NESDC ECONOMIC REPORT

Thai Economic Performance in Q4 and Outlook for 2024

Macroeconomic Strategy and Planning Division
Press Release 9.30 a.m. February 19, 2024

The Thai Economy in the fourth quarter expanded by 1.7 percent (%YoY), accelerating from a growth of 1.4 percent in the previous quarter. After seasonally adjusted, the economy decreased by 0.6 percent from the third quarter (%QoQ sa). **In 2023,** the Thai economy expanded by 1.9 percent, decelerating from a 2.5-percent expansion in 2022.

On expenditure side, private consumption and export of service continued to showed a solid expansion, while private investment accelerated. Export of good returned to grow. Meanwhile, government consumption expenditure and public investment contracted.

On the production side, accommodation and food service activities, wholesale and retail trade; repair of motor vehicles and motorcycles, and transportation and storage sector expanded. Nonetheless, manufacturing sector, agriculture, forestry, and fishing, and construction sectors contracted.

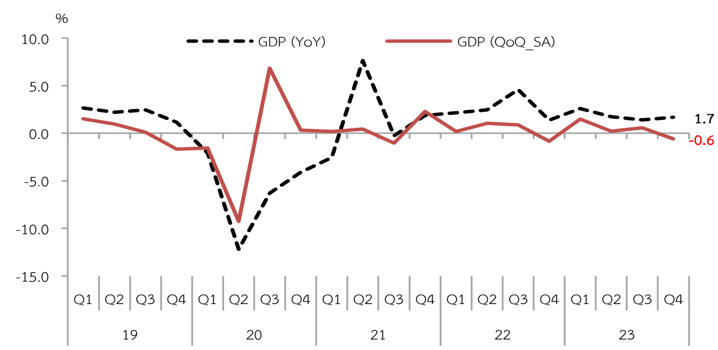
Economic Projection for 2024

(%YoY)	2022	2023					2024(f)
	Year	Year	Q1	Q2	Q3	Q4	Year
GDP (CVM)	2.5	1.9	2.6	1.8	1.4	1.7	2.2 - 3.2
Investment[1/]	2.3	1.2	3.1	0.4	1.5	-0.4	2.5
Private	4.7	3.2	2.8	1.4	3.5	5.0	3.5
Public	-3.9	-4.6	4.2	-2.1	-3.4	-20.1	-1.8
Private Consumption	6.2	7.1	5.9	7.3	7.9	7.4	3.0
Government Consumption	0.1	-4.6	-6.0	-4.3	-5.0	-3.0	1.5
Export of Goods[2/]	5.4	-1.7	-3.8	-5.0	-2.0	4.6	2.9
Volume[2/]	1.2	-2.9	-5.7	-5.3	-3.1	3.2	2.4
Import of goods[2/]	14.0	-3.1	0.5	-6.6	-10.7	6.1	4.4
Volume[2/]	1.2	-3.6	-3.5	-4.8	-10.4	5.3	3.2
Current Account to GDP (%)	-3.2	1.3	2.7	-0.8	2.1	1.2	1.4
Inflation	6.1	1.2	3.9	1.1	0.5	-0.5	0.9 - 1.9

Note: [1/] Investment means Gross Fixed Capital Formation
[2/] based on the Bank of Thailand's data

The Thai economy in 2023 grew by 1.9 percent, decelerating from 2.5 percent in 2022. The Thai economy in 2024 is projected to expand in the range of 2.2 – 3.2 percent (with the midpoint of 2.7 percent). Key supporting factors include: (1) the regaining in exports of goods in line with the global economic recovery; (2) the favorable growths of private consumption and investment; and (3) the continual recovery of tourism sector. Private consumption expenditure and private investment are expected to increase by 3.0 percent and 3.5 percent, respectively. Meanwhile, export value of goods in US dollar terms is anticipated to expand by 2.9 percent. Headline inflation is estimated to be in the range of 0.9 - 1.9 percent and the current account is projected to record a surplus of 1.4 percent of GDP.

Thai economy in Q4/2023



Source: NESDC

The economic management for the year 2024 should be prioritized on; (1) Monitoring, examination and scrutiny of market dumping measures as well as the utilization of unfair trade practices by major exporting countries, along with reassessing tax measures to ensure appropriateness and improving the stringency of the quality inspection process for import products; **(2) Enhancing production potential and bolstering the capacity of domestic entrepreneurs especially SMEs,** by prioritized on improving product quality standards through innovation, technology and creativity as the main catalyst for generating value-adding and creating product identity to align with evolving market demands and consumer behaviors.; **(3) Boosting the export of high-potential products that are experiencing growing demand in the global market,** such as health-related and eco-friendly goods as well as products that are expected to benefit from uncertainty from geopolitical conflicts including products that could leverage from trade protection measures, while expediting the development of industries involved in raw material and intermediate goods production domestically to effectively support the growth of targeted sectors and integrate domestic products into the global supply chain.; **(4) Expediting the entrepreneurs who already got approved and obtained investment promotion certificates in 2021 - 2023 to start their actual investments** alongside projects previously proposed for investment promotion, as well as accelerating the manufacturers who have acquired the factory licenses to hastily start their operations, especially the medium- and large-scale factories, to enhance production capacity, employment opportunities, and attract new investments.; **(5) Organizing domestic tourism promotion events** by creating a travel calendar throughout the year, and promoting the Long-Term Resident VISA (LTR) to attract foreign visitors with high potential and high purchasing power, particularly those considering long-term stays, as well as encouraging the tourists to spend more especially Asian, European, and North American tourists.; **(6) Carrying out measures to strengthen farmers' resilience through promoting and developing an efficient crop insurance scheme** to cushion the climate risks, along with improving farmers' income share from the tertiary products, as well as encouraging farmers to cultivate and use appropriate methods according to the terrain and alternate to high value-added production. In addition, these should be done along with promoting innovation to raise value-added and productivity in production, proper diversification of production risks, and supporting farmer competitiveness capacity.; **(7) Maintaining the growth momentum from public expenditure and investment,** by (i) accelerating the disbursement of carry-over budget and SOEs' budget during the FY2024 annual budget bill that has not yet enacted, (ii) precipitating the disbursement procedure of FY2024, together with preparing the project under the FY2024 budget to be ready for a procurement and disbursement after FY2024 annual budget bill is enacted, and (iv) scrutinizing the project achievement and monitoring for the fact that the FY2024 budget will be disbursed at least not less than 90.4 percent of the total budget, consisting of current budget of 97.0 percent, and capital budget of 65.0 percent, respectively.

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1. The Thai Economy in Q4/2023

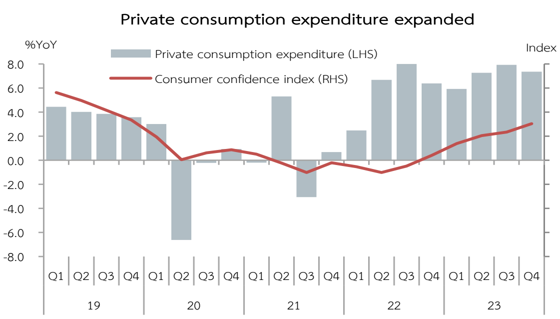
Expenditure Side:

In the fourth quarter of 2023, private consumption expenditures continually expanded as a high rate, private investment accelerated, while export of goods

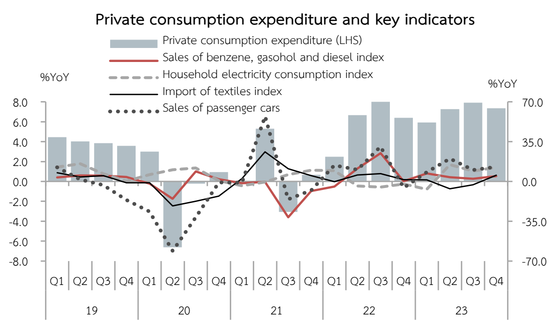
Private consumption expenditures expanded at a high rate of 7.4 percent, continuing from 7.9-percent growth in the previous quarter following the continued increase in all spending categories. The growth rate in this quarter was in line with an improvement of employment and the consumer confidence index which was the highest level in sixteen quarters. **The expenditure in services** expanded at a high rate of 12.8 percent, associated with a growth of the spending on restaurants & hotel and financial services growing by 35.4 percent and 7.9 percent, respectively. **The expenditure in non-durable goods** expanded at the highest rate in 37 quarters which was 4.5 percent, accelerated from 4.3-percent increase in the previous quarter mainly due to an accelerated growth of spending on food and non-alcoholic. Moreover, **the expenditure on durable goods** turned to expanded by 3.6 percent which was the highest rate in five quarters, compared with an 0.1-percent decrease in the previous quarter. This is in accordance with the purchase of vehicles growing by 4.1 percent, accelerated from 2.8-percent growth in the previous quarter. **The expenditure in semi-durable goods** rose by 0.3 percent, compared with a 1.2-percent expansion in the previous quarter, following a decelerated growth of spending on clothing & footwear. The consumer confidence index towards the economic situation rose to 55.2 from 51.7 in the previous quarter, remarked as the highest level in 16 quarters since the first quarter of 2020.

Private consumption expanded by 7.4 percent, continuing from 7.9 percent in the previous quarter, as a result of the growth in all spending categories

In 2023, private consumption expenditures expanded by 7.1 percent, accelerating from a 6.2-percent growth in 2022.



Source: NESDC, University of the Thai Chamber of Commerce

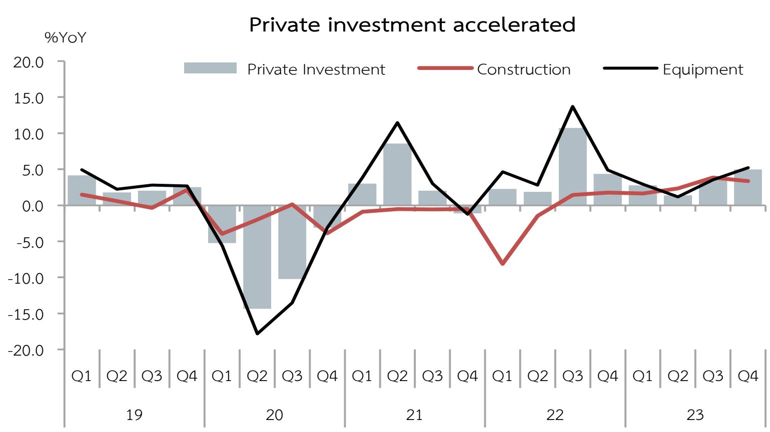


Source: NESDC, BOT, Department of Energy Business

Private investment expanded by 5.0 percent which the highest rate in five quarters, accelerating from 3.5 percent in the previous quarter. **The investment in equipment** grew by 5.2 percent, an increase from a 3.5-percent expansion in the previous quarter, following the surge of capital goods imports by 8.7 percent compared with a 3.0-percent rise in the prior quarter. Meanwhile, **the investment in construction** expanded by 3.4 percent, compared with a 3.8-percent growth in the previous quarter. This was mainly due to a continual growth in industrial plant, commercial building, and resident construction. The Business Sentiment Index (BSI) in this quarter stood at 49.0 reduced from 49.5 in the previous quarter, which below 50.0 for two consecutive quarters. Similarly, the Current Business Sentiment Indices in production sector dropped from 52.0 in the prior quarter to 51.6 in this quarter, associated with a slowing down in consumption rate both of domestic and global market.

Private investment expanded by 5.0 percent, accelerating from 3.5 percent in the prior quarter, the highest rate in five quarters following the acceleration of the investment in equipment.

In 2023, private investment expanded by 3.2 percent, a slowdown from a 4.7 percent growth in 2022. In details, the investment in equipment grew by 3.3 percent, compared with a 6.2-percent growth in 2022, while the investment in construction increased by 2.9 percent, rebounding from a 1.5-percent drop in 2022.



Source: NESDC

Thailand's newly motor vehicle registration

According to Thailand's new motor vehicle registration in 2023 retrieved from Department of Land Transport, the total newly vehicle registration in 2023 were 657,860 units, growing by 4.6 percent from 628,722 units in 2022 mainly due to a significantly growth in Battery Electric Vehicle: BEV registration. **The new BEV registration in 2023 was 76,538 units skyrocketed 695.9 percent from 9,617 units in 2022** whereas the new gasoline vehicle registration in 2023 was at 481,609 units reduced by 11.3 percent from 543,072 units in 2022. As a result, the proportion of BEV registration to total registration was 11.6 percent in 2023 from 1.5 percent in 2022.

The top 5 newly BEV registration by brands in 2023 were BYD (China) 30,467 units, Neta (China) 12,777 units, MG (China) 12,462 units, Tesla (US) 8,206 units, and GWM (ORA) (China) 6,746 units. This dramatic increase is mostly due to the implementation of the government's measures to stimulate domestic demand for electric vehicle via EV3.0 and EV3.5 measures. However, in 2023, the BEV production in Thailand was still in the early stage of investing in the factory construction and domestic production lines. Therefore, the BEV sales in 2023 were almost imported cars. Nevertheless, the Board of Investment: BOI's investment promotion measures for the modern automotive industry (Battery electric vehicle industry) have specified the proportion of BEV domestic production to substitute for imports such as 1 domestic production to 1 BEV imports in 2023 (1:1 ratio) and 1.5 domestic production to 1 BEV imports in 2024. Thus, if the production capacity of national BEV brand such as China or the US could comply with BOI's condition, this will promote Thailand as a significant electric vehicles and parts production base in the world.

Thailand's BEV registration classified by brand (unit)

Brand	Nationality	2022	2023	Share 2023 (%)
BYD	China	382	30,467	39.8
Neta	China	0	12,777	16.7
MG	China	3,166	12,462	16.3
Tesla	USA	422	8,206	10.7
GWM (ORA)	China	3,828	6,746	8.8
Others	-	1,819	5,880	7.7
Total		9,617	76,538	100.0

Source: Department of Land Transport

BEV capacity classified by brand

Brand	Nationality	Capacity (unit per year)
BYD	China	150,000
Neta	China	200,000
MG	China	100,000
Changan	China	100,000 – 200,000 (first phase 100,000)
GWM	China	80,000
GAC AION	China	unspecified

Source : Compiled by NESDC

Thailand's newly motor vehicle registration (unit)

Motor vehicle classified by fuel type	2021	2022	2023
Gasoline vehicle	489,510	543,072	481,609
%YoY	-7.3	10.9	-11.3
PHEV (Plug-in Hybrid Electric Vehicle)	7,060	11,116	11,692
%YoY	NA*	57.5	5.2
HEV (Hybrid Electric Vehicle)	34,339	62,137	84,474
%YoY	21.0	81.0	35.9
BEV (Battery Electric Vehicle)	1,967	9,617	76,538
%YoY	41.3	388.9	695.9
Natural gas vehicle (CNG/LPG)	1,922	2,780	3,547
%YoY	-59.1	44.6	27.6
Total registration	534,798	628,722	657,860
%YoY	-4.9	17.6	4.6
Proportion of BEV registration to total registration (percent)	0.4	1.5	11.6

Note: *no information of PHEV's registration in 2020

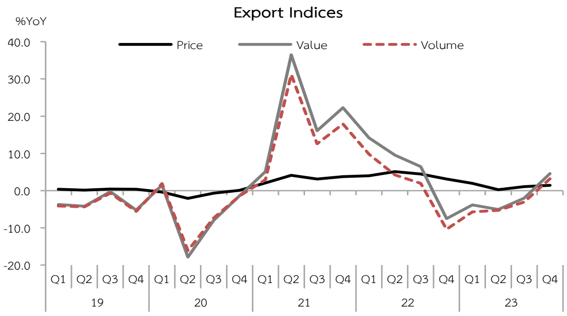
Source: Department of Land Transport

Exports in US dollar terms increased for the first time in five quarters, according to a recovery of manufacturing commodities. Export value in the fourth quarter of 2023 was recorded at 68.8 billion US dollars rose by 4.6 percent, compared with a 2.0-percent decrease in the prior quarter. **The export volume index** picked up by 3.2 percent, mainly owing to the improvement in the export volume of manufacturing products. **The export price index** increased by 1.4 percent, accelerating from a 1.1-percent increase in the previous quarter, following a soar in the export price of agricultural goods by 8.9 percent. Excluding unwrought gold, export value expanded by 3.5 percent. **In Thai Baht terms,** export value was recorded at 2,454 billion Baht, recovered by 2.5 percent, compared with a 5.3 percent fall in the prior quarter.

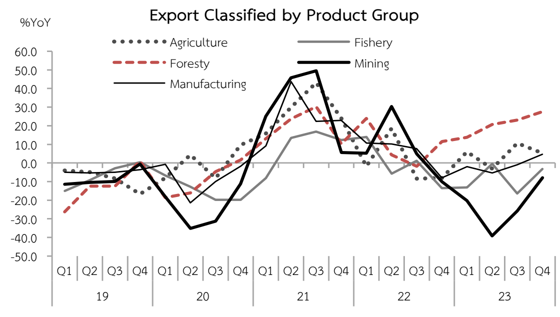
In 2023, export value stood at 280.2 billion US dollars, a 1.7-percent decrease compared with a 5.4-percent growth in 2022. The export volume index declined by 2.9 percent while the export price grew by 1.2 percent. In Baht terms, the export value was recorded at 9,758 billion Baht fell by 2.3 percent, a plunge from a 15.3-percent increase in 2022.

Export value in US dollar terms increased for the first time in five quarters by 4.6 percent, according to a recovery of manufacturing commodities.

Export value excluding unwrought gold rose by 3.5 percent.



Source: Bank of Thailand



Source: Bank of Thailand

Export value of agricultural commodities increased by 5.3 percent in line with the growth of export price by 8.9 percent while export volume dropped by 3.3 percent. Categorically, **rice** export increased by 43.8 percent, mainly to Indonesia, the US, and Philippines and **rubber** export rose by 6.5 percent mainly to China, and the US. However, **durian** export plunged by 51.7 percent, despite China as the main recipient market. **Export value of manufacturing products** grew for the first time in five quarters by 4.7 percent, due to a rise of export volume and export price by 3.9 percent and 0.8 percent respectively. Export items with increased value included computer (185.3 percent), refrigerators (23.3 percent), parts of electrical appliances (16.3 percent), metal & steel (14.7 percent), vehicle parts & accessories (10.7 percent), and petroleum products (52.2 percent). On the contrary, export items with decreased value included rubber products (-18.9 percent), computer parts & accessories (-4.9 percent), air conditioning machines (-28.8 percent), and passenger car (-7.3 percent). **Export value of fishery products** declined for five consecutive quarters by 3.3 percent, in line with a decrease in export volume by 4.2 percent, while export price rose by 1.0 percent. Export items with decreased value included shrimp, crab, crayfish, and lobster (-7.4 percent). **Export value of other products** rose by 95.0 percent, owing to a significant increase in unwrought gold by 98.0 percent.

Export value of agricultural commodities expanded according to an increase in exports of rice, and rubber.

Export value of manufacturing products grew for the first in five quarters.

Export value of fishery products decreased.

Export Value of Major Product in US Dollar Term

%YoY	2022					2023					Share Q4/23 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Agriculture	**1.0**	**-1.8**	**18.6**	**-8.4**	**-8.0**	**3.8**	**6.0**	**-3.0**	**10.6**	**5.3**	**6.4**
Rice	14.9	17.3	46.8	12.5	-2.0	29.3	24.4	18.3	27.0	43.8	2.4
Rubber	-7.9	6.2	3.0	0.2	-37.5	-29.2	-37.7	-40.2	-33.8	6.5	1.4
Durian	-7.7	-48.3	9.8	-53.1	96.4	28.1	218.9	19.6	87.8	-51.7	0.3
Other fruits	8.9	-1.9	73.3	-8.8	-9.8	15.7	12.7	-7.4	42.3	18.5	0.9
Manufacturing	**4.8**	**10.7**	**10.2**	**7.7**	**-8.0**	**-1.1**	**-2.0**	**-5.4**	**-1.0**	**4.7**	**89.7**
Food	18.0	27.4	29.3	21.5	-3.5	-2.8	3.3	-8.9	-6.2	1.6	7.2
- Sugar	92.4	184.2	116.8	121.2	-8.3	20.6	32.4	34.9	-3.7	15.5	0.9
- Crustaceans canned, or prepared	14.0	3.3	20.9	28.0	6.2	-7.2	-2.3	-10.8	-11.5	-3.7	1.1
- Meat of poultry, canned, or prepared	23.1	15.7	7.7	68.3	11.6	-6.3	-5.6	-6.2	-11.2	-1.7	1.0
- Tapioca & cassava starch	6.5	5.8	18.9	7.5	-3.2	-15.7	-29.9	-35.4	-2.3	6.0	0.7
Beverages	5.6	4.9	0.5	15.8	2.4	1.9	-1.5	3.9	-1.2	6.9	1.0
Rubber products	-12.6	-25.0	-13.1	-8.0	0.2	-13.1	0.3	-12.3	-22.2	-18.9	1.9
Animal food	15.8	26.3	21.6	22.0	-4.4	-13.6	-20.9	-24.6	-10.3	4.0	0.9
Electronics	3.7	17.1	2.5	5.0	-7.2	-3.7	-8.1	-6.1	-5.1	4.9	12.4
- Computer	0.6	67.6	-17.8	10.2	-31.4	97.8	19.2	205.5	51.6	185.3	0.8
- Computer parts & accessories	-11.1	15.1	-10.1	-13.2	-31.2	-24.1	-24.9	-29.6	-32.7	-4.9	3.9
- Integrated circuits & parts	9.3	17.7	9.4	11.0	0.5	4.1	-0.2	2.9	16.4	-2.7	3.2
Electrical appliances	2.7	7.4	-0.9	7.4	-2.8	4.0	4.6	9.3	2.1	-0.1	9.0
- Air conditioning machines	8.8	5.6	1.0	38.7	-1.6	-11.9	12.5	-5.1	-33.0	-28.8	1.4
- Refrigerators	-7.1	6.8	-3.3	-1.4	-30.7	-6.7	-18.8	-19.1	-0.5	23.3	0.7
- Parts of electrical appliances	13.4	4.9	3.8	13.5	31.7	31.4	27.2	44.8	40.6	16.3	3.2
Metal & steel	3.9	19.6	21.4	-3.4	-17.9	-7.0	-14.4	-19.1	-3.9	14.7	5.6
Automotive	-1.0	-5.8	-3.6	9.0	-2.3	7.6	10.3	5.3	13.5	1.5	15.6
- Passenger car	-29.8	-50.3	-48.3	-6.2	2.8	17.3	52.3	15.9	20.9	-7.3	2.8
- Pick up and trucks	-8.9	-28.8	-9.5	15.1	-4.8	17.5	36.4	22.2	14.0	1.6	3.2
- Vehicle parts & accessories	-0.2	3.5	1.9	2.3	-8.4	1.0	-8.3	-3.4	6.3	10.7	6.9
Machinery & equipment	6.3	6.6	7.9	11.2	-0.1	-0.8	-0.6	-1.5	0.8	-1.8	8.2
Jewellery	31.6	39.6	41.3	50.6	3.6	10.8	22.0	3.7	11.5	6.4	2.8
Chemicals & Petro-chemical Products	-3.2	18.8	4.8	-8.7	-23.7	-14.9	-21.8	-19.9	-12.7	-2.0	7.2
Petroleum products	14.5	23.5	64.4	10.2	-25.8	0.2	3.1	-29.4	-2.7	52.2	4.4
Medicinal and surgical equipment and supplies	-2.9	-4.5	1.3	2.6	-10.6	2.9	4.9	3.7	1.5	1.4	0.7
Toiletries and cosmetics	16.0	18.5	24.2	18.2	4.1	3.6	3.0	0.7	-1.1	12.5	1.3
Fishery	**-2.1**	**13.9**	**-5.8**	**1.1**	**-13.5**	**-8.5**	**-13.2**	**-0.4**	**-16.4**	**-3.3**	**0.6**
Crustaceans	-7.7	8.1	-12.0	-4.3	-16.9	-7.7	-11.2	8.7	-19.6	-7.4	0.3
Other Exports	**73.3**	**548.6**	**4.3**	**20.2**	**-24.7**	**-11.5**	**-37.3**	**-8.0**	**-8.7**	**95.0**	**2.2**
Non-monetary gold (excl. articles of goldsmiths)	81.2	681.8	-0.8	24.1	-22.9	-15.6	-46.9	-1.3	-9.9	98.0	2.2
Total Exports (Customs basis)	**5.7**	**14.8**	**10.8**	**6.7**	**-8.2**	**-1.0**	**-3.3**	**-5.2**	**-0.5**	**5.8**	**100.0**
Exports, f.o.b. (BOP basis)	**5.4**	**14.2**	**9.6**	**6.5**	**-7.5**	**-1.7**	**-3.8**	**-5.0**	**-2.0**	**4.6**	**98.5**
Export Value (exclude gold)	**4.3**	**9.3**	**9.8**	**6.2**	**-7.3**	**-1.4**	**-1.6**	**-5.1**	**-1.8**	**3.5**	**96.4**

Source: Bank of Thailand

Export markets: Exports to the main markets expanded, especially the US, China, ASEAN (9), Australia, Hong Kong and India, whereas exports to the markets such as EU (27), the UK, and Middle East (15) continuously decreased. On the one hand, **exports to the US** rose for three consecutive quarters by 10.2 percent, following an increase in exports of automatic data processing machines and parts, telephone and parts, and rubber products. **Exports to China** grew for two consecutive quarters by 0.4 percent, mainly due to a growth in exports of automatic data processing machines and parts, rubber, and woods and wood products. **Exports to ASEAN (5)** revived for the first time in five quarters by 15.6 percent as a result of a growth in exports to Singapore, Philippines, and Indonesia. **Exports to Australia** expanded for three consecutive quarters by 18.4 percent, supported by an increase in exports of motor cars and parts, polymers of ethylene, and automatic data processing machines and parts. **Exports to Hong Kong** grew for two consecutive quarters by 25.8 percent, in line with a growth in exports of automatic data processing machines and parts, electronic integrated circuits, and precious stones and jewelry. **Exports to India** rose for two consecutive quarters by 1.3 percent, following a growth in exports of chemical products, precious stones and jewelry, and iron and steel and products. On the other hand, **exports to Japan** dropped by 0.03 percent, following a fall in exports of chemical products, plastic products, and automatic data processing machines and parts. **Exports to CLMV** declined for five consecutive quarters by 8.9 percent, in line with a decrease in exports to Cambodia and Vietnam. **Exports to EU (27)** successively decreased for five quarters by 4.0 percent, due to a decline in exports of automatic data processing machines and parts, rubber products, and motorcycles and parts. **Exports to the UK** declined for two consecutive quarters by 16.8 percent, in line with a decrease in exports of prepared poultry, motorcycles and parts, parts of aircraft, and motor cars and parts.

Exports to the main markets expanded especially, the US, China, ASEAN (9), Australia, Hong Kong, and India.

Export Value to Key Markets in US Dollar Term

%YOY	2022					2023					Share Q4/23 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Total Exports (Mil US$) (Customs basis)	287,425	73,607	75,586	72,239	65,994	284,562	71,164	71,648	71,899	69,850	100.0
(%YoY)	5.7	14.8	10.8	6.7	-8.2	-1.0	-3.3	-5.2	-0.5	5.8	
United States	13.4	23.1	17.8	15.9	-1.3	2.8	-3.7	1.7	3.4	10.2	17.5
China	-7.6	4.1	-1.8	-17.7	-13.5	-0.8	-7.2	-0.5	4.3	0.4	11.2
Japan	-1.4	1.3	0.9	-0.3	-7.3	0.1	-0.3	-2.4	2.9	-0.03	8.3
ASEAN (9)	10.5	17.0	19.2	18.9	-10.4	-7.1	-3.0	-15.2	-12.7	4.6	24.0
- ASEAN (5)*	9.7	27.4	23.3	11.8	-17.3	-1.7	-1.1	-12.2	-5.5	15.6	14.5
- CLMV**	11.5	5.0	14.2	29.3	-0.3	-14.3	-5.7	-19.2	-22.0	-8.9	9.4
EU (27)	5.2	5.6	5.7	15.0	-4.7	-4.2	-1.2	-2.2	-9.2	-4.0	7.4
United Kingdom	15.6	18.1	-2.1	33.3	16.5	0.9	2.8	20.4	-0.4	-16.8	1.2
Middle East (15)***	21.7	16.6	29.1	33.0	10.5	-2.9	14.4	-9.8	-8.5	-6.3	3.8
- Saudi Arabia	24.9	5.4	17.0	36.2	42.3	29.3	47.8	22.7	35.1	15.4	1.0
- United Arab Emirates	23.1	20.4	30.6	47.1	0.7	-6.2	17.1	-16.8	-17.4	-4.4	1.2
Australia	2.1	-2.3	-3.4	17.8	-1.8	8.2	-9.0	15.4	9.0	18.4	4.8
Hong Kong	-13.0	5.0	-7.2	-22.6	-24.7	10.0	-3.3	-9.5	34.7	25.8	4.0
India	22.6	33.0	60.1	14.0	-5.9	-3.9	3.9	-19.4	1.6	1.3	3.4
South Korea	8.7	23.2	14.6	7.7	-9.7	-5.2	-0.7	-10.4	-11.3	3.8	2.0
Taiwan	1.0	9.7	8.3	-1.9	-11.3	1.6	-2.5	-7.3	5.2	13.6	1.8
South Africa	-6.4	-4.5	6.9	-14.5	-11.1	25.4	28.5	16.7	48.8	7.8	1.1

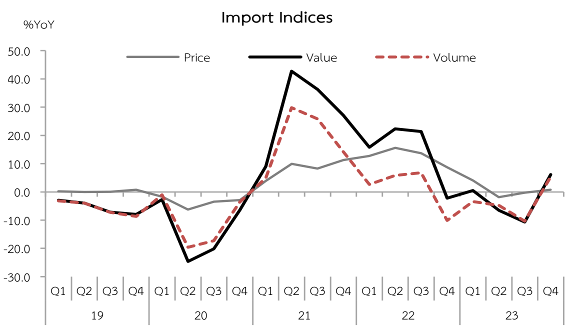
Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
*** Middle East (15) consist of United Arab Emirates, Bahrain, Egypt, Israel, Iraq, Iran, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Yemen

Source: Bank of Thailand

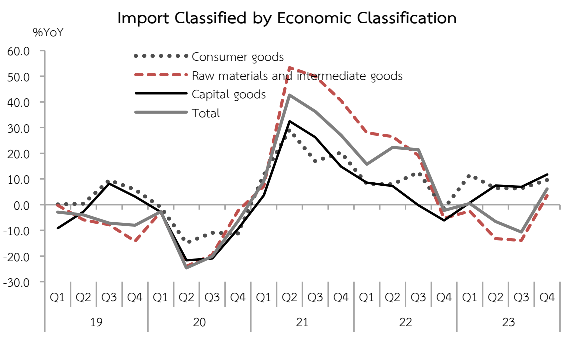
Import value in US dollar terms was recorded at 65.4 billion US dollars, which expanded for the first time in three quarters by 6.1 percent, compared with a 10.7-percent drop in the previous quarter. This is in accordance with an expansion in exports. Import volume increased by 5.3 percent, compared with a 10.4-percent drop in the previous quarter, while import price increased by 0.7 percent, compared with a 0.3-pecent drop in the previous quarter. Import values excluding the non-monetary gold (except for articles of goldsmiths) expanded by 6.3 percent, compared with a 7.6-percent drop in the previous quarter. **In Thai Baht terms,** the import value stood at 2,332 billion Baht, increasing by 4.1 percent, compared with a 13.7-percent downturn the previous quarter.

Import value in US dollar terms expanded for the first time in 3 quarters by 6.1 percent, compared with a 10.7-percent drop in the previous quarter.

In 2023, import value stood at 263 billion US dollars, decreasing by 3.1 percent compared with a 14.0-percent growth in the previous year. Import volume contracted by 3.6 percent while import price increased by 0.6 percent. **In Thai Baht terms,** import value was recorded at 9,161 billion Baht, decreasing by 3.8 percent compared with a 24.8 percent growth in the previous year.



Source: Bank of Thailand



Source: Bank of Thailand

By categories, the import value grew in all categories. The import value of consumer goods increased by 9.6 percent, accelerating from 6.4 percent in the previous quarter, which was in line with an increase of import volume by 7.6 percent, accelerating from 4.2 percent. In the meantime, import price increased by 1.9. Import items with increased value included food, beverage & dairy products, vehicles, and cellular phone, etc. **The import value of materials and intermediate goods** increased by 3.5 percent, compared with a 14.0-percent decline in the previous quarter. The import volume increased by 5.7 percent, compared with a 10.7-percent decline in the previous quarter, and import price decreased for three consecutive quarters by 2.1 percent. Import items with increased value include parts of electronics and electrical appliances, and crude oil, etc. **The import value of capital goods** increased by 11.8 percent, accelerating from 7.0 percent in the previous quarter. Import volume expanded by 11.6 percent, while import price increased by 0.2 percent. Import items with increased value included computer and aircrafts, ships, floating structures, and locomotive, etc. **The import value of other goods** increased by 3.8 percent, compared with a 47.7-percent decline in the previous quarter, due to an increase in imports of the non-monetary gold (excl. articles of goldsmiths) which increased by 2.5 percent.

