



KEY HIGHLIGHT

- **The Thai economy improved from the previous month**, following increased activities in the manufacturing production, service sector, as well as private investment.
- **Manufacturing production improved** across several categories, particularly in passenger car, in line with improvement in passenger car sales. Production in some categories also increased due to inventory replenishment following an export surge in the preceding period.
- **The number of foreign tourists slightly increased** after a significant slowdown in the preceding period but continued to display negative growth compared to the same period last year.
- **The adverse impact from the U.S. trade policy has not yet materialized.** Private investment continued to expand. Although exports to the U.S. slowed slightly, they remained at a high level. Additionally, imports of raw materials and components picked up, suggesting that exports to the U.S. may accelerate in the near term before new tariffs take effect.
- **Key issues to monitor:** 1) trade policies of major economies, 2) developments in the tourism sector, 3) adaptation of the manufacturing sector amid structural challenges and increased competition, and 4) fiscal support and its economic impact

Economic Stability

Headline Inflation

-0.22%

Section 33 Contributors
(Employed Persons)

0.3%

from previous month

Current Account Balance

-1.5

Billion U.S. Dollars



Private
Consumption

-1.5%

from previous month



Private
Investment

2.9%

from previous month



Government
Expenditure
(excl. Transfer)

31.6%

from previous month



Export Value
(excl. gold)

-2.1%

from previous month



Import Value
(excl. Gold)

0.7%

from previous month



Number of
Tourist Arrivals

2.5%

from previous month

The Thai economy improved from the previous month, driven by the manufacturing sector and related services such as trade and transport. Part of the improved production was due to inventory replenishment after a sharp export increase in the preceding period. Private investment increased, mainly in machinery and equipment, while government spending continued to expand. The tourism sector slightly improved but remained contracted compared to the same period last year. Merchandise exports and private consumption, however, declined from the previous month.

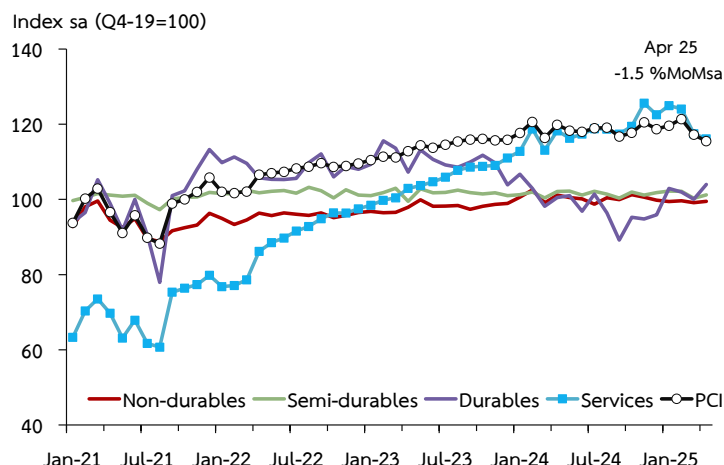
On the economic stability front, headline inflation was slightly negative, mainly due to a drop in energy inflation. This was driven by falling retail gasoline prices, in line with the global oil prices, and government measures to reduce energy prices. However, core inflation increased, following higher prices of prepared food and non-alcoholic beverages. The current account registered a deficit mainly due to trade deficit. Meanwhile, the labor market improved slightly from the previous month.

Thai Economic Conditions

Private consumption

Private consumption indicators, after seasonal adjustment, decreased from the previous month, mainly in services, particularly hotels and restaurants, due to lower spending by Thai tourists, both domestically and abroad. However, consumption of durable goods increased, driven by higher passenger car sales from the Thailand International Motor Show exhibition. Consumption of non-durables goods and semi-durables goods also slightly increased due to higher sales of consumer goods, beverages, and imported textiles and apparels. Consumer confidence weakened amid concerns over U.S. trade policies, a slowdown in the tourism sector, and high household and business debt levels.

