

Economic and Financial Outlook

ttb analytics

December 2025



Global Economy

- In December 2025, global economic data continued to show a slowdown, though overall resilience remained, as reflected in PMI readings. In terms of price pressures, Asian countries posted more positive surprises, but their CPI growth still lags that of developed markets.
- For the US economy, recent Fed-watch indicators such as NFP and CPI remain consistent with expectations of further easing next year. Despite this, private consumption remains solid, as reflected in retail sales. Meanwhile, China's economy lost momentum in Q4 2025, with November industrial production, retail sales, and fixed asset investment falling short of expectations. The property sector remains a headwind. Politburo and CEWC guidance point to policy continuity in 2026.
- On the policy front, the final global central bank meetings in 2025 largely met market expectations.



Thai Economy

- In October 2025, overall economic activity showed a modest change with mix development. Foreign demand rose as supported by robust merchandise exports and higher tourist arrivals. Private consumption also improved across nearly all categories. Nonetheless, private investment continued to decline across major categories, particularly in lower investment in machinery and equipment.
- The headline inflation (CPI) remained contract for the eight-consecutive months in November 2025. The main factors were primarily attributed to the falling prices of several food items due to persistently low in raw food prices transmission. The energy prices also declined following the global energy prices including electricity price regarding to government subsidy measures. The core inflation edged up slightly, following the increase in non-alcohol beverage and ready-to-eat food prices.
- In the sixth meeting of 2025, the Monetary Policy Committee (MPC) voted unanimously to cut the policy rate to 1.25%, marked its lowest level in three years, with an assessment that apparent economic slowdown and limited demand-driven inflationary pressure. Overall credit continued to contract, and credit quality of vulnerable groups still deteriorated. SMEs faced liquidity challenges stemming from both limited credit access and the strengthening of the Thai baht.



Financial Markets

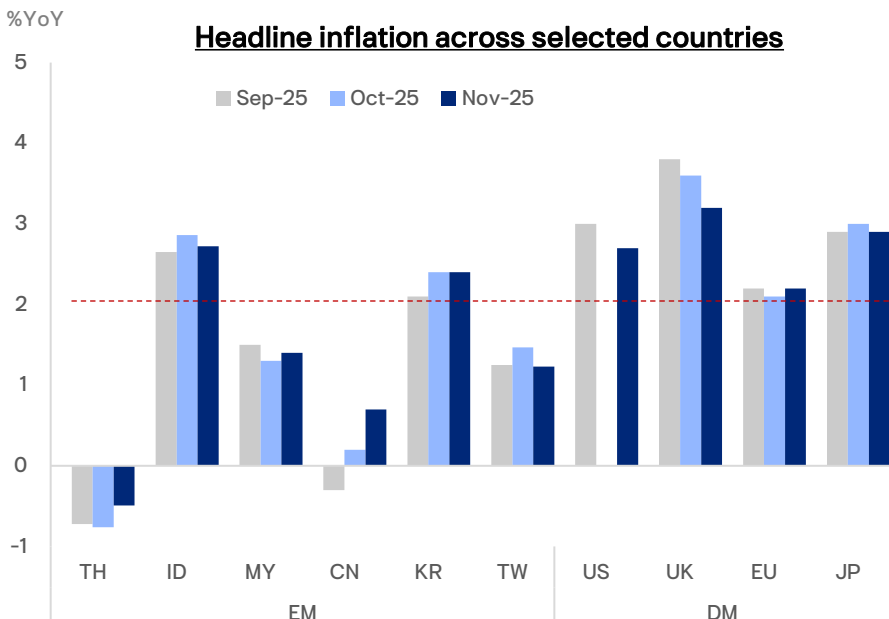
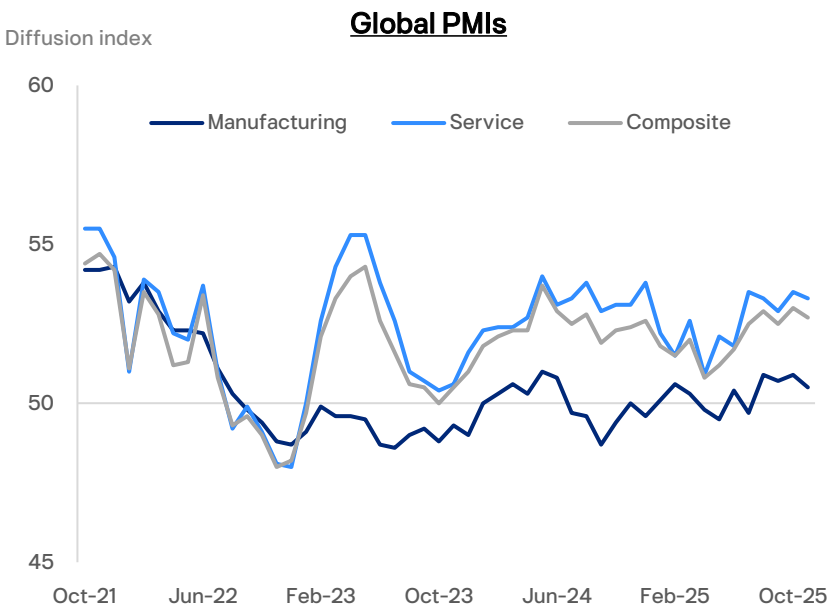
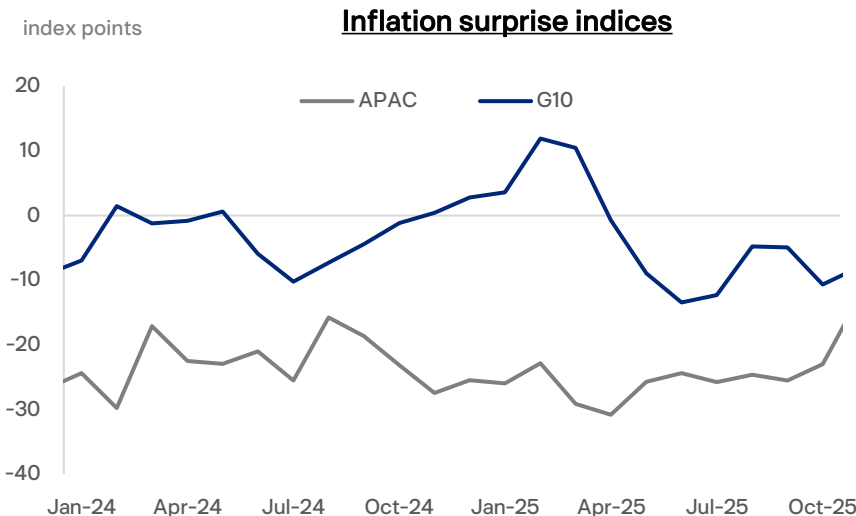
- Both US and Thai bond yields have been largely driven by policy rate cuts, forming a bull steepening curve. Looking ahead, the US yield curve is expected to continue steepening as the Fed's easing cycle unfolds. Likewise, markets continue to price in further downside risk for the Thai policy rate, although the timing remains uncertain.
- The dollar weakened after the FOMC cut, which was less hawkish than expected. Meanwhile, the Thai baht outperformed regional peers, supported by typical year-end strength. Higher gold prices, which recently reached a record high, added some pressure on the baht. Looking ahead, despite weak economic fundamentals, the baht is likely to continue strengthening, supported mainly by a soft US dollar.

PART 1

Global Economy

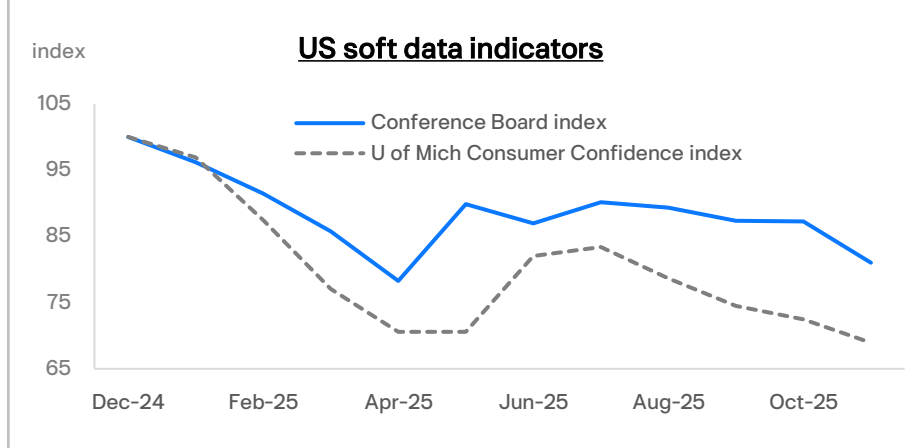
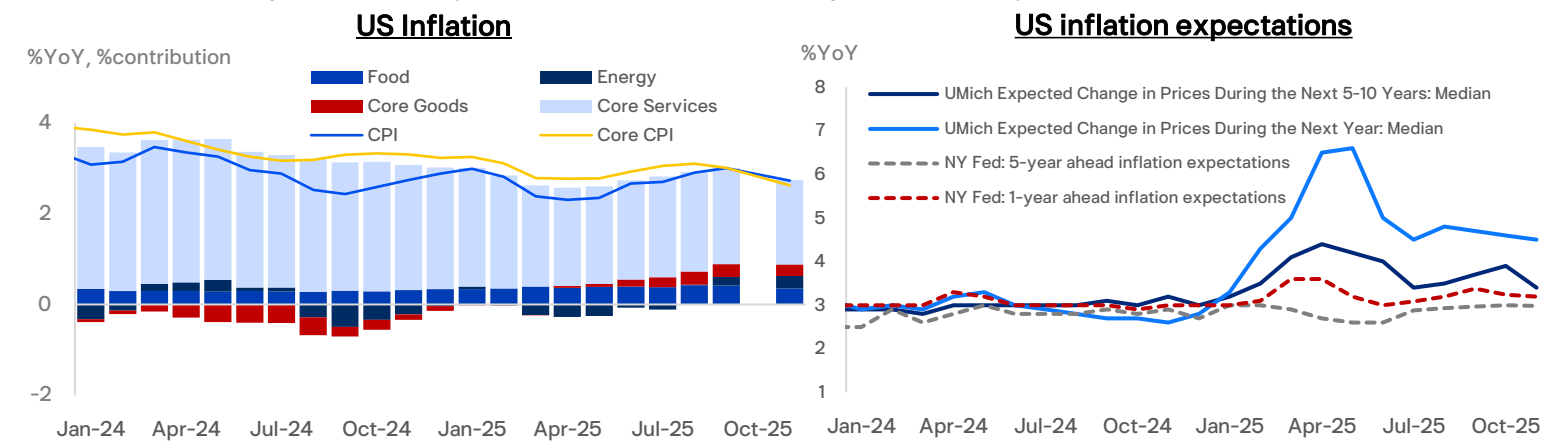
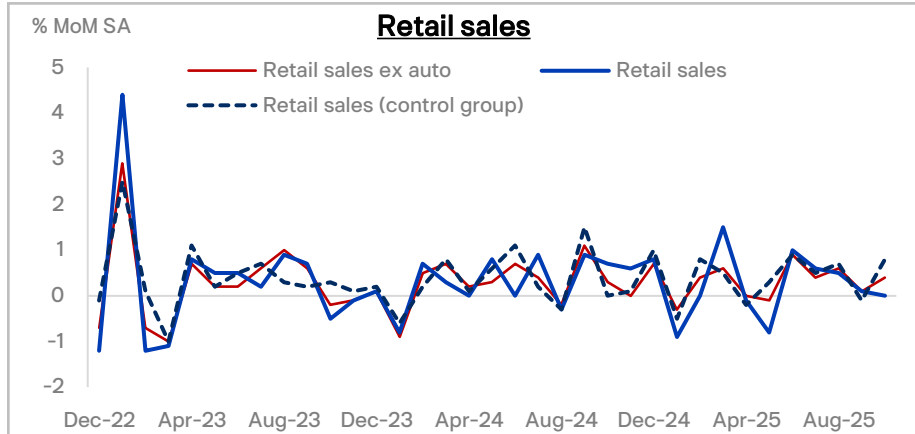
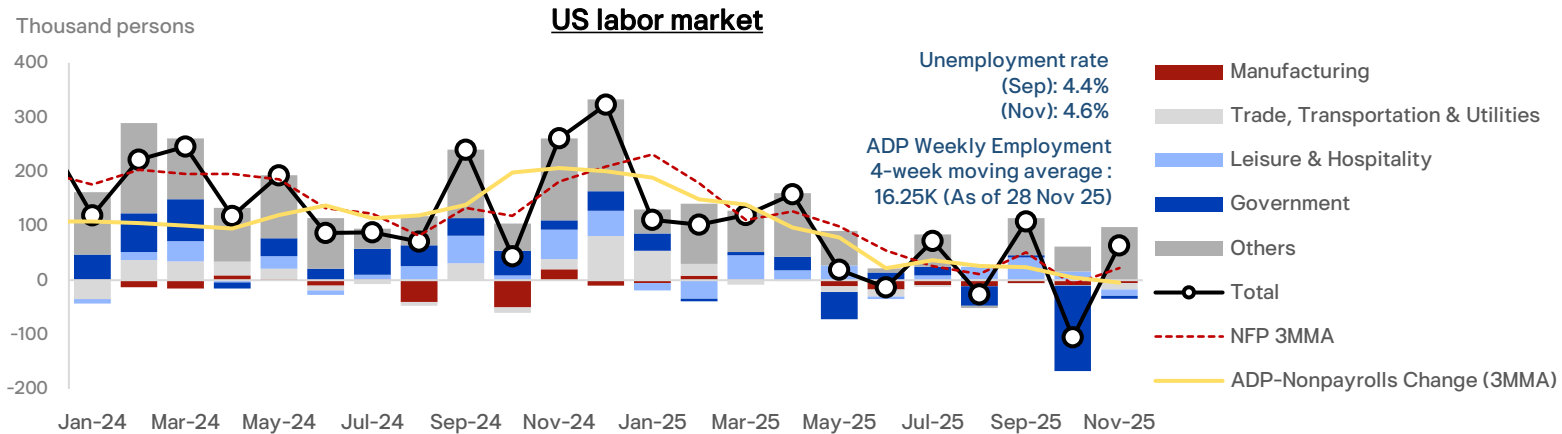


