



KEY HIGHLIGHT

- **The Thai economy softened from the previous month** driven by a slowdown in the service sector and manufacturing production due to temporary factors, despite a rise in merchandise exports.
- **Revenue from foreign tourism declined**, reflecting reduced spending per trip amid promotional campaigns aimed at boosting visitor numbers. Meanwhile, total arrivals edged up slightly, supported by an increase in Chinese tourist arrivals.
- **Manufacturing production declined due to temporary factors**, including refinery maintenance and short-term halts in automobile production for process adjustments. Excluding these disruptions, industrial production improved.
- **Merchandise exports increased**, led by strong growth in exports of electronics and appliances, with continued growth in shipments to the U.S.
- **Employment conditions remained broadly stable**, though rising unemployment claimants relative to the number of insured workers warrants close monitoring.
- **Key issues to monitor include:** 1) the impact of U.S. trade policies, 2) the performance of the tourism sector, 3) developments at the Thai–Cambodian border and their effects.

Economic Stability

Headline Inflation

-0.70%

Section 33 Contributors
(Employed Persons)

0.0%

from previous month

Current Account Balance

2.2

Billion USD



**Private
Consumption**

-0.2%

from previous month



**Private
Investment**

-0.4%

from previous month



**Government
Expenditure
(excl. Transfer)**

1.3%

from previous month



**Export Value
(excl. gold)**

0.3%

from previous month



**Import Value
(excl. Gold)**

-6.0%

from previous month



**Number of
Tourist Arrivals**

2.0%

from previous month

The Thai economy softened in July compared to the previous month, as activity in the service sector declined, due to weaker domestic and foreign tourism, reflected in lower tourism revenue. Manufacturing production also fell, driven by temporary factors such as refinery maintenance and short-term halts in automobile production for process adjustments. However, excluding these disruptions, industrial production improved, supported by strong merchandise exports. Private investment declined, primarily due to reduced spending on machinery and equipment. Meanwhile, private consumption remained broadly stable, but continued to face headwinds from weakening consumer confidence. Government expenditure expanded, driven by higher current spending from central government and increased state enterprise investment.

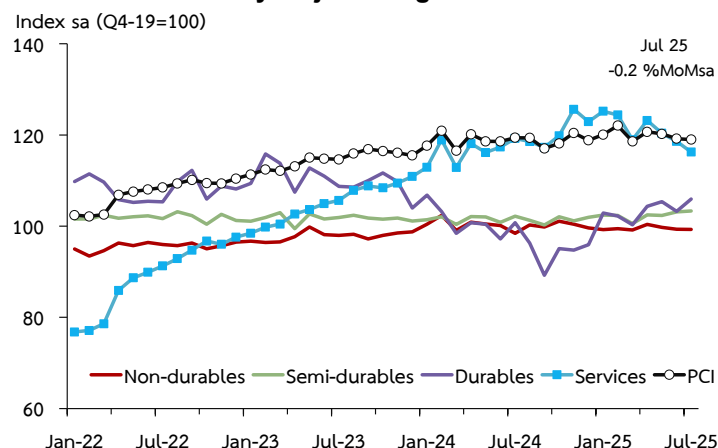
On the economic stability front, headline inflation turned more negative, driven by falling fresh food prices—particularly fruit and meat—and a further decline in energy inflation, in line with domestic and global oil prices. Core inflation moderated, reflecting high base effects from last year's processed food prices and lower personal care product prices following promotional campaigns. The current account surplus narrowed slightly, mainly due to a smaller trade surplus. Employment conditions remained stable, though the rising share of unemployment claimants relative to insured workers warrants close monitoring.

Thai Economic Conditions

Private consumption

Private consumption indicators, after seasonal adjustment, remained broadly stable compared to the previous month. Spending on durable goods increased across all categories, including passenger cars, pickup trucks, and motorcycles. Semi-durable goods consumption also increased, particularly in textiles and apparel. However, non-durable goods and services consumption declined, reflecting lower tourism-related receipts from both domestic and foreign visitors. Meanwhile, consumer confidence remained subdued amid concerns over political uncertainty, global trade tensions, the slow pace of economic recovery, and ongoing tensions at the Thai- Cambodian border.

