



NESDC ECONOMIC REPORT

Thai Economic Performance in Q2 and Outlook for 2021

Macroeconomic Strategy and Planning Division

Press Release 9.30 a.m. Aug 16, 2021



The Thai Economy in the second quarter of 2021 increased by 7.5 percent (%YoY), recovering from a 2.6-percent contraction in the previous quarter. After seasonally adjusted, the economy grew by 0.4 percent from the first quarter (%QoQ sa). In the first half of 2021, the Thai economy expanded by 2.0 percent.



On the expenditure side: export of goods, private investment, and private consumption returned to growth, while public investment and government expenditure decelerated, and export of services contracted.



On the production side: the manufacturing and the agricultural sectors accelerated. The accommodation and food service activities, transportation and storage, wholesale and retail trade, and electricity and gas sectors recovered, while the construction sector grew at a slower pace.

The Thai economy in 2021 is expected to grow in the range of 0.7 – 1.2 percent, gradually recovering from a 6.1-percent contraction in 2020. Key supporting factors include: (i) The recovery of world economy and global trade; (ii) The support from government spending and stimulus measures; (iii) The recovery of agricultural income due to higher agricultural productions and prices; and (iv) The low growth base of the economy in 2020. In all, it is expected that export values of goods, private consumption expenditure, private investment and public investment will increase by 16.3 percent, 1.1 percent, 4.7 percent, and 8.7 percent, respectively. Meanwhile, the headline inflation is expected to be in a range of 1.0 – 1.5 percent and the current account tends to register a deficit of 2.0 percent of GDP.

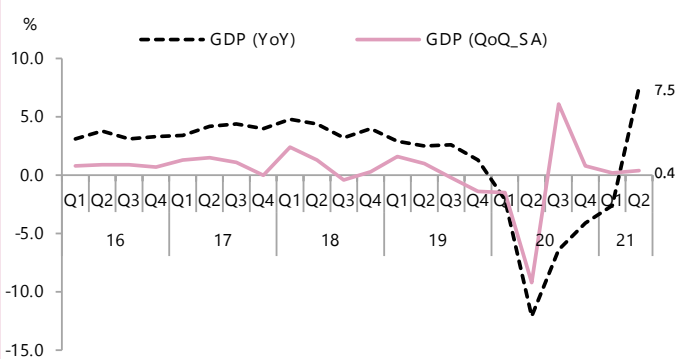
Economic Projection of 2021

(%YoY)	2020		2021		
	Year	Q4	Q1	Q2	Year (f)
GDP (CVM)	-6.1	-4.2	-2.6	7.5	0.7 - 1.2
Investment ^{1/}	-4.8	-2.5	7.3	8.1	5.4
Private	-8.4	-3.3	3.0	9.2	4.7
Public	5.7	0.6	19.6	5.6	8.7
Private Consumption	-1.0	0.9	-0.3	4.6	1.1
Government Consumption	0.9	2.2	2.1	1.1	4.3
Export of Goods ^{2/}	-6.5	-1.4	5.0	36.2	16.3
Volume ^{2/}	-5.8	-1.4	2.9	30.9	13.3
Import of Goods ^{2/}	-13.8	-6.7	9.5	41.8	20.1
Volume ^{2/}	-10.5	-3.6	6.7	32.0	15.6
Current Account to GDP (%)	3.5	-0.5	-2.5	-4.2	-2.0
Inflation	-0.8	-0.4	-0.5	2.4	1.0 - 1.5

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

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

Thai economy in Q2/2021



Source: NESDC

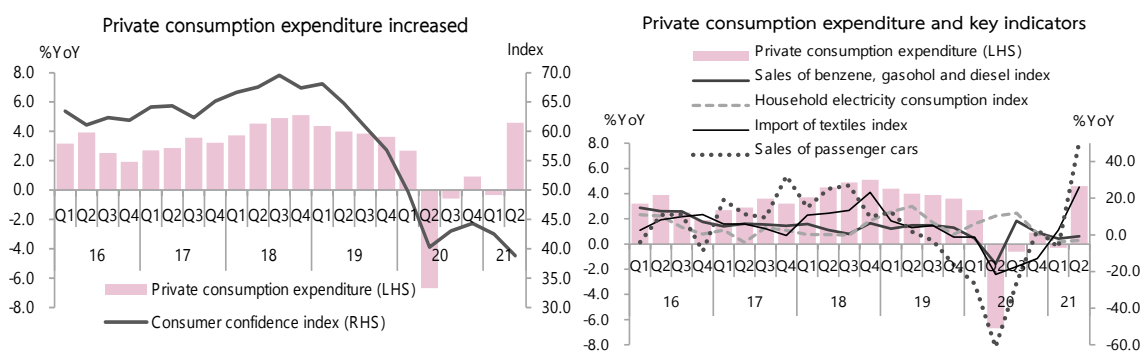
The policy management for the remaining of 2021 should put emphasis on: **(1) Containing the domestic outbreak**, by: (i) Enhancing the effectiveness in reducing the spread of COVID-19 infections in households, communities, and workers; (ii) Prioritizing symptomatic care to allocate resources efficiently; (iii) Enforcing lockdown measures intensively in areas with most severe outbreaks; and (iv) Expediting the process of vaccine acquisition and distribution. **(2) Providing remedial assistance for people, workers, and businesses during the severe outbreak and under stringent virus control measures**, including: (i) Monitoring closely the ongoing fiscal and financial measures, along with revising the existing and providing additional targeted measures in response to the severity of the outbreak; (ii) Considering labor retention measures, along with job creation and skill development for those in need; and (iii) Implementing additional specific measures to support severely affected businesses; **(3) Implementing measures to support economic recovery once the outbreak could be contained** by focusing on policy to weired. Probably due to **(4) Encouraging export of goods**, by emphasizing on: (i) Controlling the outbreak, particularly in key production bases; (ii) Reducing difficulties and limitations of transportation and logistics system; (iii) Resolving foreign labor shortages in manufacturing sector; (iv) Boosting exports to major markets that are experiencing strong economic rebound as well as expanding new markets for potential products; (v) Utilizing benefits from Regional Comprehensive Economic Partnership (RCEP), along with extending economic and trade cooperation; and (vi) Expediting the ongoing Free Trade Agreement (FTA) negotiations and preparing for future negotiations with new potential trading partners; **(5) Maintaining growth momentum from government expenditure and public investment**; **(6) Stimulating private investment** by: (i) Containing the domestic outbreak in order to regain investors' confidence; (ii) Speeding up projects already approved and holding investment promotion certificates to start operations; (iii) Solving difficulties and obstacles hindering investors and entrepreneurs from doing business; (iv) Implementing proactive investment promotions and facilitating investors; (v) Encouraging investments in the Eastern Economic Corridor (EEC) and other initialized special economic zones; and (vi) Stimulating investment in the key economic areas and transport infrastructure to be as planned; and **(7) Preserving domestic political environment as well as maintaining economic stability**.

1. The Thai Economy in Q2/2021

Expenditure Side:

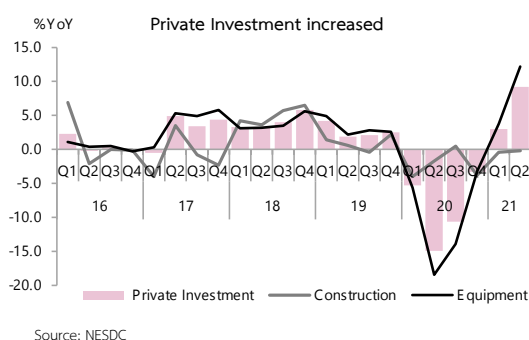
Private consumption expenditures expanded by 4.6 percent, compared with a 0.3-percent drop in the first quarter of 2021. This was partly due to the low base effect from last year and the government's remedial and spending stimulus measures. **The expenditure on durable goods** expanded by 15.1 percent, compared with a 10.4-percent drop in the previous quarter, following the growth in purchase of vehicles which was at 33.9 percent, and the operation of personal transport equipment which grew by 4.4 percent. **The expenditure in Services** grew by 8.1 percent, accelerating from a 1.5-percent growth in the previous quarter, following the 7.4-percent growth in health, housing, water, electricity, gas and other fuels which grew by 2.2 percent, and the positive growth of restaurants and hotels, and recreation and culture activities which increased by 8.2 percent, and 29.0 percent, respectively. **The expenditure in non-durable goods** grew by 2.3 percent, continually expanded from 2.5 percent in the previous quarter. This was in line with spending on food and non-alcoholic beverages which grew by 2.4 percent, compared with a 2.7-percent growth in the previous quarter. **The expenditure in semi-durable goods** decreased by 7.0 percent, compared with a 10.8-percent decline in the previous quarter, while spending on furnishings, household equipment and routine maintenance of the house grew by 2.8 percent, compared with a 0.6-percent drop in the previous quarter. In addition, spending on clothing and footwear decreased by 15.3 percent, compared with a 21.8-percent drop in the previous quarter. However, the new wave of COVID-19 infection beginning in April 2021 resulted in a drop of the consumer confidence index towards the economic situation to 38.8 from 42.5 in the previous quarter.

In the first half of 2021, private consumption expenditure grew by 2.1 percent compared with a 0.2-percent growth in the second half of 2020.



Private investment expanded by 9.2 percent, accelerating from 3.0-percent growth in the previous quarter. **The investment in machinery and equipment** expanded by 12.2 percent, accelerating from a 3.8-percent growth in the previous quarter, in line with the acceleration of the manufacturing sector and the growth in export of goods. The imports of capital goods, domestic machinery sales, and newly registered motor vehicles for investment grew by 24.5 percent, 44.1 percent, and 20.3 percent, respectively. Meanwhile, **the investment in construction** decreased by 0.2 percent, compared with a 0.4-percent drop in the previous quarter. This was in line with a continuous decline in the municipal construction permitted areas by 9.3 percent in the previous quarter. Overall, the domestic construction material sales index expanded by 1.5 percent, while the Business Sentiment Index (BSI) dropped to 45.2, from 46.6 in the previous quarter.

In the first half of 2021, private investment grew by 5.9 percent, improving from a 6.8-percent drop in the second half of 2020.



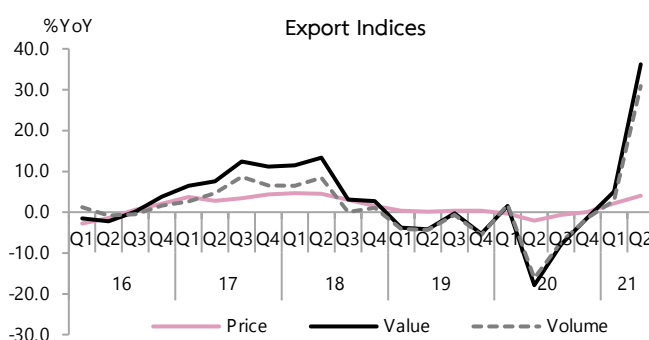
In the second quarter of 2021, private consumption expenditures returned to growth while private investment and export of goods expanded at an accelerated rate

Private consumption returned to growth at 4.6 percent, improving from a 0.3-percent drop in the previous quarter. This was partly due to the low base growth in the same period last year and supports from the government's remedial and spending stimulus measures.

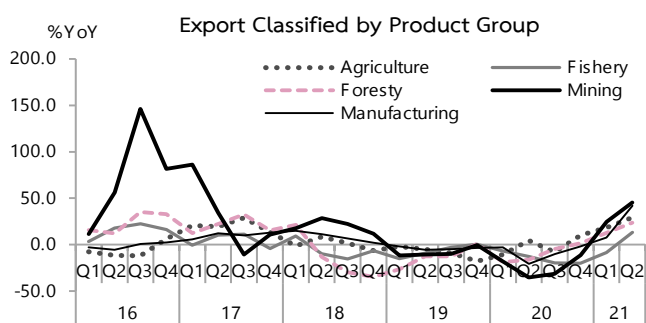
Private investment expanded by 9.2 percent, accelerating from a 3.0-percent growth in the previous quarter, following the acceleration of investment in the machinery and equipment. Meanwhile, the investment in construction declined

Exports in US dollar terms continually increased for the second quarters consecutively following the growth in exports volume and price driven by the recoveries in the global demand, as well as the market prices of agricultural and food commodities. Export value in the second quarter of 2021 was recorded at 67.8 billion US dollar (the highest level since the data was recorded), increasing by 36.2 percent (the highest level in 44 quarters), compared with a 5.0-percent growth in the previous quarter. The exports volume index expanded by 30.9 percent, improving from a 2.9-percent increase in the previous quarter following the recovery in demand and global economic activities. Exports volume of manufacturing, agricultural, and fishery products increased by 36.7 percent 19.9 percent, and 8.4 percent, compared with a 6.1-percent growth, 8.6-percent growth, and 9.3-percent drop in the previous quarter, respectively. The exports price expanded by 4.0 percent, improving from a 2.1-percent growth in the previous quarter due to the rise in global market prices of agricultural and food commodities. Excluding unwrought gold, export value expanded by 45.2 percent, improved from an 11.5-percent increase in the previous quarter. **In Baht terms**, export value was recorded at 2,125 billion Baht, rose by 33.6 percent, compared with a 1.7-percent growth in the previous quarter.

In the first half of 2021, export values stood at 131.8 billion US dollar, increased by 19.0 percent compared with a 4.8-percent drop in the second half of 2020. The exports volume and price rose by 15.5 percent and 3.1 percent. In Baht terms, export value was recorded at 4,064 billion Baht, expanded by 16.2 percent compared with a 3.3-percent decrease in the second half of 2020.



Source: Bank of Thailand



Source: Bank of Thailand

Export value of agricultural commodities increased by 29.3 percent, improving from an 18.3-percent growth in the previous quarter. The export quantity rose by 19.9 percent following the increase in export volume of rubber and tapioca. Exports price expanded by 7.9 percent in line with the growth in export price of rubber, tapioca, and sugar. **Export value of manufacturing products** rose by 41.8 percent, improving from a 7.6-percent increase in the previous quarter mainly due to the economic recovery in key trading partners, as well as the higher demand of automotive and electronic products. **Export value of fishery products** increased, for the first time in six quarters, by 13.4 percent as a result of the growth in exports volume and price. **Exports value of other products** declined by 65.6 percent as a result of the contraction in exports of non-monetary gold which was recorded at 67.3 percent.

Export items with increased value included passenger car (89.1 percent), pick up & trucks (190.5 percent), vehicle parts & accessories (102.2 percent), parts of electrical appliances (24.6 percent), integrated circuits & parts (37.6 percent), machinery & equipment (41.0 percent), petrochemical products (41.9 percent), rubber products (40.0 percent), rubber (97.3 percent), tapioca (48.2 percent), and crustaceans (16.0 percent). On the other hand, **Export items with decreased value** included fish canned, prepared, or preserved (26.3 percent), rice (38.8 percent), sugar (21.7 percent), and fish (2.1 percent).

Export value in US dollar terms continually increased for the second quarters by 36.2 percent due to the global demand, as well as market prices of agricultural and food commodities recovery.

Export value excluding unwrought gold expanded by 45.2 percent.

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

Export value of manufacturing products improved from the same period last year and the previous quarter as a result of the economic recovery in key trading partners, as well as the higher demand of automotive and electronic products.

Export value of fishery products increased for the first time in six quarters.

Export Value of Major Product in US Dollar Term

%YoY	2020								2021		Share Q2/20 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Agriculture	-1.2	-2.8	0.7	-10.4	4.6	-7.8	10.2	24.3	18.3	29.3	9.0
Rice	-11.3	-13.3	-8.9	-24.9	0.7	-17.9	-0.9	-30.9	-22.0	-38.8	2.0
Rubber	-14.9	-22.1	-6.9	-2.7	-41.0	-35.5	25.4	60.9	38.1	97.3	1.3
Tapioca	5.3	-10.4	29.2	-18.3	0.3	28.2	30.3	60.9	72.5	48.2	0.9
Fruits	11.8	21.1	1.5	-20.8	47.4	-3.3	11.0	43.4	16.8	52.3	3.1
Manufacturing	-8.7	-11.4	-5.9	-2.7	-20.5	-10.0	-1.8	22.6	7.6	41.8	81.3
Food	-6.2	-0.8	-11.2	3.3	-4.6	-8.7	-13.6	-1.0	-6.6	4.6	7.8
Sugar	-36.2	-8.0	-58.3	20.2	-27.8	-49.1	-67.3	-35.7	-47.7	-21.7	1.2
Fish, canned, prepared, or preserved	5.5	7.1	3.9	-3.4	17.9	10.2	-2.3	-15.4	-2.4	-26.3	1.6
Fruits & vegetables, canned, prepared, or preserved	4.1	8.5	0.5	12.5	5.0	7.2	-6.0	-1.8	-4.0	0.3	0.6
Beverages	-3.7	-3.1	-4.4	5.7	-11.0	0.3	-8.8	8.4	-0.4	17.8	1.2
Rubber products	23.4	14.7	31.7	7.3	23.4	34.2	29.7	46.6	52.8	40.0	2.8
Animal food	18.7	17.0	20.3	10.3	24.0	18.0	22.5	24.3	27.7	21.2	1.0
Electronics	1.3	-0.9	3.2	5.2	-6.7	1.5	4.9	21.2	10.7	32.6	15.3
- Computer	0.6	8.4	-5.8	11.0	5.8	-14.4	2.6	13.2	2.5	24.2	0.3
- Computer parts & accessories	-2.4	2.5	-6.8	15.0	-9.1	-1.8	-11.4	14.7	-5.0	37.6	5.9
- Integrated circuits & parts	-5.7	-5.7	-5.7	-6.3	-5.1	-9.7	-1.9	18.3	13.9	22.7	3.3
Electrical appliances	-0.2	-6.5	6.8	5.9	-18.8	4.0	9.5	25.6	11.1	44.6	5.6
- Air conditioning machines	-3.4	-7.3	1.8	14.8	-28.8	-7.2	11.2	26.2	9.5	52.6	1.9
- Refrigerators	7.1	-5.9	20.1	1.1	-12.8	21.9	18.4	34.0	19.3	51.0	0.8
- Parts of electrical appliances	2.8	3.6	2.0	12.7	-5.0	4.7	-0.5	14.6	5.7	24.6	2.0
Metal & steel	-5.4	-9.5	-1.3	1.1	-20.0	-9.2	7.1	40.9	22.4	64.0	4.3
Automotive	-17.6	-25.5	-9.5	-4.7	-47.7	-19.0	0.9	52.0	21.2	111.8	9.1
- Passenger car	-18.1	-25.2	-11.2	-7.3	-44.6	-22.2	1.6	40.1	13.2	89.1	2.6
- Pick up and trucks	-31.9	-42.1	-20.4	-21.2	-66.4	-28.5	-10.1	83.8	44.8	190.5	1.2
- Vehicle parts & accessories	-13.6	-22.3	-5.3	0.7	-45.0	-16.0	6.1	47.8	17.7	102.2	4.4
Machinery & equipment	-8.0	-15.7	-0.2	-8.5	-23.4	-9.0	9.3	27.7	17.3	41.0	7.5
Chemicals	-10.9	-17.5	-3.7	-14.8	-20.4	-6.7	-0.7	40.5	16.6	68.1	2.9
Petro-chemical products	-10.4	-14.9	-5.8	-10.7	-18.9	-11.7	0.5	32.6	23.8	41.9	5.3
Petroleum products	-26.8	-23.7	-30.1	-4.5	-42.9	-32.6	-27.6	31.7	-6.0	94.5	2.1
Toiletries and cosmetics	-13.1	-14.5	-11.6	-0.5	-26.3	-14.3	-8.5	0.1	-4.5	5.3	1.3
Fishery	-15.2	-9.9	-19.8	-6.7	-12.7	-19.7	-19.8	2.9	-8.3	13.4	0.8
Crustaceans	-21.6	-14.6	-26.9	-13.8	-15.3	-27.0	-26.8	7.3	-3.2	16.0	0.4
Fish	-3.0	5.8	-10.9	2.3	9.4	-11.0	-10.8	-5.7	-9.5	-2.1	0.2
Other Exports	58.7	119.2	13.4	212.1	68.5	27.3	-38.0	-76.0	-86.3	-65.6	7.9
Non-monetary gold (excl. articles of goldsmiths)	62.3	125.3	15.7	223.0	73.3	28.8	-37.5	-77.8	-88.3	-67.3	7.7
Total Exports (Customs basis)	-5.9	-6.9	-5.0	1.2	-15.2	-7.7	-2.0	15.5	2.1	31.8	100.0
Exports, f.o.b. (BOP basis)	-6.5	-8.2	-4.8	1.5	-17.8	-7.9	-1.4	19.0	5.0	36.2	96.2
Export Value (exclude gold)	-8.9	-12.2	-5.6	-3.1	-21.4	-10.3	-0.8	26.5	11.5	45.2	88.5

Source: Bank of Thailand

Export markets: Exports to the main markets mostly accelerated. Exports to the US rose by 30.4 percent, following the growth in exports of automatic data processing machines and parts, rubber products, and motor cars, and parts and accessories. Exports to China expanded by 29.2 percent mainly due to the increase in exports of fresh, frozen, and dried fruits, automatic data processing machines and parts, and polymers of ethylene. Exports to Japan grew by 20.0 percent, following the increase in exports of motor cars, parts and accessories, prepared poultry, and machinery and parts. Exports to EU (27), excluding the UK, expanded by 49.8 percent following the growth in exports of automatic data processing machines and parts, rubber products, and air conditioning machine and parts. Exports to Australia expanded by 27.7 percent, supported by the growth in exports of motor cars, parts & accessories, air conditioning machine and parts, and rubber products. Exports to CLMV increased by 42.3 percent (exports to Vietnam, Cambodia, Myanmar, and Laos rose by 44.6 percent, 37.2 percent, 50.2 percent, and 35.1 percent, respectively.). Exports to ASEAN (5) grew by 27.0 percent, mainly due to the growth in exports to Malaysia and the Philippines. In addition, exports to the Middle East (15) increased by 37.7 percent supporting by the growth in exports of motor cars, parts and accessories, woods and wood products, as well as rubber products.

