Office of the National Economic and Social Development Council

Macroeconomic Strategy and Planning Division

Q1/2025

NESDC ECONOMIC REPORT

Thai Economic Performance in Q1 and Outlook for 2025

Press Release:

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Thai Economic Performance in Q1 and the Outlook for 2025

The Thai Economy in the first quarter of 2025 expanded by 3.1 percent (%YoY), continuing from 3.3 percent in the previous quarter. After seasonally adjusted, the economy increased by 0.7 percent from the fourth quarter of 2024 (%QoQ sa).

On the expenditure side: Export of goods and public investment expanded favorably. Private consumption and government consumption expenditure decelerated. Nonetheless, private investment continued to contract.

On the production side: The agriculture, manufacturing, and wholesale and retail trade sectors accelerated from the previous quarter. Meanwhile, the accommodation and food service activities, construction, and transportation and storage sectors experienced slower growths.

Economic Projection for 2025

(%YoY)	2023	2024					2025	
	Year	Year	Q1	Q2	Q3	Q4	Q1	Year (f)
GDP (CVM)	2.0	2.5	1.7	2.3	3.0	3.3	3.1	1.3 - 2.3
Investment[1/]	1.2	0.0	-4.3	-6.1	5.0	5.1	4.7	0.9
Private	3.1	-1.6	4.6	-6.8	-2.5	-2.1	-0.9	-0.7
Public	-4.2	4.8	-28.0	-4.2	25.2	39.4	26.3	5.5
Private Consumption	6.9	4.4	6.6	4.5	3.3	3.4	2.6	2.4
Government Consumption	-4.7	2.5	-2.3	0.4	6.1	5.4	3.4	1.3
Export of Goods[2/]	-1.5	5.8	-0.5	4.3	8.9	10.6	14.9	1.8
Volume[2/]	-2.7	4.4	-1.8	2.5	7.5	9.3	14.0	1.3
Import of Goods[2/]	-3.8	6.3	2.6	0.8	11.3	10.7	7.1	2.3
Volume[2/]	-4.1	5.2	3.8	-1.4	9.7	9.1	3.6	1.1
Current Account to GDP (%)	1.5	2.1	2.6	0.9	1.7	3.0	7.5	2.5
Inflation	1.2	0.4	-0.9	0.8	0.6	1.0	1.1	0.0 - 1.0

Note: [1/] Investment means Gross Fixed Capital Formation
[2/] base on the Bank of Thailand's data

Thai Economic Outlook for 2025

The Thai economy in 2025 is projected to grow within the range of 1.3 – 2.3 percent, with the midpoint forecast of 1.8 percent. Private consumption expenditure is expected to increase by 2.4 percent, while private investment is projected to decline by 0.7 percent. Export value of goods in US dollar terms is projected to grow by 1.8 percent. Headline inflation is expected to remain within the range of 0.0 – 1.0 percent, and the current account is projected to record a surplus of 2.5 percent of GDP.

+ Supporting Factors

- Increased fiscal support from government expenditure, in line with the increase in the budget of the annual budget and the carry-over budget for the FY2025.
- The expansion of domestic consumption amid a strong labor market, and the easing of inflationary pressures.
- The continued recovery of the tourism sector, in line with increasing number of international tourists and their rising spending.

− Risk Factors

- High household and corporate debt burdens.
- The global economic and trade slowdown.
- Impact from the trade protection measures from the U.S. through the imposition of high reciprocal tariffs on Thailand during the latter half of 2025.
- Risks arising from increasing volatility in the agricultural sector for major agricultural productions and prices.

The economic management for the remainder of 2025 should prioritize the following areas:

1. **Accelerating budget disbursement to ensure a timely injection of public expenditure into the economy**, particularly the disbursement of capital expenditure not be lower than 70.0 percent, as well as strengthening fiscal consolidation.
2. **Prioritizing responsive measures to address the escalation of trade protectionist policies by major economies:** (i) Fostering trade and investment cooperation with the U.S. through trade negotiation; (ii) Accelerating export promotion for potential products aligned with global demand, while also expanding into new markets; (iii) Enhancing investment promotion policies to improve market access for Thai products globally by reviewing incentive schemes aimed at attracting foreign investment in target industries; (iv) Encouraging the private sector to adopt risk management strategies against exchange rate volatility, while facilitating export-related procedures and reducing associated costs; (v) Preparing relief and support measures for entrepreneurs and workers.
3. **Safeguarding the manufacturing sector from unfair trade practices.** (i) Strengthening the quality inspection process for imported products; (ii) Strict enforcement of legal action against illegal imports; (iii) Monitoring and investigating dumping practices and other unfair trade measures.
4. **Supporting SMEs facing access to liquidity difficulties due to deteriorating credit quality**, as well as raising awareness of available government debt support measures to help debt problem for households and businesses.
5. **Supporting agricultural production and farmers' income** by implementing measures to manage agricultural outputs and expediting investments in water resource management.
6. **Restoring international tourist confidence to sustain tourism growth** by ensuring the safety of tourists' lives and property through rigorous and proactive security measures, as well as enhancing tourism-related infrastructure, facilities and services.

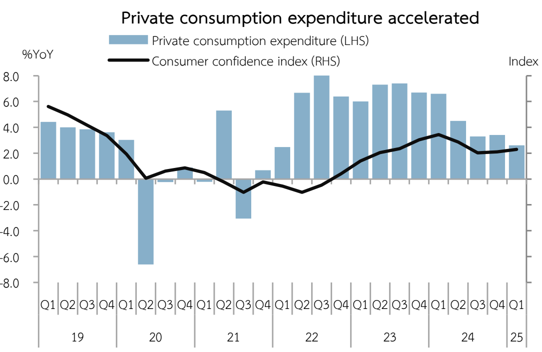
1. The Thai Economy in Q1/2025

Expenditure Side:

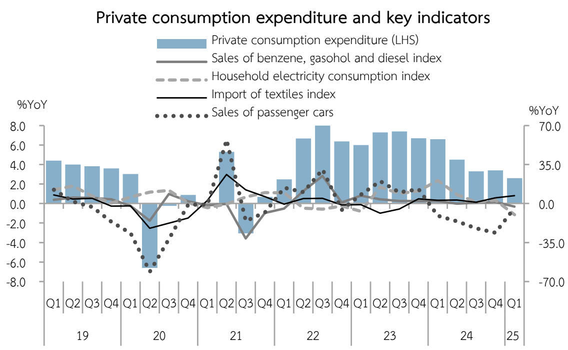
In the first quarter of 2025, goods exports accelerated, private consumption slowed down, while private investment continued to decline.

Private consumption expenditures expanded by 2.6 percent, slowing from 3.4 percent in the previous quarter, as spending decelerated across all categories. **Expenditures on non-durable goods** increased by 1.9 percent, decelerating from a 2.3-percent growth in the previous quarter, reflecting a slower pace in food and non-alcoholic beverage expenditures, which rose by 2.7 percent from a 3.6-percent increase in the previous quarter. **Expenditures on Service** grew by 4.5 percent, compared with 6.4 percent previously, primarily due to weaker growth in spending on restaurants and hotels (15.8 percent compared with 28.6 percent in the previous quarter), and health services (2.4 percent compared with 2.7 percent in the previous quarter). Financial services declined for the third consecutive quarter by 3.1 percent, compared with a 1.4-percent contraction in the previous period. **Expenditures on semi-durable goods** increased by 0.9 percent, compared with 3.7 percent in the previous quarter, reflecting a slower rate of spending on clothing and footwear. Meanwhile, spending on furnishings and household equipment contracted by 0.1 percent, compared with a 2.5-percent expansion earlier, marking the first contraction in six quarters. **Expenditures on durable goods** declined by 1.4 percent, following a 9.5-percent contraction in the previous quarter, mainly due to a decline in vehicle purchases, which fell by 2.0 percent compared with 21.2 percent previously. The Consumer Confidence Index stood at 51.5, higher than 50.5 in the previous quarter.

Private consumption grew by 2.6 percent, decelerating from a 3.4-percent growth in the previous quarter, caused by deceleration of spending across all categories.



Source: NESDC, and University of the Thai Chamber of Commerce



Source: NESDC, BOT, and Department of Energy

Private investment declined for the fourth consecutive quarter by 0.9 percent, improving from a 2.1-percent contraction in the previous quarter. Investment in machinery and equipment declined by 0.3 percent, compared with a 1.7-percent contraction previously, supported by improved vehicle investment, partly due to a rebound in electric vehicle sales. **The investment in construction** decreased by 3.8 percent, continuing from a 3.9-percent decrease in the previous quarter. Residential construction fell by 5.7 percent, following a 7.8-percent contraction, consistent with a continued reduction in approved construction areas for condominiums, townhouses, detached houses, flats, and apartments. Non-residential construction contracted by 3.3 percent, following a 0.4-percent contraction in the previous quarter, reflecting weaker construction activity in commercial buildings, hotels, schools, and hospitals. In contrast, construction of industrial factories expanded by 3.7 percent, compared with a 12.3-percent increase in the previous quarter. The Business Sentiment Index (BSI) stood at 49.2, improving from 48.2 in the previous quarter but remaining below the 50 thresholds for the seventh consecutive quarter.

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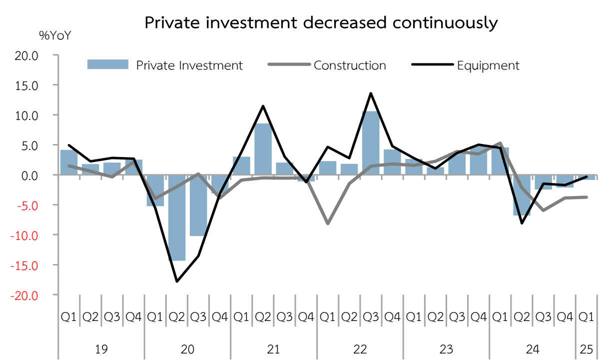
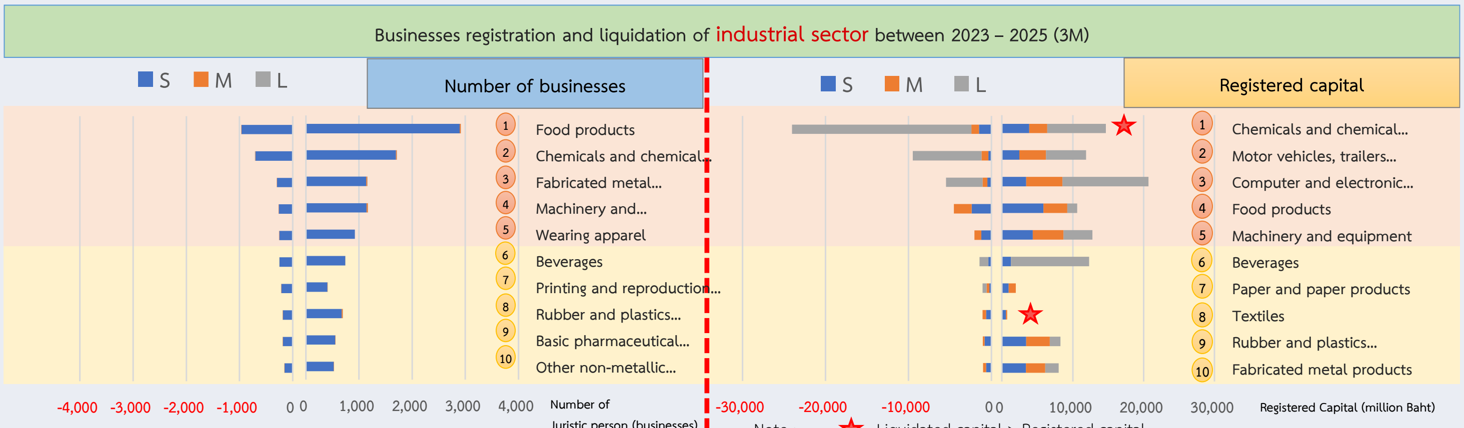


Source: NESDC

Registration and liquidation of Thai businesses: transition of economic structure and implications of Thai economy

According to data from the Department of Business Development, a total of 87,596 new legal entities were registered in 2024, representing a 2.7 percent increase. However, the total registered capital for newly established entities amounted to 285.745 billion baht, a significant decline of 49.2 percent. During the same period, 23,679 businesses were dissolved, marking a 1.3 percent increase. The combined registered capital of dissolved entities totaled 171.180 billion baht, a rise of 7.0 percent. In the first quarter of 2025, new business registrations totaled 23,823 entities, representing a 4.7 percent decrease compared to the same period last year. Despite the decline in the number of registrations, total registered capital rose to 79.920 billion baht, an increase of 17.6 percent. Meanwhile, 3,107 businesses were dissolved, a 10.6 percent increase year-on-year, with total registered capital from dissolutions amounting to 11.859 billion baht, reflecting a slight contraction of 0.7 percent.

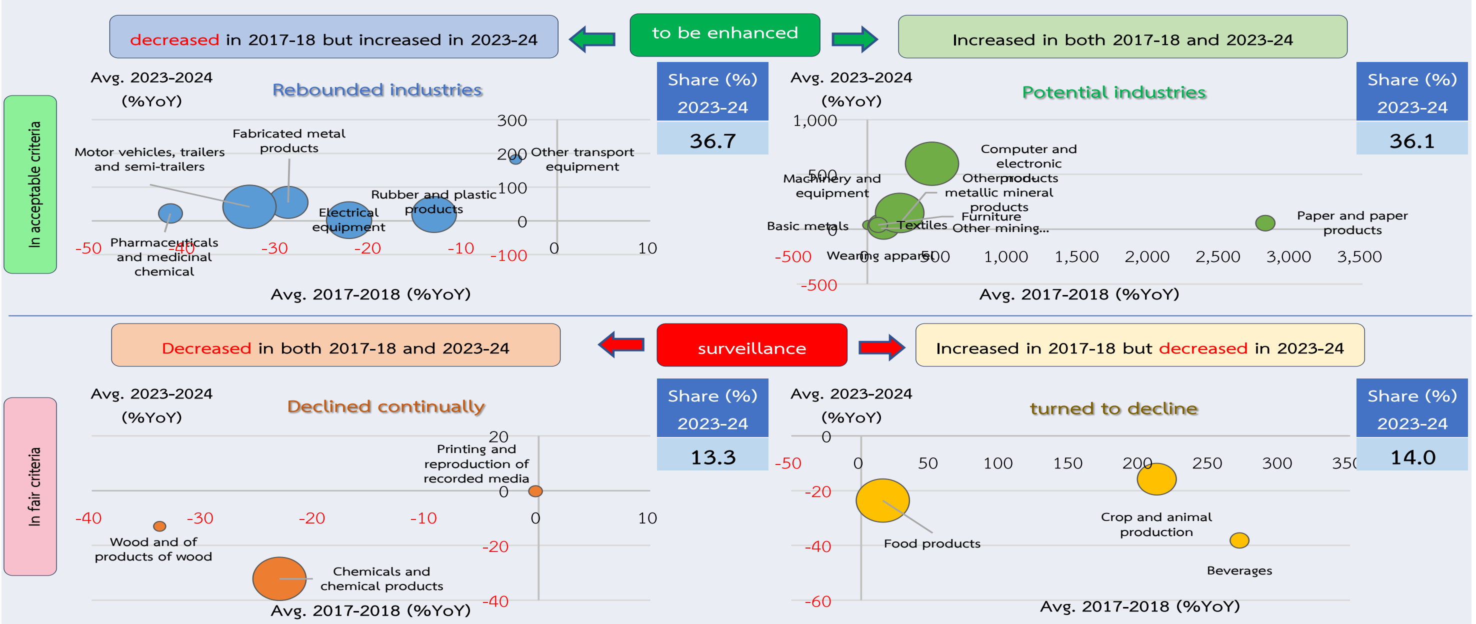
For a cumulative business closures between 2023 and the first quarter of 2025 in the ten industries with the highest number of shutdowns, it reveals the food products sector ranked first in terms of closure volume. This was followed by chemicals and chemical products, fabricated metal products, machinery and equipment, and apparel. Notably, these industries also correspond to those with the highest number of new business registrations. The majority of closed businesses were classified as small enterprises (S), with registered capital not exceeding 100 million baht. However, when considering the total registered capital of businesses that ceased operations, the most liquidated businesses conducted businesses of chemicals and chemical products, motor vehicles, and computer products, which were mostly large-sized businesses (L) that amount of capital are required for conducting businesses.



Source : Department of Business Development, Processed by NESDC

Note: Registered capital <100 million Baht = small size businesses (S); 100 million Baht >= registered capital <500 million Baht = medium size businesses (M); Registered capital >=500 million Baht = large size businesses (L)

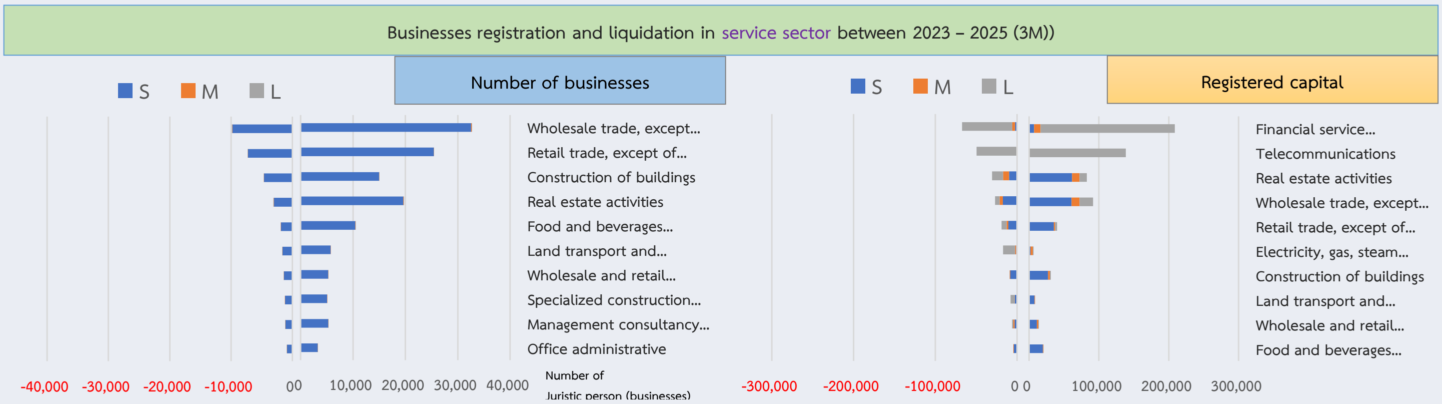
Potential industries sectors with sustained growth in average registered capital for newly established businesses during 2023–2024, compared to the pre-COVID-19 period (2017–2018) include businesses related to computer products, machinery and equipment, basic metal products, and non-metallic mineral products. **The rebounded industries,** which returned to grow in 2023-2024 after a decrease in 2017-2018 (before Covid-19), were in businesses of motor vehicle products, electrical equipment products, and rubber and plastic products. Meanwhile, **there are consecutively declining industries** during before and after Covid-19 such as businesses of chemicals and chemical products, these circumstances reflect the transitioning of Thailand's economic structure.



Source: Department of Business Development, Processed by NESDC

Registration and liquidation of Thai businesses: transition of economic structure and implications of Thai economy (cont.)

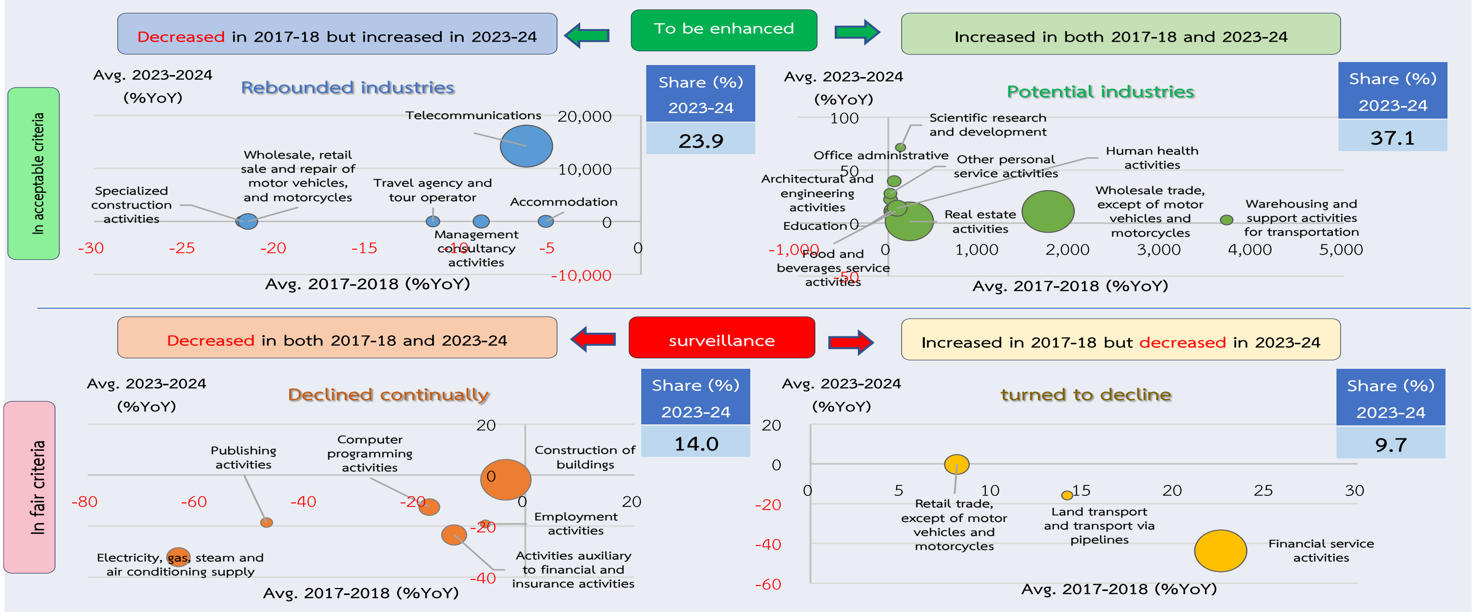
Moreover, the number of businesses between 2023 to the first quarter of 2025 shows that the top ten service sectors with the highest number of business closures were led by wholesale trade, followed by retail trade and building construction. Additionally, these sectors also recorded the highest number of new business registrations, indicating that the service businesses being established are often the same types as those being dissolved. The majority of these enterprises were classified as small businesses (S), with registered capital not exceeding 50 million baht. In capital terms, the most liquidated businesses with the most registered capital were financial businesses, telecommunications, real estate businesses, and wholesale and retail businesses. The businesses were primarily large-sized businesses (L) and reported the highest rate of business registration, except real estate businesses, wholesale, and retail businesses. This reflects that capital was significantly essential to services businesses. These trends reflect the capital-intensive nature of key service industries, underscoring the need for significant financial resources to sustain operations in these sectors.



Source : Department of Business Development, compiled by NESDC

Note: Registered capital <50 million Baht = small size businesses (S); 50 million Baht >= registered capital < 300 million Baht = medium size businesses (M); Registered capital >= 300 million Baht = large size businesses (L)

Potential Service sectors with sustained growth in average registered capital for newly established businesses during 2023–2024, compared to the pre-COVID-19 period (2017–2018) include businesses related to wholesale businesses, real estate businesses, food and beverages businesses, and health service businesses. **The rebounded service sectors**, or businesses that returned to growth in 2023-2024 after a decrease in 2017-2018, such as telecommunications, wholesale, retail, and repair of motor vehicles businesses, and business and management consultancy businesses. Nonetheless, **businesses that continued to decline** were construction businesses, finance and insurance businesses, electricity, gas, and steam and air conditioning businesses.



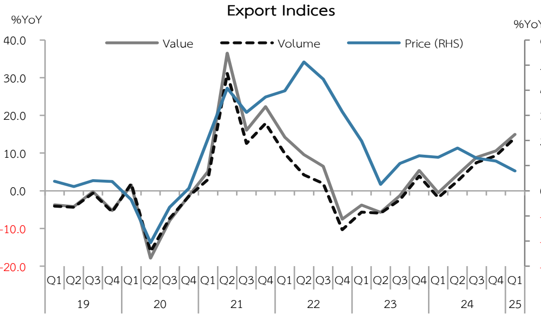
Source: Department of Business Development, compiled by NESDC

Despite the continued expansion of new business registrations in key sectors following the COVID-19 pandemic, the majority of these new entrants have been large enterprises (L), often with foreign ownership, particularly by Chinese investors. Many of these entities have established production bases in Thailand as a means of circumventing trade protection measures, including tariff barriers. This trend raises concerns about the competitiveness of domestic industries and service sectors, especially small and medium-sized enterprises (SMEs), which may struggle to compete on cost with foreign-backed firms. Thus, it is essential for the government and relevant agencies to closely monitor the risk of business closures among Thai firms operating in sectors that overlap with those targeted by foreign investors. Such risks are amplified by the persistence and uncertainty of global trade protection policies.

Exports in US dollar terms surged by 15.0 percent, marking the highest growth in thirteen quarters.

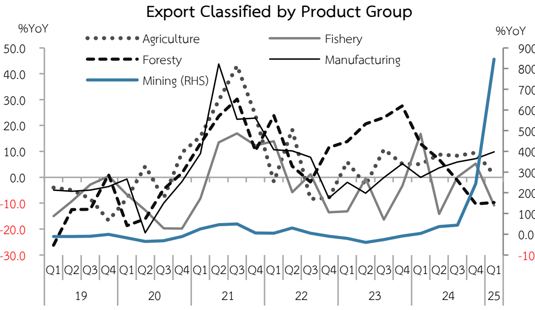
Exports in US dollar terms reached 80.4 billion USD in the first quarter of 2025, expanding by 15.0 percent, the highest growth in thirteen quarters, compared with a 10.6-percent increase in the previous quarter. This expansion was partly driven by accelerated shipments ahead of the announcement of new US tariff measures. **The export volume index** rose by 14.0 percent, accelerating from 9.3 percent in the previous quarter, supported by robust growth in manufacturing exports. **The export price index** increased by 0.8 percent, following a 1.2-percent gain in the previous quarter. **Excluding unwrought gold**, export value expanded by 12.5 percent. In Thai Baht terms, export value reached 2.731 trillion Baht, representing a 9.4-percent increase compared with 5.4 percent in the previous quarter.

Export Indices



Source: Bank of Thailand

Export Classified by Product Group



Source: Bank of Thailand

The export value of agricultural commodities expanded for the seventh consecutive quarter by 1.1 percent. The export volume index increased by 2.3 percent, reflecting strong global demand, while the agricultural export price index declined by 1.2 percent, marking the first contraction in twelve quarters. **Rubber** exports rose significantly by 32.4 percent, driven by increases in both export prices (29.9 percent) and volume (1.9 percent), particularly from higher shipments to China, Brazil, and Germany. In contrast, **rice** exports declined by 30.4 percent, compared with a 7.3-percent contraction in the previous quarter, due to reductions in both export volume (28.0 percent) and price (3.3 percent), in line with reduced demand from South Africa, China, and Japan. **Durian** exports also contracted by 0.5 percent, following a 14.0-percent decrease in export price, although export volume expanded by 15.7 percent, reflecting weaker shipments to China. **The export value of manufacturing commodities** rose for the fourth consecutive quarter by 9.9 percent, accelerating from a 7.2-percent expansion in the previous quarter. This performance was driven by a 9.1-percent increase in manufacturing export volume, alongside a continued rise in manufacturing export prices by 0.7 percent. Notable products with higher export value included computers (130.8 percent), computer parts and accessories (50.4 percent), integrated circuits and parts (24.7 percent), and telecommunications equipment (24.6 percent). In contrast, export value of petroleum products, pickup trucks and trucks, and food products declined by 6.1 percent, 3.2 percent, and 2.1 percent, respectively. **The export value of fishery products** decreased by 10.8 percent while **the export value of other products** surged by 119.2 percent, primarily due to a 120.8-percent increase in unwrought gold exports.

