



Economic Outlook Report 2021

Special edition

Clients and Industries, February 2021





COVID-19 Update
Global economy
Thailand economy

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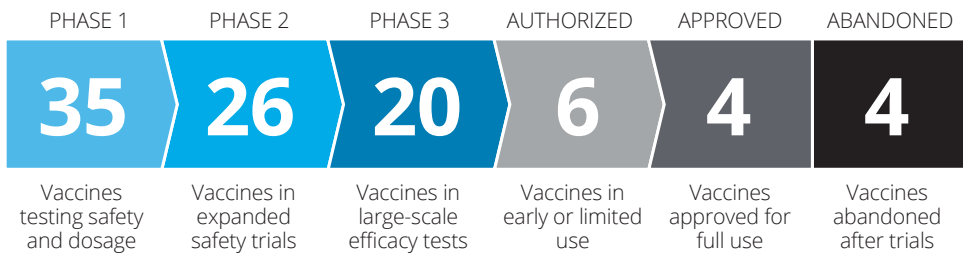







COVID-19 update

Coronavirus vaccine progress

Coronavirus Vaccine Tracker



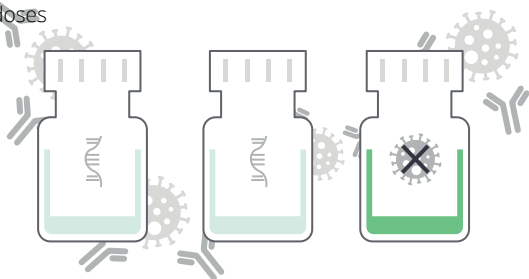
Top Three Coronavirus Vaccine Compare

	Price (Per dose)	Efficacy	Dose
	\$19.50*	95%	2 21 Days Apart
	\$25-\$37	95%	2 28 Days Apart
	\$25-\$37	70%	2 28Days Apart

Remark: * \$19.50 per dose for first 100 million doses

Source: New York Times, BioSpace, Bloomberg

Note: Information as of February 6, 2021



Leading vaccines

Pfizer/BioNTech

44k 2 -70°C 95%
Pfizer was the first company to report positive phase 3 clinical data. It plans produce 50M doses in 2020 and 1.3B in 2021.

Moderna

30k 2 2-8°C 95%
Modern and Pfizer both use a new vaccine approach involving messenger RNA. Moderna expects to have 20M doses for the U.S. in December and 100M globally in Q1.

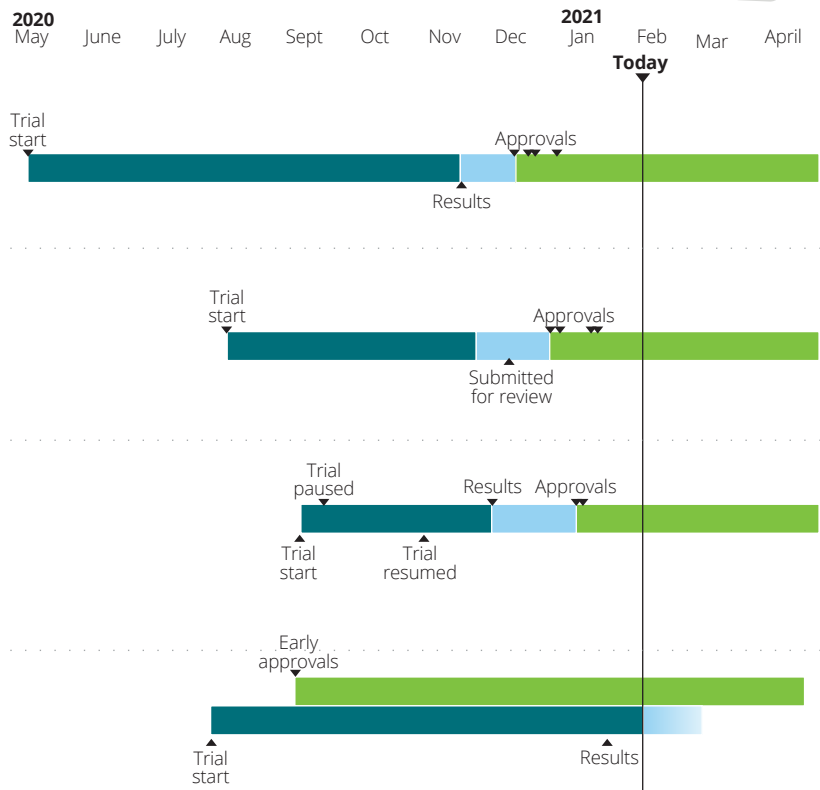
AstraZeneca/Oxford

65k 2 2-8°C 70%
AstraZeneca struck deals for 3 billion doses even before any late-stage study results. That's more than twice as many as any other candidate. Initial clinical results were mixed.