Exports to the key markets mostly accelerated

Export Value to Key Markets in US Dollar Term

%YOY	2020							2021			Share Q2/20 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Total Exports (Mil US\$) (Customs basis)	231,634	114,542	117,092	62,826	51,716	58,680	58,412	132,335	64,148	68,187	100.0
(%YoY)	-5.9	-6.9	-5.0	1.2	-15.2	-7.7	-2.0	15.5	2.1	31.8	
United States	9.7	2.6	17.0	-2.5	8.9	17.8	16.2	21.0	12.4	30.4	15.2
Japan	-7.0	-9.4	-4.5	-5.7	-13.5	-13.0	4.2	12.6	6.4	20.0	9.9
EU (15)	-10.5	-14.7	-6.2	-1.9	-28.1	-10.5	-1.8	26.6	10.3	49.8	6.8
EU (27) excluding UK	-19.7	-24.1	-14.8	-7.8	-41.6	-19.3	-9.9	18.5	-9.2	65.5	1.1
United Kingdom	2.2	6.2	-1.4	-0.1	12.1	-0.04	-2.6	24.9	19.7	29.2	15.4
ASEAN (9)	-11.8	-9.1	-14.4	4.2	-22.4	-15.0	-13.7	11.2	-5.5	33.4	23.6
- ASEAN (5)*	-12.2	-7.2	-17.2	5.3	-19.7	-19.2	-15.0	6.0	-10.2	27.0	13.7
- CLMV**	-11.1	-11.6	-10.7	2.8	-25.9	-9.2	-12.0	18.1	0.6	42.3	9.9
Middle East (15)	-13.0	-7.5	-18.2	3.0	-19.7	-23.3	-13.0	12.4	-4.7	37.7	3.0
Australia	-3.9	-9.0	0.9	-2.3	-15.9	-8.8	14.8	23.4	19.8	27.7	4.0
Hong Kong	-3.6	1.4	-8.4	12.3	-8.6	-13.9	-2.0	-2.5	-19.3	16.2	5.3
India	-25.0	-39.3	-7.2	-11.0	-67.2	-21.3	9.0	54.8	7.6	181.5	1.3
South Korea	-10.1	-15.6	-3.9	-4.5	-25.3	-7.1	-0.7	36.5	19.0	55.9	1.9
Taiwan	-5.4	-0.4	-10.0	13.5	-11.8	-14.4	-5.7	22.3	9.8	35.5	1.8

Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore

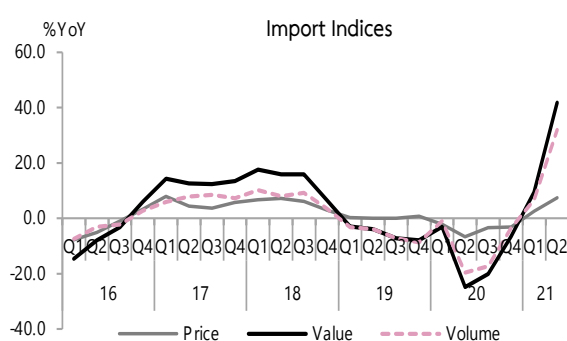
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam

Source: Bank of Thailand

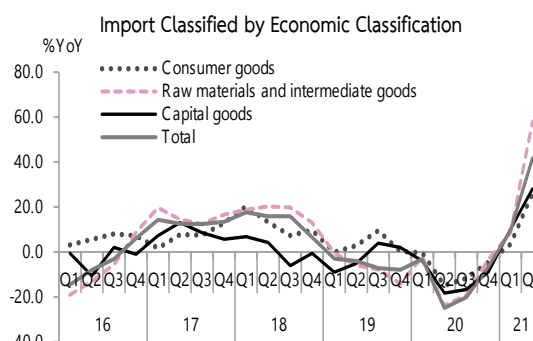
Import value in US dollar terms was recorded at 58.0 billion US dollar, increased by 41.8 percent, accelerating from a 9.5-percent increase in the previous quarter in associated with the improved situation of economic activities. Import quantity rose by 31.9 percent compared with a 6.7-percent increase in the previous quarter, associated with the increase in import quantity of consumer goods, raw materials and intermediate goods, and capital goods which expanded by 21.0 percent, 30.3 percent, and 25.8 percent, respectively. The price of imports increased by 7.4 percent compared with a 2.6-percent expand in the previous quarter. Import values excluding unwrought gold expanded by 40.5 percent. **In Thai Baht terms**, the import value stood at 1,820 billion Baht, increased by 39.1 percent compared with a 6.0-percent increase in the previous quarter.

In the first half of 2021, import value was recorded at 114.7 billion US dollar, increased by 23.8 percent comparing with a 13.5-percent decrease in the second half of 2020. Quantity and import price increased by 8.5 percent, and 4.3 percent, respectively. In Thai Baht terms, import values was recorded at 3,535 billion Baht, increased by 20.8 percent comparing with a 12.3-percent decrease in the second half of 2020

Import value in US dollar terms increased by 41.8 percent, compared with a 9.5-percent expand in the previous quarter.



Source: Bank of Thailand



Source: Bank of Thailand

By categories, import value of consumer goods, raw materials and intermediate goods, capital goods, and other imports increased. **Import value of consumer goods** increased by 26.2 percent comparing with a 3.4-percent growth in the previous quarter. Import quantity increased by 21.0 percent while the import price increased by 4.1 percent. **Import value of raw materials and intermediate goods** expanded by 58.0 percent comparing with an 8.4-percent growth in the previous quarter, following an increase in import quantity and import price which rose by 30.3 percent, and 20.8 percent, respectively. **Import value of capital goods** rose by 28.0 percent comparing with a 10.1-percent growth in the previous quarter. Import quantity and import price expanded by 25.8 percent and 1.8 percent, respectively. **Import value of other goods** rose by 76.1 percent comparing with an 18.0-percent drop in the previous quarter due to the expansion in imports of the non-monetary gold (exclude articles of golds), and automotive, respectively.

Import Value of Major Product in US Dollar Term

%YoY	2020							2021			Share Q2/20 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Consumer goods	-8.0	-7.7	-8.2	-0.4	-14.9	-11.7	-4.6	14.0	3.4	26.2	12.4
Animal & fishery products	4.0	5.4	2.7	11.1	-0.3	1.4	4.0	5.2	1.0	9.8	3.2
Food, beverage & dairy products	-7.1	-17.3	4.1	-11.3	-22.9	-5.5	13.8	22.6	11.9	34.2	1.9
Medicinal and pharmaceutical products	-0.4	4.8	-5.6	0.7	8.9	-1.1	-10.1	12.8	3.7	21.4	1.7
Textiles	-13.6	-12.2	-15.0	-2.0	-22.6	-17.6	-12.5	14.9	4.2	28.8	1.1
Raw materials and intermediate goods	-12.3	-13.1	-11.6	-2.1	-23.9	-19.1	-3.4	30.2	8.4	58.0	56.6
Parts of electronics and electrical appliances	1.6	-0.9	4.0	1.4	-3.2	-0.0	8.1	20.8	13.8	28.1	15.6
- Integrated circuits & parts	8.3	4.1	12.3	2.7	5.6	7.6	17.1	21.8	17.2	26.4	6.5
Materials of base metal	-16.6	-17.0	-16.3	-6.4	-27.1	-27.2	-4.3	52.0	26.4	83.4	8.7
Chemicals	-5.0	-7.2	-2.6	-3.7	-10.5	-13.8	10.0	36.7	18.8	55.2	7.0
Crude oil	-23.9	-24.1	-23.6	3.0	-52.8	-35.5	-7.4	31.7	-13.4	135.9	5.9
Plastics	-7.4	-5.1	-9.6	-2.7	-7.6	-19.9	1.6	25.4	17.9	33.7	4.2
Petroleum products	-42.5	-40.5	-44.3	-13.1	-63.8	-31.6	-54.3	45.6	6.6	125.2	1.5
Capital goods	-12.0	-11.2	-12.7	-4.0	-18.3	-16.8	-8.9	18.3	10.1	28.0	24.3
Other machinery and mechanical appliances & parts	-11.7	-10.1	-13.2	0.8	-21.0	-18.7	-7.7	14.9	1.1	32.4	9.2
Telecommunications equipment	-4.6	-6.9	-2.5	-12.3	-1.4	7.4	-9.2	22.7	40.4	6.6	4.4
Transformers, generators, motors and accumulators	-4.7	-8.6	-1.0	-4.4	-12.9	-13.9	13.0	24.7	19.6	30.5	2.0
Measuring, checking and precision instruments	-16.6	-22.4	-10.3	-13.9	-31.2	-25.1	5.7	23.8	10.9	40.3	1.5
Computer	-1.6	-2.2	-1.1	-14.1	8.1	-1.6	-0.6	27.3	44.9	15.2	1.4
Office automations & parts (excl. computer)	2.6	-17.1	22.5	-12.8	-21.3	13.1	32.5	18.2	25.5	10.3	0.6
Other Imports	-21.5	-23.5	-19.4	-6.4	-45.9	-35.7	-3.3	35.7	18.0	76.1	6.8
Automotive	-22.8	-21.7	-23.9	-5.4	-39.3	-37.4	-10.0	35.3	9.4	78.5	1.0
Non-monetary gold (excl. articles of goldsmiths)	-33.3	-35.4	-31.6	17.5	-76.1	-60.8	-4.1	139.9	135.5	156.6	3.9
Total Imports (Customs basis)	-12.7	-13.2	-12.3	-2.9	-23.7	-19.4	-4.9	26.2	9.4	48.0	100.0
Imports, f.o.b. (BOP basis)	-13.8	-14.1	-13.5	-3.1	-24.9	-20.1	-6.7	23.8	9.5	41.8	91.4
Import Value (exclude gold)	-13.1	-13.4	-12.8	-3.7	-23.0	-18.6	-6.8	21.0	5.1	40.5	90.4

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices %YoY	2020							2021		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Consumer goods	-9.2	-8.8	-9.5	-1.9	-15.6	-12.7	-6.3	4.6	0.5	21.0
Raw materials and intermediate goods	-7.0	-5.8	-8.0	2.0	-14.2	-14.9	-0.4	1.1	-0.5	30.3
Capital goods	-13.1	-12.6	-13.6	-5.7	-19.4	-17.5	-9.8	11.8	8.5	25.8
Total Imports	-10.5	-10.3	-10.6	-1.0	-19.6	-17.3	-3.6	8.5	6.7	31.9

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices %YoY	2020							2021		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Consumer goods	1.3	1.2	1.4	1.5	1.0	1.1	1.7	3.2	2.9	4.1
Raw materials and intermediate goods	-5.8	-7.7	-3.9	-4.0	-11.3	-4.9	-3.0	12.2	9.0	20.8
Capital goods	1.2	1.5	0.9	1.7	1.3	0.9	1.0	1.6	1.5	1.8
Total Imports	-3.8	-4.4	-3.3	-2.1	-6.6	-3.4	-3.2	4.3	2.6	7.4

Source: Bank of Thailand

Term of trade decreased from the same period last year, as import price increased by 7.4 percent faster than the growth of export price by 4.0 percent. Thus, the term of trade fell from 111.9 in the same quarter last year to 108.4 in the second quarter of 2021.

In the first half of 2021, term of trade stood at 108.5, comparing with 109.9 in the second half of 2020. Import price declined by 3.3 percent and export price decreased by 0.3 percent.

Trade balance recorded a surplus of 9.7 billion US dollar (equivalent to 304.6 billion Baht) higher than a surplus of 7.4 billion US dollar (equivalent to 224.3 billion Baht) in the previous quarter and a surplus of 8.8 billion US dollar (equivalent to 281.7 billion Baht) in the same quarter last year.

In the first half of 2021, trade balance recorded a surplus of 17.1 billion US dollar (equivalent to 528.9 billion Baht) lower than a surplus of 22.8 billion US dollar (equivalent to 709.0 billion Baht) in the second half of 2020.

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

Trade surplus was at 9.7 billion US dollar, higher than that of the previous quarter and the same period last year.

Term of trade

%YoY	2020							2021		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Term of trade*	110.2	110.5	109.9	109.1	111.9	109.7	110.0	108.5	108.6	108.4
%YOY	3.2	3.3	3.1	1.8	4.9	2.8	3.3	-1.8	-0.5	-3.1

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

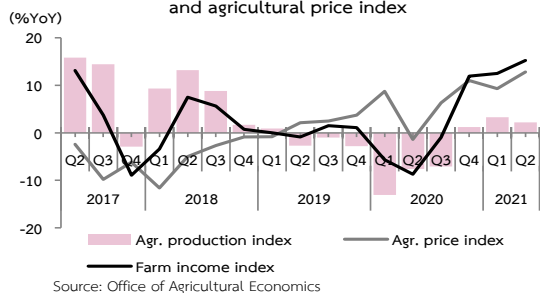
Source: Bank of Thailand

Production Side:

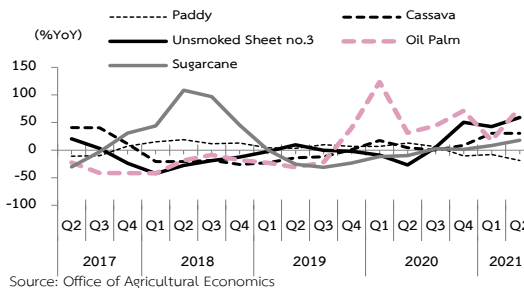
Agricultural sector continued to increase for the three consecutive quarters by 2.0 percent, owing to favorable weather conditions and sufficient water supply for crops. This was in line with a 2.2-percent expansion of **Agricultural Production Index**. Major agricultural products with production expansion included: (i) **paddy** (10.2 percent), attributed to the expansion of off-season rice production due to favorable weather conditions; (ii) **rubber** (6.7 percent), driven by the majority of rubber tree have reached optimal age for harvest, together with favorable weather conditions; (iii) **cassava** (9.9 percent), owing to an expansion of planting areas to respond a rising demand for cassava in both domestic and foreign markets, (iv) **poultry** (3.9 percent), caused by the higher domestic consumption, and (v) **swine** (2.5 percent), due to the price incentive as well as the well-organized swine disease prevention and control practices in farm. On the other hand, major agricultural products with production contraction included **fruits** (-4.6 percent), **sugarcane** (-5.9 percent), and **white shrimp** (-5.9 percent), etc. **Agricultural Price Index** rose by 12.8 percent, the fourth consecutive quarter of expansion, following an increase in price of key agricultural products such as **rubber** (59.0 percent) caused by the higher foreign demand, **fruits** (27.4 percent), particularly durians, owing to the continuous surge in domestic and foreign demands, **oil palm** (76.7 percent), as a result of a supply shortage of oil palm for domestic and foreign markets as well as the increase of crude palm oil price in the global market, **sugarcane** (30.3 percent), as a result of inadequate production for domestic demand, combined with improving sugarcane's quality following the government measures to reduce air pollution particularly PM 2.5, and **swine** (11.3 percent) owing to the surge in domestic demands. In contrast, major agricultural price index with the contraction included **paddy** (-18.9 percent), and **egg** (-0.9 percent), etc. Rising in both agricultural production index and agricultural price index, thus led to overall increase for the third consecutive quarter in **Farm Income Index** by 15.2 percent.

In the first half of 2021, agricultural sector grew by 1.7 percent, improved from a 0.2-percent contraction in the second half of 2020. Agricultural Production and Price Indexes expanded by 2.5 percent and 11.0 percent respectively, and leading to Farm Income Index rose by 13.7 percent

Farm Income Index increased by 15.2 percent due to the increase of agricultural production index and agricultural price index



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



Manufacturing sector grew at a high rate of 16.8 percent due to the acceleration of exports, low-base effect in the same period last year, and gradual improvement of domestic demand. Manufacturing sector growth in this quarter was in tandem with strong growth in Manufacturing production index (MPI) which soared to its highest level in 34 quarters by 20.4 percent. **Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production)** expanded at a high level of 28.3 percent, improving from a 0.3 percent decline in the previous quarter which bounced back to expansion for the first time in nine quarters. Manufacture of motor vehicles continued to increase for three consecutive quarters by 147.4 percent, accelerating from a 2.7 percent growth in the previous quarter. Manufacture of rubber tyres and tubes grew at a high rate of 98.9 percent, and the manufacture of motorcycles grew by 125.1 percent. **Manufacturing Production Index of the export-oriented industries (with export share of more than 60 percent to total production)** increased by 20.4 percent, accelerating from a 1.4 percent expansion in the previous quarter. The expansion was principally

Manufacturing and agricultural sectors surged at an accelerating rate from the previous quarter while accommodation and food service activities, transportation and storage, wholesale and retail trade; repair of motor vehicles and motorcycles, and electricity, gas, steam and air conditioning supply sectors rebounded from a contraction in the previous quarter. Meanwhile, construction sector slowed down from the previous quarter.

Agricultural sector continued to increase for the three consecutive quarters by 2.0 percent, owing to favorable water supply and weather condition. Besides, the increase in price of several agricultural products thus led to overall Farm Income Index increased at a high rate for three consecutive quarters.

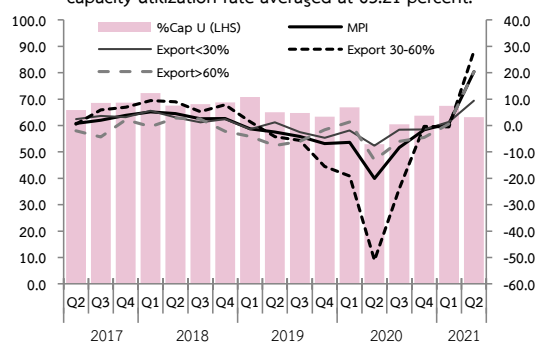
attributed to manufacture of electronic components and boards which continued to expand for three consecutive quarters by 25.3 percent, compared to a 7.1-percent growth in the previous quarter. Manufacture of other general-purpose machinery expanded for the first time in five quarters by 50.3 percent, and manufacture of jewelry grew by 73.4 percent. Nevertheless, manufacture of wearing apparel, except tailoring and dressmaking declined for the seven consecutive quarters by 13.8 percent. **Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production)** continued to increase for the two consecutive quarters by 9.4 percent following an increase in manufacture of basic iron and steel by 33.3 percent, malt liquors and malt increased by 68.5 percent, and parts and accessories for motor vehicles increased by 130.4 percent. **The average capacity utilization rate** in this quarter stood at 63.21 percent, decreased from 67.44 percent in the previous quarter, however, the rate still higher than 52.81 percent in the same quarter last year. In details, overall 30 major industries, there were 4 industries with capacity utilization above 80 percent, consist of manufacture of plastics and synthetic rubber (98.11 percent), pulp, paper and paperboard (85.67 percent), refined petroleum products (81.83 percent), and computers and peripheral equipment (80.38 percent), respectively. Besides, the 4 industries with capacity utilization in the range of 70 - 80 percent were manufacture of electronic components and boards (79.61 percent), slaughtering and packing of poultry (79.19 percent), rubber tyres and tubes (76.26 percent), and corrugated paper and paperboard (75.27 percent), respectively.

Manufacturing production index with positive growth included motor vehicles (147.4 percent) rubber tyres and tubes (98.9 percent), electronic components and boards (25.3 percent), motorcycles (125.1 percent), other general-purpose machinery (50.3 percent), basic iron and steel (33.3 percent), jewelry (73.4 percent), malt liquors and malt (68.5 percent), parts and accessories for motor vehicles (130.4 percent), and domestic appliances (44.9 percent), etc.

Manufacturing production index with negative growth including fertilizers and nitrogen compounds (30.7 percent), wearing apparel, except tailoring and dressmaking (13.8 percent), canned fish (17.7 percent), basic pharmaceutical products and pharmaceutical preparations (12.7 percent), articles of concrete, cement and plaster (1.9 percent), knitted and crocheted apparel (37.7 percent), soap and detergents, cleaning and polishing preparations (3.8 percent), dairy products (2.8 percent), luggage and handbags (12.7 percent), and tobacco products (4.0 percent), etc.

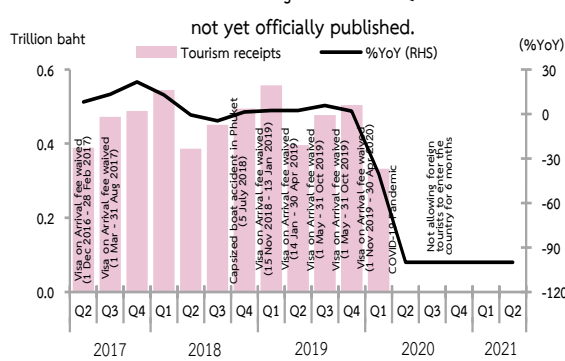
In the first half of 2021, manufacturing sector rose by 8.2 percent, improved from a 2.9-percent drop in the second half of last year. The Manufacturing Production Index (MPI) increased by 9.4 percent. The average capacity utilization rate was at 65.32 percent.

Manufacturing Production Index increased by 20.4 percent and the capacity utilization rate averaged at 63.21 percent. (%YoY)



Source : Office of Industrial Economics

Income from foreign tourists for Q2/2021



Source: Ministry of Tourism and Sports

Accommodation and food service activities sector expanded by 13.2 percent, reflecting the low base in the same period last year, improved from a 35.5-percent contraction in the previous quarter. In the second quarter of 2021, **Thai tourism receipts recorded at 0.035 trillion Baht** which rose significantly by 89.0 percent, improved from a 51.0-percent drop in the previous quarter, although the value was lower than the previous quarter. This was mainly due to the third wave of COVID-19 outbreak. **The number of foreign tourists stood at 20,275 persons** (included the tourists from the Thailand Privilege Card), this was similar to the level of foreign tourists in the previous quarter. The number was mainly supported by the Special Tourist VISA or STV scheme. **The Average Occupancy Rate** was at 8.24 percent, decreased from 16.15 percent in the previous quarter, however, the rate was higher than 6.50 percent in the same period last year.

In the first half of 2021, Accommodation and food service activities sector contracted by 17.2 percent, but improved from a 37.1-percent decline in the second half of 2020. The number of foreign tourists dropped by 99.4 percent, and the average occupancy rate was at 12.20 percent.

