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Office of the National Economic and Social Development Council

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Thai Economic Performance in Q1 of 2023 and the Outlook for 2023

The Office of the National Economic and Social Development Council (NESDC) announced the Thai Gross Domestic Product (GDP) in the first quarter of 2023 and the economic projection for 2023 as follows:

The Thai Economy in Q1/2023

The Thai Economy in the first quarter of 2023 expanded by 2.7 percent (%YoY), accelerating from 1.4 percent in the previous quarter. After seasonally adjusted, the economy increased by 1.9 percent from the fourth quarter of 2022 (%QoQ sa).

On the expenditure side: The economy was mainly driven by the robust growth of export of services and private consumption, along with the continual expansion of both private and public investment. Nonetheless, export of goods and government expenditure contracted. **Private consumption expenditures** increased favorably by 5.4 percent, continuing from a 5.6-percent expansion in the previous quarter in line with a robust growth in the expenditure in services owing to the tourism rebound and the recovery in the spending on durable goods. **The expenditure on services** increased by 11.1 percent in line with the strong growth of spending on hotels and restaurants. **The expenditure on durable goods** increased by 2.4 percent, compared with a 1.0-percent decrease in the previous quarter. This was mainly due to the 4.1-percent rise in vehicles purchase. **The expenditure on non-durable goods** grew by 2.3 percent in line with the expansion of spending on food and non-alcoholic beverages, and alcoholic beverages and tobacco at 3.6 percent and 2.5 percent, respectively. Meanwhile, **the expenditure on semi-durable goods** grew by 1.6 percent, at the same level as the previous quarter, in line with an acceleration of spending on clothing and footwear, offset by the decline in furnishings and households' equipment spending. Besides, the Consumer Confidence Index towards the economic situation increased from 42.0 in the previous quarter to 46.9 in this quarter, the highest level in 12 quarters. **Government consumption expenditure** declined by 6.2 percent, continuing from a 7.1-percent contraction in the previous quarter. Particularly, social transfers in kind for goods and services decreased by 40.4 percent, while expenditure on goods and services, and compensation of employees (wage and salary) grew by 1.0 percent and 1.8 percent, respectively. The disbursement rate of the current budget stood at 23.7 percent of total budget, (lower than 33.9 percent in the previous quarter but higher than 20.3 percent in the same quarter of last year). **Total investment** expanded by 3.1 percent, slowing from a 3.9-percent in the previous quarter. This was mainly due to a slowdown in **private investment** which slightly grew by 2.6 percent, compared with a favorable growth of 4.5 percent in the previous quarter. The machinery and equipment investment, and construction investment increased by 2.8 percent and 1.1 percent slowing from 5.1 percent and 1.9 percent in the previous quarter, respectively. Nonetheless, **public investment** increased by 4.7 percent, accelerating from a 1.5-percent expansion in the previous quarter. The investment of government and state-owned enterprises (SOEs) grew by 6.9 percent and 1.8 percent,

respectively. The disbursement rate of capital budget in this quarter was 16.7 percent, (lower than 18.8 percent in the previous quarter but higher than 16.1 percent in the same quarter of last year).

On foreign trade, **export value** was recorded at 69.8 billion US dollars, accounting to a 4.6-percent contraction, comparing to a 7.5-percent decrease in the previous quarter in line with the economic slowdown of key trading partners. The exports volume dropped by 6.4 percent, continuing from a 10.3-percent contraction in the previous quarter, while the export price expanded by 2.0 percent, increasing from 3.1 percent in the previous quarter. **Export items with decreased value** included chemicals & petro-chemical products (-21.6 percent), vehicle parts & accessories (-8.2 percent), computer parts & accessories (-24.9 percent), rubber (-37.7 percent) and animal food (-20.5 percent). On the other hand, **export items with increased value** included parts of electrical appliances (27.3 percent), passenger car (29.0 percent), pickup truck (5.5 percent), air conditioning (12.5 percent), toiletries and cosmetics (10.3 percent), sugar (33.3 percent), rice (24.7 percent), durians (218.9 percent). Exports to the main markets mostly decreased, whereas exports to the Middle East and the United Kingdom expanded. Excluding unwrought gold, export value contracted by 2.4 percent. Meanwhile, export value in Baht terms decreased by 2.0 percent. **Import value** was recorded at 66.8 billion US dollars, which grew by 1.3 percent compared with a 0.3-percent reduction in the preceding quarter. Import volume contracted by 3.3 percent, while import price rose by 4.8 percent. Consequently, trade balance recorded a surplus of 2.9 billion US dollars (or 104.4 billion Baht).

