



KEY HIGHLIGHT

- **The Thai economy softened from the previous month**, due to weaker agricultural and industrial output, which weighed on trade and freight transport services. In contrast, the tourism sector improved, supported by both domestic and foreign tourism. Meanwhile, merchandise exports, private consumption and investment remained stable. **Manufacturing production continued to decline** due to sluggish demand in some sectors, high inventory levels in certain products, and temporary production halts.
- **Merchandise exports to the U.S. declined** for the first time since the implementation of U.S. import tariffs as well as electronic product exports softened slightly, after several months of strong growth.
- **Employment conditions remained broadly stable**, however, the construction sector continued to deteriorate. Meanwhile, the ratio of total and new unemployment claimants to total insured people declined.
- **Key issues to monitor include:** 1) the recovery of manufacturing production 2) the impact of U.S. trade policies, 3) the performance of the tourism sector, and 4) government stimulus measures

Economic Stability

Headline Inflation

-0.79%

Section 33 Contributors
(Employed Persons)

-0.1%

from previous month

Current Account Balance

-1.5

Billion USD



Private
Consumption

0.0%

from previous month



Private
Investment

-0.2%

from previous month



Government
Expenditure
(excl. Transfer)

-0.3%

from previous month



Export Value
(excl. gold)

-0.1%

from previous month



Import Value
(excl. Gold)

13.4%

from previous month



Number of
Tourist Arrivals

2.8%

from previous month

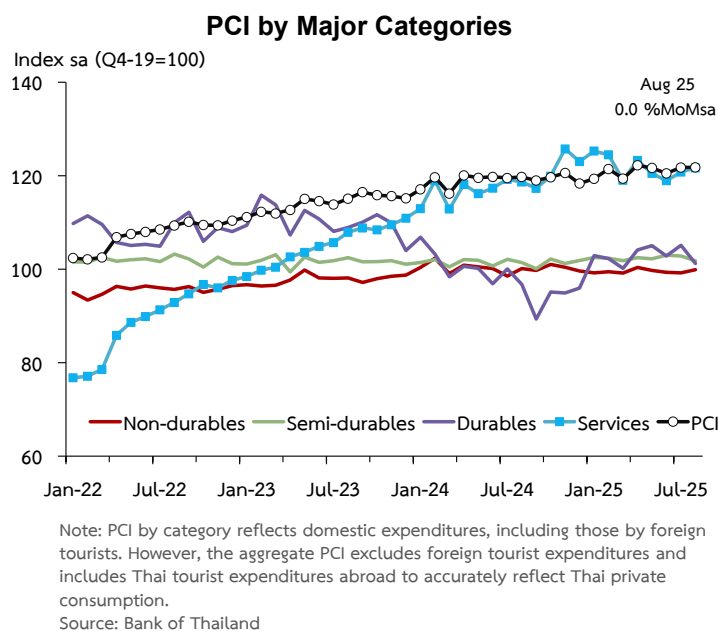
The Thai economy softened in August, due to declines in agricultural output, industrial production, and related services such as trade and freight transport. Manufacturing fell, particularly in automobiles and food and beverages, reflecting weak demand, high inventories, and temporary factory closures for relocation and maintenance. Meanwhile, private consumption, investment and merchandise exports remained stable, though electronic exports eased following strong growth in prior months. However, tourism improved, supported by higher revenue from both domestic and foreign tourists. Government spending contracted slightly due to lower capital expenditures by the central government and state-owned enterprises.

On the economic stability front, headline inflation turned more negative, primarily due to falling fresh food prices—particularly vegetables and meat—driven by favorable weather conditions. Meanwhile, energy inflation was less negative, as retail oil prices stabilized. Core inflation remained steady. The current account recorded a slight deficit, mainly attributed to a wider deficit in the services, income, and transfers account, driven by increased profit repatriation abroad during the dividend payout period, and a narrower trade surplus. Employment conditions remained stable.

