

Economic and Financial Outlook

ttb analytics

May 2025





Global Economy

- From April to mid-May 2025, economic data continued to indicate a global economic slowdown, although the temporary pause in tariffs has helped reduce the risk of a recession. At the same time, inflation appears to be softening both DM and EM, with diminished global upward pressure on prices.
- The easing of tariff tensions has greatly reduced the chances of a US recession this year. Still, the economy recorded its first contraction since 2022, mainly due to a spike in imports from front-loading. Nonetheless, recent labor and inflation data support the Fed holding policy rate
- Despite a positive outlook for the Chinese economy, reaching 5% growth in 2025 remains a challenge. April data shows slowing retail sales, industrial output, and fixed-asset investment. The property market is still struggling, with declining housing prices and property investment, and other indicators like CPI and PPI suggest domestic demand remains sluggish.



Thai Economy

- In March 2025, Thai economic activities continued to slow from previous month due to lower in the tourism-related activities, aligning with lower number of foreign tourists. Private consumption and investment also declined. Meanwhile, merchandise exports remained high due to accelerated exports to avoid hitting by US tariff.
- Headline inflation in Apr25 turned negative in 13 months marking a deflation concerns. Notably, trade balance (Custom basis) registered a surplus following a great expansion in exports leading to current account balance also increased remarkably.
- In Q1/25, Thai economy grew surprisingly resulting from acceleration in exports of goods and services. While, private final consumption expenditure, general government final consumption expenditure, imports of goods and services, and gross fixed capital formation. In addition, NESDC revised down the GDP growth projection in 2025 amid trade uncertainty going forward.



Financial Markets

- US bond yields rose across the curve due partly to shifting expectations around Fed rate cuts and concerns over Trump's tax bill. Meanwhile, Thai bonds slightly mirrored the move, showing a bear flattening trend.
- The dollar resumed its decline due partly to fiscal concerns, after a brief rebound from the US-China tariff pause and lowered Fed rate cut expectations. Meanwhile, regional currencies strengthened, with the Thai baht continuing to correlate with gold prices. Given the fading US exceptionalism, the dollar is likely to weaken, while elevated gold prices amid this backdrop may further boost the Thai baht despite weak fundamentals.

PART 1

Global Economy

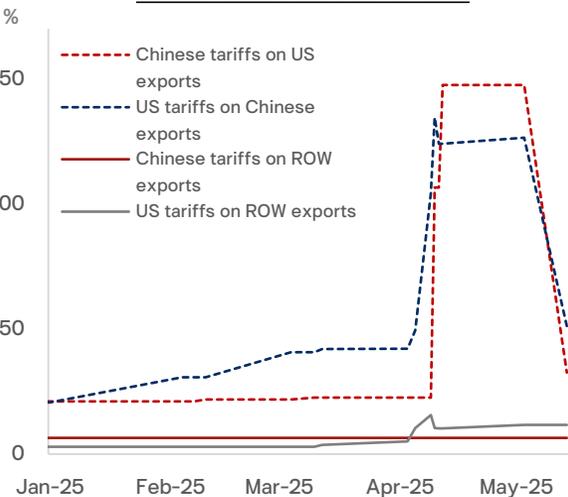


Recent data continued to signal a global slowdown, though the tariff truce has eased recession risks

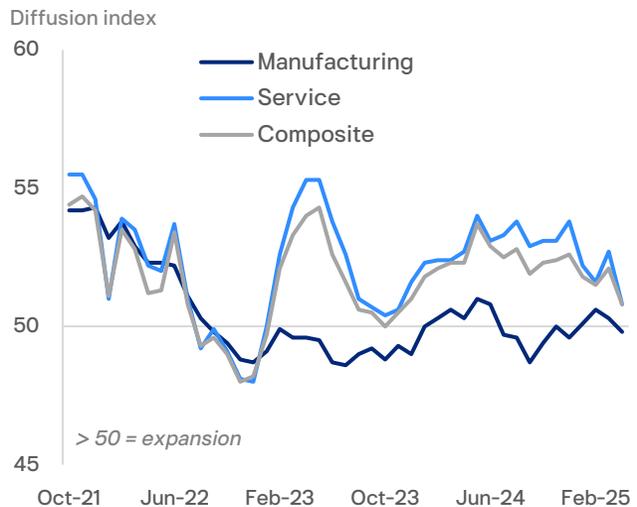
Meanwhile, inflation pressures are also easing, with limited upside risk



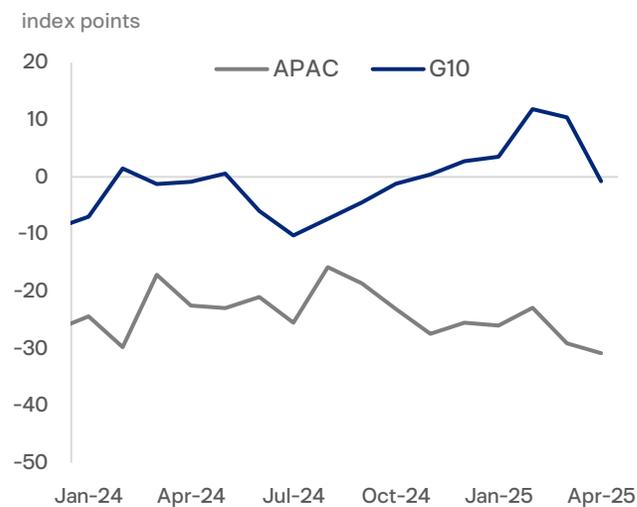
US-China tariff rates toward each other and rest of World



Global PMIs



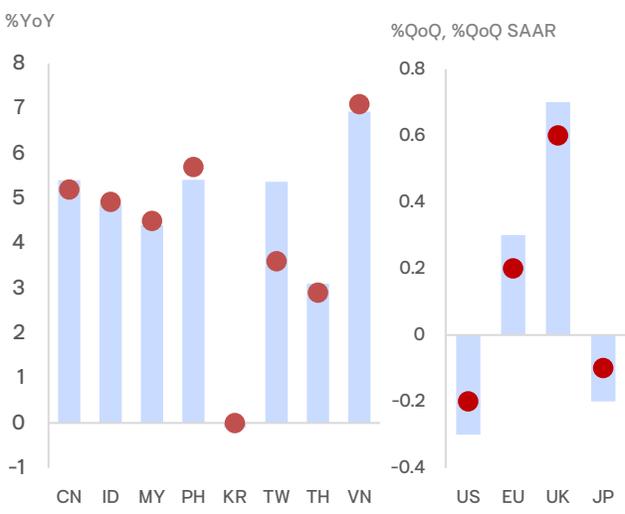
Inflation surprise indices



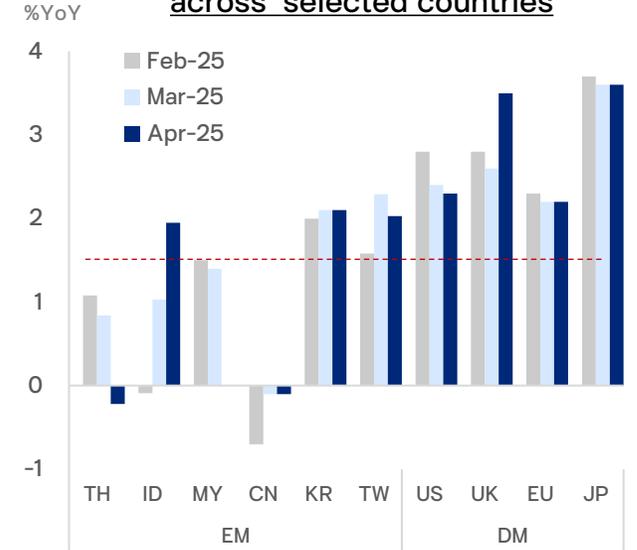
Economics surprise indices



Real GDP growth Q1/2025



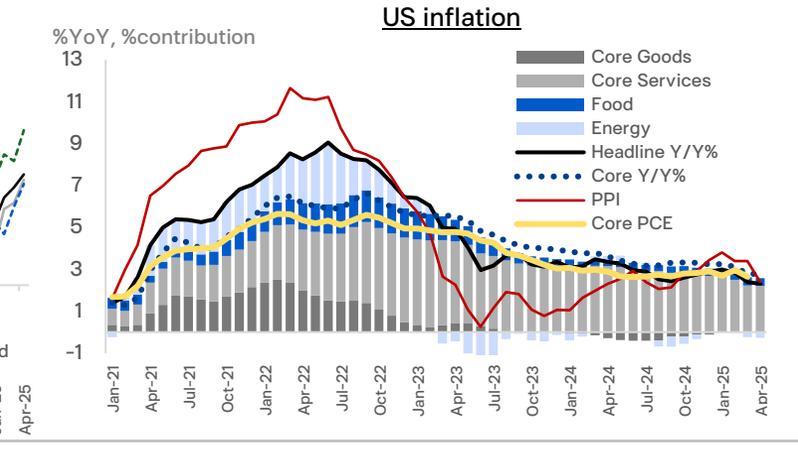
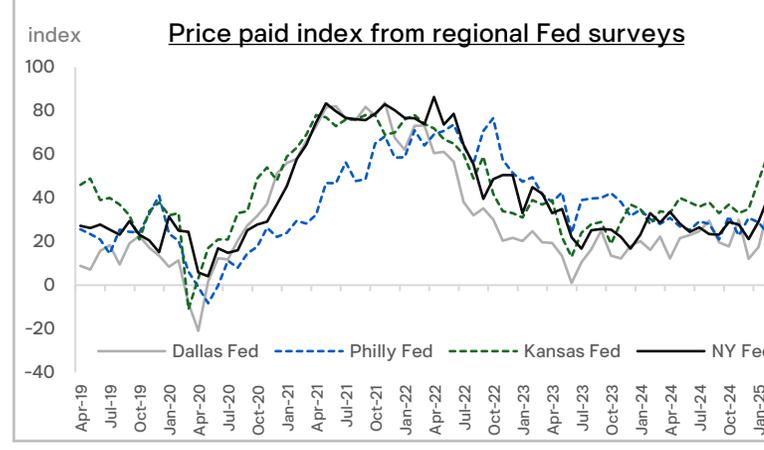
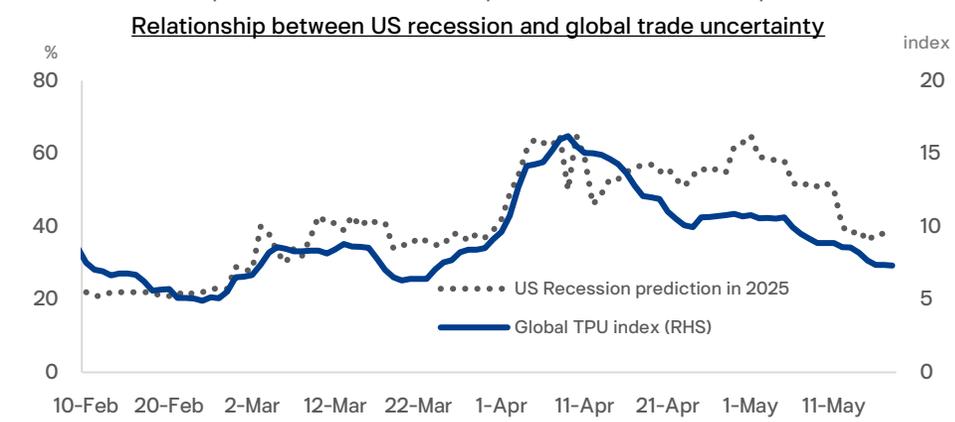
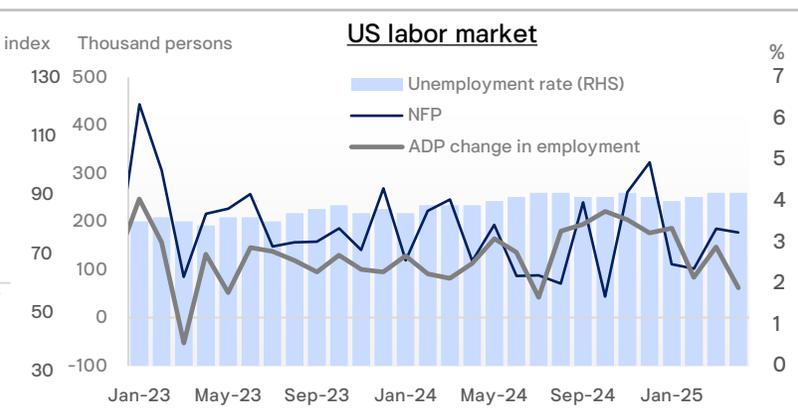
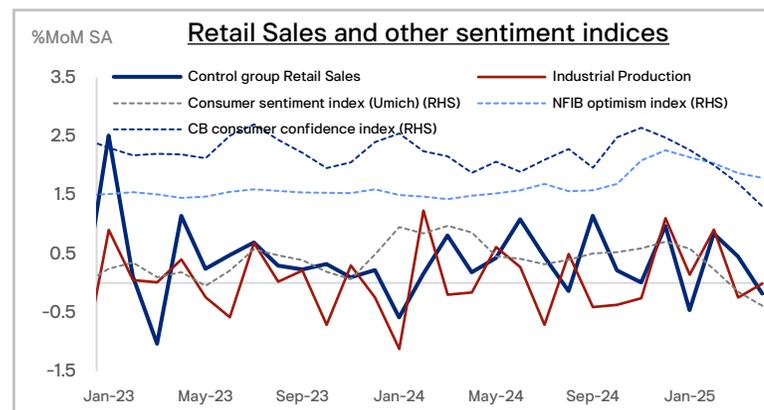
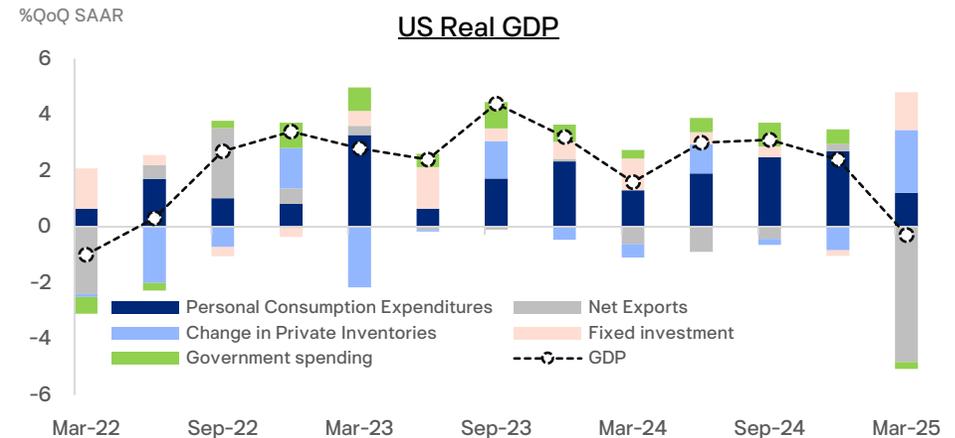
Headline inflation across selected countries



