# Economic and Financial Outlook

ttb analytics

February 2026

# Executive Summary

## Global Economy

- Overall, countries' GDP growth in Q4 2025 showed signs of robustness, especially in Asia. Meanwhile, growth across DM economies was mixed. For recent data, economic data at the start of the year has remained resilient, with surprise indices pointing to upside momentum—particularly in the US. Meanwhile, tariff uncertainty is back in the spotlight, though the overall impact should be milder. For price pressures, inflation in EM Asia continues to surprise to the upside, while in major developed markets such as the US and the UK price gains have generally undershot forecasts.
- Recent US economic data signal a continued slowdown. For Fed-watch indicators, the data provide mixed signal. NFP beat expectation with 130K increase in January. Nonetheless, other labor metrics did not agree with it. For inflation, January's inflation report was softer than expected, but not enough to justify an imminent Fed rate cut.

## Thai Economy

- In December 2025, overall economic activity expanded from the previous month in most categories, as reflected by increase in domestic demand thanks to the government supports. Particularly, private consumption indicators edged up in all major categories, private investment also rose consecutively. Moreover, the continued growing in merchandise export and recovery in foreign tourist receipts also helped support the momentum.
- In the Q4/2025, Thailand's economic growth outperformed the market expectations. The expansion was primarily supported by a rebound in public investment due to the accelerated government disbursement during the first quarter of fiscal budget year 2026, strong merchandise exports and private consumption in all types of consuming products including a surge in vehicle purchases thanks to government stimulus. As a result, full-year GDP growth for 2025 reached 2.4%.
- The headline inflation (CPI) in January 2026 remained in the negative territory. Lower electricity and fuel costs, along with government subsidies, contributed to the negative headline figure. However, the prices of food and non-alcoholic drinks rose, particularly in prices of vegetables, beverages and ready meals. On the other hand, the core inflation was relatively stable, following the relatively unchanged in prices of other goods and services.

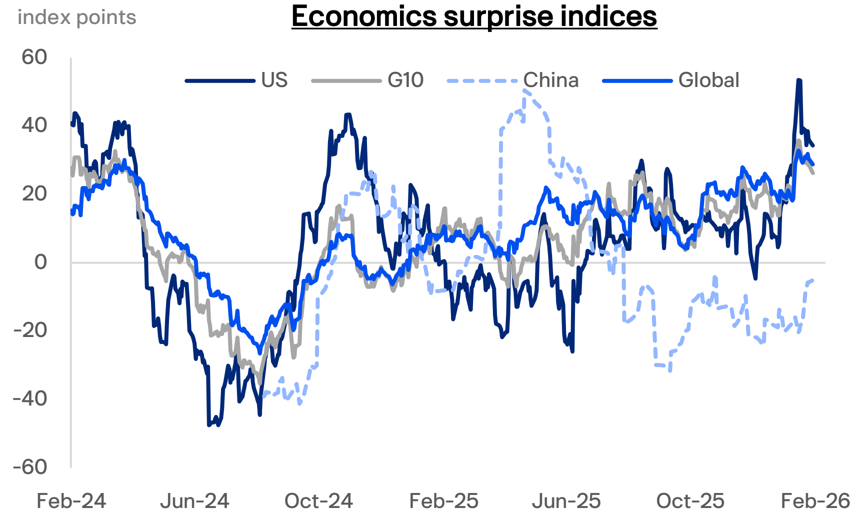
## Financial Markets

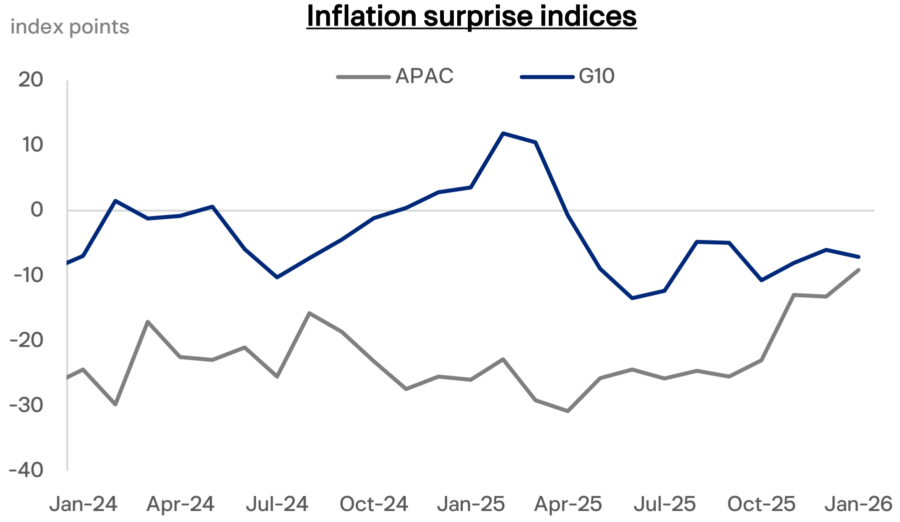
- US Treasury yields declined across the curve in a flattening move, driven partly by safe-haven demand amid concerns over AI-related job disruption in early February. They later partially retraced those losses as firm economic data. Meanwhile, Thai bond yields have largely returned to last month's levels after retreating from an eight-month high at end-January, when the long end rose on election uncertainty and fiscal concerns. Yields later eased as political risk premiums faded and GDP came in stronger than expected.
- The dollar gains on strong US data especially NFP data. The Thai baht strengthened from end-last-month levels following the election as reduced political uncertainty spurred portfolio inflows. In additions, the Thai baht continues to show a strong correlation with gold prices.

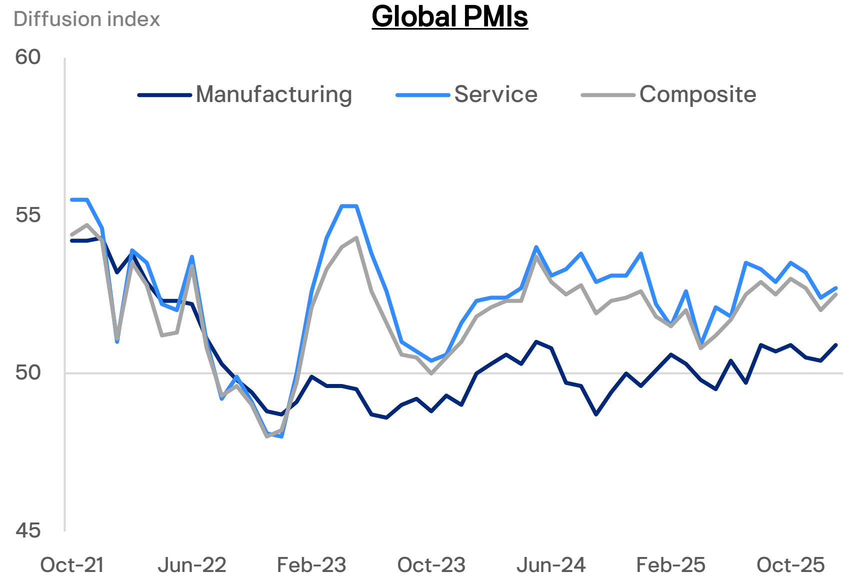
PART 1

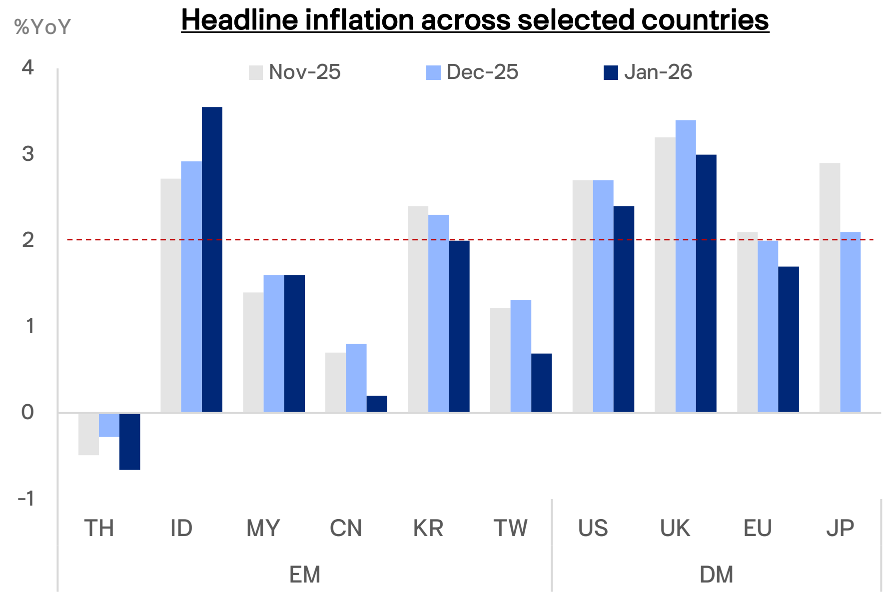
# Global Economy

# Global economic data continue to signal resilience, while inflation risks remain contained



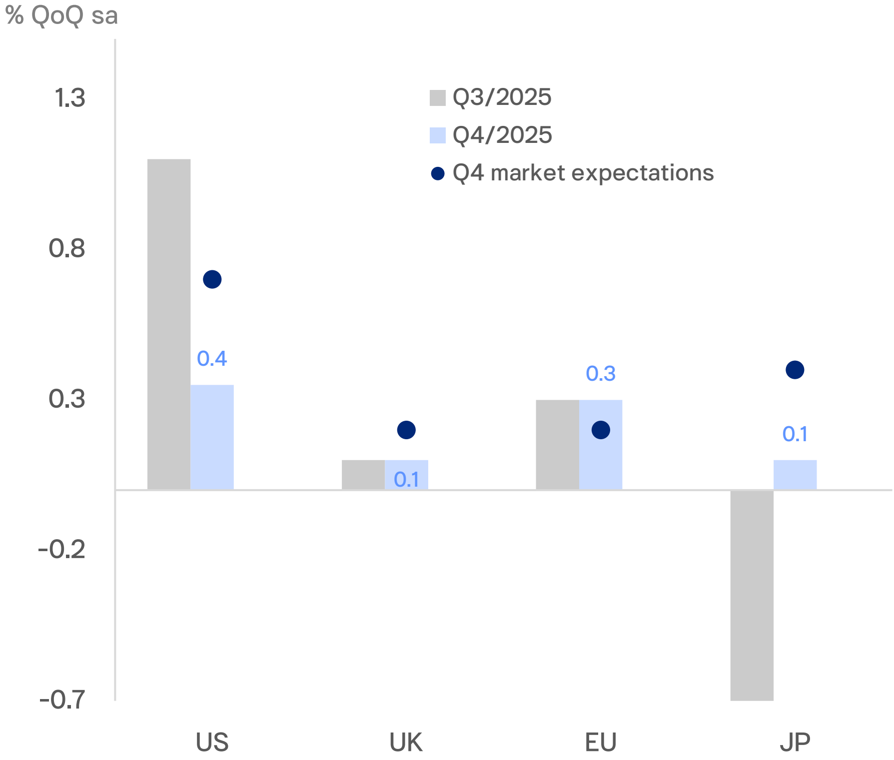

- Economic data at the start of the year has remained resilient, with surprise indices pointing to upside momentum—particularly in the US. Meanwhile, the global composite PMI rose to 52.5 in January from 52.0, signalling firmer growth at the start of 2026, led by stronger manufacturing output and improved new orders, while services activity edged higher; however, subdued business confidence and rising price pressures cast doubt on the sustainability of the expansion.
- Inflation in EM Asia continues to surprise to the upside. Nonetheless, inflation in Southeast Asia, has remained broadly moderate, though trends are diverging, with some economies experiencing low inflation or even deflationary pressures due to falling energy prices. Meanwhile, inflation in major developed markets such as the US and the UK price gains have generally undershot forecasts. Even so, developed economies remain cautious, as inflation is still running above the 2% target, keeping underlying pressures a concern.