Manufacturing sector expanded at a high rate of 16.8 percent, following the rebound with expansion of the industries with 30 - 60 percent export and the accelerated expansion of the export-oriented industries. Besides, the domestic-oriented industries continued to expand for two consecutive quarters.

The average capacity utilization rate was at 63.21 percent, decreased from 67.44 percent in the previous quarter but still higher than 52.81 percent in the same quarter last year.

Accommodation and food service activities sector expanded for the first time in six quarters by 13.2 percent, mainly due to the low-base effect, together with domestic tourism and reopening to foreign tourists.

Average Occupancy Rate was at 8.24 percent, decreased from 16.15 percent in the previous quarter. However, the rate was still higher than 6.50 percent in the same period last year.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector rebounded with 5.5 percent expansion, improved from a 2.2 percent contraction in the previous quarter. This was in tandem with the gradual recovery of the domestic demands, the acceleration of production activities for exports, and the low-base effect in the same quarter last year. This was in line with a growth of the Wholesale and Retail Sales, and Repair of Motor Vehicles Composite Index of 27.6 percent, continuously increased from a 0.5-percent growth in the previous quarter. **Wholesales Index (except motor vehicles and motorcycles) increased significantly by 27.5 percent**, improving from a 1.3-percent decrease in the previous quarter. This was mainly driven by a 48.9-percent growth in other specialized wholesale (wholesale of iron, steel and non-ferrous metal in primary forms), and a 32.0-percent growth in wholesale of household goods (i.e. watches, clocks, and jewelry). **Wholesale and Retail Sales, and Repair of Motor Vehicles Index expanded at a favorable pace by 40.1 percent**, accelerating from a 10.6-percent growth in the previous quarter. This was mainly attributed to a 39.6-percent growth in sale of motor vehicles, a 49.7-percent growth in sale of motor vehicle parts and accessories. **Retail Sales Index (except motor vehicles and motorcycles) increased considerably by 23.0 percent**, accelerating from a 1.2-percent drop in the previous quarter, mainly due to a 34.1-percent growth in retail sales of other goods and a 34.0-percent growth in retail sales of automotive fuel in specialized stores.

In the first half of 2021, wholesale and retail trade sector, and repair of motor sector increased by 1.0 percent, compared with a 4.5-percent contraction in the second half of 2020. Wholesale and Retail Sales, and Repair of Motor Vehicles Index rose by 22.9 percent, Wholesales Index (except motor vehicles and motorcycles) increased by 11.2 percent, and Retail Sales Index (except motor vehicles and motorcycles) grew by 9.6 percent.

Transportation and storage sector rose for the first time in six quarters by 11.6 percent, compared to a 17.7-percent drop in the previous quarter. This was in tandem with the improvement in exporting, manufacturing, and agricultural activities as well as the easing of domestic transport measures, comparing with the same period last year. Besides, the expansion was in accordance with the increase of Transportation Services Composite Index of 20.7 percent, improving from a contraction of 17.3 percent in the previous quarter. This was attributed to (i) a 68.0-percent increase in Air Transport Services Index, (ii) a 0.6-percent increase in Land and Tube Transport Services Index, following the expansion of Public Transport Services Index, and (iii) a 14.7-percent increase in Water Transport Services Index, in line with the rise of TEUs Volume Index. Meanwhile, warehousing and support activities for transportation grow by 12.1 percent, improved from an 18.7-percent drop in the previous quarter. Likewise, postal and courier activities continued to increase at high rate by 23.2 percent, as a result of the continuous expansion of entrepreneur revenue.

In the first half of 2021, transportation and storage sector contracted by 6.6 percent, comparing with a 21.6-percent growth in the second half of 2020. Transport services dropped by 8.6 percent which was attributed to a 50.2-percent decrease in Air Transport Services Index, a 10.8-percent increase in Water Transport Services Index, and a 2.5-percent drop in Land and Tube Transport Services Index. In addition, warehousing and support activities for transportation decreased by 5.8 percent, while postal and courier activities expanded by 24.4 percent.

Electricity, gas, steam, and air conditioning supply sectors increased for the first time in five quarters by 0.9 percent, compared with a 9.1-percent drop in the previous quarter. This was in line with the expansion of production activities in both manufacturing and service sectors that were at a higher level than the same period last year. In this quarter, Total Electricity and Natural Gas Production Index rebounded for the first time in five quarters by 5.9 percent, the expansion was attributed to (i) Energy Generation Index increased by 5.5 percent, improving from a 4.9 percent drop in previous quarter, in tandem with the electricity consumption in business sector which rose for the first time in seven quarters by 7.0 percent together with the electricity consumption in the industrial sector which surged for the first time in eight quarters by 13.7 percent. Meanwhile, household electricity consumption continued to decline for two consecutive quarters by 2.0 percent. And (ii) Natural Gas Production Index increased by 12.3 percent, improving from a 1.1-percent contraction in the previous quarter, corresponded to the amount of natural gas delivered to the gas separation plant and the demand for natural gas as a fuel in the transportation and industrial sectors.

In the first half of 2021, electricity, gas, steam, and air conditioning supply sectors decreased by 4.2 percent, improving from a decline of 11.3 percent in the second half of last year.

Construction sector increased by 5.1 percent, slowed down from a 12.7-percent growth in the previous quarter, following a deceleration of the public construction, whereas private construction continued to decline from the previous quarter. In this quarter, **Public construction** increased by 9.0

Wholesale and retail trade; repair of motor vehicles and motorcycles sector expanded for the first time in five quarters by 5.5 percent.

Transportation and storage sector expanded for the first time in six quarters by 11.6 percent, owing to the increase of transportation services index

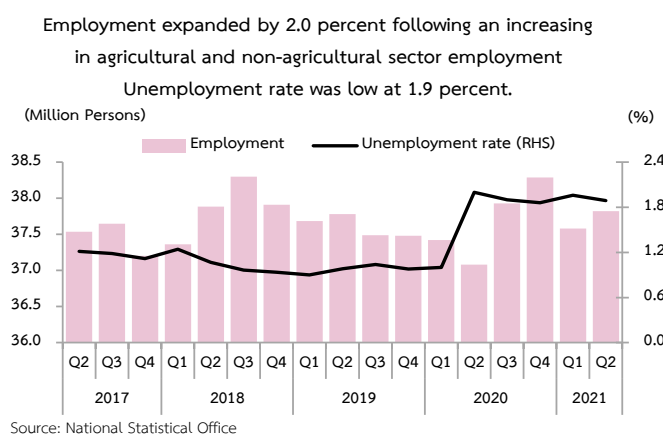
Electricity, gas, steam, and air conditioning supply sectors expanded for the first time in five quarters by 0.9 percent, in line with the surge in both energy generation index and natural gas production index

percent, decelerating from a 23.1-percent growth in the previous quarter. (Government construction increased by 39.9 percent, decelerating from a 12.6 percent expansion in the previous quarter. Likewise, state enterprise construction increased by 1.2 percent, slowing down from a 2.2 percent growth in the previous quarter). **Private construction** declined by 0.2 percent, compared to a 0.4-percent drop in the previous quarter, as a result of the falling in construction of residential buildings. Meanwhile, non-residential buildings (such as commercial buildings and factory buildings) continued to decline, however, the lower rate than the previous quarter. On the other hand, the construction in the service and transportation category and other construction continued to expand from the previous quarter. **Construction Material Price Index (CMI)** continued to rise by 9.7 percent for three consecutive quarters, owing to an increase in the steel price index (42.3 percent), lumber and wood products (2.0 percent), and tiles (0.3 percent).

In the first half of 2021, construction sector increased by 8.6, accelerating from a 5.9-percent growth in the second half of 2020. Public construction rose by 15.5 percent while private construction declined by 0.3 percent.

Employment continued to expand for the four consecutive quarters following the rebound of employment in the non-agriculture, and the continuous increase of employment in the agriculture. The unemployment rate decreased slightly from the previous quarter and stood at a lower level than the same quarter last year. In the second quarter of 2021, employment grew by 2.0 percent, continuously increased from a 0.4 percent growth in the previous quarter. **Non-agricultural employment** (shared 68.94 percent) rose by 1.6 percent due to an increase of employment in the accommodation and food service sectors (5.4 percent) and construction sector (5.1 percent). This was mainly owing to the low -base effect in the same period last year that caused by the COVID-19 pandemic and the COVID-19 control measures. However, employment in manufacturing sector and wholesale, retail and repair sector decreased for the nine and three consecutive quarters, respectively. **Agricultural employment** (shared 31.06 percent) increased by 2.4 percent. This was a continuous increase for three consecutive quarters, in line with the increase in the production of some key agricultural products such as paddy, rubber, and cassava, etc. **The unemployment rate** in this quarter was at 1.9 percent, slightly declined from 2.0 percent in the previous quarter as well as below the unemployment rate of 2.0 percent in the same quarter last year. **The number of unemployed** was at 7.32 hundred thousand people, compared with 7.45 hundred thousand people in the same quarter last year.

In the first half of 2021, employment increased by 1.2 percent and the unemployment rate stood at 1.9 percent.



Employed Persons by Industry

%YOY	Share Q2*/21	2020								2021	
		Year	H1	H2	Q1	Q2	Q3	Q4	H1*	Q1	Q2*
Employed	100.00	0.2	-1.3	1.7	-0.7	-1.9	1.2	2.2	1.2	0.4	2.0
- Agricultural	31.06	-0.1	-1.9	1.6	-3.7	-0.3	-0.1	3.4	2.6	2.8	2.4
- Non-Agricultural	68.94	0.3	-1.0	1.7	0.5	-2.5	1.8	1.6	0.6	-0.6	1.6
Manufacturing	15.52	-2.4	-2.9	-1.9	-1.4	-4.4	-1.4	-2.4	-2.2	-2.2	-2.2
Construction	6.12	1.9	-3.3	7.8	-0.2	-6.3	6.6	9.0	4.8	4.5	5.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	16.16	0.5	-1.1	2.1	-1.1	-1.0	4.6	-0.2	-1.2	-1.0	-1.4
Accommodation and food service activities	7.78	0.7	0.4	1.0	3.7	-2.8	-0.4	2.4	2.6	-0.2	5.4
Total labor force (Million persons)		38.5	38.2	38.9	38.2	38.2	38.7	39.1	38.8	38.8	38.8
employed (Million persons)		37.7	37.3	38.1	37.4	37.1	37.9	38.3	37.7	37.6	37.8
Unemployment (Hundred thousand persons)		6.51	5.70	7.32	3.94	7.45	7.38	7.27	7.45	7.58	7.32
Unemployment Rate (%)		1.7	1.5	1.9	1.0	2.0	1.9	1.9	1.9	2.0	1.9

Source : National Statistical Office (NSO) *Calculated by NESDC

The construction sector expanded by 5.1 percent, decelerating from the previous quarter, following the slowdown of the public construction. Meanwhile, private construction continued to decline.

Employment continued to expand for four consecutive quarters by 2.0 percent. This was mainly due to the increase of employment in both non-agriculture and agriculture.

The unemployment rate was at 1.9 percent, slightly decrease from the previous quarter and the same quarter last year.

Fiscal Conditions:

On the revenue side, in the third quarter of the fiscal year 2021 (April – June 2021), the net government revenue collection stood at 717,930.8 million Baht, increased by 31.4 percent compared with the same quarter last year, as a result of an expansion in revenue collection by the Revenue Department and the Excise Department which increased by 26.9 percent and 61.8 percent, respectively.

An increase in revenue collection of the **Revenue Department** in this quarter was significantly due to: (i) Adjustments of due date for filing the annual tax return and for remitting tax payments of both personal and corporate income tax in order to alleviate burdens for citizens and entrepreneurs affected by the COVID-19 pandemic. In details, deadlines for tax filing and payments in FY2020 were extended to the August 31st, 2020, and deadlines for tax filing and payments in FY2021 were extended to June 30th, 2021, and (ii) An unusual low base of VAT revenue collection in the same period last year as a result of overall economic slowdown, decline in domestic consumption, and the implementation of public measures to control and prevent the spread of COVID-19.

On the account of the **Excise Department**, net revenue collection increased due to certain following factors: (i) Increase in revenue collection from the excise tax on beer due to an extension of deadline for excise tax filing and payments in FY2020, from the day goods were transferred out of factories to July 15th, 2020, allowing producers and entrepreneurs in entertainment industry to possess higher business liquidity. Moreover, the increase in excise tax on beer was also a result of acceleration in tax payment of producers to support sales during the Songkran festival; (ii) Increase in revenue collection from the excise tax on petroleum and petroleum products due to an increase in petroleum reserves of petrol stations to meet consumers' demand during the Songkran festival, and advanced tax payments from certain oil refineries ahead of the Labor day vacation; and (iii) An increase in the excise tax on cars due mainly to a temporary production suspension of automobile manufacturers during the COVID-19 pandemic, an extension of deadlines for excise tax filing and payments to the July 15th, 2020, an acceleration of tax payments of the automobile manufacturers in the free zone, and an increase in sales of imported cars at the 42nd Bangkok International Motor Show, 2021.

For 9 months of the fiscal year 2021, the net government revenue stood at 1,738,161 million Baht, increasing by 2.9 percent from the same period last year, yet still 10.1 percent lower than the revenue estimation stated in the 2021 Budget Bill. In details, the revenue collection of the Revenue Department, the Excise Department, and the revenue submission from SOEs were lower than the estimation by 9.0 percent, 11.5 percent, and 21.5 percent, respectively.

On the expenditure side, the total budget disbursement in the third quarter of fiscal year 2021 was at 912,129.8 million Baht¹, decreased by 11.2 percent from the same quarter last year in which the current expenditure disbursement decreased by 15.1 percent, and the capital expenditure disbursements increased by 7.1 percent. Classified by sources of funds, the government disbursements were as follows:

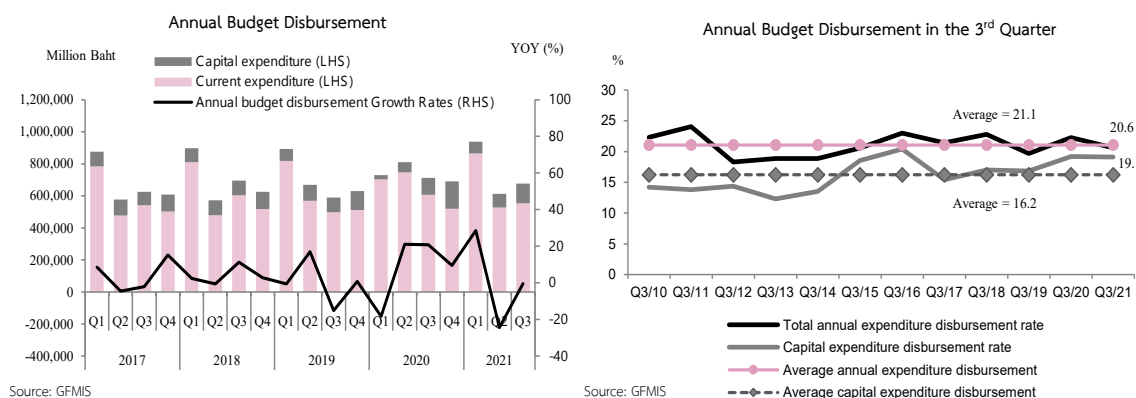
(i) **The 2021 annual budget disbursement** stood at 677,070.1 million Baht, decreased from the same quarter last year by 5.0 percent. The disbursement rate was at 20.6 percent, lower than the last year disbursement rate which was at 22.3 percent. Of the total annual budget disbursement, the current expenditure was disbursed at 553,432.4 million Baht, declined by 8.8 percent from the same quarter last year due to an unusual high growth base of current expenditure disbursement in fiscal year 2020 where the enforcement of the 2020 Budget Bill was delayed. The disbursement rate was at 21.0 percent, lower than the rate of 22.9 percent in the same quarter last year. Meanwhile, the capital expenditure disbursement marked at 123,637.8 million Baht, increased from the same quarter last year by 16.2 percent as a result of an increase in disbursement from two significant categories including land and construction, and special subsidy budget. The capital expenditure disbursement rate was at 19.1 percent, close to the rate of 19.2 percent in the same quarter last year.

The net government revenue collection in Q3/2021 increased by 31.4 percent due to adjustments of deadlines for filing annual tax returns and remitting tax payments of personal and corporate income tax, and excise tax on beer; petroleum and petroleum products; and cars, as well as an unusual low base of VAT revenue collection in the same period last year.

For 9M/FY2021, the net government revenue collection increased by 2.9 percent from the same period last year, yet was lower than the estimation in the 2021 Budget Bill by 10.1 percent.

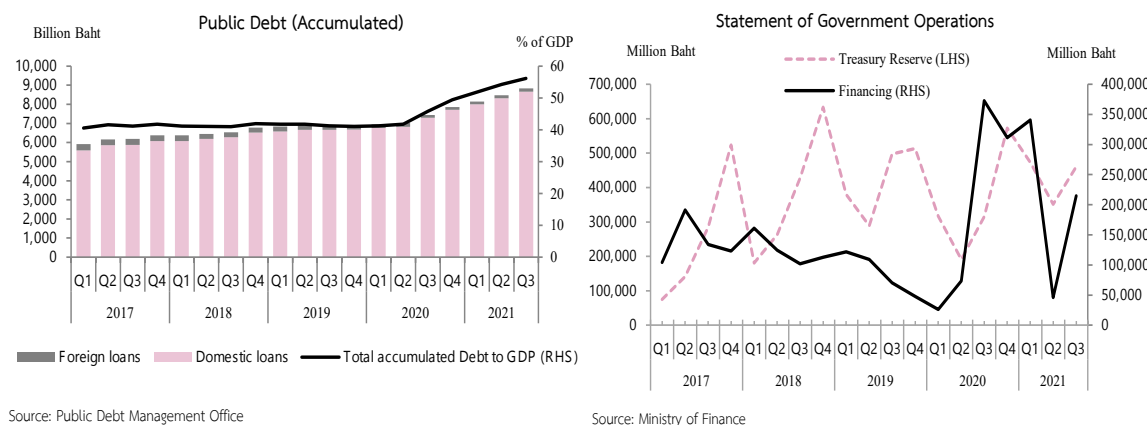
In Q3/2021, the total budget disbursement contracted by 11.2 percent following a decrease in disbursement of the 2021 annual budget, and the carry-over budget. Meanwhile, disbursement of the SOEs capital expenditure budget, and 1-trillion-Baht COVID-19 loan expanded.

¹ The total budget disbursement includes the disbursement of (i) the grand total of annual budget, (ii) the carry-over budget, (iii) the State-owned enterprises' capital expenditure budget allocated by the State Enterprise Policy Office (excluding PTT) and the State-owned enterprise's capital expenditure allocated from the annual budget and the carry-over budget, and (iv) the 1-trillion-Baht COVID-19 loan.



(ii) The carry-over budget disbursement stood at 26,785.2 million Baht, decreased from the same quarter last year by 18.1 percent. The disbursement rate was at 12.4 percent, equals to the rate of 12.4 percent in the same quarter last year. (iii) The state-owned enterprises' capital expenditure budget (excluding PTT) stood at 51,853 million Baht², expanded from the same period last year by 4.1 percent as a result of the investment plan revision of the National Telecom Public Company Limited, and the State Railway of Thailand. (iv) The 1-trillion-Baht COVID-19 loan³ was disbursed for 161,092 million Baht.

For 9 months of the fiscal year 2021, the total budget disbursement was at 3,024,515.6 million Baht, a 7.4 percent increase from the same period of 2020, with the following detail: (i) The 2021 annual budget disbursement of 2,228,520.5 million Baht. The disbursement rate was at 67.8 percent, lower than the disbursement rate of 70.4 percent in the same period last year. Of the total annual budget, a disbursement of the current expenditure was at 1,945,109.7 million Baht (the disbursement rate was 73.7 percent, lower than the disbursement rate of 77.8 in the same period last year). Meanwhile, the capital expenditure disbursement was at 283,410.8 million Baht (the disbursement rate was 43.8 percent, greater than 35.5 percent in the same period last year); (ii) A disbursement of the carry-over budget stood at 160,712.6 million Baht, equivalent to 74.5 percent of the total carry-over budget; (iii) A disbursement of the state-owned enterprises' capital expenditure budget (excluding PTT) was at 187,805.6 million Baht⁴; and (iv) A disbursement of 1-trillion-Baht COVID-19 loan for 459,730.6 million Baht.



Public Debt: at the end of June 2021, public debt was accumulated at 8,825,097.8 million Baht, equivalent to 56.1 percent of GDP. The public debt comprised 8,665,193.8 million Baht of domestic loans (55.1 percent of GDP), and 159,904.1 million Baht of foreign loans (1.0 percent of GDP).

The distribution of public debt detailed as follows: (i) 7,760,488.8 million Baht in Government Debt, (ii) 772,090.5 million Baht in SOEs (non-financial institute) debt, (iii) 285,357 million Baht in SOEs (financial institute) debt, and (iv) 7,161.6 million Baht in debt of other government agencies, which were accounted to 87.9 percent, 8.7 percent, 3.2 percent, and 0.1 percent of the accumulated public debt, respectively.

In Q3/FY2021, the disbursement rate of the 2021 annual budget was at 20.6 percent, while the disbursement rate of current and capital expenditure was at 21.0 percent, and 19.1 percent, respectively.

For 9M/FY2021, the disbursement rate of the 2021 annual budget stood at 67.8 percent, while the disbursement rate of current and capital expenditure was at 73.7 percent, and 43.8 percent, respectively.

At the end of June 2021, the public debt was equivalent to 56.1 percent of GDP, remained under the fiscal disciplinary framework where public debt ceiling is 60 percent of GDP.

² The number includes 4,670.6 million Baht of the capital expenditure of state-owned enterprises allocated from the annual budget and the carry-over budget.

³ Loan under the Emergency Decree authorizing the Ministry of Finance to raise loans to solve problem, to remedy, and to restore the economic and society as affected by the Coronavirus disease pandemic, B.E. 2563 (2020)

⁴ The number includes 12,253.5 million Baht of the capital expenditure of state-owned enterprises allocated from the annual budget and the carry-over budget.

