



KEY HIGHLIGHT

- **The Thai economy softened slightly from the previous month**, due to a slowdown in the service sector and manufacturing production, while merchandise exports increased.
- **The tourism sector experienced a decline** in both revenue and number of foreign tourists, particularly long-haul travelers. However, short-haul tourists from countries such as China, Malaysia, and Japan increased.
- **Merchandise exports rose significantly**, driven by continued global demand for electronics used in data centers and accelerated shipments of products such as agricultural products and electrical appliances during the reciprocal tariff suspension period (grace period).
- **The automotive sector has shown signs of recovery**, particularly in passenger cars, with improvements in production and domestic sales.
- **Key issues to monitor:** 1) trade policies of major economies, 2) developments in the tourism sector, 3) business adaptation amid rising competition and shifting consumer behavior, and 4) geopolitical tensions and domestic risk factors.

Economic Stability

Headline Inflation

-0.57%

Section 33 Contributors
(Employed Persons)

0.3%

from previous month

Current Account Balance

-0.3

Billion U.S. Dollars



Private
Consumption

0.2%

from previous month



Private
Investment

-0.6%

from previous month



Government
Expenditure
(excl. Transfer)

-18.9%

from previous month



Export Value
(excl. gold)

8.6%

from previous month



Import Value
(excl. Gold)

0.8%

from previous month



Number of
Tourist Arrivals

-2.9%

from previous month

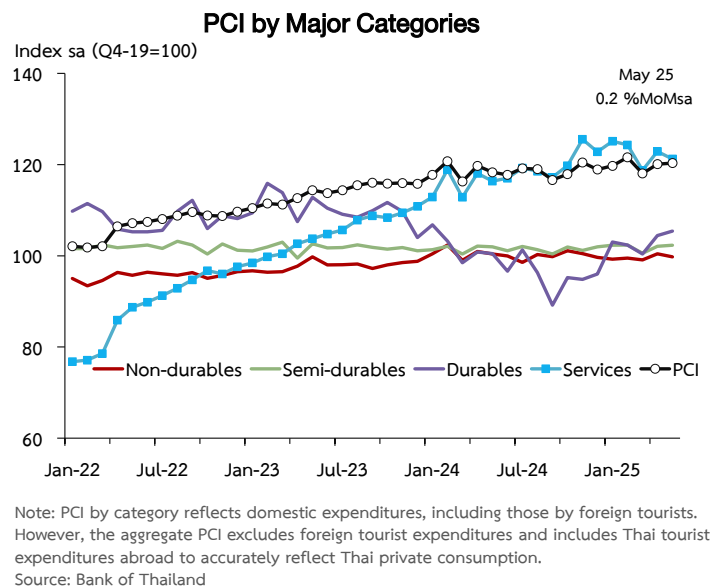
The Thai economy softened slightly from the previous month due to a slowdown in activity across manufacturing, trade, and tourism sectors. Manufacturing production declined, attributed to prior inventory replenishment and the temporary closure of an oil refinery for maintenance. Tourism receipts dropped, primarily due to a decline in long-haul travelers, who typically have higher spending per trip. Private investment dropped after accelerating in the previous month. Private consumption remained stable, supported by a continued surge in consumption of durables, although consumption of services declined. Merchandise exports rose sharply, led by electronics exports driven by increasing global demand and accelerated shipments during the grace period. Government spending contracted in both current and capital expenditures, reflecting a high base effect from last year following accelerated disbursement after the enactment of the Budget Act, B.E. 2567.

On the economic stability front, headline inflation turned slightly more negative than previous month, due to lower fresh food prices. Energy inflation remained negative, similar to the previous month. However, core inflation continued to rise in tandem with higher prepared food prices. The current account deficit narrowed, supported by a return to trade surplus. Meanwhile, the services, income, and transfers balance registered a larger deficit due to seasonal profit repatriation by foreign businesses. The overall labor market improved, primarily driven by increased employment in the manufacturing sector.

