Office of the National Economic and Social Development Council

Macroeconomic Strategy and Planning Division

Q4/2024

NESDC ECONOMIC REPORT

Thai Economic Performance in Q4 and Outlook for 2025

Press Release:
9.30 a.m.
February 17, 2025

www.nesdc.go.th

Thai Economic Performance in Q4 and the Outlook for 2024 - 2025

The Thai Economy in the fourth quarter of 2024 expanded by 3.2 percent (%YoY), accelerating from a growth of 3.0 percent in the previous quarter. After seasonally adjusted, the Thai economy increased by 0.4 percent from the third quarter (%QoQ sa).

On the expenditure side: Public investment and export of goods and services accelerated. Private consumption continued to expand. Nonetheless, government consumption expenditure decelerated while private investments contracted.

On the production side: The agriculture, forestry, and fisheries sector returned to growth for the first time in five quarters. Accommodation and food services, wholesale and retail trade, and construction sectors accelerated from the previous quarter. Meanwhile, the manufacturing, and transportation and storage sectors continued to expand.

Economic Projection for 2025

(%YoY)	2023	2024					Projection
	Year	Year	Q1	Q2	Q3	Q4	2025
GDP (CVM)	2.0	2.5	1.7	2.3	3.0	3.2	2.3 – 3.3
Investment[1/]	1.2	0.0	-4.3	-6.1	5.0	5.1	3.6
Private	3.1	-1.6	4.6	-6.8	-2.5	-2.1	3.2
Public	-4.2	4.8	-28.0	-4.2	25.2	39.4	4.7
Private Consumption	6.9	4.4	6.6	4.5	3.3	3.4	3.3
Government Consumption	-4.7	2.5	-2.3	0.4	6.1	5.4	1.3
Export of Goods[2/]	-1.5	5.8	-0.5	4.3	8.9	10.6	3.5
Volume[2/]	-2.7	4.4	-1.8	2.5	7.5	9.3	3.0
Import of Goods[2/]	-3.8	6.3	2.6	0.8	11.3	10.7	4.0
Volume[2/]	-4.1	5.2	3.8	-1.4	9.7	9.1	3.5
Current Account to GDP (%)	1.5	2.3	2.6	0.9	1.6	4.0	2.5
Inflation	1.2	0.4	-0.8	0.8	0.6	1.0	0.5 – 1.5

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

Thai Economic Outlook for 2024

The Thai economy in 2024 grew by 2.5 percent, accelerating from 2.0 percent in 2023. Private consumption expenditure and government consumption expenditure expanded by 4.4 percent and 2.5 percent, respectively. Meanwhile, public investment grew by 4.8 percent, whereas private investment declined by 1.6 percent. The average headline inflation was at 0.4 percent while the current account recorded a surplus of 2.3 percent of GDP.

Thai Economic Outlook for 2025

The Thai economy in 2025 is projected to expand in the range of 2.3 – 3.3 percent (with the midpoint projection of 2.8 percent). Private consumption expenditure and private investment are expected to increase by 3.3 percent and 3.2 percent, respectively. Export value of goods in US dollar terms is anticipated to increase by 3.5 percent. Headline inflation is estimated to be in the range of 0.5 - 1.5 percent and the current account is projected to record a surplus of 2.5 percent of GDP.

+ Supporting Factors

- The increase in government expenditure, particularly investment spending
- The continued expansion of private consumption and the recovery of private investment
- The sustained recovery of the tourism sector and related services
- The continual growth of merchandise exports

− Risk Factors

- Risks from volatility of global economic and global financial market
- High levels of household and corporate debts
- Risks from volatility in agricultural output and price

Economic management for 2025 should prioritize on:

1. **Preparing for cushioning the impact of trade policy changes by key trading partners** by; (i) Emphasizing trade negotiations with the United States; (ii) Protecting the manufacturing sector from dumping and unfair trade practices; (iii) Promoting the export of high-potential and strategically beneficial products; and (iv) Encouraging businesses to mitigate risks from exchange rate fluctuations.

2. **Accelerating private investment to regain growth** by; (1) Strengthening foreign investor confidence to attract Foreign Direct Investment (FDI); (2) Expediting the implementation of investment projects approved between 2022 - 2024 to initiate actual investments; (3) Developing a conducive ecosystem for targeted industries and services; and (4) Boosting productivity through innovation and cutting-edge technology.

3. **Accelerating budget disbursement** is essential to ensuring the continued support of public expenditure to the economy. Particularly, capital expenditure disbursement should be achieved a minimum of 75 percent of the total investment budget.

4. **Raising awareness of ongoing government assistance measures to address household and business debt problems** is essential to ensure that debtors, particularly small-scale debtors and SMEs, receive adequate support for debt restructuring.

5. **Ensuring the continued expansion of the tourism sector,** immediate measures are required to address air pollution problem (PM2.5), as well as maintaining safety standards, and preparing infrastructure related to tourism, such as airport capacity and flight availability.

1. The Thai Economy in Q4/2024

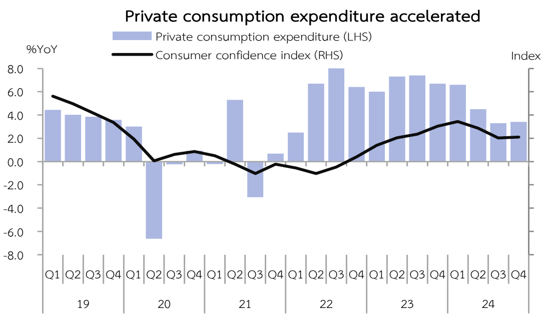
Expenditure Side:

In the fourth quarter of 2024, private consumption and exports of goods accelerated, while private investment continued to decline.

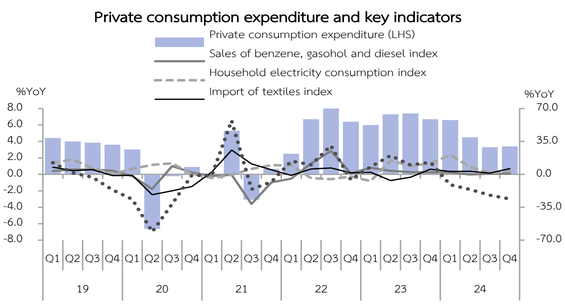
Private consumption expenditures expanded by 3.4 percent, accelerating from a 3.3-percent increase in the previous quarter, driven by improved spending across almost all categories, partly supported by government measures. This was in line with rising consumer confidence. **Service expenditures** grew by 6.4 percent, continuing from a 6.3-percent increase in the previous quarter, driven by higher spending on restaurants and hotels, health services, and transportation services. Expenditures on **non-durable goods** increased by 2.3 percent, continuing from a 2.2-percent growth in the previous quarter, primarily due to higher spending on food and non-alcoholic beverages, as well as electricity, gas, and other fuels. Additionally, expenditures on **semi-durable goods** grew by 3.7 percent, improving from a 3.5-percent increase in the previous quarter, driven by increased spending on clothing and footwear, as well as furnishings and household equipment. However, expenditures on **durable goods** contracted by 9.5 percent, following a 9.9-percent decline in the previous quarter, mainly due to a decline in vehicle purchases. This was partly attributed to stricter lending practices amid a decline in automobile credit quality. The consumer confidence index increased to 50.5, an improvement from 50.1 in the previous quarter.

Private consumption grew by 3.4 percent, continuing from a 3.3-percent growth in the previous quarter, driven by increased spending across almost all categories, except for durable goods, which continued to decline.

In 2024, private consumption expenditures grew by 4.4 percent, slowing from a 6.9-percent expansion in 2023



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

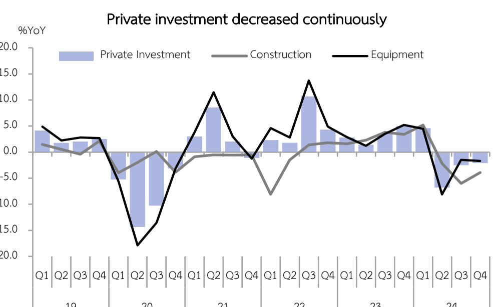


Source: NESDC, BOT, and Department of Energy

Private investment declined for the third consecutive quarter by 2.1 percent, compared to a 2.5-percent decline in the previous quarter. Investment in machinery and equipment fell by 1.7 percent, following a 1.5 percent decline in the previous quarter, owing to a continued decline in vehicle investment, while investment in other machinery increased in line with capital goods imports. Furthermore, **investment in construction** contracted by 3.9 percent, compared to a 6.0-percent decline in the previous quarter. Residential construction fell by 7.8 percent, compared to a 9.5-percent decline in the previous quarter, reflecting a continued decline in permitted construction areas for condominiums, townhouses, detached houses, flats, and apartments. Meanwhile, non-residential construction decreased by 0.4 percent, following a 2.2-percent drop in the previous quarter, due to a decline in commercial building, hotel, and hospital construction, while industrial factory construction continued to expand. The Business Sentiment Index (BSI) improved to 48.2, rising from 46.6 in the previous quarter, but remained below 50 for the sixth consecutive quarter.

Private investment continued to decline for the third consecutive quarter by 2.1 percent, due to a reduction in investment in both machinery and equipment, and construction.

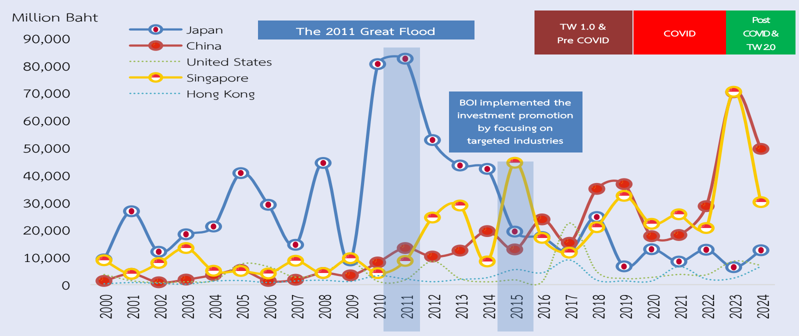
In 2024, private investment declined by 1.6 percent, compared to a 3.1-percent expansion in 2023. Investment in machinery and equipment and construction fell by 1.5 percent and 2.1 percent, respectively.



Source: NESDC

Changes in the Structure of Key Foreign Direct Investment (FDI) in Thailand

The FDI of Thailand, categorized by top 5 nationalities* from 2000 to 2021

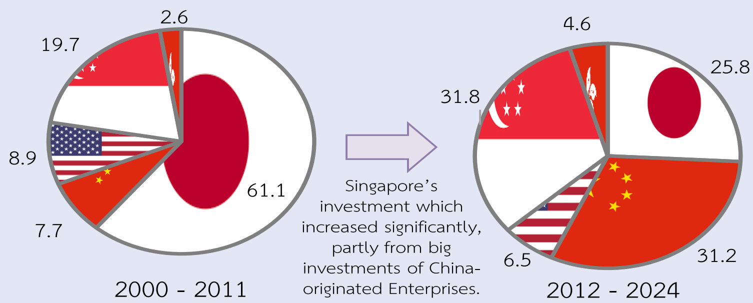


Remark* : Calculated for 50% share of Total Thailand FDI
Source : Department of Business Development (DBD), compiled by NESDC

According to data from the Department of Business Development (DBD), between 2000 to 2011 (including the 2011 Thailand floods), Japan consistently held the highest share of investment in Thailand. When analysing the structure of foreign direct investment (FDI) from the top five investing countries in Thailand—Japan, China, Singapore, the U.S., and Hong Kong—it was found that during this period, Japan's average investment accounted for 61.1 percent, followed by Singapore (19.7 percent), the U.S. (8.9 percent), and China (7.7 percent).

However, Japanese investment in Thailand has steadily declined since 2011. until 2015–the initial year when the Board of Investment (BOI) introduced a policy shift aimed at encouraging investment in targeted industries. Following that year, Singapore and China became increasingly prominent investors in Thailand. By 2024, Chinese investment had grown to 49.6 billion baht, while Singaporean investment reached 30.1 billion baht. In contrast, Japanese investment stood at 12.5 billion baht. When analyzing FDI trends from 2012 to 2024, the average investment share from Singapore and China rose to 31.8 percent and 31.2 percent, respectively, while Japan's share declined to 25.8 percent. Meanwhile, the United States and Hong Kong maintained average shares of 6.5 percent and 4.6 percent, figures that closely align with their respective shares of 8.9 percent and 2.6 percent recorded between 2000 and 2011.

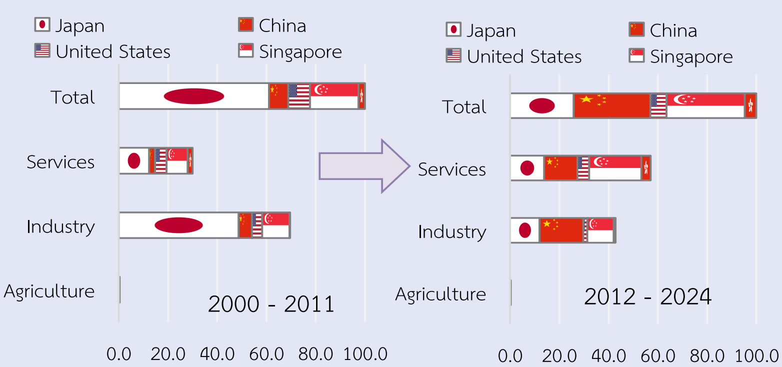
Share of FDI of Thailand (only top 5 nationalities)
during 2000 - 2011 compared with 2012 - 2024



Source : Department of Business Development (DBD), compiled by NESDC

When examining the structure of FDI by sector and country of origin between 2000 and 2011, FDI was primarily concentrated in the industrial manufacturing sector, which accounted for 69.9 percent of the total. Within this sector, investments from Japan, Singapore, China, the U.S., and Hong Kong represented 48.7 percent, 11.1 percent, 5.3 percent, 4.2 percent, and 0.3 percent, respectively. Meanwhile, the service sector attracted 30.0 percent of total FDI, with key industries including financial services, wholesale and retail trade, and real estate. In contrast, the share of FDI in the agricultural sector remained minimal at 0.4 percent.

Share of FDI of Thailand (only top 5 nationalities)
during 2000 - 2011 compared with 2012 – 2024, categorised by sector



Source : Department of Business Development (DBD), compiled by NESDC

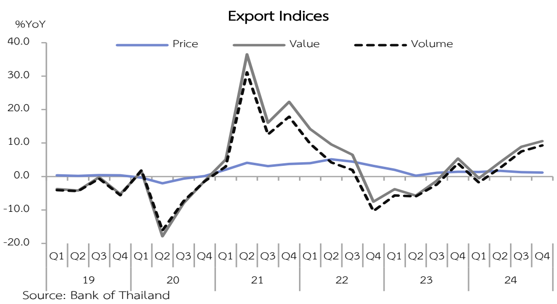
Nevertheless, since 2011, Thailand has experienced a structural shift in FDI, with a growing focus on the service sector rather than the industrial sector. Between 2012 and 2024, the share of FDI in the industrial sector declined to 42.9 percent. Country-specific data reveals that investment from China and Singapore in the industrial sector expanded to 17.7 percent and 10.7 percent, respectively, while Japan's share fell to just 11.9 percent. The U.S. and Hong Kong accounted for 1.6 percent and 0.8 percent, respectively. At the same time, FDI in the service sector increased to 57.1 percent, while the agricultural sector attracted only 0.1 percent of total foreign investment.

[1] Calculated for 50% share of total Thailand FDI

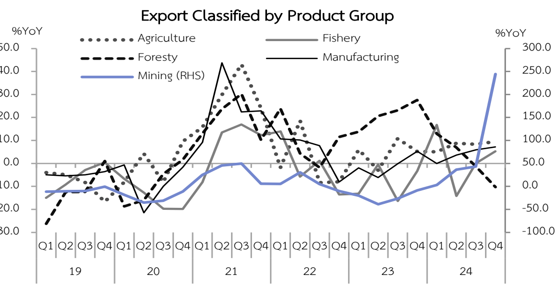
Exports in US dollar terms reached 76.7 billion USD in the fourth quarter of 2024, growing by 10.6 percent the highest expansion in eleven quarters accelerating from an 8.9-percent increase in the previous quarter. **The export volume index** increased by 9.3 percent, accelerated from a 7.5-percent rise in the previous quarter, driven by strong growth in the export volumes of manufacturing and agricultural products, while the export volume of fishery products returned to growth. **The export price index** rose by 1.2 percent, following a 1.3 percent increase in the previous quarter. **Excluding unwrought gold**, export value grew by 8.1 percent. **In Baht terms**, export value reached 2,605 billion Baht, increasing by 5.4 percent, compared to a 7.7-percent rise in the previous quarter.

***Exports in US dollar terms surged by 10.6 percent**, the highest expansion in eleven quarters.*

In 2024, export value stood at 297.1 billion USD, expanding by 5.8 percent, compared to a 1.5-percent contraction in the previous year. This was driven by a rebound in export volumes, which grew by 4.4 percent, compared to a 2.7-percent contraction in the previous year. The export price index increased by 1.4 percent, continued from a 1.2-percent rise in the previous year. In Baht terms, export value reached 10,476 billion Baht, increasing by 7.1 percent, compared to a 2.1-percent contraction in 2023.



Source: Bank of Thailand



Source: Bank of Thailand

The export value of agricultural commodities increased for the sixth consecutive quarter by 9.5 percent. The export volume and export price indices rose by 5.4 percent and 3.8 percent, respectively, reflecting strong global demand. Notably, the export value of **rubber** surged by 30.8 percent, driven by a 48.2-percent increase in export prices, while export volume declined by 11.7 percent, reflecting lower shipments to key markets such as Japan, the US, and Malaysia. The export value of **durian** rebounded by 2.3 percent, supported by a 6.2-percent increase in export prices, while export volume fell by 3.7 percent. Conversely, the export value of **rice** declined by 7.3 percent, due to an 8.2-percent drop in export volume, while export prices slightly increased by 1.0 percent, reflecting shipments to major markets, including the Philippines, Indonesia, and Iraq. **The export value of manufacturing products** expanded for the third consecutive quarter by 7.2 percent, accelerating from a 5.9-percent increase in the previous quarter. This was attributed to an acceleration in export volumes, which grew by 6.4 percent compared to 5.1 percent in the previous quarter, while export prices maintained an upward trend, rising by 0.7 percent. Exports with increased value included computers (118.9 percent), rubber products (52.6 percent), computer parts and accessories (45.7 percent), and machinery and equipment (23.9 percent). In contrast, exports with decreased value included parts of electrical appliances (-32.5 percent), petroleum products (-23.5 percent), and pick up and trucks (-13.0 percent). **The export value of fishery products** increased by 5.3 percent while **the export value of other products** surged by 118.1 percent, primarily due to a 123.9-percent increase in unwrought gold exports.

Export Value of Major Product in US Dollar Term

%YoY	2023					2024					Share Q4/24 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Agriculture	**3.9**	**6.0**	**-3.0**	**10.8**	**5.3**	**8.0**	**5.0**	**8.8**	**8.3**	**9.5**	**6.3**
Rice	29.4	24.4	18.3	27.3	43.8	25.0	45.5	53.4	25.2	-7.3	2.0
Rubber	-29.2	-37.7	-40.2	-33.8	6.5	36.8	24.9	37.4	55.9	30.8	1.7
Durian	28.1	218.9	19.6	87.8	-51.7	-9.0	-53.2	-0.7	-18.1	2.3	0.3
Other Fruits	15.8	12.7	-7.3	42.3	18.6	-2.2	11.6	-12.7	-13.5	15.9	1.0
Manufacturing	**-0.9**	**-2.0**	**-6.1**	**-0.1**	**5.3**	**4.2**	**-0.1**	**3.7**	**5.9**	**7.2**	**87.1**
Food	-2.6	3.4	-8.8	-5.7	1.7	1.9	-6.7	1.5	10.2	3.3	6.7
- Sugar	21.8	32.4	35.4	-0.4	16.1	-19.9	-26.9	-26.2	-8.0	-8.9	0.7
- Fish, canned, prepared, or preserved	-7.2	-2.3	-10.8	-11.6	-3.7	14.7	8.9	8.2	27.0	14.6	1.1
- Poultry meat, canned, prepared, or preserved	-6.3	-5.6	-6.2	-11.2	-1.7	6.9	2.2	9.0	6.1	10.5	1.0
Beverages	1.9	-1.5	3.9	-1.2	6.9	10.8	11.5	4.3	11.1	16.9	1.1
Rubber products	-13.1	0.3	-12.3	-22.4	-18.9	9.5	-19.2	-10.5	27.4	52.6	2.6
Animal food	-13.6	-20.9	-24.6	-10.3	4.0	23.1	20.3	33.7	24.3	15.6	1.0
Electronics	-3.6	-8.1	-6.1	-5.1	5.0	22.6	6.6	27.4	26.5	28.8	14.4
- Computer parts & accessories	97.6	19.2	205.5	51.6	184.0	142.4	172.5	147.9	146.5	118.9	1.6
- Integrated circuits & parts	-24.2	-24.9	-29.6	-32.7	-5.0	26.0	-6.9	22.5	46.5	45.7	5.1
- Printed circuits	4.3	-0.2	2.9	16.4	-2.0	-10.5	-11.3	-14.5	-15.8	1.0	3.0
- Telecommunication equipment	12.9	17.6	14.0	11.7	9.9	33.0	24.3	58.5	33.2	19.1	4.3

Export Value of Major Product in US Dollar Term

%YoY	2023					2024					Share Q4/24 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Electrical appliances	4.0	4.6	9.3	2.0	-0.0	-3.2	-4.5	-5.3	-1.2	-1.5	8.0
- Air conditioning machines	-11.9	12.5	-5.1	-33.0	-28.8	6.9	-15.3	1.4	28.8	38.8	1.8
- Refrigerators	-6.7	-18.8	-19.1	-0.4	23.3	5.0	7.0	3.0	5.9	4.1	0.6
- Parts of electrical appliances	31.4	27.2	44.8	40.3	16.3	-16.3	-1.0	-12.8	-17.4	-32.5	2.0
Metal & steel	-7.1	-14.4	-19.1	-4.2	14.6	6.7	11.7	4.6	8.0	3.1	5.2
Automotive	10.4	10.5	7.0	19.4	4.9	-3.9	-4.6	3.3	-10.6	-2.5	14.2
- Passenger car	26.2	52.7	21.4	41.9	1.0	26.7	-1.6	24.0	45.8	37.7	3.8
- Pick up and trucks	25.4	37.1	27.8	29.3	10.5	-8.3	-14.3	15.4	-17.8	-13.0	2.7
- Vehicle parts & accessories	0.9	-8.3	-3.4	6.2	10.6	3.2	3.9	-0.7	3.6	5.9	6.6
Machinery & equipment	-0.8	-0.6	-1.5	0.8	-1.9	10.0	-1.5	7.2	10.8	23.9	9.1
Aircrafts, ships, floating structures, and locomotive	4.4	9.8	-29.8	2.3	91.0	-9.0	26.3	-34.3	6.5	-20.0	1.3
Jewellery	10.8	22.0	3.7	11.5	6.4	4.8	13.6	3.8	1.4	0.1	2.5
Petro-chemical products	-15.1	-21.8	-19.9	-13.6	-2.0	3.0	-4.8	-1.4	8.1	10.3	7.1
Petroleum products	0.1	3.1	-29.4	-3.0	51.6	-9.8	-3.9	-6.9	-1.5	-23.5	3.0
Fishery	**-8.4**	**-13.2**	**-0.4**	**-16.4**	**-3.3**	**1.2**	**16.8**	**-14.2**	**0.1**	**5.3**	**0.5**
Fish	-12.8	-24.3	-16.1	-13.6	4.8	10.0	27.9	8.5	-0.2	6.4	0.2
Other Exports	**-11.5**	**-37.3**	**-8.0**	**-8.6**	**95.0**	**38.3**	**-25.2**	**15.7**	**75.4**	**118.1**	**4.4**
Non-monetary gold (excl. goldsmiths articles)	-15.6	-46.9	-1.3	-9.9	98.0	45.9	-16.0	11.8	79.4	123.9	4.4
Total Exports (Customs basis)	**-0.8**	**-3.3**	**-5.8**	**0.3**	**6.4**	**5.4**	**-0.6**	**4.3**	**7.5**	**10.5**	**100.0**
Exports, f.o.b. (BOP basis)	**-1.5**	**-3.8**	**-5.7**	**-1.3**	**5.4**	**5.8**	**-0.5**	**4.3**	**8.9**	**10.6**	**98.8**
Export Value (exclude gold)	**-1.2**	**-1.6**	**-5.8**	**-1.1**	**4.3**	**4.9**	**-0.1**	**4.2**	**7.5**	**8.1**	**94.4**

Source: Bank of Thailand

Exports to most major markets continued to expand, particularly to the US, China, CLMV, and the EU (27). Exports to the US grew for the sixth consecutive quarter by 17.2 percent, driven by higher shipments of automatic data processing machines and parts, air conditioning machines and parts, and machinery and parts. **Exports to China** expanded for the third consecutive quarter by 13.5 percent, mainly due to increased exports of rubber products, automatic data processing machines and parts, and chemical products. **Exports to ASEAN (9)** increased for the third consecutive quarter by 10.1 percent, supported by growth in exports to Cambodia, Singapore, and Vietnam. **Exports to the EU (27)**, continued to grow for the fourth consecutive quarter by 17.3 percent, driven by higher exports of automatic data processing machines and parts, rubber products, and air conditioning machines and parts. **Exports to the UK** continued to increase by 35.3 percent, driven by a rise in exports of machinery and parts, prepared poultry, and telephone sets and parts. **Exports to India** grew for the third consecutive quarter by 35.4 percent, led by increased exports of precious stones and jewelry, chemical products, and machinery and parts. **Exports to Japan** increased for the first time in five quarters by 1.2 percent, driven by higher exports of rubber, automatic data processing machines and parts, and polyethylene polymers in primary forms. In contrast, **exports to Australia** continue to decline by 11.7 percent, due to lower shipments of motor cars, parts and accessories. However, exports of automatic data processing machines and parts, wheat products and food preparations, and preparation of animal feeding showed growth. **Exports to Hong Kong** continued to decline, falling by 19.2 percent, due to a reduction in exports of automatic data processing machines and parts, and telephone sets and parts. However, exports of electronic integrated circuits expanded

Exports to most major markets continued to increased, particularly to the US, China, CLMV, and the EU (27) excluding the UK.

