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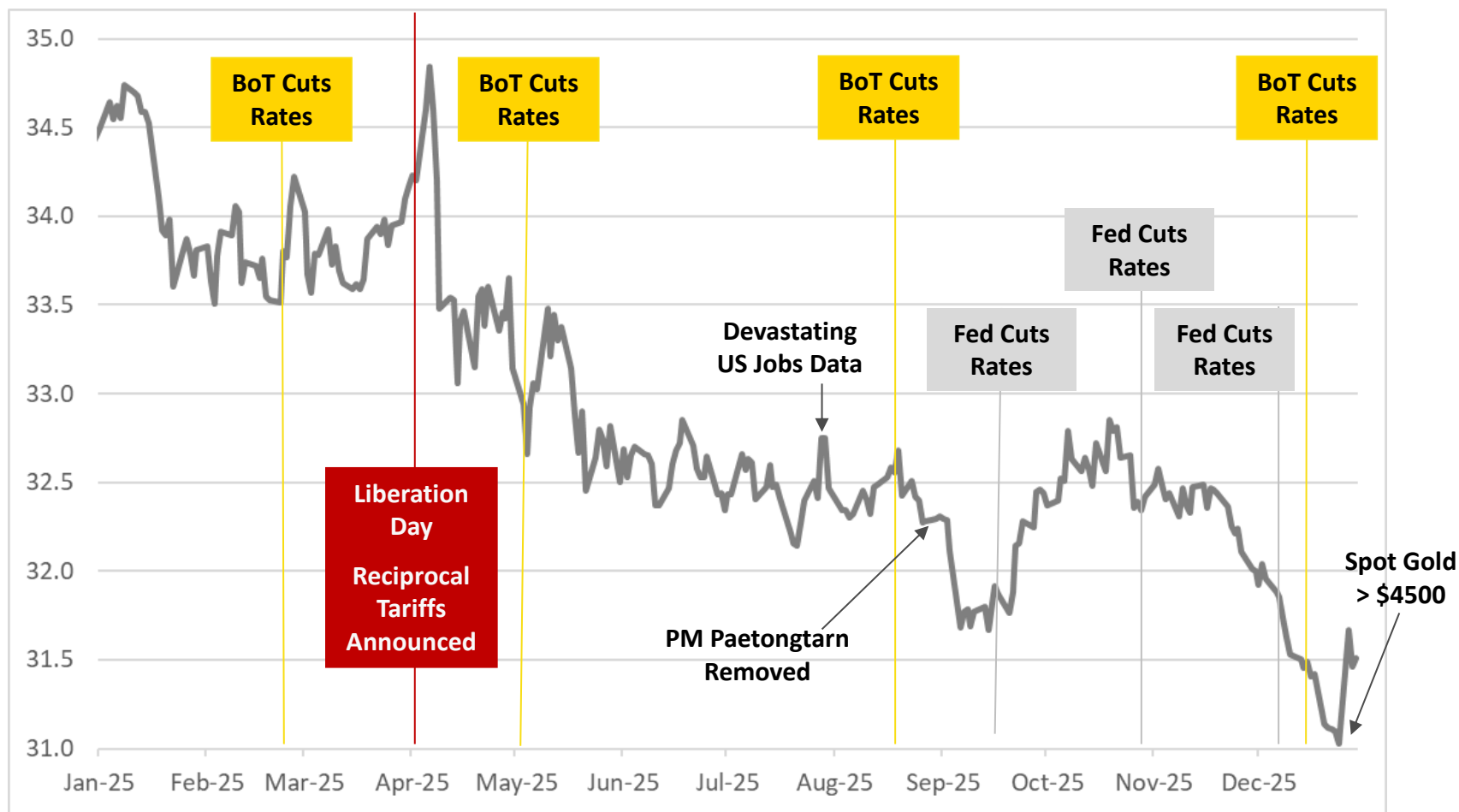
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# THB Thermometer

