

Economic and Financial Outlook

ttb analytics

September 2025



Global Economy

- In September 2025, the global economic data point to emerging signs of weakness, particularly from the US and China, where several economics indicators have fallen short of market expectations – suggesting a possible further slowdown in the coming months. On price pressures, inflation remained contained across both DM and EM, despite a gradual upward trend observed in some DM economies.
- US economic fragility is rising amid a slowing labor market, though consumption remains resilient. Meanwhile, China's August economic data show signs of further slowdown, raising concerns about meeting the public GDP target and increasing demand for additional stimulus.
- For monetary policy, The Fed delivered its first rate cut of the year, aligning with other central banks already in the midst of their easing cycle.



Thai Economy

- In July 2025, Thai economy continued to soften from the previous month. Despite industrial production improved, supported by strong merchandise exports, private consumption remained broadly stable. Private investment declined, primarily due to reduced spending on machinery and equipment. Moreover, foreign tourist arrivals was relatively stable compared to last month.
- The headline inflation (CPI) showed a deeper contraction than the previous month in August 2025. The main factors came from the falling prices of fresh food items, particularly fresh vegetables, fresh fruits and eggs due to higher supply. Moreover, the energy prices also further declined following the global energy prices including electricity price regarding to government subsidy measures.
- In the second quarter of 2025, the commercial banks' loan contracted at a slower pace, driven by continued contraction in SME and consumer loans amid heightened credit risks, while large corporate loans continued to expand. Overall credit quality was slightly improved consistent with ongoing debt deleveraging from COVID support measures.



Financial Markets

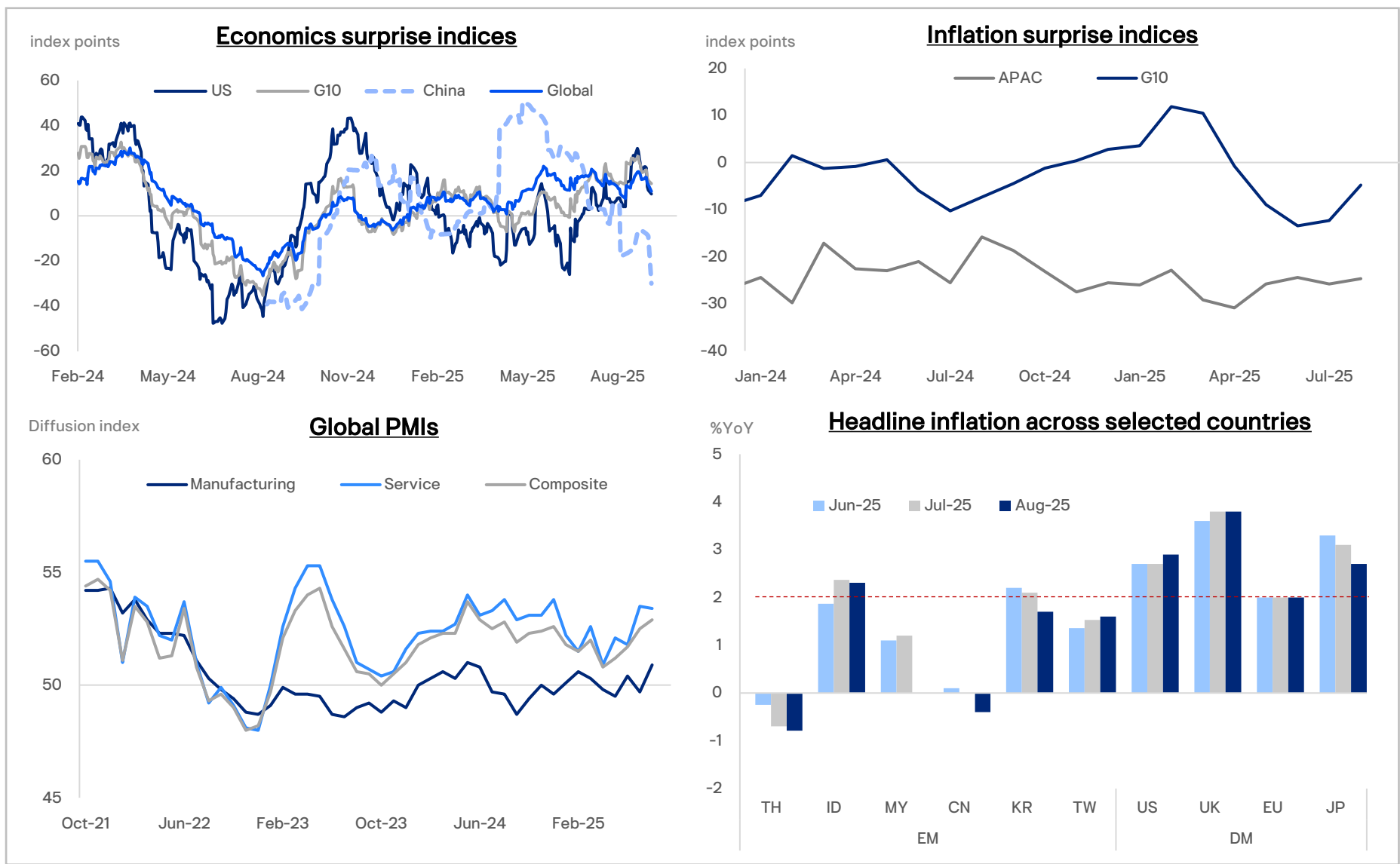
- US bond yields continued to decline in a bull steepening move, driven by a sharp drop in short-term rates after the Fed delivered its first rate cut of the year. In Thailand, the yields curve overall continued to decline compared to the previous month.
- The Dollar weakened over the month on expectations of a Fed rate cut in September. However, it rebounded post-meeting as Powell struck a less dovish tone and recent economic data surprised to the upside. Meanwhile, the Thai baht outperformed regional peers this month, supported by record-high gold prices. The baht briefly strengthened past the 32.00 level, prompting concerns from the Bank of Thailand and the government.

PART 1

Global Economy

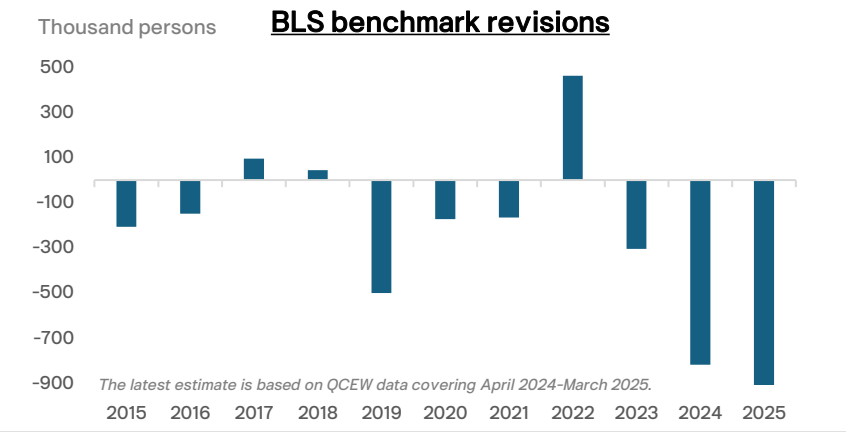
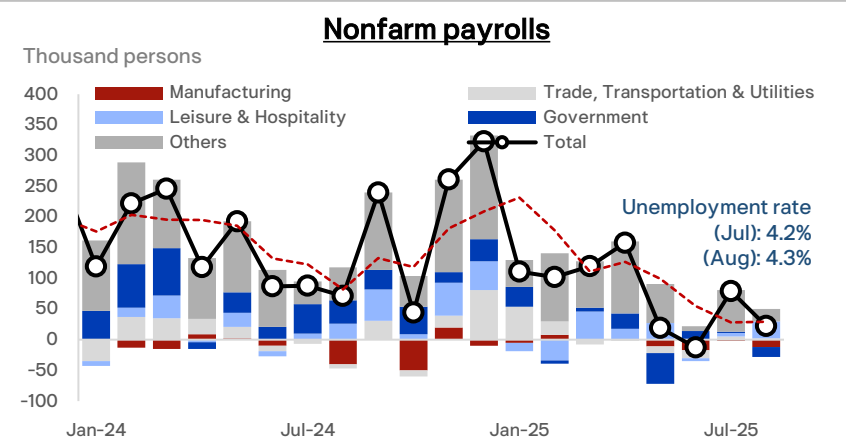
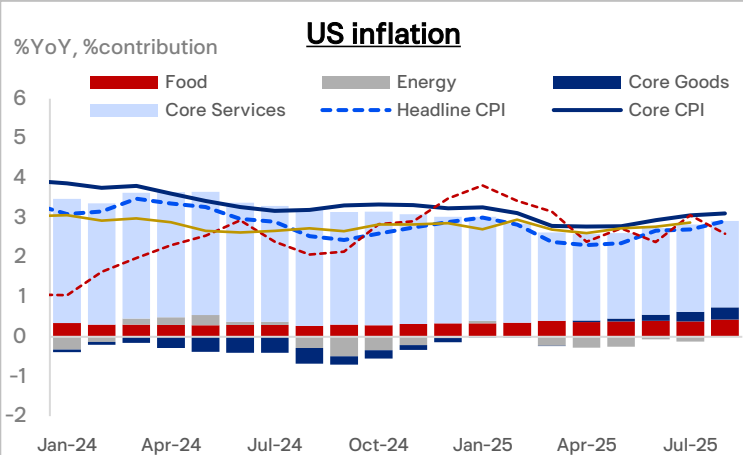
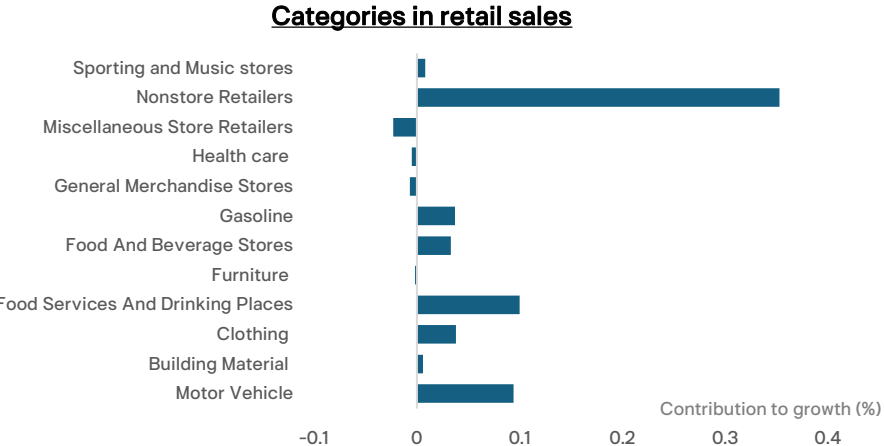
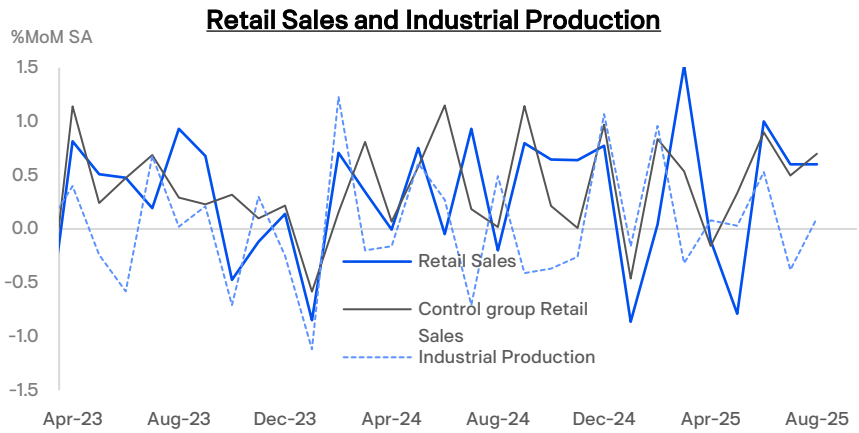


Despite better-than-expected global economic growth in H1, recent data have begun to show signs of weakness, particularly in the US and China



- Recent economic data point to emerging signs of weakness, particularly from the US and China, where several economics indicators have fallen short of market expectations – suggesting a possible further slowdown in the coming months.
- On a more positive note, PMI readings have edged higher, especially in the manufacturing sector, likely supported by diminishing tariff uncertainty as most countries have finalized tariff rates following negotiations. Nonetheless, rising input costs in sub-components indicate that the impact of tariffs continues to filter through the supply chain.
- On price pressures, inflation remained contained across both developed (DM) and emerging markets (EM), despite a gradual upward trend observed in some DM economies. In the US, the impact of tariffs on inflation has yet to become clearly evident, as recent CPI and PPI data show only modest increases.

