Economic and Financial Outlook

ttb analytics

October 2025

Executive Summary

Global Economy

- In October 2025, the global economic data continue to signal a slowdown in the second half of the year. However, PMIs remain in expansionary territory, with readings above 50. The global services sector has shown greater resilience, while manufacturing activity has moderated but continues to expand. Meanwhile, tensions between the US and China have reemerged.
- The US government shutdown creates uncertainty for the US economy as key indicators are indefinitely delayed. Meanwhile, China's slowdown milder than expected, on track for annual target but growth uneven.
- For monetary policy, the Fed's easing cycle is underway, while other central banks' cycles are nearly complete.

Thai Economy

- In August 2025, Thai economy continued to broadly soften from the previous month. Private consumption remained stable, while private investment continued to decline. Merchandise export slowed regarding US tariff enforcement aligning with contraction in manufacturing production. Moreover, foreign tourist arrivals was relatively stable compared to last month.
- The headline inflation (CPI) declined slightly less than the previous month in September 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.
- Monetary Policy Committee (MPC) voted to hold its benchmark policy rate at 1.50% in the October's meeting, indicating the close to previous assessment of Thai economy in 2025 and 2026. However, headline inflation is projected to lower than expected to move below the lower-bound of central bank target before gradually returning to the target range by early 2027.

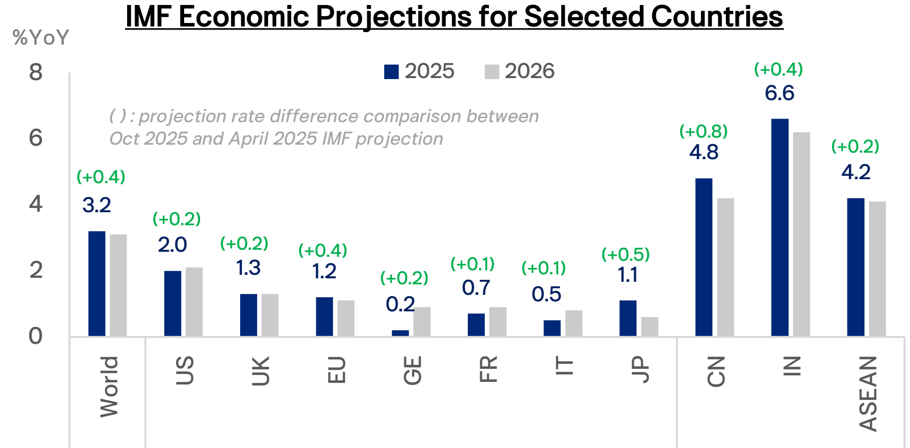
Financial Markets

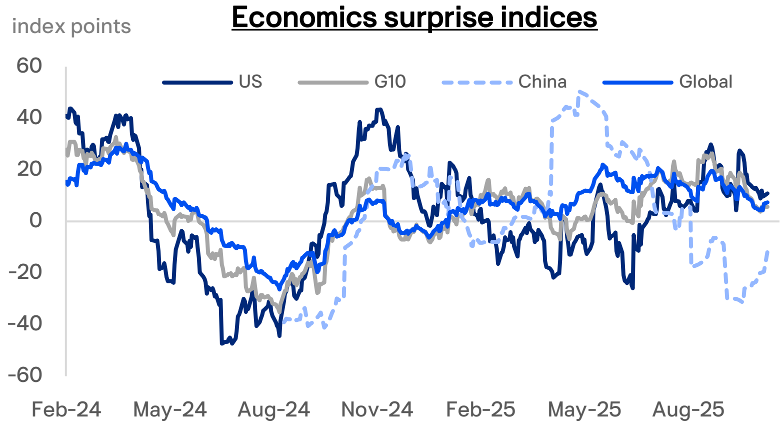
- US Treasury yields fell across the curve, led by the long end, driven by safe-haven demand amid renewed US–China trade tensions and regional bank concerns. In contrast, Thai government bond yields rose across the curve following the MPC's unexpected decision to hold rates, triggering position unwinding and profit-taking.
- The Dollar strengthened overall compared to the previous month, partly due to non-US factors. However, renewed US-China tensions and worries about regional banks briefly limited the dollar's gains. The Thai baht has weakened against the US dollar since mid-September, even though gold prices have been rising. This unusual move is likely due to government efforts to limit the baht's strength.

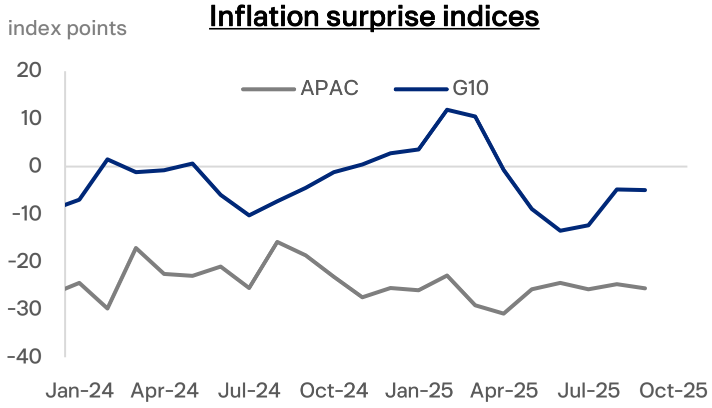
PART 1

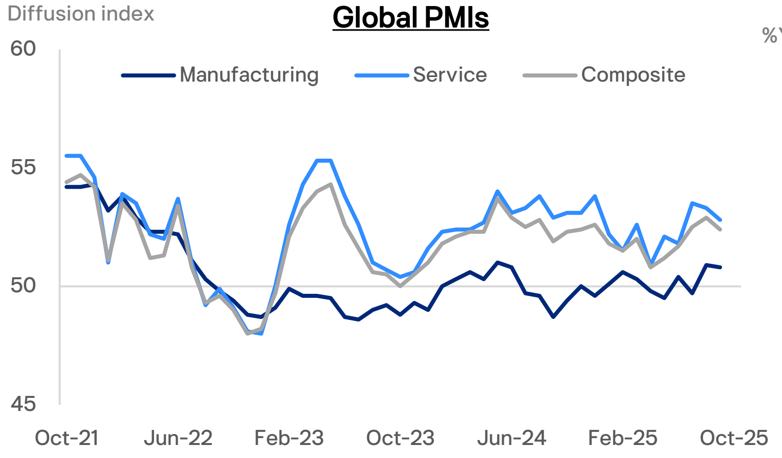
Global Economy

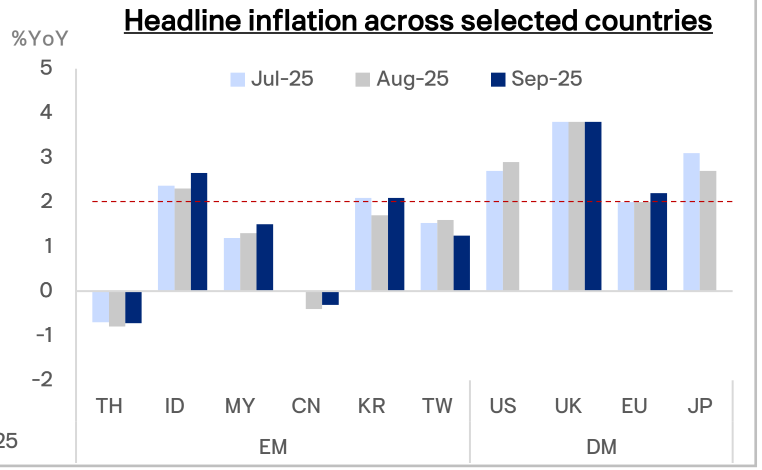
Rising uncertainty amid global economic slowdown and contained inflation











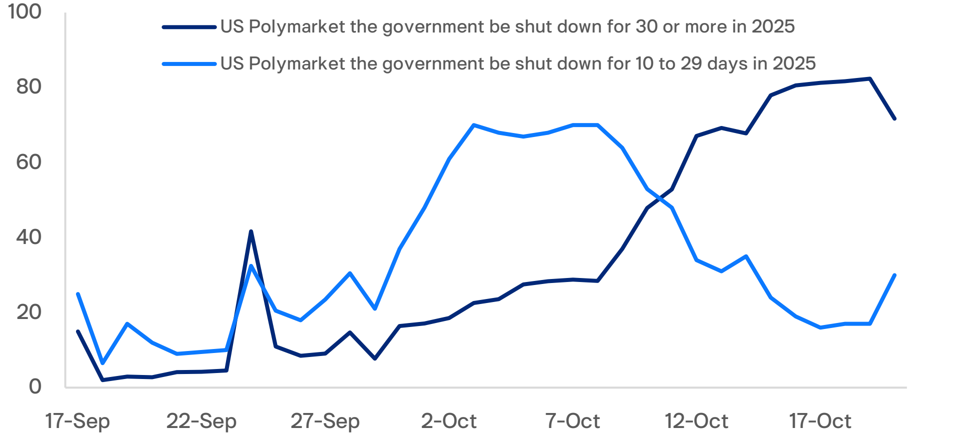
- Tensions between the US and China have reemerged as China imposed rare earth export restrictions and the US threatened 100% tariffs and tighter software export controls ahead of APEC and the expiry of the tariff truce. Although the situation has slightly calmed, a lasting resolution remains unlikely in the near term. Even so, the economic impact of tariffs has been less severe than anticipated, leading the IMF to upgrade its 2025 GDP forecast while signaling a weaker outlook for 2026.

- Recent economic data continue to signal a slowdown in the second half of the year. However, PMIs remain in expansionary territory, with readings above 50. The global services sector has shown greater resilience, while manufacturing activity has moderated but continues to expand. On inflation, price pressures remain contained in Asia, while in developed markets they stay above target but came in slightly below expectations. Nonetheless, some countries, such as the US, still face inflation risks from the gradual pass-through of tariff effects.

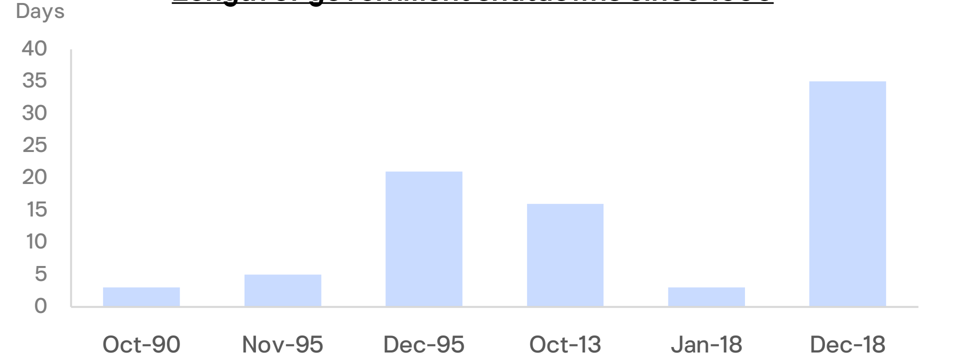
Source: Bloomberg, CEIC and ttb analytics

Despite the government shutdown causing a data gap, other indicators continue to signal potential FOMC easing

