Office of the National Economic and Social Development Council

Macroeconomic Strategy and Planning Division

Q2/2024

NESDC ECONOMIC REPORT

Thai Economic Performance in Q2 and Outlook for 2567

Press Release:
9.30 a.m.
August 19, 2024

www.nesdc.go.th

Thai Economic Performance in Q2 and the Outlook for 2024

The Thai Economy in the second quarter expanded by 2.3 percent (%YoY), accelerating from 1.6 percent in the first quarter. After seasonally adjusted, the economy increased by 0.8 percent from the first quarter of 2024 (%QoQ sa). **In the first half of 2024,** the economy grew by 1.9 percent.

On the expenditure side: Government consumption expenditure and export of goods and services improved, coupled with the continual growth of private consumption. Nonetheless, public and private investments contracted.

On the production side: Manufacturing returned to growth. Meanwhile accommodation and food service activities sector; wholesale and retail trade; transportation and storage sector continually expanded. Nonetheless, construction and agriculture contracted.

Economic Projection for 2024

(%YoY)	2023	2024			
	Year	Q1	Q2	H1	Year (f)
GDP (CVM)	1.9	1.6	2.3	1.9	2.3 - 2.8
Investment[1/]	1.2	-4.2	-6.2	-5.1	0.1
Private	3.2	4.6	-6.8	-0.9	0.3
Public	-4.6	-27.7	-4.3	-16.7	-0.7
Private Consumption	7.1	6.9	4.0	5.4	4.5
Public Consumption	-4.6	-2.1	0.3	-0.9	1.7
Exports of Goods[2/]	-1.5	-1.1	4.5	1.7	2.0
Volume[2/]	-2.7	-2.4	2.7	0.2	1.2
Import of Goods[2/]	-3.8	3.3	1.2	2.3	3.6
Volume[2/]	-4.1	4.6	-0.9	1.8	2.6
Current Account to GDP (%)	1.9	2.0	2.1	2.1	2.3
Inflation	1.2	-0.8	0.8	0.0	0.4 - 0.9

Note: [1/] Investment means Gross Fixed Capital Formation
[2/] based on the Bank of Thailand's data

Thai Economic Outlook for 2024

The Thai economy in 2024 is projected to expand in the range of 2.3 – 2.8 percent (with the midpoint projection of 2.5 percent). Private consumption and investment are expected to increase by 4.5 percent and 0.3 percent, respectively. Export value of goods in US dollar term is expected to grow by 2.0 percent. Headline inflation is estimated to be in the range of 0.4 – 0.9 percent and the current account is projected to record a surplus of 2.3 percent of GDP.

+ Supporting Factors

- The continual recovery of tourism sector
- The favorable growth of domestic private consumption
- The high momentum from government consumption and public investment
- The gradual return to an expansion of goods exports

− Risk Factors

- High household and corporate debts and tightened lending standards
- The impact of climate change
- Risks from fluctuation in the global economy and finance

The economic management for the remainder of 2024 should prioritize the following areas:

1. **Maintaining domestic economic and political stability.**
2. **Stimulating private investment** by (1) enhancing foreign investor confidence; (2) developing a conducive ecosystem for targeted industries and services to invest in Thailand; (3) accelerating infrastructure investment projects and the development of specialized economic zones; and (4) boosting productivity through the utilization of innovation and cutting-edge technology.
3. **Monitoring and addressing unfair trade practices** by (1) implementing a strict inspection and monitoring market dumping and unfair trade measures; (2) improving the quality inspection process of imported products; and (3) strengthening enforcement against illegal importation, tax evasion, or exploitation of legal loopholes.
4. **Ensuring adequate liquidity for the business sector, especially high-potential SMEs** experiencing financial difficulties, and upgrading production capacity and capabilities for SMEs.
5. **Expediting budget disbursement** to enable government expenditure to support the economy promptly while accelerating the budget preparation process.
6. **Preparing for the impacts of climate change,** particularly La Niña and El Niño.
7. **Expediting efforts to address air pollution issues (PM2.5) and preparing key ecosystem to support tourism.**
8. **Preparing for mitigating the impacts as well as seizing opportunities arising from global economic and trade volatility** including intensified geopolitical conflicts, trade barriers, climate change, and fluctuations in global financial markets.

1. The Thai Economy in Q2/2024

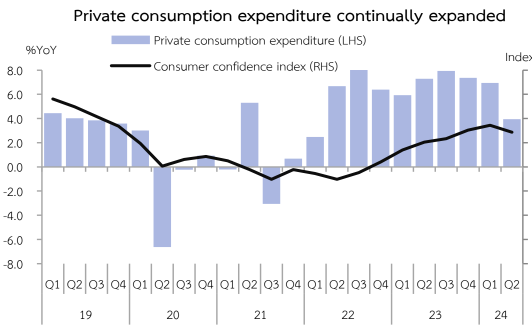
Expenditure Side:

In the second quarter of 2024, private consumption expenditures continued to grow, while private investment fell for the first time in ten quarters. However, exports of goods started to expand.

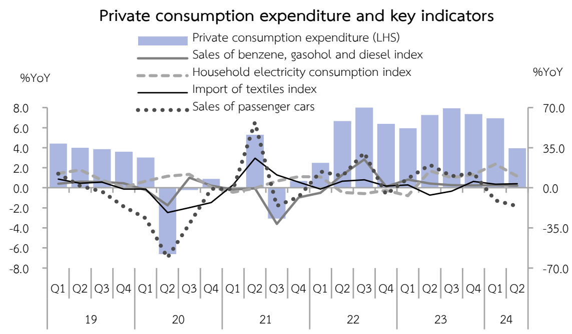
Private consumption expenditures expanded by 4.0-percent, decelerating from a 6.9-percent increase in the previous quarter. **Service expenditures** rose by 6.0 percent, down from a 13.7-percent expansion in the previous quarter. This slowdown aligned with reduced spending on restaurants and hotels, financial services, educational services, and other recreational and entertainment activities. **Non-durable goods expenditures** grew by 3.6 percent, slowing down from a 4.7-percent increase in the previous quarter, primarily due to a deceleration in spending on food and non-alcoholic beverages, as well as alcoholic beverages. **Expenditures on durable goods** declined by 6.5 percent, following a 6.7 percent reduction in the previous quarter, corresponding with a decrease in vehicle purchases. This decline was partly attributed to customers postponing purchases due to changes in consumer behavior, with a growing emphasis on alternative energy vehicles and more intense price competition, leading consumers to delay new car purchases. However, **expenditures on semi-durable goods** expanded significantly by 4.3 percent, driven by increased spending on furnishings and household equipment, as well as clothing and footwear. The consumer confidence index fell to 54.3, down from 57.2 in the previous quarter.

Private consumption grew by 4.0 percent, continuing from 6.9 percent in the previous quarter, driven by a deceleration in spending on services and non-durable goods, along with a decline in expenditure on durable goods.

In the first half of 2024, private consumption expenditures grew by 5.4 percent, continuing from a 7.6-percent expansion in the second half of 2023.



Source: NESDC, and University of the Thai Chamber of Commerce

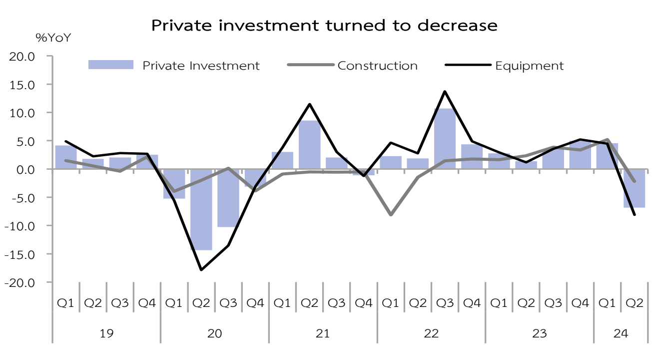


Source: NESDC, BOT, and Department of Energy

Private investment decreased for the first time in ten quarters by 6.8 percent, compared with a 4.6-percent growth in the previous quarter. This was mainly due to a decrease in **investment in machinery and equipment** by 8.1 percent, compared with a 4.5-percent growth in the previous quarter. This was primarily due to a 22.5-percent drop of investment in vehicles, continuing from a 19.5-percent drop in the previous quarter. This trend was in line with the imports volume of capital goods expanded by 0.4 percent, slowing down from a high expansion of 24.6 percent in the previous quarter. Furthermore, **investment in construction** decreased for the first time in eight quarters by 2.2 percent, compared with a 5.2-percent growth in the previous quarter, resulting from a 7.4-percent decrease in residential construction compared with a 1.6-percent growth in the previous quarter. This decline was in line with a slowdown in household loans and tighter credit standards, together with the rising of new housing prices. Nevertheless, commercial building construction decreased by 10.4 percent, compared with a 3.0-percent growth in the previous quarter. Meanwhile, factory construction expanded by 20.8 percent, slowing down from a 35.1-percent increase in the previous quarter. The decline in private investment in this quarter was in line with the drop in the business sentiment index (BSI) to 48.0 from 48.8 in the previous quarter, remaining below 50 for the fourth consecutive quarter.

Private investment decreased for the first time in ten quarters by 6.8 percent, following a decline of investments in both machinery and equipment, and construction.

In the first half of 2024, private investment decreased by 0.9 percent. This decline was due to a 1.3-percent drop of **investment in machinery and equipment,** while **investment in construction** expanded by 1.2 percent.

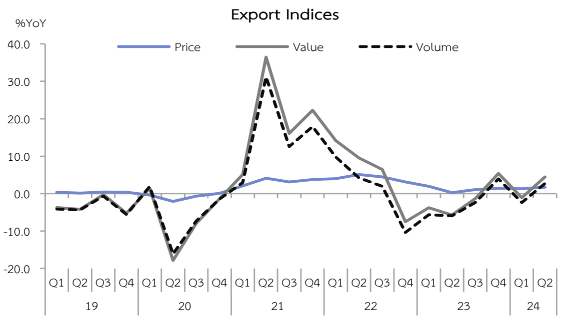


Source: NESDC

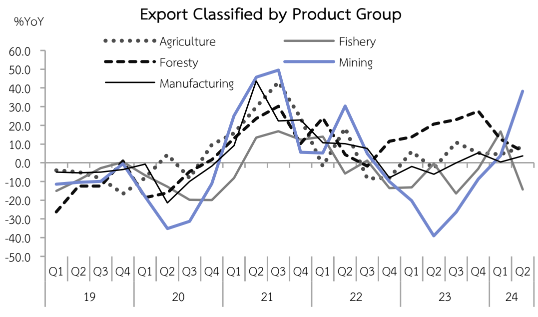
Exports in US dollar terms, in the second quarter of 2024, were recorded at 73.3 billion US dollars increased by 4.5 percent, compared with a 1.1-percent decrease in the previous quarter, followed by expansions of both the export volume and export price index. **The export volume index** revived by 2.7 percent compared with a 2.4 percent decline in the previous quarter, driven by revivals in the export volumes of manufacturing and agricultural products. **The export price index** continued to rise for the 15th consecutive quarter, by 1.7 percent, with agricultural product prices soaring by 7.7 percent. **Excluding unwrought gold,** export value rose by 4.3 percent. **In Thai Baht terms,** export value was recorded at 2,691 billion Baht, marking the third consecutive quarter increase of 11.2 percent.

Exports in US dollar terms revived by 4.5 percent due to accelerated growth in the export value of manufacturing and agricultural products.

In the first half of 2024, export value stood at 142.9 billion US dollars, increasing continuously by 1.7 percent, compared with a 1.9-percent growth in the second half quarter of 2023. The export volume and price expanded by 0.2 percent and 1.5 percent, respectively. In Thai Bath terms, export value was recorded at 5,174 billion Baht, recovering by 7.6 percent, compared with a 0.9-percent decrease in the second half of last year.



Source: Bank of Thailand



Source: Bank of Thailand

The export value of agricultural commodities increased for four consecutive quarters by 8.5 percent, accelerating from 4.5 percent in the previous quarter. This growth was driven by a 7.7-percent expansion in the export price index and a 0.8-percent favorable growth in the export volume index due to high global market demand. Notably, the export value of **rice** increased for six consecutive quarters by 53.0 percent, due to a 16.5-percent rise in export prices and a 31.4-percent increase in export volume, in line with major markets including Indonesia, Iraq, the US, and South Africa. The export value of **rubber** grew for three consecutive quarters by 37.3 percent, driven by the growths of rubber export price and volume with expanding by 8.9 percent and 26.2 percent respectively, in line with major markets including China, Malaysia, and the US. Conversely, the export value of **durian** slightly decreased by 1.0 percent, due to a decline in durian export volume by 8.3 percent, as exports to China continued to slow, despite a 7.9-percent increase in durian export price. **The export value of manufacturing products** expanded for three consecutive quarters by 3.7 percent, accelerating from a 0.4-percent increase in the previous quarter, driven by a rebound in export volumes and steadily rising prices. Exports with increased value included computers (147.9 percent), telecommunications equipment (58.5 percent), automotive (3.3 percent), and computer parts & accessories (22.5 percent). In contrast, exports with decreased value included sugar (-26.3 percent), integrated circuits and parts (-14.5 percent), vehicle parts & accessories (-0.6 percent), parts of electrical appliances (-12.8 percent) and rubber products (-10.5 percent). **The export value of fishery products** turned to decrease by 14.2 percent, with a decline in crustaceans (-27.2 percent). However, **the export value of other products** grew by 15.7 percent, primarily due to an increase in unwrought gold by 11.8 percent.

Export Value of Major Product in US Dollar Term

%YoY	2023							2024			Share Q2/24 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Agriculture	**3.9**	**0.4**	**8.2**	**6.0**	**-3.0**	**10.8**	**5.3**	**6.9**	**4.5**	**8.5**	**9.6**
Rice	29.4	21.3	36.4	24.4	18.3	27.3	43.8	48.1	43.2	53.0	2.3
Rubber	-29.2	-38.9	-17.1	-37.7	-40.2	-33.8	6.5	30.6	24.9	37.3	1.5
Durian	28.1	29.0	25.7	218.9	19.6	87.8	-51.7	-7.1	-53.2	-1.0	3.5
Other Fruits	15.8	-0.4	31.6	12.7	-7.3	42.3	18.6	-3.1	11.6	-12.7	0.9
Manufacturing	**-0.9**	**-4.1**	**2.5**	**-2.0**	**-6.1**	**-0.1**	**5.3**	**2.0**	**0.4**	**3.7**	**86.7**
Food	-2.6	-3.0	-2.2	3.4	-8.8	-5.7	1.7	-3.0	-7.2	1.5	7.5
- Sugar	21.8	33.9	5.4	32.4	35.4	-0.4	16.1	-27.7	-29.1	-26.3	1.4
- Fish, canned, prepared, or preserved	-7.2	-6.6	-7.7	-2.3	-10.8	-11.6	-3.7	8.6	9.0	8.2	1.0
- Meat of poultry, canned, prepared, or preserved	-6.3	-5.9	-6.8	-5.6	-6.2	-11.2	-1.7	5.5	2.2	9.0	1.0
Beverages	1.9	1.3	2.7	-1.5	3.9	-1.2	6.9	7.7	11.5	4.3	1.1
Rubber products	-13.1	-6.1	-20.6	0.3	-12.3	-22.4	-18.9	-15.1	-19.2	-10.5	1.9
Animal food	-13.6	-22.7	-3.6	-20.9	-24.6	-10.3	4.0	26.9	20.3	33.8	1.0
Electronics	-3.6	-7.1	-0.2	-8.1	-6.1	-5.1	5.0	17.1	6.6	27.4	13.7
- Computer	97.6	88.0	105.3	19.2	205.5	51.6	184.0	157.7	172.5	147.9	1.5
- Computer parts & accessories	-24.2	-27.2	-20.6	-24.9	-29.6	-32.7	-5.0	7.1	-6.9	22.5	4.4
- Integrated circuits & parts	4.3	1.3	7.2	-0.2	2.9	16.4	-2.0	-13.0	-11.3	-14.5	2.8
- Telecommunication equipment	12.9	15.7	10.7	17.6	14.0	11.7	9.9	42.1	24.3	58.5	4.6

Export Value of Major Product in US Dollar Term (cont.)

%YoY	2023							2024			Share
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q2/24 (%)
Electrical appliances	4.0	6.8	1.0	4.6	9.3	2.0	-0.0	-4.8	-4.4	-5.3	8.9
- Air conditioning machines	-11.9	4.5	-31.0	12.5	-5.1	-33.0	-28.8	-8.4	-15.4	1.4	2.0
- Refrigerators	-6.7	-19.0	9.7	-18.8	-19.1	-0.4	23.3	5.0	7.0	3.0	0.7
- Parts of electrical appliances	31.4	35.9	27.4	27.2	44.8	40.3	16.3	-7.1	-0.7	-12.8	2.7
Metal & steel	-7.1	-16.8	4.5	-14.4	-19.1	-4.2	14.6	13.1	21.8	4.6	5.1
Automotive	10.4	8.8	12.0	10.5	7.0	19.4	4.9	-1.2	-5.3	3.3	14.3
- Passenger car	26.2	37.4	17.8	52.7	21.4	41.9	1.0	8.1	-3.8	23.7	2.7
- Pick up and trucks	25.4	32.6	19.4	37.1	27.8	29.3	10.5	-1.4	-15.8	15.2	3.3
- Vehicle parts & accessories	0.9	-6.0	8.3	-8.3	-3.4	6.2	10.6	1.8	4.1	-0.6	6.1
Machinery & equipment	-0.8	-1.1	-0.5	-0.6	-1.5	0.8	-1.9	3.0	-1.4	7.5	8.3
Aircrafts, ships, floating structures, and locomotive	4.4	-17.2	41.2	9.8	-29.8	2.3	91.0	-8.9	25.8	-34.3	1.1
Jewellery	10.8	12.6	9.2	22.0	3.7	11.5	6.4	9.1	13.6	4.0	2.7
Petro-chemical products	-15.1	-20.9	-8.3	-21.8	-19.9	-13.6	-2.0	-3.1	-4.8	-1.4	7.1
Petroleum products	0.1	-17.0	20.2	3.1	-29.4	-3.0	51.6	-5.5	-3.9	-6.9	3.1
Fishery	-8.4	-6.6	-10.2	-13.2	-0.4	-16.4	-3.3	-0.4	16.8	-14.2	0.5
Crustaceans	-7.7	-0.4	-13.8	-11.2	8.7	-19.6	-7.4	-9.1	17.3	-27.2	0.2
Fish	-12.8	-20.3	-5.1	-24.3	-16.1	-13.6	4.8	18.0	27.8	8.5	0.1
Other Exports	-11.5	-28.9	27.0	-37.3	-8.0	-8.6	95.0	-10.1	-25.2	15.7	2.1
Non-monetary gold (excl. articles of goldsmiths)	-15.6	-34.9	26.7	-46.9	-1.3	-9.9	98.0	-4.9	-16.0	11.8	1.9
Total Exports (Customs basis)	-0.8	-4.6	3.2	-3.3	-5.8	0.3	6.4	2.0	-0.3	4.3	100.0
Exports, f.o.b. (BOP basis)	-1.5	-4.8	1.9	-3.8	-5.7	-1.3	5.4	1.7	-1.1	4.5	98.7
Export Value (exclude gold)	-1.2	-3.7	1.5	-1.6	-5.8	-1.1	4.3	1.9	-0.6	4.3	96.8

Source: Bank of Thailand

Exports to most major markets increased favorably, particularly to the US, CLMV, and the EU (27), excluding the UK. Additionally, exports to China and ASEAN (9) recovered. **Exports to the US** increased for four consecutive quarters by 12.5 percent, driven by exports of computers, equipment, and components, telephone sets and parts, and machinery and parts. **Exports to China** recovered by 1.9 percent, mainly due to an increase in exports of computers, equipment, and components, other manufacturing products, and other agricultural products. **Exports to ASEAN (9)** revived by 3.1 percent, due to an improvement in exports to Malaysia, Viet Nam, the Philippines, and Cambodia. **Exports to the EU (27), excluding the UK,** rose continuously by 6.5 percent, due to increased exports of computers, equipment, and components, precious stones and jewelry, and rubber products. In contrast, **exports to Japan** decreased for three consecutive quarters by 5.9 percent, driven by a fall in exports of machinery and parts, chemical products, and polymers of ethylene. **Exports to the UK** decreased for four consecutive quarters by 19.9 percent, driven by a fall in exports of precious stones and jewelry, motorcycles, parts and accessories, and motor cars, parts and accessories. **Exports to South Korea** decreased by 5.4 percent, driven by a fall in exports of rubber products, refine fuels, and electronic integrated circuits. **Exports to Taiwan** continually decreased by 1.4 percent, driven by a decrease in exports of electronic integrated circuits, air conditioning machine and parts, and parts of aircraft and accessories.

Exports to most major markets increased, particularly to the US, CLMV, and the EU (27), excluding the UK.

Export Value to Key Markets in US Dollar Term

%YOY	2023							2024			Share
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q2/24 (%)
Total Exports (Mil US$) (Customs basis)	285,074	142,384	142,690	71,182	71,202	72,476	70,214	145,290	70,995	74,295	100.0
(%YoY)	-0.8	-4.6	3.2	-3.3	-5.8	0.3	6.4	2.0	-0.3	4.3	
United States	1.7	-3.4	6.9	-3.7	-3.1	3.9	10.3	11.2	9.9	12.5	17.7
China	-0.7	-3.5	2.5	-7.2	-0.5	4.4	0.4	-1.2	-5.1	1.9	13.8
Japan	-0.3	-1.3	0.9	-0.3	-2.4	1.8	-0.15	-7.5	-9.0	-5.9	7.7
ASEAN (9)	-6.8	-9.2	-4.1	-2.9	-15.0	-12.0	5.0	1.2	-0.6	3.1	22.9
- ASEAN (5)*	-1.1	-6.6	5.1	-1.0	-11.9	-4.2	16.1	-2.7	-5.3	0.0	13.1
- CLMV**	-14.3	-12.8	-15.7	-5.6	-19.2	-21.8	-8.8	7.0	6.5	7.5	9.7
EU (27), excluding the UK	-3.7	-1.7	-5.7	-1.2	-2.2	-8.0	-3.2	4.4	2.4	6.5	7.8
United Kingdom (UK)	1.0	11.1	-8.7	2.8	20.4	-0.4	-16.8	-15.3	-10.5	-19.9	1.2
Middle East (15)	-0.4	3.2	-3.8	14.5	-7.3	-5.2	-2.5	2.0	-3.7	8.4	3.7
- Saudi Arabia	32.4	36.3	29.2	47.8	25.2	40.7	19.3	11.6	4.3	19.9	1.0
- United Arab Emirates	-3.8	0.7	-7.7	17.2	-14.4	-14.9	0.3	5.3	0.0	11.8	1.1
Australia	9.2	2.5	15.6	-9.0	15.4	11.8	19.4	11.8	24.8	0.2	4.0
Hong Kong	10.0	-6.6	30.4	-3.3	-9.5	34.8	25.8	14.0	23.5	5.1	3.8
India	-4.0	-8.7	1.4	3.9	-19.4	1.6	1.3	5.5	-3.4	15.4	3.8
South Korea	-5.2	-5.7	-4.6	-0.7	-10.1	-11.4	3.8	-6.4	-7.5	-5.4	2.1
Taiwan	2.0	-5.1	10.2	-2.5	-7.3	5.4	15.1	-1.9	-2.5	-1.4	1.7

Note: * ASEAN (5) consists of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consists of Cambodia, Laos, Myanmar, and Vietnam
*** Middle East (15) consists of United Arab Emirates, Bahrain, Egypt, Israel, Iraq, Iran, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Yemen

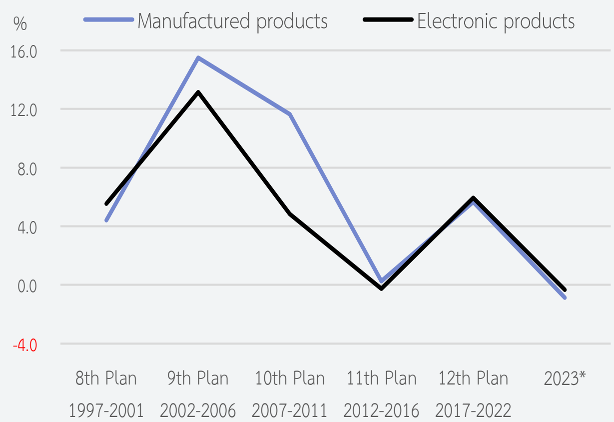
Source: Bank of Thailand

Thailand's Participation in the Global Supply Chain: The Case of Electronics and Electrical Appliances

Electronics and electrical appliances have been one of the key drivers of Thailand's exports for the past two decades, contributing 23.9 percent of total export value. However, this export momentum has gradually slowed since 2021, culminating in a reduction in export value by (-0.3) percent in 2023, compared to growth of 3.3 percent and 19.4 percent in 2022 and 2021 respectively. This resulted in a 0.9-percent decrease in overall industrial product exports in 2023, compared to growth of 4.8 percent and 23.5 percent in 2022 and 2021, respectively. Despite this, in the first half of 2024, the export value of electronics and electrical appliances returned to grow at 6.7 percent, improving from a 0.3-percent increase in the second half of 2023. The export value of electronic products increased by 17.1 percent, mainly driven by the expansion of computers, parts and computer accessories. In contrast, the export value of electrical appliances decreased by 4.8 percent, mainly due to a decline in exports of electrical appliance parts, air conditioners, and other electrical appliances.

Meanwhile, Thailand's share of electronics and electrical appliance exports has declined, signaling a reduced role in the global supply chain. The share of Thailand's electronics and electrical appliance exports to the global market dropped from 1.5 percent in 2004-2007 to 1.1 percent in 2020-2022. In contrast, during the same period, key ASEAN countries such as Malaysia and Vietnam averaged 2.7 percent and 3.3 percent, respectively. Notably, Vietnam's share surged dramatically from just 0.1 percent in 2004-2007.

