NESDC ECONOMIC REPORT

Thai Economic Performance in Q1 and Outlook for 2022

Macroeconomic Strategy and Planning Division

Press Release 8.30 a.m. May 17, 2022

The Thai Economy in the first quarter of 2022 expanded by 2.2 percent (%YoY), accelerating from a 1.8-percent growth in the previous quarter. Seasonally adjusted, the economy increased by 1.1 percent from the last quarter of 2021 (%QoQ sa).

On the expenditure side: private consumption and export of services accelerated. Private investment returned to expansion. Export of goods decelerated, while public investment declined.

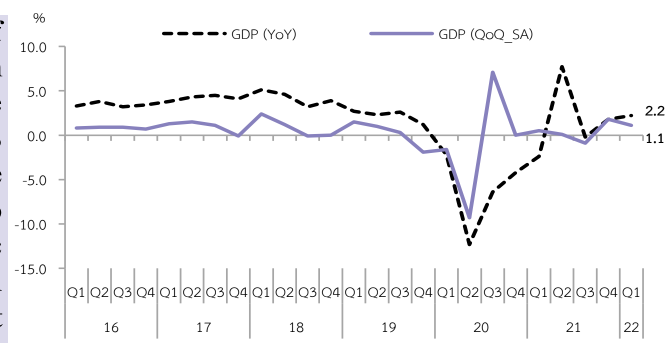
On the production side: accommodation and food service activities sector, and agricultural sector returned to growth while the transportation and storage sector accelerated. On the contrary, the wholesale and retail trades sector, and the electricity, gas, stream, and air conditioning supply sector decelerated while the construction sector continued to decrease.

Economic Projection for 2022

(%YoY)	2020	2021			2022	
	Year	Year	Q3	Q4	Q1	Year (f)
GDP (CVM)	-6.2	1.5	-0.2	1.8	2.2	2.5 - 3.5
Investment[1/]	-4.8	3.4	-0.4	-0.2	0.8	3.5
Private	-8.2	3.3	2.6	-0.8	2.9	3.5
Public	5.1	3.8	-6.2	1.7	-4.7	3.4
Private Consumption	-1.0	0.3	-3.2	0.4	3.9	3.9
Government Consumption	1.4	3.2	1.5	8.1	4.6	-0.2
Export of Goods[2/]	-6.5	18.8	15.7	21.3	14.6	7.3
Volume[2/]	-5.8	15.1	12.2	16.9	10.2	3.5
Import of Goods[2/]	-13.8	23.4	31.8	20.6	16.5	10.9
Volume[2/]	-10.5	18.3	27.8	14.1	4.6	3.4
Current Account to GDP (%)	4.2	-2.1	-4.4	-1.3	-1.2	-1.5
Inflation	-0.8	1.2	0.7	2.4	4.7	4.2 - 5.2

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

Thai economy in Q1/2022



Source: NESDC

The Thai economy in 2022 is projected to expand in the range of 2.5 - 3.5 percent, mainly supported by; (i) the improvement in domestic demand; (ii) the recovery of domestic tourism; and (iii) the continual expansion of export of goods. Export value of goods in US Dollar terms is anticipated to expand by 7.3 percent. Private consumption expenditure and private investment are expected to increase by 3.9 percent and 3.5 percent, respectively. Public investment is projected to increase by 3.4 percent. Headline inflation is estimated to be in the range of 4.2 - 5.2 percent and the current account is projected to record a deficit of 1.5 percent of GDP.

The economic management for the year 2022 needs to prioritize on following issues: **(1) Maintaining momentum from household expenditure**, by (i) monitoring, preventing, and controlling the pandemic situation; (ii) resolving household debt; (iii) accommodating the market mechanism to allow price to move in line with production cost; and (iv) providing assistance for those who are vulnerable to rising inflation. **(2) Catalyzing the recovery in tourism and related service sector,** by: (i) supporting domestic tourism; (ii) organizing the promotion events to attract long stay tourists especially those with high purchasing power; (iii) accommodating loan and subsidized measure to support business sector to resume their operation; and (iv) uplifting tourism potential and recovering tourism on sustainable basis. **(3) Maintaining momentum from export sector**, by (i) boosting exports to major markets coupled with expanding to new markets with potential products; (ii) improving quality of agricultural, food, and manufacturing products to meet international standard; (iii) utilizing benefits from Regional Comprehensive Economic Partnership (RCEP), along with expediting the ongoing Free Trade Agreement negotiations and preparing for future negotiations with new potential trading partners; and (iv) cushioning the effects of exchange rate fluctuations and rising input costs. **(4) Stimulating private investment**, by: (i) speeding up projects already approved and obtained investment promotion certificates to start their actual investments; (ii) solving difficulties and obstacles hindering investors and entrepreneurs from investing and conducting businesses; (iii) implementing proactive investment promotions and facilitating investors in targeted industries to invest in Thailand; (iv) stimulating investments in Eastern Economic Corridor (EEC), other special economic zones; (v) supporting investment in the key economic areas and transport infrastructure to be in accordance with the prospected plan; and (vi) developing high-skilled labors to brace the growth of technology-and-innovation-intensive industries. **(5) Maintaining growth momentum from government expenditure and public investment. (6) Supporting agricultural production and farmers' income**, by: (i) monitoring and providing appropriate water management to be ready for the new cropping season along with preventing and mitigating the impact from natural disaster; and (ii) cushioning impacts from raising input cost; and **(7) Monitoring, scrutinizing, and preparing for the volatilities from global economy and financial market.**

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1. The Thai Economy in Q1/2022

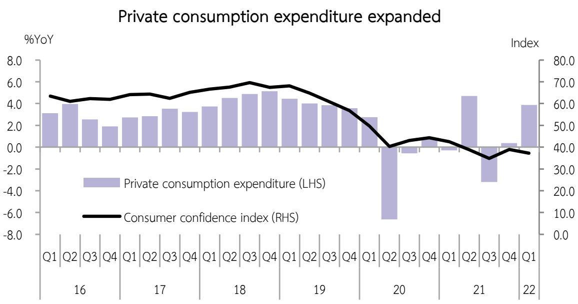
Expenditure Side:

In the first quarter of 2022, private consumption expenditures accelerated, and private investment returned to expand.

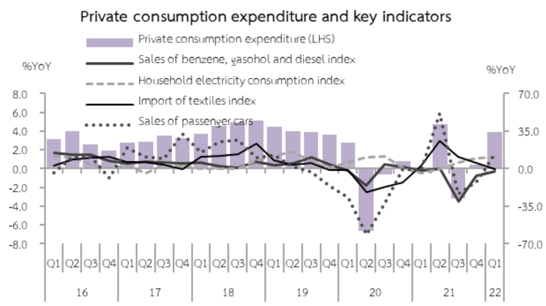
Meanwhile, the export of goods decelerated.

Private consumption grew by 3.9 percent, accelerating from a 0.4-percent growth in the previous quarter.

Private consumption expenditures expanded by 3.9 percent, improving from a 0.4-percent expansion in the previous quarter as a result of an easing of COVID-19 infection control measures which helped economic activities relax, the recovery of income as a whole, and the continuity of government measures. The private consumption expenditures improved in all categories; **the expenditure in services** grew by 4.4 percent, compared with a 1.6-percent drop in the previous quarter, following the expansion of spending on restaurants & hotels, and recreation & culture which increased by 29.1 percent, and 3.4 percent, respectively; **the expenditure in non-durable goods** grew by 4.1 percent, accelerating from a 3.7 -percent growth in the previous quarter, in line with the expansion of spending in electricity, gas & other fuels, food and non-alcoholic beverages, and alcoholic beverages & tobacco; **the expenditure in semi-durable goods** grew by 0.4 percent, improving from a 0.8-percent drop in the previous quarter, in accordance with an accelerated expansion of spending on clothing & footwear which increased by 1.9 percent; and **the expenditure on durable goods** grew by 3.8 percent, improving from a 5.4-percent drop in the previous quarter owing to a positive growth of spending on purchase of vehicles which increased by 14.1 percent, compared with an 8.2-percent drop in the previous quarter. However, the consumer confidence index towards the economic situation decreased to 37.3 from 38.9 in the previous quarter, due to the concern about higher cost of living amid continued uncertainty over the conflict between Russia and Ukraine.



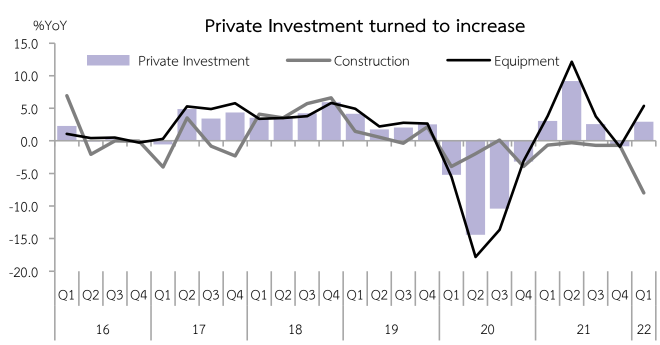
Source: NESDC, University of the Thai Chamber of Commerce



Source: NESDC, BOT, Department of Energy Business

Private investment grew by 2.9 percent compared with a 0.8-percent drop in the previous quarter, following a positive growth of investment in the machinery & equipment.

Private investment expanded by 2.9 percent, improving from a 0.8-percent drop in the previous quarter, in accordance with the positive growth of the investment in machinery and equipment, while the investment in construction decreased continually. **The investment in machinery and equipment** grew by 5.4 percent, compared with a 0.9-percent drop in the previous quarter. This was in line with a positive growth in newly registered motor vehicles for investment which grew by 5.5 percent, compared with a 5.0-percent drop in the previous quarter. Meanwhile, **the investment in construction** dropped by 8.0 percent, compared with a 0.7-percent drop in the previous quarter. This was in line with the continued decline in the construction material sales index which dropped by 2.8 percent, compared with a 0.3-percent drop in the previous quarter. Improvement in private investment in this quarter was in accordance with an increase in the business sentiment index which rose to 48.6 from 48.1 in the previous quarter.

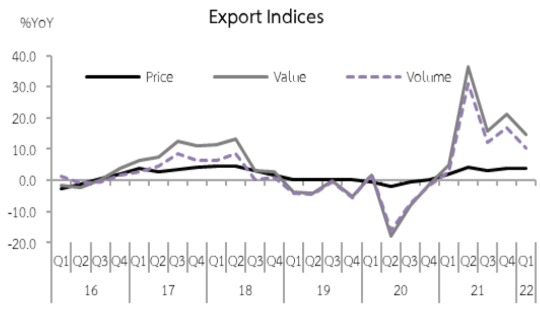


Source: NESDC

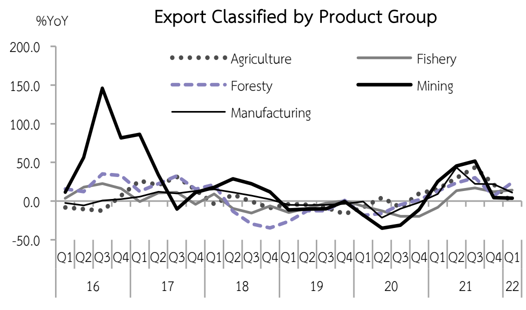
Exports in US Dollars was recorded at 73.3 billion US Dollars, increasing by 14.6 percent, decelerating from a 21.3-percent increase in the previous quarter, partly due to a decrease in automotive export affected by supply chain disruption situation. **The export volume index** expanded by 10.2 percent, decelerating from a 16.9-percent growth in the previous quarter. Export volume of manufacturing products and fishery continually increased by 6.1 percent and 10.9 percent, respectively, while exports volume of agricultural products decreased by 2.0 percent. **The export price** increased by 4.0 percent, accelerating from a 3.7-percent rise in the previous quarter. Export price of manufacturing and fishery rose by 4.4 percent, and 2.9 percent, respectively, while the agricultural price declined by 0.6 percent. Excluding unwrought gold, export value expanded by 9.7 percent compared with a 20.8-percent increase in the previous quarter. **In Baht terms,** export value was recorded at 2,423 billion Baht, growing by 25.1 percent compared with a 32.2-percent growth in the previous quarter.

Export value in US Dollar terms increased by 14.6 percent, while decelerated from the previous quarter partly due to a decrease of automotive export affected from a supply chain disruption.

Export value excluding unwrought gold expanded by 9.7 percent.



Source: Bank of Thailand



Source: Bank of Thailand

Export value of agricultural commodities decreased by 2.6 percent compared with a 21.8-percent growth in the previous quarter, in line with a reduction in export of durian and other fruits. The export quantity fell by 2.0 percent following a decrease in export volume of durian. Exports price declined by 0.6 percent due to the decrease in export price of rice and rubber. **Export value of manufacturing products** rose by 10.8 percent, decelerating from a 21.9-percent increase in the previous quarter. **Export value of fishery products** continually increased for the fourth quarters, by 14.2 percent as a result of the growth in exports volume and price. **Export value of other products** expanded by 556.9 percent due to the increase in exports of non-monetary gold which was recorded at 681.8 percent.

Export items with increased value included chemicals & petro-chemical products (18.7 percent), machinery & equipment (5.7 percent), vehicle parts & accessories (3.5 percent), computer parts & accessories (15.1 percent), air condition machines (5.6 percent), animal food (26.3 percent), rice (19.3 percent), rubber (6.2 percent), crustaceans (8.5 percent) and fish (14.8 percent). On the other hand, **export items with decreased value included** passenger car (49.1 percent), pick up and trucks (28.9 percent), rubber products (25.0 percent), durian (48.2 percent) and other fruits (13.3 percent).

Export value of agricultural commodities declined following a decrease in exports of durian and other fruits.

Export value of manufacturing products decelerated.

Export value of fishery products increased for four quarters consecutively.

Export Value of Major Product in US Dollar Terms

%YoY	2020	2021					2022	Share
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q1/22 (%)
Agriculture	**-0.8**	**27.5**	**15.3**	**29.6**	**43.4**	**21.8**	**-2.6**	**5.5**
Rice	-11.3	-8.9	-19.4	-38.8	16.5	13.2	19.3	1.2
Rubber	-14.9	58.6	38.1	97.4	99.5	31.4	6.2	2.1
Durian	41.5	68.4	-16.0	74.4	91.0	84.0	-48.2	0.1
Other Fruits	-10.5	27.3	45.3	-2.8	49.7	22.5	-13.3	0.5
Manufacturing	**-8.4**	**23.1**	**9.1**	**43.6**	**22.2**	**21.9**	**10.8**	**87.7**
Food	-6.2	7.0	-1.9	5.9	5.5	19.3	28.1	7.6
Sugar	-36.2	-10.7	-47.7	-21.2	-2.4	85.2	180.9	1.4
Fish, canned, prepared, or preserved	5.5	-14.7	-2.4	-26.3	-24.7	-2.4	3.3	1.0
Tapioca & cassava starch	-6.0	43.6	63.3	25.8	50.7	35.2	5.8	0.7
Fruits & vegetables, canned, prepared, or preserved	4.1	8.6	-4.3	0.3	15.1	20.7	9.6	0.4
Beverages	-3.7	3.6	-0.4	17.8	-5.2	2.8	4.6	1.0
Rubber products	23.4	19.1	52.4	40.0	10.4	-15.1	-25.0	2.3
Animal food	18.7	23.5	27.4	21.2	19.6	25.8	26.3	1.0
Electronics	1.0	18.8	8.3	29.9	19.7	18.1	17.0	11.6
- Computer	0.5	47.1	2.2	24.0	88.8	71.2	67.5	0.3
- Computer parts & accessories	-2.4	20.9	-5.0	37.1	26.1	28.7	15.1	5.3
- Integrated circuits & parts	-5.7	18.6	13.9	22.7	19.2	18.7	17.7	3.1

Export Value of Major Product in US Dollar Terms (Cont.)

%YoY	2020	2021					2022	Share
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q1/22 (%)
Electrical appliances	0.9	19.9	14.1	44.2	14.5	12.0	7.8	9.6
- Air conditioning machines	-3.4	22.5	9.4	52.5	9.3	25.8	5.6	2.5
- Refrigerators	7.1	13.3	19.3	50.9	-6.0	-0.2	6.8	0.8
- Parts of electrical appliances	4.3	11.4	7.0	27.7	9.0	4.5	6.2	2.2
Metal & steel	-5.4	45.5	22.7	64.0	56.8	43.1	21.8	5.7
Automotive	-17.6	35.2	21.0	111.9	20.8	21.8	-5.6	14.2
- Passenger car	-18.1	6.0	12.9	88.6	-26.7	-17.9	-49.1	1.9
- Pick up and trucks	-31.9	58.1	44.8	190.6	18.7	55.4	-28.9	2.4
- Vehicle parts & accessories	-13.6	30.0	17.3	102.0	25.3	8.3	3.5	6.8
Machinery & equipment	-8.4	19.0	16.2	40.7	17.0	7.9	5.7	8.1
Chemicals & Petro-chemical Products	-10.6	37.2	21.1	51.1	43.7	34.4	18.7	9.1
Petroleum products	-26.8	64.0	-6.0	92.7	101.5	101.7	23.3	2.9
Medicinal and surgical equipment and supplies	-5.4	18.8	13.8	58.1	6.6	8.9	3.5	0.7
Toiletries and cosmetics	-13.0	2.4	-4.6	5.1	-1.9	12.1	8.6	1.1
Furniture and parts	10.4	20.3	21.3	49.9	6.9	12.4	18.1	0.7
Fishery	**-15.2**	**8.8**	**-8.2**	**13.4**	**16.9**	**12.1**	**14.2**	**0.5**
Crustaceans	-21.6	15.7	-3.2	16.1	25.0	21.6	8.5	0.2
Fish	-3.0	-0.3	-9.5	-2.1	10.5	0.9	14.8	0.2
Other Exports	**41.7**	**-71.5**	**-88.2**	**-69.7**	**-74.5**	**59.9**	**556.9**	**5.1**
Non-monetary gold (excl. articles of goldsmiths)	62.3	-70.7	-88.3	-67.3	-75.8	67.9	681.8	4.9
Total Exports (Customs basis)	**-5.9**	**17.1**	**1.9**	**31.8**	**15.3**	**22.1**	**14.9**	**100.0**
Exports, f.o.b. (BOP basis)	**-6.5**	**18.8**	**5.0**	**36.4**	**15.7**	**21.3**	**14.6**	**99.6**
Export Value (exclude gold)	**-8.9**	**24.4**	**11.4**	**45.4**	**24.2**	**20.8**	**9.7**	**94.7**

Source: Bank of Thailand

Exports to the key markets mostly decelerated.

Export markets: Exports to the main markets expanded at a decelerated pace. Exports to the US expanded by 24.1 percent, following the growth in exports of automatic data processing machines and parts, fax machine telephone equipment and parts, and air conditioning machine and parts. Exports to China increased by 4.2 percent mainly due to an increase in exports of automatic data processing machines and parts, polymers of ethylene and rubber. Exports to Japan grew by 1.2 percent, mainly due to the growth in exports of prepared poultry, chemical and machinery and parts. Exports to EU (27) excluding the UK, increased by 5.7 percent following the acceleration in exports of motorcycle and parts, circuit board and rubber. Exports to ASEAN (5) grew by 26.9 percent, mainly due to the growth in exports to Malaysia, Indonesia, Singapore and the Philippines. Exports to CLMV rose by 5.5 percent, in line with an increase in exports to Cambodia, Laos and Myanmar. In addition, exports to the Middle East (15) increased by 17.1 percent supporting by the growth in exports of motor cars, parts & accessories, canned and processed seafood as well as woods and wood products. However, exports to Australia fell by 2.4 percent resulted by the reduction in exports of pick up, trucks and parts, air condition machines and parts, and rubber products, etc. Also, exports to Russia fell by 6.6 percent from a decrease of machinery & equipment, fruits canned prepared or preserved, and air condition machines and parts.

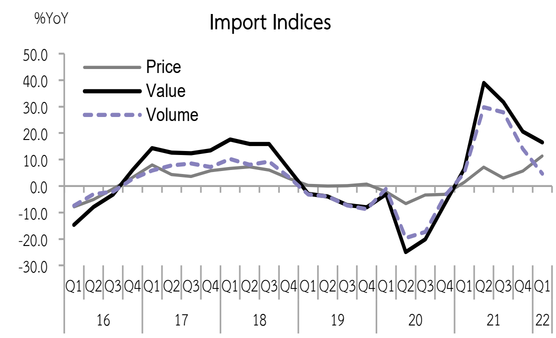
Export Value to Key Markets in US Dollar Terms

%YOY	2020	2021					2022	Share
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q1/22 (%)
Total Exports (Mil US$) (Customs basis)	231,634	271,174	64,035	68,159	67,663	71,317	73,601	100.0
(%YoY)	-5.9	17.1	1.9	31.8	15.3	22.1	14.9	
United States	9.7	21.5	12.3	30.4	19.6	24.3	24.1	16.2
Japan	-7.0	9.5	5.9	20.0	15.3	-0.4	1.2	8.8
EU (27) excluding UK	-10.5	22.6	10.8	49.8	16.4	20.8	5.7	8.0
United Kingdom	-19.7	12.9	-9.3	65.5	0.2	14.3	19.4	1.4
China	2.2	24.8	19.7	29.3	32.2	17.3	4.2	11.3
ASEAN (9)	-11.8	17.2	-5.9	33.3	18.3	29.3	17.0	24.3
- ASEAN (5)*	-12.2	19.4	-10.8	27.0	26.5	42.9	26.9	14.2
- CLMV**	-11.1	14.4	0.6	42.1	8.1	13.4	5.5	10.1
Middle East (15)	-13.0	19.8	-5.7	37.6	22.7	33.6	17.1	3.4
Australia	-3.9	10.9	19.7	27.7	-12.6	14.6	-2.4	3.9
Hong Kong	-3.6	2.6	-19.4	15.7	7.8	9.2	5.0	3.5
India	-25.0	55.1	7.5	181.3	64.9	47.5	33.0	3.5
South Korea	-10.1	38.5	17.5	56.0	51.3	32.0	22.7	2.2
Taiwan	-5.4	22.7	9.8	35.4	27.2	19.6	9.7	1.6
Russia	-24.5	41.7	-6.2	61.3	61.4	70.5	-6.6	0.3

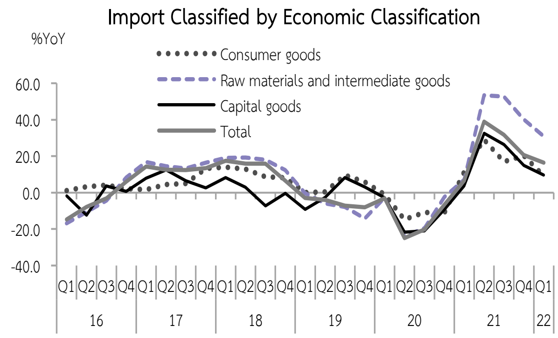
Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
Source: Bank of Thailand

Import value in US Dollar terms was recorded at 64,135 billion US Dollars, increasing by 16.5 percent compared with a 20.6-percent increase in the previous quarter, due to the deceleration of import volume as import price accelerated in accordance with a rise in energy price. **Import volume** rose by 4.6 percent compared with a 14.1-percent increase in the previous quarter. Import volume of raw materials and intermediate goods, capital goods, and consumer goods which rose by 10.3 percent, 6.0 percent, and 4.6 percent, respectively, decelerating from 15.7 percent, 11.9 percent, and 15.2 percent in the previous quarter. However, **import price** rose by 11.3 percent, increasing at a higher pace from a 5.7-percent increase in the previous quarter, following an 18.6-percent increase in import price of raw materials and intermediate goods which accelerated from 21.2 percent in the previous quarter. Also, the import price of consumer goods, and capital goods rose by 4.4 percent, and 3.3 percent, respectively, continuing from 4.4 percent and 2.7 percent in the previous quarter. Import values excluding the non-monetary gold (excluding articles of golds) expanded by 22.1 percent. **In Thai Baht terms,** the import value stood at 2,121 billion Baht, increasing by 27.2 percent compared with a 31.6-percent increase in the previous quarter.

Import value in US Dollar terms increased by 16.5 percent, compared with a 20.6-percent expansion in the previous quarter.