PCI by Major Categories

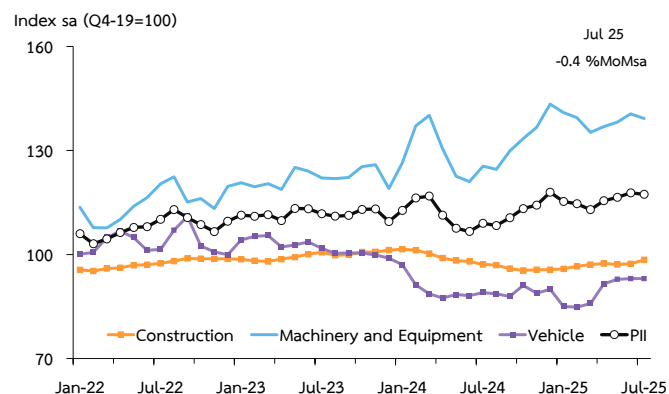


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.
Source: Bank of Thailand

Private investment

Private investment indicators, after seasonal adjustment, declined from the previous month, mainly due to lower investment in machinery and equipment. Net imports of capital goods declined, particularly computers, office equipment, and special purposed machinery, while domestic machinery sales remained steady. Investment in vehicles was broadly unchanged, as increased registrations of passenger cars and trucks offset a drop in ship imports following a surge in the previous month. Meanwhile, construction investment increased, supported by both non-residential and residential projects, especially in areas permitted for hotel and single-house construction.

PII by Major Categories

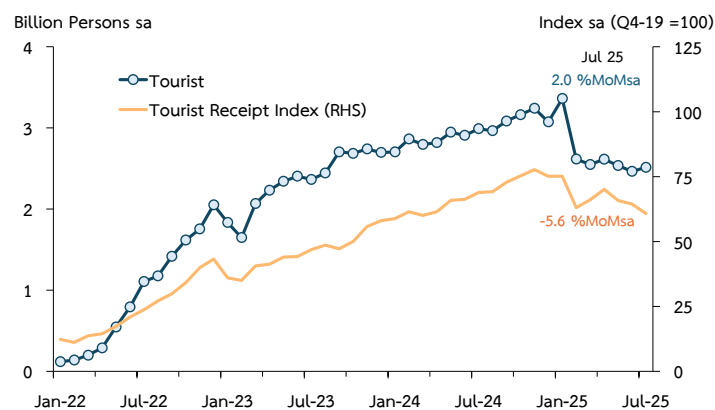


Note: Private Investment Indicators data for the first half of 2025 has been revised to reflect updated information and methodological refinements.
Source: Bank of Thailand

Foreign tourist arrivals and receipt

Foreign tourist arrivals, after seasonal adjustment, increased from the previous month, driven by higher arrivals from Asian markets, particularly South Korea, Japan, and Taiwan, and a continued gradual recovery in Chinese tourists, though their numbers remain well below last year's level. In contrast, arrivals from ASEAN countries, especially Vietnam, Cambodia, and Laos, continued to decline amid ongoing concerns over the border situation. Meanwhile, revenue from foreign tourism, after seasonal adjustment, declined, partly due to promotional campaigns by service providers and a lower number of tourists currently in the country with the onset of the low season.

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, increased slightly from the previous month. The increase was driven by 1) electronics, with higher exports of communication equipment and computers to the U.S., and semiconductors to Taiwan and Hong Kong, 2) agricultural products, particularly durian exports to China, and 3) electrical appliances, led by exports of parts, refrigerators, and air conditioners to destinations, including Vietnam, Japan, the U.S., and Australia. In contrast, petroleum exports declined sharply, due to refinery maintenance and falling global energy prices. Border trade with Cambodia continued to contract amid the prolonged situation, although exports by sea and air showed modest gains.