Real GDP and Exports of Key Economies

(YoY%)	GDP						Exports of Goods (USD)								
	2020	2021	2022		2023	2020	2021	2022			2023				
	Year	Year	Q3	Q4	Year	Q1	Year	Year	Q3	Q4	Year	Q1	Jan	Feb	Mar
US	-2.8	5.9	1.9	0.9	2.1	1.6	-13.3	23.0	23.7	9.1	18.4	6.9	13.7	5.5	2.7
Eurozone	-6.1	5.3	2.5	1.8	3.5	1.3	-7.2	18.1	2.5	2.4	5.0				
United Kingdom	-11.0	7.6	2.0	0.6	4.1	0.2	-11.3	13.6	20.4	5.0	11.5		11.4	2.1	
Australia	-1.9	5.2	5.8	2.7	3.6		-7.3	37.2	14.7	14.6	19.7	4.3	9.8	2.7	0.7
Japan	-4.3	2.1	1.5	0.4	1.0		-9.1	17.9	-2.0	-4.6	-1.2	-8.0	-8.9	-7.7	-7.5
China	2.2	8.4	3.9	2.9	3.0	4.5	4.0	29.7	10.0	-6.9	7.0	0.1	-10.7	-1.6	14.3
India	-6.0	8.9	6.3	4.4	6.7		-14.7	43.0	7.8	-2.1	14.6	-5.0	1.6	-0.4	-13.9
South Korea	-0.7	4.1	3.1	1.3	2.6	0.8	-5.5	25.7	5.8	-10.0	6.1	-12.7	-16.4	-7.6	-13.8
Taiwan	3.4	6.5	3.6	-0.4	2.5	-3.0	4.9	29.3	3.4	-8.7	7.4	-19.2	-21.2	-17.1	-19.1
Hong Kong	-6.5	6.4	-4.6	-4.2	-3.5	2.7	-0.5	26.0	-11.6	-22.0	-9.3	-18.0	-36.9	-9.3	-1.8
Singapore	-3.9	8.9	4.0	2.1	3.6	0.1	-4.1	22.1	19.5	-4.4	12.7	-5.1	-7.9	-2.2	-5.2
Indonesia	-2.1	3.7	5.7	5.0	5.3	5.0	-2.7	41.9	27.3	8.0	26.1	1.6	16.4	4.4	-11.3
Malaysia	-5.5	3.3	14.1	7.1	8.7	5.6	-2.3	27.5	29.4	2.4	17.7	-1.7	-1.7	5.3	-7.3
Philippines	-9.5	5.7	7.7	7.1	7.6	6.4	-8.1	14.5	0.6	8.6	5.7	-13.2	-13.1	-18.1	-9.1
Vietnam	2.9	2.6	13.7	5.9	8.0	3.3	6.9	18.9	15.8	-7.1	10.3	-11.7	-25.9	11.7	-14.4
Thailand	-6.1	1.5	4.6	1.4	2.6	2.7	-6.5	19.2	6.7	-7.5	5.5	-4.6	-3.4	-4.1	-5.8

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

On the production side, accommodation and food service activities sector, transportation and storage sector, wholesale and retail trade; repair of motor vehicles and motorcycles sector, construction sector, and agricultural sector grew at accelerated pace while manufacturing sector and electricity, gas, steam and air conditioning supply sector contracted. **Agriculture, forestry, and fishing sector** increased by 7.2 percent, accelerating from 3.4 percent in the previous sector due to a favorable weather condition and water supply. Major agricultural products with production expansion included paddy (20.4 percent) fruits (22.5 percent), oil palm (30.0 percent), sugar cane (17.1 percent), and poultry (2.2 percent). On the other hand, major agricultural products with production contraction included cassava (-3.7 percent), maize (-2.5 percent), and white shrimp (-2.5 percent) Agricultural Price Index decreased for the first time in four quarters by 1.3 percent, following a decline in prices of main agricultural products such as rubber (-22.2 percent), oil palm (-48.4 percent), and white shrimp (-10.6 percent). Nevertheless, some major agricultural products with increased price included paddy (19.2 percent), cassava (25.0 percent), poultry (11.1 percent), maize (26.0 percent), and fruits (2.8 percent). An improvement of agricultural production and increased price indices in some key products led to an increase in Farm income index for the fifth consecutive quarter by 6.2 percent, compared with a 16.1-percent growth in the previous quarter. **Accommodation and food service activities sector** continued to increase with a high growth of 34.3 percent, improving from 30.6 percent in the previous quarter due to high growth of inbound tourists and domestic tourists. The number of international tourist arrivals stood at 6.478 million tourists (accounted for 63.60 percent of the pre-pandemic level). This led to international tourism receipts of about 304 billion baht (accounted for 60.87 percent of the pre-pandemic level), increasing for the seventh consecutive quarter by 300.4 percent. Meanwhile, the domestic tourism receipts reached 195 billion baht (accounted for 76.24 percent of the pre-pandemic level), increasing by 35.4 percent for the fifth consecutive quarter. Overall, the total tourism receipts amounted 499 billion baht or increasing by 126.7 percent from the same quarter of the last year. The average occupancy rate was at 70.28 percent, increasing from an average of 62.64 percent in the previous quarter and 36.32 percent in the same period of the previous year, the highest level in the thirteen quarters. **Wholesale and retail trade; repair of motor vehicles and motorcycles sector** continued to grow for the eighth consecutive quarter by 3.3 percent, accelerating from 3.1 percent in the previous quarter, owing to an improvement of tourism sector as well as continuous expansion of household expenditure.

