NESDC ECONOMIC REPORT

Thai Economic Performance in Q1 and Outlook for 2020

Macroeconomic Strategy and Planning Office

Press Release 9.30 a.m. May 18, 2020

Economic Projection of 2020

(%YoY)	2018	2019			2020	
	Year	Year	Q3	Q4	Q1	Year (f)
GDP (CVM)	4.2	2.4	2.6	1.5	-1.8	(-6.0) - (-5.0)
Investment[1/]	3.8	2.1	2.7	0.8	-6.5	-2.1
Private	4.1	2.8	2.3	2.6	-5.5	-4.2
Public	2.9	0.2	3.7	-5.1	-9.3	5.6
Private Consumption	4.6	4.5	4.3	4.1	3.0	-1.7
Government Consumption	2.6	1.4	1.7	-0.9	-2.7	3.6
Export of Goods[2/]	7.5	-3.2	0.0	-4.9	1.5	-8.0
Volume[2/]	3.9	-3.5	-0.4	-5.3	1.9	-6.0
Import of Goods[2/]	13.7	-5.4	-6.8	-7.6	-0.9	-13.2
Volume[2/]	7.7	-5.6	-6.6	-8.3	-0.1	-9.7
Current Account to GDP (%)	5.6	7.0	7.1	7.2	7.1	4.9
Inflation	1.1	0.7	0.6	0.4	0.4	(-1.5) - (-0.5)

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

❒ **The Thai Economy in the first quarter of 2020** contracted by 1.8 percent compared with a 1.5-percent expansion in the previous quarter. After seasonally adjusted, the economy declined by 2.2 percent from the fourth quarter last year (%QoQ sa).

❒ **On expenditure side:** private consumption slowed down while government consumption expenditure, and total investment declined. In addition, total export declined as a result of a notable contraction in export of services while export of goods returned to a positive growth. **On production side:** accommodation and food service activities sector, manufacturing production sector, agricultural sector, transportation and storage sector, and construction sector declined. Nevertheless, wholesale and retail trade sector, electricity, and gas sector, information and communication sector, and financial and insurance activities sector expanded.

❒ **The Thai economy in 2020** is expected to show a contraction in the range of (-6.0) - (-5.0) percent, due to (i) the severe downturn of global economy and merchandised trade, (ii) the sharp decline in number and revenues from foreign tourists, (iii) the limitations from the COVID-19 outbreak in Thailand, and (iv) the drought condition. In all, it is expected that export values of goods, private consumption expenditure, and total investment will decline by 8.0 percent, 1.7 percent, and 2.1 percent respectively. Meanwhile, the headline inflation is expected to be in a range of (-1.5) - (-0.5) percent, and the current account tends to register a surplus of 4.9 percent of GDP.

❒ **The macroeconomic policy management over the remainder of 2020** should put emphasis on the following issues: **(1) Coordinating the monetary and fiscal policies** to support the economy during the periods of sharp decline in tourism revenues and the global economic recession as well as to assist those impacted from the economic downturn and to assure the readiness for reopening business sectors after the COVID-19 case dwindled and more eased economic conditions; **(2) Loosening restrictions** that had been imposed under a lockdown and easing a traveling control gradually and in calibrated manner as well as strictly adhere to the preventive measures, together with implementing additional measures to support households and business sectors in order to adjust their behaviors and prompt to return to near the pre-COVID level, and also to adhere to the preventive measures as well as to be able to cope with changing environment of both consumer behaviors and business operations during the post-COVID; **(3) Driving the export sector** to avoid a too-sharp decline both in export and production as well as to cushion the impacts from declined tourism revenues by focusing mainly on export products benefiting from the trade protection and also from the COVID-19; **(4) Disbursing the government budget** including the baseline of (i) the 2020's annual budget disbursement should be at least 90.2 percent of the total budget where the current and capital expenditure disbursements should be at least 99.0 percent and 55.0 percent respectively, (ii) the carry-over budget disbursement should be at least 90.0 percent, (iii) the state-owned enterprises' capital expenditure disbursement should be at least 75.0 percent, and (iv) accelerating the disbursement under the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic; **(5) Supporting the economic recovery** under the Emergency Decree specifically to restore the economy coupled with continuously fostering long-term economic potential under the annual and state-owned enterprises' capital budgetary frameworks; and **(6) Preparing measures to handle for additional risk factors** that potentially affect Thai economic conditions for the rest of the year and over the medium term.

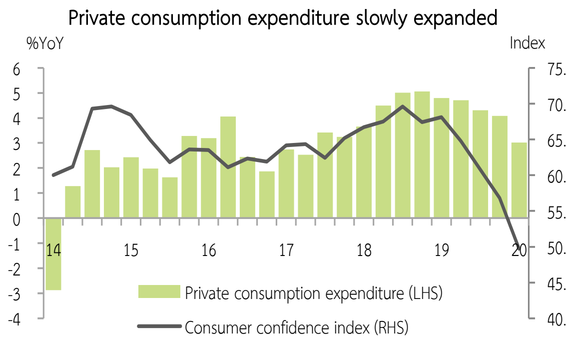
1. The Thai Economy in Q1/2020

Expenditure Side:

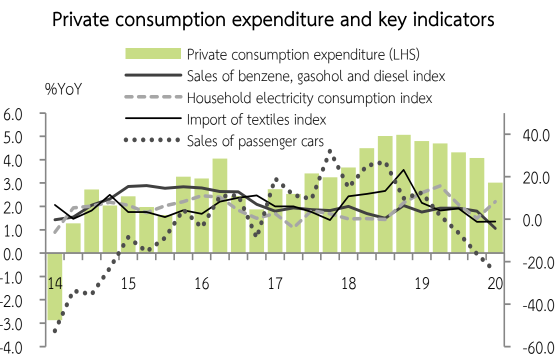
In the first quarter of 2020, Private consumption slowly expanded while the private investment decreased.

Private consumption expenditure continued to expand but decreased from the previous quarter Private consumption expenditure slowly expanded due to the decrease in spending on durable and semi-durable goods; while, non-durable goods and services expanded.

Private consumption expenditure slowly expanded due to the decrease in spending on durable and semi-durable goods in line with a fall in income base and a decline in consumer confidence; while, non-durable goods and services expanded in the first quarter of 2020, private consumption expenditure expanded by 3.0 percent, decreased from 4.1 percent in the previous quarter. Durable goods declined by 8.8 percent, as a result of a 24.8-percent decrease in passenger cars. Semi-durable fell by 4.4 percent conformed to 5.5-percent decrease in semi-durable goods retail index and 1.2-percent decrease in import of textiles index. Non-durable goods expanded by 2.8 percent because of the expansion in food and beverage such as canned tuna (50.5 percent), instant noodles (9.1 percent), and pure water (12.6 percent) due to household's preparation for the spread of COVID-19. Services increased by 9.3 percent as in alignment with the 8.3-percent growth in household electricity consumption. The consumer confidence index pertained to the overall economic situation stood at 49.7 compared with the index at 56.8 in the previous quarter.



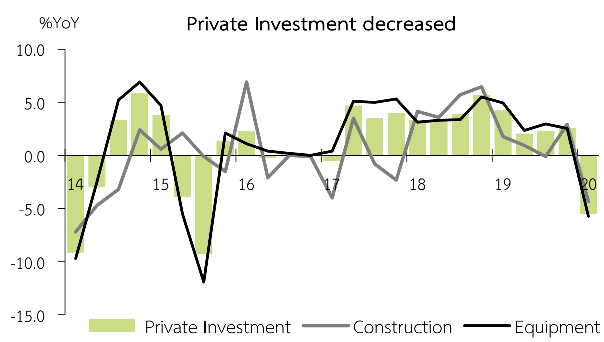
Source: NESDC, University of the Thai Chamber of Commerce



Source: NESDC, BOT, Department of Energy Business

Private investment declined 5.5 percent compared with a 2.6-percent growth in the previous quarter support by the decrease in machinery and equipment and construction

Private investment: decreased in line with investment in machinery and equipment and construction. In the first quarter of 2020 private investment declined by 5.5 percent, compared with a 2.6 percent growth in the previous in the previous quarter. **The investment in machinery and equipment** decreased by 5.7 percent from a 2.5- percent expansion in the previous quarter. This was consistent with a 9.2 and 11.7-percent decrease of the import of capital goods (in 2010 price) and newly registered motor vehicles, respectively. **The investment in construction** decreased by 4.3 percent, compared with a 2.9-percent growth in the previous quarter, in line with a 0.9 and 2.1 percent increase in the sales of construction materials and the area of construction permitted in municipal areas respectively. **The value of projects applied for the investment promotion made to Board of Investment (BOI)** stood at 71.38 billion Baht, decreased by 44.0 percent. The Business Sentiment Index (BSI) stood at 45.1 compared with the index of 46.9 in the previous quarter.



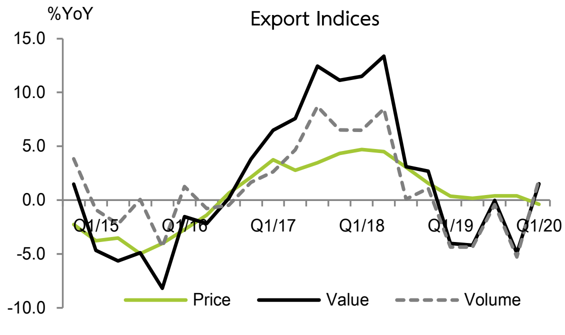
Source: NESDC

Export value increased by 1.5 percent as a result of the growth in exports of gold and some products benefiting from trade war and the outbreak of COVID-19

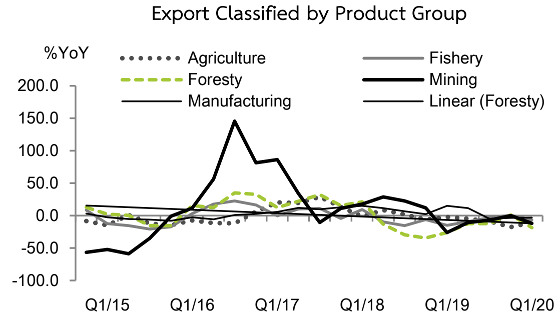
Export value excluding unwrought gold decreased by 3.1 percent.

Export quantity expanded by 1.9 percent, while export price declined by 0.4 percent.

Exports in US dollar terms increased for the first time in 4 quarters following the growth in exports of gold and some products benefitting from trade war and the outbreak of COVID-19. Exports value in the first quarter of 2020 was recorded at 60.9 billion US dollars, increased by 1.5 percent, compared with a 4.9-percent decrease in the previous quarter. The export volume index expanded by 1.9 percent, compared with a 5.3-percent decline in the previous quarter. However, export price index dropped by 0.4 percent, compared with a 0.4-percent growth in the previous quarter. Excluding unwrought gold, export value fell by 3.1 percent, decelerating from a 4.7-percent decline in the previous quarter. **In Baht term,** exports value was recorded at 1.9 billion Baht, increased by 0.5 percent, compared with a 12.3-percent decline in the previous quarter.



Source: Bank of Thailand



Source: Bank of Thailand

Exports value of agricultural commodities declined by 10.5 percent, compared with a 17.8-percent drop in the previous quarter. This was due to low demand in key trading partners, the delay of logistic system following the lockdown measure as a result of COVID-19, export control measure for agricultural commodities, and low level of agricultural products due to drought. Subsequently, this led to the reduction in the export quantity of main agricultural products, especially rice, rubber and tapioca. However, export prices of agricultural products increased by 3.8 percent. **Exports value of manufacturing products** continuously fell by 3.0 percent from a 3.5-percent decrease in the previous quarter, as a result of the economic slowdown in key trading partner countries. **Exports value of fishery products** decreased by 6.7 percent as a result of the reduction in export volume and price. **Exports value of other products** increased by 212.5 percent due mainly to the increase in exports of non-monetary gold by 223.5 percent.

Export items with increased value included sugar (16.2 percent), computer (11.0 percent), computer parts & accessories (15.0 percent), air conditioning machine (14.8 percent), parts of electrical appliances (12.4 percent), animal food (10.6 percent), and non-monetary gold (223.5 percent). On the other hand, **export items with decreased value** included rice (-25.0 percent), rubber (-2.7 percent), tapioca (-19.0 percent), passenger cars (-11.1 percent), pickup and trucks (-27.4 percent), chemicals (-14.0 percent), petro-chemical products (-10.7 percent), petroleum products (-4.4 percent) and cuttlefish, squid, octopus (-13.8 percent).

Export Value of Major Product in US Dollar Term

%YoY	2018	2019					2020	Share Q1/20 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Agriculture	**0.4**	**-8.4**	**-2.1**	**-4.9**	**-8.9**	**-17.8**	**-10.5**	**6.2**
Rice	9.4	-25.9	-10.6	-23.9	-35.1	-33.3	-25.0	1.5
Rubber	-23.6	-10.0	-8.9	-11.8	-3.9	-15.2	-2.7	1.7
Tapioca	7.0	-21.7	-14.2	-8.5	-27.3	-37.7	-19.0	0.8
Manufacturing	**8.6**	**-3.9**	**-1.7**	**-5.4**	**-4.9**	**-3.5**	**-3.0**	**85.5**
Sugar	11.1	1.1	-15.1	-19.6	5.1	51.1	16.2	1.1
Crustaceans canned, prepared, or preserved	-14.2	-9.2	-3.9	-11.6	-10.2	-10.4	-15.0	0.3
Rubber products	4.1	-8.6	4.8	-23.1	-14.2	-0.5	7.2	2.4
Animal food	14.9	4.3	12.6	-0.6	2.1	3.7	10.6	0.7
Apparels and Textile Materials	6.5	-2.7	-0.8	-4.2	-2.2	-3.5	-5.5	2.7
Electronics	5.0	-6.5	-11.4	-9.4	-6.0	0.8	5.3	13.7
- Computer	17.9	22.0	42.7	21.1	26.4	6.6	11.0	0.2
- Computer parts & accessories	5.9	-9.4	-18.9	-12.1	-10.6	5.2	15.0	5.7
- Integrated circuits & parts	0.8	-8.8	-11.3	-14.3	-8.4	-1.0	-6.3	2.7
- Printed circuits	3.4	-13.2	-8.4	-13.0	-15.4	-15.3	6.3	0.5
- Telecommunication equipment	6.3	-6.2	-7.7	-3.5	-2.2	-10.9	-4.5	2.0
Electrical appliances	1.6	1.3	-4.5	2.2	2.8	5.9	5.9	6.1
- Air conditioning machines	10.4	4.4	-3.3	10.7	4.0	8.2	14.8	2.5
- Parts of electrical appliances	-3.0	4.3	-6.3	6.1	7.5	10.8	12.4	1.9
Metal & steel	13.2	-6.8	-5.0	-8.6	-4.5	-9.1	8.8	4.8
Automotive	7.9	-3.3	-2.8	-3.5	-0.5	-6.3	-7.2	14.2
- Passenger car	2.6	-8.0	-8.2	-12.9	-4.4	-6.3	-11.1	3.8
- Pick up and trucks	8.3	-4.0	11.1	-4.3	0.5	-22.6	-27.4	2.5
- Vehicle parts & accessories	10.3	-0.7	-0.9	1.0	0.3	-3.1	0.7	6.6
Machinery & equipment	6.7	-6.3	-3.3	-6.4	-7.2	-8.2	-8.9	7.8
Chemicals	23.3	-17.7	-7.2	-18.0	-18.8	-25.9	-14.0	2.8
Petro-chemical products	16.0	-8.7	-6.2	-10.2	-9.2	-9.3	-10.7	4.6
Petroleum products	30.0	-21.8	-9.3	-14.4	-29.3	-30.7	-4.4	2.9
Fishery	**-6.5**	**-6.5**	**-15.0**	**-9.2**	**-2.9**	**0.5**	**-6.7**	**0.6**
Crustaceans	-8.7	-6.3	-14.3	-7.4	1.1	-5.9	-13.8	0.3
Other Exports	**-21.2**	**80.3**	**6.7**	**66.2**	**317.3**	**-11.5**	**212.5**	**6.6**
Non-monetary gold (excl. articles of goldsmiths)	-22.8	84.9	7.6	68.2	348.2	-16.4	223.5	6.3
Total Exports (Customs basis)	**6.9**	**-2.7**	**-1.9**	**-3.8**	**-0.5**	**-4.5**	**0.9**	**100.0**
Exports, f.o.b. (BOP basis)	**7.5**	**-3.2**	**-3.8**	**-4.2**	**0.0**	**-4.9**	**1.5**	**90.8**
Export Value (exclude gold)	**8.2**	**-4.8**	**-4.0**	**-5.8**	**-4.8**	**-4.7**	**-3.1**	**96.9**

Source: Bank of Thailand

Export markets: exports to the ASEAN (9) and the Middle East (15) expanded, while exports to the US, China, Japan, EU (15), and Australia declined. Exports to the ASEAN (9) increased by 4.3 percent, as a result of the 5.7 percent growth in exports to ASEAN (5) and 2.7 percent growth of CLMV countries. Similarly, exports to the Middle East (15) increased by 0.4 percent, following the growth in exports of air conditioning machines & parts, wood & wood products, and iron & steel products. However, exports to the US decreased by 2.7 percent. Excluding military drill weaponry reshipment, exports value to the US expanded by 14.8 percent. Export products increased with favorable rate was from computers & accessories and air conditioning machines & parts. Exports to China declined by 0.9 percent, following the contraction in exports of plastic resin, chemicals, and tapioca products. Exports to Japan continually decreased by 5.5 percent, due to the contraction in exports of machinery and parts, computers & accessories, and plastic products. In addition, exports to EU (15) dropped by 4.6 percent, mainly due to a contraction in exports of computer & accessories and motor cars, parts, and accessories, while exports of motorcycles, parts, and accessories as well as air conditioning machines continually increased. Exports to Australia fell by 3.3 percent, improving from a 14.8-percent decline in the previous quarter, following the decrease in exports of motor cars, parts, and accessories.

Exports to the ASEAN (9) and the Middle East (15) expanded, while exports to the US, China, Japan, EU (15) and Australia declined.

