Office of the National Economic and Social Development Council

Macroeconomic Strategy and Planning Division

Q2/2025

NESDC ECONOMIC REPORT

Thai Economic Performance in Q2 and Outlook for 2025

Press Release:

9.30 a.m.
Aug 18, 2025

www.nesdc.go.th

Thai Economic Performance in Q2 and the Outlook for 2025

The Thai economy in the second quarter of 2025 expanded by 2.8 percent (%YoY), decelerating from 3.2 percent in the first quarter. After seasonal adjustment, the economy grew by 0.6 percent from the previous quarter (%QoQ sa). **For the first half of 2025, the economy expanded by 3.0 percent.**

On expenditure side: Export of goods continued to grow favorably, while private investment returned to expansion. Meanwhile, private consumption expenditure, government consumption expenditure, public investment, and export of services decelerated.

On the production side: The manufacturing and the wholesale and retail trade sectors accelerated. Meanwhile, the agriculture, accommodation and food service, construction, and transportation and storage sectors were slowed down compared to the previous quarter.

Economic Projection for 2025

(%YoY)	2024	2025			
	Year	Q1	Q2	H1	Year (F)
GDP (CVM)	2.5	3.2	2.8	3.0	1.8 - 2.3
Investment[1/]	0.0	4.7	5.8	5.2	2.1
Private	-1.6	-0.9	4.1	1.4	1.0
Public	4.8	26.3	10.1	17.5	5.2
Private Consumption	4.4	2.5	2.1	2.3	2.1
Government Consumption	2.5	3.4	2.2	2.8	1.2
Export of Goods[2/]	5.8	14.9	15.0	15.0	5.5
Volume[2/]	4.4	14.0	14.5	14.3	5.0
Import of Goods[2/]	6.3	7.1	16.8	12.0	5.8
Volume[2/]	5.2	3.6	15.2	9.4	4.3
Current Account to GDP (%)	2.1	7.9	0.4	4.2	2.1
Inflation	0.4	1.1	-0.3	0.4	0.0 - 0.5

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 expand within the range of 1.8 – 2.3 percent, with the midpoint forecast of 2.0 percent. Private consumption and private investment are expected to grow by 2.1 percent and 1.0 percent, respectively, while the export value of goods in U.S. dollar terms is projected to increase by 5.5 percent. Headline inflation is expected to remain within the range of 0.0 – 0.5 percent, and the current account is anticipated to register a surplus of 2.1 percent of GDP.

+ Supporting Factors

- The increase in fiscal support, particularly through public investment spending
- The continued expansion of private consumption amid the low unemployment rate and inflation rate, as well as the downward trend of policy interest rate
- The recovery of private investment, following the expansion of machinery, equipment, and vehicles

− Risk Factors

- The impact from U.S. trade protectionist measures
- High level of private sector debt amid persistently stringent credit standards
- The slowdown in the tourism sector
- Agricultural price and production volatility
- Risks stemming from world economic and global trade volatility, particularly due to heightened trade protectionism and geopolitical conflicts

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

1. **Mitigating the impacts from the US trade restriction measures and the retaliatory actions of key trading partners,** by: (1) Expanding new markets to diversify risks; (2) Enhancing inspection and strengthening the enforcement of rules related to the Rules of Origin; (3) Monitoring and addressing dumping practices and unfair trade policies; (4) Encouraging businesses to manage risks from exchange rate volatility.
2. **Driving private investment,** by: (1) Expediting actual investment implementation by investors granted investment promotion; (2) Reviewing incentive schemes to attract foreign investment in targeted industries as well as facilitate knowledge transfer to Thai entrepreneurs; (3) Developing a supportive ecosystem to attract targeted industries and services.
3. **Supporting the recovery of the tourism sector and related services,** by: (1) Building confidence among international tourists; (2) Organizing tourism promotion activities and related events; (3) Promoting the development of high-quality tourism.
4. **Providing financial assistance to businesses, particularly SMEs, that face difficulties in accessing liquidity and are further affected by trade restriction measures** through the soft loans, transformation loans, and the supply chain financing to support liquidity, along with raising awareness of government assistance measures.
5. **Expediting budget disbursement is essential to promptly inject government spending into the economy,** particularly ensuring that disbursement of capital expenditure under the fiscal year 2025 budget reaches no less than 65 percent of the total capital budget framework, as well as accelerating the implementation of approved projects under economic stimulus programs, along with preparing the readiness of projects under the fiscal year 2026 budget.
6. **Supporting agricultural production and farmers' income,** particularly during harvest seasons, when large quantities of output enter the market and exert downward pressure on prices and farmer's income, along with preparing measure to address the impacts of climate change.

1. The Thai Economy in Q2/2025

Expenditure Side:

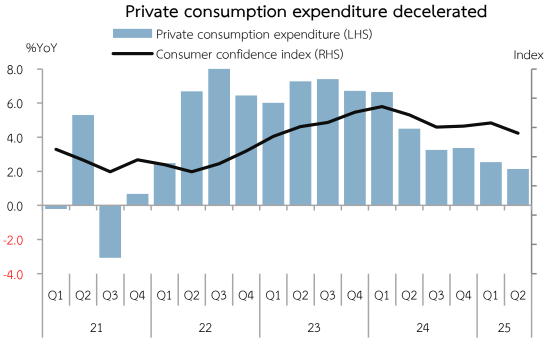
In the second quarter of 2025, exports of goods accelerated and private investment expanded for the first time in five quarters, while private consumption slowed.

Private consumption expenditures expanded by 2.1 percent, slowing from 2.5 percent in the previous quarter. This was due to a deceleration in spending on services, while spending in other categories accelerated. **Expenditures on services** increased by 1.1 percent, down from 4.3 percent previously. This was primarily due to slower growth in spending on restaurants and hotels (5.7 percent compared with 15.8 percent in the previous quarter) and transport services (3.6 percent compared with 6.8 percent in the previous quarter). **Expenditures on non-durable goods** grew by 2.6 percent, up from a 1.9 percent growth in the previous quarter, reflecting faster spending on food and beverages and the operation of personal transport equipment **Expenditures on semi-durable goods** rose by 2.0 percent, continuing from 1.0 percent in the previous quarter, supported by higher spending on personal accessories, and books & stationery. However, **expenditures on durable goods** returned to growth for the first time in six quarters, rising by 6.1 percent compared to a 1.4 percent contraction previously. This was mainly driven by a 10.7 percent increase in vehicle purchases, compared with 2.0-percent drop in the previous quarter. The overall slowdown in private consumption was consistent with a decline in the Consumer Confidence Index, which fell to 48.0 from 51.5 in the previous quarter.

Private consumption grew by 2.1 percent, decelerating from a 2.5-percent growth in the previous quarter

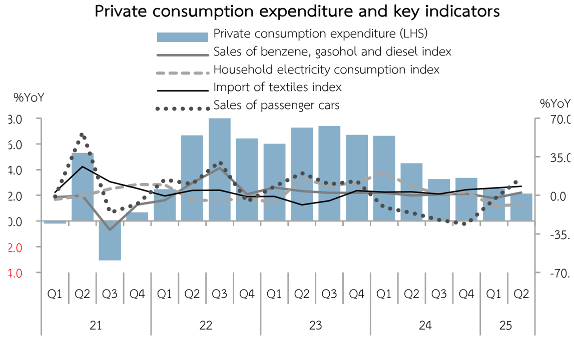
In the first half of 2025, private consumption expenditure rose by 2.3 percent, compared with a 3.3 percent growth in the second half of last year.

Private consumption expenditure decelerated



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

Private consumption expenditure and key indicators



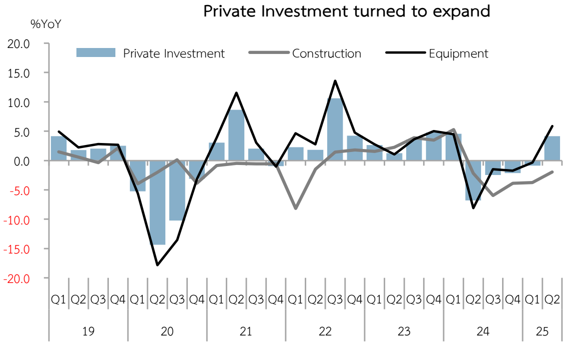
Source: NESDC, BOT, and Department of Energy

Private investment grew for the first time in five consecutive quarters, rising by 4.1 percent and improving from a 0.9 percent decline in the previous quarter. This was driven by an expansion in **investment in machinery and equipment**, which increased by 5.9 percent, compared with a 0.3-percent drop in the previous quarter, supported by higher investment in vehicle, industrial machinery, and office machinery. **The investment in construction** declined by 2.0 percent, extending a 3.8-percent decrease in the previous quarter, mainly due to a contraction in residential construction. Nevertheless, non-residential construction rose by 0.8 percent, reflecting stronger construction activity in industrial factories, which expanded by 12.2 percent. In contrast, the construction of commercial buildings contracted by 6.5 percent. The Business Sentiment Index (BSI) stood at 46.9 and remained below the 50-point threshold for the eighth consecutive quarter.

Private investment marks the first rebound in five consecutive quarters, with the growth of 4.1 percent.

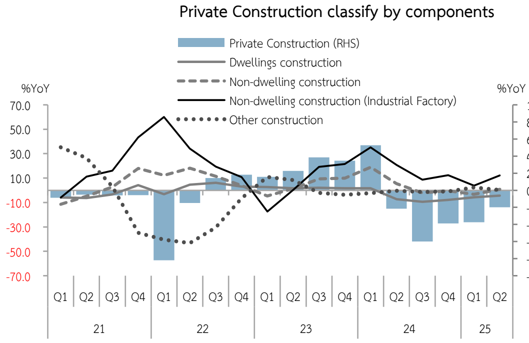
In the first half of 2025, private investment expanded by 1.4 percent, compared with a 2.3-percent contraction in the second half of last year.

Private Investment turned to expand



Source: NESDC

Private Construction classify by components

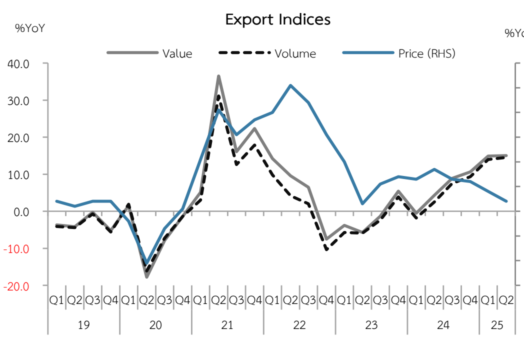


Source: NESDC

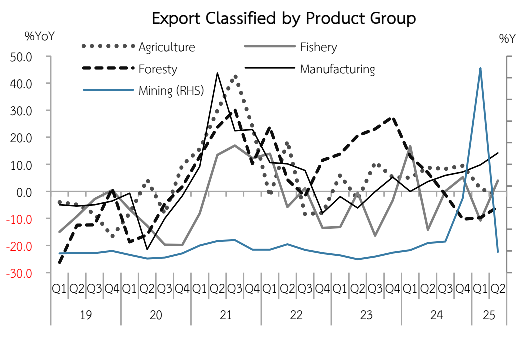
Exports in US dollar terms reached 84.1 billion USD in the second quarter of 2025, growing by 15.0 percent. This continued the expansion from the previous quarter and was partly driven by accelerated shipments prior to the conclusion of the reciprocal tariff exemption period. **The export volume index** rose by 14.5 percent, accelerating from 14.0 percent in the previous quarter, supported by robust growth in manufacturing export volumes associated with a strong demand of electronic products. **The export price index** increased by 0.4 percent, following a 0.8-percent gain in the previous quarter. **Excluding unwrought gold**, export value expanded by 13.0 percent. **In Thai Baht terms**, export value reached 2.784 trillion Baht, representing a 3.6-percent increase compared with 9.4 percent in the previous quarter.

***Exports in US dollar terms surged by 15.0 percent**, expanded for five consecutive quarters.*

In the first half of 2025, export value stood at 164.6 billion US dollars, increasing by 15.0 percent. This followed a 9.7 percent growth in the second quarter of 2024. During this period, export volume and price expanded by 14.3 percent and 0.6 percent, respectively. In Thai baht terms, the export value was recorded at 5.515 trillion baht, growing by 6.4 percent, compared with a 6.5-percent increase in the second half of last year.



Source: Bank of Thailand



Source: Bank of Thailand

The export value of agricultural commodities declined by 1.4 percent, marking the first drop in eight quarters. This was primarily driven by a **3.5 percent decrease** in the export price index, reflecting an increased supply of products from major global producers. Despite falling prices, the export volume index actually rose by 2.1 percent, signaling continued strong international demand for Thai products. For major products with lower export value included **rice** exports declined by 34.1 percent, due to reductions in both export price (-10.2 percent) and export volume (-26.6 percent), and in line with reduced demand from Iraq, and South Africa. **durian** exports also contracted by 5.7 percent, following an 8.6-percent decrease in export price, although export volume expanded by 3.1 percent, reflecting a higher competition of world durian markets. At the same time, products with higher export value included **rubber** exports rose significantly by 4.3 percent, particularly from accelerated shipments to China, and Japan. Also, driven by increases in export price (12.8 percent) while volume price dropped by 7.5 percent. In contrast, **the export value of manufacturing commodities** rose by 14.2 percent, accelerating from a 9.9 percent expansion in the previous quarter. This strong performance was driven by a 13.8 percent increase in export volume, alongside a continued 0.3 percent rise in export prices. Notable products with higher export value included computers (210.6 percent), computer parts and accessories (37.7 percent), machinery & equipment (17.8 percent), integrated circuits and parts (42.3 percent), and vehicle parts & accessories (15.5 percent). In contrast, export value of pickup trucks and trucks, parts of electrical appliances, and sugar declined by 21.3 percent, 14.4 percent, and 15.9 percent, respectively. **The export value of fishery products** increased by 4.0 percent, and **the export value of other products** surged by 118.0 percent, primarily due to a 115.9-percent increase in unwrought gold exports.

Export Value of Major Product in US Dollar Term

%YoY	2024							2025			Share Q2/25 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Agriculture	**8.0**	**7.3**	**8.8**	**5.0**	**8.8**	**8.3**	**9.5**	**-0.4**	**1.1**	**-1.4**	**8.2**
Rice	25.0	49.4	6.3	45.5	53.4	25.2	-7.3	-32.3	-30.4	-34.1	1.3
Rubber	36.8	30.6	42.6	24.9	37.4	55.9	30.8	19.0	32.4	4.3	1.3
Durian	-9.0	-6.8	-14.7	-53.2	-0.7	-18.1	2.3	-5.4	-0.5	-5.7	2.9
Other fruits	-2.2	-3.2	-1.5	11.6	-12.7	-13.5	15.9	18.4	-1.7	35.1	1.0
Manufacturing	**4.2**	**1.8**	**6.5**	**-0.1**	**3.7**	**5.9**	**7.2**	**12.1**	**9.9**	**14.2**	**86.2**
Food	1.9	-2.7	6.8	-6.7	1.5	10.2	3.3	3.2	-2.1	8.3	7.0
- Sugar	-19.9	-26.6	-8.3	-26.9	-26.2	-8.0	-8.9	-17.5	-19.3	-15.9	1.0
- Fish, canned, prepared, or preserved	14.7	8.6	20.6	8.9	8.2	27.0	14.6	2.2	1.5	2.9	0.9
Beverages	10.8	7.7	14.0	11.5	4.3	11.1	16.9	10.2	4.7	15.4	1.1
Rubber products	9.5	-15.1	40.3	-19.2	-10.5	27.4	52.6	37.9	36.3	39.6	2.2
Animal food	23.1	26.8	19.9	20.3	33.7	24.3	15.6	11.3	13.5	9.2	1.0
Electronics	22.6	17.1	27.7	6.6	27.4	26.5	28.8	47.2	43.2	50.4	17.9
- Computer	142.4	157.7	131.0	172.5	147.9	146.5	118.9	176.9	130.8	210.6	4.2
- Computer parts & accessories	26.0	7.1	46.1	-6.9	22.5	46.5	45.7	43.5	50.4	37.7	5.2

Export Value of Major Product in US Dollar Term (Cont.)

%YoY	2024							2025			Share
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q2/25 (%)
- Integrated circuits & parts	-10.5	-13.0	-8.1	-11.3	-14.5	-15.8	1.0	33.5	24.7	42.3	3.4
- Telecommunication equipment	33.0	42.1	25.8	24.3	58.5	33.2	19.1	20.4	24.6	17.4	4.7
Electrical appliances	-3.2	-4.9	-1.4	-4.5	-5.3	-1.2	-1.5	5.1	4.5	5.8	8.2
Metal & steel	6.7	8.1	5.5	11.7	4.6	8.0	3.1	12.8	10.0	15.7	5.1
Automotive	-3.9	-0.9	-6.7	-4.6	3.3	-10.6	-2.5	0.0	-0.5	0.6	12.6
- Passenger car	26.7	9.4	41.7	-1.6	24.0	45.8	37.7	38.7	37.6	39.7	3.3
- Pick up and trucks	-8.3	-0.5	-15.4	-14.3	15.4	-17.8	-13.0	-13.0	-3.2	-21.3	2.2
- Vehicle parts & accessories	3.2	1.6	4.7	3.9	-0.7	3.6	5.9	11.2	7.2	15.5	6.1
Machinery & equipment	10.0	2.8	17.0	-1.5	7.2	10.8	23.9	16.3	14.8	17.8	8.5
Aircrafts, ships, floating structures, and locomotive	-9.0	-8.8	-9.2	26.3	-34.3	6.5	-20.0	7.1	8.6	5.0	1.0
Jewellery	4.8	9.0	0.8	13.6	3.8	1.4	0.1	6.7	4.5	9.4	2.6
Petro-chemical products	3.0	-3.1	9.2	-4.8	-1.4	8.1	10.3	5.1	7.0	3.3	6.4
Petroleum products	-9.8	-5.5	-13.3	-3.9	-6.9	-1.5	-23.5	-11.2	-6.1	-15.9	2.3
Fishery	1.2	-0.4	2.7	16.8	-14.2	0.1	5.3	-3.8	-10.8	4.0	0.4
Crustaceans	-5.8	-9.0	-2.6	17.3	-27.1	-4.9	-0.5	-8.0	-20.7	6.1	0.2
Other Exports	38.3	-10.1	97.9	-25.2	15.7	75.4	118.1	118.6	119.2	118.0	4.0
Non-monetary gold (excl. articles of goldsmiths)	45.9	-4.9	103.0	-16.0	11.8	79.4	123.9	118.5	120.8	115.9	3.6
Total Exports (Customs basis)	5.4	1.9	9.0	-0.6	4.3	7.5	10.5	15.0	15.2	14.8	100.0
Exports, f.o.b. (BOP basis)	5.8	1.9	9.7	-0.5	4.3	8.9	10.6	15.0	15.0	15.0	98.7
Export Value (exclude gold)	4.9	2.0	7.8	-0.1	4.2	7.5	8.1	12.7	12.5	13.0	95.0

Source: Bank of Thailand

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

Exports to most major markets continued to expand, particularly to the US and China. Exports to the US grew by 33.9 percent, accelerating from a **25.4 percent** increase in the previous quarter, driven by higher shipments before the end of the reciprocal tariff exemption period, with accelerated exports of automatic data processing machines and parts, preparations of a kind used in animal feeding, and semi-conductor devices, transistors, and diodes. **Exports to China** expanded for **the fifth consecutive quarter** by 18.2 percent, mainly due to increased exports of rubber products, automatic data processing machines and parts, and electronic integrated circuits. **Exports to ASEAN (9)** increased by 10.3 percent, up from a 5.2 percent increase in the previous quarter, supported by growth in exports to Malaysia, Vietnam, and Cambodia. **Exports to the EU (27)** grew by 11.5 percent, driven by higher exports of automatic data processing machines and parts, boards and panels for electric control, and television receivers and parts. **Exports to the United Arab Emirates** increased by 17.1 percent, driven by a rise in exports of automatic data processing machines and parts, precious stones and jewelry, and motor cars, parts and accessories. **Exports to India** grew for the fifth consecutive quarter by 19.8 percent, led by increased exports of chemical products, and precious stones and jewelry. In contrast, **exports to Saudi Arabia** declined by 15.2 percent, due to lower shipments of motor cars, parts and accessories, and machinery and parts; however, exports of prepared or preserved fish, crustaceans, and molluscs in airtight containers, as well as air conditioning machines and parts, showed growth. **Exports to Australia** continued to decline for the fourth consecutive quarter by 4.1 percent, due to lower exports of motor cars, parts and accessories, rubber products, and iron and steel and their products; however, exports of air conditioning machines and parts increased.

Export Value to Key Markets in US Dollar Term

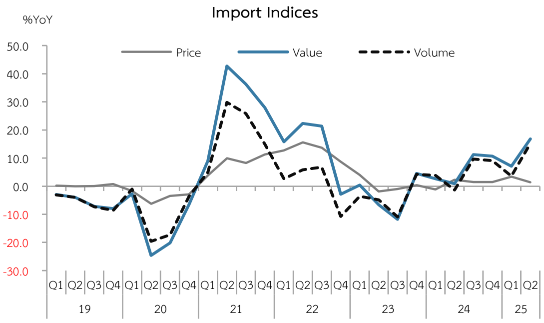
%YOY	2024							2025			Share Q2/25 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Total Exports (Mil US$) (Customs basis)	300,529	145,047	155,482	70,754	74,294	77,886	77,596	166,852	81,532	85,320	100.0
(%YoY)	5.4	1.9	9.0	-0.6	4.3	7.5	10.5	15.0	15.2	14.8	
United States	13.7	11.1	16.0	9.9	12.3	14.8	17.2	29.7	25.4	33.9	20.6
China	3.1	-1.1	7.7	-5.1	2.0	2.5	13.5	18.8	19.5	18.2	14.2
Japan	-5.3	-7.6	-2.9	-9.1	-6.1	-6.7	1.2	1.2	0.1	2.4	6.8
ASEAN (9)	4.6	0.1	9.1	-2.7	3.1	8.1	10.1	7.8	5.2	10.3	22.0
- ASEAN (5)*	-0.8	-4.7	3.1	-9.2	0.1	4.5	1.6	5.1	5.7	4.5	12.0
- CLMV**	12.7	7.2	18.5	6.8	7.6	13.7	23.3	11.3	4.6	18.1	10.0
EU (27) excluding UK	10.2	4.4	16.3	2.5	6.5	15.4	17.3	9.4	7.2	11.5	7.6
United Kingdom	3.0	-15.4	24.2	-10.7	-19.9	14.7	35.3	12.4	7.1	18.0	1.2
Middle East (15)***	6.8	2.1	11.5	-3.5	8.4	15.0	8.2	5.8	10.0	1.6	3.3
- Saudi Arabia	4.3	11.4	-1.9	4.3	19.6	-1.8	-2.0	-12.1	-8.9	-15.2	0.7
- United Arab Emirates	9.8	5.3	14.3	0.0	11.9	14.2	14.4	17.7	18.2	17.1	1.1
Australia	0.9	12.0	-8.3	25.1	0.2	-4.7	-11.7	-9.9	-15.0	-4.1	3.3
Hong Kong	-2.2	14.1	-16.5	23.5	5.2	-14.1	-19.2	4.2	-5.6	15.2	3.8
India	16.2	5.6	27.1	-3.4	15.4	19.5	35.4	54.1	91.4	19.8	3.9
South Korea	-2.2	-6.4	2.6	-7.5	-5.4	4.8	0.2	-0.3	-1.7	1.1	1.8
Taiwan	-1.2	-1.8	-0.6	-2.4	-1.2	3.4	-4.3	16.3	20.8	12.3	1.6

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

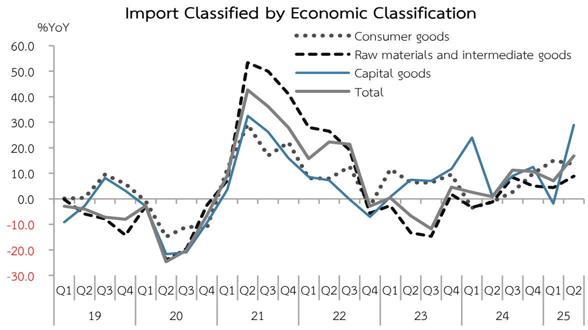
The import value in US dollar terms stood at 78.9 billion, marking an increase of 16.8 percent and accelerating from 7.1 percent in the previous quarter. This corresponded with a 15.2 percent rise in import volume, which was higher than the 3.6 percent increase in the preceding quarter. Import prices rose by 1.4 percent, compared with 3.4 percent growth previously. **In Thai baht terms**, the import value reached 2.612 trillion baht, representing 5.4 percent growth, comparing with a 2.0-percent increase in the previous quarter.

Import in US dollar terms expanded by 16.8 percent, accelerating from the previous quarter.

In the first half of 2025, imports totaled 151.2 billion US dollars, an increase of 11.9 percent. This continued the 11.0 percent growth seen in the second half of the previous year. During this period, import volume and prices increased by 9.4 percent and 2.4 percent, respectively. **In Thai baht terms**, imports stood at 5.066 trillion baht, an increase of 3.7 percent, compared with an increase of 7.8 percent in the second half of the previous year.



Source: Bank of Thailand



Source: Bank of Thailand

By category, the import value of all categories expanded. **The import value of raw materials and intermediate goods** grew by 8.9 percent, accelerating from 4.4 percent in the previous quarter, in line with a 11.9 percent increase in import volume, which accelerated from a 3.5 percent rise previously. Import prices in this category dropped by 2.7 percent. Key products with increased import value included parts of electronics and electrical appliances, chemicals and petrochemical products, and materials of base metal. **The import value of capital goods** increased by 28.9 percent, reversing a 1.8 percent drop from the previous quarter, as import volume and prices rose by 23.6 percent and 4.3 percent, respectively. Products with increased import value included other machinery and mechanical appliances and parts, computers, and transformers, generators, motors and accumulators. **The import value of consumer goods** rose by 13.7 percent, continuing from 15.0 percent in the previous quarter, driven by a 7.0 percent increase in import volume and a 6.2 percent increase in import prices. Key products with increased import value included food, beverage, and dairy products, cellphones, and animal and fishery products. Also, **the import value of other goods** continued to grow at a high rate of 49.7 percent, continuing from 66.9 percent in the previous quarter, mainly driven by a 53.7 percent increase in imports of non-monetary gold (excluding goldsmith articles).