- The global economic outlook has become slightly more optimistic due to the temporary US-China tariff pause.
- Recent data indicates a continued mild global slowdown, with US figures underperforming both market expectations and global data. Q1 GDP in several countries also weakened from the previous quarter and missed forecasts. Meanwhile, the April PMI showed a decline, especially in manufacturing, which dipped below 50 amid lingering tariff uncertainty.
- Regarding price pressures, global inflation continued to ease across both emerging and developed markets, partly aided by lower oil prices, as shown by recent CPI data. With tariffs de-escalating, the risk of global inflation appears more contained, although soft data suggests rising input costs.

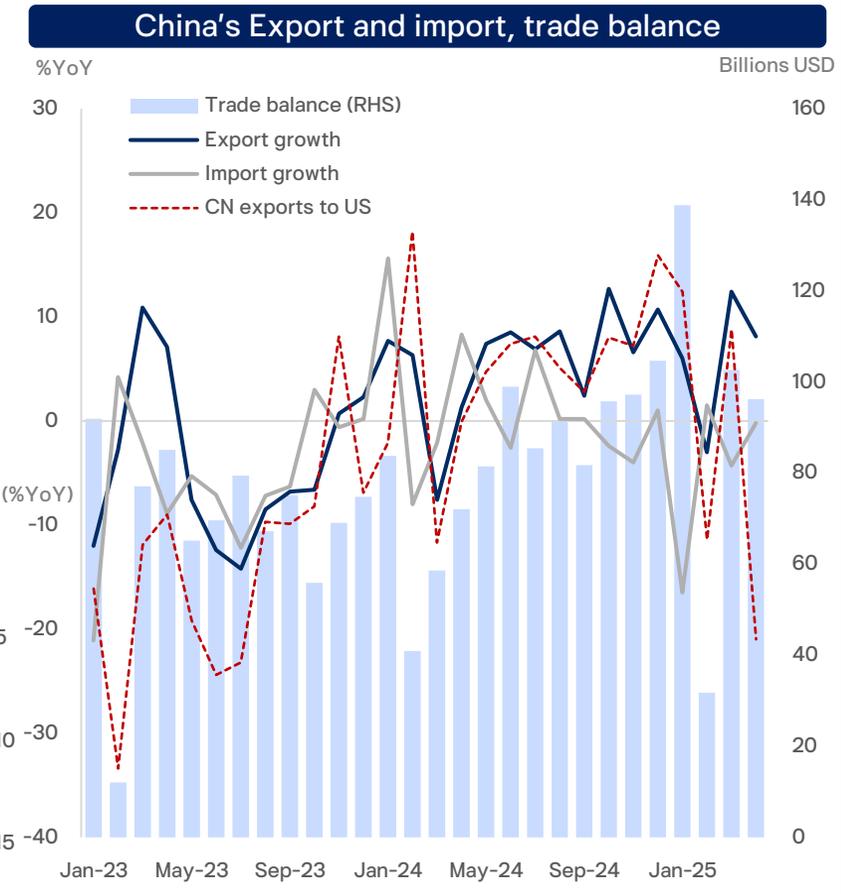
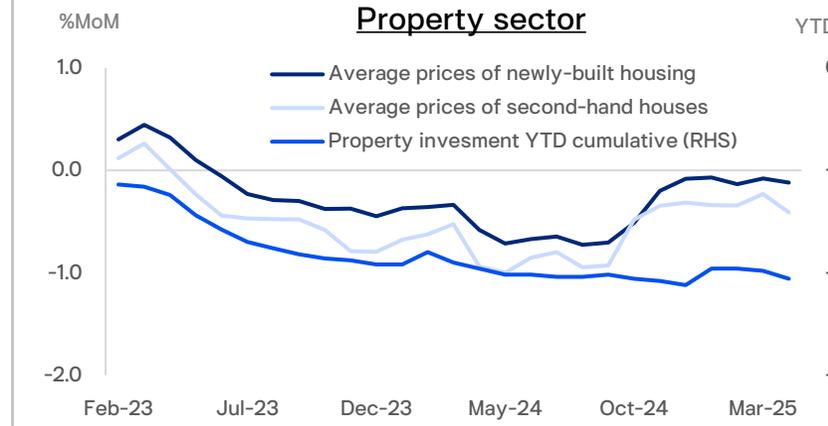
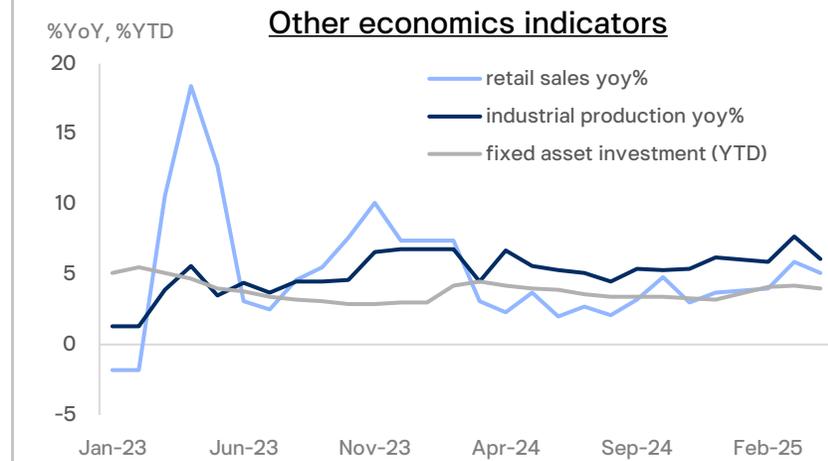
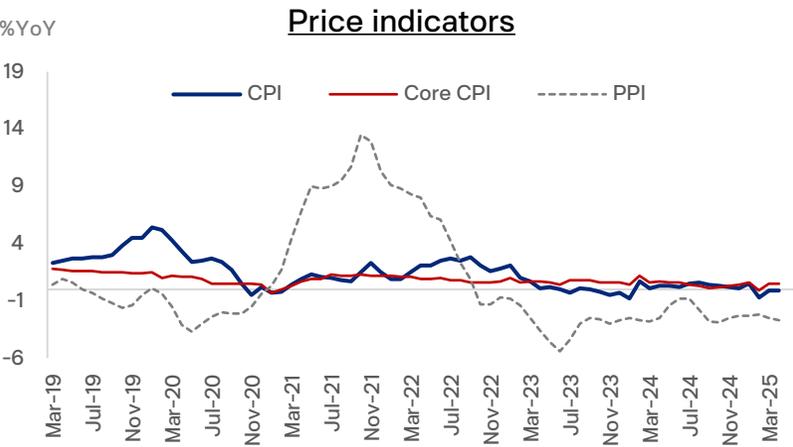
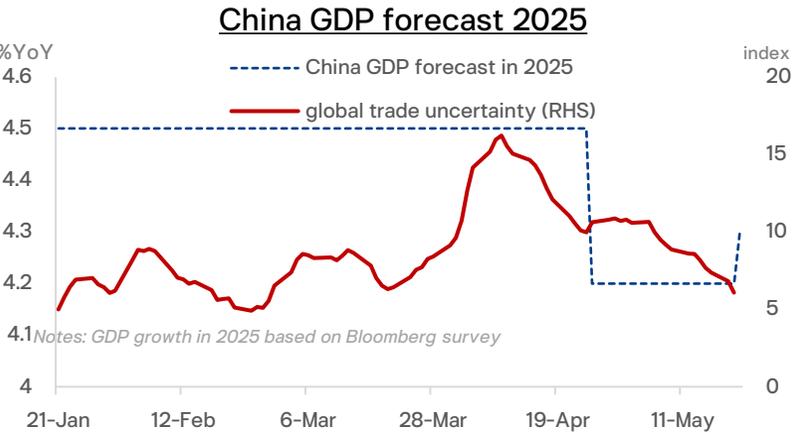
Source: PIIE, Bloomberg, CEIC, ttb analytics
 Remark: *Economics surprise indices updated as of 13 May 25

The US economy is slowing, but recession risks have fallen, while recent labor and inflation data support the Fed holding policy rate



- The easing of tariff tensions has greatly reduced the chances of a US recession this year. Still, the economy recorded its first contraction since 2022, mainly due to a spike in imports from front-loading and a marked slowdown in household spending. April's economic data pointed to a continued slowdown, with control group retail sales missing expectations and declining. Industrial production was flat, manufacturing output shrank, and soft indicators reflected weak confidence amid tariff uncertainty and inflation concerns. Meanwhile, US fiscal deficit concerns grow after Moody's downgrade and Trump tax bill.
- When looking at the Fed's key economic indicators, non-farm payrolls continued to show robustness, with job gains surpassing expectations, even as other labor metrics showed signs of slowing. Both CPI and PPI decelerated more than anticipated, with PPI showing negative momentum. In light of this, the Fed may opt to keep interest rates unchanged in the near term.

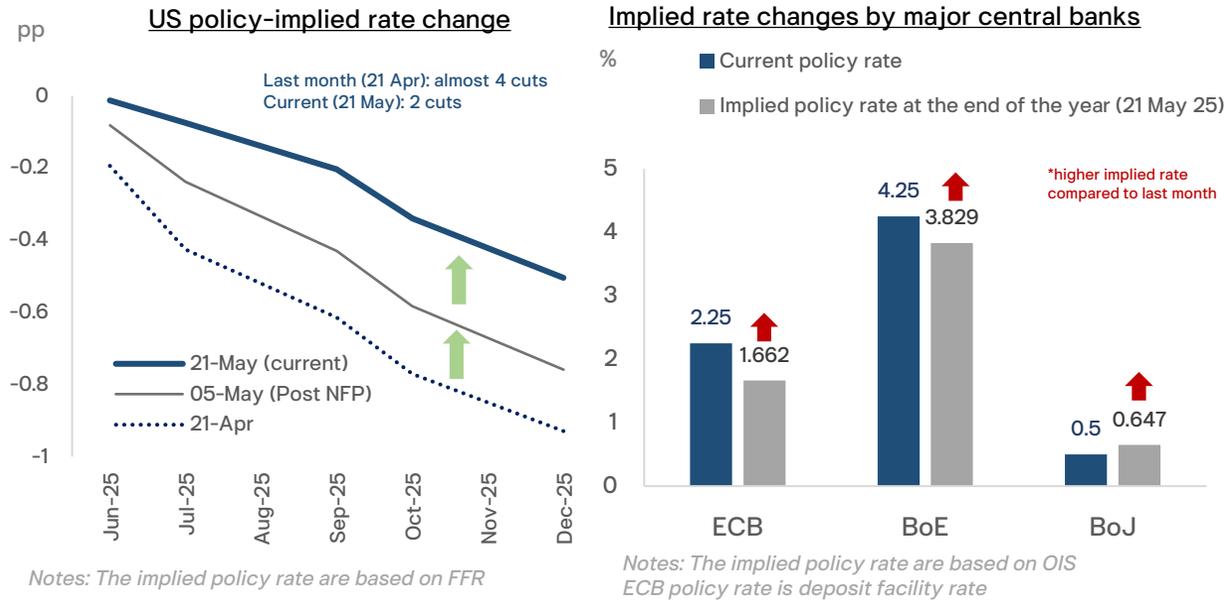
Despite a positive outlook for the Chinese economy, reaching 5% growth in 2025 remains a challenge, with recent data emphasizing the need for continued massive stimulus



- The 90-day tariff truce between the US and China has boosted optimism for China's 2025 growth, but hitting the 5% target remains challenge, despite the launch of a new 500 bn domestic stimulus package, ranging from consumption to real estate. April data shows slowing retail sales, industrial output, and investment. The property market is still struggling, with declining prices and investment, and other indicators like CPI and PPI suggest domestic demand remains sluggish.
- Despite some impact from retaliatory tariffs, China's exports in April surpassed expectations by redirecting trade to markets such as ASEAN, India, and the EU, while exports to the US dropped sharply year-over-year. A slight decline in imports led to a narrower trade surplus. The recent tariff pause and relaxation of non-tariff measures are expected to support continued front-loading of exports in the coming months.

