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# THB Thermometer

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April 2026

# Foreign Exchange Market Update

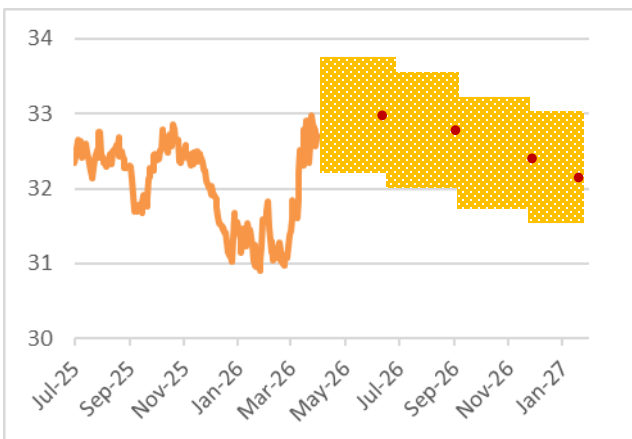
## Recap : March

### Baht Depreciation

- The baht represented the region’s worst performer following the outbreak of the Israel-U.S. conflict with Iran and attacks on energy infrastructures in the Middle East. The price action reflected Thailand’s heavy reliance on imported energy, which left the currency particularly vulnerable to a deepening supply-driven shock. Heightened risk aversion also triggered portfolio outflows. Concurrently, the pullback in gold prices alongside extreme fluctuations across various asset classes, amid rising global yields, also weighed on the baht.
- USD2.1 billion current-account surplus in February
- THB39.6 billion net foreign selling of SET-listed shares in March
- THB34.8 billion net foreign selling of Thai government bonds in March

\* 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	-5.99%	-3.65%
3 months	-4.56%	-2.15%
12 months	2.90%	9.27%

As of March 31, 2026, “-” indicates THB depreciation

### Outlook: Q2 Weakness

We adjusted our forecast profile to factor in uncertainties over the geopolitical direction and the timing of a reopening of the Strait of Hormuz which continue to keep markets on edge with elevated volatility. For Thailand, a softening current-account position points to further baht weakness through Q2/26. Beyond that period, assuming tensions ease, we expect the USD to retreat, which should help the baht regain some stability in H2/26.

# Foreign Exchange Market Update

## Recap : March

The USD index hit the strongest level in five months, as markets sought safety amid the ongoing Middle East war. Expectations of near-term Federal Reserve interest rate cuts diminished following a tension-related surge in oil prices and acute inflation concerns. Volatility picked up after President Trump postponed threatened attacks on Iranian power facilities. The abrupt changes in rhetoric created a headline-driven trading environment.

## € Performance

The euro weakened notably amid intensified geopolitical tensions and spiking energy costs. The European Central Bank held rates at 2.00% on Mar.19<sup>th</sup>. Given the hierarchical mandate, upward risks to inflation prompted markets to price in ECB rate hikes in upcoming meetings.

## € Outlook

As ECB President Lagarde pointed the central bank would have to react even if inflation overshoot is not long-lasting, we anticipate at least one interest rate increase in Q2/26. That said, when growth outlook worsens, rising yields can become less supportive of a currency.

## Depreciation

## Near-term Downside

## ¥ Performance

USDJPY briefly topped 160, the level not seen since mid-2024. The Bank of Japan left rates at 0.75% on Mar. 19<sup>th</sup>. A Summary of Opinions from the meeting, however, reinforced the view of imminent rate hikes depending on how the Middle East energy shock evolves.

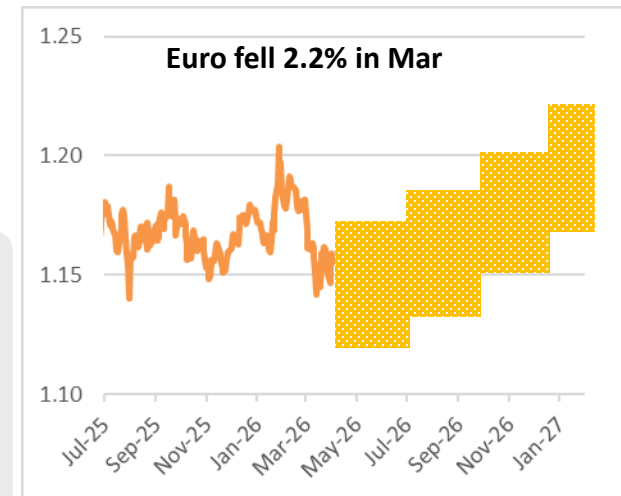
## ¥ Outlook

A clear shift toward a more intervention-ready and tightening-biased policy posture should help somewhat cushion the yen for now. An April hike by the BoJ looks very likely, according to MUFG. Assuming tensions in Iran will ease by mid-2026, we anticipate a subsequent pullback in global yields, which should in turn provide renewed support for the yen.