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January 2026

# USDTHB Timeline



Krungsri Global Markets

# Foreign Exchange Market Update

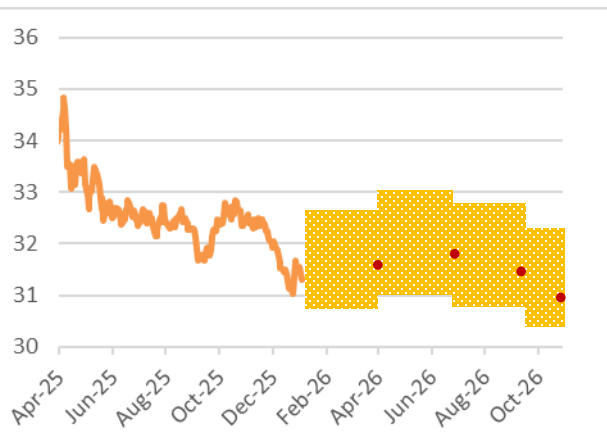
## Recap : 2025

### 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

## Sharp Appreciation

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

## Appreciation

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.

## ¥ Performance

## Virtually Unchanged

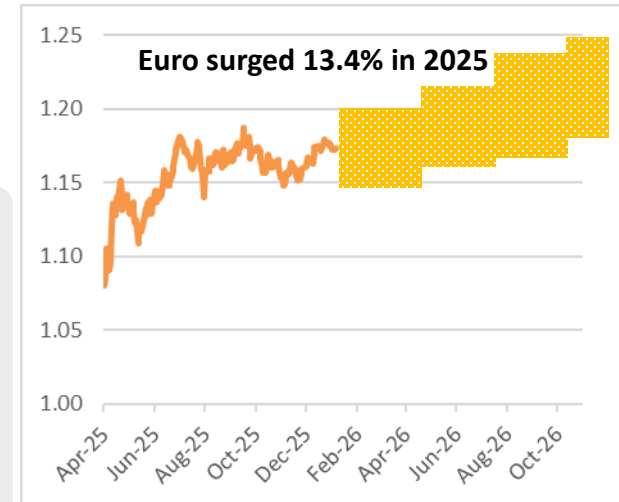
The Bank of Japan hiked twice in 2025, taking the policy rate to the a 30-year high of 0.75%, and leaving the option open to normalize further. However, the yen underperformed among the major currencies, reflecting unease over the fiscal risks under the Takaichi government.

## ¥ Outlook

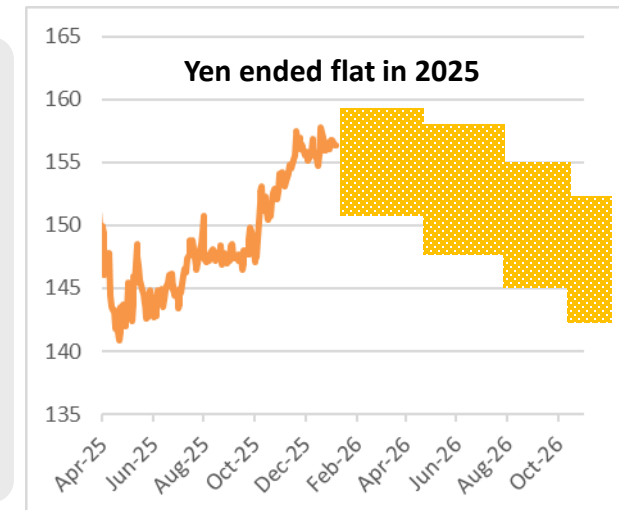
## Eventual Appreciation

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.

