



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

# Press Conference

## Monetary Policy Committee's Decision 2/2025

30 April 2025

Sakkapop Panyanukul

Assistant Governor, Monetary Policy Group



The Committee voted 5 to 2 to cut the policy rate by 0.25 percentage point from 2.00 to 1.75 percent.

Two members voted to maintain the policy rate.

- The Thai economy is projected to expand slower than anticipated, with more downside risks. The unpredictable nature of future global trade policies of major economies continues to pose significant challenges in assessing the economic and inflation outlook going forward.
- Headline inflation is projected to decline below the target range largely due to global crude oil prices and government subsidies.
- Overall financial conditions remain tightened. It is essential to monitor the risk from adverse macro-financial linkages.

Most members voted to cut the policy rate by 0.25 percentage points at this meeting to be in line with the worsening economic outlook, to cope with the increased downside risks, and to align financial conditions with the changing economic and inflation outlook.

Meanwhile, two members voted to maintain the policy rate, giving consideration to the timing when monetary policy is most effective subject to limited policy space.



## Trade tension developments and potential impacts

Quarters 1–2/2025:  
Storm is Coming

- Main impacts not yet realized
- High uncertainty

H2/2025 onwards:  
In the Storm

- Impacts become clearer
- High downside risks and potential unexpected shocks
- Premium on stability

End game:  
After the Storm

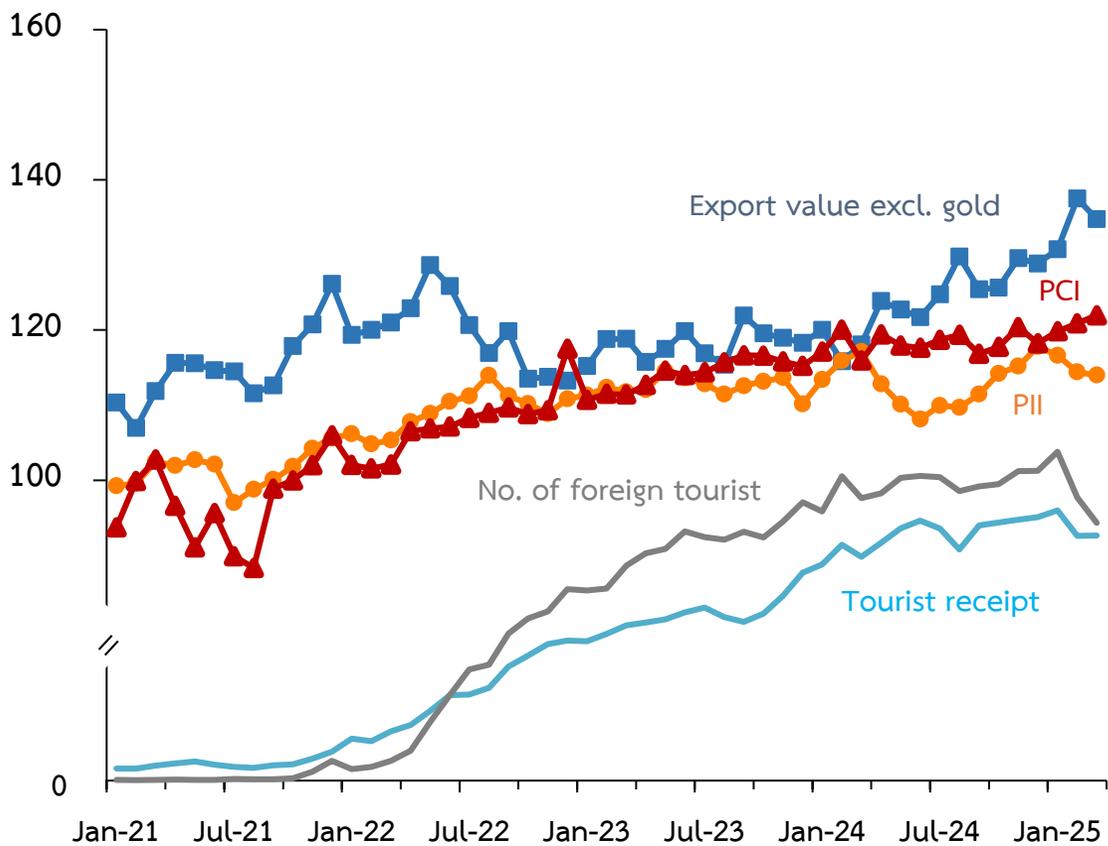
- New global equilibrium remains hard to predict
- Expected outcomes:
  - Global economy less efficient (slower growth and higher inflation)
  - Less dependence on U.S.