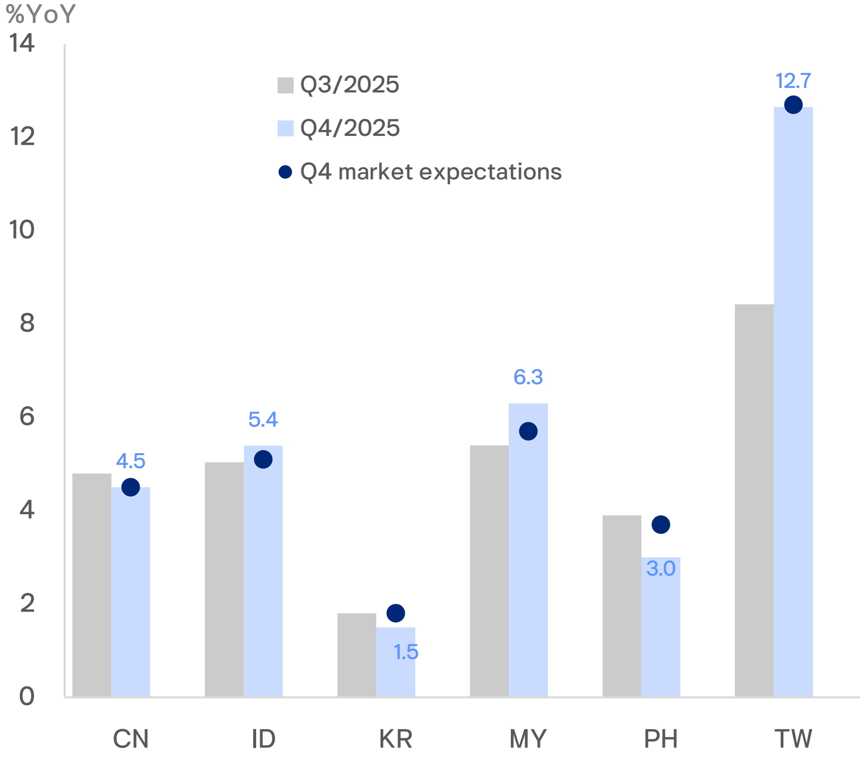


Source: Bloomberg, CEIC and ttb analytics

# Resilient Q4 GDP, particularly in Asia, supports a robust 2026 outlook despite tariff uncertainty and US-Iran tensions

## GDP growth in Q4 2025 for selected DM and EM countries




Note: Market expectation based on Bloomberg survey

## GDP growth in 2026 (%YoY)

| | 2025F | Actual 2025 | 2026F |
|---|---|---|---|
| | 2.2% | 2.2% | 2.4% |
| | 1.1% | 1.3% | 1.1% |
| | 0.9% | 1.5% | 1.2% |
| | 1.2% | 1.1% | 0.8% |
| | 4.4% | 5.0% | 4.6% |
| | 5.0% | 5.1% | 5.0% |
| | 1.6% | 1.0% | 2.0% |
| | 4.6% | 5.2% | 4.5% |
| | 5.9% | 4.4% | 5.0% |
| | 2.8% | 8.7% | 4.2% |

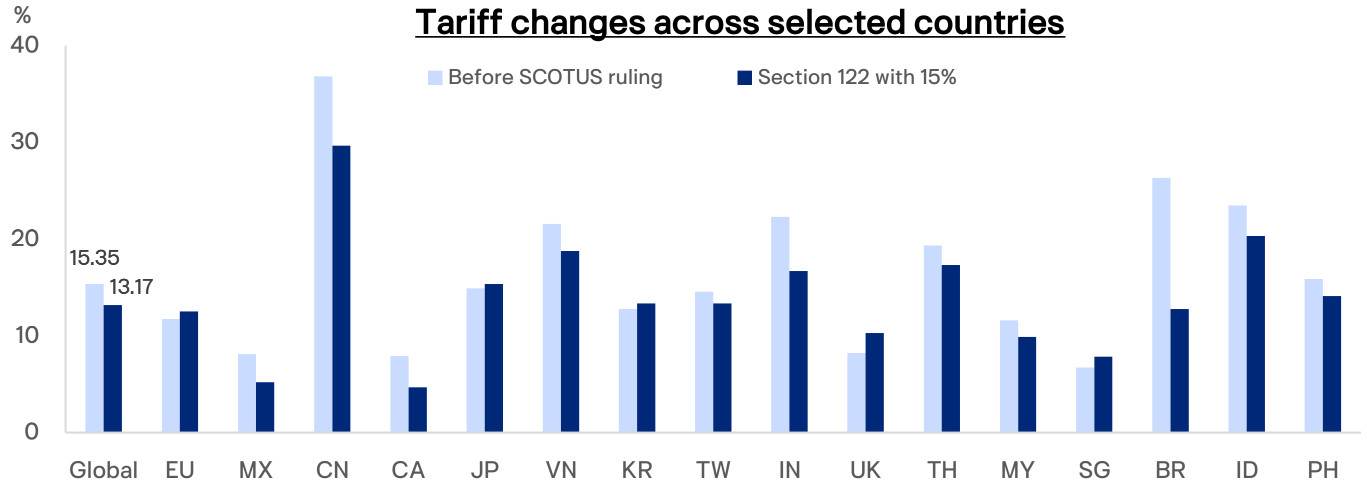
Note: 2026F is calculated based on Bloomberg weighted Average. 2025F based on the Bloomberg weighted Average on Feb 25.

- Overall, countries' GDP growth in Q4 2025 showed signs of robustness, especially in Asia. Asian economies also benefited from front-loading effects, particularly those tied to the AI supply chain, such as Taiwan. Meanwhile, growth across DM economies was mixed. For the full year, GDP has generally surprised to the upside relative to early-year projections, as the impact of tariffs proved more limited than feared.
- Looking ahead, a similar backdrop is re-emerging as tariff uncertainty resurfaces after the Supreme Court struck down the IEEPA tariffs, prompting Trump to seek alternative measures. Meanwhile, US-Iran tensions remain under close watch and could escalate in the near term. Still, following robust Q4 2025 performance, global GDP appears resilient despite a broader slowdown, with AI- and tech-linked supply chain economies likely to continue outperforming.



Source: Bloomberg, ttb analytics

# Tariff uncertainty is back in the spotlight, though the overall impact should be milder

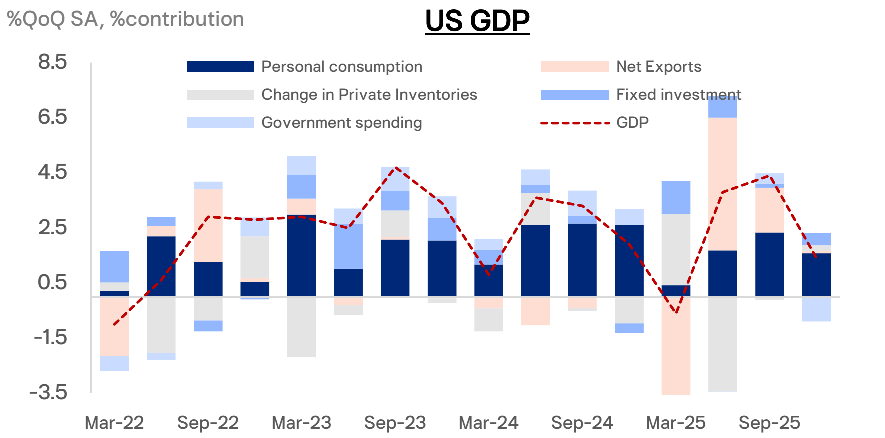

| | Article | IEEPA tariff programs are replaceable |
|---|---|---|
| *Applied* | Section 122 | **The president can temporarily raise tariffs (up to 15%)** on certain countries for up to 150 days. |
| *Require an investigations* | Section 301 | **The US can punish countries for unfair trade practices.** When another country breaks trade rules or treats US firms unfairly. |
| | Section 232 | The US can tax or limit imports if they are seen as a national security risk. When **imports threaten industries tied to defense or security.** |
| | Section 201 | **The US can protect local industries from a sudden flood of imports.** When import surges seriously hurt US producers. |

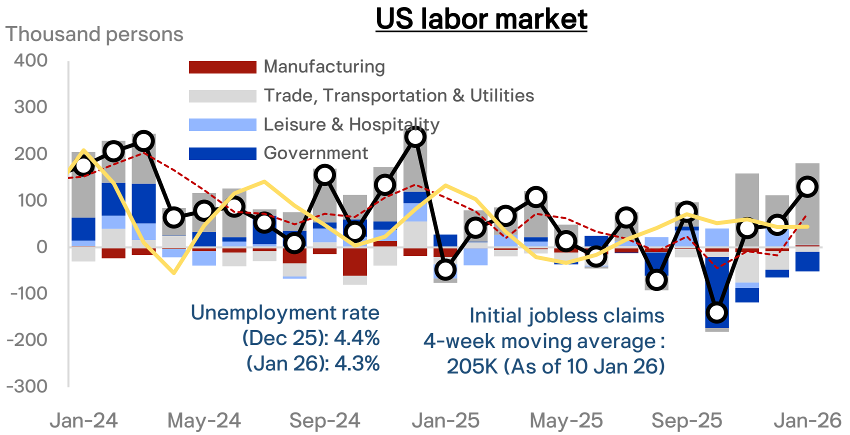
- Tariff uncertainty has returned to the economic backdrop as the Trump administration seeks to preserve tariff revenues after the Supreme Court struck down the IEEPA tariffs, with Trump quickly imposing a flat 15% tariff under Section 122 for up to 150 days.
- Even so, the current effective tariff rate remains below the level under the IEEPA framework, particularly the 'Liberation Day' rates. The impact of this round is also expected to be milder, given anticipated exemptions ahead of the midterm elections. According to Global Trade Alert analysis, some countries previously penalized under IEEPA—such as China, Brazil, and India—could benefit, while those that secured trade deals below the 15% threshold may face relatively less favorable treatment.
- Looking ahead, potential tariff hikes under Sections 301 and 232 could create more targeted measures, meaning certain countries may end up worse off than before the Supreme Court ruling.

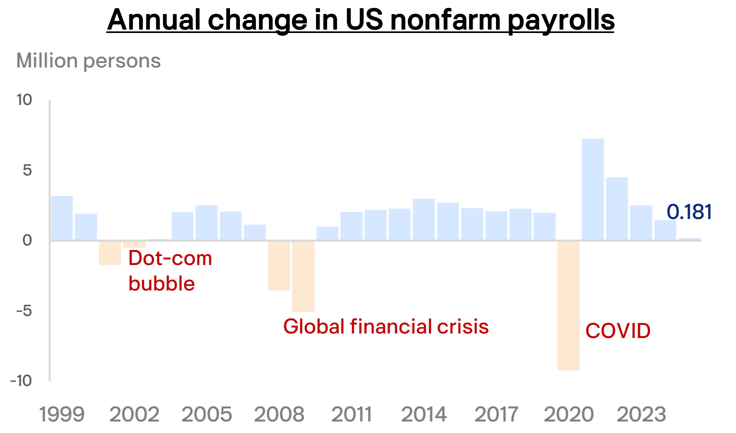


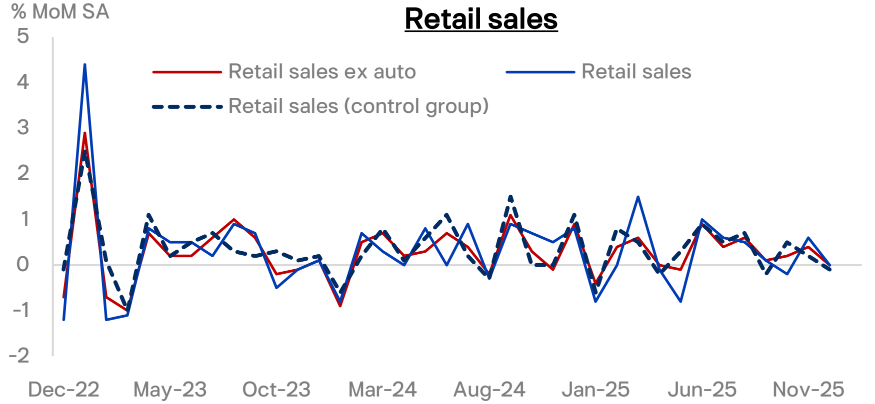
Source: Global Trade Alert, Bloomberg and ttb analytics (Data as of 23 Feb 26)

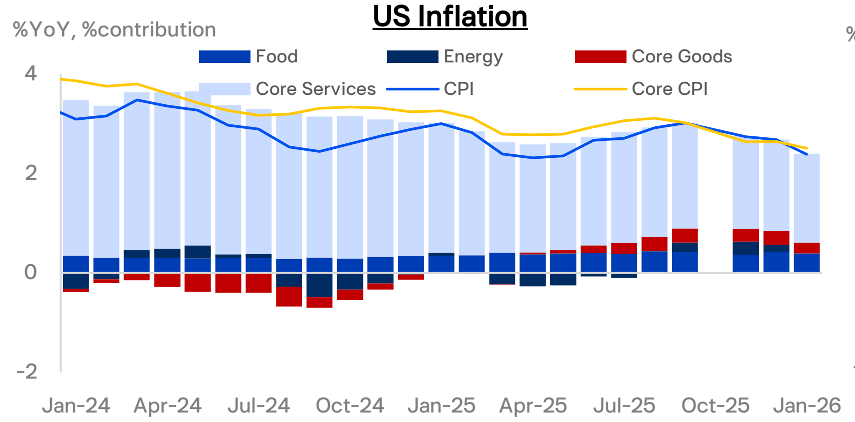
# US economic data signal a continued slowdown, but not enough to justify an imminent Fed rate cut

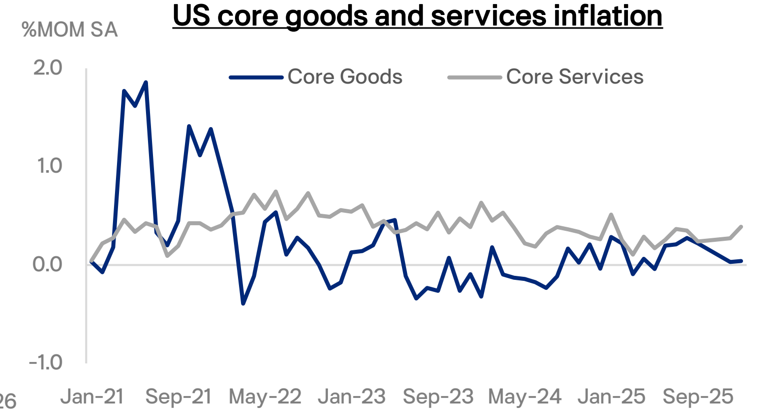



- GDP Q4 2025 rose just 1.4% QoQ SAAR, missing the 3.0% forecast and slowing sharply from 4.4%, with the government shutdown estimated to have shaved around 1pp off growth. Consumer spending and investment offered some support, though declines in government outlays and exports weighed. Meanwhile, December retail sales disappointed, with headline flat and the control group down 0.1% MoM SA versus a 0.4% expected rise.

- Key Fed-watch indicators send mixed signals. January NFP beat expectations with a 130K gain, but other labour metrics were less supportive, and the annual benchmark revision through March 2025 showed payrolls cut by 862K—smaller than the preliminary 911K decline but larger than the -825K consensus. On inflation, December PCE beat forecasts, with headline at 2.9%YoY and core at 3.0%. However, January CPI came in softer than expected, with headline rising 0.17%MoM and 2.4%YoY, both below forecasts and December's readings, while core was broadly in line. Core goods inflation remained subdued, though services and super core measures picked up. Overall, the data do not suggest the Fed is in a rush to cut rates.

