



ธนาคารแห่งประเทศไทย  
BANK OF THAILAND

# Monetary Policy Report Q4/2025



# Monetary Policy Report

The Monetary Policy Report is prepared quarterly by staff of the Bank of Thailand with the approval of the Monetary Policy Committee (MPC). It serves two purposes: (1) to communicate to the public the MPC's consideration and rationales for the conduct of monetary policy, and (2) to present the latest set of economic and inflation forecasts, based on which the monetary policy decisions were made.

## The Monetary Policy Committee

Mr. Vitai Ratanakorn	Chairman
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Mr. Piti Disyatat	Vice Chairman
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Ms. Suwannee Jatsadasak	Member
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Mr. Paiboon Kittisrikangwan	Member
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Mr. Rapee Sucharitakul	Member
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Mr. Santitarn Sathirathai	Member
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Mr. Charl Kengchon	Member
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# Monetary Policy in Thailand

## Monetary Policy Committee

Under the Bank of Thailand Act, the Monetary Policy Committee (MPC) comprises the governor and two deputy governors, as well as four distinguished external members representing various sectors of the economy, with the aim of ensuring that monetary policy decisions are effective and transparent.

## Monetary Policy Objective

The MPC implements monetary policy under the flexible inflation targeting regime. While regarding medium-term price stability as its primary objective, the MPC also aims at supporting sustainable, full-potential economic growth and preserving financial stability, attributing to long-term price stability and economic sustainability.

## Monetary Policy Target

On December 24, 2024, the Cabinet approved the monetary policy target for 2025, which was mutually agreed between the MPC and the Minister of Finance to set the headline inflation within the range of 1–3 percent as the target for the medium-term horizon and for 2025.

In the event that average headline inflation in the past 12 months or a forecast of average headline inflation over 12 months ahead breaches the target range, the MPC shall send an open letter to the Minister of Finance to explain reasons for the breach of the target range, together with measures taken and estimated time to bring inflation back to the target. Furthermore, the MPC will write an additional open letter to the Minister of Finance every six months if average headline inflation based on the above criteria remains outside the target range.

## Monetary Policy Instrument

The MPC utilizes the 1-day bilateral repurchase transaction rate as the policy interest rate to signal the monetary policy stance.

The MPC has adopted the managed float exchange rate regime to stabilize and limit the volatilities in the exchange rate, as to let the baht reflect economic fundamentals

## Evaluation of Economic Conditions and Forecasts

The Bank of Thailand takes into account information from all sources, the macroeconomic model, data from each economic sector, as well as surveys of large enterprises, together with small and medium-sized enterprises from all over the country, and various financial institutions to ensure that economic evaluations and forecasts are accurate and cover all aspects, both at the macro and micro levels.

## Monetary Policy Communication

Recognizing the importance of monetary policy communication to the public, the MPC employs various channels of communication, both in Thai and English, such as (1) publishing a press statement at 14:00 and holding a press conference regarding the results of the meeting at 14:30 on the day of the Committee meeting, (2) publishing edited minutes of the MPC meeting two weeks after the meeting, and (3) publishing the Monetary Policy Report every quarter.



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Data in this report is as of 17 December 2025 (the day of the monetary policy decision) unless stated otherwise.

## Executive Summary of Monetary Policy Report Q4/2025

### Economic growth, inflation, and financial stability

The Thai economy is projected to grow 2.2% in 2025. Economic activities in the second half of 2025 is expected to moderate relative to the first half of year reflecting temporary production halts to improve production efficiency in certain industries —such as the petrochemicals and automotive sectors and a decline in short-haul tourist arrivals, particularly from China. In addition, flooding in Southern Thailand is expected to impact economic activities in the affected areas, with spillover effects continuing into early next year.

Looking ahead, the Thai economy is expected to moderate from 2025 and expand below potential at 1.5% in 2026 and 2.3% in 2027. This is due to a slowdown in private consumption in line with income, a merchandise exports affected by U.S. tariffs, and a moderation in public expenditure growth in line with the FY2027 budget, which envisages a narrowing fiscal deficit consistent with the latest medium-term fiscal framework. Nonetheless, the services sector is expected to gradually recover, supported by an anticipated increase in foreign tourist arrivals, and private investment is expected to improve, driven by new foreign direct investments supported by the Thailand FastPass measure (Box 1 : Thailand’s investment opportunities arising from investment trends among tech businesses and the Thailand FastPass measure). Going forward, risks warrant close monitoring, including the possibility of additional U.S. tariff measures and delays in the Fiscal Year 2027 budget process that may be longer than expected. **The Committee assesses that the Thai economy faces pressures from cyclical factors that are likely to be more prolonged, alongside structural challenges.** These include merchandise exports affected by U.S. tariff measures and the baht’s appreciation, softening domestic demand, and increasingly difficulties in business adjustment, particularly among SMEs, which face challenges related to competition and limited access to credit. Addressing the aforementioned challenges require a combination of various policy tools to enhance the competitiveness of Thai businesses.

**Headline inflation is expected to remain subdued, driven mainly by supply-side factors. It is projected to average -0.1% in 2025, 0.3% in 2026, and 1.0% in 2027** before gradually returning to the target range in the first half of 2027. Low inflation is attributed to declining global energy prices, together with limited demand-side inflationary pressures in an environment of below-potential economic growth. The Committee assesses that deflationary risks remain low, as reflected in the absence of persistent and broad-based declines in the prices of goods and services. Core inflation is expected to

remain stable at 0.8%, 0.8%, and 1.0% in 2025, 2026, and 2027 respectively. Medium-term inflation expectations eased somewhat but remain anchored within the target range. Nonetheless, the Committee viewed that it is still necessary to closely monitor deflation risks going forward.

**Interest rates in the banking system and money market have declined in line with recent policy rate cuts**, which have helped to lower financing costs and somewhat alleviate debt burdens for businesses and households. However, the degree of pass-through to borrowing costs differs across borrower groups (Box 2: Monetary policy transmission). Nonetheless, credit growth continued to decline, partly due to a slowdown in consumption spending and investments by the private sector amid increased uncertainties. Meanwhile, banks remain cautious in lending to borrowers with high credit risks namely SMEs and low-income households. The Committee viewed that it appropriate to closely monitor credit expansion and to support targeted financial measures to assist vulnerable groups. **With regard to the exchange rate, the baht against the US dollar** has appreciated and remains among the leading currencies in the region, reflecting revisions to expectations regarding the US Federal Reserve’s policy rate trajectory as well as Thailand-specific factors. The Committee judges it appropriate to closely monitor movements in the baht, including considering measures to address transactions that exert significant pressure on the exchange rate.

### Monetary policy decision in the fourth quarter of 2025

**At the MPC Meeting on 17 December 2025, the MPC judged that monetary policy could be more accommodative given the apparent economic slowdown and heightened risks**, to ensure that financial conditions support the economic recovery and alleviate the debt burden of vulnerable groups, as well as enhance the effectiveness of financial measures and government policies. **The MPC therefore voted unanimously to cut the policy rate by 25bps from 1.50% to 1.25%.**

Under the prevailing monetary policy framework aimed at maintaining price stability, supporting sustainable growth, and preserving financial stability, the Committee viewed that monetary policy should remain accommodative to support the economic recovery and will continue to monitor macro-financial developments and risks. The MPC also stands ready to adjust the monetary policy stance in response to the evolving economic and inflation outlook, whilst also considering the need to safeguard financial stability over the long term as well as the need to preserve the already limited policy space to response to shocks.

# Global economic growth is expected to moderate as the impact of U.S. tariff measures gradually transmitted to the economy



Global economic growth is expected to moderate in 2026 before improving slightly in 2027. Global trade volume would decline but continue to receive support from investment in AI.

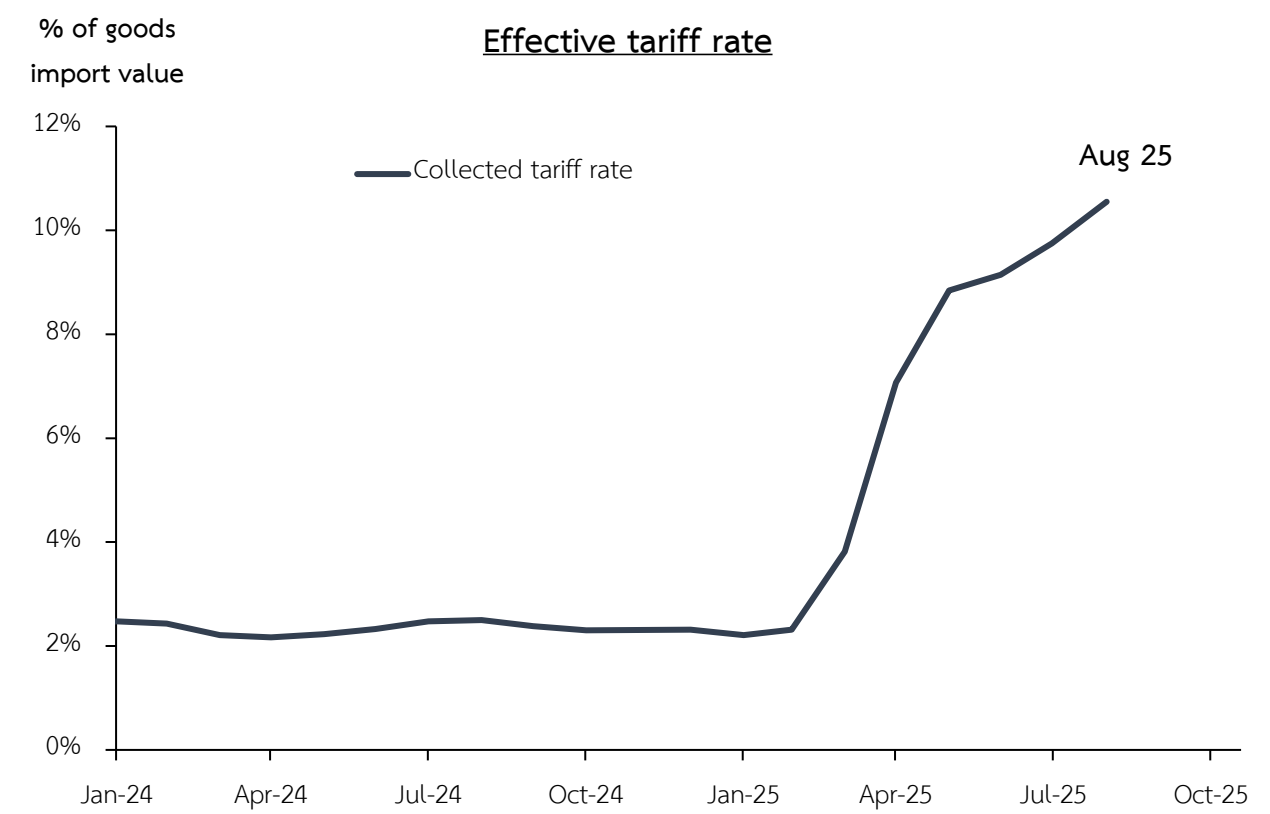
Inflation in most countries remains close to their target ranges. It is expected that most central banks would end their easing cycle in 2026.

The global economy continues to face risks from U.S. import tariff policies and geopolitical conflicts. Developments in AI technology and their implications for the economy going forward warrant close monitoring.

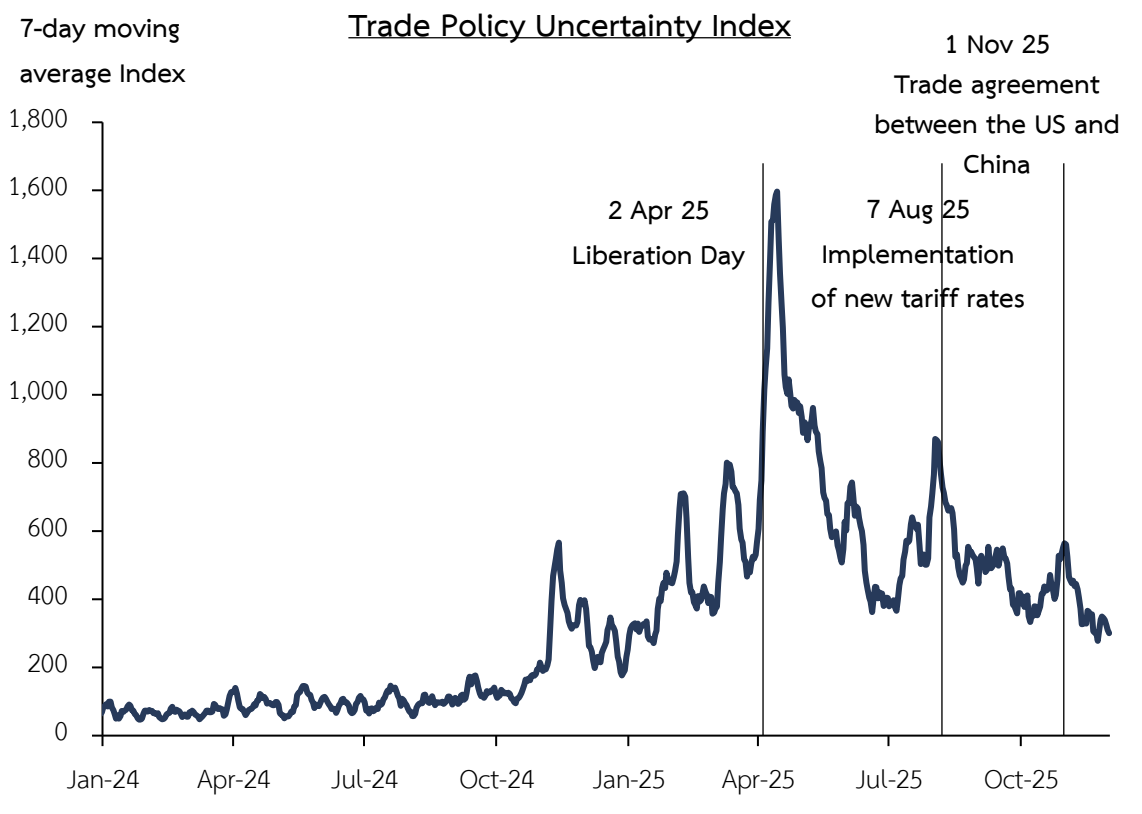
Global trade is expected to slow in 2026 and 2027 due to significant increases in U.S. tariffs. Although global trade policy uncertainty is gradually declining, it remains a risk that warrants continued monitoring.

The effective tariff rate of the U.S. has risen from 2.3% to about 11%, leading to higher trade costs and exerting pressure on global trade in the period ahead.

Trade-related uncertainties remain higher than in 2024, despite having eased somewhat following the U.S reaching trade deals with many countries.



Source: United States International Trade Commission, calculated by BOT.

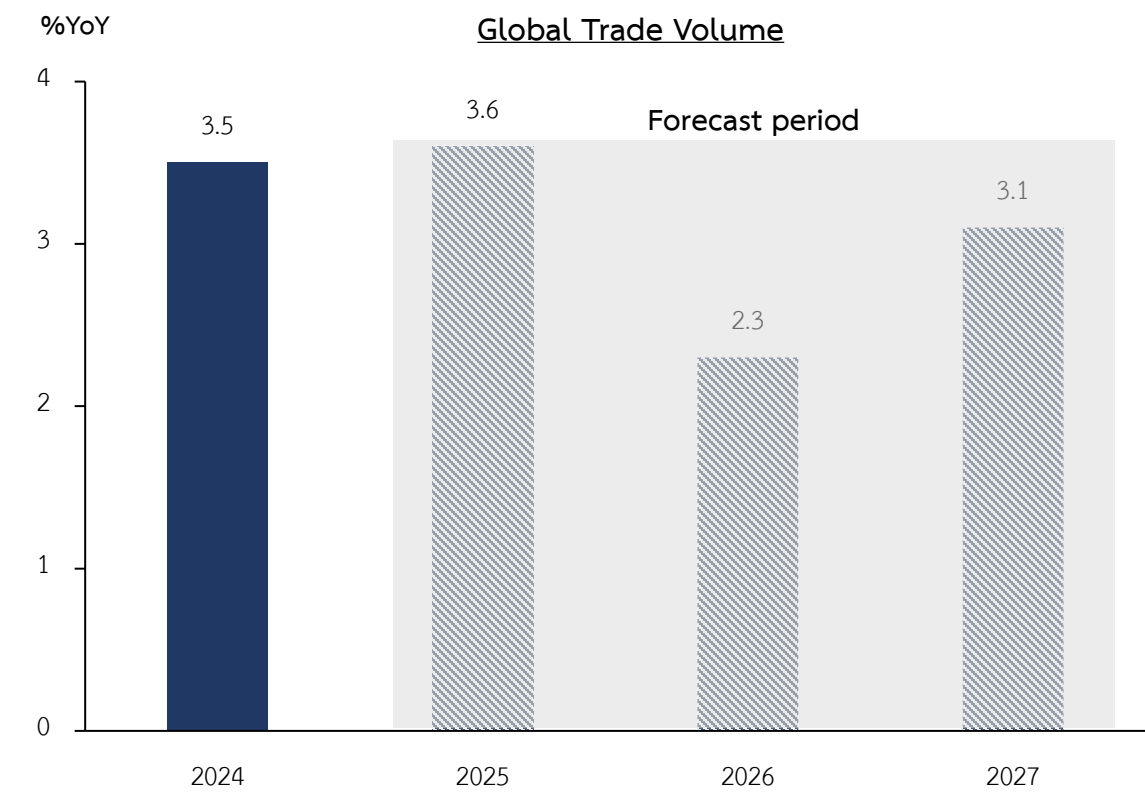


Source: Caldara, Iacoviello, Molligo, Prestipino, and Raffo (2020). “The Economic Effects of Trade Policy Uncertainty”

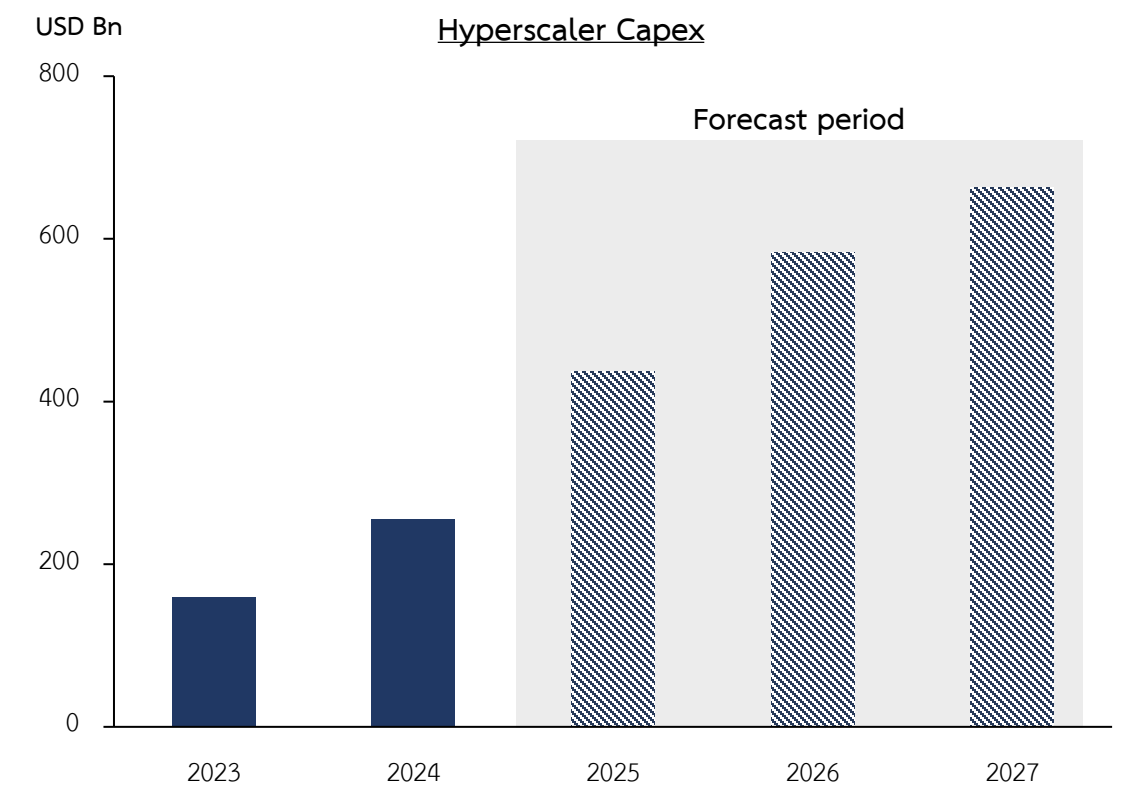
Global trade volume is expected to slow in 2026 and 2027 but would continue to be supported by growing investment in AI and data centers.

Global trade volume is expected to weaken in 2026 due to higher tariffs before improving in 2027 once the global economy adjusts towards a new equilibrium.

Investments by large-scale cloud computing infrastructure service providers (hyperscalers) have continued to expand, providing momentum to global economic growth.



Source: World Economic Outlook, October 2025

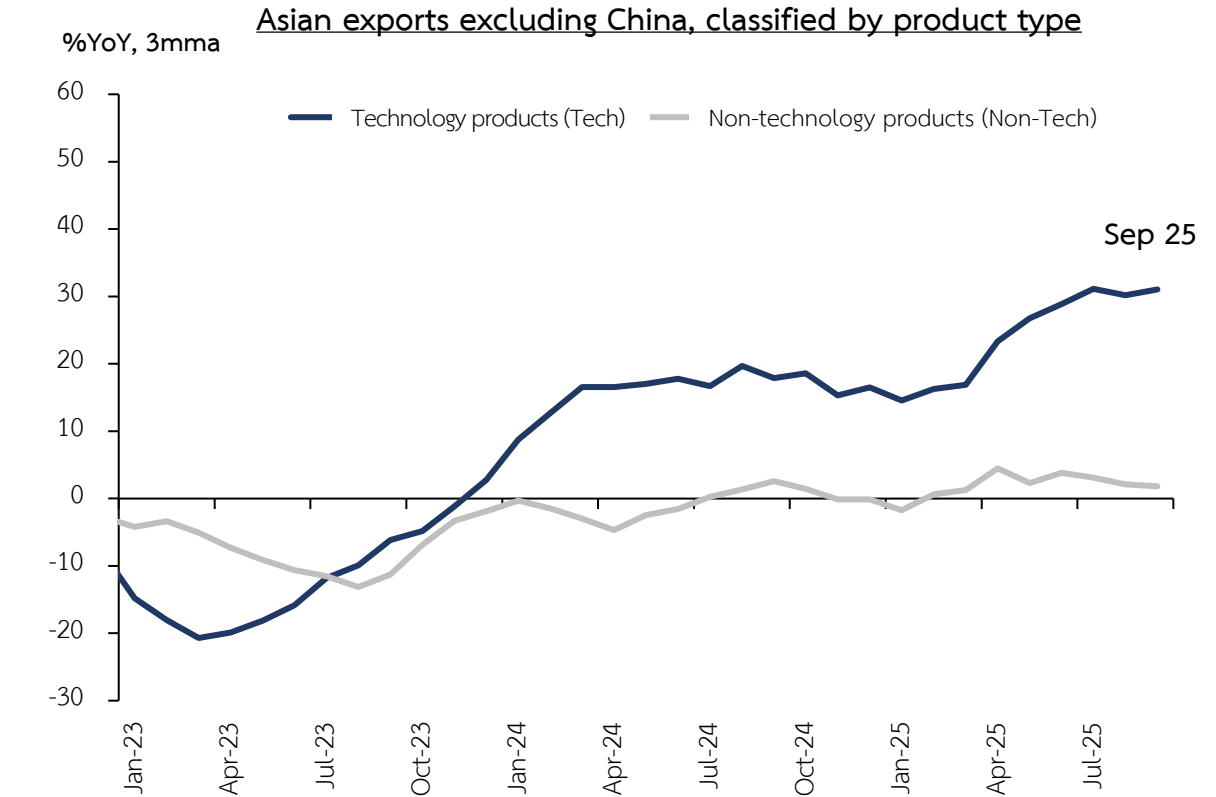


Note: Sum of 5 companies including Amazon, Microsoft, Meta, Alphabet และ Oracle  
Source: Bloomberg Finance LP, JP Morgan



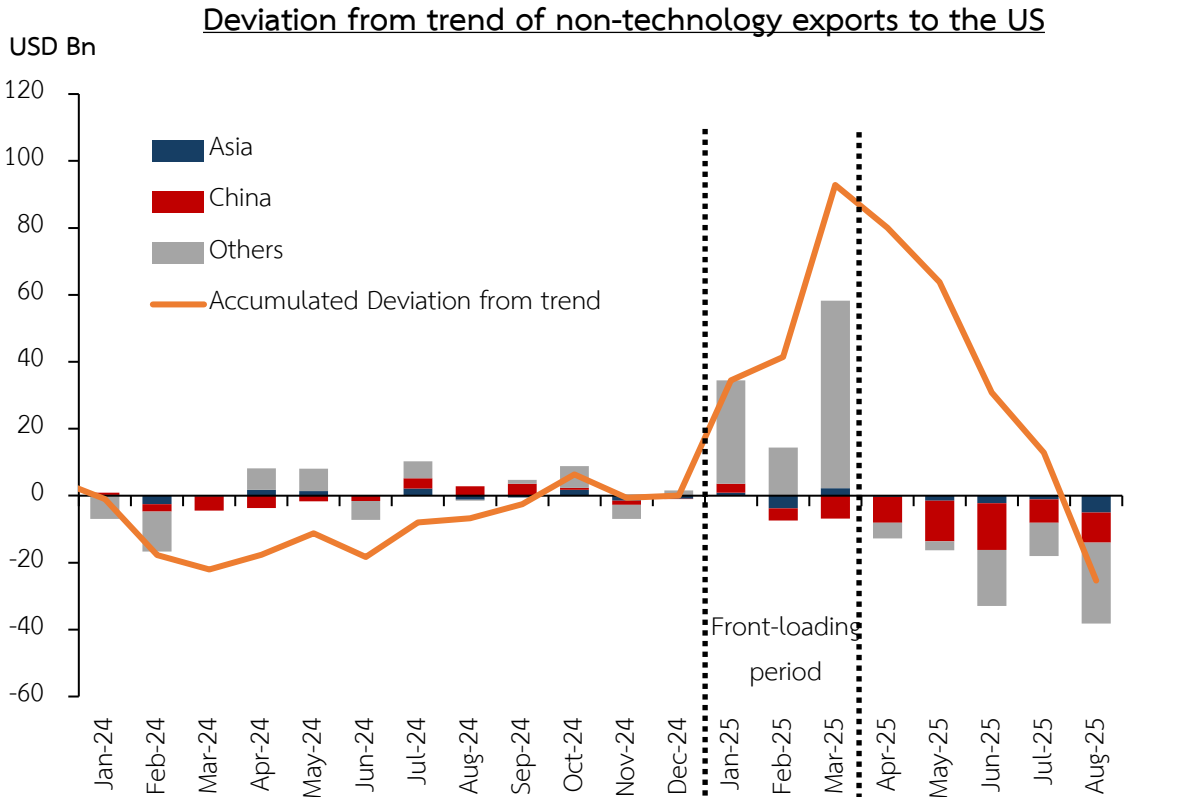
Asian exports have been driven by growth in technological goods, supported by investment demand related to AI and data centers. Meanwhile, merchandise exports in other product categories grew only slightly but are unlikely to slow down significantly.

Exports of technological goods from Asia grew strongly in 2025, while non-technological goods recorded only modest growth.



