1	-60.8	-4.1	135.5	6.4
Automotive	3.9	-22.8	-5.5	-39.3	-37.4	-10.0	9.5	5.0
Total Imports (Customs basis)	-4.8	-12.4	-2.9	-23.8	-18.6	-4.2	9.4	100.0
Total Imports, f.o.b. (BOP basis)	-5.6	-13.5	-3.1	-25.0	-19.4	-5.9	9.5	89.0
Import Value (exclude gold)	-4.1	-12.7	-3.7	-23.1	-17.8	-6.0	5.1	82.6
Import Value (in Thai Baht Term)	-9.3	-12.9	-4.2	-24.1	-17.8	-4.9	6.0	89.0

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices	2019					2020					2021
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	2.2	-0.2	2.4	8.2	-1.3	-9.4	-2.1	-16.2	-13.1	-6.2	0.7
Raw materials and intermediate goods	-5.9	-1.0	-5.4	-4.6	-12.6	-6.3	2.1	-14.2	-13.4	1.1	-0.6
Capital goods	-3.2	-9.0	-5.4	2.1	-0.3	-13.1	-5.7	-19.4	-17.5	-9.8	8.5
Total Imports	-5.8	-3.1	-3.9	-7.3	-8.7	-10.1	-1.0	-19.6	-16.5	-2.8	6.7

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices	2019					2020					2021
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	0.8	0.1	0.4	1.1	1.5	1.3	1.5	1.0	1.1	1.7	2.9
Raw materials and intermediate goods	-1.3	0.4	-0.6	-3.3	-1.8	-5.8	-4.0	-11.3	-4.9	-3.0	9.0
Capital goods	1.1	-0.1	0.3	1.7	2.3	1.2	1.7	1.3	0.9	1.0	1.5
Total Imports	0.3	0.2	-0.03	0.1	0.8	-3.8	-2.1	-6.6	-3.4	-3.2	2.6

Source: Bank of Thailand

Import major items with increased value included food, beverage & dairy products (13.5 percent), animal & fishery products (1.0 percent), medicinal and pharmaceutical products (3.5 percent), parts of electronics and electrical appliances (13.8 percent), materials of base metal (26.3 percent), chemicals (18.8 percent), plastics (17.8 percent), other machinery and mechanical appliances & parts (1.2 percent), telecommunication equipment (40.4 percent), transformers, generators, motors and accumulators (19.6 percent), measuring, checking, and precision instruments (10.8 percent), and computer (44.9 percent), non-monetary gold (excl. articles of golds) (135.5 percent), and automotive (9.5 percent). On the other hand, **import items with decreased value** included crude oil (13.7 percent), and natural gas (-31.3 percent).

Term of trade decreased from the same period last year, as import price grew by 2.6 percent faster than the growth of export price by 2.1 percent. Thus, the term of trade fell from 109.1 in the same quarter last year to 108.6 in the first quarter of 2021.

Term of trade

%YoY	2019		2020				2021
	Year	Year	Q1	Q2	Q3	Q4	Q1
Term of trade*	106.7	110.2	109.1	111.9	109.7	110.0	108.6
%YOY	0.1	3.2	1.8	4.9	2.8	3.3	-0.5

Note : *Term of trade : TOT represents the ratio between a country's export prices and its import prices. When Term of trade improves, it refers to a country that gains benefit from international trade due to export prices higher than import prices.

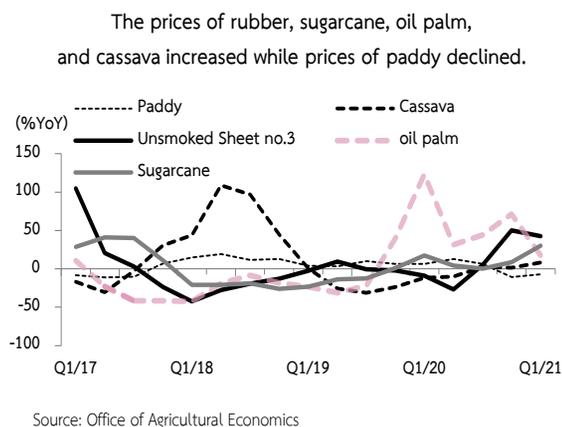
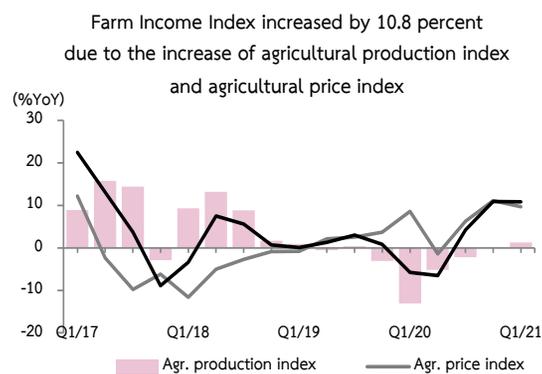
Source: Bank of Thailand

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

Trade balance recorded a surplus of 7.4 billion US dollars (equivalent to 224.3 billion Baht) lower than a surplus of 8.2 billion US dollars (equivalent to 252.6 billion Baht) in the previous quarter and a surplus of 9.1 billion US dollars (equivalent to 286.7 billion Baht) in the same quarter last year.

Production Side:

Agricultural sector continued to increase for the two consecutive quarters by 1.9 percent improving from a 0.4-percent growth in the previous quarter. The expansion mainly supported by favorable weather conditions, and the sufficient water supply for crops. This was in line with 1.3-percent expansion of **Agricultural Production Index**. Major agricultural products with production expansion included: (i) **paddy** (8.8 percent), mainly due to the sufficient rainfall, (ii) **fruits** (7.9 percent), due to the favorable weather condition as well as the higher in price such as durians that caused farmers to harvest in this quarter, and the expansion of durian and logan planting areas in the last few years that begin to yield this year, (iii) **maize** (21.4 percent), due to the higher price last year that caused farmers to increase planting areas, (iv) **swine** (3.0 percent), due to the well-organized swine disease prevention practices in farm and price incentive, and (v) **cassava** (5.5 percent), owing to higher planting areas as a result of a higher demand of cassava and effective control of cassava diseases (cassava mosaic disease). On the other hand, major agricultural products with production contraction included **sugarcane** (-9.7 percent), **white shrimp** (-13.2 percent), and **palm oil** (-7.3 percent), etc. **Agricultural Price Index** rose by 9.7 percent, regarding the third consecutive quarter of expansion, following price increases of main agricultural products such as **rubber** (42.7 percent) caused by the higher domestic and foreign demands, as well as higher crude oil price in the world market, **fruits** (13.8 percent), owing to the surge in domestic and foreign demands particularly durians, **sugarcane** (30.4 percent), as a result of inadequate production for domestic demand, combined with a high quality of Commercial Cane Sugar (CCS), **swine** (9.6 percent) owing to the surge in domestic demands, and **oil palm** (17.5 percent), as a result of falling in oil palm products and constant declining of domestic crude palm oil stock, In contrast, major agricultural price index with the contraction included **paddy** (-7.2 percent), **poultry** (-11.1 percent), and **egg** (-0.7 percent). Rising in both agricultural production index and agricultural price index, thus led to overall increase for the third consecutive quarter in **Farm Income Index** by 10.8 percent.



Manufacturing sector expanded for the first time in seven quarters by 0.7 percent, improving from a drop of 0.7 percent in the previous quarter. This was in line with the recoveries of export and private investment expansion, and the Manufacturing Production Index which rose by 0.3 percent for the first time in nine quarters. Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production) expanded by 1.4 percent, improving from a 1.5-percent contraction in the previous quarter. This was mainly caused by manufacture of basic iron and steel, prepared animal feeds, and fertilizers and nitrogen compounds, with an increase of 14.7 percent, 9.5 percent, and 13.1 percent, respectively. However, manufacture of articles of concrete, cement and plaster continued to decline for the third consecutive quarter by 5.2 percent. Manufacturing Production Index of the industries (with export share of more than 60 percent to total production) slightly expanded for the first time in ten quarters by 0.6 percent, compared with a 4.5-percent decline in the previous quarter. Manufacture of furniture rose by 29.3 percent, improving from a 13.2-percent expansion in the previous quarter. Manufacture of electronic components and boards grew by 5.4 percent and manufacture of computers and peripheral equipment increased by 6.5 percent. Meanwhile,

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

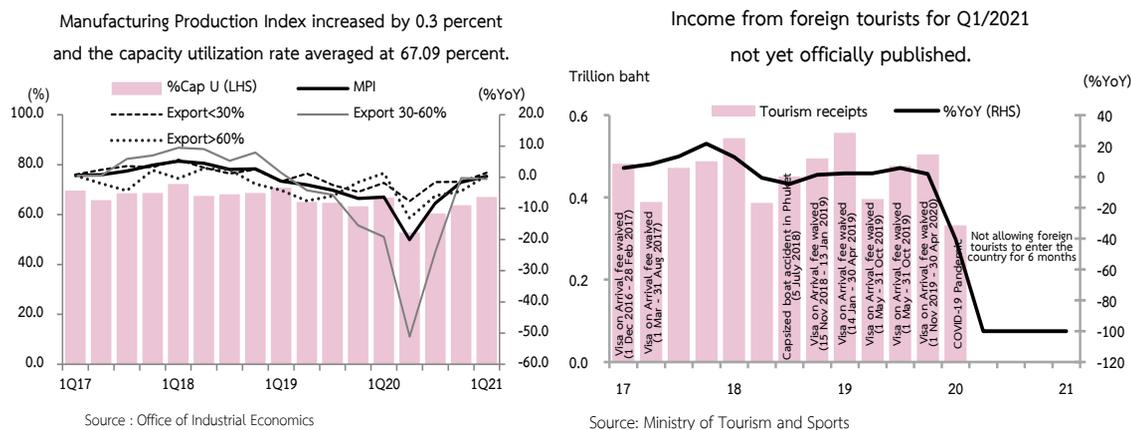
Agricultural sector continued to increase for the second consecutive quarter, additionally, manufacturing sector returned to grow for the first time in seven quarters and construction sector showed a high growth rate. Meanwhile, transportation and storage sector, electricity, gas, stream, and air conditioning supply sectors, and wholesale and retail trade; repair of motor vehicles and motorcycles sector declined but at a slower rate. However accommodation and food service sector continued to decline sharply

Agricultural sector continued to increase for the two consecutive quarters by 1.9 percent, owing to favorable water supply and weather condition. The increase in price of key agricultural products thus led to overall Farm Income Index increased for three consecutive quarters.

manufacture of wearing apparel, except tailoring and dress marking, continued to decrease for the five consecutive quarters by 17.5 percent. **Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production)** continued to decrease for eight consecutive quarters by 0.5 percent. The contraction was caused by the decrease of manufacture of refined petroleum products by 13.9 percent. However, manufacture of plastics and synthetic rubber in primary forms, manufacture of motor vehicles and manufacture of domestic appliance expanded by 10.9 percent, 2.7 percent, and 14.5 percent, respectively. **The average capacity utilization rate** in this quarter was at 67.09 percent, increasing from 63.77 percent in the previous quarter, and higher than 66.94 percent in the same quarter last year. **The top 5 industries with the highest capacity utilization rate** consisted of manufacture of plastics and synthetic rubber in primary forms (99.36 percent), parts and accessories for motor vehicles (88.90 percent), and sugar (86.42 percent) pulp, paper and paperboard (83.81 percent) and slaughtering and packing of poultry (83.13 percent), respectively.

Manufacturing production index with positive growth including basic iron and steel (14.7 percent), furniture (29.3 percent), plastics and synthetic rubber in primary forms (10.9 percent), motor vehicles (2.7 percent), electronic components and boards (5.4 percent), prepared animal feeds (9.5 percent), computers and peripheral equipment (6.5 percent), domestic appliances (14.5 percent), sugar (6.8 percent), and motorcycle (12.9 percent).

Manufacturing production index with negative growth including refined petroleum products (-13.9 percent), wearing and apparel, except tailoring and dressmaking (-17.5 percent) weaving of textiles (-17.2 percent), other general-purpose machinery (-6.6 percent), articles of concrete, cement and plaster (-5.2 percent), malt liquors and malt (-11.8 percent), plastics articles for the packaging of goods (-5.7 percent), processing and preserving of fruit and vegetables (-6.6 percent), preparation and spinning of textile fibres (-15.5 percent), pharmaceuticals, medicinal chemical and botanical products (-8.4 percent).



Accommodation and food service activities sector continued to decrease for five consecutive quarters by 35.0 percent, comparing with a 35.2-percent decrease in the previous quarter, following the contraction in number of foreign tourists and the impacts on domestic tourism due to the new wave of COVID-19 infections. In this quarter, the number of foreign tourists stood at 20,172 persons (included the tourists from the Thailand Privilege Card), decreasing by 99.7 percent, compared with a 99.9-percent decline in the previous quarter, as a result of the implementation of the Thailand Special Tourist Visa (STV) for foreign tourists. **Thai tourism receipts recorded at 0.093 trillion Baht,** declining by 51.0 percent compared to a 45.1-percent drop in the previous quarter which were caused by the new wave of COVID-19 infections. **The Average Occupancy Rate** was at 16.15 percent, dropped from 32.49 percent in the previous quarter and lower than 52.40 percent in the same period last year.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector declined by 2.1 percent, gradually improving from a 3.1-percent contraction in the previous quarter. This was in line with the recovery of the production activities, including agricultural sector, manufacturing sector and export sector. Additionally, this was consistent with the contraction in **Wholesale and Retail Sales, and Repair of Motor Vehicles Index** of 2.0 percent, improving from a 3.1-percent drop in the previous quarter. **Retail Sales Index (except motor vehicles and motorcycles)** decreased by 6.0 percent, improving from a 7.0-percent decrease in the previous quarter. Retail sales of other household goods (i.e. construction material supplies) declined by 7.9 percent, improving from an 11.0-percent contraction in the previous quarter, together with a 7.3-percent decline in retail sales of automotive fuel, improving from a 14.4-percent drop in the previous quarter. Meanwhile, retail sale of other goods in specialized stores decreased by 5.9 percent. **Wholesales Index (except motor vehicles and motorcycles) dropped by 2.1**

Manufacturing sector expanded for the first time in seven quarters by 0.7 percent, following the expansion of the domestic-oriented industries and export-oriented industries. While the industries with 30-60 percent export continued to decline for the eighth quarter.

The average capacity utilization rate stood at 67.09 percent, an increase from 63.77 percent in the previous quarter, and higher than 66.94 percent in the same quarter of the previous year.

Accommodation and food service activities sector continued to decrease for five consecutive quarters by 35.0 percent, comparing with a 35.2-percent decrease in the previous quarter, following the contraction in number of foreign tourists and domestic tourism.

Average occupancy rate was at 16.15 percent, dropped from 32.49 percent in the previous quarter and lower than 52.40 percent in the same period last year.

Wholesale and retail trade sector continued to decrease for four consecutive quarters by 2.1 percent, less than a drop of 3.1 percent in the previous quarter, in line with expansion of the production in agricultural sector, manufacturing sector, and export sector.

percent, improving from a 2.3-percent decrease in the previous quarter. Wholesale of household goods (i.e. watches, clocks and jewelry) improving from a 6.8-percent contraction in the previous quarter. On the other hand, other specialized decreased by 5.8 percent wholesale (i.e. industrial chemicals) increased by 7.5 percent. **Wholesale and Retail Sales, and Repair of Motor Vehicles Index increased for two consecutive quarters by 7.7 percent**, accelerating from a 3.0-percent growth in the previous quarter. This was mainly driven by a 24.8-percent growth in sale of motor vehicle parts and accessories, and a 1.6-percent growth in sale of motor vehicles.

Transportation and storage sector continued to decrease by 17.7 percent, compared with a 21.1-percent decrease in the previous quarter, following the decline of transport services, which was affected by the COVID-19 especially in air transport services. In this quarter, transport services declined by 19.9 percent, improving from a drop of 23.9 percent in the previous quarter. This was attributed to (i) 61.9-percent decline in air transport services, (ii) 11.0-percent decline in land and tube transport services, and (iii) 3.2-percent decline in water transport services. Besides, shipping support services dropped by 18.7 percent, compared with a 22.1-percent drop in the previous quarter. However, postal services continued to increase by 25.9 percent, from a 27.2-percent increase in the previous quarter, in line with higher entrepreneur revenues.

Electricity, gas, stream, and air conditioning supply sectors continued to decrease by 9.1 percent, comparing with a 13.3-percent decline in the previous quarter. This was in accordance with the economic activities affected by the COVID-19 outbreak and the average temperature drop. (i) electricity production activity fell by 9.5 percent, compared with a 13.0-percent drop in the previous quarter, following the decline in the amount of household electricity consumption due to the lower average temperature in this quarter than that of the same period last year. This was in line with the continued decline in the amount of electricity demand in the business sector which as affected by the COVID-19 outbreak. However, electricity consumption in the industrial sector continued to expand for the second quarter, in accordance with an increase in the average capacity utilization rate in key industries including manufacture of plastics and synthetic rubber in primary forms and manufacture of sugar. (ii) gas separation activity decreased by 0.7 percent compared to an 8.0-percent drop in the previous quarter, due to slower decline in the amount of gas delivered to gas separation plants and the demand for natural gas as a fuel in the power generation and transportation sectors than that of the previous quarter.

