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## Thailand's Economic Outlook Projection 2015 and 2016

Thai economy is projected to grow by 2.8 percent in 2015,  
with continuing recovery to 3.7 percent in 2016.

Mr. Krisada Chinavicharana, the Director-General of the Fiscal Policy Office (FPO), Spokesperson of the Ministry of Finance, announced Thailand's economic projections as of January 2016 that "Thai economy in 2015 is projected to grow at an annualized rate of 2.8 percent per year accelerating from that of previous year which was 0.9 percent per year. The main supporting factor is the continuing growth of public expenditures which show continually expanding trend due to economic stimulus package launched in Quarter 4/2015 and measures to mitigate farmers who were affected from drought. In addition, the expansion of the number of inbound foreign tourists is another supporting factor for Thai economy. Meanwhile, private consumption tends to recover from the previous year due to government measures to support economic recovery including lower oil price and inflation rate. However, global economic slowdown particularly in the major trading partners of Thailand causes the exports of goods and services to grow at a lower rate than those of the previous projection. However, internal stability is favorable as reflected by headline inflation in 2015 which was -0.9 percent decreasing from previous year due to declining prices in oil and commodities.

For Thai economy in 2016, the FPO, Ministry of Finance forecasts that the Thai economy would grow with accelerating rate due to supportive measures from the Government such as grass-root economic revitalization program under the Civil State approach through 79,556 village and urban community funds under the 35-billion-baht budget in which each village fund would be allocated budget up to 500,000 baht. This would support the Thai economy in 2016 to grow at 3.7 percent per year (or within a range of 3.2 to 4.25 percent). In addition, public investment is expected to be increased with mega project in transport infrastructure investment and the increase in budget framework of capital expenditure in 2016. For internal stability, headline inflation in 2016 is projected at 0.3 percent (or within a range of -0.2 to 0.8 percent) increasing from previous year due to increasing in domestic demand. However, headline inflation would remain low due to the lower trend of energy prices which would reduce production cost.

The Spokesperson of the Ministry of Finance also stated that "Thailand's economic projection needs to consider several risk factors and monitor them closely such as the volatility in oil prices in world markets and global economic recovery that is still fragile."

*Summary of major assumptions and economic projection for 2015 and 2016 (As of January 2016)*

	2014	2015 f (As of January 2016)	2016 f (As of January 2016)	
		Average	Average	Range
<b>Major Assumptions</b>				
<b><u>Exogenous Variables</u></b>				
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.63	3.51	3.56	3.1 - 4.1
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	96.4	51.6	35.0	30.0 - 40.0
3) Export price in U.S. dollar (percent y-o-y)	-1.0	-2.3	-1.6	-2.6 to -0.6
4) Import price in U.S. dollar (percent y-o-y)	-1.9	-10.8	-4.2	-5.2 to -3.2
<b><u>Policy Variables</u></b>				
5) Exchange Rate (Baht per U.S. dollar)	32.49	34.25	37.50	36.5 - 38.5
6) Policy rate at year-end (percent y-o-y)	2.0	1.5	1.5	1.0 - 2.0
7) Fiscal-Year Public Expenditure(Trillion Baht)	2.94	3.17	3.40	3.4 - 3.4
8) Number of international tourists (Million Persons)	24.8	29.9	33.0	32.0 - 34.0
<b>Projections</b>				
1) Economic Growth Rate (percent y-o-y)	0.9	2.8	3.7	3.2 - 4.2
2) Real Consumption Growth(percent y-o-y)				
- Real Private Consumption (percent y-o-y)	0.6	2.5	2.4	1.9 - 2.9
- Real Public Consumption (percent y-o-y)	1.7	2.9	3.4	2.9 - 3.9
3) Real InvestmentGrowth (percent y-o-y)				
- Real Private Investment(percent y-o-y)	-2.0	-2.0	4.5	4.0 - 5.0
- Real Public Investment (percent y-o-y)	-4.9	22.4	11.1	10.6 - 11.6
4) Export Volume of Goods and Services (percent y-o-y)	0.0	-0.3	3.6	3.1 - 4.1
5) Import Volume of Goods and Services (percent y-o-y)	-5.4	-1.0	4.0	3.5 - 4.5
6) Trade Balance (billion U.S. dollar)	24.6	34.9	34.8	34.3 - 35.3
- Export Value of Goods in U.S. dollar (percent y-o-y)	-0.3	-5.6	0.1	-0.4 - 0.6
- Import Value of Goods in U.S. dollar (percent y-o-y)	-8.5	-11.5	0.2	-0.3 - 0.7
7) Current Account (billion U.S.)	15.4	29.7	29.4	28.9 - 29.9
- Percentage of GDP	3.8	7.6	7.8	7.3 - 8.3
8) Headline Inflation(percent y-o-y)	1.9	-0.9	0.3	-0.2 - 0.8
Core Inflation (percent y-o-y)	1.6	1.1	0.9	0.4 - 1.4
9) Unemployment Rate (percentage of total labor force)	0.7	0.9	0.8	0.7 - 0.9