Despite positive trade talks, the impact of tariffs persists, leading central banks, especially in Asia, to cut rates, while major banks remain cautious amid uncertainty

Expected policy rate changes by selected major central banks by the end of 2025



Asian countries' expectations

Country	Current Policy Rate	Changes in policy rate in 2025 (bps)	Forecast policy rate at the end of 2025 (%)
MY	3.00	0	2.70 ↓
KR	2.75	-25	2.10 ↓
ID	5.5	-50	5.20 ↓
IN	6.0	-50	5.45 ↓
PH	5.50	-25	4.95 ↓
TW	2.00	0	1.95
VN	4.5	0	4.35

Notes: Forecast policy based on Bloomberg weighted average

Latest Monetary Policy development

DM

- Considering the recent labor and inflation data, along with Powell's remarks, the Fed is likely to take a **wait-and-see approach for now**, awaiting more clarity on the effects of Trump's tariff policy on growth. However, the policy cut may still take place this year, likely following a back-loaded approach.
- ECB officials focus on the **economic slowdown caused by tariffs**, despite the unexpected rise in CPI in April. With inflation currently close to the target, there is a possibility that the upcoming meeting in June may lead to a rate cut.
- Despite maintaining its policy of rate hikes, the **BOJ may adopt a wait-and-see approach** due to the recent contraction in Q1 GDP, uncertainties arising from US tariffs, and dovish comments from BOJ officials, as reflected in the decision to maintain the policy rate at the last meeting.
- Following the **unexpectedly divided 25 bps cut in May**, the **BoE may reduce the pace of policy easing** due to officials' concerns about inflation risks and the recent CPI surge, which exceeded forecasts and reached its highest level in over a year.

EM

- The **PBOC has launched a range of easing measures**, including a 50bps RRR cut, rate cuts like 10bps on the 7-day repo, 25bps on others, and increased relending quotas for key sectors.
- The recent strength of Asian currencies, along with inflation conditions, has created room for regional central banks to **lower rates**. Consequently, the focus of these banks has shifted towards supporting growth. BI, along with the BOT and the BSP, eased monetary policy to support their economies amid the trade war impact.

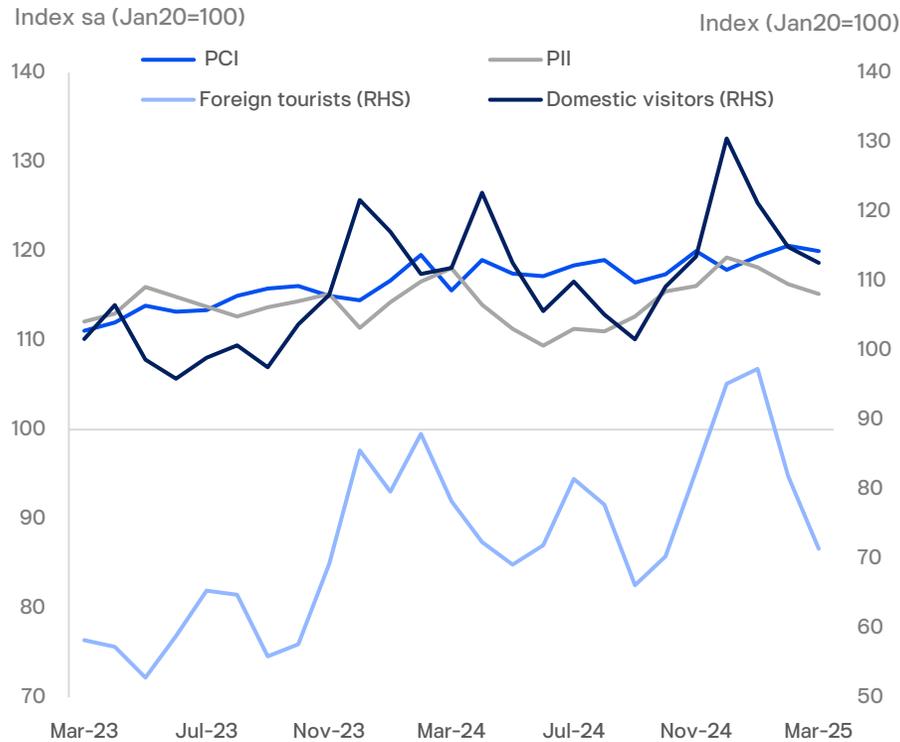
PART 2

Thai Economy

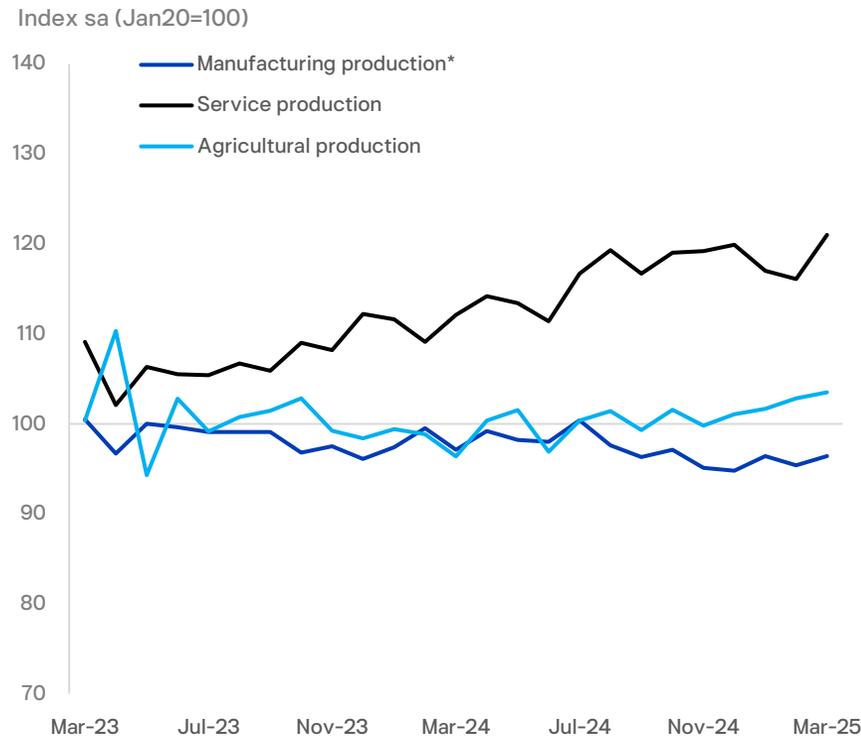


In March 2025, Thailand economic activities softened from previous month while exports lead the overall momentum

Demand-side indicators



Supply-side indicators



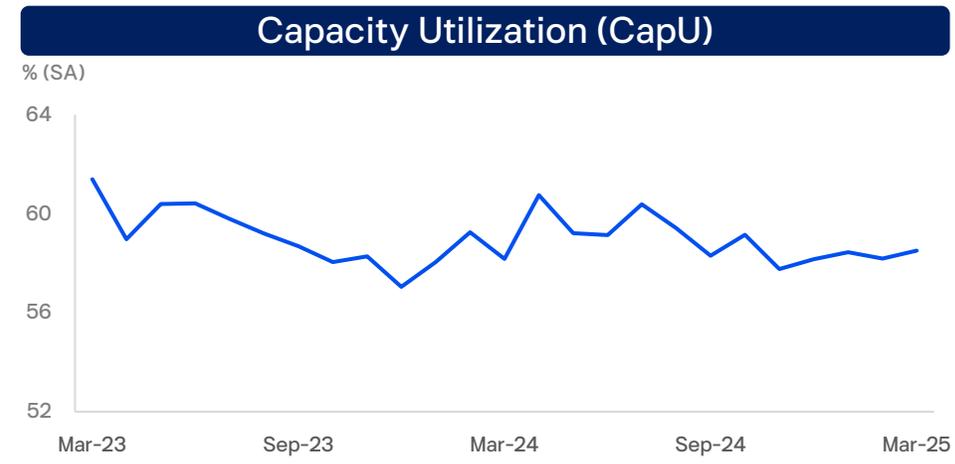
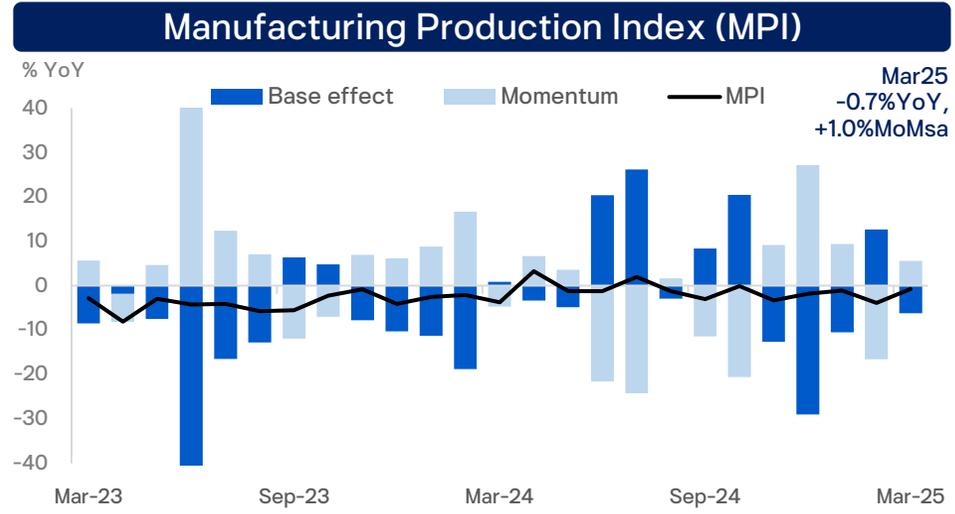
- In Mar25, Thai economic activities continued to slow from previous month due to lower in the tourism-related activities, aligning with lower number of foreign tourists. Private consumption and investment also declined. Meanwhile, merchandise exports remained high due to accelerated exports to avoid hitting by US tariff.
- On the economic stability front, headline inflation in Apr25 turned negative in 13 months marking a deflation concerns. Notably, trade balance (Custom basis) registered a surplus following a great expansion in exports leading to current account balance also increased remarkably.

Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Authorized Capital of Newly Registered Companies (Million Baht)	126.8	155.3	123.9	159.3	134.6	100.2	125.3	171.5	137.6	129.6	141.3	92.6	219.3
Construction Areas Permitted (1000 sq. m)	117.7	118.4	112.0	108.5	107.2	105.5	102.3	102.3	100.7	98.8	97.1	91.3	88.0
Export Volume index (exclude Gold)	108.9	114.0	113.0	112.1	114.8	119.4	115.3	115.4	119.4	118.5	120.2	126.4	123.9
Business Sentiment Index (3 months)	103.4	101.5	104.4	101.5	100.1	97.4	100.0	102.6	99.8	97.8	97.8	99.9	100.6
SET index	91.0	90.3	88.9	85.9	87.2	89.8	95.7	96.8	94.3	92.5	86.8	79.5	76.5
Oil Price Inverse Index (Dubai)	1.2	1.1	1.2	1.2	1.2	1.3	1.4	1.3	1.4	1.4	1.2	1.3	1.4

Source: Bank of Thailand and ttb analytics
 Remark: *rebase Jan21 due to OIE new rebase data

Manufacturing production increased slightly from the previous month due to higher production of export-led industries



MPI by sector (base year 2021)

Contribution	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Food products (16.7%)													
Beverages (3.8%)													
Tobacco products (0.7%)													
Textiles (1.9%)													
Wearing apparel (1.6%)													
Leather products (0.8%)													
Paper products (2.1%)													
Coke and refined petroleum products (10.7%)													
Chemicals (8.8%)													
Pharmaceutical products (1.2%)													
Rubber and plastics products (8.8%)													
Other non-metallic mineral products (5.4%)													
Basic metals (3.4%)													
Fabricated metal products (2.3%)													
Computer and electronic products (9.4%)													
Electrical equipment (3.5%)													
Machinery and equipment (2.8%)													
Motor vehicles (11.2%)													
Other transport equipment (1.1%)													
Furniture (0.9%)													
Others (2.3%)													
MPI (%YoY)	-3.7	3.3	-1.2	-1.2	2.0	-1.2	-3.0	-0.1	-3.3	-1.8	-1.1	-3.9	-0.7

As of Mar25, Manufacturing Production Index (MPI) increased from the previous month. This was due to higher production in export-led industry including automotive, electronic parts and hard disk drive. However, production in some categories declined, such as textile and apparel, and construction materials. The Capacity Utilization improved slightly but remaining below the historical pace.