Manufacturing sector contracted by 3.1 percent, continuing from a 5.0-percent contraction in the previous quarter. This was due to a decline in production of both export-oriented industries and domestic-oriented industries while production in industries with 30 - 60 percent export share to total production increased. This was in line with a 3.9-percent drop in the Manufacturing Production Index, compared with a 6.0-percent contraction in the preceding quarter. Manufacturing Production Index of the export-oriented industries (with export share of more than 60 percent to total production) decreased by 13.7 percent, continuing from a 14.8-percent decline in the previous quarter, in accordance with a decline in export sector. Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production) decreased by 1.9 percent, compared with a 5.1-percent contraction in the previous quarter. However, Manufacturing production Index of the industries (with 30 - 60 percent export share to total production) showed a third-consecutive-quarter growth of 1.7 percent, comparing with a 1.4-percent expansion in the previous quarter.

Meanwhile, the average capacity utilization rate for this quarter was 63.66 percent, higher than 60.32 percent in the previous quarter, but still lower than 66.77 percent in the same quarter of the previous year. Manufacturing production index with negative growth included computer and peripheral equipment (-37.6 percent), furnishing (-48.9 percent), and plastics and synthetic rubber in primary forms (-16.6 percent). On the other hand, manufacturing production index with positive growth included motor vehicles (7.2 percent), refined petroleum products (7.5 percent), and palm oil (37.6 percent). **Electricity, gas, steam and air conditioning supply sector** fell by 4.2 percent, compared with a 0.1-percent expansion in the previous quarter.

On economic stability, the unemployment rate declined to 1.05 percent, compared with 1.15 percent in the preceding quarter and 1.53 percent in the same quarter of 2022. The headline and core inflations were 3.9 percent and 2.2 percent, decline from 5.8 percent and 3.2 percent in the previous quarter, respectively. The current account recorded a surplus of 4.0 billion US dollars (139 billion baht). At the end of March 2023, the international reserves stood at 0.2 trillion US dollars and the public debt was 10.80 trillion baht, accounted for 61.2 percent of GDP.

Thai Economic Outlook for 2023

The Thai economy in 2023 is projected to expand in the range of 2.7 – 3.7 percent. Key supporting factors include: (1) the recovery of tourism sector; (2) the continual expansion of private consumption; and (3) the expansion in both private and public investments. Private consumption expenditure is expected to increase by 3.7 percent. Private and public investments are projected to increase by 1.9 percent and 2.7 percent, respectively. Meanwhile, export value of goods in US dollar terms is anticipated to decline by 1.6 percent. Headline inflation is estimated to be in the range of 2.5 – 3.5 percent and the current account is projected to record a surplus of 1.4 percent of GDP.

Key growth components are as follows:

1. Total consumption: (1) Private consumption expenditure is expected to increase by 3.7 percent, continuing from a 6.3-percent growth in 2022 and a upward revision from a 3.2-percent in the previous estimation, owing to the expansion of income base from the tourism and agricultural sectors, together with the continual recovery of labor market, and **(2) Government consumption expenditure** is projected to decline by 2.6 percent, compared with a 0.2-percent decrease in 2022 and a downward revision from a 1.5-percent reduction in the previous estimation. This was in accordance with the downward revision of disbursement rate assumption of the current budget under the FY2023 annual budget as well as a lower current budget framework in the FY2023 compare to the previous fiscal year.

