

Thai News Update: 24 December 2020

1. BoT decreases growth outlook to 3.2% in 2021

Source: Bangkok Post ([Link](#))

With uncertainties and downside risks remaining, the Bank of Thailand has slashed the country's GDP growth outlook for next year by 0.4 percentage points, attributed chiefly to an anticipated delay in tourism recovery. GDP growth was lowered to 3.2% from 3.6% projected previously as the impact of a prolonged outbreak abroad and a new outbreak in Thailand is likely to delay a recovery in tourism, said Titanun Mallikamas, assistant governor of the monetary policy group. The central bank forecasts foreign tourist arrivals in 2021 to tally 5.5 million, a decline from an earlier projection of 9 million. Although there has been progress in Covid-19 vaccine development, vaccine distribution is expected to be limited, said Mr Titanun.

2. Bank of Thailand holds key rate, cuts 2021 growth forecast

Source: Bangkok Post ([Link](#))

The Bank of Thailand (BoT) kept its benchmark interest rate unchanged for a fifth straight meeting to preserve its limited policy space, while reiterating concerns about a currency rally and lowering its economic growth forecast for next year. The central bank held the policy rate Wednesday at 0.5% in a unanimous decision, after cutting by a total of 75 basis points earlier this year. Sixteen of 17 economists in a Bloomberg survey predicted the hold, with one expecting a 25-basis point cut. With a debt holiday over and asset quality concerns, the BoT might cut the rate in the next quarter, said Kobsidthi Silpachai, head of capital markets research at Kasikornbank.

3. Predicted growth for 2021 exports

Source: Bangkok Post ([Link](#))

The Commerce Ministry forecasts Thailand's exports recovering to growth of 4% next year after a contraction of up to 7% this year. Pimchanok Vonkorpon, director-general of the Trade Policy and Strategy Office under the Commerce Ministry, said next year's growth would be driven largely by food, products related to working from home, home appliances, healthcare, the recovering global economy and the availability of the Covid-19 vaccine. "Despite a second wave of infections reported by many trading partners, their lockdown measures are not as tight as during the first wave of the outbreak to curb the impact on overall

economies," said Ms Pimchanok. "A successful vaccine would build up confidence in the world's economic prospects from the second quarter."

4. Government plans 12% rise in budget deficit for 2022 fiscal year

Source: Bangkok Post ([Link](#))

The government plans a budget deficit of 700 billion baht for the 2022 fiscal year, up 12.4% from the current fiscal year, government spokesman Anucha Burapachaisri said on Wednesday, as the tourism-dependent country deals with a new coronavirus outbreak. Spending is projected at 3.1 trillion baht in the fiscal year that starts on Oct 1, down 5.7% from the current year, Mr Anucha said in a statement. Of the spending, 620 billion baht will be for investment, a 4.5% drop from the current year. The budget plan is based on projected economic growth of 3.5% in 2022, Mr Anucha said, adding the plan would be discussed a cabinet meeting on Jan 5.

5. Central bank eases soft loan conditions as Covid surge threatens economy

Source: The Nation ([Link](#))

The Bank of Thailand has relaxed conditions attached to its Bt500-billion soft loan package, making it easier for individuals and companies to access credit. The relaxation follows a surge of Covid-19 cases in Thailand as well as other countries around the world. Some countries have also been hit by a new mutation of the virus, signalling a severe and lingering pandemic that will affect trade, exports, tourism and the overall Thai economy, said the central bank. In response, it has narrowed the definition of a "business group" for loan applicants, meaning more people can apply for the loans.

6. Robotics and automation sees a whopping Bt167 billion of investment in three years

Source: The Nation ([Link](#))

A Cabinet meeting on December 22 acknowledged the progress in the plan to develop robotics and automation across a variety of key sectors presented by the Industry Ministry, government deputy spokeswoman Ratchada Thanadirek said on 23 December. "The plan had been proposed by the Industry Ministry in early 2018. In the past three years there has been approximately Bt167 billion of investment in robotics and automation in key industries including food manufacturing, electrical and electronics, automotive and petrochemicals," she said.