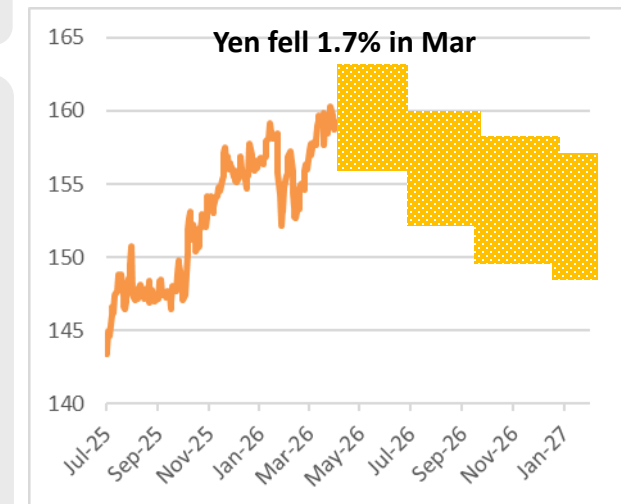
## Depreciation

## Near-term Downside

## EUR/USD

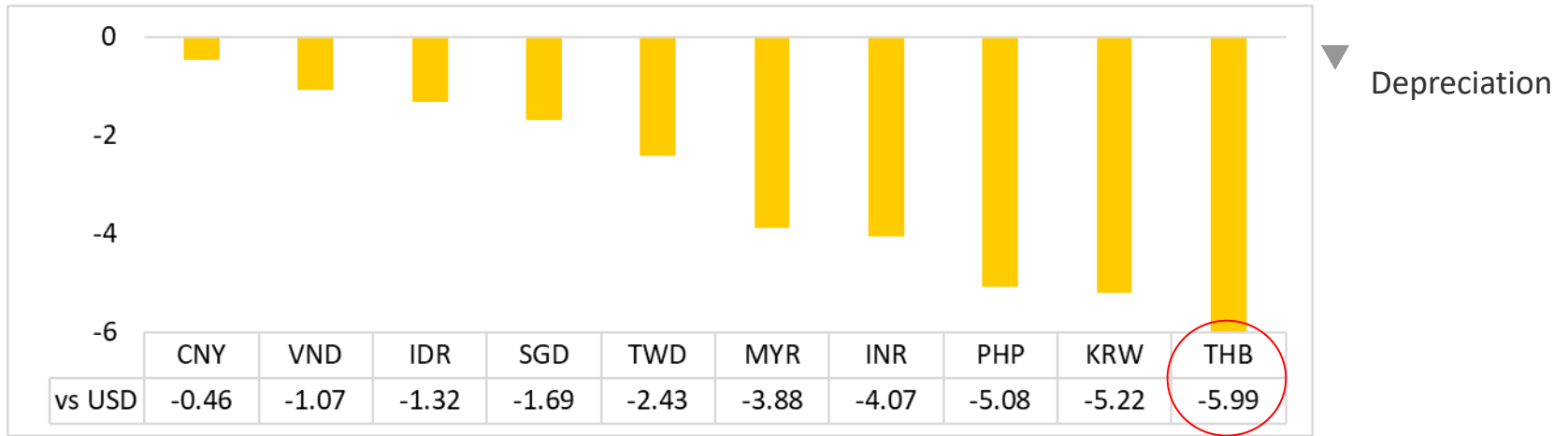


## USD/JPY