Import Value of Major Product in US Dollar Term

%YoY	2022					2023					Share Q4/23 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Consumer goods	**6.5**	**8.1**	**8.0**	**12.7**	**-1.5**	**8.5**	**11.6**	**6.4**	**6.4**	**9.6**	**13.7**
- Exclude vehicles	5.3	9.3	8.7	9.4	-4.8	1.1	3.8	-1.9	-0.8	3.3	12.0
Food, beverage & dairy products	14.6	13.4	16.2	17.6	11.3	2.0	0.9	0.8	0.2	5.9	2.8
Vehicles	32.2	-12.2	-5.5	107.8	74.7	132.1	179.1	176.6	117.9	88.8	1.8
Cellular phone	-11.4	-17.7	8.1	35.4	-39.1	-5.1	-4.8	-25.0	-3.6	11.7	1.6
Medicinal and pharmaceutical products	-6.9	52.8	10.3	-39.4	-22.0	-9.9	-19.3	-9.7	0.9	-8.1	1.2
Raw materials and intermediate goods	**16.4**	**28.0**	**26.6**	**19.1**	**-5.2**	**-7.1**	**-2.5**	**-13.2**	**-14.0**	**3.5**	**62.7**
- Exclude fuel	5.7	16.0	11.5	4.3	-8.3	-5.7	-4.1	-11.7	-8.8	3.3	44.8
Parts of electronics and electrical appliances	8.8	19.9	14.9	7.7	-5.3	4.5	-0.8	-3.4	3.4	20.4	17.4
Crude oil	53.1	70.4	94.7	61.0	4.7	-7.8	3.8	-23.9	-18.4	15.4	12.4
Chemicals & petro-chemical products	6.6	18.6	14.3	5.4	-11.0	-15.4	-10.5	-21.4	-20.6	-6.7	8.2
Materials of base metal	-0.5	18.3	13.5	-8.6	-22.6	-16.7	-14.6	-26.6	-18.3	-2.5	7.4
Capital goods	**2.1**	**8.6**	**7.3**	**-0.1**	**-6.2**	**6.7**	**0.8**	**7.5**	**7.0**	**11.8**	**18.9**
Other machinery and mechanical appliances & parts	2.1	8.3	3.4	-0.7	-2.4	-1.3	-4.1	1.4	-1.7	-0.8	7.3
Computer	-15.7	21.3	-12.7	-19.8	-37.6	56.2	-16.3	111.9	17.3	142.1	2.0
Aircrafts, ships, floating structures, and locomotive	11.3	26.5	68.4	9.3	-28.6	19.5	18.5	-5.4	17.7	55.9	1.9
Transformers, generators, motors and accumulators	6.7	7.3	9.9	7.3	2.6	2.1	6.0	3.0	-0.2	-0.5	1.8
Measuring, checking and precision instruments	-0.1	-6.1	1.0	1.7	3.5	1.3	6.3	0.3	-1.6	0.7	1.3
Other Imports	**21.4**	**-42.9**	**49.9**	**138.1**	**14.8**	**-22.5**	**-13.5**	**-13.3**	**-47.7**	**3.8**	**4.7**
Non-monetary gold (excl. articles of goldsmiths)	32.0	-54.1	103.6	245.8	23.4	-29.4	-24.2	-15.2	-55.5	2.5	3.4
Other imports, n.i.e.	-2.2	9.9	-12.4	-1.0	-3.7	-1.7	7.4	-8.2	-12.3	7.5	1.3
Total Imports (Customs basis)	**12.8**	**16.3**	**21.5**	**18.9**	**-4.1**	**-3.7**	**-0.7**	**-7.7**	**-10.7**	**5.8**	**100.0**
Imports, f.o.b. (BOP basis)	**14.0**	**15.8**	**22.3**	**21.4**	**-2.3**	**-3.1**	**0.5**	**-6.6**	**-10.7**	**6.1**	**90.7**
Imports, f.o.b. (excl. gold)	**13.4**	**21.2**	**20.7**	**16.3**	**-3.1**	**-2.0**	**1.2**	**-6.3**	**-7.6**	**6.3**	**87.3**

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices %YoY	2022					2023		
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Consumer goods	1.6	3.5	2.2	6.9	-5.3	6.5	4.0	4.2
Raw materials and intermediate goods	1.3	7.9	6.0	3.8	-12.3	-2.3	-6.6	-10.7
Capital goods	-0.7	5.0	3.4	-3.2	-7.2	-0.3	7.0	6.9
Total Imports	**1.2**	**2.7**	**5.8**	**6.8**	**-10.1**	**-2.6**	**-4.0**	**-10.4**

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices %YoY	2022					2023		
	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Consumer goods	4.9	4.4	5.7	5.4	4.0	4.3	2.3	2.1
Raw materials and intermediate goods	15.0	18.6	19.4	14.7	8.0	1.2	-5.8	-3.7
Capital goods	2.9	3.3	3.8	3.2	1.1	1.0	0.4	0.0
Total Imports	**12.7**	**12.8**	**15.6**	**13.7**	**8.8**	**4.8**	**-1.1**	**-0.3**

Source: Bank of Thailand

Term of trade increased, this was due to the export price increased by 1.4 percent, faster than the import price which increased by 0.7 percent. Thus, the term of trade was at 97.6, increasing from 97.0 in the same quarter of last year and 97.4 in the previous quarter.

Term of trade increased.

In 2023, term of trade stood at 97.4, compared with 96.8 in 2022 This was due to export price increased by 1.2 percent, faster than the import price which increased by 0.6 percent.

Trade balance in the fourth quarter of 2023 was recorded a surplus of 3.5 billion US dollars, lower than a surplus of 5.4 billion US dollars in the previous quarter and a surplus of 4.2 billion US dollars in the same quarter last year. In Baht terms, trade balance recorded a surplus of 122.6 billion Baht, lower than a surplus of 191.8 billion Baht in the previous quarter and a surplus of 152.8 billion Baht in the same period last year.

Trade surplus stood at 3.5 billion US dollars, lower than a surplus recording in the previous quarter and the same period last year.

In 2023, trade balance was recorded a surplus of 17.0 billion US dollars, (597.8 billion Baht), higher than a surplus of 13.5 billion US dollars (465.2 billion Baht) in 2022.

Term of trade

%YoY	2022					2023				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Term of trade*	96.8	98.5	96.0	96.0	97.0	97.4	96.5	98.0	97.4	97.6
%YOY	-7.8	-7.8	-9.1	-8.4	-6.1	0.6	-2.0	2.2	1.4	0.6

Note : *Term of trade : TOT represents the ratio between a country's export prices and its import prices. When Term of trade improves, it refers to a country that gains benefit from international trade due to export prices higher than import prices.

Source: Bank of Thailand

Situation of Major Export Products in 2023

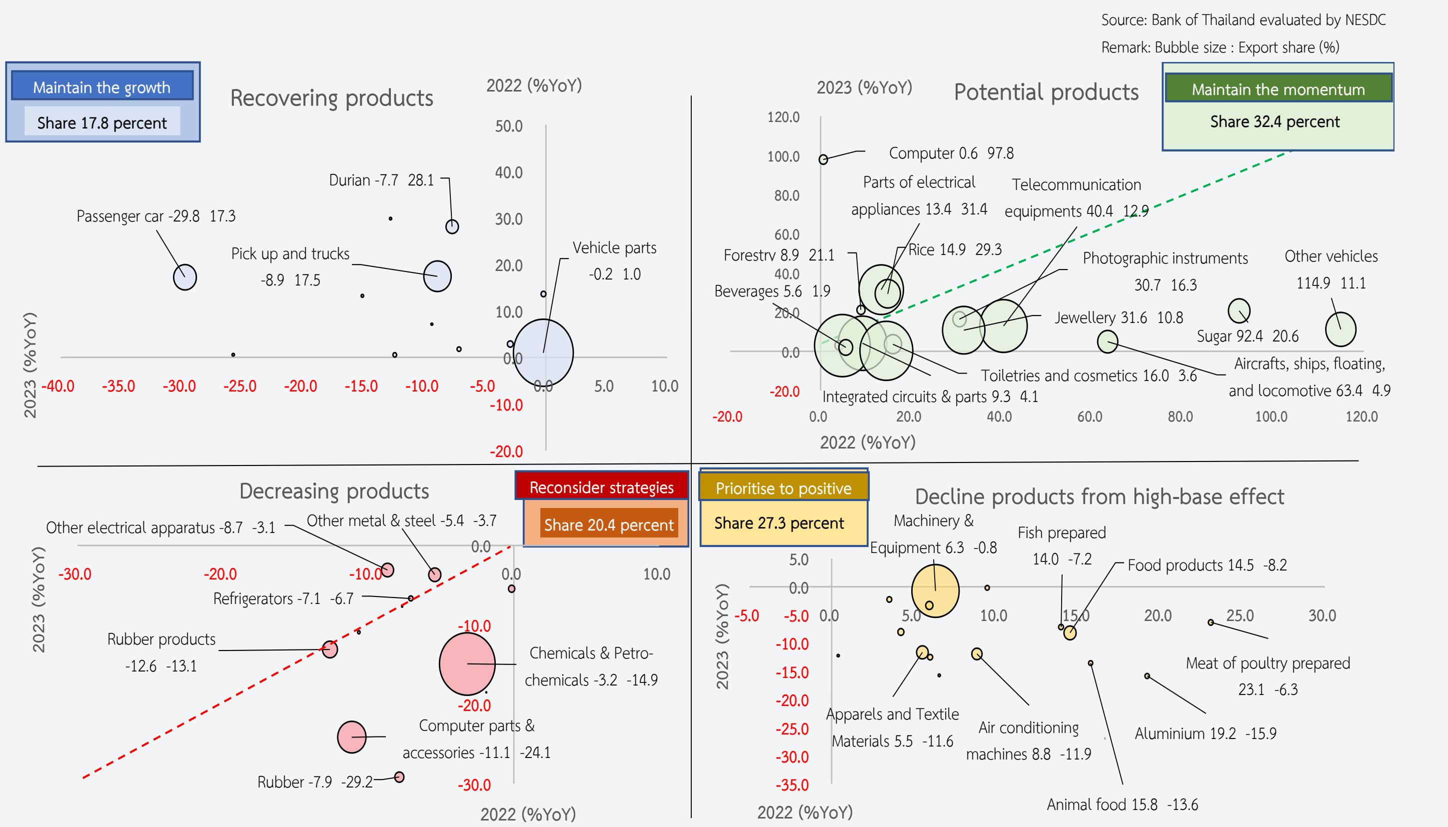
Overall, export value in 2023 decreased by 1.7 percent, compared with a 5.4-percent growth in 2022, in line with the economic slowdown in key trading partners' economies. Categorically, some products still rose continuously which reflects high potentiality and global' s demand whereas some goods continually decreased. According to the change in the main export products between 2023 and 2022, the products **could be segregated into 4 groups, 1) Potential products**, **2) Recovering products**, **3) Decline products from high-base effect** last year, and **4) Decreasing products**. The details were as follows:

1) Potential products (export value increased both of 2023 and 2022): **accounting for 32.4 percent share**. These products include computer, parts of electrical appliances, rice, integrated circuits & parts, jewelry, and telecommunication equipment. This indicates increasing external demand especially, in the US (rice, part of telephone, vehicles, computer, and electrical equipment) and Japan (electronic integrated circuits, electrical equipment, beauty preparations, woods and wood products). However, these products still need to maintain the market's momentum by controlling the quality product as well as seeking new export markets. Consequently, these potential products will sustain the growth and be more participated in the global supply chain in the future.

2) Recovering products (export value returned to expand in 2023 from decreased in 2022): **accounting for 17.8 percent share**. Products such as durian, passenger car, pickup and trucks, as well as vehicle parts & accessories, illustrated the return of demand in key trading partners, typically in Australia (pick-up car), and China (durian). Hence, the appropriate measures should maintain the growth by engaging with the existing export markets and exploring alternatives, together with improving the product's quality and standard. Owing to these measures, the product's competitiveness will rise and develop into sustained-growth products in the long term.

3) Decline products from high-base effect (export value dropped in 2023 while grew in 2022): **accounting for 27.3 percent share**. The products were mainly machinery & equipment, air conditioning machines, animal food, fish prepared, poultry prepared, and aluminium, due to the decreased demand in major trading partners especially in the US (air conditioning machines, animal food, fish prepared, and aluminium). However, the recovery of global demand in the next period should revive the product's export. Moreover, supporting measures, for example, promoting campaigns, solving issues such as the import product requirements imposed by recipient countries, and diversifying of export market, can reduce the fluctuation of export growth in the long run.

4) Decreasing products (export value decreased in both 2023 and 2022) **accounts for 20.4 percent** of total export value. The products include rubber products, chemicals & petro-chemicals, parts of computer, and rubber, since the demand of major trade partners dropped, especially, in China (rubber products, chemicals & petro-chemicals, computer parts & accessories, and rubber) as the impact of China's economic slowdown and more self-sufficient policy of China. As a result, these products needed to be closely monitored for reconsidering or changing export strategies as well as leveraging the potential of production to be more responsive to the demand in the global market.



Production Side:

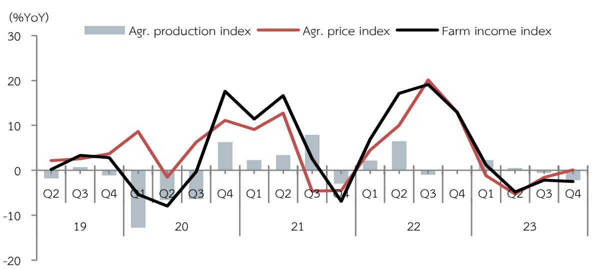
Accommodation and food service activities, wholesale and retail trade; repair of motor vehicles and motorcycles, and transportation and storage sector expanded. Nonetheless, manufacturing sector, agriculture, forestry, and fishing, and construction sector contracted.

Agriculture, forestry, and fishing decreased by 0.8 percent, following a decrease in major crops. Meanwhile Agriculture Price Index returned to expand for the first time in four quarters. The contraction in Agricultural Production Index led to a decline in Farmer Income index for three consecutive quarters.

Agriculture, forestry, and fishing sector declined by 0.8 percent, compared with a 1.1-percent increase in the previous quarter due to the unfavorable weather conditions affecting the production of major crops to decrease especially oil palm, fruits, cassava, sugarcane, and paddy. Additionally, the fishery sector declined for the second consecutive quarter. Meanwhile, livestock sector continued to expand for the sixth quarters. This was in line with the **Agricultural Production Index** which decreased by 2.2 percent, compared with a 0.6-percent decrease in the previous quarter. Major agricultural products with production contraction included: (i) **oil palm** (-18.3 percent) due to the drought affecting production per areas, (ii) **fruits** (-10.0 percent) especially durian (-37.2 percent) as a result of the unfavorable weather condition, (iii) **cassava** (-14.0 percent) due to the outbreak of diseases and pests, (vi) **sugarcane** (-11.1 percent) owing to the dry spells and drought, and (v) **paddy** (-3.7 percent) due to a prolonged period of dry spells and drought during the growing season, lower water levels compared to the previous year, and the outbreak of diseases such as rice blast disease and cotton thrips. However, major agricultural products with production expansion included: **swine** (20.5 percent), cattle (15.3 percent) and maize (6.5 percent). Meanwhile, the **Agricultural Price Index** returned to expand for the first time in four quarters by 0.1 percent, following increased price index of major agricultural products, such as (i) **paddy** (16.0 percent), (ii) **rubber** (11.4 percent), (iii) **cassava** (12.5 percent), (iv) **sugarcane** (11.4 percent), and (v) **oil palm** (5.6 percent). Nonetheless, some major agricultural products with decreased prices included swine (-37.3 percent), **fruits** (-6.2 percent) and **poultry** (-10.5 percent). Consequently, the contraction in agricultural production index led to a decline in **Farm Income Index** for three consecutive quarters by 2.5 percent.

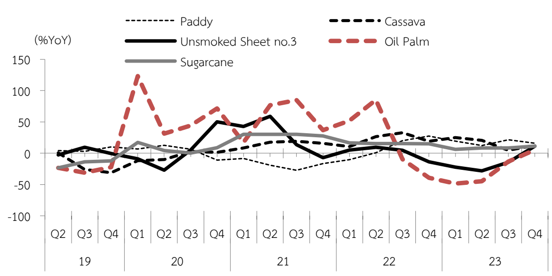
In 2023, agriculture, forestry, and fishing sector increased by 1.9 percent, compared with a 2.5-percent in 2022. In detail, Agricultural Production Index decreased by 0.3 percent. Agricultural Price Index decreased by 2.1 percent and Farm Income Index decreased by 2.0 percent.

Farm Income Index decreased by 2.5 percent due to the decrease of agricultural production index



Source: Office of Agricultural Economics

The agricultural prices of all products increased



Source: Office of Agricultural Economics

Manufacturing sector continued to decline for the fifth consecutive quarter by 2.4 percent, continuing from a 4.4-percent contraction in the previous quarter, following a decline in manufacturing production of the industries with 30-60 percent export share to total production and production of export-oriented industries (with export share more than 60 percent to total production).

Manufacturing sector continued to decline for the five consecutive quarters by 2.4 percent, continuing from a 4.4-percent contraction in the previous quarter, following a decline in manufacturing production of the industries with 30-60 percent export share to total production and production of export-oriented industries (with export share more than 60 percent to total production). This was in line with the decline in the Manufacturing Production Index (MPI) by 5.1 percent compared with a 6.3-percent decrease in the previous quarter. **Manufacturing Production Index of the industries with 30 - 60 percent export share to total production** decreased for the third consecutive quarter by 11.0 percent, continuing from a 6.5-percent decline in the previous quarter. The main decline in production was manufacture of motor vehicles, continually decreasing by 13.9 percent from 5.1 percent in the previous quarter, following a decline in domestic demand. Commercial vehicle production decreased by 31.6 percent, and passenger car production decreased by 10.5 percent, respectively. Additionally, manufacture of sugar decreased by 20.1 percent compared with a 35.8-percent increase in the previous quarter, following the decline in the production of refined white sugar and raw sugar, along with delays in the opening of sugar mills for the 2023/2024 production season (from December 10th, 2023 to January 5th, 2024) for all 57 sugar mills. **Manufacturing Production Index of the industries of the export-oriented industries with export share more than 60 percent to total production** decreased continuously for the eighth consecutive quarter by 9.9 percent, continuing from a 12.0-percent decline in the previous quarter. The main decline in production was manufacture of electronic components and boards declining for the fifth consecutive quarter by 15.7 percent, compared with 14.9 percent in the previous quarter, in line with decreased demand from global markets such as Singapore (-16.9 percent), Japan (-56.8 percent) and Germany (-4.9 percent), and manufacture of computers and peripheral equipment dropping for the tenth consecutive quarter by 18.7 percent, continuing from a 29.0-percent decrease in the previous quarter due to reduced production of hard disk drive and printers. **Manufacturing Production Index of the domestic-oriented industries with export share less than 30 percent to total production** showed the first expansion in five quarters by 1.7 percent, compared with a 1.0-percent decline in the previous quarter. This was mainly due to an increase manufacture of refined petroleum products by 18.7 percent, compared with a 0.3-percent rise in the previous quarter, partly due to the low base in the same quarter last year from the shutdown of maintenance at some oil refineries and the gradual recovery of domestic consumption of refined oil and chemical fertilizer production. Additionally, manufacture of fertilizers and nitrogen compounds expanded by 30.3 percent, compared with a 3.6-percent increase in the previous quarter, due to the increase in domestic demand for ready-made chemical fertilizers. Nonetheless, manufacture of basic iron and steel decreased for the eighth consecutive quarter by 10.0 percent, continuing from a 0.2-percent decline in the previous quarter, in accordance with the reduction of steel production capacity among enterprises, which opted to import cheap steel from global markets, such as China (13.9 percent) and Taiwan (8.3 percent).

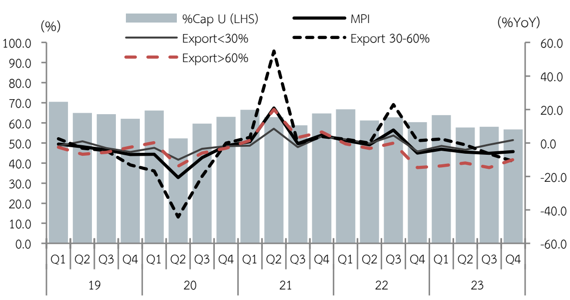
Meanwhile, the production of the domestic-oriented industries (with export share less than 30 percent to total production) showed the first expansion in five quarters.

The average capacity utilization rate in this quarter was 56.72 percent, lower than 58.02 percent in the previous quarter and 60.32 percent in the same quarter of the previous year. Out of 30 industries, only one industry had capacity utilization above 80 percent, which was manufacture of refined petroleum products (85.25 percent). Meanwhile, 14 industries had capacity utilization below 50.00 percent, including manufacture of soft drinks and production of mineral waters and other bottled waters (48.45 percent), manufacture of other general-purpose machinery (47.32 percent), and manufacture of palm oil (46.60 percent), etc.

The average capacity utilization rate was at 56.72 percent, lower than the 58.02 percent in the previous quarter and 60.32 percent in the same quarter last year.

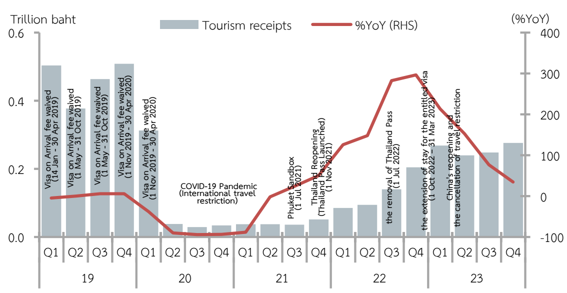
In 2023, the manufacturing sector decreased by 3.2 percent, compared with a 0.7-percent increase in 2022, with the average capacity utilization rate standing at 59.06 percent, lower than an average of 62.76 percent in 2022.

Manufacturing Production Index decreased by 5.1 percent and the capacity utilization rate averaged at 56.72 percent.



Source : Office of Industrial Economics

Services receipts of Tourism for Q4/2023 Stood at 0.277 Trillion baht or increase by 34.8 percent.



Source: Bank of Thailand

Accommodation and food service activities sector maintained continuous expansion of 10.0 percent, continuing from a 15.0-percent increase in the previous quarter. This expansion aligned with a high growth rate of international tourist arrivals and a continual expansion of domestic tourism (Thai Teaw Thai). In this quarter, **the number of foreign tourists stood at 8.095 million people** (shared of 82.45 percent of pre-COVID-19 outbreak period), **compared with a 49.1-percent growth from the same quarter of the previous year.** The top three international arrivals were from Malaysia 1.289 million people (shared of 15.92 percent), China 1.028 million people (shared of 12.69 percent) and Russia 0.491 million people (shared of 6.06 percent). This trend aligned with an increase in the number of flights and routes offered by international airlines, along with the exemption of travel visas for Chinese and Kazakhstan tourists staying in Thailand for 30 days (from 25th September 2023 to 29th February 2024). **International tourism receipts[1] stood at 2.77 hundred billion Baht** (shared of 56.77 percent of pre-COVID-19 outbreak period), rising for the tenth consecutive quarter by 34.8 percent. **The top international arrivals by region in this quarter** mainly came from Asia and the Pacific 5.606 million people (shared of 69.24 percent), rose by 54.6 percent, Europe 1.907 million people (shared of 23.56 percent), rose by 38.5 percent, and the Americas 0.405 million people (shared of 5.00 percent), rose by 32.4 percent, respectively. **The domestic tourism by Thai travelers (Thai Teaw Thai) increased continuously at a high rate of 14.3 percent,** driven by many extended holidays and tourism promotion measures through festivals and annual events in each province. The top three most visited provinces (excluding Bangkok) by Thai tourists consisted of Kanchanaburi 3.631 million people (shared of 5.44 percent), Chonburi 3.430 million people (shared of 5.14 percent) and Phetchaburi 2.814 million people (shared of 4.22 percent).

Accommodation and food service activities sector has expanded for the eighth consecutive quarter by 10.0 percent, driven by a favorable growth in foreign tourist arrivals and a continual expansion of domestic tourism.

The total amount of tourism revenue in this quarter stood at 5.12 hundred billion Baht which rose by 30.8 percent.

[1] International tourism receipts refer to Service receipt of Tourism from the balance of payment table. (source: Bank of Thailand)

Thai tourism receipts[2] stood at 2.35 hundred billion Baht, rising for the eighth consecutive quarter by 26.4 percent, compared with a 29.0-percent expansion in the previous quarter. The top three highest real income (excluding Bangkok) by Thai tourists consisted of Chonburi (shared of 9.75 percent), Chiang Mai (shared of 7.30 percent) and Chiang Rai (shared of 4.85 percent), respectively. An increase in both international and domestic tourism receipts led to the **total amount of tourism revenue[3] in this quarter reaching 5.12 hundred billion Baht, rising by 30.8 percent. The average occupancy rate stood at 73.55 percent,** which was higher than the 66.16 percent in the previous quarter, and higher than the 62.64 percent in the same period last year.

The average occupancy rate was 73.55 percent, which was higher than an average of 66.16 percent in the previous quarter and 62.64 percent in the same period of the last year.

In 2023, the accommodation and food service activities sector expanded by 18.0 percent, compared with a 34.5-percent increase in the same period last year. The number of foreign tourists stood at 28.150 million people, increasing by 154.4 percent. The total amount of tourism revenue was 1.892 trillion Baht, marking an increase of 62.0 percent. The average occupancy rate was 69.22 percent, higher than the 47.93 percent in 2022, and the highest in four years.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector increased for the eleventh consecutive quarter by 5.1 percent, accelerating from 3.3 percent in the previous quarter, following an expansion of household spending and the tourism sector. This was in line with an increase in Wholesale and Retail Sales, and Repair of Motor Vehicles Composite Index. In detail, (1) **Retail Sales Index (except motor vehicles and motorcycles)** expanded at a high rate of 17.9 percent due to an increase in other categories of retail stores, such as jewelry stores, cosmetics shop and pharmaceutical and medical supply stores, etc., and retail sales categories in general stores, especially, retail sales in discount stores/supercenters/hypermarkets (2) **Wholesale Index (except motor vehicles and motorcycles)** decreased by 3.9 percent as a result a decline in other specific wholesale categories (such as wholesale of iron, steel, and basic non-ferrous metals), wholesale of industrial chemicals) and wholesale of household products such as the wholesale of electrical appliances and electronics and wholesale of pharmaceutical products. (3) **Wholesale and Retail Sales, and Repair of Motor Vehicles Index** decreased by 12.2 percent, following a decrease in every category, such as automotive sales and the sales category for automotive parts and accessories.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector increased by 5.1 percent for the eleventh consecutive quarter, in tandem with an improvement in domestic consumption and tourism-related service sector.

In 2023, the wholesale and retail trade; repair of motor vehicles and motorcycles sector, expanded by 3.8 percent, compared with a 3.7-percent growth in 2022.

Transportation and storage sector increased by 6.7 percent, compared with 7.1 percent in the preceding quarter. This was in line with the increase in Transportation Services Composite Index, attributed to (i) a 2.5-percent increase in water transport services, accelerating from a 0.1-percent growth in the previous quarter, aligning with the increase in the container volume index and the volume of international shipping on Thai water transport, along with an increase in the water passenger volume index; (ii) a 14.3-percent growth in air transport services, decelerating from a 20.0-percent expansion in the previous quarter, following the slowdown in the passenger air transportation volume index. Meanwhile, the volume of air freight transportation continued to grow for the second quarter; and (iii) a 2.9-percent increase in land transport and transport via pipelines services, decelerating from a 6.4-percent expansion in the previous quarter, in line with the slowdown in the volume of land passenger transport. This corresponded to the slowdown in the volume of Bangkok metropolitan mass transit train (BTS/MRT) passengers and public transport users as well as the consumption of liquefied petroleum gas and gasoline. Meanwhile, the volume of land transport returned to expand for the first time in four quarters, in line with the increase in diesel fuel consumption for vehicles. Additionally, warehousing and support activities for transportation rose by 12.3 percent, compared with 9.4 percent in the previous quarter, and postal and courier activities increased by 11.8 percent, compared with 4.6 percent in the previous quarter.

Transportation and storage sector continued to grow for the eighth quarter by 6.8 percent, but decelerating from the previous quarter. This was in line with the slowdown in Air Transport Services.

In 2023, the transportation and storage sector increased by 8.4 percent, compared with a 8.0-percent increase in 2022. Transport services attributed to a 29.5-percent increase in air transport services, a 6.5-percent increase in land transport and transport via pipelines services and a 0.2-percent increase in water transport services, respectively. Additionally, warehousing and support activities for transportation rose by 10.5 percent, and postal and courier activities expanded by 7.8 percent.

[2] Thai tourism receipts refer to Domestic Tourism Statistic. (source: Ministry of Tourism & Sports)

[3] The total amount of tourism revenue refers to an aggregation of the international tourism receipts and Thai tourism receipts.

Construction sector decreased by 8.8 percent, compared with a 0.5-percent increase in the previous quarter, following the decline in public construction, especially government construction. Nevertheless, private construction continued to increase for the fifth quarter. In this quarter, **public construction** continued to decline in the third quarter by 18.4 percent, compared with a 1.8-percent decline in the previous quarter. Government construction continued to decline in the third quarter by 30.9 percent, following a decrease in disbursement of capital expenditures, due to the delayed in the enactment of the Budget Act for fiscal year 2024, while construction of state enterprises continued to increase for the seventh quarter, 9.8 percent, in accordance with the progress of important infrastructure development such as the MRT Purple Line Project, Tao Poon - Rat Burana section (MRTA), and the Transmission and Distribution System Development Project Phase 2 (PEA). Meanwhile, **private construction** continued to increase for the sixth quarter by 3.4 percent, compared with a 3.8-percent increase in the previous quarter, according to the expansion of construction of non-residential buildings, especially factory, commercial buildings, and residential construction (such as condominiums and single detached houses). **Construction material price index (CMI)** continued to decrease for the third consecutive quarters by 0.2 percent, following a decrease in the price of steel (-2.9 percent) and prices of other construction materials. such as asphalt and aluminum products (-2.1 percent), while prices of concrete and cement increased 1.1 percent and 0.7 percent, respectively.

Construction sector decreased by 8.8 percent following a decrease in government construction. Meanwhile, private construction continued to increase for the sixth quarter. Construction Material Price Index (CMI) continued to decrease for the third quarter by 0.2 percent, mainly due to the decrease in steel prices.

In 2023, the construction sector decreased by 0.6 percent, compared with a 2.4-percent decrease in 2022. Public construction decreased by 3.3 percent with government construction decreased by 6.2 percent, while state-owned enterprise construction increased by 2.4 percent. Besides, private construction increased by 2.9 percent.

Employment rose continuously for the fourteenth consecutive quarter, following an increase in both non-agricultural and agricultural employment. This was in accordance with the continual decline in the unemployment rate, reaching the lowest level in 32 quarters. In the fourth quarter of 2023, the number of employed persons increased to 40.27 million people, an expansion of 1.7 percent, compared with an increase of 1.3 percent in the previous quarter, which was classified as employed Thais of 37.66 million (93.51 percent of total employment), an increase of 2.9 percent, and employed foreigners of 2.61 million people (6.49 percent), a decrease of 12.7 percent. **Non-agriculture employment** (69.22 percent share) continued to increase for the seventh consecutive quarter by 1.8 percent, in accordance with an increase in employment in accommodation and food service activities, construction and wholesale and retail trade; repair of motor vehicles and motorcycles sectors, while employment in manufacturing sector declined for the first time in seven quarters. **Agricultural employment** (30.78 percent share) continued to expand for the second consecutive quarter by 1.5 percent. **The unemployment rate** in this quarter was at 0.81 percent, the lowest rate in 32 quarters, lower than 0.99 percent in the previous quarter and 1.15 percent in the same quarter of the previous year. **The average number of unemployed people** recorded at 331 thousand people, lower than the 401 thousand unemployed in the previous quarter, and lower than the unemployed number of 462 thousand people in the same quarter last year.

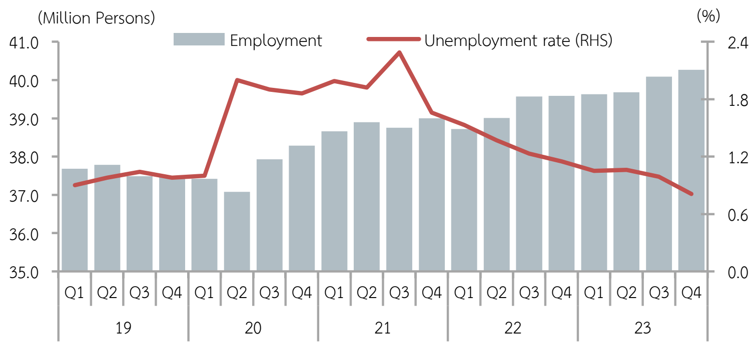
Employment rose for the fourteenth consecutive quarter, following the seventh consecutive quarter of increase in non-agricultural employment and the second consecutive quarter of increase in agricultural employment.

The unemployment rate stood at 0.81 percent, the lowest level in 32 quarters.

