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Thailand's Economic Projections for 2024

"The Ministry of Finance has revised upward Thai economic growth forecast in 2024 to 2.7 percent, accelerating from 1.9 percent expansion in 2023. The growth in 2024 is primarily attributed to the boost of the service sector and tourism sector."

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 2.7 percent (within the range of 2.2 to 3.2 percent) in 2024.**" The growth is underpinned by the sustained expansion of the service sector and tourism sector. Notably, the second quarter of 2024 saw positive economic indicators, reflected in the continued growth of real value-added tax for two consecutive quarters and a 26.3 percent increase in foreign tourist arrivals compared to the same period last year. The international tourists are anticipated to reach 36.0 million tourists with an average spending of 47,000 baht per person per trip. The Visa exemption policy extended to 93 countries or territories for a 60-day stay has significantly boosted the tourism sector and related service businesses. While private consumption is forecasted to increase 4.5 percent (within the range of 4.0 to 5.0 percent), private investment is projected to rise 3.6 percent (within the range of 3.1 to 4.1 percent). Export value of goods in USD is expected to increase 2.7 percent (within the range of 2.2 to 3.2 percent), having already shown growth in the second quarter. Import value of goods in USD is forecasted to expand 3.1 percent (within the range of 2.6 to 3.6 percent), primarily due to capital goods signaling the upward trend in private investment.

The economic projection has been revised upward compared to the projection at April 2024, which stood at 2.4 percent. The adjustment is attributed to 3 main factors which are 1) Exports have strong recovery sign more than anticipated, and the demand from major trading partners are expected to grow from the increase of average economic growth rate of major trading partners at 3.2 percent. 2) The number and spending of international tourists are higher than expected due to good responses of government policy tourism attractions. 3) The government disburstment is higher than expected due to the government disburstment preparation policy and the disburstment will be continuously accelerated at the remaining of 2024 fiscal year.

Regarding to Thailand’s economic internal stability, it remains at a robust level. The headline inflation rate is projected to be 0.6 percent (within the range of 0.1 to 1.1 percent), driven by adjustments downwards in prices of certain food items. Additionally, prices within the energy sector have decreased due to government measures that target to ease the rising cost of living. In terms of external stability, the service balance is expected to be surplus resulting from an increase in international tourists, leading to the current account balance potentially returning to a surplus of 11.0 billion USD, equivalent to 2.4 percent of GDP.

Furthermore, this economic projection is not accounted the 10,000 baht Digital Wallet Scheme impact. The Ministry of Finance has primary assessed on 10 April 2024 that this scheme could contribute approximately 1.2 to 1.8 percent to economic growth over the entire project duration. However, the effect mainly depends on the budget source, scheme conditions, number of participants and participants’ spending behaviours.

However, Thailand’s economic outlook could be influenced by several factors, and the following factors that should be closely monitored: 1) Global geopolitical tensions that escalate in various regions of the world could pose limitations and have repercussions on Thailand's economic growth in the near future. For instance, the heightened tensions between Israel and Iran could impact energy prices, leading to adjustments. Additionally, strategic competition between China and the United States, and the South China Sea territorial tensions following joint naval exercises by China and Russia. 2) 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. 3) The 2024 United States presidential election and the economic policy directions from the new government. 4) The economic recovery in Thailand’s major trading partners, particularly China economy situation and its real estate issues. 5) The household and business debt that may discourage private consumption in the upcoming period.

The Ministry of Finance Spokesperson concluded by mentioned the key economic drivers for the remaining period are 1) Government expenditures especially public investment that will be expedited in the remaining of 2024 fiscal year. 2) The number of international tourists that will increase revenue especially during high season. 3) The acceleration of investments in approved projects, coupled with the issuance of investment promotion certificates, aligns with the government's '8 visions in Ignite Thailand' policy framework. This initiative aims to position Thailand as a regional hub in various sectors by attracting foreign direct investment. Notably, on July 19, 2024, the Ministry of Finance launched the Financial Hub project under the theme 'Ignite Finance: Thailand’s Vision for a Global Financial Hub' to develop Thailand into a global financial hub. This will enhance the country's competitiveness. Supporting these key initiatives will foster sustainable and robust economic growth, propelling Thailand to become a regional leader in the future.

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Major Economic Assumptions and Thailand's Economic Projections for 2024 (As of July 2024)

	2023	2024f	
		Avg	Range
Projections			
1) GDP Growth Rate (percent y-o-y)	1.9	2.7	2.2 to 3.2
2) Real Consumption Growth (percent y-o-y)			
- Real Private Consumption (percent y-o-y)	7.1	4.5	4.0 to 5.0
- Real Public Consumption (percent y-o-y)	-4.6	1.2	0.7 to 1.7
3) Real Investment Growth (percent y-o-y)			
- Real Private Investment (percent y-o-y)	3.2	3.6	3.1 to 4.1
- Real Public Investment (percent y-o-y)	-4.6	1.0	0.5 to 1.5
4) Export Volume of Goods and Services (percent y-o-y)	2.1	5.1	4.6 to 5.6
5) Import Volume of Goods and Services (percent y-o-y)	-2.3	4.5	4.0 to 5.0
6) Trade Balance (USD billion)	17.0	16.2	14.9 to 17.5
- Export Value of Goods in USD (percent y-o-y)	-1.7	2.7	2.2 to 3.2
- Import Value of Goods in USD (percent y-o-y)	-3.1	3.1	2.6 to 3.6
7) Current Account (billion U.S.)	7.0	11.0	8.4 to 13.6
- Percentage of GDP	1.4	2.4	1.9 to 2.9
8) Headline Inflation (percent y-o-y)	1.2	0.6	0.1 to 1.1
Core Inflation (percent y-o-y)	1.3	0.5	0.0 to 1.0
Major Assumptions			
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.1	3.2	2.7 to 3.7
2) Dubai Crude Oil Price (USD per Barrel)	81.9	86.0	81.0 to 91.0
3) Exchange Rate (THB per USD)	34.8	36.2	35.7 to 36.7
4) Public Expenditure (Trillion THB)	3.99	4.07	4.0 to 4.2
5) Number of foreign tourists (Million)	28.2	36.0	35.5 to 36.5

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