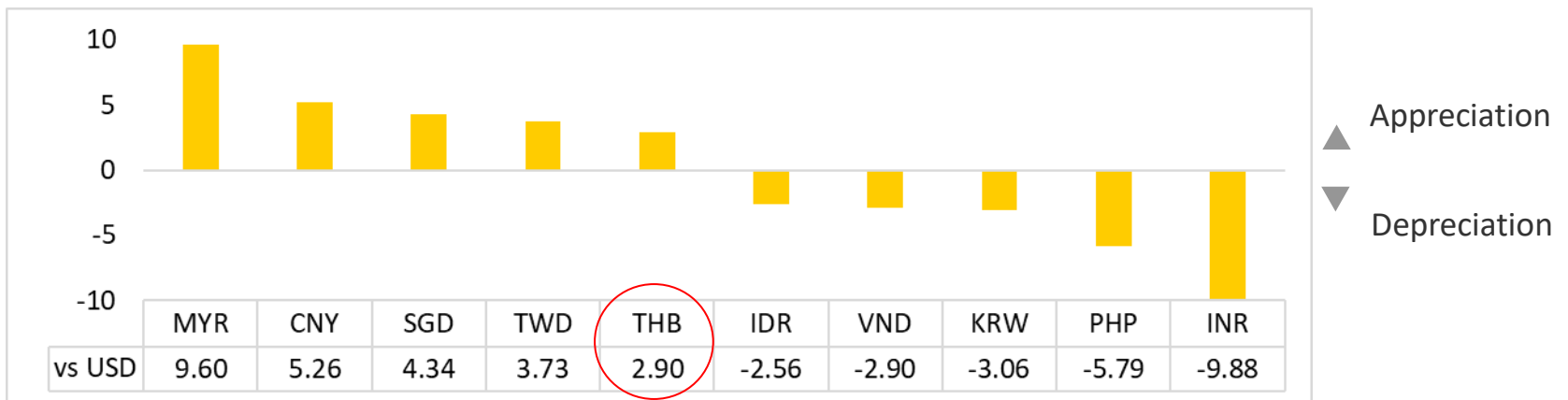


# Foreign Exchange Market Update

## Monthly Performance (%)



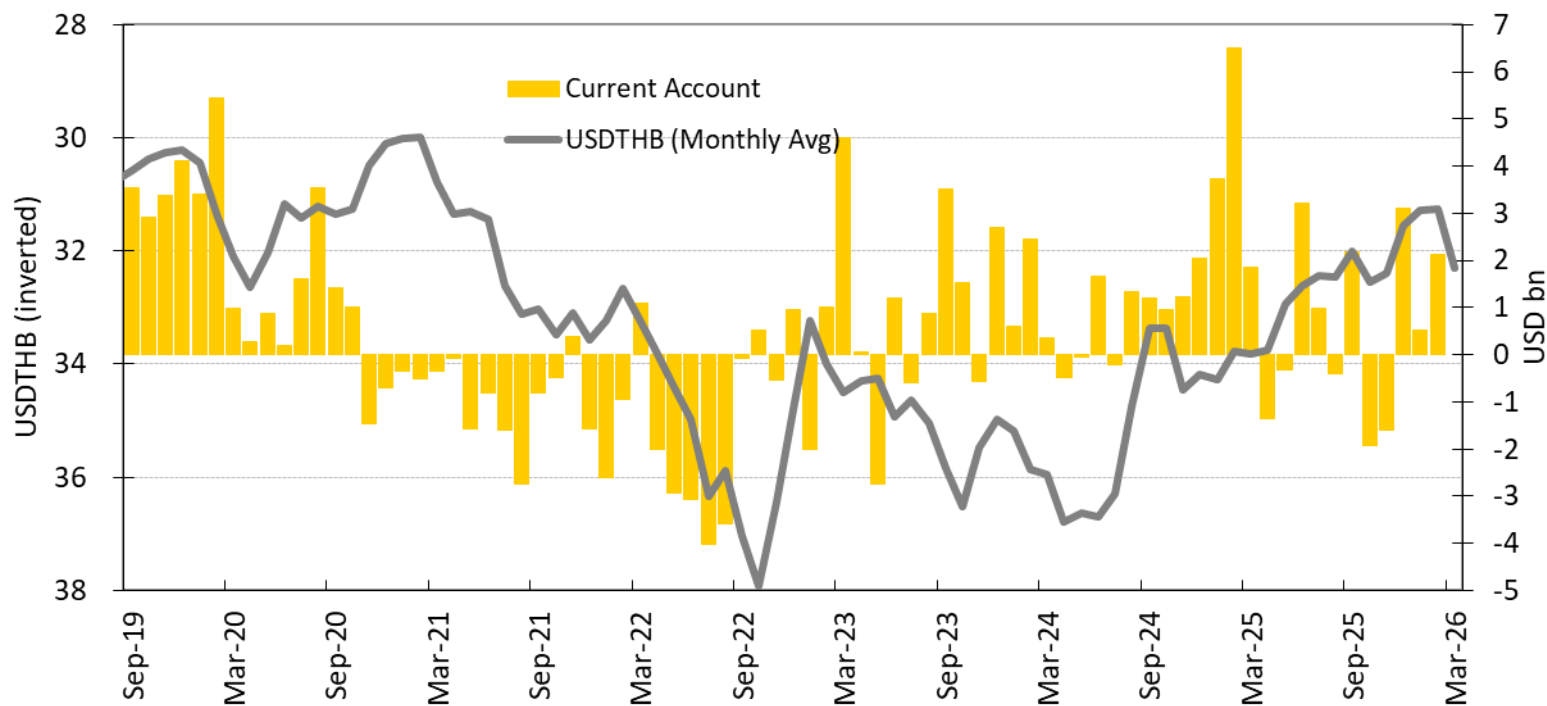
## Yearly Performance (%)



