Press Release:

Thailand's Economic Outlook 2015 - 2016

Fiscal Policy Office

As of January 2016

เสนอแนะอย่างมีหลักการ ส
ศึกษาโดยไม่หยุดนิ่ง ศ
คนคลังที่มีคุณภาพ ค

7 Major Underlying Assumptions

1. 15 Major Trading Partners’ Economies
2. Thai Baht Value against Trading Partners’ Currencies
3. Dubai Crude Oil Price
4. Export & Import Prices Index
5. Policy Interest Rate
6. Number of Foreign Tourists
7. Public Expenditures

World's Economic Outlook 2015 - 2016

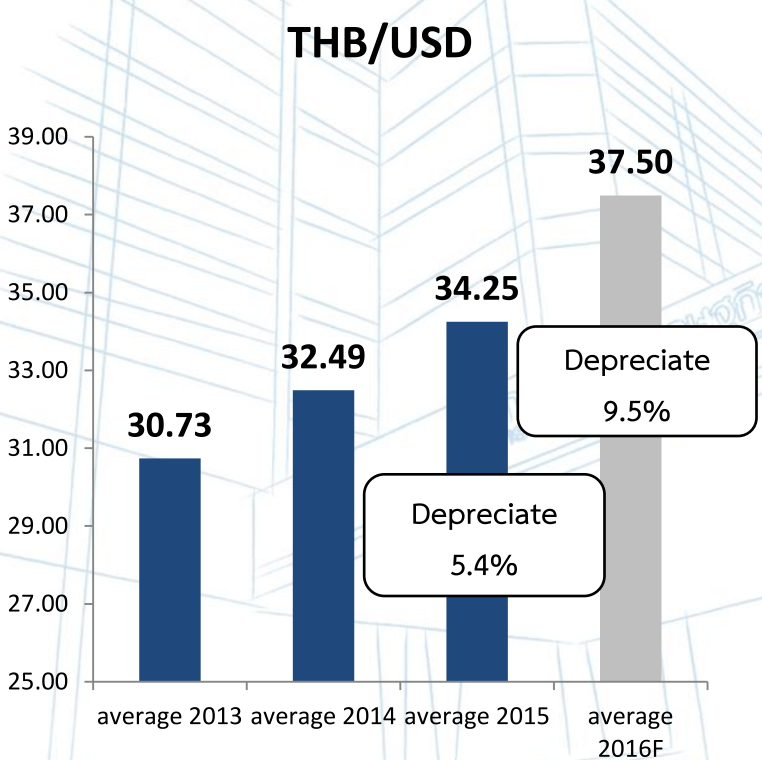
Global Economic Outlook	2013	2014	2015 3Q	2015 Q4	2015 YTD	2015f FPO Oct 15	2015f FPO Jan 16	2016f FPO Oct 15	2016f FPO Jan 16	2016f WB Jan 16	2016f IMF Jan 16
15 Trading Partners (76.4%)	3.63	3.63	3.48	-	3.48	3.51	3.51	3.65	3.56	-	3.63
1. China (11.0%)	7.7	7.3	6.9	6.8	6.9	6.9	6.9	6.8	6.6	6.7	6.3
2. US (10.5%)	1.5	2.4	2.6	-	2.6	2.7	2.6	2.5	2.5	2.7	2.6
3. Japan (9.6%)	1.4	0.0	0.4	-	0.4	0.8	0.8	0.9	0.9	1.3	1.0
4. Eurozone (7.2%)	-0.4	0.9	1.5	-	1.5	1.4	1.5	1.4	1.5	1.7	1.7
5. Malaysia (5.6%)	4.7	6.0	5.1	-	5.1	4.8	5.0	4.7	4.6	4.5	4.5
6. Hong Kong (5.5%)	3.1	2.5	2.5	-	2.5	2.4	2.4	2.7	2.3	N.A.	2.7
7. Singapore (4.6%)	4.4	2.9	2.2	2.0*	2.1	2.1	2.1	2.8	2.8	N.A.	2.9
8. Indonesia (4.2%)	5.6	5.0	4.7	-	4.7	4.8	4.8	5.2	5.1	5.3	5.1
9. Australia (4.1%)	2.1	2.6	2.2	-	2.2	2.0	2.3	2.1	2.1	N.A.	2.9
10. Vietnam (3.5%)	5.4	6.0	6.5	7.0	6.7	6.6	6.7	6.8	6.8	6.6	6.4
11. Philippines (2.6%)	7.1	6.1	5.6	-	5.6	5.9	5.7	6.9	6.9	6.4	6.3
12. India (2.5%)	6.4	7.1	7.3	-	7.3	7.1	7.3	7.2	7.3	7.8	7.5
13. South Korea (2.0%)	2.9	3.3	2.7	3.0	2.6	2.4	2.6	3.0	2.7	N.A.	3.2
14. Taiwan (1.8%)	2.2	3.9	1.3	-	1.3	1.4	1.0	2.4	2.0	N.A.	2.6
15. United Kingdom (1.8%)	2.2	2.9	2.3	-	2.3	2.6	2.2	2.3	2.3	2.4	2.2