Construction sector grew by 12.7 percent, improving from a 0.3-percent drop in the previous quarter, following the surge of public construction, and the slower decline of private construction. **Public construction** increased by 23.1 percent, accelerating from a 2.9-percent expansion in the previous quarter. (Government construction rose 39.9 percent, accelerating from 19.0 percent expansion in the previous quarter. State enterprise construction expanded by 2.2 percent, improving from a 19.4 percent decline in the previous quarter). However, **private construction** declined by 0.4 percent, but lower than a 3.8-percent drop in the previous quarter, as a result of the falling in construction of residential buildings and non-residential buildings (such as commercial buildings and factory buildings). Meanwhile, the construction in the service and transportation category and other construction continued to expand from the previous quarter. **Construction Material Price Index** continued to rise by 3.2 percent growing for two consecutive quarters owing to an increase in the steel price index (14.8 percent), and floor tiles and ceramic plates price index (0.2 percent).

Employment continued to increase for the third quarter, following the continued increase of employment in the agricultural sector, whereas employment in the non-agricultural sector decreased. The unemployment rate rose slightly from the previous quarter and remained at a higher level than the same quarter of the previous year. In the first quarter of 2021, employment increased by 0.4 percent. **Agricultural sector employment** (shared 29.46 percent) increased by 2.8 percent. This was a continuous increase for the second quarter in line with the increase some major agricultural products such as paddy and maize. Nevertheless, **non-agricultural employment** (shared 70.54 percent) decreased by 0.5 percent following the decline of employment in the manufacturing production sector (-2.1 percent), wholesale, retail, and automotive repair sector (-0.9 percent), and accommodation and food service sector (-0.2 percent). However, employment in the construction sector continued to increase by 4.5 percent, rising for the third consecutive quarter. **The unemployment rate** in this quarter was 2.0 percent, a slight increase compared with 1.9 percent in the previous quarter and higher than the unemployment rate at 1.0 percent in the same quarter of the previous year. **The average number of unemployed** was at 7.6 hundred thousand people, compared with 3.9 hundred thousand people in the same quarter of last year.

Transportation and storage sector continued to decrease for four consecutive quarters by 17.7 percent, following a contraction in transport services, which were affected by the COVID-19 pandemic especially in air transport services.

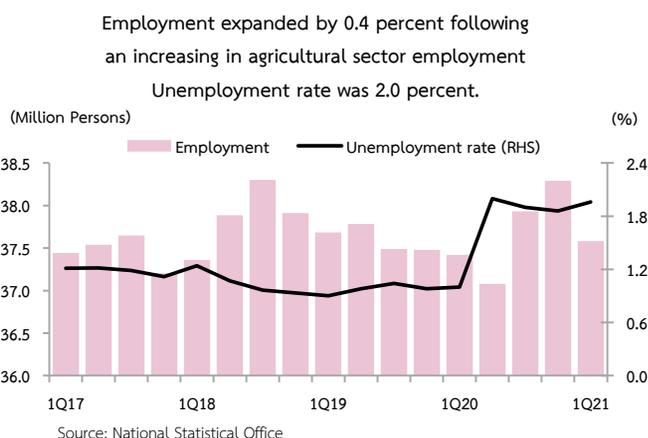
Electricity, gas, stream, and air conditioning supply sector continued to decline for four consecutive quarters by 9.1 percent following a decline in electricity production and gas separation plant activities which was affected by a new wave of COVID-19 outbreaks and the decline in average temperature.

The construction sector showed a high growth rate of 12.7 percent, due to acceleration of public construction, owing to an expansion in both government and state enterprise construction.

Private construction continued to decline but improved compared to the previous quarter.

Employment continued to increase for the third quarter, following the continued increase of employment in the agricultural sector, whereas the non-agricultural sector employment decreased for the first time in there quarters period.

The unemployment rate was 2.0 percent, a slight increase from the previous quarter and higher than the same quarter previous year.



Employed Persons by Industry

%YOY	Share Q1/21	2019		2020				2021
		Year	Year	Q1	Q2	Q3	Q4	Q1
Employed	100.00	-0.7	0.2	-0.7	-1.9	1.2	2.2	0.4
- Agriculture	29.46	-2.9	-0.2	-3.7	-0.3	-0.1	3.4	2.8
- Non-Agriculture	70.54	0.4	0.4	0.5	-2.5	1.8	1.6	-0.5
Manufacturing	16.26	-2.1	-2.3	-1.4	-4.4	-1.4	-2.4	-2.1
Construction	6.44	3.7	1.9	-0.2	-6.3	6.6	9.0	4.5
Wholesale and retail trade; repair of motor vehicles	16.74	-0.5	0.5	-1.1	-1.0	4.6	-0.2	-0.9
Accommodation and food service activities	7.74	0.8	0.9	3.7	-2.8	-0.4	2.4	-0.2
Total labor force (Million persons)		38.2	38.6	38.2	38.2	38.7	39.1	38.8
Employed (Million persons)		37.6	37.7	37.4	37.1	37.9	38.3	37.6
Unemployment (Hundred thousand persons)		0.37	0.65	0.39	0.75	0.74	0.73	0.76
Unemployment Rate (%)		1.0	1.7	1.0	2.0	1.9	1.9	2.0

Source : National Statistical Office (NSO)

Fiscal Conditions:

On the revenue side, in the second quarter of the fiscal year 2021 (January - March 2021), the net government revenue collection stood at 491,755.5 million Baht, decreased by 8.0 percent compared with the same quarter last year. On the account of the **Revenue Department**, revenue collection decreased by 7.3 percent compared with the same quarter last year as a result of a slowdown in economic activities, as well as the implementation of financial and fiscal measures to alleviate burdens for citizens and entrepreneurs affected by the COVID-19 pandemic. In details, key economic stimulus measures affecting the government revenue collection in this quarter included: (i) an extension of the due date for e-filing and e-payment of personal income tax from 31st March 2021 to 30th June 2021; (ii) an extension of deadlines for e-filing and e-payment of VAT and withholding tax originally set for the 7th of each month and within 7 days after the payments are postponed to the end date of each month; (iii) other tax and fee measures which were implemented in order to mitigate tax burdens and enhance liquidity for citizens and entrepreneurs, such as, “Shop Dee Mee Kuen” spending stipulate program, health insurance premiums tax-deductible program, and a variety of soft loan schemes aiming at enhancing liquidity for citizens and entrepreneurs who were either directly or indirectly affected by the COVID-19 pandemic.

On the account of the **Excise Department**, revenue collection declined by 10 percent compared with the same quarter last year following a decrease in tax revenue collection on all key items due to limitations regarding travel and social gathering activities, the reduction of excise tax on jet fuel from 4.726 Baht per litre to 0.20 Baht per litre, and the high base from acceleration of tobacco excise tax payment during the same period last year as the entrepreneurs concerned about the temporary closure of government services after the announcement of the Emergency Decree on Public Administration in Emergency Situations.

Revenue submission from the **state-owned enterprises (SOEs)** decreased by 40.7 percent compared with the same quarter last year since the majority of SOEs business operations were affected by the COVID-19, especially the large SOEs obligated to submit the 2020 interim revenue, including, Airports of Thailand Public Company Limited (AOT), Electronic Generating Authority of Thailand (EGAT), Metropolitan Electronic Authority (MEA), PPT Public Limited Company (PTT), and the Provincial Electricity Authority (PEA).

In Q2/FY2021, the net government revenue collection decreased following a decline in revenue collected by the Revenue Department and the Excise Department, and a decline in revenue submission by state-owned enterprises.

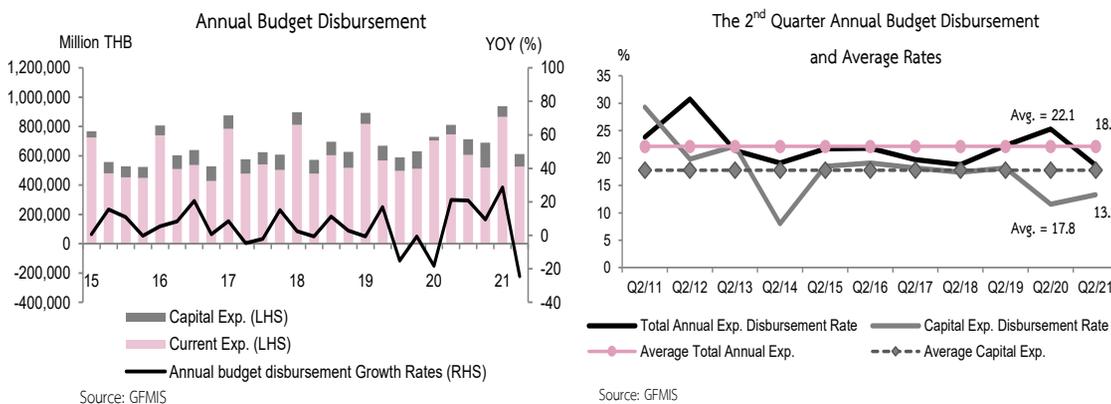
For the first half of the fiscal year 2021, the net government revenue collection stood at 1,018,711.9 million Baht, decreasing by 10.8 percent from same period last year, and was 10.7 percent lower than the revenue estimation stated in the 2021 Budget Bill. In details, revenue collection of the Revenue Department and the Excise Department were lower than the estimation by 9.4 percent and 8.3 percent, respectively. Meanwhile, the revenue submission from SOEs was lower than the estimation by 42.3 percent.

On the expenditure side, the total budget disbursement in the second quarter of fiscal year 2021 was at 954,625.6 million Baht¹, increasing by 4.2 percent from the same quarter of FY2020 in which current and capital expenditure disbursements increased by 2.0 percent and 15.3 percent, respectively.

Classified by sources of funds, the government disbursements were as follows:(i) **The 2021 annual budget disbursement** stood at 612,993.1 million Baht, decreasing from the same quarter last year by 24.4 percent. The disbursement rate was at 18.7 percent, lower than 25.3 percent in the same quarter last year due to the acceleration of budget disbursements after the announcement of 2020 Annual Budget Bill.

In details, the current expenditure disbursement amounted to 526,486.0 million Baht, declining by 29.5 percent compared with the same quarter in FY2020. The disbursement rate was at 20.0 percent, lower than the rate of 28.2 percent in the same quarter of last year. In this quarter, current expenditure categories with significant decline included (i) other expenses, (ii) specific subsidies, and (iii) general subsidies.

The capital expenditure disbursement marked at 86,507.1 million Baht, rising by 34.3 percent compared with the same quarter of last year. The rate of disbursement was at 13.3 percent, higher than the rate of 11.6 percent in the same quarter of last year, mainly due to an acceleration of disbursement in the (i) land and construction, (ii) equipment, (iii) investment budget, and (iv) specific subsidies category.



(ii) **The carry-over budget disbursement** stood at 54,017.1 million Baht, decreasing from the second quarter of FY2020 by 14.0 percent. The disbursement rate was at 25.0 percent, greater than the rate of 23.9 percent in the same quarter last year; (iii) **State-owned enterprises' capital expenditure budget** (excluding PTT) stood at 49,023 million Baht², increasing from the same period of last year by 9.2 percent mainly due to the adjustment of investment plan of the State Railway of Thailand (SRT) and Provincial Electricity Authority (PEA); finally, (iv) **The 1-trillion-Baht COVID-19 loan**³ was disbursed by 242,803.4 million Baht.

For the first half of the Fiscal Year 2021, the total budget disbursement was at 2,117,200.1 million Baht, increasing by 18.1 percent from the same period of 2020, with the allowing details. (i) **The 2021 annual budget disbursement** of 1,551,426.6 million Baht, the disbursement rate was 47.2 percent, lower than 48.1 percent in the same period of last year. In detail, disbursement rate of current expenditure was at 52.8 percent, lower than the rate of 54.8 percent in the same period of last year, and disbursement rate of capital expenditure was at 24.6 percent, greater than the rate of 16.3 percent in the same period of last year. (ii) **The disbursement of the carry-over budget** stood at 133,915.9 million Baht, equivalent to the disbursement rate of 62.1 percent. (iii) **State-owned enterprises' capital expenditure budget (excluding PTT)** was disbursed by 135,952.6 million Baht⁴. (iv) **The 1-trillion-Baht COVID-19 loan** was disbursed by 303,489.6 million Baht.

For the first half of FY2021, the net government revenue collection was 10.8 percent lower than in the same period last year, and 10.7 lower than the estimation stated in the 2021 Budget Bill.

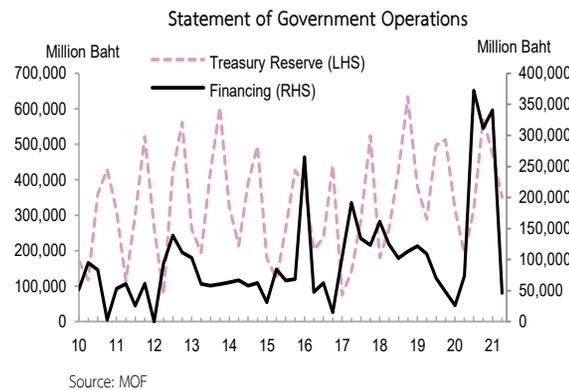
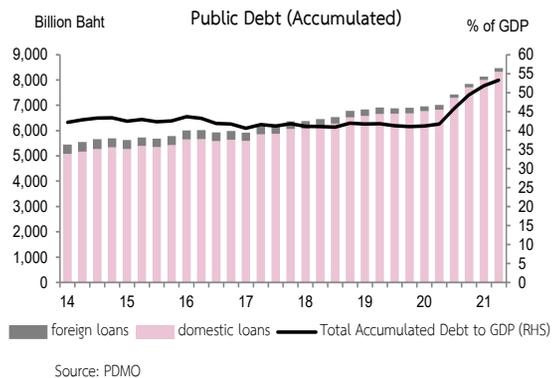
In Q2/2021, the total budget disbursement expanded by 4.2 percent following increases in capital expenditure disbursement from 2021 annual budget, the SOEs capital expenditure budget disbursement, and a disbursement of the 1-trillion-Baht COVID-19 loan.

The annual budget disbursement rate in the second quarter of FY2021 was at 18.7 percent (the rates of the current expenditure disbursement and the capital expenditure disbursement were at 20.0 percent and 13.3 percent respectively).

In H1/2021, the total budget disbursement expanded by 18.1 percent following an increase in disbursements of the 2021 annual budget, the SOEs capital expenditure budget disbursement, and the 1-trillion-Baht COVID-19 loan.

The disbursement rate of the annual budget in the first half of FY2021 was at 47.2 percent (the disbursement rates of current and capital expenditure were at 52.8 percent and 24.6 percent, respectively).

¹ The total budget disbursement means the disbursement of (i) the grand total of annual budget, (ii) the carry-over budget, (iii) state-owned enterprises' capital expenditure budget, and (iv) the 1-trillion-Baht COVID-19 loan.
² The number was included the 4,211.0 million Baht of the capital spending allocated from the annual budget.
³ Loan 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)
⁴ The number was included the 7,584.5 million Baht of the capital spending allocated from the annual budget.



Public Debt: at the end of March 2021, public debt was accumulated at 8.5 trillion Baht, equivalent to 53.3 percent of GDP. The total public debt comprised 8.3 trillion Baht of domestic loans (52.4 percent of GDP) and 151,975.4 million Baht of foreign loans (1.0 percent of GDP).

The distribution of public debt was detailed as follows: 7,380.1 billion Baht in government debt, 799.1 billion Baht in SOEs (non-financial institute) debt, 285.4 billion Baht in SOEs (financial institute) debt, and 7,624.4 million Baht in debt of other government agencies, which were accounted for 87.1 percent, 9.4 percent, 3.4 percent, and 0.1 percent of the total public debt, respectively.

Fiscal Balance: in the second quarter of fiscal year 2021, the budgetary balance recorded a deficit of 181.4 billion Baht whereas non-budgetary balance recorded a surplus of 13.8 billion Baht, respectively. In the meantime, the government conducted a cash balance management through a borrowing of 46.0 billion Baht. Therefore, the cash balance after debt financing recorded a net deficit of 121.6 billion Baht. As a result, at the end of the second quarter of fiscal year 2021, the treasury reserve stood at 351.4 billion Baht.

Financial Conditions:

In the first quarter of 2021, the policy interest rate remained unchanged at 0.50 percent per annum. In both meeting on 3rd February and 24th March 2021, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 0.50 percent per annum. The decision was made to support the economic recovery which remained highly uncertain, as a result of the new wave of the COVID-19 outbreak as well as to preserve the limited policy space to act at the appropriate and most effective timing. The Committee viewed that the economic recovery would be supported by the government’s stimulus package and export recovery in line with the gradual expansion of trading partner economies. On the other hand, the Thai economy has become more fragile, especially among low-income households and SMEs. Besides, major economies and other regional economies continued to keep their policy rates unchanged in this quarter. Similarly, Federal Reserve (Fed) maintained its policy rate at a range of a 0.00 - 0.25 percent per annum until reaching maximum levels of employment and inflation target. Nonetheless, the central bank of Indonesia lowered the policy rate by 0.25 basis points in February. Meanwhile, the central bank of Russia increased the policy rate by 0.25 basis points in March.

In April 2021, the central bank of Russia increased the policy rate by 0.50 basis points from 4.50 percent per annum to 5.00 percent per annum.