Fiscal Balance: In the third quarter of the fiscal year 2021, the budgetary balance and non-budgetary balance recorded a deficit of 64,415 million Baht, and 41,598 million Baht, respectively. In the meantime, the government conducted a cash balance management through the borrowing of 215,000 million Baht. Therefore, the cash balance after debt financing recorded a net surplus of 108,987 million Baht. Included a 351,379 million Baht treasury reserve at the end of the second quarter, the total treasury reserve at the end of June 2021 reached 460,366 million Baht.

For 9 months of the fiscal year 2021, the budgetary balance and non-budgetary balance recorded a deficit of 645,952 million Baht and 67,596 million Baht. The government conducted a cash balance management through borrowing of 601,810 million Baht. As a result, the cash balance after debt financing recorded a net deficit of 111,738 million Baht.

Financial Conditions:

In the second quarter of 2021, the policy interest rate remained unchanged at 0.50 percent per annum. In both meeting on 5th May and 23rd June 2021, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 0.50 percent per annum. The Committee assessed that the most important issue was the implementation of monetary policy to support the economic recovery and the readiness to use the limited policy space at the most effective timing. The decision was made to support the Thai economic recovery that would be slower and lower-than-expected in the previous forecast due to the new wave of the COVID-19 outbreak. Likewise, major economies and other regional economies continued to keep their policy rates unchanged in this quarter. Similarly, Federal Reserve (Fed) maintained its policy rate at a range of a 0.00 - 0.25 percent per annum along with carrying out the quantitative easing (QE) programs by at least 120 billion dollars per month. However, the Fed started to consider of reducing the QE programs. Besides, the central bank of Eurozone, Japan, and England maintained their policy rate at 0.00, -0.10, and 0.10 percent per annum respectively. On the other hand, the central banks of Russia increased the policy rate by 1.00 basis points in this quarter to 5.50 percent per annum to combat inflation.

In July 2021, the central banks of Russia increased the policy rate by 1.00 basis points to 6.50 percent per annum. Meanwhile, the People's Bank of China reduced the required reserve ratio (RRR) by 0.5 basis to increase liquidity in the economy.

At the end of June 2021, the treasury reserve stood at 460,366 million Baht.

MPC maintained the policy rate, in line with the central bank of major advanced economies and regional economies. Meanwhile, the central banks of Russia increased the policy rate by 1.00 basis points.

(%)	Policy Interest Rate											
	2019	2020						2021				
At the end of period	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Apr.	May.	Jun.	Jul.
USA	1.50-1.75	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
England	0.75	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Canada	1.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Australia	0.75	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
New Zealand	1.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Russia	6.25	4.25	6.00	4.50	4.25	4.25	4.50	5.50	5.00	5.00	5.50	6.50
China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
Korea, South	1.25	0.50	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
India	5.15	4.00	4.40	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Indonesia	5.00	3.75	4.50	4.25	4.00	3.75	3.50	3.50	3.50	3.50	3.50	3.50
Philippines	4.00	2.00	3.25	2.25	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Malaysia	3.00	1.75	2.50	2.00	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Thailand	1.25	0.50	0.75	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: Collected by NESDC

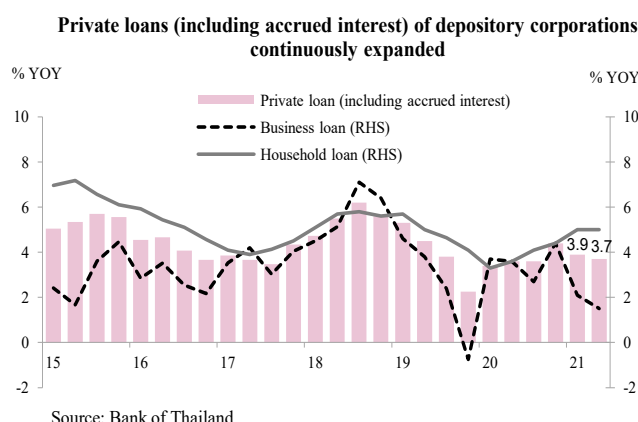
Large-sized commercial banks and specialized financial institutions (SFIs) cut their deposit rates and maintained the lending rates at the same level. Meanwhile, medium-sized kept both lending and deposit rates unchanged. In the second quarter of 2021, large-sized commercial banks decreased their deposit rates, but maintained the lending rates. As a consequence, the average 12-month fixed deposit rate stood at 0.42 percent per year. However, the average Minimum Loan Rate (MLR) remained at the same level as the previous quarter at 5.36 per year. Similarly, SFIs decreased their deposit rates and maintained the lending rates. As a result, the average 12-month fixed deposit rate was at 0.96 percent per year and the average MLR stood at 6.13 per year. However, medium-sized commercial banks maintained their average deposit and MLR rates at 0.55 per year and 6.13 per year, respectively. The average real deposit and MLR rates decreased following the increase in the inflation rate.

The majority of financial institutions maintained their lending rates. However, large-sized commercial banks and the SFIs decreased the deposit rates.

In July 2021, large-sized and medium-sized commercial banks maintained both deposit and lending rates at the same level as last month. Meanwhile, the SFIs kept their lending rates unchanged and continued to cut the average 12-month fixed deposit rate.

Private business loans outstanding continuously expanded. At the end of the second quarter of 2021, private loans of depository corporations grew by 3.7 percent, compared with the 3.9 percent in the previous quarter. Household loans expanded with the same level in the last quarter by 5.0 percent. Meanwhile, business loans expanded by 1.5 percent, decelerating from 2.1 in the previous quarter. **Specialized financial institutions (SFIs)** expanded by 4.6 percent, compared with 6.6 percent in the previous quarter. This was mainly due to the slowdown of business loans which expanded by 0.2 percent, decelerating from 6.9 percent in the previous quarter, along with household loans slowed down from the growth of 6.5 percent in the previous quarter to 5.0 percent. This was partly due to the ending of the government's financial measures. Meanwhile, **commercial bank loans** expanded by 3.8 percent, accelerating from 3.4 percent in the previous quarter. This was mainly attributed to the acceleration of household loans which increased by 6.1 percent, compared to 5.2 percent growth in the previous quarter, while business loans grew by 1.6 percent, slowing down from 1.8 percent in the previous quarter. Major lending sectors with expansion consist of public administration and defense, and compulsory social security (35.1 percent), accommodation and food service activities (11.6 percent), construction (7.8 percent), wholesale and retail trade; repair of motor vehicles and motorcycles (1.9 percent) and electricity, gas, steam and air conditioning supply (0.3 percent). Meanwhile, major lending sectors with contraction included real estate activities (-7.9 percent) and manufacturing (-2.8 percent). **The commercial bank loan for consumption** expanded at an accelerated pace by 5.7 percent, compared to 5.3 percent in the previous quarter. This was principally supported by the continuous expansion of loans for personal consumption which reflected the demand for liquidity in household sector. In particular, **loans for small and medium-sized businesses** (excluding financial and insurance activities) indicated that outstanding loans declined by 7.4 percent which declined for eight consecutive quarters. Moreover, the rate continued to decline from the previous quarter in the majority of key sectors, excepted transportation and storage.

Private business loans outstanding gradually expanded in specialized financial institutions (SFIs). Meanwhile, commercial bank loans accelerated.

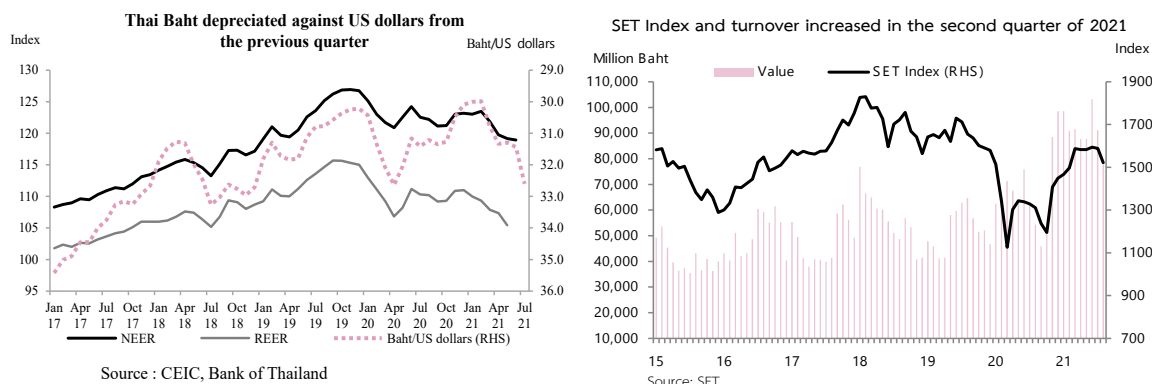


Thai Baht against US dollar depreciated. In the second quarter of 2021, an average exchange rate was at 31.36 Baht per US dollar, depreciating by 3.52 percent from the previous quarter. This was in line with a net deficit of current account and a net outflow in term of equity security investment of foreign investors. Besides, an average US dollar index stood at 91.01, decreasing from 91.02 percent in the previous quarter. Besides, the movement of Thai Baht reflected the high volatility throughout the second quarter. In April, Thai Baht against US dollar was depreciated, as a result of the new wave of the COVID-19 outbreak in Thailand. Meanwhile, as the depreciation of the US dollar in May, Thai Baht against US dollar appreciated slightly. This was in tandem with the decline in long-term US government bond yields due to the implementation of monetary policy by the Federal Reserve (Fed). However, Thai Baht against US dollar depreciated in June. The depreciation was caused by an announcement tightening measures against COVID-19 by raising Bangkok and vicinity area to the maximum and strict COVID-19 control zone. Additionally, the other regional currencies such as Japanese Yen, Indonesian Rupiah, Malaysian Ringgit, Indian Rupees, South Korea Won, and Hong Kong dollar against the US dollar depreciated from the previous quarter. Meanwhile, Taiwanese dollar and Philippines Peso appreciated from the previous quarter. Furthermore, comparing with trading partners/competitors, Thai Baht depreciated, reflecting by a decrease in average of Nominal Effective Exchange Rate (NEER)⁵ by 2.86 percent from the previous quarter (an average of 119.28).

Thai Baht against US dollar depreciated, in line with a net deficit of current account and a net outflow in term of equity security investment of foreign investors.

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.

In July 2021, the monthly average of Thai Baht was at 32.61 Baht per US dollar, depreciating by 3.72 percent from the previous month. The depreciation was mainly caused by the new wave of the COVID-19 outbreak within country. Meanwhile, US dollar appreciated as a result of the investors transferred risky assets into safe haven assets amid concerns over the COVID-19 Delta variant pandemic intensified in many countries.



SET index increased slightly from the previous quarter. Throughout the second quarter of 2021, SET index experienced an upward trend. This was mainly driven by (i) the recovery of both global economy as well as international trade, (ii) continuing to maintain growth momentum of exports, and (iii) the upward trend in crude oil prices following several countries gradually easing lockdown measures and the COVID-19 restrictions, especially developed countries with progressive success in vaccination. However, SET index was pressured by various factors during the end of the quarter, including the rapid spread of the delta variant in various countries, together with the worsen situation of COVID-19 pandemics within country amid the number of daily cases reached a new high record. Besides, implementing decisive measures to prevent the spread of COVID-19 affected economic activities, along with the delay of vaccine distribution and vaccination. Altogether, SET index at the end of the second quarter of 2021 closed at 1,588 points. This was an increase of 0.04 percent from the previous quarter. The movement of SET index was in line with other regional stock markets. As a consequence, local individuals and proprietary trading remained as a net buy position, while foreign investors registered a net buy for two consecutive quarters. Industry groups with positive growth were Technology (24.1 percent), Industrials (5.0 percent), and Consumer products (1.9 percent). Meanwhile, industry groups with negative growth were Financials (-10.4 percent), Services (-3.0 percent), and Resources (-2.0 percent).

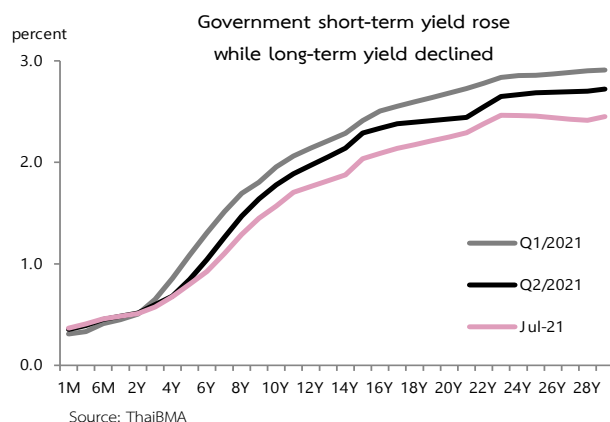
In July 2021, SET index declined to 1,522 points, equaling to a 4.1-percent reduction from June 2021, which was caused by concerns over ongoing of COVID-19 pandemics amid a spike in infections as well as heightened COVID-19 control measures. As a result, local individuals and proprietary trading registered a net buy, while local institutions and foreign investors were a net sell position.

The movement of short-term government bond yield was similar to the previous quarter, while long-term government bond yield shift downward. In the second quarter of 2021, government bond yield with more than 5-Year declined, in line with the downward movement of US long-term government bond yield following the concerns over the ongoing COVID-19 pandemic and the measures to prevent the spread of COVID-19 which affected not only the economic activities but also an economic recovery. As a result, investors sought out safe-haven assets and led to an increase in the clean price index. Meanwhile, government bond yield with lower than 5-Year remained at similar level compared to the previous quarter. In details, 1-Year government bond yield was at 0.48 percent compared to 0.45 percent at the end of the previous quarter. Additionally, 10-Year government bond yield recorded at 1.78 percent compared to 1.95 percent at the end of the previous quarter. The foreign investors registered a net buy with 72.8 billion Baht, as opposed to a net sell with 0.3 billion Baht in the previous quarter. Total new registered corporate bond was at 459.5 billion Baht, mainly attributed to property development, finance and securities, and energy and utilities.

In July 2021, short-term government bond yield stayed on similar level in the previous month, whereas long-term government bond yield shifted downward. This was partly due to concerns over COVID-19 pandemics within country amid spikes in new infections. Therefore, 1-Year and 10-Year government bonds yields stood at 0.48 percent and 1.57 percent respectively. Besides, foreign investors recorded as a net sell with 8.2 billion Baht compared to a net buy with 42.4 billion Baht in the previous month.

SET Index rose from the previous quarter following the recovery of the world economy and expansion in export sector.

Short-term government bond yield remained at a similar level. Meanwhile, long-term government bond yield shifted downward.



Capital and financial account recorded a net outflow of 5.75 billion US dollars in the first quarter of 2021 which continued from 2.79 billion US dollars outflow in the previous quarter. This was mainly caused by a net outflow of Thai investor in term of both equity security and direct investments. However, there were various terms of inflow of investment such as loans, commercial loans, deposits, and etc., as well as a net inflow in term of direct investment of foreign investor.

Capital and financial account recorded a net outflow following a net outflow of Thai investor.

Capital Flow

(Billion USD)	2019					2020					2021	
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	
- Direct Investment	-5.33	-3.00	0.00	-0.13	-2.20	-23.19	-3.03	-5.43	-3.96	-10.76	0.98	
Thai investor	-10.14	-3.44	-1.93	-3.42	-1.35	-18.16	-5.82	-5.21	-3.96	-3.17	-3.04	
Foreign investor	4.82	0.44	1.93	3.29	-0.85	-5.03	2.79	-0.23	-0.01	-7.59	4.01	
- Portfolio Investments	-8.64	-2.41	2.20	-6.44	-1.99	-12.17	-7.20	1.33	-2.56	-3.74	-10.46	
Thai investor	-7.70	-1.12	-0.38	-2.76	-3.44	-4.08	0.08	2.82	-1.81	-5.16	-10.90	
Foreign investor	-0.95	-1.29	2.58	-3.69	1.45	-8.09	-7.28	-1.49	-0.75	1.43	0.44	
Others	-1.68	-0.80	-4.57	4.99	-1.30	29.89	1.86	13.89	2.43	11.71	3.73	
Capital and financial account	-15.66	-6.21	-2.37	-1.59	-5.48	-5.47	-8.38	9.79	-4.09	-2.79	-5.75	

Source: BOT

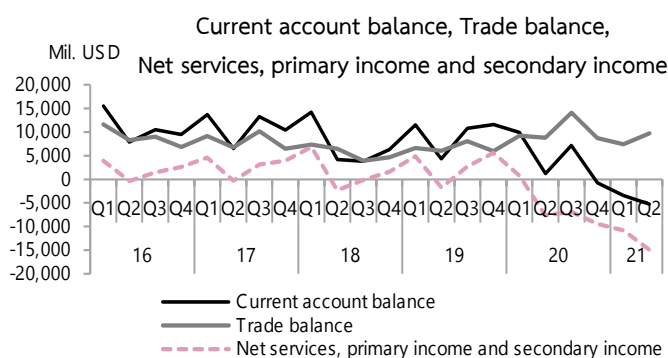
Current account registered a deficit of 5.2 billion US dollar (163.8 billion Baht) compared to a 1.2 billion US dollar surplus in the same quarter last year, and a 3.4 billion US dollar deficit in the previous quarter. This was a result of a deficit in services, and primary and secondary income of 14.9 billion US dollar, while a trade balance was recorded a surplus of 9.7 billion US dollar (higher than an 8.8 billion US dollar surplus in the same quarter last year).

Current account recorded a deficit for the third quarters consecutively, compared with a surplus in the same period last year.

In the first half of 2021, current account registered a deficit of 8.6 billion US dollar (equivalent to 267.3 billion Baht) comparing to a 6.4 billion US dollar surplus (equivalent to 203.2 billion Baht) in the second half of 2020.

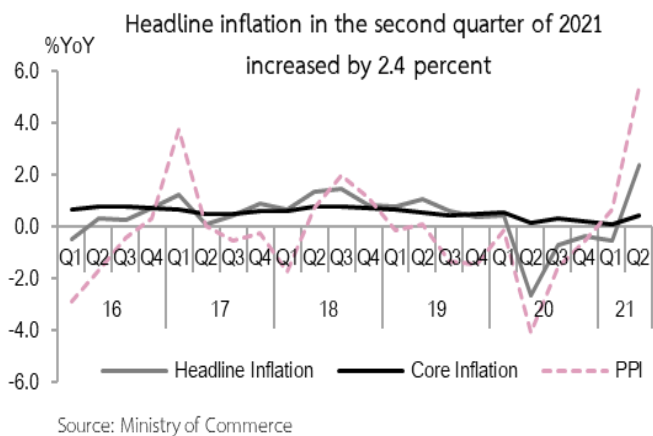
International reserve at the end of June 2021 stood at 246.5 billion US dollar (7,901.2 billion Baht) increased from 241.6 billion US dollar (7,461.3 billion Baht) at the end of June 2020

International reserve at the end of June 2021 stood at 246.5 billion US dollar.



Headline inflation: In the second quarter of 2021, headline inflation was averaged at 2.4 percent, comparing with a -0.5-percent Headline Inflation recorded in the previous quarter. **Food-and-Beverage** price index increased by 0.3 percent, comparing with a 0.04-percent decline in the previous quarter due to an increase in prices of seasoning and condiments, meats poultry and fish, and vegetables and fruits, which rose by 3.7 percent, 2.4 percent, and 0.4 percent, respectively. **Non-Food and Beverage** price index increased by 3.7 percent, compared with a 0.8-percent decline in the previous quarter following a rise of transport and communication, and energy price index which increased by 9.6 percent, and 22.5 percent, respectively. Core inflation was averaged at 0.4 percent⁶.

In the first half of 2021, Headline inflation was averaged at 0.9 percent and core inflation was averaged at 0.3 percent.



Producer Price Index (PPI): In the second quarter of 2021, Producer Price Index increased by 5.4 percent compared with a 0.7-percent rise in the previous quarter, following the increase in price of manufactured products and mining products. **The price of manufactured products** rose by 5.4 percent compared with a 0.7-percent increase in the previous quarter, following the increase in price of food products by 3.3 percent. **The price of agricultural & fishery products** increased by 6.0 percent compared with a 5.2-percent increase in the previous quarter. **The price of mining products** increased by 4.0 percent compared with a 15.1-percent decline in the previous quarter, following the increase in price of petroleum, and natural gas by 5.2 percent comparing with a 19.3-percent decline in the previous quarter⁷.

In the first half of 2021, Producer Price Index increased by 3.0 comparing with a 1.1-percent decrease in the second half of 2020.

Headline inflation increased by 2.4 percent compared with a -0.5-percent Headline Inflation recorded in the previous quarter, the price index of Food-and-Beverage increased, and Non-Food-and-Beverage increased following, the price of energy index.

Producer Price Index (PPI) increased by 5.4 percent compared with a 0.7-percent increase in the previous quarter.

⁶ In July 2021, Headline inflation was 0.5 percent, Core inflation was 0.1 percent.
⁷ In July 2021, Producer Price Index (PPI) rose by 5.0 percent.

2. Crude Oil price in Q2 of 2021

The crude oil price in the global market increased comparing to the same period last year and expanded from first quarter of 2021. In the second quarter of 2021, the average crude oil price in four major markets (Dubai, Oman, Brent, and WTI) stood at 67.7 US dollar per barrel, expanding by 119.5 percent from the average at 30.9 US dollar per barrel recorded at the same period last year. Also, crude oil price increased by 13.6 percent from average at 59.6 US dollar per barrel recorded at the previous quarter.

Key reasons for the increase in the global crude oil price this quarter were (i) the economic recovery of the countries with a large economy, (ii) ease of the lockdown restrictions in the European countries and the United States, leading to an increase of traveling, and (iii) the OPEC Plus maintained a gradual increase in oil production capacity supporting the global demand of oil being recovery.

In the first half of 2021, the average crude oil price in four major markets (Dubai, Oman, Brent, and WTI) stood at 63.5 US dollar per barrel, increased by 56.5 percent from the average at 40.6 US dollar per barrel recorded at the same period last year. Also, crude oil price increased by 46.4 percent from average at 43.4 US dollar per barrel recorded at the second half of 2020.

The crude oil price in the global market continually increased comparing with the same period last year, and also expanded from the previous quarter.

