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THB Thermometer

March 2026

Foreign Exchange Market Update

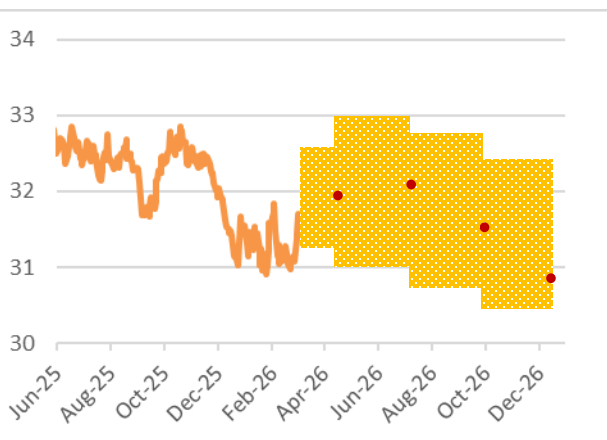
Recap : February

Baht Appreciation

- The baht moved narrowly, taking cues from global gold prices and the yuan. The Monetary Policy Committee on Feb. 25th surprisingly cut the one-day repurchase rate by 25bps to 1.00%. Earlier, the NESDC reported better than expected Q4/25 GDP growth of 2.5% y-o-y. On the political front, the Bhumjaithai Party, led by PM Anutin, won 193 of 500 seats, emerging as the largest party in a high-stakes election. Bhumjaithai has secured a coalition deal with third-place Pheu Thai and smaller parties, an alliance that would hold an estimated 292 seats.
- USD0.7 billion current-account surplus in January
- THB54.5 billion net foreign buying of SET-listed shares in February, biggest single-month purchase since August 2022
- THB12.2 billion net foreign buying of Thai government bonds in February

* 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	1.19%	2.43%
3 months	3.49%	3.36%
12 months	9.08%	12.33%

As of February 27, 2026, “-” indicates THB depreciation

Outlook: Near-term Weakness

A prolonged war in the Middle East or a bigger disruption to energy supplies would pressure the baht and Thailand’s current account, given heavy dependence on imported oil. Seasonal dividend outflows could also cap any baht rebound in Q2. However, if the geopolitical crisis shows initial signs of de-escalation relatively quickly and the broader risk sentiment improves, market attention will return to the U.S. labor market and interest rate outlook, creating room for the baht to recover later in the year.

Foreign Exchange Market Update

Recap : February

Following the selloffs in January, the USD index managed to bounce back, helped by hawkish FOMC minutes, the upturn in equity market volatility, and geopolitical tensions. At the onset of Operation Epic Fury and the closure of the Strait of Hormuz, the dollar strengthened across the board given the U.S. economy's relative resilience to energy price shocks.

€ Performance

Slight Depreciation

The euro traded sideways before declining as a potentially open-ended conflict between the U.S.-Israel and Iran, which has spread across borders in attacks by Tehran triggered a spike in energy prices. The European Central Bank left rates unchanged at 2.00% on Feb. 5th.

€ Outlook

Near-term Downside

With natural gas prices having skyrocketed, a protracted supply disruption will weigh further on the euro. Evolving developments on the battle grounds will be crucial. Assuming relative stability resumes in the coming months, we maintain our weak dollar view over time.

¥ Performance

Depreciation

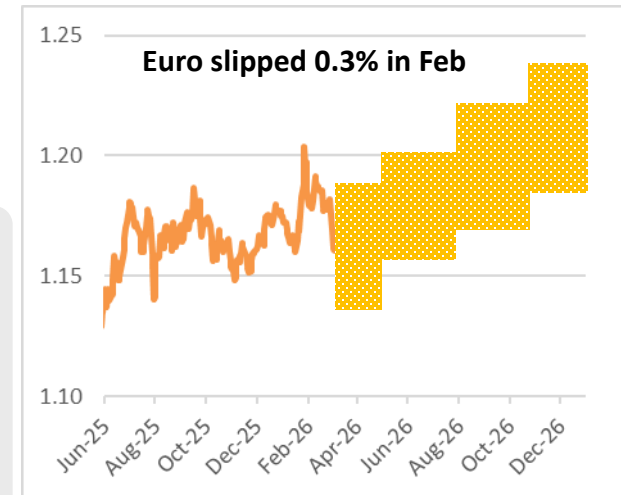
The yen fell on oil price rally and the uncertain timing of the next rate increase by the Bank of Japan. While the landslide election victory by the LDP failed to de-stabilize the JGB market, anxiety lingered as the Takaichi government tapped reflationists for central bank board.

