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THB Thermometer

December 2025

Foreign Exchange Market Update

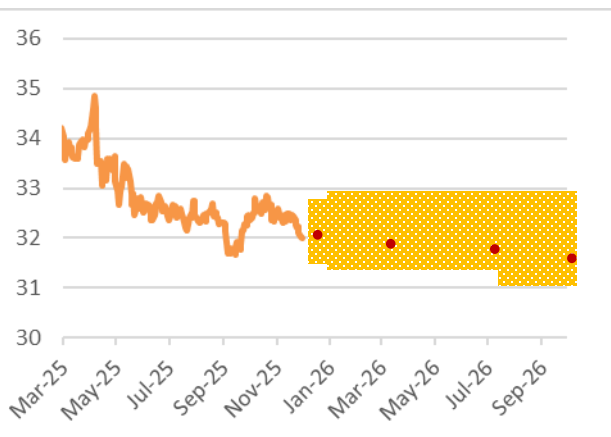
Recap : November

Slight Baht Appreciation

- The baht got stuck in a narrow trading range throughout the month, shrugging off weaker-than-expected GDP data. U.S. interest rate outlook and global gold prices remained influential although the overall volatility turned more subdued. The National Economic and Social Development Council revealed the Thai economy in the third quarter expanded 1.2% y-o-y and contracted 0.6% q-o-q, weighed by weaker tourism and manufacturing during a period of domestic political uncertainty and a border conflict.
- USD1.8 billion current-account deficit in October
- THB12.5 billion net foreign selling of SET-listed shares in November
- THB22.6 billion net foreign buying of Thai government bonds in November

* 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	0.46%	1.77%
3 months	0.49%	6.48%
12 months	5.96%	9.72%

As of November 28, 2025, “-” indicates THB depreciation

Outlook: Modest Strength

With a hawkish December rate cut by the Federal Reserve almost fully priced, the tone of communication from policymakers and upcoming U.S. economic data will prove crucial. Kevin Hassett, if selected as new Fed Chair, is perceived as USD-negative because of his strong alignment with Trump’s preference for aggressive rate cuts. Continued appreciation of the Chinese yuan is also likely to provide some support for the Thai baht.

Foreign Exchange Market Update

Recap : November

The USD index fluctuated over the past month as market participants reassessed their views on Fed policy, oscillating between hopes for easing and caution. Even with the historic 43-day U.S. government shutdown finally resolved, the broader sentiment remained guarded as players awaited more up-to-date economic indicators to gauge growth outlook.

€ Performance

Slight Appreciation

Mixed U.S. employment figures helped limit directional momentum for the euro. Meanwhile, European Central Bank policymakers said the European Union can offset the economic drag from U.S. trade tariffs and deglobalization by removing internal barriers.

€ Outlook

Eventual Appreciation

We continue to anticipate renewed dollar weakness, but a sustained decline will likely hinge on softer U.S. labor data and a further uptick in pricing for Fed rate cuts in 2026. In the interim, the ECB appears poised for an extended pause on interest rates.

¥ Performance

Depreciation

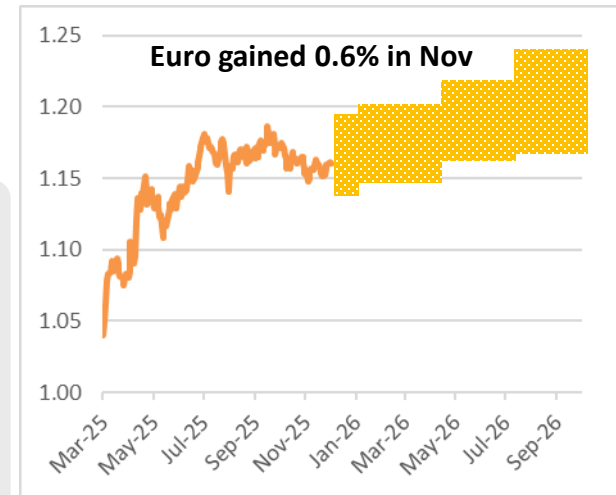
The yen extended losses as markets eyed pro-growth agenda of the Takaichi administration. The JPY21.3 trillion fiscal package aims to provide relief from rising prices, support growth and strengthen defense capabilities. Japanese authorities have repeatedly resorted to verbal intervention to stem yen selloffs, but these efforts have so far yielded little tangible impact.