Thai Economic Conditions

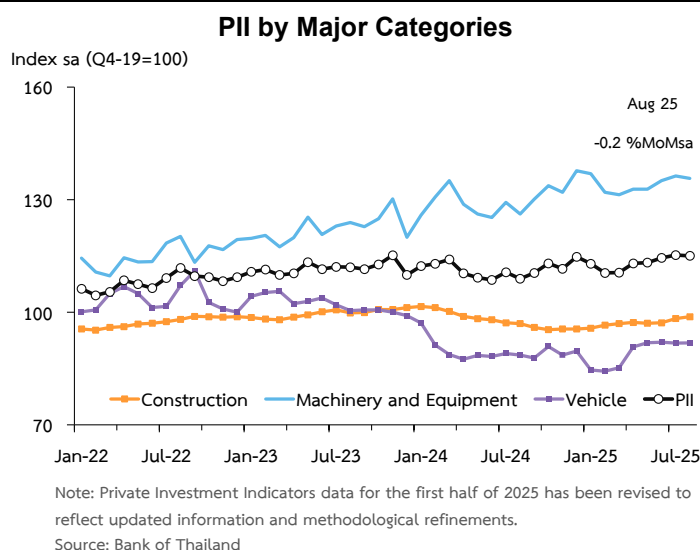
Private consumption

Private consumption indicators, after seasonal adjustment, remained stable compared to the previous month. Spending on services, especially hotels, restaurants, and transport, increased, supported by both domestic and foreign tourism and the “Thai Half-Half Travel” campaign. Non-durable goods spending grew, due to increased fuel sales aligned with improved transport activity. However, spending on durable goods declined, as consumers awaited promotions and new models at the Motor Expo. Semi-durable goods consumption also fell, due to lower textile and apparel imports. Consumer confidence weakened further amid political uncertainty, ongoing Thai-Cambodian border tensions, global trade uncertainties, and slow economic recovery.



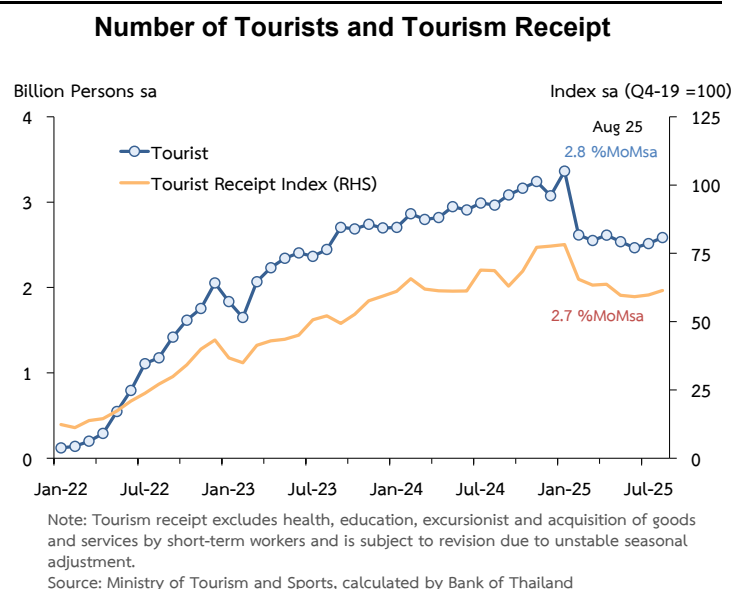
Private investment

Private investment indicators, after seasonal adjustment, remained stable compared to the previous month. Investment in machinery and equipment declined due to lower domestic machinery sales, while net imports of capital goods rose, especially computers, office equipment, and electrical devices. Investment in vehicles was flat, as higher aircraft imports for private airline expansion were offset by declines in car registrations. Construction investment slightly edged up, driven by factories and commercial buildings, while residential construction held steady.



Foreign tourist arrivals and receipt

Foreign tourist arrivals, after seasonal adjustment, increased compared to the previous month across several nationalities led by short-haul travelers from China, Japan, and South Korea, during the summer school break. Long-haul arrivals also rose, notably from Germany and Russia. Correspondingly, revenue from foreign tourism, after seasonal adjustment, edged up, in line with the rise in tourist numbers.