At the end of March 2021, the public debt was equivalent to 53.3 percent of GDP, remained under the fiscal disciplinary framework where public debt ceiling is 60.0 percent of GDP.

At the end of Q2/FY2021, the treasury reserve stood at 351.4 billion Baht.

MPC maintained the policy rate, in tandem with major economies and other regional economies. Nonetheless, the central bank of Indonesia lowered the policy rate by 0.25 basis points. Meanwhile, the central bank of Russia increased the policy rate by 0.25 basis points.

Policy Interest Rate

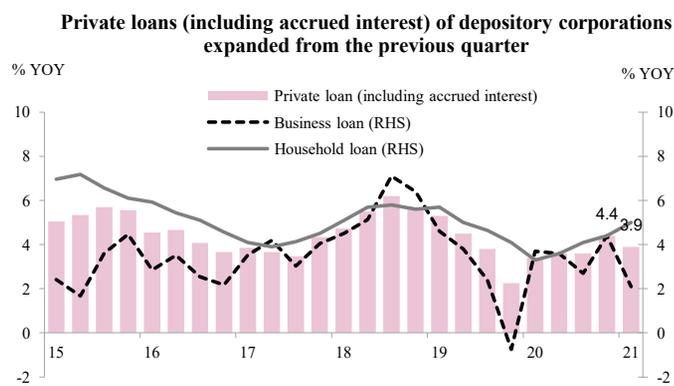
At the end of period	2019		2020				2021				
	Year	Year	Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.
USA	1.50-1.75	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
England	0.75	0.10	0.10	0.10	0.10	0.10	0.10	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
Canada	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Australia	0.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
New Zealand	1.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Russia	6.25	4.25	6.00	4.50	4.25	4.25	4.50	4.25	4.25	4.50	5.00
China	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	0.50	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
India	5.15	4.00	4.40	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Indonesia	5.00	3.75	4.50	4.25	4.00	3.75	3.50	3.75	3.50	3.50	3.50
Philippines	4.00	2.00	3.25	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00
Malaysia	3.00	1.75	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Thailand	1.25	0.50	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: Collected by NESDC

Large-sized commercial banks and specialized financial institutions (SFIs) decreased their deposit rates while they kept the lending rates unchanged. Meanwhile, medium-sized commercial banks maintained both lending and deposit rates. In the first quarter of 2021, large-sized commercial banks decreased their deposit rates. As a result, the average 12-month fixed deposit rates stood at 0.48 percent per year. However, the average Minimum Loan Rate (MLR) remained unchanged at 5.36 per year. Additionally, SFIs cut their deposit rates thus the average 12-month fixed deposit rate was at 1.00 percent per year, whereas the average MLR was maintained at 6.13 per year. However, medium-sized commercial banks maintained their average deposit and MLR rates at 0.55 per year and 6.13 per year, respectively. The average real deposit and MLR rates increased as a consequence of a decline in the inflation rate.

In April 2021, the majority of financial institutions maintained their lending rates. Meanwhile, large-sized commercial banks and the SFIs lowered their average 12-month fixed deposit rate to the level of 0.42 and 0.97 percent respectively.

Private business loans outstanding slowed down from the previous quarter. At the end of the first quarter of 2021, private loans of depository corporations grew by 3.9 percent, decelerating from 4.4 percent in the previous quarter. Household loans expanded by 5.0 percent compared with the 4.4 percent in the previous quarter. Business loans expanded by 2.1 percent, decelerating from 4.4 percent in the previous quarter. **Specialized financial institutions (SFIs)** expanded with the same level in the last quarter by 6.6 percent. This was mainly due to the acceleration of household loans which expanded by 6.5 percent, compared to 6.1 percent in the previous quarter. The expansion was partly supported by the government's financial measures among specialized financial institutions during the COVID-19 outbreak. In addition, business loan slowed down from the growth of 8.5 percent in the previous quarter to 6.9 percent. Meanwhile, **commercial bank loans** rose by 3.4 percent, slowing down from 4.2 percent in the previous quarter. The slower growth was due to the softened business loan growth of 1.7 percent, compared to 4.1 percent in the previous quarter, while the household loans grew by 5.2 percent, compared to 4.2 percent in the previous quarter. Major lending sectors with expansion consist of accommodation and food service activities (21.1 percent), construction (7.9 percent), and transportation and storage (6.8 percent). Major lending sectors with contraction included real estate activities (-7.1 percent), manufacturing (-4.5 percent), agriculture, forestry and fishing (-3.1 percent) and electricity, gas, steam and air conditioning supply (-1.1 percent). **The commercial bank loan for consumption** grew at an accelerated pace by 5.3 percent, compared to 4.3 percent in the previous quarter. This was mainly due to the continuous expansion of housing loans, together with leasing and hire purchase financing for cars and motor-cycle. Specifically, **loans for small and medium-sized businesses** (excluding financial and insurance activities) indicated that outstanding loans decreased by 26.1 percent which decreased for seven consecutive quarters. Besides, the rate continued to decline from the previous quarter in almost all sectors.



Thai Baht against US dollar appreciated. In the first quarter of 2021, an average exchange rate was at 30.29 Baht per US dollar, appreciating by 1.07 percent from the previous quarter, following the depreciation of US dollar. During the first quarter of 2021, an average US dollar index stood at 91.02, decreasing from 92.16 percent in the previous quarter. The movement of Thai Baht reflected the high volatility throughout the first quarter. At the beginning of the quarter, Thai Baht against US dollar appreciated, partially due to (i) the turbulent time of US politics before inauguration day in January, (ii) concern over rising inflation in the US, and (iii) concerns over the monetary policy direction by the Federal Reserve (Fed) in the period ahead. However, Thai Baht against US dollar depreciated at the end of the quarter. This was partly owing to (i) the new wave of the COVID-19 outbreak in Thailand, (ii) the new US economic stimulus package for 1.9 trillion US dollars, and (iii) the strong recovery of the US economy. In addition, the other regional currencies such as Chinese Yuan, Indonesian Rupiah,

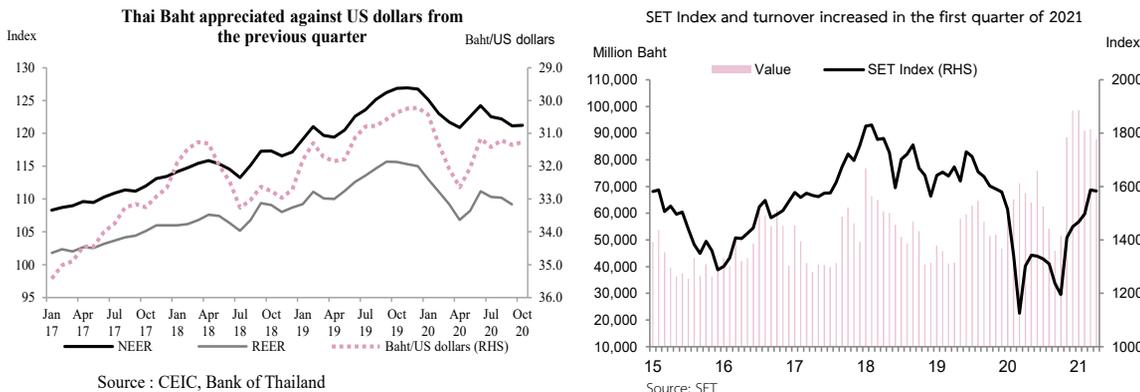
Most of financial institutions kept their lending rates unchanged. However, large-sized commercial banks and the SFIs decreased their deposit rates.

Private loans of depository institutions expanded at a slower pace, following the slowdown in business loans. Meanwhile, household loans accelerated from the previous quarter.

Thai Baht against US Dollar appreciated compared to the previous quarter.

Taiwanese dollar, Indian Rupees, Singapore dollar, Malaysian Ringgit, South Korea Won, and Vietnamese Dong against the US dollar appreciated from the previous quarter. Meanwhile, Japanese Yen depreciated from the previous quarter. Furthermore, comparing with trading partners/competitors, Thai Baht appreciated, reflecting by an increase in average of Nominal Effective Exchange Rate (NEER)⁵ by 0.26 percent from the previous quarter (an average of 122.79).

In April 2021, the monthly average of Thai Baht was at 31.33 Baht per US dollar, depreciating by 1.78 percent from the previous month. Meanwhile, an average of Thai Baht against trading partners (NEER) depreciated to the level of 119.75 compared to 121.86 the previous month. The depreciation was mainly caused by the new wave of the COVID-19 outbreak in Thailand.



SET index increased from the previous quarter. SET index generally moved with upward trend during the first quarter of 2021, although the market faced the volatility of the global financial market as well as a new wave of COVID-19 pandemic in Samutsakhon. However, SET index rose at an accelerated pace in March. As a result, at the end of the first quarter of 2021, SET index increased by 9.51 percent to 1,587 points from the previous quarter. It indicated that the SET index bounced back to the pre-pandemic level for the first time. The movement of SET index was in line with other Asian stock markets. This was mainly driven by (i) the COVID-19 vaccine distribution progress in several countries, (ii) the recovery of global economy following government stimulus packages rolled out by various countries, (iii) positive sentiment propelled by the U.S.'s election outcome, and (iv) investor's sentiment over the Fed's monetary policy direction. Besides, there were positive expectation from relaxation of lockdown measures within country and shortening the quarantine period for vaccinated tourists. Industry groups with positive growth were Financials (19.3 percent), Argo and Food industry (16.6 percent), and Industrials (13.9 percent). As a result, local investors and proprietary trading kept their net buy position, whereas foreign investors registered a net sell.

In April 2021, SET index decreased by 0.3 percent to 1,583 points from the end of March which was pressured by concerns over the upsurge of new COVID-19 cases in Thailand which affected domestic economic recovery. As a consequence, local investors registered a net buy, while local institutions and foreign investors were a net sell position at the Stock Exchange of Thailand (SET).

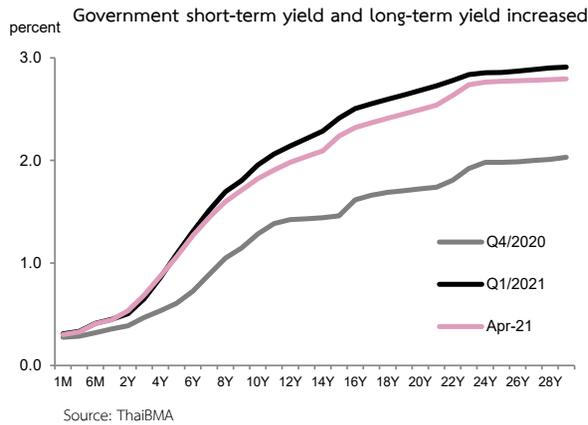
Both short-term and long-term government bond yield shifted upward. In the first quarter of 2021, the increase of Thai government bond yield was in line with the slowdown of clean price index. Short-term government bond yield rose following the increase of issuing government bond and Bank of Thailand bond. In details, 1-Year government bond yield was at 0.45 percent compared to a 0.36 percent at the end of the previous quarter. Meanwhile, the upward trend of long-term government bond yield was consistent with the rise of US long-term government bond yield following the signs of a strong economic recovery. As a result of better than expected indicators of the US's labor market, investors forecasted the upcoming of higher inflation. In addition, 10-Year government bond yield recorded at 1.96 percent compared to 1.28 percent at the end of the previous quarter. The foreign investors registered a net sell with 0.3 billion Baht which continued from the net outflow at 8.8 billion Baht in the previous quarter.

In April 2021, government bond yields declined compared with the previous month in both short-term and long-term following the new wave of COVID-19 outbreak within country. This resulted in investor consideration to overweight short-term bonds. Additionally, the lower long-term government bond yield partly caused by clarity of Fed's monetary policy in the next period, while long-term US government bond yields retraced to the path with less volatile movement. Therefore, 1-Year and 10-Year government bonds yields stood at 0.44 percent and 1.82 percent respectively. Besides, foreign investors continued to register as a net buy which recorded at 30.2 billion Baht compared to 5.1 billion Baht in the previous month.

SET Index rose from the previous quarter following the global economic recovery.

The government bond yield shifted upward following the global economic recovery as well as the higher bonds yields in major economies.

⁵ The BOT began using the new NEER and REER in March 2014. The base year would also be changed to 2012, that the indicators could capture the true structure of trade in line with changing international dynamics.



Capital and financial account recorded a net outflow of 0.91 billion US dollars in the fourth quarter of 2020 which continued from 4.09 billion US dollars outflow in the previous quarter. This was mainly caused by a net outflow in term of both direct and portfolio investments of Thai investors along with foreign investors outflow in term of direct investment. However, there were a continual inflow of other terms of investment such as loans, commercial loans, deposits, and etc, together with a net inflow in term of equity security investment of foreign investor.

Overall in 2020, capital and financial account registered a net outflow of 3.59 billion US dollars, which mainly due to a net outflow in term of both direct and portfolio investments of Thai and foreign investors. Nonetheless, there were several terms of inflow such as withdrawing funds from abroad of Foreign Investment Fund (FIF) during the second quarter of 2020 when the world facing with the COVID-19 pandemic, along with foreign debts of international companies in Thailand.

Capital and financial account recorded a net outflow which was caused by a net outflow in term of direct investment of both Thai and foreign investors.

Capital Flow

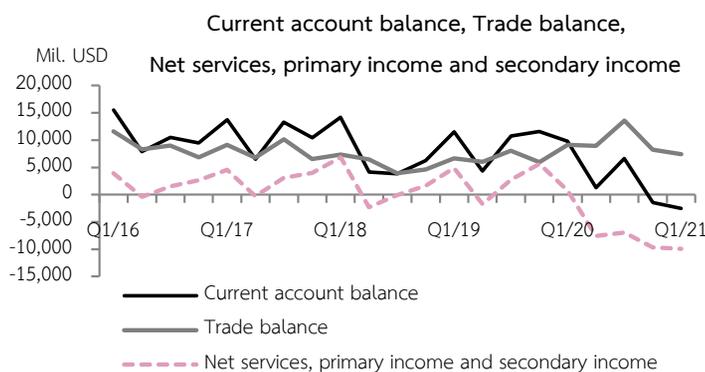
(Billion USD)	2019					2020				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
- Direct Investment	-5.33	-3.00	0.00	-0.13	-2.20	-22.82	-3.03	-5.43	-3.96	-10.39
Thai investor	-10.14	-3.44	-1.93	-3.42	-1.35	-18.05	-5.82	-5.21	-3.96	-3.06
Foreign investor	4.82	0.44	1.93	3.29	-0.85	-4.76	2.79	-0.23	-0.01	-7.32
- Portfolio Investments	-8.64	-2.41	2.20	-6.44	-1.99	-11.61	-7.20	1.33	-2.56	-3.18
Thai investor	-7.70	-1.12	-0.38	-2.76	-3.44	-3.89	0.08	2.82	-1.81	-4.97
Foreign investor	-0.95	-1.29	2.58	-3.69	1.45	-7.73	-7.28	-1.49	-0.75	1.79
Others	-1.68	-0.80	-4.57	4.99	-1.30	30.84	1.86	13.89	2.43	12.66
Capital and financial account	-15.66	-6.21	-2.37	-1.59	-5.48	-3.59	-8.38	9.79	-4.09	-0.91

Source: BOT

Current account registered a deficit of 2.6 billion US dollars (77.1 billion Baht). This was a result of a deficit in services, and primary and secondary income of 9.9 billion US dollars, while a trade balance was recorded a surplus of 7.4 billion US dollars.

International reserve at the end of March 2021 stood at 245.5 billion US dollars (7,699.2 Billion Baht) increased from 226.5 billion US dollars (7,405.3 billion Baht) at the end of March 2020.

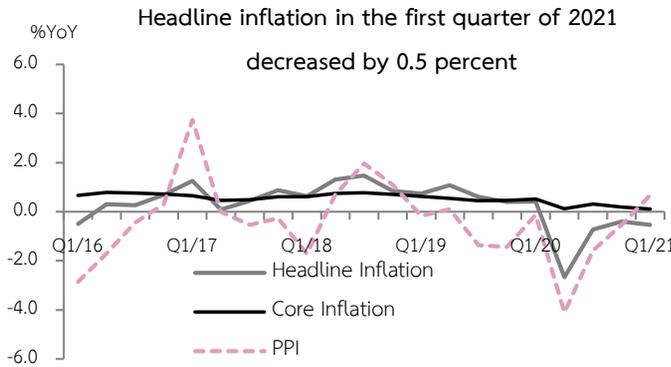
Current account was continually deficit for the second quarter, compared with a surplus of the same period last year.



International reserve at the end of March 2021 stood at 245.5 billion US dollars.

Headline inflation: in the first quarter of 2021, headline inflation was averaged at -0.5 percent, compared to -0.4 percent in the previous quarter. **Food-and-Beverage** price index decreased by 0.04 percent, compared to 1.6 percent growth in the previous quarter due to decreases in prices of vegetables and fruits, rice, flour & cereal, and eggs and dairy products by 0.5 percent, 5.8 percent, and 0.4 percent, respectively. **Non-Food and Beverage** price index decreased by 0.8 percent, compared with a 1.5-percent decline in the previous quarter, following a drop of energy price index by 3.8 percent. Core inflation was averaged at 0.1 percent.⁶

Headline inflation was averaged at -0.5 percent compared to -0.4 percent in the previous quarter.



