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MONTHLY ECONOMIC BULLETIN

SPECIAL EDITION

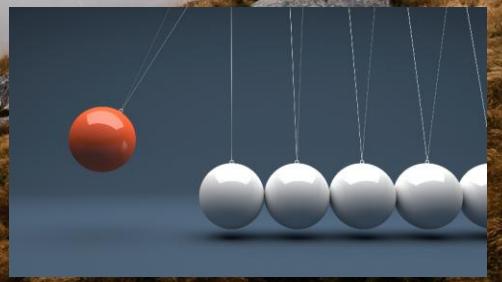
December 2025























Krungsri Research

2025 Recap: Growth weighed down by structural problems and several headwinds including earthquake, U.S. tariff hikes, domestic political uncertainty and border tension

- We estimate the Thai economy would expand by 2.1% in 2025, slowing from 2.5% in 2024. Growth was pressured by a struggling recovery in the tourism sector, weaker domestic spending, and subdued business investment amid concerns over several headwinds, including an earthquake in March, U.S. tariff hikes from April, Thailand-Cambodia border tensions, rising domestic political uncertainty, and severe flooding in Hat Yai city. However, export growth is performing well, aided by front-loading of orders ahead of tariff implementation.
- The tourism recovery loses momentum. Foreign tourist arrivals have marked the first annual decline since the post-pandemic recovery, hit by (i) concerns about safety and scams in Thailand, which led to a sharp decline in Chinese arrivals; (ii) the March 28 earthquake in Bangkok; and (iii) stronger regional competition. As a result, tourist arrivals are projected to fall towards 33.3 million in 2025, down from 35.5 million in 2024.
- Private consumption is expected to grow by 2.8% in 2025, slowing from 4.4% in 2024, despite support from short-term government measures such as the THB 10,000 cash handout program, cost-of-living relief for low-income households, the “Co-payment Plus” scheme, and domestic tourism promotion. Additionally, the impact of declining agricultural incomes and structural constraints resulting from high household debt still limits growth.
- Public spending provided only modest support to the economy in 2025. Public consumption and public investment contracted sharply in 3Q25 amid rising geopolitical tensions following the leadership change in August. Despite support from additional stimulus measures in 4Q25, the House dissolution in December heightened concerns over delays in public spending.
- Export growth is expected to accelerate to +10.8% in 2025, from +5.9% in 2024. However, the expansion was not broad-based, being concentrated on technology and electronics products - driven by ongoing trends in digital transformation, AI, and semiconductors. In addition, front-loaded effects ahead of tariff implementation helped to boost demand for several products.
- Private investment is projected to grow modestly at 2.1% in 2025, recovering from -1.6% growth in 2024. Although there are partial signs of recovery from the low-base effect, growth remains suppressed by concerns over domestic political uncertainty, the impact of U.S. trade tariffs, persistently low-capacity utilization, and a slow recovery in the tourism sector.
- The Monetary Policy Committee (MPC) cut the policy interest rate by a total of 100 basis points in 2025 to 1.25%, aimed at supporting the economic recovery, easing debt burdens for vulnerable groups, and enhancing the effectiveness of complementary financial measures and government policies. Meanwhile, the inflation rate is projected to remain negative at -0.2% in 2025, compared to 0.4% in 2024.

2026 outlook: In the shadow of transition surrounded by intensifying trade tension, structural challenges, and political uncertainty

- Thailand's economy is expected to face another challenging year in 2026, estimated at 1.8%, pressured by a slowing global economy, escalating trade protectionism among major economies, domestic structural vulnerabilities, and heightened political uncertainty ahead of the general election. These factors suggest that 2026 will be a year of economic stabilization rather than accelerated growth.
- Exports will face full-year impacts from U.S. tariff hikes in 2026. The temporary boost in 2025 from front-loading will fade, while Thai exports will be hit by a 19% U.S. import tariffs and additional product-specific duties. There is also a risk of tariffs extension to technology products, a key Thai export. Meanwhile, the WTO projects global trade volume growth to slow sharply to 0.5% in 2026 from 2.4% in 2025, reflecting weaker global demand. Thus, exports are projected to contract by -1.8% in 2026.
- Tourism will regain a role of key growth support, with international tourist arrivals expected to reach 35.5 million in 2026, supported by more winter flights and new routes from China and India. However, recovery is slow—especially from China, due to safety concerns and rising competition—keeping arrivals below the pre-COVID peak of 40 million in 2019.
- Public spending is likely to slow due to tight fiscal space and political uncertainty. The FY2026 budget allocates slightly lower current and capital expenditures, while a caretaker government may face limits in project approvals and disbursement acceleration.
- Private consumption is expected to lose momentum, slowing to 2.2%—constrained by household debt of above 80% of GDP, sluggish income recovery, weak agricultural income, and potential employment impacts from export weakness. Meanwhile, positive impacts from previous short-term stimulus schemes—Digital Wallet, Co-payment plus programs, tourism tax incentives—have faded, leaving households reliant on slow-growing regular income.
- Private investment should expand gradually, estimated at 1.5%—supported by rising BOI-approved projects, continued FDI inflows (especially in digital, EV, and renewable energy), and streamlined procedures through the BOI's Thailand FastPass mechanism. Ongoing supply-chain shifts from China to ASEAN may also benefit Thailand.
- Krungsri Research expects the MPC to cut policy rate to 1.0% by 1H26, to ease financial strain and nurture economic recovery. Headline inflation is projected to remain low at 0.4% in 2026 (vs. –0.2% in 2025), due to stable global oil prices, continued energy cost-relief measures, and weak domestic demand.
- Risks & Challenges: (i) Intensifying global trade tensions, uncertain U.S. economic policy, and geopolitical risks; (ii) A possible "Twin Influx"—surges of Chinese imports and U.S. goods under trade agreement—pressuring Thai producers; (iii) Climate volatility affecting farm incomes; (iv) Structural issues such as high household debt and declining competitiveness in some industries; and (v) policy uncertainty and political risk in Thailand.

Krungsri Research Forecasts for 2025-2026

Krungsri Research Forecast		2023	2024	2025F	2026F
GDP growth	YoY (%)	2.0	2.5	2.1	1.8
Private Consumption Expenditure	YoY (%)	6.9	4.4	2.8	2.2
Government Consumption Expenditure	YoY (%)	-4.7	2.5	0.8	0.7
Private Investment	YoY (%)	3.1	-1.6	2.1	1.5
Public Investment	YoY (%)	-4.2	4.8	6.6	3.5
Nominal Exports in USD (f.o.b.)	YoY (%)	-1.5	5.9	10.8	-1.8
Nominal Imports in USD (f.o.b.)	YoY (%)	-3.7	5.5	10.3	-0.5
Current Account Balance	USD, bn	8.5	11.6	16.5	15.0
Tourist Arrivals	Mn, persons	28.2	35.5	33.3	35.5
Headline Inflation	YoY (%)	1.2	0.4	-0.2	0.4
Policy Interest rate (end of period)	(%)	2.50	2.25	1.25	1.00
Dubai crude price - period average	USD/bbl	82	80	70	68

Source: NESDC, BOT, MOC, MOTS, Bloomberg, Krungsri Research

Thai economy slowed down in 2025 despite robust exports; recovery path in 2026 looks dim, given structural weaknesses, political uncertainty, and rising trade protectionism