Thai Economic Conditions

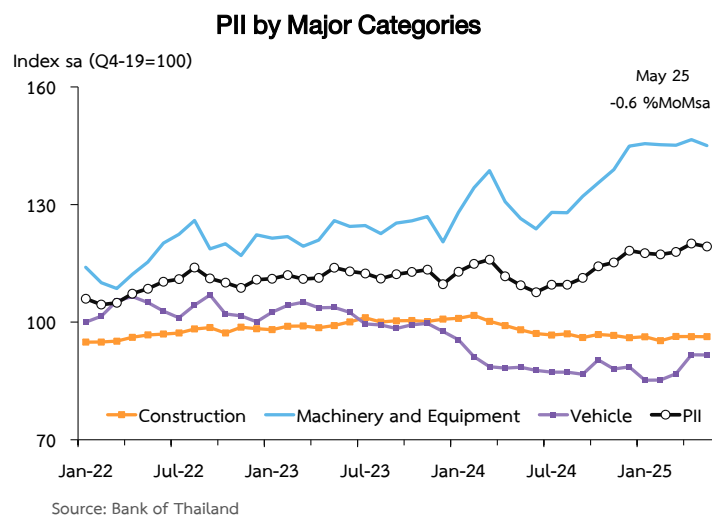
Private consumption

Private consumption indicators, after seasonal adjustment, remained stable from the previous month. Spending on durable goods continued to increase, driven by higher passenger car sales. However, consumption of services declined, mainly in the hotel and restaurant segment, in line with reduced tourist numbers and spending by both domestic and international travelers. Non-durable goods consumption decreased due to lower fuel sales, while semi-durable goods remained stable. Consumer confidence continued to decline amid concerns over U.S. trade policy uncertainty, slow domestic demand recovery, and high household and business debt.



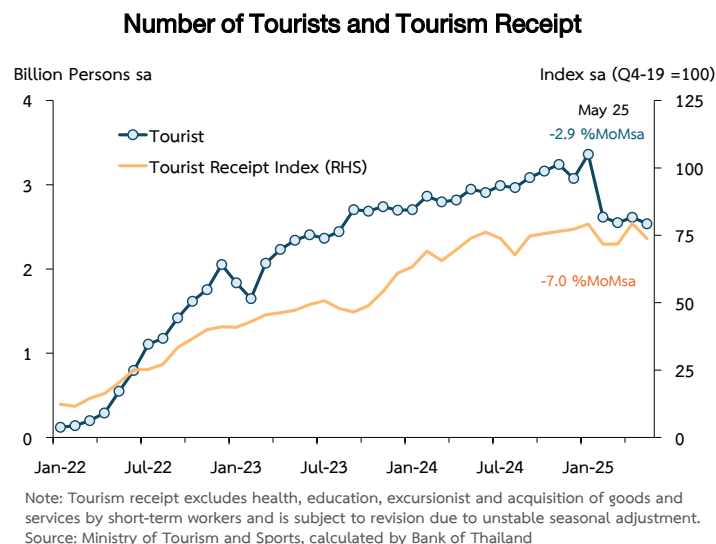
Private investment

Private investment indicators, after seasonal adjustment, declined from the previous month, due to weaker spending on machinery and equipment. Machinery investment fell in line with domestic machinery sales and lower production of computers and peripherals. Vehicle investment remained stable, as increased passenger car registrations offset declines in trucks and pickups. Construction investment was also stable, with increased non-residential construction offsetting a decline in residential construction, particularly in single houses and townhouses.



Foreign tourist arrivals and receipt

Foreign tourist arrivals and revenue, after seasonal adjustment, declined from the previous month, mainly due to a drop in long-haul travelers from Europe (excluding Russia) and Australia, who typically spend more per trip. This decline followed a surge during the Songkran festival. However, short-haul tourists from China, Malaysia, and Japan increased, partly due to long holidays in those countries.



Export Value

The value of merchandise exports, excluding gold and after seasonal adjustment, increased from the previous month across most categories. Exports improved notably in 1) electronics, including telecommunication equipment to the U.S., computers to China and Hong Kong, and other electronics related to data centers, 2) automotives, consisting of passenger cars and pickups to Australia, ASEAN, and the Middle East, 3) agricultural products, mainly durians and mangosteens to China, and 4) machinery and equipment, especially transformers to the U.S. in line with growing demand of data center. Additionally, exports of agro-manufacturing products and electrical appliances to the U.S. also increased, boosted by accelerated shipments ahead of reciprocal tariff enforcement.