¥ Outlook

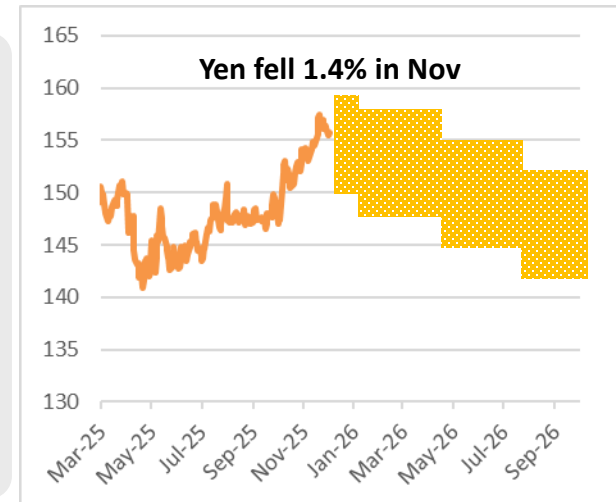
Eventual Appreciation

With markets growing more confident over a December rate increase by the Bank of Japan, the yen may somewhat retain recovery potential in the near term. As the Fed is likely to ease policy further, the yield gap dynamics should gradually act as a catalyst for yen appreciation.

EUR/USD

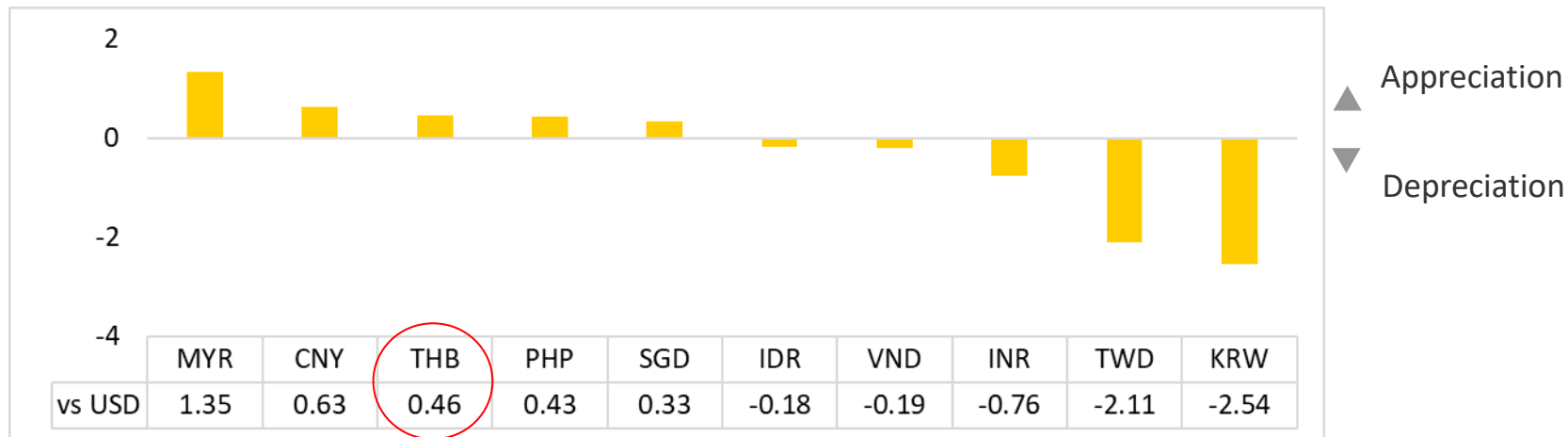


USD/JPY

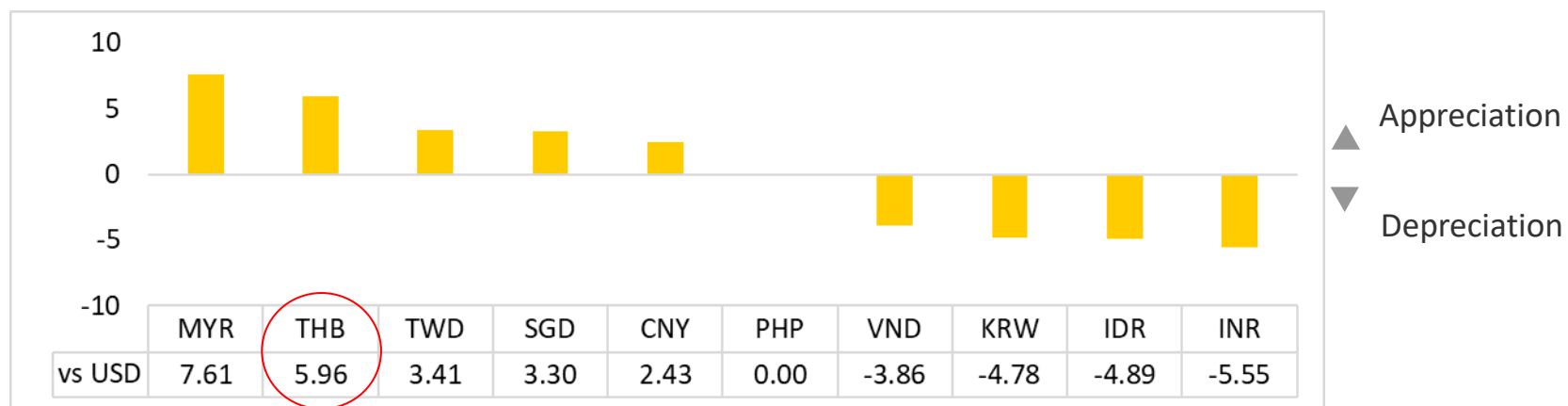


Foreign Exchange Market Update

Monthly Performance (%)



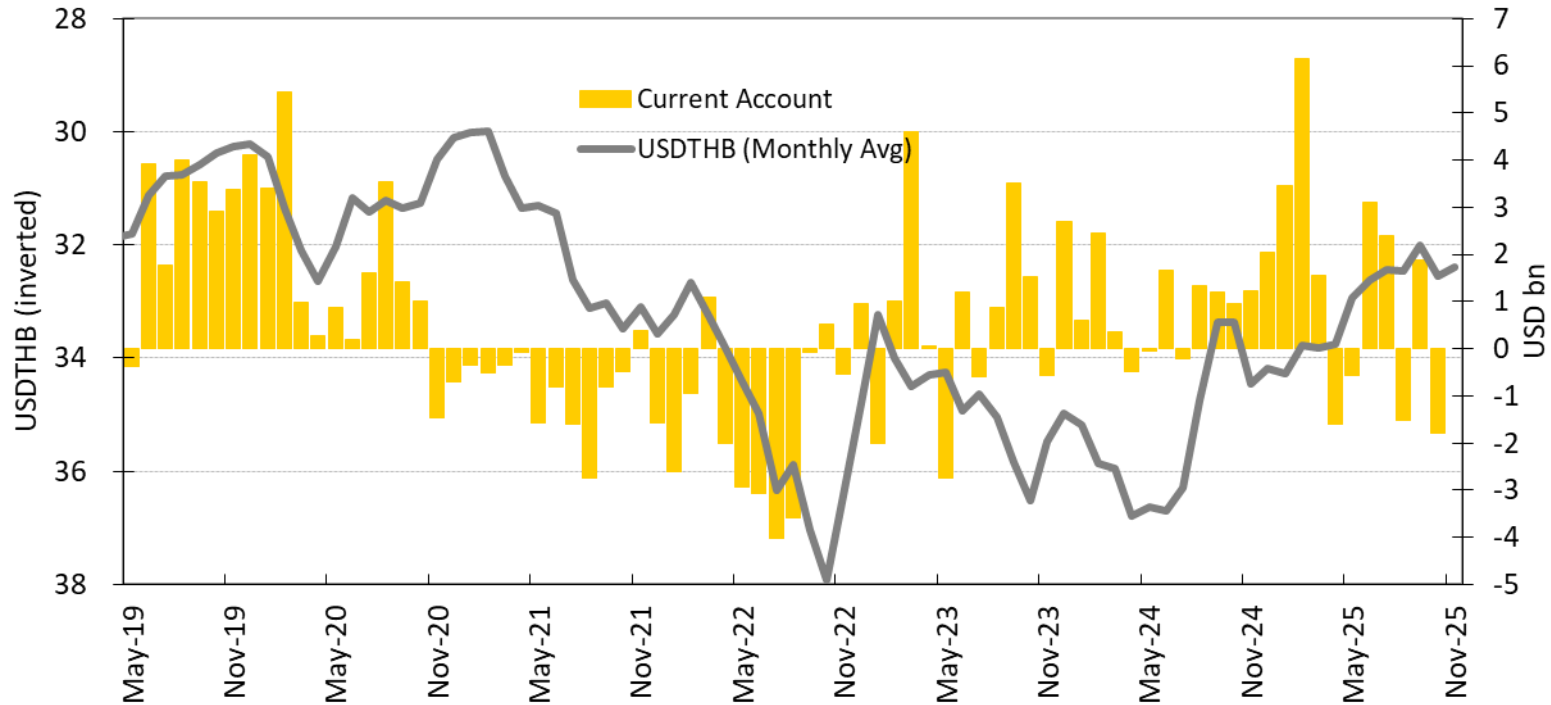
Yearly Performance (%)



