

Economic and Financial Outlook

ttb analytics

July 2025



Global Economy

- In July 2025, Tariff tensions returned to the spotlight despite the postponement of the effective date to August 1. Meanwhile, global economic data, especially from the US, delivered positive surprises. Inflation pressures remained subdued overall.
- US economic data have yet to reflect the impact of tariff hikes, with recent inflation showing no clear effect. Meanwhile, NFP figures confirmed continued labor market resilience. In China, H1 data remain on track for the 5% GDP target, but H2 faces uncertainty as exports come under pressure amid weak domestic demand.
- Expectations for Fed rate cuts have eased following recent US data, despite pressure from Trump. Meanwhile, Asian central banks have turned more dovish amid growing economic concerns.



Thai Economy

- In May 2025, Thai economy soften from the previous month, due to a slowdown in activity across several sectors. The tourist arrivals remained stable compared to the same period last year. Private investment dropped, mainly in machinery and equipment. Manufacturing indicator also soften across several categories. Meanwhile, merchandise exports continued to increase, aligning with the high import value, marking trade surplus in this month.
- Headline inflation in June 2025 remained negative marking a third-consecutive month due to the falling prices of fresh food and energy items. However, price of some products mark higher, meanwhile, the core inflation remained stable from the previous month.
- Due to the ongoing uncertainty of US tariff, Thailand's industries that rely on export-revenues rather than domestic revenue are at risk. These include industries such as poultry feed production, canned tuna manufacturing, pickup truck production, and air conditioner manufacturing. Moreover, several export-oriented industries heavily relied on the US market.



Financial Markets

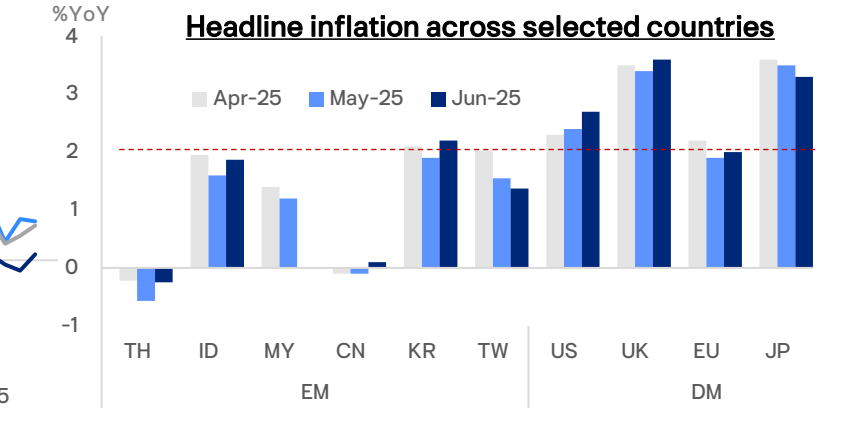
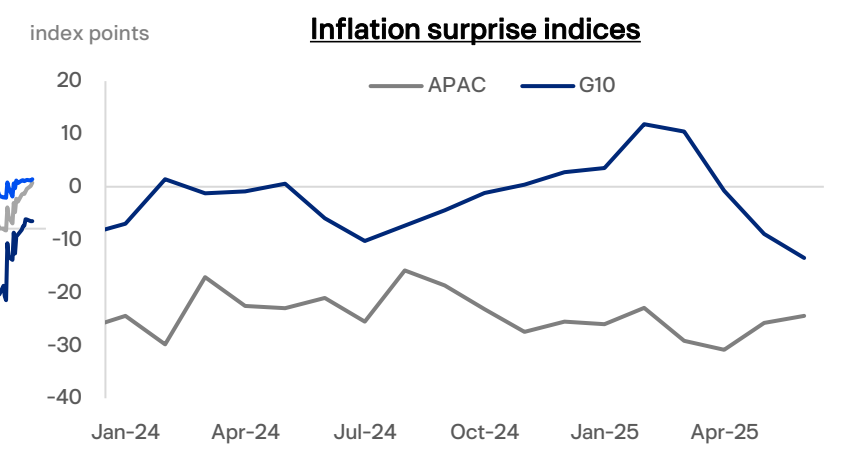
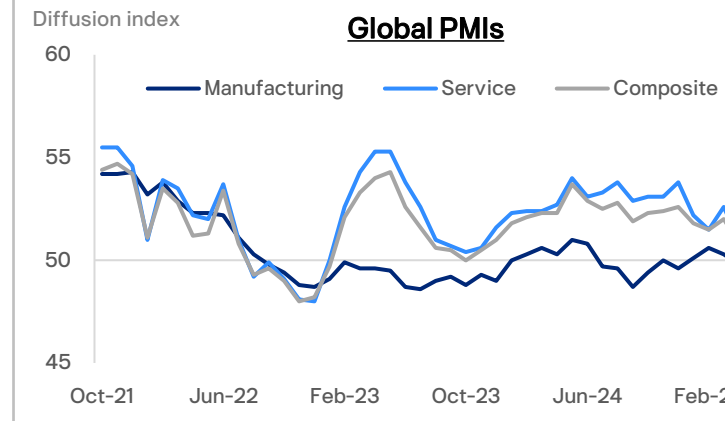
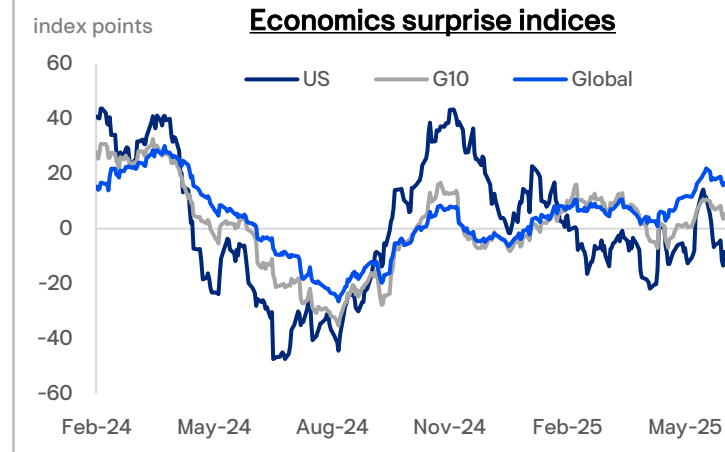
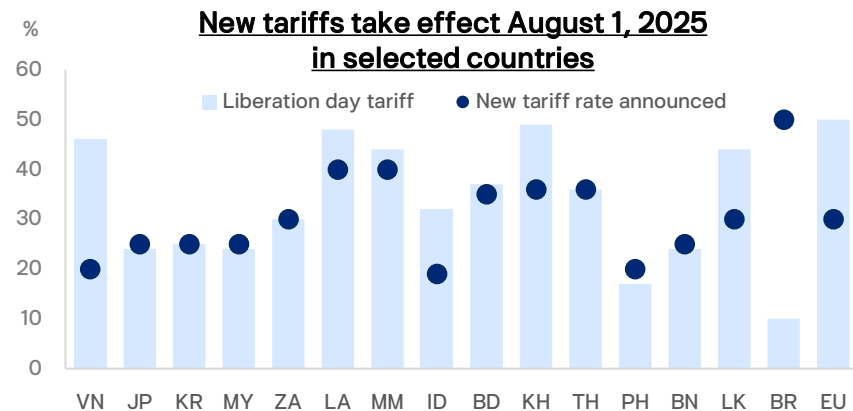
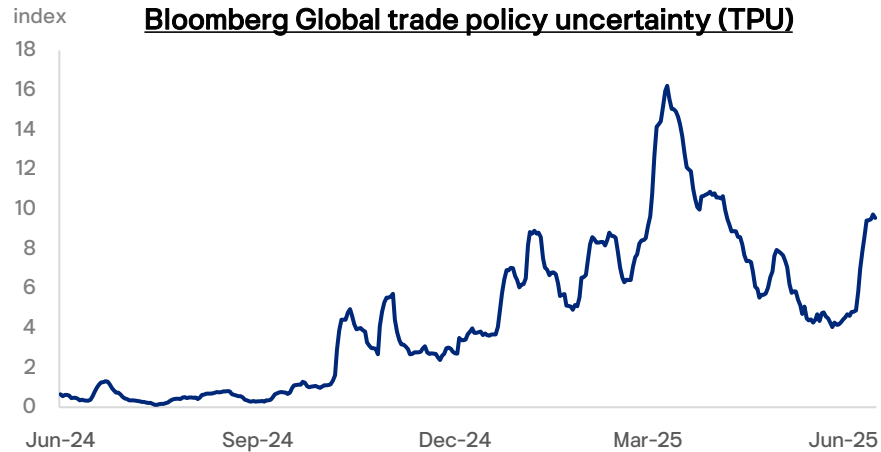
- US yields rose on lower Fed cut odds. In contrast, Thai bond yields continued to decline, exhibiting a bull flattening pattern that suggests market expectations of further rate cuts amid Thailand's weak economic growth and subdued inflationary pressures.
- In July, the dollar gained momentum supported by resilient economic data. Nonetheless, the broader trend of de-dollarization is expected to persist into the second half of the year, given ongoing uncertainties—particularly around trade policy and the resurfacing of concerns over the Fed's credibility. Meanwhile, The Thai baht appreciated against the dollar, diverging from most major and regional currencies.