Export Value of Major Product in US Dollar Term

%YoY	2023	2024					2025	Share Q1/25 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Agriculture	**3.9**	**8.0**	**5.0**	**8.8**	**8.3**	**9.5**	**1.1**	**5.7**
Rice	29.4	25.0	45.5	53.4	25.2	-7.3	-30.4	1.4
Rubber	-29.2	36.8	24.9	37.4	55.9	30.8	32.4	1.9
Tapioca	28.1	-9.0	-53.2	-0.7	-18.1	2.3	-0.5	0.2
Other Fruits	15.8	-2.2	11.6	-12.7	-13.5	15.9	-1.7	0.6
Manufacturing	**-0.9**	**4.2**	**-0.1**	**3.7**	**5.9**	**7.2**	**9.9**	**85.2**
Food	-2.6	1.9	-6.7	1.5	10.2	3.3	-2.1	6.5
- Sugar	21.8	-19.9	-26.9	-26.2	-8.0	-8.9	-19.3	1.0
- Fish, canned, prepared, or preserved	-7.2	14.7	8.9	8.2	27.0	14.6	1.5	0.9
- Poultry meat, canned, prepared, or preserved	-6.3	6.9	2.2	9.0	6.1	10.5	7.6	1.0
Beverages	1.9	10.8	11.5	4.3	11.1	16.9	4.7	1.0
Rubber products	-13.1	9.5	-19.2	-10.5	27.4	52.6	36.3	2.3
Animal food	-13.6	23.1	20.3	33.7	24.3	15.6	13.5	1.0
Electronics	-3.6	22.6	6.6	27.4	26.5	28.8	43.2	14.7
- Computer parts & accessories	97.6	142.4	172.5	147.9	146.5	118.9	130.8	2.4
- Integrated circuits & parts	-24.2	26.0	-6.9	22.5	46.5	45.7	50.4	5.0
- Printed circuits	4.3	-10.5	-11.3	-14.5	-15.8	1.0	24.7	3.1
- Telecommunication equipment	12.9	33.0	24.3	58.5	33.2	19.1	24.6	3.8
Electrical appliances	4.0	-3.2	-4.5	-5.3	-1.2	-1.5	4.5	9.0
- Air conditioning machines	-11.9	6.9	-15.3	1.4	28.8	38.8	28.1	2.7
- Refrigerators	-6.7	5.0	7.0	3.0	5.9	4.1	0.7	0.6
- Parts of electrical appliances	31.4	-16.3	-1.0	-12.8	-17.4	-32.5	-16.5	2.0

Export Value of Major Product in US Dollar Term

%YoY	2023	2024					2025	Share Q1/25 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Metal & steel	-7.1	6.7	11.7	4.6	8.0	3.1	10.0	5.4
Automotive	10.4	-3.9	-4.6	3.3	-10.6	-2.5	-0.5	13.4
- Passenger car	26.2	26.7	-1.6	24.0	45.8	37.7	37.6	3.5
- Pick up and trucks	25.4	-8.3	-14.3	15.4	-17.8	-13.0	-3.2	2.5
- Vehicle parts & accessories	0.9	3.2	3.9	-0.7	3.6	5.9	7.2	6.3
Machinery & equipment	-0.8	10.0	-1.5	7.2	10.8	23.9	14.8	8.3
Aircrafts, ships, floating structures, and locomotive	4.4	-9.0	26.3	-34.3	6.5	-20.0	8.6	1.5
Jewellery	10.8	4.8	13.6	3.8	1.4	0.1	4.5	3.2
Petro-chemical products	-15.1	3.0	-4.8	-1.4	8.1	10.3	7.0	6.5
Petroleum products	0.1	-9.8	-3.9	-6.9	-1.5	-23.5	-6.1	2.4
Fishery	-8.4	1.2	16.8	-14.2	0.1	5.3	-10.8	0.4
Crustaceans	-7.7	-5.8	17.3	-27.1	-4.9	-0.5	-20.7	0.2
Fish	-12.8	10.0	27.9	8.5	-0.2	6.4	-5.1	0.1
Other Exports	-11.5	38.3	-25.2	15.7	75.4	118.1	119.2	4.6
Non-monetary gold (excl. articles of goldsmiths)	-15.6	45.9	-16.0	11.8	79.4	123.9	120.8	4.4
Total Exports (Customs basis)	-0.8	5.4	-0.6	4.3	7.5	10.5	15.2	100.0
Exports, f.o.b. (BOP basis)	-1.5	5.8	-0.5	4.3	8.9	10.6	15.0	98.7
Export Value (exclude gold)	-1.2	4.9	-0.1	4.2	7.5	8.1	12.5	94.3

Source: Bank of Thailand

Exports to most major markets continued to expand, particularly to the US and China. Exports to the US grew by 25.4 percent, accelerating from a 17.2-percent increase in the previous quarter, driven by higher shipments of automatic data processing machines and parts, semi-conductor devices, transistors and diodes, and electrical transformers and parts. **Exports to China** expanded by 19.5 percent, accelerating from a 13.5-percent increase in the previous quarter, mainly due to increased exports of fresh, frozen and dried fruit, rubber products, and automatic data processing machines and parts. **Exports to ASEAN (9)** increased for the fourth consecutive quarter by 5.2 percent, supported by growth in exports to Malaysia, Vietnam, and Singapore. **Exports to the EU (27)** continued to grow for the fifth consecutive quarter by 7.2 percent, driven by higher exports of automatic data processing machines and parts, precious stones and jewelry, air conditioning machines and parts, and motor cars, parts and accessories. **Exports to the United Arab Emirates** increased for the sixth consecutive quarter by 18.2 percent, driven by a rise in exports of motor cars, parts and accessories, automatic data processing machines and parts, and precious stones and jewelry. **Exports to India** grew for the fourth consecutive quarter by 91.4 percent, led by increased exports of chemical products. **Exports to Taiwan** rebounded by 20.8 percent, driven by higher exports of electronic integrated circuits, automatic data processing machines and parts, and electrical transformers and parts. In contrast, **exports to Australia** continued to decline for the third consecutive quarter by 15.0 percent, due to lower shipments of motor cars, parts and accessories, rubber products, and prepared or preserved fish, crustaceans, molluscs in airtight containers. However, exports of air conditioning machines and parts, and automatic data processing machines and parts showed growth. **Exports to Hong Kong** also declined for the third consecutive quarter by 5.6 percent, due to a reduction in exports of precious stones and jewelry, automatic data processing machines and parts, and telephone sets and parts. However, exports of electronic integrated circuits, semi-conductor devices, transistors and diodes, and clocks, watches and parts expanded.

Exports to most major markets continued to increased, particularly to the United States, and China.

Export Value to Key Markets in US Dollar Term

%YOY	2023	2024					2025	Share Q1/25 (%)
	Year	Year	Q1	Q2	Q3	Q4	Q1	
Total Exports (Mil US$) (Customs basis)	285,074	300,529	70,754	74,294	77,886	77,596	81,532	100.0
(%YoY)	-0.8	5.4	-0.6	4.3	7.5	10.5	15.2	
United States	1.7	13.7	9.9	12.3	14.8	17.2	25.4	19.4
China	-0.7	3.1	-5.1	2.0	2.5	13.5	19.5	10.8
Japan	-0.3	-5.3	-9.1	-6.1	-6.7	1.2	0.1	7.2
ASEAN (9)	-6.8	4.6	-2.7	3.1	8.1	10.1	5.2	21.8
- ASEAN (5)*	-1.1	-0.8	-9.2	0.1	4.5	1.6	5.7	12.2
- CLMV**	-14.3	12.7	6.8	7.6	13.7	23.3	4.6	9.6
EU (27) excluding UK	-3.7	10.2	2.5	6.5	15.4	17.3	7.2	7.8
United Kingdom (UK)	1.0	3.0	-10.7	-19.9	14.7	35.3	7.1	1.3
Middle East (15)***	-0.4	6.8	-3.5	8.4	15.0	8.2	10.0	3.8
- United Arab Emirates	-3.8	9.8	0.0	11.9	14.2	14.4	18.2	1.3
Australia	9.2	0.9	25.1	0.2	-4.7	-11.7	-15.0	3.4
Hong Kong	10.0	-2.2	23.5	5.2	-14.1	-19.2	-5.6	3.6
India	-4.0	16.2	-3.4	15.4	19.5	35.4	91.4	6.1
South Korea	-5.2	-2.2	-7.5	-5.4	4.8	0.2	-1.7	1.8
Taiwan	2.0	-1.2	-2.4	-1.2	3.4	-4.3	20.8	1.7

Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
*** Middle East (15) consist of United Arab Emirates, Bahrain, Egypt, Israel, Iraq, Iran, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Yemen

Source: Bank of Thailand

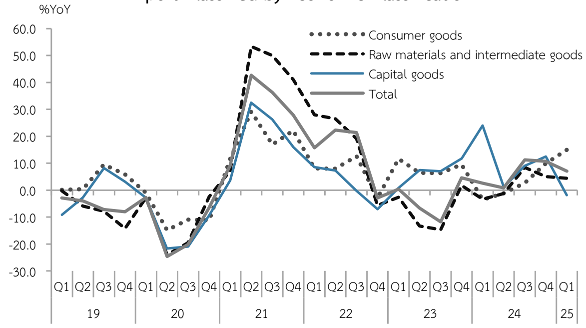
The import value in US dollar terms stood at 72.3 billion, marking an increase of 7.1 percent, decelerating from 10.7 percent in the previous quarter. This corresponded with a 3.6-percent rise in import volume, compared to a 9.1-percent increase in the preceding quarter. Import prices rose by 3.4 percent, accelerating from 1.5 percent previously. Excluding non-monetary gold (excluding articles of goldsmiths), import value increased by 5.3 percent, moderating from 7.8 percent in the previous quarter. **In Thai Baht terms**, the import value reached 2.454 trillion Baht, growing by 2.0 percent, decelerating from 5.5 percent increase in the previous quarter.

Import Value in US dollar terms expanded by 7.1 percent, decelerating from 10.7 percent in the previous quarter.

Import Indices

Source: Bank of Thailand

Import Classified by Economic Classification



Source: Bank of Thailand

By category, the import value of raw materials and intermediate goods, as well as consumer goods, continued to expand, while the import value of capital goods contracted for the first time in nine quarters. **The import value of raw materials and intermediate goods** grew by 4.4 percent, slowing down from 5.1 percent in the previous quarter, in line with a 3.5-percent increase in import volume, compared with a 6.6-percent rise previously. Import prices in this category rose by 0.9 percent. Key products with increased import value included parts of electronics and electrical appliances, crude oil and materials of base metal. **The import value of consumer goods** rose by 15.0 percent, accelerating from 9.9 percent in the previous quarter, driven by an 8.6-percent increase in import volume, compared to 4.0 percent previously. Import prices increased by 5.9 percent. Key products with increased import value included food beverage & dairy products, cellphones and jewelry (excluding pearls and precious stones). In contrast, **the import value of capital goods** declined by 1.8 percent, marking the first contraction in nine quarters, following a 5.8-percent decrease in import volume, while import prices rose by 4.3 percent. Products with decreased import value included computers and aircraft, ships, and floating structures. Meanwhile, **the import value of other goods** continued to grow at a high rate of 66.9 percent, compared to 69.4 percent in the previous quarter, mainly driven by a 48.9-percent increase in imports of non-monetary gold (excluding goldsmith articles).

Import Value of Major Product in US Dollar Term

%YoY	2023					2024					2025	Share Q1/25 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	
Consumer goods	8.5	11.6	6.4	6.3	9.6	2.0	-3.6	-1.2	2.6	9.9	15.0	13.6
- Exclude vehicles	1.1	3.8	-1.9	-0.8	3.2	7.9	-0.4	4.3	10.7	17.1	16.8	12.6
Food, beverage & dairy products	2.0	0.9	0.8	0.2	5.9	10.3	3.6	5.6	17.6	13.7	17.2	2.7
Cellphones	-5.1	-4.8	-25.0	-3.6	11.7	8.7	-0.0	24.2	-2.1	16.8	2.7	1.3
Jewelry (excl. pearls & precious stones)	33.7	93.1	2.1	39.3	11.4	13.9	-3.9	13.4	13.2	40.2	79.0	1.3
Textiles	2.8	6.5	-3.6	0.3	8.3	7.0	5.8	6.3	4.9	10.7	12.1	1.1
Medicinal and pharmaceutical products	-10.0	-19.2	-9.7	0.8	-8.1	-2.4	-7.5	-15.2	4.3	10.9	2.8	1.1
Raw materials and intermediate goods	-7.8	-2.6	-13.3	-14.7	1.8	2.1	-3.3	-1.2	8.4	5.1	4.4	59.8
- Exclude fuel	-5.7	-4.1	-11.6	-8.8	3.2	4.6	-1.1	2.1	9.1	8.7	6.5	45.2
Parts of electronics and electrical appliances	4.5	-0.8	-3.5	3.3	20.3	13.4	11.0	16.5	10.5	15.4	10.9	17.2
Crude oil	-10.6	3.8	-23.9	-21.8	6.7	1.3	-3.8	-3.9	17.1	-2.3	2.1	10.2
Chemicals & Petro-chemical products	-15.5	-10.5	-21.5	-20.6	-7.0	2.0	-4.2	-0.1	11.8	1.1	-2.7	7.7
Materials of base metal	-16.6	-14.5	-26.7	-18.1	-2.5	2.6	-11.4	-1.2	16.7	8.6	12.9	7.6
Natural gas	-9.1	-1.1	21.9	-41.0	7.4	-18.4	-15.9	-32.8	-12.6	-7.7	-2.6	2.7
Capital goods	6.7	0.8	7.5	7.0	11.8	11.5	24.0	1.2	9.1	12.5	-1.8	19.2
- Exclude computer	3.9	1.8	2.3	6.3	5.2	6.5	2.5	1.8	6.0	15.9	11.6	17.2
Other machinery and mechanical appliances & parts	-1.2	-4.1	1.3	-1.3	-0.7	5.0	-5.3	-3.9	8.2	21.7	24.8	8.0
Computer	56.1	-16.3	111.9	17.3	142.1	68.4	444.5	-4.6	50.0	-16.3	-51.0	2.1
Transformers, generators, motors and accumulators	2.1	6.0	3.0	-0.2	-0.5	12.9	-0.4	9.3	16.8	26.6	18.9	2.0

Import Value of Major Product in US Dollar Term

%YoY	2023					2024					2025	Share Q1/25 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	
Aircrafts, ships, floating structures, and locomotive	19.1	18.5	-5.4	15.2	55.9	45.6	74.4	53.1	81.0	3.8	-16.5	1.6
Measuring, checking and precision instruments	1.3	6.2	0.2	-1.6	0.7	-2.0	-8.4	-9.2	0.7	9.1	18.3	1.3
Other Imports	**-22.5**	**-13.2**	**-13.3**	**-47.7**	**3.8**	**64.8**	**45.4**	**62.5**	**78.2**	**69.4**	**66.9**	**7.4**
Non-monetary gold (excl. articles of goldsmiths)	-29.4	-24.2	-15.2	-55.5	2.5	94.1	95.5	90.2	107.0	85.7	48.9	5.1
Other imports, n.i.e.	-1.4	8.6	-8.2	-12.4	7.5	1.6	-23.5	-6.4	12.1	26.4	130.3	2.3
Total Imports (Customs basis)	**-4.2**	**-0.7**	**-7.8**	**-11.2**	**4.7**	**6.3**	**3.1**	**1.7**	**10.6**	**10.2**	**7.4**	**100.0**
Imports, f.o.b. (BOP basis)	**-3.8**	**0.4**	**-6.6**	**-11.8**	**4.6**	**6.3**	**2.6**	**0.8**	**11.3**	**10.7**	**7.1**	**89.8**
Imports, f.o.b. (excl. gold)	**-2.7**	**1.1**	**-6.3**	**-8.8**	**4.7**	**3.5**	**0.5**	**-1.9**	**8.1**	**7.8**	**5.3**	**84.7**

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices %YoY	2023					2024					2025
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	5.7	7.0	4.0	4.1	7.6	-1.2	-4.7	-3.2	-1.1	4.0	8.6
Raw materials and intermediate goods	-5.2	-3.7	-8.0	-11.4	3.9	2.9	-0.7	-2.7	9.1	6.6	3.5
Capital goods	6.3	-0.2	7.0	7.0	11.6	9.9	24.6	0.4	7.2	8.6	-5.8
Total Imports	-4.1	-3.6	-4.9	-10.9	4.2	5.2	3.8	-1.4	9.7	9.1	3.6

Source: Bank of Thailand

Import Price Indices by Economic Classification

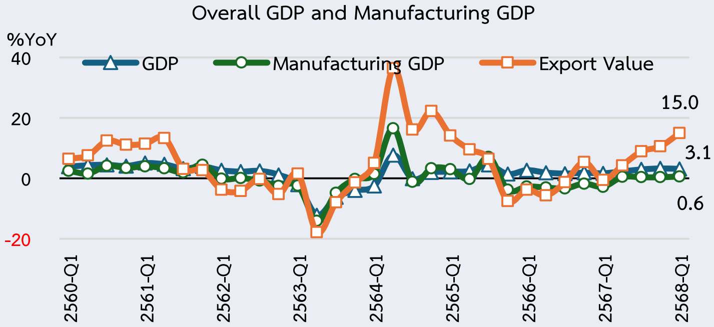
Price indices %YoY	2023					2024					2025
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Consumer goods	2.6	4.3	2.3	2.1	1.9	3.2	1.2	2.1	3.8	5.7	5.9
Raw materials and intermediate goods	-2.6	1.2	-5.8	-3.7	-2.1	-0.8	-2.7	1.5	-0.6	-1.4	0.9
Capital goods	0.4	1.0	0.4	0.05	0.2	1.4	-0.5	0.8	1.8	3.6	4.3
Total Imports	0.4	4.1	-1.8	-1.0	0.4	1.0	-1.2	2.2	1.5	1.5	3.4

Source: Bank of Thailand

The Domestic Value-Added from the Thai export products: Traps and challenges of Thailand's economy

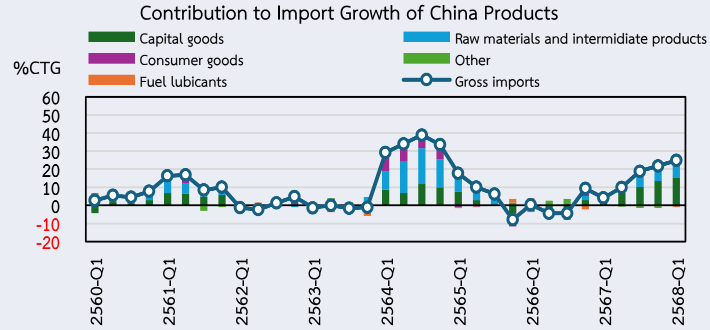
Historically, Thailand's export performance and industrial production have exhibited a close correlation, with movements in the industrial production index and export value generally aligned. However, recent data suggest a divergence in this relationship. In 2024, despite a 5.8-percent expansion in the value of exports, industrial production continued to contract for the second consecutive year. This suggests that the recovery in industrial production has lagged the rebound in exports. The slower recovery in industrial production can be attributed in part to declining output in key manufacturing categories, including motor vehicles, electronic components and circuit boards, as well as basic iron and steel products. This trend is consistent with continued low-capacity utilization rates. Furthermore, data from the first quarter of 2025 show that export value grew strongly by 15.0 percent, while industrial production increased marginally by only 0.6 percent.

Overall GDP and Manufacturing GDP



Source: NESDC and Bank of Thailand

Contribution to Import Growth of China Products



Source: Ministry of Commerce

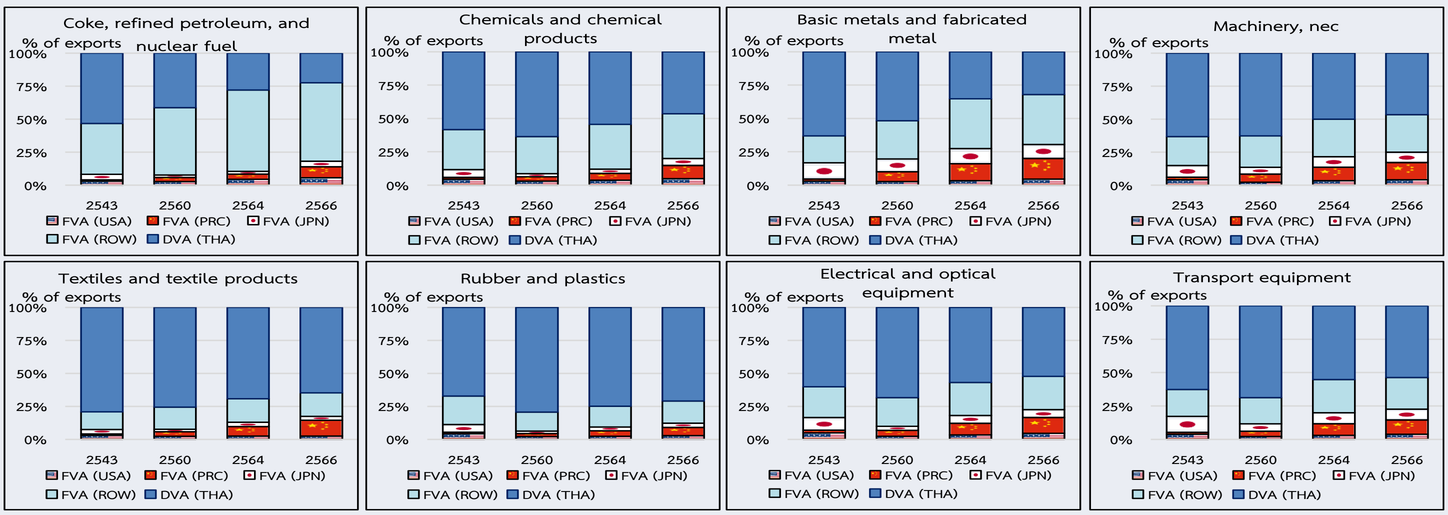
At present, Thailand's manufacturing sector is not only facing long-standing structural challenges but is also increasingly exposed to external pressures. Among these are the anticipated impacts of trade protectionist measures imposed by the United States, which are expected to directly affect Thailand's export sector. Additionally, the influx of Chinese imports across virtually all product categories, particularly raw materials and intermediate goods, poses further challenges to domestic manufacturers. This trend intensifies price competition, especially for Small and Medium-sized Enterprises (SMEs) whose production costs are relatively higher than those of Chinese goods. According to a Trade in Value-Added (TiVA) analysis, which estimates domestic and foreign value-added contributions through Multi-Regional Input-Output (MRIO) tables compiled by the Asian Development Bank (ADB), there has been a significant shift over the past two decades. The share of domestic value-added content in Thailand's gross exports has declined

The Domestic Value-Added from the Thai export products: Traps and challenges of Thailand's economy (cont.)

substantially across key manufacturing sectors, while the share of foreign value-added, particularly from China, has increased. This indicates a growing dependence on foreign inputs in Thai production, resulting in a reduced capacity to generate domestic value-added.

These developments can be categorized into two main groups: (1) sectors with high reliance on foreign value-added (FVA exceeding 50 percent), especially from China, including: (i) coke, refined petroleum products, (ii) chemicals and chemical products, (iii) other non-metallic mineral (iv) basic metals and fabricated metal, and (v) machinery and equipment, and (2) Sectors where FVA remains below 50 percent but is trending upward, such as: (i) food, beverages and tobacco (ii) textiles and textile products (iii) leather, leather products, and footwear (iv) wood and products of wood and cork (v) paper and paper products (vi) rubber and plastics (vii) electrical and optical equipment (viii) transport equipment and (ix) other manufacturing.

Example of increasing shares of foreign value-added content in gross exports, particularly from China.



source: https://kidb.adb.org/mrio (accessed May 1, 2025)

Given the current challenges, the government needs to prioritize strategies that enhance trade value-added through the use of domestic production inputs. This includes revisiting investment incentive schemes for foreign investors to ensure stronger linkages and value creation for Thai businesses, the majority of which are small and medium-sized enterprises (SMEs). In addition, policies should also support the development of startup enterprises. Relevant authorities must establish mechanisms to monitor and enforce local content requirements for firms receiving investment promotion privileges. For instance, these firms should be required to use domestically sourced inputs at a rate of no less than 40 percent to strengthen Thai SMEs. Furthermore, the adoption of advanced technologies and production innovations should be encouraged to enhance the efficiency and competitiveness of the manufacturing sector. These efforts are critical for upgrading Thailand's industrial base and increasing the domestic value-added content of exports.

Terms of Trade declined for the fourth consecutive quarter, as import prices increased by 3.4 percent, outpacing the 0.8-percent rise in export prices. As a result, the terms of trade stood at 96.5, lower than 97.8 in the previous quarter and 98.9 in the same quarter of the previous year. This marks the thirteenth consecutive quarter in which the terms of trade remained below the level of 100.

Trade balance recorded a surplus of 8.2 billion USD, higher than the surplus of 5.4 billion USD in the previous quarter and 2.5 billion USD in the same period last year, in line with the accelerated expansion in export value. In Thai Baht terms, the trade surplus was 276.4 billion Baht, exceeding the 182.3 billion Baht surplus in the previous quarter and 90.1 billion Baht in the same quarter of the previous year.

Term of trade declined for the fourth consecutive quarter.

Trade balance recorded a surplus of 8.2 billion US dollars, higher than the surplus recorded in the previous quarter and the same quarter last year.

Term of trade

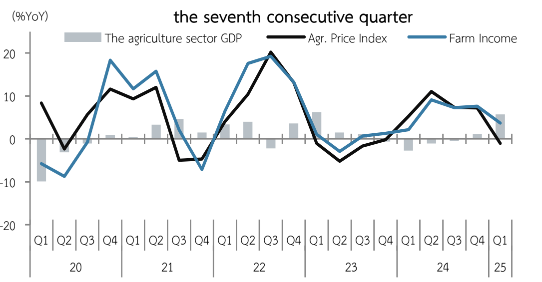
%YoY	2023					2024					2025
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1
Term of trade*	97.6	96.5	98.0	98.0	98.0	98.0	98.9	97.5	97.8	97.8	96.5
%YOY	0.8	-2.0	2.1	2.1	1.0	0.4	2.5	-0.5	-0.2	-0.3	-2.5

Note : *Term of trade : TOT represents the ratio between a country's export prices and its import prices. When Term of trade improves, it refers to a country that gains benefit from international trade due to export prices higher than import prices.
Source: Bank of Thailand

Production Side:

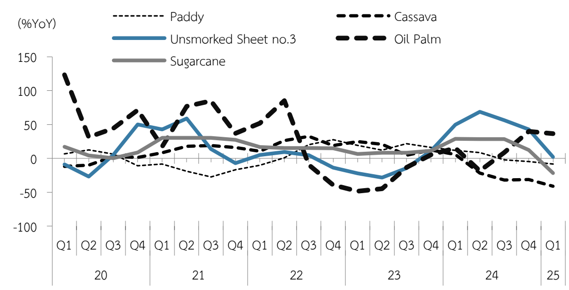
The agriculture, forestry, and fishing sectors expanded by 5.7 percent, accelerating from a 1.1-percent growth in the previous quarter, supported by favorable weather conditions and adequate water supply. This was consistent with a 4.6-percent increase in the Agricultural Production Index, compared to a 0.2-percent increase in the previous quarter. The production of major crop commodities rebounded for the first time in eight quarters, while the livestock and fisheries continued to expand. Key agricultural products with increased production included: (i) **paddy** (22.6 percent); (ii) **fruits** (16.5 percent); (iii) **sugarcane** (10.0 percent); (iv) **rubber** (3.5 percent); and (v) **poultry** (1.5 percent). Conversely, the production of some major agricultural commodities declined, such as **palm oil** (-9.6 percent), **cassava** (-3.3 percent), and **swine** (-1.7 percent). **The Agricultural Price Index** decreased by 1.0 percent, marking the first contraction in five quarters. This was due to lower prices of several major agricultural products, including: (i) **cassava** (-41.2 percent); (ii) **paddy** (-8.2 percent); (iii) **sugarcane** (-21.8 percent); (iv) **cattle** (-12.8 percent); and (v) **maize** (-2.4 percent). Meanwhile, prices of several major commodities increased, such as palm oil (36.6 percent), swine (11.4 percent), and fruits (3.8 percent). The increase in the Agricultural Production Index and higher prices in several major commodities contributed to the continued expansion of the Farm Income Index for the seventh consecutive quarter, growing by 3.7 percent compared to a 7.6-percent growth in the previous quarter.

The agriculture sector GDP expanded for the second consecutive quarter, while the agricultural price index declined for the first time in five quarters, resulting in continued growth of Farmer Income for the seventh consecutive quarter



Source: Office of Agricultural Economics

The prices of paddy, cassava, and sugarcane have decreased, while rubber and palm oil prices have increased.



Source: Office of Agricultural Economics

The manufacturing sector expanded by 0.6 percent, continuing from a 0.3-percent growth in the previous quarter, in line with the continued expansion of export-oriented industries. However, the industries with an export share of 30–60 percent and those for domestic consumption declined. The **export-oriented manufacturing industries** (with an export share of over 60 percent of total production) expanded for the third consecutive quarter. Key products that recorded growth included: Computers and peripheral equipment (23.3 percent), Canned aquatic animals (21.4 percent), Other rubber products (4.5 percent). Meanwhile, furniture manufacturing declined by 11.4 percent. The **manufacturing industries with an export share of 30–60 percent** contracted for the eighth consecutive quarter. Key products with decreased production included: Motor vehicles (-12.0 percent), Weaving of textiles (-20.5 percent), Plastic packaging products (-2.2 percent). However, sugar production increased by 6.1 percent. The **manufacturing industries for domestic consumption** (with an export share below 30 percent) declined for the second consecutive quarter. Products with significant contractions included: Refined petroleum products (-0.9 percent), Powdered coffee, tea, and herbal beverages (-81.3 percent), Non-alcoholic beverages, mineral water, and other bottled water (-8.3 percent). Meanwhile, Plastics and synthetic rubber in primary forms rose by 12.2 percent.

The **average capacity utilization rate** in this quarter stood at 60.93 percent, increased from 57.72 percent in the previous quarter, but slightly lower than 61.05 percent in the same quarter last year. Among the thirty key industries, three industries operated with a capacity utilization rate above 80 percent: Sugar production (101.86 percent), Refined petroleum products (89.39 percent), and Plastics and synthetic rubber in primary forms (81.54 percent). Meanwhile, nine industries had capacity utilization rates below 50 percent, including: Plastic packaging products (49.35 percent), Computers and peripheral equipment (49.34 percent), and Basic iron and steel manufacturing (48.25 percent), among others.

The agriculture, manufacturing, and wholesale and retail trade; repair of motor vehicles and motorcycles sectors accelerated from the previous quarter. Meanwhile, the accommodation and food service activities, construction, and transportation and storage sectors experienced slower growth.

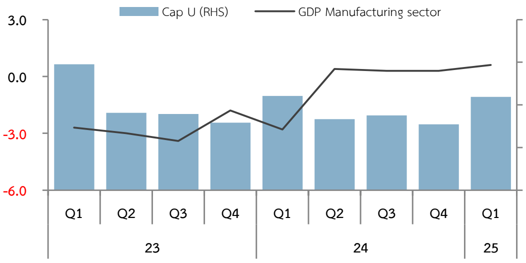
The agriculture, forestry, and fishing sector expanded for the second consecutive quarter by 5.7 percent, accelerating from the previous quarter. This was driven by increased production across all agricultural categories.

The Agricultural Price Index declined for the first time in five quarters, mainly due to lower prices of cassava and paddy. Despite this, the Farm Income Index continued to grow for the seventh consecutive quarter.

The manufacturing sector continued to expand for the fourth consecutive quarter, increasing by 0.6 percent, primarily driven by growth in export-oriented industries. However, industries with an export share of 30–60 percent and domestic-oriented industries declined.

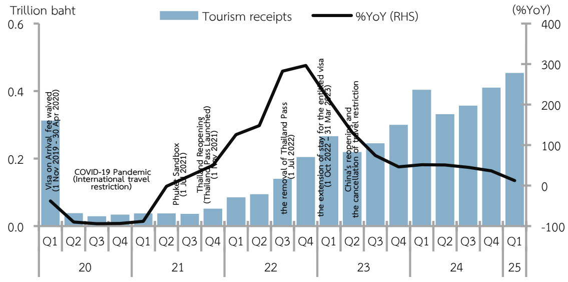
The average capacity utilization rate stood at 60.93 percent, higher than 57.72 percent in the previous quarter but lower than 61.05 percent in the same quarter of the previous year.

GDP Manufacturing sector accelerated and the capacity utilization rate higher than previous quarter but lower than same quarter of previous year



Source : Office of Industrial Economics and NESDC

Services receipts of Tourism for Q1/2025 Stood at 454 billion Baht, an increase of 12.4 percent.



