



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Press Conference

Monetary Policy Committee's Decision 3/2025

25 June 2025

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The Committee voted 6 to 1 to hold the policy rate at 1.75 percent.

One member voted to cut the policy rate.

- The Thai economy expanded more than anticipated in the first half of 2025 owing to manufacturing production and front-loading exports. Nevertheless, the Thai economy is projected to slow down going forward and will face both domestic and external risks.
- Headline inflation is projected to remain subdued, primarily due to supply-side factors. This has not resulted in a broad-based decline in prices.
- Credit growth slows down partly due to declining loan demand for some groups and increased credit risks. Credit quality, especially in SME and housing loans, should be monitored.

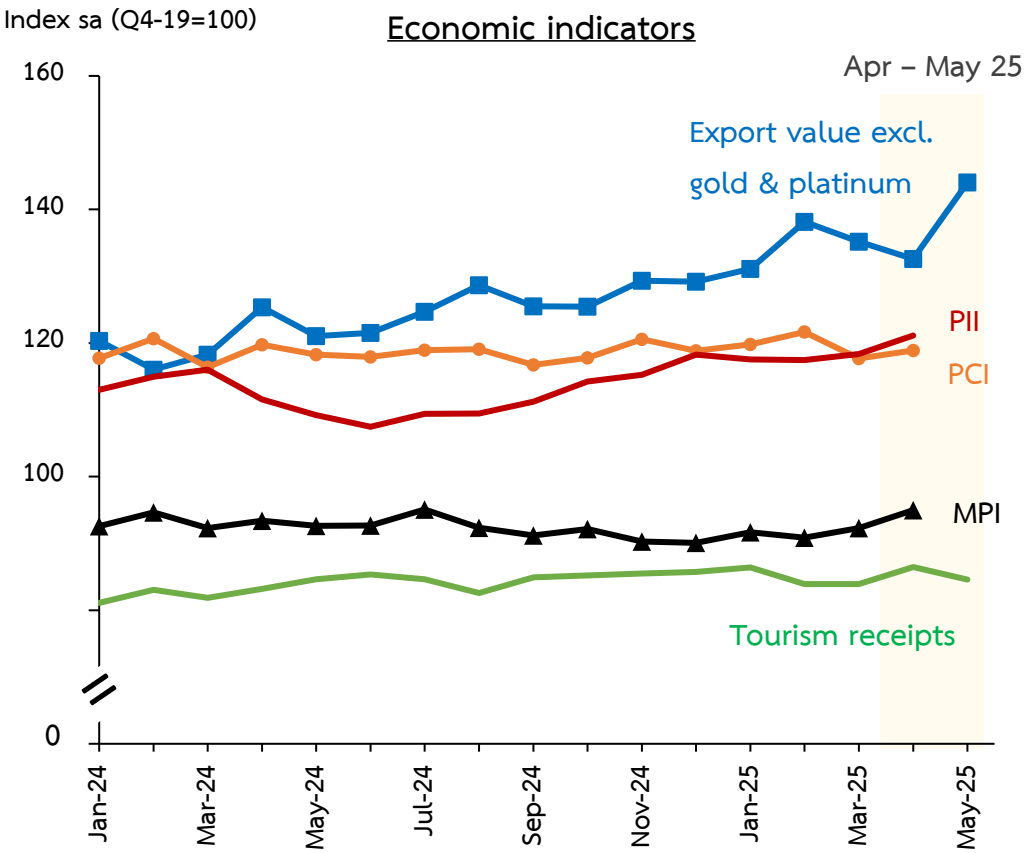
Most committee members voted to maintain the policy rate at this meeting, giving importance to the timing and effectiveness of monetary policy amid high uncertainties and limited policy space.

One committee member voted to cut the policy rate by 0.25 percentage point to alleviate interest burdens and to support the adjustment of those affected by the weakening economic outlook.



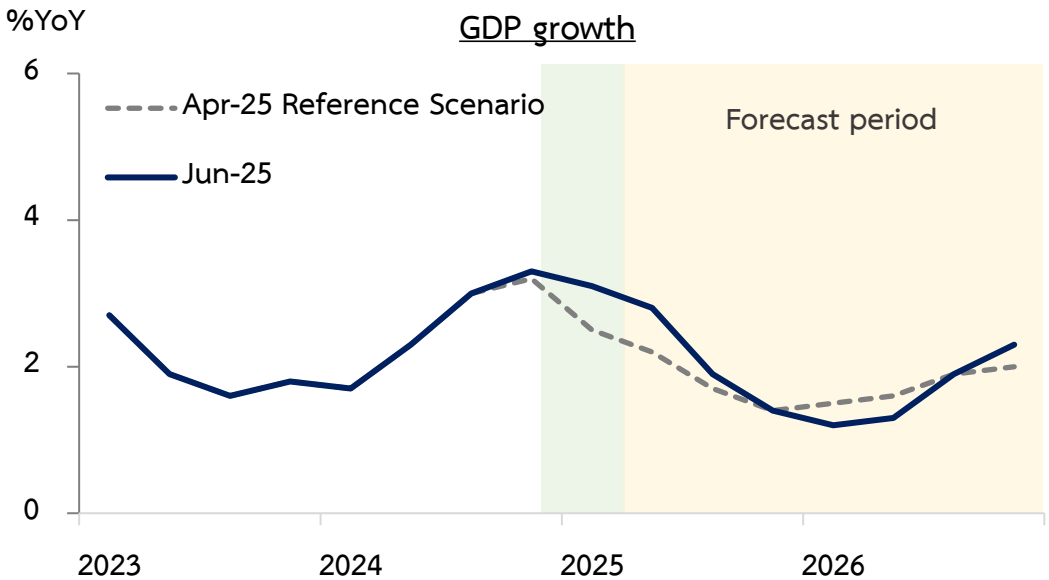
The Thai economy expanded more than anticipated in H1/25, owing to manufacturing production and front-loading exports, leading GDP to expand at 2.3% in 2025.