Bloomberg, Refinitiv, data as of November 28, 2025, yearly is past 12 months, "-" indicates currency depreciation against USD

Thailand: External Accounts

Current Account & USD/THB



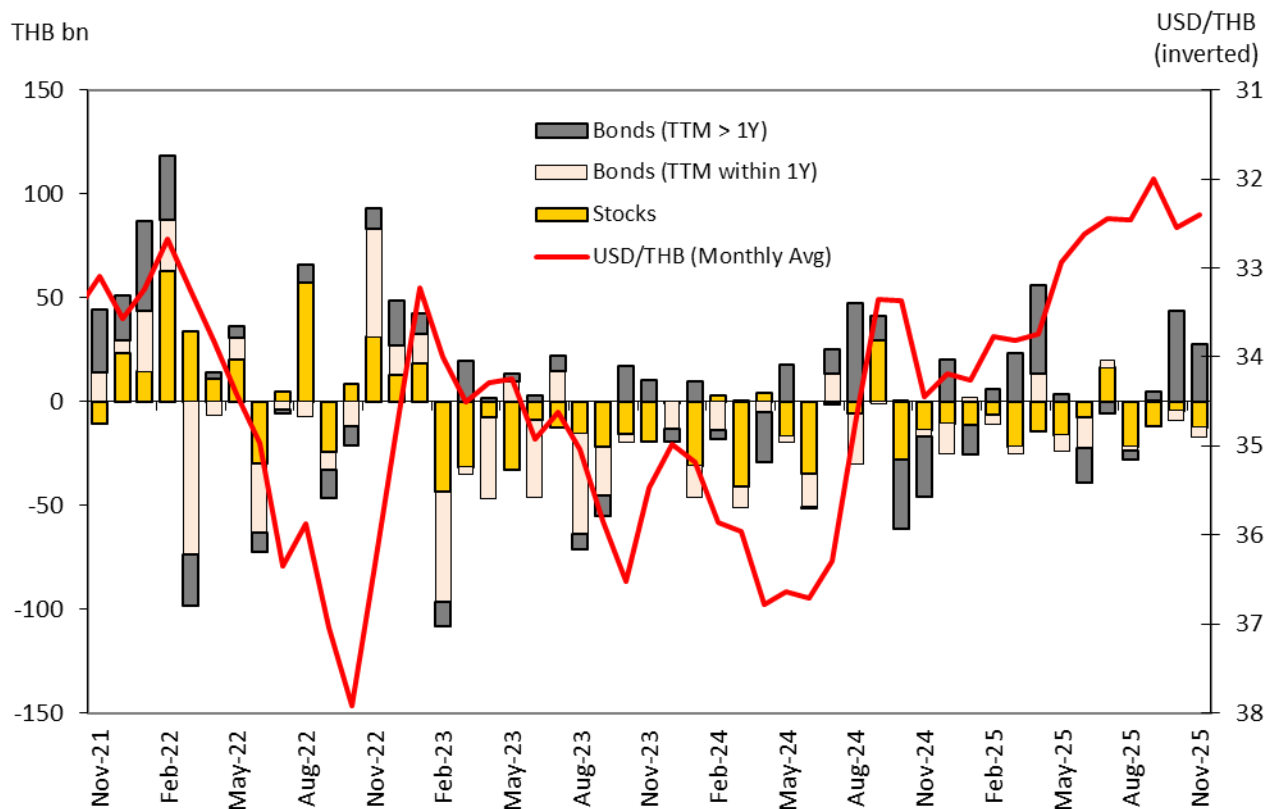
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Oct-25	5.3	18.0	-1.0	-1.8	295.46 ▼
Sep-25	19.2	18.0	3.6	1.9	296.48 ▲
Aug-25	5.5	14.7	0.8	-1.5	290.34 ▲

