



KEY HIGHLIGHT

- **The Thai economic activities softened in February**, both in the service and manufacturing sectors.
- **The tourism sector slowed down mainly due to lower Chinese tourist arrivals** as many had traveled in the previous month for the Chinese New Year festival, together with safety concerns being a suppressive factor, while the number of tourists from other nationalities increased.
- **Automotive production slightly improved** but remained at a low level, while the construction sector continued to slow down.
- **Production and exports of electronic products increased** in line with the recovery of the electronics cycle, but future risks from U.S. trade policies warranted a close monitoring.
- **The overall labor market improved**, but the rising ratio of unemployment claims to total insured persons warranted a close monitoring.

Economic Stability

Headline Inflation

1.08%

Section 33 Contributors
(Employed Persons)

0.2%

from previous month

Current Account Balance

5.5

Billion Dollars



Private
Consumption

0.9%

from previous month



Private
Investment

-1.9%

from previous month



Government
Expenditure
(excl. Transfer)

18.5%

from previous month



Export Value
(excl. gold)

4.9%

from previous month



Import Value
(excl. Gold)

-1.3%

from previous month



Number of
Tourist Arrivals

-13.9%

from previous month

The Thai economic activities in February softened from the previous month, specifically the service sector related to tourism as the number and revenue of foreign tourists decreased. Additionally, manufacturing production declined, particularly in the chemical and petroleum sectors, together with a slowdown in private investment after a good expansion in the previous period. However, exports increased in several categories, especially in automotive, electronics, and precious metals. Private consumption also improved, while government spending continued to expand from both current and capital expenditures by the central government.

On the economic stability front, headline inflation slightly decreased from the previous month, mainly due to lower energy inflation, driven by the high base effect and declining gasoline prices. Meanwhile, core inflation increased, following higher prices of prepared food, food ingredients, and public transportation fares. The current account registered a larger surplus mainly from improvement in the trade balance, despite lower surpluses from services, income, and transfers, due to lower tourism revenue. The labor market overall improved slightly compared to the previous month.

Thai Economic Conditions

Private consumption

Private consumption indicators, after seasonal adjustment, increased from the previous month, mainly in non-durables, driven by higher electricity usage and fuel consumption. Consumption in semi-durables remained stable with a decrease in imports of textile and apparel being offset by an increase in sales of semi-durables. Durable goods consumption declined due to lower sales of passenger cars and registrations of motorcycle, despite a slight improvement in sales of pickup truck. Consumption of services also decreased, particularly in hotels and restaurants, following lower number of foreign tourists. Consumer confidence slightly decreased due to concerns over U.S. trade policies, geopolitical conflicts, and high living costs.

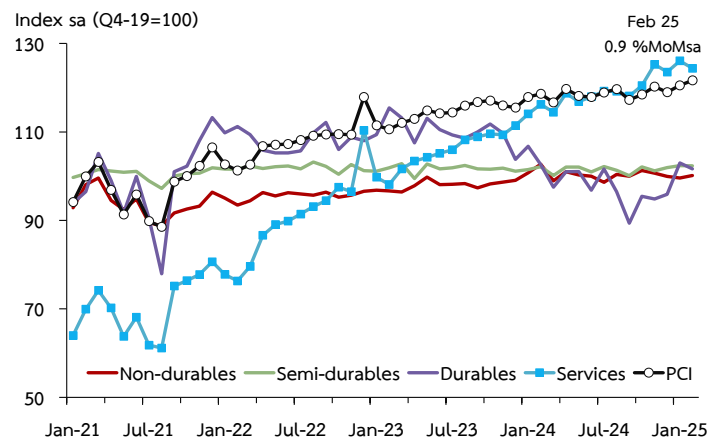
Private investment

Private investment indicators, after seasonal adjustment, decreased from the previous month across all major categories. Investment in machinery and equipment declined after expanding well in the previous periods, following lower net imports of several capital goods, such as computers and office equipment, electrical equipment, and specialized machinery. Vehicle investment declined, primarily due to lower sales of passenger car. Investment in construction also decreased as indicated by lower permitted construction areas for both residential and non-residential buildings, reflecting the subdued real estate market, while some businesses also delayed their investments due to uncertainties regarding the trade policies from major economies.