Export Value to Key Markets in US Dollar Term

%YOY	2023					2024					Share Q4/24 (%)
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	
Total Exports (Mil US$) (Customs basis)	285,074	71,182	71,202	72,476	70,214	300,529	70,754	74,294	77,886	77,596	100.0
(%YoY)	-0.8	-3.3	-5.8	0.3	6.4	5.4	-0.6	4.3	7.5	10.5	
United States	1.7	-3.7	-3.1	3.9	10.3	13.7	9.9	12.3	14.8	17.2	18.5
China	-0.7	-7.2	-0.5	4.4	0.4	3.1	-5.1	2.0	2.5	13.5	11.4
Japan	-0.3	-0.3	-2.4	1.8	-0.15	-5.3	-9.1	-6.1	-6.7	1.2	7.6
ASEAN (9)	-6.8	-2.9	-15.0	-12.0	5.0	4.6	-2.7	3.1	8.1	10.1	23.9
- ASEAN (5)*	-1.1	-1.0	-11.9	-4.2	16.1	-0.8	-9.2	0.0	4.3	1.8	13.4
- CLMV**	-14.3	-5.6	-19.2	-21.8	-8.8	12.7	6.8	7.6	13.7	23.3	10.4
EU (27) excluding UK	-3.7	-1.2	-2.2	-8.0	-3.2	10.2	2.5	6.5	15.4	17.3	7.9
United Kingdom (UK)	1.0	2.8	20.4	-0.4	-16.8	3.0	-10.7	-19.9	14.7	35.3	1.5
Middle East (15)***	-0.4	14.5	-7.3	-5.2	-2.5	6.8	-3.5	8.4	15.0	8.2	3.8
- Saudi Arabia	32.4	47.8	25.2	40.7	19.3	4.3	4.3	19.6	-1.8	-2.0	0.9
- United Arab Emirates	-3.8	17.2	-14.4	-14.9	0.3	9.8	0.0	11.9	14.2	14.4	1.3
Australia	9.2	-9.0	15.4	11.8	19.4	0.9	25.1	0.2	-4.7	-11.7	3.9
Hong Kong	10.0	-3.3	-9.5	34.8	25.8	-2.2	23.5	5.2	-14.1	-19.2	2.9
India	-4.0	3.9	-19.4	1.6	1.3	16.2	-3.4	15.4	19.5	35.4	4.1
South Korea	-5.2	-0.7	-10.1	-11.4	3.8	-2.2	-7.5	-5.4	4.8	0.2	1.8
Taiwan	2.0	-2.5	-7.3	5.4	15.1	-1.2	-2.4	-1.2	3.4	-4.3	1.5

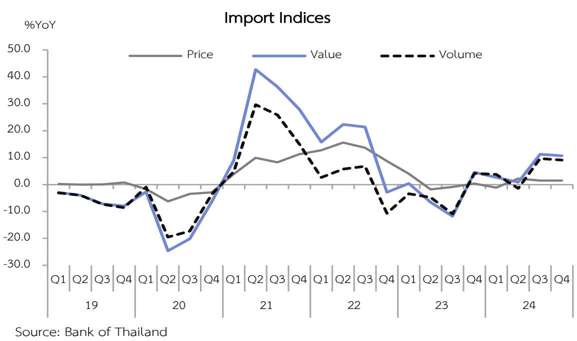
Note: * ASEAN (5) consist of Brunei, Indonesia, Malaysia, Philippines, and Singapore
** CLMV consist of Cambodia, Laos, Myanmar, and Vietnam
*** Middle East (15) consist of United Arab Emirates, Bahrain, Egypt, Israel, Iraq, Iran, Jordan, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, Yemen

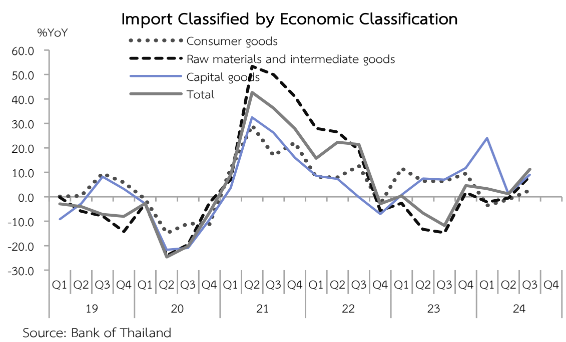
Source: Bank of Thailand

The import value in US dollar terms stood at 71.3 billion USD, expanding by 10.7 percent, continuing from an 11.3-percent increase in the previous quarter. This was driven by growth in all import categories, aligning with export growth and strong domestic demand. The import volume ("expanded by 9.1 percent, compared with a 9.7-percent growth") following an acceleration in capital goods imports and the first increase in consumer goods imports in four quarters. Meanwhile, the import volume of raw materials and intermediate goods slowed down. The import price rose by 1.5 percent, unchanged from the previous quarter. Excluding non-monetary gold, import value expanded by 7.8 percent, compared to an 8.1-percent increase in the previous quarter. **In Baht terms**, the import value stood at 2,423 billion Baht, increasing by 5.5 percent, but decelerating from a 10.2-percent increase in the previous quarter.

Import Value in US dollar terms increased for the fifth consecutive quarter, following the growth of imports in all categories.

In 2024, the import value stood at 277.8 billion USD, expanding by 6.3 percent, compared to a 3.8-percent contraction in the previous year. Import volume increased by 5.2 percent, reversing a 4.1-percent decline in the previous year, while import prices rose by 1.0 percent, compared to a 0.4-percent increase in the previous year. In Baht terms, the import value stood at 9,824 billion Baht, increasing by 8.0 percent, compared to a 4.5-percent contraction in the previous year.





By category, the import value of raw materials and intermediate goods expanded by 5.1 percent, following an 8.4-percent increase in the previous quarter. Import volume grew by 6.6 percent, compared to a 9.1-percent increase, while import prices declined by 1.4 percent, extending a 0.6-percent decrease from the previous quarter. Key imported items with higher values included parts of electronic and electrical appliance, chemicals and petrochemical products, and base metal materials. **The import value of capital goods** increased by 12.5 percent, accelerating from a 9.1-percent growth in the previous quarter. Import volume and prices rose by 8.6 percent and 3.6 percent, respectively. Key imported items with higher values included other machinery and mechanical appliances, transformers, generators, motors and accumulators and aircrafts, ships, floating structures, and locomotive. **The import value of consumer goods expanded** by 9.9 percent, accelerating from a 2.6-percent increase in the previous quarter. Import volume returned to growth for the first time in four quarters, rising by 4.0 percent, while import prices increased by 5.7 percent. Key imported items with higher values included food, beverage & dairy products, cellphones and animal & fishery products. Meanwhile, **the import value of other goods** surged by 69.4 percent, following a 78.2-percent increase in the previous quarter, driven by an 85.7-percent increase in non-monetary gold imports (excluding articles of goldsmiths) and a 26.4-percent rise in miscellaneous product imports.

Import Value of Major Product in US Dollar Term

%YoY	2023					2024					Share
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Q4/24 (%)
Consumer goods	**8.5**	**11.6**	**6.4**	**6.3**	**9.6**	**2.0**	**-3.6**	**-1.2**	**2.6**	**9.9**	**13.8**
- Exclude vehicles	1.1	3.8	-1.9	-0.8	3.2	7.9	-0.4	4.3	10.7	17.1	12.9
Food, beverage & dairy products	2.0	0.9	0.8	0.2	5.9	10.3	3.6	5.6	17.6	13.7	2.9
Cellphones	-5.1	-4.8	-25.0	-3.6	11.7	8.7	-0.0	24.2	-2.1	16.8	1.7
Animal & fishery products	-7.4	1.8	-0.6	-12.9	-16.7	-1.6	-13.6	-7.4	-3.1	19.3	1.2
Medicinal and pharmaceutical products	-10.0	-19.2	-9.7	0.8	-8.1	-2.4	-7.5	-15.2	4.3	10.9	1.2
Textiles	2.8	6.5	-3.6	0.3	8.3	7.0	5.8	6.3	4.9	10.7	1.1
Raw materials and intermediate goods	**-7.8**	**-2.6**	**-13.3**	**-14.7**	**1.8**	**2.1**	**-3.3**	**-1.2**	**8.4**	**5.1**	**59.4**
- Exclude fuel	-5.7	-4.1	-11.6	-8.8	3.2	4.6	-1.1	2.1	9.1	8.7	44.7
Parts of electronics and electrical appliances	4.5	-0.8	-3.5	3.3	20.3	13.4	11.0	16.5	10.5	15.4	18.4
Crude oil	-10.6	3.8	-23.9	-21.8	6.7	1.3	-3.8	-3.9	17.1	-2.3	10.3
Chemicals & Petro-chemical products	-15.5	-10.5	-21.5	-20.6	-7.0	2.0	-4.2	-0.1	11.8	1.1	7.5
Materials of base metal	-16.6	-14.5	-26.7	-18.1	-2.5	2.6	-11.4	-1.2	16.7	8.6	7.4
Natural gas	-9.1	-1.1	21.9	-41.0	7.4	-18.4	-15.9	-32.8	-12.6	-7.7	2.6
Capital goods	**6.7**	**0.8**	**7.5**	**7.0**	**11.8**	**11.5**	**24.0**	**1.2**	**9.1**	**12.5**	**19.5**
- Exclude computer	3.9	1.8	2.3	6.3	5.2	6.5	2.5	1.8	6.0	15.9	18.0
Other machinery and mechanical appliances & parts	-1.2	-4.1	1.3	-1.3	-0.7	5.0	-5.3	-3.9	8.2	21.7	8.2

Import Value of Major Product in US Dollar Term

%YoY	2023 Year	Q1	Q2	Q3	Q4	2024 Year	Q1	Q2	Q3	Q4	Share Q4/24 (%)
Transformers, generators, motors and accumulators	2.1	6.0	3.0	-0.2	-0.5	12.9	-0.4	9.3	16.8	26.6	2.1
Aircrafts, ships, floating structures, and locomotive	19.1	18.5	-5.4	15.2	55.9	45.6	74.4	53.1	81.0	3.8	1.8
Computer	56.1	-16.3	111.9	17.3	142.1	68.4	444.5	-4.6	50.0	-16.3	1.5
Measuring, checking and precision instruments	1.3	6.2	0.2	-1.6	0.7	-2.0	-8.4	-9.2	0.7	9.1	1.3
Other Imports	**-22.5**	**-13.2**	**-13.3**	**-47.7**	**3.8**	**64.8**	**45.4**	**62.5**	**78.2**	**69.4**	**7.2**
Non-monetary gold (excl. articles of goldsmiths)	-29.4	-24.2	-15.2	-55.5	2.5	94.1	95.5	90.2	107.0	85.7	5.7
Other imports, n.i.e.	-1.4	8.6	-8.2	-12.4	7.5	1.6	-23.5	-6.4	12.1	26.4	1.5
Total Imports (Customs basis)	**-4.2**	**-0.7**	**-7.8**	**-11.2**	**4.7**	**6.3**	**3.1**	**1.7**	**10.6**	**10.2**	**100.0**
Imports, f.o.b. (BOP basis)	**-3.8**	**0.4**	**-6.6**	**-11.8**	**4.6**	**6.3**	**2.6**	**0.8**	**11.3**	**10.7**	**90.7**
Imports, f.o.b. (excl. gold)	**-2.7**	**1.1**	**-6.3**	**-8.8**	**4.7**	**3.5**	**0.5**	**-1.9**	**8.1**	**7.8**	**84.9**

Source: Bank of Thailand

Import Volume Indices by Economic Classification

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

Source: Bank of Thailand

Import Price Indices by Economic Classification

Price indices %YoY	2023 Year	Q1	Q2	Q3	Q4	2024 Year	Q1	Q2	Q3	Q4
Consumer goods	2.6	4.3	2.3	2.1	1.9	3.2	1.2	2.1	3.8	5.7
Raw materials and intermediate goods	-2.6	1.2	-5.8	-3.7	-2.1	-0.8	-2.7	1.5	-0.6	-1.4
Capital goods	0.4	1.0	0.4	0.0	0.2	1.4	-0.5	0.8	1.8	3.6
Total Imports	**0.4**	**4.1**	**-1.8**	**-1.0**	**0.4**	**1.0**	**-1.2**	**2.2**	**1.5**	**1.5**

Source: Bank of Thailand

The terms of trade declined for the third consecutive quarter, as import prices increased by 1.5 percent, outpacing the 1.2-percent rise in export prices. Consequently, the terms of trade stood at 97.8, unchanged from the previous quarter but down from 98.0 in the same quarter of the previous year, and remaining below 100 for the twelfth consecutive quarter.

Term of trade decreased for the third consecutive quarter.

In 2024, the terms of trade were recorded at 98.0, compared to 97.6 in the previous year, as export prices increased by 1.4 percent, outpacing the 1.0 percent rise in import prices.

The trade balance recorded a surplus of 5.4 billion USD, lower than the 5.8 billion USD surplus in the previous quarter but higher than the 4.9 billion USD surplus in the same quarter of the previous year. In Thai Baht terms, the trade balance recorded a surplus of 182.3 billion Baht, lower than a surplus of 198.5 billion Baht in the previous quarter but higher than 174.4 billion Baht in the same quarter of the previous year.

Trade balance recorded a surplus of 5.4 billion US dollars, lower than the surplus recorded in the previous quarter but higher than the same quarter last year.

In 2024, the trade balance recorded a surplus of 19.3 billion USD, nearly unchanged from the 19.4 billion USD surplus in 2023. In Thai Baht terms, the trade surplus stood at 678.2 billion Baht, compared to 683.2 billion Baht in the previous year.

Term of trade

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

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.

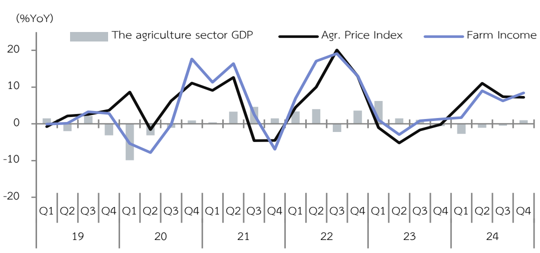
Source: Bank of Thailand

Production Side:

Agriculture, forestry, and fishing sectors rebounded for the first time in five quarters by 1.2 percent, compared to a 1.0-percent decrease in the previous quarter, owing to the favorable weather conditions and sufficient water supply. This was aligned with a 1.0-percent increase in agricultural production index. The production of major crop commodities increased for the first time in five quarters, driven by higher yields in several categories, particularly fruits, sugarcane, and paddy. Similarly, the livestock sector continued to expand, mainly due to increased production of poultry, cattle, and swine. Meanwhile, the fisheries sector returned to growth for the first time in three quarters. The production of key agricultural commodities that increased includes: (i) **fruits** (4.7 percent); (ii) **sugarcane** (16.9 percent), (iii) **white shrimp** (15.4 percent), (iv) **paddy** (1.1 percent) and, (v) **poultry** (0.9 percent). Conversely, the production of some major agricultural commodities declined such as palm oil (-24.6 percent), rubber (-0.3 percent), and maize (-0.2 percent). **The Agricultural Price Index** increased by 7.2 percent, following a 7.4-percent rise in the previous quarter. This growth was driven by higher prices of key agricultural commodities, including: (i) rubber (42.8 percent); (ii) palm oil (40.0 percent); (iii) swine (8.7 percent); (iv) sugarcane (12.2 percent), and (v) white shrimp (20.3 percent). Meanwhile, the prices of some major agricultural products declined, including: cassava (-31.1 percent), paddy (-4.7 percent), and cattle (-12.0 percent). The increase in both the Agricultural Production Index and the agricultural price index contributed to the continued expansion of the Farm Income Index, marking the sixth consecutive quarter of growth at 8.4 percent.

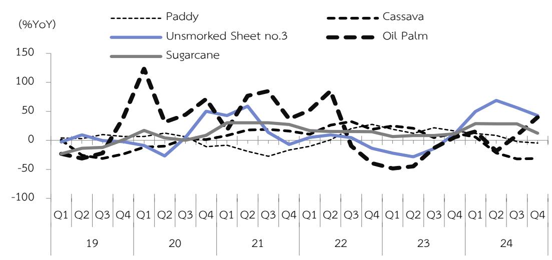
In 2024, the agriculture, forestry, and fishing sector decreased by 1.0 percent, compared with a 2.0-percent growth in the same period last year.

The agriculture sector GDP increased for the first time in four quarters and Agricultural price index increased for the fourth consecutive quarter, resulting in continued growth of Farmer Income



Source: Office of Agricultural Economics

The prices of agricultural products have increased for three items: rubber, sugarcane, and palm oil, while cassava and paddy prices have decreased



Source: Office of Agricultural Economics

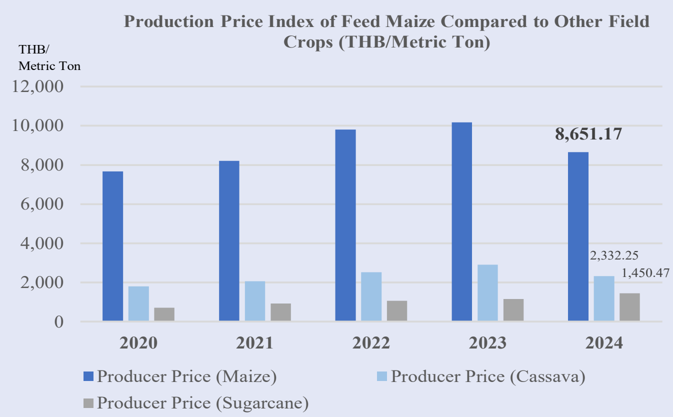
Agriculture, forestry, and fishing sector returned to expansion for the first time in 5 quarters, while accommodation and food service activities sector and wholesale and retail trade, repair of motor vehicle and motorcycle sector expanded accelerated, while manufacturing sector grew.

Agriculture, forestry, and fishing sector expanded for the first time in five quarters by 1.2 percent due to an increase all agricultural categories. the Agricultural Price Index continued rising for the fourth consecutive quarter. The increase in both the agricultural product and price indices led to the continued expansion of Farm Income Index for the sixth consecutive quarter.

Production, Consumption, Import, and Export of Thailand's Feed Maize

Feed maize is considered one of Thailand's important economic crops, as its production serves as a key raw material for animal feed in livestock farming and the animal husbandry industry, such as broiler and layer chickens, and pigs. It accounts for as much as 91.26 percent of total maize production in Thailand.

In 2024, Thailand's feed maize cultivation area was 6.46 million rai (approximately 10,336 Square kilometer), marking a 1.4-percent decrease from the previous year and an 8.8-percent decline compared to 2020. This reduction was primarily due to the outbreak of Fall Armyworm in several provinces across the country, as well as rising production costs including higher prices of chemical fertilizers, pesticides, herbicides, and seeds. This has led farmers to cultivating other crops that require less fertilizer, have steadily growing demand, and maintain high market prices, such as cassava and sugarcane. As a result, Thailand was able to produce only 4.74 million tons of feed maize, which accounted for just 53.20 percent of the country's domestic feed maize consumption demand. This means that domestic feed maize production remains insufficient to meet the country's consumption demand, and have to import the commodity to compensate for the supply shortfall from maize exporting countries. Moreover, when considering the feed maize prices in major exporting countries, such as the United States, China, and Brazil, it is evident that their prices are lower than domestic prices.



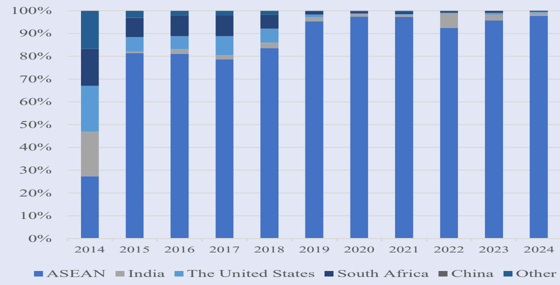
Source : CEIC

[1] Compared to the production volume of sweet corn in 2022, according to data from the Office of Agricultural Economics, Ministry of Agriculture and Cooperatives

Production, Consumption, Import, and Export of Thailand's Feed Maize (cont.)

Nevertheless, Thailand imported feed corn primarily from Myanmar (accounting for 84.95 percent of the total import) and Laos (accounting for 11.35 percent of the total import) in 2024, respectively. In addition, Thailand is expected to increase feed maize imports from ASEAN countries, driven by the ASEAN Free Trade Area (AFTA) agreement on import of maize used as animal feed raw Materials into the Kingdom. Under this agreement, feed maize importers receive special privileges, including preferential tariff treatments. These privileges are in effect from January 1st to December 31st, 2025. Meanwhile, Thailand's feed maize imports from non-ASEAN countries account for only 2.26 percent of total imports. Among them are from India (accounting for 1.29 percent), the United States (accounting for 0.49 percent), and South Africa (accounting for 0.44 percent), respectively.

Proportion of Feed Maize Imports from Foreign Countries from 2014 to 2024

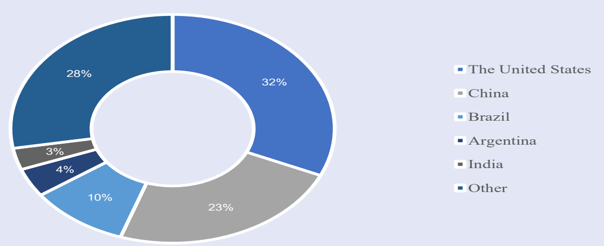


Source: Global Trade Atlas

Year	Domestic Demand for Maize (Million Tons)	Feed Maize's Cultivated Area (Million Rai)	Feed Maize Production (Million Tons)	Domestic Demand for Maize substituted (Million Tons)	Exports		Imports	
					Volume (Million Tons)	Value (Million Baht)	Volume (Million Tons)	Value (Million Baht)
2020	8.34	7.08	4.99	1.76	0.00	6.00	1.59	8,687.96
2021	8.57	6.82	4.85	1.89	0.03	257.00	1.83	12,722.79
2022	8.11	6.40	4.70	1.93	0.00	11.00	1.48	15,022.42
2023	8.44	6.55	4.76	2.35	0.00	2.00	1.33	15,187.93
2024	8.91	6.46	4.74	2.16	0.00	0.00	2.01	19,433.32

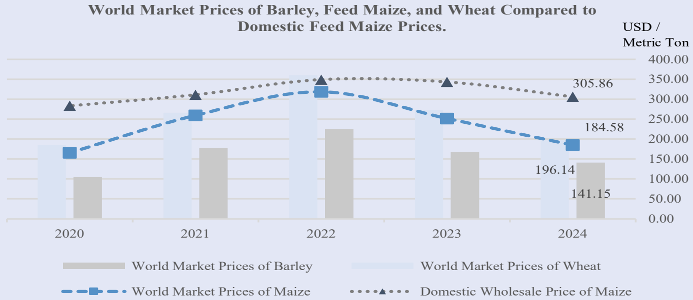
Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives; Customs Department, Ministry of Finance; and Thai Feed Mill Association. Complied by NESDC

Proportion of Feed Maize Production Volume (Million Tons) of the five Key Exporting Countries in the 2023/24 Crop Year.



Source: Food and Agriculture Organization (FAO), and U.S. Department of Agriculture (USDA)

World Market Prices of Barley, Feed Maize, and Wheat Compared to Domestic Feed Maize Prices.



