



Press Release

Standard Chartered Bank: Looking for a turnaround

Thailand's economy is likely to remain subdued due to the COVID-19 pandemic, with a more rapid vaccination rollout and an emerging recovery in the tourism sector to play an important role heading into 2022, says Standard Chartered Bank.

The bank maintains its below-consensus forecast on Thailand economic growth at 1.8% for 2021 and 3.1% for 2022.

"The development of the COVID-19 situation and the vaccination rollout are the most influential factors, while a recovery in tourism and a clear stance of monetary and fiscal policies are also key factors that will impact the outlook of the Thai economy this year and set the scene going into next year," said Dr. Tim Leelahaphan, Economist, Standard Chartered Bank (Thai).

"Given Thailand's economy remains vulnerable, it's likely that Thailand's monetary policy will continue to be dovish over the next three years even though some other central banks have already started talking about their rate hikes."

Short term outlook in doubt but longer-term confidence intact

According to Standard Chartered Bank's recent roadshows with foreign institutional investors and its Global Research Briefing for its global clients this month, uncertainties still cloud sentiment.

"During our roadshows, investors asked about the direction of Thailand's fiscal and monetary policies and where we see the baht going against the US dollar on the back of the ongoing COVID-19 situation as the currency has underperformed peers throughout this year," said Dr. Tim.

Standard Chartered Bank's Global Research Briefing for Thailand also indicated that most of the almost 150 attendees remain uncertain about Thailand's economic recovery.

"Consumer confidence dropped to a record low in June and is likely to stay low until at least the last quarter of this year or drag on to early next year," said Dr. Tim.

Beyond short-term uncertainties, foreign companies including those from Europe consider Thailand (along with Vietnam and Malaysia) as the market that will present the most expansion opportunities in ASEAN, according to the bank's recent strategic report.

Market outlook – Challenging path for Thai Baht

"We maintain a cautious outlook on the Thai Baht. The path to normalisation for the tourism sector remains uncertain. Meanwhile, given the rise in commodity prices and the subsequent deterioration in Thailand's trade balance, we think the path ahead for the Thai Baht remains challenging," added Dr. Tim.

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