



ธนาคารแห่งประเทศไทย
BANK OF THAILAND

Press Conference

Monetary Policy Committee Decision 5/2025

8 October 2025

Sakkapop Panyanukul

Assistant Governor, Monetary Policy Group



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

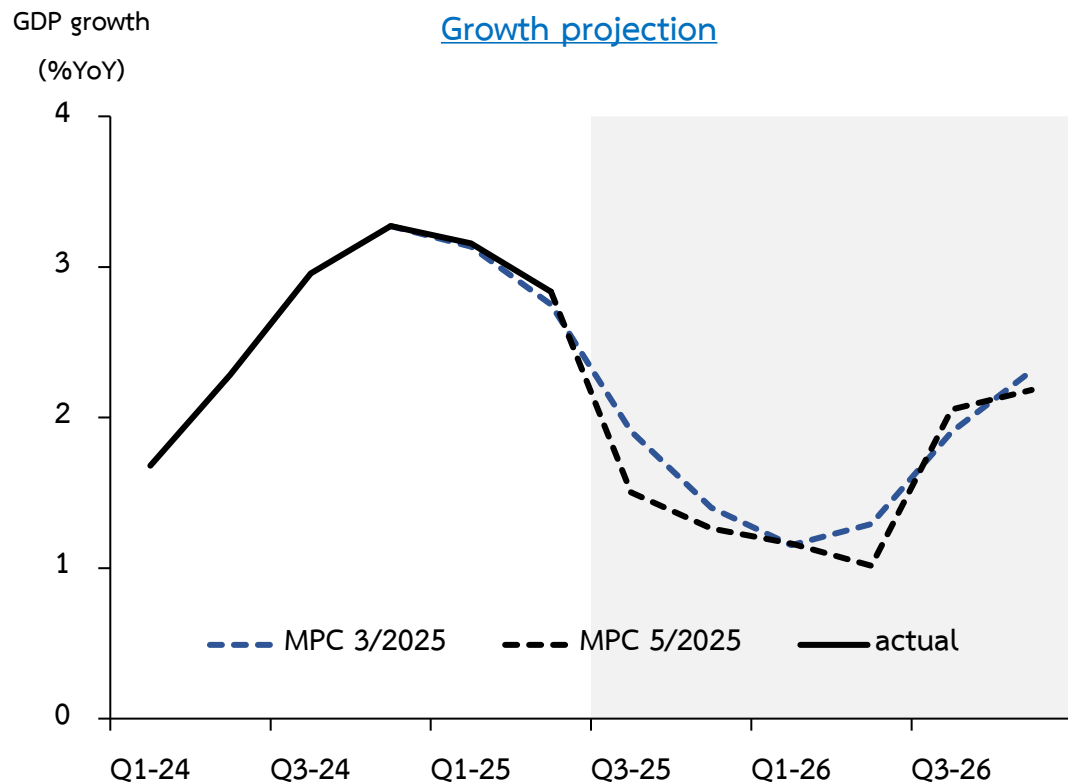
- The Thai economy is projected to expand in 2025 and 2026 close to previous assessment. Merchandise exports have begun to experience impacts of U.S. trade policies. Meanwhile, tourism and domestic demand have slowed down but are projected to gradually recover going forward.
- Headline inflation is projected to be lower than previous assessment primarily due to energy and raw food prices. Deflation risks remain low with no sign of a broad-based decline in prices. However, it is crucial to monitor risks to inflation going forward.
- Overall credit continues to contract due to weakened loan demand and cautious lending by financial institutions. Meanwhile, SME credit quality has further deteriorated.

The Committee views that monetary policy should be accommodative to support economic recovery. Most committee members give importance the timing and effectiveness of monetary policy given the limited policy space. 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.



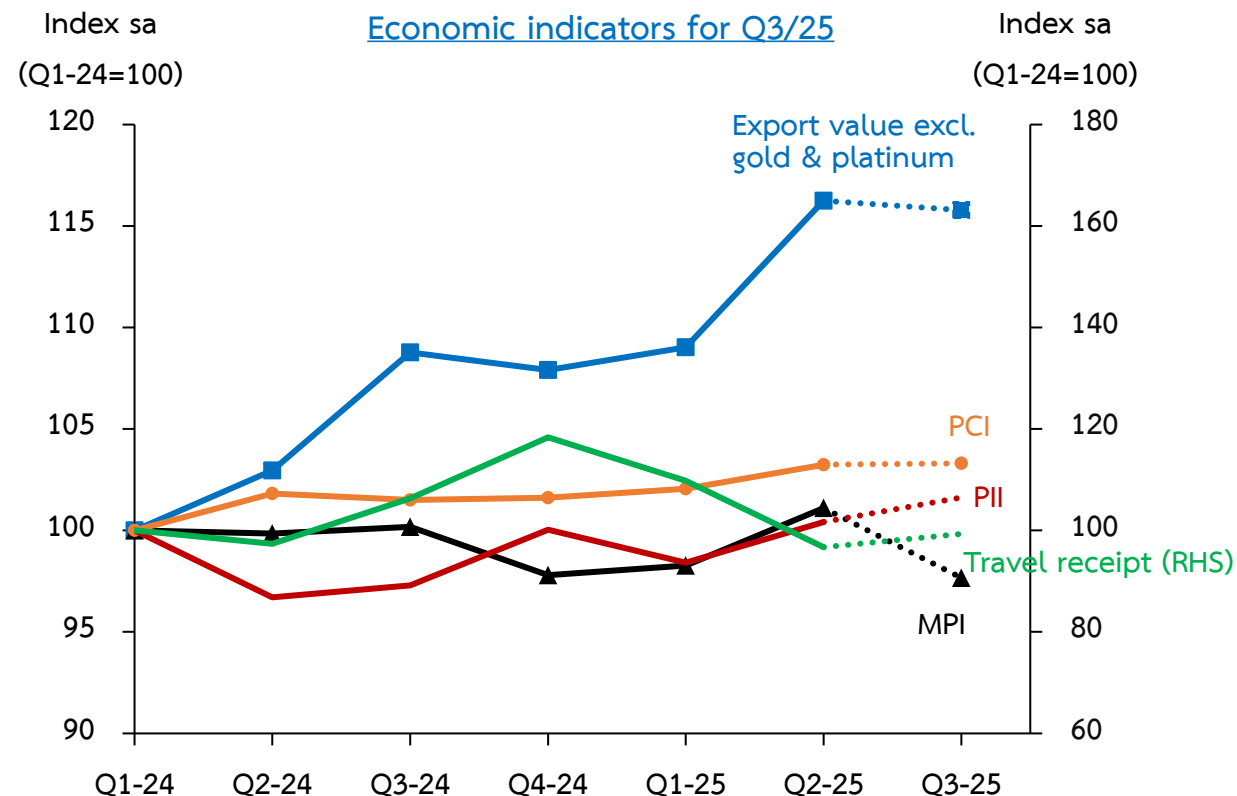
The Thai economy is projected to slow down in line with the previous assessment