PCI by Major Categories

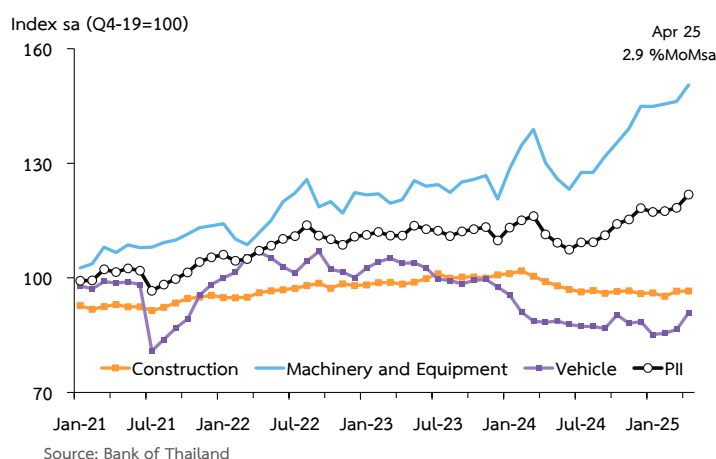


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.
Source: Bank of Thailand

Private investment

Private investment indicators, after seasonal adjustment, increased from the previous month, driven by investment in machinery and equipment as well as vehicles. Machinery investment increased due to higher imports of capital goods, particularly in computers and office equipment, as well as electrical equipment. Vehicle investment also improved, with more passenger cars registrations and increased spending on aircraft, ships, and locomotives. Meanwhile, construction investment remained stable, with residential construction improving, while non-residential construction declined, mainly due to a slowdown in hotel construction.

PII by Major Categories

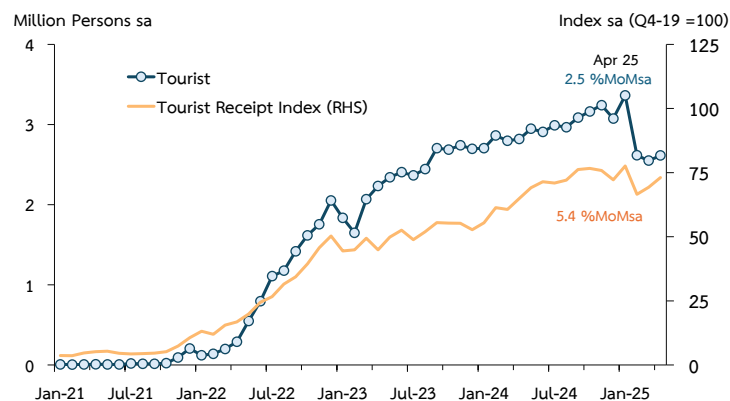


Source: Bank of Thailand

Foreign tourist arrivals and receipt

Foreign tourist arrivals, after seasonal adjustment, increased from the previous month across many nationalities, but the aggregate level remained low. Visitors from Malaysia and the Middle East rose after Ramadan, while Chinese tourists rebounded from a previous slowdown. European arrivals also increased due to the Easter holiday. **Tourist revenue, after seasonal adjustment, also improved from the previous month,** driven by higher long-haul travelers, especially those from the Middle East and Europe, who tend to spend more per trip.

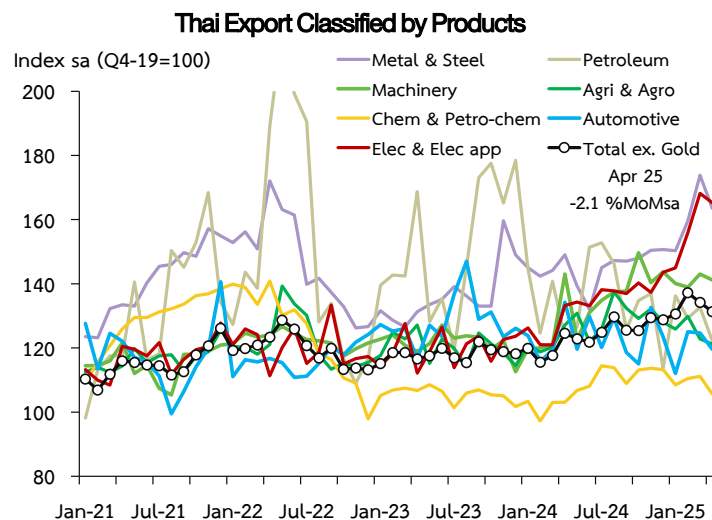
Number of Tourists and Tourism Receipt



Note: Tourism receipt excludes health, education, excursionist and acquisition of goods and services by short-term workers and is subject to revision due to unstable seasonal adjustment.
Source: Ministry of Tourism and Sports, calculated by Bank of Thailand

