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THB Thermometer

May 2026

Foreign Exchange Market Update

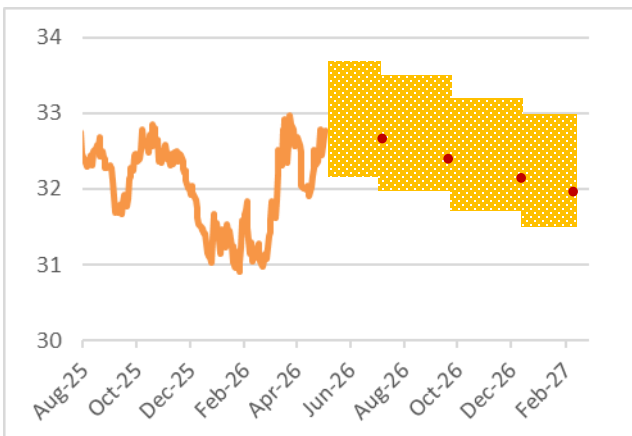
Recap : April

Baht Appreciation

- The baht fluctuated, driven by geopolitical developments, oil prices, and shifting expectations for Fed policy. The Bank of Thailand's Monetary Policy Committee on Apr. 29th left the one-day repurchase rate at 1.00%, as expected. Meanwhile, Moody's revised Thailand's outlook to "stable" from "negative", citing reduced downside risks from U.S. tariffs on Thai exports, improving investment momentum, and the formation of a governing coalition with a sizeable parliamentary majority. The country's rating was affirmed at "Baa1".
- USD0.6 billion current-account surplus in March
- THB2.4 billion net foreign selling of SET-listed shares in April
- THB5.3 billion net foreign buying of Thai government bonds in April

* Based on outright trading value. The accumulated net buying value may double count the trading value of rollovers.

USD/THB



Historical Performance

	THB vs USD	THB vs JPY
1 month	0.99%	0.82%
3 months	-3.69%	-0.30%
12 months	2.41%	12.45%

As of April 30, 2026, "-" indicates THB depreciation

Outlook: Q2 Weakness

We maintain our forecast profile from the previous month. While the outlook for escalation versus de-escalation of the conflict can shift rapidly on a day-to-day basis, we expect both oil prices and the USD to peak in Q2/26. Our baseline assumes some scope for U.S. rate cuts later in the year, particularly if crude oil prices retreat in case tensions ease. A crucial risk to this view would be a prolonged closure of the Strait of Hormuz.

Foreign Exchange Market Update

Recap : April

Despite elevated energy prices, the dollar index softened, weighed by the resilience in risk appetite. Relatively subdued volatility in the equity markets in the face of a protracted conflict in the Middle East helped contain USD demand. However, hawkish Fed policy language and yen-buying intervention by Japanese authorities led to price swings at the end of the month.

€ Performance

The euro strengthened, lifted by broad USD weakness, and at one stage fully recovered its losses following the outbreak of the conflict. The European Central Bank left rates at 2.00% on Apr. 30th. ECB President Lagarde said the option of a rate hike was already put on the table as inflation developments were diverging from the ECB's 'baseline' projection.

€ Outlook

We expect the ECB to raise rates this year. While the euro could face near-term downside pressure, our view is for gradual appreciation later in the year on the assumption that the Fed eventually pivots toward easing once the energy supply shock shows signs of abating.

Appreciation

Near-term Downside

¥ Performance

The yen briefly weakened beyond 160 per dollar again following the hawkish Fed hold and elevated oil prices, before bouncing abruptly on intervention. The Bank of Japan kept rates at 0.75% on Apr. 28th but three of nine-member board proposed a hike.

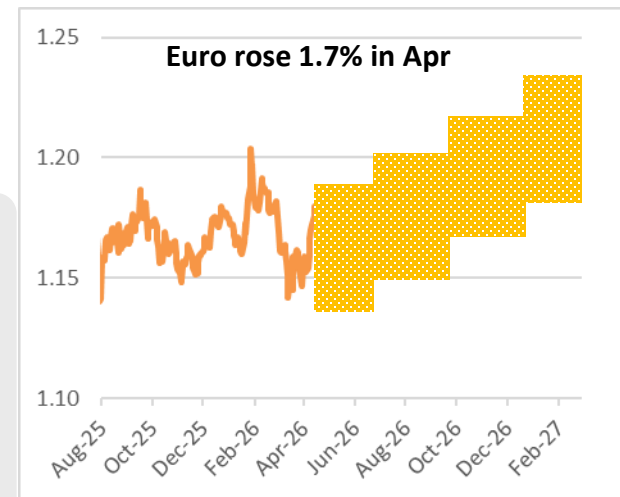
¥ Outlook

While intervention on its own may only provide temporary support, we see a more sustained recovery in the currency assuming a market repricing toward Fed rate cuts later this year, potential easing in Middle East tensions, and further tightening by the BoJ.