Exports to the US, excluding military drill weaponry reshipment, export value increased by 14.8 percent,

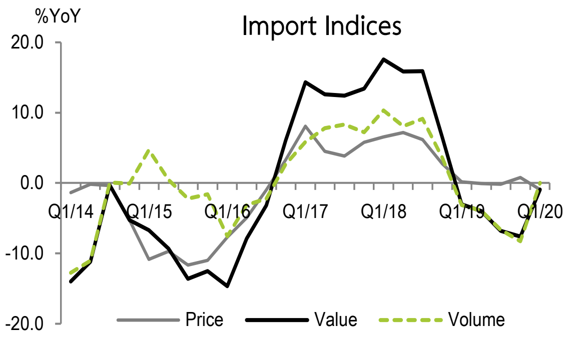
Export Value to Key Markets in US Dollar Term

%YOY	2018	2019					2020	Share Q1/20 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Total Exports (Mil US$) (Customs basis)	252,957	246,245	62,106	60,968	63,601	59,569	62,672	100.0
(%YoY)	6.9	-2.7	-1.9	-3.8	-0.5	-4.5	0.9	
United States	5.5	11.8	32.0	3.3	7.7	5.4	-2.7	13.6
- excluding military drill weaponry reshipment	4.4	6.0	7.7	3.4	7.8	5.2	14.8	12.3
Japan	13.0	-1.5	-1.4	-2.3	2.9	-5.0	-5.5	9.7
EU (15)	5.1	-6.6	-7.1	-7.3	-5.6	-6.4	-4.6	8.5
China	2.7	-3.8	-10.3	-9.0	2.8	1.6	-0.9	10.6
ASEAN (9)	14.9	-8.2	-4.4	-5.9	-13.9	-8.2	4.3	26.0
- ASEAN (5)*	13.6	-9.6	-7.7	-8.7	-12.1	-9.8	5.7	14.8
- CLMV**	16.7	-6.3	0.1	-2.0	-16.2	-6.2	2.7	11.2
Middle East (15)	-0.1	0.1	-0.3	-5.6	0.9	5.4	0.4	3.6
Australia	2.6	-5.1	-10.2	-9.5	14.0	-14.8	-3.3	3.9
Hong Kong	1.8	-6.5	-13.6	-5.1	-5.4	-1.1	12.3	4.9
India	17.8	-3.9	1.3	4.3	-8.1	-14.3	-11.7	2.8
South Korea	6.0	-4.3	-5.9	-0.3	-10.3	-0.9	-4.8	1.8
Taiwan	-0.9	0.9	-14.4	-5.3	10.0	15.4	12.7	1.5

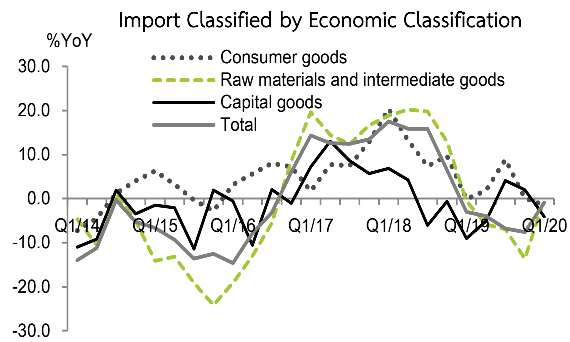
Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
Source: Bank of Thailand

Import value in US dollar term continued to decline from the previous quarter. In the first quarter of 2020, the value of import was recorded at 52.8 billion US dollars, declined by 0.9 percent, compared with a 7.6-percent decline in the previous quarter. Import quantity slightly increased by 0.01 percent, compared with an 8.3-percent decline in the previous quarter associated with the increase in import quantity of raw materials & intermediate goods, which raised by 4.1 percent but import quantity of consumer goods and capital goods fell by 2.9 percent and 5.7 percent, respectively. However, the price of imports decreased by 0.9 percent, compared with a 0.8-percent increase in the previous quarter. Import value excluding unwrought gold declined by 1.4 percent. **In Thai Baht term,** the import value was recorded at 1,652 billion Baht decreased by 2.0 percent, compared with a 14.8 percent decrease in the previous quarter.

Import value in US dollar terms decreased by 0.9 (continued to decline for fifth quarter).



Source: Bank of Thailand



Source: Bank of Thailand

By categories, there was a decline in import value of consumer goods, capital goods and other import goods, while raw materials and intermediate goods improved. **Import value of consumer goods** declined by 1.5 percent with a 2.9 percent decrease of import quantity associated with the decline in domestic demand while import price increased by 1.5 percent**. Import value of capital goods** decreased by 4.1 percent with the decrease in import quantity by 5.7 percent, while import price increased by 1.7 percent. **Import value of raw materials and intermediate goods** reduced by 0.1 percent with a 4.0 percent decrease in import price while import quantity increased by 4.1 percent. **Import value of other goods** fell by6.4 percent associated with the decrease in automotive and other import value, respectively.

Import items with increased value included food, beverage & dairy products (11.2 percent), medicinal and pharmaceutical products (0.8 percent), other machinery and mechanical appliances & parts (0.7 percent), aircrafts (205.4 percent), crude oil (12.2 percent), Parts of electronics and electrical appliances (1.8 percent) and non-monetary gold (17.5 percent). On the other hand, **import items with decreased value** included animal & fishery products(-18.0 percent), textiles (-2.1 percent), telecommunications equipment (-12.3 percent), transformers, generators, motors, and accumulators (-4.4 percent), floating structures (-39.8 percent), natural gas (-12.7 percent), petroleum products (-9.6 percent), chemicals (-3.4 percent), materials of base metal (-6.4 percent), computer parts & accessories percent (-31.0 percent), automotive (-5.4 percent) and other import (20.0 percent).

Import Value of Major Product in US Dollar Term

%YoY	2018	2019					2020	Share Q1/20 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Consumer goods	12.5	2.6	-0.1	1.9	8.9	0.1	-1.5	10.7
Raw materials and intermediate goods	17.9	-6.8	-0.6	-5.9	-7.0	-13.6	-0.1	55.9
Capital goods	1.0	-2.1	-9.0	-5.1	4.1	2.0	-4.1	21.6
Other Imports	9.0	-5.6	10.2	2.0	-29.3	3.8	-6.4	11.8
Total Imports (Customs basis)	12.0	-4.7	-1.4	-4.2	-6.1	-6.8	-1.9	100.0
Imports, f.o.b. (BOP basis)	13.7	-5.4	-3.0	-4.0	-6.8	-7.6	-0.9	89.9

Source: Bank of Thailand

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

Term of trade increased from the same period last year, as import price decreased by 0.9 percent faster than the export price dropped by 0.4 percent. Thus, the term of trade increased from 108.8 in the same quarter last year to 109.4 in the first quarter of 2020.

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

Trade balance recorded a surplus of 8.0 billion US dollars (equivalent to 253.6 billion Baht), compared with a surplus of 5.9 billion US dollars (equivalent to 180.1 billion Baht) in the previous quarter, and a surplus of 6.7 billion US dollars (equivalent to 210.1 billion Baht) in the same quarter of last year.

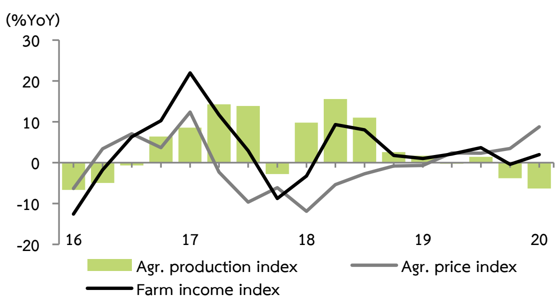
Production Side:

Sectors which experienced a production drop in Q1/2020 included: accommodation and food services, manufacturing, agriculture, transportation, and construction, while wholesale & retail trade, and information & communication expanded further. Also financials and insurance activities accelerated. Electricity, gas, steam and air conditioning supply sector increased.

Agriculture sector continually declined due to the drought. Production in agricultural sector, forestry, and fisheries contracted by 5.7 percent, continuously dropped from a 2.5-percent decrease in the previous quarter. This was in line with a contraction of Agricultural Production Index of 6.3 percent. Major agricultural products with production contraction included (i) **paddy** (-29.4 percent), due to drought and a prolonged period of delayed rain during the growing season where dam reservoir level was lower than the same period last year, (ii) **major field crop and perennials** such as **maize** (-29.2 percent), **sugarcane** (-12.7 percent), and **oil palm** (-19.1 percent), caused by drought in some area, prolonged periods of delayed rain, and (iii) **white shrimp** (-8.3 percent), due to concerns for the spread of Decapod Iridescent Virus 1. Nevertheless, major agricultural products with production expansion included poultry (7.0 percent), rubber (1.1 percent), and egg (1.9 percent), etc. **Agricultural Price Index** accelerated by 8.8 percent compared with a 3.5-percent rise in Q4/2019, and the expansion mainly contributed by **oil palm** (123.2 percent), **fruits** (23.4 percent), **paddy** (6.7 percent), and **sugarcane** (17.3 percent). In contrast, major agricultural price index with the contraction included rubber (-9.0 percent), cassava (-11.8 percent), white shrimp (-12.3 percent), and maize (-10.0 percent). The rise of agricultural price index led to an overall increase in **Farm Income Index** by 2.0 percent.

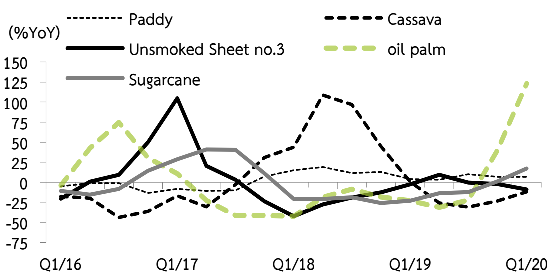
Agricultural sector declined for two consecutive quarters by 5.7 percent, following a decrease of some agricultural products which are affected by drought and prolonged periods of delayed rain and the water-level was less than normal. The rise of agricultural price index thus led to overall Farm Income increased.

Farm Income Index increased by 2.0 percent due to the increase of agricultural price



Source: Office of Agricultural Economics

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



Source: Office of Agricultural Economics

Manufacturing sector production decreased continually from the previous quarter, whereas Manufacturing Production Index of export-oriented industries bounced back from decreases for six consecutive quarters. Production in manufacturing sector dropped by 2.7 percent followed a drop of 2.2 percent in Q1/2019. Such decrease in production found in accordance with the 6.6-percent drop in Manufacturing Production Index. **Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production)** dropped by 19.0 percent, due mainly to the decline in major semi-export-oriented industries, including production of other vehicles (-18.8 percent), sugar (-37.7 percent), bicycle (-13.7 percent), tires (-7.7 percent), and textiles (-11.6 percent). **Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production)** declined by 2.2 percent. The contraction was caused by the decrease in production of major industries, such as refined petroleum products (-4.3 percent), palm oil (-30.5 percent), steel and steel products (-6.5 percent), plastics and synthetic rubber (-4.6 percent). However, pharmaceuticals and concrete increased by 13.4 and 4.9 percent, respectively. **Manufacturing Production Index of export-oriented industries (with export share of more than 60 percent to total production)** grew by 0.8 percent in Q1/2020 from a drop of 1.6 percent in the previous quarter. An expansion was contributed by increases in the production of key products included other general-purpose machinery (13.0 percent), computers and assembly (6.9 percent), processing and preserving of fish (12.7 percent), processing and preserving of fruit and vegetables (5.9 percent), electronic components (1.4 percent), nevertheless, rubber products dropped by 6.3 percent. **The average capacity utilization rate** stood at 66.7 percent, declined from 70.8 percent in the same quarter last year.

Manufacturing sector kept declining by 2.7 percent. Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production) dropped by 19.0 percent.

Manufacturing Production Index of the domestic oriented industries declined by 2.2 percent. Meanwhile

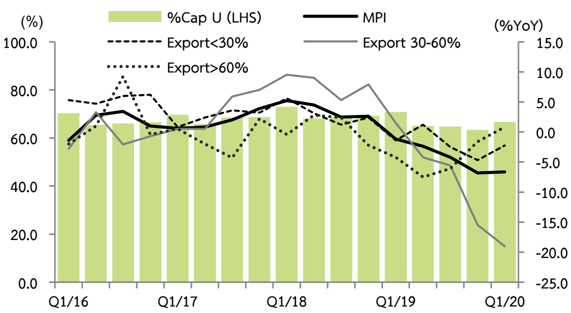
Manufacturing Production Index of export-oriented industries expanded by 0.8 percent.

In the first quarter of 2020, the average capacity utilization rate stood at 66.7 percent.

Manufacturing Production Index with negative growth principally included vehicles (-18.8 percent), sugar (-37.7 percent), petroleum products (-4.3 percent), palm oil (-30.5 percent), steel and steel products (-6.5 percent), other rubber products (-6.3 percent), plastics and synthetic rubber (-4.6 percent), bicycle (-13.7 percent), tires (-7.7 percent), and textiles (-11.6 percent).

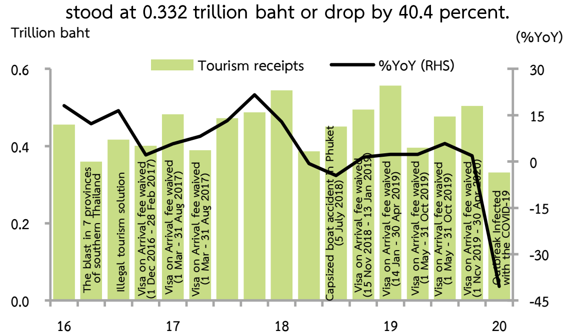
Manufacturing Production Index with positive growth mainly included other general-purpose machinery (13.0 percent), computers and assembly (6.9 percent), processing and preserving of fish (12.7 percent), pharmaceuticals (13.4 percent), concrete (4.9 percent), processing and preserving of fruit and vegetables (5.9 percent), animal feeds (3.4 percent), electronic components (1.4 percent), pulp (7.2 percent), and dairy products (5.5 percent).

Manufacturing Production Index decreased by 6.6 percent and the capacity utilization rate averaged at 66.7 percent.



Source : Office of Industrial Economics

Income from foreign tourists for Q1/2020 stood at 0.332 trillion baht or drop by 40.4 percent.



Source: Ministry of Tourism and Sports

Accommodation and food service activities sector significantly declined due to the COVID-19 pandemic. In the first quarter, production in the accommodation and food service activities sector contracted by 24.1 percent, dropped from a 6.8-percent growth in the previous quarter. The sector contracted for the first time since the third quarter of 2014. This was consistent with following indicators; **the total number of foreign tourists recorded at 6.69 million persons,** the first drop of foreign tourists in 13 quarters by 38.0 percent since the fourth quarter of 2016, due to the contraction of tourists from most countries except Argentina. The contraction in the total number of tourists was significantly caused by a drop in number of tourists from China (-60.0 percent), Malaysia (-32.4 percent), Japan (-32.6 percent), India (-41.9 percent), and South Korea (-51.6 percent), respectively. **The total revenue from tourism stood at 0.515 trillion Thai Baht, which dropped by 38.2 percent**. This was attributed to; (i) **foreign tourism receipts,** which dropped by 40.4 percent to 0.332 trillion Thai Baht, mainly contributed by a drop in tourism receipts from China (-64.0 percent), Malaysia (-37.3 percent), Japan (-34.7 percent), India (-45.4 percent) and South Korea (-54.2 percent); and (ii) **Thai tourism receipts which were at 0.183 trillion, declined by 33.6 percent. The Average Occupancy Rate was at 51.50** percent, dropped from 71.26 percent in the previous quarter and dropped from 78.62 percent in the same period of last year.

Accommodation and food service activities sector declined by 24.1 percent, a first drop of foreign tourists in 22 quarters since the third quarter of 2014, following to the contraction in number and revenue generated from foreign tourists.

Average Occupancy Rate was at 51.50 percent, dropped form 71.26 percent in the previous quarter and dropped form 78.62 percent in the same period last year.

Wholesale and Retail Trade Sector, and Repair of Motor Vehicles and Motorcycles sector expanded with a decelerated rate from the previous quarter, following the slowdown of private consumption expenditure and the contraction in the number of foreign tourists. In the first quarter, wholesale and retail trade, and repair of motor vehicles and motorcycles sector expanded by 4.5 percent, compared with a 5.2-percent growth in the previous quarter**.** This was in line with an expansion of the **Wholesale Sales Index (except motor vehicles and motorcycles) which expanded by 4.9 percent**, mainly supported by a 9.9-percent growth in wholesales of household goods (such as watches, jewelry, and cosmetics) and 30.0-percent growth in wholesales of general goods. On the other hand, wholesales of other goods (such as bricks, limestone, sand, concrete products, and industrial chemicals) and wholesale of food, beverages, and tobacco dropped by 6.1 percent and 13.0 percent, respectively. However, an **index of wholesale, retail sales, and repair of motor vehicles and motorcycles decreased by 15.0 percent**, mainly due to an 18.3-percent decline in motor vehicles sales and a 7.7-percent decline in automotive parts sales. **Retail Sales Index (except motor vehicles and motorcycles) decreased by 3.2 percent**, mainly due to a 12.5-percent decline in retail sales of other household articles in specialized stores (such as construction materials, electrical household appliances, and lighting equipment store). Retail sales in automotive fuel and other retail sales in non-specialized stores (i.e. discount store, super center, and hypermarket) decreased by 13.4 percent and 11.9 percent, respectively. Meanwhile, retail sales in other goods stores (i.e. jewelry, and cosmetics stores) grew by 6.7 percent.

Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles sector increased by 4.5 percent, slowed down from a 5.2-percent growth in the previous quarter, in tandem with a gradual slowdown in household spending and a decline in foreign tourist numbers.

Transportation and storage sector declined as transport services dropped due to a contraction of the air transport services and a shrink in number of foreign tourists. In the Q1/2020, transportation and storage sector declined by 6.0 percent compared with a rise of 3.9-percent in Q4/2019. Transport services declined by 6.4 percent, mainly due to a drop in passengers transport service which was affected by COVID-19, attributed to (i) 20.8-percent decline in air transport services, (ii) 4.2-percent decline in land and tubes transport services, while (iii) water transport services expanded by 2.2 percent. Besides, shipping support services declined by 2.4 percent compared with a rise of 5.6 percent in the previous quarter. However, postal services increased by 4.7 percent.

Transportation and storage sector declined by 6.0 percent owing to a drop of an air transport services due to a shrink in number of foreign tourists.

Information and communications sector slowdown due to a turndown in telecommunications activities, and programming and broadcasting activities. The information and communications sector in Q1/2020 expanded by 4.4 percent compared with a 10.6-percent growth in Q4/2019. In detail, telecommunications activities grew by 7.0 percent, slowed down from a rise of 14.1-percent in the previous quarter, owing to the slowdown of operating income in the Wireless Broadband Access, while Cable Broadband Access accelerated. Programming and broadcasting activities also slowed down by 5.2 percent compared with an expansion of 14.0 percent in Q4/2019. Others activities such as publishing, television programs production and computer programming and related activities increased in a less significant growth.

Information and communication sector expanded by 4.4 percent compared with a 10.6-percent rise in Q4/2019, due to telecommunications activities and programming and broadcasting activities slowdown.

Electricity, gas, steam, and air conditioning supply sector rebounded due to increase in electricity generation activities and separation plant activities. Electricity, gas, steam and air conditioning supply sector expanded by 1.1 percent from a drop of 1.2 percent in the previous quarter. In details, (i) electric power generation expanded by 0.9 percent, compared with a decrease of 1.7 percent in the previous quarter, (ii) electric power generation increased by 5.8 percent, following the higher household demand and business demand for electricity, whereas the electric demand in manufacturing sector slowed down, however, (iii) gas separation increased by 2.7 percent, compared with a rise of 3.1 percent in the previous quarter, associated with the increase in gas volume used in power plants.

Electricity, gas, steam and air conditioning supply sector grew by 1.1 percent, mainly contributed by the expansion of household demand and business demand due to the higher average temperature.

