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สภาพัฒนา



สภาพัฒนา Update

The Thai Economy in Q3/2021 and the Outlook for 2021 - 2022

The Office of the National Economic and Social Development Council (NESDC) released the official figure of the Thai Gross Domestic Product (GDP) in the third quarter of 2021 and the economic projection for 2021 – 2022 as follows:

The Thai Economy in Q3/2021

The Thai Economy in the third quarter of 2021 contracted by 0.3 percent (%YoY) compared with a 7.6-percent growth in the previous quarter. After seasonally adjusted, the economy decreased by 1.1 percent from the second quarter (%QoQ sa). **In the first 9 months of 2021**, the Thai economy expanded by 1.3 percent.

On expenditure side: private consumption and public investment showed contractions, while export of goods, private investment and government expenditure continued to grow. **Private consumption expenditure** decreased by 3.2 percent, compared with a 4.8-percent growth in the previous quarter due to the resurgence of domestic outbreak causing consumers to be more cautious, while the government had to uplift COVID-19 containment measures. Thus, expenditure on durable goods decreased by 14.1 percent, compared with a 13.3-percent expansion in the previous quarter, owing to a 21.8-percent decline in purchase of vehicles. The expenditure in services also decreased by 4.9 percent, compared with a 9.1-percent growth in the previous quarter. Meanwhile, the expenditure in semi-durable goods contracted by 8.3 percent, continually decreased from 7.3-percent in the previous quarter. The expenditure in non-durable goods increased by 1.3 percent, decelerating from a 2.3-percent growth in the previous quarter. Although, the operation of personal transport equipment decreased by 15.6 percent, food and non-alcoholic beverages grew by 2.7 percent. The decline of private consumption in this quarter was in line with the decrease in consumer confident index about the general economic situation which fell from 38.8 in the previous quarter to 34.9 in this quarter. In the first 9 months of 2021, private consumption expenditure increased by 0.4 percent. **Government consumption expenditure** increased by 2.5 percent, accelerating from a 1.0-percent growth in the previous quarter. Compensation of employees (wage and salary) and social transfers in kind increased by 1.0 percent and 47.1 percent, respectively, following an increase in medical treatment spending for COVID-19. On the contrary, purchases of goods and services dropped by 3.6 percent. The expansion of government spending was in accordance with 638.678 billion baht current budget with 23.0 percent growth and 23.8 percent disbursement rate of total current budget framework, compared to 20.6 percent and 19.6 percent in the previous quarter and the same quarter of last year. Additionally, the disbursement under the loan decrees was 219.740 billion baht. In the first 9 months, government consumption

expenditure increased by 1.9 percent. **Total investment** dropped by 0.4 percent, compared with a growth of 7.6 percent in the previous quarter. **Public investment** dropped by 6.0 percent, compared with a 4.1-percent growth in the previous quarter. This was mainly due to the decrease in government investment, whereas the investments of state-owned enterprises (SOEs) showed the expansion. The disbursement rate of capital budget in this quarter was 24.0 percent, higher than 20.5 percent in the previous quarter but lower than 30.8 percent in the same quarter of last year. **Private investment** increased by 2.6 percent, decelerating from 9.2 percent in the previous quarter. This was due to a slowdown in investment in machinery and equipment growth of 3.7 percent, decelerating from 12.2 percent in the second quarter. Likewise, investment in construction continued to decline by 0.5 percent, compared with a 0.1-percent contraction in the prior quarter. In the first 9 months, total investment increased by 4.7 percent. Public and private investments expanded by 4.8 percent and 4.6 percent, respectively.