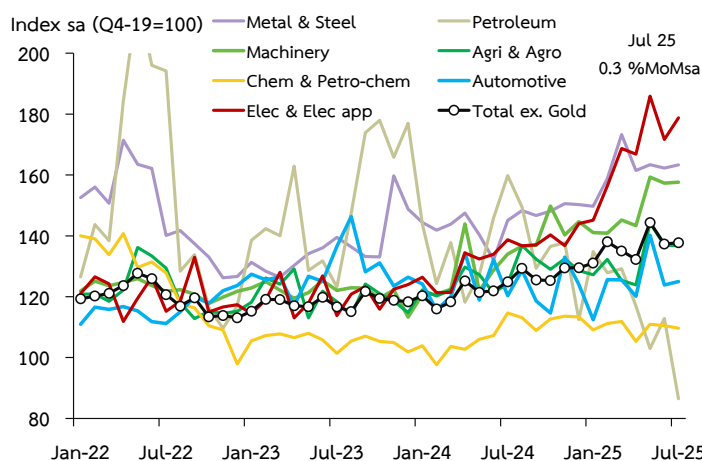
Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, declined from the previous month across all major categories. Imports of capital goods (excluding aircraft) fell, driven by lower imports of computers and telecommunication equipment from Taiwan. Consumer goods imports decreased, particularly non-durable products from China, Australia, and South Korea. Fuel imports declined due to refinery maintenance. Imports of raw materials and intermediate goods dropped, mainly in metals, electronic components, and electrical appliances, especially from Taiwan.

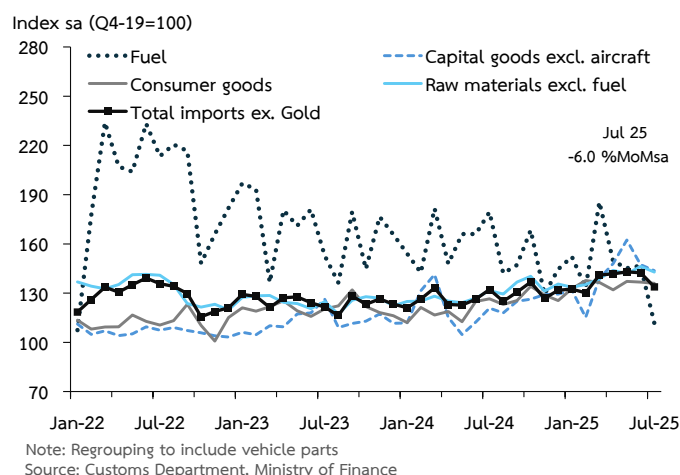
Manufacturing sector

The manufacturing production index, after seasonal adjustment, declined from the previous month, largely due to temporary factors. In sectors where exports accounted for less than 30%, production fell in petroleum due to major refinery maintenance, which is expected to resume normal operations in the following months. In sectors where exports accounted for 30–60%, production declined in automobiles, following a temporary suspension of operations at two factories for relocation and capacity adjustments. Excluding these temporary factors, overall manufacturing production increased, particularly in sectors where exports accounted for more than 60%, driven by higher production of air conditioners and electronic components, in line with rising export demand.