Export Value

The value of merchandise exports, excluding gold and after seasonal adjustment, remained stable from the previous month. Declines were seen in: 1) agricultural products, particularly durian exports to China and Hong Kong following the end of harvest season, 2) electronics, including computers and hard disk drives to the U.S., and semiconductors to Taiwan, after earlier export surges, and 3) machinery and equipment exports to the U.S., Japan, and China. However, petroleum exports increased as refinery resumed operations, and automobile exports rose, driven by the passenger car shipments to Australia and the Middle East, as well as pickups and trucks to the Middle East, ASEAN, and Australia. Notably, exports to the U.S. declined for the first time since the reciprocal tariffs were implemented.

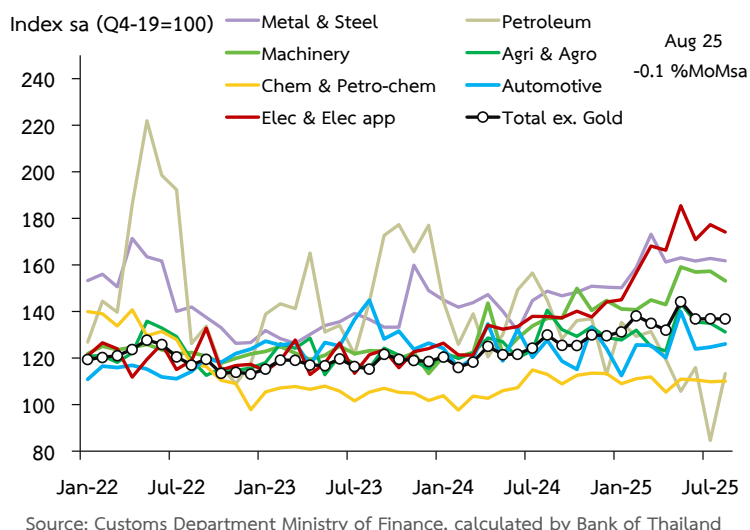
Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, increased from the previous month across all major categories. Fuel imports rose as petroleum production resumed post-maintenance. Imports of raw materials and intermediate goods increased, driven by electronic and electrical component imports, mainly from Taiwan. Consumer goods imports also grew, led by durable items such as jewelry from the U.S. Imports of capital goods, excluding aircraft, climbed driven by machinery and equipment imports from China and Japan.

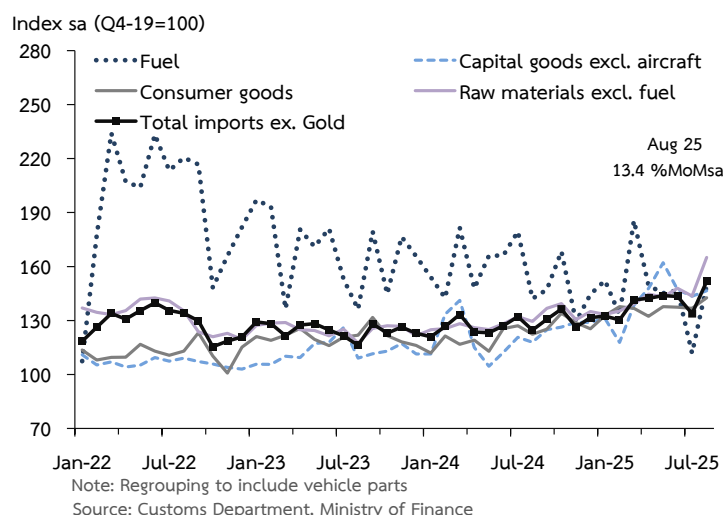
Manufacturing sector

The manufacturing production index, after seasonal adjustment, declined from the previous month, across several categories. This is partly due to a temporary closure of automobile factory for relocation and capacity adjustment as well as partial maintenance shutdowns in alcoholic beverage production. Excluding these temporary factors, the index still drop, mainly in sector where exports accounted for 30–60%, particularly automobiles, due to weak domestic car sales and high inventory levels. Production also fell in sectors where exports accounted for more than 60%, led by electronic circuits and components amid softer exports. However, in sector where exports accounted for less than 30%, increased, as refineries operations resumed.