Export value in the third quarter of 2021 was recorded at 67.2 billion US dollar, continuously increasing by 15.7 percent, from a 36.2-percent growth in the previous quarter. The export volume index and the export price increased by 12.2 percent, and 3.1 percent, respectively. **Export items with increased value** included machinery & equipment (16.4 percent), passenger car (8.7 percent), pick up & trucks (18.7 percent), vehicle parts & accessories (25.3 percent), computer parts & accessories (26.1 percent), rubber products (10.4 percent), animal food (19.6 percent), rubber (99.5 percent), tapioca (59.8 percent), and rice (16.5 percent). On the other hand, **Export items with decreased value** included refrigerator (6.0 percent), beverages (5.2 percent), canned, prepared, or preserved fish (24.7 percent), and sugar (2.4 percent). Meanwhile, exports to key markets continued to show positive growths. Exports excluded gold increased by 24.2 percent. In baht term, export value increased by 21.6 percent. **Import value** in the third quarter was recorded at 58.0 billion US dollar, or a 31.8-percent growth, compared with a 41.8-percent growth in the previous quarter. Import volume and price increased by 27.9 percent and 3.0 percent, respectively. Hence, in the third quarter, the trade balance registered a surplus of 9.3 billion US dollar (304.7 billion baht). In the first 9 months, export value and import value expanded by 17.9 percent and 26.3 percent, respectively. Thus, the trade balance registered a surplus of 26.4 billion US dollar (833.6 billion baht).

Growths of Real GDP and Exports of Goods in Key Economies

%YoY	GDP					Exports of Goods				
	2019	2020	2021			2019	2020	2021		
	Year	Year	Q1	Q2	Q3	Year	Year	Q1	Q2	Q3
US	2.3	-3.4	0.5	12.2	4.9	-1.5	-13.5	2.7	51.0	23.7
Eurozone	1.4	-6.4	-1.2	14.2	3.7	-2.5	-7.1	10.0	46.7	
United Kingdom	1.4	-9.8	-5.8	23.6	6.6	0.9	-13.5	-4.5	21.7	12.9
Australia	1.9	-2.5	1.2	9.7		5.3	-7.4	28.8	47.6	50.3
Japan	0.0	-4.7	-1.3	7.6		-4.4	-9.1	8.8	42.5	20.4
China	6.0	2.3	18.3	7.9	4.9	-0.1	4.0	48.8	30.4	23.9
India	4.8	-7.0	1.6	20.1		-0.1	-14.8	20.4	86.1	38.6
South Korea	2.2	-0.9	1.9	6.0	4.0	-10.4	-5.5	12.5	42.1	26.5
Taiwan	3.0	3.1	9.3	7.4	3.8	-1.5	4.9	24.6	37.4	30.1
Hong Kong	-1.7	-6.1	8.0	7.6	5.4	-4.1	-0.5	33.5	26.9	22.4
Singapore	1.3	-5.4	1.5	15.2	6.5	-5.2	-4.1	11.1	33.5	19.3
Indonesia	5.0	-2.1	-0.7	7.1	3.5	-6.8	-2.7	17.2	55.9	50.9
Malaysia	4.4	-5.6	-0.5	16.1	-4.5	-3.4	-2.3	21.2	50.6	15.9
Philippines	6.1	-9.6	-3.9	12.0	7.1	2.3	-8.1	8.4	36.6	12.7
Vietnam	7.2	2.9	4.7	6.6	-6.2	8.4	6.9	23.7	34.7	2.9

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

On production side: the manufacturing sector, the accommodation and food service activities, the construction sector, and the transportation and storage sector contracted, meanwhile wholesale and retail trade sector and agricultural sector accelerated.

The agricultural sector continued to increase for the four consecutive quarters by 4.3 percent, accelerating from 1.9 percent in the previous quarter, following the favorable weather conditions and sufficient water levels. This was associated with an 8.1-percent expansion of the Agricultural Production Index. Major agricultural products with production expansion include fruits (37.8 percent), paddy (12.1 percent), and maize (11.9 percent), while major agricultural products with production contraction included white leg shrimp (-6.7 percent). In addition, livestock production consecutively increased for 15 quarters by 2.2 percent, however, fishery and aquaculture product contracted by 6.7 percent. Meanwhile, the Agricultural Price Index decreased for the first time in five quarters with 4.5 percent contraction, compared with a 12.7-percent growth in the previous quarter. major agricultural products with decreased price included paddy (-27.1 percent), fruits (-20.2 percent), swine (-9.6 percent), white leg shrimp (-9.2 percent), and poultry (-1.8 percent), while major agricultural products with increased price included oil palm (84.7 percent), rubber (13.7 percent), sugarcane (30.3 percent), cassava (1.9.1 percent), and maize (4.4 percent). As a result of increasing in agricultural production, overall Farm Income Index increased for the fourth consecutive quarter by 2.9 percent.

