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# THB Thermometer

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October 2025

# Foreign Exchange Market Update

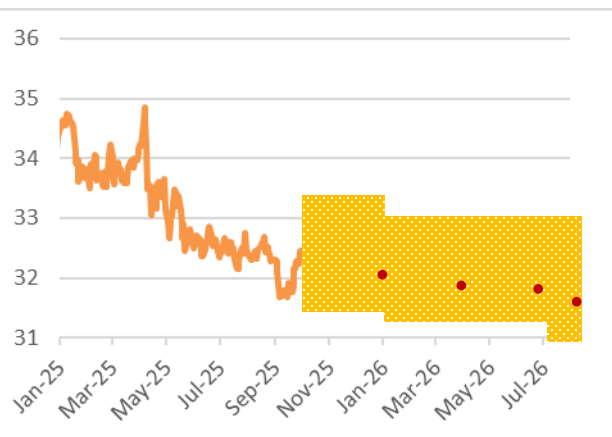
## Recap : September

### Slight Baht Depreciation

- Baht volatility finally picked up, with the currency hitting a four-year high before reversing course. Thailand entered a potentially transformative phase as Bhumjaithai Party's Anutin became 32<sup>nd</sup> PM, leading a minority government. He announced plans to dissolve Parliament by the end of January 2026. Meanwhile, Fitch Ratings downgraded Thailand's outlook to "Negative" from "Stable", citing fiscal risks and debt pressures, political uncertainty, and weak economic outlook. The country's credit rating was affirmed at BBB+.
- USD1.5 billion current-account deficit in August
- THB11.9 billion net foreign selling of SET-listed shares in September
- THB4.9 billion net foreign buying of Thai government bonds in September

\* 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	-0.08%	0.53%
3 months	0.31%	2.81%
12 months	-0.54%	3.03%

As of September 30, 2025, "-" indicates THB depreciation

### Outlook: Near-term correction

Following a protracted period of outperformance, some short-term corrective moves appear justified, particularly with concerns over baht's strength becoming more vocal. The BoT had warned that the baht's appreciation was not aligned with fundamentals, noting it was exploring measures like taxing gold transactions though no decisions have been finalized. Looking ahead, Federal Reserve rate cuts and independence risks will still weigh on the dollar and should lead to very gradual baht gains in the coming quarters.

# Foreign Exchange Market Update

## Recap : September

The dollar index rebounded alongside short-dated Treasury yields right after the FOMC delivered just what markets had anticipated. The Fed cut the funds rate by 25bps to 4.00-4.25%, marking the first interest-rate reduction after the rate was left unchanged for five consecutive meetings. Meanwhile, some recent U.S. economic data surprised to the upside.

### € Performance

### Appreciation

Despite the political turbulence in France, the euro managed slim gains. The European Central Bank maintained rates at 2.00% on Sept. 11<sup>th</sup>, representing the second successive pause, while President Lagarde explicitly stated the “disinflationary process is over”.

### € Outlook

### Eventual Appreciation

Our strong euro view is primarily based on Fed easing prospects versus relatively limited downside on ECB rates from current levels. Going forward, evolving U.S. employment conditions will remain key to interest rate expectations and market positioning.

### ¥ Performance

### Depreciation

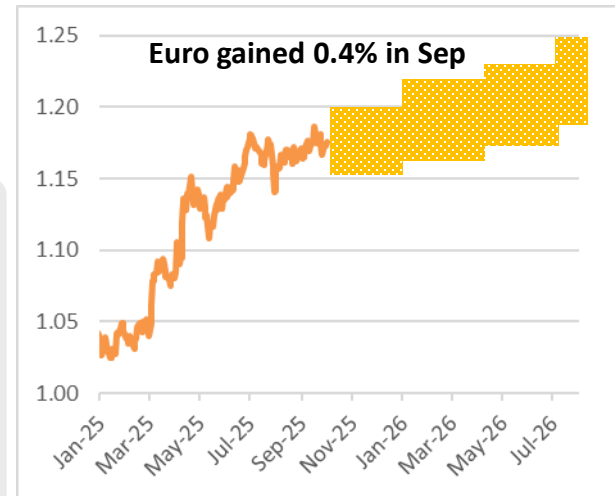
Struggled with domestic political uncertainty, still-cautious monetary policy stance, and U.S. yield recovery, the yen came under pressure. The Bank of Japan on Sept. 19<sup>th</sup> left rates on hold at 0.50% as widely expected. However, two policymakers voted for a 25bp hike.