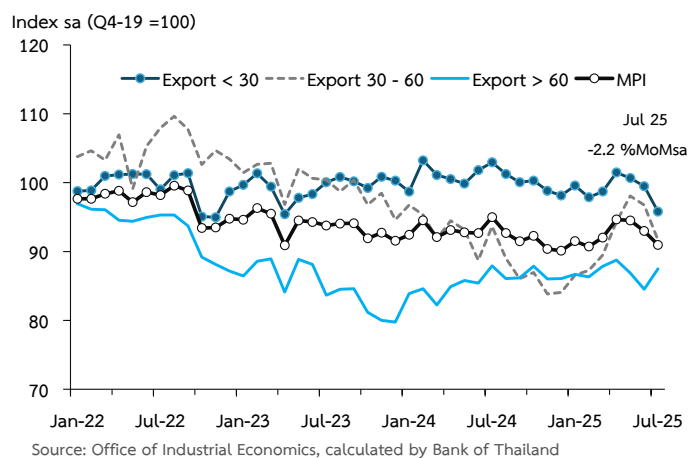
Thai Export Classified by Products



Import Value Index



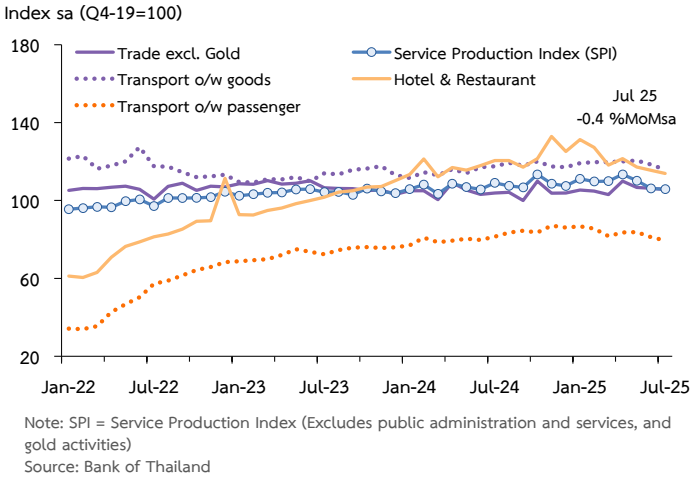
MPI Classified by Export Share



Service sector

Service sector activity indicators, excluding gold trading and after seasonal adjustment, declined from the previous month across all components. Tourism-related activities weakened, as hotel and restaurant, and passenger transport services declined, reflecting lower tourism revenue from both domestic and foreign tourists. Trade-related activities also contracted, in line with lower manufacturing output and reduced consumer goods imports, leading to a decline in freight transport despite growth in automobile sales.

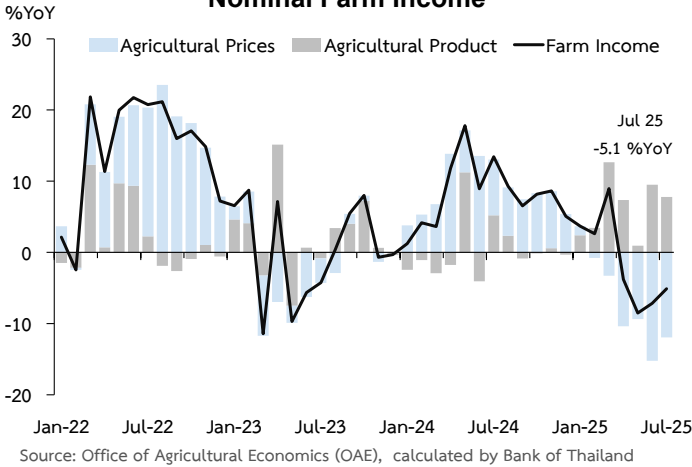
Service Production Index (SPI) by Sector



Agricultural sector

Farmers' income contracted compared to the same period last year, primarily due to falling prices of several agricultural products. This was partly driven by increased agricultural output supported by favorable weather conditions. Prices of white rice, rubber, and cassava declined as both domestic and global production increased. Meanwhile, fruit prices, such as durian and longan, also fell in line with higher supply. In addition, durian prices faced further pressure from weaker purchasing demand, reflecting concerns over potential delays in China's inspections for chemical residues.

