



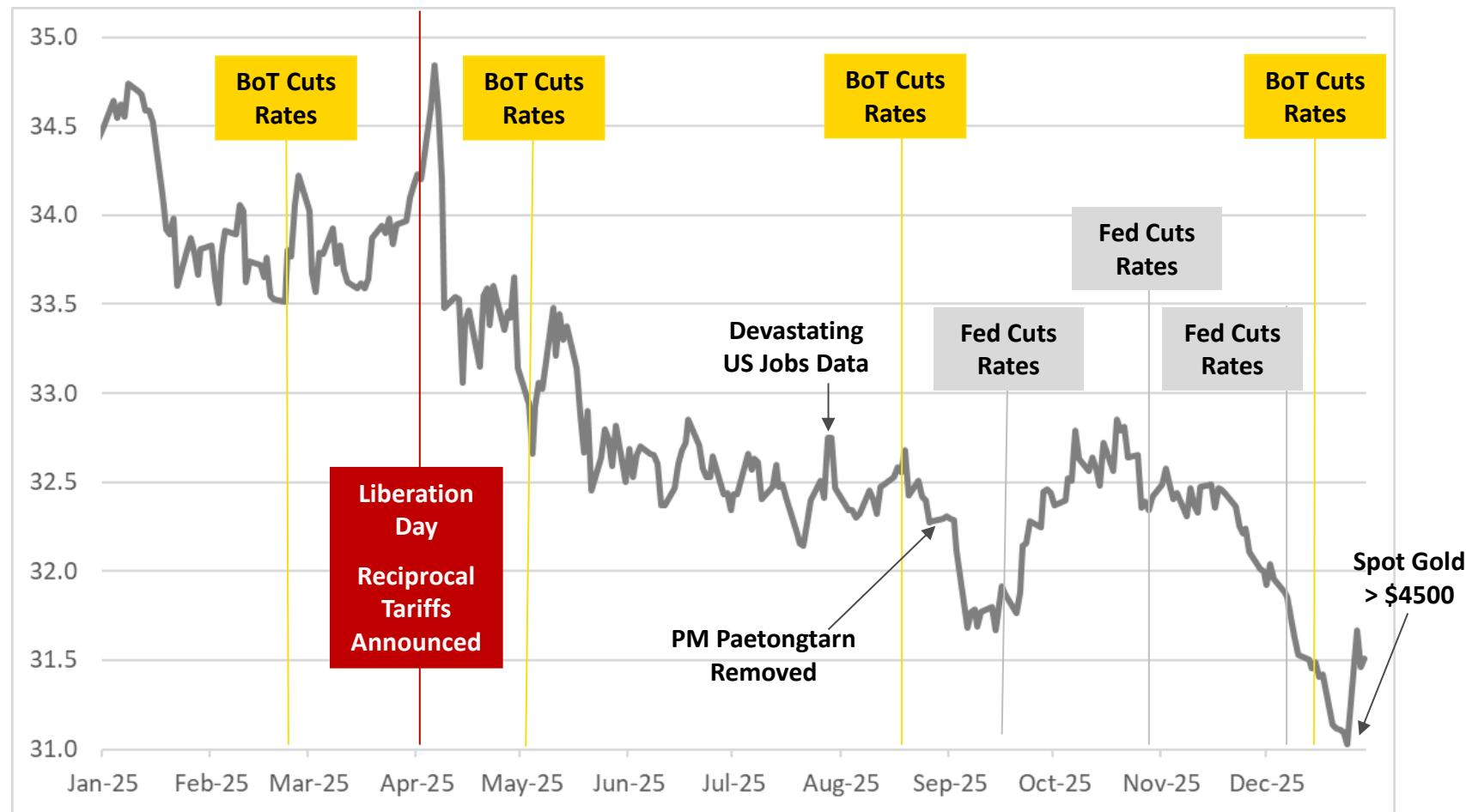
krungsri
กรุงศรี

A member of  MUFG

THB Thermometer

January 2026

USDTHB Timeline



Krungsri Global Markets

Foreign Exchange Market Update

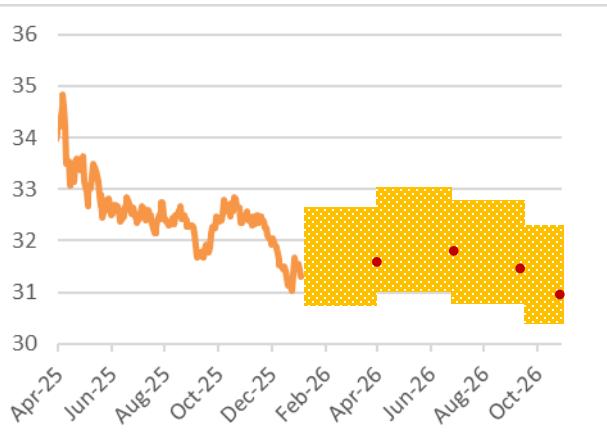
Recap : 2025

Sharp Baht Appreciation

- Despite unfavorable economic growth outlook, the baht hit its strongest level in 4½ years as global gold prices secured record highs, sparking grave concerns from the authorities. The Monetary Policy Committee in 2025 lowered the one-day repurchase rate by a total of 100bps to 1.25%. BoT Governor Vitai said baht gains are being driven by "huge" gold trading transactions, and not in line with fundamentals, noting that maximum trading volumes would be set for major gold traders. Average daily turnover of gold trading in 2025 amounted to THB65.9 billion or 55% higher than that of stock trading, according to the BoT.
- USD0.6 billion current-account deficit in November
- THB6.0 billion net foreign buying of SET-listed shares in December; THB107 billion sales in 2025
- THB19.9 billion net foreign selling of Thai government bonds in December; THB66 billion purchases in 2025