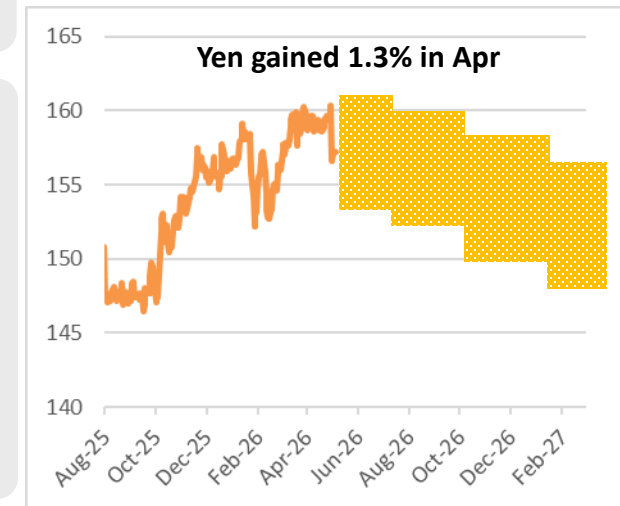
Appreciation

Near-term Downside

EUR/USD

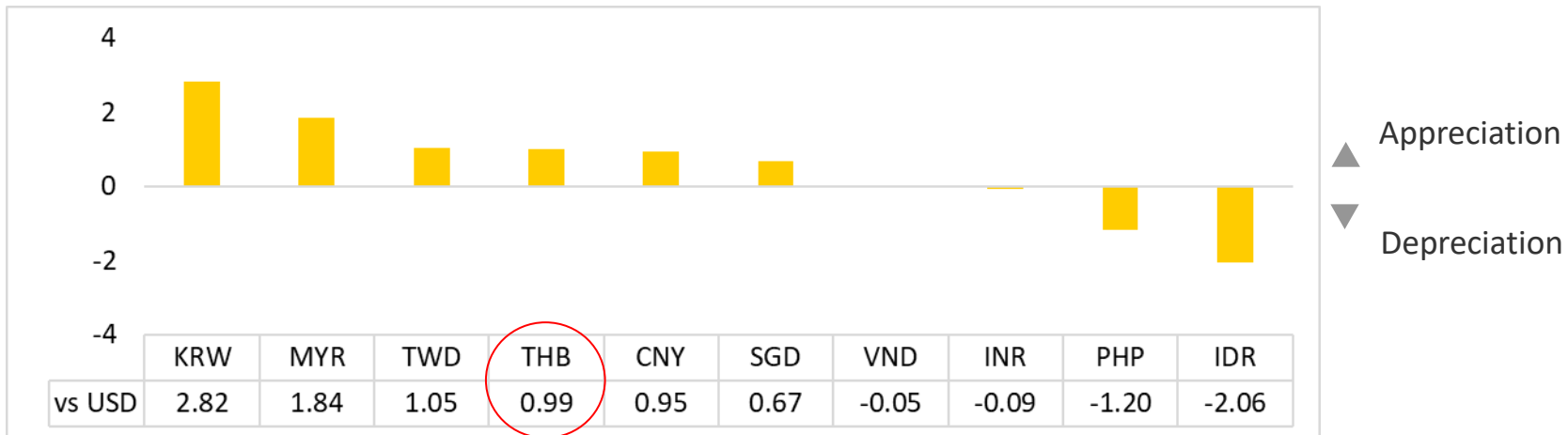


USD/JPY