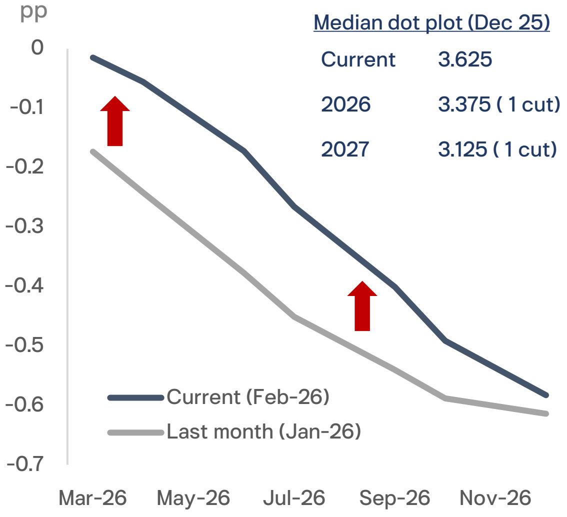


Source: Bloomberg, CEIC and ttb analytics

# Despite the ongoing easing cycle, the pace of overall central bank rate cuts has moderated

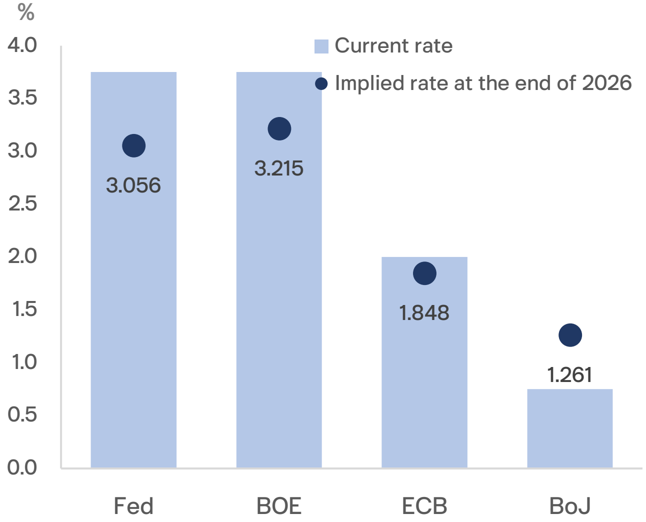
## Expected policy rate changes by selected major central banks by the end of 2025

**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**




## Asian countries' expectations

| Country | Current Policy Rate | Changes in policy rate in 2025 (bps) | Forecast policy rate at the end of 2026 (%) |
|---|---|---|---|
| MY | 2.75 | -25 | 2.76 ↑ |
| KR | 2.50 | -50 | 2.42 ↑ |
| ID | 4.75 | -125 | 4.41 ↑ |
| IN | 5.25 | -125 | 5.21 ↑ |
| PH | 4.25 | -150 | 4.12 ↓ |
| TW | 2.00 | 0 | 2.02 ↑ |
| VN | 4.50 | 0 | 4.50 ↑ |

*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 held rates at 3.50–3.75% in a 10–2 vote, with Miran and Waller favoring a 25bp cut**, while minutes struck a hawkish tone, citing reduced employment risks and persistent inflation concerns. Separately, President Trump nominated Warsh to succeed Powell as Fed chair.
- **The ECB left policy rates unchanged for a fifth straight meeting in January**, keeping its key rate at 2% in line with target. Despite uncertainty surrounding the ECB presidency, firmer recent data and easing tensions with Trump suggest the central bank is likely to keep rates on hold for the remainder of the year.
- **The BoJ kept policy unchanged at 0.75%, as expected.** However, given recent yen moves, some officials may see scope for an earlier rate hike despite weak Q4 GDP. Markets are now pricing in the next rate hike around June.
- **The BoE kept rates unchanged at 3.75%, though the decision was more dovish than expected.** With recent weak GDP, rising unemployment and softer CPI, markets are pricing in a rate cut at the next meeting and around two cuts this year.

### EM

- **The PBOC maintained an easing bias in its Q4 policy report**, signaling a preference for targeted credit support through structural tools rather than broad-based measures?
- **Overall, EM Asia central banks remain on an easing path, though the bar for further rate cuts is high given recent data**, with the Philippines a notable exception. In addition, some central banks appear close to the end of their easing cycles.

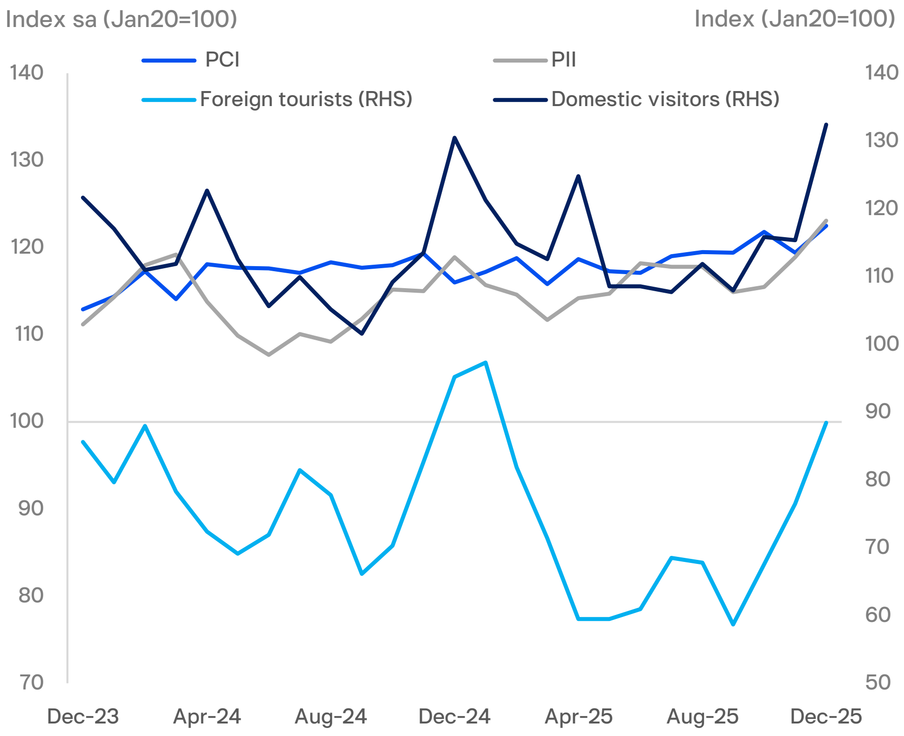
Source: Bloomberg, CEIC, ttb analytics (Data as of 19 Feb 26)

PART 2

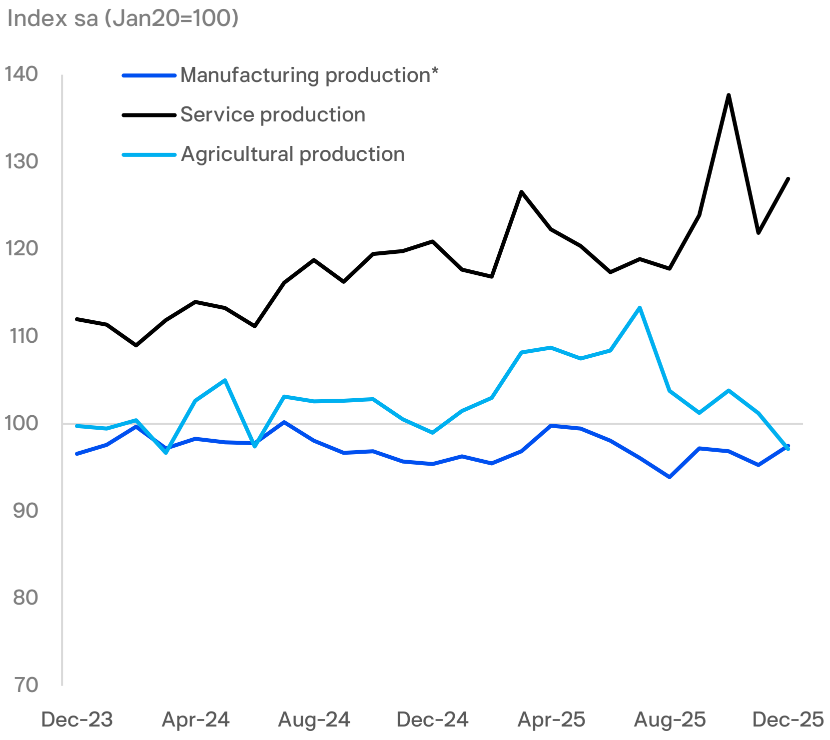
# Thai Economy

# In December 2025, Thailand economic activities rose remarkably from the previous month from both domestic and external demand

## Demand-side indicators




## Supply-side indicators




- In December 2025, overall economic activity expanded from the previous month in most categories, as reflected by increase in domestic demand thanks to the government supports. Moreover, the continued growing in merchandise export and recovery in foreign tourist receipts also helped support the momentum.
- On the economic stability front, headline inflation in January 2026 remained negative. Notably, trade balance (Custom basis) continued to mark deficit due to elevated import value.

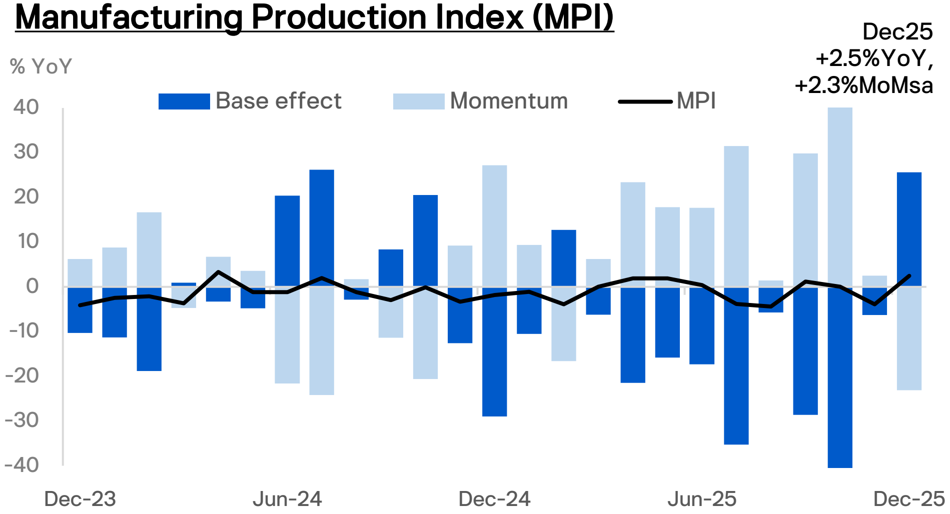
## Leading Economic Index (sa) (Jan2020=100)

| Leading Economic Index and Components (SA) | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Authorized Capital of Newly Registered Companies (Million Baht) | 141.5 | 92.7 | 219.5 | 183.6 | 108.0 | 103.3 | 125.8 | 132.6 | 126.0 | 124.4 | 84.7 | 76.1 |
| Construction Areas Permitted (1000 sq. m) | 77.1 | 83.1 | 100.3 | 83.9 | 99.7 | 97.4 | 94.3 | 106.9 | 114.1 | 114.6 | 103.5 | 115.4 |
| Export Volume index (exclude Gold) | 120.4 | 127.1 | 124.1 | 121.6 | 132.7 | 125.7 | 126.3 | 126.4 | 127.9 | 129.2 | 131.7 | 133.4 |
| Business Sentiment Index (3 months) | 97.5 | 99.4 | 100.9 | 95.3 | 98.1 | 97.6 | 96.0 | 100.2 | 100.9 | 102.3 | 103.0 | 103.4 |
| SET index | 86.8 | 79.5 | 76.5 | 79.1 | 75.9 | 72.0 | 82.6 | 84.5 | 85.4 | 86.5 | 83.0 | 83.2 |
| Oil Price Inverse Index (Dubai) | 1.2 | 1.3 | 1.4 | 1.5 | 1.6 | 1.4 | 1.4 | 1.4 | 1.5 | 1.6 | 1.7 | 1.5 |

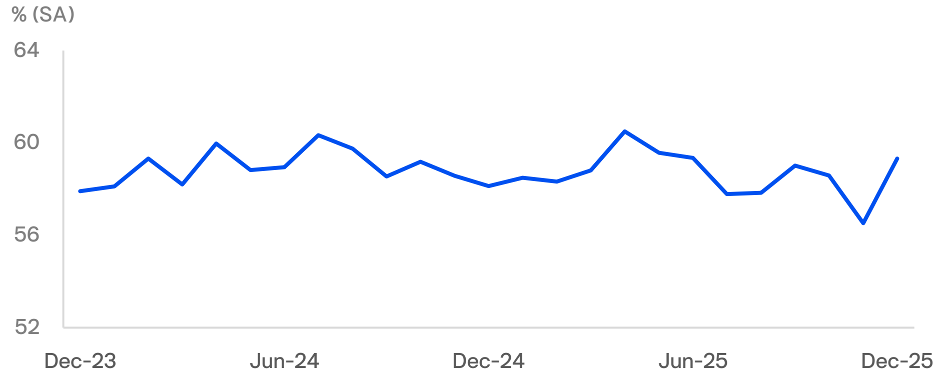
Source: Bank of Thailand and ttb analytics
Remark: *rebase Jan21 due to OIE new rebase data