Sinovac Biotech

26k 2 2-8°C 50%
Sinovac's vaccine triggers an immune responses using the Covid-19 virus itself, after it has been chemically inactivated.

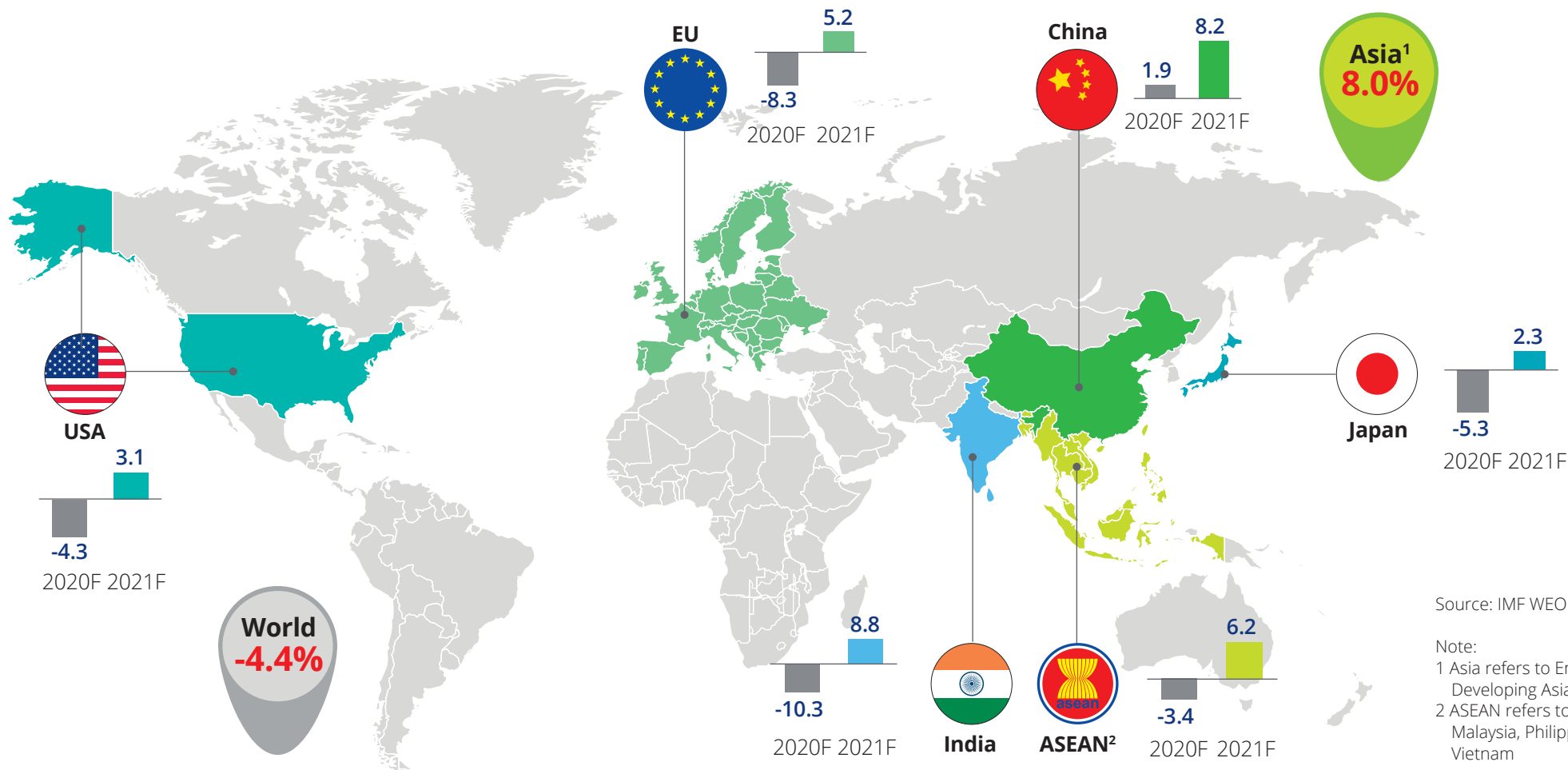
*China took the unusual step of allowing vaccine distribution before conducting large-scale clinical trials.