Despite the slowdown, the global economy remains resilient



- Recent economic data point to downside surprises, as reflected by the economic surprise index, with China's remaining in negative territory, confirming a slowdown pattern in the last quarter. Meanwhile, key US data are starting to be released again following the end of the government shutdown.
- PMI data still indicate global economic expansion in the final quarter of this year, although the trend is beginning to point toward a slowdown, with the US PMI continuing to outperform other developed market countries. Given this level of PMI in the past, it still indicates that global GDP remained robust in the last quarter. Nonetheless, some components, such as business confidence for the future, remain low, reflecting high uncertainty for the upcoming year. In terms of sectors, the services sector continues to outperform manufacturing, though both still indicate expansion.
- Regarding price pressures, Asian countries began to show more positive surprises last month. Nonetheless, their CPI growth rates remain relatively lower than those of developed markets, some of which, like the US, are still exposed to inflation risks.

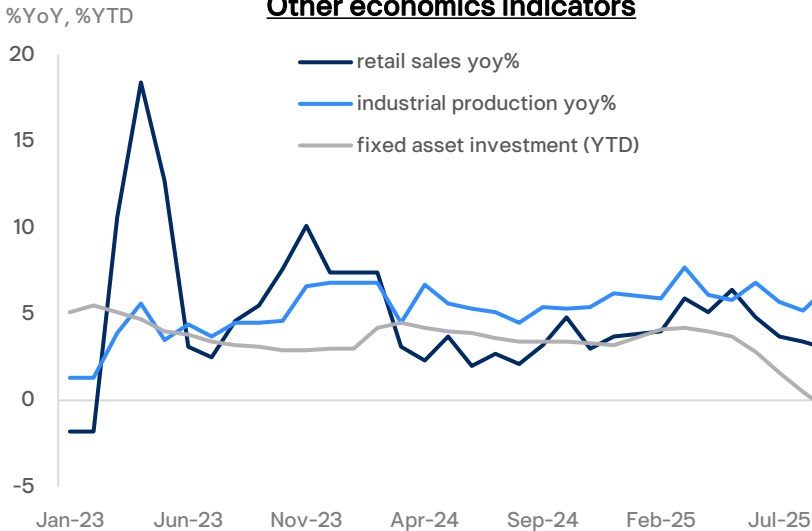
US economic data signal further slowdown, with a softening labor market and weaker CPI



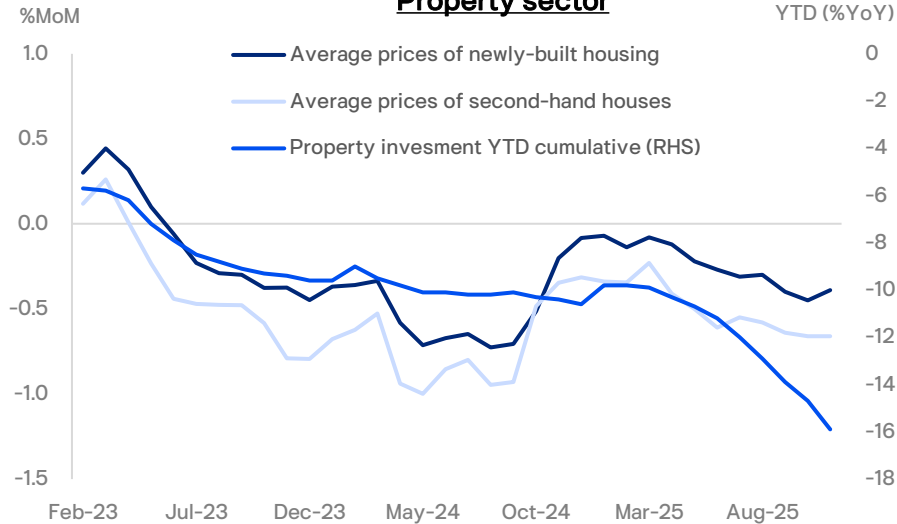
- Recent Fed-watch indicators remain consistent with expectations of further Fed easing next year. The October jobs report was incomplete, showing a 105k payroll decline largely due to a 162k drop in federal employment. November payrolls rose 64k, beating expectations, while the unemployment rate increased to 4.6%. ADP data pointed to weaker private hiring, with payrolls falling 32k in November, led by small businesses. Meanwhile, CPI prints were notably softer than expected, with headline inflation at 2.7% and core at 2.6%, both well below forecasts. Much of the weakness likely reflects BLS sampling distortions tied to the government shutdown and Black Friday discounting.
- Private consumption remains resilient. October retail sales were flat m/m, missing expectations due to weaker vehicle sales following the expiration of the EV tax credit, which masked solid underlying demand. Ex-autos sales rose 0.4%, ex-gas/autos increased 0.5%, and the retail control group jumped 0.8%, signaling healthy momentum. Despite this, consumer confidence remains subdued, with sentiment indices trending lower.

China's economic data show further slowdown in Q4 2025

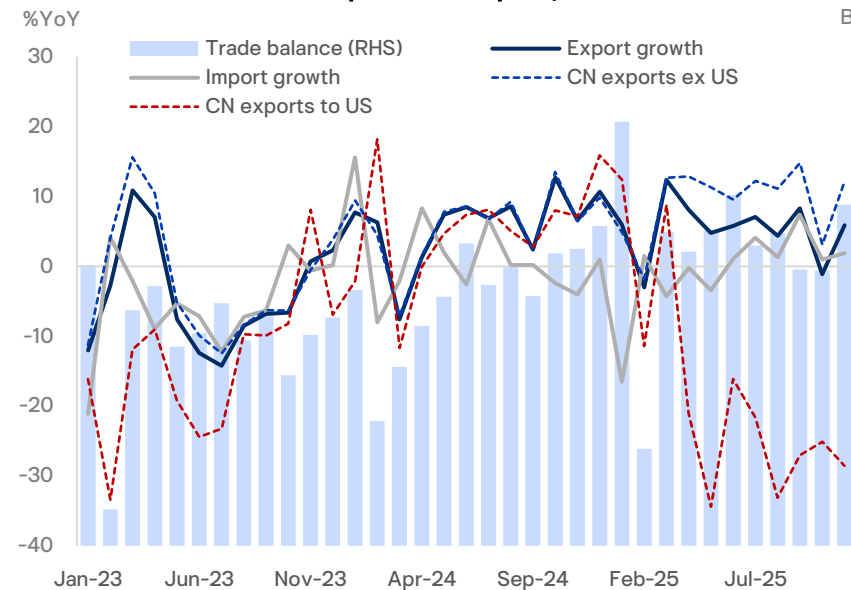
Other economics indicators



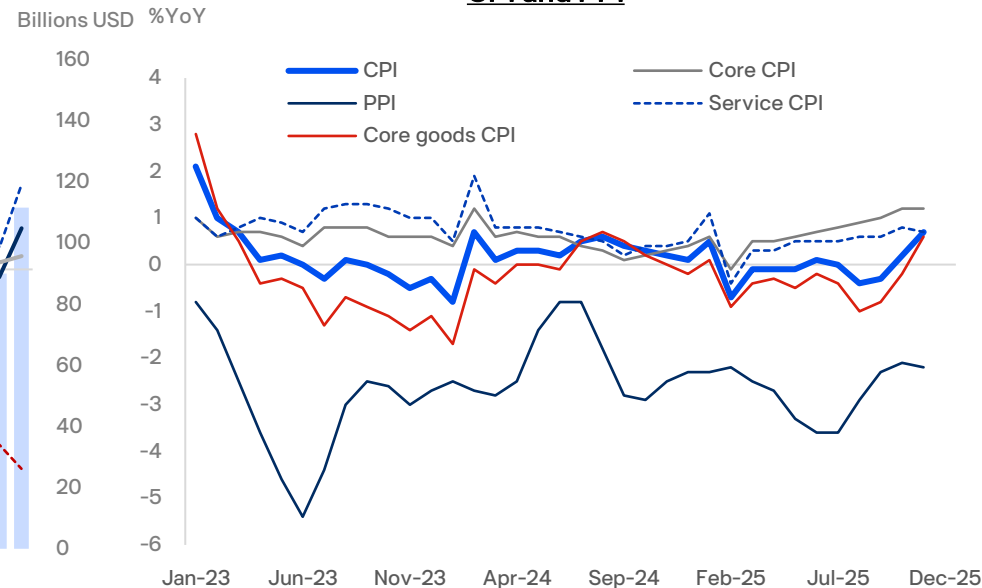
Property sector



China's Export and import, trade balance



CPI and PPI

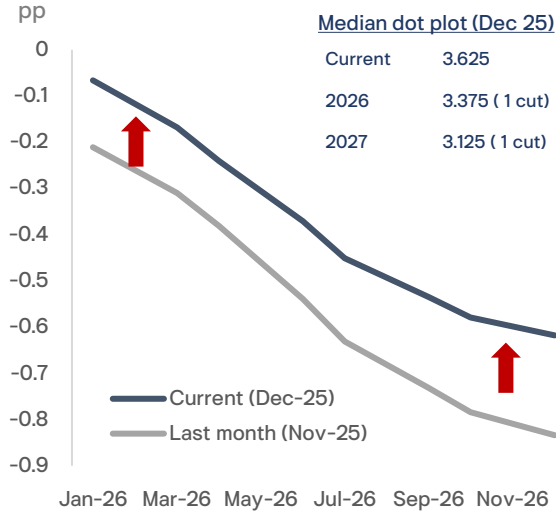


- China's economy lost further momentum in Q4 2025, as November industrial production and retail sales fell short of expectations, while fixed asset investment declined for a second consecutive month, highlighting slowing business spending. Meanwhile, the property sector remains a key headwind for the Chinese economy and is likely to continue weighing on growth next year.
- External demand remained strong in November, with exports up 5.9% Y/Y and imports rising 1.9% Y/Y. The trade surplus widened to USD 111.7bn, supported by hi-tech exports and robust demand despite weaker shipments to the US, while traditional goods experienced some post-front-loading slowdown.
- For price stability, Chinese consumer inflation rose slightly in November but stayed subdued, while producer prices continued their prolonged decline.
- Looking forward, Politburo meeting and the CEWC delivered consistent guidance, signaling policy continuity into 2026 with a stance of "more proactive fiscal policy" and "moderately loose monetary policy." Nonetheless, they will avoid large-scale stimulus.