Merchandise exports and manufacturing grew more than expected in H1/25



Note: MPI = Manufacturing Production Index
Source: Bank of Thailand

Thai economy was stronger-than-expected in the first quarter. However, looking ahead, the economy is expected to slow down



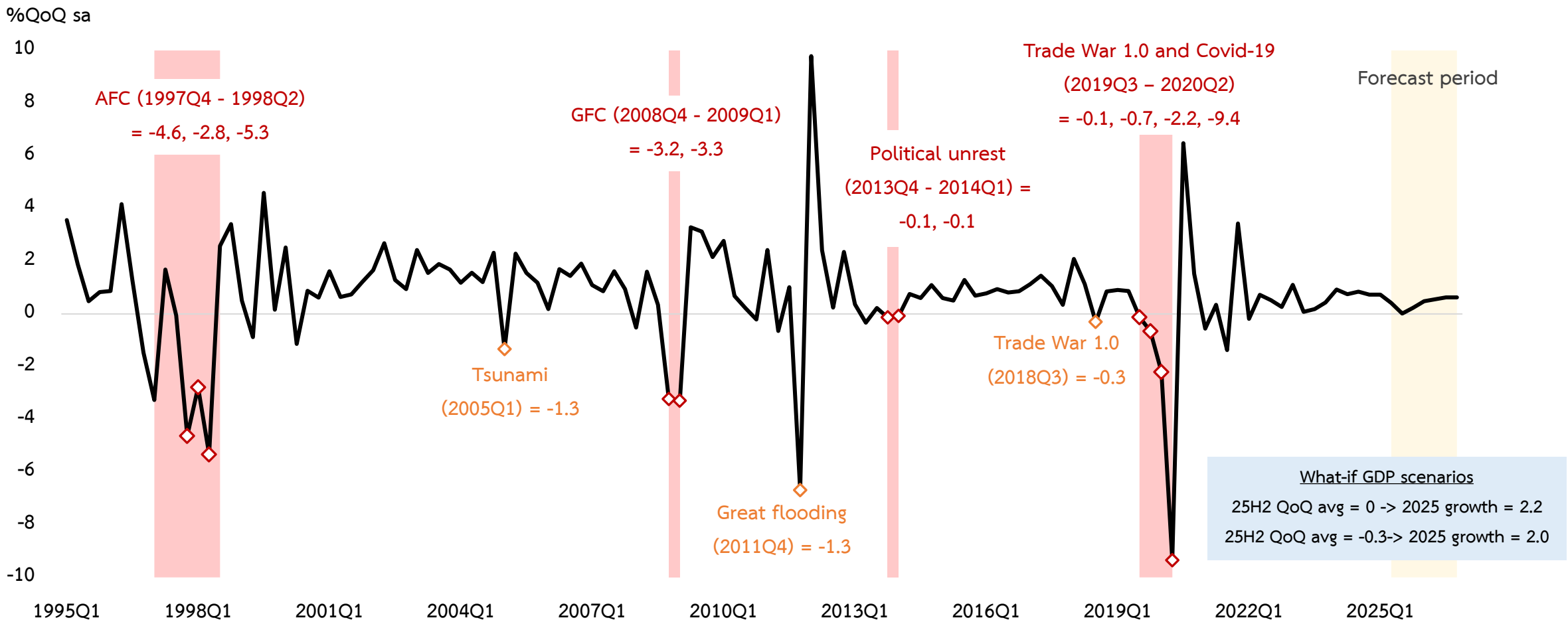
MPC Jun 25	2024	H1/25	H2/25	2025	2026
GDP (%YoY)	2.5	2.9	1.7	2.3	1.7
GDP (%QoQ)	0.8	0.6	0.1	0.3	0.6

Note: Under the assumption that U.S. reciprocal tariff is applied to Thailand at the rate of 18 percent (half of the announced rate on 2 April 2025), 30 percent for China and 10 percent for other countries.



GDP growth is unlikely to fall below 2.0% in 2025 barring extreme shocks

Historically, Thailand has experienced two-or-more consecutive quarterly economic contraction only four times, i.e., Asian Financial Crisis, Global Financial Crisis, domestic political unrest in 2013, and the COVID-19 pandemic

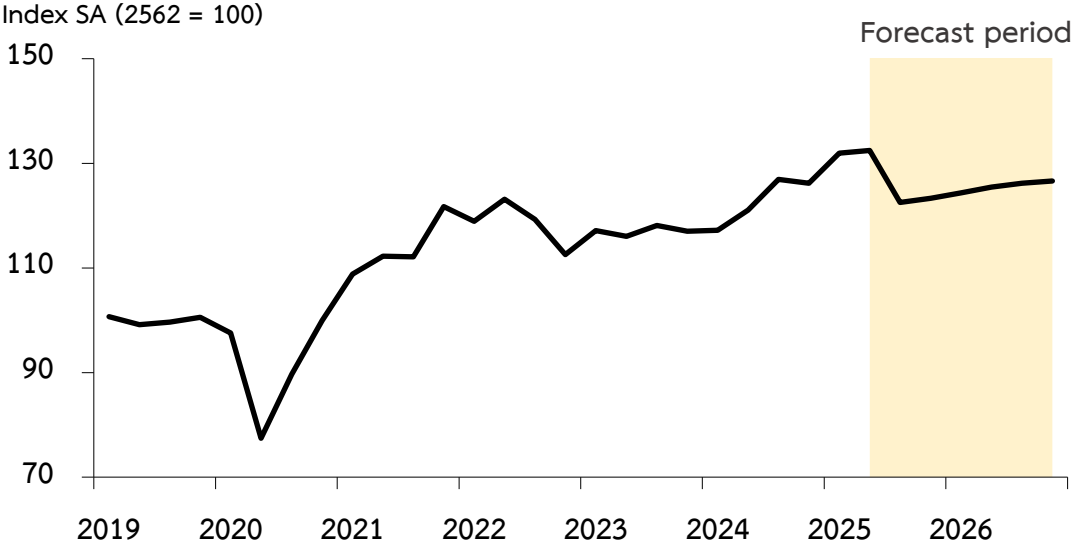




The economic outlook will slow down due to trade policies,
and faces additional external and domestic risks

Merchandise exports are affected by U.S. tariffs,
while electronics and machinery sectors continue to expand
due to global demand.