In 2023, employment increased by 1.8 percent, compared with a 3.9-percent increase in 2022. The average unemployment rate was at 0.98 percent, lower than 1.32 percent in 2022.

Employment decreased by 1.7 percent following a increasing in agricultural and non-agricultural sector employment

Unemployment rate was low at 0.81 percent.



Source: National Statistical Office

Employed Persons by Industry

%YOY	Share Q4/23	2022 Year	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Year	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Employed	**100.00**	**3.9**	**0.1**	**0.3**	**2.1**	**1.5**	**1.8**	**2.4**	**1.7**	**1.3**	**1.7**
- Agricultural	**30.78**	**-0.9**	**2.4**	**-1.2**	**-2.4**	**-3.4**	**1.2**	**1.6**	**-0.2**	**2.0**	**1.5**
- Non-Agricultural	**69.22**	**6.1**	**-0.8**	**0.9**	**4.3**	**3.9**	**2.0**	**2.7**	**2.5**	**1.0**	**1.8**
Manufacturing	15.70	6.0	-1.6	1.5	1.4	4.4	0.1	0.4	0.3	0.6	-0.8
Construction	5.44	-0.2	-4.2	-8.5	0.4	-1.0	2.1	-1.8	6.0	2.9	1.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.10	7.9	2.0	8.3	4.5	2.0	1.8	4.4	0.5	-0.2	2.4
Accommodation and food service activities	7.99	4.5	-4.4	-6.1	8.3	6.6	9.3	8.2	11.7	8.3	8.9
Total labor force (Million persons)		39.90	39.62	39.76	40.09	40.14	40.45	40.28	40.31	40.53	40.70
Employed (Million persons)		39.22	38.72	39.01	39.57	39.59	39.92	39.63	39.68	40.09	40.27
Unemployment (Million persons)		0.53	0.61	0.55	0.49	0.46	0.395	0.42	0.43	0.40	0.33
Unemployment Rate (%)		1.32	1.53	1.37	1.23	1.15	0.98	1.05	1.06	0.99	0.81

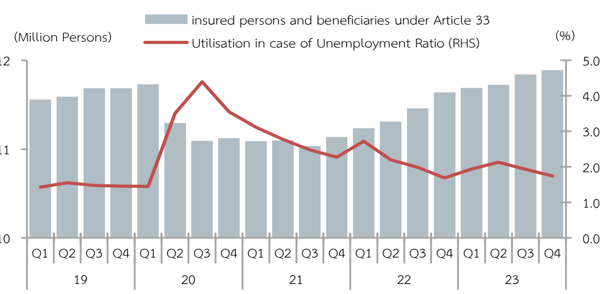
Source : National Statistical Office (NSO)

Labor in the Social Security System: The number of insured people in the social security system continued to increase for the eleventh consecutive quarter. The unemployment rate among insured persons under article 33 decreased from the previous quarter, but higher than the same quarter last year. In the fourth quarter of 2023, the total number of social security beneficiaries increased by 1.0 percent. This consisted of compulsory insurers under article 33 which increased by 2.2 percent, continuing from a 3.3-percent increase in the previous quarter, in line with an increase in insured persons in the manufacturing and service sectors (such as construction, accommodation and food service activities, and wholesale and retail trade; repair of motor vehicles and motorcycles sector), and voluntarily insured persons under article 40 which increased by 0.7 percent, compared with a 0.9-percent rise in the prior quarter. Nevertheless, voluntarily insured persons under article 39 continued to decline for the sixth quarter by 4.4 percent. **The unemployment rate among insured person under article 33** in this quarter was 1.74 percent, lower than 1.93 percent in the previous quarter but higher than 1.69 percent in the same quarter last year. The average number of unemployed was 207 thousand people, lower than 229 thousand in the previous quarter but higher than the number of 197 thousand people in the same quarter last year.

The number of insured persons in the social security system increased for the eleventh consecutive quarter by 1.0 percent. This was in line with the increase in the compulsory insured person under article 33 and the voluntary insured person under article 40, while the voluntary person under article 39 continued to decline for the sixth consecutive quarter.

The unemployment rate among insured person under article 33 in this quarter was at 1.74 percent, lower than 1.93 percent in the previous quarter but higher than 1.69 percent in the same quarter of the last year.

There are 11.9 million insured persons and beneficiaries under Article 33 and 1.7 percent of them are receiving unemployment benefits



Source: The Social Security Office ,Ministry of labour

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2022 Year	2022 Q1	2022 Q2	2022 Q3	2022 Q4	2023 Year	2023 Q1	2023 Q2	2023 Q3	2023 Q4
Insured Persons (article 33)[1/]	11,638	11,234	11,313	11,462	11,638	11,891	11,689	11,725	11,842	11,891
Insured Persons (article 39)[2/]	1,880	1,920	1,902	1,899	1,880	1,798	1,866	1,850	1,826	1,798
Insured Persons (article 40)[3/]	10,881	10,767	10,812	10,855	10,881	10,958	10,911	10,935	10,957	10,958
Total Insured Persons	**24,399**	**23,920**	**24,027**	**24,216**	**24,399**	**24,647**	**24,466**	**24,511**	**24,625**	**24,647**
Utilisation in case of Unemployment	197	306	245	228	197	207	227	250	229	207
Utilisation in case of Unemployment Ratio (%)	**1.7**	**2.7**	**2.2**	**2.0**	**1.7**	**1.7**	**1.9**	**2.1**	**1.9**	**1.7**

Source : Social Security Office (SSO) , Ministry of labour

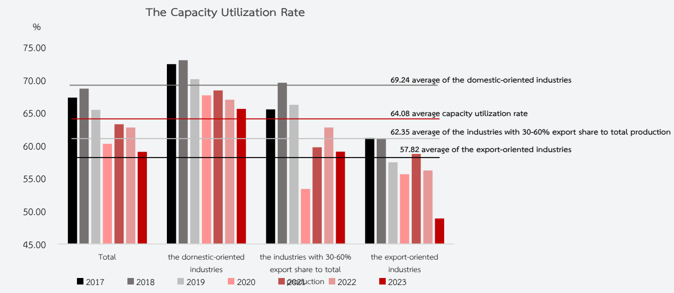
Note: [1/] Insured Persons (article 33) are employees of private enterprises that employ at least 1 employee. Those Insured Persons must be over 15 years of age, but under 60 years of age

[2/] Insured Persons (article 39) are individuals who resigned from private enterprises (previously insured persons under article 33) but wants to maintain social security rights. Therefore, they voluntarily applied for social security rights under article 39

[3/] Insured Persons (article 40) are neither persons who are currently employed by private enterprises (article 33) nor has never applied to be an insured person under article 39. Insured persons under article 40 must be an self-employed person or informal workers age who must be over 15 years of age, but under 60 years of age.

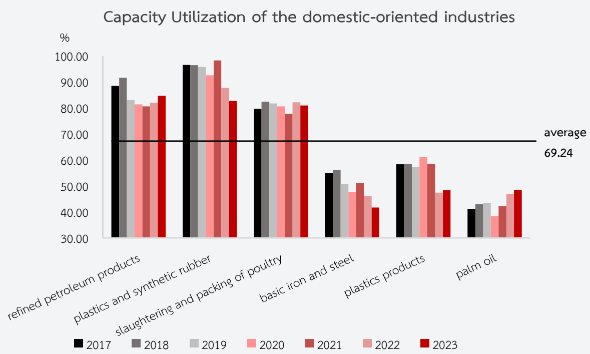
Capacity utilization rate[1] of key manufacture in Thailand in 2023

Data on capacity utilization rates (CAP-U) in Thailand are compiled by the Office of Industrial Economics which classifies industrial products according to the Thailand Standard Industrial Classification (TSIC - 2009) covering 21 branches, 70 manufacture, 119 products, base year 2016 (Fixed Weight) with output values based on the 2017 Industrial and Business Census of the National Statistical Office. The purpose is to serve as an indicator of capacity utilization at product, industry, and national levels.



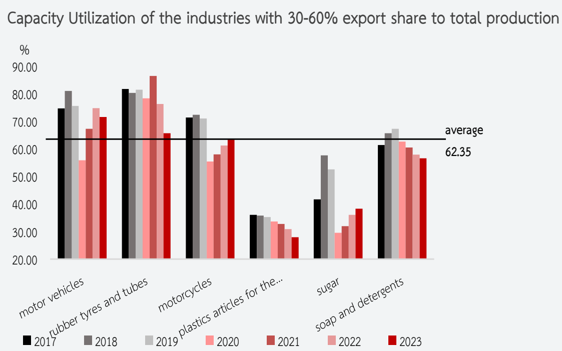
Source : The Office of Industrial Economics

In 2023, the capacity utilization rate of 59.06 percent was lower than 62.76 percent in 2022, 60.26 percent in 2020 during COVID-19 and the 5-year average from 2018 to 2022 of 64.08 percent. For the capacity utilization rate in each industry group, 5 manufactures had capacity utilization below 30 percent, 28 manufactures with capacity utilization between 30-50 percent, 28 manufactures with capacity utilization between 50-70 percent and 9 manufactures with capacity utilization above 70 percent. The rate of capacity utilization in proportion to industrial product exports are as follows:



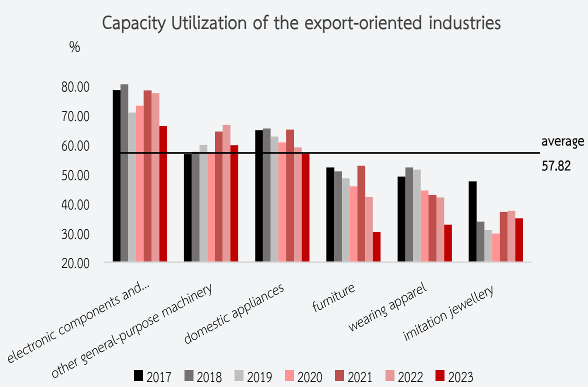
Source : The Office of Industrial Economics

(1) The average capacity utilization of domestic-oriented industries with export share less than 30 percent to total production was at 65.60 percent, lower than 66.99 percent in 2022, 67.66 percent in 2020 during COVID-19, and 69.24 percent in the average of the past 5 years (2018 - 2022). **The high capacity utilization rate** included manufacture of refined petroleum products (84.67 percent), manufacture of plastics and synthetic rubber in primary forms (82.66 percent) and slaughtering and packing of poultry (80.98 percent), respectively. **The low capacity utilization rate** were manufacture of basic iron and steel (41.72 percent), manufacture of finished plastics products (48.38 percent) and manufacture of palm oil (48.50 percent), respectively



Source : The Office of Industrial Economics

(2) The average capacity utilization of industries with 30 - 60 percent export share to total production were at 59.08 percent, lower than both 62.77 percent in 2022 and 62.35 percent in the average of the past 5 years (2018 - 2022) but higher than 53.41 percent in 2020 during COVID-19. **The high capacity utilization rate** included manufacture of motor vehicles (71.60 percent), manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres (65.68 percent) and manufacture of motorcycles (63.34 percent), respectively. **The low capacity utilization rate** included manufacture of plastics articles for the packaging of goods (27.95 percent), manufacture sugar (38.30 percent) and manufacture of soap and detergents, cleaning and polishing preparations, perfumes and toilet preparations (56.56 percent), respectively.



Source : The Office of Industrial Economics

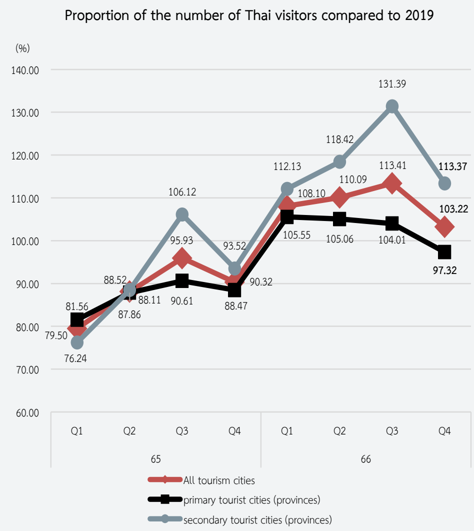
and **(3) the average capacity utilization of industries of the export-oriented industries (with export share more than 60 percent to total production)** were at 48.89 percent, lower than 56.21 percent in 2022, 55.64 percent in 2020 during COVID-19, and 57.82 percent in the average of the past 5 years (2018 - 2022). **The high capacity utilization rate** included manufacture of electronic components and boards (66.33 percent), manufacture of other general-purpose machinery (59.82 percent) and manufacture of domestic appliances (56.92 percent), respectively. **The low capacity utilization rate** included manufacture of furniture (44.12 percent), manufacture of wearing apparel, except tailoring and dressmaking (32.78 percent) and manufacture of imitation jewelry and related articles (34.93 percent), respectively.

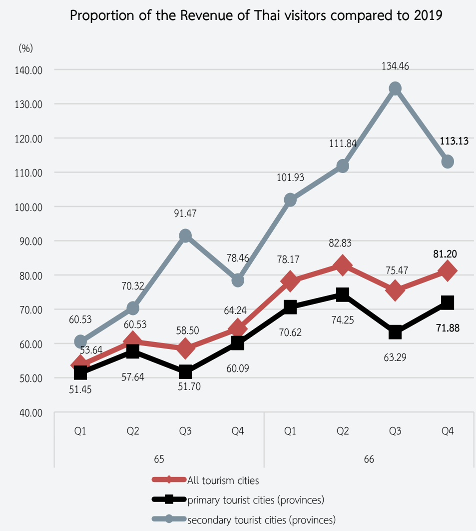
[1] Capacity Utilization Rate is an indicator of the production level of the industrial sector. It compares actual production with the maximum capacity or potential of the machine at a given time, expressed as a percentage. The significant of each manufacture differs according to the weighting ratio of each industry.

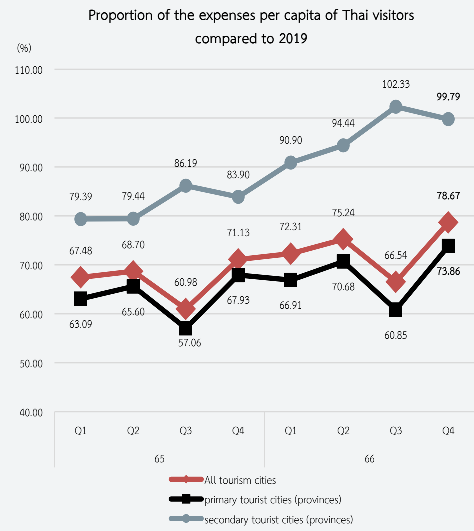
Recovery of Thailand tourism[1] (Thai Teaw Thai)

In the fourth quarter of 2023, domestic tourism (Thai Travel Thailand) recorded a total of 66.70 million visitors[2], compared to 64.62 million visitors of the pre-COVID-19 pandemic level in 2019 or 103.22 percent compare to 2019, and increased by 14.3 percent from the same period of the last year. For the **primary tourist cities**[3] (22 provinces), there were 39.78 million Thai visitors, compared to 40.87 million visitors in 2019 or 97.32 percent compared to the pre-COVID-19 level in 2019, increasing by 10.0 percent. The top three primary tourist provinces, with the highest number of Thai visitors (excluding Bangkok), were Kanchanaburi (shared of 5.44 percent), Chonburi (shared of 5.14 percent), and Phetchaburi (shared of 4.22 percent). For the **secondary tourist cities**[4] (55 provinces), there were 26.92 million Thai visitors, compared to 23.74 million visitors in 2019 or 113.37 percent compared to the pre-COVID-19 pandemic level in 2019, increasing by 21.2 percent. The top three secondary tourist cities, with the highest number of Thai visitors, were Suphan Buri (shared of 2.64 percent), Samut Songkhram (shared of 2.56 percent), and Chiang Rai (shared of 2.23 percent). In terms of the number of Thai visitors, 40 provinces (10 primary tourist cities and 30 secondary tourist cities) had higher numbers than the pre-COVID-19 pandemic level in 2019.

Similarly, **Thai tourism receipts** nationwide totaled 235 billion baht, compared to 290 billion baht in 2019 or 81.20 percent compared to the pre-COVID-19 pandemic level in 2019, rising by 26.4 percent. For the **primary tourist cities** (22 provinces), there were receipts from Thai visitors amounting to 161 billion baht, compared to 224 billion baht in 2019 or 71.88 percent compared to the pre-COVID-19 pandemic level in 2019, increasing by 19.6 percent. The top three primary tourist cities, with the highest real revenue from Thai visitors (excluding Bangkok), were Chonburi (shared of 9.75 percent), Chiang Mai (shared of 7.30 percent), and Prachuap Khiri Khan (shared of 4.69 percent). For the **secondary tourist cities** (55 provinces), there were receipts from Thai visitors of 74 billion baht, compared to 65 billion baht in 2019 or 113.13 percent compared to the pre-COVID-19 pandemic level in 2019, increasing by 44.2 percent. The top three secondary tourist cities, with the highest real revenue from Thai visitors, were Chiang Rai (shared of 4.85 percent), Nakhon Si Thammarat (shared of 1.64 percent), and Chanthaburi (shared of 1.52 percent). In terms of receipts from Thai visitors, 40 provinces (9 primary tourist cities and 31 secondary tourist cities) had higher receipts than the pre-COVID-19 pandemic level in 2019.







Source: Ministry of Tourism and Sports. processed by the Office of the National Economic and Social Development Council.

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1 Domestic tourism is residents who reside in and travel within the country.

2 A visitor is defined as an individual who travels for tourism or other purposes, including visits to friends or relatives. This encompasses both overnight stays and day trips, ranging from staying in traditional accommodations like hotels to camping facilities, or at the homes of friends and relatives.

3 22 primary tourist provinces include Bangkok, Phra Nakhon Si Ayutthaya, Saraburi, Nakhon Pathom, Nonthaburi, Pathum Thani, Samut Prakan, Samut Sakhon, Chachoengsao, Kanchanaburi, Phetchaburi, Prachuap Khiri Khan, Chonburi, Rayong, Phuket, Krabi, Songkhla, Phang Nga, Surat Thani, Chiang Mai, Khon Kaen, and Nakhon Ratchasima.

4 55 secondary tourist provinces included Lop Buri, Chainat, Sing Buri, Ang Thong, Ratchaburi, Samut Songkhram, Suphan Buri, Chanthaburi, Trat, Nakhon Nayok, Prachin Buri, Sa Kaeo, Phatthalung, Trang, Ranong, Chumphon, Pattani, Yala, Nakhon Si Thammarat, Narathiwat, Satun, Kamphaeng Phet, Chiang Rai, Phichit, Nakhon Sawan, Tak, Phitsanulok, Phayao, Phetchabun, Phrae, Lampang, Lamphun, Mae Hong Son, Uttaradit, Uthai Thani, Sukhothai, Nan, Kalasin, Chaiyaphum, Nakhon Phanom, Buriram, Loei, Maha Sarakham, Mukdahan, Sisaket, Surin, Nong Khai, Bueng Kan, Udon Thani, Ubon Ratchathani, Sakon Nakhon, Yasothon, Amnat Charoen, and Nong Bua Lamphu.

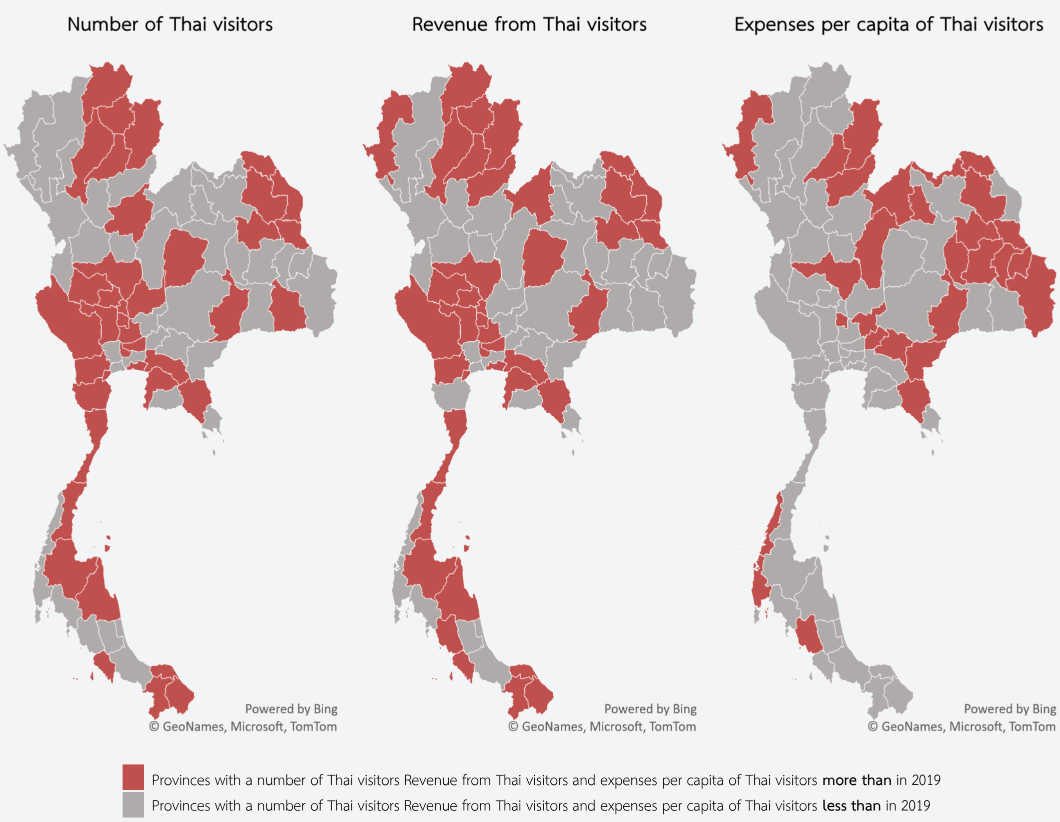
Recovery of Thailand tourism (Thai Teaw Thai) (Cont.)

For average spending (revenue per Thai visitors), the average spending was 3,526.10 baht/person, compared to 4,482.22 baht/person in 2019 or 78.67 percent compared to the pre-COVID-19 pandemic level in 2019, increasing by 10.6 percent. For **primary tourist cities** (22 provinces), the average spending was 4,050.80 baht/person, compared to 5,484.67 baht/person in 2019 or 73.86 percent compared to the pre-COVID-19 pandemic level in 2019, increasing by 8.7 percent. The top three primary tourist cities, with the highest average spending (excluding Bangkok), were Krabi (increasing by 18.4 percent), Phuket (increasing by 17.0 percent), and Chiang Mai (increasing by 10.1 percent). For the **secondary tourist cities** (55 provinces), the average spending was 2,750.62 baht/person, compared to 2,756.38 in 2019 or 99.79 percent compared to the pre-COVID-19 pandemic level in 2019, increasing by 18.9 percent. The top three secondary tourist cities, with the highest average spending, were Chiang Rai (increasing by 14.4 percent), Trat (increasing by 2.2 percent), and Trang (increasing by 52.1 percent). In terms of average spending, 28 provinces (2 primary tourist cities and 26 secondary tourist cities) had higher average spending than in 2019.

Regarding the share of Thai visitors, revenue, and average spending of Thai visitors **across the country and in primary tourist cities** compared to the pre-COVID-19 period in 2019, the number of Thai visitors has evidently recovered. The proportion of Thai visitors compared to 2019 exceeded 100.00 percent for four consecutive quarters. However, revenue from Thai visitors has not yet fully returned to the pre-COVID-19 levels. This is due to the low spending per person. Nonetheless, secondary tourist cities have witnessed a recovery in both **the number of Thai visitors and revenue,** surpassing 100.00 percent for four consecutive quarters. This has resulted in spending per person recovering by more than 90.00 percent compared to the pre COVID-19 level for four consecutive quarters.

This trajectory indicates that Thai visitors are more interesting in secondary tourist provinces. Therefore, the policy to promote tourism in the next phase should be prioritized the development of more diverse and continuous tourism programs. This includes encouraging travel in every season. Such initiatives will contribute to generating revenue from tourism throughout the year and encouraging tourists to extend their average length of stay within the country. Additionally, the government should focus on developing products and services that highlight local uniqueness or utilize local materials to increase value-added, along with upgrading infrastructure and transportation systems to facilitate tourists comprehensively conveniently and inclusively.

Domestic tourism situation in the fourth quarter of 2023



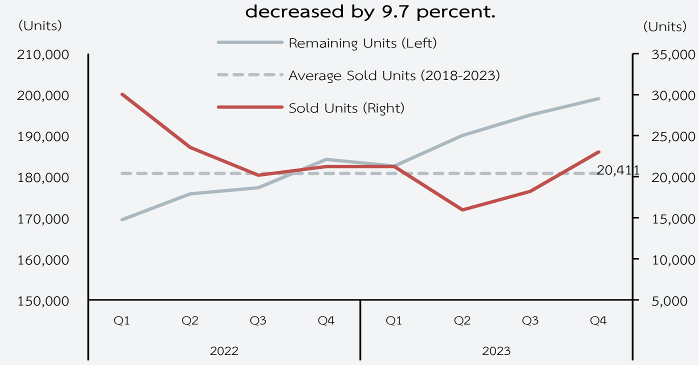
Provinces with the highest number of visitors Revenue and expenses per capita of Thai visitors were more than in 2019. There are 10 provinces in total. All of them are secondary tourist cities (provinces).
Ang Thong
Chanthaburi
Nan
Phrae
Nakhon Sawan
Kalasin
Bueng Kan
Sakon Nakhon
Buriram
Mukdahan

Source: Ministry of Tourism and Sports. processed by the Office of the National Economic and Social Development Council.

Residential property market in Bangkok - vicinities

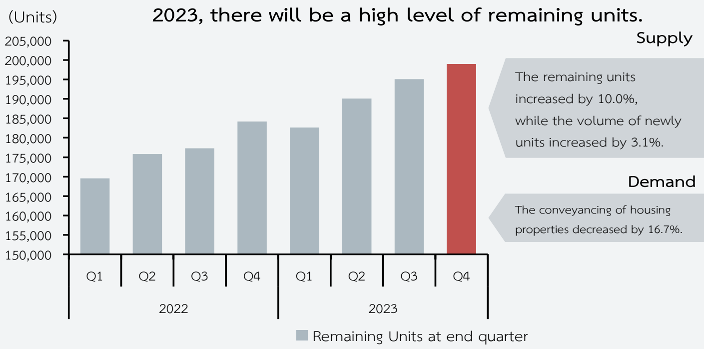
The residential property market in Bangkok and its vicinity is expected to see a high level of Remaining housing supply (unit)[1] in the early fourth quarter of 2023 compared to the same quarter of the previous year (%YoY). This is due to the high level of remaining units from the previous quarter. In the early fourth quarter of 2023, the remaining units increased by 10.0 percent compared to the same quarter of the previous year, with (1) a 5.6-percent increase in housing estates and (2) a 17.9-percent increase in condominiums. There was a significant increase in remaining units since the first quarter of 2023 that was partly due to the declining trend of residential property sales from the first quarter to the third quarter of 2023, with decreases of 29.3 percent, 32.3 percent, and 9.7 percent, respectively.

The remaining units at the early of the fourth quarter of 2023 increased by 10.0 percent, while the sell volume decreased by 9.7 percent.



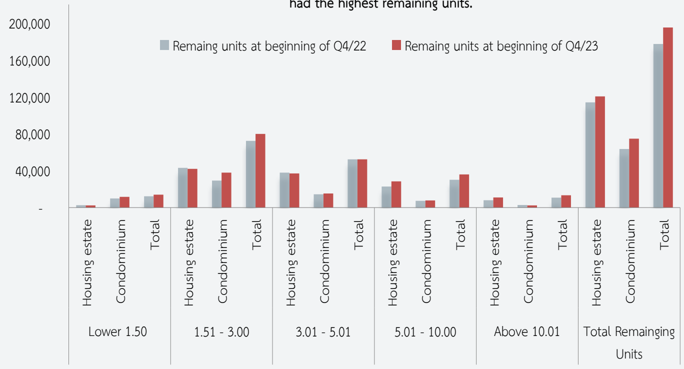
Source: Real Estate Information Center, processed by NESDC

It is expected that by the end of the fourth quarter of 2023, there will be a high level of remaining units.



Source: Real Estate Information Center, processed by NESDC

In the beginning of fourth quarter of 2023, housing priced between 1.51 and 3.00 million Baht had the highest remaining units.



Source: Real Estate Information Center, processed by NESDC

In term of the residential property market at the beginning of fourth quarter of 2023, it is expected that the volume of residential property for sale in the fourth quarter will be higher than the same quarter of the previous year. This expectation arises from the high level of remaining units from the previous quarter. However, despite the anticipated increase in the volume of units offered for sale, there has been a decrease in the volume of Housing supply[2] for residential units in the fourth quarter. This decrease amounts to 16.7 percent, with housing estate decreasing by 18.5 percent and condominiums decreasing by 13.8 percent. Additionally, in the fourth quarter, there was a 3.1 percent increase in the volume of new residential units, with a 0.1-percent decrease in housing estate and a 6.4-percent increase in condominiums.

As a result, by the early of the fourth quarter of 2023, there will be a high level of remaining unsold units, both housing estate and condominiums. For the residential property market by price range in the fourth quarter of 2023, the top three groups with the highest volume of remaining units were as follows: **(1) Group 2**: Price range 1.51 – 3.00 million Baht (accounting for 40.86 percent of the total units), increased by 10.4 percent, comprising a 2.5-percent decrease in housing estate and a 29.5-percent increase in condominiums; **(2) Group 3**: Price range 3.01 – 5.01 million Baht (accounting for 26.82 percent of the total unit), increased by 0.4 percent, comprising a 2.2-percent decrease in housing estate and a 7.2-percent increase in condominiums; and **(3) Group 4**: Price range 5.01 – 10.00 million Baht (accounting for 18.43 percent of the total), increased by 19.9 percent, comprising a 24.6-percent increase in housing estate and a 5.1-percent increase condominiums. This reflected that consumers in the mid to high price range still had more purchasing power for residential properties compared to those in the lower to mid-range which, thus, there were still limitations in obtaining housing loans.

The rate of change in the quantity of remaining units, categorized by type and price range.

Price Range	Group 1	Group 2	Group 3	Group 4	Group 5	Total Remaining
(%YoY)	Lower 1.50 M	1.51 – 3.00 M	3.01 – 5.01 M	5.01 – 10.00 M	Above 10.01 M	Units
Housing estate	-8.8	-2.5	-2.2	24.6	37.3	5.6
Condominium	18.5	29.5	7.2	5.1	-17.5	17.9
Total	13.0	10.4	0.4	19.9	23.1	10.0

Source: Real Estate Information Center, processed by NESDC

[1] "Remaining housing supply (unit)" refers to the units of housing estate and condominiums projects that have not yet entered sales contracts.
[2] "Housing supply" refers to the units of housing estate and condominium projects that have entered sales contracts.

Fiscal Conditions:

In Q1/FY2024, the net government revenue collection decreased by 2.6 percent

On the revenue side, in the first quarter of the fiscal year 2024 (October – December 2023), the net government revenue collection stood at 623.4 billion Baht, decreasing by 2.6 percent compared with the same quarter last year. This was primarily due to:

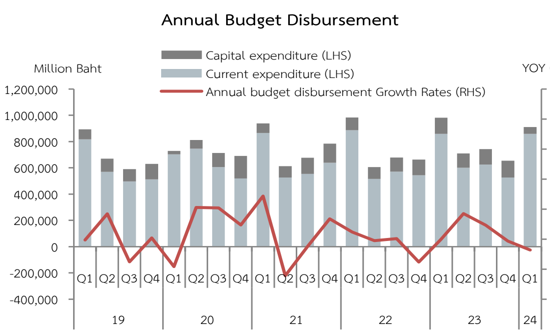
(i) A 46.5-percent drop in revenue transfers from other government agencies, following a high base in the first quarter of the previous year. This high base resulted from the transfer of excess liquidity from the Energy Conservation Promotion Fund, revenue from the concession of 1800 MHz mobile phone frequencies by the National Telecommunication Public Company Limited, revenue from auction of radio frequency licenses, and the retrospective payment of taxes following the Customs Department's court case on the import of auto parts.

(ii) Decreases in the collection of excise taxes including: a 16.7-percent drop in excise tax on cars, in line with the decline in sales of all-purposes passenger vehicles, double cab trucks, and pickup trucks; **a 7.4-percent decline in excise tax on beers,** reflecting the lower beer production index; and **an 8.9-percent drop in excise tax on tobacco,** due to reduced tobacco sales. However, **the excise tax on oil and oil products increased by 56.5-percent** due to the end of government measures to reduce excise tax rate on diesel fuel and aviation jet fuel to alleviate burdens for households affected by the rising of global crude oil prices.