The manufacturing sector decreased by 1.4 percent, the first contraction in past three quarters, compared with a 16.9 percent growth in the previous quarter. The decline in this quarter was due to softened domestic demand, the impact from the outbreak in production area, the constraint from supply disruption which was in line with a 0.8 percent reduction in the Manufacturing Production Index (MPI). MPI of industries with export share between 30 - 60 percent and with export share less than 30 percent to total production dropped by 1.0 percent and 4.2 percent, compared with a 28.3-percent and 9.6-percent in the preceding quarter, respectively. On the other hand, MPI of those with export share more than 60 percent continued to expand for three consecutive quarter by 4.3 percent, following the solid growth in export of goods. The average **capacity utilization rate** stood at 59.31 percent, down from 62.73 percent in the previous quarter and 60.41 percent in the same quarter of 2020. The industries with negative MPI growth included computers and peripheral equipment (11.2 percent), refined petroleum products (5.9 percent), and motorcycles (39.4 percent), while the industries with positive MPI growth included sugar (61.2 percent), electronic components and boards (14.1 percent), and motor vehicles (2.4 percent).

The accommodation and food service activities sector contracted by 18.7 percent, compared with a 14.6-percent expansion in the previous quarter. This was in accordance with a decrease in domestic tourism and household spending despite a gradual increase in the number of inbound foreign tourists. In this quarter, the revenue from Thai tourists was 10.0 billion baht which dropped by 91.5 percent, compared with an 86.0-percent increase in the previous quarter. This was due to impacts from the resurgence of COVID-19, coupled with more stringent containment measures. The number of foreign tourists was 45,398 persons (including the Thailand Privilege Card visitors). The average occupancy rate was at 5.46 percent, dropping from 8.24 percent in the previous quarter and less than 26.69 percent in the same period last year.

The transportation and storage sector dropped by 0.9 percent, compared with a 11.2 percent increase in the previous quarter. The drop was in accordance with the contractions of transportation services composite index of 3.2 percent, compared with a 20.9 percent growth in the previous quarter. The impact of COVID-19 resurgence subdued land and pipeline transport service index to decrease. Meanwhile, water and air transport services expanded in tandem with the continually expansion of exports and recovery of international travel. In addition, support activities for transportation rose by 8.7 percent, while postal and courier activities continued to increase favorably by 23.2 percent.

Electricity, gas, steam, and air conditioning supply sectors declined by 2.6 percent, compared with a 0.8-percent expansion in the previous quarter, in line with lower production activities in both manufacturing and service compared with the same period last year. The power generation index decreased by 0.3 percent in accordance with a reduction in electricity consumption in the business sector of 11.5 percent. Meanwhile, the electricity consumptions in the industrial sector and household rose by 2.8 percent and 6.6 percent, respectively. The natural gas production index fell by 6.0 percent in consistent with declines in the amount of gas delivered to separation plant and demand for power generation.

On economic stability, the recent labor market data showed that shares of unemployed insured persons in pursuance of section 38 to total insured persons under section 33 was at 2.5 percent, lower than 2.8 percent in the previous quarter, and 4.4 percent in the same quarter of last year. Besides, the headline and core inflations were at 0.7 percent and 0.1 percent respectively. The current account recorded a deficit of 4.3 billion US dollar or accounted for 143 billion baht. At the end of September 2021, the international reserves stood at 240 billion US dollar and the public debt was at 9.34 trillion baht or accounted for 58.0 percent of GDP.