### ¥ Outlook

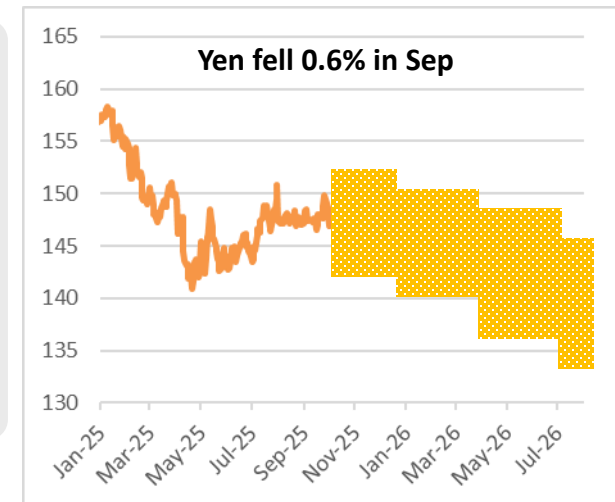
### Eventual Appreciation

With the BoJ having recently indicated increased confidence to normalize rates further, policy divergence between the BoJ and the Fed should lead to yen strength in the period ahead. Our forecast profile also assumes a Koizumi win at the LDP leadership election.

## EUR/USD

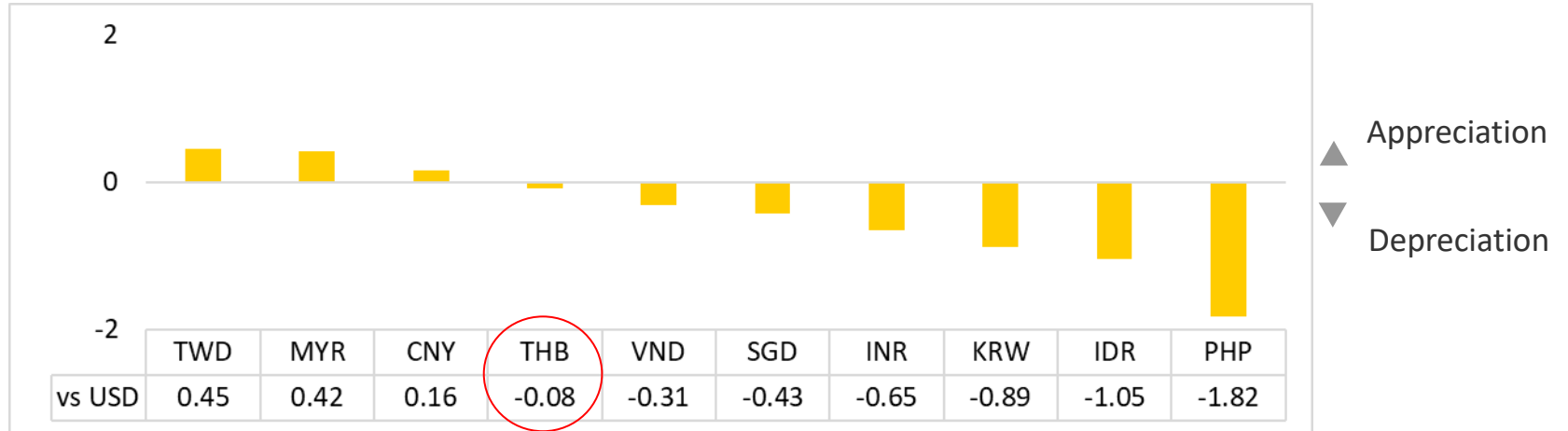


## USD/JPY

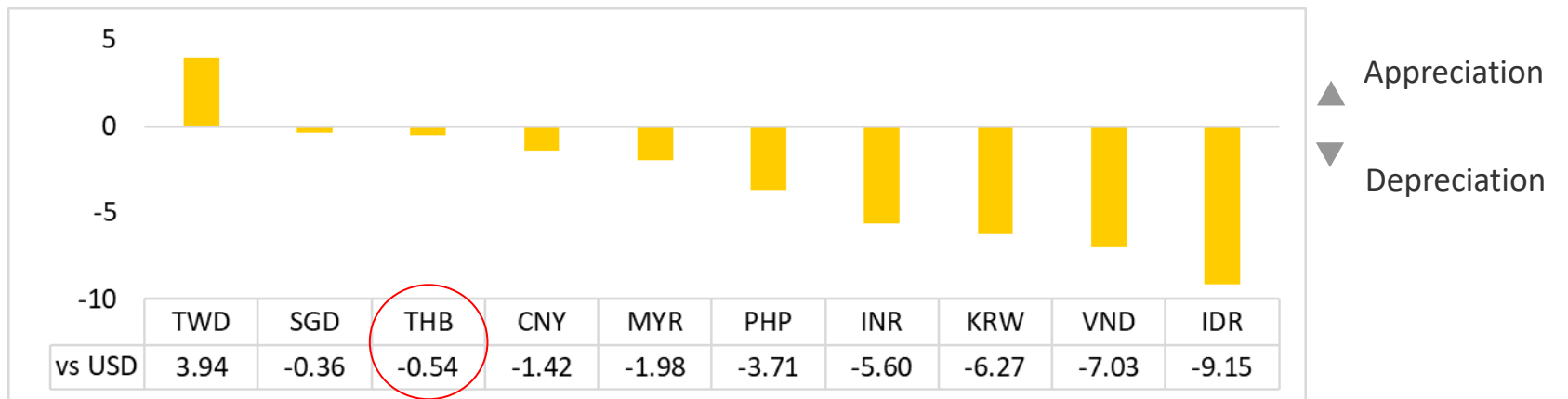


# Foreign Exchange Market Update

## Monthly Performance (%)



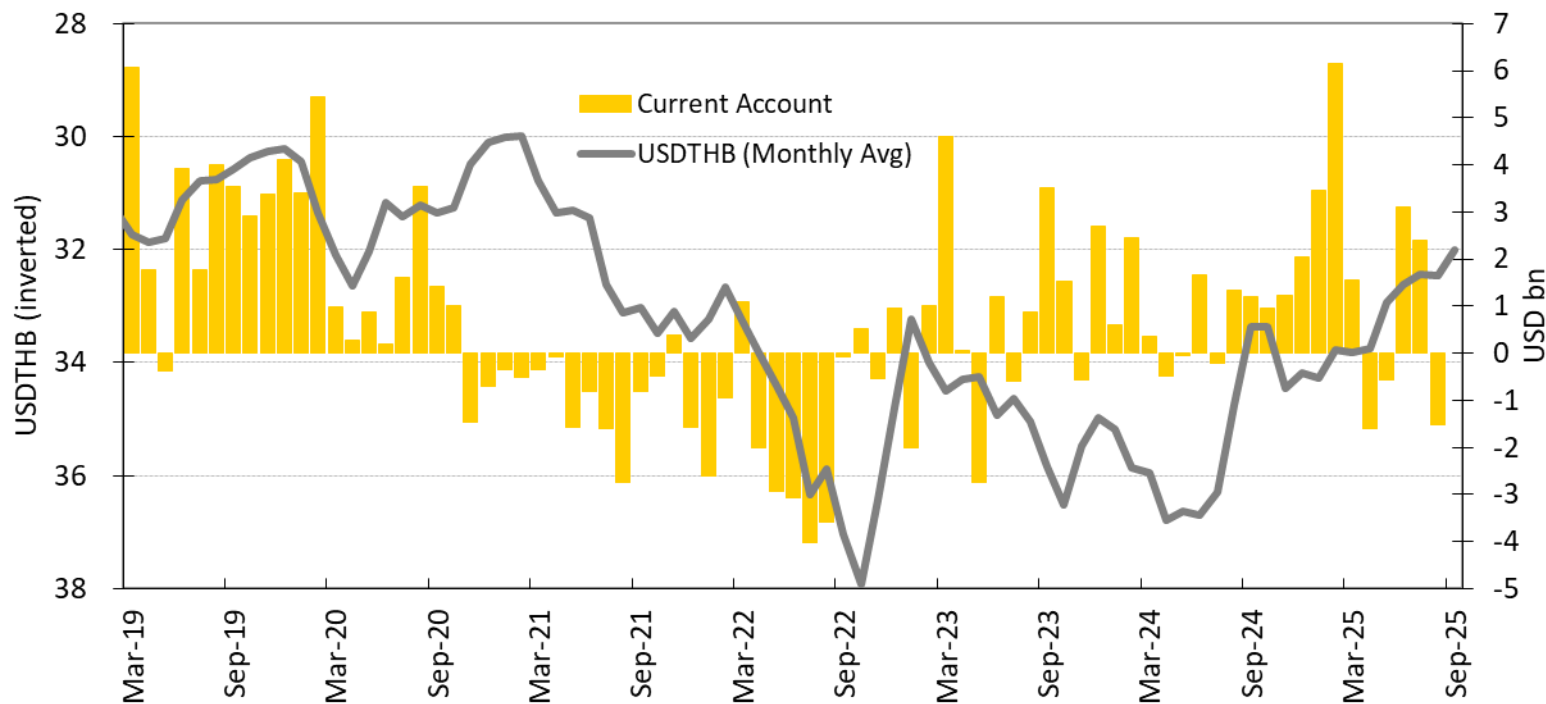
## Yearly Performance (%)