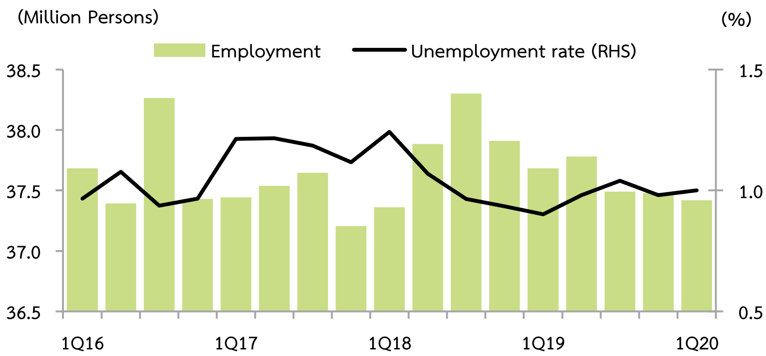
Production in construction sector declined both in the public construction and the private construction. In the first quarter of 2020, construction sector fell by 9.9 percent from a 2.1-percent decrease in the previous quarter, owing to the decrease in public construction by 13.4 percent, compared with a 6.1-percent decrease in the previous quarter, due to the delay of the Budget process. In details, government construction sharply decreased by 29.6 percent compared with a drop of 17.4 percent in the previous quarter. However, state-owned enterprises construction was expanded by 20.8 percent. Private construction dropped by 4.3 percent compared with a rise of 2.9 percent in the previous quarter, due to the contraction in residential construction and non-residential construction (i.e. commercial buildings, factory buildings) in associated with a decline of domestic demand. **Construction Materials Price Index** declined by 2.2 percent, which decreased for three consecutive quarters owing to a decrease in steel and steel products and cements by 8.5 percent and 0.3 percent, respectively.

Construction sector declined in both the public and the private construction, due to the delay of the Budget Bill and slowdown of domestic demand.

Employment: decreased for four consecutive quarters due to a decline in agricultural employment, whereas non-agricultural employment rebounded, and unemployment rate remained low. Employment in Q1/2020 declined by 0.7 percent improved from the 1.1-percent contraction in the previous quarter. In details, agricultural sector employment dropped by 3.7 percent, which was a continuous decline for five consecutive quarters due to the contraction in major agricultural products. Nevertheless, non-agricultural sector employment expanded by 0.5 percent due to an expansion in education activities, accommodation and food service activities sector, and human health and social work activities sector. However, employment in manufacturing activities, wholesale, retail sales, and repair of motor vehicles and motorcycles activities declined. Overall, the rate of unemployment in the first quarter of 2020 stood at 1.0 percent, while the average unemployment was recorded at 390,000 persons compared with the 350,000 unemployment in the same period last year.

Overall employment decreased for four consecutive quarters mainly followed a decline in agricultural sector employment, whereas non-agricultural sector employment increased. The unemployment rate stood at 1.0 percent.

Employment decreased by 0.7 percent,
following a decrease of employment agriculture sector.
Unemployment rate was low at 1.0 percent.



Source: National Statistical Office

Employed Persons by Industry

%YOY	Share Q1/20	2018	2019					2020
		Year	Year	Q1	Q2	Q3	Q4	Q1
Employed	100.00	1.1	-0.5	0.9	-0.3	-2.1	-1.1	-0.7
- Agricultural	28.78	3.3	-3.3	-4.2	-4.0	-1.8	-1.6	-3.7
- Non-Agricultural	71.22	0.1	0.8	3.2	1.5	-2.3	-0.9	0.5
Manufacturing	16.68	2.5	-1.6	1.0	-0.5	-5.2	-3.9	-1.4
Construction	6.19	-2.2	4.9	10.5	6.2	-2.2	0.2	-0.2
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.97	-0.7	-0.7	2.4	-0.4	-4.1	0.1	-1.1
Accommodation and food service activities	7.79	1.8	1.3	-0.2	1.1	3.1	-0.7	3.7
Total labor force (Million persons)		38.4	38.2	38.3	38.4	38.0	38.0	38.1
employed (Million persons)		37.9	37.7	37.7	37.8	37.49	37.48	37.4
Unemployment (Hundred thousand persons)		4.1	3.7	3.5	3.8	3.9	3.7	3.9
Unemployment Rate (%)		1.1	1.0	0.9	1.0	1.0	1.0	1.0

Source : National Statistical Office (NSO)

Fiscal Conditions:

On the revenue side, in the second quarter of the fiscal year 2020 (January - March 2020), the net government revenue collection stood at 534.8 billion Baht, decreased by 5.2 percent compared with the same quarter last year. The decrease in net government revenue was a result of a reduction in key revenue collections included: (i) the revenue from other government agencies were lower than the same period last year, due to the payment of the license auction in telecommunications business (4G) that was auctioned in fiscal year 2019; (ii) the revenue collected from excise tax on vehicle decreased, due to the drop in domestic car production, as a result of a decrease in consumer confidence towards overall economic situation and the COVID-19 pandemic, causing consumers to delay the decision to purchase cars; (iii) the revenue collected from import duties decreased as the value of imports contracted, (iv) decrease in revenue collected from excise tax on liquor decreased because manufacturers did not speed up bigger production to support the higher demand during the Songkran festival as same as in the same period of last year (the government announced a postpone on public holidays during the Songkran festival 2020 to prevent the spread of COVID-19); (v) decrease in specific business tax collection, in line with the decline in ownership transfer of housing; and (vi) decrease in personal income tax collection, due to the extension of the due date for filing and payment of personal income tax to 31st August 2020, to mitigate the effects of COVID-19 on taxpayers. Overall, the net government revenue collection decreased as a result of the slowdown in global economic and trade, as well as the effects of COVID-19 pandemic.

The net government revenue collection decreased by 5.2 percent in the second quarter of the fiscal year 2020, due to the slowdown in global economic and trade activities, as well as the effects of COVID-19 pandemic.

For the first half of the fiscal year 2020, the net government revenue collection stood at 1,143.6 billion Baht, decreased by 1.5 percent from same period last year.

Government Revenue

Fiscal Year (Billion Baht)	2018	2019						2020	
	Year	Year	Q1	Q2	Q3	Q4	H1	Q1	Q2
Net Government Revenue	2,536.9	2,566.1	596.6	564.2	776.1	629.2	1,143.6	608.8	534.8
YOY (%)	7.7	1.1	9.0	5.9	2.9	-10.5	-1.5	2.0	-5.2

Source: Ministry of Finance

Overall, the total budget disbursement expanded following an increase in current expenditure disbursement, while capital expenditure decreased due to the delay of the Budget Bill.

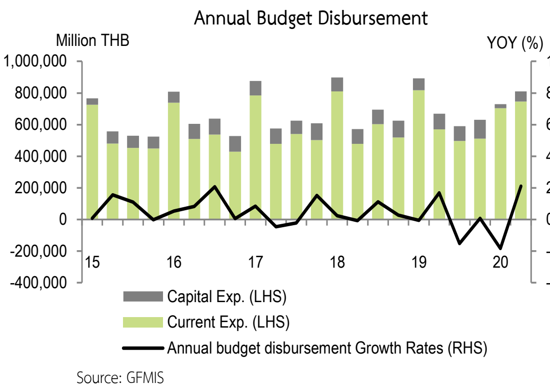
On the expenditure side, the total budget disbursement in the second quarter of fiscal year 2020 was at 920.9 billion Baht[1] , increased by 19.1 percent from the same quarter of FY2019 in which current expenditure disbursements increased by 28.5 percent while capital expenditure disbursements decreased by 12.0 percent.

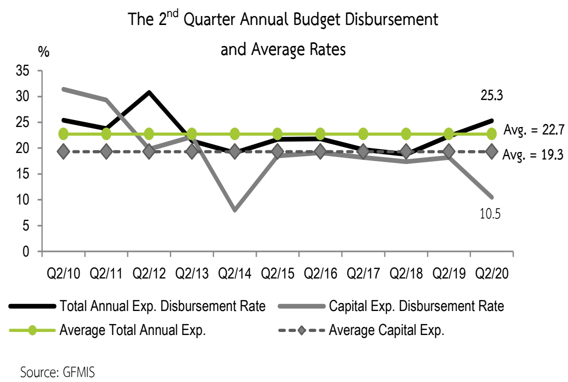
Classified by sources of funds, the government disbursements were as follows: (i) **The 2020 annual budget disbursement** stood at 811.0 billion Baht, rose from the same quarter last year by 21.1 percent. The disbursement rate was at 25.3 percent, higher than the rate in the same quarter last year which was at 22.3 percent.

In details, the current expenditure disbursement amounted to 746.6 billion Baht, expanded by 31.2 percent compared with the same quarter in FY2019.The disbursement rate was at 28.9 percent, greater than the rate of 23.2 percent in the same quarter of last year.

The rate of annual budget disbursement in the second quarter of FY2020 was at 25.3 percent (the disbursement rates of the current expenditure disbursement and the capital expenditure disbursement were at 28.9 percent and 10.5 percent respectively).

[1] The total budget disbursement means the disbursement of the grand total of annual budget, the carry-over budget, the off-budget loans, and the State-owned enterprises' capital expenditure budget.





The capital expenditure disbursement marked at 64.4 billion Baht, dropped by 35.7 percent compared with the same quarter of last year. The rate of disbursement was at 10.5 percent, lower than the rate of 18.2 percent in the same quarter of last year, due to the delay of the Fiscal Year 2020 Budget Bill. However, the budget disbursement of current and capital expenditure in March grew at a high level, 148.8 percent and 22.5 percent, respectively, after the Budget Bill of FY2020 was officially announced on 26 February 2020.

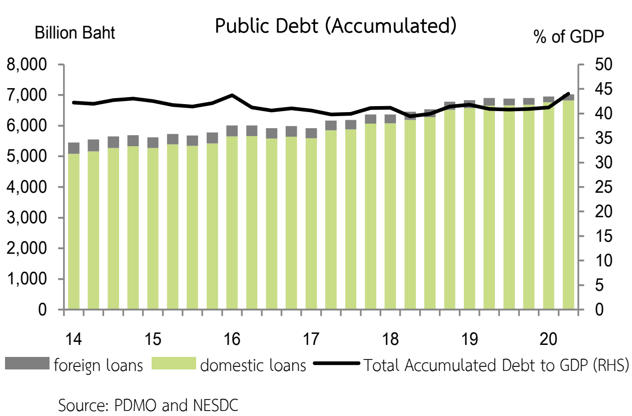
(ii) **The carry-over budget disbursement** stood at 62.8 billion Baht, increased from the second quarter of FY2019 by 3.0 percent. The disbursement rate was at 23.9 percent, greater than the rate of 16.4 percent in the same quarter last year; (iii) **State-owned enterprises' capital expenditure budget** (excluding PTT) stood at 49.6 billion Baht[2], increased from the same period of last year by 10.1 percent mostly as a result of the modification of investment plan in three key state-owned enterprises including Airports of Thailand Public Company Limited, TOT Public Company Limited, and The State Railway of Thailand; finally, (iv) **The off-budget loans** were disbursed at 850.1 million Baht which was the disbursement within the Development Policy Loan (DPL) scheme.

For the first half of the Fiscal Year 2020, the total budget disbursement was at 1,792.0 billion Baht, a 0.8 percent decrease from the same period of 2019, with the allowing details: (i) the 2020 annual budget disbursement of 1,540.6 billion Baht. The disbursement rate was 48.1 percent, lower than the disbursement rate of the same period in last year which was at 52.1 percent. In detail, disbursements of the current expenditure was at 1,450.1 billion Baht (the disbursement rate was at 56.0 percent which is lower than the rate of 56.6 in the same period of last year) and capital expenditure was at 90.5 billion Baht; (ii) the disbursement of the carry-over budget stood at 143.5 billion Baht, equivalent to the disbursement rate of 54.5 percent; (iii) state-owned enterprises' capital expenditure budget (excluding PTT) disbursement was expected to disburse at 112.0 billion Baht[3] ; and (iv) the off-budget loans disbursement amounted to 1,369.3 million Baht.

The disbursement rate of the annual budget in the first half of FY2020 was at 48.1 percent (the disbursement rates of current and capital expenditure were at 56.0 percent and 14.8 percent, respectively.

Public Debt: at the end of March 2020, the debt was accumulated at 7.0 trillion Baht, equivalent to 44.0 percent of GDP. The public debt was comprised domestic loans of 6.8 trillion Baht (42.8 percent of GDP) and foreign loans of 191.4 billion Baht (1.2 percent of GDP).

At the end of March 2020, the public debt remained under the fiscal prudential framework at 44.0 percent of GDP.



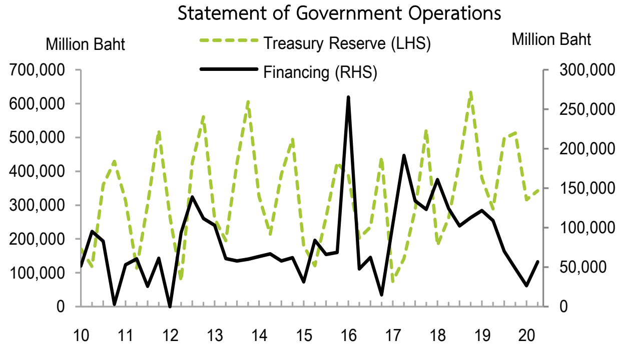
2 The number was included the 3,459.0 million baht of the capital spending allocated from the annual budget and the carry-over budget.
3 The number was included the 5,488.7 million baht of the capital spending allocated from the annual budget and the carry-over budget.

At the end of February 2020, the treasury reserve stood at 342.4 billion Baht.

Fiscal Balance: during January to February 2020, the budgetary balance deficit of 37.4 billion Baht whereas non-budgetary balance recorded surplus of 6.8 billion Baht. In the meantime, the government conducted a cash balance management through borrowing of 56.6 billion Baht. Therefore, the cash balance after debt financing recorded a net surplus of 26.1 billion Baht. At the end of February 2020, the treasury reserve stood at 342.4 billion Baht.

For the first five months of the 2020 fiscal year, the budgetary balance and the non-budgetary balance recorded deficits of 198.3 billion Baht and 55.1 billion Baht, respectively. The government conducted a cash balance management through borrowing of 82.9 billion Baht. Therefore, the cash balance after debt financing recorded a net deficit of 170.5 billion Baht.

Statement of Government Operations



Source: MOF

Financial Conditions:

The policy rate of Thailand was more flexible as same as other major and regional economies in order to alleviate the economic impact of the COVID-19 pandemic.

The policy rate decreased by 50 basis points to 0.75 percent per annum, throughout the first quarter of 2020.

At the meeting on the 5th February and 20th March 2020, the Monetary Policy Committee decided to reduce the policy rate by 25 basis points from 1.25 percent per annum to 1.00 and 0.75 percent per annum, respectively. The decision based on the assessment which indicated that Thai economy would markedly contracted in 2020 due to the pandemic of COVID-19 particularly in tourism and merchandise exports industry. Moreover, major economies and regional economies were also believed to experience a slowdown. Such economic difficulties would obviously affect the income of both businesses and households. In response, the Government of Thailand issued more relaxed financial policies, which were in alignment with other countries across the world. Examples of financial policies to mitigate the effects of COVID-19 pandemic were as followed. First, the Federal Reserve (Fed) of the United States reduced its policy rate twice in March by 50 and 100 basis points to a range of 1.00 - 1.25 and 0.00 - 0.25 percent per annum, respectively. Moreover, Russia also reduced its policy rate in February from 6.25 to 6.00 per annum. As in the ASEAN region, the Indonesia, Philippines and Malaysia announced to decrease the policy rate in second quarter of 2020, from 5.00 to 4.50 percent per annum, 4.00 to 3.25 per annum, and 3.00 to 2.50 per annum, respectively. Several advanced economies had also implemented more flexible monetary policies and continuously extended the Quantitative Easing (QE) programs, for instance, the United States announced the implementation of unlimited budget measures, the European Union increased budget approximately 20,000 million euros per month, while the United Kingdom also increased budget at about 6.45 hundred billion pounds sterling.

Lately in April 2020, Russia continued to decrease its policy rate by 50 basis points to 5.50 percent per annum, in line with the Philippines decided to lower its policy rates by 50 basis points to 2.75 percent per annum.

Policy Interest Rate

(%) At the end of period	2018 Year	2019 Year	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Jan.	2020 Feb.	2020 Mar.	2020 Apr.
USA	2.25-2.50	1.50-1.75	2.25-2.50	2.25-2.50	1.75-2.00	1.50-1.75	0.00-0.25	1.50-1.75	1.50-1.75	0.00-0.25	0.00-0.25
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
England	0.75	0.75	0.75	0.75	0.75	0.75	0.10	0.75	0.75	0.10	0.10
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Canada	1.75	1.75	1.75	1.75	1.75	1.75	0.25	1.75	1.75	0.25	0.25
Australia	1.50	0.75	1.50	1.25	1.00	0.75	0.25	0.75	0.75	0.25	0.25
New Zealand	1.75	1.00	1.75	1.50	1.00	1.00	0.25	1.00	1.00	0.25	0.25
Russia	7.75	6.25	7.75	7.50	7.00	6.25	6.00	6.25	6.00	6.00	5.50
China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
South Korea	1.75	1.25	1.75	1.75	1.50	1.25	0.75	1.25	1.25	0.75	0.75
India	6.50	5.15	6.25	5.75	5.40	5.15	4.40	5.15	5.15	4.40	4.40
Indonesia	6.00	5.00	6.00	6.00	5.25	5.00	4.50	5.00	4.75	4.50	4.50
Philippines	4.75	4.00	4.75	4.50	4.00	4.00	3.25	4.00	3.75	3.25	2.75
Malaysia	3.25	3.00	3.25	3.00	3.00	3.00	2.50	2.75	2.75	2.50	2.50
Thailand	1.75	1.25	1.75	1.75	1.50	1.25	0.75	1.25	1.00	0.75	0.75

Source: Collected by NESDC

Large, medium-sized commercial banks and specialized financial institutions (SFIs) cut interest rates on both deposits and loans. In the first quarter of 2020, the average 12-month fixed deposit rate of large commercial banks declined 0.32 percent continuously from the previous quarter to 1.08 percent per year which was considered the lowest level in 38 quarters. The average interest rate on Minimum Loan Rate (MLR) dropped to the lowest level in 39 quarters which decreased by 0.15 percent to 6.02 per year from the previous quarter. Medium-sized commercial banks, likewise, reduced the average 12-month fixed deposit rate and average MLR rates in the previous quarter from 1.33 and 6.69 percent to 1.20 and 6.65 percent, respectively. Specialized financial institutions also reduced deposit rates and average MLR rates to 1.40 and 6.38 percent, respectively. The real average lending rate and the real average MLR dropped slightly as a result of the growth of inflation.

