



No. 36/2025

Monetary Policy Committee's Decision 5/2025

Mr. Sakkapop Panyanukul, Secretary of the Monetary Policy Committee (MPC), announced the outcome of the meeting on 8 October 2025 as follows.

**The Committee voted 5 to 2 to maintain the policy rate at 1.50 percent. Two members voted to cut the policy rate by 0.25 percentage point from 1.50 to 1.25 percent.**

The Thai economy is projected to expand in 2025 and 2026 close to previous assessment. Merchandise exports have begun to experience impacts of U.S. trade policies. Meanwhile, tourism and domestic demand have slowed down but are projected to gradually recover going forward. Headline inflation is projected to be lower than previous assessment primarily due to energy and raw food prices. However, there is no sign of a broad-based decline in prices. Overall credit continues to contract, and credit quality of vulnerable groups has deteriorated.

The Committee assesses that monetary policy should be accommodative to support economic recovery. The transmission of previous policy rate cuts to the economy is ongoing. Most committee members give importance to the timing and effectiveness of monetary policy given the limited policy space, and therefore vote to maintain the policy rate at this meeting. Two committee members deem that monetary policy should be further accommodative to ensure that financial conditions remain conducive to economic recovery and to help support liquidity as well as alleviate debt burden of SMEs and vulnerable households.

The Thai economy is projected to expand by 2.2 and 1.6 percent in 2025 and 2026, respectively. In the first half of 2025, the economy expanded in line with previous assessment, driven partly by the front-loading of manufacturing production and exports to the U.S. However, the economy in the second half of 2025 throughout 2026 is expected to slow down due to the impacts of U.S. trade policies. Tourism is anticipated to gradually recover, while private consumption is expected to grow moderately with further support from government stimulus measures. Meanwhile, exports of electronic goods are expected to expand continuously. It is necessary to closely monitor the impacts of U.S. tariff measures, the continuity of government budget disbursement, and SME adjustments in response to intensified competition, limited access to credit, as well as elevated financing costs.



Headline inflation is projected to decline to 0.0 and 0.5 percent in 2025 and 2026, respectively, and is expected to gradually return to the target range by early 2027. The lower inflation is primarily driven by supply-side factors, including declines in global crude prices, government measures to reduce domestic retail oil prices, and lower raw food prices following favorable weather conditions boosting supply. However, deflationary risks remain low as the majority of goods and services prices continue to increase or remain unchanged. Meanwhile, core inflation is expected to remain at 0.9 percent in both 2025 and 2026, with medium-term inflation expectations of the private sector are well-anchored within the target range. The Committee will closely monitor developments in goods and services prices to assess deflationary risks going forward.

Interest rates in banking system and financial markets have declined in line with previous policy rate cuts. However, overall credit growth remains contracted due to weakened demand from large corporates amid heightened economic uncertainty, debt repayments, and cautious lending to high credit risk borrowers, especially SMEs and low-income households. The baht against the U.S. dollar appreciated in certain periods affecting some exporters. The Committee deems it necessary to monitor credit growth and movements of the baht, which could have implications for economic activities, and also supports further targeted financial measures to assist vulnerable groups.

The prevailing monetary policy framework seeks to maintain price stability, support sustainable growth, and preserve financial stability. The Committee views that monetary policy should be accommodative to support the economy and will closely monitor macro-financial developments and risks. The Committee stands ready to adjust the monetary policy stance in response to evolving economic and inflation outlook.

Bank of Thailand  
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