Export growth of manufactured and electronic products from 1996 to 2023



Source: NESDC Note: *2023 is the first year of The 13th Plan

Major countries' export share of electronics and electrical appliances from 2004 to 2023

Countries	2004 - 2007	2008 - 2009	2010 - 2016	2017 - 2019	2020 - 2023
China	15.3	19.6	24.3	25.0	27.2
US	6.9	6.4	6.0	5.5	4.9
Japan	6.4	5.7	4.4	3.6	3.1
Korea	4.5	4.6	4.9	5.3	4.8
Taiwan	4.0	3.7	4.1	4.5	5.8
Germany	9.4	8.1	7.5	7.1	6.6
Malaysia	3.3	2.5	2.5	2.5	2.7
Vietnam	0.1	0.2	1.1	2.5	3.3
Thailand	1.5	1.5	1.4	1.3	1.1
9 countries	**51.4**	**52.2**	**56.2**	**57.3**	**59.6**
Others	48.6	47.8	43.8	42.7	40.4
Total	100.0	100.0	100.0	100.0	100.0

Source: Trade Map calculated by NESDC

When examining Thailand's role in the global supply chain for electronics and electrical appliances by product type[1], and comparing the export shares of each product group with those of other key countries from 2004 to 2023, the following observations can be made:

- **Upstream Products:** Thailand's participation in upstream products slightly increased, with its share of electronic and electrical appliance exports rising from 1.8 percent in 2004 to 1.9 percent in 2023. This increase was partly due to a rise in the share of Thailand's advanced semiconductor exports to the global market, which grew from 2.2 percent in 2004 to 3.2 percent in 2023. However, Vietnam's role as a competing exporter significantly developed, with its share of electronic and electrical appliance exports in the upstream category increasing from 0.2 percent in 2004 to 3.5 percent in 2023. Additionally, Vietnam's share of advanced semiconductor exports to the global market rose from 0.0 percent in 2004 to 4.7 percent in 2023.

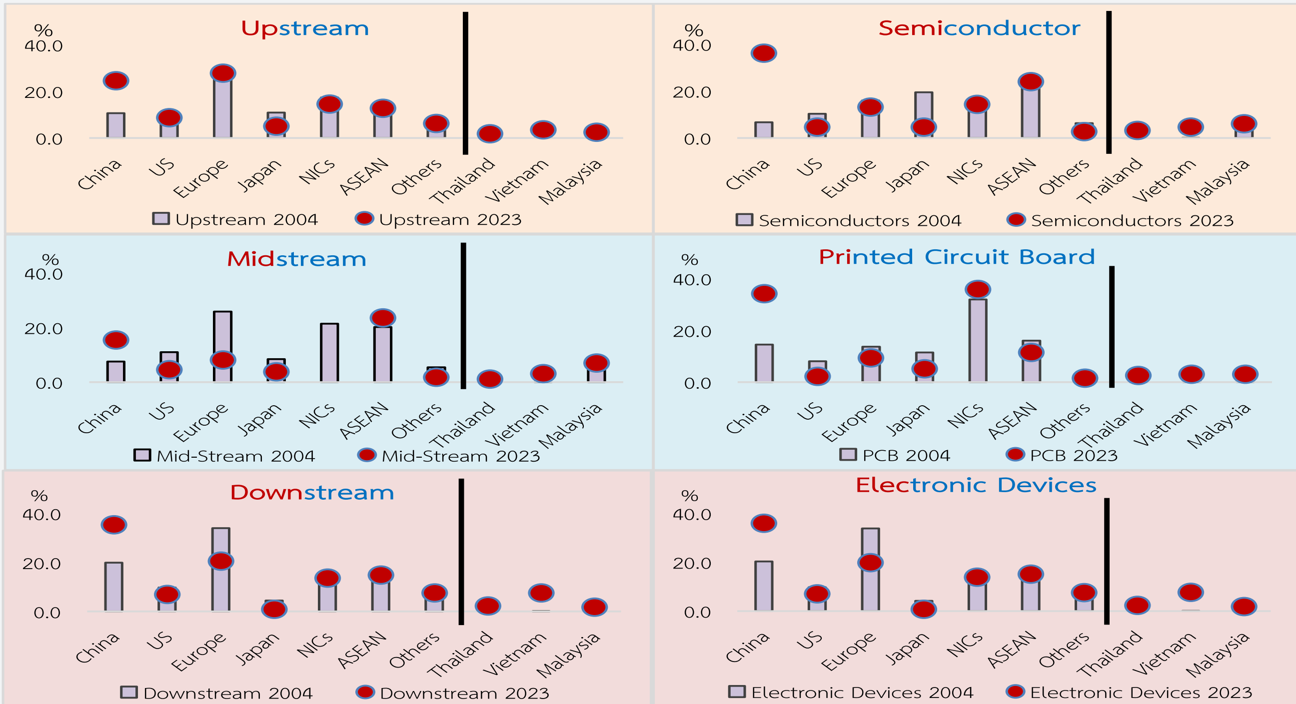
- **Mid-Stream Products:** Thailand's overall contribution in mid-stream products decreased, with its share of electronic and electrical appliance exports dropping from 1.6 percent in 2004 to 1.1 percent in 2023. This decline was partly attributed to a reduced role in exporting Printed Circuit Boards (PCBs), which fell from 5.0 percent in 2004 to 2.5 percent in 2023. Nevertheless, Vietnam's participation in the mid-stream category increased. Its share of electronic and electrical appliance exports rose from 0.1 percent in 2004 to 3.1 percent in 2023, and its share of PCB exports to the global market grew from 0.3 percent in 2004 to 3.1 percent in 2023.

- **Downstream Products:** Thailand's overall contribution in downstream products also decreased, with its share of electronic and electrical appliance exports falling from 2.4 percent in 2004 to 2.2 percent in 2023. This decline was partially due to a decrease in the share of Thailand's exports of various electronic devices, which dropped from 2.5 percent in 2004 to 2.3 percent in 2023. Meanwhile, Vietnam's role in the global production chain significantly increased. Its share of electronic and electrical appliance exports in the downstream category rose from 0.1 percent in 2004 to 7.5 percent in 2023, and its share of exports in this category to the global market increased from 0.1 percent in 2004 to 7.7 percent in 2023.

[1] The types of products positioned within the global production chain are referenced and compiled from the Electrical and Electronics Industry Deep Data Center (E&E Intelligence Unit: EIU) at the Electrical and Electronics Institute (EEI).

Thailand's Participation in the Global Supply Chain: The Case of Electronics and Electrical Appliances (Cont.)

The export proportion of electronic products categorized by product type
within the global electronics supply chain, and key products for each segment (percentage).



Source: Trade Map calculated by NESDC Note: NICs consist of Korea, Hong Kong, and Taiwan

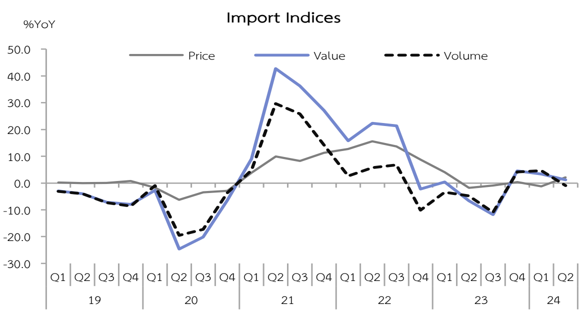
At present, the government is working toward accelerating the development of Thailand's electronics and electrical appliances industry, as one of the key target industries. These efforts are achieved through investment promotion policies that focus on the continuous development of these industries, resulting in ongoing foreign investment. This is evident in the high number of investment promotion applications in the electronics and electrical appliances industries, as well as related sectors, during the first half of 2024, as follows: (1) Advanced Electronics Manufacturing with 10 projects and a total investment of 19.543 billion Baht, including wafer production, electronic design, semiconductor assembly, and testing; (2) Printed Circuit Board (PCB) Manufacturing with 31 projects and a total investment of 39.732 billion Baht; (3) Smart Electronics and Appliances Manufacturing with 8 projects and a total investment of 38.182 billion Baht; (4) Data Center Operations with 3 projects and a total investment of 24.289 billion Baht; and (5) Software Development and Digital Content Platforms with 59 projects and a total investment of 812 million Baht.

However, a crucial issue Thailand must prioritize in developing the electronics and electrical appliances industry is preparing the workforce to meet industrial demands. This is particularly important for highly skilled workers, especially those with expertise in software development and product design, to align with the needs of leading global companies. Additionally, several other fundamental factors need attention, such as the readiness of water resources, the availability of laboratories for modern product research and development, and product standard testing, which are still limited. Furthermore, an effective electronic waste disposal system is essential, as it plays a crucial role in the development of the entire production chain—upstream, mid-stream, and downstream—in Thailand's electronics and electrical appliances industry.

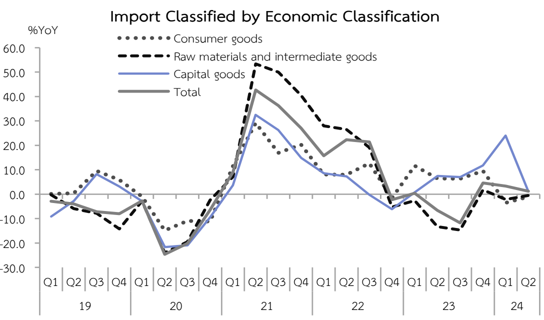
The import value in US dollar terms was recorded at 67.8 billion US dollars, an expansion of 1.2 percent, slowing down from 3.3 percent in the previous quarter. This was due to a 0.9-percent decline in import volume, compared with a 4.6-percent expansion in the previous quarter, in line with a decline in import volumes of raw materials and intermediate goods, and consumer goods by 1.9 percent and 3.1 percent, respectively. Meanwhile, import volume of capital goods expanded by 0.4 percent, slowing down from a favorable growth of 24.6 percent. Import prices increased by 2.1 percent, compared with a 1.2-percent decrease in the previous quarter. Excluding non-monetary gold (except for articles of goldsmiths), import values decreased by 1.6 percent, compared with a 1.3-percent expansion in the previous quarter. **In Thai Baht terms,** the import value stood at 2,488 billion Baht, an increase of 7.8 percent, compared with a 8.7-percent increase in the previous quarter.

In the first half of 2024, import was recorded at 135.8 billion US dollars, an increase of 2.3 percent, compared with a decrease of 4.3 percent in the second half of the previous year. Import volume and price increased by 1.8 percent and 0.4 percent, respectively. In terms of baht, imports were stood at 4,912 billion Baht, an increase of 8.2 percent.

Import value in US dollar terms increased by 1.2 percent, slowing down from the previous quarter.



Source: Bank of Thailand



Source: Bank of Thailand

By category, the import value of raw materials and intermediate goods, and consumer goods decreased for the second consecutive quarter, while import value of capital goods slowed. **The import value of raw materials and intermediate goods** decreased by 0.5 percent, compared with a 2.1-percent decrease in the previous quarter. Import volume decreased by 1.9 percent, compared with a 0.6-percent expansion in the previous quarter, while import prices expanded for the first time in 5 quarters by 1.5 percent, compared with a 2.7-percent decrease in the previous quarter. Imports with decreased values included crude oil, base metal materials, and natural gas. **The import value of consumer goods** decreased by 1.1 percent, compared with a 3.6-percent decrease in the previous quarter. This decline was in line with a 3.1-percent decrease in import volume, while import prices increased by 2.1 percent. Imports with decreased values included medicinal and pharmaceutical products, animal and fishery products, and vehicles. **The import value of capital goods** increased by 1.2 percent, slowing down from 24.0 percent in the previous quarter. Import volume expanded by 0.4 percent, slowing down from 24.6 percent in the previous quarter, while import prices increased by 0.8 percent, compared with a 0.5-percent decrease in the previous quarter. Imports with increased values included aircraft, ship, floating structures, and transformers and generators. Meanwhile, imports with decreased values included machinery and parts (-3.9 percent) and computers (-4.6 percent), decreasing for the first time in 5 quarters, following a high growth of 444.5 percent in the previous quarter. **The import value in other goods** increased by a high rate of 62.5 percent, accelerating from 45.4 percent in the previous quarter. Imports of non-monetary gold (excluding articles of goldsmiths) continued to expand by a high rate of 90.2 percent, compared with a 95.5-percent expansion.

Import Value of Major Product in US Dollar Term

%YoY	2023							2024			Share Q2/24 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Consumer goods	**8.5**	**9.0**	**8.0**	**11.6**	**6.4**	**6.3**	**9.6**	**-2.4**	**-3.6**	**-1.1**	**12.5**
- Exclude vehicles	1.1	0.9	1.2	3.8	-1.9	-0.8	3.2	1.9	-0.4	4.3	11.5
Food, beverage & dairy products	2.0	0.9	3.0	0.9	0.8	0.2	5.9	4.6	3.7	5.6	2.5
Cellphones	-5.1	-14.3	3.8	-4.8	-25.0	-3.6	11.7	9.9	-0.0	24.2	1.3
Medicinal and pharmaceutical products	-10.0	-14.7	-4.0	-19.2	-9.7	0.8	-8.1	-11.3	-7.5	-15.1	1.1
Animal & fishery products	-7.4	0.6	-14.8	1.8	-0.6	-12.9	-16.7	-10.5	-13.6	-7.4	1.1
Textiles	2.8	1.4	4.2	6.5	-3.6	0.3	8.3	6.0	5.7	6.3	1.0
Vehicles	132.1	177.8	101.9	179.1	176.6	117.9	88.7	-34.7	-28.6	-40.6	1.0
Raw materials and intermediate goods	**-7.8**	**-8.3**	**-7.2**	**-2.6**	**-13.3**	**-14.7**	**1.8**	**-1.3**	**-2.1**	**-0.5**	**62.4**
- Exclude fuel	-5.7	-8.0	-3.3	-4.1	-11.6	-8.8	3.2	0.4	-1.4	2.1	45.7
Parts of electronics and electrical appliances	4.5	-2.2	11.4	-0.8	-3.5	3.3	20.3	13.7	11.0	16.5	16.9
Crude oil	-10.6	-12.1	-9.0	3.8	-23.9	-21.8	6.7	1.5	3.5	-0.4	11.2
Chemicals & Petro-chemical products	-15.5	-16.3	-14.5	-10.5	-21.5	-20.6	-7.0	-2.0	-4.1	0.1	8.7
Materials of base metal	-16.6	-21.0	-11.1	-14.5	-26.7	-18.1	-2.5	-6.5	-11.5	-1.3	7.5
Natural gas	-9.1	10.0	-25.1	-1.1	21.9	-41.0	7.4	-24.9	-15.9	-32.8	2.9
Capital goods	**6.7**	**4.2**	**9.4**	**0.8**	**7.5**	**7.0**	**11.8**	**12.1**	**24.0**	**1.2**	**19.8**
- Exclude computer	3.9	2.1	5.7	1.8	2.3	6.3	5.2	2.1	2.5	1.8	16.7
Other machinery and mechanical appliances & parts	-1.2	-1.4	-1.0	-4.1	1.3	-1.3	-0.7	-4.6	-5.3	-3.9	7.1
Computer	56.1	41.8	70.1	-16.3	111.9	17.3	142.1	140.3	444.5	-4.6	3.1
Aircrafts, ships, floating structures, and locomotive	19.1	3.8	39.9	18.5	-5.4	15.2	55.9	62.4	74.4	53.1	2.2
Transformers, generators, motors and accumulators	2.1	4.5	-0.3	6.0	3.0	-0.2	-0.5	4.4	-0.4	9.3	1.9
Measuring, checking and precision instruments	1.3	3.1	-0.4	6.2	0.2	-1.6	0.7	-8.8	-8.4	-9.2	1.2

Import Value of Major Product in US Dollar Term (cont.)

%YoY	2023							2024			Share Q2/24 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Other Imports	-22.5	-13.3	-28.8	-13.2	-13.3	-47.7	3.8	54.6	45.4	62.5	5.4
Non-monetary gold (excl. articles of goldsmiths)	-29.4	-19.2	-35.7	-24.2	-15.2	-55.5	2.5	92.4	95.5	90.2	4.4
Other imports, n.i.e.	-1.4	0.5	-3.2	8.6	-8.2	-12.4	7.5	-15.9	-23.5	-6.4	1.0
Total Imports (Customs basis)	-4.2	-4.4	-3.9	-0.7	-7.8	-11.2	4.7	3.0	3.9	2.2	100.0
Imports, f.o.b. (BOP basis)	-3.8	-3.3	-4.3	0.4	-6.6	-11.8	4.6	2.3	3.3	1.2	90.2
Imports, f.o.b. (excl. gold)	-2.7	-2.8	-2.6	1.1	-6.3	-8.8	4.7	-0.1	1.3	-1.6	85.8

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices	2023							2024		
%YoY	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Consumer goods	5.7	5.5	5.9	7.0	4.0	4.1	7.6	-3.9	-4.7	-3.1
Raw materials and intermediate goods	-5.2	-5.7	-3.2	-3.7	-8.0	-11.4	3.9	-0.7	0.6	-1.9
Capital goods	6.3	3.5	9.2	-0.2	7.0	7.0	11.6	11.9	24.6	0.4
Total Imports	-4.1	-4.0	-3.1	-3.6	-4.9	-10.9	4.2	1.8	4.6	-0.9

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices	2023							2024		
%YoY	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Consumer goods	2.6	3.3	2.0	4.3	2.3	2.1	1.9	1.6	1.2	2.1
Raw materials and intermediate goods	-2.6	-2.4	-2.9	1.2	-5.8	-3.7	-2.1	-0.6	-2.7	1.5
Capital goods	0.4	0.7	0.1	1.0	0.4	0.0	0.2	0.2	-0.5	0.8
Total Imports	0.4	1.0	0.2	4.1	-1.8	-1.0	0.4	0.4	-1.2	2.1

Source: Bank of Thailand

The term of trade decreased for the first time in five quarters by 0.4 percent. This decline was due to the import prices increased by 2.1 percent, faster than a 1.7-percent increase in export prices. Consequently, the term of trade stood at 97.6, down from 98.0 in the same quarter of last year and 99.0 in the previous quarter, and remaining below 100 for the ten consecutive quarters.

Term of trade decreased for the first time in five quarters.

In the first half of 2024, the term of trade was recorded at 98.3 compared with 98.0 in the second half of last year. The export prices increased by 1.5 percent, faster than an increase in import prices by 0.4 percent.

Trade balance recorded a surplus of 5.5 billion US dollars, higher than the surplus of 1.6 billion US dollars in the previous quarter and higher than the surplus of 3.2 billion US dollars in the same quarter of the previous year, in line with the export value turned to positive. In Thai Baht terms, the trade balance recorded a surplus of 203.1 billion Baht, higher than a surplus of 58.6 billion Baht in the previous quarter and a surplus of 111.5 billion Baht in the same quarter of last year.

Trade balance recorded a surplus of 5.5 billion US dollars, higher than the surplus recorded in the previous quarter and the same period last year.

In the first half of 2024, the trade balance recorded a surplus of 7.1 billion US dollars, compared with the surplus of 11.6 billion US dollars in the second half of the previous year and the surplus of 7.8 billion US dollars in the same period of the previous year. In Thai Baht terms, the trade surplus was 261.7 billion Baht, compared to the surplus of 412.4 billion Baht in the second half of the previous year.

Term of trade

%YoY	2023							2024		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Term of trade*	97.6	97.2	98.0	96.5	98.0	98.0	98.0	98.3	99.0	97.6
%YOY	0.8	0.0	1.6	-2.0	2.1	2.1	1.0	1.1	2.6	-0.4

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.

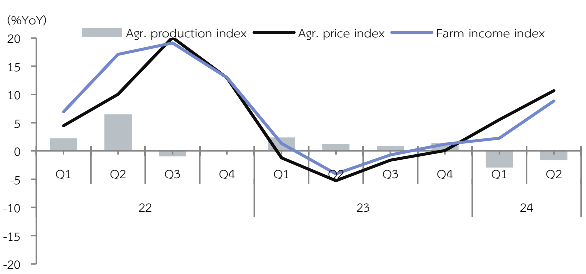
Source: Bank of Thailand

Production Side:

Agriculture, forestry, and fishing sector declined for the third consecutive quarter by 1.1 percent, compared to a 2.7-percent decrease in the previous quarter. This was due to unfavorable weather conditions as a result of the final phase of El Niño. Thus, major agricultural products continued to decline for the fifth consecutive quarter, particularly paddy, fruits, cassava, and rubber. In contrast, the livestock sector continued to expand for the eighth consecutive quarter, following the increase in cattle, poultry, and swine production. Meanwhile, the fishery sector declined for the first time in two quarters, in tandem with a 1.7-percent decrease in agricultural production index, compared to a 2.9-percent decrease in the previous quarter, mainly caused by continuous droughts and erratic rainfall, along with lower water levels in dams and natural sources, and plant disease and pests outbreaks. The production contraction included: (i) **paddy** (-13.0 percent); (ii) **fruits** (-8.0 percent), following a decrease in the quantity of key agricultural products, especially **durian** (-14.4 percent); (iii) **oil and food crops,** notably cassava (-8.4 percent) and rubber (-0.6 percent); and (iv) **white shrimp** (-17.6 percent). Conversely, there was production expansion in major agricultural products such as sugarcane (41.9 percent), palm oil (40.8 percent), maize (11.1 percent), cattle (4.8 percent) and poultry (1.1 percent). Meanwhile, **the Agricultural Price Index** continued to rise for the third consecutive quarter by 10.7 percent, accelerating from a 5.5-percent increase in the previous quarter. This increase was driven by increasing prices of major agricultural products, including (i) rubber (68.6 percent), (ii) fruits (22.6 percent), (iii) paddy (8.4 percent), (iv) sugarcane (28.6 percent), and (v) mixed chicken egg (3.5 percent). However, prices for some major agricultural products declined, including swine (-16.9 percent), cassava (-21.9 percent), and palm oil (-18.4 percent). The increase in the agricultural price index led to the expansion of **the Farm Income Index** for the third consecutive quarter by 8.9 percent.

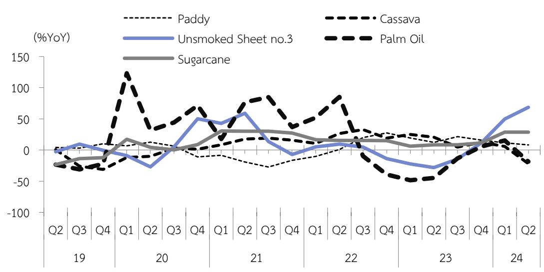
In the first half of 2024, the agriculture, forestry, and fishing sector decreased by 1.9 percent, compared with a 0.1-percent growth in the second half of last year. In detail, the Agricultural Production Index decreased by 2.4 percent, the Agricultural Price Index increased by 8.1 percent, and the Farm Income Index rose by 5.2 percent.

Agricultural Production Index decreased by 1.7 percent while Agricultural Price Index increased by 10.7 percent, leading to the expansion of Farm Income Index for three quarters by 8.9 percent.



Source: Office of Agricultural Economics

The agricultural prices increased in rubber, paddy and sugarcane, while the price of cassava and palm oil decreased.



Source: Office of Agricultural Economics

Manufacturing sector gradually resumed expansion for the first time in seven quarters by 0.2 percent, compared to a 2.9-percent decline in the previous quarter, following the expansion in exports and public demand, and the continual growth in the private consumption. In this quarter, the Manufacturing Production Index of the domestic-oriented industries (with export share less than 30 percent of total production) returned to expand by 2.5 percent, compared to a 0.3-percent decrease in the previous quarter. Major industries with increased production included the manufacture of palm oil (25.5 percent), following a higher-than-normal volume of palm oil entering factories and increased demand from both domestic and global markets, as well as the manufacture of refined petroleum products (1.9 percent) However, the manufacture of articles of concrete, cement and plaster and the manufacture of wire products, chain, springs and screws decreased by 9.7 percent and 9.4 percent, respectively. **The Manufacturing Production Index of the industries of the export-oriented industries (with export share more than 60 percent of total production)** decreased for the seventh consecutive quarter by 1.5 percent, improving from a 5.2-percent decrease in the previous quarter. Major industries with increased production included the manufacture of computers and peripheral equipment (0.3 percent), and the manufacture of other general-purpose machinery (8.7 percent). Meanwhile, major industries with decreased production included the manufacture of electronic components and boards (-18.3 percent) and the manufacture of other rubber products (-2.5 percent). **The Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production)** continuously decreased for the fifth consecutive quarter by 4.5 percent, compared to a of 7.5-percent decrease in the previous quarter. Major industries with decreased production included the manufacture of motor vehicles (-13.4 percent) and the manufacture of motorcycles (-14.9 percent) while major industries with increased production included the manufacture of prepared animal feeds (13.5 percent) and the manufacture of starches and starch products (30.1 percent).

Manufacturing sector returned to growth for the first time in seven quarters, while the accommodation and food services activities, wholesale and retail trade; repair of motor vehicles, and transportation and storage sectors continued to expand from the previous quarter. Meanwhile, the construction and agriculture sectors declined.

Agriculture, forestry, and fishing sector declined for the third consecutive quarter by 1.1 percent, according to a decrease of major agricultural products and the fishery sector. Meanwhile, the Agricultural Price Index continued to rise for the third consecutive quarter.

The increase in the agricultural price index led to the continual expansion of the Farm Income Index.

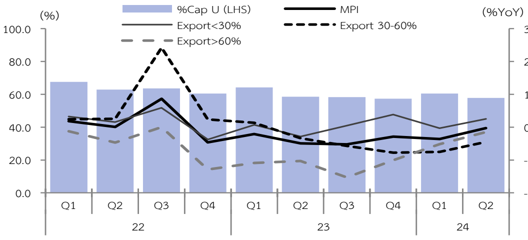
Manufacturing sector expanded for the first time in seven quarters by 0.2 percent, mainly due to the expansion of the domestic-oriented industries, while manufacturing production of the industries with 30-60 percent export share of total production and production of export-oriented industries continued to decline.

