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### Thailand's Economic Projections for 2023

“The Thai economy is projected to expand by 3.5 percent in 2023, mainly driven by the growth of the tourism sector and robust domestic consumption supported by lower inflation.

Nevertheless, Thailand's major trading partners economic trends, as they may impact Thailand's export in the latter half of the year, along with the uncertainties arising from geopolitical tensions 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 3.5 percent (within the range of 3.0 to 4.0 percent) in 2023**” continuously recover from 2022 where the economy expanded 2.6 percent. The key drivers of this year's economy consist of improved consumption and the continued growth of tourism sectors, particularly from the increasing of Asian tourists, are the main supports in Thai economy growth. International tourists is forecasted to be 29.5 million tourists (164.2 percent YoY) and expected to generate income of 1.25 trillion baht (243.8 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 4.5 percent (within the range of 4.0 to 5.0 percent) due to the recovery of household incomes and a reduced inflation rate, which helps increase consumption. Private investment is expected to rise 2.6 percent (within the range of 2.1 to 3.1 percent) based on higher confidence in overall domestic economy. However, the tightening monetary policies from developed countries such as United States and European Union still have effects on Thailand's major trading countries. As a result, the export value of goods in USD is expected to experience a slight contraction of -0.8 percent (within the range of -1.3 to -0.3 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 2.2 percent (within the range of 1.7 to 2.7 percent), partly due to the delayed budget expenditure in 2024 fiscal year.

Regarding to Thailand's economic internal stability, the headline inflation rate is expected at 1.7 percent (within the range of 1.2 to 2.2 percent) due to lower global energy and government electricity subsidy which have eased the pressure on production costs. In terms of external stability, the service balance is expected to shift to a surplus, primarily driven by the strong growth of international tourists, leading to the current account balance potentially returning 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 influenced by several factors, and the following factors that should be closely monitored: 1) The potential for higher-than-expected and consistent recovery of foreign tourists particularly from China, Malaysia, South Korea, India, and Russia. 2) The global oil situation and its impact on the inflation rate in Thailand. 3) The global economic situation especially in United States and China. 4) Geopolitical tensions on a global scale, such as Russia-Ukraine war, the strategic competition between United States and China which could affect global supply chains and international trades.

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Macroeconomic Policy Division, Fiscal Policy Office  
Tel. 0 2273 9020 ext. 3296 / 3271

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

	2021	2022	2023f as of July 2023	
			Avg	Range
<b>Projections</b>				
1) GDP Growth Rate (percent y-o-y)	1.5	2.6	3.5	3.0 to 4.0
2) Real Consumption Growth (percent y-o-y)				
- Real Private Consumption (percent y-o-y)	0.6	6.3	4.5	4.0 to 5.0
- Real Public Consumption (percent y-o-y)	3.7	0.2	-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	2.6	2.1 to 3.1
- Real Public Investment (percent y-o-y)	3.4	-4.9	2.2	1.7 to 2.7
4) Export Volume of Goods and Services (percent y-o-y)	11.1	6.8	6.6	6.1 to 7.1
5) Import Volume of Goods and Services (percent y-o-y)	17.8	4.1	3.9	3.4 to 4.4
6) Trade Balance (USD billion)	32.4	10.8	8.7	5.6 to 11.8
- Export Value of Goods in USD (percent y-o-y)	19.2	5.5	-0.8	-1.3 to -0.3
- Import Value of Goods in USD (percent y-o-y)	27.7	15.3	-0.1	-0.6 to 0.4
7) Current Account (billion U.S.)	-10.6	-17.4	4.2	1.5 to 6.9
- Percentage of GDP	-2.1	-3.5	0.8	0.3 to 1.3
8) Headline Inflation (percent y-o-y)	1.2	6.1	1.7	1.2 to 2.2
Core Inflation (percent y-o-y)	0.2	2.5	1.5	1.0 to 2.0
<b>Major Assumptions</b>				
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	5.7	3.4	2.8	2.3 to 3.3
2) Dubai Crude Oil Price (U.S. dollar per Barrel)	69.2	95.4	79.0	74.0 to 84.0
3) Exchange Rate (Baht per U.S. dollar)	32.0	35.1	34.0	33.5 to 34.5
4) Public Expenditure (Trillion Baht)	4.01	4.12	4.11	4.01 to 4.21
5) Number of foreign tourists (Million)	0.4	11.2	29.5	28.5 to 30.5

As of July 2023

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