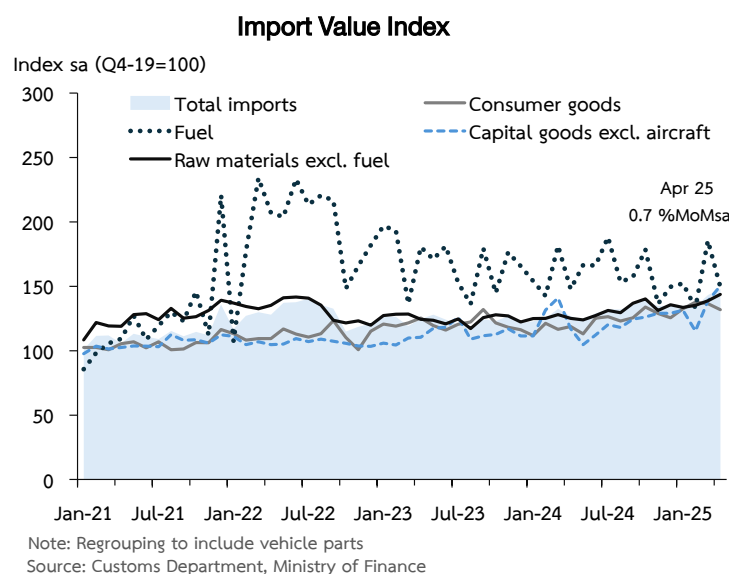
Export Value

The value of merchandise exports, excluding gold and after seasonal adjustment, decreased from the previous month. The was due to lower exports of 1) agricultural products, particularly natural rubber and durian to China 2) automotive, including pickup trucks to Australia and ASEAN, auto parts to the U.S., and passenger cars to the Middle East and ASEAN, and 3) electronics, especially telecommunication equipment to the U.S., after a good expansion in the previous month. However, exports in some categories increased such as agro-manufacturing products, driven by sugar exports to Indonesia and palm oil to India.



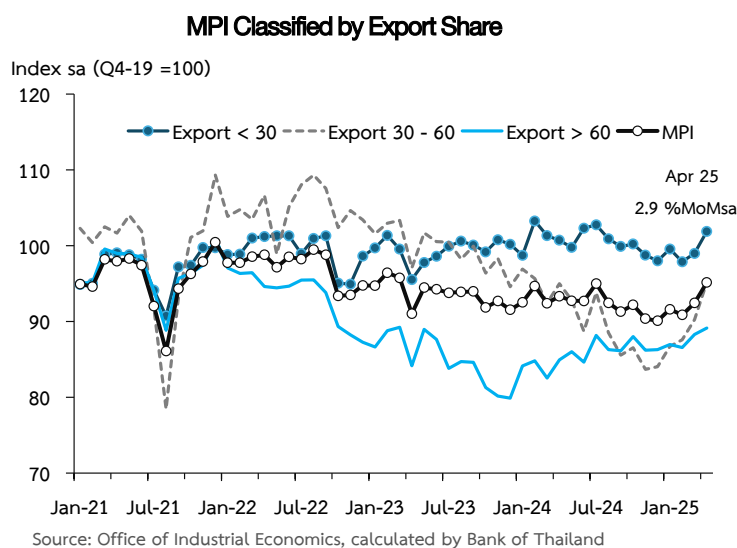
Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, increased from the previous month due to higher imports of capital goods, such as machinery, electrical equipment, and computers. Imports of raw materials and intermediate goods, excluding fuel, also rose, driven by higher imports of electronic components and electrical appliances, in line with a high level of electronics production and exports. However, fuel imports declined, mainly from lower crude oil imports. Imports of consumer goods also decreased, especially jewelry from ASEAN after a previous surge.