Crude oil price											
Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2018	Year	65.1	71.8	69.5	69.8	69.1	27.8	31.1	31.2	31.3	30.4
2019	Year	56.9	64.0	63.3	63.6	62.0	-12.6	-10.9	-9.0	-8.9	-10.3
2020	Year	39.6	43.4	42.4	41.9	42.0	-30.4	-32.2	-33.0	-34.2	-32.3
	H1	37.4	42.6	41.1	39.8	40.6	-34.6	-35.4	-36.9	-39.0	-35.9
	H2	41.8	44.2	43.8	43.8	43.4	-26.2	-28.8	-28.8	-29.4	-28.4
	Q1	46.2	51.0	50.8	49.6	49.7	-15.9	-20.1	-19.7	-21.7	-18.9
	Q2	28.2	33.5	30.9	30.8	30.9	-52.7	-50.8	-53.9	-54.3	-52.9
	Q3	40.9	43.3	43.0	42.9	42.5	-27.5	-30.1	-29.5	-30.3	-29.5
	Q4	42.6	45.1	44.7	44.7	44.3	-24.8	-27.5	-28.0	-28.4	-27.3
	H1	62.0	65.1	63.7	63.1	63.5	65.9	53.1	55.1	58.4	56.5
2021	Q1	58.0	61.2	60.3	59.0	59.6	25.6	20.1	18.7	19.0	20.0
	Q2	66.5	69.4	67.5	67.5	67.7	135.9	107.0	118.3	119.3	119.5
	Apr.	61.9	65.5	63.1	63.0	63.4	279.3	146.6	208.2	211.2	203.2
	May.	65.1	68.3	66.6	66.6	66.7	121.2	108.3	116.6	116.2	115.4
	Jun.	71.5	73.5	71.8	72.0	72.2	86.2	80.0	75.1	76.5	79.3
	Jul.	72.6	74.3	73.0	73.1	73.3	78.4	71.9	67.9	68.9	71.8
	7M	63.6	66.5	65.1	64.6	64.9	67.9	55.9	57.1	60.1	58.8

Source: Thairoil Plc. and EPPO.

3. The World Economy in Q2 of 2021

The world economy in the second quarter of 2021 continued a recovery momentum from the first quarter, led by strong growths in major economies following a notable improvement of domestic demands. This was resembled in continuing resilience of both manufacturing and service sectors as shown in increasing the Purchasing Manager Indexes (PMI) to surpass the pre-pandemic levels, particularly in the US, Eurozone, UK, and Australia⁸. Also, domestic private consumption picked up strongly as observed in rising retail sale indexes and consumer confidences. The stronger recovery was mainly due to the relaxation of COVID-19 control measures after the pivotal progress of vaccine rollout and, hence, alleviating domestic outbreak. Meanwhile, those economies had also been supported by continual expansionary fiscal and monetary policy to mitigate impacts on the economy. At the same time, recovering demand in the major industries had contributed to the recovery of global trade and significantly encouraged exports of emerging economies and developing countries in Asia.

However, the recovery paths of many Asian economies have been derailed by the virulent resurgence of COVID-19, specifically India, Taiwan, South Korea, Indonesia, Malaysia, and the Philippines, with rising numbers of new infections and deaths. Amid the new virus mutations in addition to a low percentage of vaccinated population, several governments had to enforce more stringent control measure which further stalled the recovery of domestic consumption and services sector. The manufacturing sector was also affected by temporary closure of factory as well as higher production and shipping costs. Therefore, after seasonally adjusted, most emerging economies and ASEAN countries experienced economic contractions in the second quarter when compared to the first quarter.

In the light of recovery in major industrial economies, the inflationary pressure had been more intense due to the robust domestic spending from pent-up demand, and globally rising prices of real estate, oil, and commodity prices, coupled with the unusually low base growth in 2020. In fact, the recent inflation rates in several countries already surged above the policy targets, including the US, UK, Canada, India, and South Korea. While the labor market had not fully recovered. Amid arising uncertainty from the pandemic, major central banks continued the expansionary policy stances, including maintaining a low policy rate and acquiring asset purchases to accommodate economic liquidity.

The US economy in the second quarter grew by 12.2 percent (Advance estimate), accelerating from a growth of 0.5 percent in the previous quarter, the two consecutive quarters of positive growth rate. After seasonal adjustment, the US economy expanded by 6.5 percent, increasing from a 6.3-percent growth in the first quarter (%QoQ saar). The recovery was mainly attributable to a strong rebound in domestic spending in both private consumption and private investment which were in line with the improvement in manufacturing and service sectors. Nonetheless, government expenditure was flat at 0.0 percent, compared with a 1.3-percent growth in the first quarter, due to the end of the Paycheck Protection Program (PPP) on May 31st, 2021. Meanwhile, inflationary pressure had significantly elevated following the apparent increase in domestic demand; evidently, inflation rate (Core PCE Price Index) was rising to 3.4 percent, from 1.7 percent in the previous quarter. Meanwhile, the labor market improved gradually as evidenced in a decreasing unemployment rate from 6.2 percent in the first quarter to 5.9 percent although remaining above the pre-pandemic rate. This was consistent with non-farm employment that remained lower than the beginning of last year. Therefore, the Federal Reserve's Monetary Policy Committee (FOMC) decided to hold the policy rate at 0.00 - 0.25 percent at the meeting on 15th – 16th June 2021, and signaled to continue expansionary monetary policy until the targets of full employment and long-run inflation of 2.0 percent can be achieved.

The Eurozone economy grew by 13.7 percent, a historically high growth rate and the first expansion in 6 quarters. This was a consequence of the recoveries of all member economies, especially Spain and France which registered record growths of 19.8 percent and 18.7 percent respectively. After seasonal adjustment, the Eurozone economy expanded by 2.0 percent, recovering from the 0.3-percent decrease in last quarter (%QoQ swda) and was the first expansion after three quarters of contraction. The recovery was contributed mainly by the rebound of domestic demand, in line with the improved consumer confidence. This was resulted from the better COVID-19 outbreak situations as the number of newly infected substantially declined, especially in Spain, Italy, and Belgium. In addition, manufacturing and services sectors continued to improve, as reflected from the manufacturing PMI registering at 63.4, highest since first release in September 2008, as well as services PMI achieving 54.7, highest in 13 quarters and compared with 46.9 in the previous quarter. The inflation rate was a ten-quarter peak at 1.8 percent.

The US economy expanded by 12.2 percent, the two consecutive quarterly growths, mainly supported by the acceleration of domestic demand, the rebound of service sector for the first time in 6 quarters amid rising inflationary pressure.

The Eurozone economy grew by 13.7 percent, a record-high growth after 5 consecutive quarters of declines, thanks to the recoveries in domestic demand, manufacturing, and services.

⁸ Manufacturing PMI in many countries reached the record highs, including the US (at 63.4 in July), the Eurozone (at 63.4 in June), UK (at 65.6 in May), and Australia (at 63.2 in June). Simultaneously, service PMI also reached the highest level, particularly in the US (at 70.4 in May), and the Eurozone (at 59.8 in July).

Nonetheless, unemployment rate stood at 7.9 percent, improving from an 8.2-percent in the previous quarter but remained higher than the pre-pandemic level of 7.3 percent in the first quarter of 2020. For key economic policies implementation, the European Commission approved loans under the Recovery Assistance for Cohesion and the Territories of Europe (REACT-EU)⁹, for the first time, to the Netherlands and Austria for 262 million Euros. This was part of the 672.5 billion Euros loans and grants under the Next Generation EU Recovery and Resilience Facility. Moreover, the ECB meeting on June, 10th agreed to hold the policy rates at low level as well as to maintain other accommodative measures to support the economic recovery¹⁰.

The Japanese economy improved steadily from the previous quarter, supported by recoveries in the manufacturing and export sectors, where export values expanded by 42.5 percent, accelerating from 8.8 percent in the previous quarter, the highest growth in 45 quarters. This was also consistent with an expansion in manufacturing activity, where the manufacturing PMI reached the highest level in 13 quarter at 53.0, increasing from 51.3 in the first quarter. However, the pickup in domestic demand was dampened by a new wave of Covid-19 pandemic. Consequently, the government extends the state of emergency until the end of August in several prefectures, including Tokyo. Moreover, the services PMI was at 48.0 slightly increased from 46.9 in the previous quarter but remained below 50 for 7 consecutive quarters. Besides, the retail sales index rose 6.5 percent, accelerating from 0.5 percent in the prior quarter. However, this was mainly due to a low-base effect of last year. Thus, the Bank of Japan (BOJ) on June 17th -18th, 2021, decided to maintain its policy rate at (-0.1) percent and continue purchasing a necessary amount of Japanese government bonds (JGBs) in order to hold the 10-year JGB yields at around 0.0 percent (Yield Curve Control measure) to further support the economic recovery¹¹.

The Chinese economy expanded by 7.9 percent, slowing down from a recorded high growth of 18.3 percent in the first quarter. The economic expansion in the second quarter was mainly driven by manufacturing and export sectors. Thus, the manufacturing PMI was at 51.7, increasing from 51.0 in the previous quarter, and exports values of goods escalated by 30.4 percent, comparing with 48.8 percent in the prior quarter. In addition, domestic demand continued to recover. The service PMI was at 53.9, increasing from 52.6 in the last quarter, while the domestic retail trade grew by 13.9 percent, continuing from a 33.9-percent growth in the last quarter. Nevertheless, the recoveries of manufacturing and export sectors were intimidated by escalating prices of raw material especially iron and copper, an increase in cost of transportation and appreciation of Yuan. Those circumstance severely affected small businesses and self-employ workers who have not yet fully recovered from the pandemics. Therefore, on May 26th, 2021, the Chinese government introduced additional measures for privately own businesses such as provide liquidity for business sector and operational cost support such as subsidies for employment. Also, the People's Bank of China (PBOC) firmly maintained its expansionary monetary policy to further support economic recovery. In particular, the monetary Policy Committee of PBOC at the meeting on June 25th, 2021, decided to extend several supporting measures for those affected by the pandemic, such as deferred repayments on loans to micro and small businesses (MSBs), the support scheme for unsecured loans as well as other measures providing financial supports to privately own businesses when necessary.

The Newly Industrialized Economics (NIEs) recovered from a low growth base in 2020, **Singapore's economy** grew by 14.7 percent, the highest rate in 44 quarters, and accelerating from 1.5 percent in the previous quarter led by manufacturing, construction, and services sector. In addition, exports values grew by 33.5 percent, the highest growth in 44 quarters. **South Korea's economy** expanded by 5.9, the highest rate in 42 quarters, and accelerating from 1.9 percent in the previous quarter. This was mainly contributed by manufacturing sector that grew by 13.7 percent, increasing from 4.1 percent in the previous quarter, the highest rate in 44 quarters. Similarly, the recovery of export growth which increased by 23.6 percent, the highest rate in 41 quarters in particular exports of machinery and equipment, automobile, and petrochemical products. **Hong Kong's economy** grew by 7.5 percent, continuing from an 8.0-percent growth in the previous quarter. Private consumption expanded by 6.5 percent, the highest rate in 13 quarters. Total investments showed the record high of 23.7 percent. Meanwhile, exports value grew by 26.9 percent, in comparison to the 33.5 percent in the preceding quarter. **Taiwan's economy** expanded by 7.5 percent, a continuation from an 8.9-percent growth in the previous quarter. This expansion was mainly

The Japanese economy improved steadily, supported by recoveries in the manufacturing and export sectors. However, the recovery in domestic demand was limited by a surge of COVID-19 new cases.

The Chinese economy expanded by 7.9 percent, due to increasing in manufacturing sector, export, and domestic retail sales. Nonetheless, surging of raw material price and transportation costs together with an appreciation of Yuan notably undermined the recovery of manufacturing sector.

The NIEs economies recovered from a low growth base, led by the pickup in exports, improving domestic demand following easing outbreak situation.

⁹ Loans under the REACT-EU focus on labor market resilience, jobs, SMEs, and low-income families. In addition, it is intended to provide a strong foundation for transitioning to a green and digital economy as well as to achieve a sustainable socio-economic recovery.

¹⁰ Key monetary measures include (i) maintaining asset purchases under Pandemic Emergency Purchase Programme (PEPP) with the total envelope of 1.85 trillion Euros until March 2022 or until the ECB has considered that the COVID-19 crisis has subsided, (ii) maintaining monthly bond purchases under the Asset Purchase Programme (APP) with 20 billion Euros envelope with reinvesting principals until the ECB increases policy interest rates, and (iii) utilizing the third series of targeted longer-term refinancing operations (TLTRO III).

¹¹ In addition, the BOJ decided to extend the duration of the Special Program to Support Financing in Response to the Novel Coronavirus (COVID-19) by 6 months until the end of March 2022 with a view to continuing to support financing, mainly of firms.

driven by a 37.4-percent increase in exports growth, the highest rate in 44 quarter, particularly exports of electronics parts and telecommunications equipment. This was line with an 8.6-percent expansion of total investment. After seasonal adjusted, Economies of **Hong Kong, Taiwan, and Singapore** decreased by 1.0 percent, 2.0 percent, and 2.0 percent (%QoQ sa.), respectively, in contrast to 5.5 percent, 3.1 percent and 3.1 percent growth in the first quarter, which were the first contractions in four quarters. Meanwhile, **South Korea's economy** grew by 0.7 percent, decelerating from a 1.7-percent growth in the previous quarter, following the decelerated manufacturing sector.

The ASEAN economies returned to growth, mainly due to low base effect of last years. The economic recovery was also supported by the expansion of the manufacturing and export sectors attributed to the recovery of the major economies. However, the domestic demand was weakened by escalating of pandemic situation particularly in June. Evidently, the number of newly infected people raised to the record high in all ASEAN countries. Thus, the government had reimplemented stricter control measures to curb the outbreak. Overall, in the second quarter, **Vietnam's economy** expanded by 6.6 percent, accelerating from 4.7 percent in the previous quarter. Meanwhile, **the economies of Malaysia, Indonesia, and the Philippines** grew by 16.1 percent, 7.1 percent, and 11.8 percent rebounded from contractions of 0.5 percent, 0.7 percent, and 3.9 percent, in the previous quarter, respectively. Notwithstanding, most ASEAN countries had introduced the series of fiscal measures to alleviate the pandemic impact on their economies; for example, the Malaysian government announced the “Strategic Program to Empower the People and Economy Plus¹²” or “Pemerksa” while the Philippines's government had extended the “Bayanihan II program” until the end of June 2021 with additional corporate income tax cut. Similarly, the Vietnamese government had established a new fund worth 339 million US dollars to promptly inquire vaccines. For monetary policy, the central banks of Vietnam, Malaysia, Indonesia and the Philippines had maintained low policy rates for the entire quarter¹³.

The ASEAN economies returned to positive growth due to the low base effect of last year while the economic recovery was still limited by the more severe pandemic situation.

GDP growths in several key economies

	GDP (%YoY)						GDP Seasonally Adjusted (%QoQ SA.)					
	2019		2020		2021		2020				2021	
	Year	Year	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2
USA	2.3	-3.4	-2.9	-2.3	0.5	12.2	-1.3	-8.9	7.5	1.1	1.5	1.6
Euro Area	1.4	-6.4	-4.0	-4.6	-1.3	13.7	-3.6	-11.4	12.4	-0.6	-0.3	2.0
UK	1.4	-9.8	-8.5	-7.3	-6.1	22.2	-2.8	-19.5	16.9	1.3	-1.6	4.8
Australia	1.9	-2.5	-3.9	-0.8	1.1		-0.3	-7.0	3.5	3.2	1.8	
Japan	0.0	-4.7	-5.6	-1.1	-1.6		-0.5	-8.1	5.3	2.8	-1.0	
China	6.0	2.3	4.9	6.5	18.3	7.9	-8.7	10.0	2.8	3.0	0.4	1.3
India	4.8	-7.0	-7.4	0.5	1.6		-1.6	-14.5	15.1	2.7	-1.2	
South Korea	2.2	-0.9	-1.0	-1.1	1.9	5.9	-1.3	-3.2	2.2	1.1	1.7	0.7
Taiwan	3.0	3.1	4.3	5.1	8.9	7.5	-0.7	-0.8	5.0	1.4	3.1	-2.0
Hong Kong	-1.7	-6.1	-3.6	-2.8	8.0	7.5	-5.0	-0.4	2.4	0.5	5.5	-1.0
Singapore	1.3	-5.4	-5.8	-2.4	1.5	14.7	-0.6	-13.1	9.0	3.8	3.3	-1.8
Indonesia	5.0	-2.1	-3.5	-2.2	-0.7	7.1	-2.4	-4.2	5.1	-0.4	-0.9	3.3
Malaysia	4.4	-5.6	-2.7	-3.4	-0.5	16.1	-0.5	-16.1	17.3	-1.5	2.7	-2.0
Philippines	6.1	-9.6	-11.6	-8.3	-3.9	11.8	-4.8	-15.1	8.5	3.7	0.7	-1.3
Vietnam	7.2	2.9	2.7	4.5	4.7	6.6	-0.7	-1.1	3.7	2.4	-0.2	0.8

Source: CEIC, collected by NESDC

¹² The “Strategic Program to Empower the People and Economy Plus” or “Pemerksa” is an economic stimulus package of 81 billion US dollars, which was promulgated as of 31st May 2021 and effective as of 1st June 2021. It has three main goals including (1) enhancing the efficiency of the public health system, (2) continuing the Prihatin Rakyat project, and (3) remedying the business sector further. The main measures under the program include payment assistance (356 million US dollars), Microfinance (356 million US dollars), paid assistance to affected occupations (16 million US dollars), and other measures such as tax cuts for landlords who reduce their rent by more than 30 percent until December 2021, reducing electricity costs by 10 percent for affected businesses for 3 months (July - September 2021), Assisting small and medium businesses following the Special Prihatin Grant program, and deferring small business debt, etc.

¹³ The policy rates of Vietnam, Malaysia, Indonesia, and the Philippines were at 2.50 percent, 1.75 percent, 3.50 percent and 2.00 percent, respectively.

4. The World Economic Outlook for 2021

The world economy in 2021 tends to grow at a stronger pace than previously expected. However, the recovery paths will diverge and will be uneven between countries, led by a notable expansion in major economies, particularly the US, Eurozone, UK, Australia and China. The main supporting factors are improving pandemic situation along with the significant progress on vaccination which in turn allows the governments to gradually ease the containment measures and thus the economic activities and domestic consumption return to normalcy. Also, additional fiscal measures to help those affected by the outbreak have also significantly supported the recovery, especially large stimulus packages in the US and Eurozone. In addition, the growing economic recovery in major economies has boosted the economic activities in export-oriented countries especially those in the NIEs and the ASEAN. However, Japan and many countries in Asia, such as India and ASEAN economies that currently under a severely resurgent coronavirus with slow progress on vaccination, tend to experience a delay in easing international travel restrictions and prolonged containment measures which will depress economic recovery during the remainder of 2021 to be slower than anticipated.

Key assumptions for the baseline scenario include: (i) the vaccine distributions are efficient and can effectively reduce impacts from virus mutation, severe illness, and number of deaths. Under the baseline scenarios, most major economies will be able to distribute vaccines to reach at least 80 percent of their populations by the end of 2021. For developing and emerging economies, 50 percent of the population is expected to be vaccinated by the end of 2021 and 75 percent by the first half of 2022; (ii) there are no severe resurgence and prolonged infections as well as no reduced vaccine efficacy against the virus variants and will not thus lead to higher degree of containment and restrictions which eventually derails economic activity; and (iii) most governments continue fiscal and monetary policies implementation in order to continually support the economy. Besides, the change in economic policy direction needs to be in line with the recovery path and fundamental economic stability. Under this baseline scenario, the global economy and trade volume in 2021 will pick up steadily and are projected to expand by 6.0 percent and 8.5 percent, respectively, notably improving from the 3.2-percent and 8.5-percent contractions in 2020, and an upward revision from the growths of 5.8 percent and 7.8 percent in the previous projection. Prospects on key economies are as follows:

The US economy is expected to expand by 6.6 percent, the highest rate since 1985, and improving from a 3.4-percent contraction in 2020, led by a strong rebound in domestic demand and service sector. This prominent growth is mainly due to the expeditious vaccination (As of 10 August 2021, 49.9 percent of the total population was fully vaccinated) which enables more relaxation on control measures. Additionally, recent key indicators of economic activity suggested significant recoveries for both manufacturing and service sectors. Manufacturing PMI was at 63.4 in July, a record high, while services PMI was at 59.8, compared to 50.0 in the same period of last year. Private consumption also shows improvement as indicated in increasing spending on services. This is in accordance with improved consumer and business confidences as the consumer confidence index reached the highest level in 17 months. Likewise, labor market performs favorably as the unemployment rate in July was at 5.4 percent, decreasing from 5.9 percent in the previous month, and 10.2 percent in the same period of last year although remain higher than 3.5 percent during pre-pandemic. In addition, the US economic outlook for the remainder of the year is expected to be supported by initialized massive stimulus, totaling 1.9 trillion US dollars, and additional fiscal measures totaling 1.2 trillion US dollars currently under consideration by the Congress, aiming to boost economic activity and employment¹⁴. Although, the inflation rate (CPI) was 5.4 percent in July, the highest rate in 13 years, the inflationary pressures are expected to lessen due to higher price base in the latter half of last year. In the baseline assumption, the Federal Reserve is expected to continue accommodative monetary policy throughout the remainder of 2021, by keeping the policy rate low and continuing its asset purchase program. However, it is expected that the Fed will signal more pronouncedly to shift outwards expansionary policy, by scaling back the asset purchase, if there has been increasing sign of solid economic recovery and sustained inflationary risk from improving domestic demand and labor market condition.