Bank of Thailand, * including net forward position

Thailand: Foreign Portfolio Flows

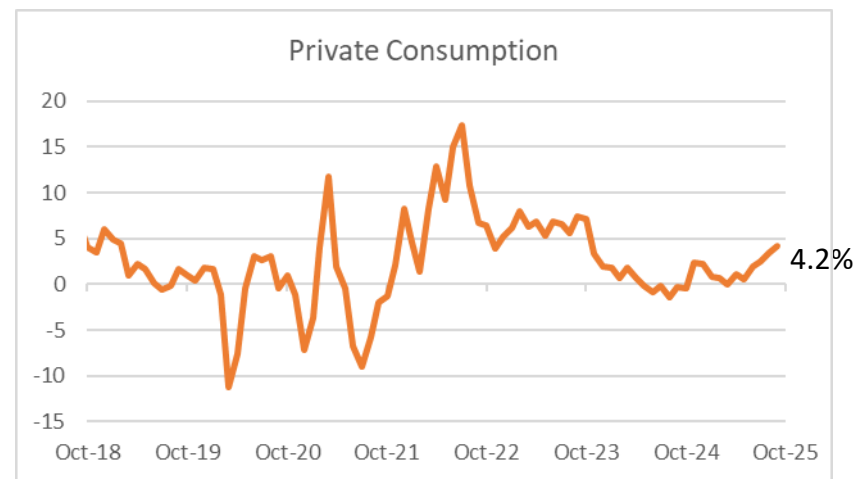
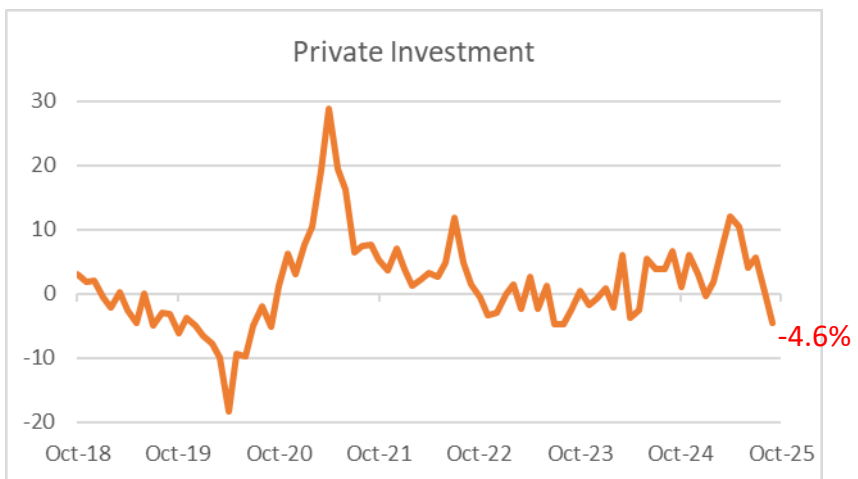
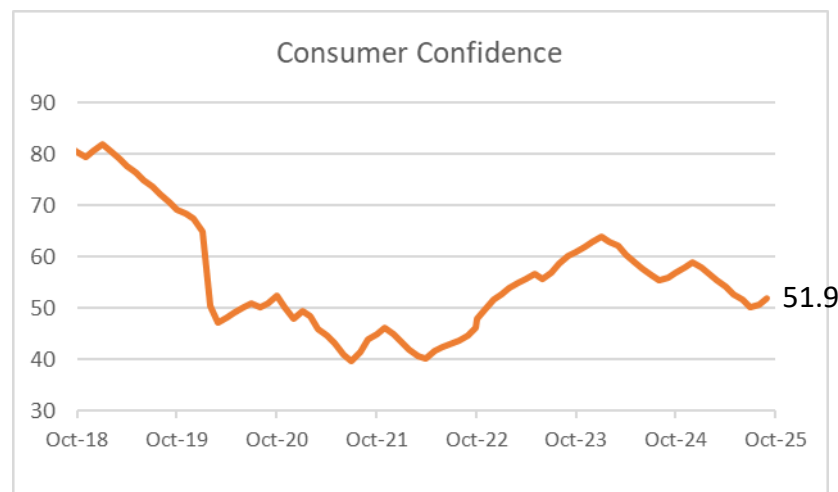
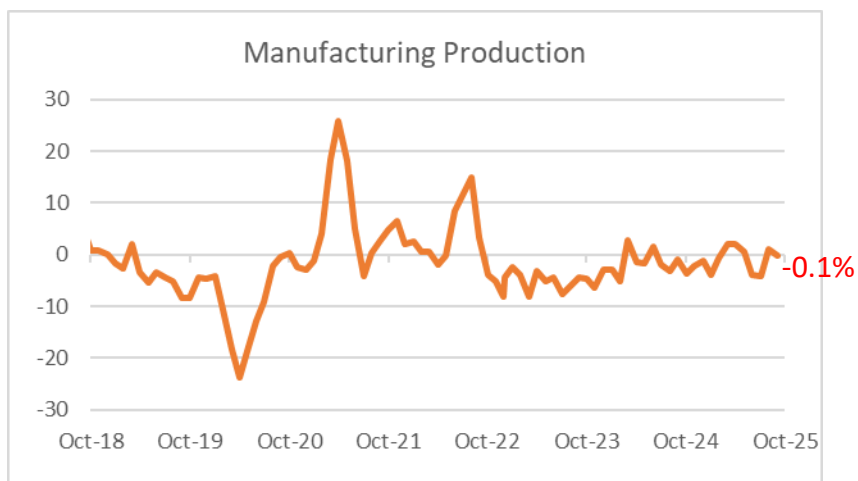
Net Foreign Position & USD/THB