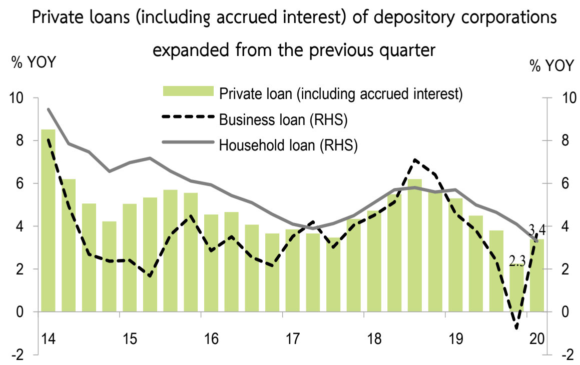
Financial institutions reduced interest rates on both deposits and loans from the previous quarter while the real interest rates decreased following the increase of inflation.

In April 2020, large commercial banks, medium-sized commercial banks, and specialized financial institutions lowered the interest rates on deposits and loans, while real interest rates increased due to lower inflation.

Private business loans expanded whereas household loans continued to slowdown. At the end of the first quarter of 2020, private loans outstanding by depository institutions grew by 3.4 percent, accelerating from 2.3 percent in the previous quarter. This was due to business loans which grew by 3.7 percent after the decrease by 0.8 percent in the previous quarter. The commercial bank loans for manufacturing, and wholesale and retail trade sector expanded by 2.0 percent and 0.3 percent whereas in the previous quarter, these numbers were at 5.3 percent decrease, and 2.2 percent decrease, respectively. The expansion of outstanding loans to small and medium-sized businesses in the commercial banking system continuously decreased by 0.2 percent, from a 2.1 percent decrease in the previous quarter. Household loans expanded at 3.3 percent, decelerated from a 3.7 percent expansion in the previous quarter. This was partly due to the slowdown in personal loans in the field of housing provision, buying or leasing cars and motorcycles, and credit card. Special Mention Loans[4] in the first quarter of 2020 increased significantly in all types of businesses from 436,238 million baht (2.8 percent of total loans) in the previous quarter to 1,254,758 million baht (7.8 percent of total loans). The sectors with the highest outstanding value of loans included personal consumption, production, and wholesale and retail trade sector.

Private loans of depository institutions grew by 3.4 percent, accelerated from 2.3 percent in the previous quarter. The household loans experienced a slowdown due to a decrease in purchase or hire-purchase of cars and motorcycles, and the provision of housing.

[4] Special mention loans refers to loans with an installment period of more than 1 month but not more than 3 months.

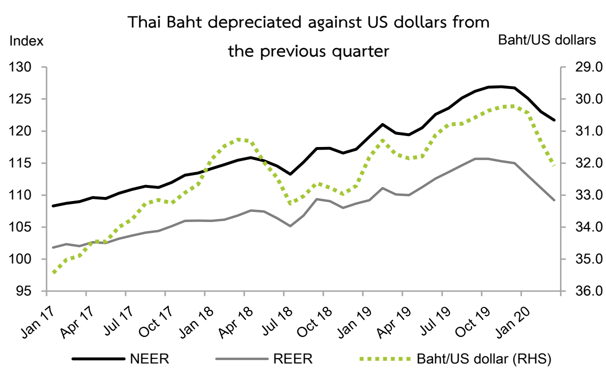


Source: Bank of Thailand

An exchange rate of Thai Baht to US dollars depreciated compared with the previous quarter. An average exchange rate was at 31.28 baht per US dollar, depreciated from the previous quarter. It is, however, in similarity of the currency depreciation in other nations during this quarter such as Singapore dollars, Indian rupees, South Korean won, Indonesian rupiah, Malaysian ringgit, Vietnamese dong, and Japanese yen. In contrast, currencies such as the Philippine peso, Hong Kong dollars, and Taiwan dollars were appreciated. It was assessed that the key factors affecting the depreciation of Thai Baht are difficulties of the COVID-19 pandemic which became ever more severe and widespread, as well as the situation where global and domestic economy were experiencing a significant slowdown. In the meantime, Thai Baht had been pressured by a net outflow of Thai investors in terms of both Thai direct and portfolio investment and a foreign net sell in the capital market. Thai Baht against trading partners (NEER)[5] depreciated an average by 2.8 percent from the previous quarter (an average of 123.29).

Thai Baht depreciated against the US dollar in the first quarter of 2020, in association with the COVID-19 pandemic that affected the global and domestic economic and a net outflow of Thai Investors.

In April 2020, Thai Baht continually moved in a depreciated trend in accordance to a significant economic slowdown that affected by the COVID-19 pandemic, and the economic shutdown associated with the coronavirus prevention measures in many countries. However Thai Baht returned to be appreciated since the Fed announced to implement the Quantitative Easing (QE) program and the US unemployment rate moved in an increase trend. Thai Baht in April was at 32.64 Baht per US dollar, depreciating by 1.7 percent from March average.



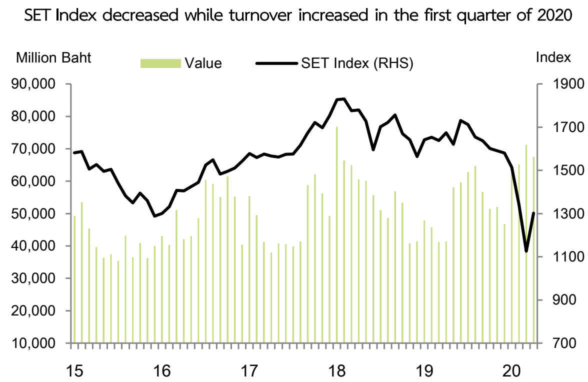
Source : CEIC, Bank of Thailand

SET index decreased from the previous quarter and a circuit breaker was triggered for three times in March. At the end of the first quarter of 2020, SET index decreased by 28.7 percent to 1,126 points from the previous quarter. However, overall throughout the quarter, SET index decreased from the previous quarter, supporting by (i) the worsen situation of coronavirus pandemic across the world affected the expectations in financial reports of the Thai companies and (ii) the lower oil price caused by a decrease in demand and dispute over oil production caused the volatility of stock prices in energy sector. As a result, a circuit breaker was triggered for three times in March. The Securities and Exchange Commission (SEC) reduced the threshold for triggering the circuit breaker and revised the ceiling and floor limits of securities products traded on the SET index, the Market for Alternative Investment (MAI) index and Thailand Futures Exchange (TFEX).

SET index decreased from the previous quarter and a circuit breaker was triggered for three times in March.

In April 2020, SET index increased by 15.6 percent to 1,302 points from the end of March, which was pressured by a net buy of local institutions and retail investors during the upward trend of SET index. Meanwhile, foreign investors posted a continual net sales. In addition, a sign of recovery in coronavirus pandemic and recent relaxations in lockdown prompt economic improvement.

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

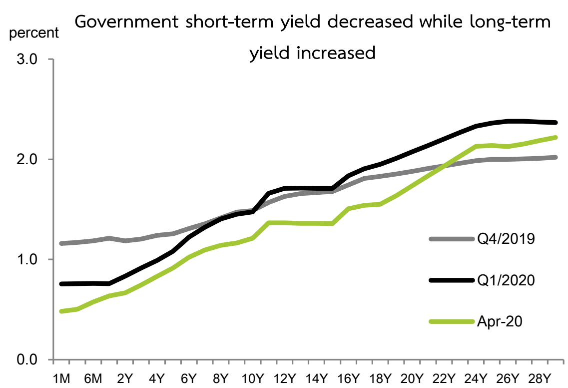


Source: SET

The government short-term yield decreased while long-term yield increased. In the first two months of 2020, the government short-term yield decreased continuously as the Monetary Policy Committee (MPC) reduced the policy rate. Moving onto March, investors became more concerned about the coronavirus pandemic which caused turbulence in global financial markets. In addition, investor confidence in the Thailand economy dropped after the business sector was severely affected by the lockdown measures which the government implemented to prevent further spread of COVID-19, resulted in an increase in government long-term yield as liquidity in bond markets decreased. As a result, the Bank of Thailand (BOT) introduced the Mutual Fund Liquidity Facility (MFLF) with an objective to lower the volatility of the government bond yield.

The government short-term yield decreased while the long-term yield increased.

In April 2020, foreign investors registered a net sale in bond market by selling short-term bond and long-term bond. BOT injected liquidity in financial market and established Corporate Bond Stabilization Fund (BSF). As a consequence, the government bond yield shifted down in all maturities from the previous month.



Source: ThaiBMA

Capital and financial account recorded a net outflow from the previous quarter. In the first two months of first quarter of 2020, capital and financial accounts registered a net outflow of 2.2 billion US dollars; this was caused by a net outflow of Thai investors in terms of both direct and portfolio investments. Despite, there was a continual foreign inflow in term of direct investment.

Capital and financial account recorded a net outflow.

Capital Flow

(Billion USD)	2018	2019					2020		
	Year	Year	Q1	Q2	Q3	Q4	Q1(2M)	Jan.	Feb.
- Direct Investment	-8.0	-7.7	-3.8	-1.8	0.5	-2.7	-0.4	-0.2	-0.2
Thai investor	-21.2	-14.0	-4.4	-3.8	-3.9	-1.9	-1.8	-1.3	-0.5
Foreign investor	13.2	6.3	0.7	2.1	4.4	-0.9	1.4	1.1	0.3
- Portfolio Investments	-5.9	-8.7	-2.6	2.0	-6.3	-1.8	-2.1	-0.4	-1.8
Thai investor	-2.0	-7.8	-1.3	-0.6	-2.6	-3.3	-1.5	-0.6	-0.9
Foreign investor	-3.9	-1.0	-1.3	2.6	-3.7	1.4	-0.7	0.2	-0.9
Others	-1.0	3.5	1.2	-2.8	4.6	0.4	0.3	2.7	-2.4
Capital and financial account	-14.9	-12.9	-5.1	-2.5	-1.1	-4.1	-2.2	2.1	-4.4

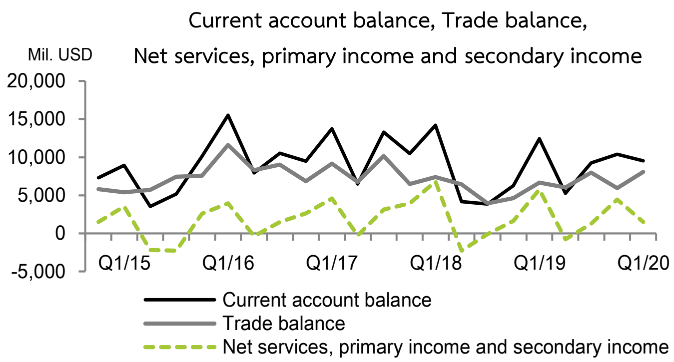
Source: BOT

Current account registered a lower surplus than the same period last year.

Current account registered a surplus of 9.5 billion US dollars (equivalent to 295.8 billion Baht). This was a result of a trade surplus of 8.0 billion US dollars and a surplus in services, and primary and secondary income of 1.5 billion US dollars.

International reserve at the end of March 2020 stood at 226.5 billion US dollars.

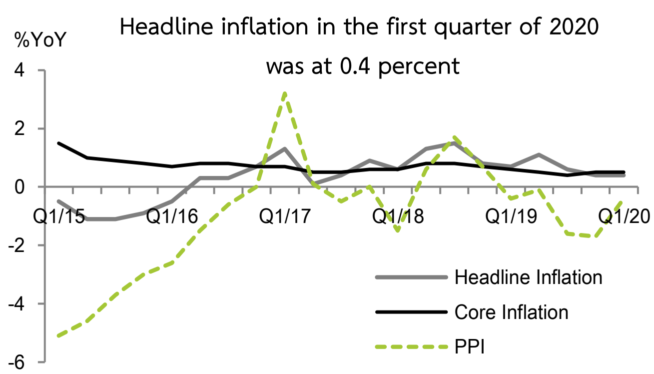
International reserve at the end of March 2020 stood at 226.5 billion US dollars (excluding net forward position of 34.4 billion US dollars), which was equivalent to 3.8 times of short-term foreign debt, or to an import value of 12.9 months (given the average of import value in the first quarter of 2020).



Source: Bank of Thailand

Headline inflation was at 0.4 percent, constant from the previous quarter, following the increase in Food-and-Beverage price index and the decline of energy index.

Headline inflation: In the first quarter of 2020, headline inflation was averaged at 0.4 percent, equal to the previous quarter. **Food-and-Beverage** price index increased by 1.8 percent, constant from 1.8 percent in the previous quarter, due to an increase in prices of rice, flour & cereal products, meats and eggs and dairy products by 7.9 percent, 4.9 percent and 1.7 percent, respectively. **Non-Food and Beverage** price index decreased by 0.4 percent, similar rate to the previous quarter, due to energy index which decreased by 4.0 percent continued from 4.2 percent in the previous quarter. Core inflation was averaged at 0.5 percent, equal to 0.5 percent in the previous quarter.[6]



Source: Ministry of Commerce

Producer Price Index (PPI) decreased by 0.4 percent, compared with a 1.7- percent decrease in the previous quarter, mainly due to the decrease in price of mining products and price of manufactured products, meanwhile price of crops increase.

Producer Price Index (PPI): In the first quarter of 2020, Producer Price Index decreased by 0.4 percent, compared with a 1.7-percent decrease in the previous quarter, due to the decrease in price of manufactured products and mining products. **The price of mining products** decreased by 3.7 percent, from a 5.7-percent fall in the previous quarter due to a decrease in price of lignite, petroleum, & natural gas by 4.4 percent, compared with a 6.7-percent decline in the previous quarter. **The price of manufactured products** decreased by 1.0 percent, compared with a 2.3-percent decrease in the previous quarter as price of petroleum products, and chemicals & chemical products declined. Also, **the price of agricultural products** increased by 5.1 percent, continued from a 4.8-percent growth in the previous quarter as price of crops and livestock increased.[7]

6 In April 2020, headline inflation was -3.0 percent, Core inflation was 0.4 percent. On the first 4-month average, headline inflation was average at -0.4 percent, Core inflation was average at 0.5 percent.

7 In April 2020, Producer Price Index (PPI) decreased by 4.3 percent. On the first 4-month average, PPI decreased by 1.4 percent.

2. Crude Oil price in Q1 of 2020

The crude oil price in the global market declined from the previous quarter and from the same period last year. In the first quarter of 2020, the average crude oil price in the 4 major markets (Dubai, Oman, Brent, and WTI) stood at 49.31 USD per barrel, declined by 19.6 percent from the average at 61.30 USD per barrel in same period last year, and declined by 19.0 percent from average at 60.90 USD per barrel in the previous quarter.

Key reasons for the decline in the global crude oil price included (i) an increase in OECD (US, Canada, and others) inventory to 3,059 million barrels (higher than 2,867 million barrels in the same period last year), (ii) world economic slowed down leading to slowly decrease in crude oil demand, causing the pandemic of COVID-19, and (iii) Increasing oil production between Russia and Saudi Arabia for during oil price war period in March 2020.

The crude oil price in the global market declined due to an increase in OECD inventory, world economic slowdown, and oil price war.

Crude oil price

Year		USD per Barrel					(%YoY)				
		OMAN	DUBAI	BRENT	WTI	Average	OMAN	DUBAI	BRENT	WTI	Average
2017	Year	50.90	54.78	52.99	53.18	52.97	18.1	21.6	27.8	27.4	23.7
2018	Q1	62.94	67.26	63.79	64.12	64.52	21.5	23.4	20.6	20.2	21.5
	Q2	68.07	75.22	72.23	72.28	71.95	41.8	48.7	46.7	46.1	45.9
	Q3	69.52	75.88	74.03	74.32	73.47	44.0	44.9	46.7	46.6	45.6
	Q4	59.57	68.96	68.13	68.56	66.30	7.4	11.9	15.0	15.7	12.6
	Year	65.05	71.84	69.54	69.82	69.08	27.8	31.1	31.2	31.3	30.4
2019	Q1	54.88	63.79	63.20	63.34	61.30	-12.8	-5.2	-0.9	-1.2	-5.0
	Q2	59.62	68.17	67.15	67.37	65.58	-12.4	-9.4	-7.0	-6.8	-8.9
	Q3	56.38	61.96	61.04	61.48	60.22	-18.9	-18.4	-17.6	-17.3	-18.0
	Q4	56.73	62.29	62.05	62.42	60.90	-4.8	-9.7	-8.9	-9.0	-8.1
	Year	56.85	63.99	63.31	63.59	61.94	-12.6	-10.9	-9.0	-8.9	-10.3
2020	Q1	45.77	50.48	50.49	50.53	49.31	-16.6	-20.9	-20.1	-20.2	-19.6
	Jan.	57.70	63.74	64.47	64.58	62.62	11.7	5.8	9.4	9.1	8.9
	Feb.	50.42	55.27	54.18	54.19	53.51	-8.3	-14.1	-15.5	-15.7	-13.6
	Mar.	30.45	33.73	33.84	33.04	32.95	-47.7	-49.7	-49.3	-50.6	-49.1
	Apr.	16.89	26.93	20.67	20.42	21.23	-73.6	-62.4	-70.9	-71.3	-69.4

Source: Thaioil Plc and EPPO.

3. The World Economy in Q1 of 2020

The world economy in the first quarter of 2020 was impacted by the COVID-19 pandemic that widely spread across the world. Numbers of infected persons and death tolls across the world increased sharply since late-February. Against this backdrop, most government had imposed containment measures including the lockdowns, mobility restriction and prohibition of mass gathering which thus made all countries experienced disruptions to economic activities since March. In addition, the global economy was not fully recovery from the impact of preceding trade dispute. All in all, the major economies in the first quarter of 2020 showed some slowdowns or registered largest contraction rates since the economic crisis in 2009.

As the COVID-19 pandemic escalated, most governments quickly responded to control the widespread of virus and protect lives by implementing several immediate policies particularly health care measures to reduce contagion, together with the economic policies to cushion the impact of the economic fallout which are: (i) monetary policy easing such as the policy rate cuts to historically low, large asset purchases, and liquidity support actions through provision of soft-loans to support liquidity for SMEs, (ii) expansionary fiscal policy such as increased government spending, direct transfer to household, tax reduction or tax payment deferral, reduction or exemption of social security contribution, and providing state guarantee loans, (iii) supporting employment measures particularly increased and extended employment benefit, cash payout or benefits to affected labours, and subsidize on employee retention program, and (iv) policy to support household mainly to reduce its cost of living.

Moreover, in order to cope with the tightening financial conditions, the US Federal Reserve (Fed) had agreements with 6 major central banks including the European Central Bank (ECB), the Bank of Canada, the Bank of England, the Bank of Japan (BOJ), and the Swiss National Bank to enhance the US dollar liquidity condition via the standing US-dollar-liquidity swap line arrangements, and these central banks agreed to increase the frequency of 7-day maturity operations from weekly to daily basis. In addition, the Fed also agreed to establish the temporary U.S. dollar liquidity arrangements (swap lines) with the Reserve Bank of Australia, the Banco Central do Brasil, the Danmarks Nationalbank, the Bank of Korea, the Banco de Mexico, the Norges Bank, the Reserve Bank of New Zealand, the Monetary Authority of Singapore, and the Sveriges Riksbank. The Fed also setup the a temporary repurchase agreement facility for foreign and international monetary authorities (FIMA Repo Facility) for central banks and other international monetary authorities who have accounts at the Federal Reserve Bank of New York. This facility, which is available until at least the end of September 2020, allowed FIMA account holders to temporarily exchange their US Treasury securities held with the Federal Reserve for US dollar.