Source: Ministry of Commerce

Producer Price Index (PPI): in the first quarter of 2021, Producer Price Index increased by 0.7 percent, compared with a 0.5-percent fall in the previous quarter, following the increase in price of agricultural & fishery product and price of manufacturing products. **The price of agricultural & fishery products** increased by 5.2 percent, compared with a 7.5-percent increase in the previous quarter as price of agricultural, and fishery product increased. **The price of manufacturing products** rose by 0.7 percent, compared with a 0.7-percent decrease in the previous quarter. However, **the price of mining products** decreased by 15.1 percent compared with a 20.2-percent decline in the previous quarter, following the decrease in price of petroleum and natural gas by 19.3 percent, compared with a 25.8-percent decline in the previous quarter.⁷

Producer Price Index (PPI) increased by 0.7 percent, compared with a 0.5-percent decrease in the previous quarter.

⁶ In April 2021, headline inflation was 3.4 percent, core inflation was 0.3 percent.

⁷ In April 2021, producer price index (PPI) rose by 5.0 percent.

2. Crude Oil price in Q1 of 2021

The crude oil price in the global market increased compared with the same period last year and higher than the fourth quarter of 2020. In the first quarter of 2021, the average crude oil price in 4 major markets (Dubai, Oman, Brent, and WTI) stood at 59.6 US dollars per barrel, expanding by 20.0 percent from the average at 42.0 US dollars per barrel in the same period last year. Also, crude oil price increased by 34.7 percent from average at 44.3 US dollars per barrel in the previous quarter.

Key reasons for the increase in the global crude oil price this quarter were (i) expectation of investors for U.S. government stimulus measures, especially measures of a \$1.9 trillion coronavirus rescue package, (ii) the downward trend of daily COVID-19 infected cases around the world following the progress of COVID-19 vaccination, especially in the U.S. and Europe, leading to more easing restrictions in many countries, and (iii) the market anxiety from a delay in crude oil shipments resulted by the Egypt's Suez Canal blockage.

The crude oil price in the global market increased compared with the same period last year and higher than the previous quarter.

Crude oil price

Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2018	Year	65.1	71.8	69.5	69.8	69.1	27.8	31.1	31.2	31.3	30.4
	Year	56.9	64.0	63.3	63.6	61.9	-12.6	-10.9	-9.0	-8.9	-10.3
2019	Q1	54.9	63.8	63.2	63.3	61.3	-12.8	-5.2	-0.9	-1.2	-5.0
	Q2	59.6	68.2	67.2	67.4	65.6	-12.4	-9.4	-7.0	-6.8	-8.9
	Q3	56.4	62.0	61.0	61.5	60.2	-18.9	-18.4	-17.6	-17.3	-18.0
	Q4	56.7	62.3	62.1	62.4	60.9	-4.8	-9.7	-8.9	-9.0	-8.1
2020	Year	39.6	43.4	42.4	41.8	42.0	-30.4	-32.2	-33.0	-34.2	-32.3
	Q1	46.2	51.0	50.8	49.6	49.7	-15.9	-20.1	-19.7	-21.7	-18.9
	Q2	28.2	33.5	30.9	30.8	30.9	-52.7	-50.8	-53.9	-54.3	-52.9
	Q3	40.9	43.3	43.0	42.9	42.5	-27.5	-30.1	-29.5	-30.3	-29.4
	Q4	42.6	45.1	44.6	44.7	44.3	-24.8	-27.5	-28.0	-28.4	-27.3
2021	Q1	58.0	61.2	60.3	59.0	59.6	25.6	20.1	18.7	19.0	20.0
	Jan.	52.1	55.3	54.9	54.6	54.2	-9.7	-13.3	-15.0	-16.1	-13.1
	Feb.	58.8	62.0	60.7	57.3	59.7	16.4	11.7	11.7	6.0	11.1
	Mar.	62.4	65.7	64.5	64.4	64.2	104.8	94.8	90.7	95.0	94.9
	Apr.	61.9	65.5	63.1	63.0	63.4	279.3	146.6	208.2	211.2	203.2

Source: Thairoil Plc and EPPO.

3. The World Economy in Q1 of 2021

The world economy in the first quarter of 2021 manifested a continual recovery from the second half of 2020, led by strong growths in major economies, particularly the US, China, and Newly Industrial Economies (NIEs). The recovery was observed in economic activities for both manufacturing and service sectors as shown in composite PMI of the US (the highest in 26 quarters), Eurozone (2 quarters), Australia (12 quarters), and Japan (5 quarters). Domestic consumption in many countries also improved significantly due mainly to easing lockdown measure, the continual stimulus packages, and the progress of vaccination which contributed to rising consumer and business confidences. Moreover, the improvement in key economies resulted in a strong export growth in several NIEs and ASEAN economies, specifically Hong Kong, Taiwan, Singapore, Korea, Vietnam, and Malaysia. Nonetheless, the Eurozone economies still experienced a slow recovery in domestic consumption due to a resurgence of COVID-19 cases. In addition, the concern over the virus mutation has led to the uplifted disease control measure in many areas. In this quarter, governments in several countries have implemented economic measures to mitigate the impact of the outbreak. Major central banks continued the expansionary monetary policy, including maintaining a record low policy rate, acquiring asset purchases to accommodate economic liquidity, and providing low-interest loans to commercial banks. Moreover, key economies also implemented massive fiscal measures to support those impacted from COVID-19, such as the US' American Rescue Plan, the EU's long-term expenditure budget framework of 1.8 trillion euro, and the UK's economic stimulus package.

The US economy grew by 0.4 percent, rebounding from a 2.4-percent contraction in the previous quarter, and the first expansion in 4 quarters. After seasonal adjustment, the US economy expanded by 6.4 percent, continuing from a 4.3-percent expansion in the previous quarter (%QoQ saar.). The main contributions to this expansion were the accelerating manufacturing sector and increasing domestic expenditure. The manufacturing and service PMIs in the first quarter were at 61.4 and 59.2, improving from 59.0 and 56.9 in the previous quarter, respectively, and compared with 50.4 and 55.4 in the same period last year. The growth was also in accordance with an increase in private consumption, particularly the durable goods which notably grew by 25.9 percent, comparing to 11.6 percent in the previous quarter. Meanwhile, private investment increased by 4.8 percent, accelerating from 3.7 percent, following the expanded residential investment. Government expenditure continued to grow by 10.4 percent due mainly to government stimulus packages, The American Rescue Plan, to help those affected from Covid-19 pandemic approved by the Congress on March 11th, 2021. Likewise, the labor market substantially recovered as the unemployment rate was at 6.2 percent, decreasing from 6.8 percent in the last quarter. At the end of March, nonfarm employment was at 144.1 million persons, rising from 143.2 million persons in the previous month, although less than its pre-pandemic level. Inflation rate (Core PCE Price Index) increased gradually to be at 1.5 percent but remaining below the targeted rate of 2.0 percent. Therefore, the Federal Reserve's Monetary Policy Committee (FOMC) decided to hold the policy rate at 0.00 - 0.25 percent at the meeting on 16th - 17th March 2021, and signaled to continue expansionary monetary policy until the targets of full employment and long-run inflation are achieved.

The Eurozone economy contracted by 1.8 percent, recording the fifth consecutive quarter of contraction, an improvement from 4.9 percent in the previous quarter. After seasonal adjustment, the Eurozone economy declined by 0.6 percent (%QoQ swda.), continuing from the 0.7-percent decrease in last quarter. This was a consequence of the declines in key member economies including Germany, Italy, and Spain. However the France economy grew for the first time in 5 quarters. The Eurozone's recovery was constrained by the weak recovery of domestic demand, as reflected by 2.9-percent contraction of retail sales during the first two months of 2021, in line with the declining consumer confidence and persistently high unemployment of 8.2 percent. A notable factor to this hindrance was the new waves of COVID-19 outbreak and concerns over the virus mutation, which resulted in consequent containment measures being reimplemented such as in Germany, Italy, and Spain. Nevertheless, manufacturing production showed a continuing sign of recovery, with the manufacturing PMI at 58.4, the highest in 13 quarters. Likewise, services recovered with services PMI increasing to 46.9 from 45.0 in the previous quarter. Inflation registered at 1.1 percent, the highest level in 4 quarters. For key economic policies, during the first quarter of 2021, the European Commission proposed additional grant to member states under the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE) including total financial assistance to 94.3 billion euros for 19 member states, increasing from 87.4 billion euros for 16 member states in the previous purpose.⁸ In addition, the Next Generation EU Recovery and Resilience Facility offers 672.5 billion Euro, consisting of 312.5 billion Euro in loans and 360.0 billion Euro in

The US economy grew by 0.4 percent, rebounding from a 2.4-percent contraction in the previous quarter, and mainly supported by the continual increases in manufacturing, domestic private consumption, and government stimulus measures.

The Eurozone economy declined by 1.8 percent, improving from the preceding 4.9-percent contraction in the last quarter. The limited recovery in domestic demand shown by retail sales hindered the recovery, although manufacturing and services may have improved.

⁸ During the first quarter of 2021, disbursements under SURE registered at 36.0 billion euros. As of March 30th, 2021, disbursements under SURE totaled at 75.5 billion euros, equivalent to a disbursement rate of 80.1 percent.

grants, to support reforms and investments undertaken by EU members. Moreover, the ECB agreed on March 11th, 2021, to hold the policy rates at low level and stated that it will maintain the rate until inflation approaches the 2.0-percent target, with additional financial support to liquidity.⁹

The Japanese economy is expected to recover from the previous quarter, supporting by the recovery in the manufacturing sector, which was in line with the manufacturing PMI of 51.3, registering a level above 50 for the first time in 8 quarters. This was also consistent with an expansion of 8.8 percent in export values, accelerating from 3.3 percent in the previous quarter. However, the revival of domestic demand was still limited, especially after the declaration of the state emergency on January 7th, 2021, as well as the implementation of a mild lockdown to control the COVID-19 spread in various areas including Tokyo and Osaka. As a result, retail sales index increased by 0.5 percent, decelerating from 2.0 percent in the prior quarter. At the same time, the services PMI declined to 46.9, comparing with 47.7 in the last quarter, which was below 50 for 6 consecutive quarters. In addition, the unemployment rate was at 2.8 percent, declining from 3.0 percent in the last quarter. While, the core PCE price index continued to decrease by 0.4 percent, comparing with a 0.8-percent reduction in the last period. Thus, during March 18th – 19th, 2021, the Bank of Japan (BOJ) decided to maintain its policy rate at (-0.1) percent as well as to keep purchasing a necessary amount of Japanese government bonds (JGBs) without an upper limit in order to hold the 10-year JGB yields remained at around 0.0 percent (Yield Curve Control measure)¹⁰ in order to further support economic recovery.

The Chinese economy expanded by the historic rate of 18.3 percent, accelerating from 6.5 percent in the previous quarter, partly because of the low growth base in the first quarter of last year where the economy was severely affected by the COVID-19 epidemic. The manufacturing sector grew by 24.4 percent, accelerating from 6.8 percent in the last quarter. The service sector increased by 15.6 percent, accelerating from 6.7 percent in the previous quarter. While, the agricultural sector also expanded by 8.1 percent, accelerating from 4.1 percent in the last quarter. The acceleration in manufacturing sector was in line with both domestic and foreign demands where the export values notably escalated by 48.8 percent, accelerating from 17.0 percent in the previous quarter, which was the highest rate in 26 years. Likewise, domestic retail sales expanded by 33.9 percent, comparing with 6.6 percent in the previous quarter, and the investment in fixed assets increased by 25.6 percent, accelerating from 2.9 percent in the last quarter. Moreover, the government has implemented several stimulus measures including (i) funding for prevention and control epidemic and manufacture medical equipment, (ii) accelerating disbursement of unemployment insurance and extending working periods for migrant workers, (iii) offering tax relief and waiving social security contributions, and (iv) expediting public investment. In addition, the government also provided loan guarantees for SMEs as well as reduced roads, ports, and electricity usage fees and tariffs. Furthermore, the PBOC continued to maintain expansionary monetary policy as to further support economic recovery by keeping policy rate at a low level as well as maintaining commercial banks' liquid asset requirement ratio.¹¹

The Newly Industrial Economies (NIEs) economies mostly recovered from preceding periodic contractions. Economic drivers in this period are mainly the reinvigorating domestic demand after the outbreak had been less severe and exports has been recovering from the rebounding of global merchandise trade. In the first quarter, **Hong Kong's economy** expanded for the first time in 6 quarters by 7.9 percent, in comparison to the 2.8-percent decline in the preceding quarter led by private consumption that showed the first expansion in 7 quarters, and accelerations of government spending, capital formation, and exports. **Singapore's economy** exhibited the first expansion in 4 quarters of 0.2 percent, comparing with 2.4 percent contraction in the last quarter. the key contribution to this recovery were construction, services, and exports. Particularly, exports value grew by 11.2 percent, the highest growth in 10 quarters. Likewise, **the South Korea's economy** expanded for the first time in 4 quarters by 1.8 percent, in contrast to 1.2-percent decline in the previous quarter. Private consumption increased for the first time in 4 quarters, in addition to the acceleration of exports of goods and services, government spending, and

Japanese economy is expected to recover from the last quarter, in line with recoveries in manufacturing sector, exports and retail sale.

Chinese economy expanded by the historic rate of 18.3 percent, in line with a recovery in economic recoveries, especially in manufacturing sector, exports and retail sales

The NIEs economies improved from the previous quarter, following the recoveries in exports and manufacturing.

⁹ Key measures include (i) maintaining asset purchases under Pandemic Emergency Purchase Programme (PEPP) with the total envelope of 1.85 trillion euros until March 2022 or until the ECB has considered that the COVID-19 crisis has subsided. In addition, monthly bond purchases under the Asset Purchase Programme (APP) is held at 20 billion euros and the principles of which will be reinvested until rates are hiked by the ECB. The third series of targeted longer-term refinancing operations (TLTRO III) will also be utilized to provide ample liquidity.

¹⁰ In addition, BOJ also introduced interest scheme to promote lending with the following terms and conditions (i) interest rate of 0.2 percent per annum for those under the special funds-supplying operations to facilitate financing in response to COVID-19 (FSO), (ii) interest rate of 0.1 percent per annum for those under FSO and other eligible source of funds, subtracting the amount of outstanding loan in (i), and (iii) interest rate of 0.0 percent per annum for those under the loan supporting program and funds-supplying operation to support financial institutions in disaster areas.

¹¹ The PBOC maintained the low level of interests on excess reserve, 1-year medium-term lending facility (MLF), and 1-year loan prime rate (LPR) at 0.35 percent, 2.95 percent and 3.85 percent respectively. At the same time, 7-day reverse repo rate was kept at the historic low rate of 2.2 percent. While the reserve requirement ratio (RRR) was at 9.4 percent.

investments. **Taiwan's economy** expanded by 8.2 percent, the highest rate in 42 quarters, and accelerating from 5.1 percent in the previous quarter. This acceleration was driven mainly by private consumption with the first expansion in 5 quarters and highest export growth in 41 quarters of 24.6 percent. Together with these recovering paths, governments had also implemented key remedial and stimulating measures. Hong Kong's government announced 15.5 billion USD worth of stimulation, which will be implemented through digital spending coupons, tax rebates, and low-interest loan guarantees. The government of Singapore also extended low-cost funding for financial institutions and temporary bridging loans for enterprises. The South Korean government announced a supplementary budget of 13.3 billion USD, which is the fifth purpose since the pandemic, to reinvigorate consumption and labor market activities.

The ASEAN economies improved from the previous quarter, mainly due to the expansion of the manufacturing production in line with picking up in both domestic demand and exports following recoveries of major economies. In the first quarter, **Vietnamese economy** expanded by 4.5 percent, same figures as the previous quarter, due to continually expansion in key productions and exports. Meanwhile, **the economies of Malaysia, Indonesia and the Philippines** continued to decline by 0.5 percent, 0.7 percent and 4.2 percent, however, slightly recovering from a decrease of 3.4 percent, 2.2 percent and 8.3 percent in the previous quarter, respectively, owing to recuperation in manufacturing production and export sectors. For fiscal policies, the governments of Malaysia and Indonesia have further extended their stimulus budget in 2021 to 2.3 percent of GDP and 3.7 percent of GDP from 1.2 percent of GDP and 2.4 of GDP, respectively. Meanwhile, the government of the Philippines has released a new stimulus package, accounted for 0.9 percent of GDP and has enacted the Corporate Recovery and Tax Incentives for Enterprises Law on 26th March 2021. In addition, for monetary policies, the central banks of Vietnam, the Philippines and Malaysia decided to maintain their policy rates at low level,¹² while the Bank of Indonesia cut its rate to 3.50 percent from 3.75 percent on 18th February 2021.

The ASEAN economies improved from the previous quarter. This was due to the expansion of manufacturing production and export sector, corresponding to the recovery of global economy.