*Note *pre lim.*

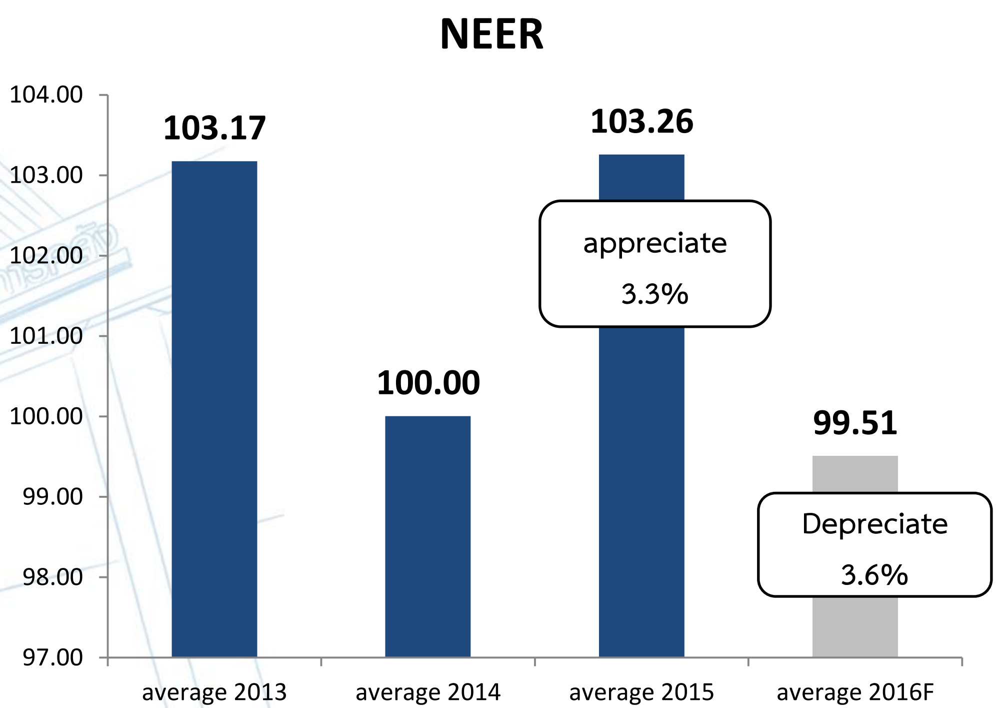
Assumption 1: Economic Growth of Trading Partners

Baht appreciated against major trading partners' currencies in 2015 and will depreciate in 2016.