PART 1

Global Economy

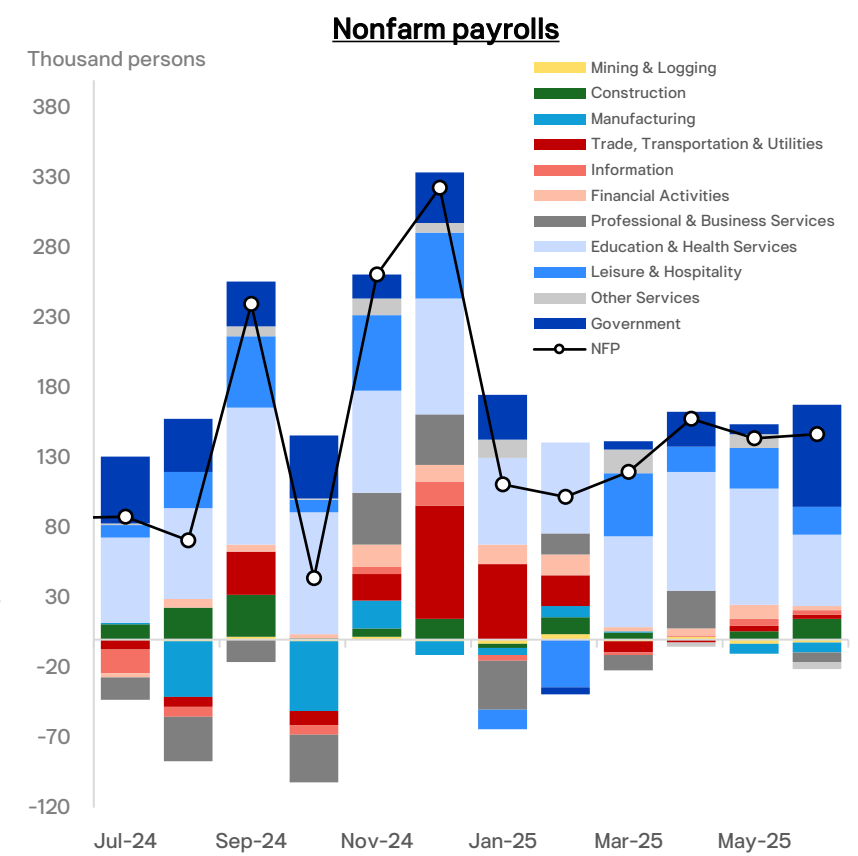
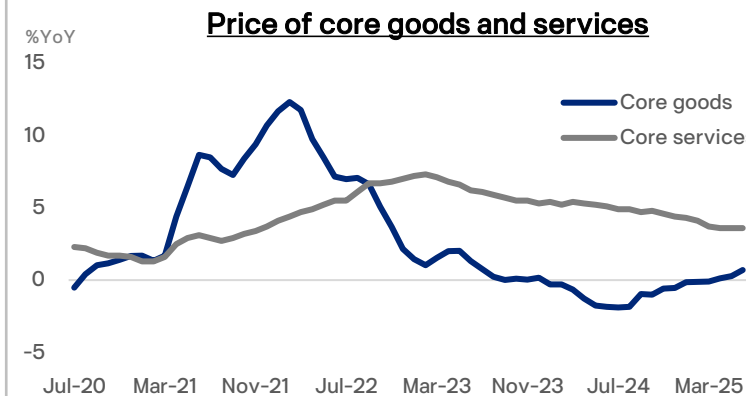
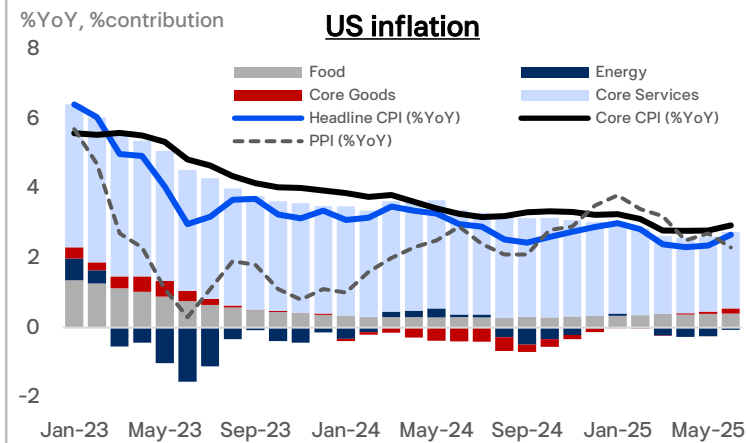
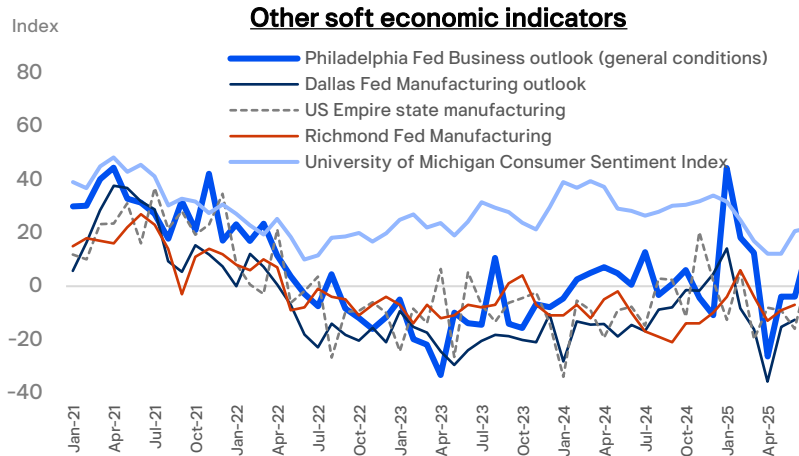
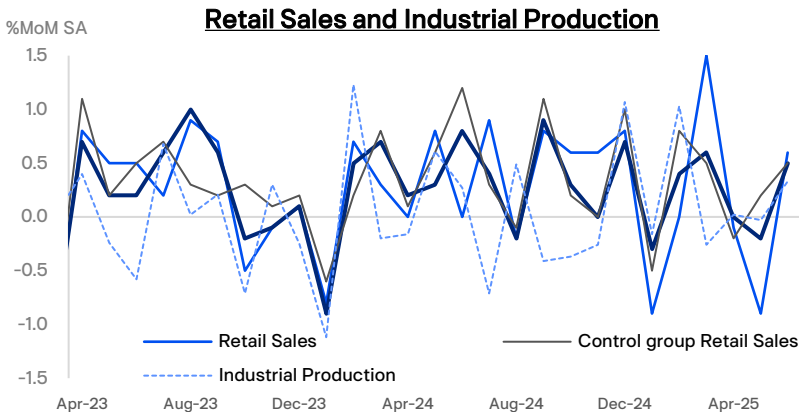


Tariff jitters have returned amid improving global economic data and subdued inflation



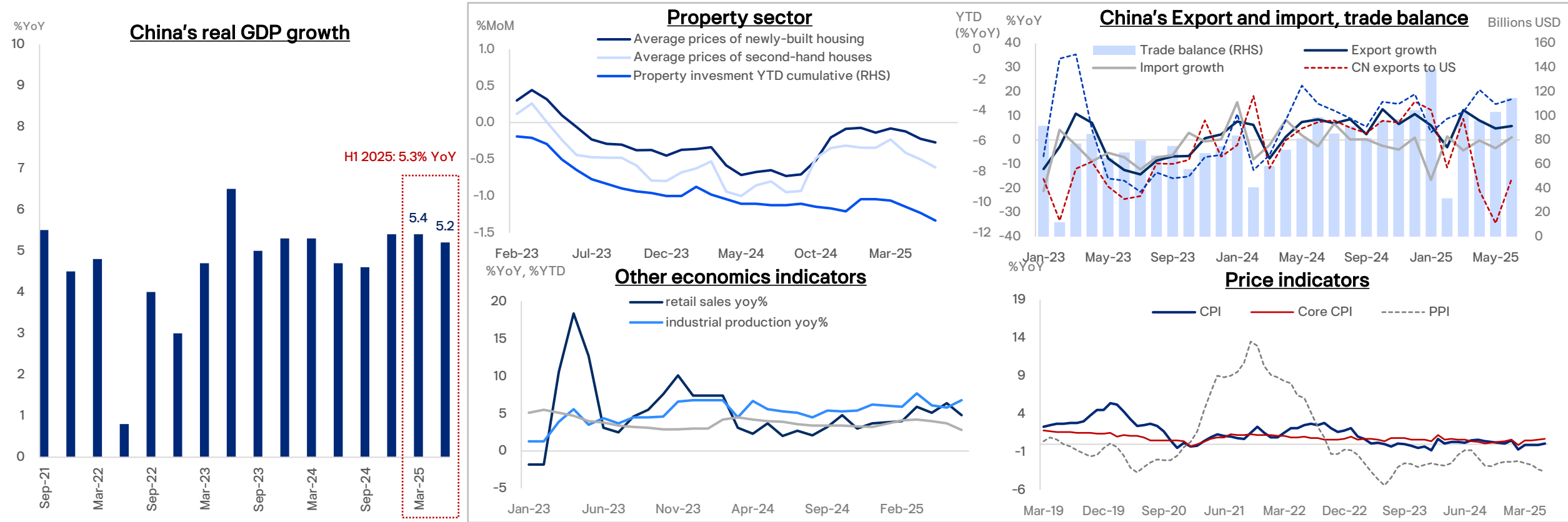
- As the initial tariff deadline approaches, the newly announced tariff rates vary depending on the outcome of negotiations and will be applied on August 1. Most Asian countries have secured rates lower than the so-called Liberation Day tariffs, and some have reached agreements with the US. However, transshipment remains a key concern for US authorities and continues to be closely monitored.
- Recent global economic data exceeded expectations, especially in the US, where the index returned to positive territory. June's global PMI rose, led by manufacturing growth despite some front-loading. Meanwhile, the services PMI slowed down but stayed resilient, with most regions remaining in expansion territory. Asian inflation stayed stable around 2%, indicating price pressures remain under control. Meanwhile, inflation across the G10 countries slowed more than market expectations.

Although higher tariffs pose risks to the US economy, recent data suggest continued economic resilience



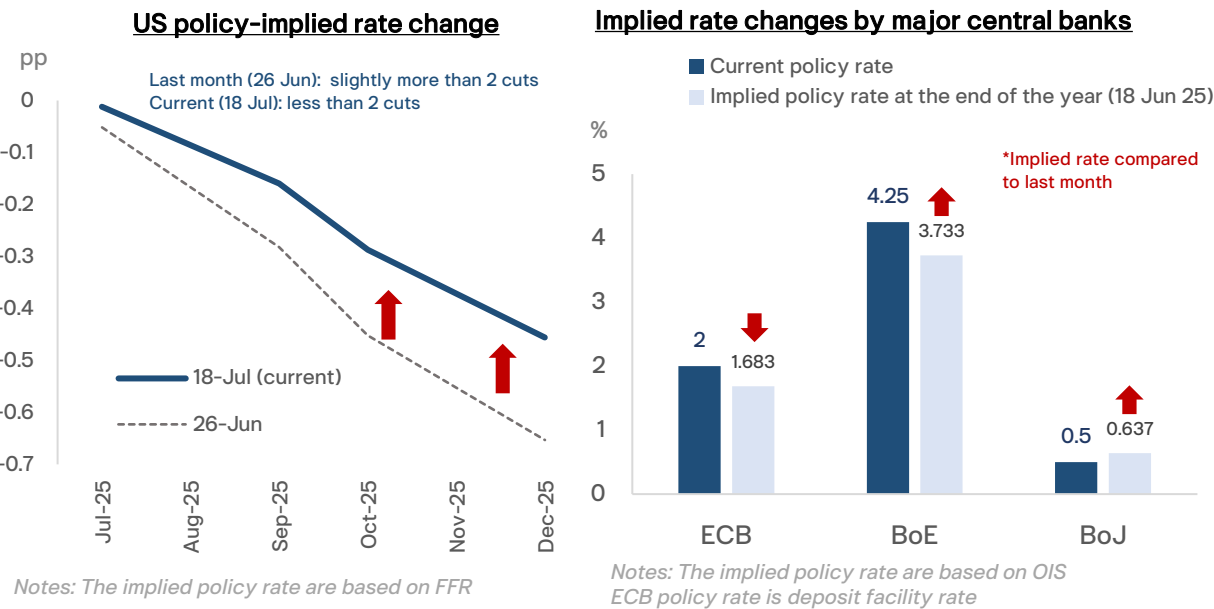
- Despite concerns about potential negative impacts on the US economy, recent economic data in June has exceeded market expectations. Hard data indicates signs of expansion—most notably, retail sales rebounded after two months of decline, and industrial production saw a strong increase, driven by manufacturing, with the previous month's figures also revised upward. Meanwhile, soft data also improved, with consumer sentiment up and inflation expectations down.
- Key Fed indicators show early tariff effects as headline and core CPI rise, driven by faster goods inflation. Services disinflation offsets some of this, but core goods CPI excluding autos posted its largest monthly increase since late 2021. The full impact remains unclear due to delayed tariffs and cautious manufacturers, as reflected in soft June PPI data. Meanwhile, June's NFP data beat expectations, driven by government hiring, and the unemployment rate edged down to 4.1%, highlighting ongoing labor market resilience. However, signs of moderation remain, with private payroll growth the slowest since October and other indicators such as ADP, JOLTS, the quits rate, and the Beige Book pointing to a gradual slowdown.