Foreign tourist arrivals and receipt

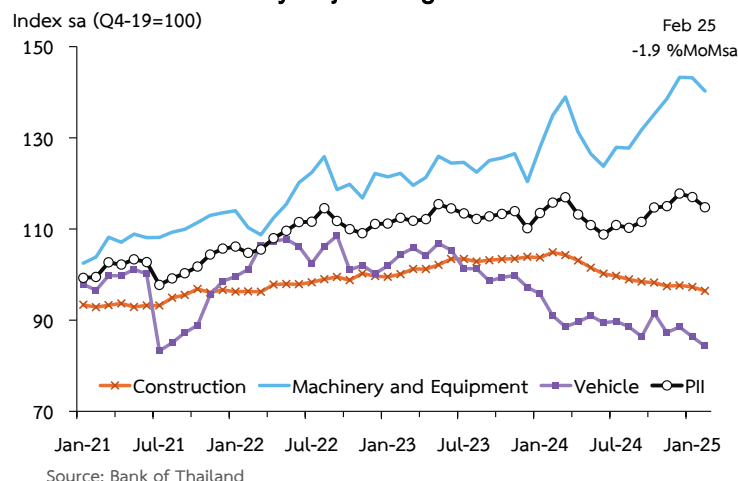
The number and revenue of foreign tourists, after seasonal adjustment, decreased from the previous month, primarily due to lower tourists from China and Malaysia after a surge during the Chinese New Year festival. Concerns over safety among Chinese tourists also contributed to the decline. Nevertheless, tourists from several other nationalities continued to increase, including Japan, India, and Russia.

PCI by Major Categories

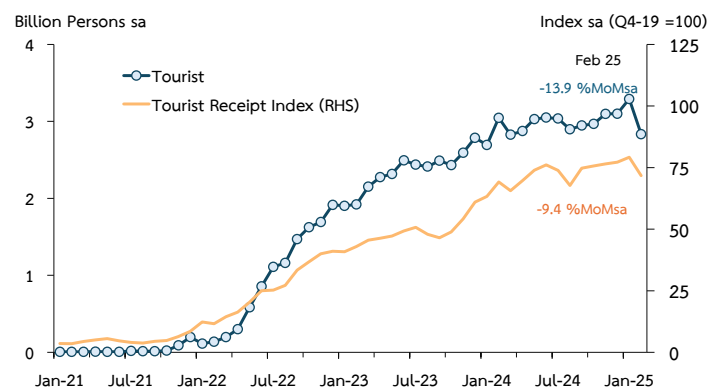


Note: PCI by category reflects domestic expenditures, including those by foreign tourists. However, the aggregate PCI excludes foreign tourist expenditures and includes Thai tourist expenditures abroad to accurately reflect Thai private consumption.

PII by Major Categories



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.

Export Value

The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month. This was driven by exports in (1) the automotive category, including passenger cars to Australia and ASEAN, pickup trucks to Australia, and tires to the U.S., (2) the electronics category, in several products such as computers, electronic circuits and components, as well as hard disk drives, following the upward cycle of electronic products together with exports being accelerated to the U.S. due to concerns over upcoming import tariff, and (3) the precious metals category, with platinum exports to India benefiting from India's import tax cut on precious metals. However, this benefit is expected to end in the first quarter as Indian customs tighten import conditions from early March. Meanwhile, petroleum exports decreased, after a good expansion in exports of refined oil in the previous month.

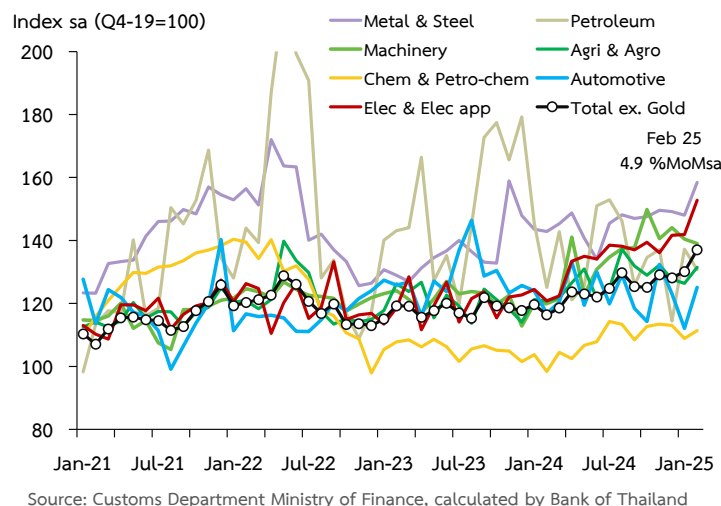
Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, decreased from the previous month, due to lower imports of fuel and capital goods, such as machinery and electrical equipment. However, imports of raw materials and intermediate goods increased, driven by higher imports of electronic components from Taiwan and computer equipment from China.