# Manufacturing production indicators had solid due to the resuming operation and higher demand during year-end

## Manufacturing Production Index (MPI)




## Capacity Utilization (CapU)




## MPI by sector (base year 2021)

Unit: % YoY

| Contribution | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Food products (16.7%) | | | | | | | | | | | | | -0.5 |
| Beverages (3.8%) | | | | | | | | | | | | | -6.0 |
| Tobacco products (0.7%) | | | | | | | | | | | | | -0.7 |
| Textiles (1.9%) | | | | | | | | | | | | | -7.5 |
| Wearing apparel (1.6%) | | | | | | | | | | | | | 3.7 |
| Leather products (0.8%) | | | | | | | | | | | | | -2.6 |
| Paper products (2.1%) | | | | | | | | | | | | | -0.7 |
| Coke and refined petroleum products (10.7%) | | | | | | | | | | | | | -4.2 |
| Chemicals (8.8%) | | | | | | | | | | | | | -0.3 |
| Pharmaceutical products (1.2%) | | | | | | | | | | | | | 3.5 |
| Rubber and plastics products (8.8%) | | | | | | | | | | | | | -1.5 |
| Other non-metallic mineral products (5.4%) | | | | | | | | | | | | | -3.3 |
| Basic metals (3.4%) | | | | | | | | | | | | | 6.9 |
| Fabricated metal products (2.3%) | | | | | | | | | | | | | 5.3 |
| Computer and electronic products (9.4%) | | | | | | | | | | | | | 5.2 |
| Electrical equipment (3.5%) | | | | | | | | | | | | | 0.5 |
| Machinery and equipment (2.8%) | | | | | | | | | | | | | -9.1 |
| Motor vehicles (11.2%) | | | | | | | | | | | | | -0.2 |
| Other transport equipment (1.1%) | | | | | | | | | | | | | 5.3 |
| Furniture (0.9%) | | | | | | | | | | | | | 0.1 |
| Others (2.3%) | | | | | | | | | | | | | 1.2 |
| MPI (%YoY) | -1.1 | -3.9 | 0.0 | 1.9 | 1.9 | 0.4 | -3.8 | -4.4 | 1.2 | 0.0 | -3.9 | 2.5 | -0.8 |

- As of December 2025, Manufacturing Production Index (MPI) increased from the previous month across major categories. This was attributed to the higher petroleum production, following the resumption of operations. Higher output of passenger cars and pickup trucks had resilient in line with stronger demand and for EV government subsidy condition. However, production in the group with export share above 60% declined, particularly in the food and beverage category, as mainly due to a drop in sugar production as a result of reduced cane supply caused by heavy rainfall. Overall MPI in 2025 slightly contracted as mainly from higher production of computer and electronic products aligning with foreign demand.

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

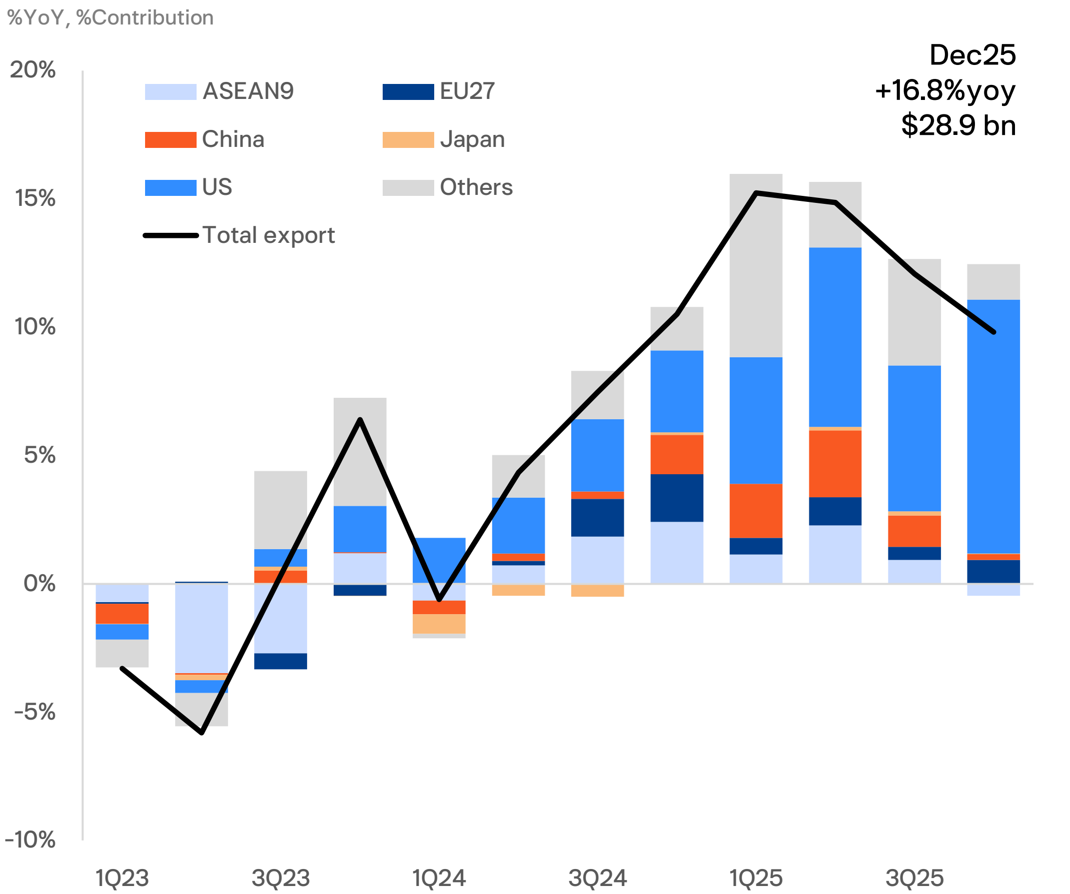
# Merchandise export in December remained elevated, led by the export to the US; a-full-year export value outperforming to all-time high record

## Exports value growth by major product

Unit: %YoY

| | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Agri-agro products** | | | | | | | | | | | | | | |
| Rice | -32.2% | -34.2% | -22.6% | -43.8% | -9.9% | -41.2% | -16.3% | -30.0% | -31.4% | -38.6% | -18.7% | -27.4% | 25.4% | -30.0% |
| Rubber | 45.5% | 35.7% | 19.5% | 22.5% | -7.8% | -0.2% | -19.9% | -27.9% | -15.4% | -12.5% | -12.0% | -1.9% | 36.8% | 0.4% |
| Tapioca products | -4.3% | -14.7% | -15.0% | -2.4% | 15.5% | 5.7% | -12.6% | -5.6% | -9.8% | -19.2% | -28.8% | -4.0% | -15.3% | -8.2% |
| Fresh, Frozen & Dried vegetable and Fruit | -2.8% | 8.3% | 14.0% | -29.1% | 11.8% | 48.5% | 74.0% | -11.0% | -35.6% | -16.4% | -24.5% | 12.1% | -1.3% | 3.7% |
| Poultry | 12.3% | 9.3% | 5.1% | 8.6% | 9.3% | 15.8% | 9.8% | -3.8% | 6.4% | 1.2% | -7.4% | 14.6% | 5.7% | 6.4% |
| Sugar | 1.1% | 32.8% | -25.8% | 38.2% | -1.0% | 37.2% | 36.2% | -14.2% | 43.4% | 8.9% | -10.9% | -8.4% | -29.8% | 11.4% |
| Animal feeding | 12.9% | 14.3% | 12.5% | 10.1% | 6.7% | 10.9% | 9.1% | -5.6% | 2.9% | 7.7% | 1.1% | 18.4% | 22.9% | 8.1% |
| **Industrial products** | | | | | | | | | | | | | | |
| Motor Cars, Parts, Accessories | -11.1% | 5.8% | 2.7% | -7.8% | 15.2% | -8.5% | 4.2% | 1.3% | 15.4% | 14.9% | -5.9% | 5.4% | -6.7% | 2.5% |
| Computer and parts | 45.0% | 51.3% | 80.2% | 75.1% | 103.9% | 57.7% | 61.0% | 44.1% | 57.9% | 67.8% | 59.9% | 51.5% | 38.1% | 63.0% |
| HDD | 36.7% | 45.2% | 45.5% | 40.4% | 42.1% | 13.0% | 14.9% | -6.8% | -7.2% | 15.3% | -16.2% | -14.5% | 25.6% | 13.4% |
| Integrated Circuits | 9.0% | 24.4% | 41.5% | 39.0% | 41.4% | 46.2% | 54.9% | 37.0% | 8.1% | 10.8% | 17.1% | 14.6% | -10.5% | 27.9% |
| Air Conditioning Machine | 33.2% | 32.7% | 19.0% | 1.2% | 8.0% | 9.7% | 6.8% | -14.0% | -5.9% | -2.9% | -14.6% | 8.2% | 5.9% | 7.9% |
| Refrigerating | -20.9% | 4.4% | -1.5% | 35.5% | 50.6% | 40.8% | 56.8% | 22.4% | 86.3% | 69.9% | 25.1% | 45.1% | 0.5% | 32.6% |
| Electronic Machines | 17.3% | 21.5% | 47.8% | 34.4% | 53.2% | 33.5% | 35.2% | 28.3% | 42.6% | 38.8% | 46.2% | 52.8% | 14.4% | 38.3% |
| Plastic pallet | 4.1% | 1.3% | 7.6% | -5.6% | -4.4% | 0.7% | -7.1% | -8.7% | -4.3% | -6.6% | -11.4% | -12.2% | -1.0% | -4.0% |
| Chemical Products | 6.6% | 19.5% | 6.3% | 8.6% | -1.3% | -4.3% | -15.2% | -8.5% | -0.6% | -5.0% | -13.6% | -4.2% | 4.5% | -1.8% |
| Machinery & Parts | 28.1% | 17.4% | 17.2% | -12.2% | 34.4% | 16.3% | 44.1% | 10.2% | 11.3% | 2.5% | 5.1% | 22.8% | 17.4% | 15.6% |
| Rubber Products | 19.8% | 16.9% | 17.6% | 15.9% | 34.3% | 22.4% | 9.7% | -3.1% | 7.4% | 1.3% | -12.1% | -0.3% | 7.5% | 9.7% |
| Refined oil | -2.7% | -3.4% | -8.0% | -3.6% | -20.1% | -20.1% | -43.5% | -23.7% | -30.4% | -22.1% | -31.8% | -15.2% | -9.6% | -19.9% |
| Jewelry ex gold | 148.8% | 106.3% | 68.1% | 42.1% | 2.3% | 8.4% | 41.9% | 24.4% | 16.9% | 25.8% | 66.7% | -24.3% | 9.8% | 42.8% |
| **Total export** | 14.0% | 14.5% | 18.1% | 10.3% | 18.3% | 15.5% | 11.0% | 5.8% | 19.0% | 5.7% | 7.1% | 16.8% | 5.5% | 12.9% |

## Contribution of exports value by major destination

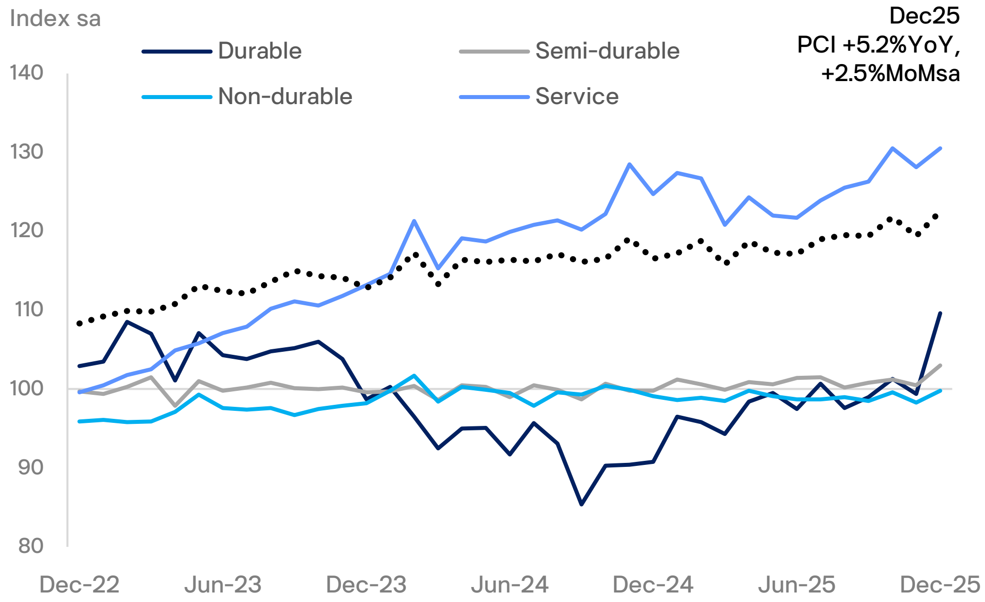



- Thailand's exports in December 2025 contained its growth of 16.8%, which strongly supported by ongoing growth of export of electronic products such as computer and parts, electronic machines and electrical appliance, while contraction in major agricultural product exports remained persisted, particularly in export of rice. In addition, export to the US still elevated. On the other hand, the import value growth also edged up to 18.8%, led by import of most categories, except import of energy products and passenger cars. In the full year of 2025, export value growth stood at 12.9% accelerated from the previous year of 5.5%, while the import also grew remarkably at 12.9%, resulting in the trade deficit of USD 5.3 billions.