China's H1 data stayed on track for the 5% growth target, but H2 remains uncertain amid weakening exports and sluggish domestic demand



- China's GDP grew 5.2%YoY in Q2, slightly above the 5.1% forecast, after a 5.4% rise in Q1. First-half 2025 GDP growth reached 5.3%, meeting expectations and topping the 5% annual target. However, growth is expected to slow sharply in the second half as new tariffs take effect, transshipment controls tighten, and consumer spending remains weak. Fiscal stimulus remains likely but will depend on upcoming data.
- Retail sales rose 4.8%YoY, below expectations. Exports climbed 5.8% to \$325 billion, beating forecasts, while imports grew 1.1%, marking the first increase since February. Industrial output rose 6.8%, outpacing the 5.6% estimate, in line with stronger export performance. The property sector remains a major drag on China's economy and adds urgency for stronger policy support. New-home prices fell 0.27% from May, the largest drop in eight months, while second-hand home values declined 0.61%, the most since September. While consumer prices posted unexpected growth, underlying deflationary pressures in China remain. The positive CPI reading may reflect temporary support from the government's trade-in program. Meanwhile, producer prices fell for the 33rd straight month, marking the sharpest decline since July 2023 and deeper than anticipated.

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	2.75 ↓	-25	2.70
KR	2.5	-50	2.15
ID	5.25 ↓	-75	5.00 ↓
IN	5.5	-100	5.30 ↓
PH	5.25	-50	4.90 ↓
TW	2.00	0	1.90
VN	4.5	0	4.25

Notes: Forecast policy at the end of 2025 based on Bloomberg weighted average

Latest Monetary Policy development

DM

- The Fed is likely to hold rates steady through Q3, given recent uncertain tariff impacts on inflation and a resilient labor market. Nonetheless, concerns over its independence are rising amid Trump’s repeated criticism of Powell.

- The ECB is likely to pause at its next meeting, given uncertainty from US trade negotiations and inflation now under control at the 2% target. However, markets still expect at least one more cut before the easing cycle ends, as policymakers signal it’s nearing completion.

- Despite the BOJ signaling readiness to raise rates further amid inflation still above target, the next hike remains uncertain due to recent weaker-than-expected economic data, rising risks of technical recession, and potential impact from US tariffs.

- The BoE is likely to slow the pace of rate cuts following a recent spike in inflation to the highest level since January 2024, as the Labour Party’s tax hikes begin to take a toll.

EM

- China’s loan prime rates were left unchanged. While deflationary pressures and weak loan demand support further easing, the PBOC may wait for better timing. Markets still expect a slight rate cut and an RRR cut by year-end.

- Asian central banks have adopted a more dovish stance, aiming to support growth and preempt tariff-related risks. Recently, BNM and BI cut rates, while BoK held steady. US tariffs are expected to keep regional policy rates under pressure.

PART 2

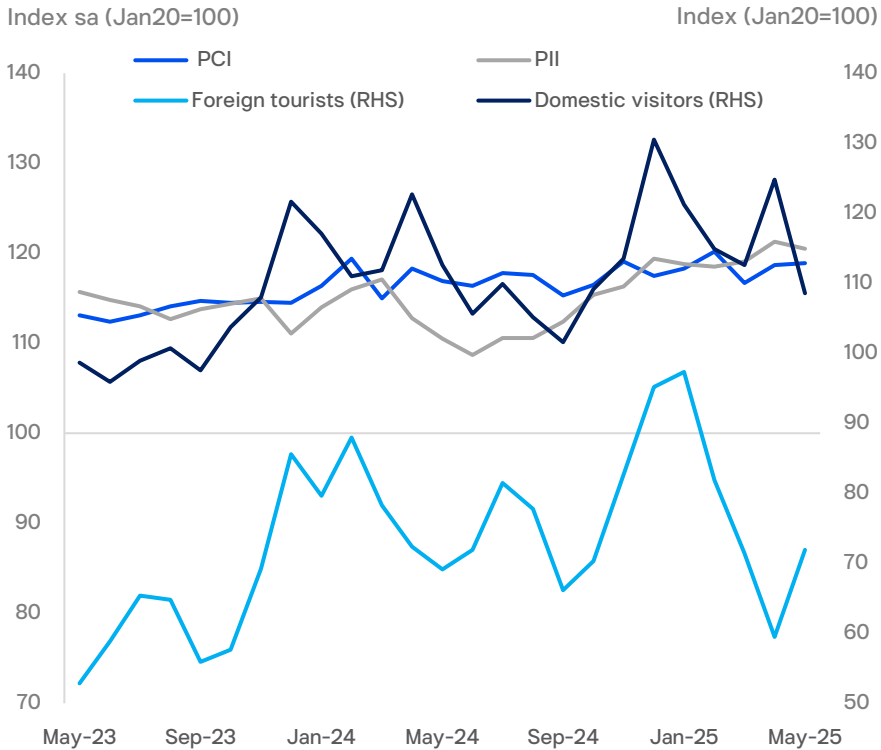
Thai Economy



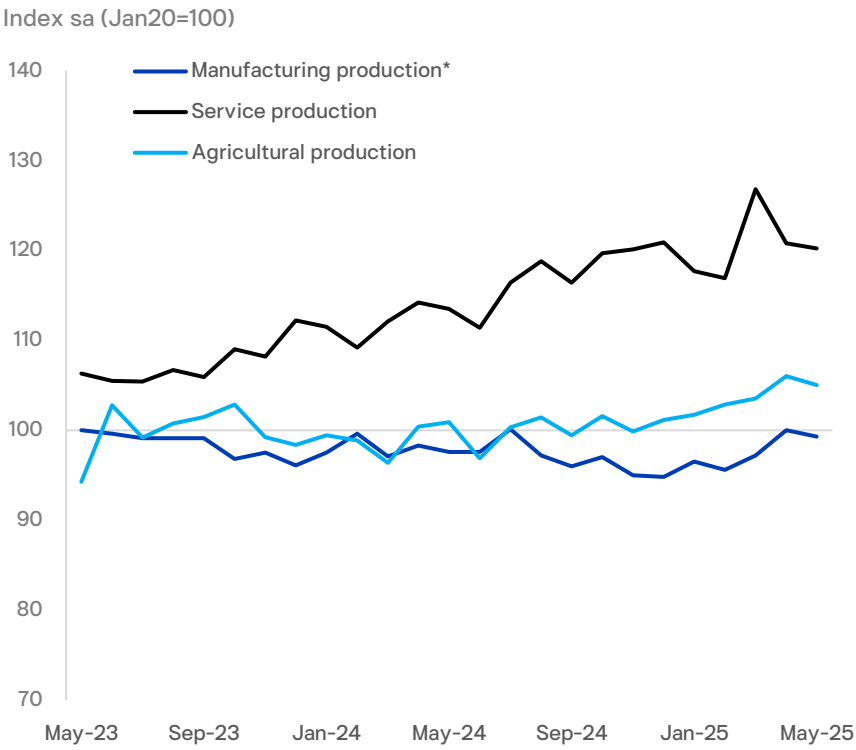
In May 2025, Thailand economic activities soften from the previous month



Demand-side indicators



Supply-side indicators



- In May25, Thai economy soften from the previous month, due to a slowdown in activity across several sectors. The tourist arrivals remained stable compared to the same period last year. Private investment dropped, mainly in machinery and equipment. Manufacturing indicator soften across several categories. Meanwhile, merchandise exports continued to increase.
- On the economic stability front, headline inflation in Jun25 remained negative for third consecutive month. Notably, trade balance (Custom basis) registered a surplus.

Leading Economic Index (sa) (Jan2020=100)

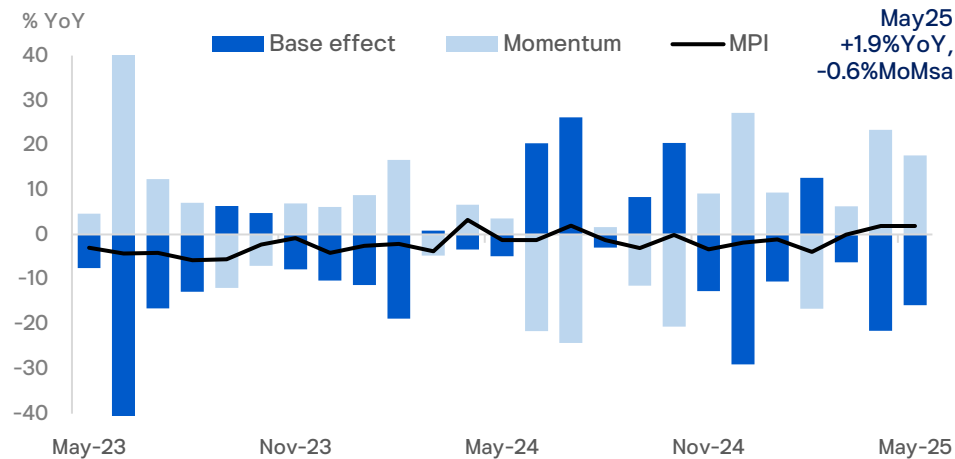
Leading Economic Index and Components (SA)	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Authorized Capital of Newly Registered Companies (Million Baht)	123.8	159.1	134.5	100.2	125.2	171.2	137.4	129.7	141.4	92.6	219.4	183.3	107.9
Construction Areas Permitted (1000 sq. m)	99.4	104.0	102.9	111.7	102.3	97.2	100.6	104.0	77.1	83.1	100.3	83.9	97.0
Export Volume index (exclude Gold)	111.5	111.9	114.7	118.4	115.4	115.2	119.1	118.9	120.5	127.0	124.3	122.1	132.7
Business Sentiment Index (3 months)	104.7	101.8	100.3	97.4	100.0	102.5	99.6	97.7	97.7	99.5	100.8	95.0	97.7
SET index	88.9	85.9	87.2	89.8	95.7	96.8	94.3	92.5	86.8	79.5	76.5	79.1	75.9
Oil Price Inverse Index (Dubai)	1.2	1.2	1.2	1.3	1.4	1.3	1.4	1.4	1.2	1.3	1.4	1.5	1.6

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

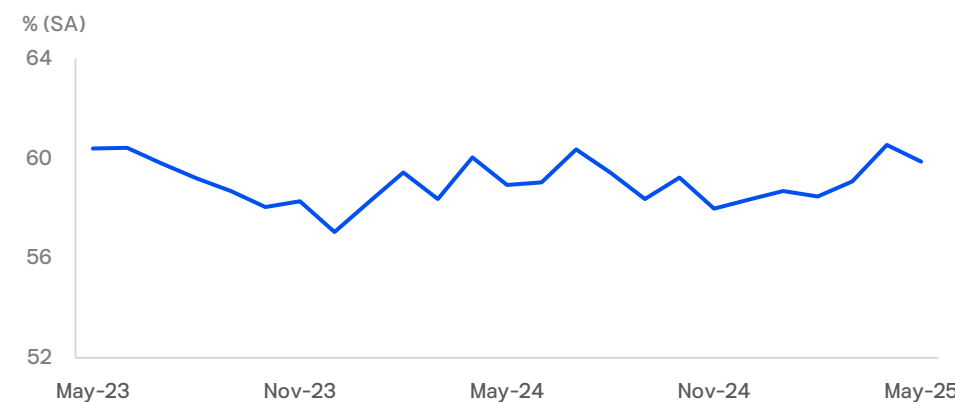
Overall manufacturing production indicator soften across several categories