The final global central bank meetings in 2025 largely met market expectations

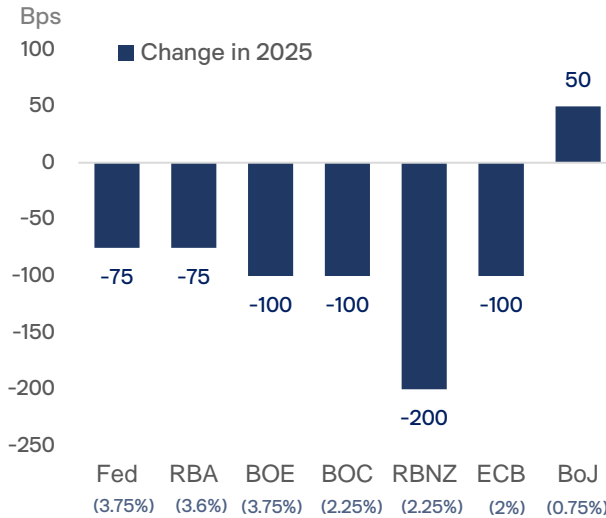
Expected policy rate changes by selected major central banks by the end of 2025

US policy-implied rate change



Notes: The implied policy rate are based on FFR

Change in policy rates in 2025 for selected developed market countries



Notes: () indicates current policy rate in each central bank

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	2.66 ↓
KR	2.50	-50	2.44 ↑
ID	4.75	-125	4.52 ↑
IN	5.25	-125	5.24
PH	4.50	-125	4.52 ↓
TW	2.00	0	2.00 ↑
VN	4.50	0	4.47 ↑

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 FOMC delivered a widely expected 25 bp cut to 3.50–3.75% but struck a more dovish tone, passing 9–3. The December Summary of Economic Projections left Fed funds rate projections largely unchanged amid divided Fed member views. Powell reinforced the dovish stance, noting payroll data may be overstated and that the economy does not appear overheated.
- The ECB left rates unchanged for a fourth consecutive meeting, reiterating a data-dependent, meeting-by-meeting approach as inflation stays near target and the euro area absorbs global shocks. The Bank revised up its 2026 inflation and growth forecasts.
- The BOJ raised its policy rate to 0.75% from 0.5%, the highest since 1995, marking its second hike this year after January. Governor Ueda offered no explicit forward guidance, emphasizing a data-dependent approach, keeping the overall tone dovish.
- The BoE cut the Bank Rate by 25 bps to 3.75% in a hawkish-leaning decision, passing narrowly 5–4. The Bank reaffirmed a gradual easing path but noted that policy restrictiveness has diminished as rates fall.

EM



- The PBOC kept the loan prime rate unchanged and is expected to ease policy early next year to support growth. According to the CEWC and Politburo, the government plans measures to boost the economy while maintaining a moderately loose monetary stance.
- Most Asian central banks held rates steady in year-end meetings, focusing on financial stability, including FX. The easing cycle continues, but the scope for further cuts is narrowing as it nears its end.

PART 2

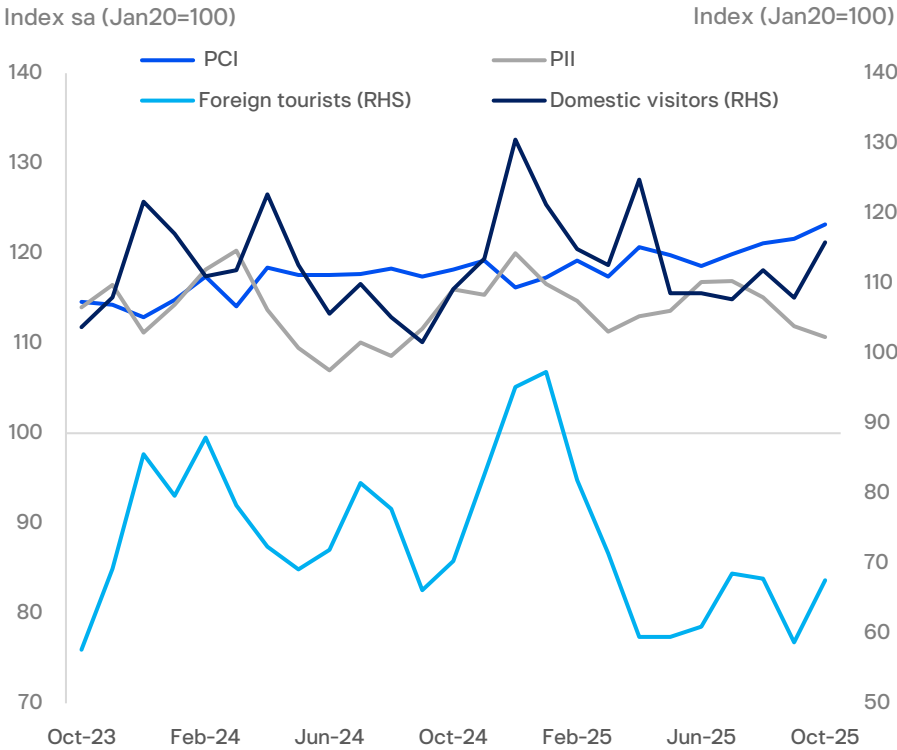
Thai Economy



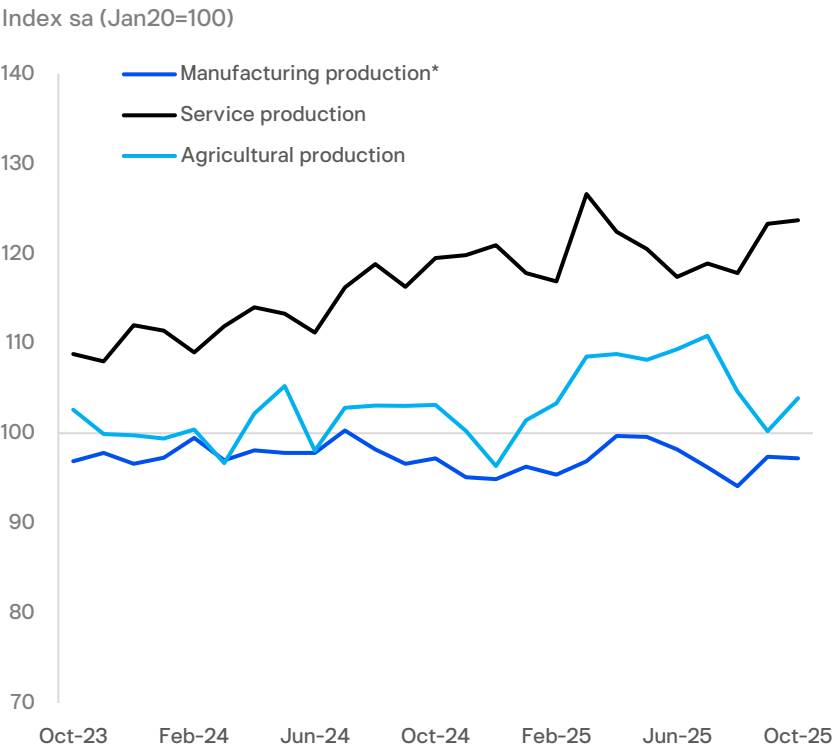
In October 2025, Thailand economic activities had relatively modest from the previous month



Demand-side indicators



Supply-side indicators



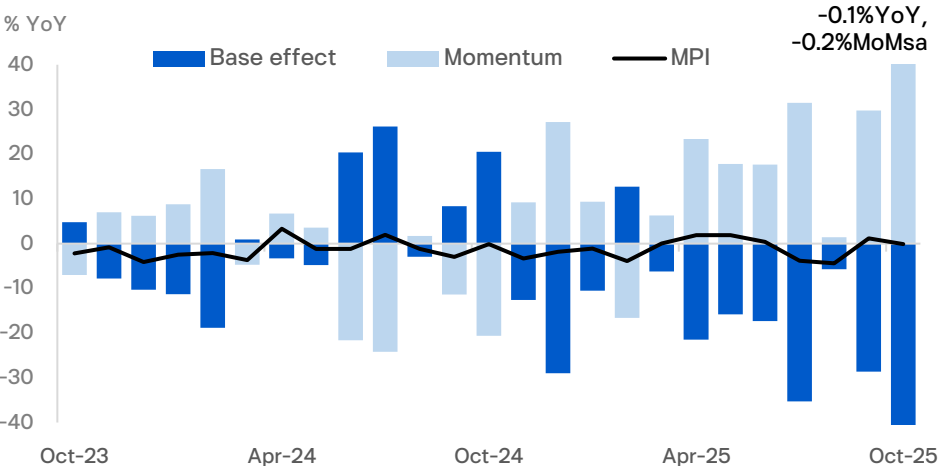
- In October 2025, overall economic activity showed a modest change, supported by robust merchandise exports and higher tourist arrivals. Private consumption also improved across nearly all categories. Nonetheless, private investment continued to decline across major categories.
- On the economic stability front, headline inflation in November 2025 remained negative for eighth consecutive month. Notably, trade balance (Custom basis) turned deficit due to elevated import value as temporary factor.

