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### Thailand's Economic Projections for 2021 and 2022

“Thai economy in 2021 is expected to expand by 1.2 percent, mainly driven by export growth and fiscal stimulus measures.

For 2022, Thai economy is forecasted to expand at a strong pace at 4.0 percent thanks to domestic demand recovery and increasing foreign tourism.”

Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance, stated that “the Thai economy is expected to expand by 1.2 percent in 2021 (within the range of 0.9 to 1.4 percent), higher than the previous projection as of October 2021 at 1.0 percent because the Thai economy in the second half of 2021 recovered better than expected. This growth would be mainly driven by export growth and fiscal stimulus measures which support the economic recovery in a targeted manner in line with the improvement of the COVID-19 outbreak situation and vaccination progress. As a result, private consumption is expected to increase by 0.2 percent (within the range of -0.1 to 0.4 percent) along the line with the improved consumer confidence, while private investment is expected to grow by 3.7 percent (within the range of 3.4 to 3.9 percent) following the acceleration of exports. In addition, the value of Thai merchandise exports would grow at 19.0 percent (within the range of 18.7 to 19.2 percent) in tandem with the trading partner growth outlook while the supply disruption problems would gradually subside.

For 2022, the Thai economy is projected to pick up and expand at 4.0 percent (within the range of 3.5 to 4.5 percent), supported by the resumption of domestic spending after the COVID-19 situation in many countries, including Thailand, will be further improved. This would enable private consumption to grow at 4.5 percent (within the range of 4.0 to 5.0 percent), while tourism sector would edge up after the Test & GO scheme will be resumed starting from Feb 1, 2022. Under this projection, the number of foreign tourists is projected to increase to 7 million in 2022. Meanwhile, merchandise export value would see robust expansion at 3.6 percent (within the range of 3.1 to 4.1 percent) following the recovery of global demand.

Moreover, government expenditure would play an important role in supporting the economic recovery in the period ahead. The FY2022 annual budget of 3.1 trillion Baht and the FY2022 state-owned enterprises' capital budget of 307 billion Baht as well as the additional Emergency Degree of 500 billion Baht would be continuously disbursed. These supports will have continued to relief the affected group in a target manner and strengthen local economy as well as promote investment in special economic zones at both local and regional levels thoroughly. Under these

circumstances, public consumption and public investment are expected to grow at 1.2 percent (within the range of 0.7 to 1.7 percent) and 3.7 percent (within the range of 3.2 to 4.2 percent), respectively. At the same time, government measures would help restore private sector confidence and boost private investment for the rest of 2022. These would lead private investment to grow at 5.0 percent (within the range of 4.5 to 5.5 percent). For the internal stability, headline inflation in 2022 is projected to be at 1.9 percent (within the range of 1.4 to 2.4 percent) which would be within the inflation target that the government and the Bank of Thailand jointly set at 1.0-3.0 percent per year.

The Ministry of Finance Spokesperson also added, “Thailand’s economic outlook could be affected by the following relevant factors: (1) prolonged outbreaks and virulent virus mutations both the existing and new variants, (2) global economic and financial uncertainties such as some central banks are likely to raise policy rates further throughout 2022 in response to reflation risks which may lead to capital outflows, (3) vulnerable labor markets which may have an impact on consumer spending and debt burden of households, (4) ongoing supply chain disruption which may affect manufacturing and exports businesses, and (5) the increase in the crude oil price and energy price.

However, The Ministry of Finance will closely monitor the situation of the COVID-19 pandemic and ready to implement fiscal and monetary measures to promote stability along with sustained and inclusive growth of the Thai economy.”