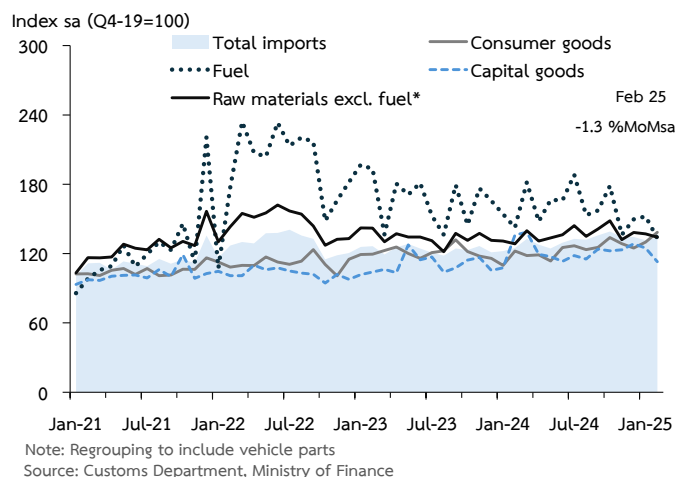
Manufacturing sector

The manufacturing production index, after seasonal adjustment, decreased from the previous month, particularly in sectors where export account for less than 30%. This included the chemicals, where fertilizer production weakened due to uncertainty over price control measures, and the petroleum sector, which accelerated in the previous period. Sectors where exports account for more than 60% also declined, especially hard disk drives, due to inventory clearance. However, production in some categories improved in line with exports, including electronic circuits and components, due to recovery in the electronics cycle. Automotive production also increased mainly from passenger cars but remained at a low level.