Leading Economic Index (sa) (Jan2020=100)

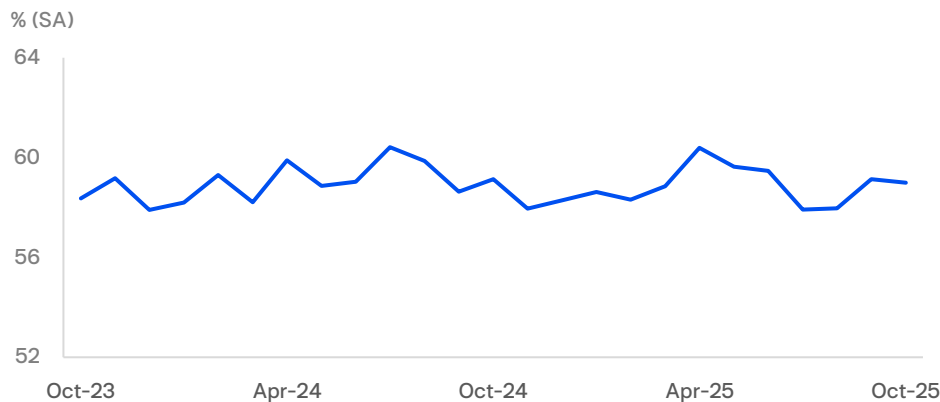
Leading Economic Index and Components (SA)	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Authorized Capital of Newly Registered Companies (Million Baht)	171.2	137.4	129.7	141.4	92.6	219.4	183.4	108.0	103.3	125.8	132.7	126.1	124.6
Construction Areas Permitted (1000 sq. m)	111.5	115.7	119.0	77.1	83.1	100.3	83.9	99.7	97.4	94.3	106.9	114.1	98.8
Export Volume index (exclude Gold)	115.1	119.6	119.3	120.5	126.9	123.9	121.5	132.5	125.6	126.0	125.8	126.7	128.1
Business Sentiment Index (3 months)	102.1	99.3	97.5	97.6	99.5	100.9	95.4	98.1	97.5	96.0	100.0	100.7	102.0
SET index	96.8	94.3	92.5	86.8	79.5	76.5	79.1	75.9	72.0	82.6	84.5	85.4	86.5
Oil Price Inverse Index (Dubai)	1.3	1.4	1.4	1.2	1.3	1.4	1.5	1.6	1.4	1.4	1.4	1.5	1.6

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

Manufacturing Production Index (MPI)



Capacity Utilization (CapU)



MPI by sector (base year 2021)

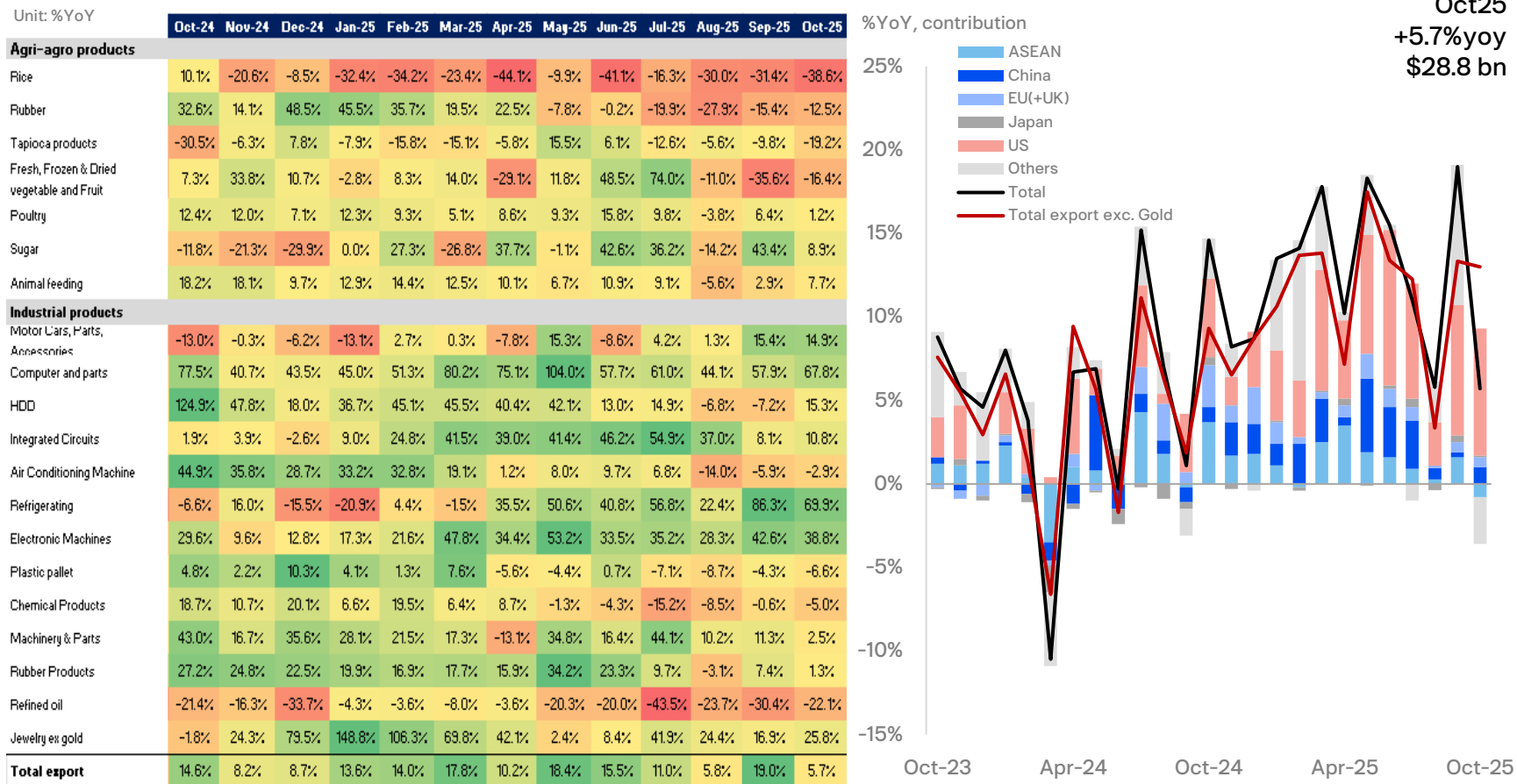
Contribution	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25
Food products (16.7%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Beverages (3.8%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Tobacco products (0.7%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Textiles (1.9%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Wearing apparel (1.6%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Leather products (0.8%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Paper products (2.1%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Coke and refined petroleum products (10.7%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Chemicals (8.8%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Pharmaceutical products (1.2%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Rubber and plastics products (8.8%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other non-metallic mineral products (5.4%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Basic metals (3.4%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Fabricated metal products (2.3%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Computer and electronic products (9.4%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Electrical equipment (3.5%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Machinery and equipment (2.8%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Motor vehicles (11.2%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Other transport equipment (1.1%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Furniture (0.9%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Others (2.3%)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
MPI (%YoY)	-0.1	-3.3	-1.8	-1.1	-3.9	0.0	1.9	1.9	0.4	-3.8	-4.4	1.2	-0.1

- As of October 2025, Manufacturing Production Index (MPI) remained stable comparing to the previous month. The petroleum output had lower as refineries underwent scheduled maintenance shutdowns. Meanwhile, the production of passenger car and pickup truck indicated higher due to the resumed operations in some factories after temporarily halt production. In addition, production of computer, parts and electronic parts remained robust.

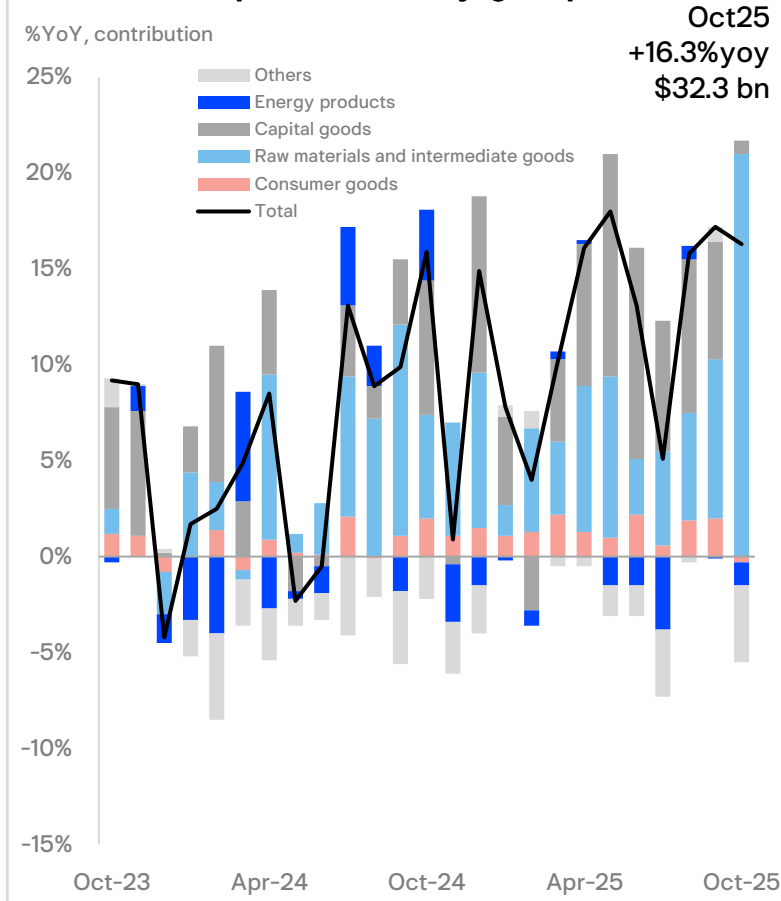
Merchandise export in October continued to expand led by the export to the US, while import growth remained solid as partly due to temporary factors



Exports value by product and destination



Imports value by groups

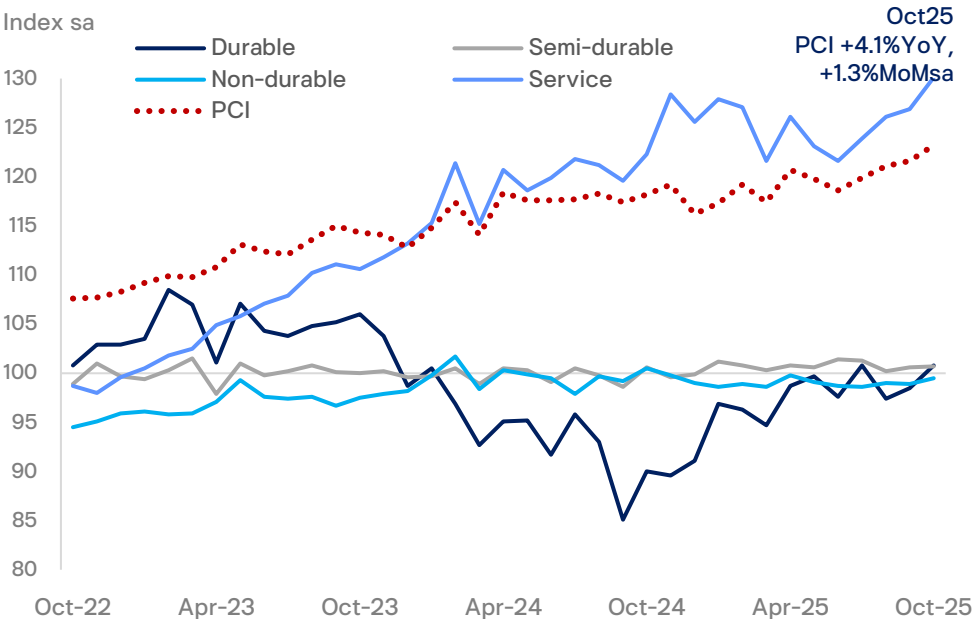


Thailand's exports growth in October 2025 indicated a solid momentum, which strongly supported by export of electronic products such as computer and parts, electronic machines and electrical appliance, auto parts as well as gold, while contraction in major agricultural product exports remained persisted. On the other hand, the high import value growth had contained, led by import of raw materials and intermediate goods such as electrical circuit board and jewelry after the repatriation of products after trade exhibition abroad, which resulting in a trade deficit of USD 3.4 billions (The first ten months of 2025, trade deficit of USD 3.9 billions).