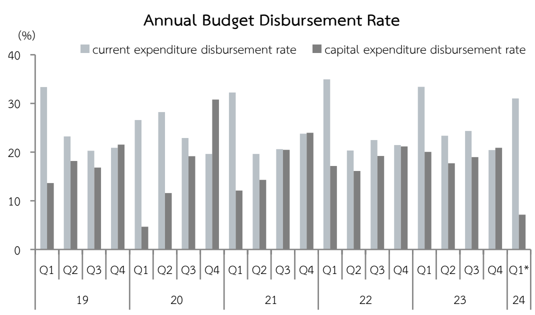
***In Q1/FY2024, the total budget disbursement** decreased by 10.7 percent due to the delay of the Fiscal Year 2024 Budget Bill while the disbursement of the State-owned enterprises' capital expenditure increased by 9.7 percent.*

On the expenditure side, in the first quarter of fiscal year 2024, the government had total budget disbursement of 1,019.5 billion Baht[4], reflecting a 10.7 percent decrease from the same quarter of the previous year in which total budget disbursement consisted of:

(i) The 2023 preceding annual budget appropriations disbursement, amounting to 910.2 billion Baht, a decrease of 7.3 percent from the same quarter last year. The disbursement rate was 31.0 percent, lower than the 33.4 percent in the same quarter last year. **The current expenditure disbursement** amounted to 859.1 billion Baht, increasing by 0.05 percent from the same quarter last year. The disbursement rate was 31.0 percent, lower than the 33.4 percent in the same quarter last year. **The capital expenditure disbursement** was marked at 51.1 billion Baht, decreasing from the same quarter last year by 58.6 percent. This decrease is mainly due to the delay of the Fiscal Year 2024 Budget Bill. The disbursement rate was 7.2 percent, lower than the 20.1 percent in the same quarter last year.



Source: GFMIS at 29th January 2024



Source: GFMIS at 29th January 2024

*The total of annual budget according to the draft of the Fiscal Year 2024 Budget Bill

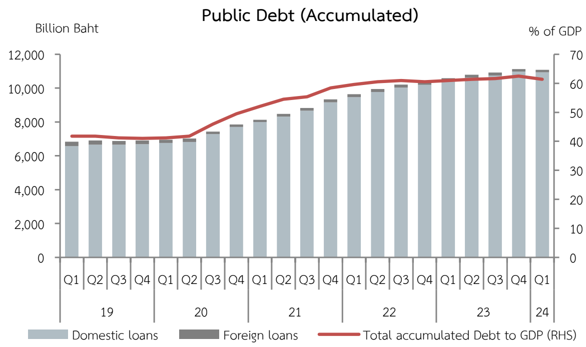
(ii) The carry-over budget disbursement stood at 53.6 billion Baht, decreasing from the same quarter last year by 9.0 percent. The disbursement rate was 33.5 percent, higher than the 30.9 percent in the same quarter last year.

(iii) The State-owned enterprises' capital expenditure budget (excluding PTT) was disbursed for 61.7 billion Baht[5], increasing from the same quarter last year by 9.7 percent. This increase was primarily due to higher disbursements by the State Railway of Thailand (SRT), the Mass Rapid Transit Authority of Thailand (MRTA), the International Telecom Public Company Limited (NT), the Metropolitan Waterworks Authority (MWA), and the Dhanarak Asset Development Company Limited (DAD).

Public Debt: At the end of December 2023, public debt had accumulated to 11.1 trillion Baht, equivalent to 61.3 percent of GDP. This represents a decrease from 62.4 in the previous quarter and 61.0 percent in the same quarter last year. The public debt remains within the fiscal disciplinary framework. The total public debt comprised 10.9 trillion Baht of domestic loans (98.6 percent of public debt), and 154.8 billion Baht of foreign loans (1.4 percent of public debt).

[4] The total budget disbursement includes the disbursement of (i) the grand total of annual budget, (ii) the carry-over budget, and (iii) the State-owned enterprises' capital expenditure budget allocated by the State Enterprise Policy Office (excluding PTT) and the State-owned enterprise's capital expenditure allocated from the annual budget and the carry-over budget.

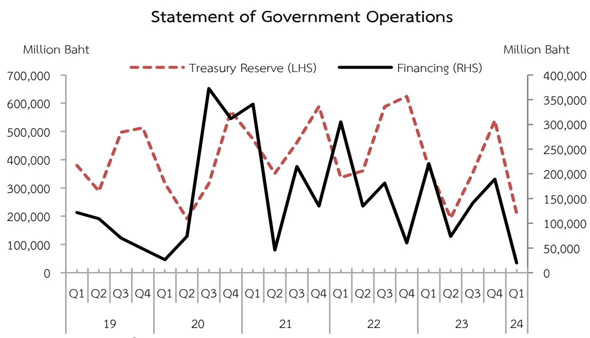
[5] The number was included the 6.1 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.



Source: Public Debt Management Office

At the end of ***December 2023,*** *the government maintained a strong fiscal position with a fiscal balance of 209.6 billion Baht.*

Fiscal Balance: In the first quarter of fiscal year 2024, the budgetary balance recorded a deficit of 341.1 billion Baht, while non-budgetary balance recorded a deficit of 8.4 billion Baht. During the same period, the government engaged in cash balance management through a 20.0 billion Baht borrowing. Therefore, the cash balance after debt financing recorded a net deficit of 329.4 billion Baht. In addition, the treasury reserve at the end of the fourth quarter of the fiscal year 2023 stood at 539.1 billion Baht, resulting in a fiscal balance at the end of December 2023 of 209.6 billion Baht.



Source: Ministry of Finance

Financial Conditions:

The BOT kept the policy rate unchanged in line with other central banks.

The policy interest rate was kept unchanged at 2.50 percent per annum.

In the fourth quarter of 2023, the Monetary Policy Committee (MPC) unanimously voted to maintain the policy interest rate at 2.50 percent per annum during the meeting on 29th November 2023. The decision was based on the MPC's assessment that the current policy interest rate is appropriate for supporting long-term sustainable growth. Additionally, there were upside risks to inflation outlook from the economic recovery and El Niño-related supply pressure. **Thailand's monetary policy stance was in line with major central banks.** For instance, the Federal Reserve (Fed), the Bank of Canada, the European Central Bank (ECB) and the Bank of England (BOE), opted to remain their interest rates at high levels. Similarly, many central banks in Asian region, including central bank of Japan, South Korea, India, Vietnam and Malaysia, decided to keep their rates unchanged. Meanwhile, the People's Bank of China maintained its key interest rate but implemented the highest 7-Year liquidity injection to support economic recovery and prevent deflation. On the other hand, the central banks of Russia and Indonesia increased their interest rates in order to stabilize their currencies. Likewise, the central banks of Philippines and Australia raised their interest rates to suppress the rapid surge of inflation.

In 2023, the MPC decided to increase the policy interest rate five times, by 25 basis points each time, resulting in a total increase of 1.25 percent. The decisions aimed to keep inflation sustainably within the target range, support sustainable growth, and preserve financial stability. As a result, the policy rate was at 2.50 percent per annum at the end of 2023, increased from 1.25 percent per annum at the end of 2022.

In January 2024, the Fed maintained its policy rates within a range of 5.25 – 5.50 percent per annum. Furthermore, the Fed signaled that the policy rate will not be reduced until inflation is moving sustainably toward the target. Likewise, the ECB and the Bank of Thailand (BOT) kept their policy rates unchanged at 4.50 and 2.50 percent per annum, respectively.

Policy Interest Rate

(%) At the end of period	2021	2022					2023							2024	
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.	Feb.
USA	0.00-0.25	4.25-4.50	0.25-0.50	1.50-1.75	3.00-3.25	4.25-4.50	4.75-5.00	5.00-5.25	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50	5.25-5.50
EU	0.00	2.50	0.00	0.00	1.25	2.50	3.50	4.00	4.50	4.50	4.50	4.50	4.50	4.50	4.50
England	0.25	3.50	0.75	1.25	2.25	3.50	4.25	5.00	5.25	5.25	5.25	5.25	5.25	5.25	5.25
Canada	0.25	4.25	0.50	1.50	3.25	4.25	4.50	4.75	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Thailand	0.50	1.25	0.50	0.50	1.00	1.25	1.75	2.00	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Russia	8.50	7.50	20.00	9.50	7.50	7.50	7.50	7.50	13.00	16.00	15.00	15.00	16.00	16.00	16.00
Indonesia	3.50	5.50	3.50	3.50	4.25	5.50	5.75	5.75	5.75	6.00	6.00	6.00	6.00	6.00	6.00
China	3.80	3.65	3.70	3.70	3.65	3.65	3.65	3.55	3.45	3.45	3.45	3.45	3.45	3.45	3.45
Brazil	9.25	13.75	11.75	13.25	13.75	13.75	13.75	13.75	12.75	11.75	12.75	12.25	11.75	11.75	11.75
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10	-0.10
Philippines	2.50	6.00	2.50	3.00	4.25	6.00	6.75	6.75	6.75	7.00	7.00	7.00	7.00	7.00	7.00
Korea, South	1.00	3.25	1.25	1.75	2.50	3.25	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
India	4.00	6.25	4.00	4.90	5.90	6.25	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Australia	0.10	3.10	0.10	0.85	2.35	3.10	3.60	4.10	4.10	4.35	4.10	4.35	4.35	4.35	4.35
New Zealand	0.75	4.25	1.00	2.00	3.00	4.25	4.75	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
Vietnam	2.50	4.50	2.50	2.50	3.50	4.50	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Malaysia	1.75	2.75	1.75	2.00	2.50	2.75	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Source: Collected by NESDC

Despite the policy interest rate remaining unchanged, large-size and medium-size commercial banks raised their deposit and lending rates. Meanwhile, specialized financial institutions (SFIs) held their leading rate steady, but increased their deposit rates. Large-size and medium-sized commercial banks, as well as SFIs, raised their 12-Month fixed deposit rates to 1.65, 1.58 and 1.77 percent per year respectively, compared to the previous quarter's rates of 1.49, 1.18 and 1.55 percent per year. Furthermore, the large-sized and medium-sized commercial banks increased their Minimum Loan Rates (MLR) from 7.04 and 8.05 percent per year to 7.25 and 8.30 percent per year, respectively. In contrast, SFIs kept their MLR rates steady at 6.43 percent per year.

Commercial banks increased their deposit and lending rate, while SFIs raised their deposit rate, but retained their lending rate unchanged.

In the fourth quarter of 2023, the real deposit rate increased from 1.13 to 2.48 percent per year compared to the previous quarter. Likewise, the real lending rate increased from 6.76 to 8.40 percent per year. This was a result of increasing average interest rates and decreasing inflation.

In 2023, average deposit and lending rates of commercial banks increased by 0.79 and 1.35 percent, respectively, compared to 2022. (The average deposit rate increased from 0.53 to 1.32 percent per year, and the average lending rate increased from 5.83 to 7.18 percent per year). Meanwhile, the average deposit and lending rates of SFIs increased by 0.58 and 0.63 percent per year, respectively, compared to 2022 (The average deposit rate increased from 0.86 to 1.44 percent per year, and the average lending rate increased from 5.59 to 6.22 percent per year)

In January 2024, Commercial banks and SFIs maintained their deposit and lending rates from the previous month.

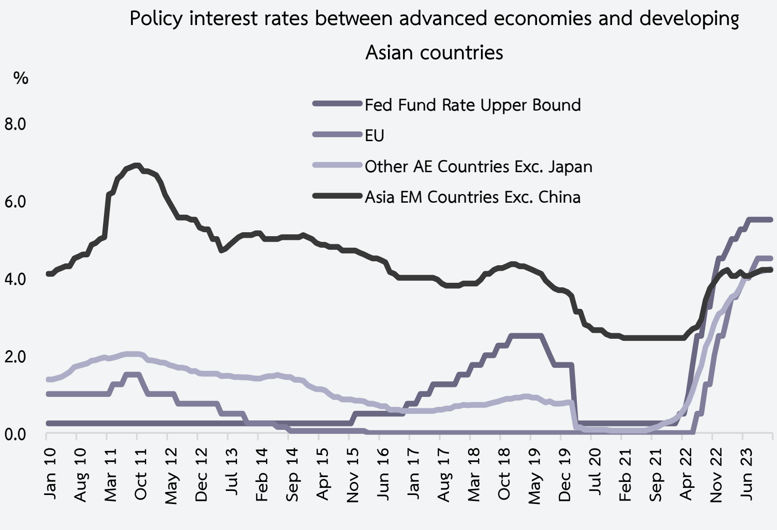
At the end of fourth quarter of 2023, the outstanding private loan of depository institutions expanded by 1.5 percent, accelerating from a 1.0-percent expansion in the previous quarter. This growth was a result of an improvement in loan contraction from commercial banks and an acceleration of loan growth from specialized financial institutions (SFIs).

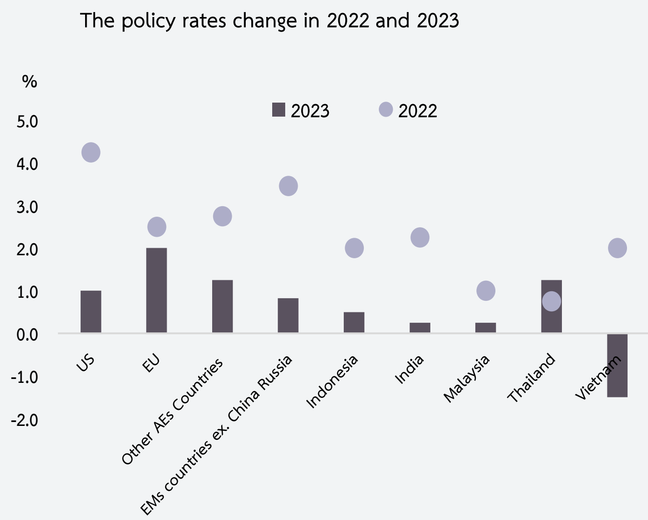
Private loans outstanding of commercial banks contracted by 0.2 percent, improved from a 0.8-percent contraction in the previous quarter. In details, business loans contracted by 1.2 percent, improved from a 1.7-percent contraction in the previous quarter. This was the result of the expansion of loan to large enterprises, particularly in loan for accommodation and food service activities, loan for construction, and loan for real estate activities. Meanwhile, loans to Small-Medium enterprises (SMEs) continue to contract, especially in manufacturing loan, wholesale and retail trade; repair of motor vehicles and motorcycles loan and accommodation and food service activities loan. This contraction was owing to; (i) Commercial banks tightening their credit standards, especially for SMEs loans; (ii) Increasing cost of borrowing; and (iii) loan repayments from businesses as they received soft loans during Covid-19 pandemic. On the other hand, household loans expanded by 1.0 percent, accelerating from a 0.1-percent expansion in the previous quarter, owing to the increasing of housing loan and personal consumption loan.

Private loans outstanding of depository institutions expanded, in accordance with the improvement in loan contraction from commercial banks and an acceleration of loan from SFIs.

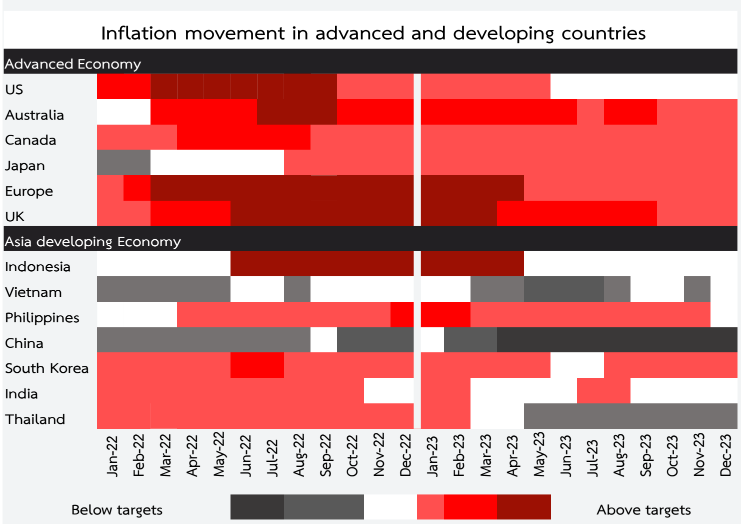
The Global Monetary Policy Outlook

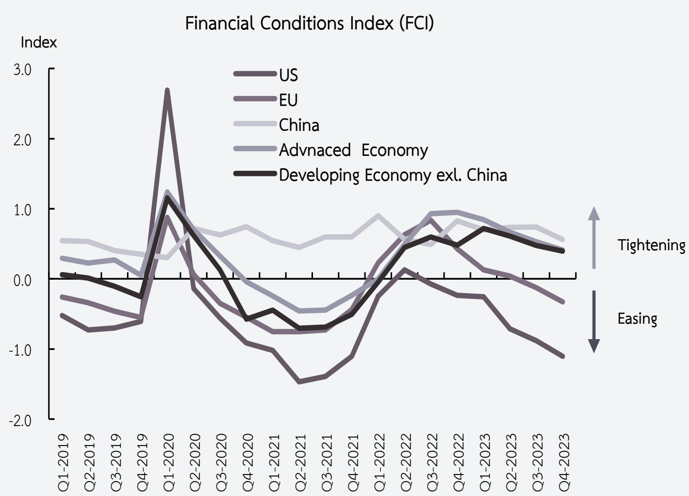
Over the past four years, monetary policies of many central banks have been completely changed, shifting from rapid interest rate cuts to mitigate the economic impact during the COVID-19 pandemic to the fastest pace of tightening to curb inflation, amidst diverse economic recoveries across countries. **In 2024, the monetary policies in most countries are expected to be normalized as their inflations are moving continuously toward the targets.** According to the Financial Conditions Index[1] (FCI), calculated and published by International Monetary Fund (IMF), major economies, especially the United State and Europe, are expected to ease their monetary policies as their FCIs have been declining since 2023. Meanwhile, China's FCI remains above zero, pointing that financial condition in China remains tight despite recent monetary policy easing. This was particularly due to downside risks in Chinese real estate sector, which has caused volatility in financial market. These divergent FCIs suggest that monetary policy across countries in 2024 could be more varied, leading to financial volatility, particularly in terms of capital flows and exchange rates. In addition, ongoing geopolitical conflicts could elevate upside risks on energy prices and impact future inflation. Consequently, it will become more challenging for countries to accurately estimate their inflation and financial conditions in order to implement monetary policy. Thus, having a range of policy instruments to address different situations will become key issues for policymakers. Preparation is crucial to maintain monetary policy effectiveness and ensure that inflation expectations are well anchored.





Source: CEIC





Source: CEIC and IMF

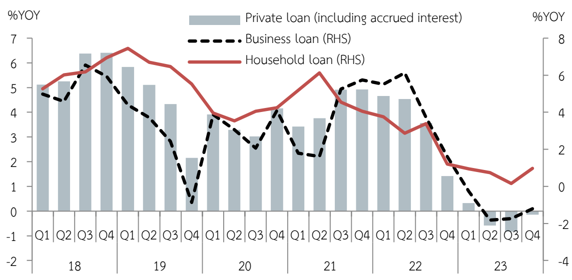
[1] The Financial Conditions Index (FCI) is a comprehensive index to measure the financial conditions including change in stock price, market volatility, credit spread, etc. FCI above zero indicates tightening financial conditions, and vice versa.

Private loans outstanding of Specialized Financial Institutions (SFIs) expanded by 5.1 percent, accelerating from a 4.9 percent expansion in the previous quarter. This was attributed to an expansion in business and household loans, which expanded by 12.4 percent and 5.1 percent respectively, compared to the expansion of 12.1 percent and 3.9 percent in the previous quarter, respectively. The expansion was partly a result of the lower lending rates compared to the rates from commercial banks.

Private loans outstanding of depository institutions expanded, in accordance with the improvement in loan contraction from commercial banks and an acceleration of loan from SFIs.

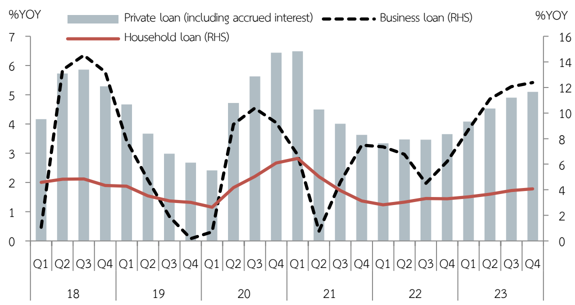
Financial performance of commercial banks in the fourth quarter of 2023 showed an increase in income by 20.50 percent compared to a 22.02 percent increase in the previous quarter. Likewise, expenses rose by 23.73 percent, compared to a 25.19 percent increase in the previous quarter. The Net Interest Margin (NIM) was at 3.20 percent, increased from 3.18 percent in the previous quarter and substantially higher than the NIM of 2.81 percent in the fourth quarter of 2022.

Private loans (including accrued interest) of commercial banks showed a slight improvement from the previous quarter



Source : Bank of Thailand

Private loans (including accrued interest) of specialized financial institutions accelerated from the previous quarter



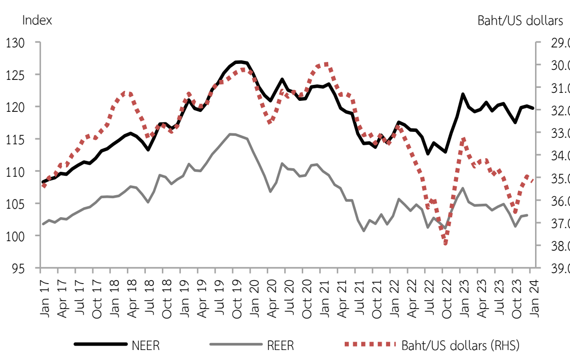
Source : Bank of Thailand

Thai Baht against US dollar depreciated from the previous quarter. In the fourth quarter of 2023, the exchange rate was averaged at 35.67 Baht per US dollar, depreciating by 1.39 percent from the previous quarter. This was in line with other regional currencies, excluding Chinese Yuan and Hong Kong dollar. The depreciation of Thai Baht was influenced by the strengthening of US dollar, as demand for safe-haven assets increased due to the conflict between Israel and Hamas. Consequently, regional currencies, including Thai Baht, depreciated sharply. However, during the last two months of the quarter, Thai Baht gradually recovered in line with regional currencies, especially after the Fed signaled that the current policy rate would be the terminal level and mentioned rate cuts in 2024. In addition, when comparing with major trading partners/competitors, Thai Baht depreciated, reflecting by a decrease of Nominal Effective Exchange Rate (NEER), which averaged at 119.21, decreasing by 0.53 percent from the previous quarter.

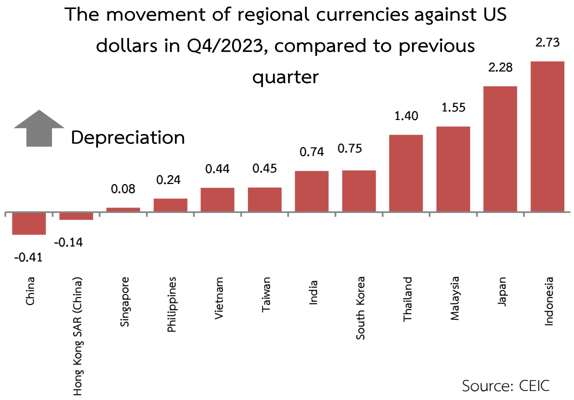
In 2023, Thai Baht moved within a range of 32.69 – 37.14 Baht per US dollar (averaged at 34.81 Baht per US dollar), appreciating by 0.74 percent from the average of 35.07 Baht per US dollar in 2022.

In January 2024, the exchange rate was averaged at 35.18 Baht per US dollar, depreciating by 0.60 percent from the previous month. This depreciation was in tandem with the US dollar's appreciation, since the Fed tends to keep the policy rate at the current level until inflation moves steady toward the target range.

Thai Baht depreciated against US dollars



Source : CEIC, Bank of Thailand



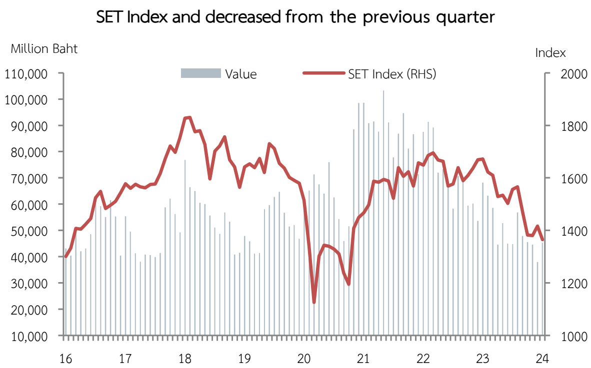
Source: CEIC

The SET Index decline from a net sell positions of foreign investors.

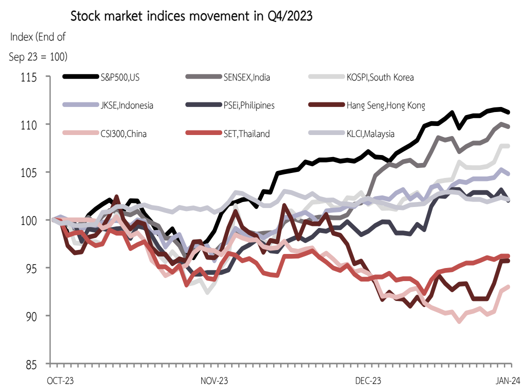
SET Index declined from the previous quarter. In the fourth quarter of 2023, the SET index closed at 1,415.85 points, decreased by 3.8 percent from the previous quarter. This decline was influenced by a continuous foreign net sell of 35.3 billion Baht, compared to a net sell of 50.0 billion Baht in the previous quarter. Industry groups with negative change in index were financials (-21.9 percent), services (-7.4 percent), consumer products (-6.5 percent), industrials (-2.9 percent), and resources (-1.8 percent). In contrast, industrial groups with positive change in index were technology (4.7 percent), property and construction (0.2 percent). The decline of the SET index contrasted with the increase of stock market indices in advanced and regional countries, except for the indices in China and Hong Kong, which declined by 7.0 and 4.3 percent from the previous quarter.

In 2023, the SET Index closed at 1,415.85 points, dropped by 15.2 percent from 2022. Foreign investors had a net sell of 192.5 billion Baht, while local investors and institution investors recorded a net buy position of 198.1 billion Baht.

In January 2024, the SET index closed at 1,364.52 points, falling by 3.6 percent from the end of December 2023, in line with global stock market indices. This was because the release of US economic data that pointed to resilience and robust future growth, which implies that the Fed would not reduce the policy interest rate shortly as investors expected.



Source: SET

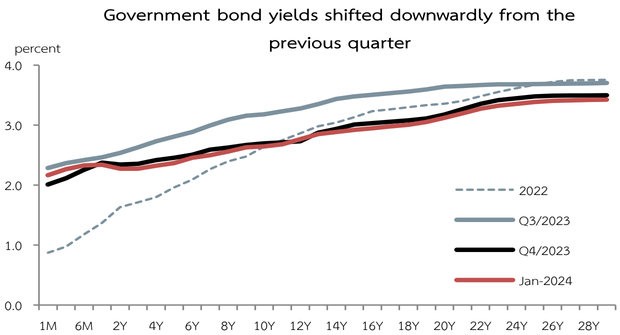


Government bond yields shifted downwardly from the previous quarter

Government bond yields shifted downward from the previous quarter. In the fourth quarter of 2023, government bond yields decreased in all maturities, consistent with an increase in the government bond price index. Foreign investors recorded a net buy of 3.7 billion baht, compared to a net sell of 66.9 billion Baht in the previous quarter. The decrease of Thailand government bond yields was in line with US treasury yields, which was influenced by the Fed's signal that the hiking cycle is presumably over. As a result, at the end of fourth quarter of 2023, the yields of 2-year and 10-year government bonds stood at 2.34 and 2.74 percent per year, decreasing from 2.54 and 3.18 percent in the previous quarter, respectively. Additionally, total new registered corporate bonds recorded at 446.6 billion Baht, slightly increased from 436.2 billion Baht in the previous quarter. The issuers were mostly from finance and securities sector, property development sector and energy sector.

In 2023, yields of the government bond with a less-than-10-years maturity shifted upward from 2022. In particular, bonds with a less-than-1-year maturity increased, led by monetary policy tightening of the Bank of Thailand. In contrast, yields of the government bond with maturities of 10 years onward declined.

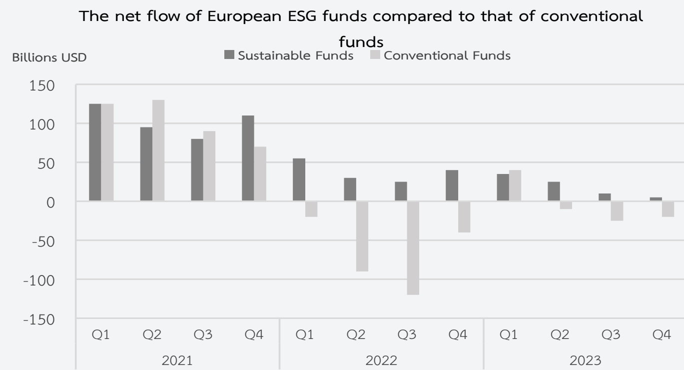
In January 2024, the government bond yields fluctuated as a result of uncertainty about when the Fed would reduce its policy rate. This caused the yields of the government bond with a less-than-1-year maturity rose, while the yields of government bond from the maturities of 10 years onward declined from the previous month.



Source: ThaiBMA

Sustainable Investment

According to the Morningstar report on Global Sustainable Fund Flows, at the end of the fourth quarter of 2023, the number of ESG funds was recorded at 7,485 globally, with total assets under management at 2,967 billion US dollars. Europe is the biggest market for sustainable funds, comprising 73 percent of funds issued, followed by the United States and Asia (excluding Japan). In the fourth quarter of 2023, there were outflows of 2.5 billion US dollars withdrawn from sustainable Funds, especially from US sustainable funds. The redemption in the US market was partly because US government bond yields offered more attractive returns. However, there was a net inflow in Europe sustainable funds, while conventional funds recorded a net outflow in line with the period that the European Central Bank began to lower its interest rates. This reflects that the returns of sustainable funds were less volatile than those of conventional funds.



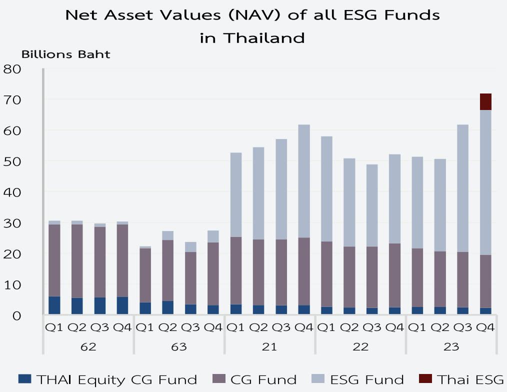
Source: Global Sustainable Fund Flows: Q4 2023, Morningstar

In Thailand, sustainable investment has officially begun in 2015. The list of Thailand Sustainability Investment (THSI)[1] was created by The Stock Exchange of Thailand (SET) in 2015 to support investors for making investment decisions. Currently, there are 193 companies listed on THSI. Similarly, the Thai bond market introduced regulatory guideline of issuance for sale of ESG Bonds for the first time in 2019. As a result, according to the data from the Climate Bond Initiative, the total value of ESG Bonds issued in Thailand reached to 8,431.4 million US dollars in 2022. This was in line with the ESG funds data from the Association of Investment Management Companies (AIMC), collected since 2017, which shown that total assets under management of ESG funds[2] has been increasing from 28.23 billion Baht in 2017 to 71.78 billion Baht in 2023.

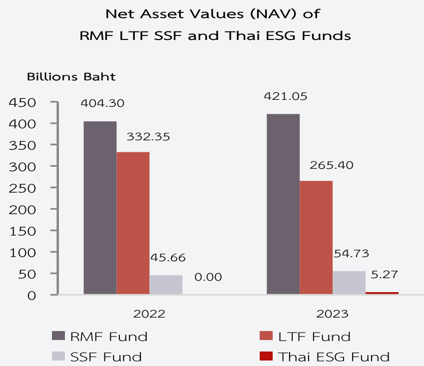
Global Sustainable Fund Statistics in Q4/2023

Regions	Fund Flows (Billion US Dollar)	Net Asset Value: Billion US Dollar	Net Asset Value: % Total	Funds: No. of Funds	Funds: % Total
Europe	3.3	2,492	84	5,433	73
United States	-5.1	324	11	647	9
Asia ex-Japan	0.1	62	2	595	8
Australia/ New Zealand	0.6	33	1	263	4
Japan	-1.2	25	1	235	3
Canada	-0.2	31	1	312	4
Total	-2.5	2,967	100	7,485	100

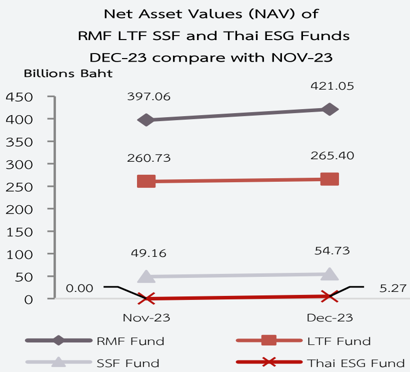
Source: Global Sustainable Fund Flows: Q4 2023, Morningstar



Source: Association of Investment Management Companies (AIMC)



Source: Association of Investment Management Companies (AIMC)



Source: Association of Investment Management Companies (AIMC)

On November 21st, 2023, the Cabinet approved new tax schemes to support sustainable investment in Thailand. Specifically, tax benefits will be offered to individuals investing in Thailand ESG (TESG) funds. The funds will invest in securities and bonds of businesses contributing to ESG development in Thailand. The aim is to encourage long-term saving and investment. On December 8th, 2023, the first TESG fund was offered to investors. Lately, on January 9th, 2024, total number of TESG Funds stood at 30, with a total Net Asset Value (NAV) of 5.27 billion Baht. In comparison, the Retirement Mutual Fund (RMF) and Super Saving Fund (SSF), which also qualify for tax deductions but can invest in a wider range of assets, had a NAVs of 421.04 and 54.73 billion Baht in 2023, increased from 404.30 and 45.66 billion Baht in 2022, respectively. In addition, the NAV of TESG funds accounted for 1.4 percent of the total NAV of all ESG funds in Thailand. Therefore, the government and relevant agencies should continue to monitor and support sustainable investment to foster long-term savings and investment. This will also encourage the government and businesses to consider Environmental, Social, and Governance (ESG) factors in their operation, which will ultimately promote Thailand's sustainable growth.