Bloomberg, Refinitiv, data as of September 30, 2025, yearly is past 12 months, "-" indicates currency depreciation against USD

# Thailand: External Accounts

## Current Account & USD/THB



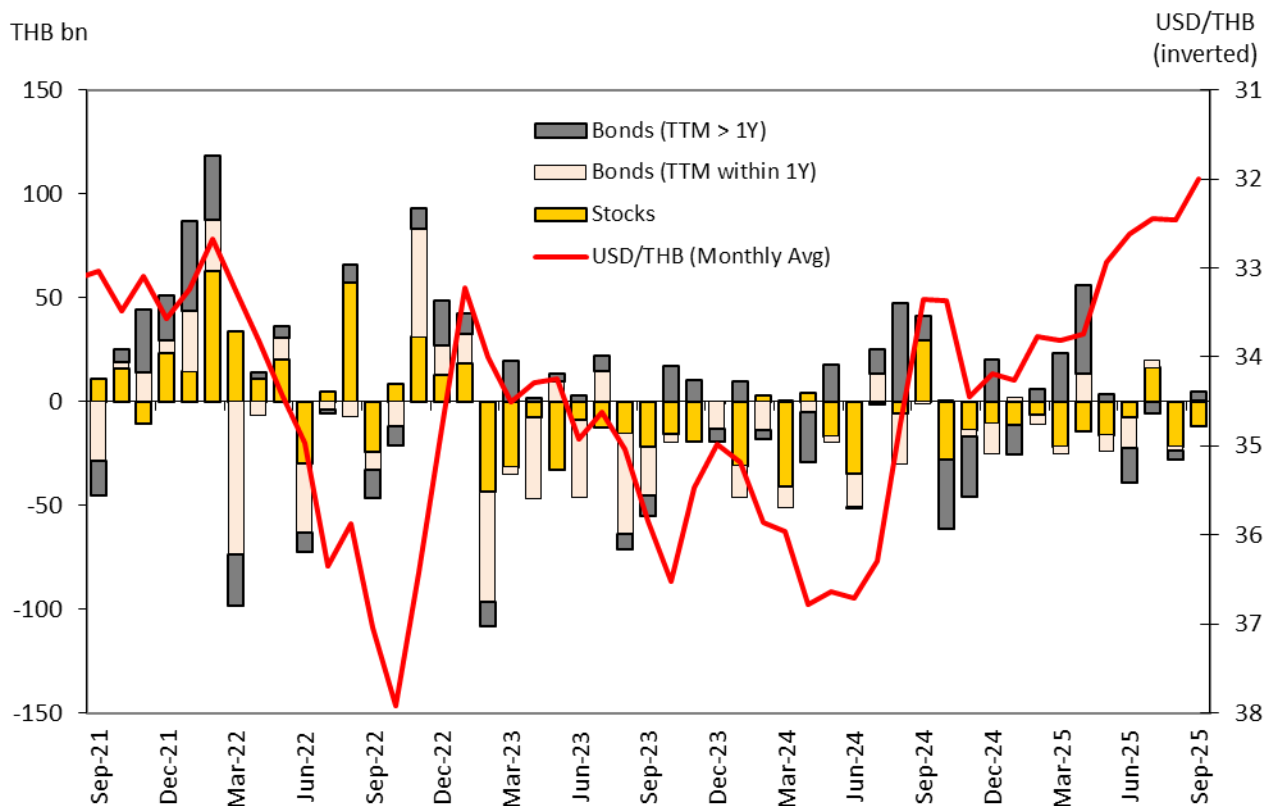
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Aug-25	5.5	14.7	0.8	-1.5	290.34 ▲
Jul-25	9.7	4.5	2.5	2.4	283.85 ▼
Jun-25	16.1	13.8	3.3	3.1	284.72 ▲