Source: Office of Agricultural Economics, Ministry of Agriculture and Cooperatives; and CEIC

Manufacturing sector expanded by 0.2 percent, continuing from a 0.3-percent expansion in the previous quarter, in line with the improvement in exports. As a result, **manufacture of the export-oriented industries (with an export share of more than 60 percent of total production)** expanded for the second consecutive quarter. The increase was primarily driven by the manufacturing of computers and peripheral equipment (21.2 percent), manufacture of other general-purpose machinery (11.4 percent), and manufacture of wearing apparel, except tailoring and dressmaking (28.9 percent). On the other hand, the decline was mainly attributed to the manufacturing of furniture (-23.9 percent). Meanwhile, **manufacture of the industries with an export share of 30–60 percent of total production** contracted for the seventh consecutive quarter. The decrease was mainly attributed to manufacture of motor vehicles (-20.7 percent), weaving of textiles (-9.9 percent), and manufacture of motorcycles (-6.2 percent), respectively. However, some industries that saw a growth included manufacturing of sugar (18.9 percent), and manufacture of electric motors, generators, transformers and electricity distribution and control apparatus (15.1 percent). **Manufacture of the domestic consumption (with an export share of less than 30 percent) contracted for the first time in three quarters.** The decline was mainly due to manufacture of articles of concrete, cement and plaster (-7.2 percent) and manufacture of other electronic and electric wires and cables (-35.1 percent), while the manufacturing of plastics and synthetic rubber in primary forms increased by 8.2 percent.

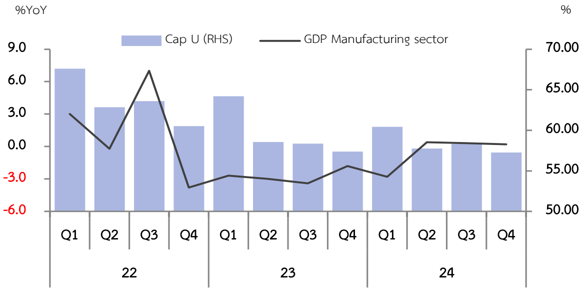
Manufacturing sector continued to expand by 0.2 percent for the third consecutive quarter, mainly driven by the expansion of export-oriented industries. Meanwhile, industries with an export share of 30–60 percent of total production and domestic-oriented industries declined.

The average capacity utilization rate in this quarter stood at 57.27 percent, lower than the 58.32 percent recorded in the previous quarter and the 57.36 percent in the same quarter of the previous year. Among the 30 key industries, three industries operated with a capacity utilization rate above 80 percent: Refined petroleum product manufacturing (88.32 percent), Slaughtering and processing of poultry (81.43 percent), and Manufacturing of plastics and synthetic rubber in primary forms (81.27 percent). Meanwhile, 11 key industries operated with a capacity utilization rate below 50 percent, including manufacture of motor vehicles (49.63 percent), processing and preserving of fruit and vegetables (48.50 percent), and manufacture of wearing apparel, except tailoring and dressmaking (48.22 percent), etc.

The average capacity utilization rate stood at 57.27 percent, lower than 58.32 percent in the previous quarter and lower than 57.36 percent in the same quarter of the previous year.

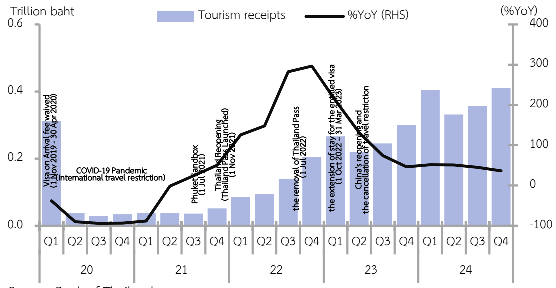
In 2024, the manufacturing sector contracted by 0.5 percent, compared to a 2.7-percent decline in 2023. The average capacity utilization rate stood at 58.44 percent, compared to 59.61 percent in 2023.

GDP Manufacturing sector continue to increased and the capacity utilization rate lower than previous quarter



Source : Office of Industrial Economics and NESDC

Services receipts of Tourism for Q4/2024 Stood at 4.10 hundred billion Baht, an increase of 36.8 percent.



Source: Bank of Thailand

Accommodation and food service activities sector maintained a continuous expansion of 10.2 percent, continuing from an 8.4-percent increase in the previous quarter. This growth was driven by the continued increase in international tourist arrivals and a surge in domestic tourism (Thai Teaw Thai). In this quarter, **the number of foreign tourists reached 9.457 million people** (shared of 96.32 percent of the pre-COVID-19 outbreak period), which **increased by 16.8 percent**, following a 21.1-percent expansion in the previous quarter. The top five international arrivals were from China 1.478 million people (shared of 15.63 percent), Malaysia 1.210 million people (shared of 12.79 percent), India 0.593 people (shared of 6.27 percent), Russia 0.586 million people (shared of 6.19 percent), and Korea 0.486 million people (shared of 5.14 percent). This growth was driven by the extended duration and expanded list of countries eligible for visa exemptions[1], as well as the long weekend at the end of the year. **International tourism receipts[2] stood at 4.103 hundred billion Baht** (shared of 84.25percent of pre-COVID-19 outbreak period), an increase of 36.8 percent, following a 45.6-percent expansion in the previous quarter. **The domestic tourism by Thai travelers (Thai Teaw Thai) reached 70.643 million domestic trips, expanded by 5.9 percent,** following a 6.6-percent expansion in the previous quarter. This growth was supported by the long holiday period at the end of the year, coupled with the continuous implementation of measures to promote domestic tourism activities. The top five provinces (excluding Bangkok) by the number of Thai visitors were: Chonburi 5.070 million people-times (shared of 7.18 percent), Kanchanaburi 3.750 million people-times (shared of 5.31 percent), Prachuap Khiri Khan 2.665 million people-times (shared of 3.77 percent), Phetchaburi 2.621 million people-times (shared of 3.71 percent), and Phra Nakhon Si Ayutthaya 2.519 million people-times (shared of 3.57 percent). **Thai tourism receipts[3] stood at 272 billion Baht**, increased by 15.7 percent, compared to an expansion of 10.8 percent in the previous quarter. The top five provinces (excluding Bangkok) by Thai tourism receipts were Chonburi (shared of 12.63 percent), Chiang Mai (shared of 6.98 percent), Chiang Rai (shared of 4.37), Prachuap Khiri Khan (shared of 4.21 percent), and Phetchaburi (shared of 3.15 percent), respectively. The combined increase in international and domestic tourism receipts brought **the total tourism revenue[4] to 683 billion Baht, rising by 27.5 percent**, compared to an expansion of 29.8 percent in the previous quarter. **The average occupancy rate stood at 73.74 percent**, lower than 68.60 percent in the previous quarter, but higher than 73.55 percent in the same period last year.

Accommodation and food service activities sector expanded for the twelfth consecutive quarter by 10.2 percent, driven by continuous growth in foreign tourist arrivals and an expansion in domestic tourism (Thai Teaw Thai).

The total tourism revenue in this quarter reached 683 billion Baht, an increase of 27.5 percent.

The average occupancy rate was 73.74 percent, lower than 68.60 percent in the previous quarter but higher than 73.55 percent in the same period last year.

In 2024, accommodation and food service activities sector expanded by 9.5 percent, compared with an increase of 19.3 percent in the same period last year. The number of foreign tourists reached 35.546 million, an increase of 26.3 percent, and international tourism receipts were 1.504 trillion Baht, an increase of 45.8 percent while Thai tourism receipts stood at 0.975 trillion Baht, growing by 13.5 percent. As a result, the total amount of tourism revenue was 2.478 trillion Baht, marking an increase of 31.1 percent. The average occupancy rate was 71.88 percent, higher than 69.22 in the same period last year.

Wholesale and retail trade, repair of motor vehicle and motorcycle sector increased by 3.9 percent, accelerating from a 3.6-percent expansion in the previous quarter. This was in line with the expansion of the Wholesale and Retail Sales, and Repair of Motor Vehicles Composite Index, driven by the following factors: (i) **Wholesale Index (except motor vehicles and motorcycles)** increased by 8.8 percent, accelerating from a 6.3-percent expansion in the previous quarter. This was mainly supported by the growth in wholesale of household goods, and wholesale of food, beverages and tobacco; (ii) **Retail Sales Index (except motor vehicles and motorcycles)** expanded by 10.1 percent, compared to a 17.6-percent expansion in the previous quarter. This growth was supported by increases in retail sale in non-specialized stores, and retail sale of automotive fuel in specialized stores; Meanwhile,

Wholesale and retail trade, repair of motor vehicle and motorcycle sector continued to increase for the nineteenth consecutive quarter, expanding by 3.9 percent, accelerating from the previous quarter. This growth was driven by the increase in household spending and the continuing improvement of the tourism sector.

[1] On June 1st, 2024, the government announced an extension of the duration and the number of countries eligible for visa exemption, increasing from 61 countries to 93 countries. Additionally, the Visa on Arrival (VoA) program was expanded from 19 countries to 31 countries.

[2] International tourism receipts refer to service receipts of tourism from the balance of payments table. (source: Bank of Thailand)

[3] Thai tourism receipts refer to Domestic Tourism Statistic. (source: Ministry of Tourism & Sports)

[4] The total amount of tourism revenue refers to an aggregation of the international tourism receipts and Thai tourism receipts.

(iii) **Wholesale and Retail Sales, and Repair of Motor Vehicles Index** continued to decrease for the second consecutive quarter by 11.9 percent, compared with a 5.3-percent decrease in the previous quarter. This decrease reflected reductions in the sale of motor vehicles, sale of motor vehicle parts and accessories, and repair of motorcycles and related parts and accessories. However, the sale of motorcycles showed a positive growth.

In 2024, the wholesale and retail trade; repair of motor vehicles and motorcycles sector, expanded by 3.8 percent, compared with a 3.9-percent growth in 2023.

Transportation and storage sector expanded by 9.0 percent, continuing from a 9.2-percent growth in the previous quarter. This was primarily driven by the strong expansion of air transport services and the continued growth of land transport and transport via pipelines. In this quarter, all categories of Transport Service Index recorded growth, attributed to: (i) Air transport services surged by 29.0 percent, continuing from a 28.6-percent growth in the previous quarter, driven by higher passenger and air cargo volumes; (ii) Land transport and transport via pipelines expanded by 5.8 percent, continuing from a 5.6-percent increase, supported by a rise in public transport passengers, higher gasoline consumption, increased metropolitan train usage (BTS/MRT), higher fuel consumption (diesel and LPG), and a growth in registered trucks; and (iii) Water transport services grew by 3.0 percent, compared to a 2.8-percent expansion, due to the accelerated expansion of exports and imports via water transport. Additionally, warehousing and support activities for transportation rose by 9.0 percent, compared to an expansion of 11.4 percent in the previous quarter, and postal and courier activities increased by 5.1 percent, compared to an expansion of 6.1 percent in the previous quarter.

Transportation and storage sector continued to expand for the thirteenth consecutive quarter by 9.0 percent. This growth was primarily driven by the strong expansion of air transportation services and the continued growth of land transport and transport via pipelines

In 2024, the transportation and storage sector increased by 9.0 percent, compared with an 8.8-percent increase in 2023. Transport services attributed to a 26.9-percent increase in air transport services, a 5.5-percent increase in land transport and transport via pipelines services and a 3.3-percent increase in water transport services, respectively. Additionally, warehousing and support activities for transportation rose by 11.3 percent, and postal and courier activities expanded by 7.0 percent.

Construction sector surged by 18.3 percent, accelerating from a 15.2-percent expansion in the previous quarter, driven by a significant increase in public construction, particularly government construction, while private construction continued to decline. In this quarter, **public construction** expanded by 40.8 percent, accelerating from a 31.9-percent expansion in the previous quarter. Government construction continued to expand for the second consecutive quarter, growing by 67.9 percent, driven by the construction of major projects under the Ministry of Transport, for instance, the national highway network project, the maintenance of the rural highway network, and the improvement of rural highway roads and bridges to support transportation and logistics. State enterprise construction continued to grow for the eleventh consecutive quarter, rising by 3.4 percent, following increased disbursement of investment budgets for major infrastructure development projects, such as the Purple Line urban train MRTA project (Tao Poon–Rat Burana section) and the second phase of the transmission and distribution system development project (PEA). Meanwhile, **private construction** declined for the third consecutive quarter by 3.9 percent, compared to a 6.0-percent decline in the previous quarter. This decline was due to a continued reduction in all types of residential construction, as well as non-residential and other construction projects, except for industrial building construction, which continued to expand. **Construction Material Price Index (CMI)** increased by 0.4 percent for the second consecutive quarter, mainly driven by price increases in other construction materials (5.8 percent), electrical and plumbing equipment (2.8 percent), concrete products (1.3 percent), and wood and wood products (1.5 percent). Meanwhile, the prices of key construction materials declined, such as steel (-2.8 percent) and cement (-0.9 percent).

Construction sector continued to grow for the second consecutive quarter, expanding by 18.3 percent, driven by strong growth in public construction, particularly government construction, while private construction continued to decline.

Construction Material Price Index (CMI) increased for the second consecutive quarter by 0.4 percent, mainly due to rising prices of other construction materials, electrical and plumbing equipment, and concrete products.

In 2024, the construction sector grew by 1.3 percent, compared to a 0.6-percent decline in 2023. Public construction increased by 5.3 percent, with government construction rising by 6.4 percent and state enterprise construction growing by 3.5 percent, while private construction declined by 2.1 percent.

Employment continued to decline for the fourth consecutive quarter, primarily due to a decrease in agricultural employment. Meanwhile, non-agricultural employment continued to increase for the eleventh consecutive quarter. The unemployment rate was lower than in the previous quarter but higher than in the same quarter of the previous year. In the fourth quarter of 2024, total employment stood at 40.11 million people, a decline of 0.4 percent compared to a 0.1-percent decrease in the previous quarter. This comprised 36.75 million employed Thai nationals (91.64 percent of total employment), marking a 2.3-percent decline compared to a 1.8-percent decrease in the previous quarter, and 3.35 million employed foreign workers (8.36 percent of total employment), representing a 28.3-percent increase, up from a 22.2-percent expansion in the previous quarter. **Agricultural employment** (accounting for 29.65 percent of total employment) continued to decline for the fourth consecutive quarter, contracting by 3.6

Employment continued to decline for the fourth consecutive quarter, primarily due to the continued decrease in agricultural employment, while non-agricultural employment increased for the eleventh consecutive quarter.

The unemployment rate stood at 0.88 percent, lower than in the previous quarter but higher than in the same quarter of the previous year.

percent. This was consistent with the decline in key agricultural commodities such as palm oil, rubber, and feed maize. Conversely, **Non-agricultural employment** (70.35 percent of total employment**)** increased for the eleventh consecutive quarter, rising by 1.1 percent. This was mainly driven by employment growth in the accommodation and food service activities, the manufacturing, and the construction sectors. However, employment in Wholesale and retail trade, repair of motor vehicle and motorcycle sector declined. **The unemployment rate** in this quarter stood at 0.88 percent, lower than the 1.02 percent recorded in the previous quarter but higher than the 0.81 percent reported in the same quarter of the previous year. **The average number of unemployed individuals** was 358 thousand people, lower than 414 thousand people in the previous quarter but higher than 329 thousand people in the same quarter of the previous year.

In 2024, total employment declined by 0.3 percent, mainly due to a reduction in agricultural employment. The average unemployment rate for the year stood at 1.00 percent.

Employed Persons by Industry

%YOY	Share	2023					2024				
	Q4/24	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Employed	100.00	1.8	2.4	1.7	1.3	1.7	-0.3	-0.1	-0.4	-0.1	-0.4
- Agricultural	**29.65**	**1.2**	**1.6**	**-0.2**	**2.0**	**1.0**	**-4.4**	**-5.7**	**-5.0**	**-3.4**	**-3.6**
- Non-Agricultural	**70.35**	**2.0**	**2.7**	**2.5**	**1.0**	**2.0**	**1.5**	**2.2**	**1.5**	**1.4**	**1.1**
Manufacturing	15.57	0.1	0.4	0.3	0.6	-2.3	0.4	0.7	2.2	-1.4	0.3
Construction	5.56	2.1	-1.8	6.0	2.9	3.1	2.0	5.0	1.5	0.7	0.5
Wholesale and retail trade; repair of motor vehicles and motorcycles	17.10	1.8	4.4	0.5	-0.2	3.8	-0.7	-0.4	0.2	-0.8	-1.8
Accommodation and food service activities	8.71	9.3	8.2	11.7	8.3	8.0	7.7	10.6	4.9	6.1	9.4
Total labor force (Million persons)		40.45	40.28	40.31	40.53	40.67	40.36	40.23	40.18	40.48	40.54
Employed (Million persons)		39.92	39.63	39.68	40.09	40.25	39.81	39.58	39.50	40.04	40.11
Unemployment (Million persons)		0.40	0.42	0.43	0.40	0.33	0.40	0.41	0.43	0.41	0.36
Unemployment Rate (%)		0.98	1.05	1.06	0.99	0.81	1.00	1.01	1.07	1.02	0.88

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 unemployment rate among insured persons under Article 33 was lower than in the previous quarter but higher than in the same quarter of the previous year. In the fourth quarter of 2024, the total number of social security beneficiaries increased by 0.7 percent, compared to a 0.8-percent increase in the previous quarter. This included compulsory insured persons under Article 33, who increased by 1.6 percent, compared to a 2.1-percent increase in the previous quarter. Voluntarily insured persons under Article 40 increased by 0.5 percent, compared to a 0.4-percent increase in the previous quarter. However, voluntarily insured persons under Article 39 continued to decline for the tenth consecutive quarter, decreasing by 4.3 percent, compared to a 6.0-percent decline in the previous quarter. **The unemployment rate among insured persons under Article 33** stood at 1.81 percent, lower than the 1.93 percent recorded in the previous quarter but higher than the 1.74 percent in the same quarter of the previous year. **The average number of unemployed individuals** was 218 thousand people, lower than the 233 thousand people recorded in the previous quarter but higher than the 206 thousand people in the same quarter of the previous year.

Number of social security beneficiaries

Registered Applicants (Thousand persons)	2023					2024				
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Insured Persons (article 33)[1/]	11,891	11,689	11,725	11,842	11,891	12,081	11,883	12,006	12,096	12,081
Insured Persons (article 39)[2/]	1,798	1,866	1,850	1,826	1,798	1,720	1,770	1,740	1,716	1,720
Insured Persons (article 40)[3/]	10,958	10,911	10,935	10,957	10,958	11,012	10,980	10,996	11,004	11,012
Total Insured Persons	**24,647**	**24,466**	**24,511**	**24,625**	**24,647**	**24,813**	**24,634**	**24,742**	**24,816**	**24,813**
Utilisation in case of Unemployment	207	227	250	229	207	218	218	231	233	218
Utilisation in case of Unemployment Ratio (%)	1.74	1.94	2.13	1.93	1.74	1.81	1.84	1.92	1.93	1.81

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

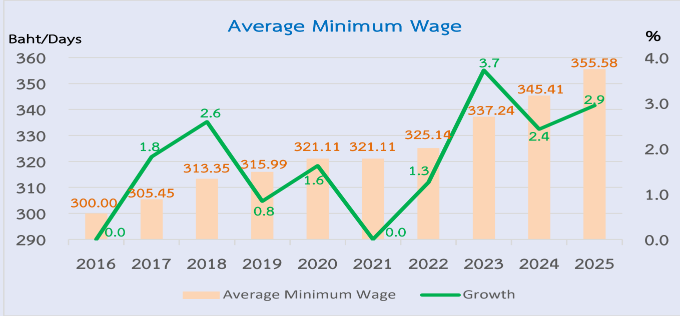
Note: [1/] Insured Persons (article 33) are employees of private enterprises that employ at least 1 employee. Those Insured Persons must be over 15 years of age, but under 60 years of age

[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.

Minimum wage in 2025

According to the Wage Committee's announcement on the Minimum Wage Rate (No. 13), dated December 23rd, 2024, the new minimum wage rate will take effect from January 1st, 2025, onwards. As a result, the average minimum wage rate stands at 355.58 baht per day, an increase of 2.9 percent compared to the previous year. When examining wage levels by province, the provinces with a minimum wage of 400.00 baht per day include Phuket, Chachoengsao, Chonburi, Rayong, and Koh Samui District in Surat Thani Province. Meanwhile, the minimum wage of 380 baht per day is applicable only in Mueang Chiang Mai District, Chiang Mai Province, and Hat Yai District, Songkhla Province. These seven areas saw an increase in wages ranging from 30 to 55 baht per day, while other areas of Thailand saw a smaller rise of 7 to 9 baht per day compared to the previous year.



Source: Ministry of labour. Calculated by NESDC

In the fourth quarter of 2024, the number of employed persons was 40.11 million. Among them, 8.15 million[1] earned below the minimum wage, accounting for 20.32 percent. When classified by production sector, the largest group earning below the minimum wage was found in Crop and animal production, hunting and related service activities, totaling 4.59 million people. The underpaid workers accounted for 56.38 percent of all workers earning below the minimum wage and 40.16 percent of those employed in the sector. This is due to seasonal employment patterns in this sector, where workers experience periods without income outside the planting season. Meanwhile, the construction of buildings, food and beverage service activities, other personal service activities, and retail trade except of motor vehicles and motorcycles are labor-intensive sectors. As a result, the minimum wage adjustment is expected to impact businesses in these sectors, given the high proportion of workers receiving wages below the new minimum rate.

Unit : Thousand person	Employment (1)	People whose income is lower than the minimum wage (2)	Proportion of people with income below the minimum wage (%)	Ratio (2)/(1) (%)
01 Crop and animal production, hunting and related service activities	11,441.00	4,594.28	56.38	40.16
41 Construction of buildings	1,667.23	438.64	5.38	26.31
56 Food and beverage service activities	3,060.25	380.67	4.67	12.44
96 Other personal service activities	913.09	371.88	4.56	40.73
47 Retail trade, except of motor vehicles and motorcycles	4,713.40	348.67	4.28	7.40
Others	18,311.18	2,014.54	24.72	11.00
Total	**40,106.15**	**8,148.69**	**100.00**	**20.32**

Source: Ministry of labour. Calculated by NESDC

[1]People whose income is lower than the minimum wage rate are people whose income is lower than the minimum wage rate of the province where the person works resides.

Fiscal Conditions:

In Q1/FY2025, the net government revenue collection decreased by 1.4 percent

On the revenue side, in the first quarter of the fiscal year 2025 (October - December 2024), the net government revenue collection stood at 614.6 billion Baht, decreasing by 1.4 percent compared with the same quarter of the previous year. This was primarily due to **(i) an 18.4-percent drop in revenue submissions from state-owned enterprises,** primarily due to remittances from PTT Public Company Limited having advanced the submission of its interim dividend for 2024, This payment is typically scheduled for October 2024**. (ii) The revenue collection of the Excise Department decreased by 1.4-percent,** primarily due to: (a) **a 34.4-percent reduction in excise tax on cars,** resulting from a decline in domestic car sales and the policy promoting Thailand as a hub for electric vehicle production. (b) **a 28.4-percent decline in excise tax on liquor,** due to reduced consumption. and (c) **a 24.3-percent decline in excise tax on tobacco,** as industry operators adjusted production plans to align with current consumption levels. and **(iii) a 1.8-percent decline in corporate income tax,** in line with the overall downturn in business sector performance.

Government's Revenue Collection: The first quarter of fiscal year 2025
(October - December 2024)

Unit: Million Baht

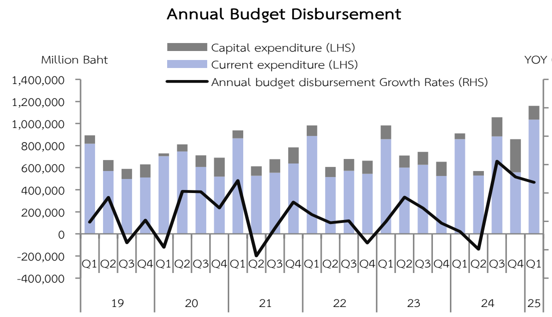
Sources of Revenue	Q1/FY2024	Q1/FY2025	Compare with the FY2024		Budgeted Target FY2025	Compare with Budgeted Target FY2025	
			Amount	%		Amount	%
1. Revenue Department	457,329	470,348	13,019	2.8	466,385	3,963	0.8
2. Excise Department	124,531	122,777	-1,754	-1.4	118,000	4,777	4.0
3. Customs Department	30,205	28,903	-1,302	-4.3	30,800	-1,897	-6.2
Revenue From 3 Departments	**612,065**	**622,028**	**9,963**	**1.6**	**615,185**	**6,843**	**1.1**
4. State-Owned Enterprises	63,680	51,938	-11,741	-18.4	36,405	15,533	42.7
5. Other Agencies	39,982	50,829	10,847	27.1	40,765	10,064	24.7
5.1 Other Agencies	33,102	43,754	10,652	32.2	33,825	9,929	29.4
5.2 Other Agencies	6,880	7,075	195	2.8	6,940	135	1.9
Total Revenue (Gross)	**715,727**	**724,795**	**9,068**	**1.3**	**692,355**	**32,440**	**4.7**
Total Revenue (Net)	**623,448**	**614,557**	**-8,891**	**-1.4**	**600,424**	**14,133**	**2.4**

Source: Fiscal Policy Office

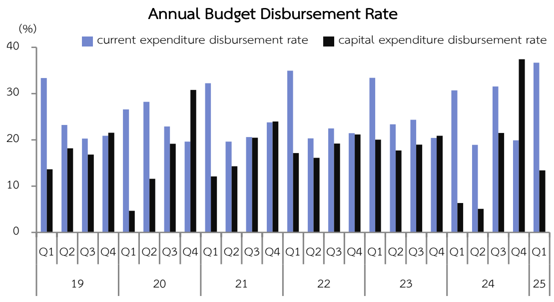
On the expenditure side, in the first quarter of fiscal 2025, the government had a total budget disbursement of 1,354.8 billion Baht[5], reflecting a 28.9 percent increase compared to the same quarter of the previous year in which total budget disbursement consisted of:

In Q1/FY2025, total budget disbursement *increased by 28.9 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 1,160.5 billion Baht, increased 27.5 percent compared to the same quarter last year. The disbursement rate was 30.9 percent, higher than the 25.3 percent in the same quarter last year. The current expenditure disbursement totaled 1,035.4 billion Baht, representing a 20.5 percent increase from the same quarter last year. The disbursement rate was 36.7 percent, higher than the 30.7 percent in the same quarter last year. The capital expenditure disbursement was marked at 125.1 billion Baht, increasing from the same quarter of the previous year by 145.1 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 Budget Bill. The disbursement rate was 13.4 percent, higher than the 6.3 percent in the same quarter last year.