## EUR/USD

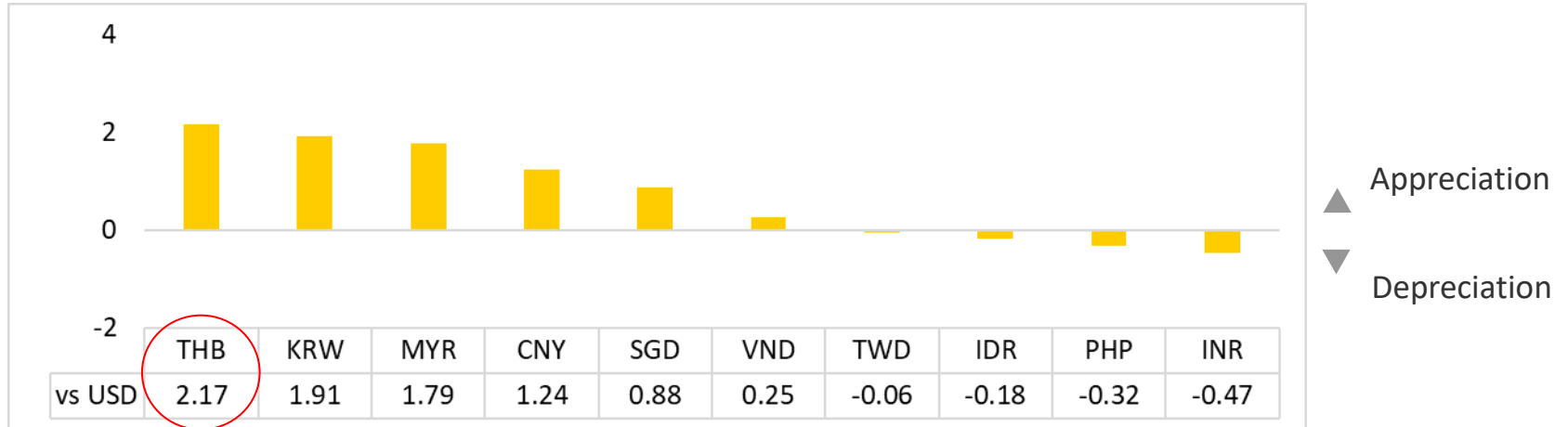


## USD/JPY

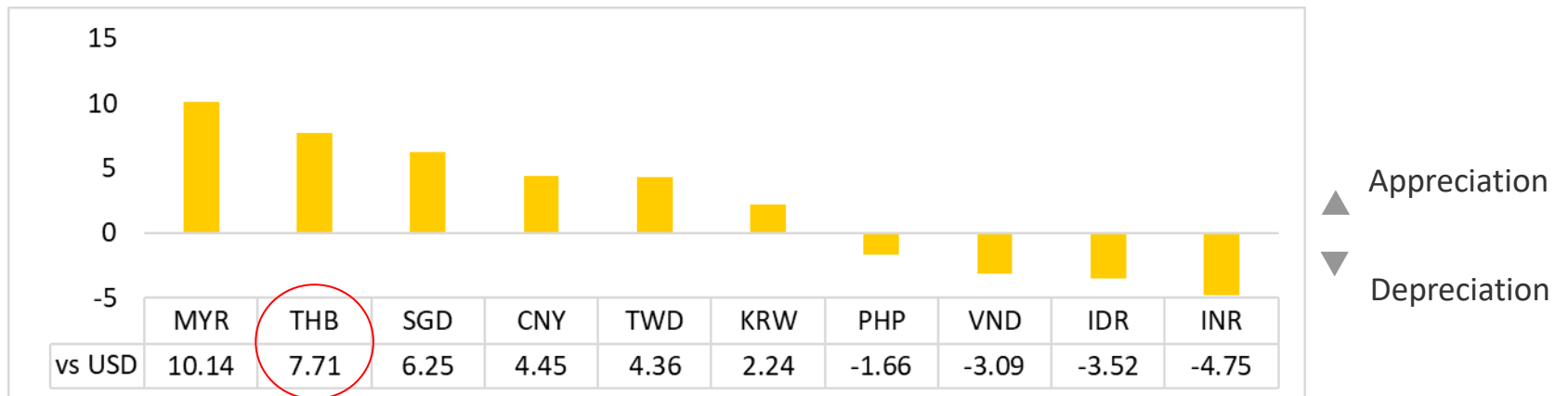