The Thai economy expanded in H1/25 as anticipated but is projected to moderate subsequently



Source: NESDC, BOT calculation

The slowdown in Q3/25 is due partly to temporary production suspension



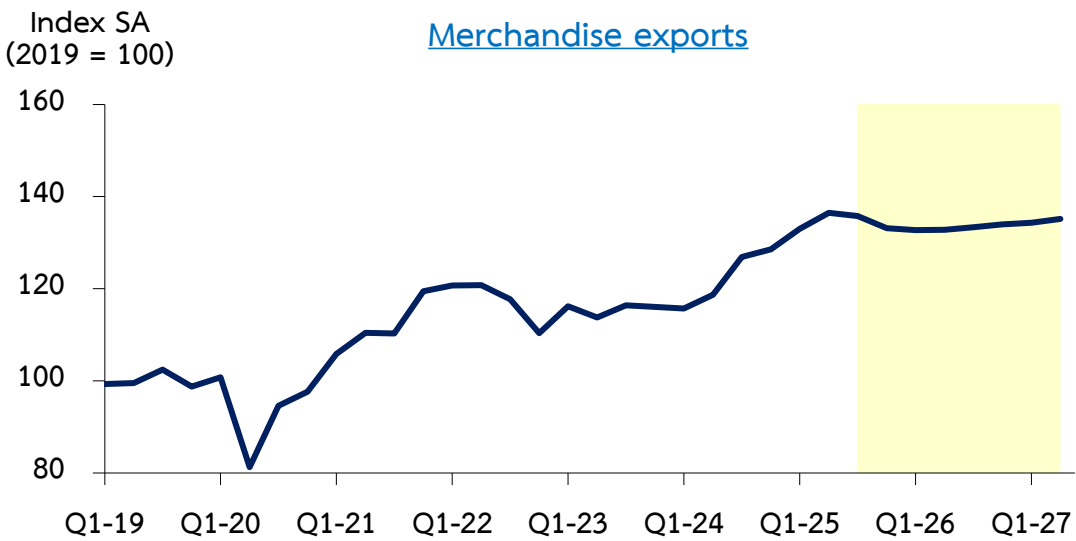
Sources: Customs Department, Office of Industrial Economics, and BOT

Note: PCI = private consumption indicators, PII = private investment indicators, MPI = manufacturing production index



The impact of U.S. trade policies on Thai exports is less than anticipated, while tourism gradually recovers

Exports will be affected by U.S. trade policies since H2/25 but less than anticipated. Meanwhile, electronics exports continue to expand.

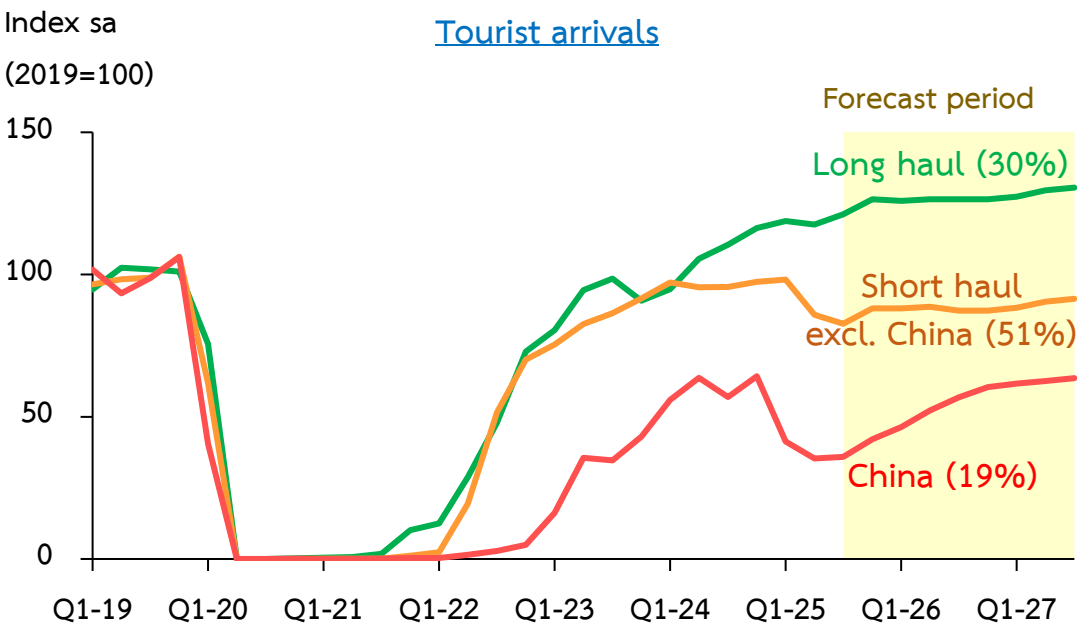


Export value (%YoY)	2024	H1-25	H2-25 ^F	2025 ^F	2026 ^F
MPC Oct 25 (average 2010-2019 = 5.2%)	5.9	15.0	5.3	10.0	-1.0

Note: ^F forecast

Sources: Customs Department and Ministry of Commerce, BOT calculation

Tourism gradually recovers, as reflected in increases in seat capacity. Long-haul tourist arrivals continue to expand, while Chinese tourists gradually return.