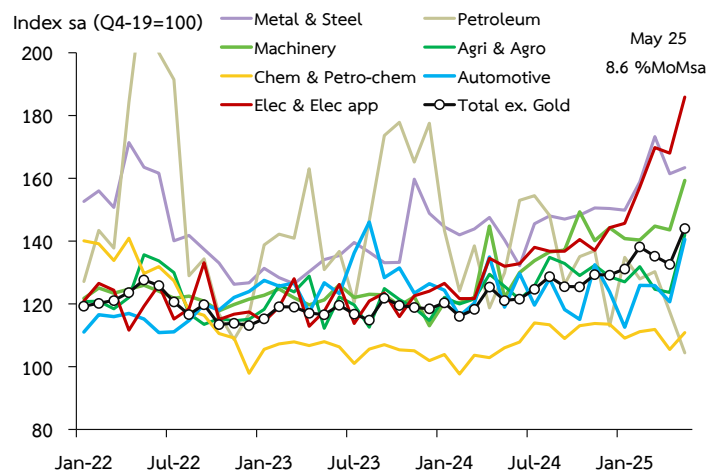
Import Value

The value of merchandise imports, excluding gold and after seasonal adjustment, increased from the previous month. The rise was driven by imports of capital goods (excluding aircraft), especially computers from Taiwan, and consumer goods, notably passenger cars from China and pharmaceuticals from the EU. However, imports of raw materials and intermediate goods decreased, mainly due to lower imports of electronic components from Taiwan and crude oil from the U.S. and the Middle East.

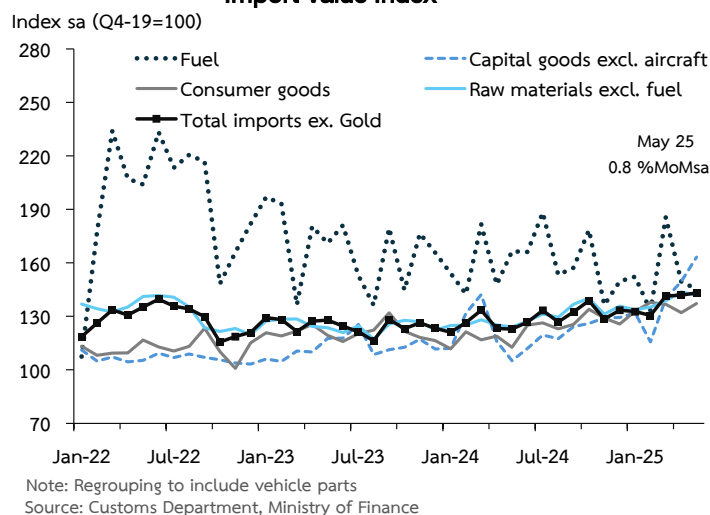
Manufacturing sector

The manufacturing production index, after seasonal adjustment, declined from the previous month, particularly in sectors where exports accounted for more than 60%. This was led by a drop in electrical appliances production, especially air conditioners, following inventory replenishment in the previous month. Production also fell in sectors with export shares below 30%, notably construction materials such as concrete and cement, and petroleum products, due to temporary refinery maintenance. In contrast, sectors with 30–60% export share continued to improve, driven by the automotive sector, especially passenger cars, supported by rising domestic sales.