# Foreign Exchange Market Update

## Monthly Performance (%)



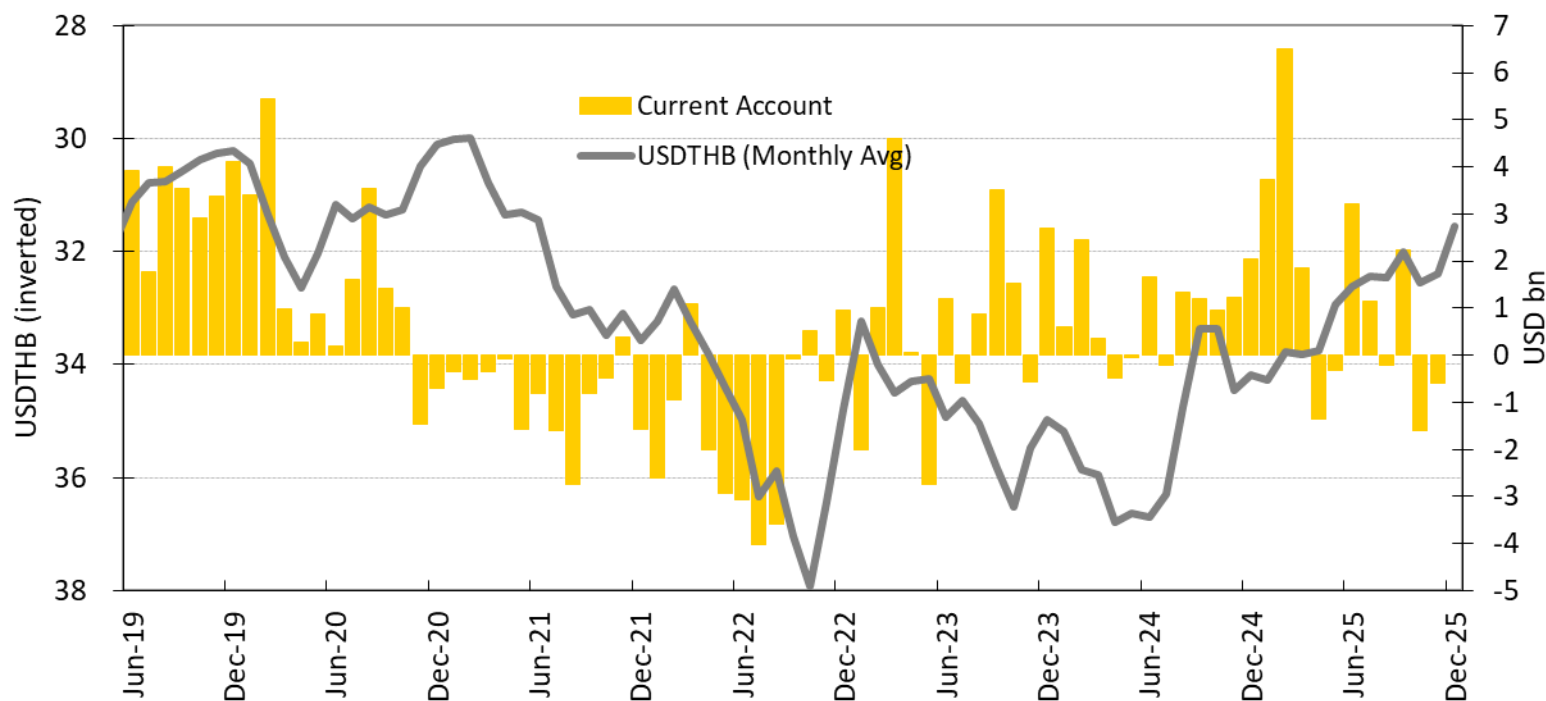
## Yearly Performance (%)