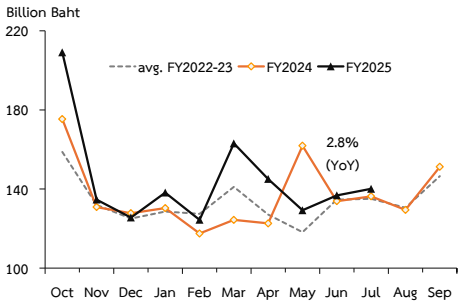
Nominal Farm Income



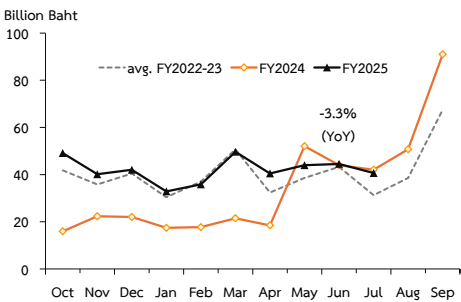
Fiscal position and public expenditure

Government spending expanded compared to the same period last year, driven by central government current expenditure, excluding transfers, and state enterprise investment. Central government's current expenditure rose on the back of higher disbursements for personnel expenses, pensions, and medical expenses for civil officers. State enterprise capital expenditures also increased, mainly due to disbursements for infrastructure and utility investment projects. However, central government's capital expenditure, excluding transfers, contracted, reflecting a high base effect from last year when disbursements were accelerated following the enactment of the FY2024 Budget Act.

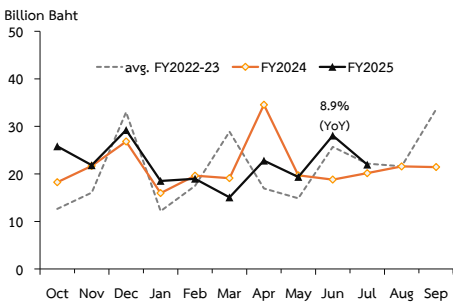
Central Government Current Expenditure (Excl. Subsidies/Grants and other)



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



State Owned Enterprises Capital Expenditure



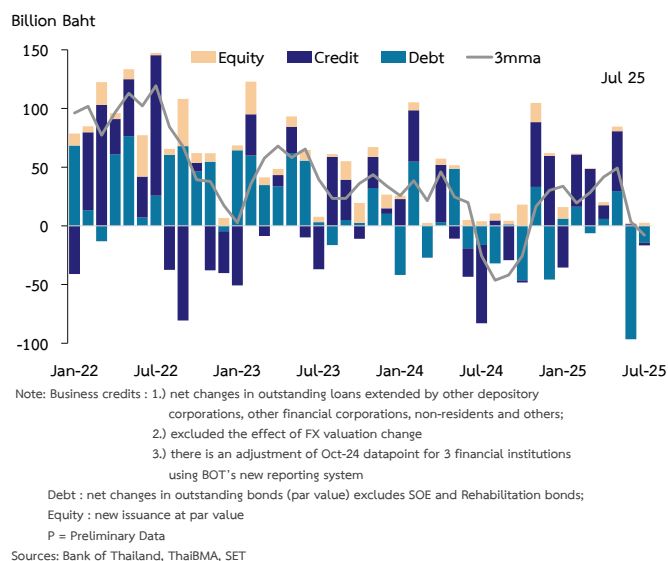
Note: * Excluded expenditure from 1 trillion and 500 billion Baht Emergency Decree loans
Source: Comptroller General's Department, Fiscal Policy Office, GFMS-SOEs and Bank of Thailand

Monetary Conditions and Economic Stability

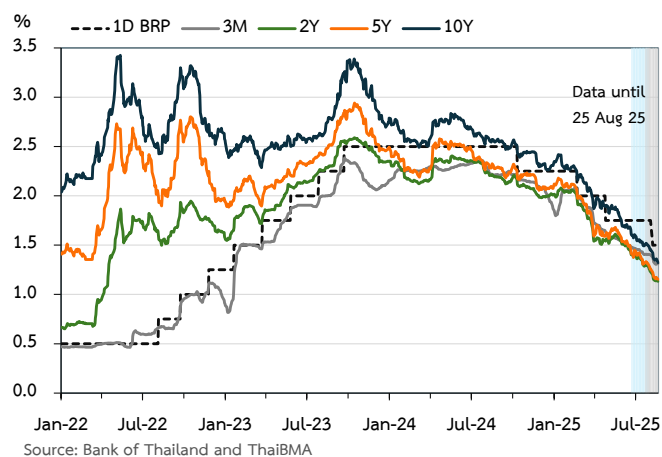
Corporate financing, interest rates and exchange rates