Contract — Expand

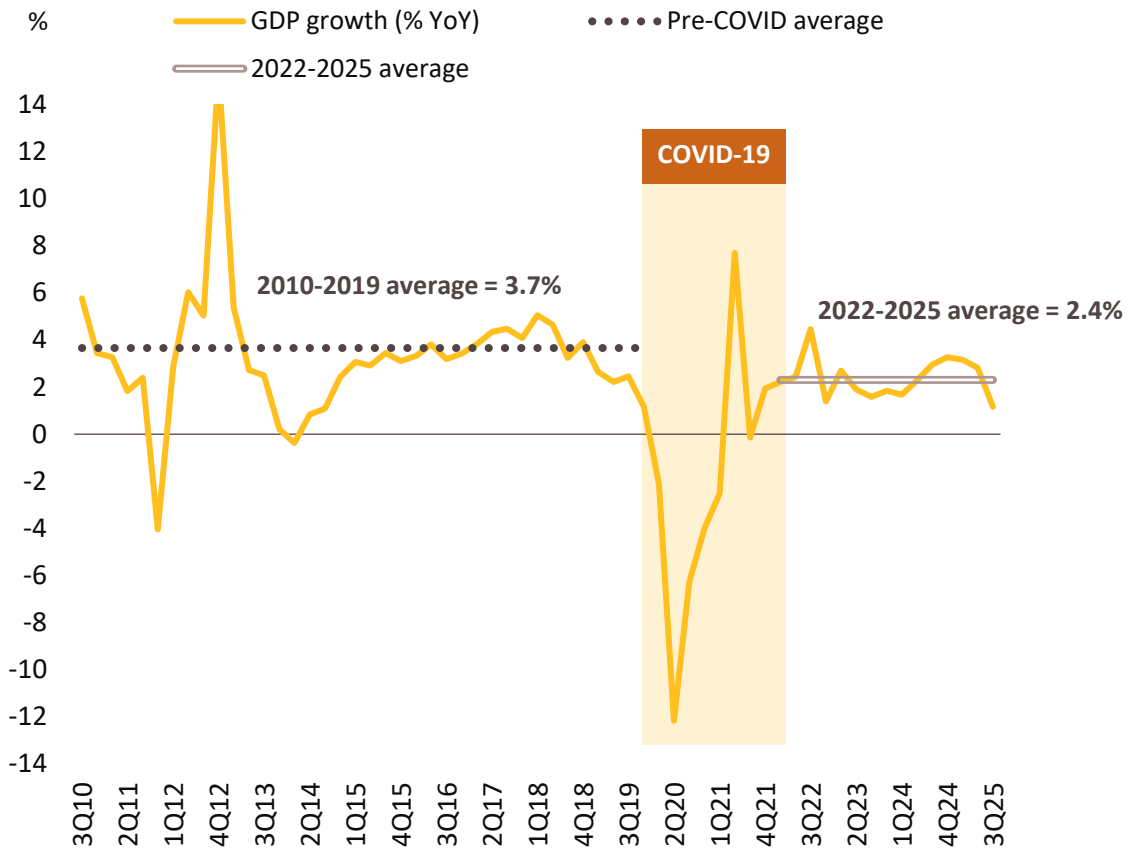
(% YoY)	Share 2024	2022				2023				2024				2025		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
GDP growth	**100.0**															
Demand-side data																
Private Consumption	58.1															
Government Consumption	16.7															
Gross Fixed Capital Formation	22.2															
Private Investment	16.4															
Public Investment	5.7															
Exports of Goods & Services	70.0															
Exports of Goods	56.4															
Exports of Services	13.6															
Imports of Goods & Services	66.4															
Imports of Goods	52.3															
Imports of Services	14.0															
Supply-side data																
Agriculture	8.9															
Manufacturing	24.2															
Construction	2.4															
Wholesale & Retail trade	15.8															
Accommodation & Food Service	6.2															
Transport & Storage	5.3															
Financial & Insurance	8.6															
Real Estate Activities	2.5															

**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

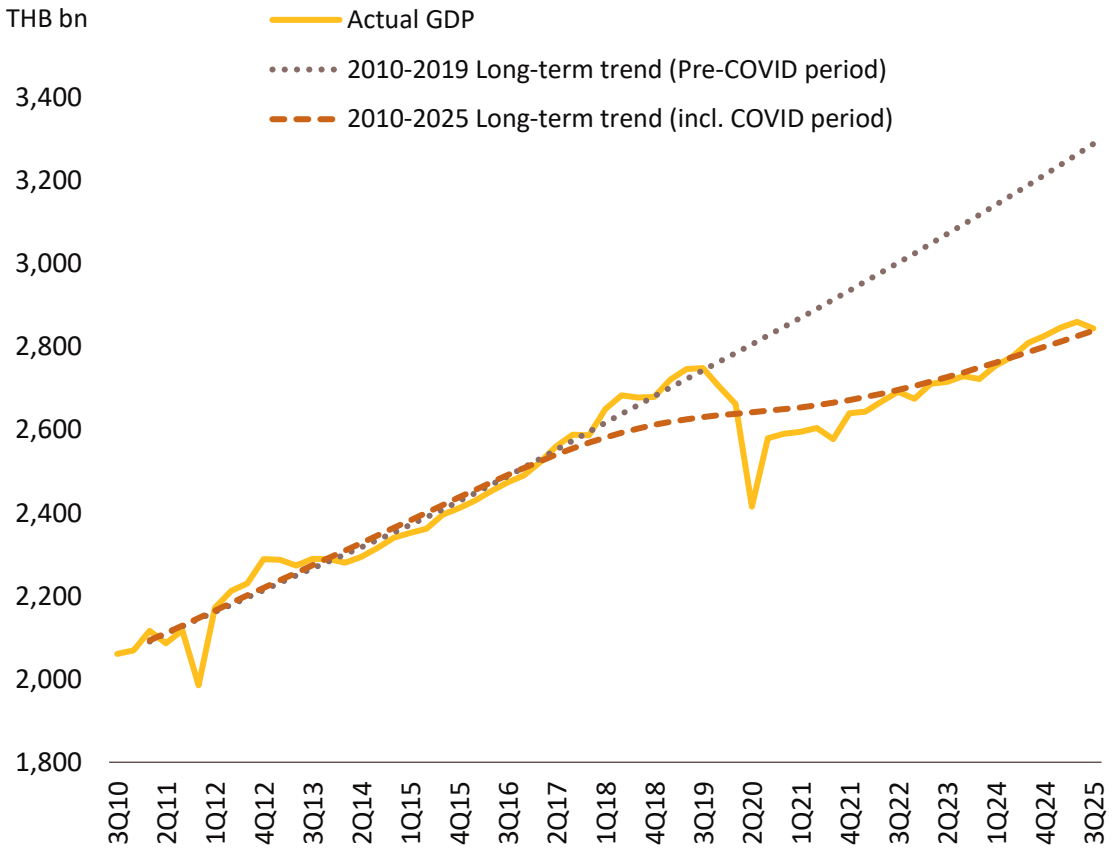
Source: NESDC and Krungsri Research

Thailand's economic growth remains far below pre-COVID average and shows no signs of returning to the pre-pandemic trend or even narrowing the deviation

Thailand's GDP Growth (2000-3Q25)