Source: Bank of Thailand

The accommodation and food service activities sector expanded by 7.2 percent, slowing down from a 10.4-percent growth in the previous quarter. This deceleration was consistent with the slowdown in both international tourist arrivals and international tourism receipts. In this quarter, the number of international tourist arrivals was 9.549 million (equivalent to 93.76 percent of the pre-COVID-19 level), increasing by 1.9 percent, compared to a 16.8-percent growth in the previous quarter. The top five source of international arrivals were from: China (1.331 million, share of 13.94 percent), Malaysia (1.153 million, share of 12.08 percent), Russia (0.722 million, share of 7.56 percent), India (0.544 million, share of 5.69 percent), and South Korea (0.498 million, share of 5.21 percent). In terms of growth by home country of origin, short-haul markets such as China, South Korea, and Malaysia declined by 24.3 percent, 10.9 percent, and 1.3 percent, respectively, while long-haul markets including Russia, the United Kingdom, and the United States expanded by 16.0 percent, 15.4 percent, and 14.4 percent, respectively. This trend partly reflects the impact of extended holidays during the New Year season and the influx of travelers escaping winter conditions. **International tourism receipts**[1] totaled 454 billion Baht (share of 91.05 percent of the pre-pandemic level), marking the fifteenth consecutive quarter of increase at 12.4 percent, though slower than a 36.8-percent growth in the previous quarter. **Domestic tourism by Thai travelers (Thai Teaw Thai) recorded 69.751 million trips, increasing for the thirteenth consecutive quarter by 2.6 percent**, compared to a 5.9-percent increase in the previous quarter. This was supported by multiple long holiday periods and tourism promotion campaigns through local festivals and annual events. The top five provinces (excluding Bangkok) by number of Thai visitors were: Chonburi (3.750 million trips, share of 5.38 percent), Kanchanaburi (3.441 million, share of 4.93 percent), Phetchaburi (2.748 million, share of 3.94 percent), Prachuap Khiri Khan (2.712 million, share of 3.89 percent), and Chiang Mai (2.361 million, share of 3.39 percent). **Thai tourism receipts**[2] **totaled 269 billion Baht**, rising by 16.1 percent from the previous quarter's 15.7-percent growth, marking the thirteenth consecutive quarter of increase. The top five provinces (excluding Bangkok) by Thai tourism receipts were: Chonburi (share of 8.62 percent), Chiang Mai (share of 6.67 percent), Chiang Rai (share of 4.66 percent), Prachuap Khiri Khan (share of 4.44 percent), and Phuket (share of 4.22 percent). The combined increase in international and domestic tourism receipts brought **the total tourism revenue**[3] **to 723 billion Baht, increasing by 13.7 percent**, compared to a 27.5-percent growth in the previous quarter. The average hotel occupancy rate was 74.93 percent, higher than 73.74 percent in the previous quarter, but lower than 75.27 percent in the same period last year.

The accommodation and food service activities sector expanded for the thirteenth consecutive quarter by 7.2 percent, supported by increases in both international tourist arrivals and domestic tourism.

Total tourism revenue in this quarter reached 723 billion Baht, rising by 13.7 percent.

The average hotel occupancy rate stood at 74.93 percent, higher than 73.74 percent in the previous quarter but lower than 75.27 percent in the same period last year.

The wholesale and retail trade, repair of motor vehicles and motorcycles sector expanded by 4.7 percent, accelerating from a 4.1-percent growth in the previous quarter. This expansion aligned with the acceleration of the Composite Index of Wholesale and Retail Sales and Repair of Motor Vehicles and Motorcycles, supported by the following components: (i) **The Wholesale Index (excluding motor vehicles and motorcycles)** rose by 10.5 percent, accelerating from an 8.8-percent increase in the previous quarter. This was mainly driven by the wholesale of household goods and the wholesale of machinery, equipment, and supplies. However, wholesale trade in general merchandise and wholesale on a fee or contract basis declined. (ii) **The Retail Sales Index (excluding motor vehicles and motorcycles)** expanded by 9.1 percent, following a 9.7-percent increase in the previous quarter. The growth was supported by an increase in retail sales in non-specialized stores, particularly discount stores, supercenters, and hypermarkets, as well as retail sales of other goods such as jewelry, cosmetics, and pharmaceutical and medical goods. (iii) **The Index of Wholesale and Retail Sales and Repair of Motor Vehicles and Motorcycles** declined by 1.9 percent, continuing from a 17.0 -percent contraction in the previous quarter. This was primarily due to a decrease in the sale of motor vehicles and the sale of motor vehicle parts and accessories. However, growth was observed in the maintenance and repair of motor vehicles, and in the sale and repair of motorcycles and related parts and accessories.

The wholesale and retail trade; repair of motor vehicles and motorcycles sector expanded by 4.7 percent, accelerating from a 4.1-percent growth in the previous quarter.

[1] International tourism receipts from the balance of payments table, the Bank of Thailand (BOT).
[2] Thai tourism receipt tourism receipts from he Ministry of Tourism and Sports (MOTS).
[3] Total tourism receipts refer to the sum of travel service receipts and tourism receipts from Thai travelers.

The transportation and storage sector expanded by 5.4 percent, decelerating from a 9.0-percent growth in the previous quarter, primarily due to the slowdown in tourism-related services. This was in line with the slowdown in all categories of the Transport Service Index, as follows: (i) **Land transport and transport via pipelines** grew by 2.2 percent, slowing down from a 6.5-percent expansion in the previous quarter. This was due to a decrease in the number of public transport passengers, a decline in metropolitan train ridership (BTS/MRT), reduced consumption of liquefied petroleum gas (LPG), and a contraction in gasoline, diesel, and natural gas usage for vehicles. (ii) **Air transport services** increased by 3.6 percent, slowing down significantly from a 22.1-percent expansion in the previous quarter. This was mainly due to the decline in domestic air passenger and cargo volumes. (iii) **Water transport services** expanded by 2.1 percent, compared to a 3.3-percent growth in the previous quarter. Additionally, warehousing and support activities for transportation increased by 4.3 percent, decline from 8.9 percent in the previous quarter, and postal and courier activities rose by 1.7 percent, compared to a 5.1-percent increase in the previous quarter.

The transportation and storage sector expanded by 5.4 percent, decelerating from the previous quarter. This slowdown was in line with the deceleration across all categories of transport services, including land and transport via pipelines, air transport, and water transport.

The construction sector expanded significantly by 16.2 percent, following an 18.3-percent growth in the previous quarter, driven by a continued expansion in public construction, particularly government construction, while private construction continued to contract. In this quarter, **public construction** grew by 33.7 percent, continuing from a 40.8-percent expansion in the previous quarter. Government construction rose by 71.2 percent, accelerating from a 67.9-percent growth in the previous quarter. This was mainly caused by key infrastructure projects by the Ministry of Transport (e.g., Department of Highways and Department of Rural Roads) and the Ministry of Agriculture and Cooperatives (e.g., Royal Irrigation Department). In contrast, **state enterprise construction** declined for the first time in thirteenth quarters by 3.0 percent, following a reduction in investment disbursement for major infrastructure projects, such as the MRTA Purple Line (Tao Poon–Rat Burana section), and the Thai-Chinese high-speed railway project (Bangkok–Nong Khai), Phase 1 (Bangkok–Nakhon Ratchasima). **Private construction** declined for the fourth consecutive quarter by 3.8 percent, compared to a 3.9-percent decrease in the previous quarter. This contraction resulted from a decline in all types of dwelling and non-dwelling construction (except for industrial building construction, which continued to expand by 3.7 percent) while other construction continued to expand. The **Construction Material Price Index (CMI)** increased for the third consecutive quarter by 0.3 percent, driven mainly by rising prices in other construction materials (7.1 percent), electrical and plumbing equipment (2.4 percent), and concrete products (0.8 percent). Meanwhile, the prices of key construction materials declined, including steel (-3.1 percent), tiles (-1.2 percent), and cement (-0.6 percent).

The construction sector continued to grow for the third consecutive quarter, expanding by 16.2 percent, driven by strong growth in public construction, particularly government construction. Meanwhile, private construction continued to decline.

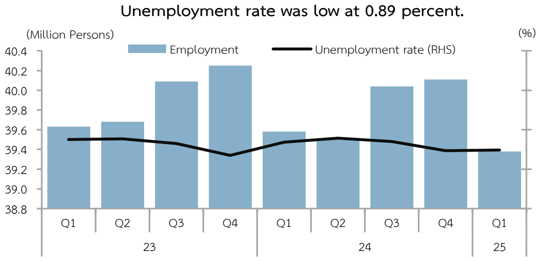
The Construction Material Price Index (CMI) increased for the third consecutive quarter by 0.3 percent, mainly due to rising prices of other construction materials, electrical and plumbing equipment, and concrete products.

Employment continued to decline for the fifth consecutive quarter, primarily due to a reduction in agricultural employment. Meanwhile, non-agricultural employment increased for the twelfth consecutive quarter. The unemployment rate was higher than in the previous quarter but lower than in the same quarter of the previous year. In the first quarter of 2025, total employment stood at 39.38 million people, a decline of 0.5 percent compared to a 0.4-percent decrease in the previous quarter. This included 35.99 million employed Thai nationals (91.39 percent of total employment), marking a 0.8-percent decline, compared to a 2.3-percent decrease in the previous quarter, and 3.39 million employed foreign workers (8.61 percent of total employment), representing a 2.3-percent increase, down from a 28.2-percent expansion in the previous quarter. **Agricultural employment** (accounting for 26.90 percent of total employment) continued to decline for the fifth consecutive quarter, contracting by 3.1 percent. This was consistent with the decline in major agricultural commodities such as palm oil, cassava, and swine. In contrast, **non-agricultural employment** (73.10 percent of total employment) increased for the twelfth consecutive quarter by 0.5 percent, slowing down from 1.1 percent in the previous quarter. This was mainly driven by an increase in employment in the accommodation and food service activities sector. However, employment declined in the wholesale and retail trade, construction, and manufacturing sectors. The **unemployment rate** in this quarter stood at 0.89 percent, higher than the 0.88 percent recorded in the previous quarter, but lower than the 1.01 percent reported in the same quarter of the previous year. The **average number of unemployed individuals** was 357,700 people, below the 358,200 in the previous quarter, and lower than the 407,700 in the same quarter of the previous year.

Employment continued to decline for the fifth consecutive quarter, primarily due to a continued reduction in agricultural employment. Meanwhile, non-agricultural employment increased for the twelfth consecutive quarter, though the pace of growth began to slow.

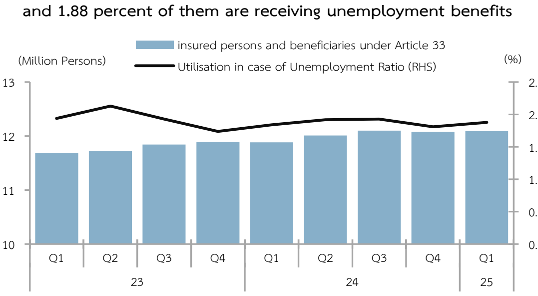
The unemployment rate stood at 0.89 percent, higher than in the previous quarter but lower than in the same quarter of the previous year.

Employment decreased by 0.5 percent following a decreased in agricultural sector employment
Unemployment rate was low at 0.89 percent.



Source: National Statistical Office

There are 12.1 million insured persons and beneficiaries under Article 33 and 1.88 percent of them are receiving unemployment benefits



Source: The Social Security Office ,Ministry of labour

Employed Persons by Industry

%YOY	Share Q1/25	2023 Year	2024 Year	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1
Employed	**100.00**	**1.8**	**-0.3**	**-0.1**	**-0.4**	**-0.1**	**-0.4**	**-0.5**
- Agricultural	**26.90**	**1.2**	**-4.4**	**-5.7**	**-5.0**	**-3.4**	**-3.6**	**-3.1**
- Non-Agricultural	**73.10**	**2.0**	**1.5**	**2.2**	**1.5**	**1.4**	**1.1**	**0.5**
Manufacturing	16.02	0.1	0.4	0.7	2.2	-1.4	0.3	-0.4
Construction	5.96	2.1	2.0	5.0	1.5	0.7	0.5	-5.1
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.01	1.8	-0.7	-0.4	0.2	-0.8	-1.8	-3.1
Accommodation and food service activities	9.06	9.3	7.7	10.6	4.9	6.1	9.4	3.5
Total labor force (Million persons)		40.45	40.36	40.23	40.18	40.48	40.54	40.09
Employed (Million persons)		39.92	39.81	39.58	39.50	40.04	40.11	39.38
Unemployment (Million persons)		0.40	0.40	0.41	0.43	0.41	0.36	0.36
Unemployment Rate (%)		0.98	1.00	1.01	1.07	1.02	0.88	0.89

Source : National Statistical Office (NSO)

Labor in the Social Security System: The number of insured persons in the social security system continued to increase. The proportion of insured persons receiving unemployment benefits under Article 33 was higher than in the previous quarter and also higher than in the same quarter of the previous year. In the first quarter of 2025, the total number of social security beneficiaries increased by 0.670 percent, compared to a 0.673-percent increase in the previous quarter. This included **compulsory insured persons under Article 33**, which increased by 1.8 percent, compared to a 1.6-percent increase in the previous quarter. **Voluntarily insured persons under Article 40** increased by 0.2 percent, compared to a 0.5-percent increase in the previous quarter. Meanwhile, **voluntarily insured persons under Article 39** continued to decline for the eleventh consecutive quarter, decreasing by 3.9 percent, compared to a 4.3 -percent decline in the previous quarter. The **proportion of insured persons receiving unemployment benefits under Article 33** stood at 1.88 percent, higher than the 1.81 percent recorded in the previous quarter and also higher than the 1.84 percent recorded in the same quarter of the previous year. The **average number of insured persons receiving unemployment benefits under Article 33** was 228 thousand people, higher than 218 thousand people in the previous quarter and also higher than thousand people in the same quarter of the previous year.

The number of insured persons in the social security system increased by 0.7 percent, driven by growth in compulsory insured persons under Article 33 and voluntarily insured persons under Article 40, while voluntarily insured persons under Article 39 continued to decline.

The proportion of insured persons receiving unemployment benefits under Article 33 stood at 1.88 percent, higher than 1.81 percent in the previous quarter and also higher than 1.84 percent in the same quarter of the previous year.

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2023 Year	2024 Year	2024 Q1	2024 Q2	2024 Q3	2024 Q4	2025 Q1
Insured Persons (article 33)1/	11,891	12,081	11,883	12,006	12,096	12,081	12,094
Insured Persons (article 39)2/	1,798	1,720	1,770	1,740	1,716	1,720	1,701
Insured Persons (article 40)3/	10,958	11,012	10,980	10,996	11,004	11,012	11,003
Total Insured Persons	24,647	24,813	24,634	24,742	24,816	24,813	24,799
Utilisation in case of Unemployment	207	218	218	231	233	218	228
Utilisation in case of Unemployment Ratio (%)	1.74	1.81	1.84	1.92	1.93	1.81	1.88

Source : Social Security Office (SSO) , Ministry of labour

Note: 1/ Insured Persons (article 33) are employees of private enterprises that employ at least 1 employee. Those Insured Persons must be over 15 years of age, but under 60 years of age

2/ Insured Persons (article 39) are individuals who resigned from private enterprises (previously insured persons under article 33) but wants to maintain social security rights. Therefore, they voluntarily applied for social security rights under article 39

3/ Insured Persons (article 40) are neither persons who are currently employed by private enterprises (article 33) nor has never applied to be an insured person under article 39. Insured persons under article 40 must be an self-employed person or informal workers age who must be over 15 years of age, but under 60 years of age.

Fiscal Conditions:

On the revenue side, in the second quarter of fiscal year 2025 (January to March 2025), net government revenue amounted to 577.0 billion baht, reflecting a 5.7-percent increase compared to the same period last year. Collections by the Revenue Department, the Excise Department, and remittances from state-owned enterprises rose by 4.9 percent, 4.3 percent, and 49.2 percent, respectively.

This overall improvement in revenue performance was supported by the following key factors:

(i) An increase in value-added tax (VAT) collections, driven by increased domestic consumption;

(ii) An 8.2-percent increase in corporate income tax revenue, resulting from the implementation of the Advance Pricing Arrangement (APA);

(iii) The reduction of excise tax rates on diesel and related petroleum products by 1 Baht per liter, effective from 20 January to 19 April 2024, which supported economic activity and fuel consumption; and

(iv) A substantial increase in revenue remittances from state-owned enterprises, particularly due to the transfer of outstanding income derived from the 2023 profits of the Electricity Generating Authority of Thailand (EGAT).

Conversely, revenue collections by the Customs Department and other government agencies contracted by 2.8 percent and 0.9 percent, respectively, during the same period.

In the first half of fiscal year 2025, the government collected net revenue totaling 1,196 billion baht, marking a 2.3-percent increase from the same period last year. This growth was primarily driven by higher value-added tax (VAT) collections from domestic consumption and the remittance of outstanding income by the Electricity Generating Authority of Thailand (EGAT).

Net revenue for the first six months of fiscal year 2025 exceeded the target set in the annual budget by 0.2 percent. Collections by the Revenue Department, other government agencies, and state-owned enterprises were above target by 1.1 percent, 14.3 percent, and 25.5 percent, respectively. This stronger-than-expected performance reflected the following factors:

(i) VAT receipts from domestic consumption that surpassed projections;

(ii) Remittances of excess funds from bond sale (premiums) by other government agencies; and

(iii) Transfers of outstanding income from the 2023 profits of the Electricity Generating Authority of Thailand (EGAT).

In contrast, revenue collected by the Excise Department and the Thai Customs Department fell short of target by 7.4 percent and 9.6 percent, respectively. The shortfall stemmed from (i) lower average excise tax rates on automobiles, following policy measures to promote electric and hybrid vehicles; (ii) a continued decline in vehicle sales, and (iii) import-value growth that remained below forecast levels.

In Q2/FY2025, net government revenue collection increased by 5.7 percent *compared to the same quarter **of** the previous year, this was primarily due to the collection of VAT from domestic consumption and remittance of outstanding income from state-owned enterprises.*

For the first half of FY2025, *net government revenue collection was higher than the estimation stated in the 2025 annual budget by 0.2 percent.*

Government's Revenue Collection: The First Half of Fiscal Year 2025
(October 2024 - March 2025)

Unit: Million Baht

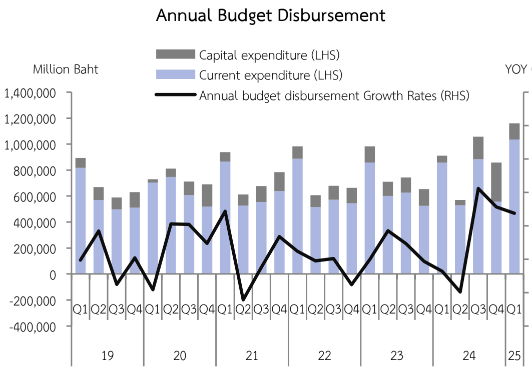
Sources of Revenue	FY2024	FY2025	Compare with the FY2024		Budgeted Target FY2025	Compare with Budgeted Target FY2025	
			Amount	%		Amount	%
1. Revenue Department	929,988	966,200	36,213	3.9	956,043	10,157	1.1
2. Excise Department	260,811	264,971	4,160	1.6	286,292	-21,321	-7.4
3. Customs Department	59,474	57,365	-2,109	-3.5	61,600	-4,235	-6.9
Revenue From 3 Departments	1,250,272	1,288,536	38,264	3.1	1,303,935	-15,399	-1.2
4. State-Owned Enterprises	81,859	79,054	-2,805	-3.4	62,975	16,079	25.5
5. Other Agencies	84,201	94,833	10,632	12.6	82,945	11,888	14.3
5.1 Other Agencies	75,320	84,796	9,476	12.6	73,754	11,042	15.0
5.2 Other Agencies	8,881	10,037	1,155	13.0	9,191	846	9.2
Total Revenue (Gross)	1,416,332	1,462,423	46,091	3.3	1,449,855	12,568	0.9
Deductions	215,128	234,744	19,616	9.1	223,287	11,457	5.1
Total Revenue (After Deductions)	1,201,203	1,227,679	26,475	2.2	1,226,568	1,111	0.1
VAT Distribution for Local Administrative Organizations (LAOs)	32,046	32,016	-30	-0.1	32,713	-697	-2.1
Total Revenue (Net)	1,169,157	1,195,662	26,506	2.3	1,193,855	1,807	0.2

Source: Fiscal Policy Office

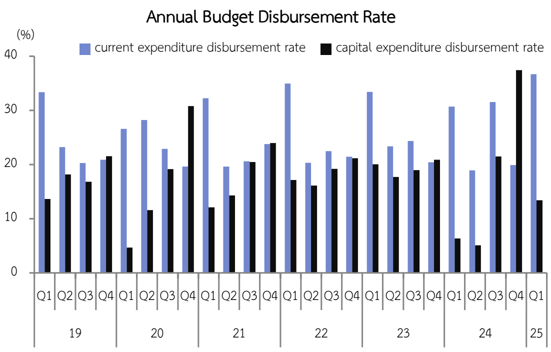
On the expenditure side, in the second quarter of fiscal year 2025, total government budget disbursement amounted to 886.2 billion Baht[4], reflecting a 31.9 percent increase compared to the same quarter of the previous year, in which total disbursement comprised the following components:

In Q2/FY2025, total budget disbursement *increased by 31.9 percent. This expansion was driven by higher disbursements from the annual budget and carry-over allocations, while investment by state-owned enterprises declined over the same period.*

(i) The 2025 annual budget disbursement, amounting to 754.2 billion Baht, an increase of 32.2 percent compared to the same quarter last year. The disbursement rate stood at 21.2 percent, higher than the 16.4 percent in the same quarter of the previous year. The current expenditure disbursement totaled 634.5 billion Baht, representing a 19.8 percent increase from the same quarter last year. The disbursement rate was 22.7 percent, higher than the 18.9 percent in the same quarter of the previous year. The capital expenditure disbursement was marked at 119.7 billion Baht, representing a 190.4 percent increase from the same quarter last year. The increase is primarily due to the low base from the same period the previous year, which was caused by the delay in the Fiscal Year 2024 Budget Bill. The disbursement rate was 15.5 percent, higher than the 6.0 percent in the same quarter last year.



Source: GFMIS at 23rd January 2025



Source: GFMIS at 23rd January 2025

(ii) The carry-over budget disbursement stood at 67.9 billion Baht, increasing from the same quarter last year by 86.3 percent. The disbursement rate was 24.7 percent, higher than the 22.8 percent in the same quarter of the previous year.

(iii) The State-owned enterprises' capital expenditure budget was disbursed for 73.6 billion Baht[5], reflecting a 3.5-percent decrease from the same quarter last year. This increase was primarily due to lower disbursements by the PTT Public Company Limited and its affiliated companies, the Mass Rapid Transit Authority of Thailand (MRTA), the Electricity Generating Authority of Thailand (EGAT), and the Metropolitan Waterworks Authority (MWA).

In the first half of the fiscal year 2025, the total budget disbursement amounted to 2,241.8 billion Baht, representing a 30.1-percent increase compared to the same period last year. The disbursement consisted of the following components:

For the first half of FY2025, the 2025 annual budget disbursement rate was at 53.7 percent *in which the rate of current and capital expenditure disbursement stood at 59.8 and 31.6 percent, respectively.*

(i) The 2024 annual budget disbursement stood at 1,914.7 billion Baht. The disbursement rate was 53.7 percent, higher than 42.6 percent in the same period last year. This included 1,669.8 billion Baht in a disbursement of current expenditure (with a disbursement rate of 59.8 percent, higher than 49.6 percent in the same period of last year), and 244.9 billion Baht in a disbursement of capital expenditure (with a disbursement rate of 31.6 percent, higher than 13.5 percent in the same period last year).

(ii) The disbursement of the carry-over budget stood at 169.0 billion Baht, equivalent to the disbursement rate of 61.4 percent.

(iii) 178.3 billion Baht disbursed for state-owned enterprises' capital expenditure budget[6] Five state-owned enterprises (SOEs) with the highest capital expenditure included PTT Public Company Limited and its affiliated companies, the State Railway of Thailand (SRT), the Provincial Electricity Authority (PEA), the Electricity Generating Authority of Thailand (EGAT), and the Metropolitan Electricity Authority (MEA).

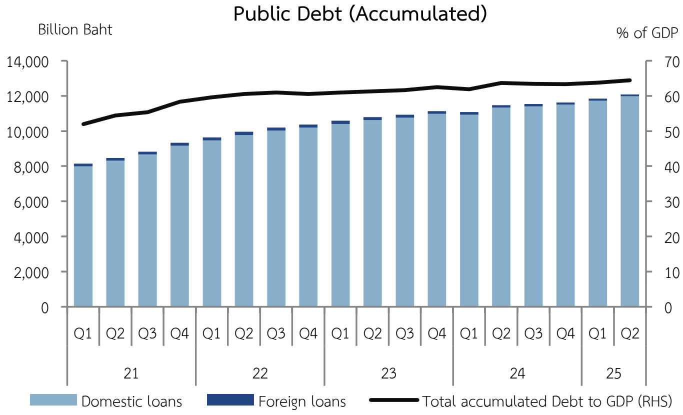
[4] The total budget disbursement includes the disbursement of (i) the grand total of annual budget excluding central fund: Expenditures for Stimulating the Economy and Strengthening the Economic System, (ii) the carry-over budget, and (iii) the State-owned enterprises' capital expenditure budget allocated by the State Enterprise Policy Office including PTT and affiliated companies' domestic investment and the State-owned enterprise's capital expenditure allocated from the annual budget and the carry-over budget.

[5] The number was included the 9.4 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.

[6] The number was included the 20.3 billion Baht of the capital spending allocated from the annual budget and the carry-over budget .

Public Debt: As of the end of the second quarter of fiscal year 2025 (March 2025), public debt totaled 12.1 trillion Baht, equivalent to 64.4 percent of GDP, remaining within the fiscal discipline framework. The total public debt comprised 12.0 trillion Baht in domestic loans (99.1 percent of total public debt) and 108.0 billion Baht in foreign loans (0.9 percent).

At the end of March 2025, public debt stood at 64.4 percent of GDP, *up from 63.8 percent in the previous quarter.*

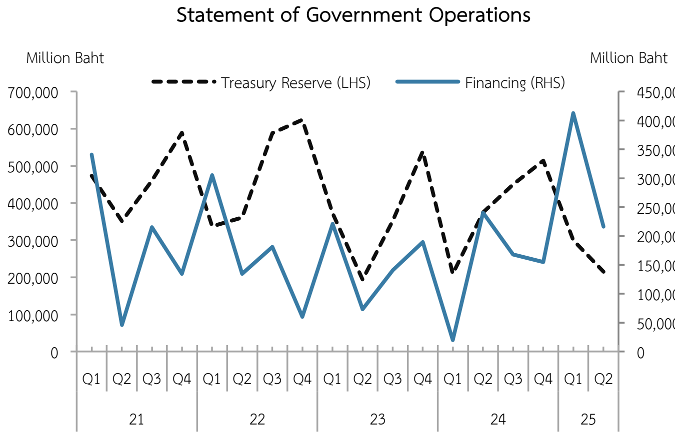


Source: Public Debt Management Office

Government's Fiscal Balance on Cash Basis: At the end of the second quarter of fiscal year 2025, the budgetary balance recorded a deficit of 281.9 billion Baht, along with a deficit of 18.4 billion Baht in the non-budgetary balance. Additionally, the government managed cash flow through borrowing of 216.0 billion Baht. As a result, the cash balance after debt financing showed a net deficit of 84.2 billion Baht. The beginning treasury reserve stood at 299.6 billion Baht, resulting in a fiscal balance of 215.4 billion Baht at the end of March 2025.

At the end of March 2025, *the fiscal balance stood at 215.4 billion Baht.*

In the first half of the fiscal year 2025, the budgetary balance recorded a deficit of 924.6 billion Baht, along with a deficit of 2.9 billion Baht in the non-budgetary balance. Additionally, the government managed its cash balance through borrowing of 628.8 billion Baht. Consequently, the cash balance after debt financing recorded a net deficit of 298.7 billion Baht.



Source: Ministry of Finance

Financial Conditions:

The policy interest rate decreased by 25 basis points to 2.00 percent per annum.

In the first quarter of 2025, the Monetary Policy Committee (MPC) voted 6 to 1 at its meeting on 26 February 2025 to reduce the policy interest rate by 25 basis points, from 2.25 percent to 2.00 percent per annum. The decision reflected the MPC's assessment that the Thai economy will expand slower than the previous projections due to structural impediments in the manufacturing sector and heightened risks stemming from the escalation of trade protectionism by major economies. **Thailand's monetary policy direction is broadly aligned with the central banks of major economies,** including the European Central Bank, the Bank of England, and the Bank of Canada, **as well as regional counterparts** such as the Bank of Korea, Bank Indonesia, and the Reserve Bank of India. These central banks reduced policy interest rates to support economic growth and cushion risks associated with U.S. trade policy. **Nonetheless, some central banks have maintained their policy rates at the same level as the previous quarter**, including the U.S. Federal Reserve, Bangko Sentral ng Pilipinas, and Bank Negara Malaysia. Meanwhile, the Bank of Japan raised its policy rate by 25 basis points to address persistent inflationary pressures and to help stabilize the depreciating yen.

On April 30, 2025, the MPC voted 5 to 2 to lower the policy interest rate from 2.00 percent to 1.75 percent per annum, following the previous cut on February 26, 2025. The reduction aimed at easing financial conditions to support economic outlook and inflation risks. Thailand's monetary policy stance is in line with that of other economies, including European Central Bank, Bangko Sentral ng Pilipinas, the Reserve Bank of India, and the Reserve Bank of New Zealand.

The Bank of Thailand reduced policy interest rate by 0.25 percent per annum, consistent with the monetary policy direction of several other countries.

Policy Interest Rate

(%) At the end of period	2023					2024					2025				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.
USA	5.25-5.50	4.75-5.00	5.00-5.25	5.25-5.50	5.25-5.50	4.25-4.50	5.25-5.50	5.25-5.50	4.75-5.00	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50	4.25-4.50
EU	4.50	3.50	4.00	4.50	4.50	3.15	4.50	4.25	3.65	3.15	2.65	3.15	2.90	2.65	2.40
England	5.25	4.25	5.00	5.25	5.25	4.75	5.25	5.25	5.00	4.75	4.50	4.75	4.50	4.50	4.50
Canada	5.00	4.50	4.75	5.00	5.00	3.25	5.00	4.75	4.25	3.25	2.75	3.00	3.00	2.75	2.75
Thailand	2.50	1.75	2.00	2.50	2.50	2.25	2.50	2.50	2.50	2.25	2.00	2.25	2.00	2.00	1.75
Russia	16.00	7.50	7.50	13.00	16.00	21.00	16.00	18.00	19.00	21.00	21.00	21.00	21.00	21.00	21.00
Indonesia	6.00	5.75	5.75	5.75	6.00	6.00	6.00	6.25	6.00	6.00	5.75	5.75	5.75	5.75	5.75
China	3.45	3.65	3.55	3.45	3.45	3.10	3.45	3.45	3.35	3.10	3.10	3.10	3.10	3.10	3.10
Brazil	11.75	13.75	13.75	12.75	11.75	12.25	10.75	10.50	10.75	12.25	14.25	13.25	13.25	14.25	14.25
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	0.25	0.10	0.10	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Philippines	6.50	6.25	6.25	6.25	6.50	5.75	6.5	6.5	6.25	5.75	5.75	5.75	5.75	5.75	5.50
Korea, South	3.50	3.50	3.50	3.50	3.50	3.00	3.50	3.50	3.50	3.00	2.75	3.00	2.75	2.75	2.75
India	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.25	6.50	6.25	6.25	6.00
Australia	4.35	3.60	4.10	4.10	4.35	4.35	4.35	4.35	4.35	4.35	4.10	4.35	4.10	4.10	4.10
New Zealand	5.50	4.75	5.50	5.50	5.50	4.25	5.50	5.50	5.25	4.25	3.75	4.25	3.75	3.75	3.50
Vietnam	3.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Malaysia	3.00	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Source: Collected by NESDC, as of May 15, 2025

Large and medium-sized commercial banks and specialized financial institutions (SFIs) reduced both deposit and lending rates compared to the previous quarter. In the first quarter of 2025, large and medium-sized commercial banks and specialized financial institutions (SFIs) reduced their 12-month fixed deposit rates from an average of 1.49, 1.53, and 1.73 percent per year to an average of 1.47, 1.40, and 1.57 percent per year, respectively. The Minimum Loan Rates (MLR) were also lowered, from an average of 7.11, 8.18, and 6.68 percent per year to an average of 7.01, 8.08, and 6.51 percent per year, respectively. As a result, the average real deposit and lending rates across all banks declined, reflecting the rise in inflation from the previous quarter.