The Thai Economic Outlook for 2021

The Thai economy in 2021 is projected to increase by 1.2 percent, a gradual recovery from a 6.1-percent decrease in 2020. Headline inflation is estimated to be 1.2 percent and the current account is projected to record a deficit of 2.5 percent of GDP, compared with a surplus of 4.0 percent of GDP in 2020.

The Thai Economic Outlook for 2022

The Thai economy in 2021 is expected to grow in the range of 0.7 – 1.2 percent, mainly supported by; (i) the recovery in domestic demand and manufacturing production, following improving COVID-19 outbreak condition and the progress on vaccine distribution; (ii) the regaining of domestic tourism sector following easing international travel policy; (iii) the expansion of export of goods; (iv) the support from government disbursement; (v) the low growth base of the economy. Export value of goods in US dollar terms is anticipated to expand by 4.9 percent. Meanwhile, private consumption expenditure and private investment are expected to increase by 4.3 percent and 4.2 percent, respectively. Headline inflation is estimated to be in the range of 0.9 – 1.9 percent and the current account is projected to record a surplus of 1.0 percent of GDP.

Key components of Economic growth;

1. **Total consumption:** (1) **Private consumption expenditure** is expected to increase by 4.3 percent, accelerated from 1.2 percent in 2021, owing to an easing of lockdown measures since the last quarter of 2021, along with the more-eased COVID-19 pandemic condition and increasing vaccination rates across the country; and (2) **Government consumption expenditure** is projected to expand by 0.3 percent, decreasing from a 2.3-percent growth in 2021. This is in line with the assumption of the FY2022 current budget disbursement which is expected to be lower than that of FY2021. Nonetheless, the government consumption expenditure in 2022 will be supported by the budget disbursement under the remaining 1-trillion Baht loan decree and the additional 500-billion loan decree.

2. **Total investment** is expected to register a 4.3-percent growth in 2022, compared with 4.4 percent in 2021: (1) **Private investment** is estimated to increase by 4.2 percent, a continual growth from a 4.3-percent in 2021. This is due mainly to recoveries in manufacturing and export sectors as a result of the acceleration of the world economy and merchandized trade; and (2) **Public investment** is expected to grow by 4.6 percent, compared with a 4.8-percent increase in the previous year. This was in accordance with the increase in the FY2022's capital budget framework compared with that of FY2021 as well as the increased

of state-owned enterprises investment budget framework (including listed SOEs) in FY2022 with amount of 468,833 million baht.

3. Export value of goods in US dollar terms is anticipated to increase by 4.9 percent, slowing from a 16.8-percent expansion in 2021. The export volume is forecasted to grow by 4.4 percent. The export price is expected to increase by 0.0 – 1.0 percent. The export of services is expected to improve due to an easing of international travel restrictions and the improving COVID-19 pandemic situation in both Thailand and tourists' origin countries. In the baseline scenario, revenues from foreign tourists in 2022 is projected to be 0.44 trillion baht, compared with 0.13 trillion baht in 2021, an increase by 238.0 percent. Thus, in 2022, **the export quantity of goods and services** is estimated to increase by 9.0 percent, compared with 10.0 percent in 2021.