Global Economy Overview 2021





Global economy remains prone to setbacks due to recent COVID-19 resurgence. Although, the IMF revised up 2020 growth, the recovery in 2021 is likely to be gradual, supported by vaccine progress and stimulus packages. With the exception of China, most key economies' growth in 2021 should remain well below their pre-pandemic levels.



Source: IMF WEO Oct 2020

Note:
1 Asia refers to Emerging and Developing Asia
2 ASEAN refers to ASEAN-5; Indonesia, Malaysia, Philippines, Thailand, Vietnam

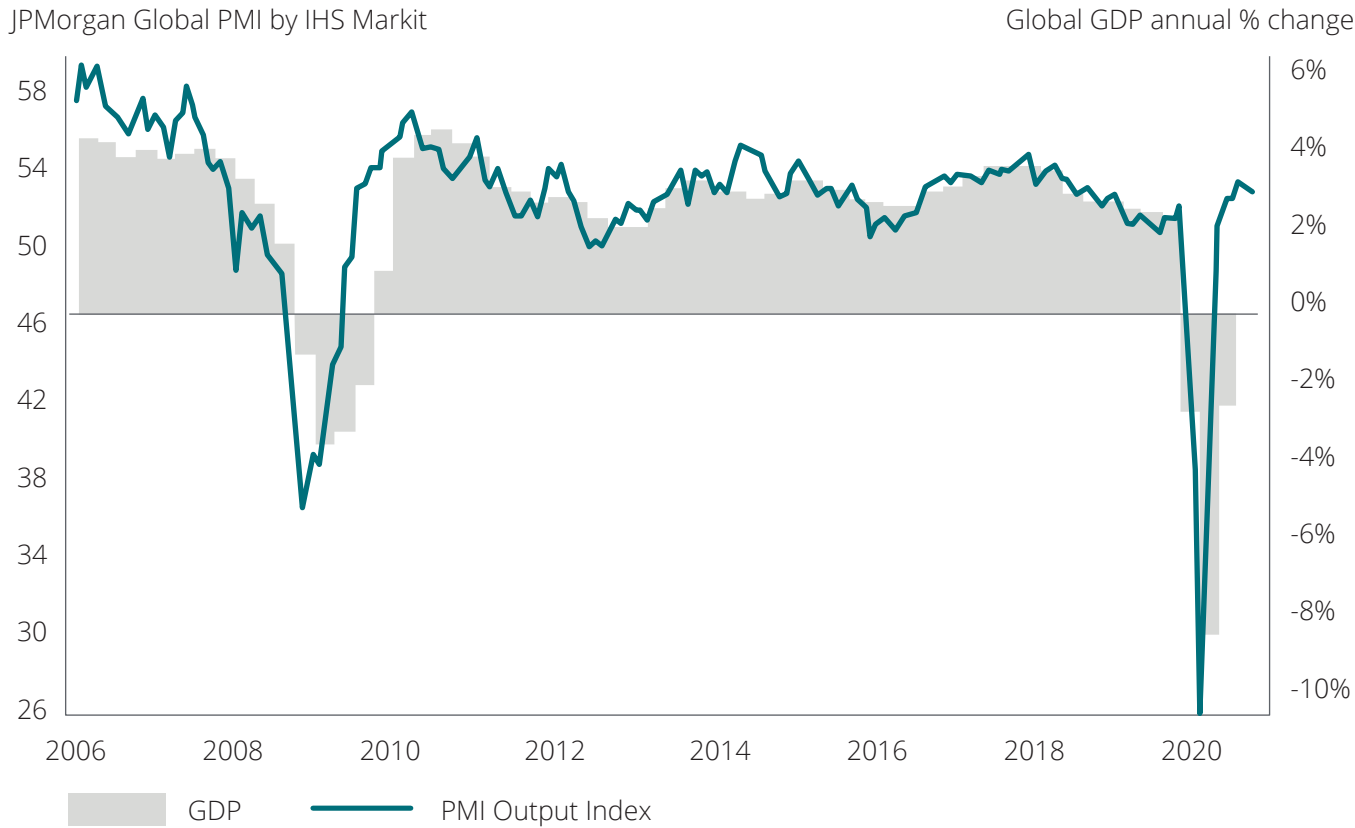
Global Economic Outlook for 2021

	Situation	Monetary and fiscal policy
 US	<ul style="list-style-type: none"> • US economy was forecasted to contract by -3.6% in 2020. • Unemployment rate has improved to 6.7% from 8.4% in August. • Despite the victory of Biden, if the Senate is dominated by the opposing party, problems will occur. 	<ul style="list-style-type: none"> • Expect a new stimulus program in early 2021. • Expect Fed to maintain the current rate at least until 2024, with a slight chance of additional rate cuts. • If the economic outlook worsens, Fed may expand the asset purchase by buying more long-term government bonds.
 EU	<ul style="list-style-type: none"> • The Eurozone economy grew by 12.5% QOQ SA, representing a 3Q20 recovery from lockdown easing. • Fiscal stimulus packages for 2021 will concentrate more on investment in infrastructure with financial aid and borrowing. • ECB was expected to raise the PEPP ceiling by EUR 400-500 billion. 	