**Note:** Asian exports excluding China, classified by product type, covering exports from MY, SG, JP, KR, TW, PH and ID (last actual data and forecast data). Technology products include integrated circuits (IC) and semiconductors, computers, electrical appliances, and telecommunication equipment.  
**Source:** CEIC, BOT calculation

Asian exports of non-technological goods to the U.S. did not accelerate substantially. As such, the impact from export front-loading is expected to be limited compared with other countries.



**Note:** Non-technology exports exclude Asian technology exports excluding China, covering exports from MY, SG, JP, KR, TW, PH and ID which include technology products: integrated circuits (IC) and semiconductors, computers, and telecommunication equipment. The deviation from trend is calculated from the difference between actual non-technology exports and the trend between 2023–2024.  
**Source:** United States International Trade Commission, BOT calculation

Trading partner economies are projected to grow at a slower pace in 2026 before improving slightly in 2027.

Assumption of trading partners' growth

%YoY	Share of Export in 2024 <sup>1/</sup> (%)	2024 <sup>2/</sup>	2025 <sup>F/</sup>	2026 <sup>F/</sup>	2027 <sup>F/</sup>
US	18.3	2.8	1.9	1.9	2.0
Euro area	6.9	0.8	1.4	1.2	1.5
Japan	7.7	-0.2	1.3	0.7	0.7
China	11.7	5.0	4.9	4.4	4.5
Asia <sup>3/</sup>	20.5	4.3	4.2	3.4	3.6
Total <sup>4/</sup>	70.6	2.9	2.9	2.6	2.7

Note: These growth forecasts assume that the US import tariffs are collected at the rate announced on 11 December 2025.

1/ Share of total Thai export value to Thailand's key trading partners in 2024.

2/ Actual data F/ Forecast data.

3/ Asia (excl. Japan and China) includes Singapore (3.4%), Hong Kong (3.6%), Malaysia (4.1%), Taiwan (1.6%), Indonesia (3.2%), South Korea (2.0%), and the Philippines (2.6%).

4/ Total includes the UK (1.4%) and Australia (4.1%)

Trading partner economies are projected to grow at a slower pace in 2026 before improving in 2027. U.S. tariff measures are expected to weigh on global economic activity and global trade throughout 2026, while investments in AI and data centers would remain a key supporting factor for global economic activity. In 2027, the global economy is expected to begin adjusting towards a new equilibrium under higher tariffs. As such, trading partner economies are projected to grow faster than in 2026, but remain below that in 2025 and below potential growth.

Overall risks to trading partners' growth are assessed to be balanced.

Downside risks:

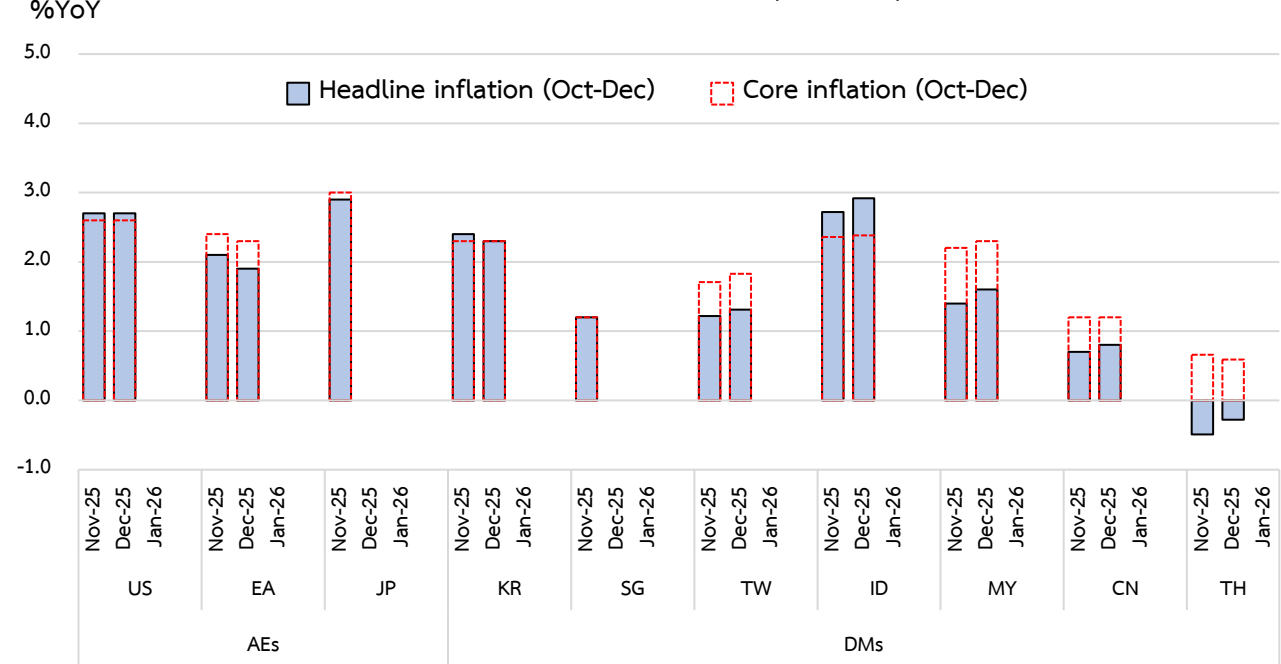
- 1) The U.S. implements additional tariffs or cancelling existing trade agreements.
- 2) Geopolitical tension intensifies, adversely impacting the global economy and supply chains.
- 3) A rebasing of AI-related securities prices, which could weigh on consumption in trading partner economies.

Upside risks:

- 1) Higher-than-expected productivity gains from broader AI adoption.

Inflation in most countries remains close to their target ranges. It is expected that most central banks would end their easing cycle in 2026.

Headline and core inflation by country



Note: U.S. inflation data release delayed due to the Government Shutdown event.

Source: Bloomberg

Forecast of the Fed’s policy rate in 2025–2027

YoY	2025	2026 <sup>F</sup>	2027 <sup>F</sup>
Fed Funds Rate	3.50 – 3.75	3.25 – 3.50	3.25 – 3.50

Note: <sup>F</sup> Forecast data

**The Federal Reserve (Fed)** cut its policy rate to 3.50-3.75% at the FOMC Meeting on 10 December 2025 in response to downside risks in the labor market while inflation remains above target. Market participants expect the Fed to cut its policy rate once more at the FOMC Meeting in Mar 2025 to a terminal rate of 3.25-3.50% for this easing cycle, and then keep the policy rate on hold throughout the remainder of 2026 and 2027.

**The European Central Bank (ECB)** maintained its policy rate at 2.0% at the Governing Council Meeting on 30 October 2025, keeping the policy rate on hold for 3 consecutive meetings. The ECB assessed that inflation would move towards the 2.0% target over the medium term, and would use a data-dependent approach in its monetary policy deliberations. Market participants expect the ECB to maintain the policy rat at the last Governing Council Meeting of 2025.

**Asian central banks** are likely to cut their policy rates to support economic growth. It is expected that policy rates would approach their terminal rates for this easing cycle in 2026. Inflation remains close to the target range. Meanwhile, Bank Negara Malaysia is likely to maintain its policy rate given than economic growth remains strong.

The Thai economy is projected to slow down from the first half of 2025 due to weaker consumption spending and the impact of U.S. tariffs. Meanwhile, tourism is gradually recovering



The Thai economy in 2026 and 2027 is projected to grow at slower pace compared to the first half of 2025 due to weakening private consumption in line with declining income and the impact of U.S. tariffs on exports. Meanwhile, tourism is projected to gradually recover



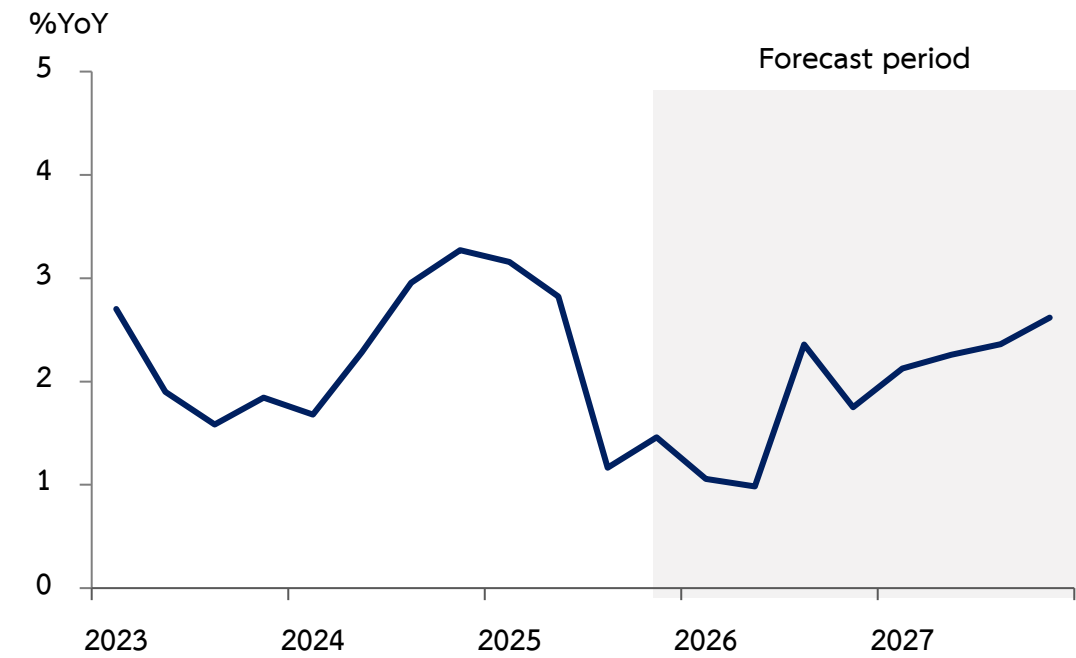
Looking ahead, there is a need to monitor risks to growth such as additional tariff measures from the U.S., delay in the FY2027 budget process, and business sector adjustments particularly among SMEs facing competitiveness challenges and limited access to credit.



Headline inflation is projected to remain low, mainly due to energy and raw food prices. Demand-pull inflationary pressure remains limited as economic growth stays below potential. Deflation risks is being monitored going forward.



The Thai economy is projected to slow down in 2025 as private consumption is expected to moderate along with income, exports is negatively affected by U.S. tariffs, and tourism is recovering gradually. In 2027, the economy is expected to gradually recover but growth remains below potential.



Source: Office of the National Economic and Social Development Council (NESDC) and projections by Bank of Thailand

Economic projection				
Growth (%YoY)	2024*	2025	2026	2027
GDP growth	2.5	2.2 (2.2)	1.5 (1.6)	2.3
Domestic demand	3.0	2.3 (1.7)	1.6 (1.8)	2.3
Private consumption	4.4	2.4 (2.1)	1.9 (1.8)	2.0
Private investment	-1.6	2.0 (0.3)	2.2 (1.4)	2.8
Government consumption	2.5	0.3 (0.8)	0.0 (0.6)	1.6
Public investment	4.8	7.1 (5.1)	0.8 (6.5)	5.7
Export volume of goods and services	7.8	8.7 (7.3)	1.2 (-0.3)	1.5
Import volume of goods and services	6.3	6.8 (4.3)	1.5 (0.4)	1.2
Current account (billion US dollars)	11.6	14.0 (16.0)	12.0 (13.0)	13.0
Value of merchandise export (%YoY)	5.9	12.0 (10.0)	0.6 (-1.0)	1.7
Value of merchandise import (%YoY)	5.5	13.3 (10.2)	1.3 (0.0)	1.5
Foreign tourists (million persons)	35.5	33.0 (33.0)	35.0 (35.0)	36.0
Tourism receipt (trillion baht)	1.4	1.4 (1.4)	1.5 (1.5)	1.6

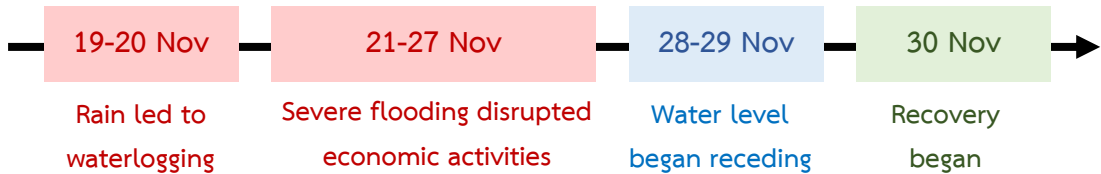
Note: \* = Outturn  
 ( ) = Previous estimates in Q3-2025 monetary policy report  
 Source: Office of the National Economic and Social Development Council and projections by Bank of Thailand

The floods in Southern Thailand resulted in extensive damage to properties of locals and businesses and are expected to negatively affect economic activities through early next year. As such, the GDP growth forecast is revised down by approximately 0.1-0.2 percentage point.

Southern Thailand was hit by flash floods, particularly in Songkhla province where flooding was severe.

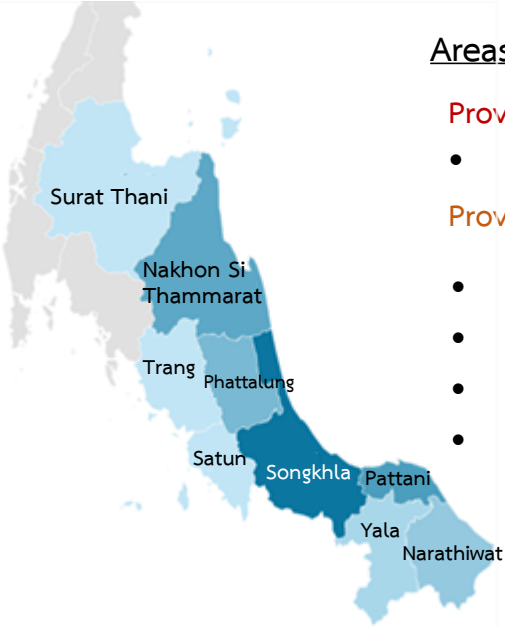
Economic activities are expected to decline throughout Q4/2025 and continue into Q1/2026.

Timeline of Hat Yai flooding



Areas affected by flooding

- Province with severe impact (1.4% of country GDP)
- Songkhla
- Province with moderate impact (4.0% of country GDP)
- |                       |               |
|-----------------------|---------------|
| • Nakhon Si Thammarat | • Yala        |
| • Pattani             | • Satun       |
| • Phatthalung         | • Trang       |
| • Narathiwat          | • Surat Thani |



There was broad-based impact on households and businesses: About 1 million households and over 10,000 businesses, especially SMEs in retail and tourism sectors.

Economic impact: GDP is expected to decline by about 0.1-0.2 percentage point, with most of the impact concentrated in Songkhla province.

- Service sector activities would require at least 1-3 months to normalize; the number of foreign tourists is expected to decline by at least 200,000, especially from Malaysia.
- Agricultural sector would be impacted through rubber output and damage to aquaculture areas.
- Manufacturing sector impact is limited because 90% of factories were not directly affected, but production has been temporarily halted because workers are unable to travel to work.

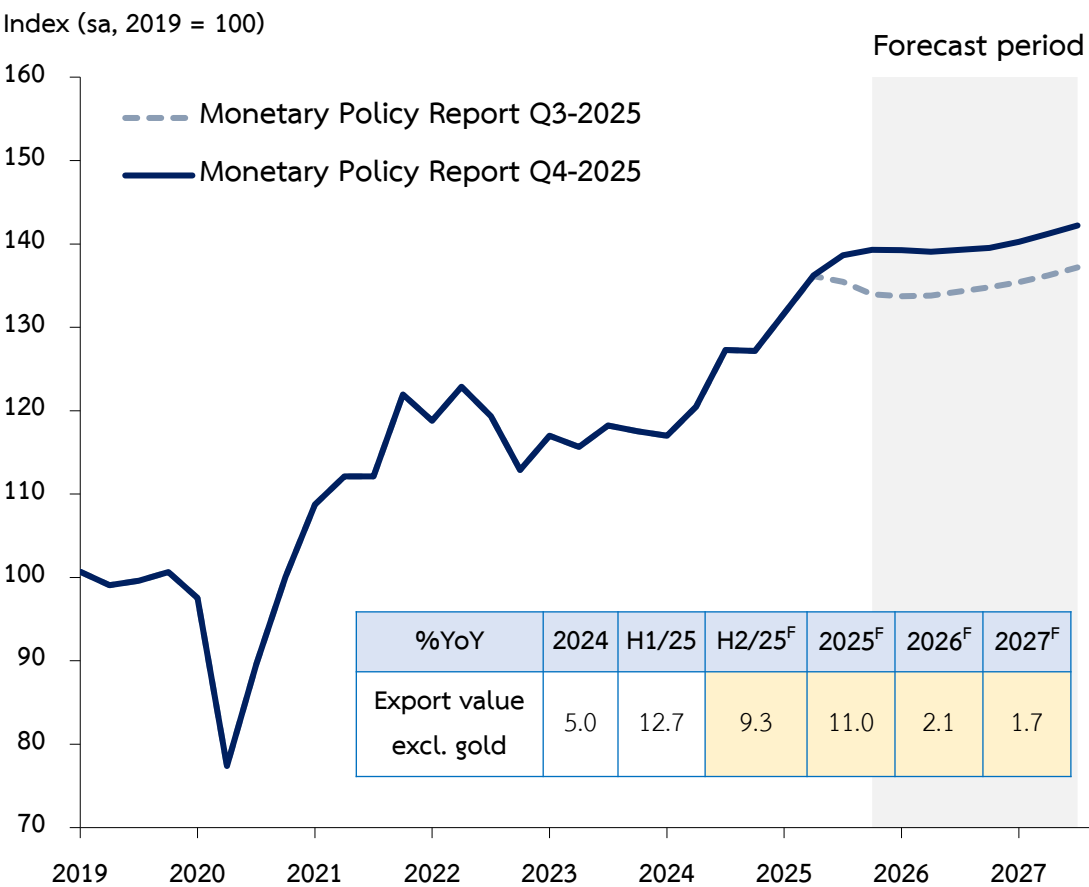
BOT and the Thai Bankers' Association jointly implemented additional measures to assist debtors significantly impacted by the floods in Southern Thailand such as:

- Debt moratorium on principal payment up to 12 months from the agreement date
- Interest waiver during debt moratorium period
- No impact on credit score with the National Credit Bureau

See link for more info : [Bank of Thailand and the Thai Bankers' Association jointly implements additional measures to assist debtors impacted by the floods in Southern Thailand](#)

**Merchandise exports** are expected to grow at a slower pace due to the impact of U.S. tariffs, though to a lesser extent than previously estimated. Meanwhile, exports would continue to be supported by growth in technological goods.

Projection of merchandise exports (excl. gold)



Note: <sup>F</sup> Forecast data  
 Source: Customs Department and Ministry of Commerce, BOT calculation

Merchandise exports outlook

- **Merchandise exports growth is strong in 2025** driven by electronics exports, which benefit from rising demand for data centers, as well as exports to the U.S. are not fully affected by U.S tariffs as cost passthrough remains limited at present.
- **Exports are expected to slow in the period ahead**, particularly for agro-manu, textiles and garments, and electrical appliances, which are expected to be gradually affected by U.S. tariffs. However, electronics exports would continue to expand in line with growing demand in the data center industry.
- **There remains a need to monitor risks from additional U.S. tariff measures that may arise**, such as sectoral tariff and transshipment tariffs. Goods that may fall under transshipment scrutiny include electrical appliances, machinery and equipment.

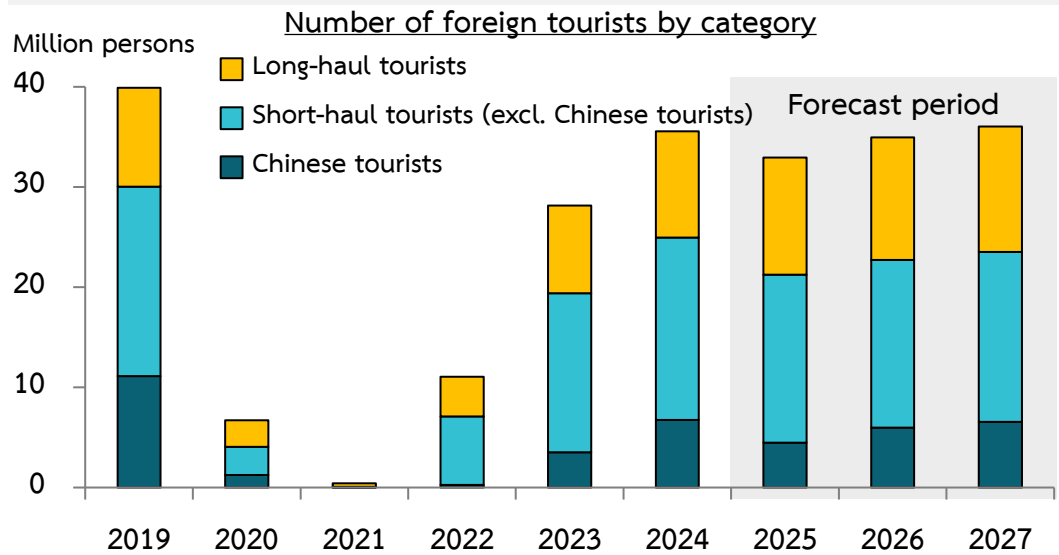
Merchandise exports projection

%YoY	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Export Value	5.9	12.0	0.6	1.7
Export Volume	4.4	11.4	0.6	1.2

Note: <sup>F</sup> Forecast data

Foreign tourist arrivals are expected to increase in 2026 and 2027, supported by a recovery in Chinese tourists and continued growth in arrivals from other countries in line with rising global tourism demand.

Projection of foreign tourist arrivals and tourism receipts



MPC Dec 2025	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Foreign tourists (million persons)	33.0	35.0	36.0
- Share of Chinese tourists	14%	17%	18%
- Share of long-haul tourists	36%	35%	35%
Tourist expenditure per trip (thousand baht)	42.1	43.4	44.4
Tourism receipt (trillion baht)	1.4	1.5	1.6

Note: <sup>F</sup> Forecast data  
Source: Ministry of Tourism and Sports, BOT calculation

Tourism outlook

- **Foreign tourist arrivals in 2025** decline from decreases in short-haul arrivals, especially from China, while growth in long-haul tourists remains strong.
- **Foreign tourist arrivals in 2026 and 2027 are expected to increase** primarily from a gradual recovery in Chinese tourist numbers. Long-haul tourists are expected to continue expanding in line with rising global tourism demand.
- **Tourism receipts are expected to increase** in line with higher tourist numbers and spending-per-trip, which partly resulted from price adjustments among 4-5 stars hotel and larger share of higher-spending tourists, especially from China.

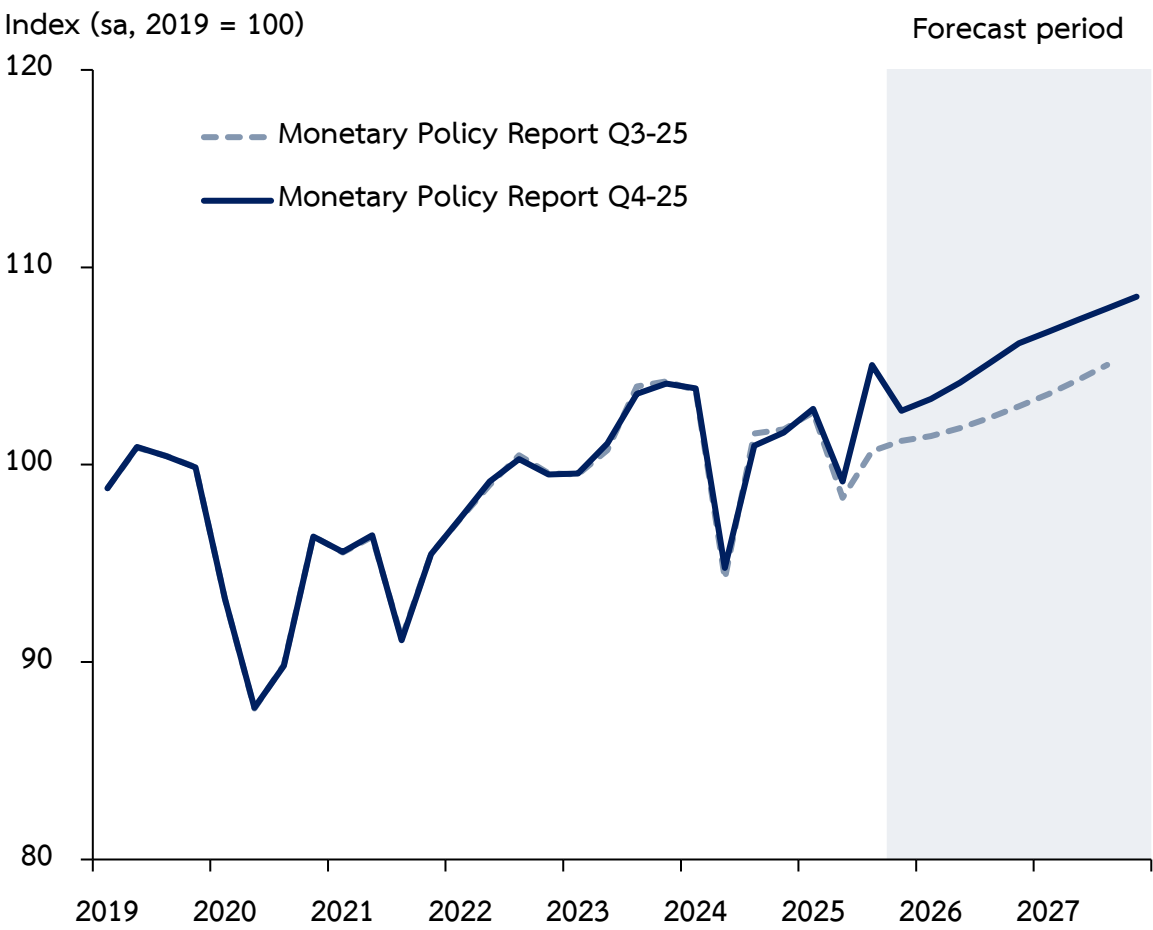
BLP Businesses' views about the tourism outlook

- **Foreign tourist arrivals would reach 33 million in 2025 and 35 million in 2026**, driven by the recovery in Chinese tourists, supported by (1) improved diplomatic relations between Thailand and China, and (2) geopolitical tensions between China and Japan.
- **The number of long-haul tourists is expected to continue growing strongly**, as reflected in the expansion of flight routes from Europe and the Middle East.
- **Room rates in 2026 would likely be higher than in 2025** due to higher prices among 4-stars and above hotels, particularly hotel chains that are expected to raise prices by 5-10%.



Private investment would continue to expand in 2026 and 2027, driven by investments in the electronics industry and data centers, as well as the Government’s Thailand FastPass measure aimed at expediting investments.

Projection of private investment



Source: BOT calculation and forecast

Private investment outlook

- Private investment in 2025 turned positive due to investments in machinery and equipment, particularly in the electronics industry and data centers, and the gradual recovery in automobile investments. Meanwhile, investments in the construction sector continued to contract.
- Looking ahead, private investments would continue to expand with key driver stemming from growing investments in advanced industries such as data centers, logistics, healthcare, and biotechnology, as reflected in the increasing value of BOI promotion certificates, and from the Thailand FastPass measure, which would address obstacles and expedite investment outlays under BOI’s promotion schemes (BOX 1: Thailand’s investment opportunities arising from investment trends of tech businesses and the Thailand FastPass measure). Meanwhile, some investment outlays might slow down in early 2026 to mitigate uncertainties on the new government, although this would not have significant impact on the overall investment outlook as the positive factors outweigh the temporary negative factors.