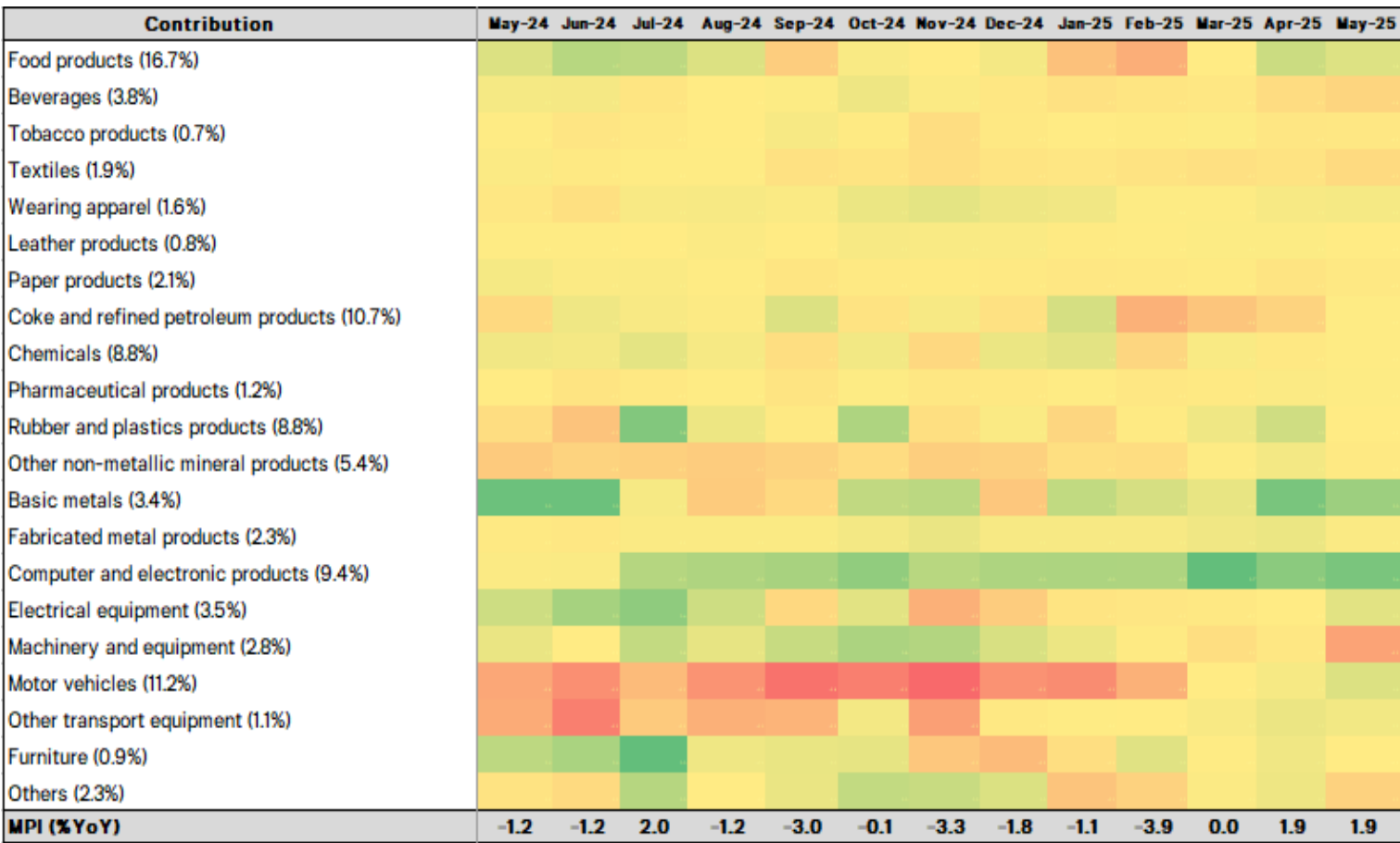
Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)



- As of May25, Manufacturing Production Index (MPI) soften from the previous month across several categories. This was led by a drop in electrical appliances production, especially air conditioners, following inventory replenishment in the previous month. Moreover, production of construction materials such as concrete and cement, and petroleum products also slumped due to temporary refinery maintenance. Meanwhile, the production of automotive, especially passenger cars, continued to increase which supported by rising domestic sales.

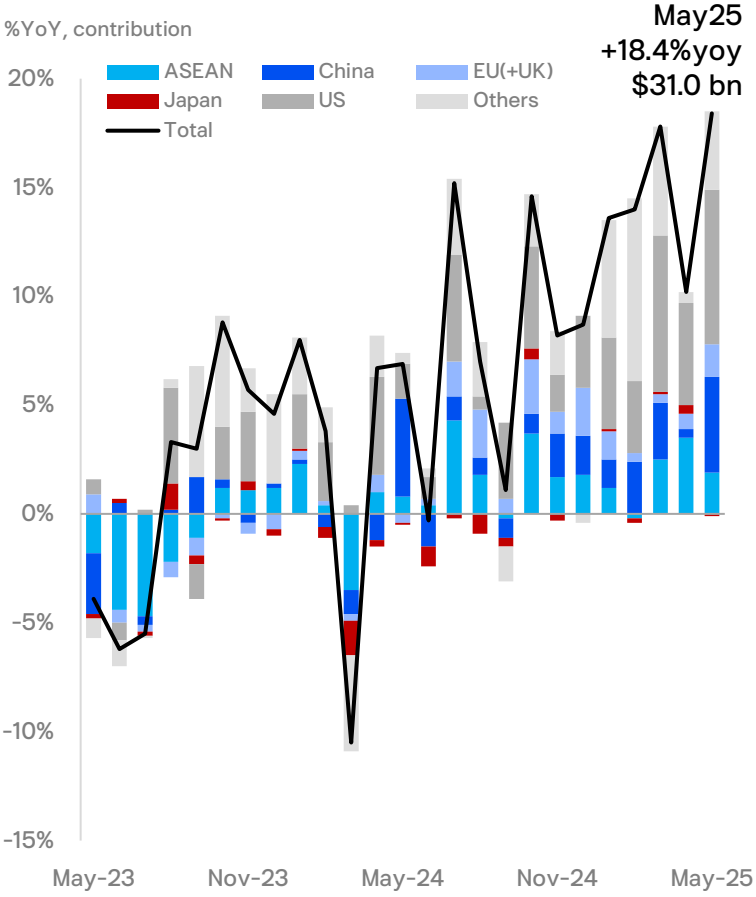
Merchandise export in May shown the highest monthly value over three years, driven by strong exports to the US and increased shipments ahead of a US tariff pause



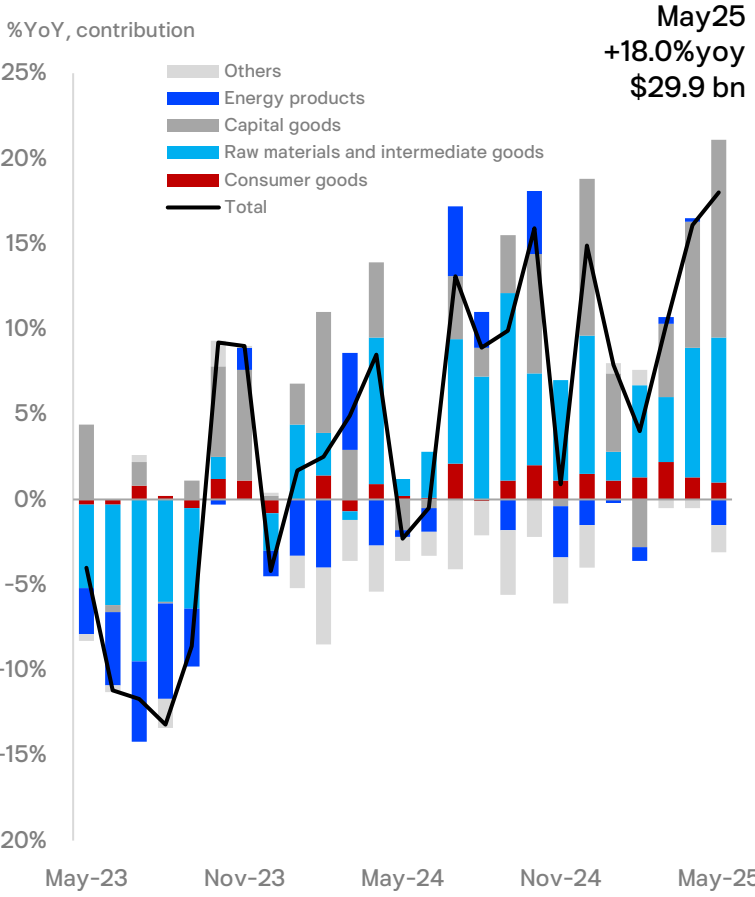
Exports value by product and destination

Unit: %YoY

	May-24	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25
Agri-agro products													
Rice	-4.5%	96.6%	15.2%	46.6%	15.2%	10.1%	-20.6%	-8.5%	-32.4%	-34.2%	-23.4%	-44.1%	-9.9%
Rubber	46.6%	28.8%	15.6%	64.8%	47.4%	32.6%	14.1%	48.5%	45.5%	35.7%	19.5%	22.5%	-7.8%
Tapioca products	-17.0%	-3.8%	55.4%	-11.5%	-29.2%	-30.5%	-6.3%	7.8%	-7.9%	-15.8%	-15.1%	-5.8%	15.5%
Fresh, Frozen & Dried vegetable and Fruit	91.9%	-31.0%	-15.7%	2.9%	-14.0%	7.3%	33.8%	10.7%	-2.8%	8.3%	14.0%	-29.1%	11.8%
Poultry	3.5%	-1.9%	13.6%	5.1%	-0.4%	12.4%	12.0%	7.1%	12.3%	9.3%	5.1%	8.6%	9.3%
Sugar	-44.3%	-52.1%	-38.9%	-13.6%	-8.9%	-11.8%	-21.3%	-29.9%	0.0%	27.3%	-26.8%	37.7%	-1.1%
Animal feeding	39.2%	13.1%	26.6%	25.0%	21.5%	18.2%	18.1%	9.7%	12.9%	14.4%	12.5%	10.1%	6.7%
Industrial products													
Motor Cars, Parts, Accessories	-8.0%	-0.6%	-12.5%	-17.9%	-10.6%	-13.0%	-0.3%	-6.2%	-13.1%	2.7%	0.3%	-7.8%	15.3%
Computer and parts	44.5%	22.0%	82.6%	74.7%	25.5%	77.5%	40.7%	43.5%	45.0%	51.3%	80.2%	75.1%	104.0%
HDD	30.9%	4.4%	84.6%	112.2%	3.8%	124.9%	47.8%	18.0%	36.7%	45.1%	45.5%	40.4%	42.1%
Integrated Circuits	-11.9%	-21.4%	-8.7%	-33.2%	1.2%	1.9%	3.9%	-2.6%	9.0%	24.8%	41.5%	39.0%	41.4%
Air Conditioning Machine	-7.7%	-8.5%	27.8%	15.2%	22.5%	44.9%	35.8%	28.7%	33.2%	32.8%	19.1%	1.2%	8.0%
Refrigerating	-14.1%	-1.9%	34.0%	11.6%	-17.8%	-6.6%	16.0%	-15.5%	-20.9%	4.4%	-1.5%	35.5%	50.6%
Electronic Machines	22.9%	8.3%	31.8%	13.9%	8.2%	29.6%	9.6%	12.8%	17.3%	21.6%	47.8%	34.4%	53.2%
Plastic pallet	-0.4%	-6.3%	6.9%	-3.3%	-5.2%	4.8%	2.2%	10.3%	4.1%	1.3%	7.6%	-5.6%	-4.4%
Chemical Products	-3.2%	-5.5%	38.2%	12.5%	4.4%	18.7%	10.7%	20.1%	6.6%	19.5%	6.4%	8.7%	-1.3%
Machinery & Parts	12.4%	7.2%	10.0%	23.0%	8.7%	43.0%	16.7%	35.6%	28.1%	21.5%	17.3%	-13.1%	34.8%
Rubber Products	-8.7%	-2.2%	13.8%	14.9%	15.7%	27.2%	24.8%	22.5%	19.9%	16.9%	17.7%	15.9%	34.2%
Refined oil	-0.5%	2.8%	35.5%	1.0%	-29.8%	-21.4%	-16.3%	-33.7%	-4.3%	-3.6%	-8.0%	-3.6%	-20.3%
Jewelry ex gold	3.9%	-4.3%	-6.5%	17.6%	-0.8%	-1.8%	24.3%	79.5%	148.8%	106.3%	69.8%	42.1%	2.4%
Total export	6.9%	-0.3%	15.2%	7.0%	1.1%	14.6%	8.2%	8.7%	13.6%	14.0%	17.8%	10.2%	18.4%