Thai Baht per U.S. Dollar



Nominal Effective Exchange Rate (15 Trading Partners)*



* Computed by Fiscal Policy Office

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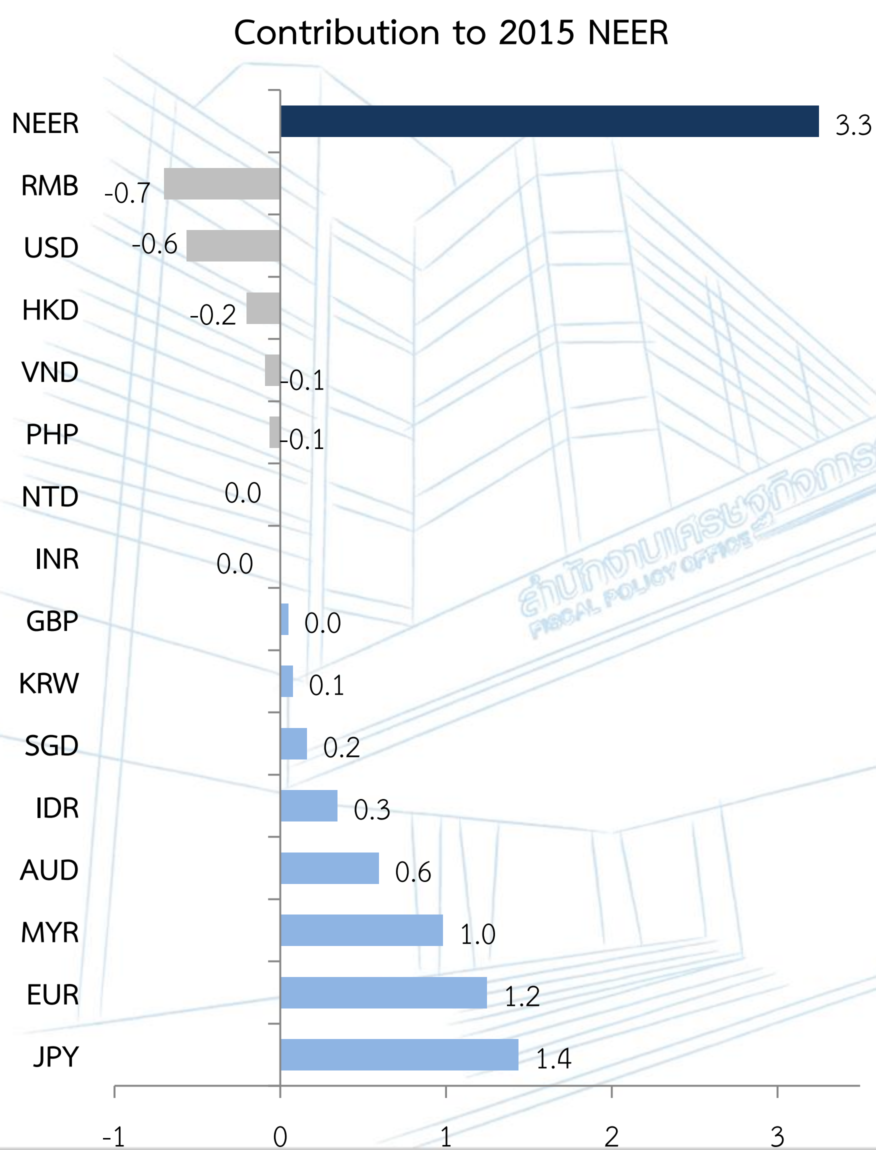
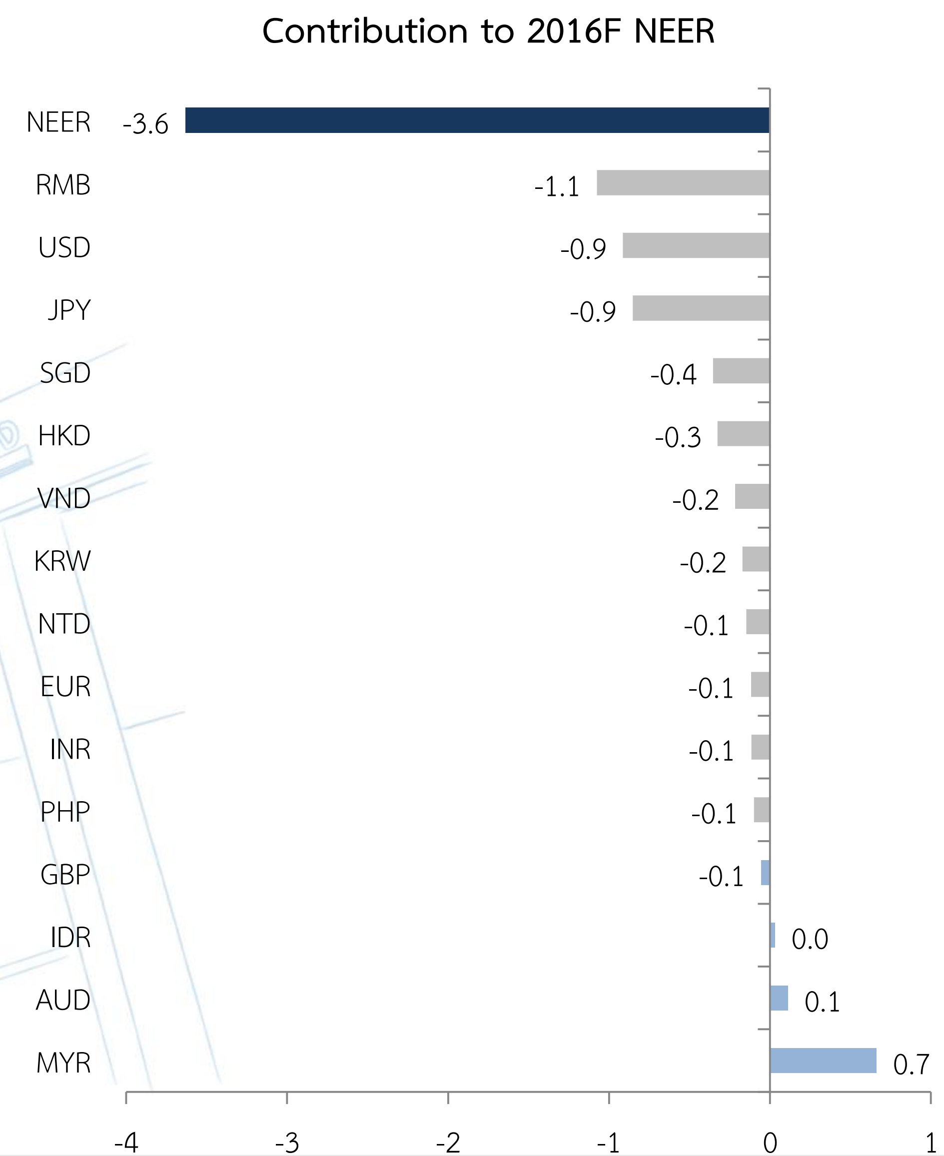
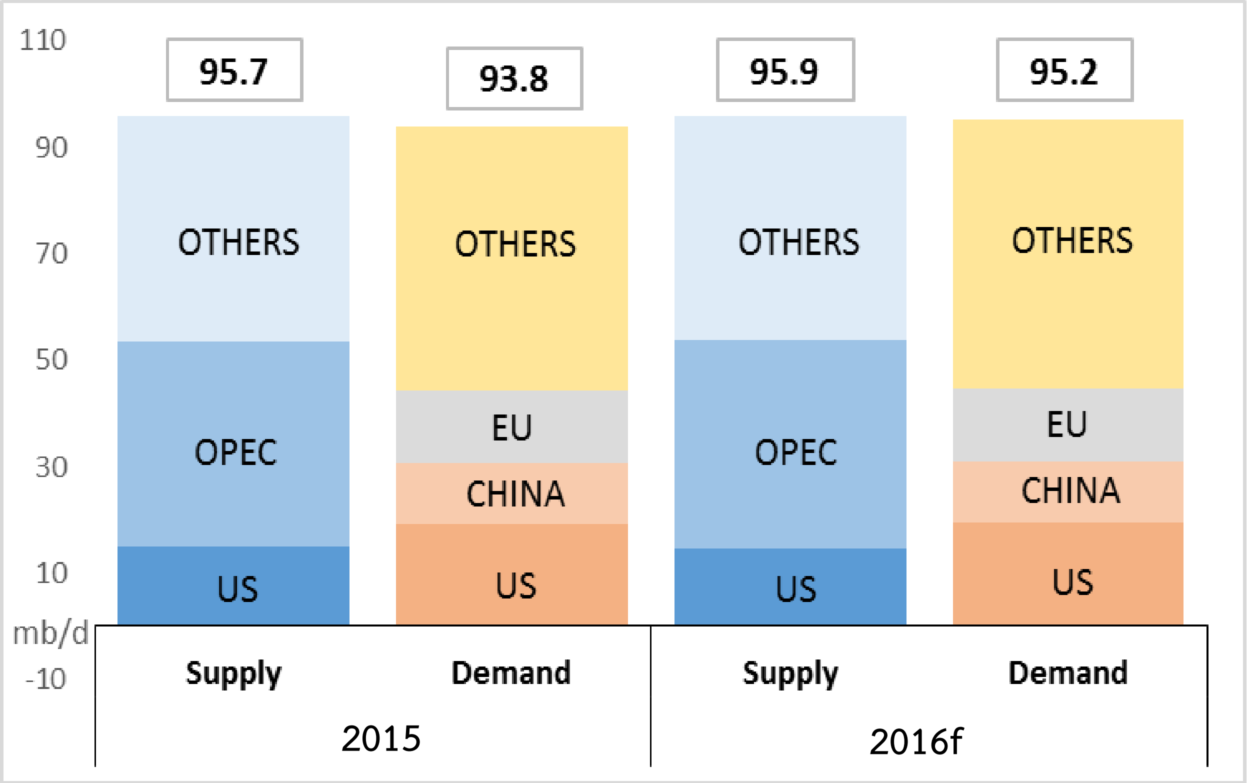




Assumption 2: Exchange rate (THB/USD)

Crude Oil Prices in 2016

- Latest Dubai Oil Price (as of 26 Jan 16) is very low = 24.5 USD/Bl. (YTD = 26.4)
- Both oil demand and supply in 2016, projected by EIA, will increase from that of 2015, yet supply is still more than demand.
- Hence, oil inventory in 2016 tends to increase, which put downward pressure on oil prices.