Import Value of Major Product in US Dollar Term

%YoY	2024							2025			Share
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	Q2/25 (%)
Consumer goods	**2.0**	**-2.4**	**6.3**	**-3.6**	**-1.2**	**2.6**	**9.9**	**14.4**	**15.0**	**13.7**	**12.2**
- Exclude vehicles	7.9	1.9	14.0	-0.4	4.3	10.7	17.1	15.2	16.8	13.5	11.3
Food, beverage & dairy products	10.3	4.6	15.6	3.6	5.6	17.6	13.7	12.9	17.2	8.8	2.4
Cellphones	8.7	9.9	7.8	-0.0	24.2	-2.1	16.8	7.8	2.7	13.7	1.2
Animal & fishery products	-1.6	-10.5	8.2	-13.6	-7.4	-3.1	19.3	14.1	11.6	16.4	1.1
Medicinal and pharmaceutical products	-2.4	-11.3	7.7	-7.5	-15.2	4.3	10.9	10.2	2.8	18.2	1.1
Textiles	7.0	6.0	7.8	5.8	6.3	4.9	10.7	12.5	12.1	13.0	1.0
Raw materials and intermediate goods	**2.1**	**-2.3**	**6.8**	**-3.3**	**-1.2**	**8.4**	**5.1**	**6.7**	**4.4**	**8.9**	**59.0**
- Exclude fuel	4.6	0.5	8.9	-1.1	2.1	9.1	8.7	10.7	6.5	14.8	46.2
Parts of electronics and electrical appliances	13.4	13.7	13.0	11.0	16.5	10.5	15.4	19.0	10.9	26.9	19.0
Crude oil	1.3	-3.8	6.8	-3.8	-3.9	17.1	-2.3	-2.4	2.1	-6.9	8.6
Chemicals & Petro-chemical products	2.0	-2.1	6.6	-4.2	-0.1	11.8	1.1	0.8	-2.7	4.3	8.0
Materials of base metal	2.6	-6.4	12.7	-11.4	-1.2	16.7	8.6	13.4	12.9	13.8	7.8
Natural gas	-18.4	-24.9	-10.3	-15.9	-32.8	-12.6	-7.7	-1.5	-2.6	-0.3	2.4
Capital goods	**11.5**	**12.1**	**10.8**	**24.0**	**1.2**	**9.1**	**12.5**	**12.7**	**-1.8**	**28.9**	**20.9**
- Exclude computer	6.5	2.1	10.9	2.5	1.8	6.0	15.9	16.2	11.6	20.6	17.8
Other machinery and mechanical appliances & parts	5.0	-4.6	14.8	-5.3	-3.9	8.2	21.7	31.4	24.8	37.6	8.7
Computer	68.4	140.3	10.0	444.5	-4.6	50.0	-16.3	-6.4	-51.0	114.9	3.1

Import Value of Major Product in US Dollar Term (Cont.)

%YoY	2024							2025			Share Q2/25 (%)
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2	
Transformers, generators, motors and accumulators	12.9	4.4	21.6	-0.4	9.3	16.8	26.6	23.6	18.9	27.9	2.2
Measuring, checkingand precision instruments	-2.0	-8.8	4.9	-8.4	-9.2	0.7	9.1	24.0	18.3	29.6	1.3
Aircrafts, ships, floating structures, and locomotive	45.6	62.4	28.7	74.4	53.1	81.0	3.8	-27.3	-16.5	-36.9	1.3
Other Imports	**64.8**	**54.6**	**73.5**	**45.4**	**62.5**	**78.2**	**69.4**	**57.2**	**66.9**	**49.7**	**8.0**
Non-monetary gold (excl. articles of goldsmiths)	94.1	92.4	95.4	95.5	90.2	107.0	85.7	51.7	48.9	53.7	6.9
Other imports, n.i.e.	1.6	-16.0	19.4	-23.5	-6.4	12.1	26.4	80.6	130.3	29.2	1.1
Total Imports (Customs basis)	**6.3**	**2.4**	**10.4**	**3.1**	**1.7**	**10.6**	**10.2**	**11.6**	**7.4**	**15.8**	**100.0**
Imports, f.o.b. (BOP basis)	**6.3**	**1.7**	**11.0**	**2.6**	**0.8**	**11.3**	**10.7**	**11.9**	**7.1**	**16.8**	**91.2**
Imports, f.o.b. (excl. gold)	**3.5**	**-0.7**	**7.9**	**0.5**	**-1.9**	**8.1**	**7.8**	**9.9**	**5.3**	**14.6**	**84.4**

Source: Bank of Thailand

Import Volume Indices by Economic Classification

Volume indices %YoY	2024							2025		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Consumer goods	-1.2	-3.9	1.5	-4.7	-3.2	-1.1	4.0	7.8	8.6	7.0
Raw materials and intermediate goods	2.9	-1.7	7.8	-0.7	-2.7	9.1	6.6	7.7	3.5	11.9
Capital goods	9.9	11.9	7.9	24.6	0.4	7.2	8.6	8.0	-5.8	23.6
Total Imports	**5.2**	**1.1**	**9.4**	**3.8**	**-1.4**	**9.7**	**9.1**	**9.4**	**3.6**	**15.2**

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices %YoY	2024							2025		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Consumer goods	3.2	3.3	2.0	1.2	2.1	3.8	5.7	6.1	5.9	6.2
Raw materials and intermediate goods	-0.8	-2.4	-2.9	-2.7	1.5	-0.6	-1.4	-0.9	0.9	-2.7
Capital goods	1.4	0.7	0.1	-0.5	0.8	1.8	3.6	4.3	4.3	4.3
Total Imports	**1.0**	**1.0**	**0.2**	**-1.2**	**2.2**	**1.5**	**1.5**	**2.4**	**3.4**	**1.4**

Source: Bank of Thailand

Terms of Trade declined for the fifth consecutive quarter, as import prices increased by 1.4 percent, outpacing the 0.4 percent rise in export prices. As a result, the terms of trade stood at 96.6, higher than 96.5 in the previous quarter while lower than 97.5 in the same quarter of the previous year. This marks the fourteenth consecutive quarter in which the terms of trade remained below the level of 100.

Term of trade declined for the fifth consecutive quarter.

In the first half of 2025, the terms of trade were recorded at 96.5 compared with 97.8 in the second half of last year, as import prices increased by 2.4 percent, faster than the 0.6 percent increase in export prices.

The trade balance recorded a surplus of 5.3 billion USD in the second quarter of 2025. This was lower than the 8.2 billion USD surplus in the previous quarter and the 5.7 billion USD surplus from the same period last year. In Thai baht terms, the trade surplus was 172.0 billion baht, which was also lower than the 276.4 billion baht surplus in the previous quarter and the 207.4 billion baht surplus from the same quarter of the previous year.

Trade balance recorded a surplus of 5.3 billion US dollars, lower than the surplus recorded in the previous quarter and the same quarter last year.

In the first half of 2025, the trade balance recorded a surplus of 13.5 billion USD. This exceeded both the 11.1 billion USD surplus from the second half of the previous year and the 8.1 billion USD surplus from the same period of the previous year. In Thai baht terms, the trade surplus was 448.5 billion baht, surpassing the 380.8 billion baht surplus from the second half of the previous year and the 297.4 billion baht surplus from the same period of the previous year.

Term of trade

%YoY	2024							2025		
	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Term of trade*	98.0	98.2	97.8	98.9	97.5	97.8	97.8	96.5	96.5	96.6
%YOY	0.4	1.0	-0.2	2.5	-0.5	-0.2	-0.3	-1.7	-2.5	-0.9

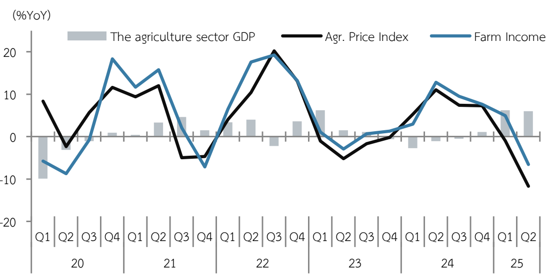
Note : *Term of trade : TOT represents the ratio between a country's export prices and its import prices. When Term of trade improves, it refers to a country that gains benefit from international trade due to export prices higher than import prices.
Source: Bank of Thailand

Production Side:

The agriculture, forestry, and fishing sectors expanded by 6.0 percent, continuing from a 6.2-percent growth in the previous quarter, supported by favorable weather conditions and adequate water supply for cultivation. This was consistent with a 9.4-percent increase in the Agricultural Production Index for major crops, following increases in paddy, fruit, and palm oil. The fisheries category increased by 4.9 percent, while the livestock category decreased for the first time in 12 quarters by 1.0 percent, primarily due to decreases in swine and chicken eggs. In this quarter, major agricultural product indexes that increased included (i) **paddy** (30.5 percent); (ii) **fruits** (18.5 percent), especially durian (19.1 percent); (iii) **palm oil** (9.0 percent); (iv) **shrimp** (4.9 percent); and (v) **chickens** (1.0 percent), respectively. However, the production of some major agricultural commodities declined, such as **rubber** (-5.1 percent), **swine** (-3.3 percent), and **cassava** (-3.8 percent). Meanwhile, the **Agricultural Price Index** continued to decrease for the second consecutive quarter by 11.7 percent, compared to a 1.0-percent decrease in the previous quarter, due to lower prices of several major agricultural products, including: (i) **fruits** (-27.5 percent); (ii) **paddy** (-13.0 percent); (iii) **rubber** (-16.1 percent); (iv) **cassava** (-38.9 percent); and (v) **cattle** (-17.3 percent), respectively. Conversely, prices of some major agricultural commodities increased, such as **swine** (22.0 percent) and **chickens** (3.3 percent). The decrease in the Agricultural Price Index resulted in the **overall Farm Income Index** decreasing for the first time in eight quarters by 6.6 percent, compared to a 4.9-percent growth in the previous quarter.

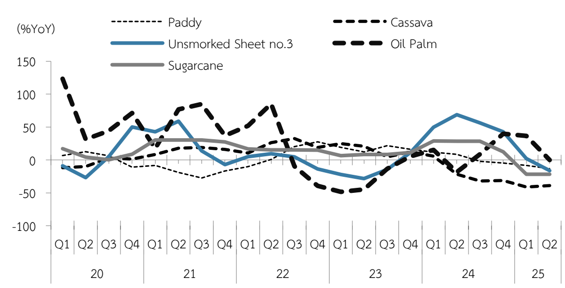
For the first half of 2025, the agriculture, forestry, and fishing sectors increased by 6.1 percent, with the Agricultural Production Index increasing by 5.7 percent, the Agricultural Price Index decreasing by 6.4 percent, and the overall Farm Income Index decreasing by 0.5 percent.

The agriculture sector GDP continued to expand from the previous quarter while the agricultural price index declined, resulting in the overall farm income index decreasing for the first time in 8 quarters



Source: Office of Agricultural Economics

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



Source: Office of Agricultural Economics

The manufacturing sector expanded by 1.7 percent, accelerating from a 0.9 percent growth in the previous quarter, in line with the faster expansion of merchandise exports and continued growth in demand for electronics. In this quarter, the index for **manufacturing industries with an export share of 30–60 percent** grew for the first time in nine quarters. Key products with increased production included: Motor vehicles (10.7 percent), Prepared animal feeds (8.8 percent). Meanwhile, the production of plastic packaging products declined by 1.2 percent. The index for **export-oriented manufacturing industries** (with an export share of over 60 percent of total production) continued to expand for the fourth consecutive quarter. Key products that recorded growth included: electronic parts and circuit boards (4.6 percent), other rubber products (2.7 percent), Meanwhile, key products with decreased production included: other general-purpose machinery: (-6.9 percent) and furniture: (-7.9 percent). The index for **manufacturing industries for domestic consumption** (with an export share below 30 percent) declined for the third consecutive quarter. Key products that saw significant contractions were: refined petroleum products (-2.4 percent), non-alcoholic beverages: (-11.4 percent). However, basic iron and steel manufacturing rose by 4.1 percent.

The average capacity utilization rate in this quarter stood at 59.07 percent, which is lower than the 61.02 percent in the previous quarter but higher than the 58.34 percent in the same quarter last year. Among the thirty key industries, only one industry had a capacity utilization rate above 80 percent: refined petroleum products: (88.35 percent). Meanwhile, thirteen industries had capacity utilization rates below 50 percent. These included: clothing manufacturing (excluding tailor shops) (48.11 percent), basic iron and steel manufacturing (48.03 percent) and pharmaceuticals and medicinal chemicals (47.47 percent).

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

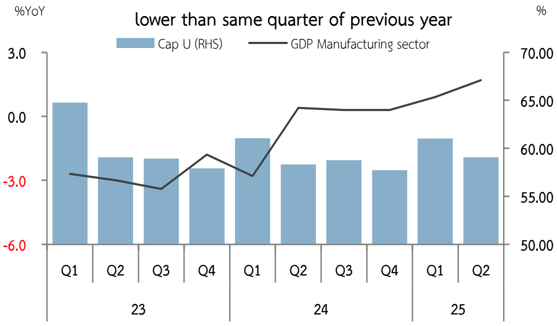
The agriculture, forestry, and fishing sectors expanded by 6.0 percent for the third consecutive quarter, primarily driven by increases in crop and fisheries output. Meanwhile, the agricultural price index continued to decline, causing the overall farm income index to decrease for the first time in eight quarters.

The manufacturing sector expanded for the fifth consecutive quarter, growing by 1.7 percent. This was driven by the 30-60 percent export-oriented manufacturing group's first expansion in nine quarters and the continued growth of the export-oriented manufacturing group. However, the domestic consumption manufacturing group declined for the third consecutive quarter.

The average capacity utilization rate was 59.07 percent, lower than the 61.02 percent in the previous quarter but higher than the 58.34 percent recorded in the same quarter last year.

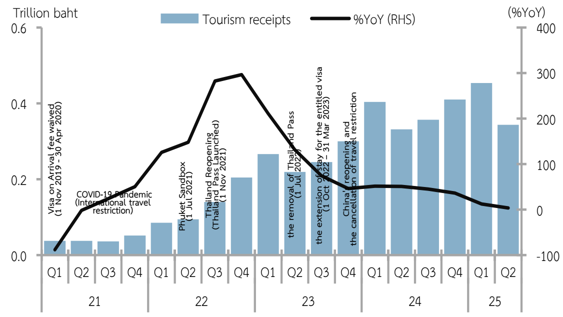
For the first half of 2025, the manufacturing sector expanded by 1.3 percent, with an average capacity utilization rate of 60.04 percent.

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 Q2/2025
Stood at 344 billion Baht, an increase of 3.6 percent.



Source: Bank of Thailand

The accommodation and food service activities sector expanded by 2.1 percent, slowing down from a 7.2-percent growth in the previous quarter. This was consistent with the slowdown in the number of Thai tourists and the decline in international tourist arrivals. In this quarter**, domestic tourism by Thai travelers (Thai Teaw Thai) recorded 69.63 million trips, increasing by 2.1 percent**, a slowdown compared to a 2.6-percent increase in the previous quarter. The top five provinces (excluding Bangkok) by number of Thai visitors were: Chonburi (4.585 million trips, share of 6.58 percent), Kanchanaburi (3.677 million, share of 5.28 percent), Prachuap Khiri Khan (2.794 million, share of 4.01 percent), Phetchaburi (2.744 million, share of 3.94 percent), and Nakhon Ratchasima (2.186 million, share of 3.14 percent) **Thai tourism receipts[1] totaled 303 billion Baht, rising for the fourteenth consecutive quarter by 1.9 percent**, though slower than a 5.4-percent growth in the previous quarter. The top five provinces (excluding Bangkok) by Thai tourism receipts were: Chonburi (share of 10.32 percent), Chiang Mai (share of 5.14 percent), Surat Thani (share of 3.96 percent), Prachuap Khiri Khan (share of 3.73 percent), and Krabi (share of 3.59 percent). **The number of international tourist arrivals was 7.136 million** (equivalent to 87.24 percent of the pre-COVID-19 level), **decreasing by 12.2 percent**, compared to a 1.9-percent growth in the previous quarter. The top five sources of international arrivals were from: Malaysia (1.146 million, share of 16.06 percent), China (0.934 million, share of 13.09 percent), India (0.640 million, share of 8.97 percent), Russia (0.313 million, share of 6.10 percent), and South Korea (0.274 million, share of 3.32 percent). In terms of growth by origin, short-haul markets[2] accounted for 5.403 million travelers (share of 75.71 percent), a decline of 18.0 percent compared to a 5.2-percent decline in the previous quarter, while long-haul markets[3] accounted for 1.733 million travelers (share of 24.29 percent), expanding by 12.5 percent, compared to a 17.4-percent growth in the previous quarter. **International tourism receipts[4] totaled 344 billion Baht** (share of 93.56 percent of the pre-pandemic level), **marking an increase of 3.6 percent**, though slower than a 12.4-percent growth in the previous quarter. The combined increase in domestic and international tourism receipts brought **the total tourism revenue[5] to 647 billion Baht, increasing by 12.1 percent**, compared to a 13.7-percent growth in the previous quarter. **The average hotel occupancy rate was 69.80 percent**, lower than 74.93 percent in the previous quarter and lower than 69.92 percent in the same period last year.

For the first half of 2025, the accommodation and food service sector expanded by 4.7 percent. The number of international tourist arrivals was 16.685 million, a decrease of 4.7 percent, generating international tourism receipts of 798 billion Baht. Combined with Thai tourism receipts of 572 billion Baht, the total tourism revenue amounted to 1.370 trillion Baht, an increase of 12.9 percent. The average hotel occupancy rate for the period was 72.36 percent.

The accommodation and food service activities sector expanded by 2.1 percent, representing a slowdown from the previous quarter. This was consistent with the deceleration in the number of Thai tourists and the decline in international tourist arrivals.

Total tourism revenue in this quarter reached 647 billion Baht, an increase of 12.1 percent.

The average hotel occupancy rate stood at 69.80 percent, which was lower than the 74.93 percent rate in the previous quarter and also below the 69.92 percent rate recorded in the same quarter of the prior year.

1 Thai tourism receipts from the summary table of accommodation situations, number of visitors, and visitor revenue from the Ministry of Tourism and Sports (MOTS).

2 International tourists in the short-haul market group with a flight time of less than 6 hours, including tourists from the Asia-Pacific and Middle East regions.

3 International tourists in the long-haul market group with a flight time of more than 6 hours, including tourists from Europe, the Americas, and Africa.

4 International tourism receipts from the balance of payments table, the Bank of Thailand (BOT).

5 Total tourism revenue refers to the sum of international tourism receipts and tourism receipts from Thai travelers.

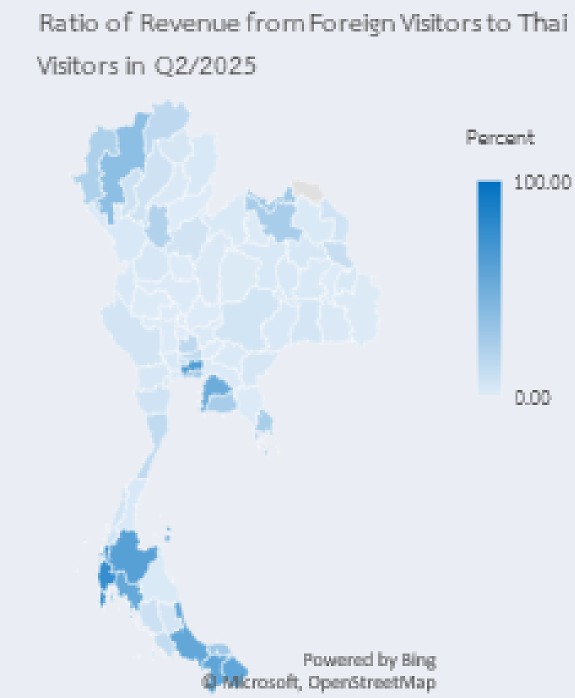
The Distribution Pattern of Foreign Visitors by Geographic Area and Spending Category

In the second quarter of 2025, **the total number of visitors[1] including both Thai and foreign nationals, amounted to 86.68 million**, representing a decrease of 0.03 percent compared to the 3.2 percent expansion in the previous quarter. This generated a total **tourism revenue of 0.642 trillion Baht**, a decline of 3.1 percent, in contrast to the 4.0 percent growth in the previous quarter. The **number of foreign visitors was 17.05 million**, accounting for 19.67 percent of the total visitors, which is a 7.9 percent decrease compared to the 1.4 percent growth in the previous quarter.

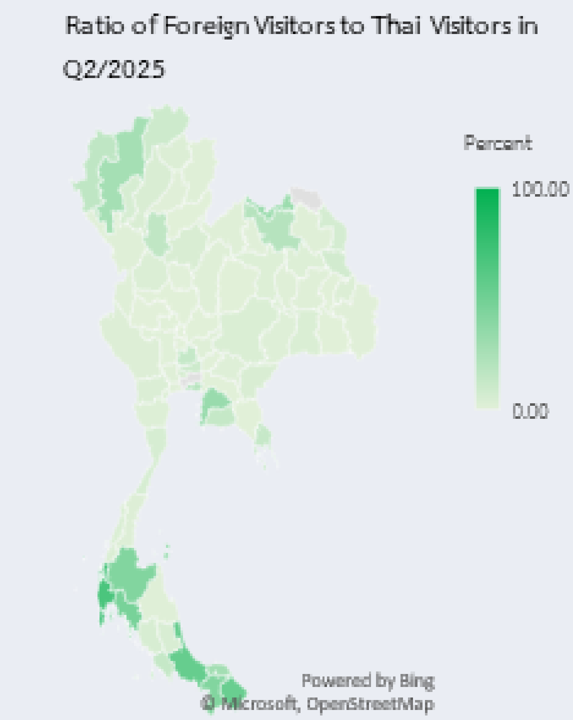
In the major tourist provinces[2], there were 41.07 million Thai visitors (58.98 percent of all Thai visitors). Meanwhile, foreign visitors to these provinces numbered 15.17 million (88.94 percent of all foreign visitors), a decrease of 8.5 percent compared to the 0.3 percent increase in the previous quarter. **In the secondary tourist provinces[3]**, the number of Thai visitors was 28.56 million (41.02 percent of all Thai visitors), while foreign visitors totaled 1.86 million (11.06 percent of all foreign visitors). This represents a 2.5 percent decline, compared to an 11.1 percent increase in the previous quarter.

The top five provinces with the highest number of foreign visitors were: (i) **Chonburi** with 2,183,937 visitors (a 12.81 percent share), representing a decrease of 13.6 percent year-on-year; (ii) **Phuket** with 2,117,720 visitors (a 12.42 percent share), representing a decrease of 6.2 percent year-on-year; (iii) **Surat Thani** with 1,002,444 visitors (a 5.88 percent share), representing an increase of 0.1 percent year-on-year; (iv) **Songkhla** with 928,087 visitors (a 5.44 percent share), representing a decrease of 3.1 percent year-on-year; and (v) **Chiang Mai** with 725,476 visitors (a 4.25 percent share), representing a decrease of 4.8 percent year-on-year.

In terms of tourism revenue, Revenue from **Thai visitors** amounted to **0.303 trillion baht**, which accounts for **47.24 percent** of the total visitor revenue. This figure represents a **1.9 percent increase**, a deceleration from the 5.4 percent expansion recorded in the previous quarter. Revenue from **foreign visitors** stood at **0.338 trillion baht**, making up **52.76 percent** of the total visitor revenue. This was a **decrease of 7.2 percent**, in contrast to the 3.2 percent growth seen in the previous quarter. A further breakdown of revenue from foreign visitors shows: (i) **Major tourist provinces** generated **0.329 trillion baht** (**97.29 percent** of all foreign visitor revenue). This was a **7.2 percent decrease** compared to the 3.1 percent increase in the previous quarter; and (ii) **Secondary tourist provinces** generated **0.009 trillion baht** (**2.71 percent** of all foreign visitor revenue). This represented a **5.8 percent decrease**, compared to the 6.4 percent increase in the previous quarter.



Source: Ministry of Tourism and sports



Source: Ministry of Tourism and sports

[1] **Visitors** refers to individuals traveling for tourism purposes, comprising both overnight tourists and same-day visitors (excursionists) who do not stay overnight.

[2] **Major Tourist Provinces:** This group consists of 22 provinces: Krabi, Bangkok, Kanchanaburi, Khon Kaen, Chachoengsao, Chonburi, Chiang Mai, Nakhon Pathom, Nakhon Ratchasima, Nonthaburi, Pathum Thani, Prachuap Khiri Khan, Phra Nakhon Si Ayutthaya, Phang-nga, Phetchaburi, Phuket, Rayong, Samut Prakan, Samut Sakhon, Songkhla, Saraburi, and Surat Thani.

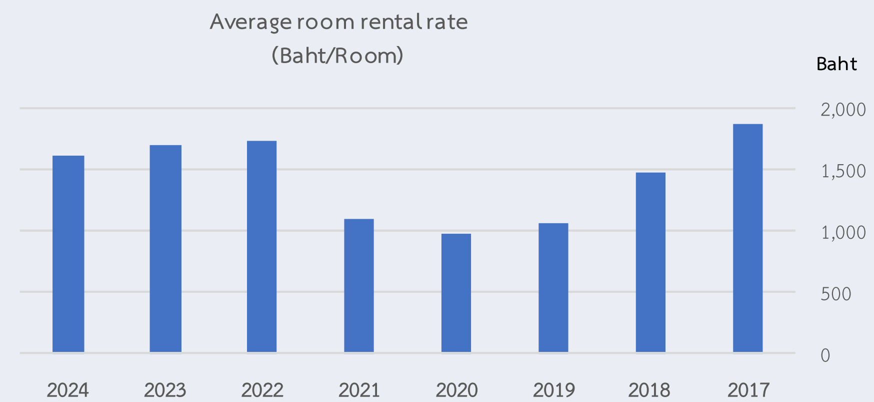
[3] **Secondary Tourist Provinces**: This group consists of 55 provinces: Kamphaeng Phet, Chanthaburi, Chai Nat, Chaiyaphum, Chumphon, Chiang Rai, Trang, Trat, Tak, Nakhon Nayok, Nakhon Phanom, Nakhon Si Thammarat, Nakhon Sawan, Narathiwat, Nan, Bueng Kan, Buriram, Prachinburi, Pattani, Phayao, Phatthalung, Phichit, Phitsanulok, Phetchabun, Phrae, Maha Sarakham, Mukdahan, Mae Hong Son, Yasothon, Yala, Roi Et, Ranong, Ratchaburi, Lopburi, Lampang, Lamphun, Loei, Sisaket, Sakon Nakhon, Satun, Samut Songkhram, Sa Kaeo, Sukhothai, Suphan Buri, Surin, Nong Khai, Nong Bua Lamphu, Ang Thong, Amnat Charoen, Udon Thani, Uttaradit, Uthai Thani, and Ubon Ratchathani.