* 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	2.17%	1.94%
3 months	2.73%	7.81%
12 months	7.71%	6.46%

As of December 30, 2025, “-” indicates THB depreciation

Outlook: Modest Strength

The baht will remain driven primarily by external factors, including anticipated Federal Reserve rate cuts, risks surrounding Fed independence, continued upward momentum in global gold prices, and a likely further strength of the Chinese yuan. That said, the pace of baht appreciation is expected to be more modest and subject to occasional corrections following the outsized strength in the previous year and elevated precious metal volatility.

Foreign Exchange Market Update

Recap : 2025

The USD index tumbled 9.4%, marking its worst year since 2017. Dollar selloffs in 2025 stemmed from rising policy uncertainty under the Trump administration, alongside the Fed's decision to restart its rate-cutting cycle amid signs of labor-market weakness in the U.S. at a time when most other major central banks appear to have concluded their easing schemes.

€ Performance

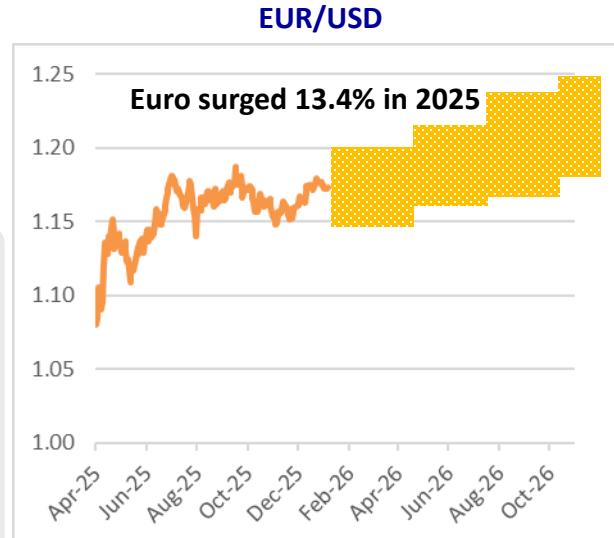
The pivotal shift for the euro occurred when Germany suspended its debt brake in March, opening the door to substantial expansions in defense and infrastructure expenditures. After 100bp combined rate cut in 2025, the European Central Bank said policy is in "good place".

€ Outlook

The prospects of narrowing yield differentials between the U.S. and Eurozone, as well as Germany's fiscal spending should provide support for the euro in the period ahead. Evolving geopolitical developments, nevertheless, could keep markets cautious.

Sharp Appreciation

Appreciation



¥ Performance

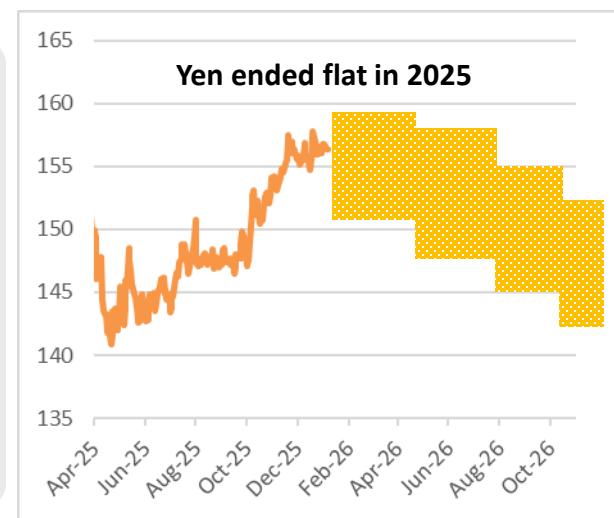
Virtually Unchanged

The Bank of Japan hiked twice in 2025, taking the policy rate to the a 30-year high of 0.75%, and leaving the option open to normalize further. However, the yen underperformed among the major currencies, reflecting unease over the fiscal risks under the Takaichi government.