Overall private consumption indicators improved remarkably across major categories

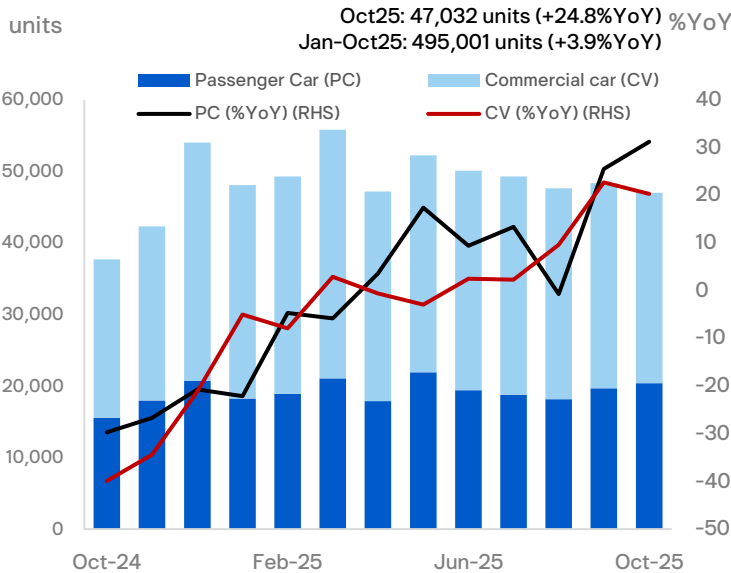


Private Consumption Indicators (SA)

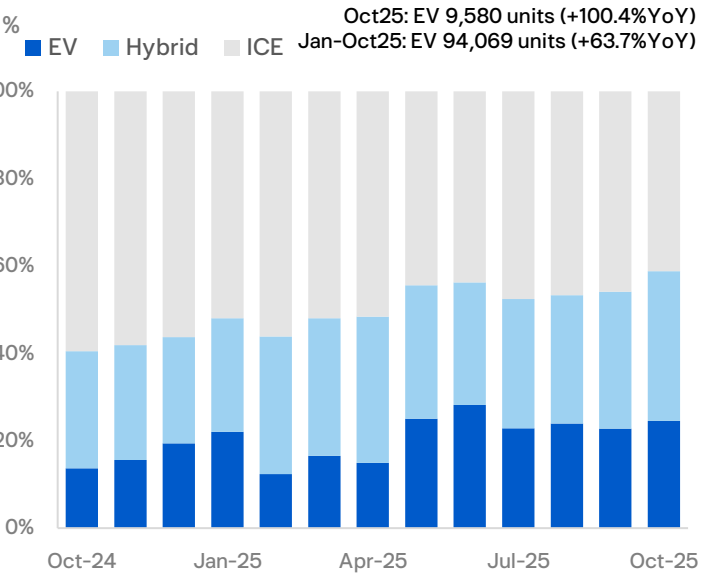


- Private consumption indicators increased from the previous month as higher spending across major categories. The increased spending on services, as reflected by higher hotel and restaurant expenditures due to higher number of foreign arrivals and Thai visitors. The increase sale of fuel volume as well as sale of passenger cars influenced non-durable and durable goods purchase.
- Farm income in October continued to contract, primarily due to falling prices of several agricultural products e.g., rice and rubber aligning with high global supply.

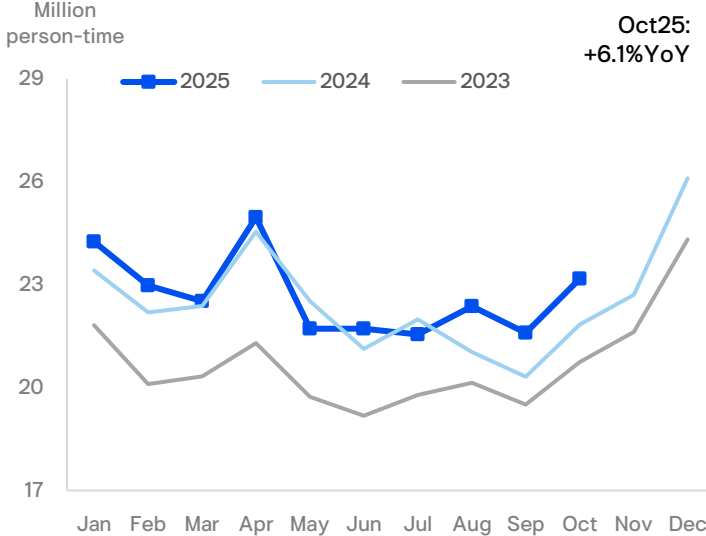
Domestic car sales**



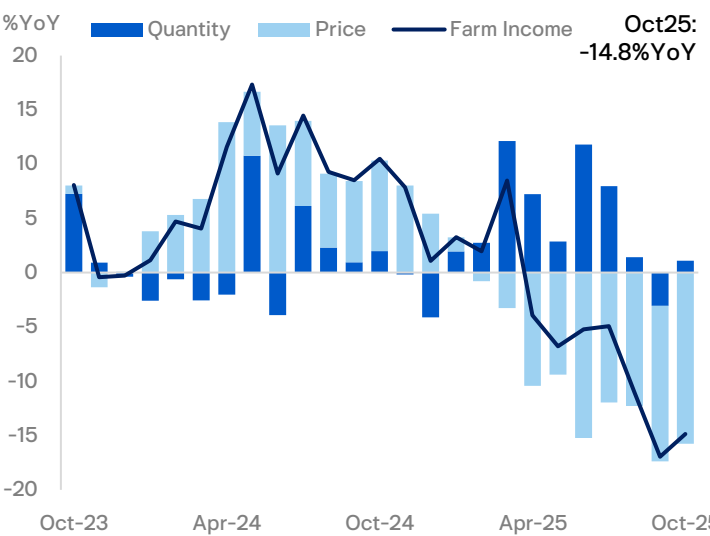
EV penetration of type 1 registration



Thai domestic visitors*



Farm Incomes



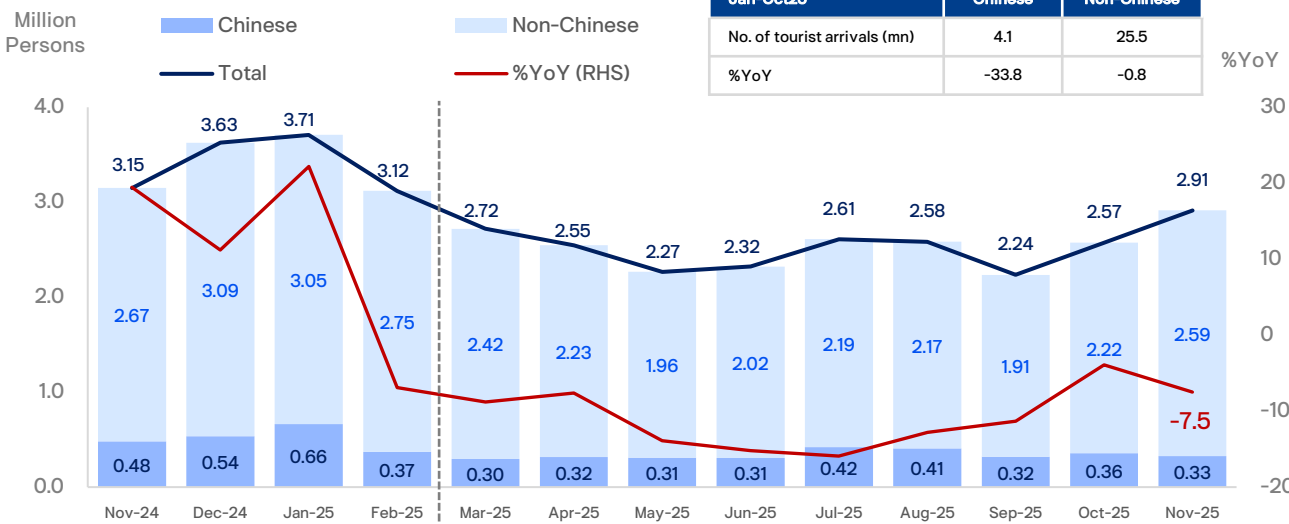
Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

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,

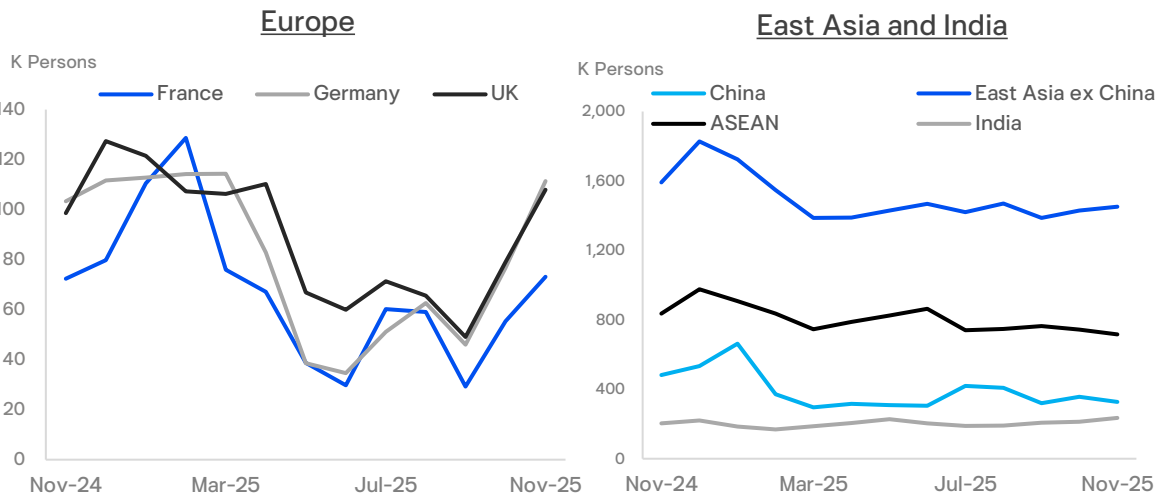
November's foreign tourist arrivals was continued to improve but at the slower pace



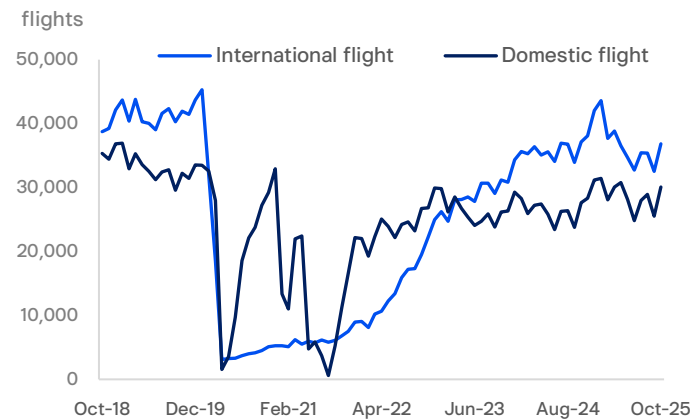
Total Foreign Tourist Inbounds



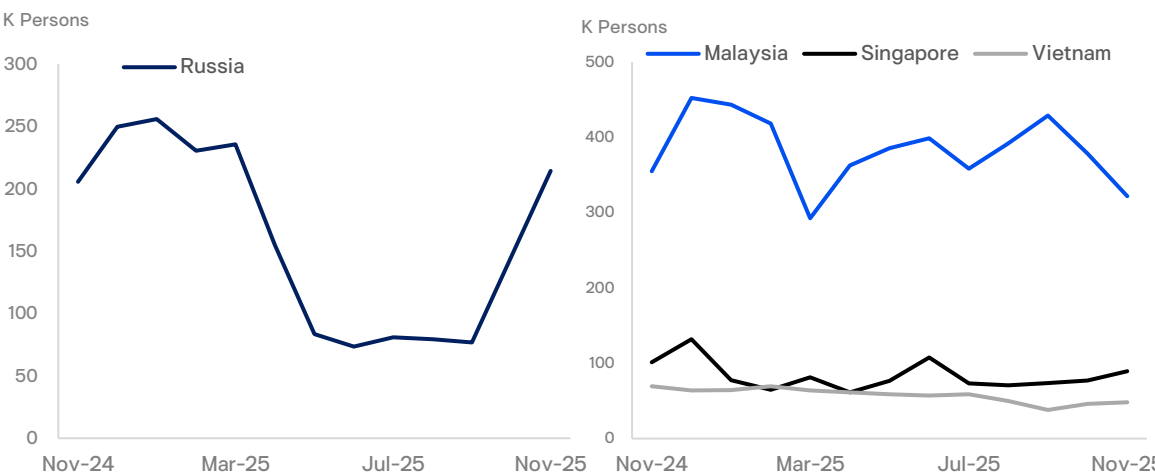
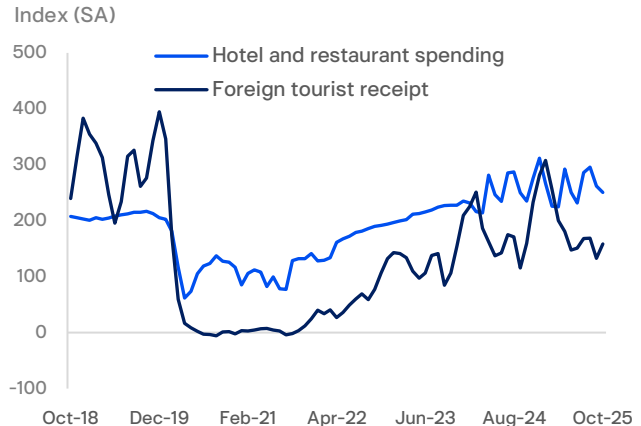
Foreign Tourist Inbounds by key regions