Note: () is share in total tourist arrivals in 2024

MPC Oct 25	2024	2025 ^F	2026 ^F
Number of tourists (millions)	35.5	33.0	35.0
<i>o/w China</i>	6.7	4.4	6.0

Note: R = Revised F = Forecast

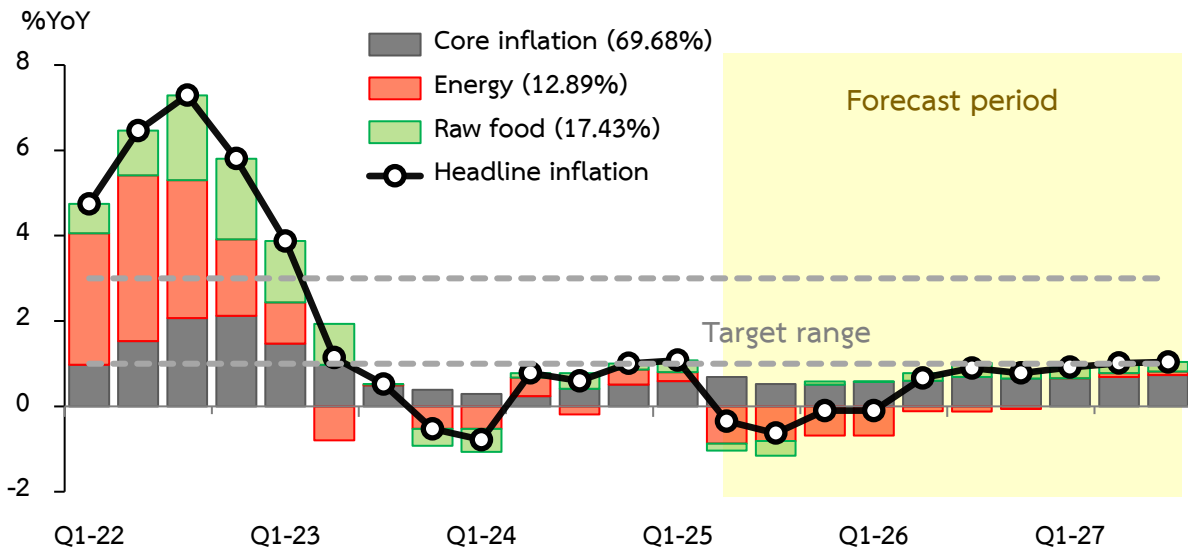
Source: Ministry of Tourism and Sports, BOT calculation



Inflation is expected to remain subdued due primarily to supply-side factors,
and is expected to gradually return to the target range by early 2027

Headline inflation declines due to energy and raw food prices,
while core inflation remains steady

Inflation

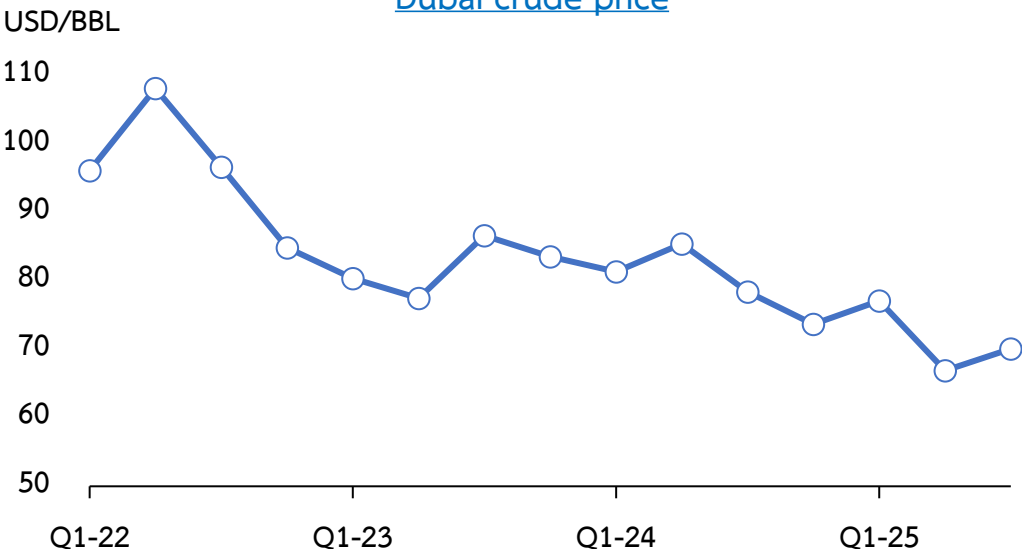


%YoY	2024	2025 ^F	2026 ^F	2027 ^F
Headline inflation	0.4	0.0	0.5	1.0
Core Inflation	0.6	0.9	0.9	1.0

Note: ^F forecast Source: Ministry of Commerce, BOT calculation

Crude prices continue to decline
due to increased global supply

Dubai crude price



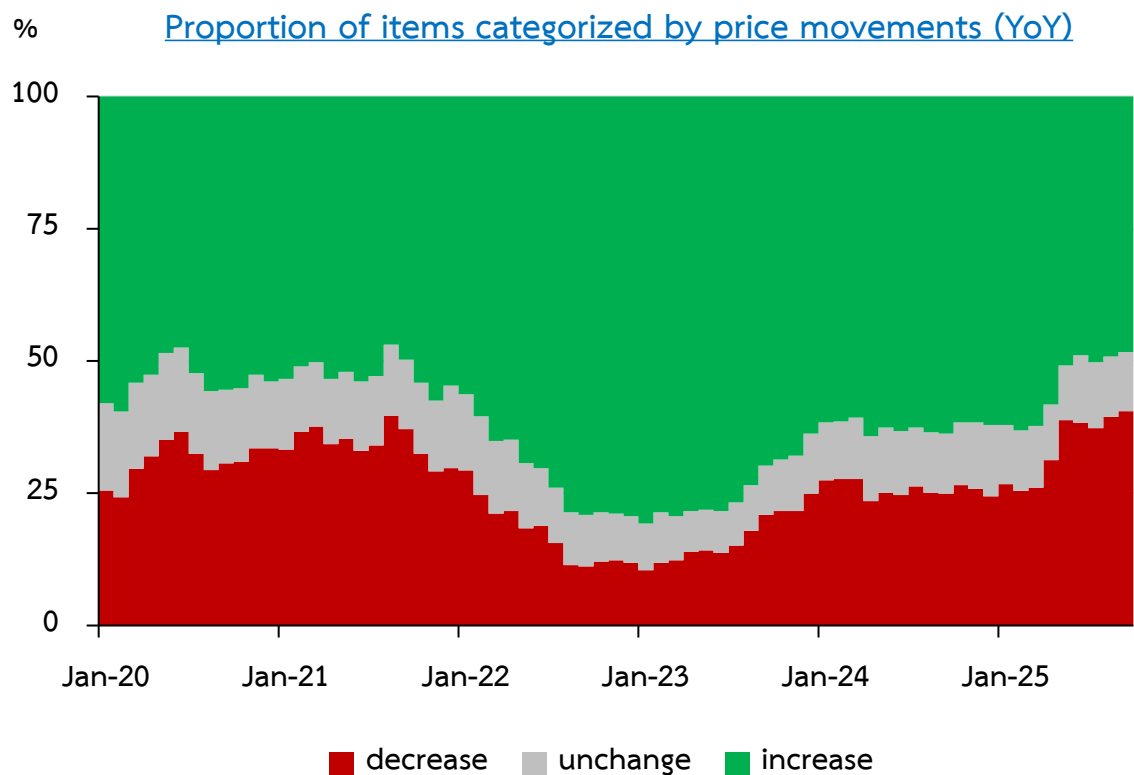
USD/BBL	2024	2025 ^F	2026 ^F
MPC Jun 25	79.6	73	70
MPC Oct 25		70	65