# The economy underperformed expectations in Q1'25, primarily due to lower Chinese tourists; exports and private consumption continued to expand

Index sa (Q4'19=100)

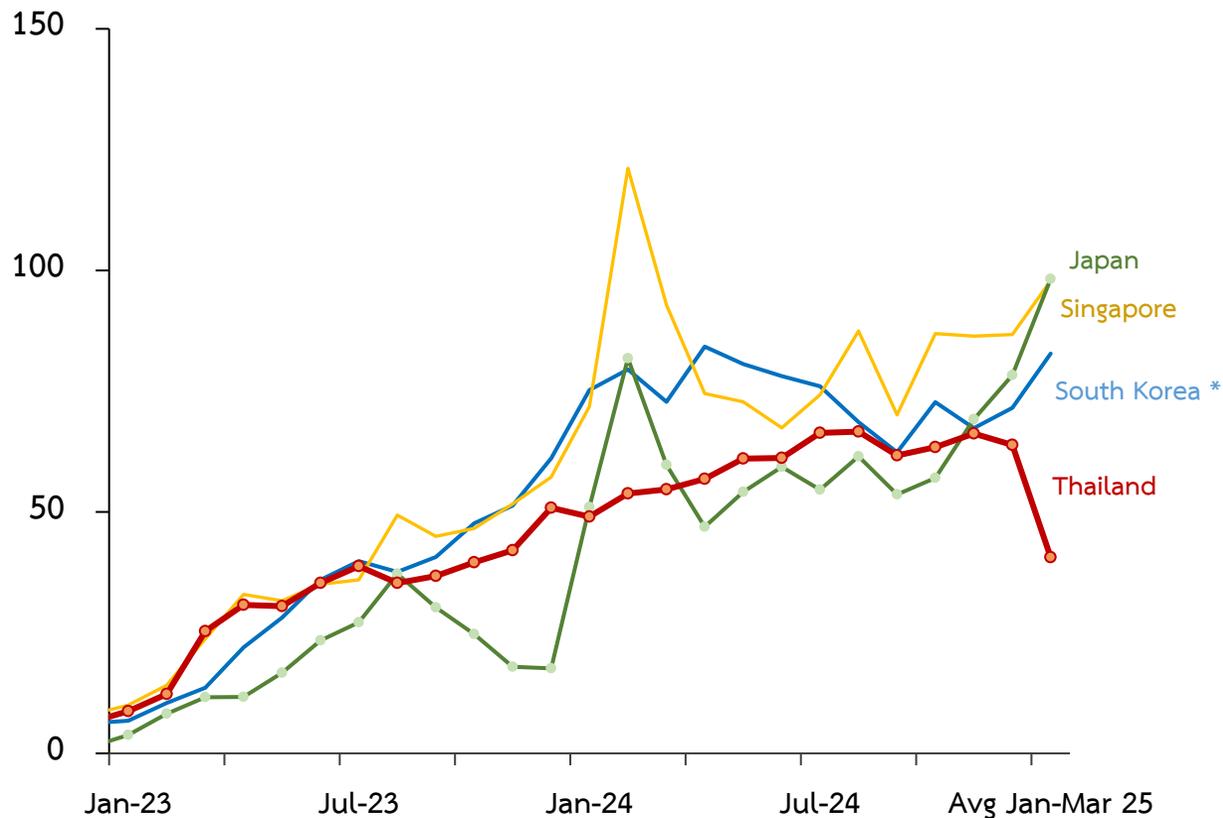
Demand-side economic indicators



Note: PCI = Private Consumption Indicator, PII = Private Investment Indicator  
Source: Bank of Thailand

Numbers of Chinese tourists to each destination

Index sa (2019=100)



Note: \*The number of Chinese tourists to South Korea is an average figure between Jan-Feb 25  
Source: CEIC, calculated by BOT