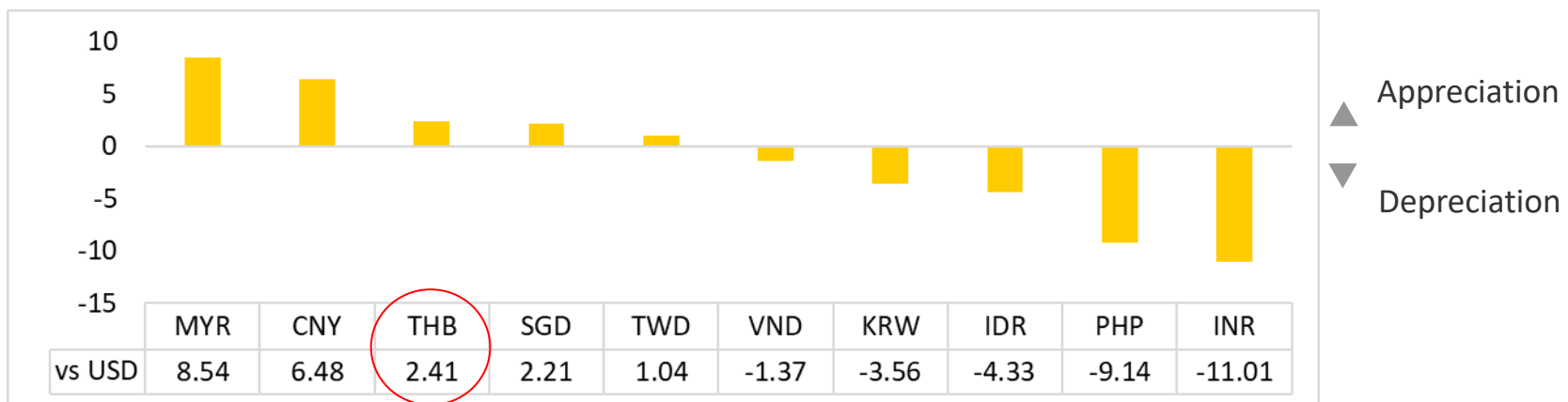


Foreign Exchange Market Update

Monthly Performance (%)



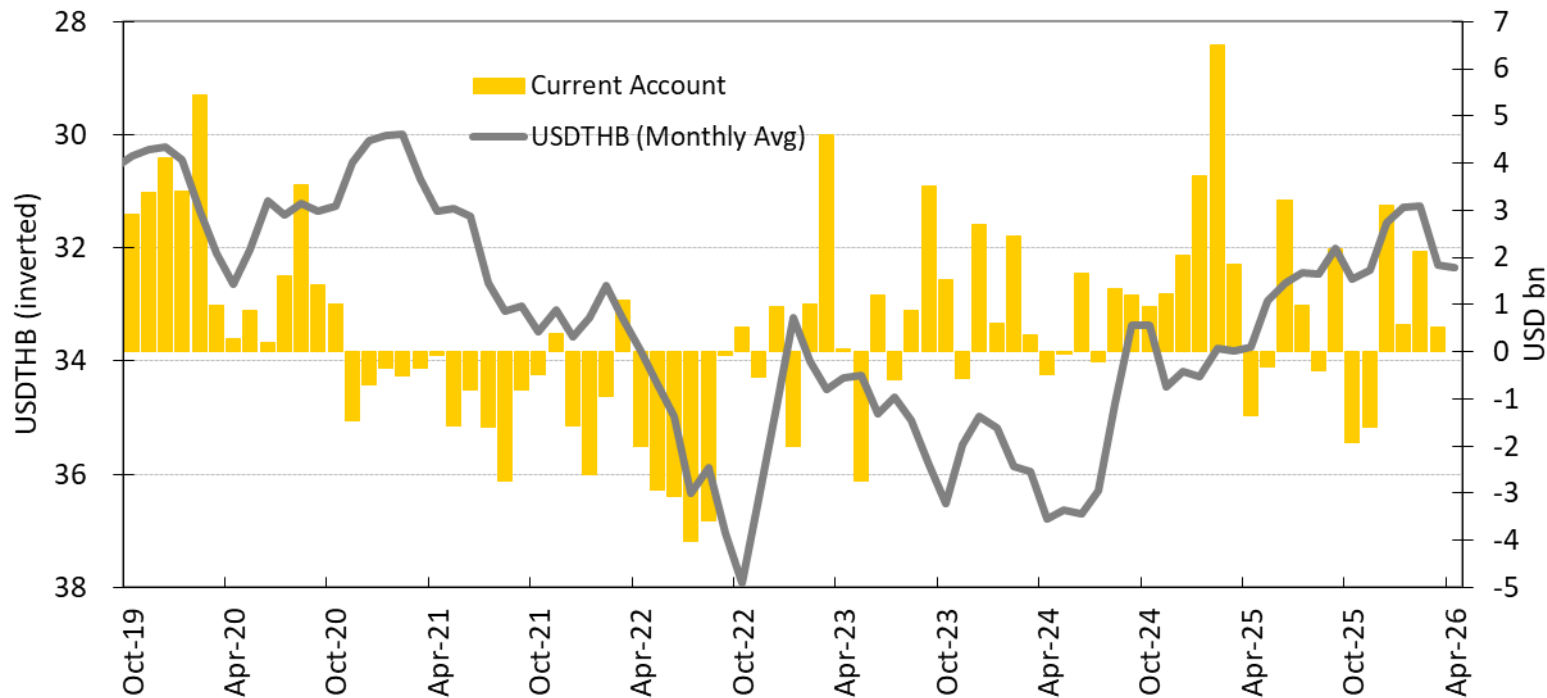
Yearly Performance (%)