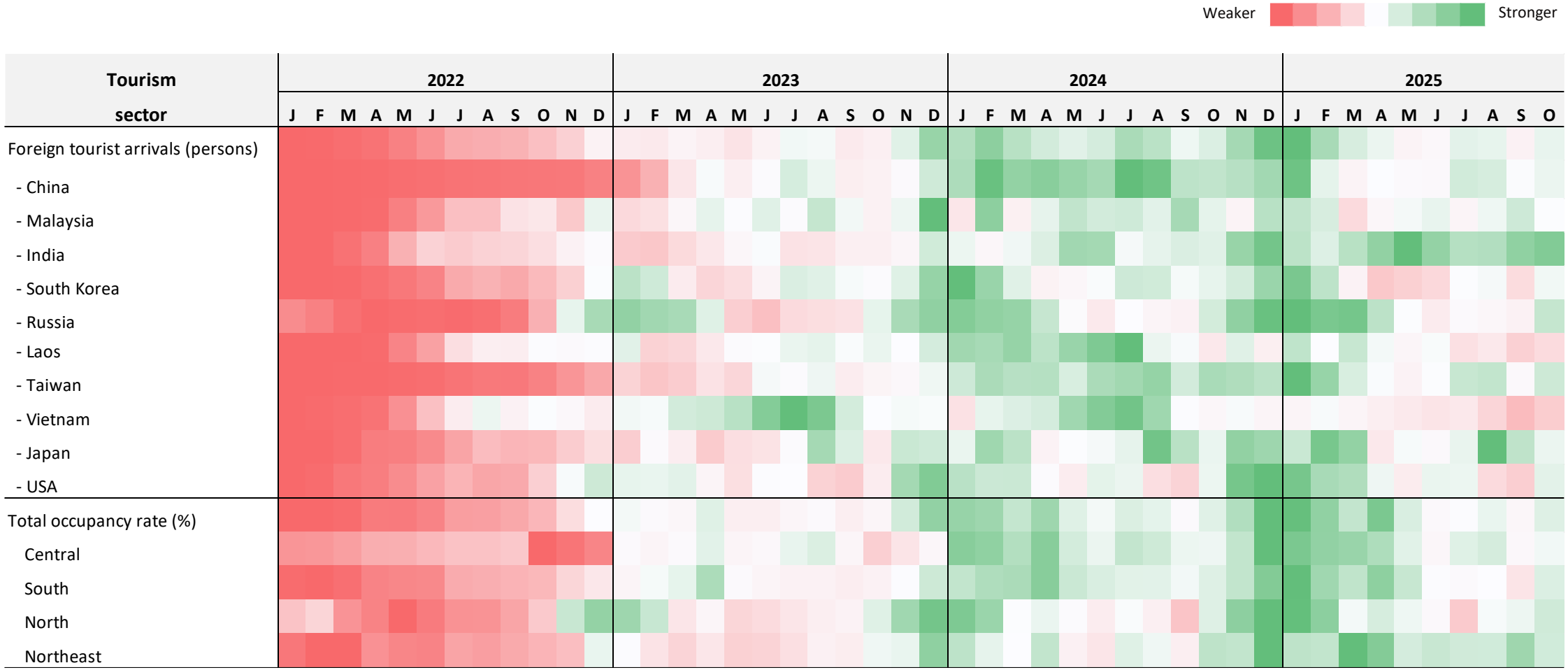


Thailand's GDP Trends



Source: NESDC and Krungsri Research

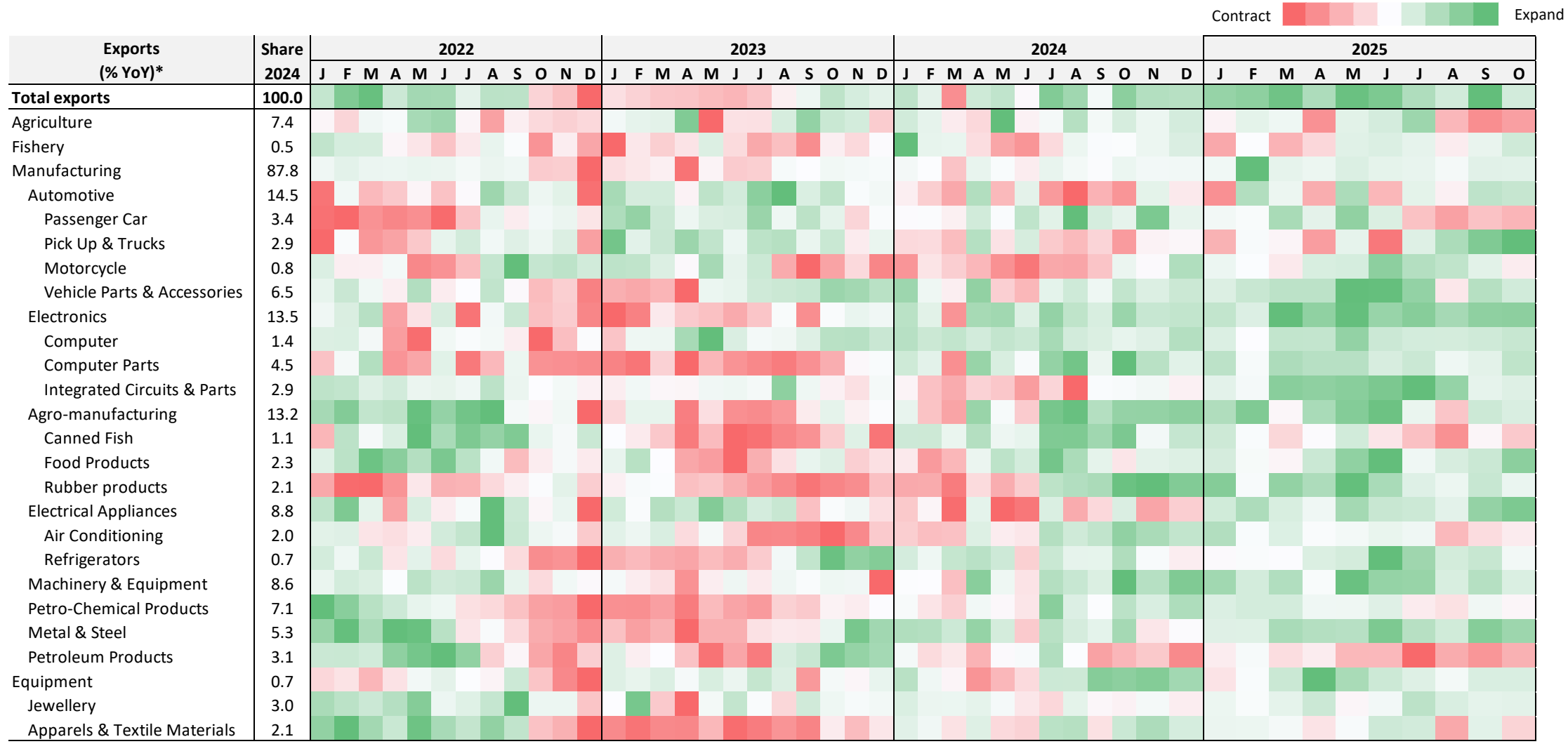
Tourism sector was losing momentum in 2025 due to safety concerns, the March earthquake, and rising competition. It will likely regain a role of key growth support in 2026



**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Source: Ministry of Tourism and Sports (MOTS), Krungsri Research

In 2025, exports grew stronger than expected due to front-loading, but momentum may fade as U.S. tariffs fully kick in, with potential transshipment tariffs adding further risk

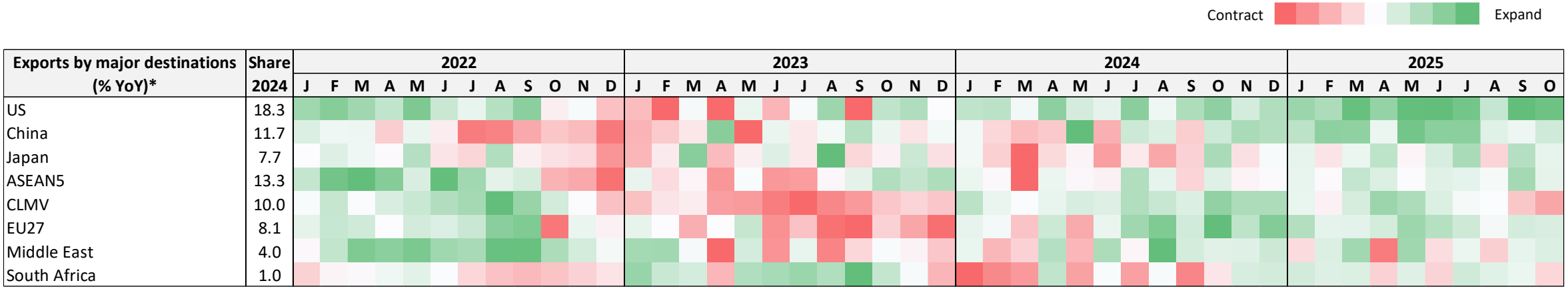


Exports (% YoY)*	Share 2024	2022 J	F	M	A	M	J	J	A	S	O	N	D	2023 J	F	M	A	M	J	J	A	S	O	N	D	2024 J	F	M	A	M	J	J	A	S	O	N	D	2025 J	F	M	A	M	J	J	A	S	O
Total exports	**100.0**																																													
Agriculture	7.4																																													
Fishery	0.5																																													
Manufacturing	87.8																																													
Automotive	14.5																																													
Passenger Car	3.4																																													
Pick Up & Trucks	2.9																																													
Motorcycle	0.8																																													
Vehicle Parts & Accessories	6.5																																												
Electronics	13.5																																												
Computer	1.4																																													
Computer Parts	4.5																																													
Integrated Circuits & Parts	2.9																																													
Agro-manufacturing	13.2																																												
Canned Fish	1.1																																												
Food Products	2.3																																												
Rubber products	2.1																																													
Electrical Appliances	8.8																																													
Air Conditioning	2.0																																												
Refrigerators	0.7																																												
Machinery & Equipment	8.6																																													
Petro-Chemical Products	7.1																																													
Metal & Steel	5.3																																												
Petroleum Products	3.1																																													
Equipment	0.7																																													
Jewellery	3.0																																													
Apparels & Textile Materials	2.1																																												

*Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum

Source: MOC and Krungsri Research

Exports to some major partners substantially expanded, especially to the U.S. and China; imports continued to increase, with capital goods still taking the lead



Exports by major destinations (% YoY)*	Share 2024	2022												2023												2024												2025								
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
US	18.3																																														
China	11.7																																														
Japan	7.7																																														
ASEAN5	13.3																																														
CLMV	10.0																																														
EU27	8.1																																														
Middle East	4.0																																														
South Africa	1.0																																														

Imports by type (% YoY)*	Share 2024	2022												2023												2024												2025								
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
Total import	100.0																																														
Fuel	16.0																																														
Capital goods	25.4																																														
Raw materials	36.7																																														
Consumer goods	11.5																																														
Automotive	3.9																																														

*Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum

Source: MOC and Krungsri Research

Manufacturing production remained weak and would be weighed down by the full effect of U.S. tariffs; semiconductors face risks of high product-specific tariffs



Manufacturing Production (%YoY)*	Weight	2023												2024												2025									
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
All industry	100.0																																		
Food & Beverages	20.5																																		
Automotive	11.2																																		
Petroleum	10.7																																		
Chemicals	10.0																																		
Rubbers & Plastics	8.8																																		
Cement & Construction	5.4																																		
IC & Semiconductors	5.9																																		
Electrical Appliances	4.4																																		
Textiles & Apparels	3.5																																		
HDD	3.5																																		

**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Source: OIE and Krungsri Research

FDI remains strong in digital industries, EVs, and renewable energy, while rising BOI-approved projects and the Thailand FastPass mechanism should provide additional support in 2026

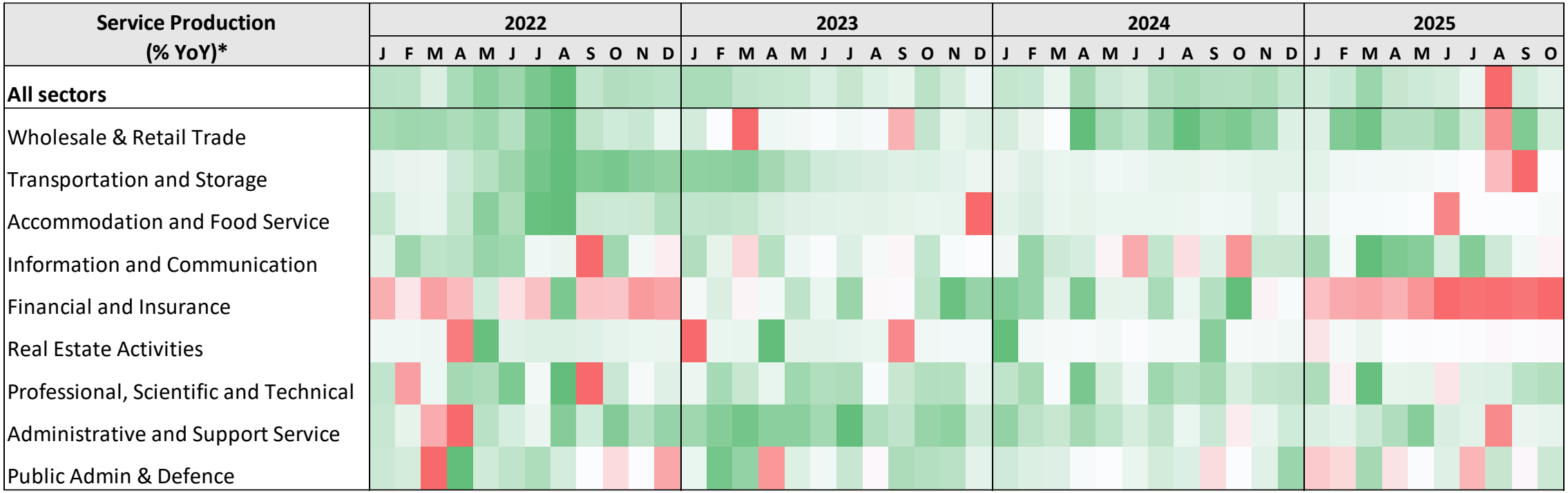
Weaker ← → Stronger

Foreign direct investment (4-quarter rolling)	2022				2023				2024				2025	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total														
Agriculture, forestry and fishing (0.54%)														
Mining and quarrying (0.40%)														
Manufacturing (27.3%)														
Food products (1.8%)														
Beverages (0.7%)														
Paper and paper products (-3.8%)														
Coke and refined petroleum products (-21.4%)														
Chemicals and chemical products (2.2%)														
Basic pharmaceutical products (-0.5%)														
Rubber and plastics products (4.2%)														
Computer, electronic & etc (22.7)														
Electrical equipment (10.0%)														
Machinery and equipment (-0.1%)														
Motor vehicles, trailers (1.9%)														
Furniture (0.5%)														
Electricity, gas, steam (0.3%)														
Construction (-0.5%)														
Wholesale and retail trade (24.1%)														
Transportation and storage (0.4%)														
Accommodation and food service activities (-1.1%)														
Financial and insurance activities (10.7%)														
Real estate activities (34.5%)														
Others (3.4%)														

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Source: BOT, Krungsri Research

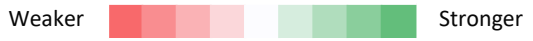
Service sectors continued to grow but at a slower pace in 2025; tourism and related industries could gradually improve in 2026



**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Source: BOT and Krungsri Research

Capacity utilization rates remained low in several industries, dragged down by U.S. tariffs as well as structural problems and in line with weak manufacturing production