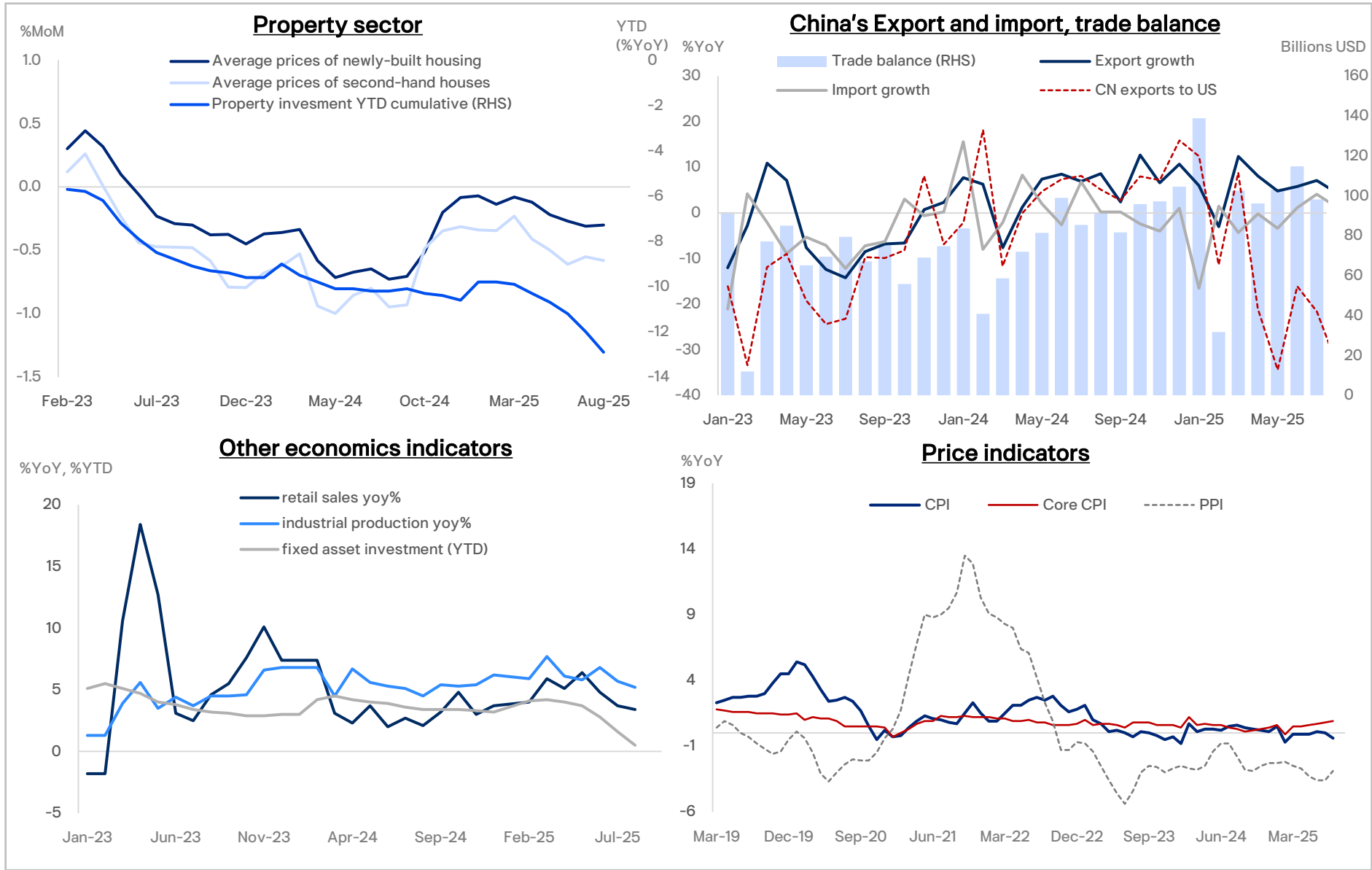
US economic fragility is rising amid a slowing labor market, though consumption remains resilient



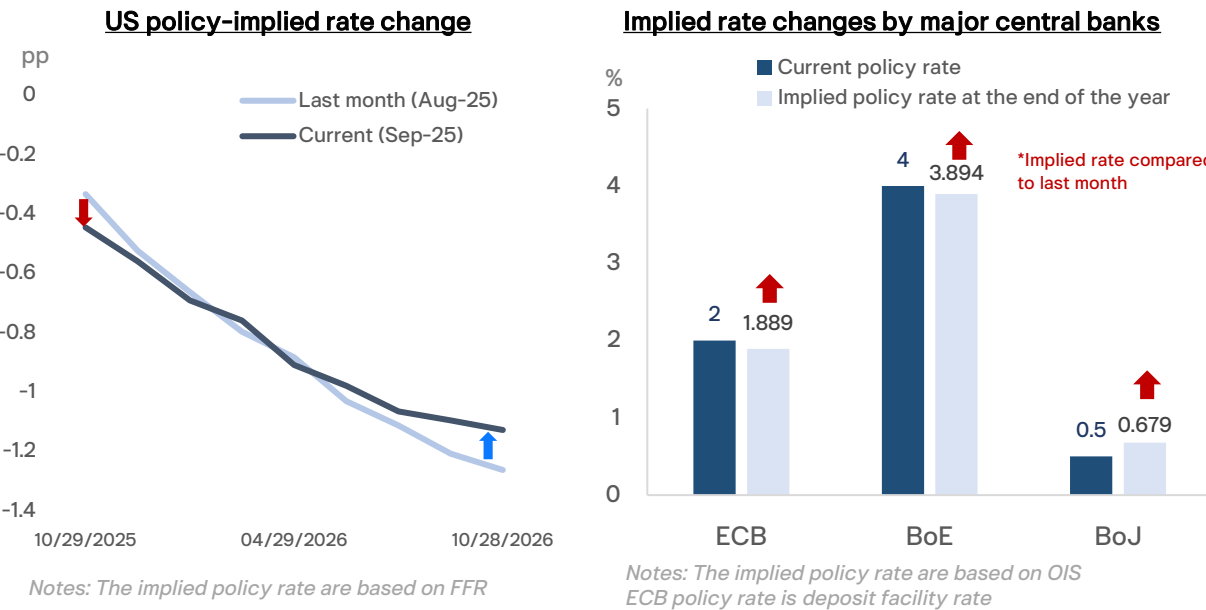
- In recent weeks, US economic data has generally come in weaker than market expectations. Nonetheless, some indicators—particularly retail sales and control group retail sales, a proxy for private consumption—remain moderate. Based on recent growth trends, private consumption should continue to support the US economy in the second half of the year, at least through the third quarter
- For Fed-watch indicators, the labor market slowdown has become more pronounced, with the latest BLS revisions lowering job figures by about 900k—more than expected. Recent NFP data also showed hiring below 100k. On the inflation front, recent CPI and PPI releases have yet to reflect any clear impact from tariff increases. However, core goods prices start to drive inflation, and survey-based inflation expectations remain elevated in the short term.

China's August economic data show signs of further slowdown, raising concerns about meeting the public GDP target and increasing demand for additional stimulus

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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	2.63 ↑
KR	2.50	-50	2.19 ↑
ID	4.75 ↓	-100	4.70 ↓
IN	5.50	-100	5.27 ↑
PH	5.00 ↓	-50	4.78 ↓
TW	2.00	0	1.96 ↑
VN	4.50	0	4.40

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

Latest Monetary Policy development

DM

- The Fed cut rates by 25bps to 4.00–4.25%, with one dissent, as expected, citing a shift in the balance of risks. The dot plot signaled two more cuts in 2025. However, Chair Powell struck a more hawkish tone than the statement and dots implied, framing the cut as a “risk management” move.

- The ECB held rates steady, as expected. The statement noted that the inflation outlook remains broadly unchanged and reaffirmed a data-dependent with no pre-commitment to a set rate path. Lagarde remarked that growth risks are now more balanced.

- The BoJ held rates steady at 0.50% in a 7–2 vote, as expected, but surprised markets by announcing plans to sell its ETF and J-REIT holdings. Governor Ueda noted that future hikes will depend on US tariffs and food inflation, though the BoJ doesn't need to wait for their full impact before taking action.

- The BoE held rates at 4% in a 7–2 vote, as expected, citing continued disinflation and recession risks. On QT, the MPC also voted 7–2 to slow the pace, increasing active sales while shifting gilt maturities toward the short end.

EM

- The PBOC faced the challenge of managing slowing growth alongside the buoyant stock market. Nonetheless, markets continue to anticipate additional monetary easing in the final quarter of the year, albeit with a smaller magnitude.

- Asian central banks are in the midst of an easing cycle, driven by concerns over economic growth amid the impact of US tariffs.