Imports value by groups



- Thailand's exports in May25 expanded remarkably by 18.4%YoY, marking the eleventh consecutive month of growth. This growth was partly driven by the low base effect and support from front-loading effect due to accelerated imports of goods into the US ahead of the imposition of reciprocal tariffs. The key export products in May comprised computer and parts, HDD, and integrated circuits. Meanwhile, exports to key markets continued to expand, including the US, ASEAN, Japan, and China. On one hand, the value of imports increased considerably which continuing from the previous month's growth and resulting in a trade surplus of USD 1.1 billions. (The first five months of 2025, trade deficit of USD 1.12 billions)

Export-oriented sectors are at risk of US tariff, which account for almost half of the industry's total revenue

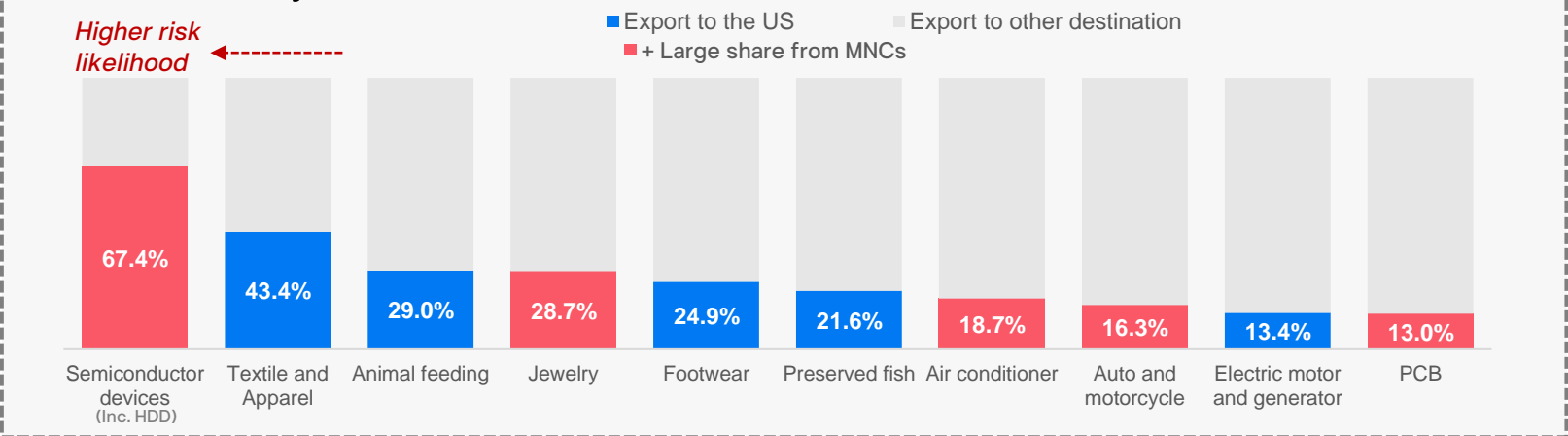


Degree of domestic market dependence by example sub-sector industry (TSIC code)

	<div>Export-oriented ←————→ Domestic-oriented</div>			
%domestic sale/total production	<30% (29% of total industry revenue)	30-50% (11% of total industry revenue)	50-70% (16% of total industry revenue)	>70% (44% of total industry revenue)
Agricultural	Preparation of poultry, Dried vegetable and fruit, Canned fish products, Rubber sheet, Raw sugar	Soybean oil, Animal feeding, Energy drink	Tapioca powder, Ice-cream	Ham and Sausage, Bread, Coconut milk, Seasoning, Drinking water, Soft drink, Alcohol beverage, Poultry, Pork, Crude palm oil, Rice barn oil
Industrial and others	1-ton Pickup truck , Polyester, Jewelry, Medical rubber groves, Leather shoes, Air conditioner, Ceramic-made tableware, Wood-made home appliance, Semiconductor device	Electrical motor, Textile and Apparel, Kitchenware, Printed Circuit Board Assembly (PCBA), Gasoline engine	Passenger car, Lubricant oil, Soap and skincare, Ethylene, Sanitary ware	Suitcase, Fertilizer, Concrete, Fuel oil, Tablet (Medicine), Household appliance, Ethanol, Detergent, Sneakers, Steel pipe

Remark: *Red font indicated large MNCs share of total industry revenue

Proportion of export value from export-oriented industry classified by destination country



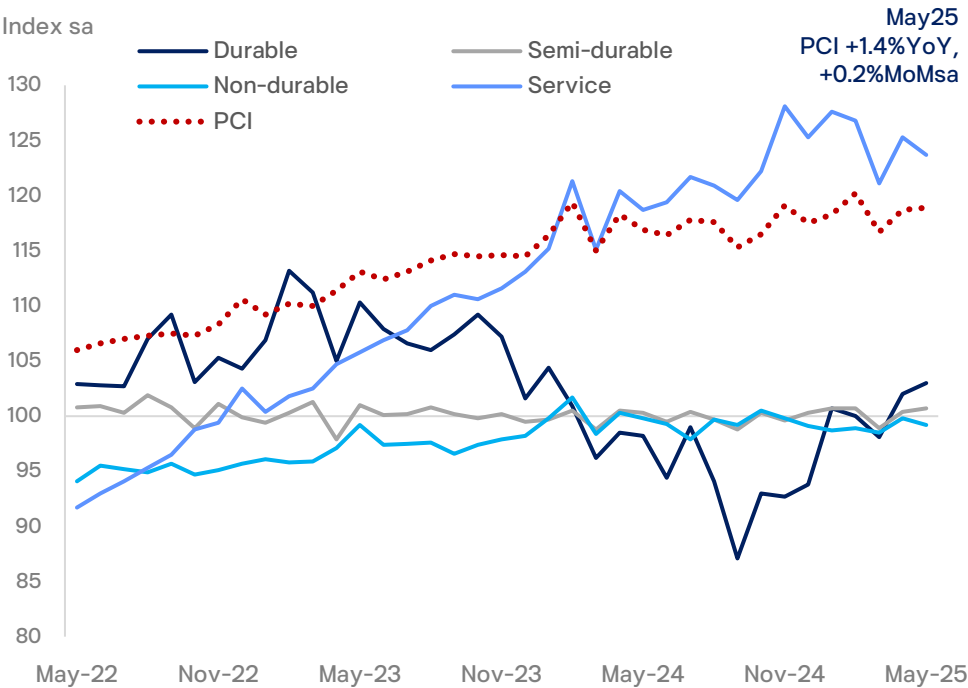
Source: Trademap, OIE, and ttb analytics

Thailand's industries that rely on export-revenues rather than domestic revenue accounted for 41% of total industrial income. These include industries such as poultry feed production, canned tuna manufacturing, pickup truck production, and air conditioner manufacturing. Moreover, several export-oriented industries heavily relied on the US market. In addition, a portion of these export-oriented industries comes from multinational corporations (MNCs) that have established production bases in Thailand.

Private consumption indicators remained stable despite the continued surge in purchase of durable goods

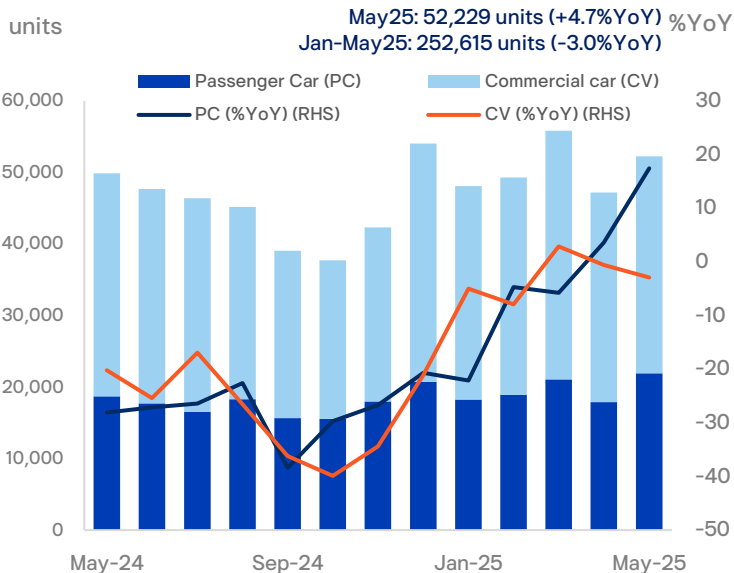


Private Consumption Indicators (SA)

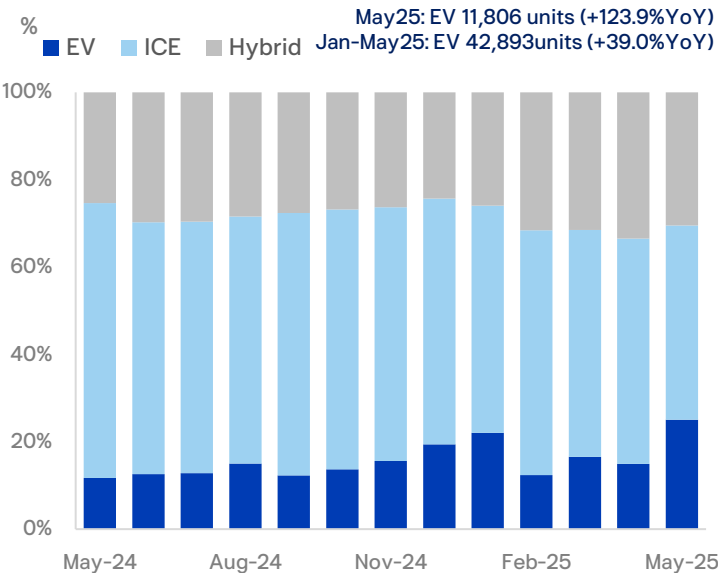


- Private consumption remained stable, supported by a continued surge in consumption of durables due to low-base effect, although consumption of services declined, aligning with lower number of visitors. Meanwhile, purchase of non-durables declined due to lower fuel sales, while semi-durable goods remained stable.
- Farm income index marked a continued slowdown following the effect of price index, particularly in rice and egg, in terms of quantity index, it was increased slightly thanks to the increase production of rice, rubber and durian.