¥ Outlook

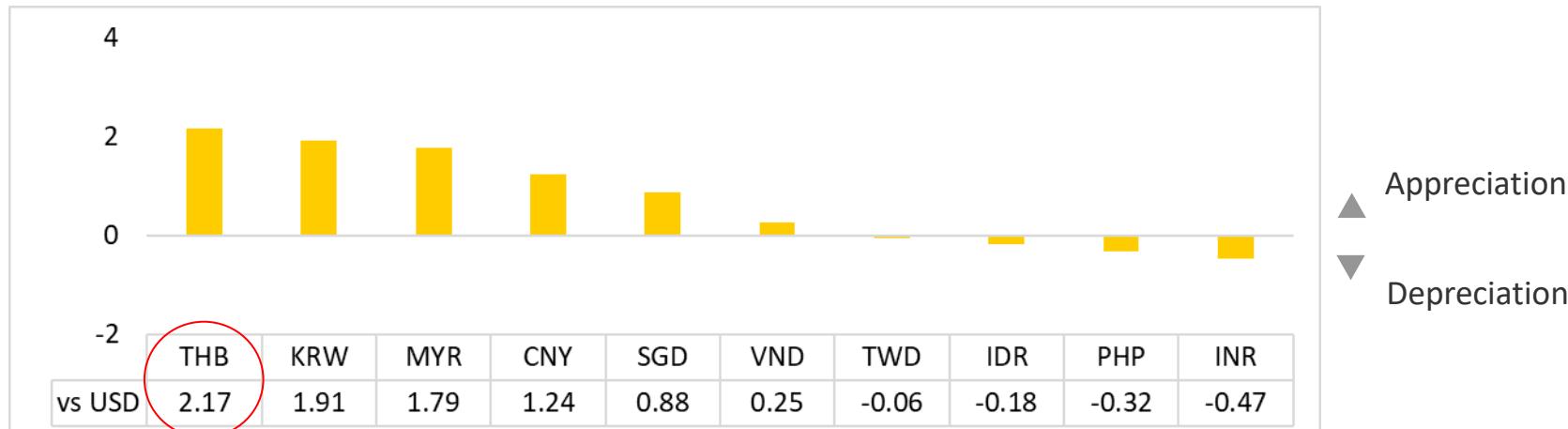
Eventual Appreciation

Admittedly, our yen recovery view hit a roadblock as monetary policy divergence between Japan and the rest of the major economies failed to help the yen meaningfully. With market participants increasingly focused on Japan's fiscal vulnerabilities, the yen is likely to remain under pressure until policymakers take decisive steps to restore investor confidence.

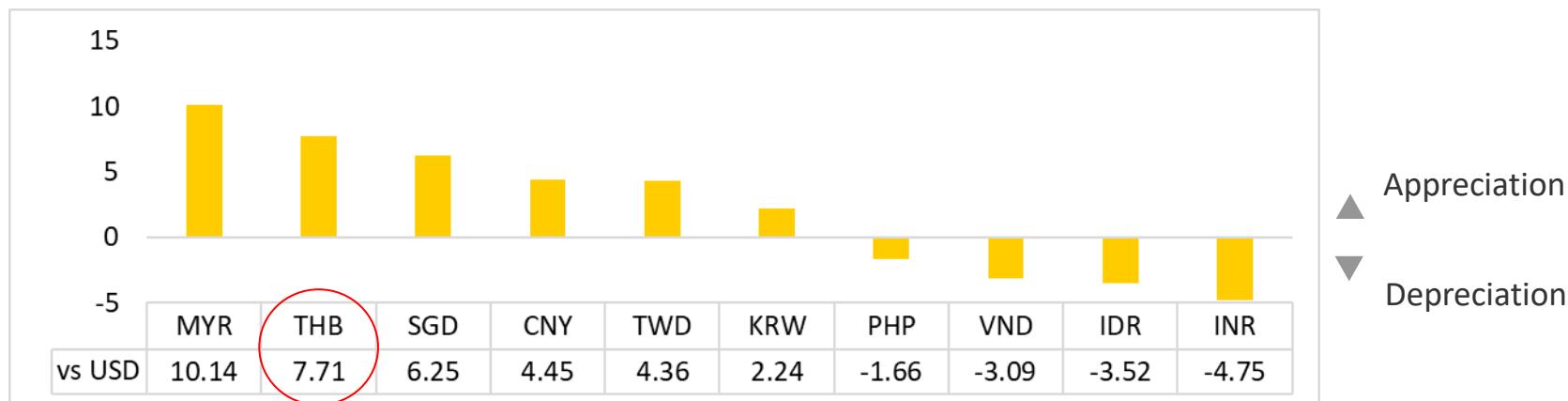


Foreign Exchange Market Update

Monthly Performance (%)



