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Thailand's Economic Projections for 2022

“Thai Economy in 2022 is expected to expand by 3.5 percent, mainly driven by the recovery of domestic demand and tourism.

However, Russia-Ukraine war and tightening monetary policy in many advanced economies should be closely monitored.”

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 3.5 percent in 2022 (within the range of 3.0 to 4.0 percent). This continuous growth is mainly driven by the recovery of domestic demand and tourism from the easing of international travel measures and the government’s abolishment of the Thailand Pass Scheme since July 1st 2022 , resulting in an improvement in household income and tourism-related business sectors. In addition, farm income would continue to expand in line with higher agricultural prices. As a result, private consumption is expected to growth by 4.8 percent (with a range of 4.3 to 5.3 percent), and foreign tourist figures in 2022 is projected to increase by 8 million people, compared to 0.4 million people in 2021. Although Russia-Ukraine war would put pressure on energy and commodity prices and lead many advanced economies to tighten their monetary policy as well as ongoing supply disruptions, merchandise exports are still expected to grow at 7.7 percent (within the range of 7.2 to 8.2 percent).

Moreover, private investment is expected to grow by 5.7 percent (within the range of 5.2 to 6.2 percent) following the recovery of the domestic economy. Moreover, fiscal policy would play a significant role in mitigating higher energy and commodity prices and supporting economic growth as well as coping with global volatilities in the period ahead. It is expected that the Annual budget, the Emergency Degree, and the State-owned enterprises’ capital budget would be continuously disbursed.

For the internal stability, headline inflation in 2022 is projected to be at 6.5 percent due to increasing domestic energy prices and higher cost passthrough that have broadened into wider ranges of products. Nonetheless, inflation would gradually decline if oil prices become more stable.

The Ministry of Finance Spokesperson also added, “Thailand’s economic outlook could be affected by many relevant factors. The Thai economy in 2022 could expand faster than the baseline projection as a result of strong domestic demand thanks to improving situation of the COVID-19 outbreak and higher-than-expected foreign tourist arrivals due to the accelerated relaxation of border controls in other countries. Nevertheless, the Thai economic outlook in 2022 remains uncertain. Particularly, the prolonged conflict between Russia and Ukraine which would lead to the upside risk of high energy and commodity prices. In addition, many central banks, especially the FED, are likely to increase their policy rates in response to inflation and tight labor market. Meanwhile, prolonged outbreaks and virulent virus mutations both the existing and new variants, and the risk of global growth slowdown led by advanced economies and China would impact Thailand’s trading partner economies and exports going forward.

However, The Ministry of Finance will closely monitor the impact of various factors and ready to implement appropriate 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 2022

	2020	2021	2022f	
			as of July 22	
			Avg	Range
Projections				
1) GDP Growth Rate (percent y-o-y)	-6.2	1.5	3.5	3.0 to 4.0
2) Real Consumption Growth (percent y-o-y)				
- Real Private Consumption (percent y-o-y)	-1.0	0.3	4.8	4.3 to 5.3
- Real Public Consumption (percent y-o-y)	1.4	3.2	-0.9	-1.4 to -0.4
3) Real Investment Growth (percent y-o-y)				
- Real Private Investment (percent y-o-y)	-8.2	3.3	5.7	5.2 to 6.2
- Real Public Investment (percent y-o-y)	5.1	3.8	1.6	1.1 to 2.1
4) Export Volume of Goods and Services (percent y-o-y)	-19.7	10.4	8.6	8.1 to 9.1
5) Import Volume of Goods and Services (percent y-o-y)	-14.1	17.9	7.7	7.2 to 8.2
6) Trade Balance (USD billion)	40.9	40.0	20.2	17.6 to 22.8
- Export Value of Goods in USD (percent y-o-y)	-6.5	18.8	7.7	7.2 to 8.2
- Import Value of Goods in USD (percent y-o-y)	-13.8	23.4	17.5	17.0 to 18.0
7) Current Account (billion U.S.)	21.2	-10.6	-8.1	-10.6 to -5.6
- Percentage of GDP	4.2	-2.1	-1.6	-2.1 to -1.1
8) Headline Inflation (percent y-o-y)	-0.8	1.2	6.5	6.0 to 7.0
Core Inflation (percent y-o-y)	0.3	0.2	2.3	1.8 to 2.8
Major Assumptions				
<u>Exogenous Variables</u>				
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	-3.0	5.3	3.3	2.8 to 3.8
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	42.3	69.2	102.0	97.0 to 107.0
<u>Policy Variables</u>				
3) Exchange Rate (Baht per U.S. dollar)	31.3	32.0	34.8	34.3 to 35.3
4) Public Expenditure (Trillion Baht)	3.80	4.00	4.13	4.03 to 4.23
5) Number of foreign tourists (Million)	6.7	0.4	8.0	7.0 to 9.0