Manufacturing sector

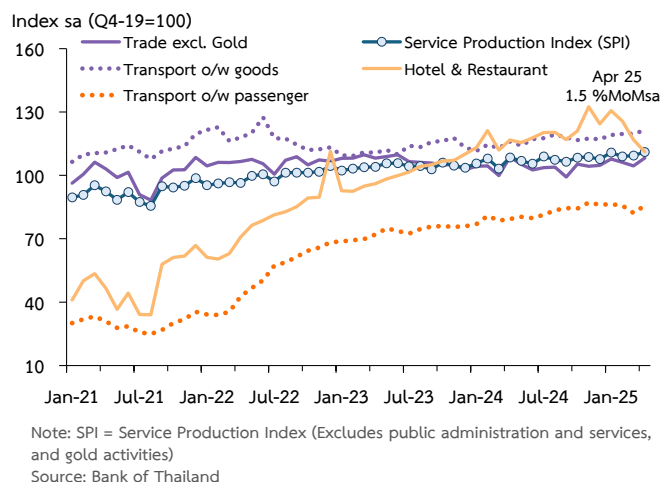
The manufacturing production index, after seasonal adjustment, increased from the previous month across all groups categorized by export share, particularly in sectors where exports accounted for 30-60%, driven by passenger cars production, supported by rising domestic sales. Sectors where exports accounted for less than 30% improved from food and beverages, with higher palm oil production and animal feed output in response to higher demand. Sectors where exports accounted for more than 60% also improved, particularly production of air conditioners due to restocking after a sharp export surge. However, production in some categories, such as electronic circuits and parts, declined after accelerated production in the previous period.



Service sector

Service sector activity indicators, excluding gold trading and after seasonal adjustment, increased from the previous month, driven by the trade and freight transport, in line with higher car sales and increased manufacturing production. Passenger transportation also increased, consistent with the rise in the number of foreign tourists. However, activities in the hotel and restaurant sector declined due to weaker spending by Thai consumers.

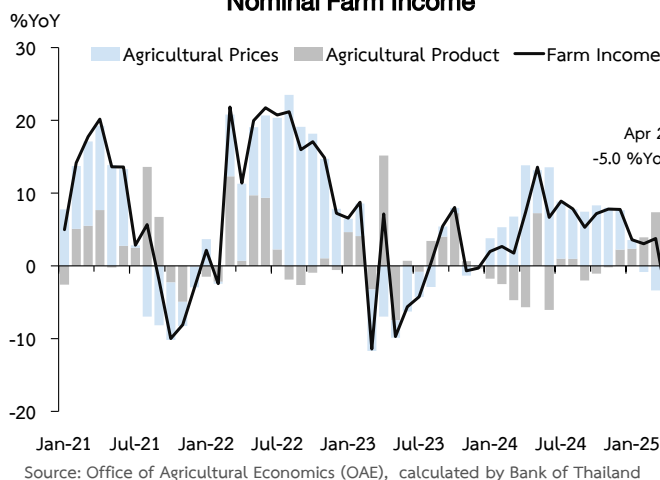
Service Production Index (SPI) by Sector



Agricultural sector

Farmers' income contracted from the same period last year, mainly due to higher supply both domestically and globally amid favorable weather. Key agricultural products that saw prices decline included, 1) white rice, due to higher supply both domestically and globally, following India's resumption of export, 2) durian, due to lower exports caused by delays in residue inspections from major export markets, 3) rubber and sugarcane, due to higher output, and 4) cassava, due to lower demand from China.

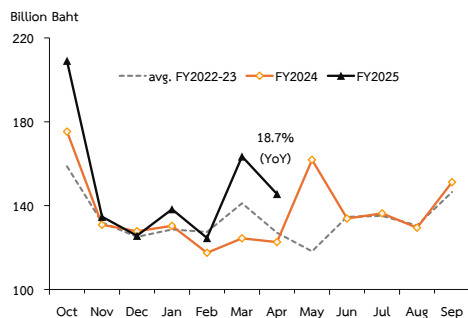
Nominal Farm Income



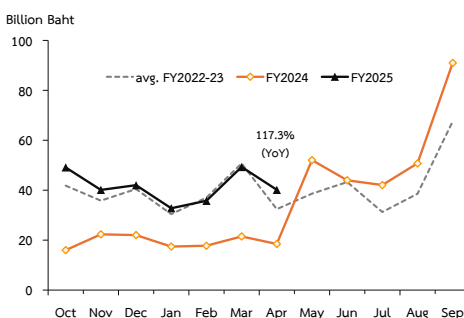
Fiscal position and public expenditure

Government spending, excluding transfers, expanded compared to the same period last year, driven by both current and capital expenditures of the central government. Current expenditures increased due to higher disbursements for pensions, employee compensation, and medical expenses of civil officers. Capital expenditures increased due to higher disbursements by public utility and transportation agencies. However, capital expenditures by state enterprises contracted due to a high base from last year's substantial investments in public utility projects.