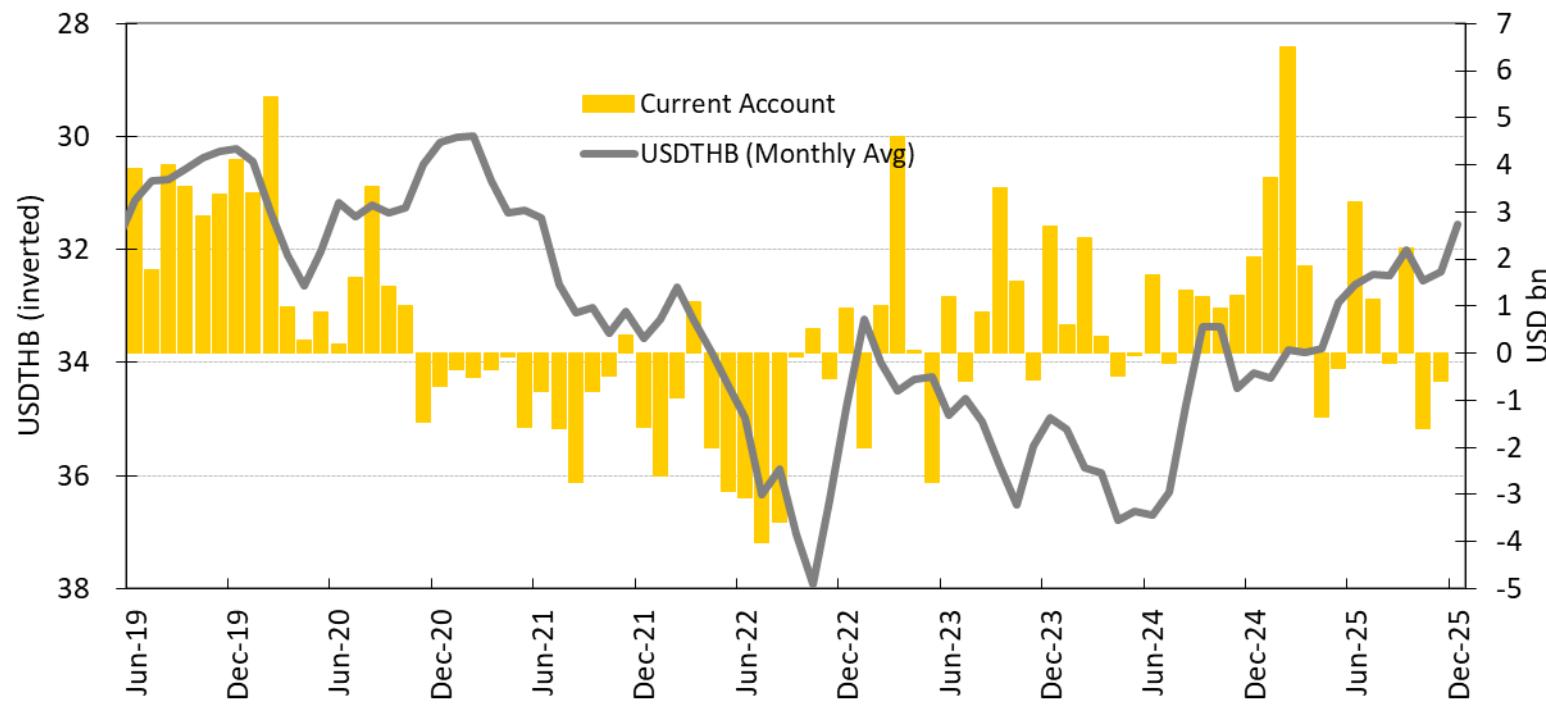
Yearly Performance (%)



Bloomberg, Refinitiv, data as of end-2025, yearly is past 12 months, “-” indicates currency depreciation against USD

Thailand: External Accounts

Current Account & USD/THB



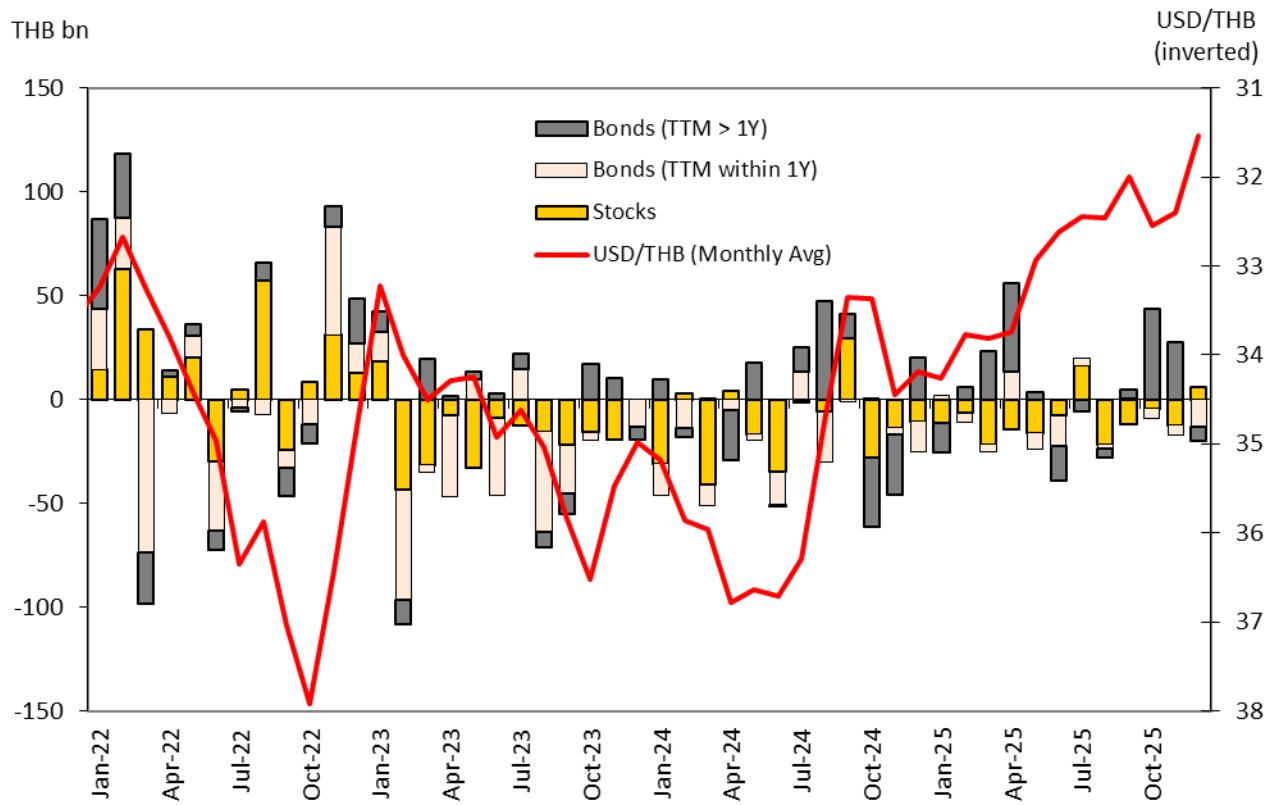
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Nov-25	5.5	17.3	-0.2	-0.6	298.72 ▲
Oct-25	5.3	17.1	-1.0	-1.6	295.46 ▼
Sep-25	19.2	18.0	3.6	2.2	296.48 ▲