Bloomberg, Refinitiv, data as April 30, 2026, yearly is past 12 months, "-" indicates currency depreciation against USD

Thailand: External Accounts

Current Account & USD/THB



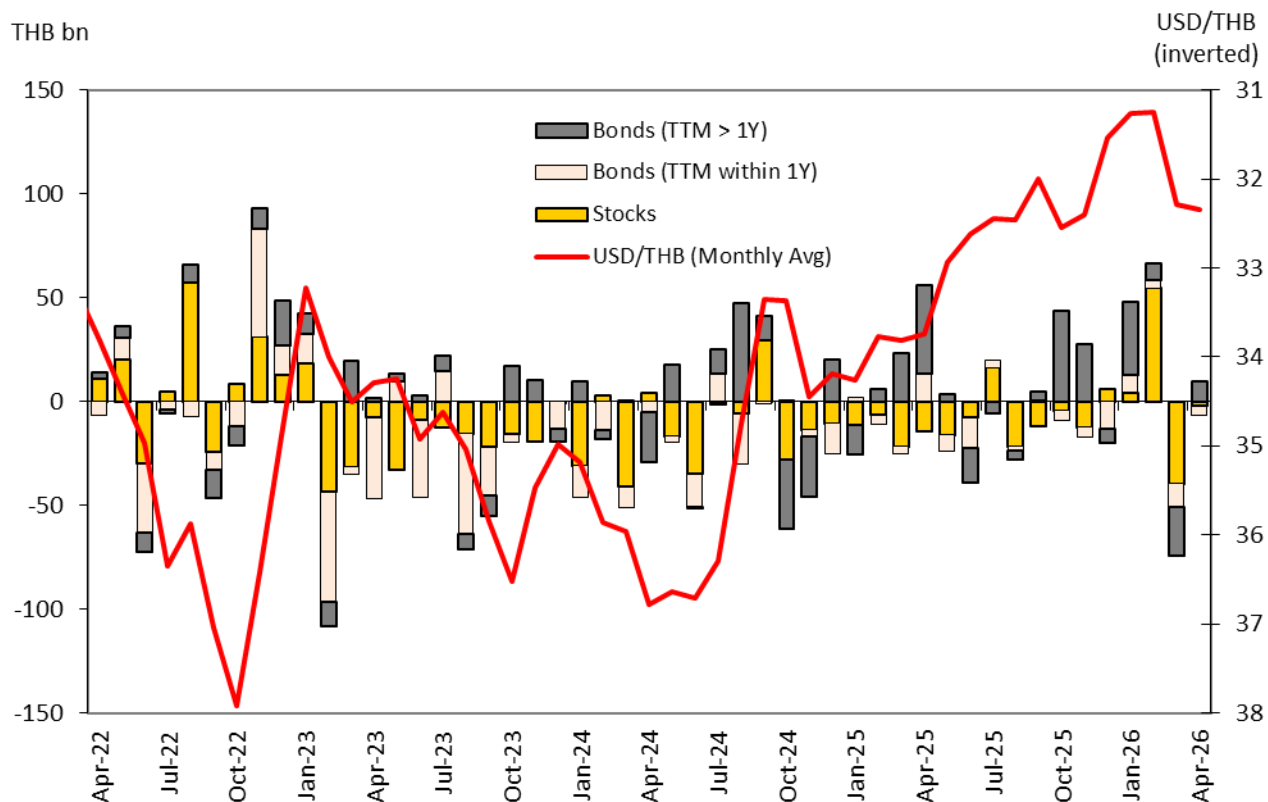
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Mar-26	19.3	37.2	-0.1	0.6	303.63 ▼
Feb-26	10.6	31.7	0.6	2.1	316.18 ▲
Jan-26	23.6	30.1	-0.7	0.5	312.12 ▲