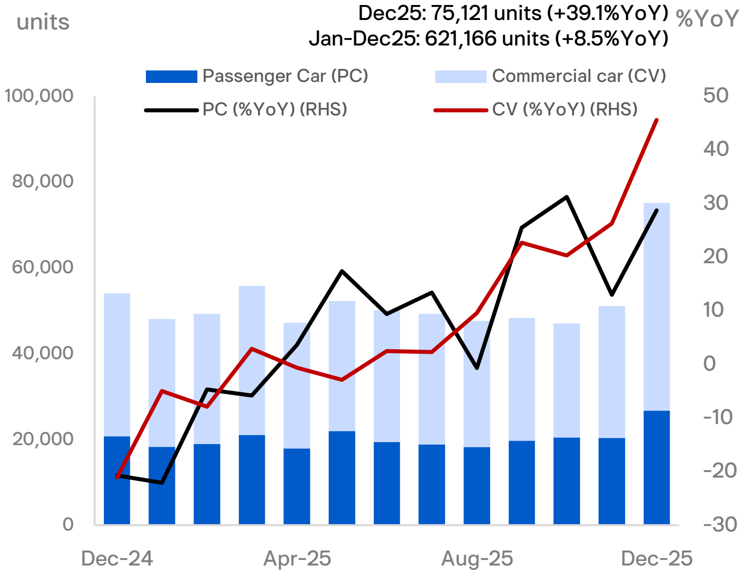
Source: Ministry of Commerce and ttb analytics Remark: Custom basis

# Private consumption indicators in December increased across all categories, as strong supports by government measures

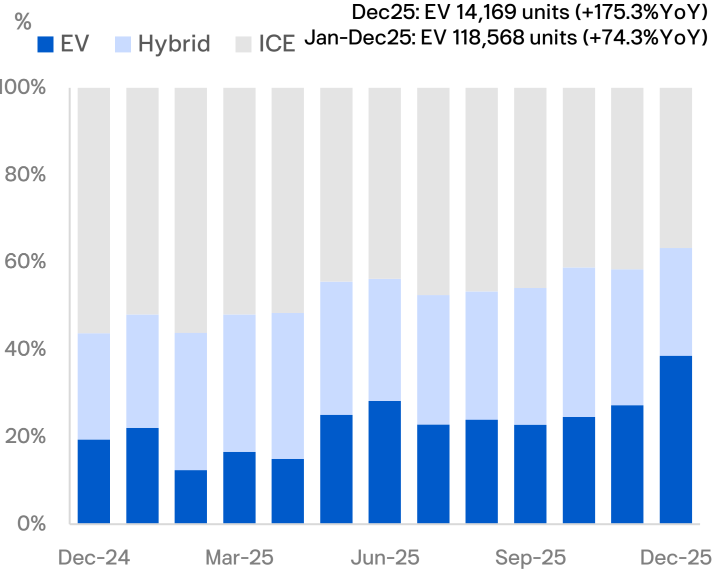
## Private Consumption Indicators (SA)




## Domestic car sales**

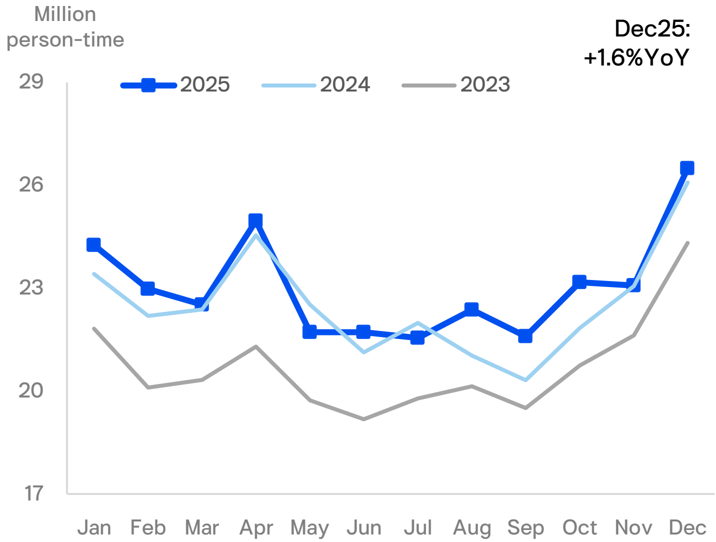



## EV penetration of type 1 registration

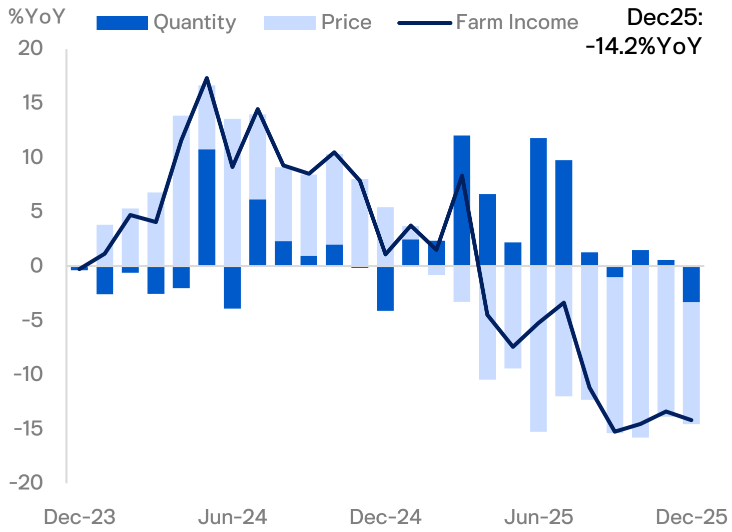



- Private consumption indicators increased significantly from the previous month across all categories, driven by (1) services spending, particularly in the hotel and restaurant category, partly supported by government stimulus measures (2) durable goods spending, driven by higher sales of all types of vehicles due to a rush to purchase electric vehicles before the EV 3.0 scheme expired, as well as the launch of new car models at the Motor Expo (3) non-durable goods spending increased in line with higher fuel sales and greater purchases of consumer goods and (4) semi-durable goods spending also rose, supported by higher import volumes of textiles and apparel.

## Thai domestic visitors*




## Farm Incomes

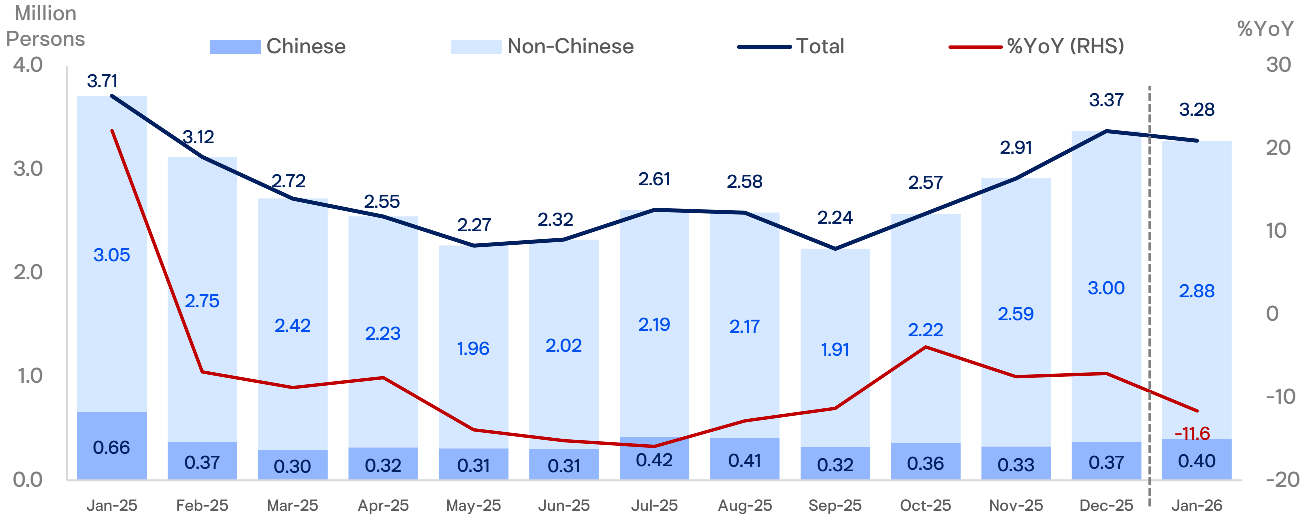



Source: Bank of Thailand, The Federation of Thai Industries, CEIC and ttb analytics

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

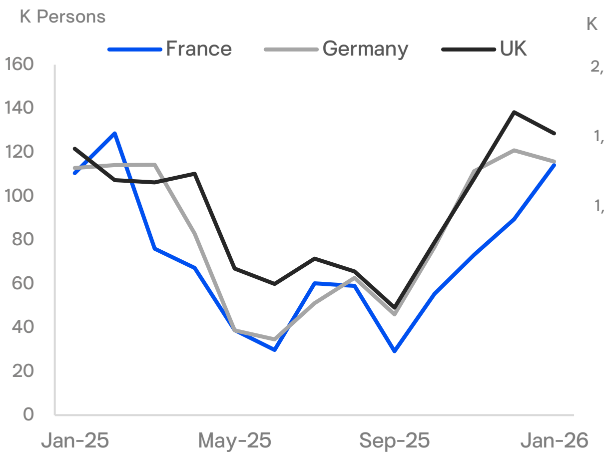
# Foreign tourist arrivals in January subdued compared to last year, thanks to the base-effect and the delays of Chinese new year period

## Total Foreign Tourist Inbounds

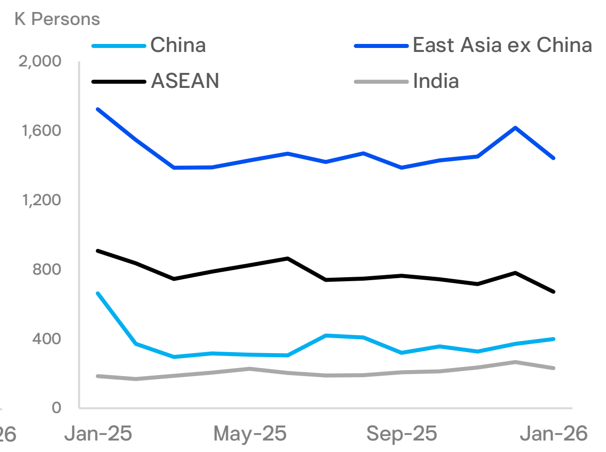



## Foreign Tourist Inbounds by key regions

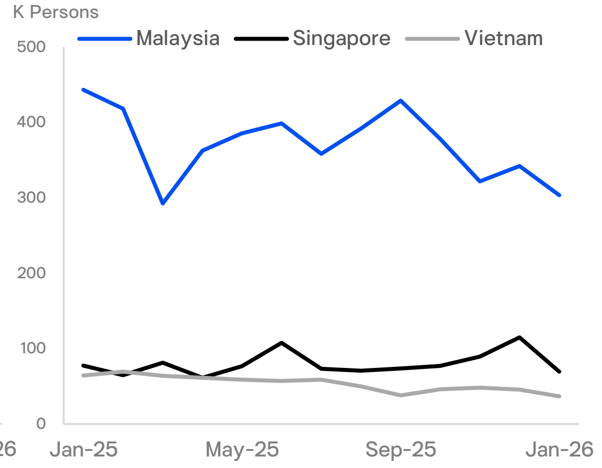
### Europe



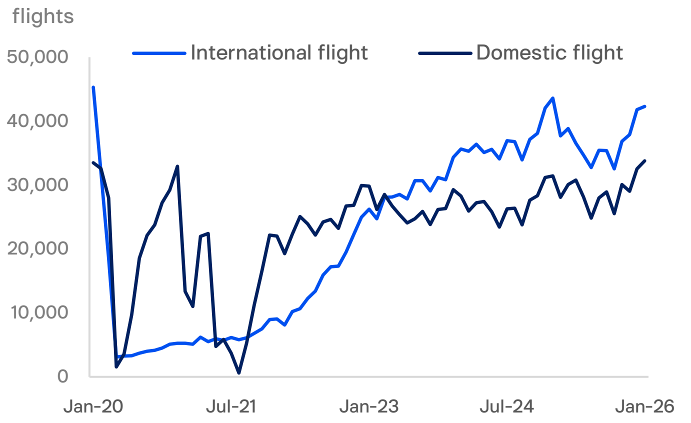

### East Asia and India



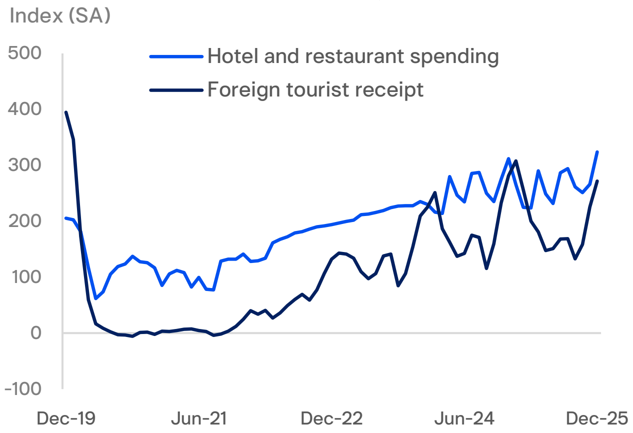





## Number of flights via Thailand's airports (total)




## Tourism spending indicators

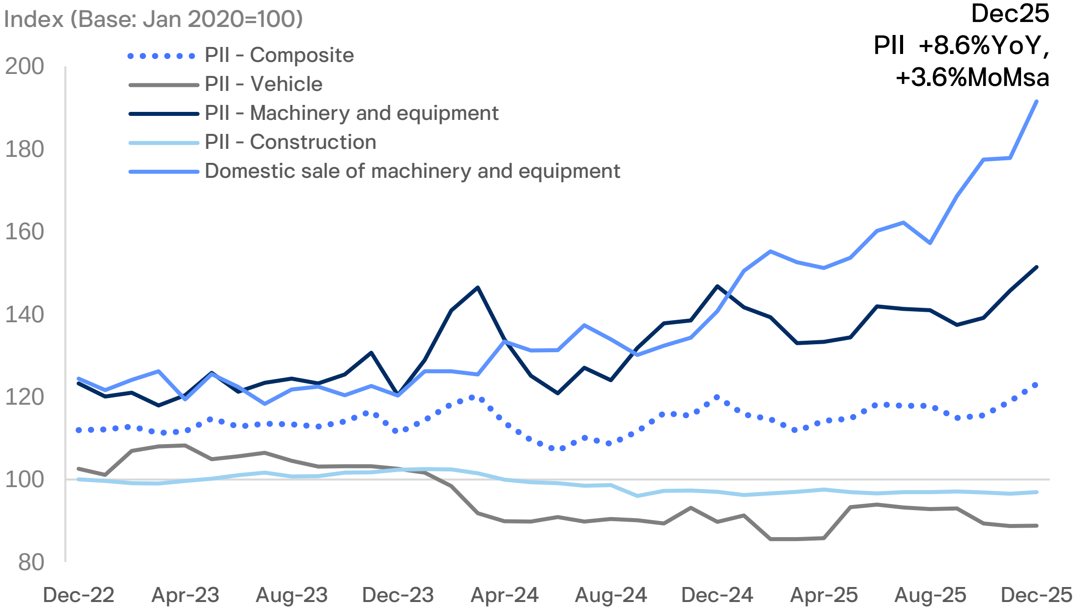



- In January 2026, foreign tourist arrivals were contracted compared to the previous year. Tourists from Europe including Russia and the Americas indicated a remarkable increase, while tourists from China and ASEAN were relatively slowdown, due to the high-base effect and the delays of Chinese new year period to February in this year.