US economy grew by 0.3 percent, the lowest rate in 41 quarters due to declines in both manufacturing and service sectors. Thus the unemployment rate in March was the highest rate in 8 years.

US economy grew by 0.3 percent, the lowest rate in 41 quarters, decelerating from 2.3 percent in the prior quarter. The slowdown was due to declines in both manufacturing and service sectors as indicated by the level of the Manufacturing Purchasing Managers Index (PMI) of 50.4 and the services PMI of 47.5, the lowest rate in 11 years since 2008. Therefore, the labor market was inevitably affected as shown by a decline of 0.21 million nonfarm payrolls, compared with the same period of last year, which was the first reduction in 41 quarters. Furthermore, unemployment rate in this quarter stood at 3.8 percent slightly higher compared to the last quarter. However, the latest unemployment rate in March was at 4.4 percent, the highest rate in 8 years, which was in line with the deceleration in private consumption. Private investment declined by 4.8 percent, the lowest rate in 41 quarters. Meanwhile, the core PCE price index was at 1.8 percent, increasing from 1.6 percent in the previous quarter. Under the economic downturns due to the COVID-19 pandemic, the US government had passed the Coronavirus Aid, Relief, and Economic Security Act of 2 trillion US dollar, with including the following important measures: extending the lengths of which unemployed persons could receive unemployment benefits, reducing employment tax and tax deferrals up to 2 years for affected employers, suspending payments and accrual of interest on federal student loans, providing low-interest private loans to pay for their payroll and certain other costs under the Paycheck Protection Program, and providing additional budget for public health under the Health Care Enhancement Act. At the same time, during the unscheduled meetings on March 3rd and March 15th the Federal Open Market Committee (FOMC) agreed to lower the policy rate by 0.50 and 1.00 basis point, respectively, down from 1.50 - 1.75 percent to 0.00 - 0.25 percent. The committee also announced the following additional monetary measures as to increase financial liquidity including unleashing unlimited quantitative easing, covering also the commercial mortgage-backed securities, establishing Term Asset-Backed Securities Loan Facility (TALF), Money Market Liquidity Facility (MMLF), and Primary Dealer Credit Facility (PDCF).

Eurozone economy declined by 3.2 percent (%YoY), comparing with a 1.0-percent expansion in the previous quarter, a slowest pace in 42 quarters. After seasonally adjusted, the Eurozone economy decreased by 3.8 percent (%QoQ sa.) which was the lowest rate since the Eurozone was established in 1999. France and Italy economies, severely hit by COVID-19, declined sharply by 5.4 percent, and 4.8 percent, respectively. This is consistent with PMI data in the first quarter in particular the composite and service PMI decreased to 44.2 and 43.8 respectively, comparing with 50.7 and 52.5 in the previous quarter. Consumer confidence indicator also dropped to -8.77[8] which was the lowest level in 21 quarters. Meanwhile, unemployment rate and inflation rate in the first quarter were 7.33 percent and 1.1 percent respectively. As for key measure, the European Commission announced the economic stimulus measure on March 13th, 2020, worth 65 billion Euros included additional budget for public health, and emergency fund for member countries. Moreover, they also relaxed the EU fiscal rule to allow members to have a government budget deficit beyond a 3-percent of GDP ceiling and thus member governments could implement their economic stimulus policies to mitigate the impact. The ECB also expanded its monetary policy by expanding a range of eligible asset under the Pandemic Emergency Purchase Programme (PEPP)[9], and easing the condition of collateral for effected companies under the Targeted Longer-term Refinancing Operations (TLTRO-III) during period from June 2020 to June 2021.

Eurozone economy declined by 3.2 percent which was a slowest pace in 42 quarters, in line with decreased of PMI and consumer confidence indicator.

Japanese economy is expected to decelerate from the previous quarter, owing mainly to declines in production, export values and private consumption, as seen in various important indicators such as (i) a reduction of manufacturing PMI to 47.1, the lowest rate in 29 quarters as well as lower than 50.0 for 5 consecutive quarters and (ii) a reduction in retail sale index of 1.3 percent, from a reduction of 3.8 percent in the previous quarter. This was also in line with the low level of consumer confidence index of 36.2, the lowest rate in 35 quarters. Also, the unemployment rate was at 2.4 percent and the inflation registered at 0.5 percent. For the COVID-19 relief measures, the Japanese government announced two economic stimulus packages on February 13th and March 10th with key measures including assistance for impacted employees and small business owners, including freelance workers, special loans with no interest and collateral assets for SMEs, and one-year tax payment extension. At the same time, on March 16th, 2020, the BOJ introduced the special funds-supplying operations as to provide loans for financial institutions in order to facilitate financing of corporates. The BOJ will lend up to 8 trillion yen against corporate debt at a 0.0 percent interest rate, with maturities up to one year. At the same time, the BOJ also decided to increase the upper limit to purchase Commercial Paper (CP) and corporate bonds from 2.2 trillion yen to 3.2 trillion yen and from 3.2 trillion yen to 4.2 trillion yen, respectively. The additional purchases will continue until the end of September 2020. The BOJ also decided to ramp up purchase of ETFs and J-REITs with the upper limit of about 12 trillion yen and about 180 trillion yen, respectively.

Japanese economy is expected to decelerate from the previous quarter, owing mainly to declines in production, export values and private consumption.

Chinese economy contracted by 6.8 percent, the first decline in the history since its quarterly GDP was first released in 1992, following the contraction in all sectors. The Caixin Manufacturing PMI dropped to an average level of 47.2, lower than 50 for the first time in 3 quarters, in line with a decline of 13.3 percent in export values, compared with a growth of 2.0 percent in the previous quarter. This was due to the decline of exports to key trading partners such as the United States, Hong Kong, Japan, Germany and South Korea. Domestic consumption also decreased, reflected by a 19.0-percent decline in the retail sales and a 16.1-percent drop in fixed asset investment. For the economic stability, the average inflation rate increased to 5.0 percent from 4.3 percent in the previous quarter, the highest in 34 quarters. The China's foreign reserve at the end of March 2020 dropped to 3,060.6 billion US dollars, lowest level in 17 months. Meanwhile, corporate debts at the end of 2019 remained high, at 149.3 percent of GDP. Under the conditions of the economic downturn due to the effects of the outbreak of COVID-19, the People's Bank of China (PBOC) decided to relax its monetary policy continuously, by reducing a 1-year loan prime rate (LPR) from 4.15 percent to 4.05 percent on February 20th, 2020, coupled with a reduction of the reserve requirement ratio (RRR) by 0.50 - 1.00 percent for commercial banks to provide loans to SMEs and private companies, which was effective on March 16th, 2020, and also cut the 7-day reverse repo rate on March 30th, 2020, down to 2.20 percent from 2.40 percent. In addition, key fiscal measures also included such as the targeted tax cuts for some industries, including medical suppliers, public transportation, logistics, and also increasing the quota for local government bond issues, the suspended and waived social insurance contribution, and the exemption for smaller taxpayers from value-added tax.

The Chinese economy contracted by 6.8 percent, which is a decline for the first time in the history, following the decline in both agricultural, industrial and service sectors, including a decline in export values, retail sales and fixed asset investment. As for higher inflation as the accelerated food prices.

[8] The 0 number means the neutral condition, while the negative values means the unfavorable situation.

[9] An additional asset purchase program of private and public sector securities until at least the end of 2020, worth 750 billion Euros.

Newly Industrial Economies (NIEs) slowed down from the previous quarter and experienced the lowest growth in many quarters, following the reduction of private consumption and total investment. South Korea economy grew by 1.3 percent, decelerating from 2.3 percent, the lowest rate in 42 quarters, due to a decrease in private consumption, while government spending, total investment and exports of goods and services accelerated. Taiwan's economy expanded by 1.5 percent, decelerating from 3.3 percent in the previous quarter, the lowest in 16 quarters, due to a decline in private consumption and slowdown in total investment, while government spending accelerated. Singapore economy contracted by 2.2 percent, compared with a growth of 1.0 percent in the previous quarter, the lowest rate in 44 quarters due to the decline in industrial production, construction and service sectors. Hong Kong economy contracted by 8.9 percent, continuing from a 3.0-percent contraction in the previous quarter. This was the largest drop since data was first recorded in 1974, following decreases in private consumption, total investment and exports of goods and services, while government spending accelerated. Meanwhile, the inflation rate in most of them decreased from the previous quarter due to a decrease in food prices. Exceptionally, South Korea's inflation increased from the previous quarter due to higher food and energy prices.

The NIEs economies slowed down and lowest in several quarters due to the impact of lockdown in order to control the COVID-19 outbreaks, and the effects to domestic economic activities, especially private consumption and total investment.

ASEAN economies mostly slowed down due to slowing domestic consumption and industrial production. However, exports improved in many countries, partly benefiting from the trade diversion due to the trade protection measures between the United States and China. Indonesia economy expanded by 3.0 percent, slowing down from 5.0 percent. In the previous quarter, the lowest rate in 73 quarters due to the slowdown in household consumption and total investment, while the government spending accelerated. Vietnam economy grew by 3.8 percent, decelerating from 7.0 percent in the previous quarter, the lowest rate in 44 quarters since the financial crisis in 2009, following the slowdown in all production sectors including service, industrial, and agricultural sectors, respectively. The Philippines economy contracted by 0.2 percent, compared with a growth of 6.7 percent, the first contraction in 85 quarters, due to slowdowns in household consumption and government spending, while total investment and exports of goods and services declined. Malaysia economy grew by 0.7 percent, slowing from 3.6 percent in the previous quarter, the lowest rate in 42 quarters, following the slowdown in private consumption and the continued decline in total investment as well as the export of goods remained decline. Inflation rates in most ASEAN countries increased in line with the higher food prices, except for Malaysia where inflation was lower, following the decrease in prices of food and non-alcoholic beverages. Under the conditions of economic slowdown, most ASEAN central banks decided to cut the policy rates[10], coupled with other measures to support liquidity to the economy such as the low interest loans for businesses affected by the COVID-19 outbreaks, reducing the reserve requirement ratio of commercial banks, and also the exemption and reduction of taxes for low income people and businesses.

The ASEAN economies mostly slowed down, following the domestic consumption and the industrial production due to the impact of lockdown and travel restrictions. Meanwhile, exports improved in many countries.

GDP and Export growths in several key economies

(%YoY)	GDP						Export Value				
	2018	2019			2020	Lowest in (Quarter)	2018	2019			2020
	Year	Q3	Q4	Year	Q1		Year	Q3	Q4	Year	Q1
USA	2.9	2.1	2.3	2.3	0.3	41	7.8	-1.7	-1.4	-1.3	-3.3
Euro Area	1.9	1.3	1.0	1.2	-3.2	42	8.7	-1.4	-0.9	-2.6	-4.6
UK	1.3	1.3	1.1	1.4	-1.6	41	10.2	-12.1	5.1	-3.6	-10.2
Australia	2.7	1.8	2.2	1.8	-	-	11.3	7.8	-0.8	5.3	-6.4
Japan	0.3	1.7	-0.7	0.7	-	-	5.7	-1.3	-4.4	-4.4	-4.4
China	6.7	6.0	6.0	6.1	-6.8	113	9.9	-0.3	2.0	0.5	-13.3
India	6.8	5.1	4.7	5.3	-	-	8.7	-3.8	-1.0	0.1	-12.8
South Korea	2.7	2.0	2.3	2.0	1.3	42	5.4	-12.3	-11.8	-10.4	-1.7
Taiwan	2.7	3.0	3.3	2.7	1.5	16	5.9	-0.9	1.8	-1.4	3.7
Hong Kong	2.8	-2.8	-3.0	-1.2	-8.9	185	6.8	-6.3	-2.6	-4.1	-8.8
Singapore	3.5	0.7	1.0	0.7	-2.2	44	10.3	-7.8	-3.5	-5.2	-3.6
Indonesia	5.2	5.0	5.0	5.0	3.0	73	6.6	-6.9	-3.8	-7.0	2.8
Malaysia	4.8	4.4	3.6	4.3	0.7	42	14.2	-3.5	-3.2	-4.3	-0.9
Philippines	6.3	6.3	6.7	6.0	-0.2	85	0.9	2.2	6.2	2.3	-5.2
Vietnam	7.1	7.5	7.0	7.0	3.8	44	13.3	10.5	8.5	8.4	7.6

Source: CEIC , Collected by NESDC

[10] The central bank of the ASEAN countries cut its policy rate in the first quarter of 2020 such as Indonesian rate stood at 4.50 percent (down 0.75 percent). Malaysian rate stood at 2.50 percent (down 0.50 percent). Philippines' rate stood at 3.25 percent. (down 0.75 percent) and Vietnamese rate stood at 3.50 percent (down 0.50 percent)

4. The World Economic Outlook for 2020

The world economy and merchandise trade in 2020 are likely to experience a sharp drop due to impacts from the trade war during earlier periods and additional impacts from the COVID-19 pandemic that have significantly and widely affected major economies. As the epidemic situation is evolving, the global economy and trade volume for the rest of 2020 remain highly uncertain depending on these crucial factors as follows: (i) state capacity and the duration for controlling and containing the contagion of virus in its own jurisdiction particularly to avoid the second wave outbreak, (ii) the degree of containment measures including the lockdown and movement restriction measures as well as the possible measures to prevent the second wave outbreak, (iii) adjustment of consumer behaviors and business model after the pandemic, (iv) policy space and effectiveness of the policy implementation to support business sector to be able to resume their operation, as well as to control the contagious impacts not to move from the real sector to the financial and government sectors, and (v) the development of the vaccine or the treatment against the COVID-19 infection, and the virus adaptability to different weather conditions.

Despite the fact that there remains extreme uncertainty around the global growth forecasts, key assumptions for the baseline scenario include: (i) most major economies are able to contain the spread of the virus within 3 to 6 months and thus economic activities can be resumed to the same level as the current level of China by the middle of the third quarter. (ii) There is no contagious impacts moving from the real sector to the financial sector, causing the financial or fiscal crisis as well as the government policy both fiscal and monetary can fully support the business sector to operate at a 80-percent of their full capacity in the third quarter of 2020, and a 90-percent in the last quarter of 2020. (iii) There is no COVID-19 vaccine available within this year, while the testing, control, and prevention measures need to be more efficient, and the spread of the virus will not be intensified during the cold weather. (iv) The international travel restrictions in major countries will be partially relaxed in the late second quarter, and will be fully terminated in the late third quarter under the condition that there remains efficient policy to control and prevent infection from imported case, together with to trace inbound tourists. Under this baseline scenario, the global economy and global trade tend to hit the bottom around the second quarter before showing a gradual recover during the rest of 2020, mainly supported by the reopening of economic activities and the extensive expansionary policies of major economies. In conclusion**, the world economy and trade volume in 2020 is projected to decline by 2.8 percent, and 10.0 percent**, respectively. Prospects on key economies are as follows:

US economy is expected to decline by 6.0 percent, and will face the most severe economic contraction since the Great Depression in 1929, compared with a 2.3-percent growth in the prior year. As of May 15th, 2020, there were 26,692 daily new confirmed cases with the total cases to total population of 0.45 percent. In addition, the accumulative of daily new case (14-day periods) was still at a high level. Meanwhile, the lockdown and traveling control measures severely disrupted the economy, as shown by the April figures of the Manufacturing PMI of 36.1, the lowest level in 11 years, and the services PMI of 26.7, the lowest level in the history. In addition, the April unemployment rate reached 14.7 percent, the highest rate since 1929, and the jobless claims at the end of the first week of April were at 6.2 million. Due to the severe reduction in economic activities, some state governments thus decided to relax some of restrictions, for example Kansas, Wyoming, Utah, and Nebraska. At the same time, the US government has passed additional relief package of 480 billion US dollars including the budget for the paycheck protection program and the budget for healthcare spending. In addition, the Fed also announced to inject another 2.3 trillion US dollars in loans to support the economy.[11]

Eurozone economy is expected to fall by 7.4 percent, and will be the lowest rate since the Eurozone was established in 1999. Several European countries have the reported infected cases and death tolls among the top 10 highest in the world. As of May 15th, 2020, new confirmed cases reported in Spain, Italy, Germany, and France were 1,721, 789, 724, and 636 cases, respectively. While the total inflected cases in those countries are accounted for 0.58 percent of total population, 0.37, 0.21, and 0.27 percent, respectively. The accumulative daily new case (14-day periods) in Germany and France had declined significantly from their peak period, reflecting the effectiveness of their containment measures. Similarly, those figures in Spain and Italy continually diminished, suggesting that these two countries are likely to contain the situation in the near future. Nonetheless, recent economic indicators in April illustrated that the economic activities declined markedly, continuing from the late first quarter. Eurozone PMI manufacturing and services sectors in April reduced to 33.4 and 12.0, respectively. Against this economic fallout, many governments decided to gradually lift the lockdown measures. In addition, the European Commission has temporarily relaxed its EU fiscal rule that will allow country member to have a budget deficit more than 3 percent of GDP. Consequently, major economies announced further stimulus packages in the second quarter such as France (110 billion Euro), and Italy (400 billion Euro). Meanwhile, the ECB also adopted an unprecedented set of collateral measures including for example easing the conditions for the use of credit claims as collateral, aiming to mitigate the effect on counterparties' collateral availability from rating downgrades arising from the economic impact of coronavirus, while continuing ensuring collateral adequacy.

Japan economy is expected to decrease by 4.9 percent, compared with a 0.7-percent expansion last year, and will be the lowest growth rate in 10 years since 2009. As of May 15th, 2020, there were 83 daily new confirmed cases with the total cases to total population of 0.01 percent. In addition, the accumulative daily new case (14-day periods) was around 26.1 percent of the highest

[11] Included important measures (i) Main Street Lending Program for SMEs affected by COVID-19 by purchasing 85 - 95 percent of participations in loans originated by banks to SMEs and deferring loan payments during the first year, (ii) Paycheck Protection Program Liquidity Facility (PPPLF) by supplying liquidity to participating financial institutions through term financing backed by Paycheck Protection Program loans to small businesses and (iii) Municipal Liquidity Facility by helping state and local governments better manage cash flow pressures as well as raising the budget of TALF.

accumulative level on April 22nd, suggesting the gradual progress in controlling the COVID-19 outbreak. Household consumption is expected to decelerate continuously together with manufacturing and exports sectors, in line with the slump demand in trading partner countries. Nonetheless, the economy would still be supported by the fact that outbreak situation is not too severe, the fiscal stimulus package of 117 trillion yen or around 21.1 percent to GDP and the adoption of the expansionary monetary policy by the BOJ by implementing unlimited purchases of Japanese government bonds, corporate bonds and commercial paper.

