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## Thailand's Economic Projections for 2023 and 2024

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Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance (MOF), stated that **“The Thai economy is projected to expand by 1.8 percent in 2023 and 2.8 percent in 2024. Nevertheless, the geopolitical risks, monetary and financial market fluctuations that could impact Thai economy should be closely monitored.”** The projected economic growth in 2023 at 1.8 percent is less than economic expansion in 2022 at 2.6 percent. The main factor is the contraction of industrial production, as reflected by the Manufacturing Production Index (MPI), particularly in automotive and computer and electronic parts. The export value of goods in USD is likely to experience a contraction of -1.5 percent (within the range of -1.8 to -1.3 percent) influenced by the economic slowdown of Thailand's major trading partners. Meanwhile, the import value of goods in USD is expected to contract by -1.9 percent (within the range of -2.2 to -1.7 percent). The exchange rate situation was volatily weakening in the first three quarters and gained appreciation in the forth quarter. The main reasons were the interest rate hikes by the US Federal Reserve, the impact of the Chinese economy, and Japan's ultra-loose monetary policy. The average exchange rate of Thai baht against the US dollar was 34.81 THB per USD, strengthening from the average in 2022 by 0.7 percent. Moreover, there was net foreign capital outflows of -3.3 hundred billion THB in Thai stock market (-1.9 hundred billion THB) and bond market (-1.4 hundred billion THB) due to foreign investors have been selling Thai securities throughout the year.

**In 2024, the Ministry of Finance anticipates the Thai economy to expand by 2.8 percent (within the range of 2.3 to 3.3 percent).** The tourism sector is expected to have 33.5 million international tourists (increase by 19.5 percent) mainly from China and Malaysia and will generate tourism revenue of 1.48 trillion THB (increase by 23.6 percent). This will benefit the tourism industry and related sectors. In addition, the export value of goods in USD is expected to slightly increase at 4.2 percent (within the range of 3.7 to 4.7 percent) due to economic slowdown of major trading partners.

The import value of goods in USD is 4.0 percent (within the range of 3.5 to 4.5 percent). The government current expenditure and capital expenditure are expected to have disbursement rate at 99.5 percent and 64.0 percent respectively. The decrease of government capital expenditure disbursement rate is from the budget delay in fiscal year 2024.

Regarding to Thailand's economic internal stability, the headline inflation rate is projected to be 1.0 percent (within the range of 0.5 to 1.5 percent) due to oil demand slowdown which result in stable average dubai oil price at 82 USD per barrel which is close to 81.9 USD per barrel in 2023. 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 10.0 billion USD, equivalent to 1.8 percent of GDP. However, the household debt situation at third quarter of 2023 have reached 16.2 trillion THB (90.9 percent of GDP).

The Ministry of Finance Spokesperson mentioned that the development of Thai economy to grow sustainably and stably in long term should focus on 3 issues which are 1) Infrastructure Development such as developing sustainable energy, investing in digital technology, and developing transportation infrastructure that connects regions. This will help creating new opportunies and make Thailand as the central of this region. 2) Skills Development such as preparing workers with the skills needed for the global economy is essential and will promote long-term success. 3) Fiscal Stability such as diligently managing public finances, taking into account of government spending and public debt levels responsibly, in order to main tain long-term financial sustainability. This will ensure Thailand to cope with the risks and challenges in the future.

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 strategic competition between United States and China, conflict in Israel and Gaza which may lead to higher energy prices, and Russia-Ukraine war 2) Elections in major trading partners especially United States, Russia and India. This may potentially affect Thailand's international policy. 3) The fluctuation in the global financial markets due to more restrictive monetary policies of Thailand's major trading partners and financial institutions, particulary in the United States and the European Union. 4) The China economy situation that may affect Thailand's exports and the recovery of tourism sectors.

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

	2022	2023f		2024f	
		as of Jan 2024			
		Avg	Range	Avg	Range
<b>Projections</b>					
1) GDP Growth Rate (percent y-o-y)	2.6	1.8	1.6 to 2.1	2.8	2.3 to 3.3
2) Real Consumption Growth (percent y-o-y)					
- Real Private Consumption (percent y-o-y)	6.3	7.1	6.9 to 7.4	3.3	2.8 to 3.8
- Real Public Consumption (percent y-o-y)	0.2	-3.6	-3.9 to -3.4	1.4	0.9 to 1.9
3) Real Investment Growth (percent y-o-y)					
- Real Private Investment (percent y-o-y)	5.1	2.8	2.6 to 3.1	3.2	2.7 to 3.7
- Real Public Investment (percent y-o-y)	-4.9	-0.2	-0.5 to 0.1	3.1	2.6 to 3.6
4) Export Volume of Goods and Services (percent y-o-y)	6.8	2.0	1.8 to 2.3	5.5	5.0 to 6.0
5) Import Volume of Goods and Services (percent y-o-y)	4.1	-1.2	-1.5 to -1.0	5.4	4.9 to 5.9
6) Trade Balance (USD billion)	13.5	14.5	13.3 to 15.7	15.7	14.4 to 17.0
- Export Value of Goods in USD (percent y-o-y)	5.4	-1.5	-1.8 to -1.3	4.2	3.7 to 4.7
- Import Value of Goods in USD (percent y-o-y)	14.0	-1.9	-2.2 to -1.7	4.0	3.5 to 4.5
7) Current Account (billion U.S.)	-15.7	5.1	3.9 to 6.3	10.0	7.4 to 12.6
- Percentage of GDP	-3.2	1.0	0.8 to 1.3	1.8	1.3 to 2.3
8) Headline Inflation (percent y-o-y)	6.1	1.2	1.0 to 1.5	1.0	0.5 to 1.5
Core Inflation (percent y-o-y)	2.5	1.3	1.1 to 1.6	1.1	0.6 to 1.6
<b>Major Assumptions</b>					
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.4	3.1	2.9 to 3.4	2.8	2.3 to 3.3
2) Dubai Crude Oil Price (USD per Barrel)	95.4	81.9	81.7 to 82.2	82.0	77.0 to 87.0
3) Exchange Rate (THB per USD)	35.1	34.8	34.6 to 35.1	34.4	33.9 to 34.9
4) Public Expenditure (Trillion THB)	4.12	4.04	4.02 to 4.07	4.14	4.04 to 4.24
5) Number of foreign tourists (Million)	11.2	28.0	27.8 to 28.3	33.5	32.5 to 34.5

Note: Thailand's Economic Projections for 2023 and 2024 as of January 2024 do not account for the potential impact of the 10,000 THB digital wallet scheme.

As of Jan 2024

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