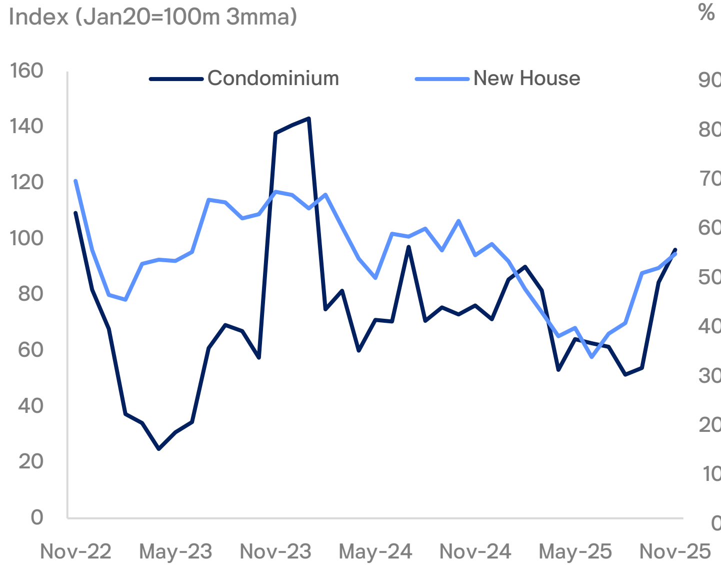
Source: CEIC, TAT Intelligence Center and ttb analytics

# Private investment indicators increased in most categories

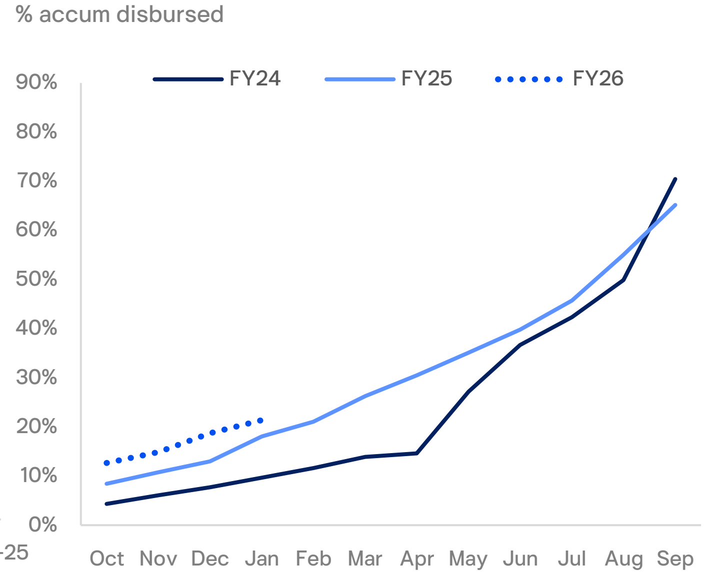
## Private Investment Indicators (SA)




## Unit of housing registration (Nationwide)

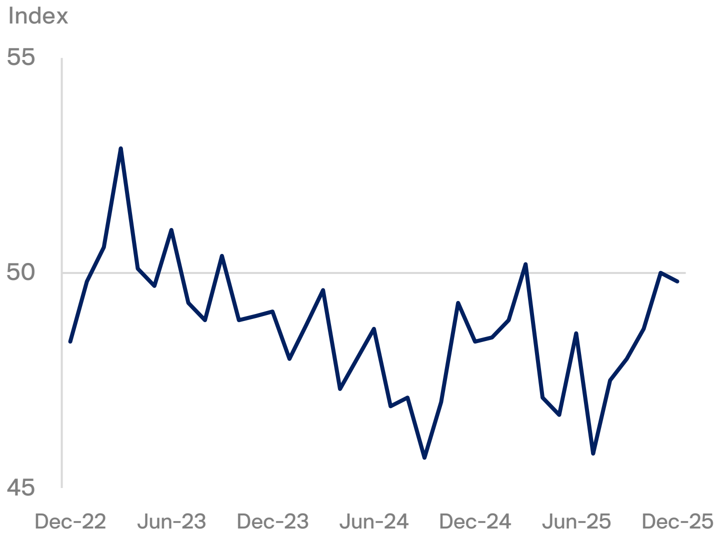


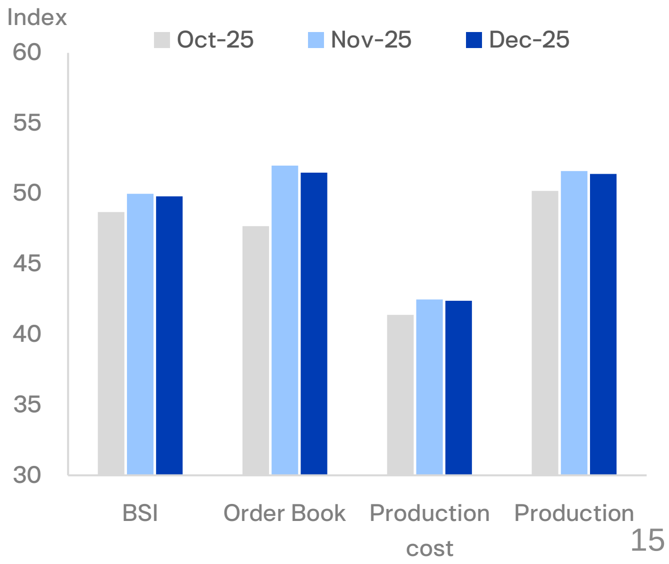

## Accumulated govt capital budget disbursement




- Private investment increased from the previous month. Investment in machinery and equipment increased, supported by higher domestic sales of machinery in the electrical equipment category, as well as a rise in vehicle-related investment reflected in the value of new car registrations, driven by the rush to register electric vehicles before the EV 3.0 scheme expired. In addition, the value of aircraft imports also increased.
- Regarding to construction category, overall activity remained stable. Non-residential construction increased in line with the rise in permitted construction area within industrial zones, while residential construction declined due to lower permitted area for townhomes and commercial buildings.

## Business Sentiment Index (BSI)

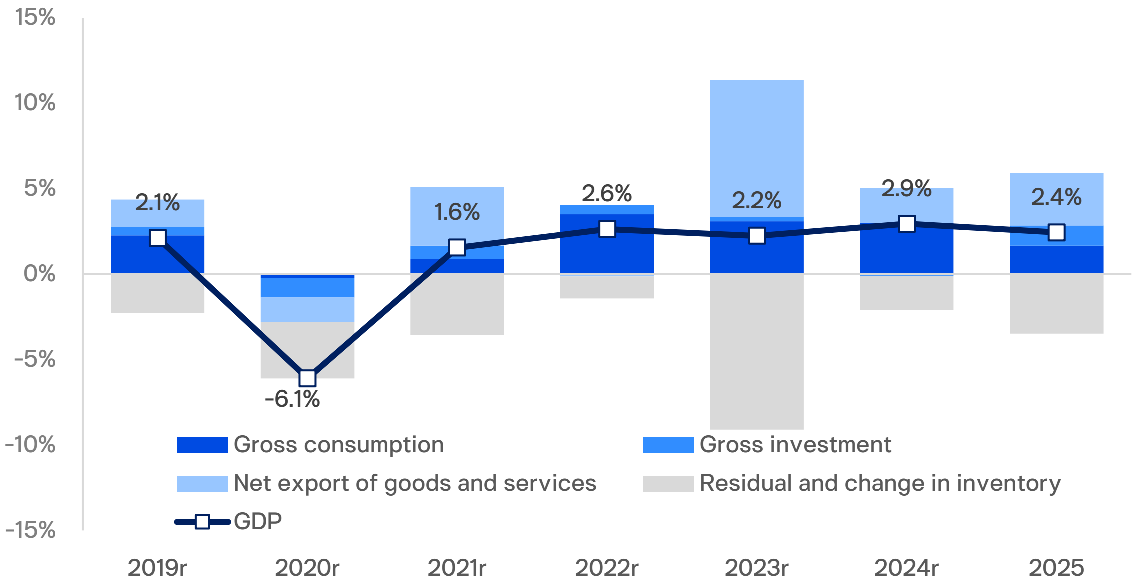


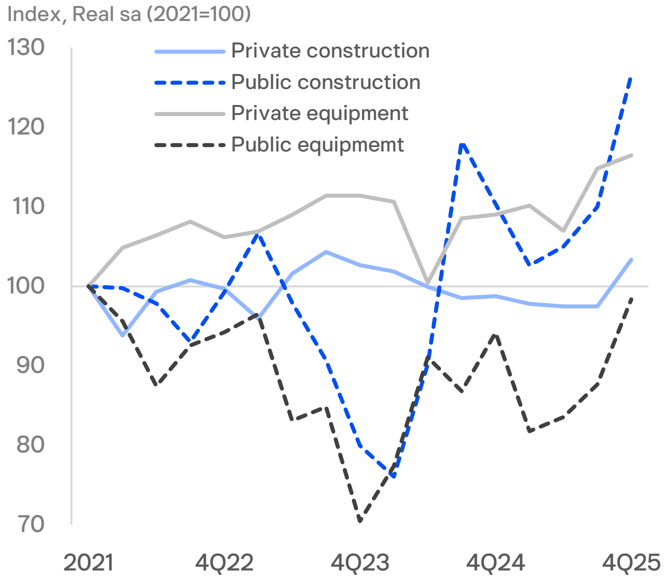

Source: Bank of Thailand and ttb analytics.

# GDP growth in Q4/2025 was significantly stronger than expected, driven by a marked improvement in domestic consumption and investment activities; Thailand's GDP in the 2025 grew 2.4%

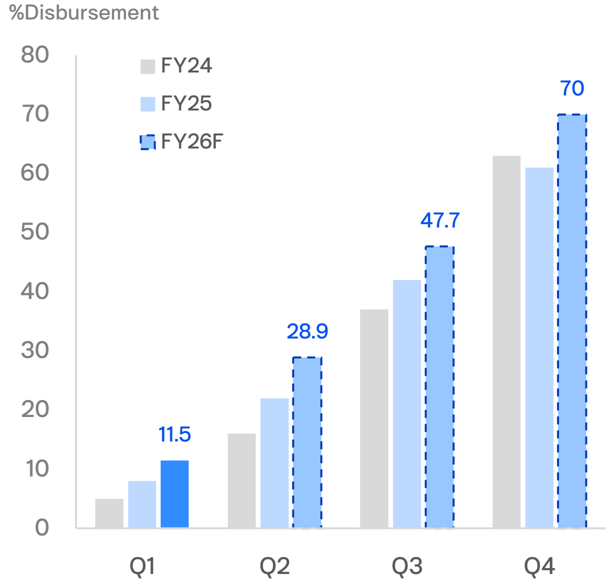
## Thailand's GDP growth and its contribution