Note: ^F forecast Source: Bloomberg, BOT calculation



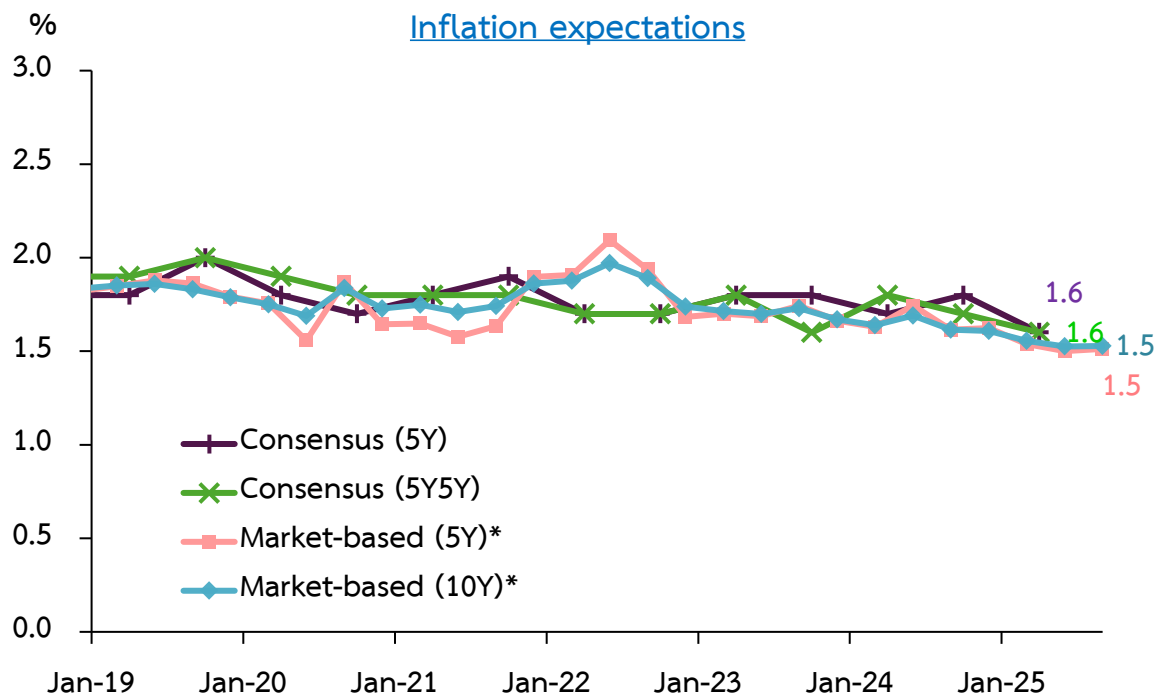
Low level of headline inflation does not reflect deflation

The majority of goods and services prices in CPI continue to increase or remain unchanged, while the share of CPI items with declining prices remains close to historical levels



Source: Ministry of Commerce, BOT calculation.

Medium-term inflation expectations are well-anchored within the target range



Note: * Forecast based on affine term structure model using yield curve data and macroeconomics factors

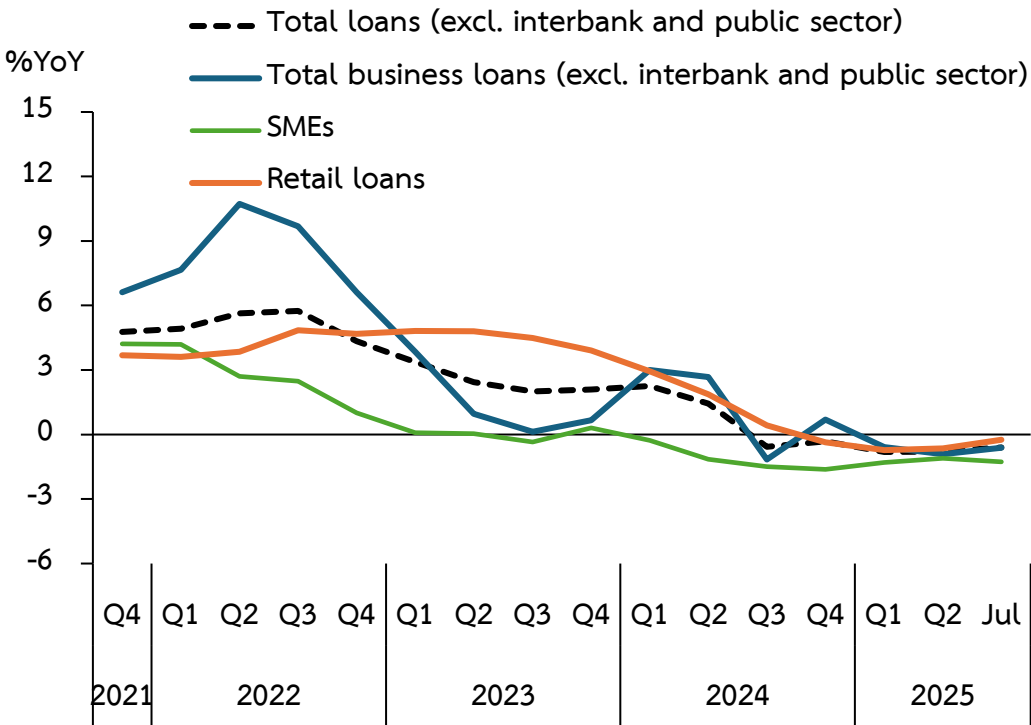
Sources: Asia Pacific Consensus Economics, Ministry of Commerce, and BOT



Overall loan growth remains negative close to previous periods due partly to heightened credit risks of borrowers

Business and retail loan growth remains negative
at rates close to previous periods