¥ Outlook

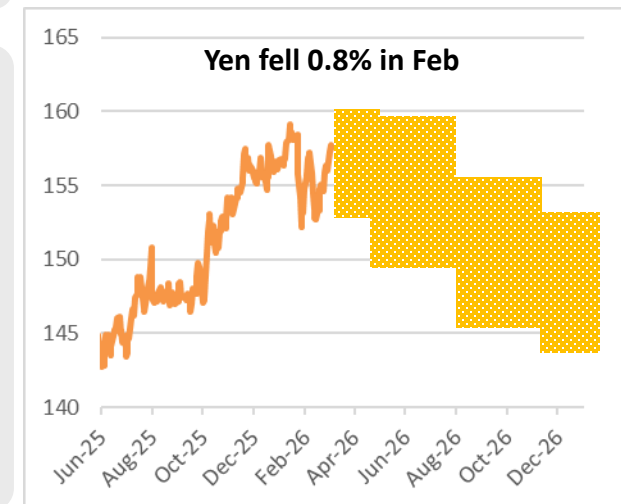
Near-term Downside

The elevated level of geopolitical tensions and energy-supply disruptions will weaken the yen, which has lost its traditional safe-haven appeal amid rising global inflation risks. In the medium term, we still expect the yen to trend gradually higher once the situation in the Middle East somewhat stabilizes and attention returns to the Fed interest rate prospect.