Bank of Thailand, * including net forward position

Thailand: Foreign Portfolio Flows

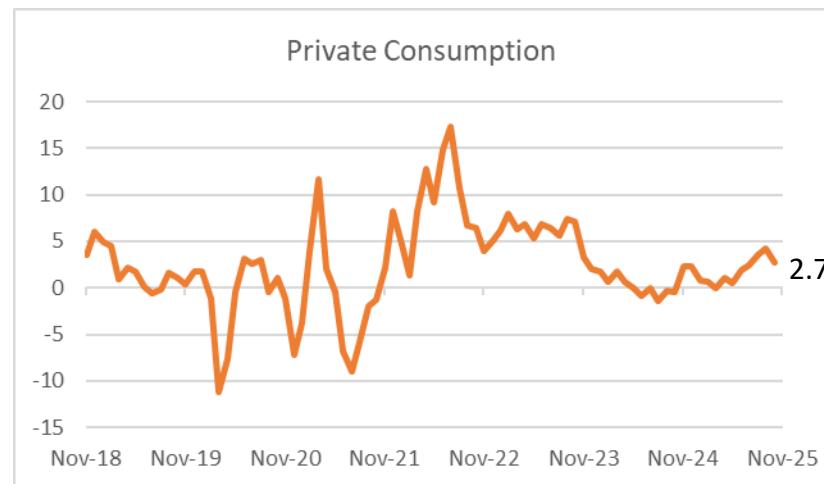
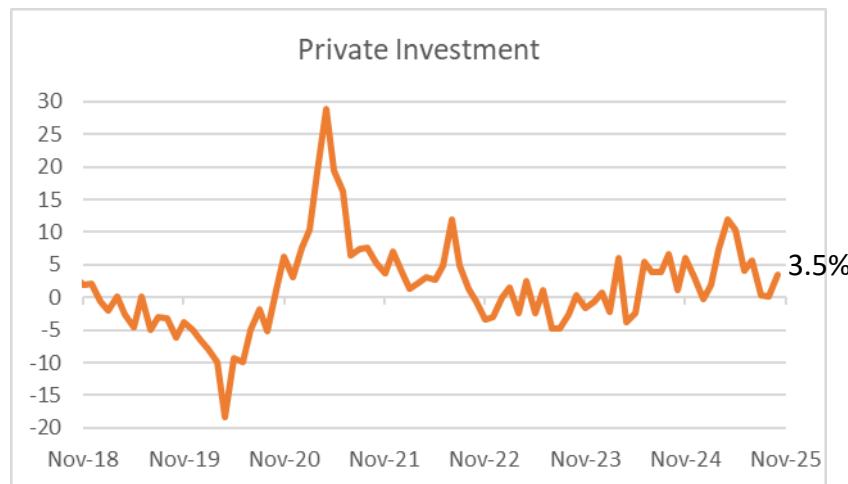
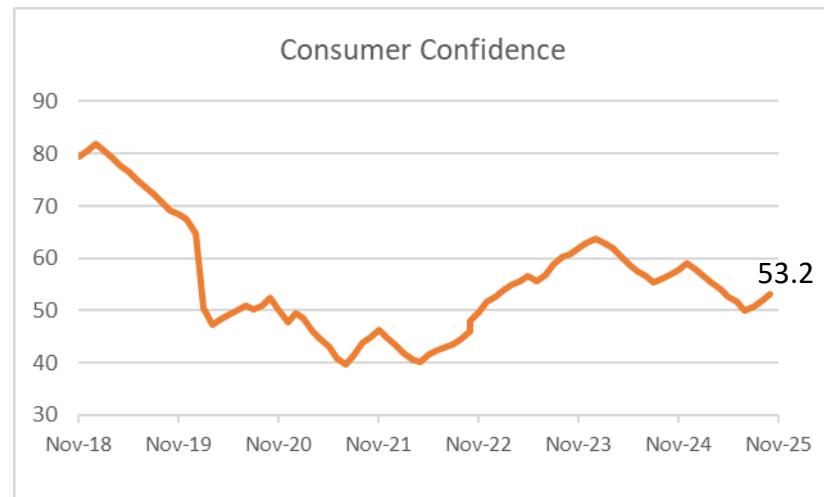
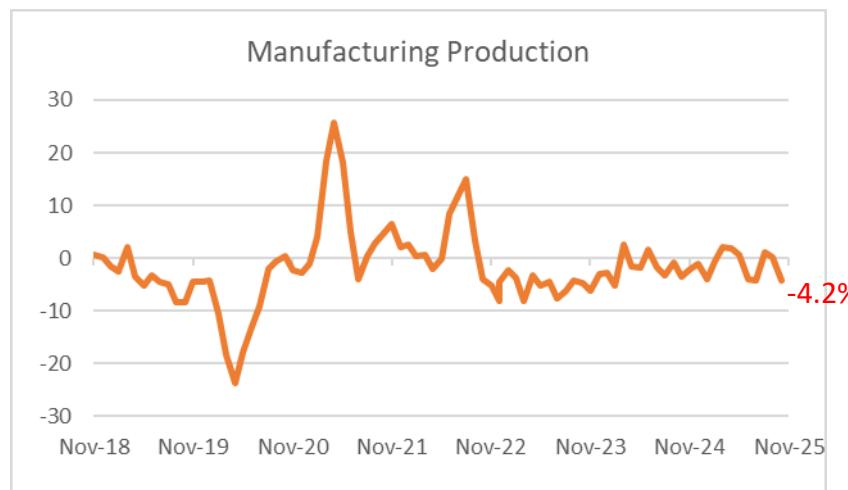
Net Foreign Position & USD/THB