Business and retail loan growth

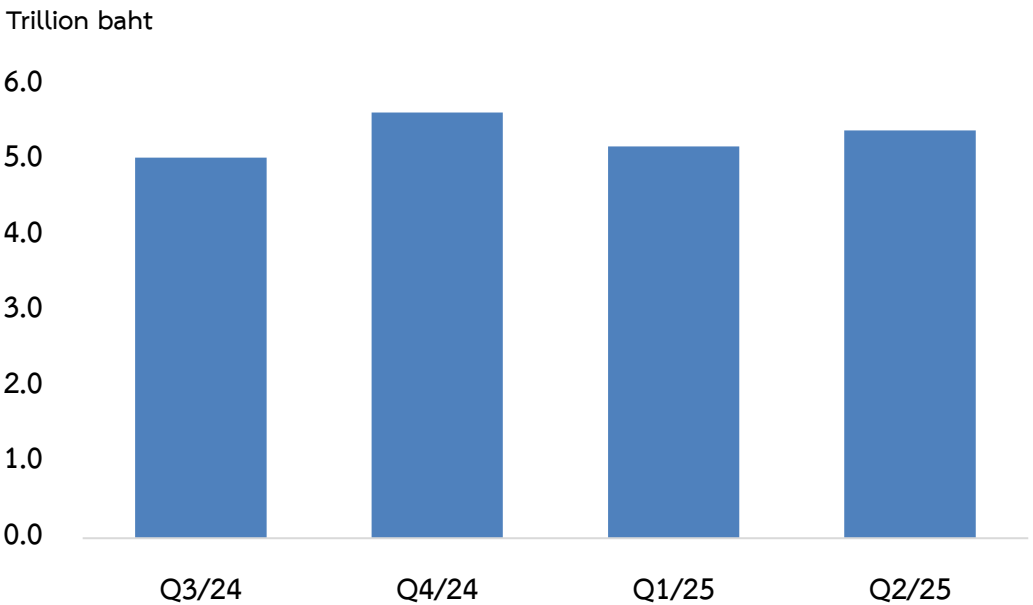


Source: BOT

Note: Financial institutions including commercial banks (and subsidiaries), SFIs, and non-banks that are not subsidiary of commercial banks. For retail loans, the coverage includes commercial banks (and subsidiaries), SFIs, and non-banks under regulation. For business loans, business size is defined through a combination of the Office of SMEs Promotion’s criteria and credit lines.

New loans continue to expand

Total amount of new loans



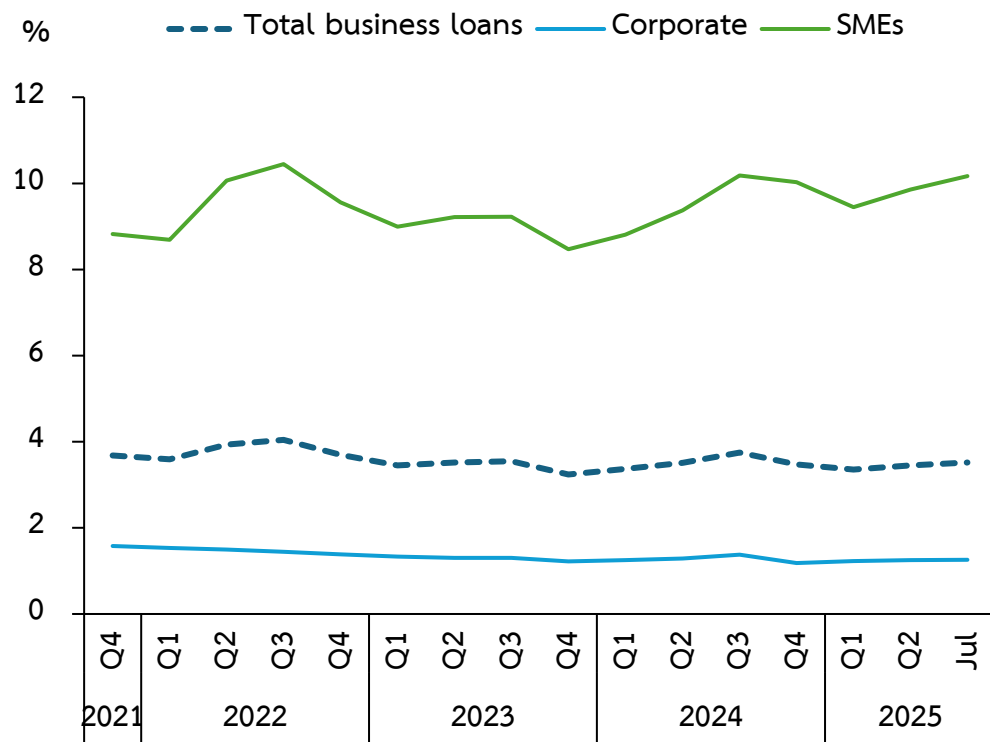
Source: BOT

Note: The coverage of new loans includes only commercial banks, reported quarterly and excluding rollover loans.

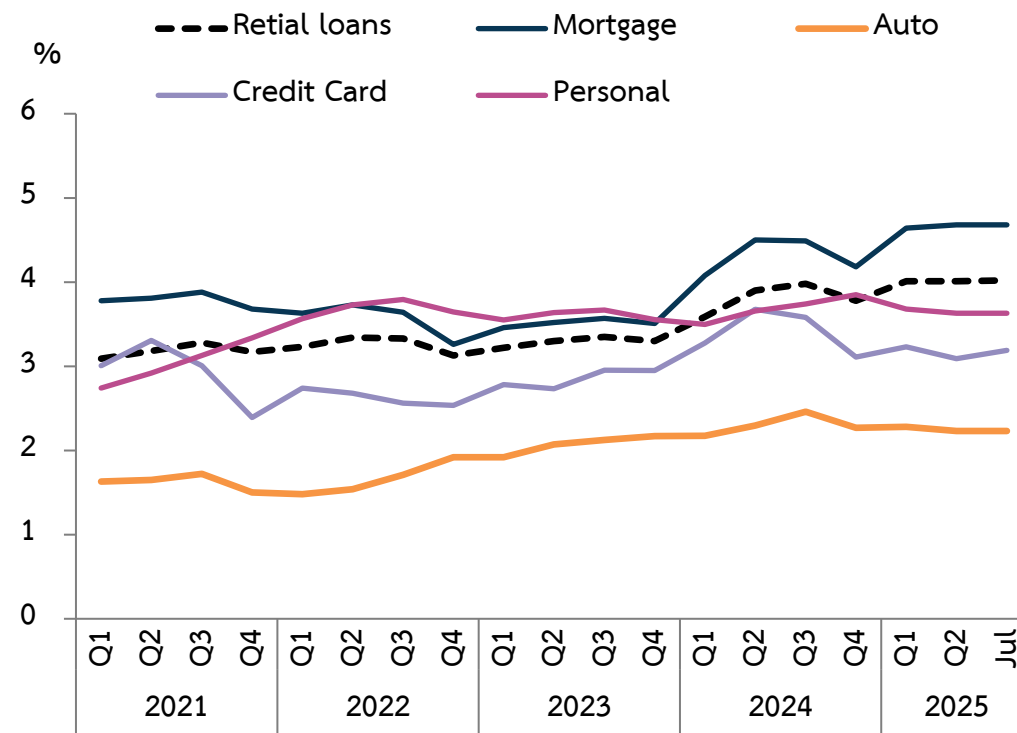


Credit quality is broadly stable, although SME loan quality deteriorates

Business loan NPL ratios



Retail loan NPL ratios



Source: BOT

Note: (1) Data covers loans from financial institutions including commercial banks (and subsidiaries), SFIs, and non-banks that are not subsidiary of commercial banks.