The Distribution Pattern of Foreign Visitors by Geographic Area and Spending Category (Cont.)

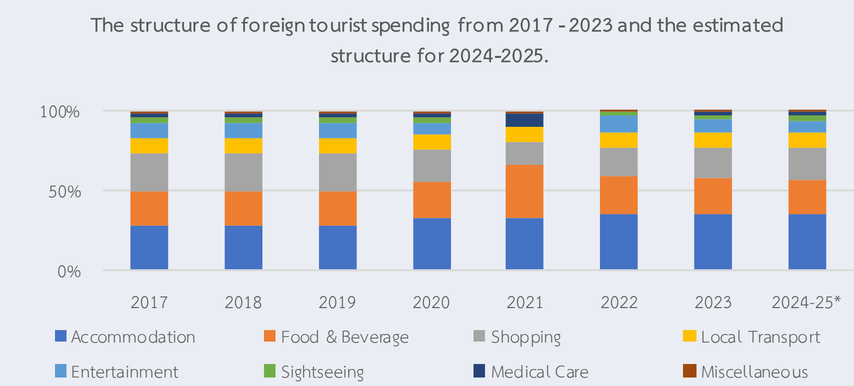
Additionally, **the top five provinces with the highest revenue from foreign visitors** (excluding Bangkok) were as follows: (i) **Phuket** generated 101,070.38 million baht (a 29.86 percent share), a decrease of 2.6 percent from the same period last year; (ii) **Chonburi** generated 32,741.69 million baht (a 9.67 percent share), a decrease of 16.9 percent from the same period last year; (iii) **Surat Thani** generated 18,611.85 million baht (a 5.50 percent share), an increase of 17.1 percent from the same period last year; (vi) **Krabi** generated 12,758.70 million baht (a 3.77 percent share), an increase of 14.8 percent from the same period last year; and (v) **Phang-nga** generated 10,544.45 million baht (a 3.12 percent share), an increase of 0.5 percent from the same period last year.

Regarding the expenditure structure of foreign visitors in Thailand in 2024[4], the top five spending categories reveal a significant shift in behavior compared to the pre-COVID-19 period (2017-2019[5]). The largest share of spending was on **accommodation** at **34.88 percent** (up from **28.58 percent**), followed by **food and beverages** at **22.21 percent** (up from **20.95 percent**), **shopping** at **19.67 percent** (down from **24.41 percent**), **transportation** at **10.25 percent** (up from **9.78 percent**), and **entertainment** at **7.37 percent** (down from **9.15 percent**). This data reflects a clear trend where the proportions of spending on accommodation, food and beverages, and transportation have increased, while the shares for shopping, entertainment, sightseeing, medical treatment, and miscellaneous items have decreased. The increase in expenditure, particularly on lodging, is partly attributed to a rise in average daily room rates and a growing preference among visitors for more comfortable accommodations.

Therefore, it is imperative for the public sector to expedite the implementation of measures to boost the tourism services sector and related businesses. Emphasis should be placed on promoting travel by foreign visitors to secondary tourist provinces and encouraging increased spending on shopping, sightseeing, and entertainment services. The objective is to ensure a more equitable distribution of tourism income to local economies across various sectors and to maintain the tourism sector as a key driver of the nation's economy going forward.



Source: Bank of Thailand



Source: Ministry of Tourism and sports, complied by NESDC

[4] Projections of revenue and expenditure for foreign nationals in 2024-2025, based on 2023 data on tourism revenue and expenditure from foreign tourists visiting Thailand, provided by the Ministry of Tourism and Sports and compiled by the Office of the National Economic and Social Development Council (NESDC).

[5] This refers to the average expenditure structure of foreign visitors during the period of 2017-2019.

The wholesale and retail trade, repair of motor vehicles and motorcycles sector expanded by 6.2 percent, accelerating from a 4.8-percent growth in the previous quarter. This was in line with the expansion of international trade and the return to growth in vehicle sales volume. This 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: (1) **The Wholesale Index (excluding motor vehicles and motorcycles)** rose by 6.0 percent, accelerating from a 3.3-percent increase in the previous quarter. This was mainly driven by the wholesale of household goods, wholesale of other specialized goods, and wholesale of food, beverages, and tobacco, respectively. However, wholesale trade in general merchandise declined. (2) **The Retail Sales Index (excluding motor vehicles and motorcycles)** expanded by 10.8 percent, following a 14.1-percent increase in the previous quarter. The growth was supported by an increase in retail sales in non-specialized stores, retail sales of information and communication equipment, and non-store retail sales, respectively. However, retail sales of automotive fuel declined. And (3) **The Index of Wholesale and Retail Sales and Repair of Motor Vehicles and Motorcycles** rose by 2.9 percent, improving from a 0.3-percent contraction in the previous quarter. This was primarily due to an increase in the sale of motor vehicles, the sale, maintenance, and repair of motorcycles, parts and accessories, etc., and the maintenance and repair of motor vehicles, respectively. Meanwhile, the sale of motor vehicle parts and accessories declined.

The wholesale and retail trade, repair of motor vehicles and motorcycles sector expanded by 6.2 percent, accelerating from a 4.8-percent growth in the previous quarter. This was in line with the accelerating expansion of international trade and the return to growth in vehicle sales volume.

For the first half of 2025, the wholesale and retail trade, repair of motor vehicles and motorcycles sector expanded by 5.4 percent.

The transportation and storage sector expanded by 4.0 percent, decelerating from a 5.4-percent growth in the previous quarter, primarily due to the slowdown in tourism-related services. The breakdown is as follows: **(1) Land transport and transport via pipelines grew by 2.8 percent**, slowing down from a 5.4-percent expansion in the previous quarter. This was due to a slowdown in the number of public transport passengers, metropolitan train ridership, and gasoline consumption, respectively. This was coupled with a decline in BTS-BEM train ridership, diesel consumption, the number of trucks, the number of buses (both fixed-route and non -fixed-route), liquefied petroleum gas consumption, and natural gas usage for vehicles. **(2) Air transport services increased by 9.1 percent**, slowing down from an 11.7-percent expansion in the previous quarter. Key factors included total Thai flight volume expanding by 3.7 percent, a slowdown from the 8.5-percent growth in the previous quarter, and air passenger volume decreasing by 4.9 percent, compared to a 3.4-percent expansion in the previous quarter. **(3) Water transport services expanded by 2.4 percent**, accelerating from a 2.0-percent growth in the previous quarter, mainly due to an increase in international waterborne freight. Seaborne import volume increased by 10.7 percent, and seaborne export volume increased by 7.8 percent. Additionally, the volume of vessels entering and leaving the kingdom increased by 4.5 percent. Furthermore, support activities for transportation increased by 5.9 percent, accelerating from 4.3 percent growth in the previous quarter, and postal and courier activities rose by 1.7 percent, compared to a 2.6-percent increase in the previous quarter.

The transportation and storage sector expanded by 4.0 percent, decelerating from a 5.4-percent growth in the previous quarter, primarily in line with the slowdown of the tourism service sector.

For the first half of 2025, the transportation and storage sector increased by 4.8 percent. Transport services expanded by 5.0 percent, comprised of a 10.8-percent expansion in air transport, a 4.4-percent expansion in land transport and transport via pipelines, and a 2.2-percent expansion in water transport. Support activities for transportation grew by 5.1 percent, and postal services grew by 2.2 percent.

The construction sector expanded by 8.0 percent, slowing from a 16.2 percent growth in the previous quarter. This was due to a deceleration in public construction, especially government construction, while private construction continued to contract. In this quarter, **public construction** grew by 16.1 percent, a slowdown from 33.7 percent in the previous quarter. Construction growth of 31.9 percent, which decelerated from 71.2 percent in the previous quarter. Construction by the central and local government administrations expanded by 39.4 percent and 6.3 percent, respectively. In contrast, **state enterprise construction** declined by 5.8 percent, a continuation of the 3.0 percent decrease in the previous quarter, primarily due to a reduction in construction projects by the Expressway Authority of Thailand, Metropolitan Waterworks Authority, Electricity Generating Authority of Thailand, Mass Rapid Transit Authority of Thailand, and Airports of Thailand Public Company Limited. **Private construction** contracted for the fifth consecutive quarter, declining by 2.0 percent compared to a 3.8 percent decrease in the previous quarter. This contraction was driven by a 4.4 percent decline in all types of dwelling construction, though this was a slight improvement from the 5.7 percent decrease in the previous quarter. However, all types of non-dwelling construction expanded for the first time in four quarters, growing by 0.8 percent, led by continued strong growth in industrial building construction at 12.2 percent. Other construction also expanded by 0.2 percent. The **Construction Material Price Index (CMI)** increased for the fourth consecutive quarter by 0.4 percent. This was mainly driven by rising prices in other construction materials (4.6 percent), electrical and plumbing equipment (2.1 percent), concrete products (0.7 percent) and cement (4.5 percent) Meanwhile, the prices of key construction materials declined, including steel (-3.2 percent), tiles (-0.8 percent).

The construction sector expanded by 8.0 percent, a deceleration driven by the slowdown in public construction, particularly government construction, while private construction continued to decline.

The Construction Material Price Index (CMI) increased for the fourth consecutive quarter by 0.4 percent. This rise was attributed to price increases in the categories of other construction materials, electrical and plumbing equipment, concrete products, and cement

For the first half of 2025, the construction sector expanded by 11.7 percent. Public construction grew by 24.0 percent (with government construction increasing by 48.1 percent, but state enterprise construction decreasing by 4.4 percent), while private construction declined by 2.8 percent.

Employment rebounded for the first time in six quarters, primarily due to an increase in non-agricultural employment, which rose for the thirteenth consecutive quarter. Meanwhile, agricultural employment continued to decrease fo the sixth 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 second quarter of 2025, total employment stood at 39.51 million people, an acceleration of 0.02 percent compared to a 0.5-percent decrease in the previous quarter. This included 35.45 million employed Thai nationals (89.71 percent of total employment), marking a 2.0-percent decline, compared to a 0.8-percent decrease in the previous quarter, and 4.06 million employed foreign workers (10.29 percent of total employment), representing a 22.1-percent increase, up from a 2.3-percent expansion in the previous quarter. **Agricultural employment** (accounting for 27.70 percent of total employment) continued to decline for the sixth consecutive quarter, contracting by 0.9 percent. This was consistent with the decline in major agricultural commodities such as cassava, sugarcane and swine. In contrast, **non-agricultural employment** (72.30 percent of total employment) increased for the thirteenth consecutive quarter by 0.4 percent, slowing down from 0.5 percent in the previous quarter. This was mainly driven by an increase in employment in the accommodation and food service activities sector and manufacturing sector. However, employment declined in the wholesale and retail trade and construction. **The unemployment rate** in this quarter stood at 0.91 percent, higher than the 0.89 percent recorded in the previous quarter, but lower than the 1.07 percent reported in the same quarter of the previous year. The **average number of unemployed individuals** was 365,500 people, higher than the 357,700 in the previous quarter, but lower than the 429,100 in the same quarter of the previous year.

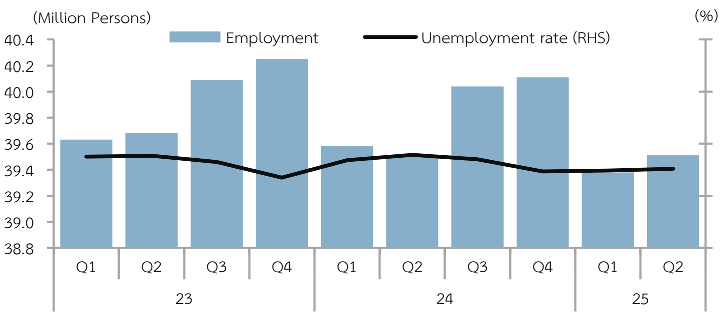
In the first half of 2025, employment decreased by 0.2 percent, following a decline in agricultural employment. The unemployment rate stood at 0.90 percent.

Employment rebounded for the first time in a quarter, primarily due to an increase in non-agricultural employment. Meanwhile, agricultural employment decreased for the sixth consecutive quarter.

The unemployment rate stood at 0.91 percent, higher than in the previous quarter but lower than in the same quarter of the previous year.

Employment increased by 0.02 percent following a increased in non-agricultural sector employment

Unemployment rate was low at 0.91 percent.



Source: National Statistical Office

Employed Persons by Industry

%YOY	Share	2023	2024							2025		
	Q2/25	Year	Year	H1	H2	Q1	Q2	Q3	Q4	H1	Q1	Q2
Employed	100.00	1.8	-0.3	-0.3	-0.2	-0.1	-0.4	-0.1	-0.4	-0.2	-0.5	0.02
- Agricultural	27.70	1.2	-4.4	-5.4	-3.5	-5.7	-5.0	-3.4	-3.6	-2.0	-3.1	-0.9
- Non-Agricultural	72.30	2.0	1.5	1.8	1.2	2.2	1.5	1.4	1.1	0.4	0.5	0.4
Manufacturing	16.18	0.1	0.4	1.5	-0.6	0.7	2.2	-1.4	0.3	-0.2	-0.4	0.1
Construction	5.74	2.1	2.0	3.3	0.6	5.0	1.5	0.7	0.5	-4.4	-5.1	-3.7
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.25	1.8	-0.7	-0.1	-1.3	-0.4	0.2	-0.8	-1.8	-2.2	-3.1	-1.2
Accommodation and food service activities	8.76	9.3	7.7	7.7	7.8	10.6	4.9	6.1	9.4	3.3	3.5	3.1
Total labor force (Million persons)		40.45	40.36	40.20	40.51	40.23	40.18	40.48	40.54	40.10	40.09	40.11
Employed (Million persons)		39.92	39.81	39.54	40.07	39.58	39.50	40.04	40.11	39.45	39.38	39.51
Unemployment (Million persons)		0.40	0.40	0.42	0.39	0.41	0.43	0.41	0.36	0.36	0.36	0.37
Unemployment Rate (%)		0.98	1.00	1.04	0.95	1.01	1.07	1.02	0.88	0.90	0.89	0.91

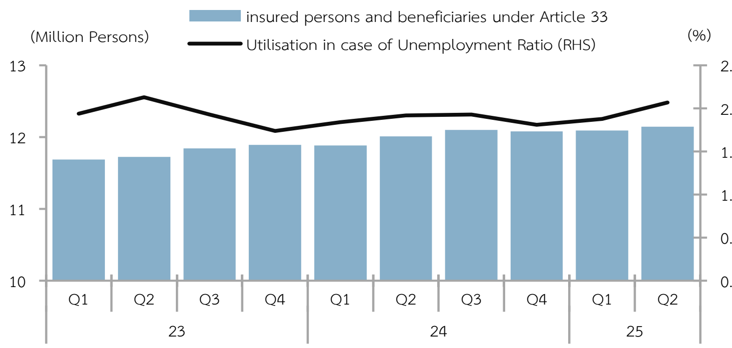
Source : National Statistical Office (NSO)

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 second quarter of 2025, the total number of social security beneficiaries increased by 0.3 percent, compared to a 0.7-percent increase in the previous quarter. This included **compulsory insured persons under Article 33**, which increased by 1.2 percent, compared to a 1.8-percent increase in the previous quarter. **Voluntarily insured persons under Article 40** increased by 0.1 percent, compared to a 0.2-percent increase in the previous quarter. Meanwhile, **voluntarily insured persons under Article 39** continued to decline for the twelfth consecutive quarter, decreasing by 4.6 percent, compared to a 3.9-percent decline in the previous quarter. The **proportion of insured persons receiving unemployment benefits under Article 33** stood at 2.07 percent, higher than the 1.88 percent recorded in the previous quarter and also higher than the 1.92 percent recorded in the same quarter of the previous year. The **average number of insured persons receiving unemployment benefits under Article 33** was 252 thousand people, higher than 228 thousand people in the previous quarter and also higher than 231 thousand people in the same quarter of the previous year.

The number of insured persons in the social security system increased by 0.3 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 2.07 percent, higher than 1.88 percent in the previous quarter and also higher than 1.92 percent in the same quarter of the previous year.

There are 12.1 million insured persons and beneficiaries under Article 33 and 2.07 percent of them are receiving unemployment benefits



Source: The Social Security Office ,Ministry of labour

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2023	2024					2025	
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2
Insured Persons (article 33)[1/]	11,891	12,081	11,883	12,006	12,096	12,081	12,094	12,145
Insured Persons (article 39)[2/]	1,798	1,720	1,770	1,740	1,716	1,720	1,701	1,661
Insured Persons (article 40)[3/]	10,958	11,012	10,980	10,996	11,004	11,012	11,003	11,009
Total Insured Persons	24,647	24,813	24,634	24,742	24,816	24,813	24,799	24,814
Utilisation in case of Unemployment	207	218	218	231	233	218	228	252
Utilisation in case of Unemployment Ratio (%)	1.74	1.81	1.84	1.92	1.93	1.81	1.88	2.07

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 third quarter of the fiscal year 2025 (April - June 2025), net government revenue collection totaled 846.4 billion Baht, representing a 0.6 percent increase compared to the same period in the previous year. Revenue collections by (i) **The Revenue Department increased by 2.5 percent**, following the increase in corporate income tax, personal income tax, and value-added tax (VAT), which rose by 3.8 percent, 3.8 percent, and 2.7 percent, respectively. The increase in VAT receipts was primarily attributable to higher domestic consumption. (ii) **Revenue collections by the Excise Department increased by 1.9 percent**, following a 6.1 percent increase in revenue from oil and oil products excise tax, attributable to the 1 baht per liter increase in the excise tax on diesel and gasoline, effective from May 2025. In addition, excise tax revenues from automobiles expanded for the first time in seven quarters, increasing by 1.2 percent in line with higher volume of automobile production. (iii) **Remittances from other government agencies increased by 10.0 percent,** primarily due to the transfer of surplus proceeds from bond sale (premiums) to cover the fiscal deficit.

However, **the Thai Customs Department declined by 3.5 percent,** primarily due to reflecting a decrease in the importation of internal combustion engine vehicles. Furthermore, **the remittance from state-owned enterprises declined by 19.8 percent**, primarily due to the Electricity Generating Authority of Thailand (EGAT) and Port Authority of Thailand (PAT) aligning their revenue remittances with internal liquidity considerations.

For the first 9 months of fiscal year 2025, net government revenue collection totaled 2,046.1 billion baht, increasing by 1.8 percent compared to the same period last year; however, it fell 1.5 percent short of the budget estimate, or 30,314 million baht. This shortfall was primarily driven by the fact that: (i) Value-Added Tax (VAT) collection on imports was 5.0 percent below the estimate. This was driven by an increased volume of goods imported under free zone tax exemptions. These goods primarily included machinery, equipment, tools, appliances, and components essential for business operations, as well as items used in the construction, assembly, or installation of factories or buildings within the free zone. (ii) Corporate income tax collection were 3.2 percent lower than estimated, primarily due to a short revenue from income tax returns filed by companies or juristic partnerships (P.N.D.50). and (iii) Excise tax revenues from automobiles were 44.6 percent below estimates, attributable to incentives promoting electric and hybrid vehicles, as well as a decline in the volume of vehicles subject to taxation. However, remittances from state-owned enterprises and other government agencies were 13.2 percent and 12.6 percent higher than estimated respectively.

__In Q3/FY2025, net government revenue collection increased by 0.6 percent__ compared to the same quarter of the previous year, this was primarily due to the collection of the Revenue Department,

the Excise Department and remittance of outstanding income from other government agencies.

__For the 9 months of FY2025__, net government revenue collection was lower than the estimation stated in the 2025 annual budget by 1.5 percent.

Government's Net Revenue Collection: The First 9 Months of Fiscal Year 2025
(October 2024 - Jun 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	1,614,124	1,667,663	53,540	3.3	1,680,291	-12,628	-0.8
2. Excise Department	393,859	400,487	6,628	1.7	449,371	-48,884	-10.9
3. Customs Department	88,432	85,318	-3,113	-3.5	91,800	-6,482	-7.1
Revenue From 3 Departments	2,096,415	2,153,468	57,054	2.7	2,221,462	-67,994	-3.1
4. State-Owned Enterprises	156,346	138,803	-17,543	-11.2	122,672	16,131	13.2
5. Other Agencies	131,352	145,109	13,757	10.5	128,847	16,262	12.6
5.1 Other Agencies	119,449	133,344	13,895	11.6	118,675	14,669	12.4
5.2 Other Agencies	11,902	11,765	-137	-1.2	10,172	1,593	15.7
Total Revenue (Gross)	2,384,113	2,437,381	53,269	2.2	2,472,981	-35,600	-1.4
Deductions	308,330	323,587	15,257	4.9	331,076	-7,489	-2.3
Total Revenue (After Deductions)	2,075,783	2,113,795	38,012	1.8	2,141,905	-28,110	-1.3
VAT Distribution for Local Administrative Organizations (LAOs)	65,340	67,704	2,364	3.6	65,501	2,203	3.4
Total Revenue (Net)	2,010,443	2,046,090	35,648	1.8	2,076,404	-30,314	-1.5

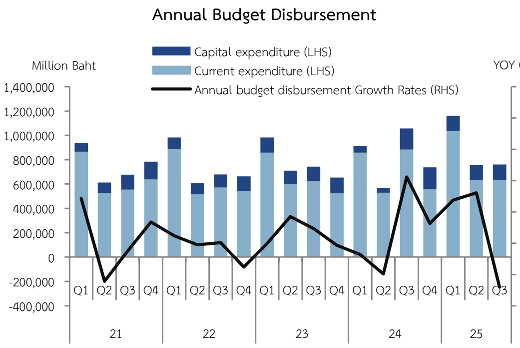
Source: Fiscal Policy Office

On the expenditure side, in the third quarter of fiscal 2025, the government had a total budget disbursement of 886.2 billion Baht[6], reflecting a 25.7 percent decrease compared to the same quarter of the previous year, in which total budget disbursement consisted of:

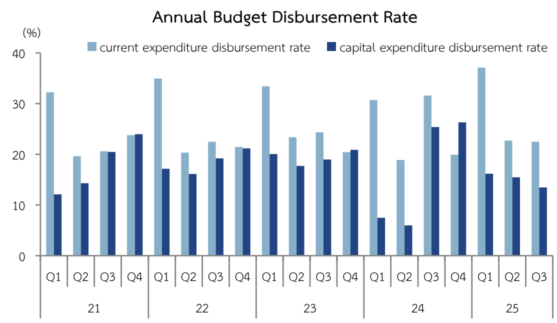
In Q3/FY2025, total ***budget disbursement*** *decreased by 25.7 percent. The increase is primarily due to the low base in the same period last year, caused by the delay of the Fiscal Year 2024*

(i) The 2025 annual budget disbursement, amounting to 760.1 billion Baht, is a decrease of 28.0 percent compared to the same quarter last year. The disbursement rate was 20.3 percent, lower than the 29.3 percent in the same quarter of the previous year.

The current expenditure disbursement totaled 634.6 billion Baht, representing a 28.1 percent decrease from the same quarter last year. The disbursement rate was 22.5 percent, lower than the 31.6 percent in the same quarter of the previous year. The capital expenditure disbursement was marked at 125.5 billion Baht, representing a 27.5 percent decrease from the same quarter last year. The decrease is primarily due to the high 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 13.5 percent, lower than the 25.4 percent in the same quarter last year.



Source: GFMIS at 16th July 2025



Source: GFMIS at 16th July 2025

(ii) The carry-over budget disbursement stood at 37.9 billion Baht, increasing from the same quarter last year by 70.7 percent. The disbursement rate was 13.8 percent, remain the same as the quarter of the previous year.

(iii) The State-owned enterprises' capital expenditure budget was disbursed for 93.3 billion Baht[7], reflecting a 23.9 percent decrease from the same quarter last year. This decrease was primarily due to lower disbursements by the PTT Public Company Limited and its affiliated companies, and the Electricity Generating Authority of Thailand (EGAT). The top five SOEs with the highest capital expenditure disbursements included PTT Public Company Limited and its affiliated companies, the Mass Rapid Transit Authority of Thailand (MRTA), Provincial Electricity Authority (PEA), the Electricity Generating Authority of Thailand (EGAT), and Metropolitan Electricity Authority (MEA).

For the first 9 months of the fiscal year 2025, the total budget disbursement was 3,158.6 billion Baht, increasing by 8.3 percent from the same period last year, with the following details:

For the first 9-months of FY2025, the 2025 annual budget disbursement increased by 8.3 percent *according to the increase of annual budget and carry over budget disbursement, while state-owned enterprises' capital expenditure disbursement decreased.*

(i) The 2025 annual budget disbursement stood at 2,705.1 billion Baht. The disbursement rate was 72.1 percent, higher than 70.4 percent in the same period last year. This included 2,334.7 billion Baht in a disbursement of current expenditure (with a disbursement rate of 82.8 percent, higher than 81.2 percent in the same period of last year), and 370.3 billion Baht in a disbursement of capital expenditure (with a disbursement rate of 39.8 percent, higher than 33.0 percent in the same period last year).

(ii) The disbursement of the carry-over budget stood at 206.9 billion Baht, equivalent to the disbursement rate of 75.2 percent.

(iii) 271.6 billion Baht disbursed for state-owned enterprises' capital expenditure budget[8]. 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 Mass Rapid Transit Authority of Thailand (MRTA).

6 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.

7 The number was included the 4.7 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.

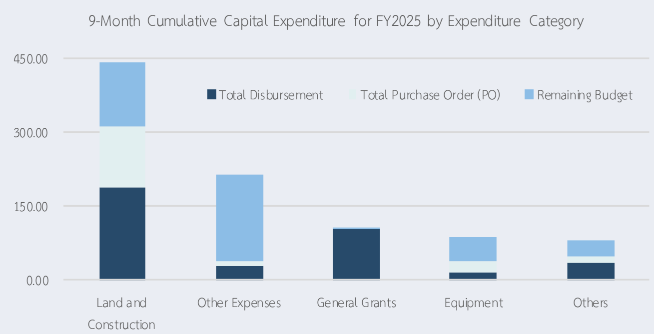
8 The number was included the 25.0 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.