## Private and public investment development




## Government investment expenditure (accumulated disbursement)




## Real GDP growth and NESDC latest projection

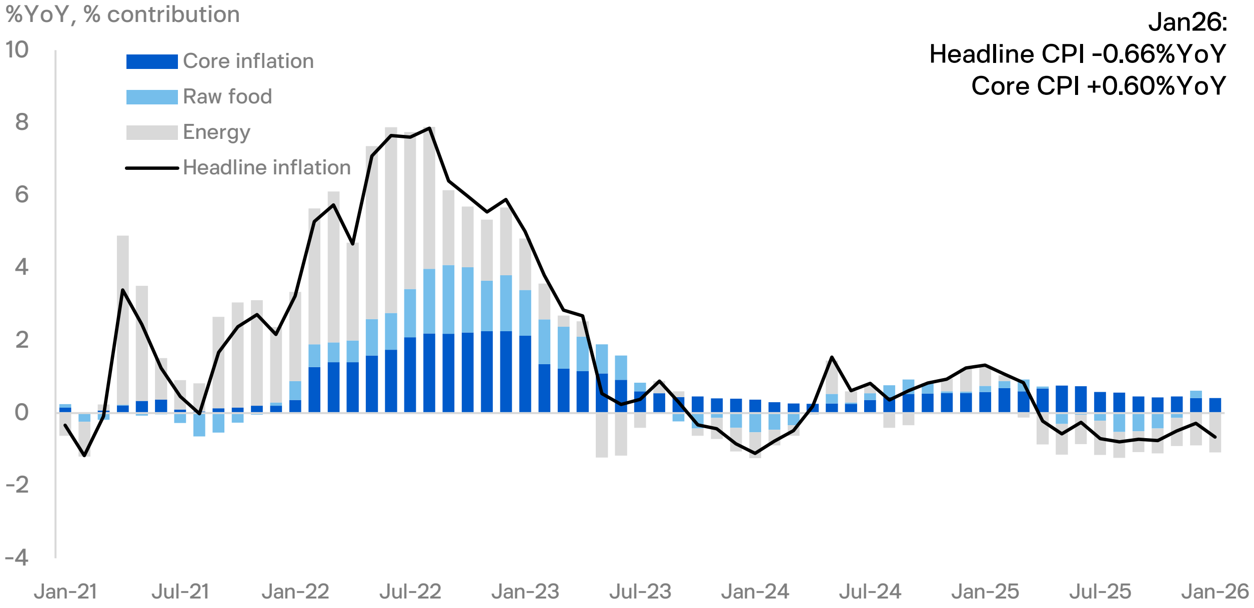
| %YoY | 2023r | 2024r | 2025r | 2026F* |
|---|---|---|---|---|
| GDP | 2.2 | 2.9 | 2.4 | 1.5-2.5 (2.0) ▲ |
| Private consumption | 6.7 | 4.4 | 2.7 | 2.1 |
| Government consumption | -4.6 | 2.6 | 0.6 | 1.2 |
| Private investment | 3.1 | -1.9 | 3.5 | 1.9 ▲ |
| Public investment | -4.2 | 4.5 | 8.9 | 1.7 ▼ |
| No. of foreign arrivals (mln) | 28.1 | 35.5 | 33.0 | 35.0 |
| Export value (USD) | -1.5 | 5.9 | 12.7 | 2.0 ▲ |
| Headline inflation | 1.2 | 0.4 | -0.1 | -0.3-0.7 (0.2) ▼ |

- Thailand's economy grew a strong 2.5% YoY in Q4/2025, outperforming the market expectations. The expansion was primarily supported by a rebound in public investment due to the accelerated government disbursement during the first quarter of fiscal budget year 2026, strong merchandise exports and private consumption in all types of consuming products including a surge in vehicle purchases thanks to government stimulus. As a result, full-year GDP growth for 2025 reached 2.4%YoY, slowed down from 2.9%YoY revision in the previous year.
- The NESDC projected the GDP in the 2026 to grow within the range of 1.5-2.5% (mid-range of 2%), better than the previous forecast of 1.7%. Key supporting factors include (1) continued expansion in private consumption and investment, (2) an increase in the government spending, and (3) the recovery of the tourism sector and related services.

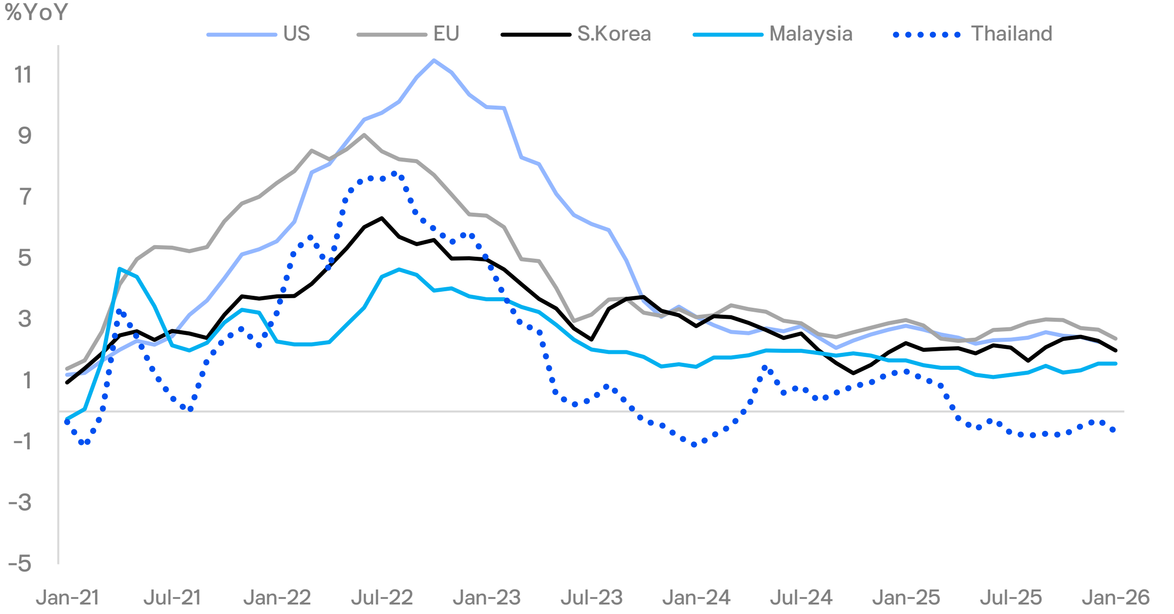
Source: NESDC and ttb analytics Remark: *NESDC projection as of Feb26 ▲▼ compared to previous forecast in Nov25

# January's inflation remained in the negative territory, marking the tenth straight month

## Thailand's inflation contribution to growth




## Headline inflation in selected countries



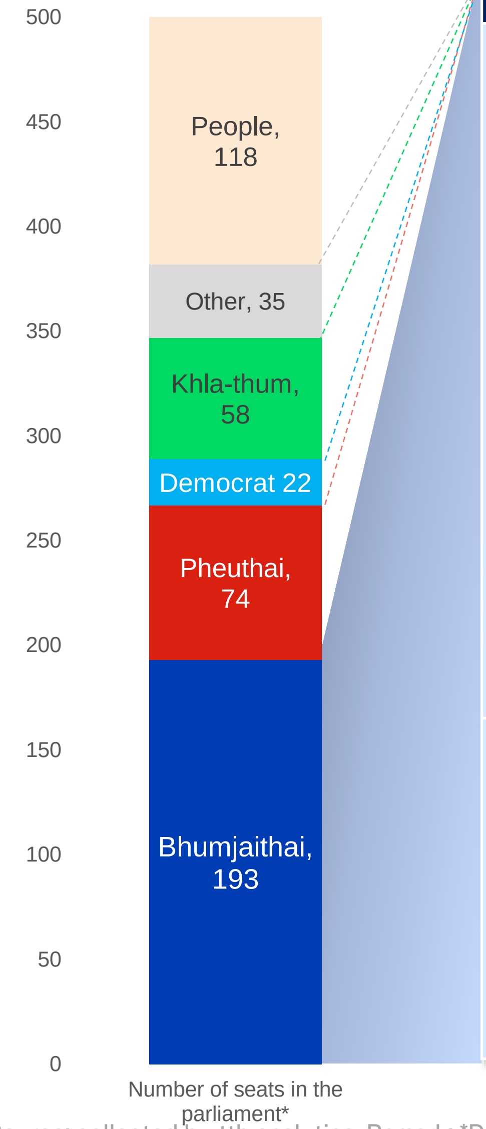

## Price change in top categories

| %YoY | Jan-25 | Feb-25 | Mar-25 | Apr-25 | May-25 | Jun-25 | Jul-25 | Aug-25 | Sep-25 | Oct-25 | Nov-25 | Dec-25 | Jan-26 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Headline inflation** | 1.32 | 1.08 | 0.84 | -0.22 | -0.57 | -0.25 | -0.70 | -0.79 | -0.72 | -0.76 | -0.49 | -0.28 | -0.66 |
| Raw food | 0.97 | 1.13 | 1.90 | 0.30 | -1.76 | -0.23 | -1.23 | -2.99 | -2.89 | -2.44 | -0.78 | 1.19 | 0.01 |
| Prepared food | 2.53 | 2.68 | 2.37 | 2.61 | 3.41 | 3.40 | 2.53 | 2.54 | 1.99 | 1.67 | 1.74 | 1.96 | 1.73 |
| Meat and Poultry | 0.41 | 1.39 | 3.04 | 5.04 | 5.39 | 4.98 | 4.18 | 3.36 | 1.71 | -0.05 | 0.09 | 0.83 | 0.72 |
| Eggs and dairy products | -0.53 | 0.45 | -0.46 | -1.94 | -1.52 | -3.94 | -3.46 | -3.72 | -3.78 | -3.74 | -3.79 | -2.14 | -1.73 |
| Utilities | 1.47 | 1.45 | 0.06 | -2.84 | -1.42 | -1.41 | -1.36 | -1.36 | -2.09 | -2.11 | -2.11 | -3.15 | -4.67 |
| Energy | 4.25 | 1.23 | -0.93 | -6.73 | -6.58 | -6.31 | -7.33 | -5.55 | -4.46 | -5.40 | -6.11 | -6.98 | -8.41 |
| **Core inflation** | 0.83 | 0.99 | 0.86 | 0.98 | 1.09 | 1.06 | 0.84 | 0.81 | 0.65 | 0.61 | 0.66 | 0.59 | 0.60 |

- The headline inflation (CPI) in January 2026 remained in the negative territory, marking the tenth consecutive month of deflation. Lower electricity and fuel costs, along with government subsidies, contributed to the negative headline figure. However, the prices of food and non-alcoholic drinks rose, particularly in prices of vegetables, beverages and ready meals. On the other hand, the core inflation was relatively stable, following the relatively unchanged in prices of other goods and services.
- The Ministry of Commerce expects inflation to remain subdued in the first quarter of 2026, with a potential for slight positive movement later in the year with its forecast range of 0-1% this year.

Source: Ministry of Commerce, CEIC and ttb analytics

# The new government coalition is expected to be highly stable, which will enable it to effectively deliver its key policy agenda; 'Thailand 10 Plus' to boost GDP over 3% growth




**Thailand 10-Plus-policy campaign from Bhumjaithai Party**

| Pillar | Policy (Plus) | Key Measures |
|---|---|---|
| Inclusion | 1) Small People Plus | - Reduce household electricity cost (<3 baht per unit for first 200 units); expand and rebuild State Welfare Card for the poor.<br>- Half-Half Plus (Phase 2) to boost domestic consumption and e-commerce skills, using 30 billion baht in remaining central funds.<br>- Fast debt resolution for non-performing debts under 100,000 baht<br>- Household disaster fund: state-paid premiums (1,000 baht per household) with automatic compensation of 100,000 baht upon verified disasters.<br>- TISA savings promotion to strengthen retirement security. |
| | 2) Elderly Plus | - Incentives for senior employment (double tax deduction), elderly allowances, elderly care centers nationwide. |
| | 3) SME Plus (Made in Thailand) | - Procurement preference for Thai SMEs, liquidity support via low-interest loans, new credit guarantee tools. |
| | 4) Community Plus | - Debt resolution, local job creation to encourage youth to return home. |
| | 5) Grassroots Investment Plus | - Decentralized funding toward local economies to raise grassroots income. |
| Competitiveness | 6) Education Plus | - Free education linked to guaranteed employment; skill-bridging programs. |
| | 7) Green Economy Plus | - Net Zero accelerated to 2050; clean-energy industry promotion. |
| | 8) Investment Fast Pass | - Unlock 80 BOI-stalled projects worth ~480 bn baht; require ≥20% investment within the year. |
| | 9) Trade Plus | - Proactive trade negotiations; regulatory guillotine to improve investment climate. |
| | 10) Digital AI Plus | - Promote AI adoption to raise productivity and enable new digital income channels. |

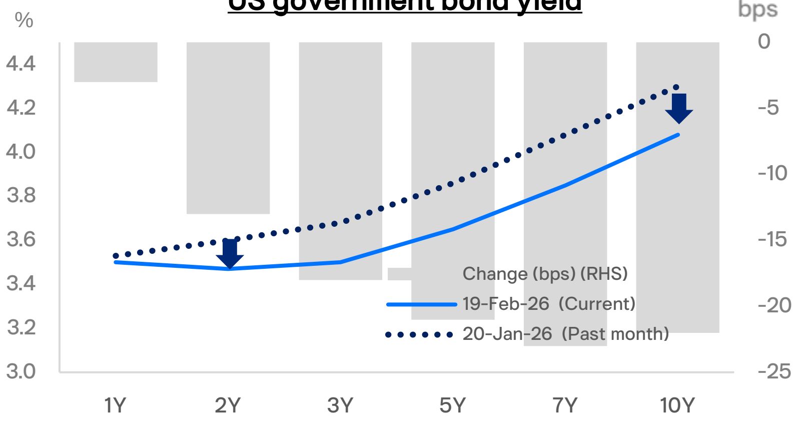
Source: collected by ttb analytics Remark: *Data as of 16 Feb 26