PART 2

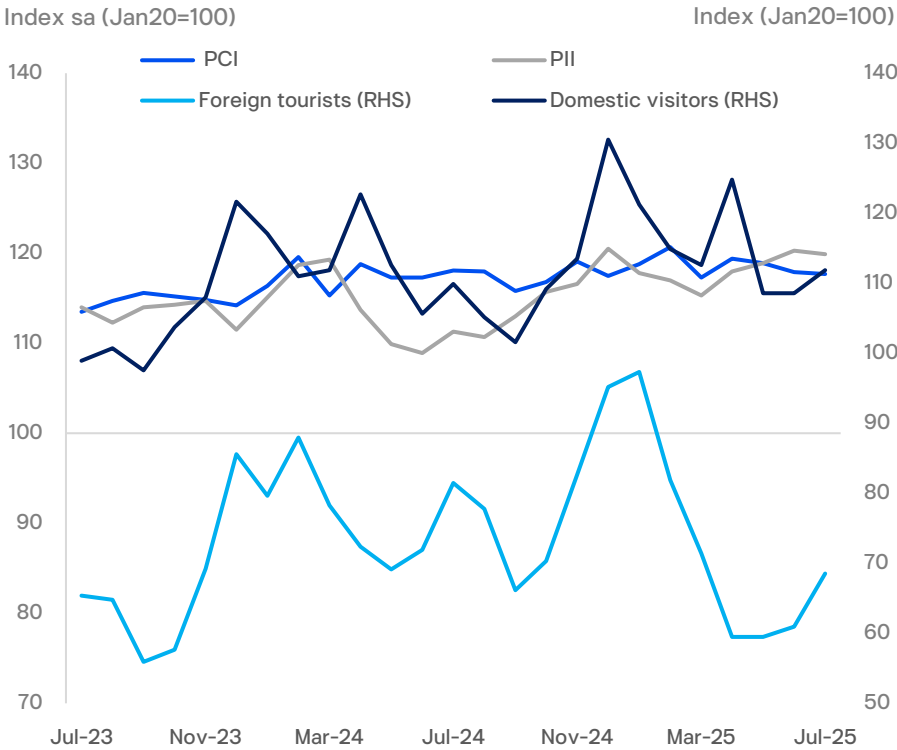
Thai Economy



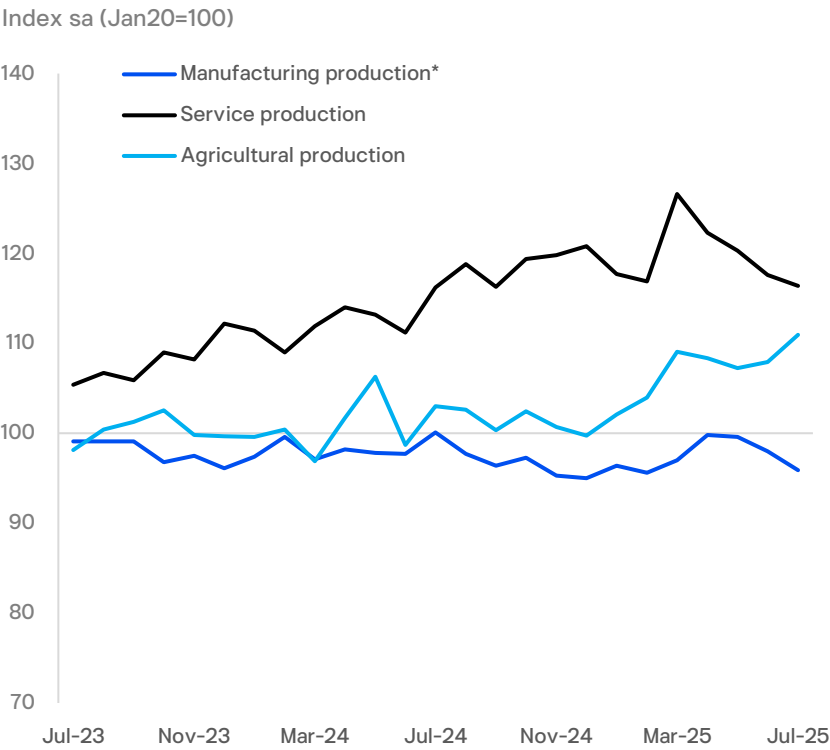
In July 2025, Thailand economic activities continued to soften from the previous month



Demand-side indicators



Supply-side indicators



- In July 2025, Thai economy continued to soften from the previous month. Despite strong merchandise exports, private consumption remained broadly stable. Private investment declined, primarily due to reduced spending on machinery and equipment. Foreign tourist arrivals was improved compared to last month.
- On the economic stability front, headline inflation in August 2025 remained negative for fifth consecutive month. Notably, trade balance (Custom basis) registered a slightly surplus.

Leading Economic Index (sa) (Jan2020=100)

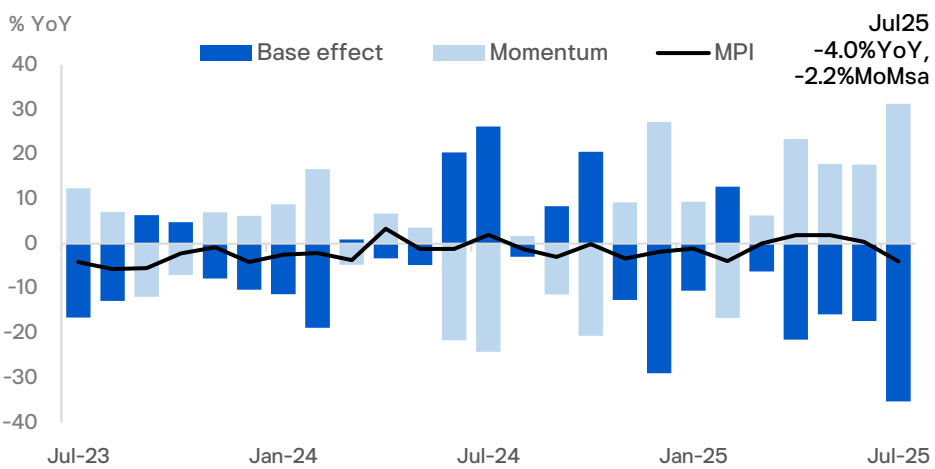
Leading Economic Index and Components (SA)	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Authorized Capital of Newly Registered Companies (Million Baht)	134.5	100.2	125.2	171.2	137.4	129.7	141.4	92.6	219.4	183.4	108.0	103.3	125.8
Construction Areas Permitted (1000 sq. m)	102.9	111.7	102.3	97.2	100.6	104.0	77.1	83.1	100.3	83.9	99.7	97.4	96.4
Export Volume index (exclude Gold)	114.9	119.0	115.3	115.0	119.2	119.1	120.4	126.9	124.1	121.8	133.0	126.1	126.5
Business Sentiment Index (3 months)	100.1	97.2	99.8	102.4	99.4	97.6	97.7	99.6	101.0	95.3	98.2	97.6	101.6
SET index	87.2	89.8	95.7	96.8	94.3	92.5	86.8	79.5	76.5	79.1	75.9	72.0	82.6
Oil Price Inverse Index (Dubai)	1.2	1.3	1.4	1.3	1.4	1.4	1.2	1.3	1.4	1.5	1.6	1.4	1.4

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

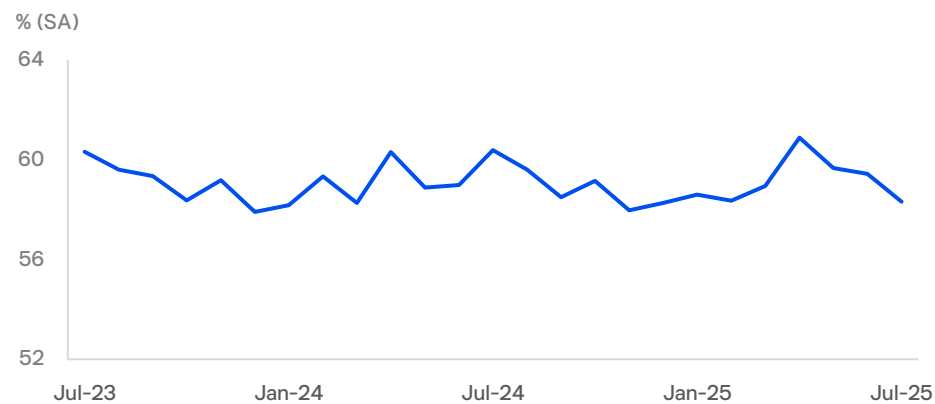
Manufacturing production indicator declined largely in petroleum and automobile sectors due to a temporarily halt production



Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Contribution	Jul-24	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-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)	2.0	-1.2	-3.0	-0.1	-3.3	-1.8	-1.1	-3.9	0.0	1.9	1.9	0.4	-4.0

- As of July 2025, Manufacturing Production Index (MPI) declined from the previous month, largely due to temporary factors. Production fell in petroleum due to major refinery maintenance as well as the lower production in automobile, which was due to a temporary suspension of operations at two factories for relocation and capacity adjustments. Meanwhile, overall manufacturing production increased, particularly in export-led sectors, driven by higher production of air conditioners and electronic components, in line with rising export demand.

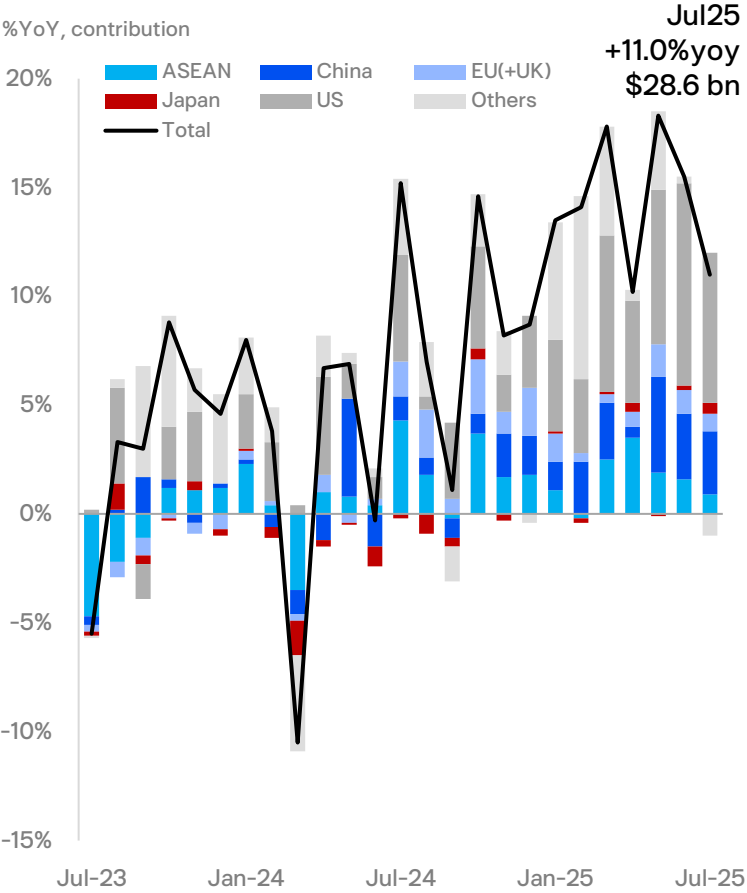
Merchandise export continued to expand supported by ongoing front-loading shipment, while import growth decelerated regarding lower energy import



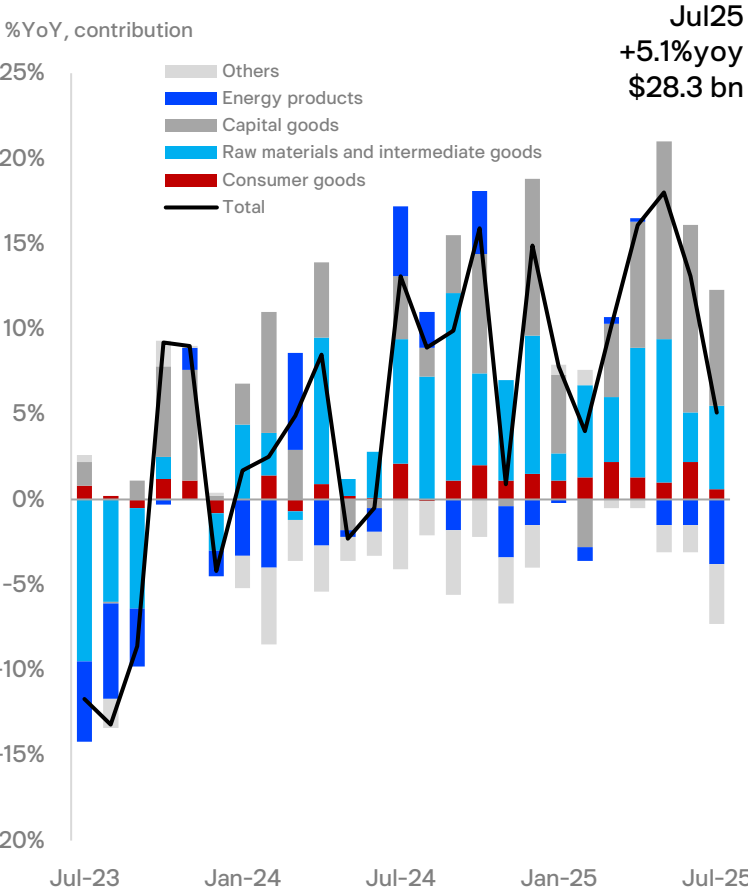
Exports value by product and destination