Chinese economy is estimated to expand by 2.0 percent, decelerating from 6.1 percent in 2019, and will become the lowest growth rate in 44 years. Nevertheless, the latest data shows that the outbreak situation has been contained as reflected from the recent data that there are only 4 new infections case reported on May 15th, 2020, and the cumulative number of total infections was only 0.01 percent of the total population. Moreover, the accumulative daily new case (14-day periods) stood at 0.1 percent of its peak on February 14th, 2020, suggesting the successful in controlling COVID-19 pandemic. Consequently, the economic activities in Wuhan has reopened and return to its the normal level, as indicated by the traffic congestion index and the coal used for power plants index on May 13th, 2020 has reached the same level as the last year. Similarly, PMI in both manufacturing and service sectors in April were 49.4 and 44.4 respectively, higher than 47.2 and 40.4 in the first quarter, and closer to a neutral level cut 50. In addition, the industrial production index in April showed the first expansion in four months at a 3.9-percent, signaling the recovery of the Chinese economy in the second quarter. It is also expected that the recovery will continue for the rest of the year supporting by the government stimulus measures worth 2.6 trillion RMB (2.5 percent of GDP), and the accommodative monetary policy including for example lower the interest rates[12] and the RRR of commercial banks, providing low interest rate loans to effected sectors, the bond repurchase operations and deferring loan payments to potential non-performing loans (NPLs).

The Newly Industrialized Economies (NIEs) and the ASEAN Economies are expected to slow down or decline following decreases in industrial production, exports, and tourism due to global economic recession. Moreover, the economic activities are also disrupted by the lockdown measure and travel restriction which impacted on number of tourists. In addition, the impacts of the global economic downturn to each country depend on its degree of economic dependency on export and tourism sector, together with the spread severity and duration. The latest data exhibit that the COVID-19 outbreak in South Korea, Hong Kong and Taiwan has lessened as the number of new infected people in those countries on May 15th, 2020 were reported at 27 cases, 1 case, and none, respectively. Moreover, the cumulative number of total infections to total population of South Korea is only 0.02 while the figures of Hong Kong and Taiwan are almost zero. The accumulative daily new case (14-day periods) of those countries were 3.6, 2.2 and 3.3 percent of the highest level on March 8th, April 1st, and March 30th, respectively, suggesting moderated pandemic severity. Henceforth, those governments decided to relax some restrictions on business sector in order to support the economic recovery. Moreover, governments of South Korea, Hong Kong and Singapore all introduced the fiscal stimulus packages worth around 11.4 percent, 10 percent, and 13 percent of GDP, respectively, together with the expansionary monetary policy. Nevertheless, the COVID-19 outbreaks in Malaysia and Vietnam remain highly uncertain, the numbers of new infections reported on May 15th, 2020 were 36 and 2 cases, respectively. The accumulative daily new case (14-day periods) of both countries were 33.8 and 29.7 percent of the highest level on April 5th, and March 3rd, respectively. All in all, the economy of South Korea, Taiwan, and Singapore in 2020 are likely to contract by 1.2, 4.0, and 3.5 percent, compared with the expansion of 2.0-percent, 2.7-percent, and 0.7-percent in 2019. Meanwhile, the Hong Kong economy is projected to decrease by 5.0 percent, compared with a contraction of 1.2 percent in 2019. For ASEAN economies, GDP of Indonesia, the Philippines, and Vietnam in 2020 are expected to grow by 0.5 percent, 0.5 percent, and 2.4 percent, respectively, decelerating from the expansion of 5.0-percent, 6.0-percent, and 7.0-percent in 2019. Besides, the Malaysian economy is estimated to contract by 1.7 percent compared to 4.3 percent expansion in the previous year.

Notwithstanding, there remains uncertainties that could derail the world economy and merchandise trade over the remainder of the year from our baseline projection. Key limitations and risk factors needed to be consistently monitored include: (i) The COVID-19 pandemic that could be more persistent than expected, and the possibility of the second wave which could lead to longer and higher degree of lockdown measure. It is worth noting that there is high possibility of the second wave outbreak if the government relaxes the restrictions too early when there remains high number of untraceable patients, and inefficient prevention policy. In addition, the second wave could lead the number of inflections to increase sharply and beyond the healthcare capacity of some countries. (ii) The pandemic in major economies are longer than expected hence the governments have to extend lockdown measure, and the economic damage could spread from the business and production disruption to fiscal and financial crisis as well as the political tensions. Those catastrophes could generate the volatility in financial market, and investor's expectation. (iii) The US-China trade dispute that could become more intensify and lead to additional economic and trade retaliation measures. Moreover, the geopolitical risk in Middle East region also has to be monitored closely. Nonetheless, there are also the possibilities that the world economy and trade volume for the rest of this year could be better than the baseline scenario under the condition that the COVID-19 pandemic could be controlled faster than expected. The key supporting factors include: (i) the responses of the virus to the hot weather during summer that could bring down the infected cases, and (ii) the development of COVID-19 vaccine and therapies if available before the fourth quarter of this year, and most of population could generally build immunity to the COVID-19.

[12] On April 7th, 2020, the People's Bank of China (PBOC) cut interest rate for excess reserves of commercial banks that deposited with PBOC from 0.72 percent to 0.35 percent and cut the 1-year loan prime rate from 4.05 percent to 3.85 percent and the 5-year rate from 4.75 percent to 4.65 percent on April 20th, 2020, and also cut the 1-year rate of Targeted Medium-Term Lending Facility (TMLF) on April 24th, 2020 for commercial banks from 3.15 percent to 2.95 percent.

5. Thai Economic Outlook for 2020

The Thai economy for the rest of this year remains under high uncertainty depending on many factors that are hard to predict including: (i) the degrees of outbreak severity as well as the intensity of the lockdown and travel restriction measures in foreign countries which would directly affect the global economic expansion and trade volume, (ii) the pathway of the pandemic as well as the lockdown and traveling control measures in Thailand for the rest of the year, (iii) changes in consumer behavior and business operation as well as the intensity and efficacy of government preventive measures after the outbreak began to subside, and (iv) the readiness to resume operation of the business sector after the outbreak abates. Nevertheless, in the baseline scenario, it is expected that, as a result of the economic fallout, governments in many countries would have to relax the containment measures as much as possible. Also, the outbreak situations in foreign countries would start to wind down and, thus, the economic activities would gradually normalize and return to near the pre-COVID level in the third quarter. At the same time, for Thailand, the significant reduction in infected cases would lead the government to slowly loosening the lockdown and traveling control measures together with implementing proactive and preventive measures, of which would also cause the economic activities of household and business sectors to normalize and return to the pre-COVID levels in the third quarter.

Under such conditions, it is expected that the 2020's global economy and trade volume will decline by 2.8 percent and 10 percent, respectively. At the same time, Thai tourism revenue is forecasted to be 0.59 trillion baht. Considered with other assumptions (see the key assumptions for 2020 economic projection section for further details), it is expected that Thai economy, compare with the same periods last year, will experience the largest contraction in the second quarter of this year and will subsequently bottom out with a slower decline during the second half of this year with the following supporting factors: (i) slower declined growth in global economy and trade volume in the second half of the year, (ii) loosening of the containment measures, that could lead to recoveries of economic activities in some sectors, as well as possible lifting of the international traveling ban, that could drive the tourism sector to partially recover over the remainder of this year, (iii) government stimulus measures for supporting economic recovery and mitigating negative impacts, and (iv) driving forces from production and export products benefiting from the trade protection and production base relocation during the past year, coupled with additional contribution from the COVID-19 outbreak which could bring to higher demand on some products and thus help cushion export growth not to face with an extremely sharp decline.

Nevertheless, the overall economic situation for this year is likely to be lower than last year because of the following limitations: (i) expected most severe decline in world economy and trade volume since the Great Depression in 1929, (ii) reduction in tourism revenues, (iii) conditions stemming from the COVID-19 outbreak, and (iv) most severe drought in past 4 years. Furthermore, the economic recovery during the second half of this year would also face with key following risks: (i) more persistent of the outbreak and longer containment measures than assumed in the baseline as well as too-much-loosening measures of those remaining high-infection-rate countries and the possibility of resurgence of COVID-19 during winter season, all of these would become downside risks to the global outlook and would cause the world economy and trade volume to be lower than previously projected. (ii) The longer lasting of the restriction measures compared with the baseline scenario which could especially affect the tourism sector which still depends on the outbreak severity and the magnitude of the preventive measures in different major countries and have thus made more difficulties in lifting international traveling ban, and (iii) economic instability risks in major countries with weak economic fundamentals which, in turn, could be under risk in experiencing with more impacts triggered in the financial and fiscal system and could further worsen the global economy and trade volume.

Supporting factors for the economic growth:

1) **The recovery in world economy and trade volume in the latter half of this year.** The data in the first quarter shows weakening economies in many Thai major trading partners such as Eurozone, China, Hong Kong, and Singapore. In the baseline scenario, it is expected that the magnitude of major trading partners' economic downturn would correspond with the degree of the outbreak severity and the implementation of lockdown and traveling control measures. It is expected that the economic downturns of major trading partners would be far more pronounced in the second quarter than in the first quarter. Nevertheless, latest figures suggested that the situations in some of the major trading partners started to recover as indicated by continuously decreased and remaining low level of daily new confirmed cases, such as China, South Korea, Taiwan, and Hong Kong. In addition, new confirmed cases in Germany, France, and Italy steadily declined, while those in Japan, Spain, and Malaysia tend to be stable. This improvement in the outbreak situation would enable various countries to start gradually loosening the lockdown and traveling control measures. Under such conditions, combined with economic stimulus package introduced in those countries, it is expected that the Thai major trading partners' as well as the global economy would be less decline in the second half of this year which would support the Thai export sector not to face with a very sharp decline, compared with the declines in the world economy and trade volume.

2) **Loosening the lockdown and traveling control measures** in Thailand would make economic activities in some sector to recover. According to the Corona Virus Epidemic Management Center 2019, some lockdown measures have been lifted under the first phase announcement made on May 3rd, 2020, by allowing some businesses to resume their operations such as healthcare center and retail stores but remaining under strict preventive measures. Moreover, on May 17th, 2020, the second phase has been announced, where shopping malls, shopping centers and indoor fitness centers are allowed to be opened. Although there is still uncertainty about the next easing phase, under the baseline scenario, it is assumed that there would be more easing for domestic activities which would

enable economic activities of households and business sectors to gradually normalize to the pre-COVID level. At the same time, although there is still high uncertainty about the policy of loosening some measures related to tourism sector, the latest data suggests that there is a higher probability of opening tourism sector particularly for foreign tourists from the countries where the outbreak is under control, but it should remain under strict preventive measures.

3) **The driving force from government stimulus measures** include: (i) the disbursement of FY2020's annual government budget of 3,200,000 million baht. The current budget will be about 2,587,655 million baht, increasing by 5.7 percent, compared with the same period of last year. It is expected that the disbursement rate of the current budget should be 99.0 percent, increasing from 97.8 percent in the previous annual budget. The capital budget will be about 612,345 million baht, increasing by 11.1 percent, compared with the same period of last year. It is expected the disbursement rate of the capital budget to be at 55.0 percent, compared with 70.2 percent in the previous annual budget. The lower disbursement rate of the capital budget is due to the delay in FY2020 budgeting process in the first quarter of the fiscal year, however, it is expected that the disbursement rate will improve during the rest of this year which would support the economic recovery. (ii) The disbursement rate of FY2021's annual government budget for the first quarter of the fiscal year is expected to be at 28.0 percent and, once combined with the low growth base in the same period last year, it is expected that public investment in the last quarter of CY2020 would grow at a high rate. (iii) The budget under the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020), of 1 trillion baht, of which is expected to be disbursed around 563,400 million baht. (iv) Measures of loans provision under the Emergency Decree on the Maintenance of Stability of the Financial System and Economic Security of the Country, B.E. 2563 (2020), although it could not prevent the decline in economic activities, it is crucial to relief and cushion the impacts which would help business sector as well as overall economy to be able to recover faster once the outbreak is wind down.

4) **The productions and exports of some key products** are supported by changes in trade direction and production base relocation as a result of prior trade protection, coupled with additional contribution from COVID-19 which could lead to higher demands for some products. Even though the overall exports (excluding gold) and industrial sector has been declined in the first quarter, the productions and exports of many products expanded at an accelerating rate, especially computer parts and accessories, machinery, parts of electrical appliances and animal food, all of which accounted for around 12.1 percent of total industrial production. It is, however, expected that the more severe outbreak in the second quarter would negatively impact exports of those goods through global supply chain. Nonetheless the productions and exports of those goods could still expand at satisfactory rates after the outbreak in major countries has been winded down during the second half of the year which would thus enable the exports not decline too much compared with the reduction in global economy and trade volume.

Key Limitation to Economic Growth:

Even though, the supporting factors as mentioned earlier will help the Thai economy to gradually recover, the economic activities in the latter half of this year remain at a lower level compared to the level of the last year due to the crucial limitations as follows:

1) **The global economy and trade volume are expected to fall sharply** and could be the worst recession since the Great Depression in 1929. Despite the fact that the COVID-19 pandemic in major economies tends to relieve and thus governments have relaxed the containment measures which would support the economy to gradually improve in the second half of this year, the global economy and trade merchandise in 2020 are expected to contract by 2.8 percent, and 10.0 percent respectively mainly due to (i) the sharp contraction of major economies in the first half of the year particularly in the second quarter, (ii) the recovery in the latter half tends to be sluggish and slower than expected since the number of infections remains high in many countries which could take longer time to contain the spread of the virus, and (iii) the economic activities of major countries tend to operate at a lower level than the same period of the last year although the restriction will be eased but these relaxations will occur under the control and prevention policies and under the structural shifts in consumer behavior, together with extreme reduction in the household income, less liquidity in business sector, and the increase in debt burden.

2) **Number of foreign tourists and revenue from foreign tourist are expected to face with sharp decline.** Under the baseline scenario, it is expected that the travel ban will be lifted and that would allow foreign tourists to travel to Thailand in the fourth quarter. Numbers and revenues of foreign tourists tend to be lower than the same period of last year due to (i) the slow recovery of the pandemic situation in key origins of tourist particularly Malaysia, Russia, India, and US, which contributed around 5.5 percent, 5.4 percent, 4.5 percent, and 4.3 percent of total revenues from foreign tourists respectively, (ii) the relaxation of foreign tourist tends to be constrained by the variation of healthcare standard and disease control policy among different countries, and (iii) the change of tourist behavior due to the pandemic, and the travel restriction in the origin country. In addition, the number of foreign tourists in the first quarter decreased by 38.0 percent and will further decline in the second quarter. Henceforth, the number of foreign tourists and revenue from foreign tourists in 2020 will considerably decline from last year.

3) **The conditions stemming from the COVID-19 pandemic situation in Thailand** particularly from March to May that the numbers of infections had increased. Consumer and business sector have to adjust their spending and business operating behaviors in order to cope with this widespread of virus. Government needs to introduce the containment efforts for controlling a disease and preventing adverse impacts to economic and society. Although the containment measures will be lifted in the latter half of the year,

it is expected the economic activities will not immediately return to the normal condition. Business sector and people daily life have to adjust to the government's prevention and disease control measures. Moreover, some of the disease preventive measure is likely to be continually implemented.

4) **The worst drought in the last four years** will markedly hinder the expansion of agricultural sector and curb the agricultural production to be lower than the previous year. This is in line with the GDP in agricultural sector in the first quarter that declined by 5.7 percent. Similarly, the agricultural production index decreased by 5.0 percent, 4.5 percent, and 9.6 percent in January, February, and March, respectively. In addition, the actual figures of all usable water stored in dams and reservoirs, as at 1st, May 2020, were 33,757 million cubic metres (48 percent of all available storage), which was the lowest level in 4 years, compared with 40,454 million cubic metres (57 percent of all available storage) in 2019, and closed to 52 percent of all available storage in 2015 when the agricultural sector was affected significantly and decline by 6.5 percent. Under these conditions, the agricultural production in 2020 is expected to decline if the rainfall level in for the rest of this year is lower than last year. This drought condition is also possibly affected other production sectors if the drought situation become more pronounce than expected.

Key Risk Factors:

There remain downside risks that could make the economy for the rest of this year to expand lower than expected. Key risk factors needed to be constantly monitored are as follows:

1) **Uncertainty of pandemic and state capacity to control and prevent the virus in major countries** particularly the key trading partners and the key origin of inbound tourists in which that the pandemic in those countries could last longer or shorter than assumed in the baseline scenario. In addition, the global economy and merchandise trade will be worse than the base case projection if there is a second wave pandemic.

2) **The phase of reopening and easing travel restriction in major countries** remains highly uncertain as well as the domestic measures especially those related to the tourism sector. Under this uncertain condition, the Thai economy as well as the global economy might recover at different pace than assumed in the baseline.

3) **The readiness and the capability of the production sector for reopening** after the lockdown was eased. Moreover, other key factors include the readiness of the private sector to adjust their business model to be in line with some remained disease preventive measures, and the new consumer behaviors particularly under the periods that the outbreak cannot completely ends.

4) **Additional risks from uncertainties in the global economy and financial situations**: there remains some key risk factors that could make the global economy to expand lower than expected and financial conditions to become more volatile, including: (i) the higher US and China tension that could lead to additional trade measures as well as key policy directions during the time of US election in late 2020. Furthermore, the geopolitical conflict in Middle East region also has to be consistently monitored. (ii) The amplification channels of the impacts that could spread from supply disruption to financial and fiscal crisis, and political uncertainty. Specifically, countries with fragile economic structure are more likely to be affected by the prolonged epidemic since their capacities to cope with the disease as well as the monetary and fiscal policy spaces are very limited, and (iii) the continued uncertainty of the Brexit.

Economic Stability of Developing and Emerging Economies

Country	Public Debt to GDP	External Debt to GDP[1/]	Short Term External Debt to External Debt	Foreign Exchange Reserves to Month of Import Value	Long term Government Bond Yields[2/]
Argentina	88.7	61.8	31.5	9.6	20.8
South Africa	62.2	52.7	18.6	6.2	10.8
Sri Lanka	86.8	67.6	14.8	4.0	10.7
Pakistan	83.5	37.5	4.9	3.1	10.0
Turkey	33.1	58.0	28.3	4.6	9.0
Indonesia	30.4	36.1	11.7	8.6	8.2
Mexico	53.4	36.8	14.2	4.5	7.4
Brazil	89.5	31.2	13.8	23.4	7.3
India	71.9	19.8	20.0	10.7	6.7
Philippines	38.6	22.2	20.6	8.4	4.4
Chile	27.9	70.1	11.1	7.2	3.1
Malaysia	57.2	62.6	41.4	5.8	2.9
Vietnam	42.9	46.0	-	3.7	2.9
Thailand	41.1	34.3	32.2	10.9	1.1

Source: CEIC, IMF และ worldgovernmentbonds

Note: [1/] including Private and Public Debts
[2/] 10 years Government Bonds Yields or other long term bond yields

Key assumptions for 2020 economic projection:

World Economic Projection

	Actual Data			Projection for 2020	
	2017	2018	2019	Feb 17, 2020	May 18, 2020
World Economic Growth (%)[1/]	4.2	3.8	3.1	3.2	-2.8
USA	2.4	2.9	2.3	2.1	-6.0
EU	2.5	1.9	1.2	1.3	-7.4
Japan	2.2	0.3	0.7	0.6	-4.9
China	6.9	6.7	6.1	5.7	2.0
World Trade Volume (%)	5.1	4.0	1.5	2.4	-10.0
Exchange Rate (Baht/US dollar)	33.9	32.3	31.0	30.7 - 31.7	31.8 - 32.8
Dubai Crude Oil (US Dollar/Barrel)	53.0	69.5	63.3	57.0 - 67.0	33.0 - 43.0
Export Price (US Dollar) (%)	3.6	3.4	0.3	(-0.6) - 0.4	(-2.5) - (-1.5)
Import Price (US Dollar) (%)	5.5	5.6	0.2	(-0.6) - 0.4	(-4.0) - (-3.0)
Income from Tourism (Trillion baht)	1.78	1.82	1.88	1.73	0.59

Note: [1/] World economic growth is calculated by trade weight of key trading partners in 2016 - 2018 (15 economies)
Source: NESDC

1) **The world economy and trade volume in 2020 are expected to decline by 2.8 percent, and 10.0 percent respectively**, revised downward from the expansions of 3.2 percent and 2.4 percent in the previous projection. This is mainly due to the COVID-19 pandemic which widely spread across the world and has significantly affected all economies. In the assumption of previous projection, it is expected that the epidemic was limited only within China and could be ended in March. Unfortunately, the pandemic has more severe than expected and hence several governments have to enforce lockdown measures and travel restriction which have considerably impact the economy particularly in the second quarter. In the baseline assumption, the pandemic situation will be confined within the third quarter. This assumption is consistent with the numbers of new inflections in several countries that have continually declined and more contained such as China, South Korea, Taiwan, and Hong Kong. Also, the numbers of new inflections in Germany, France, and Italy have showed the downward tendencies, while the figures in Japan, Spain, and Malaysia are more stabilized. Consequently, most countries tend to further ease the lockdown measures and travel restrictions. This situation together with the government economic policies will support the world economy in the latter half of the year to fall at a slower pace.

