



Press Release

Standard Chartered Bank: Thailand to enter expansionary economic cycle with two domestic unique stories acting as drivers to boost its 2023 economy

Standard Chartered Bank expects Thailand's economy to pick up throughout next year and drive the full year growth to over 4%.

Continued recovery in tourism, the country's key growth driver that accounts 15% of the GDP, and expected economic boost after the 2023 general elections are forecast to be the domestic catalysts that distinguish Thailand from peers and global economic trend in 2023.

"Thailand has been underperformed against peers over the past few years. With individual supportive factors, Standard Chartered Bank has positive growth outlook for the country in 2023," said Dr.Tim Leelahaphan, Economist, Standard Chartered Bank (Thai).

"We are seeing global slowdown and mild recession in some countries. We will see how these will impact Thailand during the first half of 2023. However, Thailand's tourism has showed positive sign of continued recovery, anticipating that the high season in 2023 should be stronger than that in 2022. We forecast tourist arrivals at 15-20 million in 2023 with upside risk from China's reopening. the bank has positive view on current account going into next year although it remains below historical levels."

Dr.Tim added that political risk remains low, providing favourable backdrop for a recovery in tourism and the economy and recovery is expected to gain momentum after elections as the next government's economic focus becomes clearer.

Standard Chartered Bank expects Thailand's economic growth to grow 4.5% in 2023 and 2024, compared to 3.3% expected growth in 2022.

At least 2 hikes from Monetary Policy Committee (MPC) expected in 2023

Standard Chartered Bank forecasts that the MPC will increase its policy interest rate at least two times in 2023, raising the benchmark rate to at least 1.75% at the end of the year.

"As the global economy remains uncertain, we expect the MPC to take time in the early of the first quarter to assess economic progress and inflation dynamics. We expect gradual pace of normalisation as we anticipate that the Bank of Thailand would prioritise economic recovery over inflation and financial stability," said Dr.Tim.

However, a faster-than-expected normalisation is still possible depending on the economic and inflation dynamics as well as Thai Baht movements and capital fluctuations, added Dr.Tim.

USD/THB expected around 35 at year-end

The Thai Baht is expected to remain weak in the first half of 2023, hovering around 36 against the US dollar. In line with improving economy and sentiment in the second half of the year, Thai Baht is forecast to be strengthened to 35 at the end of the year.

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