The Eurozone economy is expected to expand by 4.7 percent, recovering from a 6.4-percent contraction in 2020. The recovery is supported primarily by manufacturing and export recovery as both manufacturing and services PMIs continued to increase. In July, manufacturing PMI registered a record-high level of 62.9 while services PMI reached an 8-month highest level of 50.3. This was in line with the progress in vaccination. (As of 10 August 2021, fully vaccinated people accounted for 52.6 percent of the total population.) As a result, several member countries began to relax their containment measures since May 2021 which advocated domestic economic activities as well as household spending. In addition, export tends to rebound rapidly following the world economic recovery. In terms of fiscal support, the Eurozone economy will continue to be buttressed by the major European Union fiscal policy¹⁵ totalling 1.361 trillion US dollars, or about 10.5 percent of GDP, as well as a continued accommodative monetary environment. In the ECB's latest

¹⁴ The infrastructure plan or "Bipartisan Infrastructure Framework" was approved by the Senate on August 10th, 2021 and is expected to be approved by the House by the end of August 2021. The plan includes: (1) Transportation plan, totaling 312 billion US Dollar, including roads, bridges, major projects (109 billion US Dollar), safety (1.1), public transit (49), passenger and freight rail (66), EV infrastructure (7.5), electric buses / transit (7.5), reconnecting communities (1), airports (25), ports and waterways (16), and infrastructure financing (20); (2) Other Infrastructure, totaling 266 billion US Dollar, including water infrastructure (55), broadband infrastructure (65), environmental remediation (21), power infrastructure (73), western water storage (5), and resilience (47).

¹⁵ Key fiscal policies are consisted of (i) long-term expenditure budget of the EU 2021-2027 worth 1.2109 trillion Euros, (ii) the "Next Generation EU" economic recovery plan for 2021 – 2023 worth 0.8069 trillion Euro, (iii) EU4Health, which is the EU's response to the current COVID-19 crisis and future pandemic under the EU Health Programmes, worth 5.1 million Euro spanning over 2021 – 2027 and the member states have adopted in March 9th, 2021. The budget framework of all three policies were increased compared to the previous quarter; and (iv) the 94.3 billion Euros in financial support for 19 member states under the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE).

meeting on July 22nd, 2021, it was agreed to maintain policy rates at the low level until inflation approaches the target of 2.0 percent¹⁶ and that the pace of its asset purchases program be maintained¹⁷. However, the economy's recovery during the rest of the year is still prone to the resurgence of COVID-19 outbreaks as reflected by the increasing number of new infections, such as in Germany, Italy, and France. Containment measures and lockdown may be reimplemented as a result.

The Japanese economy is expected to expand by 2.8 percent, the highest growth rate in 10 years, recovering from a 4.7-percent reduction in 2020. The main supporting factor is an increase in exports following the demand recovery in major trading partners. In addition, there is also economic stimulus from government under a record-high fiscal budget for FY2021 worth of 106.6 trillion yen including 5 trillion yen for financing economic recovery and COVID-19 pandemic relief measures, especially in the services sector. At the same time, the Bank of Japan (BOJ) continues its expansionary monetary policy to accommodate economic recovery. In the latest meeting on July 15th – 16th, 2021, the BOJ decided to keep its policy rate at (-0.1) percent and maintain the yield curve control measure at target of 10-year JGB yields at 0.0 percent. The BOJ also persistently continues with easing monetary maneuver, aiming to achieve the inflation target of 2 percent. Although, in the third quarter of this year, the government of Japanese extended the state of emergency until the end of August, and expanded to cover more areas including Tokyo, Okinawa, Osaka and other 11 cities throughout the country to curb the escalation of COVID-19 cases. This would overshadow the recovery in domestic demand and service sector as observed in the service PMI in July of 47.4, remaining below the level of 50 for 18 consecutive months. Nonetheless, it is expected that the pandemic situation would be much under control in the last quarter of this year when the vaccination rates have been ramped up rapidly. Evidently, on August 10th, 2021, there was a 35.7 percent of the total population was fully vaccinated, increasing from 14.0 percent and 29.9 percent in June and July respectively.

The Chinese economy is expected to expand by 8.7 percent, accelerating from 2.3 percent in 2020. The key driver for economic growth is a recovery in domestic demand owing to a success in containing COVID-19 outbreak. Furthermore, the global economic recovery, the lessening trade tension with the US, and the increase in demand for certain goods related to the pandemic have supported the expansion in manufacturing and export sectors. Besides, the dovish monetary policy adopted by the People's Bank of China (PBOC) still play a significant role as in July 12th, 2021, the PBOC decided to lower the required reserve ratio (RRR) from 9.4 percent to 8.9 percent. This is expected to provide further 1 trillion yuan into the financial system as to support the business recovery. At the same time, the government continues its fiscal economic stimulus packages since 2020 with the following key measures (i) providing funds for implementing epidemic prevention and control measures as well as for producing medical equipment, (ii) accelerating disbursement of unemployment insurance and extending working periods for migrant workers, (iii) providing tax relief and waiving social security contributions, and (iv) accelerating public investment. Nevertheless, for the rest of the year 2021, the Chinese economy faces possible setbacks in its recovery namely the new pandemic wave both within the country and in other major trading partner countries, the rising prices in raw materials and freight costs, and the global shortage of semiconductor. These factors have been affecting manufacturing and export sectors, as reflected in the manufacturing PMI of 50.3 in July, the lowest level since April 2020. Similarly, the export values of goods in July grew by 18.9 percent, decelerating from 31.8 percent in the prior month. Moreover, the fiscal impetus is likely to fade, as the government aims to reduce its spending by narrowing the fiscal deficit from 3.6 percent to GDP in 2020 to 3.2 percent in this year.

The Newly Industrialized Economies (NIEs) tend to recover, supported by the expansion of manufacturing production, specifically South Korea and Taiwan, and increases in export sectors following the improving world economy and global trade. There is also additional support from the recovery of domestic demand due to relaxation of restriction measures and the satisfying progress of vaccine distribution. In particular, the economies of **South Korea, Hong Kong, and Singapore** are expected to expand by 4.1 percent, 5.6 percent, and 6.2 percent, respectively, improving from contractions of 0.9 percent, 6.1 percent, and 5.4 percent, respectively, in 2020. Similarly, the **Taiwan's economy** is anticipated to grow by 5.5 percent, up from the previous 4.2 percent projection and accelerating from 3.1 percent in the previous year due to continually expansion of exports. In addition, the strength of economic recovery is also supported by the notable fiscal stimulus measures, including Hong Kong's economic stimulus measures (worth 15.5 billion US dollar), Taiwan's investment promotion scheme (5.3 billion US dollars), and Singapore's affected labor and businesses support measures (1.1 billion US dollars).

¹⁶ Although the latest rate of inflation exceeded the target, but the price increases in the last 3 quarters are mostly from energy prices. Nevertheless, the ECB has adjusted their medium-term inflation target from "below but close to 2 percent" to "a symmetric inflation target of 2 percent".

¹⁷ Key monetary measures include (i) policy rate being held at 0.0 percent and it was stated that the rate will be maintained rate until inflation approaches the 2.0-percent target, (ii) maintaining asset purchases under Pandemic Emergency Purchase Programme (PEPP) with the total envelope of 1.85 trillion Euros until March 2022 or until the ECB has considered that the COVID-19 crisis has subsided, (iii) maintaining monthly bond purchases under the Asset Purchase Programme (APP) with 20 billion euros envelope with reinvesting principals until ECB increases policy interest rates, and (iv) utilizing the third series of targeted longer-term refinancing operations (TLTRO III).

The ASEAN economies tend to recover from the recession in the previous year mainly supported by the recovery of export sectors due to the recuperation of the world economy and merchandize trade, particularly the US, Eurozone, and China. However, the new wave of the pandemic in several ASEAN countries, which led to more strictly and protracted control measures, coupled with the delays in vaccine distribution, would be a significant hindrance to the recovery of ASEAN economies for the rest of the year. Furthermore, the pandemic is likely to intimidate the recovery of the manufacturing, transportation, and service sectors. Thus, it is expected that **the economies of Indonesia, Malaysia and the Philippines** will grow by 4.2 percent, 4.9 percent, and 4.5 percent, recovering from the decreases of 2.1 percent, 5.6 percent, and 9.6 percent, however downwardly revised from 5.4 percent, 6.4 percent, and 6.1 percent in the previous projection respectively. Meanwhile, **the Vietnamese economy** is anticipated to expand by 5.5 percent, accelerating from a 2.9-percent expansion in 2020, but lower than 6.5 percent in the previous projection.

Notwithstanding, there remains uncertainties that could derail the world economy and merchandise trade over 2021 from our baseline projection. The key limitations and risk factors needed to be consistently monitored include: **(1) The resurgence of COVID-19 pandemic** in several countries which could be more severe and prolonged than expected, as a result of (i) the virus mutation, particularly the Delta (B.1.617.2) and Beta (B.1.351) variants, that tends to undermine of vaccines' effectiveness to develop immunization and might therefore not be adequate to prevent further outbreaks, even in countries in with already high proportion of fully vaccinated population, and (ii) delays in vaccine distribution in emerging and developing economies which may result in persisted outbreak and increasing death number, particularly in ASEAN, and South America regions. These uncertainties may lead to reimplement of strict containment and prolonged international travel restrictions during the rest of the 2021, and thus potentially slowing down the economic and merchandise trade recoveries; **(2) The impact on economic production and global value chain** due to (i) the more virulent infections that resulted in the closure of production bases in many countries, especially those producing raw materials and capital goods, (ii) the shortage of production materials, particularly semiconductors, which is likely to affect the supply chain of key industries such as automobiles, computers, electronic parts, motorcycles, and electronic household appliances, and (iii) an increase in freight costs due to the global container shortage as well as rising prices of capital goods, particularly iron and copper; **(3) The effect of the COVID-19 outbreak on economic stability**, particularly the weakened business and household financial positions with higher debt levels, coupled with fragile labor market conditions with high unemployment rate especially in services sector. In addition, inflation surges from global economic recovery tends to put more pressures on the central banks to tighten their monetary policies earlier-than-expected which will aggravate business sector and household's ability to repay debt. Essentially, the narrower policy space of several countries as a result of massive preceding economic stimulus will constraint future economic recovery; and **(4) The fluctuations in the global economy and financial system** which depends on the US economic and trade policy direction, the economic policy of Germany under the new administration after the federal election in September, the volatility of international capital flow under the highly uncertain outbreak situation which may result in exchange rate fluctuation, the impact from financial reformation in China, particularly the regulatory risk to technology and education firms, and the geopolitical conflicts and political instability, such as the China-Taiwan tension, the political situation in Hong Kong, Myanmar, and the conflicts in the Middle East which can impact oil price levels.

Overview of the pandemic situation and vaccine distribution in each country

Country	Cumulative number of infected people since 1 st July 2021 per 1 million people	Cumulative number of deaths since 1 st July 2021 per 1 million people	Total vaccination per 100 people	Main vaccine in use
US	7,629.0	42.1	105.4	Pfizer/Moderna
EU	5,378.4	16.3	111.0	Pfizer/Astra
Australia	278.7	1.4	54.7	Pfizer/Astra
Japan	2,143.0	4.8	83.6	Pfizer
China	1.7	0.0	125.6	Sinopharm/Sinovac
India	1,207.3	21.9	37.6	Covaxin/Astra
Singapore	576.7	1.2	142.4	Moderna/Pfizer
Indonesia	5,744.2	196.4	28.1	Sinovac
Malaysia	17,566.8	191.6	78.4	Pfizer
Philippines	2,513.9	43.0	23.8	Pfizer
Vietnam	2,306.3	45.3	11.7	Pfizer/Sputnik V/Astra
Thailand	7,989.8	68.4	31.1	Sinovac/Astra

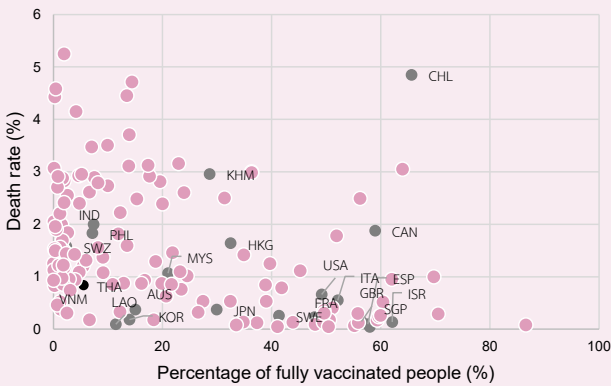
Source: Our World in Data, analyzed by NESDC as of 11th August 2021

Vaccination progress of several countries

A successful response to Covid-19 pandemic eventually turned out to depend primarily on the capacity to deploy and distribute vaccines of each country. The potency countries tend to relieve the control measures earlier and thus the economic activities can restart sooner. Furthermore, the high vaccination rate can reduce the number of severe cases and deaths. Evidently, the scatter plot illustrates a negative correlation between the percentage of fully vaccinated people to total population and a ration of death to total infected people. Nevertheless, the resurgence of newly infected figures in Israel, the US, and the UK could be a significant risk for economic recuperation in many major countries particularly the viral mutations that might reduce the effectiveness of the present vaccines. This uncertainty situation should continue to be closely monitored and assessed.

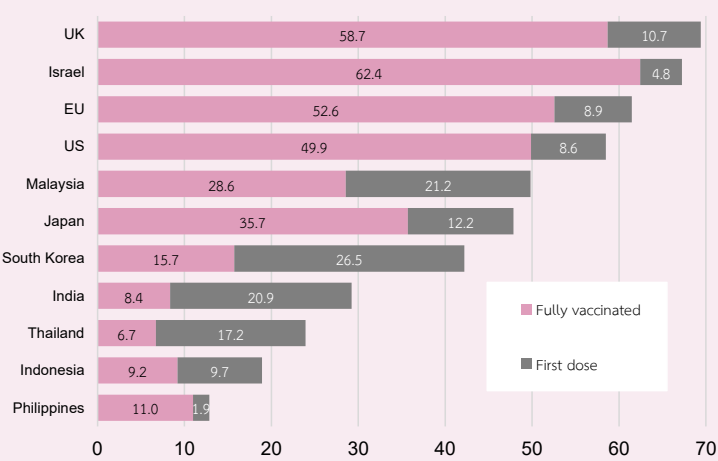
The Percentage of Fully Vaccinated People and Death Rate (July 2021)

The scatter plot shows that counties with higher proportion of fully vaccinated people tend to have lower death rate.



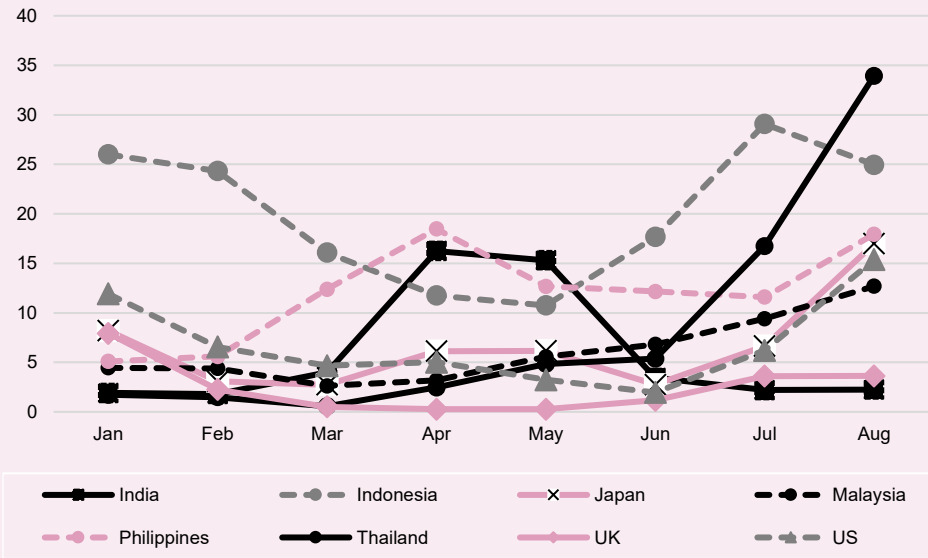
Remark: Death rate = (Sum of deaths in July/ Sum of infected people in July) x 100
Source: Our World in Data, analyzed by NESDC as of 11th August 2021

Vaccination rate per 100 people (%)



Source: Our World in Data, analyzed by NESDC as of 11th August 2021

COVID-19 positive rate (%)

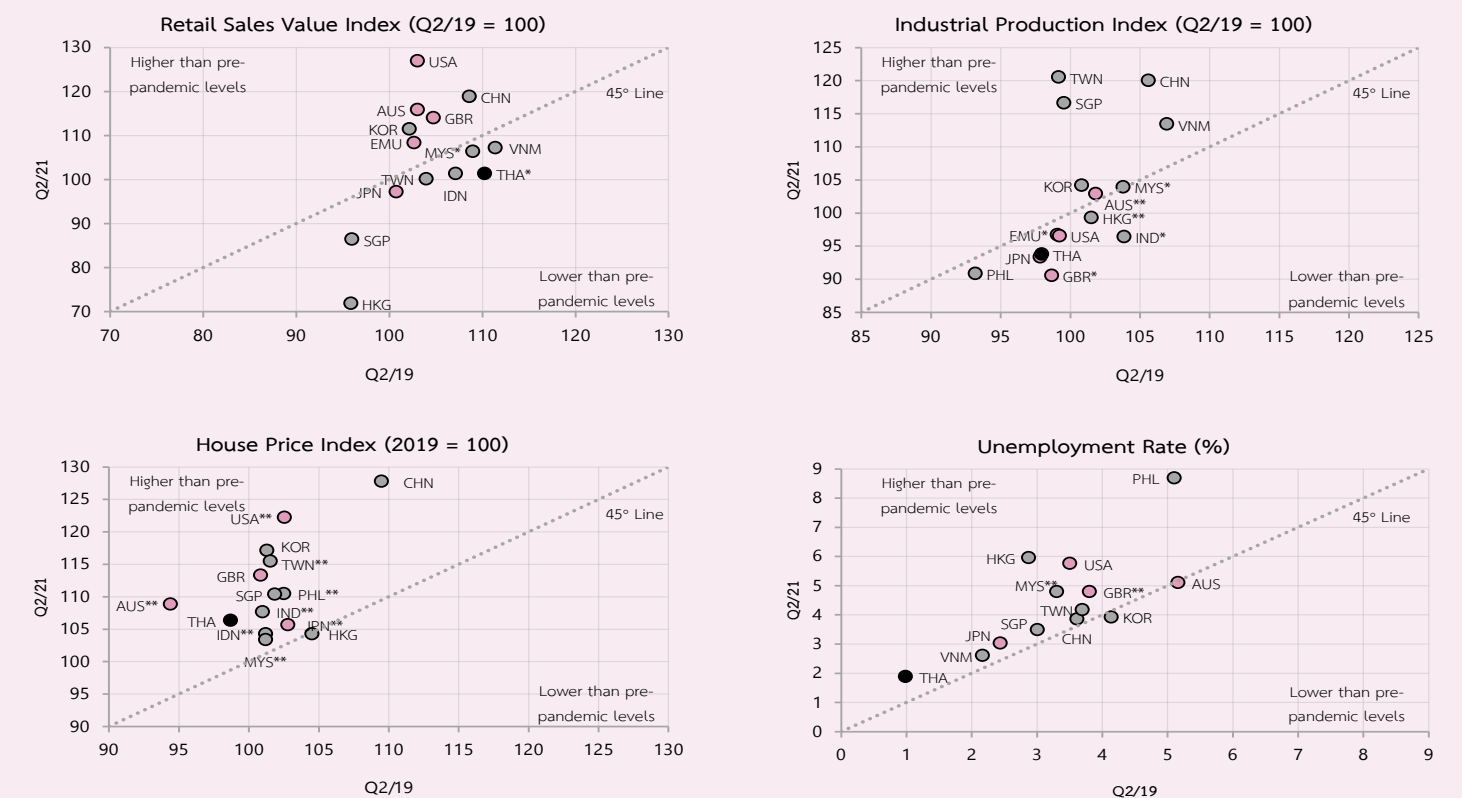


Source: Our World in Data, analyzed by NESDC as of 11th August 2021

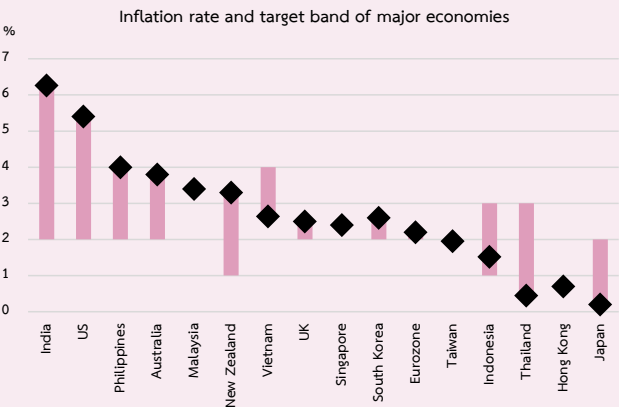
Global economic recovery and rising inflationary pressure

In 2021, the global economy tends to show a strong recovery path, led by major industrial economies following the favorable progress of vaccine distribution and the continual implementations of large-scale economic measures. Thus, domestic demand has recovered tremendously. On the other hand, this consequence also ignites the inflationary pressure to intensify globally. Moreover, the recent inflation rates in several economies already exceed their policy target rates. Hence, major central banks are likely to normalize the stance of monetary policy to tamp down on rising inflation.

Nonetheless, the economic recovery paths are uneven and vary among countries. The scatter plots illustrate the levels of key indicators between the second quarter of 2019 as proxy for the pre-pandemic condition and the second quarter of 2021 to compare the current economic situation to the pre-pandemic level. Firstly, the industrial production and retail values in many countries have recovered to a higher level than pre-pandemic period. This is in line with a significant increase in core inflation index, driven especially by rising real estate and used car prices. Therefore, this escalation is anticipated to turn into the permanent inflationary pressure and induce major central banks to tighten their monetary policy, particularly the US Federal Reserve and the European Central Bank. Concludingly, these policy normalizations must be closely monitored amidst the uncertainty arising from virus mutation and labor market's risk as the unemployment rates are still above pre-pandemic level in many countries.