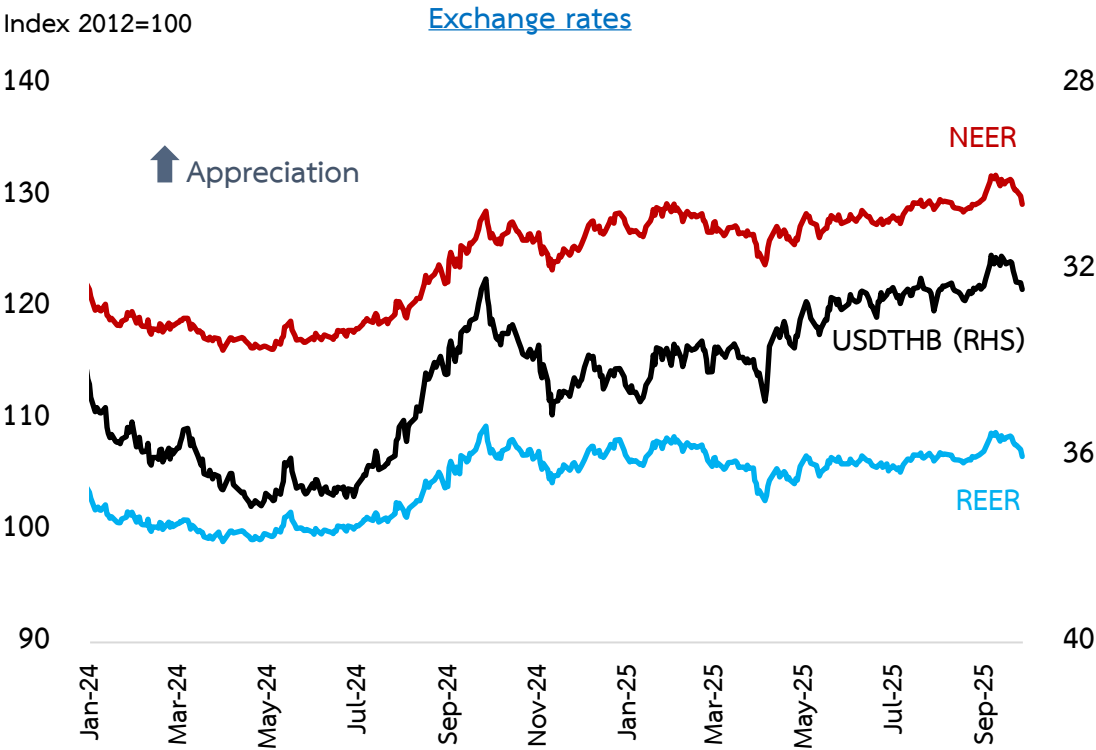
(2) Business size is defined through a combination of the Office of SMEs Promotion's criteria and credit lines.



Appreciation of the baht against U.S. dollar has affected exporter revenues

The baht has appreciated against the U.S. dollar since early 2025, while effective exchange rates have remained relatively stable.

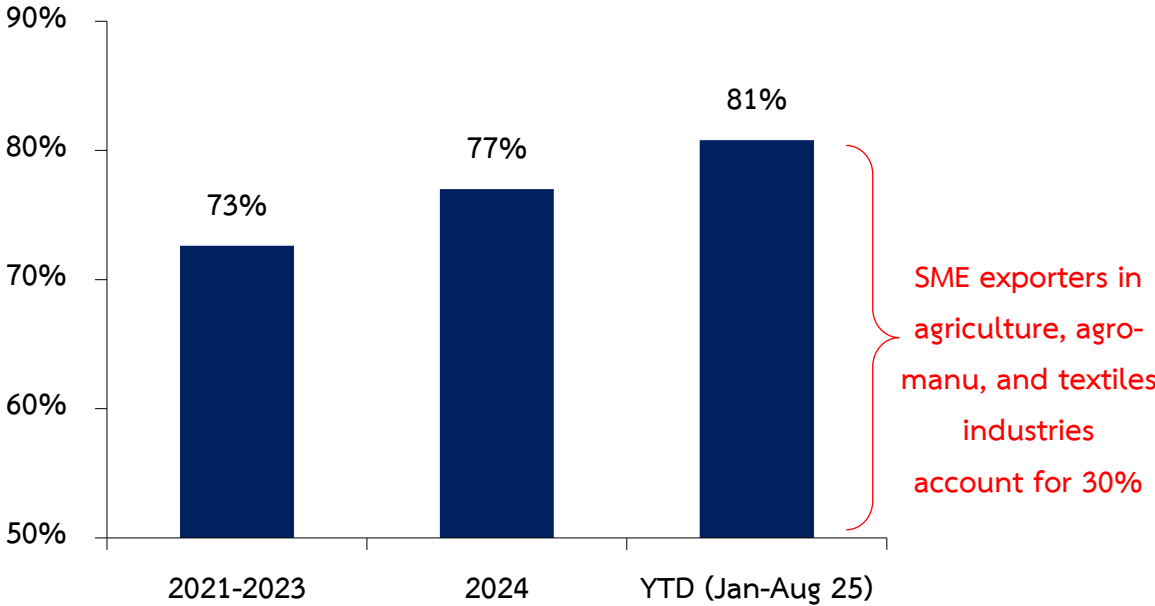
Exporters, particularly in agricultural, agro-manufacturing, and textile industries, as well as unhedged SME exporters, significantly affected by baht appreciation.



Note: Data as of 30 Sep 25

Sources: Bloomberg and BOT

Proportion of unhedged SME exporters to total SME exporters



Note: Business size is classified by income definition of The Office of SMEs Promotion’s criteria and calculated based on financial statement data in 2023.