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

# Thailand: External Accounts

## Current Account & USD/THB



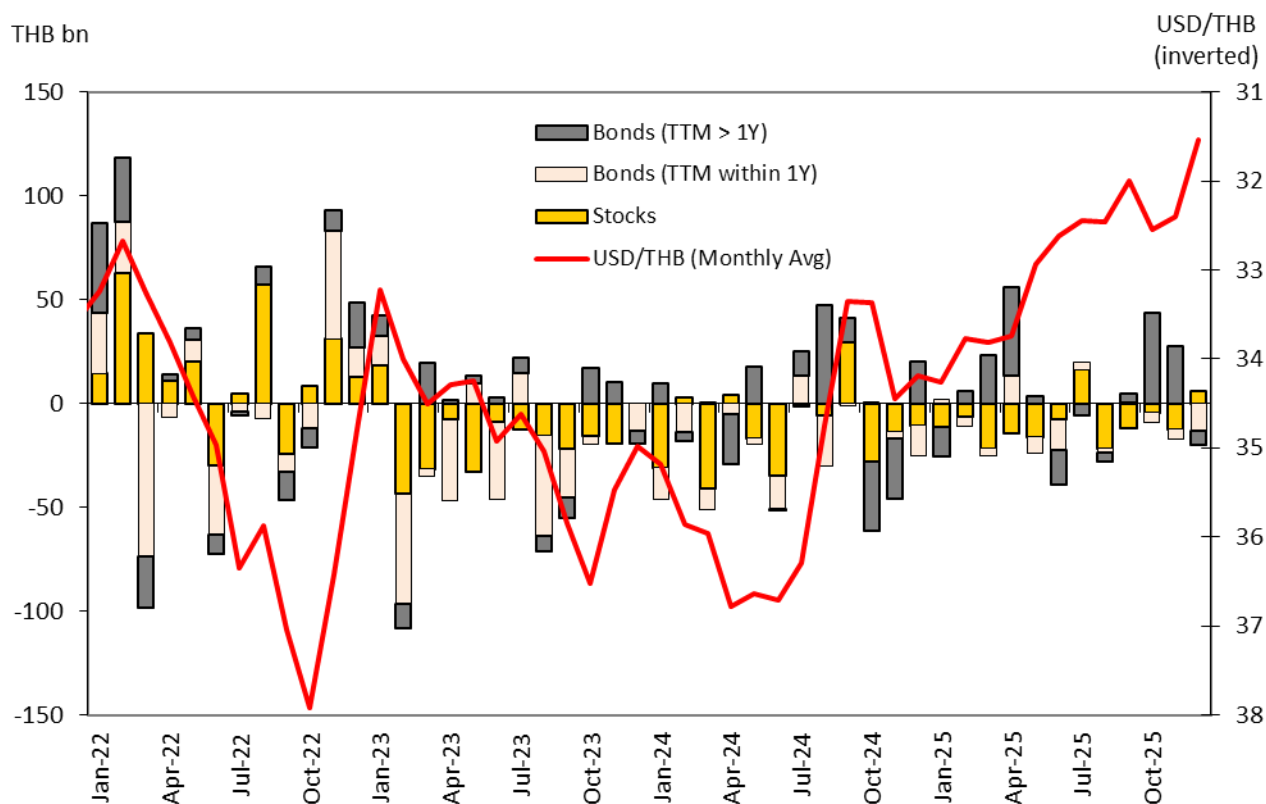
	Exports % y-o-y	Imports % y-o-y	Trade Balance USD bn	Current Account USD bn	Reserves* USD bn
Nov-25	5.5	17.3	-0.2	-0.6	298.72 ▲
Oct-25	5.3	17.1	-1.0	-1.6	295.46 ▼
Sep-25	19.2	18.0	3.6	2.2	296.48 ▲