EUR/USD

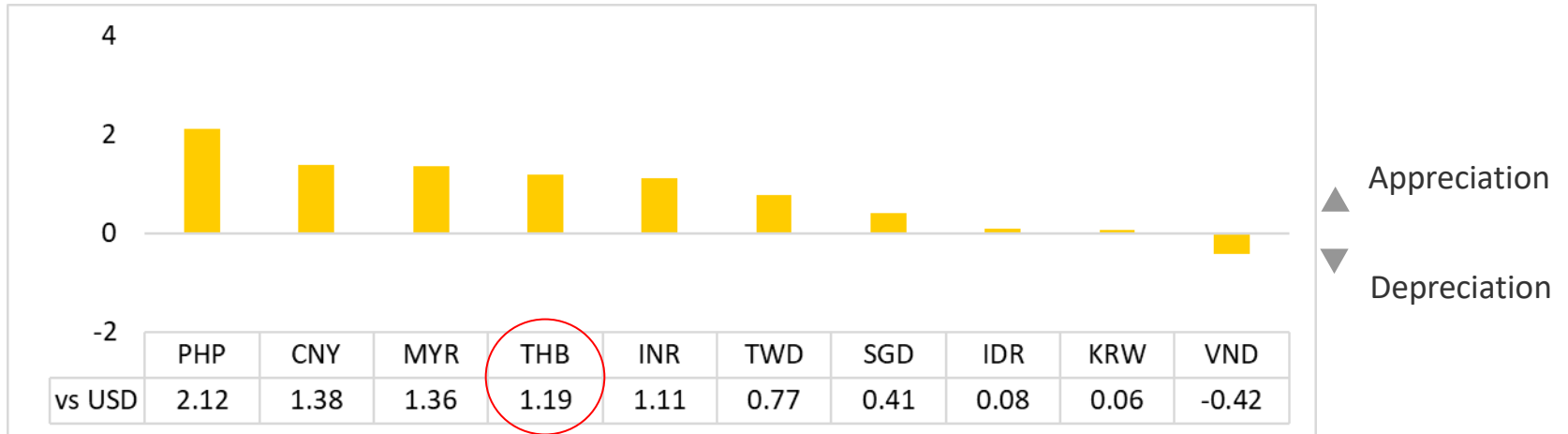


USD/JPY

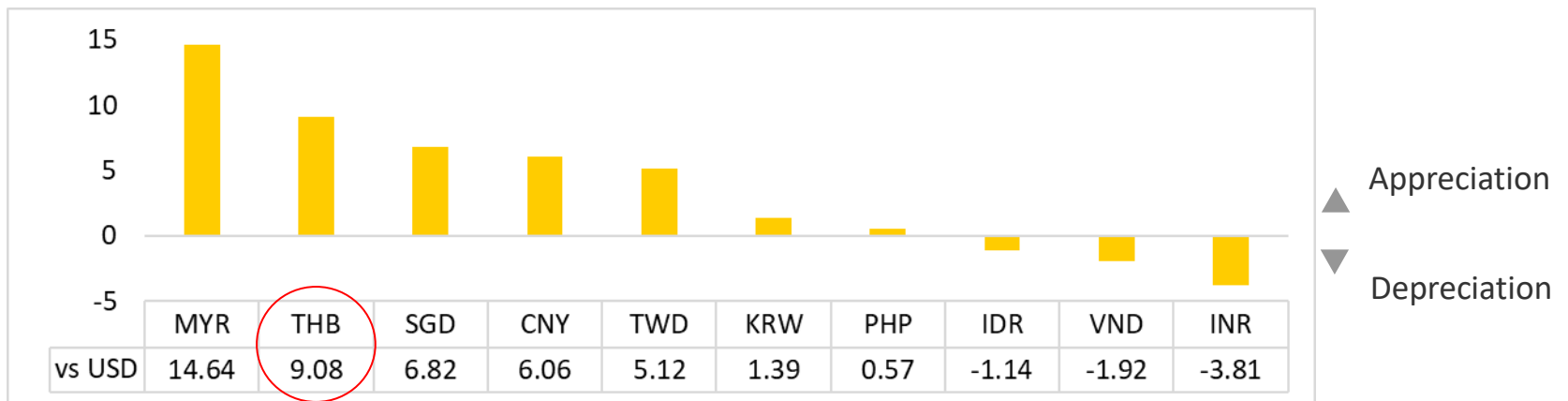


Foreign Exchange Market Update

Monthly Performance (%)



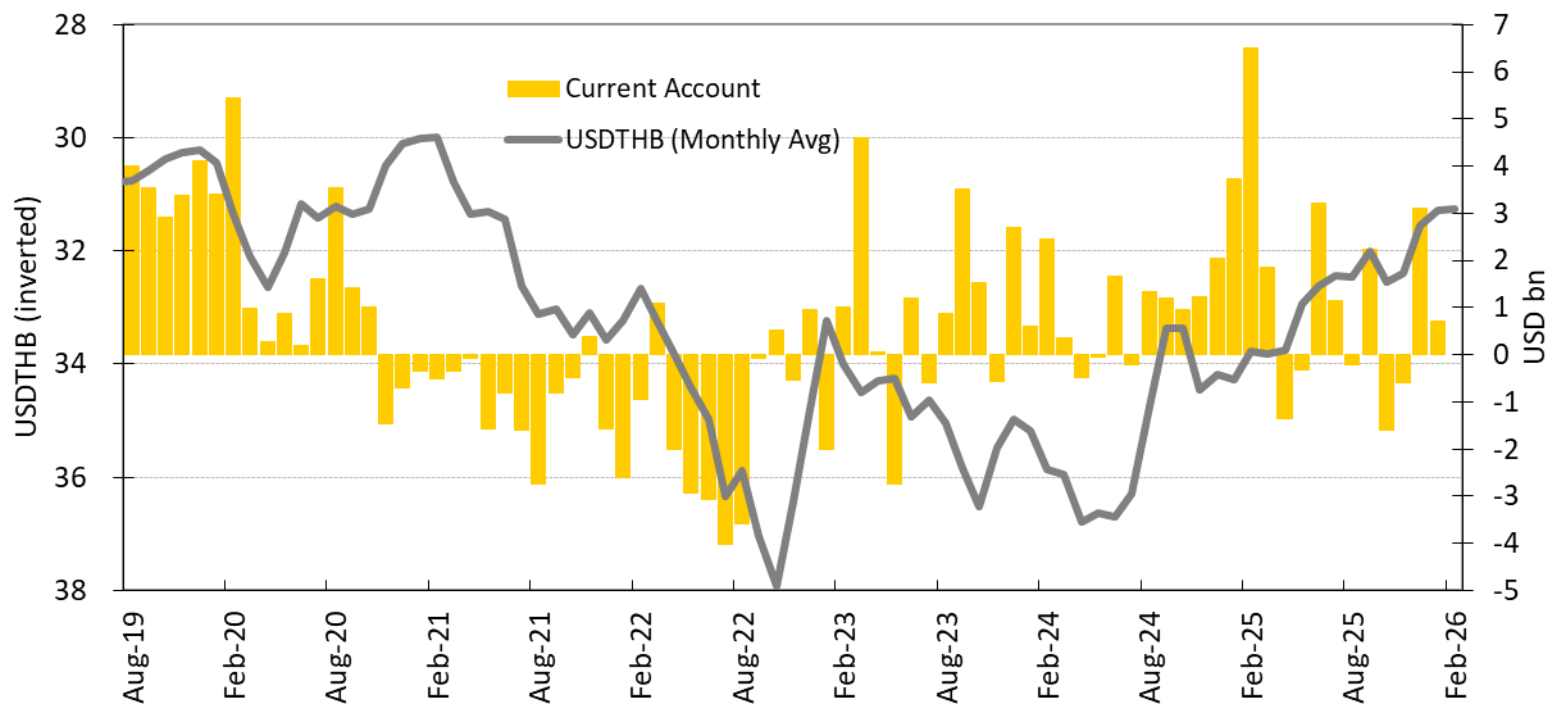
Yearly Performance (%)