Private investment projection

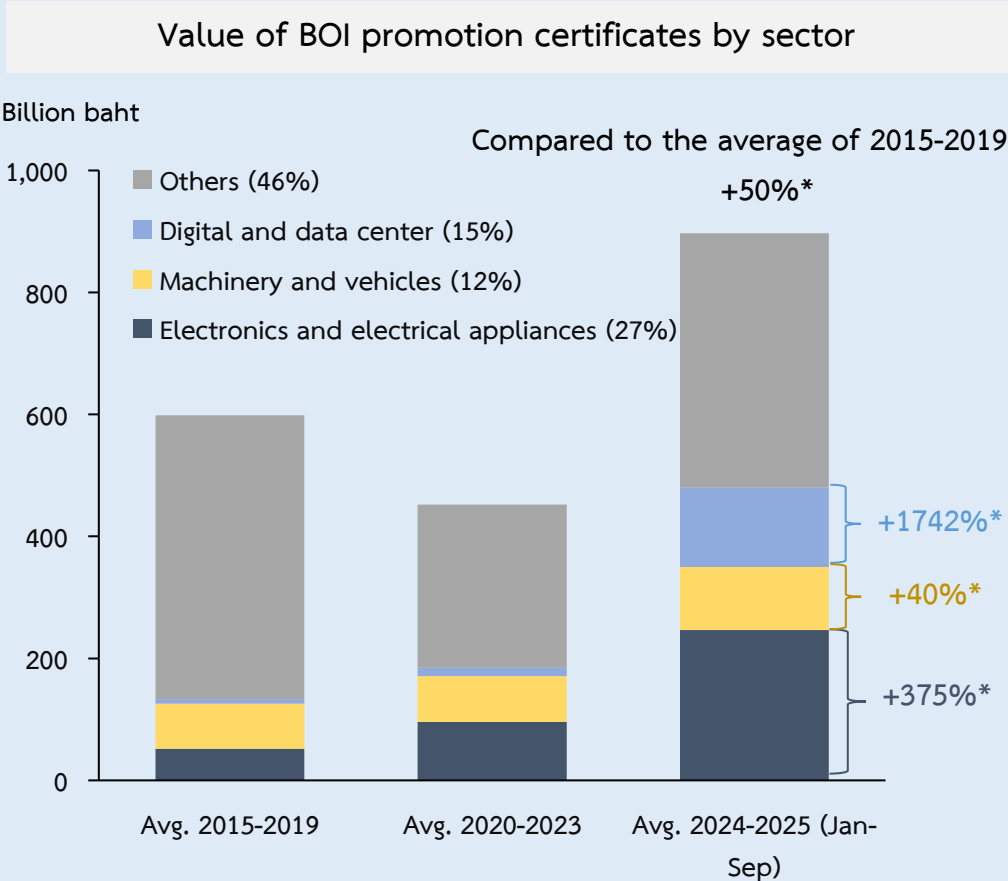
%YoY	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Private investment	-1.6	2.0	2.2	2.8

Note: <sup>F</sup> Forecast data

Box 1: Thailand’s investment opportunities arising from investment trends of tech businesses and the Thailand FastPass measure

Private investment growth is expected to turn positive in 2025 after contracting in the previous year. Earlier in the year, business investments slowed due to weakening domestic demand and uncertainties surround U.S. trade policy. However, the overall private investment outlook has since improved, supported by the resolution of trade policy uncertainties, rising investment demand among digital and electronics businesses, and a recovery in automobile investments in line with growing domestic car sales, especially electric vehicles. This improvement is reflected in the private investment growth of 2.3% during the first three quarters of 2025 compared to same period last year.

Looking ahead, private investment is expected to continue expanding, driven primarily by growing investment demand among tech-related businesses to support modern industries. Data from the Board of Investment (BOI) indicates that investment demand among tech-related businesses – particularly in digital industries, data centers, electronics, electrical equipment, machinery, and electric vehicles – has continued to increase. This is reflected in the value of BOI promotion certificates, which rose more than 3.5 times from an annual average of 133 billion baht in 2015-2019 to 480 billion baht from 2024 to the first nine months of 2025. These projects account for more than 60% of all BOI certificates issued in 2025, with investment outlays expected to materialize within the next 1-4 years. In addition, a review of BOI-approved investment projects reveals that about 70% of the increase in investment demand over the past two years originated from foreign companies financed by foreign capital and retained earnings while domestic financing only accounts for 18%. As such, tight credit and financial conditions are not a significant obstacle for this group of businesses.



Note: ( ) refers to the proportion of the value of BOI promotion certificates for the sector to the total value in 2024 and first 9 months of 2025

\* Indicates growth in comparison to the annual average from 2015 to 2019

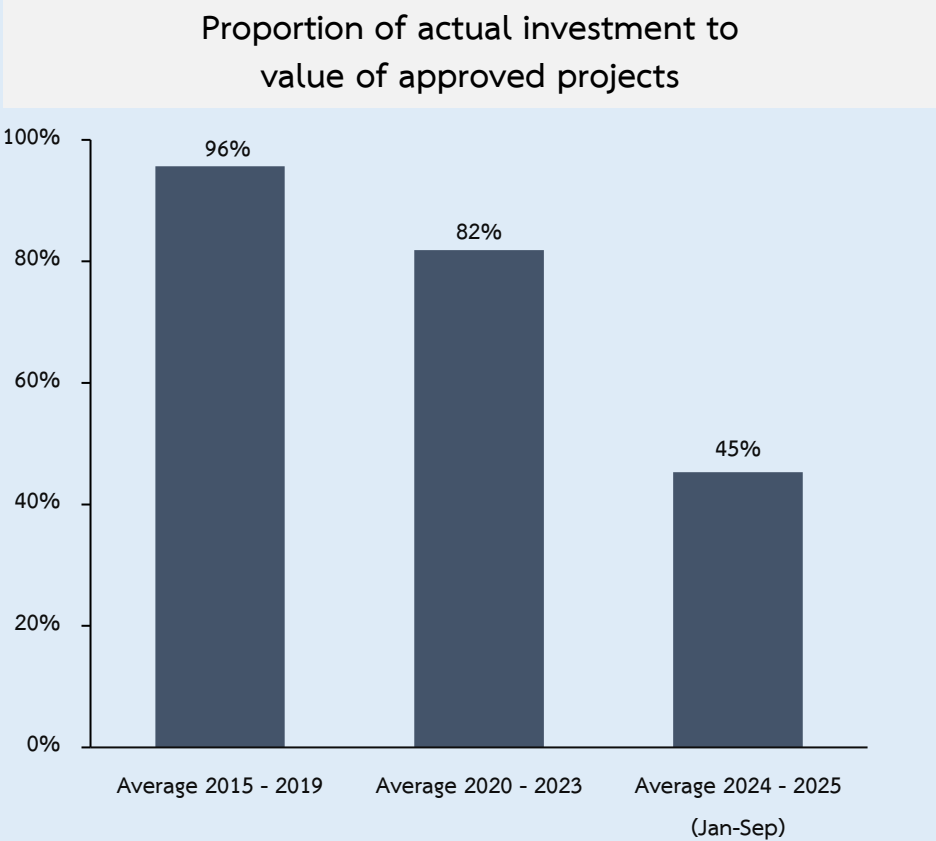
Source: Thailand Board of Investment (BOI), BOT calculation

Box 1: Thailand’s investment opportunities arising from investment trends of tech businesses and the Thailand FastPass measure

Private investments in the period ahead would benefit from the government’s “Thailand FastPass” measure, which is designed to expedite investments in target industries that already receive BOI promotion but face obstacles preventing investment outlays from materializing – for instance, tech-related industries requiring substantial land and electricity capacity.

Over the past 2 years, the value of BOI promotion certificates reached historical highs, but only 45% of approved projects have begun actual investments, compared with 96% during 2015-2019. A number of large investment projects<sup>1/</sup> (worth about 330 billion baht) face obstacles and have not yet commenced. If the FastPass measure can promptly address issues such as permit approvals and electricity supply expansion, about half of these projects could begin implementation in the period ahead. The FastPass measure could increase private investment growth by at least 1% in real terms, equivalent to about 0.1% of GDP. Meanwhile, other investment projects would likely require more time to resolve remaining issues, particularly those related to government investments in electrical transmission lines and land acquisition for new industrial estates.

<sup>1/</sup> Source: BOI Press Release No.163/2025 on 24 Nov 2025

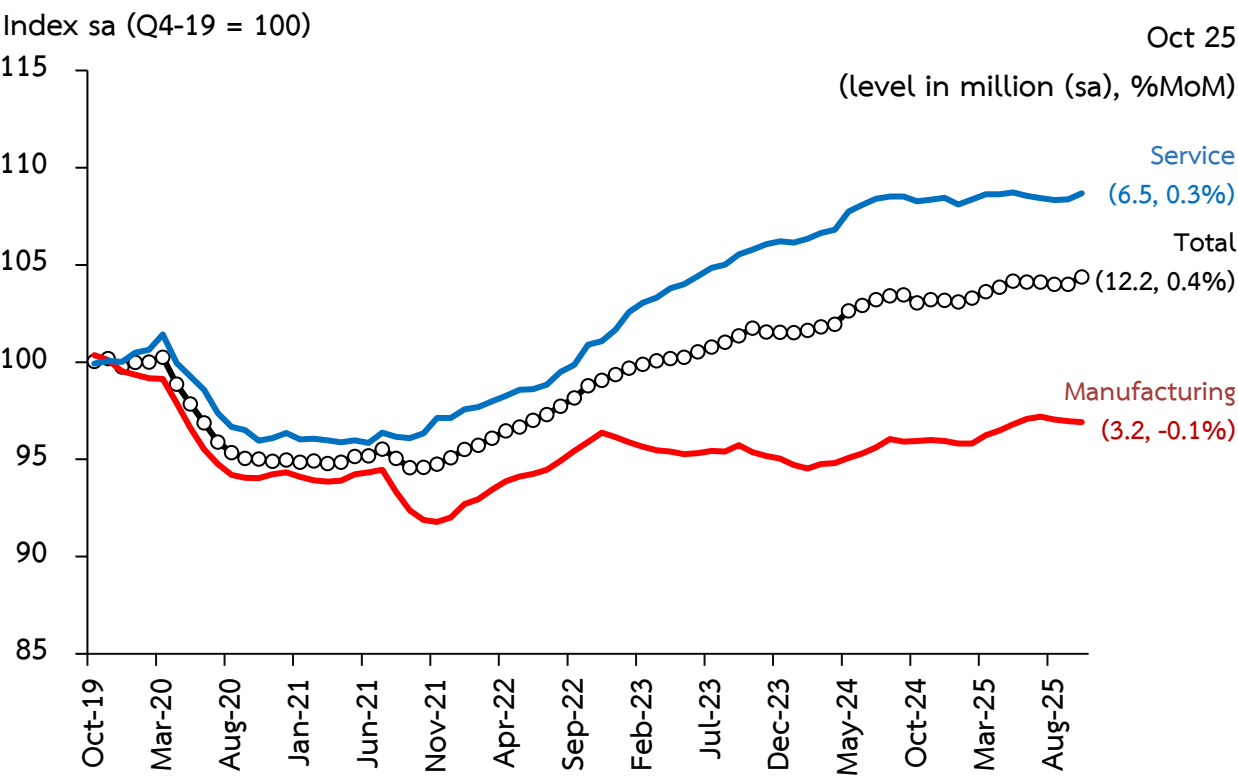


**Note:** Value of actual investment from BOI is calculated from the value of BOI promotion certificates (excl. land and working capital) with assumptions (1) actual investment is 90% of the value of the BOI promotion certificates and (2) allocation of investment over 4 years in the proportion of 50:30:10:10

**Source:** Thailand Board of Investment (BOI), BOT calculation

Employment under the social security system continues to increase, and labor income is expected to improve going forward. However, income growth remains slower than the pre-COVID level and is uneven across sectors, particularly as farmers' income continues to decline due to falling agricultural prices.

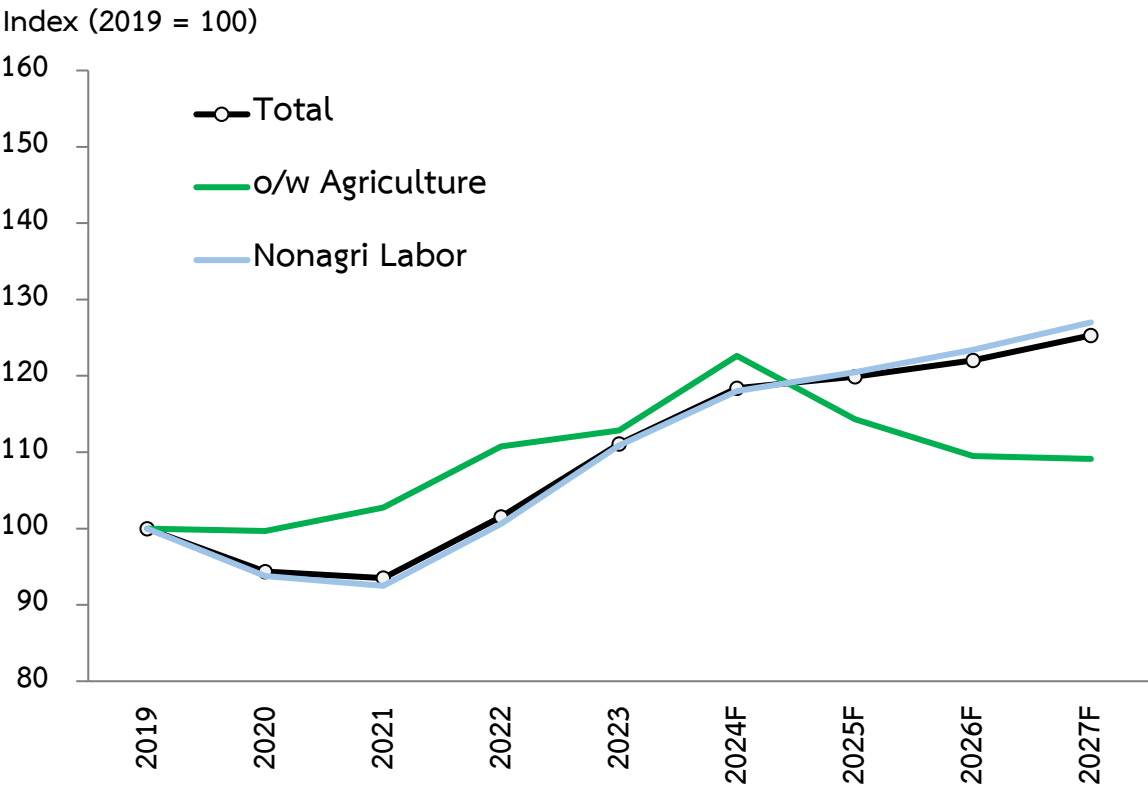
Number of workers in the Social Security Fund (section 33)



Note: Section 33 refers to employees who are not less than 15 years of age and not more than 60 years from the date the employee starts working for a company with one or more employees. Insured employees under Section 33 are classified into three main groups: manufacturing (27%), services (54%), and other sectors (19%)

Source: Social Security Office, BOT calculation

Projection of labor income



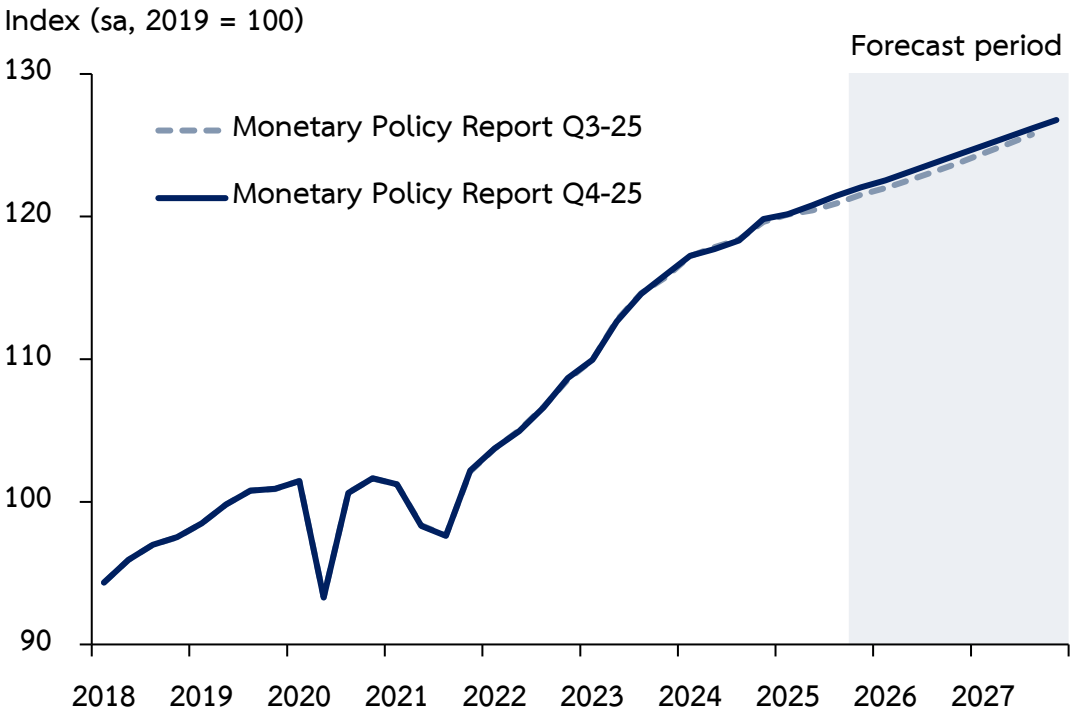
Note: Labor income data from the national income accounts, with the most recent data available up to 2023. F = Forecast

Source: NESDC, National Statistics Office, Office of Agricultural Economics, BOT calculation and forecast



Private consumption is expected to grow at a slower pace, in line with weaker spending on non-essential goods and services. This is consistent with the slow recovery in income and more cautious spending behavior among consumers.

Private consumption projection



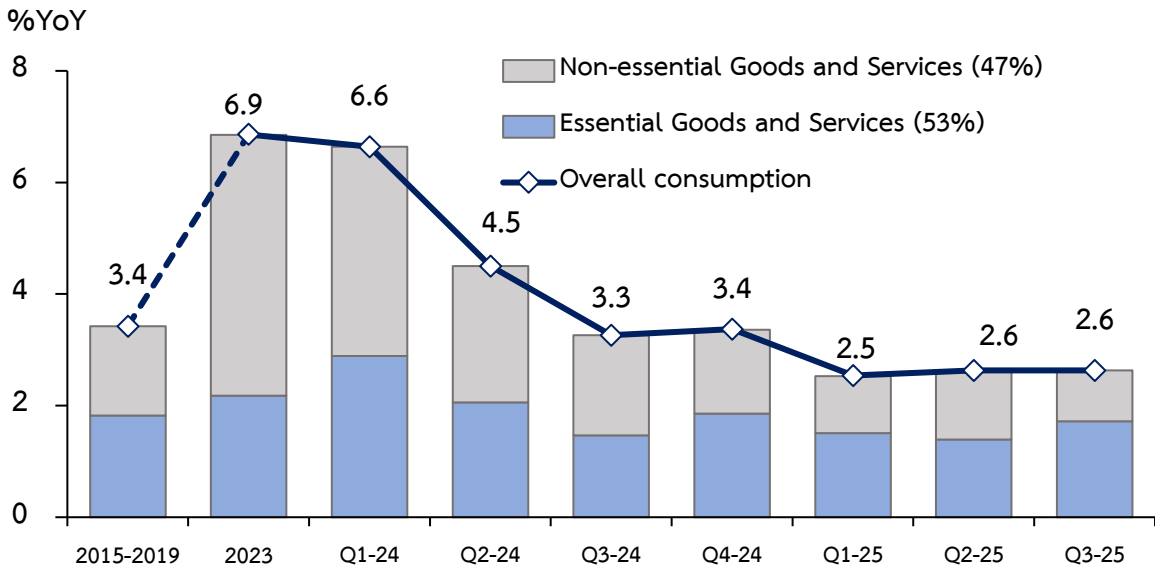
Source: BOT calculation and forecast

Private consumption projection

%YoY	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Private consumption	4.4	2.4	1.9	2.0

Note: <sup>F</sup> Forecast data

Sources of consumption growth by product and services categories



Note: (1) Essential goods and services include consumer necessities, fuel and electricity, and transportation-related spending. (2) Non-essential goods and services include alcoholic beverages, automobiles, and spending on hotel and restaurant services. (3) ( ) indicates the share of each category in total consumption, on average 1994 to Q1 2025

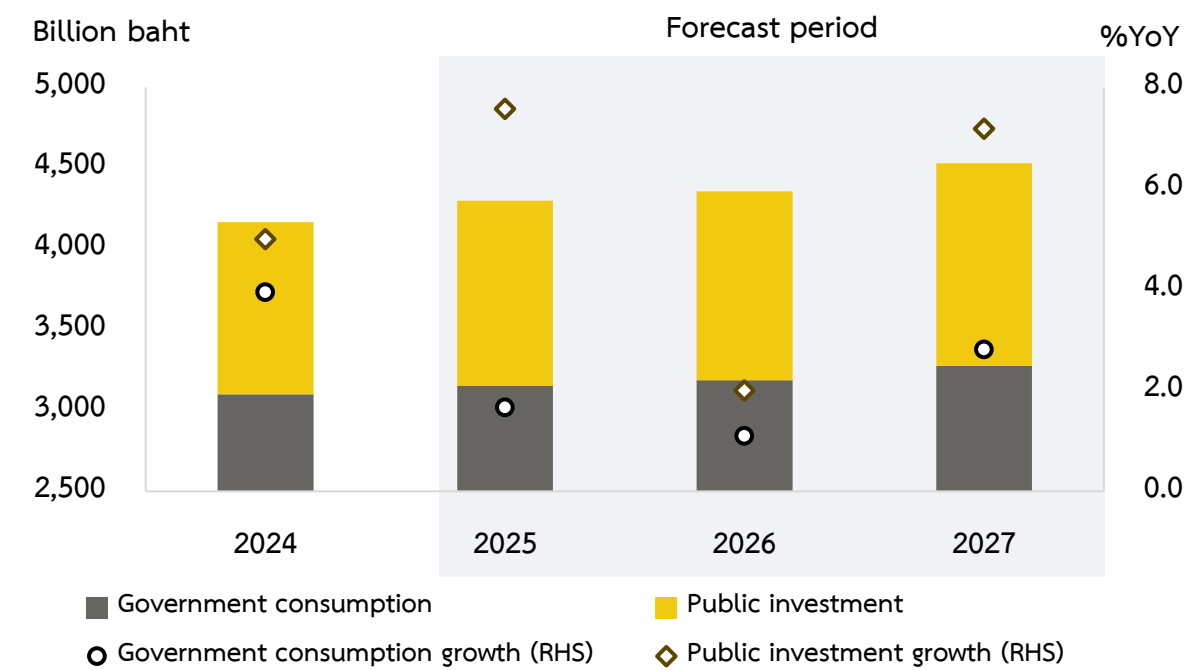
Source: NESDC, BOT calculation

- Medium-to-high income groups remain cautious in their spending. Consumers would make smaller but more frequent purchases, and spend mainly on necessities for example, dining out less and opting to buy cheaper brands.

Source: Data from interviews with businesses during Q4/2025

Public expenditure is expected to slow down in 2026 due to potential delays in the FY2027 budget process, before regaining momentum in 2027 as budget disbursement accelerates.

Government spending amount<sup>1/</sup>



Note: <sup>1/</sup>General government consumption and Public investment at current price (SNA definition)  
Source: NESDC, BOT calculation

Public expenditure would continue to support growth momentum in 2025 but would slow in 2026 partly due to potential delays in the FY2027 budget, which might be postponed by about 3 months and affect government spending in Q4/2026. However, public expenditure would resume strong growth in 2027 due to accelerated disbursement once the FY2027 budget comes into effect.

Medium-Term Fiscal Framework (MTFF) 2027-2030

Unit: Billion baht

Medium-Term Fiscal Framework (MTFF) 2027-2030					
Fiscal Year	2026	2027	2028	2029	2030
Expenditure	3,781 (3,781)	3,788 (3,855)	3,826 (3,966)	3,864 (4,093)	3,903
Revenue	2,921 (2,921)	3,000 (3,096)	3,145 (3,244)	3,274 (3,390)	3,422
Budgetary Balance	-860 (-860)	-788 (-759)	-681 (-722)	-590 (-703)	-481
Budgetary Balance (% of GDP)	-4.4 (-4.3)	-3.9 (-3.6)	-3.3 (-3.3)	-2.7 (-3.1)	-2.1

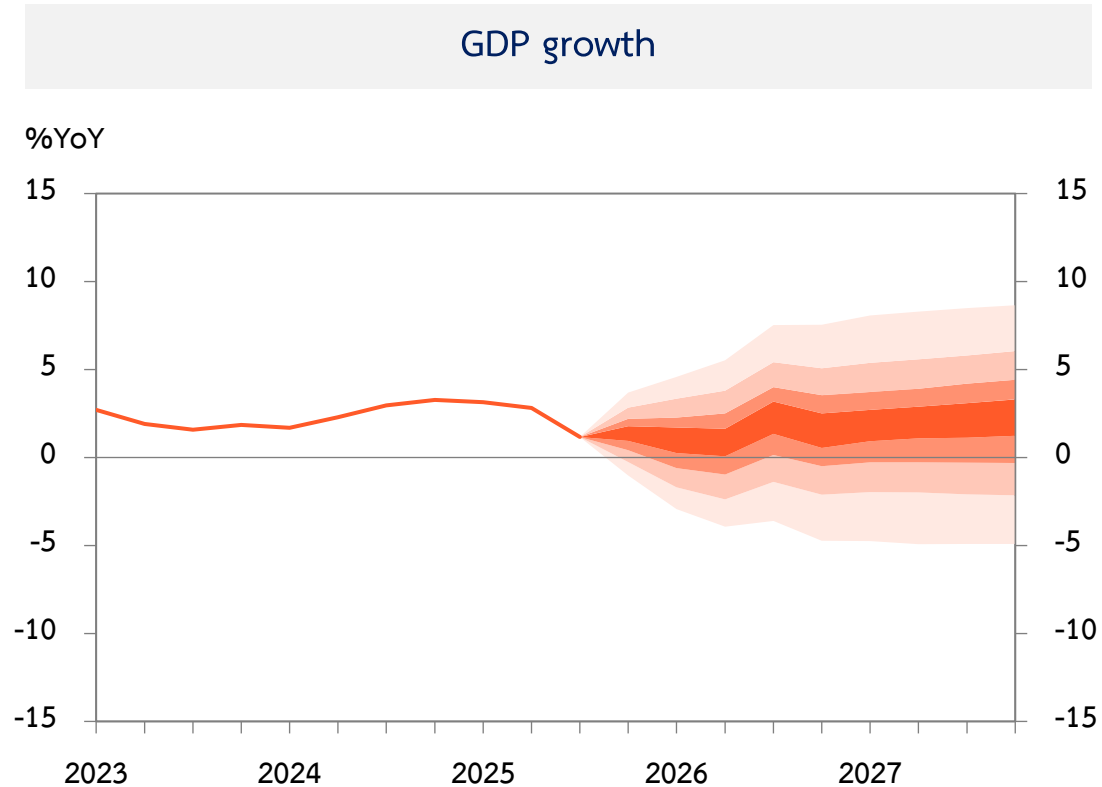
Note: ( ) Medium-Term Fiscal Framework (MTFF) 2026-2029

Public expenditure is also expected to slow in the period ahead due to the planned reduction in fiscal deficits under the Medium-term Fiscal Framework (MTFF) for 2027-2030, which sets lower deficit targets than the previous MTFF. The new MTFF aims to keep fiscal deficit below 3% of GDP from 2029 onwards in order to restore fiscal sustainability and maintain the country's creditworthiness.