Number of flights via Thailand's airports (total)



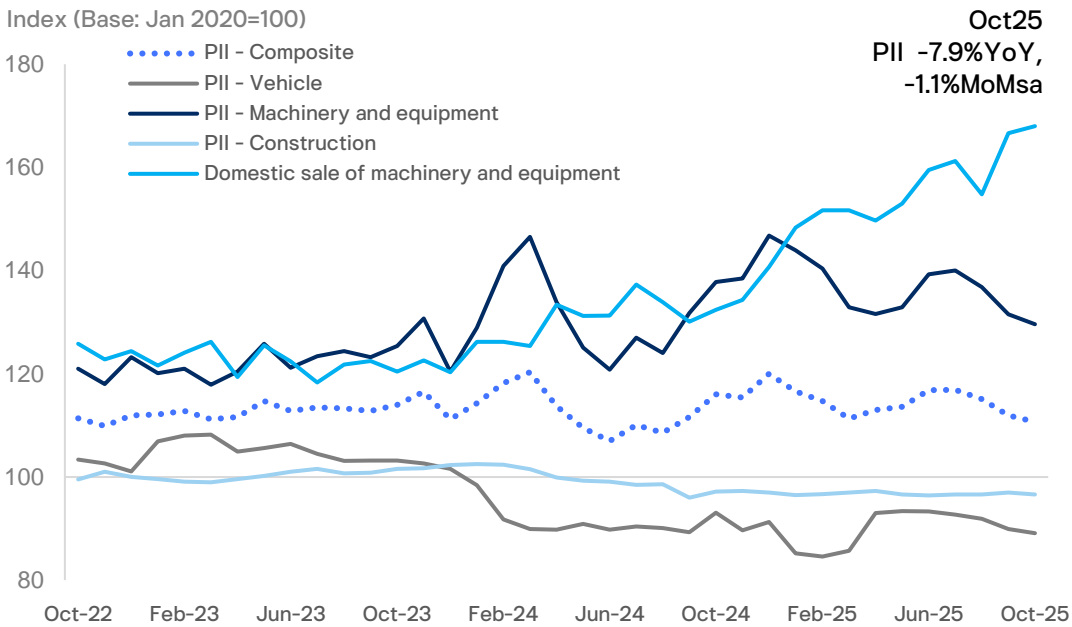
Spending indicators



- In November 2025, foreign tourist arrivals was continued to improve but slower pace comparing to last month. Tourists from Europe including Russia and the Americas indicated a remarkable increase, while tourists from ASEAN had subdued particularly in Malaysian, partially from the effect of Southern flooding during late November.

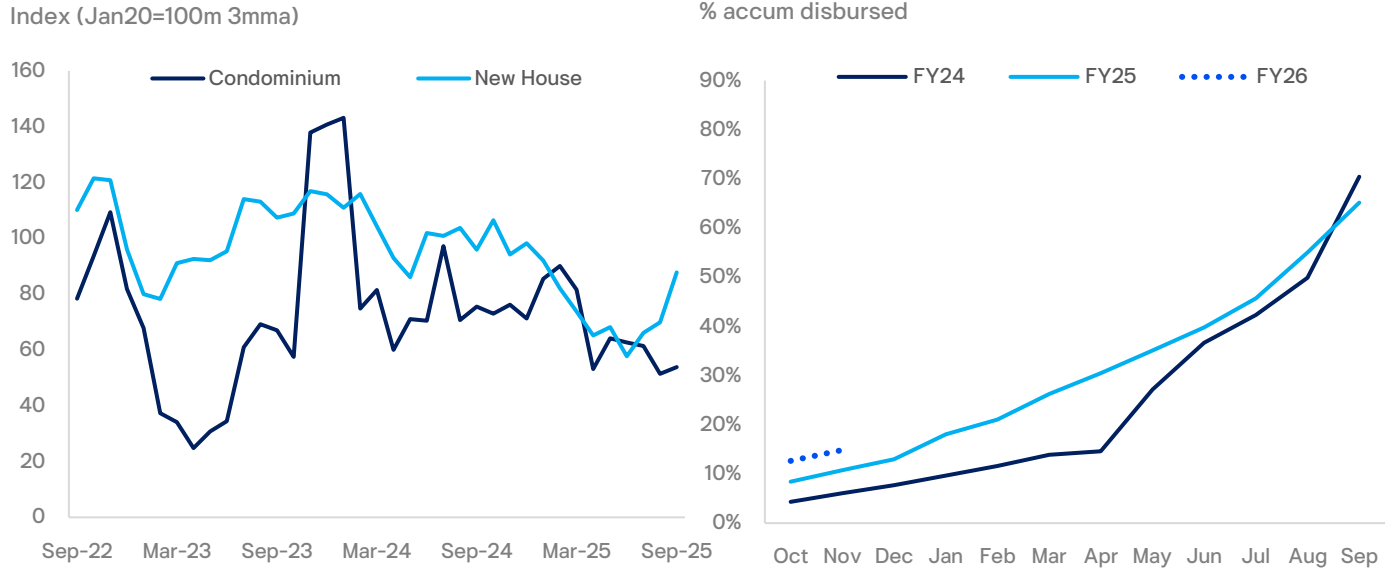
Private investment indicators continued to decline in several categories

Private Investment Indicators (SA)

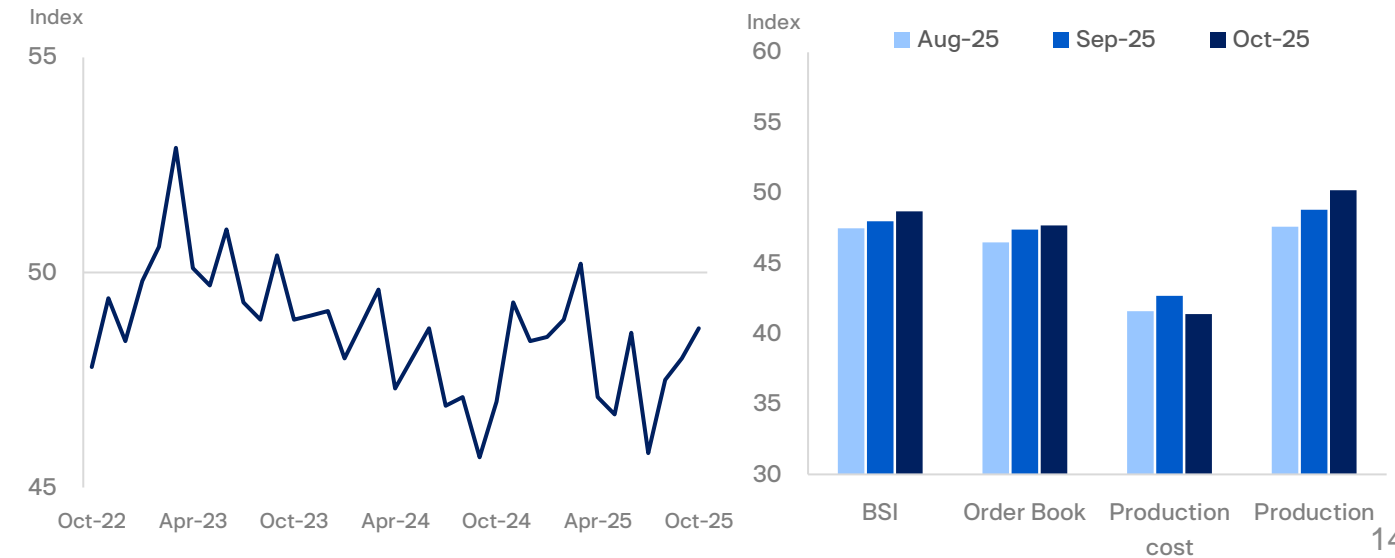


- Private investment continued to decline from the previous month across several categories, driven by reduced investment in machinery and equipment aligning with lower imports. Investment in vehicles also decreased in most categories. Construction investment for both residential and non-residential also declined, following fewer transfers of industrial areas and commercial buildings, and reduced permitted areas for single houses.
- Overall BSI continued to improve but still below the 50-mark, thanks to the increase of non-manufacturing index in several sectors, led by hotels and restaurants, following the expected benefit from government campaign.

Unit of housing registration (Nationwide) Accumulated govt capital budget disbursement



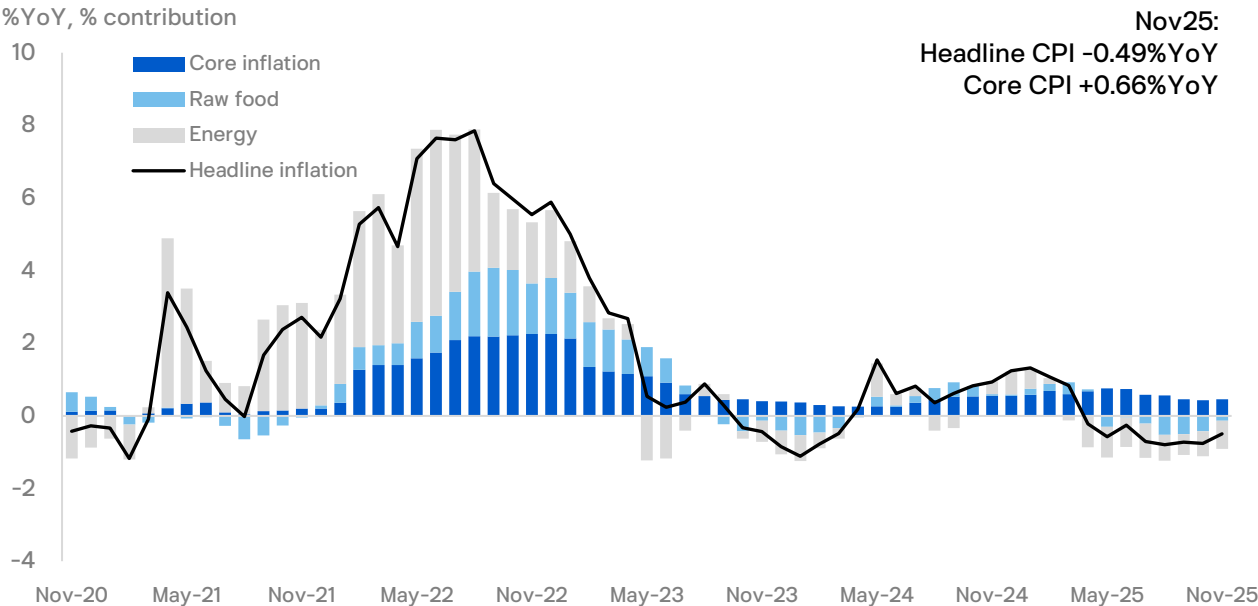
Business Sentiment Index (BSI)