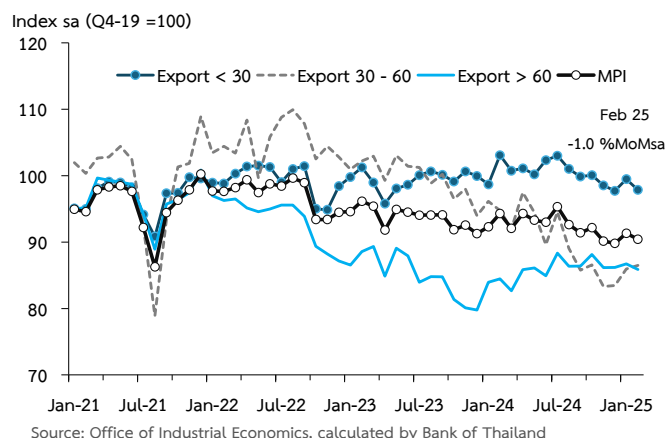
Thai Export Classified by Products



Import Value Index

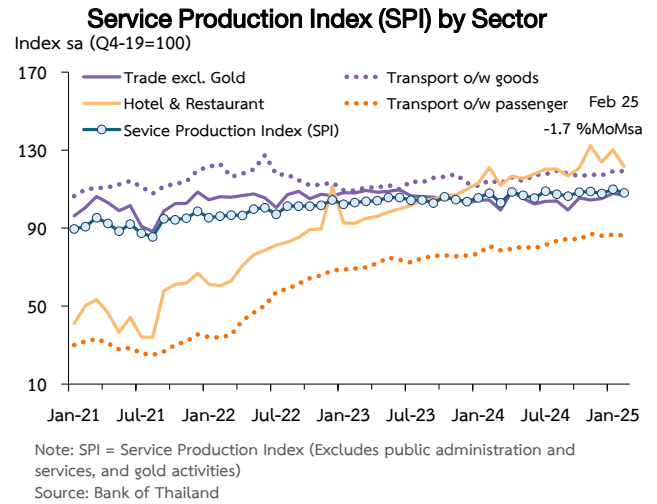


MPI Classified by Export Share



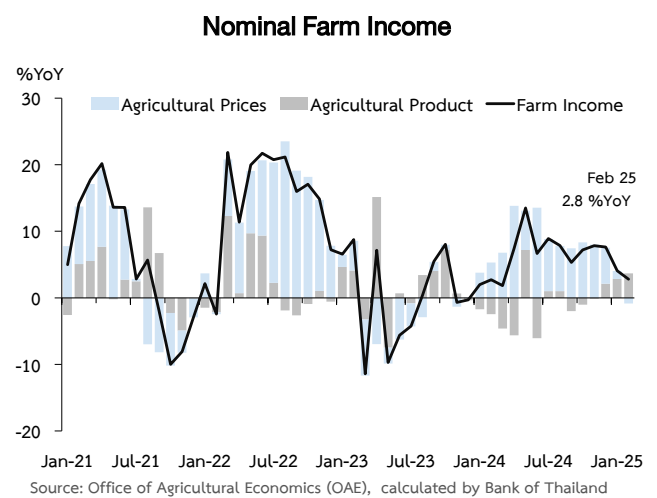
Service sector

Service sector indicators, excluding gold trading and after seasonal adjustment, decreased from the previous month. Service activities related to tourism declined, particularly in the hotel and restaurant as well as passenger transportation, following a decline in the number of foreign tourists. Service activities related to the manufacturing sector also declined, including trade and freight transportation, in line with lower sales of consumer goods and manufacturing production.



Agricultural sector

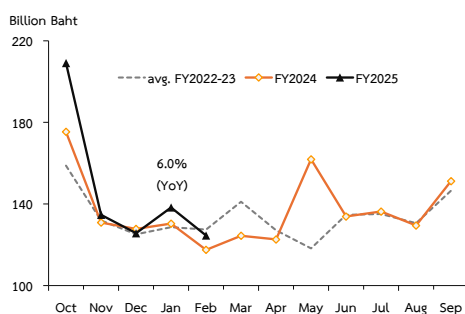
Farmers' income expanded from the same period last year, mainly due to higher production. The output of sugarcane, rubber, and rice increased, supported by favorable weather conditions. However, prices slightly contracted, particularly prices of rice and sugarcane due to higher output. Additionally, prices of cassava declined due to lower demand from China.



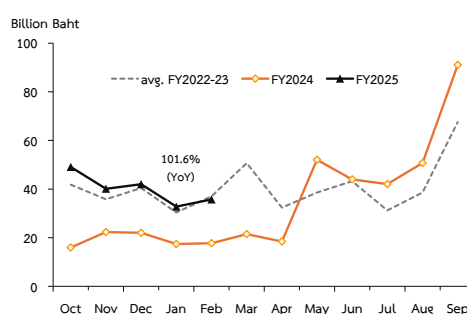
Fiscal position and public expenditure

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 from higher disbursements for pensions, employee compensation, and medical expenses for government officials. Capital expenditures expanded, following higher disbursements by public utility and transportation agencies. However, **capital expenditures by state enterprises contracted**, due to lower investments in telecommunications and energy infrastructure.

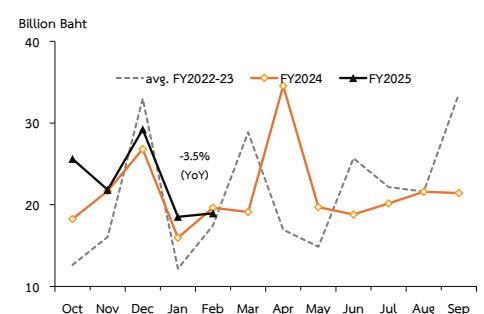
**Central Government
Current Expenditure
(Excl. Subsidies/Grants and other)**



