

Issue 186/2565

October 28, 2022

## Thailand's Economic Projections for 2022 and 2023

**“Thai economy in 2022 is expected to expand by 3.4 percent mainly driven by the recovery of private consumption and tourism.**

**In 2023, Thai economy is expected to rise 3.8 percent from the recovery of tourism and the relieved inflation situations.**

**Nevertheless, the economic slowdown and strict monetary policies of Thailand's major trading partners should be closely monitored.”**

Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance, stated that “Thai economy is anticipated to expand by 3.4 (within the range of 2.9 to 3.9 percent) in 2022. This ongoing growth is mainly driven by the recovery of private consumption and tourism from the easing of international travel measures, the government's conclusion of the Thailand Pass Scheme since July 1<sup>st</sup> 2022, and the improvement of the COVID-19 situations. These facts also contribute to 5.7 million international tourists during the first 9 months of 2022 expanding 6,477 percent and expected international tourists in whole year at 10.2 million tourists which increased from the previous projection at 8 million foreign visitors, leading to the income growth of labor and tourism-related businesses. Moreover, real farm income, the important component of private consumption, rises 7.4 percent in 9 months. The government also implements a number of fiscal policies to support the domestic consumption including the additional budget for cash handout scheme to state-welfare cardholders and people who need special assistance, and the half-half co-payment program. These measures are crucial to boosting domestic demand, lowering living costs, and elevating small and medium-sized enterprises (SMEs), producers in entire supply chains. Private consumption is forecasted to grow 7.9 percent (within the range of 7.4 to 8.4 percent)

Exports are expected to steadily increase in 2022 because the food demand expansion during the year and the semi-conductor scarcity situation has been improving recently. Export growth is projected at 8.1 percent (within the range of 7.6 to 8.6), this results in increasing of the private investment particularly in the industrial equipment and machinery. The private investment is expected to expand 5.1 percent (within the range of 4.6 to 5.6)

In terms of internal stability, headline inflation in 2022 is projected to be at 6.2 percent (within the range of 5.7 to 6.7) due to the decreasing concerns of energy prices and supply chain issues. In addition, government has implemented several policies to minimize living costs, which will result in lower inflation in 2022. For external stability, current account is expected to record deficit at -13.9 million USD or -2.7 percent of GDP (within the range of -3.2 to -2.2 of GDP) resulted of the increased imports and service account deficit.

In 2023, the Ministry of Finance is expected Thai economy to grow at 3.8 percent (within the range of 2.8 to 4.8) with the main supports from the recovery of tourism, especially the international tourists from Asia, Europe, and America. International tourists are expected to be 21.5 million in 2023, a growth of 109 percent, which will catalyze higher revenues in tourism and related services also supporting the expansion of private consumption at 3.2 percent (within the range of 2.2 to 4.2). While the export sector is expected to show lower growth rate due to a downturn in both global demand and slower economic growths of Thailand's trading partner. Export value in USD terms is projected to grow moderately at 2.5 percent (within the range of 1.5 to 3.5) including the private investment that expand 3.7 percent (within the range of 2.7 to 4.7) from the increase of investment in the industrial equipment and machinery and construction.

In case of the internal stability, the headline inflation rate is expected to be lower at 2.9 percent (within the range of 1.9 to 3.9) leveling down from the downward trend of energy prices. In the external stability case, the current account is forecasted to be in surplus by 5.6 billion USD or 1.1 percent of GDP (within the range of 0.1 to 2.1 of GDP)

However, the Ministry of Finance Spokesperson also noted, "Thailand's economic outlook could be affected by several factors. FPO gives special attention to both the pro and con considerations. Examples of supporting factors are higher-than-expected foreign tourist arrivals, especially Chinese tourists and Thailand's tourism promotion policy. On the other hand, examples of opposing factors are slowing Thailand's trading partner economies and their strict monetary policies especially in the United States and Europe region to combat high inflation, the risk of global economic recession, and the geopolitical conflicts across the world that will cause instability in energy and food and global supply chain".

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Macroeconomic Policy Division, Fiscal Policy Office  
Tel. 0 2273 9020 ext. 3296 3273

## Major Economic Assumptions and Thailand's Economic Projections for 2022 and 2023

	2021	2022f		2023f	
		as of Oct 2022			
		Avg	Range	Avg	Range
Projections					
1) GDP Growth Rate (percent y-o-y)	1.5	3.4	2.9 to 3.9	3.8	2.8 to 4.8
2) Real Consumption Growth (percent y-o-y)					
- Real Private Consumption (percent y-o-y)	0.3	7.9	7.4 to 8.4	3.2	2.2 to 4.2
- Real Public Consumption (percent y-o-y)	3.2	-2.0	-2.5 to -1.5	-0.6	-1.4 to -0.4
3) Real Investment Growth (percent y-o-y)					
- Real Private Investment (percent y-o-y)	3.3	5.1	4.6 to 5.6	3.7	2.7 to 4.7
- Real Public Investment (percent y-o-y)	3.8	1.8	1.3 to 2.3	2.5	1.5 to 3.5
4) Export Volume of Goods and Services (percent y-o-y)	10.4	8.6	8.1 to 9.1	4.1	3.1 to 5.1
5) Import Volume of Goods and Services (percent y-o-y)	17.9	7.5	7.0 to 8.0	2.4	1.4 to 3.4
6) Trade Balance (USD billion)	39.9	23.6	21.1 to 26.1	22.8	21.8 to 23.8
- Export Value of Goods in USD (percent y-o-y)	19.2	8.1	7.6 to 8.6	2.5	1.5 to 3.5
- Import Value of Goods in USD (percent y-o-y)	23.9	16.6	16.1 to 17.1	3.0	17.0 to 18.0
7) Current Account (billion U.S.)	-10.3	-13.9	-16.4 to -11.4	5.6	-10.6 to -5.6
- Percentage of GDP	-2.0	-2.7	-3.2 to -2.2	1.1	-2.1 to -1.1
8) Headline Inflation (percent y-o-y)	1.2	6.2	5.7 to 6.7	2.9	1.9 to 3.9
Core Inflation (percent y-o-y)	0.2	2.6	2.1 to 3.1	2.4	1.4 to 3.4
Major Assumptions					
Exogenous Variables					
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	5.3	3.4	2.9 to 3.9	3.0	2.5 to 3.5
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	69.2	99.0	94.0 to 104.0	92.0	87.0 to 97.0
Policy Variables					
3) Exchange Rate (Baht per U.S. dollar)	32.0	35.6	35.1 to 36.1	36.7	36.2 to 37.2
4) Public Expenditure (Trillion Baht)	4.00	4.13	4.03 to 4.23	4.21	4.11 to 4.31
5) Number of foreign tourists (Million)	0.4	10.2	9.2 to 11.2	21.5	20.5 to 22.5

As of October 2022  
Macroeconomic Policy Division, Fiscal Policy Office  
Tel. 0 2273 9020 ext. 3296 3273