Overall business funding declined from the previous month, primarily through debt securities and net credit financing. Debt securities financing decreased across most sectors, particularly information technology, real estate, and energy. This was mainly due to new bond issuance falling short of the volume of maturing bonds, while most of the new issuance was intended for rollover purposes. Net credit financing declined slightly, especially among manufacturing businesses in the chemical, construction materials, food and beverage, and petroleum sectors. However, equity market funding rose modestly, driven mainly by share issuance in the services sector, notably advertising services. Regarding **the cost of financing in the bond market**, both short-term and long-term Thai government bond yields declined on average during July through 25 August 2025, reflecting market expectations of a downward interest rate trend in Thailand amid weaker-than-expected of gross domestic product and inflation.

Changes in Total Corporate Financing

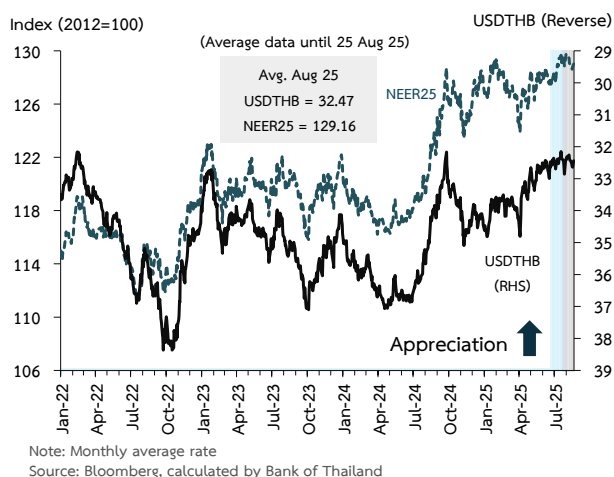


Government Bond Yields

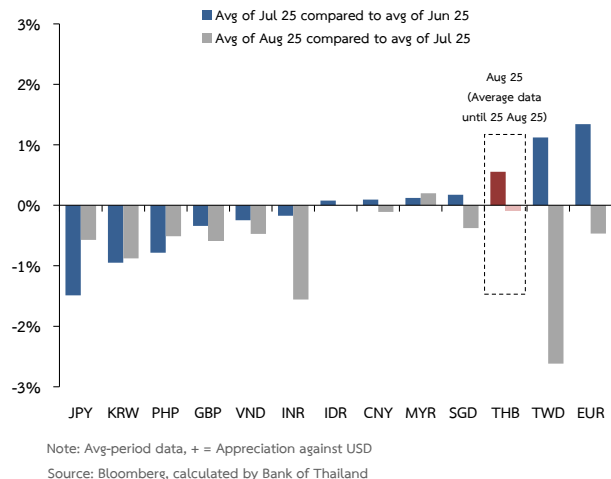


The exchange rate of the Thai baht against the U.S. dollar on average appreciated during July to 25 August 2025, driven by concerns over the U.S. economic outlook, which led the market to raise expectations of a U.S. Federal Reserve interest rate cut. The baht was further supported by better-than-expected outcomes from trade tariff negotiations between Thailand and the U.S. **The nominal effective exchange rate (NEER)** in July 2025 on average appreciated from June, as the baht strengthened ahead of regional peers following reduced market concerns over the impact of U.S. trade tariff measures on Thailand. Meanwhile, in August (data up to 25 August 2025), the NEER remained broadly stable, close to the previous month.