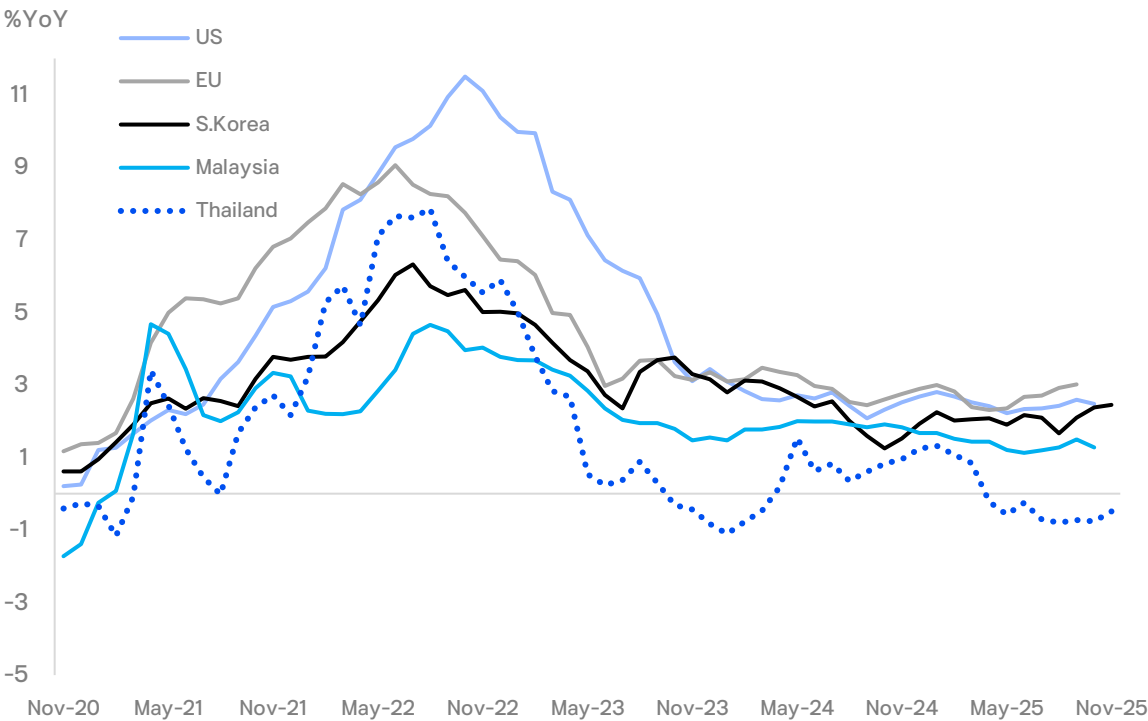
Headline inflation remained in the negative territory for an eighth month in November



Thailand's inflation contribution to growth



Headline inflation in selected countries



Price change in top categories

%YoY

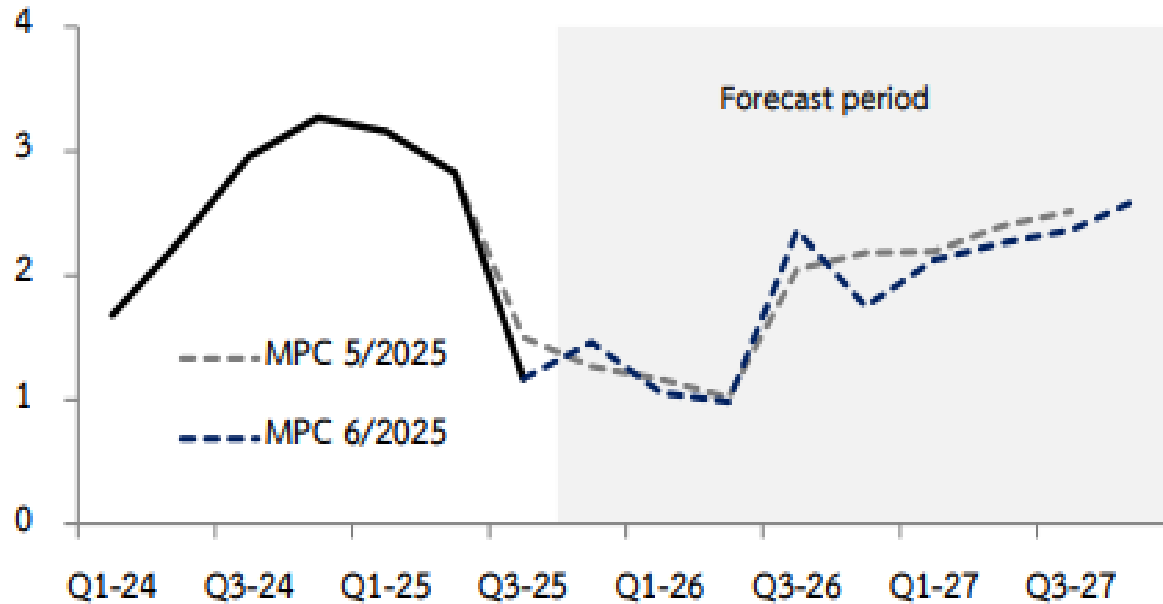
	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Headline inflation	0.94	1.24	1.32	1.08	0.84	-0.22	-0.57	-0.25	-0.70	-0.79	-0.72	-0.76	-0.49
Raw food	0.24	0.17	0.97	1.13	1.90	0.30	-1.76	-0.23	-1.23	-2.99	-2.89	-2.44	-0.78
Prepared food	2.27	2.33	2.53	2.68	2.37	2.61	3.41	3.40	2.53	2.54	1.99	1.67	1.74
Meat and Poultry	0.59	0.25	0.41	1.39	3.04	5.04	5.39	4.98	4.18	3.36	1.71	-0.05	0.09
Eggs and dairy products	-0.50	-0.95	-0.53	0.45	-0.46	-1.94	-1.52	-3.94	-3.46	-3.72	-3.78	-3.74	-3.79
Utilities	1.45	1.44	1.47	1.45	0.06	-2.84	-1.42	-1.41	-1.36	-1.36	-2.09	-2.11	-2.11
Energy	2.72	5.01	4.25	1.23	-0.93	-6.73	-6.58	-6.31	-7.33	-5.55	-4.46	-5.40	-6.11
Core inflation	0.80	0.80	0.83	0.99	0.86	0.98	1.09	1.06	0.84	0.81	0.65	0.61	0.66

- The headline inflation (CPI) in November 2025 remained contract. The main factors were primarily attributed to the falling prices of several food items due to persistently low in raw food prices transmission. Moreover, the energy prices also declined following the global energy prices including electricity price regarding to government subsidy measures. The core inflation edged up slightly, following the increase in non-alcohol beverage and ready-to-eat food prices. Overall, Thailand's inflation for the first-eleven month of 2025 stood at -0.12%YoY and the core increased by 0.86%YoY.

MPC voted unanimously to cut the policy rate to 1.25%, at its lowest level in three years

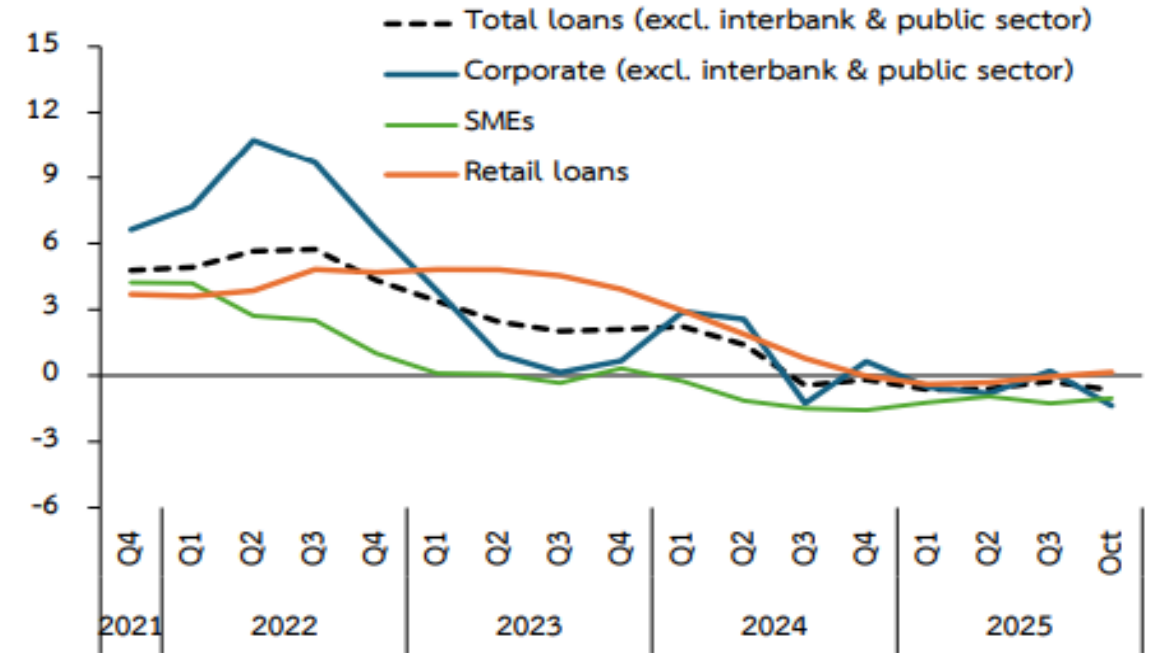
Growth projection

GDP growth
(%YoY)



Loan growth

%YoY



- The Monetary Policy Committee (MPC) voted unanimously to cut the policy rate by 0.25 percentage point to 1.25% in the last meeting of the year, with an assessment that apparent economic slowdown. The Thai economy in 2026 and 2027 is projected to moderate from the first half of 2025, and projected to expand 2.2%, 1.5% and 2.3% from 2025-2027, respectively. Meanwhile, demand-driven inflationary pressures remain limited amid subdued economic growth. Overall credit continues to contract, and credit quality of vulnerable groups still deteriorated. SMEs face liquidity challenges stemming from both limited credit access and the strengthening of the Thai baht.
- Looking ahead, ttb analytics assesses that the policy rate could be more accommodative with signaling more rate cut within the first half of 2026 amid economic slowdown and heightened risk.