### Latest developments in global trade policies

- 25% sectoral tariffs (steel & aluminum, autos & parts)\*
  - Sectors under investigation include semiconductors, pharmaceuticals, copper, woods, and certain minerals
- Tariff by country
  - Canada and Mexico have been imposed 25% increase in tariffs on goods that do not fall under USMCA.
  - China has been imposed tariffs of nearly 145%\*\* on almost all goods, and China has retaliated by imposing tariffs of 125% on goods from U.S.
- 10% universal tariffs\*\*\* on all countries except Canada and Mexico
  - Reciprocal tariff has grace period of 90 days (until 8 July 2025)
  - Thailand is subject to 36% reciprocal tariff

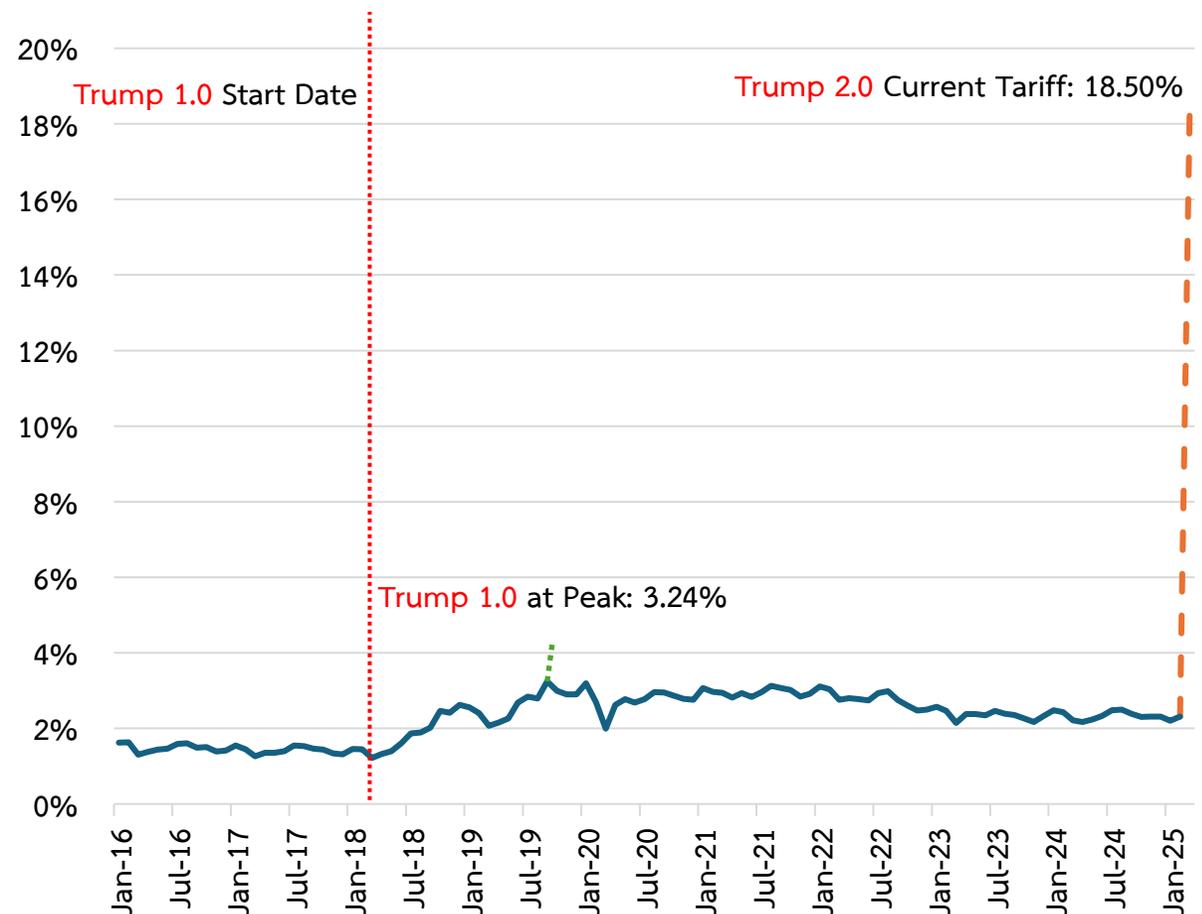
Note: \*This category is subject to tariffs under Section 232. Goods that are subject to 25% tariff will not be subject to additional reciprocal tariffs. The tariffs on automobile parts will take effect on May 3.