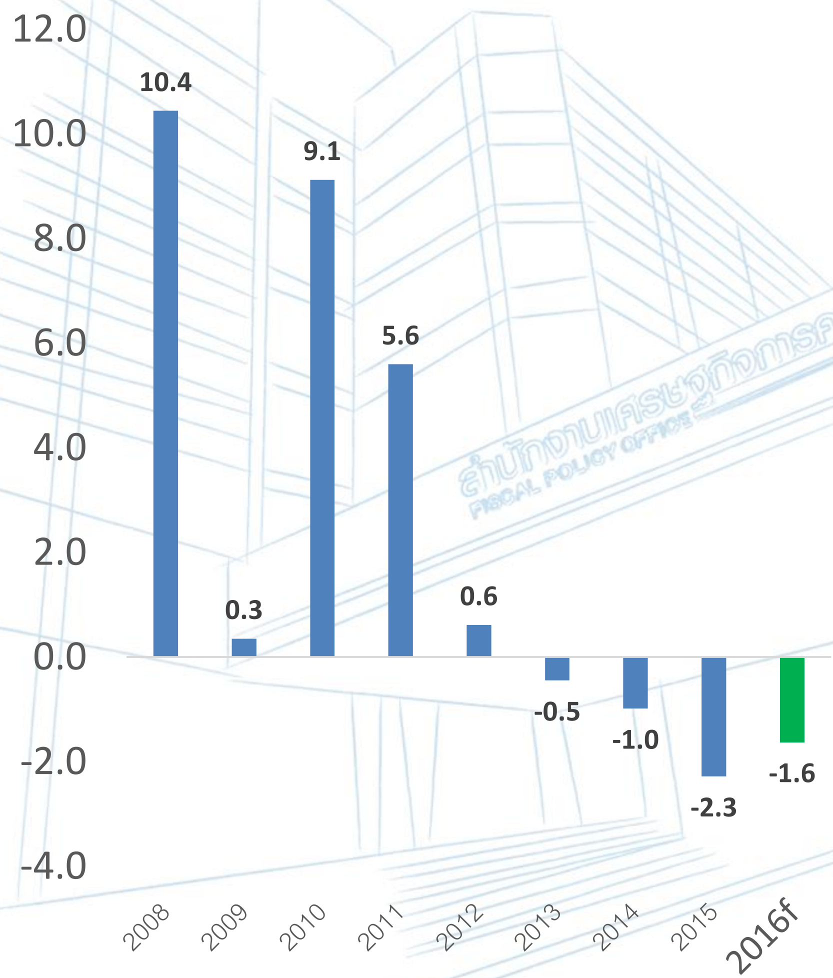


Source: EIA

FPO forecast	2015	2016f
Dubai	51.6	35.0
%yoy	-46.6	-32.2

Export & Import Prices projections in 2016

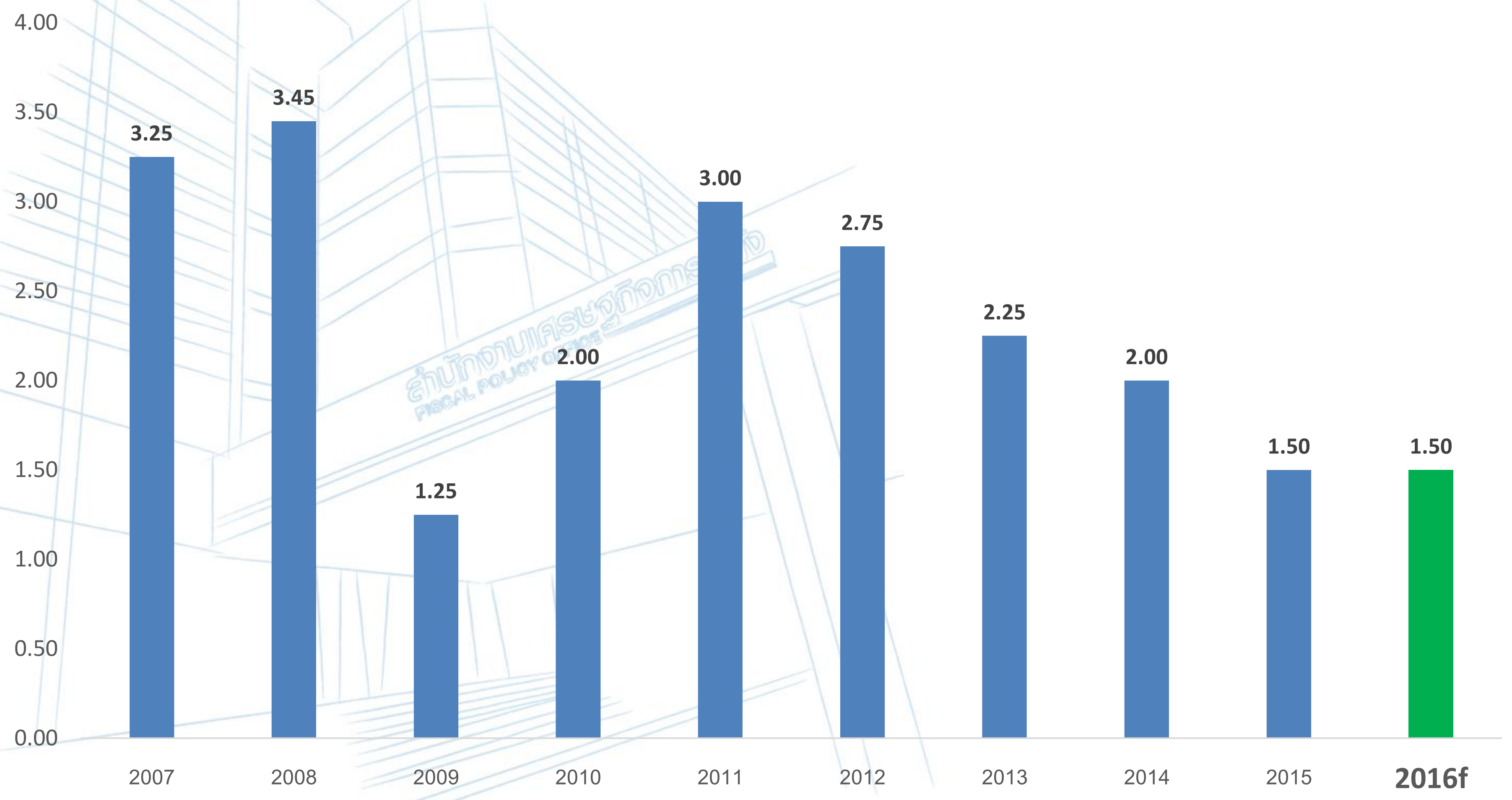
Export Price Index (%YOY)