The average capacity utilization rate in this quarter was 57.79 percent, lower than 60.43 percent in the previous quarter and lower than 58.56 percent in the same quarter of the previous year. Among the 30 important industries, there were two industries with capacity utilization higher than 80.00 percent: the manufacture of refined petroleum products (87.18 percent) and the manufacture of plastics and synthetic rubber in primary forms (85.35 percent). Meanwhile, 12 industries had a capacity utilization lower than 50.00 percent, including the manufacture of articles of concrete, cement, and plaster (48.91 percent), the manufacture of domestic appliances (48.63 percent), and the manufacture of computers and peripheral equipment (48.57 percent).

The average capacity utilization rate was at 57.79 percent, lower than 60.43 percent in the previous quarter and 58.56 percent in the same quarter last year.

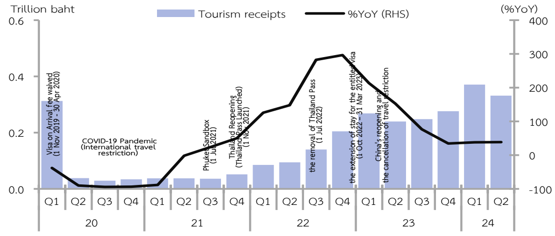
In the first half of 2024, the manufacturing sector fell by 1.4 percent, compared to a 3.4-percent decline in the second half of the previous year and the average capacity utilization rate stood at 59.11 percent.

Manufacturing Production Index decreased by 0.3 percent and the capacity utilization rate averaged at 57.79 percent.



Source : Office of Industrial Economics

Services receipts of Tourism for Q2/2024 Stood at 3.32 hundred billion Baht baht or increase by 38.6 percent.



Source: Bank of Thailand

Accommodation and food service activities sector maintained a continuous expansion of 7.8 percent, slowing from a 11.8-percent increase in the previous quarter. This growth was driven by the continuous expansion of international tourist arrivals and the robust growth in domestic tourism (Thai Teaw Thai). In this quarter, **the number of foreign tourists stood at 8.131 million people** (93.67 percent of pre-COVID-19 levels), **increasing by 26.3 percent,** down from an expansion of 43.5 percent in the previous quarter. The top five international arrivals were from China 1.683 million people (shared of 20.70 percent), Malaysia 1.267 million people (shared of 15.59 percent), India 0.567 million people (shared of 6.97 percent), South Korea 0.376 million people (shared of 4.63 percent), and Laos 0.311 million people (shared of 3.82 percent). This increase was in part a result of extended visa exemptions for several countries, the visa on arrival program, a surge in Middle Eastern tourists, especially from Saudi Arabia and the UAE during Eid al-Fitr and Eid al-Adhaand, and the suspension of TM6 form requirement for land arrivals from Malaysia and Laos at all 8 border checkpoints. **International tourism receipts[1] stood at 3.32 hundred billion Baht** (shared of 88.10 percent of pre-COVID-19 outbreak period), **rising for the twelfth consecutive quarter by 38.6 percent, accelerating from an expansion of 38.3 percent in the previous quarter. The domestic tourism by Thai travelers (Thai Teaw Thai) reached 68.194 million domestic trips, expanding favorably at a high rate of 13.0 percent.** This growth was driven by numerous extended holidays, the "Quick-Win" measures to stimulate domestic tourism, along with tourism promotion measures through provincial festivals and annual events, and the 21-day Maha Songkran event from 1st - 21st April 2024. The top five most visited provinces (excluding Bangkok) by Thai tourists were Chonburi 4.124 million people-times (shared of 6.05 percent), Kanchanaburi 3.716 million people-times (shared of 5.45 percent), Prachuap Khiri Khan 2.806 million people-times (shared of 4.12 percent), Phetchaburi 2.778 million people-times (shared of 4.07 percent), and Phra Nakhon Si Ayutthaya 2.187 million people-times (shared of 3.21 percent). **Thai tourism receipts[2] stood at 2.45 hundred billion Baht, increasing for the tenth consecutive quarter by 16.9 percent,** accelerating from a 10.2-percent expansion in the previous quarter. The top five provinces by Thai tourist real income (excluding Bangkok) were Chonburi (shared of 11.56 percent), Chiang Mai (shared of 5.90 percent), Prachuap Khiri Khan (shared of 4.44 percent), Kanchanaburi (shared of 3.55 percent), and Chiang Rai (shared of 3.54 percent), respectively. An increase in both international and domestic tourism receipts led to **total tourism revenue[3] in this quarter reaching 5.77 hundred billion Baht, rising by 28.5 percent,** accelerating from an expansion of 26.0 percent in the previous quarter. **The average occupancy rate stood at 69.92 percent,** lower than 75.25 percent in the previous quarter but higher than 66.93 percent in the same period last year

Accommodation and food service activities sector expanded for the tenth consecutive quarter by 7.8 percent, driven by a continual growth in foreign tourist arrivals and a robust expansion of domestic tourism (Thai Teaw Thai).

The total amount of tourism revenue in this quarter stood at 5.77 hundred billion Baht which rose by 28.5 percent.

The average occupancy rate was 69.92 percent, which was lower than the 75.27 percent in the previous quarter but higher than the 66.93 percent in the same period last year.

In the first half of 2024, accommodation and food service activities sector expanded by 9.8 percent, compared with an increase of 12.2 percent in the second half of last year. The number of foreign tourists stood at 17.501 million people, increasing by 35.0 percent. Correspondingly, international tourism receipts totaled 7.03 hundred billion Baht. The total amount of tourism revenue was 1.181 trillion Baht, marking an increase of 27.2 percent. The average occupancy rate was 72.60 percent.

1 International tourism receipts refer to service receipts of tourism from the balance of payments table. (source: Bank of Thailand)

2 Thai tourism receipts refer to Domestic Tourism Statistic. (source: Ministry of Tourism & Sports)

3 The total amount of tourism revenue refers to an aggregation of the international tourism receipts and Thai tourism receipts.

Wholesale and retail trade, repair of motor vehicle and motorcycle sector increased by 3.0 percent, slowing down from a 4.3-percent expansion in the previous quarter. This was reflected in the deceleration in the Wholesale and Retail Sales, and Repair of Motor Vehicles Composite Index, attributed to: (i) the Retail Sales Index (except motor vehicles and motorcycles) continued to expand for the third consecutive quarter by 7.5 percent, decelerating from a 10.7-percent expansion in the previous quarter. This deceleration followed a slowdown in other retail stores, especially jewelry stores, cosmetics shops and retail stores for flowers, plants, and related equipment as well as in general retail stores, particularly discount stores/supercenters/hypermarkets; (ii) the Wholesale Index (except motor vehicles and motorcycles) increased for the first time in the third consecutive quarter by 3.6 percent, compared to a 0.8-percent decrease in the previous quarter, driven by growth in categories such as food, beverage, and tobacco and domestic appliances; and (iii) the Wholesale and Retail Sales, and Repair of Motor Vehicles Index continued to decrease for the seventh consecutive quarter by 11.8 percent, compared with a 16.9-percent decrease in the previous quarter.

Wholesale and retail trade, repair of motor vehicle and motorcycle sector increased by 3.0 percent, slowing down from the previous quarter.

In the first half of 2024, the wholesale and retail trade; repair of motor vehicles and motorcycles sector increased by 3.7 percent, compared with an increase of 4.3 percent in the second half of the previous year

Transportation and storage sector continued to increase by 8.1 percent, continuing from a 9.7-percent expansion in the previous quarter, mainly due to the robust growth in air transport services and the continual expansion of land transport and pipeline transport services. This was in line with the accelerated expansion of all categories of Transport Service Index, attributed to: **(i) Air Transport Services** robustly increased by 22.3 percent, continuing from a 25.8-percent expansion in the previous quarter, owing to the growth of the tourism sector; **(ii) Land and Pipeline Transport Services** expanded by 5.2 percent, continuing from a 5.7-percent increase in the previous quarter, due to increases in diesel fuel consumption and liquefied petroleum gas consumption, as well as numbers of metropolitan train (BTS/MRT) passengers, public transport passengers, and registered trucks; and **(iii) Water Transport Services** increased by 2.6 percent, slowing down from a 5.4-percent expansion in the previous quarter, following the deceleration in the container volume index and the volume of international shipping on Thai waterways. Additionally, warehousing and support activities for transportation rose by 12.5 percent, accelerating from an expansion of 10.1 percent in the previous quarter, and postal and courier activities increased by 9.7 percent, decelerating from an expansion of 15.8 percent in the previous quarter.

Transportation and storage sector continued to increase for the eleventh consecutive quarter by 8.1 percent, following the robust growth in air transport services and the continual expansion of land and pipeline transport services.

In the first half of 2024, transportation and storage sector increased by 9.0 percent, compared with a 7.0-percent increase in the second half of last year. Transport services rose by 8.6 percent, attributed to a 24.5-percent increase in air transport services, a 5.5-percent increase in land and pipeline transport services, and a 3.9-percent increase in water transport services. Additionally, warehousing and support activities for transportation rose by 11.3 percent, and postal and courier activities expanded by 12.4 percent.

Construction sector decreased by 5.5 percent, compared with a 17.3 percent decline in the previous quarter, following a decrease in both public and private construction. In this quarter, **public construction** decreased by 7.8 percent, improving from a 30.1-percent decline in the previous quarter. Government construction continued to decrease for the fifth consecutive quarter by 17.2 percent. Meanwhile, construction by SOEs continued to expand for the ninth consecutive quarter by 9.2 percent. This was supported by increasing investment expenditure in key infrastructure projects such as the MRT Purple Line Project, Tao Poon - Rat Burana section (MRTA), and the Transmission and Distribution System Development Project Phase 2 (PEA). However, **private constructi**on decreased for the first time in the eighth consecutive quarter by 2.2 percent, compared with a 5.2-percent expansion in the previous quarter, following a continuous decline in all types of residential and other construction. However, the construction of non-residential buildings, especially factories, decelerated from the previous quarter, and the decrease of commercial buildings. **Construction material price index (CMI)** continued to decrease for the fifth quarter by 0.4 percent, driven mainly by decreases in the prices of steel (-2.0 percent), other construction materials (-1.6 percent), and sanitary ware (-3.8 percent). Conversely, prices for several key construction material categories increased, including wood and wood products (5.0 percent), concrete products (0.9 percent), and electrical and plumbing equipment (1.4 percent).

Construction sector continued to decline for the third consecutive quarter by 5.5 percent, owning to a decrease in public construction, especially, government construction and private construction declined for the first time in eighth quarter.

Construction Material Price Index (CMI) continued to decline for the fifth consecutive quarter by 0.4 percent, driven mainly by decreases in the prices of steel.

In the first half of 2024, construction sector decreased by 11.2 percent, compared to a 3.6-percent decline in the second half of the last year. Public construction decreased by 19.4 percent with government construction declining by 32.9 percent, while state enterprise construction rose by 5.6 percent. Besides, private construction rose by 1.2 percent.

Employment declined for the second consecutive quarter, following a decline in agricultural employment. Meanwhile, non-agricultural employment continued to increase for the ninth consecutive quarter. The unemployment rate was higher than the previous quarter and higher than the same quarter last year. In the second quarter of 2024, there were 39.50 million employed persons in total, a 0.4-percent decrease compared to a 0.1-percent decrease in the previous quarter. This total included 36.17 million Thai employed persons (91.56 percent share), a decrease of 2.6 percent compared to a 1.6-percent decrease in the previous quarter, and 3.33 million foreign employed persons (8.44 percent share), an increase of 21.1 percent compared to a 20.8-percent increase in the previous quarter. **Agricultural employment** (27.97 percent of total employment) continued to decline for the second consecutive quarter by 5.0 percent, in line with decreased agricultural production, especially in paddy, fruits, cassava, and rubber. **Non-agricultural employment** (72.03 percent of total employment) continued to increase for the ninth consecutive quarter by 1.5 percent. This increase was mainly driven by higher employment in manufacturing, accommodation and food service activities, and construction. Furthermore, employment in wholesale and retail trade, and repair of motor vehicles and motorcycles rebounded.

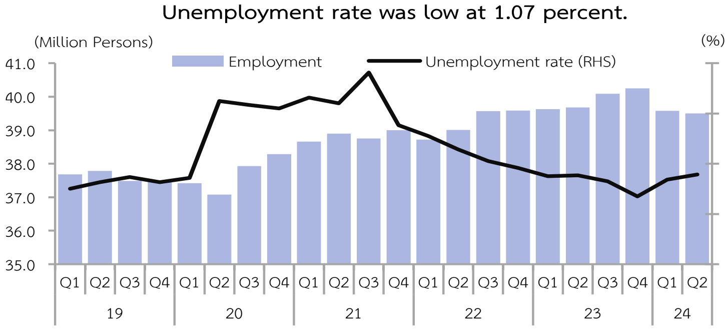
The unemployment rate in this quarter stood at 1.07 percent, higher than the 1.01 percent in the previous quarter and the 1.06 percent in the same quarter last year. **The average number of unemployed people** was 429,081 higher than the 407,690 unemployed in the previous quarter and close to the 429,050 unemployed in the same quarter last year.

In the first half of 2024, employment decreased by 0.3 percent, following a decline in agricultural employment. The unemployment rate stood at 1.04 percent.

Employment declined for the second consecutive quarter, following a continual decline in agricultural employment. Meanwhile, non-agricultural employment continued to increase for the ninth consecutive quarter.

The unemployment rate in this quarter stood at 1.07 percent, higher than the previous quarter and higher than the same quarter last year.

Employment decreased by 0.4 percent following a decreased in agricultural sector employment
Unemployment rate was low at 1.07 percent.



Source: National Statistical Office

Employed Persons by Industry

%YOY	Share Q2/67	2023							2024		
		Year	H1 1/	H2 1/	Q1	Q2	Q3	Q4	H1 1/	Q1	Q2
Employed	100.00	1.8	2.0	1.5	2.4	1.7	1.3	1.7	-0.3	-0.1	-0.4
- Agricultural	27.97	1.2	0.7	1.5	1.6	-0.2	2.0	1.0	-5.4	-5.7	-5.0
- Non-Agricultural	72.03	2.0	2.6	1.5	2.7	2.5	1.0	2.0	1.8	2.2	1.5
Manufacturing	16.16	0.1	0.4	-0.9	0.4	0.3	0.6	-2.3	1.5	0.7	2.2
Construction	5.96	2.1	2.0	3.0	-1.8	6.0	2.9	3.1	3.3	5.0	1.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.46	1.8	2.4	1.8	4.4	0.5	-0.2	3.8	-0.1	-0.4	0.2
Accommodation and food service activities	8.49	9.3	10.0	8.2	8.2	11.7	8.3	8.0	7.7	10.6	4.9
Total labor force (Million persons)		40.45	40.29	40.60	40.28	40.31	40.53	40.67	40.20	40.23	40.18
Employed (Million persons)		39.92	39.65	40.17	39.63	39.68	40.09	40.25	39.54	39.58	39.50
Unemployment (Million persons)		0.40	0.43	0.37	0.42	0.43	0.40	0.33	0.42	0.41	0.43
Unemployment Rate (%)		0.98	1.06	0.90	1.05	1.06	0.99	0.81	1.04	1.01	1.07

Source : National Statistical Office (NSO)
1/ Calculate by NESDC.

Labor in the Social Security Fund: The number of insured people in the social security system continued to increase for the thirteenth consecutive quarter. The unemployment rate among insured persons under Article 33 was higher than in the previous quarter but lower than in the same quarter last year. In the second quarter of 2024, the total number of social security beneficiaries increased by 0.9 percent, accelerating from a 0.7-percent increase in the previous quarter. In detail, compulsory insurers under Article 33 increased by 2.4 percent, compared to a 1.7-percent increase in the previous quarter, and voluntarily insured persons under Article 40 increased by 0.56 percent, compared to a 0.64-percent increase in the previous quarter. Meanwhile, voluntarily insured persons under Article 39 illustrated the eighth consecutive quarter contraction by 5.9 percent, continuing from a 5.1-percent decrease in the previous quarter.

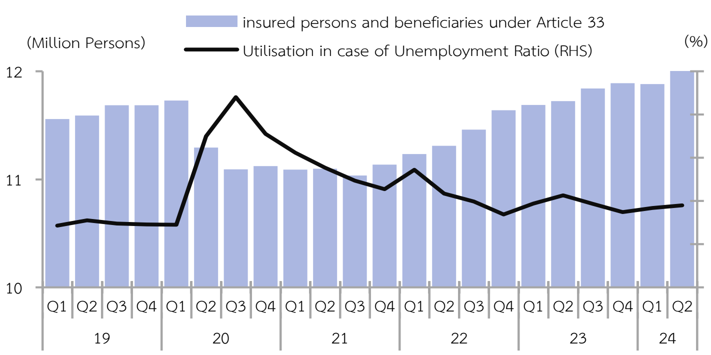
The unemployment rate among insured persons under Article 33 was at 1.92 percent in the second quarter, higher than 1.84 percent in the previous quarter but lower than 2.13 percent in the same quarter of the last year. **The average number of unemployed** was 230,629 persons, higher than 218,480 persons in the previous quarter but lower than 250,010 persons in the same quarter last year.

The number of insured persons in the social security system continued to increase for the thirteenth consecutive quarter by 0.9 percent.

This was in line with an increase in the compulsory insured person under article 33 and the voluntary insured person under article 40. On the contrary, the voluntary insured person under article 39 continued to decline for the eighth consecutive quarter.

The unemployment rate among insured person under article 33 in this quarter was 1.92 percent, higher than 1.84 percent in the previous quarter but lower than 2.13 percent in the same quarter last year.

There are 12.0 million insured persons and beneficiaries under Article 33 and 1.9 percent of them are receiving unemployment benefits



Source: The Social Security Office ,Ministry of labour

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2022					2023					2024	
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	Q2
Insured Persons (article 33)[1/]	11,638	11,234	11,313	11,462	11,638	11,891	11,689	11,725	11,842	11,891	11,883	12,006
Insured Persons (article 39)[2/]	1,880	1,920	1,902	1,899	1,880	1,798	1,866	1,850	1,826	1,798	1,770	1,740
Insured Persons (article 40)[3/]	10,881	10,767	10,812	10,855	10,881	10,958	10,911	10,935	10,957	10,958	10,980	10,996
Total Insured Persons	**24,399**	**23,920**	**24,027**	**24,216**	**24,399**	**24,647**	**24,466**	**24,511**	**24,625**	**24,647**	**24,634**	**24,742**
Utilisation in case of Unemployment	197	306	245	228	197	207	227	250	229	207	218	231
Utilisation in case of Unemployment Ratio (%)	1.7	2.7	2.2	2.0	1.7	1.7	1.9	2.1	1.9	1.7	1.8	1.9

Source : Social Security Office (SSO) , Ministry of labour

Note: [1/] Insured Persons (article 33) are employees of private enterprises that employ at least 1 employee. Those Insured Persons must be over 15 years of age, but under 60 years of age

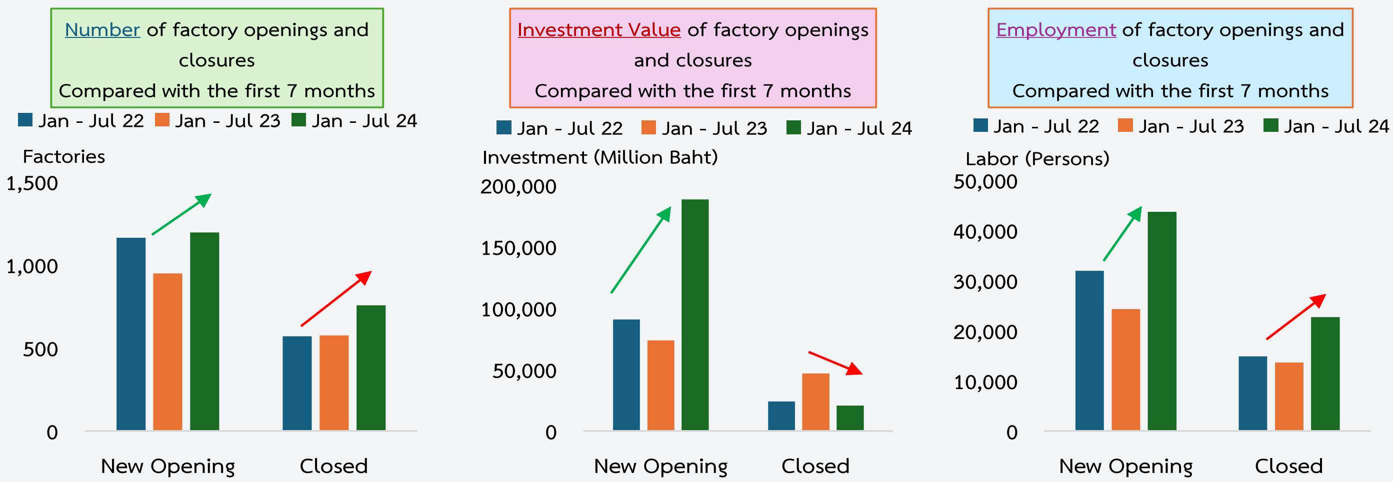
[2/] Insured Persons (article 39) are individuals who resigned from private enterprises (previously insured persons under article 33) but wants to maintain social security rights. Therefore, they voluntarily applied for social security rights under article 39

[3/] Insured Persons (article 40) are neither persons who are currently employed by private enterprises (article 33) nor has never applied to be an insured person under article 39. Insured persons under article 40 must be an self-employed person or informal workers age who must be over 15 years of age, but under 60 years of age.

Notification of Factory Closures: Economic implications and Transformation of Thai Industry

Data on notifications of factory openings and closures in industrial sectors are crucial indicators of economic activity in the manufacturing sector. The statistics for the first seven months of 2024 reflect an increase in factory closures to 757, a 31.7-percent increase from 575 in the same period last year. However, the investment value of factories reporting business closures totaled 20,716 million Baht, a 55.7 percent-decrease from the same period last year. This reduction reflects that the factories that closed were generally smaller, with lower investment values, although they employed 22,708 people (a 66.6- percent increase from the previous year). In contrast, the number of new factory openings and their investment values in the first seven months of 2024 both increased compared to the previous year. There were 1,195 new factory openings, up 25.9 percent from 949 factories last year. The total investment for these new factories reached 188,508 million Baht, a 155.6-percent increase from 73,763 million Baht last year. This growth in investment corresponds with a 79.9-percent rise in employment compared to the same period last year.

Statistics of factories openings and closures in the first 7 months of 2022 - 2024



Source: Department of Industrial Works, Calculated by NESDC

Based on the statistics for the factory opening and closures classified by industry groups of 21 industries during the first 7 months of 2024, the data reveal: the industry group with new factory openings but the greatest decrease of investment values included plant products (decreased by 4,569 million Baht), rubber and rubber products (decreased by 1,599 million Baht), vehicles and equipment (decreased by 1,413 million Baht), printing (decreased by 844 million Baht), and clothing (decreased by 49 million Baht), while the industry group with factory closures but the greatest increase of investment value included electrical appliances and equipment (increased by 2,124 million Baht), textiles (increased by 933 million Baht), metal products (increased by 870 million Baht), rubber and rubber products (increased by 660 million Baht), and chemicals (increased by 514 million Baht).

Top 5 industries of factory openings
with the most decreased investment value

Industry group	Investment (Million Baht)		Investment Lower	Factory openings (Factories)		Lower (Factories)
	7M-23	7M-24	(Million Baht)	7M-23	7M-24	
1 Plant products	6,507	1,938	4,569	52	42	10
2 Rubber and products	3,205	1,606	1,599	14	11	3
3 Vehicles and equipment	4,944	3,530	1,413	42	42	0
4 Printing	1,163	319	844	13	12	1
5 Clothing	196	147	49	10	6	4

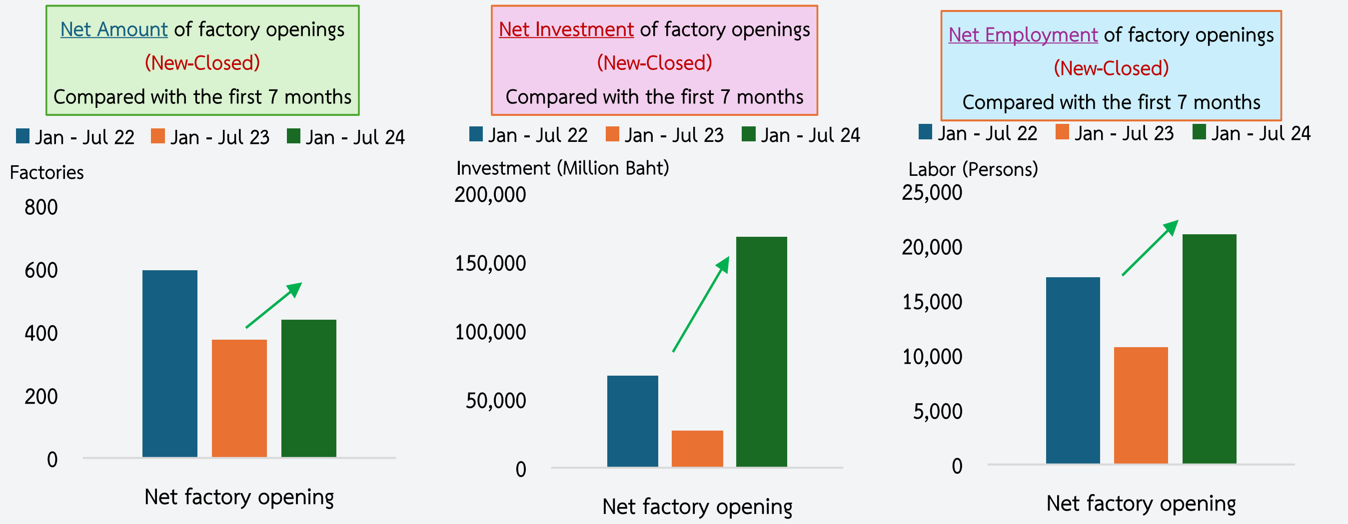
Top 5 industries of factory closures
with the most increased investment value

Industry group	Investment (Million Baht)		Investment Higher	Factory closures (Factories)		Higher (Factories)
	7M-23	7M-24	(Million Baht)	7M-23	7M-24	
1 Electrical appliances	347	2,417	2,124	8	20	12
2 Textiles	204	1,137	933	7	15	8
3 Metal products	949	1,819	870	42	62	20
4 Rubber and products	264	925	660	18	22	4
5 Chemicals	155	669	514	10	21	11

Source: Department of Industrial Works, Calculated by NESDC

Notification of Factory Closures: Economic implications and Transformation of Thai Industry (cont.)