Bank of Thailand, \* including net forward position

# Thailand: Foreign Portfolio Flows

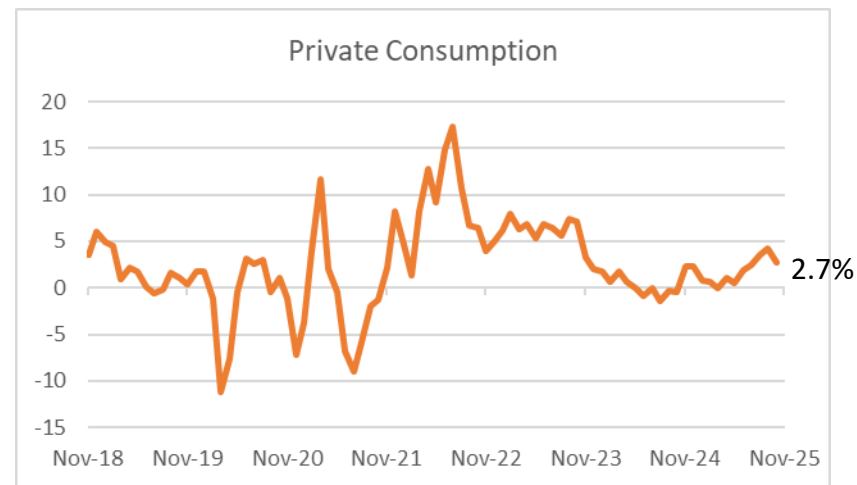
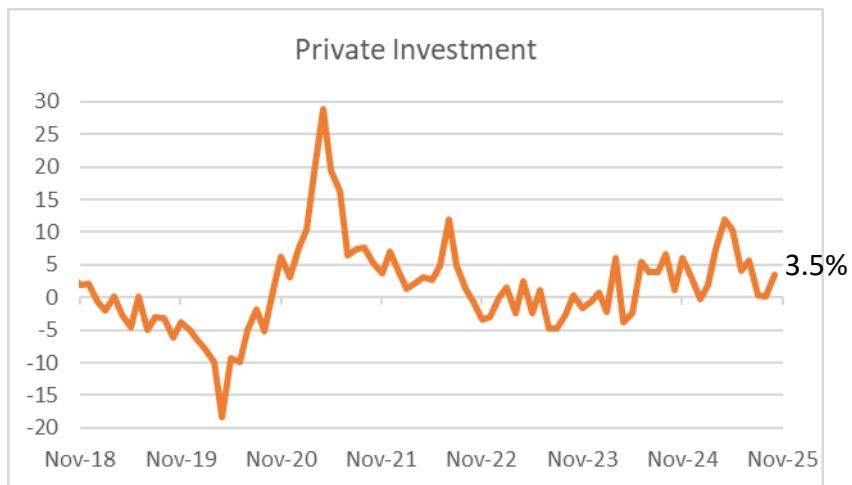
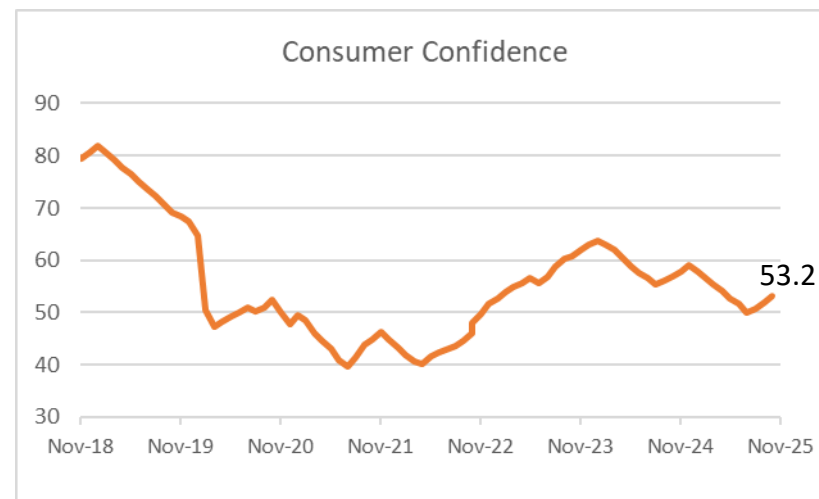
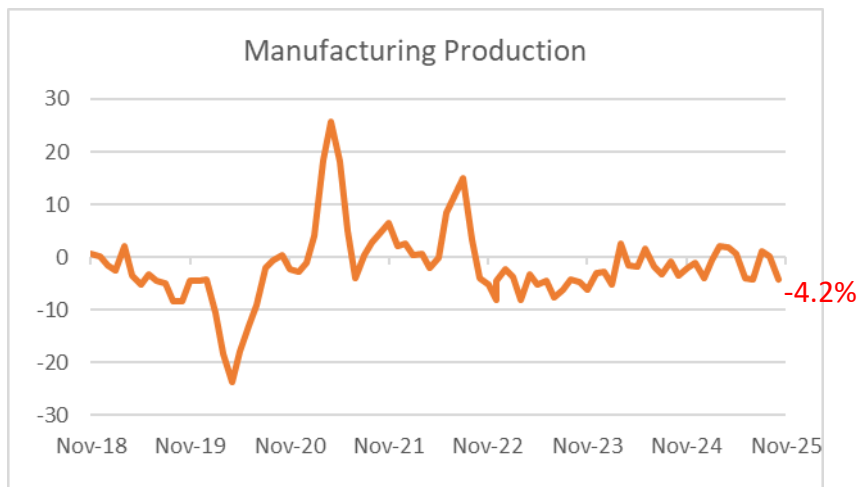
## Net Foreign Position & USD/THB