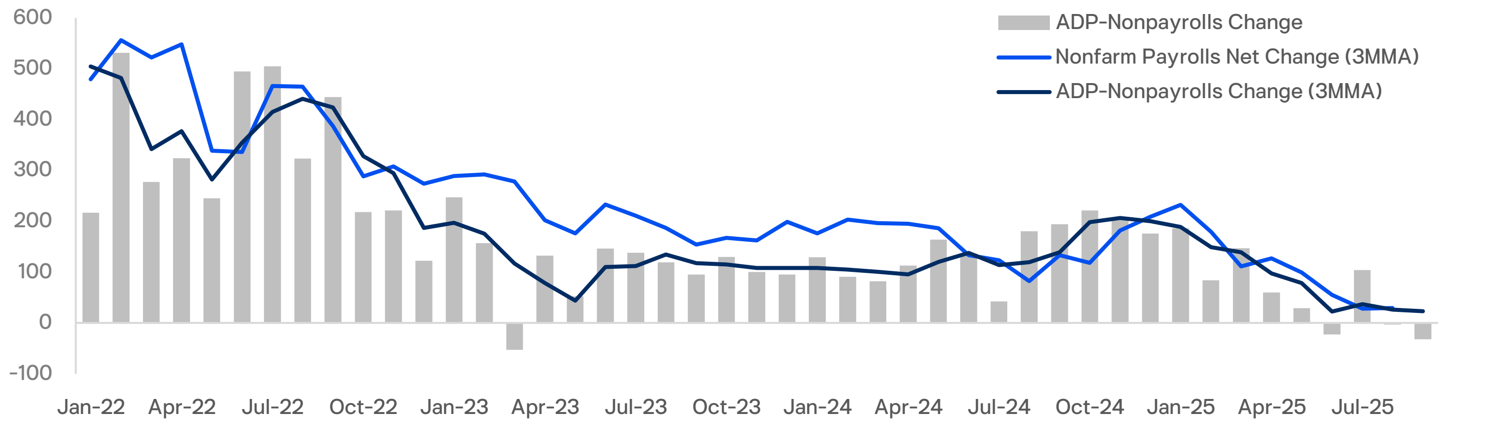
Market expectation on US govt shut down



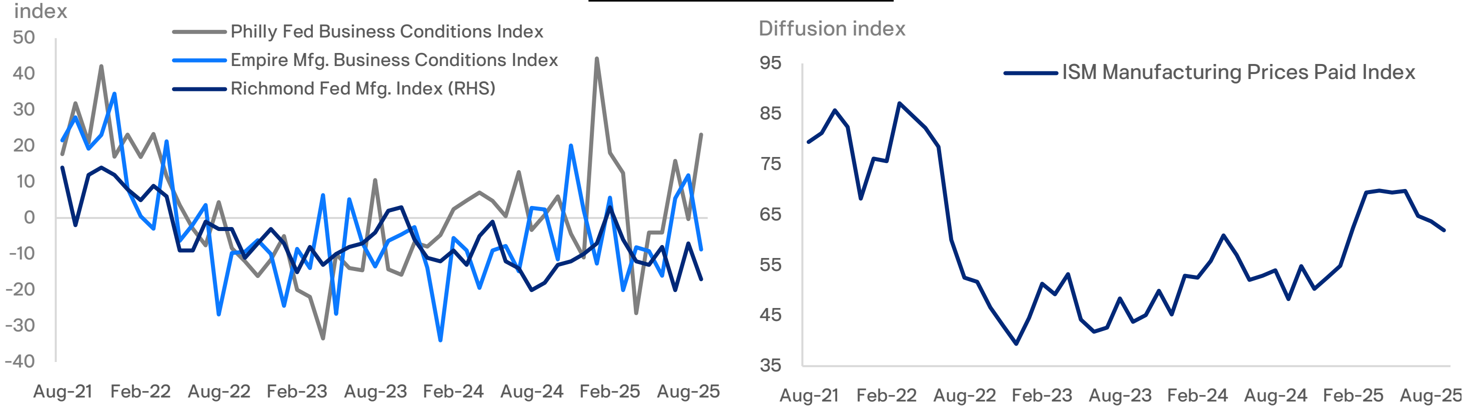
Length of government shutdowns since 1990



US labor market



US soft data indicators



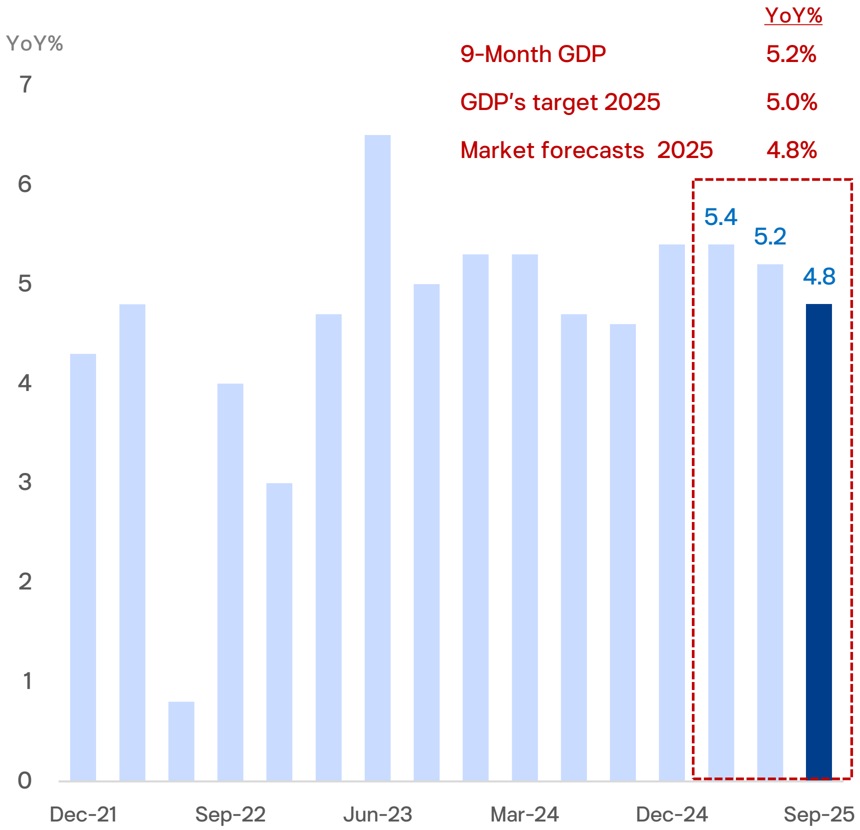
- The US government shutdown creates uncertainty for the economy as key indicators—such as NFP, CPI, and retail sales—are indefinitely delayed. Although previous studies suggest the direct economic impact is limited, the current data void could complicate FOMC policy decisions at a critical juncture. A recent survey indicates that markets expect the shutdown to last less than a month, slightly shorter than the 35-day shutdown during Trump's first term.

- Recent surveys show little improvement in the economic outlook, as reflected in the Fed's soft indicators. Meanwhile, the labor market continues to lose momentum, highlighted by the ADP Private Payrolls report, where hiring turned negative. The weak labor data will likely prompt Fed members to implement another 25-bps rate cut at the October meeting. On the inflation front, the BLS is attempting to release CPI data as soon as possible, which may indicate rising price pressures but is unlikely to alter the FOMC's October decision. Regarding tariff pass-through, the effects are expected to gradually build and fully materialize in the first half of next year. The ISM Prices Paid Index continued to expand, albeit at a slower pace than the previous month.

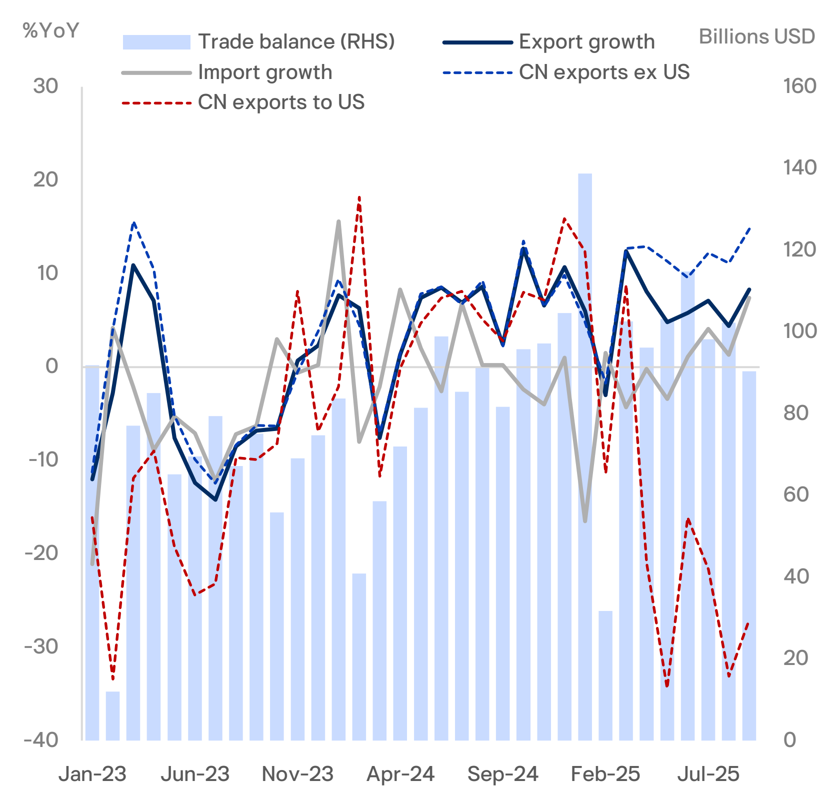
Source: Bloomberg, CEIC and ttb analytics

China’s slowdown milder than expected, on track for annual target but growth uneven

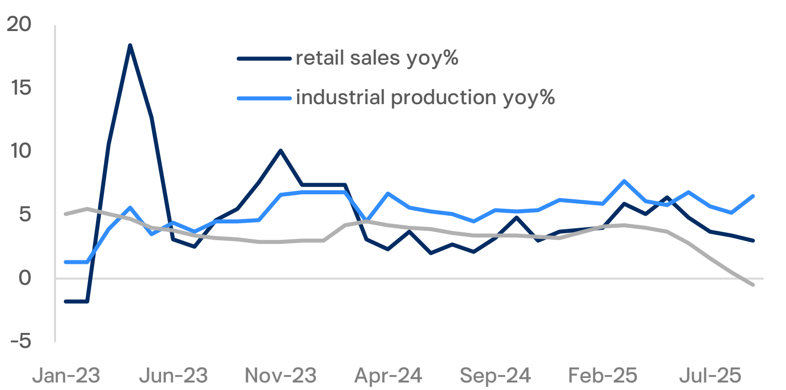
China's real GDP growth



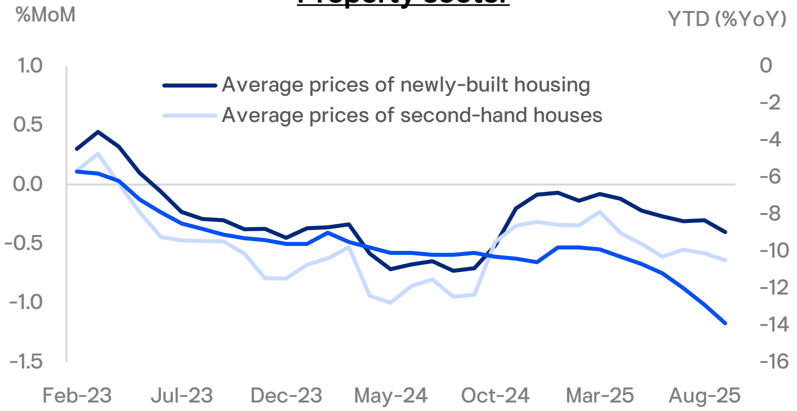
China’s Export and import, trade balance



Other economics indicators



Property sector



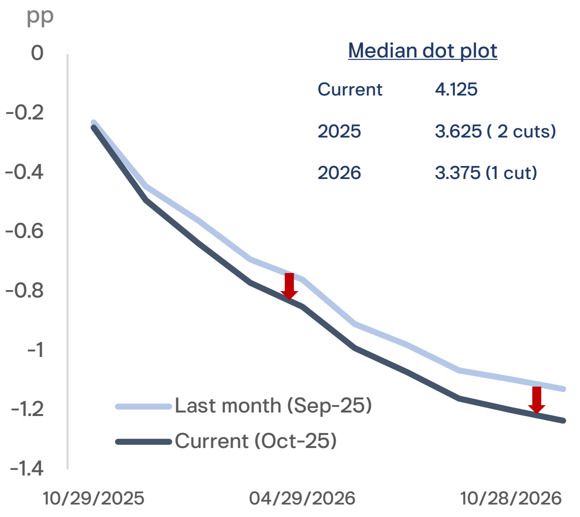
- China’s Q3 GDP grew 4.8% YoY, slightly above forecasts but the slowest in a year, as disinflation and US trade tensions weighed on momentum. Growth eased from 5.2% in Q2, while quarterly expansion beat expectations at 1.1% QoQ. Exports and manufacturing led gains. For September, China’s exports jumped 8.3% to $328.6 billion – the fastest in six months – defying forecasts despite a 27% drop to the US. Meanwhile, industrial production also accelerated, aligning with the export surprise.

- Nonetheless, domestic demand remained weak. Retail sales growth slowed even as it met expectations, while fixed asset investment unexpectedly fell 0.5%, its first monthly drop since 2020. The property downturn deepened, with home prices declining faster in September despite recent policy easing. Real estate investment plunged 13.9% in the first three quarters, the steepest fall since 2014, weighing heavily on sentiment.