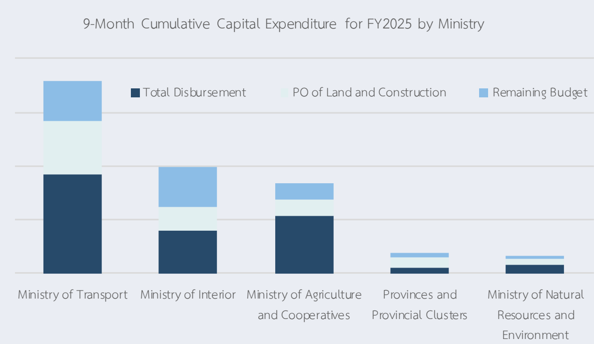
Expediting the disbursement of public capital expenditure to sustain the momentum from government investment.

The disbursement of public capital expenditure from the Annual Budget Expenditure for Fiscal Year 2025 in the first 9 months was significantly below target. Considering the capital expenditure budget framework after transfers and adjustments of 931,453.72 million baht, it was found that only 370,336.45 million baht had been disbursed, representing a disbursement rate of 39.8 percent. While slightly higher than the 33.0 percent rate in Fiscal Year 2024[1], this is lower than the 15-year average of 48.7 percent. Furthermore, the combined total of disbursement and purchase order (PO) commitments reached 534,844.68 million baht (representing 57.4 percent of the budget). Therefore, it is necessary to expedite the disbursement of 374,826.53 million baht in capital expenditure during the remaining period of the fiscal year (July - September 2025), especially for accelerating the disbursement of the capital expenditure for which contractual PO commitments have already been made, in order to achieve the 80 percent target, set by the Comptroller General's Department and the Cabinet resolution of October 22, 2025.

Furthermore, the total value of contractual PO commitments was 164,508.2 million baht, representing 17.7 percent of the capital expenditure budget after transfers and adjustments. Of this, 123,329.67 million baht (or 75.0 percent) were commitments in the Land and Buildings category. Meanwhile, the Equipment category, Other Expenses category, and Specific Subsidies category accounted for 12.6 percent, 4.9 percent, and 4.0 percent of the total purchase order value, respectively.

When considering the breakdown by agency, the three ministries with the highest value of contractual PO commitments for capital expenditure are the Ministry of Transport, with the highest commitment value at 31.6 percent of the total, followed by the Ministry of Interior and the Ministry of Agriculture and Cooperatives, with commitment values of 15.8 percent and 11.3 percent, respectively. The contractual PO commitments in the Land and Building category by the Ministry of Transport, the Ministry of Interior, and the Ministry of Agriculture and Cooperatives represent 40.4 percent, 17.9 percent, and 12.9 percent of the total PO commitments for the Land and Construction category, respectively.





Source: GFMIS as of 31st July 2025

Capital Expenditure Budget for Fiscal Year 2025, Land and Construction Category			
(Unit: Million Baht)	Budget	Total Disbursement	Total PO
Total Capital Expenditure	**931,453.72**	**370,336.45**	**164,508.24**
Capital Expenditure, Land and Construction Category	**441,620.05**	**189,057.59**	**123,329.67**
Ministry of Transport	**175,629.10**	**90,285.45**	**49,879.25**
Construction of National Highway Network Project	66,772.92	22,699.71	21,939.67
Maintenance and Management of Highway and Bridge Network	27,959.08	20,993.87	4,355.24
Development of Highways and Bridges in the Rural Road Network Project	16,118.54	9,673.69	4,802.71
Ministry of Agriculture and Cooperatives	**78,318.26**	**50,116.66**	**15,902.50**
Water Source Procurement and Irrigation Area Expansion Project	21,509.80	13,775.56	4,433.45
Irrigation System Improvement Project	11,071.44	6,794.07	2,879.87
Water Hazard Prevention and Mitigation Project	8,267.75	4,721.24	1,764.22
Ministry of Interior	42,719.62	8,977.26	22,049.60
Embankment Construction for Riverbank Protection within the Country Project	15,304.99	4,256.26	7,498.82
Area Development According to City Planning Project	10,414.55	1,219.57	5,588.83
Flood Prevention in Community Areas Project	5,206.19	553.2	3,446.92

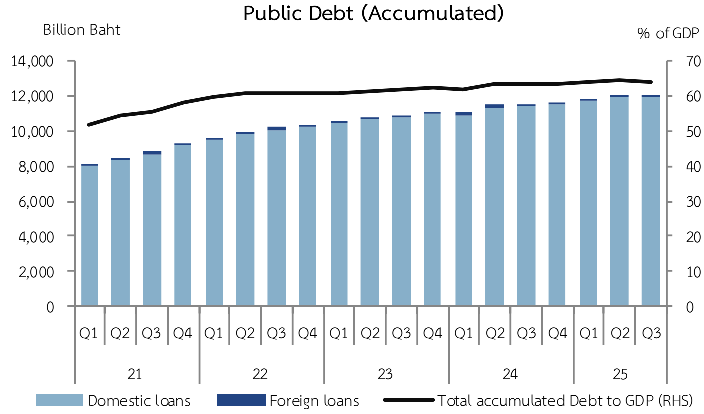
Source: GFMIS as of 31st July 2025

[1]The enactment of the Annual Budget Expenditure Act for Fiscal Year 2024 was delayed by 7 months.

Public Debt: As of the end of the third quarter of fiscal year 2025 (June 2025), public debt totaled 12.1 trillion Baht, equivalent to 64.2 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 106.3 billion Baht in foreign loans (0.9 percent).

***At the end of June 2025, public debt was 64.2 percent of GDP,** down from 64.6 percent in the previous quarter.*

Public Debt (Accumulated)



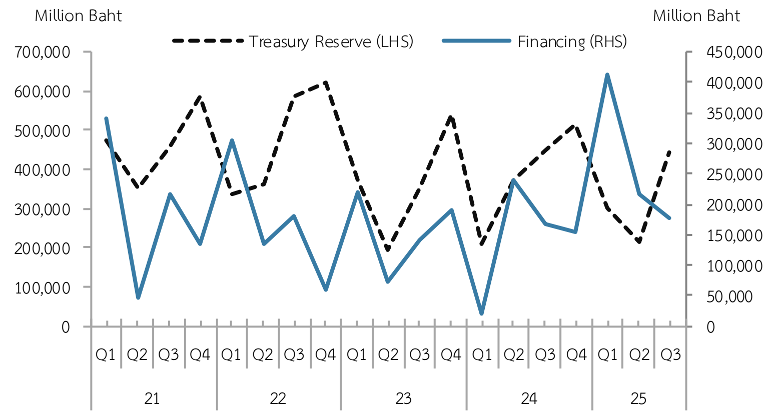
Source: Public Debt Management Office

Government's Fiscal Balance on Cash Basis: At the end of the third quarter of fiscal year 2025, the budgetary balance recorded a surplus of 65.5 billion Baht, along with a deficit of 13.1 billion Baht in the non-budgetary balance. Additionally, the government managed cash flow through borrowing of 177.4 billion Baht. As a result, the cash balance after debt financing showed a net surplus of 229.8 billion Baht. The beginning treasury reserve stood at 215.4 billion Baht, resulting in a fiscal balance of 445.2 billion Baht at the end of June 2025.

***At the end of June 2025,** the fiscal balance stood at 445.2 billion Baht.*

For the first 9 months of fiscal year 2025, the budgetary balance recorded a deficit of 855.5 billion Baht, along with a deficit of 19.6 billion Baht in the non-budgetary balance. Additionally, the government managed its cash balance through borrowing of 806.2 billion Baht. Consequently, the cash balance after debt financing recorded a net deficit of 68.9 billion Baht.

Statement of Government Operations

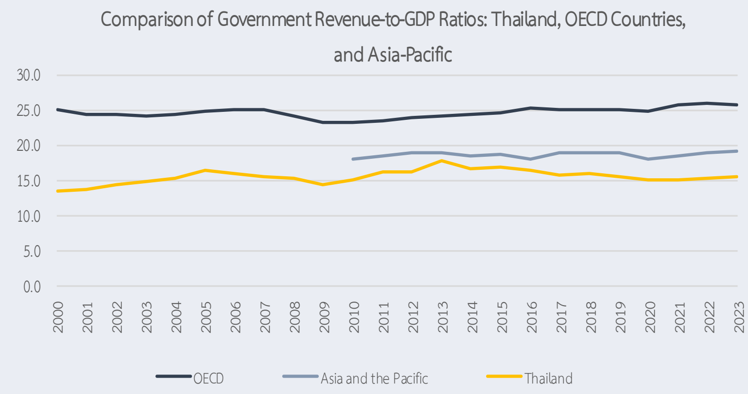


Source: Ministry of Finance

Maintaining Fiscal Stability and Sovereign Credit Rating Outlook

As of the present, Thailand maintains a sovereign credit rating of Baa1. On 29 April 2025, Moody's revised the country's outlook to Negative, citing heightened uncertainty in the Thai economy. This uncertainty arises from the imposition of reciprocal tariffs, a decline in tourist arrivals, continued unpredictability in economic growth, as well as a weakening in both economic potential and the fiscal position.

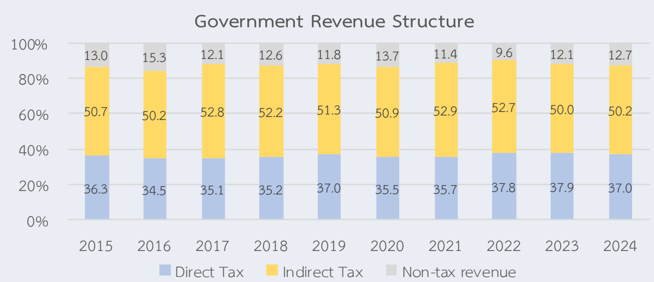
On 2 June 2025 and 22 July 2025, S&P Global Ratings and Fitch Ratings published their assessments of Thailand's sovereign creditworthiness, maintaining the country's rating at BBB+ with a Stable Outlook. These assessments highlighted the continued recovery of the tourism sector, the sustained strength of external financial conditions—reflected in a current account surplus and substantial international reserves—and the capacity of domestic capital markets to accommodate both public and private financing needs. While rising public debt represents a fiscal risk, it is primarily domestic in nature and has relatively long maturities, thereby facilitating effective debt management. Nevertheless, the level of household debt, recorded at 87.4 percent of GDP, exceeds the regional average and constrains the effectiveness of countercyclical fiscal and monetary measures.

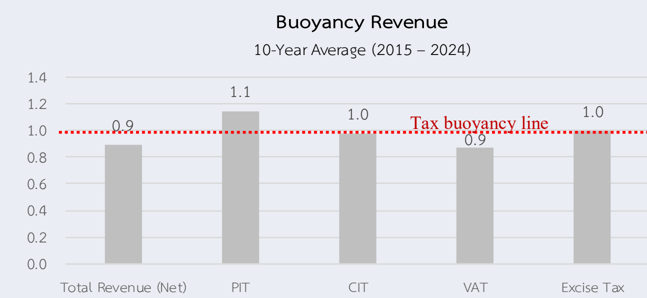


Source: OECD

Thailand's fiscal space is constrained, particularly with respect to the government's revenue-raising capacity, which remains below 16 percent of GDP, lower than the averages of 24.8 percent in OECD countries and 18.6 percent in Asia and the Pacific. At the same time, Thailand faces the risk of public debt reaching the statutory ceiling of 70 percent of GDP sooner than anticipated, which could pose a significant constraint on the conduct of economic policy in the medium term. Accordingly, it is essential to formulate concrete measures to enhance government revenue collection and reduce the public debt ratio in order to strengthen fiscal resilience, lower the risk of a sovereign credit rating downgrade, and effectively support economic growth over the medium to long term.

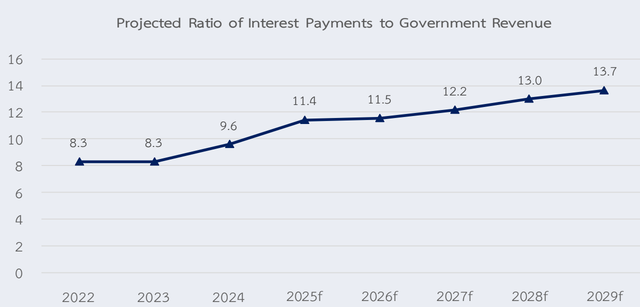
Regarding the structure of government revenue in Thailand, indirect taxes account for an average of 51.4 percent, while direct taxes constitute 36.2 percent, reflecting a tax system that relies more heavily on the consumption base than on income or wealth. In addition, calculations of revenue buoyancy over the past ten years show an average value below 1, indicating that government revenue growth has consistently lagged behind economic growth. Consequently, in the coming period, amid global economic and trade uncertainties and the increasing fiscal demands associated with providing social welfare for an ageing population, it is imperative for the government to urgently enhance revenue collection efficiency, reform the tax structure, broaden the tax base, and review tax incentives.





Source: Calculations by NESDC

Debt-servicing capacity is a key criterion for assessing fiscal strength, as measured by the ratio of interest payments to government revenue. If this ratio exceeds 12 percent, Thailand faces the risk of being classified as non-investment grade. In this regard, the ratio of interest payments to government revenue is projected to exceed the 12 percent threshold from fiscal year 2027 onwards, reflecting a declining capacity to service debt. Consequently, public debt management should allocate a larger share of resources to principal repayments, particularly for government debt that increased substantially during the COVID-19 pandemic, to align with the amounts maturing in the relevant fiscal years. At the same time, it is necessary to strengthen fiscal capacity and expand fiscal space to enhance policy flexibility in responding to unforeseen events and to ensure that fiscal stability does not become a source of sovereign credit risk in the period ahead.



Source: Medium-Term Fiscal Framework (FY2026 – 2029), calculations by NESDC.

Financial Conditions:

The policy interest rate decreased by 25 basis points to 1.75 percent per annum.

In the second quarter of 2025, the Monetary Policy Committee (MPC), during its meeting on April 30, 2025, voted 5 to 2 to reduce the policy interest rate by 25 basis points from 2.00 percent to 1.75 percent per annum. This decision was aimed at aligning with the outlook for the Thai economy and mitigating downside risks from global trade policies expected to weigh on the economy in the second half of the year. This marked the second policy rate cut in 2025. Subsequently, on June 25, 2025, the MPC voted to maintain the rate at 1.75 percent per annum, citing heightened uncertainties and limited monetary policy space. **The MPC's rate cut was consistent with the monetary easing trend in several countries**, including the European Union, the United Kingdom, South Korea, the Philippines, Indonesia, China, and India. These countries reduced their policy interest rates in line with economic conditions and to address elevated uncertainties from US trade policies. **However, several central banks**; such as the Federal Reserve (Fed), the Bank of Canada, and Bank Negara Malaysia**, maintained their policy interest rates at the same level as the previous quarter** due to continued economic expansion amid rising inflationary pressures. Meanwhile, the Bank of Japan also held its policy rate unchanged this quarter, following an earlier hike to reduce inflationary pressures.

In July 2025, Bank Indonesia and Bank Negara Malaysia reduced their policy rates from 5.50 and 3.00 percent per annum to 5.25 and 2.75 percent per annum, respectively, to support economic expansion and mitigate risks from US trade policies while inflation in both countries remained within target ranges.

Most recently, on August 13, 2025, the MPC unanimously voted to further reduce the policy interest rate by 25 basis points from 1.75 to 1.50 percent per annum. This decision reflected an assessment that new US tariff measures could aggravate Thailand's structural challenges and competitiveness, while certain sectors, particularly SMEs, have become increasingly fragile.

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

Policy Interest Rate

(%) At the end of period	2023	2024					2025					
	Year	Year	Q1	Q2	Q3	Q4	Q1	Q2	Apr.	May	Jun.	Jul.
USA	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	4.25-4.50
EU	4.50	3.15	4.50	4.25	3.65	3.15	2.65	2.15	2.40	2.40	2.15	2.15
England	5.25	4.75	5.25	5.25	5.00	4.75	4.50	4.25	4.50	4.25	4.25	4.25
Canada	5.00	3.25	5.00	4.75	4.25	3.25	2.75	2.75	2.75	2.75	2.75	2.75
Thailand	2.50	2.25	2.50	2.50	2.50	2.25	2.00	1.75	1.75	1.75	1.75	1.75
Russia	16.00	21.00	16.00	18.00	19.00	21.00	21.00	20.00	21.00	21.00	20.00	18.00
Indonesia	6.00	6.00	6.00	6.25	6.00	6.00	5.75	5.50	5.75	5.50	5.50	5.25
China	3.45	3.10	3.45	3.45	3.35	3.10	3.10	3.00	3.10	3.00	3.00	3.00
Brazil	11.75	12.25	10.75	10.50	10.75	12.25	14.25	15.00	14.25	14.75	15.00	15.00
Japan	-0.10	0.25	0.10	0.10	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.50
Philippines	6.50	5.75	6.5	6.5	6.25	5.75	5.75	5.25	5.50	5.50	5.25	5.25
Korea, South	3.50	3.00	3.50	3.50	3.50	3.00	2.75	2.50	2.75	2.50	2.50	2.50
India	6.50	6.50	6.50	6.50	6.50	6.50	6.25	5.50	6.00	6.00	5.50	5.50
Australia	4.35	4.35	4.35	4.35	4.35	4.35	4.10	3.85	4.10	3.85	3.85	3.85
New Zealand	5.50	4.25	5.50	5.50	5.25	4.25	3.75	3.25	3.50	3.25	3.25	3.25
Vietnam	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	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.75

Source: Collected by NESDC

Large and medium-sized commercial banks and specialized financial institutions (SFIs) reduced both deposit and lending rates in line with the policy rate cuts. In the second quarter of 2025, large and medium-sized commercial banks and SFIs lowered their 12-month fixed deposit rates from averages of 1.47, 1.40, and 1.57 percent per annum to 1.24, 1.20, and 1.43 percent per annum, respectively. Similarly, their Minimum Loan Rates (MLR) were lowered from averages of 7.01, 8.08, and 6.51 percent per annum to 6.94, 8.02, and 6.47 percent per annum, respectively. However, the average real deposit and lending rates across all banks increased, reflecting a decline in inflation compared to the previous quarter.

In July 2025, medium-sized commercial banks and SFIs kept their 12-month fixed deposit rates and MLR unchanged from June. Large banks, meanwhile, slightly reduced their 12-month fixed deposit rate from an average of 1.24 percent to 1.23 percent, while holding their MLRs constant.

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

At the end of the second quarter of 2025, outstanding private loans from depository institutions declined by 0.51 percent, following a 0.44 percent decline in the previous quarter. This contraction was driven by a decline in private loans from commercial banks, alongside slowing growth in loans from specialized financial institutions (SFIs).

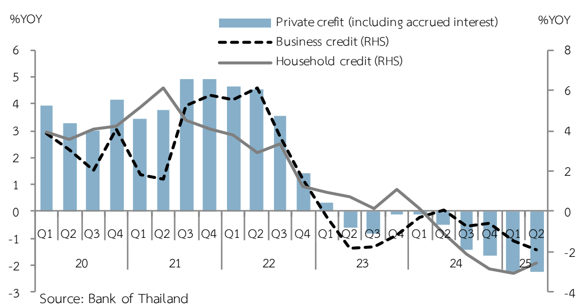
Outstanding private credit from depository institutions declined for the third consecutive quarter, driven by a contraction in credit from commercial banks and decelerating growth from specialized financial institutions (SFIs).

The outstanding private loan of commercial banks contracted by 2.25 percent, following a 2.24 percent contraction in the previous quarter, marking the ninth consecutive quarterly contraction since the second quarter of 2023. **Business loans** contracted by 1.93 percent, following a 1.50 percent contraction in the previous quarter. This was driven by a 1.63 percent contraction in loans to small and medium enterprises (SMEs), which followed a 2.10 percent decrease in the previous quarter. The contraction in **SME** loans was observed across several sectors, including **wholesale and retail trade, motor vehicle and motorcycle repair, manufacturing, and real estate activities.** Meanwhile, loans to large enterprises expanded by 1.87 percent, accelerating from a 1.71 percent expansion in the previous quarter. This was driven by an increase in lending for **finance and insurance, manufacturing, and wholesale and retail trade.** In this quarter, financial institutions continued to tighten collateral conditions and reduce credit limits for SMEs due to deteriorating SMEs loan quality. **Household loans** contracted by 2.58 percent, compared to a 3.03 percent contraction in the previous quarter. This was primarily due to a reduction in hire-purchases for cars and motorcycles, as well as in credit card loans. The contraction reflected elevated household debt burdens, deteriorating loan quality[9], and stricter lending standards.

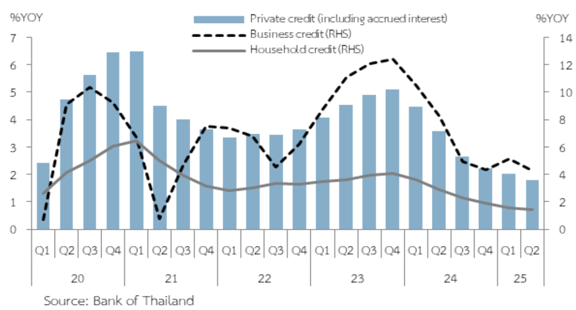
The outstanding private loans from specialized financial institutions (SFIs) grew by 1.80 percent, slowing from a 2.04 percent expansion in the previous quarter. The deceleration was primarily driven by a continued slowdown in two key areas: household loans (accounting for 86.60 percent of total loans) and business loans (accounting for 13.40 percent).

Financial Performance of Commercial Banks: In the second quarter of 2025, the income of commercial banks declined by 2.06 percent, following a 1.65 percent decline in the previous quarter. This was attributed to a reduction in interest income. Similarly, expenses decreased by 3.67 percent, compared to a 3.11 percent decrease in the previous quarter, primarily due to a decline in interest expenses. Consequently, the Net Interest Margin (NIM) stood at 3.01 percent, **decreased from** 3.04 percent in the previous quarter and 3.28 percent in the same quarter last year.

Private credit (including accrued interest) of commercial banks contracted



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



The Thai baht appreciated against the US dollar in the second quarter of 2025, averaging 33.11 baht per US dollar, a **2.5 percent** strengthening from 33.96 in the previous quarter. The appreciation was driven by two main factors. First, **the US dollar weakened**, depreciating by 6.5 percent amid heightened uncertainty over US trade policies. This undermined investor confidence in the US economy and triggered broad sell-offs of dollar-denominated assets. Second, **increased global gold prices** boosted capital inflows into Thailand through gold trading transactions. However, compared to the currencies of its trading partners and competitors, the Thai baht weakened. This was reflected by the Nominal Effective Exchange Rate (NEER), which averaged 127.19, down 0.37 percent from the previous quarter. Meanwhile, the Real Effective Exchange Rate (REER) also fell by 1.2 percent, consistent with the NEER's decline and Thailand's lower inflation relative to its trading partners and competitors. Several regional currencies appreciated alongside the Thai baht against the US dollar, including the Malaysian ringgit (3.16 percent), Philippine peso (2.95 percent), Korean won (3.55 percent), Japanese yen (5.21 percent), Singapore dollar (3.53 percent), and Taiwan dollar (6.27 percent). In contrast, currencies that depreciated against the US dollar were the Hong Kong dollar (0.34 percent), Indonesian rupiah (0.91 percent), Chinese yuan (0.22 percent), and Vietnamese dong (1.56 percent).

The Thai baht appreciated against US dollar.

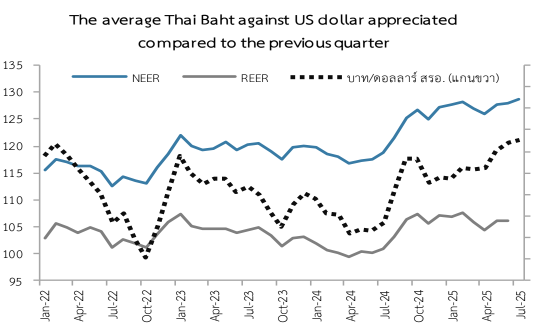
In July 2025, the Thai baht appreciated further to an average of 32.44 baht per US dollar, a 0.55 percent increase from the previous month. This movement was consistent with the appreciation of most regional currencies, the continued weakening of the US dollar, and net foreign capital inflows into the Thai stock market.

[9] 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. Phase 1, with registration open from December 12, 2024, to June 30, 2025. The registration period was later extended (Phase 2) to September 30, 2025. Together with revisions to existing measures and the introduction of a new measure to better support vulnerable borrowers, as follows: (1) Revised "Jai Trong Kongsap" (Pay on Time, Keep Your Assets) to cover two additional borrower groups: those with arrears exceeding 365 days, and those with no arrears or arrears not exceeding 30 days (as of October 31, 2024) who had restructured debt since January 1, 2022. (2) Revised "Jai Pid Jop" (Pay, Settle, End) by raising the debt ceiling from 5,000 baht per account for all types of unsecured personal debt to 10,000 baht per account for unsecured debt, and 30,000 baht per account for secured debt with collateral already enforced. (3) Introduced "Jai Tat Ton" (Pay to Cut Principal) for unsecured non-performing loans with outstanding amounts not exceeding 50,000 baht per account, restructuring debt with monthly repayments set at 2 percent of the principal before entering the measure, and waiving accrued interest during the measure if repayment conditions are met.