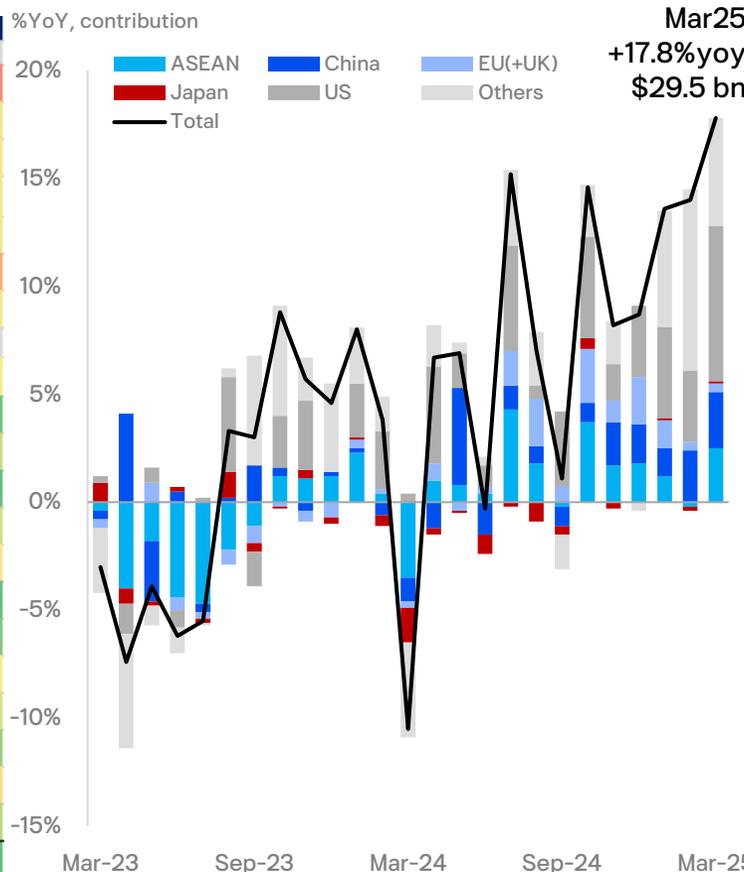
Merchandise export in March experienced a dramatic increase influenced by concerns over new US tariff effect



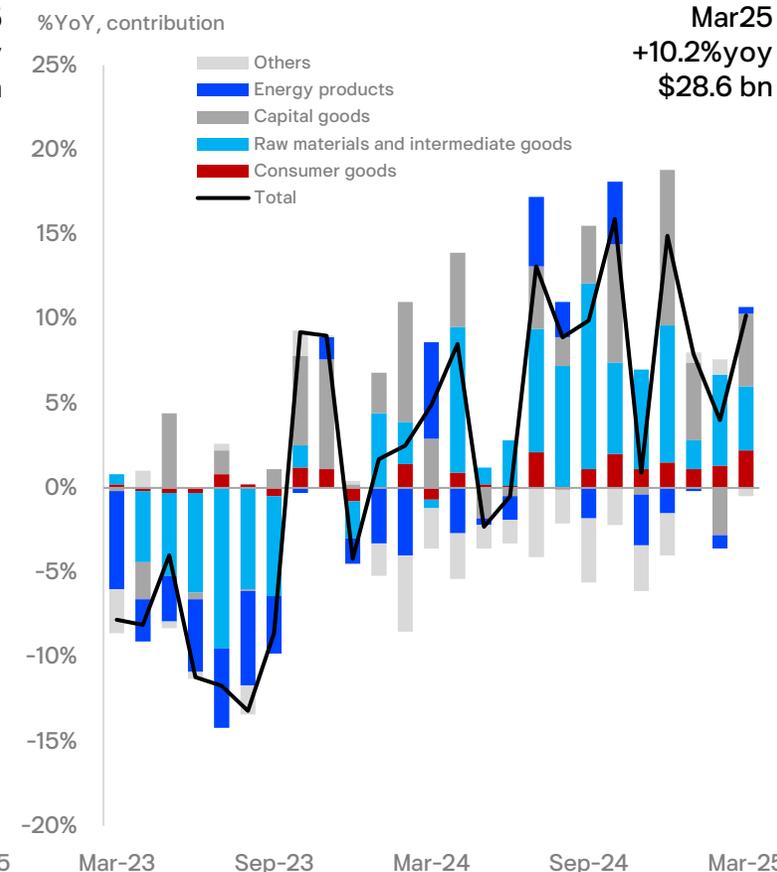
Exports value by product and destination

Unit: %YoY

	Mar-24	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
Agri-agro products													
Rice	30.6%	91.5%	-4.5%	96.6%	15.2%	46.6%	15.2%	101%	-20.6%	-8.5%	-32.4%	-34.2%	-23.4%
Rubber	36.9%	36.2%	46.6%	28.8%	15.6%	64.8%	47.4%	32.6%	141%	48.5%	45.5%	35.7%	19.5%
Tapioca products	-16.7%	-9.6%	-17.0%	-3.8%	55.4%	-11.5%	-29.2%	-30.5%	-6.3%	7.8%	-7.9%	-15.8%	-15.1%
Fresh, Frozen & Dried vegetable and Fruit	-20.0%	-25.1%	91.9%	-31.0%	-15.7%	2.9%	-14.0%	7.3%	33.8%	10.7%	-2.8%	8.3%	14.0%
Poultry	1.2%	12.1%	3.5%	-1.9%	13.6%	5.1%	-0.4%	12.4%	120%	7.1%	12.3%	9.3%	5.1%
Sugar	-45.4%	-10.4%	-44.3%	-52.1%	-38.9%	-13.6%	-8.9%	-11.8%	-21.3%	-29.9%	0.0%	27.3%	-26.8%
Animal feeding	29.6%	52.9%	39.2%	13.1%	26.6%	25.0%	21.5%	18.2%	18.1%	9.7%	12.9%	14.4%	12.5%
Industrial products													
Motor Cars, Parts, Accessories	-6.7%	13.5%	-8.0%	-0.6%	-12.5%	-17.9%	-10.6%	-13.0%	-0.3%	-6.2%	-13.1%	2.7%	0.3%
Computer and parts	-11.8%	62.0%	44.5%	22.0%	82.6%	74.7%	25.5%	77.5%	40.7%	43.5%	45.0%	51.3%	80.2%
HDD	-36.2%	85.2%	30.9%	4.4%	84.6%	112.2%	3.8%	124.9%	47.8%	18.0%	36.7%	45.1%	45.5%
Integrated Circuits	-18.2%	-9.2%	-11.9%	-21.4%	-8.7%	-33.2%	1.2%	1.9%	3.9%	-2.6%	9.0%	24.8%	41.5%
Air Conditioning Machine	-12.7%	12.9%	-7.7%	-8.5%	27.8%	15.2%	22.5%	44.9%	35.8%	28.7%	33.2%	32.8%	19.1%
Refrigerating	-13.4%	2.2%	-14.1%	-1.9%	34.0%	11.6%	-17.8%	-6.6%	16.0%	-15.5%	-20.9%	4.4%	-1.5%
Electronic Machines	-8.4%	25.5%	22.9%	8.3%	31.8%	13.9%	8.2%	29.6%	9.6%	12.8%	17.3%	21.6%	47.8%
Plastic pallet	-13.7%	0.5%	-0.4%	-6.3%	6.9%	-3.3%	-5.2%	4.8%	2.2%	10.3%	4.1%	1.3%	7.6%
Chemical Products	-10.9%	16.4%	-3.2%	-5.5%	38.2%	12.5%	4.4%	18.7%	10.7%	20.1%	6.6%	19.5%	8.4%
Machinery & Parts	1.3%	58.8%	12.4%	7.2%	10.0%	23.0%	8.7%	43.0%	16.7%	35.6%	28.1%	21.5%	17.3%
Rubber Products	-6.9%	1.5%	-8.7%	-2.2%	13.8%	14.9%	15.7%	27.2%	24.8%	22.5%	19.9%	16.9%	17.7%
Refined oil	-6.1%	-21.2%	-0.5%	2.8%	35.5%	1.0%	-29.8%	-21.4%	-16.3%	-33.7%	-4.3%	-3.6%	-8.0%
Jewelry ex gold	-3.1%	8.2%	3.9%	-4.3%	-6.5%	17.6%	-0.8%	-1.8%	24.3%	79.5%	148.8%	106.3%	69.8%
Total export	-10.9%	6.8%	6.9%	-0.3%	15.2%	7.0%	1.1%	14.6%	8.2%	8.7%	13.6%	14.0%	17.8%



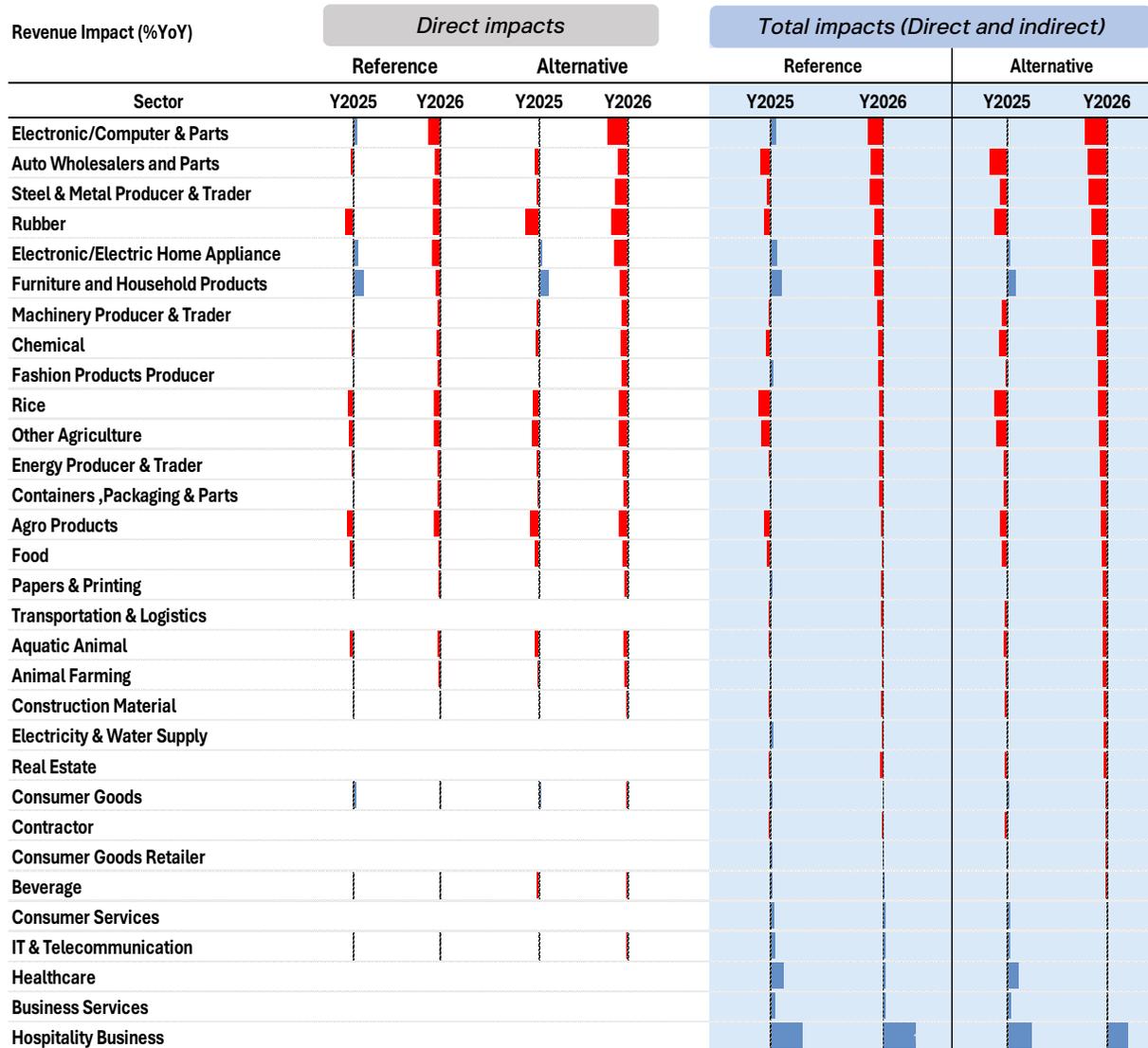
Imports value by groups



- Thailand's exports in Mar25 continued to expand, marking the ninth consecutive month of growth. Key export products that contributed to this expansion remained the industrial products including computer and parts, automobiles, equipment, and parts, air conditioning, including jewelry and gold. Additionally, some products of agricultural and agro-industry sectors also expanded e.g., rubber, pet foods, fruits. Major export markets that experienced growth included US, China and Europe thanks to the continuing front-loading effect. Nonetheless, import value saw an accelerated growth aligning with increase imports of most categories except vehicles and military equipment. As a result, Thailand recorded a trade surplus of USD 973 millions approx. (First 3 months trade surplus of USD 1.08 billions)

Among all affected sectors, electronic/computer parts may suffer the most severe impact from the new US tariff

Revenue impact from increase in US tariffs on Thailand's industries (%YoY)*



Example of export product influenced by new US tariff**

High impact

- Electronic parts
- Computer and parts
- Network and communication equipment
- Electrical appliance
- Automotive and parts (including tyre)

Moderate impact

- Chemical products
- Rubber
- Furniture and home appliance
- Textile and apparel

Low impact

- Meat and processed meat
- Vegetable and fruits

- According to BOT assumption; Reference and Alternative scenario. The total impact on each industry influenced by different factors including degree of US market reliance, tariff rate on Thailand products, price elasticity, tariff rate on China products and indirect impact from China's influx and effect to domestic economy, which could attribute to moderately impact in 2025 and more severe impact to overall industry in 2026.
- ttb analytics assessed that industrial groups that are highly dependent on the US market and are at risk of losing market share from Thailand being subject to significantly higher import tariffs than its competitors, such as computers and components, and other electronic devices, most of which are already subject to relatively low import tariffs.