Bank of Thailand, \* including net forward position

# Thailand: Foreign Portfolio Flows

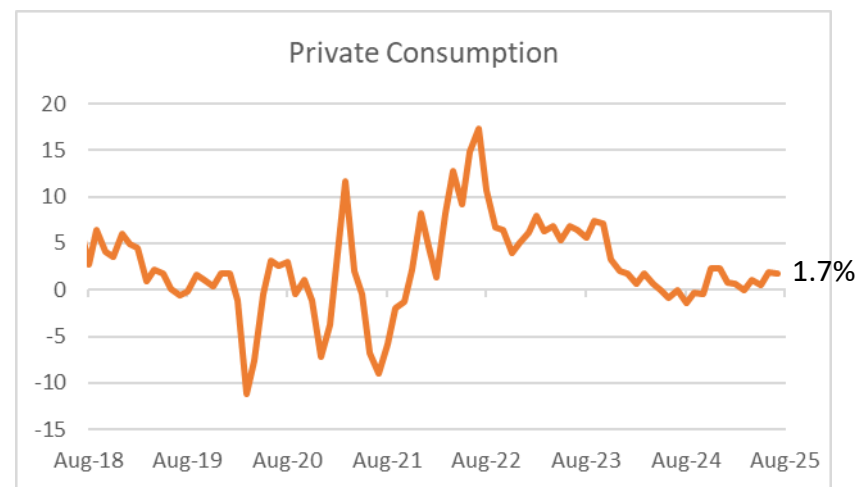
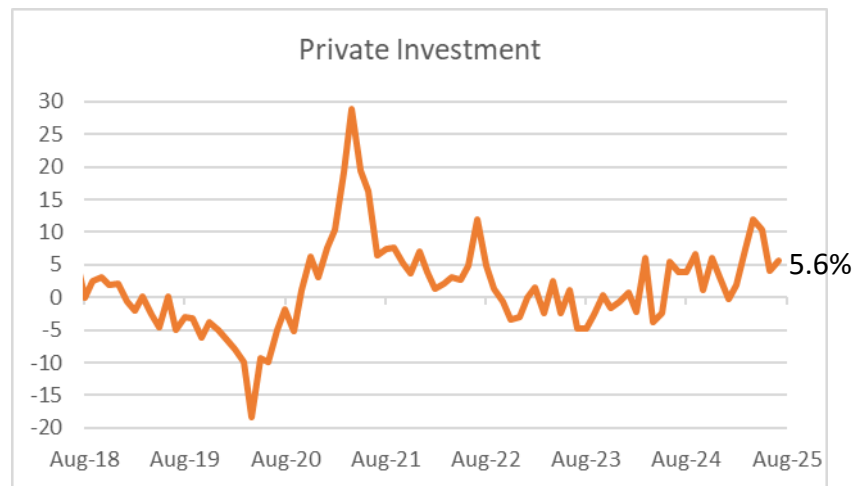
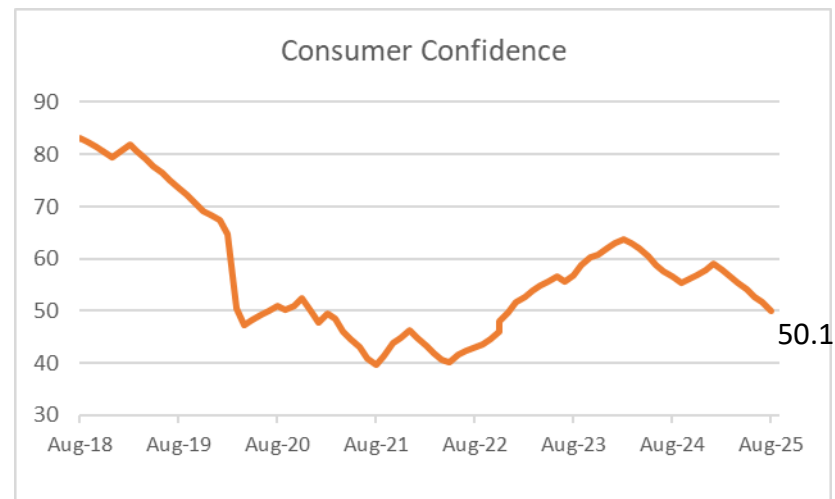
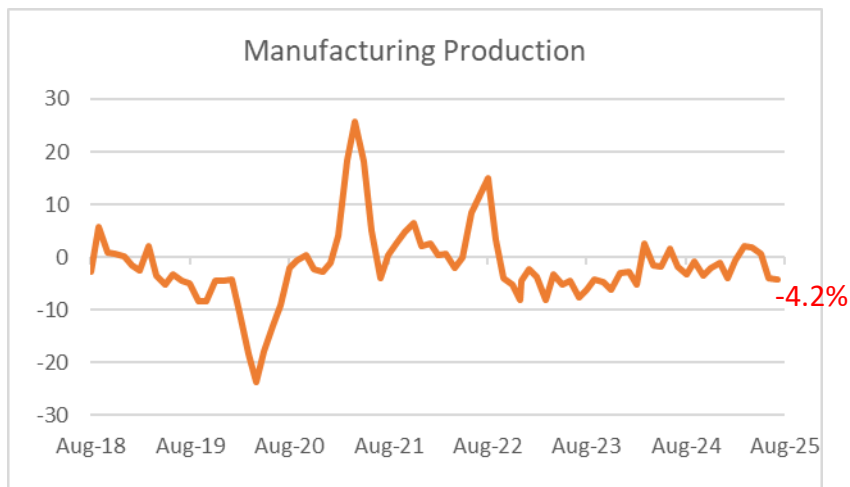
## Net Foreign Position & USD/THB

