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## Thailand's Economic Projections for 2023 and 2024

“The Thai economy is projected to expand by 2.7 percent in 2023, mainly driven by the growth of the tourism sectors and domestic consumption from private sectors. In 2024, the economy is expected to increase by 3.2 percent, which is primarily supported by private consumption and export sectors. Nevertheless, the risks from domestic and international factors that could impact Thai economy should be closely monitored.”

Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance (MOF), stated that “**Thai economy is anticipated to expand by 2.7 percent (within the range of 2.2 to 3.2 percent) in 2023**” continuously expand from 2022 where the economy expanded 2.6 percent. The key drivers of this year's economy consist of the continued growth of tourism sectors and domestic consumption, especially from private sectors. International tourists is anticipated to reach 27.7 million tourists (148.3 percent YoY) and projected income of 1.18 trillion baht (225.5 percent YoY). Private consumption is continuously recover and is expected to benefit from eased inflation with the estimated expansion of 5.8 percent (within the range of 5.3 to 6.3 percent). Private investment is expected to rise by 0.9 percent (within the range of 0.4 to 1.4 percent). The export value of goods in USD is likely to experience a contraction of -1.8 percent (within the range of -2.3 to -1.3 percent) influenced by the economic slowdown of Thailand's major trading partners. Furthermore, government consumption is expected to reduce by -3.4 percent (within the range of -3.9 to -2.9 percent) and government investment is anticipated to remain unchanged due to the delayed budget expenditure in 2024 fiscal year.

Regarding to Thailand's economic internal stability, the headline inflation rate is projected to be 1.5 percent (within the range of 1.0 to 2.0 percent) due to government measure and subsidy which have eased the pressure on energy and living costs. Consequently, these actions have successfully realigned inflation within the targeted inflation framework at 1.0 to 3.0 percent. In terms of external stability, the service balance is expected to shift to a surplus, primarily driven by the strong growth of international tourists, leading to the current account balance potentially returning to a surplus of 2.7 billion USD, equivalent to 0.5 percent of GDP (within the range of 0.0 to 1.0 percent).

In 2024, the Ministry of Finance anticipates the Thai economy to expand by 3.2 percent (within the range of 2.2 to 4.2 percent). The main drivers will be from private consumption, export sectors, and continued recovery of international tourists. International tourists are expected to be 34.5 million (24.6 percent YoY) and will have positive impact to tourism and related service sectors which will increase employment and income. Private consumption is forecasted to continue its upward by 3.1 percent (within the range of 2.1 to 4.1 percent).

The export value of goods in USD is anticipated to rise 4.4 percent (within the range of 3.4 to 5.4 percent). This growth is attributed to the expansion of global and Thailand's major trading partners, which is expected to boost confidence in the business sector. Consequently, it will result in higher private investment expansion of 3.5 percent (within the range of 2.5 to 4.5 percent). It is worth noting that the potential impact of the 10,000 baht digital money handout is not included in this economic projection.

Regarding the Thailand's economic internal stability, the headline inflation rate is expected at 2.2 percent (within the range of 1.2 to 3.2 percent) due to the strong domestic expansion. In terms of external stability, the current account balance to be surplus at 8.3 billion USD, equivalent to 1.5 percent of GDP (within the range of 0.5 to 2.5 percent).

Moreover, the Ministry of Finance Spokesperson also highlighted, "Thailand's economic outlook could be influenced by several factors, and the following factors that should be closely monitored: 1) Global geopolitical tensions, such as the conflict in Israel and Gaza which may lead to higher energy prices, Russia-Ukraine war, the strategic competition between United States and China which could affect global supply chains and international trades. 2) The fluctuation in the global financial markets due to more restrictive monetary policies of Thailand's major trading partners and financial institutions, particularly in the United States and the European Union. 3) The potential economic slowdown in China may affect Thailand's exports and the recovery of tourism sectors. 4) El Niño could possibly cause droughts in 2024, which may reduce the income of farmers.

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# Major Economic Assumptions and Thailand's Economic Projections for 2023 and 2024

	2022	2023f		2024f	
		as of Oct 2023			
		Avg	Range	Avg	Range
Projections					
1) GDP Growth Rate (percent y-o-y)	2.6	2.7	2.2 to 3.2	3.2	2.2 to 4.2
2) Real Consumption Growth (percent y-o-y)					
- Real Private Consumption (percent y-o-y)	6.3	5.8	5.3 to 6.3	3.1	2.1 to 4.1
- Real Public Consumption (percent y-o-y)	0.2	-3.4	-3.9 to -2.9	2.7	1.7 to 3.7
3) Real Investment Growth (percent y-o-y)					
- Real Private Investment (percent y-o-y)	5.1	0.9	0.4 to 1.4	3.5	2.5 to 4.5
- Real Public Investment (percent y-o-y)	-4.9	0.0	-0.5 to 0.5	5.4	4.4 to 6.4
4) Export Volume of Goods and Services (percent y-o-y)	6.8	4.3	3.8 to 4.8	5.7	4.7 to 6.7
5) Import Volume of Goods and Services (percent y-o-y)	4.1	2.8	2.3 to 3.3	6.2	5.2 to 7.2
6) Trade Balance (USD billion)	13.5	8.2	7.0 to 9.4	7.9	2.6 to 13.2
- Export Value of Goods in USD (percent y-o-y)	5.4	-1.8	-2.3 to -1.3	4.4	3.4 to 5.4
- Import Value of Goods in USD (percent y-o-y)	14.0	0.1	-0.4 to 0.6	4.6	3.6 to 5.6
7) Current Account (billion U.S.)	-15.7	2.7	0.1 to 5.3	8.3	5.6 to 11.0
- Percentage of GDP	-3.2	0.5	0.0 to 1.0	1.5	0.5 to 2.5
8) Headline Inflation (percent y-o-y)	6.1	1.5	1.0 to 2.0	2.2	1.2 to 3.2
Core Inflation (percent y-o-y)	2.5	1.3	0.8 to 1.8	1.3	0.3 to 2.3
Major Assumptions					
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.4	3.0	2.5 to 3.5	2.9	2.4 to 3.4
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	95.4	83.0	78.0 to 88.0	88.0	83.0 to 93.0
3) Exchange Rate (Baht per U.S. dollar)	35.1	35.0	34.5 to 35.5	35.3	34.8 to 35.8
4) Public Expenditure (Trillion Baht)	4.12	4.09	3.99 to 4.19	4.20	4.10 to 4.30
5) Number of foreign tourists (Million)	11.2	27.7	26.7 to 28.7	34.5	33.5 to 35.5

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