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Thailand's Economic Projections for 2021

“Thai economy in 2021 is expected to expand by 2.3 percent, down from the previous projection, mainly due to the new epidemic of the COVID-19 in many countries, including Thailand. However, export of goods will recover in line with the expansion of world economy and world trade volume.”

Ms. Kulaya Tantitemit, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance, stated that the Thai economy is expected to expand by 2.3 percent in 2021 (within the range of 1.8 to 2.8 percent), which would be a smaller expansion than the previous forecast at 2.8 percent as of January 2021. This decline primarily stems from the new epidemic of the COVID-19 in domestic and foreign countries, affecting the domestic economic activities, international travel, and the number of foreign tourists. However, the world economy, especially Thailand's major trading partners, has continued to recover from the fiscal and monetary measures that countries have taken to restore the economy. As a result, Thai exports are projected to grow up. It is expected that the value of Thai merchandise exports will grow at 11.0 percent (within the range of 10.5 to 11.0 percent). Moreover, the government continuously implements additional stimulus measures in order to support economic recovery, such as, Half-Half scheme, We Win scheme, Section 33 We Love Each Other scheme, and Financial measures to support and mitigate the effects of the Coronavirus Disease 2019 through the Specialized Financial Institutions. In combination with, the continuation of the remaining disbursement on the Emergency Decree Authorizing the Ministry of Finance to Raise Loans to Solve Problems, to Remedy and Restore the Economy and Society as Affected by the Coronavirus Disease Pandemic, B.E. 2563 (2020) of 1 trillion Baht would be the key driver to stimulating domestic consumption, support the business sectors, and maintain a higher level of employment. Accordingly, private consumption and private investment are projected to grow up by 2.3 percent (within the range of 1.8 to 2.8 percent) and 4.8 percent (within the range of 4.3 to 5.3 percent), respectively. With regard to public sectors, public consumption would grow by 5.0 percent (within the range of 4.5 to 5.5

percent) while public investment would remain high at 10.1 percent (within the range of 9.6 to 10.6 percent).

For the internal stability, headline inflation in 2021 is projected to turn positive at 1.4 percent (within the range of 0.9 to 1.9 percent) owing to the global economic recovery and the rising of crude oil price. For the external stability, the current account is projected to register a surplus of 1.1 billion US dollars, or 0.2 percent of GDP (within the range of -0.3 to 0.7 percent of GDP) decrease from the previous year due to the low level of foreign tourists and the increasing in the value of imported goods.

The Ministry of Finance Spokesperson also added, “the Ministry of Finance closely monitors the economic risk factors and additional limitations, for example, (1) the new wave outbreak of the COVID-19 in many countries, (2) Restrictions on reopening countries for foreign tourist, (3) the crude oil price that may be increased due to the geopolitical risks and sustainable energy policy, (4) uncertain economic policies in advanced economies and greater vulnerabilities in the global financial system. However, Thailand’s fiscal position remains stable, leading the Ministry of Finance to ready take additional measures in response to changes in the future economic situation, driven by public consumption and investment. Moreover, economic restructuring policy, which focusing on infrastructure investment, especially digital investments and policies for upgrading labor skills, will be the key factor to the recovery of the Thai economy.”

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Major Assumptions and Economic Projections for 2021

	2019	2020	2021f	
			as of April 21	
			Avg	Range
Projections				
1) GDP Growth Rate (percent y-o-y)	2.3	-6.1	2.3	1.8 to 2.8
2) Real Consumption Growth (percent y-o-y)				
- Real Private Consumption (percent y-o-y)	4.0	-1.0	2.3	1.8 to 2.8
- Real Public Consumption (percent y-o-y)	1.7	0.8	5.0	4.5 to 5.5
3) Real Investment Growth (percent y-o-y)				
- Real Private Investment (percent y-o-y)	2.7	-8.4	4.8	4.3 to 5.3
- Real Public Investment (percent y-o-y)	0.1	5.7	10.1	9.6 to 10.6
4) Export Volume of Goods and Services (percent y-o-y)	-3.0	-19.4	6.5	6.0 to 7.0
5) Import Volume of Goods and Services (percent y-o-y)	-5.2	-13.3	10.5	10.0 to 11.0
6) Trade Balance (USD billion)	26.7	39.8	31.0	28.9 to 33.1
- Export Value of Goods in USD (percent y-o-y)	-3.3	-6.6	11.0	10.5 to 11.5
- Import Value of Goods in USD (percent y-o-y)	-5.6	-13.5	18.0	17.5 to 18.5
7) Current Account (billion U.S.)	38.2	16.3	1.1	-1.6 to 3.7
- Percentage of GDP	7.0	3.3	0.2	-0.3 to 0.7
8) Headline Inflation (percent y-o-y)	0.7	-0.8	1.4	0.9 to 1.9
Core Inflation (percent y-o-y)	0.5	0.3	0.4	-0.1 to 0.9
Major Assumptions				
<u>Exogenous Variables</u>				
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.0	-3.0	6.0	5.5 to 6.5
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	63.5	42.3	60.5	55.5 to 65.5
<u>Policy Variables</u>				
3) Exchange Rate (Baht per U.S. dollar)	31.0	31.3	30.9	30.4 to 31.4
4) Public Expenditure (Trillion Baht)	3.70	3.79	4.09	4.04 to 4.14
5) Number of foreign tourists (Million)	39.9	6.7	2.0	1.5 to 2.5