<ul style="list-style-type: none"> • Expect more fiscal stimulus which will be funded by the Recovery plan of EUR 750 billion. • Expect ECB to maintain the current policy rate but may increase the envelope size for Pandemic Emergency Purchase Programme (PEPP).
 Japan	<ul style="list-style-type: none"> • Japan's economy expanded by 22.9% QOQ SAAR in 3Q20. • The manufacturing output in September raised by 4%, mainly driven by exports of industrial vehicles and capital goods. • A recovery in the service sector, defined by -8.9 percent YOY, has been decelerated. 	<ul style="list-style-type: none"> • Expect BOJ to maintain the current policy rate and continue to ease its monetary policies. • The government retained Abenomics under the new Prime Minister but put more focus on economic restructuring.
 China	<ul style="list-style-type: none"> • The Chinese economy expanded by 4.9%YOY in 3Q20. • As the economic recovery continues, China may slow down its further fiscal stimulus measures. 	<ul style="list-style-type: none"> • Maintains the current policy rate in response to the low inflation • Fiscal policy is likely to normalize in 2021

Source: SCB EIC (Outlook 4Q 2020)

Although Global PMI saw a fastest growth for over two years in October, it hit a speed bump at the end of 2020 amid resurgent waves of COVID-19 infections.

Global PMI and GDP



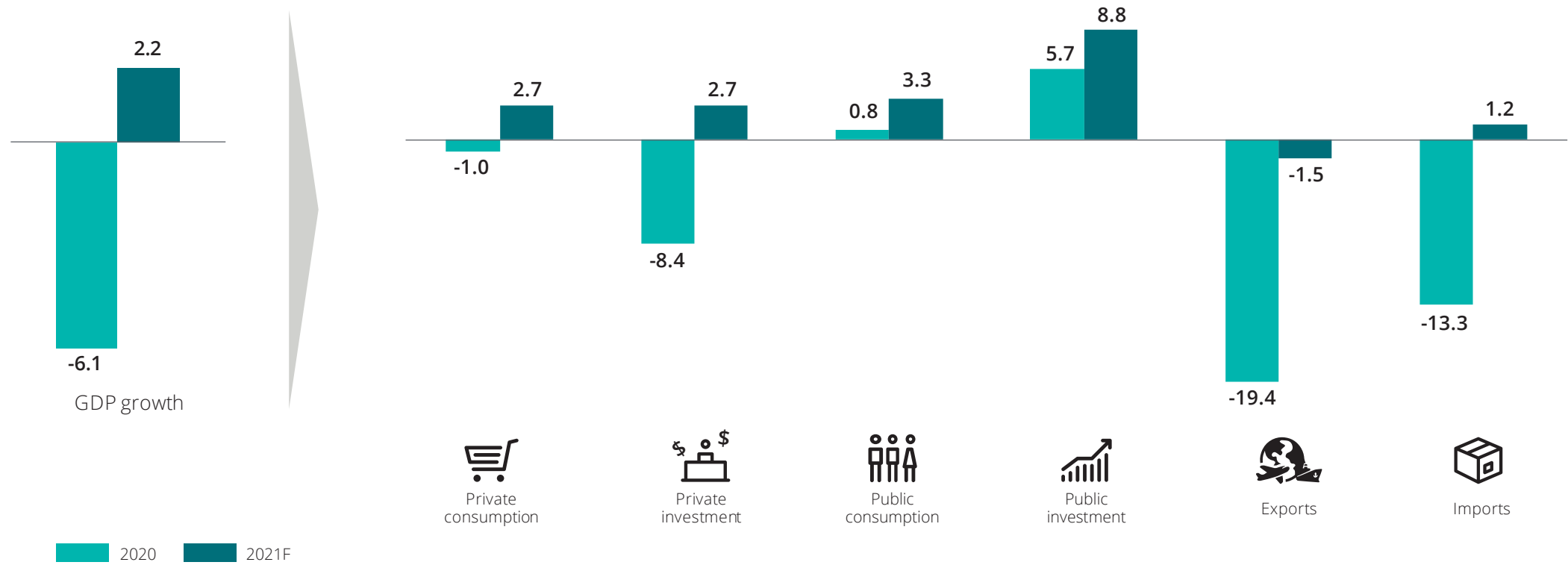
Source: IHS Markit, JPMorgan as of January 27, 2021

