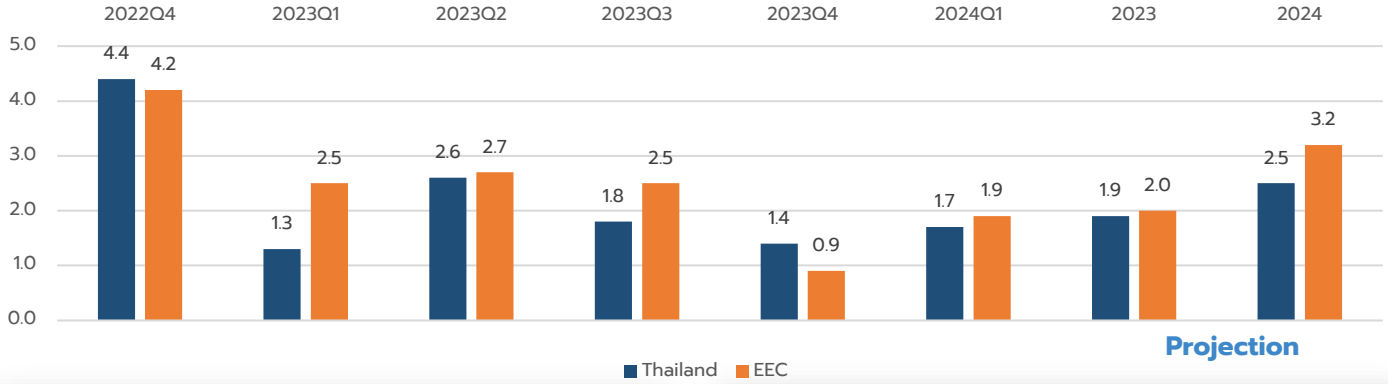
Macroeconomic Bulletin

Economic Outlook in the EEC

Q1/2024

Economic Growth Rate



Positive Factors

Tourism sector stands as a pivotal driver of economic momentum, bolstered by governmental initiatives aimed at fostering tourism, catering to both domestic and international travelers.

The approval of the annual budget expenditure bill in fiscal year 2024 and concerted efforts to stimulate the economy from the public sector have yielded notable expansions in both consumption and investment, in comparison to the fiscal year 2023.

Negative Factors

The Chinese economy has shown signs of slowdown due to issues with debt in the real estate sector and a deceleration in domestic consumption, which has repercussions on the Thai economy, heavily reliant on the Chinese economy.

Global geopolitical tensions impacting energy prices and economic growth pose additional challenges.

Thailand's household debt remains high, and the quality of debt is trending downwards

Economic Outlook and Trend

Thai Economy in Q1/2024

The Thai economy is estimated to have expanded by 2.1% in the 1st quarter, up from the previous quarter.

- **Private sector consumption has expanded slightly,** supported by government assistance programs, aligning with the increased consumer confidence index.
- **Private sector investment has adjusted slightly downwards,** particularly in machinery and construction following a seasonal decline, in line with a minor decrease in business confidence compared to the previous quarter.
- **Thailand's household debt remains high** and is growing at a rate higher than economic growth. Furthermore, there is a downward trend in debt quality, affecting the overall economy.
- **Exports of machinery, petrochemicals, and chemicals have trended downwards,** partly due to increased self-production by China, substituting imports.
- **Government spending for the fiscal year 2567 is showing signs of slowdown** due to delayed budget planning.

EEC Economy in Q1/2024

The EEC economy is estimated to have expanded by 2.3% in the 1st quarter, up from the previous quarter.

- **The agricultural sector has seen a slight expansion from the previous quarter,** driven by increases in the prices of sugarcane and pineapple, which are important agricultural products in EEC. This is due to the demand for agricultural products from abroad for further processing into higher value-added products.
- **The service sector has expanded compared to the previous quarter,** particularly driven by an increase in the number of tourists visiting the EEC area, both Thai and foreign tourists. This is attributed to extended holidays and visa waiver policies aimed at attracting international tourists.
- **The industrial sector has contracted slightly compared to the previous quarter,** especially in the automotive category, due to tightened lending by financial institutions and the increasing trend of electric vehicle adoption, aligning with decreased production capacity utilization rates.

Economy Trend in the Next Period

The Thai economy and EEC show promising growth trends, despite facing increasingly challenging risk factors

- **The Thai economy is estimated to grow by 2.5% in 2024, while EEC is expected to grow by 3.2%.**
- **The tourism sector shows a promising growth trend,** attributed to the influx of foreign tourists due to visa exemptions, particularly from key markets such as China and Malaysia. This is anticipated to contribute to economic growth and increase employment rates in the country.
- However, due to Thailand's high dependency on foreign factors, there are risks associated with **geopolitical conflicts** affecting production costs and **global economic slowdowns,** particularly concerning the Chinese economy, which significantly impacts Thailand's economy. This may result in a slowdown in tourism and exports from Thailand.

  Important issues affecting the Thai economy that require monitoring include the **approval of the annual budget expenditure for 2567** and **government efforts to stimulate the economy,** which play a crucial role in economic development.