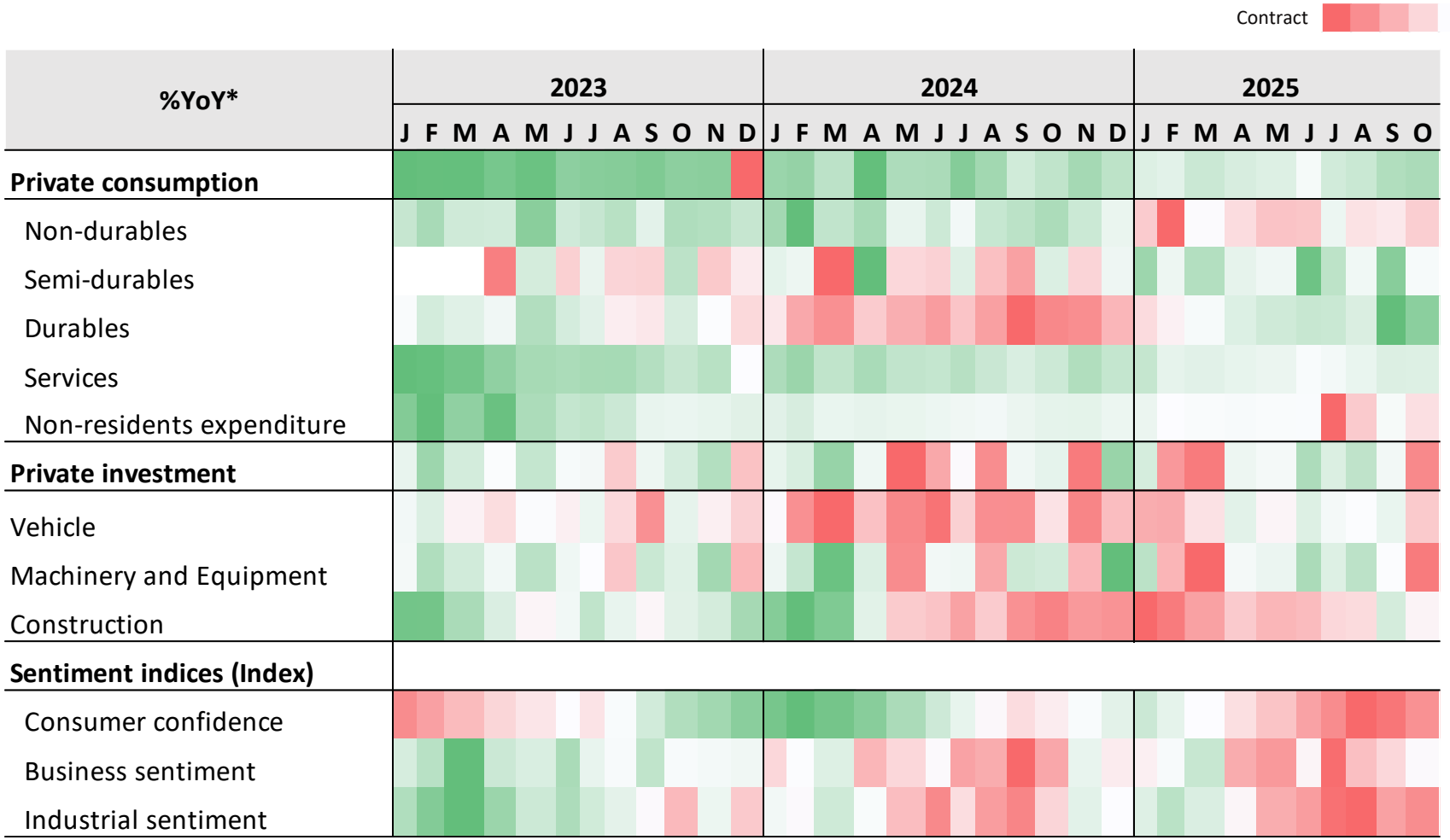


Capacity utilization	Weight	2022												2022												2024												2025									
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O
All industry	100.0																																															
Food & Beverages	20.5																																														
Automotive	11.2																																														
Petroleum	10.7																																														
Rubbers & Plastics	8.8																																														
Chemicals	8.8																																														
Non ferrous material	5.4																																														
IC & Semiconductors	5.9																																														
HDD	3.5																																														
Ferrous material	3.4																																														
Textiles & Apparels	3.5																																														
Electrical Appliances	3.5																																														
Machinery	2.8																																														

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Source: OIE and Krungsri Research

Domestic economy: Weak recovery amid still-low confidence; *Private consumption* driven by the service sectors, but spending on non-durable goods contracted*; Private investment* has been sluggish due to structural issues and domestic political uncertainty



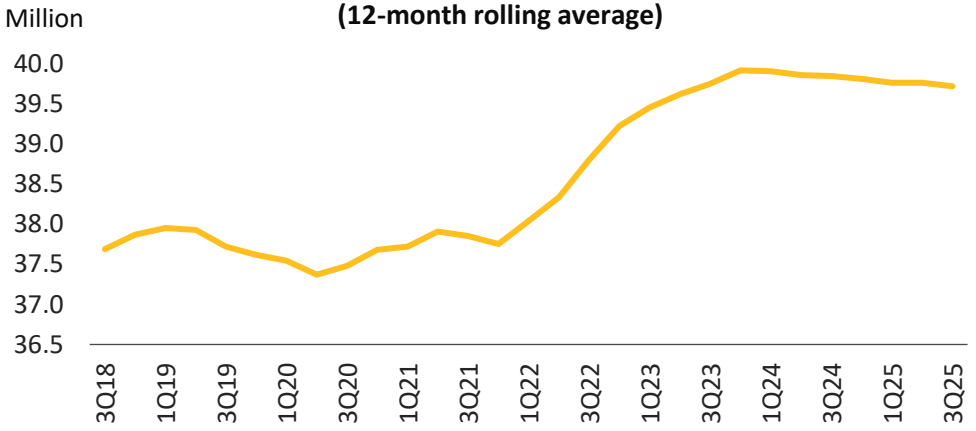
**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Source: BOT, University of the Thai Chamber of Commerce (UTCC), Federation of Thai Industries (FTI), Krungsri Research

Overall employment conditions are weakening across sectors. Part-time employment falls below pre-pandemic level

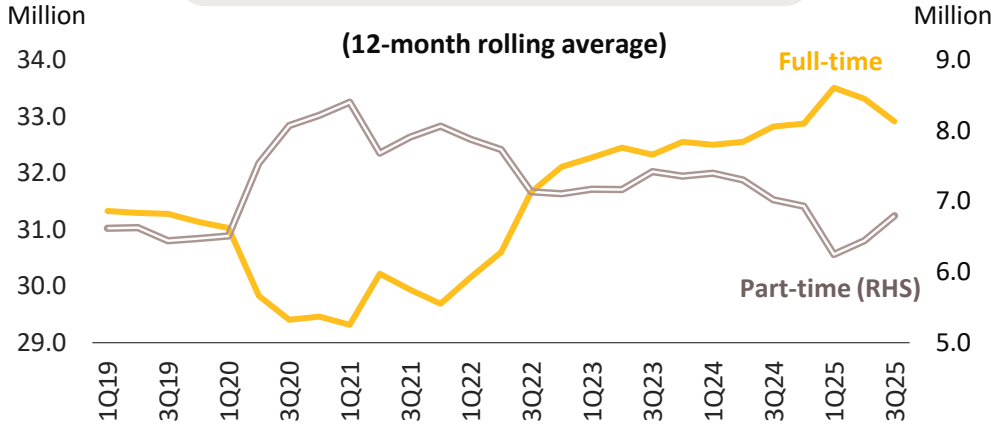
Employment

(12-month rolling average)

