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Office of National Economic and Social Development Council

www.nesdc.go.th Tel. 0 2628 2847 Fax. 0 2628 2846 e-mail: pr@nesdc.go.th



สภาพัฒนา



สภาพัฒนา Update

The Thai Economy in Q2/2021 and the Outlook for 2021

The Office of the National Economic and Social Development Council (NESDC) released the official figure of the Thai Gross Domestic Product (GDP) in the second quarter of 2021 and the economic projection for 2021 as follows:

The Thai Economy in Q2/2021

The Thai Economy in the second quarter of 2021 increased by 7.5 percent (%YoY) compared with 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 expenditure side: export of goods, private investment, and private consumption returned to growth, while public investment and government expenditure decelerated and export of services still contracted. **Private consumption expenditure** 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 in the same period last year and supports from government's assistance and stimulus measures. The expenditure on durable goods expanded by 15.1 percent, compared with a 10.4-percent drop in the previous quarter, led by the growth in purchase of vehicles with a 33.9-percent growth. The expenditure in services grew by 8.1 percent, accelerating from a 1.5-percent growth in the previous quarter, following the growth of health, housing, water, electricity, gas and other fuels, and restaurants and hotels. The expenditure in non-durable goods grew by 2.3 percent, continually expanding from 2.5 percent in the previous quarter. This was in line with spending on food and non-alcoholic which grew by 2.4 percent. Meanwhile, the expenditure in semi-durable goods decreased by 7.0 percent, compared with a 10.8-percent decline in the previous quarter, and in line with a 15.3-percent drop in clothing and footwear expenditure. The new wave of COVID-19 pandemic beginning in April 2021 resulted the consumer confidence index on the economic situation fell drastically from 42.5 in the previous quarter to 38.8 in the second quarter. **Government consumption expenditure** increased by 1.1 percent, compared with a 2.1-percent growth in the previous quarter. Whereas, purchases of goods and services dropped by 0.4 percent, while compensation of employees (wage and salary) and social transfers in kind increased by 0.5 percent and 11.6 percent, respectively. The government budget disbursement rate in this quarter was at 21.0 percent of the total budget, higher than 20.0 percent in the previous quarter but lower than 22.9 percent in same quarter of the last year. **In the first half of 2021**, private consumption and government consumption expenditure declined by 2.1 percent, and 1.6 percent respectively. **Total investment** increased by 8.1 percent, accelerating from 7.3 percent in the previous quarter. **Private investment** increased by 9.2 percent, compared with a 3.0-percent growth in the previous quarter. This was due to an increase in investment in machinery and equipment of 12.2 percent, accelerating from 3.8 percent in the first quarter. Meanwhile, investment in construction declined by 0.2 percent. **Public investment** dropped by 5.6 percent, decelerating from a 19.6-percent growth in the previous quarter. Investments of government and state-owned enterprises (SOEs)

expanded by 7.7 percent and 1.6 percent, respectively, compared with the growths of 28.4 percent and 9.3 percent in the prior quarter, respectively. The disbursement rate of capital budget in this quarter was 19.1 percent, higher than 13.4 percent in the previous quarter but lower than 19.2 percent in the same quarter of last year. **In the first half of 2021**, total investment expanded by 7.6 percent with 5.9-percent and 12.1-percent growths of private investment and public investment, respectively.

Export value in the second quarter of 2021 was recorded at 67.8 billion USD (the historical high level), increasing by 36.2 percent (the highest recorded in 44 quarters), from a 5.0-percent growth in the previous quarter. The export volume index and the export price increased by 30.9 percent, and 4.0 percent, respectively. **Export items with increased value** included passenger cars (89.1 percent), pick up & trucks (190.5 percent), vehicle parts & accessories (102.2 percent), electrical equipment (24.6 percent), computer and parts (37.6 percent), rubber products (40.0 percent), rubber (97.3 percent), and casava (48.2 percent). **Export items with decreased value** included fish canned, prepared, or preserved (-26.3 percent), rice (-38.8 percent), and sugar (-21.7 percent). Meanwhile, exports to key markets showed a positive growth. Exports excluded gold increased by 45.2 percent. In baht term, export value increased by 33.6 percent. **In the first half of 2021**, export value was recorded at 131.8 billion USD, increasing by 19.0 percent. Export volume and prices increased by 15.5 percent and 3.1 percent, respectively. **Import value** in the second quarter was recorded at 58.0 billion USD, or 41.8 percent growth, accelerating from 9.5 percent in the previous quarter in line with an expansion of economic activities compared with the same period last year and accelerating from a previous quarter. Import volume and prices increased by 31.9 percent and 7.4 percent, respectively. **In the first half of 2021**, import value was registered at 114.7 billion USD, increasing by 23.8 percent.