Import Price Index (%YOY)

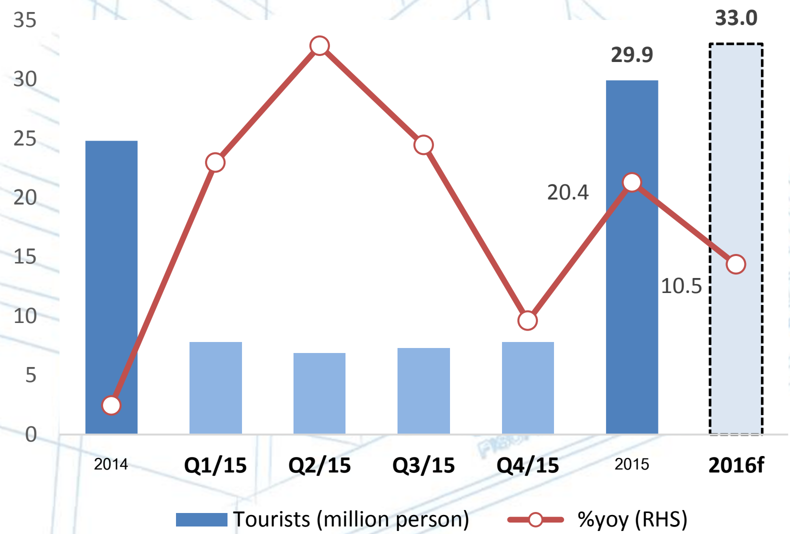
Policy Interest Rate

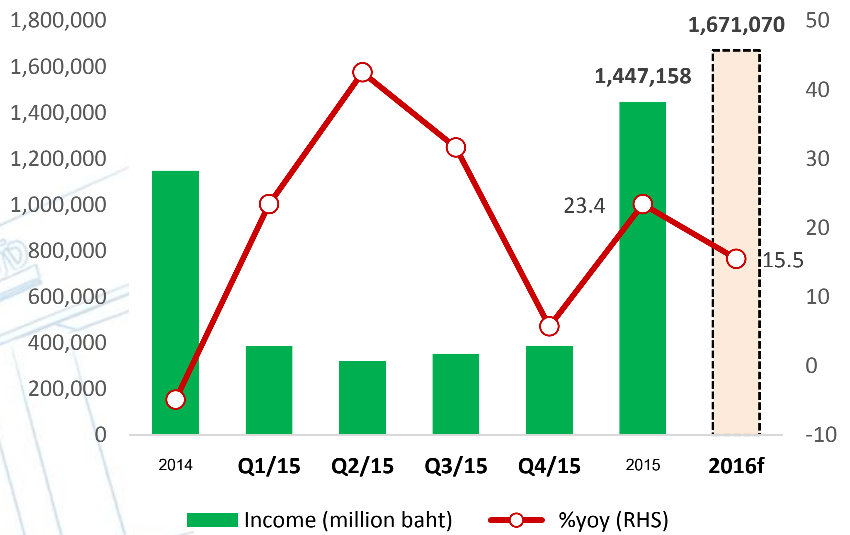
Policy Interest Rate (%YOY)



Number of Foreign Tourists

Number of Tourists and Income from Tourism





	2014	Q1/15	Q2/15	Q3/15	Q4/15	2016	2016 (f) As of Jan16
Tourists (million person)	24.8	7.8	6.9	7.3	7.8	*29.9*	33.0
% YoY	*-6.5*	*22.8*	*36.9*	*24.9*	*3.7*	*20.4*	*10.5*
Income (million baht)	1,147,653	385,936	320,616	353,087	387,519	*1,447,158.1*	*1,671,069.6*
% YoY	*-4.9*	*23.4*	*42.5*	*31.6*	*5.7*	*23.4*	*15.5*