2) **The average value of Thai Baht in 2020 is expected to be in the range of 31.8 - 32.8 baht per US dollar,** depreciating from 31.0 baht per US dollar in 2019, and comparing with the range of 30.7 - 31.7 baht per US dollar in the previous projection. The average exchange rate in April was 32.6 baht per US dollar, depreciating from 31.3 baht per US dollar in the first quarter. The depreciation was mainly due to the economic impact of COVID-19 pandemic globally and, as a result, higher US dollar demand owing to investors' wariness. Besides, the pandemic would also affect tourism revenue and, in turn, lower the current account surpluses. Nevertheless, Thai baht depreciation trend could be limited and it could be under appreciation pressure during the second half of the year owing to the improving situation of the outbreak in major countries as well as the significant progress in preventing and controlling the COVID-19 outbreak in Thailand.

3) **The average Dubai crude oil price in 2020 is expected to be in the range of 33.0 - 43.0 US dollars per barrel,** lower than the average price of 63.3 US dollars per barrel in 2019, and a reduction from the range of 57.0 - 67.0 US dollars per barrel in the previous assumption. The downward adjustment was consistent with a continual drop in crude oil price from an average of 64.5 US dollars per barrel in January to 54.2 33.8 and 20.7 US dollars per barrel in February, March and April 2020, respectively. The declining trend of oil price was mainly due to following key factors: (i) The COVID-19 outbreak that has reduced global oil demand. According to the IEA Oil Market Report April 2020 by the International Energy Agency (IEA), it was estimated that oil demand in April 2020 will be the lowest in 25 years and expected to decline an average of 9.3 million barrels a day in 2020. (ii) An increase in the U.S. crude oil inventories, which was the highest level in 3 years, reflecting the excess supply in the world market. However, there is still upward pressure on crude oil price for the rest of the year to gradually increase from April. This is in line with Dubai crude oil price during May 1st - 14th, 2020 that started to increase to an average of 26.2 US dollars per barrel. Possible uptrend of oil price can be due to following key factors: (i) the crude oil production cut by a total of 9.7 million barrels per day, which is effective on May 1th , 2020, according to agreement between OPEC and its allies (OPEC+) and also Saudi Arabia will cut oil production by an additional 1 million barrels per day from the original agreement to 4.8 million barrels per day, resulted in the Saudi Arabia's oil production since June 1st, 2020 lower to 7.492 million barrels per day. (ii) The decrease in the number of US crude oil rigs, which dropped to the lowest in 11 years[13], after crude oil prices fell to the lowest in more than 21 years. (iii) The gradual easing of lockdown and restriction measures in many countries in the second half of the year, which will enable that economic activities to resume and recover thereafter.

[13] Rystad Energy's research shows that the US has production costs of Shale oil and non-shale stood at 23.35 and 20.99 US dollars per barrel, respectively, higher than Saudi Arabia and Russia, which have the total production costs stood at 8.98 and 19.21 US dollars per barrel, respectively. Besides, specifying that if the crude oil price stood at 20 US dollars per barrel would lead to around 533 US oil exploration and production companies will file for bankruptcy by the end of 2021.

4) **The export and import prices in US dollar term in 2020 are expected to decrease by (-2.5) - (-1.5) percent and (-4.0) - (-3.0) percent,** compared with an increase of 0.3 percent and 0.2 percent in 2019, respectively, and revised down from the previous assumption of both export and import prices to be in a range of (-0.6) - (0.4) percent. This is in line with (i) the revised assumption in Dubai crude oil price from a drop of 2.1-percent to a contraction of 40.0-percent and the downward trend in commodity prices in both raw materials and important industrial goods amid the COVID-19 outbreak which has caused by the decrease in demand for commodities in the global market, together with (ii) an adjustment assumption of the Thai baht depreciation when compared with the previous projection.

5) **Revenue from foreign tourists in 2020 is expected to be 0.59 trillion Baht,** decreasing by 68.8 percent from 1.88 trillion baht in 2019 and declining around 1.73 trillion baht from the previous projection. The number of foreign tourists in 2020 is projected to be at 12.7 million people, revised down from 37.0 million people in the previous projection, and also declining from 39.8 million people in 2019. The projection is under the assumption that the COVID-19 outbreak in major countries would be contained and finally wind down in the third quarter of this year. Thus, there would be possibility that the international traveling control measures would be relaxed and, as a result, allow foreign tourists to visit Thailand in the fourth quarter of this year. However, the decision on how to lift the international travel ban will be based on the outbreak situations in the tourists' origin countries, where the country with very low risk of outbreak would be considered as priority. Besides, another key conditions if there the decision will be made on loosening international travelling control is the readiness of Thailand to handle the foreign tourists and if there is adequate preventive measures to control and limit the resurgence of COVID-19 outbreak coming especially from the foreign tourists.

6) **The budget disbursement assumptions** are as follows: (i) The FY2020's annual budget disbursement rate of 90.5 percent of the overall budget, downwardly revised from 91.2 percent in the previous projection. This is mainly due to the downward revision of capital budget disbursement rate to 55.0 percent from 65 percent of the overall capital budget in the previous projection consistent with the fact that the capital budget disbursement rate in the first-two quarter of FY2020 was only 14.8 percent, comparing with 20 percent in the previous projection. Nonetheless, the assumption of current budget disbursement is increased from 98 percent of overall current budget to 99 percent. (ii) The FY2021's annual budget disbursement rate is anticipated at 94.2 percent of overall budget, and there will be no delay in budgetary process. Specifically, the budget disbursement rates of current and capital budgets are expected at 98 percent, and 80 percent, respectively. (iii) The carry-over budget disbursement of 90.0 percent, upwardly revised from 70.0 percent in the previous projection due to the higher than expected disbursed in the first-two quarter of FY2020 that was at 54.5 percent comparing with 45.0 percent in the previous projection. (iv) State-owned enterprises' capital budget disbursement of 75.0 percent, remained unchanged from the previous forecast. (v) The budget under the Emergency decree authorizing the Ministry of Finance to raise loans to solve problems, to remedy and restore the economy and society as affected by the Coronavirus disease pandemic BE 2563 (2020) is expected to be disbursed around 563,400 million bath in CY2020.

Economic Projection for the Thai Economy in 2020:

The Thai economy in 2020 is projected to decline in the range of (-6.0) - (-5.0) percent (with the midpoint of -5.5 percent), compared with a 2.4-percent expansion in 2019. Headline inflation is estimated to lie within the range of (-1.5) - (-0.5) percent and the current account is anticipated to record a surplus of 4.9 percent of GDP.

In the press release dated on May 18th, 2020, the NESDC forecasted that the Thai economy is expected to decline in the range of (-6.0) - (-5.0) percent (with the midpoint of -5.5 percent), revised downwardly from an expansion of 1.5 - 2.5 percent (with the midpoint of 2.0 percent) in the previous projection, released on February 17th, 2020, together with the revision in key growth components to be consistent with changing conditions and revised assumptions as follows;

The Thai economy in 2020 is likely to confront with additional limitations and risk factors including: (i) the contraction of the 2020 global economy and trade volume which could induce exports, industrial production and private investment to decrease more than expected; (ii) decline in tourism revenues; and (iii) shifts in behaviors of consumers and businesses, during increasing COVID-19 infected cases period in Thailand and, therefore, government has to impose the lockdown and travelling control measures as to prevent and control the outbreak from severely impacts people's health and lives as well as overall economy and society. The above key conditions will directly affect economic expansion and key assumptions of projection as follows:

1) **The decline in global economy and trade** in 2020 is likely to be severe and have impacts on Thai exports sector to experience decline in both export volume and prices. As a result of the severe impacts of the COVID-19 pandemic which caused various countries to implement the containment measures, the economic activities in major countries have been disrupted, especially during the first half of the year. This was in line with economic data from many countries in the first quarter shown signs of the economy going into recession, such as Eurozone, China and Hong Kong. At the same time, price of crude oil and major intermediate goods prices continued to decline, and, thus, caused Thai export values (excluding gold) in the first quarter to decline by 3.1 percent. Furthermore, key economic indicators of major countries in April revealed the continuous and more pronounced declines. Various indicators registered historical low levels which clearly shown the severe contraction of the global economy and trade volume during the first half of this year. Nonetheless, under key assumptions (see the key assumptions for 2020 economic projection section for further details), the world economy and trade volume would subsequently decline at a slower rate during the second half of this year. In all, the world economy and trade volume in 2020 are expected to decline by 2.8 percent and 10.0 percent, compared with the expansion of 3.2 percent and 2.4 percent in the previous projection, respectively. Under such conditions, thus, there will be significantly less driving force from the export of goods, compared with the previous forecast.

2) **The decline in foreign tourist revenues**, in line with the decrease in tourist numbers, was directly impacted by the international travel restriction in many countries, including Thailand. This resulted in suspending commercial flights for almost all routes as to control the COVID-19 outbreak. In the baseline scenario, it is expected that the outbreak will be contained during the third quarter of this year, which would let many countries to start relaxing their traveling control measures and, subsequently, international travelling would be allowed in the fourth quarter of this year. Besides, the projection is based on the assumptions that loosening international travel ban will depend mainly on the outbreak conditions in the tourists' origin countries, where the country with very low risk of outbreak would be considered as priority.[14] Then, it is expected that, in the fourth quarter, there will be around 6.0 million inbound tourists from the low risk countries and, thus, once combined with 6.7 million tourists in the first quarter, it is projected that the total foreign tourists would be 12.7 million people in 2020, compared with 39.8 million people in the previous year and with 37.0 million people in the previous projection. The revenue from foreign tourists in 2020, hence, would be 0.59 trillion baht, compared with 1.88 trillion baht in 2019 and with 1.73 trillion baht from the previous projection. Under such conditions, there will be significantly less driving force from the export of services, compared with the previous forecast.

3) **The adaptations of consumers and business sectors**, during the period of increasing COVID-19 confirmed cases in Thailand (since January 21st), caused the structural shifts in economic behaviors of household and business operations. In addition, government also has to impose the lockdown and traveling control measures as to prevent and control the outbreak. Under such conditions, the economic activities declined in production, consumption and employment, especially in the sector related to tourism, traveling, as well as those related to mass-gathering and indoor activities. There have been decreases in those activities facing high risk of infection as well as in some other activities that were temporary close down, as to reduce the chance their employees will be infected and to wait and see the situation before making decision on their businesses. These limitations will put additional negative impacts on the Thai economic outlook, apart from the effect from COVID-19 outbreak through the contractions of the global economy and trade volume as well as through a reduction in tourist numbers and revenues, especially in the second quarter of this year. However, the successful for the government in containing the domestic outbreak as observed from the number of daily new infected cases in Thailand decline continuously and there was no new confirmed case in May 13th, 2020, would improve consumer

[14] Information on global infected cases as at May 15th, 2020, indicated that (i) the low risk countries (the accumulative daily new cases for the 14-day period is less than 15.0 percent of its highest level) are mainly those in Asia and Europe, such as China, Hong Kong, South Korea, Taiwan, Austria, Norway, Australia, and New Zealand, which were contributed around 48.0 percent of the Thai revenues from foreign tourists in 2019, and (ii) the medium risk countries (the accumulative daily new cases for the 14-day period is less than 15.0 - 20.0 percent of its highest level) are mainly those in Europe, such as Denmark, Germany, France, and Eastern Europe, which were contributed around 7.2 percent of the Thai revenues from foreign tourists in 2019.

and business confidences then starting to normalize their consumption and business operation behaviors. Under such conditions, together with the possible loosening the lockdown in business and entertainment venues as well as in the airport operation, it is expected that the economy in the third quarter would decline by a slower pace.

Key components of the economic growth :

1) **Total Consumption: (1) Private Consumption Expenditure** tends to decline by 1.7 percent, comparing with a 4.5-percent expansion in 2019, and a 3.5-percent growth in the previous projection. This downward revision was mainly due to the declining trend of income base particularly export and tourism sectors which has affected employment and consumer confidence, changing consumer behaviors, and the protection and containment measures. Nonetheless, the private consumption tends to pick up gradually over the remainder of the year following the lower number of new infected cases as well as more easing of the containment measures and the support from the government assistance measures. **(2) Government Consumption Expenditure** is projected to grow by 3.6 percent, accelerating from 1.4 percent in 2019, and revised upward from 2.6 percent in the previous projection. This revision is mainly due to the adjustment of FY2020 annual budget disbursement assumption, together with additional spending under the Emergency decree authorizing the Ministry of Finance to raise loans to solve problems, to remedy and restore the economy and society as affected by the Coronavirus disease pandemic BE 2563 (2020) including both the public health program for the COVID-19 prevention and the program for economic and social restoration.

2) **Total Investment** is expected to decrease by 2.1 percent, comparing with a 2.1-percent expansion in 2019, and a 3.6-percent growth in the previous projection. **(1) Public investment** is projected to grow by 5.6 percent, speeding up from 0.2 percent in 2019, and revised up from a 4.8-percent in the previous projection. This was in line with the upward revision of FY2020's carry-over budget disbursement assumption to 88 percent of total budget due to a higher-than-expected disbursement rate in the first-two quarters of FY2020, together with the expected additional spending under the Emergency decree to restore the expansion economy and society. **(2) Private investment** is expected to decrease by 4.2 percent, comparing with a 2.8-percent in 2019, and revised down from a 3.2-percent expansion in the previous projection. The downward revision was in line with lower capital utilization rate as well as declines in export, domestic consumption, and business confidence.

3) **Export value of good in US dollar terms** is anticipated to decrease by 8.0 percent, compared with a 3.2-percent contraction in 2019, and a 1.4-percent growth in the previous projection. This downward revision was a result of the downward revision of export volume forecast from a 1.5-percent expansion to a 6.0-percent contraction due to the adjustment of assumptions on the world GDP growth and global trade volume from an expansion of 3.2 percent and 2.4 percent to decreases of 2.8 percent and 10.0 percent respectively. Additionally, the export price assumption was also revised down to a 2.0-percent decrease from a 0.1-percent contraction in the previous forecast consistent with the lower Dubai crude oil price assumption. Moreover, the export of services is also expected to decline in tandem with the expected decline in number of foreign tourists to be at 12.7 million persons in 2020, compared with 39.8 million persons in 2019. Consequently, the export quantity of goods and services in 2020 is estimated to decline by 17.3 percent, compared with a 0.9-percent growth in the previous projection, and a 2.6-percent contraction in 2019.

4) **Import value of goods in US dollar term** in 2020 is expected to decline by 13.2 percent, compared with a 5.4-percent contraction in 2019, and a 2.7-percent expansion in the previous projection. This downward revision is mainly due to the adjustment of import quantity of goods from a 2.8-percent growth in the previous forecast to a 9.7-percent decrease in this projection. Moreover, the import price assumption is also revised from a 0.1-percent contraction to a 3.5-percent reduction in this forecast. This is in line with the adjusted projection of exports, private consumption, and private investment. Together with a less expected Thai people traveling abroad, the import of goods and services in 2020 is expected to decrease by 13.3 percent, compare with a 3.1-percent expansion in the previous projection, and a 4.4-percent decrease in 2019.

5) **Trade balance** is estimated to register a surplus of 35.7 billion US dollars, increasing from a surplus of 26.6 billion US dollars in 2019, and a surplus of 24.2 billion US dollars in the previous projection. This adjustment is mainly due to the expected decline of import that tends to be faster than the decline of export. Combining with less surplus in the service account due to declining revenues from foreign tourists, **the current account in 2020 is expected to register a surplus of 24.0 billion US dollars or 4.9 percent of GDP**, comparing with a surplus of 7.0 percent of GDP in 2019, and a surplus of 5.3 percent of GDP in the previous projection.

6) **Economic stability**: the headline inflation rate in 2020 is expected to be in the range of (-1.5) - (-0.5) percent, comparing with a 0.7-percent growth in 2019, and revising down from a range of 0.4 - 1.4 percent in the previous forecast due to the softened domestic demand-pulling pressure, and downward adjustment of crude oil price assumption.

6. Economic Management for the year 2020

The COVID-19 pandemic has severely impacted the Thai economy in 2020, especially through declines in exports of goods in line with sharp contractions in the global economy and trade volume, and declines in exports of services due to a travel ban in many countries, which, in turn, caused foreign tourists and tourism revenues to decrease drastically. At the same time, domestic business sector was similarly affected through the reduction in revenues from exports and tourists. The outbreak also caused changes in environment of household behavior and business operation. In addition, the government has to implement measures on epidemic prevention and control, as to mitigate the outbreak impacts on both economy and society. The economy is expected to gradually recover during the second half of this year, supported by (i) the improving situation in major countries as the outbreak tends to be contained well and thus allow those countries to relax the containment measures which consequently would help improving the overall global economy and trade volume, (ii) the success in containing the outbreak in Thailand and thus allow the government to lift some of the preventive measures and, thus, would lead economic activities of households and business sectors to normalize to the pre-COVID level, and (iii) the government stimulus measures for supporting economic recovery and diminishing negative impacts. Nevertheless, the recovery still faces with many limitations and remains under high uncertainty. Given the above environment, the macroeconomic policy management for the remaining of 2020 should put emphasis on:

1) **Coordinating the monetary and fiscal policies to support the economy during the periods of sharp decline in tourism revenues as well as in global economy and trade volume**, as to alleviate the impacts from economic downturn and to assure the readiness of the business sector for the reopening stage after the COVID-19 case dwindled and more eased global economic conditions. Key focus should be on the following measures: (i) assuring that implemented policies on both fiscal and financial measures could reach the desired target groups and are suitable and adequate for those affected, especially credit support measures, of which have to be quickly implemented and to be monitored and evaluated for the adequacy and the difficulties during implementation, (ii) emphasizing on employees and businesses particularly in those sectors of which the lockdown relaxing might be delayed, especially those businesses related to tourism and mass gathering activities, as well as those activities affected by changes in consumer behavior and production process after the outbreak subsides (iii) monitoring and preventing contagion impacts that could spread from production sectors to financial sector, and (iv) creating suitable financial environment to mitigate impacts from the outbreak and to support the continuous recovery in economic and production activities, especially by providing sufficient loan for re-opening business sector, reducing obstacle in accessing to credit, monitoring financial cost, and preventing risks from baht appreciation during the global economic recovery.