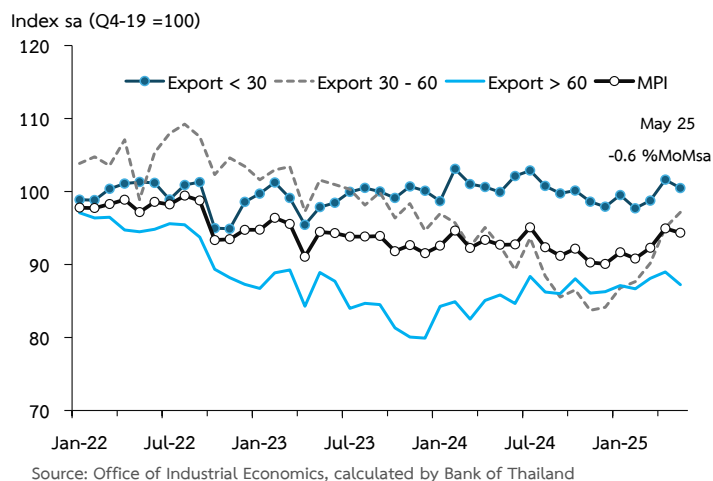
Thai Export Classified by Products



Import Value Index



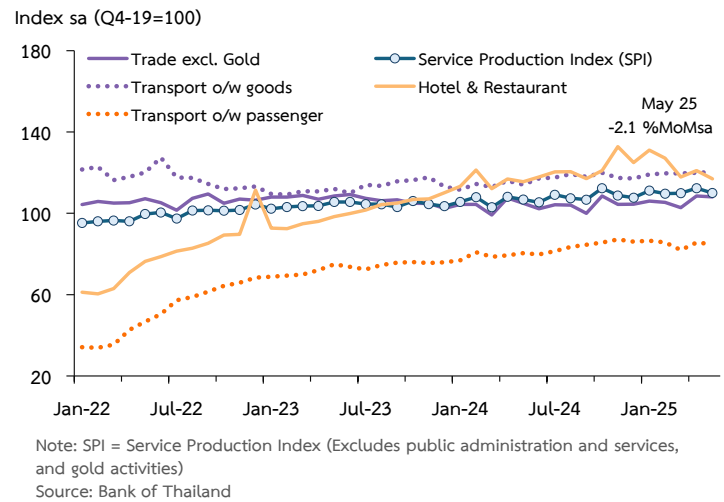
MPI Classified by Export Share



Service sector

Service sector activity indicators, excluding gold trading and after seasonal adjustment, declined from the previous month. Trade-related activities decreased in line with the slowdown in manufacturing production, despite an increase in automobile sales. However, freight transport rose slightly, consistent with the increase in goods exports. Tourism-related services activity also declined, both in the hotel and restaurant as well as passenger transportation, due to a drop in domestic and foreign tourist numbers.

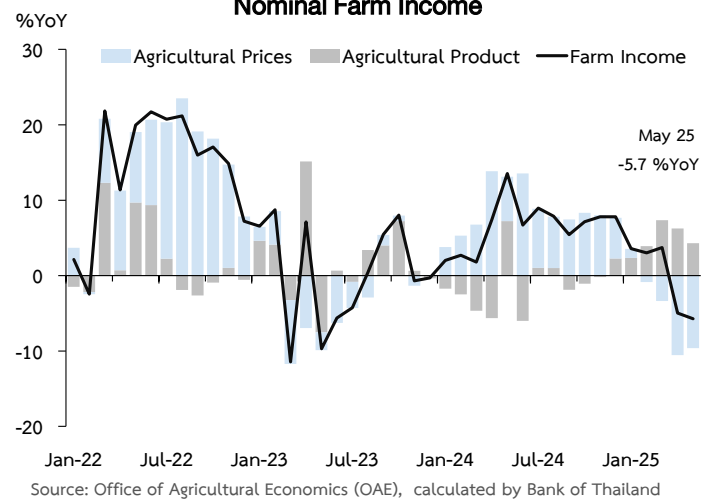
Service Production Index (SPI) by Sector



Agricultural sector

Farmers' income contracted from the same period last year, primarily due to a decline in the prices of several key agricultural products, including: 1) white rice, as domestic and global supply increased following India's export resumption; 2) rubber, due to a high base effect last year caused by the El Niño; 3) durian, caused by delays in residue inspections from major export markets, as well as increasing products; and 4) cassava, due to lower demands from China. However, agricultural products expanded, bolstered by favorable weather conditions, particularly for rice, rubber, and durian.