Source: Bank of Thailand



Source: Bank of Thailand

By categories, the import value of raw materials and intermediate goods, capital goods, and consumer goods increased while other imports decreased. **Import value of raw materials and intermediate goods** expanded by 30.9 percent compared with a 40.3-percent growth in the previous quarter. Import volume and import price rose by 10.3 percent and 18.6 percent, respectively. **Import value of capital goods** rose by 9.6 percent compared with a 14.9-percent growth in the previous quarter. Import volume and import price expanded by 6.0 percent and 3.3 percent, respectively. **Import value of consumer goods** increased by 9.2 percent compared with a 20.3-percent growth in the previous quarter. Import volume and import price increased by 4.6 percent and 4.4 percent, respectively. **Import value of other goods** declined by 42.1 percent compared with a 10.7-percent decrease in the previous quarter due to a decrease in imports of the non-monetary gold.

Import Value of Major Product in US Dollar Terms

%YoY	2020	2021					2022	Share Q1/22 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Consumer goods	**-9.6**	**19.2**	**11.5**	**29.2**	**17.0**	**20.3**	**9.2**	**11.9**
Food, beverage, and dairy products	4.0	5.7	1.0	9.9	7.8	4.7	13.8	2.4
Cellular phone	-7.5	39.0	85.5	14.3	3.6	51.5	-12.3	1.6
Medicinal and pharmaceutical products	-0.5	46.9	3.6	21.5	89.2	79.6	53.4	1.5
Animal & fishery products	-8.4	24.1	13.1	47.4	21.9	17.1	9.4	1.2
Textiles	-13.6	12.3	4.2	28.8	12.8	6.7	1.8	0.9
Raw materials and intermediate goods	**-12.4**	**36.7**	**7.1**	**53.4**	**52.6**	**40.3**	**30.9**	**67.2**
Parts of electronics and electrical appliances	1.3	20.5	13.9	23.8	25.0	19.1	20.4	15.3
Chemicals & petro-chemical products	-5.9	38.9	18.4	46.3	60.5	33.6	19.2	10.0
Materials of base metal	-16.6	60.7	26.5	83.6	89.3	53.1	19.0	9.7
Crude oil	-23.9	49.7	-23.3	110.2	78.1	99.2	86.2	11.8
Petroleum products	-42.5	57.0	4.3	123.6	55.1	88.5	39.3	2.7
Capital goods	**-13.8**	**18.4**	**3.7**	**32.5**	**26.4**	**14.9**	**9.6**	**17.1**
Other machinery and mechanical appliances & parts	-12.0	16.5	0.4	32.1	27.7	10.4	8.9	7.7
Transformers, generators, motors and accumulators	-4.7	20.8	19.6	30.5	29.9	6.9	8.5	1.8
Measuring, checking, and precision instruments	-16.6	16.9	11.0	40.3	30.5	-5.0	-4.1	1.2
Computer	-1.5	44.7	45.3	15.4	55.0	63.8	21.5	1.0
Aircrafts, ships, floating structures, and locomotive	-39.2	20.4	-35.5	94.3	-9.4	81.5	27.1	1.0

Import Value of Major Product in US Dollar Terms (Cont.)

%YoY	2020	2021					2022	Share Q1/22 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Other Imports	**-20.3**	**19.7**	**24.7**	**74.7**	**23.3**	**-10.7**	**-42.1**	**3.8**
Non-monetary gold (excl. articles of goldsmiths)	-33.3	68.5	135.5	156.6	66.9	-6.7	-54.1	2.5
Other imports, n.i.e.	-1.8	-27.4	-61.3	27.5	-7.8	-18.2	14.4	1.3
Total Imports (Customs basis)	**-12.7**	**29.8**	**8.2**	**46.3**	**41.0**	**29.4**	**18.4**	**100.0**
Imports, f.o.b. (BOP basis)	**-13.8**	**23.4**	**6.5**	**39.0**	**31.8**	**20.6**	**16.5**	**86.0**
Import Value (Exclude gold)	**-13.1**	**22.1**	**2.0**	**37.7**	**31.1**	**21.8**	**22.1**	**83.5**

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices %YoY	2020					2021					2022
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	-10.7	-2.4	-15.7	-11.9	-12.7	14.8	8.3	24.1	12.6	15.2	4.6
Raw materials and intermediate goods	-7.1	1.3	-14.2	-15.4	0.6	16.6	-1.7	26.9	29.0	15.7	10.3
Capital goods	-14.8	-4.5	-22.6	-21.6	-10.3	16.2	2.1	30.2	24.1	11.9	6.0
Total Imports	**-10.5**	**-1.0**	**-19.6**	**-17.3**	**-3.6**	**18.3**	**4.9**	**29.8**	**27.8**	**14.1**	**4.6**

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices %YoY	2020					2021					2022
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	1.3	1.5	1.0	1.1	1.7	3.8	2.9	4.1	3.9	4.4	4.4
Raw materials and intermediate goods	-5.8	-4.1	-11.4	-4.9	-2.9	17.3	9.0	20.9	18.3	21.2	18.6
Capital goods	1.2	1.7	1.3	0.9	1.0	1.9	1.5	1.7	1.8	2.7	3.3
Total Imports	**-3.8**	**-2.1**	**-6.6**	**-3.4**	**-3.1**	**4.3**	**1.5**	**7.1**	**3.1**	**5.7**	**11.3**

Source: Bank of Thailand

Term of trade decreased as import price expanded by 11.3 percent, faster than the growth of export price which grew by 4.0 percent. Thus, the term of trade decreased from 109.7 in the same quarter last year and 107.9 in the previous quarter to 102.5 in the first quarter of 2022.

Term of trade decreased.

Trade balance in the first quarter of 2022 recorded a surplus of 9.2 billion US Dollars, lower than a surplus of 10.9 billion US Dollars in the previous quarter but higher than a surplus of 8.9 billion US Dollars in the same quarter last year. **In Baht terms**, trade balance recorded a surplus of 302.4 billion Baht, lower than a surplus of 362.7 billion Baht in the previous quarter but higher than a surplus of 269.6 billion Baht in the same period last year.

Trade surplus was at 9.2 billion US Dollars, lower than that of the previous quarter but higher than the same period last year.

Term of trade

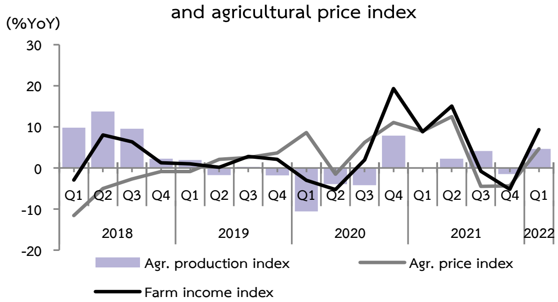
%YoY	2020					2021					2022
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Term of trade*	110.2	109.1	111.8	109.7	110.0	109.0	109.7	108.7	109.8	107.9	102.5
%YOY	3.2	1.8	4.8	2.9	3.4	-1.0	0.6	-2.8	0.0	-1.9	-6.6

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

Production Side:

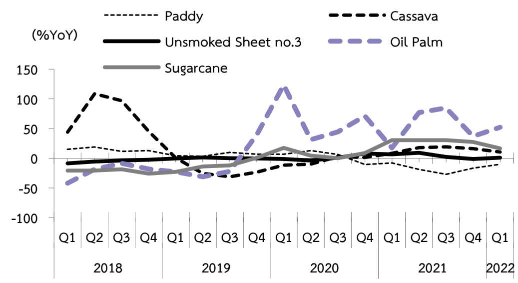
Agriculture, forestry, and fishing sector rebounded by 4.1 percent, improved from a 0.6-percent contraction in the previous quarter. The expansion was supported by favorable weather conditions and sufficient water supply. This was in line with a growth of **Agricultural Production Index** of 4.7 percent, compared to a 1.5-percent decrease in previous quarter. Major agricultural products with production expansion included: (i) **paddy** (19.3 percent), due to favorable weather condition along with sufficient water for cultivation, (ii) **sugarcane** (21.1 percent) following increases in both planting areas and crop yields, (iii) **fruits** (4.1 percent), particularly mango, owing to favorable weather conditions, (iv) **oil palm** (15.3 percent), due to the price incentive which caused farmers to expand planting areas, and (v) **rubber** (1.2 percent), due to favorable weather conditions combined with efficiency rubber tree maintenance practices, therefore, farmers can increase rubber tapping days. On the other hand, major agricultural products with production contraction included swine (-8.7 percent), maize (-5.5 percent), and cassava (-1.6 percent), etc. **Agricultural Price Index** rose by 4.7 percent, following an increase of main agricultural products such as **swine** (23.6 percent) caused by a decline in live pig production due to rising production costs and an increase in domestic demand, **oil palm** (52.1 percent) following increase of palm oil price in global market and domestic demand upsurge, **poultry** (16.2 percent) due to rising production costs and higher poultry consumption in both domestic and global demands, **sugarcane** (16.6 percent) caused by the minimum price of canes for 2021/22 production was higher than the previous year, and **rubber** (5.0 percent), owing to domestic demand upsurge. In contrast, major agricultural price index with the contraction included paddy (-10.1 percent), and fruits (-16.4 percent), etc. Rising in both agricultural production index and agricultural price index thus led to **Farm Income Index** increased for the first time in three quarters by 9.3 percent.

Farm Income Index increased by 9.3 percent due to the increase of agricultural production index and agricultural price index



Source: Office of Agricultural Economics

The prices of oil palm, sugarcane, rubber, and cassava increased while prices of paddy declined.



Source: Office of Agricultural Economics

Manufacturing sector increased by 1.9 percent, decelerating from a 3.8-percent expansion in the previous quarter. This was in accordance with a slowdown of the manufacturing industry for domestic consumption and the industrial group with 30 - 60 percent export share to total production and a contraction in manufacturing industries of the export-oriented industries, following the global supply chain disruption. Likewise, Manufacturing Production Index expanded by 1.4 percent, decelerating from 4.7-percent growth in the previous quarter. **Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production)** increased by 1.9 percent, decelerating from a 4.0 percent expansion in the previous quarter. The slowdown was caused by the contraction in several industries including manufacture of basic iron and steel (-9.4 percent) because of raw materials (iron) shortage for the production, and manufacture of articles of concrete, cement, and plaster (-4.7 percent) due to lower domestic demands for cement. Additionally, manufacture of basic pharmaceutical products and pharmaceutical preparations increased by 12.3 percent, decelerating from a 22.0-percent expansion in the previous quarter, following the slowdown in domestic orders compared to the previous quarter, as a consequence of an improvement in the COVID-19 outbreak. However, manufacture of refined petroleum products expanded at a good pace by 14.1 percent. **Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production)** increased by 2.1 percent, slowing down from a 3.8-percent expansion in the previous quarter. This was mainly driven by manufacture of motor vehicles which expanded by 3.0 percent, compared to a 4.4-percent expansion in the previous quarter, according to the shortage of important auto parts (chips and semiconductors). Besides, manufacture of sugar increased by 10.4 percent, decelerating from a 17.8-percent expansion in the previous quarter. This was in response to a less amount of sugarcane products delivered to sugar mills as sugarcane crushing season entered its final phase. On the one hand, major industries with contraction including manufacture of prepared animal feeds (-4.9 percent) because of raw material shortages, and motorcycles (-20.7 percent) following the lower in domestic demand.

Production side increased from the previous quarter at a higher pace following accommodation and food service activities, and agricultural sectors rebounded. Besides, transportation and storage sectors accelerated.

Agriculture, forestry, and fishing sector rebounded by 4.1 percent, owing to the favorable weather conditions and sufficient water supply. The increase in price of key agricultural products thus, led to Farm Income Index increased for the first time in three quarters.

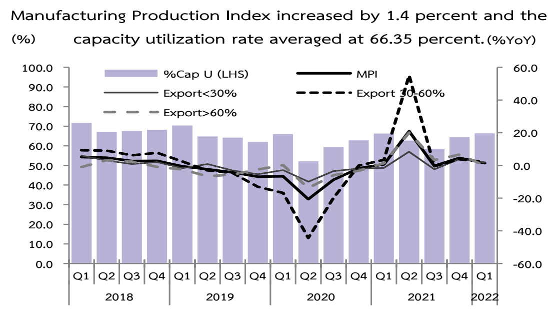
Manufacturing sector continued to increase for two consecutive quarters by 1.9 percent but slowed down when compared to the previous quarters following the slowdown in manufacturing industries of the domestic-oriented industries and the industrial group with 30 - 60 percent export share to total production, along with the contraction in the export-oriented industries which was partly affected by the global supply chain disruption.

The average capacity utilization rate stood at 66.35 percent for this quarter, higher than 64.51 percent in the previous quarter and was closely to 66.32 percent in the same period last year.

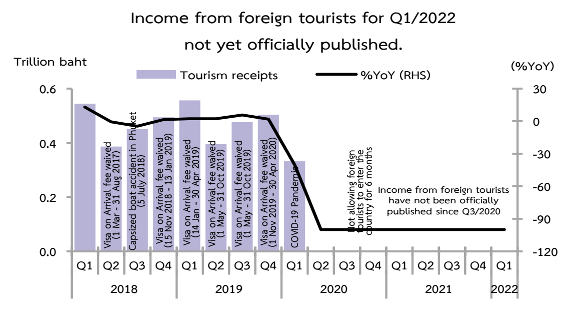
Manufacturing Production Index of the industries of the export-oriented industries (with export share of more than 60 percent to total production) declined for the first time in five quarters by 0.2 percent, compared to a 6.6-percent growth in the previous quarter. Major industries with decline included manufacture of computers and peripheral equipment which continued to decline for the third consecutive quarter by 13.0 percent in response to key raw materials shortage, and manufacture of other general-purpose machinery decreased by 6.7 percent, especially air conditioners, owing to a weak global demand. Meanwhile, manufacture of electronic components and boards increased for the sixth consecutive quarter by 7.3 percent, particularly integrated circuits for the production of basic technology products. **The average capacity utilization rate** stood at 66.35 percent for this quarter, higher than 64.51 percent in the previous quarter and similar to 66.32 percent in the same period last year. In details, there were four industries having capacity utilization rate above 80 percent, namely, manufacture of plastics and synthetic rubber in primary forms (95.64 percent), sugar (94.54 percent), vegetable oils, excluding palm oil (90.25 percent), parts and accessories for motor vehicles (88.07 percent), refined petroleum products (84.63 percent), slaughtering and packing of poultry (81.71 percent), respectively.

Manufacturing production index with positive growth included refined petroleum product (14.1 percent), motor vehicles (3.0 percent), electronic components and boards (7.3 percent), sugar (10.4), and malt liquors and malt (22.8 percent), etc.

Manufacturing production index with negative growth included computer and peripheral equipment (-13.0 percent), basic iron and steel (-9.4 percent), articles of concrete, cement and plaster (-4.7 percent), other general-purpose machinery (-6.7 percent), and prepared animal feeds (decrease 4.9 percent), etc.



Source : Office of Industrial Economics



Source: Ministry of Tourism and Sports

Accommodation and food service activities sector strongly rebounded for the first time in three quarters by 34.1 percent, improved from a 4.9-percent contraction in the previous quarter. This was in line with an improvement in domestic tourism and the highly increased number of international tourist arrivals. In the first quarter of 2022, **Thai tourism receipts** stood at 0.144 trillion Baht which rose for the first time in eleven quarters by 63.8 percent due to the relaxation of COVID-19 containment measures, the rising of vaccination rates, and the government's measures to stimulate tourism sector. The top three most visited provinces (excluding Bangkok) by Thai tourists consisted of Chonburi (2.79 million visitors, shared of 7.15 percent) increased by 940.9 percent, Kanchanaburi (2.77 million visitors, share of 7.10 percent) increased by 106.3 percent, and Chiangmai (2.13 million visitors, share of 5.46 percent) increased by 102.7 percent. **The number of foreign tourists stood at 497,693 persons**, increased by 2,367.2 from the previous quarter. The number was supported by the low base effect, the Test & Go programme for international travelers, and the effective vaccination program and the easing of international travel restrictions in several countries. Top international travelers in this quarter mainly came from Europe (288,845 visitors, share of 58.04 percent) increased by 2,828.9 percent, East Asia (85,693 visitors, share of 17.22 percent) increased by 1,544.5 percent, and America (39,929 visitors, share of 8.02 percent) increased by 1,326.5 percent. **The average occupancy rate** was at 36.15 percent, increased from 26.25 percent in the previous quarter and higher than 16.15 percent in the same period last year.

Accommodation and food service activities sector rebounded for the first time in three quarters by 34.1 percent, caused by an improved domestic tourism, increased household consumption expenditure, and rising number of foreign tourists.

Average occupancy rate was at 36.15 percent, increased from 26.25 percent in the previous quarter and higher than 16.15 percent in the same period last year.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector continued to increase for the fourth consecutive quarter by 2.9 percent, comparing with a 3.0-percent growth in the previous quarter, following the continued improvement of household expenditure and the highly increased number of foreign tourists due to the relaxation of COVID-19 containment measures and the implementation of fiscal stimulus policy. This was associated with the increase of Wholesale and Retail Sales, and Repair of Motor Vehicles Composite Index. **Wholesales Index (except motor vehicles and motorcycles) increased by 6.7 percent** accelerating from a 6.5-percent expansion in the previous quarter. This was mainly driven by a growth in wholesales of general goods. **Wholesale and Retail Sales, and Repair of Motor Vehicles Index increased by 15.1 percent,** rebounded from a 10.6-percent drop in the previous quarter, mainly due to a growth in sale of motor vehicles. **Retail Sales Index (except motor vehicles and motorcycles) increased by 9.6 percent,** decelerating from a 17.8-percent growth in the previous quarter. This was mainly attributed to a slower growth in retail sales of other goods such as jewellery, etc.

Wholesale and retail trade; repair of motor vehicles and motorcycles sector increase by 2.9 percent, following the continued improvement of household expenditure and the highly increased number of foreign tourists.

Transportation and storage sector continued to grow for the second consecutive quarter by 4.6 percent, accelerated from a 3.2-percent expansion in the previous quarter, following the continued expansion at a higher pace of air transport while land transport and transport via pipelines rebounded for the first time in three quarters. The expansion in transportation and storage sector was in accordance with an 11.0-percent growth in Transportation Services Composite Index which improved from a 3.6-percent increase in the previous quarter. This was attributed to (i) a 53.8-percent increase in Air Transport Services Index, owing to the rise in both air passenger transport activities index and air cargo activities index; (ii) a 6.7-percent increase in Land Transport and Transport via Pipelines Services Index, owing to the expansion in diesel consumption, number of public transport users, natural gas consumption for vehicles, number of registered trucks, and petroleum gas consumption; and (iii) a 2.1-percent increase in Water Transport Services Index which continually expanded for the fifth consecutive quarter, following the expansion of TEUs Volume Index and Thai international freight volume (water transport) index. Besides, warehousing and support activities for transportation rose for fourth consecutive quarter by 10.1 percent. Likewise, postal and courier activities continued to increase by 2.2 percent as a result of the expansion of entrepreneur revenue.

Transportation and storage sector continued to grow for the second consecutive quarter by 4.6 percent, following the continued expansion at a higher pace of air transport while land transport and transport via pipelines rebounded for the first time in three quarters.

Electricity, gas, stream, and air conditioning supply sectors continued to increase for the second consecutive quarter by 2.0 percent, compared to a 2.1-percent growth in the previous quarter. This was due to the accelerated expansion of power generation activities, and the increase in household and industrial sectors spending. Meanwhile, the gas separation plant activities continued to decline for the third consecutive quarter. The expansion in this quarter was in line with an increase in electricity, gas and air conditioning production index by 4.4 percent which decelerated from a 4.9-percent expansion in the previous quarter. This was mainly attributed to (i) the power generation index continued to increase for the fourth consecutive quarter by 5.0 percent, accelerating from a 4.4-percent expansion in the previous quarter according to the increase in electricity consumption in all groups especially the household and industrial sectors in tandem with a rebound of business sector, and (ii) the natural gas production index , in contrast, continued to decline for the third consecutive quarter by 3.2 percent, compared to a 4.2-percent drop in the previous quarter according to the decreased volume of liquefied petroleum gas production of all types: liquefied petroleum gas, propane and butane, respectively.

Electricity, gas, stream, and air conditioning supply sectors continued to increase for the second consecutive quarter by 2.0 percent, due to the accelerated expansion of the power generation index. This was mainly in line with the increase in electricity consumption in the household and industrial sectors, while the natural gas production activities declined for the third consecutive quarter.

Construction sector continued to decline for the third consecutive quarter by 5.5 percent, compared with a 0.9-percent decrease in the previous quarter. This was in line with a decline in public construction and private construction, due to the new wave of the COVID-19 outbreak in the country (Omicron Variant). In this quarter, **Public construction** declined by 3.9 percent, compared with a 0.7-percent drop in the previous quarter. (Government construction decreased by 2.1 percent, compared with a 6.1-percent expansion in the previous quarter. State enterprise construction decreased by 6.9 percent, compared with a 14.8-percent drop in the previous quarter.). **Private construction** continued to decline for the sixth consecutive quarter by 8.0 percent mainly caused by of a decline in construction of residential buildings and other construction. Meanwhile, construction of non-residential buildings continued to expand for the third consecutive quarter. **Construction Material Price Index (CMI)** continued to rise by 8.5 percent for the sixth consecutive quarter owing to an increase in the iron products (1.1 percent), others (6.0 percent), and concrete ingredient (1.2 percent).

Construction sector continued to decline for the third consecutive quarter. Public construction decreased by 3.9 percent and private construction decreased by 8.0 percent. Construction Material Price Index (CMI) continued to rise for the sixth consecutive quarter.

Employed Persons by Industry

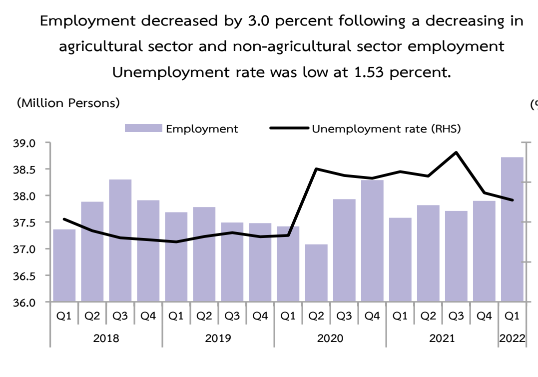
%YOY	Share	2020	2021					2022
	Q1/22	Year	Year	Q1	Q2	Q3	Q4	Q1
Employed	100.00	0.2	0.2	0.4	2.0	-0.6	-1.0	3.0
- Agricultural	29.46	-0.1	1.8	2.8	2.4	1.0	1.3	3.0
- Non-Agricultural	70.54	0.3	-0.6	-0.6	1.8	-1.3	-2.1	3.1
Manufacturing	16.17	-2.4	-0.9	-2.2	-2.2	2.1	-1.2	2.6
Construction	6.19	1.9	-1.1	4.5	5.1	-7.3	-6.9	-1.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.17	0.5	-0.4	-1.0	-1.4	0.2	0.7	5.8
Accommodation and food service activities	7.44	0.7	-3.1	-0.1	5.4	-9.3	-7.9	-1.1
Total labor force (Million persons)		38.5	38.7	38.7	38.8	38.6	38.6	39.6
Employed (Million persons)		37.7	37.8	37.6	37.8	37.7	37.9	38.7
Unemployment (Million persons)		0.65	0.75	0.76	0.73	0.87	0.63	0.61
Unemployment Rate (%)		1.69	1.93	1.96	1.89	2.25	1.64	1.53

Source : National Statistical Office (NSO)

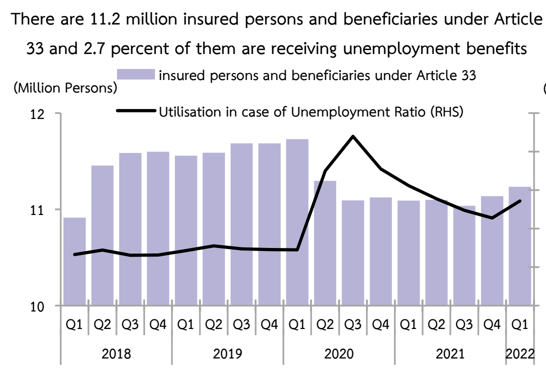
Employment increased both agricultural and non-agricultural sectors. The unemployment rate decreased from the previous quarter and the same quarter of the previous year. In the first quarter of 2022, employment increased by 3.0 percent, improved from a 1.0-percent decline in the previous quarter. **Non-agricultural employment** (shared 70.54 percent) rebounded by 3.1 percent, mainly due to the increase of employment in the wholesale and retail trade; repair of motor vehicles and motorcycles. Nevertheless, the employment in construction and accommodation and food service activities sectors continued to decline for the third consecutive quarter by 1.1 percent. **Agriculture employment** (shared 29.46 percent) continued to increase for the sixth consecutive quarter by 3.0 percent caused by the increase in the production of some key agricultural products such as paddy, sugar cane and fruit trees, etc. The unemployment rate in this quarter stood at 1.53 percent, lower than 1.64 percent in the last quarter and 1.96 percent in the same quarter of the previous year. **The average number of unemployed** recorded at 6.07 hundred thousand people, lower than 6.32 hundred thousand people in the previous quarter and 7.58 hundred thousand people in the same period last year.