Unit: %YoY

	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25
Agri-agro products												
Rice	46.6%	15.2%	10.1%	-20.6%	-8.5%	-32.4%	-34.2%	-23.4%	-44.1%	-9.9%	-41.1%	-16.3%
Rubber	64.8%	47.4%	32.6%	14.1%	48.5%	45.5%	35.7%	19.5%	22.5%	-7.8%	-0.2%	-13.9%
Tapioca products	-11.5%	-29.2%	-30.5%	-6.3%	7.8%	-7.9%	-15.8%	-15.1%	-5.8%	15.5%	6.1%	-12.6%
Fresh, Frozen & Dried vegetable and Fruit	2.9%	-14.0%	7.3%	33.8%	10.7%	-2.8%	8.3%	14.0%	-29.1%	11.8%	48.5%	74.0%
Poultry	5.1%	-0.4%	12.4%	12.0%	7.1%	12.3%	9.3%	5.1%	8.6%	9.3%	15.8%	9.8%
Sugar	-13.6%	-8.9%	-11.8%	-21.3%	-29.9%	0.0%	27.3%	-26.8%	37.7%	-1.1%	42.6%	36.2%
Animal feeding	25.0%	21.5%	18.2%	18.1%	9.7%	12.9%	14.4%	12.5%	10.1%	6.7%	10.9%	9.1%
Industrial products												
Motor Cars, Parts, Accessories	-17.9%	-10.6%	-13.0%	-0.3%	-6.2%	-13.1%	2.7%	0.3%	-7.8%	15.3%	-8.6%	4.2%
Computer and parts	74.7%	25.5%	77.5%	40.7%	43.5%	45.0%	51.3%	80.2%	75.1%	104.0%	57.7%	61.0%
HDD	112.2%	3.8%	124.9%	47.8%	18.0%	36.7%	45.1%	45.5%	40.4%	42.1%	13.0%	14.9%
Integrated Circuits	-33.2%	1.2%	1.9%	3.9%	-2.6%	9.0%	24.8%	41.5%	39.0%	41.4%	46.2%	54.9%
Air Conditioning Machine	15.2%	22.5%	44.9%	35.8%	28.7%	33.2%	32.8%	19.1%	1.2%	8.0%	9.7%	6.8%
Refrigerating	11.6%	-17.8%	-6.6%	16.0%	-15.5%	-20.9%	4.4%	-1.5%	35.5%	50.6%	40.8%	56.8%
Electronic Machines	13.9%	8.2%	29.6%	9.6%	12.8%	17.3%	21.6%	47.8%	34.4%	53.2%	33.5%	35.2%
Plastic pallet	-3.3%	-5.2%	4.8%	2.2%	10.3%	4.1%	1.3%	7.6%	-5.6%	-4.4%	0.7%	-7.1%
Chemical Products	12.5%	4.4%	18.7%	10.7%	20.1%	6.6%	19.5%	6.4%	8.7%	-1.3%	-4.3%	-15.2%
Machinery & Parts	23.0%	8.7%	43.0%	16.7%	35.6%	28.1%	21.5%	17.3%	-13.1%	34.8%	16.4%	44.1%
Rubber Products	14.9%	15.7%	27.2%	24.8%	22.5%	19.9%	16.9%	17.7%	15.9%	34.2%	23.3%	9.7%
Refined oil	1.0%	-29.8%	-21.4%	-16.3%	-33.7%	-4.3%	-3.6%	-8.0%	-3.6%	-20.3%	-20.0%	-43.5%
Jewelry ex gold	17.6%	-0.8%	-1.8%	24.3%	79.5%	148.8%	106.3%	69.8%	42.1%	2.4%	8.4%	41.9%
Total export	7.0%	1.1%	14.6%	8.2%	8.7%	13.6%	14.0%	17.8%	10.2%	18.4%	15.5%	11.0%



Imports value by groups

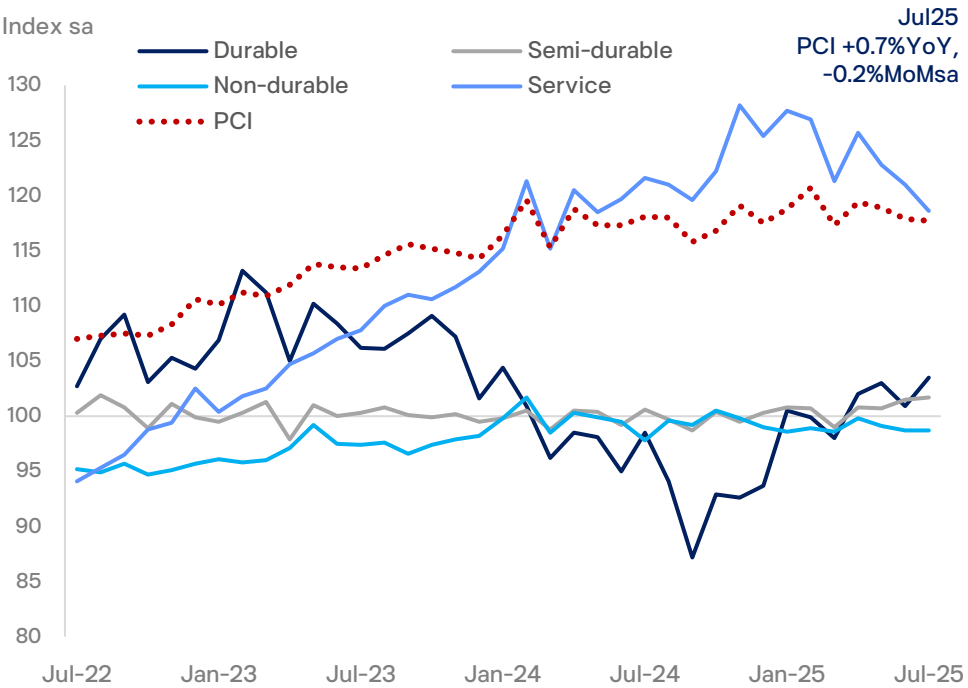


- Thailand's exports in July 2025 continued to expand, marking the thirteenth consecutive month of expansion. This growth was partly driven by the ongoing front-loading effect due to increasing imports of goods into the US ahead of the imposition of reciprocal tariffs, which benefit to both industrial and agricultural exporting products e.g., products of fruits, chicken, pet food, computer and parts, and machinery. On one hand, the import value growth decelerated, due to lower imports of energy products, bus and pickup truck, which resulting in a trade surplus of USD 322 millions. (The first seven-month of 2025, trade surplus of USD 260 millions)

Despite a robust momentum in durable goods purchase, overall private consumption indicators remained broadly stable

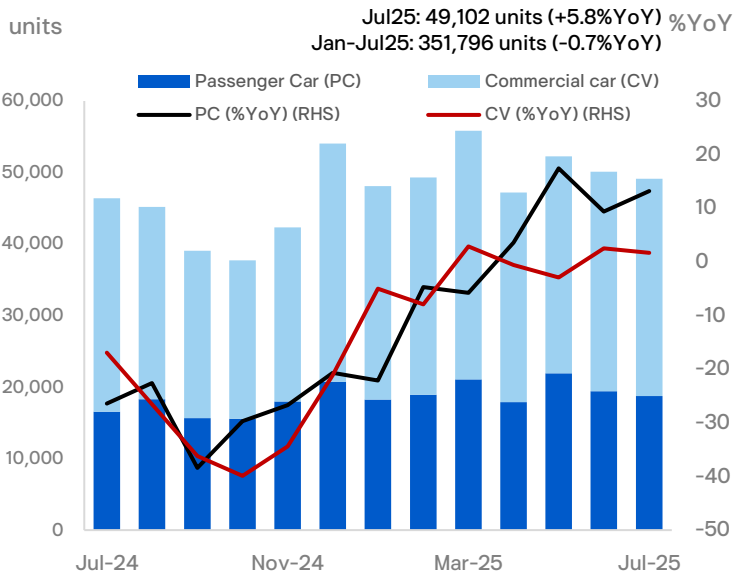


Private Consumption Indicators (SA)

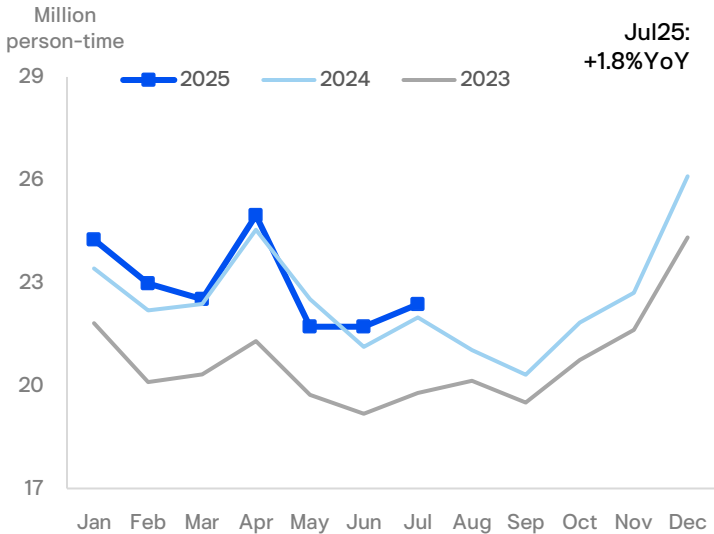


- Private consumption indicators remained broadly stable compared to the previous month. Spending on durable goods increased across all categories, including passenger cars, pickup trucks, and motorcycles . However, non-durable goods and services consumption declined, reflecting lower tourism-related receipts from both domestic and foreign visitors.
- Farm income contracted for the fourth consecutive month, primarily due to falling prices of several agricultural products in line with higher output e.g., rice, rubber and cassava.

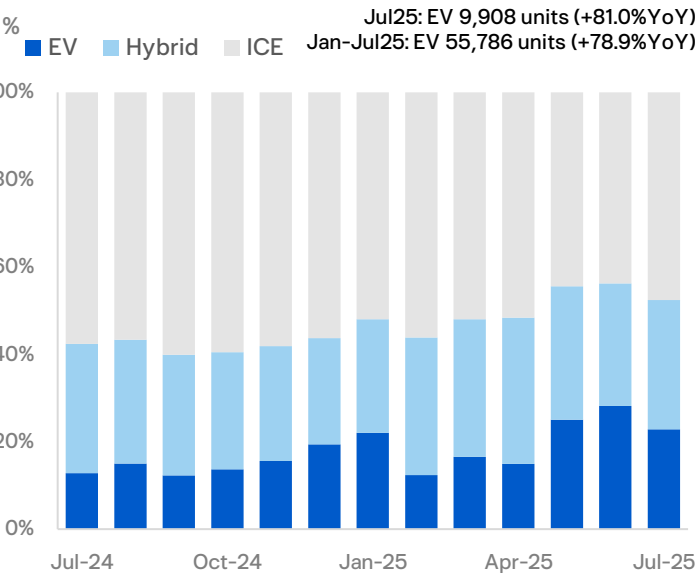
Domestic car sales**



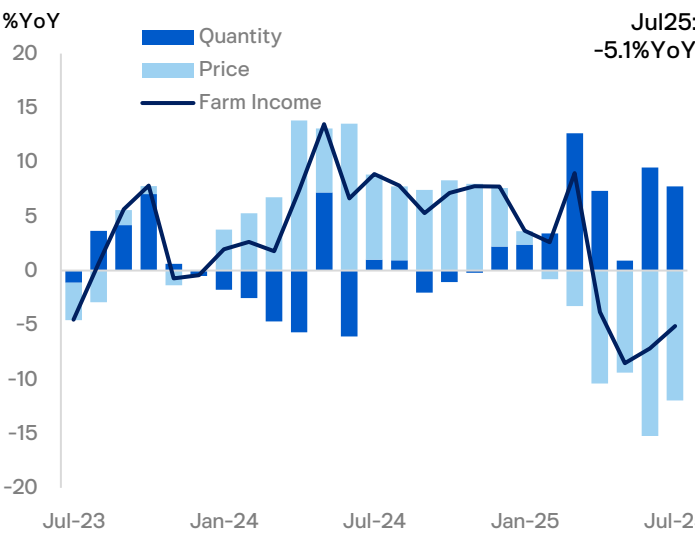
Thai domestic visitors*



EV penetration of type 1 registration



Farm Incomes



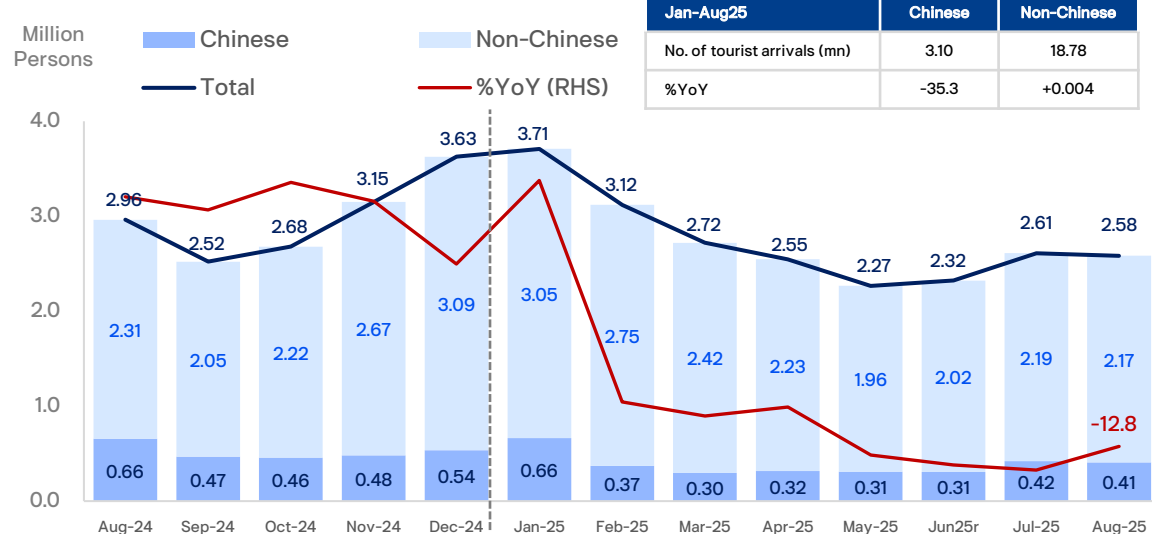
Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