THB and NEER movements

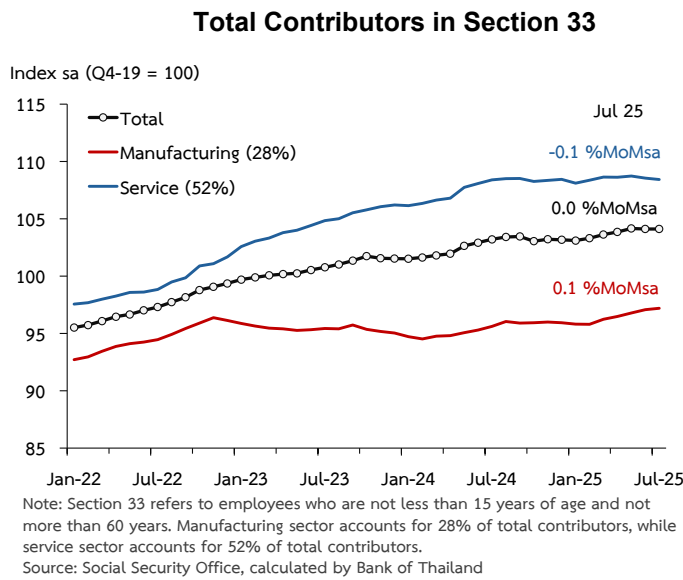
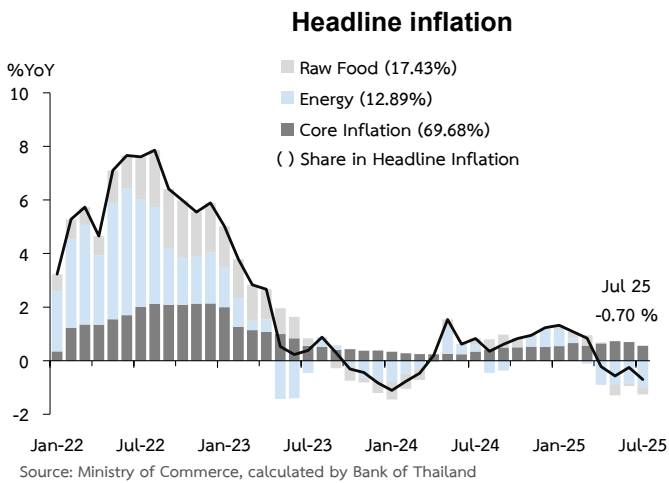


Exchange rate movements compared with peers



Economic Stability

Headline inflation became more negative than in the previous month across all categories, driven by falling fresh food prices, particularly fruits and meats, due to increased supply under favorable weather conditions, and a decline in energy inflation following lower domestic gasoline prices in line with global oil prices. Core inflation also moderated, reflecting the high base effect from prepared food prices and lower personal care product prices due to promotional campaigns. **Labor market conditions remained stable compared to the previous month**, as indicated by the stable number of Section 33 insured people in both manufacturing and service sectors. However, close monitoring is warranted for future employment trends and the re-employment of previously unemployed workers, given the continued rise in the ratio of total and new unemployment claimants to total insured people. **The current account surplus narrowed slightly**, mainly due to a smaller trade surplus, while the deficit in the services, income, and transfers account declined from the previous month, following a moderation in profit repatriation abroad after the dividend payout season.