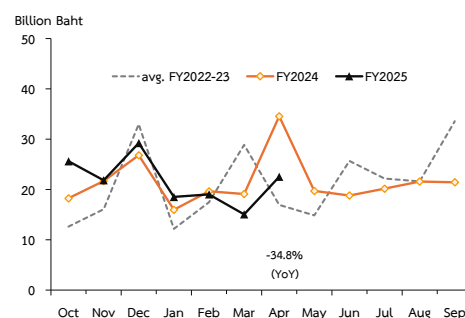
**Central Government Current Expenditure
(Excl. Subsidies/Grants and other)**



**Central Government Capital Expenditure
(Excl. Subsidies/Grants and other)**



**State Owned Enterprises
Capital Expenditure**

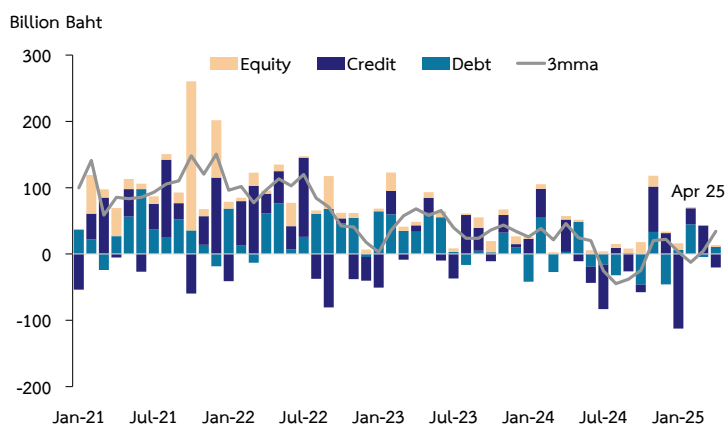


Monetary Conditions and Economic Stability

Corporate financing, interest rates and exchange rates

Overall business funding declined from the previous month due to lower net credit financing across most sectors, particularly in construction, manufacturing such as hard disk drives and automotive, as well as utilities. Bond market financing, however, increased in the construction and services sectors, mainly for rolling over maturing debentures, repaying financial institution debt, and supporting financial businesses to expand their lending activities. As for the cost of financing in the bond market, short-term and long-term Thai government bond yields declined on average in April and May 2025 (data up to May 26, 2025) due to investors' anticipation of Thailand's monetary policy.

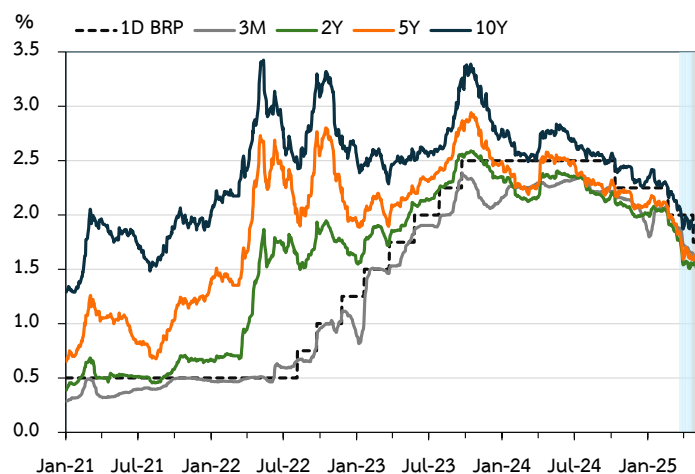
Changes in Total Financing



Note: Business credits : 1.) net changes in outstanding loans extended by other depository corporations, other financial corporations, non-residents and others;
2.) excluded the effect of FX valuation change
3.) there is an adjustment of Oct-24 datapoint for 3 financial institutions using BOT's new reporting system
Debt : net changes in outstanding bonds (par value) excludes SOE and Rehabilitation bonds;
Equity : new issuance at par value
P = Preliminary Data