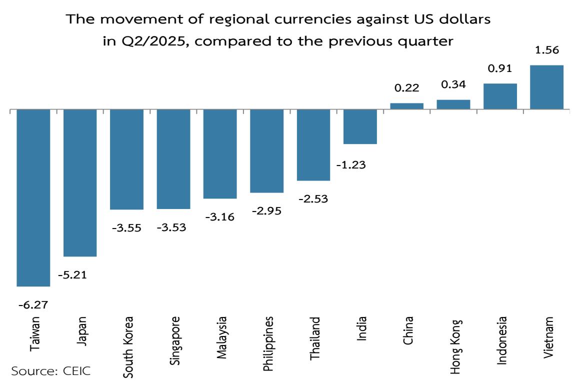
Thai Baht exchange rate, dollar index and gold prices

	2566					2567					2568					
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q1	Q2	Apr	May	Jun	Jul
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	33.11	33.75	32.95	32.62	32.44
Dollar index	103.44	103.39	102.57	103.26	104.57	104.2	103.57	105.18	102.69	105.38	106.72	99.73	100.67	100.09	98.38	97.91
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	3282.59	3,212.13	3,280.51	3,351.70	3,342.40

Source: Collected by NESDC



Source: CEIC, Bank of Thailand

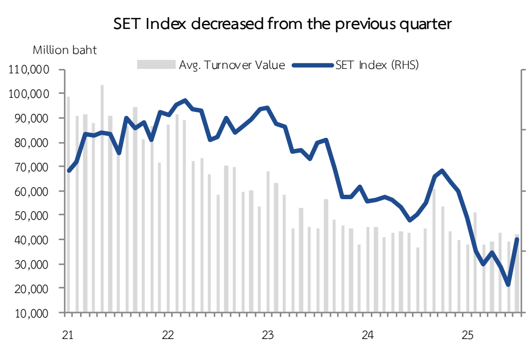


Source: CEIC

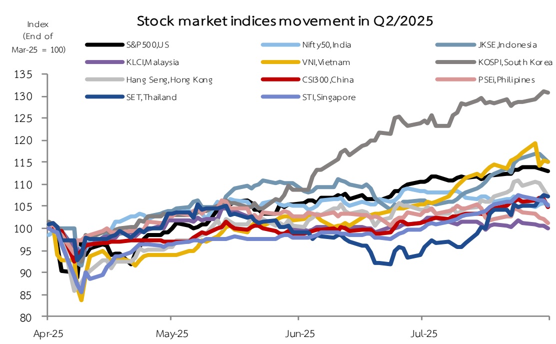
The SET Index declined from the previous quarter, in line with a net sell position of foreign investors

SET Index declined from the previous quarter. At the end of the second quarter of 2025, the SET index closed at 1,089.56 points, decreased by 5.9 percent from the previous quarter. This decline coincided with a net selling position by foreign investors amounting to 38.8 billion baht. In contrast, most global stock market indices rose, supported by the suspension of reciprocal tariffs and positive signs in trade negotiations between the U.S. and China. The SET Index's decline was mainly caused by several domestic factors: (i) a change in Thailand's outlook from stable to negative due to heightened economic and fiscal risks; (ii) the MSCI rebalancing, which reduced the weighting of Thai equities and exerted selling pressure on large-cap stocks; (iii) political uncertainty, which could affect the stability of the government; and (iv) the Thailand-Cambodia border conflict, which may have affected investor confidence Additionally, uncertainty over the Fed's policy rate and geopolitical tensions in the Middle East also pressured the SET index. Declines were seen in most industry groups, especially services (-15.8 percent) and financials (-9.5 percent). However, there were gains in technology (14.4 percent) and industrials (4.9 percent). Meanwhile, most regional stock markets increased, including South Korea (23.8 percent), Japan (13.7 percent), India (8.5 percent), Taiwan (7.5 percent), Indonesia (6.4 percent), Vietnam (5.3 percent), Hong Kong (4.1 percent), Philippines (3.0 percent), Malaysia (1.3 percent) and China (1.3 percent). Nevertheless, Singapore's index was among the few in the region that declined (0.5 percent).

In July 2025, the SET index closed at 1,242.35 points, increased by 14.0 percent from the previous month. This increase was driven by net buying from foreign investors (16.1 billion baht) and institutional investors (4.9 billion baht). Key contributing factors included: (i) a 30-day suspension of reciprocal tariffs to allow for extended trade negotiations; (ii) expectations for upcoming Thailand-US trade policy negotiations; (iii) the attractive valuation of Thai equities, which had fallen below their fundamental levels compared to other stock markets; and (vi) the expected easing of Thailand's policy interest rate.



Source: SET

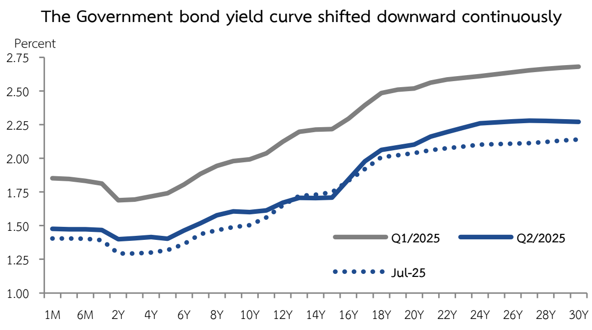


Source: Bloomberg compiled by NESDC

The government bond yield curve shifted downward from the previous quarter. In the second quarter of 2025, government bond yields decreased in all maturities, following the Monetary Policy Committee (MPC) decision to cut the policy rate by 0.25 percentage points in April 2025. Investor demand for safe-haven assets also increased due to several factors: (i) Uncertainty surrounding US import tariffs, which undermined confidence in the U.S. economy. This contributed to a net monthly foreign inflow of 55.7 billion baht, the highest recorded in 28 months, and (ii) Uncertainty over domestic politics and the Thailand-Cambodia border conflict. As a result, foreign investors were net buyers of government bonds, purchasing 20.9 billion baht, following net purchases of 9.0 billion baht in the previous quarter. In addition, at the end of the first quarter of 2025, the yields on 2-year government bonds stood at 1.40 percent per annum, the lowest since April 2022, the yields on 10-year government bonds stood at 1.60 percent per annum, the lowest since September 2021 and the yields on 30-year government bonds stood at 2.27 percent per annum, the lowest since January 2021. Total new registered corporate bonds accounted for 340.4 billion Baht increase from 337.6 billion Baht in the previous quarter.

The government bond yield curve shifted downward in all maturities, driven by increased demand for safe assets

In July 2025, the 2-year and 10-year bond yields continued to decline, standing at 1.29 percent and 1.50 percent, respectively. These declines reflected concerns over: (i) the impact of US reciprocal tariffs; (ii) Thailand– Cambodia border conflict; and (iii) the anticipated policy interest rate cut by the MPC. However, the 10-year government bond yields in most regional countries increased, following the easing of trade policy uncertainty as several countries successfully reached trade agreements with the US.

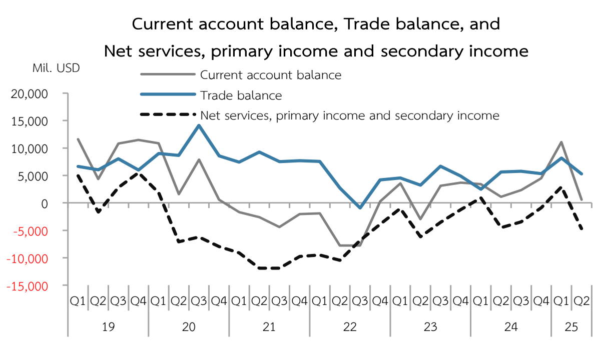


Source: ThaiBMA

In the second quarter of 2025, the current account registered a surplus of 0.6 billion USD (17.1 billion Baht), marking the eighth consecutive quarterly surplus, but this was lower than the surplus of 1.1 billion USD (41.1 billion Baht) in the same quarter of the previous year and 11.1 billion USD (376.0 billion Baht) in the previous quarter. This outcome was driven by a decline in the services, primary income, and secondary income accounts totaling 4.7 billion USD (155.0 billion Baht), which was driven by seasonal profit transfers from multinational corporations, while the trade balance recorded a surplus of 5.3 billion USD (172.0 billion Baht).

The current account registered a surplus for the eighth consecutive quarter, but lower than in the previous quarter.

In the first half of 2025, the current account registered a surplus of 11.7 billion US dollars (393.1 billion Baht), higher than a surplus of 6.8 billion US dollars (231.5 billion Baht) in the second half of the previous year and a surplus of 4.5 billion US dollars (162.9 billion Baht) in the same period last year, marking the highest surplus since the second half of 2020.



Source: Bank of Thailand

At the end of June 2025, international reserves stood at 262.4 billion USD, rising from 224.3 billion USD at the end of June 2024. In Thai Baht terms, reserves amounted to 8,536.0 billion Baht, higher than 8,266.1 billion Baht recorded at the end of the same period last year.

The international reserve at the end of June 2025 stood at 262.4 billion US dollars, rising from the same period last year.

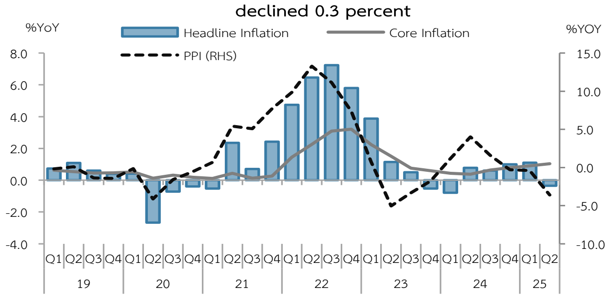
Headline inflation in the second quarter of 2025 turned negative for the first time in five quarters, falling to -0.3 percent from 1.1 percent in the previous quarter. **The non-food and beverage** price index decreased by 1.5 percent, following reduced fuel prices in global markets and partly reflecting the low-price base from the previous year. Meanwhile, **the food and non-alcoholic beverages** price index rose by 1.4 percent, primarily driven by increases in the prices of seasonings and condiments (5.6 percent), meats, poultry, and fish (5.1 percent), and non-alcoholic beverages (4.3 percent). **Core inflation** stood at 1.0 percent, continuing from a 0.9 percent increase in the previous quarter, primarily due to increased prices in the recreation, reading, education, and religious categories.

***Headline inflation** turned to negative for the first time in five quarters by -0.3 percent, driven by reduced price indices for non-food and beverage categories.*

In the first half of 2025, headline inflation stood at 0.4 percent, decelerated from 0.8 percent in the second half of last year, while core inflation increased to 1.0 percent compared to 0.7 percent in the second half of 2024. This was driven by an increase in the price index of the recreation, reading, education, and religious categories.

In July 2025, headline inflation was negative for a fourth consecutive month at -0.7 percent, driven by price drops in energy and some agricultural products, primarily due to reductions in fresh vegetable and fruit prices, personal care prices, fuel prices, and electricity charges. **Core inflation** stood at 0.8 percent. **For the first seven months of 2025**, headline and core inflation averaged 0.2 percent and 0.9 percent, respectively.

Headline inflation in the second quarter of 2025 declined 0.3 percent



Source: Ministry of Commerce

The Producer Price Index (PPI) in the second quarter of 2025 declined by 3.6 percent, continuing from a 0.4 percent decrease in the previous quarter. **The price index for manufactured products** declined for the third consecutive quarter by 2.8 percent, in line with lower prices for refined petroleum products, chemical products, and computer and electronic products, which decreased by 23.3 percent, 6.6 percent, and 4.9 percent, respectively. **The price index for agricultural and fishery products** declined for the second consecutive quarter by 9.1 percent in accordance with lower prices for agricultural products. In addition, **the price index for mining products** declined for the ninth consecutive quarter by 5.0 percent, following a decrease in petroleum and natural gas prices.

***The Producer Price Index (PPI)** declined by 3.6 percent, following the decreases in all categories*

In the first half of 2025, the Producer Price Index declined by 2.0 percent, compared with a 0.7 percent increase in the second half of last year, primarily due to a decrease in the price of manufactured products.

In July 2025, the PPI declined by 4.2 percent, primarily due to a decrease in the price index for manufactured products, especially refined petroleum products, computer and electronic products, food products, and chemical products. Similarly, price indices for agricultural and fishery products and mining products continued to decline. **For the first seven months of 2025**, the average PPI decreased by 2.3 percent.

2. Crude Oil price in Q2 of 2025

In the second quarter of 2025, the global crude oil price decreased compared to the same period last year and the previous quarter. The average global crude oil price across three major markets: Dubai, Brent, and West Texas Intermediate (WTI), stood at 65.9 USD per barrel. This reflected a 17.3 percent decrease from 83.5 USD per barrel in the same quarter of the previous year and an 11.1 percent decrease from 74.2 USD per barrel in the previous quarter. The decline in prices was largely attributed to (1) weakening global oil demand amid concerns over US reciprocal tariff measures, and (2) a potential increase in oil supply following an increase in production capacity among OPEC+. Meanwhile, the impact of conflicts between Israel-Iran and Russia-Ukraine was limited.

Global crude oil prices declined compared to the same period last year and the previous quarter.

In the first half of 2025, the average crude oil price in three key markets stood at 73.5 USD per barrel, a decrease of 9.9 percent from 81.5 USD per barrel in the same period last year, and a decrease of 2.2 percent from 75.1 USD per barrel in the second half of 2024.

In July 2025, the average global crude oil price stood at 69.0 USD per barrel, marking the highest price in the last four months. The increase was primarily owing to trade agreements achieved between the US and major trade partners. At the same time, a drone invasion of a crude oil field in Iraq, a major OPEC producer, led to concerns over global crude oil supply.

Crude oil price

Year		USD per Barrel				(%YoY)			
		WTI	BRENT	DUBAI	Average	WTI	BRENT	DUBAI	Average
2023	Year	77.4	82.1	81.9	80.5	-17.8	-16.9	-14.9	-16.5
2024	Year	75.5	79.5	79.5	78.1	-2.5	-3.2	-3.0	-2.9
	H1	78.6	83.2	82.8	81.5	5.4	4.3	4.8	4.8
	H2	72.8	76.4	76.2	75.1	-9.6	-9.7	-10.1	-9.8
	Q1	76.9	81.8	80.4	79.7	1.2	-0.4	0.3	0.4
	Q2	80.5	84.8	85.1	83.5	10.1	9.7	9.2	9.7
	Q3	75.1	78.6	78.7	77.5	-8.5	-8.6	-8.5	-8.6
	Q4	70.2	73.9	73.8	72.6	-10.9	-11.0	-11.7	-11.2
2025	H1	72.7	76.3	71.4	73.5	-7.5	-8.3	-13.7	-9.9
	Q1	71.4	74.9	76.3	74.2	-5.4	-5.8	-4.0	-5.1
	Q2	64.1	67.1	66.6	65.9	-16.6	-18.0	-17.2	-17.3
	Apr.	63.4	66.9	68.8	66.4	-24.7	-24.6	-23.1	-24.1
	May.	61.0	64.1	63.3	62.8	-22.5	-22.9	-24.5	-23.3
	Jun.	67.6	70.1	67.9	68.5	-14.1	-15.5	-16.5	-15.4
	Jul.	67.2	69.5	70.2	69.0	-16.7	-17.3	-17.4	-17.1

Source: Thaioil Plc and Bloomberg

3. The World Economy in the Second Quarter of 2025

The global economy continued to expand in the second quarter of 2025, building on momentum from the first quarter, largely supported by accelerating exports ahead of the expiration of the 90-day suspension of the reciprocal tariffs. Export growth was particularly strong from emerging markets and Asia to the United States[10]. However, risks from trade protectionist measures are causing the manufacturing sector to show signs of slowing down, with the Manufacturing Purchasing Managers' Index in several countries falling below 50[11], while consumer confidence also declined[12]. Assessing the economic slowdown from the impact of trade retaliatory measures and the easing of inflationary pressures due to energy prices, several central banks, including the European Central Bank, the Bank of England, the Reserve Bank of Australia, and the Bank of South Korea, have continued to cut policy interest rates. The US Federal Reserve, however, maintained its policy rate due to concerns about potential inflationary pressures accelerating from higher import tariffs. The Bank of Japan maintained its policy rate despite inflation remaining above target.

The U.S. economy expanded by 2.0 percent (Advanced Estimate) in the second quarter of 2025, unchanged from the previous quarter, marking the lowest growth since the fourth quarter of 2022. Seasonally adjusted, the economy grew by 3.0 percent quarter-on-quarter (%QoQ, saar.), rebounding from a contraction of 0.5 percent in the preceding quarter. This improvement partly reflected a normalization of imports following the front-loading observed ahead of tariff measures in the first quarter[13]. Import values in the second quarter increased by 0.6 percent, decelerating sharply from 25.2 percent in the first quarter. Private investment contracted by 0.1 percent, compared with a robust 6.3 percent expansion in the previous quarter, marking the first decline in eight quarters. Real estate investment also fell for the second consecutive quarter, down 1.3 percent. Meanwhile, private consumption grew by 2.4 percent, moderating from 2.7 percent in the first quarter, consistent with a decline in consumer confidence to 93.1, the lowest level in 19 quarters. Similarly, nonfarm payrolls increased by only 191,000 positions, the weakest gain since 2020. At the same time, inflationary pressures persisted above the monetary policy target[14]. As a result, during its June 17–18, 2025 meeting, the Federal Reserve voted to maintain the policy rate at 4.25–4.50 percent, marking the fourth consecutive hold since December 2024. The Committee assessed that the economy remains subject to elevated uncertainty and could slow in the second half of the year[15]. Meanwhile, the U.S. dollar continued to weaken, reflecting uncertainties surrounding U.S. trade policy as well as investors' diversification toward safe-haven assets, particularly gold[16].

The Eurozone economy grew by 1.4 percent, compared with 1.5 percent in the preceding quarter. Growth among the major Eurozone economies remained resilient[17], driven largely by rising exports, underpinned by rising exports, which increased by 4.3 percent in the first two months of the quarter, following 4.8 percent growth in the previous period. The manufacturing sector also showed signs of recovery, as reflected in the Industrial Purchasing Managers' Index (PMI), which rose to 49.3, its highest level in 12 quarters. Domestic demand strengthened further, supported by a robust labor market and moderating inflationary pressures. The unemployment rate fell to a record low of 6.2 percent, while inflation converged toward the monetary policy target of 2.0 percent for the first time in 16 quarters[18]. In response, the European Central Bank reduced its policy interest rate at its April 17 and June 5, 2025 meetings to sustain economic growth[19]. Meanwhile, the European Commission introduced additional policy measures to counter the slowdown and to mitigate uncertainty surrounding the potential impact of U.S. trade policy[20].

---

[10] Second-quarter US imports value from Indonesia, the Philippines, Singapore, Taiwan, Thailand, and Vietnam grew by 17.7 percent, 14.2 percent, 34.8 percent, 67.1 percent, 33.9 percent, and 33.9 percent, accelerating from 7.3 percent, 12.4 percent, 25.0 percent, 33.9 percent, 25.4 percent, and 21.9 percent in the previous quarter, respectively.

[11] The manufacturing Purchasing Managers' Indexes for China, South Korea, Taiwan, Indonesia, Malaysia, and Vietnam averaged 49.7, 48.0, 47.9, 47.0, 48.9, and 48.1 in the second quarter, down from 50.7, 49.8, 50.8, 52.6, 49.1, and 49.5 in the previous quarter, respectively.

[12] Consumer confidence in the US, Japan, Singapore, Taiwan, Indonesia, and Thailand averaged 93.1, 32.7, 55.6, 65.6, 119.0, and 54.1 in the second quarter, down from 99.8, 34.2, 57.4, 72.3, 124.9, and 57.8 in the previous quarter, respectively.

[13] On April 2, President Donald Trump announced the Liberation Day Tariff package, comprising a universal import tariff of 10 percent, applicable to all imported goods from every country effective April 5, 2025. In addition, country-specific tariffs under the International Emergency Economic Powers Act (IEEPA) were imposed on selected trading partners at differentiated rates, effective April 9, 2025, though temporarily suspended for 90 days to allow trade negotiations. Subsequently, on June 24, 2025, tariffs on steel and aluminum were raised to 50 percent, up from 25 percent, and later expanded to cover household appliances such as refrigerators and washing machines.

[14] The Personal Consumption Expenditures (PCE) price index stood at 2.4 percent in the second quarter of 2025, broadly unchanged from 2.5 percent in the previous quarter. Meanwhile, the Core PCE price index, which excludes food and energy prices, registered 2.7 percent, compared with 2.8 percent in the first quarter.

[15] The Federal Reserve revised down its projection for U.S. economic growth in 2025 to 1.4 percent, from 1.7 percent in its March 2025 projection. At the same time, the inflation forecast was revised upward to 3.0 percent, from 2.7 percent in the previous baseline assumption.

[16] The U.S. Dollar Index averaged 99.7 in the second quarter, marking a sharp depreciation compared with an average of 106.7 in the first quarter of 2024.

[17] Germany, Spain and France grew by 0.4 percent, 2.8 percent and 0.7 percent respectively, compared to 0.2 percent, 0.8 percent and 0.6 percent in the previous quarter, while Ireland's economy expanded at a robust pace of 16.2 percent, up from 18.3 percent in the previous quarter, partly due to accelerated exports of medicines and medical supplies to the United States.

[18] Headline inflation was 2.0 percent, down from 2.3 percent in the previous quarter and falling to 2.0 percent for the first time in 16 quarters, driven by continued declines in energy prices, while core inflation eased to 2.4 percent, down from 2.6 percent in the previous quarter and the lowest level in 15 quarters.

[19] The European Central Bank (ECB) has decided to cut its policy interest rate by 0.25 percentage points both times. This has resulted in the Refinancing Operations Rate, Marginal Lending Facility Rate, and the interest rate on commercial banks' deposits with the Central Bank falling to 2.40%, 2.65%, and 2.25%, respectively, at the end of June 2025.

[20] On 27 May 2025, the European Commission announced agreements detailing the establishment of a Security Action for Europe (SAFE) instrument to mobilize 150 billion Euro in market capitalization under its Re-Arm Europe Plan. On 28 May 2025, the Commission also announced a program to support startups and scale-ups to drive innovation and support sustainable economic growth. This program is part of the Choose Europe initiative, which includes 93.5 billion Euro in research and development and 500 million Euro in attracting researchers to the EU.

The Japanese economy expanded by 1.2 percent, continuing from 1.8 percent in the previous quarter. Growth was primarily supported by a sharp acceleration in exports, which rose by 7.8 percent, the fastest pace in 15 quarters. This was in line with private investment, which expanded by 3.0 percent, compared with 3.5 percent in the previous quarter. Similarly, the Manufacturing Purchasing Managers' Index (PMI) rose to 49.4, up from 48.7, marking the highest level in five quarters. However, domestic demand showed signs of slowing. Private consumption expanded by 1.1 percent, down from 1.9 percent in the prior quarter, consistent with retail sales growth of 2.4 percent, moderating from 2.9 percent. This reflected lingering trade-related uncertainties that weighed on both domestic consumer and business confidence[21]. Likewise, the Services PMI eased to 51.7, from 52.2 in the previous quarter. Meanwhile, headline inflation dropped to 3.5 percent, down from 3.8 percent in the first quarter, partly due to the reinstatement of government energy subsidies, although upward wage pressures persisted following the annual spring wage negotiations[22]. Against the backdrop of heightened global trade uncertainty and a slowdown in domestic consumption, the Bank of Japan, at its June 17, 2025 meeting, decided to maintain the policy rate at 0.5 percent, even as inflation remained above the monetary policy target.

The Chinese economy expanded by 5.2 percent, following a 5.4 percent growth in the previous quarter. The growth was underpinned by sustained strength in exports, with export values rising by 6.2 percent, up from 5.7 percent in the prior quarter. The expansion was mainly driven by accelerated shipments to non-U.S. markets, while exports to the United States contracted by 23 percent[23]. Nonetheless, the manufacturing sector has begun to show signs of moderation. Industrial production increased by 6.2 percent, down from 7.7 percent in the preceding quarter. Concurrently, the Manufacturing Purchasing Managers' Index (PMI) eased to 49.4, from 49.9 in the previous quarter, remaining below the expansion threshold of 50 for the second consecutive quarter. The new export orders index fell to 46.6, down from 48.0, marking its lowest level in six quarters. Meanwhile, fixed asset investment expanded by only 1.3 percent, compared with 3.1 percent in the prior quarter. Real estate investment contracted sharply by 11.2 percent, continuing from a 9.9 percent decline in the previous quarter, the steepest contraction in five quarters, reflecting protracted structural weaknesses in the property market. Deflationary pressures also persisted, with the consumer price index (CPI) averaging (0.0) percent, compared with (–0.1) percent in the previous quarter. Hence, the People's Bank of China (PBoC) has continued to pursue an accommodative monetary policy to ensure sufficient liquidity in the financial system, thereby supporting economic growth and cushioning the impact of ongoing trade retaliation measures[24].

The Newly Industrialized Economies (NIEs) continued to record solid growth in the second quarter, driven by a surge in exports as producers accelerated shipments ahead of the implementation of U.S. tariff measures. Export values expanded strongly in Taiwan (34.1 percent), Hong Kong (14.2 percent), Singapore (16.1 percent), and South Korea (2.2 percent), marking a notable acceleration compared with the previous quarter. **South Korea's economy** rebounded to 0.5 percent expansion in the second quarter, following a contraction of 0.03 percent in the previous quarter, driven by stronger exports and retail trade. **Taiwan and Hong Kong's economies** experienced robust growth, expanding by 8.0 percent and 3.1 percent, accelerating from 5.5 percent and 3.1 percent in the previous quarter, making the highest growth rates in 16 quarters for Taiwan and 6 quarters for Hong Kong. These expansions were largely driven by a surge in exports. Singapore's economy expanded by 4.4 percent, accelerating slightly from 4.1 percent in the previous quarter, mainly driven by accelerating growth in both services and the Industrial production sector[25]. Meanwhile, inflation continued to ease across the region[26]. In response, the Monetary Authority of Singapore and the Bank of Korea reduced their policy interest rates, from 2.17 percent and 2.75 percent to 1.75 percent and 2.50 percent, respectively.

The ASEAN economies mostly expanded at a faster pace than in the previous quarter, driven by front-loaded exports ahead of expected tariff hikes by the U.S.[27], alongside robust domestic consumption[28]. Consequently, the economies of Indonesia, the Philippines, and Vietnam grew by 5.1 percent, 5.5 percent, and 8.0 percent, respectively, accelerating from 4.9 percent, 5.4 percent, and 7.0 percent in the preceding quarter. Meanwhile, Malaysia's economy maintained a growth rate of 4.4 percent similar to the previous quarter. In terms of inflation, Indonesia's headline inflation averaged 1.8 percent in the second quarter of 2025, rising from a record low of 0.6 percent in the previous quarter and returning to within the monetary policy target range of 1.5 – 3.5 percent. In contrast, inflation in the Philippines and Vietnam stood at 1.4 percent and 3.3 percent, respectively, remaining below their monetary policy target ranges of 2.0 – 4.0 percent and

---

[21] This was reflected in the Consumer Confidence Index, which stood at 34.8 in the second quarter, representing a 6.2-percent decline year-on-year, though improving from a 13.6-percent contraction in the previous quarter.

[22] The annual spring wage negotiations in 2025 resulted in an average wage increase of 5.25 percent, marking the historical highest level.

[23] In the second quarter, export values to ASEAN and the European Union expanded by 17.5 percent and 9.3 percent, accelerating from 7.8 percent and 4.1 percent in the previous quarter, respectively, marking the highest levels in nine quarters and two quarters. Meanwhile, export value to the United States contracted by 23.9 percent, following a 5.0 percent expansion in the previous quarter, reaching the lowest level since the third quarter of 2020.