THB mn	2020	2021	2022	2023	2024	11M2025
Stocks	(264,384)	(48,578)	201,895	(192,490)	(147,940)	(113,113)
Bonds	(65,961)	145,917	48,448	(146,148)	(67,608)	85,790



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: November 2025

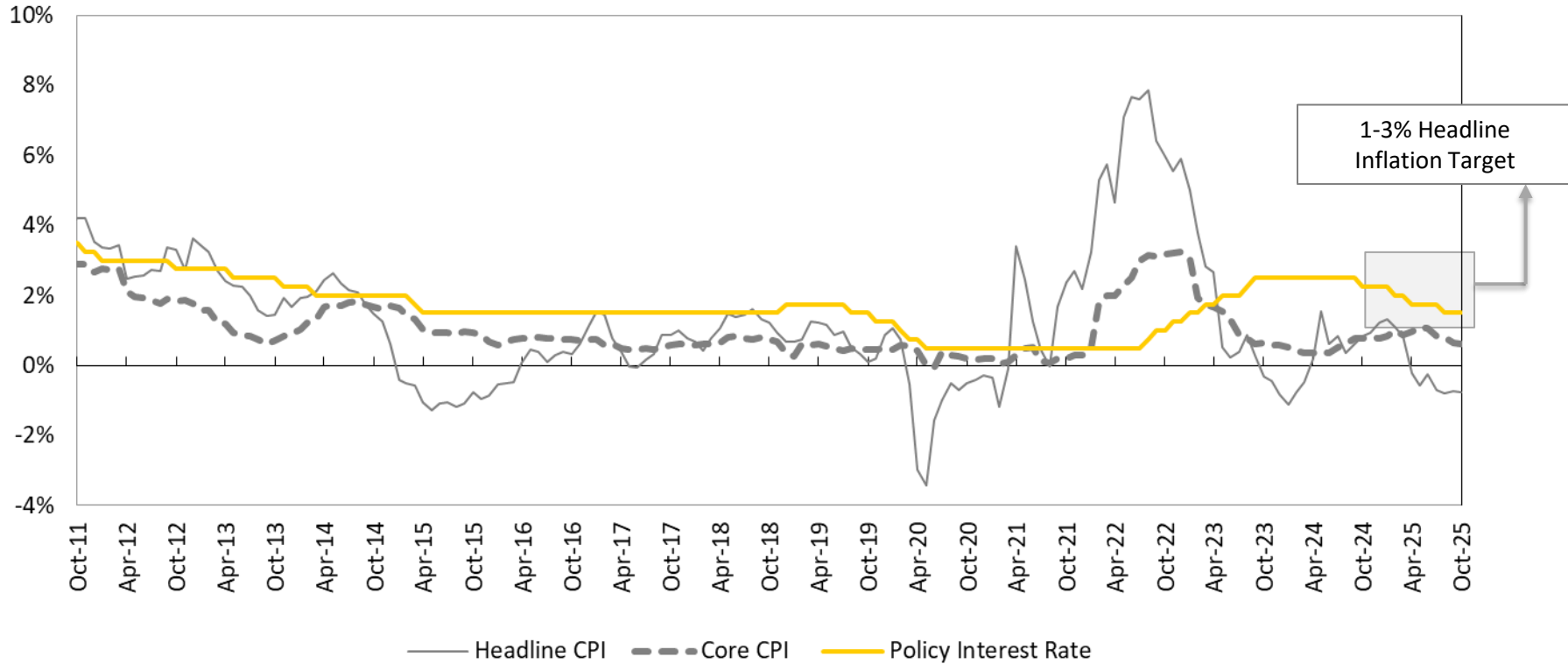
Thailand: Domestic Economy



Bank of Thailand, UTCC, last data points: October 2025

Thailand: Inflation

Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Oct-25	-0.76% ▼	0.61% ▼
Sep-25	-0.72% ▲	0.65% ▼
Aug-25	-0.79% ▼	0.81% ▼