Bloomberg, Refinitiv, data as February 27, 2026, yearly is past 12 months, "-" indicates currency depreciation against USD

Thailand: External Accounts

Current Account & USD/THB



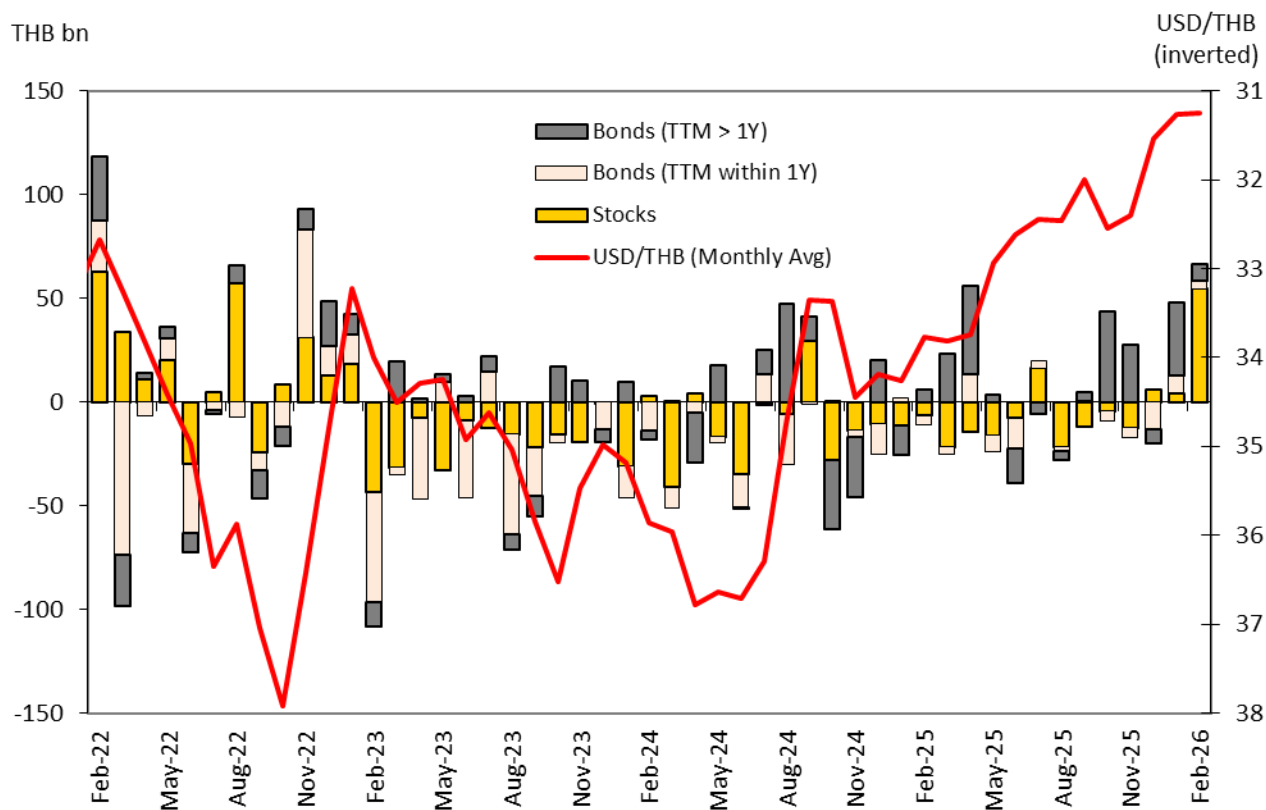
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Jan-26	23.6	30.1	-0.7	0.7	312.12 ▲
Dec-25	18.1	18.0	2.7	3.1	305.60 ▲
Nov-25	5.5	17.3	-0.2	-0.6	298.72 ▲