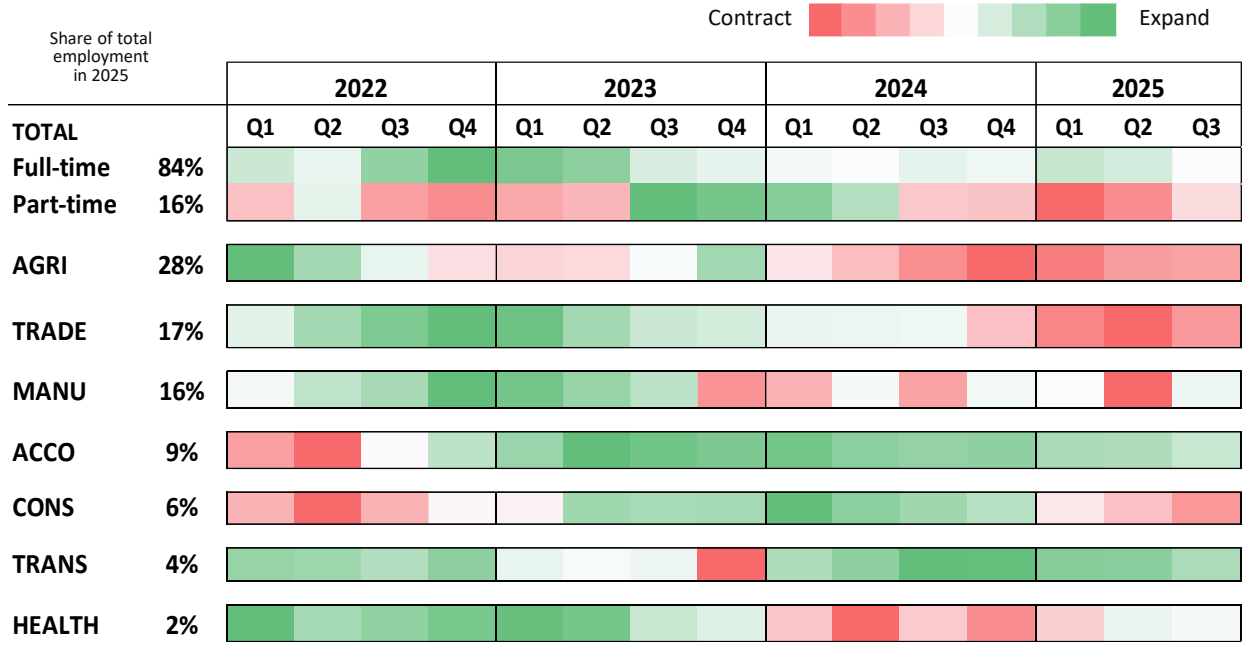


Full-time and part-time* employment

(12-month rolling average)



Sector employment (%YoY, 12-month rolling average)



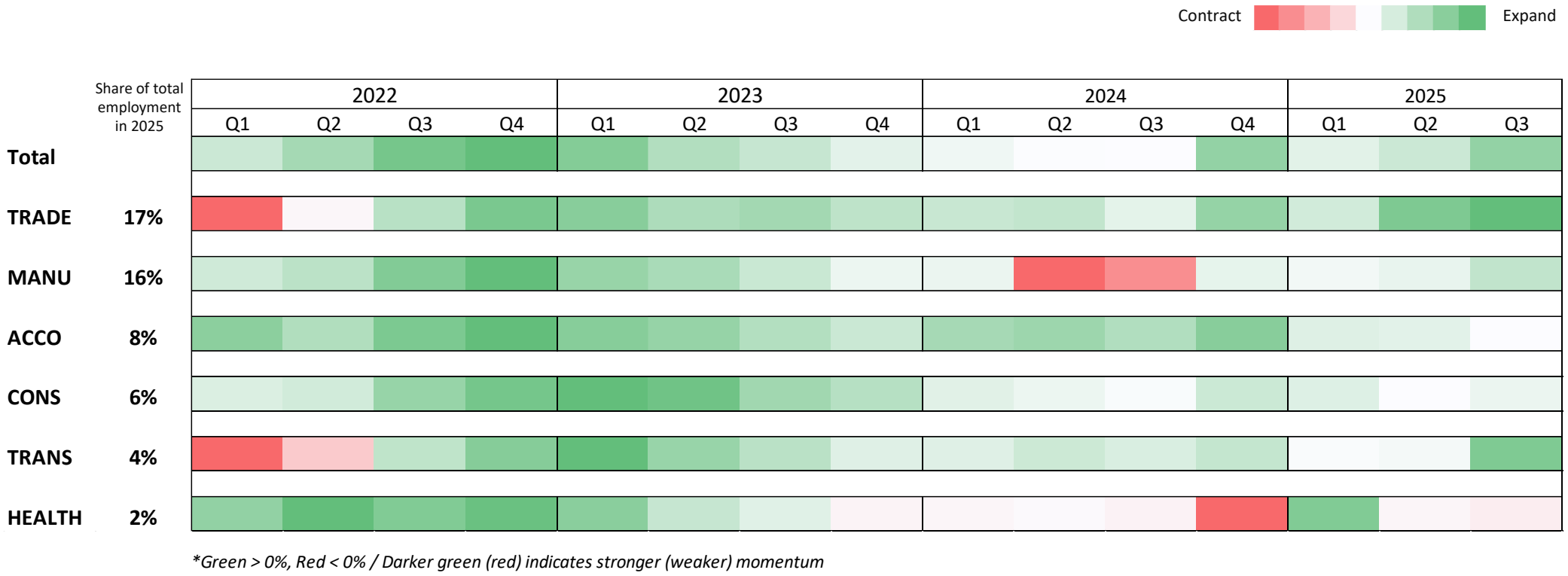
**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Note: Sectoral code: AGRI= Agriculture, TRADE = Wholesale and retail trade, MANU = Manufacturing, ACCO = Accommodation and food service activities, CONS = Construction
TRANS = Transportation and HEALTH = Human health
* Part-time job is defined by those who work less than 34 hours a week. Full time job is defined by those who work more than 34 hours a week

Source: BOT, National Statistical Office of Thailand (NSO), Krungsri Research

Non-farm income remains positive, but momentum is weaker in the accommodation and food service sectors

Nominal wage growth (12-month rolling average % YoY)

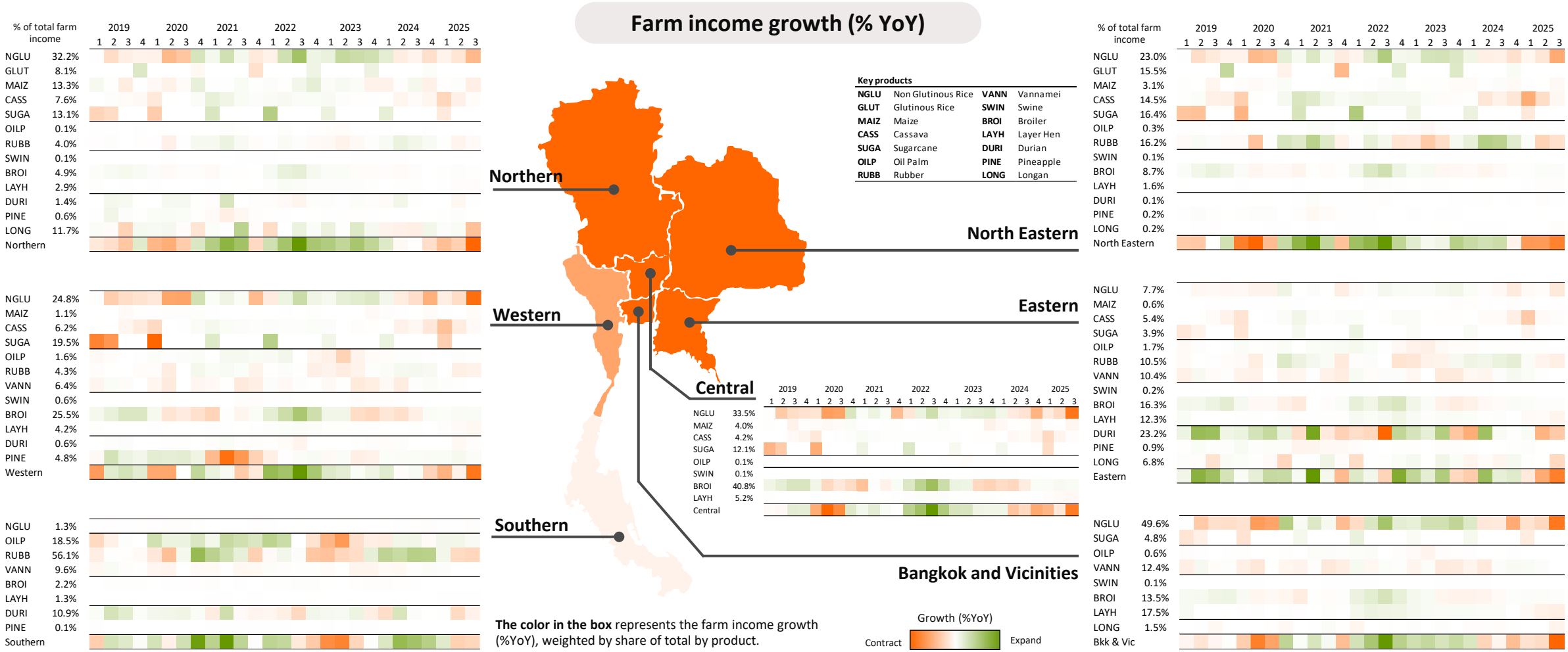


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Note: Sectoral code: TRADE = Wholesale and retail trade, MANU = Manufacturing, ACCO = Accommodation and food service activities, CONS = Construction, TRANS = Transportation and HEALTH = Human health

Source: BOT, National Statistical Office of Thailand (NSO), Krungsri Research

Farm income may expand moderately in 2026, given (i) higher output driven by favorable reservoir water levels and (ii) a modest rebound in prices after a sharp contraction in 2025



Source: Office of Agricultural Economics (OAE), Krungsri Research
Note: 2018 serves as the base year for index computation.