GDP and Export growths in several key economies

(%YoY)	GDP					Export Value				
	2019		2020		2021	2019		2020		2021
	Year	Q3	Q4	Year	Q1	Year	Q3	Q4	Year	Q1
USA	2.2	-2.8	-2.4	-3.5	0.4	-1.5	-13.5	-5.7	-13.2	1.8
Euro Area	1.3	-4.1	-4.9	-6.7	-1.8	-2.5	-4.0	4.6	-7.2	2.4*
UK	1.4	-8.5	-7.3	-9.8	-6.1	-0.3	-17.3	-18.1	-15.6	-5.7
Japan	1.9	-3.9	-0.9	-2.5	-	5.3	-13.0	4.9	-7.5	28.1
Australia	0.3	-5.8	-1.4	-4.8	-	-4.4	-12.0	3.3	-9.1	8.8
China	6.0	4.9	6.5	2.3	18.3	-0.1	8.9	17.0	4.0	48.8
India	4.8	-7.3	0.4	-6.9	-	-0.2	-5.3	-4.3	-14.8	19.2
South Korea	2.0	-1.1	-1.2	-1.0	1.8	-10.4	-3.5	4.1	-5.5	12.5
Taiwan	3.0	4.3	5.1	3.1	8.2	-1.5	6.0	11.7	4.9	24.6
Hong Kong	-1.7	-3.6	-2.8	-6.1	7.9	-4.1	2.3	6.4	-0.5	33.5
Singapore	1.3	-5.8	-2.4	-5.4	0.2	-5.2	-2.1	-1.7	-4.1	11.2
Indonesia	5.0	-3.5	-2.2	-2.1	-0.7	-6.8	-6.5	6.7	-2.6	17.1
Malaysia	4.4	-2.7	-3.4	-5.6	-0.5	-3.4	3.5	6.6	-2.6	21.4
Philippines	6.1	-11.6	-8.3	-9.6	-4.2	2.3	-6.2	1.7	-8.1	7.6
Vietnam	7.0	2.7	4.5	2.9	4.5	8.4	10.7	15.0	6.9	23.7

Remarks: * January and February data

Source: CEIC, Collected by NESDC

¹² The policy rates of Vietnam, the Philippines and Malaysia remained at 2.50 percent, 2.00 percent and 1.75 percent, respectively.

4. The World Economic Outlook for 2021

The world economy in 2021 tends to show an expansion after a deep recession in 2020, led by the faster-than-estimated upturn of major economies particularly the US and China. The crucial supporting factors are the continually massive stimulus packages and the satisfied progress of vaccine distribution that leads to a relaxed containment measures and thus continued to normalize the economic activities as well as domestic consumption. Likewise, the growing economic recovery in major economies is expected to help boost the economy activities in export-oriented countries especially those in the NIEs and the ASEAN. Nonetheless, in the Eurozone, the resurgence of COVID-19 outbreaks has weight on domestic consumption recovery as more intense containment measures were reimplemented by several governments. In addition, many developing economies, particularly those currently under a severe spread of COVID-19, particularly India, Brazil, Argentina, Turkey, as well as those ASEAN members, including the Philippines, Malaysia, and Indonesia, as well as countries highly-dependent on international tourism with slow progress on vaccination tend to experience a delay in easing international travel restrictions which will further depress economic recovery to be slower than anticipated.

Despite the fact that there remains extreme uncertainty around the global growth forecasts, key assumptions for the baseline scenario include: (i) the rapid and efficient vaccine distribution that leads to achievement of COVID-19 herd immunity. Nonetheless, the distribution capacity of the vaccine rollout will vary across countries. Under the baseline scenarios, most major economies will be able to distribute vaccines to reach at least 50 percent of their populations by the first half of 2021 and 75 percent by the end of 2021. For developing and emerging economies, 50 percent of the population is expected to be vaccinated by the end of 2021 and 75 percent by the first half of 2022; (ii) there are no severe resurgence and prolonged infections as well as the virus variant spreading that leads to higher degree of containment and restrictions. and (iii) there are no contagious impacts spreading from the real sector crisis to the financial sector, causing a financial or fiscal catastrophe. Under this baseline scenario, the global economy and trade volume in 2021 will pick up steadily, particularly in countries that have widespread vaccination and achieve the COVID-19 herd immunity. Thus, under these conditions, the world economy and global trade volume in 2021 are projected to expand by 5.8 percent and 7.8 percent, respectively, notably improving from the 3.2-percent and 8.5-percent contractions in 2020, and an upward revision from the growths of 5.2 percent and 6.7 percent in the previous projection. Prospect on key economies are as follows:

The US economy is expected to expand by 6.0 percent, recovering from a 3.5-percent contraction in 2020, the highest rate since 1984, and an upward revision from the 4.8-percent growth in the previous estimation. This upward revision was a result of increasing manufacturing and private domestic demand as well as the progress on vaccine rollout across the country. The US has distributed 264.7 million doses of COVID-19 vaccines, or covered 41.2 percent of the total population (as of May 13th, 2021). Meanwhile, the key economic indicators in April 2021 also show a solid recovery path as observed with the record high of the manufacturing PMI in April at 60.5. Private consumption is expected to be at expansion territory in accordance with a recovery in job market. The unemployment rate in April 2021 was at 6.1 percent, a slight change from previous month, while nonfarm employment rose to 144.4 million persons and continued jobless claims was at 2.6 million persons, the finest conditions in 13 months and 14 months, respectively. Additionally, private investment shows a sharp upturn, following strengthening business sentiment. The economy in the remainder of 2021 will be supported by massive economic stimulus plans worth 6.1 trillion US dollar, accounted for 32.6 percent of GDP, including The American Rescue Plan (1.9 trillion US dollar) which has implemented since March 2021, and other additional stimulus packages which were purposed, including The American Jobs Plan (2.25 trillion US dollar), and The American Families Plan (1.8 trillion US dollar).¹³ The robust economic growth and improving labor market are expected to put upward pressure on the inflation as shown by increasing inflation rate (Consumer Price Index) in April at 4.2 percent, surpassing the policy targeted rate and at a highest level since September 2008. Nonetheless, under baseline scenario, the Federal Reserve is expected to hold the low interest rate and will not hike its policy rate for the remainder of 2021, while also provide easing monetary policy in order to accommodate economic activity and full recovery of the job market.

The Eurozone economy is expected to expand by 4.3 percent, recovering from 6.7-percent contraction in 2020 and was maintained from the previous forecast. The economic recovery will mainly be supported by manufacturing sector recovery, as the manufacturing PMI stood at a record-high level of 62.9 in April. Services also recovered, reflected by the 8-month high services PMI of 50.3 in April, which was more than 50 for the first time in 8 months too. However, the resurgence of COVID-19 outbreaks limited the recovery as containment measures were reimplemented by several governments including Germany, Italy, and the Netherlands, reflected by the declining consumer confidence index at -8.1 in April. As several governments plan to relax the containment measures and international travel restrictions from the second quarter onwards, it is expected that economic activities and domestic spending should recover more evidently during the latter half of 2021. In addition, the eurozone economy will be supported by the European Union's major fiscal stimulus¹⁴ totaling 1.361 trillion euros or 10.5 percent of regional GDP, as well as continual expansionary monetary stance. In the latest meeting on April 22nd, 2021, the ECB held interest rates at the low level and is expected to maintain accommodative monetary stance until inflation approaches the target rate of 2.0 percent and to maintain its pace of asset purchases program.¹⁵

¹³ The American Jobs Plan worth 2.25 trillion US dollar, aiming to help domestic economy and create jobs for Americans. The American Families Plan worth 1.8 trillion US dollar, aiming to help American families and children, particularly the low- and middle- income groups.

¹⁴ During the first quarter of 2021, disbursements under SURE registered at 36.0 billion euros. As of March 30th, 2021, disbursements under SURE totaled at 75.5 billion euros, equivalent to a disbursement rate of 80.1 percent.

¹⁵ Key monetary measures include (i) policy rate being held at 0.0 percent and stated that will be maintained rate until inflation approaches the 2.0-percent target, (ii) maintaining asset purchases under Pandemic Emergency Purchase Programme (PEPP) with the total envelope of 1.85 trillion euros until March 2022 or until the ECB has considered that the COVID-19 crisis has subsided, (iii) maintaining monthly bond purchases under the Asset Purchase Programme (APP) with 20 billion euros envelope with reinvesting principles until ECB increases interest rates, and (iv) utilizing the third series of targeted longer-term refinancing operations (TLTRO III).

The Japanese economy is expected to expand by 2.8 percent, the highest growth rate in 10 years, recovering from a 4.8-percent reduction in 2020 and is revised upwardly from the previous projection of 2.4 percent. The main supporting factor is the increase in exports following the economic recoveries in major trading partner countries. At the same time, a recovery in domestic demand has been supported by government spending under a record-high fiscal budget for FY2021 worth of 106.6 trillion yen including 5 trillion yen for financing economic recovery and COVID-19 pandemic relief measures, especially in the services sector. In addition, the Bank of Japan (BOJ) continues its expansionary monetary policy in order to provide liquidity.¹⁶ Nonetheless, the Japan's economic recovery in 2021 still has some constraints, particularly from the recent escalation of COVID-19 outbreak. The Japanese government thus declared a state of emergency in most-severe areas including Tokyo, for the third time since the pandemic began, effective from April 25th – May 31st, 2021. Furthermore, the outbreak may affect the hosting of the Tokyo Olympic Games which is supposed to be held during July 23rd – August 8th, 2021. If the event is terminated or postponed, the domestic consumption and tourism sector are likely to recover slower than expected.

The Chinese economy is expected to expand by 8.7 percent, accelerating from 2.3 percent in 2020, and higher than the previous projection of 7.7 percent. The faster-than-expected pace of recovery owes to a success in containing COVID-19 outbreak, which subsequently leads to a rapid revival of economic activities back to pre-COVID level, as reflected by the Caixin manufacturing and services PMI in April 2021 of 51.9 and 56.3, comparing with 49.4 and 44.4 of those in the same period of last year respectively. Likewise, the domestic demand also tends to expand continually reflected by stronger domestic retail sales growth of 34.2 percent in April, the highest rate in 295 months. Besides, the export sector remains robust owing to the global economic recovery, the lessening trade tension with the US, and the increase in demand for certain goods related to the pandemic. Therefore, export values in April grew by 31.8 percent, accelerating from the previous month. In addition, the People's Bank of China (PBOC) maintains the dovish monetary policy. In April 26th, 2021, the PBOC decided to inject 1 billion yuan (around 0.15 billion US dollar) into the market via purchasing securities from commercial bank (reverse repos), for maintaining sufficient liquidity for the financial system. The government has also introduced the fiscal economic stimulus packages since 2020 with the following key measures (i) providing funds for implementing epidemic prevention and control measures as well as for producing medical equipment, (ii) accelerating disbursement of unemployment insurance and extending working periods for migrant workers, (iii) providing tax relief and waiving social security contributions, and (iv) accelerating public investment. Nevertheless, the economic momentum for the rest of the year 2021 might be impacted by the reduction in government spending, aiming to narrow the fiscal deficit from 3.6 percent to GDP in 2020, to 3.2 percent in this year.

The Newly Industrialized Economies (NIEs) tend to further recover, with major support from the recovery of manufacturing and export sectors in line with the world economy and merchandised trade revivals. The restoration of domestic demand due to the relaxation of COVID-19 containment measures will also play a crucial role in this strong recovery. In particular, **the economies of South Korea, Hong Kong, and Singapore** are expected to expand by 3.5 percent, 4.4 percent, and 6.2 percent, respectively, improving from the contractions of 1.0 percent, 6.1 percent, and 5.4 percent, respectively, in 2020. In addition, these projections are upwardly revised from the previously forecasted growth rates of 3.3 percent, 4.1 percent, and 5.9 percent, respectively. Similarly, **the Taiwan's economy** is anticipated to grow by 4.5 percent, up from the previous 4.2-percent projection and accelerating from 3.1 percent in the previous year due to continually expansion of exports.

The ASEAN economies are likely to recover according to an expansion of manufacturing production and export sectors thanks to the recuperations of the world economy and global trade, particularly the US, China and others major trading partners. However, several countries have been facing a new wave of an outbreak leading to the reimplementations of lockdown measures. In addition, the uncertainty in vaccine distribution to reach a level of herd immunity will be a crucial limitation for the ASEAN economic recovery for the remainder of 2021. Thus, it is expected that **the economies of Malaysia and the Philippines** will grow by 6.4 percent and 6.1 percent, equal to the previous projection, rebounding from 5.6-percent and 9.6-percent contractions in 2020, respectively. Meanwhile, **the Vietnamese economy** is expected to expand by 6.5 percent, accelerating from a 2.9-percent expansion in 2020, and upwardly revised from a 6.2-percent expansion in the previous projection. Nonetheless, the growth projection of **Indonesia's economy** is downwardly adjusted to 5.4 percent from 6.0 percent in the previous estimation since the domestic outbreak situation remains severe, but will recover from a 2.1 percent contraction last year.

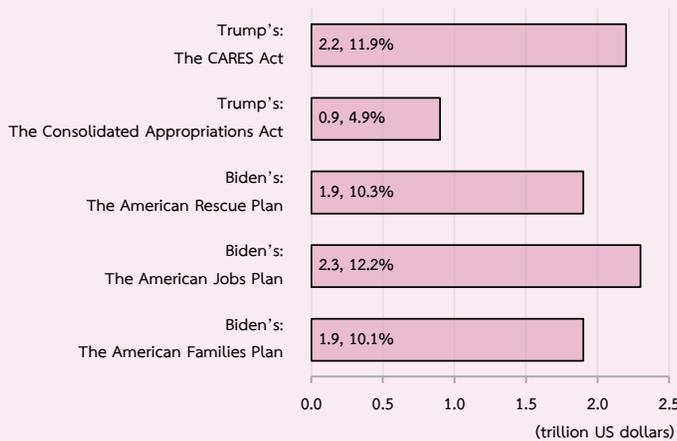
Notwithstanding, there remains uncertainties that could derail the world economy and merchandise trade over 2021 from our baseline projection. The key limitations and risk factors needed to be consistently monitored include: **(1) The uncertainty of COVID-19 pandemic** which could be more severe and prolonged than expected, and the possibility of the resurgence of infections, as a result of (i) the virus mutation, particularly the Brazil, United Kingdom, South African, and Indian variants, that tends to undermine of vaccines' effectiveness to develop immunization and might therefore not be adequate to prevent further outbreaks, even in countries in which vaccines are widely distributed, and (ii) delays in vaccine distribution which may impact several countries not to reach herd immunity as expected in the baseline scenario. These uncertainties may lead to reimplementations of strict containment and prolonged international travel restrictions during the rest of the 2021, and thus potentially slowing down the economic and merchandise trade recoveries. **(2) The effect of the COVID-19 outbreak on economic stability** since the pandemic have weakened business and household financial positions resulting in higher debt levels. In addition, the labor market which is not fully recovering to the pre-pandemic level yet, with high unemployment especially in service sector, will undermine recovery in domestic demand. Several governments tend to also experience

¹⁶ In the latest meeting on April 26th – 27st, 2021, the BOJ decided to keep its policy rate at (-0.1) percent and maintain the yield curve control measure at target of 10-year JGB yields at 0.0 percent.

narrower policy space from the preceding fiscal and monetary stimulus in response to the outbreak, which will limit future recovery paths. In addition, inflation surge from global economic recoveries may also put pressures on some central banks to tighten their policies faster-than-expected, and as a result will aggravate businesses and household's ability to repay debt. **(3) The fluctuations in the global economy and financial system** which depends on the US economic and trade policy direction under the new US President administration, the volatility of international capital flow under the highly uncertain outbreak situation which may result in exchange rate fluctuation, risks to the manufacturing sector especially the automobile industry due to semi-conductor shortages, and the geopolitical conflicts and political instability, such as the China-Taiwan tension, the political situation in Hong Kong and Myanmar, and the conflicts in the Middle East, between Russia-Ukraine, and between Israel-Palestine, of which some of these situations can impact oil price levels.

The US Economic Policy

The economic measures of the US in response to coronavirus outbreak (budget, share to GDP)

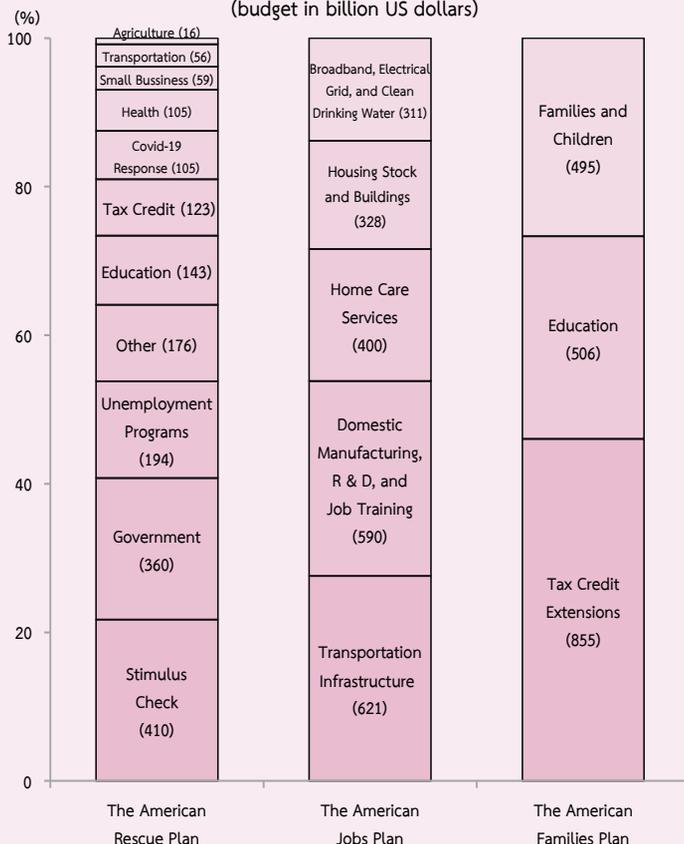


The US economy tends to recover faster than expected, driven mainly by the large-scale fiscal stimulus measures to mitigate impact from the COVID-19 outbreak as well as stimulate economy. Under President Trump's administration, the government has promptly implemented the CARES Act which was enforced on March 27th, 2020 with the total budget of 2.2 trillion US dollar. This policy response was aiming to help American people, business, and support healthcare sector during the pandemic. In December 2020, additional measure –namely the Consolidated Appropriations Act (worth of 9 billion US dollars), was introduced with a focus on providing direct stimulus check deposit, extending the unemployment benefits, and funding health care sector.