Source: Department of Tourism

Public Expenditures

(Unit: Million Baht)	Framework FY2014	Framework FY2015	Framework FY2016	Actual FY2015	Actual Q1/FY2016	Forecast FY2016 (as of Jan 2016)	Forecast Q1/FY2017 (as of Jan 2016)	Forecast FY2017 (as of Jan 2016)
1. Government Expenditures (1.1+1.2)				2,668,809	938,520	2,851,519	963,779	2,947,212
				7.7	*10.9*	*6.8*	*3.1*	*3.0*
1.1 Total Budgetary Expenditures				2,601,422	905,514	2,747,142	894,825	2,734,044
				5.8	*7.3*	*5.6*	*-1.2*	*0.3*
Annual Budgetary Expenditures (1.1.1)+(1.1.2)	2,575,000	2,720,000	2,856,000	2,378,115	822,121	2,513,113	807,262	2,592,160
				5.9	*7.3*	*5.7*	*-1.8*	*4.5*
Disbursement Rate of Budgetary Exp.				92.4	30.2	92.4		
1.1.1 Current Expenditures	2,206,648	2,183,359	2,241,655	2,106,555	753,997	2,140,430	736,612	2,174,405
	5.4	-1.1	2.7	*7.4*	*4.0*	*1.6*	*-2.3*	*3.0*
Disbursement Rate of Current Exp.				95.5	34.5	98.0	32.9	97.0
(a) Wages and Salaries	620,670	637,428	656,551	607,374	158,070	629,360	164,393	
	3.4	2.7	3.0	*5.3*	*4.0*	*3.6*	*4.0*	
(b) Use of Goods and Services	234,105	233,455	240,456	224,173	47,907	230,591	50,302	
	3.7	-0.3	3.0	*2.9*	*2.2*	*2.9*	*5.0*	
(c) Subsidies	682,207	713,817	748,050	688,699	293,765	722,232	323,142	
	20.1	4.6	4.8	*31.9*	*8.5*	*4.9*	*10.0*	
(d) Other expenses	669,666	598,659	596,598	586,309	254,255	558,247	198,776	
	-4.3	-10.6	-0.3	*-9.1*	*-0.5*	*-4.8*	*-21.8*	
1.1.2 Capital Expenditures	368,352	536,641	614,345	271,560	68,124	372,684	70,650	417,755
	-14.6	45.7	14.5	*-4.4*	*65.1*	*37.2*	*3.7*	*13.0*
Disbursement Rate of Capital Exp.				73.7	12.7	69.4	11.5	68.0
(a) Equipment	33,731	80,450	92,677	23,814	6,947	32,946	7,989	
	-2.9	138.5	15.2	*37.7*	*75.8*	*38.3*	*15.0*	
(b) Land and Buildings	266,056	341,621	392,473	196,829	32,137	260,702	36,958	
	22.3	28.4	14.9	*54.6*	*54.1*	*32.5*	*15.0*	
(c) Subsidies	47,312	57,064	60,987	34,015	13,120	47,567	14,432	
	-71.8	20.6	6.9	*-74.6*	*39.6*	*39.8*	*10.0*	
(d) Other Expenses	21,254	57,507	68,208	16,902	15,920	31,468	11,271	
	80.0	170.6	18.6	*195.1*	*125.7*	*86.2*	*-29.2*	
1.1.3 Carry Over	351,824	305,282	236,473	223,307	83,393	234,029	87,563	58,947
	16.4	-13.2	-22.5	*4.5*	*7.3*		*5.0*	*5.0*
Disbursement Rate of Carry Over				50.5	27.3	76.7		

Assumption 7: Public Expenditures

Public Expenditures

(Unit: Million Baht)	Framework FY2014	Framework FY2015	Framework FY2016	Actual FY2015	Actual Q1/FY2016	Forecast FY2016 (as of Jan 2016)	Forecast Q1/FY2017 (as of Jan 2016)	Forecast FY2017 (as of Jan 2016)
1.2 Non-Budgetary Expenditures	59,841	102,035	338,850	67,387	33,006	104,377	68,954	213,168
		70.5	*232.1*	*280.2*				*104.2*
1.2.1 TKK project	15,200			13,232	634	3,010	792	*0.0*
				188.0	*-29.4*			
1.2.2 Water Resource Management Plan				1,588	235	414	-	*0.0*
				-76.7	*-60.0*			
1.2.3 Transportation System Plan	18,134	32,544	7,847	13,296	27,790	32,544	1,961.75	7,847
		79.5	-75.9				-92.9	*-58.7*
1.2.4 Infrastructure Investment Plan + On-going	26,507	69,491	331,003	35,253	3,721	63,896	66,200.60	264,802
		162.2	376.3				1679.1	*137.0*
1.2.5 DPL		4,158	1,234	4,018	626	4,514	-	*0.0*
				-37.1	*-40.6*			
2. Local Govt. Expenditures	-	-	-	483,781	162,709	520,065	170,845	625,492
				-0.4		*7.5*	5.0	*5.0*
3. SOEs Investment Expenditures (CY)	271,253	323,544	na	224,052	58,727	234,735	61,854.72	252,987
	-5.1	19.3		*-1.8*	*-6.2*	*4.8*	5.3	*5.3*
Disbursement Rate of SOEs Exp.				82.6	18.2	72.6		na

Public Expenditures in the System of National Accounts (SNA)

Public Expenditures under Government Finance Statistics (GFS) framework can be converted into SNA as follows:

Calendar Year	2014	2015f	2016f
Public Consumption (Cg)	2,250,053	2,358,535	2,462,898
%yoy	3.4	4.8	4.4
Public Investment (Ig)	686,185	811,403	936,278
%yoy	-4.7	18.2	15.4
Total	**2,936,238**	**3,169,937**	**3,399,176**
%yoy	**1.3**	**8.0**	**7.2**