Source: GFMIS at 23rd January 2025



Source: GFMIS at 23rd January 2025

(ii) The carry-over budget disbursement stood at 101.2 billion Baht, increasing from the same quarter last year by 88.6 percent. The disbursement rate was 36.8 percent, higher than the 33.5 percent in the same quarter last year.

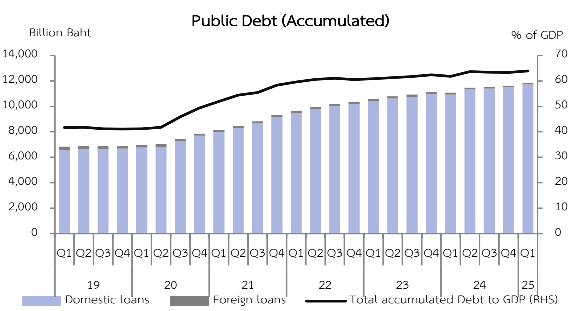
(iii) The State-owned enterprises' capital expenditure budget was disbursed for 104.0 billion Baht[6], reflecting an 11.6 percent increase from the same quarter last year. This increase was primarily due to higher disbursements by the International Telecom Public Company Limited (NT), Electricity Generating Authority of Thailand (EGAT), the PTT Public Company Limited and its affiliated companies, and Port Authority of Thailand (PT).

At the end of December 2024, public debt stood at 63.9 percent of GDP, *up from 63.3 percent in the previous quarter.*

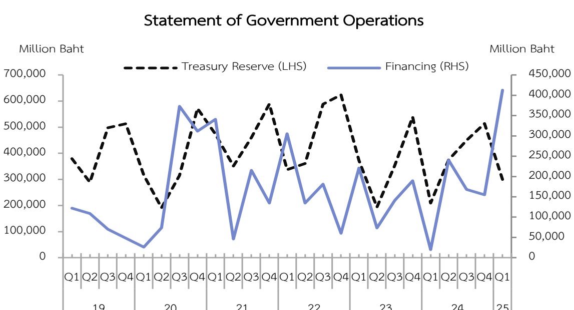
Public Debt: At the end of the first quarter of fiscal year 2025 (December 2024), public debt stood at 11.8 trillion Baht, equivalent to 63.9 percent of GDP, remaining within the fiscal disciplinary framework. The total public debt comprised 11.7 trillion Baht in domestic loans (99.0 percent of public debt) and 119.3 billion Baht in foreign loans (1.0 percent of public debt).

At the end of December 2024, *the fiscal balance stood at 299.6 billion Baht.*

Government's Fiscal Balance on Cash Basis: At the end of the first quarter of fiscal year 2025, the budgetary balance recorded a deficit of 649.0 billion Baht, combined with a surplus of 21.7 billion Baht on the non-budgetary balance. Additionally, the government managed cash flow through borrowing of 412.8 billion Baht. Consequently, the cash balance after debt financing showed a net deficit of 214.5 billion Baht. The opening treasury reserve balance stood at 514.1 billion Baht, resulting in a fiscal balance of 299.6 billion Baht at the end of December 2024.



Source: Public Debt Management Office



Source: Ministry of Finance

5 The total budget disbursement includes the disbursement of (i) the total annual budget, (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

6 The number included the 10.8 billion Baht of the capital spending allocated from the annual budget and the carry-over budget.

Financial Conditions:

The policy interest rate decreased by 25 basis points to 2.25 percent per annum. During the fourth quarter of 2024, the Monetary Policy Committee (MPC) decided to reduce the policy interest rate by 25 basis points, from 2.50 percent per annum to 2.25 percent per annum in the meeting on 16th October 2024, which was the first reduction in 17 quarters, aimed at alleviating the household debt burden. However, in the meeting on 18th December 2024, the MPC decided to keep the policy interest rate unchanged. **In addition, Thailand's monetary policy stance aligned with major central banks, such as the Federal Reserve (Fed) of the United States, the European Central Bank, the Bank of England, and the Bank of Canada,** which reduced their policy interest rates as most measures of underlying inflation suggested that inflation will settle to their targets. **Similarly, most central banks in the region,** such as Bank of Korea and the Philippine National Bank, lowered their policy interest rates to support economic growth and to accommodate global economic uncertainties. Meanwhile, The People's Bank of China (PBOC) reduced the Loan Prime Rate (LPR) to inject liquidity into the economy. **However, several central banks in the region maintained their policy interest rates at the same level as the previous quarter**, such as Vietnam's and Malaysia's central banks, which maintained their interest rates based on the assessment that the current rates are appropriate for the economy. Likewise, Bank Indonesia maintained its policy interest rate to stabilize the exchange rate. The Bank of Japan also maintained its policy interest rate to support exchange rate and economic stability.

The Bank of Thailand cut its policy interest rate in line with the monetary policy direction of major countries and several countries in the region.

In January 2025, the central banks of Canada and Indonesia reduced their policy interest rates to support economic growth. Similarly, the European Central Bank cut its policy rate (effective 5th February 2025) to alleviate pressure from economic downside risks amid inflation returning to its target. However, the Bank of Japan raised its policy rate to lower inflationary pressures. This was the highest rate in 17 years since 2008.

Policy Interest Rate

(%) At the end of	2023					2024								2025
	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Oct.	Nov.	Dec.	Jan.
USA	5.25-5.50	4.75-5.00	5.00-5.25	5.25-5.50	5.25-5.50	4.25-4.50	5.25-5.50	5.25-5.50	4.75-5.00	4.25-4.50	4.75-5.00	4.50-4.75	4.25-4.50	4.25-4.50
EU	4.50	3.50	4.00	4.50	4.50	3.15	4.50	4.25	3.65	3.15	3.40	3.40	3.15	3.15
England	5.25	4.25	5.00	5.25	5.25	4.75	5.25	5.25	5.00	4.75	5.00	4.75	4.75	4.75
Canada	5.00	4.50	4.75	5.00	5.00	3.25	5.00	4.75	4.25	3.25	3.75	3.75	3.25	3.00
Thailand	2.50	1.75	2.00	2.50	2.50	2.25	2.50	2.50	2.50	2.25	2.25	2.25	2.25	2.25
Russia	16.00	7.50	7.50	13.00	16.00	21.00	16.00	18.00	19.00	21.00	21.00	21.00	21.00	21.00
Indonesia	6.00	5.75	5.75	5.75	6.00	6.00	6.00	6.25	6.00	6.00	6.00	6.00	6.00	5.75
China	3.45	3.65	3.55	3.45	3.45	3.10	3.45	3.45	3.35	3.10	3.10	3.10	3.10	3.10
Brazil	11.75	13.75	13.75	12.75	11.75	12.25	10.75	10.50	10.75	12.25	10.75	11.25	12.25	13.25
Japan	-0.10	-0.10	-0.10	-0.10	-0.10	0.25	0.10	0.10	0.25	0.25	0.25	0.25	0.25	0.50
Philippines	6.50	6.25	6.25	6.25	6.50	5.75	6.5	6.5	6.25	5.75	6.00	6.00	5.75	5.75
Korea, South	3.50	3.50	3.50	3.50	3.50	3.00	3.50	3.50	3.50	3.00	3.25	3.00	3.00	3.00
India	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50	6.50
Australia	4.35	3.60	4.10	4.10	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35	4.35
New Zealand	5.50	4.75	5.50	5.50	5.50	4.25	5.50	5.50	5.25	4.25	4.75	4.25	4.25	4.25
Vietnam	3.00	3.50	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Malaysia	3.00	2.75	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00

Source: Collected by NESDC

Large and medium-sized commercial banks reduced both deposit and lending rates, while Specialized Financial Institutions (SFIs) maintained deposit rates but reduced lending rates. In the fourth quarter of 2024, large and medium-sized commercial banks reduced their 12-month fixed deposit rates from 1.65 and 1.58 percent per year in the previous quarter to 1.55 and 1.53 percent per year, respectively. This was accompanied by a reduction in Minimum Loan Rates (MLR) from 7.25 and 8.30 percent per year to 7.11 and 8.18 percent per year, respectively. In addition, SFIs kept their deposit rate unchanged at 1.73 percent, but reduced the lending rate from 6.88 to 6.68 percent per year. As a result, the average of real deposit and lending rates across all banks declined following the increase in inflation.

Commercial banks reduced their deposit and lending and rates. Meanwhile, SFIs kept their deposit rates unchanged but reduced lending rates.

In January 2025, commercial banks maintained their deposit and lending rates at the same level as the previous month. Meanwhile, SFIs reduced their deposit rates from 1.73 to 1.63 percent per year, but kept their lending rates unchanged.

At the end of the fourth quarter of 2024, the outstanding private loan of depository institutions contracted by 0.04 percent, compared with a 0.21 percent expansion in the previous quarter. This was the first decrease since 2023 following a contraction in private loan from commercial banks and a deceleration in private loan from specialized financial institutions (SFIs)

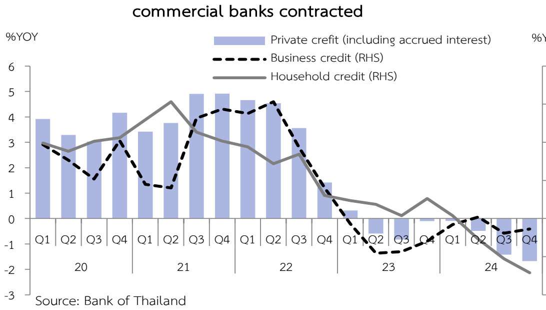
Private credit outstanding of depository institutions declined for the first time since 2003, driven by a contraction in private credit from commercial banks and a deceleration in private credit from specialized financial institutions (SFIs).

The outstanding private loan of commercial banks contracted by 1.67 percent, following a 1.42-percent contraction in the previous quarter-a continuous decline since the second quarter of 2023. **Business loan** contracted by 0.55 percent, following a 0.77-percent contraction in the previous quarter. This contraction was driven by a contraction in loans to small and medium enterprises (SMEs). In particular, SME loans contracted by 3.04 percent, following a 3.28 percent decrease in the previous quarter, especially in loans for wholesale and retail trade, repair of motor vehicles and motorcycles, loans for manufacturing, and loans for real estate. Meanwhile, loans to large enterprises expanded by 1.58 percent, compared with a 1.63 percent contraction in the previous quarter. This expansion was driven by an increase in loans for finance and insurance, loans for manufacturing, and loans for wholesale and retail trade, repair of motor vehicles and motorcycles. In the third quarter of 2024, financial institutions continued to impose stringent collateral requirements due to deteriorating loan quality, particularly in loan for the real estate, construction, and wholesale and retail trade, motor vehicle and motorcycle repair sectors.

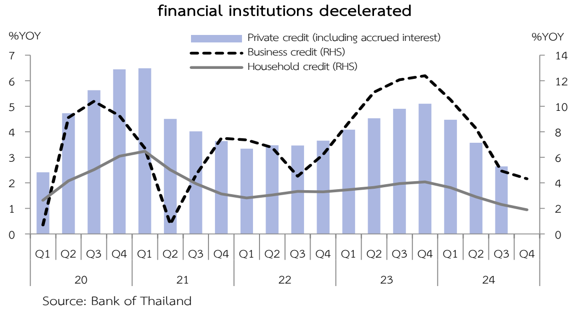
Household loans contracted by 2.84 percent, compared to a 2.11 percent contraction in the previous quarter. This was mainly due to a contraction in loans for purchase or hire purchase cars and motorcycles and loans for other personal consumption. The loan contraction was due to household debt burdens, deteriorating loan quality, and tightened credit standards for high-risk borrowers in all loan categories. In details, financial institutions increasing margin requirement and raised minimum income for high-risk borrowers.

The outstanding private loans of specialized financial institutions (SFIs) expanded by 2.21 percent, decelerating from a 2.64-percent expansion in the previous quarter. This slowdown was consistent with decelerations in both business and household loans particularly household loans, which decelerated for the fourth consecutive quarter. This was partly due to high household debt and deteriorating credit quality.

Private credit (including accrued interest) of commercial banks contracted



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



Financial performance of commercial banks. In the fourth quarter of 2024, commercial banks' income increased by 6.66 percent, comparing to a 9.32-percent increase in the previous quarter. Similarly, their expenses rose by 5.54 percent, compared to a 9.87-percent increase in the previous quarter. As a result, the Net Interest Margin (NIM) stood at 3.24 percent; slightly increased from 3.32 percent in the previous quarter, and 3.20 percent in the same quarter of previous year.

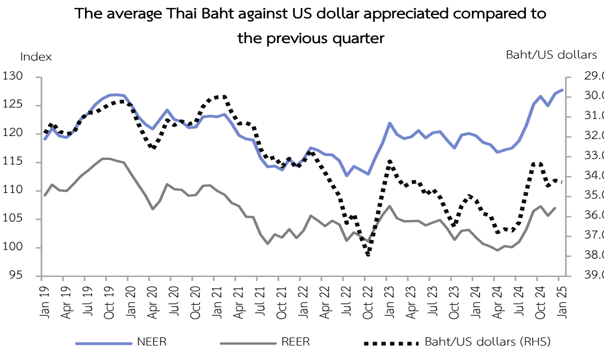
The Thai Baht appreciated against US dollar.

The Thai Baht appreciated against the US dollar. In the fourth quarter of 2024, the exchange rate was averaged at 34.00 Baht per US dollar, appreciating by 2.34 percent from the previous quarter. However, the Thai Baht fluctuated throughout the quarter. In November 2024, the Thai Baht weakened consistency with the appreciation of the US dollar as investors expected the Fed to delay the interest rate cut caused by Trump's trade policies. In contrast, in December 2024, the Thai Baht slightly appreciated, consistent with the increase gold prices and tourism receipts. In addition, when compared to trading partners/competitors, the Thai Baht appreciated as the Nominal Effective Exchange Rate (NEER) was averaged at 126.25, which increased by 3.62 percent from the previous quarter. Regional currencies that appreciated against the US dollar were the Malaysian ringgit (1.43 percent), the Hong Kong dollar (0.32 percent), and the Indonesian rupiah (0.25 percent). However, Regional currencies that depreciated against the US dollar were the South Korean won (2.76 percent), the Japanese yen (1.90 percent), the Philippine peso (1.41 percent), the Indian rupee (0.83 percent), the Singapore dollar (0.83 percent), the

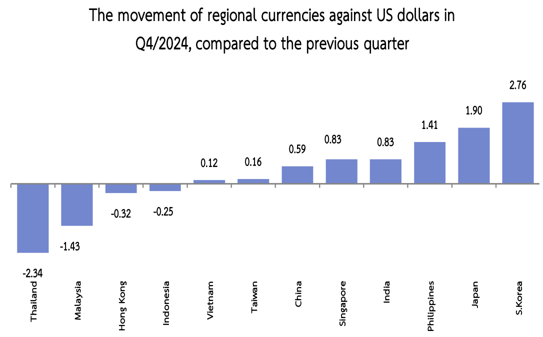
Chinese yuan (0.59 percent), the New Taiwan dollar (0.16 percent), and the Vietnamese dong (0.12 percent).

In 2024, the Thai Baht moved within a range of 32.29 to 37.10 Baht per US dollar (averaged at 34.70 Baht per US dollar), appreciating by 0.32 percent compared to 2023. This was mainly due to the Fed's interest rate cut, which led to the depreciation of the US dollar.

In January 2025, the Thai Baht was averaged at 34.27 Baht per US dollar, depreciating by 0.24 percent from December 2024. However, its trended towards appreciation throughout the month, in line with the US dollar depreciation. This trend was driven by expectations of a potentially softer stance on Trump's tariffs against China and other trading partners.



Source : CEIC, Bank of Thailand



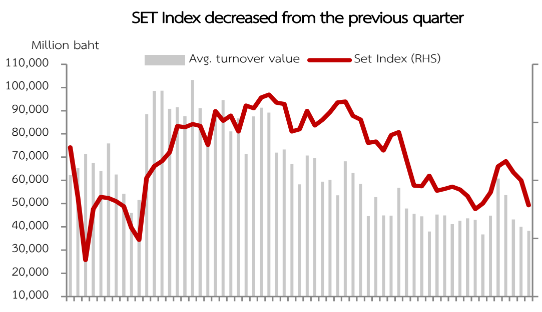
Source: CEIC

SET Index decline from the previous quarter in line with most global stock indices, caused by U.S. economic policy uncertainties, and the delay of the Federal Reserve's policy rate cut.

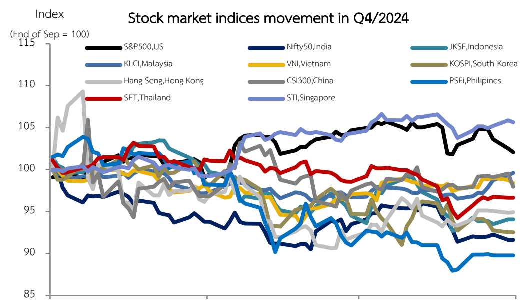
SET Index declined from the previous quarter. At the end of the fourth quarter of 2024, The Stock Exchange of Thailand (SET) index closed at 1,400.21 points, decreased by 3.4 percent from the previous quarter. This was consistent with most global stock market indices, caused by; (i) concern over economic risks from Donald Trump's presidency, which lessen investors' holdings of risk assets; (ii) the minutes of December FOMC Meeting which signaled a slower pace of easing for 2025; (iii) the uncertain recovery of China's economy, despite ongoing stimulus measures; and (iv) concerns among investors regarding corporate governance in Thai listed companies. In this quarter, foreign investors had a net sell position of 52.4 billion Baht, compared to a net buy of 21.5 billion Baht in the previous quarter. Industry groups with negative change in index were industrials (-14.3 percent), consumer products (-14.0 percent), property and construction (-12.9 percent), services (-9.9 percent), resources (-9.3 percent), agro and food Industry (-7.2 percent) and financials (-1.4 percent). In contrast, industrial groups with positive change in index were technology (19.5 percent). In addition, regional stock market indices saw declines including, the Philippines (-10.2 percent), India (-8.4 percent), South Korea (-7.5 percent), Indonesia (-6.0 percent), Hong Kong (-5.1 percent), China (-2.1 percent), Vietnam (-1.6 percent) and Malaysia (-0.4 percent). In contrast, regional stock market indices that saw increases were Singapore (5.6 percent) Japan (5.2 percent), and Taiwan (3.6 percent).

In 2024, the SET Index closed at 1,400.21 points, dropped by 1.1 percent from 2023. Foreign investor had a net sell of 147.9 billion Baht, while local investor and institution investors recorded a net buy position of 99.1 billion Baht and 48.9 billion Baht respectively.

In January 2025, the SET index closed at 1,314.50 points, declined from the end of December 2024 by 6.1 percent, in line with regional stock market indices. This was mainly driven by; (i) concerns regarding U.S. Trade Policies; (ii) the uncertain Federal Reserve's (Fed) policy rate cut; (iii) redeeming a Long Term Equity Fund (LTF) after the full holding period for tax benefits; and (iv) sell-offs of large - cap shares, particularly in the technology sector, due to the entry of low-cost foreign AI startups, and in consumer products sector, where investors were concerns about an acquisition involving the overseas company.



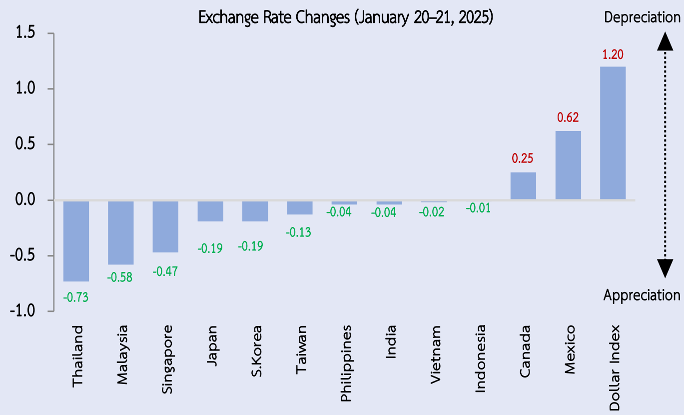
Source : SET



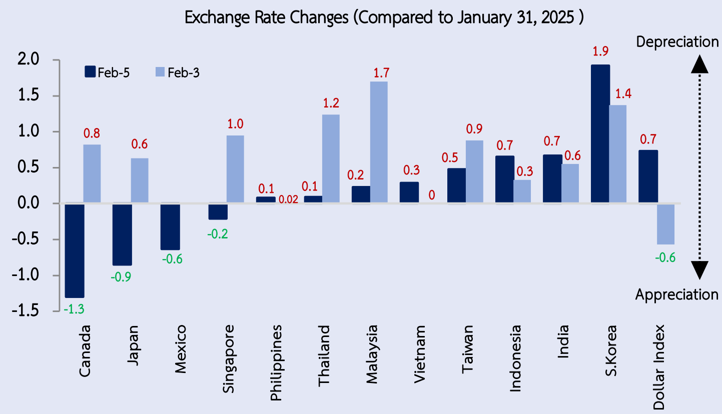
Source : Bloomberg compiled by NESDC

Financial Market Reaction to Donald Trump's Inauguration as U.S. President

Following President Trump's inauguration on January 20th, 2025, financial markets experienced immediate volatility. This was triggered by the announcement of a 25 percent increase in import tariffs on goods from Mexico and Canada (effective on February 1st, 2025). However, no announcements were made regarding tariffs on imports from China and other countries. Thus, Trump's trade policy was perceived as less risky than previously expected during the pre-election period. In response, on January 20th – 21st, 2025, the Dollar Index (DXY) depreciated by 1.6 percent, while the Mexican peso and Canadian dollar depreciated by 0.25 and 0.62 percent, respectively. In contrast, regional currencies appreciated, with the Thai baht strengthening by 0.73 percent the highest among regional currencies.

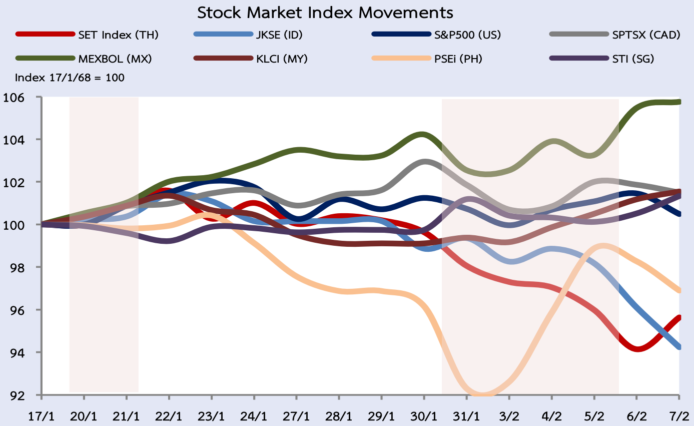


Source : CEIC

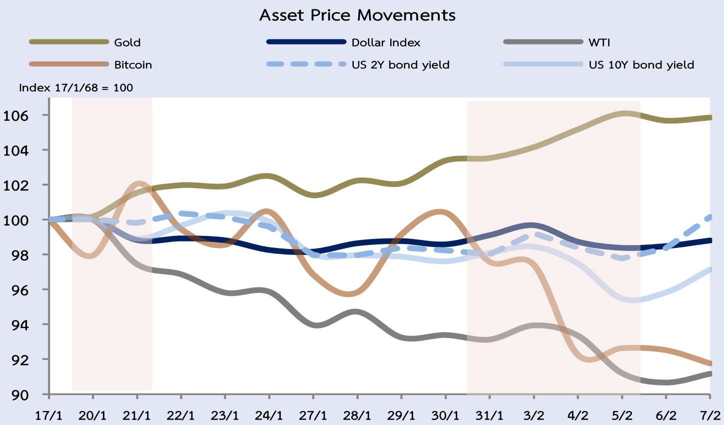


Source : CEIC Note : February 3rd is a public holiday in Mexico

Financial markets fluctuated again on February 1st, 2025, after President Trump officially signed an executive order imposing a 25 percent import tariff on goods from Mexico and Canada and a 10 percent tariff on goods from China (effective February 4th, 2025). Investors reduced their holdings of risk assets and increased their holdings of safe-haven assets. As a result, most stock market indices declined, the Dollar Index (DXY) appreciated, and the currencies of most countries depreciated against the U.S. dollar. However, on February 3rd, the governments of Mexico and Canada announced their cooperation in addressing drug-related issues and illegal immigration[1] to the United States. Consequently, the United States extended the effective date of the import tariffs by an additional 30 days. This alleviated investor concerns, leading to a reversal in asset price movements and prompting investors to resume holding risk assets.