Statistics of net factories openings (New-Closed) in the first 7 months of 2022 - 2024



Source: Department of Industrial Works, Calculated by NESDC

Overall, there were 438 net factory openings (open-closed) in the first 7 months of 2024, an increase of 17.1 percent from the same period last year. Meanwhile, net investment values increased to 167,791 million Baht, a 521.4-percent increase from 27,002 million Baht in the same period last year, while employment grew to 20,998 people, an increase of 96.9 percent. The industries can be classified into three main groups follow as: **(1) The industry category that needs to be closely monitored,** characterized by declines in both the number of net factory openings and capital investment, total 7 industries such as 1) plant products 2) textiles 3) apparel 4) printing 5) rubber and rubber products 6) metal products and 7) vehicle and equipment. These industries face growing challenges in competing with foreign products and adapting to technological changes, particularly in the vehicles and equipment sector, which has been increasingly impacted by the shift toward alternative fuel vehicles.; **(2) The industry group that is evolving and adapting,** characterized by a decrease in the number of net factory openings but an increase in net investment value, reflects that these were typically small factories with low investment values that tend to close. This group includes 5 industries such as 1) beverages, 2) metal products, 3) chemicals 4) plastic products and 5) leather and products.; and **(3) The growing industries,** characterized by increases in both the number and investment value of net factory openings, total 8 industries such as 1) food 2) electrical appliances 3) non-metal products 4) machinery and machinery 5) paper and products 6) petroleum products 7) wood processing and products and 8) basic metals.

Under the current business environment with high risks and uncertainties from technological changes, stricter regulations and international standards on production and trade especially on environmental issues, high corporate debt level that hinders access to financing, and competition from inexpensive foreign products that affect the domestic production sectors, new factory opening continues to increase. However, factory closures have also risen significantly, particularly evident among small and medium-sized enterprises (SMEs), which remain vulnerable to various risk factors in business operations. Under these circumstances, the government measures prioritize on **1) Upgrading production and business operations** by supporting in accessing sources of financing to improve liquidity, supporting knowledge management, business operations and product development, as well as promoting the creation of business networks. These networks should include both horizontal connections among businesses of similar size and in-depth links with larger enterprises to help small businesses integrate into larger supply chains.; **2) Promoting the businesses to access modern marketing channels,** especially online marketing techniques, such as influencer partnerships and storytelling, to stimulate demand and create engaging products.; and **3) Monitoring and addressing potential risks to SMEs' operations,** such as stricter quality inspections of imported products and ensuring fair pricing mechanisms for producers and consumers, along with developing and improving regulations suitable for transitional periods involving technology and environmental issues, and enhancing production capabilities through innovation, technology, and creativity to meet changing market demands and improve business efficiency. These measures are to enable SMEs to survive and develop their businesses steadily during transition periods.

Fiscal Conditions:

In Q3/FY2024, the net government revenue collection increased by 5.4 percent compared with the same quarter of the previous year.

On the revenue side, in the third quarter of the fiscal year 2024 (April - June 2024), the net government revenue collection stood at 838.3 billion Baht, increasing by 5.4 percent compared with the same quarter of the previous year. This growth was contributed by the following factors: **(i) A 71.6-percent rise in revenue submissions from state-owned enterprises,** primarily due to remittances from PTT Public Company Limited and the Vayuphak Fund. **(ii) A 107.0-percent rise in revenue from oil and oil products excise tax,** attributed to the excise tax rate on diesel fuel being reduced from 5 Baht per liter to 1 Baht per liter in the same period of the previous year. **(iii) A 5.4-percent increase in VAT,** reflecting the expansion of domestic consumption. **(iv) A 3.0-percent increase in corporate income tax and a 5.1-percent increase in personal income tax,** both in line with the continued expansion of the Thai economy.

However, **the remittances from other government agencies decreased by 34.6** due to the high base in the same period of the previous year, which was influenced by the remittance of excess liquidity from extra-budgetary funds and outstanding payments from previous years by the Thai Credit Guarantee Corporation (TCG). Meanwhile, **the collection of petroleum income tax decreased by 44.0 percent** due to the conversion of the petroleum concession system to the Production Sharing Contract (PSC) system by the Department of Mineral Fuels.

For the 9 months of FY2024, the net government revenue collection was lower than the estimation stated in the 2024 annual budget by 1.4

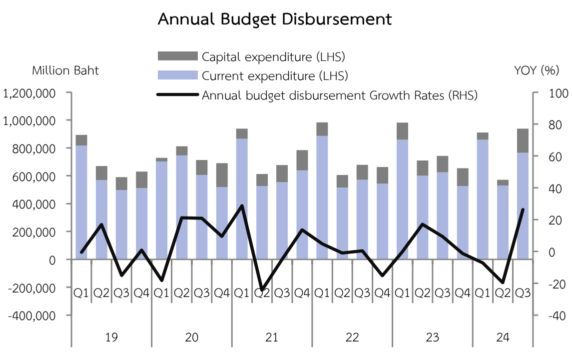
For the first 9 months of fiscal year 2024, net government revenue collection stood at 2,007.5 billion Baht, which is 1.4 percent lower than the revenue estimation stated in the 2024 annual budget. This shortfall was primarily due to the implementation of measures to reduce the excise tax rate on diesel and gasoline fuel[4] aimed at mitigating the impact on the populace's cost of living. Additional factors included policies supporting the electric vehicle manufacturing industry, changing consumer behavior towards increased use of electric vehicles, and a rising car loan rejection rate since the end of 2023. However, net government revenue collection was still 2.6 percent higher than the same period last year. Excluding special revenue from other government agencies from the same period last year (i.e. remittances of capital or excess profit from working capital, revenue submission from the National Telecommunication Public Company Limited's 1800 MHz mobile phone concession, and revenue from the auction of FM radio frequency licenses), net government revenue collection was 5.8 percent higher than in the same period last year.

On the expenditure side, in the third quarter of fiscal year 2024, the government had a total budget disbursement of 1,074.2 billion Baht[5], reflecting a 27.7 percent increase compared to the same quarter of the previous year in which total budget disbursement consisted of:

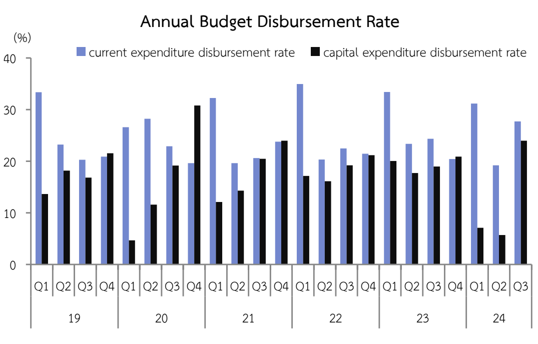
In Q3/FY2024, total budget disbursement increased by 27.7 percent due to the increasing of the measures to expedite the 2024 annual budget disbursement.

(i) The 2024 annual budget disbursement, amounting to 937.8 billion Baht, an increase of 26.3 percent compared to the same quarter last year. The disbursement rate was 26.9 percent, higher than the 23.3 percent in the same quarter last year. **The current expenditure disbursement** totaled to 764.8 billion Baht, representing a 22.3 percent increase from the same quarter last year. The disbursement rate was 27.7 percent, higher than the 24.3 percent in the same quarter last year. **The capital expenditure disbursement** was marked at 173.0 billion Baht, increasing from the same quarter last year by 48.1 percent. This increase was primarily due to the enactment of the Fiscal Year 2024 Budget Bill and the measures to expedite disbursement. The disbursement rate was 24.0 percent, higher than the 19.0 percent in the same quarter last year.

(ii) **The carry-over budget disbursement** stood at 22.2 billion Baht, decreasing from the same quarter last year by 20.6 percent. The disbursement rate was 13.8 percent, lower than the 14.7 percent in the same quarter last year.



Source: GFMIS at 26th July 2024



Source: GFMIS at 26th July 2024

[4] The diesel tax rate reduction measure ends on April 19th, 2024, and the gasoline tax rate reduction measure ends on March 31st, 2024.

[5] The total budget disbursement includes the disbursement of (i) the grand total of annual budget, (ii) the carry-over budget, and (iii) the State-owned enterprises' capital expenditure budget allocated by the State Enterprise Policy Office including PTT and affiliated companies' domestic investment and the State-owned enterprise's capital expenditure allocated from the annual budget and the carry-over budget.

(iii) The State-owned enterprises' capital expenditure budget was disbursed for 122.7 billion Baht[6], reflecting a 53.9 percent increase from the same quarter last year.

For the first 9 months of fiscal year 2024, total budget disbursement stood at 2,797.2 billion Baht, decreasing by 1.4 percent from the same period last year, with the allowing details:

For the first 9 months of FY2024, the total budget disbursement decreasing by 1.4 percent.

(i) The 2024 annual budget disbursement amounted to 2,418.7 billion Baht, with a disbursement rate of 69.5 percent, lower than 76.4 percent in the same period last year. This includes 2,153.4 billion Baht in current expenditure disbursement (with a disbursement rate of 78.1 percent, lower than 81.1 percent in the same period of last year), and 265.3 billion Baht in capital expenditure disbursement (with a disbursement rate of 36.7 percent, lower than 56.8 percent in the same period last year).

(ii) The disbursement of the carry-over budget stood at 112.2 billion Baht, with a disbursement rate of 70.1 percent.

(iii) State-owned enterprises' (SOEs) capital expenditure budget was disbursed by 292.1 billion Baht[7] in which the top five SOEs with the highest capital expenditure disbursements included the PTT Public Company Limited and its affiliated companies, the Electricity Generating Authority of Thailand (EGAT), the Provincial Electricity Authority (PEA), the State Railway of Thailand (SRT), and the Mass Rapid Transit Authority of Thailand (MRTA).

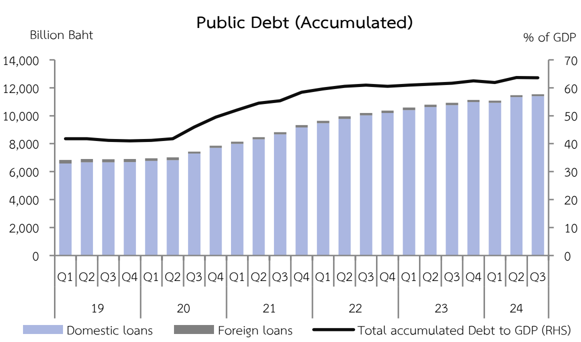
Public Debt: As of the end of June 2024, public debt was accumulated to 11.5 trillion Baht, equivalent to 63.5 percent of GDP, and remained under the fiscal disciplinary framework. The total public debt comprised 11.4 trillion Baht of domestic loans (98.8 percent of Public Debt) and 137.8 billion Baht of foreign loans (1.2 percent of Public Debt).

At the end of June 2024, the public debt was equivalent to 63.5 percent of GDP, remained under the fiscal disciplinary framework.

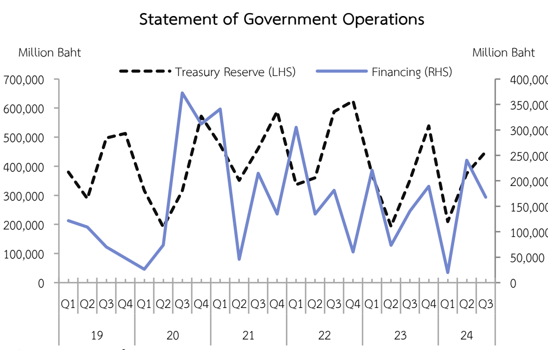
Fiscal Balance: In the third quarter of fiscal year 2024, the budgetary balance recorded a deficit of 122.8 billion Baht, combined with a surplus of 30.2 billion Baht on the non-budgetary balance. In addition, the government conducted a cash balance management through the borrowing of 167.8 billion Baht. As a result, the cash balance after debt financing recorded a net surplus of 75.2 billion Baht. The treasury reserve at the end of the second quarter of fiscal year 2024 stood at 374.7 billion Baht, resulting in a fiscal balance of 450.0 billion Baht at the end of June 2024.

At the end of June 2024, the government's fiscal statement remained at a strong level where the fiscal balance stood at 450.0 billion Baht.

For the first 9 months of fiscal year 2024, the budgetary balance recorded a deficit of 526.3 billion Baht, combined with a surplus of 9.0 billion Baht on the non-budgetary balance. In addition, the government conducted a cash balance management through the borrowing of 428.2 billion Baht. As a result, the cash balance after debt financing recorded a net deficit of 89.1 billion Baht.



Source: Public Debt Management Office



Source: Ministry of Finance

Financial Conditions:

The policy interest rate was kept unchanged at 2.50 percent per annum

In the second quarter of 2024, the Monetary Policy Committee (MPC) voted to maintain the policy interest rate at 2.50 percent per annum during the meeting on 10th April 2024 and on 12th June 2024. This decision was based on the MPC's assessment that the current policy rate was appropriate for supporting Thailand's economic growth toward its potential, and conductive to safeguarding macro-financial stability. Additionally, the inflation was projected to gradually increase towards the target in the fourth quarter of 2024. In addition, Thailand's monetary policy stance was in line with regional central banks[8], except for Bank Indonesia (BI) which raised its policy rate by 0.25 percent to alleviate the Rupiah's

The BOT decided to keep the policy rate unchanged in line with most countries including major countries and regional countries.

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6 The number was included the 8.5 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.

7 The number was included the 26.1 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.

8 The central Bank of Korea and India kept their policy rates unchanged to control inflation, while the central bank of Vietnam, Malaysia and the Philippines maintained their policy rates to support exchange rate stability.

depreciation. **Meanwhile, most major central banks decided to keep their policy rates unchanged,** but their stances are expected to diverge. In details, the Bank of Japan (BOJ) signaled to tighten monetary policy to address inflationary pressures, but the European Central Bank (ECB) and the Bank of Canada have begun to lower their policy rates by 0.25 percent, as their inflations reached the target.

In July 2024, the BOJ increased the policy interest rate to 0.25 percent and reduced monthly amount of quantitative easing. They forecast that core inflation will exceed the target by the end of this fiscal year. Furthermore, the People's Bank of China (PBOC) cut the loan prime rate (LPR) by 0.10 percent to stimulate the economy. Additionally, the PBOC reduced both the Medium-Term Lending Facility (MLF) and reverse repo rate to inject short-term liquidity into commercial bank systems.

Policy Interest Rate

(%) At the end of period	2022					2023					2024					
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	Q2	Apr.	May	Jun.	Jul.
USA	4.25-4.50	0.25-0.50	1.50-1.75	3.00-3.25	4.25-4.50	5.25-5.50	4.75-5.00	5.00-5.25	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50
EU	2.50	0.00	0.00	1.25	2.50	4.50	3.50	4.00	4.50	4.50	4.50	4.25	4.50	4.50	4.25	4.25
England	3.50	0.75	1.25	2.25	3.50	5.25	4.25	5.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Canada	4.25	0.50	1.50	3.25	4.25	5.00	4.50	4.75	5.00	5.00	5.00	4.75	5.00	5.00	4.75	4.50
Thailand	1.25	0.50	0.50	1.00	1.25	2.50	1.75	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Russia	7.50	20.00	9.50	7.50	7.50	16.00	7.50	7.50	13.00	16.00	16.00	18.00	16.00	16.00	16.00	18.00
Indonesia	5.50	3.50	3.50	4.25	5.50	6.00	5.75	5.75	5.75	6.00	6.00	6.25	6.25	6.25	6.25	6.25
China	3.65	3.70	3.70	3.65	3.65	3.45	3.65	3.55	3.45	3.45	3.45	3.35	3.45	3.45	3.45	3.35
Brazil	13.75	11.75	13.25	13.75	13.75	11.75	13.75	13.75	12.75	11.75	10.75	10.50	10.75	10.50	10.50	10.50
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	0.10	0.10	0.10	0.10	0.10	0.25
Philippines	6.00	2.50	3.00	4.25	6.00	7.00	6.75	6.75	6.75	7.00	7.00	6.50	7.00	6.50	6.50	6.50
Korea, South	3.25	1.25	1.75	2.50	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
India	6.25	4.00	4.90	5.90	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Australia	3.10	0.10	0.85	2.35	3.10	4.35	3.60	4.10	4.10	4.35	4.35	4.35	4.35	4.35	4.35	4.35
New Zealand	4.25	1.00	2.00	3.00	4.25	5.50	4.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Vietnam	4.50	2.50	2.50	3.50	4.50	3.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Malaysia	2.75	1.75	2.00	2.50	2.75	3.00	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Source: Collected by NESDC

Commercial banks kept their deposit, and lending rates unchanged, while SFIs raised their lending rate.

Large and medium-size commercial banks kept their deposit and lending rates unchanged, while specialized financial institutions (SFIs) held their lending rate steady but reduced their deposit rates. In the second quarter of 2024, large and medium-sized commercial banks maintained their 12-month fixed deposit rates at 1.65 and 1.58 percent per year, respectively, and their Minimum Loan Rates (MLR) at 7.25 and 8.30 percent per year, respectively. Meanwhile, SFIs maintained their Minimum Loan Rates (MLR) at 6.59 percent per year but reduced their 12-month fixed deposit rates from 1.77 to 1.73 percent per year. Additionally, several commercial banks and SFIs lowered their Minimum Retail Rates (MRR) to support vulnerable debtors. Real deposit and lending rates declined from 2.45 and 8.04 percent to 0.88 and 6.48 percent respectively, due to accelerating inflation.

In July 2024, Commercial banks and SFIs kept their 12-month deposit rates and MLR at the same level as the previous month.

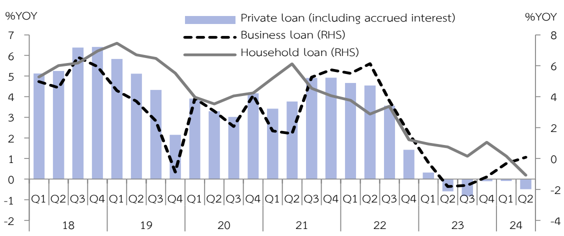
At the end of the second quarter of 2024, the private loans outstanding of depository institutions decelerated from 1.46 percent expansion in the previous quarter to 1.00 percent, due to the slowdown in household loan.

Private loans outstanding of commercial banks contracted by 0.48 percent, continuing from a 0.09-percent decline in the previous quarter. **Household loans decreased by 1.08 percent, falling from a 0.15 -percent increase in the previous quarter.** This was mainly due to a decline in loans for purchase or hire purchase cars and motorcycles. Meanwhile, loans for dwelling and loans for personal consumption expanded at a slower rate. The deceleration in these loans was a result of the household debt burden and deteriorating loan quality, which caused banks to tighten their credit standards across all loan types. **In addition, business loans expanded by 0.08 percent for the first time since the first quarter of 2023,** compared with a 0.32-percent decrease in the previous quarter. **Loans to large enterprises** rebounded to a 0.60-percent increase, improving from a 1.97 percent contraction in the previous quarter. The improvement was driven by growth in loans for accommodation and food service activities, loans for information and communication, and loans for wholesale and retail trade, repair of motor vehicles and motorcycles. In contrast, **loans to small medium enterprises (SMEs)** contracted by 4.21 percent, following a 4.77-percent decrease in the previous quarter. This was mainly due to a decline in loans for wholesale and retail trade; repair of motor vehicles and motorcycles, loans for accommodation and food service activities, and loans for manufacturing. **In the second quarter of 2024,** credit standards for large enterprises slightly eased from the previous quarter, while credit standards for SMEs remained the same level. However, several financial institutions continued to tighten loan covenants and require more collateral for SMEs.

Private loans outstanding of specialized financial institutions (SFIs) expanded by 3.57 percent, decelerating from a 4.47-percent expansion in the previous quarter. This slowdown was in line with a deceleration in both business and household loans, particularly household loans which slowed for the second consecutive quarter. This was partly attributed to high household debt levels and deteriorating credit quality.

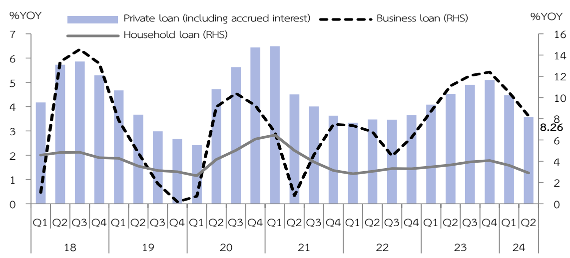
Financial performance of commercial banks. In the second quarter of 2024, commercial banks' income increased by 10.44 percent, decreased from a 13.75-percent increase in the previous quarter. Similarly, their expenses rose by 11.73 percent, compared to a 14.38-percent increase in the previous quarter. As a result, the Net Interest Margin (NIM) stood at 3.28 percent; slightly increased from 3.23 percent in the previous quarter, and 3.10 percent in the same quarter of previous year.

Private loans (including accrued interest) of commercial banks contracted



Source : Bank of Thailand

Private loans (including accrued interest) of specialized financial institutions decelerated



Source : Bank of Thailand

Credit condition and credit quality of juristic persons and ordinary persons, using data from Thailand's National Credit Bureau

According to data from Thailand's National Credit Bureau, at the end of the first quarter of 2024, **loans to juristic persons** expanded by 2.1 percent, accelerating from a 0.1-percent growth in the previous quarter. **In terms of loans by Business Type (TSIC),** loans for manufacturing expanded by 1.6 percent, the first expansion for the first time since the fourth quarter of 2022. In addition, loans for real estate activities grew at a substantial rate of 16.9 percent. **In terms of loan amount,** loans to medium and large enterprises with higher current balance amount have seen better recovery than those small enterprises, whose current balance amount were lower. Furthermore, the loan quality of small enterprises has been declining since 2023. **This data suggests that small enterprises are struggling with financial access and credit quality problems. Thus, providing support to small enterprises are essential,** especially in terms of liquidity support and competitiveness enhancement to enable them to generate more revenue and access credit more easily. The tightening credit standards were in line with the declining loan-to-deposit ratio. In the first quarter of 2024, the loan-to-deposit ratio (excluding interbank) of commercial banks stood at 90.09 percent, down from 90.61 percent in the first quarter of 2023, and significantly down from 96.88 percent in the first quarter of 2019 (pre-COVID-19). On the other hand, commercial banks' assets, especially securities other than shares of government and BOT, have increased, especially in the first quarter of 2024. This could point out that commercial banks were highly cautious in lending credits to private sector due to deteriorating credit quality. Therefore, credit conditions should be closely monitored as economic outlook is expected to improve in the latter half of this year.

Loan growth and NPL ratio for Juristic persons, classified by TSIC

Classified by TSIC	%Share	Outstanding loan (%YoY)					NPL Ratio (Percent to total loan)				
		Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Activities not adequately defined	24.5	7.4	2.2	0.6	-4.4	0.8	0.78	0.83	0.65	0.53	0.62
Manufacturing	18.9	-5.1	-4.7	-2.6	-2.5	1.6	2.52	2.68	3.05	2.63	2.96
Wholesale and retail trade and repair of motor vehicles and motorcycles	17.4	0.3	-0.8	-2.5	0.6	-0.3	2.23	2.44	2.38	2.48	2.70
Financial and insurance activities	10.4	18.9	13.7	16.8	0.6	-0.1	0.04	0.07	0.07	0.15	0.26
Real estate activities	7.7	-4.8	-0.2	3.4	16.3	16.9	1.27	1.19	0.76	0.67	0.96
Electricity, gas, steam, and air conditioning supply	4.4	3.4	-6.0	-6.1	-6.3	-5.7	0.08	0.07	0.09	0.08	0.10
Transport and storage	3.6	3.1	10.4	8.9	5.9	4.9	2.09	2.32	2.38	1.75	1.97
Construction	3.5	5.7	-1.6	0.3	8.4	4.4	5.65	6.04	5.76	6.24	6.98
Accommodation and food service activities	3.4	-2.3	-2.7	-4.3	-2.9	-2.6	2.11	3.47	1.96	1.24	1.42
Others	6.3	-6.0	-4.0	0.8	5.0	9.7	1.59	1.99	2.24	2.37	2.38
Total	**100.0**	**2.2**	**0.6**	**1.1**	**0.1**	**2.1**	**1.59**	**1.76**	**1.69**	**1.60**	**1.80**

Source: The National Credit Bureau, calculated by NESDC

Credit condition and credit quality of juristic persons and ordinary persons, using data from Thailand's National Credit Bureau (cont.)