Source: MOC and ttb analytics Remark: *based on BOT assumption (1) Reference scenario set universal tariff of 10% to all countries (exc. China of 54%) applied on 2H25 onward and 2) Alternative scenario set reciprocal tariff to all countries would be cut by half of announced rate that Thailand would be imposed 18% which applied on 2H25 onward) (as of May25) **assessed by ttb analytics

5 key trade proposals submitted to the US

- 1. Importing agricultural products from the US** to use as raw materials for processing and exporting to the global market, and holding discussions with the US agricultural sector, which is an important political voter base for President Trump. Moreover, **increase imports of essential goods from the US** such as energy (crude oil, liquefied natural gas (LNG), ethane), aircraft and parts, armaments, and agricultural products like corn, soybeans, and beef, to strengthen commercial ties and meet domestic economic needs.
- 2. Strengthening cooperation, developing the processed food industry, and the digital technology industry** by leveraging the strengths of both countries together.
- 3. Open markets and reduce trade barriers.** Reducing import tariffs under the Most Favored Nation (MFN) system for 11,000 items by 14%, as well as reducing non-tariff barriers, is a key goal of the cooperation. This also includes reducing quotas and restrictions and opening the market for US goods such as cherries, apples, wheat, corn, and meat products.
- 4. Strictly enforce rules of origin** through the implementation of regulations on the origin of goods to address the issue of falsely claiming "Made in Thailand" status for goods from third countries exported through Thailand to the US. This will involve increased monitoring to maintain the reputation of Thai goods in the US market.
- 5. Promote Thai investment in the US.** The government supports the expansion of Thai private sector investment in the US within the next four years, particularly in the energy sector, such as LNG investment projects in Alaska and large-scale agricultural farm investments. Currently, Thai private companies have 70 investments in 20 US states, creating more than 16,000 jobs with an investment value of USD 16 billion.

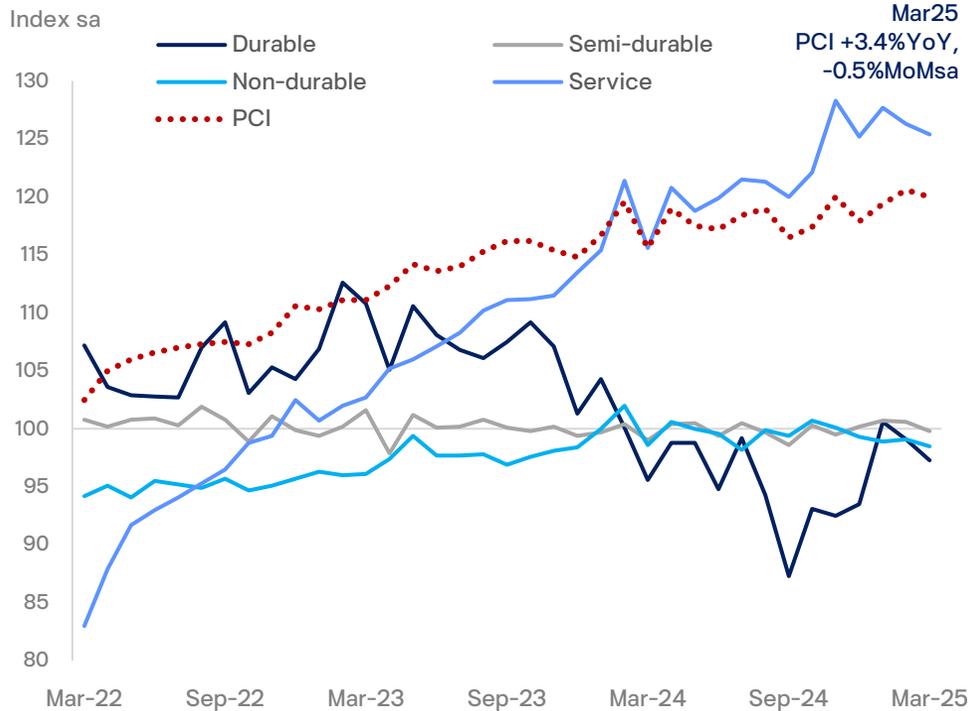


5 packages to help Thai entrepreneurs affected by the US's retaliatory tariff policies

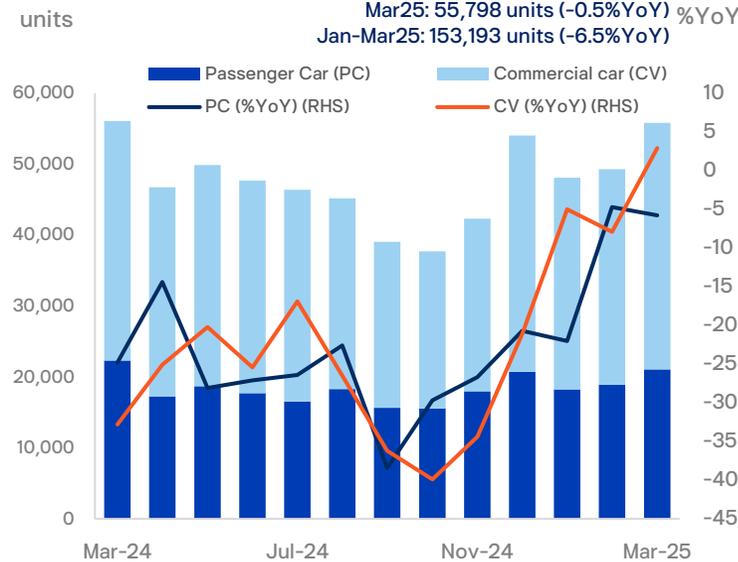
- 1. Establish "Export Clinic"** to help affected importers and exporters, by providing financial support through remedial measures by extending the debt repayment period for up to 365 days, including liquidity measures and interest rate reductions.
- 2. Provide assistance and advice to importers and exporters through the Bank's contact channels,** including providing information related to retaliatory tax policies, as well as the impact and management approaches for businesses that may be affected by US retaliatory tax policies.
- 3. Supports SMEs entrepreneurs to explore the new markets.** (EXIM BANK, providing loans for participating in exhibitions and loans, with 75% of damaging coverage).
- 4. Support affecting domestic entrepreneurs due to higher volume imports of specific goods,** in line with the government's policy in the next phase.
- 5. Support Thai entrepreneurs to invest more in the US**

Private consumption indicators gradually declined in most categories

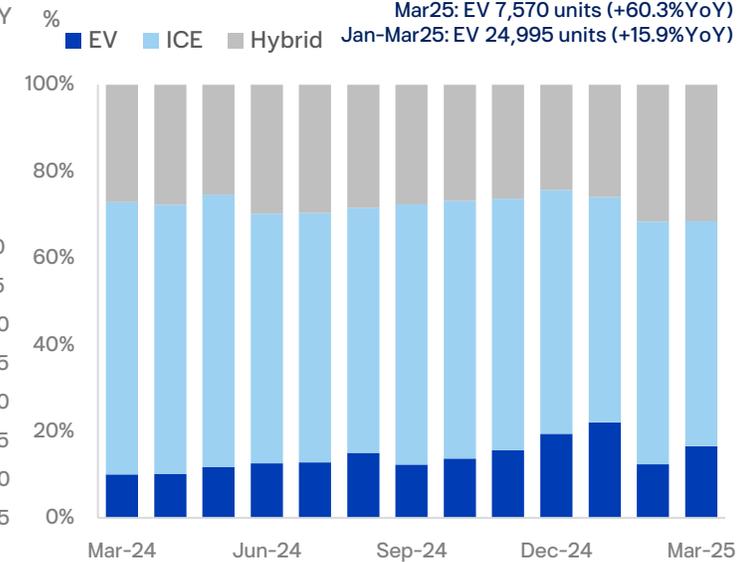
Private Consumption Indicators (SA)



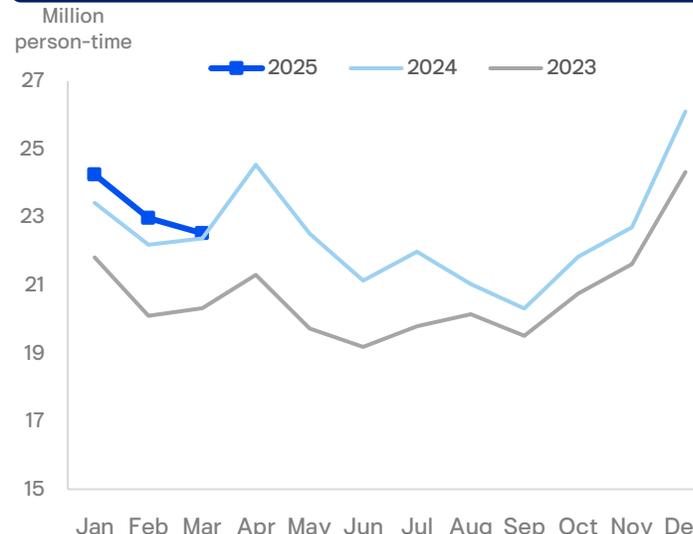
Domestic car sales**



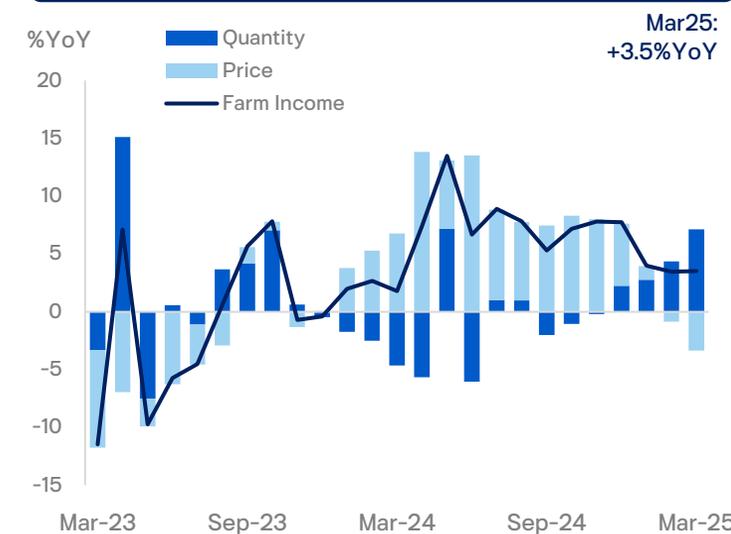
EV penetration of type 1 registration



Thai domestic visitors*



Farm Incomes



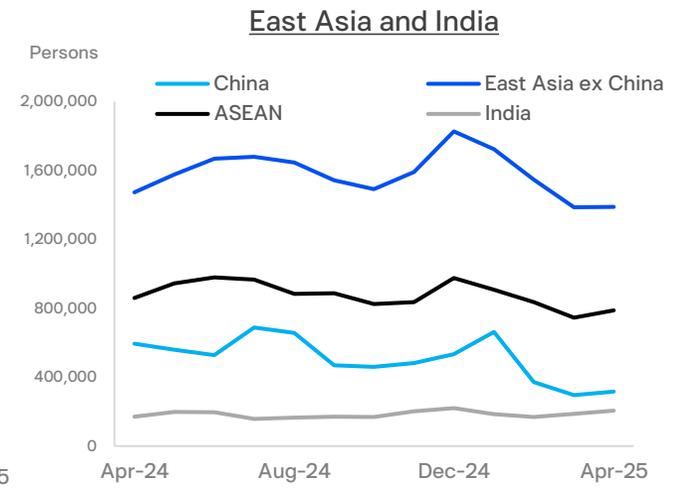
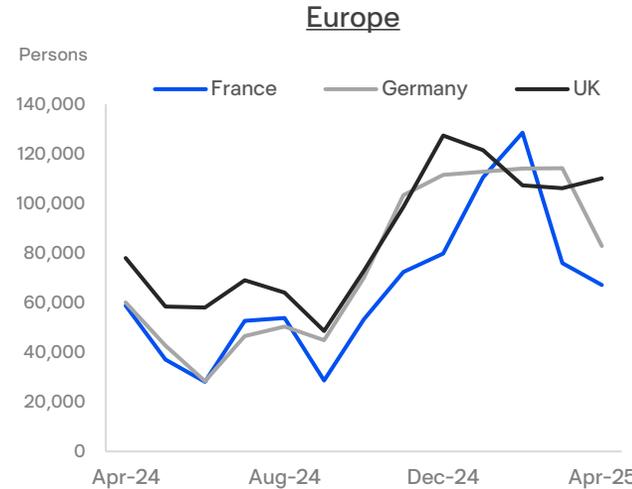
- Private consumption indicators decreased from the previous month, mainly in services, particularly hotels and restaurants, in line with lower number of tourists. Consumption of non-durables and durable goods decreased, especially passenger cars. Consumption of semi-durables also declined due to lower imports of textiles and apparel as well as sales of semi-durables.