Bank of Thailand, * including net forward position

Thailand: Foreign Portfolio Flows

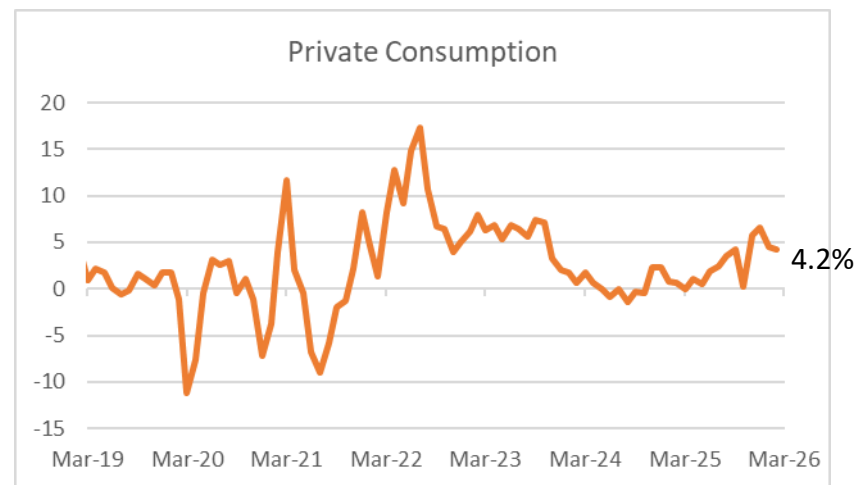
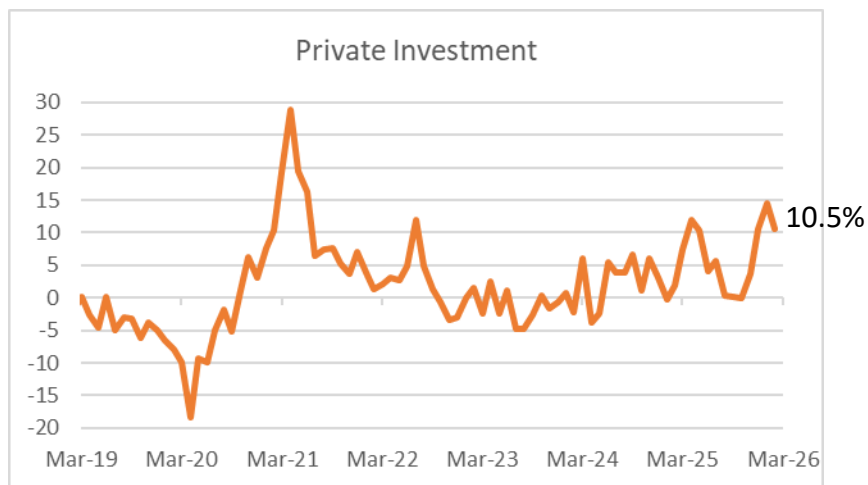
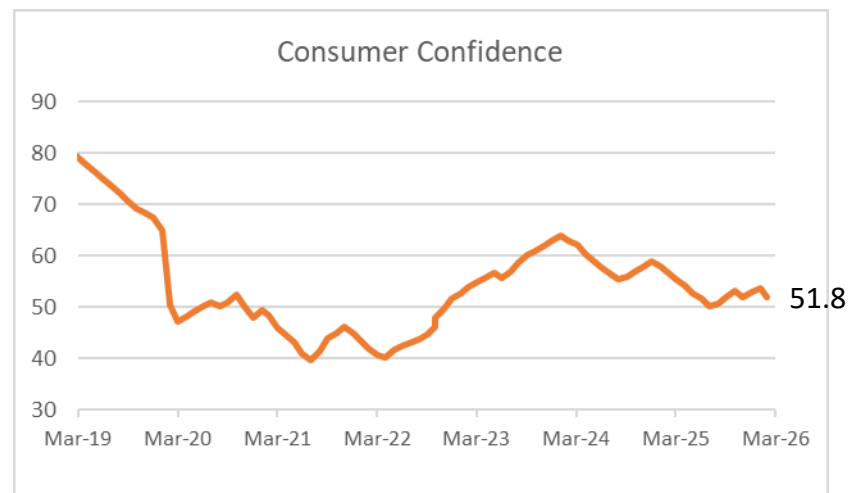
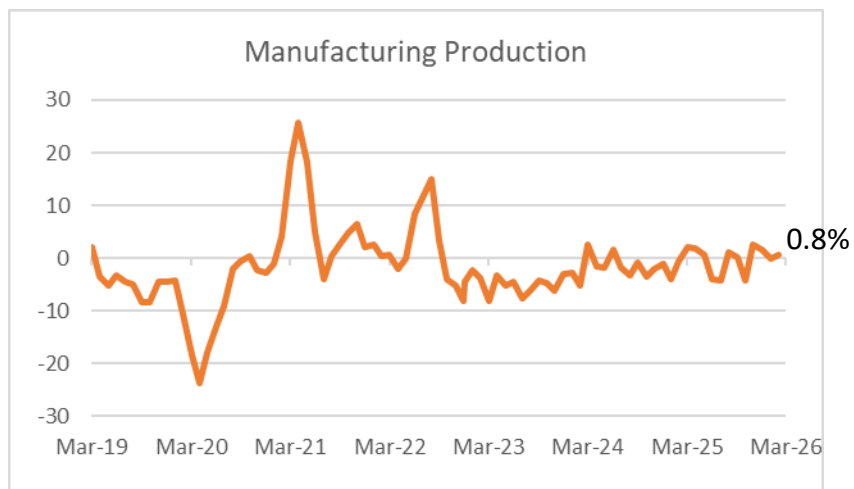
Net Foreign Position & USD/THB