Bloomberg, Refinitiv, data as March 31, 2026, yearly is past 12 months, "-" indicates currency depreciation against USD

# Thailand: External Accounts

## Current Account & USD/THB



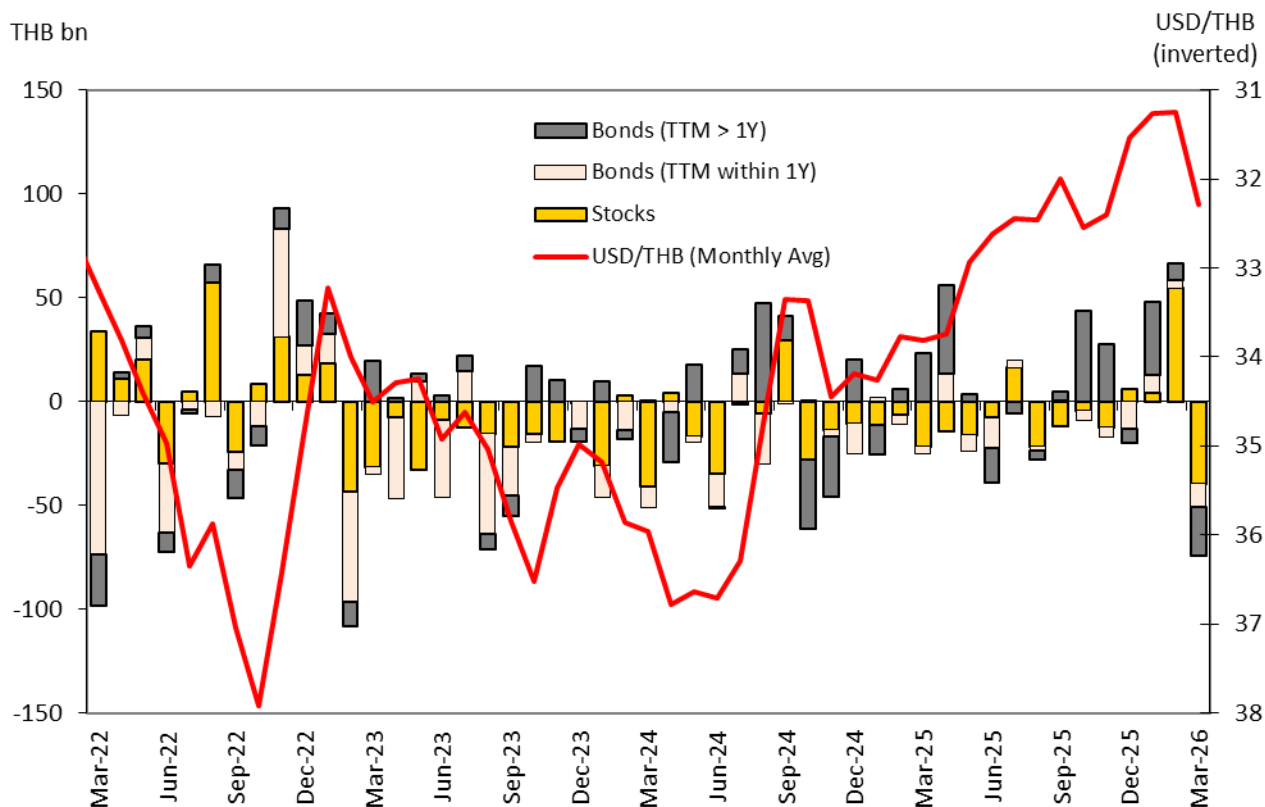
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Feb-26	10.6	31.7	0.6	2.1	316.18 ▲
Jan-26	23.6	30.1	-0.7	0.5	312.12 ▲
Dec-25	18.1	18.0	2.7	3.1	305.60 ▲