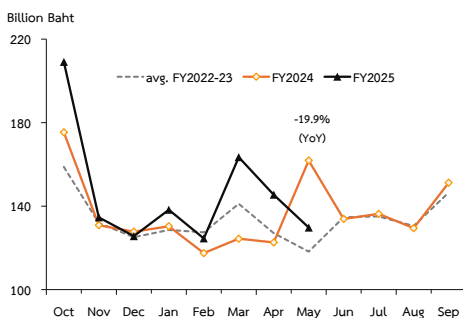
Nominal Farm Income



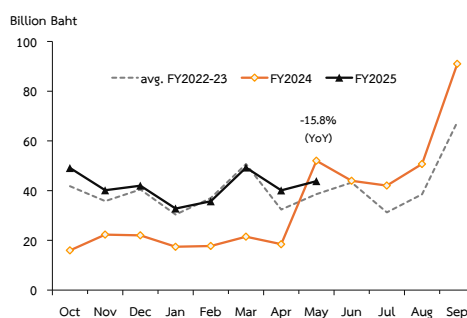
Fiscal position and public expenditure

Government spending, excluding transfers, contracted from the same period last year due to a high base effect from last year's accelerated disbursements after the enactment of the Budget Act, B.E. 2567. However, compared to historical averages, both current and capital expenditures expanded driven by pension payments, personnel compensation, and medical expenses of civil officers, as well as investment disbursements by transport and infrastructure agencies. Capital expenditures by state enterprises slightly contracted from the same period last year following lower disbursement in energy infrastructure projects.

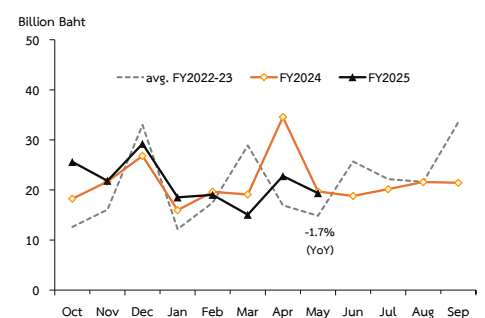
Central Government Current Expenditure (Excl. Subsidies/Grants and other)



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



State Owned Enterprises Capital Expenditure



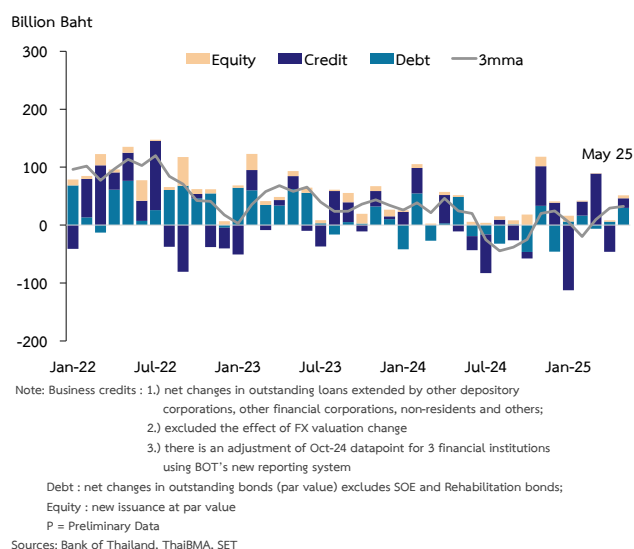
Note: * Excluded expenditure from 1 trillion and 500 billion Baht Emergency Decree loans
Source: Comptroller General's Department, Fiscal Policy Office, GFMS-SOEs and Bank of Thailand

Monetary Conditions and Economic Stability

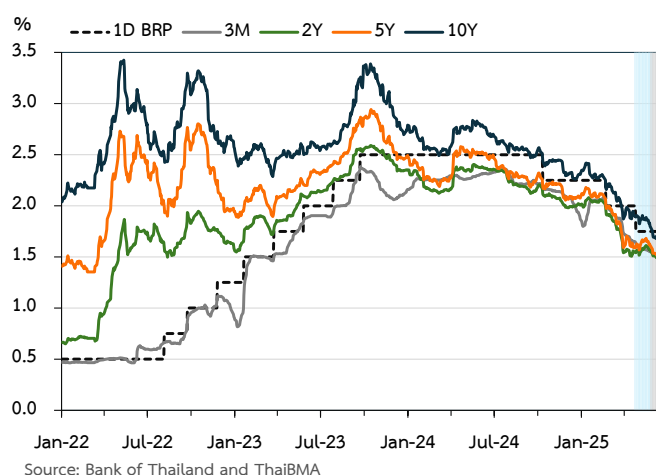
Corporate financing, interest rates and exchange rates

Overall business funding increased from the previous month. Net credit financing rose across most business sectors, except the trade and construction sectors. Bond market financing increased, driven by financing in financial and communication businesses, to roll over maturing debentures, repay debt to financial institutions, and support short-term working capital. Equity market funding rose as well, supported by rights offerings in the automotive and financial sectors. Regarding **the cost of financing in the bond market**, both short-term and long-term Thai government bond yields declined on average in May and June 2025 (data up to June 25, 2025), reflecting investor expectations of Thailand's accommodative monetary policy stance.