THB mn	2021	2022	2023	2024	2025	4M2026
Stocks	(48,578)	201,895	(192,490)	(147,940)	(107,060)	16,758
Bonds	145,917	48,448	(146,148)	(67,608)	65,876	26,091



Thai Bond Market Association (* based on outright trading value; the accumulated net buying value may double count the trading value of rollovers), Stock Exchange of Thailand, Bank of Thailand, last data points: April 2026

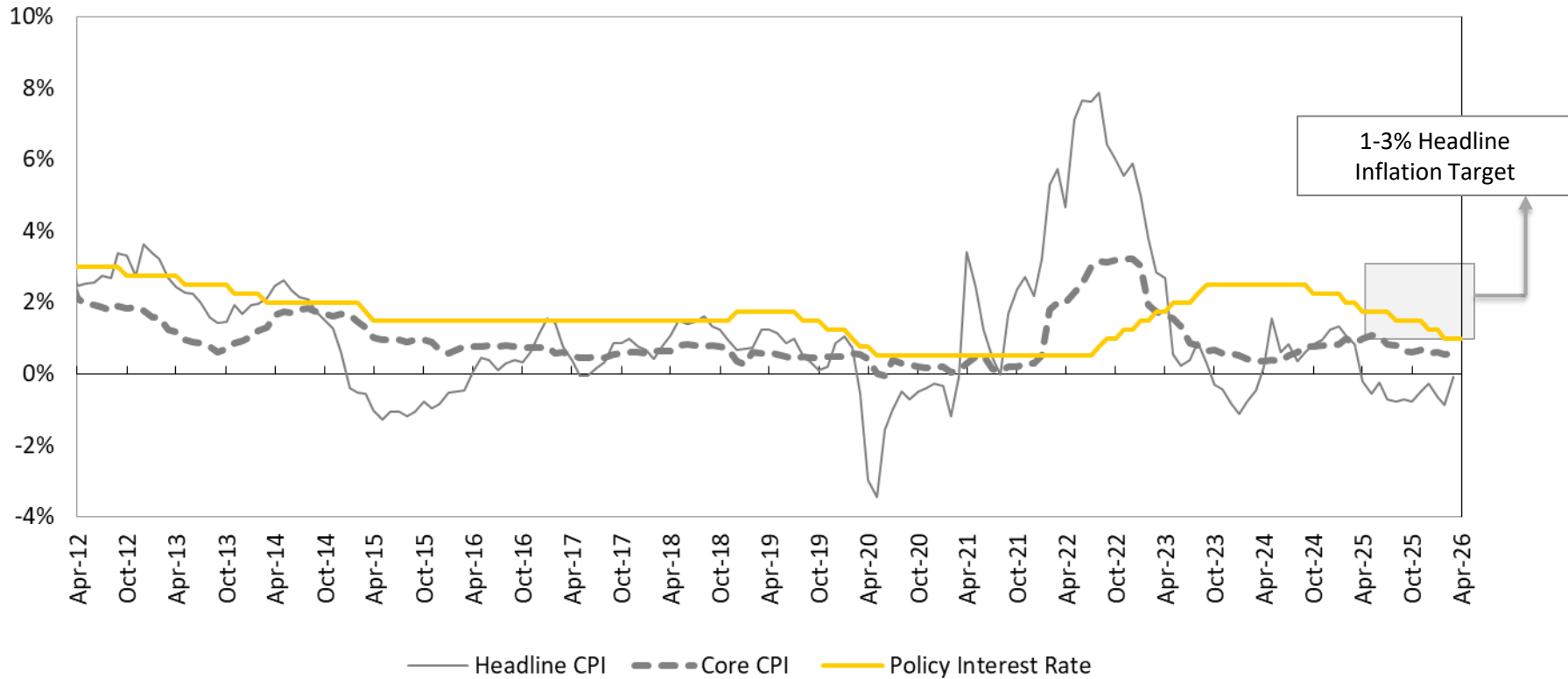
Thailand: Domestic Economy



Bank of Thailand, UTCC, last data points: March 2026

Thailand: Inflation

Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Mar-26	-0.08% ▲	0.57% ▲
Feb-26	-0.88% ▼	0.56% ▼
Jan-26	-0.66% ▼	0.60% ▲