Inflation should post negative in 2025 at -0.2%; projected to return to positive territory by 2Q26 but remain below the BOT's target of 1-3%



Consumer Price Index (% YoY)*	Weight	2023												2024												2025									
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N
Headline CPI	**100%**																																			
Food & beverages	39.4%																																			
Apparel & footwears	2.1%																																			
Housing & furnishing	24.6%																																			
Medical & personal care	6.3%																																			
Transportation & communication	22.3%																																			
Recreation & education	4.1%																																			
Tobacco & alcoholic beverages	1.3%																																			
Raw food	17.2%																																			
Energy	12.2%																																			
Core CPI	**70.6%**																																			

**Green > 0%, Red < 0% / Darker green (red) indicates stronger (weaker) momentum*

Source: MOC, Krungsri Research

Bank lending still contracted amid slower economic growth, high debt burden at SMEs and households, as well as structural issues and lower competitiveness in certain businesses



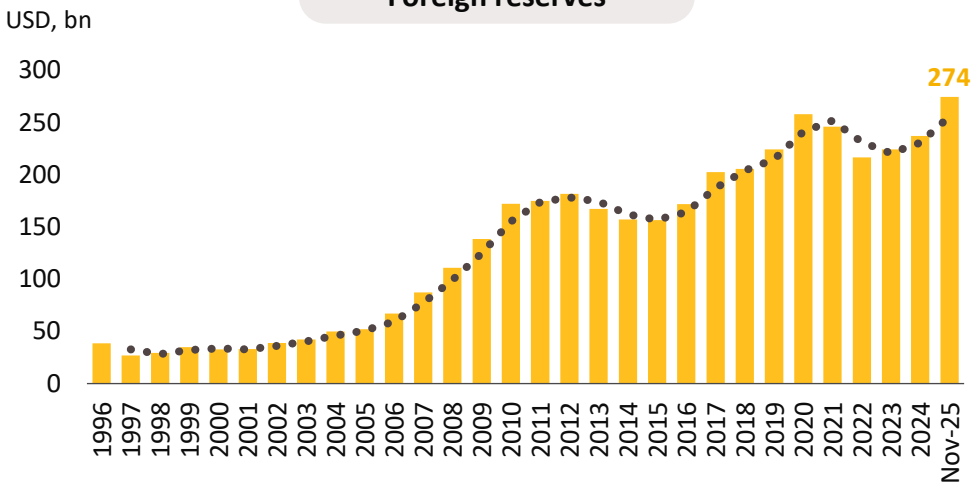
Commercial bank loans* (% YoY)	Share (2024)	2022				2023				2024				2025	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Total	**100.0%**														
SMEs	19.4%														
Manufacturing	3.3%														
Electricity, gas and air conditioning	0.5%														
Wholesale and retail trade	6.0%														
Accommodation	1.4%														
Real estate	1.9%														
Large corporate	47.1%														
Manufacturing	9.9%														
Electricity, gas and air conditioning	3.7%														
Wholesale and retail trade	7.1%														
Accommodation	1.6%														
Real estate	2.8%														
Household credits	33.5%														
Mortgage	16.8%														
Hire purchase	6.2%														
Personal Loan	10.2%														

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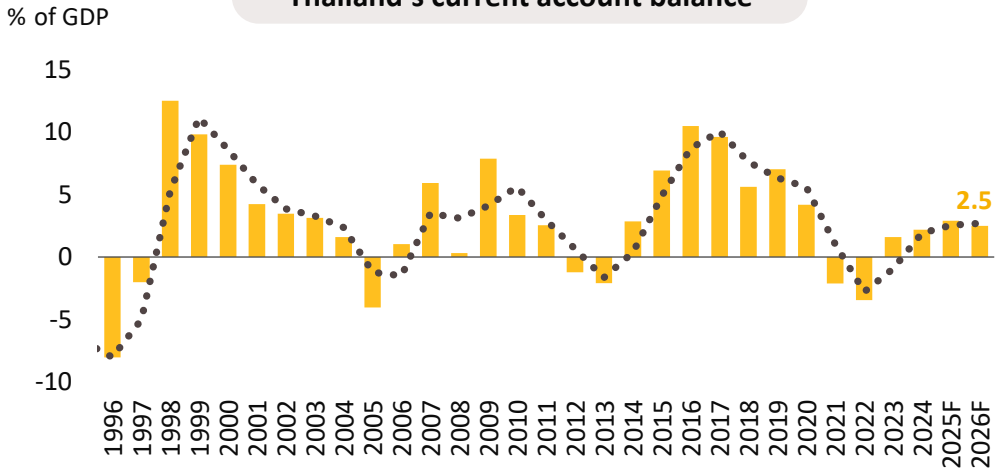
Source: BOT, Krungsri Research

External stability remains sound with high foreign reserves. The stalled recovery in the tourism sector weighed on the current account surplus in 2025

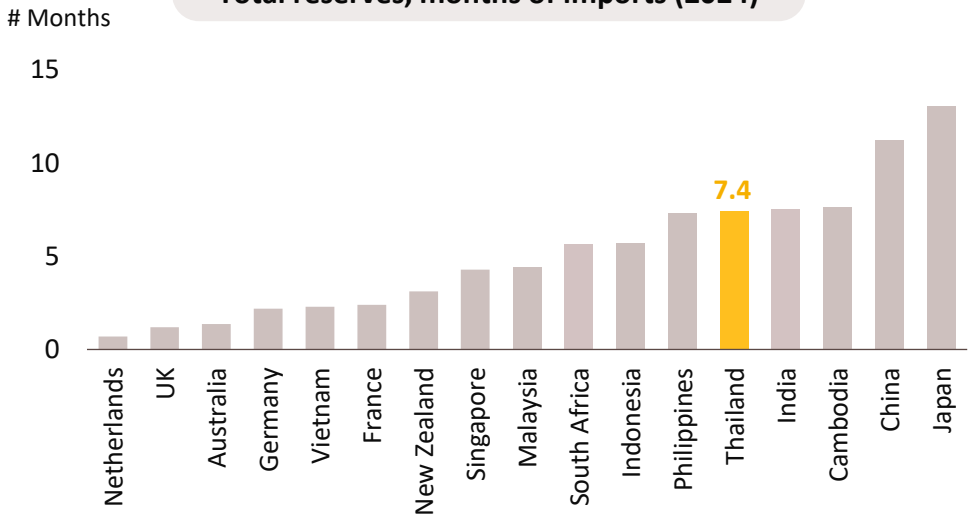
Foreign reserves



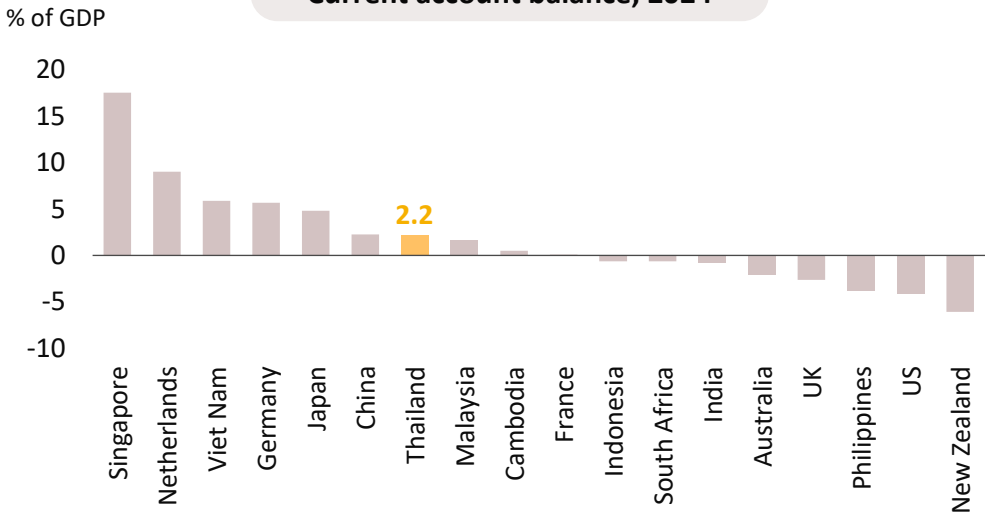
Thailand's current account balance



Total reserves, months of imports (2024)