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 August relatively stable from the previous month but its growth dipped for seven-consecutive month

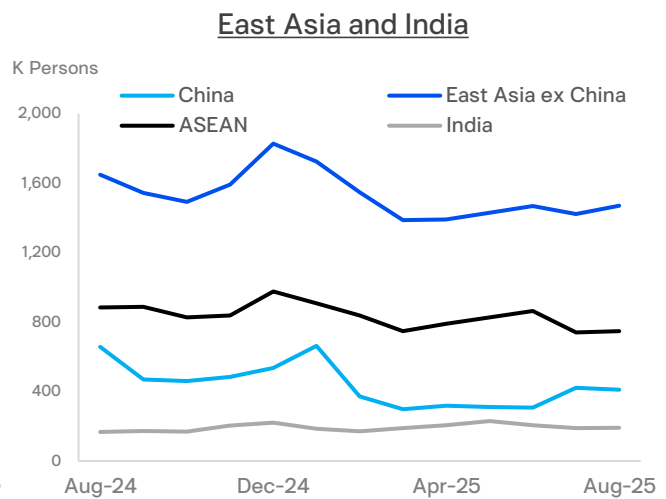
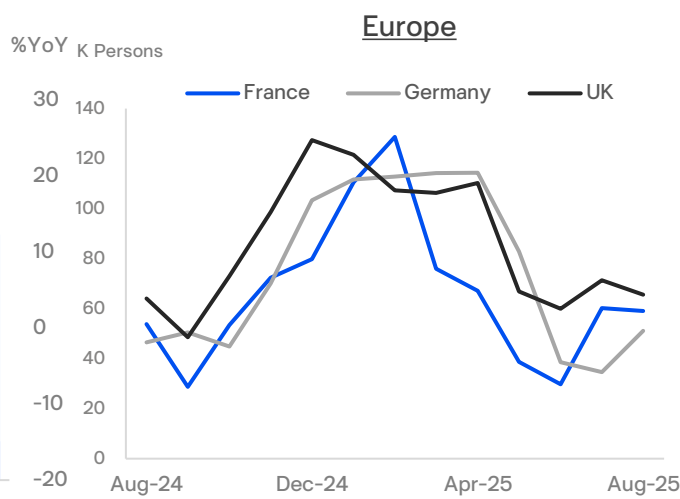


Total Foreign Tourist Inbounds

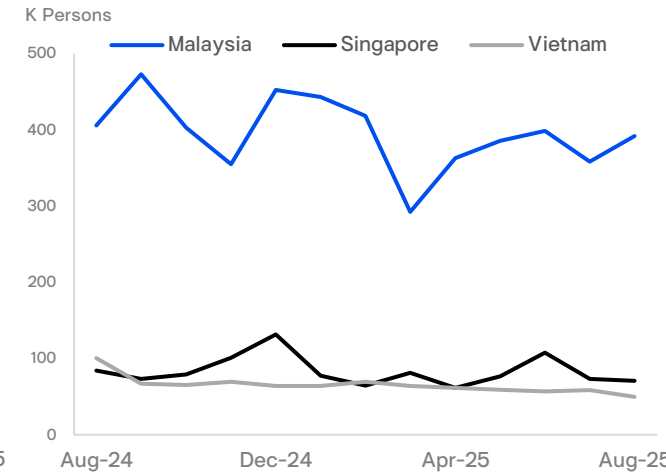
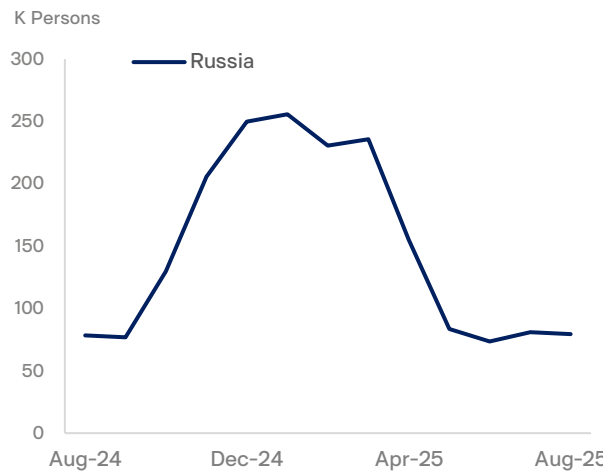
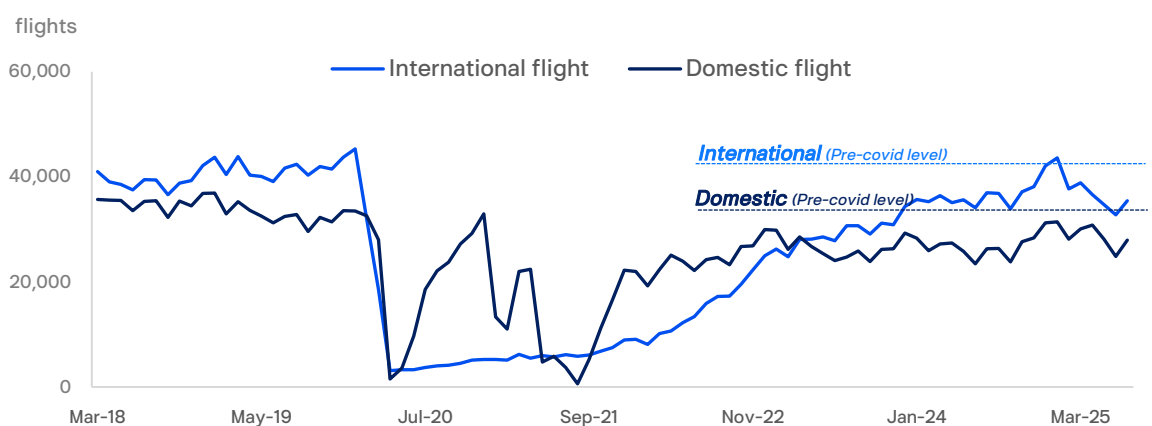


Jan-Aug25	Chinese	Non-Chinese
No. of tourist arrivals (mn)	3.10	18.78
%YoY	-35.3	+0.004

Foreign Tourist Inbounds by key regions



Number of flights via Thailand's airports (total)

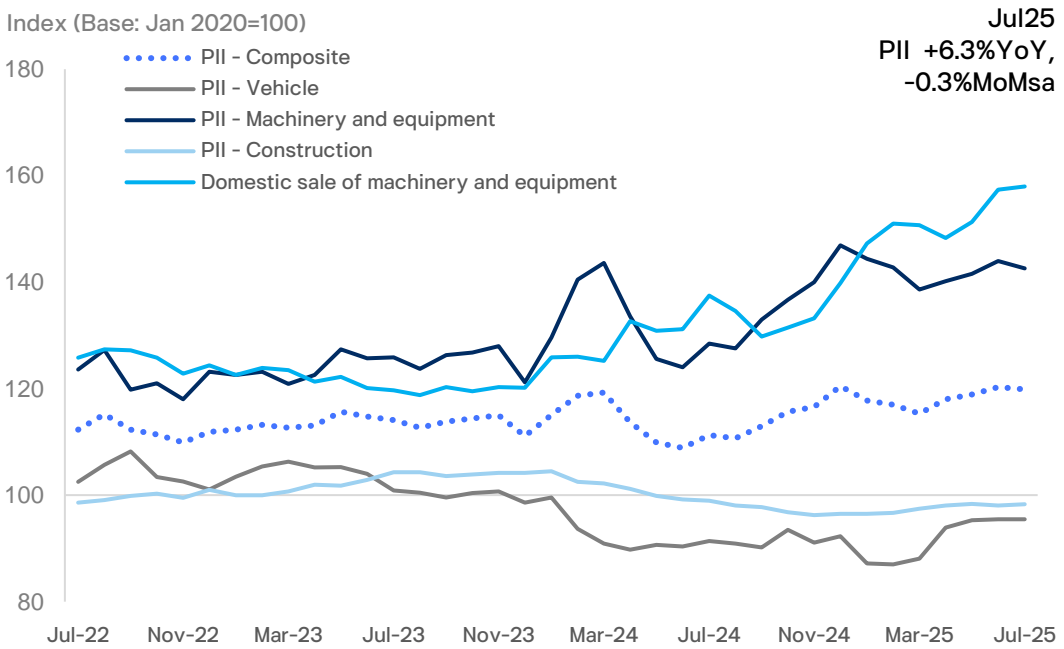


- In August 2025, foreign tourist arrivals was at 2.58 millions, relatively stable compared to last month. This showed a mixed development, tourists from ASEAN and Northeast Asia countries marked an increased figure particularly in major countries (except China), while tourists from the US, Europe and Oceania declined from the previous period.

Total investment indicators falters amid ongoing uncertainty ahead

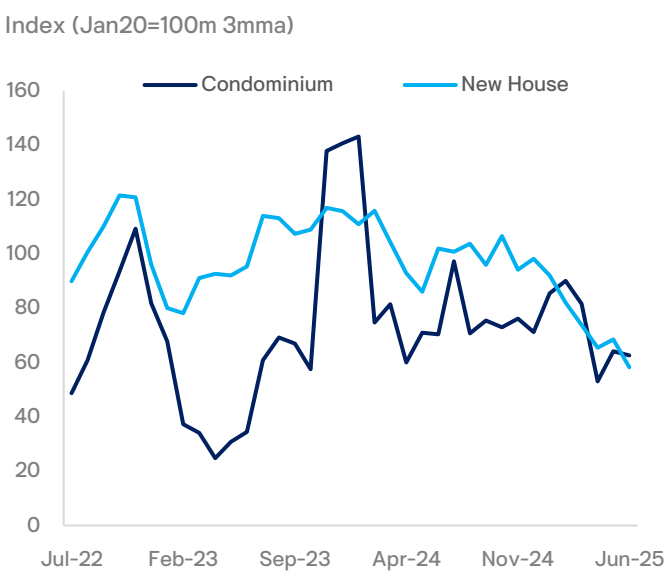


Private Investment Indicators (SA)

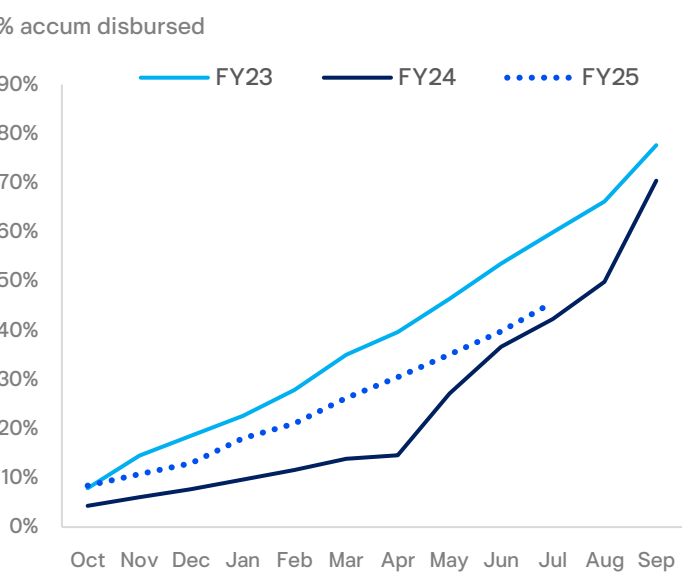


- Private investment declined from the previous month, mainly due to lower investment in machinery and equipment. Net imports of capital goods declined, particularly computers, office equipment, and special purposed machinery, while domestic machinery sales remained steady. Besides, construction investment increased, supported by both nonresidential and residential projects, especially in areas permitted for hotel and single-house construction.
- Overall BSI dropped sharply, marking the fourth consecutive month below the markline, driven mainly by both manufacturing and non-manufacturing index, reflecting the ongoing uncertainty about tariff and safety concern.