THB mn	2020	2021	2022	2023	2024	2025
Stocks	(264,384)	(48,578)	201,895	(192,490)	(147,940)	(107,060)
Bonds	(65,961)	145,917	48,448	(146,148)	(67,608)	65,876



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: December 2025

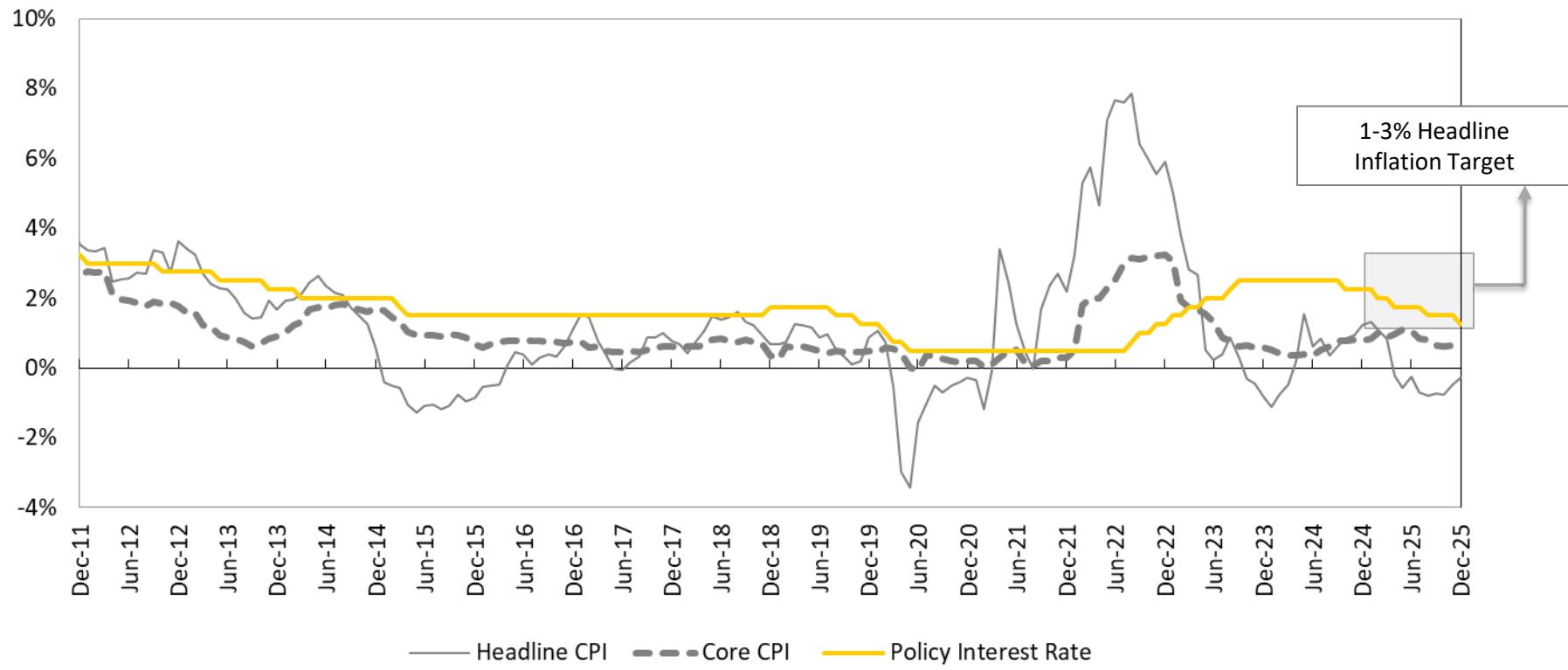
Thailand: Domestic Economy



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

Thailand: Inflation

Inflation and Policy Interest Rates



year-on-year change	Headline CPI	CPI Excluding Raw Food & Energy
Dec-25	-0.28% ▲	0.59% ▼
Nov-25	-0.49% ▲	0.66% ▲
Oct-25	-0.76% ▼	0.61% ▼