Source : Bloomberg compiled by NESDC



Source : Bloomberg compiled by NESDC

Additionally, the announcement of other Trump policies also influenced asset price fluctuations. On January 17th, 2025, and February 4th, 2025, crude oil prices declined steadily due to the declaration of a "national energy emergency" and the easing of restrictions on oil production and consumption. Similarly, Bitcoin prices fluctuated amid policy uncertainty regarding support for digital assets. Furthermore, uncertainty surrounding Trump's trade policies increased demand for safe-haven assets, as reflected by the decline in decline in U.S. 2-year and 10-year government bond yields and the increase in gold prices to an all-time high. These market movements affected exchange rates and stock markets in Thailand and across the region. Therefore, relevant authorities must closely monitor the situation to prepare for potential uncertainties in the future.

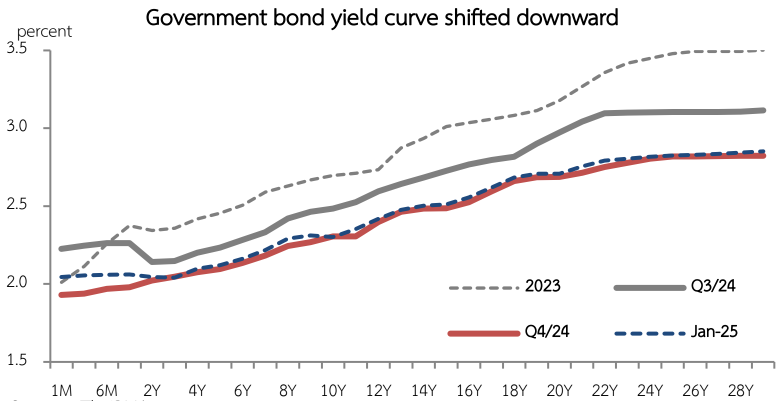
[1] Meanwhile, China announced an increase in import tariffs on goods from the United State.

The government bond yield curve shifted downward from the previous quarter. In the fourth quarter of 2024, government bond yields decreased in all maturities. This was driven by (i) The Monetary Policy Committee's policy rate cut in October 2024 (ii) concerns over U.S. trade policy, which caused investors to increase holdings of safe assets; and (iii) year-end bond purchases by tax-saving funds. As a result, at the end of the fourth quarter of 2024, the yields of 2-year and 10-year government bonds stood at 2.02 and 2.31 percent per year, declining from 2.14 and 2.48 percent in the previous quarter, respectively. Additionally, the total new registered corporate bonds recorded at 346.2 billion Baht. The issuers were mostly from the finance and securities, construction, communications, and transportation sectors.

The government bond yield curve shifted downward, driven by the MPC's policy rate cut, concerns over U.S. trade policy, and year-end bond purchases by tax-saving funds

In 2024, government bond yields declined across all maturities compared to 2023. In particular, long-term government bond yields decreased more than short-term bond yields (less-than-1-year maturity). This was due to increased downside risks to the Thai economy amid low inflation.

In January 2025, government bond yields, particularly short-term bond yields, increased from the previous month after the Fed signaled a slower pace of monetary easing.

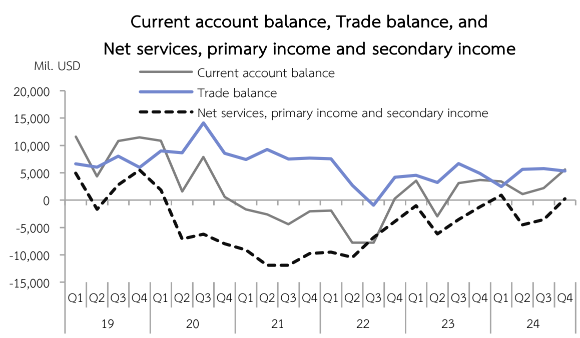


Source : ThaiBMA

In the fourth quarter of 2024, **the current account** registered a surplus of 5.6 billion USD (192.1 billion Baht), compared with a surplus of 3.7 billion USD (130.5 billion Baht) in the same quarter of the previous year and a surplus of 2.2 billion USD (74.5 billion Baht) in the previous quarter. This was driven by a trade surplus of 5.4 billion USD (182.3 billion Baht), higher than the 4.9 billion USD (174.4 billion Baht) surplus in the same quarter of the previous year but lower than the 5.8 billion USD (198.5 billion Baht) surplus in the previous quarter. Meanwhile, the services, primary, and secondary income accounts returned to a surplus for the first time in three quarters, recording a surplus of 0.3 billion USD, improving from a deficit of 1.2 billion USD in the same quarter of the previous year and a deficit of 3.6 billion USD in the previous quarter.

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

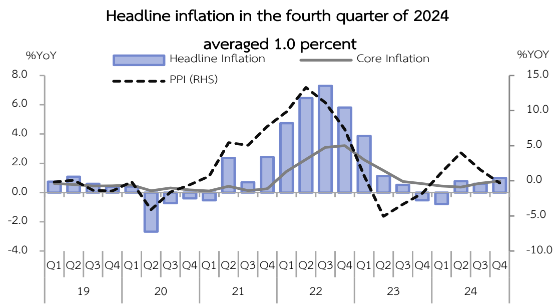
In 2024, the current account registered a surplus of 12.3 billion USD (429.4 billion Baht), increased from a surplus of 7.4 billion USD (266.7 billion Baht) in the previous year. This was primarily due to a trade surplus of 19.3 billion USD (678.2 billion Baht), while the services, primary, and secondary income accounts recorded a deficit of 6.9 billion USD (248.8 billion Baht).



Source: Bank of Thailand

At the end of December 2024, **international reserves** stood at 237.0 billion USD, increased from 224.5 billion USD at the end of December 2023.In Thai Baht terms, international reserves totaled 8,051.3 billion Baht at the end of December 2024, higher than 7,677.3 billion Baht at the end of December 2023.

The international reserve at the end of December 2024 stood at 237.0 billion US dollars, up from the same period last year.



Source: Ministry of Commerce

Headline inflation in the fourth quarter of 2024 averaged 1.0 percent, up from 0.6 percent in the previous quarter. This increase was caused by a 1.5-percent rise in the **food and non-alcoholic beverage** price index, primarily owing to higher prices for non-alcoholic beverages (3.2 percent), prepared food (2.3 percent), and seasonings and condiments (1.4 percent). Meanwhile, the **non-food and beverage** price index increased by 0.6 percent, mainly due to a 2.5-percent rise in energy prices, partly reflecting the lower price base from the previous year. Core inflation stood at 0.8 percent, accelerating from 0.6-percent in the previous quarter, driven by higher prices for public transport services, as well as tobacco and alcoholic beverages.

***Headline inflation** averaged 1.0 percent, driven by rising prices in both food and non-alcoholic beverages, as well as non-food and beverage*

In 2024, headline inflation averaged 0.4 percent, decelerating from 1.2 percent in the previous year, due to slower price growth in rice and cereal products, eggs and dairy products, as well as vegetables and fruits. Meanwhile, core inflation averaged 0.6 percent, down from 1.3 percent in 2023, reflecting slower price increases in public transport services, and medical and personal care services.

In January 2025, headline inflation increased by 1.3 percent, primarily due to rising prices for food and non-alcoholic beverages, as well as motor fuel, partly reflecting the lower price base from the previous year. Core inflation stood at 0.8 percent.

Producer Price Index (PPI) in the fourth quarter of 2024 declined by 0.3 percent, compared to a 1.6-percent increase in the previous quarter. This decline was primarily driven by a 0.7-percent decrease in the **price of manufactured products**, with significant reductions in petroleum products (-16.4 percent), computer and electronic products (-3.7 percent), and basic iron and steel (-3.6 percent). The **price of mining products** declined for the seventh consecutive quarter, due to a 15.0-percent contraction in petroleum and natural gas prices. Meanwhile, the **price of agricultural and fishery products** grew by 8.5 percent, mainly due to an 8.1-percent increase in agricultural product prices.

***The Producer Price Index (PPI)** declined by 0.3 percent, driven by a decrease in the prices of manufactured products, and mining products.*

In 2024, the Producer Price Index rose by 1.7 percent, contrasting with a 2.4-percent decline in the previous year. This increase was largely attributed to higher prices for manufactured products, and agricultural and fishery products.

In January 2025, the Producer Price Index increased by 0.7 percent, driven by higher prices for manufactured products, particularly rubber and plastic products, due to their reduced supply amid continued demand growth. Additionally, the rising prices of machinery and equipment, and automobiles and parts, also saw price increases due to rising material costs. Furthermore, agricultural and fishery product prices continued to rise

2. Crude Oil price in Q4 of 2024

The global crude oil price decreased compared to the previous quarter and the same period last year. In the fourth quarter of 2024, the average crude oil price across four major four key benchmarks (WTI, Brent, Dubai, and Oman) stood at 72.8 USD per barrel, down 6.3 percent from 77.7 USD per barrel in the previous quarter, and 11.6 percent lower than 82.4 USD per barrel in the fourth quarter of the previous year. These declines were driven by weaker global crude oil demand, particularly from China. For instance, China's crude oil imports in the fourth quarter of 2024 totaled 76.0 billion USD, marking a 14.8-percent contraction compared to 89.3 billion USD in the same period of the previous year. Additionally, global crude oil supply remained high, while easing geopolitical tensions in the Middle East further downwardly pressured prices.

In 2024, the average crude oil price across the four key benchmarks stood at 78.5 USD per barrel, a 2.8-percent decline from 80.8 USD per barrel in 2023.

In January 2025, the average crude oil price stood at 78.5 USD per barrel, an increase of 0.9 percent from 77.8 USD per barrel in January 2024. In addition, the price rose by 8.7 percent from the average price of 72.2 USD per barrel in December 2024, largely due to concerns over tightening global crude oil supply following US sanctions on Russian oil transport companies. Furthermore, US crude oil inventories stood at 415.6 million barrels, contracting by 2.5 percent from 426.2 million barrels in the same period of the previous year, amid rising demand driven by extremely cold weather.

The global crude oil prices declined, compared to the same period last year and the previous quarter.

Crude oil price

Year		USD per Barrel					(%YoY)				
		WTI	BRENT	DUBAI	OMAN	Average	WTI	BRENT	DUBAI	OMAN	Average
2022	Year	94.2	98.8	96.2	96.5	96.5	38.4	39.4	38.4	39.4	38.9
2023	Year	77.4	82.1	81.8	81.9	80.8	-17.8	-16.9	-15.0	-15.2	-16.2
	Q1	76.0	82.1	80.2	80.4	79.7	-19.7	-16.1	-16.5	-16.6	-17.2
	Q2	73.1	77.3	76.9	76.9	76.0	-33.0	-31.2	-29.1	-27.0	-30.1
	Q3	82.1	86.0	86.6	86.6	85.3	-10.2	-11.8	-10.3	-14.0	-11.6
	Q4	78.8	83.0	83.8	83.8	82.4	-4.6	-6.2	-1.0	-1.1	-3.2
2024	Year	75.5	79.5	79.3	79.5	78.5	-2.5	-3.1	-3.0	-2.9	-2.8
	Q1	76.9	81.8	81.1	81.0	80.3	1.2	-0.4	1.2	0.8	0.7
	Q2	80.5	84.8	85.1	85.2	83.9	10.1	9.7	10.6	10.8	10.4
	Q3	75.1	78.6	78.3	78.5	77.7	-8.5	-8.6	-9.6	-9.4	-8.9
	Q4	70.2	73.9	73.4	73.6	72.8	-10.9	-11.0	-12.5	-12.1	-11.6
	Oct.	71.3	75.2	74.7	74.9	74.0	-16.5	-15.2	-16.6	-16.4	-16.2
	Nov.	69.5	73.4	72.5	72.8	72.1	-10.1	-10.6	-13.1	-12.8	-11.7
	Dec.	69.7	73.1	73.0	73.2	72.2	-3.4	-5.5	-5.4	-5.1	-4.9
2025	Jan.	75.2	78.4	80.2	80.3	78.5	1.8	-0.9	1.6	1.6	0.9

Source: Thaioil Plc and EPPO.

3. The World Economy in the Fourth Quarter of 2024

In the fourth quarter of 2024, the global economy continued to expand from the previous quarter, building on sustained growth in major economies, particularly in the United States, the Eurozone, and China. Notably, the Chinese economy achieved its highest growth rate in six quarters, primarily driven by improved domestic consumption, which was supported by an expanding services sector, a robust labor market, and rising real wages. Concurrent with these developments, the easing of monetary policy in several economies facilitated economic activity[7]. However, industrial production sector remained subdued, particularly in major economies, as evidenced by the global manufacturing Purchasing Managers' Index (PMI), which averaged 49.7 in Q4, remaining below the expansion threshold of 50 for the second consecutive quarter. On the other hand, the Newly Industrialized Economies (NIEs) and ASEAN economies maintained their growth trajectories, largely underpinned by robust export performance. This expansion was partly attributable to an acceleration of exports to major economies ahead of anticipated trade policy adjustments, particularly the expected implementation of increased import tariffs following the inauguration of the new U.S. administration in early 2025. This trend is also aligned with inventory accumulation in key economies. Furthermore, as inflationary pressures moderated across various economies, several central banks continued to ease monetary policy by reducing policy interest rates.

The U.S. economy expanded by 2.5 percent (Advanced Estimate) in the fourth of 2024, following a 2.7 percent growth in the previous quarter. This expansion was primarily driven by sustained growth in private consumption, as indicated by a 4.4 percent increase in retail sales, accelerating from 2.1 percent in the third quarter. Consumer confidence remained high[8], and labor market conditions continued to be favorable[9]. However, private investment in the non-residential sector experienced a slight deceleration, with growth increasing by 2.5 percent compared to 4.1 percent in the previous quarter. Additionally, the Manufacturing Purchasing Managers' Index (PMI) registered at 49.2, thereby remaining below the expansion threshold of 50 for the second consecutive quarter. Inflationary pressures showed signs of sticky inflation, with the Personal Consumption Expenditures (PCE) Price Index increasing by 2.4 percent in the fourth quarter, higher than the 2.3 percent in the previous quarter. In response, the U.S. Federal Reserve decided to cut the policy interest rate for the third time in 2024 during the December meeting, following prior reduction in September and November[10]. **In 2024, the U.S. economy grew by 2.8 percent, which is marginally lower than the 2.9 percent growth in the preceding year.**

The Eurozone economy expanded by 0.9 percent in the fourth of 2024, maintaining the same growth rate as the previous quarter. This growth was predominantly driven by the expansion of the services sector, as reflected in the services PMI, which stood at 50.9, remaining above the expansion threshold for the fourth consecutive quarter. Furthermore, domestic consumption remained resilient, supported by historically low unemployment levels at 6.3 percent. However, the industrial sector continued to contract, with the manufacturing PMI declining to 45.4, marking its tenth consecutive quarter below the expansion threshold. The persistent contraction in industrial output can be attributed to elevated energy costs and the lagged effects of previously restrictive monetary policies, which have disproportionately affected economies with high industrial production, such as Germany, Austria, and Finland. In response to these challenges, the European Central Bank (ECB) pursued further monetary easing to support economic recovery[11]. **For the full year 2024, the Eurozone economy expanded by 0.7 percent, accelerating from 0.5 percent in 2023.**

The Japanese economy is anticipated to continue its expansion following a 0.5 percent growth rate in the previous quarter. This expansion was supported by improving domestic consumption, in line with rising real wages[12], as well as the sustained growth of the tourism sector. However, the increase in wages, coupled with persistently tight labor market conditions and elevated energy costs contributed to inflation remaining at 2.9 percent in the fourth quarter, compared to 2.8 percent in the previous quarter, the highest level in four quarters. In response, the Bank of Japan signaled a continued restrictive monetary policy to mitigate inflationary pressures back toward its medium-term monetary targets and curb the depreciation of the yen. Additionally, on November 22nd, 2024, the Japanese Cabinet approved a large-scale economic stimulus package valued at 39 trillion yen (approximately 8.68 trillion baht). This measure aims to alleviate the impact of rising commodity and energy prices, support low-income households, and stimulate economic growth[13]. Overall, **the Japanese economy in 2024 expanded by 0.1 percent, improving from the 1.5 percent contraction in 2023.**

---

7 The central banks of the countries that cut interest rates in the fourth quarter were the United States, the European Union, the United Kingdom, Canada, South Korea, Hong Kong, Indonesia, and the Philippines, among others.

8 In the fourth quarter, the Consumer Confidence Index stood at 110.6, up from 102.7 in the same period of the previous year. Similarly, the Small Business Optimism Index increased to 100.2, compared to 91.1 in the same period last year.

9 The number of nonfarm employees reached a record high of 158.6 million, reflecting a 1.2 percent increase. Meanwhile, the seasonally adjusted unemployment rate remained low at 4.1 percent, slightly improving from 4.2 percent in the previous quarter.

10 At the meeting on December 17th –18th, 2024, the Federal Open Market Committee (FOMC) unanimously voted to cut the policy interest rate by 0.25 percentage points. As a result, the policy rate was at a range of 4.25–4.50 percent, marking the third consecutive rate cut following reductions of 0.5 percentage points in September and 0.25 percentage points in November.

11 At the meetings on October 17th, 2024 and December 12th, 2024, the European Central Bank decided to cut the policy interest rate by 0.25 percent on both occasions, resulting in the Refinancing Operations Rate, the Marginal Lending Facility Rate and the deposit rate that commercial banks in each country deposit with the Central Bank at the end of 2024 falling to 3.15 percent, 3.40 percent and 3.00 percent, respectively. Meanwhile, headline and core inflation rates were 2.2 percent and 2.7 percent, respectively, compared to 2.2 percent and 2.8 percent in the previous quarter. In November 2024, the real wage rate increased by 2.8 percent, marking the highest growth in five months. This was driven by a 5.1 percent wage hike following the Shuntō (spring wage negotiations), the largest increase on record.

12 In November 2024, the real wage rate increased by 2.8 percent, marking the highest growth in five months. This was driven by a 5.1 percent wage hike following the Shuntō (spring wage negotiations), the largest increase on record.

13 On November 22nd, 2024, the Japanese Cabinet approved a 39 trillion yen (approximately 8.68 trillion baht) economic stimulus package. This includes a 12.7 trillion-yen budget aimed at addressing inflation driven by rising costs, featuring subsidies for electricity, gas, and oil prices, as well as direct financial support, 30,000 yen for low-income households exempt from resident tax and an additional 20,000 yen per child for families with children. Additionally, 19.1 trillion yen has been allocated for economic stimulus measures, with a particular focus on the artificial intelligence and semiconductor industries.

The Chinese economy expanded by 5.4 percent, accelerating from 4.6 percent in the previous quarter and the highest growth rate recorded in six quarters. This growth was primarily driven by the revival of domestic demand, including both consumption and investment. This is reflected in retail sales, which grew by 3.8 percent, rising from the previous quarter and reaching the highest level in three quarters. Likewise, fixed asset investment increased by 2.3 percent, the highest in seven quarters. This was in tandem with the reinvigoration of the manufacturing sector and exports, underpinned by manufacturers expediting exports before the expected implementation of U.S. trade barriers, contributing to a 9.9 percent increase in total export value, the highest growth in ten quarters. This robust export performance was further reflected in the Manufacturing Purchasing Managers' Index (PMI), which rose to 50.2, thereby surpassing the 50 threshold for the first time in seven quarters. Despite these positive trends, real estate investment continued to decline. Meanwhile, the Chinese government maintained the mega economic stimulus policies, including fiscal and monetary measures. **In 2024, the Chinese economy grew by 5.0 percent, continuing from 5.3 percent in the previous year, achieving the government's target of 5.0 percent.**

The Newly Industrialized Economies (NIEs) illustrated positive growth in the fourth quarter. The expansion was primarily driven by robust growth in domestic consumption, however growth in the export and manufacturing sectors decelerated[14]. South Korea's and Singapore's economies grew by 1.2 percent and 4.3 percent, down from 1.5 percent and 5.4 percent in the previous quarter, respectively. Meanwhile, Taiwan's and Hong Kong's economies expanded by 1.8 percent and 2.4 percent, continuing from 4.2 percent and 1.8 percent in the previous quarter, respectively. Nonetheless, inflation rates continued to decline, reaching monetary policy target ranges, due to a decrease in food and energy prices[15]. Hence, most central banks implemented more expansionary monetary policies[16]. **In 2024, South Korea, Taiwan, Singapore, and Hong Kong recorded economic growth rates of 2.0 percent, 4.3 percent, 4.0 percent, and 2.5 percent, compared to 1.4 percent, 1.1 percent, 1.1 percent, and 3.2 percent in the previous year, respectively.**

The ASEAN economies mostly continued to expand, driven by sustained private consumption and an acceleration in the export of goods[17]. Specifically, the economies of Indonesia, the Philippines, and Vietnam grew by 5.0 percent, 5.2 percent, and 7.6 percent, respectively, improving from 4.9 percent, 5.2 percent, and 7.4 percent in the previous quarter. Meanwhile, the economy of Malaysia expanded by 5.0 percent, slowing down from 5.3 percent in the preceding quarter due to declines in agricultural production and crude oil extraction. Inflationary pressure in most ASEAN countries continued to ease, approaching the central banks' targets[18]. As a result, while the central banks of Malaysia and Indonesia maintained their policy rates, the Central Bank of the Philippines reduced its policy rate by 0.25 percentage points to 6.25 percent in the December 2024 meeting. **In 2024, the economies of Indonesia, Malaysia, the Philippines, and Vietnam expanded by 5.0 percent, 5.1 percent, 5.6 percent, and 7.1 percent, respectively, compared to 5.0 percent, 3.6 percent, 5.5 percent, and 5.1 percent in 2023.**

---

14 Export values in the fourth quarter of 2024 in South Korea, Taiwan, Hong Kong, and Singapore grew by 4.2 percent, 9.1 percent, 4.1 percent, and 6.4 percent, compared with 10.5 percent, 8.0 percent, 8.3 percent, and 8.1, respectively, in the prior quarter.

15 Inflation rates in the fourth quarter of 2024 in South Korea, Taiwan, Hong Kong, and Singapore were at 1.6 percent, 2.2 percent, 1.4 percent, and 1.9 percent, compared with 2.1 percent, 2.2 percent, 2.4 percent, and 1.9 percent in the previous quarters, respectively.

16 The Bank of Korea cut its policy interest rate by 0.25 percent in both its October and November meetings, bringing the rate down to 3.0 percent. Similarly, the Hong Kong Monetary Authority reduced its policy rate by 0.25 percent in both its November and December meetings, lowering the rate to 4.75 percent

17 The export of goods in the fourth quarter of 2024 for Indonesia and Malaysia grew by 8.0 percent and 14.6 percent, accelerating from 6.5 percent and 12.1 percent in the previous quarter. Meanwhile, Vietnam's exports continued to expand at a high rate of 10.4 percent, slightly moderating from 15.3 percent in the prior quarter. However, the Philippines' good exports declined for the second consecutive quarter by 5.4 percent, compared with a 2.5-percent contraction in the previous quarter, primarily due to the continued downturn in electronics exports for the third consecutive quarter.

18 The average headline inflation rates in the fourth quarter of 2024 for Indonesia, Malaysia, the Philippines, and Vietnam were 1.6 percent, 1.8 percent, 2.6 percent, and 2.9 percent, compared with 2.0 percent, 1.9 percent, 3.2 percent, and 3.5 percent in the previous quarter, respectively.

