



Press Release

Standard Chartered Bank: Thailand's Mild Economic Recovery amid Volatile Market

Standard Chartered Bank expects Thailand's gross domestic product to rebound in 2022 by around 3%, a slightly more conservative view than consensus.

"The recovery is on track. We anticipate that 2022 should be better than 2021, however, questions remain about how strong the recovery is going to be," said Dr. Tim Leelahaphan, economist, Standard Chartered Bank (Thai).

"We expect a mild recovery as there is no justification to expect a strong one at this juncture. However, this view may be revised. We are waiting to see how the economic data and consumer confidence reacts approaching the end of this year, especially after 1 November when the country sets to reopen."

Focus next year will shift from fiscal policy to monetary policy

Fiscal policy will continue to be the main economic driver, especially in the post-COVID environment. Consumption and tourism boost will continue, as well as investment projects that have the potential to deliver a more positive impact on the economy.

"The focus will then shift to monetary policy as to how the Bank of Thailand will keep its policy rates on hold at the current level to support the economy and businesses when global central banks are starting the cycle of hiking their interest rates," said Dr. Tim.

Businesses may start seeing borrowing costs rising as evident by interest rates in the markets, added Dr. Tim.

USD/THB Expectation

Standard Chartered Bank expects the USD/THB during the first half of 2022 to move around the 31-32 range, on the back of the country's re-opening and the tourism recovery, among other factors.

"We may see some external and internal factors causing some volatility for the USD/THB in 2022. The US Federal Reserve's looming interest-rate hiking cycle is a key cue to monitor. US-China relations may come back into focus in the post-COVID world," said Dr. Tim.

Local factors to watch include political developments and the COVID situation after Thailand reopens.

"Some concerns have started to come across investors' minds in the post-COVID era. How will rising oil prices impact the Thai economy? Will it create price instability or high inflation in Thailand? Will international tourism demand be as strong as expected," said Dr. Tim.

"In addition, a structural challenge for the Thai government is to how to attract both Thai and foreign businesses to invest more in the country, and provide the solid and tangible progress of the Eastern Economic Corridor (EEC) mega project."

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About Standard Chartered

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