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

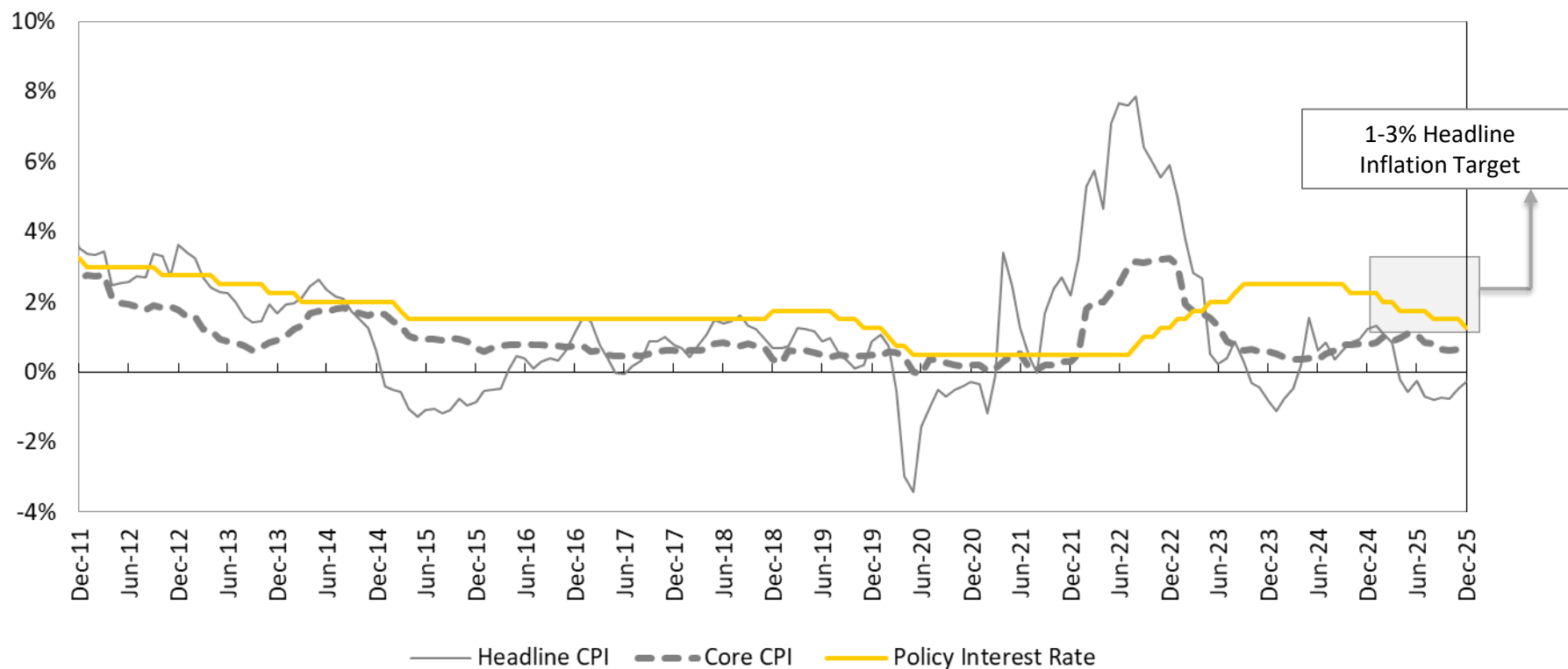


Bank of Thailand, UTCC, last data points: November 2025



# 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% ▼

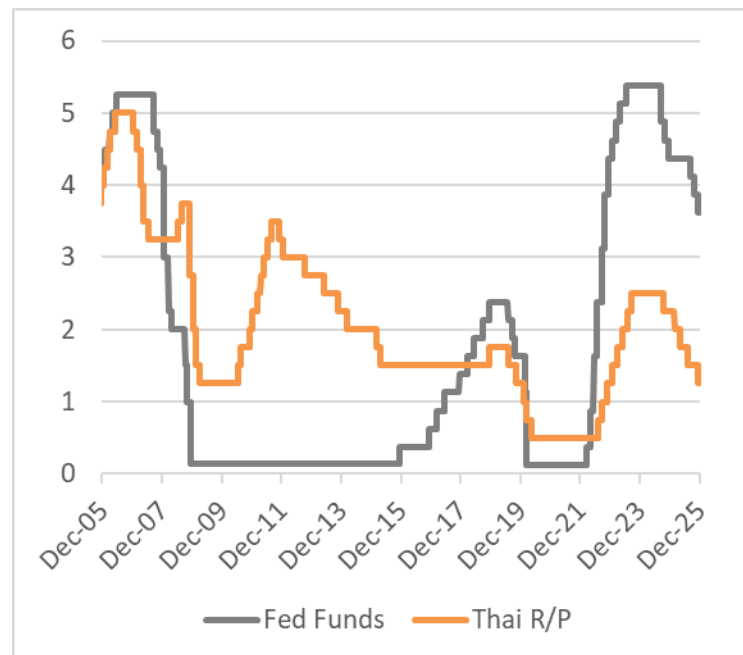
Ministry of Commerce, Bank of Thailand