Balance of Payments

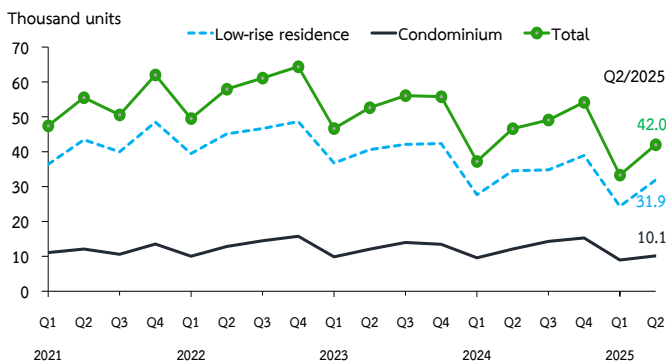
Billion USD	2023 ^P	2024 ^P	2024 ^P				2025 ^P				
			Q1	Q2	Q3	Q4	Q1	Q2	Jun	Jul	YTD
Trade Balance	19.2	21.4	2.5	5.7	6.7	6.5	8.2	5.3	3.3	2.5	16.0
Exports (f.o.b.)	280.7	297.3	70.0	73.2	77.3	76.8	80.4	84.2	28.4	28.1	192.7
%YoY	-1.5	5.9	-0.5	4.3	9.0	10.8	14.9	15.0	16.1	9.7	14.2
Imports (f.o.b.)	261.6	275.9	67.5	67.5	70.6	70.3	72.3	78.9	25.1	25.6	176.7
%YoY	-3.7	5.5	2.6	0.6	9.9	9.2	7.1	16.8	13.8	4.5	10.8
Net Services, Income & Transfers	-12.0	-8.0	0.9	-4.5	-3.4	-0.9	2.9	-4.7	-0.9	-0.3	-2.1
Current Account	7.2	13.4	3.4	1.1	3.3	5.5	11.1	0.6	2.4	2.2	13.9
Capital and Financial Account	-9.9	-14.2	-4.7	-2.3	0.3	-7.5	-10.0				
Overall Balance	2.6	12.4	1.8	2.1	7.0	1.5	3.4	4.8	1.1	3.5	11.7

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

Real estate sector (Q2/2025)

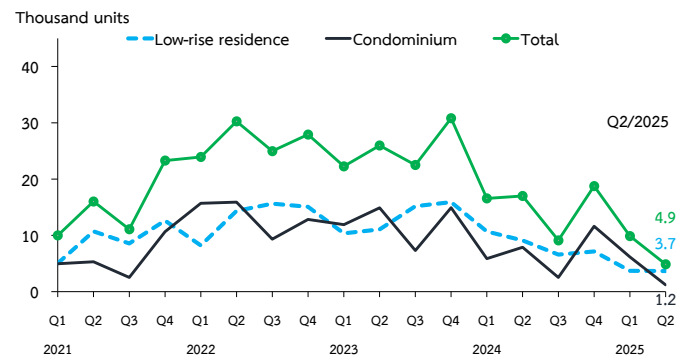
The overall real estate market slowed down from the previous quarter, with residential demand declining for both low-rise housing and condominiums, as reflected in the continued drop in new loan approvals. Weak demand, coupled with persistently high levels of unsold inventory, led to a reduction in new housing launches across both segments. Housing prices also edged down from the previous quarter, driven by declines in condominiums and single-detached house prices. Condominium prices fell, particularly for high-rise units, partly due to safety concerns following the recent earthquake, while single-detached house prices declined in line with subdued demand.

**New Mortgage Loans
from Commercial Banks and SFIs**



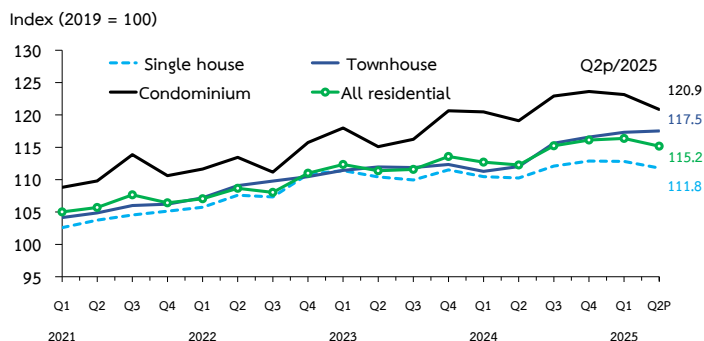
Source: Bank of Thailand

**Newly Launched Properties
in Bangkok and Vicinity Area**



Source: Agency for Real Estate Affairs (AREA) and calculated by Bank of Thailand

Housing Price Index



Source: mortgage loan data reported by commercial banks and the Government Housing Bank.

Additionally, starting from January 2023, mortgage loan data from other specialized financial institutions have been included, calculated by Bank of Thailand.

As of April 2025, data for LH bank is excluded pending new dataset completion.

Bank of Thailand
29 August 2025

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