Bank of Thailand, * including net forward position

Thailand: Foreign Portfolio Flows

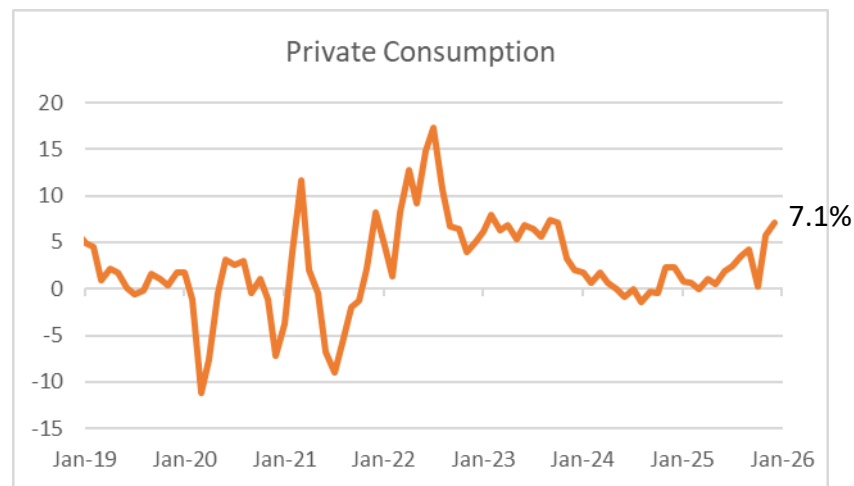
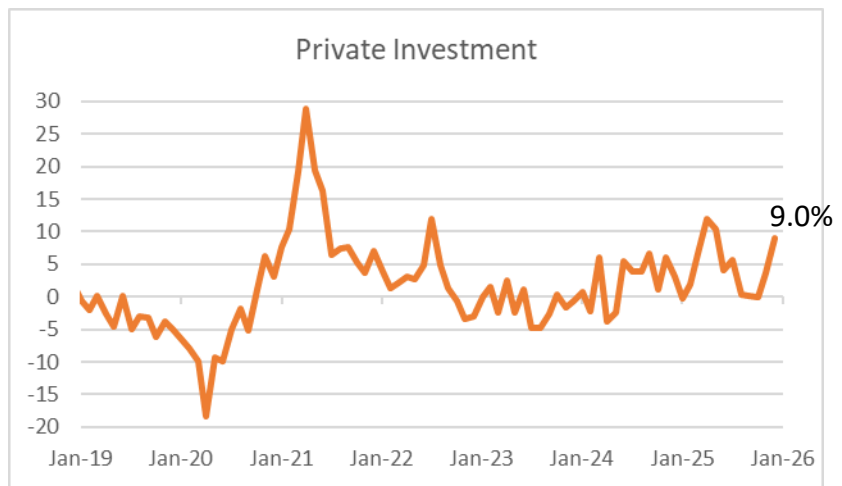
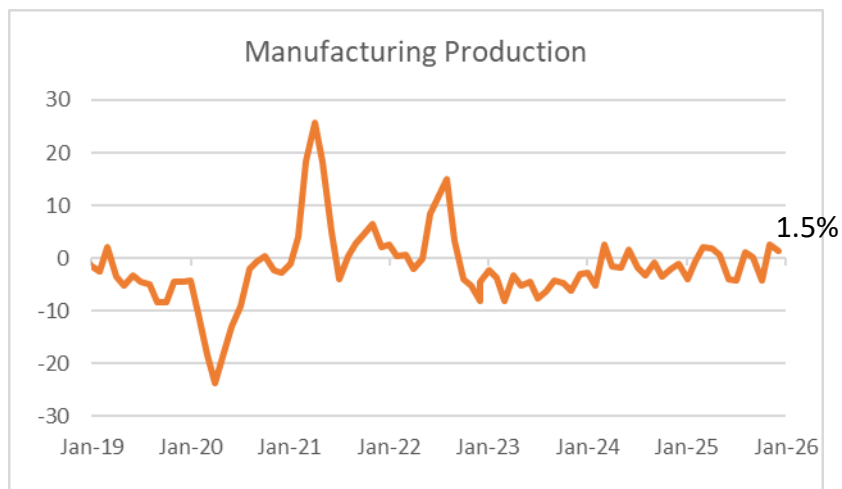
Net Foreign Position & USD/THB