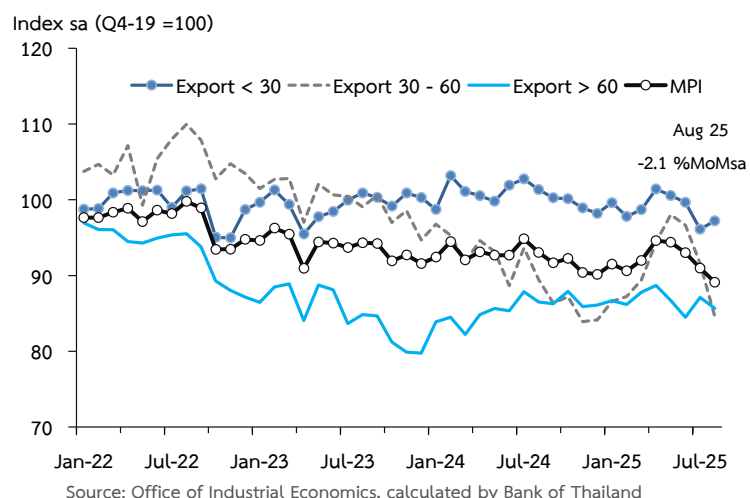
Thai Export Classified by Products



Import Value Index



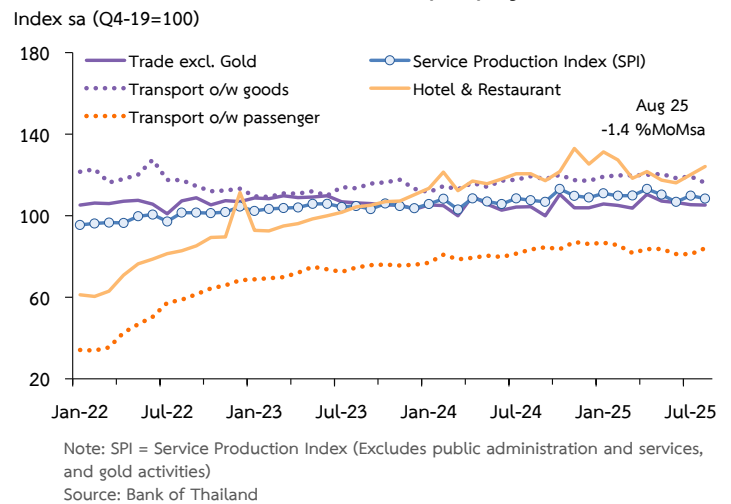
MPI Classified by Export Share



Service sector

Service sector activity indicators, excluding gold trading and after seasonal adjustment, declined from the previous month, driven by production-related activities such as trade and freight transport, in line with a drop in agricultural output, industrial production, and domestic car sales. However, tourism-related services improved, with increased in hotels and restaurants, and passenger transport activities. This was partly supported by the “Thai Half-Half Travel” campaign, and in line with rising number of Thai and foreign tourists.

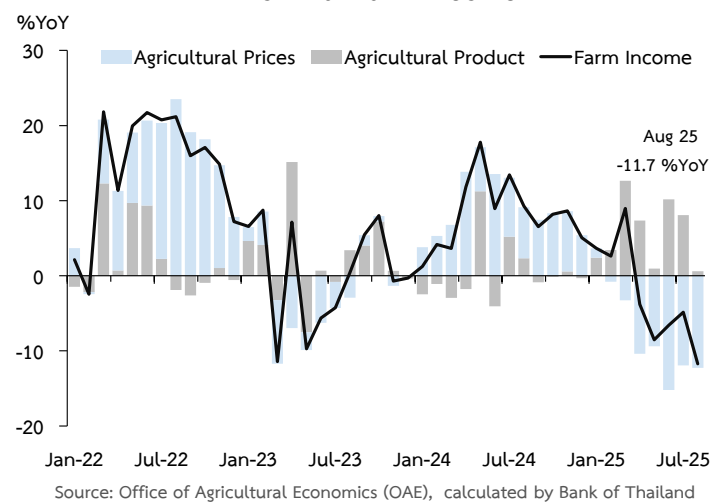
Service Production Index (SPI) by Sector



Agricultural sector

Farmers' income contracted compared to the same period last year, primarily due to falling agricultural product prices. The prices of white rice and rubber dropped as a result of rising domestic and global supply. Meanwhile, fruit prices, such as durian and longan also fell due to weaker durian demand, reflecting concerns over potential delays in China's chemical residue inspections and lower quality resulting from heavy rainfall. Longan prices fell in line with the surge in market supply. Overall agricultural output slightly increased compared to the same period last year, driven by increased production of longan and rubber.