Ministry of Commerce, Bank of Thailand

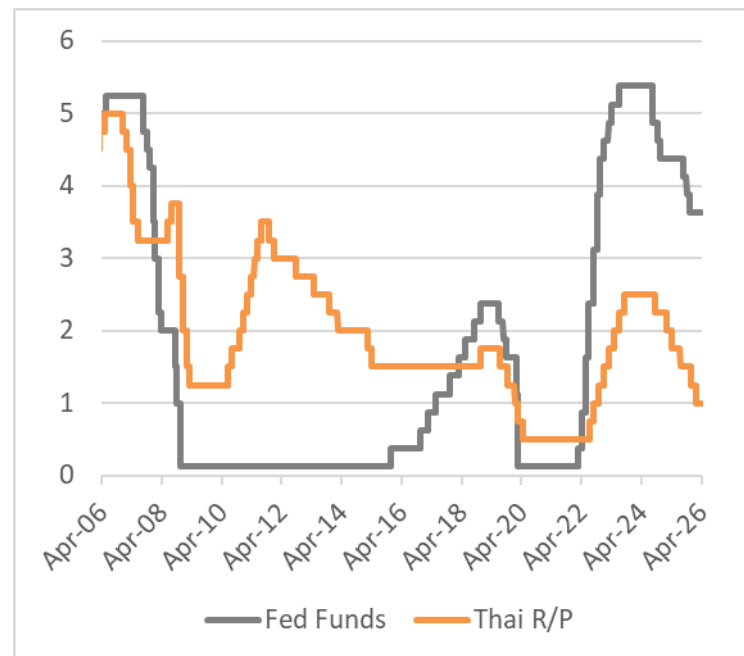
Interest Rate Market Update

Powell: to keep a low profile

- The Fed left rates unchanged at 3.50-3.75% at the April 28-29 FOMC, matching market expectations, but delivered a hawkish hold. Policymakers flagged elevated inflation driven by energy prices and highlighted high uncertainty from geopolitical developments. While growth remains resilient, the labor market shows signs of softening. Notably, the decision saw an unusually large 8-4 split, with dissent concentrated around arguing against easing bias, signaling a shift toward a more neutral-to-restrictive stance. One member favored rate reduction. Overall, the Fed reinforced a data-dependent, higher-for-longer narrative, with rate cuts not seen as imminent. Chair Powell stated he will remain on the Board of Governors after his term as Fed Chair ends in May, reducing the chance that President Trump could shift the balance of power within the Fed in the near term.

- Treasury yields ended a volatile month higher as markets eventually pushing back expectations for the timing of Fed easing. We anticipate the Fed to delay rate cuts rather than rule them out altogether, with incoming labor market conditions remaining a key determinant of the policy path.

US Federal Funds and Thai Policy Rates (%)



end of period	Oct-25	Jan-26	Mar-26	Apr-26
SOFR6M	3.78944%	3.61597%	3.70002%	3.68419%
THOR6M	1.64385%	1.45862%	1.30816%	1.22521%
Diff	-2.14559%	-2.15735% ▼	-2.39186% ▼	-2.45898% ▼