\*\* Comprising 20% of import tariffs on all goods without exception, citing drug trafficking for the tariff increase, plus a 125% reciprocal tariff. Exceptions are made for goods already subject to Section 232 tariffs or those under investigation.

\*\*\* Minimum reciprocal tariff (announced on April 2). Country-specific tariffs exceeding 10% are paused for 90 days. The reciprocal tariff would exempt goods already subject to Section 232 and those currently under investigation.

## Tariff situation is highly uncertain

### U.S. Effective Tariff Rate



Source: USITC



	Reference Scenario (Lower Tariffs)	Alternative Scenario (Higher Tariffs)
Scenario	<p>Negotiations are prolonged and delayed. The U.S. periodically grants reciprocal tariff exemptions to trading partners, including tariff reduction for China starting from Q3/2025. Overall situation remains highly uncertain at least until end of 2026.</p>	<p>Negotiation outcomes lead to half reciprocal tariffs for all countries starting from Q3/2025. The U.S. economy is likely to enter technical recession this year.</p>
Assumption on tariff rate (From Q3/2025)	<ul style="list-style-type: none"> <li>• <b>All countries:</b> Universal tariff 10%</li> <li>• <b>China:</b> 54%</li> <li>• <b>Sectoral tariff:</b> 25% (Auto &amp; Parts, Steel &amp; Aluminum)</li> </ul>	<ul style="list-style-type: none"> <li>• <b>All countries:</b> Half reciprocal tariffs from Q3/2025</li> <li>• <b>China:</b> 72.5%</li> <li>• <b>Sectoral tariff:</b> 25% (Auto &amp; Parts, Steel &amp; Aluminum)</li> </ul>



# Trade tensions will impact Thai GDP through exports, imports, and investment with exports being most affected

## Historical Events

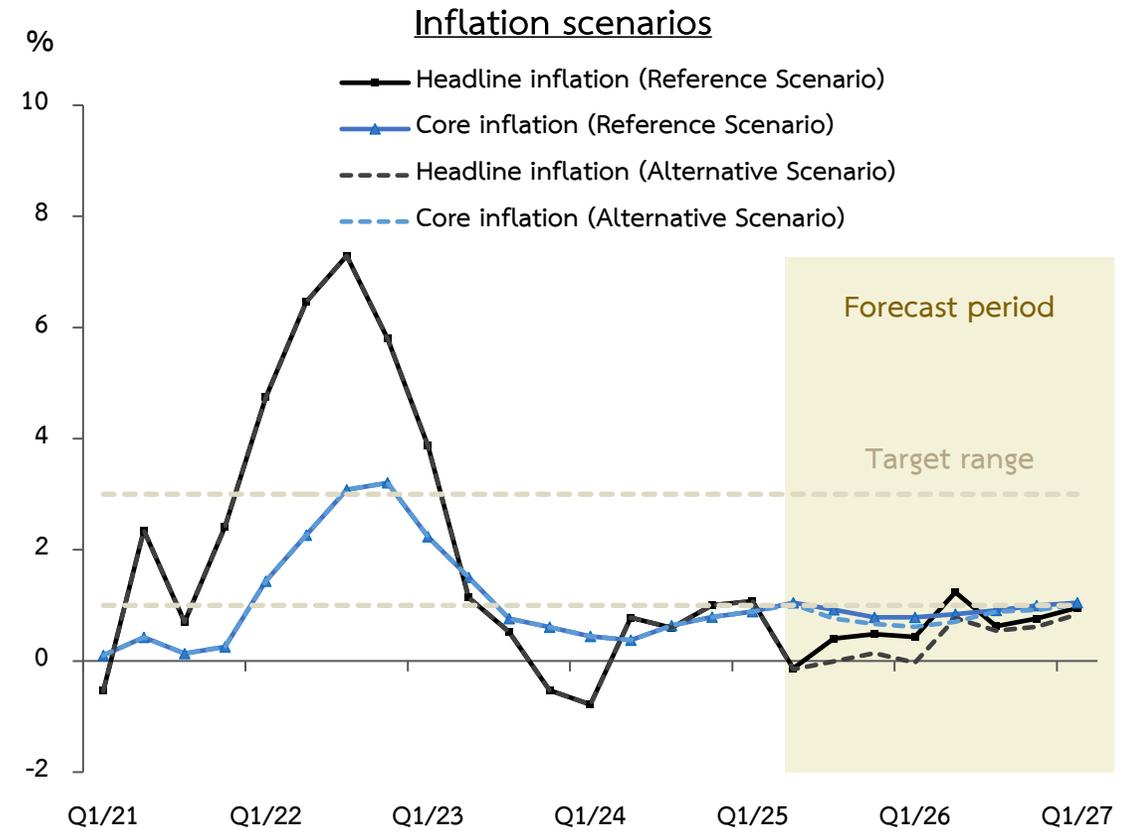
(%)	Global financial crisis (2008)	First trade war (2019)	COVID-19 (2020)
TH export value growth	-13.4	-3.3	-6.5