Growths of Real GDP in Key Economies

	GDP (%YoY)								GDP Seasonally Adjusted (%QoQ SA.)					
	2019		2020				2021		2020				2021	
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q1	Q2	Q3	Q4	Q1	Q2
US	2.3	-3.4	0.6	-9.1	-2.9	-2.3	0.5	12.2	-1.3	-8.9	7.5	1.1	1.5	1.6
Eurozone	1.4	-6.4	-3.2	-14.4	-4.0	-4.6	-1.3	13.7	-3.6	-11.4	12.4	-0.6	-0.3	2.0
United Kingdom	1.4	-9.8	-2.2	-21.4	-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	1.4	-6.4	-3.9	-0.8	1.1		-0.3	-7.0	3.5	3.2	1.8	
Japan	0.0	-4.7	-2.1	-10.1	-5.6	-1.1	-1.6		-0.5	-8.1	5.3	2.8	-1.0	
China	6.0	2.3	-6.8	3.2	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	3.0	-24.4	-7.4	0.5	1.6		-1.6	-14.5	15.1	2.7	-1.2	
South Korea	2.2	-0.9	1.5	-2.6	-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	2.5	0.3	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	-9.1	-9.0	-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	0.0	-13.3	-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	3.0	-5.3	-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	0.7	-17.2	-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	-0.7	-17.0	-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	3.7	0.4	2.7	4.5	4.7	6.6	-0.7	-1.1	3.7	2.4	-0.2	0.8

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

On Production side: the manufacturing sector and the agricultural sector 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 agricultural sector continually expanded for the third consecutive quarter by 2.0 percent, an acceleration when compared with the preceding quarter at 1.3 percent. This was due to the favorable weather conditions and sufficient water levels. Major agricultural products with production expansion include paddy (10.2 percent), rubber (6.7 percent), and cassava (9.9 percent), while major agricultural products with production contraction include fruits (-4.6 percent) and sugarcane (-5.9 percent). In addition, the livestock grew for 14 consecutive quarters with a 2.6-percent growth, however, the fishery products declined by 5.9 percent. **Agricultural price index** increased by 12.8 percent and was the fourth consecutive quarter of expansion. The rise was attributed to the price increases of rubber (59.0 percent), fruits (27.4 percent), oil palm (76.7 percent), sugarcane (30.3 percent), and swine (11.3 percent). On the other hand, the prices of paddy (-18.9 percent) and eggs (-0.9 percent) were declined. Due to the increases in both production and price, the overall **farm income index** grew for 3 consecutive quarter by 15.2 percent. **In the first half of 2021**, agricultural sector expanded by 1.7 percent, an improvement from 0.2 percent in the latter half of 2020. The agricultural production and price indices grew by 2.5 percent and 11.0 percent, respectively, and resulted in 13.7-percent growth of the farm income index.

The manufacturing sector expanded favorable by 16.8 percent. This was due to the acceleration of exports, unusually low growth base in the same quarter of last year, and the gradually improving domestic demand. Manufacturing Production Index (MPI) of industries with export share between 30 - 60 percent and with export share of more than 60 percent to total production expanded by 28.3 percent and 20.4 percent, accelerating from 0.3 percent and 1.4 percent in the preceding quarter, respectively. Besides, the MPI of those with export share less than 30 percent grew by 9.4 percent. The average **capacity utilization rate** stood at 63.21 percent, down from 67.44 percent in the previous quarter but higher than 52.81 percent in the same quarter of 2020. The industries with positive MPI growth include vehicles (147.4 percent), rubber tires and tubes (98.9 percent), and bare printed circuit boards components and boards (25.3 percent). On the other hand, the industries with negative MPI growth include fertilizers (-30.7 percent), wearing apparel (-13.8 percent), and canned aquatic animals (-17.7 percent). **For the first half of 2021**, the manufacturing sector expanded by 8.2 percent, compared with the 2.9-percent growth of the latter half of last year. Manufacturing production index increased by 9.4 percent and the average capacity utilization rate stood at 65.32 percent.