Remarks: * Average of latest Q2/21 data ** Q1 data
Source: CEIC, NESDC's calculations



Source: CEIC, NESDC's calculations

5. Thai Economic Outlook for 2021

The Thai economy in 2021 tends to be constraint and affected by several key risk factors, which could result in slower-than-expected growth. Major risk factors consist of: (i) the new wave of COVID-19 outbreak intensifying since April 2021 which tends to be prolonged amid the virus mutations that appears to be more transmissible and widespread. Therefore, strict containment measures have been implemented in several areas, and thus restricts economic activities. In addition, domestic consumption and tourism are constrained from recovering; (ii) weak financial conditions of the households and business sectors, together with the high unemployment that becomes worsened by the current outbreak; (iii) growth momentum of exports and manufacturing are at risk due to the uncertainty of global pandemic situation as well as disruptions in international supply chain and logistics; and (iv) volatilities in the global economic and financial landscape. Nevertheless, there remain supporting factors to cushion the impacts and help the economy to gradually recover including: (i) the recovering trend of the world economy and global merchandise trade; (ii) the supports from government spending and public investments, as well as its ongoing key infrastructure projects; (iii) the continual increase in agricultural income owing to rising production and prices; and (iv) the unusually low growth base in 2020.

Supporting factors for the economic growth:

- 1) **The recovery of world economy and global trade volume in 2021**, led by major industrial economies especially the US, EU, UK, and Australia, which tend to recover faster than expected. This strong rebound is mainly supported by the progresses in vaccinations resulting in relaxation of containment measures and subsequent revivals of manufacturing, services, and household spending activities. Furthermore, the economic recovery of major industrialized economies is also bolstered by the continued economic package both sizable fiscal stimulus and easing monetary supports. Moreover, the exports recoveries in the major economies will increase global merchandise trade and in turn benefits the recoveries of NIEs and ASEAN which are mostly dependent on exports.
- 2) **The support from government spending both in the annual budget and other additional measures**, which consists of: (i) the FY2021 annual budget disbursement rate in the baseline assumption is expected to be at 91.5 percent of the overall budget, including the current budget and the capital budget which are expected to be disbursed at 98.0 percent and 65.0 percent of the total budget, respectively. Consequently, it is expected that the FY2021 annual government budget should be disbursed around 3.007 trillion Baht, increasing by 2.1 percent from 2.944 trillion Baht in FY2020. Besides, the FY2021 carry-over budget disbursement rate is anticipated to be at 85.0 percent, accounting for approximately 183.4 billion Baht; (ii) the disbursement by state-owned enterprises' capital budget in FY2021, especially investments in key infrastructure investment projects, is anticipated to have a disbursement rate of 65.0 percent of the approved investment budget; (iii) the disbursement under the 1 trillion loan decree is expected to be disbursed around 850 billion Baht by the end of FY2021, in which 550.8 billion Baht will be disbursed during FY2021 with 84.1 percent growth compared to FY2020, and there will be another disbursement of 85 billion Baht by the first quarter of FY2022; (iv) the disbursement under the 500 billion loan decree is expected to be disbursed around 150 billion Baht (30 percent of the total budget) by the end of FY2021, and additional 100 billion Baht by the first quarter of FY2022; and (v) the support from several key economic measures, particularly soft loan facility for businesses, debt restructuring through the asset warehousing program with buy-back options, remedial measures and assistance to workers in the highest restricted controlled areas, supports for basic utility and education expenditures, increasing purchasing power for those carried social welfare card, as well as other domestic consumption stimulus packages, such "Ying Chai Ying Dai", to boost spending through cashback e-vouchers, and the phase 3 of "Kon La Krueng", a half-half copayment stimulus scheme.
- 3) **The recovery of agricultural income** due to higher agricultural productions and prices. During the first half of the year 2021, agricultural production steadily increased by 1.7 percent, registering the first expansion after 6.8-percent and 0.2-percent declines in the first half and the second half of 2020, respectively, partly due to suitable weather conditions. Major agricultural products with production expands were paddy, cassava, maize, and rubber. Likewise, the agricultural price index continually increased during the first half of the year by 11.0 percent, accelerating from 3.5 percent and 8.7 percent in the first half and the second half of 2020, respectively, attributable to a higher demand in the global market owing to the global economic revival. Major agricultural products with price increases were paddy, cassava, corn, and fruits. Consequently, rising in agricultural productions and prices caused the average overall farmer income to increase by 13.7 percent during the first half of the year 2021. For the rest of this year, it is expected that agricultural products will expand continually, owing to the favorable weather conditions and sufficient water levels. According to the data on August 11th, 2021, the amount of usable water in major dams in the area of Chao Phraya River basin (Bhumibol Dam, Sirikit Dam, Kwae Noi Bumrung Dan Dam, and Pasak Jolasid Dam) was at 1,541.69 million cubic metres, higher than those in the same period of last year.
- 4) **The unusually low growth base of the economy in 2020** due to the COVID-19 outbreak. In fact, the Thai economy in 2020 decreased by 6.1 percent which was the first economic contraction in 11 years. Likewise, the global economy also declined by 3.2 percent, the lowest rate since the World War II. Due to such low base effect, both global economy and Thai economy in 2021 are anticipated to recover, supported mainly by the recoveries of exports and manufacturing production.

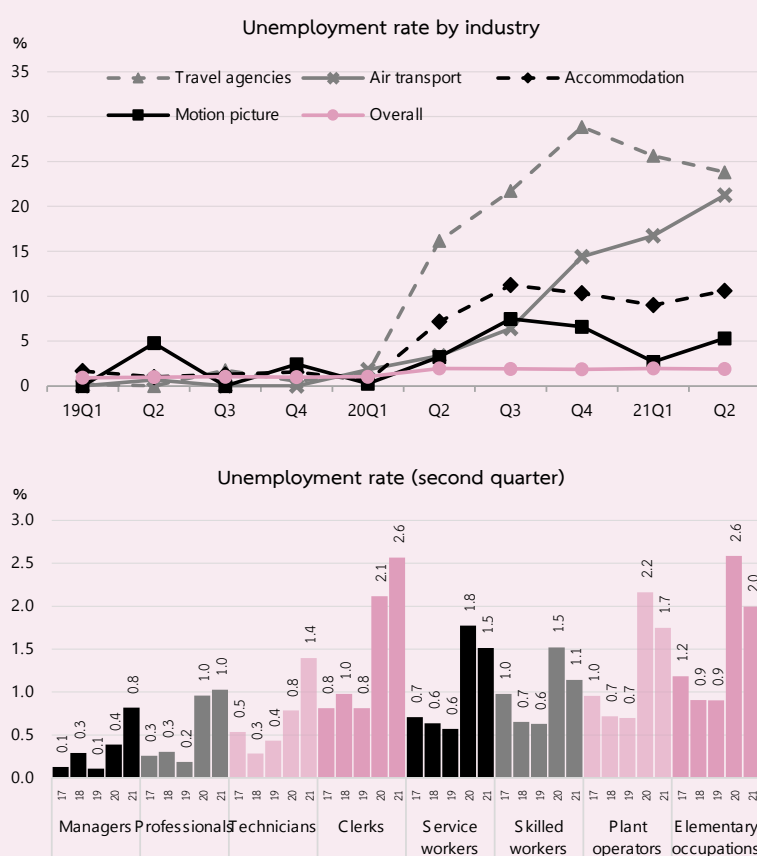
Risks and limitations to economic growth:

- 1) **The new wave of the pandemic which remains severe and tends to be prolonged** because of the viral mutations, which appears to be more transmissible. Therefore, people have adjusted their behavior to be more cautious in terms of living their life and commute. In addition, the government has also implemented the stringent control measures to contain further economic and social losses that may occur in the future, which have significantly affected domestic demand and undermined the recovery in tourism and service sectors. According to the numbers of newly infected people and deaths in 2021, the figures has been rising since April 2021, and the outbreaks have been spreading to several provinces across the country, especially in July. Thus, on August 3rd, 2021, the Center for COVID-19 Situation Administration (CCSA) declared 29 provinces to be the highest and strictest control areas, up from 13 provinces in the previous announcement, which depicted the severity of the outbreak and impacts on domestic demand. In addition, the uncertainty of pandemic might also undermine the recovery of the tourism sector to be slower than the base case scenario. Amid higher risk from virus mutation, the delays of vaccine distributions in Thailand and the origin countries of travellers not only affect domestic and foreign tourists' confidence but also evoke the government to maintain the international travel restrictions.
- 2) **Weakened financial conditions of the households and business sectors**, especially through rising household debt burden together with the fragile labor market with high unemployment rate that has exacerbated by the new wave of the pandemic. These conditions will aggravate the recovery of domestic demand and worsen the ability to repay debt for the business and household in the future. Meanwhile, there are several supporting measures for small debtors in trouble; for instance, postponing interest payment, debt restructuring, and business rehabilitating (Rehabilitation loan). Subsequently, the ratio of non-performing loans (NPLs) to total loans in the first quarter of 2021 stayed at 3.1 percent for the fourth consecutive quarter and was close to 3.0 percent in the same quarter of last year. Similarly, the ratio of special mentioned loans (SMLs) to the total loans was at 6.4 percent in the first quarter of 2021, declining from 6.6 percent in the previous quarter and 7.7 percent in the same quarter of last year, though it remained higher than the pre-pandemic level at 2.8 percent in the fourth quarter of 2019. These higher than pre-pandemic figures reflect the vulnerability of business balance sheet, particularly the small and medium enterprises (SMEs), which were seen the ratio of NPLs and SMLs to the total loans at 7.3 percent and 13.1 percent, significantly increasing from 4.6 percent and 3.5 percent in the fourth quarter of 2019, respectively. Meanwhile, the household debt in the first quarter of 2021 was at 90.5 percent to GDP, increasing from 89.4 percent in the previous quarter. Besides, the labor market remained fragile, illustrated by the high unemployment rate at 1.9 percent in the second quarter, close to 2.0 percent in the previous quarter, but higher than 1.0 percent in the last quarter of 2019. In particular, the unemployment was especially high in some service sectors which had limitations to recovery, such as the accommodation, travel agency, office administration, and construction sectors.
- 3) **The growth momentum in the export and manufacturing sectors could be derailed by possible risks from the outbreaks in production bases**, along with constraints from global supply chain disruption and international logistics, as follows: (i) The new wave of pandemic started to put some impacts on manufacturing factories. According to the Ministry of Industry, as of 30th July 2021, 518 factories experienced local transmission in which 36,861 persons were infected, specifically in the food, electronics, and apparel industries. Hence, widely spread of outbreak will weigh on the recovery of industrial production, exports, and future investments to be different from the base case; (ii) **The global shortage in semiconductor** has restrained the production activities and possibly suppress production capacity utilization, especially in the automotive industry, the electrical equipment, computers, and telecommunication equipment; (iii) **International logistics problems**, both from the higher sea freight rates and increasing delivery time according to lack of shipping containers, will stifle the production chains across the world as observed in sea freight rate for 20-feet containers from Thailand to the United States, Europe, and Hong Kong in July that increased from January by 123.8 percent, 87.0 percent and 60.0 percent, respectively. This escalation tends to impact global supply chain and, thus, could limit the recovery of Thai's exports over the rest of the year.
- 4) **The volatility and uncertainty of the world economy and financial market** that need to be closely monitored and assessed are as follows: (i) the policy direction of major economies, specifically the US and China; (ii) the fluctuations of financial market and international capital flow amid the new wave of pandemic, and Chinese business regulatory tightening, which may result in the volatility of exchange rate and capital flow; (iii) the alteration to the monetary policies direction adopted by major central banks over the next period, under a higher inflationary pressure following the economic recovery and rising commodity prices due to economic stimulus measures and pending demand from the previous period. However, under the baseline assumption, it is expected that a major central banks will start to signal the monetary policy shift, though will still decide to maintain their low policy rates and their paces of asset purchasing schemes for the rest of 2021; (iv) the uneven economic recovery around the globe, especially those countries that remain experience the severe spread of COVID-19 along with inadequate public healthcare capacity, and low vaccine distribution, are expected to recover slowly particular the countries with fragile economic stability; and (v) geopolitical conflicts and political instability such as the conflict between China and Taiwan, the conflict between Russia and NATO, and the conflict within the Middle East which may affect energy prices. In addition, Myanmar's political conflict may impact border trade and disease control along the border.

Labor market is still severely impacted, especially in the services sectors.

The unemployment rate registered at 1.9 percent in the second quarter of 2021, a similar level to that of 2.0 percent in the previous quarter but remain higher than the pre-pandemic level at 1.0 percent in 2019. Meanwhile, the unemployment situation in each industry is highly different depending on the magnitude of impact from the pandemic. Considering by the last industry before being unemployed, the unemployment rates in tourism and related services as well as other media-producing and entertainment activities have increased tremendously since the second quarter of last year and stay high thereafter including travel agencies (23.8 percent in the second quarter of 2021), air transport (21.2 percent), accommodation (10.6 percent), motion picture, video and television programme production, sound recording, and music publishing activities (5.3 percent), programming and broadcasting activities (4.8 percent), sports activities and amusement and recreation activities (3.6 percent), postal and courier activities (3.1 percent), and creative, arts and entertainment activities (2.8 percent), as exhibited in the figure. When classifying by occupation, the unemployment rate of all occupation increased in 2020 but some group had declined in the second quarter of 2021 such as service workers, and shop and market sales workers, and plant and machine operators and assemblers but some occupation increased further from the previous year for example technicians and associate professionals and clerks. Similarly, the unemployment situation also varies across the province. The provinces with high unemployment rate in the second quarter of 2021 include Phuket (11.0 percent), Narathiwat (7.8 percent), Phang Nga (4.2 percent), and Khon Kaen (4.1 percent).

Furthermore, the fragile labor market can be distinguished through the average working hours which was registered at 41.6 hours per week in the second quarter of 2021, increasing from 40.1 hours per week in the same quarter of 2020, but was still lower than 43.1 hours per week in the same quarter of 2019. Nonetheless, the proportion of workers who worked less than 30 hours per week was account for 12.8 percent of total employment, declining from 17.3 percent in the second quarter of 2020 but was higher than 10.1 percent of the second quarter of 2019.



Source: National Statistical Office, NESDC's calculations

Key assumptions for 2021 economic projection:

	Key Assumptions				
	Actual Data			Projection for 2021	
	2018	2019	2020	May 17, 2021	Aug 16, 2021
World Economic Growth (%) ¹⁷	3.6	2.8	-3.2	5.8	6.0
USA	2.9	2.3	-3.4	6.0	6.6
EU	1.9	1.4	-6.4	4.3	4.7
Japan	0.6	0.0	-4.7	2.8	2.8
China	6.7	6.0	2.3	8.7	8.7
World Trade Volume (%)	3.9	0.9	-8.3	7.8	8.5
Exchange Rate (Baht/US dollar)	32.3	31.0	31.3	29.8 – 30.8	31.3 – 32.3
Dubai Crude Oil (US Dollar/Barrel)	69.5	63.3	42.4	58.0 – 68.0	62.0 – 72.0
Export Price (US Dollar) (%)	3.4	0.3	-0.8	2.5 – 3.5	2.5 – 3.5
Import Price (US Dollar) (%)	5.7	0.3	-3.8	3.5 – 4.5	4.0 – 5.0
Income from Tourism (Trillion baht)	1.82	1.85	0.44	0.17	0.12

Note: ¹⁷ World economic growth was calculated by trade weight of key economic partners in 2019 (15 economies)

Source: NESDC

- 1) **The assumption for the pandemic and vaccines** are as follows: (i) the domestic outbreak in Thailand will be contained in the last quarter of 2021. According to the base case scenario, the numbers of newly infected people and death will pass its peak by the end of August and then gradually decline in September. As a result, the government can begin to relax the control measures during the fourth quarter of 2021; (ii) there is no new wave of outbreaks from further viral mutations that are more severe than the present, both abroad and domestically, especially in the major production bases and tourist destinations which will exacerbate the recovery of manufacturing and tourism sectors; (iii) the distribution of vaccines is assumed to go smoothly and follows the target in the base case scenario, where at least 85 million doses will be distributed, covering approximately 60 percent of the population by the end of 2021; and (iv) vaccines are effective against COVID-19 in aspects of increasing immunity, reducing the probability of getting severe symptoms and significantly lowering the mortality rate.
- 2) **The world economy in 2021 is expected to expand by 6.0 percent, recovering from a 3.2-percent decline in 2020, and was an upward revision from 5.8 percent growth in the previous projection.** The positive revision was due to robust growth of major industrial economies, particularly those have succeeded to contain domestic outbreak and made pivotal progress on vaccine distribution, such as the US, Eurozone, the UK, Australia, and China. The governments, thus, have relaxed control measures which support a faster-than-expected recovery in domestic demand. In addition, the economic recovery will also be supported by additional economic measures from both expansionary monetary policy and massive fiscal stimulus, especially in the US, Eurozone, and China. For global trade volume, it is expected to expand by 8.5 percent in 2021, compared with an 8.3-percent contraction in 2020 and was upwardly revised from 7.8 percent assumed in the previous projection.
- 3) **The average value of Thai Baht in 2021 is expected to be in the range of 31.3 – 32.3 Baht per US dollar, depreciating from an average of 31.3 Baht per US dollar in 2020** and the range of 29.8 – 30.8 Baht per US dollar in the previous estimation. This is in line with the 7-month average at 31.1 Baht per US dollar and an average of 32.6 Baht per US dollar in July, depreciating from 30.3 Baht per US dollar and 31.4 Baht per US dollar in the first and second quarters of 2021, respectively. It was also more depreciated than the previous forecast's assumption. This depreciation tendency has mainly attributed to the sluggish recovery of Thai economy due to the current domestic outbreak and the reduction of revenue from foreign tourists leading to a deficit current account. Moreover, the US dollar has strengthened following the strong recovery of the US economy thanks to the satisfy progress in vaccine rollout and large-scale stimulus measures, which also rise the long-term US government bond yield. Nevertheless, the uncertainty of the pandemic, the vaccine efficacy amid viral mutations, and the policy direction of the major central banks especially the US among the rising inflation are major risks that could lead to a volatility of Baht.
- 4) **The average Dubai crude oil price in 2021 is expected to be within the range of 62.0 - 72.0 US dollars per barrel, increasing from and average 42.4 US dollars per barrel in 2020** and upwardly revised from the range of 58.0 - 68.0 US dollars per barrel in the previously projection assumption. The adjustment was in line with the faster-than-expected increases in the oil price. In fact, an average Dubai crude oil price in July 2021 was at 73.0 US dollars per barrel, compared with 67.5 US dollars per barrel and 60.3 US dollars per barrel in the second and first quarters of 2021, respectively. The upside risks to the price during the rest of the year are: (i) the better-than-expected recovery of the world economy in 2021 which will stir oil demand, as the US Energy Information Administration (EIA) forecasted in July 2021 that global oil demand in 2021 will increase by 5.3 million barrels per day from 2020, or a 5.7-percent growth; (ii) production cuts by the OPEC reflected by the July's compliance rate which was at 115 percent indicating that the actual production remained higher than target; (iii) the low level of US crude oil inventories, which at the end of July was at 62.8 percent of total working storage capacity, which was the lowest level in 146 week and lower than an average of 73.9 percent in 2020; and (iv) the global geopolitical uncertainties, particularly US-Iran nuclear negotiations, political conflict in Belarus, and the Russian-NATO conflict. Nevertheless, the oil price is also subject to downward pressures due to following factors: (i) highly uncertain situation of the outbreak along with undetermined effectiveness of the current vaccines against mutated strains, which could weaken world economic recovery and thus decrease oil demand; (ii) increasing in the number of oil rigs in the US and Canada; and (iii) OPEC+'s cooperation to increase daily production by 400 thousand barrels per day during the last 5 months of 2021.

- 5) **The export and import prices in terms of US dollars in 2021 are expected to increase by 2.5 – 3.5 percent and 4.0 – 5.0 percent, with midpoints being at 3.0 percent and 4.5 percent, respectively,** compared with the previous year's declines at the rates of 0.8 percent and 3.8 percent, respectively. The import prices were upwardly revised from the previous projection to be in line with the increased oil price assumption and faster-than-expected recovery of the global economy and trade volume in 2021.
- 6) **The revenue from foreign tourists in 2021 is expected to be 0.12 trillion baht, which is lower than 0.44 trillion baht in 2020 or a 73.1-percent decrease, and a downwardly revised from 0.17 trillion baht in the previous projection.** The estimation was in line with a lower assumption of inbound foreign tourists in 2021 from 500 thousand people in the previous projection to 150 thousand people in this forecast assumption, comparing with 6.7 million people in 2020, or a 97.8-percent decline. This downward revision is a result of a surge of COVID-19 cases both within Thailand and abroad. Thus, the anticipated inbound foreign tourists are likely to be lower than the previous assumption, especially those from major tourist originating countries such as India, South Asia, and ASEAN countries, where they had experienced highly new infected cases and delay in vaccination rollout. Moreover, the Chinese government still restricts its citizens from travelling abroad. Nonetheless, under the baseline scenario, it is expected that the government will be able to continue easing international traveling particularly under the Phuket sandbox scheme and in other pilot areas, such that there would be higher inbound foreign tourists during the high tourism season in the last quarter of this year.
- 7) **The budget disbursement** are as follows: (i) the FY2021 annual budget disbursement rate of 91.5 percent of overall budget, downwardly revised from 92.5 percent in the previous projection. The current budget is expected to be disbursed by 98.0 percent, equal to the previous estimation. The capital budget is expected to be disbursed by 65.0 percent, lower than a 70.0-percent disbursement rate in the former assumption to be in line with a lower-than-expected disbursement rate of capital budget in the third quarter of FY2021; (ii) the carry-over budget disbursement rate of 85.0, the same level as in the previous estimate; (iii) the state-owned enterprises' capital budget disbursement of 70.0 percent, equal to the previous assumption; (iv) the cumulative disbursement under the 1 trillion loan decree is expected to be disbursed around 850 billion Baht by the end of FY2021, of which 550.8 billion Baht will be disbursed during FY2021 with 84.1 percent growth compared to FY2020, and there will be another disbursement of 85 billion Baht by the first quarter of FY2022; and (v) the disbursement under the 500 billion loan decree is expected to be disbursed by around 150 billion Baht (30 percent of the total budget) within FY2021, and an additional 100 billion Baht by the first quarter of FY2022.

Economic Projection for the Thai Economy in 2021:

The Thai economy in 2021 is projected to expand in the range of 0.7– 1.2 percent (with the midpoint of 1.0 percent), compared with a 6.1-percent decline in 2020. Headline inflation is estimated to lie within the range of 1.0 – 1.5 percent, compared with (-0.8) percent in the previous year, and the current account is anticipated to record a deficit of 2.0 percent of GDP, compared with last's year 3.5 percent contraction.