Merchandise exports (excluding gold) projection

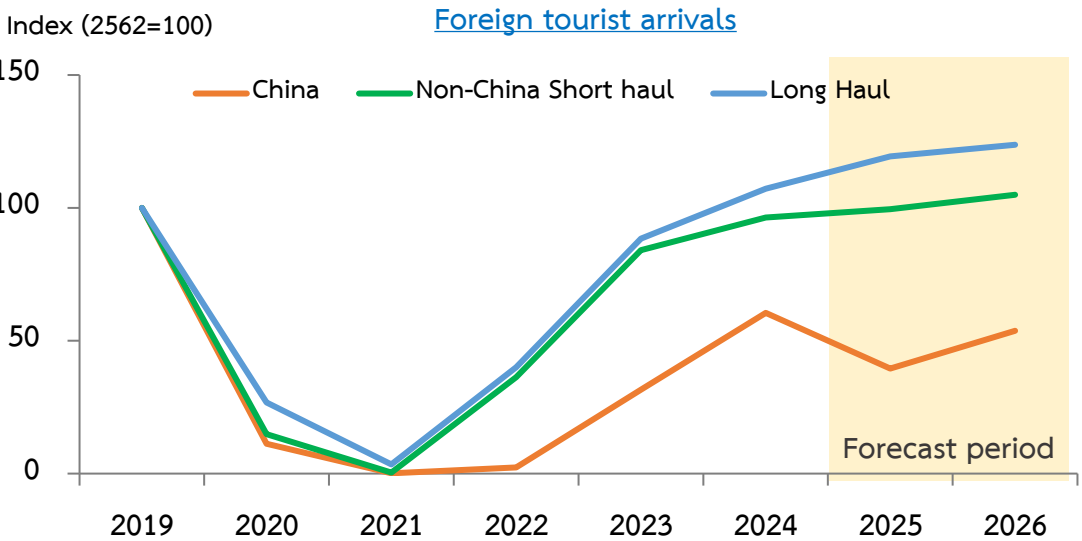


Vx ex Gold	2024	H1/25	H2/25	2025 ^f	2026 ^f
%YoY	4.9	10.9	-2.9	3.8	-1.5
%QoQ sa	1.9	2.5	-3.4	-0.5	0.7

Note: Technological products include electronics and machinery, accounting for 22% of trade values in 2024

Source: Customs Department and Ministry of Commerce, calculated by BOT

Tourist arrivals have been revised down but receipts continue to
expand due to higher spending per visitor by long-haul group



Tourism receipts			
MPC June 25	2024	2025 ^f	2026 ^f
Tourism receipts (trillion baht)	1.4	1.5	1.7
Spending per visitor (thousand baht)	39.5	43.4	44.0
Foreign tourist arrivals (million persons)	35.5	35.0 (37.5)	38.0 (40.5)
o/w China	6.7	4.4 (5.1)	6.0 (7.1)

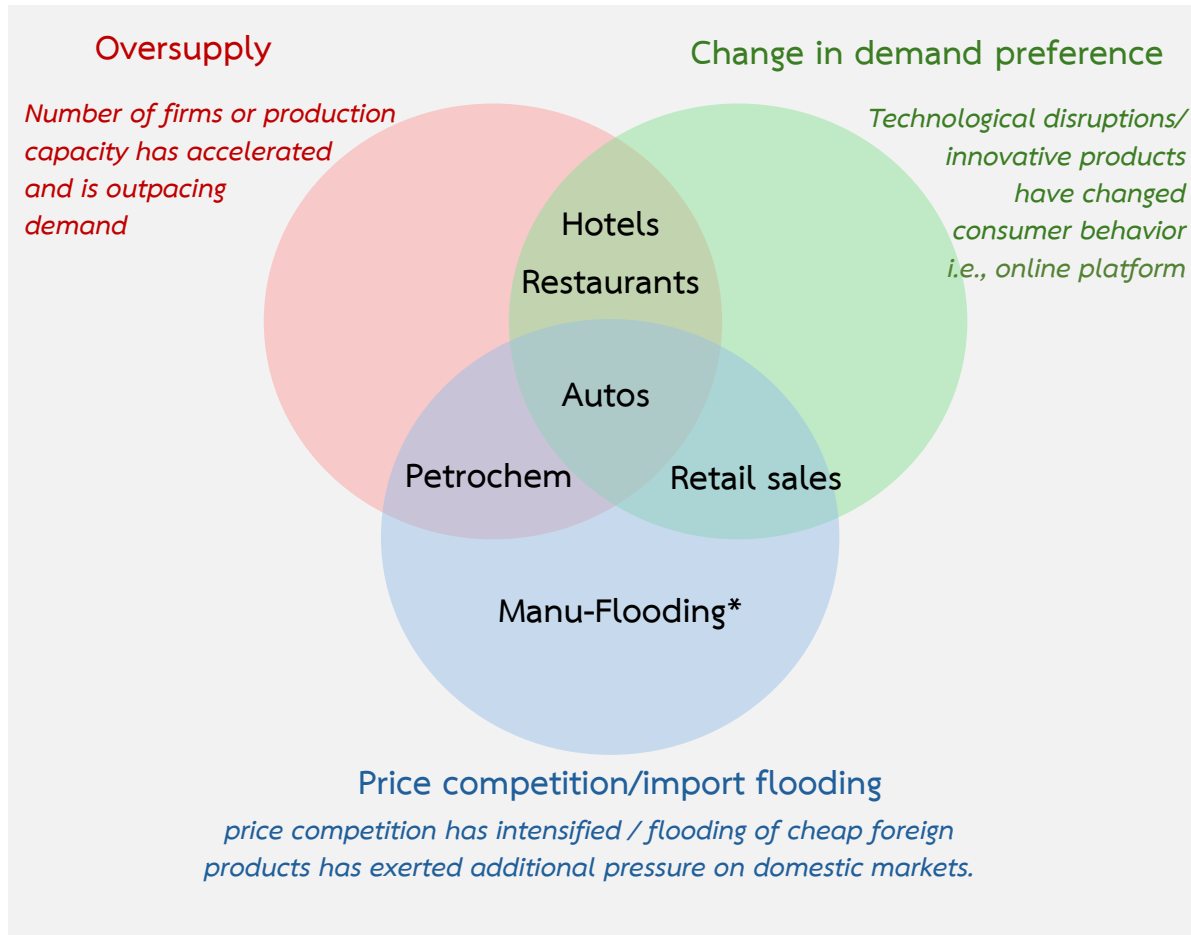
Note: f indicates forecast period and () indicates previous forecast in reference scenario Apr 25