Summary of economic forecast by component

 <div>Private consumption</div>	<p><b>Private consumption for 2025 is expected to grow at a slower rate.</b> Households remain cautious in their spending, especially on non-essential goods, resulting in a slowdown in private consumption. Meanwhile, spending on essential goods continues to expand. <b>Going forward, private consumption would continue to grow at a moderate pace,</b> in line with the income outlook. Labor income in manufacturing would slow down due to ongoing competitiveness challenges, while labor income in services would recover slowly in tandem with the tourism recovery. Farm income would contract amid declining agricultural prices. In addition, subdued household sentiment, tight financial conditions, and elevated household debt levels are factors that would continue to weigh on private consumption in the period ahead.</p>
 <div>Private investment</div>	<p><b>Private investment is expected to return to positive growth in 2025.</b> Private investment softened in the first half of the year due to global trade policy uncertainties but is expected to improve in the second half as uncertainties ease slightly. <b>Private investment is projected to continue expanding going forward,</b> supported by investments in new industries as reflected in the rising value of BOI promotion certificates. The Thailand FastPass measure is also expected to play a part in expediting investment plans which will result in capital outlays from 2026 onwards.</p>
 <div>Merchandise exports (Value)</div>	<p><b>Merchandise exports are expected to record strong growth in 2025,</b> driven primarily by electronics exports, supported by strong demand for technology-related goods among trading partners. Meanwhile, exports to the U.S. are expected to face limited impact from higher tariffs because Thai exporters have negotiated with U.S. importers to share the tariff burden. Nevertheless, <b>exports are expected to slow down in 2026 and 2027</b> due to the impact of tariffs and the gradual passthrough of costs from higher tariffs to U.S. consumers. Additionally, exports of non-technology goods would continue to face competitiveness challenges.</p>
 <div>Services exports</div>	<p><b>Foreign tourist arrivals for 2025 are revised down</b> to 33 million due to safety concerns among Chinese tourists, increased regional competition, and conflicts near Thailand’s borders. Nonetheless, arrivals from China continue to recover gradually as safety concerns ease and diplomatic relations between Thailand and China improve. Long-haul arrivals have also posted strong growth. Given these developments, <b>foreign tourist arrivals forecast for 2026 and 2027 are revised up</b> to 35 million and 36 million, respectively. Meanwhile, <b>tourism receipts are expected to recover and record stronger growth.</b></p>

Risks to the growth outlook are skewed to the downside for both 2026 and 2027



#### Upside risks

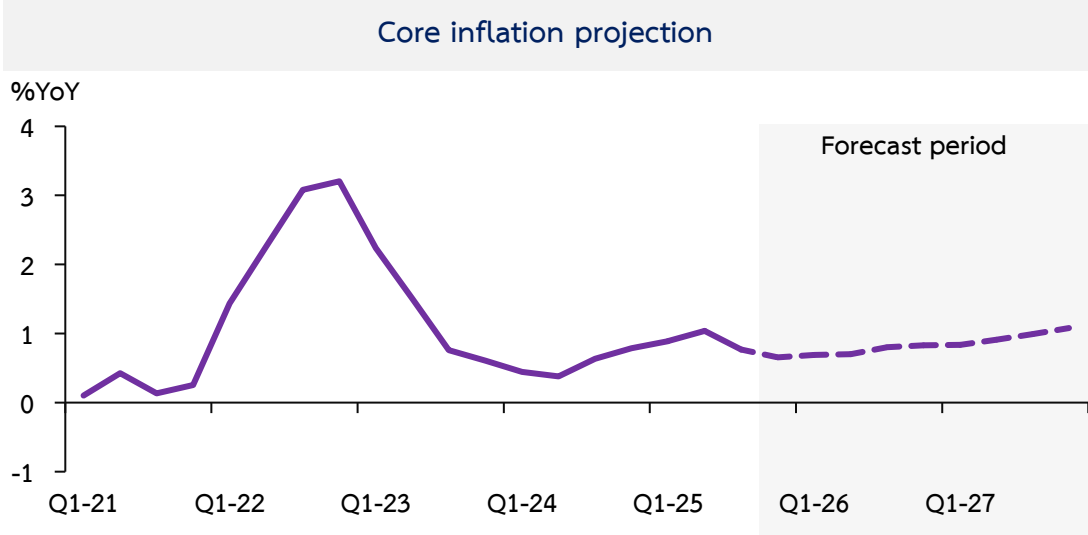
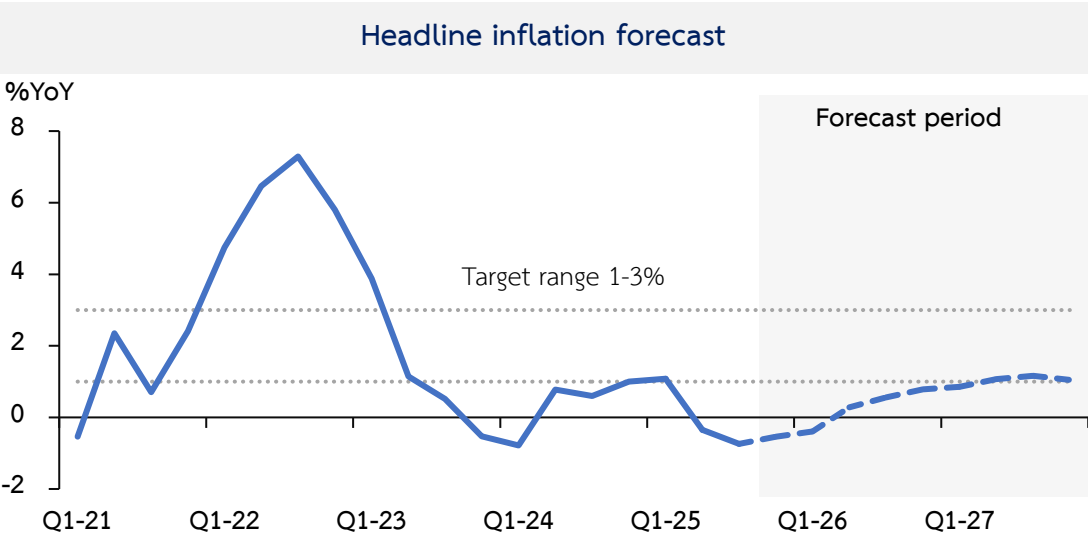
- Higher-than-expected foreign tourist arrivals

#### Downside risks

- Additional tariff measures from the U.S.
- Delays in the FY2027 budget process
- Business adjustment among SMEs facing competitiveness challenges and limited access to credit



Headline inflation is expected to remain low in line with global energy prices, while core inflation remains stable.



Source: Ministry of Commerce, BOT calculation and forecast

Inflation forecast

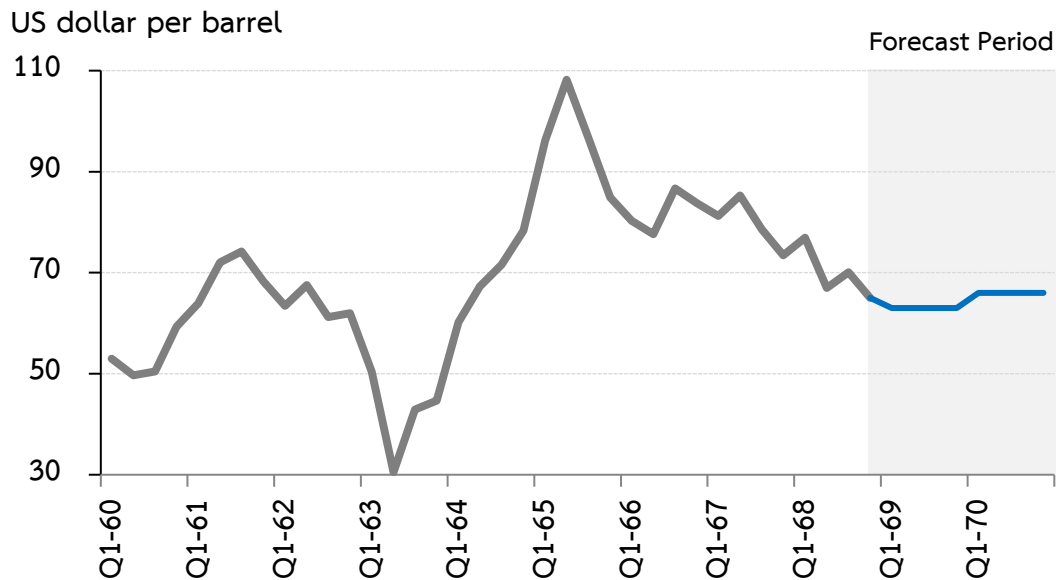
%YoY	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Headline inflation	0.4	-0.1	0.3	1.0
Core inflation	0.6	0.8	0.8	1.0
Energy inflation	0.1	-4.2	-3.2	1.0
Raw food inflation	0.1	-0.7	1.0	1.4

Note: <sup>F</sup> Forecast data

- **Headline inflation remained low in 2025** due to decline in global energy prices, electricity subsidies, and lower raw food prices amid favorable weather conditions.
- **Headline inflation is expected to remain low in 2026** due to lower global energy prices from increased crude oil supply and lower electricity prices driven by lower natural gas costs. Nevertheless, headline inflation is expected to **return to the target range in 2027** as the effects of supply-side factors gradually dissipate.
- **Core inflation is expected to remain stable**, supported by easing cost passthrough, more intense competition among certain goods, and softer purchasing power in line with economic conditions.

Dubai crude oil price is expected to decline as OPEC+ producers are expected to gradually increase their oil output to maintain market share. However, the oil price outlook remains highly uncertain due to prolonged geopolitical tensions.

Projected Dubai crude oil prices



Note: \* Consider data until 8 Dec 2025

Projected Dubai crude oil prices

US dollar per barrel	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Assumptions for average annual Dubai crude oil prices	79.7	69.9	63.0	66.0

Note: <sup>F</sup>Forecast data

Source: BOT Forecast

For 2025, Dubai crude oil prices have remained broadly stable as expected but the average price for the year is still lower than last year as oil supply from both OPEC+ and non-OPEC producers continued to increase. OPEC+ ended their voluntary production cuts earlier than expected and planned to raise oil production by 137,000 barrels per day in November and December (0.3% of total output from OPEC+ in 2024) after already increasing production in September and October.

For 2026, Dubai crude oil price is expected to decline, mainly due to higher supply from OPEC+ as high production levels would likely be maintained throughout 2026.

For 2027, oil price is expected to rise as global oil demand increases alongside the global economic recovery.

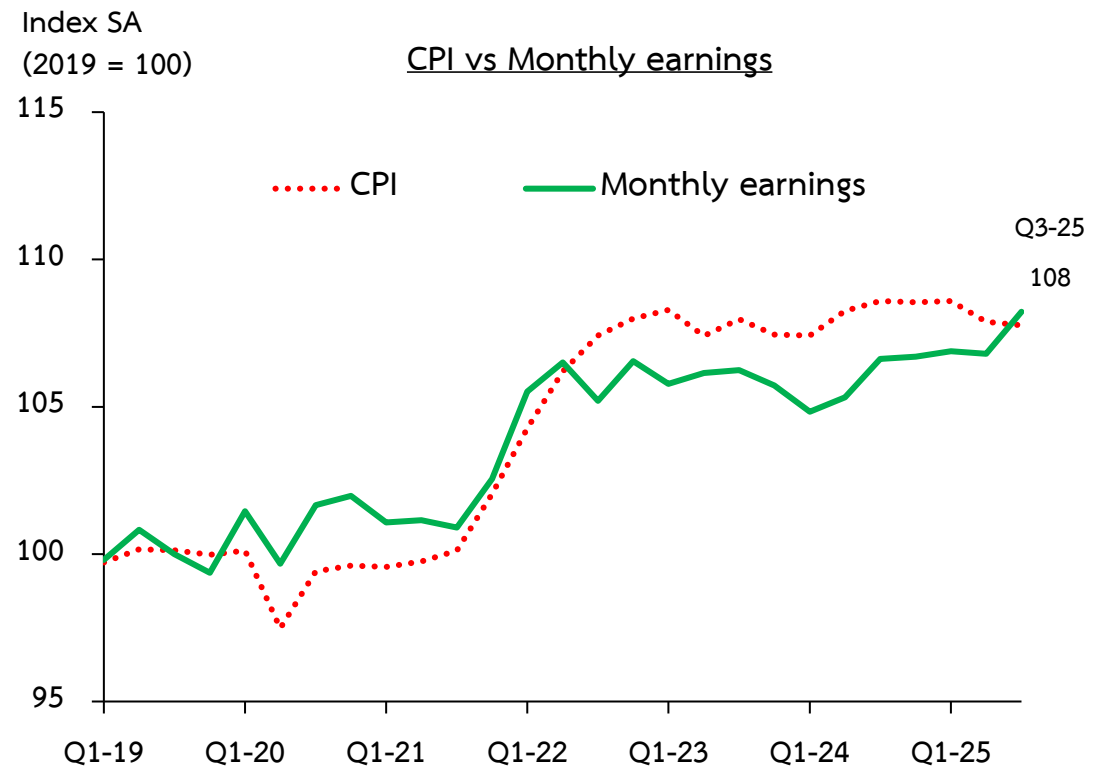
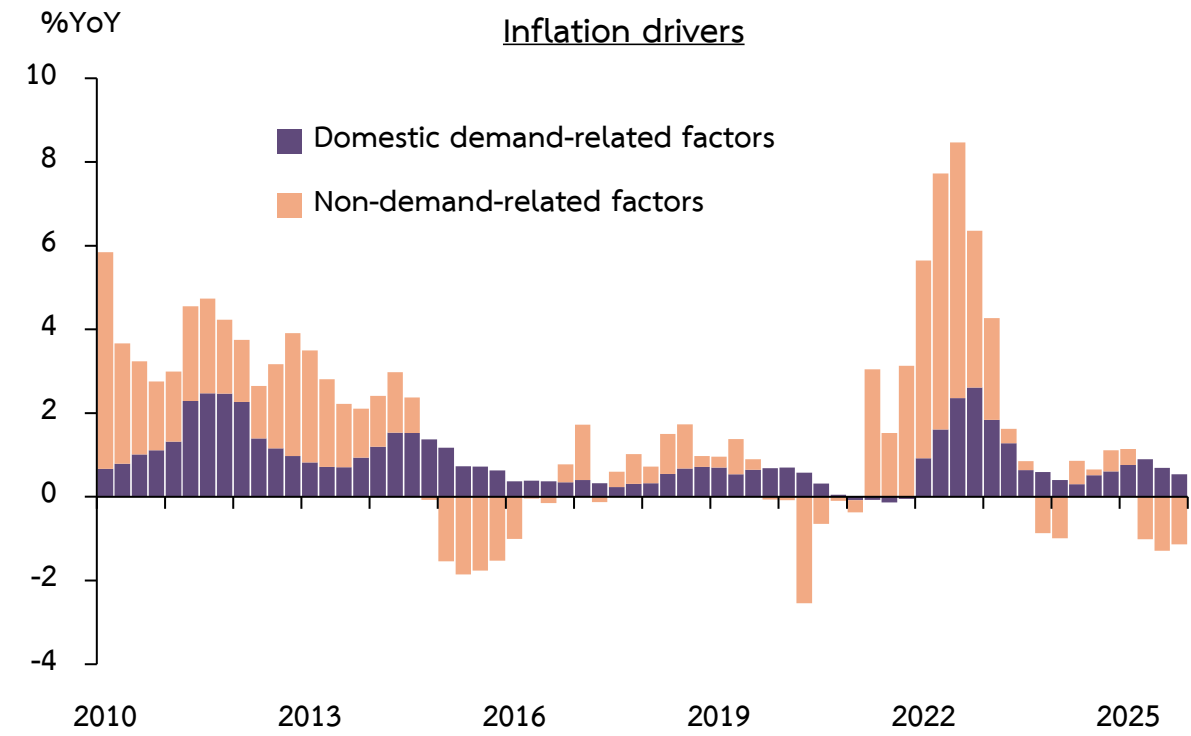
Risks to the Dubai crude oil price outlook are skewed to the downside:

- Downside risks:** Uncertainties surrounding global economic and trade conditions, OPEC+ maintaining high oil production levels for longer than expected, and oil output from non-OPEC producers that might be higher than expected.
- Upside risks:** Geopolitical tensions that might disrupt energy infrastructures such as the conflicts between Russia-Ukraine, and Israel-Hamas.

Demand-pull inflationary pressure remains limited as economic growth stays below potential.

Negative inflation is driven by supply-side factors, while demand-side pressure remains positive but has softened in line with overall economic conditions.

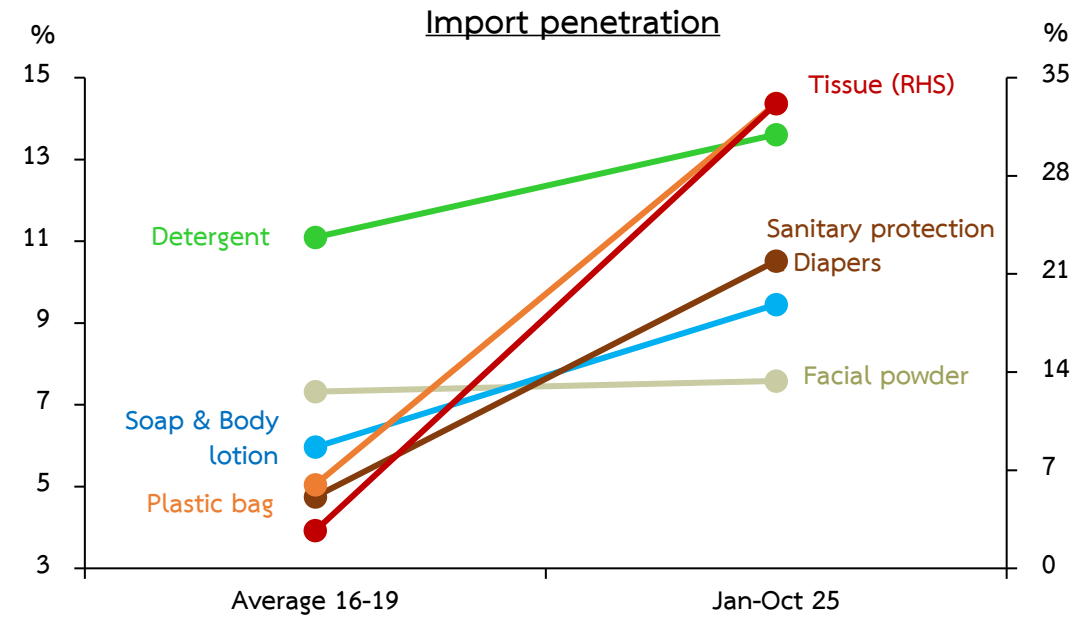
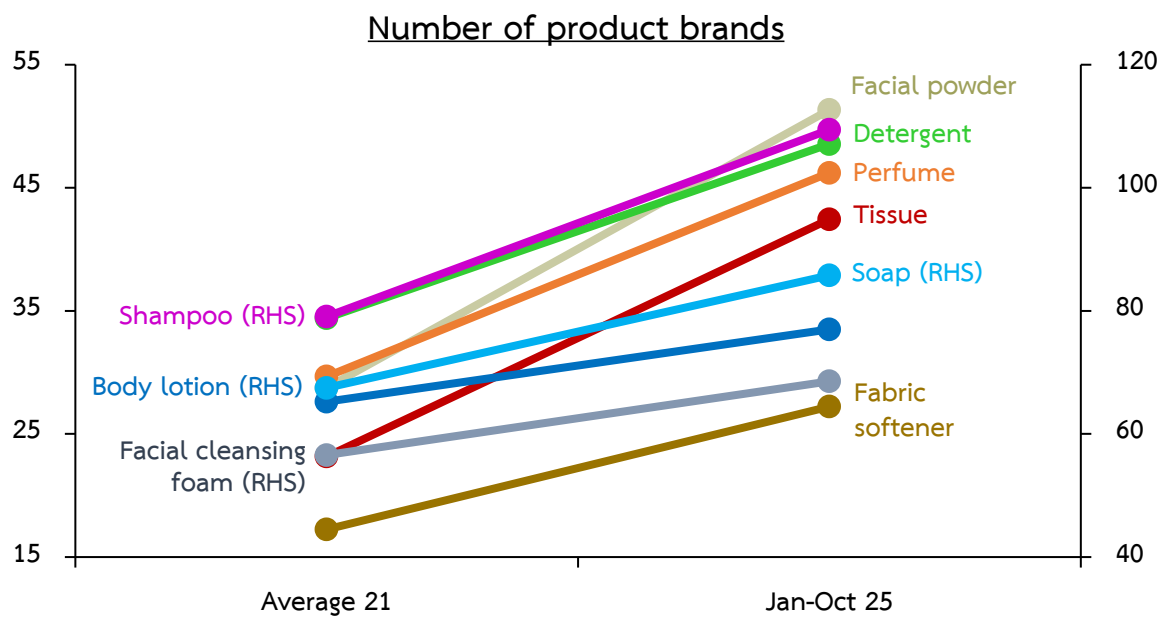
Household purchasing power remains under pressure, as income growth lags behind CPI inflation since the period of elevated inflation in 2022.



Source: BOT calculation. Reference: Mahedy & Shapiro (2017), “What’s Down with Inflation?” Federal Reserve Bank of San Francisco

Low inflation is partly due to intensified competition in certain goods, which makes upward price adjustments difficult

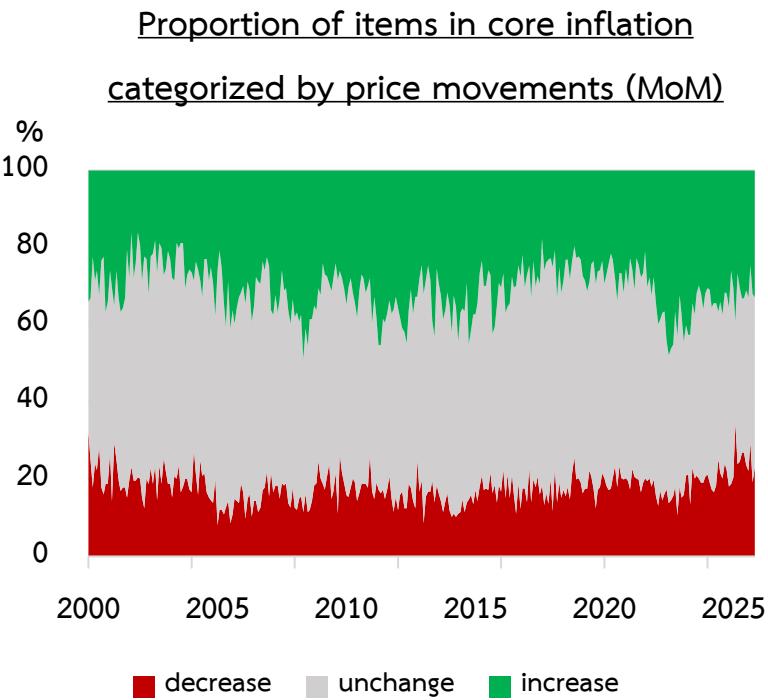
In recent periods, prices of personal care products and cleaning equipments\* have declined.  
The greater variety of brands and higher share of imported goods from China contributed to intensified competition in these product categories.



Note: \*The weight of goods in the personal care and laundry category accounts for 6% of the inflation basket.  
Source: BigC, Lotus, Tops online, Customs Department, and the Office of Industrial Economics, BOT calculation

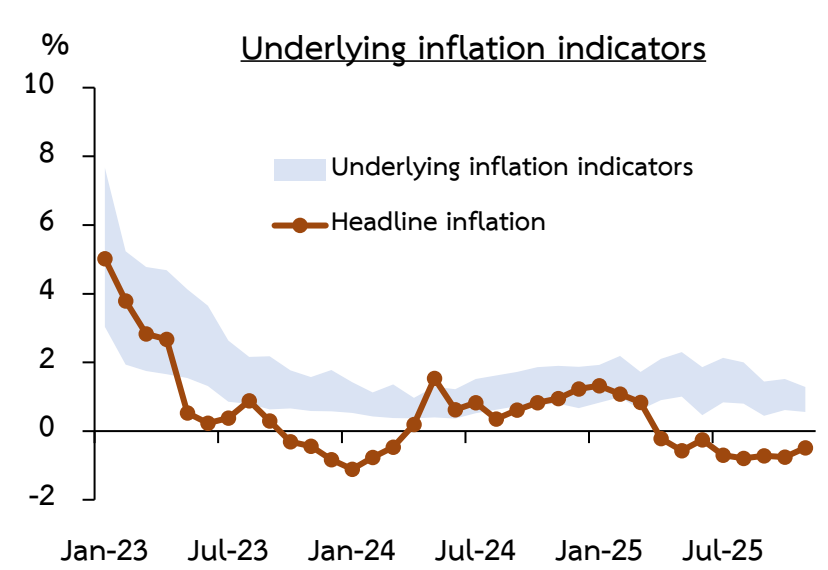
Inflation indicators have not reflected deflation risks, but continued monitoring is still warranted going forward.

1 Prices of goods and services have not shown a persistent or broad-based decline.



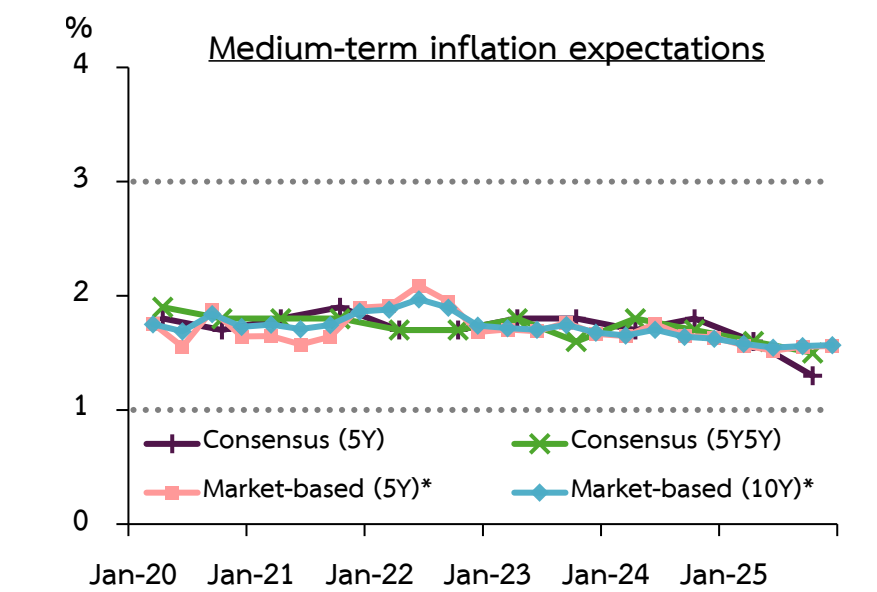
Source: Ministry of Commerce, BOT calculation

2 Inflation indicators remain positive and have been largely stable.



Note: The shaded area represents the range between the maximum and minimum values of 5 inflation trend indicators, comprising: (1) Core inflation; (2) Core inflation excluding government cost-of-living support measures and housing rent, which is less volatile; (3) Trimmed mean CPI, which excludes items with the most extreme price changes; (4) Sticky CPI, which better reflects inflation trends after removing prices that change very frequently, based on Apaitan et al. (2018); and (5) Inflation adjusted for temporary volatility factors, derived from a model following Stock and Watson (2015).