- Global PMI edged down from 53.1 in November to **52.7 in December**.
- The slower expansion during December occurred alongside renewed measures implemented to fight COVID-19 resurgence in many countries.
- Nonetheless, the hit to global GDP from the pandemic in Q4 2020 looks considerably **less severe** than seen during the second quarter.



Thailand Economy Overview 2021

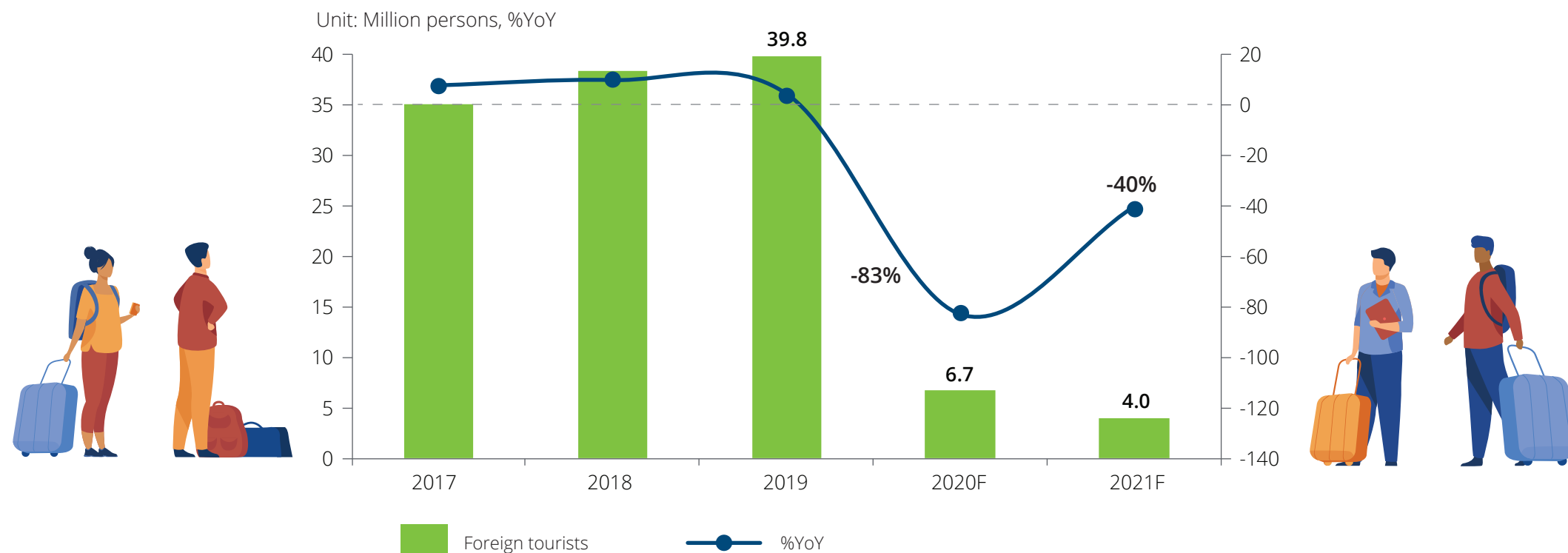
Despite an improvement in the final quarter, Thailand’s GDP in 2020 registered a contraction of 6.1%, the worst since the 7.6% decline in the 1998 Asian Financial Crisis. In 2021, SCB EIC anticipates a growth of 2.2% due to slower-than-expected recovery of foreign tourism, subdued export demand and the COVID-19 resurgence. Improving global growth, fiscal stimulus packages and vaccine progress will be keys to underpin recovery of the Thai economy.