Bank of Thailand, \* including net forward position

# Thailand: Foreign Portfolio Flows

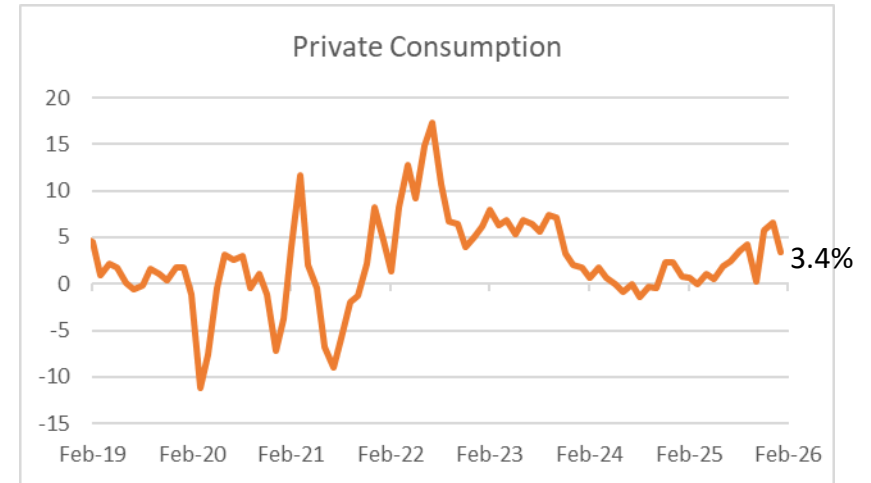
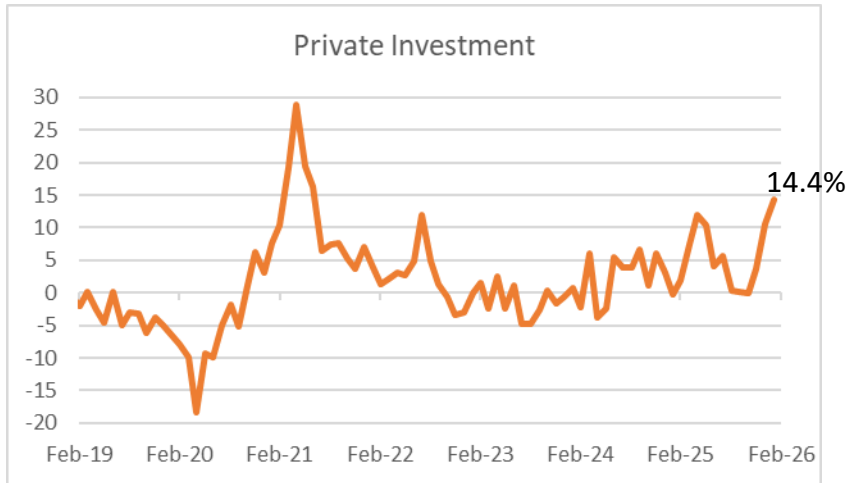
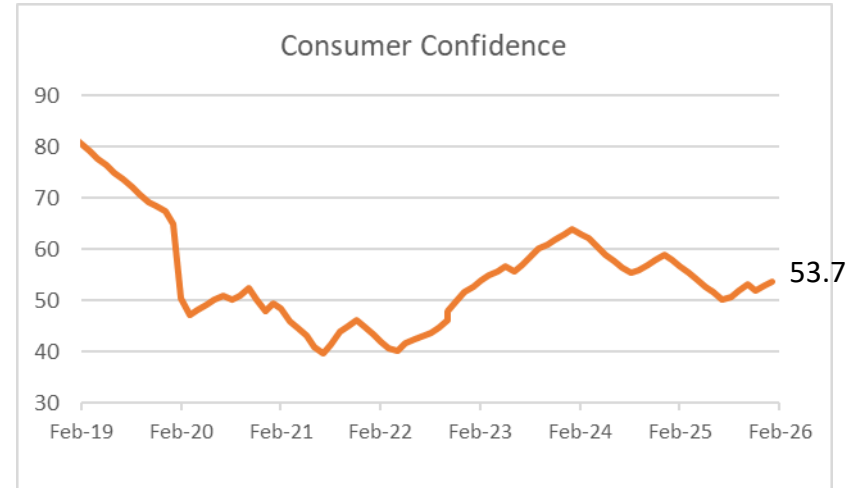
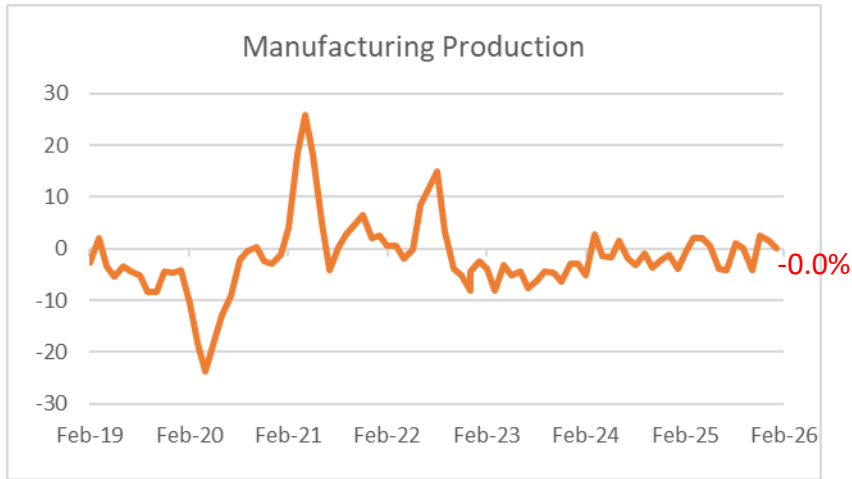
## Net Foreign Position & USD/THB