Changes in Total Corporate Financing

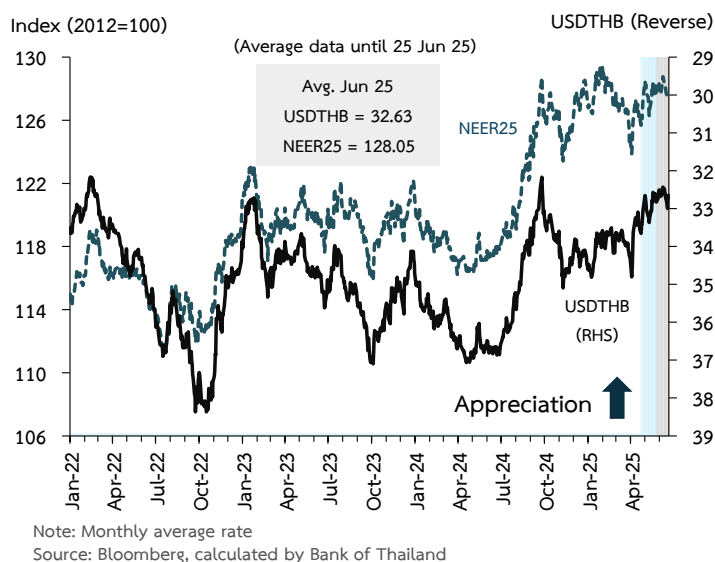


Government Bond Yields

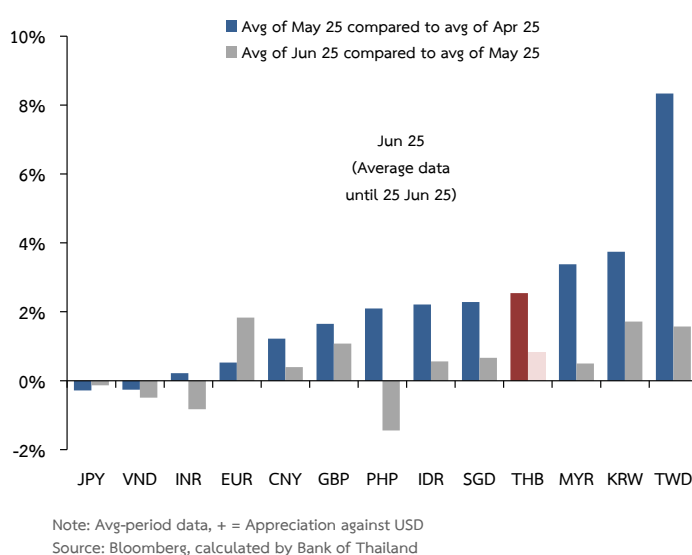


The exchange rate of the Thai baht against the U.S. in May to 25 June 2025, on average, appreciated from April in tandem with regional currencies. This was driven by easing market concerns following progress in trade negotiations between the U.S. and key trading partners, as well as the depreciated U.S. dollar resulting from the release of lower-than-expected economic figures. **The nominal effective exchange rate (NEER)** of the baht in May 2025, on average, appreciated. This reflected reduced markets' concerns over the impact of U.S. trade tariffs on Thailand, following progress in trade negotiations between the U.S. and key trading partners. In June (data up to 25 June 2025), the NEER remained broadly stable.