Source: Ministry of Tourism and Sports, estimated by BOT

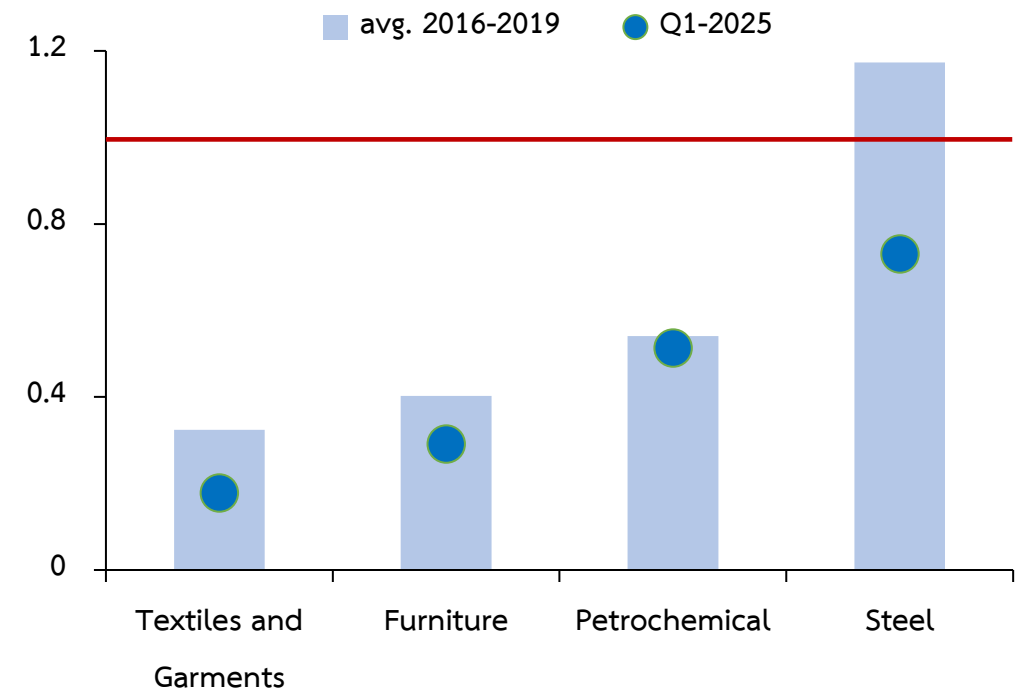
Some businesses face pressures from import flooding ...

Businesses are facing multiple challenges

Some manufacturing sectors face competition from cheaper imported goods



Import price from China compares to other countries (times)



Note: Four highest importing sectors. Over time comparison may be impacted by structural changes

Source: Customs Department, calculated by BOT

Note: *Manu-flooding includes electrical appliances, textiles and garments, steel and fabricated metals, and furniture.

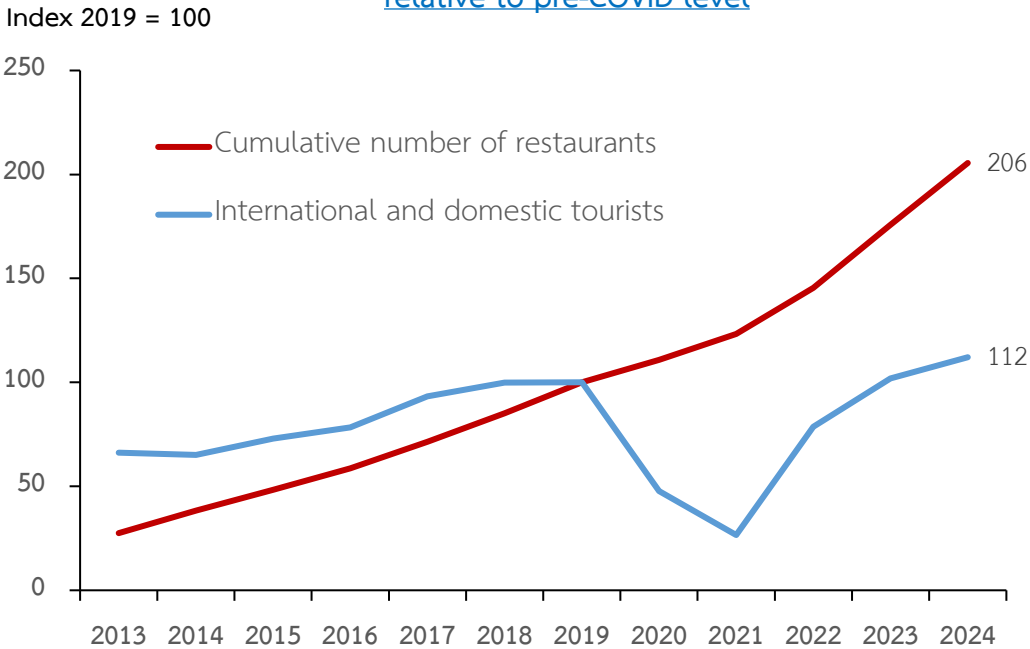


... and increased domestic competition as well as shifting consumer preferences

Number of restaurants grew 106% while tourists only increased 12% from pre-COVID levels.