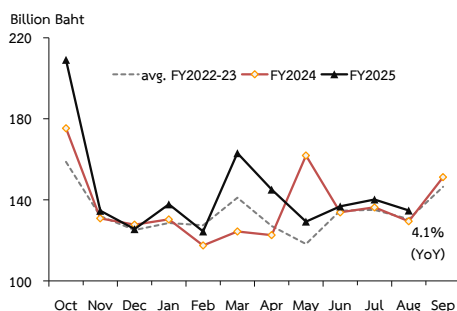
Nominal Farm Income



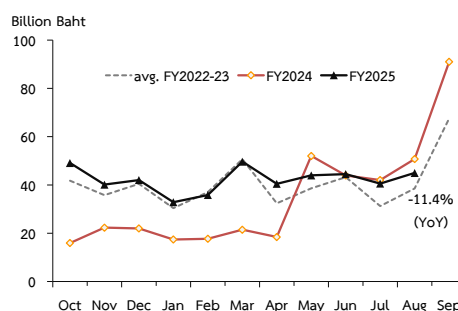
Fiscal position and public expenditure

Government spending contracted compared to the same period last year, mainly due to lower capital expenditures by the central government, excluding transfers and state-owned enterprises. Central government investment declined from last year's high base, when disbursements were accelerated following the enactment of the FY2024 Budget Act. Investment by state-owned enterprises also dropped, particularly in public utility projects, although rail transport investment continued to expand. Meanwhile, current expenditures by the central government rose, driven by disbursements for personnel compensation, pensions, and medical expenses for civil officers.

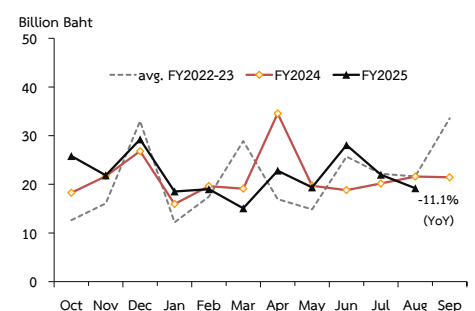
Central Government Current Expenditure (Excl. Subsidies/Grants and other)



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



State Owned Enterprises Capital Expenditure

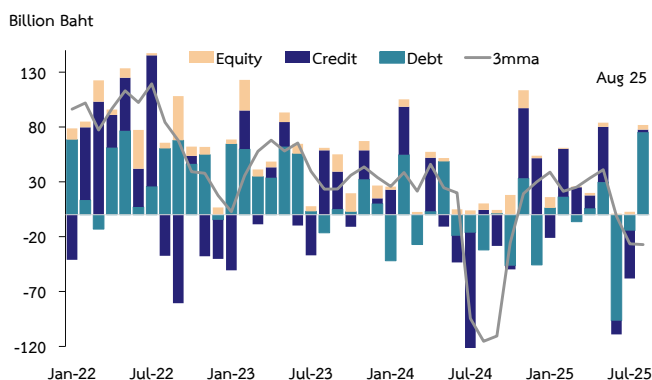


Monetary Conditions and Economic Stability

Corporate financing, interest rates and exchange rates

Overall business funding increased from the previous month, primarily through debt securities. This was driven by new bond issuances for rollover and the repayment of other loan types, particularly in the food and beverage sector. Equity funding also edged up, supported by share issuance in the services sector, notably medical services. Meanwhile, net credit financing remained stable. Regarding **the cost of financing in the bond market**, both short-term and long-term Thai government bond yields declined on average during August to 25 September 2025, reflecting market expectations of a policy rate cut in Thailand. However, yields briefly rose in mid-September due to profit-taking by mutual funds.