Sources: Customs Department, Department of Business Development, and BOT, BOT calculation

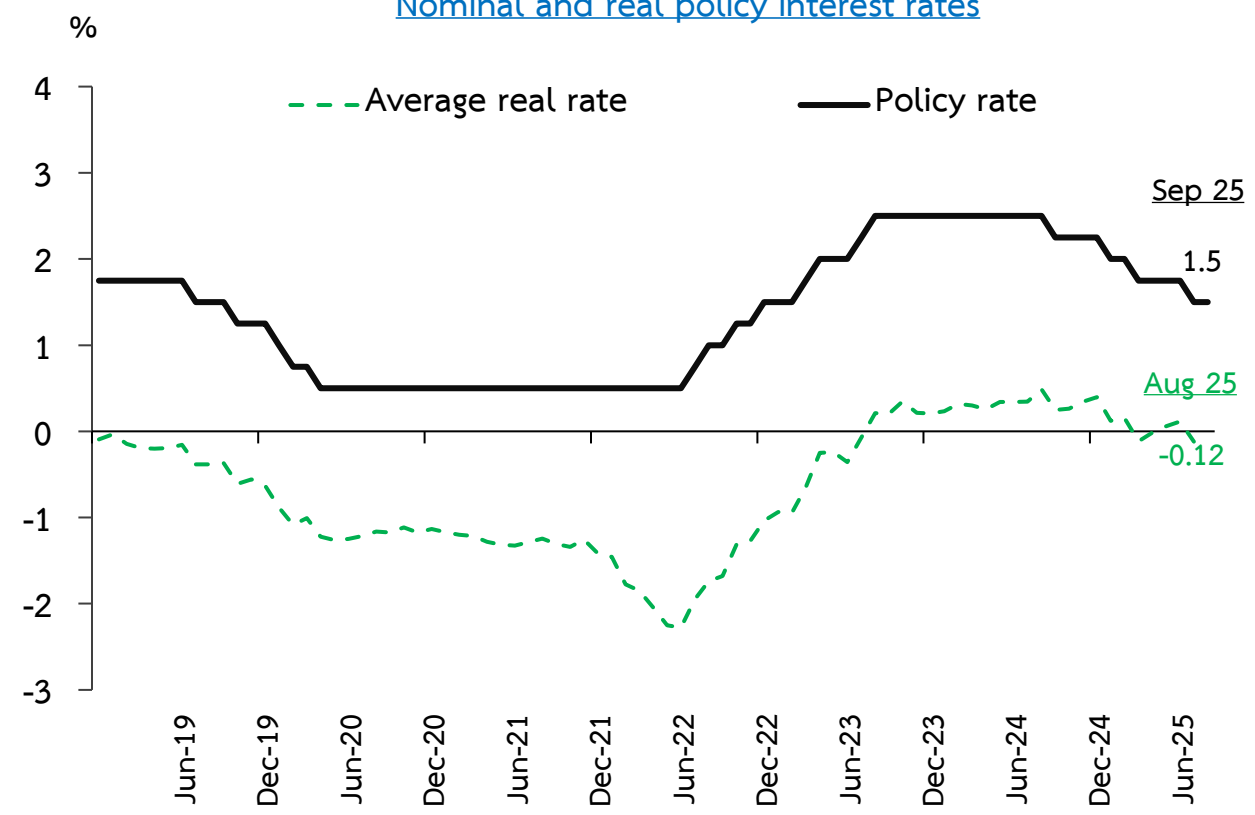


Monetary policy stance remains accommodative

Monetary policy remains accommodative

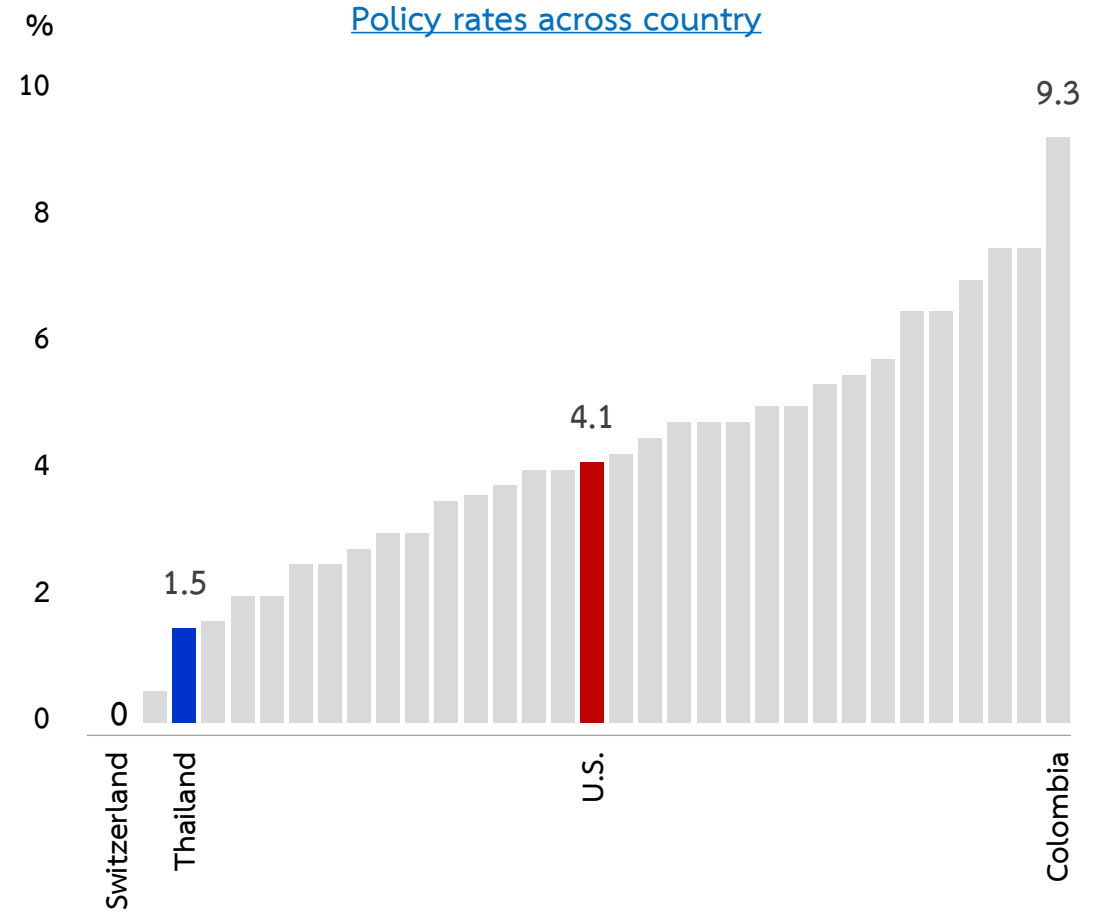
Thai policy rate remains relatively low in comparison with other countries

Nominal and real policy interest rates



Note: The average real rate is calculated by subtracting inflation expectations from nominal policy rate. Inflation expectations include one-year-ahead expectations from businesses, households, and economic experts, as well as five-year-ahead expectations from professional forecasters.