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## Major Assumptions and Economic Projections for 2021 and 2022

|   | 2019 | 2020  | 2021f        |               | 2022f |              |
|---|------|-------|--------------|---------------|-------|--------------|
|   |      |       | as of Jan 22 |               |       |              |
|   |      |       | Avg          | Range         | Avg   | Range        |
| <b>Projections</b>  |      |       |              |               |       |              |
| 1) GDP Growth Rate (percent y-o-y)  | 2.3  | -6.1  | 1.2          | 0.9 to 1.4    | 4.0   | 3.5 to 4.5   |
| 2) Real Consumption Growth (percent y-o-y)                                |      |       |              |               |       |              |
| - Real Private Consumption (percent y-o-y)                                | 4.0  | -1.0  | 0.2          | -0.1 to 0.4   | 4.5   | 4.0 to 5.0   |
| - Real Public Consumption (percent y-o-y)                                 | 1.7  | 0.9   | 2.6          | 2.3 to 2.8    | 1.2   | 0.7 to 1.7   |
| 3) Real Investment Growth (percent y-o-y)                                 |      |       |              |               |       |              |
| - Real Private Investment (percent y-o-y)                                 | 2.7  | -8.4  | 3.7          | 3.4 to 3.9    | 5.0   | 4.5 to 5.5   |
| - Real Public Investment (percent y-o-y)                                  | 0.1  | 5.7   | 5.9          | 5.7 to 6.2    | 3.7   | 3.2 to 4.2   |
| 4) Export Volume of Goods and Services (percent y-o-y)                    | -3.0 | -19.4 | 10.6         | 10.3 to 10.8  | 6.9   | 6.4 to 7.4   |
| 5) Import Volume of Goods and Services (percent y-o-y)                    | -5.2 | -13.3 | 19.3         | 19.0 to 19.5  | 6.7   | 6.2 to 7.2   |
| 6) Trade Balance (USD billion)  | 26.7 | 40.9  | 38.7         | 37.6 to 39.7  | 36.0  | 33.4 to 38.6 |
| - Export Value of Goods in USD (percent y-o-y)                            | -3.3 | -6.5  | 19.0         | 18.7 to 19.2  | 3.6   | 3.1 to 4.1   |
| - Import Value of Goods in USD (percent y-o-y)                            | -5.6 | -13.8 | 24.3         | 24.1 to 24.6  | 5.4   | 4.9 to 5.9   |
| 7) Current Account (billion U.S.)   | 38.0 | 21.2  | -10.6        | -11.9 to -9.4 | 0.5   | -2.1 to 3.1  |
| - Percentage of GDP   | 7.0  | 4.2   | -2.1         | -2.4 to -1.9  | 0.1   | -0.4 to 0.6  |
| 8) Headline Inflation (percent y-o-y)                                     | 0.7  | -0.8  | 1.2          | 1.0 to 1.5    | 1.9   | 1.4 to 2.4   |
| Core Inflation (percent y-o-y)  | 0.5  | 0.3   | 0.2          | 0.0 to 0.5    | 0.4   | -0.1 to 0.9  |
| <b>Major Assumptions</b>  |      |       |              |               |       |              |
| <u>Exogenous Variables</u>  |      |       |              |               |       |              |
| 1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y) | 3.0  | -3.0  | 5.2          | 4.7 to 5.7    | 4.4   | 3.9 to 4.9   |
| 2) Dubai Crude Oil Price (U.S. dollar per Barrel)                         | 63.5 | 42.3  | 69.2         | 64.2 to 74.2  | 72.5  | 67.5 to 77.5 |
| <u>Policy Variables</u>   |      |       |              |               |       |              |
| 3) Exchange Rate (Baht per U.S. dollar)                                   | 31.0 | 31.3  | 32.0         | 31.5 to 32.5  | 33.1  | 32.1 to 4.1  |
| 4) Public Expenditure (Trillion Baht)                                     | 3.70 | 3.79  | 4.00         | 3.95 to 4.05  | 4.15  | 4.05 to 4.25 |
| 5) Number of foreign tourists (Million)                                   | 39.9 | 6.7   | 0.4          | 0.2 to 0.7    | 7.0   | 6.0 to 8.0   |