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



**State Owned Enterprises
Capital Expenditure**

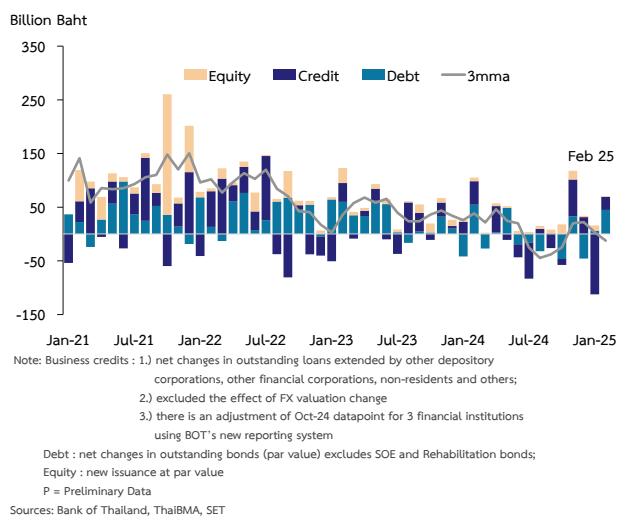


Monetary Conditions and Economic Stability

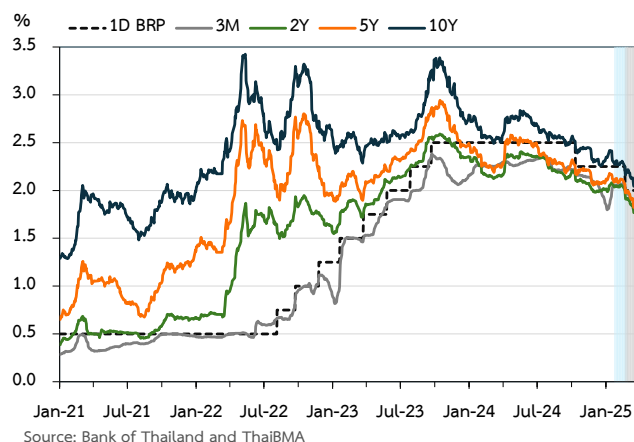
Corporate financing, interest rates and exchange rates

Overall business funding increased from the previous month, primarily through credit and bond markets. Net credit financing increased, driven by manufacturing, real estate, infrastructure, and holding companies, despite a contraction in the trade sector. Bond market financing also increased, particularly in food and agriculture-related businesses, as well as telecommunications, mainly for rolling over maturing debentures. As for the cost of finance in the bond market, short-term and long-term Thai government bond yields decreased by the end of February 2025, following the policy rate cut as well as investors' anticipation of future rate cut by the Monetary Policy Committee (MPC).

Changes in Total Corporate Financing

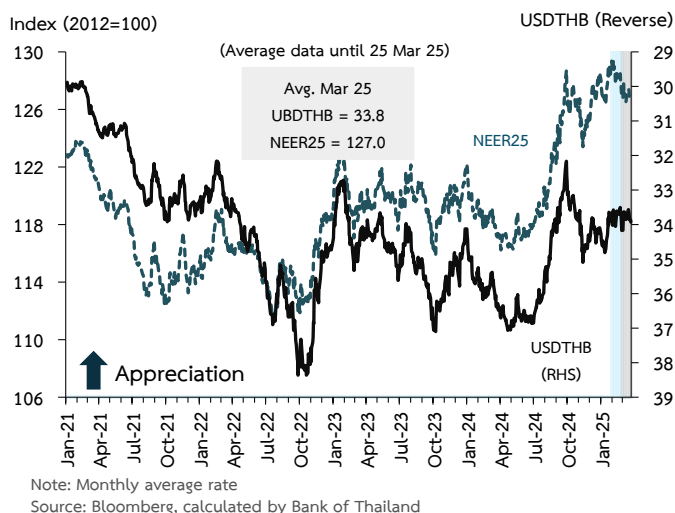


Government Bond Yields

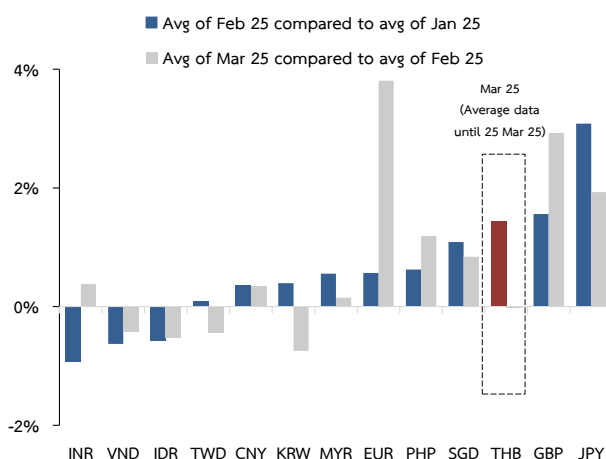


The exchange rate of the Thai baht against the US dollar appreciated on average in February 2025, due to less severe trade barriers between the US and China than the market had anticipated. However, in March 2025 (data up to March 25, 2025), the average exchange rate of the baht remained stable as the US Federal Reserve's interest rate remained unchanged, while the US trade policies were overall in line with the market expectations. The nominal effective exchange rate (NEER) of the baht increased on average in February, as the market concerns over US-China trade policies lessened.