April's foreign tourists slumped further from its peak

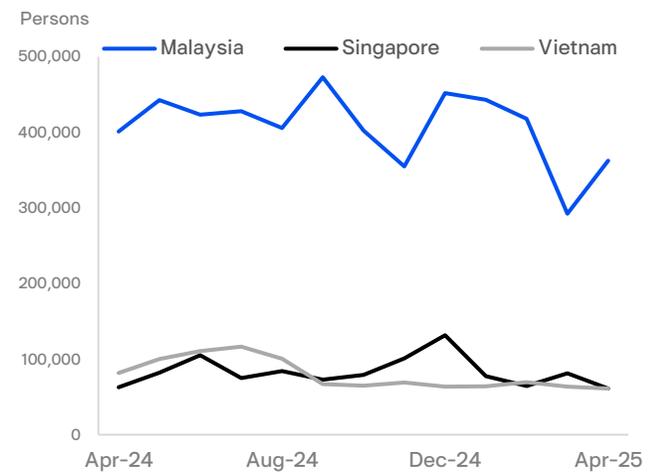
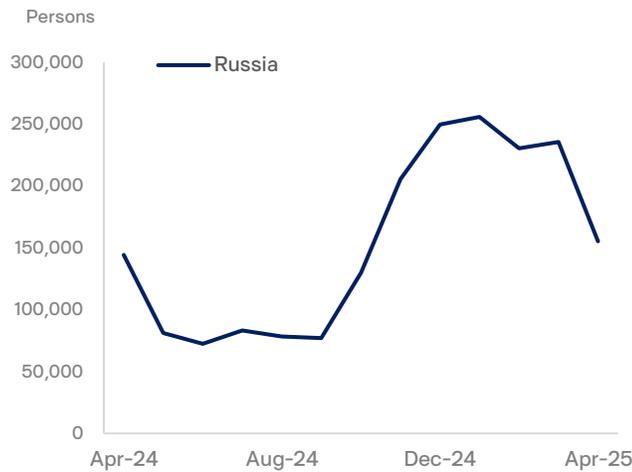
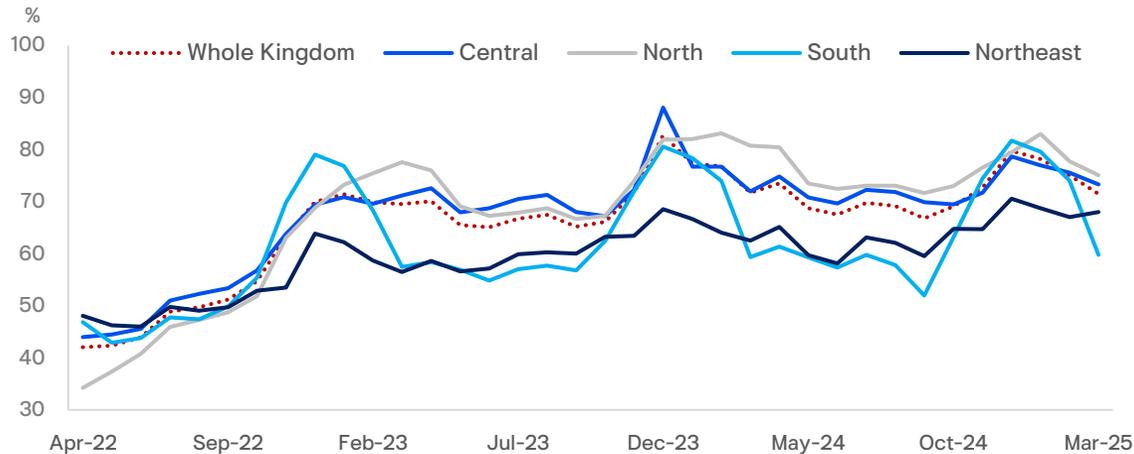
Total Foreign Tourist Inbounds



Foreign Tourist Inbounds by key regions



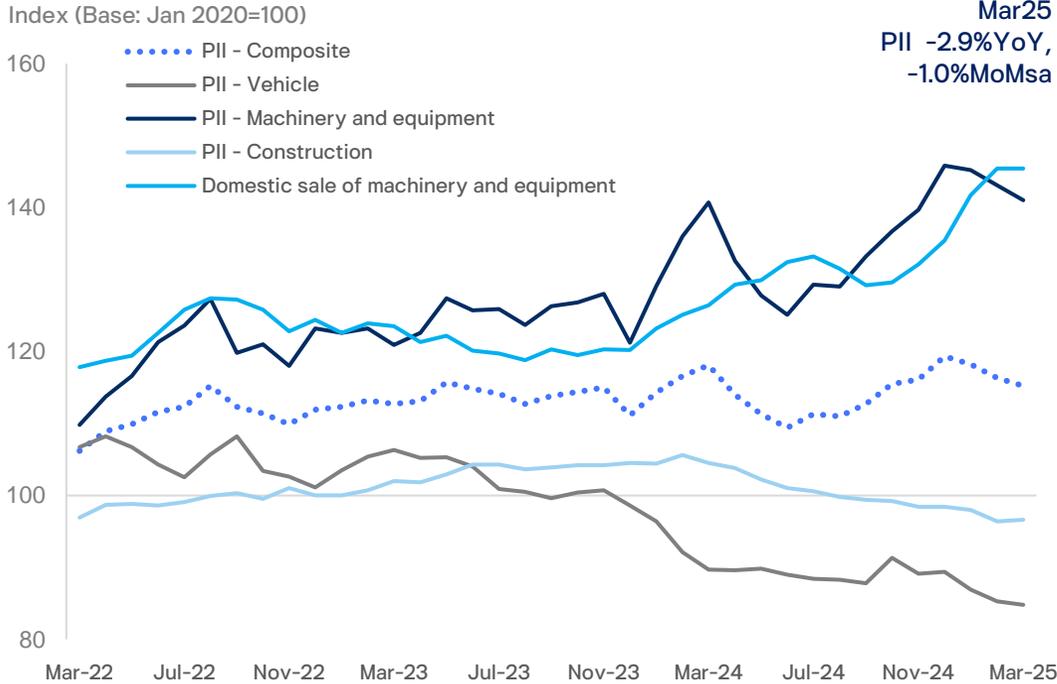
Accommodation Occupancy Rate by region



- In Apr25, foreign tourist arrivals was at 2.55 millions, slowed down further from its peak. This figure showed a sharp decline due to lower tourists from North-East Asia, Europe and the Middle East (as the Ramadan period started earlier this year). Chinese tourists were relatively low, but at a slower pace. Tourist revenue remained stable, supported by higher spending per trip from long-haul tourists, especially Russia and Australia.

Private investment indicators declined in almost categories, construction investment remained subdued

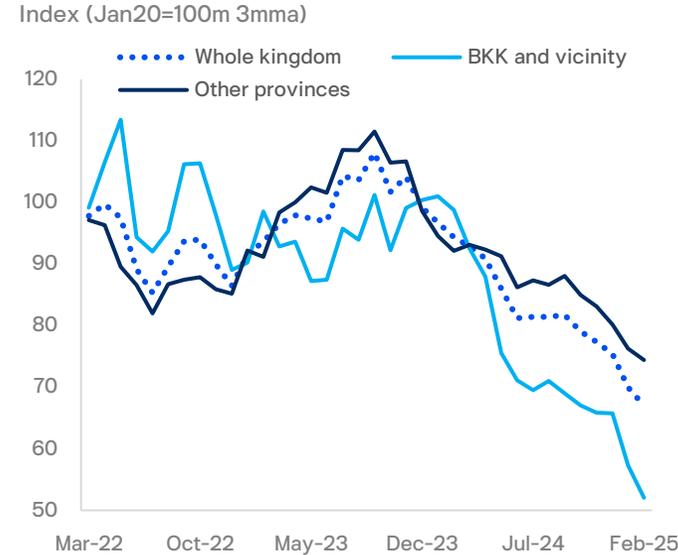
Private Investment Indicators (SA)



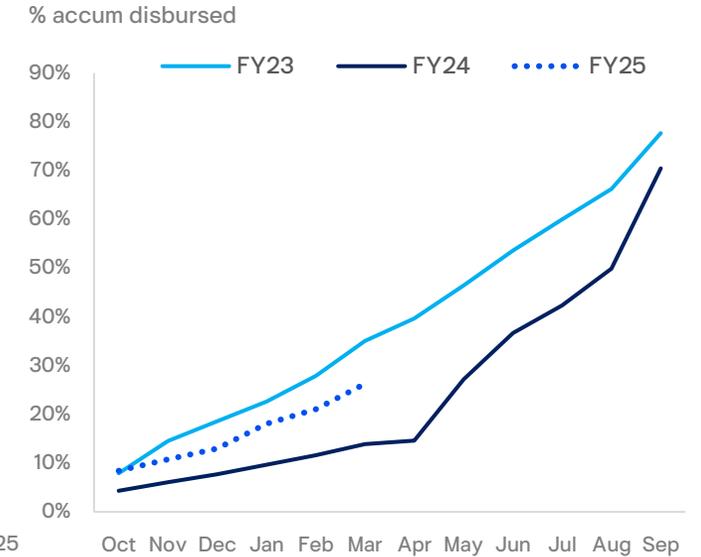
- Private investment indicators declined from the previous month, mainly from lower machinery and equipment investment, reflected in reduced net imports of capital goods. Vehicle investment also declined, reflected by lower registrations of passenger cars and pickup trucks.
- Domestic machinery sales and investment in construction remained stable, with increased non-residential construction area permits, while residential construction decreased in line with the subdued real estate market.

Source: Bank of Thailand and ttb analytics.

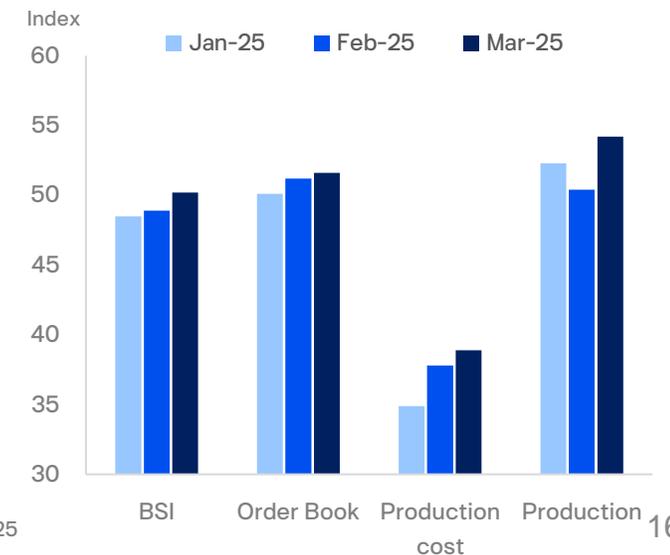
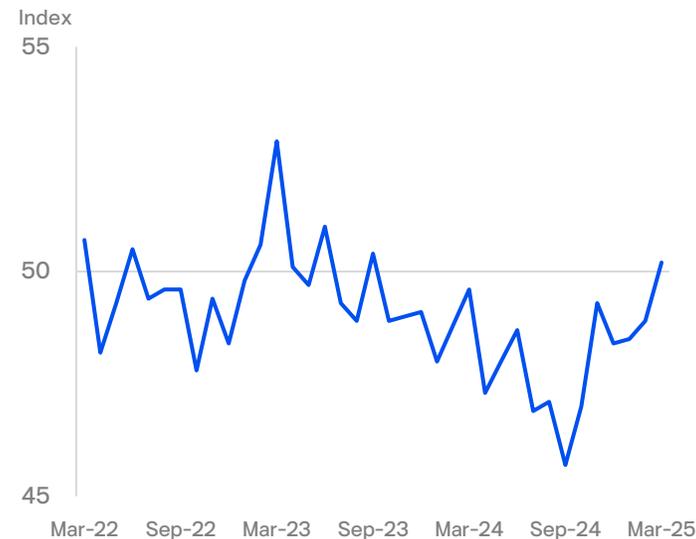
Permitted area for construction



Accumulated govt capital budget disbursement

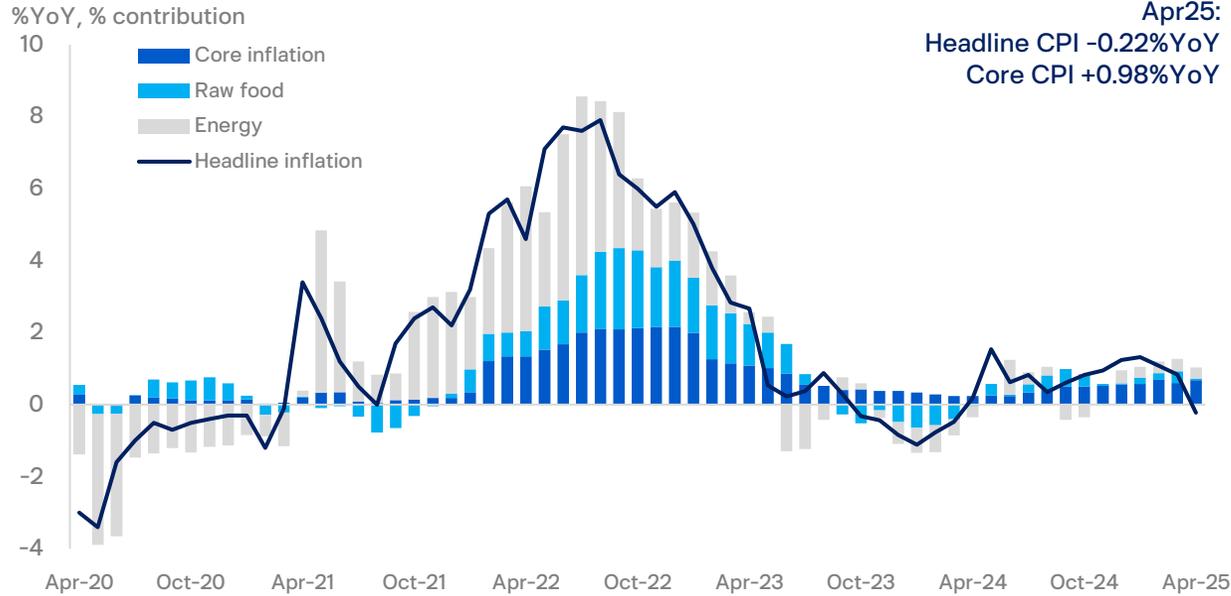


Business Sentiment Index (BSI)