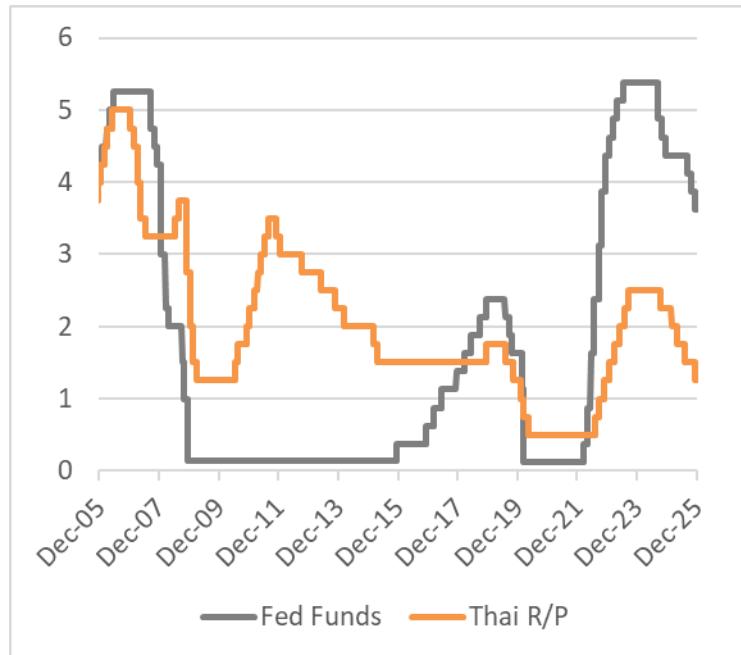
Ministry of Commerce, Bank of Thailand

Interest Rate Market Update

Divisions linger

- The FOMC at the end of the Dec. 9-10 meeting announced to reduce the Fed funds rate and said it would start buying short-dated government bonds to help manage market liquidity levels. In 2025, the Fed cut rates by a total of 75bps. The decision to lower rates by 25bps to 3.50-3.75% in December drew three dissents. Chicago Fed President Goolsbee and Kansas City Fed President Schmid argued that the policy rate should be left unchanged, while Fed Governor Miran again supported a bigger 50bp reduction. At the press conference, Chair Powell said the U.S. central bank's next move is unlikely to be a rate hike. Meanwhile, the Fed started "reserve management purchases", beginning at USD40 billion per month in Treasury bills.
- UST yields settled rather mixed in December but ended 2025 lower and the curve steepened compared to the preceding year. On balance, we expect the FOMC to hold rates steady early in 2026 but would note that our current Fed funds forecast is exposed to non-negligible downside risks particularly if forthcoming employment data signal deeper cooling.

US Federal Funds and Thai Policy Rates (%)



end of period	Jun-25	Sep-25	Nov-25	Dec-25
SOFR6M	4.14656%	3.84590%	3.70377%	3.57418%
THOR6M	1.99961%	1.73156%	1.60536%	1.54244%
Diff	-2.14695%	-2.11434% ▲	-2.09841% ▲	-2.03174% ▲