Channel	Export share (% of total export)	Export value added (% of GDP)	Impact on exports (%chg in total export value)	
			Reference Scenario (Lower Tariffs)	Alternative Scenario (Higher Tariffs)
1. Direct impact on exports to the U.S. <sup>1/</sup>	18.3	1.6	-2.9	-6.3
2. Indirect impact through supply chain to U.S. <sup>2/</sup>	6.2	0.6	-0.3	-0.6
3. Impact through global slowdown	-	-	-0.9	-1.4
Impact on exports (overall impacts over a period of 1 year)			-4.1	-8.3
Impact on GDP (overall impacts over a period of 1 year)			-0.4	-1.0

Note: 1/ Direct impact covers exports to the U.S., excluding electronics as they have not been yet taxed.

2/ Including only exports of raw materials and intermediate goods to China and ASEAN, excluding electronics, for production and onward shipment to U.S.

# Headline inflation below target range due mainly to energy prices



**Causes of lower inflation**

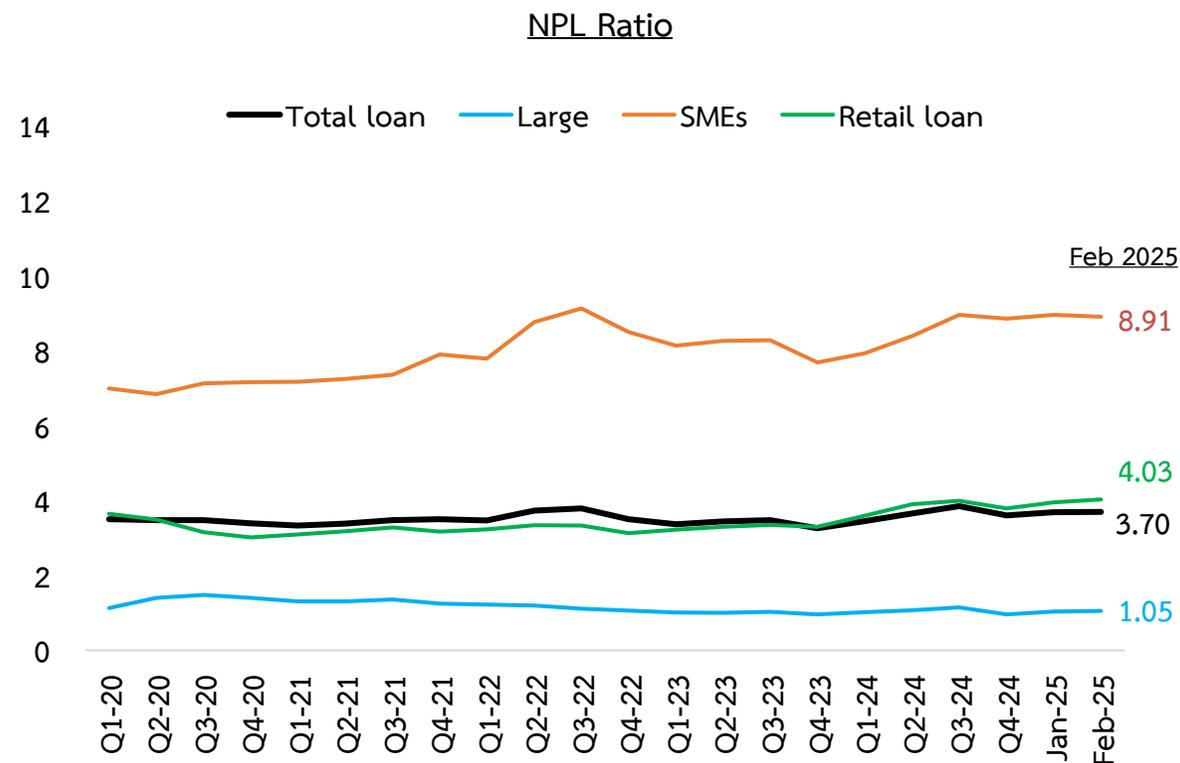
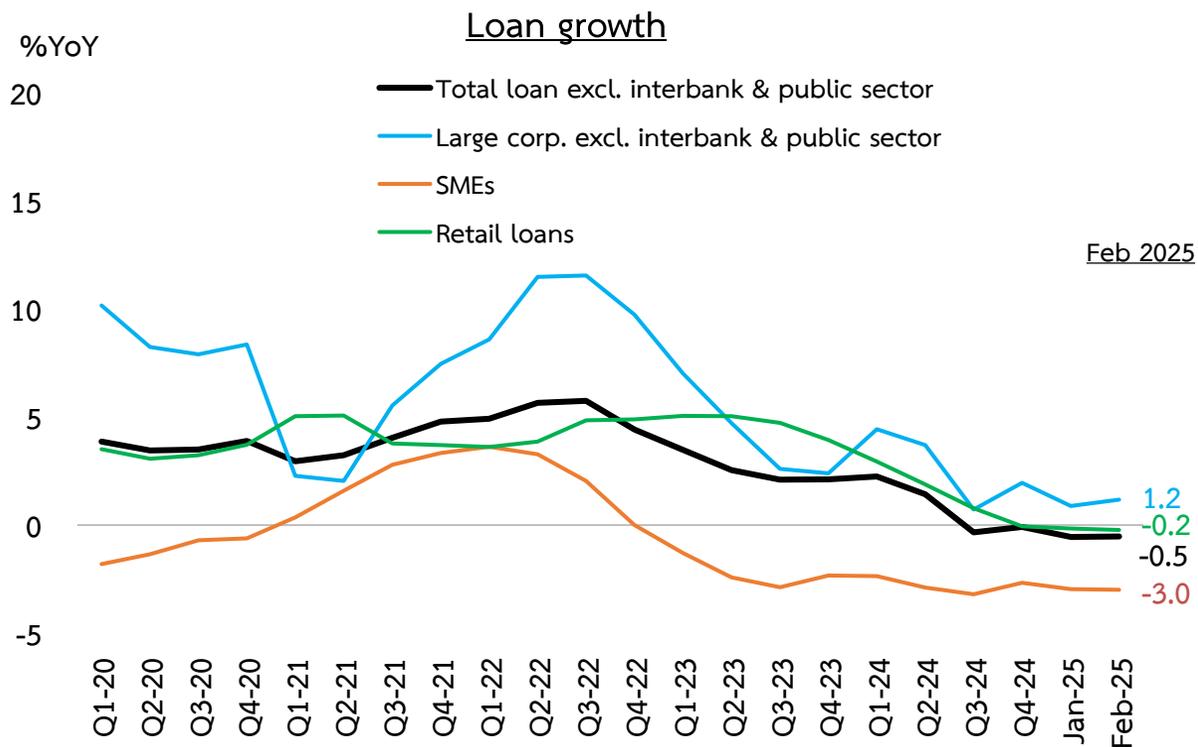
- Global crude prices
- Government energy measures

Dubai oil price (USD/bbl)	Previous Forecast (MPC Dec24)	Reference Scenario (Lower Tariffs)	Alternative Scenario (Higher Tariffs)
2025	77	71	68
2026	-	68	60



Overall loan growth slightly contracted

Loan quality gradually deteriorated



Note: (1) The financial system includes commercial banks (and their subsidiaries), SFIs, and non-banks that are not subsidiaries of commercial banks