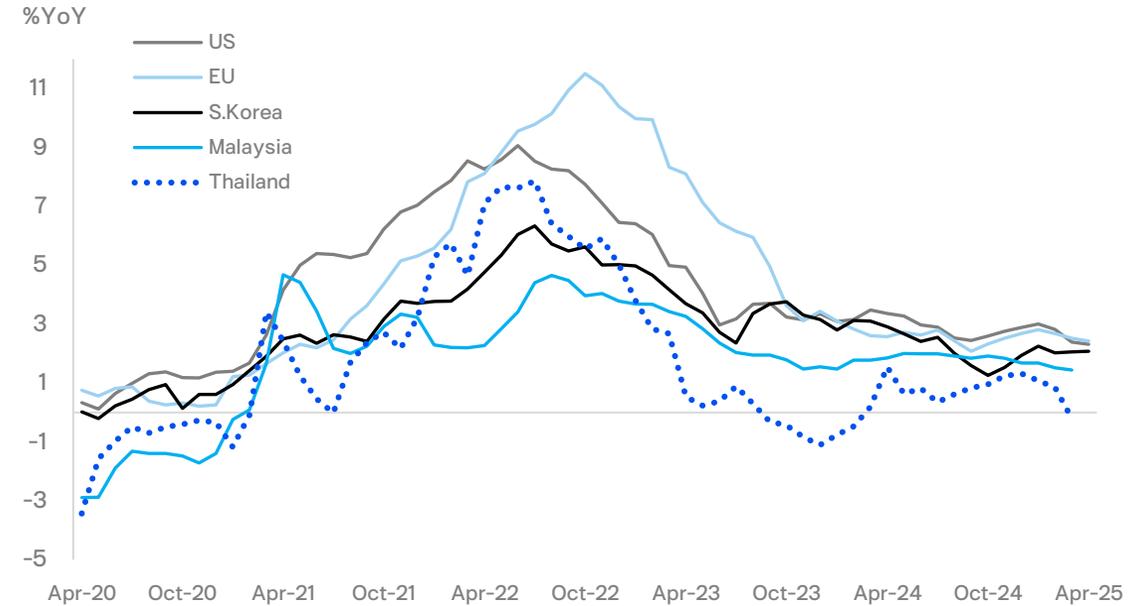


Headline inflation turned negative for the first-time in 13 months amid falling energy prices

Thailand's inflation contribution to growth



Headline inflation in selected countries



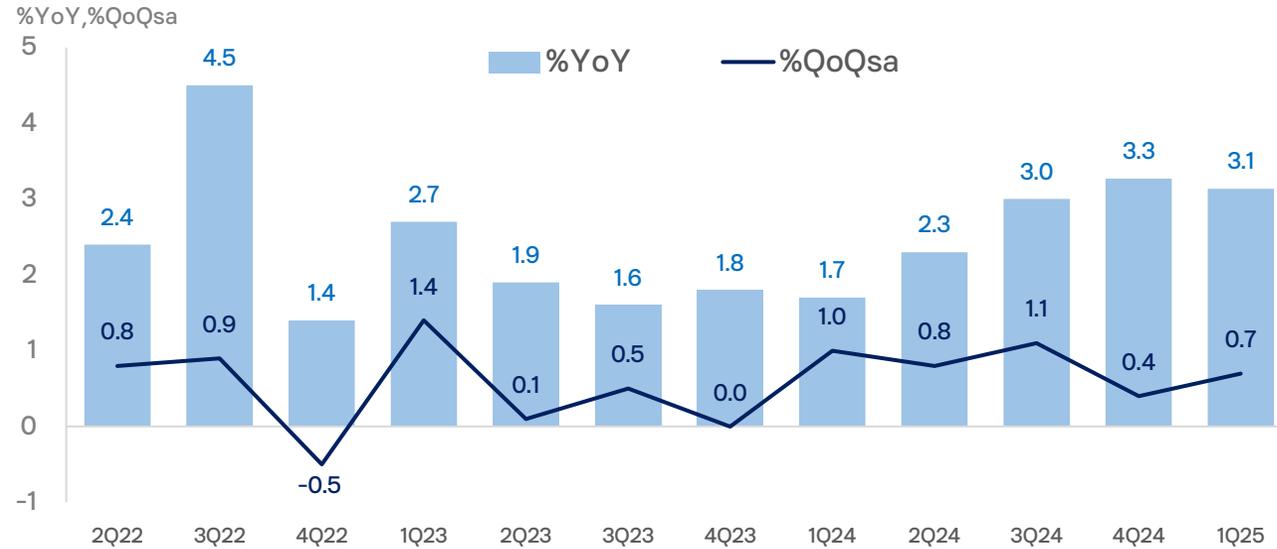
Price change in top categories

%YoY	Apr-24	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25
Headline inflation	0.19	1.54	0.62	0.82	0.36	0.62	0.83	0.94	1.24	1.32	1.08	0.84	-0.22
Raw food	-0.20	1.51	0.19	1.10	1.92	2.32	1.64	0.24	0.17	0.97	1.13	1.90	0.30
Prepared food	0.63	0.60	0.68	1.54	1.81	2.38	2.33	2.27	2.33	2.53	2.68	2.37	2.61
Meat and Poultry	-5.04	-3.61	-3.34	-2.20	-1.16	-0.68	0.33	0.59	0.25	0.41	1.39	3.04	5.04
Eggs and dairy products	2.63	3.47	4.06	2.88	1.66	1.43	1.44	-0.50	-0.95	-0.53	0.45	-0.46	-1.94
Utilities	-3.44	8.42	-3.29	-3.29	-3.31	1.44	1.45	1.45	1.44	1.47	1.45	0.06	-2.84
Energy	-0.09	7.14	2.43	1.77	-3.10	-2.56	-0.08	2.72	5.01	4.25	1.23	-0.93	-6.73
Core inflation	0.37	0.39	0.37	0.52	0.63	0.76	0.77	0.80	0.80	0.83	0.99	0.86	0.98

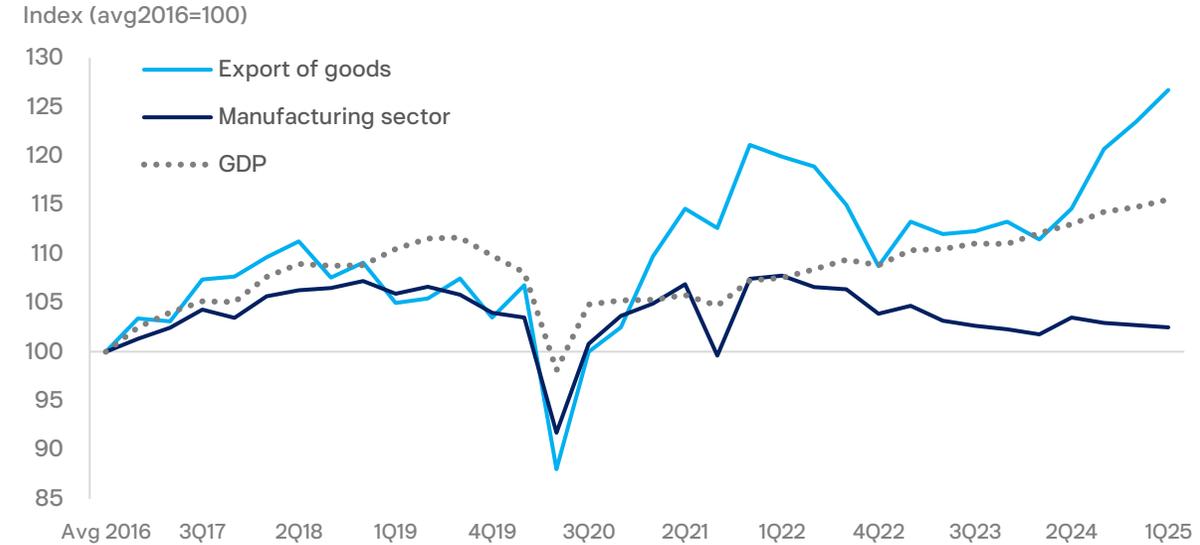
- The headline inflation (CPI) contracted by 0.22%YoY in Apr25, compared to the month earlier of 0.86%YoY increase. This was primarily driven by falling energy prices, including gasoline, benzene, and electricity rates. Prices of fresh vegetables and chicken eggs also declined, contributing to the overall drop. On the other hand, core inflation rose 0.98%YoY compared to 0.86%YoY in the preceding period, aligning with increase in price of food and non-alcohol beverage including seasoning and food-delivery products.
- Overall, Thailand's inflation for the first four months of 2025 increased by 0.75%YoY and the core increased by 0.91%YoY.

GDP growth in Q1/2025 stronger than expected owing to merchandise trade export, while domestic demand shown a sign of slowdown

Real GDP growth



Real GDP component path



GDP growth composition (%yoy)

% compared to previous year	2023	2024	2023r				2024r				2025
			Q1r	Q2r	Q3r	Q4r	Q1r	Q2r	Q3r	Q4r	
GDP	2.0	2.5	2.7	1.9	1.6	1.8	1.7	2.3	3.0	3.3	3.1
Private consumption (59%)	6.9	4.4	6.0	7.3	7.4	6.7	6.6	4.5	3.3	3.4	2.6
Private investment (18%)	3.1	-1.6	2.6	1.2	3.6	4.8	4.6	-6.8	-2.5	-2.1	-0.9
Government consumption (17%)	-4.7	2.5	-6.0	-4.5	-5.0	-3.1	-2.3	0.4	6.1	5.4	3.4
Public investment (8%)	-4.2	4.8	4.7	-1.9	-3.0	-19.6	-28.0	-4.2	25.2	39.4	26.3
Export of goods (54%)	2.6	4.3	5.4	5.6	2.4	3.9	1.5	2.4	7.5	8.9	13.8
Import of goods (50%)	4.3	5.3	3.8	5.3	11.3	4.2	3.6	1.3	9.6	9.4	3.9
Export of Service (5%)	38.2	25.5	66.2	47.9	29.6	19.9	32.0	24.7	22.3	22.9	7.0
Import of Service (9%)	5.5	10.3	13.6	4.9	3.8	7.7	13.7	11.2	13.2	3.9	4.3