Note: Projection as of February 19, 2024

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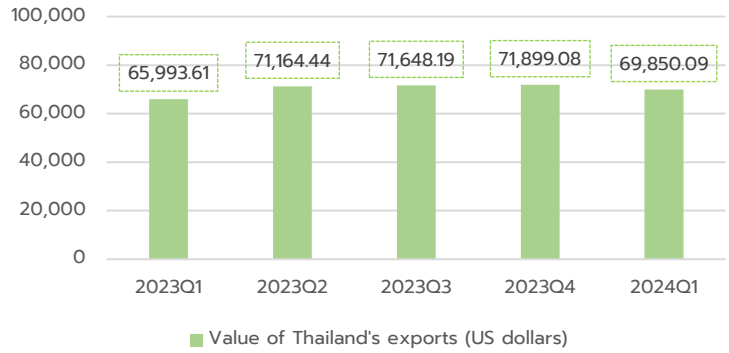
EEC Economic Outlook

Exports



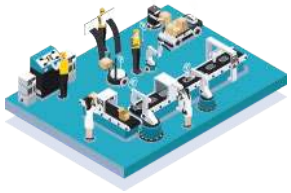
Exports have contracted slightly compared to the previous quarter, with a notable decrease in industrial exports, particularly in electrical appliances and machinery and equipment. Additionally, exports to China have shown a downward trend, as China increasingly produces goods for domestic consumption, while imports of finished products from China have increased. This has led to a continuous trade deficit for Thailand, impacting competitiveness and future industrial production capacity utilization.

The value of Thailand's exports (US dollars)



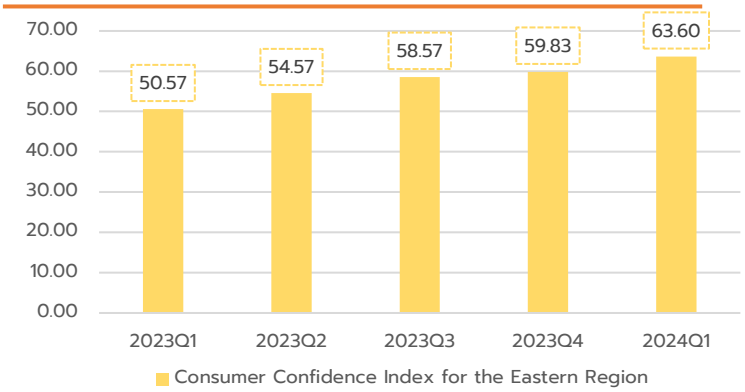
Source: Ministry of Commerce

Private Consumption



Private sector consumption has shown continuous expansion, driven by economic recovery, tourism stimulus policies, and state assistance programs. This has resulted in increased consumer income and purchasing power. This trend is evident from the Consumer Confidence Index for the Eastern Region, which has increased. In Q1/2024, the index stood at 63.60, marking a 6.30% increase compared to the previous quarter.

Consumer Confidence Index for the Eastern Region



Source: Thai Chamber of Commerce

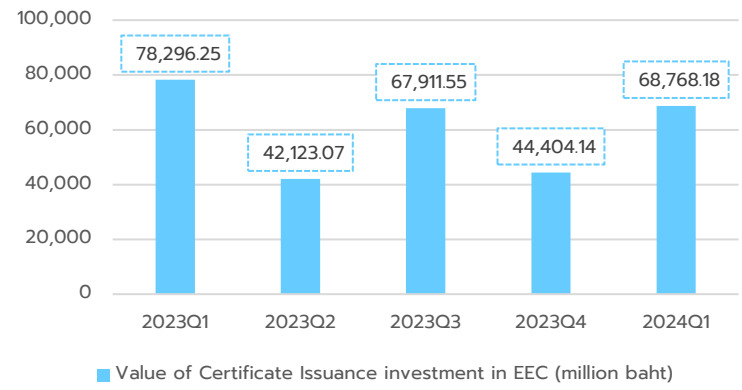
Private Investment



Private sector investment is trending upwards, according to data from the issuance of investment promotion cards in the EEC area during the past period. In Q1/2024, there was a 54.87% increase in investment value in the area compared to the previous quarter. This increase is attributed to the implementation of the one-year action plan (Oct 2023 - Sept 2024) and urgent targets within 99 days to attract global investment through targeted industries within the five main clusters and investment policies for developing infrastructure in EEC.

Note: Projection as of February 19, 2024

Value of Certificate Issuance investment in EEC (MB)



Source: Board of Investment (BOI)

