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Thailand's Economic Projections for 2024 and 2025

“The Thai economy is projected to expand by 2.7 percent in 2024, propelled by the recovery of tourism and export sectors, as well as government economic stimulus measures towards the end of the year. In 2025, the economy is expected to accelerate to 3.0 percent, which is supported by 4 key factors: private consumption, export sectors, tourism and both public and private investment. Nevertheless, the Ministry of Finance will continue to closely monitor both domestic and external economic situations.”

Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance (MOF), stated that “**Thai economy in 2024 is projected to expand by 2.7 percent (within the range of 2.2 to 3.2 percent).**” remain unchanged from the previous forecast, and a continued expansion from 1.9 percent growth in 2023. This growth is propelled by the recovery of tourism and export sectors, as well as government stimulus measures towards the end of the year. International tourist numbers are anticipated to reach 36.0 million tourists. Meanwhile, private consumption is expected to continue growing at 4.6 (within the range of 4.1 to 5.1 percent) , higher than the previous forecast. Despite the economic pressures from the flood situation, various government measures have compensated for the impact and boosted confidence. The export value of goods in USD is expected to increase 2.9 percent (within the range of 2.4 to 3.4 percent) due to better-than-expected recovery in the second and third quarters, as Thai businesses seize opportunities in US tariffs approaching China products. Additionally, government consumption is expected to grow by 2.1 percent (within the range of 1.6 to 2.6 percent), and government investment is project to grow by 0.8 percent (within the range of 0.3 to 1.3 percent). However, private investment is expected to contract by -1.9 percent (within the range of -2.4 to -1.4 percent). due to a decline in investment in machinery and equipment, particularly as a result of decreasing sales of internal combustion engine vehicles. Close attention should be paid to the adjustment of Thailand's automotive industry.

Regarding to Thailand's economic internal stability, the headline inflation rate is projected to be 0.4 percent (within the range of -0.1 to 0.9 percent), lower than the previous forecast, due to declining global energy prices. In terms of external stability, the current account balance is expected to record a surplus of 10.3 billion USD, equivalent to 1.9 percent of GDP (within the range of 1.4 to 2.4 percent).

In 2025, the Ministry of Finance anticipates the Thai economy to accelerate to 3.0 percent (within the range of 2.5 to 3.5 percent). This positive outlook is driven by four main factors: private consumption, exports, tourism, and both public and private investment. Private consumption is expected to continue growing at 2.9 percent (within the range of 2.4 to 3.4 percent). Meanwhile, exports are projected to maintain their growth trajectory, driven by global demand and the economies of trading partners. Export growth is forecast at 3.1 percent (within the range of 2.6 to 3.6 percent). The number of foreign tourists visiting Thailand in 2025 is expected to reach 39 million, boosting business confidence. Additionally, the 2025 budget, which is poised for accelerated disbursement, is expected to significantly support public consumption, which is forecast to grow by 2.2 percent (within the range of 1.7 to 2.7 percent).

Investment will be one of crucial driver of Thailand's economy in 2025, supported by two main factors. The first factor is private investment is expected to grow by 2.3 percent (within the range of 1.8 to 2.8 percent), accelerating due to large-scale investment projects promoted by the Board of Investment, particularly in target industries that utilize advanced technologies and are environmentally friendly. Next factor is public investment, projected to expand by 4.7 percent (within the range of 4.2 to 5.2 percent), driven by expedited disbursement of public investments and the acceleration of large-scale infrastructure projects such as the high-speed rail linking three airports, the development of Laem Chabang Port 3rd Phase, and new double-track railway routes. These projects will enhance Thailand's competitiveness and stimulate further private investment.

Regarding the Thailand's economic internal stability, the headline inflation rate is expected at 1.0 percent (within the range of 0.5 to 1.5 percent) due to improving domestic expansion. In terms of external stability, the current account balance to be surplus at 10.0 billion USD, equivalent to 1.7 percent of GDP (within the range of 1.2 to 2.2 percent).