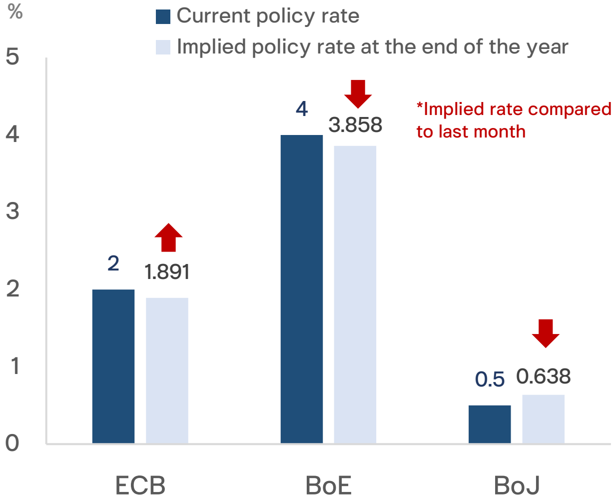
Source: Bloomberg, CEIC and ttb analytics

The Fed's easing cycle is underway, while other central banks' cycles are nearly complete

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



Notes: The implied policy rate are based on FFR



Notes: The implied policy rate are based on OIS
ECB policy rate is deposit facility rate

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	2.62 ↓
KR	2.50	-50	2.24 ↑
ID	4.75 ↓	-125	4.43 ↓
IN	5.50	-100	5.24 ↓
PH	5.00 ↓	-100	4.71 ↓
TW	2.00	0	1.94 ↓
VN	4.50	0	4.31 ↓

Notes: Forecast policy at the end of 2025 based on Bloomberg weighted average
**Arrows indicates change in end-year policy rate compared to last month*

Latest Monetary Policy development

DM

- **The Fed is expected to cut rates at the upcoming meeting** despite the US government shutdown, as labor data remains weak. Markets and the dot plot suggest another 25–50 bps of cuts by year-end.
- **The ECB is likely to hold rates at its October meeting**, with inflation nearing target and economic uncertainty from potential tariff impacts persisting
- **The BoJ is expected to hold rates at its October meeting** due to recent weak economic data, despite ongoing inflation risks. Meanwhile, the newly appointed pro-stimulus Prime Minister may delay any further rate hikes.
- **The BoE is is expected to deliver at least one more rate cut by year-end**, supported by recent cooling wage growth and easing inflation data, while monthly GDP continues to expand. Despite this, some remain cautious about persistent inflation risks.

EM

- **The PBOC kept both the 1Y and 5Y loan prime rates unchanged.** With Q3 GDP slowing less than expected and remaining on track for the 5% annual target, further monetary easing may be delayed.
- ***Asian central banks remain in an easing cycle*** amid slower economic growth and subdued inflation. Nonetheless, the threshold for further rate cuts is rising as the cycle nears its end, with some waiting to see the full effects of previous policy moves

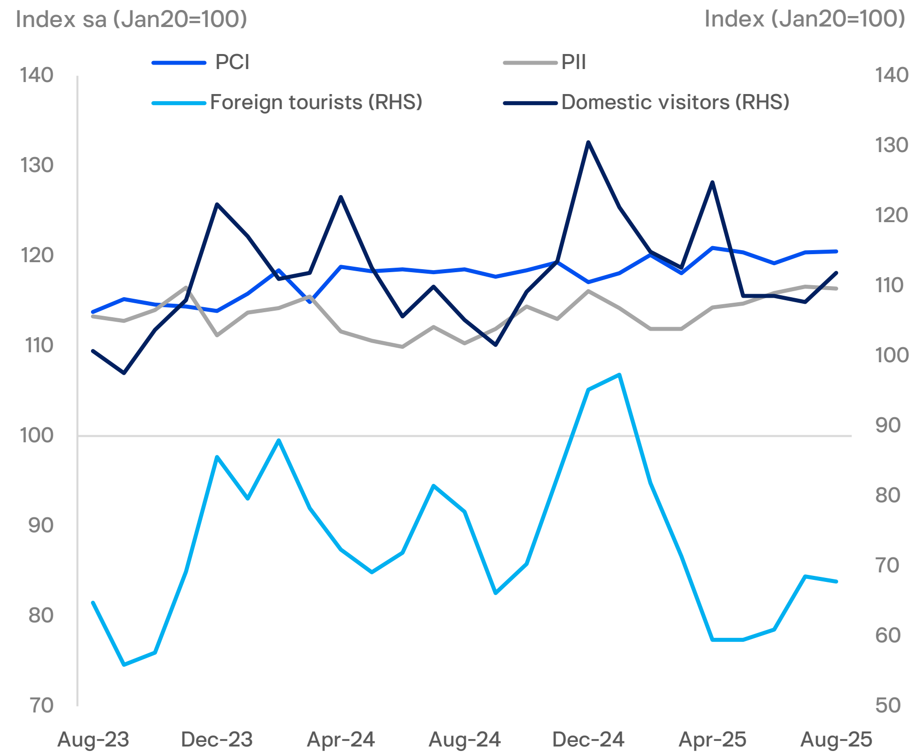
Source: Bloomberg, CEIC, ttb analytics (Data as of 20 Oct 25)

PART 2

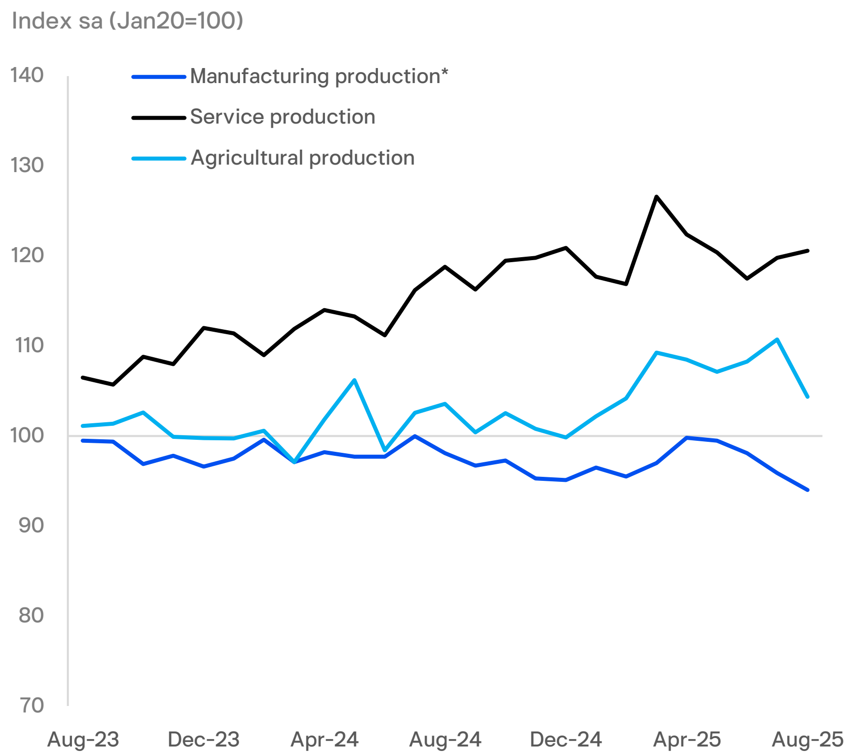
Thai Economy

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

Demand-side indicators



Supply-side indicators



- In August 2025, Thai economy continued to broadly soften from the previous month. Private consumption remained stable, while private investment continued to decline. Merchandise export slowed regarding US tariff enforcement aligning with contraction in manufacturing production.
- On the economic stability front, headline inflation in September 2025 remained negative for sixth consecutive month. Notably, trade balance (Custom basis) registered a deficit due to uptick import value.

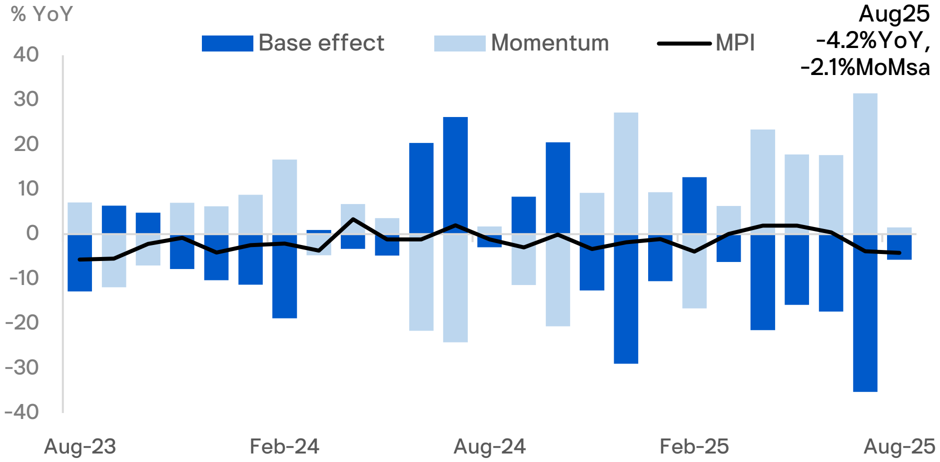
Leading Economic Index (sa) (Jan2020=100)

Leading Economic Index and Components (SA)	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
Authorized Capital of Newly Registered Companies (Million Baht)	100.2	125.2	171.2	137.4	129.7	141.4	92.6	219.4	183.4	108.0	103.3	125.8	132.6
Construction Areas Permitted (1000 sq. m)	111.7	102.3	97.2	100.6	104.0	77.1	83.1	100.3	83.9	99.7	97.4	99.7	97.4
Export Volume index (exclude Gold)	119.5	115.3	115.1	119.6	119.2	120.6	126.9	124.0	121.6	132.8	125.6	125.8	125.8
Business Sentiment Index (3 months)	97.2	99.8	102.3	99.4	97.6	97.6	99.5	100.8	95.3	97.9	97.4	96.1	99.8
SET index	89.8	95.7	96.8	94.3	92.5	86.8	79.5	76.5	79.1	75.9	72.0	82.6	84.5
Oil Price Inverse Index (Dubai)	1.3	1.4	1.3	1.4	1.4	1.2	1.3	1.4	1.5	1.6	1.4	1.4	1.4

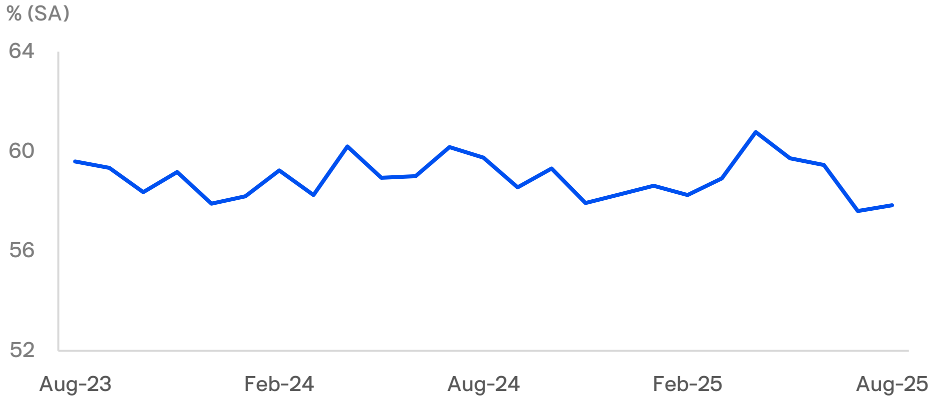
Source: Bank of Thailand and ttb analytics
Remark: *rebase Jan21 due to OIE new rebase data

Manufacturing production indicator continued to decline due to a temporarily halt production and border conflicts

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

Contribution	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
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)	-1.2	-3.0	-0.1	-3.3	-1.8	-1.1	-3.9	0.0	1.9	1.9	0.4	-3.8	-4.2

- As of August 2025, Manufacturing Production Index (MPI) continued to decline due to sluggish demand in some sectors and high inventory levels in certain products. Particularly, production of beverage especially in juice and energy drink declined sharply due to Thailand-Cambodia conflicts. Moreover, temporary production halts in automotive, beverage and petrochemical sectors continued. On the other hand, production of computer, parts and electronic parts remained elevated aligning with global demand.