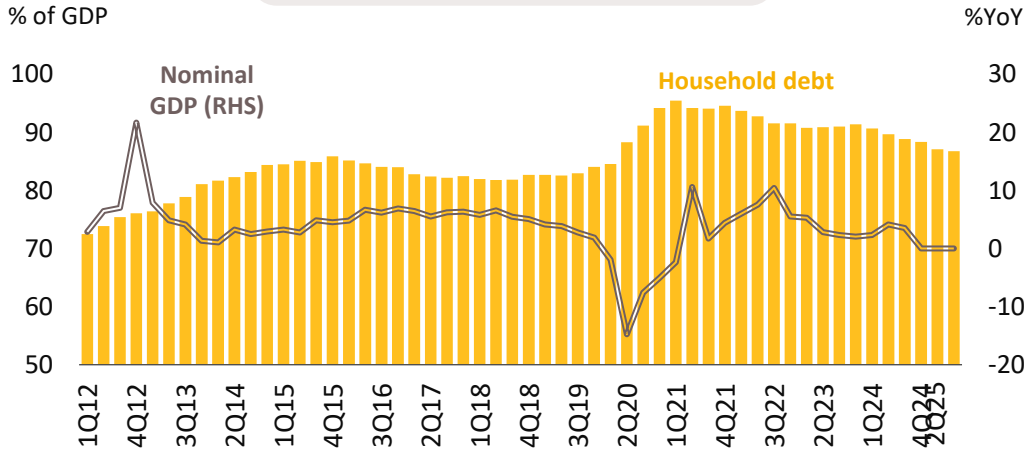
Current account balance, 2024



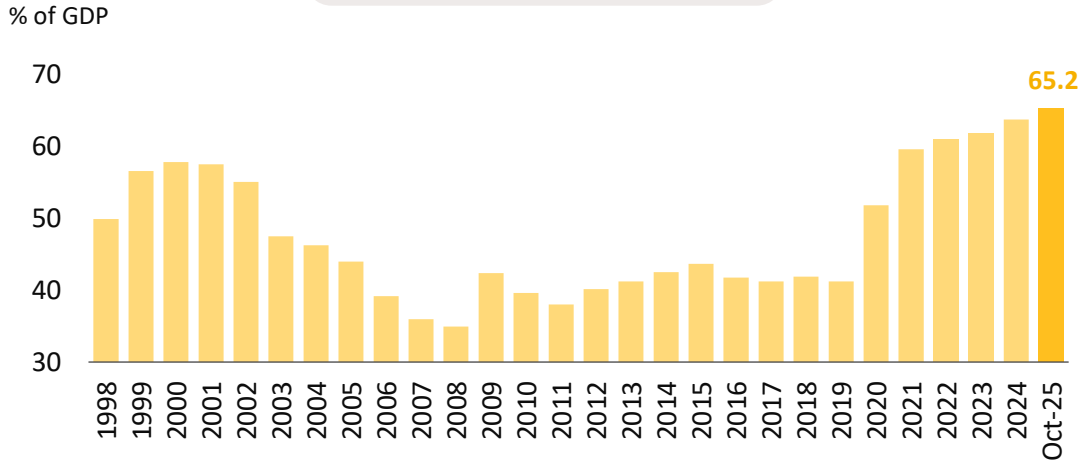
Source: BOT, IMF, World Bank, Krungsri Research

Debt levels remain high: Limited fiscal space and political uncertainty might slow public spending in 2026, while the "You Fight We Help" program should help to ease household debt burden

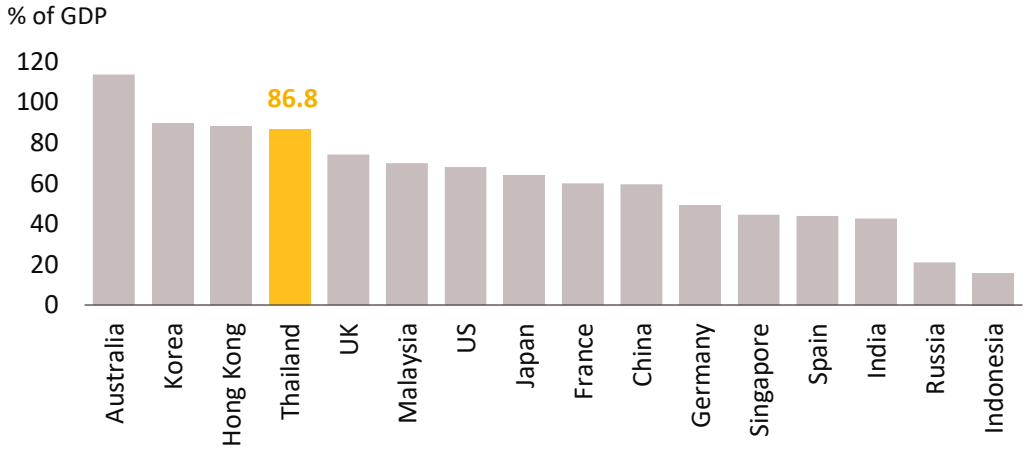
Household debt to GDP (BOT)



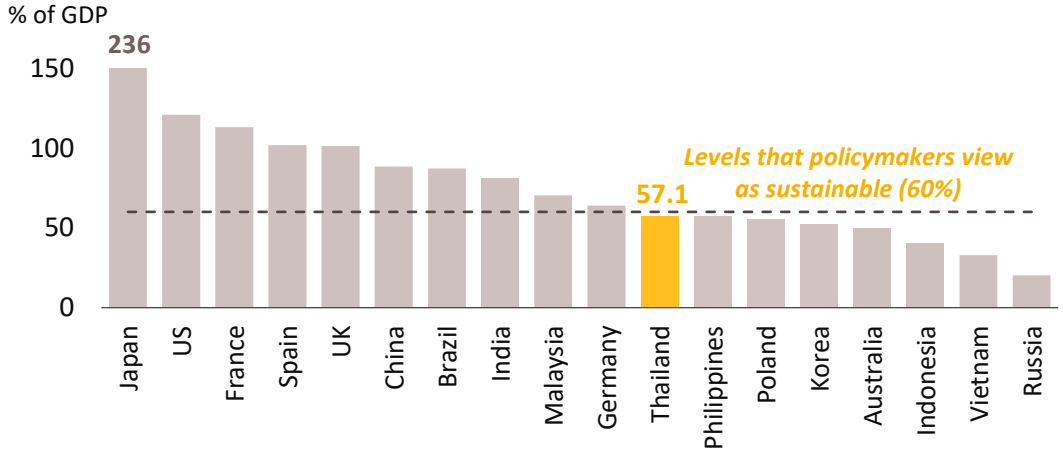
Public debt to GDP (PDMO)



Household debt to GDP, 2025 (June)



Public debt to GDP, 2024 (IMF)



Source: Bank for International Settlements (BIS), IMF, BOT, CEIC, Public Debt Management Office (PDMO), Krungsri Research

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