3 Medium-term inflation expectations among the private sector have eased slightly but remain well-anchored within the 1-3% target range.

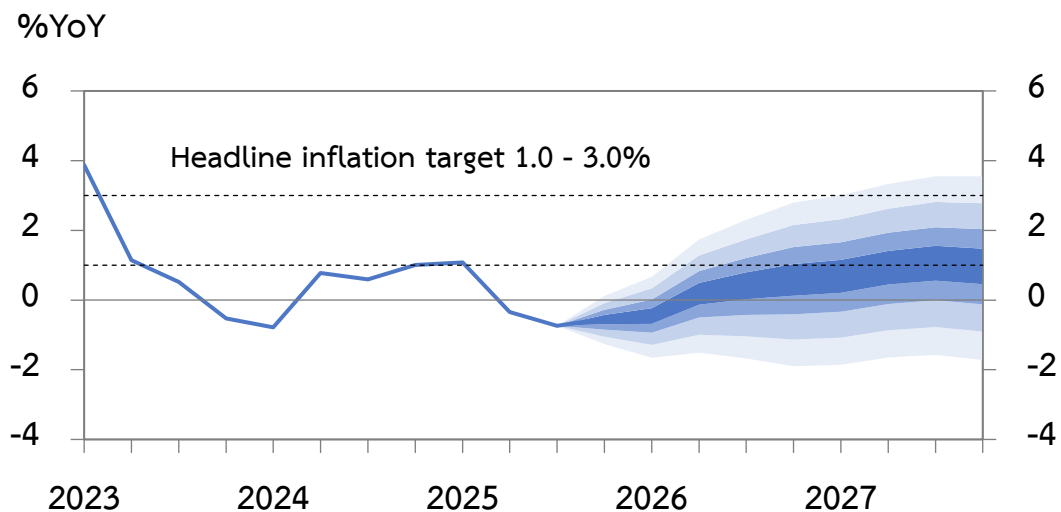


Note: \*The estimates are derived using an affine term structure model, incorporating yield curve data and macroeconomic variables.  
Source: Asia Pacific Consensus Economics, Ministry of Commerce, BOT calculation.

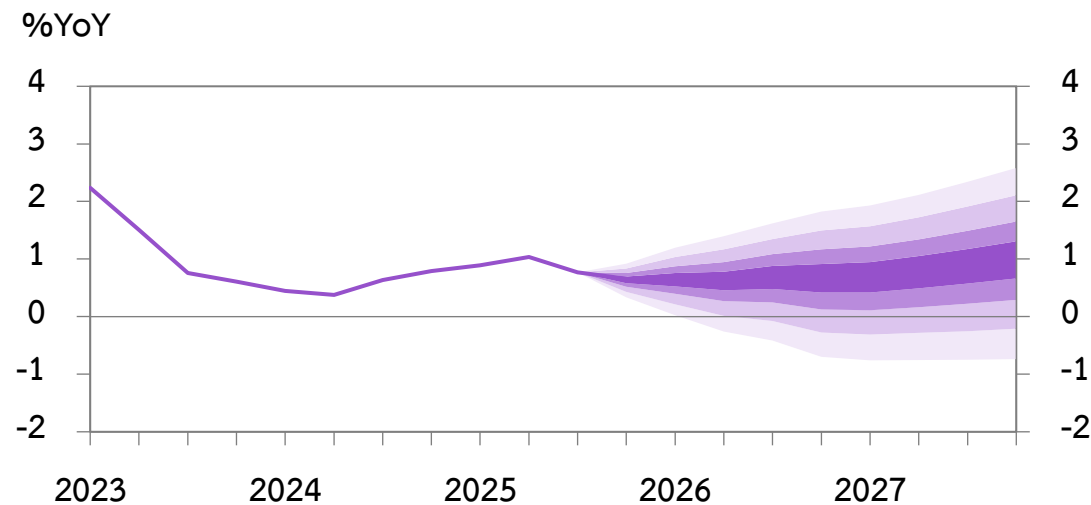


## Risks to the inflation outlook are skewed to the downside for 2026 and 2027

Headline inflation forecast



Core inflation forecast



### Upside risks

- Geopolitical tensions resulting in higher global oil prices

### Downside risks

- Falling energy prices due to increased oil output
- Government measures to subsidize living costs

Summary of key forecast assumption

Annual percentage change	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Trading partners' growth (%YoY) <sup>1/</sup>	2.9	2.9 (2.7)	2.6 (2.4)	2.7
Fed funds rate (% at year-end)	4.25 - 4.50	3.50 – 3.75 (3.50 – 3.75)	3.25 – 3.50 (3.25 – 3.50)	3.25 – 3.50
Regional currencies (excl. China) vis-à-vis the US dollar (index) <sup>2/</sup>	169.5	167.0 (166.5)	163.8 (162.0)	163.3
Dubai crude oil prices (US dollar per barrel)	79.7	70.0 (70.0)	63.0 (65.0)	66.0
Farm income (%YoY)	8.1	-7.1 (-6.6)	-4.5 (-5.8)	-0.1
Government consumption at current price (billion baht)	3,101	3,152 (3,167)	3,187 (3,223)	3,276
Public investment at current price (billion baht)	1,066	1,146 (1,130)	1,169 (1,218)	1,253

Note:

<sup>1/</sup> Weighted by each trading partner's share in Thailand's total exports

<sup>2/</sup> Increasing index represents depreciation, decreasing index represents appreciation

<sup>F</sup> Forecast

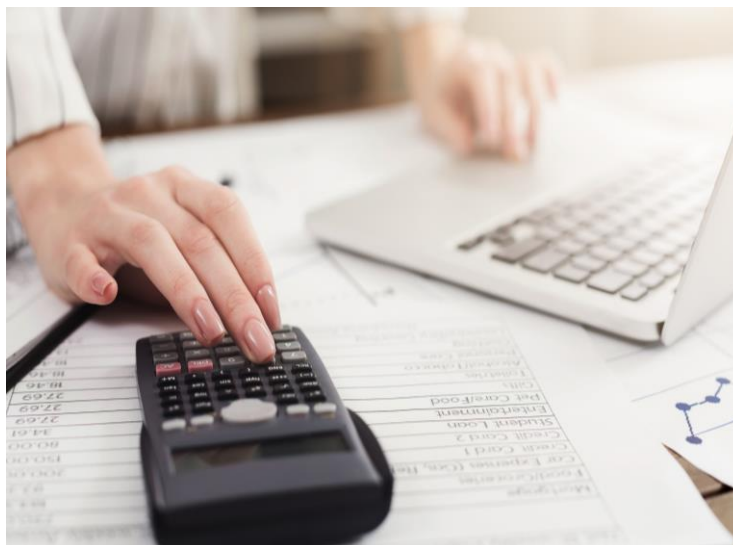
( ) Previous estimates in the Monetary Policy Report Q3-2025

- Trading partners' growth** is expected to remain positive in 2025 alongside an expansion in global trade volumes despite pressure from U.S. tariffs, partly due to front-loaded exports during the first half of the year. However, trading partners' growth in 2026 is expected to slow due to the gradual passthrough of the impact of U.S. tariffs to the economy, before accelerating in 2027.
- The Fed funds rate** is expected to be cut 75 bps in 2025 and 25 bps in 2026 due to more downside risks in the labor market, while inflation risks remain largely unchanged from the previous assessment. For 2027, it is expected that the Fed would maintain its policy rate at 3.25-3.50%.
- Regional currencies (excluding the Chinese yuan)** is expected to appreciate in line with an expansion in exports and the U.S. dollar depreciation due to monetary easing in the U.S.
- Dubai crude oil price** is revised down for both 2025 and 2026 due to persistently high supply from OPEC+ and non-OPEC producers and decreased oil demand as global economic conditions weaken. It is expected that oil price would be higher in 2027 as the global economy recovers.
- Farm income (excluding government subsidies)** would contract in both 2025 and 2026 due to a significant decline in agricultural prices, particularly white rice, rubber, and sugar cane. Nonetheless, agricultural prices in 2027 is expected to start to stabilize after decreasing significantly in earlier periods, while agricultural output would continue to expand, resulting in farm income remaining stable.
- Public expenditure at current prices** would continue to drive growth in 2025, although it is expected to slow down in 2026 and 2027 in line with the planned reduction in fiscal deficits under the Medium-term Fiscal Framework for 2027-2030. Budget disbursements would also be negatively affected by delays in the FY2027 budget before accelerating in Q1/2027.

Interest rates in the banking system and the financial market have declined in line with recent policy rate cuts; however, credit has continued to contract amid heightened credit risks.



Credit growth contracted due to softer credit demand amid heightened uncertainties and banks' cautious lending behavior towards borrowers with high credit risks. Credit quality remains to be monitored, particularly among SMEs.

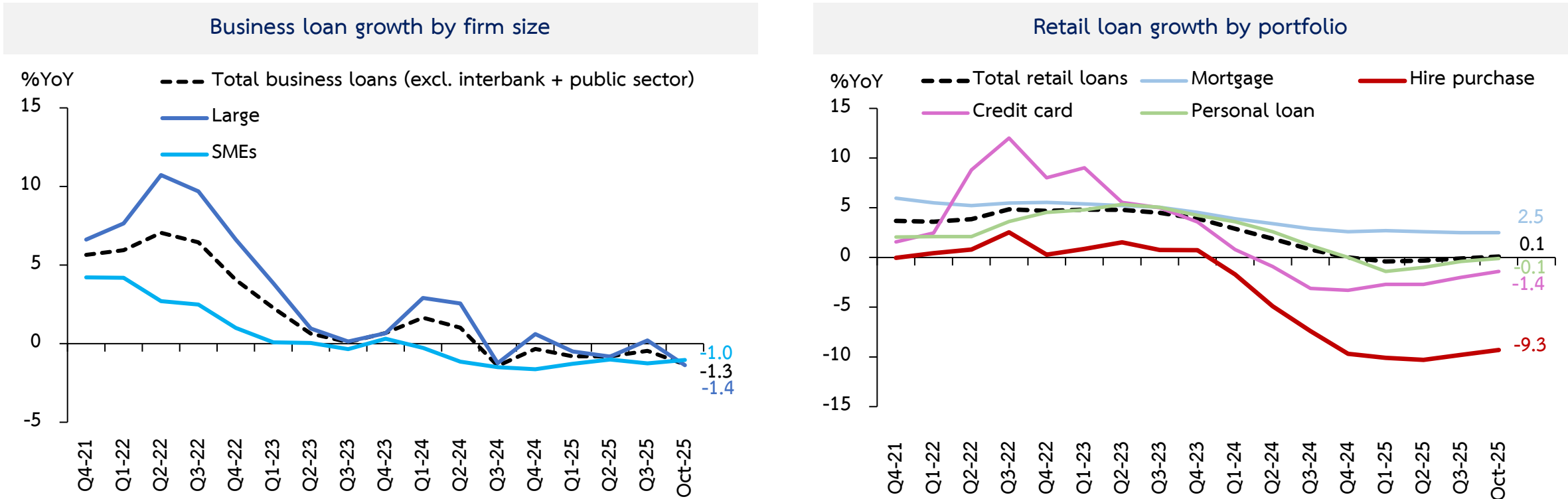


Commercial bank interest rates have gradually declined in line with the policy rate cut at the MPC Meeting in Dec 2025. Meanwhile, Thai government bond yields have increased due to selling pressure from institutional investors in the preceding period.



The baht appreciated more strongly than regional currencies, driven by market expectations about the Fed funds rate and Thailand-specific factors.

Credit growth has contracted partly due to weaker credit demand amid heightened economic uncertainties and banks' continued caution in lending to high-risk borrowers, particularly SMEs.



Notes: (1) The data cover credit extended by the financial institutions system, comprising commercial banks, specialized financial institutions (SFIs), and non-bank financial institutions (both bank subsidiaries and non-subsidaries).

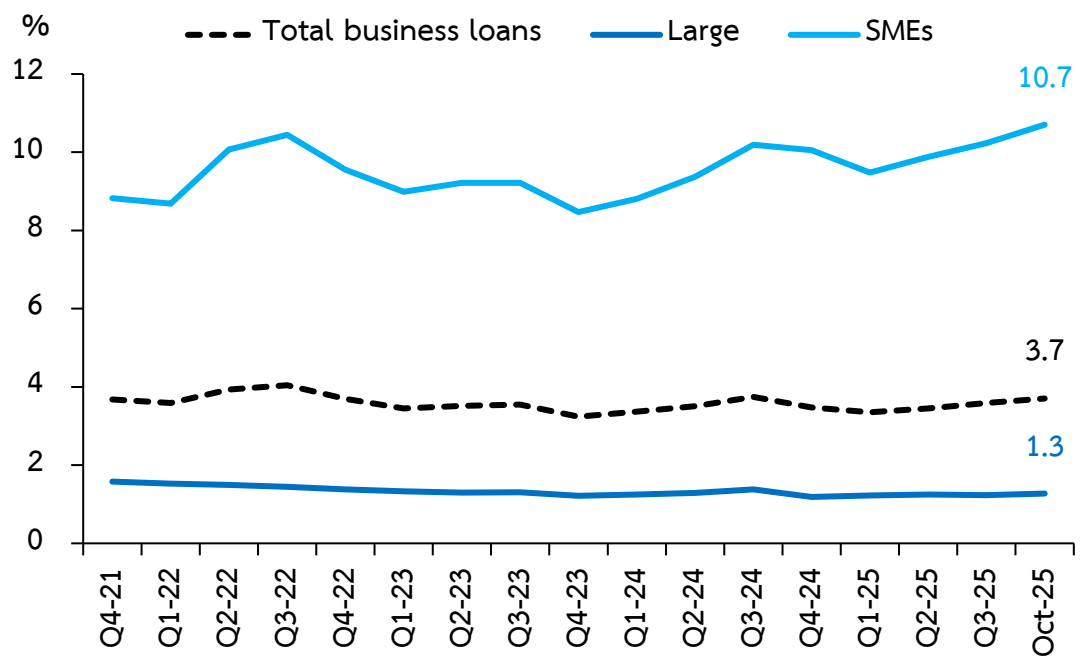
(2) The definitions of business credit size are as follows:

- 1. Commercial bank credit (excluding subsidiaries) in accordance with the definition of the Office of Small and Medium Enterprises Promotion (OSMEP), classified by credit limit (with large corporate credit exceeding THB 500 million and SME credit not exceeding THB 500 million).
- 2. SFI credit, defined in accordance with OSMEP's classification.
- 3. Non-bank credit, covering SME credit only, comprising nano finance and regulated personal loans for occupational purposes, excluding loans secured by vehicle registration. ที่มา: ธปท.

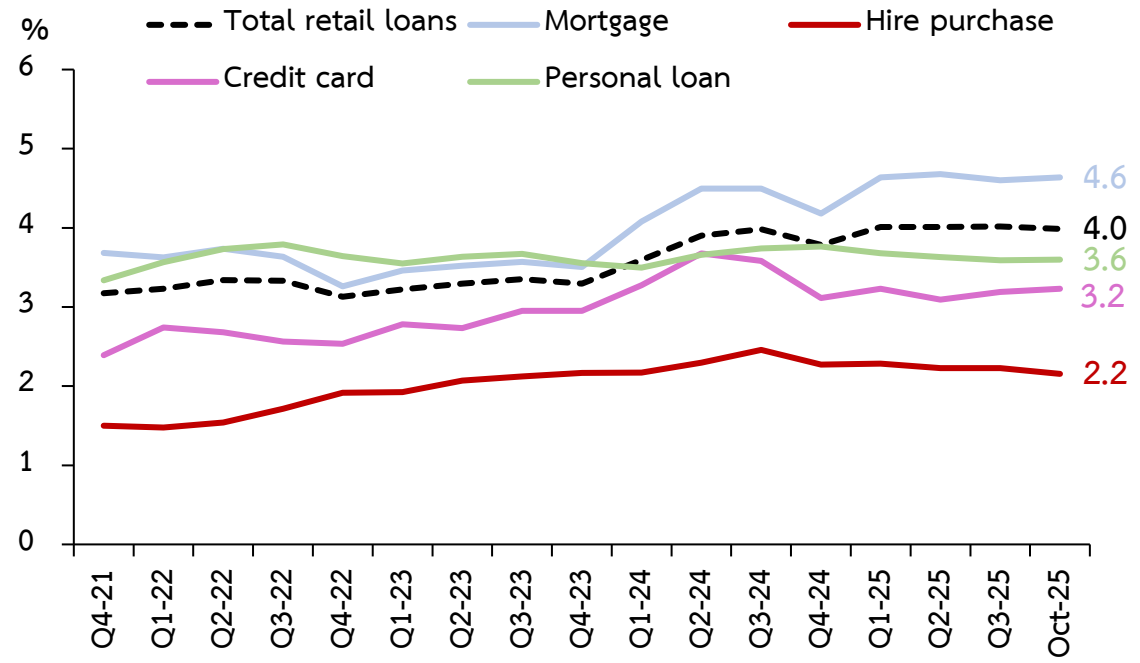
**Business loans has continued to contract.** Corporate loan growth has contracted, in part due to slowing investments amid heightened economic uncertainties. Meanwhile, SMEs continued to face challenge in accessing credit as financial institutions maintain caution in approving loans given high credit risks. Retail loan growth remains broadly stable, although the slowdown in mortgage loans remain to be monitored.

Credit quality remained broadly stable overall, but the credit quality of SMEs and mortgage loans still warranted monitoring.

Stage 3 (NPL) of business loans by firm size



Stage 3 (NPL) of retail loans by portfolio



- Notes: (1) The data cover credit extended by the financial institutions system, comprising commercial banks, specialized financial institutions (SFIs), and non-bank financial institutions (both bank subsidiaries and non-subsidaries).
- (2) The definitions of business credit size are as follows:
- 1. Commercial bank credit (excluding subsidiaries) in accordance with the definition of the Office of Small and Medium Enterprises Promotion (OSMEP), classified by credit limit (with large corporate credit exceeding THB 500 million and SME credit not exceeding THB 500 million).
  - 2. SFI credit, defined in accordance with OSMEP's classification.
  - 3. Non-bank credit, covering SME credit only, comprising nano finance and regulated personal loans for occupational purposes, excluding loans secured by vehicle registration.

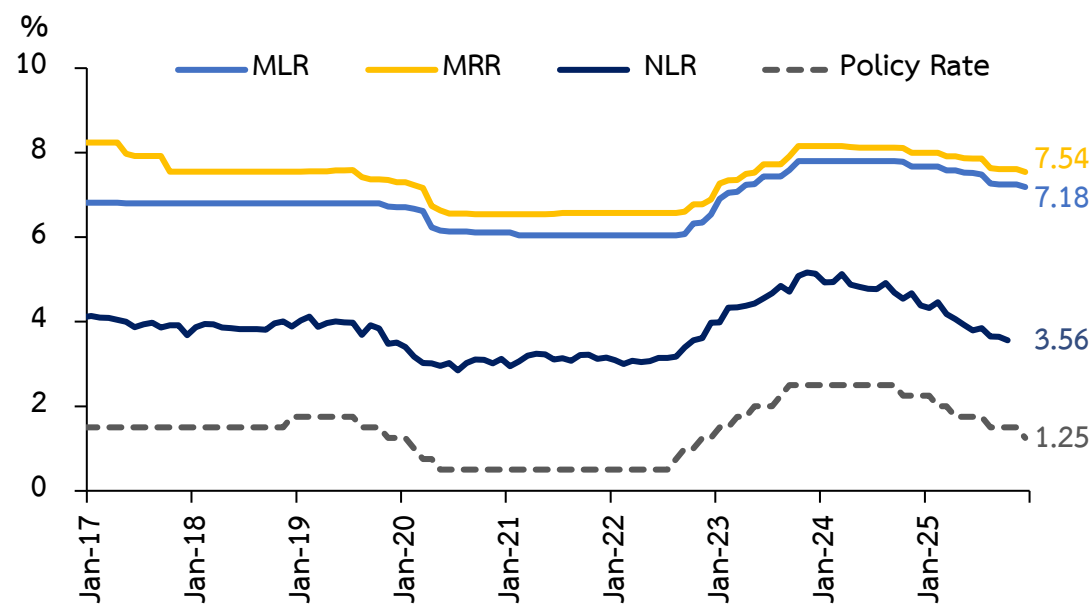
Source: BOT

Credit quality of SME loans has continued to deteriorate as reflected in SMEs' financial positions, which remain fragile due to intensified competition and difficulties in accessing credit. Meanwhile, there are rising NPLs among vulnerable agricultural borrowers under specialized financial institutions (SFIs). Credit quality of retail loans has remained stable, in part due to assistance provided to debtors through debt restructuring, debt assistance measures, and responsible lending measures including "Khun Soo, Rao Chuay". However, credit quality of mortgage loans still warranted monitoring as their NPL ratio remains at an elevated level.

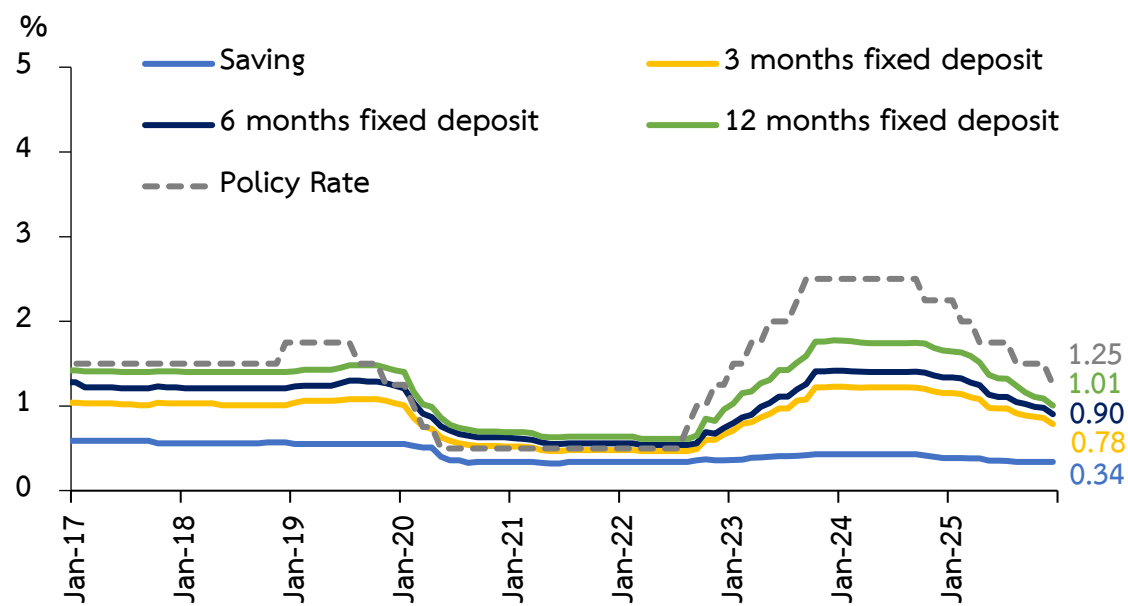


Commercial bank interest rates gradually declined in line with the policy rate cut at MPC Meeting No. 6/2025 in December

Commercial bank lending rates



Commercial bank deposit rates



Note: (1) Monthly average of 14 commercial banks (data as of 30 Dec 2025)  
(2) NLR = new loan rate (data as of Oct 2025)  
Source: Bank of Thailand

**Commercial bank lending and deposit rates declined** in line with the policy rate cut at MPC Meeting No. 6/2025 (17 Dec 2025). The minimum lending rate (MLR) fell to 7.19%, while the minimum retail rate (MRR) fell to 7.54%. Interest rate on saving deposits is unchanged, while fixed deposit rates declined slightly.

Box 2: Monetary Policy Transmission

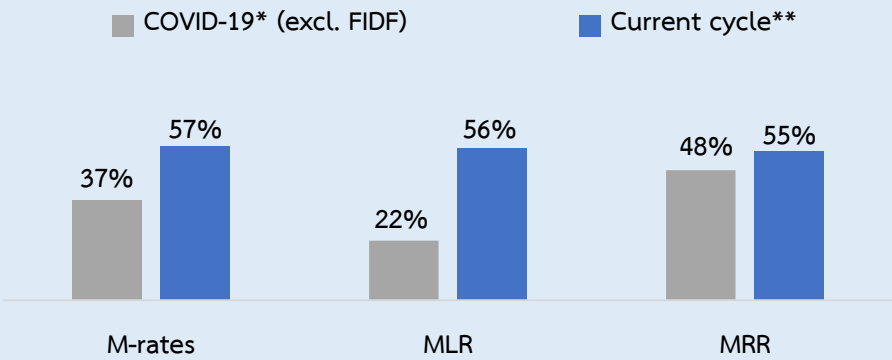
In the current monetary easing cycle from MPC Meeting No. 5/2024 to No. 5/2025 (excluding the policy rate cut at MPC Meeting No. 6/2025 on 17 Dec 2025, the transmission of which is still underway), the policy rate has been cut 4 times, with a cumulative reduction of 100 bps bringing it to 1.50%<sup>1/</sup>. **These policy rate cuts have helped lower financing costs for borrowers and interest burden on existing debt, while also contributing to lower deposit rates.** This analysis assesses the transmission of the policy rate to commercial banks’ lending and deposit rates – an important mechanism in Thailand’s bank-based economy – using debt data within the banking system<sup>2/</sup> during the Oct 2024 to Oct 2025 period to evaluate both the interest burden on borrowers and the returns received by depositors. Key findings include the following:

**The transmission from the policy rate to commercial banks’ reference rates (M-rates) in this easing cycle averaged 57%, higher than the 37% observed during the COVID-19 period<sup>3/</sup>.** The transmission to interest rates applied to large borrowers (MLR) and retail borrowers (MRR) were largely similar at 56% and 55%, respectively, unlike in past cycles where transmission to MRR was greater than MLR (Chart 1). Bank-level adjustments revealed that transmission from the first 3 policy rate cuts had diminishing effectiveness, in part due to heightened economic uncertainties at the time. In contrast, the transmission from the fourth policy rate cut was 100%, which significantly reduced interest burden for borrowers, especially among the vulnerable groups.

Nevertheless, reference rates do not fully represent the actual interest rates that borrowers face, as commercial banks may offer loan rates that are higher or lower than the applicable reference rate. **In this regard, additional analysis of the new loan rate (NLR) and the effective interest rate (effective interest rate : EIR) is needed to capture the financing costs and interest burden that have been transmitted to the real economy.** The actual interest rates that borrowers face may differ depending on their credit risk, the lending bank’s risk appetite, the type of loan, and the interest rate structure.

<sup>1/</sup> The current easing cycle covers 4 policy rate cuts from 2.50% as of 16 Oct 2024 to 1.50% as of 13 Aug 2025.  
<sup>2/</sup> Debt outstanding in the banking system accounts for 74% of total debt outstanding of all financial institutions.  
<sup>3/</sup> The easing cycle in the COVID-19 period does not include the effects of FIDF fee reduction (2020-2021) and covers 5 policy rate cuts from 1.75% as of 7 Aug 2020 to 0.50% as of 20 Mar 2021.