Economic Management for the Year 2022

The economic management for the Year 2022 needs to prioritize on following issues: **(1) Containing the domestic outbreak and preventing resurgences** by (i) strictly implementing the disease preventing and controlling measures upon designated areas; (ii) expediting vaccine distribution; (iii) monitoring and controlling high-risk activities for COVID exposure; and (iv) preparing for unexpected resurgences; **(2) Assisting affected business** and economic sectors that are constrained from recovering, by (i) expediting the implemented monetary and fiscal measures to efficiently support the target group together with considering additional measures for those who are unable to access to existing measures; (ii) considering additional labor measures targeted to recovered-constrained sectors, and (iii) actively promoting government policies to encourage household and businesses sectors to fully engage; **(3) Maintaining growth momentum from household expenditure and domestic tourism**, by: (i) closely monitoring and evaluating the ongoing measures, along with attentively adjusting existing measures to be more efficient and on-target reach as well as be ready for the impending risks; (ii) resolving high household debt; and (iii) strengthening farmers' income, especially those affected by decreasing prices; **(4) Encouraging export of goods**, by: (i) boosting exports to major markets and expanding new markets for potential products; (ii) enhancing the quality of agricultural, food, and manufacturing products; (iii) reducing difficulty and limitation regarding transportation and logistics system; (iv) utilizing benefits from Regional Comprehensive Economic Partnership (RCEP), expediting the ongoing Free Trade Agreement (FTA) negotiations, and accelerating considerations regarding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP); and (v) cushioning the effects of exchange rate fluctuations and rising input costs; **(5) Stimulating private investment** by: (i) restoring investors' confidence through the effective prevention and control measures for the outbreak; (ii) speeding up projects already approved and obtained 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, including labor shortages in manufacturing sector; (iv) implementing proactive investment promotions and facilitating investors in targeted industries; (v) encouraging investments in Eastern Economic Corridor (EEC) and other special economic zones; (vi) stimulating investment in the key economic zones and major transport infrastructure projects; and (vii) developing high-skilled labors to brace the growth of technology-and-innovation-intensive industries; **(6) Maintaining growth momentum from government expenditure and investments**; and **(7) Scrutinizing the global economic volatility that might exacerbate domestic economic stability.**

Office of the National Economic and Social Development Council

15 November 2021

Table 1 GDP, Production Side

%YoY	2020						2021			
	Year	Q1	Q2	Q3	9M	Q4	Q1	Q2	Q3	9M
Agriculture	-3.6	-9.9	-3.1	-1.1	-5.3	0.4	1.3	1.9	4.3	2.3
Non-Agriculture	-6.3	-1.3	-12.9	-6.7	-6.9	-4.7	-3.0	8.1	-0.5	1.2
Manufacturing	-5.7	-2.4	-14.7	-5.3	-7.4	-0.7	1.0	16.9	-1.4	5.0
Service	-6.5	-1.2	-12.1	-7.2	-6.7	-5.9	-4.3	5.1	0.2	0.0
Construction	2.3	-9.3	7.5	10.8	2.9	-0.3	12.7	3.9	-4.1	3.7
Wholesale and Retail Trade	-3.7	3.6	-10.9	-6.1	-3.9	-3.1	-2.2	5.5	3.3	1.7
Transportation and Storage	-21.0	-5.5	-36.6	-22.2	-20.9	-21.1	-17.7	11.2	-0.9	-4.9
Accommodation and Food Service Activities	-36.6	-23.3	-49.9	-39.3	-37.1	-35.2	-35.5	14.6	-18.7	-17.2
Information and Communication	4.6	4.4	4.1	4.5	4.3	5.4	4.7	5.7	6.8	5.8
Financial and Insurance Activities	2.7	4.3	1.7	1.6	2.4	3.3	3.4	2.6	3.5	3.1
GDP	-6.1	-2.1	-12.1	-6.4	-6.8	-4.2	-2.6	7.6	-0.3	1.3
GDP_SA (QoQ)	-	-1.5	-9.4	6.7	-	0.5	0.2	0.1	-1.1	-