Commercial banks and SFIs reduced deposit and lending rates from the previous quarter.

In April 2025, medium-sized commercial banks and specialized financial institutions (SFIs) maintained their 12-month fixed deposit rates and the Minimum Loan Rates (MLR) at the same levels as in March. Meanwhile, large commercial banks reduced their average 12-month fixed deposit rate from 1.47 percent to 1.40 percent, while keeping the MLR unchanged

At the end of the first quarter of 2025, outstanding private loan of depository institutions declined by 0.45 percent, following a marginal contraction of 0.02 percent in the previous quarter. The contraction was driven by a decline in private loan from commercial banks, alongside a decelerated growth in private loan from specialized financial institutions (SFIs).

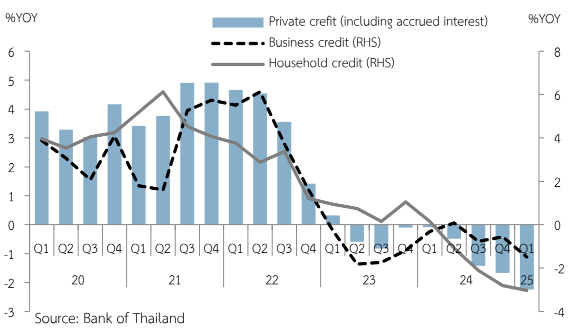
The outstanding private loan of commercial banks contracted by 2.24 percent, following a 1.66-percent contraction in the previous quarter-a continuous decline since the second quarter of 2023. Business loan contracted by 1.50 percent, following a 0.56-percent contraction in the previous quarter. This was driven by a contraction in loans to small and medium enterprises (SMEs) by 2.13 percent, following a 3.04 percent decrease in the previous quarter. The contraction in SME loans was observed in loans for wholesale and retail trade, repair of motor vehicles and motorcycles, loans for accommodation and food service activities, and loans for manufacturing. Meanwhile, loans to large enterprises expanded by 1.72 percent, accelerating from a 1.58-percent expansion in the previous quarter. This expansion was driven by an increase in loans for finance and insurance, loans for real estate activities, and loans for accommodation and food. In this quarter, financial institutions continued to tighten collateral conditions due to deteriorating loan quality, particularly among SMEs in the agriculture and manufacturing sectors. **Household loans** contracted by 3.03 percent, compared to a 2.81-percent contraction in the previous quarter. This was primarily due to a reduction in loans for car and motorcycle purchases or hire-purchases, as well as loans for other personal consumption. The contraction reflected elevated household debt burdens, deteriorating loan quality[7], and stricter lending standards.

The outstanding private loans of specialized financial institutions (SFIs) grew by 2.04 percent, slowing from a 2.21-percent expansion in the previous quarter. The deceleration was primarily driven by a continued slowdown in household loans, which accounted for 86.48 percent of total loans), for the fifth consecutive quarter. This reflected elevated household debt levels and declining credit quality. In contrast, business loans, which made up 13.52 percent of total loans, recorded an acceleration compared to the previous quarter.

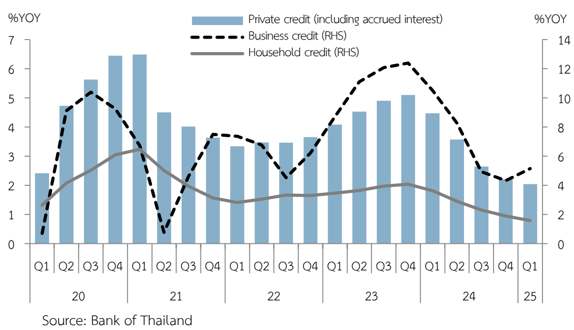
Financial performance of commercial banks: In the first quarter of 2025, commercial banks' income declined by 1.65 percent despite an expansion of 6.69 percent in the previous quarter, marking the first contraction in thirteenth quarters since the fourth quarter of 2021. The decline was attributed to a reduction in interest income. Similarly, expenses decreased by 3.11 percent, compared to a 5.57-percent increase in the previous quarter, primarily due to a decline in interest expenses. Consequently, the Net Interest Margin (NIM) stood at 3.04 percent; decreased from 3.24 percent in the previous quarter, and 3.23 percent in the same quarter of last year.

Private credit outstanding of depository institutions continued to decline for the second consecutive quarter, driven by a contraction in private credit from commercial banks and a deceleration in private credit from specialized financial institutions (SFIs).

Private credit (including accrued interest) of commercial banks contracted



Private credit (including accrued interest) of specialized financial institutions decelerated



7 The Bank of Thailand has implemented measures to assist individuals and small businesses struggling with high debt levels under the " "Khun soo, Rao chuay" (You Fight, We Help) program. This program comprises two key measures. The first, offered by commercial banks and specialized financial institutions (SFIs), includes "Jai Trong Kongsap" (Pay on Time, Keep Your Assets) and "Jai Pid Jop" (Pay, Settle, End). The second, offered by Non-Banks lenders, includes "Lod Ton Lod Dok" (Reduced Installment, Reduced Interest) and "Jai Pid Jop" (Pay, Settle, End). Debtors can register for the program from December 12, 2024, to June 30, 2025 (the 2nd extension, following previous deadline of April 30 and the original February 28, 2025). As of May 13th, 2025, there were 1.3 million individuals (1.7 million accounts) have registered for the " Khun soo, Rao chuay " program.

The Thai Baht appreciated against US dollar. In the first quarter of 2025, the average exchange rate stood at 33.96 baht per US dollar, representing an appreciation of 0.08 percent from 33.99 in the previous quarter. The Thai baht also appreciated relative to trading partners and competitors, as reflected by the average Nominal Effective Exchange Rate (NEER), which increased by 1.11 percent to 127.66. Meanwhile, most regional currencies depreciated on average from the previous quarter, in line with the strengthening of the US dollar, as indicated by the rise in the average US Dollar Index (DXY) from 105.38 in the previous quarter to 106.72 in this quarter.

The Thai Baht appreciated against US dollar.

Regional currencies that depreciated against the US dollar included the Malaysian ringgit (1.26 percent), Hong Kong dollar (0.06 percent), Indonesian rupiah (3.56 percent), South Korean won (3.78 percent), Japanese yen (0.13 percent), Indian rupee (2.56 percent), Singapore dollar (1.25 percent), Chinese yuan (0.24 percent), New Taiwan dollar (1.66 percent), and Vietnamese dong (1.33 percent). Meanwhile, the Philippine peso appreciated against the US dollar by 0.22 percent, in line with the strengthening of the Thai baht.

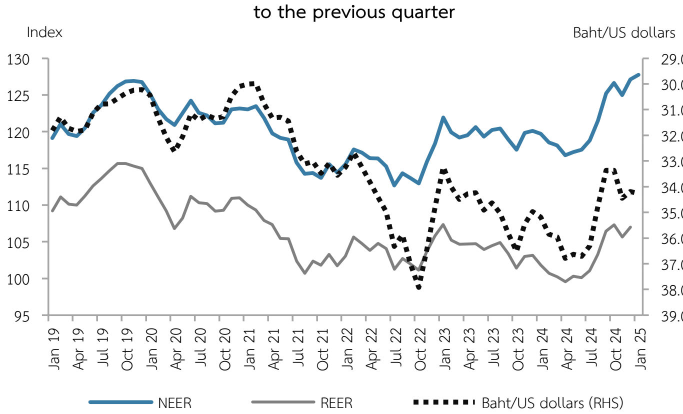
In April 2025, the Thai baht averaged 33.75 baht per US dollar, appreciating by 0.19 percent from 33.82 in the previous month. This was consistent with a 3.32-percent depreciation of the US Dollar Index (DXY) from the prior month, driven by concerns over the impact of trade policies on the US economy. However, when compared to trading partners and competitors, the Thai baht weakened, as reflected by NEER, which stood at 125.92, declined by 0.81 percent from the previous month. The decline in the NEER was due to a stronger appreciation of the Japanese yen and the euro, as investors increased holdings of these currencies as safe-haven assets amid rising concerns about the US economic outlook.

Thai Baht exchange rate, dollar index and gold prices

	2023					2024					2025				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.	Apr.
Thai Baht exchange rate (Baht/USD)	34.81	33.92	34.5	35.18	35.67	35.26	35.65	36.71	34.81	33.99	33.96	34.27	33.78	33.82	33.75
Dollar index	103.44	103.39	102.57	103.26	104.57	104.2	103.57	105.18	102.69	105.38	106.72	108.67	107.29	104.13	100.67
Gold prices (USD/Oz)	1,941.67	1,889.24	1,976.57	1,929.61	1,973.96	2,358.52	2,071.16	2,337.59	2,473.00	2,664.46	2,859.00	2,707.58	2,896.68	2,981.74	3,212.12

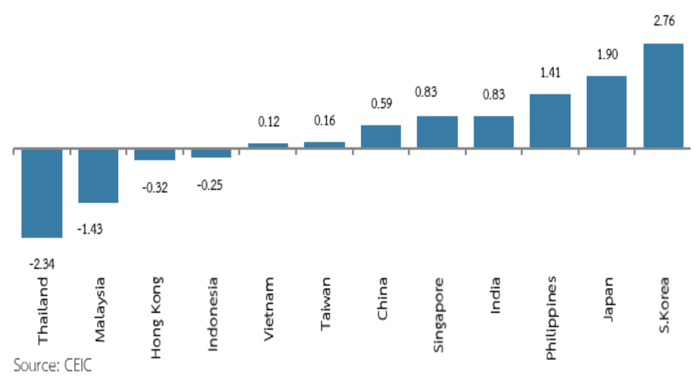
Source: Collected by NESDC, as of May 15, 2025

The average Thai Baht against US dollar appreciated compared to the previous quarter



Source : CEIC, Bank of Thailand

The movement of regional currencies against US dollars in Q/2024, compared to the previous quarter

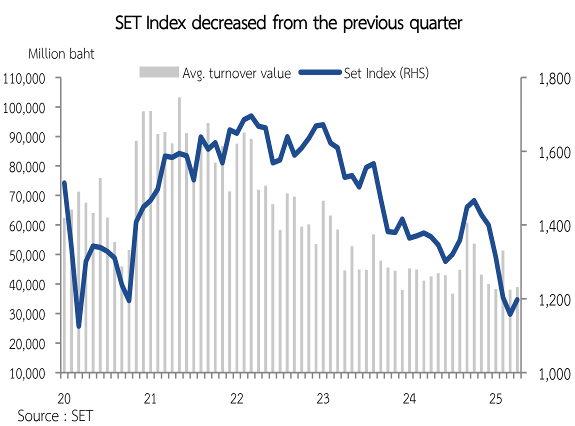


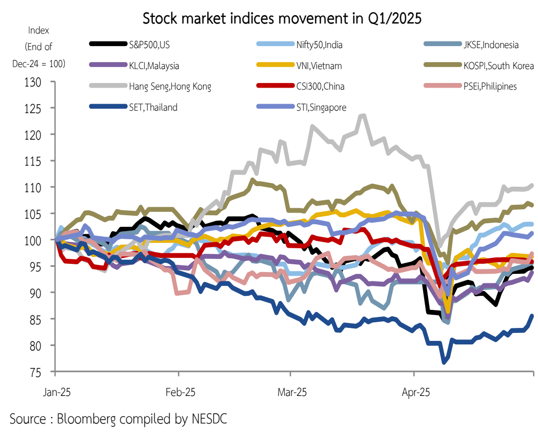
Source: CEIC

The SET Index declined from the previous quarter, in line with most global stock markets. The decline was driven by concern over economic downside risks from the US import tariffs as well as domestic factors.

The SET Index declined from the previous quarter. At the end of the first quarter of 2025, the SET Index closed at 1,158.09 points, a decrease of 17.3 percent from the previous quarter. This sharp decline was in line with global stock market trends and stemmed from concerns over downside risks associated with uncertainty surrounding US import tariffs, which prompted investors to reduce exposure to riskier assets, particularly in the technology sector. The SET Index also faced pressure from several domestic factors: (i) redemptions of Long-Term Equity Funds (LTFs) by investors who had completed the holding period required for tax benefits; (ii) company-specific issues among large listed firms, particularly in the technology, real estate, and service sectors (such as airport operators) that reported fourth-quarter 2024 earnings below analysts' expectations; and (iii) issues related to corporate governance, for instance, forced sell of stock pledge and sell-off stocks in real estate companies and banks due to the earthquake which undermined investor confidence. As a result, the Thai stock market recorded a sharper decline than other countries in the region. Foreign investors posted a net sell position of 39.9 billion baht on the Thai stock exchange, following a net sell of 52.4 billion baht in the previous quarter. By industry group, the index declined across all sectors, with the most significant drops observed in technology (-32.2 percent), services (-19.9 percent), industrials (-19.7 percent), and property and construction (-16.3 percent). Similarly, most regional stock market indices also declined in line with the SET Index, including Japan (10.7 percent), Taiwan (-10.2 percent), Indonesia (-8.0 percent), Malaysia (-7.8 percent), Philippines (-5.3 percent), China (-1.2 percent), and India (-0.5 percent). In contrast, a few regional stock indices recorded gains, including Hong Kong (15.3 percent), Singapore (4.9 percent), South Korea (3.4 percent), and Vietnam (3.2 percent).

In April 2025, the SET Index closed at 1,197.26 points, rising by 3.4 percent from the previous month, in line with gains in regional stock market indices. This increase was supported by (i) the 90-day suspension of country-specific reciprocal tariffs for all trading partners except China, and (ii) the policy interest rate cut by the Monetary Policy Committee (MPC).



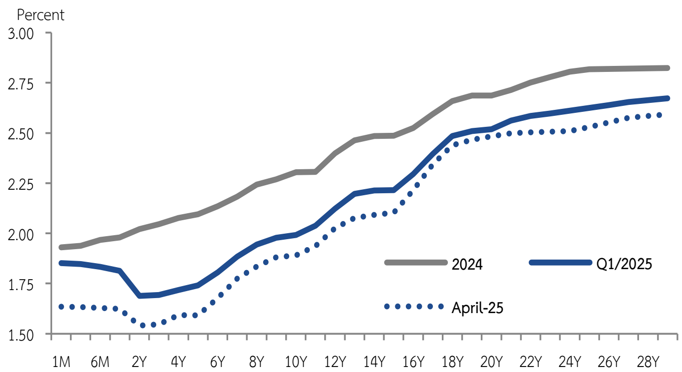


The government bond yield curve shifted downward, driven by increased demand for safe assets amid concerns over U.S. trade policy.

The government bond yield curve shifted downward from the previous quarter. In the first quarter of 2025, government bond yields declined across all maturities, in accordance with an increase in the government bond price index. The downward shift in the yield curve was driven by (i) the Monetary Policy Committee (MPC)'s decision to cut the policy interest rate by 0.25 percent in February 2025 and (ii) uncertainty surrounding US import tariffs, which led investors to increase their holdings of safe assets. In addition, foreign investors recorded a net buy position of 9.0 billion baht, compared to a net sell of 60.5 billion baht in the previous quarter. As a result, by the end of the first quarter of 2025, the yields on 2-year and 10-year government bonds stood at 1.69 percent and 1.99 percent per annum, declining from 2.02 and 2.31 percent in the previous quarter, respectively. However, the value of newly registered corporate bonds totaled 337.6 billion baht, decreasing from 356.2 billion baht in the previous quarter.

In April 2025, the government bond yields across all maturities declined from March 2025. This was consistent with net foreign purchases totaling 55.7 billion baht, the highest level since November 2022. This was driven by (i) rising concerns over the global and US economic outlook, which led to capital inflows into bond markets across the region; and (ii) investors anticipated that the Monetary Policy Committee (MPC) would cut the policy interest rate at its April 2025 meeting. As a result, Thai government bond yields declined more significantly than those of other countries in the region.

The Government bond yield curve shifted downward continuously



Source: ThaiBMA

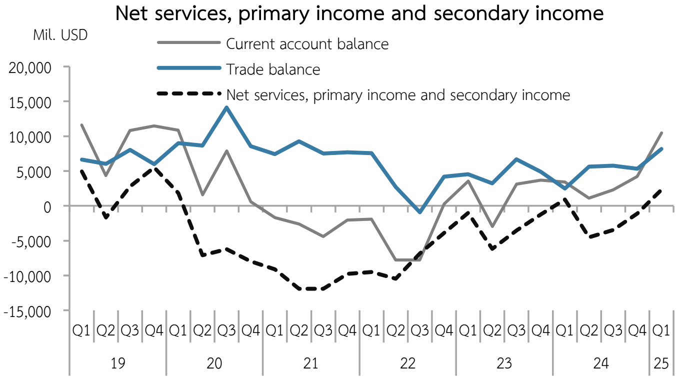
The current account registered a surplus for the seventh consecutive quarter.

In the first quarter of 2025, the **current account** registered a surplus of 10.5 billion USD (355.2 billion Baht), exceeding the surplus of 3.4 billion USD (121.8 billion Baht) in the same quarter of the previous year and 4.2 billion USD (144.3 billion Baht) in the previous quarter. This outcome was driven by a trade surplus of 8.2 billion USD (276.4 billion Baht), along with a surplus in the services, primary income, and secondary income accounts for the first time in four quarters, totaling 2.3 billion USD. The improvement was largely attributable to increased tourism receipts.

The international reserve at the end of March 2025 stood at 245.3 billion US dollars, rising from the same period last year.

At the end of March 2025, **international reserves** stood at 245.3 billion USD, rising from 223.4 billion USD at the end of March 2024. In Thai Baht terms, reserves amounted to 8,319.0 billion Baht, higher than 8,141.6 billion Baht recorded at the end of the same period last year.

Current account balance, Trade balance, and Net services, primary income and secondary income

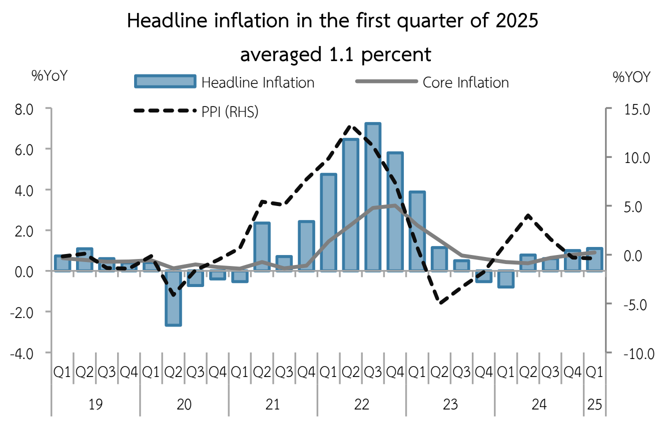


Source: Bank of Thailand

***Headline inflation** stood at 1.1 percent, driven by rising price indices for food and non-alcoholic beverages, as well as non-food and beverage categories.*

Headline inflation averaged 1.1 percent **in the first quarter of 2025**, maintaining its pace from 1.0 percent in the previous quarter. The **food and non-alcoholic beverage** price index rose by 2.1 percent, primarily driven by increases in the prices of seasonings and condiments (5.1 percent), non-alcoholic beverages (3.4 percent), and prepared food (2.5 percent). Meanwhile, the **non-food and beverage** price index increased by 0.4 percent, mainly due to higher fuel prices, partly reflecting the low-price base from the previous year. **Core inflation** stood at 0.9 percent, continuing from a 0.8-percent increase in the previous quarter, primarily due to increases in public transport fares as well as prices in the recreation, reading, education, and religious categories.

In April 2025, **headline inflation** declined for the first time in thirteen months by 0.2 percent, primarily due to reductions in fuel prices and electricity charges. **Core inflation** stood at 1.0 percent. For the first four months of 2025, headline and core inflation averaged 0.8 percent and 0.9 percent, respectively.



Source: Ministry of Commerce

The **Producer Price Index (PPI)** in the first quarter of 2025 declined by 0.4 percent, continuing from a 0.3-percent decrease in the previous quarter. The **price index for manufactured products** fell by 0.4 percent, in line with lower prices for refined petroleum products, basic iron and steel, and chemical products, which decreased by 13.1 percent, 4.4 percent, and 3.6 percent, respectively. The **price index for agricultural and fishery products** declined by 0.5 percent in accordance with lower prices for agricultural products. In addition, the **price index for mining products** declined for the eighth consecutive quarter by 2.3 percent, following a decrease in crude oil and natural gas prices.

The Producer Price Index (PPI) *declined by 0.4 percent, following decreases in the price indices for manufactured products, agricultural and fishery products, and mining products.*

In April 2025, PPI declined by 3.2 percent, primarily due to a decrease in the price index for manufactured products, especially refined petroleum products, consistent with the drop in global crude oil prices. The price indices for chemical products and basic metals also declined, reflecting lower raw material costs. Additionally, the price index for computer and electronic products fell in response to weaker demand. Similarly, price indices for agricultural and fishery products, and mining products, continued to decline. For the first four months of 2025, the average PPI decreased by 1.1 percent.

2. Crude Oil price in Q1 of 2025

Global crude oil prices declined compared to the same period last year but increased from the previous quarter.

The global crude oil price decreased compared to the same period last year but increased from the previous quarter. In the first quarter of 2025, the average global crude oil price across three major markets; Dubai, Brent, and West Texas Intermediate (WTI), stood at 74.4 USD per barrel. This reflected a 7.0-percent decrease from 79.9 USD per barrel in the same quarter of the previous year, nonetheless, a 2.6-percent increase from 72.5 USD per barrel in the previous quarter. The rise in prices was largely attributed to US sanctions on Iran, a major global oil producer. However, downward pressure on prices remained due to additional key factors including; (i) concerns over trade protectionist measures raised that could slow global crude oil demand, and (ii) the potential increase in supply following a 30-day temporary ceasefire agreement between Russia and Ukraine, effective March 18, 2025, which may result in higher crude oil exports from Russia along with increased production capacity in the United States.

In April 2025, the average global crude oil price stood at 66.1 USD per barrel, decreased by 24.3 percent from 87.3 USD per barrel in April 2024, and a 6.4-percent decrease compared to 70.6 USD per barrel in March 2025. The decline was primarily due to OPEC+'s plan to continue increasing crude oil production by 0.41 million barrels per day in June 2025. At the same time, global oil demand showed signs of weakening in line with the global economic outlook, amid rising concerns over the impact of US tariff measures.

Crude oil price

Year		USD per Barrel				(%YoY)			
		WTI	BRENT	DUBAI	Average	WTI	BRENT	DUBAI	Average
2021	Year	68.1	70.9	69.5	69.5	72.1	63.4	63.8	66.3
2022	Year	94.2	98.8	96.2	96.4	38.4	39.4	38.4	38.7
2023	Year	77.4	82.1	81.8	80.4	-17.8	-16.9	-15.0	-16.6
	Q1	76.0	82.1	80.2	79.4	-19.7	-16.1	-16.5	-17.4
	Q2	73.1	77.3	76.9	75.7	-33.0	-31.2	-29.1	-31.1
	Q3	82.1	86.0	86.6	84.9	-10.2	-11.8	-10.3	-10.8
	Q4	78.8	83.0	83.8	81.9	-4.6	-6.2	-1.0	-4.0
2024	Year	75.5	79.5	79.3	78.1	-2.5	-3.1	-3.0	-2.9
	Q1	76.9	81.8	81.1	79.9	1.2	-0.4	1.2	0.6
	Q2	80.5	84.8	85.1	83.4	10.1	9.7	10.6	10.1
	Q3	75.1	78.6	78.3	77.3	-8.5	-8.6	-9.6	-8.9
	Q4	70.2	73.9	73.4	72.5	-10.9	-11.0	-12.5	-11.4
2025	Q1	71.4	74.9	76.8	74.4	-7.2	-8.4	-5.4	-7.0
	Jan.	75.2	78.4	80.2	77.9	1.8	-0.9	1.6	0.8
	Feb.	71.1	74.8	77.9	74.6	-7.2	-8.4	-3.5	-6.4
	Mar.	67.9	71.5	72.5	70.6	-15.5	-15.6	-13.7	-14.9
	Apr.	63.4	66.9	68.1	66.1	-24.7	-24.6	-23.5	-24.3
	4M	69.6	73.2	74.8	72.5	-11.4	-12.1	-9.6	-11.0

Source: Thaioil Plc and EPPO.

3. The World Economy in the First Quarter of 2025

The first quarter of 2025 global economy was supported, in part, by a front-loading of exports by several countries in anticipation of forthcoming trade barriers. This phenomenon was evidenced by a pronounced expansion in export values from major trading partners to the United States, which corresponded with robust growth in U.S. import values during the same period and contributed to a moderation in overall U.S. economic growth. At the same time, many economies were driven by an expansion in domestic consumption, supported by continued robust labor market conditions and the lagged effects of previous interest rate cuts by central banks. Nevertheless, the announcement of the U.S. Reciprocal Tariff coupled with retaliatory measures enacted by other nations, served to undermine consumer confidence[8] and exacerbate volatility within financial and capital markets. These developments unfolded against a backdrop of increasingly divergent monetary policy trajectories. The U.S. Federal Reserve signaled a slower pace of policy rate cuts due to the risk of renewed inflationary pressures and uncertainty surrounding the implementation of economic policies. In contrast, several major economies—including the European Central Bank, Canada, and Australia—as well as central banks in emerging markets such as India, South Korea, and Indonesia, continued to ease monetary policy to support economic activity and mitigate risks from rising protectionism. Meanwhile, the Bank of Japan raised its policy rate in response to inflation remaining above its target and to stabilize the depreciation of the yen.

The U.S. economy expanded by 2.0 percent (Advanced Estimate) in the first quarter of 2025, slowing from 2.5 percent in the previous quarter, marking the lowest growth in nine quarters. Seasonally adjusted, the economy decreased by 0.3 percent quarter-on-quarter (% QoQ, saar.), compared to a 2.4 percent expansion in the previous quarter. This contraction was partly due to a surge in imports ahead of the implementation of new tariff measures, with import values rising sharply by 25.2 percent, increasing from 8.6 percent in the previous quarter. As a result, the U.S. trade deficit hit a record high[9]. Government spending also slowed, partly due to structural reforms within government agencies and budget cuts in research expenditures. Meanwhile, private consumption remained solid, growing by 3.1 percent. However, uncertainty surrounding economic policies led to a decline in consumer confidence, which fell to 57.0 in March, the lowest level in 28 months. Private investment expanded by 5.9 percent, accelerating in line with increased non-residential fixed investment. Nonetheless, the surge in imports and continued domestic consumption growth contributed to persistent price pressures. This was reflected in the Personal Consumption Expenditures (PCE) inflation rate of 2.5 percent and the Core PCE inflation rate of 2.8 percent, both remaining above the Federal Reserve's 2.0 percent target. In response, the U.S. Federal Reserve during the meeting in March 2025 decided to maintain the policy rate at 4.25–4.50 percent and signaled a slowdown in the pace of monetary easing due to the inflationary impact of trade policies that could weigh on economic expansion.

The Eurozone economy expanded by 1.2 percent in the first quarter, unchanged from the previous one, primarily supported by the continued expansion of the services sector, as indicated by the Services Purchasing Managers' Index (PMI), which stood at 51.0, persisting above the 50-threshold for the fifth consecutive quarter. This performance was consistent with a robust labor market, evidenced by a historically low unemployment rate of 6.2 percent. However, the industrial sector remained subdued, with the Manufacturing PMI at 47.6, below the 50.0 mark for the 11th consecutive quarter. The contraction of the manufacturing sector was partly attributed to elevated energy costs, which have disproportionately impacted industrial-based economies such as Germany and Austria[10]. Moreover, changes in U.S. trade policy—particularly the imposition of higher import tariffs on steel and aluminum—exerted additional pressure on consumer sentiment across the region. Despite these challenges, inflationary pressures continued to ease, approaching the European Central Bank's (ECB) 2.0 percent target. However, the overall pace of economic recovery remained sluggish, partly due to the adverse effects of ongoing U.S. trade barriers. In response, the ECB proceeded with further policy rate cuts to further support economic recovery[11]. Concurrently, fiscal policy measures were employed to foster long-term growth, notably through the implementation of the 750 billion Euro NextGenerationEU (NGEU) investment program, alongside national stimulus initiatives such as Germany's domestic economic support measures[12].

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8 Consumer confidence in the United States, Japan, South Korea and Taiwan in the first quarter averaged 64.5, 34.2, 93.3 and 72.3, down from 72.1, 35.5, 96.9 and 75.7 in the previous quarter, the lowest in 7 quarters, 8 quarters, 7 quarters and 4 quarters, respectively.

9 The acceleration of imports resulted in a trade deficit of USD 430 billion in the first quarter of 2025, the highest on record.

10 The German economy, the eurozone's largest economy, contracted by 0.2 percent (%YoY) in the first quarter of 2025, marking the seventh consecutive quarter of decline.

11 At its meetings on January 30, 2025 and March 6, 2025, the European Central Bank decided to reduce the policy interest rate by 0.25 percentage points on both occasions, resulting in the Refinancing Operations Rate, the Marginal Lending Facility Rate, and the deposit rate that commercial banks of each country deposit with the Central Bank at the end of March 2025 to 2.65 percent, 2.90 percent, and 2.50 percent, respectively, while the headline and core inflation rates were 2.3 percent and 2.6 percent, respectively, compared to 2.2 percent and 2.7 percent in the previous quarter.

