

Thai business group trims 2022 growth outlook over Ukraine war



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FILE PHOTO: The outbreak of the coronavirus disease (COVID-19) in Bangkok

BANGKOK (Reuters) - Thailand's leading joint business group on Tuesday trimmed its economic growth forecast for this year to 2.5%-4.0% from a previous forecast of 2.5%-4.5% due to the impact of the Russia-Ukraine war on global growth and energy prices.

The inflation forecast was raised to 3.5%-5.5% this year from a previous projection of 2.0%-3.0%, the group, which includes representatives from industry, banking and commerce, said in a statement. It maintained its export growth outlook of 3.0%-5.0% this year.

Inflation, which hit the highest level in 13 years in March, is weighing on a recovery in domestic demand and purchasing power, the group said.

Southeast Asia's second-largest economy grew 1.6% last year, among the lowest growth rates in the region.

On Tuesday, the World Bank also cut its economic growth forecast for Thailand to 2.9% this year from a previous forecast of 3.9%, with risks skewed to the downside.

The economy, however, can grow only 2.6% this year if the wider impact of the war is more severe and fiscal measures have less positive effects than expected, World Bank economist Warunthorn Puthong told a news conference.

Thailand's benchmark interest rate is expected to remain at a record low of 0.50% as the economic recovery is likely to be gradual with tourism still weak, she added.

The economy is projected to return to pre-pandemic levels by early 2023, when growth is expected at 4.3%, the World bank said.

(Reporting by Orathai Sriring and Satawasin Staporncharnchai; Editing by Kanupriya Kapoor)