[24] On May 20, 2025, the People's Bank of China (PBOC) reduced the 1-Year Loan Prime Rate (LPR) from 3.1 percent to 3.0 percent, marking a historic low. This followed the May 7, 2025 decision to cut the Required Reserve Ratio (RRR) of commercial banks 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. In addition, the PBOC lowered the 7-day Reverse Repurchase Rate from 1.5 percent to 1.4 percent, effective May 8, 2025, in order to stimulate lending and reduce borrowing costs.

[25] Industrial production and the services sector in Singapore expanded by 5.0 percent and 4.1 percent, accelerating from 4.3 percent and 3.7 percent in the previous quarter.

[26] Inflation in the second quarter stood at 1.7 percent in Taiwan, 1.8 percent in Hong Kong, 0.8 percent in Singapore, and 2.1 percent in South Korea compared with 2.2 percent, 1.6 percent, 1.0 percent, and 2.1 percent in the previous quarter.

[27] Export values of Indonesia, Malaysia, the Philippines, and Vietnam increased by 9.0 percent, 13.5 percent, 16.0 percent, and 17.7 percent, respectively, following growth of 6.9 percent, 10.8 percent, 10.4 percent, and 10.5 percent in the previous quarter.

[28] The consumer confidence indices in the second quarter of 2025 remained in positive territory for Indonesia, Malaysia, and the Philippines, at 19.0, 11.4, and 0.62, respectively, compared to 24.9, 16.8, and -0.5 in the previous quarter.

4.5 percent. Malaysia's inflation declined to 1.3 percent, from 1.5 percent in the previous quarter. Against this backdrop, the central bank of Indonesia and Philippines decided to continue lowering their policy rates[29] to stimulate economic activity amid slowing growth momentum and heightened uncertainty surrounding international trade policies.

GDP and Export growths in several key economies

(%YoY)	GDP						Export Value								
	2022	2023	2024		2025		2022	2023	2024		2025				
	Year	Year	Q4	Year	Q1	Q2	Year	Year	Q4	Year	Q1	Q2	Apr.	May.	Jun.
USA	2.5	2.9	2.5	2.8	2.0	2.0	18.7	-2.1	0.9	1.7	3.7	6.5	11.0	5.5	3.2
Euro Area	3.6	0.7	1.3	0.9	1.5	1.4	5.1	2.0	0.3	0.5	4.8		3.5	5.2	
UK	4.8	0.4	1.5	1.1	1.3	1.2	13.7	3.4	1.7	3.5	2.5	9.7	9.0	13.0	7.2
Japan	4.1	2.0	1.2	1.1	1.4		19.9	-9.9	-6.3	-8.4	-7.8	-2.4	-3.3	-5.1	1.1
Australia	1.0	1.2	1.2	0.1	1.8	1.2	-1.2	-4.0	-0.1	-1.4	5.0	7.8	8.9	5.7	8.7
China	3.1	5.4	5.4	5.0	5.4	5.2	5.6	-4.7	9.9	5.8	5.7	6.2	8.1	4.7	5.9
India	7.0	8.8	6.4	6.7	7.4		14.6	-4.8	3.0	2.6	-4.4	1.7	8.6	-2.8	-0.1
South Korea	2.7	1.6	1.1	2.0	-0.03	0.5	6.1	-7.5	4.2	8.1	-2.3	2.2	3.5	-1.3	4.4
Taiwan	2.7	1.1	3.8	4.8	5.5	8.0	7.4	-9.8	9.1	9.8	17.5	34.1	29.9	38.6	33.7
Hong Kong	-3.7	3.2	2.5	2.5	3.0	3.1	-9.3	-7.8	4.1	9.1	11.5	14.2	15.7	15.6	11.3
Singapore	4.1	1.8	5.0	4.4	4.1	4.4	12.7	-7.7	6.4	6.2	3.0	16.1	25.2	7.0	16.5
Indonesia	5.3	5.0	5.0	5.0	4.9	5.1	26.1	-11.3	8.0	2.4	6.9	9.0	5.8	9.7	11.3
Malaysia	9.0	3.5	4.9	5.1	4.4	4.4	17.6	-11.1	14.6	5.7	10.8	13.5	25.2	9.3	7.3
Philippines	7.6	5.5	5.3	5.7	5.4	5.5	6.5	-7.5	-5.2	-0.5	10.4	16.0	7.6	15.5	26.1
Vietnam	8.5	5.1	7.6	7.1	7.0	8.0	10.6	-4.6	10.8	14.4	10.5	17.7	19.8	17.0	16.6

Source: CEIC , Collected by NESDC

4. The World Economic Outlook for 2025

The global economy in 2025 is expected to slow down compared to 2024 due to the impact of US trade protectionist measures, together with the retaliatory measures from major trading partners, which are expected to significantly impact the global economy and trade volume. This will lead to a decline in production and exports starting in the second half of 2025, following an acceleration in exports in the first half of the year before the expiration of the 90-day suspension of the US reciprocal tariffs. Meanwhile, the global economy is likely to face uncertainties regarding US trade measures, particularly the risk of additional US tariffs on specific products, such as semiconductors, electrical appliances, aircraft, and pharmaceutical products, which will directly impact exports to the US. This uncertainty may also impact consumer and investor confidence. Furthermore, the global economy faces risks from geopolitical conflicts, particularly in the Middle East, which could impact global energy supply chain, logistics costs, and maritime transport. Furthermore, the uncertainty also arises from the persisted conflict between Russia and Ukraine. Given the overall economic slowdown and declining inflationary pressures due to declining commodity and energy prices, it is expected that the remainder of the year will be affected. Central banks of most major economies are expected to continue easing monetary policy, with the degree of easing varying depending on the impact of trade measures on price pressures and economic growth.

The baseline projection assumes that trade protectionist measures, which are effective on August 8th, 2025, will remain throughout the projection horizon. Geopolitical tensions are also assumed not to escalate to a level that would significantly disrupt the real economy. Under these assumptions, **global economic growth and trade volume are expected to increase by 3.0 percent and 2.7 percent, respectively, compared with 3.3 percent and 3.5 percent in 2024.** The country-specific economic outlook is detailed as follows:

The U.S. economy in 2025 is projected to expand by 1.8 percent, decelerating from 2.8 percent in the previous year, but revised upward from the prior estimate of 1.7 percent. The stronger-than-expected performance in the first half of the year was supported by robust private consumption and investment ahead of the implementation of higher import tariffs on key trading partners, as well as elevated inventory levels[30]. However, the U.S. economic growth in the second half of the year is expected to moderate, reflecting a slowdown in manufacturing and international trade due to the impact of tariff measures. This was evidenced by the Manufacturing PMI,

[29] The central bank of the Philippines decided to lower its policy rate from 6.25 percent to 6.0 percent and then to 5.75 percent at its meetings on April 11 and June 20, 2025, respectively. Meanwhile, the central bank of Indonesia reduced its policy rate from 5.75 percent to 5.5 percent at its May 21, 2025, meeting.

[30] The Logistics Managers' Index (LMI), which measures monthly changes in the logistics sector to assess supply chain conditions in the United States, stood at 56.1 in the second quarter of 2025, down from 61.5 in the previous quarter. Nevertheless, it remained above the neutral threshold of 50 for the fourth consecutive quarter, indicating continued expansion in the inventory component.

which declined to 49.8 in July, from 52.9 in the previous month. Government spending is likewise anticipated to slow, amid efforts to reduce the fiscal deficit[31]. Meanwhile, signs of softening in the labor market have emerged, as reflected in deceleration in new nonfarm payroll job, which has slowed for four consecutive months on a three-month moving average basis[32]. Amid easing economic and labor market momentum, the Federal Reserve is expected to cut its policy rate once more during the remainder of the year, following early indications that inflationary pressures have begun to moderate, in order to cushion the economic impact of the tariff measures.

The Eurozone economy is expected to grow by 1.0 percent in 2024, compared with 0.9 percent in 2023 and above the earlier forecast of 0.8 percent. This upward revision reflects stronger-than-expected growth in the first half of the year, supported by resilient domestic demand underpinned by a robust labor market. Contributing factors include rising wages, fiscal support measures, and the European Central Bank's continued accommodative monetary stance amid a declining inflation outlook[33]. However, growth in the second half of the year is expected to be constrained by the EU–US trade agreement reached on July 27, 2025[34], which is anticipated to dampen activity in the manufacturing and export sectors. In particular, the German economy, the largest in the Eurozone, is likely to face significant headwinds from the imposition of a 25 percent import tariff on automotive products, weighing heavily on its key manufacturing industries. Against this backdrop of trade-related slowdown and inflation returning toward target, the European Central Bank is expected to implement an additional policy rate cut before the end of the year.

The Japanese economy is projected to expand by 0.8 percent in 2025, recovering from 0.2 percent in 2024 and revised upward from the previous estimate of 0.6 percent. Growth will be primarily supported by stronger domestic demand, underpinned by higher average wages and the continued expansion of the tourism sector. This was reflected in the Services PMI, which rose to 53.6 in July, from 51.7 in the previous month. However, the manufacturing sector is expected to face headwinds in the remainder of the year, owing to U.S. trade measures that are likely to impact Japan's key export industries, particularly automobiles and electronics as already shown in the Manufacturing PMI which fell to 48.9 in July, from 50.1 in June. Although inflation in Japan remains above the monetary policy target, it is expected to gradually ease in line with a slowing economy, declining energy prices, and the reinstatement of household electricity subsidies during July–September 2025. In addition, the effects of U.S. trade measures may temper wage increases and slow the pass-through to consumer prices. Thus, the Bank of Japan is expected to maintain its policy interest rate at the current level through the remainder of the year.

The Chinese economy is projected to grow by 4.6 percent in 2025, decelerating from 5.0 percent in 2024, revised upward from the prior estimate of 4.0 percent. The upward adjustment reflects stronger-than-expected export momentum in the first half of the year, ahead of the deadline of the United States' 90-day suspension of reciprocal tariffs on August 12, 2025[35]. Recently, China and the United States agreed to extend the negotiation period by another 90 days, until November 10, 2025. Consequently, export values in July 2025 expanded by 7.2 percent, the fastest pace in three months[36]. However, the manufacturing sector faces mounting headwinds from escalating trade protectionism by the United States. The Manufacturing Purchasing Managers' Index (PMI) declined to 49.3 in July, down from 49.7 in the prior month, and marking the weakest level in three months. The deterioration in the manufacturing sector is likely to exacerbate domestic overcapacity, thereby heightening the risk of the Chinese economy sliding further into deflation[37]. In response, the People's Bank of China (PBoC) is expected to maintain an accommodative monetary policy stance, ensuring ample liquidity conditions to underpin the recovery of domestic demand and mitigate the adverse spillovers from U.S. trade barriers.

---

[31] In line with the policy of the Department of Government Efficiency, on July 4, 2025, the U.S. House of Representatives passed the One Big Beautiful Bill Act, which is expected to affect government revenue and widen the fiscal deficit. This, in turn, may contribute to a moderation in government spending going forward.

[32] Nonfarm payrolls, on a three-month average basis, increased by only 35,333 jobs in July, marking the weakest gain since June 2020.

[33] The European Central Bank held its policy interest rate steady for the first time after seven consecutive cuts at its meeting on July 24, 2015.

[34] The US will increase import tariffs on Eurozone goods to no higher than 15 percent, while the EU must reduce import tariffs on many US goods to 0 percent. It also requires US agricultural products to be allowed to be sold in Europe, particularly fisheries, grains and processed foods.

[35] The United States and China signed a trade agreement on June 27, 2025, under which both parties agreed to reduce import tariffs on each other's goods for at least 90 days, effective from May 14, 2025. Under the agreement, the U.S. will cut import tariffs on Chinese goods from 145 percent to 30 percent, while China will reduce tariffs on U.S. goods from 125 percent to 10 percent. In addition, China agreed to suspend non-tariff measures, such as restrictions on rare earth exports and the blacklisting of U.S. companies.

[36] In July 2025, export values to ASEAN and the European Union expanded by 16.6 percent and 9.2 percent, respectively, following growth of 16.8 percent and 7.6 percent in the previous month. Meanwhile, exports to the United States declined by 21.7 percent, marking the fourth consecutive month of contraction.

[37] In July 2025, the inflation rate stood at 0.0 percent, down from 0.1 percent in the previous month. Similarly, the Producer Price Index (PPI) fell by 3.6 percent in July 2025, the same rate of decline as in the previous month, marking the 34th consecutive month of contraction.

The Indian economy is projected to expand by 6.2 percent in 2025, slowing down from 6.7 percent in the previous year and unchanged from the previous forecast. Growth momentum in the second half of the year is expected to moderate, following a slowdown in manufacturing and exports, which are likely to be severely affected by the implementation of US trade tariffs. The US announced the imposition of tariffs as high as 50 percent on imports from India, effective August 27, 2025[38]. Nevertheless, domestic demand is anticipated to remain resilient, supported by monetary easing[39] amid steadily declining inflationary pressures. India's headline inflation in July stood at 1.8 percent, down from 2.1 percent in the previous month, marking the lowest level in eight years due to falling food and energy prices. Furthermore, the implementation of tax reform measures during fiscal years 2025–2026[40] is expected to alleviate the tax burden on households and businesses, thereby stimulating domestic spending going forward.

The Newly Industrialized Economies (NIEs) are experiencing an acceleration in the first half of 2025, primarily due to the surge of exports before the implementation of US tariff countermeasures. However, the growth momentum is projected to slow down in the second half of the year as US tariff countermeasures come into effect, which are expected to exert significant impacts on both exports and manufacturing. The extent of the impact will differ across economies, depending on the tariff rates imposed by the United States and the degree of reliance on the US market[41]. Moreover, product-specific tariffs are also anticipated to weigh on the NIEs' economies. For 2025, **Taiwan, Hong Kong, Singapore, and South Korea are projected to grow by 4.8 percent, 2.0 percent, 3.4 percent, and 1.0 percent,** respectively, compared with 4.8 percent, 2.5 percent, 4.4 percent, and 2.0 percent in the previous year. These projections represent upward revisions from the earlier forecasts of 2.9 percent, 1.5 percent, 1.8 percent, and 1.0 percent, reflecting the stronger performance than expected in the first half of the year.

The ASEAN economy is expected to slow down compared to the previous year, reflecting the impact of US trade protection measures. Nevertheless, growth is projected to be stronger than earlier estimates, supported by solid expansion in the first half of the year and the conclusion of a trade agreement with the US, which resulted in lower-than-anticipated tariff rates compared to the April announcement[42]. However, ongoing trade countermeasures, including the imposition of transshipment tariffs, are likely to significantly affect the region's exports and manufacturing in the second half of the year. For 2025, **the economies of Indonesia, Malaysia, the Philippines, and Vietnam are projected to expand by 4.8 percent, 4.2 percent, 5.3 percent, and 6.7 percent,** respectively, slowing down from 5.0 percent, 5.1 percent, 5.7 percent, and 7.1 percent in the previous year. These projections, however, represent upward revisions from earlier estimates of 4.4 percent, 3.8 percent, 5.2 percent, and 4.8 percent, respectively. Amid the slowdown and subdued inflationary pressures across most countries, central banks in the ASEAN region are expected to continue easing policy rates to stimulate economic activity in the second half of the year[43].

---

38 As of August 8, 2025, trade negotiations between India and the United States remain ongoing. India is in the process of considering tariff reductions on selected products while maintaining its commitment to protecting key domestic industries, particularly in the agricultural sector. Should the two countries fail to reach a trade agreement, India will face tariffs of 50 percent imposed by the United States as announced on August 6, 2025. This rate marks a sharp increase from the 25 percent tariff announced in April and represents one of the highest in the world, on par with Brazil. The US government justified the tariff hike as a response to India's continued large-scale imports of oil from Russia.

39 The Reserve Bank of India has continued to ease monetary policy through successive rate cuts. At its June 2025 meeting, the central bank lowered the policy rate by a further 0.5 percentage point, bringing the cumulative reduction in 2025 to 1.0 percentage point.

40 In its fiscal year 2025–2026 budget, the Indian government introduced comprehensive tax reforms aimed at stimulating consumption and alleviating the tax burden on households. The new income tax structure exempts individuals earning up to 1.2 million rupees annually from taxation, while the standard deduction was increased to 75,000 rupees. Furthermore, the filing period for updated tax returns has been extended from 2 years to 4 years, providing greater flexibility for taxpayers. These measures are primarily intended to raise household income, boost domestic spending, and support economic recovery going forward.

41 As of August 2025, the US government imposed countervailing trade tariffs on Taiwan, Hong Kong, Singapore, and South Korea at rates of 20 percent, 30 percent, 10 percent, and 15 percent, respectively, down from 32 percent, 34 percent, 10 percent, and 25 percent announced in April 2025. In addition, the NIEs are likely to face further impacts from prospective product-specific tariffs that may be enforced in the future, such as on semiconductors as well as pharmaceuticals and medical supplies, which are key export products of Taiwan and Singapore.

42 Indonesia, Malaysia, and the Philippines reached trade agreements with the US, under which their tariff rates were set equally at 19 percent, down from 32 percent, 25 percent, and 20 percent announced in April, respectively. Meanwhile, Vietnam will face a tariff rate of 20 percent, reduced from 46 percent.

43 Inflation in the Philippines and Malaysia stood at 0.9 percent (July 2025) and 1.1 percent (June 2025), marking the lowest levels in around five and four years, respectively. This prompted the central banks of the Philippines and Malaysia to lower their policy rates by 0.25 percentage point twice (in April and June 2025) and once (in July 2025), respectively. Similarly, Vietnam's inflation in July 2025 was 3.2 percent, down from 3.6 percent in the previous month. Meanwhile, Indonesia's inflation rose to 2.4 percent in July, up from 1.9 percent, reaching the highest level in 12 months due to rising food prices. Nonetheless, Bank Indonesia further reduced its policy rate by 0.25 percentage point in July, marking the third rate cut in 2025.

Measures taken by various countries to mitigate the impact of US import tariffs

Country	Measures	Objective/Details	Target Group
Japan	SME Adaptation Support (Safety Net Loans)	The Ministry of Economy, Trade and Industry has set up a task force to urgently monitor the impacts of U.S. import tariffs. Key measures include: • Establishing consultation channels for SMEs affected by U.S. tariffs, such as those in the automotive supply chain. • Relaxing loan conditions for SMEs impacted by U.S. tariffs, particularly in the automotive industry. • Providing support through NEXI and working capital programs to facilitate financing for affiliated companies in the U.S. market and elsewhere, covering both domestic businesses and overseas subsidiaries.	• Entrepreneurs, especially SMEs
	Electricity and Energy Support Measures	To ease the burden of electricity and energy costs for both households and businesses, the government allocated ¥388 billion from its reserves. The measures include: • Subsidizing electricity and liquefied petroleum gas (LPG) bills for households from July to September 2025.	• Households • SMEs
UK	UK Export Finance (UKEF)	• Extending the UK's business investment and expansion credit line by £20 billion, bringing the total UKEF working capital to £80 billion to support businesses severely affected by new import tariffs and other economic uncertainties • Small businesses will be able to apply for loans of up to £2 million if they qualify for the British Business Bank's Growth Guarantee Scheme, with a total of £500 million, of which the government will guarantee 70% of the loan amount, enabling commercial banks to lend to small businesses.	• Export businesses
	Prevent and promote business and employment	• Take action to keep British Steel operating and preserve jobs. • Increase flexibility in Zero Emission Vehicle (ZEV) legislation to help UK car manufacturers. • Simplify the complex processes that prevent clinical trials in the life sciences sector. • Invest up to £600 million in a health data research service centre. • Add £30 million to support the reopening of Doncaster Sheffield Airport, which is expected to create 5,000 jobs and generate £5 billion in economic stimulus.	• Domestic entrepreneurs • Employees
	ENABLE Fund programme	• £1 billion in funding to support startups and innovative businesses. • Increased support for small home builders through the NABLE Build programme.	• Startup Entrepreneurs • Small Business Entrepreneurs
Canada	Duties Relief Program	• The Canada Border Services Agency (CBSA) import duty relief program allows eligible companies to import commercial goods duty-free as long as those goods are exported. As part of this program, companies can manufacture or use commercial goods to a limited extent before exporting them.	• Importers of goods from the United States
	Drawback Program	• It helps Canadian companies compete in export markets by reducing the impact of domestic tariffs on commercial goods. The program provides a drawback for tariffs paid on imported goods that are (1) to be exported directly and (2) used as intermediate goods in the production of export goods.	• Importers of goods from the United States
	Tax relief and support	• Postponement of Goods and Services Tax (GST) and Harmonized Sales Tax (HST) payments, including corporate income tax, between April 2 and June 30, 2025, as well as waiver of interest on GST/HST and tax instalments payments between April 2 and June 30, 2025, and relief on interest payments on outstanding GST/HST and tax balances outstanding between April 2	• Entrepreneurs affected by import tax increases
	Large Enterprise Tariff Loan (LETL)	• Provide financial support to large Canadian companies affected by current and potential future tariffs and other countervailing measures and facing challenges accessing capital.	• Large entrepreneurs
	Help steel producers	• The Tariff Quota (TRQ) initiative will prevent dumping of cheap steel while also ensuring Canadian steel-dependent businesses can continue to secure the supply they need.	• Steel manufacturers
	Support the wood industry	• Supporting a CAD $700 million credit guarantee to address the urgent pressures facing the softwood lumber industry by providing the financial and credit support needed to sustain and restructure operations during this transition. • Investing CAD $500 million to accelerate product development and expand into new markets to enhance the industry's long-term competitiveness. The investment also includes initiatives to support the development and diversification of Indigenous-led forestry businesses. • Prioritize Canadian materials in construction and change federal procurement processes to require federal contracting companies to source lumber from Canada; launch new initiatives to diversify exports of Canadian wood products. • Allocated CAD $50 million for upskilling, reskilling and income support to more than 6,000 affected softwood lumber workers through labour market development agreements.	• Entrepreneurs in the wood processing industry

Measures taken by various countries to mitigate the impact of US import tariffs (Cont.)

Country	Measures	Objective/Details	Target Group
South Korea	Supply Chain Stabilization Fund	To strengthen supply chain resilience by focusing on domestic production, diversifying import sources, and developing logistics infrastructure, with a total budget of ₩10 trillion. Measures include: • Promoting low-interest loans and loan guarantees for projects related to supply chain strategies. • Facilitating public–private joint investments. • Supporting logistics infrastructure development.	• Businesses requiring enhanced supply chain stability
	Emergency Support Measures for the Automotive Industry	To assist the automotive industry impacted by U.S. tariffs on vehicles and parts. Measures include: • Enhancing liquidity through loan mechanisms to support working capital for automakers and parts suppliers. • A special loan program of ₩1 trillion, supported by joint investment and loan guarantees involving major manufacturers (e.g., KIA and Hyundai), commercial banks, and credit guarantee funds. • Cutting the automobile purchase tax from 5% to 3.5% to stimulate domestic car sales. • Increasing subsidies for electric vehicles from 20–40% to 30–80% until the end of 2025.	• Domestic automobile and parts manufacturers • Domestic car buyers
	Export Promotion Measures for SMEs	To support and establish a long-term framework for SME exports. Measures include: • Increasing export logistics support funding from ₩30 million to ₩40 million. • Opening 15 support and consultation centers, including one in Silicon Valley, U.S. • Promoting Hallyu (Korean Wave) products and cultural content, and building international cooperation networks.	• SMEs • Exporters
Singapore	Business Adaptation Grant	To support businesses in adapting to challenges, with a grant duration of 2 years after application and a maximum co-funding amount of SG$100,000 per enterprise. Support includes: • Export-oriented or overseas market businesses: Advisory services on Free Trade Agreements (FTAs), trade regulations, business law and contracts, supply chain optimization, and market diversification. • Businesses with domestic or overseas production: Using the grant to offset restructuring costs such as transportation and inventory storage expenses.	• Businesses engaged in exports or overseas markets • Businesses with domestic or overseas production
Taiwan	Export Supply Chain Support Measures in Response to U.S. Tariffs	Comprehensive support for industrial and agricultural sectors, with a total budget of NT$930 billion. Measures include: • For the industrial sector: (1) financial support such as lowering interest rates on trade loans, reducing export insurance premiums and fees, providing guarantees for export financing, expanding credit lines, and offering lower interest rates for SMEs; (2) reducing operating costs, particularly through the use of online platforms for remote customs inspections; (3) enhancing capabilities by providing subsidies for research and development as well as production restructuring; (4) expanding export markets through the establishment of exhibition centers, warehouses, and distribution hubs in target countries; and (5) tax incentives such as R&D tax credits, investment incentives for technology, relaxed criteria for startup support, and enhanced credit schemes related to technology and environmental standards. • For the agricultural sector: (1) financial support through reduced trade loan interest rates and export financing guarantees; (2) capacity-building by subsidizing investments in machinery, agricultural processing for value addition, and improvements in product quality; (3) expanding export markets by supporting marketing activities in target overseas markets and promoting premium agricultural exports to the United States; and (4) labor support through wage compensation when working hours are reduced, subsidies for skills training during downtime, and assistance for companies that invest in workforce development, along with guidelines for employers on managing layoffs or temporary work suspensions.	• Exporters • SMEs • Domestic producers • Workers and employers • Farmers

5. The Thai Economic Outlook 2025

The Thai economy in 2025 is expected to slow from 2024, in line with the expected decline in export volumes in the second half of the year, attributed to the impact of the United States' import tariff implementation. Moreover, these measures are anticipated to weigh on industrial production amid a slowdown in the tourism sector. Consequently, the economy continues to face constraints and risks from high levels of household and corporate debts, volatility in agricultural prices and output, and fluctuations in the global trade and overall economy. Nevertheless, in the second half of the year, the economy will be supported by increased government investment spending, continued growth in domestic consumption, and an improvement in private sector investment.

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 3.700 trillion baht, increasing by 6.3 percent from the previous fiscal year. The assumption of disbursement rates for the FY2025 annual budget is anticipated at 90.3 percent of total budget framework, comprising 98.0 percent for current expenditure and 65.0 percent for capital expenditure. This is expected to inject approximately 3.34 trillion baht into the economy, rising by 2.0 percent from the prior year, and it can be broken down into 2.78 trillion baht in current expenditure (a 1.8 percent decline) and 562 billion baht in capital expenditure (an increase of 26.4 percent). **(2) The FY2025 carry-over budget** framework is total amount at 250 billion baht, the highest level since FY2020, and an increase of 71.9 percent from the previous fiscal year due to the delay of the FY2024 budgetary process. The carry-over comprises 42.0 billion baht in current expenditure (a 50.8 percent increase) and 233 billion baht in capital expenditure (a 76.3 percent increase). **(3) Additional support under the disbursement assumption for the central budget allocated for economic stimulus and strengthening the economic system,** with a total allocation of 157 billion baht. It is expected that approximately 13 billion baht and 91 billion baht will be allocated for current expenditures and capital expenditures, respectively, while about 29 billion baht is anticipated to be allocated for transfer payments and subsidy programs.