12 The German government has announced a 500 billion Euro fiscal stimulus plan over 12 years, covering infrastructure development, productivity upgrades, and investment in the environment and ecosystem. The German government has also amended the constitution to increase the fiscal deficit ceiling to 3.5 percent of GDP.

The Japanese economy expanded by 1.7 percent, compared to 1.3 percent in the previous quarter, supported by stronger domestic demand, which rose by 2.4 percent from 1.0 percent in the prior quarter. Private consumption grew by 1.6 percent, driven by rising wages, while private investment rebounded by 2.9 percent following a 1.5 percent contraction in the previous quarter, in line with solid business performance. The labor market remained tight, reflected in a stable unemployment rate of 2.5 percent, unchanged from the previous quarter. However, overall economic growth remained modest, partly due to a surge in imports ahead of the U.S. tariff hike, which led to a trade deficit of 9.9 billion USD in the first quarter—the highest in two quarters. Price pressures persisted, with headline inflation rising to 3.8 percent from 2.9 percent in the previous quarter, marking the highest level in nine quarters. In response, the Bank of Japan, at its meeting on January 24, 2025, decided to raise the policy interest rate from 0.25 percent to 0.5 percent. Subsequently, at the March 19, 2025 meeting, the Bank maintained the rate at 0.5 percent to support economic expansion and hedge against risks stemming from global economic and trade uncertainties.

The Chinese economy expanded by 5.4 percent, maintaining the same pace as the previous quarter. This growth was primarily propelled by the continued implementation of economic stimulus measures[13], which led to a notable improvement in domestic demand, particularly in private consumption and investment. This was reflected in retail sales growth, which accelerated by 4.9 percent, rising from 3.8 percent in the previous quarter, the highest rate in five quarters. Likewise, fixed asset investment grew by 3.1 percent, up from 2.3 percent in the prior quarter, marking the strongest growth in ten quarters, underpinned by incremental investment in manufacturing and high-tech innovation. This momentum aligned with the expansion of industrial production and exports ahead of the enforcement of recent U.S. trade barriers. Consequently, the value of total exports in the first quarter grew by 5.8 percent, continuing from a 9.9-percent increase in the preceding quarter. Industrial production also gained robust momentum, expanding by 7.7 percent, up from 5.6 percent, the highest level since June 2021. Nevertheless, the Chinese economy continues to grapple with persistent deflationary pressures, as evidenced by the consumer price index (CPI), which stood at (-0.1) percent, down from 0.2 percent in the previous quarter, the lowest in five quarters. Consumer confidence remained sluggish, staying below the threshold of 100 for the eleventh consecutive quarter. In response to these conundrums, the People's Bank of China maintained its policy interest rate to ensure sufficient liquidity within the financial system to support economic growth, amid rising uncertainties stemming from U.S. trade policy.

The Newly Industrialized Economies (NIEs) illustrated positive growth, except for South Korea. In the first quarter, **South Korea's economy** contracted by 0.1 percent, down from a 1.2-percent expansion in the previous quarter, marking the lowest growth in 17 quarters. This contraction was primarily attributed to domestic political turmoil[14], which undermined consumer confidence and led to a slowdown in private consumption. In contrast, **Taiwan and Hong Kong's economies** experienced robust growth, expanding by 5.4 percent and 3.1 percent, accelerating from 2.9 percent and 2.4 percent in the previous quarter, making the highest growth rates in four and five quarters, respectively. These expansions were largely driven by a surge in exports as producers expedited shipments ahead of the implementation of U.S. trade barriers[15]. Nonetheless, domestic consumption showed signs of deceleration[16], reflecting heightened consumer concerns stemming from international trade policy uncertainties. **Singapore's economy** grew by 3.8 percent, a deceleration from the 5.0 percent in the previous quarter and the slowest pace in three quarters. This growth was mainly due to a downturn in manufacturing and exports[17]. Meanwhile, inflation rates edged up slightly, primarily owing to rising food prices during the Lunar New Year holiday. However, inflation rates remained within the range of monetary policy targets. As a result, most central banks maintained their policy interest rates to preserve economic stability. The notable exception was the Bank of Korea, which lowered its policy rate from 3.0 percent to 2.75 percent to stimulate the weakened economy amid mounting domestic and external risks.

The ASEAN economies continued to expand, supported by robust export performance and resilient domestic consumption. The economies of Indonesia, Malaysia, the Philippines, and Vietnam expanded by 4.9 percent, 4.4 percent, 5.4 percent, and 6.9 percent, respectively, compared to 5.0 percent, 4.9 percent, 5.3 percent, and 7.6 percent in the previous quarter. Meanwhile, inflation rates have continued to decline and returned to the respective monetary policy target ranges. As a result, most central banks in the ASEAN region maintained their policy interest rates during the first quarter. An exception was Bank Indonesia, which decided to reduce its policy rate from 6.00 percent to 5.75 percent at its January 15th, 2025, meeting, aiming to stimulate economic activity amid signs of slowing growth and historically low inflation, which had fallen below the monetary policy target range[18].

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[13] More details in *"Box: Key stimulus measures for China's economy in 2025"*

[14] South Korea's political landscape in 2025 has been marked by severe volatility. The crisis was set in motion by a pivotal event on December 14, 2024, when President Yoon Suk-yeol was removed from office after unilaterally declaring martial law without the consent of the Cabinet—an act that constituted a grave breach of democratic principles. Subsequently, on April 4, 2025, the Constitutional Court ruled in favor of his impeachment, formally stripping him of the presidency. This unprecedented decision triggered the dissolution of the National Assembly and the scheduling of a presidential election, which is set to take place on June 3, 2025.

[15] The export value in US dollars in the first quarter of Taiwan and Hong Kong's economies expanded by 17.5 percent and 10.9 percent, accelerating from 9.1 percent and 3.6 percent, respectively.

[16] Private consumption in the first quarter of Taiwan and Hong Kong's economies expanded by 1.2 percent and contracted by 1.2 percent, slowing from a 2.5-percent expansion and a 0.2-percent decline, respectively.

[17] Singapore's export value in US dollar terms in the first quarter expanded by 2.9 percent, slowing from 6.4 percent in the previous quarter and the lowest in six quarters, while the industrial production expanded by 4.7 percent, down from 6.5 percent in the previous quarter.

[18] In the first quarter of 2025, average inflation rate of Indonesia was at 0.6 percent, declining from 1.6 percent in the previous quarter, marking the lowest level on record.

Real GDP and Exports of Key Economies

(%YoY)	GDP						Exports of Goods (USD)									
	2022	2023	2024			2025	2565	2566	2567			2568				
	Year	Year	Q3	Q4	Year	Q1	Year	Year	Q3	Q4	Year	Q1	Jan	Feb	Mar	Apr
US	2.5	2.9	2.7	2.5	2.8	2.0	18.7	-2.1	2.7	1.1	1.9	3.6	2.5	1.3	6.7	
Eurozone	3.6	0.5	1.0	1.2	0.8	1.2	5.1	2.0	3.2	0.3	0.5	4.7	-2.1	2.6	13.1	
United Kingdom	4.8	0.4	1.2	1.5	1.1	1.3	13.7	3.4	5.1	1.7	3.5	2.8	-0.6	2.2	6.8	
Australia	4.1	2.0	0.8	1.3	1.1		19.9	-9.9	-5.0	-6.2	-8.3	-6.6	-10.6	-11.6	2.0	
Japan	0.9	1.4	0.8	1.3	0.2	1.7	-1.2	-4.0	1.4	-0.1	-1.4	5.0	0.3	10.0	4.5	
China	3.1	5.4	4.6	5.4	5.0	5.4	5.6	-4.7	5.9	9.9	5.8	5.8	6.0	-3.0	12.4	8.1
India	7.0	8.8	5.6	6.2	6.7		14.6	-4.8	-3.4	3.0	2.6	-4.4	-2.6	-11.1	0.7	9.0
South Korea	2.7	1.4	1.5	1.2	2.0	-0.1	6.1	-7.5	10.5	4.2	8.1	-2.2	-10.1	0.7	2.8	3.7
Taiwan	2.7	1.1	4.2	2.9	4.6	5.4	7.4	-9.8	8.0	9.1	9.8	17.5	4.4	31.4	18.6	29.9
Hong Kong	-3.7	3.2	1.9	2.4	2.5	3.1	-9.3	-7.8	8.3	4.1	9.1	11.5	0.5	16.0	19.2	
Singapore	4.1	1.8	5.7	5.0	4.4	3.8	12.7	-7.7	8.1	6.4	6.2	3.0	1.2	5.5	2.7	25.2
Indonesia	5.3	5.0	4.9	5.0	5.0	4.9	26.1	-11.3	6.5	8.0	2.3	6.9	4.6	13.9	3.2	
Malaysia	9.0	3.5	5.4	4.9	5.1	4.4	17.6	-11.1	12.1	14.6	5.6	10.9	5.4	13.9	13.6	
Philippines	7.6	5.5	5.2	5.3	5.7	5.4	6.5	-7.5	-2.4	-5.2	-0.5	5.7	6.3	4.8	5.9	
Vietnam	8.5	5.1	7.4	7.6	7.1	6.9	10.6	-4.6	15.8	10.8	14.4	10.5	-4.1	25.7	14.5	19.7

Source: CEIC, compiled by Office of the National Economic and Social Development Council

4. The World Economic Outlook for 2025

The global economy in 2025 is projected to decelerate relative to 2024, primarily as a consequence of heightened U.S. trade protectionism and ensuing retaliatory measures from key trading partners, notably China, the European Union, and Canada. The direct imposition of such barriers is anticipated to significantly dampen economic activity in both the United States and China, with spillover effects reverberating through highly integrated supply chains—particularly impacting emerging Asian economies and ASEAN countries. In addition, the implementation of import tariffs by major economies will elevate the cost of imported goods worldwide, accelerating inflationary pressures that may prompt the US Federal Reserve and some major central banks to delay easing monetary policies more than expected in the base case scenario. Concurrently, persistent geopolitical conflicts in various regions will exacerbate policy uncertainty, undermining investor confidence and prompting a shift toward low-risk “safe-haven” assets. This reallocation of capital is likely to engender volatility in international capital flows and exert additional pressure on exchange rates across diverse economies.

The economic outlook and global trade in the next period will largely depend on the outcomes of ongoing trade negotiations between the United States, China, and other major trading partners, which will affect the intensity of the enforced trade barriers, especially the tariffs imposed by the United States and China on each other, including the enforcement of U.S. reciprocal tariffs against most countries, including measures for specific products (Sectoral Tariff)[19]. Although there is still a high level of uncertainty at present which could lead to the outlook of both individual countries and global economies to be different from what is projected in the baseline scenario. For forecasting purposes, assumptions must be established based on current international trade policies. **The baseline scenario is constructed under the following assumptions**: (1) U.S. trade protection and countermeasures from other countries will be enforced at the current level (as of May 12th, 2025) until the end of the second quarter. (2) From the third quarter, it is expected that trade barriers from both the United States and trading partners will change according to the results of trade negotiations, as follows; (2.1) U.S. tariffs on Chinese goods will be increased to 54 percent after the 90-day deadline, while tariffs on Canadian and Mexican goods will remain at 25 percent, except for products under USMCA, and Canadian energy products. Reciprocal tariffs will be applied at half the rate announced on April 2nd, 2025, and 10 percent for other countries that have not specifically imposed reciprocal tariffs. (2.2) US product-specific tariffs will remain at the current levels for the rest of 2025. (2.3) China's countervailing tariffs on US imports will be increased to 34 percent after the 90-day deadline, while other export and investment controls, such as rare earth export controls, will remain. Canada's tariffs on US imports will remain at the current level of 25 percent.

In addition, the global economy in 2025 will continue to confront risks from geopolitical conflicts, especially in the Middle East, which may affect energy supply, logistics and maritime transport costs, as well as the ongoing conflict between Russia and Ukraine, and the conflict between India and Pakistan, which may severely affect the South Asian economy. However, under the baseline assumption, such conflicts are not expected to escalate to the point that they would significantly impact the global economy and merchandize trade. Under such assumptions, the global economy and trade volume are expected to expand by 2.6 percent and 1.8 percent, respectively, slowing down from 3.2 percent and 3.4 percent in 2024, and downwardly revised from 3.0 percent and 3.0 percent in the previous estimate, respectively. The details of the economic outlook for each country are as follows:

[19] More details on tariffs in *“Box: US trade barriers and countermeasures from major countries”*

The U.S. economy is projected to expand by 1.7 percent in 2025, slowing down from 2.8 percent in 2024 and a downward revision from 2.4 percent in the previous estimation. This deceleration is primarily attributed to heightened economic policy uncertainty[20], particularly trade protectionism measures that have increased import costs. These developments may negatively impact domestic consumption and disrupt production supply chains. This is reflected in the Consumer Sentiment Index fell to 52.2 in April 2025, down from 57.0 in the previous month, marking the lowest level since August 2022. Similarly, the Services Purchasing Managers' Index (PMI) declined to 50.8 from 54.4, reaching a 17-month low. Meanwhile, the manufacturing sector continues to face headwinds due to retaliatory trade measures by China and Canada. As a result, the Manufacturing New Orders Index stood at 47.2 in April 2025, remaining below 50 for the third consecutive month. Likewise, the Manufacturing Export New Orders Index declined to 43.1, its lowest level in 59 months. The rise in import costs is expected to intensify inflationary pressures, prompting the U.S. Federal Reserve to delay further reductions in its policy interest rate[21]. Nevertheless, the economy continues to receive support from income tax reduction measures[22] and a resilient labor market[23], both of which are expected to help sustain domestic consumption.

The Eurozone economy is projected to grow by 0.8 percent in 2025, unchanged from 2024, but revised downward from the previous forecast of 1.0 percent. This adjustment reflects the continued weakness in exports and the manufacturing sector, largely due to the impact of trade protectionist measures. The Manufacturing Purchasing Managers' Index (PMI) remained at 49.0 in April 2025, staying below the neutral 50.0 threshold for the 34th consecutive month, signaling ongoing contraction. Private sector sentiment also deteriorated, as indicated by declines in both the Consumer Confidence Index and the Economic Confidence Index, which fell to –16.7 and 93.6, respectively, in April 2025, down from –14.5 and 95.0 in the previous month, which are the lowest levels in 17 months and 4 months, respectively. Despite these headwinds, the Eurozone economy continues to receive support from a robust labor market and moderate inflationary pressures, particularly in energy and service prices, which have begun to ease. As a result, inflation has reached a record low, prompting the European Central Bank to maintain an accommodative monetary policy stance[24].

The Japanese economy is expected to grow by 0.6 percent in 2025, recovering from 0.2 percent in the previous year but a downward revision from the previous estimate of 1.0 percent. The improvement is supported by a rebound in domestic demand, particularly private consumption, which is expected to be driven by an increase in real income. This follows the outcomes of the fourth round of the annual Shunto wage negotiations, with an average wage hike of approximately 5 percent, and additional support from rising revenues from inbound tourism. Nevertheless, Japan's economy is expected to face headwinds from the U.S.' higher import tariffs, particularly targeting the automotive and auto parts industries, which are key export sectors of Japan. Inflationary pressures also remain elevated, exceeding the monetary policy target, due to persistently high prices in food and energy categories, especially after the discontinuation of electricity subsidies since March 2025. At the meeting on May 1st, 2025, the Bank of Japan decided to maintain its policy interest rate at 0.5 percent, citing concerns over the impact of global trade tensions. Moreover, the economy continues to face risks of accelerating inflation and persistent depreciation of the yen.

The Chinese economy is projected to grow by 4.0 percent in 2025, down from 5.0 percent in 2024 and revised downward from a previous forecast of 4.4 percent. This deceleration is largely attributed to intensifying global trade policy pressures, particularly the continued imposition of trade protectionist measures by the United States, in tandem with China's protracted retaliatory responses, both tariff and non-tariff[25]. Hence, export of goods, especially to the U.S., as well as industrial production in the second half of 2025, are expected to diminish. Nevertheless, total export value in April 2025 still recorded growth of 8.1 percent, exports to the United States contracted sharply by 21.0 percent. Similarly, the Manufacturing Purchasing Managers' Index (PMI) for April dropped to 49.0 from 50.5 in the previous month. The Manufacturing New Order Index also declined significantly to 44.7, marking a 28-month low, in line with a 0.2-percent contraction in import value, the third consecutive monthly decline. Amid a deceleration in exports and persistent domestic overcapacity, China's economy remains at heightened risk of slipping into a deeper deflationary spiral. The consumer price index in April remained at (-0.1) percent for the second consecutive month, extending a three-month streak of deflation. The property sector continues to encounter headwinds due to the persistent decline in housing prices[26], while the labor market remains tight[27], exacerbated by growing uncertainty among businesses regarding international trade policy, thereby weakening both consumer and

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[20] Additional Details in *"Box: U.S. Trade Protection Measures and Countermeasures from Major Countries"*

[21] At the FOMC meeting held on May 6–7, 2025, the members unanimously voted to maintain the federal funds rate within the range of 4.25 - 4.50 percent, marking the third consecutive unchanged decision.

[22] The U.S. Congress is expected to extend the provisions of the Tax Cuts and Jobs Act, originally enacted in 2017, and a discussion of making certain components of the law permanent. This includes reducing the corporate income tax rate to 15 percent which would significantly lower the tax burden for both individuals and the private sector.

[23] The U.S. labor market continues to face significant risks stemming from stricter immigration enforcement measures and reductions in the federal workforce, both of which are likely to exert mounting pressure on labor market conditions going forward.

[24] The European Central Bank cut its policy interest rate by 0.25 percentage point at its meeting on April 17, 2015, the sixth consecutive cut.

[25] More details in "*Box: US trade barriers and countermeasures from major countries*"

[26] China's Resale Home prices in April 2025 fell by 7.2 percent, compared with a 7.3 percent decline in the previous month.

[27] Research released by Goldman Sachs on April 27, 2025, indicated that the United States' imposition of a 145 percent tariff on Chinese imports could result in approximately 16 million job losses in China. The impact would be particularly severe in the manufacturing sector, notably among workers involved in the production of telecommunications equipment, apparel, and chemical products—industries heavily reliant on exports to the U.S. market.

business confidence. Consequently, private consumption and investment are likely to decelerate further. To alleviate the repercussions of trade barriers, the Chinese government has initiated large-scale economic stimulus measures, coupled with an ongoing accommodative monetary policy stance aimed at revitalizing domestic demand[28]. However, these policy efforts have given rise to structural vulnerabilities, particularly concerning fiscal sustainability amid rising public debt levels. Accordingly, Fitch Ratings has downgraded China's long-term foreign currency credit rating[29].

The Newly Industrialized Economies (NIEs) are projected to experience a slowdown in 2025, primarily due to heightened international trade policy uncertainties, which led to decelerations in exports and industrial production, driven by weakening external demand and a broader global economic deceleration, particularly in China and the United States[30]. Meanwhile, domestic demand remains vulnerable to downside risks, stemming from uncertainties over the direction of economic policy following national elections in South Korea and Singapore. Notwithstanding, currency appreciation pressures, coupled with a continued downward trajectory in inflation[31], are expected to prompt a more accommodative monetary policy stance by central banks[32]. For 2025, **Taiwan, Hong Kong, Singapore, and South Korea's economies are estimated to expand by 2.9 percent, 1.5 percent, 1.8 percent, and 1.0 percent,** slowing from 4.6 percent, 2.5 percent, 4.4 percent, and 2.0 percent in the previous year, and downward revisions from previous forecasts of 2.5 percent, 2.5 percent, 2.5 percent, 2.2 percent, respectively.

The Indian economy is projected to expand by 6.2 percent, moderating from 6.7 percent in the previous year and revised downward from the earlier estimate of 6.5 percent. The revision reflects the anticipated impact of trade protectionist measures imposed by the United States, which are expected to affect merchandise exports. In addition, escalating tensions between India and Pakistan are likely to dampen domestic economic activities. Nevertheless, India's economy will continue to be supported by the implementation of personal income tax reductions during FY2025–2026[33], which is expected to stimulate consumption, particularly among the middle-income population segment, accounting for approximately 30 percent of the total population. Further support will stem from the continued decline in inflationary pressure, as well as favorable agricultural output prospects[34].

The ASEAN economies are projected to experience a slowdown, following a decline in exports due to the US trade protectionist measures and the broader deceleration in global economic and trade activities, which will likely weigh on industrial production[35] and domestic demand. Headline inflation has moderated and returned to within the monetary policy target ranges, prompting most central banks to delay further policy rate reductions[36]. The economies of Indonesia, Malaysia, the Philippines, and Vietnam are expected to expand by 4.4 percent, 3.8 percent, 5.2 percent, and 4.8 percent, respectively—slower than the growth rates of 5.0 percent, 5.1 percent, 5.7 percent, and 7.1 percent recorded in the previous year. These projections have been revised downward from previous estimates of 4.8 percent, 4.2 percent, 5.8 percent, and 6.0 percent, respectively.

[28] More details in *"Box: Key stimulus measures for China's economy in 2025"*

[29] On April 3, 2025, Fitch Ratings downgraded China's Long-Term Foreign-Currency Issuer Default Rating from A+ to A. The revision reflects mounting concerns over the country's rapidly rising public debt-to-GDP ratio amid a transitional phase in its economic development. This deterioration is occurring against the backdrop of weakening domestic demand, escalating tariffs, intensifying deflationary pressures, and a widening fiscal deficit—all of which are expected to weigh on China's medium-term growth prospects. Fitch projects that China's public debt-to-GDP ratio will increase to 68.3 percent by the end of 2025 and 74.2 percent by the end of 2026, up from 60.9 percent at the end of 2024, and the ratio could surpass 80 percent by the end of 2029.

[30] South Korea, Singapore and Taiwan's manufacturing Purchasing Managers' Index (PMI) in April 2025 was 47.5, 49.6 and 47.8, down from 49.1, 50.6 and 49.8, and the lowest in 31 months, 23 months and 12 months, respectively.

[31] South Korea and Taiwan's inflation rates in April 2025 stood at 2.1 percent and 2.0 percent, compared with 2.1 percent and 2.3 percent in the previous month, respectively.

[32] On April 14th, 2025, the Monetary Authority of Singapore (MAS) implemented its second accommodative monetary policy in this year by reducing the pace of appreciation of the Singapore Dollar Nominal Effective Exchange Rate (S$NEER). This adjustment is expected to exert downward pressure on domestic interest rates, including the Singapore Overnight Rate Average (SORA). Meanwhile, on April 17th, 2025, the Bank of Korea maintained its policy interest rate at 2.75 percent.

[33] In India's FY2025 annual budget, the government implemented clear tax reforms aimed at stimulating domestic consumption and alleviating the tax burden on individuals. The personal income tax structure was revised such that individuals with annual income not exceeding 1.2 million rupees are exempt from tax liability. In addition, the standard deduction was increased to 75,000 rupees. Furthermore, the time frame for filing an Updated Return was extended from 2 years to 4 years, providing greater flexibility for taxpayers. These measures primarily aim to boost household income, encourage domestic spending, and support the momentum of economic recovery going forward.

[34] The India Meteorological Department forecasts rainfall in 2025 to be approximately 5 percent above the long-term average, marking the second consecutive year of above-average precipitation.

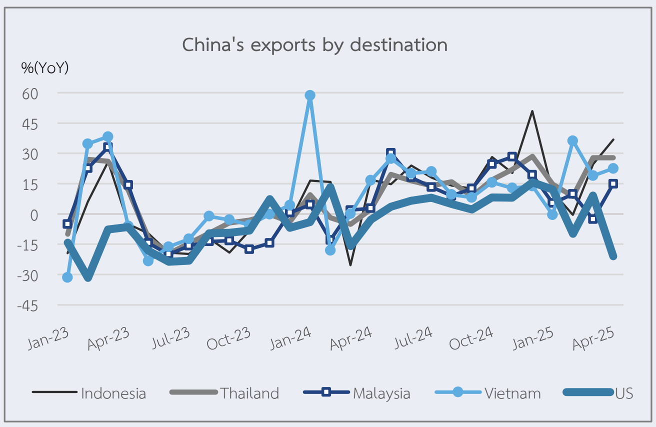
[35] In April 2025, the Manufacturing PMI in Indonesia, Malaysia, and Vietnam stood at 46.7, 48.6, and 45.6, respectively — the lowest levels in 44 months, 13 months, and 23 months.

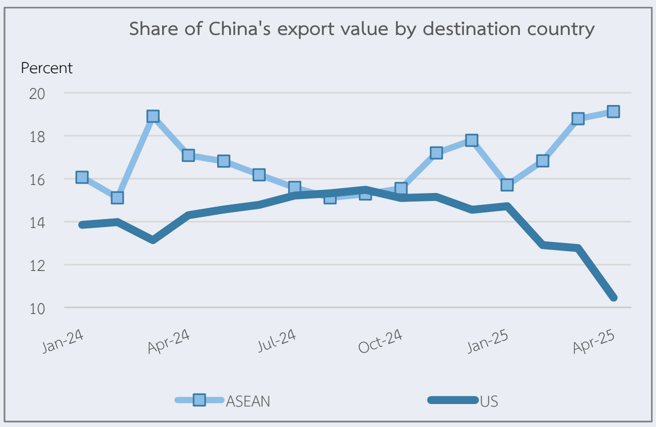
[36] The central banks of Indonesia and Malaysia, at their meetings on April 23 and May 8, 2025, respectively, maintained their policy interest rates at 5.75 percent and 3.00 percent. However, the central bank of the Philippines, at its meeting on April 10, 2025, decided to reduce the policy rate from 5.75 percent to 5.50 percent to support economic expansion.

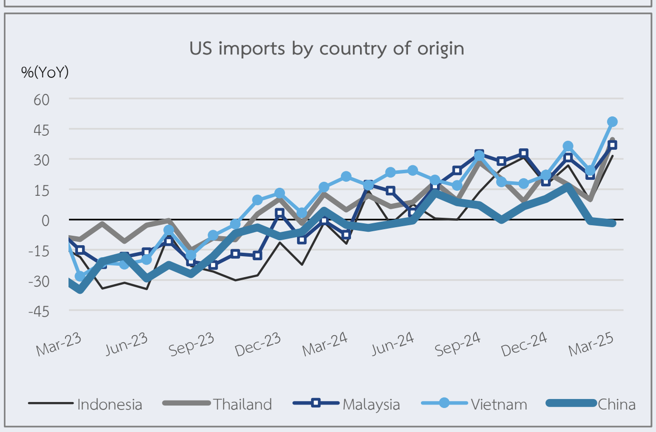
Rerouting of Chinese exports after US trade protection

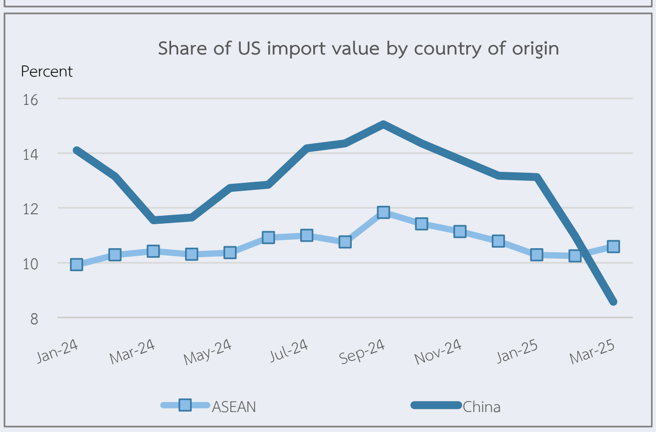
In early 2025, the United States implemented a series of tariff increases on Chinese imports, beginning with a 10 percent rate effective February 4. These tariffs were progressively raised throughout March and April, ultimately reaching 145 percent. In response, China imposed retaliatory tariffs of up to 125 percent on imports from the United States, effective April 12, 2025. Notably, on April 9, 2025, the United States announced a 90-day postponement in the enforcement of reciprocal tariffs on all trading partners except China. This selective application of trade barriers has created trade diversion effects, encouraging Chinese exporters to redirect shipments to alternative markets. ASEAN countries, in particular, have emerged as key destinations due to their relatively lower tariff exposure when exporting to the U.S.

According to the latest data from April 2025, China's total exports continued to grow at 7.9 percent, accelerating from 5.7 percent recorded in the first quarter. However, disaggregated by destination, exports to the United States contracted sharply by 21.0 percent in April, reflecting the ongoing trade tensions. While Chinese exports to other regions, particularly ASEAN countries, demonstrated robust expansion, export values to Singapore, Indonesia, Malaysia, Vietnam, and Thailand rose by 14.9 percent, 36.8 percent, 14.9 percent, 22.5 percent, and 27.9 percent, respectively. Consequently, the share of China's exports directed to ASEAN increased to 19.1 percent in April 2025, up from 18.8 percent in the previous month and 17.1 percent in April 2024. Within this grouping, Vietnam accounted for the largest share (5.4 percent), followed by Malaysia (3.0 percent), Thailand (2.9 percent), Singapore (2.6 percent), and Indonesia (2.5 percent). Meanwhile, the share of exports to the United States declined to 10.4 percent, down from 12.8 percent in March 2025 and 14.3 percent in April 2024, consistent with the broader trend of declining U.S. imports from China. In contrast, U.S. imports from ASEAN countries have been on the rise. These shifts partly reflect export re-routing prompted by elevated trade barriers between China and the United States, from which ASEAN countries have historically benefited. Looking ahead, however, the gains realized by ASEAN from trade diversion may diminish. The U.S. government has signaled a stricter enforcement of rules of origin, which could directly impact several ASEAN economies, including Thailand. Furthermore, the imposition of high U.S. import tariffs, coupled with a surge in Chinese exports—driven in part by the need to alleviate domestic overcapacity—may pose additional challenges for ASEAN exporters.