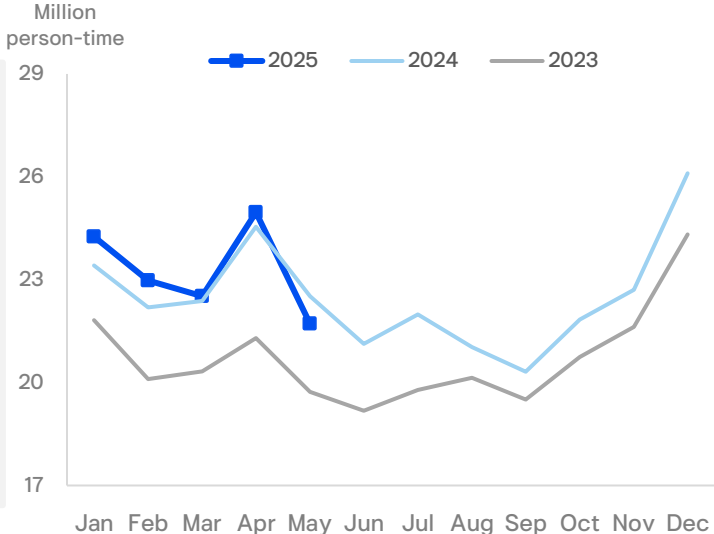
Domestic car sales**



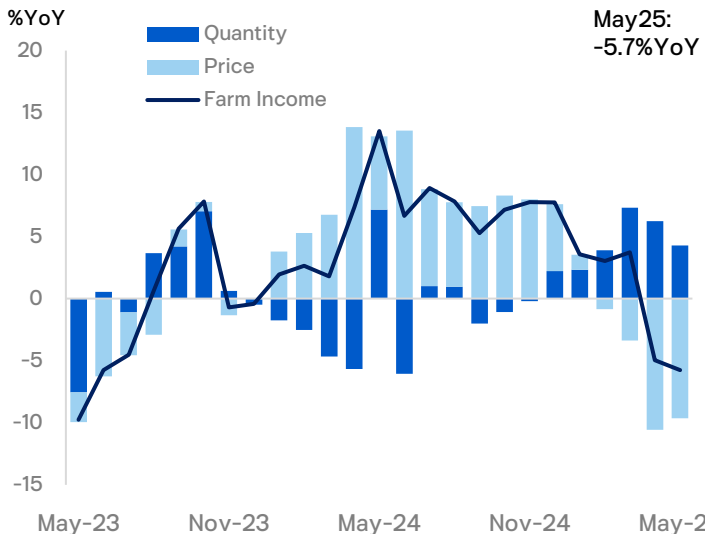
EV penetration of type 1 registration



Thai domestic visitors*



Farm Incomes



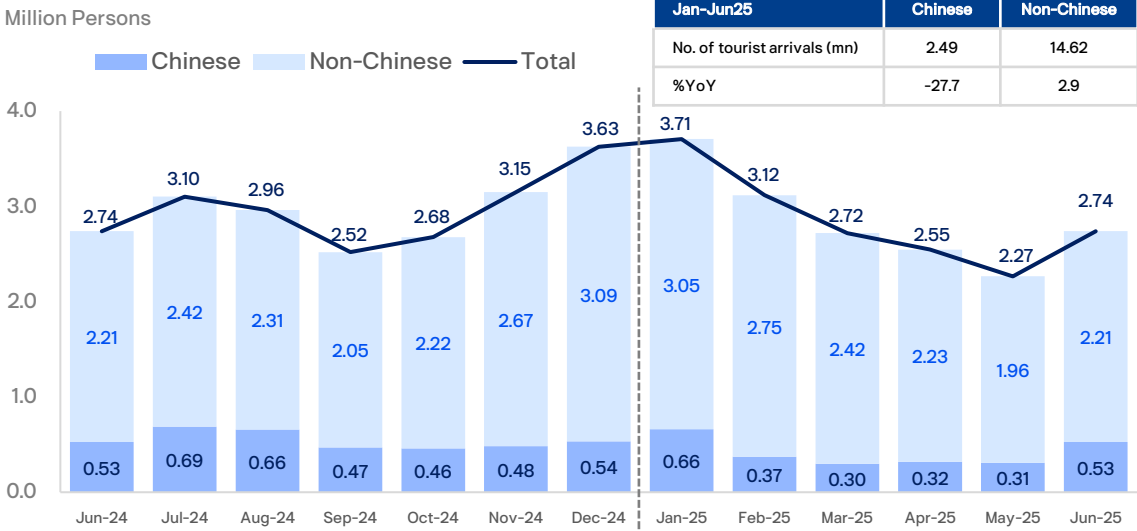
Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVs,

Foreign tourist arrivals in June rebounded from the previous month

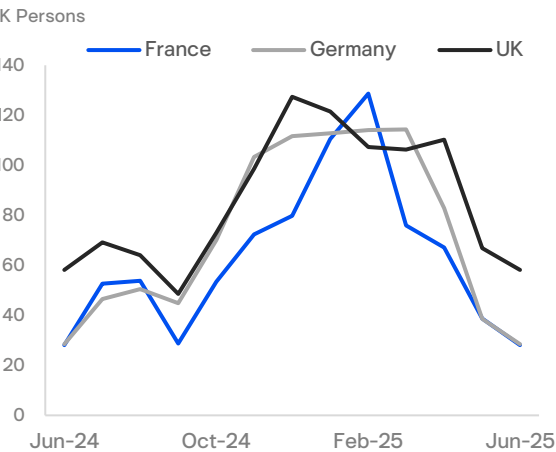


Total Foreign Tourist Inbounds

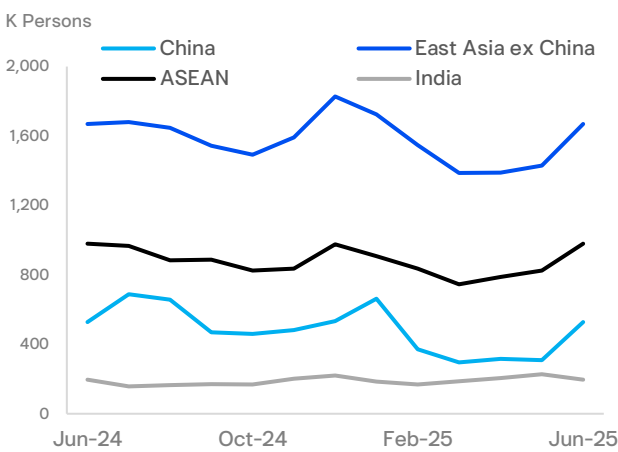


Foreign Tourist Inbounds by key regions

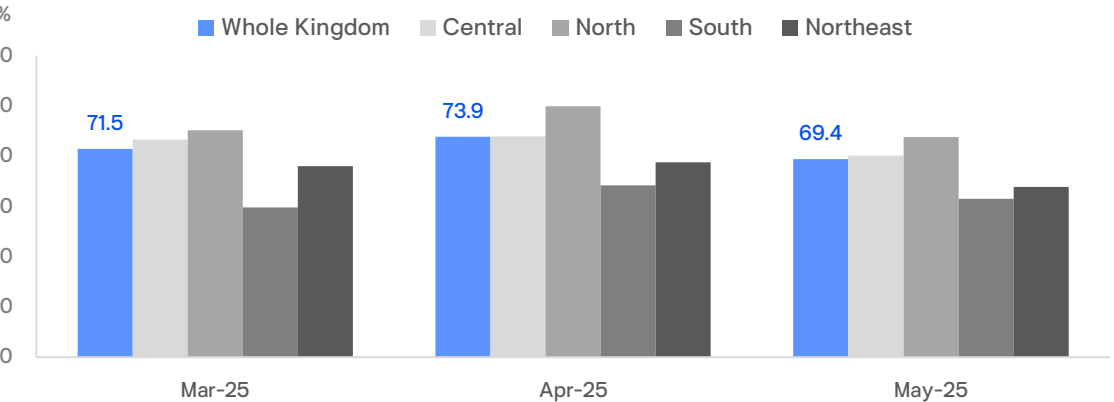
Europe



East Asia and India



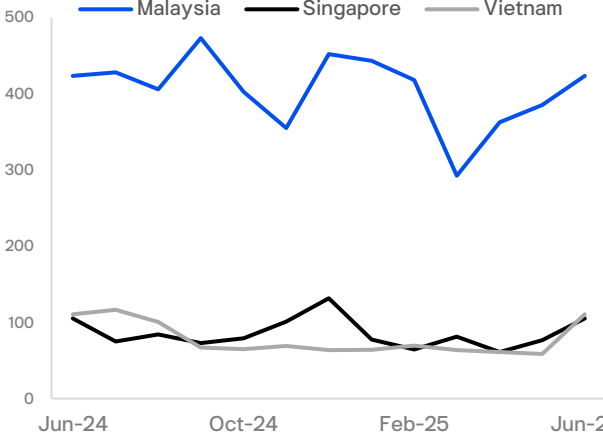
Accommodation Occupancy Rate by region



Russia



Malaysia Singapore Vietnam

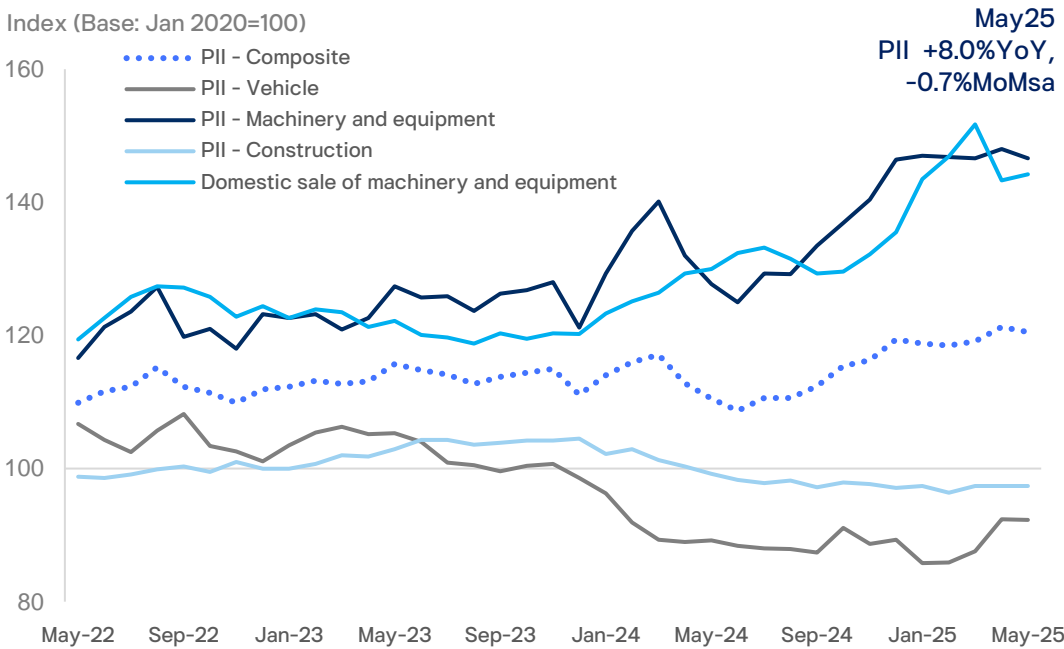


- In Jun25, foreign tourist arrivals was at 2.74 millions, rebounded from the previous month but remained stable from the year earlier. This figure showed a sharp increase across several nationalities as well as that of Chinese tourist arrivals also recovered. In the first half of 2025, Thailand saw a decrease in foreign tourist arrivals compared to the same period last year.