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1 Thailand Sustainability Investment (THSI) was changed to SET ESG Rating in 2023

2 All ESG funds in Thailand consist of the 1) Thai Equity CG Fund 2) CG Fund 3) ESG Fund and 4) Thai ESG Fund.

Capital and financial account recorded a net outflow of 4.8 billion US dollars in the third quarter of 2023, compared to the outflow of 4.3 billion US dollars in the previous quarter. This was contributed by a net outflow of Thai investors in terms of direct investments, and a net sell outflow of foreign investors in terms of portfolio investment, in both equity and bond market. However, in the third quarter of 2023, direct investment by foreign investors was recorded a surplus of 1.4 billion US dollars, which was a continuous surplus of 0.2 billion US dollars from the previous quarter.

Capital and financial account recorded a net outflow due to an outflow of Thai investors in terms of direct investments and a net sell position in portfolio investment by foreign investors.

Capital Flow

(Billion USD)	2021					2022					2023		
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3
- Direct Investments	**-4.5**	**2.3**	**-1.4**	**-1.4**	**-4.0**	**3.7**	**2.7**	**-0.6**	**0.1**	**1.5**	**0.0**	**-2.2**	**-1.1**
Thai investors	-19.1	-3.5	-3.0	-4.6	-8.0	-7.5	-3.8	-1.1	-1.9	-0.7	-2.8	-2.4	-2.5
Foreign investors	14.6	5.8	1.6	3.2	4.0	11.2	6.5	0.5	2.0	2.2	2.8	0.2	1.4
- Portfolio Investments	**-11.9**	**-10.0**	**-3.8**	**0.0**	**1.9**	**5.8**	**2.6**	**1.8**	**-0.7**	**2.0**	**-5.8**	**-1.4**	**-4.3**
Thai investors	-16.8	-10.4	-3.7	-0.2	-2.5	-2.4	-1.3	1.0	-0.3	-1.8	-3.0	1.7	-0.9
Foreign investors	4.9	0.4	-0.1	0.2	4.4	8.2	3.9	0.8	-0.4	3.8	-2.8	-3.1	-3.5
Others	**10.4**	**1.0**	**2.5**	**4.0**	**2.9**	**-2.9**	**-0.7**	**-2.6**	**-1.3**	**1.8**	**5.0**	**-0.7**	**0.6**
Capital and financial account	-6.0	-6.7	-2.7	2.6	0.8	6.6	4.6	-1.4	-1.9	5.3	-0.8	-4.3	-4.8

Source : BOT

Current account in fourth quarter of 2023 was registered to a surplus of 1.5 billion US dollars (53.9 billion Baht), lower than to a surplus of 2.6 billion US dollars (94.1 billion Baht) in the previous quarter, still higher than a surplus of 0.7 billion US dollars (26.3 billion Baht) in the same period last year. This was a result of a surplus of 3.5 billion US dollars in trade balance (lower than a surplus of 4.2 billion US dollars in the same period last year, while services, and primary and secondary income were recorded a deficit of 1.9 billion US dollars, marking fifteen consecutive quarters of deficit (lower than a deficit of 3.4 billion US dollars in the same period last year).

Current account continued to surplus following a trade surplus while net services remained a deficit.

In 2023, current account was recorded a surplus of 6.6 billion US dollars (235.8 billion Baht), compared with a deficit of 15.7 billion US dollars (551.3 billion Baht) in 2022.

International reserve at the end of December 2023 stood at 224.5 billion US dollars, increasing from 216.6 billion US dollars at the end of December 2022. **In Thai Baht terms,** international reserve at the end of December 2023 stood at 7,677.3 billion Baht, higher than 7,483.6 billion Baht at the end of December 2022.

International reserve at the end of December 2023 stood at 224.5 billion US dollars.

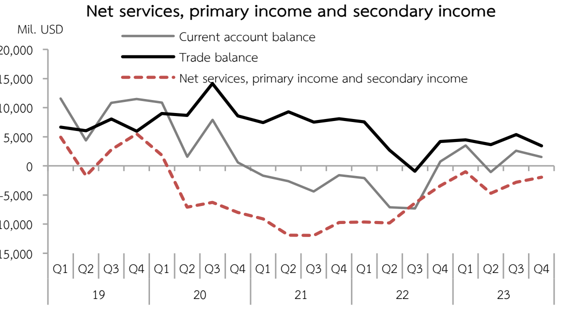
Headline inflation: In the fourth quarter of 2023, headline inflation decreased by 0.5 percent which was the first-time contraction in eleven quarters. **Food-and-beverage** price index fell by 0.4 percent, compared with an 0.7-percent growth in the previous quarter, mainly due to a decrease in the price index of meat, vegetables and fruits, and seasoning and condiments which dropped by 17.3 percent, 0.6 percent, and 0.5 percent, respectively. **Non-food and beverage** price index declined by 0.7 percent, compared with an 0.4-percent increase in the previous quarter, in line with a decrease in the price index of energy which was 3.7 percent according to government's cost of living reduction measures. **Core inflation** was averaged at 0.6 percent, decelerating from 0.8-percent in the previous quarter.

Headline inflation declined by 0.5 percent which was the first-time contraction in eleven quarters, associated with a decrease in food-and-beverage and non-food and beverage according to energy price.

In 2023, Headline and core inflation was averaged at 1.2 percent and 1.3 percent, compared with 6.1 percent and 2.5 percent, respectively, in 2022.

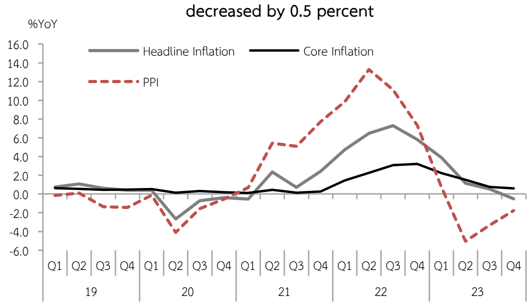
In January 2024, Headline inflation fell by 1.1 percent, following a decrease in the price index of meat, vegetables and fruits, as well as energy. Meanwhile, Core inflation was averaged at 0.5 percent.

Current account balance, Trade balance,
Net services, primary income and secondary income



Source: Bank of Thailand

Headline inflation in the fourth quarter of 2023
decreased by 0.5 percent



Source: Ministry of Commerce

Producer Price Index (PPI): In the fourth quarter of 2023, PPI decreased by 1.8 percent which declined for three consecutive quarters, compared with a 3.3-percent decrease in the previous quarter in line with a drop in most categories. **The price index of manufactured products** fell by 0.3 percent, resulting from a decline in the price of petroleum products, chemicals and chemical products, basic metal product, and computer product & household electronic by 7.5 percent 4.2 percent 3.1 percent and 1.4 percent, respectively. **The price index of mining products** dropped by 30.7 percent, associated with the contraction in the price of petroleum & natural gas which fell by 35.0 percent. On the other hand, **the price index of agricultural & fishery products** grew by 1.9 percent which was the first-time increase in three quarters.

Producer Price Index (PPI) decreased by 1.8 percent, which declined for three consecutive quarters

In 2023, Producer Price Index reduced by 2.4 percent, compared with a 10.4-percent growth in 2022.

In January 2024, Producer Price Index increased by 0.3 percent associated with a growth in the price of manufactured products and agricultural & fishery products while the price of mining products decreased.

2. Crude Oil price in Q4 of 2023

The crude oil price in the global market declined from the same period last year and the previous quarter. In the fourth quarter of 2023, the average crude oil price in four major markets (WTI, Brent, Dubai, and Oman) stood at 82.4 US dollars per barrel, decreasing by 3.2 percent from the 85.1 US dollars per barrel on average recorded in the same period last year, also declined by 3.4 percent from 85.3 US dollars per barrel recorded in the previous quarter.

The crude oil price in the global market decreased from the same period last year and the previous quarter.

Key reasons leading to a decrease in the global crude oil price were (i) concern about the signal that US policy interest rate has not been cut and the China's economic slowdown which were affecting global oil market demand, (ii) the growth in the US commercial crude oil inventories in the fourth quarter of 2023 which was average at 435 million barrel a rise of 1.5 percent from 429 million barrels in the same period last year, (iii) relaxation of the US measures to control crude oil imports from Venezuela, and (iv) Angola exit from OPEC membership, which reflects that some member countries do not want to reduce production capacity as much as the meeting resolution.

In 2023, the average crude oil price in four major markets (WTI, Brent, Dubai, and Oman) stood at 80.8 US dollars per barrel, falling by 16.2 percent from the average at 96.5 US dollars per barrel recorded in 2022.

Crude oil price

Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2021	Year	68.1	70.9	69.5	69.3	69.4	72.1	63.4	63.8	65.5	65.4
2022	Year	94.2	98.8	96.2	96.5	96.5	38.4	39.4	38.4	39.4	38.9
	Q1	94.7	97.9	96.1	96.4	96.2	63.3	59.8	59.4	63.3	61.3
	Q2	109.0	112.3	108.5	105.4	108.8	63.9	61.9	60.7	56.2	60.6
	Q3	91.4	97.5	96.5	100.7	96.5	29.6	33.2	34.3	40.0	34.3
	Q4	82.6	88.6	84.7	84.7	85.1	7.1	11.1	8.0	8.0	8.6
2023	Year	77.4	82.1	81.8	81.9	80.8	-17.8	-16.9	-15.0	-15.2	-16.2
	Q1	76.0	82.1	80.2	80.4	79.7	-19.7	-16.1	-16.5	-16.6	-17.2
	Q2	73.1	77.3	76.9	76.9	76.0	-33.0	-31.2	-29.1	-27.0	-30.1
	Q3	82.1	86.0	86.6	86.6	85.3	-10.2	-11.8	-10.3	-14.0	-11.6
	Q4	78.8	83.0	83.8	83.8	82.4	-4.6	-6.2	-1.0	-1.1	-3.2
	Oct.	85.4	88.7	89.6	89.6	88.3	-1.9	-5.3	-1.5	-1.5	-2.6
	Nov.	77.4	82.1	83.4	83.4	81.6	-8.3	-9.7	-3.1	-3.1	-6.0
	Dec.	72.2	77.3	77.1	77.1	75.9	-5.2	-4.4	0.5	0.2	-2.3
2024	Jan.	73.9	79.1	78.9	79.0	77.8	-5.5	-5.7	-2.0	-2.2	-3.9

Source: Thaioil Plc and EPPO.

3. The World Economy in Q4 of 2023

The world economy in the fourth quarter of 2023 showed an improvement compared to the preceding quarter, driven by the recovery of domestic demand. This positive trend aligned with the ongoing expansion of the service sector and labor markets. Notably, the economic growth in major economies, particularly the US and China, played a pivotal role in supporting global trade volumes. Contributions from the upward trajectory in semiconductor sales and increased new orders in several countries further supported the overall recovery. Thus, industrial production and export sectors in newly industrialized economies (NIEs) and ASEAN economies experienced expansion. However, ongoing conflicts in the Middle East, particularly the tensions between Israel and Hamas since October 2023, had adverse effects on investor confidence, leading to volatility in capital markets. The heightened geopolitical tensions also influenced energy and commodity prices, causing an acceleration in the world market during the last quarter. Consequently, the inflation rate remained elevated above the monetary policy target after a previous decrease. In response, most central banks decided to maintain their policy interest rates at high levels.

The U.S. economy expanded by 3.1 percent (Advance Estimate), accelerating from 2.9 percent in the previous quarter, the highest growth in seven quarters. The expediting growth is attributed to the acceleration of private consumption, reflecting by a 2.6-percent increase in retail sales, up from 2.0 percent in the preceding quarter, in line with a robust labor market[6]. Similarly, non-residential investment continued to expand by 4.1 percent, consistent with the previous quarter. Nevertheless, residential investment rebounded after declining for seven consecutive quarters. Meanwhile, the inflation rate (PCE Price Index) stood at 2.7 percent, slowing down from 3.3 percent in the previous quarter, yet still exceeding the monetary policy target of 2.0 percent. Correspondingly, the US Federal Reserve's Monetary Policy Committee (FOMC) decided to hold its policy rate[7]. Meanwhile, the US economy still faced an expanding fiscal deficit that led to higher levels of public debt. Consequently, on November 10th, 2023, the Moody's credit rating agency downgraded the credit rating of US government bonds outlook from Stable to Negative. After seasonal adjustment, the US economy in the fourth quarter expanded by 3.3 percent, compared with 4.9 percent in the third quarter (%QoQ saar.). **Overall, the US economy in 2023 expanded by 2.5 percent, accelerating from 1.9 percent in 2022**.

The Eurozone economy expanded by 0.1 percent, compared to a stagnant 0.0 percent growth in the preceding quarter. Notably, Germany, the region's largest economy, experienced its second consecutive quarterly decline of 0.2 percent, compared with 0.3 percent contraction in the previous quarter (%YoY). Meanwhile, other major member states' economic growth remained sluggish[8]. This was attributed in part to a slowdown in industrial output, evident in the Purchasing Managers' Index (PMI) for the manufacturing sector, which stood at 43.9, below 50.0 for the sixth consecutive quarter. Similarly, the PMI for the service sector dropped to 48.4, lower than 50.0 for the second consecutive quarter, marking an 11-quarter low. These declines were influenced by domestic demand slowdown, owing to a tight monetary policy stance adopted by the European Central Bank (ECB) together with low economic confidence, with the economic confidence index remaining below 100 points for six successive quarters. Additionally, headline inflation was at an average of 2.7 percent in the fourth quarter, decelerated from 4.9 percent in the previous quarter but still above the 2.0 percent target rate, partly due to pressure from a tight labor market stimulating wage levels[9]. Consequently, the ECB's Monetary Policy Committee kept policy interest rates unchanged[10]. Concurrently, the European Union continued implementing the Next Generation EU measures to rejuvenate and restructure the economy, aiming to reduce energy import dependency[11]. Overall, the Eurozone economy expanded by 0.5 percent in 2022, a notable slowdown from the 3.4 percent growth recorded in 2021.

The Japanese economy grew by 1.0 percent, marking a slowdown from 1.7 percent in the third quarter. This is mainly due to a decline in domestic consumption resulting from an accelerated inflationary pressure. Additionally, the manufacturing and export sectors continued to contract, illustrated by Manufacturing PMI standing at 48.3 which was below 50.0 for five consecutive quarters, as well as export values of goods which contracted for seven consecutive quarters by 0.7 percent continuing from a 3.1-percent decline in the preceding quarter. Consequently, a trade deficit was recorded at 3.1 billion US dollars. Nevertheless, export volume of passenger cars still continued to notably increase by 20.6 percent, surpassing 17.8 percent in the previous quarter. This led to a 19.8-percent expansion in the export volume of passenger cars throughout 2023, marking the first growth in three years, partially owing to an improved situation in the global semiconductor supply chain. Meanwhile, the Japanese government announced a recent minimum wage hike in

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6 The unemployment rate in the fourth quarter stood at 3.7 percent, remaining below 4.0 percent for eight consecutive quarters, reflecting tight labor demand. The weekly wage growth rose by 3.8 percent, continuing from 4.0 percent in the previous quarter. Nonfarm employment in December 2023 increased by 333,000 positions from the previous month, the highest raise of the year.

7 According to the FOMC meetings on 31st October - 1st November 2023 and 12th – 13th December 2023, the committee decided to maintain its policy rate at 5.25-5.50 percent, the highest level in 22 years, remaining unchanged for the 3rd consecutive meeting since July 2023. The FOMC decided to maintain its expansionary monetary policy to accommodate the inflation to achieve the monetary policy target of 2.0 percent and restore full employment.

8 The French, Italian and Spanish economies expanded by 0.7 percent, 0.5 percent and 0.2 percent, compared with expansions of 0.6 percent, 0.1 percent and 1.1 percent in the previous quarter, respectively.

9 Tight labor market as indicated by the unemployment rate falling to a record low of 6.4 percent, compared with 6.5 percent in the previous quarter. Thus, this induced labor wage to increase, reflected in the Wage and Salary Index, which expanded 5.3 percent in the third quarter of 2023, accelerating from 4.6 percent in the previous quarter, and market conditions and is the highest expansion in history.

10 In the meetings held on October 26th and September 14th, 2566, the European Central Bank (ECB) decided to maintain the Refinancing Operations Rate, the Marginal Lending Facility Rate, and the Deposit Facility Rate at 4.50 percent, 4.75 percent, and 4.00 percent, respectively.

11 The Next Generation EU (NGEU) project has a total budget of 723.8 billion Euros, divided into 385.8 billion Euros in loans and 338.0 billion Euros in subsidies, during the year 2021 – 2026, to support and facilitate member countries realizing the green and digital transition. As of December 28th, 2023, the European Commission Implementing Decision approved budgets for subsidies and loans of 141.6 billion Euros and 79.2 billion Euros, respectively.

October 2023, reaching a record high, resulting in an increase in nominal wage. However, after adjusting for a high inflation rate at 2.9 percent, the real wage index still contracted by 2.2 percent. Meanwhile, due to the moderate economic recovery, the Bank of Japan decided to maintain its expansionary monetary policy, yet the BOJ adjusted the Yield Curve Control policy by setting the upper bound at 1.0 percent instead of the interest rate range of ±0.5 percent in order to flexibly manage the policy. **In 2023, the Japanese economy expanded by 1.9 percent, compared with 1.0 percent in 2022.**

The Chinese economy expanded by 5.2 percent, accelerating from 4.9 percent in the previous quarter. The robust growth was driven by the recovery of domestic consumption and the service sector, together with the improvement of manufacturing productions and exports, reflecting in an 8.3-percent growth in retail sales, accelerating from a 4.2-percent rise in the previous quarter, in line with the service PMI of 51.6, higher than the level of 50 for the fourth consecutive quarter. In addition, the labor market remained strong as reflected by the 5.0 percent unemployment rate, the lowest rate in 8 quarters, while the consumer confidence index rose to 87.5. Likewise, manufacturing productions and exports recovered as reflected in a decline in export value by 1.2 percent, improving from a 9.9-percent contraction in the prior quarter. This was attributed to a rebound of export value in November and December 2023 which was increased by 0.7 percent and 2.3 percent, respectively, marking the first expansion since April 2023[12]. However, the private investment remained decreased by 12.1 percent, the highest contraction in 15 quarters. Real estate investment continuously fell by 16.5 percent, a decline for the seventh consecutive quarter. Hence, the Chinese government decided to introduce measures to stimulate the economy by relaxing restrictions on home buying in major cities and allowing local governments to issue additional government bonds to enhance liquidity for financial institutions. Simultaneously, the People's Bank of China (PBOC) maintained its policy interest rates along with injecting liquidity into the economy aiming to serve economic expansion and prevent deflation[13]. Thus, the headline inflation rate of China in the fourth quarter of 2023 was at (-0.3) percent, down from (-0.1) percent in the preceding quarter, the lowest level in 57 quarters. **In 2023, the Chinese economy expanded by 5.2 percent, higher than the government's target of 5.0 percent, and up from a 3.0-percent expansion in 2022.**

The Newly industrialized economies (NIEs) showed a positive growth in the fourth quarter. The growth was primarily driven by the rebound in exports due to the rejuvenation of global trade, particularly in semiconductor products. This was aligned with the improvement of the industrial manufacturing sector. **South Korea and Singapore's economies grew at the highest growth in 5 quarters by 2.2 percent,** and 2.2 percent, accelerating from 1.4 percent, and 1.0 percent in the preceding quarter, respectively. **Hong Kong and Taiwan's economies expanded at the highest growth in 8 quarters by 4.3 percent, and 5.1 percent**, accelerating from 4.1 percent, and 2.3 percent in the previous quarter, respectively. Nonetheless, inflationary pressures remained high due to an increase in price of food and transportation cost[14], causing the central banks to maintain their policy interest rates. **In 2023, Singapore, South Korea, and Taiwan's economies grew by 1.1 percent, 1.4 percent, and 1.4 percent, slowing down from 3.8 percent, 2.6 percent, and 2.6 percent in 2022, respectively. Meanwhile, Hong Kong's economy expanded by 3.2 percent, reviving from a 3.5-percent contraction in 2022.**

The ASEAN economies mostly continued to improve in line with a continuous expansion of private consumption as well as a recovery of export of goods. Precisely, the economies of Indonesia, Malaysia, and Vietnam grew by 5.0 percent, 3.0 percent, and 6.7 percent, accelerating from 4.9 percent, 3.3 percent, and 5.5 percent in the previous quarter, while the economy of the Philippines expanded by 5.6 percent compared with 6.0 percent in the previous quarter. Meanwhile, the inflationary pressure in most countries has eased. Thus, central banks of Malaysia and Vietnam maintained the policy rates during the fourth quarter whereas the central banks of Indonesia and the Philippines decided to increase their policy rates in order to relieve the inflationary pressure and ensure exchange rate stability[15]. **In 2023, the economies of Indonesia, Malaysia, the Philippines, and Vietnam expanded by 5.0 percent, 3.7 percent, 5.6 percent, and 5.0 percent,** decelerating from 5.3 percent, 8.7 percent, 7.6 percent, and 8.0 percent in 2022, accordingly.

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12 The value of exports to the United States, the European Union, and countries in Asia decreased by 3.0 percent, 9.7 percent, and 3.8 percent, compared with the contraction of 14.3 percent, 17.5 percent, and 9.9 percent, respectively, marking the lowest declines in 5 quarters. Meanwhile, the value of exports in November and December returned to expand by 0.7 percent and 2.3 percent, respectively, which was the first expansion since April 2023.

13 More details in Box: The key economic stimulus measures of China

14 Inflation rates in the fourth quarter of 2023 in South Korea, Taiwan, and Hong Kong were at 3.4 percent, 2.9 percent, and 2.6 percent, accelerating from 3.1 percent, 2.4 percent, and 1.9 percent in the previous quarters, respectively. Meanwhile, the inflation rate of Singapore stood at 4.0 percent, compared with 4.1 percent in the previous quarter, mainly due to the decrease in prices of retail goods, food, and housing.

15 In the fourth quarter, Malaysia experienced an inflation rate of 1.6 percent, down from 2.0 percent in the preceding quarter, falling below the targeted range of 2.5 - 3.5 percent. However, the central bank of Malaysia maintained the interest rate at 3.0 percent at its meeting on November 2nd, 2023. Vietnam's inflation rate stood at 3.5 percent. Though it increased from 2.9 percent in the previous quarter due to an increase in prices of food, it was still below the target level of 4.5 percent. As a result, the central bank of Vietnam has kept the interest rate at 3.0 percent since the second quarter. Indonesia's inflation in the fourth quarter was 2.7 percent, compared with 2.9 percent in the previous quarter, within the monetary policy target range of 2.0 - 4.0 percent. However, the central bank of Indonesia, at its meeting on October 19th, 2023, decided to increase the policy interest rate to 6.0 percent from 5.75 percent. Similarly, the Philippines's inflation rate was 4.3 percent in the fourth quarter, decreasing from 5.4 percent in the previous quarter, higher than the inflation target range of 2.0 - 4.0 percent, causing the central bank of the Philippines at its meeting on October 26th, 2023, to raise the policy interest rate to 6.50 percent from 6.25 percent.

Real GDP and Exports of Key Economies

(%YoY)	GDP 2020	GDP 2021	GDP 2022	GDP 2023					Exports of Goods (USD) 2020	2021	2022	2023				
	Year	Year	Year	Q1	Q2	Q3	Q4	Year	Year	Year	Year	Q1	Q2	Q3	Q4	Year
US	-2.2	5.8	1.9	1.7	2.4	2.9	3.1	2.5	-13.3	23.0	18.7	7.2	-6.7	-5.7	-1.3	-1.9
Eurozone	-6.2	5.9	3.4	1.3	0.6	0.0	0.1	0.5	-7.1	18.1	5.2	3.8	0.4	2.3	-0.2	1.6
United Kingdom	-10.4	8.7	4.3	0.3	0.3	0.2	-0.2	0.1	-11.1	15.8	10.8	10.9	8.4	1.1	-4.3	3.7
Australia	-2.2	5.5	3.9	2.3	1.8	2.5			-7.5	37.0	19.9	3.9	-16.7	-14.8	-9.3	-9.7
Japan	-4.1	2.6	1.0	2.6	2.3	1.7	1.0	1.9	-9.1	17.9	-1.2	-8.0	-4.0	-3.1	-0.7	-4.0
China	2.2	8.4	3.0	4.5	6.3	4.9	5.2	5.2	3.6	29.6	5.6	-1.9	-4.9	-9.9	-1.2	-4.6
India	-5.9	9.4	6.5	6.2	8.2	8.1	8.4	7.7	-14.7	43.0	14.6	-1.9	-14.1	-3.1	1.1	-4.7
South Korea	-0.7	4.3	2.6	0.9	0.9	1.4	2.2	1.4	-5.5	25.7	6.1	-12.8	-12.0	-9.7	5.7	-7.5
Taiwan	3.4	6.6	2.6	-3.5	1.4	2.1	4.9	1.3	4.9	29.3	7.4	-19.2	-17.0	-5.1	3.3	-9.8
Hong Kong	-6.5	6.5	-3.7	2.9	1.5	4.1	4.3	3.2	-0.5	26.0	-9.3	-18.0	-13.3	-5.7	6.6	-7.8
Singapore	-3.9	9.7	3.8	0.5	0.5	1.0	2.2	1.1	-4.1	22.1	12.7	-5.2	-14.5	-12.6	3.0	-7.7
Indonesia	-2.1	3.7	5.3	5.0	5.2	4.9	5.0	5.0	-2.7	41.9	26.0	1.3	-17.8	-18.6	-8.3	-11.3
Malaysia	-5.5	3.3	8.7	5.6	2.9	3.3	3.0	3.7	-2.3	27.5	17.6	-1.6	-14.6	-17.8	-9.4	-11.2
Philippines	-9.5	5.7	7.6	6.4	4.3	6.0	5.6	5.6	-8.1	14.5	6.5	-12.6	-5.8	-1.2	-10.7	-7.6
Vietnam	2.9	2.6	8.0	3.4	4.3	5.5	6.7	5.0	6.9	18.9	10.6	-11.6	-11.6	-2.4	6.9	-4.8

Source: CEIC, compiled by Office of the National Economic and Social Development Council

4. The World Economic Outlook for 2024

The world economy in 2024 is expected to sustain its growth trajectory following the recovery in the manufacturing sector and international trade. This aligns with the recent increase in new-orders number in major industrialized countries and higher industrial inventories. Notably, the upward electronic product cycle has become more evident since the latter half of 2023. Nevertheless, an overall slowdown is foreseen throughout 2024 due to the deceleration of major economies, including the US, Japan, and China. Meanwhile, the Eurozone economy is expected to experience gradual improvement from the low growth base of the last year. The Newly Industrialized and ASEAN economies are expected to show solid expansions, driven by domestic demand growth and a rebound of merchandise exports, in line with the recovery in global trade volumes. The inflation outlook for 2024 is expected to show a continual decrease from its peak attributed, in part, to proactive monetary policy during the last few months. Given the fragility of the economic recovery, the major central banks are expected to shift monetary policy direction by gradually reducing policy interest rates.

However, the world economy and global trade volume are still expected to face various downside risks that could potentially constrain expansion. In particular, the uncertainty stemming from geopolitical conflicts may precipitate geo-economic fragmentation, potentially exacerbating inflationary pressure. In response, major central banks may maintain their policy interest rates at high levels for longer than expected (Higher for Longer). Additionally, the Chinese economy may decelerate more than expected, primarily due to the debt problem in the real estate sector.

Under the base-case scenario, the geopolitical conflict will be limited and not escalate into severe and prolonged tension, which will cause supply chain disruption. Thus, there remain absences of substantial impact on the economy and financial system. **The world economy in 2024 is expected to expand by 2.7 percent, an equivalent from the previous estimate and slowing down from 3.0 percent in 2023. Meanwhile, the world trade volume is anticipated to grow by 3.0 percent, recovering from 0.5 percent in 2023, a decrease from 3.2 percent in the previous projection assumption.** Prospects on key economies are as follows:

The US economy is expected to expand by 1.8 percent, slowing from a 2.5-percent growth in 2023, but revising upward from a 1.4-percent expansion in previous estimation, owing to the ongoing expansion of private consumption. This is in line with a robust labor market[16] and an increase in consumer spending from accumulated savings, along with the rising Consumer Confidence Index in January 2024 of 54.3, the highest level in 25 months. Meanwhile, the manufacturing sector is likely to improve following the global economic recovery. This is reflected by the Manufacturing and Purchasing Managers' Index (PMI) for new orders in January 2024, increasing to 52.5, the highest level in 20 months[17]. Nevertheless, the expansion of domestic demand is still limited by the tight monetary policy, which has increasingly affected domestic consumption and investment as well as the labor market. Similarly, fiscal support is likely to decrease. The Congressional Budget Office estimates that in 2024, the US government will have a budget deficit of 2.3 percent of gross domestic product, decreasing from 3.8 percent in the previous year. This is coupled with facing limitations due to political uncertainty ahead of the presidential election in late 2024. Meanwhile, it is expected that the US Federal Reserve will maintain the policy interest rate at a high level until the inflation rate significantly reduces toward the monetary policy target. Most recently, headline inflation (CPI) in January 2024 stood at 3.1 percent, down from 3.4 percent in the previous month, while core inflation remained unchanged at 3.9 percent, consistent with the preceding month. Consequently, in the baseline scenario, it is expected that the US Federal Reserve will

16 The unemployment rate in January 2024 remained at 3.7 percent, the same as the previous month, compared to 3.4 percent in the same period last year, respectively.

17 The manufacturing PMI stood at 50.7, increasing from 47.9 in the previous month.

cut the policy interest rate in the second half of 2024[18].

The Eurozone economy is forecasted to expand by 0.6 percent in 2024, compared with a 0.5-percent expansion in 2023. However, the forecast has been revised downward from the earlier estimate of 0.9 percent, primarily due to the expected heightened impact of the stringent monetary policy on consumption and investment growth. Additionally, the recovery of the production sector is unlikely in the short run, as evidenced by the manufacturing and service PMIs in January 2024 of 46.6 and 48.4, which remained below the 50.0 threshold for the 19th and 35th consecutive month, respectively. Nevertheless, the regional economy is anticipated to gain positive effects from a reduction on Russian energy imports dependence and increase in energy reserves[19]. This support is further bolstered by contributions from the fiscal spending under the long-term budget framework (Multiannual Financial Frameworks: MFF) spanning from 2021 to 2027, with a total worth of 1.216 trillion Euros, including supplementary funding from the Next Generation EU economic recovery plan, totaling 8.069 billion Euros[20]. Nonetheless, headline inflation persisted at an elevated level of 3.3 percent in January 2024, compared to 3.4 percent in the preceding month. Consequently, the ECB is expected to maintain its high policy interest rate until inflation decrease to the medium-term target of 2.0 percent[21].

The Japanese economy is anticipated to expand by 0.8 percent, a decrease from 1.9 percent in 2023. This is owing to a deceleration of private consumption, in line with a downward trend of real wage, along with high inflationary pressure partially stemming from Japanese Yen depreciation. Moreover, the manufacturing sector has been affected by the earthquake in January 2024, particularly the productions of apparels and accessories, general-purpose and business-oriented machinery, and electronics devices. Notwithstanding, the economy still receive supports from government expenditure as the government announced new comprehensive measures against deflation in November 2023[22], as well as an expansion in the service sector, especially the tourism recovery. Considering higher-than-target inflation rate and currency depreciation, the Bank of Japan is likely to abandon the negative interest rate policy in the middle of 2024 and adjust the Yield Curve Control measure at the end of 2024 in order to achieve the inflation target of 2.0 percent in the long run.

The Chinese economy is expected to grow by 4.3 percent in 2024, decelerating from 5.2 percent in 2023, unchanged from the previous projection. This expansion is primarily attributed to a resurgence of manufacturing productions, reflected in the manufacturing PMI in January 2024 at a level of 50.8, higher than the level of 50 for three consecutive months. The positive growth is also driven by the additional fiscal impetus from economic stimulus measures[23]. Nevertheless, the real estate sector has persistently grappled with liquidity shortages[24] and the lack of consumer confidence in real estate development projects, manifesting in a decrease in the number of home sales and housing prices. Meanwhile, domestic consumption is expected to shrink in line with the slowdown in bank lending and deflationary pressures as reflected by the inflation rate falling to (-0.8) percent in January 2024, a decline for the fourth consecutive month, and marking the lowest rate since 2009[25]. Likewise, the producer price index in January 2024 fell by 2.5 percent, a decrease for the sixteenth consecutive month. In addition, the Chinese economy is subject to the risk of trade protectionist measures from major economies[26] and high levels of debt in both the central government and local government, which will limit the fiscal capacity to

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18 According to the FOMC meeting on 30th - 31st January 2024, the committee decided to hold the policy rate at 5.25 - 5.50 percent, the highest level in 22 years, to reduce inflationary pressure. Besides, headline inflation (CPI) in January 2024 stood at 3.1 percent, slowing from 3.4 percent in the previous month, while core inflation remained unchanged at 3.9 percent, consistent with the preceding month. Meanwhile, nonfarm payroll in January 2024 increased by 353,000 positions, compared to 333,000 positions in the previous month, surpassing the average in 2023 of 225,000 positions. This reflects the tight labor market, which will put pressure on increasing wage levels and further impact prices.