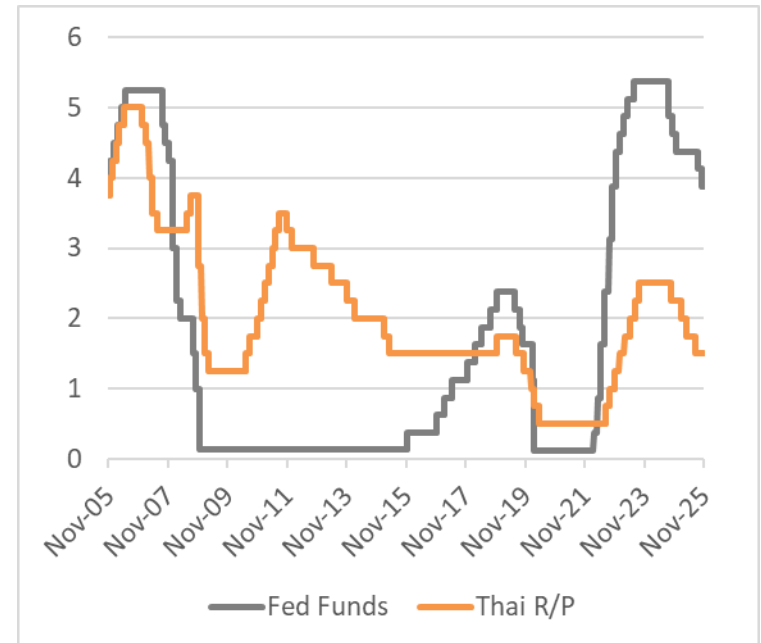
Ministry of Commerce, Bank of Thailand

Interest Rate Market Update

The Williams put

- Comments from New York Fed President Williams, that interest rates can fall "in the near term", revived expectations of a rate cut at the December 9-10 FOMC meeting, even as other policymakers stood relatively divided. Williams said rates could decline without putting the inflation goal at risk, while helping guard against weakness in the job market. Some other members though expressed that they were hesitant about further easing.
- UST yields initially advanced on upbeat ISM Services and delayed payrolls data before ending the month lower as the Fed offered imminent rate cut hopes. Caution also mounted over tech stock valuations, pulling yields down amid elevated safe-haven demand. We reckon the Fed will deliver a hawkish cut in December. Beyond that, it would still be pretty much data-dependent. Concurrently, a successor to Chair Powell could be announced before Christmas. This may spur yield volatility, as markets recalibrate assumptions about the Fed's reaction function under new leadership.

US Federal Funds and Thai Policy Rates (%)



end of period	May-25	Aug-25	Oct-25	Nov-25
SOFR6M	4.26567%	4.02060%	3.78944%	3.70202%
THOR6M	2.08565%	1.81397%	1.64385%	1.60536%
Diff	-2.18002%	-2.20663% ▼	-2.14559% ▲	-2.09666% ▼