Employment improved as a result of the rebound of non-agricultural employment while agricultural employment continued to increase for the sixth consecutive quarter.

The unemployment rate in this quarter stood at 1.53 percent, lower than 1.64 percent in the last quarter and 1.96 percent in the same quarter of the previous year.



Source: National Statistical Office



Source: The Social Security Office ,Ministry of labour

Labor in the Social Security System: the total number of insured persons in social security system continued to increase for the fourth consecutive quarter. The unemployment rate among insured persons under article 33 was increased from the previous quarter but lower than the same quarter of the previous year. In the first quarter of 2022, the total number of social security beneficiaries continued to increase for the fourth consecutive quarter by 44.8 percent. This was mainly attributed to (i) an increase of voluntarily insured persons under article 40 by 201.1 percent (partly due to COVID-19 relief measures for labours and entrepreneurs as required by the regulation issued under Section 9 of the Emergency Decree on Public Administration in Emergency Situation B.E. 2548 (No. 27) according to the cabinet resolution on July 13th, 2021.), (ii) an increase of voluntarily insured persons under article 39 by 3.8 percent, and (iii) an increase of compulsory insured person under article 33 by 1.3 percent accelerating from 0.1 percent in the previous quarter. **The unemployment rate among insured person under article 33** in the quarter was 2.7 percent, higher than the 2.3 percent in the previous quarter but lower than 3.1 percent in the same quarter last year. The average number of unemployed was 3.05 hundred thousand, higher than the 2.53 hundred thousand people in the previous quarter but lower than the number of 3.46 hundred thousand people in the same quarter last year.

The total number of insured persons in the social security system continued to increase for the fourth consecutive quarter by 44.8 percent, partly due to relief measures for insurers affected by the COVID-19 pandemic since the third quarter of 2021.

The unemployment rate among insured person under article 33 in the quarter was 2.7 percent, higher than the 2.3 percent in the previous quarter but lower than 3.1 percent in the same quarter last year.

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2020		2021				2022
	Year	Year	Q1	Q2	Q3	Q4	Q1
Insured Persons (article 33)[1/]	11,124	11,137	11,091	11,098	11,037	11,137	11,234
Insured Persons (article 39)[2/]	1,800	1,938	1,850	1,897	1,956	1,938	1,920
Insured Persons (article 40)[3/]	3,509	10,665	3,576	3,612	10,449	10,665	10,767
Total Insured Persons	16,433	23741	16,516	16,607	23,442	23741	23,920
Utilisation in case of Unemployment	395	253	346	308	273	253	306
Utilisation in case of Unemployment Ratio (%)	3.6	2.3	3.1	2.8	2.5	2.3	2.7

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

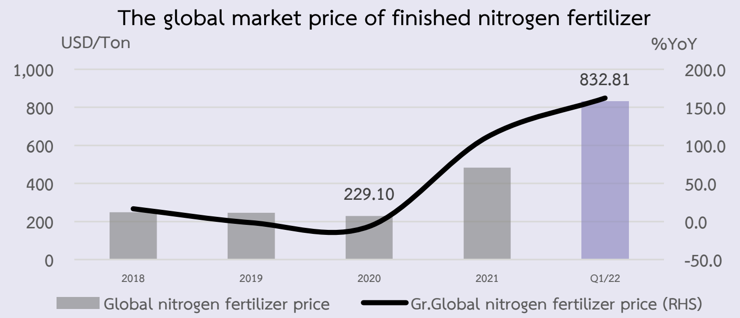
Note: [1/] Insured Persons (article 33) are employees of private enterprises that employ at least 1 employee. Those Insured Persons must be over 15 years of age, but under 60 years of age

[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

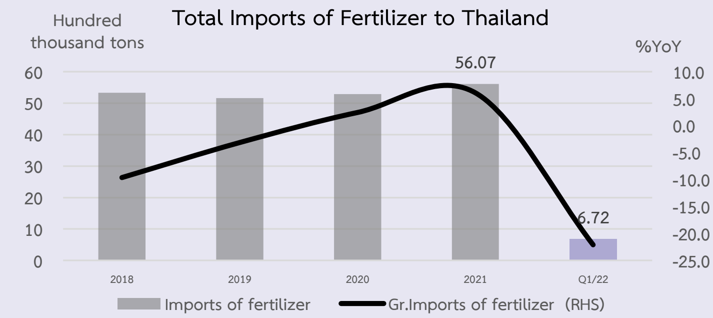
[3/] Insured Persons (article 40) are neither persons who are currently employed by private enterprises (article 33) nor has never applied to be an insured person under article 39. Insured persons under article 40 must be an self-employed person or informal workers age who must be over 15 years of age,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

The effect of the increase in agricultural production costs.

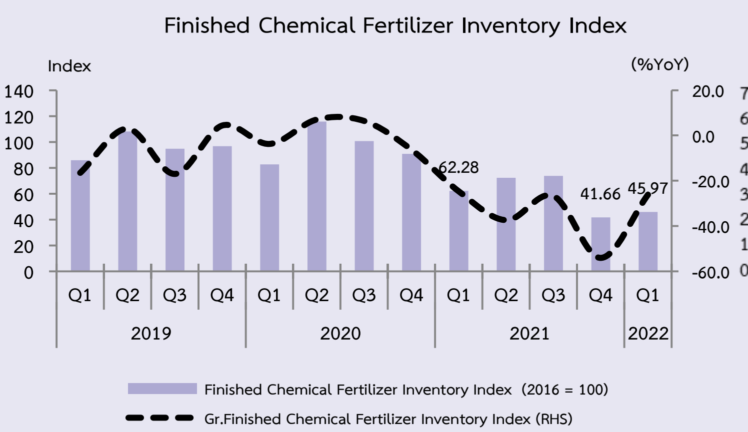
Recently, the tendency of higher energy and commodity prices on the global market is likely to continue to exist, especially for chemical fertilizers. This is considered as a significant agricultural production expense in Thailand. In details from the inputs Input-Output Tables (IOTs), fertilizers and pesticides accounted for 42.16 percent of the value of intermediate, followed by agricultural services (8.01 percent), other agricultural product such as seed of all kinds and cultivars (6.98 percent), fuel oil (6.46 percent), and other variables (36.39 percent). In the first quarter of 2022, the global market price of finished nitrogen fertilizer (Nitrogen: N) was at 832.81 US Dollars per ton, an increase of 162.2 percent (%YoY) owing to (i) production and export limits. This is due to the world's largest nitrogen fertilizer manufacturers and exporters limited export volume, such as China (food security policy) and Russia (conflict situations and sanctions), as well as certain nations storing nitrogen fertilizers, and (ii) the higher production costs for nitrogen fertilizer, in line with the price of natural gas which is the main raw material. This was combined with an increase in shipping and transportation costs which led to higher global fertilizer prices. Consequently, the domestic price of fertilizer increased. In the first quarter of 2022, the list cost of nitrogen fertilizer in Bangkok increased by 148.7 percent, reaching 20,185 Baht per ton. This affected directly to farmers who cultivate a variety of agricultural crops, particularly those who use fertilizers as inputs, such as oil palm, paddy, fruit trees, rubber, sugar cane, and maize.



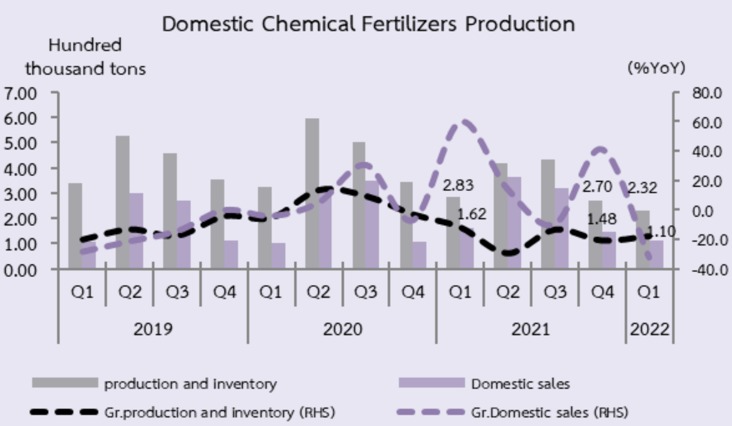
Source: World Bank



Source: MOC



Source: OIE



Source: OIE

The number of chemical fertilizers within - country tends to decline as a result of their higher prices. In the first quarter of 2022, Thailand imported 671,604 tons of chemical fertilizers which decreased by 22.1 percent. The contraction was driven mainly by; (i) chemical fertilizers (71.34 percent) utilized as raw materials in the manufacture of fertilizers and nitrogen compounds with the import volume of 479,105 tons, a reduction of 24.2 percent; and (ii) instant chemical fertilizer (28.66 percent) blended without manufacturing reprocessing with the import volume of 479,105 tons, increased by 16.4 percent. In the meantime, the situation of chemical fertilizer stock was comprised 231,889 tons of production and inventory (-18.1 percent), 109,563 tons of sales (-32.2 percent), and a finished chemical fertilizer inventory index which its reached 45.97 (-26.2 percent).

Therefore, to support farmers in minimizing the impacts of rising production costs, the government should expedite measures on preventing and chemical fertilizer stockpiling and inputs of important agricultural products.

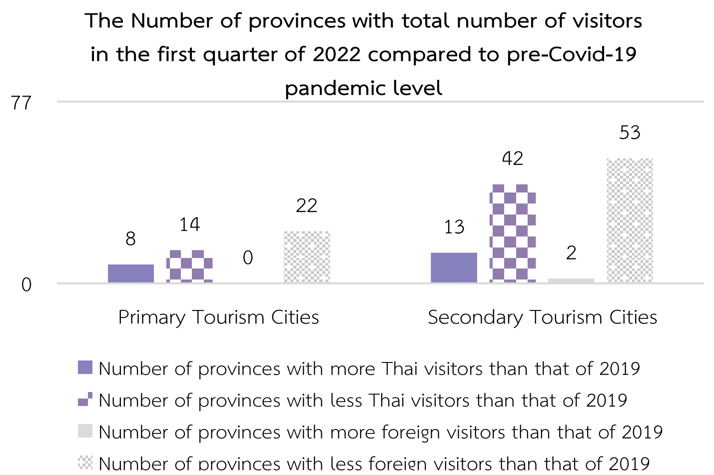
In addition, promoting and educating farmers in using chemical fertilizers effectively should be made (*right type, right formula, right rate, right time, and right method*, according to the slogan of Thai Fertilizer and Agricultural Supplies Association) and encouraging farmers and community enterprises to be able to produce organic fertilizers and bio-fertilizers on their own to reduce its dependence on fertilizer imports.

The internal tourism situation in Primary and Secondary Tourism Cities of Thailand

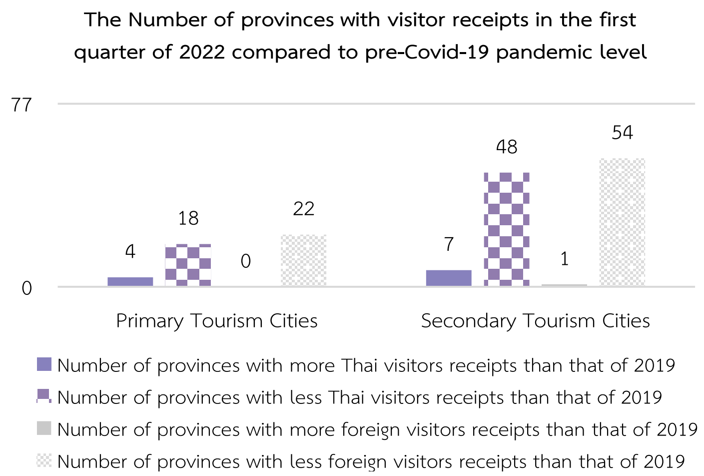
The internal tourism situation of Thailand in the first quarter of 2022 indicated that there were 47.44 million visitors and generating total tourism revenue of 173 billion Baht which decreased by 40.8 percent and 76.0 percent compared to the pre-COVID-19 pandemic level (2019), respectively. The total number of visitors comprised of 46.09 million of Thai visitors (share of 97.14 percent) and 1.36 million of foreign visitors (share of 2.86 percent). Thai visitors generated receipts worth 144 billion Baht (share of 83.34 percent) while foreign visitors generated receipts worth 29 billion Baht (share of 16.66 percent), respectively.

Regionally, 76 tourism cities (provinces) of Thailand were divided into 22 primary cities (received 63.55 percent of total visitors and 77.05 percent total visitor receipts) and 55 secondary cities (received 36.45 percent of total visitors and 22.95 percent total visitor receipts). In the first quarter of 2022, the provinces with the number of Thai visitors higher than the pre-COVID-19 pandemic level (2019) consisted of 8 primary tourist cities and 13 secondary tourist cities.

In terms of receipts from Thai visitors, there were 11 provinces consisting of 4 primary tourist cities and 7 secondary tourist cities. In the matter of foreign visitors, Bueng Kan and Sakon Nakhon were only 2 provinces with the higher number than pre-COVID-19 period, and Bueng Kan was the only 1 province with the higher receipts than the pre-COVID-19 pandemic level (2019)



Source: Ministry of Tourism and Sports



Source: Ministry of Tourism and Sports

The top three provinces (excluding Bangkok), with the highest number of visitors, including both Thais and foreigners were Chonburi with 2,830,394 people (5.97 percent of total visitors), a decrease of 39.0 percent; Kanchanaburi with 2,780,777 people (5.86 percent of total visitors), an increase of 31.66 percent; and Chiang Mai with 2,182,516 people (4.60 percent of total visitors), a decrease of 28.1 percent, respectively. Meanwhile, Bangkok received 7,563,188 people (15.94 percent of total visitors), a decrease of 53.76 percent

Therefore, the government should implement tourism promotion measures on both the primary tourism cities and the secondary tourism cities simultaneously. This can be done by initiating the development of tourism routes and programs in the primary tourism cities connecting to the secondary tourism cities through the support of community-based and cultural tourism approach, thus, led to more distribution of tourism revenues to secondary tourism cities. Moreover, the government should encourage the idea of travel at any time or every festival to generate income from tourism throughout the year.

Note: 22 primary tourist cities (provinces) included 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.

55 secondary tourist cities (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.

Fiscal Conditions:

In Q2/FY2022, the net government revenue collection increased by 7.8 percent following a rise in revenue collection of the Revenue Department, the Excise Department and the Customs Department.

On the revenue side, in the second quarter of the fiscal year 2022 (January - March 2022), the net government revenue collection stood at 532,249.1 million Baht, increasing by 7.8 percent compared with the same quarter last year due to: **(i) a 15.0-percent increase in revenue collection of the Revenue Department** following a rise of VAT collection which increased by 19.8 percent due to an expansion of import value, and a rise of Corporate Income Tax and Personal Income Tax which increased by 17.1 percent, and 6.6 percent, respectively; **(ii) a 4.2-percent increase in revenue collection of the Excise Department** following a 17.8 percent rise in excise tax on beer due to the implementation of measures to limit the sale of alcoholic beverages in restaurants and closure of entertainment venues to control the spread of COVID-19 in the same quarter of the previous year, as well as an increase in the volume of beer production to support consumption during the Songkran Festival; and **(iii) a 6.0-percent increase in revenue collection of the Customs Department** following the expansion of import value, especially of raw materials and intermediate products which increased by 30.9 percent.

For the first half of FY2022, the net government revenue collection was 6.8 percent higher than in the same period last year, and 6.7 higher than the estimation stated in the 2022 Budget Bill.

For the first half of the fiscal year 2022, the net government revenue collection stood at 1,091,156.4 million Baht, increasing by 6.8 percent from same period last year, and was 6.7 percent higher than the revenue estimation stated in the 2022 Budget Bill. In details, revenue collection of the Revenue Department, the Excise Department and revenue submission from the State-owned Enterprises were higher than the estimation by 13.5 percent, 4.8 percent and 14.7 percent, respectively. However, the revenue collection of the Excise Department was lower than the estimation by 5.8 percent, partly due to the reduction of excise tax rate on diesel fuel by 3 Baht per liter during February 18th - May 20th, 2022 in order to alleviate burdens for households and businesses affected by the rising of crude oil price in the global market.

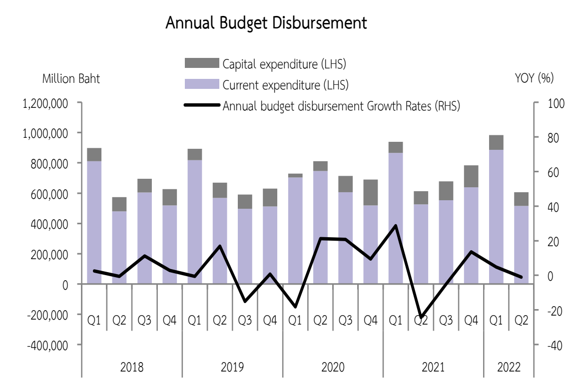
In Q2/FY2022, the total budget disbursement decreased by 12.8 percent following a decline in a disbursement of the 2022 annual budget and the 1.5-trillion Baht COVID-19 loan.

Meanwhile, the disbursement of the state-owned enterprises capital expenditure increased.

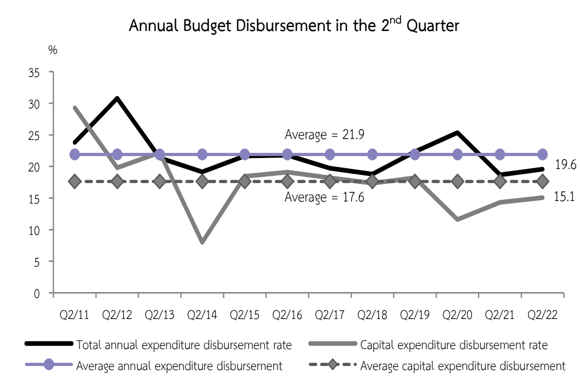
On the expenditure side, the total budget disbursement in the second quarter of the fiscal year 2022 was at 828.2 billion Baht,[1] decreasing by 12.8 percent from the same quarter last year in which a current expenditure disbursement stood at 643.4 billion Baht (decreased by 16.8 percent), and a capital expenditure disbursement stood at 184.9 billion Baht (rose by 4.6 percent). Classified by sources of funds, the government disbursements were as follows:

In Q2/FY2022, the 2022 annual budget disbursement decreased by 1.1 percent. The total disbursement rate was at 19.6 percent, whereas the rate of current and capital expenditure disbursement stood at 20.6 percent and 15.1 percent, respectively.

(i) The 2022 annual budget disbursement stood at 606.4 billion Baht, decreasing from the same quarter last year by 1.1 percent. The disbursement rate was at 19.6 percent, greater than 18.7 percent in the same quarter last year. **The current expenditure disbursement amounted to 515.3 billion Baht**, decreasing by 2.1 percent from the same quarter last year mainly as a result of a disbursement from the Other Expenditure category. The disbursement rate was at 20.6 percent, higher than 19.6 percent in the same quarter last year. Meanwhile, **the capital expenditure disbursement marked at 91.1 billion Baht**, increasing from the same quarter last year by 5.3 percent mainly as a result of a disbursement from Specific Subsidies category, and Land and Construction category. The disbursement was at 15.1 percent, higher than 14.3 percent in the same quarter last year;



Source: GFMIS



Source: GFMIS

[1] total budget disbursement includes the disbursement of (i) the grand total of annual budget, (ii) the carry-over budget, (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, and (iv) the COVID-19 loans (1.5-trillion-Baht).

(ii) **the carry-over budget disbursement** stood at 57.6 billion Baht, increasing from the same quarter last year by 6.6 percent, the disbursement rate was at 24.3 percent, lower than 25.0 percent in the same quarter last year; (iii) **state-owned enterprises capital expenditure budget** (excluding PTT) was disbursed for 55.0 billion Baht,[2] increasing from the same quarter last year by 12.1 percent mainly due to a rise in capital expenditure disbursement of the State Railway of Thailand (SRT); (iv) **the COVID-19 loans B.E. 2563 - 2564 (1.5-trillion-Baht)** was disbursed for 114.0 billion Baht, decreasing by 52.1 percent from the same quarter last year, including 62.3 billion Baht from Group 1 work plans or projects (Healthcare Services), 9.4 billion Baht from Group 2 work plans or projects (Financial Aid and Cash Handouts), and 42.3 billion Baht from Group 3 work plans and projects (Economic Rehabilitation).

For the first half of the fiscal year 2022, the total budget disbursement was at 2,123.3 billion Baht, increasing by 0.5 percent from the same period last year, with the allowing details. **(i) The 2022 annual budget disbursement** stood at 1,589.9 million Baht, the disbursement rate was 51.3 percent, greater than 47.2 percent in the same period last year, including 1,401.9 billion Baht in a disbursement of current expenditure (a disbursement rate was at 56.2 percent, higher than 51.9 percent in the same period of last year), and 188.0 billion Baht in a disbursement of capital expenditure (a disbursement rate was at 31.1 percent, greater than 26.4 percent in the same period last year). **(ii) The disbursement of the carry-over budget** stood at 133.1 billion Baht, equivalent to the disbursement rate of 56.1 percent. **(iii) State-owned enterprises' capital expenditure budget (excluding PTT)** was disbursed by 108.6 million Baht[3] in which the top five SOEs that disbursed the highest capital expenditure included the State Railway of Thailand (SRT), the Provincial Electricity Authority (PEA), the Electricity Generating Authority of Thailand (EGAT), the Metropolitan Electricity Authority (MEA) and the Mass Rapid Transit Authority of Thailand (MRTA). **(iv) The COVID-19 loan B.E. 2563 - 2564 (1.5-trillion-Baht)** was disbursed by 304.5 billion Baht, including 101.5 billion Baht from Group 1 work plans or projects (Healthcare Services), 53.7 billion Baht from Group 2 work plans or projects (Financial Aid and Cash Handouts), and 149.4 billion Baht from Group 3 work plans and projects (Economic Rehabilitation).

As of 27th April 2022, **the total budget disbursement from the COVID-19 loan** accumulated at 1,303.1 billion Baht, including 170.3 billion Baht from Group 1 work plans or projects (Healthcare Services), 854.0 billion Baht from Group 2 work plans or projects (Financial Aid and Cash Handouts), and 278.8 billion Baht from Group 3 work plans and projects (Economic Rehabilitation).

Total budget disbursement from the COVID-19 loan (1.5 trillion Baht)

(Unit: million Baht)

Workplans/Projects	Total Budget	Actual Budget Allocation	Amount Budget Disbursed	Disbursed as % of Allocation	Budget Balance
Group 1 Workplans/Projects – Healthcare Services	214,309.0	213,792.5	170,312.1	79.66	43,480.4
Group 2 Workplans/Projects – Financial Aid and Cash Handouts	894,348.0	869,430.9	853,975.7	98.22	15,455.2
Group 3 Workplans/Projects – Economic Rehabilitation	391,343.0	325,091.3	278,828.8	85.77	46,262.5
Total	**1,500,000.0**	**1,408,314.8**	**1,303,116.6**	**92.53**	**105,198.1**

Source: Public Debt Management Office (27 April 2022)

Public Debt: at the end of March 2022, public debt was accumulated at 9.9 trillion Baht, equivalent to 6 0 .6 percent of GDP, and remained under the fiscal disciplinary framework. The total public debt comprised 9.7 trillion Baht of domestic loans (59.6 percent of GDP), and 178.1 billion Baht of foreign loans (1.1 percent of GDP). The distribution of public debt was detailed as follows: (i) 8.8 trillion Baht in Government Debt, (ii) 876.4 billion Baht in SOEs (non-financial institute) debt, (iii) 253.9 billion Baht in SOEs (financial institute) debt, and (iv) 7.0 billion Baht in debt of other government agencies, which were accounted to 88.6 percent, 8.8 percent, 2.6 percent, and 0.1 percent of the accumulated public debt, respectively.

At the end of March 2022, the public debt was equivalent to 60.6 percent of GDP, remained under the fiscal disciplinary framework with the ceiling at 70 percent of GDP.

