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Thailand's Economic Projections for 2023

“The Thai economy is expected to expand by 3.6 percent in 2023 mainly driven by the expansion of the tourism sector and lower inflation.

Nevertheless, monetary policies and financial institution issues of major trading partners should be closely monitored.”

Mr. Pornchai Thiraveja, Director General of the Fiscal Policy Office, and Spokesperson of Ministry of Finance (MOF), stated that “**Thai economy is anticipated to expand by 3.6 percent (within the range of 3.1 to 4.1 percent) in 2023**” continuously recover from 2022 where the economy expanded 2.6 percent. The improved consumption and the continued growth of tourism sectors, particularly from the increasing of Asian and European tourists, are the main supports in Thai economy growth. International tourists is forecasted to be 29.5 million tourists (164.6 percent YoY) and expected to generate income of 1.3 trillion baht (255.9 percent YoY). This will result in continuous growth of tourism sector and related service businesses, in line with the domestic economic recovery. Private consumption is anticipated to increase 4.1 percent (within the range of 3.6 to 4.6 percent) due to the recovery of household incomes and a reduced inflation rate, which helps increase consumption. Private investment is expected to rise 2.3 percent (within the range of 1.8 to 2.8 percent) based on higher confidence in overall domestic economy. However, the effects of high inflation rates, strict monetary policies, and problems in the financial institutions of major trading partners could lead to economic slowdown in early 2023. As a result, the export value of goods in USD is expected to slightly contract by -0.5 percent (within the range of -1.0 to 0.0 percent). Furthermore, government consumption is expected to reduce by -2.1 percent (within the range of -2.6 to -1.6 percent) and government investment is expected to grow 2.6 percent (within the range of 2.1 to 3.1 percent), partly due to the delayed budget expenditure in 2024 fiscal year.

Regarding internal stability, the headline inflation rate is expected at 2.6 percent within the range of 2.1 to 3.1 percent) adjusted within the inflation target of 1.0 - 3.0 percent due to lower global energy and oil prices which have eased the pressure on production costs. In terms of external stability, the service balance is expected to be surplus due to the growth of international tourists, leading to the current account balance potentially return to a surplus of 4.2 billion USD, equivalent to 0.8 percent of GDP.

Moreover, the Ministry of Finance Spokesperson also highlighted, “Thailand’s economic outlook could be affected by several factors. MOF gives special attention to both the pro and con considerations. Examples of supporting factors are 1) higher-than-expected foreign tourists 2) faster-than-anticipated decline in the inflation rate, which may boost domestic spending. On the other hand, examples of opposing factors are 1) the uncertainty of global economy, global financial market volatility from the strict monetary policy, and financial institutions issue of Thailand’s major trading partners especially in United States and European countries 2) the geopolitical conflicts across the world which may affect international security and supply chains of production factors”

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Major Economic Assumptions and Thailand's Economic Projections for 2023

	2021	2022	2023f	
			as of Apr 2023	
			Avg	Range
Projections				
1) GDP Growth Rate (percent y-o-y)	1.5	2.6	3.6	3.1 to 4.1
2) Real Consumption Growth (percent y-o-y)				
- Real Private Consumption (percent y-o-y)	0.6	6.3	4.1	3.6 to 4.6
- Real Public Consumption (percent y-o-y)	3.7	0.0	-2.1	-2.6 to -1.6
3) Real Investment Growth (percent y-o-y)				
- Real Private Investment (percent y-o-y)	3.0	5.1	2.3	1.8 to 2.8
- Real Public Investment (percent y-o-y)	3.4	-4.9	2.6	2.1 to 3.1
4) Export Volume of Goods and Services (percent y-o-y)	11.1	6.8	6.0	5.5 to 6.5
5) Import Volume of Goods and Services (percent y-o-y)	17.8	4.1	3.8	3.3 to 4.3
6) Trade Balance (USD billion)	32.4	10.8	10.0	7.0 to 13.0
- Export Value of Goods in USD (percent y-o-y)	19.2	5.5	-0.5	-1.0 to 0.0
- Import Value of Goods in USD (percent y-o-y)	27.7	15.3	-0.2	-0.7 to 0.3
7) Current Account (billion U.S.)	-10.6	-17.2	4.2	1.5 to 6.9
- Percentage of GDP	-2.1	-3.4	0.8	0.3 to 1.3
8) Headline Inflation (percent y-o-y)	1.2	6.1	2.6	2.1 to 3.1
Core Inflation (percent y-o-y)	0.2	2.5	2.2	1.7 to 2.7
Major Assumptions				
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	5.6	3.4	2.8	2.3 to 3.3
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	69.2	95.4	82.0	77.0 to 87.0
3) Exchange Rate (Baht per U.S. dollar)	32.0	35.1	33.2	32.2 to 34.2
4) Public Expenditure (Trillion Baht)	4.01	4.11	4.12	4.07 to 4.17
5) Number of foreign tourists (Million)	0.4	11.2	29.5	28.5 to 30.5

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