THB mn	2021	2022	2023	2024	2025	3M2026
Stocks	(48,578)	201,895	(192,490)	(147,940)	(107,060)	19,187
Bonds	145,917	48,448	(146,148)	(67,608)	65,876	20,782



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: March 2026

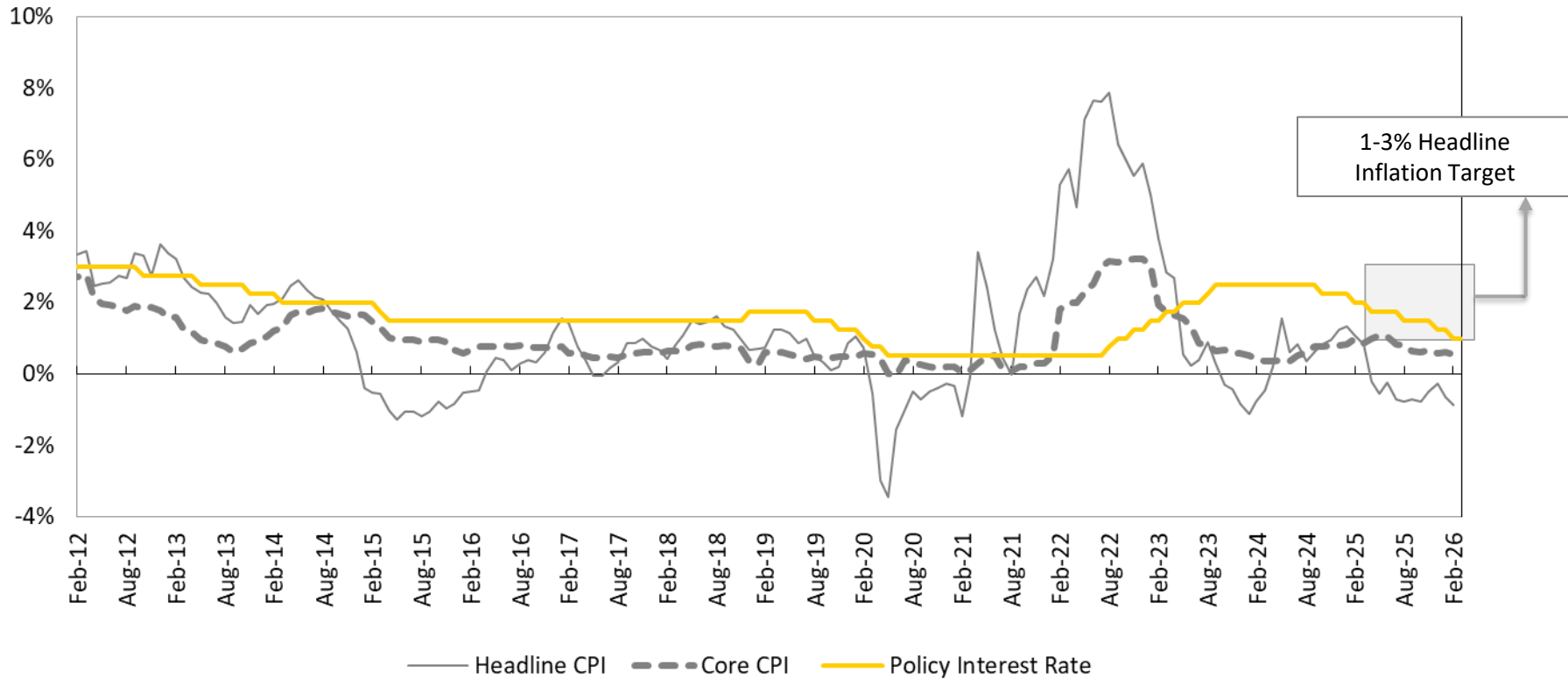
# Thailand: Domestic Economy



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

# Thailand: Inflation

## Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Feb-26	-0.88% ▼	0.56% ▼
Jan-26	-0.66% ▼	0.60% ▲
Dec-25	-0.28% ▲	0.59% ▲

Ministry of Commerce, Bank of Thailand

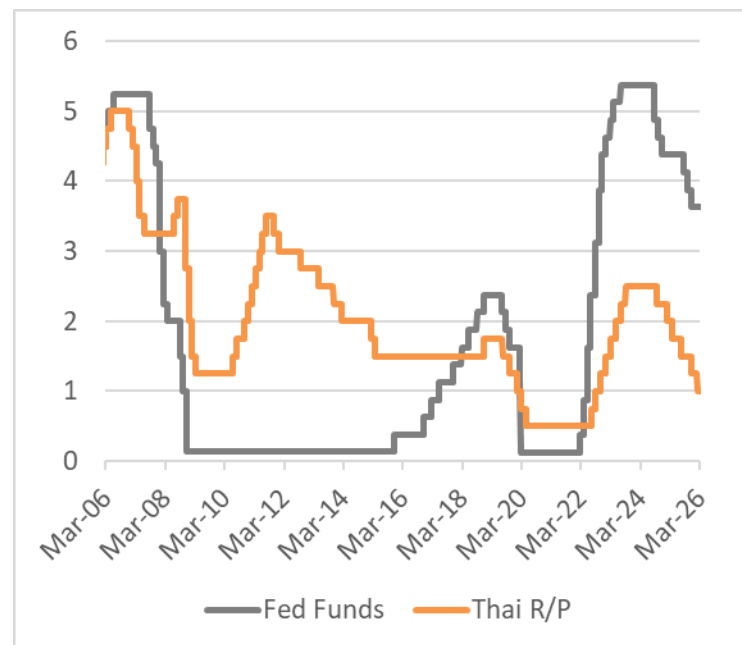
# Interest Rate Market Update

## Cuts still in play, timing pushed back

- The FOMC at the end of the Mar. 17-18 meeting kept the funds rate at 3.50%-3.75%, extending its pause on rate cuts as policymakers confronted elevated inflation, mixed labor-market signals, and heightened geopolitical uncertainty. The updated dot plot showed that only one rate cut was projected for the remainder of 2026, with several members shifting toward fewer cuts compared with prior projections. The Fed also raised forecasts for both headline and core PCE inflation to 2.7%, reflecting the energy-driven upside risks. While the labor market had shown signs of softening, the Fed said unemployment remained broadly stable. Policymakers reiterated that future decisions would remain data-dependent and meeting-by-meeting, given the high degree of uncertainty.

- Yields advanced across the Treasury curve before retreating modestly toward month-end, with moves driven by the escalation of the U.S.–Iran conflict and hence Fed rate cuts will proceed more slowly. Despite rising energy prices, Fed Chair Powell on Mar. 30<sup>th</sup> said inflation expectations continue to be anchored. We see the shock turning growth-negative rather than inflationary, supporting Fed rate cuts later this year as hiring cools.