Source: CEIC

Key stimulus measures for China's economy in 2025

Date	Details
8 January 2025	
Fiscal Measures	**The National Development and Reform Commission (NDRC), in collaboration with the Ministry of Finance (MOF),** has expanded the criteria of the Consumer Goods Trade-in Program in 2025. The key details of the initiative are as follows: • The eligibility criteria for home appliances qualifying for government subsidies under the Consumer Goods Trade-in Program will be expanded from eight categories in 2024 to twelve in 2025, with the aim of boosting domestic consumption. The eligible appliance categories now include refrigerators, washing machines, televisions, air conditioners, computers, water heaters, cooktops, range hoods, water purifiers, dishwashers, rice cookers, and microwave ovens. Products in these categories will receive a government subsidy of 15 percent of the net product price, capped at 2,000 yuan per unit. Additionally, digital products, including mobile phones, tablets, and smartwatches, will be eligible for a 15 percent subsidy, with a maximum of 500 yuan per item. • The implementation period for the New Vehicle Trade-in Program will be extended into 2025, with the goal of stimulating domestic demand and accelerating the transition to new energy vehicles (NEVs). Under this program, the government will provide subsidies of up to 20,000 yuan for trading in NEVs and up to 15,000 yuan for internal combustion engine (ICE) vehicles. To qualify, traded vehicles must meet emission standards of China IV or below.
11 March 2025	
Fiscal and Financial Measures	**According to the annual session of the National People's Congress (NPC),** held from March 5 to 11, 2025, the Chinese government announced its economic policy direction aimed at supporting GDP growth in line with the 5.0 percent target for the year. The key policy highlights are as follows: • **The Ministry of Finance (MOF) of China** has raised the budget deficit ceiling to 4 percent of GDP, up from the previous year's target of 3 percent, marking the highest level since 1994. This measure is intended to stimulate domestic consumption and encourage private sector investment. • The issuance of long-term special treasury bonds will increase to 1.3 trillion yuan in 2025, up from 1.0 trillion yuan in the previous year. These funds will support the Consumer Goods Trade-in Program, aimed at enhancing consumer purchasing power and upgrading household consumption. In addition, the Ministry of Finance will issue 500 billion yuan in special bonds to recapitalize major state-owned banks and will expand the quota for special local government bonds to 4.4 trillion yuan, up from the previous year's target of 3.9 trillion yuan, in an effort to alleviate the debt burden of local governments. • **The People's Bank of China (PBOC)** will maintain an accommodative monetary policy stance, lowering its inflation target to 2.0 percent from 3.0 percent last year. This marks the first cut in over two decades, aimed at aligning inflation levels with current economic conditions.
7 May 2025	
Financial Measures	**The People's Bank of China (PBOC)** has introduced a set of monetary policy measures, which include the following: • The 7-day reverse repurchase rate has been reduced from 1.5 percent to 1.4 percent, effective May 8, 2025, to encourage lending activity and lower borrowing costs. • The central bank has expanded its quota for low-cost re-lending by an additional 300 billion yuan for technology and innovation-driven enterprises, 300 billion yuan for agriculture and small and medium-sized enterprises (SMEs), and 500 billion yuan to support consumption in the services sector and elderly care industries. • The required reserve ratio (RRR) for commercial banks has been cut by 0.50 percentage points to 6.2 percent, the first reduction since September 2024, injecting approximately 1 trillion yuan in liquidity into the financial system. This measure will take effect on May 15, 2025. • The RRR for auto finance companies and leasing firms has been reduced from 5 percent to 0 percent, with the aim of stimulating domestic automobile sales. • Interest rates for housing provident fund savings and first-home mortgage loans have been lowered by 0.25 percentage points to bolster housing demand and restore confidence in the real estate market. • The interest rate for first-home mortgages under the housing provident fund scheme has been cut to 2.1 percent for loans with terms of five years or less, and to 2.6 percent for loans exceeding five years.
Measures to stabilize capital markets	**The National Financial Regulatory Administration of China (NFRA)** has announced additional measures aimed at maintaining the stability of the money and capital markets. These efforts focus on expediting financial mechanisms aligned with the new model of real estate development, while also expanding a pilot program that allows insurance companies to increase their investments in the stock market by an additional 60 billion yuan. The initiative is intended to enhance market liquidity and reinforce investor confidence in the capital markets. **The China Securities Regulatory Commission (CSRC)** is poised to initiate support measures for A-share listed companies affected by U.S. tax policies. These measures will include share pledging, fundraising, and debt restructuring mechanisms. Additionally, the CSRC aims to attract high-quality Chinese companies—more than 286 of which are currently listed in the United States—to seek listings in Mainland China and Hong Kong.

Source: Compiled by NESDC as of 14 May 2025

5. The Thai Economic Outlook for 2025

The Thai economy is projected to moderate in 2025, decelerating from the pace observed in 2024. This slowdown is primarily attributed to weakened export performance, which is expected to be directly impacted by U.S. reciprocal tariffs and countermeasures from major trading partners, as well as indirectly affected by the broader slowdown in global economic activity and trade volume. Manufacturing production is also likely to come under pressure from higher imports and intensified price competition. These external uncertainties, particularly those related to global trade policy and economic measures, are expected to dampen investor confidence, thereby delaying the recovery of private investment. Additionally, structural constraints, including elevated levels of household and corporate debt, as well as vulnerability in the agricultural sector, especially volatilities in output and prices of key crops, continue to pose downside risks to economic growth. Nevertheless, the Thai economy remains supported by robust public investment, continued expansion in domestic consumption, and the sustained recovery of the tourism sector and associated service industries.

Supporting factors for the economic growth:

1) **The increase in fiscal support, particularly through public investment spending,** is in line with the expansion of the FY2025 annual budget framework and the carry-over budget, as follows: (1) The FY2025 annual budget framework was set at 3.685 trillion baht[37], increasing by 5.9 percent from the previous fiscal year. Based on the baseline assumption of disbursement rates, the overall disbursement rate for annual budget is anticipated at 91.2 percent, comprising 98.0 percent for current expenditure and 70.0 percent for capital expenditure. This is expected to inject approximately 3.36 trillion baht into the economy, rising by 5.2 percent from the prior year, and it can be broken down into 2.73 trillion baht in current expenditure (a 3.3 percent decline) and 626 billion baht in capital expenditure (an increase of 40.8 percent). (2) The FY2025 carry-over budget is set at 275 billion baht, the highest level since FY2020, and an increase of 70.6 percent from the previous fiscal year. This reflects delays in the FY2024 budget preparation process. The carry-over comprises 42.1 billion baht in current expenditure (a 56.9 percent increase) and 233 billion baht in capital expenditure (a 73.5 percent increase).

2) **The expansion of domestic consumption,** which continues to support overall economic growth, is primarily driven by increased spending in services and non-durable goods. This trend is reflected in a higher private consumption index, especially in services and non-durable goods, which increased by 7.8 percent and 0.7 percent during the first quarter of 2025, respectively. The consumption growth is underpinned by strong labor market conditions, where the unemployment rate was at 0.89 percent in Q1 2025, down from 1.01 percent in the same period of last year. Additionally, the number of non-agricultural jobs has risen, reinforcing household income stability. Moreover, inflationary pressures remain subdued, contributing to a low level of inflation[38]. This has enabled the continued implementation of accommodative monetary policy to further support economic activity.

3) **The continued recovery of the tourism sector is being driven by two key factors: (1) the upward trend in the number of foreign tourists.** Although the total number of inbound tourists during the first four months of 2025 (January–April) stood at 12.1 million, accounting for a 0.3-percent decline in the same period last year. However, the long-haul tourists significantly surged, notably from Russia rose by 14.4 percent, France by 21.4 percent, and Israel by a striking 91.1 percent. These stark increases are likely to surpass pre-pandemic levels[39], effectively offsetting the decline in short-haul tourists, particularly from China and Malaysia. Nevertheless, the growth in long-haul tourists is also expected to raise the average spending per capita of foreign tourists, thereby contributing to an increase in overall tourism revenue compared to the previous year. This positive trajectory is further supported by the expansion of flight routes and the ongoing implementation of tourism promotion campaigns. Noteworthy among these are the activities under the national "Amazing Thailand Grand Tourism & Sport Year 2025" initiative, as well as Thailand's hosting of the Southeast Asian (SEA) Games in December 2025. **(2) The sustained growth of domestic tourism,** particularly among travelers visiting primary cities. This momentum is partly attributed to the continued rollout of domestic tourism promotion programs[40].

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[37] Under the disbursement assumption for the central budget allocated for economic stimulus and strengthening the economic system, a total of 37 billion baht is designated for economic stimulus programs, while the remaining budget is expected to be allocated as capital expenditure, amounting to approximately 120 billion baht.

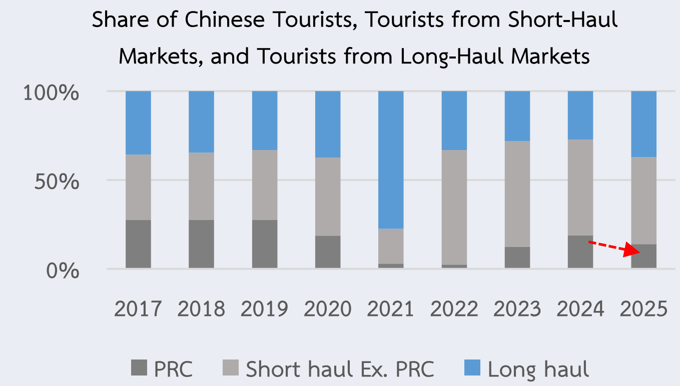
[38] On April 30, 2025, the Monetary Policy Committee decided to cut the policy interest rate by 0.25 percentage points, from 2.00 percent to 1.75 percent. Meanwhile, headline inflation in April 2025 registered at (-0.22) percent, marking a decline from 0.84 percent in the preceding month.

[39] The figure of tourists in 2025 from Russia, Germany, United Kingdom, France, Australia, Italy and Israel are anticipated to stand at 2.6 million, 1.0 million, 1.1 million, 1.0 million, 0.9 million, 0.3 million, 0.6 million, up from 1.7 million, 0.9 million, 0.9 million, 0.7 million, 0.8 million, 0.2 million, 0.3 million in the previous year, and accounting for 177.2 percent, 116.9 percent, 111.3 percent, 135.5 percent, 116.6 percent, 122.5 percent, 304.3 percent, respectively, compared to the same period in 2019, which was before the outbreak of COVID-19.

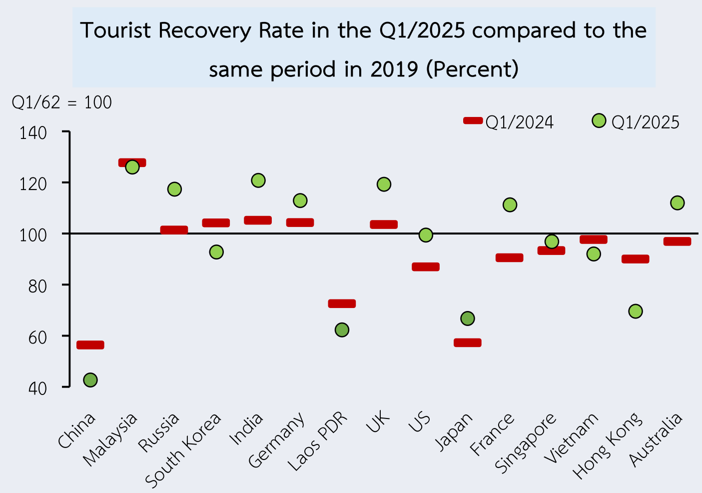
[40] such as the 43rd "Thailand Tourism Festival," the nationwide "Amazing Music Festival," and the "Amazing Food Festival," held across various provinces to stimulate travel during the off-peak (low) season. These initiatives are expected to further bolster the sustained expansion of the domestic tourism sector.

Trend of International Tourists Inflows to Thailand: Long-haul markets partially offset the decline in Chinese tourist arrivals.

In the first quarter of 2025, Thailand welcomed 9.549 million international tourists, representing 93.76 percent of the pre-COVID-19 level. This figure marked a 1.9-percent increase compared to the same period last year, although growth slowed from the 16.8 percent expansion recorded in the previous quarter. Of all international tourists, they were divided into two main groups:



(i) **Short-haul markets**[1]**,** including countries such as China, Malaysia, and India, accounted for 5.990 million arrivals, or 62.73 percent of total international tourists. This share was lower than the 67.88 percent recorded before the COVID-19 pandemic. Arrivals from this segment declined by 5.5 percent, compared to a 14.0-percent expansion in the previous quarter. The tourism revenue[2] from short-haul markets totaled 231 billion baht, representing 50.77 percent of total inbound tourism receipts, down from 69.96 percent before the COVID-19 pandemic. The revenue also declined by 7.7 percent, following a surge of 54.5 percent increase in the previous quarter.



Source: Ministry of Tourism and Sports, and CEIC; compiled by NESDC.

(ii) **Long-haul markets,** including countries such as Russia, Germany, the United Kingdom, and the United States, accounted for 3.559 million arrivals, or 37.27 percent of total international tourists. This was higher than the 32.12 percent share before the COVID-19 pandemic. Arrivals from this segment rose by 17.4 percent, following a 74.0-percent increase in the previous quarter. Revenue from long-haul tourists reached 224 billion baht, comprising 49.23 percent of total inbound tourism receipts, significantly higher than the pre-pandemic share of 30.04 percent. The revenue grew by 45.0 percent, following a 47.3-percent increase in the previous quarter. When comparing current international tourist arrivals by nationality to pre-COVID-19 pandemic levels, visitors from short-haul Asian markets, including China, Hong Kong, and South Korea, remained below the pre-pandemic levels and declined from 2024 figures. In contrast, long-haul markets such as Europe, the United States, and Australia saw arrivals surpass the pre-COVID-19 levels.

The findings indicate a continued increase in long-haul tourist arrivals, a group known for higher per-capita spending and longer stays in Thailand. This trend is especially evident among European visitors, including those from Germany (an increase of 8.3 percent), the United Kingdom (an increase of 15.4 percent), and France (an increase of 23.1 percent). These increases partially offset the decline in short-haul tourists from nearby Asian markets, particularly China (a decrease of 24.2 percent), Malaysia (a decrease of 1.3 percent), and South Korea (a decrease of 10.9 percent).

Meanwhile, there are a notable shift of travel pattern among Chinese tourists recently. In 2024, Thailand received 6.733 million visitors from China, reflecting an increase of 91.2 percent compared to the previous year. However, this growth represented a marked deceleration from the 1,187.1 percent expansion recorded in 2023. Consequently, the share of Chinese tourists among total international arrivals in Thailand declined to 18.94 percent, compared to 27.57 percent prior to the COVID-19 pandemic[3]. In the first quarter of 2025, the number of Chinese tourist arrivals reached 1.331 million, accounting for 13.94 percent of total international visitors. This proportion was significantly below the 28.49 percent recorded during the same period in 2019. Moreover, the number of arrivals represented a decrease of 24.2 percent year-on-year, following a 43.9-percent increase in the previous quarter.

[1] Short-haul international tourists refer to those from the Asia-Pacific region, while long-haul international tourists refer to those from Europe, the Americas, the Middle East, and Africa.

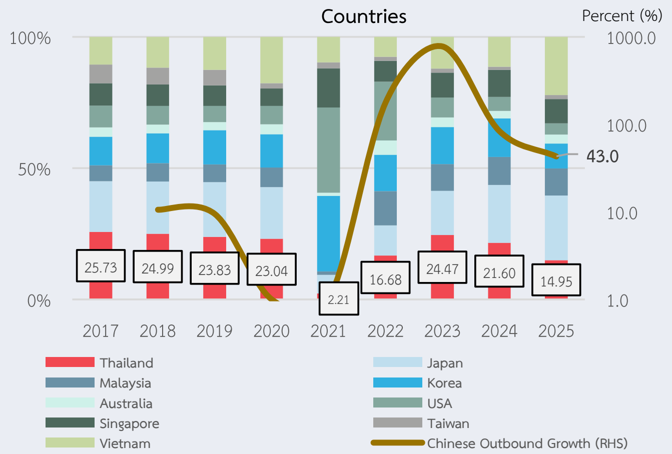
[2] Tourism revenue from international tourists is calculated based on the spending structure per capita and the average length of stay by tourist group, as provided by the Ministry of Tourism and Sports, combined with the value of inbound tourism services reported by the Bank of Thailand.

[3] The average share of Chinese tourists is based on data from the three years prior to the COVID-19 pandemic (2017–2019)

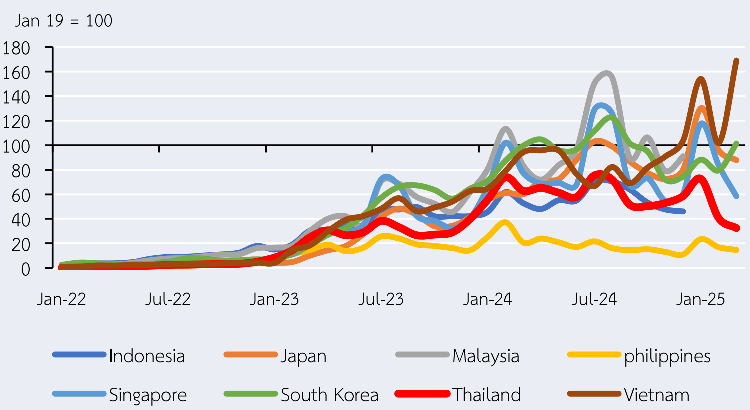
Trend of International Tourists Inflows to Thailand: Long-haul markets partially offset the decline in Chinese tourist arrivals. (cont.)

At the same time, outbound travel from China to nine key international destinations; including Japan, South Korea, Malaysia, Vietnam, Singapore, the United States, Australia, Taiwan, and Thailand continued to expand in the first quarter of 2025, reaching 10.64 million, representing a year-on-year increase of 46.1 percent. Among these, Vietnam attracted 3.12 million Chinese tourists (an increase of 250.3 percent), followed by Japan with 2.36 million (an increase of 78.1 percent), Malaysia with 1.07 million (an increase of 40.4 percent), and South Korea with 1.06 million (an increase of 4.1 percent). In contrast, Chinese tourist arrivals to Thailand declined to 1.33 million, a decrease of 24.2 percent. These figures suggest that although outbound travel from China has continued to rise, Thailand's relative share of Chinese tourists has declined. This trend underscores the need for an urgent strategic response from Thai authorities to restore Thailand's position as a preferred destination. Efforts should focus on rebuilding international tourist confidence by prioritizing safety and security, and ensuring the readiness of essential tourism infrastructure, including airport and flight capacity, immigration processes, physical infrastructure and public amenities, as well as the management of tourist areas and surrounding environments.

Share of Chinese Tourists Traveling to 9 Key Destination Countries



Number of Chinese Tourists by Destination Country Reflects the Decline in Travel to Thailand



Source: CEIC; compiled by NESDC

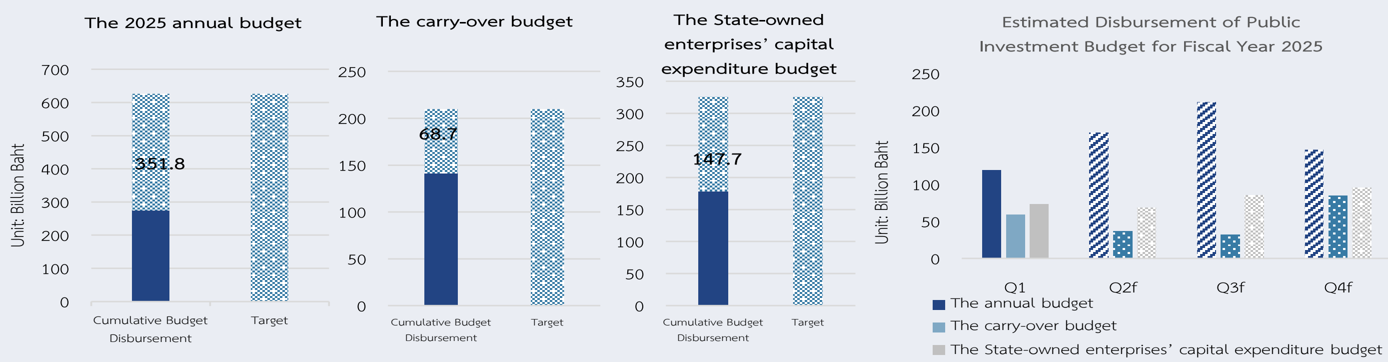
Top 10 Nationalities of International Tourists Visiting Thailand (%YoY Growth)	2023					2024					2025			
	Y	Q1	Q2	Q3	Q4	Y	Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.
All Nationalities	152.4	1211.9	306.8	96.5	48.1	26.3	43.5	26.3	21.1	16.8	1.9	22.2	-6.9	-8.8
- Asian and Pacific	170.5	2962.1	382.3	106.6	54.5	28.0	55.9	27.7	21.8	14.0	-5.5	22.1	-17.3	-18.4
- European	121	561.4	173.7	67.0	36.7	23.1	24.4	22.1	19.3	24.3	17.7	22.8	17.9	11.7
- American (Continant)	112.2	794.9	184.4	56.6	29.8	14.7	17.7	11.5	11.3	16.4	15.1	21.4	12.0	11.4
- Middle Eastern	85.8	334.6	80.2	87.6	42.3	23.6	14.2	37.1	21.7	19.1	15.2	12.7	-7.1	121.3
- African	83.1	489.0	147.9	63.5	21.8	36.8	21.2	29.4	38.1	50.4	27.6	48.3	19.7	14.4
- Chinese	1187.1	3665.2	2018.7	1074.2	711.2	91.2	239.5	81.8	72.8	43.9	-24.2	30.3	-44.9	-48.2
- Malaysian	137.4	12225.1	513.7	54.7	32.3	7.0	22.2	7.1	9.1	-6.1	-1.3	37.7	-16.6	-15.4
- Russian	240.8	1015.1	993.9	525.5	48.0	17.7	9.9	32.6	19.3	19.3	16.0	16.8	12.6	18.5
- Indian	63.2	1812.5	100.4	19.2	9.5	30.7	46.6	29.2	23.8	27.2	15.0	14.1	14.1	16.7
- South Korean	208.1	5384.5	534.6	133.2	57.9	12.6	26.5	17.1	4.2	4.1	-10.9	-6.1	-11.4	-17.6
- German	99.8	454.7	128.5	32.0	41.0	19.8	34.1	5.5	15.5	15.4	8.3	17.8	10.0	-1.0
- British	83.9	466.1	108.8	36.6	24.1	18.2	24.5	14.7	13.5	17.7	15.4	27.8	19.7	0.6
- American (US)	105	735.5	176.5	53.6	26.0	10.8	12.8	8.2	8.2	12.7	14.4	21.6	12.1	9.1
- Japanese	177.7	1764.5	287.8	138.0	68.7	30.4	57.6	28.8	17.7	24.9	16.7	17.8	15.4	17.2
- French	102.9	476.1	130.8	38.1	34.9	32.3	38.3	34.0	25.7	28.6	23.1	27.8	21.4	19.4

Long haul Short haul

Source : Ministry of Tourism and Sports

Public Investment: A Crucial Mechanism for Driving Thailand's Economy in 2025

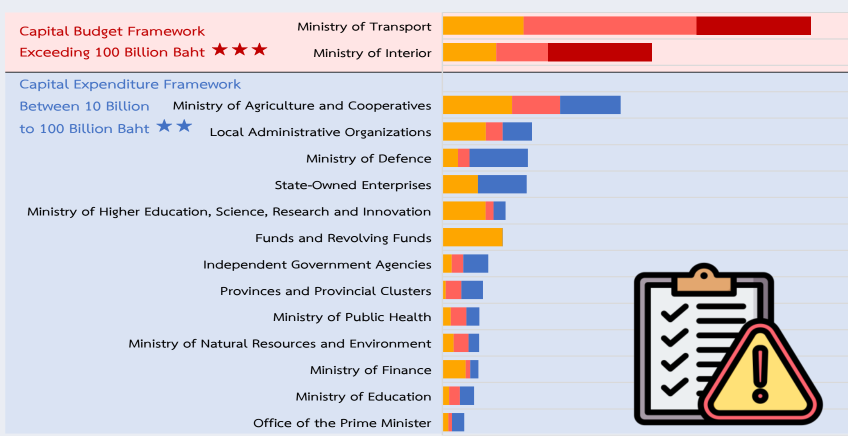
Public investment during the first half of fiscal year 2025 (October 2024 – March 2025) totaled a cumulative disbursement of 594 billion baht, equivalent to 51.1 percent of the annual disbursement target of 1.16 trillion baht. Disbursements from carry-over budgets and state-owned enterprise investment allocations proceeded in line with expectations. However, disbursement from the fiscal year 2025 budget reached only 43.8 percent of the target, with an actual disbursement rate of 30.7 percent of the total allocated budget. To maintain the momentum of economic growth, it is crucial to expedite public investment during the second half of the year, particularly by expediting disbursement from the 2025 annual investment budget. Strengthening public investment is essential to support economic momentum throughout the year. The Office of the National Economic and Social Development Council (NESDC) projects that, during the remainder of the year (April – December 2025), approximately 930 billion baht[1] in public investment will be injected into the economy, reflecting a 0.2-percent increase compared to the same period last year. This includes a 10.6-percent increase in disbursements from the annual budget and a 15.2-percent increase from carry-over budgets, while investment by state-owned enterprises is projected to decline by 21.7 percent. This growth potential should inspire optimism regarding our economic outlook.



source: GFMIS, State Enterprise Policy Office (SEPO), and NESDC

An assessment of investment budget disbursement in the first half of fiscal year 2025 among agencies with large investment allocations, particularly the Ministry of Transport and the Ministry of Interior, each with budgets exceeding 100 billion baht, reveals relatively low disbursement rates. The Ministry of Transport recorded a disbursement rate of 22.0 percent, while the Ministry of Interior reported 25.6 percent. These figures resulted in cumulative spending rates of 69.0 percent and 50.5 percent, respectively. Despite these performances, numerous agencies continue to report relatively low disbursement rates. This underscores the need for accelerated investment budget execution to ensure alignment with disbursement targets.

The 15 Agencies with the Highest Capital Expenditure Budget Allocations



Unit: Billion Baht

Agency	Cumulative Disbursement	Cumulative Disbursement Rate	Cumulative Spending	Cumulative Spending Rate	Total Budget
Capital Budget Framework Exceeding 100 Billion Baht ★★★					
Ministry of Transport	39.8	22.0%	124.6	69.0%	180.6
Ministry of Interior	26.3	25.6%	51.9	50.5%	102.8
Capital Expenditure Framework Between 10 Billion to 100 Billion Baht ★★					
Ministry of Agriculture and Cooperatives	34.2	39.1%	57.6	66.0%	87.3
Local Administrative Organizations	21.3	48.5%	29.5	67.4%	43.8
Ministry of Defence	7.6	18.1%	13.3	31.7%	41.9
State-Owned Enterprises	17.4	42.2%	17.4	42.2%	41.3
Ministry of Higher Education, Science, Research and Innovation	21.2	68.4%	25.1	81.1%	30.9
Funds and Revolving Funds	29.5	99.9%	29.5	99.9%	29.5
Independent Government Agencies	4.6	20.4%	10.2	45.5%	22.4
Provinces and Provincial Clusters	1.6	8.0%	9.3	47.0%	19.8
Ministry of Public Health	4.0	30.2%	11.8	65.1%	18.0
Ministry of Natural Resources and Environment	5.4	22.3%	12.7	70.8%	18.0
Ministry of Finance	11.3	64.3%	13.6	77.1%	17.7
Ministry of Education	3.3	21.3%	8.5	55.2%	15.4
Office of the Prime Minister	2.8	26.6%	4.7	43.7%	10.7

source: GFMIS

[1] Under the assumptions of government investment budget disbursement as follows: (1) the 2025 annual budget at a disbursement rate of 70.0 percent and in the first quarter of 2026 at a disbursement rate of 17.1 percent; (2) the budget reserved for disbursement in 2025 at a disbursement rate of 90.0 percent and in the first quarter of 2026 at a disbursement rate of 35.0 percent; and (3) the state enterprise budget at a disbursement rate of 85.0 percent.

Public Investment: A Crucial Mechanism for Driving Thailand's Economy in 2025 (cont.)

Provincial Investment Disbursement Performance in the First Half of Fiscal Year 2025 Regarding provincial-level investment budget disbursement, the first half of fiscal year 2025 saw an average disbursement rate of 47.1 percent. A majority of provinces (51 out of 77) reported disbursement rates below 50 percent. Among these, 19 provinces had disbursement rates below 40 percent, and seven provinces (Chiang Mai, Nakhon Ratchasima, Songkhla, Khon Kaen, Surat Thani, Ubon Ratchathani, and Chonburi) reported rates below 35 percent. Consequently, accelerating the disbursement of investment expenditures in provinces, particularly those with significant investment budgets, such as Chiang Mai, Nakhon Ratchasima, Songkhla, and Khon Kaen, is therefore essential. These efforts will be crucial not only for boosting local investment but also for sustaining national economic momentum.

Unit: Million Baht

	Capital Expenditure Budget	Disbursement (October 2024 - March 2025)	Cumulative Disbursement Rate
Chiang Mai	8,581.9	5,528.3	25.4
Nakhon Ratchasima	8,113.3	4,590.6	26.8
Songkhla	7,568.0	3,729.1	30.6
Khon Kaen	7,512.8	4,444.9	30.7
Surat Thani	6,738.6	2,466.0	31.1
Ubon Ratchathani	6,381.4	2,609.5	31.3
Chon Buri	6,124.2	2,734.8	34.4
Phra Nakhon Si Ayutthaya	6,064.3	2,211.9	35.4
Udon Thani	5,635.8	2,311.0	35.5
Nakhon Si Thammarat	4,954.2	2,294.5	35.8
Buri Ram	4,923.0	1,769.6	35.9
Lampang	4,675.2	2,127.3	36.0
Chiang Rai	4,240.1	2,083.6	36.2
Kanchanaburi	4,227.3	1,729.0	36.5
Surin	4,139.6	1,849.8	36.6
Roi Et	3,855.8	1,640.6	36.6
Sakon Nakhon	3,758.8	2,074.9	38.8
Loei	3,657.4	1,418.1	38.9
Chaiyaphum	3,638.2	2,204.7	39.8
Total	**220,889.2**	**104,078.7**	**47.1**

Source: GF-MIS

Risks and limitations to economic growth:

1) **Household and business debts remain high amid persistently stringent credit standards.** As of the fourth quarter of 2024, the household debt-to-GDP ratio stood at 88.4 percent, down from 91.3 percent in the same quarter last year, yet still higher than the pre-pandemic level of 84.1 percent in the same period in 2019. Simultaneously, loan quality has continued to deteriorate, particularly in personal consumer loans. The ratio of non-performing loans (NPLs) and special mention loans (SMLs) to total consumer loans reached 3.3 percent and 7.8 percent in the fourth quarter of 2024, up from 2.9 percent and 6.9 percent in the same period of the previous year, respectively. Likewise, the loan quality of small and medium-sized enterprises (SMEs) has shown a consistent downward trend. In the fourth quarter of 2024, NPL and SML ratios for SME loans remained elevated at 7.2 percent and 13.4 percent, compared to 7.2 percent and 11.8 percent in the same period last year, respectively. In the period ahead, SMEs are expected to be particularly vulnerable to the repercussions of escalating trade barriers, especially those integrated within global supply chains. Additionally, the influx of imported goods from countries unable to export to major economies due to protectionist policies may further weaken the financial standing of SMEs, aligned with the continued stringent credit standards maintained by financial institutions.