Meanwhile, the new administration of the president Joe Biden has approved another stimulus package in March 2021, the American Rescue Plan Act with a budget totaling 1.9 trillion US dollars or accounted for 10.3 percent of GDP, covering a direct transfer of 1,400 US dollar per person, another extension of unemployment benefits, educational support, and financial aids for small businesses. Currently, the US has already introduced over 5 trillion US dollar or accounted for 27.1 percent of GDP in response to coronavirus spending.

In addition, President Biden has announced additional fiscal measures for long-term economic development, including: the American Jobs Plan worth of 2.3 trillion US dollar with an 8-year time frame, focusing on improving public and transportation infrastructures, housing and living quality, home care services, research and development, and job training; and the American Families Plan worth of 1.9 trillion US dollar with a 10-year time frame, focusing on families and children as well as extension of tax credit. Currently, the two fiscal measures are under discussion in the Congress. It is expected that the approval of these two packages will help further stimulate economic activities in the near-future. Besides, the tax reform is expected to introduce after the economy clearly illustrates a more robust recovery.

Structures of Biden's fiscal measures (budget in billion US dollars)



Source: US Bureau of Economic Analysis, Committee for a Responsible Federal Budget, and the Whitehouse, compiled by the NESDC

5. Thai Economic Outlook for 2021

The Thai economy in 2021 is likely to recover gradually after a deep recession in 2020, with the following key supporting factors: (i) the recovering trend of world economy and global merchandise trade; (ii) the supports from government spending under the annual budgetary framework, state-owned enterprises' capital budget, and the 1-trillion Baht loan decree; and (iii) the unusual low growth base in 2020. Nevertheless, the economic recovery during the rest of 2021 would still be subjected to the following vital limitations and risks: (i) the uncertainties in the pandemic situation; (ii) the delays in the recovery of the tourism sector; (iii) weak financial conditions of the households and business sectors, especially when the labor market is not fully recovered and prone to a new wave of epidemic; and (iv) volatilities in the global economy and financial market.

Supporting factors for the economic growth:

- 1) **The recovery of world economy and global trade volume in 2021**, led by major industrial economies especially the US, China, and the NIEs that recovered faster than expected. This strong rebound is supported by continued large-scale fiscal stimulus packages particularly in the US, the Eurozone, and Japan. In addition, the encouraging progress of COVID-19 vaccines distribution, resulting in declining number of new COVID-19 cases in countries such as the US, UK, UAE, and Israel, which subsequently led to relaxation of containment measures. Consequently, the recovery of the major economies tends to amplify global merchandise trade, and further buttress the NIEs and ASEAN which are mostly dependent on exports.
- 2) **The support from government spending both in the annual budget and other additional expenditures**, which consists of: (i) the FY2021 annual budget disbursement rate in the baseline assumption is expected to be at 92.5 percent of the overall budget framework, including the current budget and the capital budget which are expected to be disbursed at 98.0 percent and 70.0 percent of total budget, respectively. Consequently, it is expected that the FY2021 annual government budget should be disbursed around 3.039 trillion Baht, increasing by 3.2 percent from 2.944 trillion Baht in FY2020. Besides, the FY2021 carry-over budget disbursement rate is anticipated to be at 80.0 percent, accounting for approximately 173 billion Baht; (ii) the disbursement by state-owned enterprises' capital budget in FY2021, especially investments in key infrastructure investment projects, is anticipated to have a disbursement rate of 70.0 percent of the approved investment budget, compared with 65.0 percent in FY2020; (iii) the disbursement under the 1 trillion loan decree¹⁷ is expected to be disbursed around 800 billion Baht by the end of FY2021, in which 501 billion Baht will be disbursed during FY2021 with 67.3 percent growth compared to FY2020. Key objectives include alleviating those affected by the current outbreak, stimulating consumption, and supporting labor market; and (iv) the support from other economic measures, such as soft loan to the affected entrepreneurs under the soft loan decree and cost of living support measures.
- 3) **The unusually low growth base of the economy in 2020** due to the COVID-19 outbreak. In fact, the Thai economy in 2020 decreased by 6.1 percent which was the first recession in 11 years. Likewise, the global economy also declined by 3.5 percent, the lowest rate since the World War II. Due to such low base effect, the Thai economy in 2021 is anticipated to recover, mainly motivated by the recoveries of exports and manufacturing production.

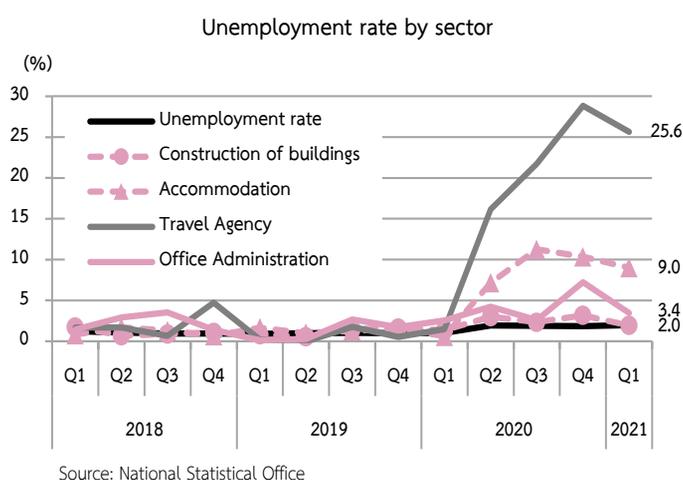
Risks and limitations to economic growth:

- 1) **The uncertainty of the pandemic situation, risks of virus mutations, and delay of vaccine rollout** could derail the growth forecasts under the baseline scenario. The global newly infected cases per day remains high and tends to increase continually. According to the data on 13th May 2021, there were 744,082 cases per day, doubling from 349,287 cases per day on 16th February 2021. Many countries are still facing a rising number of infected persons such as European countries, India, Brazil, Argentina, and our neighbors, including the Philippines, Malaysia, and Indonesia. Meanwhile, the newly domestic outbreak in Thailand is getting more severe. There is a continually increasing trend in the number of newly infected people and death. In addition, although several major economies have progressed significantly in their vaccine distributions, most of the developing countries still face difficulties to do so, due to limited public health capacity and administering system, adequacy of vaccine, and knowledge about side-effect leading to slower growth in vaccination rate. Furthermore, there is an uncertainty of vaccine efficiency in terms of building immunity against several mutated strains, which can be shown from growing numbers of variants of interest and variants of concern.¹⁸ These mutations can lead to new waves of the pandemic and compel the governments to enforce more lockdown and containment measures deterring recoveries of economies, including Thailand, and the global trade volume from the baseline scenario.
- 2) **The sluggish recovery of the tourism sector** causes by the severe resurgence of pandemic outbreak, virus mutation, and uncertain vaccine distribution both in Thailand and tourists' country of origin amid the rising number of new cases, and potential delay and inadequate vaccine distribution both in Thailand and other countries to ensure the safety of international travel in 2021 tends to make many countries extend the international traveling restriction. This will undermine the recovery of tourism sector in Thailand to slower than expected in the base case.

¹⁷ 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).

¹⁸ "Variants of interest" are mutated Coronavirus 2019 with changes to receptor binding domain, and it will be classified as "Variants of concern" if there is evidence of an increase in transmissibility, more severe disease, and significantly reduction in vaccine effectiveness.

3) **Weakened financial conditions of the households and business sectors**, especially through rising household debt burden due to the new wave of the pandemic, as well as a labor market, which is not fully recovered yet, will undermine the recovery of household consumption and private investment. However, the government has implemented the measures to support small debtors in trouble with COVID-19; for instance, reducing and postponing interest payment and debt restructuring. Recently, these measures are further extended. As a result, the ratio of non-performing loans (NPLs) to total loan in the fourth quarter of 2020 stayed at 3.1, equal to the previous quarter and close to 3.0 percent in the same quarter of 2019, while the ratio of special mentioned loans (SML) to the total loans was at 6.7 percent in the last quarter of 2020, slightly decreased from 7.1 percent in the previous quarter. Additionally, the household-debt-to-GDP ratio in 2020 was at 89.3. Nonetheless, the labor market is not recovered entirely, illustrated by the 1.96 percent of unemployment rate in the first quarter of 2021 rising gradually from 1.86 percent in the previous quarter and 1.03 percent in the same quarter of last year. The high rates congregated in sectors that had a limitation to recover, such as the accommodation sector, travel agency sector, office administration sector, and construction sector. This is consistent with the number of labors who received an unemployment compensation from the Social Security Fund in March 2021, which was at 345,908 persons, increasing from 310,031 persons in February 2021, and it was much higher than 170,144 persons in March 2020. On the contrary, the number of workers who received compensation for a temporary suspension of business operation according to section 75 in the first quarter of 2021 declined to 82,346 persons compared with 102,000 persons in the last quarter of 2020 and 121,338 persons in the first quarter of 2020. This decrease was partly due to the resumption of business operations and permanent business closures.



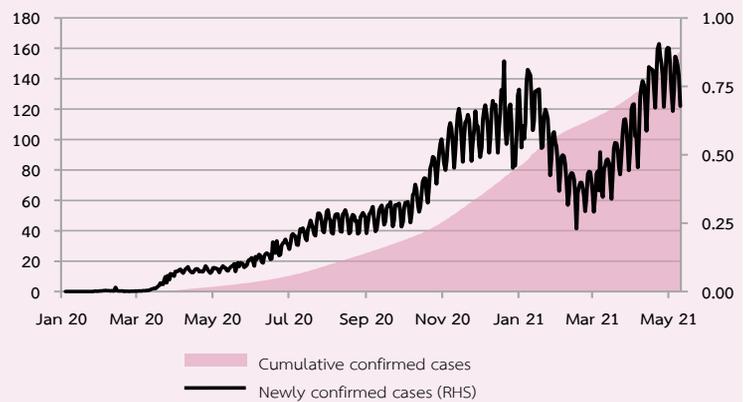
4) **The volatility and uncertainty of the world economy and financial market** need to be closely monitored and assessed are as follows: (i) direction of economic policy in major economies, specifically the US and China: (ii) the fluctuations of financial market and international capital flow under uncertain recovery which may result in the volatility of exchange rate and capital flow: (iii) altering the direction of monetary policies adopted by major central banks over the next period, under a higher inflation pressure causing by faster-than-expected economic recovery and raising commodity prices due to economic stimulus measures and pending demand from the previous period. Nonetheless, the major central banks are expected to maintain their low policy rates and paces of asset purchasing schemes for the rest of 2021: (iv) the uneven economic recovery around the globe, especially those countries under severe spread of COVID-19, limited public healthcare capacity, and inadequate vaccine distribution, are expected to experience slower economic recovery. There are also additional factors limited the growth and recovery, including weak economic stability and insufficient fundamental economic infrastructure: (v) the risk of global value chain, particularly automotive industry due to global semiconductor shortage: and (vi) geopolitical conflicts and political instability such as the conflict between China and Taiwan, the domestic political situation in Hong Kong, conflict between Russia and Ukraine, conflict in the Middle East, and conflict in Israel, while the conflict in Myanmar may impact border trade and disease control over the outbreaks.

The COVID-19 pandemic situation and vaccination progress

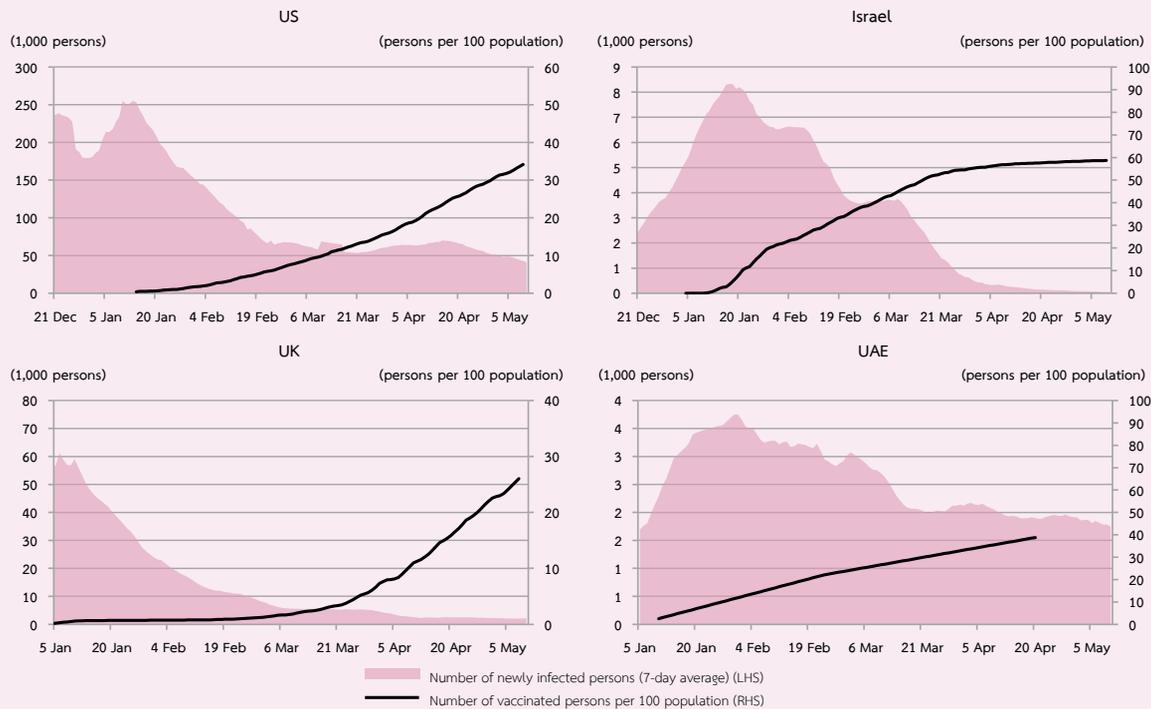
The global pandemic situation has intensified during April and May, particularly in India, Brazil, Argentina, Iran, and Turkey, where the average daily number of new infections exceeds 100,000 cases and the proportion of fully vaccinated people to the population is still low. On the other hand, countries that have successfully distributed vaccines to their citizens, such as the US, Israel, the UK, and the UAE, have been successful in controlling the pandemic situation since their numbers of newly infected cases have significantly declined and thus those countries are likely to achieve herd immunity ahead of others.

However, the recent escalation in the number of infected people is partly due to the viral mutations which are spread more easily than the original strain. Moreover, the new variants potentially reduce vaccine efficacy to build immunity against COVID-19. Therefore, this situation has to be closely monitored.

Global cumulative and newly confirmed COVID-19 cases (million persons)



Source: World Health Organization



Source: Our World in Data and the World Health Organization

Variant	B.1.1.7 (English strain)	B.1.351 (South Africa strain)	P.1 (Brazil strain)	B.1.427 and B.1.429 (California strain)	B.1.617, B.1.617.1, B.1.617.2, and B.1.617.3 (India strain)
Variant Classifications ^{1/}	Variant of Concern	Variant of Concern	Variant of Concern	Variant of Concern	Variant of Interest ^{2/}
First Detected	the UK (September 2020)	South Africa (December 2020)	Brazil (November 2020)	The US (May 2020)	India (October 2020 - February 2021)
Attributes	50 percent increased transmission, and increased death rate	50 percent increased transmission, and increased recurrent infection rate	Increased transmission rate and increased recurrent infection rate	20 percent increased transmission rate	Increased transmission rate
Found in	More than 144 countries	More than 60 countries	More than 25 countries	More than 26 countries	More than 17 countries
Effects on vaccine efficacy ^{3/}	Pfizer-BioNTech, Moderna, Johnson & Johnson, AstraZeneca, Sputnik and Novavax still have good protective performance. (Especially Johnson & Johnson and AstraZeneca)	It has a potential to reduce some of the existing vaccines' efficacy. However, WHO stated that vaccines can still prevent serious illness and death, although they cannot completely prevent infection.	There is no conclusive evidence that the vaccine is ineffective against this strain of the virus. However, it is possible that this strain could evade antibodies, which would affect the efficacy of current vaccines.	It slightly reduces the effectiveness of the vaccines.	It is likely to decrease the effectiveness of the vaccines.

Note: 1/ Variants are classified by the US Centers of Disease Control and Prevention (CDC)
 2/ The World Health Organization (WHO) declared that India strain is the Variant of Concern on May 10th, 2021.
 3/ Data was collected from CDC's "SARS-CoV-2 Variant Classifications and Definitions" on May 15th, 2021.