2) **Loosening restrictions that had been imposed under a lockdown and easing a traveling control gradually and in calibrated manner as well as strictly adhere to the preventive measures, together with implementing additional measures to support households and business sectors in order to adjust their behaviors and prompt to return to near the pre-COVID level, and also to adhere to the preventive measures as well as to be able to cope with the changing environment of both consumer behaviors and business operations during the post-COVID**, with the following important issues: (i) providing clear guideline on the appropriate practice to households and re-opening businesses as well as continuously controlling and preventing the COVID-19 resurgence, (ii) considering additional suitable activities to serve well with changes in economic environment, such as providing and developing outdoor public areas for SMEs, advocating online marketing, and providing low-cost logistics as to support deliveries from producers to consumers during, especially, the lockdown periods and limited regular transportation, (iii) requesting for cooperation from government agencies, state-own enterprises as well as private sector to consider additional holidays after the outbreak subsides, without having impacts on economic activities, as to support domestic tourism industries particularly during the periods that there are some constraints from international traveling and thus the recovery of foreign tourists has somewhat limited, as well as advocating and providing domestic travelling package as to encourage the Thai people to travel domestically instead, (iv) speeding up the disbursement of FY 2020's annual budget, especially those related to seminar and training in public sector as soon as the outbreak dwindles down, (v) providing consulting services for local businesses who are facing problems in re-opening, especially with the non-financial problems, and (vi) emphasizing on labor market problem during the economic recovering phase, especially the shortage in unskilled and low skilled labors while there is still outbreak in neighboring countries as well as on the unemployment of the Thai labors, especially skilled labor, who has been laid off and have to re-enter the job market, and those who is searching for job in the countryside, where experiencing the severe drought and, thus, the agriculture sector could not entirely absorb unemployed workers from the urban areas.

3) **Driving the export sector to avoid a sharp decline both in export and related productions** as well as to cushion the impacts from declined tourism revenues by focusing mainly on (i) exporting products benefiting from changes in trade direction and production-base relocation as a result from the prior trade protection as well as from the COVID-19 outbreak, of which causes changes in consumer behavior resulting in increases in demand of some important Thai export goods, (ii) campaigning the strength of Thailand's success in term of preventing and controlling the outbreak for creating positive brand image of Thai product in foreign markets, (iii) alleviating and solving drought problem as to reduce the impacts on agriculture products, which is in high demand in the global market.

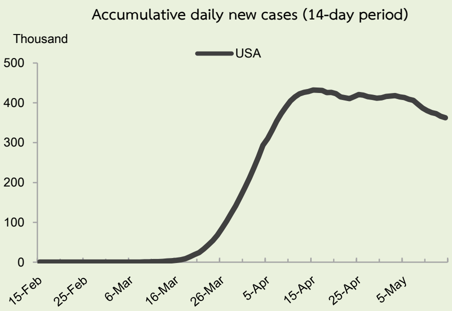
4) **Disbursing the government budget** including the baseline of (i) the FY2020's annual budget disbursement should be at least 90.2 percent of the total budget where the current and capital expenditure disbursements should be at least 99.0 percent and 55.0 percent respectively, (ii) the carry-over budget disbursement should be at least 90.0 percent, (iii) the state-owned enterprises' capital expenditure disbursement should be at least 75.0 percent, and (iv) accelerating the disbursement under the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020).

5) **Supporting the economic recovery particularly under the Emergency Decree**, with the total budget of 400 billion baht. The focus should be made for projects that could response to economic recovery immediately, prepare for the economic recovery, and have enough flexibility in respond to high uncertainty of the outbreak. In addition, projects should be able to response to major geographical and structural problems in agriculture sector and the local economy, for example low productivity, poverty and inequality, additional processing costs in doing business, market access and structure as well as other crucial challenges from changes in technology, business operation, and consumer behavior after the outbreak subsides. The above projects should also be considered to continuously uplift long-term economic potential by fostering the annual and state-owned enterprises' capital budgetary, including: (i) supporting private investment stimulus package under various policies and measures, (ii) minimizing key obstacles in doing businesses in Thailand concerned by foreign investors, (iii) fostering public mega infrastructure projects in both transportation and special economic area projects, and (iv) re-structuring major production and services sectors as to increase competitiveness, to support the adaption towards ageing society and changes in technology, to support income distribution, as well as to coincide with changes in consumer behavior and business operation caused by higher degree of outbreak severity.

6) **Preparing measures to handle for additional risk factors**, especially (i) the prolonged outbreak in major countries and the possible second wave outbreak, (ii) the negative impacts from production sector which could amplified and lead to crisis in financial and fiscal conditions particularly in unhealthy economic fundamental countries, (iii) the increasing tension between the US and China which might lead to more trade protection measures, and (iv) risks from global economic downturn in the medium term.

The COVID-19 pandemic situation and the policy responses of major countries

<table>
<tr><th>Country</th><th>The COVID-19 pandemic situation</th><th>Policy</th></tr>
<tr><td>USA</td><td>



<table><tr><td>accumulative daily new cases
(14-day period)
per 1 million people</td><td>1,072</td></tr></table>

</td><td>

Fiscal policy: an estimated 3 trillion US dollars or 14 percent of GDP including the Coronavirus Aid, Relief, and Economic Security Act (CARE Act.), the Health Care Enhancement Act, the Coronavirus Preparedness and Response Supplemental Appropriations Act, and Families First Coronavirus Response Act with including the following important measures: (i) Main Street Lending Program for SMEs affected by COVID-19 by purchasing 85 - 95 percent of participations in loans originated by banks to SMEs and deferring loan payments during the first year, (ii) Paycheck Protection Program Liquidity Facility (PPPLF) by supplying liquidity to participating financial institutions through term financing backed by PPP loans to small businesses and (iii) Municipal Liquidity Facility by helping state and local governments better manage cash flow pressures, (iv) extending the lengths of unemployment benefits, and (v) providing additional budget for public health and expanded coronavirus testing.
Monetary policy and Liquidity injection: (i) lower the policy rate by 1.50 basis point to 0.00 - 0.25 percent, (ii) The Quantitative Easing measure (QE) with unlimited amount of purchasing Treasury bonds and mortgage-backed securities, and establishing others facility to increase liquidity such as Term Asset-Backed Securities Loan Facility (TALF), and Money Market Liquidity Facility (MMLF), (iii) enhance the US liquidity by extended US dollar swap line to major central banks, and offered Temporary Repurchase Agreement Facility (FIMA) to foreign central banks and international organizations, (iv) lending facility partially backed by the CARE Act. such as the Main Street Lending Program, Primary Dealer Credit Facility (PDCF), and Paycheck Protection Program Liquidity Facility (PPPLF).

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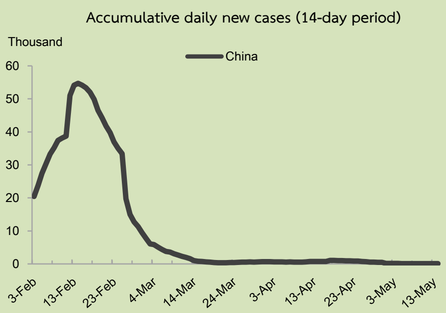
<tr><td>China</td><td>



<table><tr><td>accumulative daily new cases
(14-day period)
per 1 million people</td><td>0</td></tr></table>

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Fiscal Policy: (i) the stimulus package worth 2.6 trillion RMB or 2.5 percent of GDP include: additional budget for epidemic prevention and public heath, exemption for tax payment and social security contribution, and extension of unemployment benefit. (ii) Increased debt ceiling for local government for public housing projects.
Monetary Policy: (i) reduced a 1-year loan prime rate (LPR) from 4.15 percent to 3.85 percent and the 5-year rate from 4.75 percent to 4.65 percent and also cut the 1-year rate of Targeted Medium-Term Lending Facility (TMLF) for commercial banks from 3.15 percent to 2.95 percent. (ii) cut interest rate for excess reserves of commercial banks that deposited with PBOC from 0.72 percent to 0.35 percent (iii) cut the reserve requirement ratio (RRR) by 0.50 - 1.00 percent for commercial banks to provide loans to SMEs and private companies, (iv) cut the 7-day reverse repo rate on 30 March 2020, down to 2.20 percent from 2.40 percent, and (v) soft loans to SMEs.

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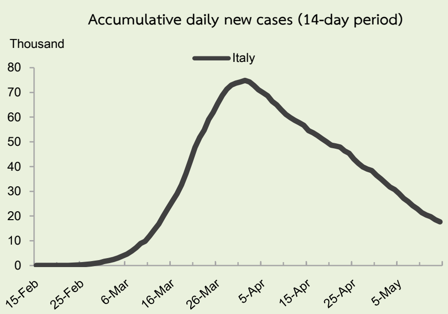
<tr><td>Italy</td><td>



<table><tr><td>Accumulative daily new cases
(14-day period)
per 1 million people</td><td>273</td></tr></table>

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Fiscal Policy: The emergency package (Cura Italia) worth 25 billion Euros or 1.4 percent of GDP including: (i) the Voucher for seasonal workers 600 Euros grant to laid-off workers and self-employed, (ii) additional budget for Public Health, (iii) tax and utility bill payments deferrals, and (iv) loans to business sector. Moreover, on May 15th, the “Relaunch” stimulus packaged was introduced worth 55 billion Euros or 3.2 percent of GDP included: (i) income support for household, (ii) grants for business sectors (SMEs), and (iii) budget for healthcare system. They also provide state loan guarantee of up to 400 billion Euros or 25 percent of GDP.
Monetary Policy: The ECB introduced several policy to mitigate the impact of COVID-19 for example (i) Additional Asset Purchase Programme worth 750 billion Euros at least the end of 2020, together with others liquidity supporting measures including the through Longer-term Refinancing Operations (LTROs), the Non-Targeted Pandemic Emergency Longer-Term Refinancing Operations (PELTROs), (ii) Relaxing the condition of collateral under the Targeted Longer-term Refinancing Operations (TLROs-III), (iii) Temporarily expanding the list of assets that banks can use as collateral, and less strict with the measure apply to determine these assets’ values.

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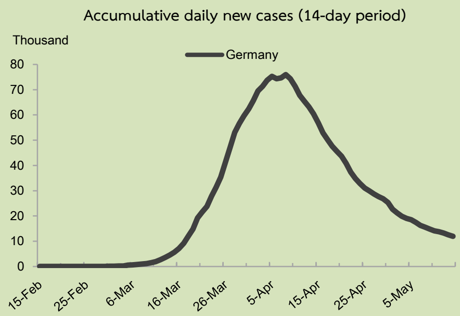
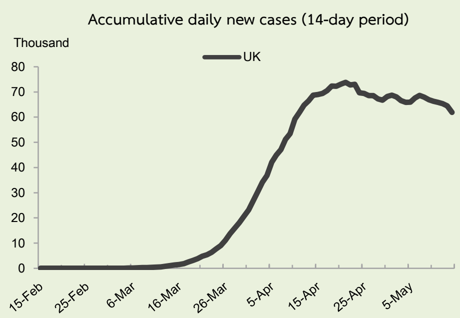
</table>

Source: Collected by NESDC

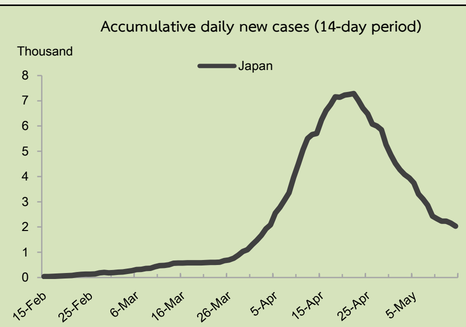
Note: Data as of May 15th, 2020

The COVID-19 pandemic situation and the policy responses of major countries (Continued)

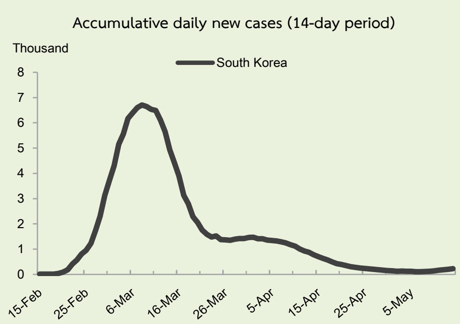
<table>
<tr><th>Country</th><th>The COVID-19 pandemic situation</th><th>Policy</th></tr>
<tr><td>Germany</td><td>

<table><tr><td>Accumulative daily new cases
(14-day period)
per 1 million people</td><td>140</td></tr></table></td><td>• Fiscal Policy: the emergency package worth 156 billion Euros or 4.9 percent of GDP include: (i) funding for healthcare, and vaccine development, (ii) Kurzarbeit program that is a work-sharing unemployment insurance between employer and government in order to keep jobs and maintain income of employees (iii) grants to affected small business owners and self-employed persons, (iv) extended duration of unemployment benefits, and (v) loan to local governments. Moreover, the federal government also guarantee loan up to 156 billion Euros or 4.9 percent of GDP, and establishing the Economic Stabilisation Funds (WSF) worth 757 billion Euros together with the government development bank (KfW bank) to provide soft loans and loan guarantees for business sector.</td></tr>
<tr><td>United Kingdom</td><td>

<table><tr><td>Accumulative daily new cases
(14-day period)
per 1 million people</td><td>892</td></tr></table></td><td>• Fiscal Policy: the stimulus package worth 48.7 billion GBP or 2.2 percent of GDP including (i) grants to affected business particularly restaurants, retail shop owners, and tourism sectors, (ii) tax exemption for tax year 2020-2021, (iii) Coronavirus Job Retention Scheme, a grant to cover 80 percent of retained workers' salaries of up to 2,500 GBP per month for 3 months, and (iv) funding for the National Health Service (NHS) and other public services.

• Monetary Policy: (i) Bank of England cut the interest rate by 0.65 percent to 0.1 percent (ii) the Coronavirus Corporate Financing Facility as a 330 billion GBP government loan guarantee, and (iii) the BOE expand its holding of government bonds and non-financial corporate bonds by 200 billion GBP.</td></tr>
<tr><td>Japan</td><td>

<table><tr><td>Accumulative daily new cases
(14-day period)
per 1 million people</td><td>15</td></tr></table></td><td>• Fiscal Policy: the emergency package worth 177 trillion yen or 21.1 percent of GDP include: (i) budget to improve public healthcare system, (ii) grants to affected businesses and employees, including self-employed persons, (iii) cash transfer to households (300,000 yen per household) and 10,000 yen for child (iv) postponement of tax payment and social security contributions.

• Monetary policy: the BOJ expands the asset purchasing program including (i) the Japanese government bonds to purchase a necessary amount without an upper limit, (ii) increase the monthly purchasing of Exchange Traded Funds (ETFs) and Japan-Real Estate Investment Trusts (J-REITs), and, (iii) increased the upper limit of commercial paper and corporate bond holdings to 20 trillion yen. Moreover, the BOJ provide liquidity to business sector through zero-interest rate loans worth 23 trillion yen, and the Special Funds-Supplying Operations.</td></tr>
<tr><td>South Korea</td><td>

<table><tr><td>Accumulative daily new cases
(14-day period)
per 1 million people</td><td>5</td></tr></table></td><td>• Fiscal Policy: the stimulus package worth 216 trillion won or 11.4 percent of GDP include (i) grants for small business to preserve jobs, (ii) decrease commercial rent by 50 percent and tax payment exemption for small business, (iii) voucher to self-quarantined persons, and (iv) wage subsidies and assistance for the unemployed.

• Monetary Policy: the Bank of Korea (i) cut the interest rate by 0.5 percent to 0.75 percent, (ii) increase the asset purchasing measure through open market operations to unlimited amounts and extend the coverage to non-financial cooperate bonds, and (iii) the financial stabilization plan worth 100 trillion won or 5.3 percent of GDP including a bond market stabilization fund, and lending to private sector.</td></tr>
</table>

Source: Collected by NESDC

Note: Data as of May 15th, 2020

Projection for 2020 [1/]

	Actual Data			Projection for 2020	
	2017	**2018**	**2019**	**Feb 17, 2020**	**May 18, 2020**
GDP (at current prices: Bil. Bht)	15,486.6	16,365.6	16,875.9	17,368.5	15,947.7
GDP per capita (Bht per year)	225,095.2	236,815.0	243,466.9	249,874.1	229,434.2
GDP (at current prices: Bil. USD)	456.3	506.5	543.6	556.7	493.7
GDP per capita (USD per year)	6,632.2	7,329.2	7,841.9	8,009.0	7,103.2
GDP Growth (CVM, %)	4.1	4.2	2.4	1.5 - 2.5	(-6.0) - (-5.0)
Investment (CVM, %)[2/]	1.8	3.8	2.1	3.6	-2.1
Private (CVM, %)	2.9	4.1	2.8	3.2	-4.2
Public (CVM, %)	-1.4	2.9	0.2	4.8	5.6
Private Consumption (CVM, %)	3.1	4.6	4.5	3.5	-1.7
Government Consumption (CVM, %)	0.1	2.6	1.4	2.6	3.6
Export volume of goods & services (%)	5.2	3.3	-2.6	0.9	-17.3
Export value of goods (Bil. USD)	233.7	251.1	243.0	246.4	223.5
Growth rate (%)[3/]	9.5	7.5	-3.2	1.4	-8.0
Growth rate (Volume, %)[3/]	5.6	3.9	-3.5	1.5	-6.0
Import volume of goods & services (%)	6.2	8.3	-4.4	3.1	-13.3
Import value of goods (Bil. USD)	201.1	228.7	216.4	222.2	187.8
Growth rate (%)[3/]	13.2	13.7	-5.4	2.7	-13.2
Growth rate (Volume, %)[3/]	7.3	7.7	-5.6	2.8	-9.7
Trade balance (Bil. USD)	32.6	22.4	26.6	24.2	35.7
Current account balance (Bil. USD)	44.0	28.5	37.9	29.5	24.0
Current account to GDP (%)	9.6	5.6	7.0	5.3	4.9
Inflation (%)					
CPI	0.7	1.1	0.7	0.4 - 1.4	(-1.5) - (-0.5)
GDP Deflator	2.0	1.5	07	0.4 - 1.4	(-0.5) - 0.5

Source: Office of the National Economic and Social Development Council, 18th May 2020

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

[2/] Investment means Gross Fixed Capital Formation

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