THB and NEER movements

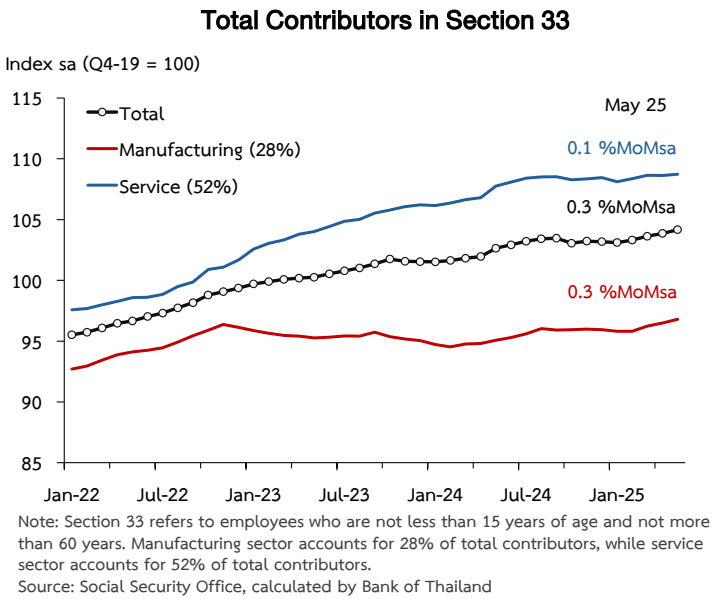
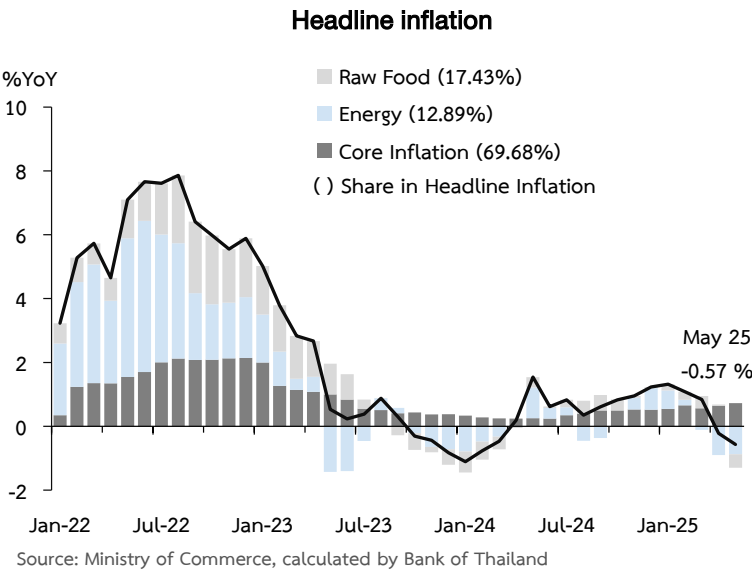


Exchange rate movements compared with peers



Economic Stability

Headline inflation turned slightly more negative than the previous month, primarily due to a decline in fresh food prices. This was driven by a high base effect from last year’s drought-induced vegetable price increases, as well as falling fruit prices resulting from increased supply. Energy inflation remained negative, broadly unchanged from the previous month. Core inflation rose slightly, reflecting higher prices for prepared foods, partly due to cost pass-through from raw materials such as pork and vegetable oil. **The labor market improved compared to the previous month**, as indicated by a higher number of insured persons under Section 33 across various sectors, particularly manufacturing and trade. Additionally, the ratio of total and new unemployment claims to total insured persons declined. **The current account registered a smaller deficit**, in line with a shift in the trade balance to a surplus. However, the deficit in the services, income, and transfers account widened, mainly due to seasonal profit repatriation.