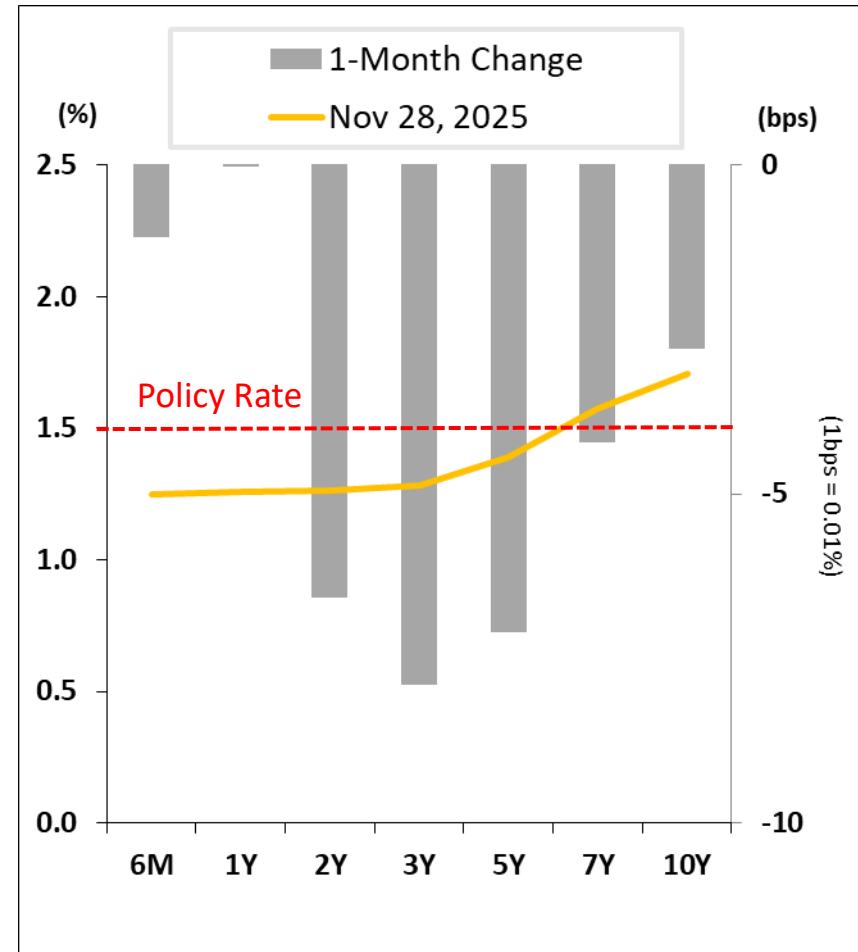
Refinitiv

Interest Rate Market Update

Renewed easing on table

- The Thai economy grew at its slowest pace in four years in Q3/25, undermined by weaker tourism and manufacturing during a period of domestic political transition and a border conflict. GDP expanded 1.2% y-o-y, according to the National Economic and Social Development Council, compared with 2.8% in the preceding quarter. On a quarterly basis, the economy contracted by a seasonally adjusted 0.6%, the first decline in nearly three years. The NESDC adjusted its full-year growth forecast to 2% from a previous estimate of 1.8-2.3%. It projected growth of 1.2-2.2% for 2026. More recently, Finance Minister Ekniti said GDP growth in Q4/25 is seen close to 1% y-o-y while BoT Governor Vitai noted there was room to cut rates if needed.
- Thai sovereign yields continued to experience two-way moves before settling lower, taking cues from the U.S. counterparts and as growth headwinds emerged from the flood crisis in the South, as well as initiatives aimed at ensuring long-term fiscal stability. According to Krungsri Research, the economic damage from the Southern floods ranges from THB11.8 billion to THB23.6 billion, depending on the scale of disruption and recovery timeline. We anticipate the Thai MPC will lower rates by 25bps to 1.25% at the December meeting, with another cut possible by mid-2026. This view reflects subdued growth prospects, soft inflation, and the risk of a political vacuum in Q2/26.

Thai Government Yield Curve



Thai Bond Market Association

Forecast

FX	USD/THB	USD/JPY	JPY/THB
Nov 2025*	32.20	156.18	20.60
Dec 2025F	31.50-32.70	150-159	20.00-21.00
Q1/26F	31.25-33.00	148-158	20.30-21.70
Q2/26F	31.25-33.00	145-155	20.50-22.00
Q3/26F	31.00-33.00	142-152	20.70-22.20
Q4/26F	31.00-33.00	140-150	20.80-22.30

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

Policy Interest Rates	Current	end-Q4/26F
USD Fed Funds	3.75-4.00%	3.50% *
EUR Deposit Facility	2.00%	1.75%
JPY O/N Call	0.50%	1.00%
THB 1-day R/P	1.50%	1.00%

As of December 2, 2025, * upper bound

NESDC Economic Projection

	2025F	2026F
Real GDP growth	2.0%	1.2-2.2%
Private Consumption growth	2.8%	2.1%
Private Investment growth	2.0%	0.9%
Public Consumption growth	0.3%	1.2%
Public Investment growth	6.8%	2.9%
Export Value growth	11.2%	-0.3%
Import Value growth	10.4%	0.7%
Current Account (USD bn)	15.8	14.0
Headline CPI Inflation	-0.2%	0-1.0%

Office of the National Economic and Social Development Council, November 2025



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