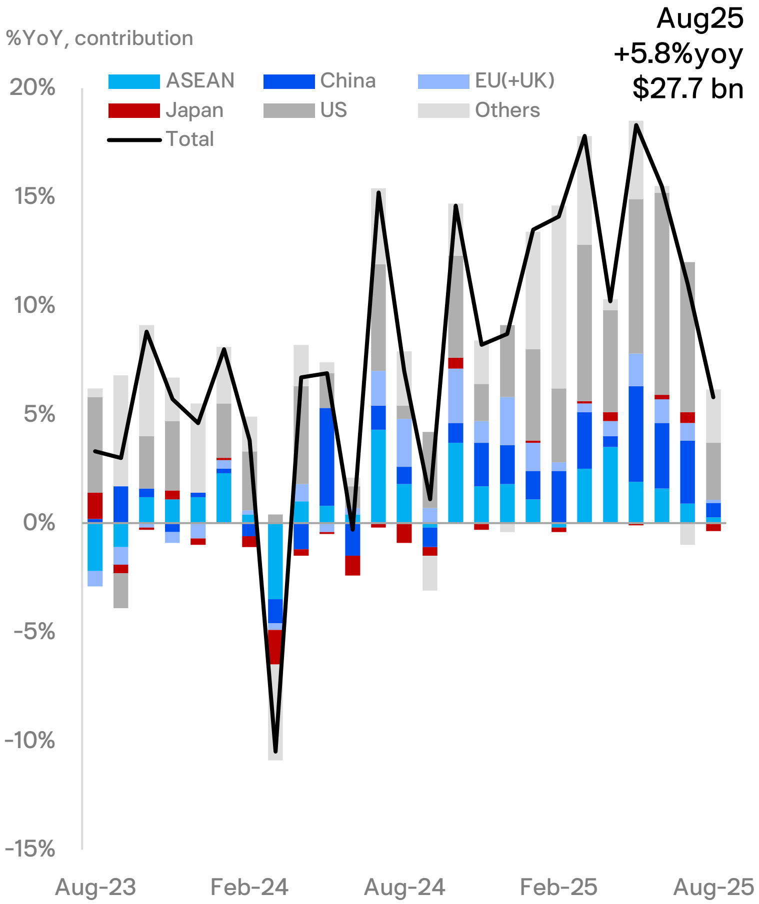
Source: Bank of Thailand, The Office of Industrial Economics and ttb analytics.

Thailand export to the US slumped following tariff enforcement, trimmed the overall growth to its lowest level in more than a year

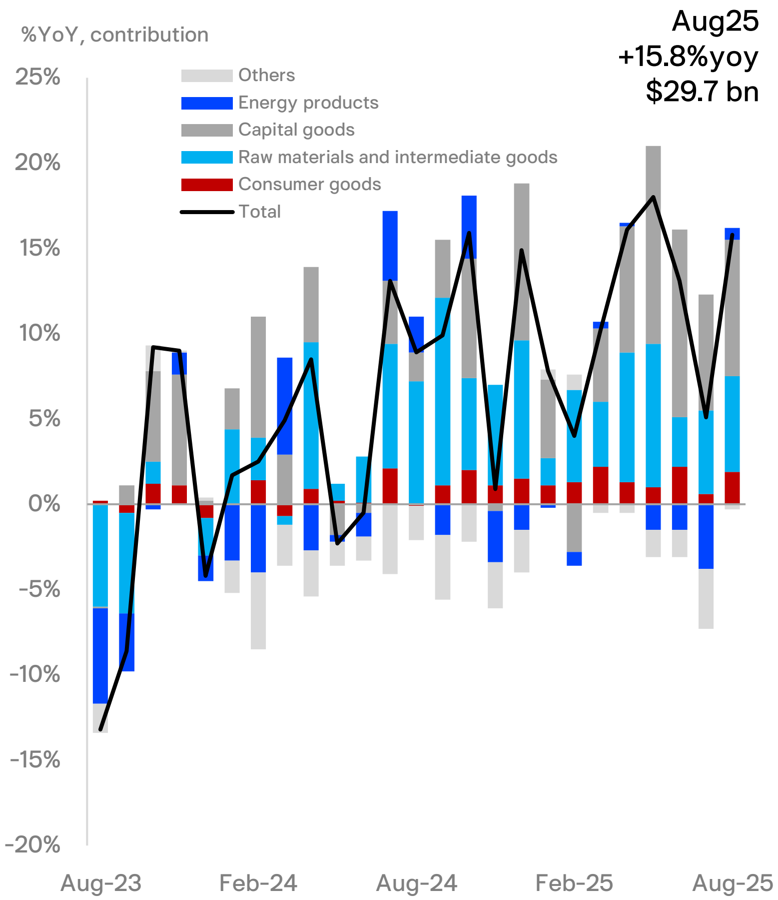
Exports value by product and destination

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	Aug-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%	-30.0%
Rubber	64.8%	47.4%	32.6%	14.1%	48.5%	45.5%	35.7%	19.5%	22.5%	-7.8%	-0.2%	-19.9%	-27.9%
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%	-5.6%
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%	-11.0%
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%	-3.8%
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%	-14.2%
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%	-5.6%
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%	1.3%
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%	44.1%
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%	-6.8%
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%	37.0%
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%	-14.0%
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%	22.4%
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%	28.3%
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%	-8.7%
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%	-8.5%
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%	10.2%
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%	-3.1%
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%	-23.7%
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%	24.4%
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%	5.8%



Imports value by groups

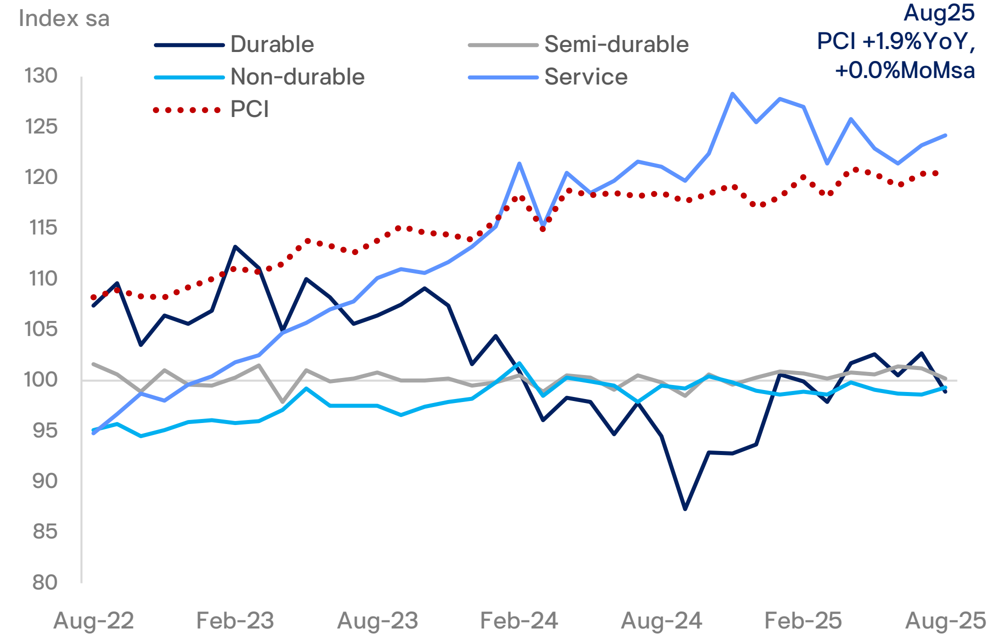


- Thailand's exports in August 2025 continued to expand but slower pace following the enforcement of US retaliatory tariffs starting in early August, as reflected by the dramatically decrease in export growth to the US. Meanwhile, exports of agriculture products slumped due to magnified price pressure (such as rice and rubber), while exports of electronics and electrical appliances continued to show steady growth e.g., integrated circuit, PCB and electrical appliances, as well as the surge in gold export. On the other hand, the import value growth turned accelerated, due to greater imports of most categories, which resulting in a trade deficit of USD 2 billions (The first eight months of 2025, trade deficit of USD 1.7 billions).

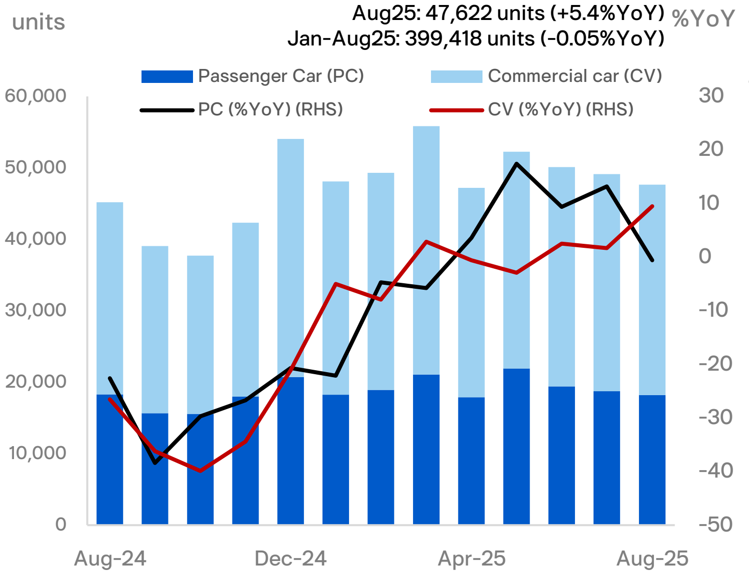
Source: Ministry of Commerce and ttb analytics Remark: Custom basis

Overall private consumption indicators remained broadly stable

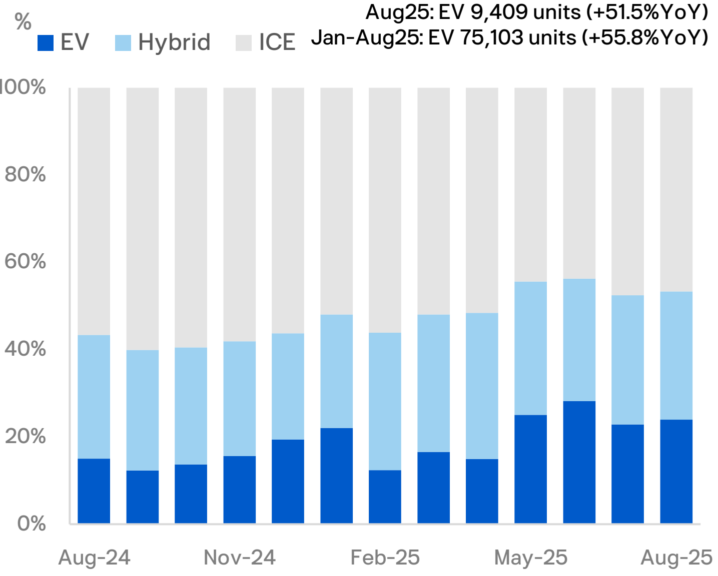
Private Consumption Indicators (SA)



Domestic car sales**

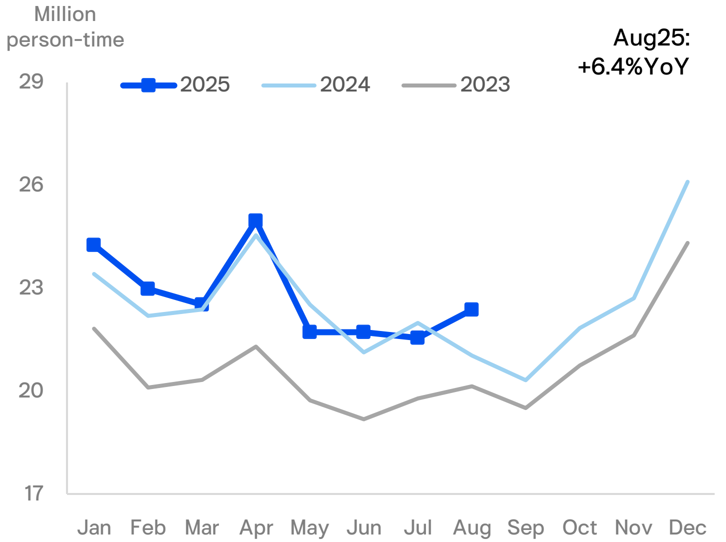


EV penetration of type 1 registration

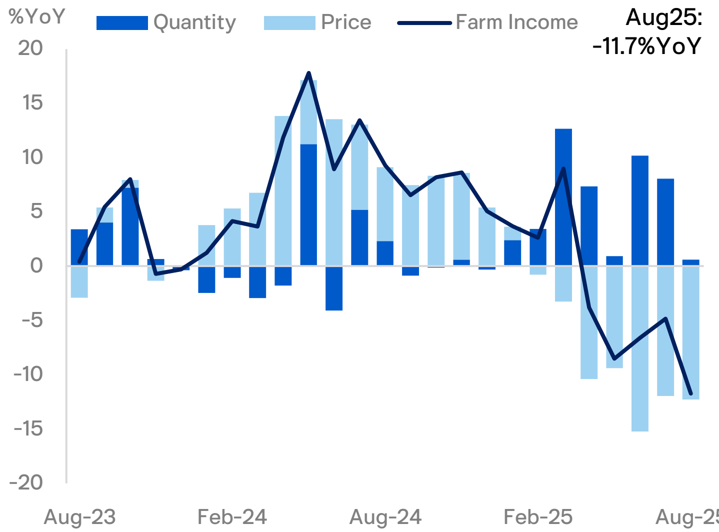


- Private consumption indicators remained broadly stable compared to the previous month. Spending on non-durable goods and service increased across all categories, due to increase in tourist receipts and retail oil sale, which was partly beneficial from stimulus package.
- Domestic car sale marked a steady growth in August due to persistently low-base effect. The commercial vehicle sales were relatively stable compared to last month, while BEV and HEV passenger car sales remained robust.
- Farm income contracted for the fifth consecutive month, primarily due to falling prices of several agricultural products.