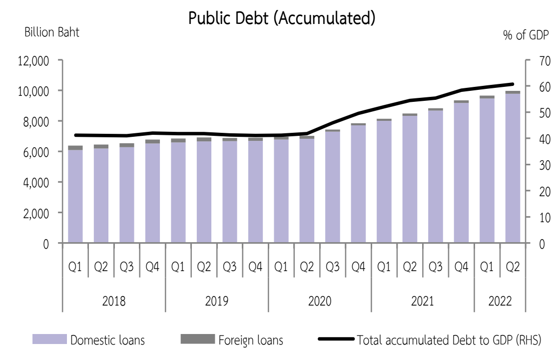
[2] The number was included the 4.7 billion Baht of the capital spending allocated from the annual budget.

[3] The number was included the 12.9 billion Baht of the capital spending allocated from the annual budget.

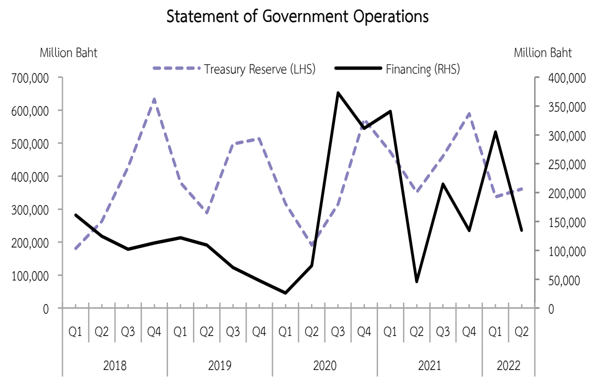
Fiscal Balance: in the second quarter of fiscal year 2022, the budgetary balance and the non-budgetary balance recorded a deficit of 89.3 billion Baht, and 21.7 billion Baht, respectively. In the meantime, the government conducted a cash balance management through the borrowing of 134.7 billion Baht. Therefore, the cash balance after debt financing recorded a net deficit of 23.7 billion Baht. In addition, the treasury reserve at the end of the first quarter of fiscal year 2022 stood at 337.2 billion Baht, thus the fiscal balance at the end of March 2022 equaled to 360.8 billion Baht.

At the end of March 2022, the government's fiscal statement remained at a strong level where the fiscal balance stood at 360.8 billion Baht.

For the first half of the fiscal year 2022, the budgetary balance and the non-budgetary balance recorded a deficit of 615.8 billion Baht, and 51.8 billion Baht, respectively. In addition, the government conducted a cash balance management through the borrowing of 439.7 billion Baht. Therefore, the cash balance after debt financing recorded a net deficit of 227.9 billion Baht.



Source: Public Debt Management Office



Source: Ministry of Finance

Financial Conditions:

In the first quarter of 2022, the policy interest rate remained unchanged at 0.50 percent per annum. In both meeting on 9th February and 30th March 2022, the Monetary Policy Committee (MPC) decided to maintain the policy rate at 0.50 percent per annum. The decision was made to help facilitate a sustained economic recovery. The MPC assessed that the Thai economy in 2022 and 2023 will continue to grow following the improving domestic demand and tourism. However, downside risks to growth remain, not only shortages of raw materials in certain industries but also higher energy and commodity prices due to the prolonged conflict between Russia and Ukraine. Besides, the impact of higher prices led to higher on both living costs for households and production costs for businesses, particularly for fragile groups. Headline inflation will increase in 2022, driven mainly by rising energy prices and the pass-through of food prices. Nonetheless, inflation is projected to decrease and return to the target range in 2023. In addition, the MPC also viewed that recent increases in inflation have stemmed from cost-push factors, while demand-pull inflationary pressures have remained subdued. Likewise, the monetary policy stance of Thailand is in line with other regional economies which continued to keep their policy rate unchanged in this quarter such as the central bank of Japan, China, India, and Malaysia maintained the policy rate at -0.10 percent, 4.35 percent, 4.00 percent, and 1.75 percent respectively. Meanwhile, main economies tightened their monetary policy. Specifically, Federal Reserve (Fed), the central banks of England, Canada, South Korea, and New Zealand increased the policy rate by 25 basis points, 50 basis points, 25 basis points, 25 basis points, and 25 basis points respectively.

The BOT maintained the policy rates in line with the majority of regional economies. In contrast, main economies tightened their monetary policy such as the US, England, and Canada, etc.

In April 2022, the central banks of Canada, South Korea, and New Zealand rose the policy rate by 50 basis points, 25 basis points, and 50 basis points respectively.

Recently, in May 2022, Federal Reserve (Fed) and the central banks of Australia , England, India, and Malaysia increased the policy rate by 50 basis points, 25 basis points, 25 basis points, 40 basis points, and 25 basis points respectively.

Policy Interest Rate

(%) At the end of period	2020 Year	2021 Year	2021 Q1	2021 Q2	2021 Q3	2021 Q4	2022 Q1	2022 Jan.	2022 Feb.	2022 Mar.	2022 Apr.	2022 May
USA	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.00-0.25	0.25-0.50	0.00-0.25	0.00-0.25	0.25-0.50	0.25-0.50	0.75-1.00
England	0.10	0.25	0.10	0.10	0.10	0.25	0.75	0.25	0.50	0.75	0.75	1.00
Canada	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.25	0.25	0.50	1.00	1.00
South Korea	0.50	1.00	0.50	0.50	0.75	1.00	1.25	1.25	1.25	1.25	1.50	1.50
Russia	4.25	8.50	4.50	5.50	6.75	8.50	20.00	8.50	20.00	20.00	14.00	14.00
New Zealand	0.25	0.75	0.25	0.25	0.25	0.75	1.00	0.75	1.00	1.00	1.50	1.50
EU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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
Australia	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.35
China	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
India	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.40
Indonesia	3.75	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Philippines	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Malaysia	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	2.00
Thailand	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: Collected by NESDC as of 13 May 2022

Financial institutions kept their deposit and loan rates unchanged from the previous quarter.

Large-sized, medium-sized commercial banks and specialized financial institutions (SFIs) maintained their deposit interest rate and lending rates. In the first quarter of 2022, large-sized commercial banks kept their Minimum Loan Rate (MLR) and the average 12-Month fixed deposit rate unchanged at 5.49 percent per year and 0.45 percent per year, respectively. Similarly, medium-sized bank remained MLR and the average deposit rate at 6.60 percent per year and 0.50 percent per year, respectively. In addition, SFIs maintained MLR and the average deposit rates at 6.13 percent per year and 0.93 percent per year, respectively. The average real deposit rates was the as level as the previous quarter, while the average MLR decreased as a consequence of rising inflation.

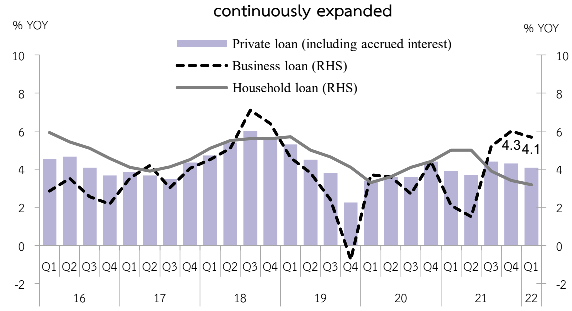
In April 2022, commercial banks maintained their interest rates on both deposits and lending rates. Meanwhile, SFIs lowered average deposit rate to 0.90 percent.

Private loans continuously expanded in both commercial bank and SFIs.

Private business loans outstanding continuously expanded. At the end of the first quarter of 2022, private loans outstanding by depository institutions grew by 4.1 percent, slowed down from 4.3 percent in the previous quarter. Business loans expanded by 5.7 percent, decelerated from 6.0 percent in the previous quarter. The expansion of business loans was mainly driven by loan demand picked up which stemmed from the higher cost of production and economic recovery continues, together with the soft loan facility for business (totaling 250 billion Baht) to support SMEs. On 25th April 2022, the soft loan was approved by 169 billion Baht which was approximately equal to 67.43 percent of total credit line. In addition, household loans expanded by 3.2 percent, decelerating from 3.4 percent in the previous quarter following the demand for credit cards and personal loans. This was also partly attributed to stimulate packages “Shop Dee Mee Khuen' (shop and payback)” and rising demand for home loans especially salaried employee. **Specialized financial institutions (SFIs)** expanded by 3.1 percent, slowing down from 3.4 percent in the previous quarter. This was mainly attributed to business loan which expanded by 7.4 percent, comparing with 8.2 percent in the previous quarter. Likewise, household loans expanded by 2.8 percent which slowed down from 3.1 percent in the previous quarter. Meanwhile, **commercial bank loan** expanded by 4.7 percent, comparing with 4.9 percent in the previous quarter. In details, business and household loans expanded by 5.5 percent and 3.8 percent respectively, slowed down from 5.7 percent and 4.1 percent in the previous quarter.

Major lending sectors with expansion consisted of transportation and storage (13.0 percent), manufacturing (9.3 percent), wholesale and retail trade; repair of motor vehicles and motorcycles (9.1 percent), and construction (5.8 percent). On the one hand, major lending sectors with contraction included information and communication (-7.9 percent), financial and insurance activities (-1.32 percent), and accommodation and food service activities (-0.8 percent). Besides, **commercial bank loan for consumption** grew at a slower pace by 3.3 percent, compared to 4.0 percent in the previous quarter. **Loans for small and medium-sized businesses** (excluding financial and insurance activities) indicated that outstanding loans expanded by 5.7 percent, in tandem with domestic economic recovery. Major lending sectors with expansion consisted of accommodation and food service activities, transportation and storage, and construction. Meanwhile, major lending sectors with contraction consisted of electricity, gas, steam and air conditioning supply and agriculture, forestry and fishing.

Private loans (including accrued interest) of depository corporations continuously expanded



Source: Bank of Thailand

Thai Baht against US Dollar appreciated from the previous quarter. In the first quarter of 2022, an average exchange rate was at 33.07 Baht per US Dollar, appreciating by 0.90 percent from the previous quarter. The movement of Thai Baht throughout the first quarter was considered highly volatile. In first half of the quarter, Thai Baht against US Dollar appreciated due to (i) signaling of Thailand economic recovery after the easing of some COVID-19 restrictions, especially reassessing the "Test & Go" scheme, (ii) Thai export surge continues, and (iii) capital inflow of foreign investors in term of portfolio investment, in line with net buy of foreign investors in both bond market and stock market. However, Thai Baht against US Dollar depreciated at the end of quarter. This was mainly caused by prolonged conflict between Russia and Ukraine together with tightening monetary policy by Federal reserve (Fed). Altogether, investors decided to reallocate their portfolio to safe heaven assets such as US Dollar and gold. The strength of Thai Baht was correlated with other Asian currencies such as Chinese Yuan, Singapore Dollar, and Vietnamese Dong. On the other hand, Japanese Yen, Philippine Peso, South Korea Won, Taiwanese Dollar, Indonesian Rupiah, Indian Rupees, Hong Kong Dollar, and Malaysian Ringgit depreciated from the previous quarter. When comparing with trading partner/competitors, Thai Baht appreciated, reflecting by a rise in average of Nominal Effective Exchange Rate (NEER) by 1.92 percent from previous quarter (an average of 116.75). Likewise, an average US Dollar index stood at 96.87, rising from 95.18 in the previous quarter, reflecting an appreciated trend of US Dollar when comparing with other major currencies.

Thai Baht against US Dollar appreciated compared to the previous quarter following sign of Thailand's economic recovery after relaxing COVID-19 restrictions.

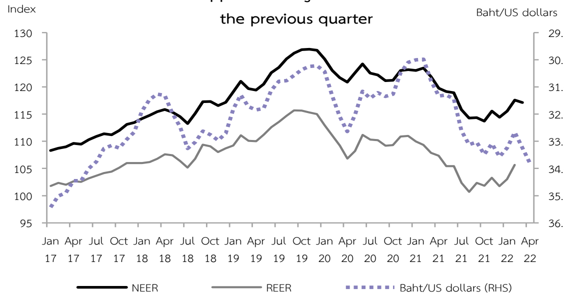
In April 2022, the monthly average of Thai Baht was at 33.81 Baht per US Dollar, depreciating by 1.71 percent from the previous month. The depreciation was mainly caused by a faster-than-expected tight monetary policy of the Fed.

SET index increased from the previous quarter. In the first quarter of 2022, SET index fluctuated throughout the quarter following the monetary policy stance of Federal Reserve (Fed), the conflict and negotiations between Russia and Ukraine, and the COVID-19 outbreak along with the COVID-19 control measures within country. Altogether, SET index at the end of the first quarter of 2022 closed at 1,695 points, increasing by 2.27 from the previous quarter. This was mainly supported by Thailand's economy recovering. Thus, foreign investors and proprietary trading continued as a net buy position. Industrial groups with positive growth index were services (6.4 percent), technology (4.4 percent), and resources (2.3 percent). On the other hand, industrial groups with negative growth were consumer products (-10.1 percent) and industrials (-4.1 percent). Major Asian market indices with positive growth were Singapore (9.1 percent), Indonesia (7.4 percent), Malaysia (1.3 percent), and Philippines (1.1 percent). Meanwhile, major Asian market indices with contraction included China (-10.6 percent), South Korea (-7.4 percent), and Hong Kong (-6.0 percent).

SET Index rose from the previous quarter as a result of a clear sign of Thai economic recovery.

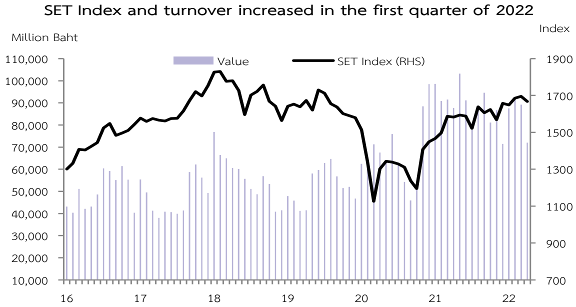
In April 2022, SET index declined by 1.64 percent to 1,667 points from the end of March 2022. This was resulted by concerns over the faster-than-expected monetary policy tightening by Federal Reserve (Fed) as well as prolonged conflict between Russia and Ukraine.

Thai Baht appreciated against US dollars from the previous quarter



Source : CEIC, Bank of Thailand

SET Index and turnover increased in the first quarter of 2022

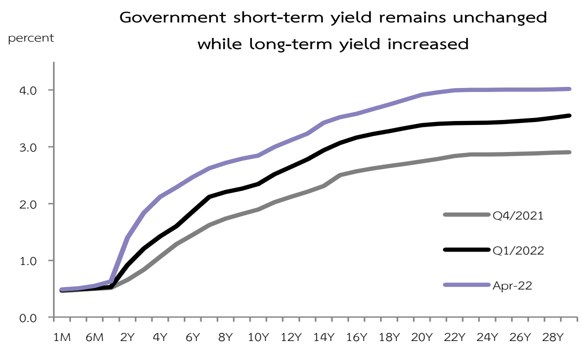


Source: SET

Both short-term and long-term government bond yields shifted upward. In the first quarter of 2022, short-term government bond yield remained at low levels, in tandem with the monetary policy stance of the Bank of Thailand (BOT). Meanwhile, long-term government bond yield increased. This was in line with the upward trend of US treasury bond yields along with regional economies after the Federal Reserve (Fed) may raise the interest rate faster than expected among rising inflationary pressure. At the end of the first quarter of 2022, 1-year government bond yield was at 0.53 percent, rising from 0.51 percent at the end of the previous quarter. 10-year government bond yield was at 2.35 percent, increasing from 1.90 percent at the end of the previous quarter. The foreign investors registered a net buy of 23.4 billion Baht, continued from a net buy of 76.7 billion Baht in the previous quarter. Total new registered corporate bond was at 425.2 billion Baht compared to 286.1 billion Baht in the previous quarter, principally attributed to property development, finance and securities, energy and information and communication technology.

Short-term government bond yield stood at low levels. Meanwhile, long-term government bond yield shifted upward.

In April 2022, both short-term and long-term government bond yields shifted upward. As a consequence, 1-year and 10-year government bond yields stood at 0.63 percent and 2.85 percent respectively. In details, foreign investors recorded as a net sell of 3.4 billion Baht, continuing from a net sell of 98.9 billion Baht in the previous month.



Source: ThaiBMA

Capital and financial account recorded a net inflow of 2.29 billion US Dollars in the fourth quarter of 2021, continuing from 2.64 billion US Dollars inflow in the previous quarter. This was mainly caused by a net inflow of foreign investors in term of both direct and portfolio investments, along with other terms of investment (including loans, commercial loans, deposits, and etc.). However, there were outflow of Thai investors in term of both direct and portfolio investments.

Capital and financial account recorded a net inflow following a net inflow of foreign investors in term of both direct and portfolio investments.

Overall in 2021, capital and financial account registered a net outflow 2.14 billion US Dollars, which essentially caused by the outflow of Thai investors in term of both direct and portfolio investments, combined with foreign investors outflow in term of equity securities.

Capital Flow

(Billion USD)	2020					2021				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
- Direct Investment	-23.8	-2.7	-5.7	-3.4	-12.2	-5.9	1.1	-1.7	-0.8	-4.5
Thai investor	-19.0	-5.3	-5.3	-3.7	-4.6	-17.3	-3.3	-3.1	-3.9	-7.1
Foreign investor	-4.8	2.7	-0.3	0.3	-7.5	11.4	4.4	1.3	3.1	2.6
- Portfolio Investments	-12.1	-8.5	2.8	-2.5	-3.9	-11.3	-9.7	-3.8	0.2	2.0
Thai investor	-4.1	-1.2	4.2	-1.8	-5.3	-16.5	-10.1	-3.7	-0.05	-2.6
Foreign investor	-8.1	-7.3	-1.5	-0.7	1.4	5.2	0.4	-0.1	0.2	4.6
Others	24.0	1.6	8.9	-0.4	14.0	15.0	3.5	3.6	3.2	4.8
Capital and financial account	-12.0	-9.6	6.0	-6.3	-2.0	-2.1	-5.1	-1.9	2.6	2.3

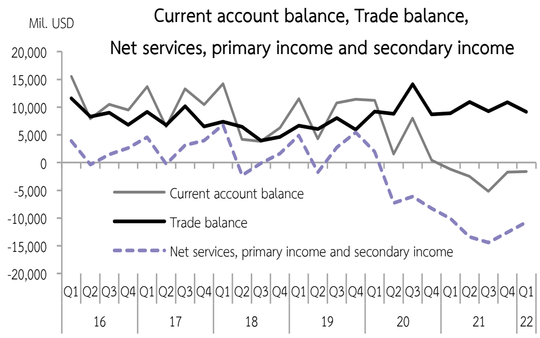
Source: BOT

Current account in the first quarter of 2022 registered a deficit of 1.6 billion US Dollars (53.2 billion Baht) compared to a 1.2 billion US Dollars (36.9 billion Baht) deficit in the same quarter last year, and a 1.7 billion US Dollars (57.5 billion Baht) deficit in the previous quarter. This was a result of a 10.8 billion US Dollars deficit in services, and primary and secondary income, higher than a 10.1 billion US Dollars deficit in the same period last year, and was recorded a deficit for eight quarters consecutively. Trade balance recorded a surplus of 9.2 billion US Dollars, higher than an 8.9 billion US Dollars surplus in the same quarter last year.

Current account recorded a deficit for the fifth consecutive quarter.

International reserve at the end of March 2022 stood at 242.4 billion US Dollars, decreasing from 245.5 billion US Dollars at the end of March 2021. However, **in Baht terms,** international reserve at the end of March 2022 stood at 8,074.1 billion Baht, higher than 7,699.2 billion Baht at the end of March 2021.

International reserve at the end of March 2022 stood at 242.4 billion US Dollars.

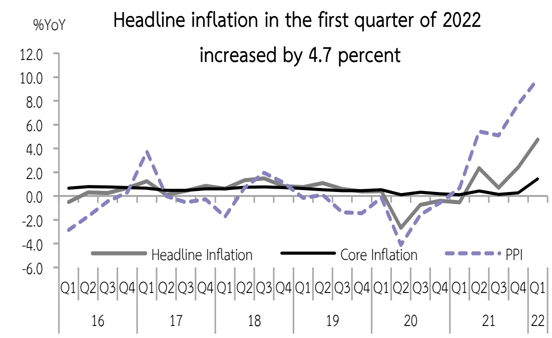


Source: Bank of Thailand

Headline inflation: In the first quarter of 2022, headline inflation was averaged at 4.7 percent, accelerating from a 2.4-percent headline inflation recorded in the previous quarter. **Food-and-beverage** price index increased by 3.8 percent compared with a 0.3-percent increase in the previous quarter. This was partly due to an increase in price of meats, seasoning & condiments, and prepared food at home, which expanded by 16.5 percent, 7.6 percent, and 4.5 percent, respectively. **Non-food and beverage** price index increased by 5.4 percent compared with a 3.8-percent increase in the previous quarter following an increase in price of electricity fuel water supply, and vehicle & vehicle operation which increased by 18.6 percent, and 15.1 percent, respectively, associated with a rise of energy price index which continuously increased by 26.9 percent compared with a 20.5-percent increase in the previous quarter. Core inflation was averaged at 1.4 percent compared with a 0.3-percent in the previous quarter.[4]

Headline inflation was averaged at 4.7 percent grew at a higher rate from a 2.4-percent headline inflation recorded in the previous quarter.

The price index of food-and-beverage and non-food-and-beverage increased at a higher pace.



Source: Ministry of Commerce

Producer Price Index (PPI): In the first quarter of 2022, Producer Price Index increased by 9.8 percent compared with a 7.7-percent rise in the previous quarter. **The price of mining products** increased by 61.5 percent compared with a 41.9-percent increase in the previous quarter, following an increase in price of petroleum & natural gas which continuously rose by 82.2 percent compared with a 57.1-percent increase in the previous quarter. **The price of manufactured products** rose by 8.8 percent compared with a 7.7-percent increase in the previous quarter, associated with an increase in price of petroleum products, and chemicals & chemical products which grew by 62.7 percent and 15.2 percent, respectively. **The price of agricultural & fishery products** increased by 4.7 percent, improving from a 0.6-percent decrease in the previous quarter, associated with an increase in price of fisheries product, and agricultural products which grew by 8.0 percent and 4.3 percent, respectively.[5]

Producer Price Index (PPI) increased by 9.8 percent compared with a 7.7- percent increase in the previous quarter.

[4] In April 2022, Headline inflation was 4.6 percent, Core inflation was 2.0 percent.

[5] In April 2022, Producer Price Index (PPI) rose by 12.8 percent.

2. Crude oil price in Q1 of 2022

The crude oil price in the global market was higher than the same period last year and highly rose from the first quarter of 2022. In the first quarter of 2022, the average crude oil price in four major markets (WTI, Brent, Dubai, and Oman) stood at 96.2 US Dollars per barrel, rose by 61.3 percent from 59.6 US Dollars per barrel recorded in the same period last year. Also, the price increased by 22.7 percent from the 78.4 US Dollars per barrel on average recorded in the previous quarter.

Key reasons leading to an increase in the global crude oil price in this quarter were (i) the more severe impact of Russia - Ukraine conflict since February 24th, 2022, Russia economic sanction measures from European countries, and a counteraction measures from Russia, (ii) the production plan of the OPEC Plus maintaining a gradual level of oil output expecting the crude oil supply in the market to slow down, and (iii) a continually decrease of the U.S. commercial crude oil inventories in the first quarter of 2022 (the U.S. commercial crude oil inventories in the first quarter was average at 413 million barrels, decreasing by 14.5 percent compared with 484 million barrels in the same period last year).

The crude oil price in the global market continually increased compared with the same period last year and also highly rose from the previous quarter as the impact of Russia - Ukraine conflict became more severe.

Crude oil price

Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2019	Year	56.9	64.0	63.3	63.6	62.0	-12.6	-10.9	-9.0	-8.9	-10.3
2020	Year	39.6	43.4	42.4	41.9	42.0	-30.4	-32.2	-33.0	-34.2	-32.3
	Q1	46.2	51.0	50.8	49.6	49.7	-15.9	-20.1	-19.7	-21.7	-18.9
	Q2	28.2	33.5	30.9	30.8	30.9	-52.7	-50.8	-53.9	-54.3	-52.9
	Q3	40.9	43.3	43.0	42.9	42.5	-27.5	-30.1	-29.5	-30.3	-29.5
	Q4	42.6	45.1	44.7	44.7	44.3	-24.8	-27.5	-28.0	-28.4	-27.3
2021	Year	68.1	70.9	69.5	69.3	69.4	72.1	63.4	63.8	65.5	65.4
	Q1	58.0	61.2	60.3	59.0	59.6	25.6	20.1	18.7	19.0	20.0
	Q2	66.5	69.4	67.5	67.5	67.7	135.9	107.0	118.3	119.3	119.5
	Q3	70.5	73.2	71.8	71.9	71.9	72.5	69.0	67.0	67.8	69.1
	Q4	77.1	79.7	78.4	78.5	78.4	80.8	76.6	75.6	75.7	77.2
2022	Q1	94.7	97.9	96.1	96.4	96.2	63.3	59.8	59.4	63.3	61.3
	Jan.	82.6	85.2	83.3	83.4	83.7	58.6	54.1	51.7	52.7	54.2
	Feb.	91.6	94.1	92.0	91.3	92.5	55.6	51.7	51.5	59.2	54.9
	Mar.	108.3	112.5	111.05	111.2	110.7	73.6	71.2	72.0	72.7	72.4
	Apr.	101.0	105.1	102.6	103.5	103.1	63.1	60.5	62.6	64.3	62.6

Source: Thaioil Plc and EPPO.