US Federal Funds and Thai Policy Rates (%)



end of period	Sep-25	Dec-25	Feb-26	Mar-26
SOFR6M	3.84590%	3.57418%	3.61828%	3.70002%
THOR6M	1.73156%	1.54244%	1.39805%	1.30816%
Diff	-2.11434%	-2.03174% ▲	-2.22023% ▼	-2.39186% ▼

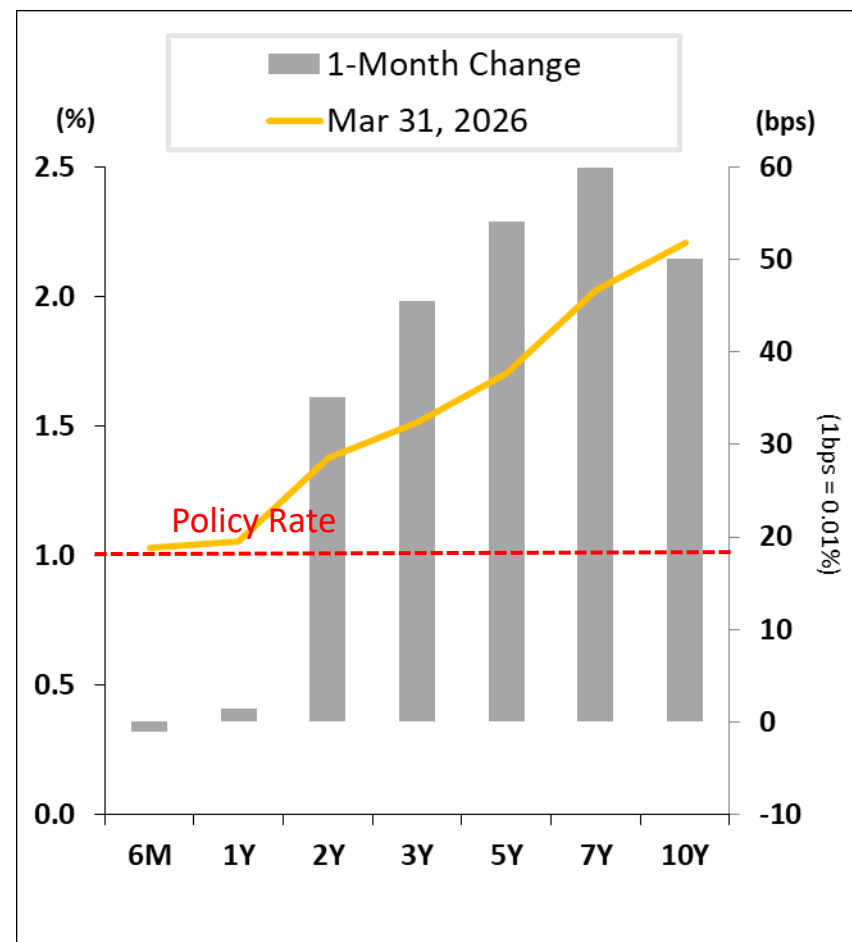
Refinitiv

# Interest Rate Market Update

## *Yields skyrocket, stagflation looms*

- There was no MPC meeting in March. Just three days after the unexpected February rate cut, Operation Epic Fury took place, triggering a sharp increase in global energy prices. The BoT highlighted that interest rate is not well-suited to address supply-driven shocks. Meanwhile, the Oil Fuel Fund Management Committee reduced fuel subsidies across all major fuel types, leading to a 22% jump in gasoline prices overnight. The government noted that this adjustment allows domestic prices to more closely reflect international benchmarks. Officials also said keeping previous subsidy levels had imposed a burden exceeding THB 2.5 billion per day, making it fiscally unviable.
- Thai sovereign yields shot up, with those of ten-year bonds hitting levels last seen in January 2025, amid supply-driven inflation fears and outflows. About 58% of Thailand's crude oil imports is sourced from the Middle East. According to Krungsri Research, in a scenario where Dubai crude averages USD85-90 per barrel in 2026, CPI is expected to rise by 1.2-1.6 percentage points from the baseline forecast of 0.2%. GDP could decline from the 2.0% baseline projection by -0.2% to -0.3%. If average annual crude prices hit USD110-130 per barrel and the government is unable to subsidize domestic energy prices and living costs, inflation could quicken to 3.0-4.5% above the baseline. GDP could fall by -0.6% to -0.9% from the baseline. Growth risks from U.S. tariffs persist, but geopolitical tensions are bolstering reflation, effectively keeping the MPC in a policy holding pattern.

### Thai Government Yield Curve



Thai Bond Market Association

# Forecast

FX	USD/THB	USD/JPY	JPY/THB
Mar 2026*	32.94	158.71	20.63
Q2/26F	32.25-33.75	156-163	20.00-21.30
Q3/26F	32.00-33.50	153-160	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 April 3, 2026, \* upper bound



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