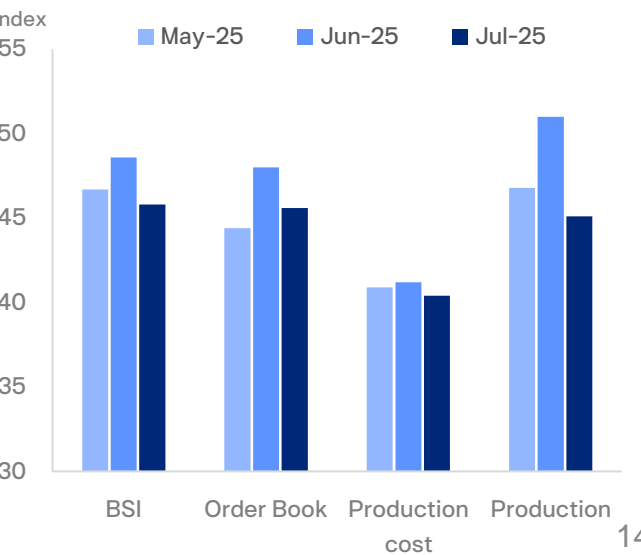
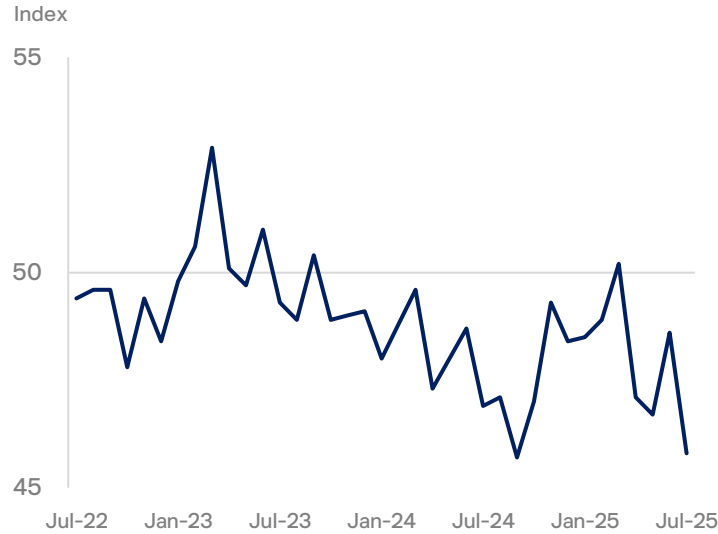
Unit of housing registration (Nationwide)



Accumulated govt capital budget disbursement



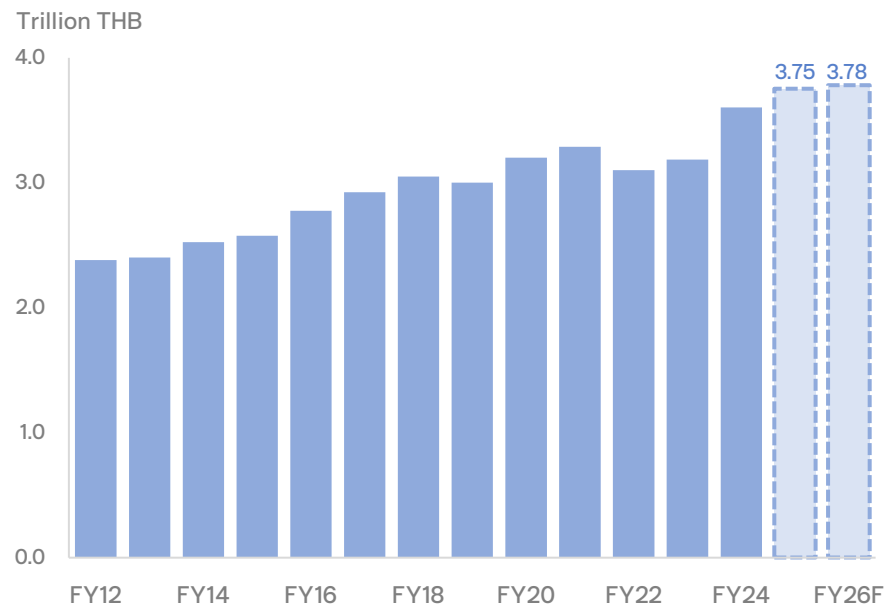
Business Sentiment Index (BSI)



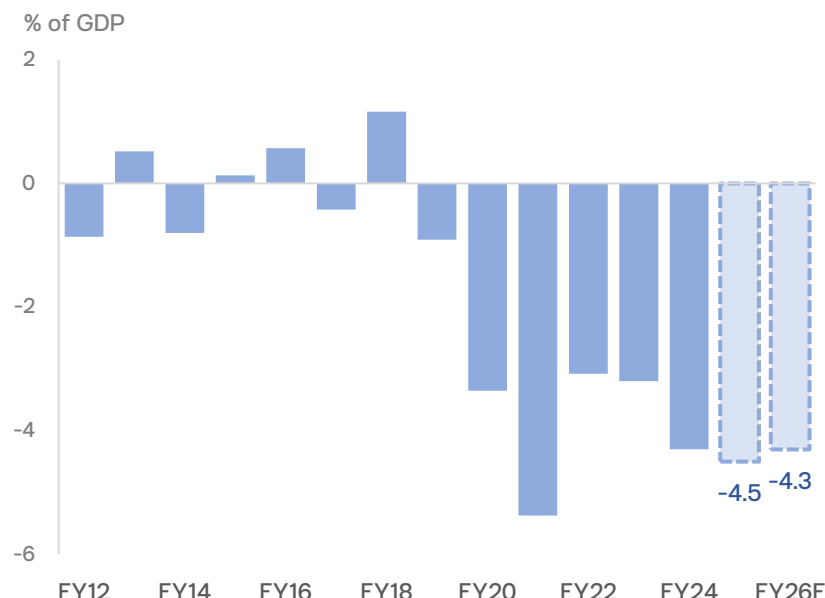
Although the FY 2026 budget bill has been passed, the PM’s reliance on a minority vote underscores persistent risks to political stability and ongoing fiscal challenge



Government budget



Fiscal balance



Preliminary policy statements under New Prime Minister

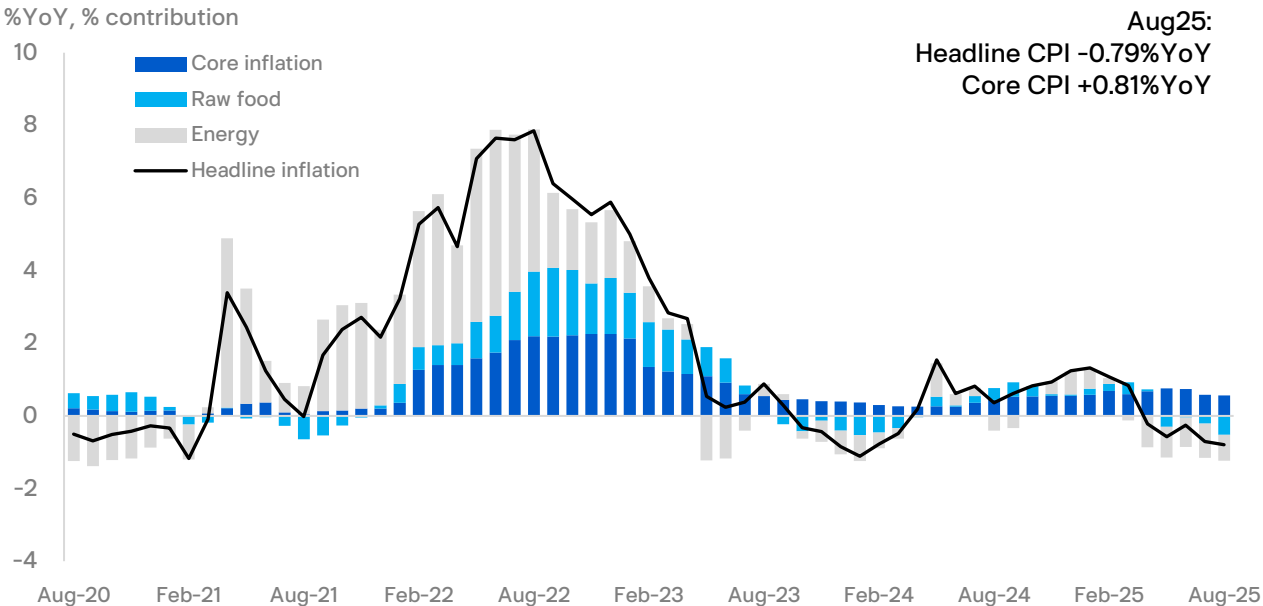
	Details	Prioritized policies
1) Economy	<ul style="list-style-type: none">Reducing living expensesAddressing the debt problems of farmers and low-income earners	<ul style="list-style-type: none">Half-half plus policyTop-up social welfareRetirement lottery ticket
2) National security	<ul style="list-style-type: none">Resolving disputes	<ul style="list-style-type: none">Resolving disputes between Thailand and Cambodia through peaceful means
3) Natural disaster	<ul style="list-style-type: none">Continue developing systems for early warning alert	<ul style="list-style-type: none">Relevant agencies to continue developing systemsEnsuring that compensation for those affected by natural disasters
4) Social threats	<ul style="list-style-type: none">Intensify efforts to suppress drug trafficking, human trafficking, online scams, and illegal gambling	<ul style="list-style-type: none">Close cooperation with neighboring countries and international partners

- The Senate passed the final reading of the fiscal 2026 budget bill with THB 3.78 trillion or increased 0.7% from last fiscal year, which allocated for government spending, including allocations for current budget (70.1%), investments (22.9%), loan repayments (4%), and fiscal reserves (3%). The budget bill allows the government to borrow THB 860 billion to offset the budget deficit, which constitutes 4.3% of GDP.
- Following the Royal endorsement of Anutin Charnvirakul, leader of the Bhumjaithai Party, as Thailand’s 32nd Prime Minister, domestic political tensions have somewhat eased, creating a temporary window for policy continuity for 4-8 months going forward before new early election.
- However, the political environment remains fragile due to minority government in the House of Representatives. This would highlight ongoing risks to political stability and underscore the fiscal challenges.