THB and NEER movements



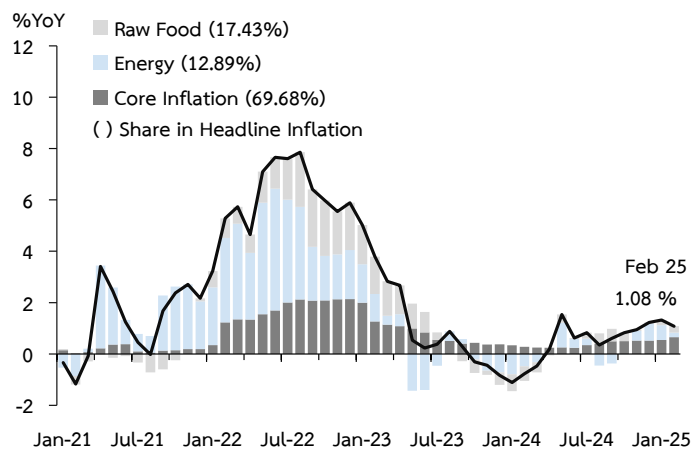
Exchange rate movements compared with peers



Economic Stability

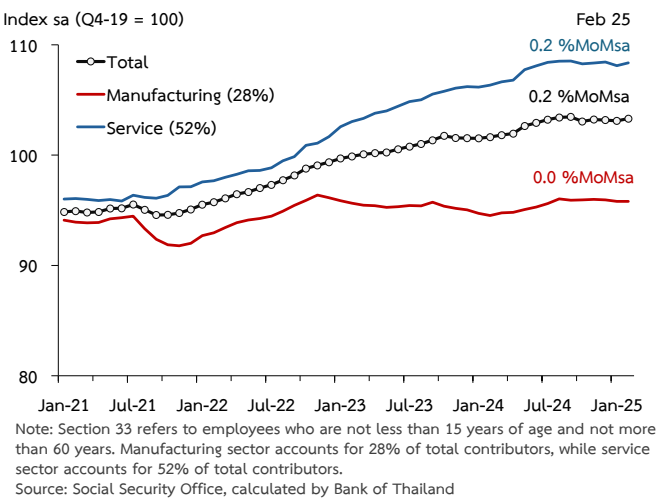
Headline inflation decreased from the previous month, mainly due to lower energy prices, driven by the high base effect and declining gasoline prices in line with global oil prices. Fresh food inflation increased due to higher pork prices. Core inflation rose with higher prices of prepared food, food ingredients, and public transportation fares after the end of fare exemption measures to alleviate PM 2.5 dust problems. **The labor market improved slightly**, with more insured persons in the service sector, while manufacturing employment remained stable. The ratio of new flow of unemployment claims to total insured persons decreased, particularly in automotive manufacturing and transportation. However, the continued increase in the stock of total unemployment claims warranted a close monitoring, which may reflect difficulties in finding new jobs in the formal sector. **The current account displayed a larger surplus**, primarily due to a higher trade surplus from increased exports, while the surplus in services, income, and transfers decreased due to lower foreign tourism revenue.