2. Total investment is expected to increase by 2.1 percent, continuing from a 2.3-percent in 2022. **(1) Private investment** is estimated to increase by 1.9 percent, compared with a 5.1-percent growth in 2022, and a downward revision from a 2.1-percent growth in previous estimation. This was in accordance with the decline in export and import. **(2) Public investment** is expected to grow by 2.7 percent, compared with a 4.9-percent decrease in the previous year, and remaining unchanged from previous estimation. This was in accordance with the FY2023 capital budget framework of 655.2 billion Baht, increasing by 16.1 percent from 564.3 billion Baht in FY2022.

3. Export value of goods in US dollar term is anticipated to decrease by 1.6 percent, compared with a 5.5-percent growth in 2022, and remaining unchanged from previous estimation. The export volume in 2023 is expected to decrease by 1.1 percent, compared with a 0.6-percent decline in the previous estimation. Meanwhile, the export price assumption is downwardly revised from (-1.5) – (-0.5) percent to (-1.0) – (0.0) percent. Together with the notable growth of export of services, it is expected that the export quantity of goods and services will continue to increase by 6.9 percent, compared with a 6.8-percent growth in 2022 and a downward revision from a 7.4-percent in previous estimation.

Economic Management for the Year 2023

The economic management for the remaining of year 2023 needs to prioritize on following issues: **(1) Fostering export sector**, by: (i) boosting exports to major markets with strong economic recovery coupled with expanding to new potential markets; (ii) monitoring and surveilling closely on the situation and condition of global trade and financial market that could impact the export sector; (iii) encouraging the business sector to appropriately manage risk of exchange rate fluctuation; (iv) facilitating export procedure and lowering related costs; (v) utilizing benefits from the Regional Comprehensive Economic Partnership (RCEP), along with expediting the ongoing Free Trade Agreement negotiations; and (vi) enhancing the competitiveness of the export sectors. **(2) Stimulating private investment**, by: (i) speeding up projects already approved and obtained investment promotion certificates in 2020 - 2022 to start their actual investments, especially those in the targeted industries; (ii) solving difficulties and obstacles hindering investors and entrepreneurs from investing and doing business; (iii) implementing proactive investment promotions and facilitating investors in targeted industries; (iv) stimulating investments in the Eastern Economic Corridor (EEC) and other special economic zones; (v) supporting investment in the key economic areas and transport infrastructure; and (vi) enhancing high-skilled labors. **(3) Catalyzing the recovery in tourism and related service sector**, by: (i) solving difficulties and preparing the tourism sector to be ready for the resuming of foreign tourists; (ii) promoting the development of high-quality tourism; (iii) supporting the tourism promotion events and other related activities; and (iv) promoting domestic tourism. **(4) Supporting agricultural production and farmers' income**, with policies be ready to support agricultural products during the cultivation season 2023/24, together with preparing policies for cushioning the impact from the El Nino, and the problem from the rising agricultural material cost. **(5) Maintaining the economic and political conditions after the general election.**

Office of the National Economic and Social Development Council

15 May 2023

Table 1 GDP on Production Side

%YoY	2021	2022	2021				2022				2023
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Agriculture	2.3	2.4	0.4	3.3	4.6	1.5	3.4	4.0	-2.2	3.4	7.2
Non-Agriculture	1.4	2.6	-2.8	8.1	-0.5	1.8	2.0	2.3	5.1	1.2	2.3
Manufacturing	4.7	0.4	1.4	16.7	-1.1	3.3	2.0	-0.8	6.0	-5.0	-3.1
Service	0.3	4.3	-4.4	4.8	-0.02	1.5	2.8	4.7	5.5	4.3	5.2
Construction	2.2	-2.7	12.7	2.4	-4.5	-0.6	-5.1	-4.4	-2.6	2.6	3.9
Wholesale and Retail Trade	1.7	3.1	-2.2	4.4	2.8	3.0	2.7	3.2	3.5	3.1	3.3
Transportation and Storage	-2.8	7.1	-18.2	11.5	-1.1	3.8	3.5	5.0	10.1	9.8	12.4
Accommodation and Food Service Activities	-15.0	39.3	-38.0	16.4	-19.6	-5.3	32.2	44.7	53.2	30.6	34.3
Information and Communication	5.5	5.1	4.6	5.5	6.7	5.1	5.7	6.3	4.7	3.9	3.4
Financial and Insurance Activities	5.5	1.0	5.9	5.5	5.8	4.6	1.0	1.4	1.0	0.5	1.5
GDP	1.5	2.6	-2.5	7.7	-0.2	1.9	2.2	2.5	4.6	1.4	2.7
GDP_SA (QoQ)			0.2	0.6	-1.2	2.2	0.5	1.0	0.8	-1.1	1.9