Thai domestic visitors*



Farm Incomes

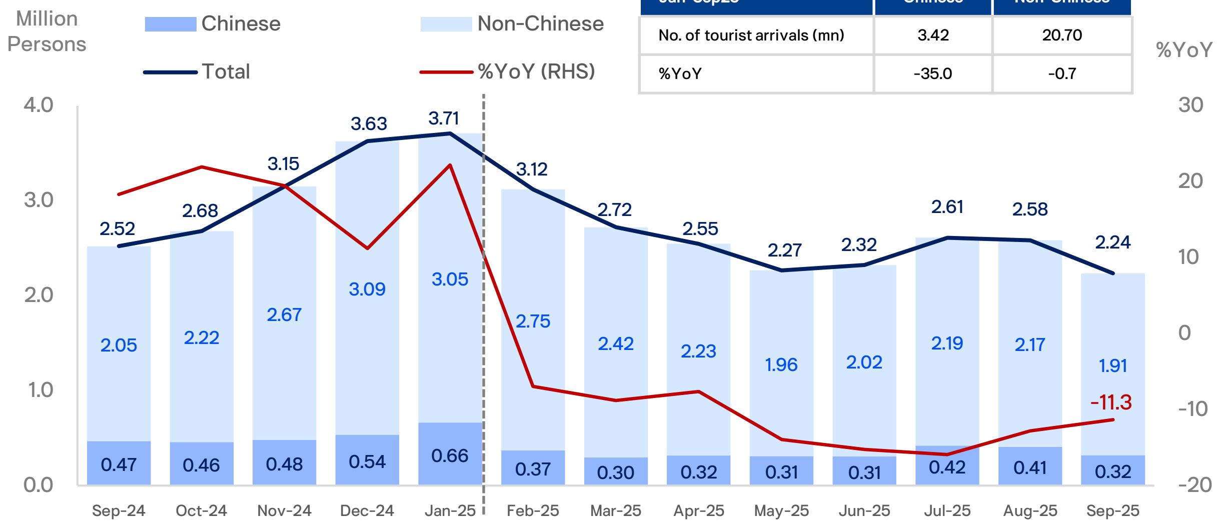


Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics
Remark: *Data not include replication in number of visitors **Commercial Vehicle (CV) * covering pickup, PPV and others commercial car, Passenger Car (PC) ** covering sedan and SUVS,

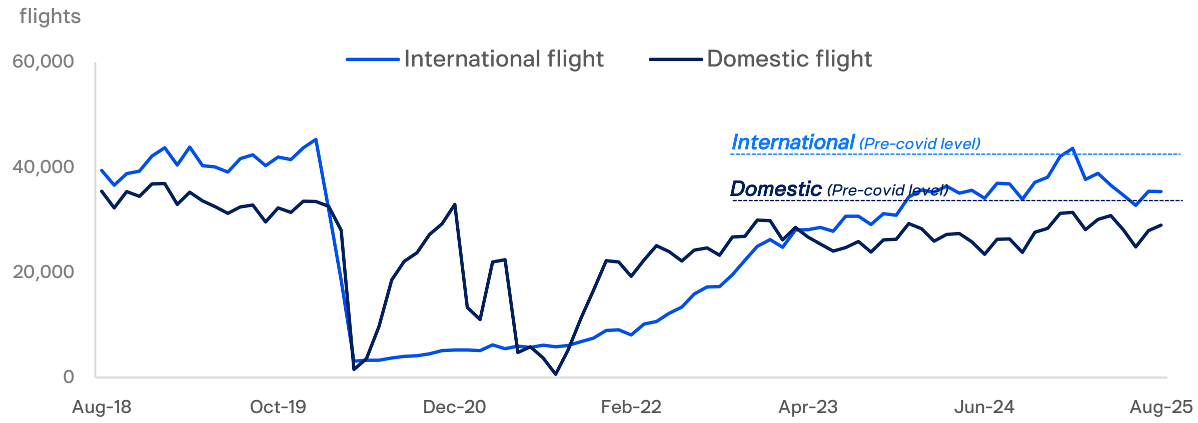
Foreign arrivals in September slowed during low season period

Total Foreign Tourist Inbounds

Jan-Sep25	Chinese	Non-Chinese
No. of tourist arrivals (mn)	3.42	20.70
%YoY	-35.0	-0.7

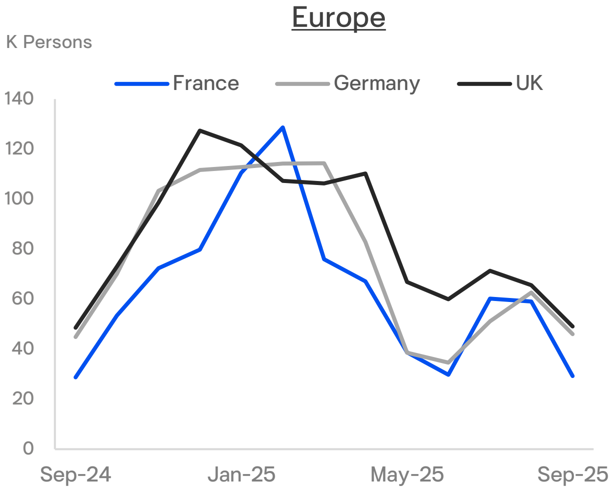


Number of flights via Thailand's airports (total)

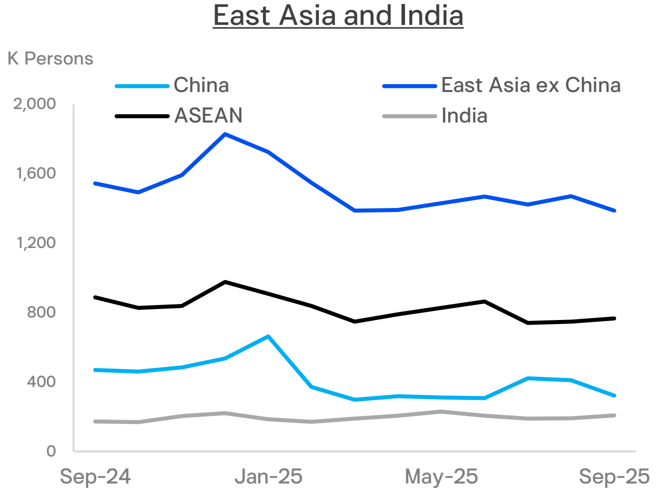


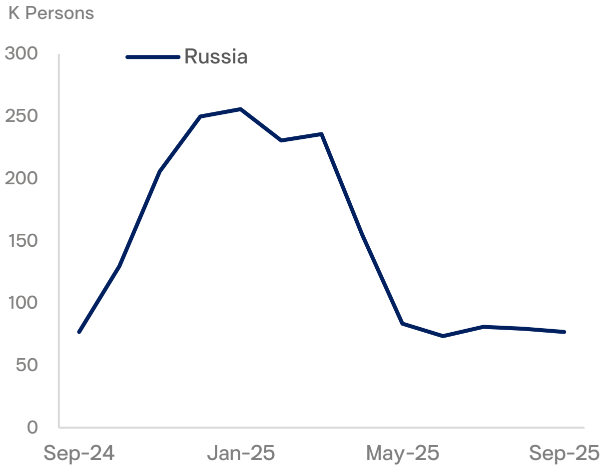
Foreign Tourist Inbounds by key regions

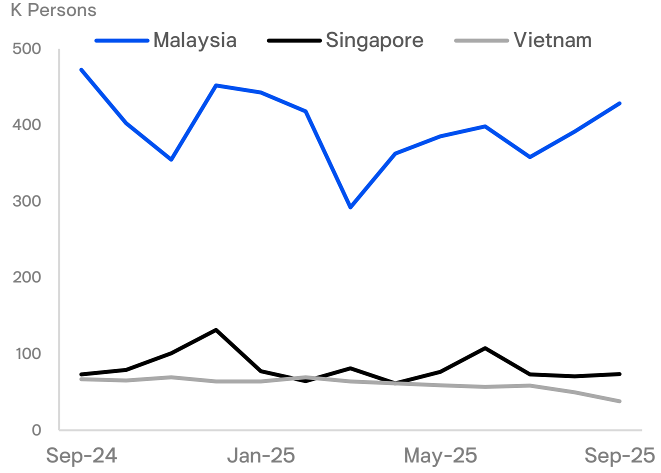
Europe



East Asia and India





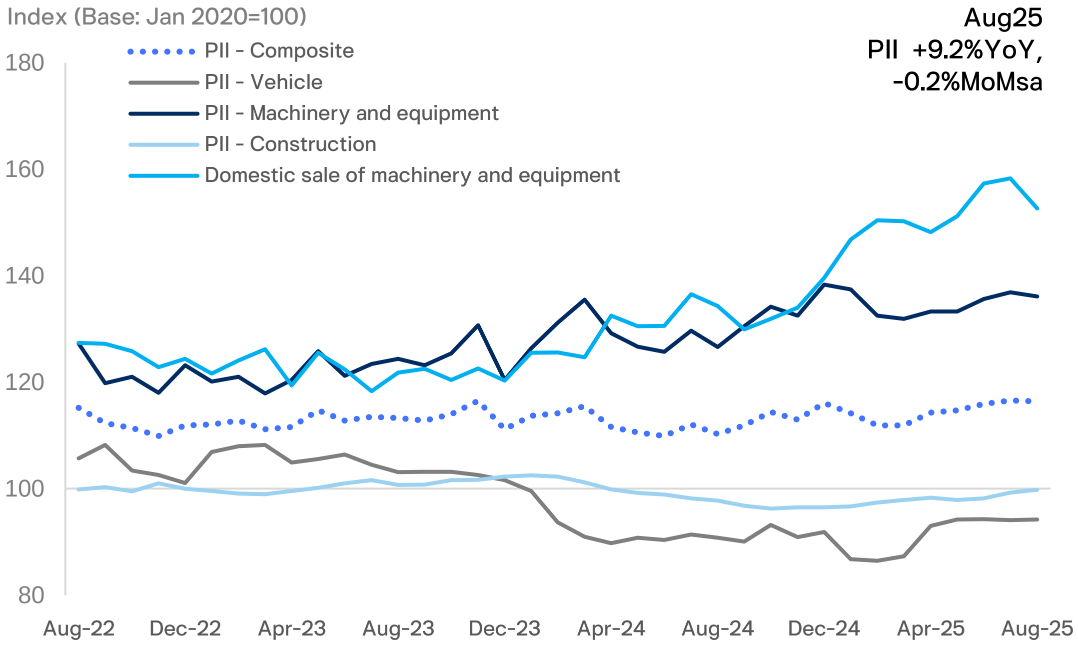


- In September 2025, foreign tourist arrivals was at 2.24 millions, relatively slowdown compared to last month. This showed a mixed development, tourists from ASEAN and South Asia marked an increased figure particularly in major countries (except China), while tourists from Europe declined further after the past peak during high season in the preceding period.