Loan growth and NPL ratio for Juristic persons, classified by outstanding loan amount

Credit Limit	%Share	Outstanding loan (%YoY)					NPL Ratio (Percent to total loan)				
	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
1. ≤ 5 Million Baht	8.4	1.2	2.7	2.1	2.3	1.4	4.64	5.58	5.47	5.46	6.25
2. > 5 to 20 Million Baht	7.4	-1.9	-0.1	0.2	0.4	-0.3	2.91	3.22	3.28	3.29	3.83
3. > 20 to 100 Million Baht	10.5	-0.3	-0.7	-0.6	0.5	0.8	2.43	2.63	2.77	2.69	3.12
4. > 100 to 500 Million Baht	16.4	1.4	-0.9	-0.4	0.4	1.1	2.25	2.33	2.11	1.94	2.06
5. > 500 Million Baht	57.3	3.6	1.1	1.8	-0.4	3.0	0.62	0.66	0.61	0.49	0.57
Total	100.0	**2.2**	**0.6**	**1.1**	**0.1**	**2.1**	1.59	1.76	1.69	1.60	1.80

Source: The National Credit Bureau, calculated by NESDC

Loans to ordinary persons, especially to groups of borrowers with low outstanding balances, have been declining, and their loans quality has been deteriorating. **In particular, housing loans with outstanding balances lower than 3 million Baht** have an NPL (Non-Performing Loans) ratio of 2.2 percent, higher than the NPLs ratio for housing loans with outstanding balances between 3 - 5 million Baht (1.3 percent) and those with outstanding balances over 20 Million Baht (0.8 percent). **Similarly, personal consumption loans with outstanding balances of 1,000 - 10,000 baht** have an NPL ratio of 44.13 percent, higher than the NPL ratio for personal consumption loans with outstanding balances between 10,000 - 50,000 baht (5.79 percent). **Meanwhile, loans for automobile hire/ purchase,** although the NPL ratio has started to decelerate after continuously rising in the past, the outstanding loan decreased by 1.5 percent. This decline was particularly seen in loans with outstanding balances lower than 500,000 baht (-9.2 percent) and those between 500,000 - 800,000 baht (-5.0 percent), which are price ranges of cars affordable to most households. **Credit card loans,** which are most accessible to individuals with regular income, decreased among borrowers with outstanding balance between 10,000 - 100,000 baht, while credit card loan with outstanding balance over 100,000 baht decelerated from a 12.4 percent expansion in the first quarter of 2023 to 7.3 percent in the first quarter of this year. **Overall, this data indicated that the outstanding loan balances and loan quality of ordinary persons have been declining. Furthermore, there are vulnerable groups in this circumstance who are suffering in terms of liquidity shortage and income uncertainty than the others. Thus, liquidity support and debt restructuring are urgently needed to assist them.**

Loan growth and NPL ratio for ordinary person, classified by Purpose

Classified by Purpose	%Share	Outstanding loan (%YoY)					NPL Ratio (Percent to total loan)				
	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Housing/mortgage Loan	36.7	5.0	4.8	4.9	4.4	3.8	1.37	1.52	1.52	1.47	1.78
Personal loan	19.0	2.9	3.5	3.1	3.4	2.8	4.07	4.58	4.67	4.44	4.39
Automobile hire/purchase	18.8	3.1	2.8	2.1	1.2	-1.5	1.54	1.75	1.98	2.36	2.12
Loan for agriculture	6.1	-5.5	-6.5	-7.2	-7.7	-8.3	6.43	7.95	7.52	5.39	4.89
Commercial Loan	4.8	-7.4	-9.6	-6.7	-6.3	-5.7	5.51	6.44	6.28	6.66	7.42
Credit card	4.1	5.1	3.6	3.2	4.7	3.2	0.48	0.47	0.48	0.43	0.52
Others	10.5	19.6	27.1	21.7	21.7	22.2	8.11	9.00	9.22	8.43	9.07
Total	**100.0**	**3.8**	**4.1**	**3.8**	**3.7**	**2.9**	**3.04**	**3.49**	**3.54**	**3.36**	**3.52**

Source: The National Credit Bureau, calculated by NESDC

Loan growth and NPL ratio for ordinary person, classified by outstanding loan amount

Classified by Purpose	%Share	Outstanding loan (%YoY)					NPL Ratio (Percent to total loan)				
	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Housing/Mortgage Loan	**100.0**	**5.0**	**4.8**	**4.9**	**4.4**	**3.8**	**1.37**	**1.52**	**1.52**	**1.47**	**1.78**
1) ≤ 1 Million Baht	8.3	-8.7	-8.5	-7.0	-6.5	-6.1	2.20	2.45	2.37	2.07	2.27
2) > 1 to 1.5 Million Baht	10.5	1.1	1.2	1.4	1.4	1.3	1.96	2.13	2.10	1.94	2.36
3) > 1.5 to 3.0 Million Baht	40.6	7.3	6.8	6.5	5.9	5.2	1.61	1.76	1.78	1.70	2.09
4) > 3.0 to 5.0 Million Baht	20.7	5.5	5.3	5.2	4.5	3.9	0.87	0.98	1.01	1.10	1.29
5) > 5.0 to 7.0 Million Baht	8.0	7.6	7.3	7.0	5.7	4.9	0.75	0.88	0.94	1.01	1.17
6) > 7.0 to 10.0 Million Baht	5.1	8.4	8.3	8.4	6.8	6.3	0.75	0.89	0.89	0.90	1.19
7) > 10.0 to 20.0 Million Baht	4.2	15.4	14.0	12.5	10.0	8.7	0.63	0.73	0.75	0.84	1.19
8) > 20.0 Million Baht	2.6	10.4	12.9	14.7	14.9	13.9	0.56	0.69	0.68	0.58	0.78

Credit condition and credit quality of juristic persons and ordinary persons, using data from Thailand's National Credit Bureau (cont.)

Loan growth and NPL ratio for ordinary person, classified by outstanding loan amount (cont.)

Classified by Purpose	%Share	Outstanding loan (%YoY)					NPL Ratio (Percent to total loan)				
	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24
Personal loan	**100.0**	**2.9**	**3.5**	**3.1**	**3.4**	**2.8**	**4.07**	**4.58**	**4.67**	**4.44**	**4.39**
1) ≤ 1,000 Baht	2.0	5.7	6.8	10.9	10.5	8.5	20.30	20.14	19.65	20.27	21.00
2) > 1,000 to 10,000 Baht	0.9	-13.9	-10.9	-22.0	-27.3	-21.7	47.98	48.67	46.99	49.91	44.13
3) > 10,000 to 50,000 Baht	9.5	-0.1	-1.3	-3.4	-4.4	-3.9	11.48	12.63	12.77	12.14	12.05
4) > 50,000 to 100,000 Baht	6.8	3.1	1.9	1.1	1.1	0.6	5.88	6.34	6.25	5.85	5.79
5) > 100,000 Baht	80.8	3.5	4.4	4.5	5.1	4.1	1.92	2.40	2.54	2.39	2.52
Automobile Hire/Purchase	**100.0**	**3.1**	**2.8**	**2.1**	**1.2**	**-1.5**	**1.54**	**1.75**	**1.98**	**2.36**	**2.12**
1) ≤ 0.5 Million Baht	18.0	-9.6	-9.7	-9.3	-8.6	-9.2	1.93	2.18	2.36	2.61	2.46
2) > 0.5 to 0.8 Million Baht	39.9	-0.9	-1.6	-2.3	-2.9	-5.0	1.61	1.84	2.06	2.44	2.13
3) > 0.8 to 1 Million Baht	16.3	12.9	11.3	8.5	5.5	1.2	1.31	1.49	1.80	2.27	1.90
4) > 1 to 1.5 Million Baht	14.3	17.7	18.1	16.4	14.1	9.2	1.07	1.24	1.48	1.88	1.71
5) > 1.5 to 3 Million Baht	8.5	18.0	17.4	16.5	13.9	8.1	1.56	1.70	2.01	2.51	2.45
6) > 3 to 5 Million Baht	2.1	24.9	25.1	22.3	19.2	13.2	1.45	1.84	2.19	2.48	2.63
7) > 5 Million Baht	1.0	28.9	25.0	21.7	18.5	14.0	0.98	0.80	0.91	1.12	1.20
Credit Card	**100.0**	**5.1**	**3.6**	**3.2**	**4.7**	**3.2**	**0.48**	**0.47**	**0.48**	**0.43**	**0.52**
1) ≤ 1,000 Baht	1.7	3.0	3.7	3.6	4.1	5.2	0.06	0.07	0.10	0.11	0.12
2) > 1,000 to 10,000 Baht	1.3	2.3	6.8	2.7	6.8	3.0	0.20	0.24	0.27	0.28	0.32
3) > 10,000 to 50,000 Baht	22.2	-4.6	-2.7	-3.0	-1.0	-1.9	0.80	0.77	0.79	0.78	0.80
4) > 50,000 to 100,000 Baht	21.9	1.3	-0.5	-0.8	-0.2	-1.1	0.40	0.40	0.41	0.39	0.48
5) > 100,000 Baht	52.9	12.4	8.6	8.1	9.4	7.3	0.38	0.38	0.39	0.32	0.45

Source: the National Credit Bureau, calculated by NESDC

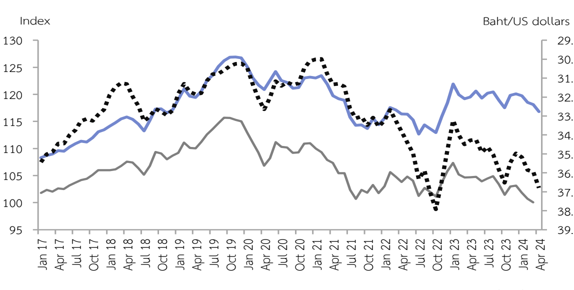
An average value of the Thai Baht against the US dollar depreciated, in tandem with other regional currency.

Thai Baht depreciated against US dollar. In the second quarter of 2024, the exchange rate was averaged at 36.71 Baht per US dollar, deprecating by 2.97 percent. This was consistent with the appreciation of US dollar index, which rose from 103.57 in the previous quarter to 105.18 in this quarter. This appreciation was driven by; (i) market anticipations that the Federal Reserve (Fed) would hold interest rate at a high level for longer period; and (ii) rising geopolitical tensions in the Middle East, which increased demand for safe assets. However, the Thai Baht slightly appreciated in the latter half of the quarter as weak US economic indicators released, including manufacturing and employment data, bolstered investors' expectation of a rate cut in September 2024.

The depreciation of Thai Baht was aligned with the depreciation of other regional currencies, including Japan (4.9 percent), Indonesia (3.3 percent), Philippines (3.2 percent), South Korea (3.2 percent), Taiwan (2.9 percent), Singapore (1.0 percent), Vietnam (1.0 percent), India (0.5 percent), Malaysia (0.2 percent), and China (0.1 percent). In addition, when comparing with trading partners/competitors, the Thai baht also depreciated as the Nominal Effective Exchange Rate (NEER) declined 1.34 percent from the previous quarter.

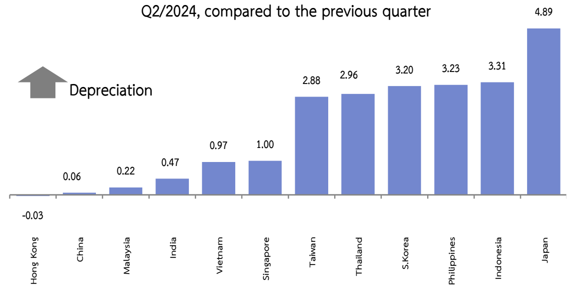
In July 2024, the Thai Baht was averaged at 36.30 baht per US dollar, appreciating by 1.12 percent from the previous quarter. This appreciation was consistent with the 0.51-percent depreciation of U.S. dollar index, which fell from an average of 105.17 in June 2024 to 104.63 in July 2024. This was a result of expectations that the Fed will start cutting its policy rate in September 2024, following indicators of a lower inflation and softer labor market conditions.

The average Thai Baht against US dollar depreciated



Source : CEIC, Bank of Thailand

The movement of regional currencies against US dollars in Q2/2024, compared to the previous quarter

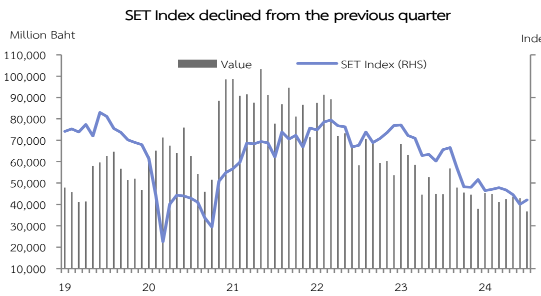


Source: CEIC

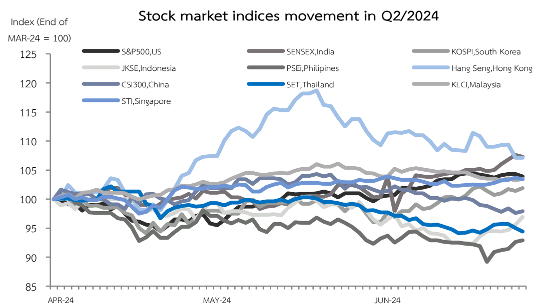
SET Index declined from the previous quarter. At the end of the second quarter of 2024, The Stock Exchange of Thailand (SET index) closed at 1,301.0 points, declined by 5.6 percent from the previous quarter. This was mainly caused by (i) global investment trends that favored technology-related stocks, such as semiconductor, artificial intelligence (AI), and communication services technology, while the SET has a relatively small proportion of such companies; (ii) the uncertain time of the Fed's policy rate cut, which put pressure to risky assets; and (iii) Ongoing political uncertainty in Thailand, which lowered investor's confidence. **Foreign investors had a net sell position for the sixth consecutive quarter,** with a net sell of 47.7 billion Baht. In addition, a negative change in index was seen in these industry groups; financials (-10.0 percent), property and construction (-9.6 percent), resources (-9.4 percent), services (-7.5 percent) and consumer products (-6.1 percent). However, the technology group index had a notable increase of 12.7 percent, in line with the global investment trend. The decline of SET index was consistent with other regional stock markets, such as Philippines (-7.1 percent) Indonesia (-3.1 percent), Vietnam (-3.0 percent), China (-2.1 percent) and Japan (-1.9 percent). In contrast, there was an expansion in some regional stock markets, including Taiwan (13.5 percent), India (7.3 percent), Hong Kong (7.1 percent), Malaysia (3.5 percent), Singapore (3.4 percent) and South Korea (1.9 percent).

SET Index declined from the preceding quarter mainly due to investment trends in technology sector, uncertainty about Fed's policy rate cut, and domestic political uncertainty.

In July 2024, the SET index closed at 1,320.9 points, increased by 1.5 percent from the previous month. This was attributed to; (i) the clarity of Fed's policy rate cut in September 2024, which support risky assets; (ii) the amendment of short selling and programs trading (Up-trick Rule) regulations in the SET, which boost investor confidence; and (iii) better-than-expected financial performance of several listed companies in the second quarter of 2024.

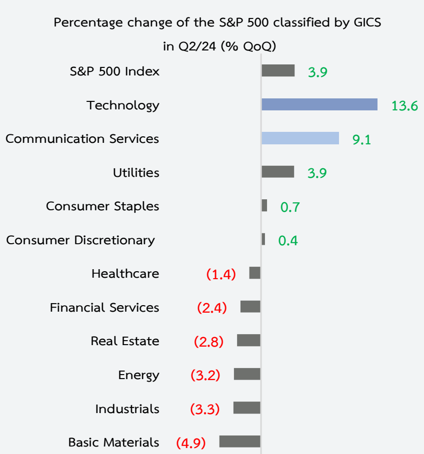


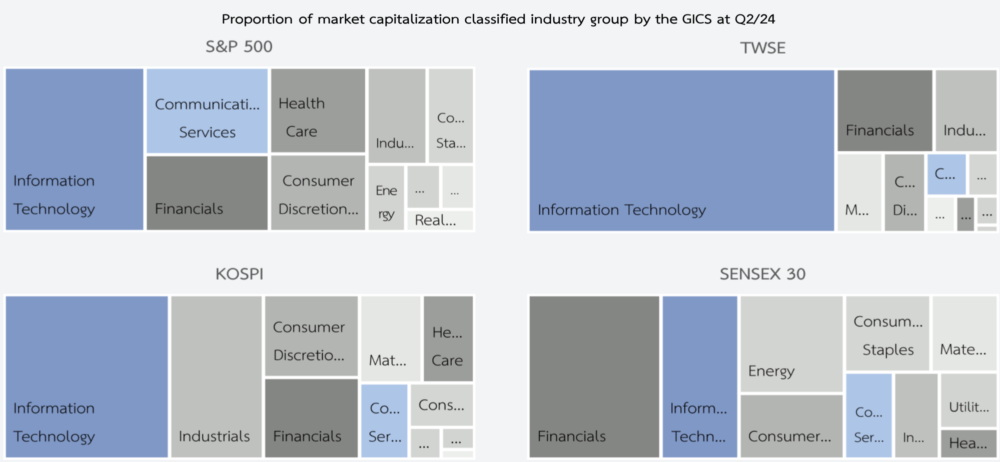
Source: SET



Global technology investment trends and the impact on the Stock Exchange of Thailand

Since the post-COVID-19 period, investors have focused their investments in technology sector, especially on Artificial Intelligence (AI). This has resulted in a continuous rise in the stock prices of technology-related company, particularly the "Magnificent Seven"[1], which observing by the increase of BM7N index[2] at 134.4 percent in 2021 – 2nd quarter of 2024. This growth outperformed the markets as the MSCI ACWI index and the S&P 500 Index rose only by 24.1 percent and 47.6 percent, respectively. Lately in the 2nd quarter of 2024, the Information Technology sector of the S&P 500 index continued to grow significantly by 13.6 percent, as well as the Communication Services sector, which grew by 9.1 percent. Furthermore, according to the Global Industry Classification Standard (GICS), most stock market indices that increased in this quarter —such as the S&P 500 in the United States, TWSE in Taiwan, SENSEX in India, and KOSPI in South Korea— have a relatively high proportion of stocks in the Information Technology sector[3].



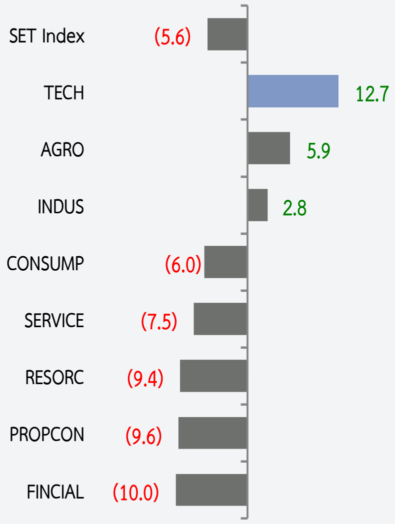


[1] The Magnificent Seven consists of Apple, Microsoft, Alphabet, Amazon, META, Tesla and Nvidia.
[2] The BM7N index is the net return index of the Magnificent Seven, prepared by Bloomberg.
[3] The proportion of information technology group of TWSE, KOSPI, S&P 500 and SENSEX 30 are 66%, 35%, 30% and 17%, respectively.

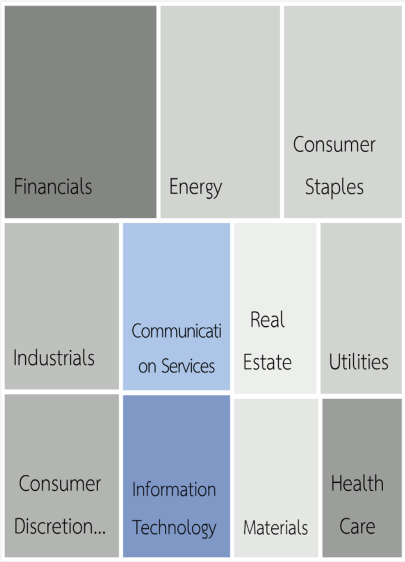
Global technology investment trends and the impact on the Stock Exchange of Thailand (cont.)

For the Stock Exchange of Thailand (SET), at the end of the 2nd quarter of 2024, although SET index declined by 5.6 percent, the price index for the technology (TECH) sector grew by 12.7 percent from the previous quarter, the highest growth among all sectors and in line with global technology investment trends. **According to SET's market capitalization,** stocks in technology sector accounted for 8.2 percent. In contrast, the Financials, Energy, and Consumer Staples sector hold the largest shares, with 15.0 percent, 11.9 percent, and 11.7 percent of total market capitalization, respectively. **Furthermore, in terms of number of stocks,** there were only 45 technology stocks (Consisting of 37 stocks in the Information & Communication Technology (ICT) sub-sector and 8 in the Electronic Components (ETRON) sub-sector), out of a total of 685 stocks in SET, representing only 6.6 percent of all stocks.

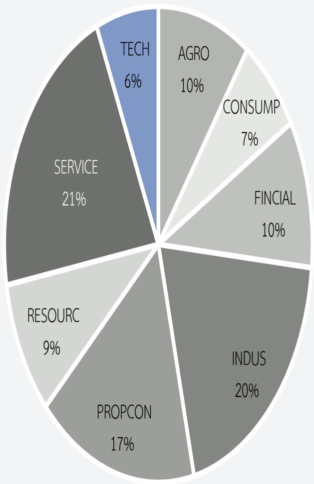
Percentage change of the SET index classified by Industry Group in Q2/24 (% QoQ)



Proportion of SET index market capitalization classified industry group by the GICS at Q2/24



Proportion of listed companies by Industry Groups in the SET

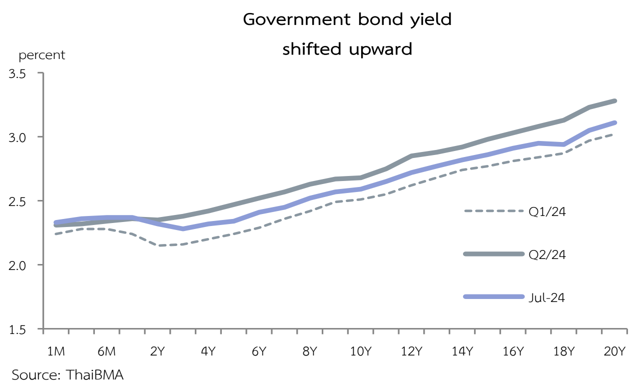


Although the proportion of technology stocks in the SET has been gradually increasing, it remains relatively small. As a result, the impact of recent technology investment trends on the SET index has been limited. Therefore, it is necessary to focus on developing new industries that meet the global demand, particularly in technology-related industries, such as semiconductors, computers and equipment parts, communication equipment, and software. Additionally, it is crucial to boost investor confidence by strengthening corporate governance and reducing political uncertainty to ensure continuity of govern policies. These actions could support country's economic growth and financial stability.

Government bond yields both short and long terms increased, in tandem with the increase of US treasury yield

Long-term Government bond yield curve shifted downward from the previous quarter. In the first quarter of 2024, long-term government bond yields (maturities of more than one year) dropped from the previous quarter, consistent with an increase in the government bond price index. However, the 10-year US Treasury yield increased from the previous quarter as the Fed's interest rate cut was postponed. The decrease of Thai government bond yields was mainly the result of internal factor such as the announcement that two of seven members of the Monetary Policy Committee (MPC) voted to cut the policy rate, while various agencies downgraded the Thai economic outlook in 2024. As a result, at the end of the first quarter of 2024, the 2-year government bond yield was at 2.15 percent per year, declining from 2.34 percent per year in the previous quarter. Meanwhile, the 10-year government bond yield stood at 2.51 percent per year, decreasing from 2.70 percent per year in the previous quarter. Foreign investors recorded a net sell of 34.5 billion Baht, compared to a net buy of 3.7 billion Baht in the previous quarter. Total new registered corporate bonds accounted for 410.7 billion Baht. The issuers were mostly from the finance and securities sector, the property development sector, and the agricultural sectors.

In July 2024, long-term government bond yields declined from the previous month, in line with a decrease in 2-year and 10-year US treasury yields. This was driven by the expectations that the Fed will start cutting its policy rate in September 2024. As a result, at the end of July 2024, 2-year and 10-year government bond yields fell to 2.32 percent per year and 2.59 percent per year, respectively.



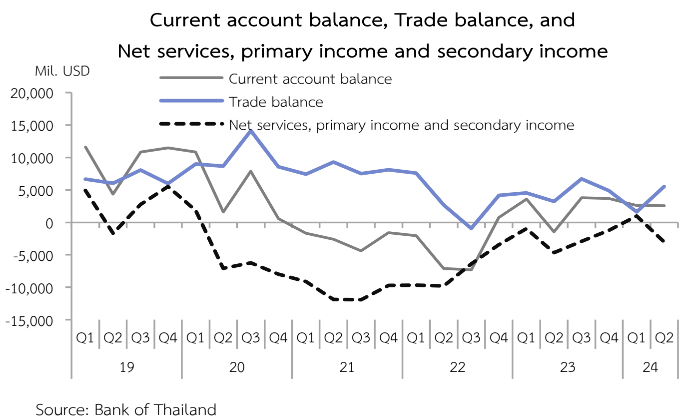
In the second quarter of 2024, the current account registered a surplus of 2.6 billion US dollars (93.7 billion Baht), compared with a deficit of US$1.5 billion (49.2 billion Baht) in the same quarter of the previous year and close to a surplus of US$2.6 billion (93.6 billion Baht) in the previous quarter. This result was driven by a trade surplus of 5.5 billion US dollars (higher than the 3.2 billion US dollars surplus recorded in the same quarter of the last year) and the services, primary, and secondary income recorded a deficit of 3.0 billion US dollars (compared with a deficit of 4.7 billion US dollars in the same quarter of the previous year).

The current account registered a surplus for the four consecutive quarters

In the first half of 2024, the current account registered a surplus of 5.2 billion US dollars (187.3 billion Baht), compared with a surplus of 7.5 billion US dollars (266.1 billion Baht) in the second half of the previous year and a surplus of 2.2 billion US dollars (77.6 billion Baht) in the same period last year.

At the end of June 2024, international reserves stood at 224.3 billion US dollars, up from 218.2 billion US dollars at the end of June 2023. In Baht terms, international reserves at the end of June 2024 were 8,266.1 billion Baht, higher than the 7,769.3 billion Baht recorded at the end of June.

The international reserve at the end of March 2024 stood at 223.4 billion US dollars.