Small and medium enterprises have been affected by competition from larger firms and online platforms

Number of restaurants and tourist arrivals
relative to pre-COVID level



Retail trade revenue, by firm size

%YoY	2018-2019	2024
Total	2.7	2.4
Corporates	4.8	9.6
SMEs	-0.6	-7.1

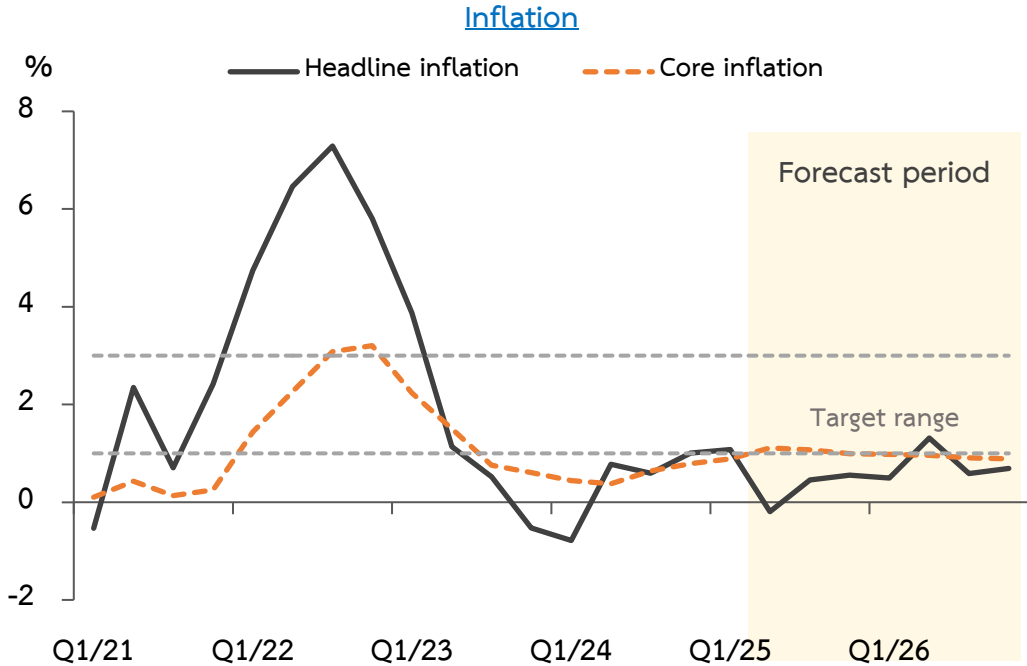
Note: *calculated by BOT, firm size is define based on The Office of SMEs Promotion’s criteria
Source: Revenue Department, calculated by BOT

Source: Department of Business Development , Ministry of Tourism and Sports calculated by BOT



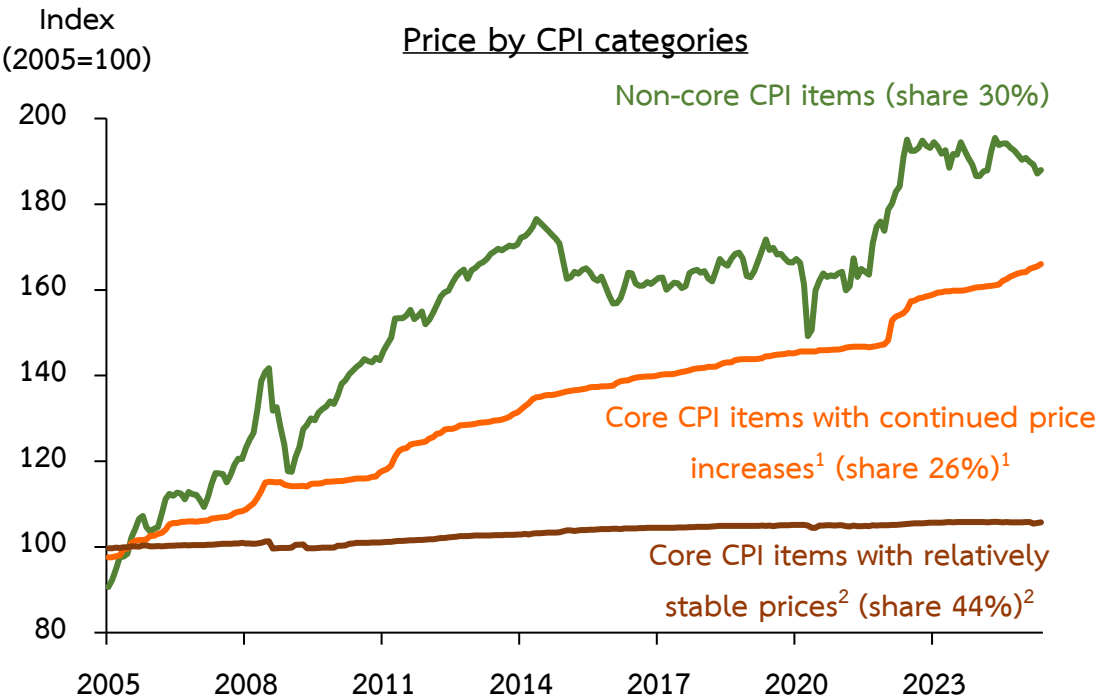
Headline inflation remains subdued due to supply-side factors but costs of living continued to increase

Headline inflation declined due to lower energy and raw food prices



%YoY	2024	2025	2026
Headline inflation	0.4	0.5	0.8
Core inflation	0.6	1.0	0.9

Price of certain consumer staples continued to rise



Note: () denotes weight in CPI basket, base year 2023.