Source: Office of the National Economic and Social Development Council

Table 2 GDP, Expenditure Side

%YoY	2020						2021			
	Year	Q1	Q2	Q3	9M	Q4	Q1	Q2	Q3	9M
Private Consumption	-1.0	2.7	-6.7	-0.6	-1.6	0.9	-0.3	4.8	-3.2	0.4
Government Consumption	0.9	-2.5	1.0	2.5	0.4	2.2	2.1	1.0	2.5	1.9
Investment*	-4.8	-6.3	-7.9	-2.6	-5.6	-2.5	7.3	7.6	-0.4	4.7
Private	-8.4	-5.3	-14.9	-10.6	-10.2	-3.3	3.0	9.2	2.6	4.8
Public	5.7	-9.1	12.6	17.6	7.0	0.6	19.6	4.1	-6.0	4.6
Exports	-19.4	-5.8	-27.5	-23.3	-18.8	-21.5	-10.5	27.7	12.3	7.8
Goods	-5.8	1.7	-15.8	-7.5	-7.3	-1.5	3.2	30.7	12.3	14.5
Services	-60.1	-26.8	-67.7	-73.1	-54.5	-75.2	-63.6	0.1	11.8	-35.2
Imports	-13.3	-3.0	-23.6	-19.3	-15.3	-7.0	1.7	30.3	27.8	18.6
Goods	-11.2	-2.2	-21.2	-18.1	-13.9	-3.1	6.4	32.2	26.8	20.8
Services	-21.1	-6.2	-32.4	-23.9	-20.7	-22.1	-15.5	22.8	31.8	10.0
GDP	-6.1	-2.1	-12.1	-6.4	-6.8	-4.2	-2.6	7.6	-0.3	1.3
GDP_SA (QoQ)	-	-1.5	-9.4	6.7	-	0.5	0.2	0.1	-1.1	-

Note: * Investment means Gross Fixed Capital Formation

Source: Office of the National Economic and Social Development Council

Economic Projection for 2021-2022 ^{1/}

	Actual Data		Projection		
	2019	2020	2021		2022
			Aug 16 th , 2021	Nov 15 th , 2021	Nov 15 th , 2021
GDP (at current prices: Bil. Bht)	16,898.1	15,698.3	16,169.2	16,200.6	17,026.9
GDP per capita (Bht per year)	243,787.1	225,845.7	232,024.0	232,474.5	243,761.4
GDP (at current prices: Bil. USD)	544.1	501.6	508.5	507.9	523.9
GDP per capita (USD per year)	7,850.4	7,216.6	7,296.4	7,287.6	7,500.4
GDP Growth (CVM, %)	2.3	-6.1	0.7 – 1.2	1.2	3.5 – 4.5
Investment (CVM, %) ^{2/}	2.0	-4.8	5.4	4.4	4.3
Private (CVM, %)	2.7	-8.4	4.7	4.3	4.2
Public (CVM, %)	0.1	5.7	8.7	4.8	4.6
Private Consumption (CVM, %)	4.0	-1.0	1.1	1.2	4.3
Government Consumption (CVM, %)	1.7	0.9	4.3	2.3	0.3
Export volume of goods & services (%)	-3.0	-19.4	9.6	10.0	9.0
Export value of goods (Bil. USD)	242.7	227.0	263.7	265.2	278.1
Growth rate (%) ^{3/}	-3.3	-6.5	16.3	16.8	4.9
Growth rate (Volume, %) ^{3/}	-3.7	-5.8	13.3	13.3	4.4
Import volume of goods & services (%)	-5.2	-13.3	15.8	17.4	4.3
Import value of goods (Bil. USD)	216.0	186.1	224.5	229.3	242.4
Growth rate (%) ^{3/}	-5.6	-13.8	20.1	23.2	5.7
Growth rate (Volume, %) ^{3/}	-5.8	-10.5	15.6	18.2	4.7
Trade balance (Bil. USD)	26.7	40.9	39.2	35.9	35.7
Current account balance (Bil. USD)	38.0	20.3	-10.3	-12.7	5.4
Current account to GDP (%)	7.0	4.0	-2.0	-2.5	1.0
Inflation (%)					
CPI	0.7	-0.8	1.0 – 1.5	1.2	0.9 – 1.9
GDP Deflator	0.9	-1.1	1.8 – 2.3	2.0	0.6 – 1.6

Source: Office of the National Economic and Social Development Council, 15th November 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.