Changes in Total Corporate 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

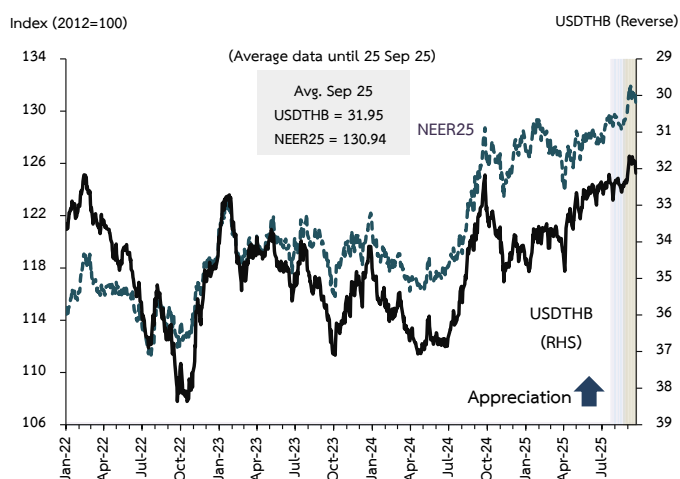
Government Bond Yields



Source: Bank of Thailand and ThaiBMA

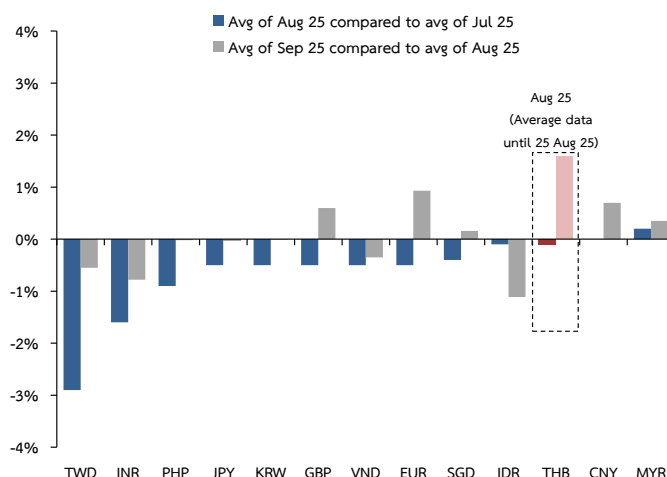
The exchange rate of the Thai baht against the U.S. dollar on average remained stable in August. The baht appreciated in early August, following a depreciation of the U.S. dollar due to weaker-than-expected U.S. economic and employment data, then the baht depreciated as the U.S. dollar strengthened in response to stronger-than-expected U.S. producer price index figures. In September (data up to 25 September 2025), the baht appreciated, driven by rising expectations of a U.S. Federal Reserve rate cut following weaker labor market data. Domestic factors also supported the baht, including increased political clarity and a continued rise in gold prices. **The Nominal Effective Exchange Rate (NEER)** also appreciated in August and September, as the baht strengthened ahead of regional peers.

THB and NEER movements



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

Exchange rate movements compared with peers

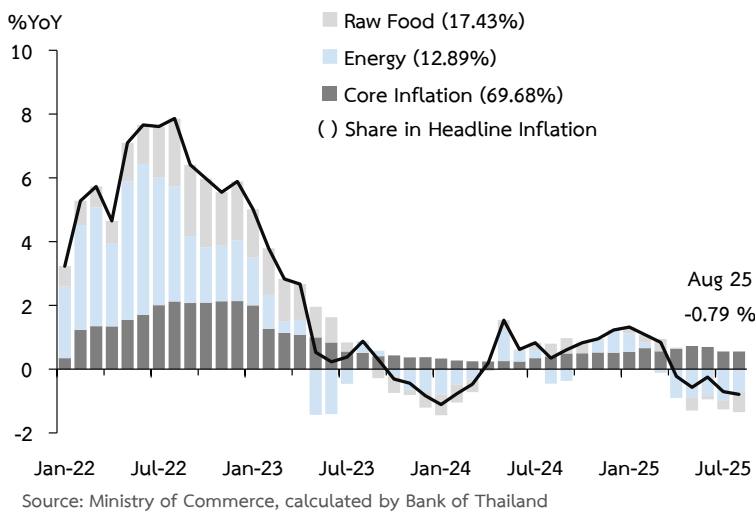


Note: Avg-period data, + = Appreciation against USD
Source: Bloomberg, calculated by Bank of Thailand