Headline inflation



Source: Ministry of Commerce, calculated by Bank of Thailand

Total Contributors in Section 33



Balance of Payments

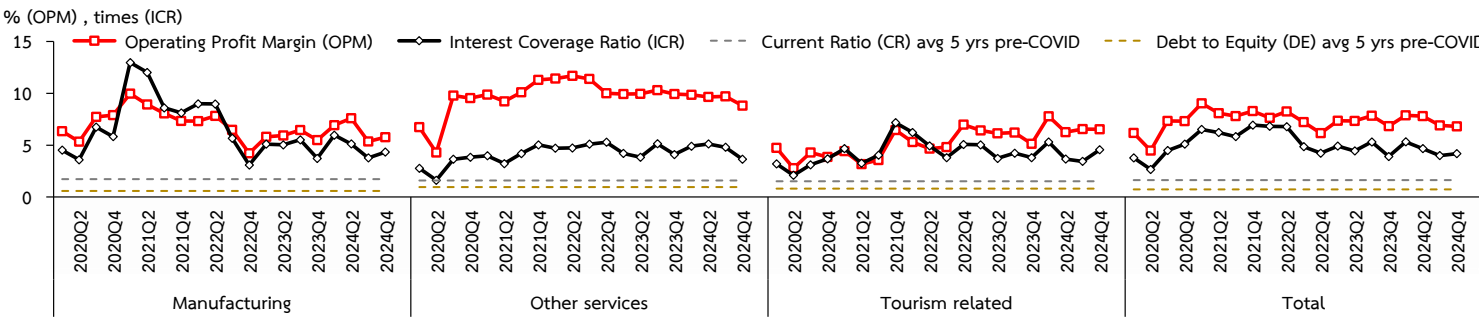
Billion USD	2023	2024	2024				2025		
			Q1	Q2	Q3	Q4	Jan	Feb ^P	YTD
Trade Balance	19.4	19.3	2.5	5.7	5.8	5.4	0.4	4.4	4.8
Exports (f.o.b.)	281.4	297.0	70.0	73.2	77.2	76.7	25.0	26.4	51.4
%YoY	-1.3	5.6	-0.5	4.3	8.9	9.5	12.9	13.9	13.4
Imports (f.o.b.)	261.4	277.8	67.5	67.5	71.4	71.3	24.6	22.0	46.7
%YoY	-3.8	6.3	2.6	0.8	11.3	10.7	7.5	4.1	5.9
Net Services, Income & Transfers	-12.0	-8.2	0.9	-4.5	-3.4	-1.1	2.3	1.1	3.4
Current Account	7.4	11.1	3.4	1.1	2.3	4.2	2.7	5.5	8.1
Capital and Financial Account	-9.9	-15.4	-4.7	-2.3	0.3	-8.8			
Overall Balance	2.6	12.4	1.8	2.1	7.0	1.5	4.2	0.2	4.4

Note: P = preliminary data
Source: Bank of Thailand

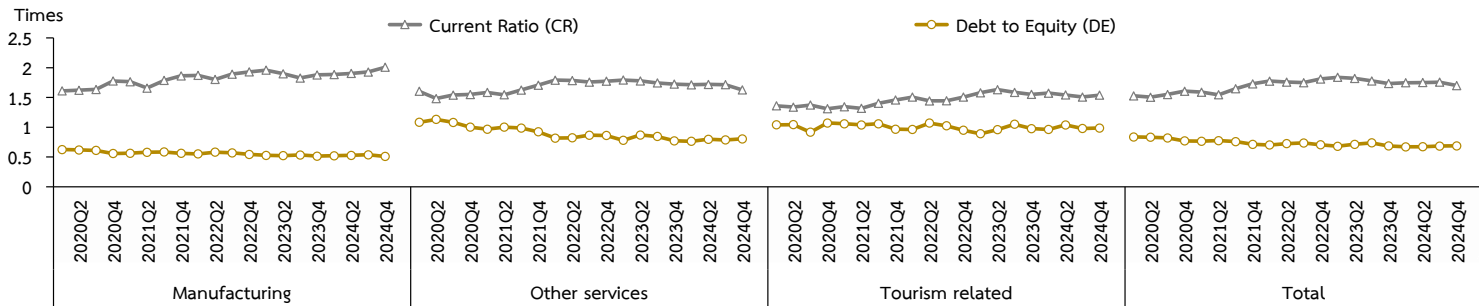
Stability and financial condition of corporate sector (4Q 2024)

The overall performance of non-financial companies listed on the Stock Exchange of Thailand (SET) and the Market for Alternative Investment (mai) remained stable from the previous quarter. Operating Profit Margin (OPM) stood at 6.8%, unchanged from the previous quarter. The OPM improved in the most of manufacturing sector, remained stable for the tourism-related service sector, and deteriorated in other service sector, particularly in construction. As for **debt serviceability**, the overall Interest Coverage Ratio (ICR) remained stable from the previous quarter at 4.2. Also, in terms of **liquidity and leverage**, the Current Ratio (CR) and Debt to Equity Ratio (DE) remained stable at 1.6 and 0.7, respectively.

Operating Profit Margin and Interest Coverage Ratio by Sectors



Current Ratio and Debt to Equity by Sectors



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

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

Bank of Thailand
31 March 2025

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