1/ Categories with continuously increasing prices: prepared food, seasonings and condiments, non-alcoholic beverages, medical care and drugs, and public transportation services

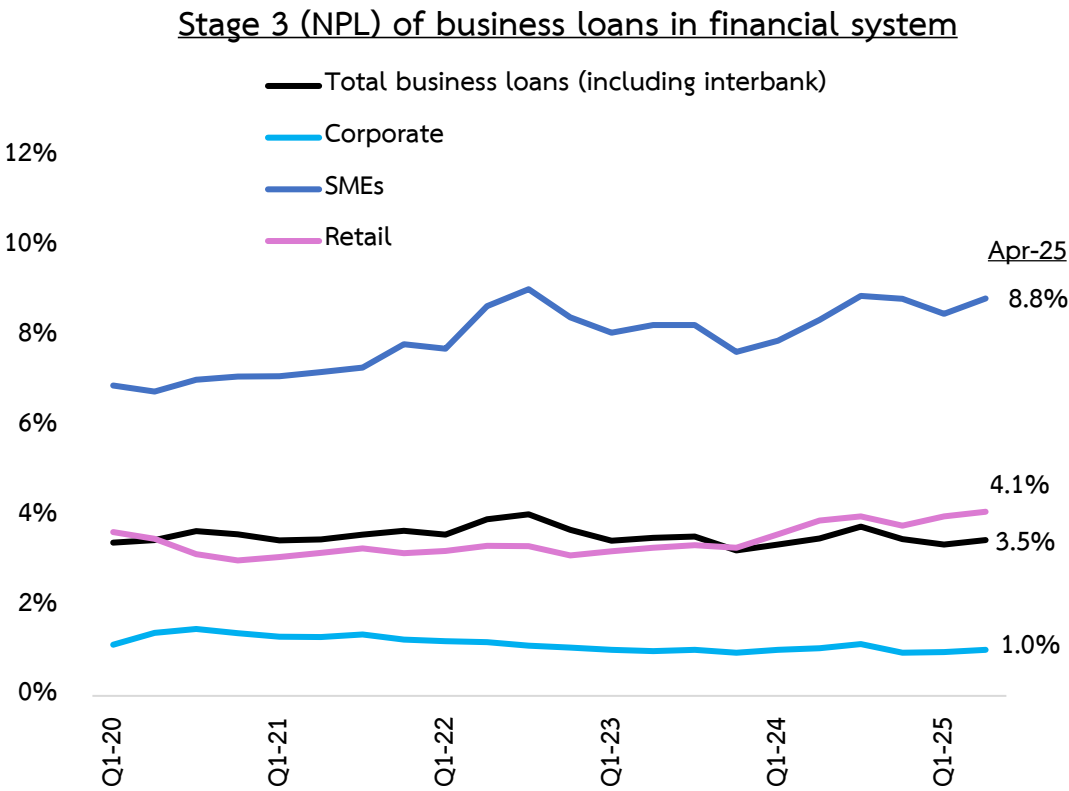
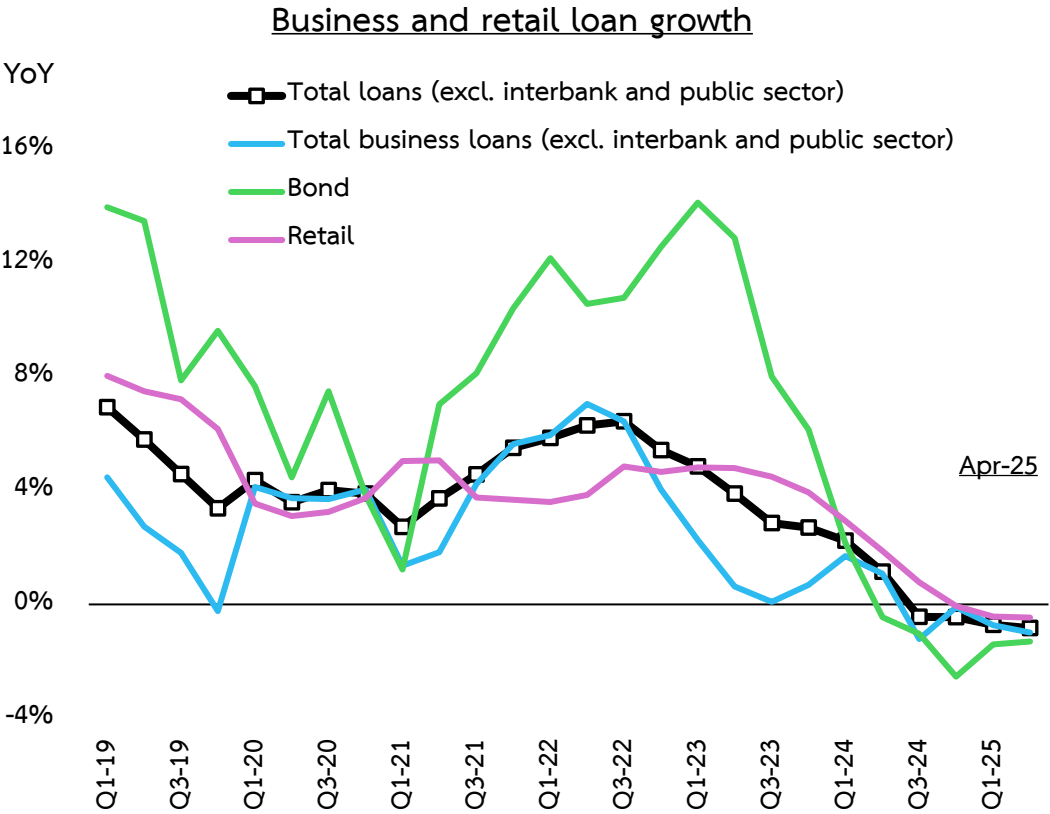
2/ Categories with relatively stable prices: housing rent, vehicles, cleaning supplies, personal care, clothing and footwear, and hotel accommodation