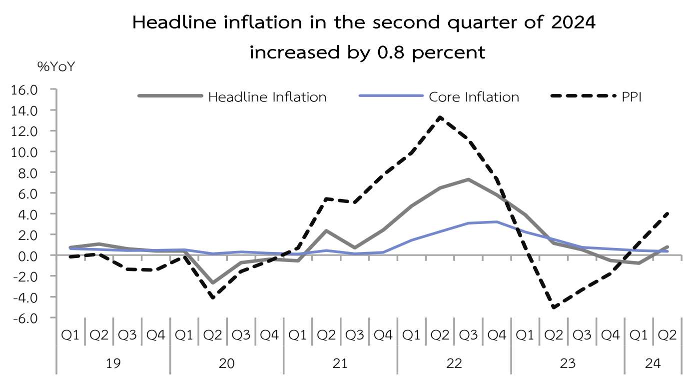


Headline Inflation, in the second quarter of 2024, averaged 0.8 percent, after declining for two consecutive quarters. This was in line with a 0.6-percent rise in the **food and non-alcoholic beverage** price index, mainly driven by price growth in vegetables and fruits of 4.8 percent, rice and cereal of 3.6 percent, and egg and dairy products of 3.4 percent, due to a decrease in production. The **non-food and beverage** price index expanded by 0.9 percent, attributed to a 3.1-percent rise in energy prices following the end of the diesel excise tax reduction measure. **Core inflation** increased by 0.4 percent, remaining stable compared to the previous quarter, due to the rise in the price index of non-alcoholic beverages, public transportation services, and prepared food.

In the first half of 2024, headline inflation remained stable compared to the second half of last year, while core inflation averaged 0.4 percent, decelerating from 0.7 percent in the second half of 2023. This deceleration aligned with a slowdown in the price index of non-alcoholic beverages, tobacco and alcoholic beverages, as well as prepared food. However, the price index of apparel and footwear, along with cleaning supplies decreased.

In July 2024, headline inflation rose by 0.8 percent, primarily due to an increase in energy and food prices, especially prepared food, and fruits, driven by continual rising demand. However, core inflation averaged 0.5 percent.

Headline inflation declined by 0.8 percent, marking a reduction for two consecutive quarters. This decline was associated with decreases in both the food and beverage, and non-food and beverage categories, in line with falling energy prices.



Source: Ministry of Commerce

Producer Price Index (PPI), in the second quarter of 2024, increased by 4.0 percent, following a 1.2-percent rise in the previous quarter. This increase was primarily driven by a 4.1-percent rise in the **price of manufactured products,** due to higher prices for petroleum product, rubber and plastic products, machinery and equipment, and food products, which rose by 13.9 percent, 9.7 percent, 4.7 percent, and 2.2 percent, respectively. The **price of agricultural and fishery products** grew by 9.9 percent. Conversely, the **price of mining products** dropped for five consecutive quarters, falling by 13.4 percent, associated with a 16.1-percent contraction in the price of petroleum and natural gas.

The Producer Price Index (PPI) continually increased, driven by an increase in the prices of manufactured products, as well as agricultural and fishery products.

In the first half of 2024, the Producer Price Index rose by 2.6 percent, compared with a 2.6-percent decrease in the second half of last year, significantly due to an increase in the price of manufactured products.

In July 2024, the Producer Price Index grew by 4.0 percent, driven by a rise in the prices of manufactured products, and agricultural and fishery products, while the price of mining products continued to decrease.

2. Crude Oil price in Q2 of 2024

The crude oil price in the global market increased compared to both the same period last year and the previous quarter.

The crude oil price in the global market increased compared to both the same period last year and the previous quarter. In the second quarter of 2024, the average crude oil price in four major markets (WTI, Brent, Dubai, and Oman) stood at 83.9 US dollars per barrel, rising by 10.4 percent from 76.0 US dollars per barrel in the same period last year, and increasing by 4.6 percent from 80.3 US dollars per barrel in the previous quarter. These changes were influenced by (i) geopolitical conflicts, particularly the intensifying conflict in the Middle East, (ii) the extension of OPEC+ production cuts until the end of 2025, and (iii) the reduction in US rig counts in the second quarter of 2024, which stood at 497, a decrease of 13.1 percent compared to the same period last year, coupled with cruel oil inventories that decreased by 0.9 percent, from 461 million barrels to 457 million barrels.

In the first half of 2024, the average crude oil price in four key markets stood at 82.0 US dollars per barrel, an increase of 5.2 percent from 77.9 US dollars per barrel in the same period last year, but a decrease of 2.3 percent from 83.9 US dollars per barrel in the second half of 2023.

In July 2024, the average crude oil price skyrocketed to its highest level in three months due to the intensifying and spreading conflict in the Middle East after Hamas' leader was killed by Israeli forces.

Crude oil price

Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2021	Year	68.1	70.9	69.5	69.3	69.4	72.1	63.4	63.8	65.5	65.4
2022	Year	94.2	98.8	96.2	96.5	96.5	38.4	39.4	38.4	39.4	38.9
2023	Year	77.4	82.1	81.8	81.9	80.8	-17.8	-16.9	-15.0	-15.2	-16.2
	H1	74.6	79.8	78.6	78.7	77.9	-26.5	-23.8	-22.9	-21.9	-23.7
	H2	80.5	84.6	85.2	85.3	83.9	-7.6	-9.2	-6.0	-8.2	-7.8
	Q1	76.0	82.1	80.2	80.4	79.7	-19.7	-16.1	-16.5	-16.6	-17.2
	Q2	73.1	77.3	76.9	76.9	76.0	-33.0	-31.2	-29.1	-27.0	-30.1
	Q3	82.1	86.0	86.6	86.6	85.3	-10.2	-11.8	-10.3	-14.0	-11.6
	Q4	78.8	83.0	83.8	83.8	82.4	-4.6	-6.2	-1.0	-1.1	-3.2
2024	H1	78.6	83.2	82.9	83.0	82.0	5.4	4.3	5.5	5.5	5.2
	Q1	76.9	81.8	81.1	81.0	80.3	1.2	-0.4	1.2	0.8	0.7
	Q2	80.5	84.8	85.1	85.2	83.9	10.1	9.7	10.6	10.8	10.4
	Apr.	84.2	88.7	88.9	89.1	87.7	6.8	7.2	7.6	7.7	7.3
	May.	78.7	83.1	84.2	84.4	82.6	9.8	9.8	12.2	12.6	11.1
	Jun.	78.7	82.9	82.7	82.7	81.8	11.9	10.6	10.7	10.8	11.1
	Jul.	80.7	84.1	84.0	84.1	83.3	7.3	5.5	5.2	5.2	5.9
	7M	78.9	83.3	83.1	83.2	82.2	5.7	4.5	5.5	5.5	5.3

Source: Thaioil Plc and EPPO.

3. The World Economy in Q2 of 2024

The global economy in the second quarter of 2024 continued its expansion from the previous quarter, driven by the recovery in both the manufacturing and service sectors. This was in accordance with the Composite Purchasing Manager's Index (PMI)[9], which remained above 50 in many countries, particularly in major economies such as the United States, the Eurozone, Japan, China, and India. Emerging market economies and developing countries also maintained strong expansion, bolstered by robust export growth. The growth aligned with the recovery in global trade and the upward cycle of electronic products, particularly in South Korea, Taiwan, Hong Kong, and Vietnam. Inflationary pressures significantly eased, largely due to the prolonged implementation of strict monetary policies in many countries. As a result, several major central banks, including the European Central Bank, the Bank of Canada, and the Swiss National Bank, began cutting their policy interest rates in the second quarter[10].

The U.S. economy expanded by 3.1 (Advance Estimate), accelerating from 2.9 percent in the previous quarter. This expansion was attributed to a 5.8-percent increase in private investment, up from 5.0 percent in the previous quarter and the highest rate in eight quarters, due to strong performance in both residential and non-residential investments, coupled with the continued acceleration in both private consumption and government expenditure. Meanwhile, a labor market tightening condition gradually loosened. The unemployment rate in June 2024 stood at 4.3 percent, the highest level in thirty months, while the job openings rate in this quarter held at 4.9 percent, the lowest level in thirteen quarters. This resulted in a slowdown in wage growth. The average hourly wage in the second quarter still increased by 3.9 percent, the lowest in twelve quarters amid the labor market slowdown. Consequently, inflationary pressures eased and remained low. The inflation rate (PCE Price Index) stood at 2.6 percent, equivalent to the previous quarter. However, the inflation rate was still higher than the monetary policy target, coupled with ongoing pressure from increasing service prices at 4.0 percent. Correspondingly, the US Federal Reserve's Monetary Policy Committee (FOMC) decided to maintain its policy rate[11].

The Eurozone economy expanded by 0.6 percent, accelerated from 0.5 percent in the preceding quarter. This expansion was primarily driven by sustained growth in private consumption and the services sector, as evidenced by the Services PMI, which registered at 53.1, remaining above the 50.0 threshold for the second consecutive quarter, supported by a favorable increase in wages and a sustained moderation in inflationary pressures. Nonetheless, the consumer confidence index remained in negative territory at (-14.3), and the industrial sector continued decline, with the Industrial Purchasing Managers' Index registering 46.3, remaining below the 50.0 mark for the eighth consecutive quarter. Consequently, the German economy, the largest within the Eurozone, contracted for the fourth consecutive quarter by 0.1 percent, the same as in the previous quarter. Meanwhile, headline and core inflations in the second quarter averaged 2.5 percent and 2.8 percent, respectively, down from 2.6 percent and 3.3 percent in the prior quarter, amid the sluggish economic situation and the easing of inflationary pressures. In response, the European Central Bank (ECB) reduced its policy interest rate to support economic recovery[12].

The Japanese economy contracted by 0.8 percent in the second quarter, following a 0.9-percent contraction in the first quarter. This continued decline was driven by a 4.2 percent drop in merchandise exports, marking the ninth consecutive quarterly decrease, largely due to a decline in exports of automobiles and parts. Domestic consumption also weakened due to rising inflationary pressures, which resulted from record-high wages, including minimum wages and the spring wage increases. Headline inflation increased to 2.8 percent in the second quarter, up from 2.7 percent in the previous quarter. Excluding food prices, inflation stood at 2.7 percent, remaining above the 2.0 percent policy target. Despite this, the Bank of Japan opted to maintain its policy rate during its June 13th-14th, 2024 meeting to support economic growth[13]. The low policy rate led to a real interest rate of (-2.8) percent in June, and the exchange rate continued to depreciate. In the second quarter, the Japanese yen depreciated to an average of 155.8 Yen per US dollar, compared to an average of 148.5 Yen per US dollar in the first quarter.

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9 The Composite Purchasing Managers' Index (PMI) for the US, Japan, China and India was at 53.5, 51.5, 53.2 and 61.0 respectively.

10 The European Central Bank cut its policy rate from 4.50 percent to 4.25 percent at its meeting on June 6, 2024, and the Bank of Canada cut its policy rate from 5.00 percent to 4.75 percent at its meeting on June 5, 2024.

11 According to the FOMC meeting on 30th April – 1st May 2024 and 11th -12th June 2024, the committee decided to keep its policy rate at 5.25 - 5.50 percent since June 2023, the highest level in 22 years. Additionally, the FOMC decided to continually assess economic conditions and adjust its monetary policy as needed in order to achieve the 2.0-percent target and restore full employment.

12 At its meeting on June 6, 2024, the European Central Bank (ECB) resolved to reduce its policy interest rate by 0.25 percent, bringing the Refinancing Operations Rate, the Marginal Lending Facility Rate, and the deposit rate for commercial banks to 4.25 percent, 4.50 percent, and 3.75 percent, respectively. Concurrently, the ECB has continued its measures aimed at reducing monetary easing. The Pandemic Emergency Purchase Programme (PEPP) will maintain the full reinvestment of matured assets' principal until June 2024, after which the ECB will begin to decrease the scale of asset purchases by an average of 7.5 billion euros per month during the second half of 2024. Following this period, no new investments will be made under the PEPP beyond 2024. However, the ECB remains committed to mitigating the adverse effects of elevated interest rates through the implementation of the Transmission Protection Instrument (TPI). This mechanism involves the strategic purchase of assets, particularly government bonds of member countries experiencing financial market volatility, in order to mitigate risks to the economies of these member states.

13 In the first quarter of 2024, the Bank of Japan decided to raise its policy rates for the first time in 17 years and canceled a yield curve control measure to ease persistently high inflationary pressures.

The Chinese economy expanded by 4.7 percent, decelerating from 5.3 percent in the previous quarter, marking the lowest growth in five quarters. The economic slowdown was attributed to sluggish domestic demand in both consumption and investment due to the prolonged indebtedness of the property sector. Hence, retail sales were at a 2.6-percent growth, down from a 3.1-percent expansion in the previous quarter, the lowest growth in six quarters, aligning with the consumer confidence index remained consistently low. Meanwhile, real estate investment continued to decline by 6.5 percent, marking the twelfth consecutive quarter of contraction. Nevertheless, the Chinese economy was bolstered by sustained growth in the manufacturing sector and exports, driven by an upward cycle in electronic products influenced by industrial subsidies from the Chinese government, reflecting robust growth of 5.8 percent in the value of exports, the highest expansion in seven quarters, in line with the manufacturing PMI of 51.6, the highest level in fourteen quarters. The headline inflation rate in the second quarter was at 0.3 percent, compared with 0.0 percent in the prior quarter, while the producer price index stood at (-1.6) percent, making the seventh consecutive quarter of reduction. Amidst sluggish domestic demand and low inflationary pressures, the Chinese government continued to implement policies to support economic recovery, particularly in the real estate sector[14]. Similarly, the People's Bank of China (PBOC) maintained its expansionary monetary policy aiming to inject more liquidity into the economy[15].

India's economy continued to exhibit robust growth, driven by expansion in the manufacturing and export sectors. This was reflected in the manufacturing PMI which reached a record high of 58.2. This upward trend aligned with the 5.1 percent and 5.8 percent growth in the Industrial Production Index and export value, respectively. However, government spending moderated, largely due to the general elections in May and June 2024. Public investment also declined sharply by 35.0 percent, compared to a 10.1 percent growth in the previous quarter. Meanwhile, headline inflation eased to 5.0 percent, down from 5.4 percent in the previous quarter, yet it remains elevated above the medium-term monetary policy target of 4.0 percent[16]. Consequently, the Reserve Bank of India, in its June 2024 meeting, maintained the interest rate at 6.5 percent, marking the 18th consecutive month at this level.

The Newly Industrialized Economies (NIEs) showed positive growth in the second quarter. The expansion was primarily driven by robust growth in exports and the manufacturing sector. Nevertheless, the ongoing implementation of tight monetary policies led to a slowdown in domestic demand[17]. **South Korea, Taiwan, and Singapore's economies** grew by 2.3 percent, 5.1 percent, and 2.9 percent, compared with 3.3 percent, 6.6 percent, and 3.0 percent in the preceding quarter, respectively. **Hong Kong's economy** expanded by 3.3 percent, up from 2.8 percent in the prior quarter, following an increase in private investment. Nonetheless, inflationary pressures continued to decline due to a decrease in food and energy prices, but remained above monetary policy targets[18]. Consequently, most central banks continued to maintain their policy interest rates at high levels.

The ASEAN economies continued to expand, driven by private consumption and the recovery of exports. The economies of Malaysia, the Philippines, and Vietnam grew by 5.9 percent, 6.3 percent, and 6.9 percent, respectively, accelerating from 4.2 percent, 5.8 percent, and 5.9 percent in the previous quarter. Meanwhile, Indonesia's economy expanded by 5.0 percent, slightly down from 5.1 percent in the preceding quarter. This aligns with the rebound in export values for Indonesia and Malaysia, which grew by 1.9 percent and 1.2 percent after contracting by 7.1 percent and 5.2 percent in the prior quarter, respectively. Vietnam's exports continued to grow at 12.2 percent, compared to 16.7 percent in the previous quarter. Meanwhile, inflation rates in most of these countries have moderated towards their monetary policy targets[19]. However, central banks across the region have largely maintained high policy interest rates. An exception is the Bank of Indonesia, which decided to raise its policy rate by 0.25 percentage points to 6.25 percent during its April 23rd-24th, 2024 meeting, aiming to mitigate the depreciation of the rupiah, which had weakened to its lowest level in four years against the US dollar.

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14 The key policies included (1) Establishing a fund of 300 billion yuan for financial institutions to lend to local state-owned enterprises (SOEs) with the aim of purchasing unsold apartments and turning them into affordable housing. (2) Abolishing a floor on mortgage interest rates. (3) Lowering the minimum down payment ratio for first-time home buyers from 20 percent to 15 percent, and for second-time home buyers from 40 percent to 25 percent.

15 On June 20th, 2024, the People's Bank of China (PBOC) decided to maintain the one-year Loan Prime Rate (LPR) at 3.45 percent and five-year LPR at 3.95 percent, respectively.

16 The Reserve Bank of India has set a medium-term monetary policy target of 4.0 percent for the fiscal year 2024, with an allowable fluctuation margin of ±2.0 percent.

17 Retail sales in the second quarter of 2024 in Hong Kong and South Korea declined by 12.0 percent and 0.0 percent, compared with a 1.3-percent decrease and a 0.8-percent expansion in the prior quarter. Whereas, retail sales in Taiwan and Singapore grew by 0.8 and 0.2 percent, decelerating from growth rates of 1.8 percent and 4.0 percent in the previous quarter.

18 Inflation rates in the second quarter of 2024 in South Korea, Taiwan, Hong Kong, and Singapore were at 2.7 percent, 2.2 percent, 1.3 percent, and 2.8 percent, decelerating from 3.0 percent, 2.3 percent, 1.9 percent, and 3.0 percent in the previous quarters, respectively.

19 The average headline inflation rate in the second quarter of 2024 for Indonesia, Malaysia, the Philippines, and Vietnam stood at 2.8%, 1.9%, 3.8%, and 4.4%, respectively, compared to 2.8%, 1.7%, 3.3%, and 3.8% in the previous quarter.

Real GDP and Exports of Key Economies

(%YoY)	GDP						Exports of Goods (USD)								
	2021	2022	2023		2024		2021	2022	2023		2024				
	Year	Year	Q4	Year	Q1	Q2	Year	Year	Q4	Year	Q1	Q2	Apr.	May	Jun.
US	5.8	1.9	3.1	2.5	2.9	3.1	23.0	18.7	-1.4	-2.1	-0.2	3.8	4.6	3.1	3.6
Eurozone	6.0	3.5	0.2	0.5	0.5	0.6	18.1	5.1	0.4	2.0	-1.9	0.4	11.0	-1.4	-6.9
United Kingdom	8.7	4.3	-0.2	0.1	0.3	0.9	15.8	10.8	-1.7	4.4	2.0	-0.3	-1.5	-0.8	1.4
Australia	5.5	3.9	1.4	2.0	1.2		37.0	19.9	-10.1	-9.8	-12.9	-8.2	-9.4	-9.7	-5.5
Japan	2.7	1.2	0.9	1.7	-0.9	-0.8	17.9	-1.2	-0.7	-4.0	-3.0	-4.2	-6.1	-0.2	-5.7
China	8.4	3.0	5.2	5.2	5.3	4.7	29.6	5.6	-1.3	-4.7	1.3	5.8	1.3	7.6	8.6
India	9.4	6.5	8.6	7.7	7.8		43.0	14.6	1.0	-4.8	4.9	6.0	2.0	13.4	2.6
South Korea	4.6	2.7	2.1	1.4	3.3	2.3	25.7	6.1	5.7	-7.5	8.1	10.1	13.6	11.5	5.6
Taiwan	6.6	2.6	4.8	1.3	6.6	5.1	29.3	7.4	3.3	-9.8	12.9	9.9	4.3	3.4	23.4
Hong Kong	6.5	-3.7	4.3	3.3	2.8	3.3	26.0	-9.3	6.6	-7.8	12.2	12.8	12.2	15.1	11.0
Singapore	9.7	3.8	2.2	1.1	3.0	2.9	22.1	12.7	3.0	-7.7	3.9	6.5	11.2	11.0	-2.4
Indonesia	3.7	5.3	5.0	5.0	5.1	5.0	41.9	26.0	-8.3	-11.3	-7.1	1.9	1.7	2.8	1.2
Malaysia	3.3	8.9	2.9	3.6	4.2	5.9	27.5	17.6	-9.4	-11.1	-5.2	1.2	1.2	2.5	-0.0
Philippines	5.7	7.6	5.5	5.5	5.8	6.3	14.5	6.5	-10.6	-7.5	6.2	0.0	27.9	-3.1	-17.3
Vietnam	2.6	8.1	6.7	5.0	5.9	6.9	18.9	10.6	7.1	-4.6	16.7	12.2	10.2	13.9	12.4

Source: CEIC, compiled by Office of the National Economic and Social Development Council

4. The World Economic Outlook for 2024

The world economy in 2024 is anticipated to continue its expansion, driven by the recovery in manufacturing sector and global trade, along with the upward cycle of electronic products. This growth will support the export of goods, particularly benefiting developing countries and emerging market economies. Inflationary pressures are projected to gradually diminish, following a loosening labor market and decreasing energy and commodity prices. Nonetheless, the core inflation rates in major economies tend to decrease at a slower pace, leading most major central banks to gradually ease monetary policies to balance between reducing inflation and sustaining economic growth. Meanwhile, the Bank of Japan has raised its policy interest rate to address persistent inflationary pressures, while central banks in developing and emerging markets may face exchange rate volatility and international investment fluctuations due to shifts in the monetary policies of major economies.

Under the base case, the geopolitical conflicts, particularly in the Middle East, and policy on trade protectionism are expected to remain contained and not escalate to levels of causing significant disruptions to supply chains that could then severely impact the global economy, trade, and financial market. Under this scenario, energy prices are expected to remain stable, preventing the creation of additional inflationary pressures that might force major central banks to tighten monetary policies for longer than anticipated. Under these assumptions, the world economy in 2024 is expected to grow by 2.9 percent, close to 3.1 percent in 2023 and consistent with the previous estimation. The global trade volume in 2024 is projected to expand by 2.8 percent, unchanged from the prior assumption and recovering from the 0.3-percent growth in 2023. Prospects on key economies are as follows:

The US economy is expected to expand by 2.4 percent, continuing from 2.5 percent in 2023 and equivalent to the previous estimation. This aligns with the favorable economic growth in the first quarter. Nevertheless, the economy for the remainder of the year is expected to slow in line with the slow domestic demand. This is evident from the rising unemployment rate in the labor market. The unemployment rate in July 2024 stood at 4.3 percent, increasing from 4.1 percent in the previous month, the highest level in 33 months. Nonfarm payroll increased by 144,000 positions from the previous month, compared to 179,000 positions in the previous month, and averaged 215,000 positions over the past year. Similarly, the Manufacturing and Services PMI were at 49.6 and 55.0 down from 51.6 and 55.3 in the previous month. Meanwhile, the inflation rate (PCE Price Index) in July 2024 stood at 2.9 percent, the lowest level since March 2021. Correspondingly, amid a slowing economy and easing inflationary pressures, the Federal Reserve's Monetary Policy Committee (FOMC) is likely to lower its policy interest rate at its upcoming meeting in September 2024[20]. Nevertheless, private investment is expected to slow due to uncertainty about policies following the 2024 presidential election[21].

[20] According to the FOMC meeting on 30th – 31st July 2024, the committee decided to keep its policy rate at 5.25 - 5.50 percent for the eighth time since June 2023, though marking the highest level in 22 years. Additionally, the FOMC decided to continually implement quantitative tightening.

[21] Details in the blog: 2024 Post-Election US Policy Scenarios.

The Eurozone economy is projected to expand by 0.6 percent in 2024, maintaining the previous forecast and showing a slight increase from the 0.5 percent growth rate observed in 2023. The ongoing economic expansion is anticipated to be bolstered by a recovery in private consumption, driven by rising real incomes among workers and consistent improvements in the Consumer Confidence Index, which reached (-13.0) in July 2024, marking the highest level in 29 months. Additionally, private investment is expected to strengthen, aligning with the European Central Bank's monetary policy easing[22] in response to diminishing inflationary pressures and lower energy prices. Nevertheless, the industrial production sector continues to experience a sluggish recovery, primarily due to a decline in exports, particularly to China, which has been adversely affected by trade measures. Consequently, the Industrial Purchasing Managers' Index stood at 45.8 in July 2024, remaining below 50 for the 25th consecutive month. Despite these challenges, the Eurozone economy continues to receive substantial support from fiscal expenditures, particularly through the Multiannual Financial Frameworks (MFF) for 2021-2027, which allocates 1.216 trillion euros, and the Next Generation EU economic recovery plan, which provides an additional 806.9 billion euros[23]. Furthermore, the Investment Stimulus Program (Invest EU) contributes to this fiscal support with an investment budget exceeding 26.2 billion euros[24].

The Japanese economy is anticipated to expand by 0.4 percent in 2024, a slowdown from 1.7 percent in 2023 and a downward revision from the previous estimate of 0.8 percent. This slower growth is attributed to stagnant production in the automotive industry during the first half of the year and the constraints imposed by the Bank of Japan's contractionary monetary policy aimed at easing high inflationary pressures[25]. Notwithstanding, the economy is expected to improve in the second half of the year, driven primarily by a recovery in domestic demand, especially in private consumption. This is reflected by the services PMI rising to 53.7 in July, up from 49.4 the previous month, following a significant increase in the income base due to the highest-ever wage hikes from the spring wage offensive, which led to real wages turning positive in June for the first time in 27 months. Additionally, private investment and exports are expected to recover from earlier stagnation, bolstered by a rebound in the global semiconductor industry, while the exchange rate appreciated after the Bank of Japan raised its policy interest rate[26].

The Chinese economy is expected to grow by 4.7 percent in 2024, slowing from 5.2 percent in 2023, an upward revision from 4.5 percent in the previous projection. The revision is driven by stronger-than-expected growth in the first half of the year. Nonetheless, the economy in the latter half of the year is anticipated to contract due to weak domestic demand in both consumption and investment, which has been relentlessly affected by the protracted indebtedness of the property sector and trade protectionist measures imposed by major economies in response to Chinese industrial subsidies[27]. Consequently, the value of exports in July 2024 expanded by 7.0 percent, down from 8.5 percent in the preceding month, aligning with the manufacturing PMI and new order index in July 2024 standing at levels of 49.8 and 49.3, falling from levels of 51.8 and 49.5 in the prior month, respectively. In addition, the Chinese economy remains constrained by the high level of government debt, particularly at the local level, which impedes the implementation of fiscal policies aimed at supporting economic recovery and influences economic resilience in shoring up its ailing property sector. Given these conditions, the People's Bank of China (PBOC) is expected to maintain its expansionary monetary policy to continuously boost liquidity and enhance consumer and business confidence[28].