2) **The continued expansion of private consumption** is expected to remain a key driver of economic growth over the rest of the year, supported by rising demand for goods, particularly in the durable goods category, as reflected in the rebound of passenger car sales. Similarly, spending on nondurable goods has continued to expand, especially in food and beverages, while service sector spending has also grown, though at a slower pace due to the slowdown in tourism activity. Key supporting factors include a resilient labor market, as evidenced by the unemployment rate of 0.88 percent, the lowest level in six quarters, and low inflation. In July 2025, inflation stood at (-0.7) percent, bringing the average inflation rate for the first seven months of 2025 to 0.2 percent. In addition, lower interest rates have further supported consumption.

3) **The recovery of private investment**, particularly in machinery, equipment, and vehicles, is expected to resume gradually from the second quarter of 2025. The key supporting factors include: (1) strong import growth in the second quarter of 2025, particularly in capital goods and raw materials and intermediate goods, which expanded by 23.6 percent and 11.9 percent, respectively; (2) a sharp rise in investment promotion activity during the first half of 2025, with the value of applications, approvals, and promotion certificates increasing by 138.5 percent, 90.0 percent, and 48.8 percent, respectively, driven mainly by investment in digital industries, especially data centers and cloud services, as well as in electrical appliances and electronics, and the automotive and parts industries. This trend was consistent with a surge in foreign direct investment, which reached 740 billion baht in the first half of the year, an increase of 132.0 percent; and (3) continued expansion of industrial estates, with 114,378 rai sold or leased as of June 2025, increased by 6.5 percent, along with a stronger growth in industrial factory construction, which rose by 12.2 percent in the second quarter, accelerating from 3.7 percent in the previous quarter.

Risks and limitations to economic growth:

1) **The recent U.S. trade protectionist measures,** specifically the increase in import tariffs on Thailand at a rate of 19 percent effective August 7, 2025, together with the imposition of targeted tariffs such as the 25 percent duty on automobiles and auto parts, are expected to affect the Thai economy through three principal channels: **(1) direct impacts on Thai exports,** particularly in the second half of 2025, as demand for U.S.-bound products declines following an initial surge in imports during the first half of the year. This effect is likely to be most pronounced in sectors where Thailand risks losing market share in the U.S., including electrical appliances and communication equipment, electronics and computers, and automotive components; **(2) indirect effects through reduced demand for intermediate goods and raw materials in countries facing U.S. protectionist measures,** most notably China, where lower export performance may dampen Thailand's shipments of automotive parts, computer components, rubber products, plastic resins, and chemicals; and **(3) risks associated with accelerated imports and transshipment practices,** whereby Thailand is used as a transit point to circumvent U.S. tariffs, exposing certain re-exported goods to potential punitive duties of up to 40 percent if deemed high-risk by U.S. authorities.

2) **Private sector debt remains at a high level amid persistently stringent credit standards.** As of the first quarter of 2025, the household debt-to-GDP ratio stood at 87.4 percent, down from 90.7 percent in the same quarter last year, yet still higher than the pre-pandemic level of 82.7 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 3.4 percent and 7.8 percent in the first quarter of 2025, up from 3.0 percent and 7.0 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 first quarter of 2025, NPL and SML ratios for SME loans remained elevated at 7.4 percent and 13.4 percent, compared to 7.5 percent and 12.0 percent in the same period last year, the highest figures in 2 quarters and 17 quarters, respectively. Essentially, SMEs are expected to be particularly vulnerable to the repercussions of escalating international trade protectionist measures, especially those integrated into global supply chains, as they are likely to be directly affected by rising export-related costs and intensified import competition. These factors may further undermine the financial standing of SMEs.

3) **The slowdown in the tourism sector,** with international arrivals in July 2025 totaling 2.6 million, a contraction of 15.9 percent from the same period of last year. Consequently, cumulative international arrivals during the first seven months of 2025 (January–July) stood at 19.3 million, down by 6.4 percent from the corresponding period last year. This downturn was largely attributable to a sharp fall in short-haul tourists[44], with cumulative international arrivals reaching 12.5 million (accounting for 64.9 percent of total visitors), representing a 14.4 percent decrease from the same period in 2024[45]. In 2025, international tourist arrivals are projected at 33.0 million, a decline of 7.2 percent from the previous year. Nevertheless, international tourism receipts are expected to reach 1.57 trillion baht, an increase of 4.7 percent from the previous year. This growth is mainly attributed to higher per-capita spending supported by a greater share of long-haul tourists, which has partially offset the revenue shortfall from short-haul markets. However, the revenue is projected to accelerate at a slower pace compared with the 45.8 percent expansion recorded in 2024.

4) **Agricultural prices and production volatility** have intensified, as rising agricultural output has driven prices downward. This was reflected in the Agricultural Price Index, which fell by 11.7 percent in the second quarter, marking the steepest decline in 51 quarters. The decline was largely due to a substantial volume of agricultural products entering the market, consistent with falling global agricultural prices[46]. The downward trend in crop prices is expected to weigh on farm incomes going forward. Simultaneously, the agricultural sector faces elevated risks from flooding, as rainfall levels are projected to exceed the long-term average[47], coupled with the potential onset of a La Niña phenomenon in the final quarter of 2025. This raises the likelihood of severe flooding, particularly in flood-prone lowland areas, which could adversely affect agricultural output and disrupt farming activities.

5) **Risks stemming from world economic and global trade volatility** require close monitoring and assessment, including: **(i) Uncertainty surrounding U.S. import tariff measures on key trading partners,** as reflected in the extension of trade negotiations between the U.S. and China for an additional 90 days until November 10, 2025. In addition, there remains uncertainty regarding potential increases in product-specific tariffs and trade restrictions on critical capital goods and raw materials, such as semiconductors, steel, aluminum, and rare earth minerals. These developments could significantly dampen global economic and trade activity, particularly in the second half of the year, with elevated risks of severe disruption to global production supply chains should tensions escalate further; **(ii) Divergent monetary policy directions among major central banks,** which could lead to heightened exchange rate volatility in developing and emerging market economies, as well as intensified fluctuations in global financial markets; **(iii) Risks from Chinese economic slowdown,** stemming from persistent debt problems in the property sector and compounded by the impact of U.S. trade protectionist measures, which continue to exacerbate industrial overcapacity in the manufacturing sector; **(iv) Prolonged geopolitical conflicts,** particularly in the Middle East, which pose risks of escalation that could affect global energy prices, commodity prices, and logistics and transportation costs. Meanwhile, the ongoing war between Russia and Ukraine remains a drag on Europe's economic recovery; and **(v) Risks to economic stability in developing and emerging markets,** arising from the global economic and trade slowdown, limited policy space, and heightened volatility in financial markets and exchange rates, particularly in countries already facing macroeconomic vulnerabilities.

---

44 Short-haul tourists refer to tourists originating from countries within a flight distance of less than six hours from Thailand, whereas long-haul tourists refer to those from countries requiring flights of over six hours.

45 In particular, tourists from China (-34.9 percent), Malaysia (-7.2 percent), Lao PDR (-23.7 percent), Vietnam (-30.0 percent), Hong Kong (-27.1 percent), and Cambodia (-29.1 percent).

46 According to the World Bank's Commodity Markets Outlook (April 2025), prices of maize, rice, soybeans, and soybean oil in 2025 are projected to decline by 1.9 percent, 28.5 percent, 17.4 percent, and 3.1 percent, respectively, compared to the previous year.

47 Nationwide cumulative rainfall during the first six months of 2025 totaled 674.3 millimeters, exceeding the 30-year average by 103.4 millimeters, or 18 percent. Similarly, water levels in dams and reservoirs remained above last year's levels. As of July 29, 2025, storage across all 35 major reservoirs nationwide stood at 45,319 million cubic meters, equivalent to 64.0 percent of total capacity, representing an increase of 17.7 percent compared with the same period last year.

Key assumptions for 2025 economic projection:

World Economic Projection and Other Key Assumptions

	Actual Data			Projection 2025	
	2022	2023	2024	May 19, 2025	Aug 18, 2025
World Economic Growth (%)[1/]	3.6	3.2	3.3	2.6	3.0
US	2.5	2.9	2.8	1.7	1.8
Eurozone	3.6	0.7	0.9	0.8	1.0
Japan	0.9	1.4	0.2	0.6	0.8
China	3.1	5.4	5.0	4.0	4.6
Global Trade Volume (%)	5.7	1.0	3.5	1.7	2.7
Exchange Rate (Baht/US Dollar)	35.1	34.8	35.3	33.5 - 34.5	32.5 - 33.5
Dubai Crude Oil (US Dollar/Barrel)	97.1	81.9	79.7	65.0 – 75.0	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	0.7 – 1.7	1.0 – 2.0
Income from Tourism (Trillion Baht)[2/]	0.53	1.03	1.50	1.71	1.57

Source: NESDC as of 18 August 2025

Notes: [1/] World economic growth is a trade-weighted average of key economic partners in 2021-2023 (15 economies)

[2/] based on the Bank of Thailand's balance of payment data and forecasted by the NESDC

1) **The world economy is expected to expand by 3.0 percent in 2025,** slowing from 3.3 percent in 2024 but revised upward from 2.6 percent in the previous estimation. The revision reflects stronger-than-expected growth in the first half of the year in several major economies, driven by front-loading of exports ahead of the implementation of trade protectionist measures. However, in the second half of the year, global economic activity and trade volume are expected to moderate, due to the impact of protectionist policies and a slowdown in U.S. imports following the surge in import demand earlier in the year. Under the base case, it's expected that U.S. import tariffs on trading partners will remain unchanged at current levels through the end of 2025, and that geopolitical conflicts will not escalate to the extent of significantly disrupting the global economy. Under these assumptions, world trade volume is expected to grow by 2.7 percent in 2025, decelerating from 3.5 percent in the previous year but an upward revision from 1.7 percent in the previous projection.

2) **The Thai baht is expected to average between 32.5 – 33.5 per U.S. dollar in 2025,** appreciating from the 2024 average of 35.3 baht per U.S. dollar, and stronger than in the previous forecast. This adjustment reflects actual data in the first seven months of the year, when the baht averaged 33.4 per U.S. dollar, appreciating from 35.3 in 2024. The appreciation is consistent with the weakening trend of the U.S. dollar, driven by heightened uncertainty surrounding U.S. trade policy, expectations of further policy rate cuts by the Federal Reserve, capital inflows into emerging Asian markets, and a continued rise in global gold prices. Nevertheless, the baht is not expected to strengthen rapidly for the remainder of 2025. Downside pressures remain from weaker export earnings and slower tourism receipts in the second half of the year, which are likely to narrow the current account surplus.

3) **The average Dubai crude oil price in 2025 is expected to range between 65.0 – 75.0 US dollars per barrel,** down from an average of 79.7 US dollars per barrel in 2024 and in line with the previous forecast assumption. During the first seven months of 2025, the average price stood at 70.7 US dollars per barrel, with the latest price recorded at 68.7 US dollars per barrel on August 12, 2025. For the remainder of the year, crude oil prices are expected to hover around current levels, underpinned by two key factors: (1) the anticipated global economic slowdown in the second half of the year, which will dampen crude oil demand and speculative activities in commodity futures markets; and (2) the decision of OPEC+ in its August 2025 meeting to raise production by 547,000 barrels per day starting in September 2025, following an earlier increase of 411,000 barrels per day during May–July 2025. Nonetheless, crude oil prices in 2025 remain subject to volatility and could rise should geopolitical tensions in the Middle East intensify to the extent that they disrupt crude oil supply.

4) **Export price in US dollar terms in 2025 is expected to rise by 0.0 - 1.0 percent,** unchanged from the previous forecast but slower than the 1.4 percent increase recorded in the previous year, reflecting lower agricultural and crude oil prices. Meanwhile, import price in US dollar terms is projected to increase by 1.0 – 2.0 percent, accelerating from 1.0 percent in 2024 and revised upward from the earlier assumption of 0.7 – 1.7 percent. The upward adjustment reflects sustained high consumer goods prices and persistently elevated gold prices.

5) **Revenue from foreign tourists in 2025 is expected to reach 1.57 trillion baht,** up from 1.50 trillion baht in the previous year, but revised downward from the prior estimate of 1.71 trillion baht. This adjustment reflects an anticipated decrease in the number of foreign tourists, which is now projected at 33.0 million, down from 37.0 million in the previous forecast and from 35.5 million in 2024. This revision is consistent with actual data from the first seven months of 2025, when international arrivals totaled 19.3 million, a 6.4 percent decline compared with the same period in 2024. The drop was mainly driven by a contraction in short-haul markets, including China, Malaysia, Hong Kong, and South Korea. Nevertheless, average per-capita tourist spending in 2025 is expected to reach 47,686 baht per person per trip, up from 42,301 baht in 2024 and higher than the previous estimate of 46,346 baht, in line with the actual outturn of 47,846 baht in the first half of 2025. This upward revision is attributed to the rising share of long-haul tourists.

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 89.7 percent of the total budget framework, compared with 94.1 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 60.0 percent, similar to 65.2 percent in FY2024, but revised downward from the earlier assumption of 70.0 percent. The adjustment reflects actual disbursement performance during the first three quarters of the fiscal year, which recorded a cumulative disbursement rate of 39.8 percent—lower than previously anticipated. 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 157.0 billion baht, which is assumed to be allocated as current expenditure of 13.0 billion baht, capital expenditure of 91.0 billion baht, and transfer and subsidy expenditure of 29.0 billion baht. Consequently, the current and capital expenditure framework for FY2025 is expected to reach 2.8 trillion baht and 864.9 billion baht, increasing from 2.8 trillion baht and 834.8 billion baht in the previous assumption. The total FY2025 annual budget is projected at 3.67 trillion baht, compared with 3.27 trillion baht in the previous fiscal year. (2) The disbursement rate of the FY2025 carry-over budget is expected to be 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 90.0 percent of the total capital budget, unchanged from the prior assumption. This represents an investment value of approximately 368 billion baht, a decrease of 6.0 percent compared with the previous year.

The Thai Economic Projection 2025

The Thai economy in 2025 is projected to expand within the range of 1.8–2.3 percent, with a midpoint estimate of 2.0 percent, compared with 2.5 percent in 2024. Inflation is expected to remain between 0.0-0.5 percent, while the current account surplus is projected.

In the press release on August 18, 2025, the National Economic and Social Development Council (NESDC) projected Thai economic growth in the range of 1.8–2.3 percent, with a midpoint of 2.0 percent, representing a deceleration from 2.5 percent in 2024. This also marked an upward revision from the earlier forecast range of 1.3–2.3 percent (midpoint 1.8 percent), announced on May 19, 2025. The revised projection reflects updated assumptions and adjustments to the components of economic growth, in accordance with changing conditions and key estimation parameters, as follows:

1) **The assumptions for global economic growth and trade volume were revised upward to 3.0 percent and 2.7 percent, respectively, compared with 2.6 percent and 1.7 percent in the previous forecast.** This revision was prompted by stronger-than-expected economic and export performance of major economies in the first half of the year, largely driven by accelerated production and export activities ahead of the implementation of trade protectionist measures. The upward adjustment of these global assumptions suggests that Thailand's merchandise exports are likely to expand at a faster pace than previously estimated.

2) **The revision of assumptions regarding foreign tourist receipts** reflects a lower-than-expected number of international arrivals to Thailand during the second quarter of 2025, which totaled 7.14 million, representing a 12.2 percent decline from the same period last year. This contrasts with the 9.55 million arrivals in the first quarter, which had expanded by 1.9 percent. Consequently, total foreign tourist arrivals for 2025 are now projected at 33.0 million, compared with 37.0 million in the previous estimate and 35.5 million in the preceding year. In addition, the assumption for per-capita spending has been revised in line with the shift in the composition of tourist markets, as the proportion of long-haul visitors has risen while short-haul arrivals have fallen more sharply than expected. As a result, foreign tourist receipts in 2025 are now forecast at 1.57 trillion baht, down from the previous estimate of 1.71 trillion baht.

3) **The revision of the fiscal year 2025 budget disbursement assumptions reflects the delays of the actual disbursement.** Cumulative disbursement during the first three quarters of FY2025 stood at 39.8 percent of the total budget, leading to a downward revision of the full-year disbursement assumption from 70.0 percent in the previous forecast to 60.0 percent in this estimation. In addition, the assumption regarding the budget's reallocation under the Central Budget for economic stimulus and strengthening measures, with a total allocation of 157.0 billion baht, has also been revised. In this projection, capital expenditure disbursement under this category is expected to amount to 91.0 billion baht, compared with 120.0 billion baht in the prior forecast.

Key components of Economic growth;

1) **Total Consumption:** (1) **Private consumption expenditure** is expected to increase by 2.1 percent, slowing down from a 4.4-percent expansion in 2024, and a downward revision from the previous estimate of 2.4 percent. This reflects the slowdown in receipts from foreign tourists and declining farm incomes due to lower agricultural prices. (2) **Government consumption expenditure** is projected to grow by 1.2 percent, decelerating from 2.5 percent in 2024, and remaining broadly in line with the previous projection of 1.3 percent.

2) **Total Investment** is expected to expand by 2.1 percent, improving from a 0.0-percent growth in 2024, and revised upward from the previous estimate of 0.9 percent. (1) **Private investment** is projected to increase by 1.0 percent, compared with a contraction of 1.6 percent in the previous year, and revised upward from a contraction of 0.7 percent in the earlier projection. This revision reflects stronger-than-expected performance in the first half of the year. (2) **Public investment** is anticipated to grow by 5.2 percent, continuing from a 4.8-percent increase in the previous year, but revised downward from the earlier estimate of 5.5 percent. The revision follows the adjustment of assumptions on the FY2025 capital budget disbursement rate and the reallocation of the central fund for economic stimulus and strengthening programs.

3) **Export value in US dollar terms** is projected to grow by 5.5 percent in 2025, moderating from 5.8 percent in 2024 but revised upward from the previous estimate of 1.8 percent. This revision reflects the strong performance of merchandise exports in the first half of 2025, which expanded by 15.0 percent. However, the impact of US retaliatory tariffs, together with the anticipated slowdown in the global economy and trade volume, is expected to increasingly weigh on Thailand's exports in the second half of the year. Taking into account the downward adjustment of services exports to align with revised assumptions on the number of inbound foreign tourists and tourism receipts, the volume of exports of goods and services in 2025 is forecast to expand by 5.1 percent, slowing from 7.8 percent in the previous year but revised upward from 3.5 percent in the earlier projection.

4) **Import value in US dollar terms** is projected to expand by 5.8 percent in 2025, moderating from 6.3 percent in 2024 but revised upward from the previous estimate of 2.3 percent. The revision reflects the upward adjustments to private investment and merchandise export growth projections. Including services imports, the volume of imports of goods and services in 2025 is expected to increase by 2.7 percent, slowing from 6.3 percent in 2024 but revised upward from 0.4 percent in the earlier projection.

5) **The trade balance** is projected to register a surplus of 19.5 billion US dollars, up from 19.3 billion US dollars in 2024 and revised upward from 18.4 billion US dollars in the previous forecast. This revision is consistent with the upward adjustment in merchandise export growth and the strong trade surplus of 13.5 billion US dollars recorded in the first half of the year. Including the services balance, the current account in 2025 is expected to record a surplus of 11.9 billion US dollars (2.1 percent of GDP), compared with a surplus of 11.3 billion US dollars (2.1 percent of GDP) in 2024, but revised downward from the earlier projection of 13.7 billion US dollars (2.5 percent of GDP).

6) **Macroeconomic Stability:** Headline inflation in 2025 is projected to average between 0.0–0.5 percent, with a midpoint estimate of 0.3 percent, compared with 0.4 percent in 2024 and revised downward from the previous forecast range of 0.0–1.0 percent (midpoint of 0.5 percent). This downward revision reflects the continued decline in fresh food and energy prices.

6. Economic Management for the remainder of 2025

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

1) **Measures to mitigate the impacts from the US trade restriction measures and the retaliatory actions of key trading partners. (1) Expanding new markets to diversify risks,** particularly for products vulnerable to losing market share, such as telephones, automatic data processing machines, transformers, automotive parts, and air conditioners. These efforts will be pursued alongside accelerating ongoing free trade agreement (FTA) negotiations and preparing studies to initiate negotiations with new potential trading partners. **(2) Enhancing inspection and strengthening the enforcement of rules related to the Rules of Origin** is also necessary to prevent trade circumvention and reduce the risk of Thailand being subjected to additional tariff measures. This includes expediting improvements in the inspection process and establishing clear operational guidelines to ensure compliance among entrepreneurs, particularly in relation to the issuance of Certificates of Origin (C/O) and the verification of the Regional Value Content (RVC) in key products, in an efficient manner that does not create additional costs for entrepreneurs. **(3) Monitoring and addressing dumping practices and unfair trade policies from major exporting countries to reduce the impacts of a surge in imports.** Emphasis should be placed on improving the quality inspection of imported goods with greater stringency, accelerating the issuance of product standards to cover imported items, and strictly enforcing measures against illegal or substandard smuggling, particularly along border areas. In addition, it is necessary to support affected entrepreneurs in accessing the application and investigation process for anti-dumping, countervailing, and safeguard measures (AD/CVD/AC). **(4) Encouraging businesses to manage risks from exchange rate volatility,** together with facilitating and reducing the costs of export activities.

2) **Driving private investment. (1) Expediting actual investment implementation by investors who were granted investment promotion approvals during 2023–2025,** particularly in the digital, electronics, and electrical appliance industries, as well as the automotive and parts industry, where a high volume of investment applications has been recorded. **(2) Reviewing incentive schemes to attract foreign investment in targeted industries,** with a focus on joint venture arrangements and promoting related businesses in Thailand in order to facilitate knowledge transfer to Thai entrepreneurs and reduce the risk of country being used merely as a transshipment base. This process should also include reviewing tax privileges by stipulating conditions related to the use of local content, domestic employment generation, and strengthened technology transfer. **(3) Developing a supportive ecosystem to attract targeted industries and services** to invest in Thailand. This includes streamlining administrative procedures, revising relevant regulations and laws, addressing labor shortages in the manufacturing sector, and enhancing labor productivity to meet the needs of targeted industries and services. Moreover, improving production efficiency through the adoption of innovation and advanced technologies will be critical in enabling Thai products to enhance their competitiveness and achieve deeper integration into global value chains.

3) **Measures to support the recovery of the tourism sector and related services: (1) Building confidence among international tourists** by ensuring the safety and security of lives and property, while simultaneously enhancing the readiness of key tourism-related facilities, including airports and flights, immigration procedures, infrastructure and amenities, as well as area and environmental management; **(2) Organizing tourism promotion activities and related events** to attract high-potential and high-spending tourists, particularly long-stay groups, while also encouraging greater level of spending among visitors; **(3) Promoting the development of high-quality tourism,** and strengthening the capacity of the tourism sector, with a view to revitalizing the industry toward greater quality, resilience, and long-term sustainability.

4) **Measures to provide financial assistance to businesses, particularly SMEs, that face difficulties in accessing liquidity and are further affected by trade restriction measures.** This will be undertaken through the soft loans, transformation loans, and the supply chain financing to support liquidity. In addition, efforts will be made to raise awareness of government assistance measures aimed at addressing household and business debt problems, thereby enabling debtors-particularly small-scale borrowers and SMEs-to benefit from debt restructuring and to repay their obligations in accordance with repayment capacity. These initiatives will be implemented in parallel with strategies to generate income for SMEs, enhance production capacity, and improve competitiveness of SME entrepreneurs.

5) **Expediting budget disbursement is essential to promptly inject government spending into the economy,** with particular emphasis on ensuring that disbursement of capital expenditure under the fiscal year 2025 budget reaches no less than 65 percent of the total capital budget framework. This objective will be achieved through the acceleration of procurement procedures and purchasing order commitments, especially for key projects such as local government investment projects, major infrastructure investment projects, and the timely implementation of economic stimulus programs under the central budget already approved for economic stimulation and strengthening the economic system. At the same time, preparation should be undertaken to ensure that projects under the fiscal year 2026 budget can be implemented without delay, thereby maintaining the momentum of government spending. In parallel, policy attention should be directed toward **enhancing fiscal capacity** in order to create greater fiscal space for the implementation of economic measures in the event of unforeseen circumstances, while also safeguarding fiscal stability so that it does not become a risk factor undermining the country's credit rating in the period ahead.

6) **Supporting agricultural production and farmers' income** is particularly important during harvest seasons, when large quantities of output enter the market and exert downward pressure on prices and farmer's income. Efforts should therefore focus on implementing effective marketing plans, including the expansion of distribution channels and the adoption of measures to delay the release of produce into the market. Moreover, preparation must be undertaken to address the impacts of climate change, especially the risk of a La Niña phenomenon toward the end of 2025, which may result in flooding. Priority should be accorded to efficient water resource management, complemented by the upgrading of infrastructure systems and the enhancement of early warning mechanisms. In parallel, resilience among farmers should be strengthened through the promotion and development of crop insurance systems, which can serve as an important tool to mitigate climate-related risks.