The accommodation and food service activities sector grew from the low base last year by 13.2 percent, compared with the 35.5-percent decrease in the previous quarter. In this quarter, the revenue from Thai tourists was at 35 billion baht, a decline from the previous quarter due to impacts from the COVID-19 resurgence. However, this was still an 89.0-percent expansion from the same period last year. **The number of foreign tourists** was at 20,275 persons (including the Thailand Privilege Card visitors). The average occupancy rate was at 8.24 percent, dropping from 16.15 percent in the previous quarter but higher than 6.50 percent in the same period last year. **In the first half of 2021**, the accommodation and food service activities sector contracted by 17.2 percent, continually declining from the 37.1-percent of the preceding period. The number of foreign tourists drop by 99.4 percent and the average occupancy rate was at 12.20 percent.

The transportation and storage sector rose by 11.6 percent compared with a 17.7-percent contraction in the previous quarter due to the improvement of export, manufacturing and agricultural sectors, together with more eased conditions of domestic traveling compared to the same period of last

year. This was in line with the expansion of transport services by 20.7 percent, which was consisted of: (1) air transport services, which grew by 68.0 percent, improving from the previous 66.7 percent; (2) land and tubes transport services, which grew by 0.6 percent, recovering from the preceding decline by 4.4 percent; and (3) water transport services, which grew by 14.7 percent, speeding up from 6.9 percent. Transport supporting services rose by 12.1 percent while postal services expanded by 23.2 percent. **In the first half of 2021**, transportation and storage sector contracted by 6.6 percent, compared with the preceding half year's contraction by 21.6 percent.

Electricity, gas, steam, and air conditioning supply sector increased by 0.9 percent, compared with a 9.1-percent decline in the previous quarter. This was in line with higher activities in both the industrial and services sectors compared with the same quarter of 2020. Electricity production activity rose by 5.5 percent, compared with 4.9-percent decline and was consistent with the electricity demands in business sector and industrial sector which rose by 7.0 percent and 13.7 percent, respectively. Gas separation activity expanded by 12.3 percent, recovering from a 1.1-percent contraction in the previous quarter as the amount of gas delivered to separation plant increased. **In the first half of 2021**, electricity, gas, steam, and air conditioning supply sector decreased by 4.2 percent, an improvement when compared with 11.3 percent in the previous half year.

On economic stability, the unemployment rate was at 1.9 percent, slightly lower than 2.0 percent in the previous quarter and also 2.0 percent in the same quarter of last year. Besides, the headline inflation was at 2.4 percent. The current account recorded a deficit of 5.2 billion USD or accounted for 164 billion Baht. At the end of June 2021, the international reserves stood at 247 billion USD and the public debt was at 8.83 trillion Baht or 56.1 percent of GDP.

The Thai Economic Outlook for 2021

The Thai economy in 2021 is expected to grow in the range of 0.7 – 1.2 percent, recovering from a 6.1-percent contraction in 2020, and revised down from the range of 1.5 – 2.5 percent in the previous projection (as of May 17th, 2021). The economic growth over the remainder of the year is likely to be subjected to the following vital limitations and risks, including: (i) The uncertainty arising from the new wave of COVID-19 pandemic; (ii) The fragile financial conditions of both households and businesses amid high unemployment rate with additional impacts from resurgence of the COVID-19; (iii) Risks on exports and manufacturing sectors affected by the outbreak in industrial area, coupled with the constraints on the global value chain and international logistics; and (iv) Volatility in global economic and financial situation. Nevertheless, the Thai economy in 2021 is likely to recover gradually from last year, with the following key supporting factors: (i) The recovery of world economy and global trade; (ii) The support from government spending and stimulus measures; (iii) The improvement of agricultural income; and (iv) The low growth base of the economy in the latter half of 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.**

Key growth components include as follows:

1. **Total consumption: (i) 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. This was mainly due to the resurgence of domestic infections since April 2021 which are more intensified and prolonged than previously expected; and **(ii) Government consumption expenditure** is estimated to expand by 4.3 percent, accelerating from a 0.9-percent growth in 2020, and downward revision from a 5.1 percent in the previous projection. This corresponds with the adjustment in the disbursements under the loan decrees which leads to rising share of purchase of goods and services categories 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. **(i) 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 last projection. This was consistent with higher-than-expected global economic and export growths, and was also in line with a robust manufacturing capacity utilization that increased to 63.9 percent in July from 55.4 percent in the same month of 2020; and **(ii) Public investment** is projected to increase by 8.7 percent, a negative 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 be in line with the lower-than-expected disbursement rate in the third quarter of FY2021 while the possibility that the disbursement over the remainder of the fiscal year will be impacted by the outbreak..

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 assumptions 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.