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[22] The European Central Bank (ECB) reduced the policy interest rate by 0.25 percent in June 2024, marking the first rate cut since March 2016. However, in the meeting on July 18th, 2024, the ECB decided to maintain the policy interest rate, as the headline inflation rate in July 2024 increased to 2.6 percent, up from 2.5 percent in the previous month. Similarly, the core inflation rate remained at 2.9 percent, the same as the previous month. As a result, the ECB has decided to keep interest rates at a high level until inflation shows signs of declining towards the medium-term target of 2.0 percent.

[23] As of July 26th, 2024, a total of 166 billion euros in subsidies and 86.7 billion euros in loans have been approved for disbursement, amounting to a combined total of 253 billion euros.

[24] InvestEU is an investment stimulus program designed to encourage investment during a period of high interest rates, with an investment budget exceeding 26.2 billion euros. It is expected to generate additional investments of no less than 372 billion euros.

[25] The Bank of Japan's Monetary Policy Meetings on July 30th-31st, 2024, opted to increase the policy interest rate or the Tokyo Overnight Average Rate (TONAR) from 0.0-0.1 percent to 0.25 percent, the highest in 16 years since 2008 and the second interest rate hike in 2024. In addition, the Bank of Japan has lifted its Yield Curve Control measures since the first quarter of the year.

[26] On August 5th, 2024, the exchange rate stood at 143.50 yen per US dollar, recovering from its peak depreciation on July 2nd, 2024, when it reached 161.65 yen per US dollar. This improvement was driven by the Bank of Japan's interest rate hike, which curbed the Yen Carry Trade, along with tendency of Federal Fund Rate increase by the US Federal Reserve.

[27] On July 5th, 2024, The European Commission imposed provisional countervailing tariffs of up to 37.6 percent on imports of electric vehicles from China to tackle unfair industrial subsidies from the Chinese government. Meanwhile, the U.S. government announced tariff increases on key Chinese imports, such as steel and aluminum, rising from 0-5 percent to 25 percent, and on electric vehicles (EVs), up from 25 percent to 100 percent. These measures will take effect within 2024.

[28] On July 25th, 2024, the People's Bank of China (PBOC) decided to cut the one-year medium-term lending facility (MLF) rate from 2.50 percent to 2.30 percent, and also lowered the 7-day reverse repurchase rate from 1.80 percent to a historical low of 1.70 percent. Furthermore, on July 22nd, 2024, the PBOC decided to cut the one-year loan prime rate (LPR) from 3.45 percent to 3.35 percent and the five-year LPR from 3.95 percent to 3.85 percent, aiming to inject more liquidity into the economy.

The Indian economy is projected to grow at a robust rate of 6.7 percent in 2024, compared to 7.7 percent in 2023, marking an upward revision from the previous estimate of 6.4 percent. This growth is largely attributed to strong domestic demand, supported by high agricultural output and increased government spending following the formation of the new government. Particularly, infrastructure investment is expected to accelerate, alongside healthy private sector investment growth, which is buoyed by rising exports. Additionally, India's credit rating upgrade in May 2024[29] has provided further support to this positive outlook. Meanwhile, the Reserve Bank of India continues to maintain elevated interest rates to mitigate inflationary pressures, which remain above the monetary policy target[30].

The Newly Industrialized Economies (NIEs) are expected to improve from moderate growth in the previous year. This upward trajectory is attributed to the improvement in the manufacturing sector and the rebound in exports due to the recovery of global trade and the upward cycle of electronic products. Additionally, the domestic demand is likely to benefit from an increase in real wages and the easing of monetary policies due to decreasing inflationary pressures. Thus, South Korea and Singapore's economies in 2024 are projected to expand by 2.4 percent and 2.5 percent, accelerating from growth rates of 1.4 percent and 1.1 percent in 2023, respectively, an unchanged from the previous projection. While the Taiwan economy is anticipated to increase by 3.7 percent in 2024, hovering from 1.3 percent in the previous year, an upward revision from growth rate of 3.3 percent in the previous estimation. The revision is in line with the rejuvenation of exports and the manufacturing sector, particularly in electronic products. Whereas, the Hong Kong economy is expected to grow by 2.8 percent in 2024, a slowdown from the robust growth of 3.3 percent in the previous year when pandemic control measures were eased.

The ASEAN economy is expected to accelerate its growth, driven by the expansion of merchandise exports, which aligns with the global trade recovery and the resurgence of the tourism sector. Additionally, robust domestic consumption, supported by easing inflationary pressures, is contributing to this positive outlook. In 2024, the economies of Indonesia, Malaysia, the Philippines, and Vietnam are projected to grow by 5.0 percent, 4.2 percent, 5.8 percent, and 5.8 percent, respectively, up from 5.0 percent, 3.6 percent, 5.5 percent, and 5.0 percent in 2023. This growth is largely attributed to strong performance in the export and industrial production sectors. At the same time, inflation rates in most countries have returned to their monetary policy targets. However, the central banks across the region have generally opted to maintain their policy interest rates to mitigate the pressure from currency depreciation, which has been influenced by the continued high-interest rates set by major global central banks[31].

[29] On May 29th, 2024, the credit rating agency Standard and Poor's (S&P) revised its outlook on India's economy from stable to positive, while maintaining the country's credit rating at BBB-/A-3. This adjustment reflects the robust economic growth that India has been experiencing.

[30] On August 8th, 2024, the Reserve Bank of India decided to maintain the policy interest rate at 6.5 percent, a level that has been sustained since the rate hike in February 2023.

[31] In the meeting on April 23rd-24th, 2024, the Bank of Indonesia decided to raise the policy interest rate from 6.0 percent to 6.25 percent to alleviate the pressure on currency depreciation. Meanwhile, the central banks of other countries have continued to maintain their policy interest rates at elevated levels.

United States Trade and Investment Restriction Measures on China

The United States has scheduled its presidential and congressional elections on November 5th, 2024. The election results will significantly affect U.S. policy direction in the upcoming period. Each election scenario will affect policy formulation differently through the role of the presidency power to pursue the policy and the congressional role on policy implementation. In a Divided Scenario, where the president and the majority of the Congress are from different parties, policies will likely require more compromise. Conversely, in a Sweep Scenario, where the same political party wins both the presidency and a congressional majority, the government can advance its agenda more effectively. The plausible scenarios for post-election policy outcomes are as follows:

The 2024 US Post-Election Policy Scenarios Matrix

President/ Congress	Democrat/Democrat	Democrat/Republican	Republican/Democrat	Republican/Republican
International Trade	Continue with trade protectionist measures against China. Apply tariffs on imported goods from China, especially electric vehicles (EVs).	Continue with trade protectionist measures against China.	Continue with protection measures in trade with China, though the tariff increase will not apply to all products.	Concentrate trade measures against China, potentially raising tariffs on Chinese imports to 60 percent and to 10 percent for other countries.
Tax	Increase tax rates for high -income earners and stock buybacks while lower taxes for low-income earners.	Expect no tax hike for high-income earners.	Extend tax relief with some reductions.	Extend the tax relief measures which implemented since 2017.
Industry and Environment	Support the transition to green industries. Reduce fossil fuel use. Implement policies to meet COP28 targets, particularly through projects funded by the Inflation Reduction Act.	Continued current policies including subsidies and tax credits.	Support the 4-Year Reshoring Plan, lower support on EV industry and renewable energy, and continue promote fossil fuel.	Revise laws and regulations to support business operations, promote fossil fuel use, reduce the role of the Inflation Reduction Act., and lower carbon tax credits.
Immigrants and foreign workers	Ease restrictions on legal work permits for immigrants.	Continued current policies	Stricter over work permits for foreigners.	Suspend citizenship rights for children born to parents without immigration documentation.
Social Welfare	Tighten gun ownership regulations, increase funding for public health (Obamacare), and promote women's abortion rights.	Continued current policies and prioritize labor rights benefits.	Continued current policies with each state determining abortion rights.	Revise or repeal the Affordable Care Act by increasing out-of-pocket costs for individuals, allow states to set their own abortion laws, and support general gun ownership rights.
International Politics	Support multilateral cooperation and continue supporting to Ukraine and Israel.	Maintain a consistent international stance, with limited military and financial aid to Ukraine.	Shift the international stance to focus on bilateral cooperation, with limited aid to Ukraine.	Terminate aid to Ukraine, continue to support for Israel, and take a stance against supporting NATO.

Source: Compiled by NESDC on 14th August 2024.

5. The Thai Economic Outlook 2024

The Thai economy in 2024 is anticipated to recover gradually, primarily driven by the revival of the tourism and related service sectors, robust private consumption, increased public spending and heightened investment during the second of FY2024 and a favorable expansion of exports in line with the global trade recovery. However, the economic recovery faces several significant risks and limitations, which may result in slower than baseline forecast, including elevated levels of household and business debts, risks posed by climate variability and increased volatility in the global economy and financial system.

Supporting factors for the economic growth:

1) **The continual recovery of the tourism sector** which is in line with **(1) the expected increase in the number of foreign tourists to return to business-as-usual levels**, as reflected by the number of foreign tourists in the first 7 months of 2024, totaling 20.6 million, an increase of 33.8 percent from the same period last year. The number of tourists from most countries of origin almost reaches the pre-pandemic levels[32], coupled with a similar upward trend in foreign tourist spending. In the second quarter, per capita expenditure averaged 40,853 baht, increased from an average of 39,625 baht in the first quarter. The number of foreign tourists and tourism revenue are expected to continue rising in the second half of the year, with a significant boost anticipated in the last quarter, which marks the high season. Key supporting factors include the increase in flights availability[33], the recovery of global travel, and the government's ongoing measures to attract foreign tourists. These measures include visa exemptions for tourists from numerous countries[34], particularly the introduction of permanent visa exemption for Chinese tourists effective from March 1st, 2024[35], as well as the Visa on Arrival measures[36], which offers additional privileges to tourists from various countries, including India and Taiwan; and **(2) the continued growth of domestic tourism** is supported by Quick Win measures[37] as well as tax measures aim at stimulating tourism during low season[38], particularly in the secondary cities. As a result, the recovery of the tourism sector has facilitated a favorable expansion in related service industries, including transportation, as well as retail and wholesale trade sectors.

2) **The strong expansion of domestic consumption**, particularly in services and non-durable goods, aligns with the ongoing recovery of the tourism sector. This expansion is further supported by the sustained elevation of the Consumer Confidence Index, which reached 57.7 in July, compared to 55.6 during the same period of the previous year, marking the 19th consecutive month that the index has remained above 50.0. Concurrently, the labor market exhibits positive trends, as evidenced by the growth in non-agricultural employment, particularly within the manufacturing and hotel and food service sectors. Furthermore, the unemployment rate and the proportion of insured individuals receiving unemployment benefits remain low. Additionally, there is a noticeable upward trend in income levels, both within the agricultural sector, due to the rise in prices of major agricultural products, and outside the agricultural sector, particularly in the tourism industry, which continues to demonstrate sustained recovery.

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32 The figure of tourists during the first half of 2024 from Malaysia, Russia, South Korea and India stood at 2.43 million, 0.92 million, 0.93 million and 1.04 million, accounting for 126.2 percent, 111.5 percent, 103.0 percent and 106.3 percent, respectively, compared to the same period in 2019, which was before the outbreak of COVID-19.

33 The number of international inbound flights in the second quarter at Suvarnabhumi Airport, Don Mueang Airport and Phuket Airport was 66,148 flights, 21,524 flights and 12,968 flights, respectively, representing an increase of 29.9 percent, 9.8 percent and 30.3 percent from the same quarter last year, respectively. However, the number of international flights at Chiang Mai Airport was 3,523 flights, a 3.5-percent decrease when compared to the same quarter last year.

34 The Cabinet on 28th May 2024 approved the determination of a list of countries/territories that are exempt from visa requirements and can stay in Thailand for no more than 60 days, a total of 93 countries/territories, including new significant countries such as India, China, Taiwan and Russia.

35 In the first half of 2024, the number of inbound Chinese tourists stood at 3,439,482, marking an increase of 138.34 percent from the first half of 2023.

36 The Cabinet on 28th May 2024 approved the implementation of the Visa on Arrival privilege measure for a total of 39 countries, including important countries such as China, Russia, and Taiwan.

37 The Ministry of Tourism and Sports has implemented Quick Win measures to stimulate domestic tourism, which will be completed within the FY2024, totaling 9 projects, including (1) Online tourism marketing project in collaboration with world-class online travel agencies, (2) Amazing Thailand Passport Privileges project, (3) Provincial tourism promotion project by organizing activities based on local identity, "Thai Charm Festival", organized in 5 provinces: Chiang Mai, Khon Kaen, Chonburi, Nakhon Si Thammarat and Kanchanaburi, (4) Amazing Thailand 365 Days: Amazing Tourist Cities project, (5) Amazing Thailand Passion Ambassador project, (6) Travel with Bus Tour Across Thailand 2024 project, (7) Tourism Department Store project; (8) Amazing Green Fest 2024 project; and (9) tax measures to promote tourism in attractive cities. The Ministry of Tourism and Sports anticipates generating a total revenue of 17 billion baht.

38 The Cabinet on 4th June 2024 approved tax measures to stimulate tourism in secondary cities during the low season, allowing individuals to deduct service fees paid to tour operators or accommodation fees for travel in secondary provinces, up to the actual amount paid, not exceeding 15,000 baht, from personal income tax from 1st May to 30th November 2024.

3) **The increase in government spending and investment for the second half of the fiscal year** results from the acceleration of the disbursement of the FY2024 annual budget following the enactment of the FY2024 Budget Act. Consequently, the disbursement of the FY2024 annual budget, particularly the capital budget, is being expedited. For the first nine months of FY2024, the disbursement rate stood at 69.5 percent of the total budget. This included the disbursement of a current budget of 78.1 percent and a capital budget of 36.7 percent. Together with the budget for projects with signed purchase orders (PO), the capital budget disbursement increases to 59.4 percent of the total budget. Additionally, in the baseline scenario, further support is expected from the budget framework for FY2025, which total 3.7527 trillion baht, a 7.8-percent increase from the previous fiscal year[39].

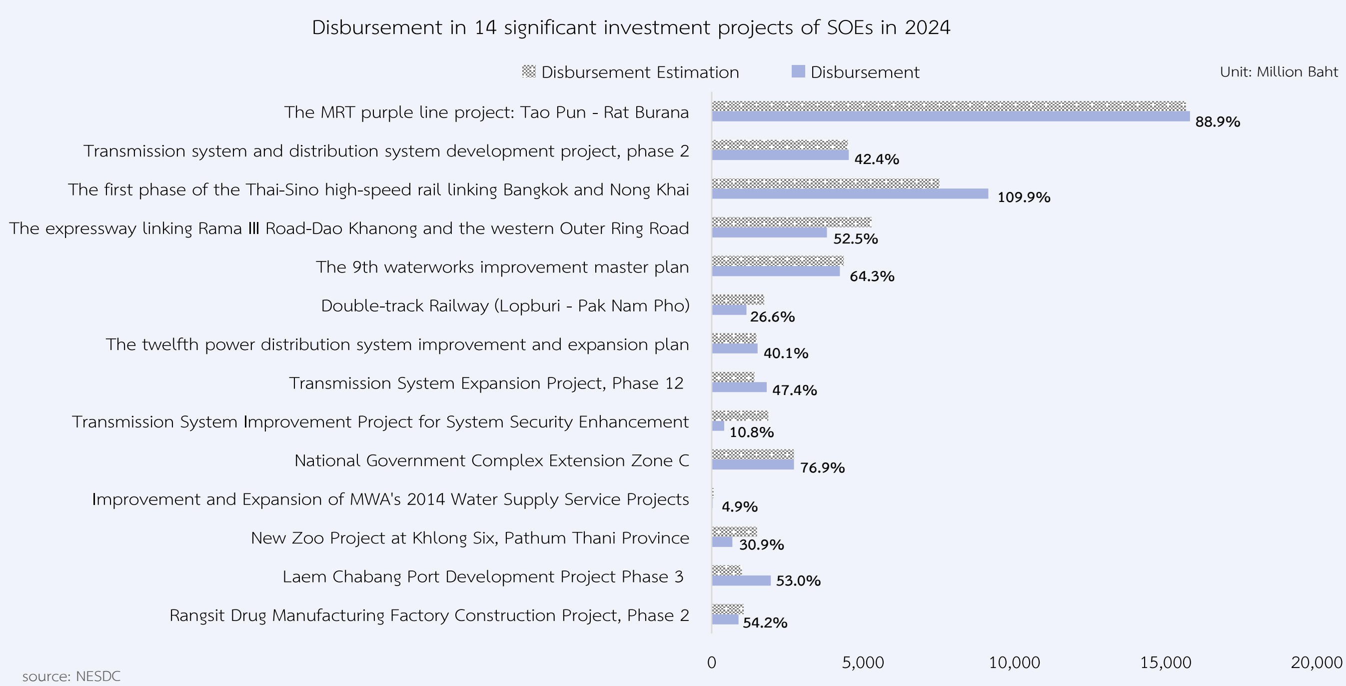
4) **The gradual expansion of the export sector aligned with the recovery in global trade**, as reflected by improvements in the PMIs for both manufacturing and service sectors in several countries. This also consistent with the New Orders' PMI in major industrialized economies, as well as the upward cycle of electronic products, signaling a potential rise in sales of industrial goods, particularly in the electronics and electrical appliance sectors. This trend is expected to support the gradual expansion of Thailand's exports and industrial production, thereby contributing to broader economic growth.

Accelerating the disbursement of state enterprise investment budgets is essential for maintaining the momentum of public investment

The disbursement of investment budgets for 14 major projects, with a total planned investment of 78.0 billion Baht, represents 20.5 percent of the state enterprise investment budget framework for 2024. In the first 9 month of the fiscal year 2024 , the disbursement for these major projects amounted to 48.7 billion Baht, reflecting a disbursement rate of 62.4 percent of the budget for major SOEs investment projects in 2024. Notably, the first phase of the Thai-Chinese high-speed rail project (Bangkok - Nong Khai) **achieved a higher disbursement than the planned amounted**.

Six projects with disbursement rates of at least 50 percent include the MRT Purple Line (Tao Pun – Rat Burana), the Expressway linking Rama III road - Dao Khanong and the Western Outer Ring Road, the 9th Waterworks Improvement Master Plan, the National Government Complex Extension Zone C, the Laem Chabang Port Development Project (Phase 3), and the Rangsit Drug Manufacturing Factory Construction Project (Phase 2). However, there were seven projects with disbursement of less than 50 percent. These include the Transmission System and Distribution System Development Project (Phase 2), the 12th Power Distribution System Improvement and Expansion Plan, the Transmission System Expansion Project (Phase 12), the Transmission System Improvement Project in the Northeastern Region Lower Northern, Central and Bangkok for System Security Enhancement, the Improvement and Expansion of MWA's 2014 Water Supply Service Projects, and the New Zoo Project.

Therefore, accelerating the disbursement of state enterprise investment budgets and efficiently managing the implementation of these projects to expedite debt creation and budget disbursement will be key factors in driving the Thai economy during the remainder of 2024. Additionally, this effort will play a crucial role in maintaining the momentum of public investment, supporting continuous economic growth in Thailand through 2025.



[39] Thailand has been experiencing El Niño from July 2023 to April 2024. Meanwhile, the U.S. National Weather Service's Climate Prediction Center expects global climate conditions to reach a neutral state during May to June 2024, and then there is approximately a 70 percent chance of a La Niña occurring between July and September 2024.

Risks and limitations to economic growth:

1) **High levels of household and corporate debts amidst tighter lending standards continue to pose challenges.** The ratio of household debt to GDP in the first quarter of 2024 stood at 90.8 percent, compare with 90.7 percent in the same quarter of the previous year, though remaining high compared to the level at 82.7 percent in the same quarter of 2019. Similarly, the loan quality in the corporate sector has deteriorated, reflecting in the ratio of Non-Performing Loans (NPLs) and Special Mention Loans (SMLs) to total loans of small and medium enterprises (SMEs) in the first quarter of 2024 remained high at 7.5 percent and 12.0 percent, respectively. However, the figures remained above the levels at 4.7 percent and 3.1 percent in the same quarter of 2019, respectively. Hence, this deterioration in loan quality has prompted financial institutions to tighten their lending standards, including stricter loan terms and additional collateral requirements. Coupled with rising interest rates, loan growth has slowed, as evidenced by private sector loans expanded by only 1.00 percent in the second quarter of 2024, down from 1.46 percent in the previous quarter, particularly from household loans which marginally increased by 1.15 percent, a decline from a 1.99-percent growth in the previous quarter, marking the lowest historical growth. This slowdown undermines the expansion of domestic demand and limits the ability of entrepreneurs and low-income households to access formal credit, potentially driving them toward informal debt to urgently support liquidity[40].

2) **The ongoing impact of climate change** continues to significantly affect agricultural production and increases the risk of flooding. Thailand is expected to enter a La Niña phase during the latter part of the year, increasing the likelihood of abnormal heavy rainfall[41]. potentially leading to flooding in several high-risk areas during the second half of the year, negatively impacting agricultural areas and result in a continued decline in agricultural yields. Meanwhile, water levels in large reservoirs across the country are higher than last year[42]. If the water levels in key dams continue to rise, it could present challenges for water management towards the end of the rainy season, especially if rainfall exceeds forecasts.

3) **The lower-than-expected world economic growth and global financial market** with certain risks need to be closely monitored and assessed including: **(1) Geopolitical Uncertainties, particularly in the Middle East**, along with the prolonged conflict between Russia and Ukraine, which could disrupt the global supply chain, affect the overall economy, and intensify volatility in the financial markets due to concerns overs fluctuating energy prices, commodity prices, and logistics expenses; **(2) Potential adjustments in monetary policy by major economies** after a sustained period of high interest rates by central banks, which may lead to global financial market volatility, particularly in exchange rates. Emerging market and developing economies may be especially affected as their central banks may need to maintain high interest rates to stabilize currencies and mitigate inflationary pressures; **(3) A slower-than-expected economic slowdown in China**, driven by weak domestic investment, particularly in the real estate sector due to debt issues, compounded by declining domestic consumption amid deflation and deteriorating consumer confidence. The labor market also remains weak; and **(4) Uncertainty in economic and trade policy directions in major economies**, especially with the impending U.S. presidential election, which could affect future trade protectionism and investment policies.

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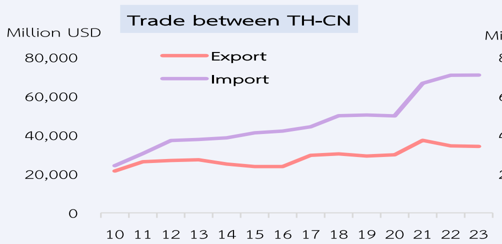
40 According to a survey on the debt situation of micro, small, and medium-sized enterprises (MSMEs) conducted by the Office of Small and Medium Enterprise Promotion (OSMEP), it has shown that the ratio of MSME entrepreneurs who borrowed only from financial institutions to overall entrepreneurs who responded to the questionnaire in the second quarter of 2024 stood at 40.3 percent, down from 52.9 percent in the previous quarter. The proportion of small-sized enterprise borrowers decreased from 65.2 percent to 47.3 percent, indicating limited access to funding for small and medium-sized entrepreneurs.

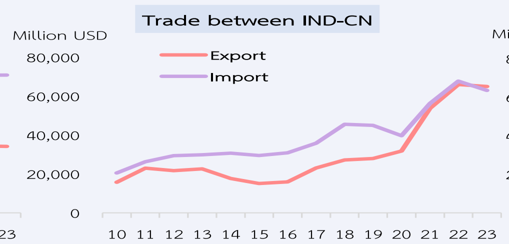
41 The National Weather Service's Climate Prediction Center (NOAA) on August 8th, 2024, forecasted a 66 percent chance that global weather conditions will enter a La Niña phase during October to November 2024, and with a 74 percent likelihood that the La Niña phase will end in January 2025. Additionally, the average cumulative rainfall across the country in July 2024 was 21 percent higher than the 30-year average (1991-2020). The Meteorological Department also predicts that in October 2024, rainfall in all regions of the country will be 10 percent above normal levels (announcement issued on July 30th, 2024).

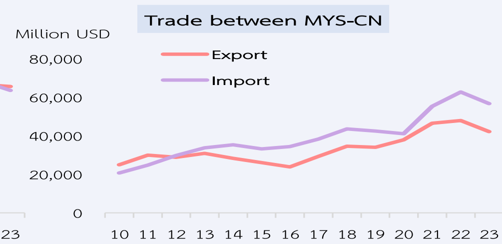
42 On August 7th, 2024, data from the Smart Water Operations Center, Royal Irrigation Department, revealed that the 35 large reservoirs across the country held a total of 40.713 billion cubic meters of water, representing 57.7 percent of their total capacity. This is higher than the same period in 2023, when the reservoirs held 37.388 billion cubic meters, or 53.0 percent of their total capacity.

China’s Imported products situation and Thailand’s implication

The slowdown trend of China’s economy following domestic investment and consumption results in the high rate of the industrial products inventory and part of the reason that Chinese producers have to increase exports abroad to offset the downturn of domestic purchasing power. Correspondingly, many countries, especially the ASEAN region, including Thailand, have an acceleration of import value from China while the export value to China slows down. As a result, Thailand’s trade deficit with China tends to worsen.







Source: World Integrated Trade Solution

In the first half of 2024, China’s export value to Thailand increased by 6.3 percent, in accordance with Thailand's imports from China rising by 7.1 percent compared with the same period last year, and accelerating from the 0.1-percent growth in the previous year, according to data from the Ministry of Commerce. Table 1 shows that China's export quantity to Thailand expanded continuously while the unit price dropped in many key product categories as follows: **(1) <u>Intermediate-material products</u>** such as **steel, metal, and products** (flat-rolled steels, and bars and rods) **electronics products** (telephone sets and automatic data processing machines) **chemical, plastic, and rubber products** (insecticides, film, and plastic foil) **(2) <u>Consumer goods</u>** (furniture and parts, and toys) and **(3) <u>Agriculture and food products</u>** (frozen vegetables, and frozen fruit and nuts). Moreover, Table 2 shows that some exported products from China, such as electric motors and generators, aluminum foil, plastic household wares, and washing machines, have exhibited continual growth in export quantity despite a consistent decline in unit value compared to the previous period.