THB mn	2021	2022	2023	2024	2025	2M2026
Stocks	(48,578)	201,895	(192,490)	(147,940)	(107,060)	58,826
Bonds	145,917	48,448	(146,148)	(67,608)	65,876	55,632



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: February 2026

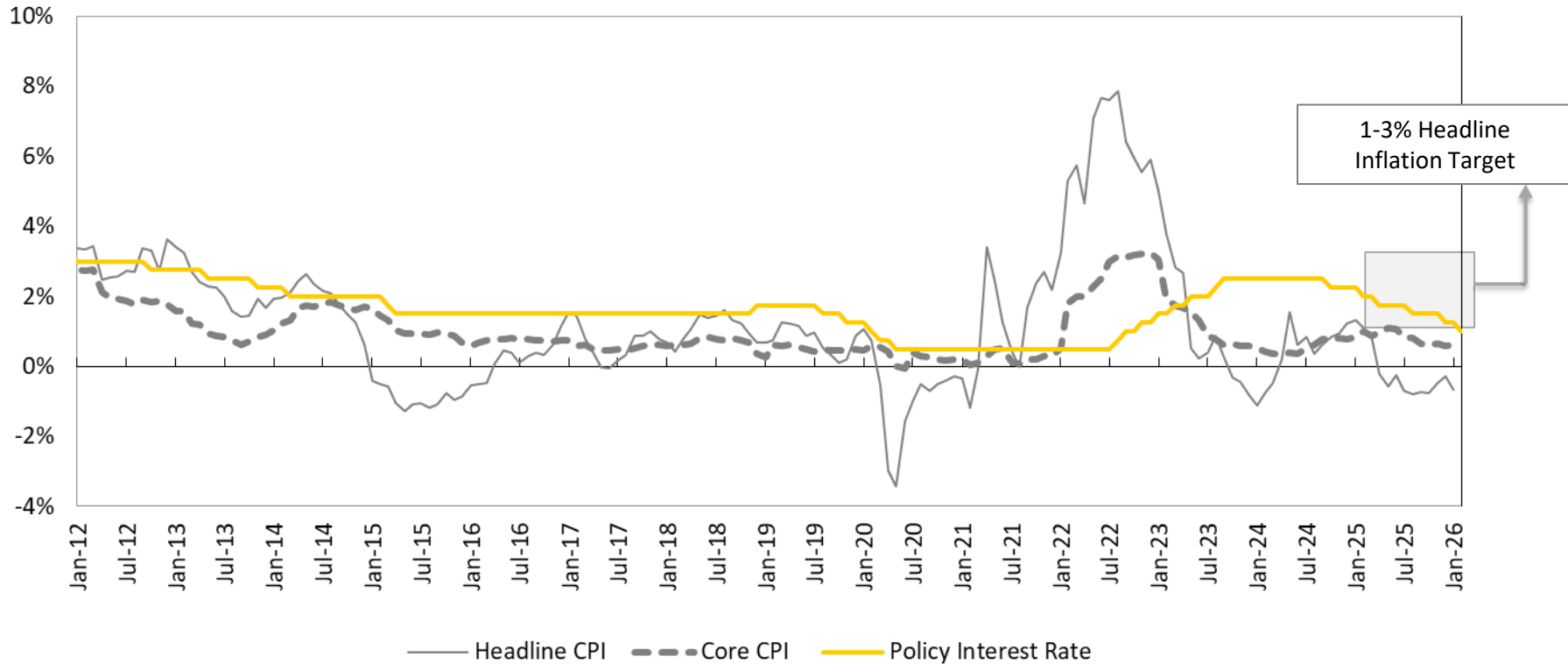
Thailand: Domestic Economy



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

Thailand: Inflation

Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Jan-26	-0.66% ▼	0.60% ▲
Dec-25	-0.28% ▲	0.59% ▲
Nov-25	-0.49% ▼	0.66% ▼