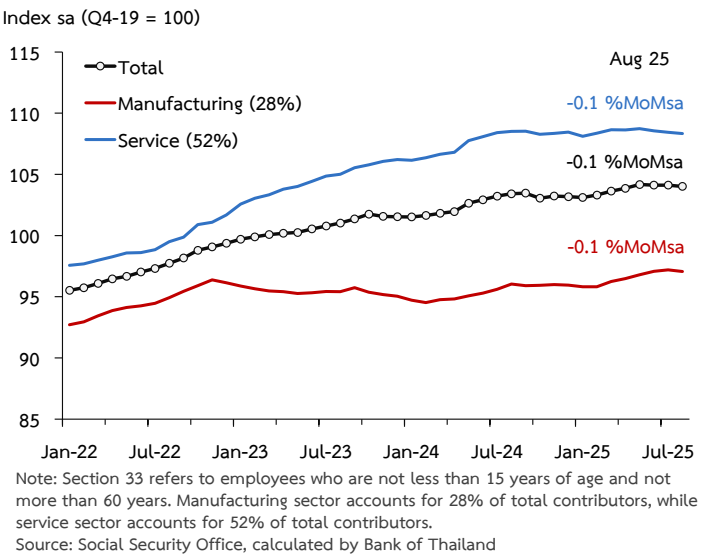
Economic Stability

Headline inflation became more negative than in the previous month, driven by falling fresh food prices, particularly vegetables and meats, amid increased supply under favorable weather conditions. Energy inflation was less negative due to more stabilized retail gasoline prices, in line with global oil prices. Core inflation remained stable as lower prices of non-alcoholic beverages and condiments were offset by higher prepared food prices following the end of promotional campaigns. **Labor market conditions remained broadly stable**, with steady Section 33 insured employees in both manufacturing and service sectors. However, employment in construction sector continued to weaken, warranting close monitoring. Meanwhile, the ratio of total and new unemployment claimants to total insured persons declined. **The current account registered a slight deficit**, mainly due to a wider deficit in the services, income, and transfers, following increased profit repatriation abroad during the dividend payout period. The trade surplus also narrowed as exports weakened and imports continued to rise.

Headline inflation



Total Contributors in Section 33



Balance of Payments

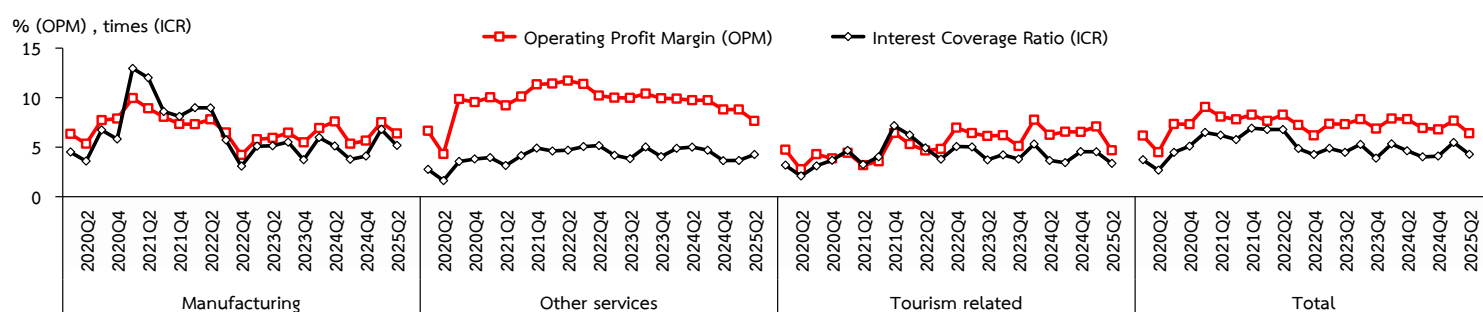
Billion USD	2024 ^R	2024 ^R				2025 ^R				
		Q1	Q2	Q3	Q4	Q1	Q2	Jul	Aug ^P	YTD
Trade Balance	21.4	2.5	5.7	6.7	6.5	8.2	5.3	2.5	0.8	16.8
Exports (f.o.b.)	297.3	70.0	73.2	77.3	76.8	80.4	84.2	28.1	27.5	220.2
%YoY	5.9	-0.5	4.3	9.0	10.8	14.9	15.0	9.7	5.5	13.0
Imports (f.o.b.)	275.9	67.5	67.5	70.6	70.3	72.3	78.9	25.6	26.7	203.4
%YoY	5.5	2.6	0.6	9.9	9.2	7.1	16.8	4.5	14.7	11.3
Net Services, Income & Transfers	-9.7	1.7	-5.8	-4.2	-1.4	3.0	-4.3	-0.1	-2.3	-3.8
Current Account	11.6	4.2	-0.2	2.5	5.1	11.2	0.9	2.4	-1.5	13.0
Capital and Financial Account	-6.5	-5.2	-0.5	2.5	-3.5	-10.2	0.6			
Net Errors and Omissions: NEO	7.3	2.8	2.7	1.9	-0.1	2.4	3.3			
Overall Balance	12.4	1.8	2.1	7.0	1.5	3.4	4.8	3.5	1.0	12.7