Table 1: The export products from China to Thailand with continuously increasing volumes

HS Code	Products (Product’s value structure of China in 2023) (%)	Export Quantity (%YoY)			Unit Value (%YoY)		
		H1-23	H2-23	H1-24	H1-23	H2-23	H1-24
Steel, metal and products							
7210	Flat-Rolled Iron Or Nonalloy Steels (2.12%)	11.7	50.4	15.6	-6.6	-28.0	-31.0
7227	Bars And Rods Of Alloy Steel (0.27%)	17.0	24.7	45.6	-23.0	-17.4	-11.1
7306	Tubes, Pipes And Hollow Profiles (0.20%)	65.6	62.3	55.5	-35.4	-74.2	-60.3
7216	Angles, Shapes And Sections (0.10%)	96.6	153.3	39.1	-13.5	-73.4	-49.8
Electronic products							
8517	Telephone Sets 4.80%)	-22.7	3.7	57.1	2.3	-4.1	-35.7
8471	Automatic Data Processing Machines (1.63%)	-9.7	33.8	110.5	-14.4	-34.1	-45.7
8418	Refrigerators (0.47%)	18.6	27.1	22.7	-7.1	-20.0	-8.0
8525	Transmission Apparatus (0.27%)	-3.0	27.9	65.2	-2.5	-3.1	-10.5
Chemical, plastic and rubber products							
3808	Insecticides, Rodenticides, Herbicides (0.44%)	3.8	34.6	26.6	-29.9	-38.5	-17.7
3921	Plates, Sheets, Film, Foil And Strip (0.18%)	23.8	30.6	20.8	-30.4	-28.2	-2.2
3901	Polymers Of Ethylene (0.07%)	0.9	14.1	49.5	-14.3	-18.9	-9.5
Consumer Goods							
9403	Furniture (1.19%)	33.8	51.9	88.6	-2.6	-42.6	-32.5
9503	Toys (1.09%)	47.4	16.2	12.3	-14.8	-36.3	-5.8
6305	Sacks And Bags (0.07%)	25.3	105.3	21.6	-12.8	-45.6	-11.7
6205	Men'S Or Boys' Shirts (0.02%)	5.6	11.6	75.0	0.2	-13.0	-19.3
Agriculture and food products							
0811	Frozen Fruit And Nuts (0.03%)	23.4	21.1	29.9	-7.8	-16.9	-17.3
0710	Frozen Vegetables frozen (0.02%)	-16.7	55.7	94.7	1.8	-8.0	-7.8
1404	Vegetable Products (0.02%)	84.1	33.7	50.2	-15.7	-22.1	-24.1

Table 2: The export products from China to Thailand with continuously increasing volumes (Should be monitored)

HS Code	Products (Product’s value structure of China in 2023) (%)	Export Quantity (%YoY)			Unit Value (%YoY)		
		H1-23	H2-23	H1-24	H1-23	H2-23	H1-24
8501	Electric Motors And Generators (0.69%)	11.8	-3.3	22.3	-8.3	-1.9	-13.7
7607	Aluminum Foil (0.46%)	-30.8	-11.0	16.3	-20.8	-19.7	-6.0
3924	Household wares, Plastics (0.39%)	-23.0	-2.9	36.9	1.1	-23.6	-7.2
8450	Washing Machines and parts (0.17%)	11.6	-3.6	15.1	-6.0	-15.6	-6.8
8415	Air Conditioning Machines and parts (0.79%)	-21.1	-4.7	64.8	-1.2	17.2	-1.6
8507	Electric Storage Batteries (0.52%)	-51.8	-29.7	121.6	188.5	2.4	-40.3
2106	Food Preparations (0.29%)	12.1	18.9	67.5	27.6	93.5	-28.5
4002	Synthetic Rubber And Factice (0.32%)	57.4	33.0	27.3	-17.9	-15.5	2.9

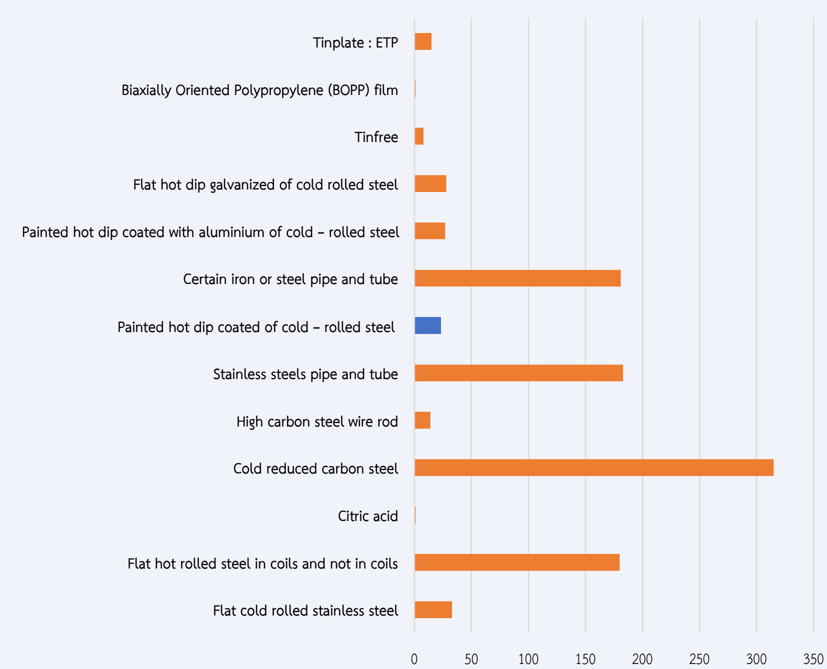
Source: Global Trade Atlas, calculated by NESDC

China's Imported products situation and Thailand's implication (Continued)

The data above shows that after 2023, China's exports to Thailand have continued steadily, along with the widespread popularity of online shopping platforms in the Thai market as well as relatively low domestic shipping rates, due to more shipping company options. While the influx of Chinese products benefits consumers by offering cheaper options, it presents inevitable difficulties. Thai producers face challenges due to the higher costs of domestic intermediate products compared to Chinese imports and the loss of consumer goods market share to cheaper Chinese products. This situation could negatively affect business performance and may impact the country's competitiveness in the future.

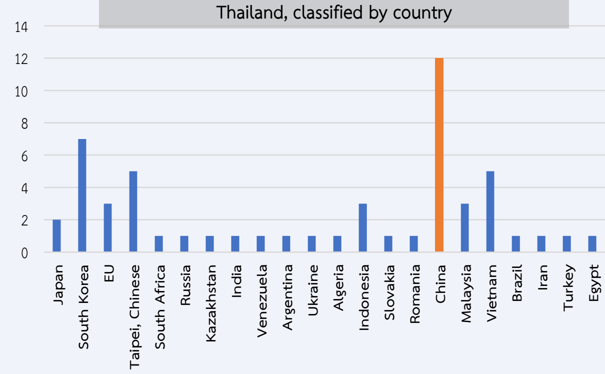
The government has been closely monitoring the situation and its impacts. Its previous enforced measures include: (1) the imposition of a 7% VAT on imported products priced below 1,500 Baht, (2) stricter enforcement for imported products to meet the standards set by the Thai Industrial Standards Institute (TISI) and the Food and Drug Administration (FDA), (3) the requirement for Thai language descriptions on imports, (4) the monitoring of the legality of permits for new businesses, bonded warehouses, and shareholding structures, and (5) the continuous enforcement of Anti-Dumping (AD) and Anti-Circumvention (AC). Most of the still-enforced AD measures apply to steel, metal, and related products, accounting for approximately 12 out of 13 products (excluding citric acid) (see Graph 1). Thailand's top three AD measure targets by country (see Graph 2) are: (1) China (12 products), (2) South Korea (7 products), and (3) Taiwan and Vietnam (5 products). Additionally, the AC measure, introduced on August 1st, 2024, targets 17 types of flat-rolled steel products (11-digit HS Code) and applies only to China (see Graph 3).

Graph 1: Number of HS code (11 digits) involved steel products which Thailand implemented AD measure



Source: Ministry of Commerce

Graph 2: Number of product which involved AD measure of Thailand, classified by country



Graph 3: Anti-circumvention measure (AC)
(Unit: HS codes 11 digits)
Status: Active (started 1st Aug 24)

Correspondingly, to mitigate the impact of cheap imported products on domestic producers to ensure fair price competition and positively support the growth of the domestic industry, the government should prioritize the following measures: **(1) Strict monitoring and regulation of anti-dumping and unfair trading practices from key exporting countries,** and facilitation of Thai entrepreneurs' access to trade remedies (AD/CVD/AC); **(2) Quality control improvements through stricter and more secure processes,** expedited issuance of comprehensive product standards for imports, support for international quality standards through collaborative agreements, and increased penalties for importers of substandard products; **(3) Enforcement against smuggling and offenders with stricter penalties** for smugglers, offenders, and those exploiting regulatory loopholes; **(4) Price mechanism management to ensure fair pricing for domestic producers and consumers,** including development of modern complaint channels, creation of effective systems for resolving complaints, and provision of fair compensation to stakeholders, and continuous evaluation and improvement of the problem resolution and complaint handling system; and **(5) Promotion of consumer and producer awareness** of fair-trade rights and duties to enhance the effectiveness of law enforcement.

Key assumptions for 2024 economic projection:

World Economic Projection and Other Key Assumptions

	Actual Data			Projection for 2024	
	2021	2022	2023	May 20, 2024	Aug 19, 2024
World Economic Growth (%)[1/]	5.9	3.4	3.1	2.9	2.9
US	5.8	1.9	2.5	2.4	2.4
Eurozone	6.0	3.5	0.5	0.6	0.6
Japan	2.7	1.2	1.7	0.8	0.4
China	8.4	3.0	5.2	4.5	4.7
Global Trade Volume (%)	11.0	5.6	0.3	2.8	2.8
Exchange Rate (Baht/US Dollar)	32.0	35.1	34.8	35.5 - 36.5	35.5 - 36.5
Dubai Crude Oil (US Dollar/Barrel)	68.8	97.0	82.0	80.0 - 90.0	80.0 - 90.0
Export Price (US Dollar) (%)	3.3	4.2	1.2	0.0 - 1.0	0.3 - 1.3
Import Price (US Dollar) (%)	8.3	12.7	0.6	0.5 - 1.5	0.5 - 1.5
Income from Tourism (Trillion Baht)[2/]	0.16	0.53	1.03	1.38	1.48

Source: NESDC as of 19 August 2024

Notes: [1/] World economic growth is a trade-weighted average of key economic partners in 2019 (15 economies)

[2/] based on the Bank of Thailand's balance of payment data and forecasted by the NESDC

1) **The world economy in 2024 is expected to expand by 2.9 percent**, continuing from 3.1 percent in 2023, aligning with the previous projection. The first half of the year exhibited stronger-than-expected growth in several major economies, particularly the U.S., driven by robust consumption and private investment. Similarly, the Chinese economy showed solid expansion, supported by the recovery in industrial production and strong export. However, a deceleration is anticipated in the second half of the year, partly due to the higher growth base from the prior year and increased risks stemming from geopolitical tensions. These include conflicts in the Middle East, ongoing hostilities between Russia and Ukraine, and trade friction between the U.S. and China, all of which could disrupt global supply chains and heighten inflationary pressures in major economies. Such pressures may limit the implementation of monetary policy and the expansion of domestic demand. Meanwhile, global trade volume in 2024 is anticipated to grow by 2.8 percent, accelerating from 0.8 percent in the previous year, aligning with previous estimation.

2) **The average of the Thai Baht in 2024 is expected to be within the range of 35.5 - 36.5 Baht per US dollar, consistent with the previous assumption** but weaker than the 2023 average of 34.8 Baht per US dollar. This aligns with the depreciation of the Baht in the first seven months of 2024, averaging at 36.2 Baht per US dollar, reflecting U.S. dollar strength driven by the Federal Reserve's decision to maintain high interest rates. Nonetheless, the Baht is expected to gradually appreciate in the latter part of 2024, supported by the recovery of Thailand's tourism and export sectors, enhancing the current account surplus, and the depreciation trend of the US dollar due to more easing monetary policy stance by the US Federal Reserve.

3) **The average price of Dubai crude oil in 2024 is expected to be within the range of 80.0 - 90.0 US dollars per barrel**, up from an average of 82.0 US dollars per barrel in the previous year, in line with prior forecasts. This is consistent with the year-to-date price of August 8th, 2024, stood at 83.1 US dollars per barrel. For the remainder of the year, oil price is likely to increase, primarily driven by prolonged conflicts in the Middle East, which may impact future oil supply, and continued supply constraints from the ongoing decline in U.S. crude oil rig counts[43]. Additionally, the extended production cuts by OPEC+[44] will contribute to this upward pressure on prices. However, a global economic slowdown in the second half of the year, particularly in the U.S. and China, may mitigate growth in crude oil demand and limit significant price increases.

4) **The export and import prices in US dollar terms are expected to increase by 0.3 - 1.3 percent and 0.5 - 1.5 percent in 2024**, respectively, decelerating from 1.2 percent and 0.6 percent in 2023. Export price projections have been revised upward from a prior estimate of 0.0 - 0.1 percent, reflecting actual data from the first half of 2024. Import price assumptions remain consistent with previous estimates.

5) **Revenue from foreign tourists in 2024** is expected to reach 1.48 trillion baht, an increase from 1.03 trillion baht in 2023 and upwardly revised from 1.38 trillion baht in the previous estimated. This revision is attributed to higher-than-expected per-head spending, which rose in the second quarter to 40,853 Baht, up from 39,625 Baht in the first quarter and 37,225 Baht in the same quarter of the prior year. This growth is largely driven by surging of high-spending tourists, particularly from China, Singapore, South Korea, and Russia. Meanwhile, the number of foreign tourists in 2024 is expected to reach 36.5 million, up from 28.1 million in the previous year, consistent with earlier projections.

[43] In June 2024, the number of U.S. crude oil rigs stood at 588, representing a 14.4% decline compared to the same period in the previous year.

[44] In June 2024, OPEC+ decided to extend the oil production cuts of 3.66 trillion barrels per day until the end of 2025, which was originally set to conclude at the end of 2024. Additionally, the group extended the reduction of 2.2 trillion barrels per day by three months, pushing the end date to September 2024 from the initial deadline of June 2024.

6) **The budget disbursement** is expected to be as follows: (i) the disbursement rate of FY2024 annual budget is anticipated to be 89.3 percent of the total 3.48 trillion-baht budget, increasing from 88.6 percent in the previous projection, but lower than a 97.0 percent in FY2023. Specifically, the current budget disbursement rate is expected to be disbursed at 97.0 percent, compared to 101.6 percent in FY2023. Meanwhile, the capital budget disbursement rate is expected to be at 60.0 percent, compared with 77.7 percent in the previous fiscal year, in line with the delay in the disbursement process in the first half of the fiscal year, with only 11.6 percent of the total budget spent. However, there are measures to expedite the disbursement of the FY2024 annual budget and additional budget allocations in the second half of the fiscal year. For the FY2025, the annual budget is expected to proceed on normal schedule. The disbursement rate is expected to be at 94.7 percent of the total budget of 3.75 trillion baht, including the disbursement of current budget by 98.0 percent and capital budget by 75.0 percent; (ii) the carry-over budget disbursement rate of 86.7 percent, compared with 91.3 percent in FY2023 in which the disbursement of current budget by 95.0 percent and capital budget by 85.0 percent; and (iii) the state-owned enterprises' capital budget disbursement (15 months from October 2023 - December 2024) of approximately 336 billion baht, compared with 344 billion baht in the same period last year, and revised upward from 272 billion baht in the previous projection.

The Thai economic outlook 2024

The Thai economy in 2024 is projected to expand in the range of 2.3 – 2.8 percent (with the midpoint of 2.5 percent), compared with 1.9 percent in 2023. Headline inflation is estimated to range from 0.4 – 0.9 percent and the current account is projected to record a surplus of 2.3 percent of GDP.

In the August 19th, 2024, press release, the NESDC estimated that the Thai economy in 2024 will expand by 2.3 – 2.8 percent (with a midpoint estimate of 2.5 percent). This forecast is consistent with the projection made on May 20th, 2024. In addition to revising key growth components based on updated data, the NESDC outlined the following adjusted assumptions:

1) **The upward revision of foreign tourist receipts**, which aligns with the upward revised assumption for spending per tourist from 1.38 trillion baht in the previous estimate to 1.48 trillion baht in this estimation reflecting an increase in average spending per foreign tourist, which increased from an average of 39,625 baht per person per trip in the previous quarter to 40,853 baht per person per trip in the second quarter.

2) **The upward revision of government disbursement** account for the adjustment on disbursement for the 15-month SOEs' capital budget (October 2023 - December 2024) from 272,946 million baht in the prior projection to 336,221 million baht in this estimation. This revision aligns with the latest data on SOEs disbursement, indicating a higher-than-expected economic support from public investment.

3) **The downward revision of private investment** to reflect a contraction of 6.8 percent in the second quarter, following a 4.6 percent growth in the first quarter. For the remainder of the year, private investment is expected to remain constrained due to increasing competitive pressure from the imported price of goods and the ongoing uncertainties in the global economic and political situation.

Key components of Economic growth;

1) **Total consumption: (1) Private consumption expenditure** is expected to increase by 4.5 percent, continuing from a strong growth of 7.1 percent in 2023 and remains unchanged from the previous estimation. **(2) Government consumption expenditure** is projected to grow by 1.7 percent, improving from a 4.6-percent contraction in 2023 and remains consistent with the previous estimation. This was in accordance with an increase in the current budget framework under the FY2024 and FY2025 annual budget, which grew by 7.3 percent and 4.7 percent, respectively.

2) **Total investment** is expected to increase by 0.1 percent, slowing down from a 1.2-percent in 2023. **(1) Private investment** is estimated to increase by 0.3 percent, a downward revision from a 3.2-percent growth in the previous estimation and slowing down from a 3.2-percent growth in 2023. This was in accordance with the decline in investment in the second quarter by 6.8 percent, contributing to a 0.9-percent contraction during the first half of the year. **(2) Public investment** is anticipated to decrease by 0.7 percent, compared with a 1.8-percent decrease in the previous estimation. This was in accordance with the higher-than-expected disbursement rate of the State-Owned Enterprises' budget.

3) **Export value of goods** in US dollar terms is anticipated to increase by 2.0 percent, compared with a 1.5-percent contraction in 2023, and unchanged from the previous estimation. Together with the better-than-expected outlook of services exports due to the upward revision of revenue from inbound tourists, it is expected that the export quantity of goods and services will continue to increase by 4.9 percent, accelerating from 2.1 percent in 2023 and upwardly revised from a previous estimation of 4.7 percent.

4) **Import value of goods** in US dollar terms is expected to expand by 3.6 percent, compared with a 3.8-percent contraction in 2023, and downwardly revised from a 4.6-percent growth in the previous estimation. The revision is in line with the downward revision of the import volume in 2024 which is anticipated to increase by 1.5 percent in the previous estimation to 1.2 percent in the current projection, aligning with a reduction in private investment's assumption. Together with the import of services, thus, in 2024, the import of goods and services is estimated to increase by 3.6 percent, compared with a 2.3-percent decline in 2023, and a downward revision from a 4.4-percent growth in the previous estimation.

5) **Trade balance** is anticipated to register a surplus of 15.5 billion US dollars, compared with a surplus of 19.4 billion US dollars in 2023, and a surplus of 10.5 billion US dollars in the previous estimation. Together with the service account, thus, in 2024, the current account is expected to register a surplus of 12.1 billion US dollars (2.3 percent of GDP) in 2024, compared with a surplus of 9.6 billion US dollars (1.9 percent of GDP) in 2023, and a surplus of 6.0 billion US dollars (1.2 percent of GDP) in the previous estimation.

6) **Economic stability:** Headline inflation in 2024 is estimated to be in the range of 0.4-0.9 percent (with the midpoint projection of 0.6 percent), down from the 1.2 percent in 2023 and unchanged from the previous projection.

6. Economic Management for the Year 2024

The economic management for the remainder of year 2024 should prioritize on;

1) **Maintaining domestic economic and political stability**, particularly to ensure the continuation of the budget process in order to sustain government expenditure and investment momentum to be able to support the economy over the remaining of the year, as well as not to impact investor confidence.

2) **Stimulating private investment** by; **(1) enhancing foreign investor confidence** through utilizing benefits on investment base relocations, together with expediting the implementation of projects with investment promotion certificates during 2022 – 2024 to start their actual investments in order to drive the expansion of the production sector and the export sector of key potential and high demand products, such as high-value food products, health-related and eco-friendly products, as well as those strategically positioned to benefit from geopolitical conflicts and trade protections; **(2) developing a conducive ecosystem for targeted industries and services to invest in Thailand**, especially reducing barriers in related procedures, regulations, and laws, addressing labor shortages in the manufacturing sector, and enhancing labor productivity to brace for new targeted industries and services; **(3) accelerating infrastructure investment projects and the development of specialized economic zones** in accordance with the established plans; and **(4) boosting productivity through the utilization of innovation and cutting-edge technology** to promote high-value goods production that surpasses price competition and aligns with major importers' standard, along with developing domestic industries related to raw materials and intermediate goods to enhance their readiness and ability to integrate with global value chain.

3) **Monitoring dumping instances and unfair trade practices by (1) implementing a strict inspection and monitoring market dumping and unfair trade measures** from major exporting countries and facilitate business operators in accessing anti-dumping, countervailing-duty, and anti-circumvention (AD/CVD/AC) measures; **(2) improving the quality inspection process of imported products** to be more rigorous and thorough, and expediting the issuance of product standard protocol to cover imported products including fostering collaboration to establish agreements on the mutual recognition of international standards and increasing penalties for those importing substandard products; and **(3) strengthening enforcement against illegal importation, tax evasion, or exploitation of legal loopholes** to advantage the business.

4) **Ensuring adequate liquidity for the business sector, especially providing access to formal credit for high-potential SMEs experiencing financial difficulties**, along with leveraging technological advancement to increase business efficiency which could help support better access to funding sources. In addition, measures should be taken to address persistent debtors at risk of defaulting, particularly vulnerable groups.

5) **Expediting budget disbursement to enable government expenditure to support the economy promptly** by prioritizing the disbursement of capital expenditure budgets to support local economic growth, especially through investment projects by local governments, while concurrently accelerating the budget preparation process for FY2025 to be as scheduled.

6) **Preparing for the impacts of climate change**, particularly the La Niña phenomenon which may increase the risk of flooding later in this year and the El Niño phenomenon that may lead to the risk of drought during next year, by prioritizing water resource management, upgrading the efficiency of infrastructure and warning systems as well as educating farmers on the effects of climate change and the principles of proper water usage in cultivation, along with bolstering farmers' resilience by promoting and developing crop insurance systems to protect against climate risk.

7) **Expediting efforts to address air pollution issues (PM2.5) and preparing key ecosystem to support tourism**, such as airport and inbound flight availability, immigration procedure, infrastructure and facilitation, spatial and environmental management, as well as sustaining high standard of safety for tourists to be ready for tourists return during the upcoming high season in order to enhance the tourism sector's potential, quality, and sustainability, while simultaneously prioritizing air pollution control to prevent long-term negative impacts on public health and the overall economy.

8) **Preparing for mitigating the impacts as well as seizing opportunities arising from global economic and trade volatility** including intensified geopolitical conflicts, trade barriers, climate change, and fluctuations in global financial markets.

Projection for 2024[1/]

	Actual Data			Projection for 2024	
	2021	2022	2023	May 20, 2024	Aug 19, 2024
GDP (at current prices: Bil. Bht)	16,188.6	17,378.0	17,922.0	18,513.5	18,567.2
GDP per capita (Bht per year)	231,986.1	248,788.6	255,879.5	263,675.5	264,441.2
GDP (at current prices: Bil. USD)	505.9	495.1	514.8	514.3	515.8
GDP per capita (USD per year)	7,249.6	7,094.1	7,349.9	7,324.3	7,345.6
GDP Growth (CVM, %)	1.6	2.5	1.9	2.0 - 3.0	2.3 - 2.8
Investment (CVM, %)[2/]	3.1	2.3	1.2	1.9	0.1
Private (CVM, %)	2.9	4.7	3.2	3.2	0.3
Public (CVM, %)	3.5	-3.9	-4.6	-1.8	-0.7
Private Consumption (CVM, %)	0.6	6.2	7.1	4.5	4.5
Government Consumption (CVM, %)	3.7	0.1	-4.6	1.7	1.7
Export volume of goods & services (%)	11.1	6.1	2.1	4.7	4.9
Export value of goods (Bil. USD)	270.6	285.2	280.7	285.7	286.2
Growth rate (%)[3/]	19.2	5.4	-1.5	2.0	2.0
Growth rate (Volume, %)[3/]	15.5	1.2	-2.7	1.5	1.2
Import volume of goods & services (%)	17.8	3.6	-2.3	4.4	3.6
Import value of goods (Bil. USD)	238.2	271.6	261.4	275.3	270.7
Growth rate (%)[3/]	27.7	14.0	-3.8	4.6	3.6
Growth rate (Volume, %)[3/]	17.9	1.2	-4.1	3.6	2.6
Trade balance (Bil. USD)	32.4	13.5	19.4	10.5	15.5
Current account balance (Bil. USD)	-10.3	-15.7	9.6	6.0	12.1
Current account to GDP (%)	-2.0	-3.2	1.9	1.2	2.3
Inflation (%)					
CPI	1.2	6.1	1.2	0.1 - 1.1	0.4 - 0.9
GDP Deflator	1.8	4.8	1.2	0.3 - 1.3	0.9 - 1.4

Source: Office of the National Economic and Social Development Council, 19th August 2024

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.

www.nesdc.go.th