# 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% ▲

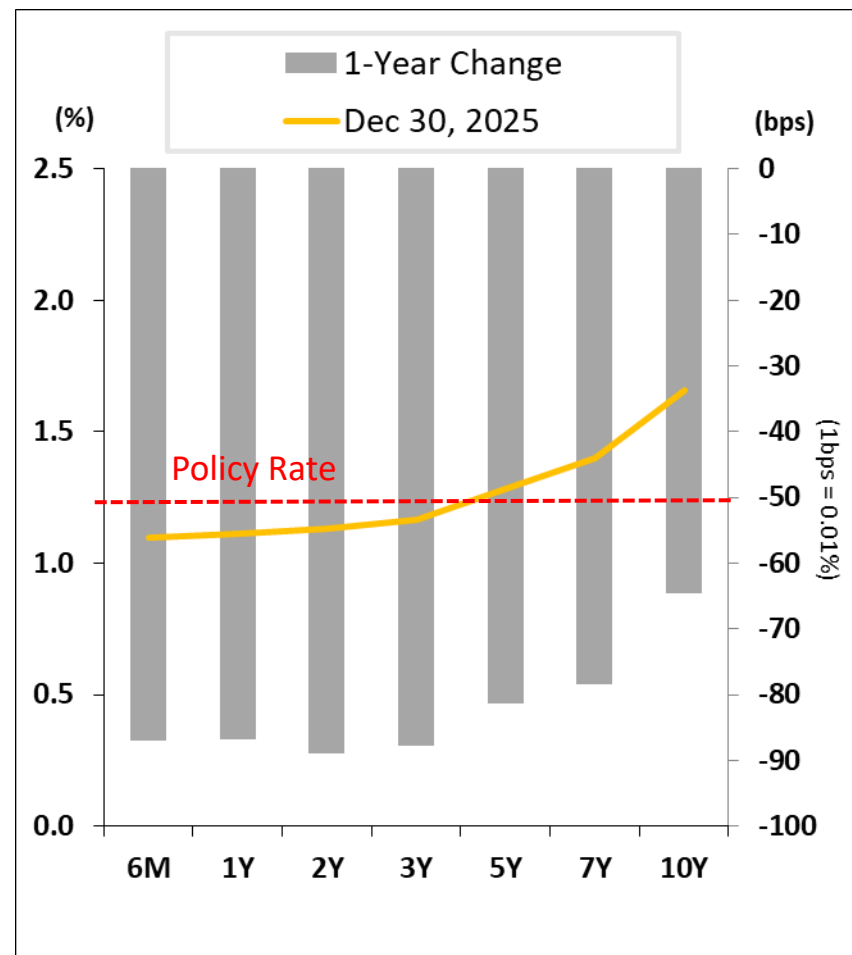
Refinitiv

# 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. 17<sup>th</sup>. 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. 8<sup>th</sup> 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*

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