Credit growth remains negative; Credit quality of SME and mortgage loans should be closely monitored

Overall credit growth continues to contract

Credit quality deteriorated, particularly for SME and housing loans



Note: Data covers loans from financial institutions including commercial banks (and subsidiaries), SFIs, and non-banks that are not subsidiary of commercial banks

Firm size is defined through a combination of The Office of SMEs Promotion's criteria and credit lines

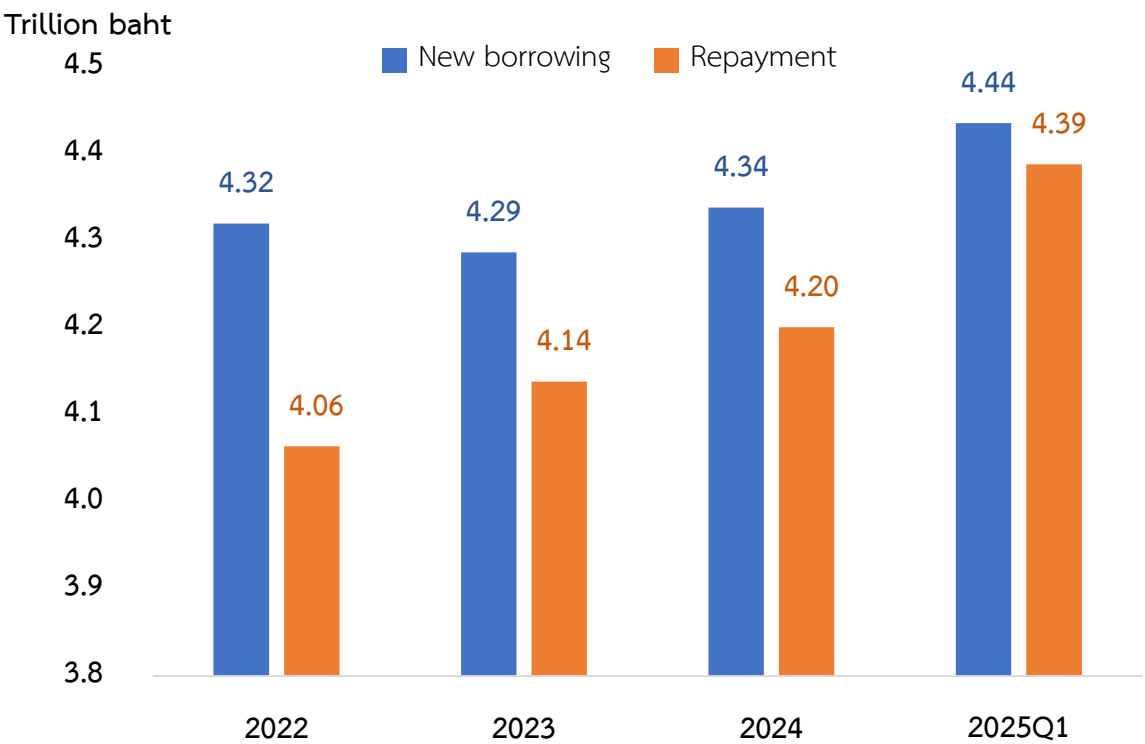


Credit growth contracted, partly due to subdued business demand and increased loan repayments;
financial institutions are cautious with credit extensions to risky borrowers

Credit growth remains negative partly due to loan repayment,
while new borrowing remains stable

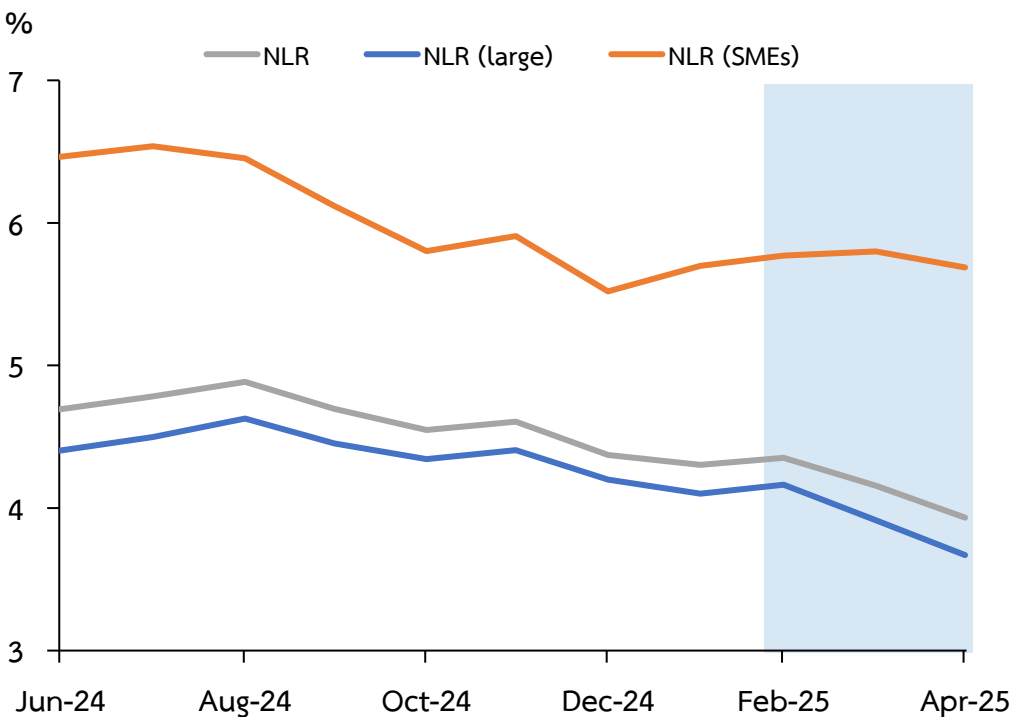
Interest rate passthrough to new lending rates for SMEs
has been lower than that for large businesses