2) **Risks stemming from global economic and financial system volatility** require close monitoring and assessment, including: **(i) Uncertainty in U.S. economic policy and retaliatory measures from major trading partners,** which could adversely affect consumer and investor sentiment and may disrupt global supply chains if tensions escalate further; **(ii) divergence in monetary policy directions among major central banks:** differences in monetary policy responses could lead to increased exchange rate volatility in developing and emerging markets, as well as heightened global financial market fluctuations; **(iii) Prolonged and Escalating Geopolitical Conflicts:** notably, the ongoing tensions in the Middle East and the persistent conflict between India and Pakistan present risks of escalation, while the war between Russia and Ukraine remains unresolved; **(iv) Risks from China's economic slowdown** as domestic investment remains subdued due to high debt levels in the real estate sector. Additionally, the manufacturing sector continues to face challenges from industrial overcapacity, worsened by uncertainties surrounding U.S. trade protectionist measures; and **(v) Risks to economic stability in developing and emerging economies** which are intensified by the global economic and trade slowdown, combined with limited policy space and heightened financial and currency market volatility, particularly in countries with existing macroeconomic vulnerabilities, poses significant stability concerns.

3) **The imposition of trade protectionist measures by the U.S., including higher import tariffs or reciprocal tariffs applied to Thailand,** as well as product-specific duties could impact Thai export. Particularly, the 25 percent tariff on automobiles and auto parts could directly affect Thai exports, especially in the second half of 2025. Thai exports to the U.S. face significant risks due to potential declines in demand for several products, including agricultural and processed agricultural products, computers, electrical appliances and communication equipment, as well as automobiles and auto parts. Additionally, Thailand’s exports are expected to be adversely affected by reduced demand for products in the supply chains of countries facing trade restrictions from the U.S., especially China with key impacted sectors including automotive parts and computer components. Moreover, Thai exporters are likely to encounter heightened price competition from other key export competitors to the U.S., particularly those benefiting from lower import tariff rates compared to Thailand. At the same time, Thailand's industrial sector may experience increased import penetration from exporters in countries seeking to redirect surplus output, either due to reduced access to the U.S. market or in attempts to circumvent U.S. tariffs by avoiding direct exports to the U.S. These trade-related uncertainties are also expected to negatively impact private sector confidence and investment decisions, particularly in industries heavily reliant on exports to the U.S. or integrated into Chinese supply chains. Businesses in these sectors may opt to delay investment or consider relocating production bases out of Thailand.

4) **The agricultural sector is expected to experience volatility in both production and prices for major crops.** Despite an expected improvement in agricultural output in 2025, driven by more favorable weather conditions and adequate water availability[41], as well as the transition toward an ENSO-neutral climate pattern from mid-year onward, agricultural production remains exposed to price volatility. This increase in output poses a downside risk to agricultural prices. This is reflected in the agricultural price index, which declined by 1.0 percent in the first quarter of 2025, following a 7.2 percent increase in the previous quarter. Particularly, paddy rice prices dropped by 8.2 percent, following a 4.7 percent decrease in the prior quarter, marking the third consecutive quarterly decline. The outlook for rice prices remains subdued in 2025, aligned with global price trends, due to normalized production levels among major exporters such as India and Vietnam, which have contributed to rising global rice stockpiles. Similarly, prices of other key agricultural commodities have also decreased, including cassava (-41.2 percent), maize (-2.4 percent), and sugarcane (-21.8 percent)[42]. In the second half of 2025, rainfall is projected to exceed the long-term average, with a possible resurgence of the La Niña in the last quarter of 2025. This circumstance increases the risk of flooding, particularly in flood-prone lowland areas, which could adversely affect agricultural output and disrupt farming activities. In addition, further trade protectionist measures and heightened geopolitical tensions continue to pose significant risks, potentially driving up input costs for agricultural production. These developments may erode farmers’ incomes, especially in the context of falling crop prices and climate-related production risks.

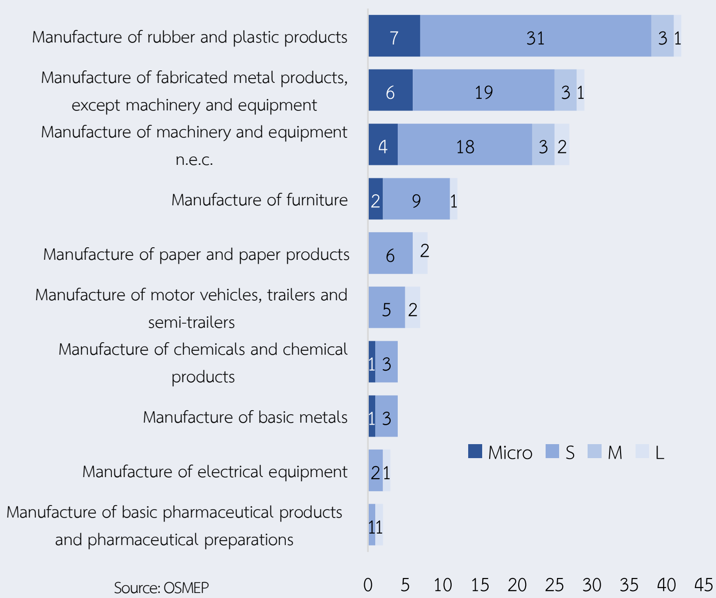
[41] As of May 16, 2025, the latest data on national reservoir levels indicate that the usable water volume across 35 major dams nationwide stands at 16.524 billion cubic meters, representing 23.30 percent of total storage capacity. This marks an 18.7 percent increase compared to the same period in the previous year.

[42] Cassava prices have declined due to an increasing volume of harvest entering the market. Meanwhile, domestic demand for maize used in animal feed production has weakened, exerting downward pressure on maize prices. Additionally, sugarcane prices have dropped in tandem with the decline in global sugar market prices.

The Impact of US and China Trade Policies on Thai SMEs

Trade protectionist measures imposed by the United States, along with retaliatory actions by its trading partners, are expected to significantly impact global trade volumes and the Thai economy. These effects are likely to materialize through both reduced exports and intensified price competition from imported goods, particularly from China, which is currently experiencing a slowdown in domestic demand. As a result, China has had to adjust its trade strategy by accelerating exports to alternative markets, including Thailand, to offset declining shipments to the U.S. market. This shifting situation is expected to affect domestic producers, especially small and medium-sized enterprises (SMEs). According to the Office of Small and Medium Enterprises Promotion (OSMEP), a total of 536 factories ceased operations in Thailand in 2024. Among these figure, 142 factories, accounting for more than 25 percent, were engaged in producing goods that closely resemble high-volume Chinese imports, such as rubber and plastic products and fabricated metal products (excluding machinery and equipment). In the first quarter of 2025 124 factories shut down, with 36 producing goods similar to Chinese imports. Furthermore, more than 75 percent of them were small and micro businesses. This trend reflects increasing pressure on Thai SMEs, which now face heightened competition amid constraints related to production costs, access to financial liquidity and technology, and their capacity to adapt in the current environment.

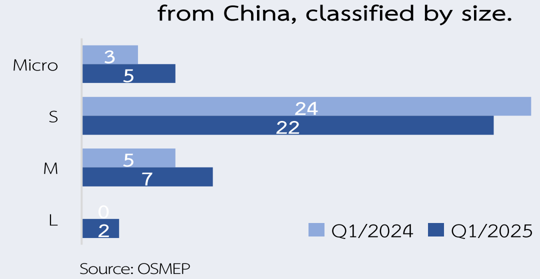
Top 10 types of factories that notified closures among the 142 Thai factories producing goods similar to imports from China in 2024.



Currently, Thai SMEs face significant constraints in accessing formal credit, stemming from structural issues such as information asymmetry between lenders and borrowers, insufficient collateral, and the limited role of capital markets in SME fundraising. In addition, the deteriorating quality of SME loans in the commercial banking system, reflected in the rising proportion of Special Mention Loans (SML) relative to total SME loans, has led financial institutions to tighten their lending criteria for SMEs. As a result, the funding structure of Thai SMEs has shifted. While in 2022, most SME financing still came from commercial banks, by 2024 a growing proportion of SMEs relied more heavily on informal sources, particularly personal networks such as friends and family. This situation highlights the growing financial vulnerability of SMEs, which continue to face challenges in both funding access and competitive capacity, particularly as price competition intensifies.

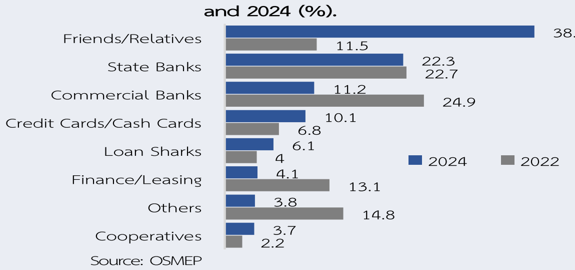
Notification of factory closures in Thailand in Q1 2025.

Number of factory closure notifications for factories producing goods similar to imports from China, classified by size.

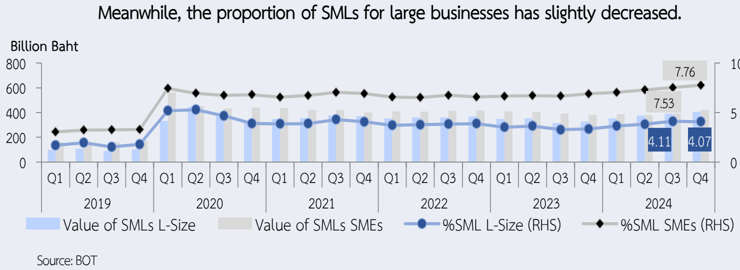


To address these challenges, government support should prioritize assisting SMEs who facing liquidity access difficulties, while simultaneously focusing on income generation, upgrading production capacity, and enhancing competitiveness. It is also critical to reduce barriers to finance by accelerating the establishment of **the National Credit Guarantee Agency (NaCGA)** to improve the efficiency of credit guarantee mechanisms. At the same time, this should be complemented by the expedited rollout of **the Your Data** initiative, which will serve as a key data infrastructure for NaCGA. Furthermore, the government should promote the role of alternative lenders, such as **non-bank financial institutions** and **fintech providers,** which can reach underserved segments that commercial banks are unable to support. This would help expand SME access to credit and improve overall liquidity conditions. Furthermore, the government should promote the role of alternative credit providers, such as non-bank financial institutions and fintech providers, who can reach underserved segments that commercial banks are unable to support. This would help expand SME access to credit and improve overall liquidity conditions.

Proportion of Funding Sources for Thai SMEs in Q4 of 2022 and 2024 (%).



The proportion of SMLs for SMEs tends to increase and remains at a high level. Meanwhile, the proportion of SMLs for large businesses has slightly decreased.



1 Chantavarn Sucharitakul. (2015), Financing SMEs to Enhance Thailand's Competitiveness.

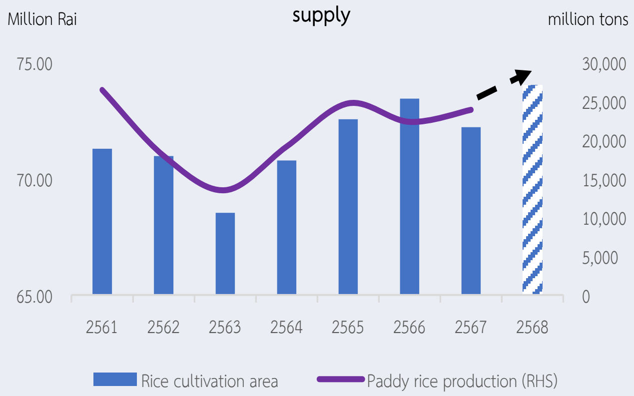
Current Trends in Thailand's Paddy and White Rice Production, Consumption, and Exports

In 2024, Thailand's rice production faced multiple challenges, primarily due to erratic weather conditions. The country entered an El Niño phase in the first half of the year, resulting in reduced rainfall and periods of drought that damaged rice yields in some areas due to water shortages. However, in the second half of the year, conditions shifted toward a La Niña phase, leading to increased cumulative rainfall and a rise in water levels in major reservoirs. According to data from the National Hydroinformatics Data Center, by the end of 2024, the water volume in 35 major reservoirs nationwide stood at 35.743 billion cubic meters, an increase of 7.8 percent from the previous year's 6.1-percent decline, and 26.7 percent higher than the five-year average (2019–2023). These improved water conditions supported a rebound in rice yields. Nevertheless, rice farming costs in Thailand remained elevated, driven by the high prices of fertilizers, pesticides, energy, and labor.

In 2024, Thailand's total rice cultivation area amounted to 72.223 million rai (approximately 115,557), representing a 1.7-percent decrease from the previous year. Despite the decline, this figure remained higher than the five-year average (2019–2023). As a result, Thailand produced 33.49 million tons of paddy rice, marking a slight decrease of 0.4 percent year-on-year growth. After milling, the yield translated into 21.77 million tons of milled rice[1], slightly below the 21.86 million tons recorded in the previous year. Domestic rice consumption reached 14.35 million tons of milled rice, increasing by 5.5 percent compared to a 7.4-percent rise in the previous year[2]. In contrast, rice exports totaled 8.6 million tons, a decline of 1.9 percent following a 13.7-percent surge in the prior year. Consequently, year-end rice stockpiles fell to 2.349 million tons. This number dropped by 32.7 percent from the previous year, which had already seen a 15.4-percent decrease, and also 41.5 percent lower than the five-year average (2019–2023).

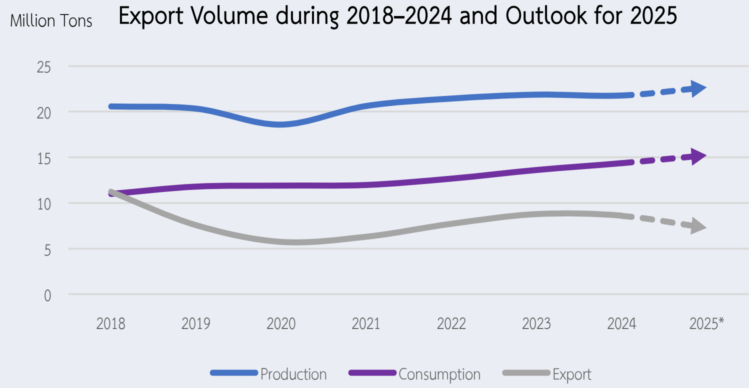
For 2025, the Office of Agricultural Economics (OAE) forecasts that Thailand's rice cultivation area will expand to 74.03 million rai (approximately 118,448), representing a 2.5-percent increase. This marks a recovery from a 1.7-percent contraction in the previous year and is 1.4 percent higher than the five-year average (2019–2023). As a result, total paddy rice production is projected to reach 34.87 million tons, reflecting a 4.1-percent year-on-year growth and a 5.2-percent increase compared to the five-year average. This is expected to result in 22.67 million tons of milled rice, which surpasses the 21.77 million tons recorded in the previous year and exceeds the five-year average of 20.71 million tons. Domestic rice consumption is expected to reach 15.21 million tons of milled rice, a 6.0-percent rise from the prior year, which recorded a 5.5-percent expansion. This level is also 22.8 percent higher than the five-year average[3]. In contrast, rice exports are expected to decline to 7.25 million tons, representing a 15.7-percent reduction, following a 6.1-percent decrease in the previous year. Despite this decline, the projected export volume remains 0.5 percent higher than the five-year average. As a result, year-end rice stockpiles are forecasted to increase to 2.65 million tons, indicating a 12.8-percent rise compared to the significant 32.7-percent contraction observed in the previous year. Nevertheless, this stock level still remains 34.0 percent below the five-year average.

Increase in rice cultivation area supports higher water supply



Source: Office of Agricultural Economics and calculations by NESDC

Thailand's Milled Rice Production, Consumption, and Export Volume during 2018–2024 and Outlook for 2025



Source: Office of Agricultural Economics and calculations by NESDC

[1] The milling ratio is 1:0.65

[2] Calculation by NESDC

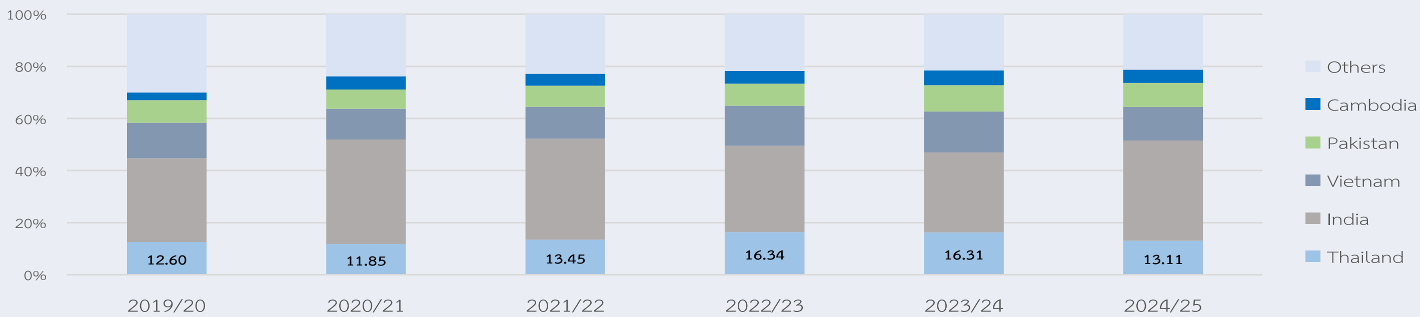
[3] Calculation by NESDC

Current Trends in Thailand’s Paddy and White Rice Production, Consumption, and Exports (cont.)

Based on the above information, domestic rice consumption in Thailand is projected to continue rising, supported by the recovery of the restaurant, hotel, and food processing sectors. However, according to estimates by the USDA Foreign Agricultural Service, Thailand's milled rice exports are expected to decline, despite an increase in global demand. The country’s share of global milled rice exports is projected to decrease from 16.31 percent in the 2023/24 production year to just 13.11 percent. One of the key contributing factors is India’s policy change, as the world’s leading rice exporter. On October 23, 2024, India removed its Minimum Export Price (MEP) requirement and lifted the 10.0 percent export tax on non-Basmati white rice (HS Code 10063090), including parboiled rice, brown rice, and husked rice. Additionally, Vietnam, the world’s third-largest rice exporter after India and Thailand, has been actively expanding its export markets through long-term trade agreements with key importers, such as the EU–Vietnam Free Trade Agreement (EVFTA).

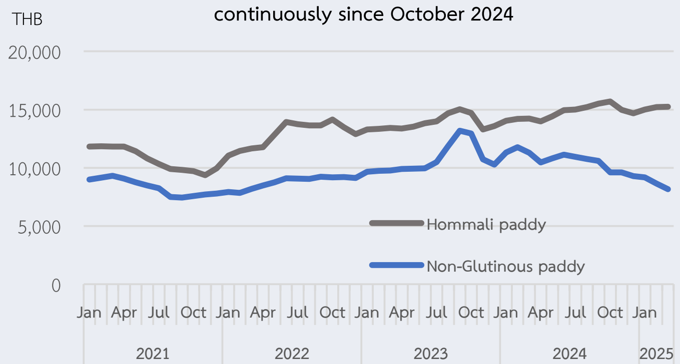
These developments have put downward pressure on rice prices both globally and domestically. According to data from the Federal Reserve Economic Data (FRED), the international price of milled rice in April 2025 was 402.68 USD per metric ton, representing a 29.4-percent decrease compared to the same period last year. Similarly, the domestic price of paddy rice with a moisture content of 15% sold at farm in March 2025 was 8,176.29 baht per metric ton, representing a 27.6-percent year-on-year decline. This downward price trend is expected to constrain income growth for Thai paddy rice farmers in the period ahead.

Thailand’s share of global milled rice exports in the 2024/25 production year is expected to decline compared to the 2023/24 production year.

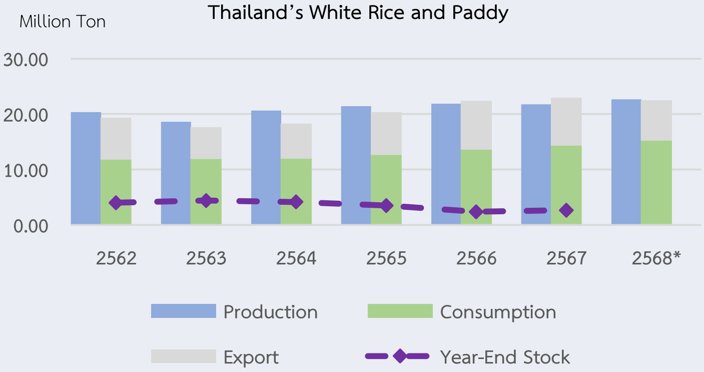


Source: Office of Agricultural Economics, Customs Department, and USDA Foreign Agricultural Service

The price of white paddy rice has been declining continuously since October 2024



Production, Consumption, Export, and Year-End Stock of Thailand’s White Rice and Paddy



Source: Office of Agricultural Economics, National Statistical Office, and CEIC; compiled by NESDC.

Key assumptions for 2025 economic projection:

World Economic Projection and Other Key Assumptions

	Actual Data			Projection for 2025	
	2022	2023	2024	Feb 17th, 2025	May 19th, 2025
World Economic Growth (%)[1/]	3.6	3.2	3.2	3.0	2.6
US	2.5	2.9	2.8	2.4	1.7
Eurozone	3.6	0.5	0.8	1.0	0.8
Japan	0.9	1.5	0.1	1.0	0.6
China	3.1	5.4	5.0	4.4	4.0
Global Trade Volume (%)	5.7	0.7	3.4	3.0	1.7
Exchange Rate (Baht/US Dollar)	35.1	34.8	35.3	34.5 - 35.5	33.5 - 34.5
Dubai Crude Oil (US Dollar/Barrel)	96.2	81.8	79.3	75.0 - 85.0	65.0 – 75.0
Export Price (US Dollar) (%)	4.2	1.2	1.4	(0.0) – 1.0	(0.0) – 1.0
Import Price (US Dollar) (%)	12.7	0.4	1.0	(0.0) – 1.0	0.7 – 1.7
Income from Tourism (Trillion Baht)[2/]	0.53	1.03	1.50	1.69	1.71

Notes: [1/] World economic growth is a trade-weighted average of key economic partners in 2019 (15 economies)
[2/] based on the Bank of Thailand's balance of payment data and forecasted by the NESDC
Source: NESDC as of May 19th, 2025

1) **The world economy and trade volume in 2025 are expected to grow by 2.6 percent and 1.7 percent, respectively,** decelerating from 3.2 percent and 3.4 percent in 2024, and downward revisions from 3.0 percent and 3.0 percent in the previous estimations. The revisions reflect the implementation of trade protectionist measures by the U.S, coupled with retaliatory actions from major trading partners. Under the baseline scenario, such developments are expected to dampen global economic and trade activities, particularly due to the deceleration of major economies, notably the U.S. and China. Moreover, the outlook for the world economy remains highly uncertain and contingent upon the outcomes of ongoing trade negotiations and the extent to which protectionism policies will be enforced going forward. These factors are likely to have different effects across economies. Additionally, there remain downside risks stemming from escalating geopolitical conflicts in several regions, which may exert upward pressure on energy and key commodity prices and undermine investor confidence.

2) **The average of the Thai Baht in 2025 is expected to be within the range of 33.5 - 34.5 baht per US dollar,** appreciating from the 2024 average of 35.3 baht per US dollar and a downward revision from the previous forecast. This adjustment reflects the strengthening trend of Thai baht during the first four months of 2025, averaging 33.9 baht per US dollar, an appreciation from 34.2 baht per US dollar in December 2024. The appreciation is in line with the U.S. Federal Reserve's signaling of a slowdown in policy interest rate hikes, as well as Thailand's significant current account surplus driven by a surge in good exports. However, the baht is unlikely to strengthen rapidly and may even face depreciation for the remainder of the year if the U.S. implements retaliatory tariff measures against Thailand at the announced rates following the expiration of the 90-day suspension period. Such actions could negatively impact Thai exports and subsequently reduce the current account surplus.

3) **The average price of Dubai crude oil in 2025 is projected to range between 65.0–75.0 US dollars per barrel,** declining from the 2024 average of 79.3 US dollars per barrel, and revised downward from the previous assumption of 75.0 – 85.0 US dollars per barrel. The adjustment reflects recent market developments, with the average price during the first four months of the year at 74.7 US dollars per barrel, and 61.8 US dollars per barrel during May 1–12, down from 76.9 US dollars per barrel in the first quarter and 68.1 US dollars per barrel in April. The decline is attributed to: (1) concerns over the global economic slowdown, particularly in the United States and China, which may dampen crude oil demand; (2) increased oil production in the United States[43]; and (3) faster-than-expected output increases by OPEC+[44]. Nonetheless, crude oil prices in 2025 remain subject to considerable volatility and may rise sharply depending on the evolution of prolonged geopolitical tensions—particularly in the Middle East, which could affect Iran's oil exports—as well as ongoing energy sanctions on Russia and Venezuela.

4) **Export price in US dollar terms** in 2025 is projected to increase by 0.0 - 1.0 percent, slowing down from 1.4 percent in the previous year, but remaining the same as previously forecasted, mainly due to the decline in agricultural and oil prices. **Import price in US dollar terms** is expected to grow by 0.7 - 1.7 percent, accelerating from 1.0 percent in 2024 and revising up from 0.0 - 1.0 percent in the previous forecast, in line with the rapidly increasing gold and natural gas prices.

43 On January 20, 2025, President Donald Trump issued executive orders on energy policy under the National Energy Emergency and Unleashing American Energy directives to boost the nation's energy production capacity. As a result, in March 2025, the United States produced a total of 13.56 million barrels of crude oil per day, representing a 3.0 percent increase compared to the same period in the previous year.

44 At its meeting on May 3, 2025, the OPEC+ group resolved to increase crude oil production for May and June 2025 by an additional 411,000 barrels per day. This adjustment will raise the group's total additional production to 2.2 million barrels per day.

5) **Revenue from foreign tourists in 2025** is expected to reach 1.71 trillion baht, up from 1.50 trillion baht in the previous year, and revised upward from the prior estimate of 1.69 trillion baht. This adjustment reflects an anticipated increase in the spending per capita of foreign tourists, which is expected to average 46,346 baht per person in 2025, rising from 42,301 baht per person in 2024. The upward revision is largely attributed to a growing share of long-haul travelers, particularly from Russia, France, Germany, Italy, the United Kingdom, the United States, and Australia, who typically exhibit higher spending behavior, representing in the spending per capita of foreign tourists in the first quarter of 2025 reached an average of 47,794 baht per person. Nevertheless, the number of Chinese tourists is likely to fall short of earlier projections. Hence, the current forecast anticipates that Thailand will welcome a total of 37.0 million inbound tourists in 2025, down from the previously estimated 38.0 million, yet still a continuous recovery from 35.5 million in 2024.

6) **The budget disbursement for FY2025** is expected to proceed under three key components. (1) The disbursement rate of the FY2025 annual budget is projected at 91.2 percent of the total budget framework, compared with 90.6 percent in FY2024. Within this, current expenditure is expected to be disbursed at 98.0 percent, consistent with the previous assumption and slightly below the 101.1 percent recorded in the prior fiscal year. Capital expenditure is projected to be disbursed at 70.0 percent, an increase from 47.3 percent in FY2024, but revised downward from the earlier assumption of 75.0 percent. The adjustment reflects actual disbursement performance during the first two quarters of the fiscal year, which recorded a cumulative disbursement rate of 27.4 percent—lower than previously anticipated[45]. This estimation also incorporates the central budget allocation under the expenditure category for economic stimulus and strengthening the economic system, with a total amount of 187.7 billion baht. After the disbursement of 30.0 billion baht for the elderly support program, the remaining amount of approximately 157.4 billion baht is assumed to be allocated as capital expenditure of 120.0 billion baht. Consequently, the capital expenditure framework for FY2025 is expected to reach 894.8 billion baht, increasing from 774.8 billion baht in the previous assumption and from 682.4 billion baht in FY2024. When combined with the current expenditure of 2.790 trillion baht, the total FY2025 annual budget is projected at 3.685 trillion baht, compared with 3.480 trillion baht in the previous fiscal year. (2) The disbursement rate of the FY2025 carry-over budget is expected at 90.8 percent of the total allocated budget, compared with 91.4 percent in FY2024 and in line with the previous assumption. This comprises 95.0 percent for current expenditure and 90.0 percent for capital expenditure. And, (3) the disbursement rate of the domestic capital investment budget by state-owned enterprises during the 15-month period from October 2024 to December 2025 is projected at 85.0 percent of the total capital budget, unchanged from the prior assumption. This represents an investment value of approximately 326 billion baht, a decrease of 16.7 percent compared with the previous year.

The Thai Economic Projection 2025

The Thai economy in 2025 is expected to expand by 1.3 - 2.3 percent (with a midpoint of the estimate of 1.8 percent), compared to 2.5 percent in 2024. Headline inflation is expected to be in the range of 0.0 - 1.0 percent, and the current account balance will be in surplus by 2.5 percent of GDP.

In the press conference on May 19th, 2025, the National Economic and Social Development Council (NESDC) projected that the Thai economy in 2025 will expand by 1.3 - 2.3 percent, with a midpoint of 1.8 percent, down from the 2.5 percent expansion in 2024 and downwardly revised from a previous estimation of 2.3 - 3.3 percent in the press conference on February 17, 2025. The adjustments to the components of economic expansion are in line with the conditions and adjustments to important assumptions, as follows:

1) **The revision of exports of goods and private investment growth rates** stems from the impact of U.S. tax measures and retaliatory actions by key trading partners. Additionally, the anticipated global economic and trade slowdown is expected to exert significant pressure on Thailand's export performance, particularly during the second half of 2025. Consequently, the volume of goods exports is projected to grow by 1.3 percent in 2025, a marked deceleration from 4.4 percent in the previous year and a downward revision from the earlier forecast of 3.0 percent. Likewise, the downward trend in exports, coupled with escalated uncertainties in U.S. trade protectionist measures, is likely to undermine investor confidence. Hence, private investment is expected to contract by 0.7 percent, a notable downward revision from the previously projected expansion of 3.2 percent.

2) **The revision of the fiscal year 2025 budget disbursement assumptions reflects the reallocation of funds under the central budget, specifically the expenditure category aimed at stimulating and strengthening the economy,** with a total allocation of 187.7 billion baht. Of this amount, 30 billion baht has been allocated for an economic stimulus program targeting the elderly. The remaining 157.4 billion baht is expected to be allocated as public investment expenditure, amounting to approximately 120 billion baht. This marks a shift from the previous assumption, which had anticipated the entire budget would be directed solely toward economic stimulus initiatives. Hence, the projected framework for public investment expenditure in fiscal year 2025 has been revised upward to 894.8 billion baht, compared with 775.3 billion baht in the previous forecast and 682.4 billion baht in fiscal year 2024. This adjustment is expected to contribute a 5.5 percent expansion in public investment, up from the previously projected 4.7 percent. Meanwhile, private consumption is forecast to grow by 2.4 percent, a downward revision from the earlier estimate of 3.3 percent.

