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Thailand's Economic Projections for 2024

“The Ministry of Finance projects Thai economy will expand by 2.4 percent in 2024, accelerating from 1.9 percent expansion in 2023.

The growth in 2024 is primarily attributed to the boost of the tourism sector, in addition to the supportive role of fiscal policy measures throughout the remainder of this year”

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 2.4 percent (within the range of 1.9 to 2.9 percent) in 2024.**” The growth is underpinned by the sustained expansion of the tourism sector and the supportive measures of fiscal policy throughout the remainder of the year. The international tourists are anticipated to reach 35.7 million tourists (increase by 26.7 percent) which will benefit the tourism industry and associated sectors. This positive outlook is set to bolster employment and household income, thereby bolstering business confidence. Private investment is projected to rise 3.7 percent (within the range of 3.2 to 4.2 percent), while private consumption is forecasted to increase 3.5 percent (within the range of 3.0 to 4.0 percent). Export value of goods in USD is expected to increase 2.3 percent (within the range of 1.8 to 2.8 percent), with a recovery anticipated in the latter half of the year. Import value of goods in USD is forecasted to expand 3.4 percent (within the range of 2.9 to 3.9 percent), primarily due to capital goods signaling the upward trend in private investment.

The economic projection has been revised downward compared to the projection at January 2024, which stood at 2.8 percent. The adjustment is attributed to 4 main factors which are 1) Exports have contracted more than anticipated, particularly in the industrial sector during the first quarter of 2024. 2) Manufacturing industry continues to contract, as evidenced by the Manufacturing Production Index (MPI), notably in the automotive and electronics sectors during the first quarter of 2024. 3) The agricultural sector has been impacted by drought and the El Niño phenomenon. 4) The fiscal sector persists in utilizing expenditure allocations according to the budget of 2023, causing a delay in economic stimulation.

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 9.3 billion USD, equivalent to 1.8 percent of GDP.

The Ministry of Finance Spokesperson mentioned that the upcoming period will benefit from the expedite of the fiscal 2024 budget which will drive economic activity and potentially accelerating growth for the rest of the year. Looking towards long-term economic development, the Ministry maintains a clear vision focusing on two key aspects: 1) Fiscal sustainability: Committed to prudent fiscal management, the Ministry emphasizes responsible government spending and managing public debt levels. 2) Elevating Thailand's economic potential: The focus is on regional and community-level development, building upon the eight pillars outlined in the government's Ignite Thailand policy framework. This involves promoting Thailand as a center for innovation and high-value industries by attracting foreign direct investment in production and technology sectors. Additionally, there is an emphasis on enhancing skilled labor through education reform and vocational training, thereby improving the country's manufacturing capabilities. Supporting these key initiatives is expected to foster sustained and stable economic growth in Thailand, positioning the nation as a regional leader in the future.

Furthermore, in case that the Digital Wallet Scheme can commence disbursement in the fourth quarter of 2024, it could significantly boost purchasing power and potentially lead the Thai economy to expand to 3.3 percent, assuming that the majority spendings are made within the end of 2024.

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. 2) The fluctuation in the global financial markets due to more restrictive monetary policies of Thailand's major trading partners and financial institutions, particularly in the United States and the European Union. 3) The economic recovery in Thailand's major trading partners, particularly China economy situation and its real estate issues.

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Major Economic Assumptions and Thailand's Economic Projections for 2024

	2023	2024f	
		as of Apr 2024	
		Avg	Range
Projections			
1) GDP Growth Rate (percent y-o-y)	1.9	2.4	1.9 to 2.9
2) Real Consumption Growth (percent y-o-y)			
- Real Private Consumption (percent y-o-y)	7.1	3.5	3.0 to 4.0
- Real Public Consumption (percent y-o-y)	-4.6	1.9	1.4 to 2.4
3) Real Investment Growth (percent y-o-y)			
- Real Private Investment (percent y-o-y)	3.2	3.7	3.2 to 4.2
- Real Public Investment (percent y-o-y)	-4.6	0.6	0.1 to 1.1
4) Export Volume of Goods and Services (percent y-o-y)	2.1	4.0	3.5 to 4.5
5) Import Volume of Goods and Services (percent y-o-y)	-2.2	2.8	2.3 to 3.3
6) Trade Balance (USD billion)	17.0	14.4	13.1 to 15.7
- Export Value of Goods in USD (percent y-o-y)	-1.7	2.3	1.8 to 2.8
- Import Value of Goods in USD (percent y-o-y)	-3.1	3.4	2.9 to 3.9
7) Current Account (billion U.S.)	7.0	9.3	6.7 to 11.9
- Percentage of GDP	1.4	1.8	1.3 to 2.3
8) Headline Inflation (percent y-o-y)	1.2	0.6	0.1 to 1.1
Core Inflation (percent y-o-y)	1.3	0.8	0.3 to 1.3
Major Assumptions			
1) Average Economic Growth Rate of Major Trading Partners (percent y-o-y)	3.2	3.1	2.6 to 3.6
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	36.0	35.5 to 36.5
4) Public Expenditure (Trillion THB)	3.99	4.08	4.03 to 4.13
5) Number of foreign tourists (Million)	28.2	35.7	35.2 to 36.2

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