Source: CEIC, TAT Intelligence Center and ttb analytics

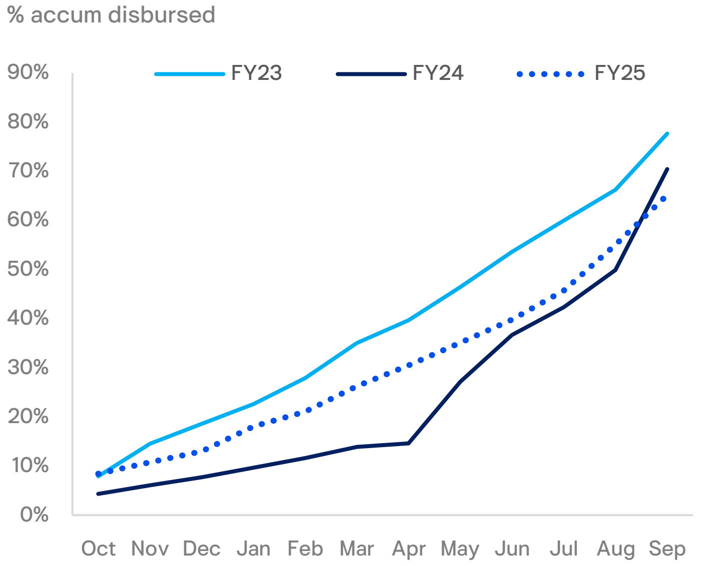
Private investment indicators continued to decline from the previous month

Private Investment Indicators (SA)



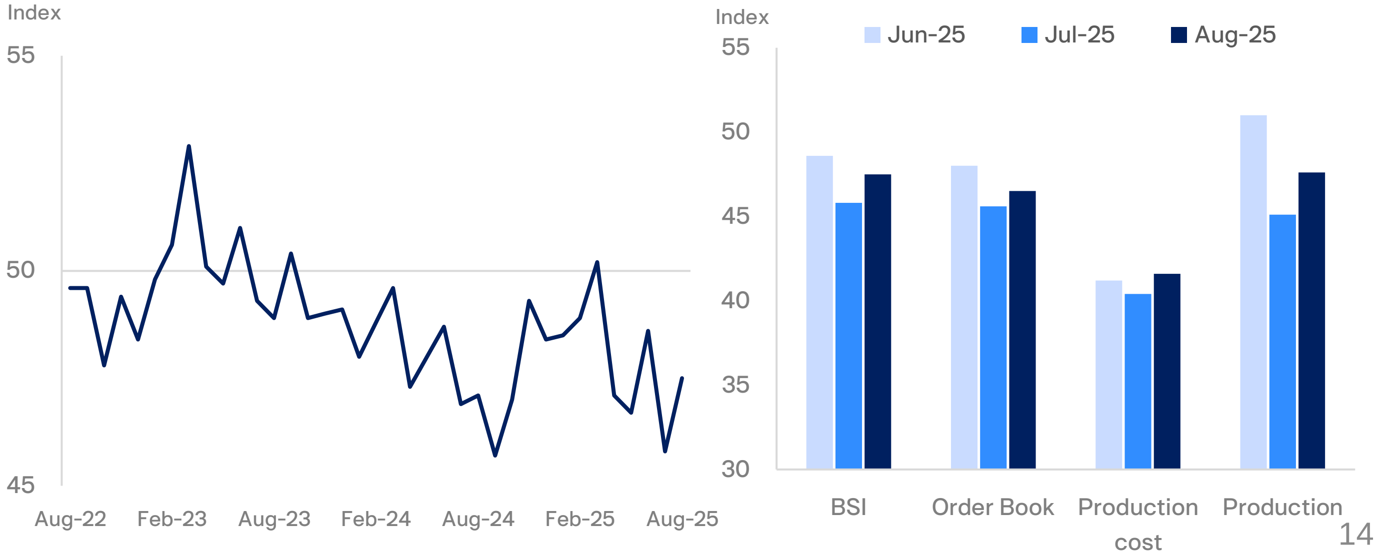
Unit of housing registration (Nationwide)

Accumulated govt capital budget disbursement



- Private investment continued to decline from the previous month in several categories, which mainly due to lower investment in machinery and equipment. Net imports of capital goods also declined while domestic machinery sales remained steady. However, construction investment continued to increase.
- Overall BSI improved, which mainly driven by the increase of non-manufacturing index in several sectors, led by hotels and restaurants, reflecting the summer holiday season in Europe and the ease concerns about border conflicts.

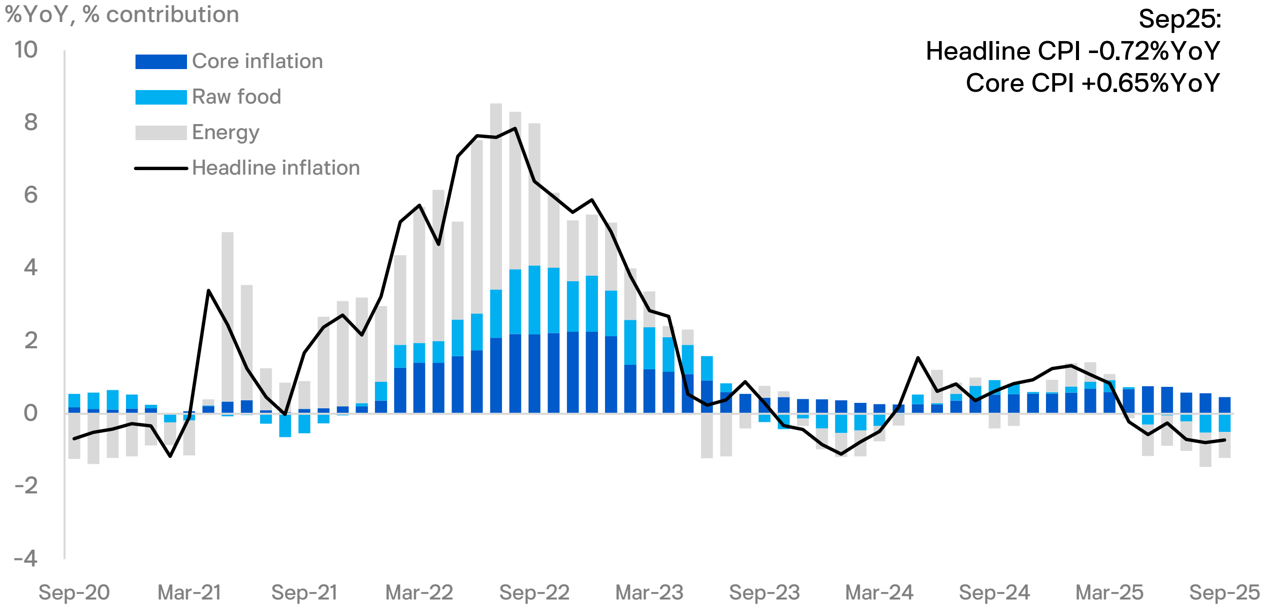
Business Sentiment Index (BSI)



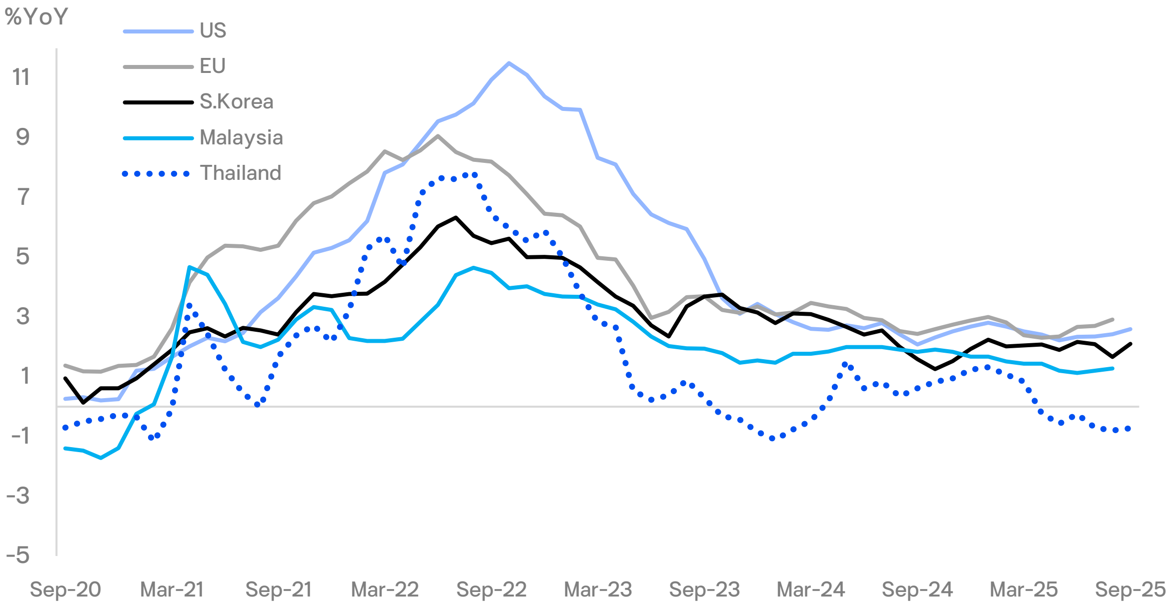
Source: Bank of Thailand and ttb analytics.

Headline inflation stayed negative but slightly less than the preceding period amid the persistently decelerated core inflation rate

Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

%YoY	Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25
Headline inflation	0.62	0.83	0.94	1.24	1.32	1.08	0.84	-0.22	-0.57	-0.25	-0.70	-0.79	-0.72
Raw food	2.32	1.64	0.24	0.17	0.97	1.13	1.90	0.30	-1.76	-0.23	-1.23	-2.99	-2.89
Prepared food	2.38	2.33	2.27	2.33	2.53	2.68	2.37	2.61	3.41	3.40	2.53	2.54	1.99
Meat and Poultry	-0.68	0.33	0.59	0.25	0.41	1.39	3.04	5.04	5.39	4.98	4.18	3.36	1.71
Eggs and dairy products	1.43	1.44	-0.50	-0.95	-0.53	0.45	-0.46	-1.94	-1.52	-3.94	-3.46	-3.72	-3.78
Utilities	1.44	1.45	1.45	1.44	1.47	1.45	0.06	-2.84	-1.42	-1.41	-1.36	-1.36	-2.09
Energy	-2.56	-0.08	2.72	5.01	4.25	1.23	-0.93	-6.73	-6.58	-6.31	-7.33	-5.55	-4.46
Core inflation	0.76	0.77	0.80	0.80	0.83	0.99	0.86	0.98	1.09	1.06	0.84	0.81	0.65

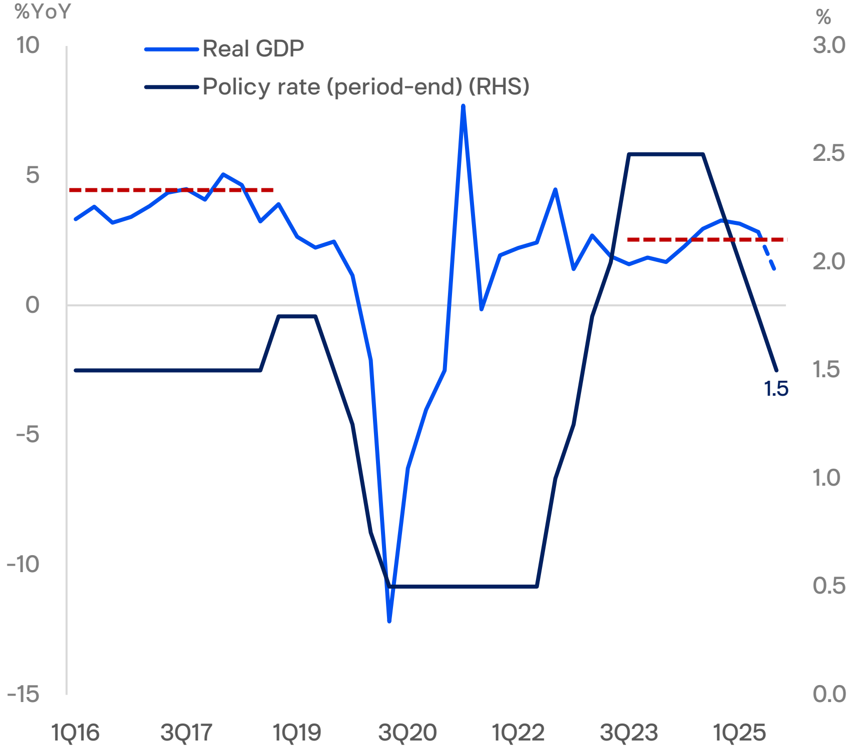
- The headline inflation (CPI) contracted by 0.72%YoY in September 2025, though the rate of decrease was slightly less than in the previous month. The main factors were primarily attributed to the falling prices of fresh food items, particularly fresh vegetables, fresh fruits and eggs due to higher supply. Moreover, the energy prices also further declined following the global energy prices including electricity price regarding to government subsidy measures. The core inflation also soften by 0.65%YoY, marked a 13-month low.
- Overall, Thailand's inflation for the first-nine month of 2025 stood at 0.01%YoY and the core increased by 0.90%YoY. While the Ministry of Commerce revised its 2025 full-year projection down from 0.5% (range 0-1%) to 0% and pointed that the deflation risk is expected to limit due to positive core inflation rate.