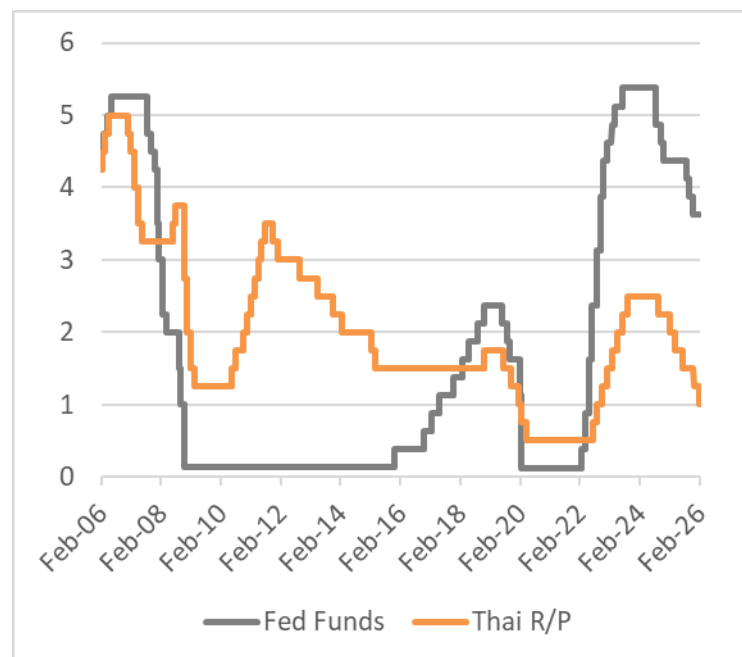
Ministry of Commerce, Bank of Thailand

Interest Rate Market Update

A storm of unknowns

- The January 27-28 FOMC meeting minutes revealed near-unanimous agreement to keep rates unchanged. Several members raised the possibility of rate rises, if inflation remains elevated. On the data front, the U.S. economy appeared to have remained in a low-hiring low-firing mode.
- The upturn in U.S. equity market volatility and geopolitical risks sent yields lower. The U.S. Supreme Court struck down broad “reciprocal” tariffs under IEEPA. But the White House quickly invoked Section 122, imposing a 10% global import surcharge for 150 days. This kept the broader sentiment cautious. At the beginning of March, Treasury yields shot up after military strikes in Iran by the U.S. and Israel, followed by counter-attacks by Tehran across the Gulf states, sparking a jump in oil and gas prices and raising fears about escalating inflation. With the Middle East crisis still fluid, uncertainty remains acute. Once geopolitical risks subside, attention will shift back to U.S. data, and potentially AI-related deflation narrative. For now, we maintain our view for the Fed to cut rates by 25-50bps in 2026.

US Federal Funds and Thai Policy Rates (%)



end of period	Aug-25	Nov-25	Jan-26	Feb-26
SOFR6M	4.02060%	3.70377%	3.61597%	3.61828%
THOR6M	1.81397%	1.60536%	1.45862%	1.39805%
Diff	-2.20663%	-2.09841% ▲	-2.15735% ▼	-2.22023% ▼