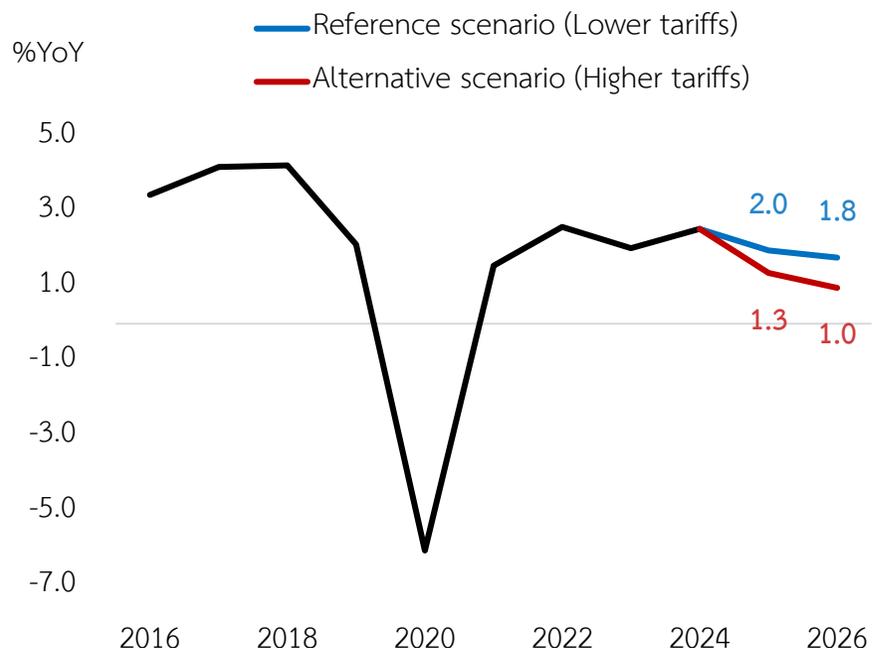
(2) Definition for each business loan size is as follows: For loans from commercial banks and subsidiaries, business's credit line per bank (excluding interbank) as of Feb 24 is used to categorize Large corporate (credit line > 500 MB) and SMEs (credit line ≤ 500 MB). For SFIs and non-banks, OSMEP's criteria is used (based on income and employment).

(3) Loan quality for nano finance: data as of Dec 2024, as the data for January-February 2025 has not yet been reported.



## Economic projections under different scenarios

**Projected economic growth  
under different scenarios**



	Percent	2024*	Reference Scenario (Lower Tariffs)		Alternative Scenario (Higher Tariffs)	
			2025	2026	2025	2026
GDP growth		2.5	2.0	1.8	1.3	1.0
Domestic demand		3.0	2.2	1.5	1.4	0.9
Private consumption		4.4	3.0	2.0	2.5	1.5
Private investment		-1.6	-1.0	0.6	-4.1	-0.7
Government consumption		2.5	1.2	0.5	1.2	0.5
Public investment		4.8	6.2	1.4	6.2	1.4
Exports of goods and services		7.8	1.9	-0.9	0.1	-4.4
Imports of goods and services		6.3	0.6	-0.6	-1.3	-3.8
Current account (billion, U.S. dollar)		11.1	13.0	14.0	11.0	9.0
Value of merchandise exports (%YoY)		5.8	0.8	-2.8	-1.3	-7.0
Value of merchandise imports (%YoY)		6.3	1.0	-2.5	-0.8	-5.7
Number of foreign tourists (million persons)		35.5	37.5	40.5	37.0	39.0
Dubai crude oil price (U.S. dollars per barrel)		79.7	71.0	68.0	68.0	60.0
Headline inflation		0.4	0.5	0.8	0.2	0.4
Core inflation		0.6	0.9	0.9	0.7	0.7

Note: \* Actual data



Most members voted to cut the policy rate by 0.25 percentage point to 1.75 percent to be consistent with the worsening economic outlook, to cope with the increased downside risks, and to align financial conditions with changing economic and inflation outlook.

The Committee assesses that the economic outlook remains highly uncertain, and will deliberate monetary policy going forward to align with the economic and inflation outlook and associated risks