Sources: Bank of Thailand, ThaiBMA, SET

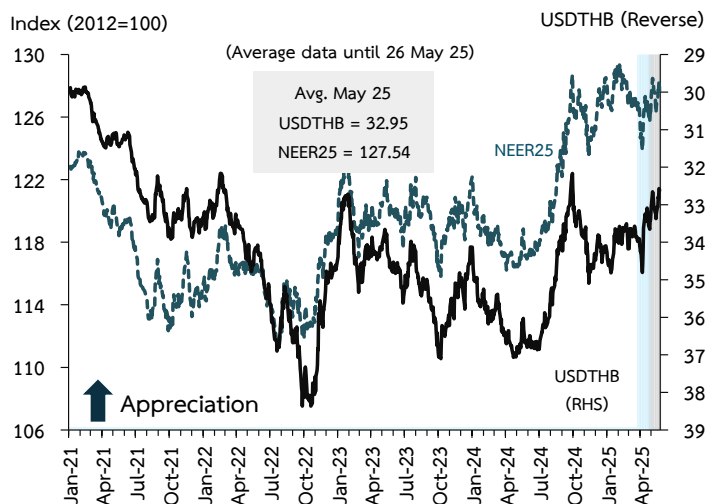
Government Bond Yields



Source: Bank of Thailand and ThaiBMA

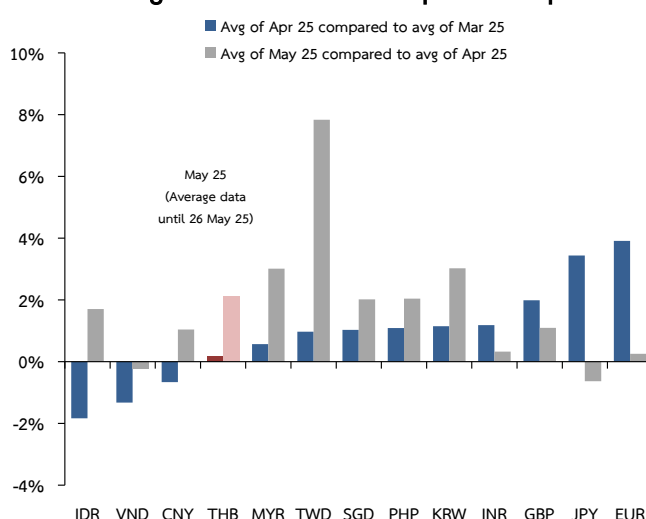
The exchange rate of the Thai baht against the U.S. dollar was volatile and, on average, appreciated in April and May 2025 (data up to May 26, 2025) following a depreciation of the U.S. dollar. This was due to uncertainty surrounding the U.S. trade policy and market concerns about the future outlook of the U.S. economy. The nominal effective exchange rate (NEER) of the baht weakened in April, reflecting investors' concerns about Thailand's exposure to U.S. trade policy risks. However, in May, the baht appreciated as the market became less concern after progress in trade negotiations between the U.S. and key trading partners.