Real GDP and Exports of Key Economies

(%YoY)	GDP								Exports of Goods (USD)							
	2021	2022	2023	2024					2021	2022	2023	2024				
	Year	Year	Year	Q1	Q2	Q3	Q4	Year	Year	Year	Year	Q1	Q2	Q3	Q4	Year
US	6.1	2.5	2.9	2.9	3.0	2.7	2.5	2.8	23.0	18.7	-2.1	-0.0	3.7	2.7	1.2	1.9
Eurozone	6.3	3.6	0.5	0.4	0.5	0.9	0.9	0.7	18.1	5.1	2.0	-1.5	0.5	3.2	0.9[1]	0.7[1]
United Kingdom	8.6	4.8	0.4	0.3	0.7	0.9	1.4	0.9	14.4	13.7	0.7	2.3	1.0	4.3	0.3	2.0
Australia	5.4	4.1	2.0	1.2	1.1	0.9			37.0	19.9	-9.9	-12.9	-8.6	-4.9	-5.8	-8.2
Japan	2.7	0.9	1.5	-0.9	-0.9	0.5			17.9	-1.2	-4.0	-3.0	-4.2	1.4	-0.1	-1.4
China	8.6	3.1	5.4	5.3	4.7	4.6	5.4	5.0	29.6	5.6	-4.7	1.5	5.7	5.9	9.9	5.9
India	9.4	6.5	7.7	7.8	6.7	5.4			43.0	14.6	-4.8	4.9	5.9	-4.3	3.3	2.5
South Korea	4.6	2.7	1.4	3.3	2.3	1.5	1.2	2.0	25.7	6.1	-7.5	8.0	10.1	10.5	4.2	8.1
Taiwan	6.7	2.7	1.1	6.6	4.9	4.2	1.8	4.3	29.3	7.4	-9.8	12.9	9.9	8.0	9.1	9.9
Hong Kong	6.5	-3.7	3.3	2.8	3.2	1.8	2.4	2.5	26.0	-9.3	-7.8	12.2	12.8	8.3	4.1	9.1
Singapore	9.8	4.1	1.8	3.2	3.4	5.7	5.0	4.4	22.1	12.7	-7.7	3.8	6.4	8.1	6.4	6.2
Indonesia	3.7	5.3	5.0	5.1	5.0	4.9	5.0	5.0	41.9	26.0	-11.3	-7.1	1.9	6.5	8.0	2.3
Malaysia	3.3	8.9	3.6	4.2	5.9	5.4	5.0	5.1	27.5	17.6	-11.1	-5.2	1.2	12.1	14.6	5.6
Philippines	5.7	7.6	5.5	5.8	6.4	5.2	5.2	5.6	14.5	6.5	-7.5	4.8	0.1	-2.5	-5.4	-0.9
Vietnam	2.6	8.5	5.1	6.0	7.3	7.4	7.6	7.1	18.9	10.6	-4.6	16.8	13.9	15.3	10.4	14.0

Notes: 1/ 2 months data of the fourth quarter

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

4. The World Economic Outlook for 2025

The global economy in 2025 is projected to experience a slowdown, primarily attributable to a weakening U.S. economy characterized by a deceleration in investment in machinery and equipment alongside stagnating exports. Similarly, the Chinese economy is expected to face impediments due to subdued domestic consumption and a slowdown in real estate investment. In contrast, the Eurozone and Japanese economies are likely to recover from the low growth in 2024, supported by a recovery in domestic demand driven by expanding real wages and a strong labor market. Meanwhile, emerging and developing economies are likely to maintain their expansion, driven by resilient domestic demand and robust export activity.

However, a divergence in monetary policy among major economies is expected to be a key theme in 2025. The U.S. Federal Reserve is anticipated to adopt a more cautious approach to interest rate reductions, in contrast to its policy approach in late 2024, as inflationary pressures are expected to remain persistent (Sticky Inflation) due to labor market tightness and higher production costs resulting from newly implemented import tariffs. Conversely, the European Central Bank (ECB) is expected to maintain its accommodative monetary policy to stimulate domestic economic activity. Meanwhile, the Bank of Japan is expected to implement interest rate hikes to counteract inflationary pressures arising from wage growth and currency depreciation. Amid these evolving policy directions and realignment in monetary policy, global financial markets may experience heightened volatility. Additionally, fluctuations in exchange rates and increased financial stability risks for emerging and developing economies could become significant concerns.

Nonetheless, the baseline forecast is based solely on the status of the U.S. enforcement of international trade measures as of February 10th, 2025[19] and assumes no further escalation of trade barriers, as well as the continuation of current levels of geopolitical conflicts without escalation to a degree that would significantly impact the global economy and financial system. Under these baseline assumptions, **the world economy and trade volume are expected to expand by 3.0 percent in 2025, compared to 3.2 percent in 2024.** The economic outlook for each country is as follows:

The U.S. economy is expected to expand by 2.4 percent in 2025, decelerating from the 2.8 percent in 2024. This slowdown is primarily attributable to a decline in domestic consumption, as reflected in the Consumer Sentiment Index, which fell to 67.8 in February 2025, down from 71.1 in the previous month—the lowest recorded in seven months. Similarly, the Service Purchasing Managers' Index (PMI) decreased to 52.9 from 56.8 in the previous month, marking a nine-month low. Private investment is also expected to slow due to weakening demand, along with delays in capital expenditures in interest rate-sensitive sectors. Meanwhile, inflation has remained stable[20]. Additionally, price pressures resulting from increasing tariffs have led the U.S. Federal Reserve to postpone further reductions in its policy interest rate[21].

[19] Including the following measures; the US government has imposed an additional 10% import tariff on Chinese goods from February 4th, 2025, likewise China has increased import tariffs of 10-15% on key US goods from February 10, 2025, while the US import tariffs on Canadian and Mexican goods have not been adjusted.

[20] In January 2025, the headline inflation rate in the United States stood at 3.0 percent, up from 2.9 percent in the previous month. Core inflation was at 3.3 percent, compared to 3.2 percent in the previous month. This increase was primarily driven by persistent inflation in the service sector, which continued to expand due to a tighter labor market.

[21] At its meeting on January 28–29, 2025, the U.S. Federal Open Market Committee (FOMC) unanimously voted to maintain the policy interest rate at 4.25–4.50 percent. This marks the first instance of holding the rate steady following three consecutive rate cuts since September 2024. The results of the implementation of measures under the Next Generation EU (NGEU) program, which has a budget of up to 806.9 billion euros. The European Central Bank (ECB) cut the policy interest rate by 0.25 percentage points at its meeting in January 2025 and expects inflation rate to fall to its target of 2.0 percent in 2025.

The Eurozone economy is expected to expand by 1.0 percent, recovering from a low expansion of 0.7 percent in 2024, in line with a rebound in domestic demand supported by a robust labor market and rising wages. Additionally, government policies aimed at bolstering consumption and investment[22], along with the European Central Bank's continued easing of monetary policy[23], further support this expansion. However, the recovery is expected to remain uneven across sectors. The divergence between manufacturing and services persists, as reflected in the January 2025 PMI readings of 46.6 for manufacturing and 51.3 for services. Consequently, economies with a high reliance on industrial sectors, such as Germany, are likely to continue to slow down, whereas service-based economies, such as Spain, are expected to expand more robustly. In response to structural challenges, the European Commission has introduced the Competitiveness Compass Project. This initiative is designed to address vulnerabilities in industrial production, which has been experiencing a steady deceleration[24].

The Japanese economy is projected to expand by 1.0 percent in 2025, representing a significant rebound from the modest 0.1 percent growth in 2024. This recovery is primarily driven by the resurgence of domestic demand, particularly private consumption, which is benefiting from an increase in real income and revenue from foreign tourists. Additionally, private investment is expected to expand in line with improved corporate performance, particularly within the automotive industry, which has resumed normal production levels. Fiscal policy measures, particularly subsidies for household electricity bills, are also expected to support consumer spending and sustain economic momentum. However, inflationary pressures remain above the Bank of Japan's monetary policy target due to persistently high food and energy prices. As a result, the Bank of Japan has adopted a more restrictive monetary stance. In the January 2025 meeting, the central bank decided to raise the policy interest rate to 0.5 percent, the highest level recorded in 17 years.

The Chinese economy is projected to grow by 4.4 percent in 2025, slowing down from 5.0 percent in 2024. This deceleration is mainly attributed to the U.S. trade restrictions, including higher tariffs on Chinese imports[25], which are anticipated to undermine both the manufacturing sector and exports. Concurrently, the prolonged debt crisis in the real estate sector continues to adversely affect financial stability, consumer confidence, and business sentiment, leading to a protracted slowdown in private consumption and investment. Nevertheless, China's economy is partially supported by the People's Bank of China's expansionary monetary policy aimed to mitigate impact of these trade restrictions. Additionally, large-scale fiscal measures have been implemented to stimulate domestic economic growth[26].

The Indian economy is expected to expand by 6.5 percent in 2025, maintaining the same growth rate as the previous year. This robust expansion is supported by a recovery in domestic spending, which is largely driven by improved agricultural incomes, and is further supported by targeted government stimulus measures[27]. Additionally, the Reserve Bank of India (RBI) reduced its policy rate for the first time since May 2020, aiming to support domestic demand[28]. Meanwhile, inflation remains elevated, with headline inflation recorded at 4.3 percent in January 2025, while food inflation stood at 6.0 percent, compared with 5.2 percent and 8.4 percent in the previous month, respectively.

The Newly Industrialized Economies (NIEs) are expected to improve from moderate growth in the previous year. This upward trajectory is attributed to an improvement in domestic demand, partly bolstered by expansionary monetary policies in response to easing inflationary pressures[29]. However, it is anticipated that the pace of policy rate cuts will decelerate as the central banks adjust their strategies[30]. Meanwhile, exports are expected to grow steadily, particularly in electronics and semiconductor related to artificial intelligence technology. Despite these positive developments, NIEs face significant risks from the U.S.-China trade tensions due to their strong economic relations with both countries. **In 2025, South Korea's and Hong Kong's economies are projected to grow by 2.2 percent and 2.5 percent, continuing from 2.1 percent and 2.5 percent in the previous year, respectively. Meanwhile, Singapore's and Taiwan's economies are expected to expand by 2.5 percent and 2.5 percent, slowing from the high growth rates of 4.0 percent and 4.4 percent in the previous year, respectively.**

The ASEAN economies are expected to continue expanding, driven by a recovery in domestic demand supported by monetary policy easing[31], sustained consumer confidence[32], and robust industrial exports in line with the global trade recovery. **In 2025, the economies of Indonesia, Malaysia, the Philippines, and Vietnam are projected to grow by 4.8 percent, 4.2 percent, 5.8 percent, and 6.0 percent, respectively, compared with 4.9 percent, 5.0 percent, 5.7 percent, and 7.1 percent in the previous year.**

---

22 The results of the implementation of measures under the Next Generation EU (NGEU) program, which has a budget of up to 806.9 billion euros.

23 The European Central Bank (ECB) cut the policy interest rate by 0.25 percentage points at its meeting in January 2025 and expects inflation rate to fall to its target of 2.0 percent in 2025.

24 The Competitiveness Compass Project will focus on (1) innovation development, with an emphasis on investment in AI, biotechnology, and space technology, along with measures to promote skilled labor, (2) procedures to reduce carbon dioxide emissions and heighten competitiveness by establishing an Affordable Energy Action Plan as well as measures to reduce various steps in business operations, especially for SMEs, including the consolidation of regulations and rules for doing business in member countries into one same rule, and (3) increasing economic stability and security by reducing dependence on foreign countries and strengthening financial system by establishing the European Savings and Investments Union to act as a financial intermediary for member countries.

25 On February 1, 2025, the U.S. government announced a 10 percent tariff on all Chinese goods imported into the United States, which will take effect on February 4, 2025. In response, China's Ministry of Finance announced that it would impose a 15 percent tariff on U.S. coal and liquefied natural gas (LNG) and a 10 percent tariff on crude oil, agricultural equipment, and certain automobile models. These measures will come into effect on February 10, 2025.

26 The Chinese government has announced a plan to increase its budget deficit by issuing a record-high 14 trillion baht in special bonds in 2025. This aims to revive the lackluster economy and prepare for intensified pressure from the upcoming U.S. trade measures.

27 The Indian government announced an economic stimulus package on February 1, 2025, featuring key measures such as an increase in the minimum taxable income threshold for personal income tax to 700,000 Indian rupees per year and an increase in the ceiling for agricultural subsidies from 300,000 Indian rupees per household to 500,000 Indian rupees per household.

28 On February 7, 2025, the Reserve Bank of India decided to reduce its policy rate by 0.25 percentage points, from 6.5 percent to 6.25 percent.

29 Inflation rates in January 2025 in South Korea and Taiwan were at 2.2 percent and 2.7 percent, compared with 1.9 percent and 2.1 percent, in the previous months, respectively.

30 In the latest meeting in January 2025, the central banks of South Korea, Hong Kong, and Taiwan decided to maintain their policy interest rates after a period of consecutive rate cuts.

31 On January 15, 2025, Bank Indonesia decided to reduce its policy rate by 0.25 percentage points, from 6.0 percent to 5.75 percent.

32 The Consumer Confidence Index (Ipsos) for Indonesia and Malaysia remained above the 50-point threshold, indicating continued optimism. In January 2025, the index stood at 62.3 and 55.4, respectively, compared with 66.5 and 53.5 in the previous month and 63.9 and 46.1 in the same period last year.

5. The Thai Economic Outlook for 2025

The Thai economy is projected to improve in 2025 compared to the previous year, supported by several key factors such as an increase in government expenditure, especially investment expenditure, expansion of domestic private demand, the continued recovery of tourism and related services, and the steady expansion of exports. However, the recovery of the Thai economy in 2025 is likely to face significant risks and limitations that may cause the economy to expand lower than expected in the base case, resulting from risks from the implementation of the US economic policy and geopolitical conflicts that are still highly uncertain and may escalate to the point where the world economy and trade volume expand lower than expected, as well as high levels of household and business debt and risks from the volatility of the output and price levels of important agricultural products.

Supporting factors for the economic growth:

1) **The increased support from government expenditure, particularly capital expenditures,** aligns with the expansion of the annual and carry-over budget frameworks for FY2025. (1) The FY2025 annual budget framework amounts to 3.57 trillion baht[33], reflecting a 2.4 percent increase compared to the previous fiscal year. Under baseline assumptions, the total budget disbursement rate is projected to reach 93.0 percent of total budget, comprising 98.0 percent for current expenditures and 75.0 percent for capital expenditures, resulting in an estimated injection of 3.32 trillion baht into the economy, an increase of 1.3 percent from the prior year. This consists of 2.73 trillion baht for current expenditures, a contraction of 3.4 percent, and 581 billion baht for capital expenditures, which expanded significantly by 30.8 percent. (2) Additionally, the carry-over budget for FY2025 totals 275 billion baht, marking the highest level since FY2020 and reflecting a growth of 71.9 percent compared to the previous fiscal year. This comprises 41.8 billion baht for current expenditures, an increase of 50.0 percent, and 233 billion baht for capital expenditures, which surged by 76.5 percent. The significant growth in the carry-over budget is primarily attributed to delays in the budget preparation process for FY2024.
2) **The expansion of domestic private demand** is aligned with the ongoing improvement in private investment and the sustained growth of private consumption. **Private investment is projected to experience renewed expansion in 2025,** supported by several key factors: (1) the expansion of imports continues from the second half of 2024, where there was increase in the volume of capital goods, raw materials and intermediate goods, expanding by 7.7 percent compared to 0.8 percent in the first half of the year; (2) an increase in the value of applications, approvals, and certificate issuances of investment promotion in 2024, which expanded by 34.5 percent, 29.7 percent, and 72.5 percent from the same period of the previous year, respectively, driven by heightened investment in the digital industry, including data centers and cloud services, the electrical appliances and electronics sector, the automotive and parts industry, and the agricultural and food processing industry, aligning with a 34.5 percent rise in foreign direct investment inflows, which totaled 1.1 trillion baht; and (3) the continuous expansion of industrial estate areas, with investment and purchase/rental of areas in industrial estates reaching 1.75 trillion baht and the total area expanding to 110,869 rai as of December 2024, compared to 1.32 trillion baht and 103,694 rai in the same period of the previous year, or an increase of 32.6 percent and 6.9 percent, respectively. At the same time, private consumption is expected to continue support economic expansion, bolstered by the acceleration in consumption of non-durable goods and services. This trend is consistent with the continued satisfactory expansion of the domestic tourism sector. Additionally, consumption is also supported by the robust labor market, as reflected by the low unemployment rate of 0.78 percent in December 2024, the lowest in 8 years, as well as the continuous increase in non-agricultural employment. Inflationary pressures are anticipated to remain at a low level, and government economic stimulus measures will provide additional support.
3) **The continual recovery of the tourism sector is in line with (1) the number of foreign tourists is expected to gradually return to pre-pandemic levels,** as reflected by the number of tourists from most countries of origin reaching the pre-pandemic levels[34]. This recovery is accompanied by a similar increase in foreign tourist spending. Key supporting factors include the resurgence in global travel, a surge in international flights[35], and the government's ongoing measures to attract foreign tourists through visa exemption measures targeted at streamlining visa application processes. This also includes ongoing tourism promotion activities and Thailand's hosting of the South-East Asian Games in December 2025, which are expected to boost tourist arrivals. and **(2) Domestic tourism continues to grow,** supported by various tourism promotion measures[36]. Consequently, the recovery of the tourism sector is expected to facilitate favorable expansion in related service industries, including transportation, and retail and wholesale trade sectors.
4) **The sustained expansion of Thailand's export sector** is driven by significant growth in export values, particularly since the latter half of 2024, with key export products include computers and electronic components, rubber and rubber-based products, machinery, chemicals, and telecommunication equipment. This upward trend aligns with an increase in new orders from major industrial economies, as evidenced by the rise in the U.S. industrial Purchasing Managers' Index (PMI) for new orders to 55.1 in February 2025, up from 52.1 in the previous month, the highest level since June 2022. This surge in demand is partly attributed to preemptive import activities in anticipation of impending trade policy changes and potential escalations in trade barriers between the U.S. and its trading partners. Simultaneously, Thailand's exports in sectors where the country holds a competitive advantage, namely agricultural, processed agricultural, and food products, continue to exhibit robust growth, supported by strong global demand. Nevertheless, the long-term trajectory of Thai export expansion remains highly susceptible to shifts in U.S. economic policies, necessitating close monitoring of international trade regulations and macroeconomic developments.

[33] The central budget allocation for economic stimulus measures (transfer payment), the total of 187.7 billion baht, is not included.

[34] The figure of tourists in 2025 from Malaysia, India, South Korea, Russia, and Taiwan are anticipated to stand at 5.31 million, 2.33 million, 2.00 million, 1.83 million, and 1.12 million, accounting for 125.9 percent, 116.7 percent, 105.9 percent, 123.0 percent, and 141.7 percent, respectively, compared to the same period in 2019, which was before the outbreak of COVID-19.

[35] The number of international inbound flights in 2024 at Suvarnabhumi Airport, Don Mueang Airport, Chiang Mai Airport, and Phuket Airport were 136,031 flights, 44,022 flights, 8,555 flights, and 28,645 flights, respectively, representing an increase of 24.2 percent, 20.8 percent, 24.4 percent, and 32.6 percent from the last year, respectively.

[36] Key events in the first quarter of 2025 include the Chiang Mai Flower Festival, Bangkok Design Week, the Trang Underwater Wedding Ceremony, and the MotoGP Thailand Grand Prix.

Key Economic Measures of the Government in the First Half of 2025

In the first quarter of 2025, the government implemented economic stimulus measures to maintain momentum from domestic consumption. These included raising the minimum wage, the second phase of the economic stimulus programme targeting the elderly, and the Easy E-Receipt scheme, which is expected to inject approximately 98 billion Baht into the economy. In the second quarter, the government plans to continue stimulating domestic spending through registration for the State Welfare Card 2025, the 'SML' scheme, and the third phase of the economic stimulus programme, which includes a 10,000-Baht handout through a digital wallet, expected to generate approximately 177.7 billion Baht in economic circulation.

Timeline of Key Economic Measures in the First Half of 2025

1 Jan 2025	Minimum wage increased to 337 to 400 Baht. [an average of 2.9%]	The determination of the minimum wage rate for 2025 considers employees' cost of living, employers' ability to pay, and overall economic and social conditions.
27 Jan 2025 [Retrying the payment up to three additional times]	The second phase of the economic stimulus programme [the 10,000-Baht handout to approximately 4 million elderly persons]	On January 27, 2025, the government successfully transferred 10,000 Baht to a total of 2,825,076 targeted individuals, injecting 28.25 billion Baht into the economy.
16 Jan - 28 Feb 2025 [45 days]	The Easy E-Receipt scheme [The value of purchases under the programme is capped at 50,000 Baht per person]	Up to 30,000 Baht worth of goods can be purchased at shops registered for value-added tax (VAT), and up to 20,000 Baht at community enterprise outlets or OTOP shops. It is expected that approximately 1.4 million people will exercise their rights, leading to an estimated consumption expenditure of around 70 billion Baht.
Mar 2025	Registration for the State Welfare Card 2025	It is expected that over 25 million people will register, including 14.5 million existing eligible individuals and 10 million new registrants. In fiscal year 2024, the State Welfare Card expenditures amounted to 61.91 billion Baht.
Mar 2025	The 'SML' scheme [Allocated funds to village funds according to the project criteria, with amounts ranging from 300,000 to 500,000 Baht per village]	The 'SML' scheme has been allocated a budget of 11.9 billion Baht from the 2025 annual budget. It is expected that the first tranche of funds will be disbursed to communities and villages around March 2025.
Apr - Jun 2025	The third phase of the economic stimulus programme	The spending will be conducted through a digital wallet, with an estimated budget of 150 to 160 billion Baht.

Source: FPO and compiled by NESDC

Public investment continues to expand and plays a crucial role in driving the growth of the Thai economy in 2025

Overall public investment in 2025 is expected to continue expanding from 2024, supported by an increased public investment budget and the ongoing acceleration of expenditure disbursement. In fiscal year 2025, the total public investment budget is 1,387.1 billion Baht, representing a 16.1 percent increase from the previous year. Capital expenditure from the 2025 annual budget and the carry-over budget is expected to rise by 13.6 percent and 76.5 percent, respectively, while the capital expenditure budget for state-owned enterprises is projected to decrease by 0.5 percent.

It is assumed that the disbursement rate for capital expenditure from the annual budget will reach 75.0 percent, exceeding the previous year's rate of 70.4 percent. Meanwhile, the disbursement rate for capital expenditure from the carry-over budget is expected to be 90.0 percent, slightly lower than the 91.4 percent recorded in the previous year. Additionally, state-owned enterprises are expected to disburse 80.0 percent of their capital expenditure budget, down from 93.9 percent in the previous year.

The capital expenditure budget framework

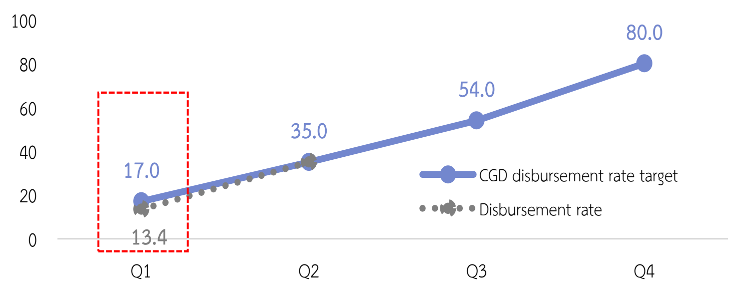
(Unit: billion Baht)	FY2024	FY2025	% YoY
Annual budget[1/]	682.4	775.3	13.6
Carry-over budget	132.3	233.4	76.5
State-owned enterprises' capital expenditure budget[2/]	380.1	378.3	-0.5
Total capital budget	**1,194.8**	**1,387.1**	**16.1**

Source: Thailand's budget in brief fiscal year 2024 - 2025, the state enterprise investment budget framework for 2024 - 2025, and calculated by NESDC

Note: [1/] Excluding expenditure for stimulating the economy and strengthening the economic system, which is in the central fund.
[2/] The state enterprises' capital expenditure budget includes investments by state enterprises in the form of public limited companies and subsidiaries (excluding the foreign investment budget of PTT Public Company Limited).

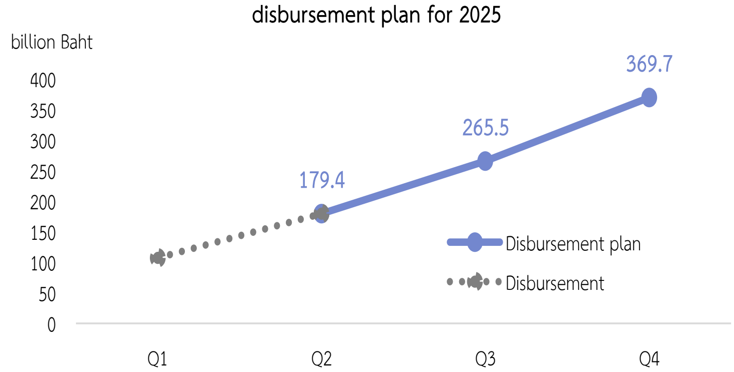
In the first quarter of fiscal year 2025, overall public investment disbursement increased by 69.3 percent but remained below the target. This was due to capital expenditure disbursement from the 2025 annual budget, which reached only 13.4 percent, falling short of the 17.0 percent target. However, disbursement of capital expenditure from the carry-over budget and the state-owned enterprise budget remained within an acceptable range.

The investment expenditure disbursement rate from the annual budget in Q1/FY2025 was 13.4 percent, below the target disbursement rate.



Source: Comptroller General's Department (CGD) and GFMIS

State enterprise investment budget disbursement plan for 2025



Source: NESDC

Therefore, it is important to prioritize accelerating budget disbursement to ensure that government expenditure flows into the economy quickly, particularly capital expenditure from the 2025 annual budget. Additionally, close monitoring of the 20 key investment projects of state-owned enterprises in 2025 is crucial to ensure they progress according to the established plan. This includes expediting projects in the procurement phase to facilitate prompt contract signing.

These key investment projects have a total investment disbursement of approximately 90,282.3 million Baht, accounting for 34.2 percent of the state-owned enterprises' investment budget for 2025. Two major projects with investment disbursements exceeding 10,000 million Baht in 2025 are the first phase of the Thai-Chinese high-speed rail project (Bangkok - Nong Khai) and the MRT Purple Line (Tao Poon - Rat Burana).