Source: Ministry of Commerce, CEIC and ttb analytics

Despite the hold rate in recent fifth meeting, MPC may consider more rate cut ahead to spark the growth

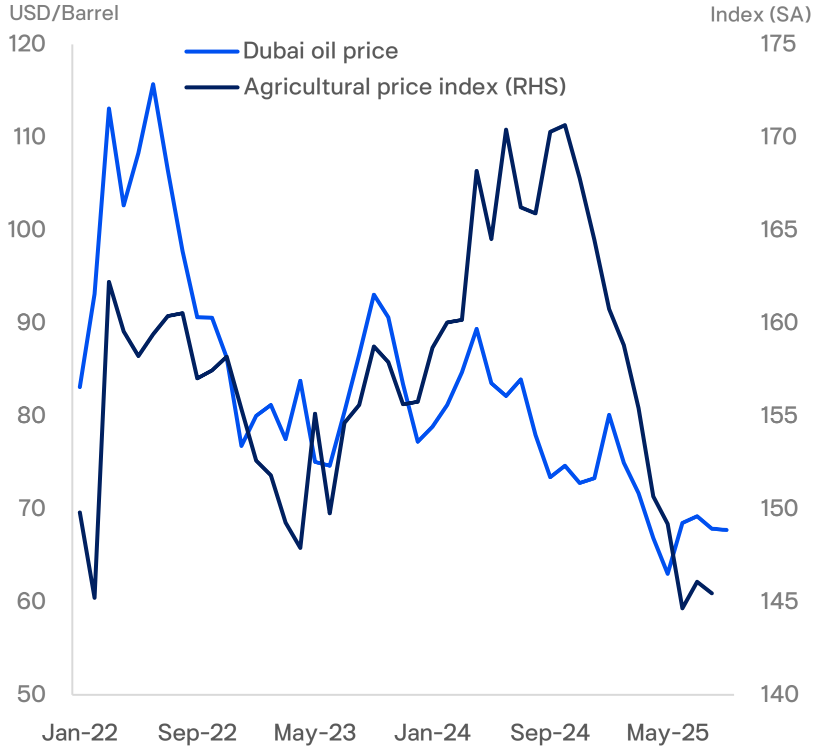
Lower economic growth

Thailand's real GDP growth and policy rate



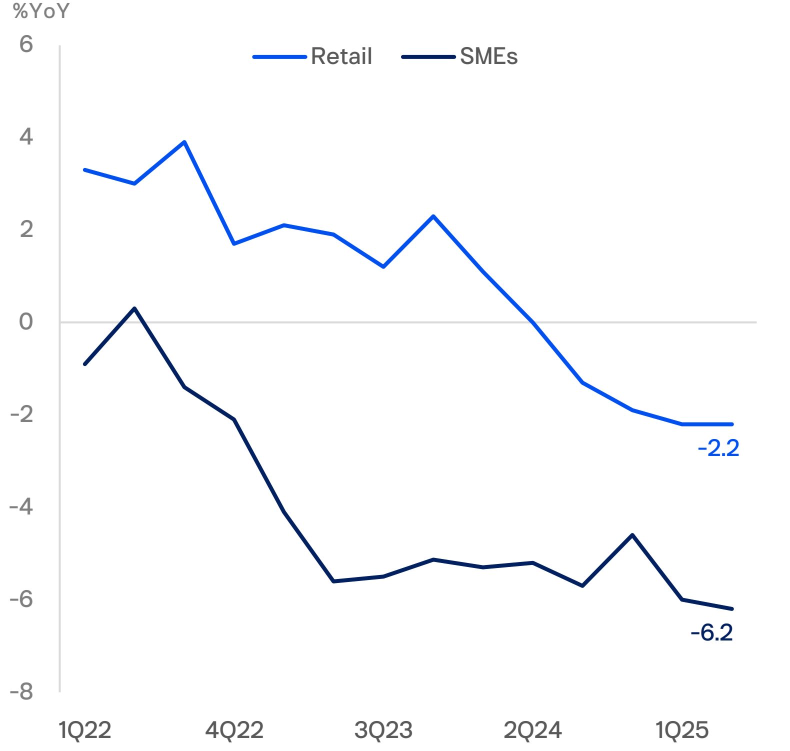
Lower supply-side pressure

Dubai oil price and agricultural price index



Lower new lending

Retail and SMEs loan growth of Thai CBs



- Monetary Policy Committee (MPC) voted 5 : 2 to hold its benchmark policy rate at 1.50% in the October's meeting, indicating the close to previous assessment of Thai economy in 2025 and 2026 to expand 2.2% and 1.6%, respectively. However, headline inflation is projected to lower than expected to move below the lower-bound of central bank target before gradually returning to the target range by early 2027.
- ttb analytics projected that the policy rate could be cut further to reach 1% by the next twelve coming months due to the slowdown economic growth in the remainder of 2025 throughout 2026 regarding the impacts of US trade policies, while inflation pressure is expected to ease further which is primarily driven by supply-side factors. Additionally, despite credit condition is somewhat easing but weakened loan demand and cautious lending by financial institutions remained observed as reflected by persistently contraction of SMEs and retail loan growth of Thai CBs.

Source: Bank of Thailand and ttb analytics.

The ‘Quick Big Win’ policies emphasize short-term economic impact, with a particular focus on boosting domestic purchasing power and revitalizing tourism sector

‘Quick Big Win’ economic policies

Boosting domestic consumption	Resolving household debt	Strengthening SME businesses	Promoting individuals’ saving	Upgrading infrastructure

	Short-term measures	Medium to long-term measures
Domestic consumption/ Household debt relief	▪ ‘**Co-payment Plus**’: subsidizing purchasing goods and services. Particularly, 9 million people outside the tax system will receive THB 2K each and another 11 million taxpayers will be entitled to THB 2.4K each, as well as welfare cardholders will receive an additional THB 1.7K on top of their existing THB 300 monthly allowance, totaling THB 2K ▪ **Government buys back small NPLs** (under THB 100K per person) to ease household financial burden ▪ **Reducing the Oil Fund levy** for diesel by THB 0.50 per liter and proposing cooperation from oil retailers to lower gasoline prices by THB 0.50 per liter, as well as the proposing to maintain electricity charge (FT) for January to April 2026 round ▪ **‘Blue Flag’ fairs** to ease cost-of-living pressures	▪ ‘**Saving Lottery**’ to encourage long-term saving
Tourism	▪ **A PIT measure to promote domestic tourism**, allowing individuals to deduct actual expenses up to THB 20K for accommodations and restaurant services which can claim 1.5 times for secondary provinces and 1 time for other provinces during the travel period from October 29 to December 15, 2025 ▪ **A CIT measure to support corporate training and seminars** held within the country. Companies can claim 2 times the actual expenses for training or seminars conducted in secondary provinces, and 1.5 times of the actual expenses for those held in other areas (During early FY2026 budget). Moreover, tax deduction also provided for accommodation entrepreneurs and soft loan budget THB 100bn provided by GSB ▪ **Accelerated disbursement measures** for training, meetings, and seminars expenses for the fiscal year 2026 (Front Load) for government agencies, SOEs, and local administrative organizations, with at least 60% of the allocated budget dedicated to personnel development ▪ **A tax measure to support hotel renovation** allows companies operating hotel businesses to deduct expenses incurred from extension, modification, expansion, or improvement at twice the actual amount paid ▪ **Extending tax deduction for entertainment and leisure attraction place** type 17.01 from 10% to 5% until the end of 2026	n/a
Trade	▪ **Accelerating FTA negotiations** and expanding into new export markets (Special Task Force) in West China, ASEAN and India ▪ **Enhancing trade value** through Online Business Matching (OBM) platforms ▪ **Providing support for SMEs** to engage in international market expansion initiatives	n/a
Energy and natural resource	n/a	▪ **A tax incentive scheme for household solar panel installation,** with a maximum subsidy of THB 200K per household, targeting coverage of 90,000 households valid until end of 2027 ▪ **A 1,500-megawatt community solar farm initiative** covering 300 communities and 15,000 households nationwide ▪ The first 50 solar-powered water pumping systems for agriculture sector
Business and investment	▪ ‘**Fast Pass Plus**’ investment facilitation to streamline regulatory processes and grant faster privilege for investors	▪ **A 2,000-megawatt Direct PPA program** enables direct clean energy transactions between power producers and end-users focusing on data centers business ▪ Supporting local businesses to digitize and upgrade product value
Other	▪ **Low-interest rate loans and stock management program** for rice farmers ▪ **Enhancing G2G export deals** with countries such as China and Japan	▪ **Maintaining public-debt-to-GDP ratio** below 70%, increasing only when necessary

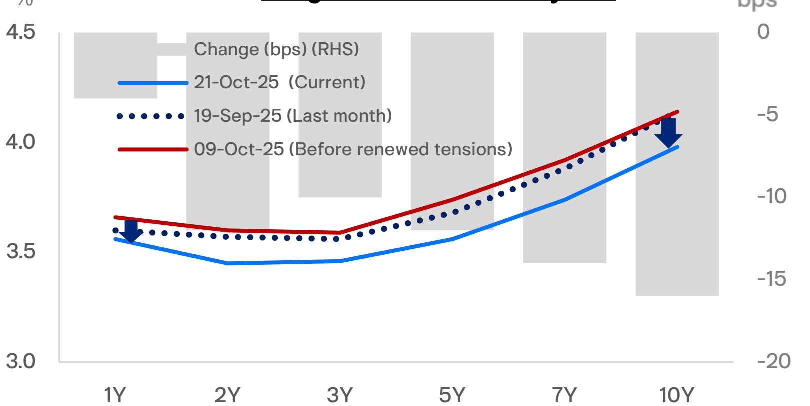
Source: collected by ttb analytics

PART 3

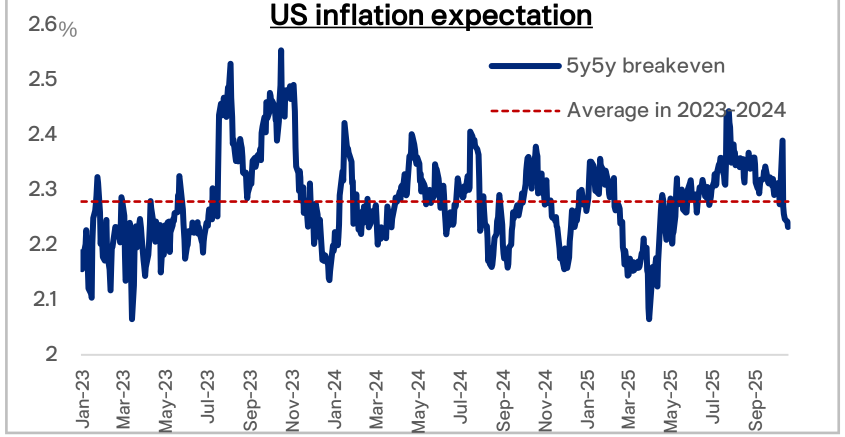
Financial Market

US yields fall on safe-haven demand, while Thai yields rise after market surprised by MPC hold