Sources: CDC, ECDC, WHO, and the Matter

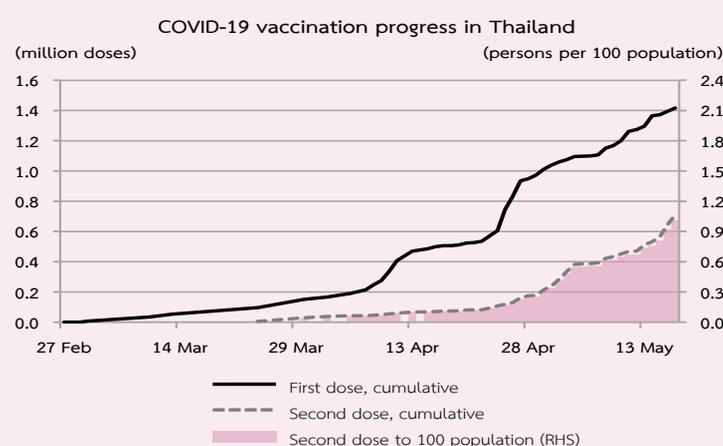
The COVID-19 vaccination progress

Company	Country	Type	Efficacy		Approved by		Orders received (million doses)	Price/Dose (Baht)
			Overall	Against severe, or fatal disease	WHO	Thai FDA		
BioNTech/Pfizer	US	mRNA	95%	Na.	*	**	1,220	700
Moderna	US	mRNA	91%	100%	*	**	816	450 - 750
Oxford-AstraZeneca	UK	Viral vector	70%	100%	*	*	3,009	120
Sinovac	China	Inactivated virus	50%	100%	**	*	367	450 - 900
Sinopharm	China	Inactivated virus	79%	Na.	*		230	1,000
Gamaleya	Russia	Viral vector	92%	100%		**	765	300
Johnson & Johnson	US	Viral vector	67%	85%	*	*	368	300
Novavax	US	Virus protein	89%	100%			1,404	500
CanSino Biologics	China	Viral vector	66%	91%			Na.	Na.

Remarks: * Approved ** Pending

Source: compiled by the NESDC (as of May 14th, 2021)

The research and production of COVID-19 vaccines have been rapidly developed. There are already six vaccines that have been officially approved by the WHO: (i) Pfizer–BioNTech vaccine developed by the US and mainly produced in the US, Germany, Belgium, and India; (ii) Moderna vaccine developed and mainly produced in the US; (iii) Oxford–AstraZeneca vaccine developed by the UK and mainly produced in India, the UK, the Netherlands, and Belgium; (iv) Johnson & Johnson vaccine developed by the US and mainly produced in China; (v) Covishield vaccine developed and mainly produced in India; and (vi) Sinopharm vaccine developed and mainly produced in China. As of March 3rd, 2021, the largest vaccine producer is China with a total of 141.6 million doses, following by the US (103.0 million doses), Germany/Belgium (70.5 million doses), and India (42.4 million doses).



Source: Department of Disease Control

The pandemics in many countries become even more uncontrollable situation and the global number of new cases tend to increase continuously. Therefore, the demand for vaccine has been escalated, and then the vaccine producing countries prioritize vaccinating their population rather than export to other countries. Hence, the vaccination rates in the North America and Europe are as high as 48.4 percent and 31.9 percent of total population, respectively. Whereas, the figures in South America, Asia, and Africa are much lower at 18.6 percent, 12.2 percent and 1.4 percent, respectively. Furthermore, vaccines that are mostly used in North America and Europe are from Pfizer–BioNTech and Moderna. Meanwhile, majority vaccines in Asia and Africa are from Oxford–AstraZeneca, Sinopharm, and Sinovac.

For COVID-19 vaccination situation in Thailand, according to the Ministry of Public Health, the government aims to distribute vaccine up to 100 million doses within 2021, covering 50 million people or 70 percent of total population. According to the Center for COVID-19 Situation Administration (CCSA) on April 30th, 2021, the government has already secured around 63 million doses of the COVID-19 vaccines, which are mainly from the two producers: (i) Sinovac vaccine, of which 2.5 million doses were available during February – April, and (ii) AstraZeneca, of which 26 million doses and 35 million doses available during June – August and September – December, respectively. For the current situation, on May 13th, 2021, there are already 2,476,496 doses of COVID-19 vaccines being allocated and 2,124,732 doses being administered, of which 1,416,432 people have already received the first dose (around 2.1 percent of the total population) and 708,300 people have already received the second dose (around 1.1 percent of the total population) mainly targeting the following groups (i) medical and public health personnel, (ii) frontline workers with exposure risks, (iii) persons over 60 years old together with patients with chronic diseases, (iv) those working in high-risk jobs, such as public transportation, and (v) people in the outbreak areas.

Key assumptions for 2021 economic projection:

	Key Assumptions				
	Actual Data			Projection for 2021	
	2018	2019	2020	Feb 15, 2021	May 17, 2021
World Economic Growth (%) ¹	3.9	3.0	-3.2	5.2	5.8
USA	3.0	2.2	-3.5	4.8	6.0
EU	1.9	1.3	-6.7	4.3	4.3
Japan	0.6	0.3	-4.8	2.4	2.8
China	6.7	6.0	2.3	7.7	8.7
World Trade Volume (%)	3.9	0.9	-8.5	6.7	7.8
Exchange Rate (Baht/US dollar)	32.3	31.0	31.3	29.5 – 30.5	29.8 – 30.8
Dubai Crude Oil (US dollar/Barrel)	69.5	63.3	42.4	48.0 – 58.0	58.0 – 68.0
Export Price (US dollar) (%)	3.4	0.3	-0.8	1.5 – 2.5	2.5 – 3.5
Import Price (US dollar) (%)	5.7	0.3	-3.8	2.0 – 3.0	3.5 – 4.5
Income from Tourism (Trillion baht)	1.82	1.85	0.44	0.32	0.17

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

Source: NESDC

- 1) The assumptions for the pandemic and vaccines**, are as follows: (i) The domestic outbreak in Thailand can be contained and will not intensify which will not lead to more stringent containment measures than current level. In the base case, it is expected that the current outbreak will pass its peak during May 2021 and there are no new variants that will spread and escalate the situation; (ii) The distribution of the vaccines is assumed to be compliant with the Ministry of Public Health plan. The rollout should be more widespread in the latter half of 2021. Therefore, it is expected that 75 percent of total population should be vaccinated by 2021, and thus will reach herd immunity from the first quarter of 2022; (iii) The vaccines are assumed to be effective against COVID-19 and to be able to trigger the human immune responses; and (iv) vaccine rollout plan in the key tourism destinations can be accomplished. Accordingly, under this baseline assumption, Thailand and major tourist originating countries are expected to gradually relax their international travel restrictions and the mandatory quarantines upon entry in the last quarter of 2021. However, the relaxation will be under strict health safety standards regarding traveling as well as the successes of disease control and vaccine distribution.
- 2) The world economy in 2021 are expected to expand by 5.8 percent, compared with the 3.2-percent decline in 2020**, and was an upward revision from 5.2 percent growth in the previous projection. The upward revision was due to stronger-than-expected growth of major advanced economies in the first quarter of 2021, particularly the US and China following the successes in containing the outbreak and government's large economic stimulus which have boosted domestic demand to recover vigorously. In addition, the NIEs and the ASEAN, as export-oriented economies, can benefit from the spillover of the major economies' recoveries. Concludingly, the global trade volume is expected to expand by 7.8 percent in 2021, compared with last year's 8.5-percent contraction and was upwardly revised from 6.7 percent assumed in the previous projection.
- 3) The average value of Thai Baht in 2021 is expected to be in the range of 29.8 – 30.8 Baht per US dollar, appreciating from 31.3 Baht per US dollar in 2020**, but slightly depreciating from 29.5 - 30.5 Baht per US dollar in the previous estimation. The revision was made to be in line with the average Thai Baht in the first 4 months of 2021 of 30.53 Baht per US dollar with an average of 31.32 Baht per US dollar in April, which was weaker than expected. This depreciation tendency is mainly due to the slower-than-expected of the Thai economic recovery impacted by the new wave of pandemic, together with the possible delay of international tourism recovery, which will affect current account surplus. Meanwhile, the US dollar has appreciated as a result of the stronger-than expected recovery of US economy due to progress in vaccine distribution and additional fiscal stimulus measures, which is also consistent with the rising trend of long-term US government bond yields. However, the Thai Baht can be more volatile under the uncertainties of the pandemic situation and vaccine efficacy, along with investors' concerns over the monetary policy directions of major central banks, especially the FED, amidst rising inflation trends.
- 4) The average Dubai crude oil price in 2021 is expected to be within the range of 58.0 - 68.0 US dollars per barrel, an increase from 42.4 US dollars per barrel average in 2020** and is higher than the previously assumed range of 48.0 - 58.0 US dollars per barrel. The adjustment was in line with the heightened oil price during the first quarter of 2021. The upside risks to the price during the rest of the year are: (i) the tendency of the world economy to achieve better-than-expected recovery during 2021 which will thus drive oil demand, as the US Energy Information Administration (EIA) forecasted in April 2021 that global oil demand in 2021 will increase by 5.5 million barrels per day from 2020, or a 6.0-percent growth; (ii) production cuts by the OPEC leading to expected global production being at 31.8 million barrels per day, lower than the previously estimated 32.2 million; and (iii) the low level of US crude oil inventory, which at the end of April was at 72.1 percent of total working storage capacity, which is a 9-week low and lower than 73.9-percent average during 2020. Nevertheless, the oil price is also subject to downward pressures due to following factors: (i) intensified outbreak in several countries, especially in India and Japan, which are the world's third and fourth largest oil importers, together with the tendency of the virus variants which will undermine vaccines' efficiency and economic confidence; (ii) possibility of lifting Iran sanctions; and (iii) OPEC+'s cooperation to increase daily production by 350 thousand barrels per day during May and June, and 441 thousand barrels per day during July.

- 5) **The export and import prices in terms of US dollars in 2021 are expected to increase by 2.5 - 3.5 percent and 3.5 - 4.5 percent, with midpoints being at 3.0 percent and 4.0 percent, respectively, compared with the previous year's declines at the rates of 0.7 percent and 3.4 percent, respectively.** These are upward revisions from the previous projection, in line with the increased oil price assumption, and faster-than-expected recovery of the global economy and trade volume.
- 6) **The revenue from foreign tourists in 2021 is expected to be 0.17 trillion baht, which is lower than 0.44 trillion baht in 2020 or a 62.6 percent decrease,** and downwardly revised from 0.32 trillion baht in the previous projection. The estimation was in line with a lower assumption of inbound foreign tourists from 3.2 million people in the previous projection to 0.5 million people in this forecast, comparing with 6.7 million people in 2020, or a 92.5-percent decrease. The downward revision is a result of prolonged COVID-19 outbreaks in many countries and a new wave of outbreak in Thailand. Besides, there remains uncertainties stemming from vaccines' efficacies, especially against virus mutations. Under this circumstance, the anticipated inbound foreign tourists are likely to be lower than previous assumption, especially those from major tourist originating countries, like the EU, India, and other South Asia countries, where experiencing with highly new infected cases and risks from new variants of the virus. Moreover, the Chinese government still implement restrictions on Chinese to travel abroad. Nonetheless, in the baseline scenario, it is expected that the Thai government would be able to distribute vaccine to some specific targeted area, particularly major tourism destinations, as planned which will be sufficient to achieve the herd immunity. Therefore, it is expected that the government will be able to start easing international traveling particularly under the so-called Phuket sandbox scheme that aims to allow inbound foreign tourists to visit Phuket area without mandatory quarantine in the third quarter as expected, before considering to further implement in other pilot areas in the last quarter of this year.
- 7) **The budget disbursement are as follows:** (i) The FY2021 annual budget disbursement rate of 92.5 percent of overall budget, downwardly revised from 93.5 percent in the previous projection. The current budget is expected to be disbursed by 98.0 percent, equal to the previous estimation. The capital budget is expected to be disbursed by 70.0 percent, lower than a 75.0-percent disbursement rate in the former assumption due to a lower-than-expected disbursement rate of capital budget in the second quarter of FY2021; (ii) The carry-over budget disbursement rate of 85.0, the same level as in the previous estimate; (iii) The state-owned enterprises' capital budget disbursement of 70.0 percent, equal to the previous assumption; and (iv) As of May 3rd, 2021, the budget under the 1 trillion Baht loan Decree was disbursed by 650 billion Baht, and it is expected that about 501 billion Baht will be disbursed during FY2021, compared with a disbursement of 299 billion Baht in FY2020. Therefore, the cumulative disbursement by the end of FY2021 is expected to be 800 billion Baht, accounting for 80.0 percent disbursement rate of the total budget, the same as in the previous estimation.

Economic Projection for the Thai Economy in 2021:

The Thai economy in 2021 is projected to expand in the range of 1.5 – 2.5 percent (with the midpoint of 2.0 percent), compared with a 6.1-percent decline in 2020. Headline inflation is estimated to lie within the range of 1.0 – 2.0 percent, compared with (-0.8) percent in the previous year, and the current account is anticipated to record a surplus of 0.7 percent of GDP, compared with 3.3 percent in 2020.

In the May 17th, 2021 press release, the NESDC forecasted that the Thai economy in 2021 is expected to grow in the range of 1.5 – 2.5 percent (with the midpoint of 2.0 percent), revised downwardly from an expansion of 2.5 – 3.5 percent (with the midpoint of 3.0 percent) in the previous projection, released on February 15th, 2021, together with the revision in key growth components to be consistent with changing conditions and revised assumptions as follows:

- 1) **The more severe-than-expected outbreaks globally, the new wave of infections within the country, and the virus mutation** that are not included in the previous assumption have led to the adjustment in the key growth components as follows: **(i) The revision on export of services projection;** export of services was adjusted to be more in line with the slower-than-expected recovery of the tourism sector, due to uncertain outbreak situations both domestically and globally. Combining with the risks from virus variants and possible delay of vaccine distribution in many countries. Most authorities including Thailand tend to extend the international travel restrictions to be longer than anticipated. Thus, resulted in a slower-than-expected tourism recovery in those countries as well as Thailand. Therefore, the number of tourists in 2021 is expected to be about 0.5 million people, lower than 3.2 million people in the previous projection and 6.7 million people in 2020. The foreign tourism receipts are therefore forecasted to be 0.17 trillion Baht, compared with 0.32 trillion Baht in the previous forecast and 0.44 trillion Baht in 2020, and **(ii) The revision on the estimated private consumption** owing to an intense domestic resurgence of COVID-19 pandemic as shown by a higher number of daily new infected cases compared with the previous spread. The government had to uplift the COVID-19 containment measures in particular areas¹⁹ which impacted private consumption to be softened during the first half of the year. In 2021, private consumption is forecasted to expand by 1.6 percent, a downward revision from 2.0 percent in the previous estimation.

¹⁹ The announcement by the Centre for COVID-19 Situation Administration (CCSA) numbered 20/2021 dated April 16th, 2021, classified areas for level of restriction policy into (i) 18 provinces as maximum controlled area, and (ii) 59 provinces as controlled area in addition to other outbreak control measures, including prohibition of organizing activities that risk to transmission, the closure of areas that prone to the infectious disease, and asking people to avoid unnecessary travels.

- 2) **The downward revision on the public investment:** Public investment is adjusted to be in line with the actual figures in the first two quarters of FY2021, where the capital budget was disbursed by 24.6 percent, lower than the rate of 30.0 percent in previous estimation. As such, the capital budget disbursement is downwardly revised and expected to be 70.0 percent throughout the FY2021, in comparison with 75.0 percent in the previous estimation.
- 3) **The upward revisions on the global economy and trade volume assumption:** The adjustments were in tandem with the strength of projected recovery of the major economies, especially in the US, China, and the NIEs, which are approximately accounted for 47 percent of Thailand's total export. Hence, the world economy and global trade volume in 2021 are expected to expand by 5.8 percent and 7.8 percent, respectively, upward revisions from the 5.2-percent and 6.7-percent growths in the previous estimation. The upward revision on the global growth will lead to faster-than-expected growth of Thai exports of goods, investment, and manufacturing production.