Figure 1: Transmission of policy rate cuts to commercial banks’ reference lending rates (M-rates)  
Compared to the previous easing cycle



Transmission of policy rate cuts in latest cycle

Interest rate cut	M-rates	MLR	MRR
1 <sup>st</sup> cut	61%	55%	61%
2 <sup>nd</sup> cut	42%	38%	36%
3 <sup>rd</sup> cut	26%	29%	20%
4 <sup>th</sup> cut	100%	100%	100%

**Notes:** Transmission to M-rates is calculated as a weighted average of the transmission of MLR, MOR, and MRR, based on the credit shares of Thai commercial bank  
\*COVID-19 transmission excludes the effects of the FIDF fee reductions (2020–2021).  
\*\*Current transmission reflects the policy rate reductions over the past four easing steps.  
**Source:** Calculations by the Bank of Thailand.

Box 2: Monetary Policy Transmission

Contract-level data analysis found that recent policy rate cuts resulted in a smaller reduction in interest rates faced by SMEs and retail borrowers compared with the reduction in interest rates faced by larger borrowers. This is partly due to higher credit risks among SMEs and retail borrowers.

**New loans:** The NLR declined broadly in line with the policy rate overall, however the NLR for larger businesses declined by more than that for SMEs and retail borrowers, averaging -120 bps, -80 bps, and 30 bps, respectively (Chart 2). This reflects the lower credit risks and stronger bargaining power of larger businesses. In contrast, SMEs and retail borrowers face higher credit risks, as indicated by their deteriorating credit quality, resulting in banks applying higher spreads to compensate for these risks.

**Existing loans:** the Interest burden of debtors declined, primarily for floating-rate loans. The EIR for business loans decreased by almost the same magnitude as the transmission to the M-rates. However, the EIR for some large businesses declined by more than that for SMEs, averaging -60 bps and -50 bps, respectively (Chart 2). This is partly because a number of large businesses – accounting for 20% of corporate loans – have loans that use BIBOR, THOR, and THBFIX<sup>4/</sup>, which are reference rates that have near-100% transmission. Meanwhile, the EIR for retail borrowers fell by -40 bps, partly because more than half of retail loans carry fixed interest rates.

At the same time, policy rate cuts have led to a decrease in deposit rates, which affects saving incentives. Transmission from the most recent rate cut to deposit rates was 6% for savings accounts and 31-46% for fixed deposits, which are both lower compared to the transmission observed during the COVID-19 period (Chart 3) as deposits rate are currently at their lowest level in the past 3 years. The impact on depositors remains limited because banks reduced the fixed-deposit rates on new products by more than the savings rates. Fixed deposits account for about one-third of total deposits outstanding in the banking system and 6% of all deposit accounts.

In summary, policy rate cuts have helped ease financial conditions by reducing financing costs and interest burdens. However, there remains the need to monitor the contraction in credit growth, which is a key contributor to tighter financial conditions and has resulted in limited monetary policy transmission to economic activities and new lending, especially given current economic uncertainties that have led banks to remain cautious in lending to vulnerable SMEs and households with high credit risks.

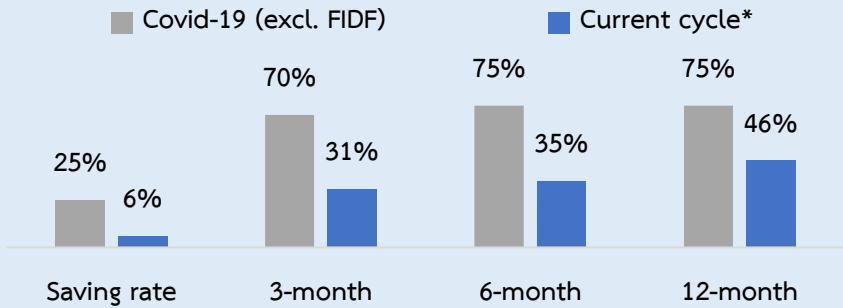
Figure 2: Declines in interest rates following a 100 basis point reduction in the policy rate

Loan type	Interest rate reduction (bps)	
	New Loan Rate (NLR)	Effective Interest Rate (EIR)
Business loans		
Corporate	-120	-60
SMEs	-80	-50
Retail loans	-30	-40

- Notes: (1) Changes in the new loan rate (NLR) and the effective interest rate (EIR) are calculated by comparing October 2025 with September 2024.  
(2) Retail credit excludes credit cards.  
(3) EIR is calculated only for contracts referenced to floating rates.

Source: Business credit data covering the commercial banking system; calculations by the Bank of Thailand.

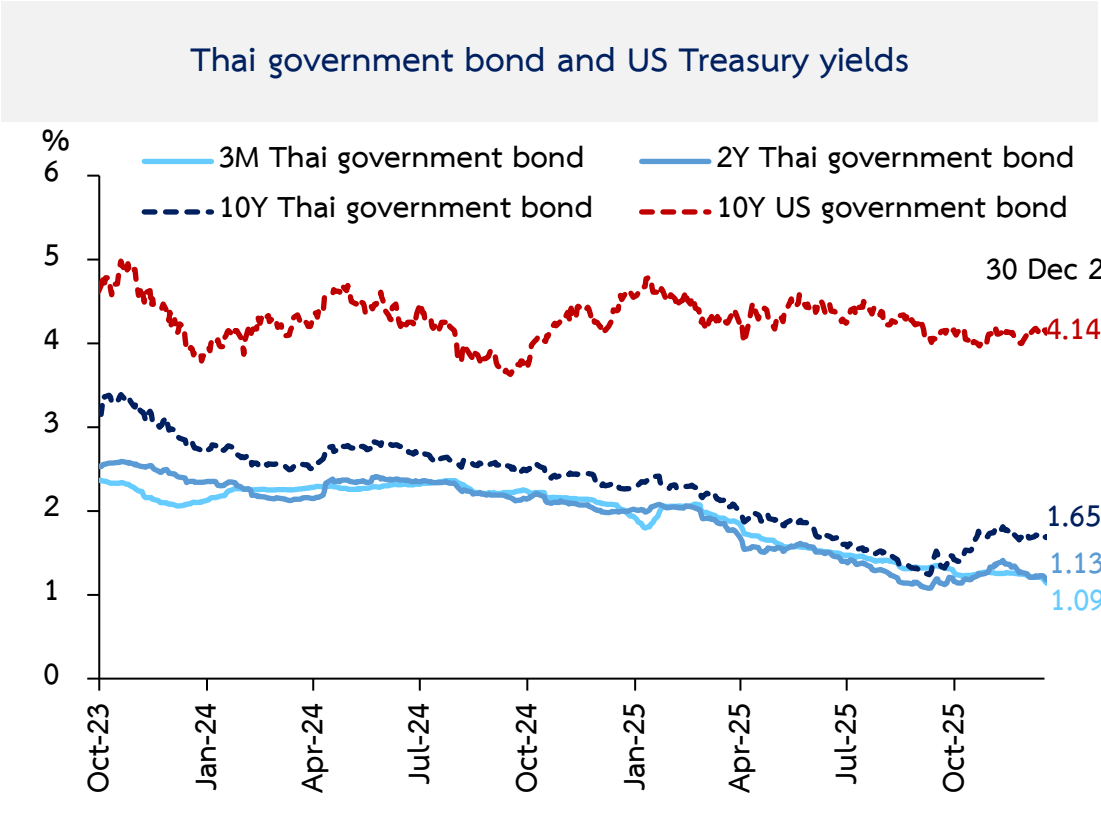
Figure 3: Transmission of the policy rate to commercial bank deposit rates



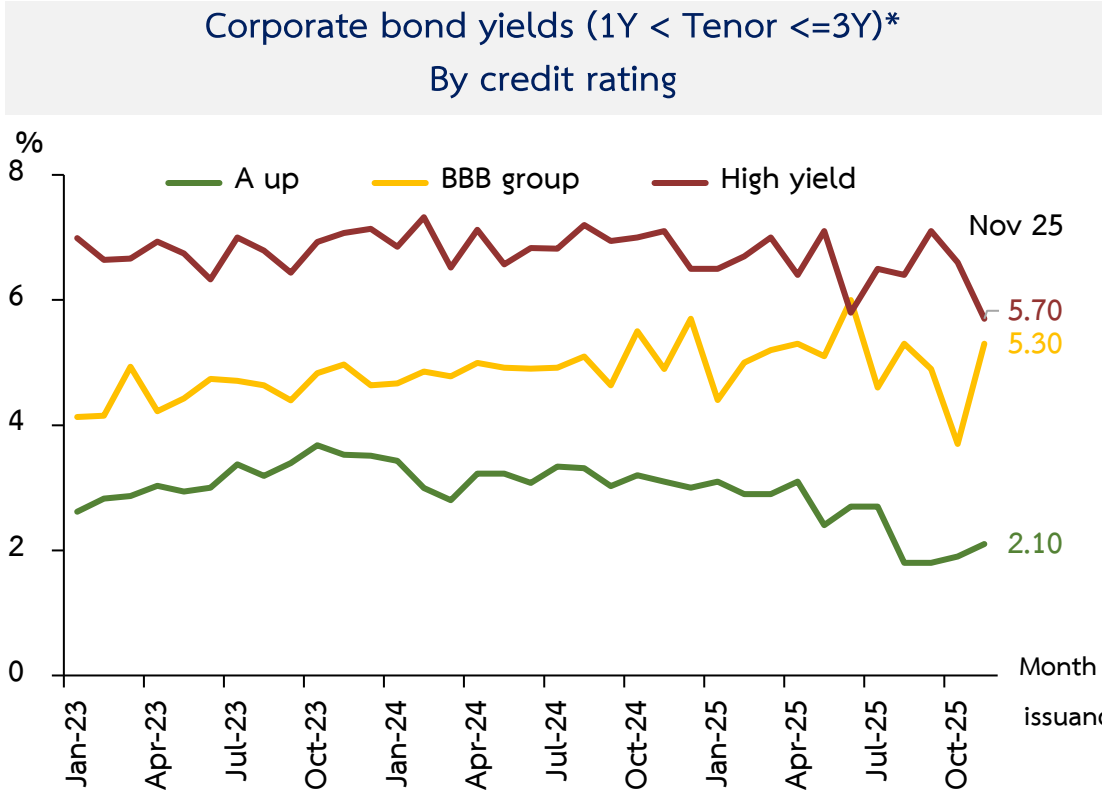
- Notes: Calculated using a weighted average based on the share of credit extended by Thai commercial banks\*.Current transmission reflects the policy rate reductions over the past four easing steps.  
Source: Calculations by the Bank of Thailand.

<sup>4/</sup> BIBOR: Bangkok Interbank Offered Rate, THOR: Thai Overnight Repurchase Rate, THBFIX: Thai Baht Fixing Rate

Thai government bond yields gradually declined, particularly at the short end, in line with the policy rate cut. Meanwhile, corporate bond yields was driven by idiosyncratic factors.



Source: Thai BMA (data as of 30 Dec 2025)



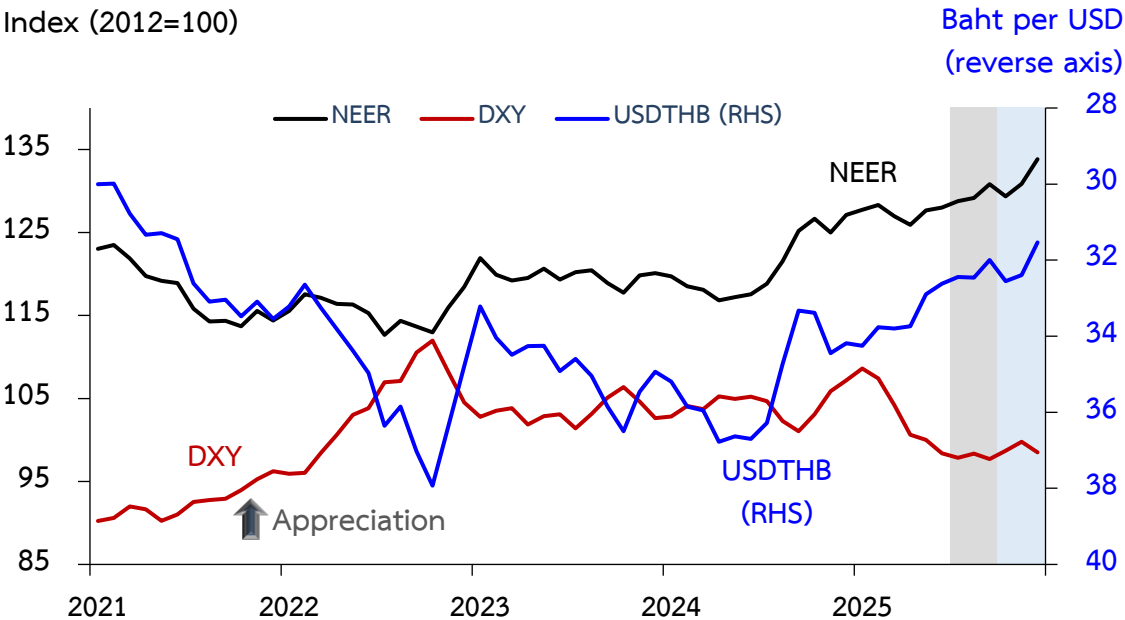
Note: \* Weighted average coupon rate in primary market, including only corporate bonds denominated in baht offered domestically (excluding SOE bonds and the commercial banking sector) and including both fixed-coupon and zero-coupon bonds.

Source: Thai BMA, calculated by BOT

Short-term government bond yield declined in line with the policy rate cut at MPC Meeting No. 6/2025, while long-term government bond yields remained high compared with the previous quarter. These developments were driven by selling pressure among domestic institutional investors, who shifted towards holding short-term bonds around end-Oct 2025, partly due to expectations that the MPC might cut the policy rate more gradually after MPC Meeting No. 5/2025. However, since mid-Nov 2025, bond yields fell after Q3/2025 GDP growth turned out lower than market expectations and the MPC decided to cut the policy rate further to 1.25%. Corporate bond yields have remained stable overall. Yields on BBB-rated bonds increased from the previous month due to idiosyncratic factors of certain issuers. Meanwhile, bond yields among the high-yield group declined but remain elevated amid concern over credit risk concerns.

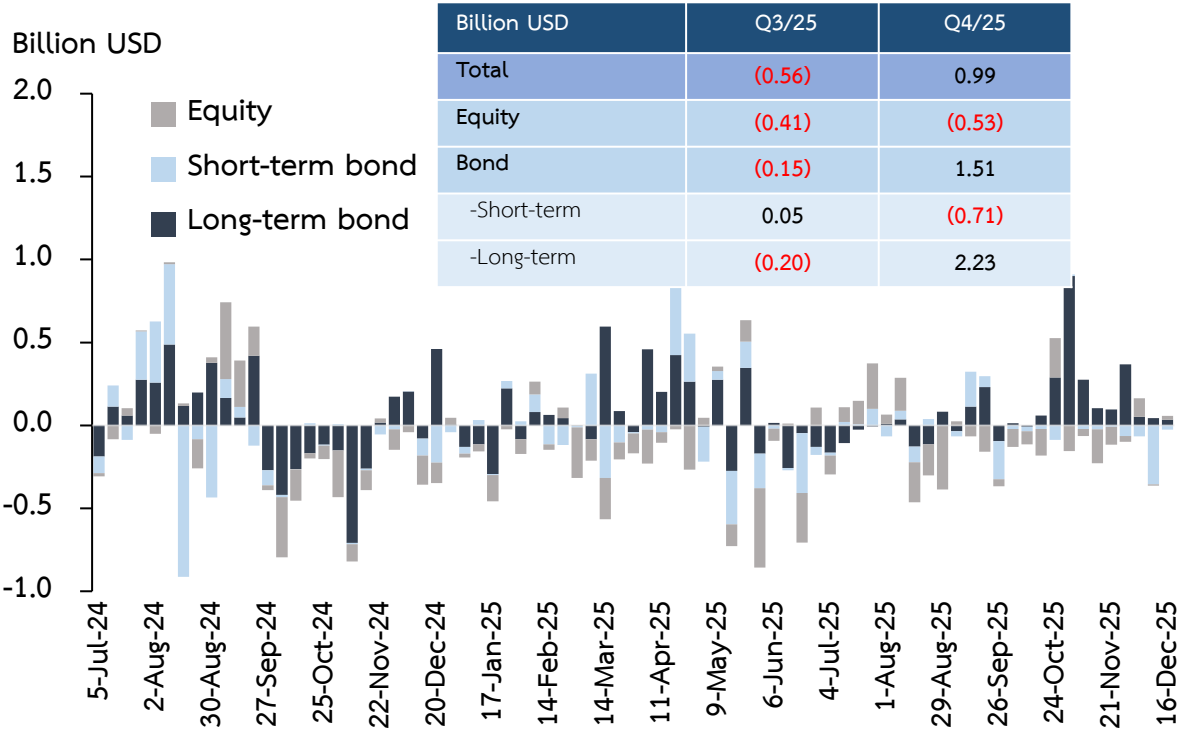
The baht appreciated more strongly compared to regional currencies due to expectations about the Fed’s monetary easing and Thailand-specific factors.

Baht per US dollar (USDTHB) and exchange rate indices



Note: Monthly average (as of 30 Dec 2025)  
Source: Bank of Thailand and Bloomberg

Capital flow into Thai securities (Weekly)



Note: Weekly data, cumulative from the first trading day (\*as of 16 Dec 2025)  
Source: Bloomberg and ThaiBMA

The baht against the U.S. dollar appreciated from the previous quarter in line with the weakening U.S. dollar. Market participants adjusted their expectations for the Fed funds rate after U.S. economic growth and employment data turned out weaker than expected. The baht appreciated sharply in December and outpaced other regional currencies, resulting in an appreciation in the Nominal Effective Exchange Rate (NEER). This appreciation was driven by Thailand-specific factors, namely foreign capital inflows into long-term government bonds, seasonal factors, and higher gold prices. Net capital inflows were recorded in Q4/2025 into the bond market, particularly long-term government bonds, following increases in yields.



## Monetary Policy Decision: Summary of Key Considerations



### Economic growth

The Thai economy in 2026 and 2027 is projected to grow at a slower pace compared to H1/2025 due to lower private consumption and the impact of U.S. tariffs while tourism would gradually recover.



### Inflation

Headline inflation is projected to remain low in line with energy and raw food prices. Meanwhile, demand-pull inflationary pressure is limited amid below-potential economic growth.



### Financial stability

Credit continues to contract and credit quality among the vulnerable groups deteriorated further. SMEs face liquidity pressure from limited access to credit and the baht appreciation.



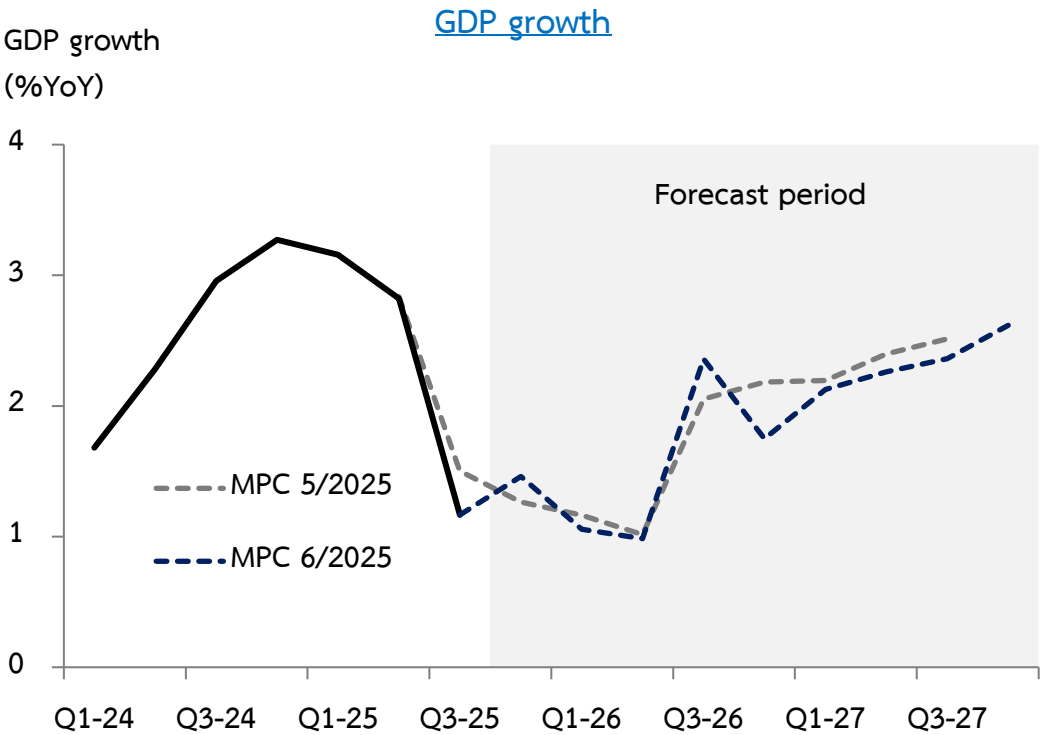
### Monetary policy decision

Monetary policy can be more accommodative, given the economic slowdown and heightened risks. Monetary easing would help enhance the effectiveness of financial and fiscal measures

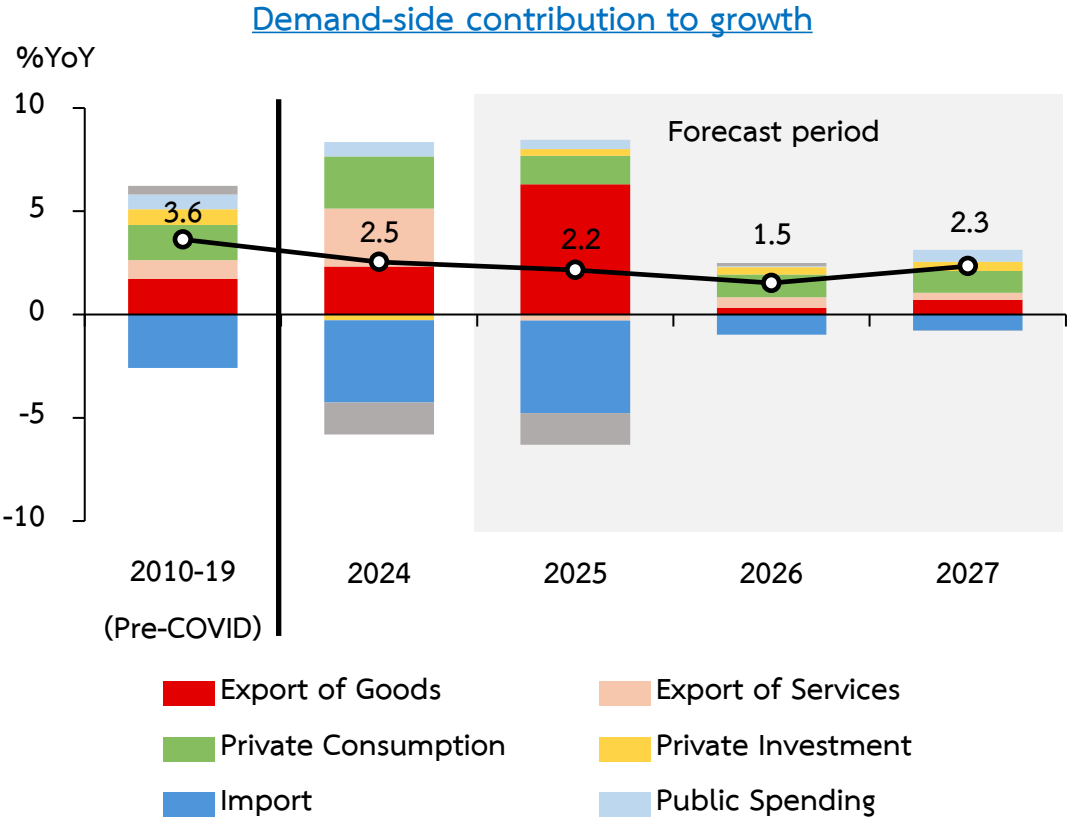
The Thai economy in 2026 and 2026 is projected to grow at a slower pace compared to the first half of 2025

Economic growth in H2/2025 slowed down due to temporary factors in the manufacturing sector, lower short-haul tourist arrivals, and the floods in Southern Thailand

Looking ahead, the economic growth would continue to slow down due to lower consumption in line with income outlook, and the impact of U.S. tariffs on exports. Meanwhile, tourism would gradually recover.



Source: NESDC, BOT calculation



Source: NESDC, BOT calculation

Economic growth

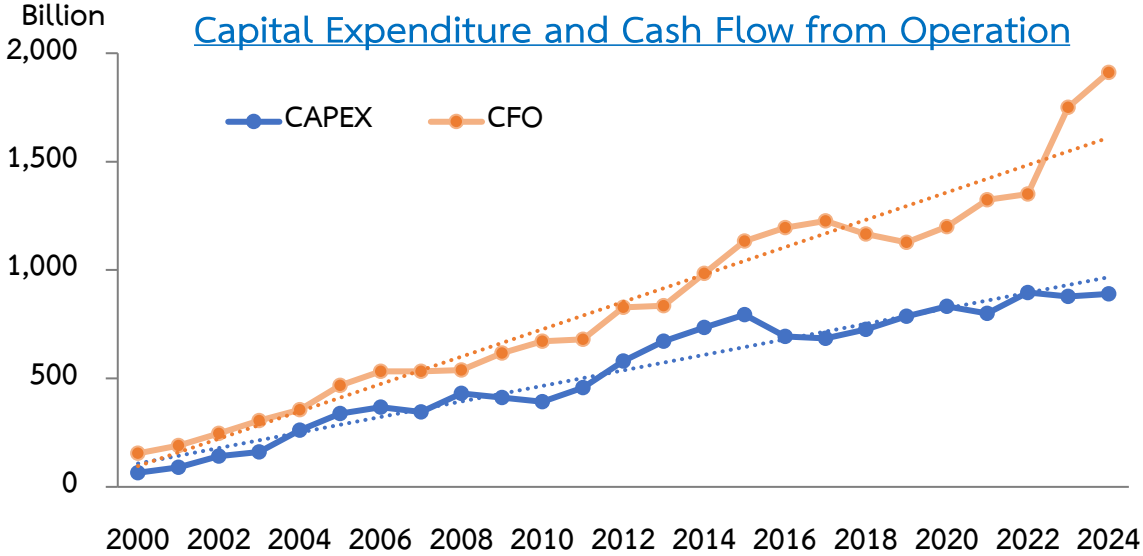
Inflation

Financial stability

Large corporates have better cashflow but are slowing their investment spending. Investments could regain pace when more positive economic signals emerge.

Recently, large corporates have been investing less despite having cash on hand.

Large corporates do not have difficulties in accessing credit.