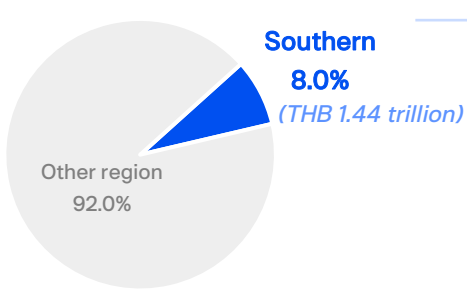
Southern flooding crisis caused the maximum economic loss was approximately THB 27 billion, most of the impact was in Song Khla



Southern region’s preliminary economic impact

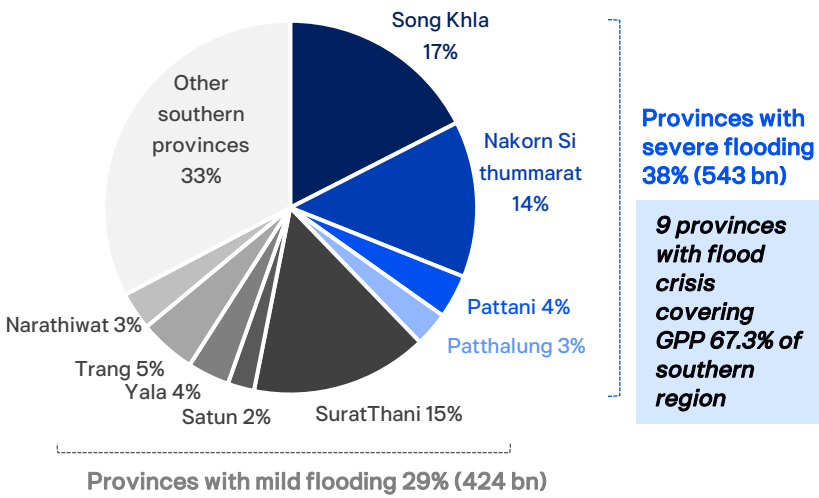
		Gross Provincial Product (GPP) value (THB bn)	Flood area during 25 Nov-1 Dec (rai)	Household impacted (household)	Household impacted to total household, 2022 (%)	GPP structure of trade and tourism (% of total GPP)	Maximum economic impact from stagnant activities* due to flood (THB bn)
Severe flood	Song Khla	251	245,035	543,768	91.6%	12.7%	18.5
	Nakorn Si Thammarat	195	72,551	233,787	37.9%	11.9%	3.1
	Pattani	54	72,251	192,503	92.5%	10.2%	2.9
	Patthalung	43	54,281	188,480	90.7%	11.6%	1.3
Mild flood	Surat Thani	220	4,603	16,891	3.1%	26.2%	0.3
	Satun	33	7,364	30,162	27.0%	13.2%	0.2
	Yala	52	33	59,898	33.0%	13.8%	0.0007
	Trang	71	5,846	16,092	6.5%	13.2%	0.2
	Narathiwat	47	25,168	45,307	19.5%	10.1%	0.45
Total		966	487,132	1,326,888	-	-	26.9 (0.14% of GDP)

Gross Regional Products (GRP) (Current), 2023



Source: NESDC, Department of Disaster Prevention and Mitigation, Ministry of Interior and ttb analytics (Data as of 28 Nov25)
Remark: *Preliminary economic impact which mainly calculated from loss in trade and tourism during 1 quarter (loss estimated based on the maximum flood level in each area during Nov 25 Nov – 1 Dec) referenced from GISTDA satellite data

GPP size of provinces with southern flooding crisis



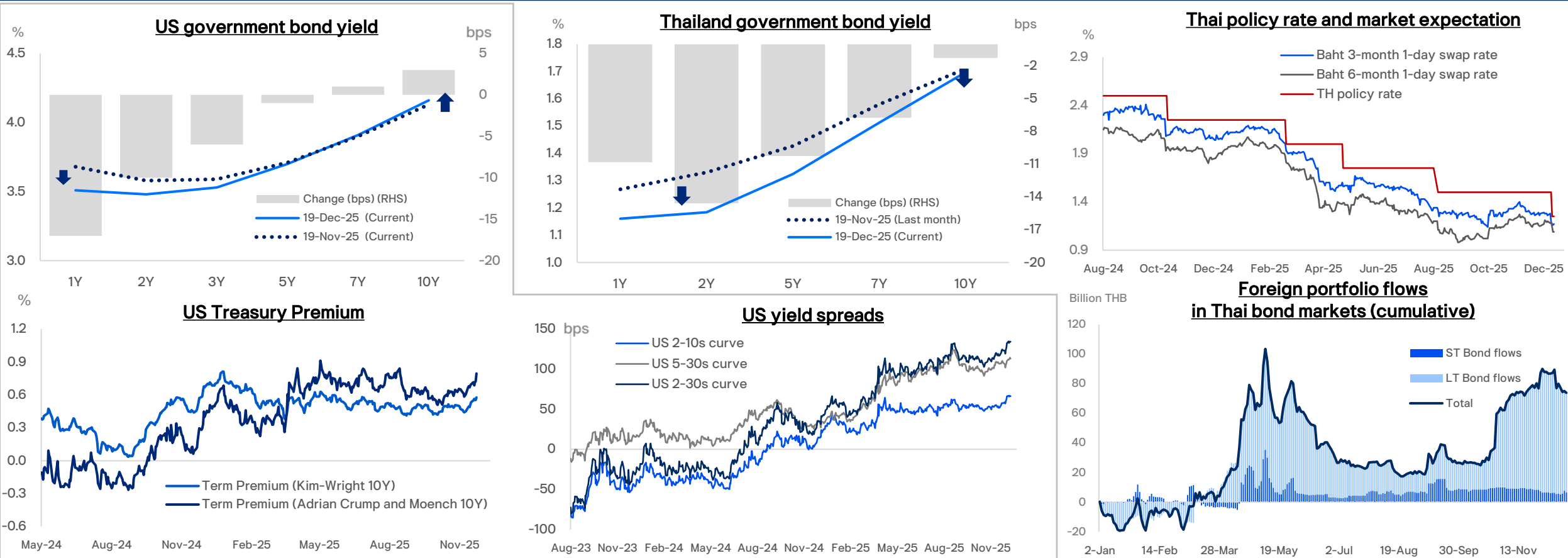
- The recent severe flooding in the southern region during late November, affecting 9 provinces, particularly in Songkhla (Hat Yai), which the primary hub for trade and tourism in the South, was expected to have a significant short-term economic impact.
- According to ttb analytics’ assessment, indicates that the maximum economic loss to trade and tourism, combined with recovery efforts, will span approximately one quarter. The estimated economic loss was around THB 27 billion, reflecting both direct and indirect effects on regional commerce and tourism activities.

PART 3

Financial Market



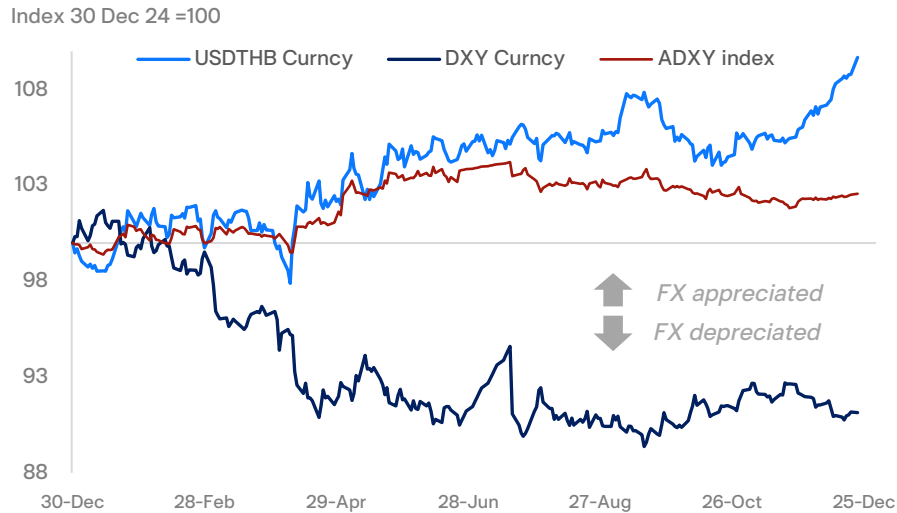
Both US and Thai bond yields have been driven primarily by policy rate cuts



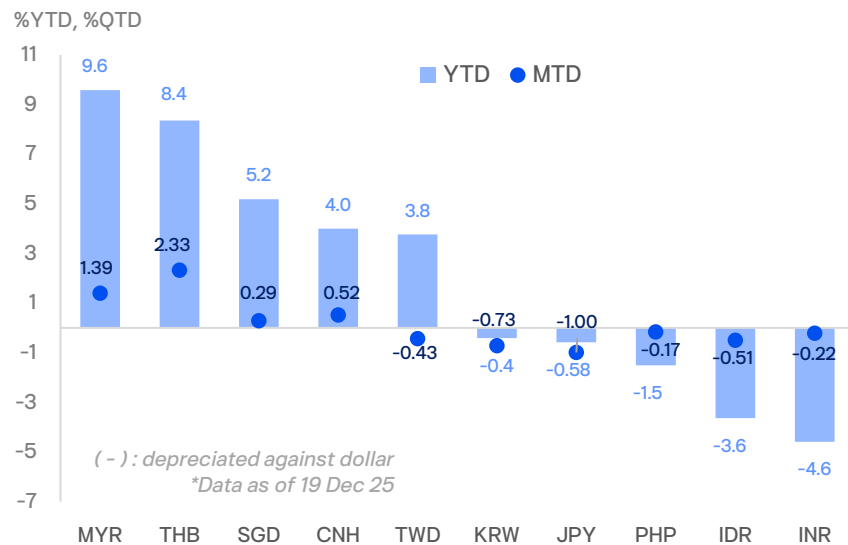
- US Treasury yields depict a bull steepening curve, as the short end has followed the FOMC's rate cuts while long-term yields remain elevated, partly due to fiscal risk concerns and risks to Federal Reserve independence. This dynamic is reflected in a rising term premium. Looking ahead, the steepening of the yield curve is likely to persist as the Fed's easing cycle continues.
- Similarly, Thai government bond yields exhibit a bull steepening curve, as the front end has followed the MPC's rate cut while longer-term yields have shown little change. Recent non-resident bond flows have turned negative across both short and long tenors, particularly after the MPC cut, partly reflecting profit-taking. Looking ahead, the market continues to price in further downside risk to the Thai policy rate, although the timing remains uncertain.

The dollar softened after a dovish December FOMC cut, while the Thai baht outperformed on seasonality and renewed correlation with gold prices

FX movement in 2025



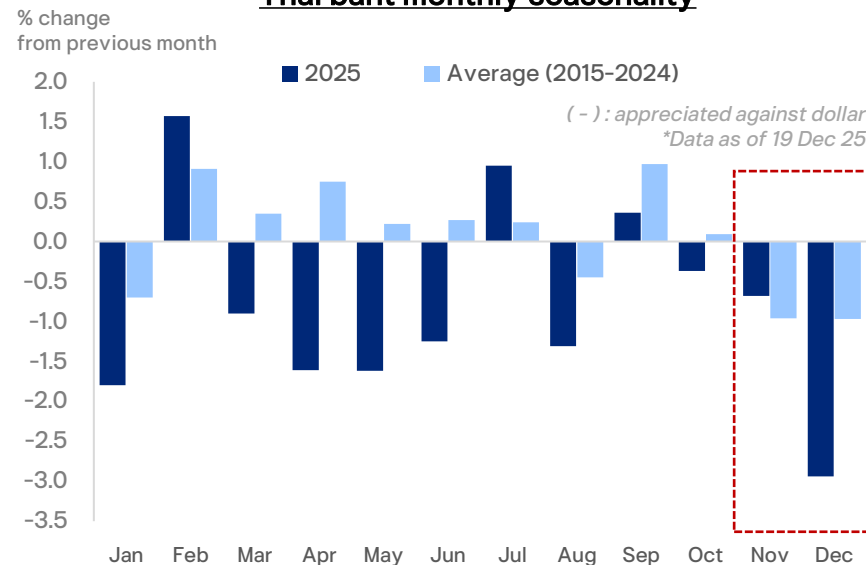
Selected FX spot return against US dollar



Relationship between Thai baht and gold price at the second half of 2025



Thai baht monthly seasonality



- The dollar weakened after the FOMC cut, which was less hawkish than expected. Recent economic data—particularly easing inflation and a slowing NFP—have not meaningfully altered the Fed's easing trajectory. Looking ahead, the Fed is expected to keep cutting rates into 2026, though more slowly, which still points to a weaker dollar.
- The Thai baht outperformed regional currencies in December, following its usual year-end strength. Higher gold prices, which recently hit a record high, added pressure on the baht. The renewed link between the baht and gold has raised concerns at the BOT, leading them to take steps to reduce this correlation. The recent Thai MPC rate cut was widely expected, and the baht weakened slightly in the short term despite the dovish signals. Looking ahead, despite weak economic fundamentals, the baht is likely to continue strengthening, mainly supported by a soft US dollar.

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