Thailand's economic impact from the U.S. reciprocal tariff measure

Since 2019, the U.S. has been Thailand's top export market. In 2024, Thailand's exports to the U.S. totaled 54.8 billion US dollars, accounting for an 18.3 percent share of the country's total exports. This resulted in a trade surplus with the U.S. of 34.9 billion US dollars. For this reason, Thailand is one of the countries on which the U.S. has imposed import tariffs. Recently, the U.S. imposed a 19 percent tariff on general imported products from Thailand, effective August 7, 2025. This rate is equal to that for Malaysia and Indonesia and is close to the 20 percent rate imposed on Viet Nam and Taiwan. However, this rate is lower than the average U.S. effective rate for all trading partners (20.7 percent) and for ASEAN (24.4 percent). However, the U.S. import tariff measures are still uncertain, as they depend on the result of Thailand's negotiations with the U.S. The increase of US import tariffs tends to impact on trade between Thailand and the U.S., including the Thai economy in many channels as (1) the direct impact of Thailand's exports on the U.S., (2) the impact of the decline in demand for intermediate goods and raw materials on the supply chain, and (3) the impact of accelerated importing in Thailand, more details are as follows:

1. The direct impact from a decline in Thai exports to the U.S.

Table 1 shows that in 2024, the top 20 key Thai export products to the U.S. totaled 34,971 million USD, accounting for a 63.9 percent share of all exports to that market. A comparison with other ASEAN countries reveals that Thailand is an important source for U.S. imports, holding a larger market share than other ASEAN members in many products, such as vehicle tires, electric transformers, automotive parts, and jewelry. Furthermore, an analysis of the U.S. effective tariff rates before the reciprocal tariff announcement (effective August 1, 2025) shows that the majority of products have similar rates among ASEAN countries. However, several of Thailand's key exports, where it holds a competitive advantage, have lower effective rates than those from other ASEAN countries; these products include telephones, hard disk drives, printers, rice, and televisions. Conversely, Thailand faces a higher effective tariff rate than its neighbors for some products, such as solar cells (6.5 percent), machinery and parts (0.5 percent), jewelry (10.0 percent), TV cameras (4.4 percent), and processed fish (11.0 percent).

Table 1: The US import share compared with the US effective rate, categorised by Thai key export products to the US.

Rank	HS Code (4 digits)	Product groups	Export value to the US (Million USD)	Import Share of the US in 2024 (% of market share)				Effective Rate of the US in 2025 (6M) (%Effective Rate)			
			2024	THA	VN	MYS	IND	THA	VN	MYS	IND
1	8517	Telephones	6,847	7.7	12.7	4.0	0.9	0.2	0.3	0.2	0.3
2	8471	Hard disk drives	6,093	4.9	11.3	0.6	0.2	0.3	0.4	1.6	0.3
3	4011	Vehicle tires	3,513	19.3	7.3	1.1	4.6	9.4	9.2	10.1	9.4
4	8541	Solar cells	2,473	15.5	24.9	14.4	2.1	6.5	5.4	3.0	4.6
5	8504	Electric transformers	2,089	8.3	5.5	2.1	0.6	3.7	3.5	3.0	2.4
6	8473	Machinery and parts	1,502	2.9	11.6	7.0	0.1	0.5	0.1	0.1	0.4
7	8708	Automotive parts	1,404	1.4	0.7	0.1	0.2	8.8	9.5	9.8	5.5
8	7113	Jewelry	1,387	8.7	0.8	0.0	1.1	10.0	8.9	8.7	2.5
9	8415	Air conditioners	1,274	9.0	0.4	1.0	0.6	2.3	3.5	4.3	1.9
10	8525	TV cameras	1,107	11.8	21.9	5.3	1.3	4.4	4.0	3.7	3.1
11	8443	Printers	1,053	10.2	8.5	17.6	2.5	3.0	3.5	3.3	3.2
12	2309	Animal feed ingredients	870	26.2	3.7	3.4	4.9	2.8	3.0	3.0	2.7
13	8537	Electrical control panels	861	1.7	2.1	2.0	0.8	7.4	7.8	7.5	4.8
14	1006	Rice	798	53.6	1.9	0.0	0.004	3.5	4.5	-	-
15	8418	Refrigerators	742	6.4	1.3	0.3	0.4	3.1	3.2	2.6	4.6
16	1604	Processed fish	691	32.0	10.3	0.5	2.5	11.0	9.4	3.5	9.7
17	8528	Televisions	583	1.5	9.4	0.1	0.2	2.7	5.2	3.3	6.5
18	4015	Apparel	582	21.0	2.7	46.1	5.4	2.2	3.9	2.8	1.9
19	8543	Electrical machines and parts	556	10.6	3.1	7.7	6.5	7.2	7.5	6.9	8.6
20	9403	Furnitures	546	2.3	28.2	4.4	2.5	5.3	3.1	2.2	2.1

Remark: *The US effective rate (%) is calculated from the calculated duties value / import customs value, multiplied by 100.
Highlights mean: green = the US effective rate to Thailand lower than nearby countries, red = the US effective rate to Thailand higher than nearby countries.
THA = Thailand, VN = Vietnam, MYS = Malaysia, IND = Indonesia
Source: Global Trade Atlas (GTA) and United States International Trade Commission (USITC)

An analysis of Thailand's competitiveness in the U.S. import market reveals both opportunities and challenges, with some key exports facing the risk of losing market share: including (1) products where Thailand must focus on maintaining its current position. These are items for which Thailand already holds a top-three market share of over 10 percent in U.S. imports, such as animal feed ingredients (HS2309), rice (HS1006), processed fish (HS1604), and apparel (HS4015), as detailed in Table 2. It can be predicted that U.S. importers have limited alternative markets for these goods and would need significant time to shift their supply chains to other countries with lower costs or to domestic producers. In this scenario, the U.S. would likely continue to import these goods from Thailand in the short term. Therefore, it is crucial for Thailand to defend its market position for these key products.

Thailand's economic impact from the U.S. reciprocal tariff measure (Cont.)

Table 2: product groups that need to maintain the market share in the US.

Rank	HS Code	Product groups	Export value in 2024 (Million USD)	Share Import from Thailand	US major import countries (% of market share) Top 1	Top 2	Top 3
12	2309	Animal feed ingredients	870	26.24 (Rank 1)	Thailand (26.24)	Canada (22.68)	China (8.22)
14	1006	Rice	798	53.79 (Rank 1)	Thailand (53.79)	India (26.29)	China (3.85)
16	1604	Processed fish	691	32.05 (Rank 1)	Thailand (32.05)	Vietnam (10.3)	Ecuador (5.7)
18	4015	Apparel	582	21.00 (Rank 2)	Malaysia (46.10)	Thailand (21.00)	China (21.00)
21	4001	Natural rubber	531	31.62 (Rank 2)	Indonesia (41.33)	Thailand (31.62)	Côte d'Ivoire (10.43)
23	8711	Motorcycle	408	11.95 (Rank 3)	China (23.69)	Japan (22.58)	Thailand (11.95)
30	7103	Precious stones	310	15.21 (Rank 1)	Thailand (15.21)	India (13.39)	Colombia (12.31)
33	8450	Washing machines	286	16.97 (Rank 3)	China (22.38)	Mexico (22.32)	Thailand (16.97)

Source: GTA, processed by NESDC

(2) Products are those likely to lose market share in the U.S. These are major Thai exports that currently hold a low market share in the U.S., indicating a low American dependence on them. This group includes telephones (HS8517), hard disk drives (HS8471), and machinery and parts (HS8473), as detailed in Table 3. In the long term, Thailand could lose its U.S. market share for these items, as they are likely to be replaced by imports from countries with lower tariff rates or by products from domestic U.S. producers. Moreover, in the first half of 2025, exports in this group experienced a surge in the U.S. market: telephones (HS8517), hard disk drives (HS8471), and air conditioners (HS8415) increased by 56.8 percent, 60.7 percent, and 56.6 percent, respectively, compared to the same period last year. This surge suggests that importers were accelerating purchases, indicating that exports of these products are likely to slow down or decline significantly in the second half of the year.

Table 3: product groups that are likely to lose market share in the US.

Rank	HS Code	Product groups	Export value in 2024 (Million USD)	Share Import from Thailand	US major import countries (% of market share) Top 1	Top 2	Top 3
1	8517	Telephones	6,847	7.67 (Rank 5)	China (44.68)	Vietnam (12.70)	Mexico (9.28)
2	8471	Hard disk drives	6,093	4.90 (Rank 5)	Mexico (34.46)	China (25.78)	Taiwan (18.59)
5	8504	Electric transformers	2,089	8.33 (Rank 3)	Mexico (21.07)	China (13.19)	Thailand (8.33)
6	8473	Machinery and parts	1,502	2.89 (Rank 7)	Taiwan (45.97)	South Korea (12.88)	China (12.00)
7	8708	Automotive parts	1,404	1.39 (Rank 9)	Mexico (41.35)	Canada (12.95)	China (10.72)
8	7113	Jewelry	1,387	8.67 (Rank 4)	India (24.19)	France (12.67)	Italy (12.60)
9	8415	Air conditioners	1,274	9.06 (Rank 3)	Mexico (50.07)	China (19.21)	Thailand (9.06)
10	8525	TV cameras	1,107	11.85 (Rank 3)	Vietnam (21.91)	China (17.24)	Thailand (11.85)
11	8443	Printers	1,053	10.23 (Rank 4)	Japan (22.14)	Malaysia (17.65)	China (12.44)
13	8537	Electrical control panels	861	1.67 (Rank 12)	Mexico (42.16)	Canada (9.67)	China (6.43)

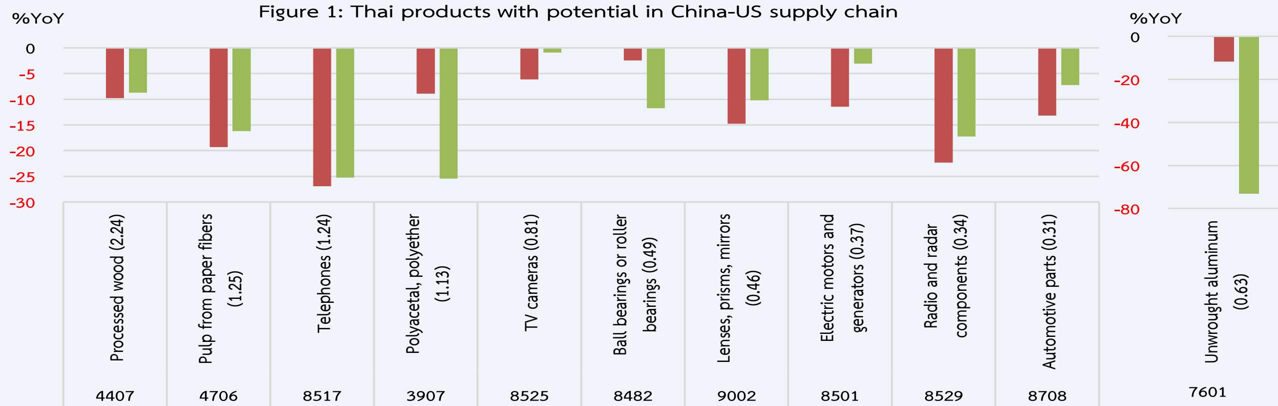
Source: GTA, processed by NESDC

Note: (green) This refers to the US import tariff rate, which is lower than that of Thailand. However, Canada and Mexico have an advantage under the USMCA agreement.
(orange) This refers to the US import tariff rate which is higher than that of Thailand.

2. The impact of a decline in demand for intermediate and raw materials goods in the supply chain

From Figure 1, in the first half of 2025, Thai export products with the potential to become part of the China's supply chain for exporting to the U.S. were identified by examining China's export flows to the U.S. and its imports from Thailand. The results show that product groups for which China's export to the U.S. decreased. Similarly, China reduced the imported products from Thailand such as (1) **Processed wood** (accounting for 2.24 percent of Thai total exports to China), (2) **Pulp from paper fibers** (1.25 percent), (3) **Telephones** (1.24 percent), (4) **Polyacetal, and polyether** (1.13 percent), and (5) **TV cameras** (0.81 percent). Meanwhile, **unwrought aluminum** (0.63 percent) experienced a 11.6 percent decline in China's imports from Thailand, while China's exports to the U.S. fell sharply by 73.0 percent in the first half of 2025.

Figure 1: Thai products with potential in China-US supply chain



Source: GTA, processed by NESDC

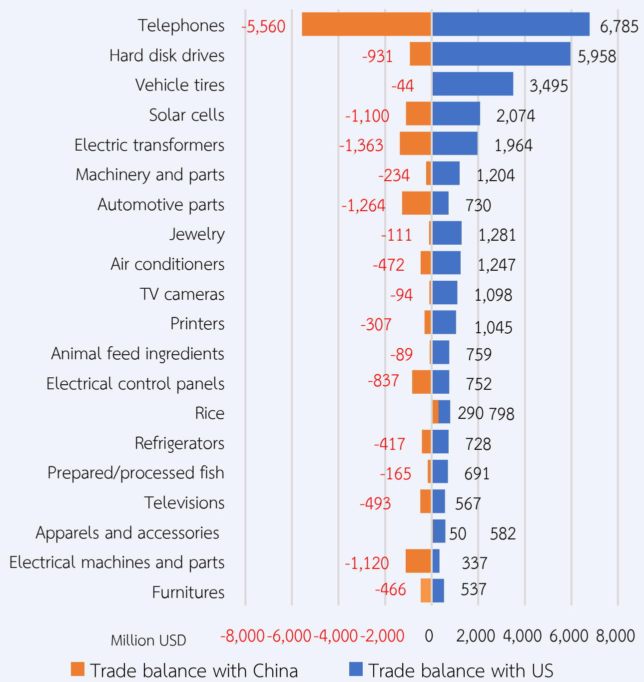
Note: ( ) Share of import relative to total import from Thailand in the first half of 2025

Thailand's economic impact from the U.S. reciprocal tariff measure (Cont.)

3. The impact of accelerated importing in Thailand

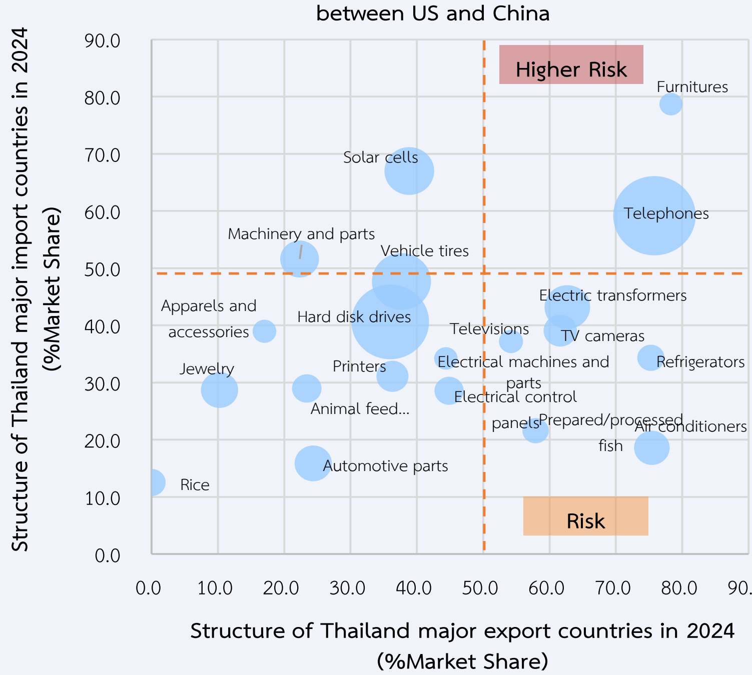
When considering from Figure 2 found that in major Thai export products to the U.S., Thailand has a trade surplus from the U.S., but it has a trade deficit from China in many products especially 1) Telephones, 2) Solar Cells, 3) Electric transformers, 4) Electrical control panels, 5) Refrigerators, 6) Televisions, and 7) Furnitures which have similar level between surplus from the U.S. and trade deficit with China. Moreover, when considering Figure 3 it found that Thai products that China as the top import market and the U.S. as the top export market at a high level (more than 50 percent), could face a higher risk for rerouting between China and the U.S., including 1) Telephones and 2) Furniture. Meanwhile, the risk product, such as 1) Electric transformers, 2) TV cameras, 3) Televisions, and 4) Refrigerators, which seem to have an import structure from China quite high (not less than 19 percent) and export to the U.S. at a high level (more than 50 percent).

Figure 2: Thai trade balance between US and China, cetegorised by Thai key export products to US in 2024



Source: Global Trade Atlas

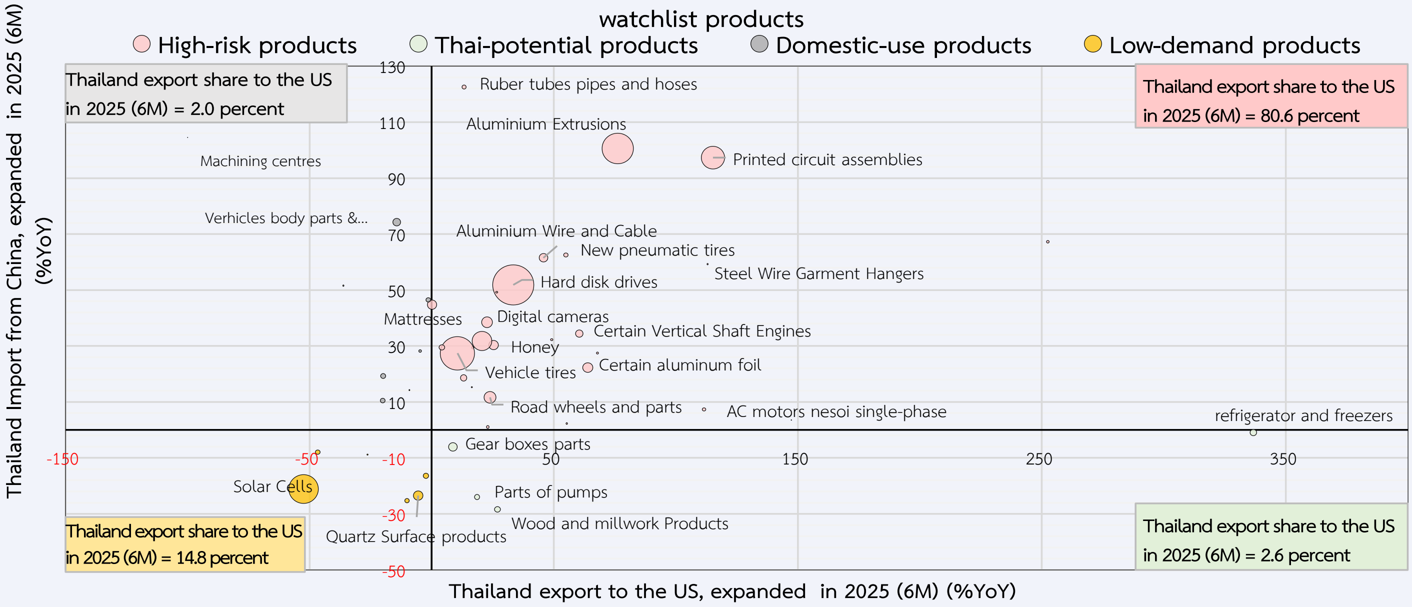
Figure 3: key product which higher risk for rerouting between US and China



Remark: Bubble Size = Structure of Thai export to the US / Thai total export to the US

Source: Global Trade Atlas

Figure 4: Thailand Growth rate of China-Imported products and the US-exported products in 49 watchlist products



[1] Department of Foreign Trade, Ministry of Commerce, Thailand was monitoring by escaping US tariffs measure for making trust to the U.S., then the ministry made a 49 watchlist products. Which, the exporter has to verify the origin of product from the ministry before taking General Certificate of Origin (General C/O Form) which means the product was the origin from Thailand

Thailand's economic impact from the U.S. reciprocal tariff measure (Cont.)

Moreover, from Figure 4, considering the export growth rate in the first half of the year 2025 of exported products in the watchlist of 49 products at high risk under this circumvention, following the announcement of department of foreign trade, ministry of commerce, Thailand found that mostly categorised in high risk products which mean growth of the value both of import from China and export to the U.S. (accounted for 80.6 percent share compared with among of 49 products). For key exported products such as Hard disk drives (HDD), Vehicle tires, and Printed circuit assemblies. Meanwhile, the low-demand products, which have a declining value both in import from China and export to the U.S. (14.8 percent share), include the top products such as Solar cells, and Quartz surface products. So, it is necessary to closely monitor subrogated products for exporting to the U.S., which helps to reduce the risk of the Transshipment Rate by 40 percent in these products.

At the same time, beyond the increasing trend of imports from China, Thailand may also face rising imports from the U.S., in term of market access for US products. The product groups most likely to be adversely affected are products that Thailand currently imposes high import tariff rate on the U.S. products, including Milk and cream, Coconut oil, Soybean oil, Dried vegetables, potatoes, Soybeans, Tea, Coffee, and Automobile bodies (see Table 4 for details). The reduction of such tariffs would likely intensify competition for domestic producers in these sectors, as they would have lower costs. Consequently, the government must adopt a comprehensive approach in evaluating these measures to mitigate potential negative impacts on domestic producers and farmers, while also safeguarding Thailand's food security and production factors in the long term.

Table 4: manufacturing sectors and export products likely to be impacted by the opening of Thai market to the US products.

TSIC code	TSIC definition	HS Code	The lists of risk products	Thai tariff rate on the US imports (%)
011 012 016	Cultivation of herbaceous crops Cultivation of perennial crops Agricultural support and post-harvest activities	0701	Potatoes	125.0
		1209	Seeds, fruit and spores for planting	88.5
		1201	Soybeans	80.0
		1006	Rice	52.0
		0810	Other fresh fruits	40.0
		0809	Apricots, cherries, peaches, plums	40.0
		0705	Lettuce	40.0
101	Meat processing and preservation	0201	Fresh bovine meat	50.0
		0202	Frozen bovine meat	50.0
103	Fruits and vegetables processing and preservation	0712	Dried vegetables	128.3
		0710	Vegetables	40.0
104	Production of plant and animal oils and fats	1507	Soybean oil	146.0
		1513	Coconut oil	137.6
		2304	Oilcake from soybean oil extraction	64.5
105	Dairy products manufacturing	0402	Sweetened milk and cream	215.6
		0401	Unsweetened milk and cream	41.0
107	Manufacture of other food products	1701	Sugar from sugar beet, and sucrose	94.0
		2209	Vinegar	60.0
110	Beverage manufacturing	0901	Coffee	90.0
		0902	Tea	90.0
		2202	Water, mineral water, and carbonated water	65.5
		2203	Malted beer	60.0
		2206	Other fermented beverages	60.0
		2208	Unprocessed ethyl alcohol	60.0
		2204	Wine made from fresh grapes	57.6
		2205	Vermouth and other wines	55.5
120	Tobacco product manufacturing	2402	Cigarettes	60.0
		2403	Other tobacco products	60.0
201	Basic chemical manufacturing	2208	Ethyl alcohol	60.0
291	Automobile manufacturing	8703	Automotive and other motor vehicles	73.4
		8705	Special purpose vehicles	40.0
		8704	Commercial vehicles	40.0
292	Automobile body manufacturing Trailer and semi-trailer manufacturing	8707	Automobile bodies	80.0
309	Manufacture of other transport equipment	8711	Motorcycle	60.0

Source: World Integrated Trade Solution (WITS), processed by NESDC

The implementation of U.S. tariff measures is likely to generate both direct and indirect impacts on Thai exports, potentially leading to a significant decline in export performance during the second half of 2025. Nevertheless, Thailand still has opportunities to maintain its export market share in the U.S. for several product categories, particularly those where it already holds a high market share and has strong potential as a key production base, supported by its comparative advantages in raw material availability and robust infrastructure relative to other regional countries. Currently, although countervailing tariffs have been imposed on many countries, including Thailand, the U.S. negotiation process with several key economies, especially China, remains uncertain. Moreover, there is a possibility of further tariff increases on specific product categories and the introduction of additional trade restrictions on capital goods and critical raw materials. Meanwhile, negotiations between the U.S. and Thailand remain at a crucial stage in pursuit of an Agreement on Reciprocal Tariffs, which will also address non-tariff barriers (NTBs) such as regulations, rules of origin, and regional value content (RVC) requirements. Against this backdrop, it is imperative to closely monitor developments and prepare countermeasures to mitigate the impacts of U.S. trade barriers and potential retaliatory measures from other major trading partners. In particular, emphasis should be placed on strengthening the enforcement of rules of origin to prevent trade circumvention and reduce the risk of Thailand being subject to further tariffs. At the same time, monitoring and investigating dumping practices and other unfair trade measures by major exporting countries is crucial to limit the influx of low-cost imports. This requires stricter quality inspections, the accelerated introduction of product standards to cover a wider range of imports, and rigorous enforcement against illicit import activities. In parallel, priority must be given to enhancing the capacity and competitiveness of Thai enterprises, enabling them to produce higher value-added goods with stronger integration into global supply chains. Expanding into new regional markets will also reduce the risk of dependence on the U.S. market.

Projection for 2025[1/]

	Actual Data			Projection for 2025	
	2022	2023	2024	May 19th, 2025	Aug 18th, 2025
GDP (at current prices: Bil. Bht)	17,378.0	17,954.7	18,582.7	18,969.1	18,917.2
GDP per capita (Bht per year)	248,788.3	256,345.4	264,661.1	269,577.2	268,839.4
GDP (at current prices: Bil. USD)	495.6	515.8	526.4	557.9	573.2
GDP per capita (USD per year)	7,095.0	7,364.8	7,497.5	7,928.7	8,146.6
GDP Growth (CVM, %)	2.6	2.0	2.5	1.3 - 2.3	1.8 - 2.3
Investment (CVM, %)[2/]	2.2	1.2	0.0	0.9	2.1
Private (CVM, %)	4.6	3.1	-1.6	-0.7	1.0
Public (CVM, %)	-3.9	-4.2	4.8	5.5	5.2
Private Consumption (CVM, %)	6.2	6.9	4.4	2.4	2.1
Government Consumption (CVM, %)	0.1	-4.7	2.5	1.3	1.2
Export volume of goods & services (%)	6.2	2.4	7.8	3.5	5.1
Export value of goods (Bil. USD)	285.2	280.7	297.0	302.5	313.4
Growth rate (%)[3/]	5.4	-1.5	5.8	1.8	5.5
Growth rate (Volume, %)[3/]	1.2	-2.7	4.4	1.3	5.0
Import volume of goods & services (%)	3.4	-2.5	6.3	0.4	2.7
Import value of goods (Bil. USD)	271.6	261.4	277.8	284.1	294.0
Growth rate (%)[3/]	13.8	-3.8	6.3	2.3	5.8
Growth rate (Volume, %)[3/]	1.0	-4.1	5.2	1.1	4.3
Trade balance (Bil. USD)	13.5	19.4	19.3	18.4	19.5
Current account balance (Bil. USD)	-17.2	7.4	11.3	13.7	11.9
Current account to GDP (%)	-3.5	1.4	2.1	2.5	2.1
Inflation (%)					
CPI	6.1	1.2	0.4	0.0 - 1.0	0.0 - 0.5
GDP Deflator	4.7	1.3	0.9	(-0.2) - 0.8	(-0.5) - 0.0

Source: Office of the National Economic and Social Development Council, 18th Aug 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