

Press Release

Standard Chartered Bank turns more bearish on the Thai economy, lowering its 2020 growth forecast to 8% contraction

18 August 2020 – Standard Chartered Bank has lowered Thailand's 2020 GDP growth forecast to 8% contraction from 5% contraction to reflect the worsening outlook due to political concerns and a lack of concrete stimulus measures.

"While we believe the second quarter saw the worst of the COVID-19 impact on Thailand's economy, we now expect a slower recovery ahead. Domestic activity – currently the main economic driver – remains weak, while external sources of growth are unreliable," said Dr. Tim Leelahaphan, Economist, Standard Chartered Bank (Thai).

In addition, Standard Chartered Bank has pushed back its call for the next policy rate cut to the fourth quarter from the third quarter given limited monetary policy space. The Bank has raised its 2021 growth forecast to 2.0% from 1.8% to reflect this year's lower base.

"Looking ahead, we do not see a clear post-COVID development strategy for Thailand. The current crisis has exposed the economy's heavy dependence on external drivers, particularly tourist arrivals from China. This issue will need to be structurally resolved over the medium term to ensure sustainable growth," added Dr. Tim.

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