

## Press Release

### Standard Chartered Bank Lowers Thailand's 2019 GDP Growth Forecast to 3.0%

- We lower our 2019 GDP growth forecast to 3.0% from 3.3%; we now see a September BoT policy rate cut
- BoT will have to follow the global dovish wave, in our view; persistent THB strength is also a key factor
- Domestic stimulus to provide a buffer against US-China trade war; political noise is rising

**22 August 2019, Bangkok** – Standard Chartered Bank lowered Thailand's 2019 GDP growth forecast to 3.0% from 3.3% to reflect disappointing growth in the first half of 2019 and persistent headwinds to the economy.

"We expect the Bank of Thailand (BoT) to introduce macro-prudential measures to curb household leverage, likely further denting car sales. Implementation of the budget for FY20 (starting 1 October 2019) may be delayed to January 2020 from October 2019. Meanwhile, the US-China trade war continues to hamper exports and investment. We also lower our 2020 and 2021 growth forecasts to 3.5% (from 4.0%) and 4.0% (from 4.5%), respectively, to reflect these headwinds," said Tim Leelahaphan, Economist, Standard Chartered Bank (Thai)

Despite the downward revision to our 2019 forecast, Standard Chartered Bank expects growth in the second half to improve from a weak 2.6% in the first half. Coordinated policy easing in the form of BoT rate cuts and a soon-to-be-implemented fiscal stimulus package should support growth from late Q3, along with a low base for exports and tourism. Stimulus measures implemented in past years have proved effective in shoring up the economy.

Standard Chartered Bank now expects a 25bps rate cut by the BoT in September, versus its previous view of no change for the rest of the year. This brings the end-2019 policy rate forecast to 1.25% from 1.50%.

"We continue to expect no change in 2020 or 2021. Our expectation of a September rate cut is premised on a stronger-than-expected dovish turn by global central banks, particularly the Fed," added Tim,

Standard Chartered Bank recently revised its Fed forecast to two 25bps cuts (in September and December) from one cut in December. The next BoT policy meeting is on 25 September, after the Fed's 17-18 September meeting.

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#### About Standard Chartered Bank

We are a leading international banking group, with a presence in 60 of the world's most dynamic markets and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges as well as the Bombay and National Stock Exchanges in India.

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