Public investment continues to expand and plays a crucial role in driving the growth of the Thai economy in 2025 (Cont.)

Key investment projects of state-owned enterprises in 2025

Unit: million Baht

	Projects	Agency	Capital disbursement limit
1	The first phase of the Thai-Chinese high-speed rail project (Bangkok - Nong Khai)	SRT	14,722.7
2	The MRT Purple Line (Tao Poon - Rat Burana)	MRTA	12,393.7
3	The MRT Orange Line (Bang Khun Non - Thailand Cultural Center)	MRTA	7,840.9
4	The 9th waterworks improvement master plan	MWA	6,681.5
5	Transmission system and distribution system development project, phase 2	PEA	5,200.0
6	Power distribution system expansion and improvement plan, year 2023 - 2027 (Revised Edition)	MEA	4,745.5
7	The expressway linking Rama III Road - Dao Khanong and the western Outer Ring Road	EXAT	4,655.5
8	The construction of Den Chai - Chiang Rai - Chiang Khong railway project	SRT	3,974.0
9	Laem Chabang Port development project phase 3	PAT	3,346.9
10	Transmission system expansion project, phase 12	EGAT	3,131.3
11	The construction of Ban Phai - Maha Sarakham - Roi Et - Mukdahan - Nakhon Phanom railway project	SRT	3,127.2
12	The twelfth power distribution system improvement and expansion plan, year 2017 - 2021 (Revised Edition)	MEA	3,085.2
13	Transmission system improvement project for system security enhancement of the northeast, lower north, and central parts, including Bangkok Metropolitan (TIEC)	EGAT	2,508.3
14	The thirteen power distribution system improvement and expansion project part 1	MEA	2,498.6
15	The Chalong Rat expressway extension (Chatuchot - Lam Luk Ka section) project	EXAT	2,343.7
16	New zoo Project at Khlong Six, Pathum Thani Province	ZPOT	2,218.1
17	The replacement of overhead line by underground cable system plan	MEA	2,125.1
18	The Nakhon Pathom - Chumphon double-track rail line project	SRT	2,120.5
19	Transmission system improvement project in the western and southern regions to enhance system security (TIWS)	EGAT	1,888.6
20	Transmission system improvement project in eastern region for system security enhancement (TIPE)	EGAT	1,675.1

Source: NESDC

Risks and limitations to economic growth:

1) **Risks stemming from global economic and financial system volatility** require close monitoring and assessment, including: **(i) Uncertainty in U.S. Economic Policy** which could present significant risks, particularly regarding potential escalations in trade barriers with key trading partners. These could trigger retaliatory responses from affected countries, disrupting global supply chains and redirecting investment flows; **(ii) Prolonged geopolitical tensions in many regions,** including the Middle East, the war between Russia and Ukraine, and the dispute in the Taiwan Strait, which could substantially impact global economy and pressure energy and commodity prices while increasing logistics costs globally; **(iii) Divergent monetary policies among major central banks** due to varying inflationary pressures and economic recovery condition in certain countries. The U.S. Federal Reserve might delay interest rate cuts due to persistent inflationary pressures raised by uncertainty of economic policy. Meanwhile, the European Central Bank, the Bank of England, and the People's Bank of China are likely to maintain accommodative policies to support economic recovery. On the contrary, the Bank of Japan is expected to implement tighter monetary policies to mitigate rising inflationary pressures. These divergent policy paths could increase exchange rate volatility in developing and emerging economies, as well as heightened fluctuations in global financial markets; and **(iv) Economic slowdown in china** which remains vulnerable due to weak domestic investment, particularly in the real estate sector, which is burdened by liquidity constraints and high debt levels. Subdued consumer confidence remains and a weak labor market further compound these challenges. Additionally, uncertainty surrounding U.S. trade policy could escalate and further impact international trade. The slow recovery of domestic demand in China has also contributed to industrial overcapacity, particularly in key sectors such as electronics, computers, and automobiles. This has led to increased exports, intensifying global price competition and has adversely affected businesses in other countries that struggle to compete with China's lower-cost products.

2) **Household and business debt remain high amid stringent credit standards.** As of the third quarter of 2024, the household debt-to-GDP ratio stood at 89.0 percent, down slightly from 91.0 percent in the same period last year but still significantly higher than the pre-pandemic level of 83.0 percent in the same period in 2019. Meanwhile, loan quality continues to deteriorate, as reflected in rising non-performing loans (NPLs) and special mention loans (SMLs) to total loan of personal consumption loans. In the third quarter, NPLs reached 3.3 percent of total loans, while SMLs rose to 7.5 percent, recording the highest historical figures. Business loans, particularly for SMEs, exhibit low levels in the third quarter, with NPLs to total loans at 7.7 percent and SMLs at 12.4 percent, rising from 7.6 percent and 11.9 percent, respectively. Consequently, financial institutions have implemented stricter loan approval criteria, especially on collateral requirements. This was due to weakening overall credit quality. Concurrently, banks also imposed stricter lending standards across all household loans. Therefore, total bank loans declined in the fourth quarter of 2024, with personal consumption loans continuing to contract by 2.2 percent.

3) **The agricultural sector is expected to experience volatility** in both production and prices for major crops. Agricultural production in 2025 is anticipated to benefit from more favorable weather conditions compared to 2024, as reflected in the improved water supply for cultivation. According to the data on reservoir water levels as of January 31st, 2025, the total water volume in 35 major reservoirs nationwide stood at 52,770 million cubic meters, representing 74.40 percent of total capacity, an increase of 8.7 percent compared to the same period in the previous year. However, this increase in production is expected to exert downward pressure on agricultural product prices, aligning with global trends. In particular, rice prices in the world market are expected to decline as production levels normalize in major exporting countries like India and Vietnam. Additionally, trade barriers and geopolitical conflicts may lead to higher costs of agricultural raw materials, negatively impacting farmers' incomes.

Household liquidity and progress of the “Khun soo, Rao chuay” (You Fight, We Help) program

The " Khun soo, Rao chuay " (You Fight, We Help) program is a government debt relief initiative designed to assist individuals and small businesses struggling with high debt levels. This program comprises two key measures. The first measure offered by commercial banks and specialized financial institutions (SFIs)[1] includes “Jai Trong Kongsap” (Pay on Time, Keep Your Assets) and "Jai Pid Jop" (Pay, Settle, End). The second measure, offered by Non-Banks[2] includes “Lod Ton Lod Dok" (Reduced Installment, Reduced Interest) and "Jai Pid Jop" (Pay, Settle, End).

These measures offer restructured payment plans and debt settlement options to individuals and entrepreneurs facing debt challenges. Eligible loan types include mortgage loans, auto loans, and SME loans. The program will help debtors resume their debt repayments and significantly reduces their installment burden during the participation period. Debtors can register for the program from December 12th, 2024 to April 30th, 2025 (extended from the initial deadline of February 28th, 2025).

The estimated number of eligible debtors for the "Jai Trong, Khong Sap" and "Jai Pid Jop " measures provided by commercial banks and SFIs (excluding Non-Banks) totals 2.0 million accounts (representing 1.8 million debtors), with a total debt of 0.81 billion baht. The details are as follows:

Financial Institutions	Number of Accounts	Number of debtors	Total loan outstanding
1. Commercial Banks and Affiliated Companies	1.5 million accounts	1.4 million debtors	0.44 billion baht
2. Specialized Financial Institutions (SFIs)	0.5 million accounts	0.4 million debtors	0.38 billion baht
Total	**2.0 million accounts**	**1.8 million debtors**	**0.81 billion baht**

Remark: Regarding Non-Banks, participation will depend on assessments. Currently, there are (1) Muang Thai Capital Public Company Limited and (2) AEON Thanasinsap (Thailand) Public Company Limited, that have met the criteria and been approved to participate the program.

Source: Ministry of Finance and Bank of Thailand

As of February 12th, 2025, there were 770,000 individuals (920,000 accounts[3]) have registered for the " Khun soo, Rao chuay " program. This represents 42.78% of the 1.8 million eligible debtors and 46.00% of the 2.0 million eligible accounts, indicating that more than half of the eligible debtors have yet to register. Extending the registration deadline from February 28th to April 30th, 2025, will provide additional opportunities for debtors with sufficient liquidity to participate in the program and resume normal debt repayments as their liquidity recovers in line with the broader economic recovery.

[1] On December 11th, 2024, the Cabinet approved; (i) measures to assist retail debtors and small businesses; (ii) measures to assist other vulnerable debtor of specialized financial institutions.

[2] On February 11th, 2025, the Cabinet approved measures to assist retail debtors of Non-Banks, including the criteria, conditions, and disbursement procedures for the Government Savings Bank's soft loan program.

[3] (1) 660,000 debtors (780,000 accounts) registered through the Bank of Thailand system as of February 12th, 2025, and (2) 110,000 debtors (140,000 accounts) registered through financial institutions, according to a survey as of January 31st, 2025. The registrant numbers are based on data from each financial institution, so, debtors with loans at more than one institution may be double-counted. Furthermore, not all registrants may qualify for the program. Debtors who do not meet the criteria such as having a normal loan status or having incorrect creditor registration will not be eligible. Financial institutions will verify eligibility and contact debtors, and may offer alternative measures such as debt restructuring under Responsible Lending guidelines or debt clinics.

Criteria for assessing the risks from Trump's policies

President Trump assigns the US Department of State to develop an “America First Trade Policy” which the relevant agencies have to submit a comprehensive report by April 1st, 2025, addressing issues related to unfair and unbalanced trade, economic and trade relations with China, and other matters of economic security. These measures are intended to establish a framework for US foreign policy that emphasizes fairness in trade relations with the United States. Consequently, the US Trade Representative (USTR) is responsible for preparing an annual National Trade Estimate Report on Foreign Trade Barriers (NTE), which serves to identify trade barriers between the United States and its trading partners. The 2024 NTE report, released by the US government on March 29, 2024, identified Thailand’s primary trade barriers, notably high import tariffs. Specifically, Thailand’s average import tariffs on agricultural products and other goods were reported at 27.0 percent and 7.1 percent, respectively, in contrast to the United States’ tariffs of 5.0 percent and 3.1 percent. Furthermore, Thailand’s non-tariff trade barriers include requirements to obtain import permits for specific products, such as biofuels, wood, industrial machinery, and cosmetics, and impose hygiene standards on livestock and meat products that exceed international benchmarks or scientific recommendations, as evidenced by the regulations concerning red meat accelerators in pork production. Investment restrictions in Thailand continue to limit foreign ownership to no more than 50 percent in various sectors, including telecommunications, transportation, and banking. In addition, certain professions remain exclusively reserved for Thai nationals. The NTE report also underscores the stringency of Thailand’s intellectual property rights and labor protections.

Nonetheless, analyses by various institutions on the risk assessment criteria for US trading partners, including dimensions such as trade, security, governance, investment, and immigration, consistently categorize Thailand as presenting significant risk, particularly in the context of trade balance. This assessment is corroborated by bilateral trade data, which indicate that Thailand recorded a trade surplus of 35 billion US dollars with the United States in 2024, ranking it as the eleventh largest among major trading partners.

Table of risk criteria for U.S. trading partners

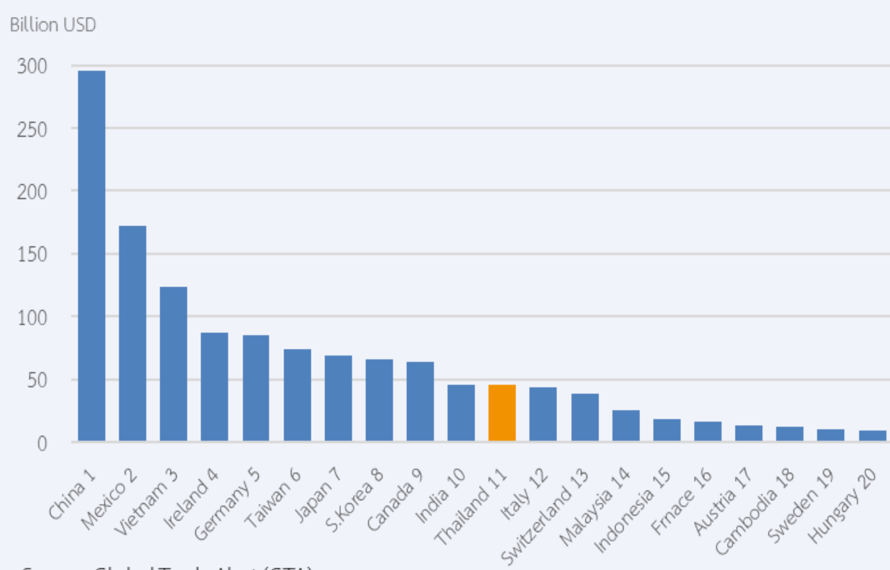
	Trade						Security				Governance			Investment		Immigration
	Trade Balance	Current account surplus	US products in domestic market	Trade agreements	Export subsidies	Import duty	Relations with China	Relations with the US	Military Expenditure	Relations with the US military	Government procurement	Competition Support	State Enterprise	Investment	Intellectual property protection	Obtaining a US Visa
Trump Risk Index (by ITIF)	X						X	X	X							
Trump Risk Index (by EIU)	X	X	X	X				X		X						X
Trump Red Flags (by GTA)	X		X			X		X								
NTE (by USTR)	X	X	X	X	X	X	X				X	X	X	X	X	

Source: US Trade Representative (USTR) Information Technology & Innovation Foundation (ITIF) Economist Intelligence (EIU) และ Global Trade Alert (GTA)

Summary table of countries at high risk of being subject to trade barriers from the United States

Ranking	ITIF	EIU	GTA
1.	Mexico	Mexico	South Korea
2.	Thailand	Costa Rica	Canada China India Japan
3.	Slovenia	Germany	
4.	Austria	Dominican Rep.	
5.	Canada	Panama	
6.	New Zealand	China	Brazil EU Indonesia Ireland Italy Kenya Malaysia Mexico Thailand
7.	Hungary	Japan	
8.	Turkey	El Salvador	
9.	Slovakia	Vietnam	
10.	Luxembourg	Honduras	

Countries with the highest trade surplus with the United States



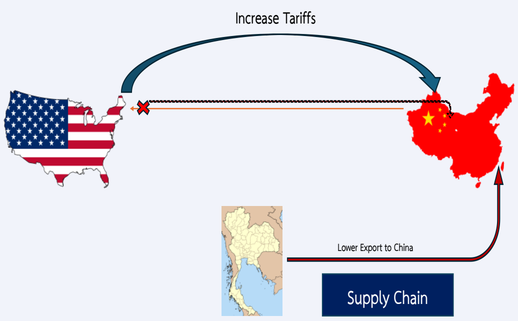
Source: Global Trade Alert (GTA)

Channels of Transmission: The Impact of U.S. Trade Measures on Thai Trade

The implementation of new trade-restrictive measures between the United States and China officially began when the President of the United States signed Executive Order 14195, titled "Imposing Duties to Address the Synthetic Opioid Supply Chain in the People's Republic of China," on February 1st, 2025. The order states that **"the United States will impose an additional 10 percent ad valorem duty on all imported goods originating from China, effective from 12:01 a.m. on February 4th, 2025."** Following the U.S. announcement of these additional tariffs, on February 4th, 2025, China responded by announcing retaliatory tariff increases on several U.S. imports. These included a 15-percent tariff increase on coal and natural gas, and a 10-percent increase on crude oil, agricultural machinery, and certain types of automobiles. These measures will take effect on February 10th, 2025.

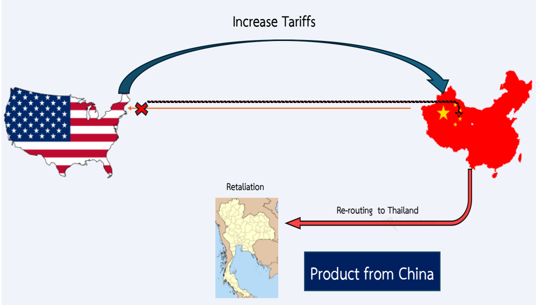
The direction of future trade measures remains highly uncertain, making it essential to closely monitor the situation to assess the potential impacts and prepare timely responses to mitigate effects on the Thai economy. Based on the initial assessment, the impact on Thailand's economy is expected to be transmitted through four key channels: (1) impact on Thai exports within China's supply chain, (2) diversion of Chinese exports to Thailand, (3) potential loss of market share in ASEAN markets, and (4) import tariffs imposed directly on Thailand.

The impact from Thai export through China supply chain



Source: Global Trade Atlas, compiled by NESDC

The impact from China re-routing to Thailand



Source: Global Trade Atlas, compiled by NESDC

1. Impact on Thai Exports within China's Supply Chain When the U.S. imposes tariffs on China, Chinese exports to the U.S. decline, which may in turn reduce demand for Thai products, particularly intermediate goods within China's supply chain, such as passenger vehicles and computers. In the first half of 2024, China's motor vehicle exports to the U.S. declined by 8.7 percent, aligning with a 19.5-percent decrease in Thailand's automotive parts exports to China. Key Thai automotive parts affected included tires (12.8 percent), airbags (14.4 percent), dashboards (30.0 percent), and car bodies (14.5 percent). Additionally, China's computer exports to the U.S. fell by 22.2 percent, while Thailand's exports of computer components to China also declined by 9.1 percent. Key computer components from Thailand that saw a decrease in exports included hard disk drives (14.4 percent), power converters (34.0 percent), and computer fans (2.3 percent).

2. Impact of China Diverting Exports to Thailand[1] As China's exports to the United States decline, coupled with a slowdown in domestic demand, there is an increasing likelihood that China will divert its surplus goods to various countries, including Thailand. This strategy takes advantage of China's competitive edge in low pricing, as reflected in the decline in Thailand's import prices alongside rising import volumes. The products expected to be redirected to Thailand can be categorised into three groups: (1) consumer goods, such as speakers, televisions, fans, and bags; (2) Intermediate goods, including plastic parts, air conditioner components, car steering wheels, and motorcycle parts; and (3) Raw materials goods, such as rolled steel, structural steel, aluminum, and steel pipes.

3. Impact of Thailand Potentially Losing Market Share in ASEAN. As China's exports to the United States decline, there is a growing likelihood that China will increase its exports to ASEAN markets, which are among Thailand's key export destinations. Thailand may face increased competition from China in ASEAN for key export products, including passenger vehicles and parts, pickup trucks and parts, and integrated circuits.

4 Impact of Direct Import Tariffs on Thailand. There is a possibility that the U.S. will impose reciprocal tariffs on imports from countries that levy tariffs on U.S. goods. If such measures are implemented, several Thai export products are likely to be affected. Key product categories that may face higher tariffs include: electrical and electronic equipment, machinery and tools, automotive products, plastic products, and iron and steel products. These five product groups account for 65.5 percent of Thailand's total exports to the U.S. (with individual shares of 32.0 percent, 24.8 percent, 4.2 percent, 2.6 percent, and 2.1 percent, respectively). Given the uncertainty surrounding U.S. economic measures and the countermeasures of major trading partners, which may escalate tensions beyond the current implementation of tariffs, it is essential to closely monitor developments. A timely assessment of the impacts and the preparation of appropriate responses to mitigate potential adverse effects on the Thai economy are essential.

[1] The change in the volume and price of Chinese imports to Thailand is based on data from the first half of 2024, compared with the full-year averages of 2022 and 2023, source: Global Trade Atlas (GTA)

The increase in import tariff on steel, aluminum, and related products[1] and its implications for Thailand's steel industry

On February 10th, 2025, the President of the United States signed an executive order announcing an increase in import tariffs on steel and aluminum to 25 percent (up from the previous 10 percent) without exceptions. The order also eliminates country-specific exemptions, quota-based agreements, and product-specific tariff exemptions. These measures will take effect on March 4th, 2025. The impact of this measure is expected to be significant for the U.S. steel, aluminum, and related industries in the US, as well as for its trading partners, including Thailand.

According to the United States International Trade Commission (USITC), the current effective tariff rates imposed by the U.S. on all countries are 2.4 percent for iron and steel, 7.7 percent for steel products, and 7.2 percent for aluminum and aluminum products. Major importing countries such as Canada, Mexico, and South Korea currently face relatively low effective tariff rates on these products (see Table 1). With the additional 25 percent tariff increase, these effective rates are expected to rise significantly, potentially leading to higher domestic prices for steel and aluminum products in the U.S.

The actual import tariff rates imposed by the US on major countries (Effective rate)

The actual import tariff rates imposed by the US on major countries (Effective rate) (percent)	Iron and Steel (HS72)	Steel Products (HS73)	Aluminum and Products (HS76)	The increasing tariff according to the Presidential Announcement (percent)
Thailand	**7.1**	**5.2**	**52.1**	+25
China	18.5	225.7	80.7	
Canada	0.1	0.1	0.1	
Mexico	0.1	0.1	0.1	
South Korea	0.1	0.2	4.7	
Japan	12.3	4.2	13.7	
Vietnam	18.2	5.3	4.1	
All countries	**2.4**	**7.7**	**7.2**	

Source: UNITED STATES INTERNATIONAL TRADE COMMISSION and Ministry of Finance calculated by NESDC

Regarding U.S. import data on steel, aluminum, and related products, the import value has continuously declined since 2023, reflecting ongoing efforts to reduce demand for these three product groups. The largest sources of imports are Canada (22.4 percent), China (14.1 percent), and Mexico (11.3 percent), while imports from Thailand accounted for 1.5 percent in 2024 (as detailed in Table 2).

The proportion of the US's imports in 2024

Key import countries	Iron and Steel (HS72)	Steel Products (HS73)	Aluminum and Products (HS76)	The total of 3 HS Codes
Thailand	**0.2**	**2.2**	**1.7**	**1.5**
China	1.6	24.1	10.5	14.1
Canada	24.2	10.8	41.4	22.4
Mexico	10.1	14.6	6.7	11.3
South Korea	5.9	6.5	3.4	5.5
Japan	3.7	3.5	0.7	2.9
Vietnam	3.1	2.6	1.7	2.5
Other countries	51.2	35.7	33.9	39.7
Total import share	**100.0**	**100.0**	**100.0**	**100.0**

Source: Global Trade Atlas calculated by NESDC

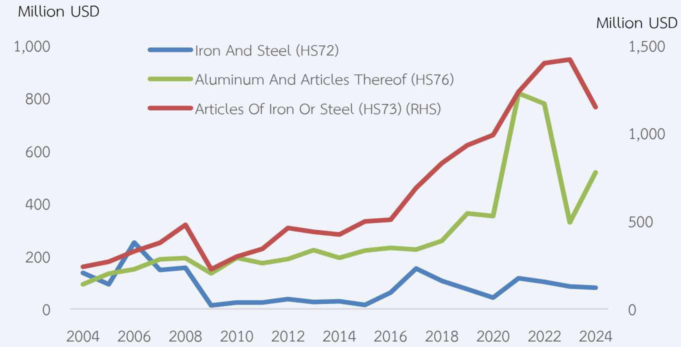
[1] At the day which created this report, it still no official information of HS code that the US will impose import tariff so we expected that the tariff might be comprehensively included HS code 72, 73 and 76.

The increase in import tariff on steel, aluminum, and related products and its implications for Thailand's steel industry (cont.)

Thailand's economy is expected to be affected by the tariff increase through two main channels:

1. Thailand's exports of steel, aluminum, and related products to the U.S. are expected to decline further. This is due to a continued decrease in U.S. demand for these three product groups from Thailand since 2022, aligning with the downward trend in import prices. As a result, Thailand's export value for these products to the U.S. has consistently declined. Additionally, the U.S. has historically imposed relatively high effective tariff rates on Thailand's exports compared to other major exporting countries (see Table 1). If the U.S. proceeds with a 25 percent tariff increase, the prices of these three product groups are expected to rise significantly, further weakening the competitiveness of Thai products relative to those from other countries.

The export values of Thailand's steel, aluminum, and products to the US during 2004 - 2024



Source: Global Trade Atlas

2. The impact of rising imports from China to Thailand. As China's domestic steel production remains high, its imports from China to Thailand continue to increase. In 2024, China's steel production grew by 0.3 percent compared to the previous year, reaching 2.05 million tons. However, Thailand has made efforts to reduce imports of steel, aluminum, and related products from China. As a result, China's steel and iron (HS72) exports to Thailand decreased by 15.0 percent. Nevertheless, exports of steel products (HS73) and aluminum and related products (HS76) continued to rise by 0.8 percent and 17.6 percent, respectively.