3. The World Economy in Q1 of 2022

The world economy in the first quarter of 2022 continued to expand from the second half of 2021. The growth was supported by a recovery in domestic demand due to the easing of control measures as several countries announced COVID-19 coexistence policies in addition to progress in booster vaccine distribution which thus made the Omicron variant symptoms become relatively mild despite a sharp increase in new infected cases.[6] While the export-dependent countries benefited from high demand for goods and commodities in the global market despite the prolonged global supply chain constraint. The Chinese economy accelerated fueled by stronger private investment. Nonetheless, Chinese domestic consumption and manufacturing sectors have been affected by the strict enforcement of pandemic control measures in key economic areas, such as Shanghai and Shenzhen, in accordance with the Zero-tolerance COVID-19 policy. Moreover, during the end of the first quarter, the conflict between Russia and Ukraine which led to the implementation of sanctions against Russia by several major economies, have created a surge in energy and commodity prices which have put upward pressure on production costs and consumer prices and thus caused the inflation rate to reach the historical high in many countries. The conflict also undermined consumer confidence and led to more volatility in the financial markets.

Under rising inflationary pressures from the economic recovery and labor market improvement, together with inflation expectation due to the Russian-Ukrainian conflict, and prolonged supply chain disruption, major central banks started to raise their policy interest rates for the first time to reduce inflationary pressures.[7]

The US economy expanded by 3.6 percent, decelerating down from the previous quarter due to the slowdown of domestic demand and exports and a decline in government expenditure.

The US economy expanded by 3.6 percent (%YoY), slowing down from a 5.5-percent increase in the previous quarter. After seasonally adjusted, the economy contracted by 1.4 percent (%QoQ saar), compared with 6.9 percent in the last quarter and was the first contraction in the 7 quarters. This was mainly due to a slowdown in domestic consumption, affected by notable accelerating inflation.[8] As a result, private consumption decelerated from a growth of 6.9 percent in the previous quarter to 4.7 percent in this quarter, following a decline in durable goods spending. In addition, the non-defense government expenditure shrank by 6.2 percent as the expiration or tapering of several federal programs, as well as the high base of the last year. The trade deficit was also recorded at the historical level of 305,551 million US Dollars as import grew by 10.5 percent, accelerating from 8.1 percent in the last quarter, led by the continual expansion of private investment. Meanwhile, the exports rose by 18.8 percent, decelerating from 23.1 percent in the last quarter. The labor market remained tight following the economic recovery that had increased the labor demand, hence, the unemployment rate decreased to 3.8 percent, the lowest figure since the pandemic began.[9] Essentially, the escalating inflationary pressure with the 40-year record at 8.0 percent (Consumer price index) urged the US Federal Reserve (FED) to increase its policy rate from a range of 0.00 - 0.25 percent to 0.25 - 0.50 percent during the March 2022 meeting, which was the first rate hike since March 2020. Moreover, the FED also tightened its balance sheet by reducing its holdings of Treasury securities and agency mortgage-backed securities (MBS)

The Eurozone economy expanded by 5.0 percent, accelerated by enhanced domestic demand which was recovering from the COVID-19 pandemic.

The Eurozone economy grew by 5.0 percent (%YoY), accelerating from a 4.7-percent growth in the previous quarter and is the highest rate in 3 quarters. This was because of favorable economic conditions of key members namely Germany and Spain. After seasonal adjustment, the Eurozone economy slightly expanded by 0.2 percent (%QoQ swda), slowing from the previous quarter's rate of 0.3 percent. The expansion was driven mainly by domestic demand, in line with the historical low unemployment rate at 6.9 percent. However, the Russia-Ukraine conflict has undermined the consumer confidence index, which declined to a 23-month low in March, however, the inflationary pressure was accelerated. The first quarter's average rate of inflation was at 6.1 percent, the highest rate since 25-year data collection.

[6] In January 2022, the global number of new COVID-19 cases reached the highest level of 3,817,953 cases per day. Nonetheless, the number of daily new deaths was at 9,538 deaths (January 21st, 2022). This was still below the record of 15,943 deaths on 29th April 2021 during the previous wave of the outbreak.

[7] In the first quarter of 2022, central banks in many economies, including the US, Canada, New Zealand, Hong Kong, and Taiwan raised their key policy interest rates for the first time since the start of COVID-19 pandemic. Meanwhile, the Bank of England and Bank of Korea continued to increase their policy interest rates since the last quarter of 2021.

[8] The first-quarter average of the US inflation was at 6.3 percent and 8.0 percent for the PCE price index and CPI, which were both at the highest levels since the fourth quarter of 1981 and were higher than the 5.4-percent rise in wages.

[9] The labor force participation rate increased to 62.2 percent, compared with 61.8 percent in the last quarter, and was close to the pre-pandemic level at 63.1 percent. Meanwhile, the number of nonfarm payrolls rose from 149.2 million persons at the end of 2021 to 150.9 million persons in March 2022 – close to the pre-pandemic level at 151.8 million persons. Similarly, the number of jobless claims was at 712 thousand persons, the lowest figure in 53 years, and declined from 1.1 million persons in December 2021.

To tamper accelerated inflationary pressure, the ECB at the March 10th meeting decided to tighten its monetary policy stance.[10] For fiscal measures, progressions under the Next Generation EU Recovery and Resilience Facility 672.5 billion Euros funds have progressed as follows: the European Commission has disbursed 9.6 billion Euros under the Recovery and Resilience Facility in this quarter, bringing the total disbursed loans and grants at the end of March 2022 to 74 billion Euros for 21 members.

The Japanese economy tends to improve. However, domestic demand is still dampened by the pandemic situation.

The Japanese economy improved in the first quarter of 2022 due to expansions in both manufacturing and service sectors. This is reflected by manufacturing and service PMI in the first quarter at 54.1 and 47.1, respectively, increased from 51.3 and 46.9 in the same quarter of last year. Nevertheless, domestic demand decelerated due to the pandemic situation, prompting the government to impose strict lockdown in many prefectures from January 1st, 2022, to March 21st, 2022. This resulted in a deceleration of retail trade from a 1.4-percent expansion in the previous quarter to 0.4 percent in the first quarter of 2022. The slowdown in domestic demand led to a low inflation rate of 0.9 percent, which is lower than the targeted inflation rate. As a result, the Bank of Japan (BOJ) decided at its March 17th–18th, 2022 monetary policy meeting to maintain its negative policy rate at (-0.1) percent and to continue purchasing the necessary amount of Japanese Government Bonds (JGBs) to keep the 10-year JGB yields around 0.0 percent (Yield Curve Control measure) to raise the inflation rate and to support the economic recovery.

The Chinese economy grew by 4.8 percent, due to the acceleration in fixed assets investment. Nonetheless, manufacturing and service sectors as well as domestic demand were affected by the prolonged implementation of strict pandemic control measures.

The Chinese economy grew by 4.8 percent, accelerating from 4.0 percent in the prior quarter, due to the acceleration in fixed assets investment, registering the highest rate of expansion in 24 quarters, especially in those businesses and service sectors where the government has currently supported particularly high-tech industries as well as health and education sectors. Nonetheless, the manufacturing and service sectors were still affected by the COVID-19 pandemic, compelling the government to continue its strict control measures (Zero-tolerance COVID-19 policy).[11] Consequently, the Caixin's purchasing manager index for both manufacturing and service sectors in the first quarter declined to the lowest levels since 2020 at 49.2 and 47.9 respectively. In addition, exports value increased by 15.6 percent, decelerating from 22.7 percent in the previous period, and was the lowest rate in 6 quarters. Furthermore, the Chinese economy was also affected by the implementation of economic structural reform, especially the tightening credit conditions of commercial banks, causing the real estate sector to grow only by 0.7 percent, decelerating from 4.4 percent in the last quarter, registering the lowest growth in 8 quarters. Amidst sluggish recovery of manufacturing sector and domestic demand, the People's Bank of China (PBOC) decided to further loosen monetary policy during the first quarter of 2022 as to increase liquidity in financial system to support businesses affected by the pandemic and strengthen economic expansion.[12]

[10] In its March 10th, 2022, meeting, the European Central Bank (ECB) decided to reduce the amount of asset purchases under its Asset Purchase Programme (APP) from 40 billion Euros and 30 billion Euros during the second and third quarter of 2022, respectively, to 40 billion Euros in April, 30 billion Euros in May, and 20 billion Euros in June, and stated that the adjustment to the third quarter's purchases will be "data-dependent and reflect its evolving assessment of the outlook". In addition, the ECB will discontinue net asset purchases under the Pandemic Emergency Purchase Programme (PEPP) at the end of March 2022 as previously stated, while the policy rate was held at 0.0 percent.

[11] the first quarter, the Chinese government had implemented the strictly locked down measures in Shenzhen city with 17.5 million populations, Jilin province with 24 million people, and Shanghai with 25 million people.

[12] On January 1st, 2022, the PBOC decided to provide financial support for micro and small businesses (MSBs). That is, from January – June 2022, local banks lending to MSBs would be able to get 1 percent of the outstanding loans to MSBs every quarter as to encourage banks to ease their lending conditions for MSBs, and, from 2022, local banks lending to high risk MSBs could ask for support from the PBOC under the local and MSBs development project, which has quota of 400 billion Yuan. On January 17th, 2022, the PBOC cut its one-year Medium-term Lending Facility (MLF) rate to 2.85 percent from 2.95 percent, which was the first rate cut since April 2020, and further added 200 billion Yuan liquidity in the financial system through the one-year MLF without changing the interest rate. On January 20th, 2022, the PBOC lowered the one-year loan prime rate (LPR) from 3.8 percent to 3.7 percent as well as cut five-year LPR from 4.65 percent to 4.60 percent. On February 8th, 2022, the PBOC announced that loans for affordable rental housing projects shall be excluded from the new strict real estate loan concentration management. Finally, on February 15th, 2022, the PBOC increased additional 100 billion Yuan liquidity through a one-year MLF project.

The Newly Industrialized Economies (NIEs) decelerated due to the slowdown of manufacturing and exports sectors, together with limited domestic demand affected by the omicron variant of COVID-19 outbreak in many countries,[13] as well as the pressure from rising inflation. In fact, **the Singaporean economy** expanded by 3.7 percent, compared with a 6.1-percent in the previous quarter. **The South Korean economy** grew by 3.1 percent, compared with a 4.2-percent in the previous quarter. Moreover, the Bank of Korea (BOK) increased the policy rate from 1.00 percent to 1.25 percent to tamper inflationary pressure which was the third hike since the second half of 2021. **Taiwan's economy** expanded by 3.1 percent, decelerating from a 4.9-percent expansion in the previous quarter. Whereas **Hong Kong's economy** declined by 4.0 percent from a 4.7-percent growth in the previous quarter, the first economic contraction in 5 quarters. The economic decline was affected by the impact of the omicron variant of COVID-19. Meanwhile, export sectors decelerated from the previous quarter. Moreover, after seasonally adjusted, the economies of Singapore, South Korea, and Taiwan grew by 0.4 percent, 0.7 percent, and 6.4 percent, moderating from 2.3-percent, 1.2-percent, and 7.6-percent growth in the previous year, respectively. Meanwhile, Hong Kong's economy fell by 2.9 percent, compared with the previous quarter.

The ASEAN economies slowed down due to decelerating export and production sectors. Moreover, domestic demand was undermined by high inflationary pressure and outbreaks of the Omicron variant. Henceforth the economies of Indonesia, the Philippines, Malaysia, and Vietnam grew by 5.0 percent, 8.3 percent, 5.0 percent, and 5.0 percent, compared to 5.0 percent, 7.8 percent, 3.6 percent, and 5.2 percent in the last quarter, respectively. In terms of monetary policy, most central banks were holding their low policy rates amid the escalating inflation rates to maintain the economic recovery momentum.

The NIEs and ASEAN economies were growing at slower paces due to the slowdowns in the production and export sectors, while domestic demand was subdued by rising inflationary pressure and COVID-19 outbreaks.

Real GDP Growth, Exports of Goods Growth, and Inflation Rates of Key Economies

(%YoY)	GDP					Exports of Goods				Headline Inflation					Highest in
	2019	2020	2021		2022	2020	2021		2022	2021	2022				
	Year	Year	Q4	Year	Q1	Year	Q4	Year	Q1	Year	Q1	Feb	Mar	Apr	
US	2.3	-3.4	5.5	5.7	3.6	-13.5	23.1	23.3	18.8	4.7	6.3	7.9	8.5	8.3	483[1/]
Eurozone	1.6	-6.4	4.7	5.4	5.0	-7.1	7.5	17.9	10.4[2/]	3.9	6.1	5.9	7.4	7.5	303
United Kingdom	1.7	-9.3	6.6	7.4	8.7	-12.2	10.1	9.8	9.3	2.6	6.2	6.2	7.0	-	360[1/]
Australia[3/]	1.9	-2.2	4.2	4.7	-	-7.4	27.0	37.3	22.3	2.6	5.1	-	5.1	-	-
Japan	-0.2	-4.5	0.4	1.6	-	-9.1	6.4	17.9	4.4	2.9	0.9	0.9	1.2	-	41[1/]
China	6.0	2.2	4.0	8.1	4.8	4.0	22.7	29.7	15.6	-0.2	1.1	0.9	1.5	2.1	5
India	4.5	-6.6	5.4	8.3	-	-14.8	41.0	43.1	23.8	0.9	6.3	6.1	7.0	-	17[1/]
South Korea	2.2	-0.9	4.2	4.0	3.1	-5.5	24.5	25.7	18.3	5.1	3.8	3.7	4.1	4.8	162
Taiwan	3.1	3.4	4.9	6.4	3.1	4.9	26.0	29.3	23.5	2.5	2.8	2.3	3.3	3.4	116
Hong Kong	-1.7	-6.5	4.7	6.3	-4.0	-0.5	23.2	26.0	2.8	2.0	1.5	1.6	1.7	-	3[1/]
Singapore	1.1	-4.1	6.1	7.6	3.7	-4.1	25.9	22.1	17.1	1.6	4.6	4.3	5.4	-	123[1/]
Indonesia	5.0	-2.1	5.0	3.7	5.0	-2.7	45.6	41.9	35.3	2.3	2.3	2.1	2.6	3.5	52
Malaysia	4.4	-5.5	3.6	3.1	5.0	-2.3	26.5	27.4	18.6	1.6	2.2	2.2	2.2	-	-
Philippines	6.1	-9.5	7.8	5.7	8.3	-8.1	5.2	14.5	9.8	2.5	3.4	3.0	4.0	4.9	40
Vietnam	7.2	2.9	5.2	2.6	5.0	6.9	19.0	18.9	13.3	3.9	1.9	1.4	2.4	2.6	8

Source: CEIC, compiled by NESDC

Notes: [1/] March 2022 data

[2/] Data up to February 2022

[3/] Australian inflation is reported on a quarterly basis.

[13] In March 2022, South Korea reported 9,961,089 new daily COVID cases, Singapore reported 379,943 new daily COVID cases, and Hong Kong reported 881,671 new daily COVID cases, which were the highest records since the pandemic of COVID-19. Meanwhile, Taiwan reported 2,906 new daily COVID cases.

4. The World Economic Outlook for 2022

The world economy in 2022 tends to decelerate from the previous year with a slower recovery than previously expected. This is mainly due to impacts from the Russian-Ukrainian conflict and the tendency of prolonged sanctions that have resulted in rising energy and commodity prices. This surge has put strong tremendous upward pressure on the inflation rate and tends to weigh on will limit the recovery of economic activity and domestic consumption particularly amid the tightening monetary policy of the major central banks. In addition, those conflicts and adopted sanctions are likely to aggravate the global supply chain disruption, particularly the shortage of important raw materials that are mainly produced and exported by Russia and Ukraine in both industrial and agricultural sectors. Moreover, there are also possible risks to the energy security of European countries that highly depend on Russia's energy supply. Likewise, the world economy is likely to experience a decelerating economic growth due to the implementation of the Zero-COVID-19 policy in China, which has disrupted China's manufacturing and logistic activities. This slowdown trend is thus expected to affect countries with a close production linkage and highly reliance on international trade with China. However, the overall global economy is likely to continue the expansion, following the pickup in domestic demand and service sector due to the relaxation of outbreak control after many countries adjusted to COVID-19-coexistance policy, namely the US, the Eurozone, Japan and South Korea.[14] There is also additional support from the progress of booster-vaccine distribution which results in milder Omicron symptoms impacts from the infection compared to the previous waves of outbreaks, despite higher infection rates in many countries.

Key assumptions for the baseline projection include the possible scenario that: (i) the geopolitical conflict between Russia and Ukraine will not escalate and led to warfare and more severe and widespread sanctions; (ii) the impact to economic activity from the current Omicron resurgence will be limited and there will be no severe outbreaks from new variants which could lead to reimplementation of stringent containment measures and restrictions on international travel; and (iii) the impact of China's structural and economic reforms will be limited and not notably weaken its economic growth more than estimated, hence, will not lead to volatility in global financial markets. Under this baseline scenario, the global economy and trade volume in 2022 are projected to expand by 3.5 percent and 4.7 percent, respectively, decelerating from the 5.3 percent and 10.1 percent growths in 2021 and downwardly revised from 4.5 percent and 6.0 percent in the last projection, respectively. Prospects on key economies are as follows:

The US economy is expected to grow by 3.6 percent, decelerating from 5.7 percent in the last year, and is downwardly revised from the last prediction at 4.0 percent. The adjustment is mainly due to prolonged slowdown in production and export sectors led by a rising cost of energy and extended supply chain disruptions. Moreover, higher inflation tends to impede domestic demand. The consumer price index increased by 8.2 percent in April, slightly lower than the 40-year-high level at 8.6 percent in March. Meanwhile the producer price index in April grew at 11.0 percent, compared with the historically high level at 11.5 percent in March. However, the US economy has been supported by the continued recovery of the labor market. In April, the unemployment rate decreased to 3.6 percent which was close to the pre-pandemic level. While the non-farm payrolls in April increased to an all-time high at 151.3 million. The weekly earning average for the first four months of 2022 grew by 4.8 percent, higher than an average of 3 percent growth during 2011 - 2021. The elevated inflation and tightening labor market have pressured the Fed to raise its policy rate and implement the Quantitative Tightening scheme,[15] which will hinder domestic demand for the rest of the year. In addition, the support from fiscal policy is likely to be considerably delayed.[16]

The Eurozone economy is expected to grow by 2.8 percent in 2022, a slower pace than 5.4 percent in 2021. The projection was adjusted downward from 3.9 percent, largely due to the continued Russia-Ukraine unresolved conflict, the European Union’s sanctions on the Russian economy, especially the exclusion of Russian banks from the SWIFT system, a main international financial transaction system among the world's financial institutions,[17] and the possibility of an embargo on Russian crude oil and petroleum products by 2022,[18] which will heighten the prices of imported goods and undermine energy security of several member countries if the conflict is to

[14] The US Centers for Disease Control and Prevention (CDC) has dropped a list of countries that U.S. citizens are not recommended to visit due to the COVID-19 pandemic. Meanwhile, many states have announced the cancellation of mask mandates inside buildings after the daily infected numbers of COVID-19 declined. (ii) The Italian government on May 1st, 2022, has canceled various measures, including immigration restrictions to support the traveling sector. (iii) The UK government ends the requirement of wearing masks in public. (iv) The French government lifted the requirement to wear masks in public areas and allowed unvaccinated citizens to enter bars. Likewise, the European Union (EU) is also preparing to lift the mandatory face masks’ requirement for people traveling by plane and at airports in the EU, which will take effect on Monday, May 16th, 2022. (v) The Japanese government has ended outdoor masks’ requirements and is considering increasing the number of foreign travelers allowed in June 2022, and (vi) the South Korean government announced to lift the curfews for restaurants and businesses that previously must close by midnight and the limit to gathering no more than 10 people, and announced allowed entry and no quarantine for fully vaccinated and boosted tourists from April 1st, 2022.

[15] In the May 2022 meeting, the Fed unanimously decided to raise the policy rate by 0.5 percent to the range of 0.75 – 1.00 percent, which was the second consecutive hike. Together with a quarter percent rise in March, this was the Fed’s highest rate hike in 22 years. The Fed also stated a plan to reduce its balance sheet by 47.5 billion US Dollars a month between June to August and planned to increase the number to 95.0 billion US Dollars a month from September onwards.

[16] The Build Back Better program (1.75 trillion US Dollars) that was previously expected to be a key economic driver for 2022 has not yet been approved by the Senate after Democrat Senator Joe Manchin stalled the bill, as well as the opposition due to inflation concerns. Henceforth, the bill tends to further delay and is likely to be split into smaller and more specific projects, such as drug price reduction and child support programs.

[17] On March 2nd, the EU agreed to exclude 7 Russian banks from SWIFT (TB, Bank Otkritie, Novikombank, Promsvyazbank, Rossiya Bank, Sovcombank, and VEB), effective from March 12th. Furthermore, on March 9th, 3 Belarusian banks were excluded (Belagoprombank, Bank Dabrabyt, and the Development Bank of the Republic of Belarus), effective from March 20th.

[18] On May 4th, the European Commission proposed a total prohibition of imports of Russian oil. However, such an EU sanction requires the unanimous approval of all 27 member states. Hungary and Slovakia have signaled disapprovals as they rely heavily on pipeline supplies of Russian oil.

be prolonged and intensified. As a consequence, the manufacturing PMI flunked to a 15-month low of 55.5 in April 2022. Simultaneously, domestic demand will be pressured by the acceleration of inflation, which was at a historical rate of 7.5 percent in April. In addition, the consumer confidence index was impacted by the uncertainties regarding the conflict and declined to (-22.0), the lowest level in 24 months. Due to the accelerated inflation, the ECB at the April 14th meeting announced further monetary tightening.[19] Notwithstanding, the Eurozone economy during the rest of 2022 should still be supported extensively from the continual relaxation of measures regarding the pandemic as well as the major European Union medium-term fiscal policy.[20]

The Japanese economy is expected to expand by 2.2 percent in 2022, compared with a 1.7-percent growth in 2021, a downward revision from 3.0 percent in the previous projection. This is mainly due to the limitation from the outbreak of Omicron variant in the first quarter of the year along with inflation pressure owing to Japanese yen depreciation, significantly discouraging the recovery of domestic consumption and production. Meanwhile, global supply disruption will further undermine the export sector. Nonetheless, the economy will be supported by a lift in State Emergency from March 21st, 2022, and reopening to international tourism, reflected by an increase in service PMI in April 2022 increasing to 50.5 from 49.4 in March, which is higher than 50 for the first time in four months. Moreover, the economy is also supported by the BOJ's expansionary monetary policy which is intended to continually accommodate liquidity and economy.[21] Also, government expenditure under the FY2022 budget framework increased to 107.6 trillion yen or 4.5 percent from FY2021, along with a 56-trillion-yen stimulus package (which accounts for 5.6 percent of GDP).[22]

The Chinese economy is projected to expand by 4.3 percent in 2022, decelerating from 8.1 percent in 2021, adjusting downward from the previous projection of 5.0 percent, owing to the implementation of strict containment measures to maintain the zero-tolerance COVID-19 policy.[23] Consequently, production and transportation activities have been affected, especially in various important economic areas such as Beijing Shanghai and Shenzhen where production bases for important industries are located such as electronic devices, electric appliances, machinery and equipment, plastic, and chemical products. Thus, the Caixin's PMI for both manufacturing and service in April 2022 declined to the lowest levels in 26 months at 46.0 and 36.2 respectively. Moreover, this circumstance has notably affected export sector and, thus, further worsened the global supply chain situation. The strict lockdown measure and travel restrictions could further hinder domestic consumption, illustrated by the lowered private consumption index of 113.2 in March, compared with 120.5 last month. Besides, real estate investment is expected to decelerate due to debt problems in the property market. Against the economic slowdown outlook, hence, the PBOC will continue its expansionary monetary stances[24] together with the government fiscal stimulus measures to further support economic expansion.