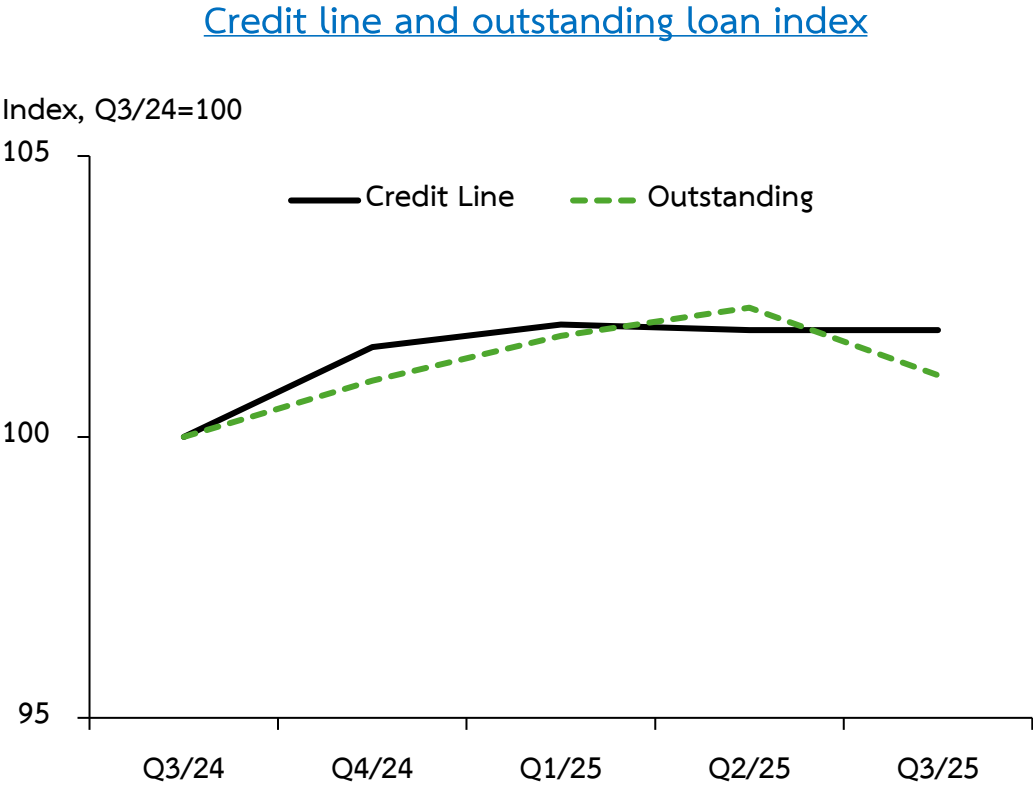
Note: CAPEX = Capital Expenditure, CFO = Cash Flow from Operation

Source: SET



Businesses are investing cautiously because there is no clear positive economic signal. Electronics and data center industries are exceptions where investment have continued to grow. However, investment in these industries do not rely heavily on domestic credit.

Source: data from interviews with businesses (under the Business Liaison Program : BLP) in the manufacturing and exporters between 14 Oct – 2 Dec 2025, including large corporates and SMEs.



Note: Data covers commercial banks excl. subsidiaries

Source: RDT

Economic growth

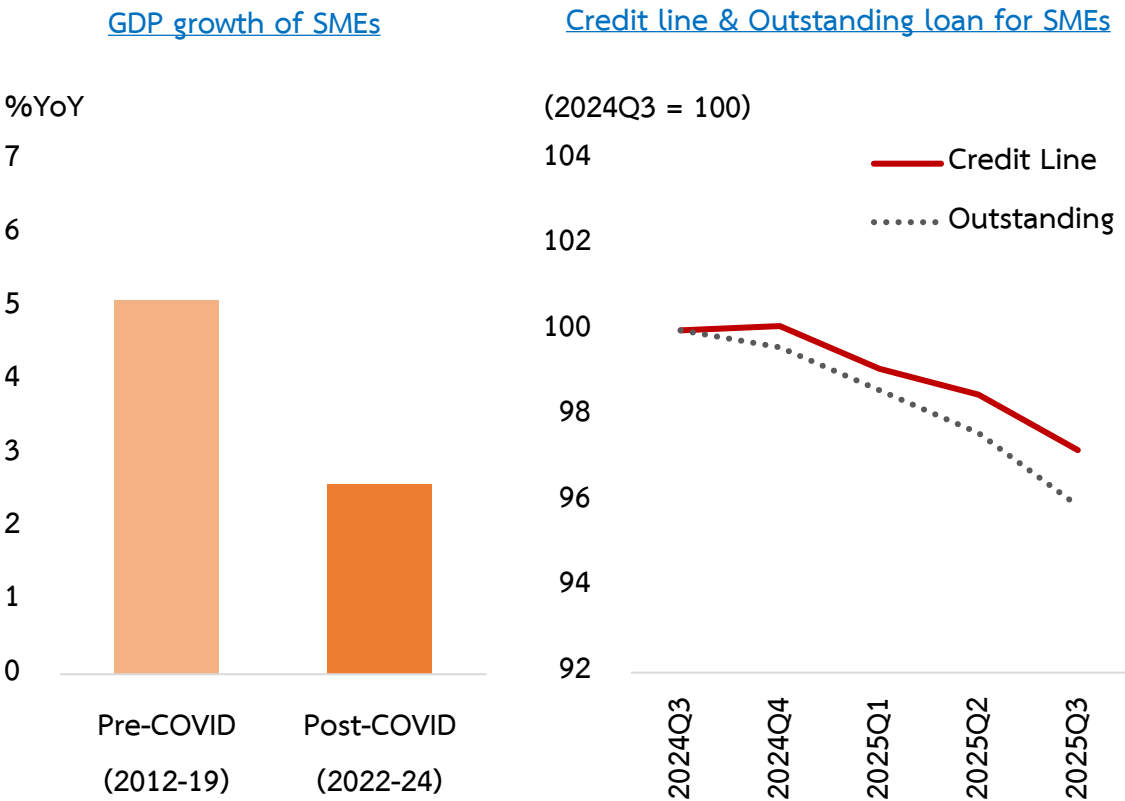
Inflation

Financial stability

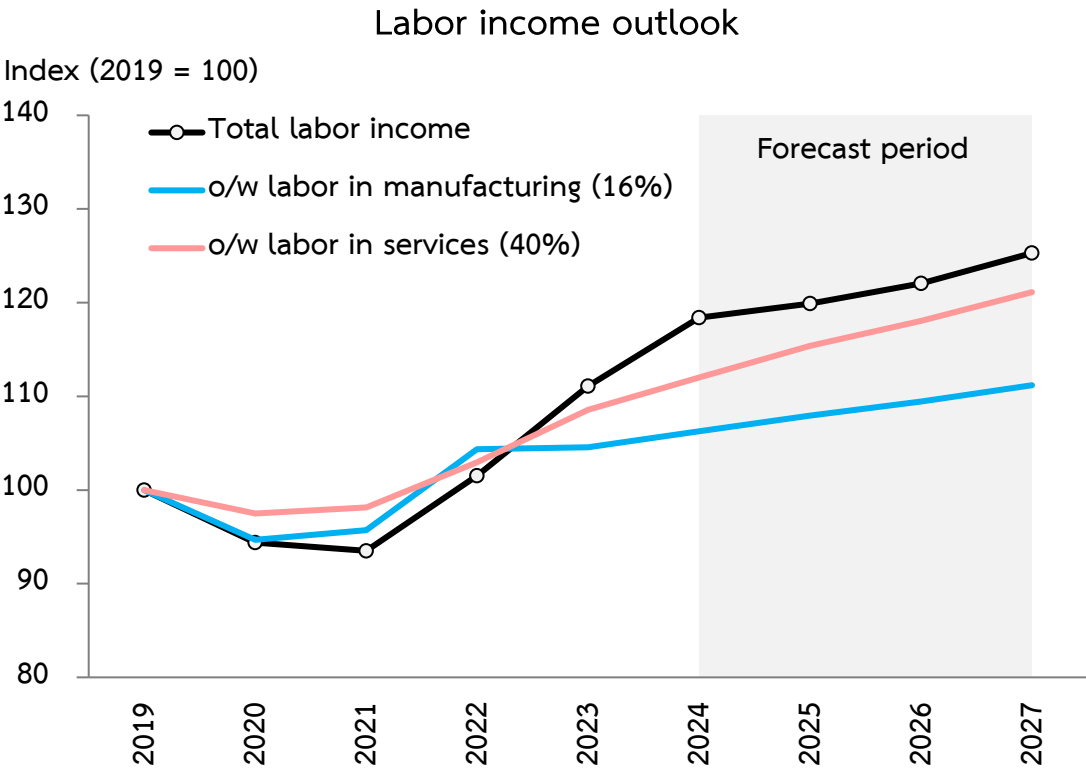
Some SMEs and households are still vulnerable, facing pressure from factors related to income and limited access to credit.

SMEs face pressure from intensified competition, limited access to credit, and the baht appreciation.

Income growth is projected to remain weak and weigh on consumption in the period ahead.



Source: OSMEP (as of Dec 25), BOT calculation      Note: Data covers commercial banks excl. subsidiaries  
Source: BOT



Note: Labor income data is taken from National Income(NI) with data up to 2023  
F = forecast data, value in ( ) is the proportion of income in 2023 from NI  
Source: NEDSC, National Statistical Office, Office of Agricultural Economics, BOT calculation

Economic growth

Inflation

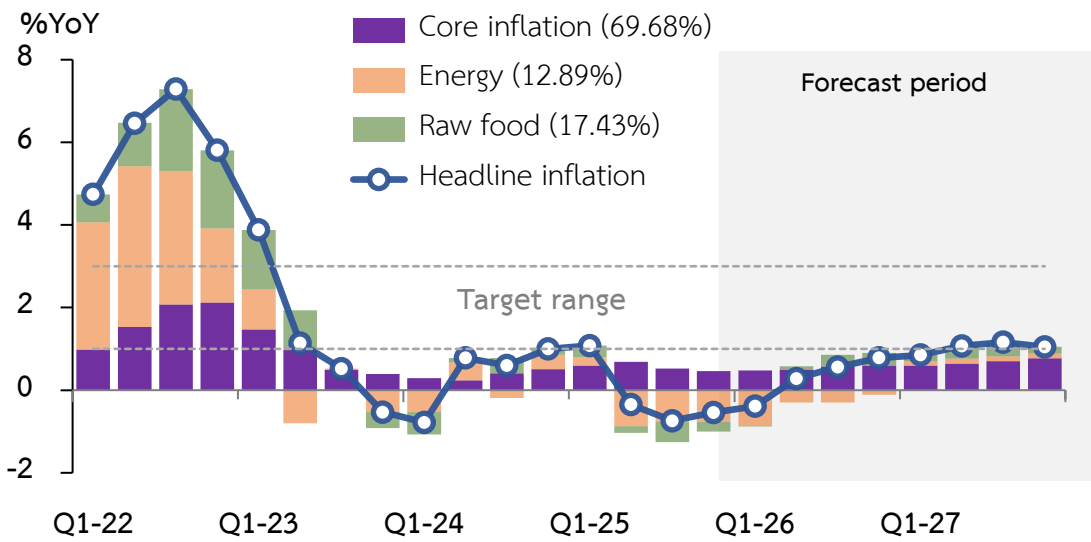
Financial stability

Headline inflation is expected to remain low mainly due to supply-side factors. However, this does not yet not indicate deflation where price declines would be persistent and broad-based.

Energy and raw food prices are main contributors to low headline inflation, while core inflation remains stable.

Inflation indicators, which reflect correlation and persistence in price changes, remain stable. However, deflation risks remain to be monitored.

Contribution to headline inflation

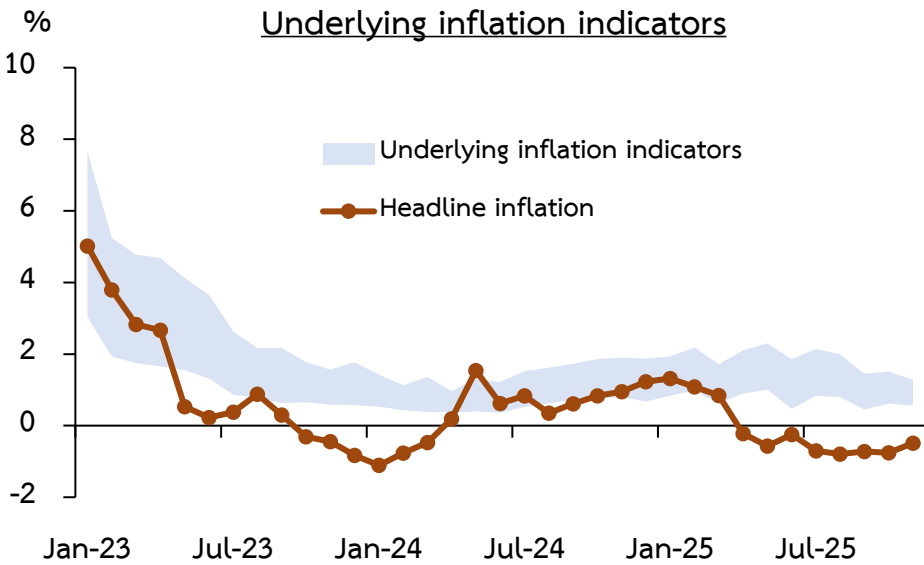


%YoY	2023	2024	2025 <sup>F</sup>	2026 <sup>F</sup>	2027 <sup>F</sup>
Headline inflation	1.2	0.4	-0.1	0.3	1.0
Core inflation	1.3	0.6	0.8	0.8	1.0

Note: <sup>F</sup> forecast data and ( ) is the weight in inflation basket

Source: Ministry of Commerce, BOT calculation

Underlying inflation indicators



Note: The shaded area represents the range between the maximum and minimum values of 5 inflation trend indicators, comprising: (1) Core inflation; (2) Core inflation excluding government cost-of-living support measures and housing rent, which is less volatile; (3) Trimmed mean CPI, which excludes items with the most extreme price changes; (4) Sticky CPI, which better reflects inflation trends after removing prices that change very frequently, based on Apaitan et al. (2018); and (5) Inflation adjusted for temporary volatility factors, derived from a model following Stock and Watson (2015).

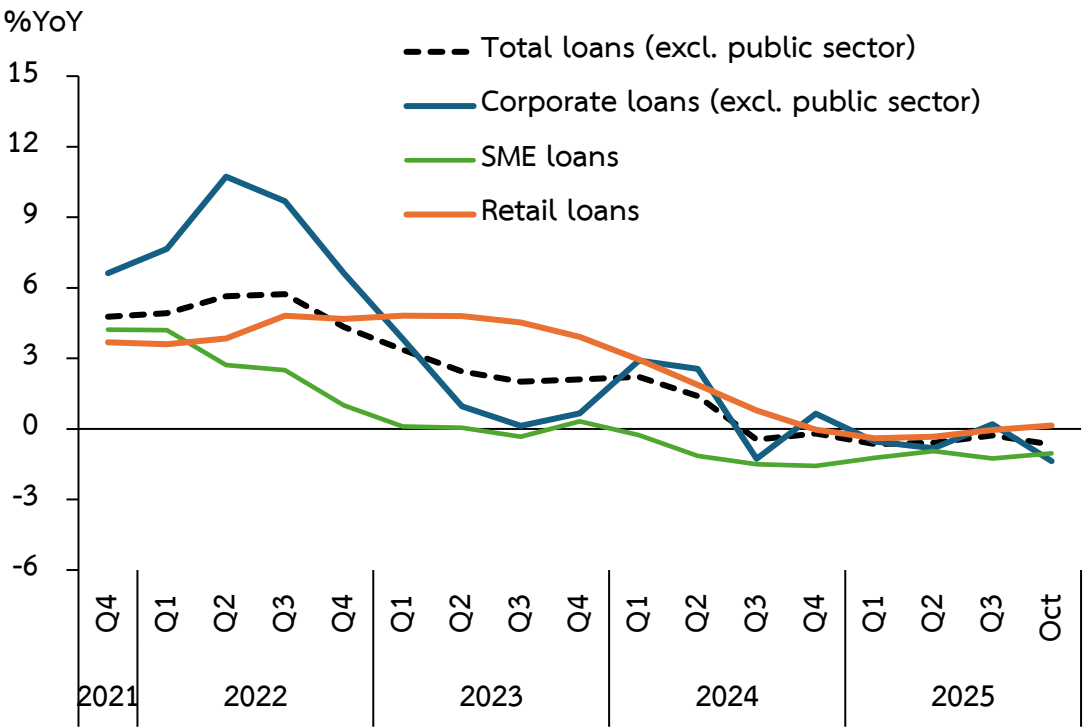


Credit growth continued to contract due to current economic conditions and banks remaining cautious in lending to high-risk borrowers.

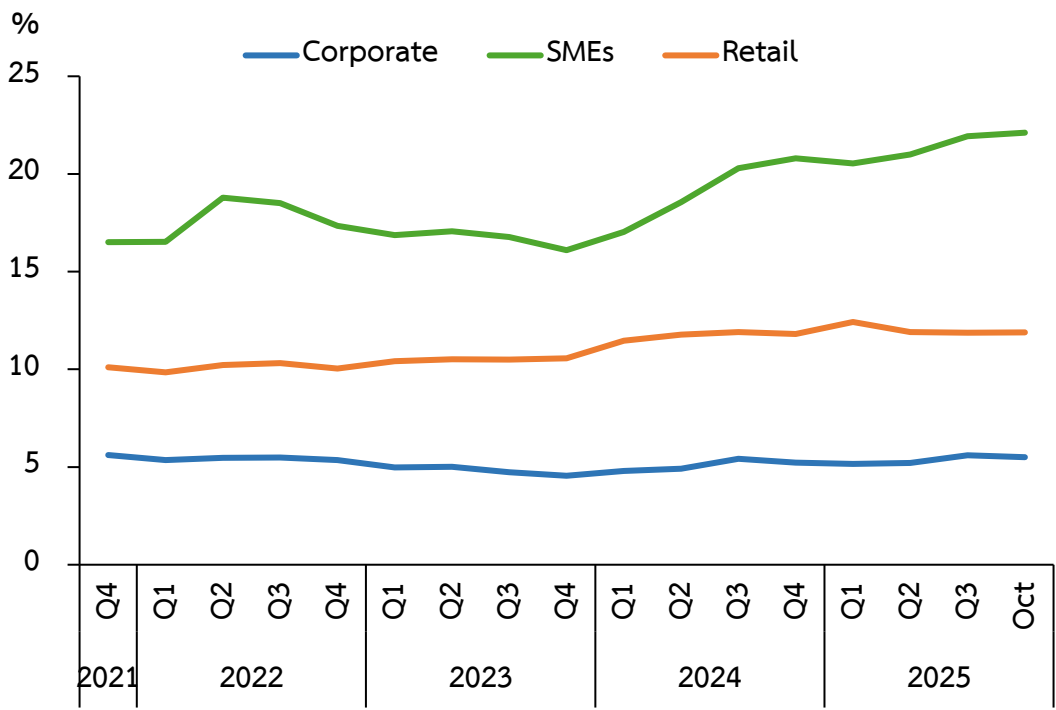
Credit growth continues to contract, partly reflecting the slowing private consumption and private investment. Meanwhile, financial institutions remain cautious in lending to SMEs.

Credit quality of SMEs and mortgage loans remains to be monitored

Business and retail loans growth



Proportion of SM+NPL loans in commercial bank system

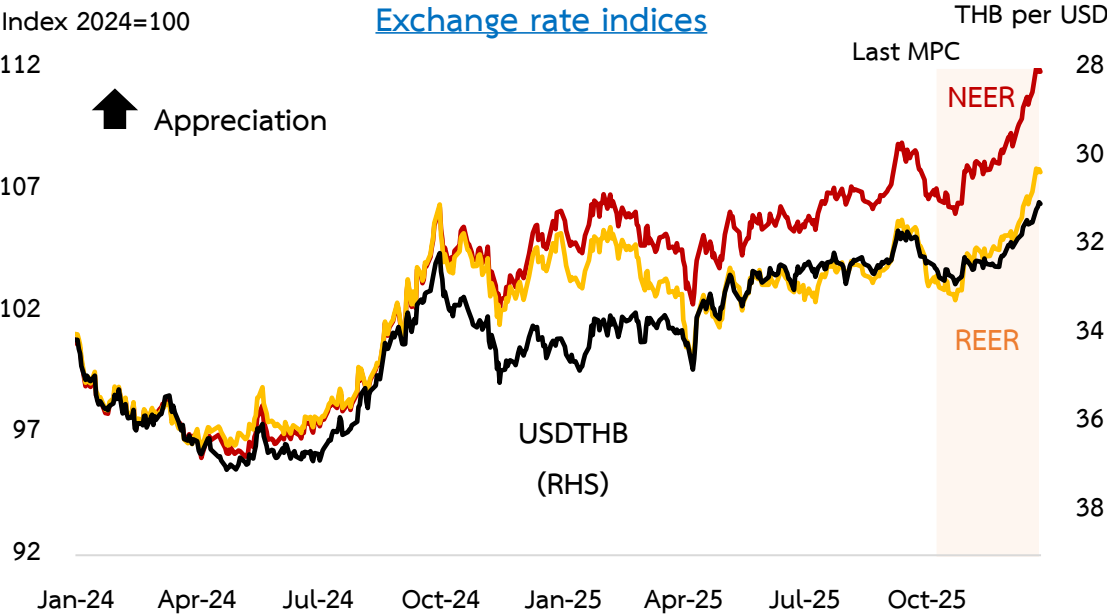


**Note:** Financial institutions including commercial banks (and subsidiaries), SFIs, and non-banks that are not subsidiary of commercial banks. For retail loans, the coverage includes commercial banks (and subsidiaries), SFIs, and non-banks under regulation. For business loans, business size is defined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

Source: BOT

The baht appreciated more than other regional currencies, affecting the liquidity of exporters, especially SMEs with low level of risk hedging.

The baht appreciation has outpaced other regional currencies.



%change (+ indicating THB appreciation)	NEER	REER	USDTHB
1 Jan 25 to date	5.4	2.4	9.8
Last MPC to date	4.5	4.1	4.5

Note: Data as of 25 Dec 2025  
Source: Bloomberg, BOT calculation

Exporters were immediately affected by exchange rate movements, especially SMEs who are mostly unhedged against exchange rate risks.

Impact of USDTHB on EBIT/Asset of exporters

	SMEs	Large
Number of firms	78%	22%
Share of export value	14%	86%
Share of unhedged firms <sup>1/</sup>	57%	31%
Impact of FX on firm's EBIT-to-asset (Sensitivity to 1% FX change) <sup>2/</sup>	-0.19 ถึง -0.24	-0.16

Note: <sup>1/</sup> Share of number of exporters that do not manage currency risks via forward/option or using FCD account to the total number of exporters for each size, averaging from 2015 to Oct 2025 <sup>2/</sup> sensitivity to medium and small firms is -0.19 and -0.24 respectively, with reference to Exchange Rate Effects on Firm Performance: A NICER Approach (Nookhwun et al., 2025)  
Source: Customs Department, Department of Business Development and BOT, BOT calculation

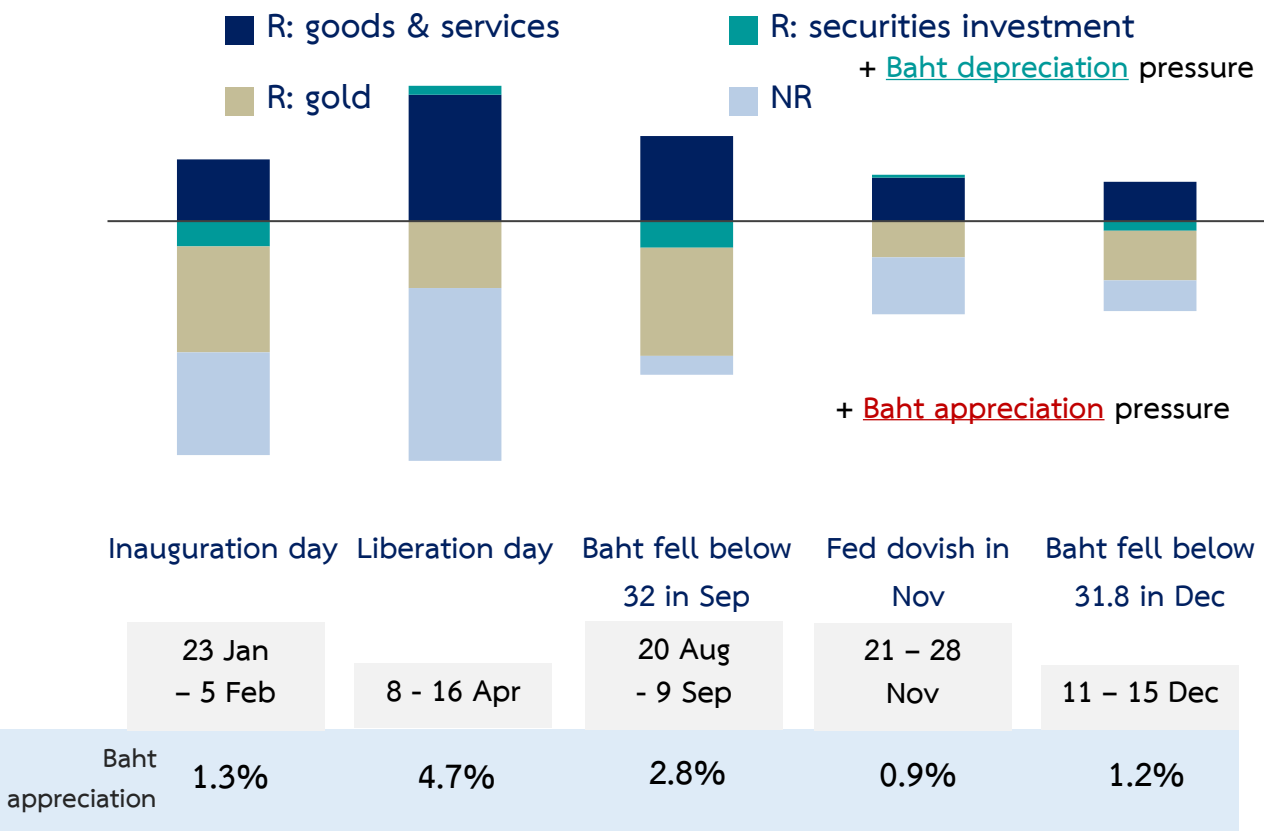
Agriculture, agro-manu, textiles and garments (28% of all SME exporters) are sectors that are sensitive to exchange rate movements because they are commodities with large degree of price competition and low profit margins.

Capital flows and gold-related transactions contributed to the baht’s sharp appreciation.  
The Committee sees the need to enhance monitoring and consider safeguard measures.

Gold-related FX transactions led to baht appreciation in some instances.

The monitoring of the USDTHB exchange rate has been elevated and measures are being considered to address transactions that exert significant pressures on the baht.