Source: NESDC and SCB EIC Forecast (as of January 27, 2021)

Tourism, a key driver of Thailand's economic growth, has been one of the hardest-hit sectors by the crisis. Despite the Special Tourist Visa (STV) scheme and vaccination rollouts in many countries, foreign tourist arrivals are expected to reach 4 millions in 2021 and it could take at least 2-3 years to return to pre-pandemic level.

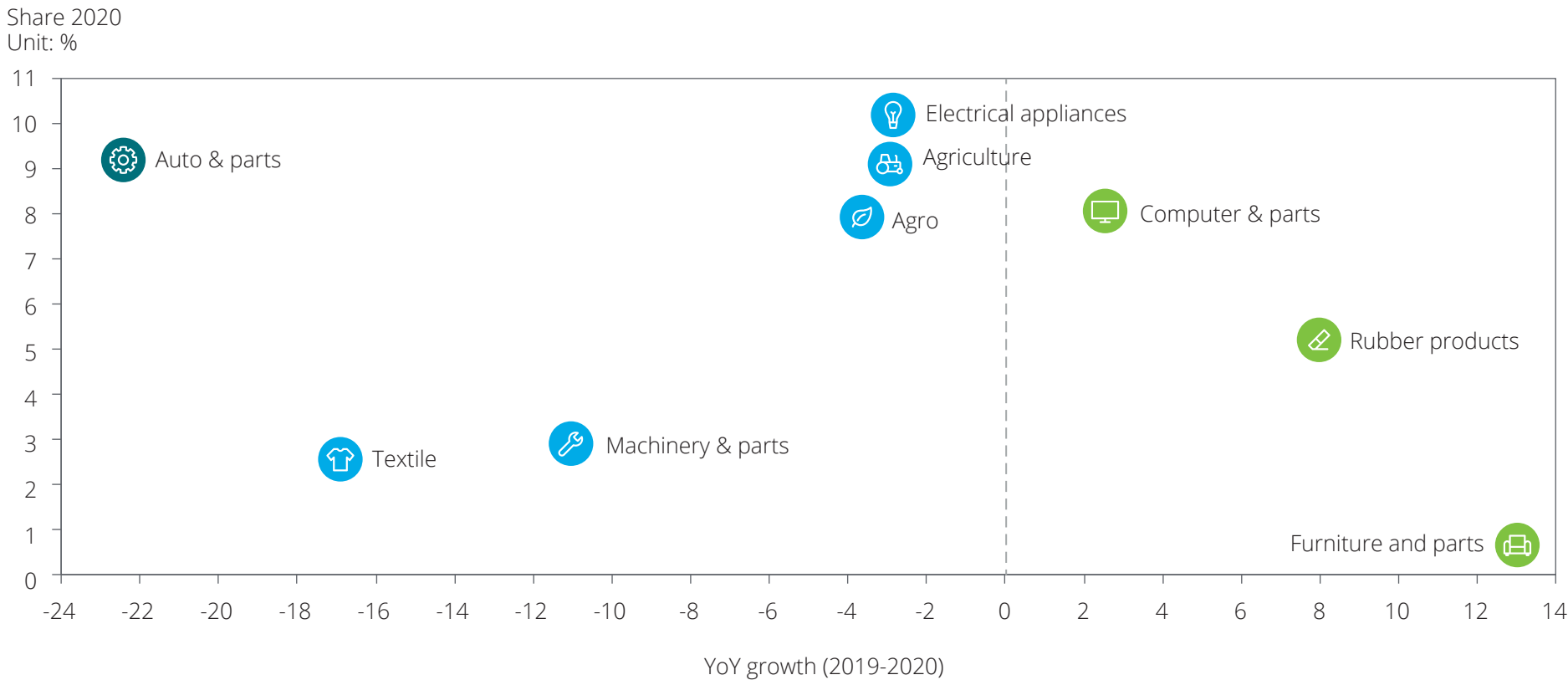
Foreign Tourist arrivals



Source: BOT and Krungsri Research

Thai exports saw continual recovery after bottoming out during Q2 in 2020, especially products that benefited from the working-from-home policy, including computers and furniture as well as from the COVID-19 prevention products such as rubber. However, many sectors are still subject to contraction and downside risks.