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[19] In the ECB's April 14th, 2022, meeting, it was agreed that: (i) 10th March meeting's results on asset purchases under its Asset Purchase Programme (APP) will be maintained, which were 40 billion Euros in April, 30 billion Euros in May, and 20 billion Euros in June. However, the ECB signaled that the program shall be concluded within the third quarter of 2022; (ii) the policy rate will be held at 0.0 percent. Nevertheless, it was stated that any adjustments to policy rates will be after the end of the net purchases under the APP and will be gradual, with the goal to stabilize inflation at 2 percent over the medium term; (iii) the principal payments from the maturing PEPP assets will be reinvested until at least the end of 2024. However, the reinvestments can be adjusted flexibly in "the event of renewed market fragmentation related to the pandemic"; and (iv) the third series of targeted longer-term refinancing operations (TLTRO III) is to be continued. For the policy rate, the ECB aims to hold its rate until the Asset Purchase Programme (APP) has concluded.

[20] Key fiscal policies are consisted of: (i) long-term expenditure budget of the EU 2021 - 2027 worth 1.2109 trillion Euros; (ii) the "Next Generation EU" economic recovery plan for 2021 - 2023 worth 0.8069 trillion Euros; (iii) EU4Health, which is the EU's attempt to uplift the union's public health capabilities to combat future public health threats and pandemics; and (iv) the 94.4 billion Euros in financial support for 19 member states under the European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE).

[21] In the latest meeting on April 27th - 28th, 2022, the BOJ decided to keep its policy rate at (-0.1) percent and maintain the yield curve control measure at target of 10-year JGB yields at 0.0 percent. The BOJ also persistently continues with easing monetary stance by maintaining qualitative and quantitative easing (QQE), aiming to achieve the inflation target of 2 percent. Moreover, other financial supports will be continued to mitigate the economic impact of COVID-19.

[22] On November 19th, 2021, the Cabinet of Japan decreed a "Economic Measures for Overcoming COVID-19 and Opening Up a New Era" under the 56-trillion-yen budget framework which is categorized into three main measures, (1) Preventing the spread of COVID-19 such as strengthening of the medical care provision system, promoting vaccination, or Support for the businesses and livelihoods of people like subsidize for business and household or measures against rising energy prices (2) Resuming socio-economic activities in the "coexisting with COVID-19" environment and preparing for the next crisis including resuming socio-economic activities with ensured safety and security such as utilization of vaccine and testing packages or resumption of socio-economic activities, and further strengthening of emergency response for infectious diseases such as domestic development of vaccines and therapeutic medicines, international cooperation for the containment of infectious diseases, or timely & proper implementation of reserve funds for countermeasures against COVID-19, and (3) Launching "New Form of Capitalism" to open up a future society which is categorized into two main strategy, growth strategy such as realizing a Science and Technology Nation, "Vision for Digital Garden City Nation" for revitalizing localities and connecting them to the world, or economic security, and distribution strategy which is a strong support for reinforcing distribution in both private and public sector such as promotion of wage increases, enhancement of various ways of working through work style reforms and support for diverse human resources, or raising incomes of those working for nursing, long-term care, child care, and early childhood education.

[23] Chinese government has already imposed lockdowns in 45 cities with total population of 373 million people, including major cities such as Beijing where the capital city and the country's economic center are situated, Shanghai where the country financial hub is located, and Shenzhen housing the major smartphone and vehicle product base as well as the second largest ports in China and the third largest one in the world.

[24] On April 25th 2022, the PBOC lowered the Required Reserve Ratio (RRR) from 8.4 percent to 8.1 percent, injecting 5.30 billion Yuan of liquidity into the system as well as adding liquidity by another 1 billion Yuan by launching re-lending program for supporting coal development as well as use and enhance coal reserve capacity. Moreover, the PBOC also introduce the special central bank lending for supporting small businesses, Sci-Tech innovation as well as elderly care services.

The Newly Industrialized Economies (NIEs) tend to decelerate following sluggish exports due to the slower economic recovery of trading partners, and the high base of expansion in the previous year. However, the NIEs was notably driven by the relaxations of the control measures following the coexistence with COVID-19 policy. However, the recovery in domestic demand is constrained by escalating inflationary pressure, and thus most central banks tend to tighten their monetary policy stances during 2022. Overall, the economies of South Korea, Taiwan, and Singapore are expected to expand by 2.6 percent, 2.8 percent, and 3.6 percent, compared with 4.0-percent, 6.4-percent, and 7.6-percent growths in 2021, and downwardly revised from 3.0-percent, 3.1-percent, and 4.2-percent growths in the previous projection, respectively. Meanwhile, the economies of Hong Kong were significantly affected by the strict enforcement of control measures due to the Zero-tolerance COVID-19 policy. Therefore, the economy tends to expand marginally by 0.3 percent, compared with a 6.3-percent, and downwardly revised from 3.0-percent in the previous projection.

The ASEAN economies are likely to exhibit a strong momentum driven by domestic demand and tourism recovery due to the relaxations of the control measures and international traveling restrictions. However, the slowdowns of the main trade partners, especially the US, Eurozone, and China, and prolonged supply chain disruptions, which was further aggravated by the Russia-Ukraine conflict. This global situation will significantly affect the ASEAN economies through manufacturing production and export demand. Despite increasing inflationary pressure, many central banks are still prioritizing economic recovery by keeping their policy rate at the historically low level, except for Malaysia.[25] Thus, for 2022, the economies of Indonesia, Malaysia and Vietnam are projected to expand by 4.2 percent, 4.5 percent and 5.2 percent, accelerating from 3.7 percent, 3.1 percent and 2.6 percent in 2021, and downwardly revised from 5.3 percent, 5.7 percent and 6.6 percent from the last projection, respectively. Meanwhile, the Philippines' economy is expected to grow by 5.0 percent, slowing down from 5.7 percent in 2021 and revised from 6.4 percent in the last projection.

5. Thai Economic Outlook for 2022

The Thai economy in 2022 tends to continually improve, supported by the recoveries of domestic demand and the tourism sector, following the continued easing COVID-19 related restriction measures. Consequently, households, businesses, and tourism sector are able to gradually normalize their economic activities to the pre-pandemic levels. In addition, other key supporting factors include export resumption following expansions of the world economy and trade volume. However, constraints and risks which could undermine the 2022 baseline growth are particularly the uncertainties regarding the world economic and trade prospects, vulnerability of the households' and businesses' financial conditions especially amid the inflationary pressures, and COVID-19 mutations that could lead to further outbreak.

Supporting factors for the economic growth:

1) **The recovery of domestic demand** will be supported by the continual relaxation of containment measures after the subsided Omicron variant outbreak situation,[26] along with the progress of domestic vaccine distribution.[27] Consequently, economic activities and domestic consumption tend to recover continually. Furthermore, the domestic demand will also be driven by an increase in households and businesses income bases due to expansions of exports and manufacturing sector, together with an improvement of the labor market as reflected by a gradual decline in unemployment rate from 1.6 percent in the previous quarter to 1.5 percent, the lowest rate in 8 quarters. Meanwhile, private investment is anticipated to grow due to the expansion of exports and the manufacturing sector, along with an improvement of capacity utilization.

2) **The recovery of tourism sector** will be supported by the opening for international traveling particularly after a termination of the Test & Go program that allows fully vaccinated travelers to enter Thailand without mandatory quarantine since May 1st, 2022, as well as an opening of borders with neighboring countries especially Malaysia and Laos since the beginning of April and March respectively. This relaxing condition has led to an increase in the number of inbound tourists to 221,402 people or 20,127 people per day during May 1st - 11th, 2022, notably improving from 6,211 per day between January to April 2022. Moreover, major tourist origin countries such as Japan, South Korea, or Singapore, have gradually relaxed their international travel restrictions thus the number of foreign visitors is likely to increase continually. This is consistent with the United Nation World Tourism Organization (UNWTO)'s projection that global tourism arrival will increase by 30 percent to 78 percent in 2022.

3) **The continual recovery of exports of goods** following the continual expansion of the world economy and global trade volume. This is supported by the growth of major industrial economies following the easing of COVID-19 measures and progresses in vaccinating the population. The export-oriented economies will be supported by such improving external demand. In addition, Thai exports will also benefit from the ratification of Regional Comprehensive Economic Partnership (RCEP) effective January 1st, 2022, which is expected to expand trade opportunities and remove export restrictions especially with regional trading partners.

[25] The central bank of Malaysia decided to raise its policy rate from 1.75 percent to 2.0 percent in the May 2022 meeting.

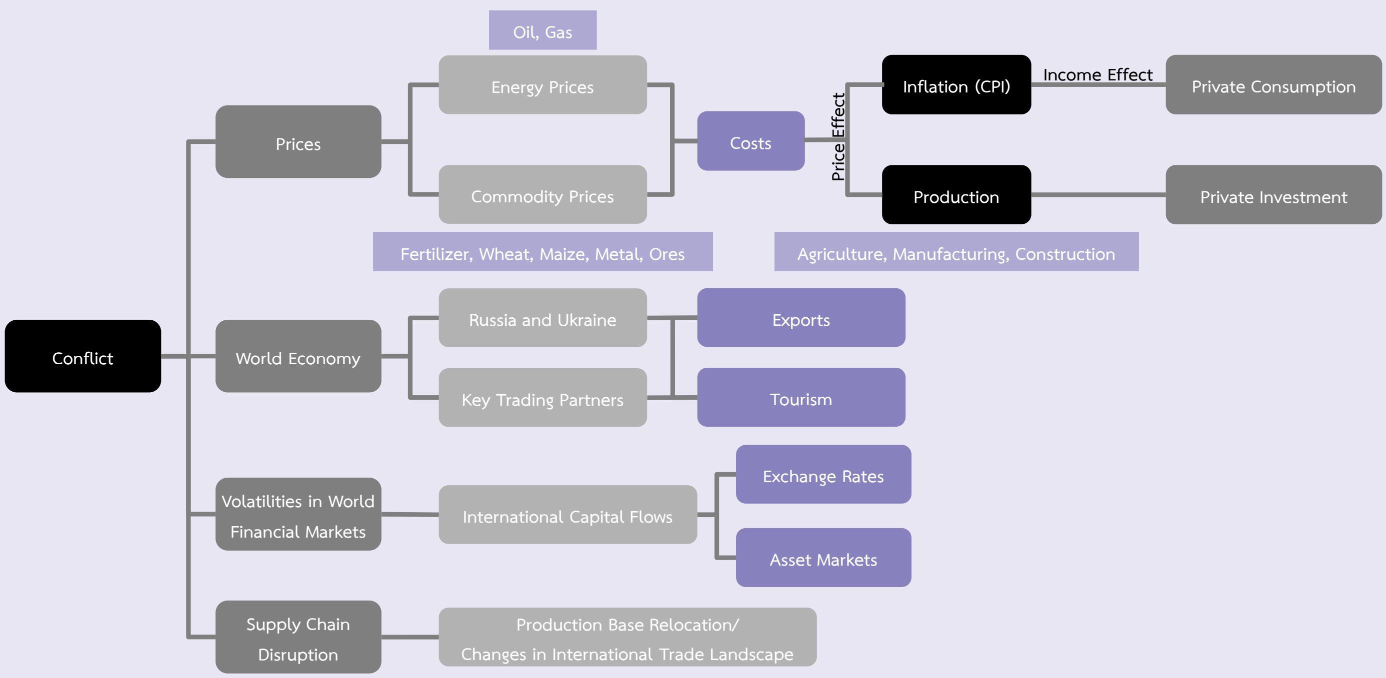
[26] This is reflected by the continual downfall of the number of new cases and deaths. The average figure of new cases and deaths from May 1st – 10th, 2022, is 8,862 cases per day and 67 deaths per day respectively, compared to 23,756 cases per day and 71 deaths per day in March 2022.

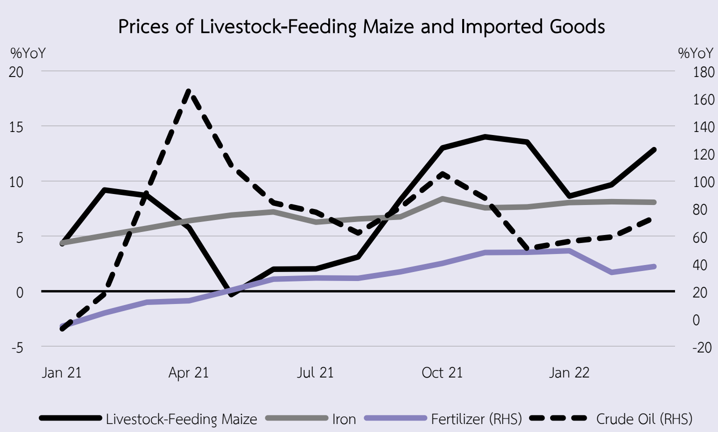
[27] On January 1st, 2022, the percentage of people who have at least a booster dose in Thailand was 9.7 percent of total population, then increasing to 33.5 percent on March 27th, 2022, and 38.3 percent on May 8th, 2022.

Impact transmission mechanism of the Russia-Ukraine Conflict on the Thai Economy

The escalation of Russia-Ukraine conflict since Russia's military operation in Ukraine, which had begun on February 24th, 2022, not only resulted in losses of invaluable lives and enormous assets, but also inevitably aggravated the world and the Thai economies which had been critically affected by COVID-19 pandemic and rising energy price. The conflict caused the energy and commodities prices to increase sharply and thus resulting in the historical high inflation rates in several countries including Thailand. Moreover, the global economy has been affected further by the sanctions against Russia by several countries, namely the US, EU, and Japan, including financial, banking, cross border trading, and other business restrictions. In return, Russia has also imposed similar sanctions to those countries.

The impact of the conflict has affected the Thai economy through 4 major channels: **(1) increasing prices,** particularly the prices of oil, gas, and other commodities, especially those Russia and Ukraine are the main producers and exporters either in manufacturing and agriculture, such as chemical fertilizers, wheat, maize, and other ores particularly palladium and nickel. This has further escalated production costs and inflation, and subsequently undermine domestic demand; **(2) the world economic slowdown,** both directly from the slowdown of Russian and Ukrainian economies, and indirectly from the slowdown of key trading partners. This will be especially intensified if the EU implements more rigid sanctions that might affect regional energy security and will subsequently affect Thai export and tourism sectors; **(3) the volatilities in the world financial market,** resulting from weaker investor's confidence and thus reallocating portfolio toward safer assets. This circumstance can intensify the volatility of financial markets. Moreover, major central banks particularly the US Fed have increased their policy rates rapidly, which significantly impact global liquidity and financial market volatility; and **(4) global supply chain disruption** amidst the highly uncertain conflict outlook, which if protracted can further disarrange the global supply chain and push up the prices to produce oil and gas, agricultural products, and manufacturing goods. Moreover, the conflict is likely to change the geopolitical and global trade landscape which would aggravate supply chain problems, and consequently suppress both world and Thai economic growths in the next period.



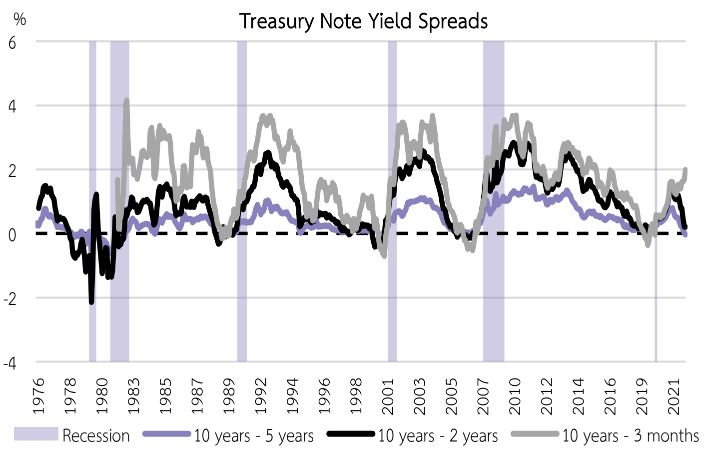


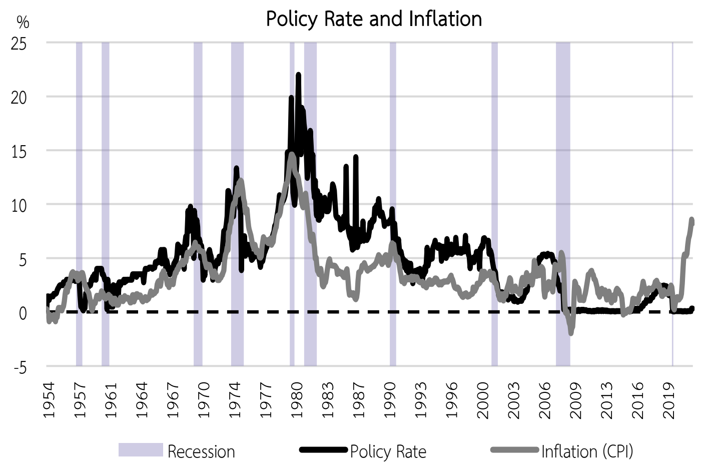
Source: Office of Agricultural Economics, Trade Policy and Strategy Office, and Economics Tourism and Sports Division

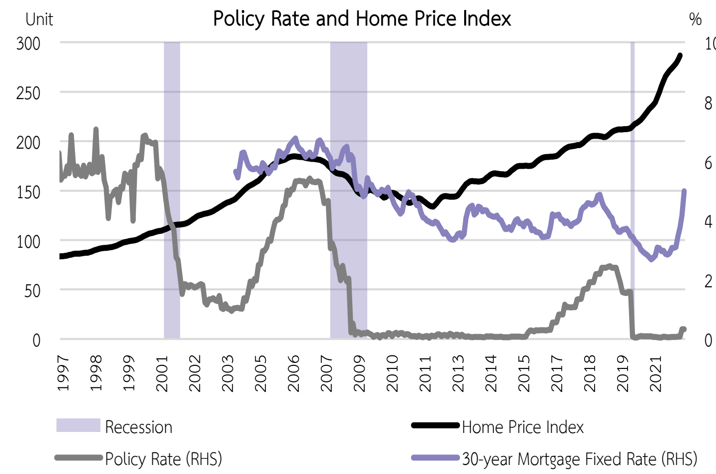
The Raising US Policy Rate and the Risk of Economic Recession

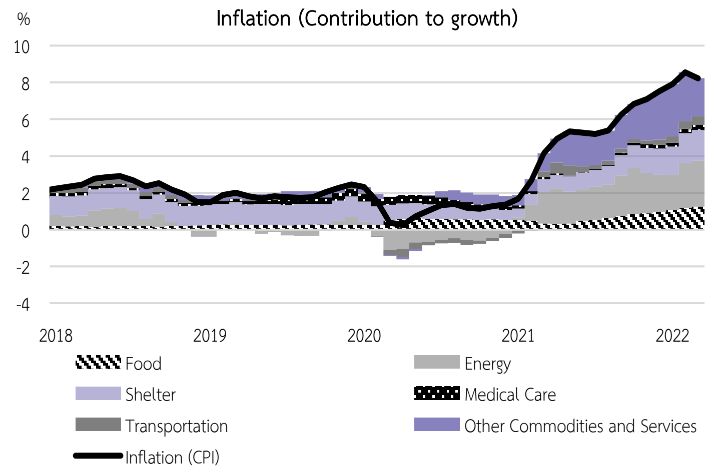
The US inflation has escalated since the second half of 2021 mainly due to the recovery of domestic demand and was intensified by the conflict between Russia and Ukraine. The inflation rate in April 2022 was at 8.2 percent, close to a 41-year high in March at 8.6 percent. Against this raising inflationary pressure, the Fed during the March 2020 meeting decided to increase its benchmark rate by a quarter percentage point for first time since December 2019 and consecutively increased by 50 basis points in the May meeting, which was the highest hike since 2000, Moreover, the Fed also states the quantitative tightening plan in order to normalize its balance sheet. On the one hand, this tightening monetary policy will tamper the inflationary pressure, but on the other, if the pace of tightening is too fast, it could cause liquidity strain and increase borrowing costs, which will directly undermine domestic demand and the economy. Consequently, the US economy will have a higher risk for economic recession.

Historically, when the Fed increased the policy rate, it will increase a risk of US economy falling into recession. Moreover, this concern also reflects in the bond market where investors adjust their behavior by holding more longer-term securities and hence yields on long-term Treasury securities are declined continually until lower than yields on short-term securities so called the inverted yield curve. This situation indicate high possibility of the economic recession within 4 - 6 quarters. Furthermore, the upward tendency of interest rate also impact the bubbling real estate sector since the housing price is soaring sharply, especially during the extremely low policy rate period since the first quarter of 2020. Thus, this is the major challenge that the Fed experiences. The policy has to find the balance between inflation and growth in order to tamper the inflationary pressure together with maintaining economic momentum.









Source: CEIC, National Bureau of Economic Research (NBER), Federal Reserve Economic Data (FRED) and Bureau of Labor Statistics (BLS)

Risks and limitations to economic growth:

1) **Global economic slowdown and volatility in global financial market** could affect growth and stability of Thai economy with the following risk conditions that need to be closely monitored and assessed: **(i) a prolonged conflict between Russia and Ukraine and the following adopted sanctions,** which have caused energy and commodities prices to rise and, as a result, have sharply elevated the inflationary pressure, and have aggravated the global supply chain disruption, especially from the shortage of important raw materials, that Russia and Ukraine are the main exporters, in both manufacturing and agricultural sectors, together with the risk to energy security of European countries where mainly rely on energy from Russia; **(ii) the fluctuations of global financial market and international capital flow** amid normalization of monetary policy, where major central banks namely the Fed, ECB, BOE and Bank of Canada are likely to tighten their monetary stances by increasing their policy rates to mitigate the inflationary pressure which have continually increased owing to a recovery in domestic demand, together with a surge in energy and commodity prices, causing by conflicts between Russia and Ukraine. Meanwhile, the central banks of other major countries, such as Japan and China, and many other developing countries, such as Indonesia, the Philippines and Thailand, still maintain their expansionary monetary policy and keep their policy rates unchanged. Thus, under these conditions, the financial market and exchange rates are likely to be more volatile. Moreover, this will undermine the ability to pay debt of those developing and low-income countries with high proportion of foreign debt which could intensify the economic stability problems; and **(iii) the slowdown of Chinese economy,** due to re-imposing stringent containment measures according to zero-tolerance COVID-19 policy, which exacerbate production and transportation in major economic zones where production bases and ports are located. This would aggravate the global supply chain and international logistics disruptions, especially the semiconductor shortages, which will weaken the recovery of Thai manufacturing and export sectors and cause the production costs to rise.

2) **Weakened financial conditions of the households and business sectors** tend to constrain economic expansion amid high inflationary and the upward trend of interest rate. Meanwhile, the not-fully recovered labor market will be another key constraint to economic recovery. For the financial condition of business sectors, the proportions of non-performing loans (NPLs) and special mention loans (SMLs) to total loans of SMEs in the fourth quarter of 2021 stood at 7.5 percent and 11.7 percent, significantly increasing from 4.6 percent and 3.5 percent in the same quarter of 2019, respectively. Amidst the upward trend of interest rate, the high private debt burden would aggravate both recoveries in domestic demand and debt payment capability during especially among SMEs and low-income households. Furthermore, the labor market has not-fully recovered compared to the pre-pandemic period, reflected by the unemployment rate of 1.53 percent in the first quarter of 2022, although it declined from 1.64 percent in the prior quarter, but remained higher than 0.92 percent in the same quarter of 2019. In addition, unemployment remains high in the sectors that had a limitation to recover, for example accommodations and food services, and information and communication. Besides, the number of underemployed workers and labors who work less than 20 hours per week remains high.

3) **The COVID-19 pandemic remains highly uncertain from the viral mutations.** Although the domestic outbreak has passed its peak, there remains a risk of viral mutation, which could result in the new wave of the pandemic. According to the World Health Organization (WHO) on May 11th, 2022, the outbreaks of Omicron sub-variants BA.4 and BA.5 have emerged in 16 and 17 countries, respectively. Particularly in Africa where the omicron variant was discovered in November 2021, this pandemic risk will be greater than other regions since the vaccination rate remains low with only 15 percent of total population.[28]

[28] According to the World Health Organization press conference at the Second Global COVID-19 Summit on May 10th, 2022.