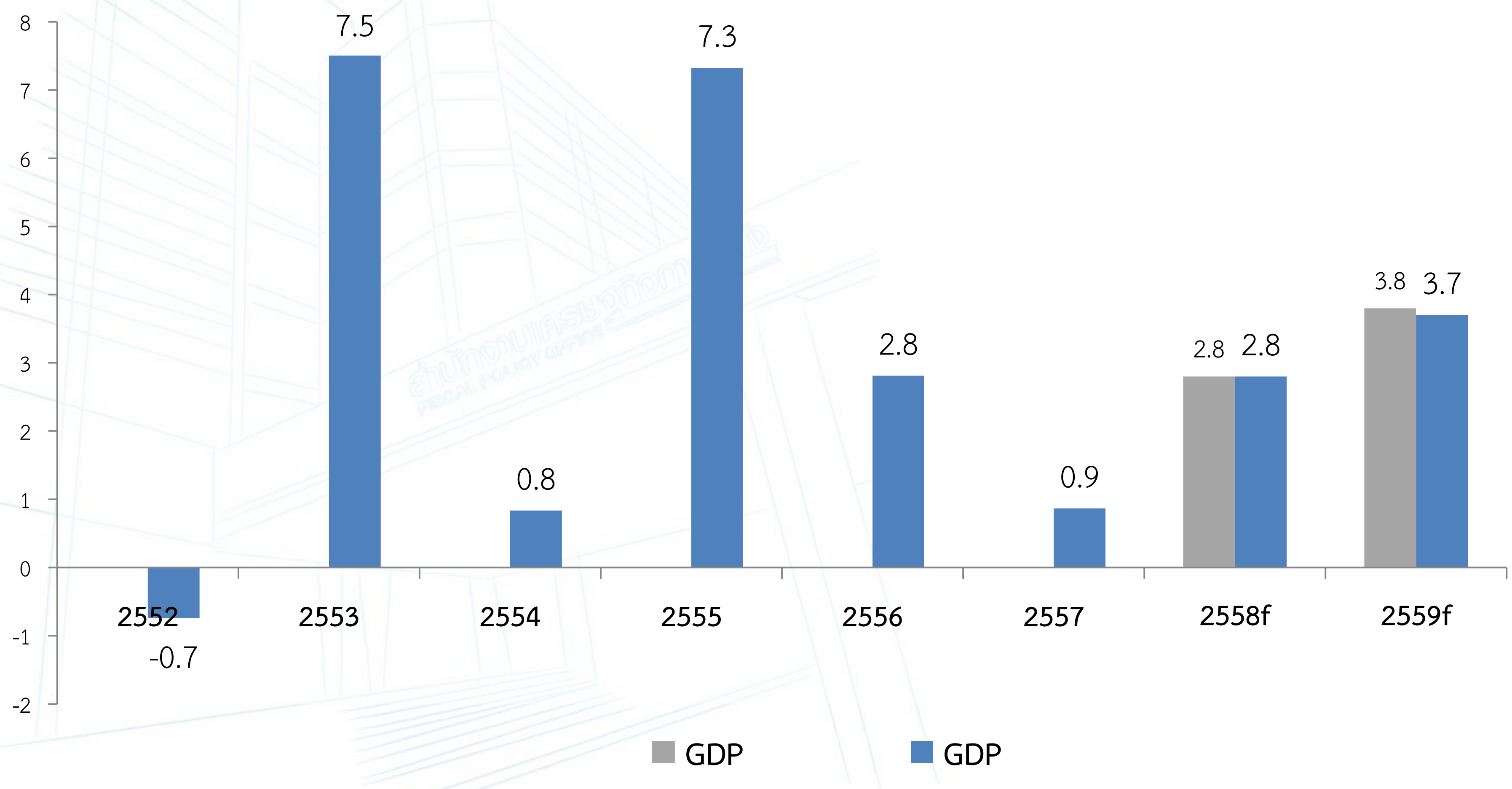
Unit : Million Baht, %

Assumptions: Summary

FPO's Projection	2014	2015	2016f (as of Jan 16)	Range
GDP of Trading Partners *(%yoy)*	3.63	3.51	3.56	3.06 - 4.06
Exchange Rate (THB/USD) *(average)*	32.49	34.25	37.50	36.5 - 38.5
Dubai Crude Oil Price *(U.S. Dollar per Barrel)*	96.4	51.6	35.0	30.0 - 40.0
Export Price Index *(%yoy)*	-1.0	-2.3	-1.6	-2.6 to -0.6
Import Price Index *(%yoy)*	-1.9	-10.8	-4.2	-5.2 to -3.2
Policy Interest Rate *(% EOP)*	2.00	1.5	1.50	1.00 - 2.00
Number of Foreign Tourists *(million person)*	24.8	29.9	33.0	32.0 - 34.0
Public Expenditure *(trillion baht)*	2.94	3.17	3.40	3.36 - 3.44