Share and Growth of export value by product



Source: Ministry of Commerce, SCB EIC (Outlook Q4/2020)

Second Wave Subsidies: Government COVID-19 Relief and Stimulus Packages

Consumers



Cash handouts of 7,000 baht for 31.1 M people



1 million additional nights of “We Travel Together” offering a 40% subsidy plus per diem



Reopening of 50-50 co-payment scheme for another 1 million people on Jan 20



- Reduction in household bills
- Reduce fees and boost internet speeds to support those WFH

Businesses



Tax Relief Measures

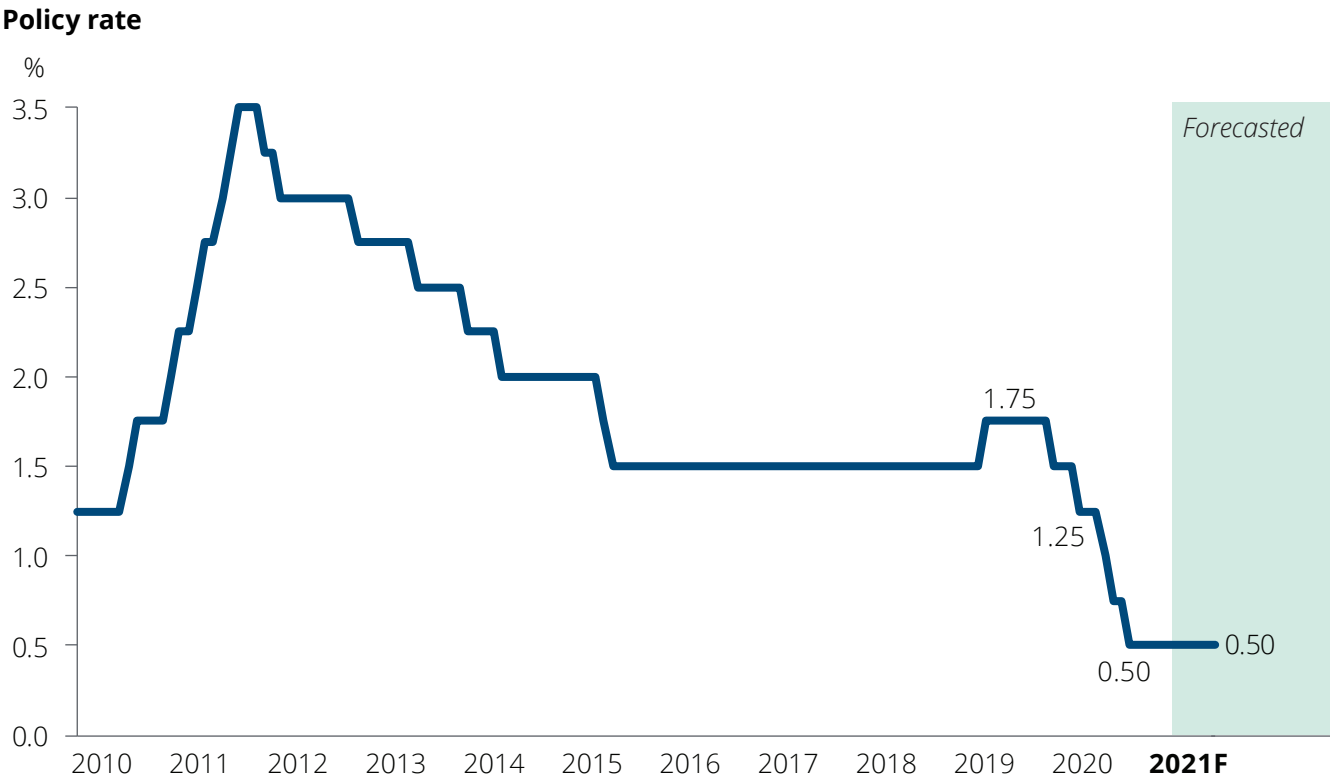
- Extended tax filing deadlines
- Reduced rates of taxes e.g. Land and Building
- Reduced social security contributions



