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Thailand's 4Q25 GDP surpasses expectations at 2.5% YoY driven by transitory factors, lifting 2025 growth to 2.4%. 2026 growth tends to soften while our current 1.8% forecast is under review (scheduled for release on Feb 26), with a modest upward bias.

Key event:

4Q25 GDP growth recorded significant upside surprise, expanding by +2.5% YoY and +1.9% QoQ s.a. Private consumption, private investment, and government spendings are key drivers while exports of goods and services experienced a moderation in growth.

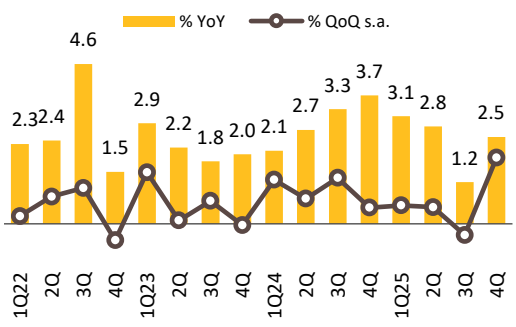
The NESDC officially reported that **Thailand's GDP grew by +2.5% YoY in 4Q25**, exceeding Krungsri Research's expectation (+1.2%), and the market consensus (+1.3%). The growth rate also accelerated from +1.2% in 3Q25. On a seasonally adjusted (s.a.) basis, the economy expanded by +1.9% QoQ in 4Q25, rebounding from -0.3% in 3Q25. This avoided a technical recession and marked the strongest quarterly expansion in four years.

The economy expanded significantly in 4Q25, as reflected in firmer domestic activities. Private consumption grew stronger (+3.3% vs. +2.5% in 3Q25), mainly supported by spending on durable and semi-durable goods. **Private investment growth also accelerated** (+6.5% vs. +4.5%), particularly in construction as well as machinery and equipment investment. **Public investment** returned to positive growth (+13.3% vs. -5.3%), driven by the speeding up of infrastructure projects. **Public consumption** also rebounded in 4Q25 (+1.3% vs. -3.9%), supported by accelerated budget disbursement. **Furthermore, changes in inventories,** particularly in gold and agricultural products, contributed to 4Q25 GDP growth. **However, exports of goods and services** softened (+5.6% vs. +7.6%), due to slower growth in merchandise exports (+8.7% vs. +10.7%) and a deeper contraction in service exports (-6.9% vs. -6.5%), particularly in tourism. **Overall, stronger private consumption, private investment, and government spending were the key demand-side drivers in 4Q25.**

On the supply side, 4Q25 GDP performance showed expansion in both the services and industrial production, while agricultural growth decelerated. The service sector accelerated (+3.5% YoY vs. +2.2% in 3Q25), supported by stronger performance in construction, wholesale and retail trade, transportation and storage, and financial and insurance activities. **Industrial production returned to positive growth** (+0.8% vs. -0.8%). **Meanwhile, agricultural output growth slowed** (+0.3% vs. +2.1%), reflecting contractions in paddy, fruit, and fisheries production.

For the full year 2025, Thailand's GDP grew by 2.4% YoY, exceeding our estimate of 2.1%. The NESDC has revised up its 2026 GDP growth forecast to a median 2.0% (range: 1.5%–2.5%) from the previous forecast of a median 1.7% (range: 1.2%–2.2%).

Thai GDP growth (%)



Source: NESDC

Components of Thai GDP growth

	% YoY			% QoQ sa	
	2025	3Q25	4Q25	3Q25	4Q25
GDP	**2.4**	**1.2**	**2.5**	**-0.3**	**1.9**
Private consumption	2.7	2.5	3.3	0.6	1.5
Public consumption	0.6	-3.9	1.3	-2.7	5.0
Private investment	3.5	4.5	6.5	6.7	2.5
Public investment	8.9	-5.3	13.3	4.4	16.8
Export of goods & services	9.2	7.6	5.6	0.7	1.6
Export of goods	11.9	10.7	8.7	1.5	1.2
Export of services	-1.9	-6.5	-6.9	-3.8	3.7
Import of goods & services	6.7	5.9	9.1	0.9	4.6
Import of goods	9.8	9.1	12.8	1.0	5.2
Import of services	-5.2	-6.8	-4.8	-0.3	1.2

Krungsri Research view:

Temporary factors lifted 4Q25 GDP. While growth momentum is expected to moderate in 2026, our current 1.8% forecast is under review (scheduled for release on Feb 26), with a modest upward bias.

Thailand's GDP growth in 4Q25 came out above expectations, driven mainly by several temporary factors, including: 1) measures to boost domestic spending during the quarter, particularly the Half-Half Plus program and domestic tourism incentives; 2) front-loaded domestically-made EV purchases ahead of the EV 3.0 subsidy expiration and lower incentives under EV 3.5; 3) accelerated budget disbursement in both public consumption and investment ahead of the dissolution of parliament; and 4) inventory accumulation in gold and agricultural products.

Looking ahead to 2026, these temporary supportive factors are expected to fade, and the economy could lose some growth momentum. GDP growth is projected to slow from 2.4% in 2025, reflecting the fading effects of stimulus measures, constrained public spending during the caretaker-government period, and the full-year impact of US tariff policy.

Despite expected slowing growth momentum, our recent 2026 GDP growth forecast of 1.8% is currently under review (scheduled for release on February 26), with a modest upward bias reflecting both technical and political factors. The stronger-than-expected 4Q25 GDP outturn provides a more favorable base entering 2026. In addition, market expectations for the formation of a more stable government with a solid parliamentary majority could, if realized, improve policy continuity and execution. Timely implementation of both budgetary and non-budgetary stimulus measures would support domestic demand, strengthen investor confidence, and reinforce FDI inflows. **Nevertheless, the upside may be constrained by limited fiscal space and rising public debt, which could cap the scope for further fiscal support.**

From a monetary policy perspective, the stronger-than-expected growth reinforces our expectation that the MPC will maintain its policy rate at the upcoming meeting on February 25. The likelihood of rate cuts later this year could edge lower if fiscal policy becomes more supportive from 2Q26 onward. However, given persistent structural and external headwinds, monetary policy is likely to remain cautious and data-dependent.

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