Policy rates across country



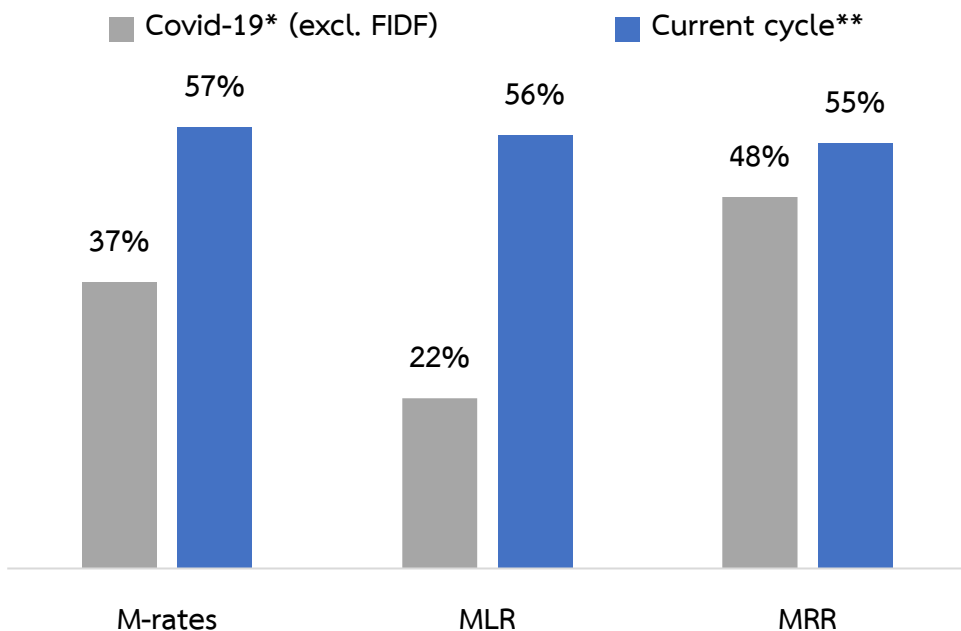
Note: Policy interest rates in 33 countries
Source: BIS



Interest rate transmission has been higher than previous cycle

Average policy rate passthrough to M-rates in current cycle is higher than previous cycle, driven by the strong transmission in the most recent cut

MP transmission (%): compared to the past cycle



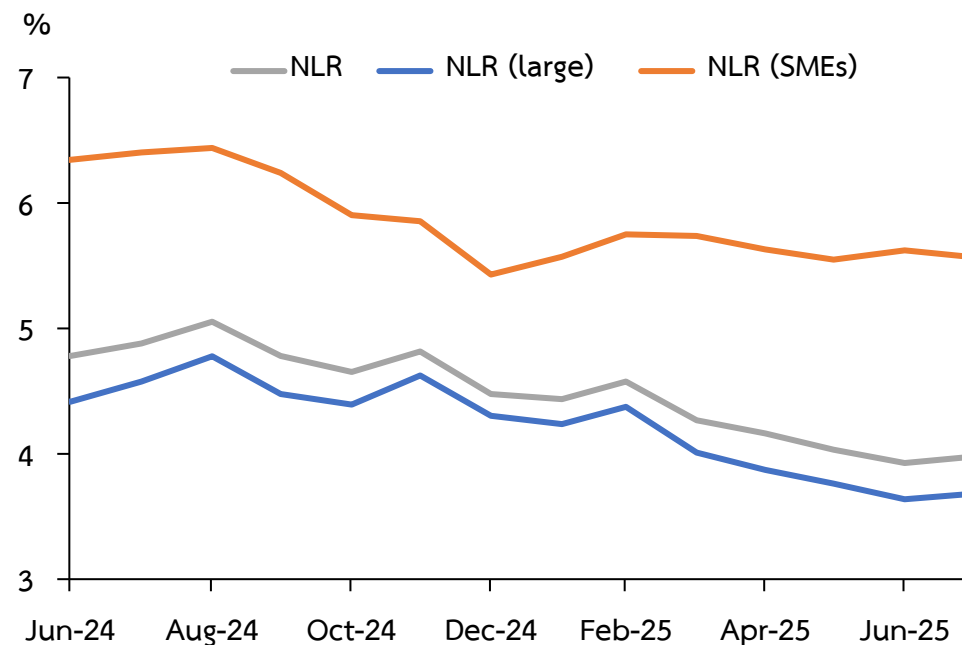
Note: M-rates transmission is calculated as the weighted average passthrough of MLR, MOR, and MRR based on share of loans of Thai commercial bank

*Covid transmission excluded FIDF fee (2020-21)

** Current transmission includes previous four policy rate cuts as of 29 Aug 25

New loan rates decline in line with the policy rate cuts

New loan rates



Note: New Loan Rate (NLR) is monthly average (as of Jul 2025), Firm size is defined through a combination of the Office of SMEs Promotion's criteria and credit lines. 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, BOT calculation



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.

Key monitoring factors

- The recovery of tourism and domestic demand
- Deflationary risks
- Credit growth and movements of the baht



Macroeconomic projection as of October 2025

Annual percentage change	2024*	2025	2026
GDP growth	2.5	2.2	1.6
Domestic demand	3.0	1.7	1.8
Private consumption	4.4	2.1	1.8
Private investment	-1.6	0.3	1.4
Government consumption	2.5	0.8	0.6
Public investment	4.8	5.1	6.5
Exports of goods and services	7.8	7.3	-0.3
Import of goods and services	6.3	4.3	0.4
Current account (billion, U.S. dollar)	11.6	16.0	13.0
Value of merchandise exports (%YoY)	5.9	10.0	-1.0
Value of merchandise imports (%YoY)	5.5	10.2	0.0
Number of foreign tourists (million persons)	35.5	33.0	35.0
Tourism receipt (Trillion baht)	1.4	1.4	1.5
Dubai crude oil price (U.S. dollar per barrel)	79.6	70.0	65.0
Headline inflation	0.4	0.0	0.5
Core inflation	0.6	0.9	0.9

Note: * Outturns