Source: Office of the National Economic and Social Development Council

Table 2 GDP on Expenditure Side

%YoY	2021	2022	2021				2022				2023
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Private Consumption	0.6	6.3	-0.1	5.3	-3.2	0.6	3.5	7.1	9.1	5.6	5.4
Government Consumption	3.7	0.2	1.0	0.7	2.5	10.4	8.2	2.7	-1.5	-7.1	-6.2
Investment*	3.1	2.3	7.0	7.0	-0.8	-0.4	1.0	-0.9	5.5	3.9	3.1
Private	3.0	5.1	2.9	8.8	2.3	-1.1	2.9	2.3	11.2	4.5	2.6
Public	3.4	-4.9	18.8	3.1	-6.7	1.8	-3.8	-8.8	-6.8	1.5	4.7
Exports	11.1	6.8	-9.8	28.8	13.0	18.7	11.9	7.8	8.7	-0.7	3.0
Goods	15.3	1.3	3.0	30.9	12.4	17.5	9.7	4.3	2.3	-10.5	-6.4
Services	-19.9	65.8	-61.0	9.0	19.4	31.2	35.5	47.7	79.2	94.9	87.8
Imports	17.8	4.1	2.1	29.9	27.4	15.6	4.4	7.3	9.5	-4.8	-1.0
Goods	18.2	5.4	5.0	29.9	26.5	14.5	6.6	9.9	11.2	-5.9	-3.3
Services	16.0	-0.6	-9.4	30.3	32.6	21.0	-3.3	-1.9	3.7	-0.9	8.9
GDP	1.5	2.6	-2.5	7.7	-0.2	1.9	2.2	2.5	4.6	1.4	2.7

Source: Office of the National Economic and Social Development Council

Note: * Investment means Gross Fixed Capital Formation

Table 3 Economic Projection for 2023^{1/}

	Actual Data			Projection for 2023	
	2020	2021	2022	Feb 17 th , 2023	May 15 th , 2023
GDP (at current prices: Bil. Baht)	15,661.1	16,166.6	17,370.2	18,444.1	18,395.1
GDP per capita (Baht per year)	225,311.4	231,986.1	248,677.2	263,332.9	262,633.3
GDP (at current prices: Bil. USD)	500.5	505.5	495.3	562.3	552.4
GDP per capita (USD per year)	7,200.7	7,254.1	7,090.9	8,028.4	7,886.9
GDP Growth (CVM, %)	-6.1	1.5	2.6	2.7 – 3.7	2.7 – 3.7
Investment (CVM, %) ^{2/}	-4.8	3.1	2.3	2.2	2.1
Private (CVM, %)	-8.1	3.0	5.1	2.1	1.9
Public (CVM, %)	5.1	3.4	-4.9	2.7	2.7
Private Consumption (CVM, %)	-0.8	0.6	6.3	3.2	3.7
Government Consumption (CVM, %)	1.4	3.7	0.2	-1.5	-2.6
Export volume of goods & services (%)	-19.7	11.1	6.8	7.4	6.9
Export value of goods (Bil. USD)	227.0	270.6	285.4	280.9	280.8
Growth rate (%) ^{3/}	-6.5	19.2	5.5	-1.6	-1.6
Growth rate (Volume, %) ^{3/}	-5.8	15.5	1.3	-0.6	-1.1
Import volume of goods & services (%)	-13.9	17.8	4.1	2.6	1.6
Import value of goods (Bil. USD)	186.6	238.2	274.6	268.8	269.4
Growth rate (%) ^{3/}	-13.6	27.7	15.3	-2.1	-1.9
Growth rate (Volume, %) ^{3/}	-10.5	17.9	2.0	0.4	-0.4
Trade balance (Bil. USD)	40.4	32.4	10.8	12.1	11.4
Current account balance (Bil. USD)	20.9	-10.6	-17.2	8.6	7.9
Current account to GDP (%)	4.2	-2.1	-3.5	1.5	1.4
Inflation (%)					
CPI	-0.8	1.2	6.1	2.5 - 3.5	2.5 - 3.5
GDP Deflator	-1.3	1.7	4.7	2.5 – 3.5	2.2 – 3.2

Source: Office of the National Economic and Social Development Council, 15th May 2023

Note: ^{1/} Data were 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 is based on the Bank of Thailand's data, which follows the Balance of Payment system.