New loan borrowing and loan repayment in commercial banks



Note: Annual averages of new borrowing and repayment flows calculated from commercial banks

New loan rates



Note: New Loan Rate (NLR) is monthly average (as of 30 Apr 2025), income definition based on The Office of SMEs Promotion’s criteria. The calculation method has been adjusted, which results in figures that may differ from those normally published on the website.

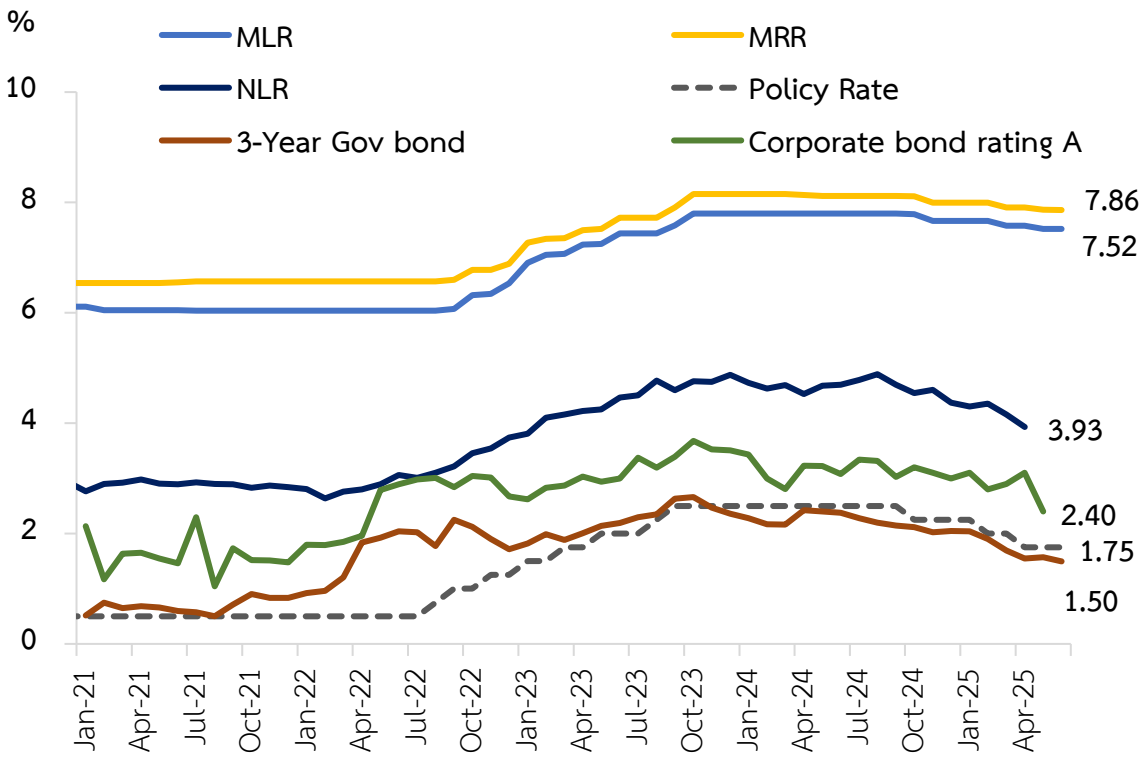
Source: Business credit data covers commercial banks, calculated by BOT.



Monetary policy should be accommodative to support the economy looking forward.
Uncertainties remain high. Timing and effectiveness of monetary policy are crucial.

Recent policy rate cuts have partly alleviated financing costs

Interest rates



Issues to monitor

- Credit growth and credit quality
- Impacts of trade war
- Geopolitical tensions and domestic risk factors

Note: (1) Monthly average of deposit and lending rates, calculated from 14 commercial banks (data as of 12 June 2025)
(2) NLR indicates new loan rate (data as of April 2025)

Source: Bank of Thailand, ThaiBMA



The Committee deems that monetary policy should be accommodative to support the economy looking forward. The previous policy rate cuts have already provided some cushion against the prevailing risks. However, most committee members voted to maintain the policy rate at this meeting, giving importance to the timing and effectiveness of monetary policy amid high uncertainties and limited policy space.

The Committee assesses the economic outlook to remain highly uncertain and stands ready to adjust monetary policy going forward to align with the economic and inflation outlook and associated risks.



Macroeconomic projection as of June 2025

Annual percentage change	2024*	2025	2026
GDP growth	2.5	2.3	1.7
Domestic demand	3.0	2.1	1.6
Private consumption	4.4	2.0	1.7
Private investment	-1.6	1.7	0.9
Government consumption	2.5	1.2	0.5
Public investment	4.8	6.0	6.1
Exports of goods and services	7.8	4.2	-0.5
Imports of goods and services	6.3	2.5	-0.3
Current account (billion, U.S. dollar)	11.1	11.0	13.0
Value of merchandise exports (%YoY)	5.8	4.0	-2.0
Value of merchandise imports (%YoY)	6.3	5.3	-1.9
Number of foreign tourists (million persons)	35.5	35.0	38.0
Tourism Receipt (trillion baht)	1.4	1.5	1.7
Dubai crude oil price (U.S. dollars per barrel)	79.7	73.0	70.0
Headline inflation	0.4	0.5	0.8
Core inflation	0.6	1.0	0.9

Note: * Outturns