Key components of the economic growth:

- 1) **Total consumption:** (i) **Private Consumption Expenditure** is expected to grow by 1.6 percent, improving from a decrease of 1.0 percent in 2020, but is downwardly revised from a 2.0-percent growth in the previous estimation. This adjustment is mainly due to the resurgence of domestic infections in April which has been more severe than expected and tends to impact consumer spending, especially on close contact services. In addition, the government had to reimplement disease control measures in certain high-risk areas. This is in line with the Consumer Confidence Index in April that hit a record low of 40.3 points; and (ii) **Government Consumption Expenditure** is estimated to expand by 5.1 percent, accelerating from a 0.9-percent growth in 2020, but remained unchanged from the previous projection. This is in line with the unchanged disbursement rate assumptions for the current budget under the FY2021 and the 1-trillion-bath loan decree at 98.0 percent and 80.0 percent of total budget at the end of FY2020, respectively.
- 2) **Total investment** is projected to rise by 5.3 percent, compared with a 4.8-percent decrease in 2020, and is revised downwardly from a 5.7-percent growth in the previous forecast. (i) **Public Investment** is estimated to increase by 9.3 percent, revised down from a 10.7-percent expansion in the previous prediction due to the downward adjustment in the assumptions of FY2021 capital budget disbursement to 70 percent of total budget from 75 percent in the previous projection. This adjustment was in line with the lower-than-expected actual capital budget disbursement in the first half of FY2021; and (ii) **Private Investment** is projected to grow by 4.3 percent, compared with a decrease of 8.4 percent in 2020, and is an upward revision from a 3.8-percent growth in the previous prediction. This adjustment corresponds to the recovery trends of the world economy and global trade volume.
- 3) **Export value of goods in US dollar term** is anticipated to grow by 10.3 percent, improving from a 6.6-percent contraction in 2020, and an upward revision from a 5.8-percent expansion in the previous projection. Export volume is forecasted to grow by 7.3 percent, revised upwardly from 3.8 percent in the previous projection in response with the improvement of the world economy and merchandize trade assumption. Moreover, the export price is expected to be higher than in the previous assumption following the escalating crude oil price in the global market and the upward tendencies of commodity prices, especially iron. Nevertheless, the export of services is expected to decline in tandem with the expected decline in number of foreign tourists to be at 0.5 million persons in 2021, a downward revision from 3.2 million persons in the previous estimation. Consequently, the export quantity of goods and services in 2021 is estimated to increase by 1.8 percent, compared with a 0.2-percent contraction in the previous projection, and a 19.4-percent decline in 2020.
- 4) **Import value of goods in US dollar term** is expected to grow by 13.1 percent, compared with a 13.5-percent contraction in 2020 and is an upward revision from 6.5 percent in the previous projection. This is a consequence of the higher import volume projection which is expected to grow by 9.1 percent in line with recoveries in exports of goods and private investments. Moreover, import price is also upwardly revised from 2.5 percent to 4.0 percent due to an increase of oil price assumption. Together with service imports, it is expected that the import volume of goods and services in 2021 will expand by 4.7 percent, in contrast to a 0.5-percent decline in the last projection and a 13.3-percent decline in 2020.
- 5) **Trade balance** is estimated to register a surplus of 38.7 billion US dollars, compared with a surplus of 39.8 billion US dollars in 2020 and 40.8 billion US dollars in the previous projection. The revision owes to the growth of import value which is expected to be faster than the growth of export value. Considering with higher services account deficit, the current account is anticipated to register a surplus of 3.6 billion US dollars, accounting for 0.7 percent of the GDP, compared with a surplus of 12.4 billion US dollars or 2.3 percent of the GDP in the previous projection.
- 6) **Economic stability:** The average headline inflation in 2021 is expected to be in the range of 1.0 – 2.0 percent which is equal to the previous estimation. The upward pressure of increasing oil price will be offset by slower domestic spending. This is compared with the inflation rate (-0.8) percent in 2020.

6. Economic Management for the Year 2021

The Thai economy in 2021 tends to continually recover from the latter half of 2020 due to key supporting factors including the recoveries of the world economy and global trade volume which will bolsters Thailand's exports and manufacturing sector together with the supports from government expenditure to mitigate effects of the outbreak as well as to stimulate the economy. Nevertheless, the economic recovery over the remainder of the year is subjected to (i) the uncertainties arising from the COVID-19 pandemic, (ii) the delays in international tourism recovery; (iii) weakened financial balance sheets of the households and business sectors, and (iv) volatilities in the global economy and financial market. Given these considerations, the economic management during rest of the year 2021 particularly need to focus on following key measures:

- 1) **Containing the domestic outbreak in order to minimize the infection cases as soon as possible, as well as preventing new wave of pandemic**, by: (i) **Enforcing the disease control and preventive measures strictly**, along with enhancing active disease surveillance and investigation especially in high-risk areas, monitor and control high-risk activities, and prevent the entry of additional variants from abroad especially through visitors and border areas; (ii) **Expediting the process of vaccine acquisition and distribution in order to achieve the herd immunity, and prioritizing the distribution** to high-risk groups of people upon public health guidance, as well as considering restoration of economic activities in key tourism destinations and manufacturing production bases, and allowing for flexibility to cope with uncertainty; (iii) **Continually enhancing public health capabilities** to efficiently control the current situation and to prepare for coping with (if any) additional waves of outbreak; and (iv) **Providing precise and accurate information** to the public in order to build confidence about vaccination and campaigning the public health guidelines especially for the self-protection, to prevent additional outbreaks and to reduce possible risk of the post-vaccination infections.
- 2) **Implementing targeted economic measures to support affected people, labor, and businesses together with the economic recovery policies**, by: (i) Monitoring closely the ongoing economic measures to efficiently support the target groups, together with considering additional measures and conforming the existing measures to the changing situation and to be able to assist impacted economic sectors and areas experiencing with difficulties during the recovery path; (ii) Considering measures assisting the labor force through labor retention measure, especially for affected SMEs, along with new job creation, upskilling, and reskilling labors for those in need; and (iii) Considering additional economic measures to stimulate and restore the economy after the outbreak situation starts to be well-contained.
- 3) **Encouraging export of goods**, to increase foreign income and bolster manufacturing and private investment recovery by focusing on: (i) Boosting exports target to major markets that are experiencing strong economic rebound as well as expanding new markets for potential products; (ii) Developing quality and standards of the agricultural, food, and manufactured products to be in accordance with the importing countries' requirements; (iii) Utilizing benefits from Regional Comprehensive Economic Partnership (RCEP), along with extending economic and trade cooperation under key international agreements in forms of bilateral or multilateral agreements; (iv) Expediting the ongoing Free Trade Agreement (FTA) negotiations and preparing for future negotiations with new partners, especially the EU, European Free Trade Association (EFTA), and the UK after Brexit, as well as prioritizing international agreements that could be used as obligations and lead to trade restrictions; and (v) Cushioning the export sector from exchange rate fluctuation and rising production cost in order to advance Thailand's competitiveness.
- 4) **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) Solving difficulties and obstacles hindering both Thai and foreign investors and entrepreneurs from investing and conducting businesses in Thailand in order to create accommodative investment ecosystem and to improve ease-of-doing business environment, such as the restrictions to work and invest for foreigners, infrastructure development, and factors to attract investment in new industries; (iii) Implementing proactive investment promotions and facilitating investors particularly in key target industries; (iv) Encouraging investments in Eastern Economic Corridor (EEC), Special Economic Zones (10 provinces) and southern border provinces, in order to boost up regional investments; (v) Prioritizing the maintenance of economic stability to sustain investors' confidence; and (vi) Stimulating investment in the key economic areas and transport infrastructure to be in accordance with the prospected plan, along with restructuring the major manufacturing and service sectors in order to uplift Thailand's long-run potential economic growth.
- 5) **Maintaining growth momentum from government expenditure and investments**, by: (i) Expediting the FY2021's annual budget disbursement rate to be at least 92.5 percent of the total budget, with current and capital budget disbursement rates of no less than 98.0 and 70.0 percent, respectively; (ii) Ascertaining that the FY2021 carry-over budget disbursement rate will be no less than 85.0 percent of its total; (iii) Accelerating the state-owned enterprises' capital budget disbursement rate to be no less than 70.0 percent of the total budget; and (iv) Ensuring the budget disbursement of the 1 trillion-Baht loan 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) to be no less than 80.0 percent of the total budget.

- 6) **Preparing for re-opening to foreign tourists**, in order that the tourism and related service sectors can promptly recover after wide and sufficient vaccination both in Thailand and tourist origin countries to the level that can ensure confidence regarding international travel and health safety. The main considerations include (i) The adequacy of vaccine allocation in the pilot travel destinations, along with (ii) Preparing the areas to accommodate visitors in terms of the disease investigation and control systems, the improvement of accommodation and traveling sites to follow safety and health standards as well as to be environmentally friendly areas, the improvement of life and property safety as well as journey's experience, and the enhancement of public transport service quality.
- 7) **Preserving domestic political environment** not to become an additional downside risk to the economy and aggravate business confidence, amidst uncertainties arising from the COVID-19 outbreak.

Key Economic Measures to remedy and mitigate impacts from COVID-19 outbreak

Measures	Details	Budget (Bil. Baht)
I. Measures to remedy households		
Cost of living support	<ul style="list-style-type: none"> Subsidizing electricity and water expenses for social welfare card holder (Oct 20 – Sep 21) Discounting on electricity, water, and internet bills for the general public and small enterprises (Feb – Mar 21 and May – Jun 21 billing periods) 	1,423.5 20,000
Household Consumption Supporting	<ul style="list-style-type: none"> Topping up the monthly allowance for social welfare card holder and those in need of special help by 500 Baht per person per month (Jul – Dec 21) “Kon-La-Kreung” or “Half-Half co-payment” scheme, a half price subsidy for purchases at eligible stores, with a total cap at 150 Baht per person per day or 3,500 baht per person during the program. (Oct 20 - Mar 21) “Shop-dee-nee-kuen”, a tax deduction campaign of up to 30,000 baht when purchasing products and services in the tax year 2020. 	19,380 52,500 14,000*
Cash Transfer for self-employed worker, vulnerable groups, and agricultural workers/farmers	<ul style="list-style-type: none"> 9,000 Baht per person direct cash transfer for self-employed worker, vulnerable groups, agricultural workers/farmers, low-income groups, and social welfare card holders (Until Jun 2021) 	277,200
Soft loans by Specialized Financial Institutions (SFIs)	<ul style="list-style-type: none"> Credit for personal expenses for wage earners and freelancer (Government Savings Bank: GSB) Personal Loan for individuals (GSB) Emergency credit for small farmers (Bank for Agriculture and Agricultural Cooperatives: BAAC) Soft Loans for low-income earners through The Government Pawnshop (GSB) Thai fight COVID-19 credit for wage earners, freelancers, small farmers, and farm workers (BAAC) Extending temporary interest payment suspension by SFIs until 31 Dec 2021 	20,000 10,000 20,000 2,000 20,000 —
Tax measures	<ul style="list-style-type: none"> Extension of personal income tax filing deadline through online system. (For the tax year 2020 can be filed by June 30th, 2021, extending from April 8th, 2021) 90 percent reduction in the Land and Building Tax for the 2020 tax year Reduction in fees for the registration of a sale and mortgage of real estate (until Dec 21) Extension of Land and Building Tax collection period for the year 2021 to August 2021 Extension of Jet fuel levy cuts VAT exemption for the importation of medicines, medical supplies, medical tools to use against COVID-19 	— 35,545* 5,900* — — —
2. Measures to support the tourism sector		
We Travel Together	<ul style="list-style-type: none"> The government subsidizes 40 percent for hotel accommodation per night, up to 15 nights per person for a total of 8 million rooms with e-voucher up to 900 Baht per room per night and airplane ticket cash back up to 2,000 Baht. (July 2020 – April 2021, and postponed until the outbreak is resolved.) 	26,666.7
Tour Tiew Thai	<ul style="list-style-type: none"> The government subsidizes 40 percent of tourist package costs up to 5,000 baht per person for a total of 1 million persons. (Postponed until the outbreak is resolved.) 	5,000
Kam Lang Jai	<ul style="list-style-type: none"> Subsidies for the Village Health Volunteer (VHV) and other public health workers to travel via travel agencies 	2,400
Opening for Special Tourist Visa (STV) holders	<ul style="list-style-type: none"> Special Tourist VISA for long-stay tourists 	—
Workation Thailand	<ul style="list-style-type: none"> Cooperation between the government, companies, and state enterprises to book hotel accommodation in order to support both the tourism sector and overall job retention. 	—

Remarks: * Estimated forgone tax revenue

Key Economic Measures to remedy and mitigate impacts from COVID-19 outbreak (cont.)

Measures	Details	Budget (Bil. Baht)
3. Measures to support businesses and SMEs		
Financial support measures for SMEs	<ul style="list-style-type: none"> • Soft loans for affected businesses under the Emergency Decree on the Provision of Financial Assistance for Entrepreneurs Affected by COVID-19 Pandemic, B.E. 2563 (Soft loan emergency decree) • Soft loan facility for businesses (totaling 250 billion baht) and Debt restructuring through Asset Warehousing with Buy-Back options (totaling 100 billion baht) under the 2020 Soft Loan Emergency Decree • BOT's policies for affected borrowers such as relief extension and encouraging financial servicers to step in • Reduction of interest rates and Financial Institutions Development Fund (FIDF) fee as well as the adjustment of default interest calculations for debt repayment. • Measures to support and mitigate debt for borrowers with multi-creditors (DR BIZ program) by the Bank of Thailand • Support Small and Medium Enterprises' (SMEs) accessibility to public procurement • Setting the new standard for credit term in Thailand (Trade debtors must settle within 30 – 45 days) 	500,000 350,000 — — — — —
Measures to support financial liquidity	<ul style="list-style-type: none"> • Soft loans for businesses directly or indirectly affected from COVID-19 by GSB • Loan for small entrepreneurs (SMEs Bank) • Thai tourism recovery relief loan scheme by GSB • Land guarantee scheme for SMEs by GSB 	150,000 10,000 5,000 10,000
Measures to support financial liquidity (Credit guarantee)	<ul style="list-style-type: none"> • SMEs portfolio guarantee scheme: Thai fight COVID-19 (Under portfolio guarantee scheme phase 9 worth 150 billion Baht) (Thai Credit Guarantee Corporation: TCG) • Micro portfolio guarantee scheme: Thai fight COVID-19 (Under portfolio guarantee scheme phase 4 worth 25 billion Baht) (TCG) • PGS soft loan (plus) portfolio guarantee scheme with budget of 57 billion Baht for the range of 8 years. (TCG) 	5,000 5,000 57,000
Measures to promote debt restructuring	<ul style="list-style-type: none"> • Measures to provide additional specific support for each borrower after debt restructuring under the soft-loan decree, including suspending principal payment, reducing interest rates, and extending debt repayment period. 	—
4. Measures to support affected workers		
Social Security Fund Contribution Reduction	<ul style="list-style-type: none"> • Reduction of mandatory contributions to the Social Security Fund (SSF) under section 33 from 5 percent to 3 percent in January 2021 and to 0.5 percent in February and March for 12.8 million insured workers and 0.5 million employers 	—
Increasing unemployment benefits	<ul style="list-style-type: none"> • Increasing unemployment compensation for the insured workers under section 33, receiving compensation by 50 percent of their wage up to 90 days in case they are laid off or resigned 	—
Measures to alleviate social security members	<ul style="list-style-type: none"> • "Section 33 Rao Rak Kan" scheme, the cash transfer program to insured workers under Section 33 up to 4,000 baht per worker (Mar – May 21). An additional 2,000 baht in May which can be spent within June 2021. 	37,100
Measures for employment support	<ul style="list-style-type: none"> • Employment support from public and private sectors for the newly graduated, a 50 percent wage subsidy. (Oct 20 – Dec 21) • Launched "Job Expo Thailand 2020 million jobs for million workers" and introduced the online job matching platform • Soft loans to encourage employment 	19,462 — 30,000

Projection for 2021^{1/}

	Actual Data			Projection for 2021	
	2018	2019	2020	Feb 15, 2021	May 17, 2021
GDP (at current prices: Bil. Bht)	16,368.7	16,898.1	15,698.3	16,409.7	16,250.5
GDP per capita (Bht per year)	236,861.1	243,787.1	225,845.7	235,474.0	233,190.7
GDP (at current prices: Bil. USD)	506.4	544.3	501.6	547.0	541.7
GDP per capita (USD per year)	7,328.3	7,852.2	7,216.6	7,849.1	7,773.0
GDP Growth (CVM, %)	4.2	2.3	-6.1	2.5 - 3.5	1.5 - 2.5
Investment (CVM, %) ^{2/}	3.8	2.0	-4.8	5.7	5.3
Private (CVM, %)	4.1	2.7	-8.4	3.8	4.3
Public (CVM, %)	2.8	0.1	5.7	10.7	9.3
Private Consumption (CVM, %)	4.6	4.0	-1.0	2.0	1.6
Government Consumption (CVM, %)	2.6	1.7	0.9	5.1	5.1
Export volume of goods & services (%)	3.4	-3.0	-19.4	-0.2	1.8
Export value of goods (Bil. USD)	251.1	242.7	226.7	239.9	250.1
Growth rate (%) ^{3/}	7.5	-3.3	-6.6	5.8	10.3
Growth rate (Volume, %) ^{3/}	3.9	-3.7	-5.9	3.8	7.3
Import volume of goods & services (%)	8.3	-5.2	-13.3	-0.5	4.7
Import value of goods (Bil. USD)	228.7	216.0	186.9	199.0	211.4
Growth rate (%) ^{3/}	13.7	-5.6	-13.5	6.5	13.1
Growth rate (Volume, %) ^{3/}	7.6	-5.8	-10.1	4.0	9.1
Trade balance (Bil. USD)	22.4	26.7	39.8	40.8	38.7
Current account balance (Bil. USD)	28.4	38.2	16.3	12.4	3.6
Current account to GDP (%)	5.6	7.0	3.3	2.3	0.7
Inflation (%)					
CPI	1.1	0.7	-0.8	1.0 - 2.0	1.0 - 2.0
GDP Deflator	1.4	0.9	-1.1	1.0 - 2.0	1.0 - 2.0

Source: Office of the National Economic and Social Development Council, 17th May 2021

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.