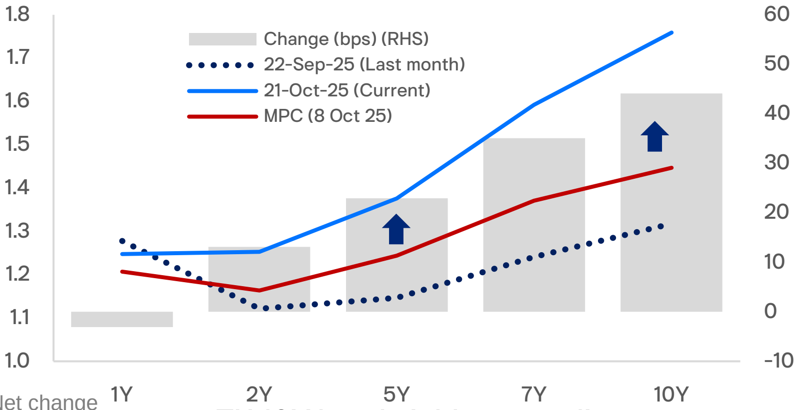
US government bond yield



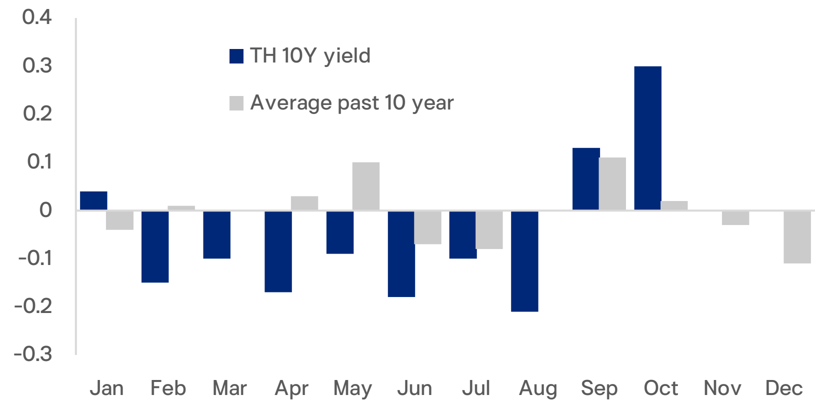
US inflation expectation



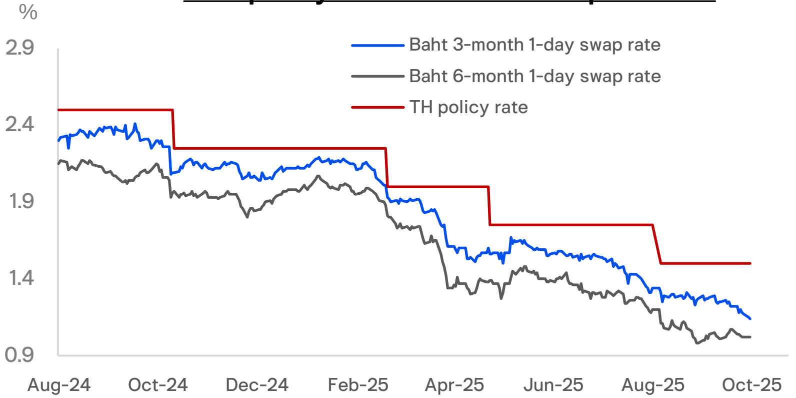
Thailand government bond yield



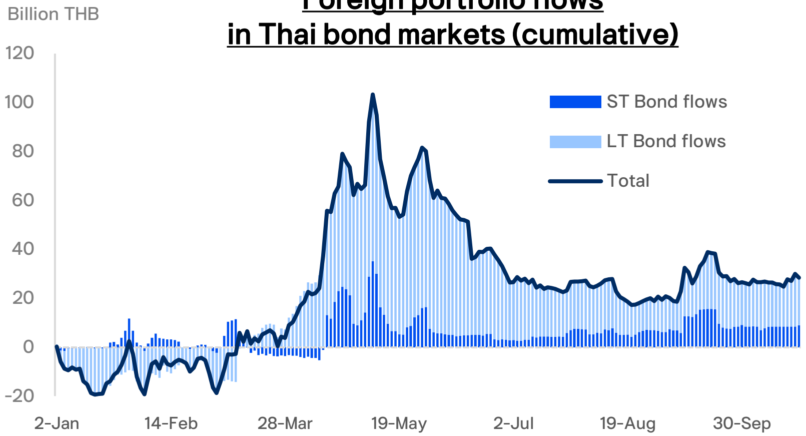
TH 10Y bond yield seasonality



Thai policy rate and market expectation



Foreign portfolio flows in Thai bond markets (cumulative)

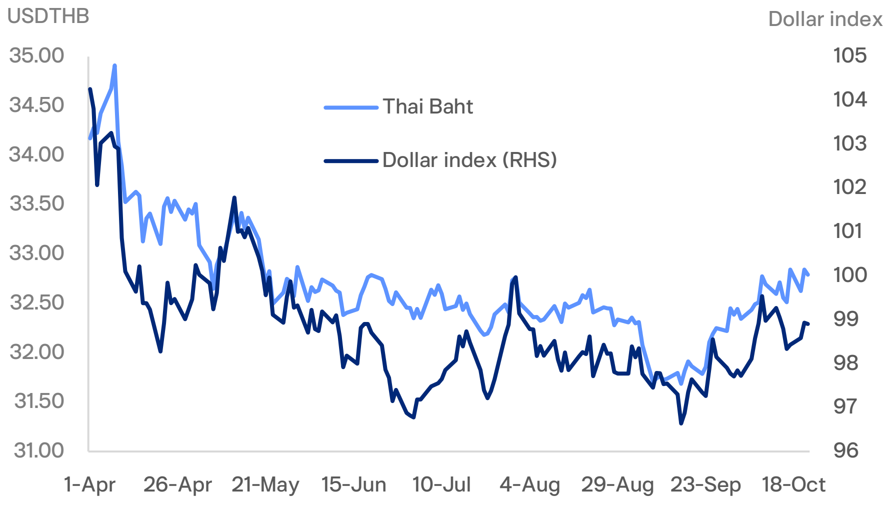


- US Treasury yields fell across the curve, led by the long end as the 10-year dipped below 4%, driven by safe-haven demand amid renewed US–China trade tensions and regional bank concerns. Inflation risks eased slightly, with the 5y5y breakeven below its multi-year average. Meanwhile, the recent shutdown had minimal impact on US bonds, causing only minor volatility. Looking ahead, the yield curve is expected to stay steep, as short-term yields track Fed easing while fiscal concerns cap declines in longer-term yields.
- In contrast, Thai government bond yields rose across the curve following the MPC's unexpected decision to hold rates, triggering position unwinding and profit-taking. AMCs were key sellers, while non-residents continued net inflows, especially in longer maturities. Looking ahead, yields—particularly long-term—are expected to ease toward year-end, following seasonal trends, with short-term yields likely to fall alongside ongoing rate cuts. However, the decline may be more limited than in previous cycles as the MPC's easing phase nears its end, with the policy rate expected to bottom out around 1%. In addition, the 10Y Thai–US bond yield spread suggests that Thai bonds remain relatively expensive compared with US treasuries.

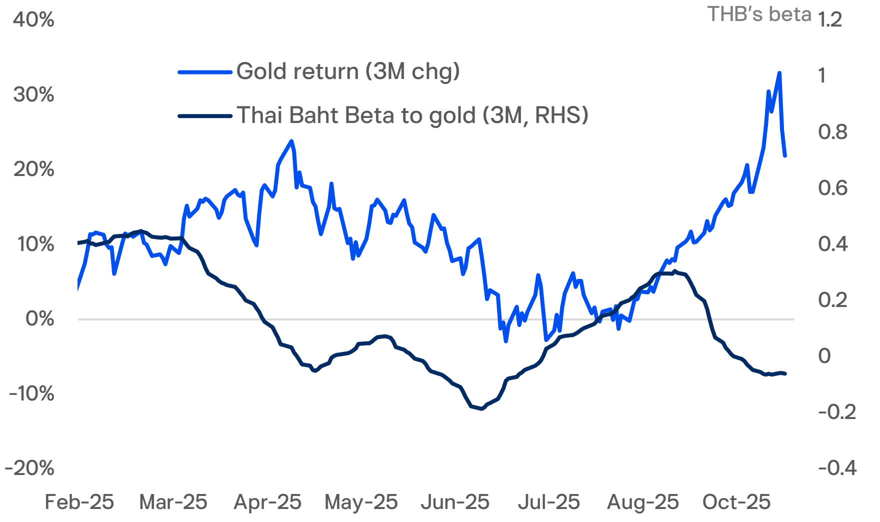
Source: Bloomberg CEIC and ttb analytics (Data as of 21 Oct 25)

The dollar gains on non-US factors; Thai Baht slips as gold correlation wanes

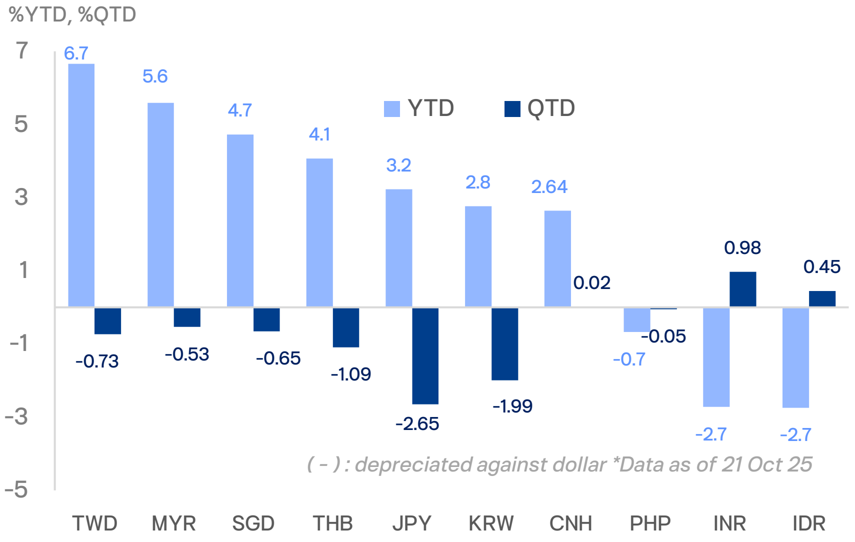
Relationship between Thai Baht and dollar index in 2025



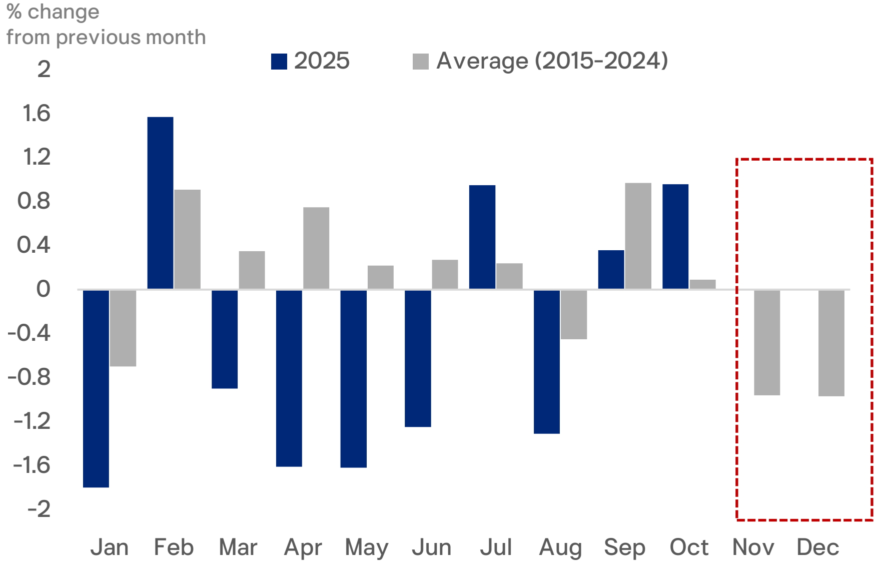
Relationship between Thai Baht and gold price



Selected FX spot return against US dollar



Thai baht monthly seasonality



- The US dollar strengthened overall compared to the previous month, partly due to non-US factors like political uncertainty in France and the dovish perception of Japan's new prime minister. However, renewed US-China tensions and worries about regional banks briefly limited the dollar's gains. Meanwhile, the recent US government shutdown had little effect on the currency. Looking ahead, the dollar is expected to continue weakening, but at a slower pace, as the Fed moves forward with easing and risks of stagflation remains

- The Thai baht has weakened against the US dollar since mid-September, even though gold prices have been rising. This unusual move is likely due to government efforts to limit the baht's strength. The move is in line with trends seen in most other major and regional currencies. Looking ahead, the Thai baht faces near-term depreciation risks. However, by year-end, the currency is likely to see modest appreciation, supported by typical fourth-quarter seasonality and a weaker US dollar backdrop.

Source: Bloomberg, CEIC and ttb analytics (Data as of 21 Oct 25) ttb | a·n·a·l·y·t·i·c·s