Private investment indicators decreased after accelerating in the preceding periods, while BSI being weighed down by uncertainty surrounding the US tariff negotiation



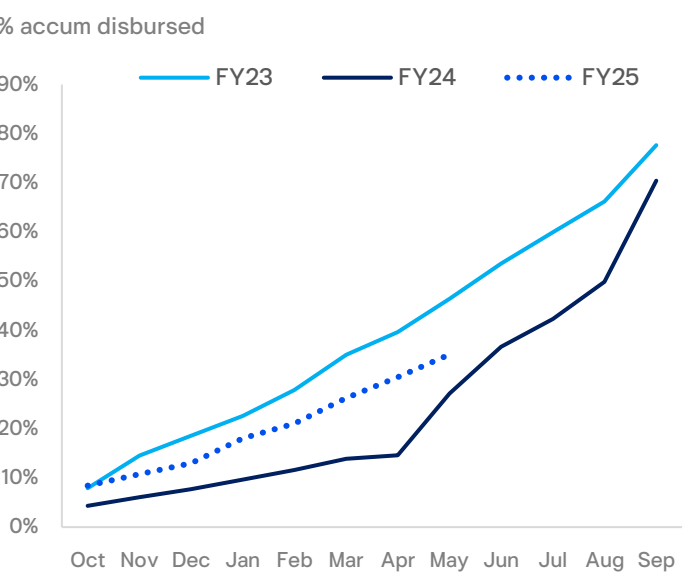
Private Investment Indicators (SA)



Unit registration (Nationwide)

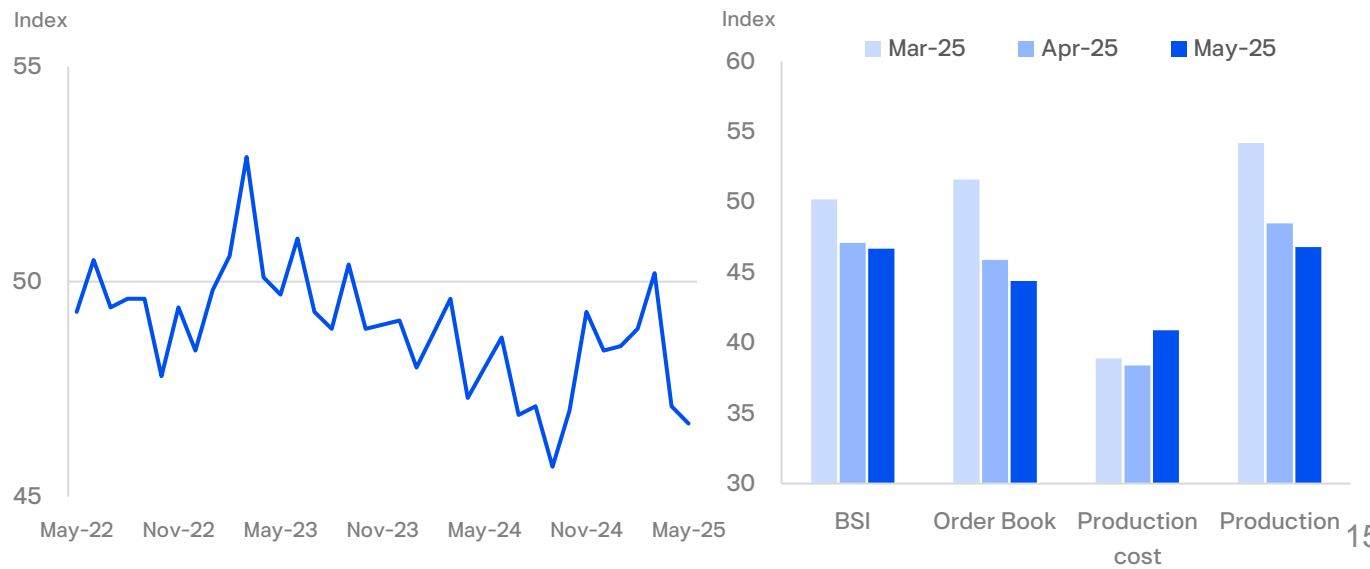


Accumulated govt capital budget disbursement



- Private investment dropped after accelerating in the previous month. due to weaker spending on machinery and equipment. Construction investment was also stable, with increased non-residential construction offsetting a decline in residential construction, particularly in single houses and townhouses. Additionally, government spending contracted in both current and capital expenditures, reflecting a high base effect from last year.
- Overall BSI continued to decline, led by export-led manufacturing industries regarding to the ongoing uncertainty surrounding the US reciprocal tariffs.

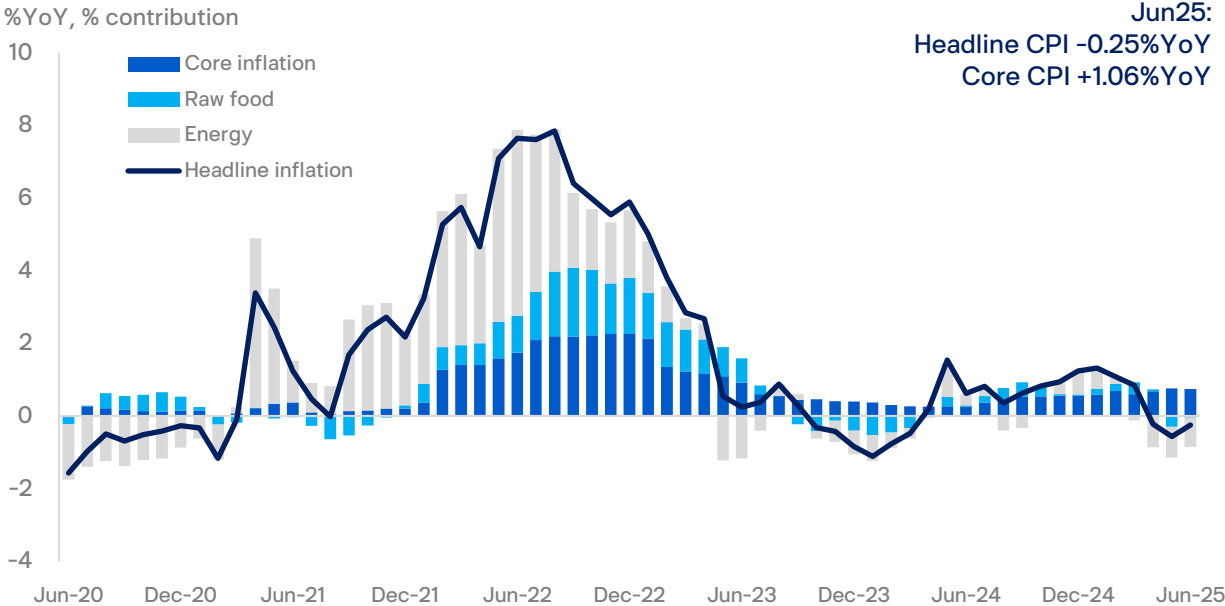
Business Sentiment Index (BSI)



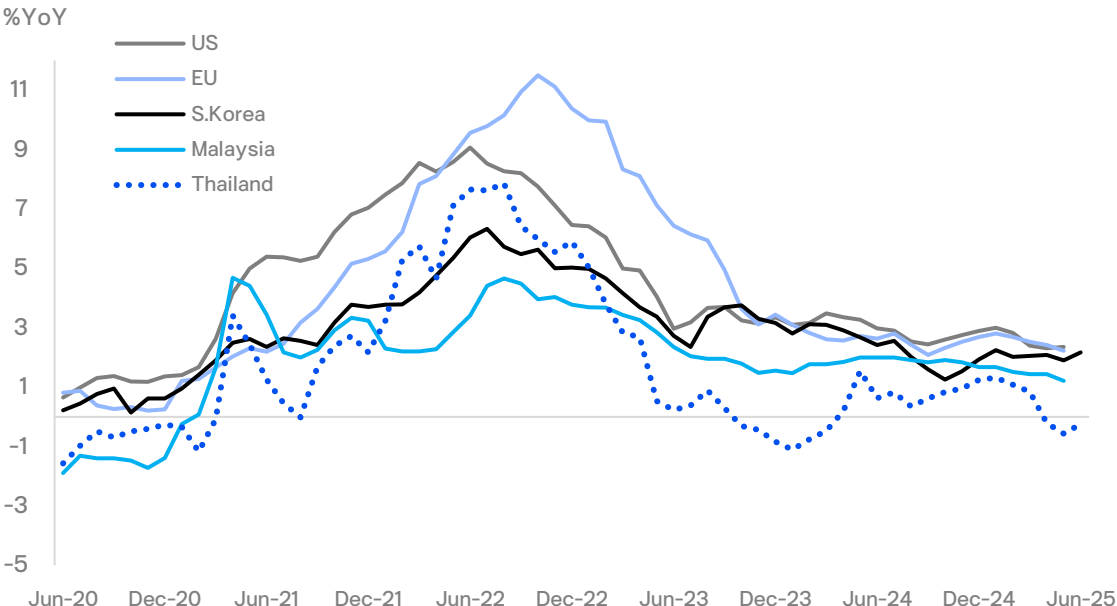
June's inflation turned negative, marking the third straight month of decline; overall, the headline figure during the first half remained off the central bank's target



Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

%YoY	Jun-24	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25
Headline inflation	0.62	0.82	0.36	0.62	0.83	0.94	1.24	1.32	1.08	0.84	-0.22	-0.57	-0.25
Raw food	0.19	1.10	1.92	2.32	1.64	0.24	0.17	0.97	1.13	1.90	0.30	-1.76	-0.23
Prepared food	0.68	1.54	1.81	2.38	2.33	2.27	2.33	2.53	2.68	2.37	2.61	3.41	3.40
Meat and Poultry	-3.34	-2.20	-1.16	-0.68	0.33	0.59	0.25	0.41	1.39	3.04	5.04	5.39	4.98
Eggs and dairy products	4.06	2.88	1.66	1.43	1.44	-0.50	-0.95	-0.53	0.45	-0.46	-1.94	-1.52	-3.94
Utilities	-3.29	-3.29	-3.31	1.44	1.45	1.45	1.44	1.47	1.45	0.06	-2.84	-1.42	-1.41
Energy	2.43	1.77	-3.10	-2.56	-0.08	2.72	5.01	4.25	1.23	-0.93	-6.73	-6.58	-6.31
Core inflation	0.37	0.52	0.63	0.76	0.77	0.80	0.80	0.83	0.99	0.86	0.98	1.09	1.06