PART 3

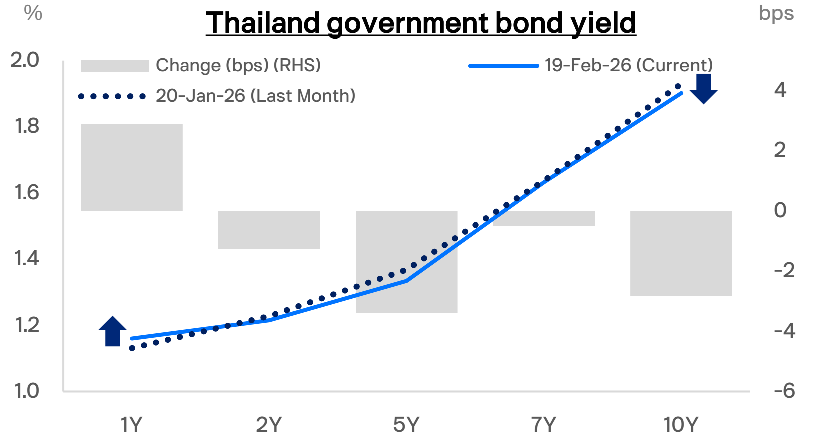
# Financial Market

# US yields bull-flatten on safe-haven demand; Thai yields steady after election-risk pullback

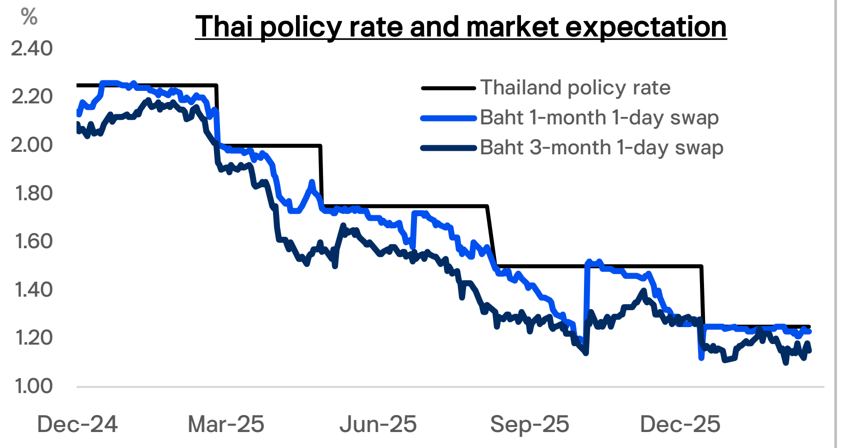
## US government bond yield



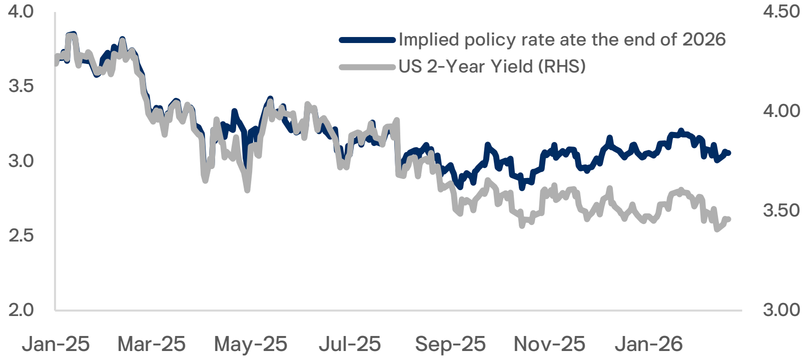

## Thailand government bond yield



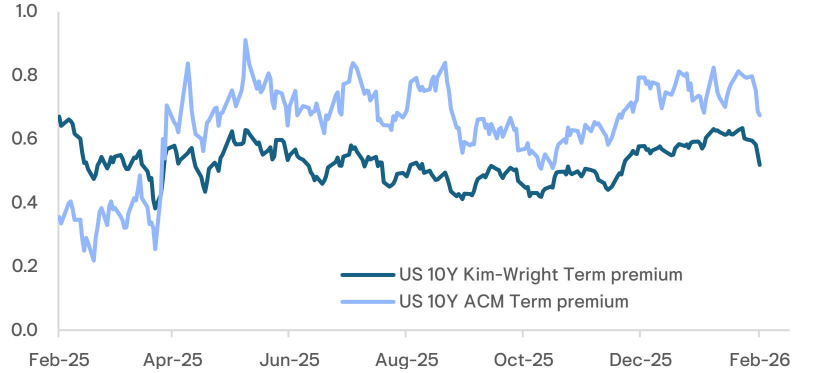

## Thai policy rate and market expectation



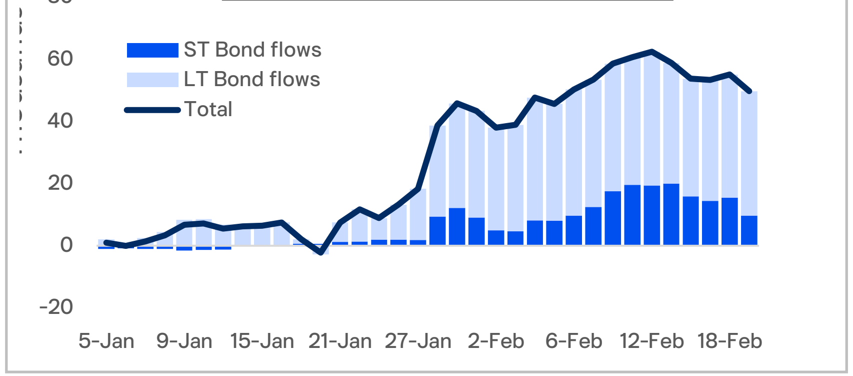

## US 2Y and implied policy rate at the end 2026




## Term premium



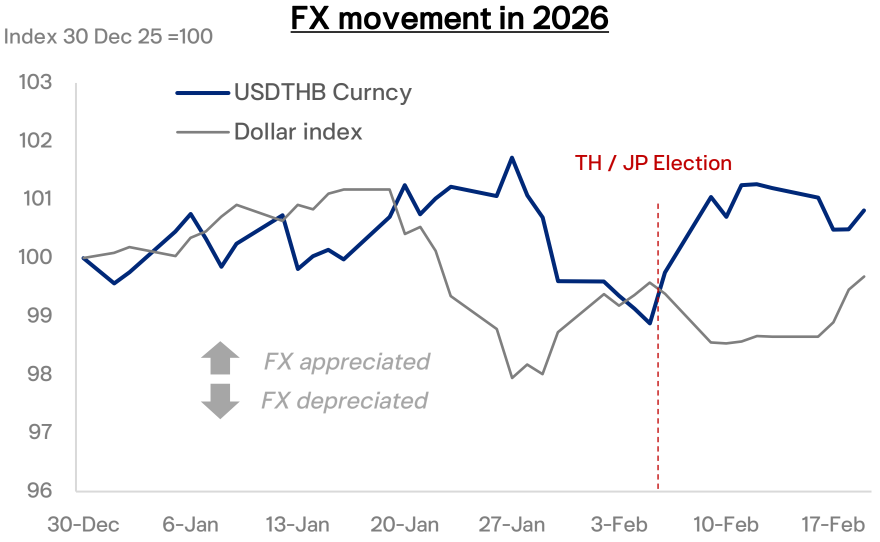

## Foreign portfolio flows in Thai bond markets (cumulative)

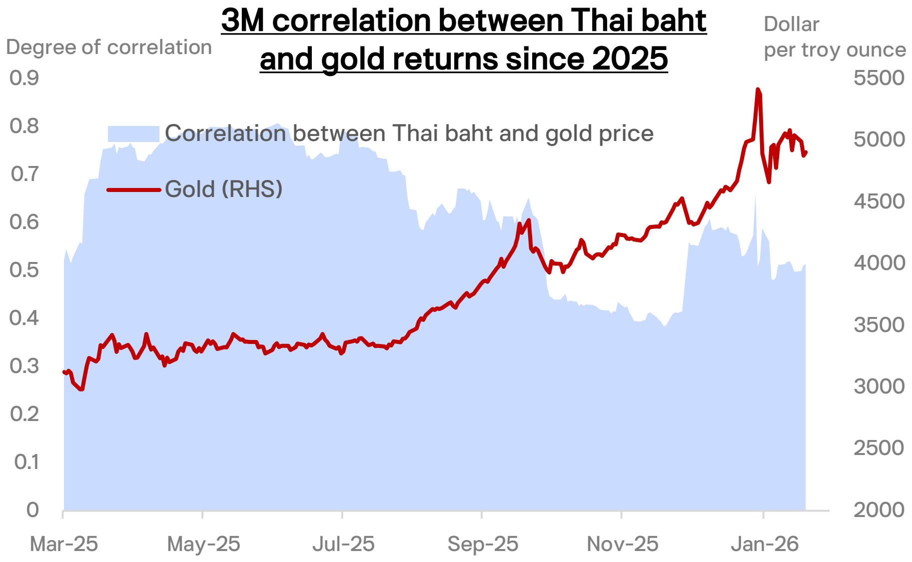


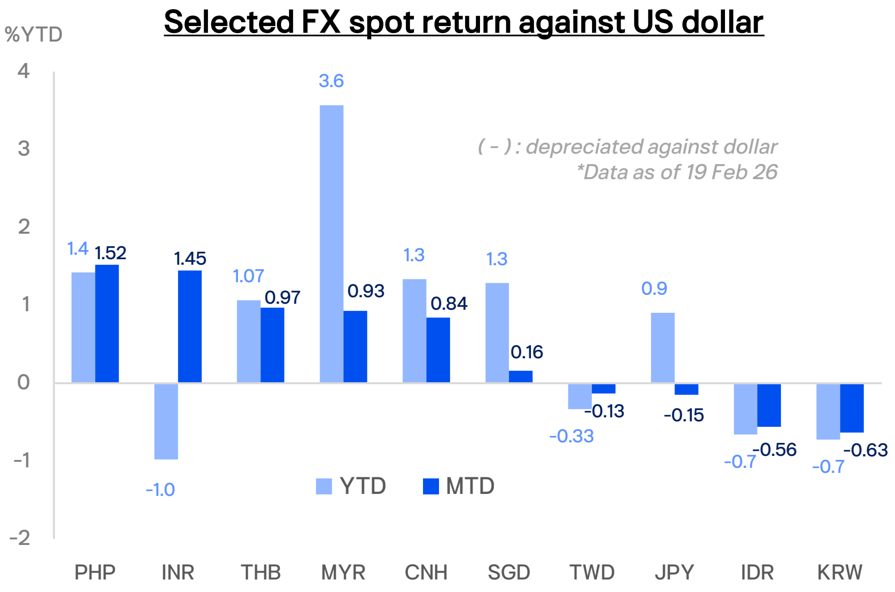

- US Treasury yields declined across the curve in a flattening move, driven partly by safe-haven demand amid concerns over AI-related job disruption in early February. They later partially retraced those losses as firm economic data — particularly a strong NFP report — reinforced the higher-for-longer rate narrative, with the FOMC minutes also adopting a hawkish tone. Looking ahead, shorter-dated yields are likely to remain driven by the policy path outlook, while longer-dated yields may stay relatively sticky, reflecting concerns over fiscal dynamics and central bank independence risks.
- Thai bond yields have largely returned to last month's levels after retreating from an eight-month high at end-January, when the long end rose on election uncertainty and fiscal concerns. Yields later eased as political risk premiums faded and GDP came in stronger than expected. Meanwhile, recent auctions showed well demand, and non-residents have remained net buyers, as reflected in sustained inflows since the start of 2026. Looking ahead, yields are likely to remain sticky as expectations for BOT rate cuts are pushed back by firmer GDP data, with fiscal risks still in focus.

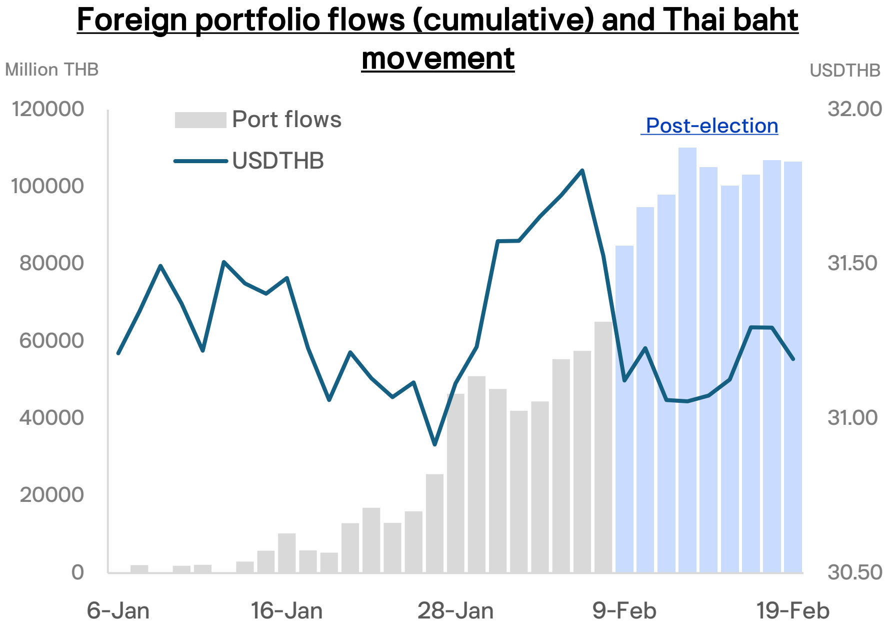
Source: Bloomberg CEIC and ttb analytics (Data as of 19 Feb 26)

# Dollar gains on strong US data; Thai baht rises on post-election relief and gold link




Source: Bloomberg, CEIC and ttb analytics (Data as of 19 Feb 26)

- The dollar has strengthened overall since the end of last month, partly supported by early-February risk-off sentiment and the appointment of Kevin Warsh as Fed Chair. It later moved in line with shifting Fed funds expectations, with a robust NFP report reinforcing gains.
- The Thai baht strengthened from end-last-month levels following the election as reduced political uncertainty spurred portfolio inflows. The currency appreciated to below 31.00 before paring gains in line with broader dollar strength. Meanwhile, the baht continues to show a strong correlation with gold prices, despite the Bank of Thailand's efforts to lessen that relationship. Looking ahead, the Thai baht remains vulnerable to depreciation in the coming months, pressured by seasonal dividend outflows and the dollar's near-term resilience amid a higher-for-longer Fed rate outlook. However, the scope for depreciation may be constrained by expectations of a delayed MPC rate cut following stronger recent GDP data, along with the baht's persistent correlation with gold prices amid ongoing geopolitical tensions.

ttb | analytics