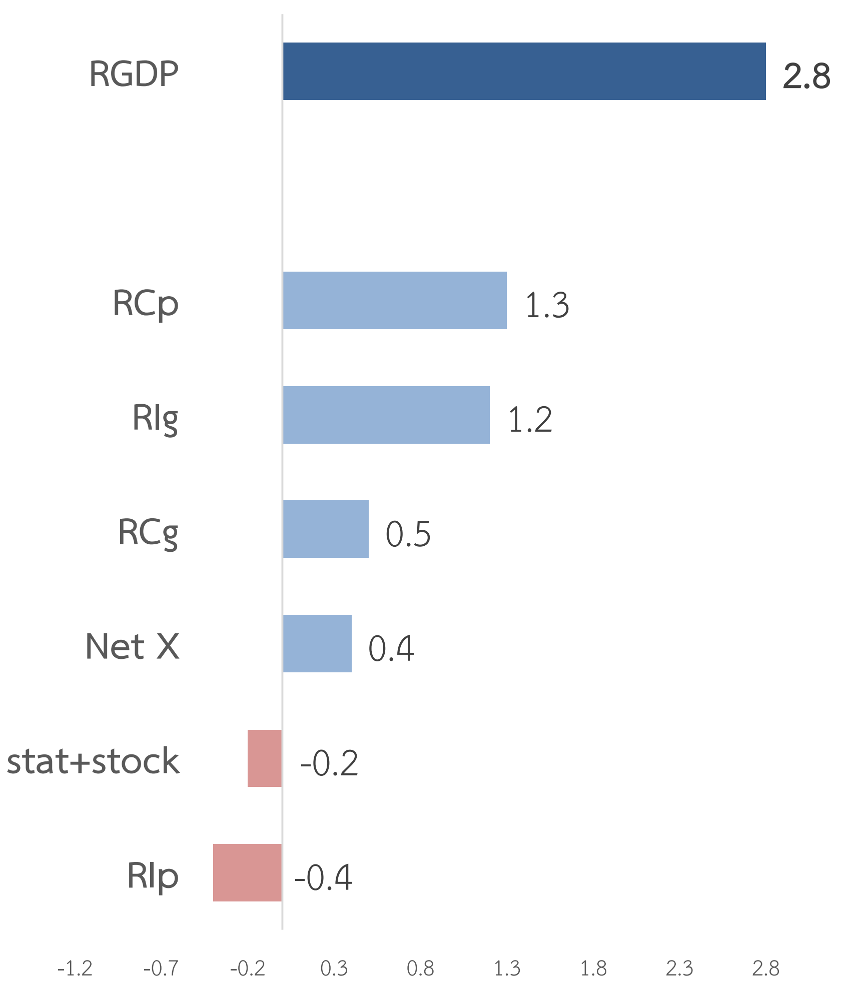
Economic Outlook: 2015 and 2016

Gross Domestic Product CVM (%YOY)

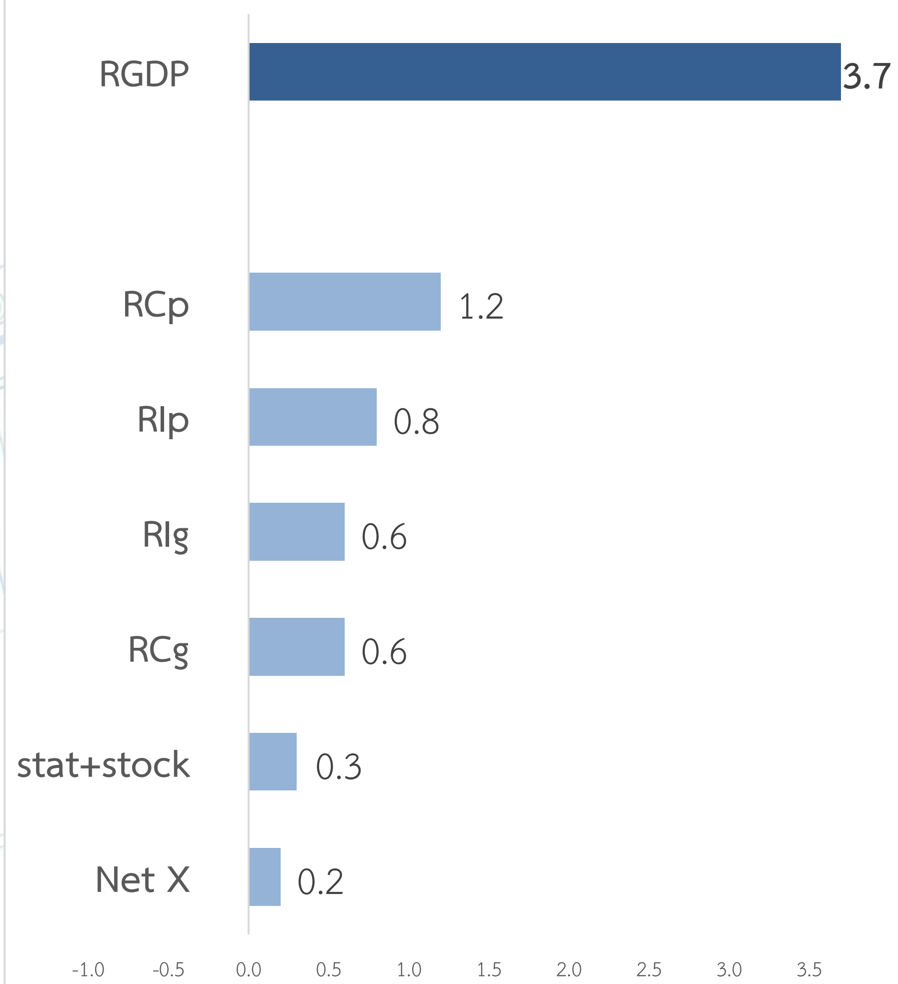


Contributions to GDP growth 2015 & 2016

GDP Contributions: 2015



GDP Contributions: 2016



Source: FPO

Projection: Summary

Growth (%yoy)	2014	2015	2015f	2016f	
			As of Jan 16	As of Jan 16	Range
Real GDP	2.8	0.9	**2.8**	**3.7**	3.2 - 4.2
- Real Private Consumption	0.8	0.6	**2.5**	**2.4**	1.9 - 2.9
- Real Public Consumption	4.7	1.7	**2.9**	**3.4**	2.9 - 3.9
- Real Private Investment	-0.8	-2.0	**-2.0**	**4.5**	4.0 - 5.0
- Real Public Investment	-1.0	-4.9	**22.4**	**11.1**	10.6 - 11.6
- Real Exports of goods and services	2.8	0.0	**-0.3**	**3.6**	3.1 - 4.1
- Real Imports of goods and services	1.4	-5.4	**-1.0**	**4.0**	3.5 - 4.5
Trade Balance (Bil.$)	6.7	24.6	**34.9**	**34.8**	34.3 - 35.3
- Export of goods (in USD)	-0.1	-0.3	**-5.6**	**0.1**	-0.4 - 0.6
- Import of goods (in USD)	-0.1	-8.5	**-11.5**	**0.2**	-0.3 - 0.7
Current Account (Bil.$)	-5.2	15.4	**29.7**	**29.4**	28.9 - 29.9
- Current Account (%GDP)	-1.1	3.8	**7.6**	**7.8**	7.3 - 8.3
Headline Inflation	2.2	1.9	**-0.9**	**0.3**	-0.2 - 0.8
Core Inflation	1.0	1.6	**1.1**	**0.9**	0.4 - 1.4