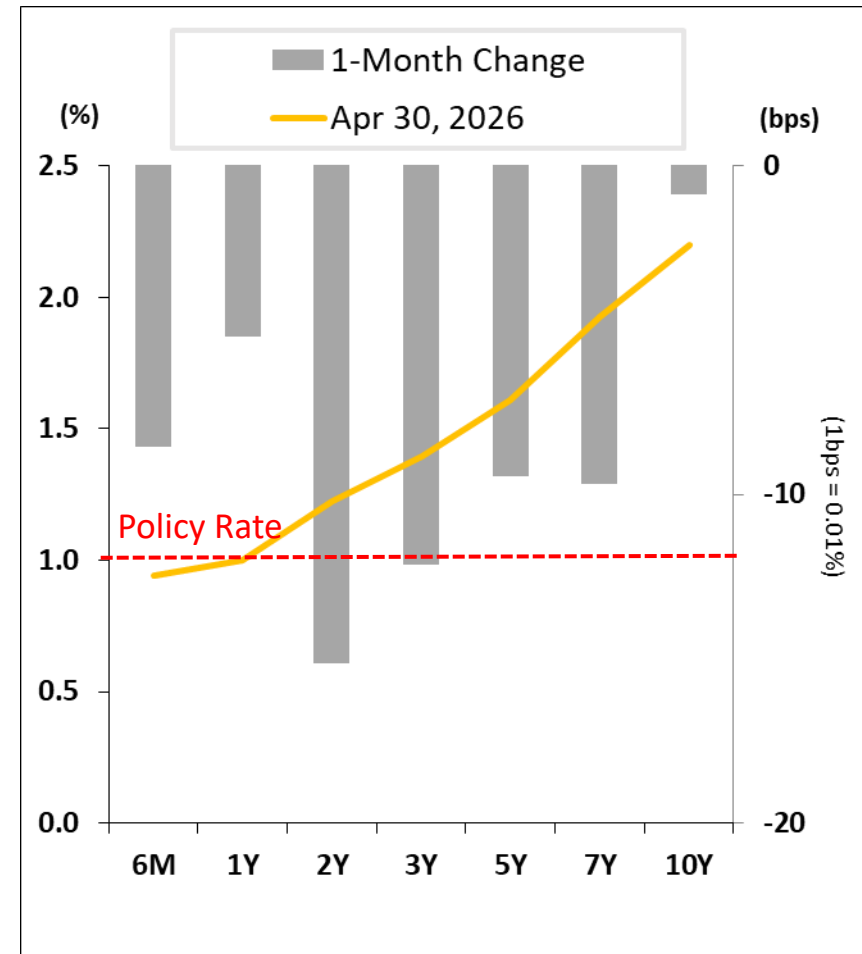
Refinitiv

Interest Rate Market Update

MPC on hold, Moody's ups outlook

- The Monetary Policy Committee on Apr. 29th voted 6-0, to keep the policy rate unchanged at 1.00% and assessed that the economy is being affected by the Middle East conflict. Private consumption is expected to soften in line with slower income growth and a higher cost of living. Tourism activity is projected to decelerate due to travel constraints and rising expenses, while exports are rather resilient, thanks to robust demand for technology goods. The MPC expects inflation to temporarily exceed the upper bound of the 3% target range but is prepared to tolerate this overshoot, as weak domestic demand is likely to help contain underlying price pressures. GDP growth rates in 2026 and 2027 are forecast at 1.5% and 2.0%, respectively, according to the BoT. Concurrently, the MoF projects the economy to expand 1.6% this year.
- Thai sovereign yields corrected lower, supported by the ceasefire and uncertainty surrounding fiscal risk assessments. The government floated the idea that public debt currently stands at about 66% of GDP, close to the existing 70% ceiling, will need to be stretched. Nonetheless, a few days later, Moody's announced to upgrade Thailand's outlook to Stable as tariff-related downside risks fade and investment recovers, but warned that high oil prices, rising public debt, and structural growth weaknesses still limit rating upside. Looking ahead, we expect the MPC to keep the policy rate unchanged for the remainder of 2026. Any rate hikes would adversely affect vulnerable groups, while rate cuts could raise inflation risks.

Thai Government Yield Curve



Thai Bond Market Association

Forecast

FX	USD/THB	USD/JPY	JPY/THB
Apr 2026*	32.61	156.63	20.46
Q2/26F	32.25-33.75	153-161	20.20-21.40
Q3/26F	32.00-33.50	152-160	20.30-21.50
Q4/26F	31.75-33.25	150-158	20.50-21.80
Q1/27F	31.50-33.00	148-156	20.50-22.00

JPY/THB is per 100 yen, * USD/THB based on Bangkok closing rates, USD/JPY on New York close

Policy Interest Rates	Current	end-Q1/27F
USD Fed Funds	3.50-3.75%	3.50% *
EUR Deposit Facility	2.00%	2.25%
JPY O/N Call	0.75%	1.25%
THB 1-day R/P	1.00%	1.00%

As of May 5, 2026, * upper bound

MoF Economic Projection

	2025	2026F
Real GDP growth	2.4%	1.6%
Private Consumption growth	2.7%	2.3%
Private Investment growth	3.5%	3.2%
Public Consumption growth	0.6%	1.3%
Public Investment growth	8.9%	1.7%
Export Value growth	12.7%	6.2%
Import Value growth	13.0%	13.9%
Current Account (USD bn)	15.9	6.0
Headline CPI Inflation	-0.1%	3.0%

Fiscal Policy Office, April 2026



Contact Persons

Global Markets Research and Analysis Section

Roong Sanguanruang

Roong.Sanguanruang@krungsri.com

Pitchaporn Sriphanomsak

Pitchaporn.Sriphanomsak@krungsri.com

Bank of Ayudhya Public Company Limited

(A member of MUFG, a global financial group)

<Head Office>

1222 Rama III Road, Bang Phongphang Yan Nawa, Bangkok 10120 Thailand

<Global Markets Group>

550 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Thailand

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[@krungsrifx](https://www.line.me/@krungsrifx)

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