Economic Management for the remainder of 2021

The policy management for the remaining of 2021 should put emphasis on: **(1) Containing the domestic outbreak**, by: (i) Escalating the effectiveness in reducing the spread of COVID-19 infections in households, communities and laborers; (ii) Prioritizing symptomatic care in order to allocate resources efficiently; (iii) Enforcing lockdown measures intensively in areas with more 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 measures with well-suited actions, targeted setting, and appropriate timing in response with changing situation; (ii) Considering measures assisting the labor force through labor retention measure, along with new job creation and skill development for those in need; and (iii) Implementing additionally economic measures to specifically support severely affected businesses. **(3) Implementing measures to support economic recovery once the outbreak could to 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 business operations. **(4) Encouraging export of goods**, by emphasizing on: (i) Controlling the outbreak particularly in key production base; (ii) Reducing difficulty and limitation regarding transportation and logistics system; (iii) Solving the problem of 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 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 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; (v) Encouraging investments in 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. **(7) Preserving domestic political environment as well as maintaining economic stability**.

Office of the National Economic and Social Development Council

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Table 1 GDP, Production Side

%YoY	2020							2021		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Agriculture	-3.6	-6.8	-0.2	-9.9	-3.1	-1.1	0.4	1.7	1.3	2.0
Non-Agriculture	-6.3	-6.9	-5.7	-1.3	-12.9	-6.7	-4.7	2.0	-3.0	8.1
Manufacturing	-5.7	-8.3	-2.9	-2.4	-14.7	-5.3	-0.7	8.2	1.0	16.8
Service	-6.5	-6.5	-6.6	-1.2	-12.1	-7.2	-5.9	-0.1	-4.3	5.0
Construction	2.3	-0.9	5.9	-9.3	7.5	10.8	-0.3	8.6	12.7	5.1
Wholesale and Retail Trade	-3.7	-2.9	-4.5	3.6	-10.9	-6.1	-3.1	1.0	-2.2	5.5
Transportation and Storage	-21.0	-20.4	-21.6	-5.5	-36.6	-22.2	-21.1	-6.6	-17.7	11.6
Accommodation and Food Service Activities	-36.6	-36.1	-37.1	-23.3	-49.9	-39.3	-35.2	-17.2	-35.5	13.2
Information and Communication	4.6	4.3	4.9	4.4	4.1	4.5	5.4	5.3	4.7	5.8
Financial and Insurance Activities	2.7	2.9	2.4	4.3	1.7	1.6	3.3	2.8	3.4	2.3
GDP	-6.1	-6.9	-5.3	-2.1	-12.1	-6.4	-4.2	2.0	-2.6	7.5
GDP_SA (QoQ)	-	-	-	-1.5	-9.2	6.1	0.8	-	0.2	0.4

Source: Office of the National Economic and Social Development Council

Table 2 GDP, Expenditure Side

%YoY	2020							2021		
	Y	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Private Consumption	-1.0	-2.1	0.2	2.7	-6.7	-0.6	0.9	2.1	-0.3	4.6
Government Consumption	0.9	-0.7	2.4	-2.5	1.0	2.5	2.2	1.6	2.1	1.1
Investment*	-4.8	-7.1	-2.6	-6.3	-7.9	-2.6	-2.5	7.6	7.3	8.1
Private	-8.4	-10.1	-6.8	-5.3	-14.9	-10.6	-3.3	5.9	3.0	9.2
Public	5.7	1.3	10.2	-9.1	12.6	17.6	0.6	12.1	19.6	5.6
Exports	-19.4	-16.4	-22.4	-5.8	-27.5	-23.3	-21.5	5.6	-10.5	27.5
Goods	-5.8	-7.1	-4.6	1.7	-15.8	-7.5	-1.5	15.7	3.2	30.7
Services	-60.1	-45.0	-74.2	-26.8	-67.7	-73.1	-75.2	-47.4	-63.6	-1.9
Imports	-13.3	-13.3	-13.2	-3.0	-23.6	-19.3	-7.0	14.8	1.7	31.4
Goods	-11.2	-11.8	-10.7	-2.2	-21.2	-18.1	-3.1	18.0	6.4	32.2
Services	-21.1	-19.3	-23.0	-6.2	-32.4	-23.9	-22.1	2.8	-15.5	28.2
GDP	-6.1	-6.9	-5.3	-2.1	-12.1	-6.4	-4.2	2.0	-2.6	7.5

Note: * Investment means Gross Fixed Capital Formation

Source: Office of the National Economic and Social Development Council

Economic Projection for 2021 ^{1/}

	Actual Data			Projection for 2021	
	2018	2019	2020	May 17 th , 2021	Aug 16 th , 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 were 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 is based on the Bank of Thailand's data, which is in compliance with the Balance of Payment recording system.