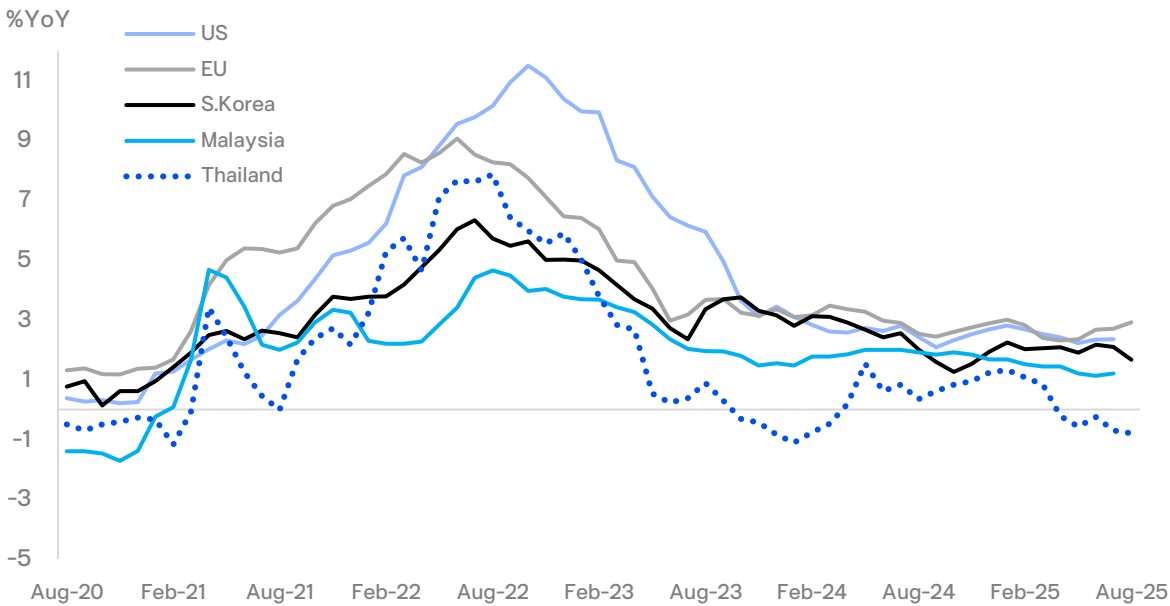
August's headline inflation marked a deeper contraction with the lowest rate in 19 months



Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

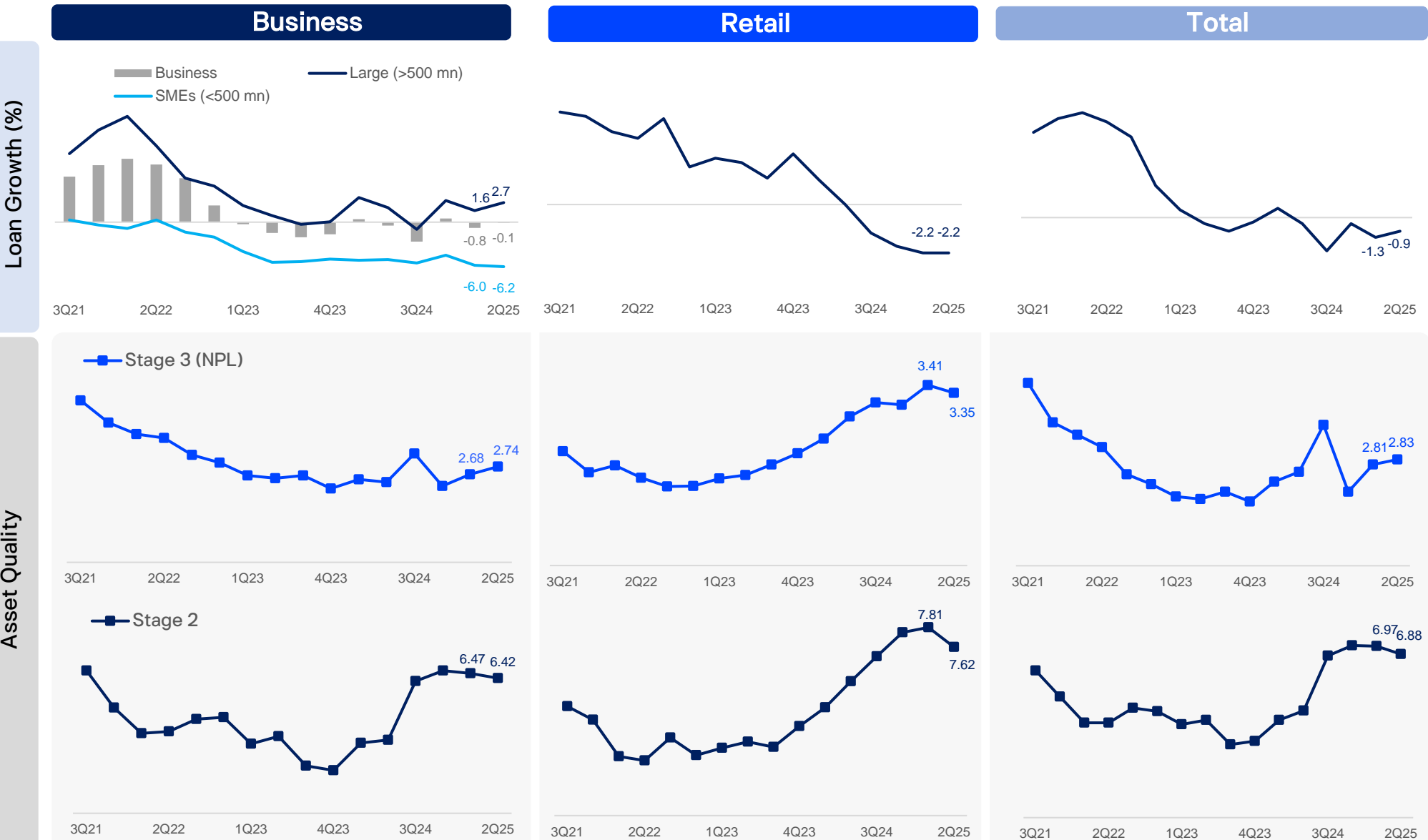
%YoY	Aug-24	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25
Headline inflation	0.36	0.62	0.83	0.94	1.24	1.32	1.08	0.84	-0.22	-0.57	-0.25	-0.70	-0.79
Raw food	1.92	2.32	1.64	0.24	0.17	0.97	1.13	1.90	0.30	-1.76	-0.23	-1.23	-2.99
Prepared food	1.81	2.38	2.33	2.27	2.33	2.53	2.68	2.37	2.61	3.41	3.40	2.53	2.54
Meat and Poultry	-1.16	-0.68	0.33	0.59	0.25	0.41	1.39	3.04	5.04	5.39	4.98	4.18	3.36
Eggs and dairy products	1.66	1.43	1.44	-0.50	-0.95	-0.53	0.45	-0.46	-1.94	-1.52	-3.94	-3.46	-3.72
Utilities	-3.31	1.44	1.45	1.45	1.44	1.47	1.45	0.06	-2.84	-1.42	-1.41	-1.36	-1.36
Energy	-3.10	-2.56	-0.08	2.72	5.01	4.25	1.23	-0.93	-6.73	-6.58	-6.31	-7.33	-5.55
Core inflation	0.63	0.76	0.77	0.80	0.80	0.83	0.99	0.86	0.98	1.09	1.06	0.84	0.81

- The headline inflation (CPI) contracted by 0.79%YoY in August 2025, deeper contraction than the previous month of 0.7%YoY decrease. The main factors came from the falling prices of fresh food items, particularly fresh vegetables, fresh fruits and eggs due to higher supply. Moreover, the energy prices also further declined following the global energy prices including electricity price regarding to government subsidy measures. The core inflation increased by 0.81%YoY, continued to decline from 0.84%YoY in July 2025.
- Overall, Thailand's inflation for the first-seven month of 2025 increased by 0.08%YoY and the core increased by 0.94%YoY.

Bank loans growth in 2Q25 contracted at a slower pace amid heightened credit risks



Loan growth and credit quality of Thai commercial banks



- In the second quarter of 2025, overall commercial bank loans contracted 0.9%YoY compared to the previous month of 1.3%YoY decline, driven by continued contraction in SME and consumer loans amid heightened credit risks, while large corporate loans continued to expand.
- The overall credit quality was slightly improved; NPL ratio remained stable, although NPL outstanding slightly increased from the previous quarter, mainly driven by business loans, whereas NPL of consumer loans declined across all portfolios, partly due to loan quality management, while overall stage 2 loans declined across nearly all portfolios.