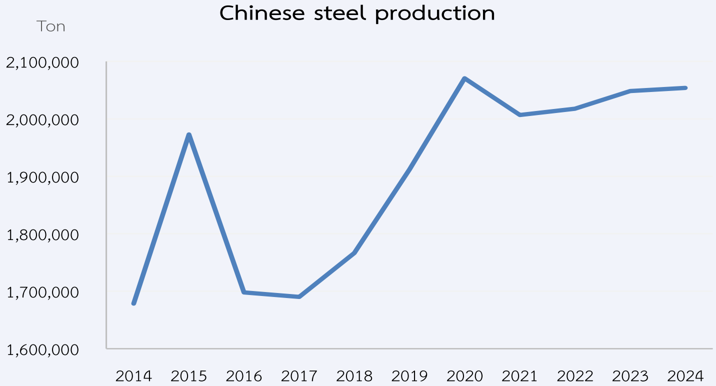
The US's import prices in 2024

Unit Price (Import Price: CIF)	Iron and Steel (HS72) (TON/USD)	Steel products (HS73) (KG/USD)	Aluminum and Products (HS76) (KG/USD)
Thailand	**13,431**	**1.7**	**4.4**
China	1,939	2.1	4.3
Canada	402	3.1	3.1
Mexico	450	3.4	4.2
South Korea	158	2.2	3.9
Japan	464	4.2	8.1
Vietnam	5,448	1.7	4.6

Source: Global Trade Atlas calculated by NESDC

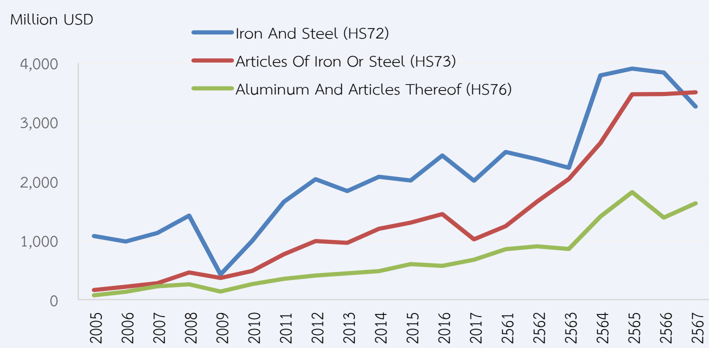
The U.S. decision to impose an additional 25 percent import tariff on steel, aluminum, and related products is expected to reduce demand for these goods in the U.S. market. This will result in a surplus of supply from various producing countries, particularly major global manufacturers such as China. Such excess supply could contribute to increased price volatility in the steel market and impact the overall outlook for the global steel and aluminum industries in the upcoming period.

Chinese steel production



Source: CEIC

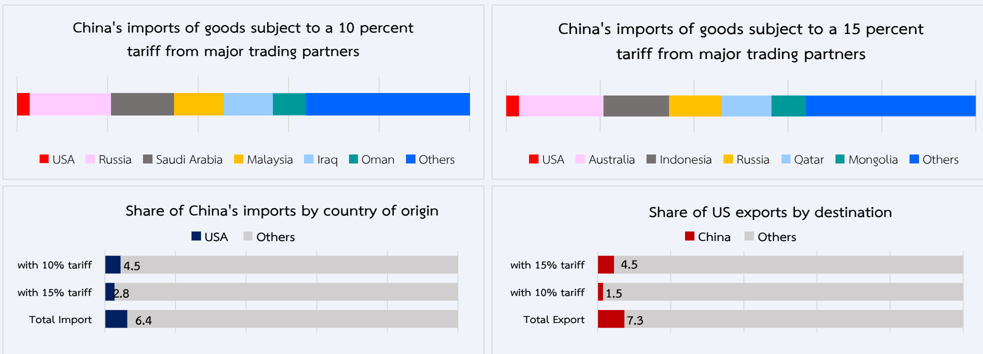
China's export value of steel, aluminum, and products to Thailand from 2005 to 2024



Source: Global Trade Atlas

Box China's Trade- Retaliatory Measures

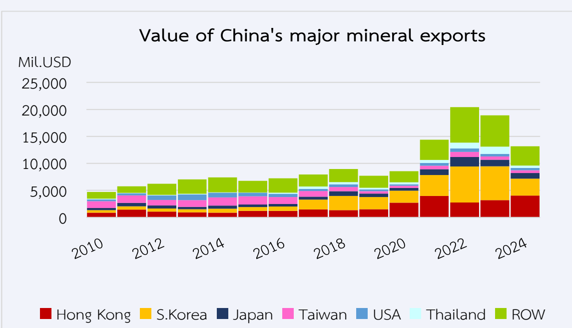
On February 4th, 2025, China announced the trade retaliation measures in response to the United States' decision to raise import tariffs on general goods from China by 10 percent. The Chinese Government imposed tariffs on several imported U.S. goods, effective on February 10th, 2025. These new tariffs include a 15 percent increase on coal and liquefied natural gas (LNG), as well as a 10 percent increase on crude oil, agricultural equipment, and some automobiles. According to the Global Trade Atlas (GTA) database, China imported approximately 14 billion US dollar worth of these goods from the U.S. in 2024. These include about 4.5 billion US dollar worth of coal and gas, and 6 billion US dollar worth of crude oil, which together accounted for 8.5 percent of total imports from the U.S. in 2024. However, the U.S. is not primarily sourced of these products for China. For instance, coal is largely imported from Australia, Indonesia, Russia, and Mongolia, rather than the U.S. Hence, this suggests that the impact of China's trade barriers on the U.S. has been limited. Similarly, when considering the proportion of U.S. exports to China in these categories, they make up only 1.2 percent of total U.S. exports to China and just 0.1 percent of total U.S. exports. This further indicates that the overall economic impact of these tariffs on both countries is relatively modest.

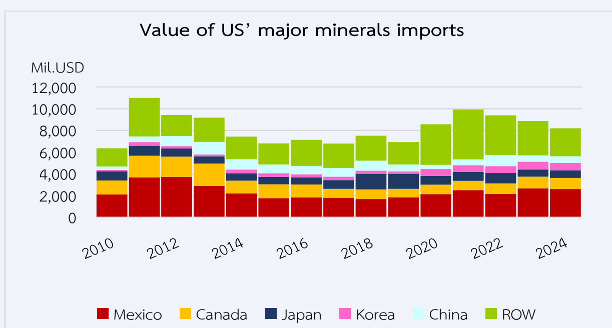


Source: Global Trade Atlas, compiled NESDC, Note: *Latest data from the US in 2023.

On February 4th, 2025, China announced new export control measures on five critical minerals—tungsten, tellurium, bismuth, molybdenum, and indium—along with related products[1]. These minerals are essential raw materials for major industries, including defense, clean energy, and other industries. While China has not imposed a complete export ban, exporters are now required to obtain export licenses, granting the Chinese government increased control over shipments, particularly to the U.S. This follows China's December 2024 decision to ban the export of dual-use items (DUI)—materials that have both commercial and military applications—such as gallium, germanium, antimony, and ultra-hard materials, specifically targeting the U.S. This measure came in response to U.S. trade restrictions on China's semiconductor sector.

Regarding the measure, the top five destinations for China's exports of essential minerals were Hong Kong (30.7 percent), South Korea (23.7 percent), Japan (8.0 percent), Taiwan (3.6 percent), and the U.S. (3.4 percent). Meanwhile, the top five suppliers of essential minerals to the U.S. were Mexico (31.6 percent), Canada (12.5 percent), Japan (8.7 percent), South Korea (8.3 percent), and China (7.2 percent). While the U.S. does not rely primarily on China for these materials, China remains a key supplier due to the strategic importance of these minerals in upstream production for various industries. According to data from the United States Geological Survey (USGS), in 2024, China accounted for approximately 69.2 percent of global rare earth[2] production and held about 48.9 percent of the world's rare earth reserves. In contrast, the U.S. has only 11.5 percent of rare earth production. Given this disparity, China's export controls on rare earths could have a significant impact on U.S. industries, particularly in the semiconductor sector, which heavily relies on these materials.





[1] Products: 284180 (Tungstates (Wolframates)), 282590 (Inorganic Bases; Other Metal Oxides, Hydroxides And Peroxides, Nesoi), 284990 (Carbides, Nesoi, Whether Or Not Chemically Defined), 810194 (Tungsten, Unwrought, Including Bars And Rods Obtained Simply By Sintering), 810199 (Tungsten, Wrought, Nesoi), 710691 (Silver, Unwrought Nesoi (Other Than Powder)), 710692 (Silver, Semimanufactured), 280450 (Boron; Tellurium), 284290 (Salts Of Inorganic Acids Or Peroxoacids, Excluding Azides, Nesoi), 381800 (Chemical Elements Doped For Use In Electronics, In The Form Of Discs, Wafers Or Similar Forms; Chemical Compounds Doped For Use In Electronics) and 15 more

[2] https://pubs.usgs.gov/periodicals/mcs2025/mcs2025.pdf page 144-145, compiled by NESDC

Key assumptions for 2025 economic projection:

World Economic Projection and Other Key Assumptions

	Actual Data			Projection for 2025	
	2022	2023	2024	Nov 18th, 2024	Feb 17th, 2025
World Economic Growth (%)1/	3.6	3.2	3.2	3.0	3.0
US	2.5	2.9	2.8	2.2	2.4
Eurozone	3.6	0.5	0.7	1.1	1.0
Japan	0.9	1.7	-0.2	1.0	1.0
China	3.1	5.4	5.0	4.5	4.4
Global Trade Volume (%)	5.7	0.7	3.4	3.0	3.0
Exchange Rate (Baht/US Dollar)	35.1	34.8	35.3	34.5 - 35.5	34.5 - 35.5
Dubai Crude Oil (US Dollar/Barrel)	96.2	81.8	79.3	75.0 - 85.0	75.0 - 85.0
Export Price (US Dollar) (%)	4.2	1.2	1.4	(-0.2) - 0.8	(0.0) – 1.0
Import Price (US Dollar) (%)	12.7	0.4	1.0	(-0.2) - 0.8	(0.0) – 1.0
Number of foreign tourists (Million persons)	11.2	28.1	35.5	38.0	38.0
Income from Tourism (Trillion Baht)2/	0.53	1.03	1.50	1.63	1.69

Source: NESDC as of February 17th, 2025

Notes: 1/ World economic growth is a trade-weighted average of key economic partners in 2019 (15 economies)

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

1) **The world economy is projected to expand by 3.0 percent in 2025, moderating from 3.2 percent in 2024,** as major economies experience a broader slowdown. In particular, the U.S. economy is expected to decelerate due to weakening private consumption amid rising inflationary pressures. Similarly, China's economic growth remains constrained by persistent debt conditions in the real estate sector, limiting domestic investment. Additionally, significant downside risks arise from uncertainty surrounding U.S. trade policies and potential retaliatory measures from key trading partners, which could disrupt global trade flows, compounded by ongoing geopolitical conflicts. Therefore, the baseline forecast is predicated that existing trade barriers as of February 10, 2025, will remain unchanged, leading to an anticipated global trade volume growth of 3.0 percent in 2025, slowing from 3.4 percent in the previous year.

2) **The average of the Thai Baht in 2025 is expected to be within the range of 34.5 - 35.5 baht per US dollar,** marking a slight appreciation from the 2024 average of 35.3 baht per US dollar and aligning with previous forecasts. According to the latest data, the average of the Thai Baht from January 1 to February 13, 2025, indicated an average rate of 34.15 baht per US dollar, however, in the first half of the year, the baht is expected to depreciate due to strengthening US dollar, driven by the Federal Reserve's signal to delay interest rate cuts. Additionally, global economic uncertainty is likely to prompt investors to shift toward lower-risk assets, while the depreciation of the Chinese yuan, amid China's economic slowdown, may exert further downward pressure on the baht. However, in the latter half of 2025, the baht is anticipated to appreciate gradually, supported by expected monetary easing from the Federal Reserve, and Thailand's sustained current account surplus, strengthened by a recovery in merchandise exports and rising income from foreign tourism. Nevertheless, the baht is likely to experience significant volatility throughout the year due to uncertainties surrounding trade barriers, potential countermeasures by major economies, and divergent monetary policy directions among major central banks.

3) **The average price of Dubai crude oil in 2025 is expected to be in the range of 75.0 - 85.0 dollars per barrel,** consistent with the average of 79.3 dollars per barrel in 2024 and in line with the previous estimation. Several factors may contribute to upward pressure on oil prices, including: (1) the prolonged conflict in the Middle East region, particularly the tensions between Israel and Iran, which could significantly disrupt global crude oil supply, and (2) the imposition of sanctions by the United States on Russian oil producers and distributors[37]. However, there are factors that exert downward pressure on oil prices, including: (1) the anticipated slowdown in major economies, particularly the United States and China, (2) the increasing trend of U.S. oil production driven by the expansion of drilling rigs under the new U.S. administration's policy direction, (3) the potential increase in production capacity among OPEC+ members[38], which could lead to continued growth in global oil supply and inventories throughout 2025 and 2026, and (4) the declining demand for crude oil due to technological advancements promoting environmentally sustainable energy sources.

4) **Export and import prices in US dollars in 2025 are projected to increase by 0.0 - 1.0 percent and 0.0 - 1.0 percent, respectively,** decelerating from 1.4 percent and 1.0 percent in 2024, but are revised upwards from the previous projection assumptions of (-0.2) - 0.8 percent and (-0.2) - 0.8 percent, respectively, in line with the trend of trade barriers and geopolitical conflicts that are expected to increase import and transportation costs.

[37] In January 2025, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) announced sanctions on Russian oil producers and distributors.

[38] In the February 2025 meeting, OPEC+ decided to maintain its production cut target of 2.2 million barrels per day until March 2025 and will gradually increase production starting in April 2025.

5) **Revenue from foreign tourists in 2025** is expected to reach 1.69 trillion baht, representing an increase from 1.50 trillion baht in 2024. This growth is primarily attributable to an expected rise in the number of inbound tourists, projected to total 38.0 million, consistent with prior estimations, compared to 35.5 million in the previous year. Moreover, the spending per capita of foreign tourists is anticipated to rise to 44,484 baht per person, up from 42,301 baht per person in 2024, approaching the pre-pandemic level of 45,584 baht per person in 2019. This increase is largely propelled by a surge of high-spending tourists, particularly from China, Japan, South Korea, and Russia.

6) **The budget disbursement in 2025** is expected to proceed as follows: (i) the FY2025 annual budget disbursement rate is projected at 93.0 percent of the total budget of 3.57 trillion baht, compared with 94.1 percent in FY2024. Specifically, the current budget is expected to be disbursed at 98.0 percent, compared with 101.1 percent in the previous fiscal year, while the capital budget disbursement rate is anticipated to reach 75.0 percent, an improvement from 65.2 percent in the prior year. This projection remains in line with the previous estimation and does not include the central budget allocation of 187.7 billion baht for economic stimulus measures[39]; (ii) the carry-over budget disbursement rate for FY2025 is estimated at 90.8 percent, slightly lower than 91.4 percent in FY2024, with the current budget disbursed at 95.0 percent and the capital budget at 90.0 percent; and (iii) the state-owned enterprises' capital budget disbursement over the 15-month period from October 2024 to December 2025 is expected to reach 80.0 percent, amounting to approximately 341 billion baht, marking a 12.8-percent decline compared to the previous year.

The Thai Economic Projection 2025

The Thai economy in 2025 is expected to expand by 2.3 - 3.3 percent (with a midpoint of the estimate of 2.8 percent), compared to 2.5 percent in 2024. Headline inflation is expected to be in the range of 0.5 - 1.5 percent, and the current account balance will be in surplus by 2.5 percent of GDP.

In the press conference on February 17th, 2025, the National Economic and Social Development Council (NESDC) projected that the Thai economy in 2025 will expand by 2.3 - 3.3 percent, with a midpoint of 2.8 percent, continuing from the 2.5 percent expansion in 2024 and equal to the estimate in the press conference on November 18, 2024, but with adjustments to the components of economic expansion to be in line with the conditions and adjustments to important assumptions, as follows:

1) **The revision of budget disbursement assumptions** has been adjusted to align with the government's economic stimulus initiatives, including the economic stimulus program targeting the elderly and the third phase of the 10,000-baht economic stimulus project, with a total allocated budget of 187.7 billion baht. This adjustment involves modifying the original disbursement framework under the fiscal year 2025 central budget, specifically reallocating funds from the economic stimulus and economic strengthening expenditure category to direct transfers for public spending. Consequently, government consumption and government investment are now projected to expand by 1.3 percent and 4.7 percent, respectively, down from the previous estimates of 2.1 percent and 6.5 percent, while private consumption is expected to grow by 3.3 percent, an increase from the previous projection of 3.0 percent.

2) **The growth rates of exports and imports of goods and services have been revised** to reflect a stronger-than-expected recovery observed since the last quarter of 2024, during which export and import volumes expanded significantly by 9.3 percent and 9.1 percent, respectively. This expansion is expected to persist in 2025, driven by the continued growth of global trade, the upward cycle in the electronics sector, and the increasing trend of private investment within the domestic economy.

[39] The central budget allocation for economic stimulus measures in FY2025 is expected to be utilized for the Elderly Economic Stimulus Program and the 10,000-Baht Economic Stimulus Program (Phase 3), with an estimated expenditure of 30.0 billion baht and 157.0 billion baht, respectively.

Key components of Economic growth;

1) **Total consumption: (1) Private consumption expenditure** is expected to increase by 3.3 percent, continuing from a growth of 4.4 percent in 2024, and upwardly revised from 3.0 percent in the previous projection. This growth is supported by favorable labor market conditions and low inflationary pressure. **(2) Government consumption** expenditure is projected to grow by 1.3 percent, down from a 2.5-percent expansion in 2024, and downwardly revised from 2.1 percent in the prior estimate. This revision was due to changes in the assumptions regarding the current budget framework under the FY2025 annual budget, particularly the central budget for economic stimulus and strengthening the economic cycle, which will be allocated for government economic stimulus projects, along with a reduction in the FY2026 budget framework.

2) **Total investment** is expected to increase by 3.6 percent, accelerating from 0.0 percent in 2024. **(1) Private investment** is estimated to increase by 3.2 percent, improving from a 1.6-percent contraction in 2024, and upwardly revised from 2.8 percent in the previous projection. This was in accordance with the recovery of exports and the continued growth of capital goods imports, supported by an unprecedented increase in investment promotion applications in 2024. **(2) Public investment** is anticipated to grow by 4.7 percent, continuing from a 4.8-percent increase in 2024, and downwardly revised from 6.5 percent in the prior forecast. This revision was due to changes in the assumptions regarding contribution of the annual budget disbursement framework, particularly the central budget for stimulating and strengthening economy, which will be allocated for government economic stimulus projects.

3) **Export value of goods** in US dollar term is anticipated to increase by 3.5 percent, continuing from a 5.8-percent increase in 2024, in line with the continual recovery of global trade volume and the revival of the export sector in the latter half of 2024. Meanwhile, export prices are projected to increase in the range of 0.0 - 1.0 percent, an upward revision from the range of (-0.2) - 0.8 percent in the previous estimation but decelerating from 1.4 percent in 2024. Together with the improving outlook of services exports, it is expected that the export quantity of goods and services will continue to increase by 5.3 percent, compared with a 7.8-percent in 2024, and upwardly revised from a 4.2-percent in the prior projection.

4) **Import value of goods** in US dollar terms is expected to expand by 4.0 percent, compared with a 6.3-percent growth in 2024. This is in line with the improvement in investment and good exports. Meanwhile, import prices are projected to increase in the range of 0.0 - 1.0 percent, down from 1.0 percent in 2024 and upwardly revised from the range of (-0.2) - 0.8 percent in the previous projection. Together with the import of services, thus, in 2025, the import of goods and services is estimated to increase by 3.5 percent, compared with a 6.3-percent increase in 2024, and downwardly revised from a 3.2-percent rise in the previous forecast.

5) **Trade balance** is anticipated to register a surplus of 18.7 billion US dollars, compared with a surplus of 19.3 billion US dollars in 2024. Together with the service account, thus, in 2025, the current account is expected to register a surplus of 14.0 billion US dollars (2.5 percent of GDP) in 2025, compared with a surplus of 12.3 billion US dollars (2.3 percent of GDP) in 2024.

6) **Economic stability,** headline inflation in 2025 is estimated to be in the range of 0.5 - 1.5 percent (with the midpoint projection of 1.0 percent), compared with 0.4 percent in 2024. This is an upward revision from the range of 0.3 - 1.3 in the previous projection (with the midpoint projection of 0.8 percent), in line with raising core inflation.

6. Economic Management for the Year 2025

The economic management for 2025 should prioritize on

1) **Preparing for cushioning the impact of trade policy changes by key trading partners** by; **(i) Emphasizing trade negotiations with the United States** and preparing countermeasures to mitigate the potential impacts of escalating trade protection measures; **(ii) Protecting the manufacturing sector from dumping and unfair trade practices** by improving the quality inspection process for imported products to ensure greater rigor and thoroughness. This includes strengthening regulatory oversight of foreign digital platform businesses; expediting investigations on anti-dumping, countervailing duties, and safeguard measures (AD/CVD/AC); and strictly enforcing legal actions against illegal imports or businesses exploiting regulatory loopholes; **(iii) Promoting the export of high-potential and strategically beneficial products** that may benefit from trade barriers. Simultaneously, the acceleration of ongoing Free Trade Agreement (FTA) negotiations and the exploration of new trade partnerships are necessary; and **(iv) Encouraging businesses to mitigate risks from exchange rate fluctuations** while facilitating and reducing export-related costs.

2) **Accelerating private investment to regain growth** by; **(1) Strengthening foreign investor confidence** to attract Foreign Direct Investment (FDI), particularly by promoting joint ventures to create opportunities for Thai businesses specifically SMEs amid the relocation of investment base due to trade protectionism measures. Additionally, entrepreneurs with existing production bases should be encouraged to expand their capacity within Thailand; **(2) Expediting the implementation of investment projects approved between 2022 - 2024** to initiate actual investments, thereby driving the expansion of key potential manufacturing and service sectors; **(3) Developing a conducive ecosystem for targeted industries and services** by reducing procedural and regulatory barriers, addressing labor shortages in the manufacturing sector, and enhancing labor productivity to brace for new targeted industries and services; and **(4) Boosting productivity through innovation and cutting-edge technology** to promote the production of high-value goods that transcend price competition and meet global standards. Simultaneously, the domestic industries for raw materials and intermediate goods should be upgraded to enhance Thailand's integration into global supply chains.

3) **Accelerating budget disbursement** is essential to ensuring the continued support of public expenditure to the economy. Particularly, capital expenditure disbursement should be achieved a minimum of 75 percent of the total investment budget. Moreover, investment should be prioritized on key strategic projects, including local government infrastructure initiatives, major public infrastructure development, and water resource management projects. These initiatives are critical for strengthening productive capacity, enhancing local water management efficiency, and ensuring equitable resource distribution to communities, thereby fostering long-term economic resilience.

4) **Raising awareness of ongoing government assistance measures to address household and business debt problems** is essential to ensure that debtors, particularly small-scale debtors and SMEs, receive adequate support for debt restructuring. This support should enable them to make repayments in alignment with their financial capability.

5) **Ensuring the continued expansion of the tourism sector,** immediate measures are required to address air pollution problem (PM2.5) to prevent adverse impact on tourist confidence. At the same time, maintaining safety standards for both the lives and property of tourists remains a priority. Additionally, infrastructure related to tourism must be well-prepared, including airport capacity and flight availability, immigration procedures, transportation infrastructure, and spatial and environmental management. These measures will support sustainable tourism growth.

Projection for 2025[1/]

	Actual Data			Projection for 2025	
	2022	2023	2024	Nov 18th, 2024	Feb 17th, 2025
GDP (at current prices: Bil. Bht)	17,378.0	17,954.7	18,578.9	19,272.8	19,284.9
GDP per capita (Bht per year)	248,788.6	256,345.4	264,607.7	273,893.4	274,065.7
GDP (at current prices: Bil. USD)	495.1	515.7	526.3	550.7	551.0
GDP per capita (USD per year)	7,094.1	7,363.3	7,496.0	7,825.5	7,830.4
GDP Growth (CVM, %)	2.6	2.0	2.5	2.3 - 3.3	2.3 - 3.3
Investment (CVM, %)[2/]	2.2	1.2	0.0	3.9	3.6
Private (CVM, %)	4.6	3.1	-1.6	2.8	3.2
Public (CVM, %)	-3.9	-4.2	4.8	6.5	4.7
Private Consumption (CVM, %)	6.2	6.9	4.4	3.0	3.4
Government Consumption (CVM, %)	0.1	-4.7	2.5	2.1	1.3
Export volume of goods & services (%)	6.2	2.4	7.8	4.2	5.3
Export value of goods (Bil. USD)	285.2	280.7	297.0	299.0	307.4
Growth rate (%)[3/]	5.4	-1.5	5.8	2.6	3.5
Growth rate (Volume, %)[3/]	1.2	-2.7	4.4	2.3	3.0
Import volume of goods & services (%)	3.4	-2.5	6.3	3.2	3.5
Import value of goods (Bil. USD)	271.6	261.4	277.8	282.0	288.8
Growth rate (%)[3/]	13.8	-3.8	6.3	3.3	4.0
Growth rate (Volume, %)[3/]	1.0	-4.1	5.2	3.0	3.5
Trade balance (Bil. USD)	13.5	19.4	19.3	17.0	18.7
Current account balance (Bil. USD)	-17.2	7.4	12.3	14.3	14.0
Current account to GDP (%)	-3.5	1.5	2.3	2.6	2.5
Inflation (%)					
CPI	6.1	1.2	0.4	0.3 - 1.3	0.5 - 1.5
GDP Deflator	4.7	1.3	0.9	0.3 - 1.3	0.5 - 1.5

Source: Office of the National Economic and Social Development Council, 17th February 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