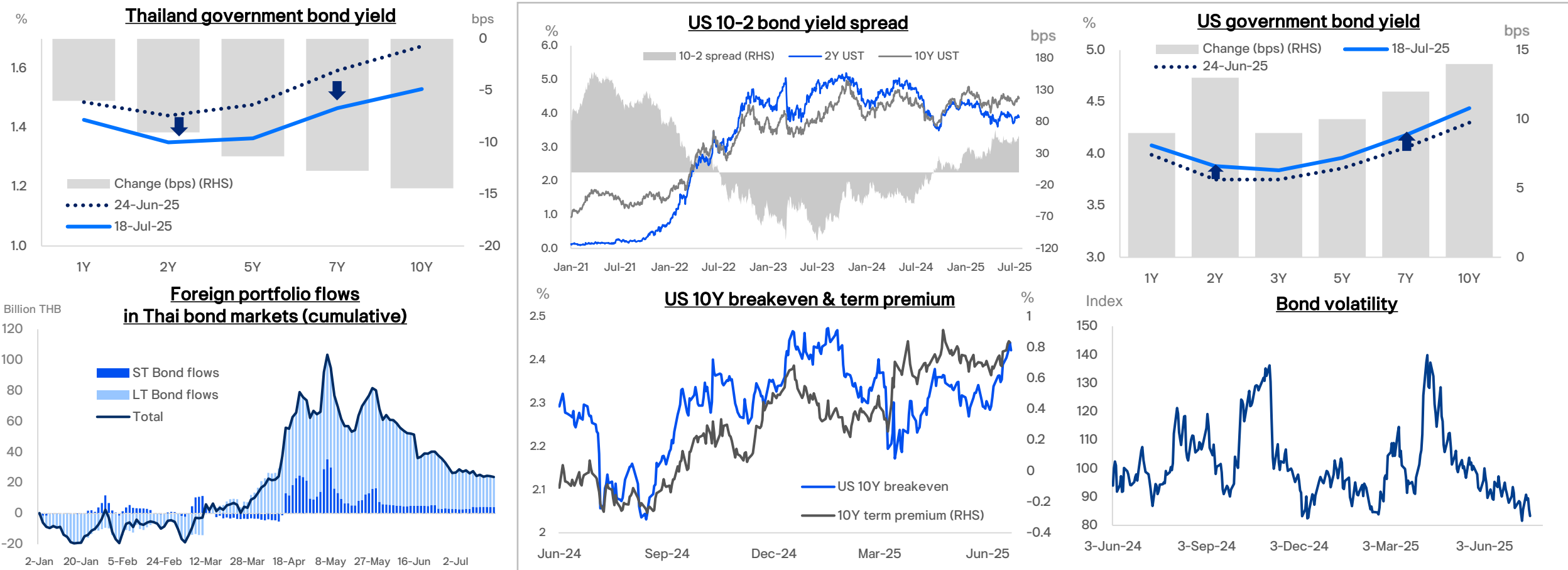
- The headline inflation (CPI) contracted by 0.25%YoY in Jun25, compared to the month earlier of 0.57%YoY decrease. The main factor came from the falling prices of fresh food items, particularly fresh vegetables, fresh fruits and eggs. Moreover, the prices of energy prices, including electricity, gasohol, and benzene fuel, also decreased following the global energy prices. However, price of some products mark higher e.g., pork and ready-made food. The core inflation increased by 1.06%YoY, relatively stable from 1.09%YoY in May 2025.
- Overall, Thailand's inflation for the first half of 2025 increased by 0.37%YoY and the core increased by 0.97%YoY.

PART 3

Financial Market



US yields rose on lower Fed cut odds, while Thai yields bull-flattened due to weak growth

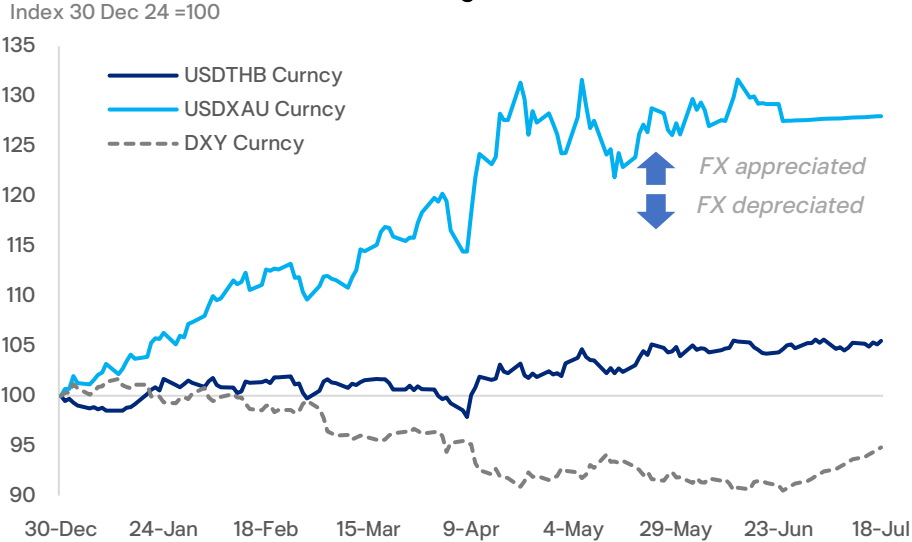


- Over the past month, US bond yields rose across the curve. The 2-year yield increased on expectations of reduced chances for federal funds rate cuts, supported by stronger-than-expected economic data and uncertain tariff impacts, even as concerns about the Fed's credibility resurfaced following reports that Trump planned to dismiss Powell. Meanwhile, long-term yields remained influenced by inflation risks, reflected in recent movements of the 10-year breakeven rate and fiscal concerns after Trump signed the OBBA Act into law.
- In contrast, Thai bond yields continued to decline, exhibiting a bull flattening pattern that suggests market expectations of further rate cuts amid Thailand's weak economic growth and subdued inflationary pressures. Meanwhile, July saw net foreign outflows in long-term bonds, with short-term bonds attracting some inflows

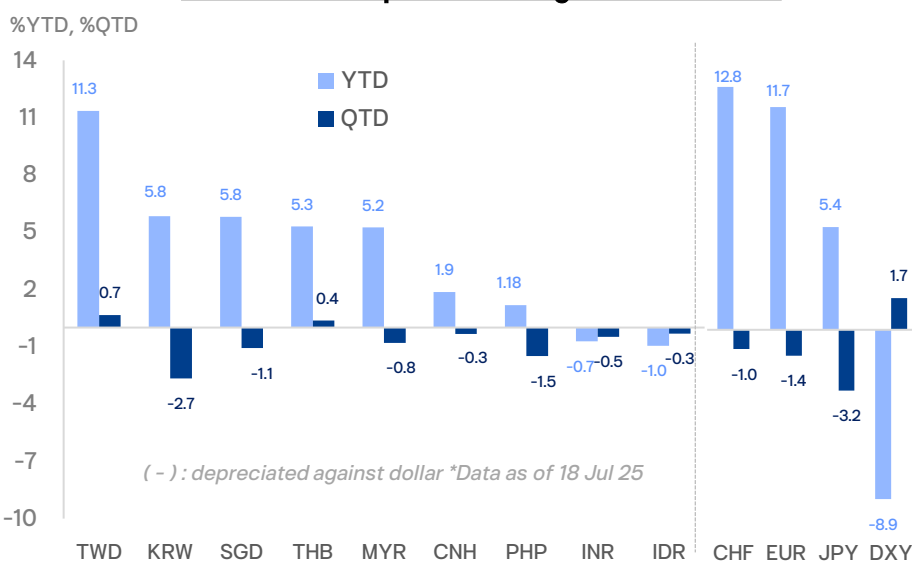
The dollar gained momentum supported by resilient economic data. Meanwhile, the Thai baht appreciated QTD unlike most currencies



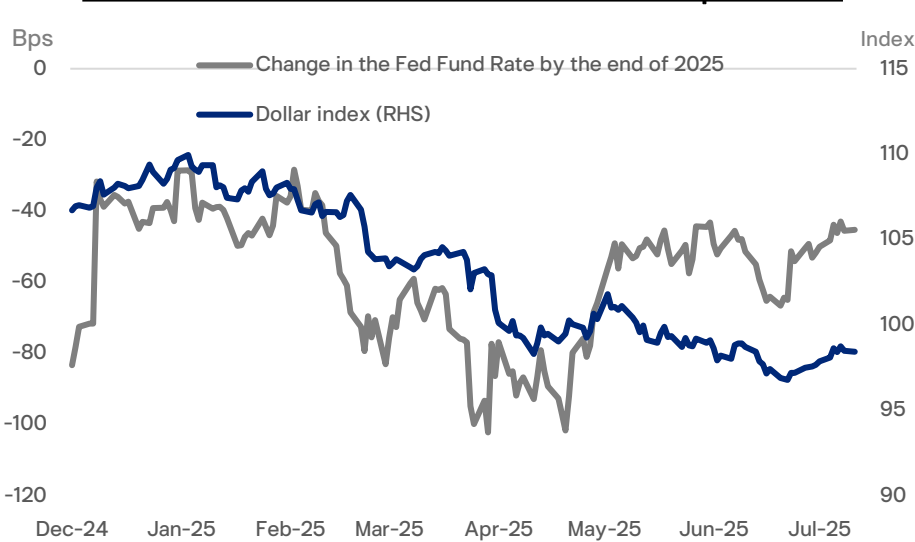
Movement in regional FX in 2025



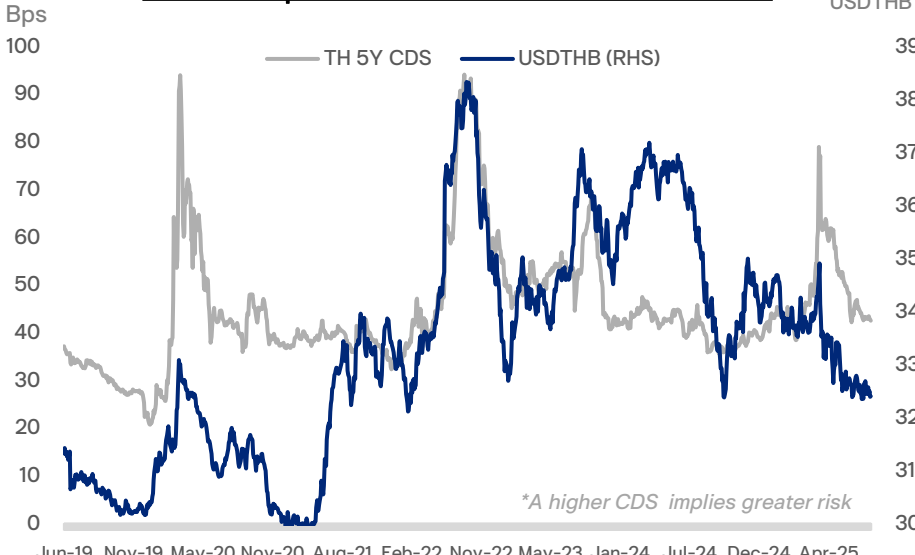
Selected FX spot return against US dollar



Dollar index movements and Fed Fund Rate expectations



Relationship between Thai baht and Thailand CDS



- The dollar strengthened, rising above the 98 level, primarily driven by diminishing expectations of a Fed rate cut in 2025 as recent economic data came in more positive than anticipated. Nonetheless, the broader trend of de-dollarization is expected to persist into the second half of the year, given ongoing uncertainties—particularly around trade policy and the resurfacing of concerns over the Fed’s credibility.
- The Thai baht appreciated against the dollar, diverging from most major and regional currencies. It traded within a 32.30–32.70 range in July, partly influenced by gold price movements.
- Despite unpriced political risks, a typical Q3 depreciation pattern, and uncertainty around US-Thai trade talks, the baht’s appreciation is likely to continue, supported by the ongoing de-dollarization trend.

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