THB and NEER movements



Note: Monthly average rate
Source: Bloomberg, calculated by Bank of Thailand

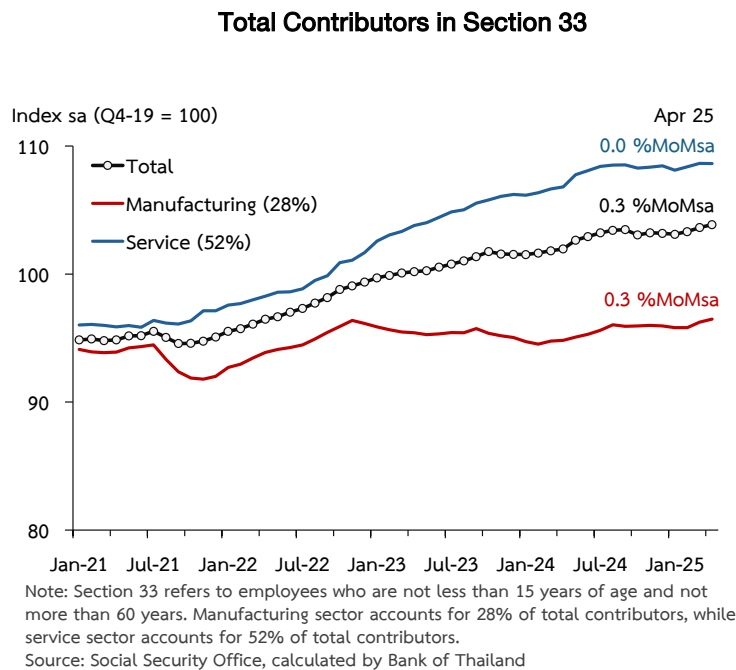
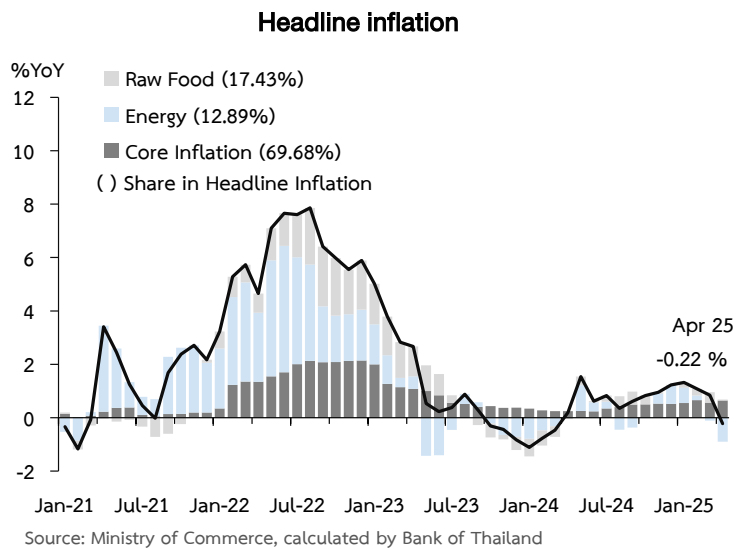
Exchange rate movements compared with peers



Note: Avg-period data, + = Appreciation against USD
Source: Bloomberg, calculated by Bank of Thailand

Economic Stability

Headline inflation slightly was slightly negative, mainly from lower energy inflation. This was driven by falling retail gasoline prices in line with the global oil prices and the government measures to reduce oil and electricity prices. Fresh food inflation also declined due to last year’s high base effect from drought-driven price hikes on vegetable and fruit. Core inflation increased, as prepared food prices rose, owing to fewer promotional discounts on food delivery, and non-alcoholic beverage prices climbed, due to high costs of raw material. **The labor market slightly improved from the previous month**, reflected in higher number of insured persons in the social security system across several sectors, particularly mining, manufacturing, as well as hotels and restaurants. However, the ratio of total and new unemployment claims to total insured persons also increased. **The current account displayed a deficit** mainly due to trade deficit. Nevertheless, the deficit in services, income, and transfers narrowed, as foreign companies operating in Thailand repatriated fewer profits.



Balance of Payments

Billion USD	2023	2024	2024				2025			
			Q1	Q2	Q3	Q4	Q1	Mar	Apr ^P	YTD
Trade Balance	19.4	19.3	2.5	5.7	5.8	5.4	8.2	3.4	-1.4	6.8
Exports (f.o.b.)	280.7	297.0	70.0	73.2	77.2	76.7	80.4	29.0	25.0	105.5
%YoY	-1.5	5.8	-0.5	4.3	8.9	10.6	15.0	17.7	9.9	13.7
Imports (f.o.b.)	261.4	277.8	67.5	67.5	71.4	71.3	72.3	25.6	26.4	98.7
%YoY	-3.8	6.3	2.6	0.8	11.3	10.7	7.1	9.4	17.3	9.6
Net Services, Income & Transfers	-12.0	-8.2	0.9	-4.5	-3.4	-1.1	2.3	-1.1	-0.1	2.2
Current Account	7.4	11.1	3.4	1.1	2.3	4.2	10.5	2.3	-1.5	8.9
Capital and Financial Account	-9.9	-15.4	-4.7	-2.3	0.3	-8.8	-7.4			
Overall Balance	2.6	12.4	1.8	2.1	7.0	1.5	3.4	-1.0	3.4	6.8

Note: P = preliminary data E = estimated data
Source: Bank of Thailand

Bank of Thailand
30 May 2025

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