In the August 16th, 2021, press release, the NESDC forecasted that the Thai economy in 2021 is expected to grow 0.7– 1.2 percent (with the midpoint of 1.0 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 May 17th, 2021, together with the revision in key growth components to be consistent with changing conditions and revised assumptions as follows:

- 1) **The resurgence of domestic infections amid risk of virus mutation** has been more severe-than-expected in the previous estimation which assumed the outbreak could pass its peak by May 2021. Thus, the revisions in key growth components are as follows: **(i) The revision on the estimated private consumption** owing to more-severe-than-expected domestic pandemic as shown by a higher number of daily new infected cases compared with the previous waves. The government had to strengthen the COVID-19 containment measures in affected areas¹⁸ which significantly impacted private consumption and economic activities, including more-cautious consumer behavior, especially in avoiding close contact services. Therefore, private consumption will be significantly softened during the second quarter and third quarter of the year. In 2021, private consumption expenditure is forecasted to grow by 1.1 percent, a downward revision from 1.6 percent in the previous estimation; and **(ii) The revision on export of services projection** to be in line with the delayed recovery of the tourism sector due to the severe outbreak in Thailand and abroad, especially the intensified risk from the virus variants. Therefore, it is expected that those countries of tourist origin might not be able to ease their international travel restriction, and thus will impact the recovery of tourism sector. In this projection, the number of tourists in 2021 is expected to be at 0.15 million people, downwardly revised from 0.5 million people in the previous projection and notably fell from 6.7 million people in 2020. As a result, the foreign tourism receipts are forecasted to be 0.12 trillion Baht, compared with 0.17 trillion Baht in the previous forecast and 0.44 trillion Baht in 2020.
- 2) **The downward revision on the public investment** to be in line with the actual disbursement figures in the first three quarters of FY2021, where the capital budget was disbursed by 43.8 percent of the total budget, lower than the rate of 46.7 percent in the previous estimation. As such, the capital budget disbursement is downwardly revised and expected to be 65.0 percent throughout the FY2021, in comparison with 70.0 percent in the previous estimation, and thus will result in slower-than-expected public investment growth.

¹⁸ The announcement by the Centre for COVID-19 Situation Administration (CCSA) numbered 11/2021 dated August 1st, 2021, classified areas for level of restriction policy into (i) 29 provinces as maximum controlled and restricted area, and (ii) 37 provinces as maximum controlled area in addition to other outbreak control measures, including prohibition of organizing activities that risk to transmission, the closure of department stores and shopping centers, the prohibition of eating inside the restaurant, and the closure of areas that prone to the infectious disease.

- 3) **The upward revision on the global economy and trade volume assumption** in tandem with the strength of projected of the major economies, especially the US, Eurozone, UK, Australia, China, and the NIEs, which are approximately accounted for 64 percent of Thailand's total export. Hence, the world economy and global trade volume in 2021 are expected to expand by 6.0 percent and 8.5 percent, respectively, upwardly revised from 5.8 percent and 7.8 percent in the previous estimations. The upward revision on the global growth will lead to faster-than-expected growth of Thai exports of goods, investment, and manufacturing production.

Key components of the economic growth:

- 1) **Total consumption:** (1) **Private consumption expenditure** is expected to grow by 1.1 percent, improving from a decrease of 1.0 percent in 2020, but a downward revision from a 1.6-percent growth in the previous estimation. The revision was mainly due to the resurgence of domestic infections since April 2021 which tends to be more intensified and prolonged than previously expected, and resulted in more-cautious consumption behaviors in order to reducing infection risks. Moreover, the government has reinforced strictly pandemic control measures in several areas. Likewise, the consumers' confidence index in July declined for 5 consecutive months to a historically low level at 35.3; and (2) **Government consumption expenditure** is estimated to expand by 4.3 percent, accelerating from a 0.9-percent growth in 2020 and was a downward revision from 5.1 percent in the previous projection. This corresponds with the disbursements under the 1-trillion-baht and the additional 500-billion-baht loan decrees in which that the loans were adjusted to be allocated more on compensation and remedial measures for affected citizens and business sector as a result of the new wave of outbreak compared with the previous projection.
- 2) **Total investment** is expected to grow by 5.4 percent, compared with a decline of 4.8 percent in 2020 and was upwardly revised from 5.3 percent. (1) **Private investment** is expected to expand by 4.7 percent, improving from an 8.4-percent contraction in 2020 and an upward revision from a 4.3-percent growth in the previous projection. This was consistent with robust recovery of global economy and merchandized trade, as well as high capacity utilization rate of 63.9 percent in July, comparing to 55.4 percent in the same month of 2020; and (2) **Public investment** is projected to increase by 8.7 percent, a downward revision from a 9.3 percent in the previous projection, following the downward revision on the capital budget disbursement rate of the fiscal year 2021 to 65 percent, from 70 percent in the previous estimation, due to the lower-than-expected disbursement rate in the third quarter of FY2021 (April – June 2021), as the construction works had been affected by the resurgence of COVID-19 pandemic.
- 3) **Export value of goods in US dollar terms** is anticipated to grow by 16.3 percent, recovering from a 6.5-percent contraction in 2020, and is an upward revision from 10.3 percent in the previous projection. Export volume is forecasted to grow by 13.3 percent, revised upwardly from 7.3 percent in the previous projection, consistent with the positive revision of the world economy and global trade volume in 2021. However, the revision on foreign tourist revenues resulted in slower-than-expected growth of export of services. Therefore, export quantity of goods and services is expected to grow by 9.6 percent, compared with the 1.8 percent of the previous projection and a 19.4-percent contraction in 2020.
- 4) **Import value of goods in US dollar terms** is expected to grow by 20.1 percent, compared with a 13.8-percent decline in 2020, and an upward revision from 13.1 percent in the previous projection. The adjustment resulted from the upward revision of import volume growth at 15.6 percent, compared with 9.1 percent in the previous projection. This is in line with the upward revisions in exports and private investment projections. Additionally, the import price was expected to expand by 4.5 percent, revised from 4.0 percent in the previous projection due to the increased in oil price assumption. Together with services import, the import quantity of goods and services is expected to grow by 15.8 percent, compared with a 4.7-percent expansion in the preceding projection and a 13.3-percent contraction in 2020.
- 5) **Trade balance** is estimated to register a surplus of 39.2 billion US dollars, compared with a surplus of 40.9 billion US dollars in 2020 and revised from a surplus of 38.7 billion US dollars in the previous projection. The adjustment is due to the robust growth of export that outpace that of import. Meanwhile, the delayed recovery of international tourism will dampen the export of service and thus the services account in 2021 tends to run a deficit. Consequently, the current account is expected to register a deficit of 10.3 billion US dollars, accounting for (-2.0) percent of the GDP, compared with a surplus of 17.6 billion US dollars or 3.5 percent of GDP in the previous year and a surplus of 3.6 billion US dollars or 0.7 percent of GDP in the preceding projection.
- 6) **Economic stability:** The average headline inflation in 2021 is expected to be in the range of 1.0 – 1.5 percent, compared with the range of 1.0 – 2.0 percent in the previous projection. This downward adjustment is mainly attributable to a slower-than-expected domestic consumption growth.

6. Economic Management for the Year 2021

The economic management during rest of the year 2021 particularly need to focus on following key measures:

- 1) **Containing the domestic outbreak in order to minimize the infection cases**, by: (i) Escalating the effectiveness in reducing the outbreak in households, communities and workers; (ii) Prioritizing symptomatic care in order to allocate resources efficiently, along with speeding up the procurement procedures for drugs and medical supplies to help reduce the risk of death and to reduce number of critically ill patients; (iii) Enforcing lockdown measures intensively in high infection areas, including implementation of factory isolation (Bubble and Seal measure); and (iv) Expediting the process of vaccine acquisition and distribution.
- 2) **Providing remedial assistance for people, workers, and businesses during the severe outbreak under stringent virus control measures**, including: (i) Closely monitoring the ongoing fiscal and financial measures, along with revising the existing and providing additional measures with well-suited actions, targeted setting, and appropriate timing in response with uncertainty situation; (ii) Considering additional measures assisting workers through labor retention measure, along with new job creation and skill development for those in need; and (iii) Implementing additionally targeted economic measures to support highly affected businesses experiencing difficulties to recover, especially SMEs.
- 3) **Implementing measures to support economic recovery once the outbreak could be contained** by focusing on policy to promote domestic spending and tourism sectors, preparing areas for resuming economic activities, implementing surveillance measures to prevent resurgence of the new outbreak, and helping entrepreneurs to resume their usual economic operations.
- 4) **Encouraging export of goods**, to support continual economic expansion by emphasizing on: (i) Controlling the outbreak in key production base; (ii) Reducing difficulty and limitation regarding transportation and logistics system; (iii) Resolving the foreign labor shortage in manufacturing sector; (iv) Boosting exports to major markets that are experiencing strong economic rebound as well as expanding new markets for potential products; (v) Utilizing benefits from Regional Comprehensive Economic Partnership (RCEP), along with extending economic and trade cooperation; and (vi) Expediting the ongoing Free Trade Agreement (FTA) negotiations and preparing for future negotiations with new partners, as well as prioritizing international agreements that could be used as obligations and lead to trade restrictions.
- 5) **Maintaining growth momentum from government expenditure and public investments**, by: (i) Expediting the FY2021's annual budget disbursement rate to be at least 91.5 percent of the total budget, with current and capital budget disbursement rates of no less than 98.0 percent and 65.0 percent, respectively; (ii) Ascertaining that the FY2021 carry-over budget disbursement rate will be no less than 85.0 percent of its total; (iii) Accelerating the state-owned enterprises' capital budget disbursement rate to be no less than 70.0 percent of the total budget; and (iv) Ensuring the budget disbursement of the 1-trillion-Baht 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) to be no less than 85.0 percent of the total budget and the budget disbursement of the additional 500-billion-Baht loan decree to be no less than 50.0 percent of the total budget.
- 6) **Stimulating private investment** by: (i) Containing domestic outbreak to regain investors' confidence; (ii) Speeding up projects already approved and holding investment promotion certificates during 2018 – 2020 to start their actual investments; (iii) Solving difficulties and obstacles hindering investors and entrepreneurs from investing and conducting businesses; (iv) Implementing proactive investment promotions and facilitating investors in targeted industries to invest in Thailand; (v) Encouraging investments in Eastern Economic Corridor (EEC), other regional economic corridor as well as other initialized special economic zones; and (vi) Stimulating investment in the key economic areas and transport infrastructure to be in accordance with the prospected plan.
- 7) **Preserving domestic political environment** not to become an additional downside risk to the economy and aggravate business confidence, amidst uncertainties arising from the COVID-19 outbreak, along with maintaining economic stability during the volatility period following the severity and prolongation of domestic outbreak and an intensifying debt overhang in household, business, as well as government.

Key economic measures to remedy and mitigate impacts from COVID-19 outbreak

Measures	Details
1. Measures to remedy households	
Cost of living support	<ul style="list-style-type: none"> • Subsidizing electricity and water expenses for social welfare card holder (Oct 20 – Sep 21) • Discounting on electricity, water, and internet bills for the general public and small enterprises (Feb – Mar 21, May – Jun 21, and Jun – Aug 21 billing periods) • Topping up the monthly allowance for social welfare card holder and those in need of special help by 200 Baht per person per month (Jul – Dec 21) • “Kon-La-Kreung” or “Half-Half co-payment” scheme, a half price subsidy for purchase at eligible stores, with a total cap at 150 Baht per person per day or 3,000 Baht per person during the program (Jul – Dec 21) • “Ying-Chai-Ying-Dai” to reinvigorate consumption, purchasing power, and support entrepreneurs with Value Added Tax (VAT) registration, with the form of electronic vouchers (e-Voucher) accumulate up to 7,000 Baht (Jul – Dec 21) • 9,000 Baht per person direct cash transfer for self-employed worker, vulnerable group, agriculture workers/farmers, low-income groups, and social welfare card holders (Until Jun 2021)
Cash Transfers for self-employed workers, vulnerable groups, and agriculture workers/farmers	<ul style="list-style-type: none"> • Credit for personal expenses for freelancer (totaling 20,000 million baht) (GSB) • Credit for personal expenses for wage earners (totaling 5,000 million baht) (GSB) • Personal Loan for individuals (GSB) • Emergency Credit for small farmers (totaling 20,000 million baht) (Bank for Agriculture and Agricultural Cooperatives: BAAC) • Soft Loans for low-income earners through The Government Pawnshop (totaling 20,000 million baht) (GSB) • Thai fight COVID-19 credit for wage earners, freelancers, small farmers, and farm workers (totaling 20,000 million baht) (BAAC) and (totaling 10,000 million baht) (GSB) • Measure to support retail debtors for debts from credit cards and personal loan, Guarantee Loan for Car and Motorcycle Registration, Loans for the purchase of a car or a motorcycle, and housing loan • Extending temporary interest payment suspension by SFLs until 31 Dec 2021
Soft loans by Specialized Financial Institutions (SFLs) and Bank of Thailand (BOT)	<ul style="list-style-type: none"> • Extension of personal income tax filing deadline through online system. (For the tax year 2020 can be filed by June 30th, 2021, extending from April 8th, 2021) • 90 percent reduction in the Land and Building Tax for the 2020 tax year, estimated forgone revenue 35,545 million Baht. • Reduction in fees for the registration of a sale and mortgage of real estate (until Dec 21) • Extension of Land and Building Tax collection period for the year 2021 to August 2021 • Extension of deadlines for filing returns and paying taxes to individuals liable to personal income tax • Extension of Jet fuel levy cuts • VAT exemption for the importation of medicines, medical supplies, medical tools to use against COVID-19 • Fine exemption to 0 percent for private companies which have fallen behind government construction schedules at the final delivery
Tax measures	
2. Measures to support the tourism sector	
We Travel Together	The government subsidizes 40 percent for hotel accommodation per night, up to 15 nights per person for a total of 8 million rooms with e-voucher up to 900 Baht per room per night and airplane ticket cash back up to 2,000 Baht. (July 2020 - April 2021 and postponed until the outbreak is resolved.)
Tour Tiew Thai	The government subsidizes 40 percent of tourist package costs up to 5,000 baht per person for a total of 1 million persons. (Postponed until the outbreak is resolved.)
Phuket Sandbox	Open for fully vaccinated foreign visitors to travel in Thailand, starting from Phuket Sandbox on July 1 st , 2021, which will be extended to further targeted areas, such as Samui island, Phangan island, and Tao island in Surat Thani (Samui Plus), starting on July 15 th , 2021

Key economic measures to remedy and mitigate impacts from COVID-19 outbreak

Measures	Details
3. Measures to support businesses and SMEs	<ul style="list-style-type: none">• Soft loans for affected businesses under the Emergency Decree on the Provision of Financial Assistance for Entrepreneurs Affected by COVID-19 Pandemic, B.E. 2563 (Soft loan emergency decree, totaling 500 billion baht)• Soft loan facility for businesses (totaling 250 billion baht) and Debt restructuring through Asset Warehousing with Buy-Back options (totaling 100 billion baht) under the 2020 Soft Loan Emergency Decree• BOT's policies for affected borrowers such as relief extension and encouraging financial services to step in• Credit restoration measures to provide loan to entrepreneurs, the interest rate of 2 percent, with the Bank of Thailand allocating money to commercial banks and Specialized Financial Institutions (SFIs)• Reduction of interest rates and Financial Institutions Development Fund (FIDF) fee as well as the adjustment of default interest calculations for debt repayment• Measures to support and mitigate debt for borrowers with multi-creditors (DR BIZ program) by the Bank of Thailand• Support Small and Medium Enterprises' (SMEs) accessibility to public procurement• Setting the new standard for credit term in Thailand (Trade debtors must settle within 30 - 45 days)• Soft loans for businesses directly or indirectly affected from COVID-19 by GSB (totaling 150,000 million baht)• Loan for small entrepreneurs (SMEs Bank) (totaling 10,000 million baht)• Thai tourism recovery relief loan scheme by GSB (totaling 5,000 million baht)• Land guarantee scheme for SMEs by GSB (totaling 10,000 million baht)• Loan for entrepreneurs of food and beverage by GSB (totaling 2,000 million baht)• SMEs portfolio guarantee scheme: Thai fight COVID-19 (Under portfolio guarantee scheme phase 9 worth 150 billion Baht) (Thai Credit Guarantee Corporation: TCG) (the budget of 5,000 million Baht)• Micro portfolio guarantee scheme: Thai fight COVID-19 (Under portfolio guarantee scheme phase 4 worth 25 billion Baht) (TCG) (the budget of 19,462 million Baht)• PGS soft loan (plus) portfolio guarantee scheme with budget of 57 billion Baht for the range of 8 years. (TCG)• Loan Guarantee scheme (the budget of 100,000 million Baht)• Measures to provide additional specific support for each borrower after debt restructuring under the soft-loan decree, including suspending principal payment, reducing interest rates, and extending debt repayment period. As of June 30th, 2021, there are 5.00 million accounts of borrowers that requested assistance (4.45 million of retail accounts and 0.45 million of SME accounts), representing a total of 3.29 trillion baht received assistance (retail businesses for 1.71 million baht, SME businesses for 0.96 million baht and large business for 0.62 million baht)
Financial measures for SMEs	
Measures to support financial liquidity	
Measures to support financial liquidity (credit guarantee)	
Measures to promote debt restructuring	
4. Measures to support affected workers	
Social Security Fund Contribution Reduction	<ul style="list-style-type: none">• Reduction of mandatory contributions to the Social Security Fund (SSF) under section 33 from 5 percent to 3 percent in January 2022, to 0.5 percent in February and March, and to 2.5 percent in June to August.
Increasing unemployment benefits	<ul style="list-style-type: none">• Increasing unemployment compensation for the insured workers under section 33, receiving compensation by 50 percent of their wage up to 90 days in case they are laid off or resigned
Measures to alleviate social security members	<ul style="list-style-type: none">• "Section 33 Rao Rak Kan" scheme, the cash transfer program to insured workers under Section 33 up to 4,000 baht per worker (Mar – May 21). An additional 2,000 baht in May which can be spent within June 2021.
Measures to employment support	<ul style="list-style-type: none">• Employment support from public and private sectors for the newly graduated, a 50 percent wage subsidy. (Oct 20 - Dec 21) (the budget of 19,462 million Baht) and introduced the online job matching platform• Soft loans to encourage employment (totaling 30,000 million baht)
Employers and workers under section 33 remedy scheme for affected business under maximum controlled and restricted areas	<ul style="list-style-type: none">• Compensation support to employers and workers under section 33 in 9 sectors, including construction sector, accommodation and food services sector, arts, entertainment and recreation sector, other service activities sector, transportation and storage areas sector, wholesale and retail sales sector, automotive repair sector, administrative activities and support services sector, professional activities, science and academic activities sector, and information and communication sector: Employers under Section 33 received 3,000 Baht per employee, up to 200 employees; and Employees under section 33 received 2,500 per person• Compensation support to employees under section 39 and 40 of 5,000 Baht per person
5. Measures to support education expenses	
Financial support scheme for students in the Thai education system during COVID-19 outbreak	<ul style="list-style-type: none">• Measure to subsidize tuition fees of students in both public and private institutions, totaling 10,952,960 students, during the first semester of 2,000 Baht per person
Financial support scheme for students in higher education institutions during COVID-19 outbreak	<ul style="list-style-type: none">• The government supports educational expenses for 100 public higher education institutions, ranging from undergraduates and postgraduates in regular and special study, as follows: (1) reduction of tuition fees and (2) remedial support of tuition fee• Subsidy for 72 private higher education institutions' tuition fees at 5,000 baht per person

Projection for 2021^{1/}

	Actual Data			Projection for 2021	
	2018	2019	2020	May 17, 2021	Aug 16, 2021
GDP (at current prices: Bil. Bht)	16,368.7	16,898.1	15,698.3	16,250.5	16,169.2
GDP per capita (Bht per year)	236,861.1	243,787.1	225,845.7	233,190.7	232,024.0
GDP (at current prices: Bil. USD)	506.4	544.3	501.6	541.7	508.5
GDP per capita (USD per year)	7,328.3	7,852.2	7,216.6	7,773.0	7,296.4
GDP Growth (CVM, %)	4.2	2.3	-6.1	1.5 – 2.5	0.7 – 1.2
Investment (CVM, %) ^{2/}	3.8	2.0	-4.8	5.3	5.4
Private (CVM, %)	4.1	2.7	-8.4	4.3	4.7
Public (CVM, %)	2.8	0.1	5.7	9.3	8.7
Private Consumption (CVM, %)	4.6	4.0	-1.0	1.6	1.1
Government Consumption (CVM, %)	2.6	1.7	0.9	5.1	4.3
Export volume of goods & services (%)	3.4	-3.0	-19.4	1.8	9.6
Export value of goods (Bil. USD)	251.1	242.7	227.0	250.1	263.7
Growth rate (%) ^{3/}	7.5	-3.3	-6.5	10.3	16.3
Growth rate (Volume, %) ^{3/}	3.9	-3.7	-5.8	7.3	13.3
Import volume of goods & services (%)	8.3	-5.2	-13.3	4.7	15.8
Import value of goods (Bil. USD)	228.7	216.0	186.1	211.4	224.5
Growth rate (%) ^{3/}	13.7	-5.6	-13.8	13.1	20.1
Growth rate (Volume, %) ^{3/}	7.6	-5.8	-10.5	9.1	15.6
Trade balance (Bil. USD)	22.4	26.7	40.9	38.7	39.2
Current account balance (Bil. USD)	28.4	38.2	17.6	3.6	-10.3
Current account to GDP (%)	5.6	7.0	3.5	0.7	-2.0
Inflation (%)					
CPI	1.1	0.7	-0.8	1.0 – 2.0	1.0 – 1.5
GDP Deflator	1.4	0.9	-1.1	1.0 – 2.0	1.8 – 2.3

Source: Office of the National Economic and Social Development Council, 16th August 2021

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

^{2/} Investment means Gross Fixed Capital Formation

^{3/} Export and import are based on the Bank of Thailand's data.