THB mn	2020	2021	2022	2023	2024	9M2025
Stocks	(264,384)	(48,578)	201,895	(192,490)	(147,940)	(96,237)
Bonds	(65,961)	145,917	48,448	(146,148)	(67,608)	24,820



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: September 2025

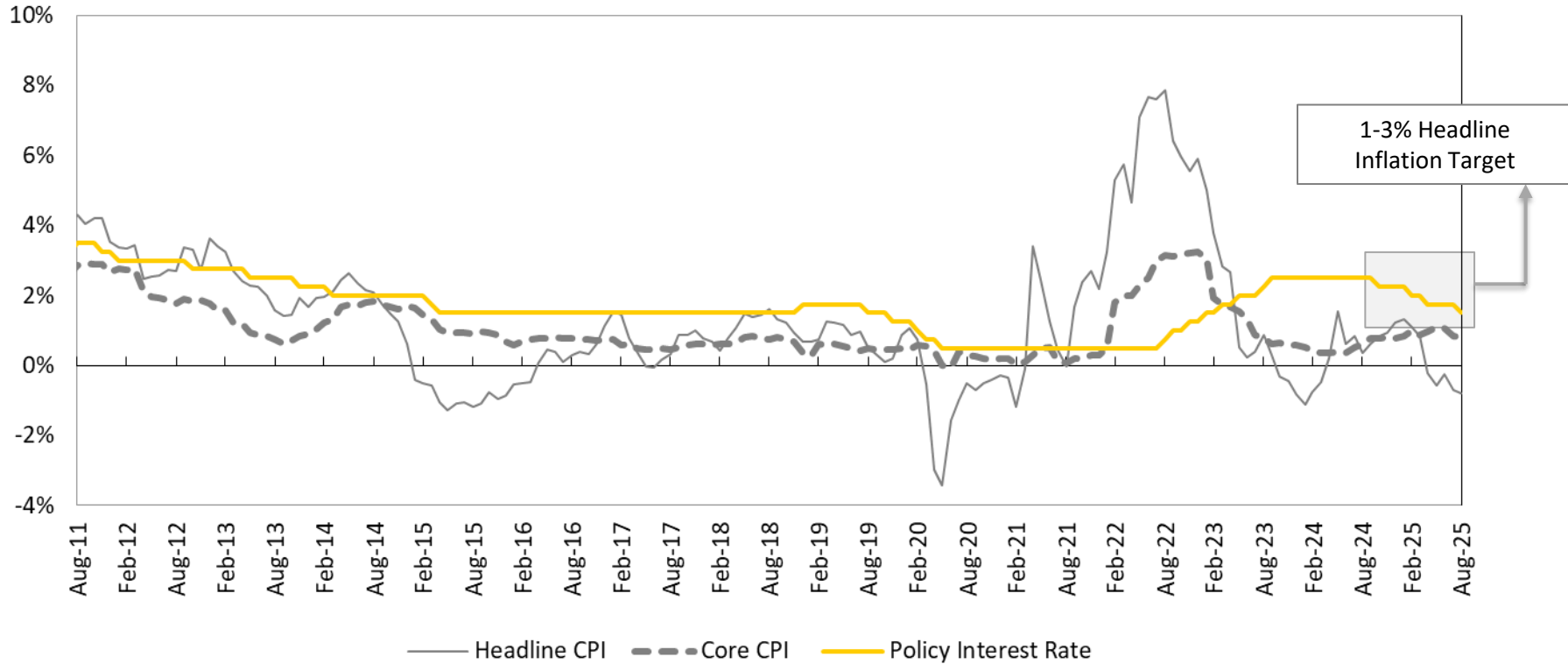
# Thailand: Domestic Economy



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

# Thailand: Inflation

## Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Aug-25	-0.79% ▼	0.81% ▼
Jul-25	-0.70% ▼	0.84% ▼
Jun-25	-0.25% ▲	1.06% ▼

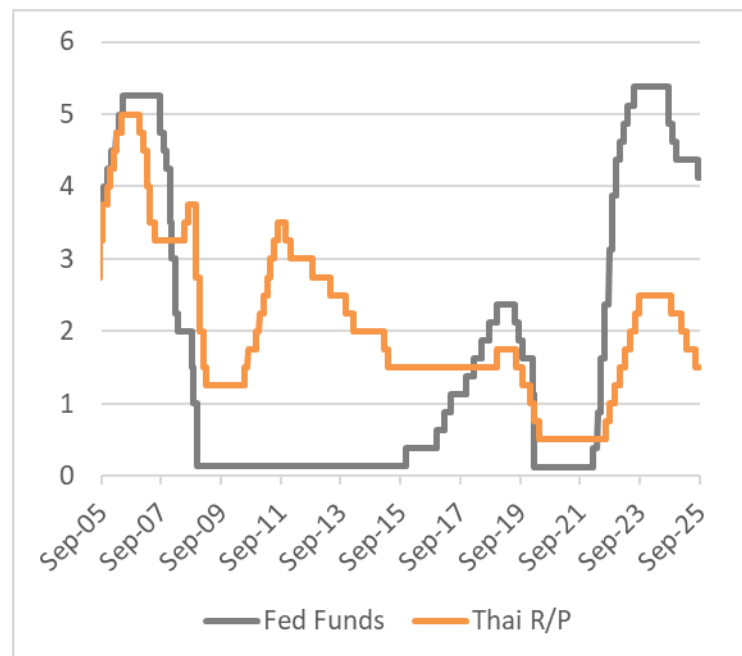
Ministry of Commerce, Bank of Thailand

# Interest Rate Market Update

## The Fed delivers

- The FOMC at the end of the Sept. 16-17 meeting announced to cut the funds rate by 25bps to a range of 4.00-4.25, marking its first reduction since December 2024. Governor Miran dissented in favor of a 50bp cut. The Summary of Economic Projection showed GDP growth for 2025 was revised up to 1.6%, with expectations of 1.8% in 2026 and 1.9% in 2027. The Fed cited slowing job growth as the key reason for easing but the statement also said inflation risks are somewhat elevated. Chair Powell, attributed much of the labor market weakness to the drop in immigration. Policymakers signaled two more rate reductions in 2025, plus one each in 2026 and 2027.
- While UST yields ended the month virtually flat, those at the short end of the curve initially rose in response to the fact that the FOMC acted just as markets had predicted. Recent economic data also surprised on the upside, keeping markets cautious. Still, an extended government shutdown could have a more significant effect on the economy, with current employment conditions weaker than past episodes of shutdown. We expect two more rate cuts this year along with some further easing in 2026.

US Federal Funds and Thai Policy Rates (%)



end of period	Mar-25	Jun-25	Aug-25	Sep-25
SOFR6M	4.19259%	4.14656%	4.02060%	3.84590%
THOR6M	2.23325%	1.99961%	1.81397%	1.73156%
Diff	-1.95934%	-2.14695% ▼	-2.20663% ▼	-2.11434% ▲

