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FLASH

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Thailand's 3Q25 GDP posted the first quarter-on-quarter contraction in almost 3 years amid political transition. In 4Q25, clearer political direction and short-term stimulus should help the economy avoid a technical recession. We maintain our 2025 GDP growth forecast at 2.1%.

Key event:

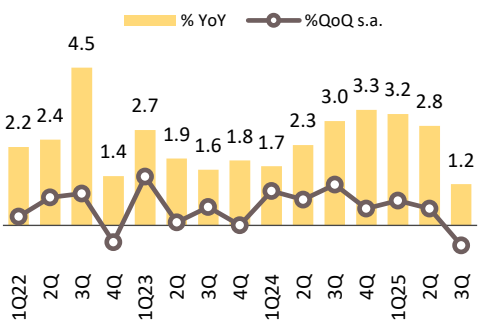
3Q25 GDP growth weakened to +1.2% YoY and -0.6% QoQ s.a., as exports slowed down, government spending contracted, and tourism-related services lost momentum. Private consumption and private investment provided only modest support.

The NESDC officially reported that **Thailand's GDP grew by only +1.2% YoY in 3Q25**, below expectations by Krungsri Research (+1.4%) and well below the market consensus (+1.6%). The growth rate also slowed significantly from +2.8% in 2Q25. On a seasonally adjusted basis, the economy in 3Q25 contracted by –0.6% QoQ, compared with +0.5% in 2Q25, marking the first quarterly decline in almost three years.

The economy slowed sharply in 3Q25 as several demand-side drivers lost momentum. Exports of goods and services weakened to +6.9% (vs. +11.2%), due to softer growth of goods exports (+10.8% vs. +14.3%) and a deeper contraction in service exports (–10.7% vs. –2.6%). **Public investment growth** turned negative (–5.3% vs. +10.1%) due to falling construction activity and budget disbursement delays. Also, **government consumption** contracted in 3Q25 (–3.9% vs. +2.2%). While private consumption continued to expand by +2.6% YoY (unchanged from 2Q25's growth), supported by spending on food, non-durables, and vehicles, **spending on the service sector** grew at a slower pace amid weaker tourism and declining consumer sentiment. Private investment growth was steady at +4.2% (vs. +4.1%), led by investment in machinery and equipment, but investment in construction contracted in the quarter. **Overall, weaker exports, contracting public expenditure, and subdued service-related consumption were the key drags on demand-side growth in 3Q25.**

On the supply side, 3Q25 GDP performance reflected a renewed contraction in industrial production, while both agricultural and service-sector growth slowed. **The industrial sector** declined –1.0% YoY (vs. +0.8% in 2Q25), driven largely by a –1.6% drop in manufacturing output, particularly in light industries and raw-material industries, although electronics-related production continued to expand. **Agricultural output growth** weakened to +1.9% (vs. +6.4%), as crop production slowed down, and cassava and fishery output declined. **The service sector** expanded at a weaker pace of +2.3% (vs. +3.4%), reflecting slower activity in accommodation and food services, transportation, financial services, and health services.

Thai GDP growth (%)



Source: NESDC

Components of Thai GDP growth

	% YoY			% QoQ sa	
	9M25	2Q25	3Q25	2Q25	3Q25
GDP	**2.4**	**2.8**	**1.2**	**0.5**	**-0.6**
Private consumption	2.6	2.6	2.6	0.2	0.2
Public consumption	0.3	2.2	-3.9	0.1	-2.4
Private investment	2.3	4.1	4.2	-3.0	5.3
Public investment	7.7	10.1	-5.3	5.0	0.8
Export of goods & services	10.1	11.2	6.9	1.2	0.4
Export of goods	12.9	14.3	10.8	3.4	1.5
Export of services	-1.7	-2.6	-10.7	-6.6	-5.7
Import of goods & services	5.8	10.9	4.6	5.1	-0.5
Import of goods	9.0	15.3	7.8	6.5	-0.3
Import of services	-6.1	-5.5	-8.6	-2.4	-2.1

Krungsri Research view:

- **3Q25 GDP undershot expectations, but stimulus measures should support a modest rebound in 4Q25 and keep 2025 growth at 2.1%. Growth is likely to soften in 2026 as tariffs and political uncertainty persist.**

Thailand's GDP growth in 3Q25 came in below expectations, due mainly to: (i) weaker public consumption and public investment amid heightened political uncertainty during the quarter; (ii) a slower-than-expected tourism recovery; (iii) temporary factors, such as refinery maintenance shutdown and temporary factory closures for relocation; and (iv) a sharp drop in errors and omission. **The weaker-than-expected growth out-turn has also increased the likelihood of a policy rate cut at the Bank of Thailand's December 17 MPC meeting, as policymakers may seek to support domestic demand and ease the financial burden on the private sector.**

Looking ahead, although growth momentum is shifting from earlier export tailwinds (front-loaded effect) toward tariff headwinds following the U.S. tariff hikes implemented since August, **we expect that in 4Q25, clearer political direction, short-term stimulus measures, and improving tourism sector will help the economy avoid a technical recession.** Government stimulus measures — particularly the "Half-Half Plus Copayment" and "Tourism Tax Incentive" schemes — are expected to boost household spending and service activities in the final quarter, supporting a return to positive quarter-on-quarter growth after the contraction in 3Q25. **For the full year 2025, Krungsri Research maintains our GDP growth forecast at 2.1%.**

In 2026, the growth outlook is likely to soften relative to 2025, as the full-year tariff impact and renewed political uncertainty (from February to mid-2026) could weigh on exports, public spending, and overall economic activity. Politics will remain a decisive factor for the Thai economic outlook. Following the expected dissolution of the House by the end of January 2026, the general election could take place by the end of March 2026. Accordingly, **the timeliness of government formation and the continuity of policy execution will be critical in determining how effectively Thailand can navigate the economic challenges of 2026.**

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