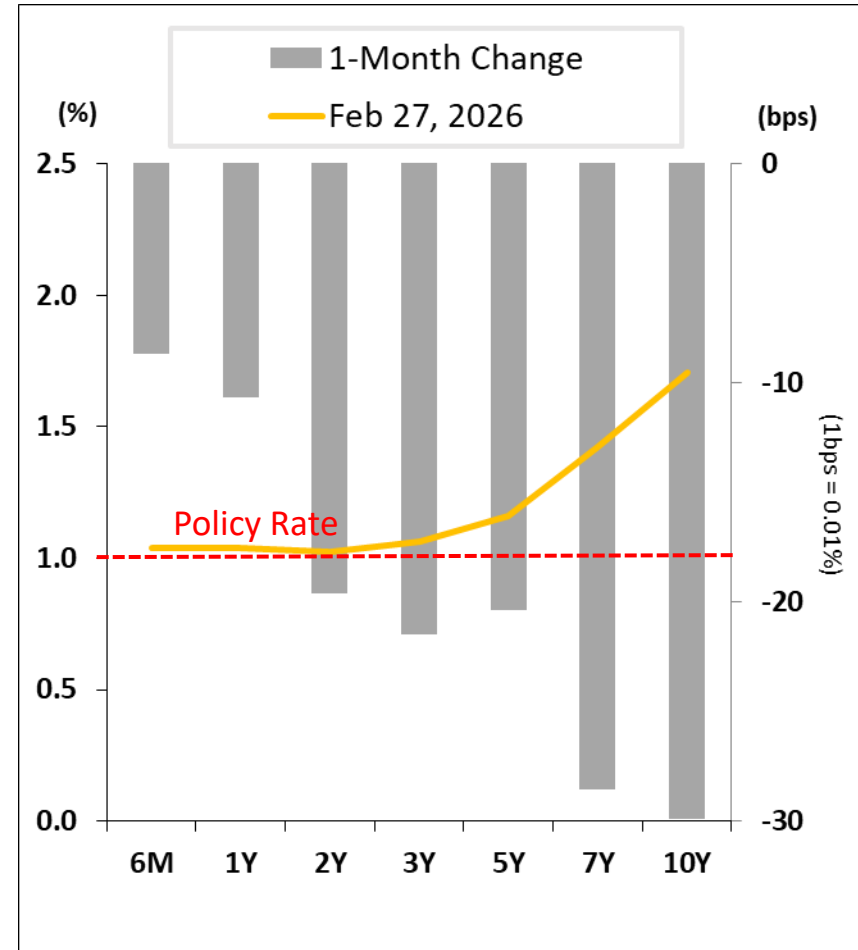
Refinitiv

Interest Rate Market Update

Surprise rate cut

- Sounding more dovish, the MPC on Feb.25th voted 4-2 to reduce the one-day repurchase rate by 25bps to 1.00%. Two members supported to keep the policy rate at 1.25%. The decision came against our expectation for a hold. The Committee assessed economic growth topped estimates in Q4/25 but is likely to stay below potential in 2026 and 2027 and uneven across sectors, reflecting structural issues and intensified competition. The MPC said it is necessary to monitor uncertainties over U.S. tariffs, the budget delay, and the adjustment of SMEs amid headwinds from heightened competition, limited access to credit, and the strength of the baht. Headline inflation was projected to return to the target range in H2/27 instead of H1/27. BoT Governor Vitai said on Mar. 3rd that if oil prices increase by an annual average of USD10 per barrel, inflation could rise by 0.4–0.5%.
- Thai sovereign yields took a nosedive following the earlier than expected rate cut. The Committee said the current level of the policy interest rate reflects a sufficiently accommodative monetary policy stance and aligns with the economic outlook, while being conducive to the gradual return of inflation to the medium-term target range. With Thailand standing as of the region's most fragile economy to the global energy price shock, after Iran shut the Strait of Hormuz, we see limited scope for additional monetary easing from here.

Thai Government Yield Curve



Thai Bond Market Association

Forecast

FX	USD/THB	USD/JPY	JPY/THB
Feb 2026*	31.08	156.05	19.90
Mar/26F	31.20-32.75	153-160	19.50-20.70
Q2/26F	31.00-33.00	150-159	19.70-21.30
Q3/26F	30.80-32.80	145-155	20.00-21.50
Q4/26F	30.50-32.50	143-153	20.30-21.80

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	3.50-3.75%	3.50% *
EUR Deposit Facility	2.00%	2.00%
JPY O/N Call	0.75%	1.00%
THB 1-day R/P	1.00%	1.00%

As of March 4, 2026, * upper bound

NESDC Economic Projection

	2025	2026F
Real GDP growth	2.4%	1.5-2.5%
Private Consumption growth	2.7%	2.1%
Private Investment growth	3.5%	1.9%
Public Consumption growth	0.6%	1.2%
Public Investment growth	8.9%	1.7%
Export Value growth	12.7%	2.0%
Import Value growth	13.0%	3.2%
Current Account (USD bn)	17.7	14.5
Headline CPI Inflation	-0.1%	(-0.3)-0.7%

Office of the National Economic and Social Development Council, February 2026



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