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[45] The disbursement rate is now calculated based on the capital expenditure framework, which includes the 120 billion baht redistributed from the central budget under the expenditure for economic stimulus and strengthening the economic system.

Key components of Economic growth;

1) **Total Consumption:** (1) **Private consumption expenditure** is expected to increase by 2.4 percent, slowing down from a 4.4-percent expansion in 2024, and a downward revision from the previous estimate of 3.3 percent. This revision reflects the adjustment in the assumption on the reallocation of the central fund for stimulating the economy and strengthening the economic system. (2) **Government consumption expenditure** is projected to grow by 1.3 percent, decelerating from 2.5 percent in 2024, and remaining unchanged from the previous projection.

2) **Total Investment** is expected to expand by 0.9 percent, improving from a 0.0-percent growth in 2024, but revised downward from the previous estimate of 3.6 percent. (1) **Private investment** is projected to decline by 0.7 percent, compared with a contraction of 1.6 percent in the previous year, and lower than the previous projection of a 3.2-percent expansion. This revision is in line with the expected slowdown in merchandise exports and heightened uncertainties of trade protection measures imposed by major economies. (2) **Public investment** is anticipated to grow by 5.5 percent, continuing from a 4.8-percent increase in the previous year, and revised upward from the earlier estimate of 4.7 percent. The revision reflects the upward adjustment of the FY2025 capital budget framework, partly as a result of re-allocation of the central fund for stimulating the economy and strengthening the economic system.

3) **Export value of goods in US dollar terms** is projected to grow by 1.8 percent, decelerating from a 5.8-percent expansion in 2024, and revised downward from the previous estimate of 3.5 percent. This revision is due to the downward adjustment of the global economic and trade volume assumptions, as well as the anticipated impact of the U.S. trade protection measures, which are expected to significantly affect merchandise exports, particularly in the second half of 2025. Together with the continued expansion of service exports, supported by the ongoing recovery of the tourism sector, the volume of goods and services exports in 2025 is expected to grow by 3.5 percent, compared with 7.8 percent in the previous year, and revised downward from the earlier estimate of 5.3 percent.

4) **The import value of goods in US dollar terms** is projected to expand by 2.3 percent, decelerating from 6.3 percent in 2023 and revised down from the previous forecast of 4.0 percent. This revision is in line with the downward adjustment in private investment and merchandise export growth. Taking into account service imports, the volume of imports of goods and services in 2025 is expected to grow by 0.4 percent, slowing from 6.3 percent in 2023 and revised down from the previous estimate of 3.5 percent.

5) **The trade balance** is projected to register a surplus of 18.4 billion US dollars, compared with a surplus of 19.3 billion US dollars in 2024 and revised downward from the previous projection of 18.7 billion US dollars. This revision corresponds with the downward adjustment of merchandise export growth. Nevertheless, when combined with the improving services balance, supported by higher tourism receipts and a decline in service imports following the slowdown in Thai overseas spending, the current account in 2025 is expected to record a surplus of 13.7 billion US dollars or 2.5 percent of GDP, improving from a surplus of 11.1 billion US dollars or 2.1 percent of GDP in 2024.

6) **Economic Stability:** Headline inflation in 2025 is projected to average within a range of 0.0 – 1.0 percent (with the midpoint estimate of 0.5 percent), compared with 0.4 percent in 2024 and revised downward from the previous estimate of 0.5 – 1.5 percent (with the midpoint of 1.0 percent). This revision reflects a downward adjustment in the assumption of global crude oil prices and the reduction in electricity tariffs during the remainder of the year[46].

[46] On April 30, 2025, the Energy Regulatory Commission resolved to reduce the electricity tariff for the May–August 2025 period from 4.15 Baht per unit to 3.99 Baht per unit.

6. Economic Management for the Year 2025

The economic management for the remainder of 2025 should prioritize the following areas:

1) **Accelerating budget disbursement to ensure a timely injection of public expenditure into the economy and to maintain momentum from government spending, particularly public investment.** The disbursement of capital expenditure under the FY2025 annual budget and the carry-over budget therefore should not be lower than 70.0 and 90.0 percent of the total budget framework. Priority should be given to key investment projects, particularly major infrastructure developments and local government investment initiatives. At the same time, **strengthening fiscal consolidation** is necessary to provide sufficient fiscal space to be able to implement economic policies especially during the increasingly uncertain global environment, and to maintain potential sovereign credit rating position.

2) **Prioritizing responsive measures to address the escalation of trade protectionist policies by major economies: (1) Fostering trade and investment cooperation** with the United States through trade negotiation, including identifying strategies to reduce the trade surplus with the U.S. This may include increasing imports of goods that Thailand depends heavily on from the US and cannot produce domestically, thereby minimizing adverse impacts on local producers. In parallel, consider reducing import tariffs and non-tariff barriers, guided by a balanced assessment of economic impacts, and explore plans to increase Thai direct investment in the United States. **(2) Accelerating export promotion for potential products** aligned with global demand, while also expanding into new markets to diversify risks and reduce overreliance on the U.S. and Chinese markets. These efforts should be supported by expediting ongoing free trade agreement (FTA) negotiations and conducting preparatory studies to initiate negotiations with new high-potential trading partners. **(3) Enhancing investment promotion policies to improve market access for Thai products globally** by reviewing incentive schemes aimed at attracting foreign investment in target industries, particularly through joint ventures and the development of supporting industries in Thailand aiming mainly to facilitate knowledge transfer to Thai entrepreneurs and mitigate the risk of Thailand being used merely as a transshipment base (re-routing) which generate limited domestic value creation. Moreover, investment tax incentives should be reviewed and prioritized on increasing use of local inputs and domestic employment generation. **(4) Encouraging the private sector to adopt risk management strategies against exchange rate volatility,** while facilitating export-related procedures and reducing associated costs. And **(5) Preparing relief and support measures for entrepreneurs and workers** affected by the global economic and trade slowdown.

3) **Safeguarding the manufacturing sector from unfair trade practices. (1) Strengthening the quality inspection process for imported products,** especially along border areas, by improving the rigor and comprehensiveness of enforcement. This includes expediting the issuance of product standards to cover a wider range of imported goods and increasing penalties for the import of substandard products. **(2) Strict enforcement of legal action** against illegal imports, tax evasion, and the exploitation of regulatory loopholes for unfair business advantages. Measures should include enhancing border surveillance and the efficiency of customs inspections to prevent smuggling activities. And **(3) Monitoring and investigating dumping practices and other unfair trade measures employed by major exporting countries.** Affected entrepreneurs should be supported in accessing procedures for initiating anti-dumping, countervailing duty, and safeguard investigations (AD/CVD/AC). Additionally, efforts to prevent the misuse of Thai origin claims should be intensified by enhancing rules of origin verification and updating the watchlist of high-risk products. These efforts aim to ensure that Thai export products meet agreed origin requirements and uphold the credibility of Thai exports in international markets.

4) **Supporting SMEs facing access to liquidity difficulties due to deteriorating credit quality.** Policy emphasis should be placed on generating income opportunities for SMEs, enhancing their production efficiency, and improving overall competitiveness. Moreover, raising awareness of available government debt support measures is essential to ensure that debtors, particularly small-scale borrowers and SME operators, can access appropriate debt restructuring assistance and continue to meet repayment obligations in line with their financial capacity.

5) **Supporting agricultural production and farmers' income** by implementing measures to manage agricultural outputs during the 2025/2026 harvesting season. In addition, it is important to expedite investments in water resource management and in the restoration and conservation of natural water sources to strengthen water storage capacity. Particular attention should be given to improving water management during the coming rainy season, including drainage system adjustments and the preparation of water retention zones to reduce flood risk and secure adequate water supply for agriculture and household use in the dry season. Furthermore, promoting the adoption of advanced agricultural technologies is necessary to enhance productivity.

6) **Restoring international tourist confidence to sustain tourism growth.** Emphasis should be placed on ensuring the safety of tourists' lives and property through rigorous and proactive security measures. Moreover, tourism-related infrastructure, facilities and services should be enhanced, including for example airport capacity, flight availability, immigration procedures, physical infrastructure, area- and environmental management.

Transmission Channels of the US Tariff Measures on the Thai Economy

An analysis of trade and investment relations between Thailand and the United States reveals that the U.S. has been Thailand's largest export market over the past six years (2019–2024), followed by China. In terms of foreign direct investment (FDI), the United States ranks as the third-largest foreign investor in Thailand. These figures underscore the significant role that the U.S. has played in both Thailand's export performance and inward investment over recent years. Accordingly, any shifts in U.S. trade and investment policy, particularly under the "America First" agenda, are likely to have a direct and unavoidable impact on the Thai economy.

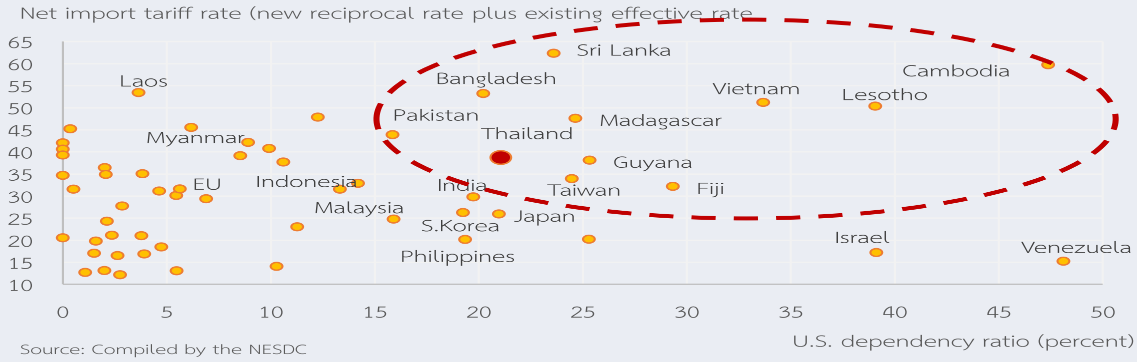
The important of the US to trade and investment of Thailand

Economy Relationship	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Key export market of Thailand	US	China	Japan	Malaysia	Australia
Key import market of Thailand	China	Japan	Taiwan	US	United Arab Emirates
Thailand Foreign Direct Investment	China	Singapore	US	Japan	European Union (27)
Thailand Direct Investment (TDI)	Singapore	US	European Union (27)	Japan	Vietnam

Source: Ministry of Commerce Thailand, and Bank of Thailand

Based on the newly imposed tariff rates (included the retaliatory tariffs and pre-existing effective rates) after the implementation of targeted trade measures on strategically important goods in the U.S. supply chain, as well as the introduction of reciprocal tariffs on various countries, indicates that Thailand is among the countries likely to be significantly affected. This is particularly evident in the export sector, given Thailand's high level of trade dependence on the United States. In addition to this exposure, Thailand faces relatively high retaliatory tariff rates compared to other countries, estimated at approximately 36 percent.

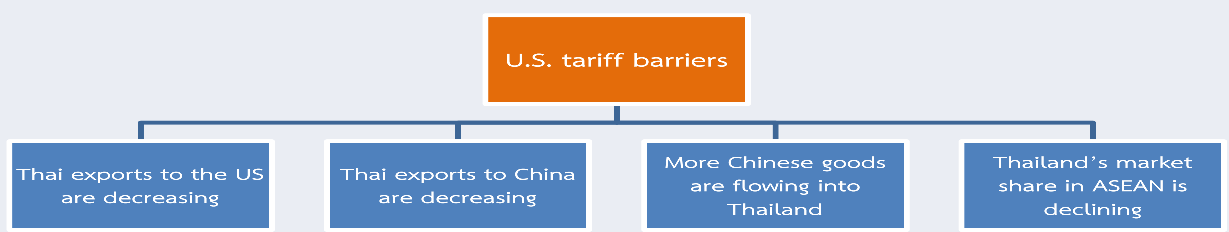
Import tariff rates resulting from the U.S implementation of retaliatory trade measures against various countries.



Source: Compiled by the NESDC

Note: The U.S. dependency ratio is calculated as the proportion of exports to the US relative to total export value in 2024.

Based on the initial assessment, the impact of U.S. tariff barriers on Thai economy is anticipated to be transmitted through four key channels: (1) a decline in Thai exports to the US, due to the direct impact in higher import tariffs on Thai goods. (2) a decrease in Thai exports to China, due to Thailand's role in the intermediate stages of production for goods destined for Chinese export markets. (3) an increase in import products from China, driven by the Chinese diverting exports to Thailand. And (4) a loss of export market share in ASEAN. The transmission mechanisms for each of these channels are as follows:



1) A decline in Thai exports to the United States, resulting from the direct increase in import tariffs on Thai products. This includes the imposition of a 10-percent universal tariff on all imports from Thailand, in addition to previously implemented sectoral tariffs on key export categories such as (1) automobiles and auto parts, and (2) steel and aluminum products, both of which are subject to a 25-percent tariff. In the next period, further pressure may arise from tariffs on solar products, which accounted for 4.4 percent of Thailand's total exports to the United States in 2024. This product group is currently under investigation by U.S. authorities for potential anti-dumping and subsidy practices, with a ruling expected in June 2025.

Transmission Channels of the US Tariff Measures on the Thai Economy (cont.)

Thai Key Export Products to the US and Key Export Market of Thailand in 2024

HS Code	Description	Thailand export to US (Million USD)	Export Thailand to US	Export Thailand to the World	Key Export Market 1	2	3	4	5
Electronic products and electric appliances		**21,408**	**15.7**	**7.2**					
847170*	Storage units of data processing machines	10,272	8.7	3.4	US (46.48)	China (14.78)	HK (10.16)	SG (5.01)	NL (4.2)
841510	Air conditioning machines and parts	4,595	1.4	1.5	US (17.13)	VN (12.11)	AUS (10.86)	India (6.29)	SG (4.7)
851779	Telephone sets and parts	3,841	3.6	1.3	US (51.53)	HK (21.3)	NL (4.36)	Mexico (4.17)	SG (4.13)
852589	Television cameras, and video camera recorders	2,700	1.9	0.9	US (38.47)	Japan (16.53)	NL (12.68)	China (8.17)	India (4.28)
Machinery, components and parts		**19,276**	**18.2**	**6.4**					
847330	Machines part and accessories	2,887	2.7	1.0	US (51.92)	China (22.13)	NL (4.23)	PH (3.29)	MYS (3.2)
851762	Audio and video control equipment	6,856	8.7	2.3	US (69.58)	NL (5.62)	SG (5.35)	HK (2.62)	India (2.47)
850440	electrical static converters	4,435	3.7	1.5	US (46.19)	NL (16.8)	Mexico (9.47)	Taiwan (6.71)	China (2.66)
853710*	boards, panels, consoles with electrical apparatus	2,821	1.5	0.9	US (28.95)	SG (13.24)	Japan (8.24)	China (7.12)	VN (7.05)
844331	Printing machines	2,277	1.5	0.8	US (35.42)	NL (21.06)	Japan (10.96)	GER (7.88)	India (3.4)
Agricultural products and processed agricultural products		**14,691**	**8.4**	**4.9**					
100630	Rice	5,633	1.4	1.9	US (13.55)	IND (12.45)	Iraq (10.77)	ZA (8.22)	PH (5.72)
401110*	Rubber tires, motor cars	3,796	3.7	1.3	US (52.78)	SK (7.74)	Japan (4.6)	MYS (3.82)	AUS (3.61)
401120*	Rubber tires, buses or trucks	2,771	2.3	0.9	US (45.98)	AUS (5.12)	Russia (2.97)	VN (2.9)	GER (2.75)
160414	Tunas, prepared or preserved	2,490	1.0	0.8	US (22.25)	Japan (8.99)	AUS (7.77)	Libya (6.37)	SA (5.85)
Consumer products		**5,594**	**3.1**	**1.9**					
711319	Jewelry and parts	2,917	1.5	1.0	US (28.28)	HK (20.6)	UK (6.78)	Italy (5.77)	UAE (5.75)
230910	dog and cat food	2,677	1.6	0.9	US (32.44)	Japan (12.29)	AUS (6.25)	Italy (6.16)	MYS (5.14)
	Total 4 groups	**60,968**	**45.3**	**20.4**					

Remark: * The products in US import tariff list which implement to Thailand (Automobiles and Automobile Parts Tariff); ( ) = The export market share of Thailand
US=United States, VN = Vietnam, SG = Singapore, SK = South Korea, NL = Netherlands, HK = Hong Kong, MYS = Malaysia, PH = Philippines, IND = Indonesia, GER = Germany, AUS = Australia, SA = Saudi Arabia, ZA = South Africa, UAE = United Arab Emirates
Source: Global Trade Atlas (GTA), calculated by NESDC

In 2024, Thailand's key export categories to the US include electronic products and electric appliances, machinery, components and parts, agricultural products and processed agricultural products, and consumer goods. At the product level, major exports to the U.S. market comprised: data processing machines (accounting for 8.7 percent of Thailand's total exports to the US), audio and video control equipment (8.7 percent), rubber tires, motor cars (3.7 percent), telephone sets and parts (3.6 percent), machinery, and part and accessories (2.7 percent), and rubber tires, buses or trucks (2.3 percent). These products indicate a high level of dependency on the US market; particularly storage units of data processing machines, rubber tires, motor cars, and rubber tires, buses or trucks, which accounted for 46.48 percent, 52.78 percent, and 45.98 percent of Thailand's exports, respectively. Many of these products are subject to U.S. trade protection measures under Section 232, particularly within the Automobiles and Automobile Parts Tariff category. As a result, they are likely to face significant adverse impacts from evolving U.S. trade policy. However, Thailand still has alternative export markets, for instance, China, Hong Kong, and Singapore serve as important secondary markets for storage units of data processing machines while South Korea, Japan, and Malaysia for rubber tires and motor cars, and Australia, Russia, and Vietnam for rubber tire, buses or trucks. These alternative markets offer potential diversification opportunities for Thailand's export.

2) A reduction in Thailand's exports due to its role within the global supply chains of countries exporting to the United States, particularly China. Thai exports of raw materials and intermediate goods to China are used in the manufacture of finished products that are subsequently exported to the U.S. This trade linkage is increasingly at risk, especially following the implementation of a 30 percent U.S. import tariff on Chinese goods, effective from 14 May 2025. Moreover, China has been subject to U.S. tariff on key product categories such as automobiles and auto parts, and iron and aluminum products, which are also among the sectors facing similar trade restrictions for Thai exports.

Transmission Channels of the US Tariff Measures on the Thai Economy (cont.)

The example of key intermediate product which Thailand exported to China, and China exported to the US in year 2024

HS Code	Description	Thailand export to China (Million USD)	Export Share (%)	Growth	Thailand export to the US (Million USD)	Export Share (%)	Growth
			Thailand to China			China to US	
Automotive and parts							
401110	Rubber tires, motor cars	57	2.4	-15.4	94	0.2	-45.0
871140	Motorcycles and parts	21	0.9	-35.2	13	0.0	-30.7
870830	Brakes and parts	9	0.4	-42.5	2,030	3.4	-3.8
Electric appliances							
851890	Microphones and parts	6	0.3	-2.4	176	0.3	-20.7
841510	Air conditioning machines and parts	12	0.5	-29.6	616	1.0	-20.9
Machinery and construction equipment							
820239	Hand saws and parts	16	0.7	-1.2	66	0.1	-12.5
690919	Ceramic products	13	0.5	-22.3	19	0.0	-4.8
Consumer products							
401519	Rubber gloves	20	0.9	-16.2	116	0.2	-6.7
711311	Jewellery and parts (silver)	42	1.8	-29.3	207	0.4	-9.5
420212	Trunks and parts	7	0.3	-36.0	1,839	3.1	-10.7
540710	Woven fabrics	7	0.3	-33.6	2	0.0	-30.2
550320	Synthetic staple fibres (Polyesters)	15	0.6	-1.0	34	0.1	-16.1
410799	Leather	23	1.0	-9.8	0	0.0	-40.2
950730	Fishing reels	14	0.6	-23.0	102	0.2	-8.9

Remark: The product categories followed by Global Trade Atlas (GTA), The calculation of Growth compared between year 2024 and year 2022-2023 (avg.)
Source: GTA, calculated by NESDC.

From the above table, it is evident that key intermediate goods exported by Thailand to China fall under several major categories, including automotive and parts, electrical appliances, machinery and construction equipment, and consumer goods. As China's exports to the United States decline, demand for these Thai intermediate goods is also likely to fall. If trade tensions between the United States and China escalate further, these product categories are expected to face increased pressure. Particularly vulnerable are items such as rubber tires, motor cars (which accounted for 2.4 percent of Thailand's total export to China) and jewelry and parts (silver) which accounted for 1.8 percent.

3) An increase in imports from China resulting from export diversion, particularly as Chinese products enter ASEAN markets at a higher volume. Thailand is among the countries most exposed to this trend. In recent periods, imports from China have risen across nearly all major product groups, in line with declining import prices.

The example of Chinese imported products of Thailand which have a sign of accelerating to release product (price dropped but quantity increased), categorized by product groups in year 2024

Consumer product				Intermediate product				Capital product				Material product			
Released Goods	Share	Q	P	Released Goods	Share	Q	P	Released Goods	Share	Q	P	Released Goods	Share	Q	P
Import Value 2,885 Million USD (63.3)				Import Value 3,598 Million USD (56.0)				Import Value 6,261 Million USD (50.4)				Import Value 16,820 Million USD (69.7)			
392690: Articles of Plastics	23.9	46.6	-17.5	841590: Air Conditioning Machines Parts	3.5	12.5	-5.6	847130: Portable Data Processing Machines	14.7	2.5	-2.8	732690: Articles of Iron or Steel	8.1	33.5	-2.7
080610: Fresh Grapes	4.9	9.0	-4.6	870894: Steering Wheels	2.5	15.9	-5.1	841430: Refriger-ating Compres-sors	3.5	36.7	-14.0	392690: Articles of Plastics	4.5	46.6	-17.5
080810: Fresh Apples	3.9	8.6	-5.1	870850: Drive Axles and parts	2.1	4.5	-12.3	890590: Light Vessels, Fire Floats, Floating Cranes	3.1	71,400.0	-99.4	721049: Flat-Rolled Iron/ Nonalloy Steel	4.2	36.8	-21.0
210690: Food Preparations	2.2	34.7	-6.9	870830: Brakes and parts	1.9	6.4	-2.5	850110: Electric Motors	2.7	23.0	-6.2	730890: Iron/Steel Structures & Parts	2.5	109.4	-19.3
110710: Malt	1.9	16.2	-9.9	590220: Tire Cord Fabric	1.6	45.8	-13.2	847170: Data Processing Stor-age Units	2.6	67.7	-14.9	761699: Articles of Aluminum	2.3	13.3	-12.4

Remark: The product categories followed by Global Trade Atlas (GTA), The calculation of Growth of Price (P) and Quantity (Q) compared between year 2024 and year 2022-2023 (avg.), ( ) = The released goods from China compared with total product in each sector share
Source: GTA, calculated by NESDC.

In 2024, product groups show accelerated import growth from China were primarily those with a high share of imports from China especially materials products and consumer products. Notably, products with clear signs of increased import from China accounted for 69.7 percent and 63.3 percent, respectively. At the product level, key material imports that showed marked acceleration included articles of iron or steel, articles of plastics, and flat-rolled iron/nonalloy steel. These items recorded substantial volume increases of 33.5 percent, 46.6 percent, 36.8 percent, and 109.4 percent, respectively, while their import prices declined by 2.7 percent, 17.5 percent, 21.0 percent, and 19.3 percent. Several of these steel-related products are already subject to Thailand's anti-dumping (AD) measures.

Transmission Channels of the US Tariff Measures on the Thai Economy (cont.)

Meanwhile, consumer products with strong signs of increased import volumes from China include articles of plastics, and food preparations. Following the US announcement on May 12, 2025, to impose a 30 percent universal tariff on all imports from China (temporarily reduced from 145 percent for a 90-day period), the likelihood of intensified dumping behavior from Chinese exporters has increased. This is reflecting a growing threat to domestic Thai producers and necessitating close monitoring and assessment of the relevant products.

4) Loss of export market share in the ASEAN countries, which accounted for 23.3 percent of Thailand's total exports in 2024. This is particularly evident in product groups where Thailand heavily relies on exports to ASEAN (9). When classified into consumer goods, intermediate goods, and capital goods, data from 2024 indicate that several Thai export products experienced to declines in ASEAN markets, whereas China exports to the region that saw an upward trend. If U.S. trade barriers continued to intensify and prolong, this could further erode Thailand's market share in ASEAN, further weakening the competitiveness of Thai products relative to the Chinese products especially.

The example of Thai products which tend to lost its market to Chinese products in the ASEAN

Consumption goods	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Rank 8	Rank 9	Rank 10
Year 2024	170199: cane sugar	170114: cane sugar	330510: Shampoo	020714: offal, frozen	190190: Malt	961900: Sanitary towels	240220: Cigarettes	330590: Preparations for hair	190531: Sweet biscuits	220830: Whiskies
The growth of Thailand exported to ASEAN	-11.0	-52.9	-8.7	-1.5	-2.1	-9.6	-20.2	-5.6	-0.8	-22.2
The growth of China exported to ASEAN	86.6	7.2	11.6	60.5	10.2	2.3	50.5	20.4	63.3	2.6
Intermediate goods	**Rank 1**	**Rank 2**	**Rank 3**	**Rank 4**	**Rank 5**	**Rank 6**	**Rank 7**	**Rank 8**	**Rank 9**	**Rank 10**
Year 2024	390120: Polyethylene	390110: Polyethylene	401699: vulcanised rubber	340290: Surface-active preparations	721633: H steel	280300: Carbon	320890: paints and varnishes	291736: Polycarbo xylic acids	390761: Polyacetals	-
The growth of Thailand exported to ASEAN	-3.4	-11.3	-0.8	-2.9	-10.8	-1.1	-2.4	-35.7	-12.1	-
The growth of China exported to ASEAN	17.4	9.9	10.7	19.8	0.1	25.1	33.9	31.7	48.1	
Capital goods	**Rank 1**	**Rank 2**	**Rank 3**	**Rank 4**	**Rank 5**	**Rank 6**	**Rank 7**	**Rank 8**	**Rank 9**	**Rank 10**
Year 2024	870421: pick-up car and parts	847170: data processing machines Storage units	840820: Engines for the propulsion of vehicles and parts	847130: Portable automatic data processing machines	847330: Parts and accessories of the machines	850440: Static converters	854449: Insulated wire	848210: Ball bearings	840734: internal combustion piston engines	870431: pick-up car and parts
The growth of Thailand exported to ASEAN	-0.8	-11.0	-4.4	-10.1	-14.6	-0.6	-5.7	-3.9	-16.6	-3.3
The growth of China exported to ASEAN	3.0	8.9	75.2	18.6	17.8	13.4	18.6	0.8	26.7	17.7

Source: Global Trade Atlas, calculated by NESDC

Under the current implementation of U.S. trade tariff, which remains highly uncertain, following the U.S. decided to postpone the imposition of retaliatory tariffs on Thai exports at a rate of 36 percent for 90 days, until July 8, 2025. Simultaneously, the U.S. has also postponed the retaliatory import tariffs on Chinese products for 90 days, until August 12, 2025. If Thailand and the U.S. fail to reach a new trade agreement by the deadline, Thailand could face higher import tariffs from the U.S. than China, which could lead to a loss of competitiveness for Thai exports to the U.S., with spillover effects on Thailand's manufacturing sector.

Amidst this situation, it is essential that the Thai government must negotiates a new trade agreement with the United States before the 90-day period ends on July 8, 2025, through strengthening on trade and investment cooperation. The key strategy could be to explore measures to reduce Thailand's trade surplus with the U.S. through the revisiting imports of goods from the U.S. that Thailand still relies on and cannot produce sufficiently for the domestic consumption, to avoid the severity of potential negative impacts on Thai manufacturers and farmers. Together with the preparation of prevention and mitigation measures from the potential negative impact of the U.S. trade protectionism, especially on manufacture of the export-oriented industries.

Projection for 2025[1/]

	Actual Data			Projection for 2025	
	2022	2023	2024	Feb 17th, 2025	May 19th, 2025
GDP (at current prices: Bil. Bht)	17,378.0	17,954.7	18,582.7	19,284.9	18,969.1
GDP per capita (Bht per year)	248,788.3	256,345.4	264,661.1	274,065.7	269,577.2
GDP (at current prices: Bil. USD)	495.6	515.8	526.4	551.0	557.9
GDP per capita (USD per year)	7,095.0	7,364.8	7,497.5	7,830.4	7,928.7
GDP Growth (CVM, %)	2.6	2.0	2.5	2.3 - 3.3	1.3 - 2.3
Investment (CVM, %)[2/]	2.2	1.2	0.0	3.6	0.9
Private (CVM, %)	4.6	3.1	-1.6	3.2	-0.7
Public (CVM, %)	-3.9	-4.2	4.8	4.7	5.5
Private Consumption (CVM, %)	6.2	6.9	4.4	3.3	2.4
Government Consumption (CVM, %)	0.1	-4.7	2.5	1.3	1.3
Export volume of goods & services (%)	6.2	2.4	7.8	5.3	3.5
Export value of goods (Bil. USD)	285.2	280.7	297.0	307.4	302.5
Growth rate (%)[3/]	5.4	-1.5	5.8	3.5	1.8
Growth rate (Volume, %)[3/]	1.2	-2.7	4.4	3.0	1.3
Import volume of goods & services (%)	3.4	-2.5	6.3	3.5	0.4
Import value of goods (Bil. USD)	271.6	261.4	277.8	288.8	284.1
Growth rate (%)[3/]	13.8	-3.8	6.3	4.0	2.3
Growth rate (Volume, %)[3/]	1.0	-4.1	5.2	3.5	1.1
Trade balance (Bil. USD)	13.5	19.4	19.3	18.7	18.4
Current account balance (Bil. USD)	-17.2	7.4	11.1	14.0	13.7
Current account to GDP (%)	-3.5	1.5	2.1	2.5	2.5
Inflation (%)					
CPI	6.1	1.2	0.4	0.5 - 1.5	0.0 - 1.0
GDP Deflator	4.7	1.3	0.9	0.5 - 1.5	(-0.2) - 0.8

Source: Office of the National Economic and Social Development Council, 19th May 2025

Note: [1/] Data was calculated based on new National Accounts Office's Series, published on www.nesdc.go.th

[2/] Investment means Gross Fixed Capital Formation

[3/] Export and import base on the Bank of Thailand's data.

www.nesdc.go.th