19 Dependence on energy imports from Russia has decreased sequentially. For 2023, the EU imported natural gas from Russia on an average of 568 million cubic meters per week, a decrease of 56.2 percent and 80.4 percent compared to 2022 and 2021, respectively. While the amount of natural gas reserves has increased, registering an average of 86,966 million cubic meters per week in 2023, which was an increase of 32.5 percent and 50.2 percent from 2022 and 2021, respectively.

20 As of February 1st, 2024, funding under the Recovery and Resilience Facility (RRF) has been disbursed for a total of 0.224 billion euros out of the overall 7.238 trillion euros, comprising 144 billion euros for subsidies and 80 billion euros in loans.

21 Inflation rates in the third quarter of 2023 in South Korea, Hong Kong, and Singapore were at 3.1 percent, 1.9 percent, and 4.1 percent, decelerating from 3.2 percent, 2.0 percent, and 5.1 percent in the previous quarters, respectively. Meanwhile, the inflation rate of Taiwan stood at 2.4 percent, up from 2.0 percent in the previous quarter, mainly due to the increase in prices of food, housing, and transportation and communications.

22 On November 2rd, 2023, the Japanese cabinet approved "Comprehensive Economic Measures for Completely Overcoming Deflation" expensed 21.8 trillion yen, which consist of 5 main pillars including (1) Countermeasures against Price hike Protecting People's Lives, (2) Achieving Sustainable Wage Increases including Regions, Medium Enterprises and SMEs and Income Improvements, and Realizing Regional Growth, (3) Promoting Domestic Investment that Contributes to Strengthening and Upgrading Growth Potential, (4) Initiating and Promoting Societal Transformations to Overcome Population Decline and Converting the Change to Power, and (5) Securing the Safety and Security of the People through National Resilience, and Disaster Prevention and Mitigation.

23 More details in Box: The key economic stimulus measures of China.

24 A Hong Kong court ordered China Evergrande, the world's most heavily indebted real estate developer, to undergo liquidation. This reflects the Chinese government's approach to addressing the issue, emphasizing that no company is 'Too Big to Fail', and policies leading to Moral Hazard will not be pursued. This solution has halted consumer confidence from increasing, as there is an immediate systemic risk that may affect other real estate development companies.

25 Food Inflation in January 2024 declined by 5.9 percent, continuing from a 3.7-percent contraction in the previous month. Pork prices in January 2024 fell by 17.3 percent, compared with a 26.1-percent reduction in the previous month. Likewise, the price of fresh vegetables decreased by 12.7 percent, compared with a 0.5-percent increase in the previous month. The decrease in food inflation was due to the high-base effect in the same month last year, which coincided with the Lunar New Year in January 2023.

26 On October 4th, 2023, the European Commission formally launched an anti-subsidy investigation into the imports of battery electric vehicles (BEV) from China as a high level of imports may cause a price distortion and lead to an unfair competitive advantage over their European counterparts. Thus, the investigation will be concluded within a maximum 13 months of initiation. Recently, on January 12th, 2024, the European Commission investigators are set to scrutinize Chinese automakers, including BYD, Geely, and SAIC as part of a probe into whether to impose punitive tariffs up to 27.5 percent (from 10 percent), the same as the tariff on imports from the United States.

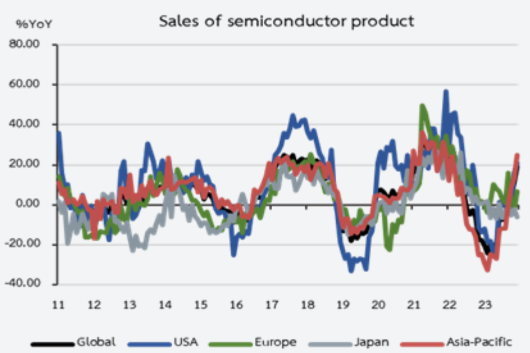
stimulate the economy[27]. Consequently, the People's Bank of China (PBOC) decided to continue its expansionary monetary policy aiming to keep the liquidity adequate at a reasonable level in the economy.

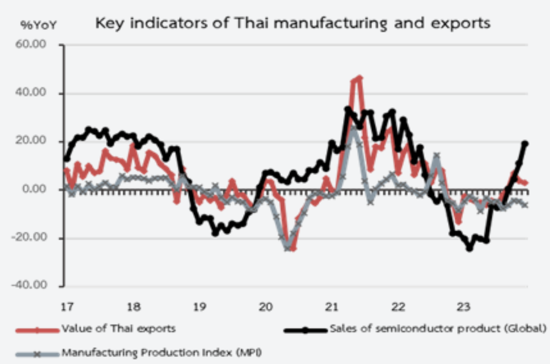
The Newly Industrialized Economies (NIEs) are expected to improve from a moderate growth in the previous year. This upward trajectory is attributed to the expansion of domestic demand, amidst decreasing inflationary pressures, and the ongoing recovery of the service sector, particularly in tourism. Additionally, the export sector is expected to benefit from the recovery in world trade and the positive electronic products cycle. South Korean, Taiwan, and Singapore's economies in 2024 are projected to expand by 2.2 percent, 2.9 percent and 2.0 percent, accelerating from growth rates of 1.4 percent, 1.4 percent and 1.2 percent in 2023, respectively. Whereas, the Hong Kong economy is expected to grow by 2.5 percent in 2024, a slight deceleration from the 3.2 percent in the previous year.

The ASEAN economies tend to improve as the export of goods rebounds in tandem with the recovery of global trade. The expansion is also coupled with a recovery of tourism sectors. As a result, in 2024, the economies of Indonesia, Malaysia, the Philippines, and Vietnam are likely to expand by 4.8 percent, 4.0 percent, 5.5 percent, and 5.4 percent, continuing from 5.1 percent, 3.8 percent, 5.6 percent, and 5.0 percent, respectively.

Electronics Cycle and Its Implications for the Thai Economy

The recovery of the electronics cycle is a significant signal of the global trade revival. In light of this, the correlation between semiconductor sales in major economies and Thailand's industrial production and export indicators, including export value, production index, and capacity utilization rate, was analyzed using the Granger Causality test. The result revealed a significant correlation between semiconductor sales with a one-month lag and Thailand's economic indicators (details in the table). This reflects that the resurgence of the electronics cycle in the latter half of 2023 anticipates the recovery of Thailand's export and industrial production sectors in the coming periods.





Sales of semiconductor	Value of Thai exports: Total	Value of Thai exports: Manufacturing	Value of Thai exports: Electronic products	Manufacturing Production Index: Total	Manufacturing Production Index: Electronic components and board	Capacity Utilization Rate: Total	Capacity Utilization Rate: Computers and electronics components and board	Capacity Utilization Rate: Electronic
Global	□ ***	□ **	□ ***	□ *	X	□ *	□ **	□ ***
USA	X	X	□ ***	X	X	X	X	□ ***
Japan	□ ***	□ ***	□ ***	□ *	X	□ **	X	□ **
Europe	□ ***	□ ***	□ ***	□	□ * *	□ *	□ (2 Lags) *	□ **
Asia-Pacific	□ ***	□ **	□ ***	□ *	X	□ *	□ ***	□ ***

Source: CEIC and the Office of Industrial Economics processed by NESDC

Remark: Using the Granger Causality test, the relationship between variables is analyzed with monthly indicator data spanning 2017-2023. Semiconductor sales data is examined with a one-month lag. Symbols ***, **, and * denote significant correlations at 99 percent, 95 percent, and 90 percent confidence levels, respectively, while "X" indicates no significant correlation.

[27] Public debt to GDP in the third quarter of 2023 was at 53.9 percent, up from 38.6 percent in the same quarter of 2019, which was classified as central government debt to GDP of 22.7 percent, increasing from 16.5 percent in the same quarter of 2019. Meanwhile, local government debt to GDP stood at 31.2 percent, rising from 22.1 percent in the same quarter of 2019.

Key economic stimulus measures of China

Date	Details
20 November 2023	**Measures to increase financial liquidity,** the People's Bank of China (PBOC) decided to maintain the one-year loan prime rate (LPR) at 3.45 percent and the five-year LPR at 4.20 percent, following the decision on November 15th, 2023. On that date, the PBOC also maintained the one-year medium-term lending facility (MLF) rate at 2.50 percent, the lowest in history, and injected an additional 1.45 trillion Yuan to bolster liquidity, the highest level in seven years.
7 December 2023	**Measures to promote electric vehicle adoption and manufacturing,** the Ministry of Industry and Information Technology (MIIT), Ministry of Finance (MOF), and the State Administration of Taxation (STA) announced improvements to the tax deduction or exemption for purchases of New Energy Vehicles (NEVs) to encourage manufacturers to accelerate the efficiency of EVs. Qualifying EVs must now have a minimum driving distance of 200 kilometers per charge, up from 100 kilometers. Additionally, manufacturers are required to provide proof of battery exchange services that are offered to the customers who purchase electric cars with swappable batteries. Meanwhile, consumers purchasing NEVs in China are entitled to consumption tax exemptions until 2025, previously from a 10-percent reduction.
11 December 2023	**Measures to support investment and financial liquidity,** local governments in 16 provinces issued special-purpose bonds totaling approximately 200 billion yuan, aiming to boost liquidity for small and medium-sized financial institutions to mitigate risks to the financial system. This issuance followed the central government's issuance of a additional 1 trillion yuan bond to support and improve local government infrastructure and aid in the recovery from natural disasters.
14 December 2023	**Measures to support the real estate sector,** the Ministry of Housing and Urban-Rural Development issued additional measures to revive the real estate sector by permitting consumers in Beijing and Shanghai to reduce the down payment ratio for first homes from 35-40 percent to 30 percent, and for second homes from 60-80 percent to 40-50 percent, depending on the size and value of the property.
21 December 2023	**Measures to promote investment and upgrade production structure,** the Ministry of Commerce (MOFCOM), along with the Ministry of Science and Technology (MOST) published the revised edition of the catalogue for prohibited and restricted export technologies, aiming toto regulate the export of technology and safeguard the economic and technological interests of the state. The key revisions include (i) the removal of technology items banned or restricted for export such as green plants production regulator manufacturing technology, and medical diagnostic instrument and equipment manufacturing technology, (ii) the addition of new items banned or restricted for export such as cell cloning and gene editing technologies for human use, and crop hybrid advantage utilization technology. The revised catalogue has thus been reduced from 164 to 134 items. Technologies not listed can be exported without restrictions. However, the reduction in the list aims at strengthening international economic and technological collaboration along with enhancing domestic technological competitiveness.
19 January 2024	**Measures to support businesses,** the Ministry of Finance of the People's Republic of China (MOF) and the State Administration of Taxation (STA) extended the reduction of the corporate tax rate from 25 percent to 15 percent for eligible businesses in the Hetao Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone (HTCZ). The policy will be implemented retroactively from January 1st, 2023, to December 31st, 2027. However, China has implemented a preferential CIT rate for eligible companies in various development zones nationwide, aiming to promote business development and investment in key industries. These zones include the Lingang New Area of the Shanghai Pilot Free Trade Zone (FTZ) and the Guangzhou Nansha Economic and Technological Development Zone in Guangzhou.
24 January 2024	**Measures to increase financial liquidity,** the People's Bank of China (PBOC) decided to cut the Required Reserve Ratio (RRR) from 7.4 percent to 7.0 percent intending to inject approximately 1 trillion yuan of liquidity into the economy, effective since February 5th, 2024. Moreover, the PBOC lowered the loan interest rate for micro and small businesses from 2.00 percent to 1.75 percent, effective since January 25th, 2024.
6 February 2024	**Measures to support the real estate sector,** the National Financial Regulatory Administration (NFRA) issued measures known as City-level Project Whitelists to provide additional financing for the real estate sector. The eligible real estate projects must meet high -quality standards, and the list of approved projects will be forwarded to regional banks to expedite project financing. Most recently, on February 6, 2024, commercial banks borrowed a total of 1.786 billion yuan to fund the first 83 real estate projects.

Source: Compiled by NESDC as of 19 February 2024

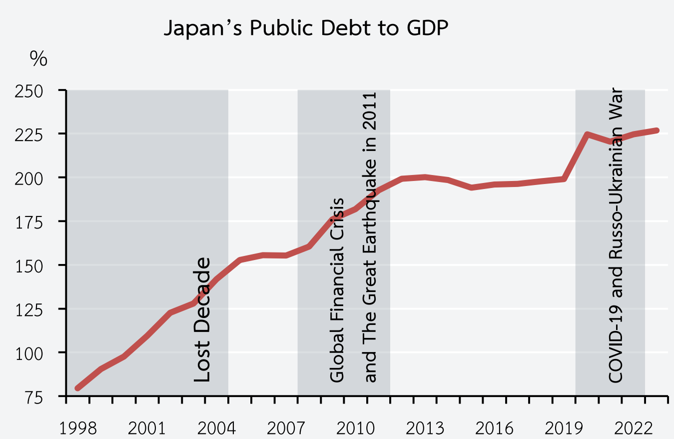
Public Debt Situation in Japan

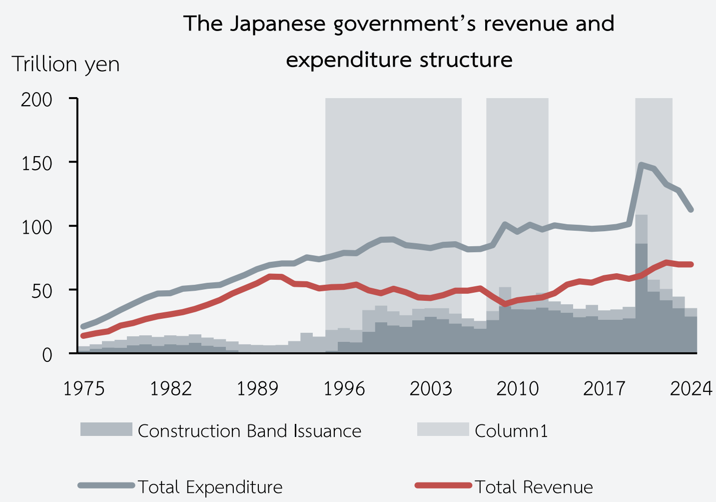
Japan has the highest public debt to GDP ratio among the advanced economies. In June 2023, the ratio stood at 226.9 percent. The main factors consist of (1) Lost Decade after the bubble in 1995 which resulted in bankruptcy of many financial institutes. This consequently led to a plunge in government revenue due to declining corporate tax from poor business performance as well as many companies closing down. This is coupled with tax reform in 1994 with various type of tax deduction. In the meantime, the government spending continued to increase from bailing out the insolvent financial institute; (2) Structural issues in government expenditure including (2.1) an increase in social security fund following the transition toward aged society, (2.2) output gap that occurred when the actual growth cannot match the potential growth, especially when total factor productivity is at low level, and (2.3) liquidity trap after the government and the Bank of Japan jointly implemented the comprehensive monetary and fiscal policy coordination to overcome deflation and achieving sustainable economic growth on January 22nd, 2013. The Bank of Japan would conduct Quantitative and Qualitative Easing which lower the interest rate, accompanied with continual fiscal deficit from the government side; and (3) Comprehensive fiscal measures against the slowdown from Global Financial Crisis in 2008 and COVID-19 pandemic in 2020. The fiscal deficit was recorded at 9.7 percent and 9.1 percent of GDP during the aforesaid situations, respectively. This is to mitigate the impact from both crisis which, as a result, increase the debt level during those periods.

Despite the highest figure of public debts, the Japanese government has not yet become totally collapsed. This is partly due to the fact that public debt does not only come from general government expenditure, but also from interest paid from issuing an excessive amount of bonds, which is one of the main income sources for government no difference than tax. The reason that Japan can maintain fiscal sustainability is that most of the bond are issued in local currency, which is mainly held by the Bank of Japan to implement Yield Curve Control policy. This results in the public debt not affected by currency and foreign interest rate. Moreover, the interest paid is considered low thanks to low bond yield from Yield Curve Control which was initiated in 2016 by maintaining the 10-year JGB interest rate to 0.0 percent.

Nevertheless, the aforementioned policy has a negative impact on Japanese economy as well, due to (1) Crowding-out effect toward private investment. In spite of continuously low interest rate, the deflation that plagued the Japanese economy still raised the real interest rate; (2) Twin deficit of both fiscal balance and trade balance, which has been affected by currency appreciation and consequently had a negative impact on export sector's competitiveness; (3) Limited monetary policy space due to the fact that contractionary monetary policy could have a reverse impact on government's capability to leverage debt; and (4) Declining economic stability from concern about financial competence of repaying debt which mostly held by the central bank. This might completely turn into hyperinflation should there be any default.

From the public debt situation in Japan, it reflects the fact that economy with the structural issues might face a limitation should government attempt to reduce the debt amount. Moreover, the built-in stabilizer implemented by the government during the unexpected situation might immensely raise the public debt level. Hence, various government especially from emerging and developing economies should prioritize on restructuring the economy that affect the fiscal position as well as maintaining the fiscal discipline, particularly fiscal consolidation while government still have adequate policy space.





Source: IMF and Japan's Ministry of Finance

5. The Thai economic outlook 2024

The Thai economy in 2024 is projected to recover from 2023, mainly supported by a rebound of exports following a gradual improvement of global trade, a favorable expansion of private demand both in consumption and investment, and the continued recovery of the tourism sector. However, economic recovery still has crucial risks and limitations that may cause the Thai economy to expand lower than expected, including the diminishing impetus from fiscal support, a high debt burden of households and businesses, impacts from the drought on agricultural production, and the lower-than-expected economic growth of trading partners due to high uncertainty in global economic and financial system.

Key components of Economic growth

1) **The rebound of the goods export aligns with the global trade recovery** is evident in Thailand's export sector, which witnessed a 4.6 percent growth in the fourth quarter of 2023, marking its first increase in five quarters. Notable export items such as rice, rubber, computers, parts of electrical appliances, and automobile parts showed significant growth. This trend reflects the recovery observed in the exports of major and most Asian economies starting from the fourth quarter of 2023, with prospect to continue growth momentum throughout 2024. The recent data in January 2024 showed that goods exports from South Korea, Taiwan, and Vietnam experienced remarkable expansions of 18.0 percent, 18.1 percent, and 42.0 percent, respectively, reaching their highest growth rates in 20 months, 21 months, and 33 months. Additionally, signs of a gradual recovery in industrial production have started to emerge. The Global Manufacturing Purchasing Managers Index was at 50.0 in January 2024, marking the highest level in 17 months in line with a noticeable upturn in the electronics sector that has been gaining momentum since the second half of 2023. This is further supported by increases in new-orders numbers in major industrial economies and manufacturing inventories in the prior period.

2) **Favorable expansion of private investment,** aligning with the upward trend in imports of goods in the fourth quarter of 2023, where both the value and volume of imports rebounded, increasing by 6.1 percent and 0.7 percent, respectively. This marked the first expansion in three quarters, driven by heightened imports of raw materials and intermediate products, as well as capital goods, which increased by 3.5 percent and 11.8 percent, respectively. Moreover, the positive trajectory of private investment is also supported by a continuous increase in investment promotion applications, reaching a value of 840 billion baht in 2023, the highest level in five years. This represents a notable increase from 2021 and 2022, with growth rates of 43.4 percent and 25.3 percent, respectively, primarily concentrated in industries such as electrical and electronics, automotive and parts, and agriculture and food processing. This growth is in line with the government's ongoing implementation of investment promotion measures, particularly targeting key industries outlined in the 5-year investment promotion strategy. Moreover, data on the industrial estate areas in 2023 indicated a substantial increase, with a total area of 6,096 Rais, marking a 202.0 percent increase from the previous year. Specifically, within the Eastern Special Development Zone (EEC), the area expanded by 199.8 percent to 5,148 Rais, while outside the EEC, it grew by 216.8 percent to 948 Rais.

3) **The continuous expansion of domestic consumer spending,** is underpinned by several key factors including: (i) The inflation rate is expected to be stabilized at a low level. In January 2024, headline inflation was at (-1.1) percent, continually declining for the fourth consecutive month. Nonetheless, it is expected that the inflation rate is likely to increase and then return to the monetary policy target range. Consequently, the Bank of Thailand is likely to relax its monetary policy stance, in accordance with the interest rate trends of major central banks; (ii) Improvement in labor market conditions is evidenced by the unemployment rate of 0.81 percent, continually declining from a 0.99-percent growth in the previous quarter, marking the lowest level in 32 quarters. Meanwhile, the unemployment rate among insured persons under article 33 was at 1.74 percent, lower than 1.93 percent in the preceding quarter; and (iii) Consumer confidence has continually risen, with the Consumer Confidence Index reaching 62.0 points in January 2024, marking the highest level in 46 months.

4) **The recovery of the tourism sector,** due to an improvement of international tourist arrivals which is expected to return to normal situation which can be exhibited by the figure of inbound tourists in most countries that nearly resume to pre-pandemic level[28] This tendency is also supported by (1) visa exemption measures for many major countries of origin including China, Russia, India, and Taiwan[29], and (2) additional tourism promotion measures from the government which are anticipated to stimulate the tourism sector internationally and domestically. To illustrate, the measures include "the Maha Songkran World Water Festival" which will be held in April 2024, and "the Travel 365 Wonderful Days in Thailand" by the Tourism Authority of Thailand.

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[28] The number of tourists in 2023 from Malaysia, South Korea, India, and Russia were 4.63 million, 1.66 million, 1.63 million, and 1.48 million people, representing 109.7 percent, 87.8 percent, 81.6 percent, and 99.9 percent, compared to the same period of 2019 before the outbreak, respectively.

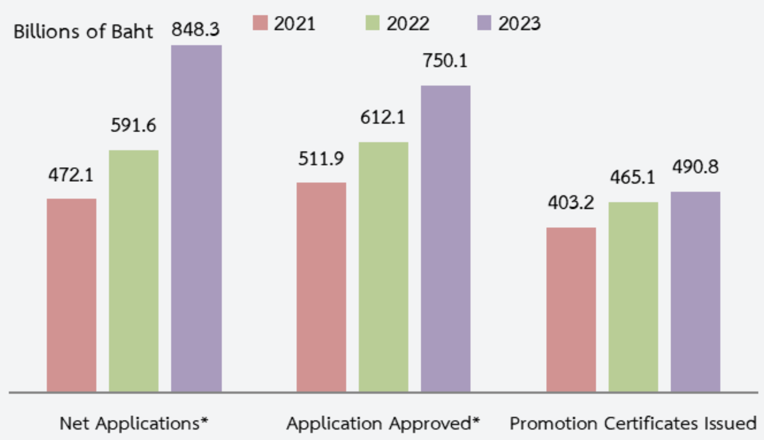
[29] Permanent visa exemption measures for Chinese, effective from March 1, 2024, visa exemption measures for Russians to be able to travel in Thailand for 30 days, effective from November 1, 2023, to April 30, 2024, and visa exemption measures for Indians and Taiwanese to travel in Thailand for 30 days, effective from November 10, 2023, to May 10, 2024

Private investment trends: Key driver of Thai economy in 2024

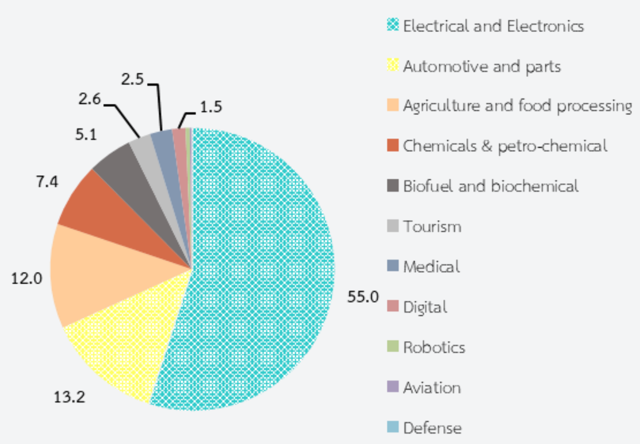
In 2023, the value of applications for investment promotion submitted to the Board of Investment stood at 850 billion baht, the highest in five years representing a high expansion of 43.4 percent from the previous year, as well as the value of application approved, and promotion certificates issued which stood at 750 billion baht, and 490 billion baht, respectively. This was mostly owing to policies for investment promotion under the five - year investment promotion strategy (2023 - 2027) that focuses on economic restructuring of the Thai economy by promoting investment through 12 targeted industries. The targeted industries with the highest value of investment promotion application in 2023 include electronic appliances and electronics (342,149 million Baht, accounting for 55.0 percent of total investment promotion applications), automotive and parts. (82,282 million Baht, accounting for 13.2 percent), agriculture and food processing (74,416 million Baht, accounting for 12.0 percent), petrochemicals and chemicals (45,951 million Baht, accounting for 7.4 percent) and biotechnology (31,814 million Baht, accounting for 5.1 percent). Regarding the Thailand's foreign direct investment (FDI) in 2023, the total value of investment was at 660 billion Baht, a high expansion of 71.7 percent. Meanwhile, the highest FDI sources of investment promotion application include China 159,387 million Baht (increased by 115.5 percent, accounting for 24.0 percent), Singapore 123,385 million Baht (increased by 189.0 percent, accounting for 18.6 percent), United States 83,954 million Baht (increased by 70.9 percent, accounting for 12.7 percent), and Japan 79,151 million Baht (increased by 60.9 percent, accounting for 11.9 percent). The increase in the value of investment promotion application is aligned with the improved investment prospect. The business sentiment index on investment which was at 54.9 in 2023 while the overall business sentiment index returned to stabilize at the level of 50.0 for the first time in five years, emphasizing the continual recovery of business sentiment. In addition, considering the import data in the fourth quarter of 2023, the import value returned to expand by 6.1 percent. This is in accordance with the return-to-expand of imports in raw materials and intermediate goods for the first time in 5 quarters at 3.5 percent, in line with a robust growth in private investment especially investment in machinery and equipment which expanded at an accelerated rate of 5.2 percent.

With the continual increase in the value of applications for investment promotion, application approved and investment promotion certificates, as well as the recovery of export and import of goods which is in accordance with the recovery trends in world trade volumes, private investment in 2024 is anticipated to accelerate after decelerating in 2023, especially in targeted industries such as electrical appliances and electronics, and automotive and parts which worth a total investment of 403 billion Baht, accounting for 76.3 percent of total value of Thailand's foreign direct investment which submitted for investment promotion application in 2023

Capital amount of net application, application approved and Promotion Certificates issued



Proportion's Capital amount of investment promotion application classified by targeted industries (2023)



Source: The Board of Investment of Thailand (BOI)
Note: * The application and approval amount will be revised every quarter according to the actual data with the data during 2021-2023.

Major Foreign Direct Investment (FDI) in Thailand between 2021-2024

Company	Nationality	Investment (Millions of USD)	Year construction started	Activity
Ford	United States	900	2021/2022	Expand and upgrade EV manufacturing facilities
Chin Poon Industrial	Taiwan	-	2022	Expand PCB manufacturing facility
GWM	China	71	2022	Build EV production plant
Foxconn	Taiwan	1,000	2022	Build EV production plant
BYD	China	491	2022	Build EV production plant
SAIC	China	782	2022	Build EV production plant
United Overseas Bank	Singapore	3,653	2022	Banking
Nippon Steel	Japan	419	2022	Build steel processing plant
Aoshikang Technology	China	172	2022	Build PCB production facility
Kingboard Holdings	China	230	2022	Build a manufacturing facility for fiberglass yarn and fabric.
Roland DG	Japan	3	2023	Expand manufacturing facility for printers
SAIC Motor CP	China	15	2023	Build EV and EV battery plant
Changan	China	285	2023	Build EV and EV battery plant
Neta	China	-	2023	Build EV production plant
Compeq	Taiwan	29	2023	
Sihui Fuji Electronics	China	72	2023	Build PCB production facility
Unimicron	Taiwan	366	2023	
Dynamic Electronics	Taiwan	-	2023	Build a production facility for automotive PCBs
Taiwan PCB Techvest	Taiwan	-	2023	
Kuraray	Japan	310	2023	Build a chemical manufacturing plant
Kararay and Sumitomo	Japan	520	2023	Build a manufacturing facility for advanced chemical (resins for EV)
Murata Manufacturing	Japan	87	2023	Build a multilayer ceramic capacitors manufacturing plant
*NEXTDC	Australia	-	2024/2025	Data Center
*CtrlS Datacenters	India	-	2024/2025	Data Center
*Xingda Steel Cord	China	-	2024/2025	Build steel cord, bead wire and steel wire production plant

Source: ASEAN Investment Report 2023 and BOI, Compiled by NESDC, As of 6th February 2024

Note: *Projects have received investment promotion approval from the BOI, which is expected to invest in 2024 - 2025 After receiving the investment promotion certificate issues in the next step.

Risk and limitations to economic growth;

1) **The diminishing impetus from fiscal support,** resulting from the following major limitations: (i) The delay in budgetary process for FY2024. In the base scenario, it is expected that regular annual budget expenditures will commence disbursement in May 2024 or a seven-months delay compared to the normal schedule. Such a condition is likely to result in the infusion of budgetary funds into the economic system during the third and fourth quarters of FY2024. Consequently, the disbursement of budgetary expenditures, especially for public investment in FY2024, will be lower than the preceding fiscal year. In the base scenario, the disbursement from capital expenditure is projected to be 0.461 trillion baht decreased from 0.478 trillion baht in the FY2023, and (ii) the narrowing fiscal space amid an elevated in public debt ratio of 61.3 percent of GDP at the end of the fourth quarter of 2023. Meanwhile, the government's income has consistently decreased with the government revenue-to-GDP ratio expected to be at 14.6 percent in the fiscal year 2024, in comparison to 15.2 percent in the FY2019. These conditions collectively pose a major constraint on government spending and capability of fiscal policy.

2) **High levels of household and corporate debts amidst rising interest rates,** where the ratio of Non-Performing Loans (NPLs) and Special Mention Loans (SMLs) to total loans of small and medium enterprises (SMEs) remained high at 7.4 percent and 12.0 percent in the third quarter of 2023, the same as the same quarter last year. However, the ratio remained above pre-pandemic levels at 4.8 percent and 3.2 percent in the same quarter of 2019, respectively. Similarly, the ratio of household debt to GDP in the third quarter of 2023 stood at 90.9 percent, receding from 91.5 percent in the same quarter last year, though remaining high compared to the pre-pandemic level at 83.0 percent in the same quarter of 2019. Thus, financial institutions continued to implement debt restructuring measures[30] aiming to sustainably address debt issues for SMEs, debtors in the agricultural sector, and low-income households whose incomes are still slowly recovering.

3) **The impact of the drought on agricultural production and prices,** according to a report by the World Meteorological Organization (WMO) on November 8th, 2023, it was pointed out that the ongoing El Niño condition will end in April 2024, where the global average sea surface temperature in January 2024 being 20.97 degrees Celsius, marking the eighth consecutive month of record-breaking temperatures. For Thailand, the average maximum temperature during January 2024 was 26.3 degrees Celsius, surpassing the typical average by 1.4 degrees Celsius. These elevated temperatures have had adverse effects on key agricultural commodities in the final quarter of 2023, with notable declines in palm oil (down 18.3 percent), durian (decreased by 37.2 percent), sugar cane (down 11.1 percent), rice (decreased by 3.7 percent), and rubber (decreased by 0.7 percent). Additionally, the El Niño has led to historically low water levels in the Panama Canal, disrupting the transportation and thus potentially affecting Thai's import price, especially from the United States. In fact, maritime transport through the Panama Canal constitutes about 6.0 percent of global maritime trade and serves as a primary route for goods transportation between the eastern coast of the United States and Asian countries. The cargo ship traffic through the canal in January 2024 was down by 36.0 percent, compared with the same period of last year.

4) **The lower-than-expected world economic growth and trade volume** due to fluctuation in the global situation which certain risks need to be closely monitored and assessed including: (i) the uncertainty surrounding geopolitical conflicts, notably the ongoing conflict in the Middle East, particularly between Israel and Hamas, presents significant uncertainties. The situation has been further intensified by Houthi rebels in Yemen attacking shipping vessels in the Red Sea since mid-December 2023. In addition, the continued conflict between Russia and Ukraine, and the trade tensions between the United States and China could escalate to more severe situation and intensify geo-economic fragmentation, which could disrupt global supply chain and hinder economic and trade growth, as well as lead to volatility in financial markets; (ii) the fluctuation of energy and commodity prices amid geopolitical conflicts, coupled with the impact from climate change, can exert upward inflationary pressure and may prompt central banks to maintain tightening monetary policies; (iii) the Chinese economic is experiencing a more significant slowdown than expected, attributed to issues in the real estate sector, high local government debt and a stagnated domestic consumption, which could escalate the deflation risk. Additionally, the policy shift towards reliance on the domestic economy, indicated by reduced imports, could negatively impact the recovery of the export and manufacturing sectors in developing and emerging markets economies; (iv) the reduction in fiscal space in many countries, particularly those with high levels of debt amid high interest rates. This may necessitate increased fiscal consolidation, potentially constraining economic recovery in the future; (v) The uncertainty of economic policy direction across several countries, which will depend on the election result[31].