Note: P = preliminary, R = revised
Source: Bank of Thailand

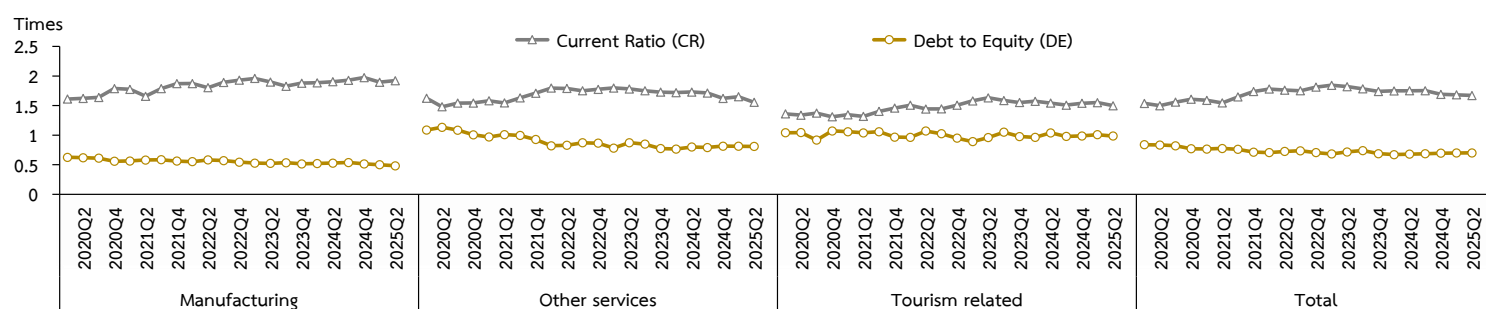
Stability and financial condition of corporate sector (2Q 2025)

The overall performance of non-financial companies listed on the Stock Exchange of Thailand (SET) and the Market for Alternative Investment (mai) declined from the previous quarter. The Operating Profit Margin (OPM) fell from 7.7% to 6.4%, with weaker profitability across all sectors, especially tourism-related services due to fewer tourist numbers. **Debt serviceability** also deteriorated, as the Interest Coverage Ratio (ICR) decreased from 7.7 to 4.3. Meanwhile, **liquidity and leverage** remained stable, with the Current Ratio (CR) and Debt-to-Equity Ratio (DE) holding at 1.7 and 0.7, respectively.

Operating Profit Margin and Interest Coverage Ratio by Sectors



Current Ratio and Debt to Equity by Sectors



Note: OPMt = EBIT/Revenue x 100 | ICRt = EBIT/Interest Expenditure | CRt = Current assets/Current liabilities | DET = Liabilities/Equity. The solid line represents the value at p50.

Source: Stock Exchange of Thailand database (SETSMART), calculated by the Bank of Thailand.

Bank of Thailand
30 September 2025

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