- BOT offers borrowers debt holiday
- Soft loans to businesses

Source: Bangkok Post as of January 13, 2021

The Bank of Thailand kept its key interest rate steady for a sixth straight meeting and is expected to keep the rate at 0.5% throughout 2021. Fiscal measures and policy coordination among government agencies would be critical to support the economy going forward.



Source: BOT, Bloomberg and SCB EIC (Outlook 4Q 2020)

Why policy rate maintained low...

- Economic recovery remains highly uncertain with downside risks to growth
- Preserve the limited policy space to act at the appropriate and most effective timing

2021 Forecast

- BOT was expected to keep its policy rate at 0.5% throughout 2021
- BOT planned to cooperate with other public agencies to implement more specific measures to enhance monetary measure's efficiency and support debt restructuring process

Thai baht should slightly appreciate from improving global economic conditions and less volatile trade tensions that should weaken the US dollar, thereby potentially bringing higher capital inflows into EM countries.

Exchange rate



Source: BOT and SCB EIC (Outlook 4Q 2020)

Key factors influencing the appreciation of the Thai baht

- Improving global economy e.g. Biden's policy, vaccine rollouts
- Capital inflows into emerging markets, including Thailand
- Thailand's current account surplus and relatively low investment abroad by Thai investors

Implication



Negative impact to

- Tourism sector
- Export sector



Positive impact to

- Import sector

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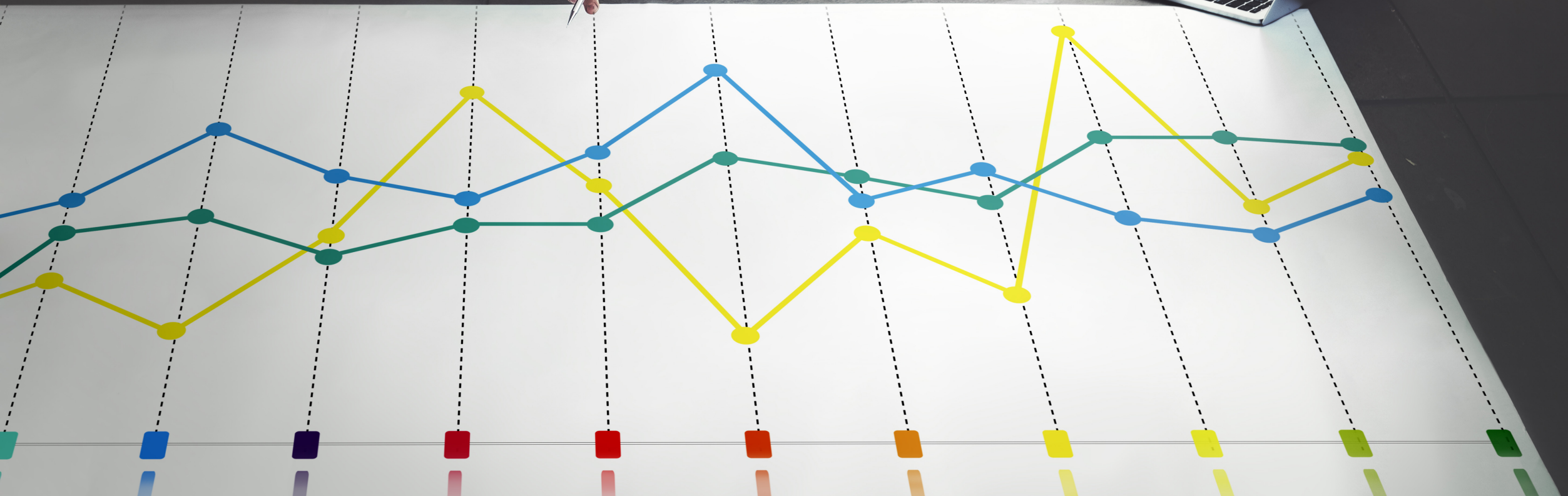


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