Net FX transactions by different groups



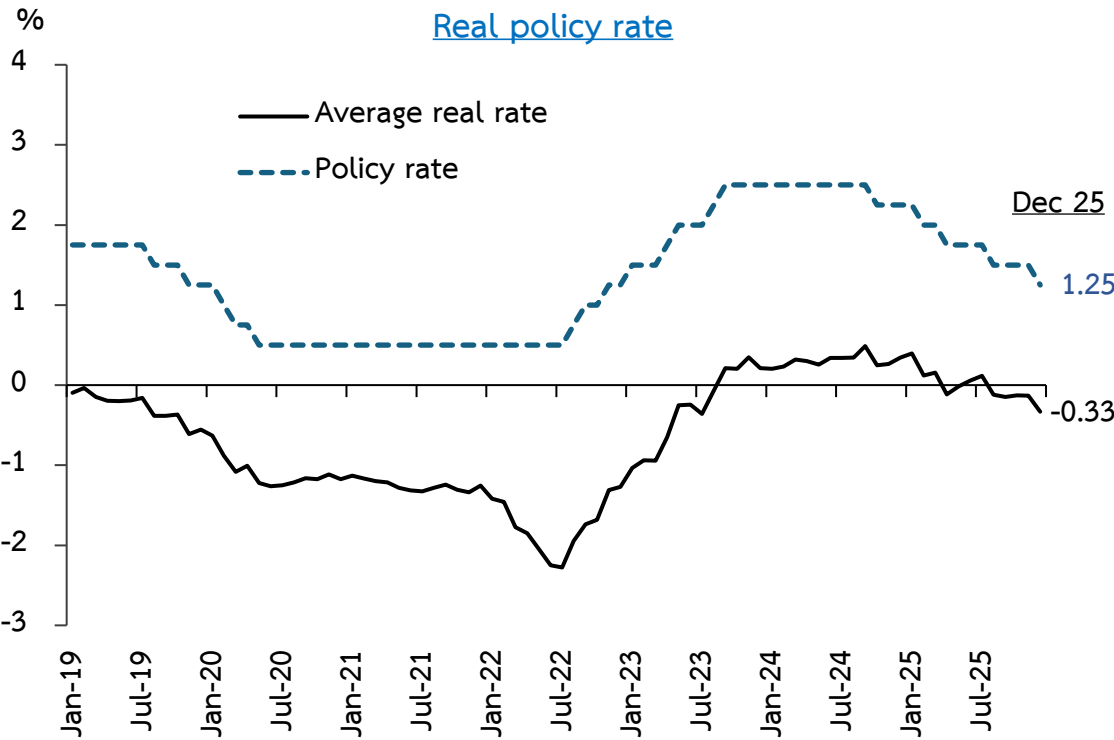
Measures to address baht appreciation

Approaches to addressing the exchange rate	
Gold-related FX transactions	Revenue Department is considering requiring online gold brokers to report transactional data to the department
	Revenue Department is considering collecting special business tax (SBT) on sales of physical gold via online platforms.
	BOT is considering regulating the volume of gold-related transactions.
Other FX transactions	• Tightening oversight of inbound FX transactions to the same level as outbound FX transactions
	• Enhance effectiveness of mechanisms to deter speculative flows
• [Hearing] Tighten oversight of currency exchange service providers	

Source: BOT

Monetary policy can be more accommodative to ensure that financial conditions support the economic recovery and ease the debt burden of vulnerable groups. Nevertheless, due regard should be given to the limited policy space.

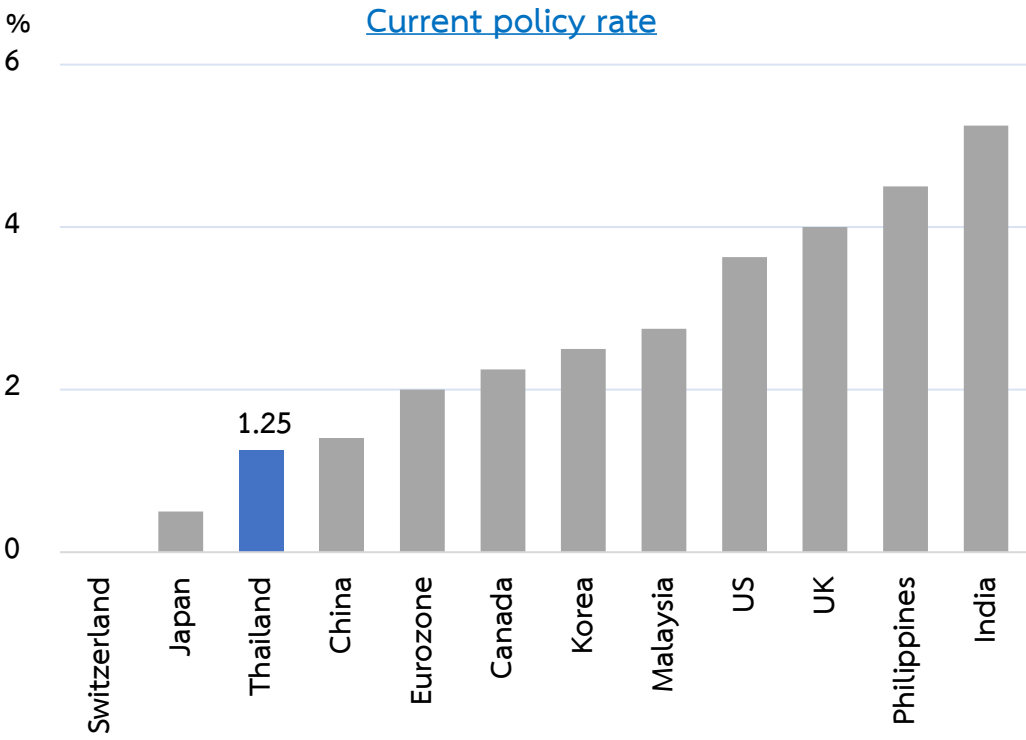
Monetary policy stance remains accommodative, as reflected by policy rate cuts.



**Note:** Average real rate is calculated by policy rate subtracted by inflation expectations. The inflation expectations are 1Y expected inflation from Thai businesses, households and economic experts and 5Y5Y expected inflation from economic experts

**Source:** BOT calculation

Thailand's policy rate is lower compared to other countries.



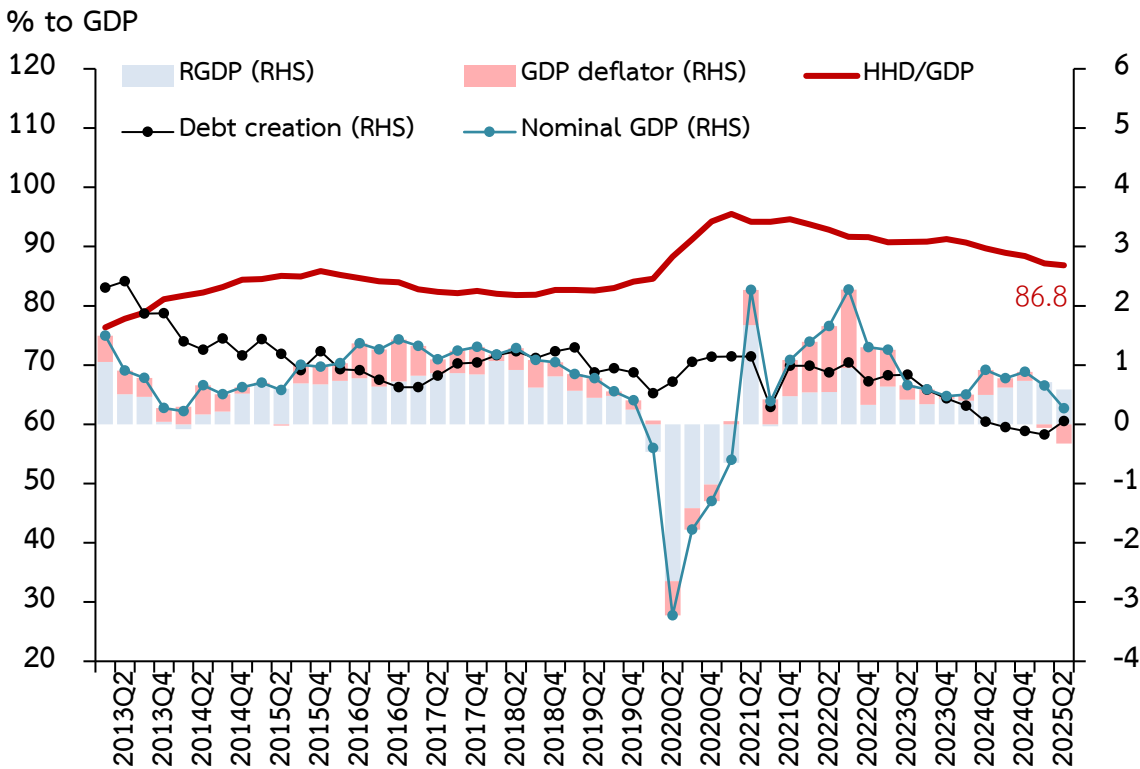
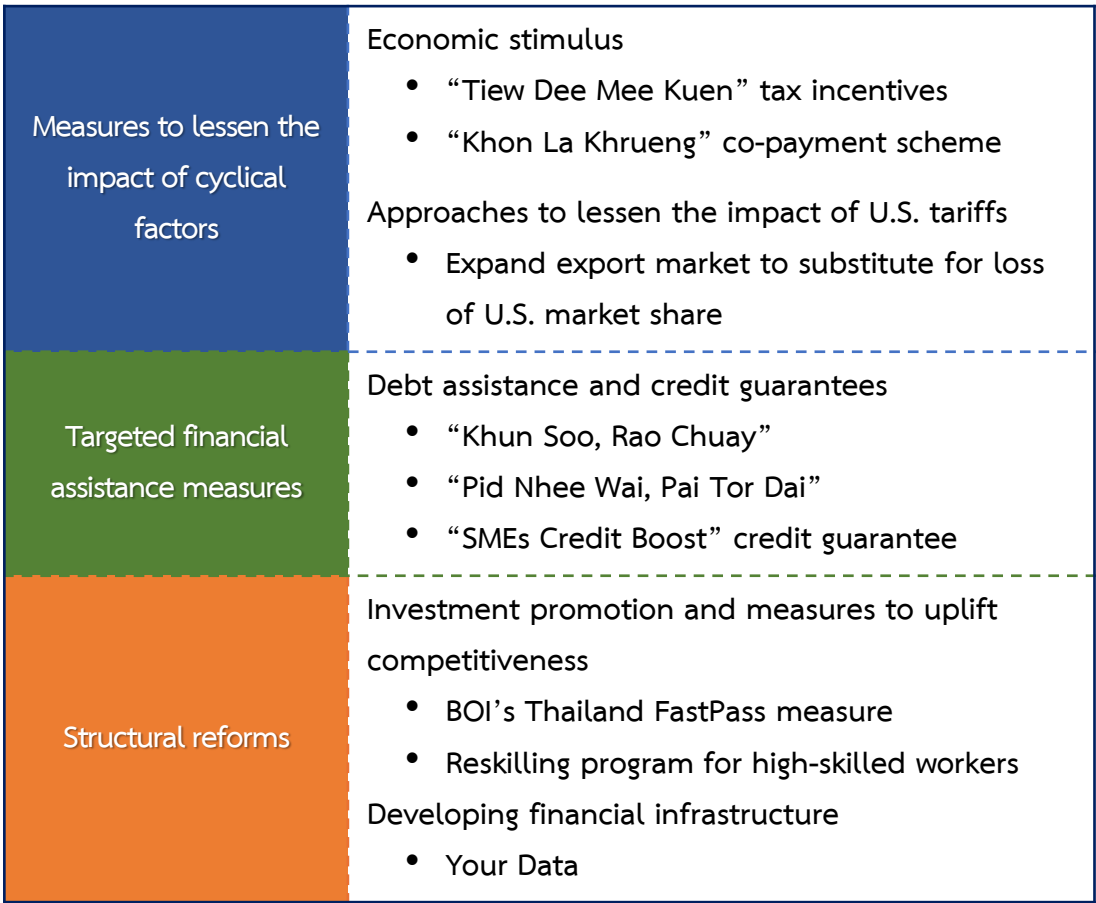
**Note:** Data as of 17 Dec 2025

**Source:** Bloomberg

Further monetary easing will help enhance the effectiveness of other measures. Meanwhile, the need to safeguard financial stability over the longer-term should also be taken into consideration.

Government policies and financial measures currently being implemented

Share of household debt to GDP has gradually declined (deleveraging) but remains high overall.



Note: \* Contribution of share of household debt to GDP is seasonally adjusted and the contribution of nominal GDP is changed from negative to positive for the ease of comparison. Normally, the increase in nominal GDP will have a negative contribution to share of household debt to GDP

Source: BOT and NESDC

The Committee voted unanimously to cut the policy rate by 25 bps from 1.50% to 1.25%.

MPC Meeting No. 6/2025

(17 Dec 2025)

MPC voted unanimously to cut  
the policy rate by 25 bps to

**1.25%**

The Thai economy in 2026 and 2027 is expected to grow at a slower pace compared to the first half of 2025 due to slowing private consumption in line with income growth, and the impact of U.S. tariffs on exports. Meanwhile, tourism would gradually recover. Headline inflation is projected to remain low primarily due to energy and raw food prices, while demand-pull inflationary pressure is limited amid below-potential economic growth. Credit growth continued to contract and credit quality among vulnerable groups has deteriorated, particularly among SMEs who faced liquidity pressures stemming from limited access to credit and the baht appreciation.

The Committee viewed that monetary policy can be more accommodative, given the apparent economic slowdown and heightened risks, to ensure that financial conditions support the economic recovery and alleviate the debt burden of vulnerable groups, as well as enhance the effectiveness of other financial measures and government policies.

The MPC will continue to monitor macroeconomic and financial developments and risks, and stands ready to adjust its monetary policy stance as deemed appropriate to the evolving economic and inflation outlook. At the same time, it is important to take into consideration the need to safeguard financial stability over the longer term and the limited policy space to address potential shocks that could arise.



Percent	2023	2024	2023		2024				2025		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP growth	2.0	2.5	1.6	1.8	1.7	2.3	3.0	3.3	3.2	2.8	1.2
Production											
Agriculture	2.0	-1.1	1.2	-0.7	-2.8	-1.9	-1.0	1.1	6.2	6.4	1.9
Non-agriculture	2.0	2.9	1.6	2.1	2.1	2.7	3.2	3.6	2.9	2.5	1.2
Manufacturing	-2.7	-0.5	-3.4	-1.8	-2.8	0.4	0.3	0.3	0.9	1.7	-1.6
Construction	-0.6	1.3	0.6	-8.7	-17.6	-5.6	15.2	18.3	16.2	8.0	-4.0
Wholesales and retail trade	3.9	3.8	3.6	4.7	4.3	3.1	3.6	4.1	4.8	6.3	6.5
Transport and storage	8.8	9.0	7.4	7.2	9.4	8.1	9.2	9.0	5.4	3.8	3.0
Accommodation and food service	19.3	9.6	16.1	11.0	11.7	7.7	8.4	10.4	7.2	1.4	0.8
Information and communication	3.6	5.6	3.4	3.1	7.0	5.8	3.5	6.0	4.6	5.2	6.1
Financial intermediation	1.4	2.0	1.3	3.5	2.7	1.8	1.9	1.5	2.1	2.5	0.7
Real estate and renting	1.5	1.1	1.6	0.9	0.8	1.1	0.7	1.7	1.1	1.2	1.6

Source: Office of the National Economic and Social Development Board National Statistical Office and Bank of Thailand

	Percent	2023	2024	2023		2024				2025		
				Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP growth		2.0	2.5	1.6	1.8	1.7	2.3	3.0	3.3	3.2	2.8	1.2
Expenditure												
Domestic demand		3.3	3.0	3.6	3.2	2.4	1.4	4.2	4.1	3.2	3.2	1.1
Private consumption		6.9	4.4	7.4	6.7	6.6	4.5	3.3	3.4	2.5	2.6	2.6
Private investment		3.1	-1.6	3.6	4.8	4.6	-6.8	-2.5	-2.1	-0.9	4.1	4.2
Government consumption		-4.7	2.5	-5.0	-3.1	-2.3	0.4	6.1	5.4	3.4	2.2	-3.9
Public investment		-4.2	4.8	-3.0	-19.6	-28.0	-4.2	25.2	39.4	26.3	10.1	-5.3
Exports of goods and services		2.4	7.8	1.5	6.1	4.1	5.9	9.9	11.5	12.3	11.2	6.9
Exports of goods		-2.6	4.3	-2.4	3.9	-1.5	2.4	7.5	8.9	13.8	14.3	10.8
Exports of services		38.2	25.5	29.6	19.9	32.0	24.7	22.3	22.9	7.0	-2.6	-10.7
Imports of goods and services		-2.5	6.3	-9.8	4.5	5.7	1.1	10.3	8.2	2.1	10.9	4.6
Imports of goods		-4.3	5.3	-11.3	4.2	3.6	-1.3	9.6	9.4	3.9	15.3	7.8
Imports of services		5.5	10.3	-3.8	7.7	13.7	11.2	13.2	3.9	-4.3	-5.5	-8.6
Trade balance (billion, U.S. dollars)*		19.2	21.4	6.7	4.9	2.5	5.7	6.7	6.5	8.2	5.3	7.0
Current account (billion, U.S. dollars)*		8.5	11.6	3.6	4.0	4.2	-0.2	2.5	5.1	11.2	0.9	2.7
Financial account (billion, U.S. dollars)*		-13.2	-7.3	-4.8	-3.8	-5.6	-0.5	2.8	-3.9	-10.2	0.1	-5.6
International reserves (billion, U.S. dollars)		224.5	237.0	211.8	224.5	223.4	224.3	243.0	237.0	245.3	262.4	273.3
Unemployment rate (%)		1.0	1.0	1.0	0.8	1.0	1.1	1.0	0.9	0.9	0.9	0.8
Unemployment rate, seasonally-adjusted (%)		n.a.	n.a.	1.0	0.9	1.0	1.0	1.0	1.0	0.9	0.9	0.7

Note: \*Data may be subject to change in line with periodic revisions or changes to data collection methodologies  
Source: Office of the National Economic and Social Development Board, National Statistical Office and Bank of Thailand

Indicators	2023	2024	2023		2024				2025		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
1. Financial market sector											
Bond market											
Bond spread (10 years - 2 years)	0.4	0.3	0.6	0.4	0.4	0.3	0.3	0.3	0.3	0.2	0.3
Equity market											
SET index (end of period)	1,415.9	1,400.2	1,471.4	1,415.9	1,377.9	1,301.0	1,448.8	1,400.2	1,158.1	1089.6	1274.2
Actual volatility of SET index <sup>1/</sup>	11.8	11.3	10.2	13.2	10.0	10.5	12.7	11.3	17.1	22.6	10.4
Price to Earnings ratio (P/E ratio) (times)	18.4	19.3	20.3	18.4	18.1	17.1	18.0	19.3	15.8	14.8	16.7
Exchange rate market											
Actual volatility of Thai baht (%annualized) <sup>2/</sup>	9.1	8.2	8.0	9.4	8.6	6.4	7.9	9.8	7.9	9.2	6.5
Nominal Effective Exchange Rate (NEER)	119.8	121.1	119.8	119.2	118.8	117.2	121.8	126.2	127.6	127.2	129.6
Real Effective Exchange Rate (REER)	104.3	102.8	104.1	102.4	100.9	100.0	103.6	106.7	106.8	105.6	106.9
2. Financial institution sector <sup>3/</sup>											
Minimum Lending Rate (MLR) <sup>4/</sup>	7.25	7.11	7.04	7.25	7.25	7.25	7.25	7.11	7.01	6.94	6.69
12-month fixed deposit rate <sup>4/</sup>	1.65	1.49	1.49	1.65	1.65	1.65	1.65	1.49	1.51	1.24	1.10
Capital adequacy											
Capital funds / Risk-weighted asset (%)	20.1	20.4	19.9	20.1	20.1	19.9	20.5	20.4	20.8	21.1	21.4
Earning and profitability											
Net profit (billion, Thai baht)	251.0	282.0	65.0	53.0	68.0	76.0	71.0	67.0	70.0	78.0	66.0
Return on assets (ROA) (times)	1.1	1.2	1.1	0.9	1.1	1.3	1.2	1.1	1.2	1.3	1.1
Liquidity											
Loan to Deposit and B/E (%)	91.0	88.3	92.4	91.0	90.1	89.7	89.2	88.3	87.5	87.9	86.9

Note: <sup>1/</sup> Calculated by 'annualized standard deviation of return' method  
<sup>2/</sup> Daily volatility (using exponentially weighted moving average method)

<sup>3/</sup> Based on data of all commercial banks  
<sup>4/</sup> Average value of 6 largest Thai commercial banks (since July 2021)

Indicators	2023	2024	2023		2024				2025		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
3. Household sector											
Household debt to GDP (%)	91.3	88.4	90.8	91.3	90.7	89.7	88.9	88.4	87.1	86.8	n.a.
Financial assets to debt (times)	2.6	2.7	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	n.a.
Non-Performing Loans (NPLs) of financial institutions (%)											
Consumer loans	3.3	3.8	3.4	3.3	3.6	3.9	4.0	3.8	4.0	4.0	4.0
Housing loans	3.5	4.3	3.6	3.5	4.1	4.5	4.5	4.2	4.7	4.7	4.6
Auto leasing	2.2	2.2	2.1	2.2	2.2	2.3	2.5	2.3	2.3	2.2	2.2
Credit cards	3.0	3.3	3.0	3.0	3.3	3.7	3.6	3.1	3.3	3.2	3.2
Other personal loans	3.5	3.7	3.7	3.5	3.5	3.7	3.7	3.8	3.7	3.6	3.7
4. Non-financial corporate sector <sup>5/</sup>											
Operating profit margin (OPM) (%)	7.2	7.3	7.8	6.8	7.9	7.8	6.9	6.8	7.7	6.4	7.3
Debt to Equity ratio (D/E ratio) (times)	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Interest coverage ratio (ICR) (times)	4.8	4.5	5.3	3.9	5.3	4.7	4.0	4.1	5.5	4.3	4.5
Current ratio (times)	1.8	1.7	1.8	1.7	1.7	1.7	1.8	1.7	1.7	1.7	1.7
Non-Performing Loans (NPLs) of commercial banks (%)	2.6	2.5	2.7	2.6	2.7	2.6	2.7	2.5	2.6	2.6	2.7

Note: <sup>5/</sup> Only listed companies on Stock Exchange of Thailand (median value); with data revisions

Indicators	2023	2024	2023		2024				2025		
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
5. Real estate sector											
Number of approved mortgages from commercial banks (Bangkok and Vicinity) (units)											
Total	52,862	47,129	14,403	11,948	10,856	12,192	12,406	11,675	8,361	9,549	9,847
Single-detached and semi-detached houses	16,163	14,161	4,178	3,884	3,332	3,733	3,607	3,489	2,597	3,301	3,174
Townhouses and commercial buildings	16,065	12,687	4,298	3,404	3,158	3,339	3,209	2,981	2,391	2,826	2,768
Condominiums	20,649	20,288	5,927	4,660	4,366	5,120	5,590	5,205	3,373	3,422	3,905
Number of new housing units launched for sale (Bangkok and Vicinity) (units)											
Total	101,536	61,453	22,500	30,810	16,565	17,006	9,118	18,764	9,886	4,874	13,911
Single-detached and semi-detached houses	30,929	20,940	8,922	11,287	6,617	5,313	3,427	5,583	2,151	2,622	3,607
Townhouses and commercial buildings	21,577	12,582	6,259	4,617	4,071	3,800	3,157	1,554	1,562	1,032	3,602
Condominiums	49,030	27,931	7,319	14,906	5,877	7,893	2,534	11,627	6,173	1,220	6,702
Housing price index (2011 = 100)											
Single-detached houses (including land)	141.7	142.5	140.6	142.6	141.3	141.0	143.4	144.4	144.3	143.0	140.9
Townhouses (including land)	167.8	170.8	167.8	168.5	166.9	168.0	173.4	174.8	176.0	176.3	174.6
Condominiums	191.3	197.9	189.3	196.4	196.1	193.9	200.1	201.3	200.5	197.3	195.0
All residential	165.2	167.9	164.2	167.2	165.9	165.3	169.6	170.9	171.3	169.7	167.5
6. Fiscal sector											
Public debt to GDP (%)	61.7	63.8	62.3	61.7	63.6	63.3	63.2	63.8	64.5	64.3	
7. External sector											
Current account balance to GDP (%)	1.7	2.2	2.9	3.1	3.2	-0.1	1.8	3.6	8.0	0.6	1.9
External debt to GDP (%) <sup>6/</sup>	39.0	35.8	37.8	39.0	37.7	37.8	38.5	35.8	35.8	35.5	34.9
External debt (billion, U.S. dollars)	196.5	195.4	191.9	196.5	190.9	187.7	203.9	195.4	197.3	200.3	203.0
Short-term (%)	41.3	44.3	42.1	41.3	42.5	43.7	44.2	44.3	43.3	41.8	42.2
Long-term (%)	58.7	55.7	57.9	58.7	57.5	56.3	55.8	55.7	56.7	58.2	57.8
International reserves / Short-term external debt (times) <sup>7/</sup>	2.4	2.4	2.2	2.4	2.4	2.4	2.4	2.4	2.5	2.7	2.8

Note: <sup>6/</sup> Calculation follows the World Bank's methodology, external debt / summation of latest 4 quarters nominal GDP

<sup>7/</sup> Short-term external debt used in calculation is short-term external debt less than 1 year remaining maturity

Probability distribution of GDP growth forecast

%	2025		2026		2027				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
> 16	0	0	0	1	1	2	3	3	3
14.0-16.0	0	0	0	0	0	1	1	1	0
12.0-14.0	0	0	0	0	1	1	1	1	1
10.0-12.0	0	0	1	1	1	1	1	1	1
8.0-10.0	0	0	0	2	1	2	1	2	2
6.0-8.0	0	1	3	5	4	4	5	5	6
4.0-6.0	3	6	7	16	12	13	13	16	19
2.0-4.0	28	23	20	31	24	28	27	23	27
0.0-2.0	52	36	32	20	25	22	22	21	17
(-2.0)-0.0	15	23	21	14	18	16	15	15	13
(-4.0)-(-2.0)	1	8	11	6	7	6	6	7	6
(-6.0)-(-4.0)	0	1	3	2	2	2	2	3	2
(-8.0)-(-6.0)	0	0	1	1	1	1	1	1	1
< -8	0	0	1	2	3	3	3	3	3



Probability distribution of headline inflation forecast

%	2025		2026		2027				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
> 10	0	0	0	0	0	0	0	0	0
9.0-10.0	0	0	0	0	0	0	0	0	0
8.0-9.0	0	0	0	0	0	0	0	0	0
7.0-8.0	0	0	0	0	0	0	0	0	0
6.0-7.0	0	0	0	0	0	0	0	0	0
5.0-6.0	0	0	0	0	0	0	0	0	0
4.0-5.0	0	0	0	0	0	1	1	2	2
3.0-4.0	0	0	0	1	3	4	6	8	7
2.0-3.0	0	0	3	7	11	13	16	17	16
1.0-2.0	0	2	17	23	23	24	25	25	23
0.0-1.0	9	24	37	32	27	26	24	23	23
(-1.0)-0.0	76	52	30	24	20	19	16	15	16
(-2.0)-(-1.0)	15	21	11	10	10	9	8	7	8
< -2	0	2	2	3	4	4	3	3	4

Probability distribution of core inflation forecast

%	2025		2026		2027				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
> 5.5	0	0	0	0	0	0	0	0	0
5.0-5.5	0	0	0	0	0	0	0	0	0
4.5-5.0	0	0	0	0	0	0	0	0	0
4.0-4.5	0	0	0	0	0	0	0	0	0
3.5-4.0	0	0	0	0	0	0	0	0	0
3.0-3.5	0	0	0	0	0	0	0	1	1
2.5-3.0	0	0	0	0	0	1	1	3	4
2.0-2.5	0	0	0	1	2	3	5	7	9
1.5-2.0	0	0	3	7	10	11	13	14	15
1.0-1.5	2	14	19	22	21	20	20	20	19
0.5-1.0	76	50	38	31	26	24	22	20	19
0.0-0.5	22	30	29	24	21	20	18	16	15
(-0.5)-0.0	0	4	10	11	13	12	11	10	9
< -0.5	0	0	2	4	8	9	8	8	8

# Pursuing Sustainable Economic Well-Being

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