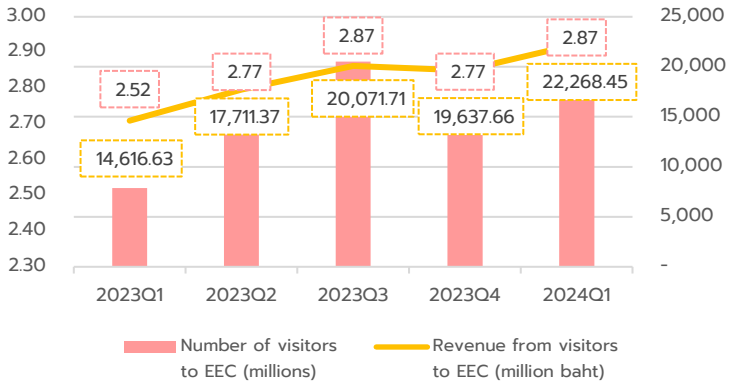
EEC Economic Outlook

Number of Tourists



Tourism sector has shown a continuous expansion trend, it can be seen that both the number and revenue from visitors in Q1/2567 increased by 3.47% and 13.40%, compared to the previous quarter. This increase is attributed to the extended holiday period and the policy of visa exemption for foreign tourists to attract more visitors. However, there are factors that should be monitored regarding the slowing trend in the economy of China, which may have an impact. Additionally, there are factors to be monitored regarding the Chinese economy, which may result in a lower number of Chinese tourists than anticipated.

Number and Revenue from Visitors in EEC

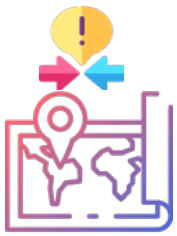


Source: Ministry of Tourism and Sports

Future Risks



The slowdown of the Chinese economy stemming from the crisis in the real estate sector has been persistent since 2021. The ongoing issues in the Chinese real estate sector have led to a decline in investor confidence and a slowdown in domestic consumption, which has repercussions on Thai exports and the number of tourists from China. Additionally, there are factors to be monitored regarding the economic policy focusing on self-reliance and promoting domestic production to replace imports, aimed at stabilizing the manufacturing sector. These factors directly impact Thailand's future product demand.



The geopolitical conflicts in various regions, including the Israeli - Palestinian conflict, the Russia - Ukraine conflict, strategic competition between China and the United States, tensions between China and Taiwan, and the civil war in Myanmar, could escalate and have severe repercussions throughout the supply chain and lead to volatility in the global financial markets.



Household debt in Thailand remains high and is growing at a faster rate than the economy. The proportion of household debt in Thailand is at a high level and shows no signs of decreasing. In the third quarter of 2023, the proportion was at 90.9 percent of GDP, driven by slow economic recovery, financial costs, and rising living expenses. Moreover, there is a trend of decreasing quality of household debt, evidenced by the non-performing loan (NPL) ratio in 2023, which increased by 7.7 percent. Household debt proportions could pose a risk factor affecting economic recovery and financial system stability.

Note: Projection as of February 19, 2024

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Thailand and EEC Economic Projection

Thailand and EEC Economic Projection

%YoY	2021		2022		2023f		2024f	
	Thailand	EEC	Thailand	EEC	Thailand	EEC	Thailand	EEC
Real GDP growth rate	1.6	6.1	2.6	4.0	1.9	2.0	2.5	3.2
Agriculture	2.3	-0.7	2.5	2.5	1.9	1.1	1.4	2.6
Industry	3.8	6.3	-0.5	0.6	-2.4	0.0	1.4	2.6
Services	0.4	6.4	4.3	7.6	4.3	5.9	2.8	4.2

Assumptions for the economic forecast of Thailand and EEC

	Real data		Projection	
	2021	2022	2023	2024
Thailand GDP				
Real GDP Growth rate (%)	1.6	2.5	1.9	2.5
Trade Balance (Million USD)	32,354	10,814	13,943	8,104
Employment (Person)	37.81	38.98	39.88	40.03
Inflation Rate (%)	1.24	6.08	1.25	0.64
Foreign Tourist (Million person)	0.43	11.15	28.00	36.85
Exchange Rate (Baht/USD)	31.79	35.07	34.81	35.50
World GDP Growth (15 Majors Export destinations)	3.9	2.9	2.6	2.4
EEC GPP				
Growth rate (%)	6.1	4	2	3.2
Employment (Person)	1.98	1.98	2.02	2.06
Foreign Tourist (Million person)	0.11	2.70	6.54	10.20

Note: Projection as of February 19, 2024

Key Assumptions

- The economic expansion rate of Thailand's 15 main trading partners is consistently slowing down.
- Export growth is expected to recover slowly due to the global economic slowdown, while imports are projected to increase steadily due to the importation of cheaper goods from China, resulting in a decreasing trade balance for Thailand.
- Tourism will be a primary driver of Thailand's economy and EEC.

Newly Operating Factories Investment in EEC

Province	Q3/2023		Q4/2023		Q1/2024	
	Number of Factories	Value (MB)	Number of Factories	Value (MB)	Number of Factories	Value (MB)
Chachoeng sao	15	9,624	13	5,656	15	530
Chonburi	29	2,262	47	6,471	60	5,310
Rayong	15	1,070	25	1,825	36	4,820
EEC	**59**	**12,956**	**85**	**13,952**	**111**	**10,659**

Source: Department of Industrial Works



Newly Operating Factories Investment in EEC

In the Q1/2024, there were a total of 111 new factory openings in EEC, with a combined value of 10,569 million baht. Despite the increase in the number of new factories, the total investment value decreased by 23.60 percent compared to the previous quarter.

The majority of these new factories are in the metal and plastic industries, resulting in the creation of 5,867 new jobs.