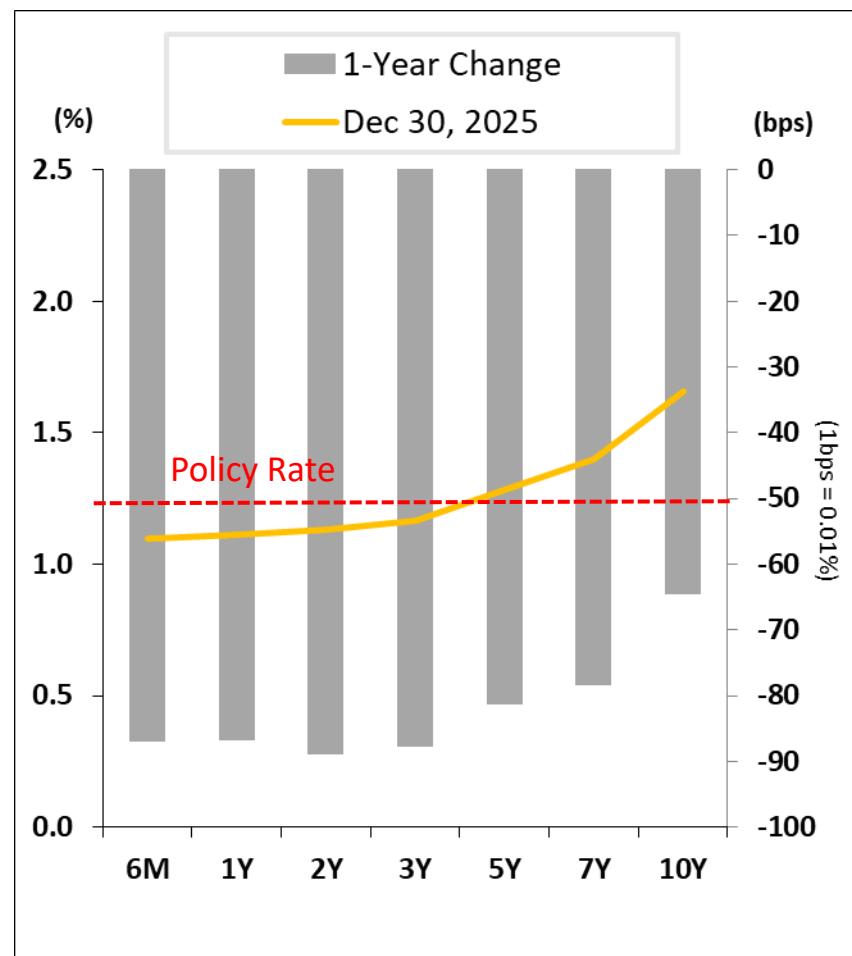
Refinitiv

Interest Rate Market Update

Fluctuation of Thai yields

- The MPC voted unanimously to lower the one-day repurchase rate by 25bps to 1.25% on Dec. 17th. The Committee assessed that the Thai economy in 2026 and 2027 is projected to moderate from H1/25. Private consumption is likely to slow down, and exports have started to feel the setback of U.S. tariffs. Tourism is projected to gradually recover. The economy in H2/25 has been hit by temporary factors in the manufacturing sector, a decline in short-haul tourists, and flooding in the south that is projected to have a prolonged impact until early 2026. Headline inflation is expected to gradually return to the 1-3% target range by H1/27, whereas the Committee will closely monitor deflationary risks. Credit continues to shrink, and credit quality of vulnerable groups still worsens, according to the statement.
- After taking a one-way nosedive during the January-September period, Thai sovereign yields indeed had a volatile year as onshore players adjusted positions. Still, the latest policy language reflects caution over the loss of growth momentum ahead. The Committee reiterated monetary policy should support economic recovery, while taking into consideration the limited policy space. Overall, we see a good possibility of another 25bp cut to 1.00% in H1/26 given potential further risks from trade protectionism, delays in the 2027 budget process post-Feb. 8th election, and other economic challenges.

Thai Government Yield Curve



Thai Bond Market Association

Forecast

FX	USD/THB	USD/JPY	JPY/THB
Dec 2025*	31.50	156.81	20.20
Q1/26F	30.75-32.75	151-159	19.50-20.70
Q2/26F	31.00-33.00	148-158	19.80-21.50
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	1.25%	1.00%

As of January 6, 2026, * upper bound

BoT Economic Projection

	2025F	2026F	2027F
Real GDP growth	2.2%	1.5%	2.3%
Private Consumption growth	2.4%	1.9%	2.0%
Private Investment growth	2.0%	2.2%	2.8%
Public Consumption growth	0.3%	0.0%	1.6%
Public Investment growth	7.1%	0.8%	5.7%
Export Value growth	12.0%	0.6%	1.7%
Import Value growth	13.3%	1.3%	1.5%
Current Account (USD bn)	14.0	12.0	13.0
Headline CPI Inflation	-0.1%	0.3%	1.0%

Bank of Thailand, December 2025



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, Lumphini, Pathumwan, Bangkok 10330 Thailand

Line
@krungsrifx

This report has been prepared by The Bank of Ayudhya Public Company Limited, (A member of MUFG, a global financial group), (the "Bank"), for general distribution. It is only available for distribution under such circumstances as may be permitted by applicable law and is not intended for use by any person in any jurisdiction which restricts the distribution of this report. The Bank and/or any person connected with it may make use of or may act upon the information contained in this report prior to the publication of this report to its customers.

Neither the information nor the opinion expressed herein constitute or are to be construed as an offer or solicitation to buy or sell deposits, securities, futures, options or any other financial products. This report has been prepared solely for informational purpose and does not attempt to address the specific needs, financial situation or investment objectives of any specific recipient. This report is based on information from sources deemed to be reliable but is not guaranteed to be accurate and should not be regarded as a substitute for the exercise of the recipient's own judgment. This report is based upon the analysts' own views, therefore does not reflect the Bank's official views. Historical performance does not guarantee future performance. The Bank and/or its directors, officers, and employees, from time to time, may have interest and/or underwriting commitment in the relevant securities mentioned herein or related instruments and/or may have a position or holding in such securities or related instruments as a result of engaging in such transactions. Furthermore, the Bank may have or have had a relationship with or may provide or have provided corporate finance or other services to any company mentioned herein. All views herein (including any statements and forecasts) are subject to change without notice and none of the Bank, its head office, branches, subsidiaries and affiliates is under any obligation to update this report. The information contained herein has been obtained from sources the Bank believed to be reliable but the Bank does not make any representation or warranty nor accept any responsibility or liability as to its accuracy, timeliness, suitability, completeness or correctness. The Bank, its head office, branches, subsidiaries and affiliates and the information providers accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or any part of this report.

The Bank retains copyright to this report and no part of this report may be reproduced or re-distributed without the written permission of the Bank. The Bank expressly prohibits the distribution or re-distribution of this report to Private Customers, via the Internet or otherwise and the Bank, its head office, branches, subsidiaries or affiliates accepts no liability whatsoever to any third parties resulting from such distribution or re-distribution.

Thank you