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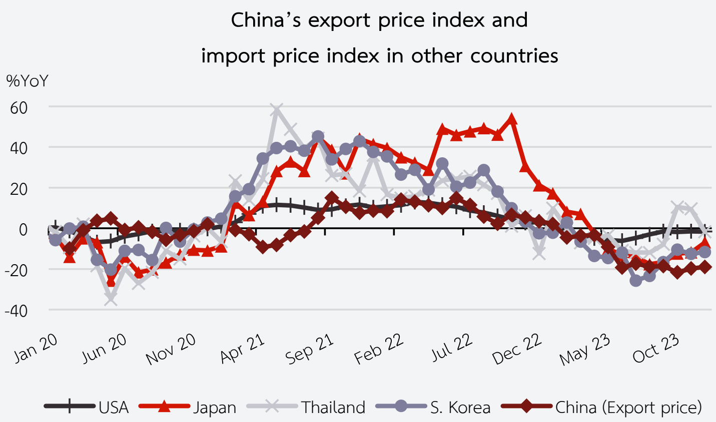
[30] Responsible Lending measures, which have been effective since 1st January 2024, consist of (i) Continuing to assist debtors through debt restructuring, creditors must propose debt restructuring guidelines that are appropriate to debtors' debt serviceability at least once whilst still leaving them with enough residual income. (ii) Resolving persistent debt among the vulnerable groups, debtors will receive creditors' assistance that would speed up the debt repayment and reduce interest burden, this measure will be effective on 1st April 2024. (iii) Fairer debtor protection, e.g., no prepayment fees shall be applied and creditors shall provide debtors with important information that is accurate, comprehensive, and comparable.

[31] In the meeting on October 26th, 2023, the Monetary Policy Committee of the European Central Bank decided to maintain the Refinancing Operations Rate, the Marginal Lending Facility Rate, and the Deposit Facility Rate at 4.25 percent, 4.50 percent, and 3.75 percent, respectively. This decision comes after a series of consecutive interest rate hikes in the previous nine meetings. However, there is still a reinvestment of principal in the Pandemic Emergency Purchase Programme (PEPP) until the end of 2024. As of October 2023, the inflation rate is at 2.9 percent, a decrease from 4.3 percent in the previous month, reaching its lowest point since July 2021 but still above the monetary policy target of 2.0 percent.

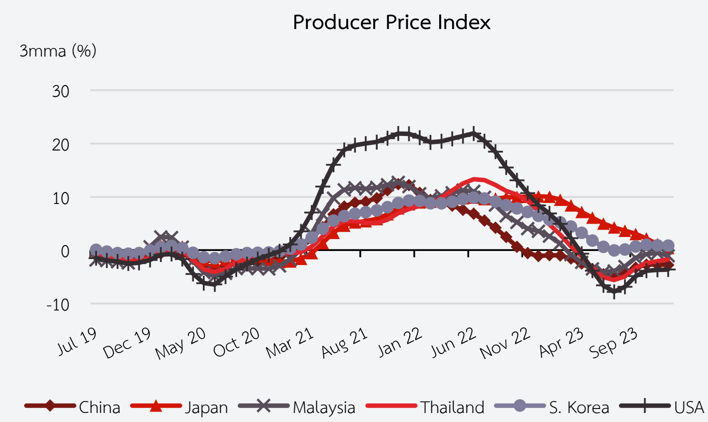
China's deflation and the impact on inflation

China has emerged as a crucial hub for global manufacturing over the last decade, leveraging its low production costs, vast domestic market, and the readiness of advance production technologies. This has enabled China to significantly increase its share of global goods exports, growing from 3.9 percent of the world's total in 2001 to 9.6 percent in 2018. Simultaneously, the Chinese economy experienced robust growth, with an average annual increase of 9.0 percent during 2001 - 2018. However, the pace of growth has decelerated since 2019, with projections indicating a further slowdown in 2024 compared to the previous year. This deceleration is largely attributed to a weakening in domestic demand, leading to an overcapacity where production exceeds domestic demand. Consequently, prices of domestic product have been on a downward trajectory, culminating in deflation, evidenced by a -0.8 percent inflation rate in January 2024, marking a 14-year low and the fourth consecutive month of decline since October 2023.

The deflation and surplus production capacity in China are anticipated to influence global product price trends, given China's significant role in international trade. There has been a continuous decrease in China's export and import price index since mid-2021, notably with a 21.7 percent plunge in good export prices in October 2023 – the most substantial drop since 2009. This decline in Chinese export prices is expected to contribute to reduced import prices among its trading partners, as evidenced by the falling prices of imported goods and the Producer Price Index in several countries. These developments are likely to exert deflationary pressures on China's main trading partners, particularly many emerging and developing economies in Asia, such as Thailand, which are closely integrated with the Chinese economy.



Source: CEIC and U.S. Bureau of Labor Statistics



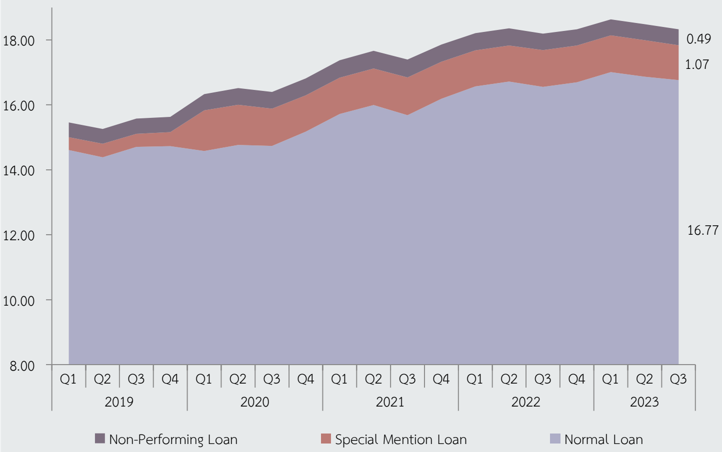
Source: CEIC

[1] China joined the World Trade Organization (WTO) in 2001, while the US has initiated trade measures against China (trade war) since 2018.

Loan quality of commercial banks.

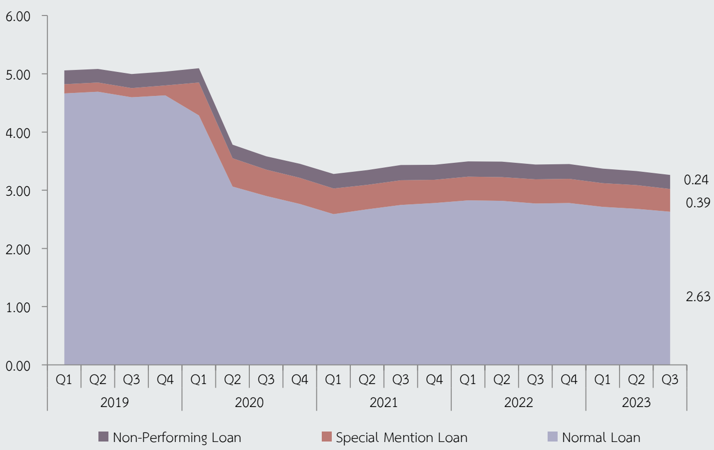
In the third quarter of 2023, loan outstanding of commercial banks was at 18.33 trillion Baht, which comprised of (i) normal loans 16.77 trillion Baht (91.5 percent), (ii) Special Mention Loans (SMLs) 1.07 trillion Baht (5.8 percent), and (iii) Non-Performing Loans (NPLs) 0.49 trillion Baht. Loans for SMEs, accounted for 3.26 trillion Baht, which SMLs were counted at 0.39 trillion Baht (12.0 percent) while NPLs were counted at 0.24 trillion Baht (7.4 percent).

The total outstanding amount for commercial banks, classified by Asset Classification Type



Source: BOT

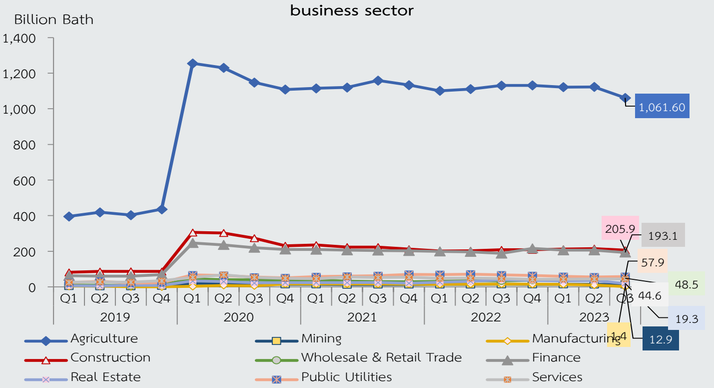
The total outstanding amount of SMEs loans for commercial banks, classified by Asset Classification Type



Source: BOT

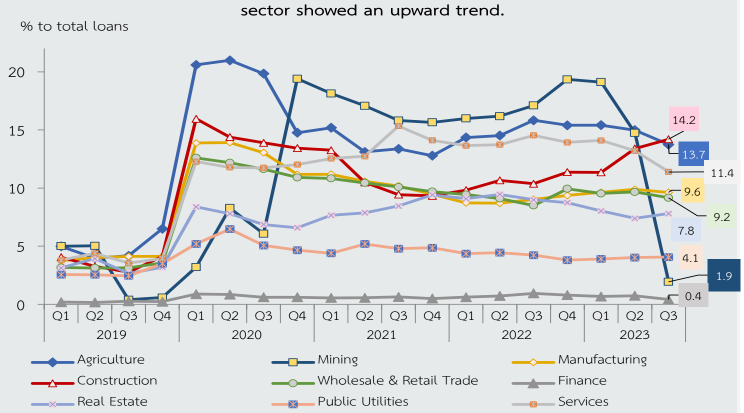
In addition, NPLs to total gross loans were 2.70 percent, slightly increase from 2.66 percent in the previous quarter. In details, NPLs of loans for construction, loan for Agriculture forestry and fishing, and loan for services have been increasing continuously. In particular, a significant increase in NPL ratio was observed in loans for construction, which rose from 7.8 percent at the end of 2022 to 8.3 percent at the end of the third quarter of 2023. Furthermore, SMLs ratio of loans in construction in the third quarter of 2023 was 14.2 percent, rose from 9.3 percent at the end of 2022. These ratios indicated a deterioration in the quality of loans for construction. This aligns with decelerating economic indicators in the construction sector, including a decline in the Construction Material Sales Index and an increase in unsold housing units.

The total outstanding amount of SMEs loans for commercial banks, classified by business sector



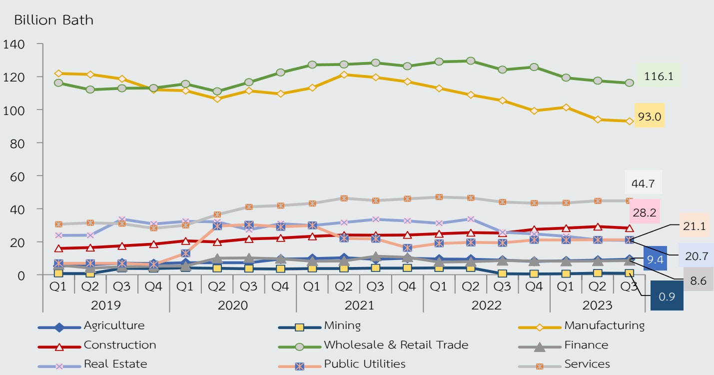
Source: BOT

The proportion of Special Mention Loans (SMLs) to gross loans in the construction sector showed an upward trend.



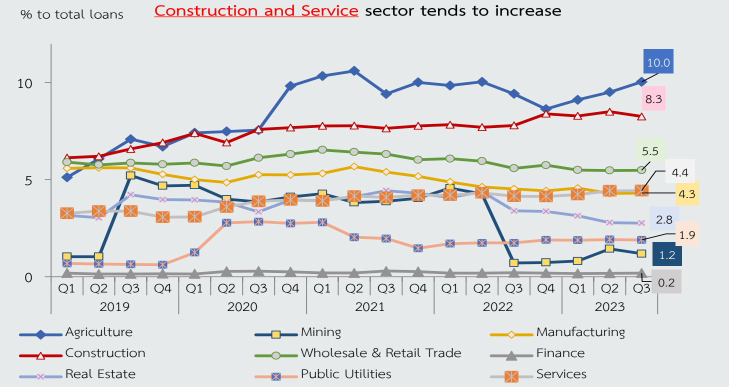
Source: BOT

The outstanding gross Non-Performing Loans (NPLs) classified by business sector



Source: BOT

The proportion of Non-Performing Loans (NPLs) to gross loans in Agriculture, Construction and Service sector tends to increase

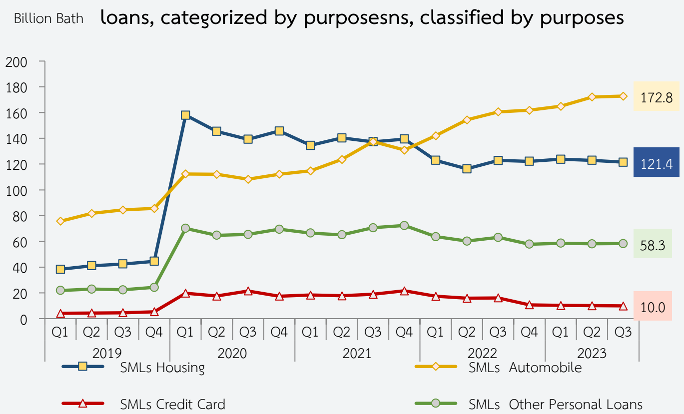


Source: BOT

Loan quality of commercial banks. (Cons)

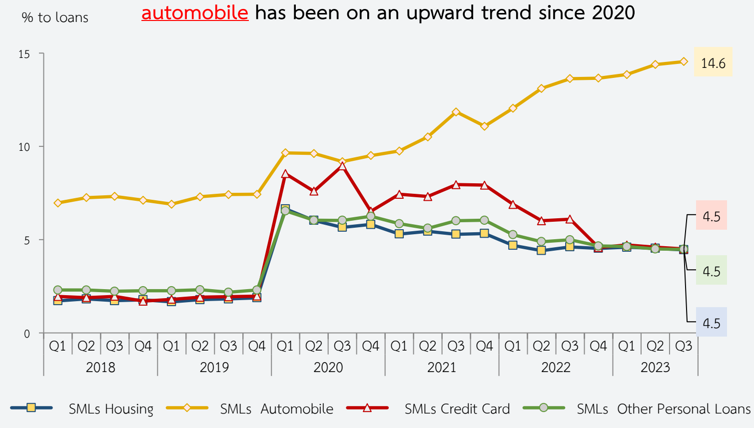
In addition, loans to households classified by purpose shown increasing NPLs ratios in all purposes, especially housing loans, credit card loans, and vehicle purchase or hire purchase loans. However, only the SMLs ratio of vehicle purchase or hire purchase loans has surged significantly. This is consistent with tightening credit standards for consumer loans. According to the Credit Conditions Report from the Bank of Thailand, credit standards for consumer loans in all purposes were tightened in the fourth quarter of 2023. Furthermore, in the first quarter of 2024, financial institutions are expected to further increase their credit standards, especially in housing loans and vehicle purchase or hire purchase loans. The tighter credit standard is a result of concerns over credit risk of borrowers and declining value of loan collateral.

The outstanding gross Non-Performing Loans (NPLs) for household loans, categorized by purposesns, classified by purposes



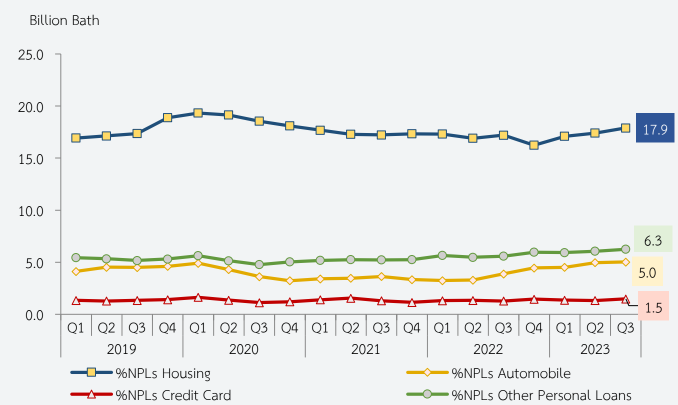
Source: BOT

The proportion of Special Mention Loans (SMLs) to household loans for automobile has been on an upward trend since 2020



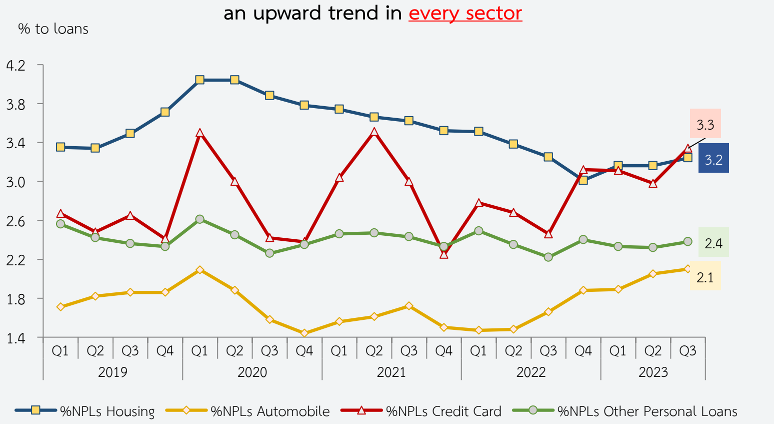
Source: BOT

Gross NPLs outstanding for household loans, classified by purposes



Source: BOT

The proportion of Non-Performing Loans (NPLs) to household loans showed an upward trend in every sector



Source: BOT

Recently, the government has implemented various measures to support the cost of business operations. These include reducing mortgage registration fees, and lowering retail oil prices. For household borrowers, the Bank of Thailand (BOT) implemented measures to sustainably address household debt problem in 2023. The focus is on improving debt throughout the entire debt journey, both formal and informal debt. These measures address debt at all stages, including before applying for a loan, while signing a loan contract, being a debtor, having debt problems, and being filed a lawsuit or having debts sold off. In 2024, the BOT will assist debtors who begin to encounter repayment difficulties through debt restructuring. The assistance aims to lower the outstanding of NPLs. In addition, debtors with persistent debts will receive creditors' assistance to speed up debt repayment. Lastly, debtor will be protected fairer, such as the prohibition of prepayment fees and debt restructuring fees.

Key assumptions for 2024 economic projection

World Economic Projection and Other Key Assumptions

	Actual Data			Projection	
	2021	2022	2023	Nov 20th, 2023	Feb19th, 2024
World Economic Growth (%)[1/]	5.8	3.5	3.0	2.7	2.7
US	5.8	1.9	2.5	1.4	1.8
Eurozone	5.9	3.4	0.5	0.9	0.6
Japan	2.6	1.0	1.9	0.8	0.8
China	8.4	3.0	5.2	4.3	4.3
Global Trade Volume (%)	10.9	5.1	0.5	3.2	3.0
Exchange Rate (Baht/US Dollar)	32.0	35.1	34.8	34.0 - 35.0	34.3 - 35.3
Dubai Crude Oil (US Dollar/Barrel)	68.8	97.0	82.0	80.0 - 90.0	80.0 - 90.0
Export Price (US Dollar) (%)	3.3	4.2	1.2	0.0 - 1.0	0.0 - 1.0
Import Price (US Dollar) (%)	8.3	12.7	0.6	0.5 - 1.5	0.7 - 1.7
Number of foreign tourists (Million persons)	0.4	11.2	28.2	35.0	35.0
Income from Tourism (Trillion Baht)[2/]	0.09	0.46	1.03	1.30	1.22

Notes: [1/] World economic growth is a trade-weighted average of key economic partners in 2019 (15 economies)
[2/] based on the Bank of Thailand's balance of payment data and forecasted by the NESDC.
Source: NESDC as of 20th November 2023

1) **The world economy in 2024 is expected to expand by 2.7 percent,** unchanged to the previous assumptions and slowing down from 3.0 percent in 2023. Meanwhile, **the world trade volume is projected to grow by 3.0 percent**, recovering from a growth of 0.5 percent in 2023, following the recovery of international trade. This is consistent with the rebound of exports value in many countries in January 2024 and the upward trajectory in new orders and inventories in major industrial economies. However, the assumption is downwardly revised from the previous estimation of 3.2 percent as the recovery of the manufacturing sector tends to be slower than in the previous projection.

2) **The average of Thai Baht in 2024 is expected to be within the range of 34.3 – 35.3 Baht per US dollar,** slightly depreciated from the previous estimation of 34.0 – 35.0 Baht per US Dollar. The Baht value was at 36.1 Baht per US Dollar as of February 16th, 2024. Consequently, the average of Thai Baht during 1st – 16th February, 2024 was at 35.8 Baht per US Dollar, depreciating from an average of 35.2 Baht per US Dollar in January 2024. This was in line with the expected delay of policy interest rate cut as the US Federal Reserve signaled to maintain the rate until the inflation rate reaches monetary policy target. Nonetheless, the currency is anticipated to gradually appreciate throughout the latter half of 2024, aligning with the continual recovery of the tourism sector and an increase in private investment which will further support current account surplus. Additionally, a potential reduction in the US policy interest rate in the second half of 2024 could likely weaken the value of the US Dollar. However, Thai Baht and other currencies in the region are expected to experience high volatility if the conflict in the Middle East is prolonged and intensifies which will pose pressure on inflation rate to rise rapidly, and thus, pressuring major central banks to continue implementing tight monetary policy.

3) **The average price of crude oil in the year 2024 is expected to be in the range of 80.0 - 90.0 US dollars per barrel,** aligning with previous estimation and marking an increase from the average of 82.0 US dollars per barrel in the preceding year. As of January 2024, the average Dubai crude oil price stood at 78.9 US dollars per barrel. Throughout the remainder of the year, however, global crude oil prices are anticipated to increase, primarily due to the ongoing uncertainty surrounding Middle East conflicts, and production cut implemented by the Organization of the Petroleum Exporting Countries and their allies (OPEC+) that is expected to constrain supply, further bolstering crude oil prices. Despite these factors, there are other factors that may impede a rapid escalation in crude oil prices, such as the deceleration in the global economy, particularly in the US and China, coupled with sustained increases in US crude oil and gas production. In addition[32], Angola's withdrawal from the OPEC membership case suggests that some member nations are hesitant to adhere strictly to production reduction agreements established in prior meetings.

4) **The export and import prices in terms of US dollars in 2024 are expected to increase by 0.0 - 1.0 percent,** representing a slowdown compared to the 1.2 percent growth observed previously, while remaining consistent with assumptions from prior estimates. Conversely, **the import prices are likely to expand by 0.7 - 1.7 percent,** accelerating from the 0.6 percent growth in 2023 and upwardly revised from the 0.5 - 1.5 percent in earlier estimates. This upward trajectory in import prices is attributed to the expected rise in sea freight costs amid the unrest in the Middle East, together with the unfavorable situation in transportation through the Panama Canal due to water scarcity. Nonetheless, import prices continue to face downward pressure stemming from the declining price levels of China's export products, driven by deflationary trends and China's surplus production capacity. Consequently, this condition will exert downward pressure on both the price levels of imported goods and the Producer Price Index.

[32] The U.S. Energy Information Administration (EIA) forecasts that U.S. crude oil production in 2024 will average 13.2 million barrels per day, up from 12.9 million barrels per day in 2023.

5) **Income from foreign tourists in 2024** is expected to be 1.22 trillion baht, a downward revision from 1.30 trillion baht in the previous projection due to a downward revision of per-head spending assumption, yet an increase from 1.03 trillion baht in 2023. The number of foreign tourists is expected to reach 35 million persons in 2024, similar to previous projection and improving from 28 million persons in 2023. This is in tandem with the figure of inbound tourists from most major origin countries that nearly reach the pre-pandemic level such as Malaysia, Singapore, South Korea, and Russia. Additionally, supportive factors contributing to this growth include visa exemption measures implemented for tourists in several countries[33]. Nevertheless, the recovery of the tourism sector still faces limitations from a slow recovery of the number of flights toward Thailand, especially from China and Japan. This may result in a slower-than-anticipated figure of tourists from both countries.

6) **The budget disbursement** is expected to be as follows: (i) the FY2024 annual budget disbursement rate of 90.5 percent of the total budget, consistent with the previous estimation, and compared with a 97.0 percent in FY 2023. In detail, the current budget is expected to be disbursed at 97.0 percent, compared with 101.6 percent in the previous fiscal year. Similarly, the capital budget is expected to be at 65.0 percent, compared with 77.7 percent in the previous fiscal year. Furthermore, the FY2025 annual budget disbursement rate in the first quarter is expected to be at 26.5 percent of the total budget. In detail, the current budget is expected to be disbursed at 29.1 percent while the capital budget is expected to be at 17.1 percent.; (ii) the carry-over budget disbursement rate of 86.7 percent, compared with 91.3 percent in FY2023 in which the disbursement of current budget by 95.0 percent and capital budget by 85.0 percent.; and (iii) the state-owned enterprises' capital budget disbursement (15 months from October 2023 - December 2024) of 75.0 percent of total budget, or approximately 327.0 billion Baht, compared with 371.9 billion baht in the same period last year, which was downwardly revised from 80 percent in the previous assumption.

Thai Economic Prospect 2024

The Thai economy in 2024 is expected to expand by 2.2 – 3.2 percent (with a midpoint of 2.7 percent), compared with a 1.9-percent growth in 2023. The average headline inflation is anticipated to be within a range of 0.9 – 1.9 percent, and the current account will register a surplus of 1.4 percent of GDP.

In the press release dated on February 19th, 2024, the NESDC forecasted that the Thai economy in 2024 is expected to expand by 2.2 – 3.2 percent (with a midpoint of 2.7 percent), a downward revision from 2.7 – 3.7 percent (with the midpoint of 3.2 percent) in the previous projection released on November 20th, 2023, together with the revision in key growth components to be consistent with actual data and revised assumptions as follows.

1) **The downward revision of global trade volume,** from 3.2 percent in the previous projection to 3.0 percent. This adjustment is in response to a slow recovery in manufacturing production across several economies, as evidenced by the Manufacturing Purchasing Managers' Index, despite some improvement, remaining below 50. Additionally, the escalated conflict in the Middle East since December 2023 has increased the maritime transportation cost. These situations are expected to persistently affect global trade volume, leading to a lower-than-expected growth compared to that previously anticipated. Consequently, the projection for global trade volume in 2024 has been revised to 2.4 percent from 3.3 percent in the previous projection, but an improvement from a 2.9-percent contraction in 2023.

2) **The downward projection of revenue from foreign tourists** from 1.30 trillion Baht in the previous estimation to 1.22 trillion Baht to be in accordance with a decrease in the average spending per head of inbound tourists. This was due to the slower-than-expected recovery of Chinese tourists, who generally have higher spending. Additionally, the reduction in the average length of stay by foreign tourists has led to a downward revision in the expansion for service exports to 11.5 percent from the previously estimated 15.6 percent.

3) **The revision of current budget disbursement** to be in line with the actual decreasing expenditure during the last three quarters of FY2024. This adjustment aligns with accelerated disbursement during the first quarter of FY2024 by 31.0 percent of the total budget, which stood above the previous estimate of 15.0 percent. Thus, government consumption is expected to increase by 1.5 percent, downwardly revised from 2.2 percent in the prior projection.

[33] Permanent visa exemption measures for Chinese, effective from March 1, 2024, visa exemption measures for Russians to be able to travel in Thailand for 30 days, effective from November 1, 2023, to April 30, 2024, and visa exemption measures for Indians and Taiwanese to travel in Thailand for 30 days, effective from November 10, 2023, to May 10, 2024

Key growth components include as follows:

1) **Total consumption: (1) Private consumption expenditure** is expected to increase by 3.0 percent, continuing from a 7.1-percent satisfactory growth in 2023, owing to a robust labor market and a favorably high level of consumer confidence index, together with diminish inflationary pressures. However, this was a downward revision from a 3.2-percent growth in the previous estimation, due to lessened income base from exports and industrial production, both of which were also revised downward from the previous estimation. **(2) Government consumption expenditure** is projected to expand by 1.5 percent, compared with a 4.6-percent reduction in 2023, and a downward revision from a 2.2-percent growth in the previous estimation. The adjustment was in line with the lower remaining current budget in the last three quarters of FY2024, following an acceleration of disbursement in the first quarter.

2) **Total investment** is expected to increase by 2.5 percent, accelerating from a 1.2-percent growth in 2023. **(1) Private investment** is estimated to increase by 3.5 percent, continuing from a 3.2-percent growth in 2023, and an upward revision from a 2.8-percent growth in the previous estimation. This was in accordance with a rise in both investment promotion application and certificate issuance along with a rebound in imports of capital goods, raw materials and intermediate goods. **(2) Public investment** is anticipated to decline by 1.8 percent, consistent with the previous estimation, and continuing from a 4.6-percent decrease in the previous year, owing to a delay in the FY2024 annual budgetary process and a decline in disbursement rate of the State-Owned Enterprises' investment budget.

3) **Export value of goods in US dollar term** is anticipated to rebound by 2.9 percent, compared with a 1.7-percent reduction in 2023, however a downward revision from a 3.8-percent growth in the previous estimation. The export volume in 2024 is expected to increase by 2.4 percent, compared with a 2.9-percent decline in the previous year, and a downward revision from a 3.3-percent growth in the previous forecast. The revision was due to the downwardly revised assumptions on export volume projection. Meanwhile, the export price is expected to increase in a range of 0.0 – 1.0 percent, consistent with the previous assumption, slowing from a 1.2-percent growth in 2023. Together with the continual increase in export of services due to recovery of number of inbound tourists, thus, in 2024, it is expected that the export quantity of goods and services will continue to increase by 5.0 percent, accelerating from a 2.1-percent growth in 2023, but a downward revision from a 6.2-percent in previous estimation.

4) **Import value of goods in US dollar term** is expected to expand by 4.4 percent, compared with a 3.1-percent contraction in 2023, however a downward revision from a 4.7-percent growth in the previous estimation. The import volume in 2024 is anticipated to increase by 3.2 percent, compared with a 3.6-percent reduction in 2023, and a downward revision from a 3.7-percent growth in the previous forecast. The revision was in line with the downwardly revised assumptions on export volume projection. Meanwhile, the import price assumption is expected to be in the range of 0.7 - 1.7 percent, rising from a 0.6-percent expansion in 2023, and an upward revision from the range of 0.5 - 1.5 percent growth in the previous forecast. The revision was due to the escalating freight costs. Together with the import of services, thus, in 2024, the import of goods and services is estimated to increase by 3.0 percent, compared with a 2.2-percent decline in 2023, and a downward revision from a 6.3-percent growth in the previous estimation.

5) **Trade balance** is anticipated to register a surplus of 13.4 billion US dollars, compared with a surplus of 17.0 billion US dollars in 2023. Together with the service account, thus, in 2024, the current account is expected to register a surplus of 7.4 billion US dollars (1.4 percent of GDP) in 2024, compared with a surplus of 6.6 billion US dollars (1.3 percent of GDP) in 2023.

6) **Economic stability**; Headline inflation in 2024 is estimated to be in the range of 0.9 – 1.9 percent (with the midpoint projection of 2.2 percent), closely resembling the 1.3 percent in 2022, yet a downward revision from 1.7 – 2.7 percent (with the midpoint projection of 2.2 percent). This is in accordance with a decelerated inflationary pressure from raw food and government measures to relieve living-cost.

6. Economic Management for the Year 2024

The economic management for the year 2024 should be prioritized on;

1) **Monitoring, inspecting and observing market dumping as well as the use of unfair trade measures and methods employed by significant exporting countries,** along with reassessing tax measures to be appropriate and improving the quality inspection process of imported products to be more stringent, including implement forceful action against offenders who involved in smuggling illegal products, tax evasion, or exploiting legal gaps for business gain.

2) **Enhancing production potential and bolstering the capacity of domestic entrepreneurs especially SMEs,** by prioritized on improving product quality standards through the use of innovation, technology and creativity to be the main mechanism for generating value-adding and creating product identity to align with evolving market demands and consumer behaviors, as well as leveraging technological advancements to enhance operational efficiency which consequently improved access to funding sources. Additionally, raising awareness and incentivizing SMEs to prepare for digital factoring loans as an alternative funding sources can further enhance capital accessibility.

3) **Boosting the export of high-potential products that are experiencing growing demand in the global market,** such as health-related and eco-friendly goods as well as products that are expected to benefit from uncertainty from geopolitical conflicts including products that have the opportunity to benefit from trade protection measures, while expediting the development of industries involved in raw material and intermediate goods production domestically to effectively support the growth of target sectors and integrate domestic products more seamlessly into the global supply chain. Additionally, allowing manufacturers of products facing waning global demand and consistently low production capacity utilization rates to assess and adjust their production and export strategies in order to ensure quality and standards aligning with market needs and the importing countries' standards, together with restructuring production to incorporate more innovation and advanced technology driven by research, which lead to the production of high value products that can fend off price competition, as well as providing assistance to entrepreneurs impacted by disruption in production technology, particularly in the industrial sector, to expedite their adaptation to future production landscapes.