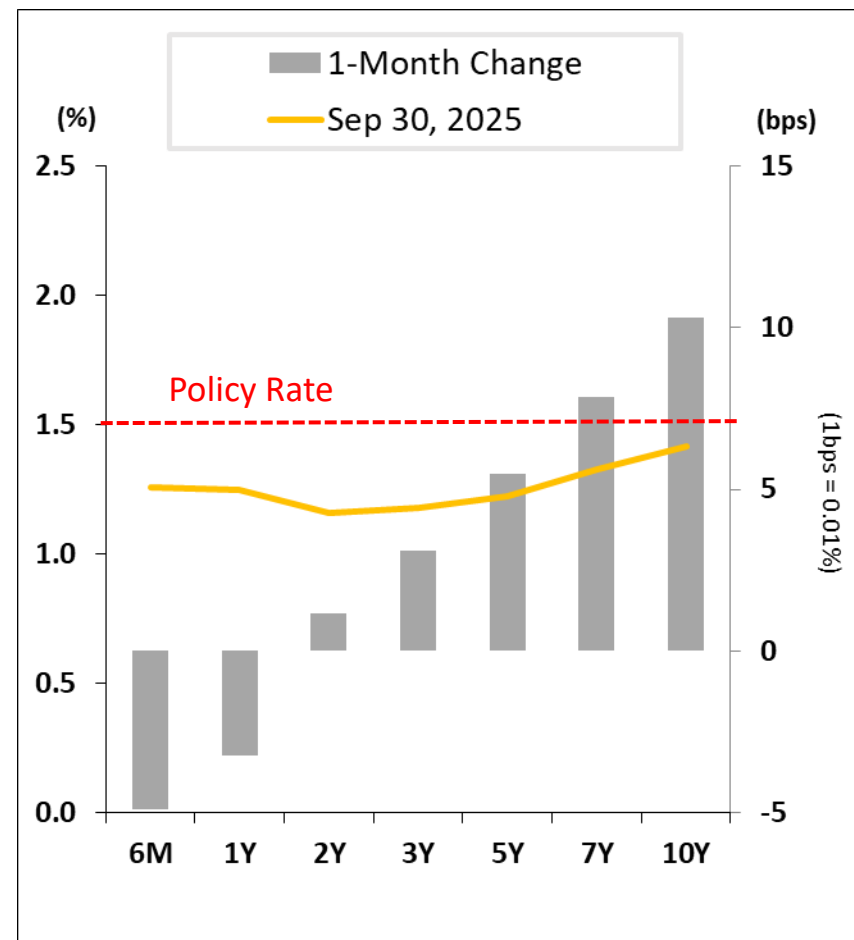
Refinitiv

# Interest Rate Market Update

## Quick, big win?

- There was no MPC rate review held in September. In his final Meet the Press event, outgoing BoT Governor Sethaput reflected on navigating multiple economic shocks: COVID-19, the Russia–Ukraine war, U.S. tariffs, and Thailand’s structural weaknesses. He emphasized the need for an integrated policy mix, combining interest rate tools with targeted measures to support recovery and long-term resilience. Meanwhile, Fitch downgraded Thailand’s credit outlook from “Stable” to “Negative” due to mounting concerns over the country’s fiscal and political trajectory, as well as bleak economic growth prospects.
- Thai sovereign yields advanced in a rollercoaster ride after having plummeted since the beginning of the year. The newly appointed economic ministers have sparked cautious optimism across business and financial communities towards expertise, strategic focus and potential to stabilize the economy ahead of the 2026 snap election. Finance Minister Ekniti highlighted fiscal discipline and said stimulus measures would be funded without expanding the deficit. He aimed to achieve Q4/25 GDP growth of over 0.3%, with the THB66.5 billion scheme boosting consumption to be implemented by late October. Meanwhile, new BoT Governor Vitai said he will collaborate with the government to address economic challenges. We maintain our baseline call for the MPC to cut rates to 1.00% by end-Q1/26.

### Thai Government Yield Curve



Thai Bond Market Association

# Forecast

FX	USD/THB	USD/JPY	JPY/THB
Sep 2025*	32.39	147.95	21.91
Q4/25F	31.50-33.25	142-152	21.50-22.80
Q1/26F	31.25-33.00	140-150	21.70-23.00
Q2/26F	31.25-33.00	136-148	22.00-23.50
Q3/26F	31.00-33.00	134-146	22.20-23.70

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

Policy Interest Rates	Current	end-Q3/26F
USD Fed Funds	4.00-4.25%	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 October 2, 2025, \* upper bound

# Krungsri Research Economic Projection

	2024A	2025F
Real GDP growth	2.5%	2.1%
Private Consumption growth	4.4%	2.4%
Private Investment growth	-1.6%	0.9%
Public Consumption growth	2.5%	1.5%
Public Investment growth	4.8%	4.7%
Export Value growth	5.9%	3.5%
Import Value growth	5.5%	5.0%
Current Account (USD bn)	13.4	14.0
Headline CPI Inflation	0.4%	0.2%

September 2025



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