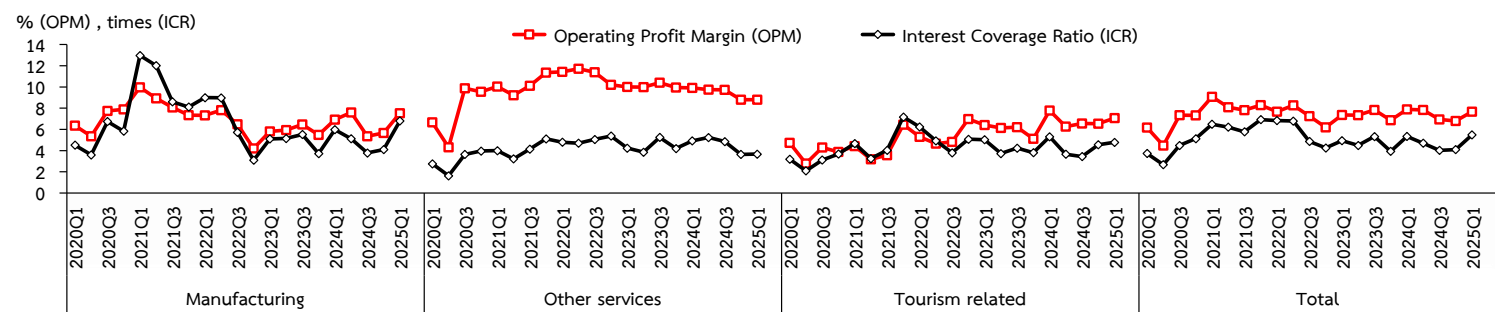
Balance of Payments

Billion USD	2024	2024				2025			
		Q1	Q2	Q3	Q4	Q1	Apr	May	YTD
Trade Balance	19.3	2.5	5.7	5.8	5.4	8.2	-1.4	3.4	10.2
Exports (f.o.b.)	297.0	70.0	73.2	77.2	76.7	80.4	25.0	30.7	136.2
%YoY	5.8	-0.5	4.3	8.9	10.6	15.0	9.9	18.5	14.8
Imports (f.o.b.)	277.8	67.5	67.5	71.4	71.3	72.3	26.4	27.3	126.0
%YoY	6.3	2.6	0.8	11.3	10.7	7.1	17.3	19.2	11.6
Net Services, Income & Transfers	-7.9	0.9	-4.5	-3.4	-0.9	2.9	-0.1	-3.7	-0.9
Current Account	11.3	3.4	1.1	2.3	4.5	11.1	-1.5	-0.3	9.2
Capital and Financial Account	-14.1	-4.7	-2.3	0.3	-7.5	-10.0			
Overall Balance	12.4	1.8	2.1	7.0	1.5	3.4	3.4	0.4	7.2

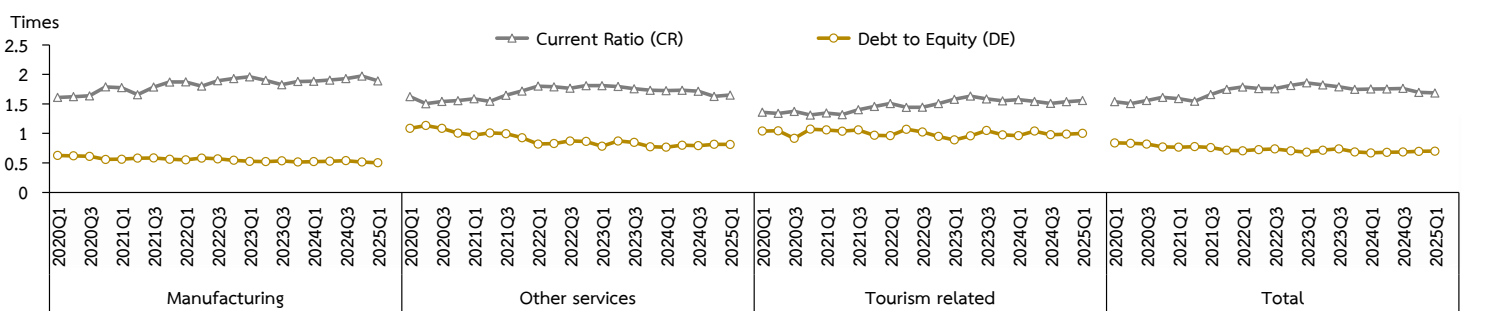
Stability and financial condition of corporate sector (Q1 2025)

The overall performance of listed companies on the SET and mai, excluding financial institutions, improved from the previous quarter. Operating Profit Margin (OPM) rose to 7.7%, supported by gains across manufacturing, other services, and tourism-related sectors. In particular, export-dependent manufacturers recorded higher sales, due to accelerated shipments ahead of the reciprocal tariff enforcement, alongside lower operating costs. Construction, construction materials, and steel manufacturing businesses also gained benefit from increased public sector construction activity. As for **debt serviceability**, the overall Interest Coverage Ratio (ICR) increased to 5.5 times. Meanwhile, **liquidity and leverage remained stable**, with the Current Ratio (CR) and Debt to Equity Ratio (DE) being 1.7 and 0.7 times, 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/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
30 June 2025

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