4) **Encouraging the entrepreneurs who already got approved and obtained investment promotion certificates in 2021 - 2023** to start their actual investments alongside projects previously proposed for investment promotion, as well as accelerating the manufacturers who have acquired the factory licenses to hastily start their operations, especially the medium- and large-scale factories, to enhance production capacity, employment opportunities, and attract new investments. Moreover, solving difficulties and obstacles hindering foreign investors and entrepreneurs from investing and doing business including procedure, regulations and laws, and labor shortages in the manufacturing sector, as well as enhancing labors to be brace the new targeted industries.

5) **Organizing domestic tourism promotion events** by creating a travel calendar throughout the year and promoting the Long-Term Resident VISA (LTR) to attract foreign visitors with high potential and high purchasing power, particularly those considering long-term stays, as well as encouraging the tourists to spend more especially Asian, European, and North American tourists. Additionally, preparing for essential physical environmental factors such as airports and flight operations, immigration procedures, infrastructure and facilities, spatial and environmental management, including upholding standards and ensuring the safety of tourists' lives and property, in order to facilitate the return of tourists, enhance the sector's potential, and restore sector toward quality and sustainability tourism.

6) **Carrying out measures to strengthen farmers' resilience through promoting and developing an efficient crop insurance scheme to cushion the climate risks,** along with improving farmers' income share from the tertiary products, as well as encouraging farmers to cultivate and use appropriate methods according to the terrain and alternate to high value-added production. In addition, promoting innovation to raise value-added and productivity in production, proper diversification of production risks, and competitiveness enhancement.

7) **Maintaining the growth momentum from public expenditure and investment,** by (i) accelerating the disbursement of carry-over budget and SOEs' budget during the FY2024 annual budget bill that has not yet enacted, (ii) precipitating the disbursement procedure of FY2024, together with preparing the project under the FY2024 budget to be ready for a procurement and disbursement after FY2024 annual budget bill is enacted, and (iv) scrutinizing the project achievement and monitoring for the fact that the FY2024 budget will be disbursed at least not less than 90.4 percent, consisting of current budget of 97.0 percent, and capital budget of 65.0 percent, respectively.

China and Southeast Asia's Role in International Trade: Implications for Thailand's International Trade

In 2023, China's exports amounted to 3,380,024 million US dollars, a decrease from 3,544,434 million US dollars in 2022 or by 4.6%. Meanwhile, the value of imports was 2,556,802 million US dollars, a decrease from 2,706,507 million US dollars in 2022 or by 5.5%. China's trade surplus improved to 823,223 million US dollars due to a faster decline in imports than exports, maintaining a surplus since 1994. In terms of the structure of exports in the global market, China's share of exports has been increasing steadily, averaging 22.3% of total global exports during 2021-2023 (post-COVID-19), up significantly from 17.6% in the period 2010-2016 (pre-trade war). In contrast, the ASEAN had an average share of exports of 4.8% during 2021-2023, down from an average of 6.2% in the period 2010-2016. Regarding import, China's share of imports has declined, partly due to its policy of restructuring its economy to rely more on domestic production. As a result, China's share of global imports of goods in the post-COVID-19 period averaged 14.3%, down from an average of 14.7% during the pandemic period (2019-2020). The ASEAN countries, on the other hand, had an average share of imports of goods of 9.1% in the post-COVID-19 period, up from an average of 8.8% in the pre-pandemic period, and is likely to continue to increase. This illustrated China's trend towards reducing its dependence on goods from the global market, while ASEAN countries are becoming increasingly dependent on goods from the global market, particularly imports from China, which account for 23.0% of total ASEAN imports, up from 18.1% before the trade war. At the same time, the share of imports from fellow ASEAN member countries has declined to 19.9%, indicating that exports from ASEAN countries themselves are likely to face increasing competition from Chinese goods. Considering the import structure of ASEAN countries, Vietnam has become significantly more dependent on goods from China, with its share of imports from China in the post-COVID-19 period averaging 28.9% of total ASEAN imports from China, up from 22.1% before the trade war. Indonesia and the Philippines also experienced a slight increase in their share of imports from China in the post-COVID-19 period. However, Thailand's share of imports from China in the post-COVID-19 period averaged 17.9%, down from 19.6% before the trade war, a trend similar to that of Malaysia and Singapore, which also projected a decline in their share of dependence on goods from China.

Import value proportion in the ASEAN from China (Percent)

	Pre Trade War	Trade War	Covid-19	Post Covid-19
	2013-2016	2017-2018	2019-2020	2021-2023
Indonesia	14.9	15.7	14.8	15.9
Malaysia	16.8	15.9	14.6	14.9
Philippines	5.5	7.6	8.1	7.2
Singapore	21.1	18.5	16.9	15.1
Thailand	19.6	18.3	17.5	17.9
Vietnam	22.1	24.1	28.0	28.9
Total	100.0	100.0	100.0	100.0

Source: CEIC, collected by NESDC

Meanwhile, China's imports from the ASEAN group have been on an upward trend, or in other words, reflecting ASEAN's increased export capacity to China. The proportion of China's imports from ASEAN is 16.1% ,up from an average of 11.1% during the trade war. The countries from which China has significantly increased its imports include Vietnam, which accounts for 22.9% of total imports from ASEAN, up from an average of 9.8% during the trade war, and Indonesia, which accounts for 18.1%, up from an average of 13.6% during the trade war. However, in the case of Thailand, the proportion of China's imports from Thailand has decreased, with a share of 14.2%, down from 19.8% during the trade war, which is in the same direction as Malaysia, the Philippines, and Singapore.

Import value proportion in China from the ASEAN (Percent)

	Pre Trade War	Trade War	Covid-19	Post Covid-19
	2013-2016	2017-2018	2019-2020	2021-2023
Brunei	0.2	0.1	0.3	0.5
Indonesia	13.6	12.4	12.2	18.1
Malaysia	29.3	23.3	25.1	26.1
Philip-	9.7	7.9	6.8	5.7
Singapore	14.7	13.5	11.5	8.7
Thailand	19.8	17.2	16.2	14.2
Vietnam	9.8	22.6	24.5	22.9
Others	3.1	3.0	3.4	3.8
Total	100.0	100.0	100.0	100.0

Source: CEIC, collected by NESDC

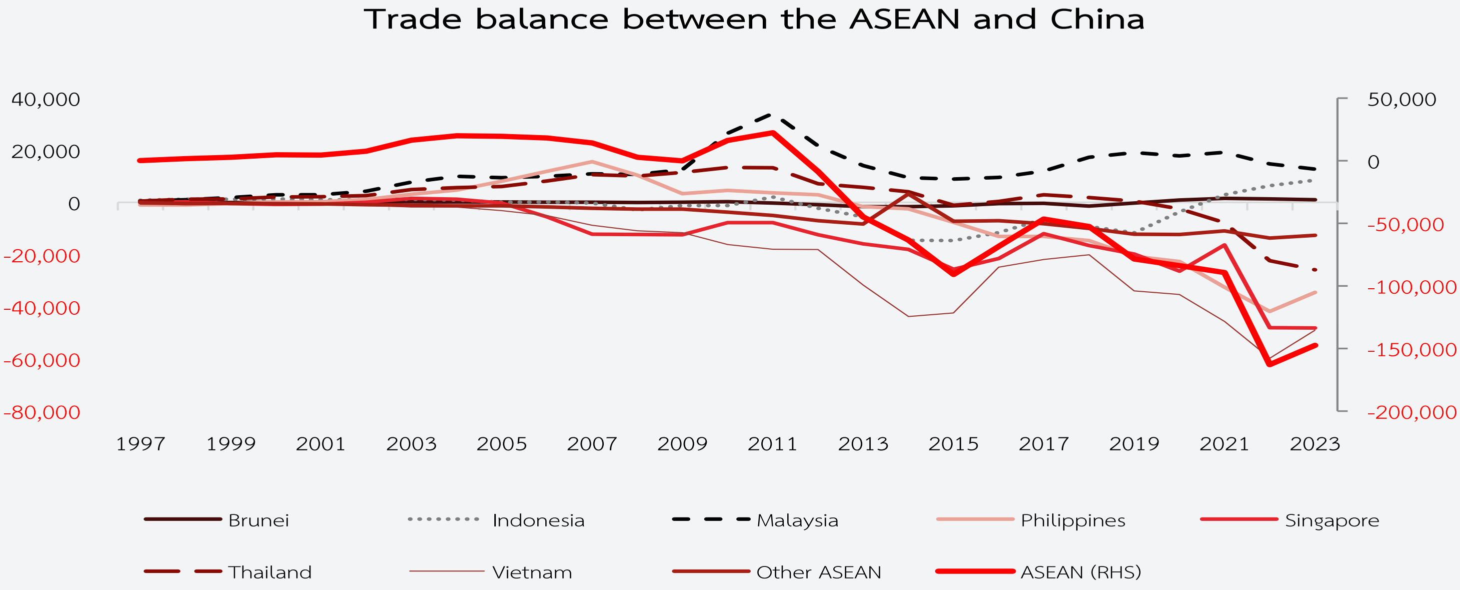
Despite the steady increase in ASEAN's share of China's imports, ASEAN's demand for Chinese goods has also increased significantly, resulting in ASEAN's continued trade deficit with China. In 2023, ASEAN had a trade deficit of 147.518 billion US Dollar with China, a decrease from the previous year's deficit of 162.885 billion US Dollar. However, this marks the 12th consecutive year of deficit since 2012. Vietnam has the largest trade deficit[1] with China. In 2023, Vietnam's trade deficit with China was recorded at 49.038 billion US Dollar, followed by Singapore with a trade deficit of $48.091 billion. The only ASEAN countries with a trade surplus with China are Brunei, Indonesia, and Malaysia.

For Thailand, the trade deficit with China in 2023 amounted to 25,803 million US Dollar, continuing from 2022 when the deficit

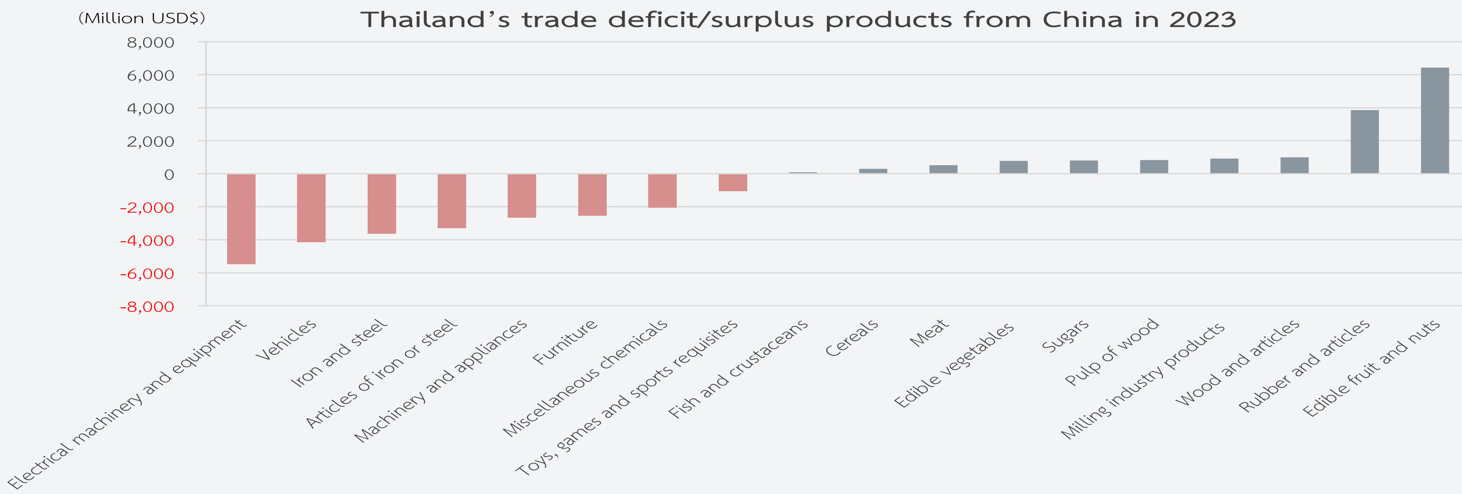
[1] The trade balance data between China and other country groups/countries is calculated based on China's international trade with those country groups/countries. It takes China's export value using the Free on Board (FOB) price and China's import value using the Customs, Insurance and Freight (CIF) price in order to compare China's trade balance with other countries. This may cause discrepancies between the trade balance figures calculated from China's side and those calculated from the other country groups/countries' side with China. For example, according to China's data, Thailand has a trade deficit with China of USD 25.803 billion. However, according to Thailand's data from the Ministry of Commerce and Customs Department, Thailand's trade deficit with China is USD 36.635 billion.

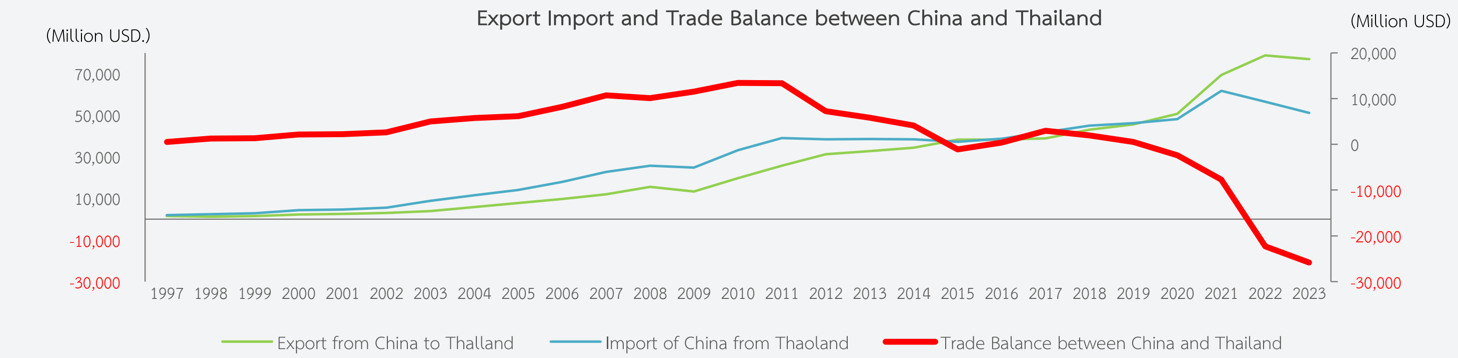
China and Southeast Asia's Role in International Trade: Implications for Thailand's International Trade (Cons)

stood at 22,276 million US Dollar. Thailand's trade deficit with China is expected to persist in the near future. Major Thai Imports from China includes Electrical appliances and equipment, Automobiles, Iron and steel products, Machinery and equipment, Furniture, Miscellaneous chemicals, Toys and games. Meanwhile, Major Thai Exports to China includes Fruits, Rubber and rubber products, Wood and wood products, Tapioca products, Pulp, Sugar, Vegetables, Meat, Grains and, Fish and seafood. The trade deficit between Thailand and China widened results from the fact that Thailand's imports from China are primarily high-value industrial goods while its exports to China are mostly agricultural products with lower value. Also, the aforementioned data reflects that the competitiveness of Thai exports in the Chinese market steadily reduced while industrial products especially intermediate products from China increasingly approached Thai market. These not only impact trade balance between Thailand and China, yet also increase competition for Thai businesses against imported Chinese goods which has lower production costs, therefore negatively impacts on the development of Thailand's manufacturing sector.



Source: Trade Map, calculated by NESDC





Source: CEIC Calculated by NESDC

The using right of Free Trade Agreement (FTA) and Non-Tariff Barrier (NTB): Implications for Thai's Economy

Free Trade Agreement (FTA) is one of the most important international trade policy strategies. Currently, Thailand has 15 agreements (Involved 19 countries). Also, the SLTFTA (Thailand-Sri Lanka) is the newest FTA which was signed on 3rd February 2024. Moreover, Thailand had about 7 agreements which are under-negotiation period. To be precise, the agreement which is expected to finish negotiations in 2023 include CEPA (Thailand-United Arab Emirates) and TH-EFTA FTA (Thailand- European Free Trade Association), as well as those which are expected to finish negotiations in 2024 include TH-EU FTA (Thailand-European Union), and ACAFTA (ASEAN-Canada). Furthermore, the negotiations which is expected to finish after 2024 include PATHFTA (Thailand-Pakistan), and TRTHFTA (Thailand-Turkey). The essentials of Thailand's FTAs are increasing, highlighted by the ratio of FTAs utilizing export value by total export value still growing from an average of 43.3 percent in Trade War period to an average of 52.4 percent in Post-COVID-19 period, which depicts increasingly effective FTA using of Thai exporters.

Proportion of export value which using FTA's right in 2015-2023 (Percent)

	Pre-Trade War	Trade War	Covid-19	Post-Covid-19
	2015-2017	2018-2019	2020-2021	2022-2023 (11 Months)
Proportion of Export value used FTA right	43.3	46.4	46.9	52.4
Proportion of Export value not used FTA right	56.7	53.6	53.1	47.6

Source: Ministry of Commerce

Considering the usage of FTA rights categorized by 12 agreements[1], AFTA (ASEAN) and ACFTA (ASEAN-China) had an upward trend with the growth rate of 46.10 percent and 74.87 percent in Post-COVID-19, respectively. However, some overlapped agreements had a sign of switching using rights by Thai exporters. For example, 1) India (TIFTA (Thailand-India) and AIFTA (ASEAN-India)); TIFTA's proportion of FTA usage has decreasing while AIFTA proportion has increasing and 2) Australia (TAFTA (Thailand-Australia) and AANZFTA (ASEAN-Australia-New Zealand)); TAFTA 's proportion of FTA using right has reducing whereas AANZFTA (Australia) proportion has growing. For the RCEP which had just been signed in 2022, Thai exporters only used the RCEP right by 0.66 percent and 0.98 percent in 2022 and 2023 respectively. However, all of the countries in the RCEP agreement had an FTA with Thailand already.

Proportion of export value which using FTA's right in 2015-2023 by agreement (Percent)

	Pre-Trade War	Trade War	Covid-19	Post-Covid-19
	2015-2017	2018-2019	2020-2021	2022-2023 (11 Months)
AFTA (ASEAN)	38.2	39.2	37.8	45.7
ACFTA (ASEAN - China)	47.6	59.9	66.0	74.8
TIFTA (TH - India)	10.4	8.0	6.8	4.9
AIFTA (ASEAN – India)	47.1	50.3	51.4	56.0
TAFTA (TH - Australia)	75.9	69.8	53.7	56.1
AANZFTA (Australia)	3.9	10.5	20.7	27.3
AANZFTA (New Zealand)	6.6	7.5	9.7	10.2
JTEPA (TH - Japan)	30.7	28.9	26.9	28.7
AJCEP (ASEAN - Japan)	0.9	1.4	1.4	1.7
AKFTA (ASEAN - Korea)	51.0	60.9	59.3	59.9
TPCEP (TH - Peru)	2.7	5.2	9.1	12.1
TCFTA (TH - Chile)	64.8	97.3	91.2	105.5
RCEP				0.8

Source: Ministry of Commerce

Despite the aforementioned fact, the FTA's right per export value has risen to more than 50 percent of the total export proportion. Some Thai exporter products are not included in the existing FTA. Thus, these products are going to face the challenge of Non-Tariff Barrier (NTB) which continually increase and more significant in the next period after the European Union (EU) starts to implement the EU Deforestation Regulation (EUDR), the EU Corporate Sustainability Due Diligence Directive (CSDDD), and the Carbon Border Adjustment Mechanism (CBAM). Similarly, the US prepared to force the Clean Competition Act (CCA) and the Foreign Pollution Fee Act (FPFA) which are under consideration.

[1] Except Thailand – New Zealand (TNZCEP) which used their own Self-Declaration system, and ASEAN – Hong Kong (AHKFTA) due to Hong Kong as a free port so in practical way the exporter unnecessary to use FTA's right.

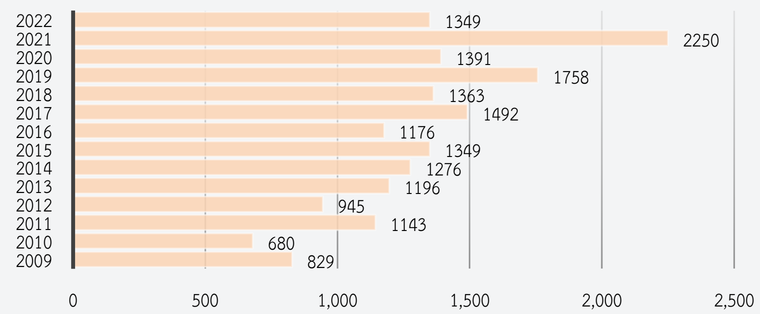
The using right of Free Trade Agreement (FTA) and Non-Tariff Barrier (NTB): Implications for Thai's Economy (Cons)

In detail, the data from the World Trade Organization (WTO) found that the total number of NTBs in the world from 2009 to 2021 was approximately 61,551 measures. Apart from that, there are environmental-related measures of around 18,206 measures which are calculated by 29.6 percent of the total number of NTB while implementing the NTB in each year still increasing continuously from 829 measures in 2009 to 1,349 measures in 2022. From the data, the most environmental measure is Technical barrier to Trade (TBT) which implemented 5,343 measures, then Subsidies and Countervailing Measures (SCM) implemented 4,661 measures, and Agriculture implemented 3,414 measures. Mostly, the countries that imposed NTB are developed countries and highly industrial development, and the top three that implemented NTB the most are 1) EU (2,842 measures), 2) the US (2,717 measures), and 3) Australia (1,149 measures). The top three sectors that affected the most are 1) Agriculture (5,870 measures), 2) Manufacturing (4,586 measures), and 3) Chemical (3,173 measures)

For Thailand, among all of the NTB types that impacted Thailand (Including environmental-related measures) until 2021, Thai products is likely to be affected by TBT and SPS. (the proportion of the affected by TBT was 55.1 percent compared with the affected by SPS which was 34.0 percent. In detail, agriculture products (live animals and vegetable products) are likely to affected by TBT while manufacturing products (food products, chemicals, plastic or rubber, metals, and machinery and electronics) are likely to affected by SPS. Mostly, the major countries that impose the measure on Thailand are the US, China, and EU.

In the next term, the international trade policy of Thailand should be prioritized on developing the competitiveness of Thai's products. Thus, it is necessary to process in bilateral ways both **trade opportunity creation**, which engaging Thai exporters to use the right of existing FTA along with expediting the negotiating FTA, and **leveraging potential production for more participation in the global supply chain** to be corresponded with the standard and requirement of export products which tend to be more stringent, in particular, under the fact that the world is likely to be developing into the era of deglobalization and global economic fragmentation.

Environment-related Measures by Year



Source: WTO-EDB

Types and numbers of Environment-related measures which in forced from 2009-2022 by measures

Measure	Number of measure
Technical Barriers to Trade	5,343
Subsidies and Countervailing Measures	4,661
Agriculture	3,414
Import Licensing Procedures	1,644
Quantitative Restrictions	1,405
Sanitary and Phytosanitary Measures	1,187
Others	552
Total	**18,206**

Source: WTO-EDB

Types and numbers of Environment-related measures which in forced from 2009-2022 by countries/territories

Measure	Number of measure
European Union (EU)	2,842
The US	2,717
Australia	1,149
China	868
Canada	601
Brazil	467
Japan	447
Republic of Korea	405
Republic of China (Taiwan)	382
New Zealand	349
Other countries/territories	7,979
Total	**18,206**

Source: WTO-EDB

Types and numbers of Environment-related measures which in forced from 2009-2022 by sectors

Measure	Numbers of measure
Agriculture	5,870
Manufacturing	4,586
Chemicals	3,173
Energy	1,950
Fisheries	1,070
Forestry	917
Others	640
Total	**18,206**

Source: WTO-EDB

The using right of Free Trade Agreement (FTA) and Non-Tariff Barrier (NTB): Implications for Thai's Economy (Cons)

Proportion of implemented-NTB which impacted to Thailand until 2021 by sectors

Measure	Sanitary and Phyto-sanitary Measures (SPS)	Technical Barriers to Trade (TBT)	Other measures	Total
Live animals	60.7	26.2	13.1	100.0
Vegetable products	55.0	32.6	12.4	100.0
Animal and vegetable oils	41.5	49.2	9.3	100.0
Food Products	35.3	53.5	11.3	100.0
Mineral products	3.8	82.3	14.0	100.0
Chemicals	19.9	68.9	11.2	100.0
Plastic or Rubber	7.3	86.6	6.2	100.0
Hides and Skins	17.3	47.6	35.1	100.0
Wood	25.4	58.9	15.7	100.0
Paper	4.9	75.2	19.9	100.0
Textiles and Clothing	11.4	70.4	18.2	100.0
Footwear	2.6	80.2	17.2	100.0
Metals	4.1	86.9	9.0	100.0
Machinery and Electronics	6.3	89.2	4.5	100.0
Total	**34.0**	**55.1**	**10.8**	**100.0**

Source: WTO

Environment-related Non-tariff barriers (NTBs) of EU (Implemented) and USA (Prepared)

	Measures	Detail	Products	Timeline	Thai products which impacted
EU	1. EU Deforestation Regulation: EUDR	The products do not contribute to deforestation or forest degradation.	- wood, rubber, palm oil, soy, beef, coffee, cacao, and their products - more comprehensive in the future	- Effected: Jun. 2023 - Fully Implemented: Dec. 2024	- Rubber - Wood and products - Palm oil
	2. EU Corporate Sustainability Due Diligence Directive: CSDDD	The company in EU must be proved from protecting the environment and human rights.	EU's companies regarding their own operations, their subsidiaries, and their business partners.	- Effected: Early 2023 (Transition) - Fully Implemented: 2028-2030	- Agriculture and food - Textiles - Precious stones and jewelry
	3. Carbon Border Adjustment Mechanism: CBAM	The importer must report CO2 emission and be charged a fee for imported goods based on excess pollution.	- Cement, iron and steel, aluminium, fertilisers, electricity and hydrogen (Introduced) - Chemicals and Polymers (2026-2027) - All Product (2030)	- Partial report: Oct. 2023 - Full report: Jan. 2026	- Metal and steel - Aluminium
USA	4. Clean Competition Act (CCA) (US-CBAM)	The importer must report CO2 emission and be charged a fee for imported goods based on excessive pollution.	- Petroleum products - Petrochemicals, fertiliser, hydrogen, adipic acid - Cement, iron and steel, glass, pulp and paper - Television, air conditioning machine, and computer parts	Consideration Period	- Steel, aluminium, petroleum products, - Television, air conditioning machine, and computer parts
	5. Foreign Pollution Fee Act (FPFA)	Imposing a fee on products imported into the US based on the pollution intensity.	- Cement, iron and steel, aluminium, hydrogen - Petroleum products, glass, paper, bioenergy, battery, crude oil, minerals, petrochemicals, plastics, and natural gas	Consideration Period	-Steel, aluminium, petroleum products, petrochemical, plastics

Accelerating the disbursement of state-owned enterprises' capital expenditure budget to help maintain the momentum of public investment

Refer to data from the State Enterprise Investment Division of NESDC, the budget framework for capital expenditure disbursement of state-owned enterprises (SOEs), including those 5 public limited companies and subsidiaries, namely Airports of Thailand Public Limited Company, Suvarnabhumi Airport Hotel Company Limited, National Telecom Public Company Limited, PTT Public Company Limited, and MCOT Public Company Limited, in 2024 has a total budget limit of 380,141.92 million Baht, a decrease of 1.9 percent from the previous year. This figure is lower than the budget framework for SOEs' capital expenditure in 2020-2023 which were at an average of 396,137.58 million Baht per year (a decrease of 4.0 percent).

Budget framework and limit for SOEs' capital expenditure

Unit: Million Baht

	FY2020	FY2021	FY2022	FY2023	FY2024
State enterprise investment budget	423,232.46	374,649.07	399,065.99	387,602.78	380,141.92
% YoY	5.2	-11.5	6.5	-2.9	-1.9

source: NESDC

In the first quarter of fiscal year 2024, the total disbursement of SOEs' capital expenditure was 94,525.5 million Baht, a decrease of 2.1 percent from the same quarter of the previous year. The disbursement primarily came from the capital expenditure of 14 major investment projects1, amounting to 21,595.47 million Baht, which represents a disbursement rate of 28.6 percent of the budget for major investment projects of SOEs in 2024.

Therefore, accelerating the disbursement of SOEs' capital expenditure, especially in large-scale investment projects, will help maintain the momentum of public investment and support economic growth in the first half of 2024. However, public investment is currently constrained by the use of annual budget expenditures that are under the approval process. The 2024 Budget Bill is expected to be announced in May 2024.

Disbursement in 14 significant investment projects of SOEs in 2024

Unit: Million Baht

	Project	SOEs	Disbursement Estimation	Disbursement Q1/FY2024	Disbursement Rate (%)
1	The MRT purple line project: Tao Pun - Rat Burana	MRT	16,720	4,605.57	27.5
2	Transmission system and distribution system development project,	PEA	9,500	4,409.43	46.4
3	The first phase of the Thai-Sino high-speed rail linking Bangkok and Nong Khai (Bangkok-Nakhon Ratchasima section)	SRT	8,714	3,288.85	37.7
4	The expressway linking Rama III Road-Dao Khanong and the western	EXAT	7,555	951.87	12.6
5	The 9th waterworks improvement master plan	MWA	5,186	1,199.84	23.1
6	Double-track Railway (Lopburi - Pak Nam Pho)	SRT	4,677	201.11	4.3
7	The twelfth power distribution system improvement and expansion plan,	MEA	4,334	1,726.12	39.8
8	Transmission System Expansion Project, Phase 12	EGAT	3,839	1,395.99	36.4
9	Transmission System Improvement Project for System Security Enhancement of the Northeast, North, and Central Parts, including Bangkok Metropolitan	EGAT	3,805	694.15	18.2
10	National Government Complex Extension Zone C	PPS	3,221	2,266.00	70.4
11	Improvement and Expansion of MWA's 2014 Water Supply Service Pro-	MWA	2,292	25.64	1.1
12	New Zoo Project at Khlong Six, Pathum Thani Province	ZPOT	2,218	261.03	11.8
13	Laem Chabang Port Development Project Phase 3	PAT	1,846	456.62	24.7
14	Rangsit Drug Manufacturing Factory Construction Project, Phase 2	GPO	1,637	113.28	6.9
	Total		**75,544**	**21,596**	**28.6**

source: NESDC

Projection for 2023 and 2024[1/]

	Actual Data			Projection	
	2021	2022	2023	Nov 20th, 2023	Feb19th, 2024
GDP (at current prices: Bil. Baht)	16,188.6	17,378.0	17,921.2	19,022.2	18,656.0
GDP per capita (Baht per year)	232,302.0	248,788.6	255,867.7	270,921.8	265,705.3
GDP (at current prices: Bil. USD)	506.2	495.5	513.5	551.4	540.8
GDP per capita (USD per year)	7,264.0	7,094.1	7,331.5	7,852.8	7,701.6
GDP Growth (CVM, %)	1.6	2.5	1.9	2.7 - 3.7	2.2 - 3.2
Investment (CVM, %)[2/]	3.1	2.3	1.2	1.6	2.5
Private (CVM, %)	2.9	4.7	3.2	2.8	3.5
Public (CVM, %)	3.5	-3.9	-4.6	-1.8	-1.8
Private Consumption (CVM, %)	0.6	6.2	7.1	3.2	3.0
Government Consumption (CVM, %)	3.7	0.1	-4.6	2.2	1.5
Export volume of goods & services (%)	11.1	6.1	2.1	6.2	5.0
Export value of goods (Bil. USD)	270.6	285.2	280.2	290.2	288.3
Growth rate (%)[3/]	19.2	5.4	-1.7	3.8	2.9
Growth rate (Volume, %)[3/]	15.5	1.2	-2.9	3.3	2.4
Import volume of goods & services (%)	17.8	3.6	-2.2	6.3	3.0
Import value of goods (Bil. USD)	238.2	271.6	263.2	276.7	274.9
Growth rate (%)[3/]	27.7	14.0	-3.1	4.7	4.4
Growth rate (Volume, %)[3/]	17.9	1.2	-3.6	3.7	3.2
Trade balance (Bil. USD)	32.4	13.5	17.0	13.5	13.4
Current account balance (Bil. USD)	-10.3	-15.7	6.6	8.5	7.4
Current account to GDP (%)	-2.0	-3.2	1.3	1.5	1.4
Inflation (%)					
CPI	1.2	6.1	1.2	1.7 - 2.7	0.9 - 1.9
GDP Deflator	1.8	4.8	1.2	1.7 - 2.7	0.9 - 1.9

Source: Office of the National Economic and Social Development Council, 19th February 2024

Note: [1/] Data was calculated based on new National Accounts Office's Series, published on www.nesdc.go.th

[2/] Investment means Gross Fixed Capital Formation

[3/] Export and import base on the Bank of Thailand's data.

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