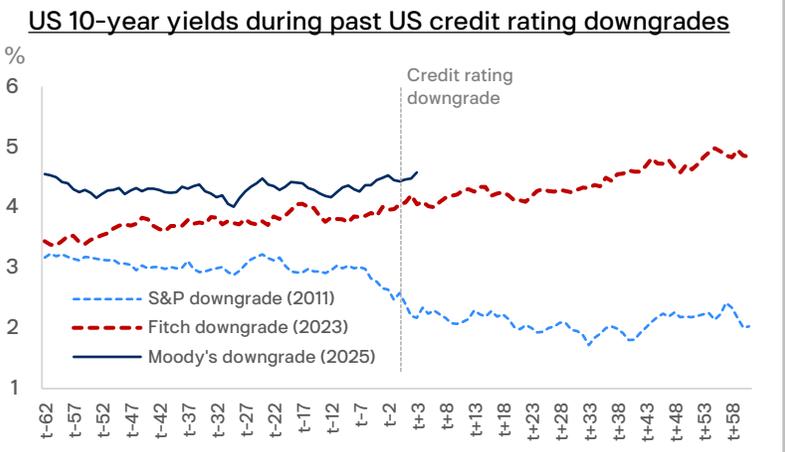
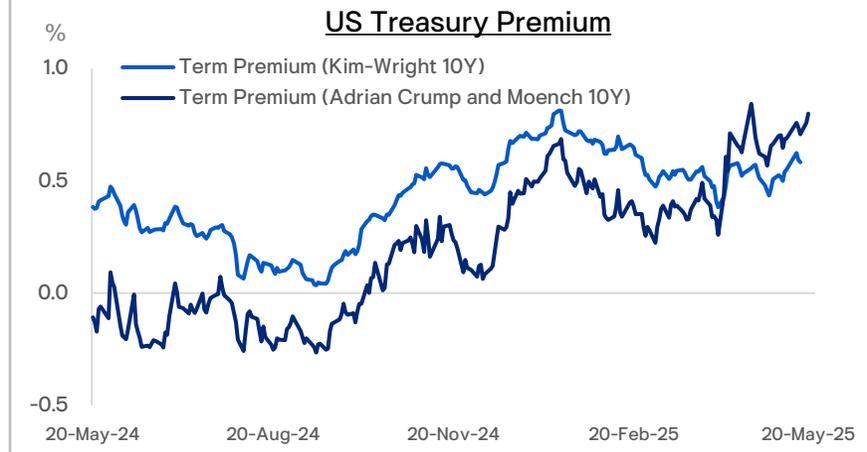
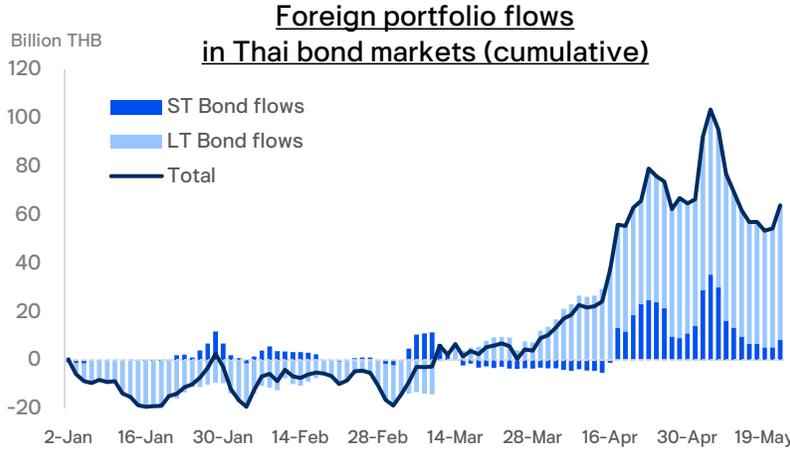
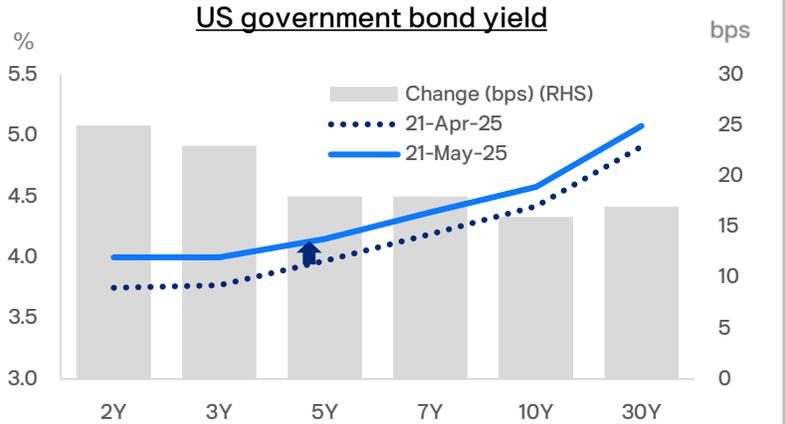
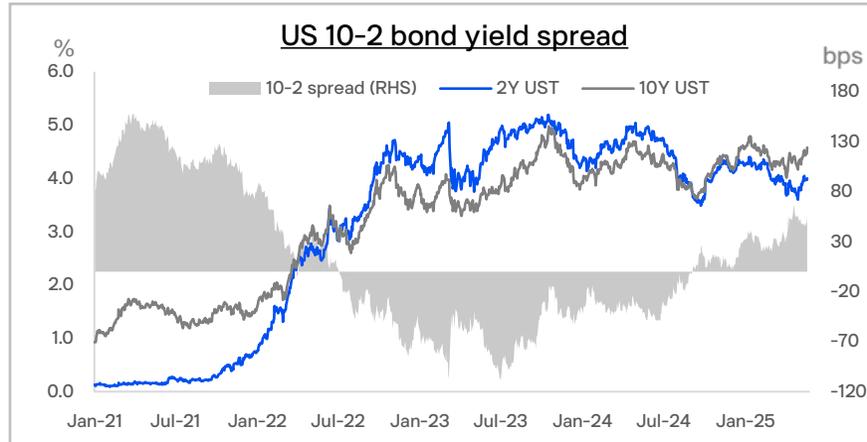
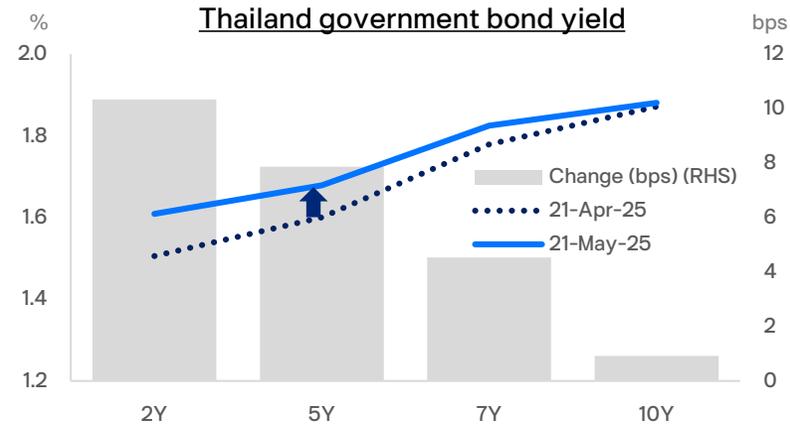
- In Q1/25, Thai economy rose by 3.1%YoY, decelerated from 3.3%YoY in Q4/24 or +0.7%QoQsa, resulting from a slowdown of private final consumption expenditure, general government final consumption expenditure, imports of goods and services, and gross fixed capital formation, while exports of goods and services accelerated.
- In addition, NESDC revised down the GDP growth projection in 2025 to grow 1.3-2.3% (mid-range of 1.8%) compared to the previous assessment of 2.3-3.3%.
- Despite the strong year-on-year growth, Moody's revised down its credit outlook on Thailand from 'Stable' to 'Negative' for the first time since pandemic. These global headwinds posed significant risks for Thailand's export-driven economy and weakening fiscal strength, while the affirmation of the Baa1 rating remained unchanged for this moment.

PART 3

Financial Market

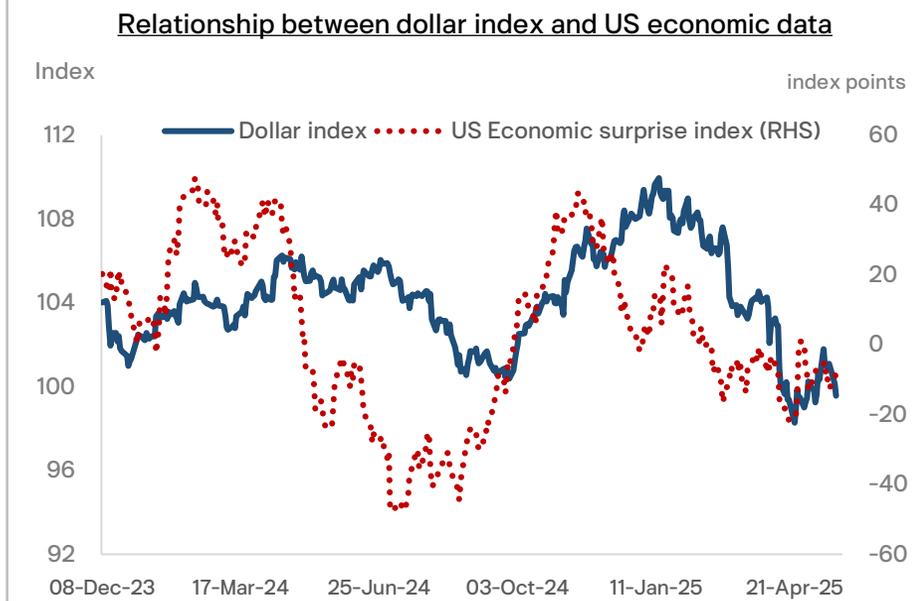
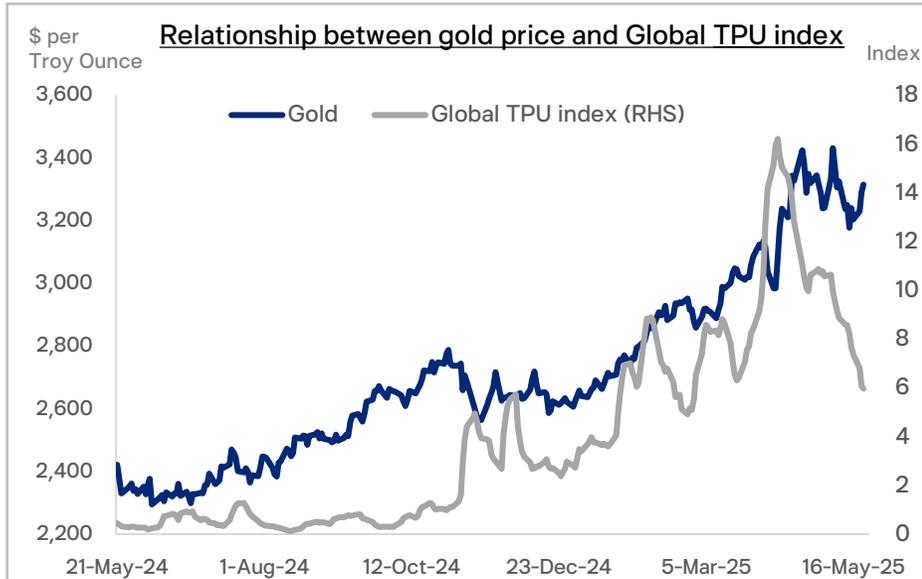
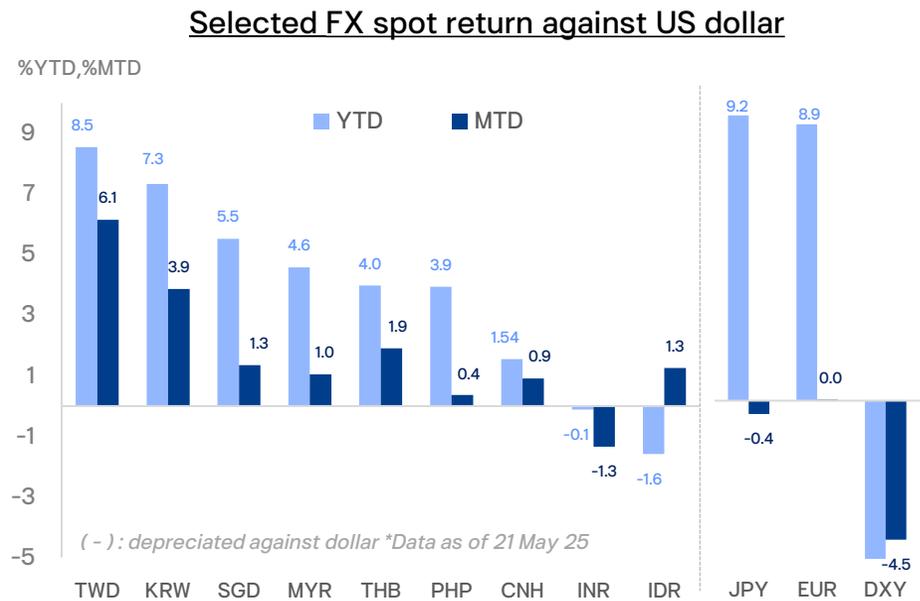
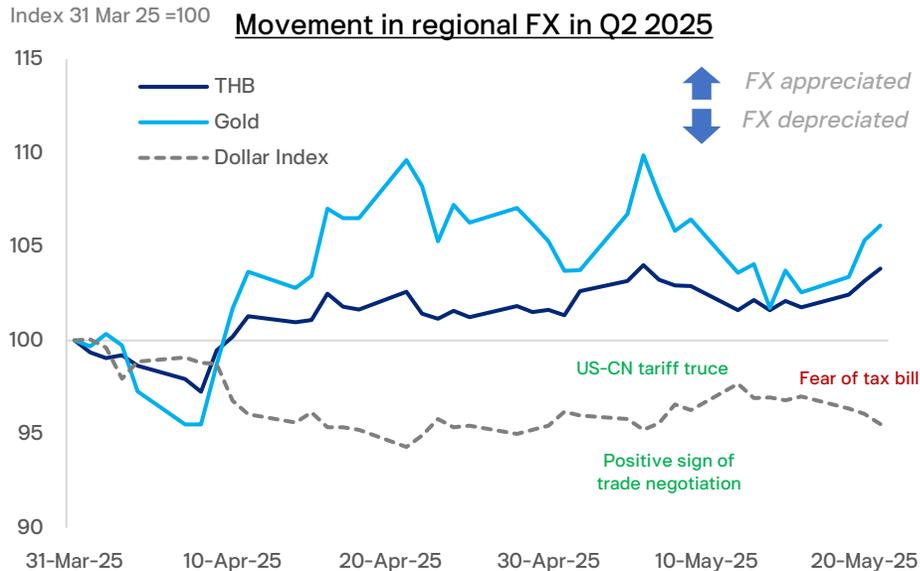


US yields rose on fading Fed cut hopes and tax bill fears; Thai bonds followed with a bear-flattening move



- US bond yields moved higher across the curve over the past month. The 2-year yield rose as markets scaled back Fed rate cut expectations, while longer-term yields were lifted by optimism over trade negotiations and later by concerns about Trump's tax bill. The 10-year yield premium continued its upward trend, and the 30-year yield approached a near 20-year high. In addition, Moody's downgrade had minimal effect, as S&P and Fitch had lowered the US rating from AAA years earlier.
- Thai bond yields slightly mirrored the global trend with a bear-flattening curve, as seen in the movements of the 2-year and 10-year yields. This shift may partly be due to non-resident investors unwinding positions or taking profits on long-term bonds, indicated by recent bond outflows following the Bank of Thailand's 25bps rate cut at the end of April.

The dollar resumed its decline after a brief recovery from the US-China tariff pause. Meanwhile, regional currencies strengthened, with the Thai baht still correlated with gold prices.



- The dollar strengthened, particularly against major currencies, as progress in trade talks boosted confidence in US assets and reduced expectations of further Fed rate cuts, lifting the index back to the 100 mark. It peaked near 101.962 following the US-China 90-day tariff pause during early May but later gave up much of the gain amid fiscal concerns tied to Trump's tax bill and weaker economic data.
- Asian currencies largely strengthened this month despite the usual Q2 depreciation trend. The Thai baht also appreciated in line with the region, supported by its strong correlation with gold prices, even as the BOT eased policy and Moody's downgraded its outlook.
- Ongoing tariff uncertainty, fiscal concerns, and US economic slowdown should keep the dollar under pressure, while elevated gold prices may further boost the Thai baht despite weak fundamentals.

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