The Ministry of Finance spokesperson concluded by stating that the Ministry will play a significant role in implementing an Integrated Fiscal Policy in 2025. This policy will focus on three key pillars: 1) fiscal discipline and stability achieved through effective management of government revenue and expenditure, coupled with maintaining public debt levels within a sustainable fiscal framework 2) quality and sustainable growth achieved through fiscal and tax measures that support investment in target industries and strategic infrastructure development and 3) human capital development and household financial resilience achieved through enhancing financial literacy and develop financial advisory systems to support effective and sustainable household debt management.

However, 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 conflict in the Middle East may lead to higher energy prices, while the strategic competition between the US and China and the South China Sea disputes, as evidenced by recent joint naval exercises by China and Russia. Additionally, the growing influence of the BRICS group and the informal strategic alliance of CRINK (China, Russia, Iran, and North Korea) could pressure the US in reshaping the global order. 2) The outcome of the US presidential election and the new administration's economic policy direction. 3) The recovery of major trading partners' economies. 4) Household and corporate debt burdens, which could dampen spending in the future and 5) The economic impacts of flooding in several provinces.

Major Economic Assumptions and Thailand's Economic Projections for 2024 and 2025

	2023	2024f		2025f	
		Avg	Range	Avg	Range
Projections					
1) GDP Growth Rate (percent y-o-y)	1.9	2.7	2.2 to 3.2	3.0	2.5 to 3.5
2) Real Consumption Growth (percent y-o-y)					
- Real Private Consumption (percent y-o-y)	7.1	4.6	4.1 to 5.1	2.9	2.4 to 3.4
- Real Public Consumption (percent y-o-y)	-4.6	2.1	1.6 to 2.6	2.2	1.7 to 2.7
3) Real Investment Growth (percent y-o-y)					
- Real Private Investment (percent y-o-y)	3.2	-1.9	-2.4 to -1.4	2.3	1.8 to 2.8
- Real Public Investment (percent y-o-y)	-4.6	0.8	0.3 to 1.3	4.7	4.2 to 5.2
4) Export Volume of Goods and Services (percent y-o-y)	2.1	5.6	5.1 to 6.1	3.1	2.6 to 3.6
5) Import Volume of Goods and Services (percent y-o-y)	-2.3	6.8	6.3 to 7.3	3.5	3.0 to 4.0
6) Trade Balance (USD billion)	19.4	13.5	10.9 to 16.1	12.5	9.9 to 15.1
- Export Value of Goods in USD (percent y-o-y)	-1.5	2.9	2.4 to 3.4	3.1	2.6 to 3.6
- Import Value of Goods in USD (percent y-o-y)	-3.8	5.4	4.9 to 5.9	3.6	3.1 to 4.1
7) Current Account (billion U.S.)	7.4	10.3	7.6 to 13.0	10.0	7.3 to 12.7
- Percentage of GDP	1.5	1.9	1.4 to 2.4	1.7	1.2 to 2.2
8) Headline Inflation (percent y-o-y)	1.2	0.4	-0.1 to 0.9	1.0	0.5 to 1.5
Core Inflation (percent y-o-y)	1.3	0.5	0.0 to 1.0	1.0	0.5 to 1.5
Major Assumptions					
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.2	3.2	2.7 to 3.7	3.2	2.7 to 3.7
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	81.9	81.0	76.0 to 86.0	78.0	73.0 to 83.0
3) Exchange Rate (Baht per U.S. dollar)	34.8	35.1	34.6 to 35.6	32.9	32.4 to 33.4
4) Public Expenditure (Trillion Baht)	3.99	4.11	4.09 to 4.13	4.29	4.26 to 4.31
5) Number of foreign tourists (Million)	28.2	36.0	35.5 to 36.5	39.0	38.5 to 39.5