Supply Chain Disruption from China's Pandemic Control Measures: Impacts on Thai Industrial Manufacturing

A new wave of Omicron strains since the beginning of 2022 has forced China to resume to strict outbreak control and travel restrictions in order to focus on minimizing domestic infections (Zero-tolerance COVID-19 Policy), especially the closure of several important cities and ports such as Shanghai, Qingdao Port (Shandong Province), Shenzhen City (Guangdong Province) and Xiamen Port (Fujian Province), etc. The measures resulted in a halting of business operations and production activities in those areas. As a consequence, some products and raw materials from China cannot be exported to other countries to enter the world supply chain.

Important datasets of major provinces with a high proportion of exports to Thailand

Provinces	Infections (from Jan 1st - May 10th 2022) (Persons)	Proportion of export to Thailand (Percent)	Main production in each province
Shanghai	57,012	7.6	Chemicals
Guangdong	3,677	20.2	Machinery and Electronics, Paper products
Fujian	1,688	6.8	Plumbing hardware, Furniture
Shandong	1,688	8.3	Clothing, Steel and Metal products, Machinery
Zhejiang	1,108	13.9	Steel and Metal products, Electronics, Household appliances
Jiangsu	588	15.8	Ceramics, Cables, Plastics and Electronics
6 Provinces	65,761	72.6	
Others*	50,873	27.4	
Unknown	835,243	-	
Total	951,877	100.0	

Source: CEIC, Global Trade Atlas Remark* Hong Kong Excluded

Considering the case of Thailand, productions in many industries are affected by the supply chain disruption. In the first quarter of 2022, China's exports of goods and raw materials from the provinces with high levels of COVID-19 cases, such as Shanghai, Guangdong, Fujian, Shandong, Zhejiang and Jiangsu, accounted for approximately 72.6 percent of the total exports value from China to Thailand, decreasing considerably in various items such as chemicals, ceramics, fertilizers, glass, paper, wood, rubber and rubber products, and electrical appliances components, etc. As a result, Thai manufacturers relying on such products from China have begun suffering from raw material shortages due to the China supply chain disruption. Moreover, they also faced constraints from import costs that tend to increase in line with energy prices and the depreciation of the Thai Baht. According to data on key Thai imports, products that are likely to encounter risks from China supply chain disruption include home appliances and components, computer and components, electrical machinery and components, plastic products and chemical, etc., which are products that Thailand has a high proportion of imports from China compared to imports from other countries.

Quantity of Exports from China to Thailand in tons
(only from 6 major provinces, Shanghai, Guangdong, Fujian, Shandong , Zhejiang and Jiangsu)
(The proportion of export value is around 50% of all exports from China to Thailand)

%YOY	Proportion in 2021 (Percent)	2020	2021					2022			
			Year	Q1	Q2	Q3	Q4	Q1	Jan	Feb	Mar
Total	**100.0**	**2.1**	**14.6**	**15.7**	**37.9**	**3.4**	**3.1**	**-2.8**	**6.9**	**-16.4**	**-2.4**
Fertilizers	3.3	54.5	21.7	30.3	52.7	-34.1	-0.7	-41.2	-34.9	1275.2	-68.4
Edible Fruit	1.7	73.2	2.8	32.9	145.5	-12.2	-21.0	-30.9	-16.9	-45.6	-43.5
Organic Chemicals	7.3	-8.6	6.9	12.8	41.4	-7.5	-9.3	-29.4	-44.9	-31.5	4.2
Glass And Glassware	2.4	25.9	-10.7	8.3	6.3	-26.3	-31.4	-29.3	-21.0	-38.9	-29.5
Wood And Articles	2.2	3.3	8.2	32.3	14.2	-17.6	8.4	-23.4	-29.6	6.3	-33.1
Ceramic Products	4.3	5.5	22.4	29.1	37.0	52.9	-13.9	-16.9	5.2	-22.8	-26.9
Inorganic Chemicals	5.4	-4.9	-1.4	17.8	35.0	-22.9	-20.5	-12.6	-22.2	-5.5	-8.3
Rubber And Articles	1.7	30.6	34.1	48.4	119.2	10.2	-0.4	-10.5	3.8	-27.9	-11.6
Other Chemical Products	3.2	-1.1	25.0	33.0	56.4	13.5	6.4	-10.5	-11.7	-32.5	8.4
Paper And Articles	2.4	2.5	6.0	13.1	-3.6	5.6	9.1	-8.9	-2.0	-0.7	-21.7
Electrical And Equipment	1.8	14.4	11.0	32.0	14.3	4.3	-2.5	-8.6	11.9	-25.5	-16.2
Salt	1.7	4.4	29.7	14.0	160.8	36.7	-18.0	1.6	61.3	-21.4	-29.0
Plastics And Articles	8.2	12.0	24.3	30.2	29.5	16.1	22.4	2.6	15.9	-22.4	9.1
Machinery And Parts	2.9	3.2	26.3	44.4	21.3	25.6	17.6	4.1	24.7	-24.8	6.2
Iron And Steel	23.0	-5.1	26.5	10.5	66.7	4.9	20.9	7.4	29.2	-15.6	7.2
Aluminum And Articles	2.4	-12.4	31.3	12.6	28.9	47.1	38.4	9.2	21.9	-3.4	7.2
Vehicles And Parts	1.8	-8.7	32.2	43.4	74.8	24.1	2.3	16.7	30.4	-10.1	26.5
Articles Of Iron Or Steel	5.9	1.8	15.0	6.9	15.6	14.1	22.9	17.2	25.1	7.0	15.3
Mineral Oils And Products	0.6	-48.2	-8.5	-46.9	107.3	-11.0	-12.7	20.9	53.5	-87.2	346.2
Edible Vegetables	2.3	-2.7	-14.8	-30.9	-31.8	-11.3	12.6	25.8	48.7	-27.7	46.1
Others	**15.5**	**6.1**	**6.1**	**32.0**	**14.3**	**4.3**	**-2.5**	**-8.6**	**14.8**	**-12.2**	**2.0**

Source: Global Trade Atlas

Supply Chain Disruption from China's Pandemic Control Measures: Impacts on Thai Industrial Manufacturing

Thai Export products and Partners

Export products	Partners (Proportion of Export Value to Total)					HHI
	Rank 1	Rank 2	Rank 3	Rank 4	ROW	
1. Vehicles and parts	Australia (19.2)	Japan (7.8)	Vietnam (6.4)	Philippines (5.8)	60.8	504
2. Computer parts & accessories	USA (32.9)	Hong Kong (15.2)	China (12.9)	Netherland (7.4)	31.6	1,535
3. Rubber products	USA (33.9)	China (19.4)	Japan (4.0)	Malaysia (2.9)	39.8	1,550
4. Polymers	China (29.4)	Indonesia (9.4)	Vietnam (9.1)	India (9.1)	43.0	1,118
5. Jewelry	Singapore (18.2)	USA (15.7)	Hong Kong (13.2)	Switzerland (8.0)	44.9	816
6. Chemicals products	China (23.8)	Japan (14.1)	India (9.6)	Vietnam (8.2)	44.3	925
7. Petroleum products	Cambodia (21.8)	Singapore (14.3)	Malaysia (12.2)	Vietnam (9.8)	41.9	925
8. Integrated circuits & parts	Hong Kong (27.6)	Singapore (11.6)	China (8.5)	Japan (7.4)	44.9	1,023
9. Machinery & equipment	USA (16.6)	Japan (12.9)	China (9.1)	Indonesia (7.2)	54.2	577
10. Metal & steel	USA (19.0)	Japan (11.1)	India (6.3)	China (5.7)	57.9	556
11. Air conditioning machines	USA (16.5)	Australia (10.6)	Vietnam (7.7)	Japan (5.2)	60.0	471
12. Fruits , prepared, or preserved	China (83.4)	Hong Kong (4.6)	Vietnam (3.2)	USA (1.7)	7.1	6,990
13. Rubber products	China (35.2)	Malaysia (14.5)	USA (8.3)	Japan (7.7)	34.3	1,577
14. Plastic products	Japan (17.6)	USA (16.7)	Vietnam (6.4)	China (6.1)	53.2	667
15. Other electrical appliances	USA (28.3)	Japan (16.8)	China (9.7)	Netherland (5.8)	39.4	1,211
Total Export	**USA (15.4)**	**China (13.7)**	**Japan (9.2)**	**Vietnam (4.6)**	**57.1**	**531**

Thai Import Products and Partners

Import Products	Partners (Proportion of Import Value to Total)					HHI
	Rank 1	Rank 2	Rank 3	Rank 4	ROW	
1. Crude oil	UAE (26.7)	Saudi Arabia (17.8)	USA (7.0)	Angola (6.1)	42.4	1,116
2. Machinery & equipment	China (30.5)	Japan (26.6)	India (5.6)	Germany (5.5)	31.8	1,699
3. Chemicals products	China (27.2)	Japan (16.8)	USA (7.7)	Malaysia (7.1)	41.2	1,132
4. Electrical appliances	China (42.8)	Japan (19.4)	Malaysia (4.9)	USA (4.1)	28.8	2,249
5. Metal & steel	Japan (36.3)	China (24.3)	South Korea (11.0)	Oman (4.7)	23.7	2,051
6. Integrated circuits & parts	Taiwan (30.5)	Japan (13.8)	China (11.6)	South Korea (8.5)	35.6	1,328
7. Others steel products	China (21.2)	Japan (16.1)	Australia (7.5)	South Korea (4.4)	50.8	784
8. Jewelry	Switzerland (32.7)	Hong Kong (18.3)	India (11.5)	Australia (6.9)	30.6	1,584
9. Vehicles parts	Japan (31.4)	China (24.7)	USA (7.9)	Germany (5.3)	30.7	1,687
10. Computer parts & accessories	China (48.9)	Malaysia (15.2)	Singapore (14.9)	Philippines (9.3)	11.7	2,931
11. Plant and products	Brazil (32.2)	USA (12.6)	Australia (6.4)	Singapore (5.6)	43.2	1,268
12. Household appliances	China (75.2)	Vietnam (11.4)	Malaysia (2.3)	Indonesia (2.1)	9.0	5,795
13. Natural gas	Myanmar (29.2)	Qatar (21.5)	Australia (17.5)	Malaysia (7.6)	24.2	1,679
14. Petroleum products	UAE (34.3)	Qatar (14.6)	Singapore (12.4)	South Korea (7.0)	31.7	1,592
15. Plastic products	China (40.2)	Japan (20.2)	Malaysia (6.2)	USA (5.0)	28.4	2,088
Total Import	**China (24.9)**	**Japan (13.3)**	**USA (5.4)**	**Malaysia (4.5)**	**51.9**	**846**

Source: Ministry of Commerce, Calculated by NESDC, Remark: Herfindahl–Hirschman index (HHI) is an index reflecting the market concentration. High level means high concentration for that market. In this case, the index is calculated from the sum of squared of the market share of the four largest trading partners of each product.

The Impact Variation of Inflation and Debt

The heightened inflationary pressures and a fragile household's financial balance sheet constraint to the recoveries of domestic demand and the overall economy. According to the Household Socio-Economic Survey conducted by the National Statistical Office, the increases in food and energy prices will impact each household differently depend on their levels of income. The poorest households (decile 1) had highest proportion of food expenditure at 20.2 percent of total expenditure, while the richest households (decile 10) has lowest figure at 9.8 percent. Henceforth, this reflects the fact that the lower-income households tend to be impacted from the rising food prices to a larger extent than the higher-income. Similarly, the lowest earning households (decile 1) spend on cooking gas and diesel oil accounts for only 1 percent of their total expenditure, while that of the high earners (decile 8-10) accounts for around 3.3 - 5.2 percent. Thus, the high-income households would be more affected by the raising energy price than the lower-income.

In terms of debt, the poorest households (decile 1) have the highest debt to monthly income ratio at 26.7 times, despite that fact that they also have the lowest value of outstanding debt. On the contrary, the ratio of the highest-earning households (decile 10) is only 17.8 times. Therefore, the government measures should be prioritized the lower-income households and vulnerable groups that severely impact from rising prices, together with policies to enhance career capacity and resolve debt in order to limit this constraint to domestic demand recovery.

Decile	Income (1,000 Baht per month)	Debt Expenditure (1,000 Baht per month)	Debt Outstanding (2019)		Structure of Expenditure (% of Total Expenditure)		
			(100,000 Baht)	To Income (times)	Food	Cooking Gas	Diesel
1	5.3	0.3	141.8	26.7	20.2	0.7	0.3
2	8.1	0.8	136.4	16.9	19.5	0.9	1.1
3	10.1	1.2	152.0	15.0	19.5	1.1	1.8
4	12.2	1.5	172.0	14.1	19.0	1.0	2.5
5	14.4	1.8	202.4	14.0	18.5	1.1	3.6
6	17.0	2.3	229.2	13.5	17.4	0.9	3.9
7	20.4	3.1	305.9	15.0	16.2	0.8	4.3
8	25.1	4.6	395.2	15.7	14.5	0.7	4.5
9	32.6	7.2	557.3	17.1	12.8	0.5	4.3
10	57.9	14.0	1,032.6	17.8	9.8	0.3	3.3

Source: The 2020 Household Socio-Economic Survey (Debt data is from the 2019 survey) collected by the National Statistical Office (NSO) and NESDC's computations.

Key assumptions for 2022 economic projection:

World Economic Projection and Other Key Assumptions

	Actual Data			Projection for 2022	
	2019	2020	2021	Feb 21, 2022	May 17, 2022
World Economic Growth (%)[1/]	2.8	-3.1	5.3	4.5	3.5
US	2.3	-3.4	5.7	4.0	3.6
Eurozone	1.6	-6.4	5.4	3.9	2.8
Japan	-0.2	-4.5	1.7	2.8	2.2
China	6.0	2.2	8.1	5.0	4.3
Global Trade Volume (%)	0.9	-7.9	10.1	6.0	4.7
Exchange Rate (Baht/US Dollar)	31.0	31.3	32.0	32.2 – 33.2	33.3 – 34.3
Dubai Crude Oil (US Dollar/Barrel)	63.3	42.1	69.5	72.0 – 82.0	95.0 – 105.0
Export Price (US Dollar) (%)	0.3	-0.8	3.3	0.5 – 1.5	3.3 – 4.3
Import Price (US Dollar) (%)	0.3	-3.8	4.3	1.0 – 2.0	7.0 – 8.0
Income from Tourism (Trillion Baht)[2/]	1.85	0.42	0.15	0.47	0.57

Source: NESDC as of 17 May 2022

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

1) **The world economy and the global trade volume in 2022 are expected to expand by 3.5 percent and 4.7 percent, respectively,** decelerating from the 5.3-percent and 10.1-percent growths in 2021, and downwardly revised from the growths of 4.5 percent and 6.0 percent in the previous projection. The adjustments are in accordance with the revision of economic growth in all major trading partners, particularly the US, the Eurozone, Japan, and China which grew lower than anticipated in the first quarter. Moreover, the Russian-Ukrainian conflict and the tendency of prolonged sanctions that cause rising inflationary pressure and intensify supply chain disruption will be additional limitations to economic growth for the rest of the year. Additionally, the Chinese economy tends to decelerate due to the implementation of zero-covid-19 policy in China which will further undermine the global economy and merchandise trade outlook.

2) **The average value of Thai Baht in 2022 is expected to be within the range of 33.3 – 34.3 Baht per US Dollar,** depreciating from 32.0 Baht per US Dollar in 2021 and revising from the range of 32.2 - 33.2 Baht per US Dollar in the last projection. This depreciated adjustment is in line with an average exchange rate between April 1st - May 12th, 2022, at 34.0 Baht per US Dollar, compared to an average of 33.1 Baht per US Dollar in the first quarter, and it is weaker-than-expected. This is also in line with an appreciated trend of the US Dollar following the Fed's rate hikes and the risk-off financial market due to the high uncertainty in the global economy. Under this circumstance, the investors are more risk averse and thus reallocate their investment to safer assets particularly the US Dollar and major economies' government bonds, causing capital outflow from emerging and developing economies. In addition, During the first half of 2022, the Thai Baht has experienced further depreciated pressure from the current account deficit from the rising value of imports due to the escalating prices of energy and key commodities. However, Thai Baht is expected to be more appreciated for the latter half due to the recovery of the tourism sector, balancing the current account.

3) **The average Dubai crude oil price in 2022 is expected to be within the range of 95.0 - 105.0 US Dollars per barrel,** increasing from a 2021 average of 69.5 US Dollars per barrel. This is an upward revision from 72.0 - 82.0 US Dollars per barrel in the previous projection assumption, to be in line with the heightened world energy prices following the Russian military operation in Ukraine since February 24th which led to the sanctions against Russia. In particular, Dubai oil price was at an average of 111.1 US Dollars per barrel in March, notably increasing from an average of 92 US Dollars per barrel in the previous month. The price was still hovering at high levels averaging 102.6 US Dollars per barrel during April and 105 US Dollars during May 1st - 12th. The major upside risks to the oil price during 2022 are: (i) the supply constraints involving the Russia-Ukraine geopolitical conflicts which tends to prolong and may possibly lead to an extensive Russian oil import ban by the EU; and (ii) crude oil inventories of the US and other OECD economies are still at low levels.[29] Nevertheless, the oil price is also subject to downward pressures due to following factors: (i) tendency of a slower-than-expected world economic growth, especially the US and China; (ii) production increases by OPEC+[30] and the US;[31] (iii) accelerated releases from oil reserves, both by the US and allied nations; and (iv) the possibility of the US easing Venezuela sanctions.

[29] Data for week ending May 6th, net crude oil stocks registered at 42.3 percent of working storage capacity. The figure is lower than 51.2 percent of the same period last year and is similar to 40.2 percent for the week ending February 4th, which was the lowest since the beginning of data releases in January 2020.

[30] On the May 5th OPEC+ meeting, the group reconfirmed the decision to increase the monthly overall production by 432 thousand barrels per day.

[31] The US rig count continued to rise. In particular, at the week ending May 6th, it was the highest in 109 weeks. In addition, non-North-America rig count at the end of March was at a 23-month high.

4) **The export and import prices in terms of US Dollars in 2022 are expected to rise by 3.3 - 4.3 percent and 7.0 - 8.0 percent, respectively,** accelerating from 3.3 percent and 4.3 percent in 2021, respectively. These upward adjustments are from 0.5 - 1.5 percent and 1.0 - 2.0 percent, respectively, in the previous projection assumption, and are in line with the increasing oil price assumption and the heightened commodity prices due to the Russia-Ukraine conflict. This is especially the commodities in which Russia, Ukraine, and Belarus have crucial roles in the supply chain, particularly fertilizers, pesticides, and iron & steel. In addition, the prolonged supply chain disruption tends to keep freight costs at high levels.

5) **The revenue from foreign tourists in 2022 is expected to be 0.57 trillion Baht, with the total number of foreign tourists of 7 million tourists,** increasing from 0.15 trillion Baht and 0.43 million tourists in 2021, and an upward revision from the previous projection assumption of 0.47 trillion Baht and 5.5 million tourists. The revision follows the higher-than-expected number of foreign tourists after relaxing international travel restriction especially after a removal of Test & Go since May 1st which thus led to total 221,402 foreign tourists during May 1st - 11th, 2021, cumulatively accounted for 0.97 million tourists since January 1st, 2022. Moreover, major tourist-origin countries and neighboring countries, particularly within the region such as Malaysia, Singapore, Laos, and India, tend to continually relax traveling restrictions which will support the upward revision despite a decline in European tourists especially Russian and Ukrainian ones due to the prolonging conflicts.

6) **The budget disbursement** is expected to be as follows: (i) The FY2022 annual budget disbursement rate of 92.5 percent of overall budget, compared with 93.5 percent of the previous projection. The current budget and capital budget are expected to be disbursed by 98.0 percent and 70 percent, compared with 96.4 percent and 75 percent in the previous estimation, respectively. The adjustment is in line with the actual data of capital budget disbursement rate at 31.1 percent in the first 2 quarters of FY2022, which was lower than expected; (ii) The carry-over budget disbursement rate of 82.9, the same level as in the previous estimation: (iii) State-owned enterprises' capital budget disbursement of 70.0 percent, equal to the previous assumption, and approximately at 328 billion Baht in total; (iv) The budget under the 1 trillion Baht loan decree which was disbursed by 948.4 billion Baht as of April 27th, 2022, is thus expected to be fully disbursed by the end of FY2022; and (v) The budget under the 500 billion Baht loan decree which was disbursed by 353.5 billion Baht as of April 27th, 2022 is expected to be cumulatively disbursed by 390.2 billion Baht within FY2022 (78.0 percent of the total budget) and will be fully disbursed by the first quarter of FY2023.

The Thai economic outlook 2022

The Thai economy in 2022 is projected to expand in the range of 2.5 - 3.5 percent (with a midpoint of 3.0 percent), accelerating from the 1.5-percent growth in 2021. Headline inflation is expected to be within 4.2 - 5.2 percent, compared with 1.2 percent in the previous year and the current account is projected to record a deficit of 1.5 percent of GDP, compared with a deficit of 2.1 percent in 2021.

In the May 17th, 2022, press release, the NESDC estimated that the Thai economy in 2022 is expected to expand by 2.5 - 3.5 percent, with a midpoint of 3.0 percent. This is a downward change from the previous projection released on February 21st, 2022. The corresponding revisions to the key growth components to be consistent with changing conditions and revised assumptions are as follows:

1) **The revision on the global economy and trade volume assumptions** to be in tandem with the downward revision of major economies' growth projections, especially the US, Eurozone, and Japan. The revision was mainly from the Russia-Ukraine conflict and related sanctions, which tend to be prolonged and will intensify both inflation and supply chain restraints. In addition, the Chinese economy is also increasingly constrained from the spread if COVID-19 and strict control measures. As a result, the world economy and global trade volume in 2022 are expected to grow only by 3.5 percent and 4.7 percent, respectively, in contrast to the previously estimations of a 4.5-percent and a 6.5-percent growth rates, and tend to subsequently impede the Thai export sector, private investments, and manufacturing sector to expand slower than previously anticipated.

2) **The revision of 2022 average Dubai crude oil price assumption,** as price has notably risen following the Russia-Ukraine conflict, as well as the heightened prices of commodities in which Russia, Ukraine, and Belarus are major producers and exporters. The rises of oil and commodity prices will push domestic input costs and retail prices to increase, especially food and energy, and consequently suppress private consumption and total investment to grow below previously expected.

3) **The revision of the number of foreign tourist and foreign tourism receipts assumption** to be in line with the more-than-expected actual number of foreign tourists coming to Thailand especially after the termination of the Test & Go process after May 1st, which allows fully vaccinated inbound tourists to enter the country without a mandatory quarantine. In addition, major tourist-origin countries and neighboring countries, particularly within the region such as Malaysia, Singapore, and Laos, and India, tend to continually relax travelling restrictions which will support the upward revision. Therefore, in this projection, the number of inbound tourists in 2022 is expected to be at 7 million people with a revenue of 0.57 trillion Baht, upwardly revised from 5.5 million people and 0.47 trillion Baht in the previous projection, respectively. Hence, the contribution from export of services to the overall economy will be greater than the previous forecast.

4) **The downward revision of government capital budget disbursement assumption** under the FY2022 budget framework, from 75 percent of total capital budget framework to 70 percent in this estimation, to be consistent with the actual disbursed funds during the first half of FY2022.

Key components of Economic growth;

1) **Total consumption: (1) Private consumption expenditure** is expected to increase by 3.9 percent, accelerating from a 0.3-percent growth in 2021, in line with recovered household and business income together with normalized economic activities after the COVID-19 outbreak has subsided. However, this was a downward revision from a 4.5-percent growth in the previous estimation due to higher inflationary pressures which tends to undermine households' purchasing power; and **(2) Government consumption expenditure** is projected to decline by 0.2 percent, compared with a 3.2-percent growth in 2021 and unchanged from the previous estimation. This was in accordance with the unchanged assumption on the current budget disbursement under the FY2022 annual budget framework expected to remain at 98 percent, as well as the disbursement of approved projects under the additional 500-billion Baht loan decree budget.

2) **Total investment** is expected to grow by 3.5 percent in 2022, improving from 3.4 percent in 2021, but was a downward revision from the previous 4.0-percent estimation: **(i) Private investment** is estimated to increase by 3.5 percent, accelerating from a 3.3-percent growth in 2021 but a downward revision from 3.8 percent in the previous estimation; and **(ii) Public investment** is expected to grow by 3.4 percent, compared with the 3.8-percent increase in the previous year. The growth forecast was revised downwardly from a 4.6-percent growth in the previous projection in line with the downward revision of the capital budget disbursement rate under the FY2022 annual budget.