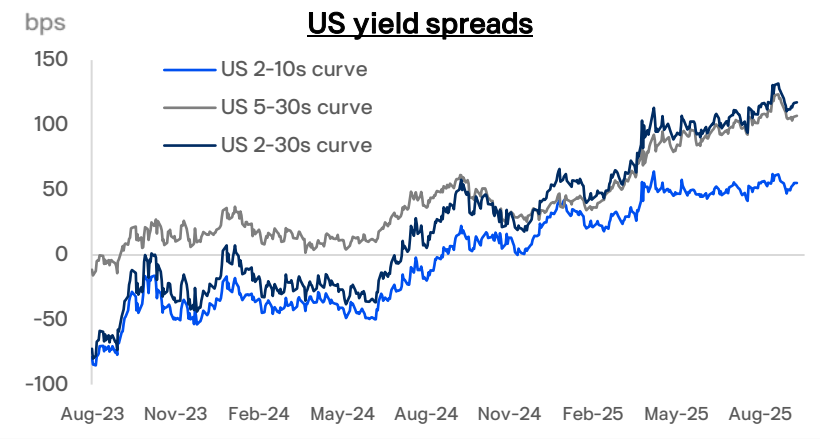
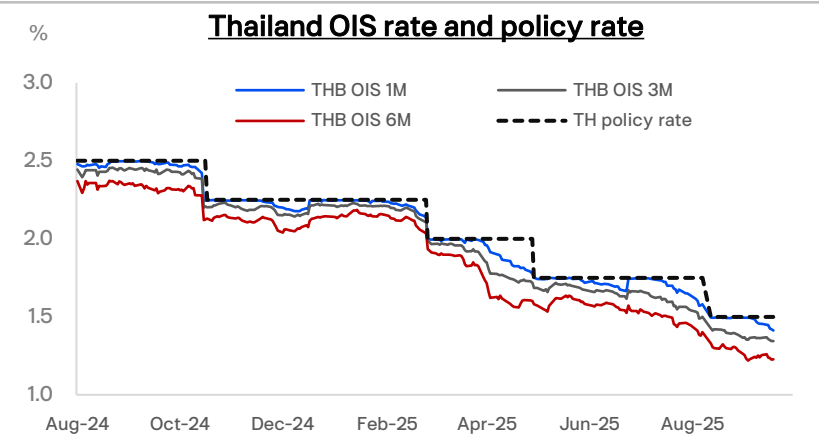
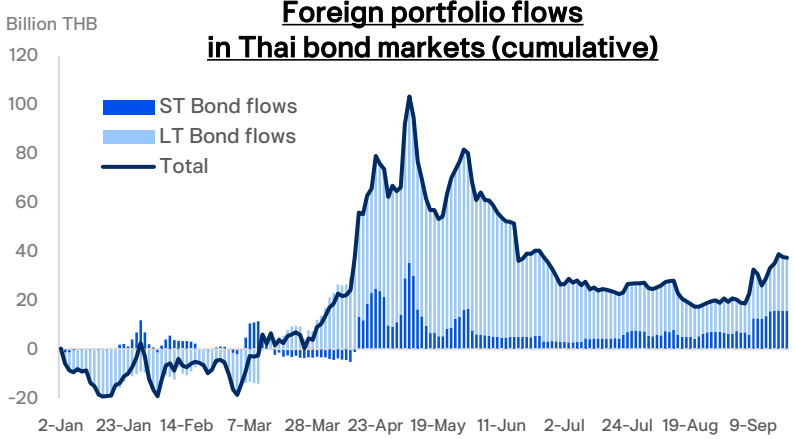
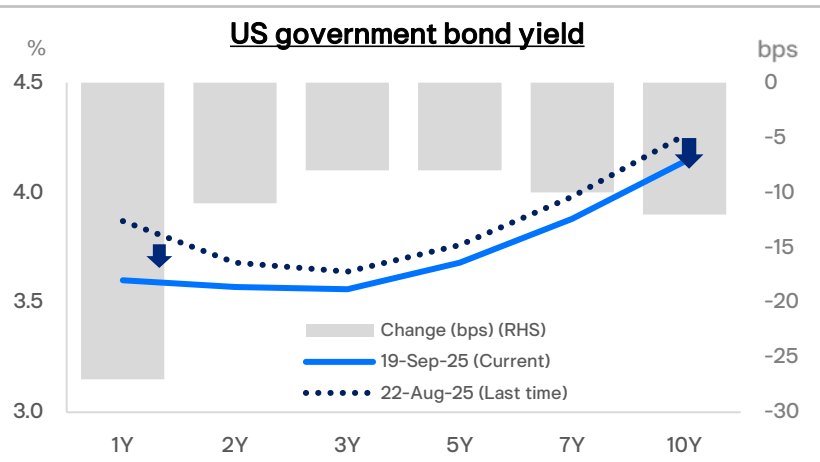
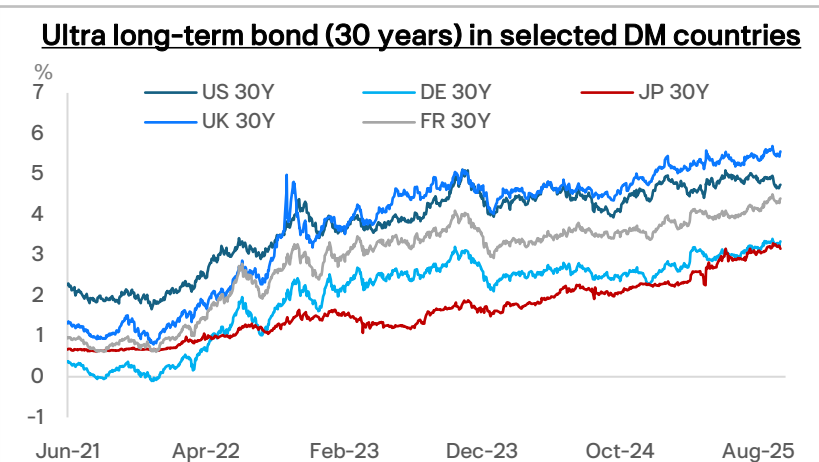
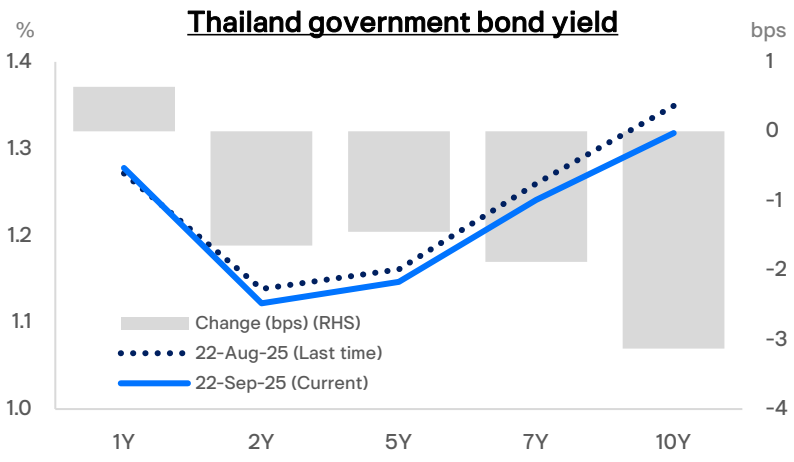
Source: BOT
Remark: *Business loan ex interbank (stage 2 and 3 data including interbank data 1/ 3Q24 data preliminary)

PART 3

Financial Market



Bond markets remain rate-driven, though fiscal and political risks are starting to pressure the long end

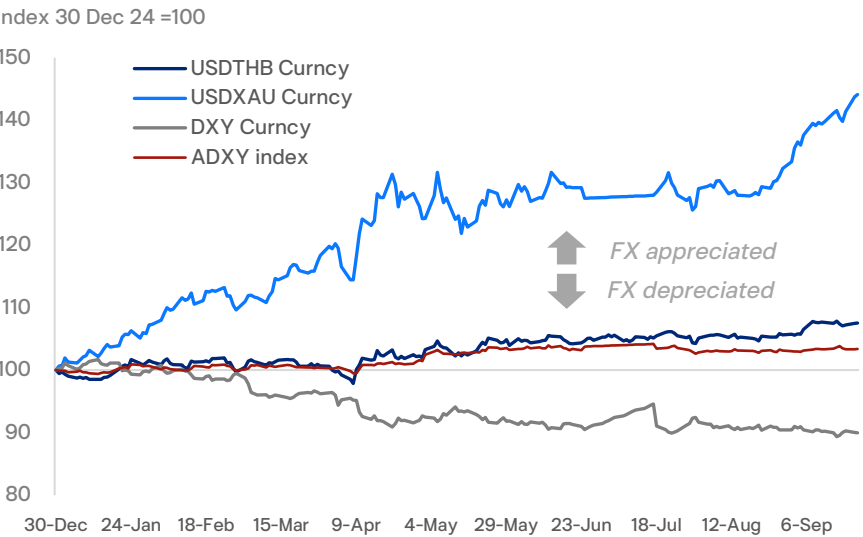


- US bond yields continued to decline in a bull steepening move, driven by a sharp drop in short-term rates after the Fed delivered its first rate cut of the year. While the dot plot implies another 50 bps of cuts in 2025, Powell's hawkish tone signaled caution, nudging yields slightly higher post-meeting. Meanwhile, fiscal concerns, political uncertainty, and inflation risks have come into focus—particularly in developed markets—reflected in rising ultra-long yields earlier in September.
- The Thai yields curve overall continued to decline compared to the previous month. While yields briefly rose across the curve in mid-September—likely due to technical factors such as profit-taking—the overall downward trend resumed. Meanwhile, portfolio flows saw net inflows in both short- and long-term bonds, amid the new prime minister. Looking ahead, Thai yields remain biased to the downside, consistent with ongoing policy easing as reflected in OIS pricing.

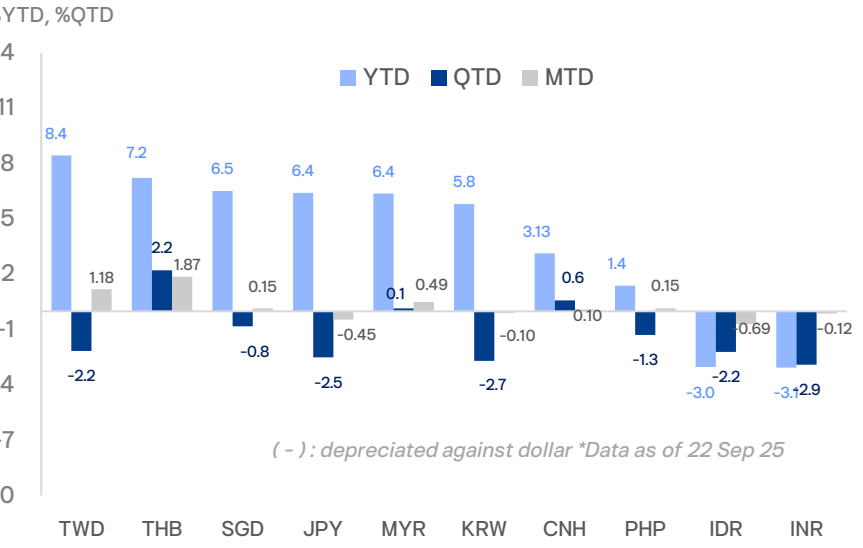
The Dollar softened on rate cut bets, while the baht outperformed on strong gold prices



Movement in regional FX in 2025

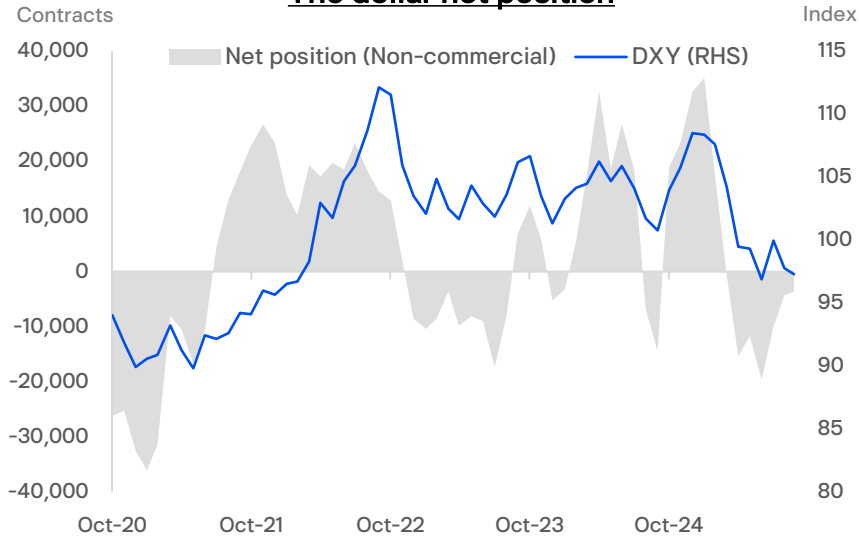


Selected FX spot return against US dollar

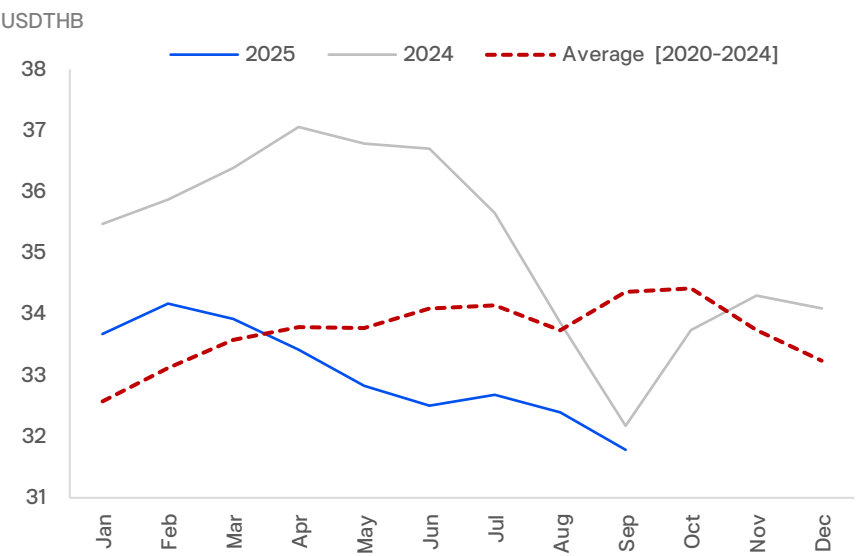


Source: Bloomberg, CEIC and ttb analytics (Data as of 22 Sep 25)

The dollar net position



Thai baht monthly seasonality



- The Dollar weakened over the month on expectations of a Fed rate cut in September. However, it rebounded post-meeting as Powell struck a less dovish tone and recent economic data surprised to the upside. Meanwhile, the Thai baht outperformed regional peers this month, supported by record-high gold prices. The baht briefly strengthened past the 32.00 level, prompting concerns from the Bank of Thailand and the government. In response, efforts to de-link the baht from gold flows led to a temporary depreciation.
- Looking ahead, the weak dollar theme is expected to persist, albeit at a slower pace than in H1. The outlook remains pressured by rising Fed rate cut expectations and growing concerns over threats to Fed independence. Given the baht's high sensitivity to USD and gold movements, the risks for the Thai baht remain skewed toward further appreciation. In addition, seasonal factors—particularly in the final quarter of the year, especially December—add to the upward pressure on the baht.

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