3) **Export value of goods in US Dollar terms** is anticipated to increase by 7.3 percent, compared with an 18.8-percent expansion in 2021 and upwardly revised from 4.9 percent in the previous estimation. The revision was due to the increased export price assumption to be in line with the upwardly revised assumptions on oil and commodity prices. On the other hand, export volume is expected to increase by 3.5 percent, down from the previous forecast of a 3.9-percent growth, following the expected slowdown in world economy and merchandise trade growths in 2022. Meanwhile, the export of services is projected to exhibit stronger growth than the previous estimation, in tandem with the upwardly revised assumption on inbound tourists. Thus, in 2022, the export of goods and services is estimated to increase by 8.3 percent, compared with an 8.9-percent expansion in previous estimation and a 10.4-percent growth in 2021.

4) **Import value of goods in US Dollar terms** is expected to increase by 10.9 percent, compared with 23.4 percent in 2021, an upward revision from 5.9 percent in the previous projection. This is mainly due to an upward revision of import price assumption, in accordance with the increased assumption of oil and commodity prices. On the other hand, the import volume is anticipated to grow by 3.4 percent, a downward revision from 4.4 percent in the previous projection. This is in line with the revised exports of goods, investments, and private consumption to be lower than the previous estimation. Meanwhile, the export of services growth tends to accelerate from the increasing outbound Thai tourists since Thailand and other tourist destinations have continually relaxed international travel restrictions. Overall, the import quantity of goods and services is anticipated to expand by 5.1 percent in 2022, an upward revision from 4.0 percent in the previous projection but still decelerating from 17.9 percent in 2021.

5) **Trade balance** is estimated to register a surplus of 34.6 billion US Dollars in 2022, compared with a surplus of 40.0 billion US Dollars in 2021. This is a downward revision from a surplus of 39.7 billion US Dollars in the last projection because of the revision of the import growth assumption which was greater than the adjustment of the export projection. Consequently, the current account is expected to register a deficit of 7.6 billion US Dollars (1.5 percent of GDP), a continuation from a deficit of 10.6 billion US Dollars (2.1 percent of GDP) in 2021. This contrasts with the expected surplus of 7.7 billion US Dollars (1.5 percent of GDP) in the previous anticipation.

6) **Economic stability:** headline inflation is expected to be in the range of 4.2 - 5.2 percent in 2022, significantly accelerating from 1.2 percent in 2021, and upward revision from the range of 1.5 - 2.5 percent in the previous estimation. The adjustment is mainly due to the upwardly revised oil prices which will result in higher energy and food prices.

6. Economic Management for the Year 2022

The economic management during the year 2022 particularly need to focus on the following key measures:

1) **Maintaining momentum from household expenditure**, by (i) monitoring, preventing, and controlling the pandemic situation to ensure the continuity in economic activities; (ii) resolving household debt to relieve constraints to domestic demand recovery; (iii) accommodating the market mechanism to allow price to move in line with production cost together with cushioning the impacts to cost of living; and (iv) providing assistance for those who are vulnerable to rising inflation

2) **Catalyzing the recovery in tourism and related service sector,** by: (i) supporting domestic tourism particularly secondary provinces as well as expanding benefit to SMEs; (ii) organizing the events in order to attract tourists especially long term residents with high potential and purchasing power; (iii) promoting domestic tourism for Thai tourists who prefer travelling abroad; (iv) considering loan and subsidize measure to strengthen the recovery in tourism industry; and (v) promoting tourism with sustainability, especially enhancing facilitation and infrastructure, improving area and environment management, and ensuring security in the tourism destination.

3) **Maintaining momentum from export sector**, along with maintaining employment in manufacturing sector, to support continual economic recovery, by emphasizing on: (i) boosting exports to major markets that show strong economic recovery coupled with expanding new markets for potential products particularly those who benefit from rising oil price; (ii) monitoring the economic sanctions particularly between Russia and the US which would directly impact the Thai export; (iii) improving the quality of agricultural, food, and manufacturing products to comply with trade partners' standards; (iv) utilizing benefits from the Regional Comprehensive Economic Partnership (RCEP), along with expediting the ongoing Free Trade Agreement (FTA) negotiations and preparing for future negotiations with new partners, as well as accelerating the consideration process regarding the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) with focusing on the benefits of the country; and (v) cushioning the effects of exchange rate fluctuations and rising input costs.

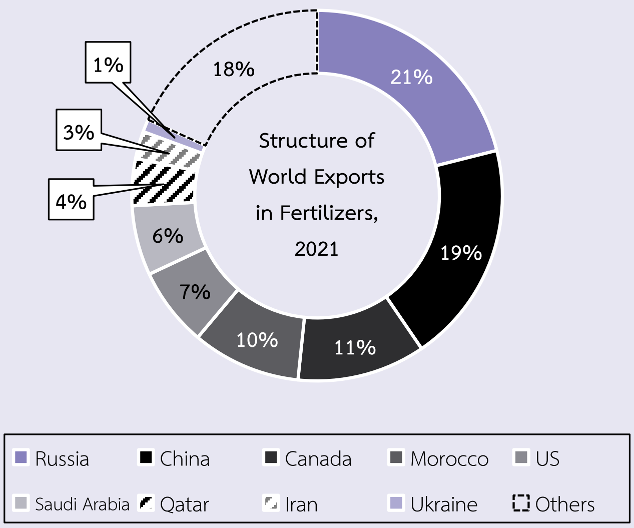
4) **Stimulating private investment**, by: (i) speeding up projects already approved and obtained investment promotion certificates during 2019 - 2021 to start their actual investments, especially those in the targeted industries; (ii) solving difficulties and obstacles hindering investors and entrepreneurs from investing and conducting businesses, including labor shortages in manufacturing sector; (iii) implementing proactive investment promotions and facilitating investors in targeted industries to invest in Thailand; (iv) stimulating investments in the Eastern Economic Corridor (EEC), other special economic zones, as well as the regional economic corridors; (v) stimulating investment in the key economic areas and transport infrastructure to be in accordance with the prospected plan; and (vi) developing high-skilled labors to brace the growth of technology-and-innovation-intensive industries.

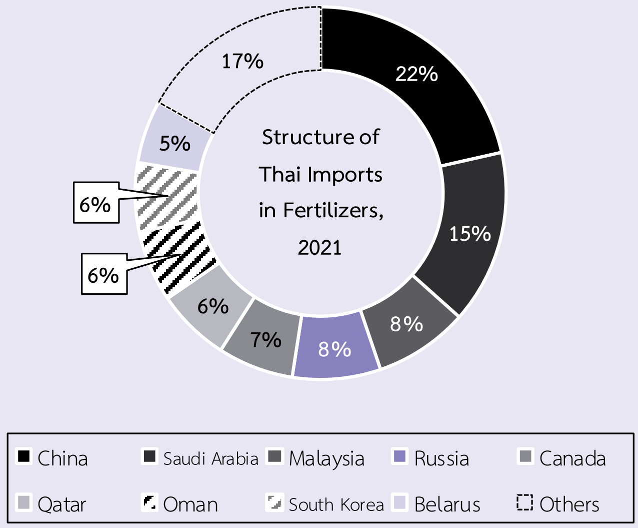
5) **Maintaining growth momentum from government expenditure and investment** by: (i) expediting the FY2022's annual budget disbursement rate to be at least 92.5 percent of the total budget, state-owned enterprises' capital budget disbursement rate to be at least 70.0 percent of the total budget, and accelerating the projects under the 1-trillion-baht and the additional 500-billion-baht loan decrees; (ii) accelerating large-scale government infrastructure projects, both economic zone development and transportation infrastructure, to be according as planned, especially double-track railways, Mass Rapid Transit (MRT), and SRT red line, and key energy investment projects; and (iii) prioritizing fiscal consolidation by focusing on increasing the efficiency of revenue collection and expenditure in order to maintain fiscal position to support economic recovery amid uncertainty and volatility.

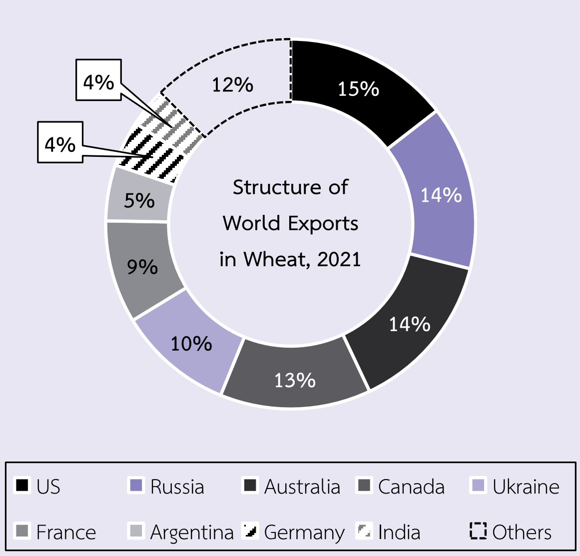
6) **Supporting agricultural production and farmers' income**, by prioritizing: (i) monitoring and providing appropriate water management to be ready for the new cropping season along with preventing and mitigating the impact from natural disaster; and (ii) cushioning the impact from raising input cost by promoting farmer and community entrepreneurs to produce organic and bio-fertilizer production in self-sustaining way and reducing reliability of fertilizer import from abroad.

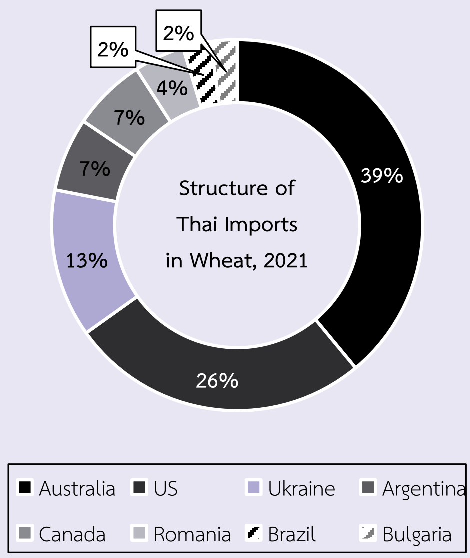
7) **Monitoring, scrutinizing, and preparing for the volatilities from global economy and financial market** due to geopolitical risk that might exacerbate the economic stability amid the upward tendency of interest rates.

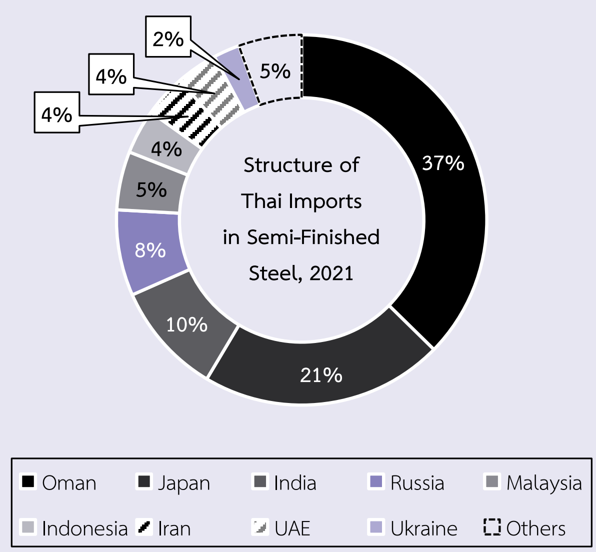
Share of Russia's and Ukraine's Key Export Goods which Impact the Thai Economy











Source: Global Trade Atlas

Key economic measures to remedy and mitigate impacts from COVID-19 outbreak

Measures	Details
1. Measures to remedy households	
Household Consumption Supporting	• Adding up the monthly allowance for social welfare card holder and those in need of special help by 200 Baht per person per month for 3 months (Feb – Apr 22) • "Kon-La-Kreung" or "Half-Half co-payment" scheme phase 4th, a half price subsidy for purchase at eligible stores, with a total cap at 150 Baht per person per day or 1,200 Baht per person during the program (Feb – Apr 22) • "Shop-dee-mee-kuen," tax deduction in the tax year 2022 for individual income taxpayer who shopped (Maximum tax allowance of 30,000 Baht)
Soft loans by Specialized Financial Institutions (SFIs)	• Credit for personal expenses for freelancer and employees affected by COVID-19 (totaling 25,000 million Baht) (GSB) • Thai fight COVID-19 credit to mitigate the impact of a new wave of COVID-19 pandemic (totaling 20,000 million Baht) (BAAC and GSB) • Credit for wage earners, freelancers, small farmers, and farm workers (totaling 20,000 million Baht) (BAAC) • Measures for debt moratorium of Specialized Financial Institutions (SFIs) by extending the period of repayment moratorium for retail customers until March 2022 voluntarily • New Year's Gift Project 2022 from SFIs, such as "Vi-Nai-Dee-Mee-Ngern" (GSB), "Cham-Ra-Dee-Mee-Keun" (BAAC), "Lot-Dok-Bia-Soo-Covid" (BAAC), and exemption of credit guarantee processing fees (TCG)
Tax measures	• Reduction in fees for the registration of a sale and mortgage of real estate by reducing the transfer fee from 2 percent to 0.01 percent, and the mortgage fee from 1 percent to 0.01 percent • Decrease excise tax on jet fuel • Import tax exemption for medicines, medical supplies, medical tools to use against COVID-19 • The penalty exemption for the government construction, which has delivered the final installment • Exemption of license fees on businesses which sell liquor, tobacco, and cards
Measures to reduce the cost of living from the impact of the Russian-Ukrainian conflict	• Additional gas subsidy for 3.6 million LPG users who hold social welfare cards by 100 baht per 3 months (May - July 22) • Discount of LPG cost by 100 baht per month for 1,500 street vendors with social welfare cards (May - Jul 22) • Discount of gasohol by 5 baht per liter, totaling 50 liters, for 157 thousand motorcycle-taxi drivers (May - Jul 22) • Maintain the diesel fuel price at 30 baht per liter until the end of May 22, and the NGV retail price at 15.59 baht per kg (May - Jul 22) • Quota for purchasing gas for 10,000 baht per month at a price of 13.62 baht per kg for taxi drivers who are in the "Giving Breath Project" (May - Jul 22) • Discount on FT for 4 months for 20 million households using less than 300 units of electricity (May - Aug 22) • Reduction of 5 percent to 1 percent of the remittances for wages for 11.2 million employers and insureds under Section 33 (May-Jul 22) • Reduction of remittance from 9 percent to 1.9 percent, or from 432 baht per month to 91 baht per month in the wage period for 1.9 million insurers under section 39 (May - Jul 22) • 9 million farmers will benefit from the help to mitigate the problem of expensive fertilizer and shortage of animal feed
2. Measures to support the tourism sector	
We Travel Together	The government subsidizes 40 percent for hotel accommodation per night, up to 10 nights per person for a total of 2 million rooms with e-voucher up to 600 Baht per room per night and airplane ticket cashback up to 3,000 Baht. The program has been extended for additional 1 million rights and extended the operating period from the end of May to Sep 30, 22
Tour Tiew Thai	The government subsidizes 40 percent of tourist package costs up to 5,000 Baht per person for a total of 1 million persons, a limit of 5,000 million baht, which has been extended to the end of Sep 22
Measures to reopen for foreign tourists	Measures to fully-reopen on May 1, 2022, by canceling the Test & Go program and relaxing the restriction area and measures of Covid-19 contaminations such as extending opening time of restaurants in accordance with the COVID free setting measures, and also reducing the quarantine period for high-risk people.
3. Measures to support businesses and SMEs	
Financial measures for SMEs	• Debt restructuring through Asset Warehousing with Buy-Back options under the 2020 Soft Loan Emergency Decree (totaling 100 billion Baht) • BOT's policies for affected borrowers include; ⇒ Providing financial institutions assistance to debtors by considering the appropriation of credit types and risk levels, such as (i) Debt restructuring, (ii) Providing working capital and additional liquidity, (iii) Consideration of postponed debt repayment, and (iv) Easing of other conditions as appropriate. ⇒ Additional measures to support small business debtors with debt consolidation ⇒ Utilizing Criteria for Classification and Flexible bank reserves ⇒ Measures to support and mitigate debt for borrowers with multi-creditors (DR BIZ program) by the Bank of Thailand ⇒ Reduction of interest rates and Financial Institutions Development Fund (FIDF) fee as well as the adjustment of default interest calculations for debt repayment ⇒ The adjustment of default interest calculations for debt repayment • Support Small and Medium Enterprises' (SMEs) accessibility to public procurement • Setting the new standard for credit term in Thailand (Trade debtors must settle within 30 - 45 days) • Tax and fee measures to support debt restructuring with exemptions of Income tax, value-added tax (VAT), Specific Business Tax, and revenue stamp to debtors and creditors, as well as easing bad debt disposal from accounts receivable of creditors for debt restructuring of debtors under financial institutions, non-financial institution, and other creditors who have negotiated with financial institutions in accordance with the regulations announced by BOT

Key economic measures to remedy and mitigate impacts from COVID-19 outbreak (cont.)

Measures	Details
3. Measures to support businesses and SMEs (cont.)	
Measures to support financial liquidity	• Loans for businesses with Financial Rehabilitation measures (totaling 250,000 million Baht) under the 2020 Soft Loan Emergency Decree • Loan for small entrepreneurs (SMEs Bank) (totaling 10,000 million Baht) • Thai tourism recovery relief loan scheme by GSB (totaling 5,000 million Baht) • Loan for the local economy (SMEs Bank) (totaling 50,000 million Baht) • Land guarantee scheme for SMEs by GSB (totaling 10,000 million Baht) • GSB SMEs to help SMEs entrepreneurs by GSB (totaling 5,000 million Baht) • Loan for entrepreneurs of food and beverage by GSB (totaling 2,000 million Baht) • EXIM Biz Transformation Loan (totaling 5,000 million Baht) • Loan for job creation, career creation by GSB (totaling 5,000 million Baht) • SMEs D Plus loans, SMEs D loans for investment and SMEs D loans to enhance liquidity (totaling 15,000 million Baht) (SMEs Bank)
Measures to support financial liquidity (credit guarantee)	• SMEs portfolio guarantee scheme: Thai fight COVID-19 (Under portfolio guarantee scheme phase 9 worth 150 billion Baht) (Thai Credit Guarantee Corporation: TCG) (the budget of 5,000 million Baht) • Micro portfolio guarantee scheme: Thai fight COVID-19 (Under portfolio guarantee scheme phase 4 worth 25 billion Baht) (TCG) • Loan Guarantee scheme under the 2020 Soft Loan Emergency Decree
Long term Resident Visa	The scheme to attract foreigners for long-term stay in Thailand, targeted high potential and wealthy people, aiming to stimulate economy, investment, and employment by drawing 1 million long-term residents. This program is expected to increase 1 trillion Baht of domestic spending, boost domestic investment by 800 billion Baht, generate 250 billion Baht in tax revenue, as well as increase number of experts in various fields for industrial and business sectors.
4. Measures to support affected workers	
Increasing unemployment benefits	Increasing unemployment compensation for the insured workers under section 33, receiving compensation by 50 percent of their wage up to 90 days in case they are laid off or resigned
Entrepreneurs and the section 33, 39, and 40 remedy schemes	• Compensation support to insurers under section 33 in businesses affected by government measures in 13 dark-red zone provinces, Compensation support to entrepreneurs of 3,000 Baht per person, up to 200 persons, and compensation support to section 33 of 2,500 Baht per person by extending the period compensation until Mar 22 • Compensation support to insurers under section 39, and section 40 in businesses affected by government measures in the maximum restriction areas, including; (1) Compensation support to section 39 of 5,000 Baht per person (2) Compensation support for insurers under section 40 as follow; (i) Compensation in 16 dark-red zone provinces of 5,000 Baht per person, (ii) Compensation in 13 dark-red zone provinces of 5,000 Baht per person, and (iii) Compensation in 3 additional provinces of 5,000 Baht per person by extending the period compensation until Mar 2022 • Compensation support insurers under section 39 and section 40, who engaged in the entertainment business and self-employed persons that are still unable to work due to temporarily closure of businesses following government's order, by 5,000 Baht per person for 1 month, starting the first round of transfer on Dec 29, 2021 and the next round on Jan 7 until Mar 31, 2022
Measures to maintain employment for SMEs	Measures to promote employment and maintain employment in the private sector, by subsidizing employer by 3,000 baht per insured labor per month, with the maximum of 200 employees per employer for 3 months. (Nov 2021 – Jan 2022)
5. Measures to support expenses	
Measures of agricultural insurance programs	• Rice Farmers Income Insurance, the crop year 2020/21 (totaling 50,600 million Baht), the crop year 2021/22 (totaling 89,000 million Baht), and the additional 1st round crop year 2021/22 (totaling 74,569 million Baht) • Maize Farmers Income Insurance, the crop year 2020/21 (totaling 1,913 million Baht), the crop year 2021/22 (totaling 1,863 million Baht), and Parallel Measures to Maize Farmers Income Insurance, the crop year 2021/22 in loan for collecting maize and creating value-added by farmers institutions crop year 2021/22 (totaling 1,030 million Baht) • Cassava Farmers Income Insurance, the crop year 2020/21 (totaling 9,789 million Baht), the crop year 2021/22 (totaling 6,811 million Baht), and Parallel Measures to Cassava Farmers Income Insurance as follow; Increasing the efficiency of cassava cultivation, the crop year 2021/22, and loan for collecting cassava and creating value -added by farmers institutions crop year 2021/22 (totaling 56.4 million Baht) • Oil Palm Farmers Income Insurance for the year 2020- 2021 (totaling 13,378 million Baht) and the year 2021 - 2022 (totaling 7,660 million Baht) • Rubber Farmer Income Insurance phase 1-3 (totaling 46,789 million Baht)
Measures to support energy expense	• Reduction of excise tax on diesel by 3 baht per liter (until May 20, 22) • Diesel price subsidies by the Oil and Fuel Fund
Living costs support scheme	Reducing the cost of living for people in 7 product categories: (1) School uniforms 3,345 items (2) Shoes and socks 185 items (3) School bags 61 items (4) Textbooks and textbooks 523 Items (5) Stationery 59 items (6) Teaching materials 187 items and (7) Other 732 items, such as water bottles, lunch boxes, writing desks

Projection for 2022[1/]

	Actual Data			Projection for 2022	
	2019	2020	2021	Feb 21, 2022	May 17, 2022
GDP (at current prices: Bil. Baht)	16,892.4	15,636.9	16,178.7	17,102.1	17,355.6
GDP per capita (Baht per year)	243,705.2	224,962.4	232,160.1	244,838.2	248,468.1
GDP (at current prices: Bil. USD)	544.1	499.7	505.5	523.0	513.5
GDP per capita (USD per year)	7,849.6	7,188.4	7,254.3	7,487.4	7,351.1
GDP Growth (CVM, %)	2.2	-6.2	1.5	3.5 - 4.5	2.5 - 3.5
Investment (CVM, %)[2/]	2.0	-4.8	3.4	4.0	3.5
Private (CVM, %)	2.6	-8.2	3.3	3.8	3.5
Public (CVM, %)	0.1	5.1	3.8	4.6	3.4
Private Consumption (CVM, %)	4.0	-1.0	0.3	4.5	3.9
Government Consumption (CVM, %)	1.6	1.4	3.2	-0.2	-0.2
Export volume of goods & services (%)	-3.0	-19.7	10.4	8.9	8.3
Export value of goods (Bil. USD)[3/]	242.7	227.0	269.6	282.9	289.2
Growth rate (%)[3/]	-3.3	-6.5	18.8	4.9	7.3
Growth rate (Volume, %)[3/]	-3.7	-5.8	15.1	3.9	3.5
Import volume of goods & services (%)	-5.2	-14.1	17.9	4.0	5.1
Import value of goods (Bil. USD)[3/]	216.0	186.1	229.6	243.2	254.6
Growth rate (%)[3/]	-5.6	-13.8	23.4	5.9	10.9
Growth rate (Volume, %)[3/]	-5.8	-10.5	18.3	4.4	3.4
Trade balance (Bil. USD)	26.7	40.9	40.0	39.7	34.6
Current account balance (Bil. USD)	38.0	21.2	-10.6	7.7	-7.6
Current account to GDP (%)	7.0	4.2	-2.1	1.5	-1.5
Inflation (%)					
CPI	0.7	-0.8	1.2	1.5 - 2.5	4.2 - 5.2
GDP Deflator	1.0	-1.3	1.9	1.2 - 2.2	3.8 - 4.8

Source: Office of the National Economic and Social Development Council, 17th May 2022

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 are based on the Bank of Thailand's data.

www.nesdc.go.th